



MEDIA INFORMATION

Bonn, May 12, 2021

Deutsche Telekom continues growth course on both sides of the Atlantic and raises full-year guidance

- Net revenue increased by 32.3 percent to 26.4 billion euros in the first quarter of 2021
- Adjusted EBITDA AL up 41.3 percent to 9.2 billion euros
- Free cash flow AL doubled to 2.6 billion euros
- Net profit up by 2.2 percent to 936 million euros
- German broadband business remains strong
- United States – synergies ahead of plan

Deutsche Telekom makes a flying start to the new financial year. Net revenue increased by 32.3 percent in the first quarter of 2021 compared with the same period last year to 26.4 billion euros. Adjusted EBITDA AL rose by 41.3 percent to 9.2 billion euros, driven mainly by the acquisition of Sprint in the United States. In organic terms, i.e., adjusted for changes in the composition of the Group and exchange rate effects, revenue increased by 7.1 percent and adjusted EBITDA AL by 8.3 percent.

The Group's investments in the first quarter – in terms of cash capex excluding spectrum investments – amounted to 4.3 billion euros. That is 27.7 percent more than in the previous year. At the same time, free cash flow AL increased by more than 100 percent to 2.6 billion euros.



“We are sustaining momentum and continuing our successful growth story,” said CFO Christian Illek. “Our customer numbers and key financial metrics are on track on both sides of the Atlantic.”

Net profit was up by 2.2 percent in the first quarter to 936 million euros. Adjusted net profit was down 6.5 percent to 1.2 billion euros. A number of factors contributed to the restrained development in net profit compared to adjusted EBITDA AL: These include higher interest expenses, higher depreciation, amortization and impairment losses, and higher non-controlling interests.

The Group has raised its full-year guidance for 2021. Outside of the United States, Deutsche Telekom now expects adjusted EBITDA AL of around 14.4 billion euros, up from the previous guidance of around 14.3 billion euros, and free cash flow AL of around 3.6 billion euros, up from 3.5 billion euros. Together with the guidance for T-Mobile US, which was raised at the beginning of the month, this means that the Deutsche Telekom Group now expects free cash flow AL to exceed the 8-billion-euro mark, up from the original planning of around 8 billion euros. Similarly, adjusted EBITDA AL is expected to exceed 37 billion euros, up from the previous guidance of around 37 billion euros.

Germany – fiber driving success

Deutsche Telekom’s broadband business continues to develop successfully in the German home market. In the first quarter of 2021, the company recorded 93,000 net broadband additions, i.e., 10,000 more than in the same period last year. The fiber build-out continues to be the basis for this success. At the end of March of this year, the number of fiber-based lines (FTTH, FTTC/vectoring) totaled 16.3 million – that is 1.5 million more than one year ago. In the quarter just ended, net additions stood at 368,000.

Deutsche Telekom won 167,000 new branded mobile contract customers in the first quarter of 2021 compared with 140,000 one year earlier. Mobile service



revenues declined year-on-year by 0.8 percent. Excluding the negative effects of the coronavirus pandemic on roaming and visitor revenues, mobile service revenues would have increased by 1.2 percent.

Telekom Deutschland posted EBITDA growth for the 18th consecutive quarter. Adjusted EBITDA AL increased by 3.4 percent year-on-year in the first quarter of 2021 to 2.3 billion euros. At the same time, revenue grew 1.9 percent to 5.9 billion euros.

United States – Sprint takeover paying off sooner than expected

The integration of Sprint following the business combination effective April 1, 2020, is making further progress. T-Mobile US now expects synergies from the transaction to reach 2.8 to 3.1 billion U.S. dollars in 2021. That is 0.1 billion dollars more than the most recent forecast. On the back of the acquisition, the company's key financial metrics rose sharply in the first quarter of 2021 compared with the prior year. Total revenue grew by 77.4 percent to 19.9 billion U.S. dollars. With an increase of 97.4 percent, adjusted EBITDA AL virtually doubled to 6.9 billion U.S. dollars.

T-Mobile US' customer base totaled 103.4 million as of March 31 of this year, up 1.4 million against the year-end. Of these customer additions, 773,000 were postpaid phone customers – again a record figure in the U.S. wireless market.

Europe – sustained growth

The national companies in Europe made it through the first quarter undeterred by the crisis and local lockdowns. Despite the pandemic continuing to negatively affect roaming and visitor revenues, the Europe operating segment posted growth across all key metrics.

Adjusted EBITDA AL rose 4.1 percent year-on-year to 0.9 billion euros in organic terms. Total revenue grew by 0.8 percent to 2.7 billion euros in organic terms.



Customer numbers continued to increase. The national companies added 151,000 new mobile contract customers in the first quarter, 58,000 new broadband customers, and 191,000 new users of fixed-mobile convergence products.

System Solutions – order entry stabilized

The impact of the pandemic continues to be felt in Systems Solutions. In this difficult environment, T-Systems' key financial metrics largely tracked a stable trend. At 0.9 billion euros in the first quarter of 2021, order entry was on a par with the same period of 2020.

Revenue decreased as expected, down 4.4 percent to 1.0 billion euros. Adjusted EBITDA AL for the period January through March came in at 62 million euros, up 3.3 percent year-on-year.

Group Development – TMNL strong despite lockdown

The Group Development tower business has included the sites in Austria since the start of the year. Adjusted for this inorganic growth, the number of sites increased year-on-year by 1,200 to 42,600. The tower business posted an increase in revenue in the first quarter of 4 percent to 282 million euros in organic terms. At the same time, adjusted EBITDA AL increased by 7.2 percent in organic terms to 169 million euros.

New customer growth in the Netherlands was negatively impacted by shop closures during the renewed lockdown, with T-Mobile NL adding 12,000 mobile contract customers in a very weak overall market. Revenue increased organically by 5.2 percent year-on-year to 513 million euros in the first quarter of 2021. Organic growth in adjusted EBITDA AL was even stronger, up by 6.2 percent to 151 million euros.



The Deutsche Telekom Group at a glance

	Q1 2021 millions of €	Q1 2020 millions of €	Change %	FY 2020 millions of €
Net revenue	26,390	19,943	32.3	100,999
Proportion generated internationally %	76.4	69.7	6.7p	75.5
Adjusted EBITDA	10,698	7,563	41.5	40,374
Adjusted EBITDA AL	9,245	6,544	41.3	35,017
Net profit (after non-controlling interests)	936	916	2.2	4,158
Adjusted net profit (after non-controlling interests)	1,201	1,284	-6.5	5,715
Free cash flow AL ^a	2,585	1,287	n.a.	6,288
Cash capex ^b	12,272	3,570	n.a.	18,694
Cash capex ^b (before spectrum)	4,283	3,353	27.7	16,980
Net debt	129,530	77,394	67.4	120,227
Number of employees ^c	224,385	206,443	8.7	226,291
Of which in Germany ^c	88,409	93,168	-5.1	89,032

Comments on the table:

Sprint has been included in Deutsche Telekom's consolidated financial statements as a fully consolidated subsidiary since April 1, 2020. As a result of the change in the composition of the Group during the year, the remeasured assets and liabilities were recognized as of this date, and all income and expenses generated from the date of first-time consolidation are included in Deutsche Telekom's consolidated income statement. This affects the comparability of the figures for the current reporting period with the prior-year figures.

- a Before dividend payments and spectrum investment, before interest payments for zero-coupon bonds in the first quarter of 2020, and before repayment of forward-payer swaps at T-Mobile US.
- b Cash outflows for investments in property, plant and equipment, and intangible assets (excluding goodwill).
- c At the reporting date.



Operating segments: development of operations

	Q1 2021 millions of €	Q1 2020 millions of €	Change %	FY 2020 millions of €
Germany				
Total revenue	5,942	5,830	1.9	23,790
Adjusted EBITDA AL	2,305	2,230	3.4	9,188
United States^a				
Total revenue	16,483	10,157	62.3	61,208
US-\$	19,866	11,198	77.4	70,117
Adjusted EBITDA AL	5,706	3,160	80.6	20,997
US-\$	6,876	3,484	97.4	24,033
Europe^b				
Total revenue	2,729	2,759	-1.1	11,335
Adjusted EBITDA AL	946	936	1.1	3,910
Systems Solutions				
Order entry	891	888	0.4	4,564
Total revenue	1,015	1,062	-4.4	4,159
Adjusted EBITDA AL	62	60	3.3	279
Group Development^{b, c}				
Total revenue	782	708	10.5	2,883
Adjusted EBITDA AL	316	269	17.5	1,101

Comments on the table:

Reassignment between the operating segments.

Consistent with efforts to implement the Group strategy pillar “Lead in business productivity,” Deutsche Telekom combined its B2B telecommunications business within its Germany operating segment as of July 1, 2020. This transfer affected the Germany, Europe, Systems Solutions, and GHS operating segments.

Moreover, effective January 1, 2021, Deutsche Telekom reassigned the responsibility for business and profit and loss for Deutsche Telekom IoT GmbH from the Systems Solutions operating segment to the Germany operating segment.

Prior-year comparatives for the development of operations, customer numbers, headcount, and order entry were adjusted retrospectively. This internal reorganization does not affect the figures at Group level.

a Sprint has been included in Deutsche Telekom’s consolidated financial statements as a fully consolidated subsidiary since April 1, 2020. Prior-year comparatives were not adjusted.

b As of January 1, 2021, the Austrian cell tower business was reassigned from the Europe operating segment to the Group Development operating segment. Prior-year comparatives were not adjusted.

c First-time consolidation of the Dutch MVNO and SIM provider Simpel as of December 1, 2020. Prior-year comparatives were not adjusted.



Operating segments: development of customer numbers in the first quarter of 2021

	Mar. 31, 2021 thousands	Dec. 31, 2020 thousands	Change thousands	Change %
Germany				
Mobile customers ^a	49,091	48,213	878	1.8
Of which contract customers ^a	22,509	25,975	-3,466	-13.3
Fixed-network lines	17,562	17,590	-28	-0.2
Broadband lines	14,211	14,118	93	0.7
Of which optical fiber ^b	9,758	9,515	243	2.6
Television (IPTV, satellite)	3,896	3,864	32	0.8
Unbundled local loop lines (ULLs)	3,968	4,101	-133	-3.2
United States^c				
Customers	103,437	102,064	1,373	1.3
Of which postpaid customers	82,572	81,350	1,222	1.5
Of which prepaid customers	20,865	20,714	151	0.7
Europe				
Mobile customers	45,454	45,619	-165	-0.4
Of which contract customers	26,995	26,844	151	0.6
Fixed-network lines	9,117	9,084	33	0.4
Broadband customers	7,001	6,943	58	0.8
Television (IPTV, satellite, cable)	5,105	5,057	48	0.9
Group Development				
Netherlands				
Mobile customers	6,798	6,803	-5	-0.1
Fixed-network lines	693	682	11	1.6
Broadband lines	680	668	12	1.8

Comments on the table:

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Moreover, effective January 1, 2021, Deutsche Telekom reassigned the responsibility for business and profit and loss for Deutsche Telekom IoT GmbH from the Systems Solutions operating segment to the Germany operating segment. Prior-year comparatives for the development of operations, customer numbers, headcount, and order entry were adjusted retrospectively. This internal reorganization does not affect the figures at Group level.

- a From January 1, 2021, around 3.6 million SIM cards of a service provider that were previously reported under contract customers are now reported under prepaid customers. Prior-year comparatives were not adjusted.
- b Sum of all FTTx access lines (e.g., FTTC/VDSL, vectoring, and FTTH/B).
- c Sprint has been included in Deutsche Telekom's consolidated financial statements as a fully consolidated subsidiary since April 1, 2020. Prior-year comparatives were not adjusted.

Operating segments: development of customer numbers in year-on-year comparison

	Mar. 31, 2021 thousands	Mar. 31, 2020 thousands	Change thousands	Change %
Germany				
Mobile customers ^a	49,091	46,693	2,398	5.1
Of which contract customers ^a	22,509	25,416	-2,907	-11.4
Fixed-network lines	17,562	17,711	-149	-0.8
Broadband lines	14,211	13,813	398	2.9
Of which optical fiber ^b	9,758	8,787	971	11.1
Television (IPTV, satellite)	3,896	3,678	218	5.9
Unbundled local loop lines (ULLs)	3,968	4,505	-537	-11.9
United States^c				
Customers	103,437	68,543	34,894	50.9
Of which postpaid customers	82,572	47,811	34,761	72.7
Of which prepaid customers	20,865	20,732	133	0.6
Europe				
Mobile customers	45,454	45,916	-462	-1.0
Of which contract customers	26,995	26,253	742	2.8
Fixed-network lines	9,117	9,096	21	0.2
Broadband customers	7,001	6,729	272	4.0
Television (IPTV, satellite, cable)	5,105	4,940	165	3.3
Group Development				



Netherlands				
Mobile customers ^d	6,798	5,686	1,112	19.6
Fixed-network lines	693	632	61	9.7
Broadband lines	680	616	64	10.4

Comments on the table:

Reassignment between the operating segments.

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a From January 1, 2021, around 3.6 million SIM cards of a service provider that were previously reported under contract customers are now reported under prepaid customers. Prior-year comparatives were not adjusted.

b Sum of all FTTx access lines (e.g., FTTC/VDSL, vectoring, and FTTH/B).

c Sprint has been included in Deutsche Telekom’s consolidated financial statements as a fully consolidated subsidiary since April 1, 2020. Prior-year comparatives were not adjusted.

d The acquisition of the Dutch MVNO and SIM provider Simpel effective December 1, 2020 increased the mobile customer base by around 1.0 million. Prior-year comparatives were not adjusted.



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Deutsche Telekom AG

Corporate Communications

Tel.: +49 (0) 228 181 – 49494

Email: media@telekom.de

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