



## **MEDIA INFORMATION**

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### **Deutsche Telekom increases earnings in all areas of the Group in record year 2019**

- Revenue of 80.5 billion euros – up 6.4 percent
- Adjusted EBITDA AL up 7.2 percent to 24.7 billion euros
- Free cash flow AL at 7.0 billion euros, up 15.9 percent compared with 2018
- Net profit up by almost 80 percent to 3.9 billion euros
- Guidance for 2020: adjusted EBITDA AL of around 25.5 billion euros and free cash flow AL of around 8.0 billion euros
- Figures for Germany driven by fiber-optic build-out
- Customer boom in the United States delivers record results
- Europe accelerates growth trend
- T-Systems transformation bears fruit

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Record revenue, profit growth in all operating segments, and a further increase in investments: Deutsche Telekom looks back on the most successful year in the history of the company. Revenue grew by 6.4 percent in 2019 compared with the prior year to 80.5 billion euros. Adjusted EBITDA AL increased by 7.2 percent to 24.7 billion euros. Free cash flow AL increased by 15.9 percent to 7.0 billion euros. Thus, Deutsche Telekom achieved its guidance for 2019, as raised in November.

“This is a historic day for Deutsche Telekom,” said Tim Hötting, CEO of Deutsche Telekom. “We have confirmed our position as the clear number one in our industry in Europe with these record results.”

Cash capex before spectrum investment stood at 13.1 billion euros in 2019, 7.6 percent above the prior-year level. This increase was due to the accelerated 5G build-out in the United States. Net profit increased by 78.5 percent to 3.9 billion euros. Negative special factors like the settlement agreement in the toll arbitration proceedings and impairment losses in the prior year compared with a range of much smaller effects in 2019. Adjusted for special factors, net profit increased by 8.9 percent to 4.9 billion euros.

For the 2020 financial year, Deutsche Telekom expects another increase in revenue. Adjusted EBITDA AL is expected to grow to around 25.5 billion euros, of which around 13.9 billion euros will come from business outside of the United States. As in 2019, growth is expected in all operating segments. The Group expects free cash flow of around 8.0 billion euros. All these figures are based on constant exchange rates and exclude changes in the composition of the Group.

### **Germany – networks and customer base continue to grow**

The focus in Germany in the reporting year was on building out superfast internet connections, with some 28 million households and business locations now being able to use super vectoring with bandwidths of at least 250 Mbit/s. There were 14.4 million fiber-optic-based lines in the Telekom network at the end of 2019, 2.2 million more than a year earlier. More than 3.6 million customers use the internet-based MagentaTV service. 74,000 new customers signed up in the fourth quarter of 2019 alone. 4.7 million customers have opted for the MagentaEINS product package. Consequently, the share of mobile contract customers with MagentaEINS increased from 51 percent to 57 percent.

Mobile service revenues increased by 1.4 percent in the quarter, clearly confirming Deutsche Telekom's market leadership. In the Germany operating segment as a whole, revenue rose by 0.9 percent in 2019 to 21.9 billion euros.



Adjusted EBITDA AL for the full year increased by 2.4 percent compared with 2018 to 8.7 billion euros.

### **United States – triumphant success story continues**

T-Mobile US ended the year with 86 million customers, 6.4 million more than a year earlier. 2019 was the sixth year in succession with more than five million customer additions. The company recorded more than a million net additions to branded postpaid phone customers in the fourth quarter. Thus, T-Mobile US led the U.S. mobile market in this most important customer metric for the 24<sup>th</sup> quarter in a row.

The huge number of new customers is paying off. T-Mobile US increased total revenue by 5.0 percent in 2019 to 45.2 billion U.S. dollars. Adjusted EBITDA AL increased by 4.7 percent compared with the prior year to 12.5 billion U.S. dollars.

### **Europe – growth accelerates**

Revenue and earnings growth has been gaining pace for two years now in the Europe operating segment. In organic terms, revenue increased by 1.4 percent year-on-year in 2019 to 12.2 billion euros. Adjusted EBITDA AL rose 3.1 percent to 4.0 billion euros, driven by cost reductions and improved margins. In the fourth quarter, the organic growth rates were even higher, at 3.8 percent for revenue and 5.7 percent for adjusted EBITDA AL.

One of the success factors of the past year was fixed-mobile convergence products. Nearly 4.8 million customers now use such offers, 45.3 percent more than a year earlier. The percentage of broadband households that have opted for a product bundle also increased in this period from 39.9 percent to 49.1 percent. Product bundles lead to lower churn rates and higher revenues per household. Other customer figures also went up. The number of broadband lines grew 4.2 percent during the year to 6.7 million, the number of mobile contract customers increased by 3.4 percent to 27.6 million.



### **Systems Solutions – strong in new orders**

T-Systems ended the year with a strong trend in order entry. The order volume was up 8.2 percent in 2019 at 7.3 billion euros, also largely driven by the growth areas.

Revenue declined slightly by 1.9 percent in the full year to 6.8 billion euros. Business in growth areas such as public cloud or security, each posting double-digit growth rates, was not sufficient to fully offset declines in traditional IT. At 0.5 billion euros, the annual target for adjusted EBITDA AL was achieved. The growth of 17.4 percent was primarily attributable to the ongoing transformation of the company. A further increase is expected for 2020.

### **Group Development – T-Mobile Netherlands continues to grow**

Business developed very positively in the Netherlands over the past year. Revenue increased by 44.5 percent compared with 2018 to 1.9 billion euros. Adjusted EBITDA AL rose by 21.5 percent to 0.5 billion euros. This increase was mainly driven by the takeover of Tele2. But even without this effect, T-Mobile Netherlands recorded growth of 1.6 percent in revenue and of 19.4 percent in adjusted EBITDA AL. The company's outstanding market position was underlined by the addition of 83,000 new mobile customers and 18,000 broadband customers in the fourth quarter alone.

With 34,300 sites at the end of 2019, the number of sites in Germany in the cell tower business rose by 1,800 year-on-year. Revenue in this business area increased by 2.5 percent on a like-for-like basis compared with 2018 to 0.9 billion euros.

**The Deutsche Telekom Group at a glance**

	Q4 2019 millions of €	Q4 2018 millions of €	Change %	FY 2019 millions of €	FY 2018 millions of €	Change %
Net revenue	21,361	20,261	5.4	80,531	75,656	6.4
Proportion generated internationally %	69.8	68.7	1.1p	69.5	67.8	1.7p
EBITDA	6,643	5,138	29.3	27,120	21,836	24.2
Adjusted EBITDA	7,054	5,649	24.9	28,708	23,333	23.0
Adjusted EBITDA AL	6,030	5,573	8.2	24,731	23,074	7.2
Net profit	654	-431	n.a.	3,867	2,166	78.5
Adjusted net profit	1,016	796	27.6	4,948	4,545	8.9
Free cash flow <sup>a</sup>	2,537	1,471	72.5	10,133	6,250	62.1
Free cash flow AL <sup>a</sup>	1,763	1,438	22.6	7,013	6,051	15.9
Cash capex <sup>b</sup>	3,150	3,141	0.3	14,357	12,492	14.9
Cash capex <sup>b</sup> (before spectrum)	3,075	3,079	-0.1	13,118	12,223	7.3
Net debt <sup>c</sup>				76,031	55,425	37.2
Number of employees <sup>d</sup>				210,533	215,675	-2.4

**Comments on the table:**

The new IFRS 16 "Leases" accounting standard has been applied since January 1, 2019. This led to a change in the definition of some of our financial performance indicators. The published prior-year figures were not adjusted; however, we show prior-year comparatives calculated on a pro forma basis for the redefined key performance indicators "adjusted EBITDA after leases (adjusted EBITDA AL)" and "free cash flow after leases (free cash flow AL)".

a Before dividend payments and spectrum investment.

b Cash outflows for investments in property, plant and equipment, and intangible assets (excluding goodwill).

c First-time application of IFRS 16 "Leases" as of January 1, 2019: The new standard results in a mathematical increase in net debt of 15.6 billion euros. The Company's financial position remains unchanged by this.

d At the reporting date.



**Operating segments: development of operations**

	Q4 2019 millions of €	Q4 2018 millions of €	Change %	FY 2019 millions of €	FY 2018 millions of €	Change %
<b>Germany</b>						
Total revenue	5,669	5,612	1.0	21,886	21,700	0.9
EBITDA	2,138	2,062	3.7	8,319	8,012	3.8
Adjusted EBITDA	2,209	2,179	1.4	8,744	8,610	1.6
Adjusted EBITDA AL	2,205	2,154	2.4	8,720	8,516	2.4
Number of employees <sup>a</sup>				60,501	62,621	-3.4
<b>United States</b>						
Total revenue	10,791	10,018	7.7	40,420	36,522	10.7
US-\$	11,950	11,428	4.6	45,236	43,063	5.0
EBITDA	3,300	2,436	35.5	13,265	9,928	33.6
Adjusted EBITDA	3,403	2,537	34.1	13,809	10,088	36.9
Adjusted EBITDA AL	2,710	2,536	6.9	11,134	10,084	10.4
US-\$	3,001	2,893	3.7	12,463	11,901	4.7
<b>Europe<sup>b</sup></b>						
Total revenue	3,225	3,132	3.0	12,168	11,885	2.4
EBITDA	1,069	904	18.3	4,313	3,757	14.8
Adjusted EBITDA	1,105	953	15.9	4,460	3,880	14.9
Adjusted EBITDA AL	982	935	5.0	4,005	3,813	5.0
<b>Systems Solutions</b>						
Order entry	2,198	2,104	4.5	7,329	6,776	8.2
Total revenue	1,845	1,842	0.2	6,805	6,936	-1.9
Adj. EBIT margin (%)	3.4	0.3	3.1p	2.1	0.5	1.6p
EBITDA	91	-13	n.a.	314	163	92.6
Adjusted EBITDA	186	111	67.6	645	429	50.3
Adjusted EBITDA AL	156	115	35.7	519	442	17.4



	Q4 2019 millions of €	Q4 2018 millions of €	Change %	FY 2019 millions of €	FY 2018 millions of €	Change %
<b>Group Development<sup>c</sup></b>						
Total revenue	729	578	26.1	2,797	2,185	28.0
EBITDA	322	218	47.7	1,427	893	59.8
Adjusted EBITDA	335	230	45.7	1,330	921	44.4
Adjusted EBITDA AL	259	218	18.8	1,033	892	15.8

**Comments on the table:**

The new IFRS 16 "Leases" accounting standard has been applied since January 1, 2019. This led to a change in the definition of some of our financial performance indicators. The published prior-year figures were not adjusted; however, we show prior-year comparatives calculated on a pro forma basis for the redefined key performance indicators "adjusted EBITDA after leases (adjusted EBITDA AL)" and "free cash flow after leases (free cash flow AL)".

- a At the reporting date.
- b Inclusion of UPC Austria as of July 31, 2018. Prior-year comparatives were not adjusted.
- c Inclusion of Tele2 Netherlands as of January 2, 2019. Prior-year comparatives were not adjusted.



**Operating segments: development of customer numbers in the fourth quarter of 2019**

	<b>Dec. 31, 2019 thousands</b>	<b>Sept. 30, 2019 thousands</b>	<b>Change thousands</b>	<b>Change %</b>
<b>Germany</b>				
Mobile customers	46,189	45,598	591	1.3
Of which contract customers	25,291	25,138	153	0.6
Fixed-network lines	17,824	17,996	-172	-1.0
Of which retail IP-based	17,479	17,158	321	1.9
Broadband lines	13,730	13,683	47	0.3
Of which optical fiber <sup>a</sup>	8,529	8,231	298	3.6
Television (IPTV, satellite)	3,618	3,544	74	2.1
Unbundled local loop lines (ULLs)	4,638	4,770	-132	-2.8
<b>United States</b>				
Mobile customers	86,046	84,183	1,863	2.2
Of which branded postpaid customers	47,034	45,720	1,314	2.9
Of which branded prepay customers	20,860	20,783	77	0.4
<b>Europe<sup>b</sup></b>				
Mobile customers <sup>c</sup>	46,165	46,501	-336	-0.7
Of which contract customers	27,566	27,310	256	0.9
Fixed-network lines	9,105	9,069	36	0.4
Of which IP-based <sup>d</sup>	8,311	8,208	103	1.3
Broadband customers	6,672	6,599	73	1.1
Television (IPTV, satellite, cable)	4,945	4,919	26	0.5
<b>Group Development<sup>e</sup></b>				
Mobile customers	5,610	5,528	82	1.5
Fixed-network lines	619	601	18	3.0
Broadband lines	619	601	18	3.0

**Comments on the table:**

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





- b Inclusion of UPC Austria as of July 31, 2018. Prior-year comparatives were not adjusted.
- c As of January 1, 2019, the portfolio of M2M SIM cards in Austria was streamlined. 2.4 million customers were deactivated. Prior-year comparatives were not adjusted.
- d Prior-quarter comparative for IP-based fixed-network lines in the Czech Republic was adjusted as part of the standardization of the underlying customer definition.
- e Customer numbers at T-Mobile Netherlands. Inclusion of Tele2 Netherlands as of January 2, 2019. Prior-year comparatives were not adjusted.



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

	Dec. 31, 2019 thousands	Dec. 31, 2018 thousands	Change thousands	Change %
<b>Germany</b>				
Mobile customers	46,189	44,202	1,987	4.5
Of which contract customers	25,291	25,435	-144	-0.6
Fixed-network lines	17,824	18,625	-801	-4.3
Of which retail IP-based	17,479	15,356	2,123	13.8
Broadband lines	13,730	13,561	169	1.2
Of which optical fiber <sup>a</sup>	8,529	7,236	1,293	17.9
Television (IPTV, satellite)	3,618	3,353	265	7.9
Unbundled local loop lines (ULLs)	4,638	5,236	-598	-11.4
<b>United States</b>				
Mobile customers	86,046	79,651	6,395	8.0
Of which branded postpaid customers	47,034	42,519	4,515	10.6
Of which branded prepay customers	20,860	21,137	-277	-1.3
<b>Europe<sup>b</sup></b>				
Mobile customers <sup>c</sup>	46,165	50,542	-4,377	-8.7
Of which contract customers	27,566	26,665	901	3.4
Fixed-network lines	9,105	9,039	66	0.7
Of which IP-based <sup>d</sup>	8,311	7,391	920	12.4
Broadband customers	6,672	6,405	267	4.2
Television (IPTV, satellite, cable)	4,945	4,835	110	2.3
<b>Group Development<sup>e</sup></b>				
Mobile customers	5,610	4,021	1,589	39.5
Fixed-network lines	619	241	378	n.a.
Broadband lines	619	241	378	n.a.

**Comments on the table:**

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

b Inclusion of UPC Austria as of July 31, 2018. Prior-year comparatives were not adjusted.



- c As of January 1, 2019, the portfolio of M2M SIM cards in Austria was streamlined. 2.4 million customers were deactivated. Prior-year comparatives were not adjusted.
- d Prior-quarter comparative for IP-based fixed-network lines in the Czech Republic was adjusted as part of the standardization of the underlying customer definition.
- e Customer numbers at T-Mobile Netherlands. Inclusion of Tele2 Netherlands as of January 2, 2019. Prior-year comparatives were not adjusted.



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**Deutsche Telekom AG**  
Corporate Communications

**Tel.:** +49 228 181 – 49494

**E-Mail:** [media@telekom.de](mailto:media@telekom.de)

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