



MEDIA INFORMATION

Bonn, August 12, 2021

Deutsche Telekom continues to grow and raises guidance for the 2021 financial year again

- Organic revenue growth of 6.8 percent in the second quarter to 26.6 billion euros
- Adjusted EBITDA AL up 1.1 percent in organic terms to 9.4 billion euros
- Free cash flow AL up 14.1 percent to 2.8 billion euros
- Net profit surged almost 150 percent to 1.9 billion euros
- Full-year guidance for adjusted EBITDA AL raised to more than 37.2 billion euros
- Germany remains strong in broadband business
- Net customer additions at T-Mobile US continue unabated
- Strong growth in Europe

Deutsche Telekom has raised the bar for the second time in 2021. Following strong second quarter results, the Group has raised its guidance for adjusted EBITDA AL once again and now expects a figure for the full year of more than 37.2 billion euros. This is 0.2 billion euros more than stated when the guidance was raised in May. The guidance for free cash flow AL remains unchanged at more than 8 billion euros.

In the second quarter, net revenue rose 6.8 percent year-on-year in organic terms – i.e., adjusted for changes in the composition of the Group and exchange rate effects – reaching 26.6 billion euros. Adjusted EBITDA AL amounted to 9.4 billion euros. In organic terms, it rose by 1.1 percent. The development on a reported basis was not as strong on account of the weaker



U.S. dollar compared with the prior-year period: Revenue was down by 1.7 percent and adjusted EBITDA AL down by 4.2 percent.

“This was yet another great team success,” said Tim Hötting, CEO of Deutsche Telekom. “Every area of the Group saw an increase in results in the first half of the year, thus continuing the Group’s growth story.”

At 2.8 billion euros, free cash flow AL was up 14.1 percent year-on-year in the second quarter. At the same time, the Group stepped up its investments once again: up 16.8 percent to 4.3 billion euros in terms of cash capex excluding expenses for mobile spectrum.

There was a massive increase in net profit, which was almost 150 percent higher than a year earlier at 1.9 billion euros. Adjusted for special factors, net profit increased by 65.3 percent to 2.1 billion euros in the second quarter.

Germany: Business remains on track

The successful trend in broadband business recorded in the last few quarters continued for Telekom Deutschland between April and June. The company recorded 93,000 net broadband customer additions in this period. There are now 16.6 million fiber-based lines (FTTx, retail, and wholesale) in the Telekom network; an increase of 291,000 in the quarter just ended.

Mobile service revenues were up 2.0 percent against the prior-year period. The negative impact of coronavirus-induced measures on roaming and visitor revenues had been stronger in the prior-year quarter, giving rise to a positive net effect compared with the prior-year period. Adjusted for this effect as well as for regulatory effects, the increase totaled 1.4 percent. Branded contract net adds amounted to 161,000. In this segment, the average monthly data volume used per customer increased by 34 percent year-on-year to 6.3 gigabytes.



Revenue in the Germany operating segment increased to 5.9 billion euros in the second quarter of 2021, up by 0.9 percent against the prior-year period. Adjusted for the change in the composition of the Group and other effects, organic revenue growth stood at 1.8 percent. At the same time, adjusted EBITDA AL grew 3.7 percent to 2.4 billion euros.

United States: Still leading in customer growth

T-Mobile US continues to set the benchmark on the North American mobile communications market. The company once again recorded stronger customer growth than its competitors in the second quarter of 2021. The mobile postpaid customer base grew by 1.3 million, including 627,000 particularly valuable postpaid phone customers. The average monthly revenue for these customers currently stands at 47.61 U.S. dollars and has remained very stable over the last few quarters. At the end of the reporting period, T-Mobile US' customer base totaled 104.8 million, an increase of almost 6.5 million year-on-year.

Revenue at T-Mobile US increased by 5.4 percent in the second quarter compared with the same quarter of the prior year to 20.1 billion U.S. dollars. Adjusted EBITDA AL decreased by 0.4 percent to 6.9 billion U.S. dollars. Adjusted for the effects from the gradual withdrawal from the terminal equipment lease business model, adjusted EBITDA AL increased by 7.7 percent in organic terms (core adjusted EBITDA).

The integration of Sprint, acquired effective April 1, 2020, is progressing faster than planned. T-Mobile US now expects synergies from the transaction to reach 2.9 to 3.1 billion U.S. dollars in the current financial year. That is 100 million U.S. dollars more than the company's most recent guidance. Around 80 percent of the voice and data traffic of former Sprint customers is already carried on the T-Mobile network – the fastest network in the United States, according to independent tests.



Europe: 14 straight quarters of growth

Growth in the European national companies accelerated in the second quarter of 2021. Revenue grew by 4.0 percent in organic terms compared with the prior-year period to 2.8 billion euros. Adjusted EBITDA AL increased by 5.3 percent in organic terms to 1.0 billion euros. Thus, the Europe operating segment recorded an organic increase in adjusted EBITDA AL for the 14th consecutive quarter. The slight increase in travel activity together with the associated moderate recovery in roaming revenues had a positive effect in the last quarter compared with the prior-year period.

Customer numbers are rising steadily. Between April and June, the companies in the operating segment recorded 177,000 mobile contract net adds, 58,000 broadband net adds, and 128,000 net additions of fixed-mobile convergence (FMC) product packages. The popularity of these FMC offers can be seen in their growing market penetration: Around 52 percent of broadband households now use FMC products, compared with 48 percent a year earlier.

Group Development: Revenue and profit rise again

The Dutch business proved to be in excellent shape once again. T-Mobile NL added 70,000 mobile contract customers in the second quarter alone. Revenue increased in this period by 2.7 percent in organic terms compared with the same period in 2020 to 506 million euros. The organic increase in adjusted EBITDA AL was even stronger, with growth of 3.6 percent to 155 million euros.

In the cell tower business, revenue grew by 5.1 percent in organic terms to 283 million euros, while adjusted EBITDA AL grew by 8.8 percent year-on-year in the second quarter in organic terms to 170 million euros. The number of sites increased by 1,100 in a year on a like-for-like basis – i.e., adjusted for the sale of the Dutch towers and the inclusion of the Austrian towers – to 39,800.



Systems Solutions: Higher order entry

T-Systems recorded much stronger new business in the second quarter of 2021. Order entry rose by 25.3 percent to 1.1 billion euros compared with the same period in the prior year, driven primarily by a deal in the automotive sector.

Revenue declined 5.5 percent to 1.0 billion euros in the reporting period. At the same time, adjusted EBITDA AL amounted to 72 million euros, one million more than in the second quarter of 2020.



The Deutsche Telekom Group at a glance

	Q2 2021 millions of €	Q2 2020 millions of €	Change %	H1 2021 millions of €	H1 2020 millions of €	Change %	FY 2020 millions of €
Net revenue	26,593	27,041	-1.7	52,983	46,984	12.8	100,999
Proportion generated internationally %	80.5	77.5	3.0p	78.4	74.2	4.2p	75.5
Adjusted EBITDA	10,877	11,271	-3.5	21,575	18,834	14.6	40,374
Adjusted EBITDA AL	9,418	9,829	-4.2	18,662	16,373	14.0	35,017
Net profit (after non- controlling interests)	1,879	754	n.a.	2,815	1,670	68.6	4,158
Adjusted net profit (after non- controlling interests)	2,113	1,278	65.3	3,315	2,562	29.4	5,715
Free cash flow AL ^a	2,766	2,425	14.1	5,350	3,712	44.1	6,288
Cash capex ^b	4,322	4,547	-4.9	16,593	8,117	n.a.	18,694
Cash capex ^b (before spectrum)	4,287	3,669	16.8	8,570	7,022	22.0	16,980
Net debt				127,927	120,897	5.8	120,227
Number of employees ^c				221,909	229,170	-3.2	226,291
Of which in Germany ^c				87,477	91,209	-4.1	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. Sprint is included in the figures for the reporting quarter Q2 2021 and for the prior-year quarter for the full three months in both cases. In the six-month view, Sprint is included for the full six months in the first half of 2021 and for just three months (April to June) in the first half of 2020.

- 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

	Q2 2021 millions of €	Q2 2020 millions of €	Change %	H1 2021 millions of €	H1 2020 millions of €	Change %	FY 2020 millions of €
Germany							
Total revenue	5,903	5,853	0.9	11,844	11,683	1.4	23,790
Adjusted EBITDA AL	2,354	2,270	3.7	4,659	4,500	3.5	9,188
United States^a							
Total revenue	16,643	17,297	-3.8	33,126	27,455	20.7	61,208
US-\$	20,063	19,041	5.4	39,929	30,239	32.0	70,117
Adjusted EBITDA AL	5,737	6,304	-9.0	11,444	9,464	20.9	20,997
US-\$	6,917	6,942	-0.4	13,793	10,426	32.3	24,033
Europe^b							
Total revenue	2,823	2,706	4.3	5,551	5,464	1.6	11,335
Adjusted EBITDA AL	994	952	4.4	1,940	1,888	2.8	3,910
Systems Solutions							
Order entry	1,128	900	25.3	2,019	1,788	12.9	4,564
Total revenue	1,006	1,065	-5.5	2,021	2,127	-5.0	4,159
Adjusted EBITDA AL	72	71	1.4	134	130	3.1	279
Group Development^{b, c, d}							
Total revenue	780	716	8.9	1,563	1,424	9.8	2,883
Adjusted EBITDA AL	318	283	12.4	634	552	14.9	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.
- 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.
- d As of June 1, 2021, the Dutch cell tower business was sold to DIV and subsequently contributed into Cellnex Netherlands.

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

	June 30, 2021 thousands	Mar. 31, 2021 thousands	Change thousands	Change %
Germany				
Mobile customers	50,272	49,091	1,181	2.4
Of which contract customers	22,682	22,509	173	0.8
Fixed-network lines	17,555	17,562	-7	0.0
Broadband lines	14,304	14,211	93	0.7
Of which optical fiber ^a	9,971	9,758	213	2.2
Television (IPTV, satellite)	3,933	3,896	37	0.9
Unbundled local loop lines (ULLs)	3,853	3,968	-115	-2.9
United States				
Customers	104,789	103,437	1,352	1.3
Of which postpaid customers	83,848	82,572	1,276	1.5
Of which prepaid customers	20,941	20,865	76	0.4
Europe				
Mobile customers	45,788	45,454	334	0.7
Of which contract customers	27,172	26,995	177	0.7
Fixed-network lines	9,111	9,117	-6	-0.1
Broadband customers	7,059	7,001	58	0.8
Television (IPTV, satellite, cable)	5,098	5,092	6	0.1
Group Development				
Netherlands				



Mobile customers	6,853	6,798	55	0.8
Fixed-network lines	707	693	14	2.0
Broadband lines	695	680	15	2.2

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

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

	June 30, 2021 thousands	June 30, 2020 thousands	Change thousands	Change %
Germany				
Mobile customers ^a	50,272	47,116	3,156	6.7
Of which contract customers ^a	22,682	25,445	-2,763	-10.9
Fixed-network lines	17,555	17,649	-94	-0.5
Broadband lines	14,304	13,900	404	2.9
Of which optical fiber ^b	9,971	9,012	959	10.6
Television (IPTV, satellite)	3,933	3,724	209	5.6
Unbundled local loop lines (ULLs)	3,853	4,361	-508	-11.6
United States				
Customers	104,789	107,720	-2,931	-2.7
Of which postpaid customers	83,848	77,753	6,095	7.8
Of which prepaid customers ^c	20,941	29,967	-9,026	-30.1
Europe				
Mobile customers	45,788	45,665	123	0.3
Of which contract customers	27,172	26,416	756	2.9
Fixed-network lines	9,111	9,040	71	0.8
Broadband customers	7,059	6,797	262	3.9
Television (IPTV, satellite, cable)	5,098	4,951	147	3.0
Group Development				
Netherlands				
Mobile customers ^d	6,853	5,741	1,112	19.4



Fixed-network lines	707	644	63	9.8
Broadband lines	695	628	67	10.7

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 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 On July 1, 2020, a major prerequisite of the U.S. Department of Justice (DoJ) for approving the merger of T-Mobile US and Sprint was duly fulfilled: the sale of Sprint’s prepaid business (Boost Mobile) to the satellite TV operator DISH Network. The sale included around 9.4 million prepaid customers.

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



This media information contains forward-looking statements that reflect the current views of Deutsche Telekom management with respect to future events. They are generally identified by the words “expect,” “anticipate,” “believe,” “intend,” “estimate,” “aim,” “goal,” “plan,” “will,” “seek,” “outlook,” or similar expressions and include generally any information that relates to expectations or targets for revenue, adjusted EBITDA, or other performance measures. Forward-looking statements are based on current plans, estimates, and projections, and should therefore be considered with caution. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond Deutsche Telekom’s control. They include, for instance, the progress of Deutsche Telekom’s staff-related restructuring measures and the impact of other significant strategic or business initiatives, including acquisitions, dispositions, and business combinations. In addition, movements in exchange rates and interest rates, regulatory rulings, stronger than expected competition, technological change, litigation and regulatory developments, among other factors, may have a material adverse effect on costs and revenue development. If these or other risks and uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, Deutsche Telekom’s actual results may be materially different from those expressed or implied by such statements. Deutsche Telekom can offer no assurance that its expectations or targets will be achieved. Without prejudice to existing obligations under capital market law, Deutsche Telekom does not assume any obligation to update forward-looking statements to account for new information or future events or anything else. In addition to figures prepared in accordance with IFRS, Deutsche Telekom presents alternative performance measures, e.g., EBITDA, EBITDA AL, adjusted EBITDA, adjusted EBITDA AL, adjusted EBITDA margin, adjusted EBIT, EBIT margin, adjusted net profit/loss, adjusted earnings per share, free cash flow, free cash flow AL, gross debt, and net debt. These 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.



LIFE IS FOR SHARING.

Deutsche Telekom AG

Corporate Communications

Tel.: +49 (0) 228 181 – 49494

Email: media@telekom.de

Further information for the media at:

www.telekom.com/en/media

<https://www.telekom.com/en/media/mediacenter/images>

www.twitter.com/deutschetelekom

www.facebook.com/deutschetelekom

www.telekom.com/blog

www.youtube.com/deutschetelekom

www.instagram.com/deutschetelekom

About Deutsche Telekom: <https://www.telekom.com/en/company/company-profile>