

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 US¹

- 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%)
- TMNL 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 TMUS raised to 48.4% in April



¹ 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 ¹	2,585	3,781	+46.3%
Cash capex ¹	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%

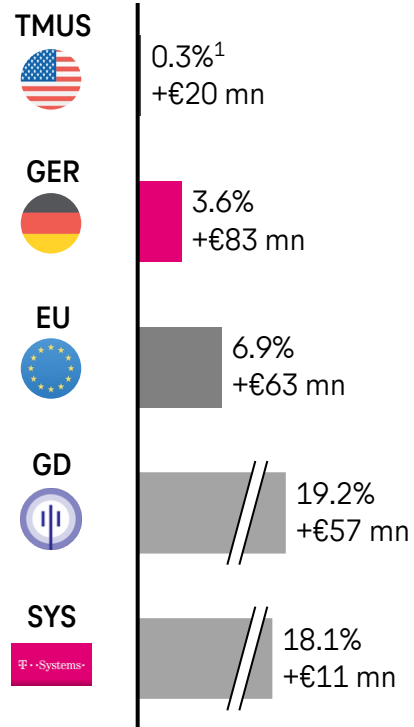
¹ Free cash flow AL before dividend and before spectrum investments. Cash capex before spectrum investment. Spectrum: Q1/21: €7,989 mn; Q1/22: €2,514 mn

Financials Q1/2022 organic

strong organic growth

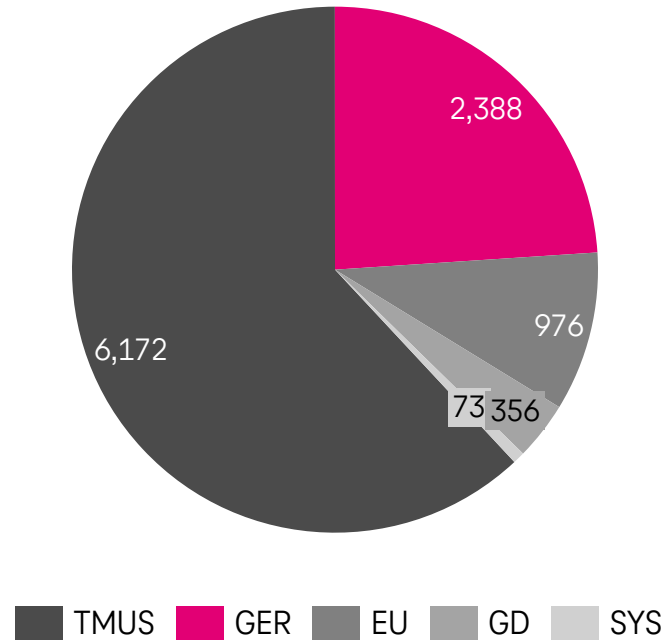
Q1/22 Adj. EBITDA AL

growth yoy, organic



Q1/22 Adj. EBITDA AL²

€ mn



Q1/22 Key financials

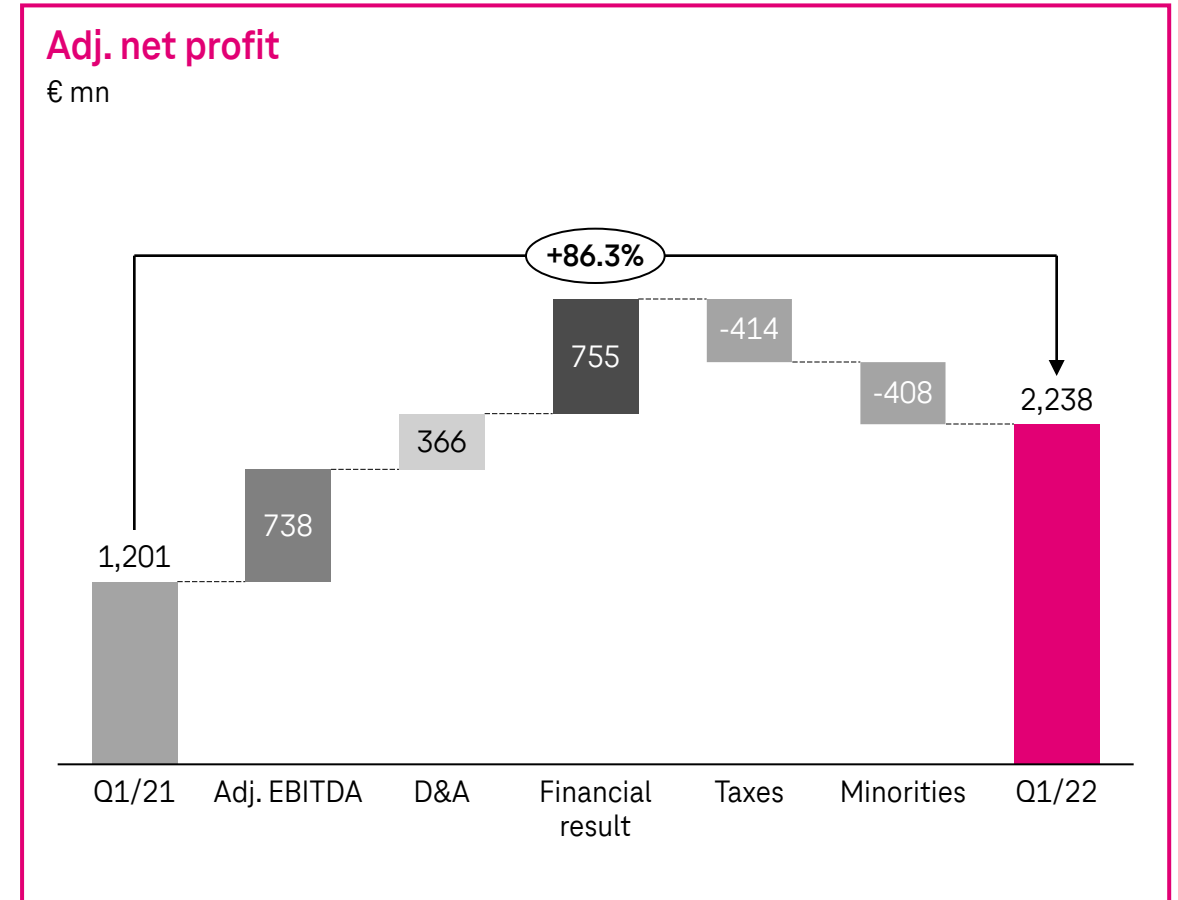
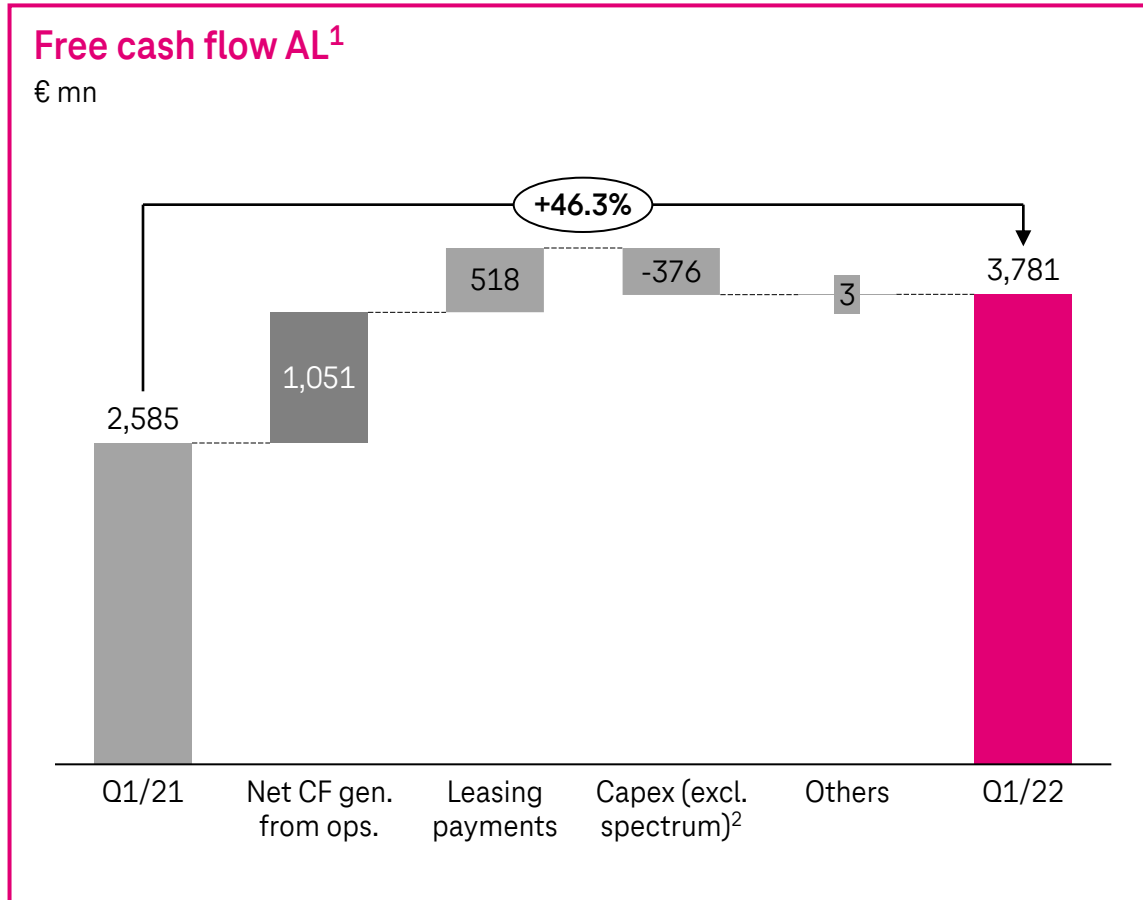
% growth yoy, organic

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%

¹Trend impacted by decreasing handset leases: excl. handset leases, adj. core EBITDA AL growth of +10.2% ² Excl. GHS; reported EBITDA AL €9,873 mn

Financials Q1/2022

strong growth in FCF AL and net income



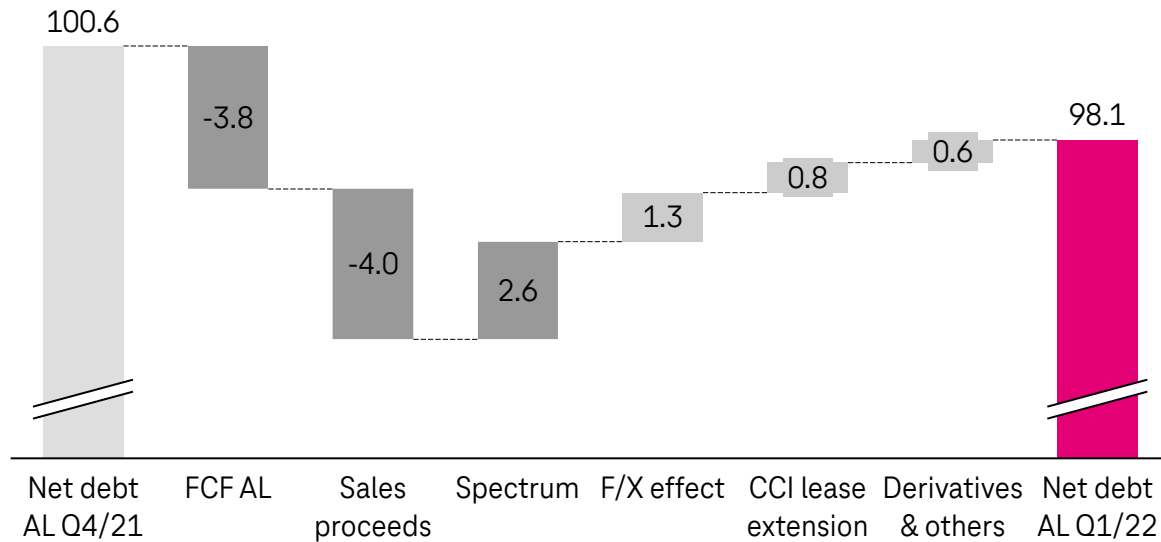
¹ Free cash flow and FCF AL before dividend payments and spectrum investment ² Spectrum: Q1/21: €7,989 mn; Q1/22: €2,514 mn

Financials Q1/2022

decline in net financial debt

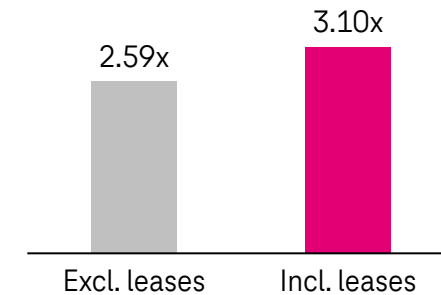
Net debt excl. leases (AL) (Q1/22 over Q4/21)

€ 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)

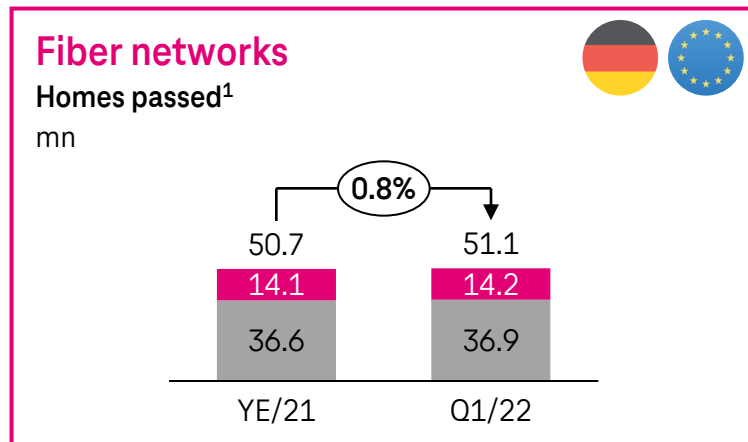
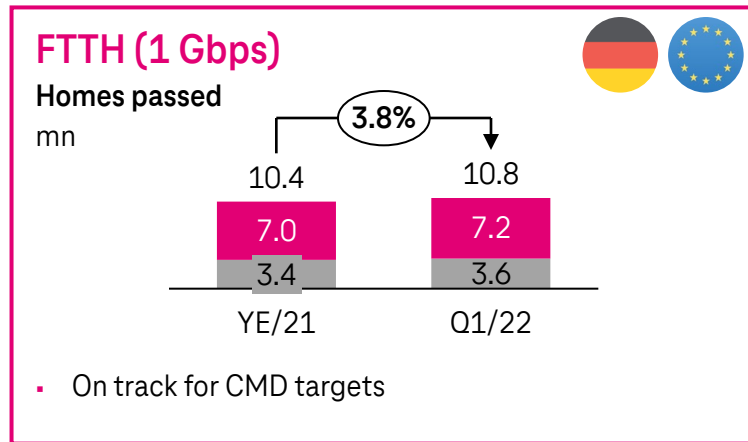


Operations

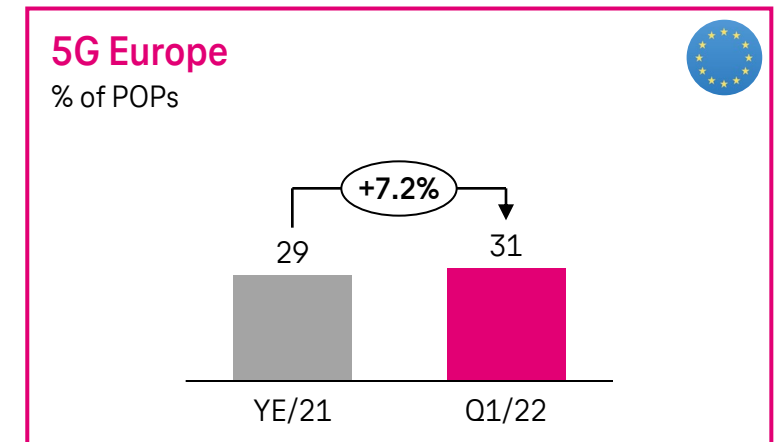
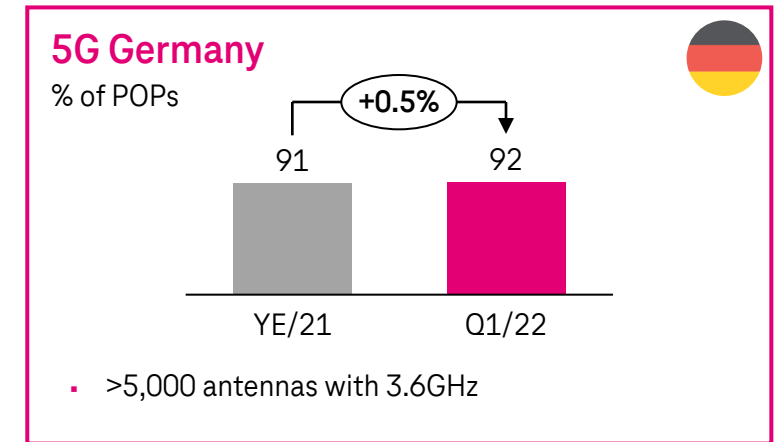
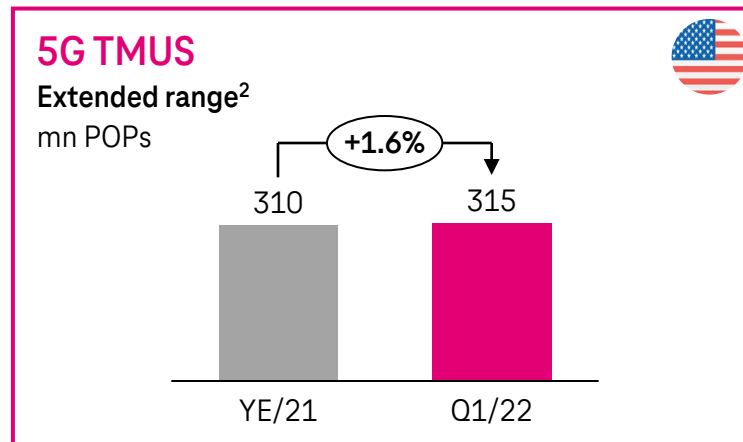
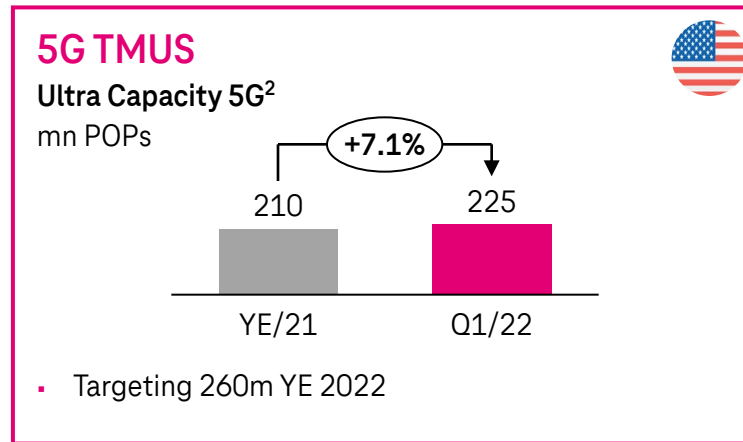
Review Q1/2022

Networks

leading with 5G, FTTH well on track



■ EU ■ GER



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

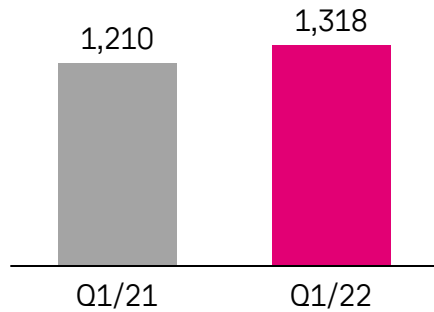
Customers

growing strongly

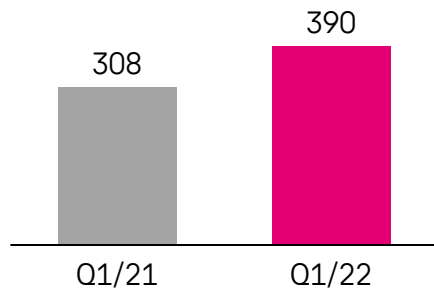
Mobile net adds

'000

US (postpaid)



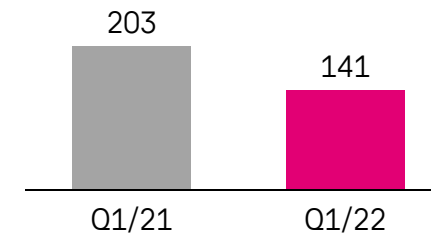
Ex US (contract)¹



Fixed line net adds²

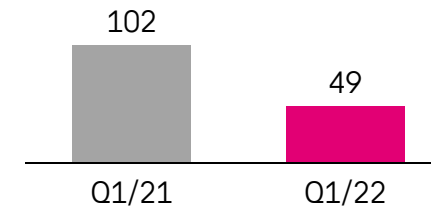
'000

Broadband



Q1 fixed line net adds impacted by changes in German telecoms law (TKG)

TV



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



Germany

Review Q1/2022

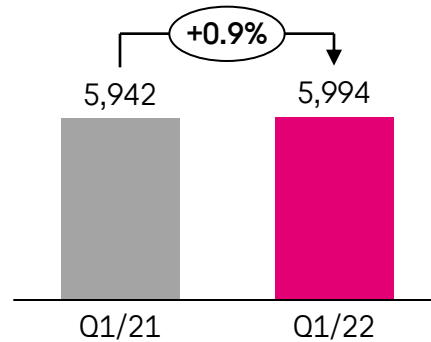
Germany

22nd consecutive quarter of EBITDA growth



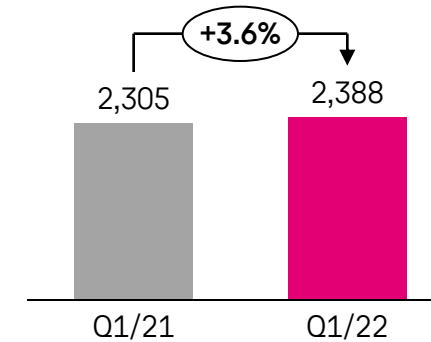
Revenues (as reported)

€ mn



Adj. EBITDA AL (as reported)

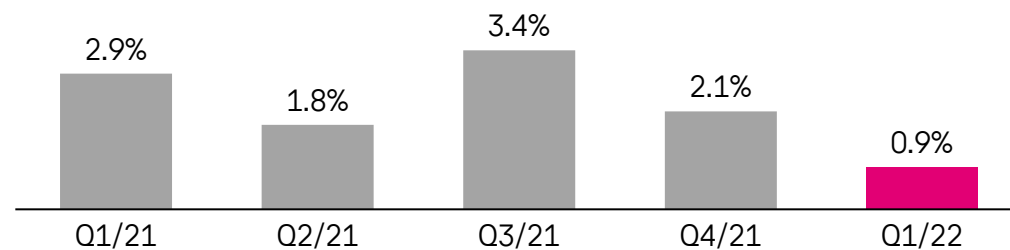
€ mn



Revenue growth (organic)

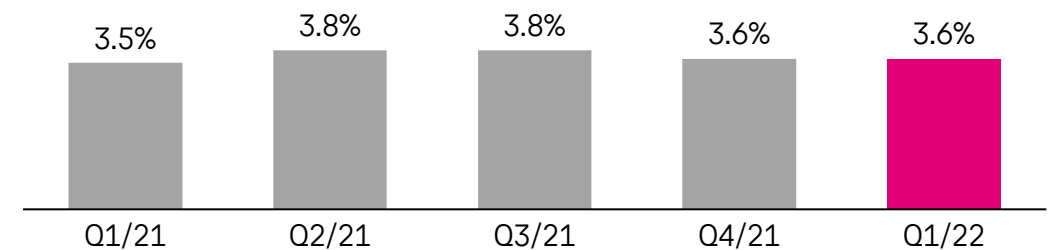
% yoy

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

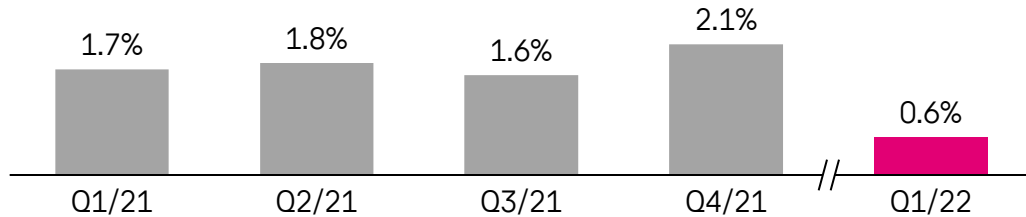
service revenues: mobile growing, fixed impacted by one-offs



Total service revenue growth (organic)¹

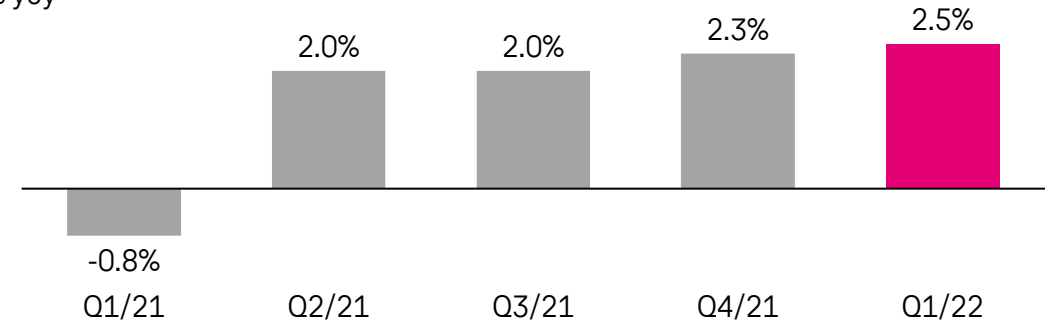
% yoy

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



Mobile service revenue growth (organic)

% yoy

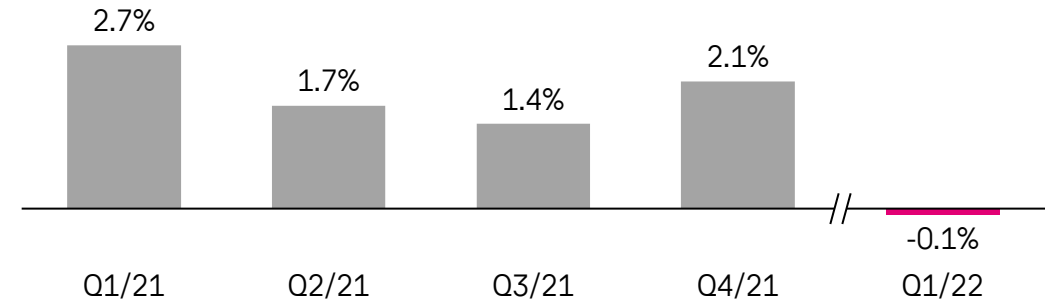


- Growth rates impacted by various non-recurring effects
- Growth rates also impacted by changes in definition
- Reported total service revenue growth +1.0%
- Reported fixed service revenue growth +0.4%

Fixed service revenue growth (organic)¹

% yoy

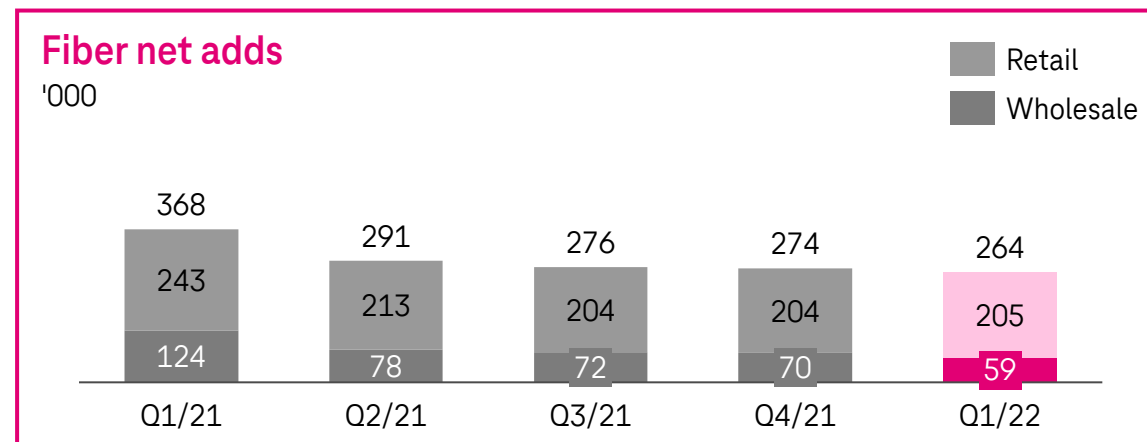
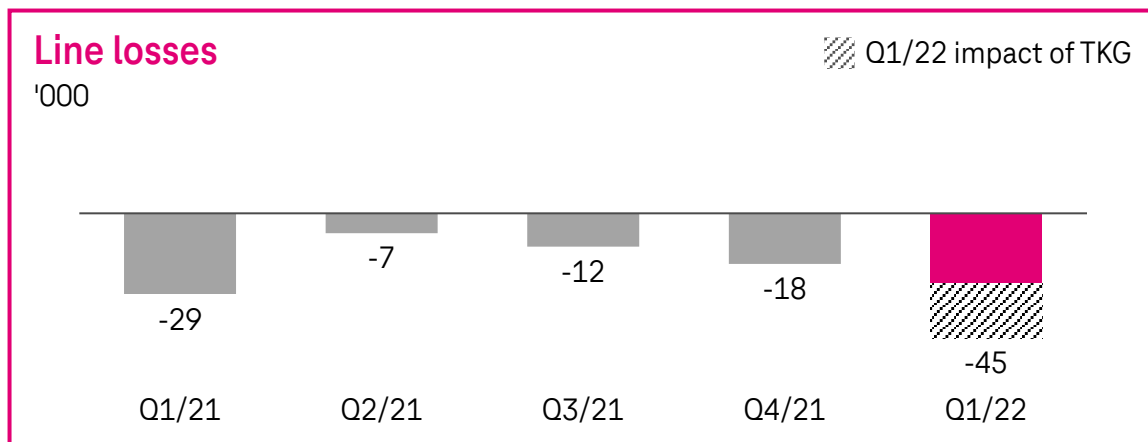
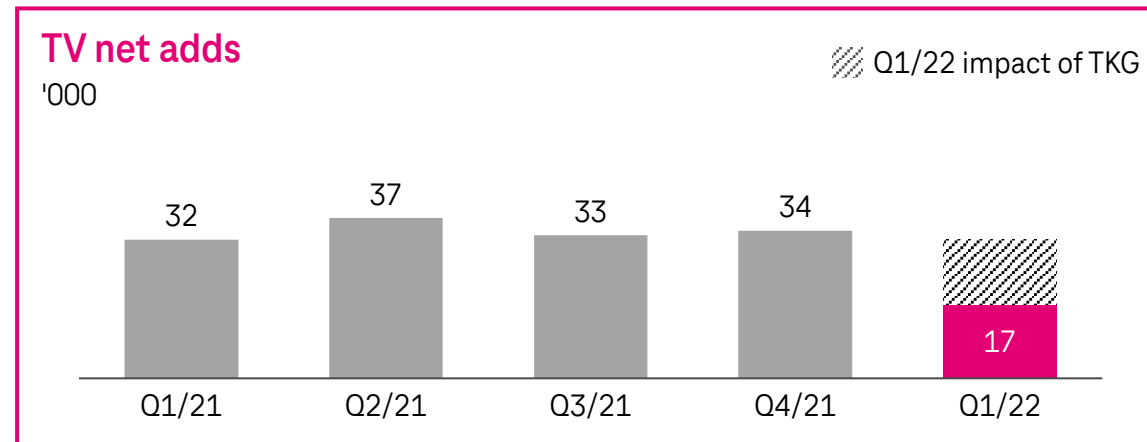
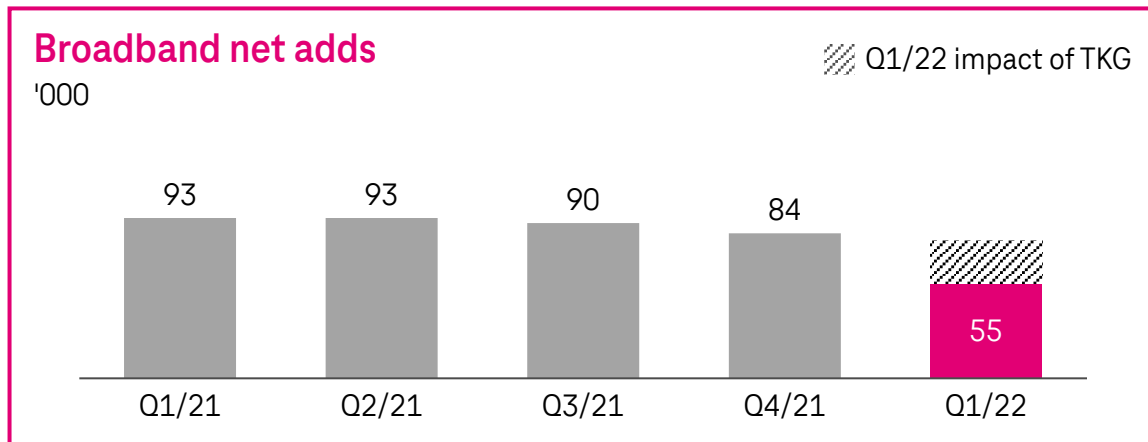
Public sector one-timer
0.8pp, lockdown boost 0.7pp



¹ 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



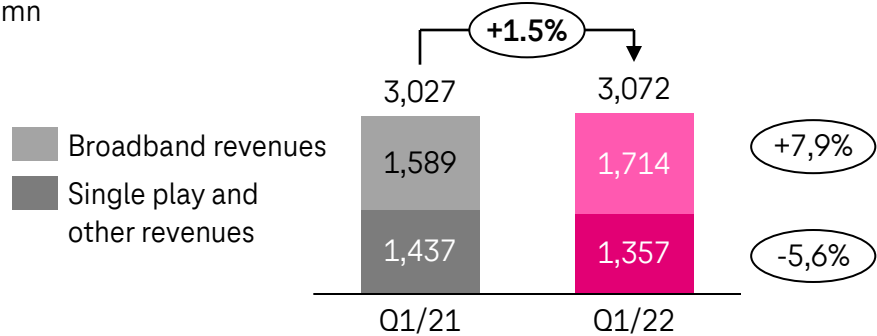
Germany

retail fixed: impacted by one-offs



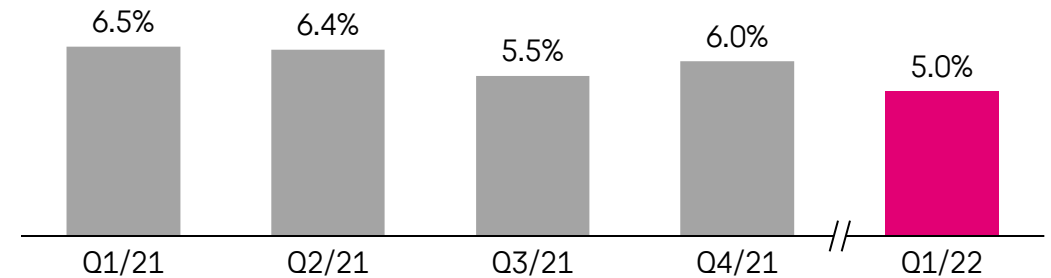
Retail fixed revenues (reported)

€ mn



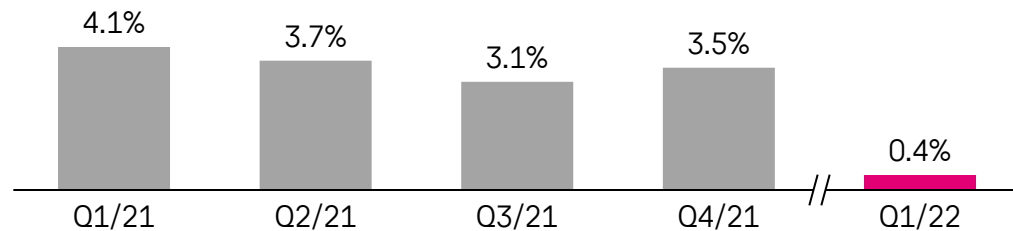
Broadband revenue growth (organic)²

% yoy



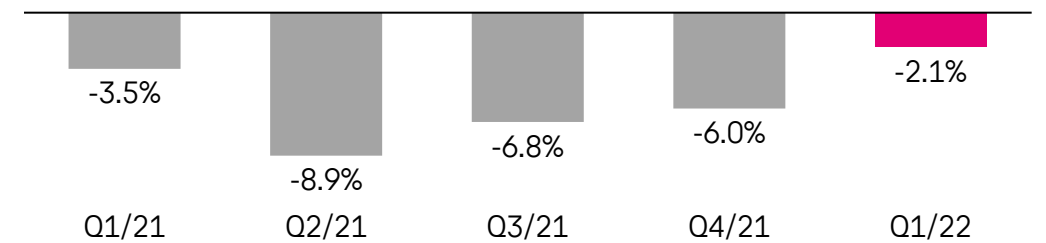
Retail fixed revenue growth (organic)^{1,2}

% yoy



Wholesale access revenues (organic)³

% growth yoy



¹ 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)

² As of Q1/22 B2B retail revenue reclassification

³ Reclassified view, previous quarters adjusted for view without construction services

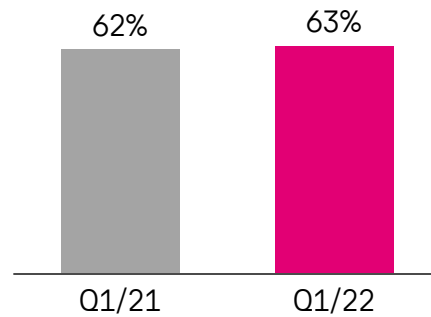
Germany

mobile: healthy customer intake despite TKG headwind



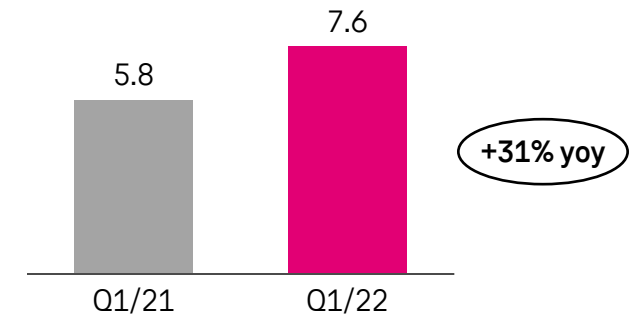
MagentaEINS share (mobile)¹

%



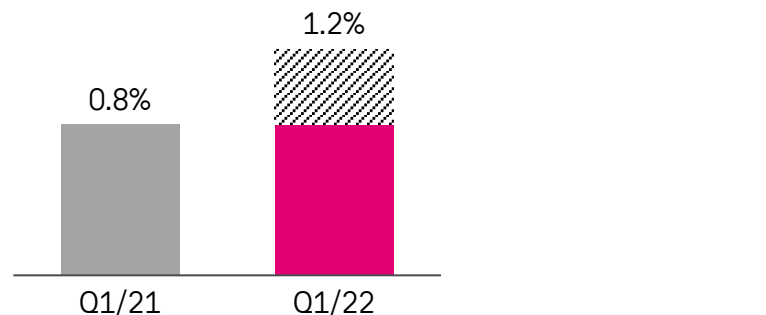
Data usage²

GB per month



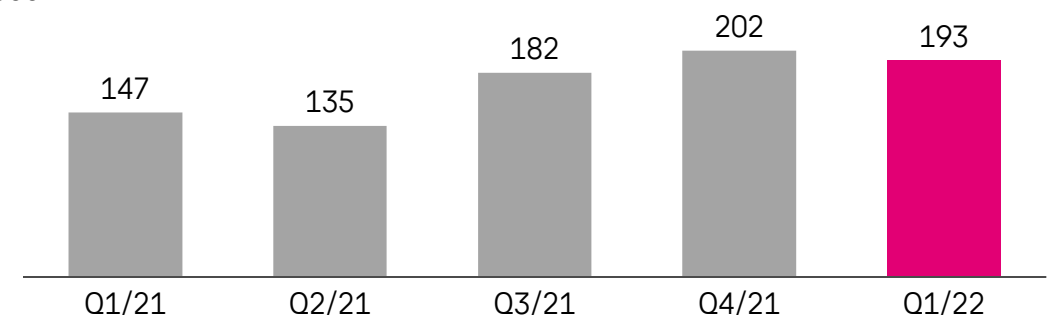
Churn²

%



Branded contract net adds³

'000



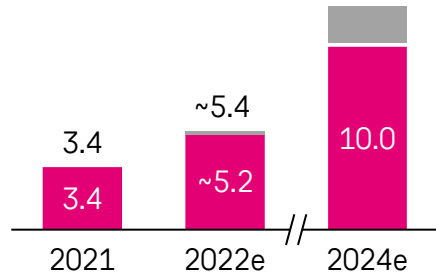
¹ B2C T-branded contract customers ² B2C T-branded contract customers ³ Own branded retail customers excl. multibrand, consumer IoT and "Schnellstarter"

Germany

well on track vs CMD targets



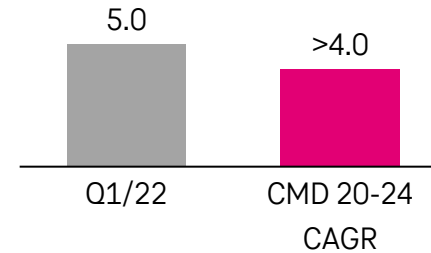
FTTH mn
■ New collaborations
■ Own buildout¹



- On track for 2 mn additions in 2022
- GF+ approved (4 mn rural homes)
- Multiple new partnerships, esp. Hamburg for 350 k urban homes

Broadband revenues

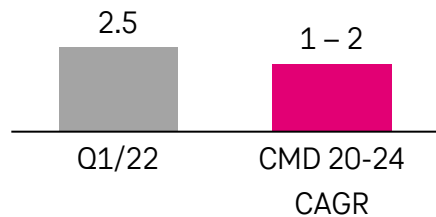
% yoy



- Steady upsell: 35% on ≥ 100 Mbps (up 8pp yoy)
- Unchanged gross add momentum

MSR

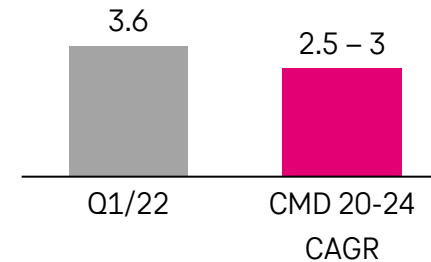
% yoy



- Undisputed network leadership
- Balanced growth in B2C and B2B

Adj. EBITDA AL

% yoy



- Growth driven by both
 - Net margin
 - Indirect cost reductions
- Strong progress with key KPI
 - Complaints -36% yoy
 - Fault repairs -15% yoy
 - App penetration +5pp to 57%

¹ Incl. collaborations agreed prior to CMD 2021



Other operations

Review Q1/2022

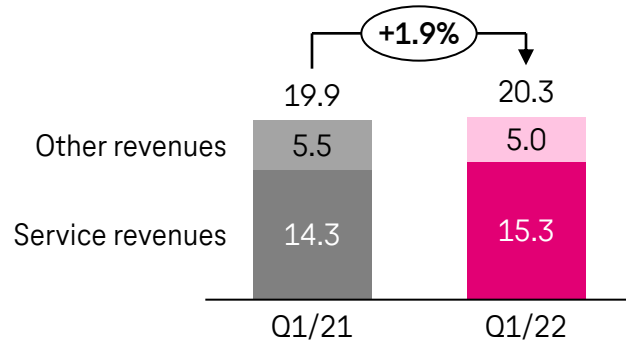
T-Mobile US

continued strong performance



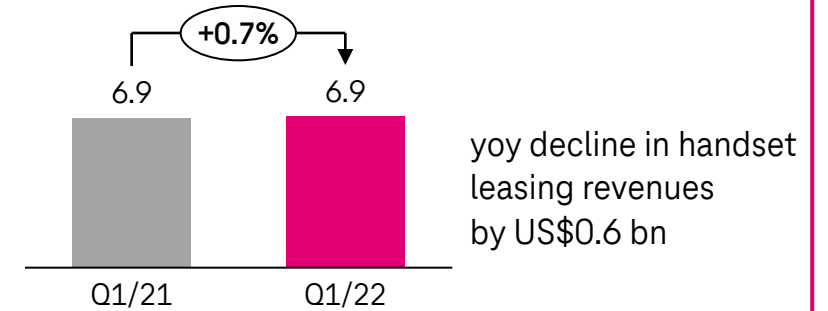
Revenues (IFRS)

US\$ bn



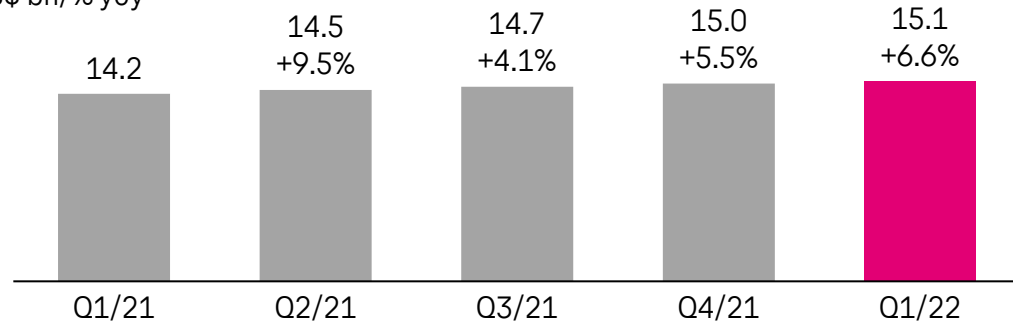
Adj. EBITDA AL (IFRS)

US\$ bn



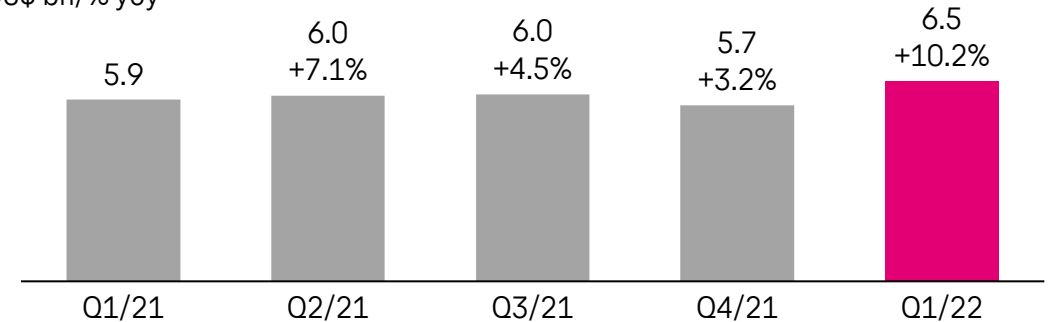
Service revenue (US GAAP)

US\$ bn/% yoy



Core adj. EBITDA (US GAAP)

US\$ bn/% yoy



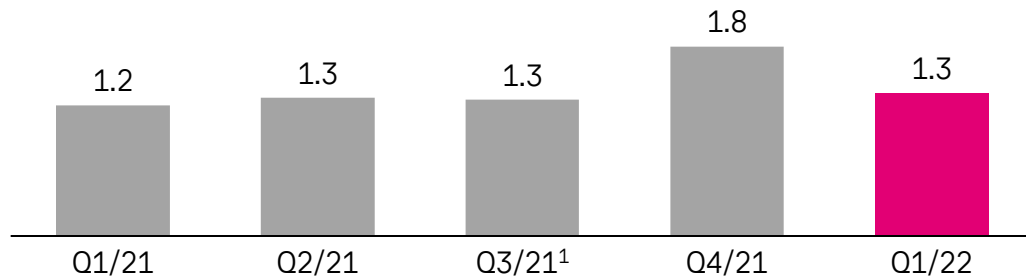
T-Mobile US

strong growth in postpaid



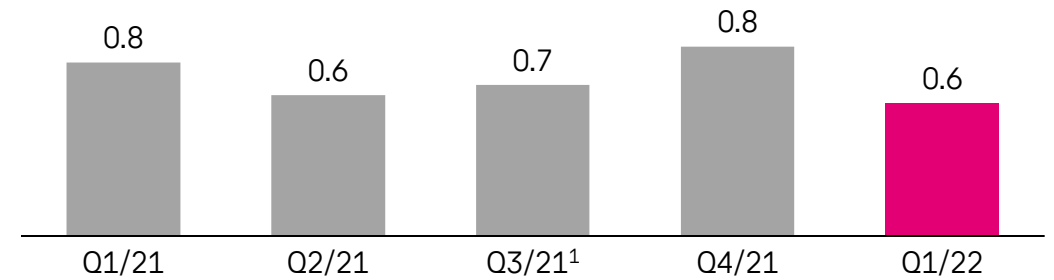
Total postpaid net additions

mn



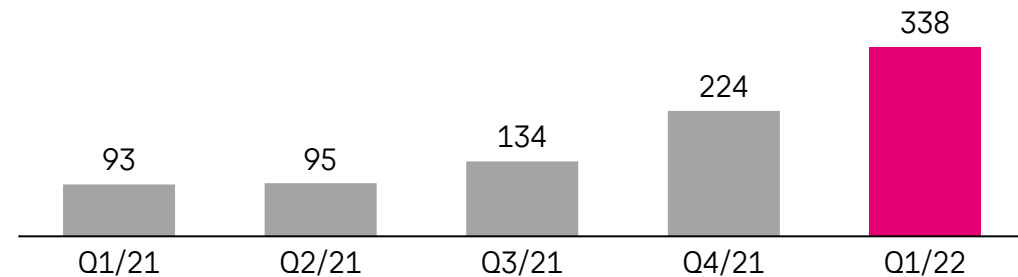
Postpaid phone net additions

mn



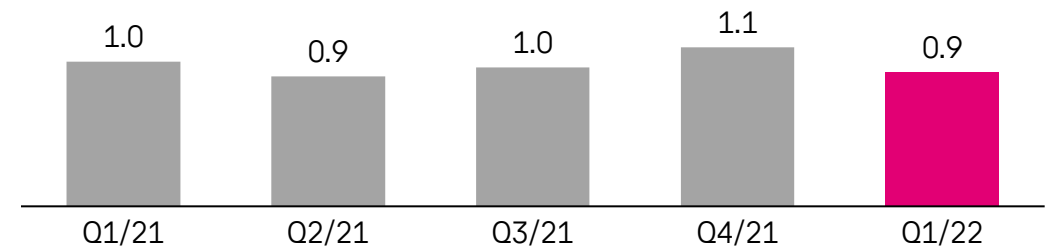
High Speed Internet net additions

'000



Postpaid phone churn

%



¹ Excl. 806 k postpaid customers acquired with Shentel

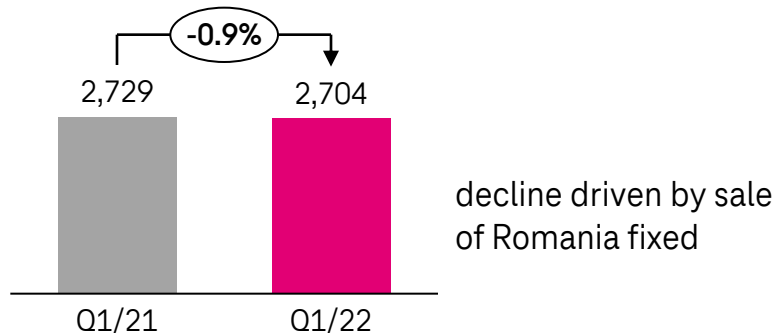
Europe

17th consecutive quarter of organic EBITDA growth



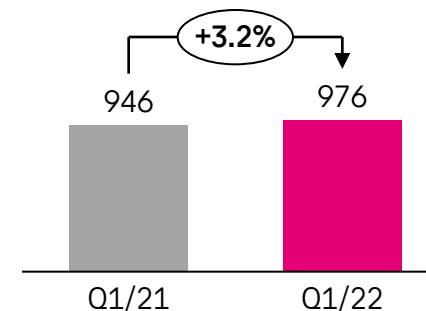
Revenues (reported)

€ mn



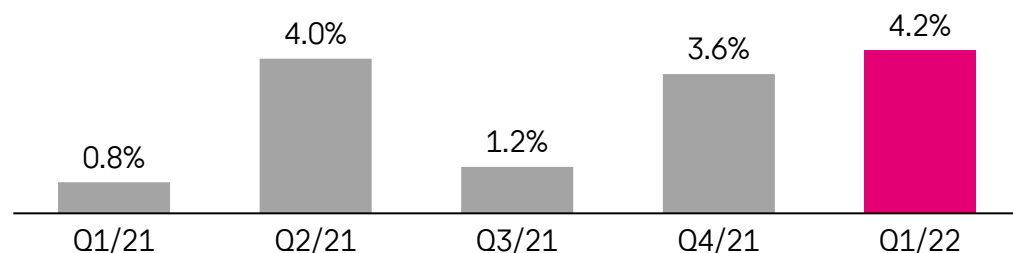
Adj. EBITDA AL (reported)

€ mn



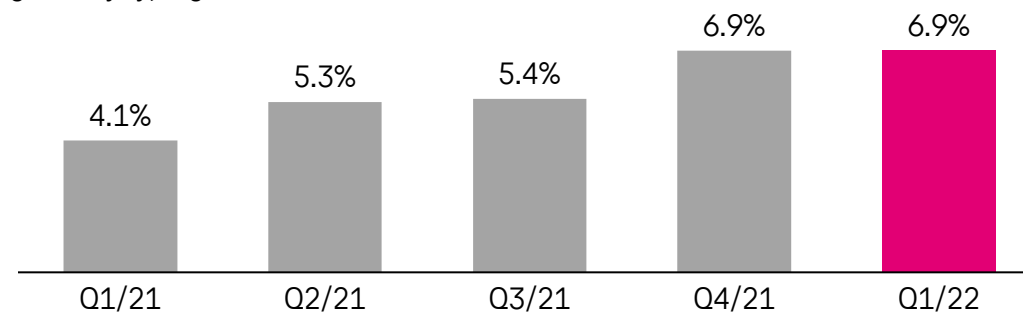
Revenues

% growth yoy, organic



Adj. EBITDA AL

% growth yoy, organic

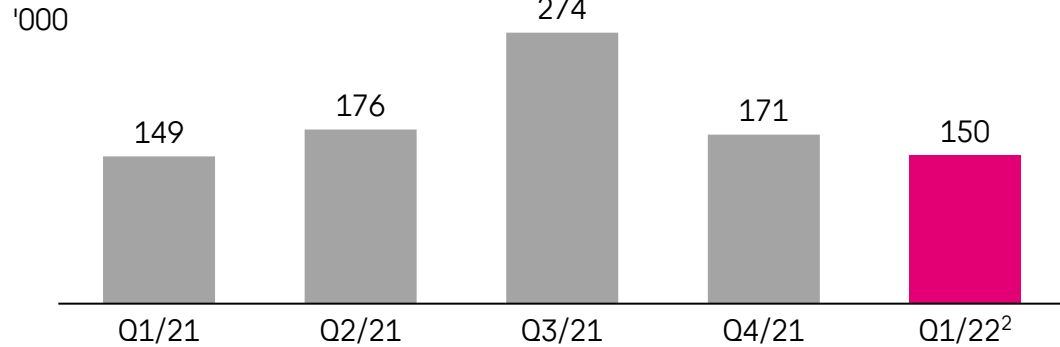


Europe

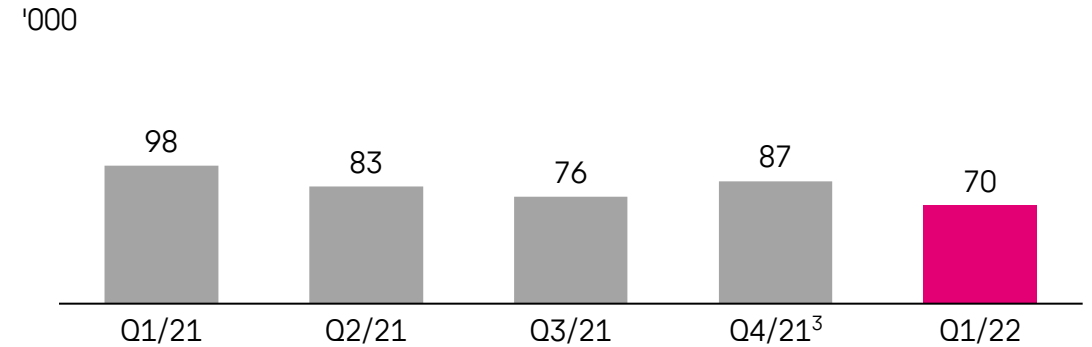
strong commercial performance¹



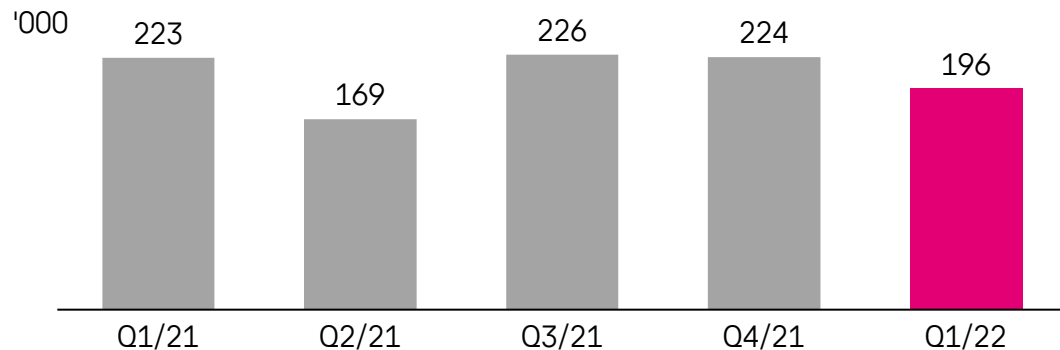
Mobile contract net adds



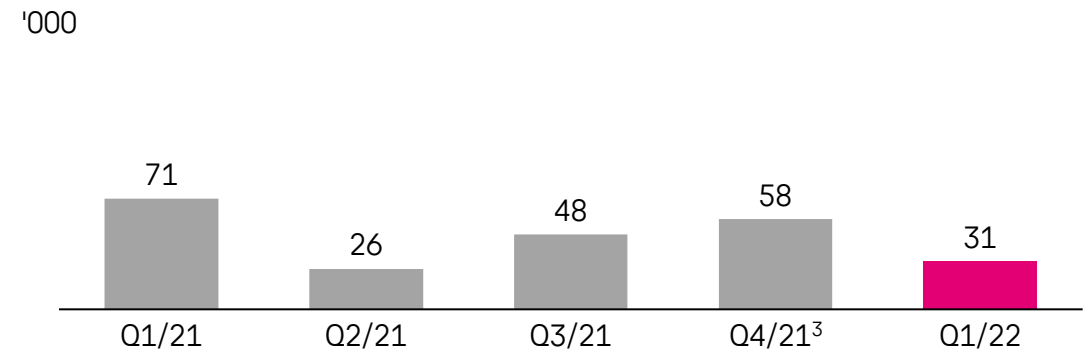
Broadband net adds



FMC net adds⁴



TV net adds



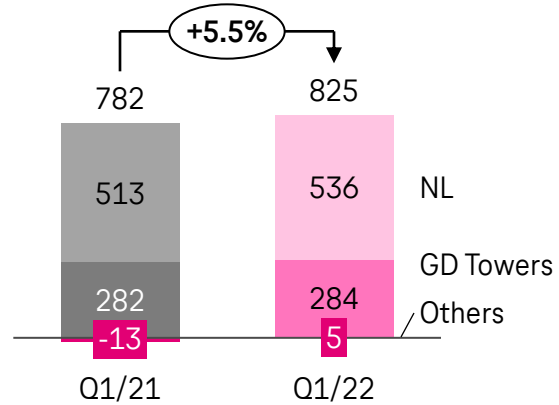
¹ Net adds retrospectively adjusted for sale of Romania fixed ² Excl. Ventocom net adds ³ Q4/21 adjusted for 6 k customers acquired in Hungary ⁴ Alignment of definition for Poland in Q4/21. Figures are retrospectively adjusted

Group Development

ongoing strong performance

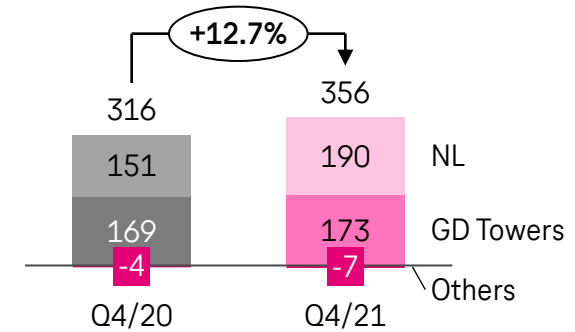
Revenues

€ mn



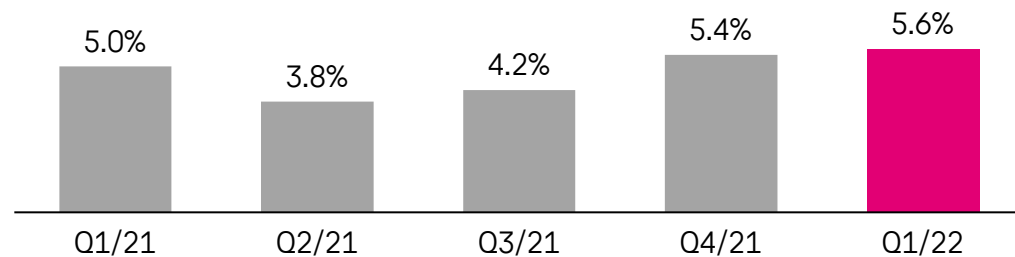
Adj. EBITDA AL

€ mn



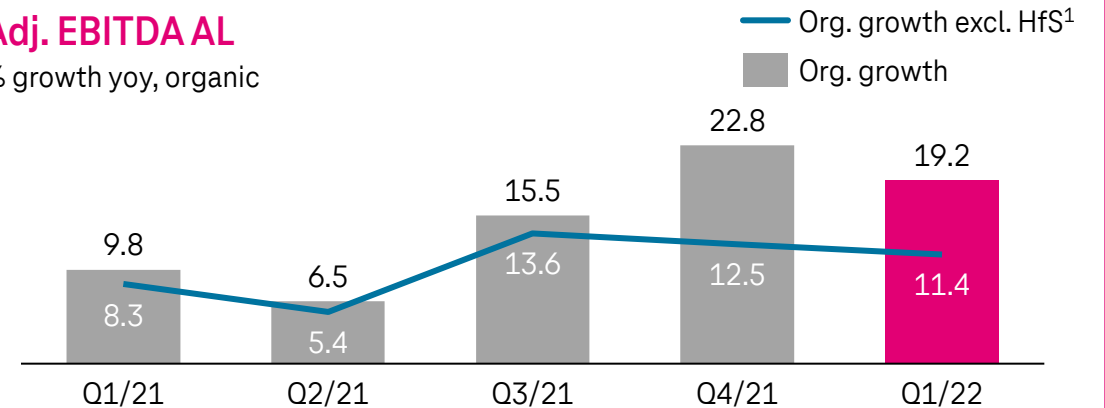
Revenues

% growth yoy, organic



Adj. EBITDA AL

% growth yoy, organic



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

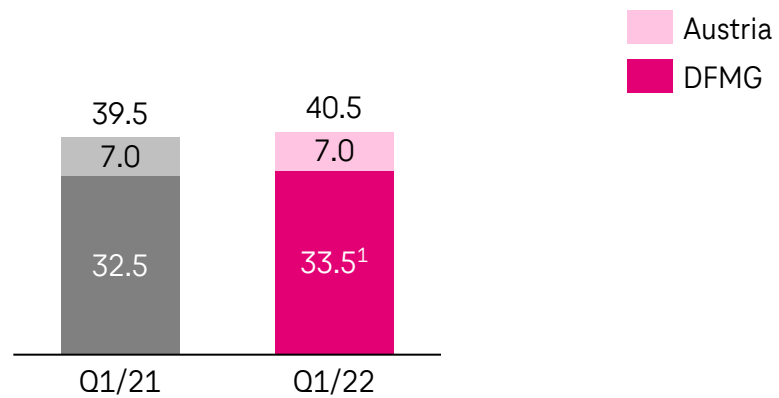
GD/Towers

strong growth



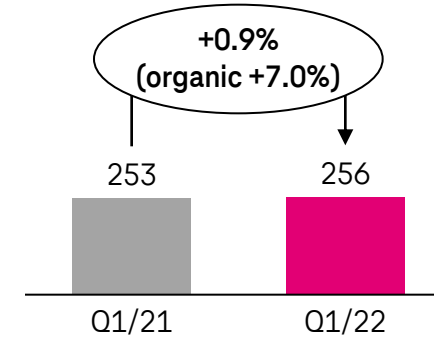
Total sites

'000



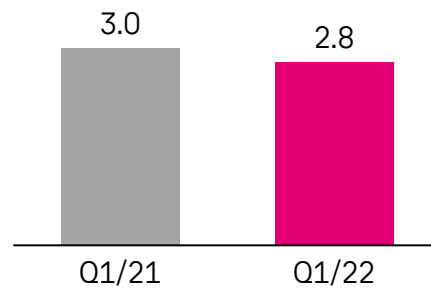
Recurring rental revenues

€ mn



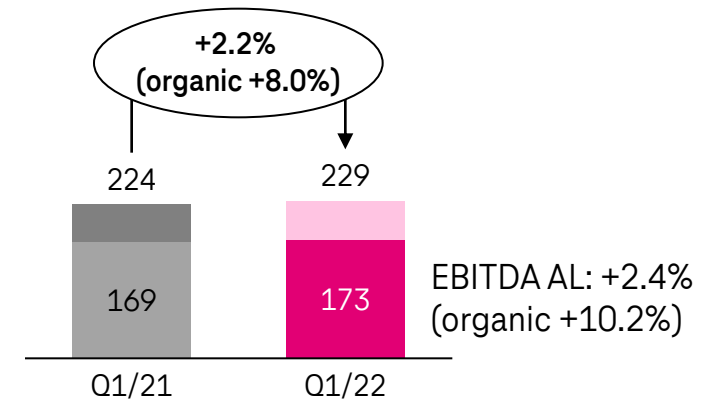
Opex AL per site

€ '000



Adj. EBITDA

€ mn



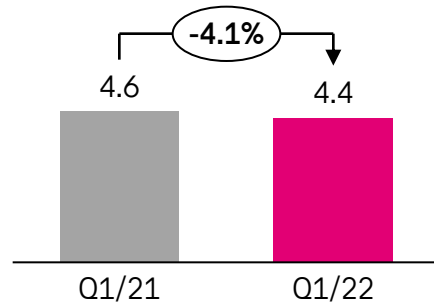
¹ Change in sites of 1.0 k due to 1.3 k new build and -0.3 k de-commissioning of redundant sites

Systems Solutions

recovery as expected

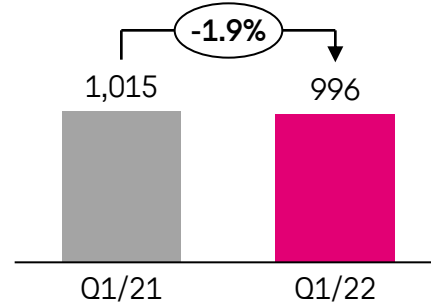
Order entry (LTM)

€ bn



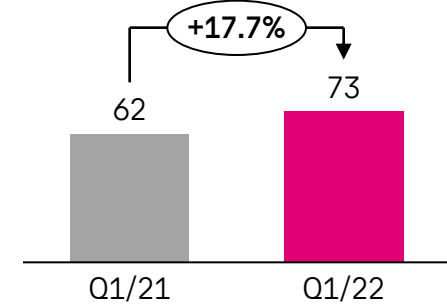
Revenues

€ mn



Adj. EBITDA AL

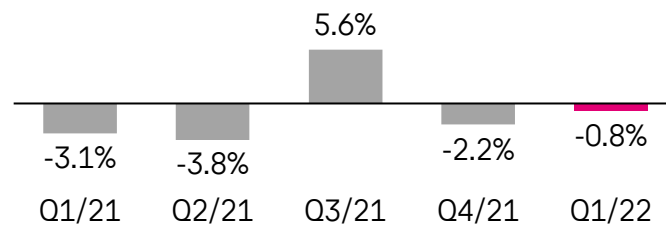
€ mn



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

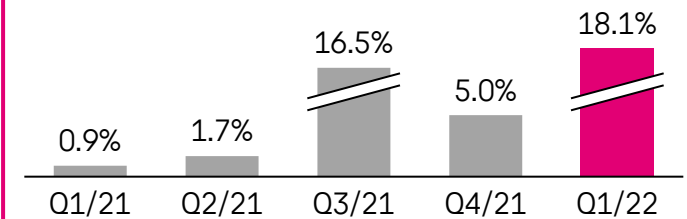
Revenues

% growth yoy, organic



Adj. EBITDA AL

% growth yoy, organic





Outlook 2022 and beyond

Inflation exposure challenges being addressed

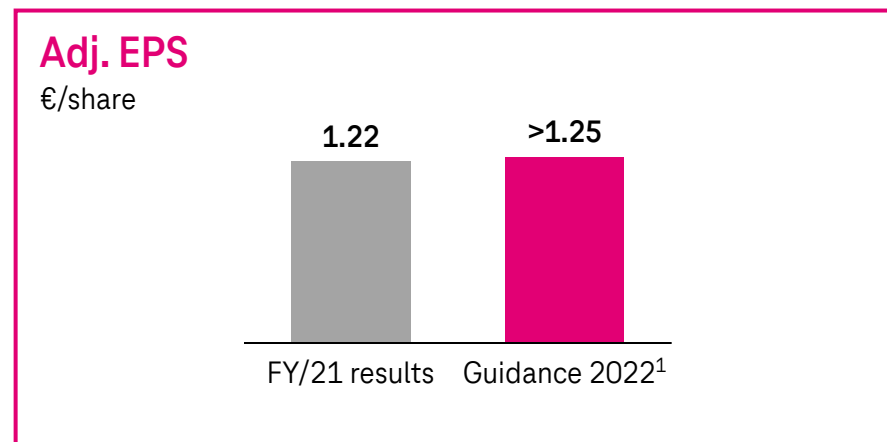
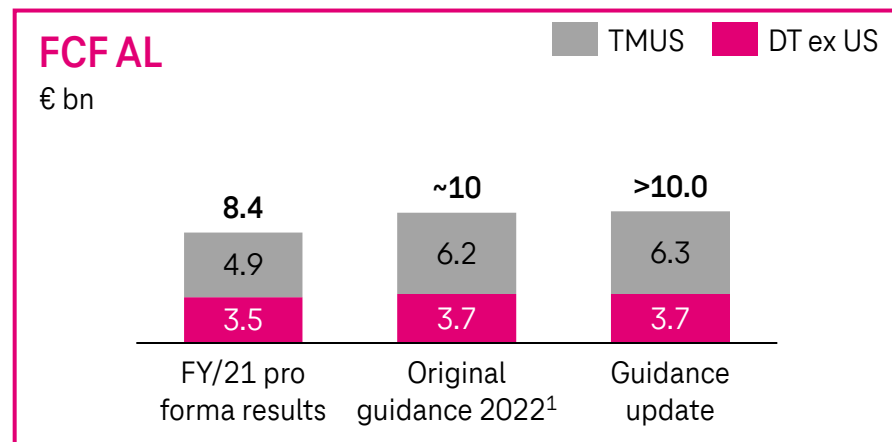
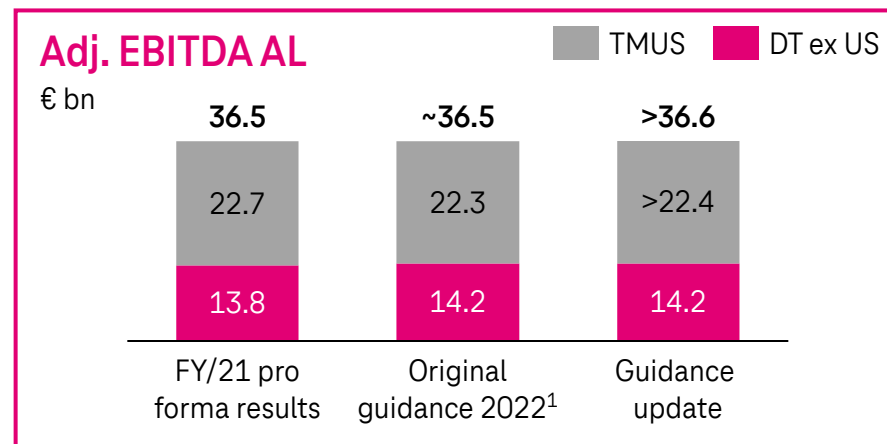
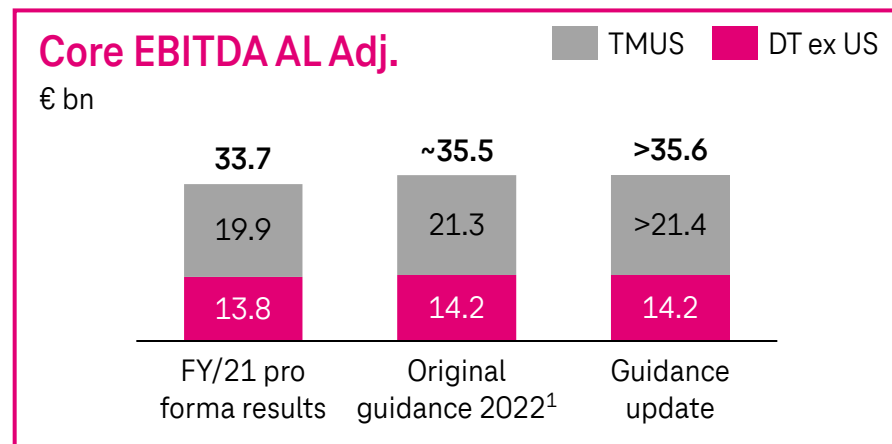
€ bn in 2021

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

- 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

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

¹ Guidance for adj. EBITDA AL of around €36.5 bn reflects €1.8 bn decrease in handset leasing revenues in the US. TMUS 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

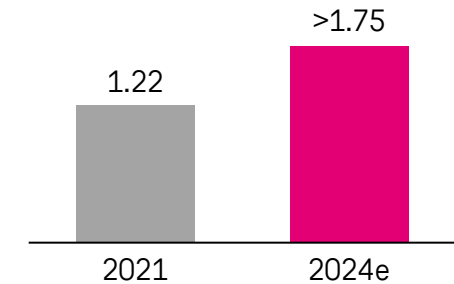
Q1/2022

main takeaways

- TMUS: 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

