

– Check against delivery –

**Press conference on the financial statements  
for the 2020 financial year  
February 26, 2021**

**Timotheus Höttges  
Chief Executive Officer  
Deutsche Telekom AG**

Thank you, Philipp!

Good morning, Ladies and Gentlemen.

A warm welcome to this press conference on Deutsche Telekom's financial statements.

2020 was another record year for Deutsche Telekom. We exceeded our guidance and more than cushioned all of the negative effects from the coronavirus crisis. This is by no means a given, and it put a lot of strain on all employees at Deutsche Telekom. This is why I would like to thank all of them wholeheartedly.

Ladies and Gentlemen,

Deutsche Telekom closed the 2020 financial year very successfully. But more than that: Revenue in 2020 was the highest ever in our Company's history. Thanks to the Sprint deal, we broke the 100-billion-euro mark in terms of revenue. That is growth of 25.4 percent. Our adjusted EBITDA AL increased by 41.6 percent to 35.0 billion euros.

But even more important to us is our operational strength. Because we are growing organically. Stronger than planned, both in Europe and the United States. We even raised our guidance in 2020. And we did so in a very difficult environment overshadowed by the impact of coronavirus.

In detail, the figures break down as follows:

- Adjusted EBITDA AL: 35.0 billion euros. The increase here was 41.6 percent. Yet another record for us. Organic growth here was 7.9 percent.
- As expected, free cash flow AL was down year-on-year at 6.3 billion euros. This is a reduction of 10.3 percent compared with the previous year.
- However: At the mid-year point of 2020, we had raised our original guidance for free cash flow from 5.5 billion euros to “at least 6.0 billion euros.” And, as you can see: We even exceeded this adjusted guidance. Despite integration costs of around 1.5 billion U.S. dollars for the business combination with Sprint. Because we realized the projected cost synergies in the United States faster than originally planned.
- Net profit: 4.2 billion euros, up 7.5 percent. Adjusted for special factors, net profit increased by 15.5 percent to 5.7 billion euros.
- Together with the Supervisory Board, we will be proposing to the shareholders’ meeting a dividend payment of 60 euro cents per share for the 2020 financial year. We are keeping our dividend promise.

Ladies and Gentlemen,

Deutsche Telekom has worked incredibly well throughout the crisis and lent stability to our society. Our employees are there for our customers, our networks are proving resilient even under high loads. And that is why more and more people trust in us and our products. They reward our efforts by choosing Deutsche Telekom. In mobile communications, we won 650,000 customers in Germany under our Telekom and congstar brands.

In the fixed network, some 400,000 new customers signed up for a broadband line from Deutsche Telekom. That is the highest number since 2010.

By contrast, our biggest headache of recent years – line losses – barely even hit five digits. Their lowest level for many years.

And we are seeing these trends not only in Germany: Worldwide, we are also recording significant and sustained growth compared with the prior year. In mobile communications, we now cover 241.8 million people worldwide. An increase of 31.4 percent. Our contract customer base alone grew organically in 2020 by around 7 million new customers. The number of broadband customers in Europe increased by over 700,000 to reach 21.7 million.

Our non-stop efforts to modify and improve customer service are also paying off. Our service now sets us apart from the competition. For instance, in 2020, we launched the Concierge Service. Where a dedicated advisor looks after the customer's concerns. Regardless of whether they want to switch to us, move house, or set up WiFi.

And, for the first time ever, we won the service equivalent of the Grand Slam – both our mobile and fixed networks were rated No. 1 in the most important service tests in Germany; namely those of the industry magazines, Chip and Connect.

Ladies and Gentlemen,

This is the payoff from our record-level investments: We plowed over 17 billion euros primarily into our infrastructure in the year just ended. 5.5 billion euros of this in Germany alone. That is also a record amount.

We have no doubt that these networks are our backbone and thus form the basis for sustaining the value of our business model. Our customers expect the best connectivity. Then, they will remain loyal to us and are willing to pay for top quality. One reason we do this is because right now we are again seeing very clearly firsthand the huge importance of digitalization. It is the key to success.

We want to play our part. And we also know that we need to further step up our efforts in this regard in Germany.

Ladies and Gentlemen,

For us, the digital transformation is a gift. It requires fast, stable networks. Here, we have to step up our efforts even further in 2021:

1. We have modernized our fixed-network technology. The migration to the Internet Protocol has prepared our network for the future. And believe me: It was a gargantuan task. We had to physically put our hands on every single line.

But it means that we can now offer broadband lines and our integrated product bundles, including TV, to more customers. We can bring products to customers faster than ever. Our customers can manage their own lines. And it is much easier for us to provide remote assistance in the event of a problem.

2. We are also still working at full speed to keep increasing bandwidths in the fixed network. And we continue to ramp up our build-out efforts. In the year just ended, we covered around 600,000 households with optical fiber. This year, we are set to double this figure yet again – despite the diggers sometimes coming to a standstill due to the extreme cold. We are utilizing innovative cable laying methods such as the very latest keyhole technology. Do not worry, the optical fiber does not arrive via the front door lock. But the hole drilled in the basement wall is of about the same size as a keyhole.

Starting 2022, we will further significantly step up our efforts. We plan to increase our annual build-out rate to around 2.5 million FTTH households per year by 2024. This should bring us to around 10 million households by the end of 2024.

It is a first step on the way to covering all households in Germany with FTTH by 2030. This is a large part of the work and in keeping with our market share. But we cannot do it alone. Our competitors must also contribute to the

build-out. And they must do it everywhere, not just in commercially attractive urban areas.

To this end, we are further phasing up investments in Germany. Through 2024, we are set to gradually increase our investments to 6 billion euros. That is around 500 million euros more than last year. More money for the fiber-optic build-out. We are thus pushing the pace yet again. No one else will build out more optical fiber in Germany than Deutsche Telekom. We are also prepared to venture into uncharted territory and pursue alternative ways of reaching our customers.

3. I am talking partnerships: Today, we already work with our three biggest competitors to provide wholesale – i.e., network-leasing – services. We voluntarily reached an agreement on the use of optical fiber at market economy conditions. For the next ten years. This is a milestone in Germany's digital transformation. Long-term contracts with 1&1, Vodafone, and Telefónica allow us to utilize our networks better and profit financially, too. These deals largely safeguard our wholesale business in the long term. And the same approach also works with regional partners. For example, this week, we agreed on a ten-year cooperation deal with NetCologne on VDSL and FTTH. It goes to show that the legend of mighty Goliath towering over young David has little to do with today's reality.

And the model works both ways. Therefore, we buy services from our competitors under the wholebuy principle. Today, we already market our products to some 2.5 million households that we would only have reached otherwise via complicated, cost-intensive routes.

4. We have also further upgraded our mobile network. Adding 1,500 cell sites in the year just ended. We already cover two thirds of the population with 5G. This far outstrips the coverage offered by our competitors. But you know our motto: "We won't stop until everyone is connected." Our goal is to enable digital participation for everyone. That is our yardstick.

And we are also cooperating with competitors in mobile communications.

The principle: Each of us is working to plug gaps in mobile coverage in addition to making infrastructure available to the others in equal measure in areas where only one partner currently offers coverage.

Together with Vodafone and Telefónica we are set to close over 10,000 such “gray spots” and “white spots” and improve connectivity for these under-served regions. We are already working on this.

Ladies and Gentlemen,

We are by far the leading telecommunications provider in Europe. That has been our ambition for many years. With the Sprint merger in the United States, we now play in a different league compared to a year ago. And in doing so, we made history: the biggest-ever merger of a German company in the United States. Today, we are growing on both sides of the Atlantic. That gives us the flexibility we need to set new priorities for ourselves for 2021.

1. Top of our list is the digitalization of our domestic market with the nationwide build-out of FTTH through 2030. But at the same time, we must also safeguard our 5G network leadership.
2. The stronger focus of our business in Europe and Germany on convergent offers, TV, and home networking. Alongside creating new growth potential with differentiated digitalization offers.
3. Continued pursuit of our growth and integration strategy in the United States. The attack on the AT&T/Verizon duopoly with the long-term goal of becoming No. 1 in the United States.
4. The systematic transformation of Deutsche Telekom into an even more digital and efficient business at all Company levels.

5. Work on improving our competitiveness in the B2B business (especially TSI) and the development of growth areas on the basis of communication and ICT products.

But Deutsche Telekom is more than simply a technology group that builds networks. We take responsibility. For preserving our environment for future generations, for example. Since the start of the year our customers have been surfing on the “green network.” And by 2030, we want to reduce our CO<sub>2</sub> emissions by 90 percent compared to 2017. In fact, we want to do more than that. I see this as our duty. In parallel, we are committed to combating discrimination and hate speech online. Our efforts were recognized in 2020 with the Diversity Award, which shows we are on the right track. Irrespective of gender, skin color, or background: At Deutsche Telekom all people are equal.

Ladies and Gentlemen,

Yes, the coronavirus pandemic has made things more complicated. But we should not allow ourselves to be thrown off balance by this. Let us be bold in making the necessary changes, and lead the way. At Deutsche Telekom, we can look ahead to 2021 with confidence. Why?

1. In 2020, Deutsche Telekom posted its highest-ever revenue. This is the basis for further growth, which we also anticipate for 2021. We will announce our medium-term planning beyond 2021 at the Capital Markets Day in May.
2. Deutsche Telekom is the driving force of Germany’s digital transformation. We have no intention of slowing down, neither with the FTTH build-out nor with 5G. We expect free cash flow AL to come in at around 8 billion euros. That is an increase of around 20 percent compared with 2020. We anticipate generating some 3.5 billion euros of this outside of the United States. And this is set to grow to around 4 billion euros by 2024. Investments in building out optical fiber across Germany will also continue to rise in parallel.

3. Deutsche Telekom always strives to offer the best network. And in the coming year, we will once again invest more than ever to keep it that way. Around 18.4 billion euros worldwide are planned for 2021. More than 5.5 billion of this sum is earmarked for Germany. Through 2024, we will then ramp up to the 6 billion euros I talked about.
  
4. We plan to achieve adjusted EBITDA AL of around 37 billion euros by the year-end.

Ladies and Gentlemen,

In my eyes, we have reached a turning point in the digital transformation:

The pandemic has shown us the importance of digital progress if we are to stay functioning as a society in times of crisis. The French have a saying: “Change is a door that can only be opened from the inside.” The key to this door is the digital transformation. We at Deutsche Telekom hold this key in our hands. But we cannot turn it alone. We must unlock this door together if we want to make Germany faster, more digital, and even better prepared for the future. We might never have this opportunity again. Deutsche Telekom is helping to seize it.

With that, I will now hand you over to Christian Illek.