

Deutsche Telekom Q3/2021 results



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Disclaimer

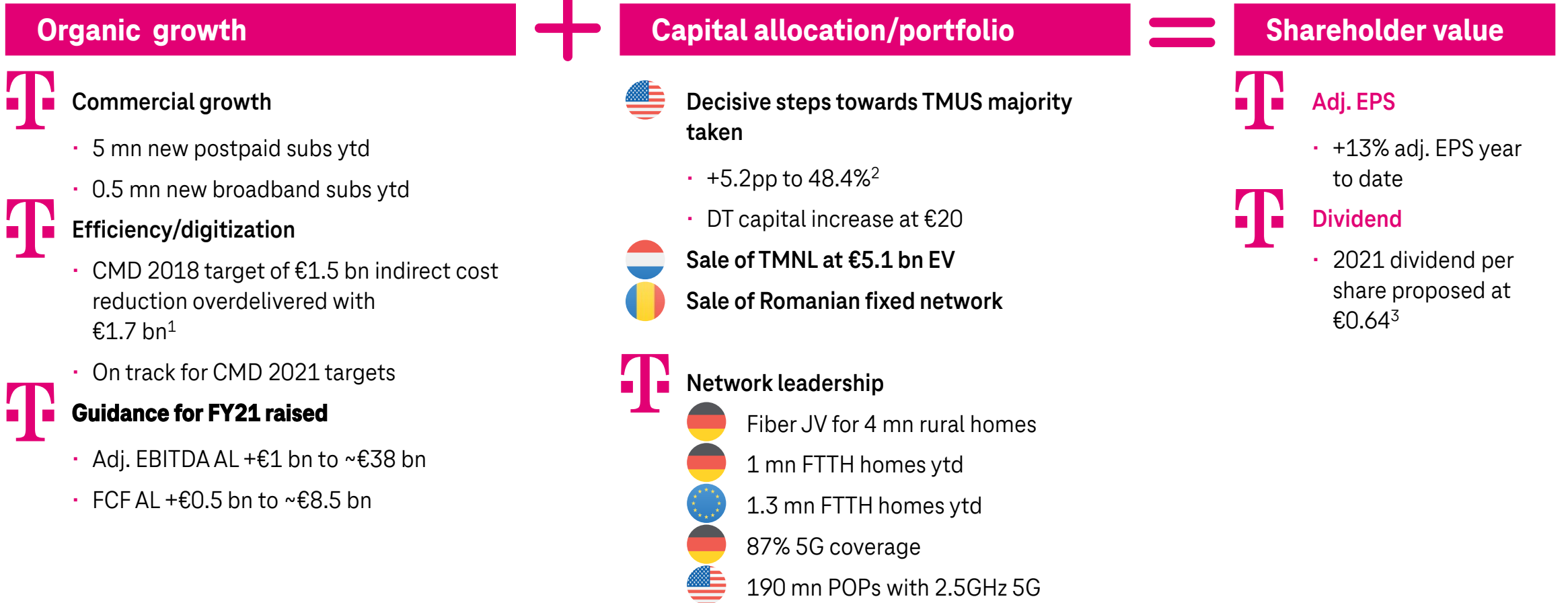
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In addition to figures prepared in accordance with IFRS, Deutsche Telekom also presents alternative performance measures, including, among others, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA after leases, adjusted EBITDA margin, core EBITDA, 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.

CMD 2021 targets

accelerated delivery on strategic priorities



¹ Projected savings ex US 2017-2021e ² Subject to closing of the TMNL transaction ³ Final decision subject to necessary board resolutions and AGM approval

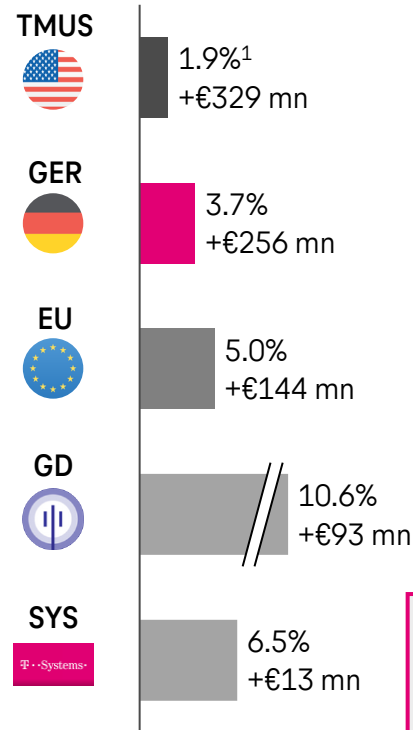


2021 year to date

strong organic adj. EBITDA AL growth



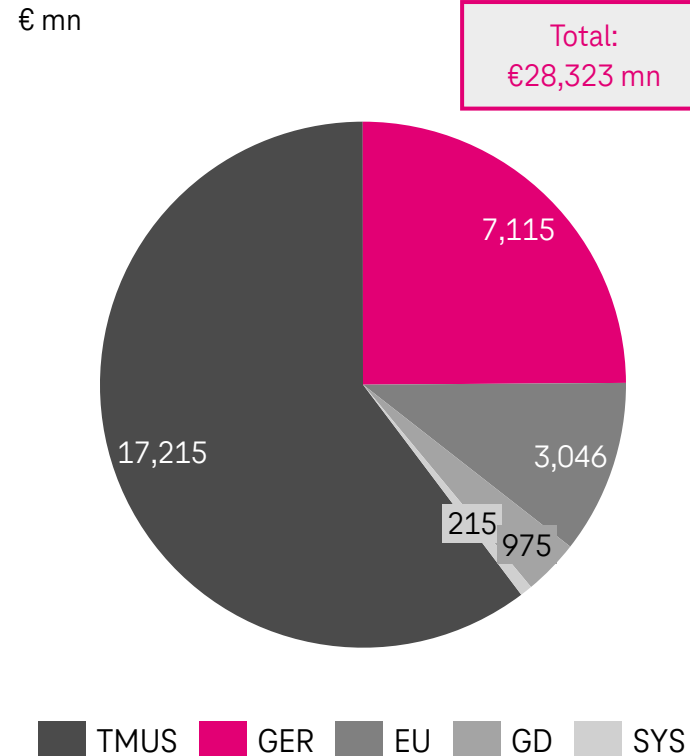
Adj. EBITDA AL (organic growth): +3.0%



Group core adj. EBITDA AL organic growth: 8.7%

Adj. EBITDA AL (reported)²

€ mn



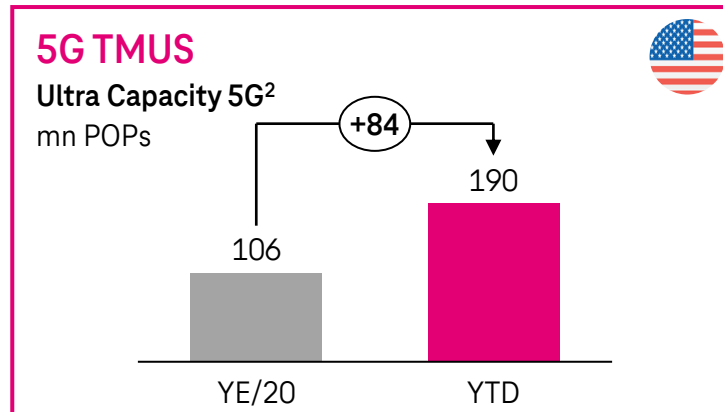
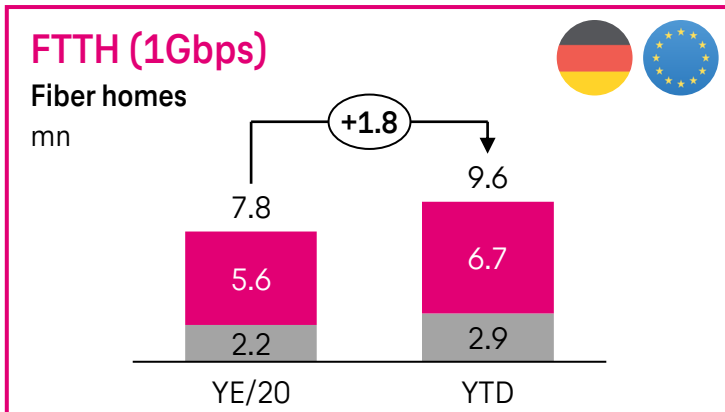
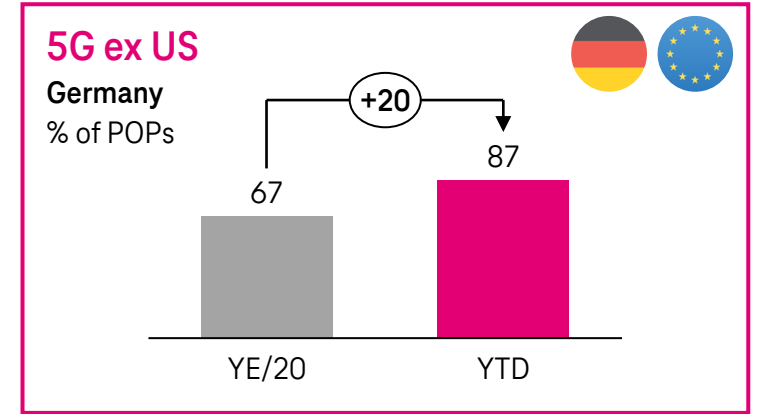
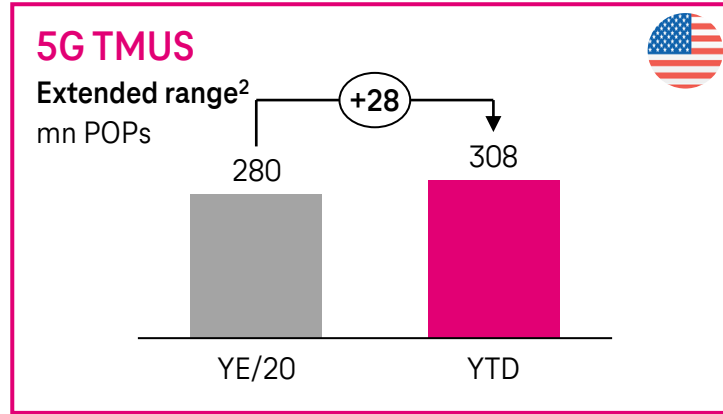
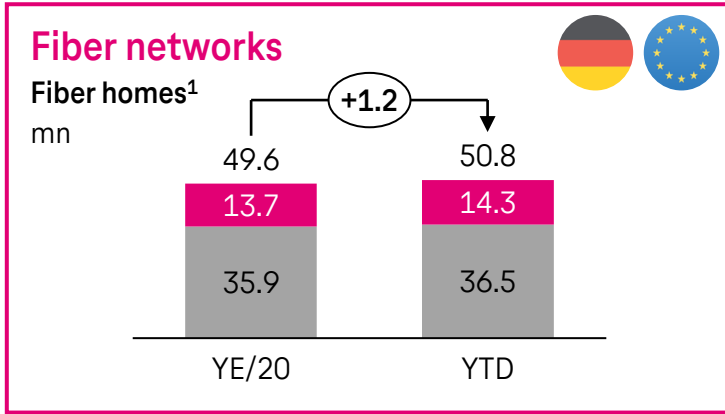
9M/2021 reported growth

Revenue	+8.8%
Adj. EBITDA AL	+8.7%
Adj. EBITDA AL (excl. US)	+4.7%
Net profit	+49.0%
Adj. EPS	+12.8%
Free cash flow AL	+55.0%
Cash capex (excl. spectrum)	+12.3%
Net debt AL	+7.1%

¹Trend impacted by decreasing handset leases: Excl. handset leases: US GAAP 'core' EBITDA growth of +11.9% ² Excl. GHS

Networks

leading with 5G, FTTH well on track



■ EU ■ GER

GER

- YE 5G target > 90% of population

EU

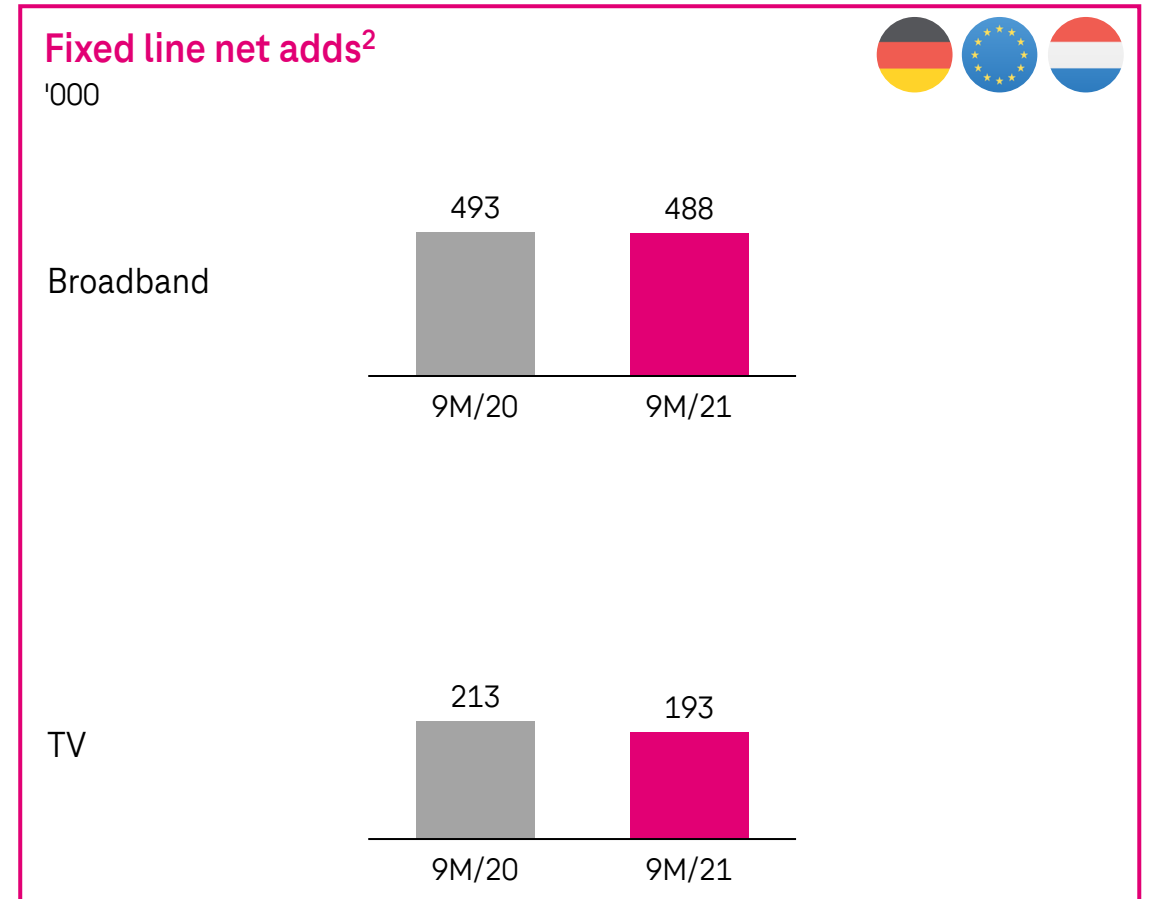
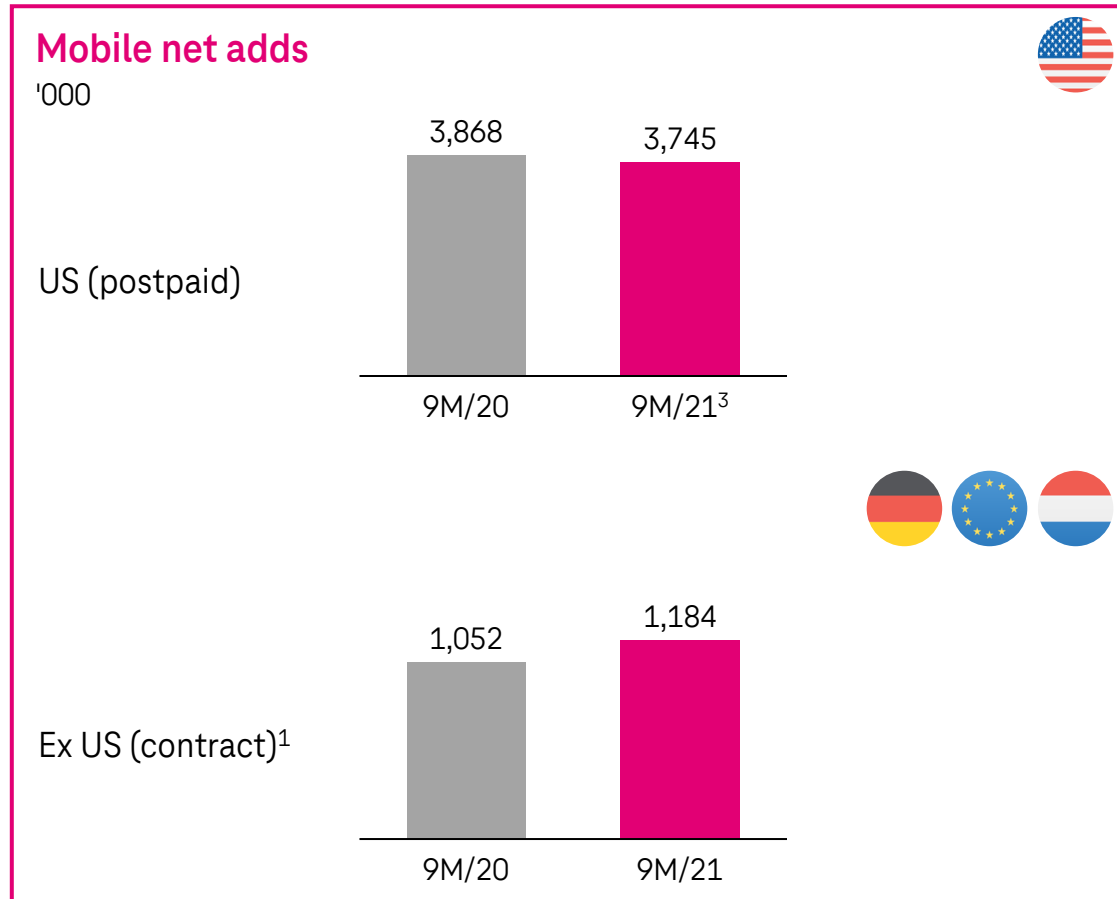
- 5G coverage at 65% in Greece, 48% in Croatia, and 39% in Austria
- Ookla mobile network test in Greece: OTE with fastest download speeds

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



Customers

growing strongly

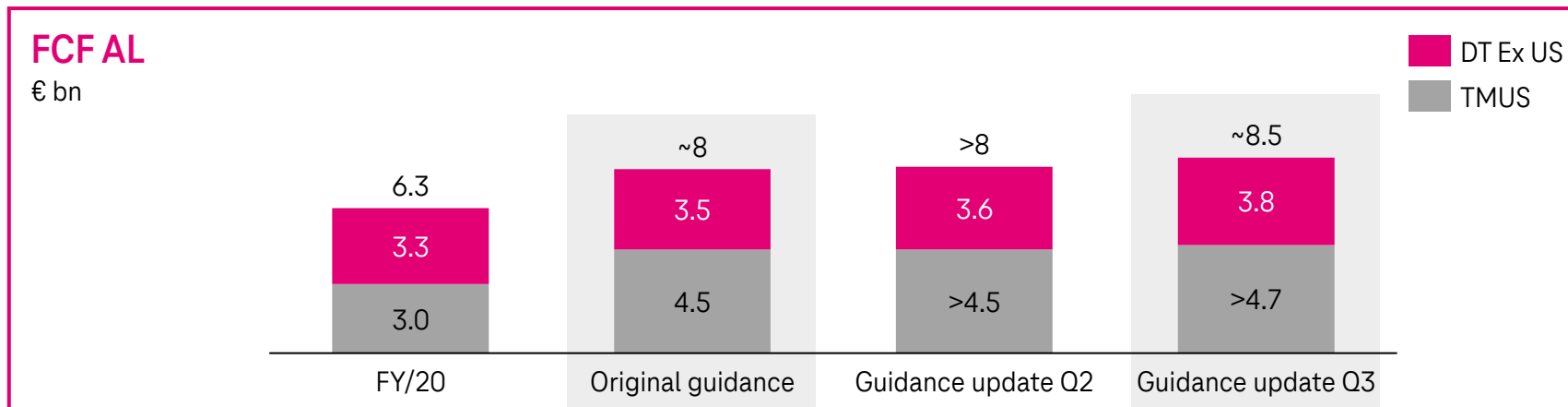
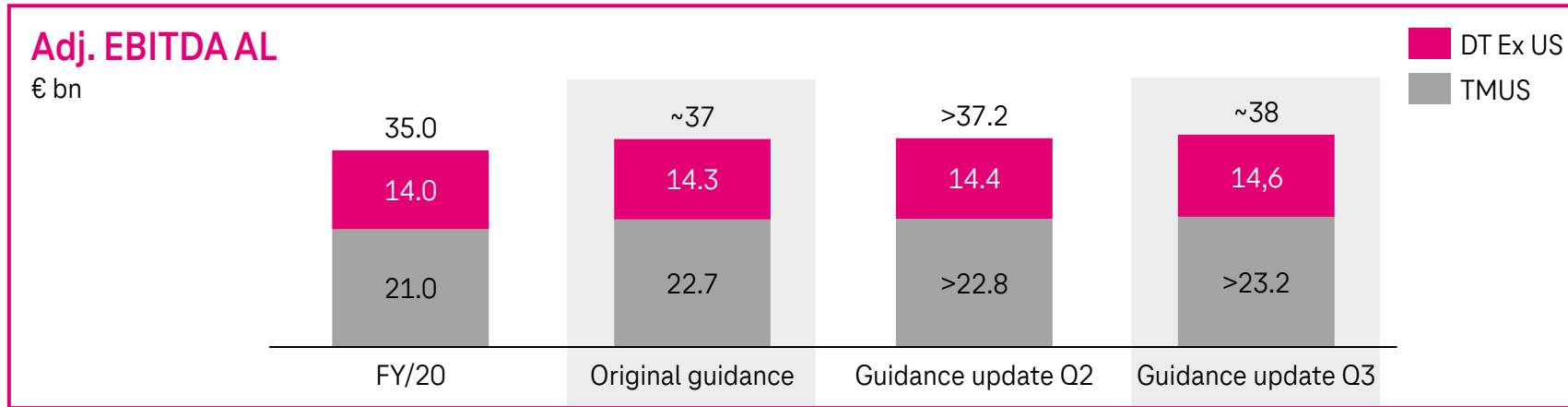


¹ GER + EU + NL. GER: own branded retail customers excl. multibrand, consumer IoT, and "Schnellstarter" ² GER + EU + NL ³ Excl. 806k customers acquired with Shentel in Q3/21



Guidance 2021

group outlook raised again



New guidance for adj. EBITDA AL of around €38 bn and FCF AL of around €8.5 bn reflecting improved outlook for TMUS and DT ex US.

TMUS EBITDA included at midpoint of US GAAP guidance of US\$26.8 bn to 27.0 bn, adjusted for estimated bridge of US\$0.4 bn.

US FCF included at mid-point of US GAAP guidance of US\$5.5 bn to 5.6 bn.

Based on €1 = US\$ 1.14

Review Q3/2021



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Financials as reported

strong growth

€ mn

	Q3			9M		
	2020	2021	Change	2020	2021	Change
Revenue	26,393	26,877	+1.8%	73,377	79,860	+8.8%
Adj. EBITDA AL	9,692	9,661	-0.3%	26,065	28,323	+8.7%
Adj. EBITDA AL (excl. US)	3,698	3,890	+5.2%	10,608	11,108	+4.7%
Adj. net profit	1,506	1,313	-13.0%	4,072	4,627	+13.6%
Net profit	817	889	+8.8%	2,487	3,705	+49.0%
Adj. EPS (in €)	0.32	0.27	-15.6%	0.86	0.97	+12.8%
Free cash flow AL ^{1,2}	1,634	2,940	+79.9%	5,347	8,290	+55.0%
Cash capex ²	4,490	4,362	-2.9%	11,512	12,932	+12.3%
Net debt excl. leases (AL)	92,737	99,285	+7.1%	92,737	99,285	+7.1%
Net debt incl. leases (IFRS 16)	124,521	130,375	+4.7%	124,521	130,375	+4.7%

¹ 9M/20 before €1,600 mn zero bond redemption in Q1/20 and €2,158 mn TMUS interest rate swap in Q2/20

² Free cash flow AL before dividend payments and cash capex before spectrum investment. Spectrum: 9M/20: €1,368 mn; 9M/21: €8,328 mn. Q3/20: €273 mn; Q3/21: €304 mn

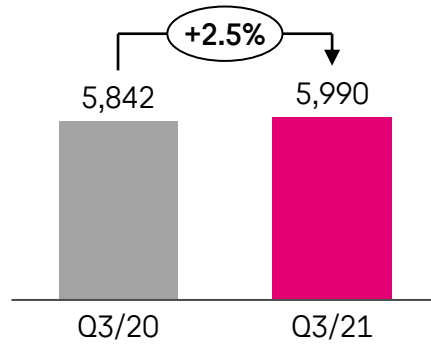
Germany

20th consecutive quarter of EBITDA growth



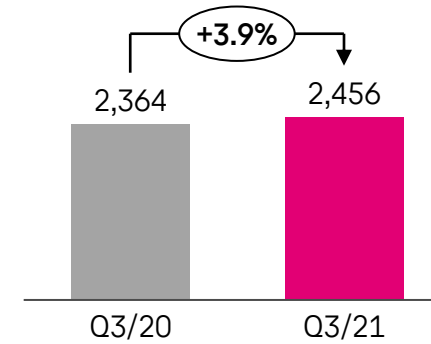
Revenues (as reported)

€ mn



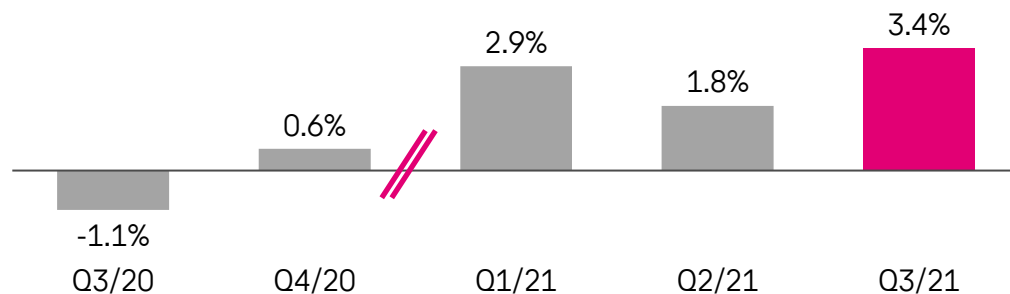
Adj. EBITDA AL (as reported)

€ mn



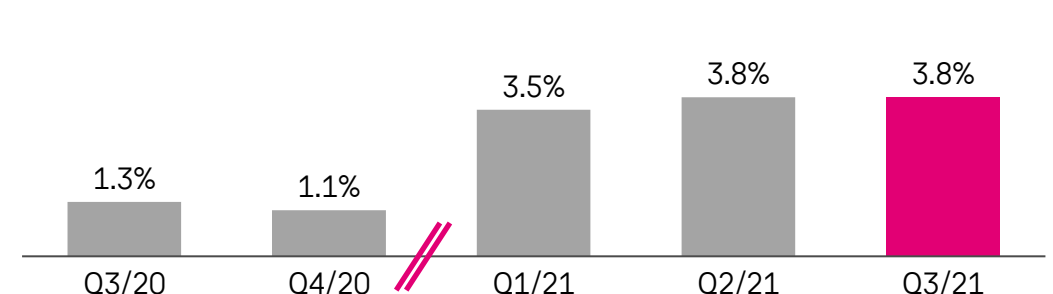
Revenue growth (organic)¹

% yoy



Adj. EBITDA AL growth (organic)¹

% yoy



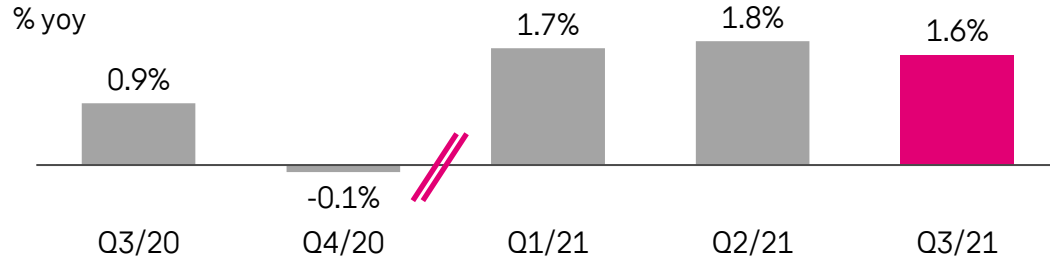
¹ 2021 quarterly trends in new reporting structure. Organic view reflects transfer of certain business units into GHS as of January 1, 2021, currency and the accounting change to certain principal agent transactions.

Germany

service revenue growth driven by mobile and fixed



Total service revenue growth (organic)^{1,2}



Mobile service revenue growth¹

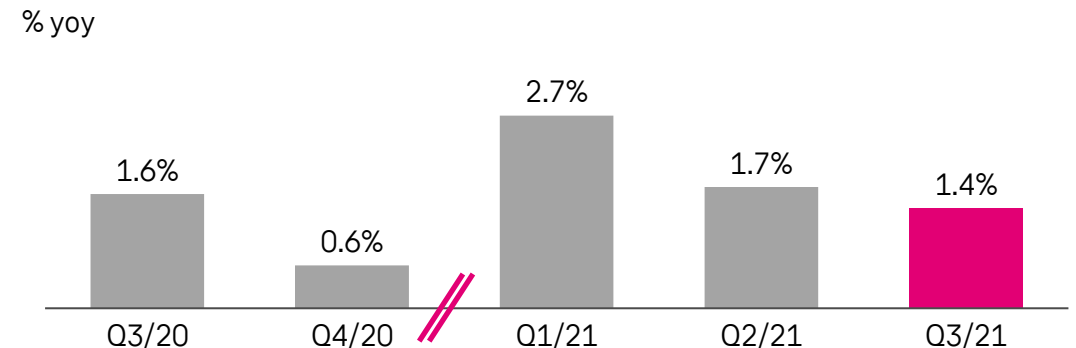


Reported total service revenue growth: +1.6%.

Reported fixed service revenue growth: +1.4%

TSR growth in both B2C and B2B

Fixed service revenue growth (organic)^{1,2}



¹ 2021 quarterly trends in new reporting structure

² Organic view also reflects accounting change to certain principal agent transactions. No impact on mobile service, broadband, or wholesale revenues.

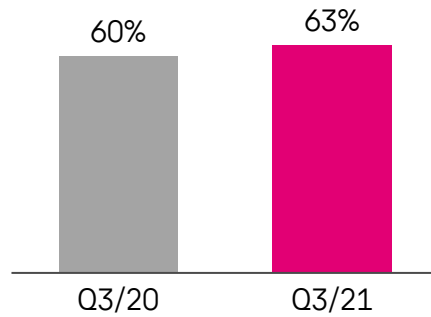
Germany

positive mobile KPIs



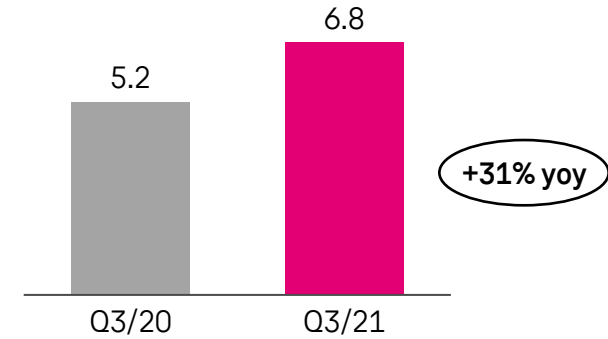
MagentaEINS share (mobile)¹

%



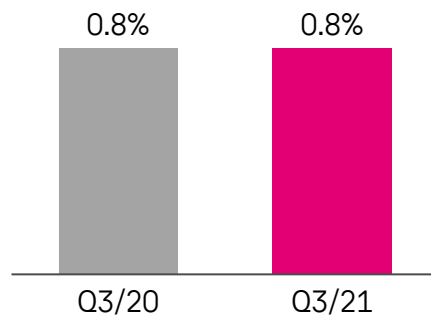
Data usage²

GB per month



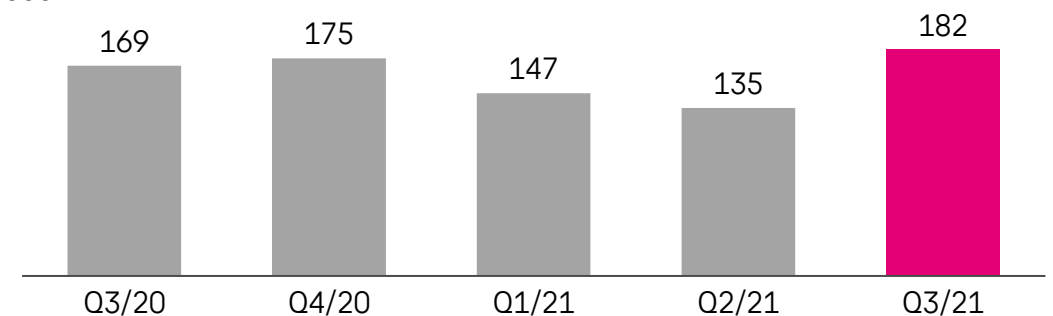
Churn²

%



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"

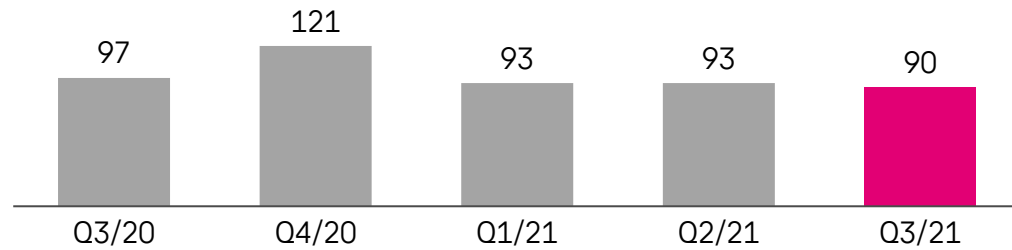
Germany

strong commercials in fixed



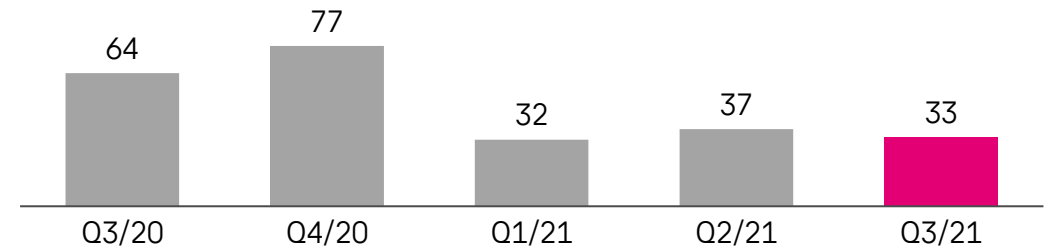
Broadband net adds

'000



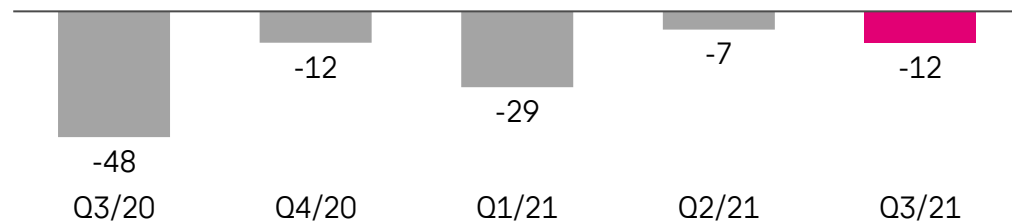
TV net adds

'000



Line losses

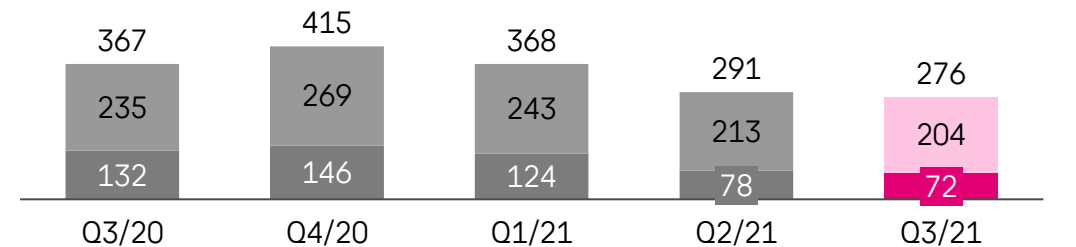
'000



Fiber net adds

'000

• 1.1 mn supervectoring customers



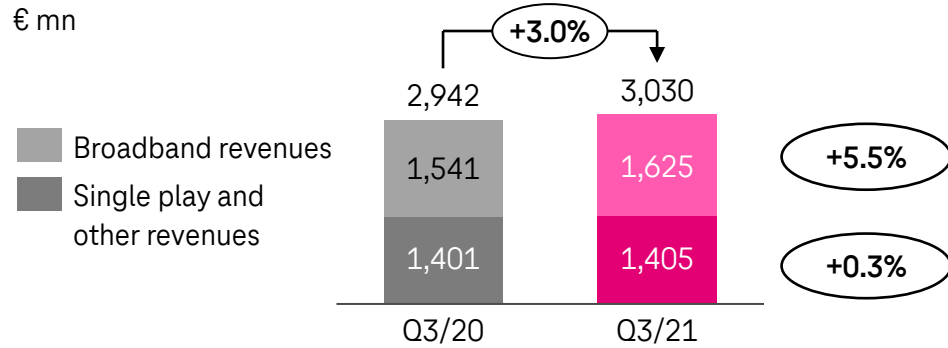
Germany

growth in retail fixed



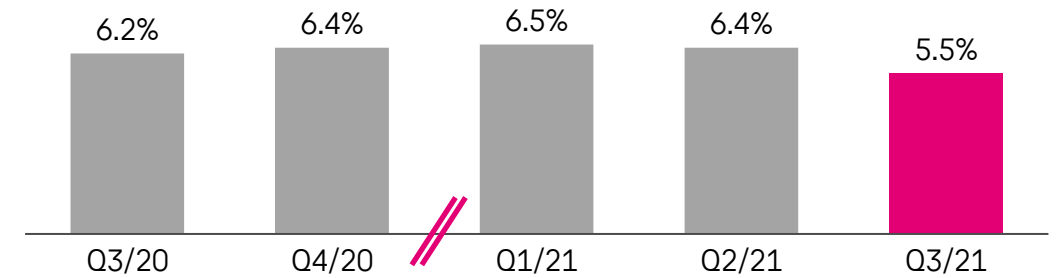
Retail fixed revenues (reported)^{1,2}

€ mn



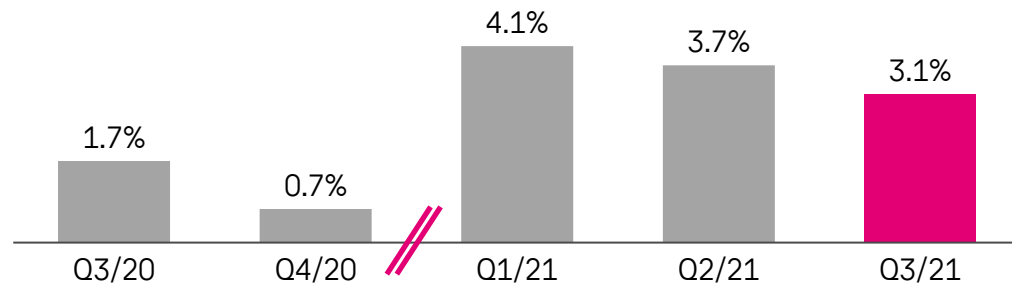
Broadband revenue growth¹

% yoy



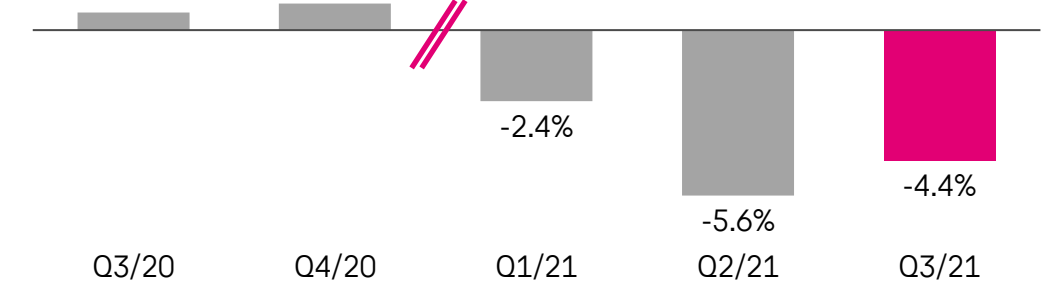
Retail fixed revenue growth (organic)^{1,2}

% yoy



Wholesale revenue growth¹

% yoy



¹ 2021 quarterly trends in new reporting structure ² Organic view reflects accounting change to certain principal agent transactions and f/x. No impact on mobile service, broadband, or wholesale revenues

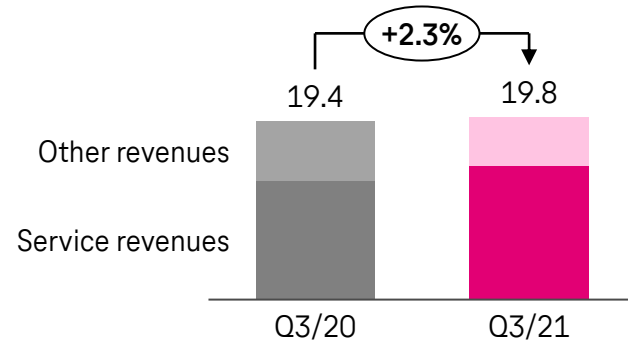
T-Mobile

continued strong performance



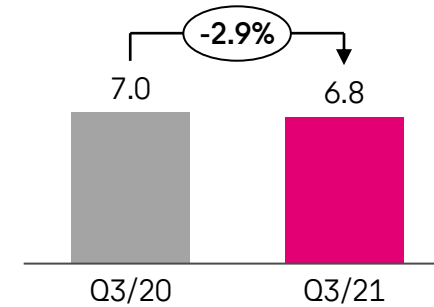
Revenues (IFRS)

US\$ bn



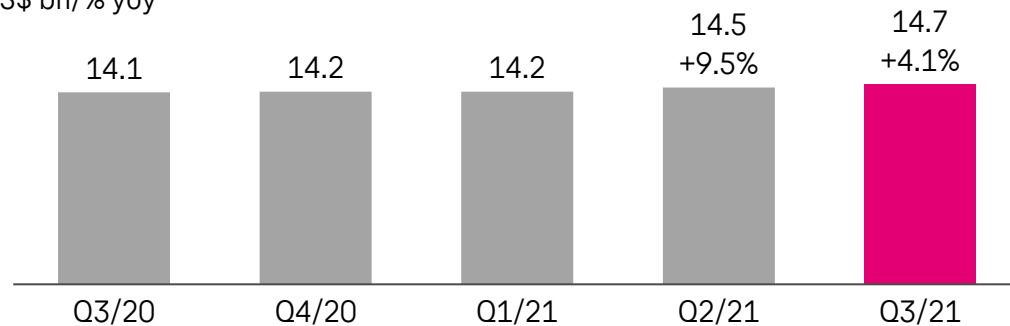
Adj. EBITDA AL (IFRS)

US\$ bn



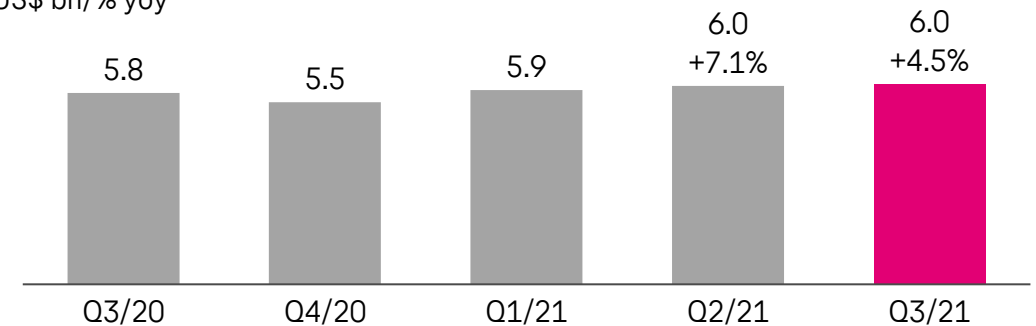
Service revenue (US GAAP)¹

US\$ bn/% yoy



Core EBITDA growth (US GAAP)¹

US\$ bn/% yoy



¹ No restated historic service revenues or core EBITDA trends available for Q1/2020 and previous quarters. Revenues attributed to wireline operations and handset insurance services acquired in the Sprint merger were classified as service revenue in Q4/20. Q2/20 and Q3/20 have been adjusted accordingly



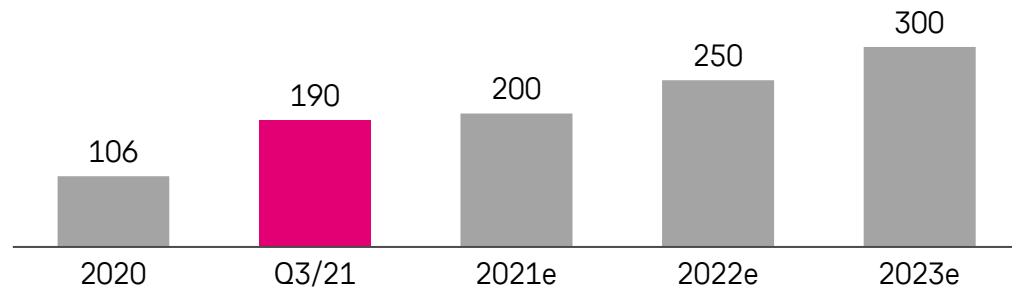
T-Mobile

industry leading network and strong customer KPIs



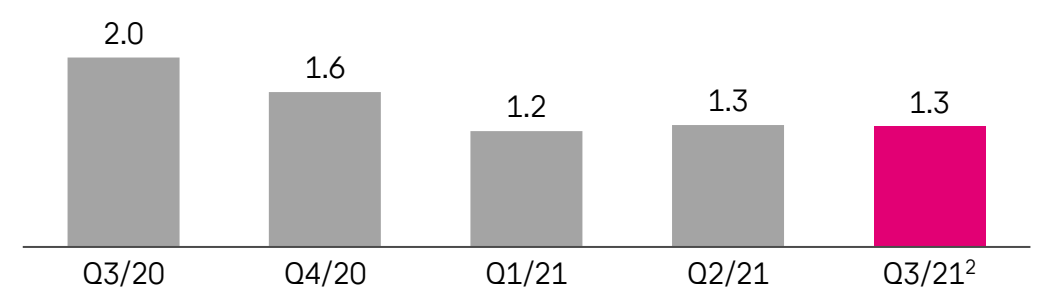
Ultra Capacity 5G coverage¹

mn POPs



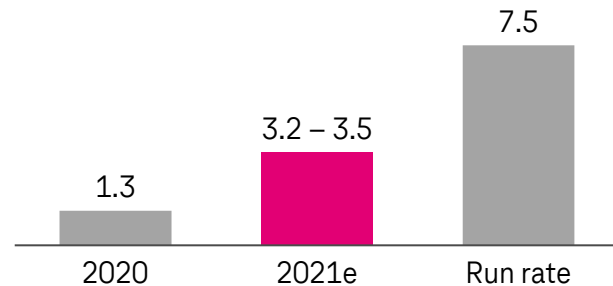
Total postpaid net additions

mn



Annual synergies

US\$ bn



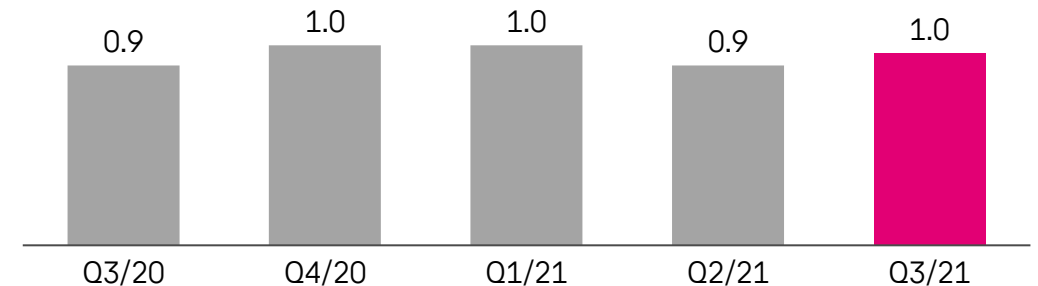
End of September:

~90% of Sprint customer traffic migrated

~50% of Sprint customer network migration completed

Postpaid phone churn

%



¹ Ultra Capacity on 2.5 GHz

² Excl. 806k postpaid customers acquired with Shentel



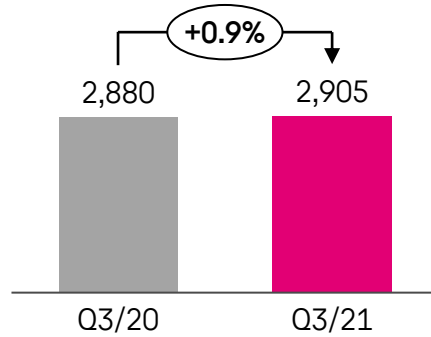
Europe

15th consecutive quarter of organic EBITDA growth



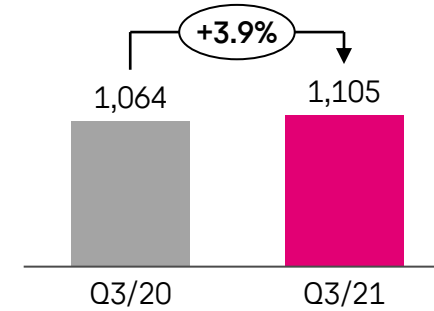
Revenues

€ mn



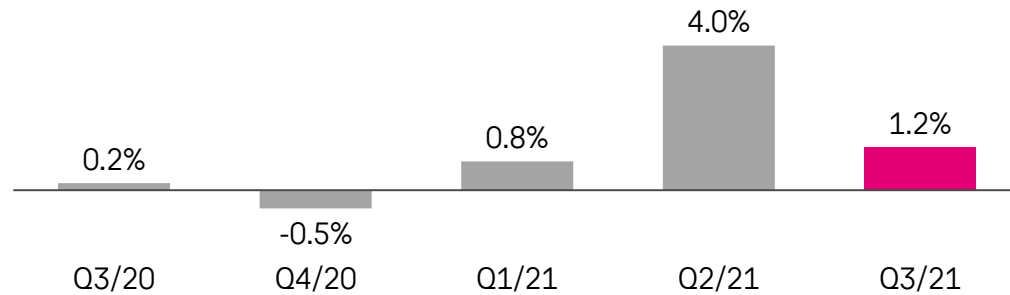
Adj. EBITDA AL

€ mn



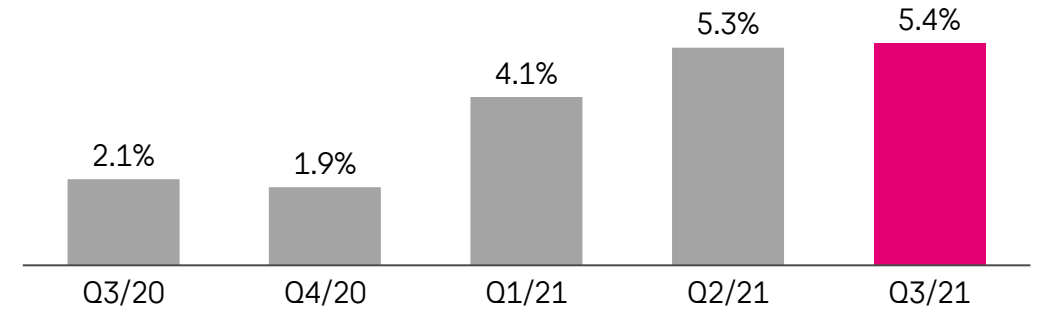
Revenue growth (organic)

% yoy



Adj. EBITDA AL growth (organic)

% yoy



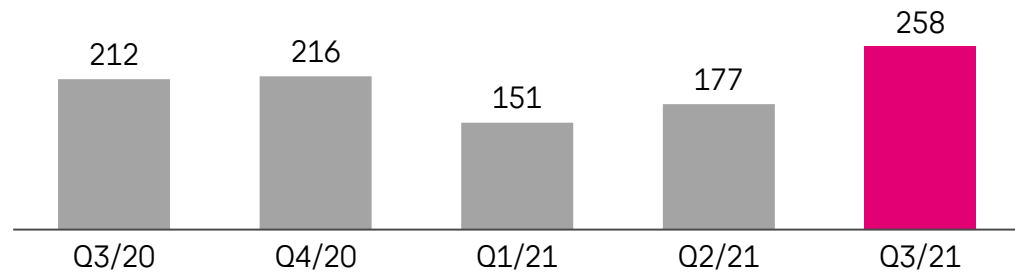
Europe

consistent commercial performance



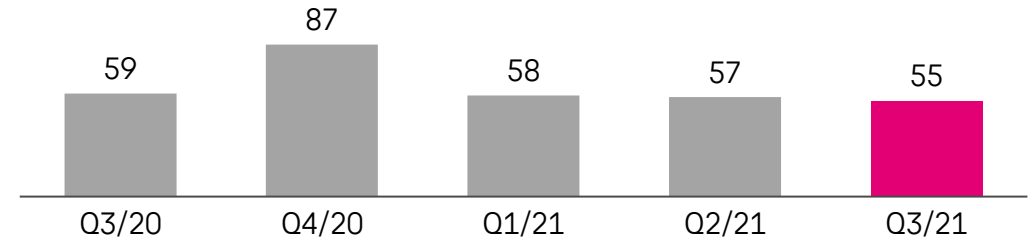
Mobile contract net adds

'000



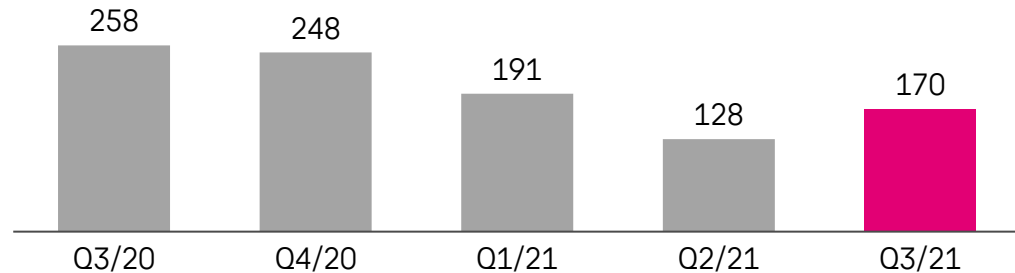
Broadband net adds

'000



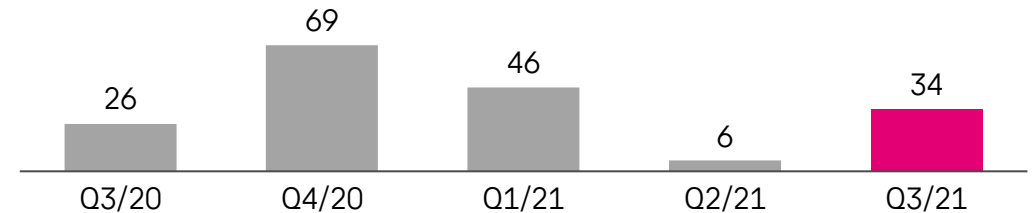
FMC net adds

'000



TV net adds¹

'000



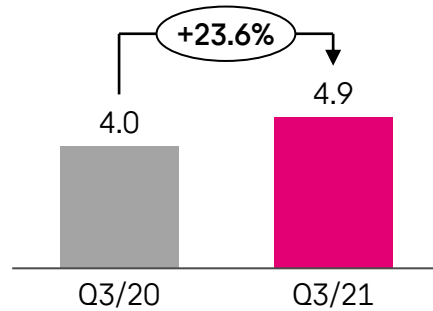
¹ Definition alignment in Q2/21. Historic numbers are adjusted

T-Systems

recovery under way

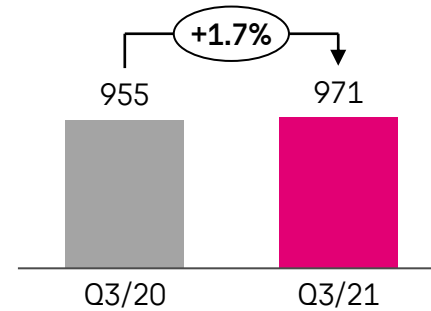
Order entry (LTM)

€ bn



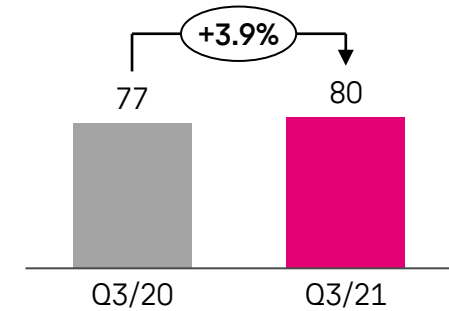
Revenues

€ mn



Adj. EBITDA AL

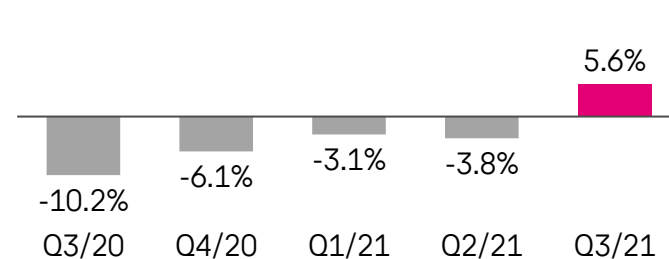
€ mn



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

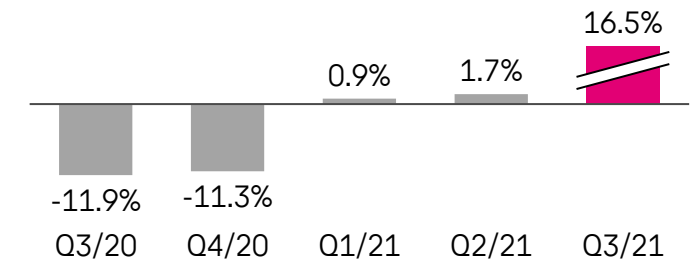
Revenue growth (organic)¹

% yoy



Adj. EBITDA AL growth (organic)¹

% yoy



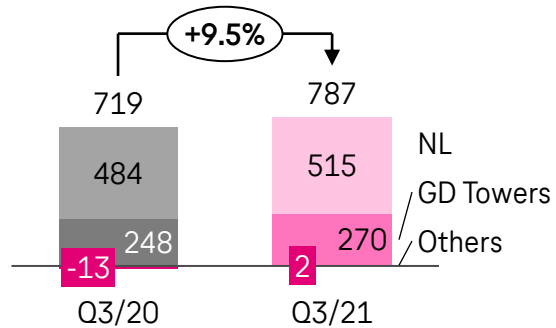
¹ 2021 quarterly trends in new reporting structure

Group Development

ongoing strong performance

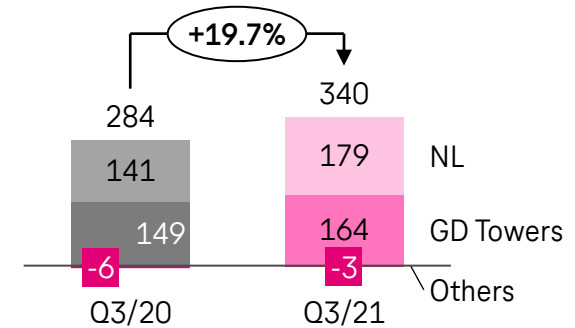
Revenues

€ mn



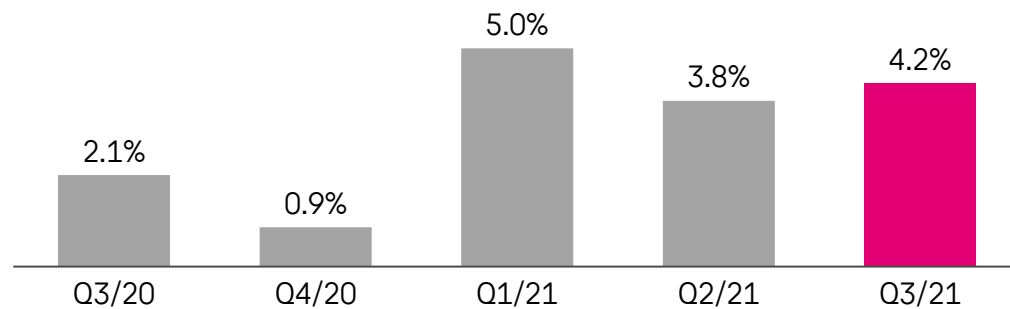
Adj. EBITDA AL

€ mn



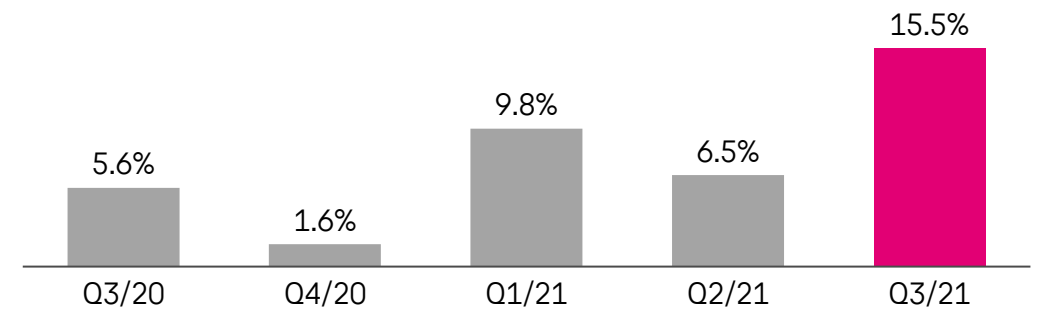
Revenue growth (organic)

% yoy



Adj. EBITDA AL growth (organic)

% yoy



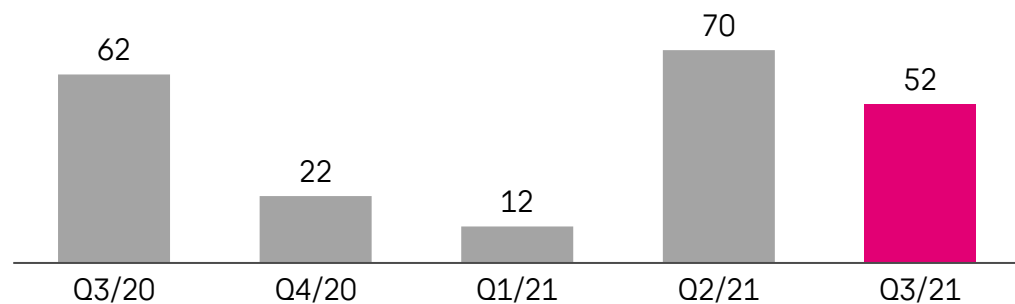
GD/TMNL

strong performance continues



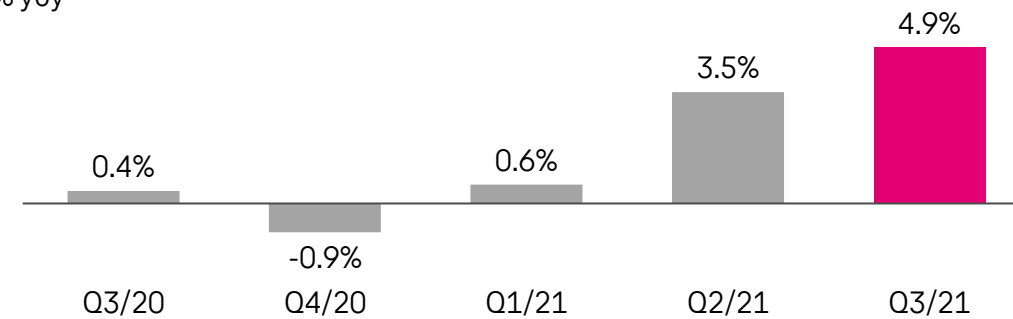
Contract net adds

'000



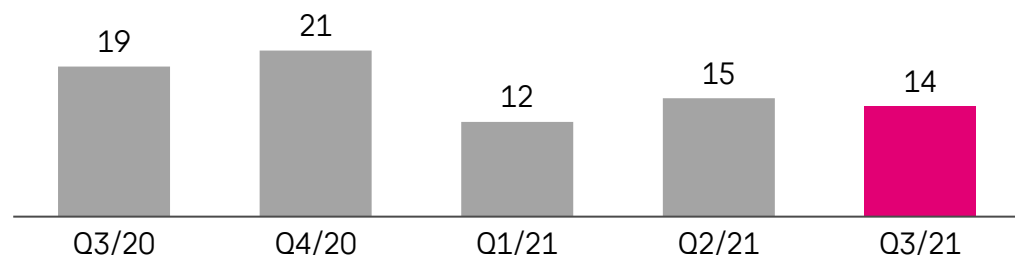
Mobile service revenue growth (organic)

% yoy



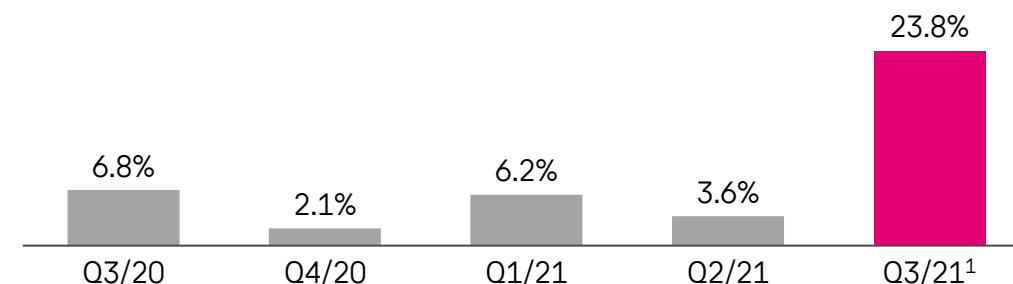
Broadband net adds

'000



Adj. EBITDA AL growth (organic)

% yoy



¹ Also supported by held for sale accounting



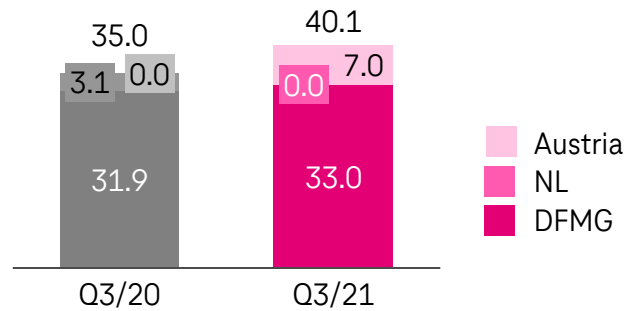
GD Towers

ongoing expansion



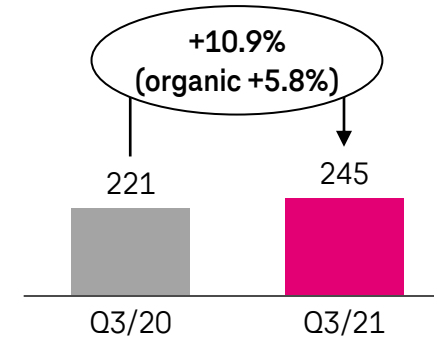
Total sites¹

'000



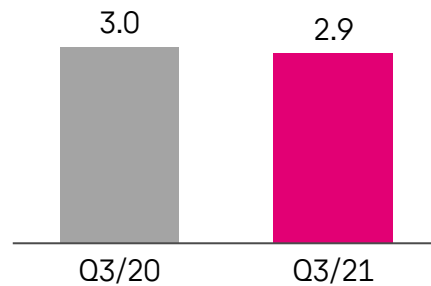
Recurring rental revenues

€ mn



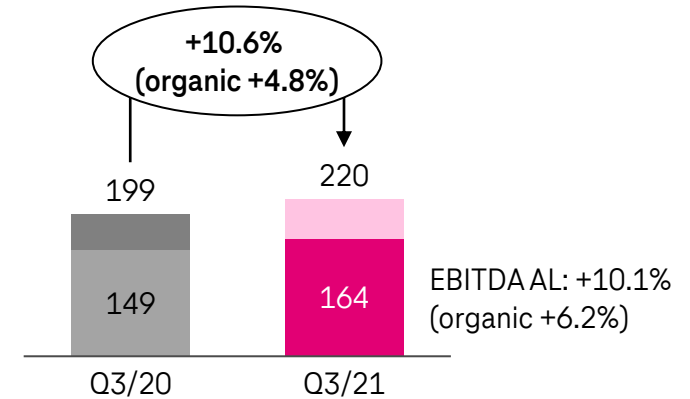
Opex AL per site

€ '000



Adj. EBITDA

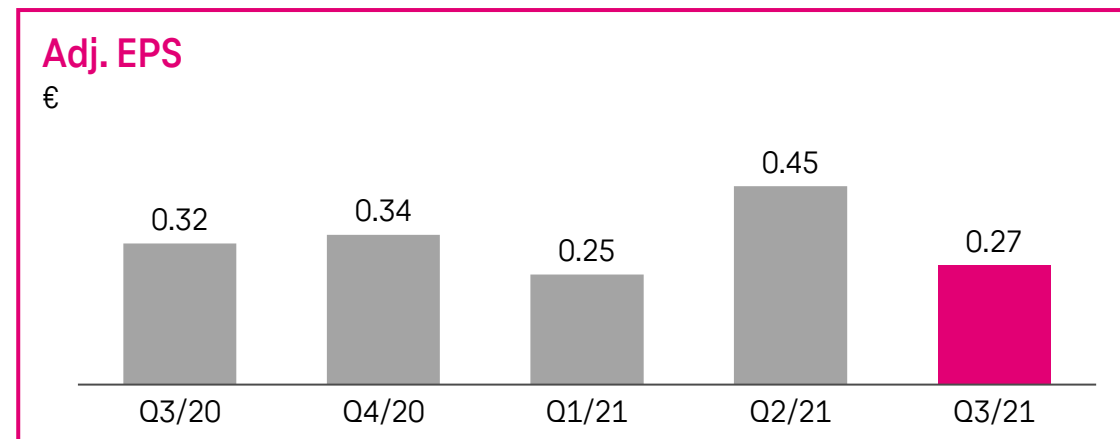
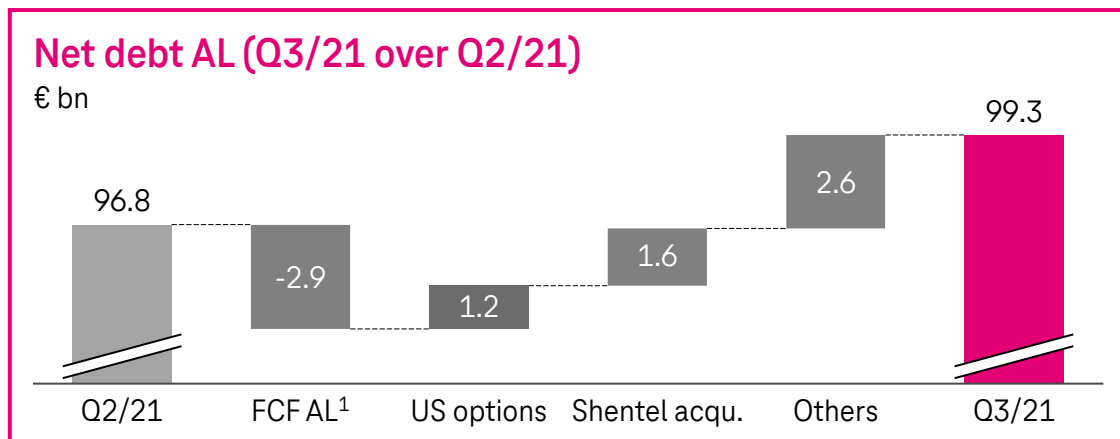
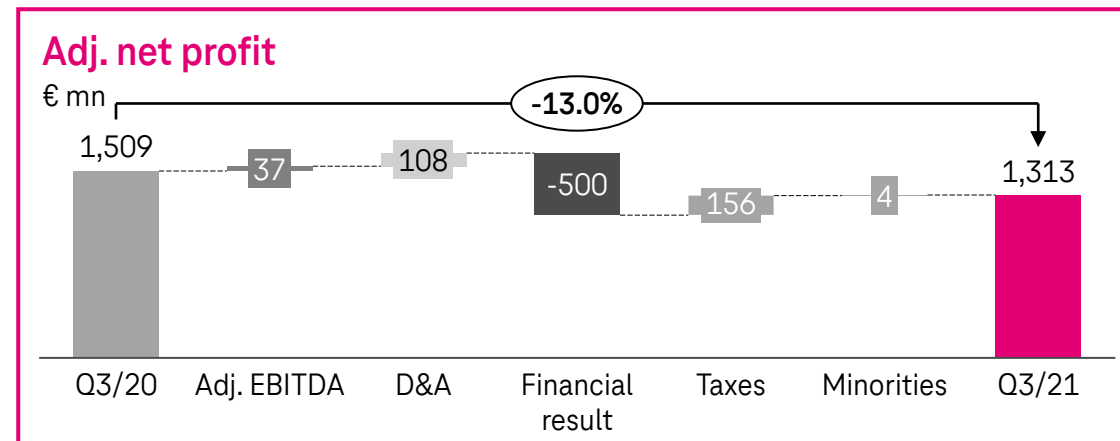
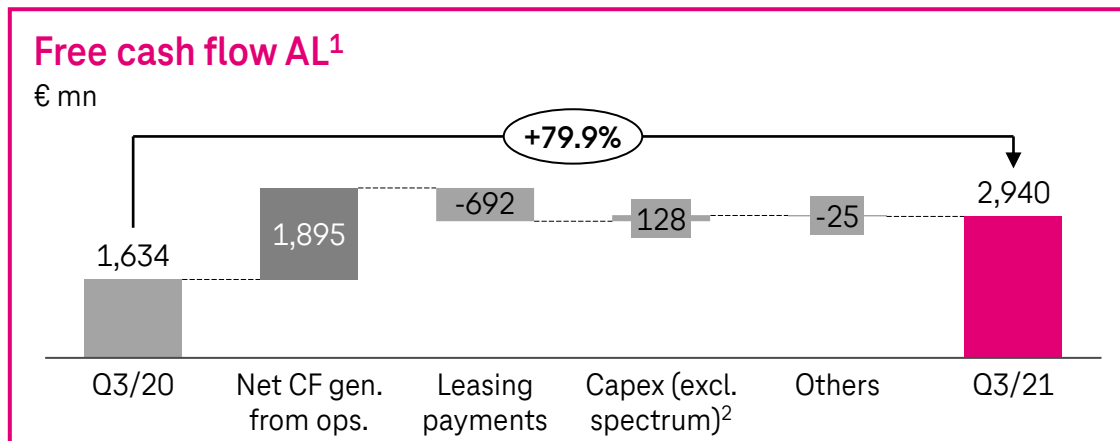
€ mn



¹ The 0 refers to the Austrian sites in Q3/20 (not yet part of tower business) and to the Dutch sites in Q3/21 (de-consolidated in June 2021).

Financials

strong FCF, net income impacted by TMUS options



¹ Free cash flow and FCF AL before dividend payments and spectrum investment. ² Excl. Spectrum: Q3/20: €273 mn; Q3/21: €304 mn





Balance sheet

sequential increase in leverage ratios

€ bn

	30/09/2020	31/12/2020	31/03/2021	30/06/2021	30/09/2021
Balance sheet total	265.3	264.9	273.9	270.5	273.4
Shareholders' equity	72.0	72.6	77.5	77.0	78.9
Net debt excl. leases (AL)	92.7	89.6	98.3	96.8	99.3
Net debt excl. leases (AL)/adj. EBITDA AL ¹	2.50	2.39	2.61	2.59	2.66
Net debt incl. leases (IFRS 16)	124.5	120.2	129.5	128.0	130.4
Net debt incl. leases IFRS 16/adj. EBITDA ¹	2.90	2.78	2.98	2.97	3.02
Equity ratio	27.2%	27.4%	28.3%	28.5%	28.8%

Comfort zone ratios

Rating: A-/BBB	
2.25–2.75 Net debt IFRS 16/adj. EBITDA	
25–35% equity ratio	
Liquidity reserve covers redemptions of the next 24 months	

Current rating

Fitch:	BBB+	stable outlook
Moody's:	Baa1	stable outlook
S&P:	BBB	stable outlook

¹ Ratios for the interim quarters calculated on the basis of previous four quarters. From Q3 to Q4/20 including historic pro formas for Sprint