

MEDIA INFORMATION

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Deutsche Telekom exceeds its guidance in the 2021 financial year and plans further growth

- Revenue up by 7.7 percent to 108.8 billion euros
- Adjusted EBITDA AL up by 6.6 percent to 37.3 billion euros
- Free cash flow AL up by 40.1 percent to 8.8 billion euros
- Guidance for 2021 exceeded based on constant exchange rates
- Adjusted net profit of 5.9 billion euros: plus 2.6 percent, adjusted earnings per share of 1.22 euros
- Guidance for 2022: free cash flow AL of around 10 billion euros, adjusted EBITDA AL of around 36.5 billion euros, adjusted core EBITDA AL to rise by around 5 percent
- Strong customer growth in Germany
- T-Mobile US: strong increase in synergies from merger with Sprint
- Adjusted EBITDA AL of more than 4 billion euros for the first time in the Europe segment

Expectations exceeded. Deutsche Telekom increased its financial figures in 2021. The Group's total revenue grew by 7.7 percent in the 2021 financial year to 108.8 billion euros, with service revenues increasing by 6.5 percent to 84.1 billion euros. Adjusted EBITDA AL rose by 6.6 percent year-on-year to 37.3 billion euros. Based on constant exchange rates, i.e., those used for the 2021 guidance, the Group reached 38.2 billion euros, exceeding its forecast for adjusted EBITDA AL, which had just been raised in November. Free cash flow AL totaled 8.8 billion euros. That is an increase of around 40.1 percent



compared with 2020. The dividend proposed to the shareholders' meeting on April 7 is 0.64 euros per share.

“We won't let up,” said Tim Höttges, CEO of Deutsche Telekom. “Profits are growing in all areas. The Group's successful course continues.”

In 2021, Deutsche Telekom invested 18.0 billion euros worldwide, excluding expenses for mobile spectrum. 5.9 percent more than in the previous year. Adjusted net profit increased by 2.6 percent to 5.9 billion euros; on an unadjusted basis, it increased by 0.4 percent to 4.2 billion euros.

For the current financial year, the Group expects free cash flow AL of around 10 billion euros. Adjusted EBITDA AL is expected to reach 36.5 billion euros. The comparison with 2021 must take into account changes in the composition of the Group, primarily the deconsolidation of T-Mobile Netherlands, and effects from the reduction of the terminal equipment lease business in the United States. The figure adjusted for these lease effects – adjusted core EBITDA AL – is expected to increase by around 5 percent in 2022 on a like-for-like basis. Adjusted earnings per share are expected to reach more than 1.25 euros, compared to 1.22 euros in 2021. Deutsche Telekom also confirmed its target of at least 1.75 euros for 2024.

Germany: Growth trajectory continues

In its home market, Deutsche Telekom can look back on a year of substantial growth in customer numbers and of strong earnings. In the broadband business, the Company recorded 360,000 customer additions, thus significantly increasing its market share in 2021. At year-end, 17.2 million (retail and wholesale) customers were using a fiber-optic based line (FTTH, VDSL/vectoring), 1.2 million more than a year earlier.

In mobile communications, Telekom recorded growth in branded contract customers of 666,000 for the full year. The clear market leadership in terms of



mobile service revenues was reinforced. In the fourth quarter, this figure was up 2.3 percent against the prior-year period.

The Germany operating segment increased total revenue by 1.6 percent year-on-year in the 2021 financial year to 24.2 billion euros. Growth in adjusted EBITDA AL was even stronger: up 3.6 percent to 9.5 billion euros.

United States: Positive outlook

T-Mobile US ended the year with 108.7 million customers, an increase of 6.7 million within 12 months. More than 2.9 million of these additions related to the particularly profitable postpaid phone segment.

Total revenue increased by 15.2 percent to 80.8 billion U.S. dollars. At the same time, adjusted EBITDA AL increased by 11.8 percent to 26.9 billion U.S. dollars. The business combination with Sprint is paying off. Last year, synergies leveraged in shared functions, sales, and networks amounted to 3.8 billion U.S. dollars. In 2022, this figure is expected to rise to between 5.0 and 5.3 billion U.S. dollars, thereby exceeding the integration costs of the merger on a full-year basis for the first time since the business combination with Sprint as of April 1, 2020.

Europe: Milestone reached

The Europe operating segment generated adjusted EBITDA AL of more than 4.0 billion euros within a year for the first time. In organic terms, i.e., adjusted for exchange rate effects and changes in the composition of the Group, this was 5.4 percent more than in the prior year. This indicator for earnings performance had increased organically year-on-year in every quarter of the last four years. Service revenues grew by 2.0 percent in organic terms in 2021 to 9.6 billion euros.

Customer numbers increased in all areas in 2021. The European national companies won 770,000 new mobile contract customers in total. The number of



broadband customers went up by 350,000. The number of users of convergent fixed-mobile product bundles increased by 842,000.

Systems Solutions: Delivered in terms of earnings

T-Systems has achieved the most important financial target for 2021. The corporate customer segment generated adjusted EBITDA AL of 286 million euros, primarily thanks to strict cost discipline. That is 2.5 percent more than in the previous year.

Revenue declined by 3.4 percent in the year just ended to 4.0 billion euros. Order entry was 8.5 percent down year-on-year at 4.2 billion euros.

Group Development: Cell tower business continues to grow

The cell tower business in the Group Development segment performed very well in the year just ended. In organic terms, revenue increased in 2021 by 5.4 percent year-on-year to 1.1 billion euros. At the same time, adjusted EBITDA AL grew 6.3 percent in organic terms to 0.6 billion euros. The comparison on an organic basis is adjusted for the sale of the Dutch cell towers. The number of cell sites grew by 1,100 in organic terms in the past 12 months to 40,600.

The sale of T-Mobile Netherlands (TMNL), announced in September, is not yet complete. As such, the TMNL figures are included in full in the consolidated data for 2021. In the past year, the Dutch business recorded 192,000 mobile contract additions. Total revenue amounted to 2.1 billion euros, adjusted EBITDA AL to 0.7 billion euros.

The Deutsche Telekom Group at a glance

	Q4 2021 millions of €	Q4 2020 millions of €	Change %	FY 2021 millions of €	FY 2020 millions of €	Change %
Net revenue	28,934	27,622	4.7	108,794	100,999	7.7
Proportion generated internationally %	77.4	76.1	1.3p	77.0	75.5	1.5p
Service revenue	21,950	20,634	6.4	84,057	78,893	6.5
Adjusted EBITDA	10,461	10,438	0.2	43,175	40,374	6.9
Adjusted EBITDA AL	9,007	8,952	0.6	37,330	35,017	6.6
Net profit (after non-controlling interests)	471	1,671	-71.8	4,176	4,158	0.4
Adjusted net profit (after non-controlling interests)	1,234	1,643	-24.9	5,862	5,715	2.6
Free cash flow AL ^a	520	942	-44.8	8,810	6,288	40.1
Cash capex ^b	5,106	5,814	-12.2	26,366	18,694	41.0
Cash capex ^b (before spectrum)	5,046	5,468	-7.7	17,978	16,980	5.9
Net debt				132,142	120,227	9.9
Number of employees ^c				216,528	226,291	-4.3
Of which in Germany ^c				85,160	89,032	-4.3

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 fourth quarter of 2021, i.e., the reporting quarter, and for the prior-year quarter for the full three months in both cases. In the cumulative figures, Sprint is included for 12 months in the full year 2021 and for just nine months (April to December) in the full year 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

	Q4 2021 millions of €	Q4 2020 millions of €	Change %	FY 2021 millions of €	FY 2020 millions of €	Change %
Germany						
Total revenue	6,329	6,264	1.0	24,164	23,790	1.6
Adjusted EBITDA AL	2,405	2,324	3.5	9,520	9,188	3.6
United States^a						
Total revenue	18,427	17,184	7.2	68,359	61,208	11.7
US-\$	21,066	20,505	2.7	80,806	70,117	15.2
Adjusted EBITDA AL	5,483	5,539	-1.0	22,697	20,997	8.1
US-\$	6,275	6,604	-5.0	26,871	24,033	11.8
Europe^{b, c}						
Total revenue	2,928	2,992	-2.1	11,384	11,335	0.4
Adjusted EBITDA AL	962	958	0.4	4,007	3,910	2.5
Systems Solutions						
Order entry	1,354	2,079	-34.9	4,174	4,564	-8.5
Total revenue	1,027	1,077	-4.6	4,019	4,159	-3.4
Adjusted EBITDA AL	72	71	1.4	286	279	2.5
Group Development^{b, d, e}						
Total revenue	816	740	10.3	3,165	2,883	9.8
Adjusted EBITDA AL	332	266	24.8	1,307	1,101	18.7

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 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 transferred from the Europe operating segment to the Group Development operating segment. Prior-year comparatives were not adjusted.
- c Sale of Telekom Romania Communications as of September 30, 2021. The company that operates the Romanian fixed-network business is no longer included in the revenue and earnings figures for the fourth quarter of 2021.



d First-time consolidation of the Dutch MVNO and SIM provider Simpel as of December 1, 2020.

e 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 fourth quarter of 2021

	Dec. 31, 2021 thousands	Sep. 30, 2021 thousands	Change thousands	Change %
Germany				
Mobile customers	53,211	52,184	1,027	2.0
Of which contract customers	23,129	22,914	215	0.9
Fixed-network lines	17,525	17,543	-18	-0.1
Broadband lines	14,478	14,394	84	0.6
Of which optical fiber ^a	10,379	10,175	204	2.0
Television (IPTV, satellite)	4,001	3,966	35	0.9
Unbundled local loop lines (ULLs)	3,622	3,744	-122	-3.3
United States				
Customers ^b	108,719	106,920	1,799	1.7
Of which postpaid customers ^b	87,663	85,913	1,750	2.0
Of which prepaid customers ^b	21,056	21,007	49	0.2
Europe^c				
Mobile customers	45,816	46,391	-575	-1.2
Of which contract customers	26,575	27,430	-855	-3.1
Fixed-network lines	7,802	9,123	-1,321	-14.5
Broadband customers	6,381	7,110	-729	-10.3
Television (IPTV, satellite, cable)	4,019	5,132	-1,113	-21.7
Group Development				
Netherlands				
Mobile customers	6,939	6,894	45	0.7
Fixed-network lines	739	721	18	2.5
Broadband lines	728	709	19	2.7



- a Sum of all FTTx access lines (e.g., FTTC/VDSL, vectoring, and FTTH/B).
- b As of July 1, 2021, T-Mobile US acquired 716,000 postpaid phone customers and 90,000 other postpaid customers through the acquisition of assets directly associated with the mobile operations of Shentel. Prior-year comparatives were not adjusted.
- c Sale of Telekom Romania Communications as of September 30, 2021. The company that operates the Romanian fixed-network business is no longer included in the fixed-line and customer numbers as of December 31, 2021.

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

	Dec. 31, 2021 thousands	Dec. 31, 2020 thousands	Change thousands	Change %
Germany				
Mobile customers ^a	53,211	48,213	4,998	10.4
Of which contract customers ^a	23,129	25,975	-2,846	-11.0
Fixed-network lines	17,525	17,590	-65	-0.4
Broadband lines	14,478	14,118	360	2.5
Of which optical fiber ^b	10,379	9,515	864	9.1
Television (IPTV, satellite)	4,001	3,864	137	3.5
Unbundled local loop lines (ULLs)	3,622	4,101	-479	-11.7
United States				
Customers ^c	108,719	102,064	6,655	6.5
Of which postpaid customers ^c	87,663	81,350	6,313	7.8
Of which prepaid customers ^c	21,056	20,714	342	1.7
Europe^d				
Mobile customers	45,816	45,619	197	0.4
Of which contract customers	26,575	26,844	-269	-1.0
Fixed-network lines	7,802	9,084	-1,282	-14.1
Broadband customers	6,381	6,943	-562	-8.1
Television (IPTV, satellite, cable)	4,019	5,046	-1,027	-20.4



Group Development				
Netherlands				
Mobile customers	6,939	6,803	136	2.0
Fixed-network lines	739	682	57	8.4
Broadband lines	728	668	60	9.0

Comments on the table:

Reassignment between the operating segments.

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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 As of July 1, 2021, T-Mobile US acquired 716,000 postpaid phone customers and 90,000 other postpaid customers through the acquisition of assets directly associated with the mobile operations of Shentel. Prior-year comparatives were not adjusted.
- d Sale of Telekom Romania Communications as of September 30, 2021. The company that operates the Romanian fixed-network business is no longer included in the fixed-line and customer numbers as of December 31, 2021.



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Deutsche Telekom AG
Corporate Communications

Tel.: +49 228 181 – 49494

E-Mail: media@telekom.de

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