

– Check against delivery –

Conference Call

Report on the third quarter of 2020

November 12, 2020

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Deutsche Telekom AG

Thank you, Philipp!

Good morning, Ladies and Gentlemen.

I, too, wish you a warm welcome to our conference call. We are living in turbulent times – with drastic changes for us all. Turning our attention to a stack of dry numbers can feel difficult at times, even when they are very encouraging as in our case.

BUT:

Before we dive into the figures, I would like start with a huge thank you to everyone at Deutsche Telekom. For their untiring work in the shops, out in the field with customers, or in the manholes in the municipalities. Whether operating the trenching machine or up the cell towers, in the call centers, working from home, or in the office – Deutsche Telekom is there when needed. Undeterred by the crisis, we keep on doing what we do best: offering perfect service and working non-stop to build the best networks. Both in the fixed network and in mobile communications. Thank you to you all – and I know a lot of you are watching this webcast – for doing such a great job.

Ladies and Gentlemen,

2020 is a difficult year for us all personally. As a company we, too, are facing new challenges. We are digitalizing and connecting more than ever in the crisis. At the same time, we are having to completely reorganize our work structures. Throughout all of this, we have continued to manage our business with great success.

We also had – and still have – financial burdens of our own, for instance, regarding roaming revenues and in IT business. But we are more than able to offset these. This is thanks to our long-term growth strategy: It has more than proved itself during the Covid-19 pandemic.

It is also the reason why we not only expect to meet our original guidance for 2020. In fact, we are again raising our guidance both for T-Mobile US and for business outside of the United States.

We now expect adjusted EBITDA AL for 2020 of at least 35 billion euros. That is around 1 billion euros higher than previously expected.

This increase is driven by positive trends in our results on both sides of the Atlantic.

This is thanks to another strong quarter.

Revenue and earnings continued to grow significantly year-on-year in the third quarter of 2020 and in the first nine months. Both in the new, bigger T-Mobile US and in the Group outside of the United States.

Our revenue was up in the first nine months by 24.0 percent year-on-year, partly as a result of the merger between T-Mobile US and Sprint.

Adjusted EBITDA AL increased by 39.4 percent in the same period. All segments contributed to this growth over the nine months.

Our earnings are also up organically. By 7.5 percent in the first three quarters of 2020.

Adjusted free cash flow AL increased, too. By 1.8 percent at the nine-month point.

This positive trend is driven by higher results in the United States despite the integration costs for the U.S. merger. Results were also up for the Group outside of the United States.

1. We are making excellent progress with combining T-Mobile US and Sprint in the United States. The synergies arising from the merger are having a positive impact on our results sooner than we expected. For example, we are having to invest less than originally planned in additional cell towers for the network build-out. And faster decommissioning of cell sites that we no longer need is bringing our costs down further.

The immediate effects are clearly noticeable: Adjusted EBITDA AL in the United States has grown by 84 percent in the first nine months of the year. In organic terms, the increase is 10.2 percent. Our forecast of 43 billion U.S. dollars in synergy effects remains unchanged.

2. Earnings outside of the United States are also higher. Adjusted EBITDA AL was up by around 3.2 percent at the nine-month point. Organically, the increase is 3.8 percent. The Europe segment has now posted 11 successive quarters of EBITDA growth. In Germany, that figure goes up to 16 quarters of growth in a row.

And the outlook for the rest of the year remains positive. That is why we have decided to adjust our full-year guidance.

For the second half of 2020, T-Mobile US has raised the mean value of its guidance for adjusted EBITDA by around 1 billion U.S. dollars.

For business outside of the United States, until now we expected adjusted EBITDA AL for the full year to come in at 13.9 billion euros. Our results here are also surpassing our expectations. Despite the coronavirus crisis, which impacted adjusted

EBITDA AL by around 100 million euros in the third quarter. Our underlying growth more than offset this decline.

On this basis, we are also raising our guidance for adjusted EBITDA AL here. To 14.0 billion euros for the full year.

For the Group as a whole, this puts us in the range of our new guidance for adjusted EBITDA AL.

We are also raising our guidance for free cash flow AL. To at least 6 billion euros. That is up from our previous forecast of at least 5.5 billion euros.

At the same time, we can confirm the Board of Management's plan to pay out a dividend for 2020 of 60 euro cents per share. Deutsche Telekom can be counted on, and the planned dividend payment underscores that. As ever, this statement is subject to the approval of the relevant bodies.

Ladies and Gentlemen,

Deutsche Telekom is and remains an anchor of stability. We are still on course to becoming a 100 billion-euro revenue Group. Some 228,000 employees worldwide are working towards this goal.

I would like to highlight three points here:

1. Our products and services are in demand among our customers – our customer base is growing. The foundation of our economic success is the trust our customers have in Deutsche Telekom.

And this is truer now than ever, because Deutsche Telekom is helping the people in Germany in the crisis.

Let me give you just a couple of examples. Please visit our website if you would like to find out more.

One way that we help is with our brand-new special offer for restaurants in Germany to help support this sector in particular during lockdown – it is completely free for the next six months.

We also help businesses with home-working solutions, which are in particularly high demand again with the second lockdown well under way.

And we are supporting the arts and entertainment industry with a benefit concert. Using the hashtag #lauterwerden (which means getting louder) on December 12 and 13. Over this two-day event, we will bring together a host of major artists from the German music scene to perform a live online concert with the aim of collecting donations for the struggling cultural sector.

The line-up is not yet final, but plenty of big stars have already signaled a keen interest in taking part. We will announce more on this in the next few days.

2. We look after our customers' concerns. Every year, the magazines connect and CHIP test the service hotlines of the telecommunications providers. This year – for the first time ever – Deutsche Telekom won both the fixed-network and mobile communications hotline tests in both magazines. It is the customer service equivalent to winning the Grand Slam.
3. We are investing. On a massive scale. In innovative future technologies. By that, I mean the build-out of our 5G network and FTTH. Long-term growth is impossible without technology leadership in these areas.

That is why we are keeping our investments at a record level: 17 billion euros Group-wide this year alone – plus spectrum.

Ladies and Gentlemen,

Our customer growth is thanks to years of record-level investments.

In the United States:

In the third quarter, we broke through the sound barrier in the most important global mobile communications market. Our customer growth there is the highest of the Big Three carriers and we have now passed the 100-million mark for branded customers. We added two million new customers in the third quarter. Two million customers in a single quarter.

It is affirmation that the business combination with Sprint was the right step to take. Today, we have more customers than our competitor AT&T. In the medium term, our goal is to oust Verizon from the top spot. Do not forget: Our aspiration is to be the “leading” provider. And we intend to stay there.

We are working at full speed to build out 5G in the United States. The Sprint merger has given us a unique spectrum portfolio. We are really starting to see the difference. We are building out our network rapidly, and not only in major cities.

We already have the highest 5G coverage in the U.S. in terms of both population and geographic area. It is twice as high as AT&T’s and over three times as high as Verizon’s.

270 million Americans currently have access to our 5G network over the 600 MHz band. And our 2.5 GHz band with an average of 300 Mbit/s now covers 400 towns and cities nationwide. That is more than 30 million people. By the year-end, we plan to bring 2.5 GHz high-speed internet to 100 million Americans. This number is set to double by the end of the coming year.

In Germany:

Here, we added a further 1.6 million fiber-optic-based broadband lines. That brings the total up to 15.5 million lines.

We added around 97,000 new broadband customers in the third quarter of 2020 alone. That is the biggest growth in new customers of any quarter since the end of 2017.

The number of traditional single-play lines dropped sharply once again, to 47,000 in one quarter. The lowest it has been for more than 15 years.

We are already the 5G leader in Germany and continue to extend our lead.

The build-out is ahead of schedule. We already reach over 50 percent of the population with 5G in the 2.1 GHz band. Our goal is to cover two thirds of the population by the year-end.

We are also set to bring ultra-fast 5G over the 3.6 GHz band to 20 major cities across Germany by the same date.

And we are leading the fiber-optic build-out in Germany. We are building stable, fiber-optic-based digital infrastructure that future society can rely on. Our benchmark is two million FTTH households per year.

In doing so, we are living up to our responsibility to society. Because if lockdown made one thing clear, it is that our infrastructure is stable. It is capable of handling the high loads. It makes Germany future-proof.

We are open to pursuing new approaches to building out the fiber-optic network. Entering into partnerships. Expanding existing cooperation. Take our long-term wholesale deal with competitor Telefónica, for example, which was immediately welcomed by the Federal Network Agency.

I would like to see this kind of flexibility from policymakers. Because if we want more optical fiber, we need to cut through the red tape. And we need acceptance for alternative cable-laying methods, like trenching. In return, we are offering a faster, more cost-effective FTTH rollout.

In Europe:

We are already Europe's largest telecommunications company. And the milestones keep coming here, too.

I will give you the big picture, with key customer figures for the Germany and Europe segments and our business in the Netherlands grouped together.

As of today, in Germany and our European subsidiaries, a total of 10.2 million customers subscribe to our convergent rate packages – known in Germany under the MagentaEINS name. That is 1.2 million more than in the prior-year period.

In mobile communications, we are also growing significantly in continental Europe. Where we now have 57.8 million mobile contract customers. That is 1.6 million additional customers year-on-year.

And we are making good progress with the 5G build-out in our European subsidiaries. In the Netherlands, our 5G network now covers 90 percent of the population and we are set to achieve full coverage by the year-end. We are also on schedule in Austria and Poland.

Let me turn briefly to T-Systems:

This big picture also includes the transformation of our systems solutions business, which is not progressing as we would like.

New business was beset by delays and cancellations as a result of the Covid-19 pandemic.

This has negatively affected revenue and earnings.

But strong growth in our other segments meant we were more than able to offset this at Group level.

Ladies and Gentlemen,

In a nutshell: We deliver dependable growth. On both sides of the Atlantic. We can more than offset the impact of Covid-19. Our growth strategy is robust and sustainable.

Let me remind you: Last year we posted adjusted EBITDA AL of 24.7 billion euros – that was without Sprint.

For 2020, we expect at least 35 billion euros – over 10 billion euros more.

Thanks to the Sprint merger, which has been crucial to taking us forward in the United States. And thanks to business in the rest of the Group, which we have set on a sustainable growth course with extensive investments.

Ladies and Gentlemen,

All of this is put into perspective by the pandemic and the huge challenges it poses to our global community.

Good figures are important. But in times like these, reliability is equally – if not more – valuable. Over the past few months, I believe that Deutsche Telekom has proved itself to be a reliable partner to Germany in the coronavirus crisis.

And I promise our customers, our employees, and everyone who is invested in Deutsche Telekom: We will stay that way. You can count on Deutsche Telekom.

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