

Deutsche Telekom Q2 2021 results



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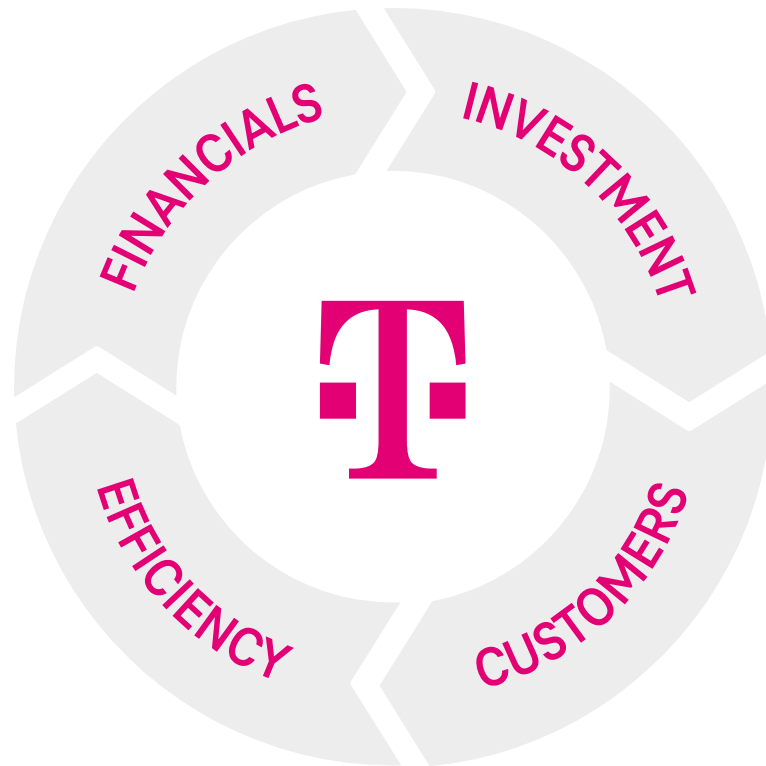
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In addition to figures prepared in accordance with IFRS, Deutsche Telekom also presents alternative performance measures, including, among others, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA after leases, adjusted EBITDA margin, Core EBITDA,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

H1 2021 results

sector leading growth



Group

- Organic total revenue growth 6.9%
- Organic adj. EBITDA AL growth of 4.6%. 2021 guidance raised for the 2nd time
- H1 results confirm medium term targets laid out at the CMD
- Moody's upgrades outlook to stable

Ex US

- Delivering strong customer growth
- Organic adj. EBITDA AL up 4.4%, boosted by € 0.3 bn indirect cost cutting
- FCF AL at € 2.7 bn
- Delivering on FTTH roll-out; major cities announced

T-Mobile

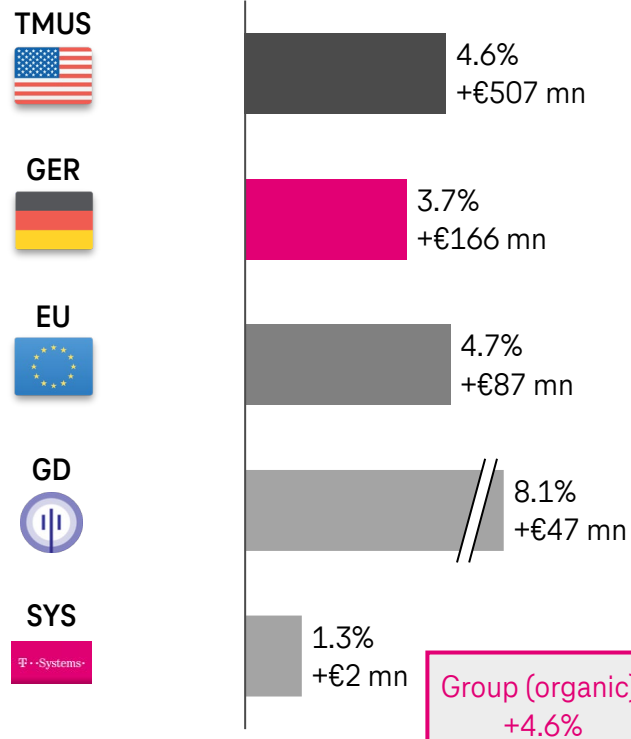
- Strong growth with customers – H1 postpaid net additions best in industry and raising guidance 2021
- Strong momentum in merger integration continues, 2021 synergy guidance raised again
- Industry leading service revenue, profitability and cash flow growth

H1 2021

strong organic adj. EBITDA AL growth



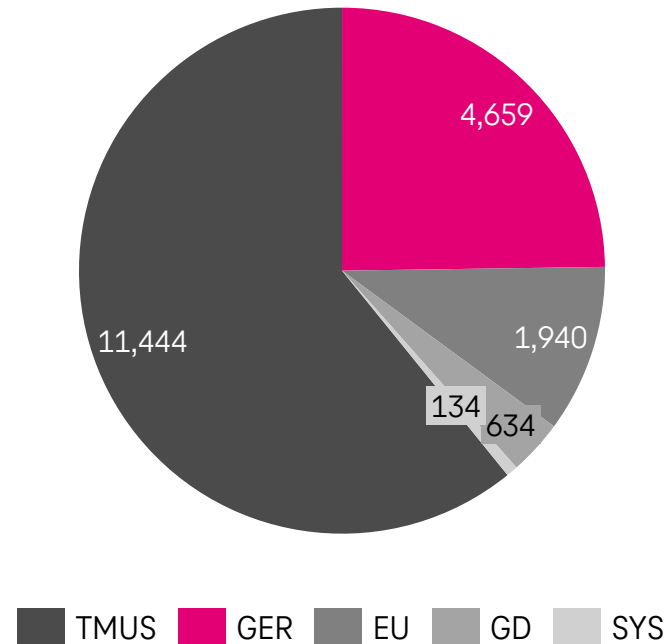
Adj. EBITDA AL (Organic growth)



Adj. EBITDA AL¹

€ mn

Total:
€ 18,662 mn



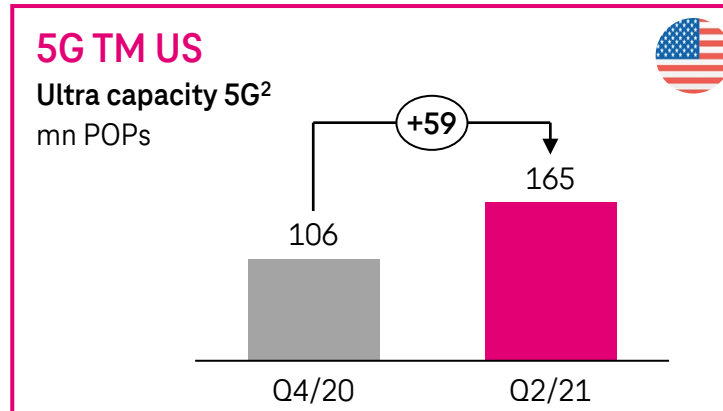
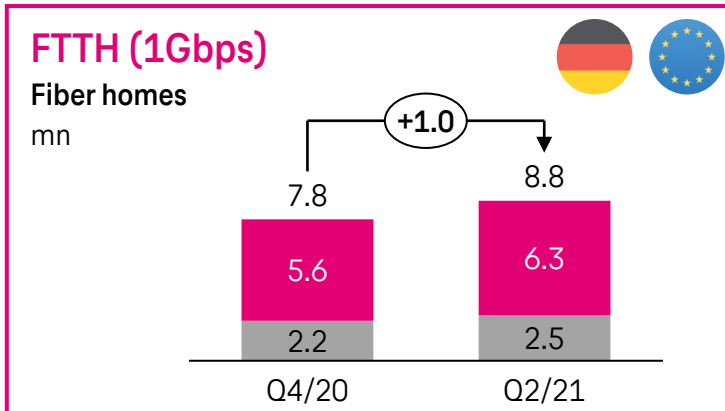
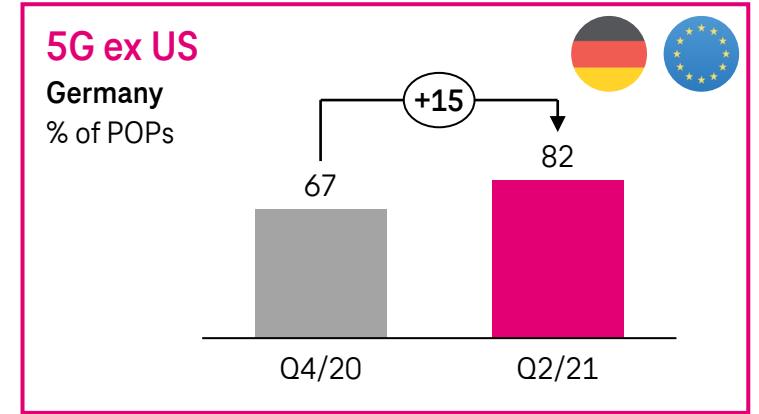
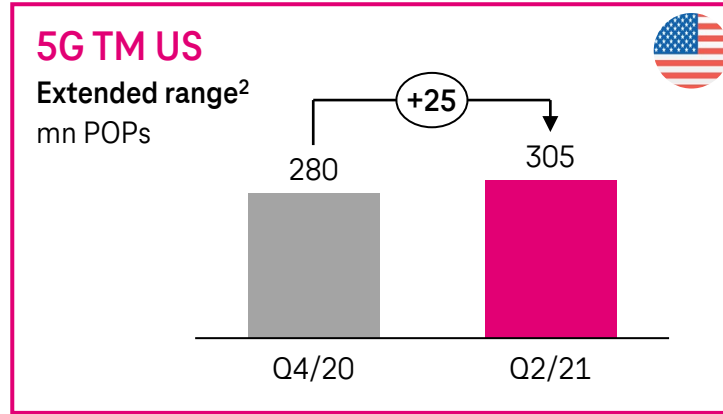
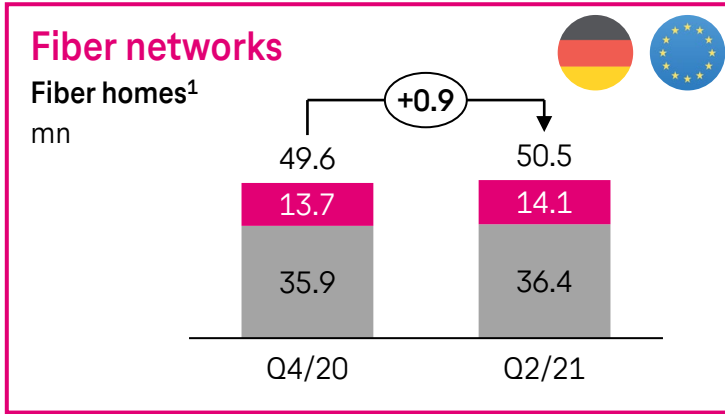
H1 2021 Reported growth

Revenue	+12.8%
Adj. EBITDAAL	+14.0%
Adj. EBITDAAL (excl. US)	+4.5%
Adj. Net profit	+29.4%
Net profit	+68.6%
Adj. EPS (in €)	+29.6%
Free cash flow AL	+44.1%
Cash capex (excl. spectrum)	+22.0%
Net debt AL	-0.5%

¹ Excl. GHS

Networks

leading with 5G, FTTH well on track



■ EU ■ GER

GER

- YE 5G target raised to > 90% of population
- DT wins “Chip” fixed network test in Germany. Only carrier ranked “very good”

EU

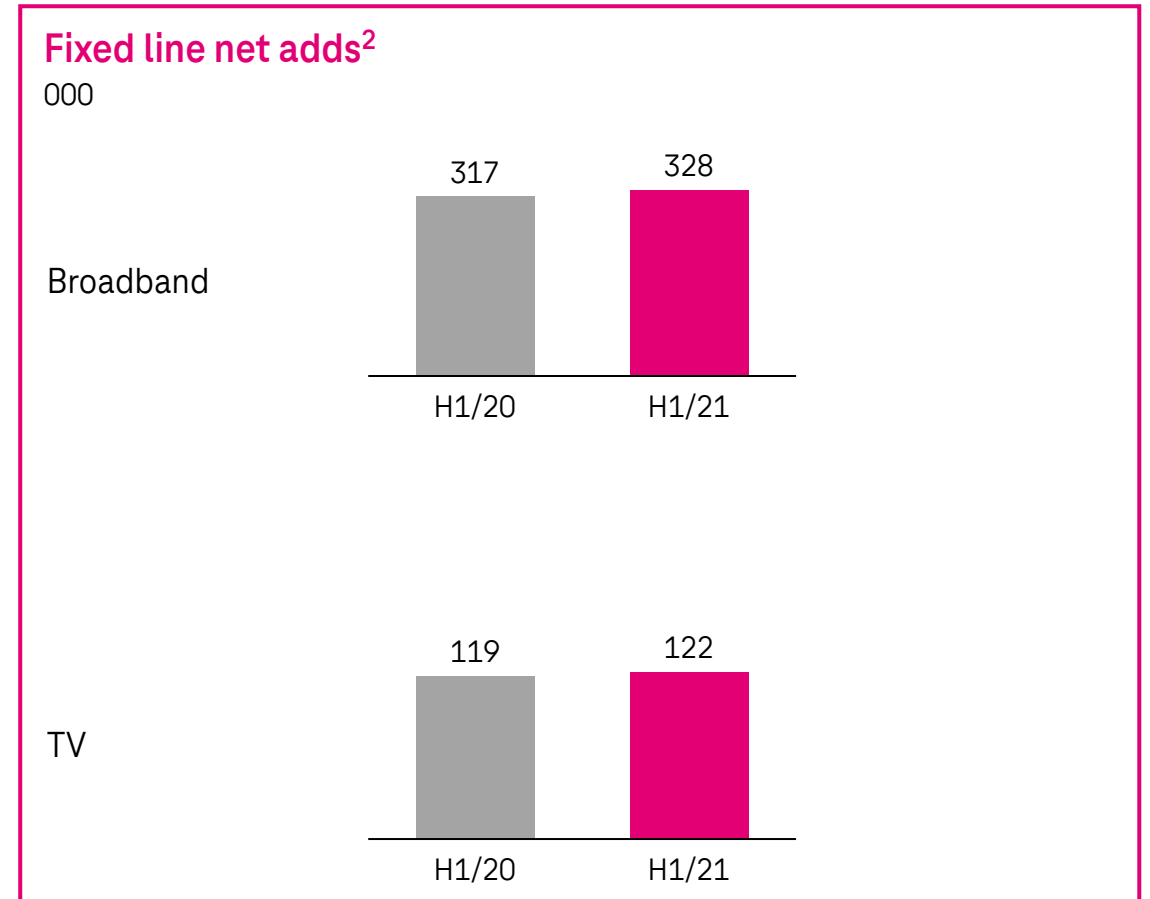
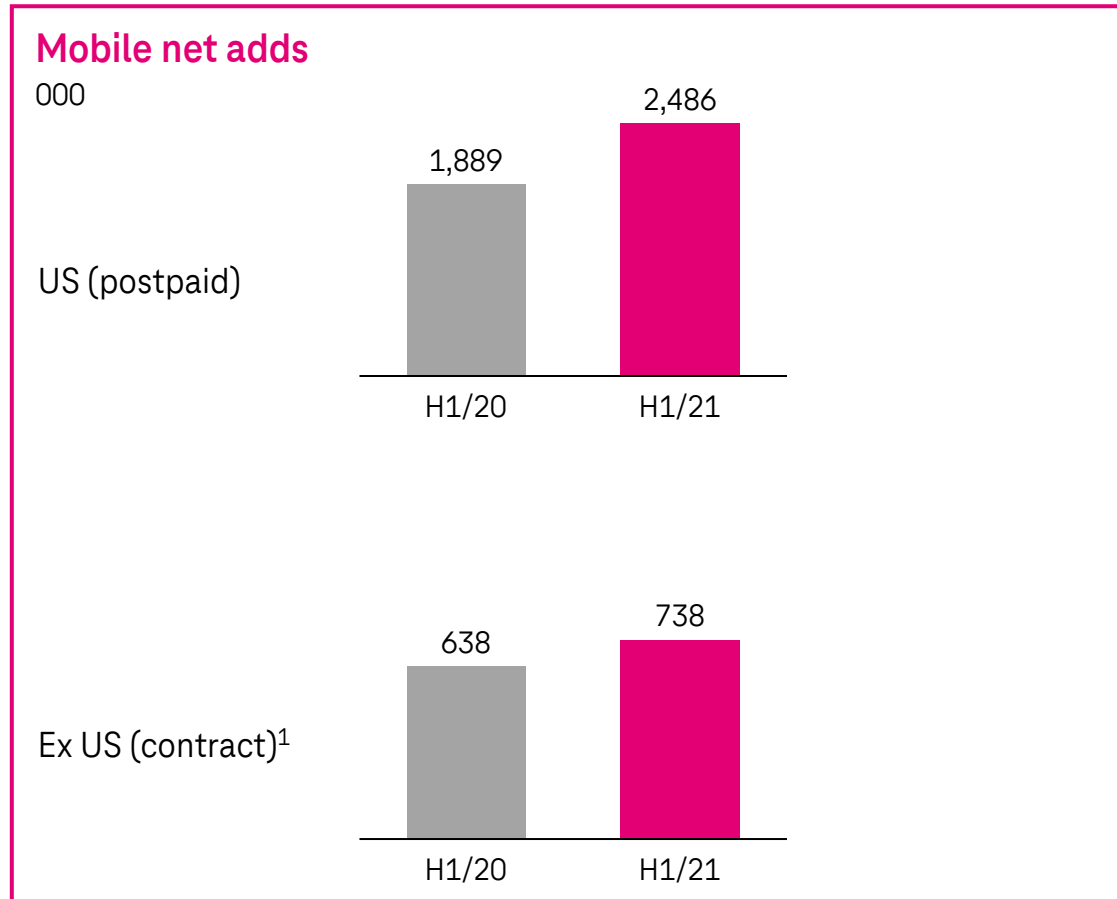
- 5G coverage at 56% in Greece, 48% in Croatia and 35% in Austria

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

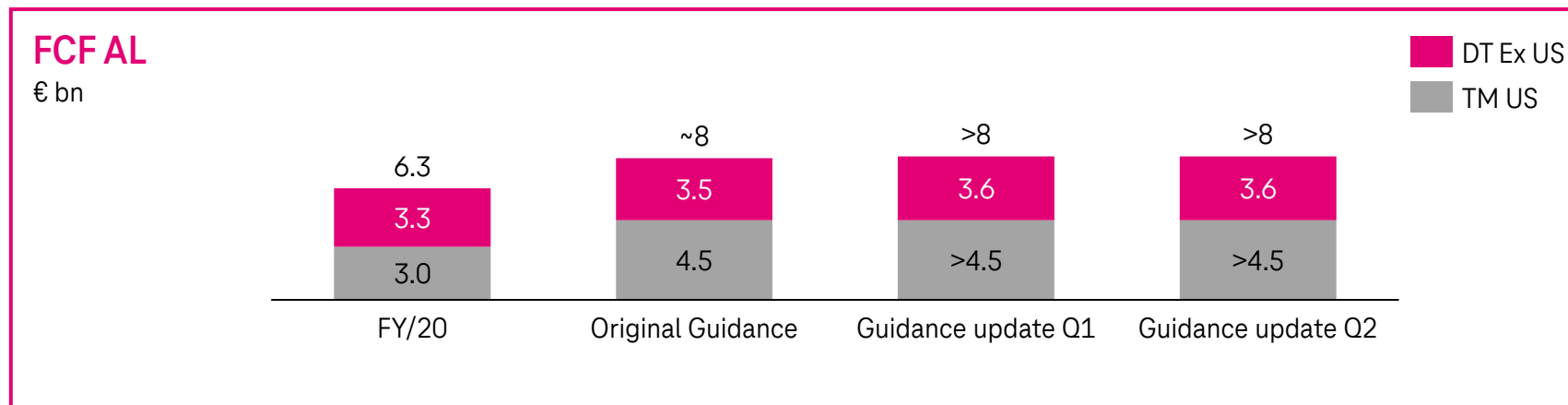
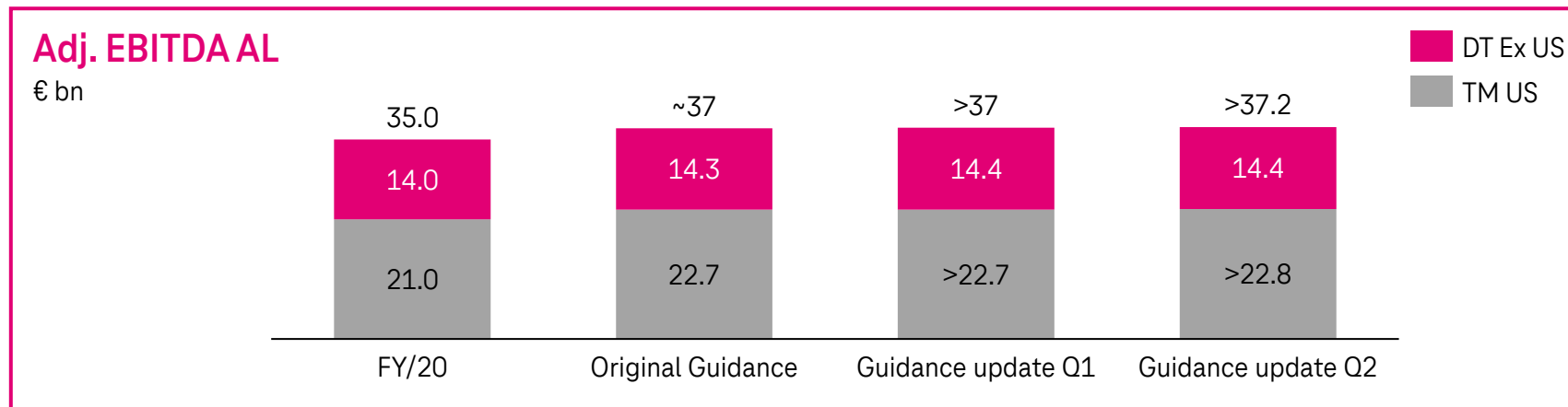


¹ GER + EU + NL. GER: own brand only ² GER + EU + NL



Guidance 2021

outlook improved for the 2nd time



We now expect adj. EBITDA after leases of more than 37.2 bn reflecting improved Q2 outlook for TM US.

TM US EBITDA now included at midpoint of US GAAP guidance of US\$ 26.6 bn to 27.1 bn, adjusted for estimated bridge of € 0.7 bn.

FCF guidance unchanged.

Based on € 1 = US\$ 1.14

Review Q2 2021



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Financials as reported

strong growth

€ mn

	Q2			H1		
	2020	2021	Change	2020	2021	Change
Revenue	27,041	26,593	-1.7%	46,984	52,983	+12.8%
Adj. EBITDA AL	9,829	9,418	-4.2%	16,373	18,662	+14.0%
Adj. EBITDA AL (excl. US)	3,525	3,680	+4.4%	6,909	7,219	+4.5%
Adj. Net profit	1,278	2,113	+65.3%	2,562	3,315	+29.4%
Net profit	754	1,879	+149.2%	1,670	2,815	+68.6%
Adj. EPS (in €)	0.27	0.45	+66.7%	0.54	0.70	+29.6%
Free cash flow AL ^{1,2}	2,425	2,766	+14.1%	3,712	5,350	+44.1%
Cash capex ²	3,669	4,287	+16.8%	7,022	8,570	+22.0%
Net debt excl. leases (AL)	97,284	96,787	-0.5%	97,284	96,787	-0.5%
Net debt incl. leases (IFRS 16)	120,897	127,972	+5.9%	120,897	127,972	+5.9%

¹ H1/20 before €1,600 mn zero bond redemption in Q1/20 and 2,158 mn TM US interest rate swap in Q2/20

² Free cash flow AL before dividend payments and cash capex before spectrum investment. Spectrum: H1/20 €1,095 mn, H1/21 €8,024 mn. Q2/20: €878 mn; Q2/21: €35 mn

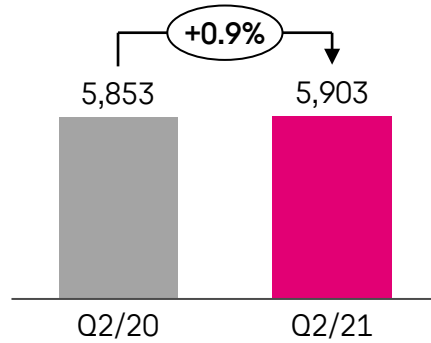
Germany

19th consecutive quarter of EBITDA growth



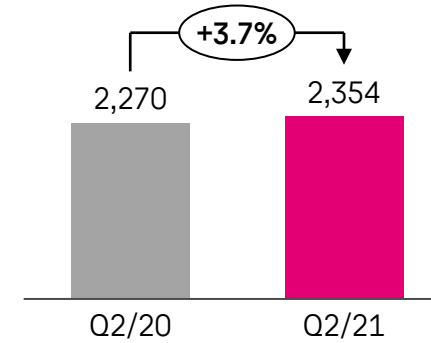
Revenues (as reported)

€ mn



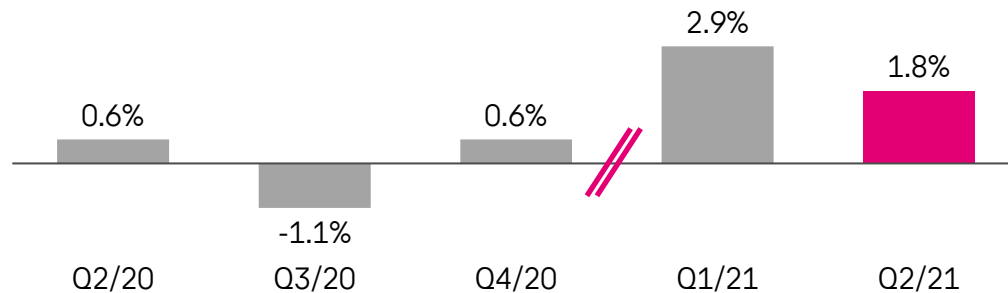
Adj. EBITDA AL (as reported)

€ mn



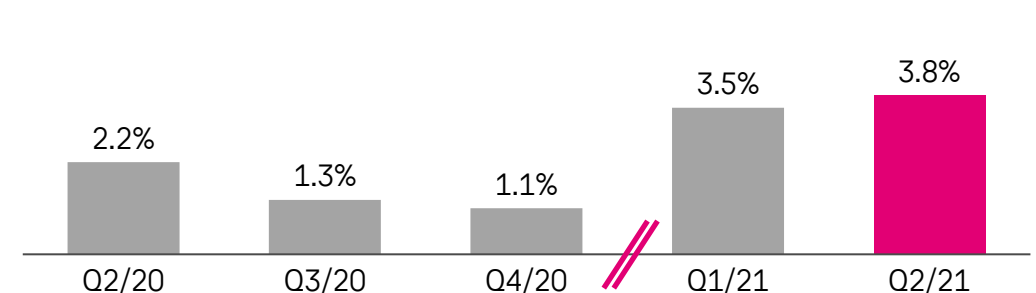
Revenue growth (organic)¹

% 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 01.01.2021, currency and the accounting change to certain principal agent transactions. Impact -52 mn on revenues; -3 mn on adj. EBITDA AL

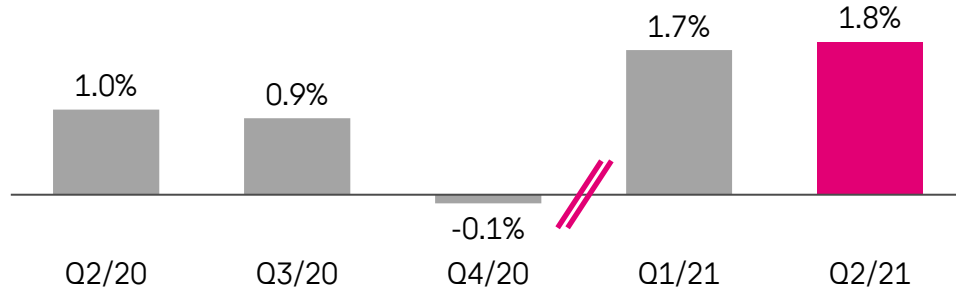
Germany

service revenue growth driven by mobile and fixed



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

% yoy



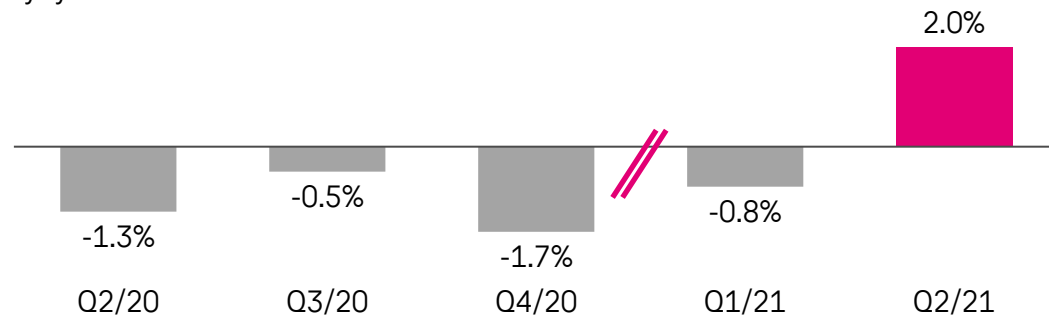
Reported Total Service revenue growth: +1.4%.

Reported Fixed Service revenue growth: +1.3%

Mobile service revenue growth excl. Covid-19 and regulation: +1.4%

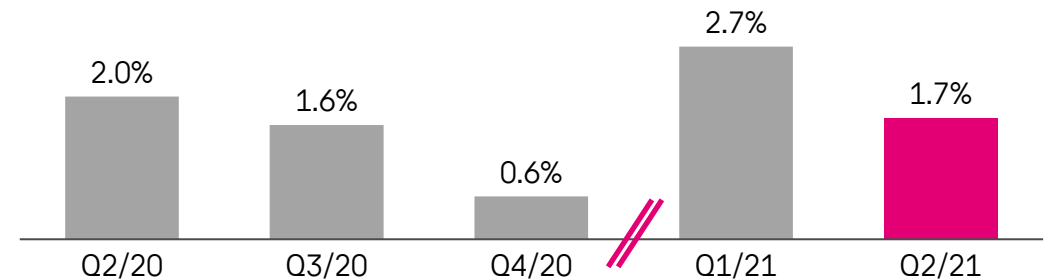
Mobile service revenue growth¹

% yoy



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

% 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. Impact -52 mn on revenues; -3 mn on adj. EBITDA AL

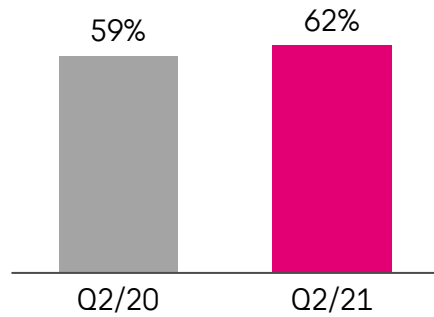
Germany

positive mobile KPIs



Magenta EINS share (mobile)¹

%



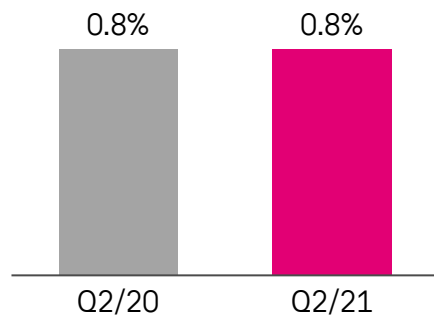
Data usage²

GB



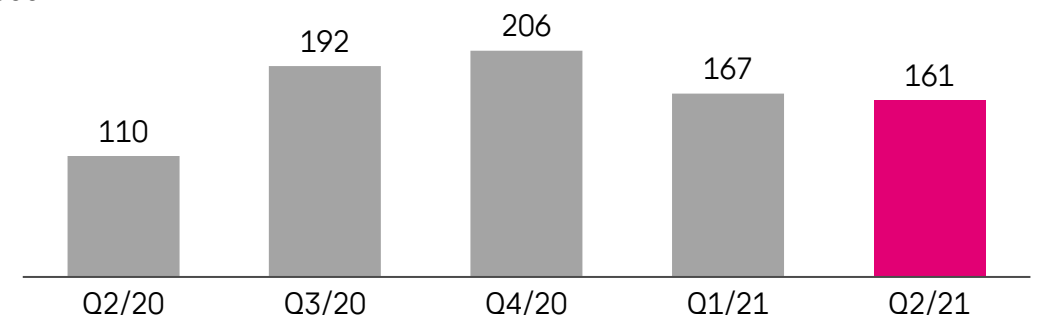
Churn²

%



Branded contract net adds³

000



¹ As % of B2C T-branded contract customers ² Per month of B2C T-branded contract customers ³ Own branded retail customers excl. multibrand



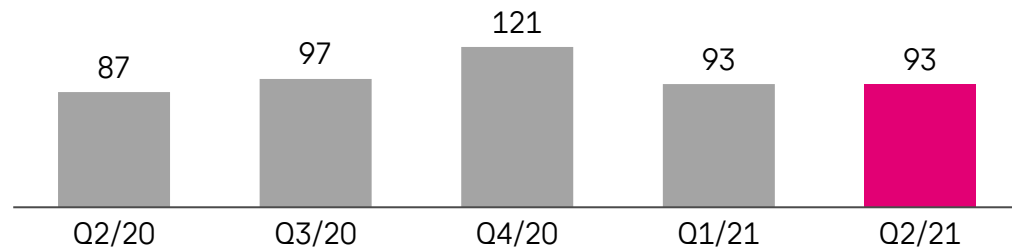
Germany

strong commercials in fixed



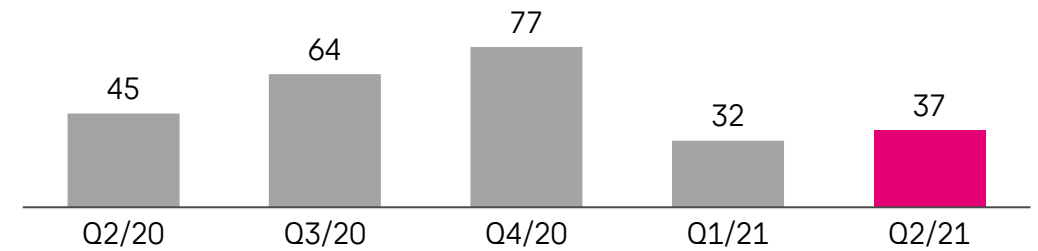
Broadband net adds

000



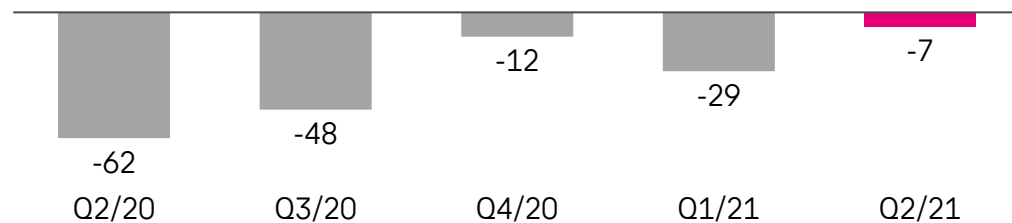
TV net adds

000



Line losses

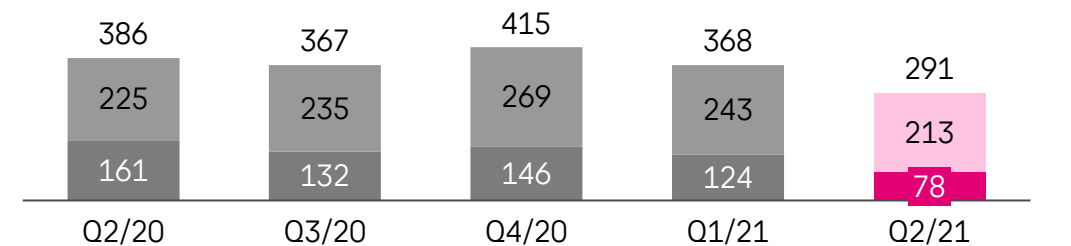
000



Fiber net adds

000

• 0.9 mn super vectoring customers (+0.1 mn q/q)



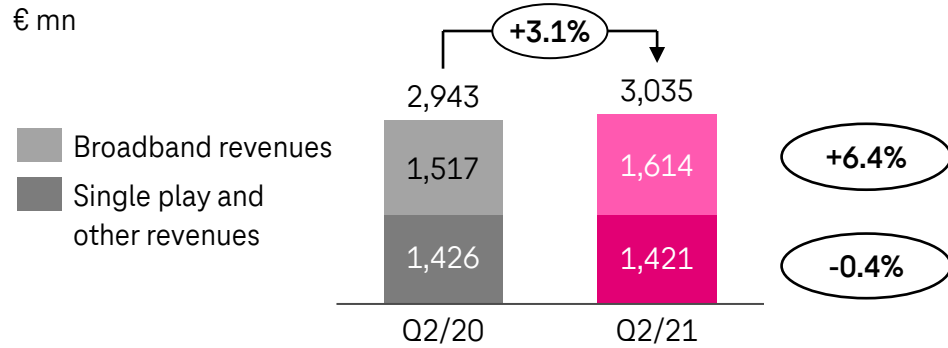
Germany

growth in retail fixed



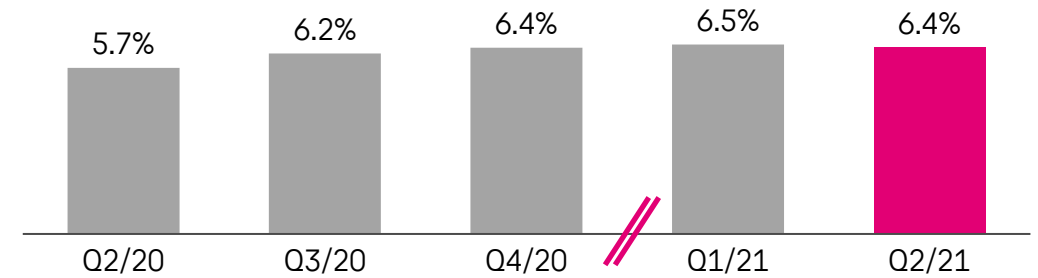
Retail fixed revenues (reported)^{1,2}

€ mn



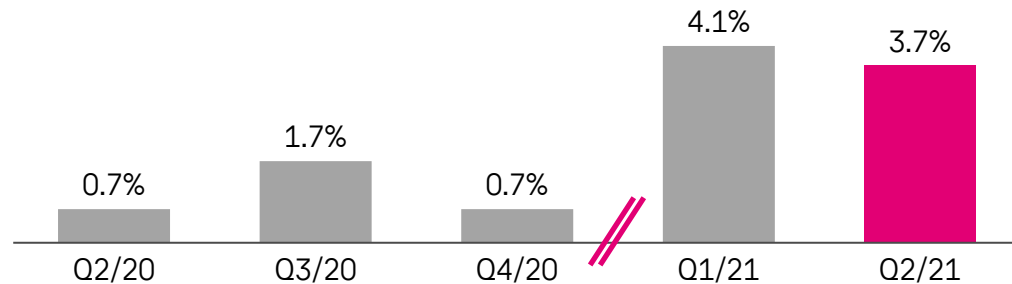
Broadband revenue growth¹

% yoy



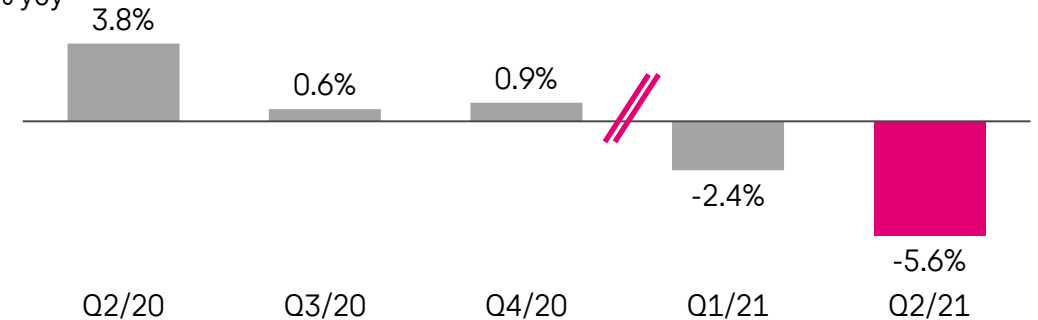
Retail fixed revenue growth (organic)^{1,2}

% 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

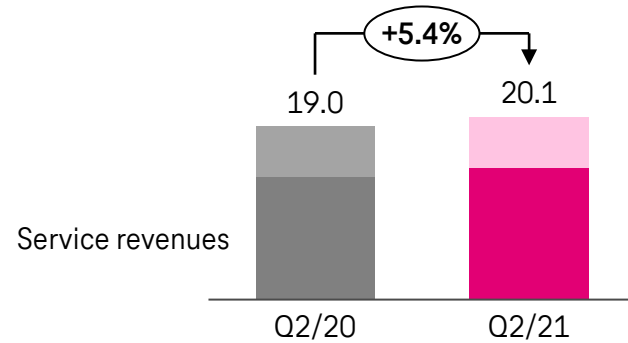
T-Mobile

continued strong performance



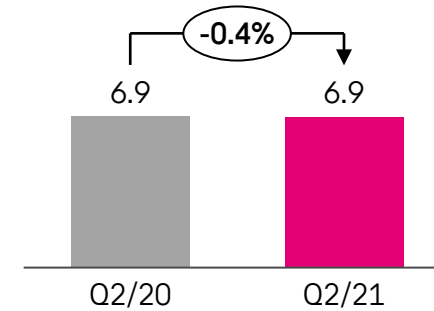
Revenues (IFRS)

US\$ bn



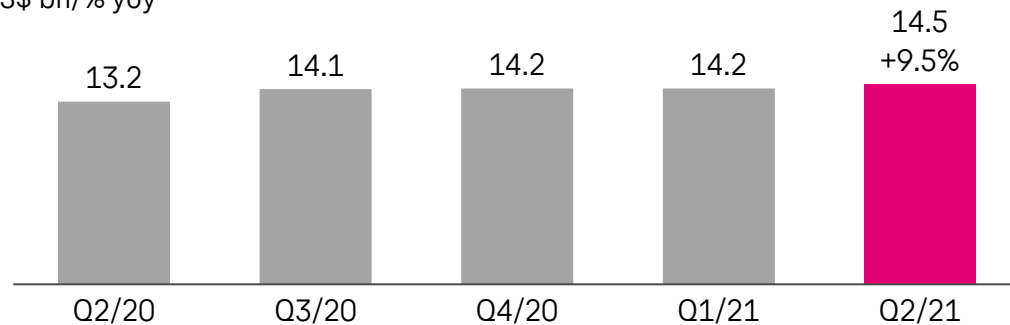
Adj. EBITDA AL (IFRS)

US\$ bn



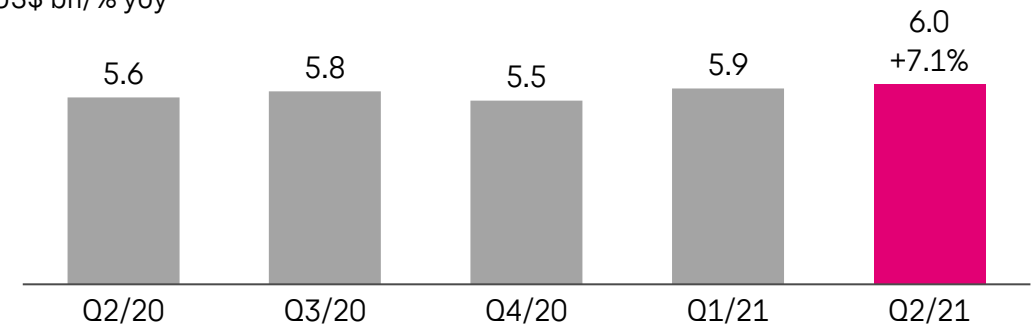
Service revenue (US GAAP)¹

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



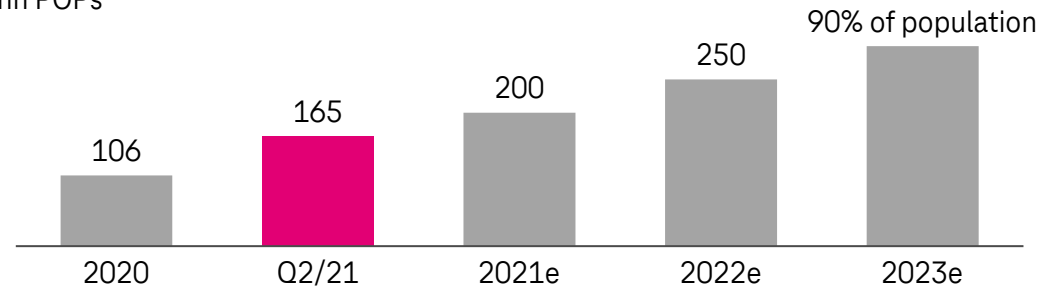
T-Mobile

industry leading network and strong customer KPIs



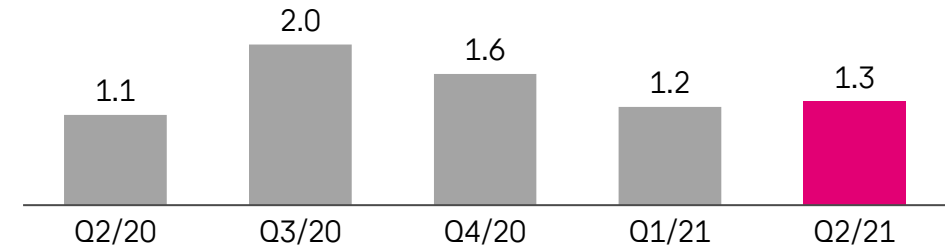
Ultra Capacity 5G coverage¹

mn POPs



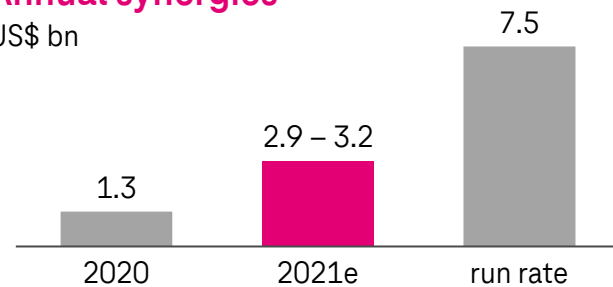
Total postpaid net additions

mn



Annual synergies

US\$ bn



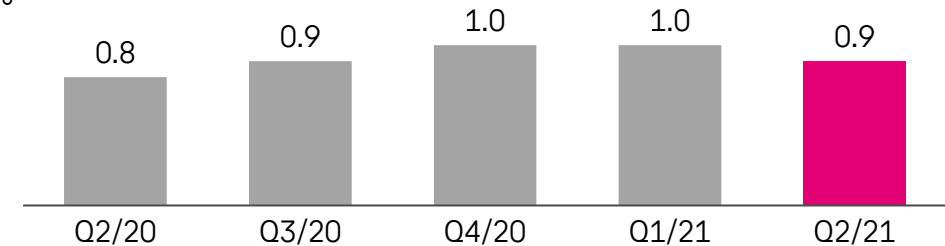
End of June:

~80% of Sprint customer traffic migrated

~1/3 of Sprint customer network migration completed

Postpaid phone churn

%



¹ Ultra capacity on 2.5 GHz



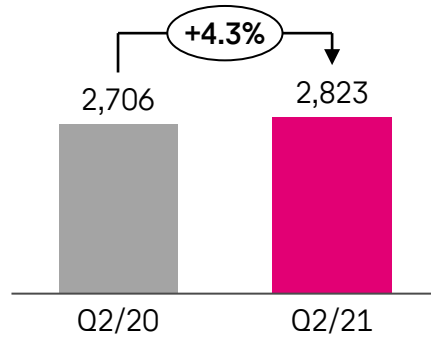
Europe

14th consecutive quarter of organic EBITDA growth



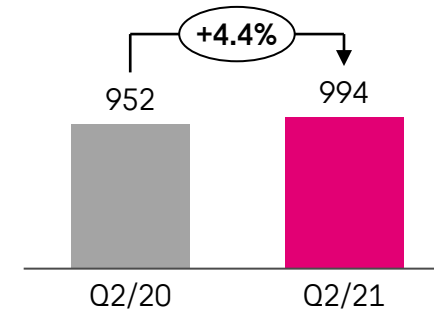
Revenues

€ mn



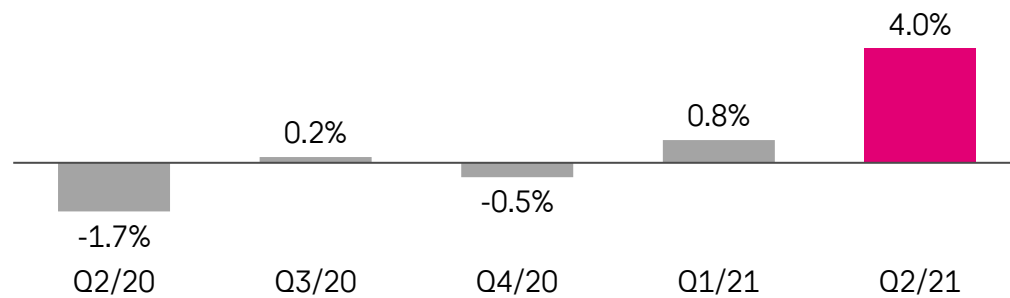
Adj. EBITDA AL

€ mn



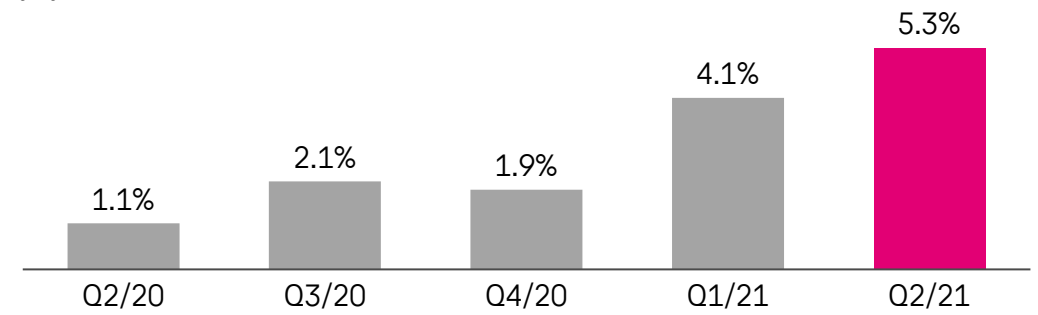
Revenue growth (organic)

% yoy



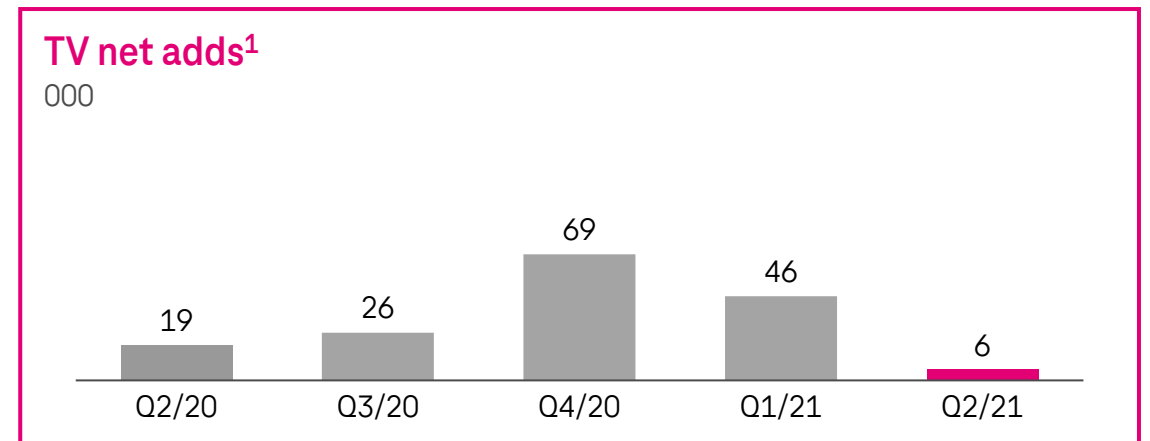
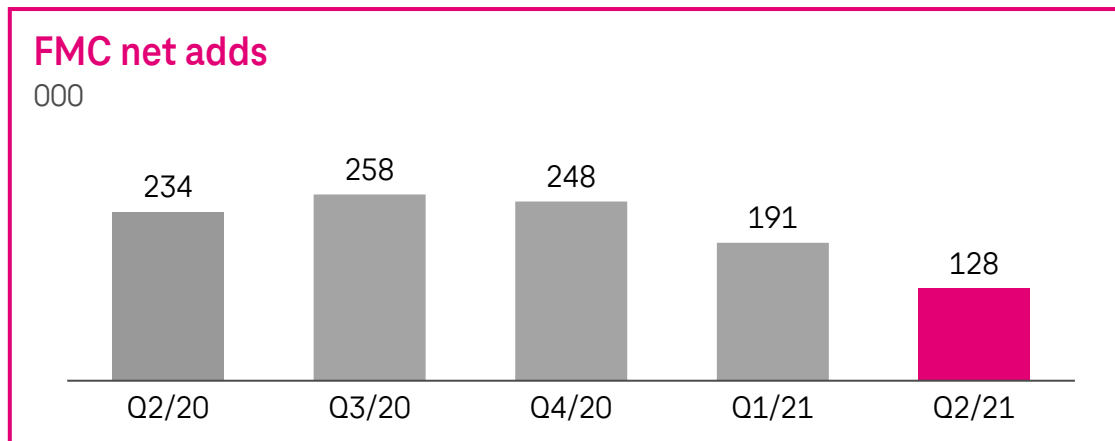
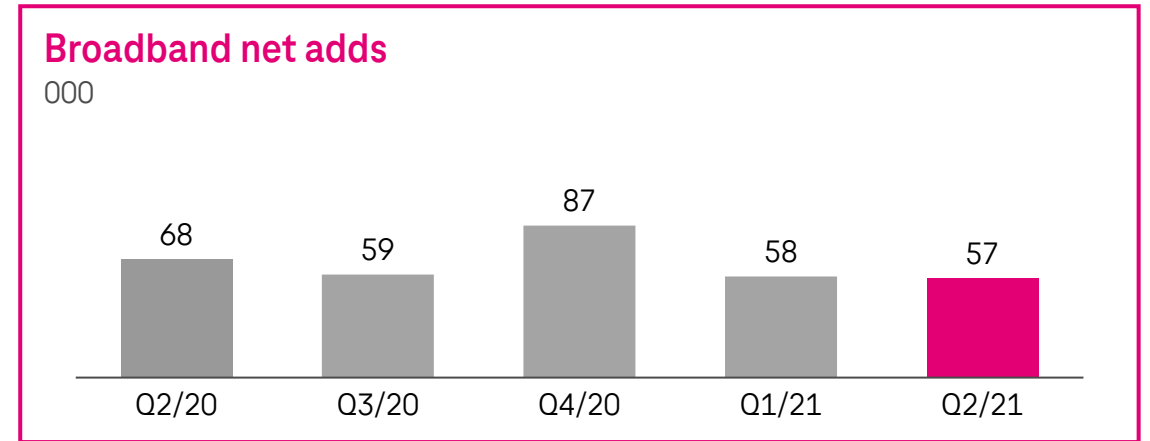
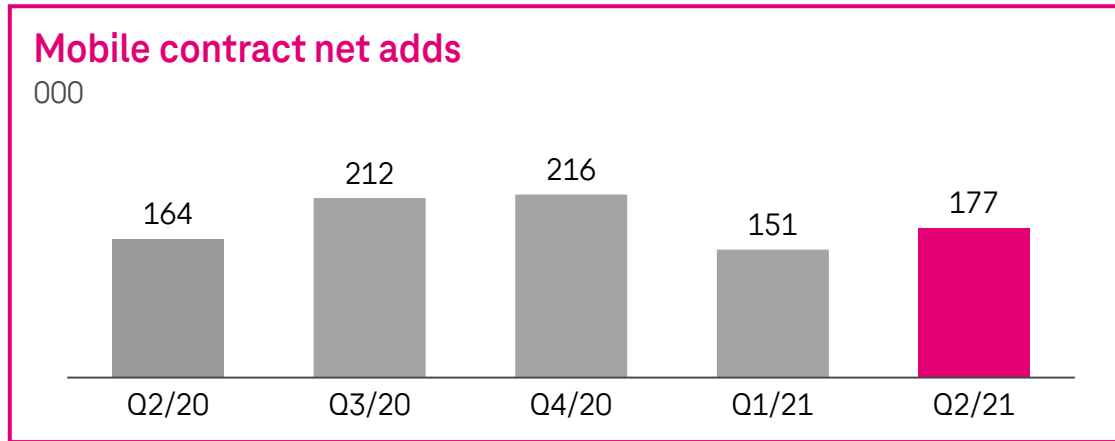
Adj. EBITDA AL growth (organic)

% yoy



Europe

consistent commercial performance



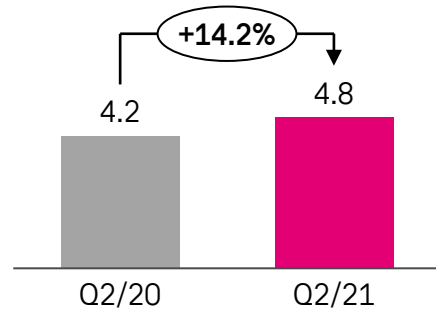
¹ Definition alignment in Q2/21. Historic numbers are adjusted

T-Systems

profitability stabilized

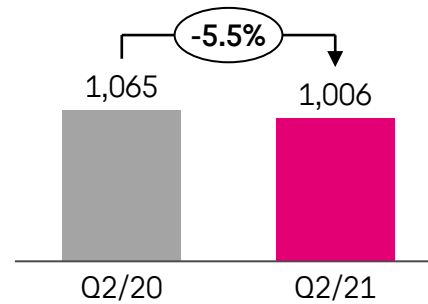
Order entry (LTM)

€ bn



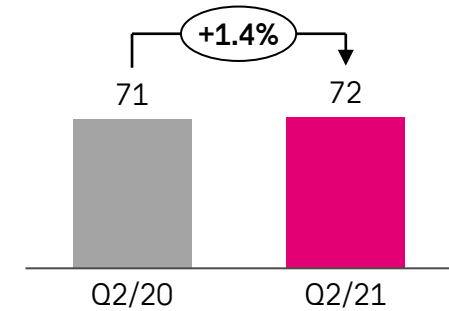
Revenues

€ mn



Adj. EBITDA AL

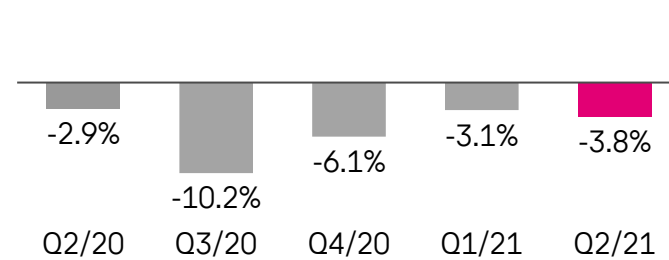
€ mn



- Growth in Public Cloud and Digital Solutions offset by decline in mature businesses.
- EBITDA AL outlook for 2021 stable.

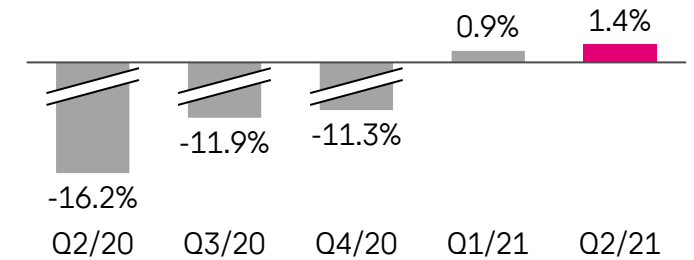
Revenue growth (organic)¹

% yoy



Adj. EBITDA AL growth (organic)¹

% yoy



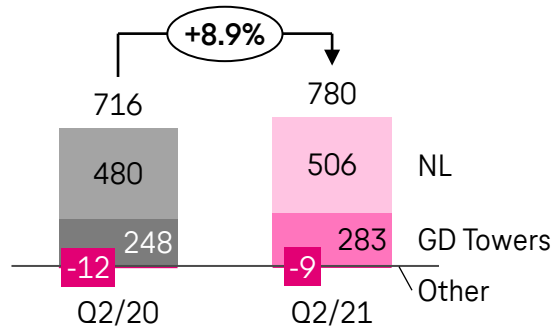
¹ 2021 quarterly trends in new reporting structure

Group Development

ongoing strong performance

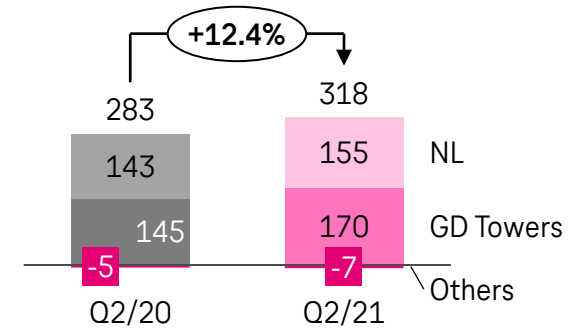
Revenues

€ mn



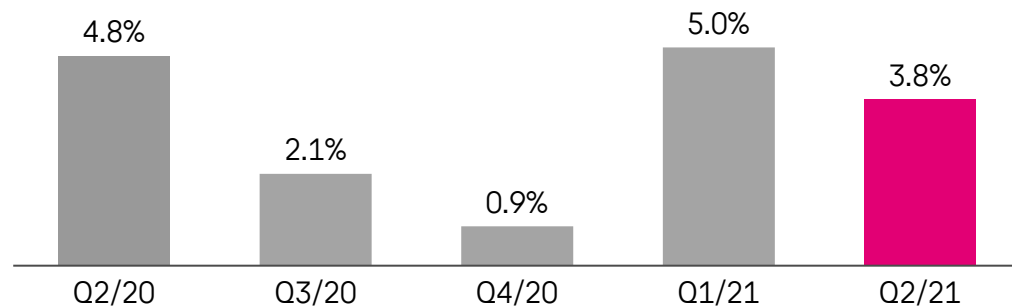
Adj. EBITDA AL

€ mn



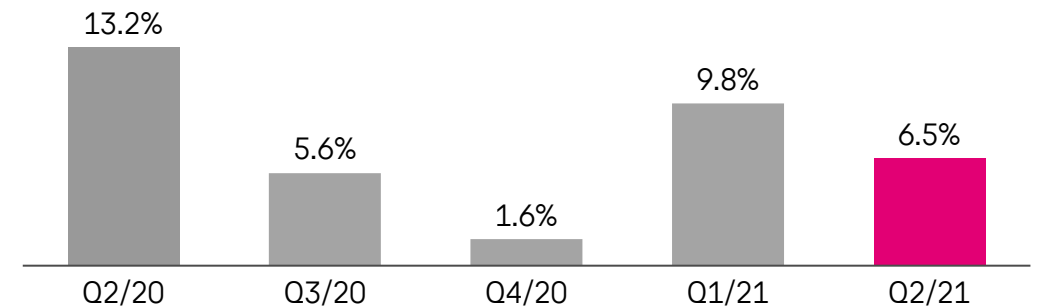
Revenue growth (organic)

% yoy



Adj. EBITDA AL growth (organic)

% yoy



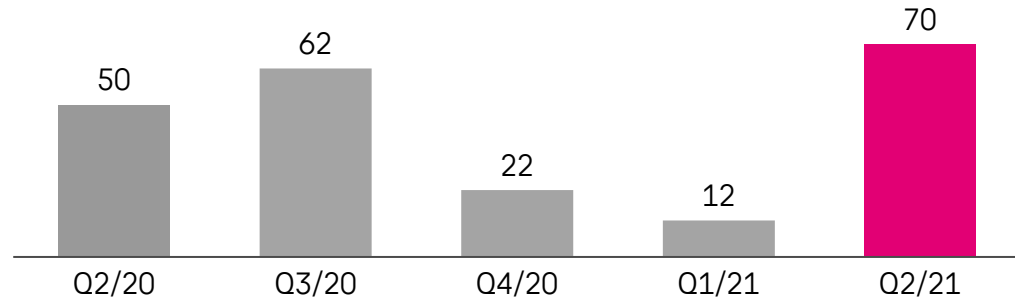
GD/TMNL

EBITDA growth continues



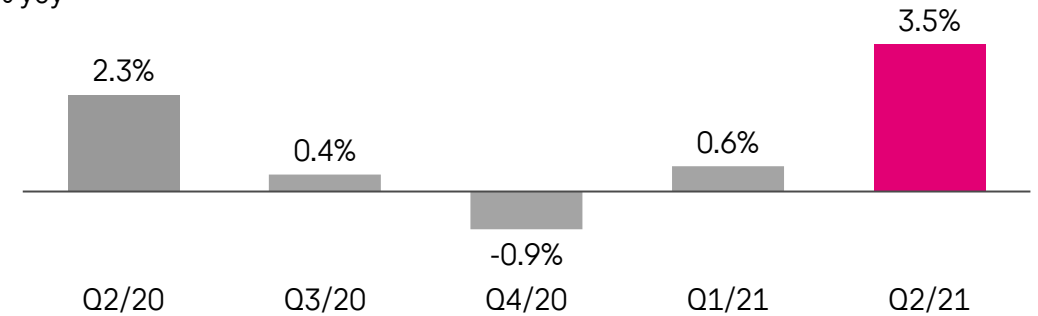
Contract net adds

000



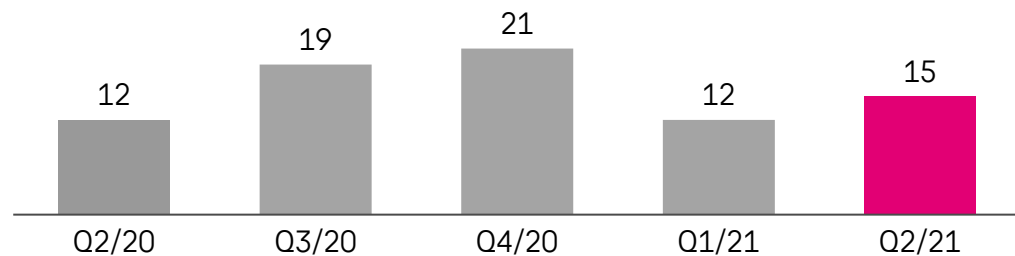
Mobile service revenue growth (organic)

% yoy



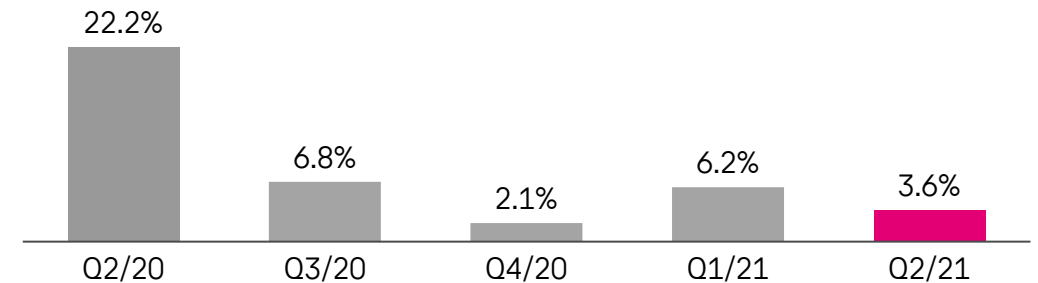
Broadband net adds

000



Adj. EBITDA AL growth (organic)

% yoy



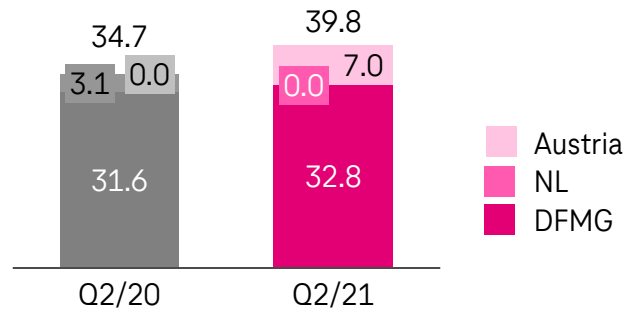
GD Towers

ongoing expansion



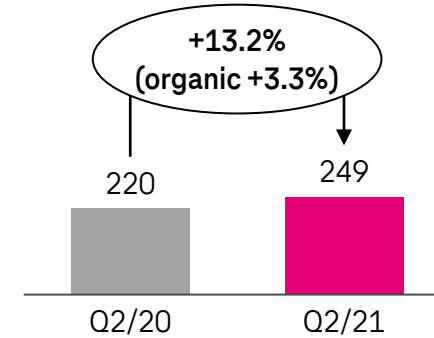
Total sites¹

000



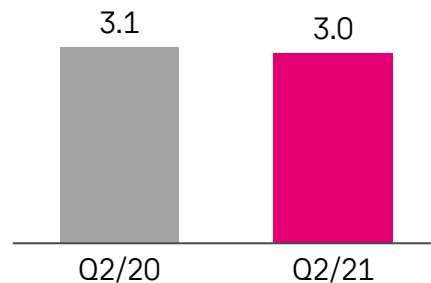
Recurring rental revenues

€ mn



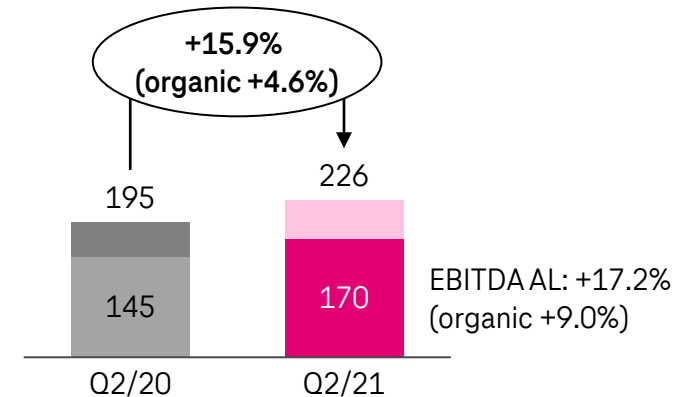
Opex AL per site

€ 000



Adj. EBITDA

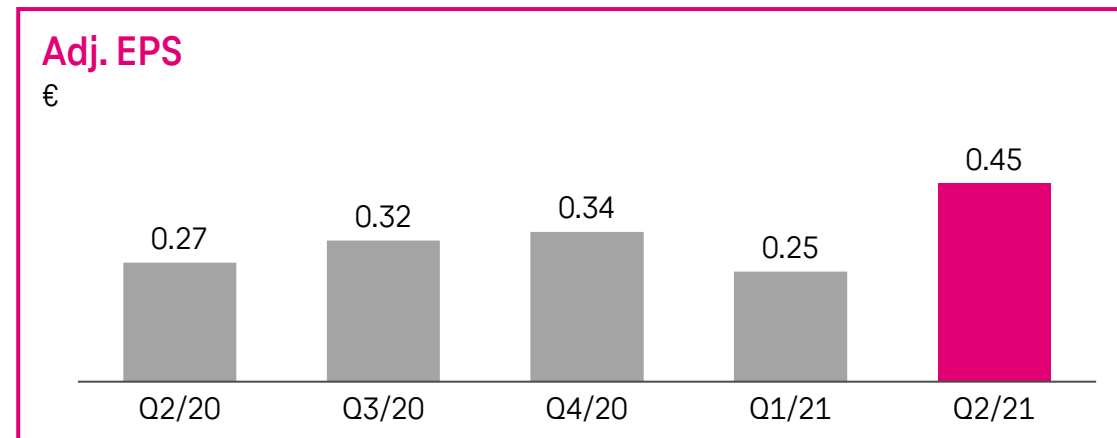
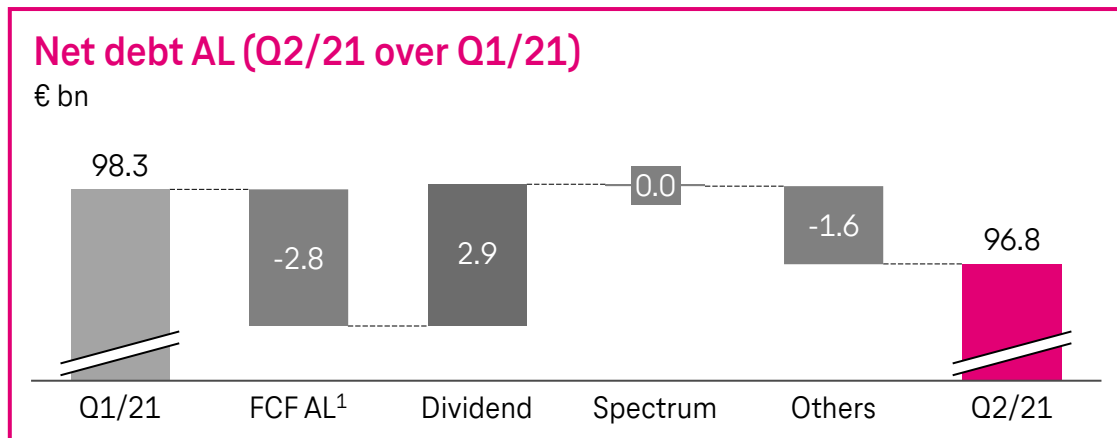
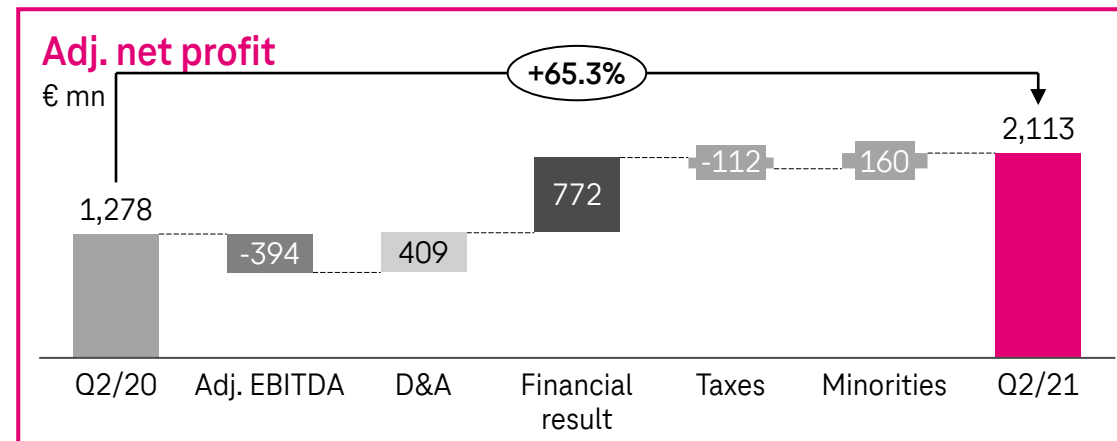
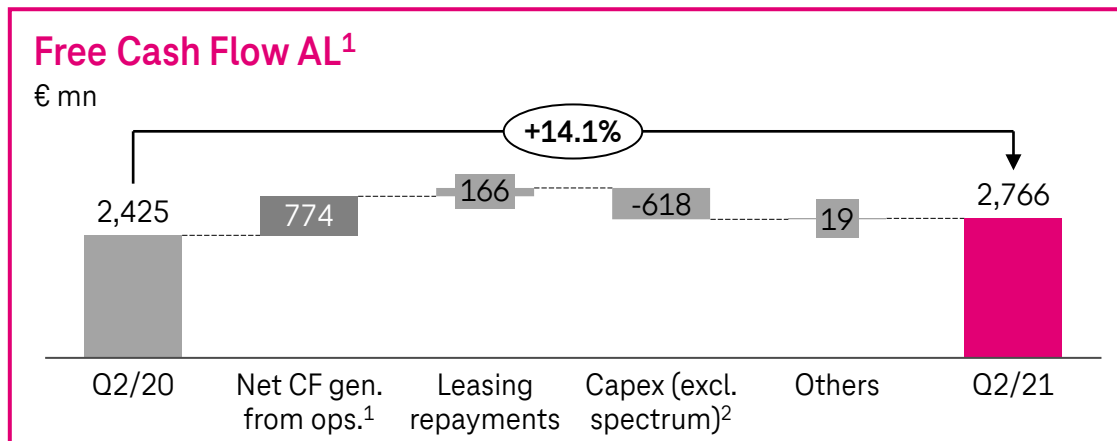
€ mn



¹ The 0 refers to the Austrian sites in Q2/20 (not yet part of tower business) and to the Dutch sites in Q2/21 (de-consolidated in June 21).

Financials

strong FCF, net income benefited from SoftBank options







¹ Free cash flow and FCF AL before dividend payments and spectrum investment. Q2/20 FCF AL excluding 2,158 mn for TM US interest rate swap. Net CF generated from ops according to IFRS 16, also adjusted for the interest rate swap. Leasing repayments defined as difference between FCF (IFRS 16) and FCF AL ² Excl. Spectrum: Q2/20: €878 mn; Q2/21: €35 mn

Balance sheet

leverage ratios stable

€ bn	30/06/2020	30/09/2020	31/12/2020	31/03/2021	30/06/2021
Balance sheet total	270.0	265.3	264.9	273.9	270.5
Shareholders' equity	73.5	72.0	72.6	77.5	77.0
Net debt excl. leases (AL)	97.2	92.7	89.6	98.3	96.8
Net debt AL/adj. EBITDA AL ¹	2.66	2.50	2.39	2.61	2.59
Net debt incl. leases (IFRS 16)	120.9	124.5	120.2	129.5	128.0
Net debt IFRS 16/adj. EBITDA ¹	2.85	2.90	2.78	2.98	2.97
Equity ratio	27.2%	27.2%	27.4%	28.3%	28.5%

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 (changed to 'stable' from 'negative' in June 21)
S&P:	BBB	stable outlook

¹ Ratios for the interim quarters calculated on the basis of previous 4 quarters. From Q2 to Q4 20 including historic pro formas for Sprint

Appendix



LIFE IS FOR SHARING.

FCF AL excl. US

€ bn

	FY 2020	H1 2020	H1 2021
Adj. EBITDA AL	14.0	6.9	7.2
Cash Capex	-7.7	-3.6	-3.3
Proceeds from sale of fixed assets	+0.2	+0.1	+0.1
Special Factors Cash	-1.4	-0.8	-0.7
Interest ex leasing	-0.6	-0.3	-0.4
Cash Taxes	-0.6	-0.0	-0.3
Other (working capital etc.)	-0.4	-0.6	+0.1
FCF AL	3.3	1.7	2.7

Outlook 2021/22 as per annual report 2020 (1/2)¹

€ bn

	2020 pro forma	2021e	2022e
Revenue Group	106.7	Slight increase	Stable
Germany	23.6	Slight increase	Slight increase
US (in US\$)	76.4	Slight increase	Stable
Europe	11.3	Stable	Stable
Systems Solutions	4.2	Slight decrease	Stable
Group Development	3.0	Slight increase	Increase
Service Revs Group	83.3	Increase	Increase
US (in US\$)	55.4	Increase	Increase
Adj. EBITDA AL Group	37.6	37.0	Increase
Germany	9.2	9.4	Increase
US (in US\$)	26.8	25.8	Increase
Europe	3.9	3.9	Slight increase
Systems Solutions	0.3	0.3	Slight increase
Group Development	1.2	1.2	Increase



¹ See annual report 2020 for additional details

Outlook 2021/22 as per annual report 2020 (2/2)¹

€ bn

	2020 pro forma	2021e	2022e
Cash Capex Group	17.8	18.4	Stable
Germany	4.2	Stable	Increase
US (in US\$)	11.7	Increase	Stable
Europe	1.8	Slight decrease	Stable
Systems Solutions	0.2	Stable	Stable
Group Development	0.5	Strong increase	Increase
FCFAL Group	6.6	around 8.0	Strong increase
Adj. EPS	1.20	Slight decrease	Strong increase
Net debt/adj. EBITDA	2.78x	>2.75x	>2.75x

¹ See annual report 2020 for additional details

Conference call with Q&A session

The conference call will be held on August 12 at 2:00 PM CET, 1:00 PM GMT, 8 AM ET.

DT Participants: Tim Hoettges (CEO), Christian Illek (CFO), Hannes Wittig (Head of IR)

Webcast

- The **link to the webcast** will be provided 20 minutes before the call starts: <https://www.telekom.com/21Q2>
- To ask a question, **just type your question into the box below the stream**
- We webcast in **HD Voice Quality**
- The **recording will be uploaded to YouTube** after the call

Dial-in

DE	0800 5889185	+	code 1265248#
UK	0808 2380676	+	code 1265248#
US	+1 866 2201433	+	code 1265248#
Other	+49 69 22222624	+	code 1265248#

NEW: to participate in the dial-in conference please register via the following link:

<https://registration Q2 2021 results DTAG>

Further questions

please contact the IR department

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