



## **MEDIA INFORMATION**

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Bonn, May 14, 2020

### **Deutsche Telekom remains stable in the coronavirus crisis and delivers double-digit earnings growth in the first quarter**

- Group expects pandemic to have only a limited impact on financials; guidance for the year confirmed
- Revenue up 2.3 percent in first quarter to 19.9 billion euros
- Adjusted EBITDA AL up 10.2 percent to 6.5 billion euros
- Adjusted net profit up 8.5 percent year-on-year to 1.3 billion euros
- Strong growth in broadband customers in Germany
- Increase in customer satisfaction
- T-Mobile US continues growth before merger
- Revenue and earnings in Europe up again
- T-Systems' growth areas gain momentum

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Stability in uncertain times. Despite the global spread of the coronavirus and the consequent restrictions imposed in many countries since March, Deutsche Telekom had a strong start to the 2020 financial year. Revenue increased 2.3 percent year-on-year to 19.9 billion euros in the first quarter. Adjusted EBITDA AL rose by 10.2 percent, reaching 6.5 billion euros.

“Deutsche Telekom is an anchor of stability in a global crisis,” said CEO Tim Höttges. “Our networks are working reliably as digital lifelines for society.”

The Group expects the pandemic to have limited impact on revenue, due to, for example, the closure of shops, lower roaming revenues, and companies postponing or canceling IT projects. On the other hand, voice telephony



revenue is increasing, for instance, and the mobile churn rate is falling. Taking the offsetting effects and measures into account, the impact on adjusted EBITDA AL is likely to be comparatively low. As such, taking into account all foreseeable consequences of the pandemic, the Group confirms its guidance for the current financial year.

Free cash flow AL decreased by around 0.7 billion euros due to the reduction in factoring. This decision accounted for the decline to 1.3 billion euros. Adjusted net profit increased by 8.5 percent to 1.3 billion euros, unadjusted it increased by 1.8 percent to 916 million euros.

### **Germany – strong performance in fixed-line and mobile communications**

With 83,000 new broadband customers, Deutsche Telekom achieved its best result in two years in Germany. The number of TV customers also increased significantly, with 60,000 new users of MagentaTV. The number of fiber-optic lines (VDSL/vectoring, FTTH) grew by 389,000 between January and March, bringing the total to around 14.8 million at the end of the first quarter, 1.9 million more than a year earlier.

Mobile service revenues also performed well, with a year-on-year increase of 1.7 percent confirming Deutsche Telekom's market leadership. Mobile branded contract customer additions amounted to 141,000 in the first quarter.

The Germany segment also posted positive trends in its financials. Adjusted EBITDA AL increased by 2.7 percent year-on-year in the first quarter to 2.2 billion euros. Revenue increased by 0.9 percent to 5.4 billion euros.

### **United States – continued growth in financial figures**

T-Mobile US strengthened its position further going into the business combination with its competitor Sprint. The transaction was completed on April 1, 2020 and will be reflected for the first time in the figures for the second quarter. In the first three months of the year, adjusted EBITDA AL grew by



14.5 percent to 3.5 billion U.S. dollars, while revenue grew 0.7 percent against the prior-year level to 11.2 billion U.S. dollars, with mobile service revenues increasing by 5.5 percent.

The number of branded postpaid customers increased by 777,000 in the first three months to 47.8 million. T-Mobile US now has a total of 68.5 million branded customers. In line with other companies in the industry in the United States, the company no longer reports any wholesale customers as of this quarter.

### **Europe – still on course**

Driven primarily by growing fixed-network and mobile service revenues, revenue in the Europe operating segment grew by 2.0 percent in organic terms year-on-year in the first quarter to 2.9 billion euros. Adjusted EBITDA AL rose by 3.4 percent in organic terms to 1.0 billion euros. Thus, the Europe segment began its third year of unbroken growth in every quarter.

The trend in customer numbers also continues to rise. Between January and March, the European national companies acquired 110,000 new mobile contract customers, 65,000 new broadband customers, and 238,000 new users of product packages combining fixed network and mobile communications. More than half of all broadband households now use these convergent offers.

### **Systems Solutions – earnings up thanks to growth areas**

T-Systems managed to offset the expected fall in revenue from traditional IT business with gains in growth areas. The areas of public cloud and security performed particularly well. At 1.6 billion euros, revenue across the whole segment remained at the prior-year level.

The positive trend in the growth areas and the ongoing transformation strengthened profitability. Adjusted EBITDA AL increased by 8.7 percent compared with the first quarter of 2019 to 100 million euros. Order entry



declined by 13.4 percent against the strong prior-year quarter to 1.4 billion euros.

**Group Development – increase in customer numbers in the Netherlands**

The business in the Netherlands continues to grow. In the first quarter of 2020, T-Mobile NL recorded a year-on-year increase of 5.5 percent in mobile service revenues. The number of mobile contract customers increased by another 67,000 in the first three months of the year.

The cell tower business in Germany and the Netherlands grew in line with plans, with the addition of 1,800 sites compared to the end of March 2019. Revenue here increased by 4.7 percent to 247 million euros, while adjusted EBITDA AL rose by 5.1 percent to 145 million euros.

## The Deutsche Telekom Group at a glance

	Q1 2020 millions of €	Q1 2019 millions of €	Change %	FY 2019 millions of €
Net revenue	19,943	19,488	2.3	80,531
Proportion generated internationally in %	69.7	69.0	0.7p	69.5
EBITDA	6,940	6,461	7.4	27,120
Adjusted EBITDA	7,563	6,901	9.6	28,708
Adjusted EBITDA AL	6,544	5,940	10.2	24,731
Net profit	916	900	1.8	3,867
Adjusted net profit	1,284	1,183	8.5	4,948
Free cash flow <sup>a</sup>	2,294	2,370	-3.2	10,133
Free cash flow AL <sup>a</sup>	1,287	1,557	-17.3	7,013
Cash capex <sup>b</sup>	3,570	3,827	-6.7	14,357
Cash capex <sup>b</sup> (before spectrum)	3,353	3,682	-8.9	13,118
Net debt	77,394	71,876	7.7	76,031
Number of employees <sup>c</sup>	206,443	214,609	-3.8	210,533

### Comments on the table:

- a Before dividend payments and investments in spectrum, and before interest payments for zero-coupon bonds.
- 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**

	Q1 2020 millions of €	Q1 2019 millions of €	Change %	FY 2019 millions of €
<b>Germany</b>				
Total revenue	5,405	5,357	0.9	21,886
EBITDA	1,974	1,946	1.4	8,319
Adjusted EBITDA	2,170	2,114	2.6	8,744
Adjusted EBITDA AL	2,164	2,108	2.7	8,720
Number of employees <sup>a</sup>	59,878	62,358	-4.0	60,501
<b>USA</b>				
Total revenue	10,157	9,796	3.7	40,420
US-\$	11,198	11,124	0.7	45,236
EBITDA	3,593	3,210	11.9	13,265
Adjusted EBITDA	3,867	3,309	16.9	13,809
Adjusted EBITDA AL	3,160	2,679	18.0	11,134
US-\$	3,484	3,042	14.5	12,463
<b>Europe</b>				
Total revenue	2,903	2,891	0.4	12,168
EBITDA	1,034	1,035	-0.1	4,313
Adjusted EBITDA	1,073	1,059	1.3	4,460
Adjusted EBITDA AL	963	945	1.9	4,005
<b>Systems Solutions</b>				
Order entry	1,393	1,609	-13.4	7,329
Total revenue	1,628	1,630	-0.1	6,805
Adj. EBIT margin (%)	0.8	-0.2	1.0p	2.1
EBITDA	84	79	6.3	314
Adjusted EBITDA	133	125	6.4	645
Adjusted EBITDA AL	100	92	8.7	519



	Q1 2020 millions of €	Q1 2019 millions of €	Change %	FY 2019 millions of €
<b>Group Development</b>				
Total revenue	708	682	3.8	2,797
EBITDA	333	325	2.5	1,427
Adjusted EBITDA	340	332	2.4	1,330
Adjusted EBITDA AL	269	255	5.5	1,033

**Comments on the table:**

a At the reporting date.



**Operating segments: development of customer numbers in the first quarter of 2020**

	Mar. 31, 2020 thousands	Dec. 31, 2019 thousands	Change thousands	Change %
<b>Germany</b>				
Mobile customers	46,960	46,189	771	1.7
Of which contract customers	25,475	25,291	184	0.7
Fixed-network lines	17,711	17,824	(113)	(0.6)
Of which retail IP-based	17,510	17,479	31	0.2
Broadband lines	13,813	13,730	83	0.6
Of which optical fiber <sup>a</sup>	8,787	8,529	258	3.0
Television (IPTV, satellite)	3,678	3,618	60	1.7
Unbundled local loop lines (ULLs)	4,505	4,638	(133)	(2.9)
<b>USA</b>				
Mobile customers <sup>b</sup>	68,543	67,895	648	1.0
Of which branded postpaid customers	47,811	47,034	777	1.7
Of which branded prepay customers	20,732	20,860	(128)	(0.6)
<b>Europe</b>				
Mobile customers	45,916	46,165	(249)	(0.5)
Of which contract customers <sup>c</sup>	26,354	26,245	109	0.4
Fixed-network lines	9,096	9,105	(9)	(0.1)
Of which IP-based <sup>d</sup>	8,347	8,311	36	0.4
Broadband customers	6,737	6,672	65	1.0
Television (IPTV, satellite, cable)	4,940	4,945	(5)	(0.1)
<b>Group Development</b>				
Netherlands				
Mobile customers	5,686	5,610	76	1.4
Fixed-network lines	632	619	13	2.1
Broadband lines <sup>e</sup>	616	605	11	1.8

**Comments on the table:**

a Sum of all FTTx access lines (e.g., FTTC/VDSL, vectoring, and FTTH/B).





b Starting in Q1 2020, T-Mobile US discontinued reporting of wholesale customers due to the expansion of M2M and Internet of Things (“IoT”) products and instead will continue to focus on branded customer reporting.

c M2M cards (machine-to-machine) were reclassified Group-wide as of January 1, 2020, and assigned exclusively to the prepaid customer segment. The portion of M2M cards which had previously been recognized in the contract customer segment was reclassified accordingly. Comparative figures have been adjusted retrospectively.

d Prior-quarter comparative for IP-based-fixed network lines in the Czech Republic was adjusted as part of the standardization of the underlying customer definition.

e The prior-quarter comparative for broadband lines in the Netherlands was adjusted as part of the standardization of the underlying customer definition.

### Operating segments: development of customer numbers in year-on-year comparison

	Mar. 31, 2020 thousands	Mar. 31, 2019 thousands	Change thousands	Change %
<b>Germany</b>				
Mobile customers	46,960	44,657	2,303	5.2
Of which contract customers	25,475	25,195	280	1.1
Fixed-network lines	17,711	18,414	(703)	(3.8)
Of which retail IP-based	17,510	16,065	1,445	9.0
Broadband lines	13,813	13,608	205	1.5
Of which optical fiber <sup>a</sup>	8,787	7,609	1,178	15.5
Television (IPTV, satellite)	3,678	3,419	259	7.6
Unbundled local loop lines (ULLs)	4,505	5,050	(545)	(10.8)
<b>USA</b>				
Mobile customers <sup>b</sup>	68,543	64,744	3,799	5.9
Of which branded postpaid customers	47,811	43,538	4,273	9.8
Of which branded prepay customers	20,732	21,206	(474)	(2.2)
<b>Europe</b>				
Mobile customers	45,916	47,800	(1,884)	(3.9)
Of which contract customers <sup>c</sup>	26,354	25,674	680	2.6
Fixed-network lines	9,096	9,051	45	0.5
Of which IP-based <sup>d</sup>	8,347	7,737	610	7.9
Broadband customers	6,737	6,478	259	4.0



Television (IPTV, satellite, cable)	4,940	4,904	36	0.7
<b>Group Development</b>				
Netherlands				
Mobile customers	5,686	5,382	304	5.6
Fixed-network lines	632	557	75	13.5
Broadband lines <sup>e</sup>	616	540	76	14.1

**Comments on the table:**

a Sum of all FTTx access lines (e.g., FTTC/VDSL, vectoring, and FTTH/B).

b Starting in Q1 2020, T-Mobile US discontinued reporting of wholesale customers due to the expansion of M2M and Internet of Things (“IoT”) products and instead will continue to focus on branded customer reporting.

c M2M cards (machine-to-machine) were reclassified Group-wide as of January 1, 2020 and assigned exclusively to the prepaid customer segment. The portion of M2M cards which had previously been recognized in the contract customer segment was reclassified accordingly. Comparative figures have been adjusted retrospectively.

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e The prior-quarter comparative for broadband lines in the Netherlands was adjusted as part of the standardization of the underlying customer definition.



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