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PRESENTATION

Operator

Good afternoon, and welcome to Deutsche Telekom's conference call. At our customers' request, this conference will be recorded and uploaded to the Internet.

May I now hand you over to Mr. Hannes Wittig.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Yes. Good afternoon, everyone, and welcome to our First Quarter 2021 Conference Call. With me today is our CFO, Christian Illek. He will first go through a few highlights and will talk about the quarter's financials. And after this, we have time for Q&A. Before I hand over to Christian, please pay attention to our usual disclaimer, which you'll find in the presentation.

With that, I hand over to Christian.

Christian P. Illek - *Deutsche Telekom AG - CFO & Member of Management Board*

Thanks, Hannes, and also welcome from my side. Today, I wanted to share some highlights of our strong Q1 results. We look at our first quarter as a strong step towards our full year ambitions ahead of our Capital Markets Day next week, where we're going to lay out our midterm ambitions. Ahead of our Capital Markets Day, we decided to keep this meeting a bit shorter, and you will have the opportunity to listen to Tim and all the other Board members at a much greater detail. So let me dive into the highlights of this quarter.

You saw T-Mobile's excellent results last week. They delivered strong customer and EBITDA growth, and they raised their full year's guidance. Today, it's the time for our ex U.S. business and obviously for the group guidance to be raised as well. This follows a very strong quarter in the first 3 months of this year, also on the European part of the business, but we're getting into more detail later on. T-Mobile continues to make great progress with its merger integration, and their 5G leadership is becoming more and more evident as you take a look to the ongoing network tests.

Already, 20% of Sprint customers and 50% of the total traffic has been migrated to the T-Mobile network and obviously creates a much better customer experience than it used to be. Also, the churn levels remain low. At its March Analyst Day, T-Mobile outlined a strong and long-term plan and its financial targets. And it's also planning to basically return up to USD 60 billion to shareholders over the course of '23 to '25, and this should happen via buybacks.

If we take a look at the European part of the business, we had an excellent quarter. Despite the ongoing corona headwinds, we delivered a 4.6% organic EBITDA growth. We see a strong momentum on customer acquisition. We made strong progress on 5G and fiber. And the German regulator approved our 10-year fiber wholesale agreements, but we'll get into more detail later on as well.

Despite corona, we managed to grow service revenues in the U.S. but also in the European operations. And let me remind you, as you may recall from our AGM, we also sharpened our climate targets. And we want to reach climate neutrality for our Scope 1 and 2 emissions by 2025, which is 5 years earlier than the old plan. And for Scope 3, we want to achieve climate neutrality by 2040, which is 10 years earlier than the original plan. And we have the opportunity to dive into more detail on this one also at our Capital Markets Day.

So let's move to Page #4, take a look at the adjusted EBITDA. All segments, as you can see, contributed to our strong and consistent EBITDA growth. The European segment has grown on an organic basis now for 13 quarters in a row. And in Germany, it's already 18 quarters in a row. The overall organic EBITDA growth was up more than 8% year-over-year.

Next page on networks. This is the basis for a good customer and financial results. In Germany, we have already covering -- we are already covering 80% of the population with 5G, and we raised our target by the end of the year '21 to 90%. In the U.S., we are approaching nationwide coverage with our extended-range 5G network. And we already reached about 100 million POPs by the end of the first quarter with 2.5 gigahertz, and our target for the POP coverage by the end of the year is 200 million. Our fiber deployments in Germany and in Europe are on track. In Germany, we passed around 140,000 homes this quarter. We announced various deployments, including the plan to pass 1 million homes in Berlin over the next 6 years.

Let's move on to Page #6. Importantly, what you can see is our customer results remain strong, and this is despite the pandemic. 1.2 million new postpaid customers in the U.S.; 330,000 contract customers on the mobile side here in Europe; 160,000 new broadband customers, of which 93,000 are coming from Germany and 80,000 new TV customers. This is stronger than our performance in the last year. And remember, the last year in 2020, in Q1, there wasn't a pandemic happening so far.

So today, on Page #7, we raised our guidance for '21, both in the U.S. and ex U.S., both on EBITDA and on free cash flow. Obviously, we reflect in our overall numbers the upgrade of T-Mobile, which has been communicated last week. On top of that, we will raise the EBITDA AL target in the European operations from EUR 14.3 billion to EUR 14.4 billion, which is an increase of EUR 100 million. And we're doing the same on the free cash flow. We're raising the target from EUR 3.5 billion to EUR 3.6 billion, which is also an increase of EUR 100 million coming from the European operations. So all up, we're increasing the EBITDA guidance by EUR 200 million for the end of the year and also for the free cash flow. So it's an equivalent contribution from the U.S. and the European operations.

Let's get into the financial results, which are shown on Page #9. Obviously, these financial results are massively impacted by the consolidation of the Sprint merger as of April 2020. But also on an organic basis, you see that we have grown revenues by 7.1% year-over-year, and that service revenue came in with a growth rate of 2.4% year-over-year. As I said earlier on, organic EBITDA growth was up 8.3%. And on our portfolio, ex the U.S., it was up by a strong 4.6%. The adjusted EPS was down by 7%, which is roughly EUR 100 million.

And that can solely be explained by a drag, which we are facing from the fixed price option from SoftBank because the share price has come down by $10 relative to Q4, and that obviously had a negative impact on its valuation of the fixed price option. Free cash flow has doubled year-over-year, but be aware that we have basically unwinded 600 -- no, EUR 700 million of factoring in Germany in the first quarter of last year, and obviously -- that is obviously impacting these numbers here. Net debt, including leases, is up to EUR 129.5 billion, and that very much reflects 2 effects: the C-band auction; some additional lease liabilities in the U.S.; and some headwind from a stronger U.S. dollar relative to the previous quarter.

Let's move over to Page #10. On Page #10, you see that we're consistently growing on both sides of the Atlantic the EBITDA up quarter over quarter over quarter. Last quarter, it was 10.1% in the U.S. and 4.6% on the European operations. Let's move over to Germany and its results in the first quarter. In Germany, our revenues grew almost by 10 -- 2%, and we have an accounting change here coming from the IT services industry. If we would have factored that one in, the growth would have been 3%. We grew our EBITDA by 3.4%. And I think what I would highlight is we've seen accelerating EBITDA growth in the German business. The accounting question I just alluded to, obviously, is impacted by IT services, which are not coming as a high margin, so it wouldn't impact the EBITDA.

Page #12 on the service revenues. Obviously, you see that the service revenues are very much driven by the strong fixed line results. Overall, we grew service revenues by 1.7%. And the main driver was, as I said early on, the retail fixed service performance. Mobile services were, on a reported basis, down by 0.8%. If you factor in the COVID effects, meaning lower roaming and visitor revenues, then our revenues would have been up 1.2%. And if we would further adjust for the ongoing MTR cuts, it would even be 1.5%.

Move over to the next page, Page #13, positive mobile KPIs. You see that our mobile customer growth is steadily growing, and that's also been supported by the low churn, which we're having in the German business. Page #14, fixed commercials. Our fixed commercials are really strong. We added another 93,000 broadband customers, which is 10,000 more than last year. And we assume that this is going to be around a market share in the first quarter of 50%. The line losses remain at a low 29,000. The TV net adds were lower than in the previous quarter. We had a deliberate discussion on this one, and it's basically attributed to the shop closures, which we're still facing here in Germany. And the demand for our fiber connections remain strong.

Page 15. Our strong broadband customer growth obviously drives our broadband revenue growth, which was 6.5% in the first quarter. Organic retail fixed revenue growth was 4.1% year-over-year. We also saw a better performance in other fixed retail revenues to 0.4% growth. This is partly impacted by IT business, some delays which we faced in the fourth quarter and some exceptional public sector business wins. These tailwinds obviously mitigated ongoing corona headwinds.

Moving over to wholesale. That revenue number declined by negative 2.4%, and there are 2 factors impacting that results. First, the shift to IFRS 16 in 2019 allowed us to basically go for a shortened amortization period of onetime fees. This effect is now rolling over. And secondly, since the beginning of the year, we are no longer allowed to charge extra traffic-related fees under the old Kontingentmodell. Therefore, there's going to be a negative impact as well. From the next quarter onwards, our new 10-year commitment model comes into force, which has been approved by the BNetzA on April 1.

So let me deep dive a little bit into this one. As we said and we also said it in the previous call in the last quarter, we're really happy to strike deals with our wholesale partners on a long-term basis. These drive our fixed broadband revenue fees, and to some extent, also secure volumes. And since the fact that they are long term, meaning 10 years with a 3-year extension period, that gives us good visibility in the development of our wholesale business.

Overall, what you can see is that a large percentage of the access revenues can be secured with these long-term contracts. Importantly is to mention that all these contracts actually provide a consistent and accretive more-for-more monetization framework on the FTTH side. And we have the opportunity not longer have any kind of ex enterprise regulation, and it allows us to basically charge a premium for smaller local areas, which gives us a good monetization opportunity going forward.

The FTTC bitstream fees, which we proposed and negotiated with the BNetzA, they're coming in a little lower, and let me explain what's going to happen. So when it comes to the effectively billed tariffs, I can tell you that for 50 megabits per second and 100 megabits per second, we are seeing a negative impact in the years '21 and '22 because of price declines. In '23, we will basically reach the 2020 price levels again. And then we have an increase until '25, which gives us an extra revenue, and that increase is about 10% higher than what we're seeing right now. And from '25 onwards, we're going to see on these 2 traffic price bands a stable development until 2030.

On 250 megabits, we actively see a decrease over the whole period of time. But let me remind you, super vectoring. We're happy with the customer results, only reflects about 3% of our bitstream access traffic, which we're seeing it right now. So from this perspective, be aware that we're going to see some drags in the years '21 and '22, a breakeven in '23 and then, obviously, price increase onwards. Let me move over to the U.S. and the usual 2 slides which we're having on the U.S. Starting with Page #17, organic EBITDA was up about 10% on an IFRS basis year-over-year.

On Page 18, you see that we added another 1.2 million postpaid subs, of which almost 800,000 were phone subs. And this puts T-Mobile U.S. again, when it comes to customer acquisition, on the top spot in the U.S. market. T-Mobile also outlines plan for the ultra capacity coverage, as I mentioned earlier on, that is a POP coverage by -- of 200 million POPs by the end of the year 2021 and 250 POPs by the end of '22 and 90% of the U.S. population in the year-end of '23. As previously mentioned, at the end of March, the 2.5 gigahertz coverage was around 140 million POPs. At the Analyst Day of T-Mobile, T-Mobile also announced the higher synergy target, which is $7.5 billion. And already, they have, as I said earlier on, migrated 50% of the Sprint traffic already onto its network. So what you're seeing is the synergy capture is coming in higher and better than originally anticipated and it will yield to higher synergy results overall at the end of the process.

So let's move over to Page #19 and take a look at the organic -- at the European segment. The organic revenues returned to a slight growth despite the headwinds of the pandemic. We've seen a very strong EBITDA contribution of 4.1% year-over-year, and that was driven by both net margin growth as well as reduced indirect cost. Page #20, you see it's not coming at the expense of customer growth. We have all up very strong results in the European segment with 150,000 mobile customers, almost 60,000 broadband customers, strong momentum on the FMC penetration and also a stronger TV business.

Page #21, on T-Systems. Look, you see that we cannot compensate the legacy business decline in T-Systems right now with our growth segments, which is predominantly public cloud and digital solutions. So we see a slight decline here. On the other hand, we're cautiously optimistic that we're going to see a stable outlook for the EBITDA, and we've seen some encouraging wins also in the first quarter when it comes to new deals. So you hear me being a little bit more optimistic than I was in the previous quarters, but seeing -- I would say, seeing is believing.

So next one is Page 22, group development. Our strong revenue and EBITDA growth continued. Headline growth benefited, obviously, from the inclusion of the Austrian tower and GD Towers. That said, organic financials were also strong with revenues 5% up, and EBITDA even 9.7% up. Let's move over on the next page, 23, to T-Mobile Netherlands. Also the Netherlands continued to perform well. The broadband and the mobile net adds were negatively impacted by the shop closures. Still, you see a growth of 11,000 broadband net adds and 12,000 mobile net adds. Organic revenues were up by 0.6%. And if you include the COVID impact, meaning roaming and visitor effect, it would have been 2.1%.

GD Towers on Page #24. You see that we added organically about 1,200 sites over the past 12 months. The recurring revenue grew at 3%, EBITDA at 7% year-over-year, so another strong performance. And I would say I'll leave it as this on the overview on the segments and moving over to some financials.

So Page #25, on the free cash flow. Free cash flow has doubled year-over-year. Again, as I said, be aware that we have basically unwinded EUR 700 million of factoring in the last first quarter of 2020. The net debt increased to almost EUR 130 billion. That reflects a combined impact of the C-band auction, which accounted for EUR 8 billion, another EUR 1 billion from additional leases from the U.S. And we had a negative impact from the currency, which was almost EUR 4 billion, which was coming from a higher or a stronger dollar. Our adjusted EPS, again, was slightly below 7%, and that is very much driven by the SoftBank auction.

So from a leverage ratio, let me just dive on this one. You see that our leverage ratio has increased, including leases, to 2.98. And if we exclude the leases, it's 2.6. I think we're going to give you much more detail what we expect midterm, especially when it comes to EBITDA and free cash flow growth, that will be a key driver for the deleveraging. And I think what we should bear in mind is we're going to see peak leverage ratios in the years 2021 and from 2022 onwards, they should decrease.

So with that, I would leave it with my short presentation and open it up for questions.

QUESTIONS AND ANSWERS

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Well, thank you, Christian. And now we can start with the Q&A part. (Operator Instructions) I think some of you have already done that on your touchtone telephone. I will announce your name when it's your turn to ask your question. (Operator Instructions) And you can also send us questions via webcast. And with that, we have a bunch of questions already lined up. And I give the -- and I think the first is Andrew at Goldman Sachs.

Andrew J. Lee - *Goldman Sachs Group, Inc., Research Division - Equity Analyst*

I had 2 questions. Hopefully, they won't be too strategic and so you can answer them today. The first one is just on B2B growth in Germany in the quarter. It looks like corporates and public sector customers are starting to pull the trigger on contracts more today. Is Q1 '21 a better guide to the future than the weaker 4Q '20? And how do you think about the sustainability of the improved performance you saw in Q1? And then the second question was on the commitment model and wholesale revenue visibility. Given where the regulator is undermining returns over time in European fixed, how much visibility do you have now to forecast returns on your fixed and fiber network? I think you mentioned just now visibility on some speeds out to 2030. So just any kind of commentary you could give on the swing factors around uncertainties. Is that just consumer demand? Anything you can give us would be great.

Christian P. Illek - *Deutsche Telekom AG - CFO & Member of Management Board*

So if you -- starting with the B2B question, in Q4 2020, we see actually a decline in the B2B revenues of 1.6%. And all up, it declined over the year of 2020 by 1 percentage point. This was obviously, especially in the mobile side, heavily driven by the roaming impact, which basically made 4.4 points on the mobile service revenue and other corona-related headwinds, especially IT projects, which have been delayed. So I think it is early days. We're seeing a slightly more positive Q1. Whether this is going to be a trend change, Andrew, I think it's a little bit premature. I can bet on it. I hope on it. But right now, I would say let's see whether the second quarter is coming in stronger. But as I said also on the T-Systems side, we're cautiously optimistic on this one.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Okay. Maybe I take the wholesale question. So we have good visibility, right? But of course, there is uncertainty because it's early days for fiber to the home in Germany. So it's -- in terms of customer demand, we currently see customers satisfied with the speeds that we are providing, as you can see in the trends. We said at the Q4 stage, we had about 1/4 of customers paying for 100 megabits or more, which also means 75% are paying for less. So what our opinion or conviction is that over time, customers will upgrade as they have done over the last few years. And therefore, the blended usage will go up.

Now for this -- for us to be able to monetize that, we need a reliable pricing framework. This is what we have agreed with the competitors on a 10-year basis, commercial. And importantly -- and this is maybe the Holy Grail, if you want. It's not regulated anymore, not ex-ANTEC price regulator. There will be the usual, let's say, margin squeeze checks and this kind of stuff as they have always been, but this is not ex-ANTEC regulated anymore. So therefore, we have a lot of visibility because these are agreed prices for 10 years and beyond.

The other thing to be aware of the chart that we show you shows the rates that the BNetzA is calculating. And what we are looking at for our numbers, which is what should interest you, is what we can actually charge, and Chris has provided a bit of guidance on that. But for -- on a like-for-like basis, except for the 250, which is currently a minority tariff, our tariffs will go down. What we effectively charge will go down in 2021, stay at this level in 2022 and from 2025, they will then grow.

2023, we'll be back at the level of 2020. '25, they will be about 10% higher. Then they will stay there. The next effect that you have -- so you have accretion there. The next effect in accretion is the mix, which we talked about before. So you can see on the chart also 500 megs and 1 gig is more expensive. And by the way, it's also more expensive still, and that's not what you can see on the chart in rural areas. So there is multiple accretive elements in how this is built. So that's what we can do on the demand side to monetize the fiber networks. And then I think the whole equation, we'll revisit next week.

So with that, the next question is actually Akhil at JPMorgan.

Akhil Dattani - *JPMorgan Chase & Co, Research Division - MD and European Telecoms Analyst*

I've got 2 as well. And hopefully, again, ones you're happy to answer today rather than for next week. But obviously, let me know. The first one, Christian mentioned in his presentation the $60 billion potential buyback from T-Mobile U.S. And I guess I was just trying to understand how DT Group is thinking about that in the context of obviously increasing their shareholding to 51%. The 2 parts are, obviously, 1 is would you participate or not? You've obviously got call options as well. But just how do we think about that vis-à-vis? And then secondly, obviously, if they did do the full $60 billion, that would be way in excess of getting into 51%. So in that eventuality, how do you think about what you do and what your options are? So that's the first question.

And the second one is just a follow-up to the commitment model. I guess what I was trying to understand was, firstly, how we think about the shape because it sounds like the wholesale revenues might deteriorate a little bit first before you're seeing quite a nice recovery and acceleration and accretion. So just if you could give us a bit of color around that. And the second thing is, Hannes, you mentioned the rural premium mix effects. Just any sort of color you can give us on either that amount at that rural premium or how we should think about it, that would also be really helpful.

Christian P. Illek - *Deutsche Telekom AG - CFO & Member of Management Board*

So Akhil, let me start with the first question on T-Mobile U.S. And I think we have been always very vocal that we really like our position in the U.S. And be aware, our lockup is still valid until June 2024. And you will us be more open and clear what is our plan at the Capital Markets Day. You know that we have secured EUR 101 million options from SoftBank, the EUR 45 million with a fixed price option. The other one is the floating option. So we have access to additional T-Mobile U.S. shares. How and if we want to execute against this, I think, is not to be decided today.

The second point is on the $60 billion share buyback potential, the U.S. said up to $60 billion. So we see how the business will evolve in between '23 and '25. But that we're happy with our position in the U.S. and that we're happy consolidating the U.S. figures into our group figures is nothing -- is not a secret, let me put it this way. And I think we put some flavor onto the story next week at the Capital Markets Day.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Yes. On the wholesale revenue trajectory, we have -- yes, we will have a slightly -- a slight deterioration this year because we've had a negative trend in the first quarter, and the new tariffs will come into force in the second quarter. So depending on mix effects and so on, there should be a further decline and sequential worsening in the second quarter, and that will be with us for the year. As we said before, net prices will not drop further in 2022. To put it in context, maybe for those who are, let's say, focused specifically on our wholesale revenues, this is, of course, part of the overall equation, and we raised the guidance today, and we had 4.1% fixed retail service revenue growth. So we are very pleased with the overall fixed line performance. I think we had the highest fixed service revenues that I at least can remember in my time -- in a long time, let's say.

The second point is the way you should think about this wholesale -- and I come to one aspect of this in a second -- agreement is it's an investment into something that will work for us over a long period of time. You know fiber is a long-term investment. We need something that works for us for the long term. So we -- the give is that we lower a couple of prices. I think the 250 price cut is actually quite deliberate. We are happy with that to an extent. But what we get is a lot, right? And I mean, we've tried to convey that. We have -- we'll have price inflation determined -- deterministic price inflation on our existing fees, let's say the ones that will have a lot of volume behind it, and we'll get the rural premium that you have mentioned. And we have negotiated fiber prices that we are happy with for the long term. On the rural premium, let's say it's a sort of mid-single-digit euro per month. And these prices are consistent across all the agreements that we have struck. And as I said, they have been approved by the regulator on the 1st of April.

Okay. The next question is from Polo at UBS.

Polo Tang - *UBS Investment Bank, Research Division - MD & Head of Telecom Research*

Two questions. The first one is really just about German EBITDA growth. I mean it was obviously very healthy at plus 3.5% in the quarter. But were there any one-off factors helping EBITDA during the period? So just could stand by to a rephasing of marketing costs. Alternatively, was EBITDA growth simply a function of operational gearing and a good revenue growth? I'm also just trying to think about how that EBITDA evolves and flows through the rest of the year. And just really a bigger picture question on Germany in terms of competitive dynamics. Can you maybe just talk a bit more about what you're seeing on the convertible landscape for both mobile and also broadband?

Christian P. Illek - *Deutsche Telekom AG - CFO & Member of Management Board*

Answer your first question, no significant one-offs in the first quarter. We don't ask for furlough support. We're basically using the resources, which are usually working in the shops for service activities. I think you can see also in our customer acquisitions that marketing costs are relatively, I would say, comparable with regard to the previous years. And therefore, no significant one-offs.

On the German market on mobile, I think you've heard that story probably a couple of times, at least a couple or several times. Obviously, it is -- it remains broadly unchanged. We have these 3 segments, as you know, the discount segment, the fair value segment and the premium segment. There's not a lot of spillover. We did not change our prices. And still, basically, we made 167,000 branded net adds, which is higher than last year. So the market segmentation, as I said, keeps us -- keeps basically -- keeps stable. And obviously, on the discount segment, there was always a lot of promotional activity as it was in the past year or so. I don't see any kind of significant changes right now. And therefore, I would say, we expect that this continues in the future.

On the broadband side, look, that's the debate on broadband. We always said, I think customers are buying for a bunch of reasons and that is obviously a sufficient bandwidth, a good service proposition, a strong band, especially throughout the crisis. And I think that is a key driver, and obviously, a superior TV proposition. That's one of the key drivers why customers selecting us over others. And this is where we're getting to that 50% broadband coverage, and it proves the point that a gigabit stand-alone is not competitive against this kind of portfolio of reasons why you would buy this. From a competitive environment, I would say, also from our side, not a lot of changes. But Hannes, please, if you feel differently, let me slow.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

No, I don't feel differently because I think that's the right way to look at it. And importantly, of course, if you have stability and, let's say, midterm stability on wholesale prices, that helps. I forgot to highlight just now that we also raised the recurring fees because some of our competitors base their pricing on recurring fees. So they are up, right? Just keep that in mind. And there's also -- talking about our competitors, there was a comment today in a conference call that we are, let's say, promoting very aggressively.

And in fixed line, that's not correct. Our -- we shifted to a 6-month promotion from a 12-month promotion period at the beginning of 2018. And since then, we have not poured fuel into the fire. We are growing because of the factors that Christian has mentioned and not because we are promoting. As for margin squeeze, the German regulator looked at the pricing in the first quarter and found that there was no concern related to a margin squeeze.

With that, I pass on to Josh from Exane.

Joshua Andrew Mills - *Exane BNP Paribas, Research Division - Research Analyst*

Hannes has just answered one of my questions. But the other one was going to be regarding Slide 15. So it'd be great to know 2 things. Firstly, if we were to strip out the kind of IFRS boost that we saw in 2019 and 2020, what would the wholesale -- the underlying wholesale revenue growth have looked like through the course of last year? Specifically, would it have been growing? Or would it actually still been declining like we saw this quarter? And then the second question, it may not be possible, but under the kind of old disclosure before we included SMEs and the retail fixed revenue growth, if we just kind of look at the pure consumer-facing part of the fixed line business, could you give us a sense of how that revenue growth is trending? Is it also up quarter-on-quarter? Or is it more in line with previous trends?

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Okay. So on the wholesale, we guided for 2% growth in the Capital Markets Day 2018. And taking into account those various trends, there are always ups and downs. There are also termination rate cuts and whatever. I think it's pretty fair to say we delivered on that broadly over this period. 2001 is what we have talked about. And this specific factor that you've mentioned, IFRS 16 benefit, helped us EUR 50 million a year, last year and the year before. And the base against which that's calculated, total wholesale revenues that we are showing is over EUR 3 billion per year. So it's about -- it's been a tailwind of about 1 percentage point a year on that basis or just over. In terms of our fixed service revenues, we are seeing growth in consumer and in business. And you can see that pretty much in the wholesale -- sorry, in the broadband revenue growth of 6.5% this quarter.

Okay. With that, we move on to Ulrich at Jefferies.

Ulrich Rathe - *Jefferies LLC, Research Division - Senior European Telecommunications Analyst*

First question is, you issued the guidance, obviously, just less than -- well less than 3 months ago. What has changed that you would raise it quite so soon geographically or by business development, if you can pin that down? And the second question is there were some structural changes in the first quarter in Germany. How much has that contributed to the acceleration of the growth? I'm talking, I think, what this telecom IT shift. Does that really make a difference in this context? Or is that just awash or too small to really matter?

Christian P. Illek - *Deutsche Telekom AG - CFO & Member of Management Board*

Yes. So on the guidance, to be honest, the results are so astonishing in the first quarter ex U.S., if you take a look at our 4.6% growth, obviously, we had a discussion whether we're going to wait another quarter or whether we basically roll it into our expectation for the full year, and that was the reason. And we wanted to basically be as transparent as possible after the first quarter. Also because the U.S. has increased its guidance, so we wanted to make sure and basically doubling down on the point that it's not only the U.S., which is driving phenomenal results here. It's also the European segment. And the second question, Ulrich, was again -- can you repeat it again?

Ulrich Rathe - *Jefferies LLC, Research Division - Senior European Telecommunications Analyst*

There was a smaller restatement sort of involving telecom IT, if I'm not mistaken. Did that sort of contribute to the growth rate -- to the change in the growth rate in any way?

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

It's the drag we're talking about, right? No, I mean -- no, no. So what we have is we have some smaller -- we have a bunch of, let's say, complexities in that number. However, the trend is pretty much what you see, and we're showing the organic trend. And so when it comes to that, that has been -- that is not impacting the organic trend. Also, the one specifically you referred to doesn't impact service revenues. So we've had -- if I want to maybe highlight a few of the factors. But honestly, they shouldn't be -- confuse you because they cancel each other out and they don't affect the fundamental trend.

We had this, let's say, a shift of some business from Germany into GHS. We had a shift of some business IoT from T-Systems into Germany. And we had a change in accounting for an IT contract from gross accounting to net accounting, which is what we correct with the organics. In sum, we say EUR 50 million revenue impact and EUR 14 million impact on service revenues. And no -- and that's in fixed service revenues, and that's corrected in the organic, and it's irrelevant for the EBITDA.

There was one question I got from Emmet over the e-mail. Why is German EBITDA grow strong when actually your OpEx is up?

And I think this is a really good opportunity to clarify OpEx because I know we don't provide a split between indirect costs and direct costs. But we told you that we have a target for indirect costs, EUR 1.5 billion, over the period 2018 to 2020 -- '17 to '21, sorry, in our ex U.S. business. And we've also said halfway last year in February that we are tracking well towards our targets. So we are -- and we will update on that next week. Yes.

Christian P. Illek - *Deutsche Telekom AG - CFO & Member of Management Board*

Look, I will give a little bit more glance on the indirect cost reduction, that we can really prove that we have reduced that cost. Look, why don't you see it on the overall OpEx number? As we are growing our IT business, you have transaction-related OpEx herein as well. So the stronger the IT business growth, the stronger is the direct OpEx. And since we didn't basically split up between direct OpEx and indirect OpEx, on the total number you don't see that result. But I'm going to show you some proxies which really truly prove that the indirect costs, which is the harder one to address, is really being managed down significantly, especially in both areas, Germany and Europe. So we're going to see that next week.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Thanks, Christian. And also the proof of the pudding is obviously exactly that puzzle, which is the EBITDA is growing, right? So that proves it because if you -- otherwise, that equation wouldn't really work.

Christian P. Illek - *Deutsche Telekom AG - CFO & Member of Management Board*

Look, what I like about the results, especially when you take a look at the European results and the German results, the EBITDA growth is basically being driven by, one, is accretive revenue growth with an accretive net margin and a reduction of indirect cost. The European segment is continuing doing this for quite a bit. In Germany, it becomes more and more also the normal story. And I think this is exactly how I want to see EBITDA developing that is not only coming from cost reduction, but that we also see that the top line growth is actually turning into positive contribution margin.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

I had another question actually on tax, and I shouldn't maybe answering those first because it gives you -- I appreciate that people have put themselves on the line here in the queue, but it is a follow-up. So let me just deal with this. So the question is from [Keval] and he is asking, would you mind clarifying comment on the T-Mobile stake, that we will update on the stake build next week?

Well, what we have said and will say again, we actually said it at the Citi Conference that we intend to get to 50% and ensure control, and that's it. And so we are very clear on that. In terms of the specific tactics, how to get to that stake build and the sequencing of it, I don't think we will guide on that precisely, just to be clear, because we will do what is best. And for that, we need some flexibility, but we have negotiated the piece -- bits and pieces or we have the bits and pieces to get there. We got the buyback. We got the options. We got the fixed price options, and that's what we can communicate at this point in time.

Next question is from Usman at Berenberg.

Usman Ghazi - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

I've got 2 questions, please. Firstly, on the earnings per share kind of target that you put in your annual report, where it was stated that you would expect a decline in the EPS in 2021 before a strong increase in 2022. I mean judging by the Q1 results, it seems that a decline in this year is being overly conservative. But I just wanted to check if there are any things that we should be mindful of through the remaining quarters. So that was the first one.

The second question was, again, looking to the ex U.S. free cash flow. I mean the working capital trends have been pretty incredible over the last 3, 4 quarters. I mean, you've gone from a continuous kind of leakages on working capital to now -- I mean, at least last year, ex the factoring, we saw positive working capital development in Q1. Again, we've seen a positive working capital development. So I mean, your guidance is implying that you will have a leakage in working capital for the full year. And I just wanted to understand if that is conservatism or if there is something structural there that should cause it to revert back?

Christian P. Illek - *Deutsche Telekom AG - CFO & Member of Management Board*

So let me start with the EPS. To be honest, It's unclear whether we see a continued dilution relative year-over-year or a slight increase. Obviously, we're seeing that the business is coming in better relative to our original anticipation. Obviously, I cannot predict how the share price will develop and you know that it's been reflected in adjusted EPS. So maybe the dilution will turn into a slight increase, but I think it doesn't make a different story. And then we're going to see an increase starting from '22 onwards. And on the free cash flow, I would say very much is related to the merger-related costs in the U.S., which weren't that high in the first quarter. And -- but that question was ex U.S., right? Would you understand if -- I wouldn't call this conservatism.

Look, what we said is -- and I think we said it in the Q4 call. We said, look, we have structurally lost EUR 0.5 billion of free cash flow in the ex U.S. free cash flow statement. EUR 200 million is the suspension of the BT dividend. Obviously, since the U.S. is financing itself, we don't have a return from the financing activities which we had, and there's also an IFRS 16 effect on this one. And now we're coming back. So I think what we're doing is that we are continuously having more focus on the free cash flow development. And therefore, being more precise on what we're going to do and how we improve it, and this is also being reflected in the upgraded guidance. And in Germany, to be honest, we haven't spent that amount of CapEx, which we were originally planning to. So I would also say there are some of the phasing effects in there, but I wouldn't call this structural.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Okay. Thanks, Christian. So we're happy with the guidance as we have provided it and see no reason to change it. Today we just increased it.

Next question from Jakob at Crédit Suisse.

Jakob Bluestone - *Crédit Suisse AG, Research Division - Research Analyst*

Two questions on the commitment model for fiber. Firstly, if I can just check, so you say the new commitment model rates will kick in from next quarter. On my math, that's sort of a roughly 3 percentage point hit to the wholesale revenue line. So it'd go from about minus 2% to minus 5% onwards. That sort of sounds roughly like the right ballpark from -- in terms of the impact from these new rates. And then just secondly, a point of clarification. Just to be clear. When you set the guidance originally at the end of last year, were you assuming the step down in wholesale rates? Or is that something that's also changed this quarter? So to put it a different way, would you've had a bigger increase in guidance if it had not been for this change in the wholesale model specifically for 2021?

Christian P. Illek - *Deutsche Telekom AG - CFO & Member of Management Board*

So on our original guidance, we didn't have full visibility on the wholesale rates because this was still under negotiation with the BNetzA. And the commitment model, which you have seen is on that chart, is the officially announced numbers, which you see from the BNetzA, but this is not what we're effectively building -- billing to customers. So I wouldn't make a read across as you've done it based on that chart because I think we have to compare the old billed revenues versus the new billed revenues if you compare the old model versus new model. But Hannes, you have there more detail on that one.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Yes. I think there will be a step down in wholesale revenues in the next quarter. And we are not providing the effectively billed rates, but low-single-digit deterioration in the run rate is okay. I would say, while we didn't know the final, final for all the wholesale contract, this is not a risk to our guidance, okay? So that's not a risk to our guidance, and we just raised the guidance, by the way. So we didn't raise it really because of the whole -- what we agreed in wholesale, but we didn't lower it because of that either. This is -- it's -- we are providing a pretty comprehensive picture of our outlook today.

Next is George from Citi.

Georgios Ierodiaconou - *Citigroup Inc., Research Division - Director*

Yes. I have a couple of clarifications also on the new commitment model. Just regarding the mix of customers, I think, Hannes, you mentioned that around 1/3 of customers take the 100 megabits offer. I was just trying to check if that's wholesale or overall. And if you don't mind, just giving us an indication of how that is changing over the years.

And linked to that, I think just now Christian mentioned that the way you bill your customers may be slightly different than what we are seeing here. I was wondering if there are incentives for them to move up to higher speeds, if there are extra discounts they may be getting versus the headline offers we are seeing on 500 or 250 and so on. And then my second question is around the ICT revenue growth. And I was just wondering if you could give us an indication of what kind of gross margins you get on these revenue streams and also if now the margin may be lower than connectivity, but whether it is improving versus what ICT revenue -- or margins used to be historically.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Okay. So on the mix of customers, we said at the full year results, 25% of our retail customer base pays for 100 megs or more. And we said now that 3% of our wholesale bitstream customer base, which is close to 8 million, pays for 250 or for super vectoring contract. So therefore, we're not providing more detail on this, except that we have shown that on the retail side, the percentage of the 100 megabits customers has steadily increased. And of course, it will continue to increase. But we are not predicting that on a line item basis, let's say, here. It is -- it will depend on the customer demand. And so I don't think we provide granularity here. We'll provide -- we will surely give you an outlook also related to our wholesale business at the Capital Markets Day next week. Then maybe that's easier, okay? And Christian?

Christian P. Illek - *Deutsche Telekom AG - CFO & Member of Management Board*

Let me try to dwell on a little bit on the IT revenue growth. So first of all, we don't have full visibility what's going to happen to the market, as I said earlier on. So we're positively and cautiously optimistic. But it's not like that we're saying there's going to be a massive revenue boost over the remainder of this year. Secondly, on the gross margins, I think it very much depends on the project. So we have IT products, which gives you 90% gross margin, where you have a one-off payment and then you have recurring revenue. But the target you are shooting for is somewhere in the vicinity of 20% to 25% across the whole portfolio. So -- and obviously, the best way to improving the margin is obviously by driving the mix towards the higher profitable products. So -- but I wouldn't say that we're going to see a drastical or structural shift relative to what we've seen in the past years.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Thanks, Christian. Next, we have Robert at DB -- Deutsche Bank, please.

Robert James Grindle - *Deutsche Bank AG, Research Division - Research Analyst*

Yes. Back to B2B, does the public sector contract win in Q4 last beyond the quarter? And with regard the catch-up spend delayed from Q4, was there any particular type of business that is now being unlocked? Or is it just general catch-up stuff? And then, secondly, has there been any discernible change in the towers market or change to your way of operating, thinking about towers since the IPO of Vantage Towers and/or Telefonica's deal with AMT?

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Okay. On the first one, you're right. We're having seeing strong public sector business in the first quarter. And that said, when you look at the first quarter, you need to also consider -- I mean, what is surely striking is the acceleration relative to the fourth quarter. But in fourth quarter, we had a deceleration. Why was that? Because we had significant COVID headwinds in the fourth quarter on a year-on-year basis. So please don't -- this is -- it's more normal than what it looks like. That's maybe point one.

Point two is, yes, we have exceptional level of public sector business, and this is not going away for the year. And let's see how much it will continue to happen in the future. What is clear is Germany has a long -- a lot of upside in digitalization, and we are well positioned to participate in this space. How much is now, let's say, in Q1, is deferred spending from Q4? We cannot really say because customers won't say we didn't do this in Q4. Now we're doing it Q1. And we also don't know if it continues in Q2. Probably, there is an element of catch-up, but there could also be a secular shift towards more digitalization spending, and we can't keep it apart right now. Christian, do you want to talk about the towers market?

Christian P. Illek - *Deutsche Telekom AG - CFO & Member of Management Board*

The -- I think there's not a lot of new news on the towers market. You know that the towers market is super dynamic also in Germany. And we've always said we're open on towers if we find a better solution relative to operating the towers itself, whether that's going to be a minority sale, whether that's going to partnering up with other tower operators. So -- but we haven't taken a decision on this one yet. Obviously, we were really eager to see what's happening with the Vantage IPO to basically have also a benchmark into the market, but we haven't taken a decision yet. And therefore, there is nothing new on the towers side. We also don't expect that Vantage or Telefonica will have a massive impact on us and DFMG in the upcoming months because they are not new in the German market. So from this perspective, I think I wouldn't call out anything massively different relative to the previous statements, which we have made on towers, Robert.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Okay. The next question is from Steve at Redburn, please.

Stephen Paul Malcolm - *Redburn (Europe) Limited, Research Division - Research Analyst*

Yes. I'll go for a couple, maybe in a couple of parts, so 2.5. Just sorry to come back to the new commitment model, which is obviously getting a lot of interest. I just wanted to understand whether there were any changes in the sort of level of volume commitments from your wholesale customers around the new deal. And whether the regulators sort of put measures in place to where you're crowding out potential overbuilders or whether you're kind of free to lock your wholesale customers for as long as you like, about tenures, I guess? So any color on that would be great.

And then secondly, just on sort of general COVID. I guess, the prevailing wisdom is that the COVID is sort of a headwind. If I look at your numbers, it's very hard to discern that apart from mobile service revenues, particularly in fixed. So I guess the question is, as we come out of COVID, are there any things that concern you? I mean I noted that you were saying they've been struggling to sell broadband connections because their stores were closed. Is it possible that you've been particularly advantaged because you're the incumbent, because it's been a rush to get broadband services? And just a quick add-on is, if TV sort of stands at growing at 10%, ARPU up, it looks like sort of 4% or 5%, is there anything weird in those numbers? Because it's sort of -- it's an outlier against whatever else you're seeing in pay TV across Europe at the moment.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Well, since I've been taking some of those wholesale questions, maybe I'll just continue on this one. The regulator was very supportive during this process. The regulator understands that we need some visibility for the investments in fiber and is trying to support investments generally. And also keep in mind, this is not, let's say, a new construct for the German market. This is an evolution of an existing model and an extension to fiber. So we've had a logic -- contingent logic, which was a kind of commitment logic before. Now we have similar incentives in place to provide commitments going forward. So this is an evolution and the regulator was very supportive during the process.

Christian P. Illek - *Deutsche Telekom AG - CFO & Member of Management Board*

Why don't I take the COVID questions? So if you recall, Steve, we said the negative COVID headwind, which we're facing, was all up in 2020, around about EUR 200 million on the COVID impact. Obviously, we didn't anticipate a lockdown quarter in the first quarter this year. But I think we expect, especially in the second quarter since we're rolling over, better year-over-year roaming results. We don't see a structural change relative to the key drivers. What we're seeing is, again, we're seeing some slight improvements on the IT, but you never know whether swallow makes a summer. And what we don't see right now is an increase in bad debt, still not. And we'll see how this develops. So there is no significant change. And I think we discussed it also with regard to the new guidance, whether we would basically willing to take that risk, absolutely on this one.

On the TV stands out, I'm not 100% sure whether I'm getting the question. Look, what I'm not massively impressed by is the net adds in Germany with 32,000. I think this is below the previous quarters. And I think we get very, very high ratings on our TV proposition, and we really have to see whether it's only the shop closures, which is the explanation from management. I think we got to work on this one. And how it splits across the European segment, does anybody help me here? Because I don't have the numbers with me.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

European segment was -- had...

Christian P. Illek - *Deutsche Telekom AG - CFO & Member of Management Board*

On TV -- because we had totally net adds of 80,000.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Yes, yes. So there was nothing particular in this. We are selling TV. The way the distribution is different in different markets. There are some quarterly volatility always in these numbers. Let's see if we can say anything on the regional distribution. But Christian, do you have some more detail? Anyway, across the piece, of course, TV wasn't so bad. Germany was a bit weaker. This was a bit stronger. Germany will be stronger again.

Christian P. Illek - *Deutsche Telekom AG - CFO & Member of Management Board*

I can help here. I got the net adds in front of me. I think there are 3 countries which are standing out. Hungary grew the net adds by 18,000, Croatia by 26,000, and even Poland grew the net adds on TV by 13,000. So that obviously is a strong contribution to the overall 80,000, which we announced for Europe as a total.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Okay. I think we have -- considering also we'll have a lot of time together next Thursday and Friday, let's maybe have 2 more questions. So start with Ottavio at SocGen, please.

Ottavio Adorisio - *Societe Generale Cross Asset Research - Equity analyst*

It's especially a follow-up on the new commitment model. The rationale is pretty straightforward. You provided -- or you grant pricing discount in exchange goods, long-term commitments, which enhance revenue stability, and also up in upselling, improve the mix. What's not clear? It's how stringent these commitments are. If you can give us a bit of color, how many lines they cover. Would they cover the same amount of line to an entire duration of the contract or the line could reduce? And what is also difficult for us to understand is that publicly, Deutsche has only built fiber rollout until 2024.

We're talking about the new targets. While on the other side, your wholesale customers are committing for 10 years. So have you provided a different visibility? And which sort of visibility you have provided and if you can share this with us? And this new commitment model contract extend also to networks that you are rolling out by JVs or that will be subject to different agreements? And the second question is very straightforward. What's your market share at the moment in the provision of broadband for households renting their flats from housing associations?

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Okay. Maybe on the -- we've given you a lot of color here. And this is -- we're not providing details on all the commitments. But let me correct you maybe -- or let's say maybe add a little bit on your first summary because I don't think it's right. We did not cut the prices in exchange for long-term commitments. Over the lifetime, we are raising the prices, okay? We are raising the prices over the lifetime. So there are multiple accretive elements. The commitment are on top. So the commitments are basically related to penalties or to certain structures when you basically -- some cost structures and so on, but we will not go into this contractual detail, and they are not actually the same for everyone. But we feel very good about this contract. And we have -- we feel we have a solid level of commitments here.

Have we given them more visibility? Well, we have actually said that we will -- our plan is to have 100% of Germany connected by 2030. And we have also said that we'll be the largest contributor to this. So I think that's what we've also told our JV partners. Apart from that, we have given them our plans through 2024 that you have also seen. And that's, I think, all we can say on this. Market share in broadband for housing associations, I'm not sure if we can provide this right now. But on the TV market, for sure, we are under-indexing you can see our TV market share for the whole country. We have tried to compete in the housing association market. We have had some successes there. We had 50,000 customer that has 50 -- or housing association with 50,000 units that we gained last year in the fourth quarter, for instance. And so we have, in total, I think, about 300,000 customers up and running with our own housing association business. But this business model is going to change anyway now. So clearly, we have upside in this market. There's no question about it. Christian, anything to add or -- okay. Then we...

Christian P. Illek - *Deutsche Telekom AG - CFO & Member of Management Board*

No, I think it's fine. I think on the visibility, Ottavio, we are guiding until 2024. And as we said, but we will continue to build out fiber. And therefore, it's being reflected in the JV contracts without having been super explicit what's going to happen beyond 2024, but expect that we continue to build out fiber there.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

And the last question -- and sorry for those who we're not talking to today, but I'm sure we'll have lots of time together next week, is -- for today is from James at New Street.

James Edmund Ratzer - *New Street Research LLP - Europe Team Head of Communications Services & Analyst*

Yes. Congratulations to all of you on the strong results today. I have 2 questions, please. So the first one was just regarding the European recovery fund. I believe April 30 was the deadline to German government to submit their plans to Brussels. So I'd just be interested to hear what you've seen around those plans. How do you think those plans might directly help the telecoms industry, and maybe more materially, how might they help indirectly if there are more subsidies to SMEs to continue to digitize across Germany? How well placed do you think you could be to capture that opportunity?

And secondly, just to come back to the guidance upgrade, which is obviously great to see. But the question I had is, could it potentially go up further? I mean if I think about the guidance growth you've just done, I think, almost 4.5% growth in your non-U.S. business, the guidance implies that that's going to slow, I think, to 2% growth for the rest of the year. And yet we should be lapping some of these COVID headwinds on roaming. I don't know maybe there's a little bit of wholesale drag to come, but I just wonder if there's anything specific to call out for the rest of the year that might actually lead to EBITDA growth slowing.

Christian P. Illek - *Deutsche Telekom AG - CFO & Member of Management Board*

Let me start with the guidance question. So the latest greatest which we have given to you is obviously the guidance upgrade ex U.S. today, which is the plus EUR 100 million and plus EUR 100 million on EBITDA and free cash flow. Look, if the business is developing even better than we expected it to be, obviously, there's going to be discussion internally whether we can further raise the guidance. But right now, this is our best understanding on how the year will develop, and that allows to increase the guidance by EUR 100 million more and not less.

On the European recovery funds, I think EUR 24 billion of this is earmarked to digitalization. There are a couple of things. First, we have a team working on this one and figuring out what are the opportunities where we can actually tap into. And what we've identified so far is a potential of low triple-digit millions. But it is not clear to us yet how this basically can be pulled. But obviously, this is something where everyone is looking into both on the Europe segment, but also in the German segment on how we can basically use those funds, how they will develop and how they will help and which segment they will help. I don't know right now. And potentially, we can also discuss that question next week because we have the segments available to answer those questions.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

But what is clear is digitalization is a big subject across our various subsidiaries, Germany, but also some of the European countries, which will maybe get a more this -- bigger share of this pie, right, because they are in a structurally weaker situation like Greece or so. Just to keep that in mind, that disproportionate share will go to some of these countries rather than to Germany. In Germany, you already have EUR 1.5 billion-plus annual subsidies and they will go up a bit. And so there's no lack of subsidization in Germany for broadband. We have now also -- will get, let's say, a new regime for the in-house wiring and so on. So there's a lot of political support for digital investments. And beyond that, there's a lot of interest from the industry, from the public sector in digitalization. We will talk next week definitely about how we are positioned to take share of that.

Christian P. Illek - *Deutsche Telekom AG - CFO & Member of Management Board*

And look, the learnings from the German subsidiary regime is -- it's not about the budgets. The budgets are available. The key question is, how do we make use of them and how can you pull it? And if you basically take a look how much we have for the rural build-out, obviously, there's way more money than actually is used by the different operations. So we have to see here as well on the European recovery fund how they will make the money available once they have clearly defined what qualifies for a project and whatnot.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Yes. So digitalization is a broader subject. We are well positioned, I think, to be there. And with that, let's maybe close up for today. Thank you very much for your time. And as I said, we will have plenty of time together next week. We look -- very much look forward to that. We'll have 8 presentation in total. So they will also be available by replay. So I hope this will work for you all and look forward to your -- to speaking to you then. So for today, let's thank you again and wish you a good rest of the day and look forward to next week.

Christian P. Illek - *Deutsche Telekom AG - CFO & Member of Management Board*

Yes. Hopefully, see you all next week at the Capital Markets Day. Thank you.

Hannes Wittig - *Deutsche Telekom AG - Head of IR*

Cheers.

Operator

We'd like to thank you for participating at this conference. We are looking forward to hear from you again. Goodbye.
