

MEDIA INFORMATION

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Deutsche Telekom exceeds 100 billion euros of revenue in record year 2020

- Increase in revenue of 25.4 percent to 101.0 billion euros
- Adjusted EBITDA AL increased by 41.6 percent to 35.0 billion euros
- Free cash flow AL of 6.3 billion euros in 2020 – guidance exceeded
- Adjusted net profit up by 15.5 percent to 5.7 billion euros
- 388,000 broadband customer additions in Germany
- Larger T-Mobile US records 5.5 million postpaid customer additions
- Guidance for 2021: adjusted EBITDA AL of around 37 billion euros and free cash flow AL of around 8.0 billion euros

Triple digits! Deutsche Telekom broke new ground in the 2020 financial year. Net revenue increased by 25.4 percent to 101.0 billion euros. This significant growth was mainly driven by the takeover of the competitor Sprint in the United States. But even in organic terms, i.e., excluding the change in the composition of the Group and exchange rate effects, revenue grew by 3.0 percent in the year just ended compared to 2019.

Adjusted EBITDA AL saw an even more pronounced increase, rising by 41.6 percent to 35.0 billion euros, and by 7.9 percent in organic terms. Free cash flow AL amounted to 6.3 billion euros. Deutsche Telekom thereby exceeded its guidance for the year, which had just been raised in November. The Group achieved this despite the negative effects of the coronavirus



pandemic, which included lower roaming revenues due to travel restrictions, shop closures, and impeded business with corporate customers.

“We made history in 2020. We added a substantial and important chapter to Deutsche Telekom’s story,” said CEO Tim Hötting. “We closed a groundbreaking deal in the United States, improved our market position in Europe and at the same time made an important contribution to managing the impact of the coronavirus pandemic with our stable networks.”

With almost 17 billion euros, Deutsche Telekom invested nearly 30 percent more in terms of cash capex than in the prior year, with most of it going into networks on both sides of the Atlantic. T-Mobile US achieved the highest population coverage in the country with its 5G network. In Germany too, Deutsche Telekom is well ahead of the competition in terms of the availability of its 5G network.

Adjusted net profit increased 15.5 percent year-on-year to 5.7 billion euros, whereas unadjusted net profit was up 7.5 percent to 4.2 billion euros.

The Group expects adjusted EBITDA AL of around 37 billion euros for 2021. Free cash flow AL is expected to total some 8.0 billion euros.

Germany – lead in broadband

Telekom closed 2020 with another very strong quarter in the broadband business. Between October and December, the Company won 121,000 new broadband customers, the highest figure recorded for many years. At the end of the year, Telekom reported 14.1 million broadband customers, 388,000 more than a year earlier.

MagentaEINS, the product package combining fixed-network and mobile communications, passed the 5 million customer mark in the fourth quarter.



The product has proven to be successful in terms of both revenue development and reducing churn.

Mobile service revenues were again impacted by the pandemic-induced travel restrictions in the fourth quarter of 2020. Decreases in roaming and visitor revenues resulted in a 1.7 percent decline in service revenues compared with the prior year. Adjusted for the coronavirus effect, there was an increase of 1.1 percent. Telekom recorded 206,000 in branded customer additions. That was more than twice as many as in the fourth quarter of 2019, when there was growth of 97,000.

Adjusted EBITDA AL in the Germany segment increased by 1.6 percent year-on-year in the full year 2020 to 9.2 billion euros. At 23.8 billion euros, revenue was up 0.2 percent against 2019.

United States – synergies ahead of plan

T-Mobile US recorded 1.7 million net customer additions in the fourth quarter. Of these, 824,000 were attributable to the lucrative postpaid phone customer segment. As of the year-end, the customer base totaled 102 million. This was up 50 percent against the end of 2019, driven primarily by the takeover of Sprint as of April 1, 2020.

The Sprint transaction also had an impact on the financial figures. In 2020, total revenue increased by 55 percent to 70.1 billion U.S. dollars. Adjusted EBITDA AL recorded an even greater increase of 92.8 percent to 24.0 billion U.S. dollars.

Already in 2020, T-Mobile realized synergies of 1.3 billion U.S. dollars from the takeover of Sprint. A quarter of the voice and data traffic of former Sprint postpaid customers has already been moved to the T-Mobile network.



Europe – growth despite pandemic

The year just ended was dominated by the coronavirus pandemic for many European national companies. Business was impeded by shop closures and travel restrictions. Despite this headwind, earnings still increased. Adjusted EBITDA AL grew in 2020 by 2.1 percent in organic terms to 3.9 billion euros. Revenue in the Europe operating segment remained stable in organic terms at 11.3 billion euros.

The national companies recorded steady growth in all customer categories. In the fourth quarter alone, the number of mobile contract customers increased by 219,000 and the number of broadband customers by 87,000. The number of users of converged fixed-mobile product packages increased by 248,000. At year-end, the customer base was 19.5 percent larger than a year earlier.

Systems Solutions – big deals only at year-end

At the end of an otherwise difficult year, major corporate customers like Shell, Deutsche Post DHL, and Heineken extended their long-term contracts with T-Systems. Thanks to this year-end spurt, order entry was down only slightly by 3.2 percent to 4.6 billion euros in 2020.

For the rest of the financial figures, the impact of the pandemic and the resulting general investment restraint among corporate customers were clearly in evidence. Total revenue at T-Systems fell by 5.6 percent in 2020 to 4.2 billion euros. Adjusted EBITDA AL decreased 6.0 percent to 235 million euros.

Group development – top in the Netherlands

T-Mobile Netherlands is now the largest mobile operator in the Netherlands in terms of customer numbers. With the takeover of Simpel, which was completed in December, the company now has 6.8 million mobile customers. In organic terms, T-Mobile Netherlands won 200,000 mobile contract net additions in the



past year. Total revenue was up 1.9 percent year-on-year to 1.9 billion euros. Adjusted EBITDA AL increased by 10.4 percent to 554 million euros.

The number of sites in the cell tower business increased by 4.0 percent in the past year to 35,700. Revenue increased 4.7 percent to 1.0 billion euros. Adjusted EBITDA AL in the cell tower business amounted to 587 million euros in 2020. 4.3 percent more than in the previous year.

The Deutsche Telekom Group at a glance

	Q4 2020 millions of €	Q4 2019 millions of €	Change %	FY 2020 millions of €	FY 2019 millions of €	Change %
Net revenue	27,622	21,361	29.3	100,999	80,531	25.4
Proportion generated internationally %	76.1	69.8	6.3p	75.5	69.5	6.0p
EBITDA	11,053	6,643	66.4	38,633	27,120	42.5
Adjusted EBITDA	10,438	7,054	48.0	40,374	28,708	40.6
Adjusted EBITDA AL	8,952	6,030	48.5	35,017	24,731	41.6
Net profit (after non- controlling interests)	1,671	654	n.a.	4,158	3,867	7.5
Adjusted net profit (after non-controlling interests)	1,643	1,016	61.7	5,715	4,948	15.5
Free cash flow ^a	1,889	2,537	-25.5	10,756	10,133	6.1
Free cash flow AL ^a	942	1,763	-46.6	6,288	7,013	-10.3
Cash capex ^b	5,814	3,150	84.6	18,694	14,357	30.2
Cash capex ^b (before spectrum)	5,468	3,075	77.8	16,980	13,118	29.4
Net debt				120,227	76,031	58.1
Number of employees ^c				226,291	210,533	7.5

Comments on the table:

Sprint has been included in Deutsche Telekom's consolidated financial statements as a fully consolidated subsidiary since April 1, 2020. As a result of the change in the composition of the Group during the course of the year, the remeasured assets and liabilities were recognized as of this date, and all income and expenses generated from the date of first-time consolidation are included in Deutsche Telekom's consolidated income statement. This affects the comparability of the figures for the current reporting period with the prior-year figures.

a Before dividend payments and spectrum investment, before interest payments for zero-coupon bonds, and before repayment of forward-payer swaps at T-Mobile US.

b Cash outflows for investments in property, plant and equipment, and intangible assets (excluding goodwill).

c At the reporting date.



Operating segments: development of operations

	Q4 2020 millions of €	Q4 2019 millions of €	Change %	FY 2020 millions of €	FY 2019 millions of €	Change %
Germany						
Total revenue	6,260	6,223	0.6	23,779	23,730	0.2
EBITDA	2,129	2,238	-4.9	8,525	8,668	-1.6
Adjusted EBITDA	2,346	2,316	1.3	9,276	9,121	1.7
Adjusted EBITDA AL	2,333	2,308	1.1	9,231	9,083	1.6
Number of employees ^a				66,051	69,117	-4.4
United States^b						
Total revenue	17,184	10,791	59.2	61,208	40,420	51.4
US-\$	20,505	11,950	71.6	70,117	45,236	55.0
EBITDA	7,787	3,300	n.a.	24,852	13,265	87.4
Adjusted EBITDA	6,724	3,403	97.6	25,122	13,809	81.9
Adjusted EBITDA AL	5,539	2,710	n.a.	20,997	11,134	88.6
US-\$	6,604	3,001	n.a.	24,033	12,463	92.8
Europe						
Total revenue	2,992	3,080	-2.9	11,335	11,587	-2.2
EBITDA	934	1,050	-11.0	4,153	4,223	-1.7
Adjusted EBITDA	1,062	1,084	-2.0	4,341	4,364	-0.5
Adjusted EBITDA AL	958	962	-0.4	3,910	3,910	0.0
Systems Solutions						
Order entry	2,085	1,463	42.5	4,588	4,740	-3.2
Total revenue	1,084	1,170	-7.4	4,178	4,424	-5.6
Adj. EBIT margin (%)	1.8	-0.9	2.7p	-0.3	-2.0	1.7p
EBITDA	38	10	n.a.	140	54	n.a.
Adjusted EBITDA	91	101	-9.9	350	364	-3.8
Adjusted EBITDA AL	62	74	-16.2	235	250	-6.0



	Q4 2020 millions of €	Q4 2019 millions of €	Change %	FY 2020 millions of €	FY 2019 millions of €	Change %
Group Development						
Total revenue	740	729	1.5	2,883	2,797	3.1
EBITDA	349	322	8.4	1,343	1,427	-5.9
Adjusted EBITDA	337	335	0.6	1,386	1,330	4.2
Adjusted EBITDA AL	266	259	2.7	1,101	1,033	6.6

Comments on the table:

Consistent with efforts to implement the Group strategy pillar “Lead in business productivity,” Deutsche Telekom combined its B2B telecommunications business within its Germany operating segment as of July 1, 2020. This transfer affected the Germany, Europe, Systems Solutions, and GHS operating segments. Prior-year comparatives for the development of operations, customer numbers, headcount, and order entry were adjusted retrospectively. This internal reorganization does not affect the Group’s figures.

a At the reporting date.

b Sprint has been included in Deutsche Telekom’s consolidated financial statements as a fully consolidated subsidiary since April 1, 2020. Comparative figures have not been adjusted.

Operating segments: development of customer numbers in the fourth quarter of 2020

	Dec. 31, 2020 thousands	Sep. 30, 2020 thousands	Change thousands	Change %
Germany				
Mobile customers	48,526	47,844	682	1.4
Of which contract customers	26,037	25,744	293	1.1
Fixed-network lines	17,590	17,602	-12	-0.1
Broadband lines	14,118	13,997	121	0.9
Of which optical fiber ^a	9,515	9,246	269	2.9
Television (IPTV, satellite)	3,864	3,787	77	2.0
Unbundled local loop lines (ULLs)	4,101	4,235	-134	-3.2
United States^b				
Customers ^{c, d}	102,064	100,362	1,702	1.7
Of which postpaid customers	81,350	79,732	1,618	2.0
Of which prepaid customers	20,714	20,630	84	0.4
Europe				
Mobile customers	45,619	45,743	-124	-0.3
Of which contract customers ^d	26,918	26,699	219	0.8
Fixed-network lines	9,084	9,062	22	0.2
Of which IP-based ^e	8,439	8,381	58	0.7
Broadband customers	6,953	6,866	87	1.3
Television (IPTV, satellite, cable)	5,057	4,986	71	1.4
Group Development				
Netherlands				
Mobile customers	6,803	5,761	1,042	18.1
Fixed-network lines	682	661	21	3.2
Broadband lines	668	647	21	3.2

Comments on the table:

Consistent with efforts to implement the Group strategy pillar “Lead in business productivity,” Deutsche Telekom combined its B2B telecommunications business within its Germany operating segment as of July 1, 2020. This transfer affected the Germany, Europe, Systems Solutions, and GHS operating segments. Prior-year comparatives for the



development of operations, customer numbers, headcount, and order entry were adjusted retrospectively. This internal reorganization does not affect the Group's figures.

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

b Sprint has been included in Deutsche Telekom's consolidated financial statements as a fully consolidated subsidiary since April 1, 2020. Comparative figures have not been adjusted.

c 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.

d 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.

e 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.

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

	Dec. 31, 2020 thousands	Dec. 31, 2019 thousands	Change thousands	Change %
Germany				
Mobile customers	48,526	46,189	2,337	5.1
Of which contract customers	26,037	25,291	746	2.9
Fixed-network lines	17,590	17,824	-234	-1.3
Broadband lines	14,118	13,730	388	2.8
Of which optical fiber ^a	9,515	8,529	986	11.6
Television (IPTV, satellite)	3,864	3,618	246	6.8
Unbundled local loop lines (ULLs)	4,101	4,638	-537	-11.6
United States^b				
Customers ^{c, d}	102,064	67,895	34,169	50.3
Of which postpaid customers	81,350	47,034	34,316	73.0
Of which prepaid customers	20,714	20,860	-146	-0.7
Europe				
Mobile customers	45,619	46,165	-546	-1.2
Of which contract customers ^d	26,918	26,245	673	2.6
Fixed-network lines	9,084	9,105	-21	-0.2
Of which IP-based ^e	8,439	8,311	128	1.5
Broadband customers	6,953	6,672	281	4.2

Television (IPTV, satellite, cable)	5,057	4,945	112	2.3
Group Development				
Netherlands				
Mobile customers	6,803	5,610	1,193	21.3
Fixed-network lines	682	619	63	10.2
Broadband lines	668	605	63	10.4

Comments on the table:

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