



MEDIA INFORMATION

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Deutsche Telekom sets itself significantly higher financial targets for the 2021 financial year and plans to raise dividend

- Revenue up 2.1 percent in organic terms in the third quarter to 26.9 billion euros
- Adjusted EBITDA AL up 0.2 percent in organic terms to 9.7 billion euros; excluding effect of U.S. terminal equipment leases, up by 6.7 percent in organic terms
- Strong growth in free cash flow AL and net profit
- Full-year guidance for EBITDA AL raised from at least 37.2 billion euros to around 38 billion euros, guidance for free cash flow AL of around 8.5 billion euros, up from at least 8.0 billion euros
- Dividend to increase to 0.64 euros per share
- Business in Germany very successful
- T-Mobile US raises guidance again
- Europe continues to grow

Following a good third quarter, Deutsche Telekom has raised its guidance for the full year once again. The Group now expects to report adjusted EBITDA AL of around 38 billion euros, up from the previous guidance of at least 37.2 billion euros. Free cash flow AL is now expected to total around 8.5 billion euros. That is up from the previous forecast of at least 8.0 billion euros. Both T-Mobile US and the Group's business outside of the United States contribute to this raised guidance. Deutsche Telekom began the 2021 financial year with a forecast for adjusted EBITDA AL of around 37 billion euros after a comparable prior-year figure of 35.0 billion euros.

For free cash flow AL, the original target was around 8 billion euros, compared with 6.3 billion euros in the prior year.

The dividend is also set to rise based on the strong performance. Subject to the relevant approvals, the Board of Management plans to pay out a dividend of 0.64 euros per share, up from 0.60 euros for the 2020 financial year.

In the third quarter of 2021, net revenue grew by 2.1 percent in organic terms – excluding changes in the composition of the Group and exchange rate effects – to 26.9 billion euros. Adjusted EBITDA AL increased by 0.2 percent in organic terms to 9.7 billion euros. Also adjusted for the effects from the reduction in terminal equipment leases in the United States, adjusted EBITDA AL (core adjusted EBITDA AL) in the Group increased by 6.7 percent in organic terms. On a reported basis, revenue increased by 1.8 percent and adjusted EBITDA AL decreased by 0.3 percent.

“Our businesses are performing even better than expected,” said CEO Tim Höttges. “Following strong figures in the first nine months, we are setting the bar for 2021 a little higher.”

In the three-month period, net profit reached 0.9 billion euros, up 8.8 percent on the same quarter in the prior year. Adjusted for special factors, net profit decreased by 13.0 percent in the third quarter to 1.3 billion euros.

Worldwide, Deutsche Telekom invested 4.4 billion euros before expenses for mobile spectrum. That is 2.9 percent less than in the third quarter of 2020. Free cash flow AL totaled 2.9 billion euros in the reporting quarter, almost 80 percent more than in the prior-year period.

Germany: Revenue and earnings grow

For Telekom Deutschland, the third quarter of 2021 was marked by strong financial figures. Revenue increased 2.5 percent year-on-year to



6.0 billion euros. Adjusted EBITDA AL recorded an even greater increase of 3.9 percent to 2.5 billion euros, resulting in an adjusted EBITDA AL margin of 41.0 percent.

These positive figures are rooted in sustained customer growth. The number of broadband customers increased by 90,000 between July and September. Telekom is growing much faster than the market in this area. More than 70 percent or more than 10 million of Telekom's broadband customers use fiber-optic-based products (FTTH, FTTC/vectoring). Almost 4 million customers are now using the television service MagentaTV.

In mobile communications, service revenues increased by 2.0 percent in the third quarter, underlining Telekom's leadership in the German mobile market. Branded contract net adds amounted to 182,000.

United States: Synergy target raised

T-Mobile US recorded another quarter of strong customer growth. The number of postpaid customers grew by 1.3 million between July and September, outstripping every other provider in the United States. As of September 30, the U.S. company had 106.9 million customers, over 6 million more than a year earlier.

Total revenue increased by 2.3 percent in the third quarter to 19.8 billion U.S. dollars. Adjusted EBITDA AL declined by 2.9 percent to 6.8 billion U.S. dollars. T-Mobile US raised the target for synergies from the business combination with Sprint for 2021 from between 2.9 and 3.2 billion U.S. dollars to between 3.2 and 3.5 billion U.S. dollars.

Europe: Roaming picks up again

The European national companies have accelerated their growth once again. Adjusted EBITDA AL grew by 5.4 percent year-on-year in organic terms in the third quarter of 2021 to 1.1 billion euros, while revenue increased by



1.2 percent in organic terms to 2.9 billion euros. Among other things, the revitalized tourist traffic compared with 2020 on the back of the relaxation of the pandemic-related restrictions had a positive impact, resulting in a recovery in roaming revenues.

The mobile contract customer base recorded particularly encouraging growth of 258,000 in the third quarter. At 55,000, growth in the broadband customer base remained stable against the previous quarters. In addition, the national companies gained 170,000 new users of fixed-mobile convergence products between July and September.

Group Development: Sale of TMNL agreed

On September 7, Deutsche Telekom announced the sale of T-Mobile Netherlands (TMNL) to WP/AP Telecom Holdings – a consortium of private equity funds advised by Apax Partners and Warburg Pincus. The Group will continue to report on the development of the Dutch business until the transaction is closed. Mobile contract net additions reached 52,000 in the third quarter. While revenue at T-Mobile Netherlands increased by 3.9 percent year-on-year in organic terms to 515 million euros, adjusted EBITDA AL, adjusted for one-time effects, increased by 10.8 percent in organic terms.

At the end of the quarter, Group Development's cell tower business comprised 40,100 sites in Germany and Austria, 1,200 sites more than a year earlier on a like-for-like basis. Total revenue from the cell tower business increased by 4.5 percent year-on-year in organic terms to 270 million euros in the third quarter of 2021. At the same time, adjusted EBITDA AL grew 6.2 percent in organic terms to 164 million euros.



Systems Solutions: Substantial growth in digital solutions

In the third quarter, T-Systems recorded a positive business development.

Order entry grew by 15.1 percent compared with the weak prior-year quarter to 0.8 billion euros. Revenue increased 1.7 percent to 1.0 billion euros.

There was also an increase in the earnings metrics. Adjusted EBITDA AL reached 80 million euros in the third quarter, 3.9 percent more than in the prior-year period.



The Deutsche Telekom Group at a glance

	Q3 2021 millions of €	Q3 2020 millions of €	Change %	Q1-Q3 2021 millions of €	Q1-Q3 2020 millions of €	Change %	FY 2020 millions of €
Net revenue	26,877	26,393	1.8	79,860	73,377	8.8	100,999
Proportion generated internationally %	73.6	77.2	-3.6p	76.8	75.3	1.5p	75.5
Adjusted EBITDA	11,139	11,102	0.3	32,714	29,936	9.3	40,374
Adjusted EBITDA AL	9,661	9,692	-0.3	28,323	26,065	8.7	35,017
Net profit (after non- controlling interests)	889	817	8.8	3,705	2,487	49.0	4,158
Adjusted net profit (after non- controlling interests)	1,313	1,509	-13.0	4,627	4,072	13.6	5,715
Free cash flow AL ^a	2,940	1,634	79.9	8,290	5,347	55.0	6,288
Cash capex ^b	4,666	4,763	-2.0	21,260	12,880	65.1	18,694
Cash capex ^b (before spectrum)	4,362	4,490	-2.9	12,932	11,512	12.3	16,980
Net debt				130,375	124,521	4.7	120,227
Number of employees ^c				216,265	227,584	-5.0	226,291
Of which in Germany ^c				86,517	90,435	-4.3	89,032

Comments on the table:

Sprint has been included in Deutsche Telekom's consolidated financial statements as a fully consolidated subsidiary since April 1, 2020. Sprint is included in the figures for the third quarter of 2021, i.e., the reporting quarter, and for the prior-year quarter for the full three months in both cases. In the cumulative figures, Sprint is included for nine months in the first three quarters of 2021 and for just six months (April to September) in the first three quarters of 2020.

a Before dividend payments and spectrum investment, before interest payments for zero-coupon bonds in the first quarter of 2020, 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

	Q3 2021 millions of €	Q3 2020 millions of €	Change %	Q1-Q3 2021 millions of €	Q1-Q3 2020 millions of €	Change %	FY 2020 millions of €
Germany							
Total revenue	5,990	5,842	2.5	17,835	17,525	1.8	23,790
Adjusted EBITDA AL	2,456	2,364	3.9	7,115	6,864	3.7	9,188
United States^a							
Total revenue	16,807	16,569	1.4	49,933	44,024	13.4	61,208
US-\$	19,811	19,374	2.3	59,740	49,613	20.4	70,117
Adjusted EBITDA AL	5,771	5,994	-3.7	17,215	15,458	11.4	20,997
US-\$	6,803	7,003	-2.9	20,596	17,429	18.2	24,033
Europe^b							
Total revenue	2,905	2,880	0.9	8,456	8,344	1.3	11,335
Adjusted EBITDA AL	1,105	1,064	3.9	3,046	2,953	3.1	3,910
Systems Solutions							
Order entry	802	697	15.1	2,821	2,485	13.5	4,564
Total revenue	971	955	1.7	2,992	3,082	-2.9	4,159
Adjusted EBITDA AL	80	77	3.9	215	207	3.9	279
Group Development^{b, c, d}							
Total revenue	787	719	9.5	2,349	2,142	9.7	2,883
Adjusted EBITDA AL	340	284	19.7	975	836	16.6	1,101

Comments on the table:

Reassignment between the operating segments.

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.

Moreover, effective January 1, 2021, Deutsche Telekom reassigned the responsibility for business and profit and loss for Deutsche Telekom IoT GmbH from the Systems Solutions operating segment to the Germany operating segment.

Prior-year comparatives for the development of operations, customer numbers, headcount, and order entry were adjusted retrospectively. This internal reorganization does not affect the figures at Group level.



- a Sprint has been included in Deutsche Telekom's consolidated financial statements as a fully consolidated subsidiary since April 1, 2020.
- b As of January 1, 2021, the Austrian cell tower business was reassigned from the Europe operating segment to the Group Development operating segment. Prior-year comparatives were not adjusted.
- c First-time consolidation of the Dutch MVNO and SIM provider Simpel as of December 1, 2020.
- d As of June 1, 2021, the Dutch cell tower business was sold to DIV and subsequently contributed into Cellnex Netherlands.

Operating segments: development of customer numbers in the third quarter of 2021

	Sept. 30, 2021 thousands	June 30, 2021 thousands	Change thousands	Change %
Germany				
Mobile customers	52,184	50,272	1,912	3.8
Of which contract customers	22,914	22,682	232	1.0
Fixed-network lines	17,543	17,555	-12	-0.1
Broadband lines	14,394	14,304	90	0.6
Of which fiber ^a	10,175	9,971	204	2.0
Television (IPTV, satellite)	3,966	3,933	33	0.8
Unbundled local loop lines (ULLs)	3,744	3,853	-109	-2.8
United States				
Customers ^b	106,920	104,789	2,131	2.0
Of which postpaid customers ^b	85,913	83,848	2,065	2.5
Of which prepaid customers ^b	21,007	20,941	66	0.3
Europe				
Mobile customers	46,391	45,788	603	1.3
Of which contract customers	27,430	27,172	258	0.9
Fixed-network lines	9,126	9,111	15	0.2
Broadband customers	7,114	7,059	55	0.8
Television (IPTV, satellite, cable)	5,132	5,098	34	0.7
Group Development				
Netherlands				



Mobile customers	6,894	6,853	41	0.6
Fixed-network lines	721	707	14	2.0
Broadband lines	709	695	14	2.0

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

b As of July 1, 2021, T-Mobile US acquired 716,000 postpaid phone customers and 90,000 other postpaid customers through the acquisition of assets directly associated with the mobile operations of Shentel. Prior-year comparatives were not adjusted.

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

	Sept. 30, 2021 thousands	Sept. 30, 2020 thousands	Change thousands	Change %
Germany				
Mobile customers ^a	52,184	47,564	4,620	9.7
Of which contract customers ^a	22,914	25,684	-2,770	-10.8
Fixed-network lines	17,543	17,602	-59	-0.3
Broadband lines	14,394	13,997	397	2.8
Of which fiber ^b	10,175	9,246	929	10.0
Television (IPTV, satellite)	3,966	3,787	179	4.7
Unbundled local loop lines (ULLs)	3,744	4,235	-491	-11.6
United States				
Customers ^c	106,920	100,362	6,558	6.5
Of which postpaid customers ^c	85,913	79,732	6,181	7.8
Of which prepaid customers ^c	21,007	20,630	377	1.8
Europe				
Mobile customers	46,391	45,743	648	1.4
Of which contract customers	27,430	26,628	802	3.0
Fixed-network lines	9,126	9,062	64	0.7
Broadband customers	7,114	6,856	258	3.8
Television (IPTV, satellite, cable)	5,132	4,977	155	3.1
Group Development				



Netherlands				
Mobile customers ^d	6,894	5,761	1,133	19.7
Fixed-network lines	721	661	60	9.1
Broadband lines	709	647	62	9.6

Comments on the table:

Reassignment between the operating segments.

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.

Moreover, effective January 1, 2021, Deutsche Telekom reassigned the responsibility for business and profit and loss for Deutsche Telekom IoT GmbH from the Systems Solutions operating segment to the Germany operating segment.

Prior-year comparatives for the development of operations, customer numbers, headcount, and order entry were adjusted retrospectively. This internal reorganization does not affect the figures at Group level.

a From January 1, 2021, around 3.6 million SIM cards of a service provider that were previously reported under contract customers are now reported under prepaid customers. Prior-year comparatives were not adjusted.

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

c As of July 1, 2021, T-Mobile US acquired 716,000 postpaid phone customers and 90,000 other postpaid customers through the acquisition of assets directly associated with the mobile operations of Shentel. Prior-year comparatives were not adjusted.

d The acquisition of the Dutch MVNO and SIM provider Simpel effective December 1, 2020 increased the mobile customer base by around one million. Prior-year comparatives were not adjusted.



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