

– Check against delivery –

## **Conference Call**

**Report on the second quarter of 2021**

**August 12, 2021**

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**Chief Executive Officer**

**Deutsche Telekom AG**

Good morning from me, too, Ladies and Gentlemen, and a warm welcome to our conference call.

I will talk about the Group's half-year financial results in a few moments.

But I would like to begin with a few words on the catastrophic flooding that hit the region just a few weeks ago.

Ever since then, we have given our all to help the people affected. And we won't stop. We acted immediately. The mobile network was our first priority.

One reason was because around 300 of our cell sites were down. We had to act quickly. Our technicians had the entire mobile network back up and running by July 23, restoring communications for people in need. The mobile network has been stable ever since. But the people on the ground need more than working networks: They need devices and access to the power grid. We stepped in immediately: In the direct aftermath of the flooding, our volunteers handed out 4,900 robust mobile phones, 5,000 power banks, and 2,500 quick-start packages across the regions

affected. With many places impossible to access by car, colleagues from Telekom Service took backpacks and set out on foot through the towns and villages to reach people. We are still out and about in the affected areas, offering help where it is needed. Whether it is rebuilding infrastructure or helping people.

But while we were able to fix the mobile network quickly, parts of the fixed network will take far longer. The devastation is simply too great. Roads and bridges were carried away, and our cables – which are mostly laid along roads or under bridges – went with them. We have a couple of photos to give you an idea of the scale of the damage, including to our infrastructure. Restoring lines to all households, repairing cables, street cabinets, and control centers will take us many months. In the meantime, we are rolling out temporary solutions to help plug the gap. We are doing this in close cooperation with aid organizations, above all the Federal Agency for Technical Relief (THW). So far, we have been able to reinstate service to two-thirds of the affected fixed-network infrastructure. That means around 75,000 households have been reconnected thanks to emergency measures and the nationwide support of countless technicians. For the remaining 30,000 or so customers still with no fixed network, the sheer scale of the devastation is hampering our efforts to rebuild.

The inconceivable volumes of water and debris in the Ahr valley and the Eifel region caused extensive damage to our technical infrastructure. Particularly to our technology in the field – that is, the gray cabinets which are a regular feature on roadsides and sidewalks. Entire streets have been swept away, taking our telephone lines with them. Here, and in other areas too, we will have to build new infrastructure from scratch.

We are currently mobilizing all available resources in our technology and service units. 1,500 specialists on the ground, 500 back-office colleagues, and a 130-strong service team staffing a special dedicated hotline. And hundreds more volunteers helping with the clean-up. 2,000 volunteers collecting donations as part of the SAT.1 TV telethon. Everyone supporting where they can to help the people affected by the flooding. Actually, a lot of Telekom employees also live in the flood-hit regions themselves and are personally affected by the events. We are helping them, too. Swiftly and with no red tape. With special leave, release from duties, and aid

payments. I would like to use this opportunity today to say thank you to everyone at Telekom for their tireless dedication.

Deutsche Telekom will continue working flat out and doing what it does best: Build networks. Connect people. Drive forward the reconstruction work. For as long as it takes. Because that is our motto: We won't stop.

Ladies and Gentlemen,

That is it for our plans to support the affected regions as people try to rebuild their lives in the wake of the catastrophic flooding. Let me now turn to our financial results in the first half of the year. I will then hand over to Christian Illek, who will talk in detail about the figures for the second quarter.

But let us begin with the most important message: Our growth course continues. That goes for business on both sides of the Atlantic. And it means we can once again raise our guidance for the full year. You can count on Deutsche Telekom, and this is proof of that!

In a sentence: We have delivered.

Net revenue was up by 12.8 percent year-on-year in the first six months to 53 billion euros. In organic terms, growth was 6.9 percent. Adjusted EBITDA AL increased by 14.0 percent in the same period. Organic growth here was 4.6 percent. With higher earnings across all operating segments.

Adjusted free cash flow AL is also growing. By 44.1 percent at Group level in the first half of the year, to 5.4 billion euros. Adjusted net profit rose by 29.4 percent to 3.3 billion euros in the same period.

This positive development is mainly down to two major factors:

1. The business combination of T-Mobile US and Sprint in the United States continues to make excellent progress. Adjusted EBITDA AL came in at 11.4 billion euros. In organic terms, it grew by 4.6 percent or 0.5 billion euros.
2. Our operations on this side of the Atlantic are also developing favorably. Adjusted EBITDA AL grew by 4.5 percent in organic terms in the first six months. I am particularly pleased to see all Group units contributing to this trend. Without exception.

In Germany, adjusted EBITDA AL was up organically in the first half by 3.7 percent. Organic growth in the Europe segment was 4.7 percent, while adjusted EBITDA AL in TSI' Systems Solutions business grew by 1.3 percent in organic terms. At 8.1 percent, organic growth in EBITDA AL was particularly marked in the Group Development segment. These figures are impressive testimony to our transatlantic strengths.

Ladies and Gentlemen,

These trends in our key financials are eclipsing even our own expectations. We now expect the United States to contribute higher earnings than forecast. On this basis, we are now raising our full-year guidance for the second time. From previously over 37 billion euros to over 37.2 billion euros.

We are successfully overcoming our economic challenges, and that is down to two main factors:

1. First, we are winning new customers all the time. Month after month, quarter after quarter. We must, without fail, earn the trust our customers place in Deutsche Telekom. By offering them the best products with the best services in the best networks, everywhere. Our ambition is to become the leading provider in all areas. It is simple, really: The success of our business boils down to customers who trust in and are loyal to Deutsche Telekom.

2. This is why we continue to invest in the technologies of the future. In building out both next-generation 5G mobile technology and fiber-to-the-home. Our networks are how we generate value, today and in the future. We need to be the technology leader in these areas, or our customers will abandon us. That is why in 2021, we are once again investing record amounts in infrastructure: pouring around 18 billion euros largely into building out our networks worldwide. In the first half-year alone, we increased cash capex by 22.0 percent to 8.6 billion euros.

Ladies and Gentlemen,

FTTH, or fiber-to-the-home, is synonymous with future-ready fixed-network internet. Gigabit-capable fiber-optic lines running directly to residential premises will become the arteries of our digital society. Building this infrastructure is a gigantic undertaking. In our home market of Germany, we are pulling out all the stops and sticking to our long-term target: a fiber-optic line to every one of the 41.5 million households and to every business by 2030. We will make a major contribution to achieving this goal. Which we have repeated over and over. But: The other portion has to come from our competitors. We cannot digitalize Germany on our own. Much as we would like to.

It is true that we have announced ambitious plans this year. One million FTTH lines in the next few years for Berlin; another 500,000 each for Hamburg and Munich. Three million more in rural areas.

It is also true that we deliver on our promises. In the first half of the year, we rolled out fiber-optic lines to around 340,000 households in Germany. Our goal is still to achieve 1.2 million lines by the end of this year, and we are well on track to do this. Looking ahead, from 2024 we are set to give a further 2.5 million households the option of an FTTH line from us.

We continue to build out our existing fixed-network infrastructure. In Germany and in our European subsidiaries, for example in Poland and Austria. Across Europe, today,

a total of over 50 million households can get a broadband fixed-network line with vectoring (<100 Mbit/s) or super-vectoring (<250 Mbit/s) from us.

Over 8.8 million households in Germany and in our national companies in Europe can now subscribe to an FTTH line from us with speeds of up to 1 Gbit/s. In the first half of the year, we installed one million FTTH lines across our home continent.

In terms of mobile business, our 5G networks are leading in Germany and in our national companies in Europe, where they cover 82 percent of the population. In Germany, we are even further on, with coverage set to reach over 90 percent by the year-end.

Chip magazine recently bestowed the award for the best mobile network in Germany on us; we were the only provider to achieve a test score of “very good”. This is our ambition as the leading European telco.

We continue to blaze trails in the U.S. mobile industry. Since the end of 2020, we have expanded our U.S. 5G network in the 2.5 gigahertz band by more than 50 percent, to reach 165 million people. 305 million Americans nationwide can surf the internet via 5G on the basis of the 600 megahertz band.

Our 5G coverage is now almost double that of AT&T's. And our population coverage is more than quadruple Verizon's. T-Mobile US brings 5G to more people than former heavyweights AT&T and Verizon combined.

And the network build-out is paying off on both sides of the Atlantic: On our home continent, 328,000 people opted for a fixed-network line from Deutsche Telekom in the first half of the year. On top of that, 122,000 new customers signed up for our MagentaTV product bundles. Both figures are up year-on-year. In mobile business, we added 738,000 new branded contract customers in Europe in the first six months.

Customers in the United States are also rewarding our network build-out and the outstanding network quality with more people than ever signing up for a contract with T-Mobile US: postpaid net adds were up by 2.5 million in the first half. Our customer

growth is industry-leading. CEO Mike Sievert and his team continue to forge ahead with our Un-carrier strategy. And our business combination with Sprint is having the desired effect: We are getting better every day and are on course to become No. 1 on the extremely important U.S. market. That is a unique opportunity. Or can you name me another German company with similar prospects in the United States?

Ladies and Gentlemen,

One last thing: Our digital infrastructure forms the backbone of our digital society. Throughout the coronavirus pandemic it has proved to be stable and resilient in times of crisis. But it can do so much more. For example, we could use our mobile network to warn people about imminent natural disasters. This works using an SMS-like early warning system known as cell broadcasting.

Digitalization can help us to ensure we are best prepared for what may come. But we have to use it properly. For this, we are waiting for a sign from policy-makers. As network operators, we are ready to act.

Thank you.

With that, I will now hand you over to Christian Illek.