

Deutsche Telekom Press Conference FY/2021 results



LIFE IS FOR SHARING.



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In addition to figures prepared in accordance with IFRS, Deutsche Telekom also presents alternative performance measures, including, among others, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA after leases, adjusted EBITDA margin, adjusted Core EBITDA, adjusted EBIT, adjusted net income, free cash flow, free cash flow after leases, gross debt, net debt after leases, and net debt. These alternative performance measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Alternative performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways.

Review 2021

accelerated delivery on CMD 2021 targets

Organic growth



Commercial growth

- 7.1 mn new postpaid subs
- 0.8 mn new broadband subs



Efficiency/digitization

- Indirect cost reduction overdelivered (€1.8 bn vs. CMD 2018 target of €1.5 bn)
- On track for CMD 2021 targets



Guidance for 2022

- Adj. EBITDA AL ~€36.5 bn
- FCF AL ~€10 bn



Capital allocation/portfolio



Decisive steps towards TMUS majority taken (+5.2pp to 48.4%¹)



Sale of TMNL at €5.1 bn EV



Sale of Romanian fixed network



Network leadership



Fiber JV for 4 mn rural homes



1.2 mn FTTH homes



1.4 mn FTTH homes



>90% 5G coverage



210 mn POPs with 2.5GHz 5G



Shareholder value



Adj. EPS

- €1.22 in 2021
- > €1.25 in 2022



Dividend

- 2021 dividend per share €0.64²



¹ Subject to closing of the TMNL transaction ² Final decision subject to AGM approval





Financials 2021

Financials 2021 reported strong growth

€ mn

	Q4			FY		
	2020	2021	Change	2020	2021	Change
Revenue	27,622	28,934	+4.7%	100,999	108,794	+7.7%
Adj. EBITDA AL	8,952	9,007	+0.6%	35,017	37,330	+6.6%
Adj. EBITDA AL (excl. US)	3,413	3,524	+3.3%	14,020	14,633	+4.4%
Adj. net profit	1,643	1,234	-24.9%	5,715	5,862	+2.6%
Net profit	1,671	471	-71.8%	4,158	4,176	+0.4%
Adj. EPS (in €)	0.34	0.26	-23.5%	1.20	1.22	+1.7%
Free cash flow AL ^{1,2}	942	520	-44.8%	6,288	8,810	+40.1%
Cash capex ²	5,468	5,046	-7.7%	16,980	17,978	+5.9%
Net debt excl. leases (AL)	89,556	100,649	+12.4%	89,556	100,649	+12.4%
Net debt incl. leases (IFRS 16)	120,227	132,142	+9.9%	120,227	132,142	+9.9%

¹ FY/20 before €1,600 mn zero bond redemption in Q1/20 and 2,158 mn TMUS interest rate swap in Q2/20

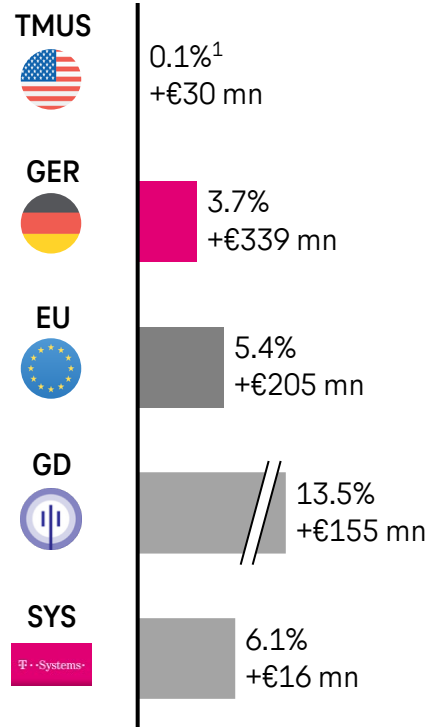
² Free cash flow AL before dividend payments and cash capex before spectrum investment. Spectrum: FY/20 €1,714 mn, FY/21 €8,388 mn. Q4/20: €346 mn; Q4/21: €60 mn

Financials 2021 organic

strong organic growth

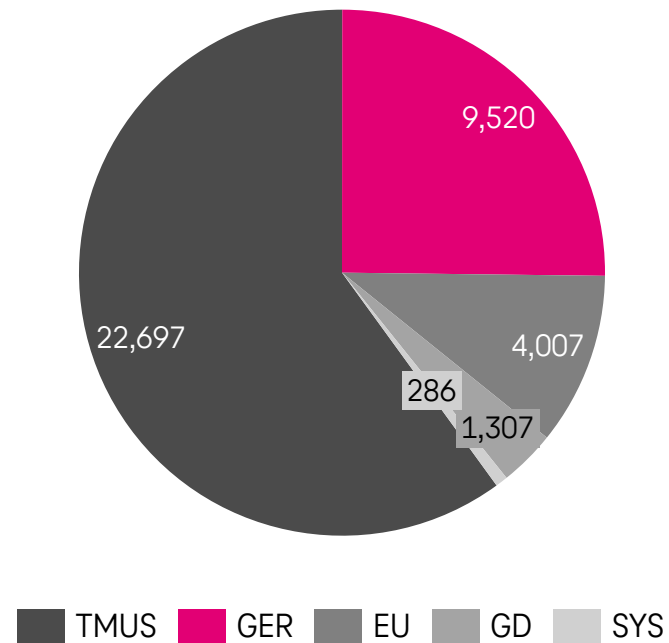
Adj. EBITDA AL

growth yoy, organic



Adj. EBITDA AL²

€ mn



Key financials

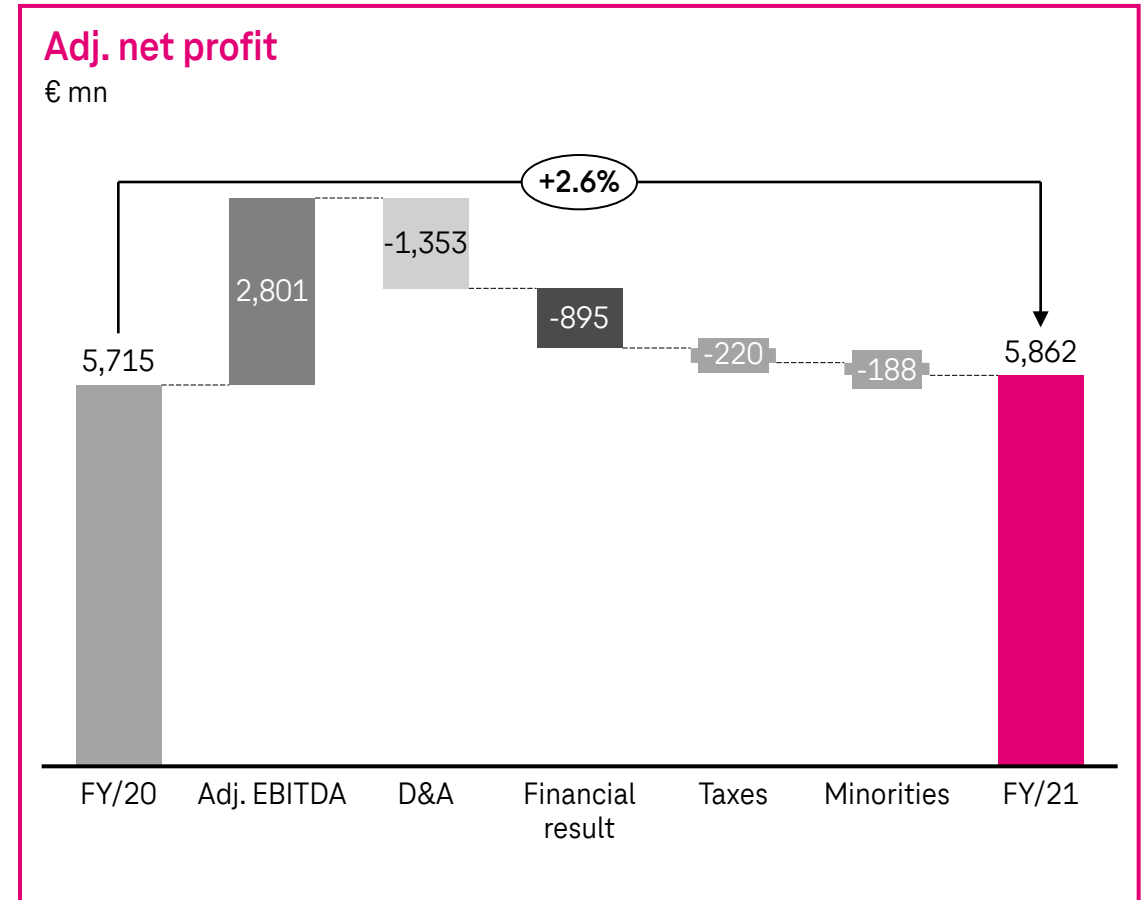
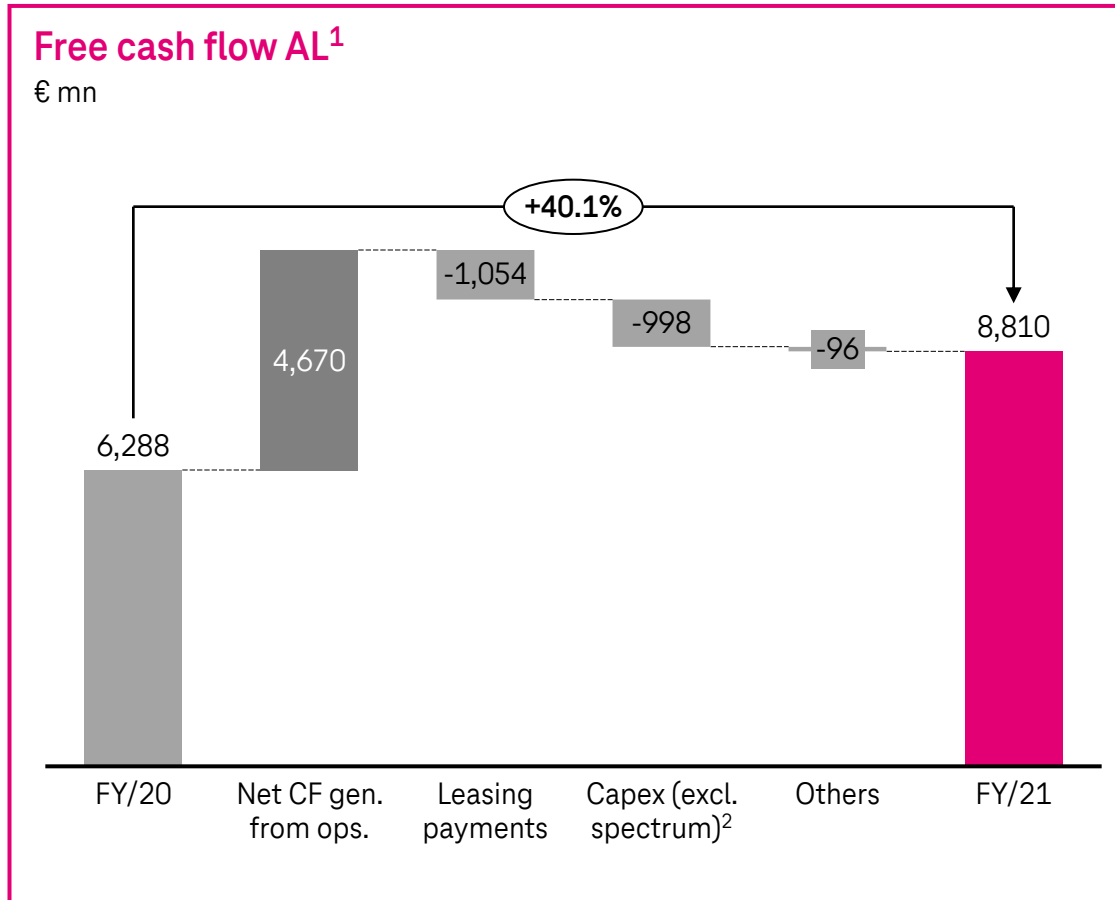
% growth yoy, organic

Revenue	+4.5%
Service revenues	+3.5%
Service revenues (excl. US)	+2.0%
Adj. EBITDA AL	+1.9%
Adj. core EBITDA AL	+7.8%
Adj. EBITDA AL (excl. US)	+4.8%

¹Trend impacted by decreasing handset leases: excl. handset leases, adj. core EBITDA AL growth of +10.1% ² Excl. GHS; reported EBITDA AL €37.3 bn

Financials 2021

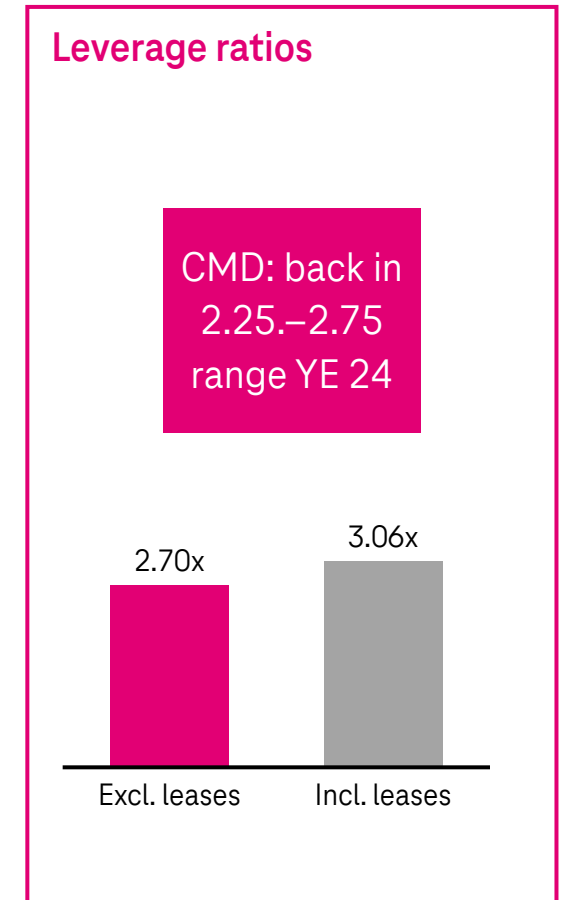
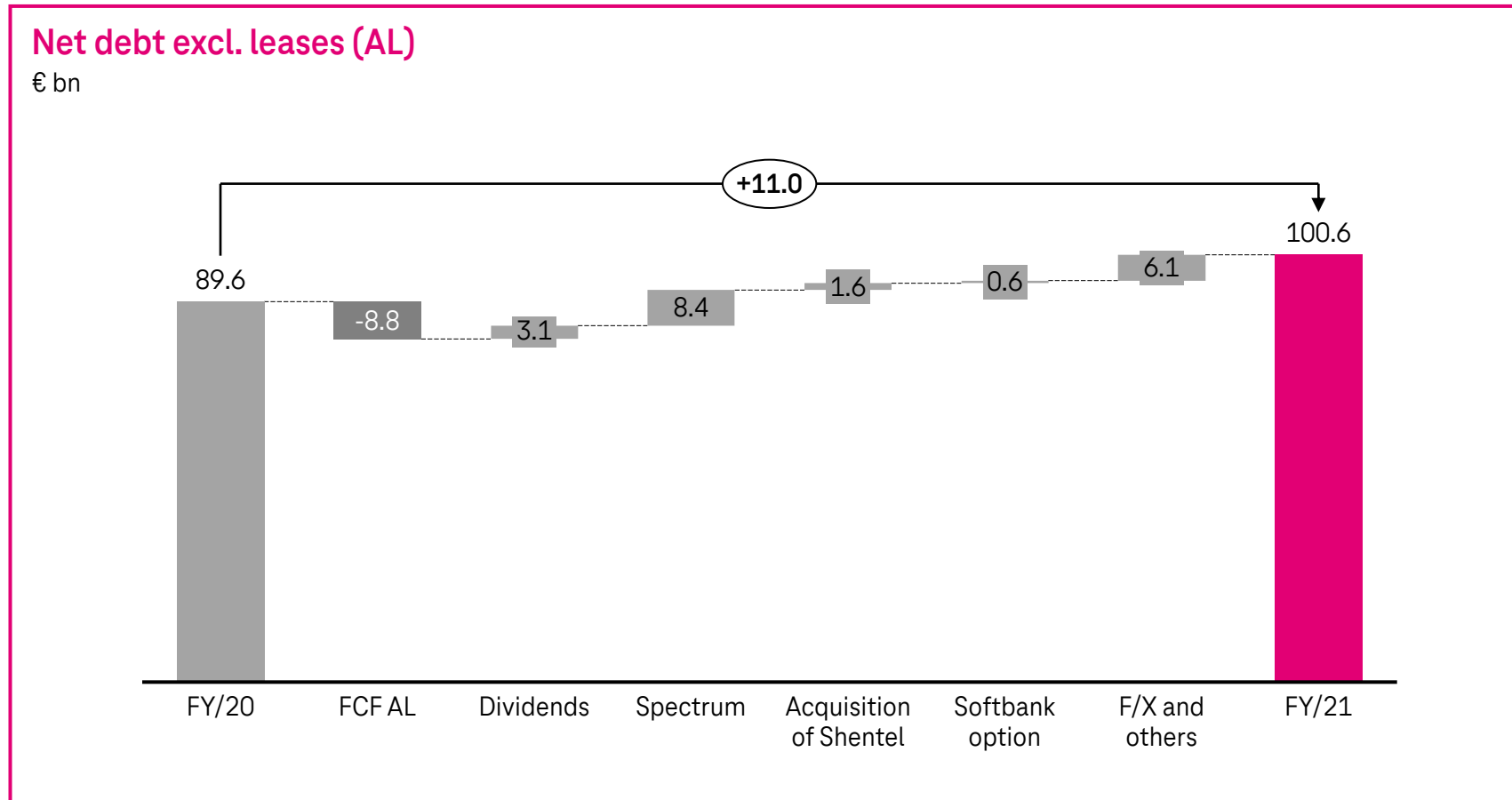
FCF AL and net income better than guidance



¹ Free cash flow and FCF AL before dividend payments and spectrum investment. 2020 before €2,158 mn interest rate swap TMUS and €1,600 mn zero bond redemption ² Excl. spectrum: FY/20: €1,714 mn; FY/21: €8,388 mn

Financials 2021

net debt and leverage ratios



CMD 2018 review

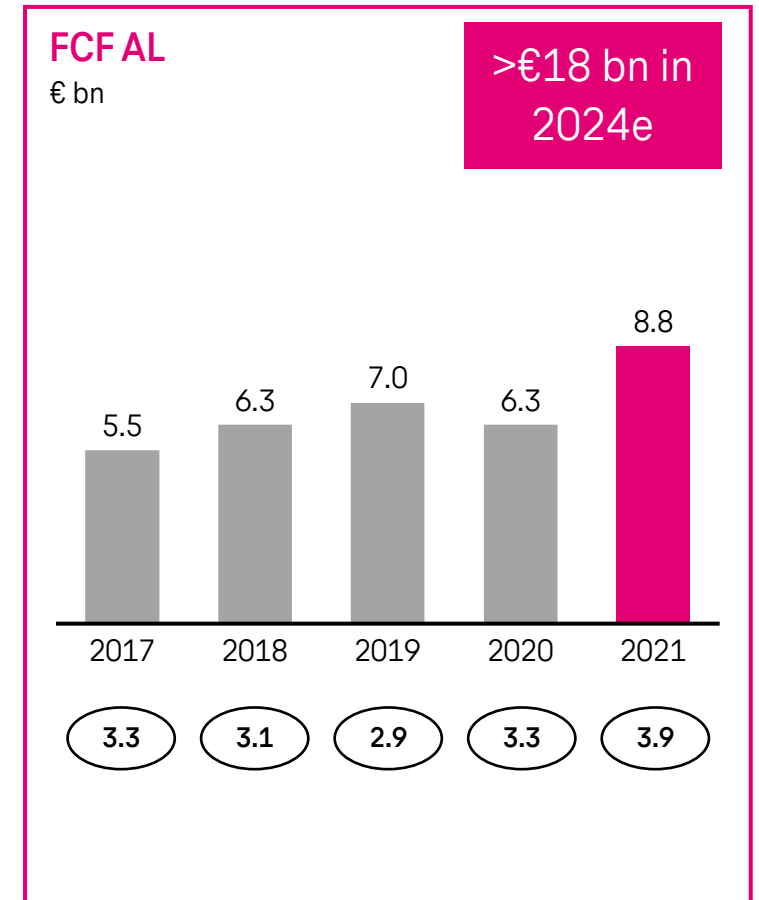
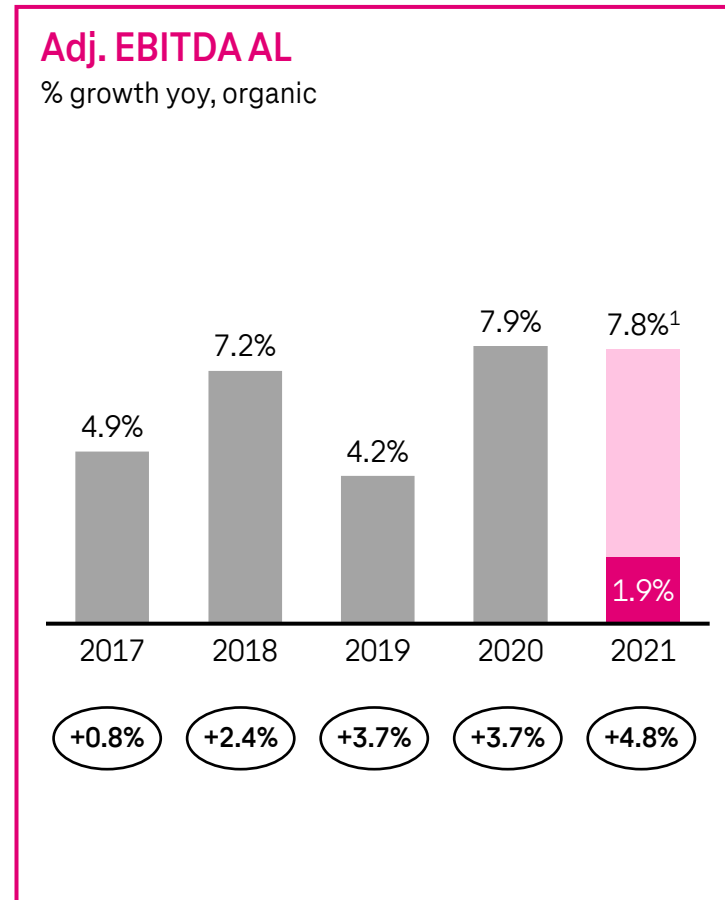
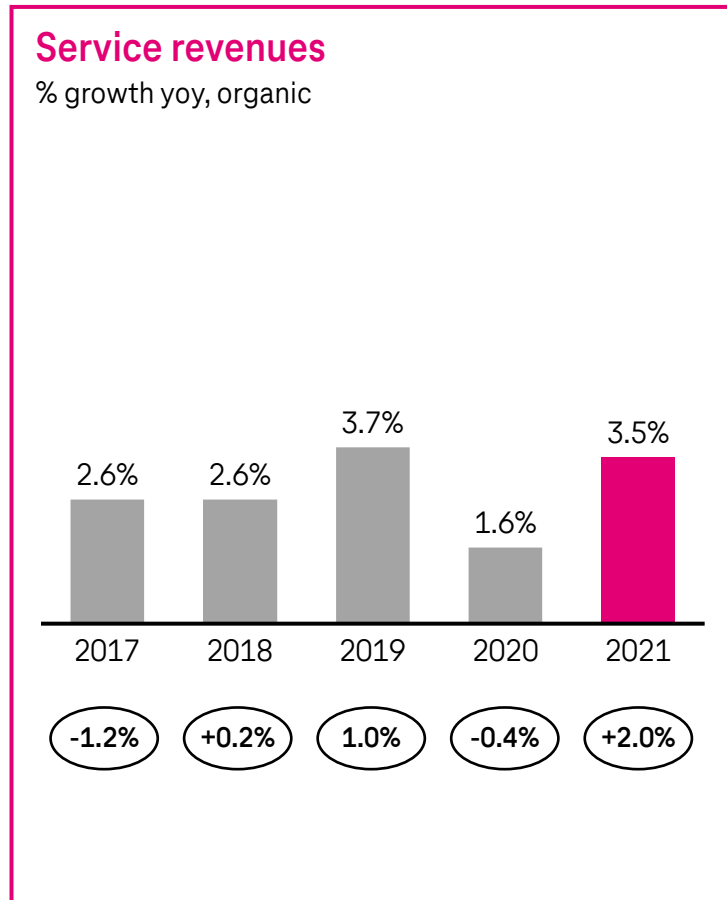
strong delivery on commitments

	Ambition	Merger impact	Achievements 2017-2021 ¹
Revenue CAGR ¹	1–2%		● 3.3%
Adj. EBITDA (AL) CAGR	2–4%		● 5.3%/7.7% ²
Adj. EBITDA (AL) CAGR (ex US)	2–3%		● 3.7%
FCF (AL) CAGR	~10%; 2021: >€8 bn	Dilutive	● 18.7%; €8.8 bn
FCF (AL) (ex US)	2021: ~€4 bn		● €3.9 bn
Adj. EPS	2021: ~€1.2	Dilutive	● €1.2
ROCE	ROCE > WACC		● 4.1%
Cash capex (ex US)	Stable		● Stable
Adj. indirect cost (AL) (ex US)	€1.5 bn (net savings)		● €1.8 bn
Dividend	To reflect growth in adj. EPS; €50 c floor		● €64 c in 2021 ³

¹ On a like-for-like basis, actual results ² Corrected for handset leases “Core EBITDA AL” ³ Subject to final AGM approval

Financials 2017–2021

consistent growth in key KPIs



+/-X.X% = Ex US

¹ Adj. core EBITDA AL



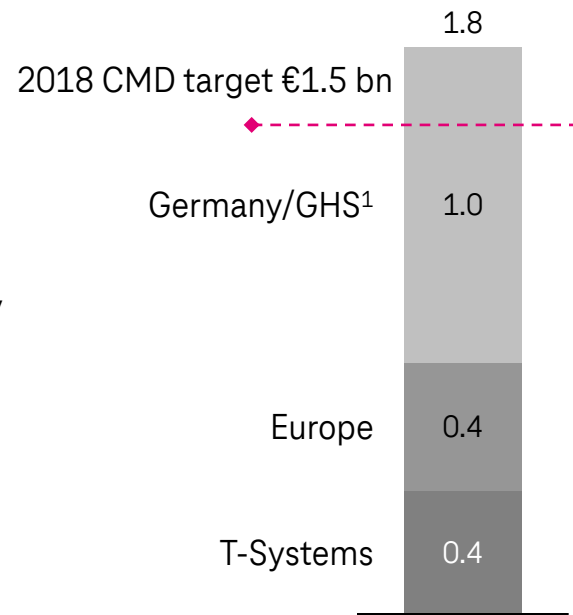
Indirect costs

CMD 2018 target overdelivered, CMD 2021 target on track

Organic net savings 2017–2021

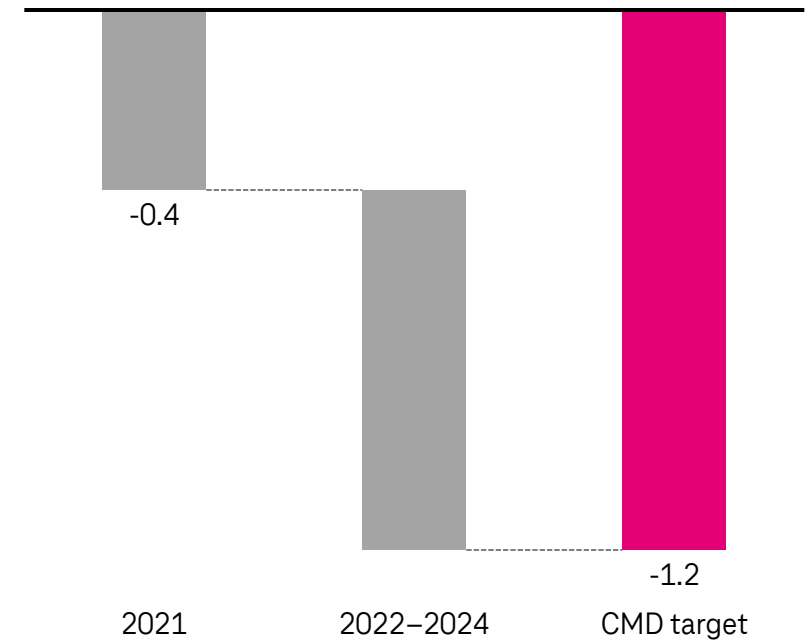
€ bn

- 9% of IDC AL saved
- Driven by greater agility and digitization
- Personal productivity +20%



Organic net savings 2020–2024

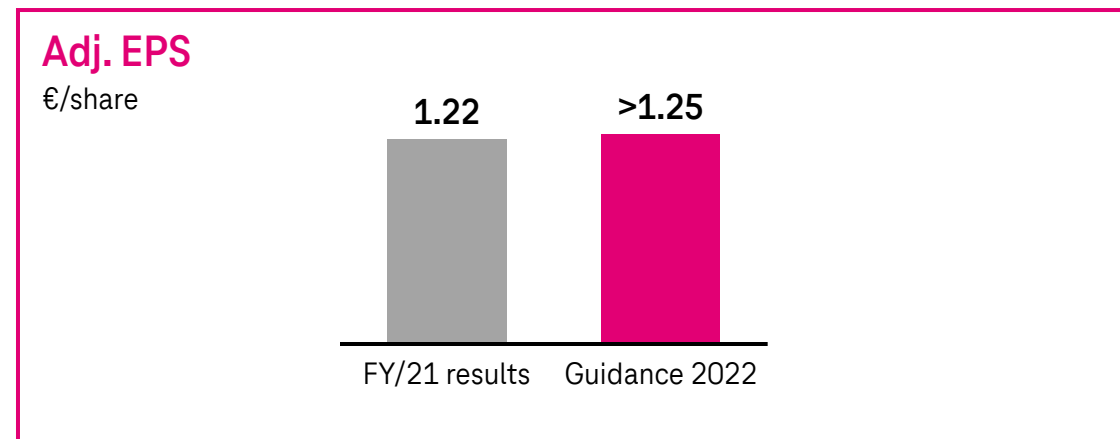
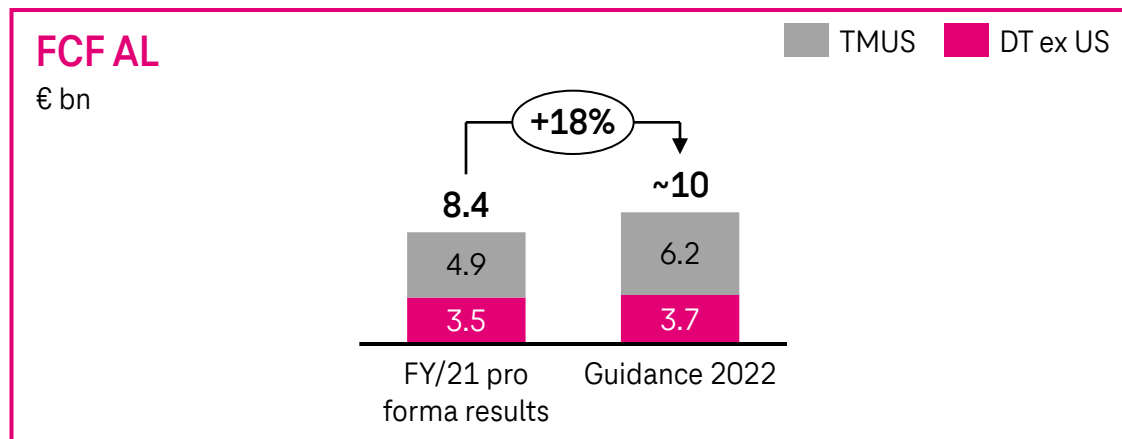
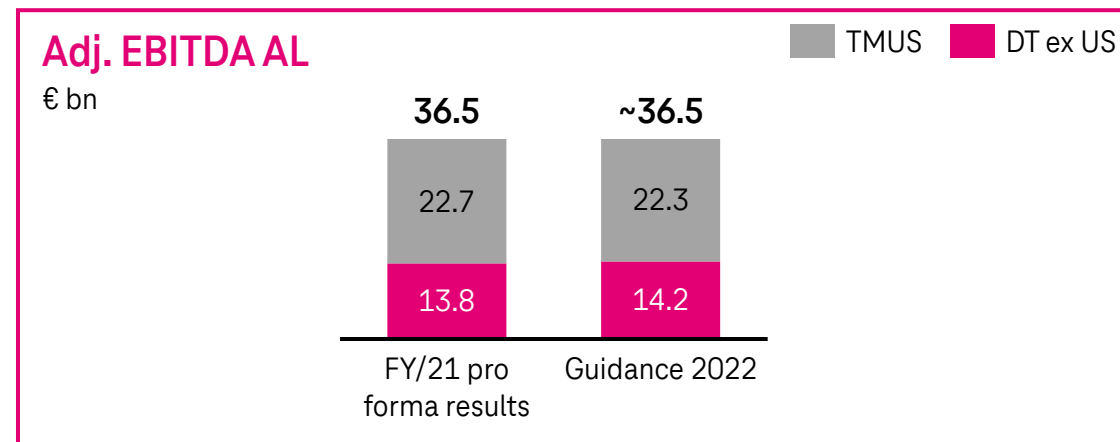
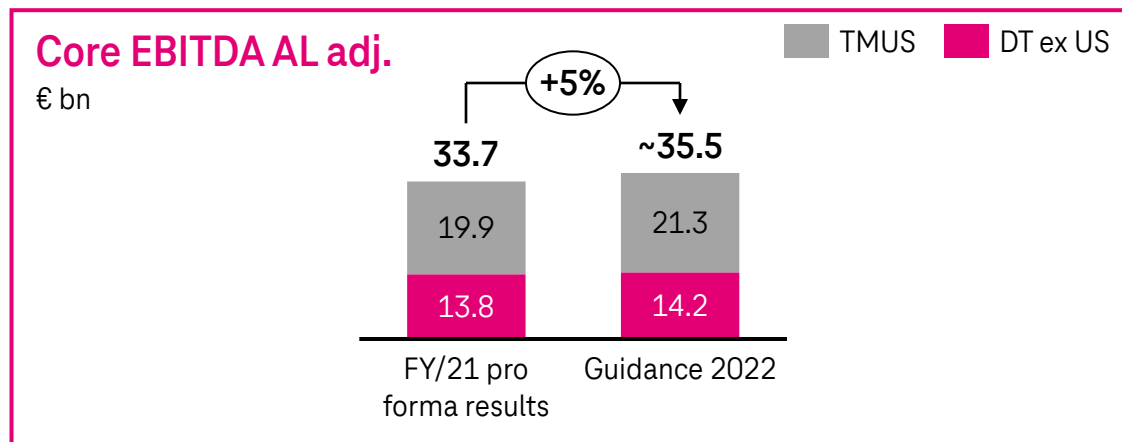
€ bn



¹ Also includes GD

Guidance 2022¹

group outlook



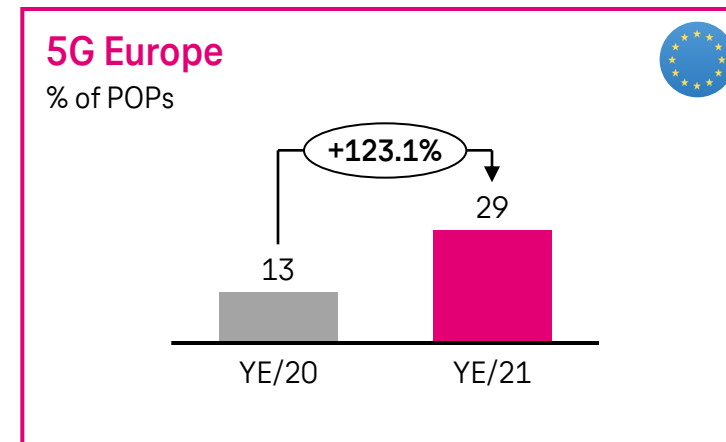
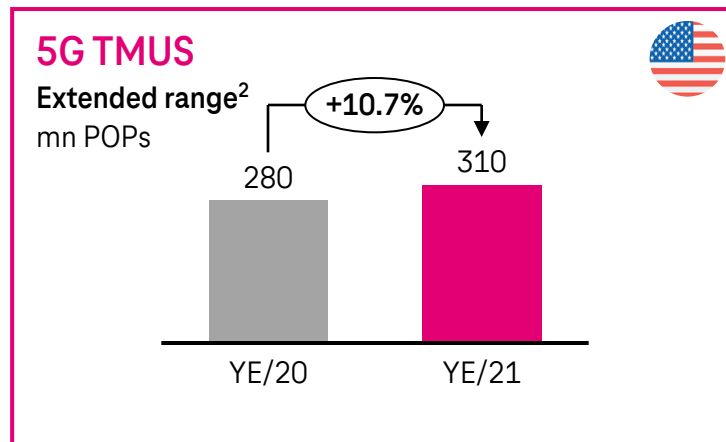
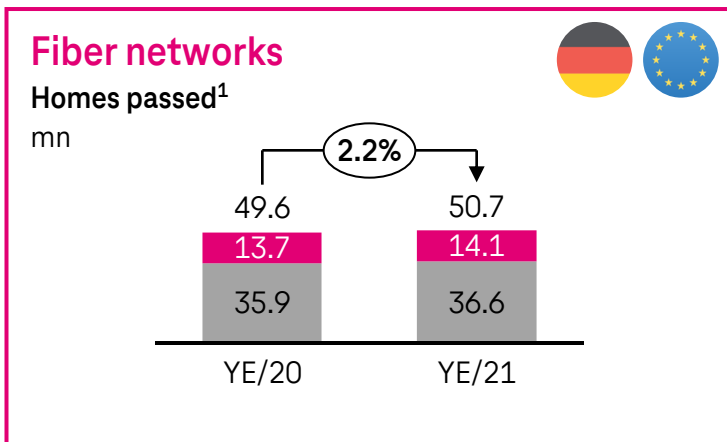
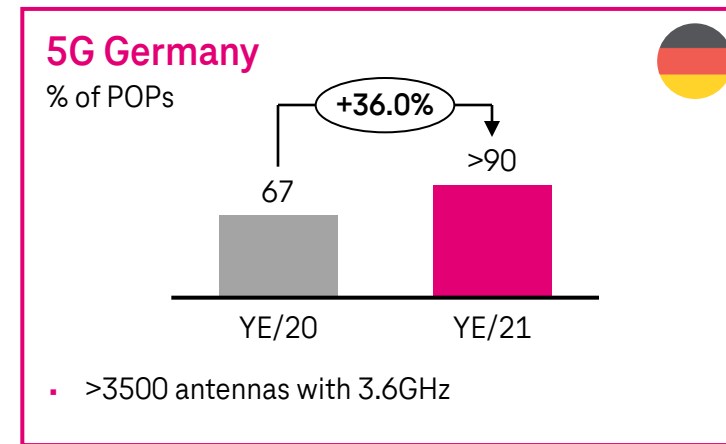
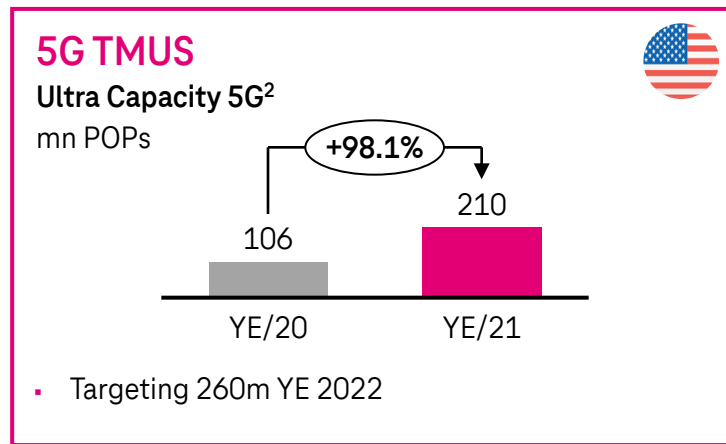
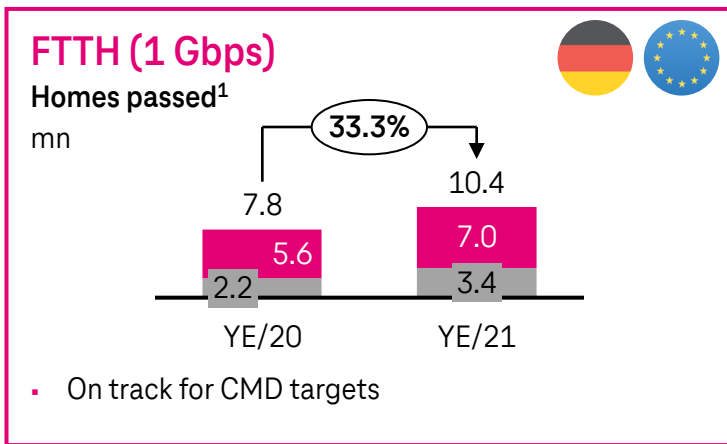
¹ Guidance for adj. EBITDA AL of around €36.5 bn reflects €1.8 bn decrease in handset leasing revenues in the US. TMUS adj. EBITDA and core EBITDA AL adj. included at midpoint of US GAAP guidance of US\$26.7 bn to 27.5 bn and US\$25.6 bn to 26.1 bn, adjusted for estimated bridge of US\$0.6 bn. US FCF included at mid-point of US GAAP guidance of US\$7.1 bn to 7.6 bn. Based on €1 = US\$1.18

Operations Review 2021



Networks

leading with 5G, FTTH well on track



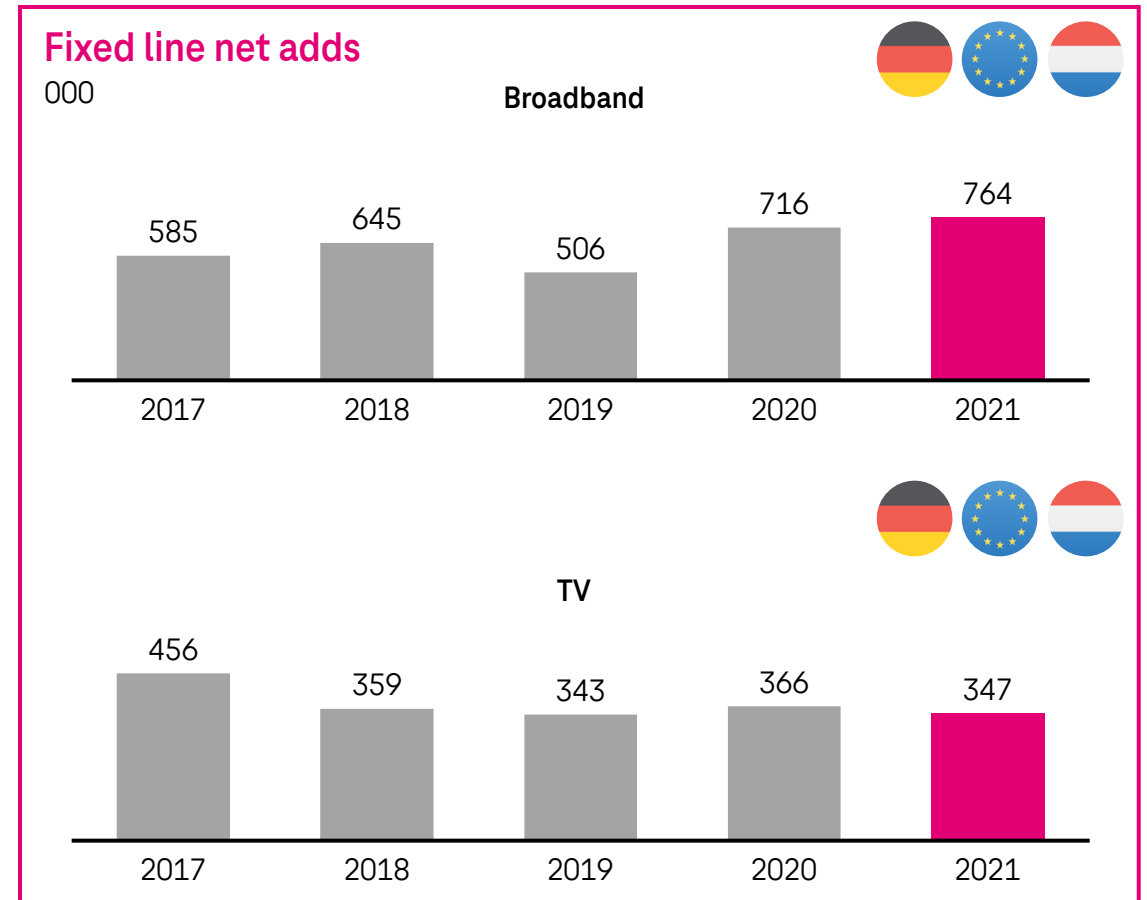
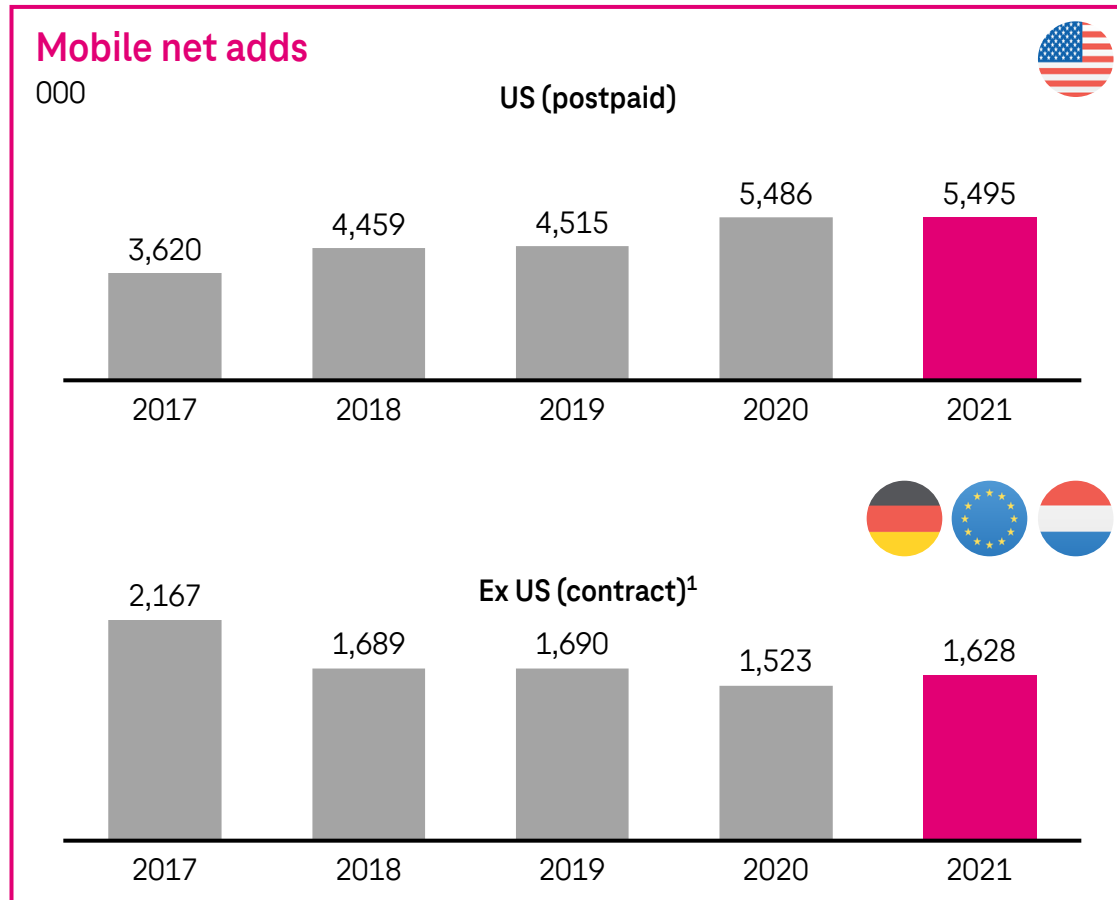
■ EU ■ GER

¹ EU8: FTTC, FTTH/B lines, and cable/ED3. GER: FTTC and FTTH/B lines incl. cooperations and cable ² Extended range on 600 MHz, Ultra Capacity on 2.5 GHz



Customers

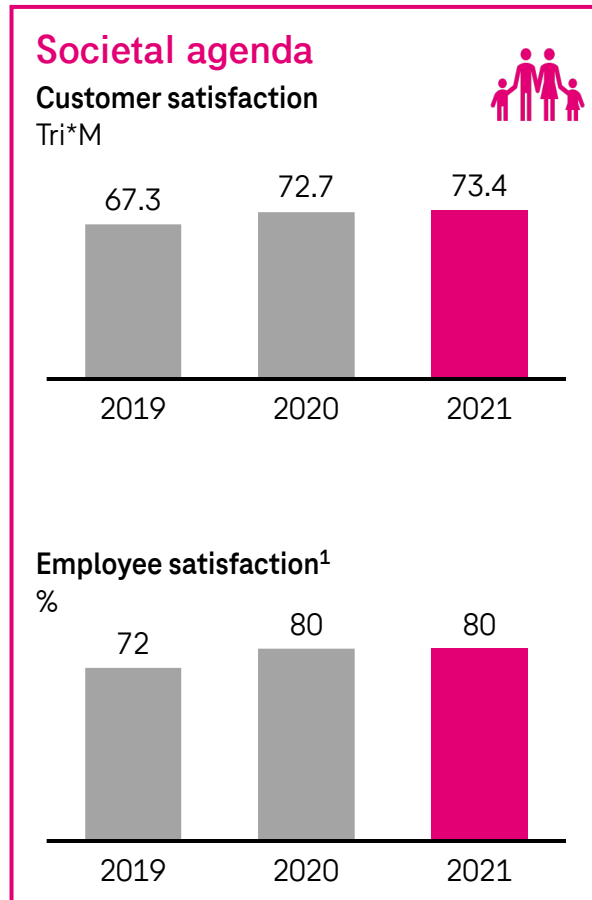
consistent strong growth



¹ GER + EU + NL. GER: Since 2021, own branded retail customers excl. multibrand, consumer IoT, and "Schnellstarter"

Society and environment

strong ESG performance in all dimensions



#GREEN
MAGENTA

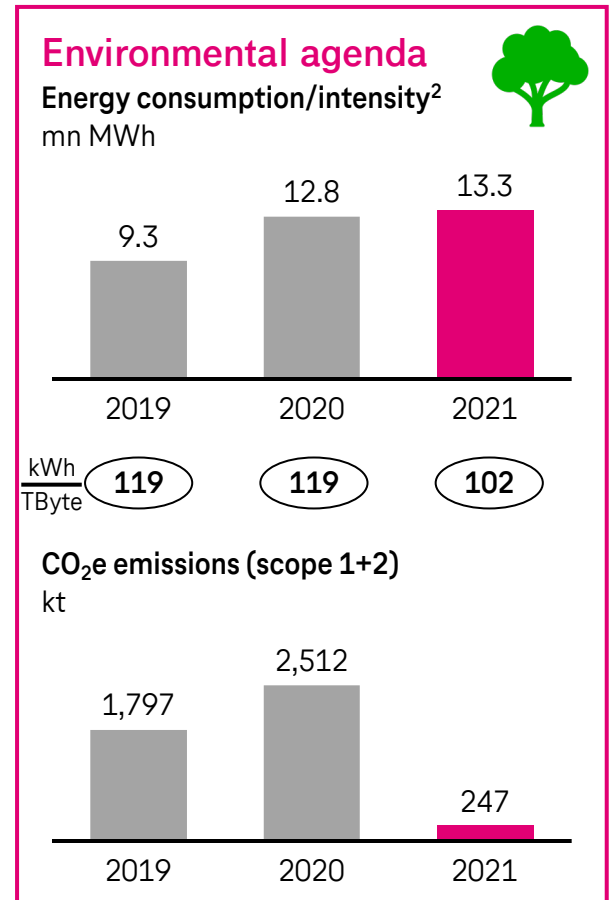
- Switch to 100% electricity from renewables accomplished
- Eco rating: successful launch of industry-wide initiative

#GOOD
MAGENTA

- Support for flood victims

Governance

- Move of corporate responsibility department to CEO
- Environmental targets in remuneration for board from 2021, for all executives from 2022
- Reporting in line with new EU taxonomy regulation requirements
- Ongoing success in ESG ratings



¹Positive answer on employee/pulse survey question: “How do you feel at our company”

²Energy intensity includes only fixed and mobile services at DT Group



Germany Review 2021

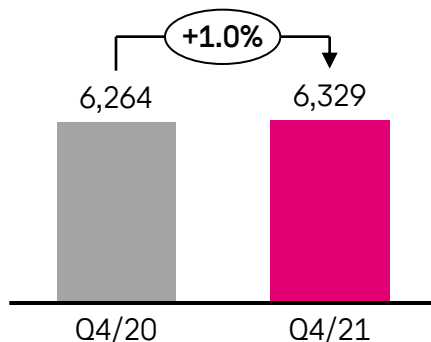
Germany

21st consecutive quarter of EBITDA growth



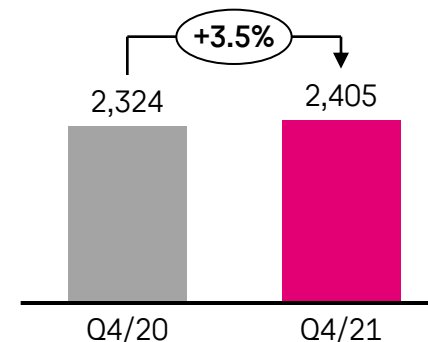
Revenues (as reported)

€ mn



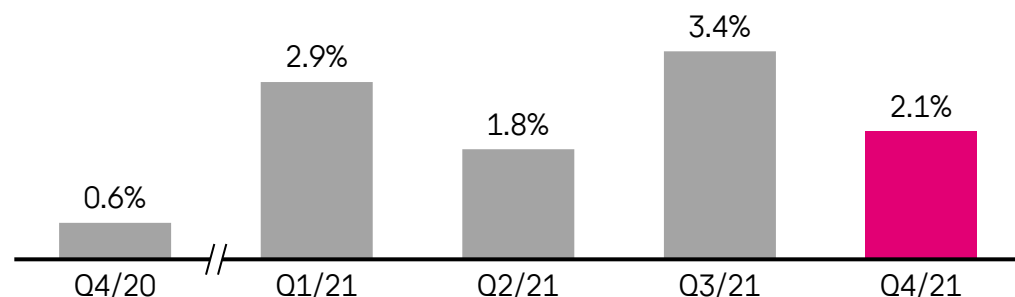
Adj. EBITDA AL (as reported)

€ mn



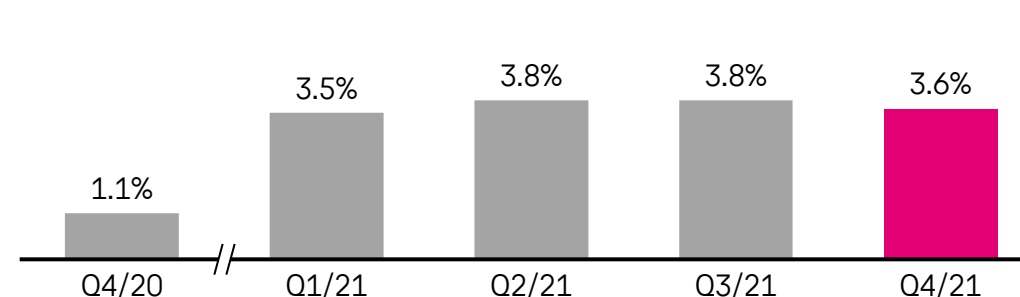
Revenue growth¹

% growth yoy, organic



Adj. EBITDA AL¹

% growth yoy, organic



¹ 2021 quarterly trends in new reporting structure. Organic view reflects transfer of certain business units into GHS as of January 1, 2021, currency and the accounting change to certain principal agent transactions.

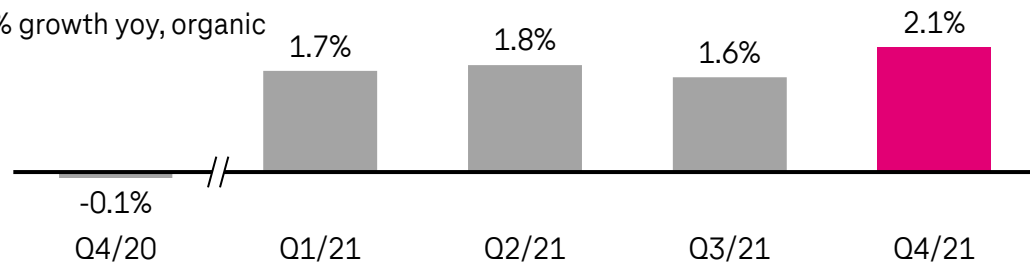
Germany

service revenue growth driven by mobile and fixed



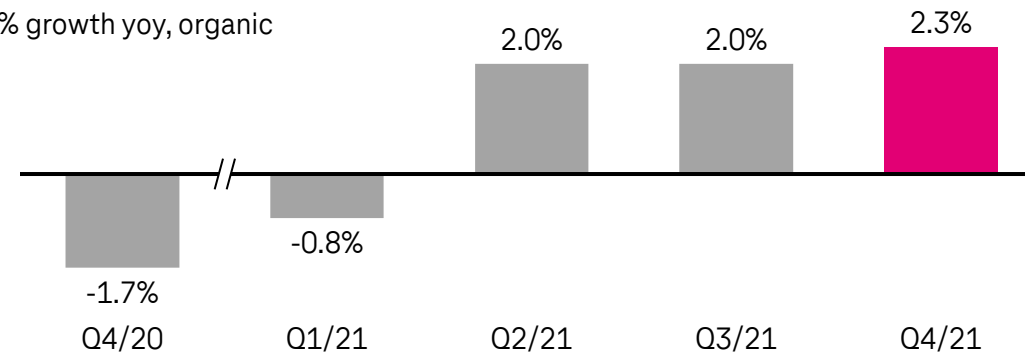
Total service revenue^{1,2}

% growth yoy, organic



Mobile service revenue¹

% growth yoy, organic



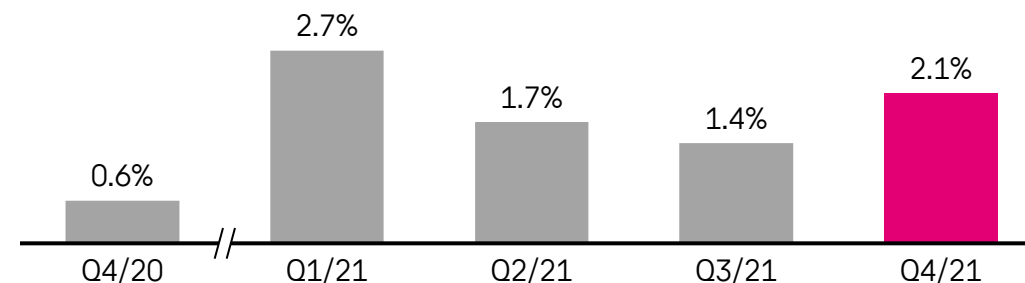
Reported total service revenue growth: +1.4%

Reported fixed service revenue growth: +1.1%

TSR growth in both B2C and B2B

Fixed service revenue growth^{1,2}

% growth yoy, organic



¹ 2021 quarterly trends in new reporting structure ² Organic view also reflects accounting change to certain principal agent transactions. No impact on mobile service, broadband, or wholesale revenues.

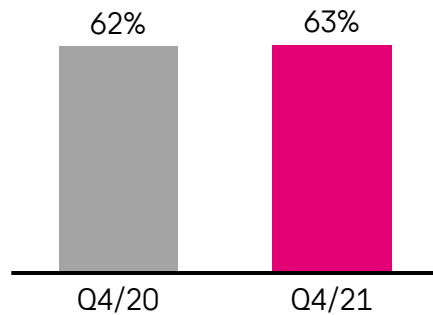
Germany

positive mobile KPIs



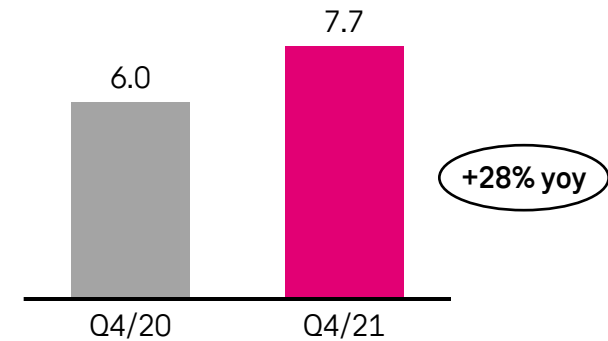
MagentaEINS share (mobile)¹

%



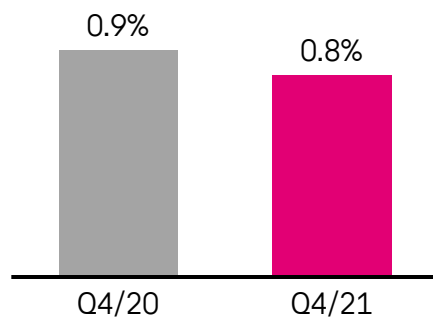
Data usage²

GB per month



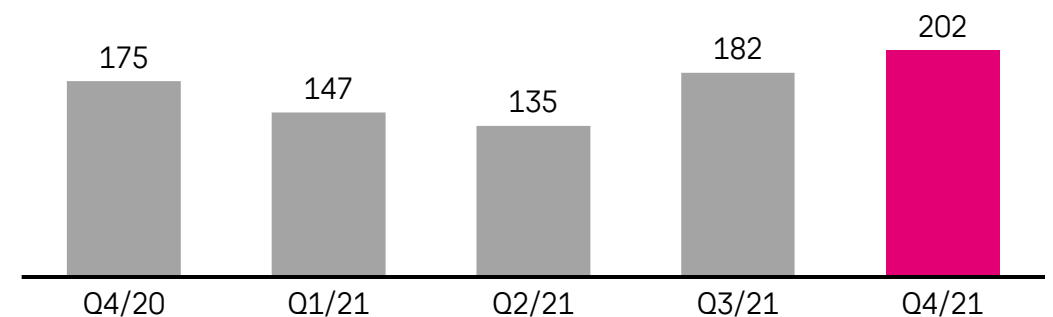
Churn²

%



Branded contract net adds³

000



¹ B2C T-branded contract customers ² B2C T-branded contract customers ³ Own branded retail customers excl. multibrand, consumer IoT, and "Schnellstarter"



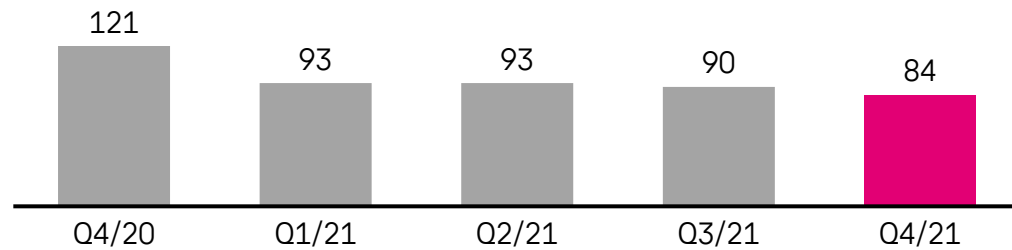
Germany

strong commercials in fixed



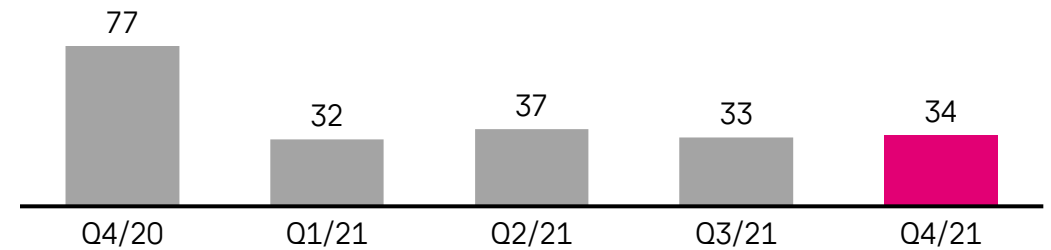
Broadband net adds

000



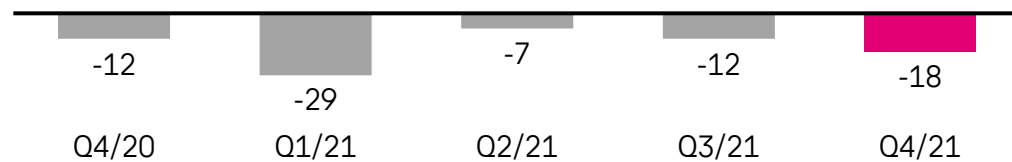
TV net adds

000



Line losses

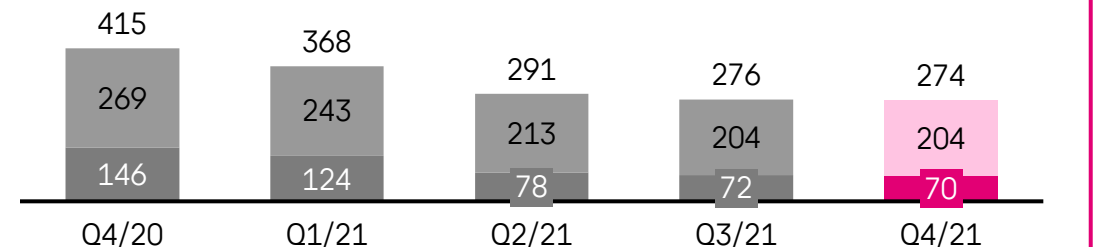
000



Fiber net adds

000

• 1.2 mn super vectoring customers



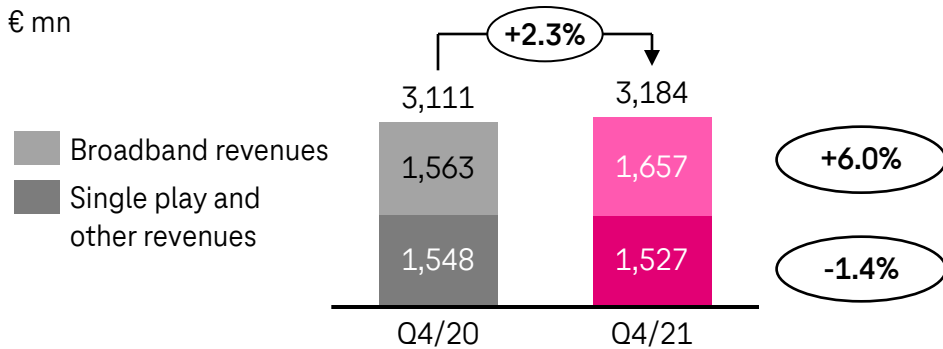
Germany

growth in retail fixed



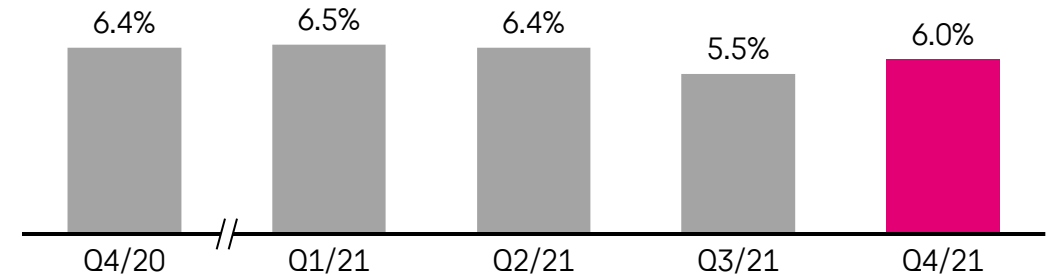
Retail fixed revenues (reported)^{1,2}

€ mn



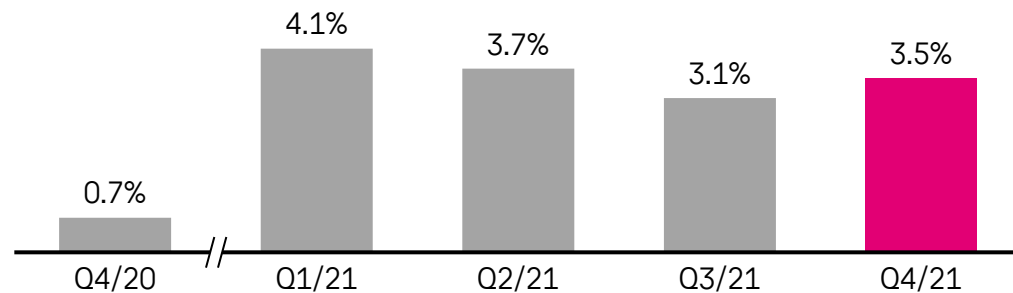
Broadband revenue¹

% growth yoy



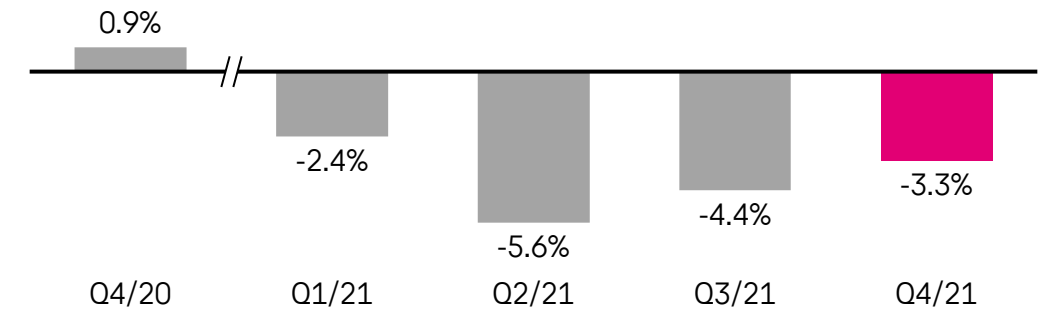
Retail fixed revenue growth^{1,2}

% growth yoy, organic



Wholesale revenue growth¹

% growth yoy



¹ 2021 quarterly trends in new reporting structure ² Organic view reflects accounting change to certain principal agent transactions and f/x. No impact on mobile service, broadband, or wholesale revenues.

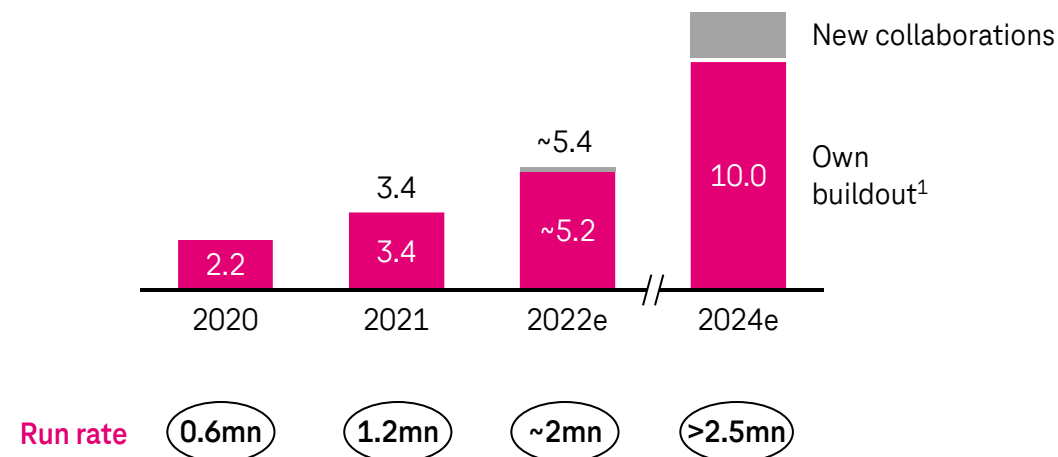
Germany

FTTH on track with buildout and monetization



Progress with FTTH buildout

Homes passed, mn

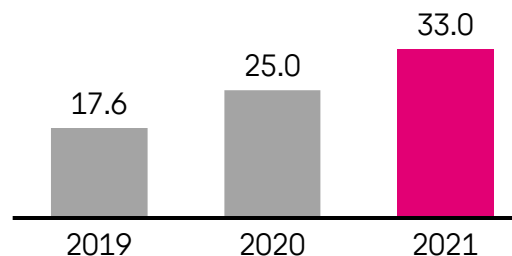


- Fiber JV with IFM to pass 4mn rural homes by 2028
- On track to reduce unit costs by 25% by 2024

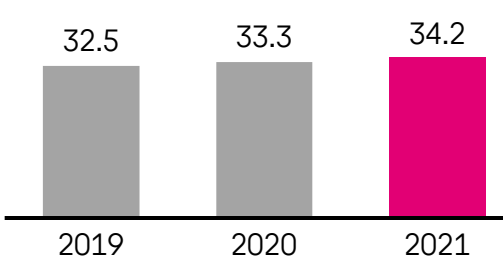
Progress with monetization



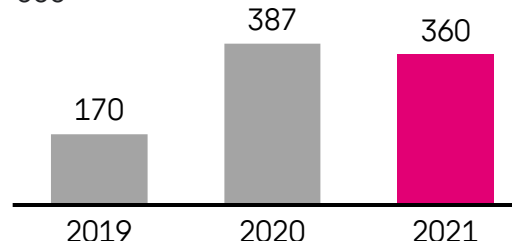
Share of ≥ 100 Mbps contracts
% of broadband base



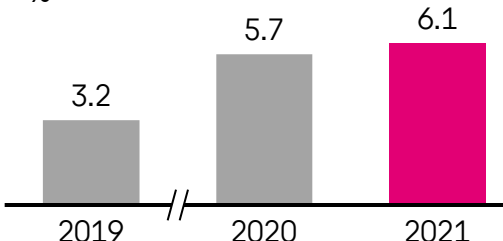
Retail broadband ARPA²
€/month



Broadband net adds
000



Broadband revenue growth
%



¹ Incl. collaborations agreed prior to CMD 2021 ² Only B2C

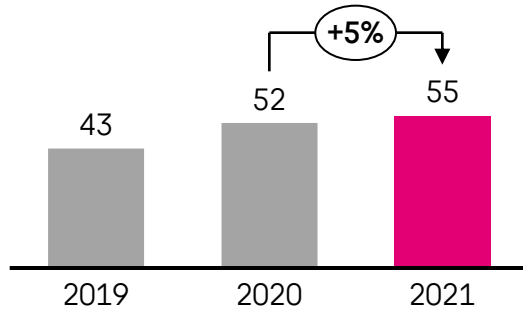
Germany

ongoing strong execution and digitization

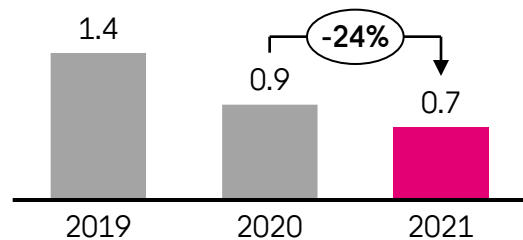


Service

First contact resolution %

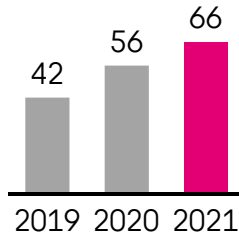


Customer complaints mn

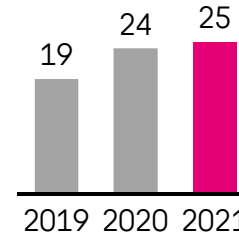


Digitization

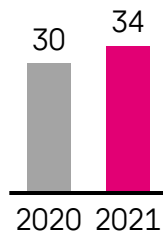
App penetration %



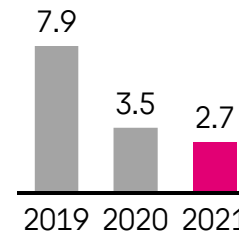
E-sales share¹ %



Calls shifted to digital %

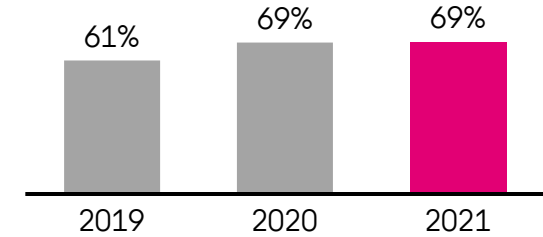


IT time to market mth

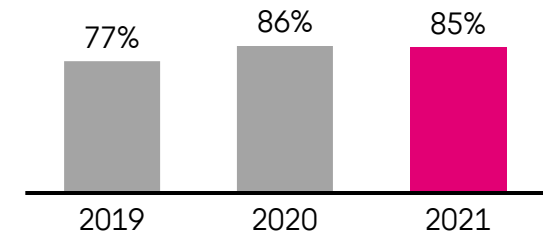


Customer satisfaction

TRI*M



Employee satisfaction



¹ Only B2C

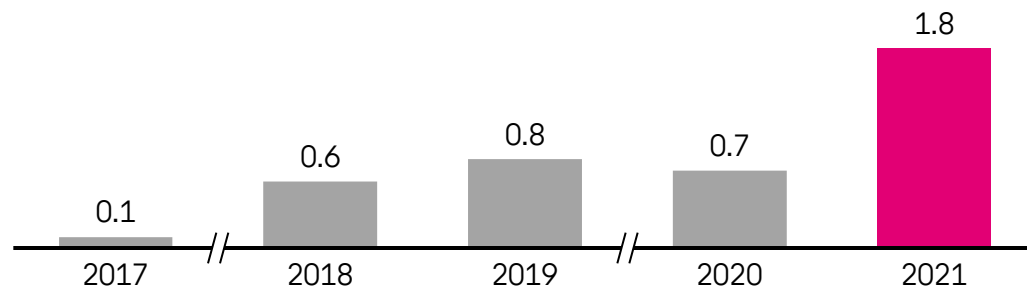
Germany

consistent growth



Total service revenue

% growth yoy, organic

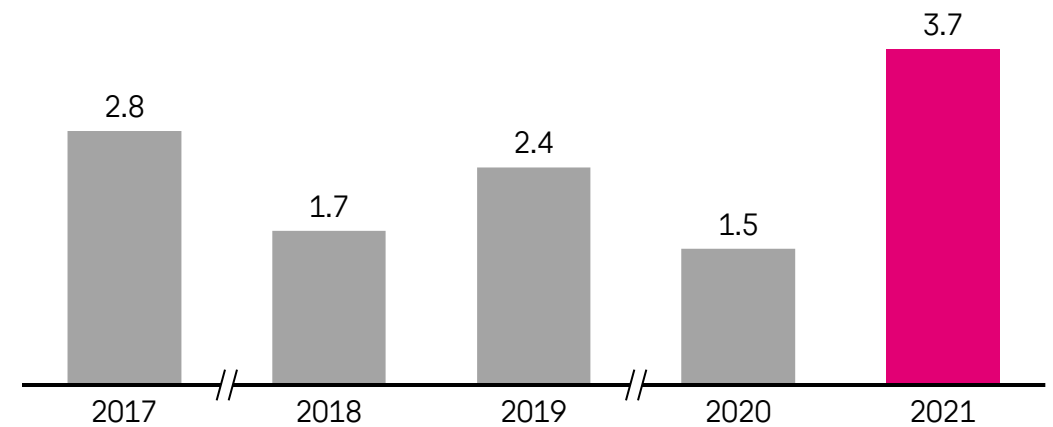


- 2021 positively impacted by non-recurring public sector revenues (~0.4pp)

Adj. EBITDA AL

% growth yoy, organic

CMD: 2.5–3.0%
CAGR 2020–2024



- 2022 guidance of €9.8 bn
- Growth supported by net margin growth and indirect cost savings

T-Mobile US Review 2021



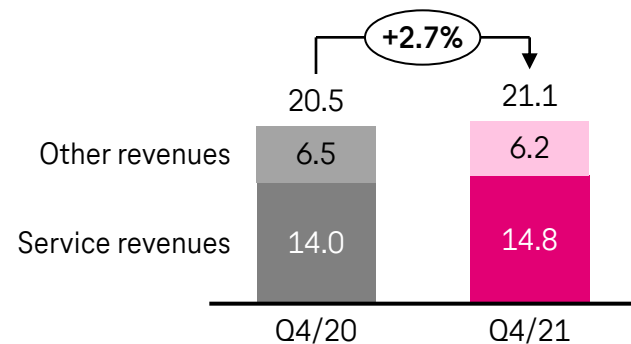
T-Mobile US

continued strong performance



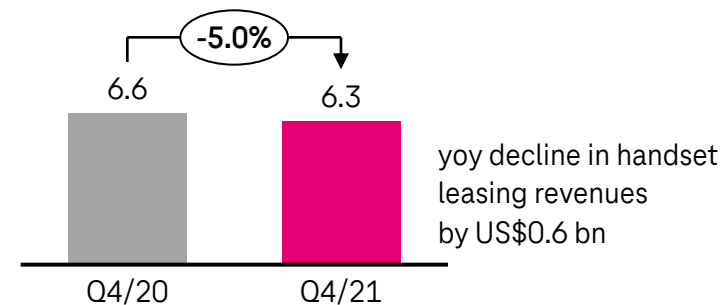
Revenues (IFRS)

US\$ bn



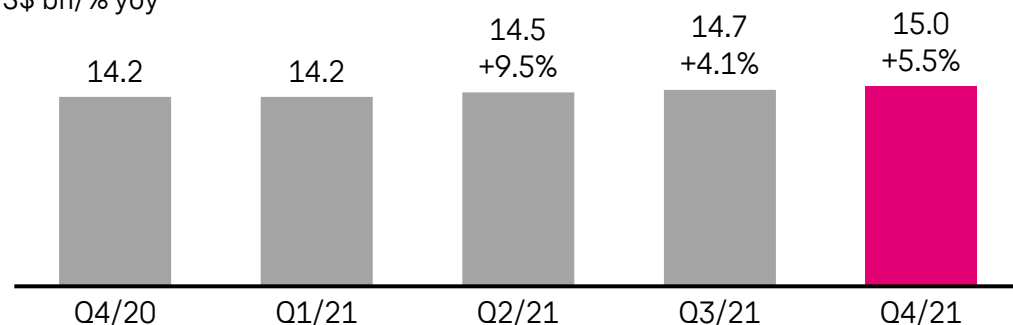
Adj. EBITDA AL (IFRS)

US\$ bn



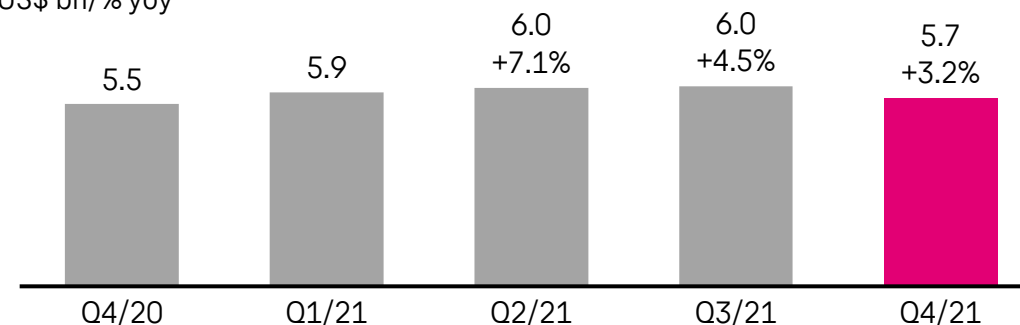
Service revenue (US GAAP)¹

US\$ bn/% yoy



Core EBITDA (US GAAP)¹

US\$ bn/% yoy



¹ No restated historic service revenues or core EBITDA trends available for Q1/2020 and previous quarters. Revenues attributed to wireline operations and handset insurance services acquired in the Sprint merger were classified as service revenue in Q4/20. Q2/20 and Q3/20 have been adjusted accordingly.

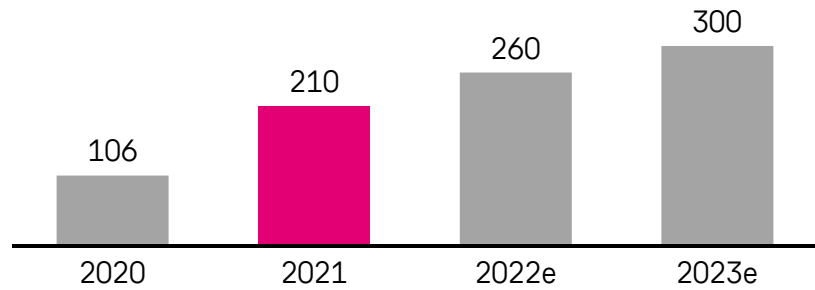
T-Mobile US

industry leading network and strong customer KPIs



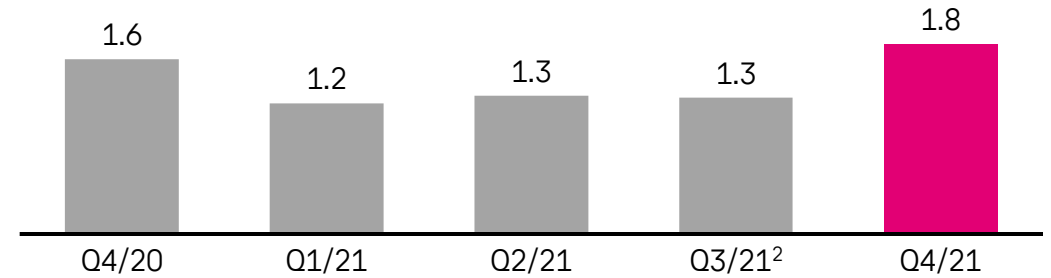
Ultra Capacity 5G coverage¹

mn POPs



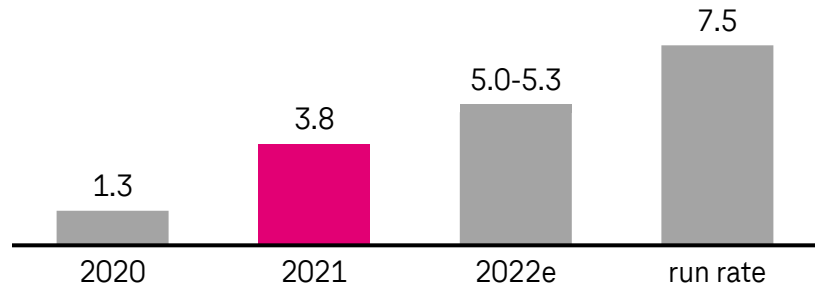
Total postpaid net additions

mn



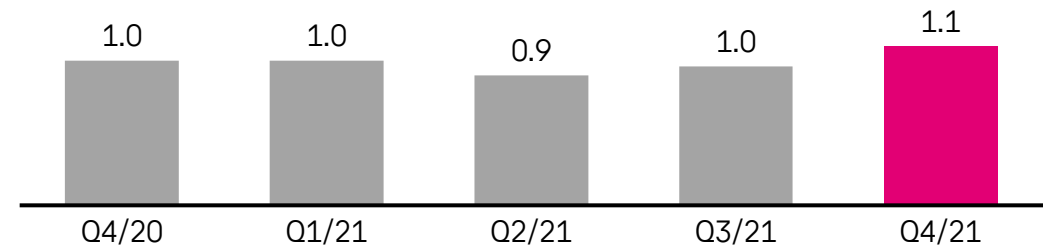
Annual synergies

US\$ bn



Postpaid phone churn

%



¹ Ultra Capacity on 2.5 GHz ² Excl. 806k postpaid customers acquired with Shentel



T-Mobile US

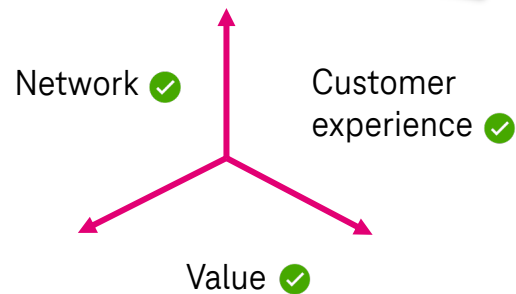
consistent growth leader



Key opportunities

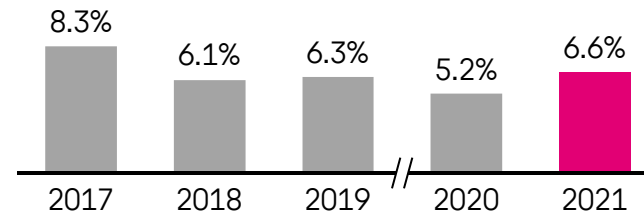
- SMRA
- B2B
- Home internet
- Sprint Integration

Key advantages



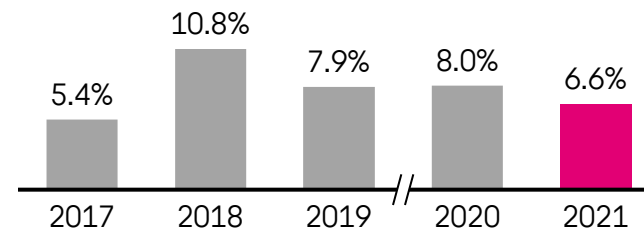
Service revenue (US GAAP)¹

% growth yoy, organic



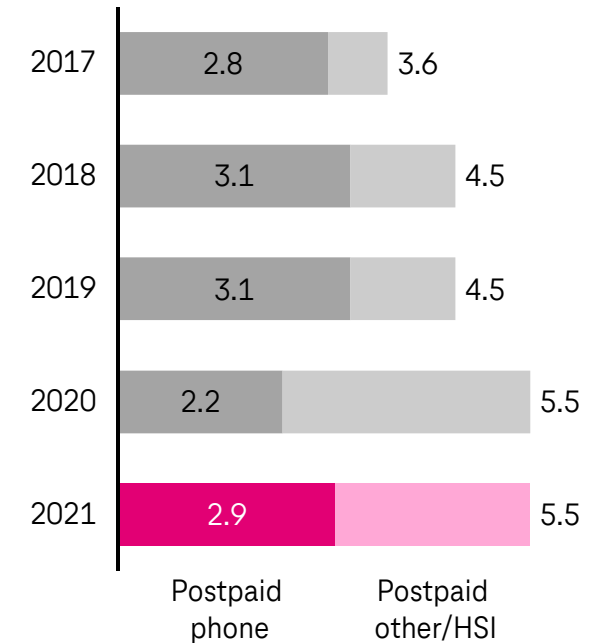
Adj. EBITDA (US GAAP)¹

% growth yoy, organic



Customer growth

Postpaid net adds in mn



¹ US GAAP, 2020/21 pro forma for Sprint merger. 2021 and 2020 growth rate calculated on adj. core EBITDA, 2019, 2018, and 2017 on adj. EBITDA.



Europe Review 2021

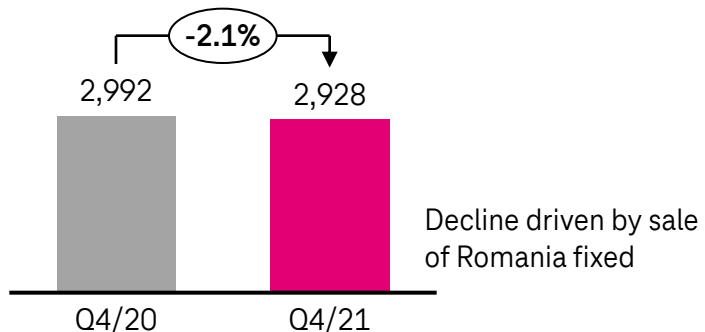
Europe

16th consecutive quarter of organic EBITDA growth



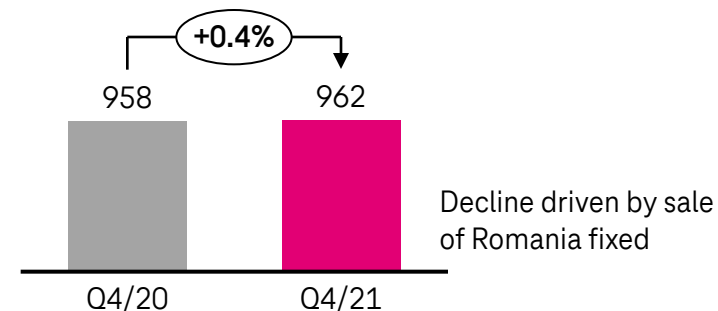
Revenues (reported)

€ mn



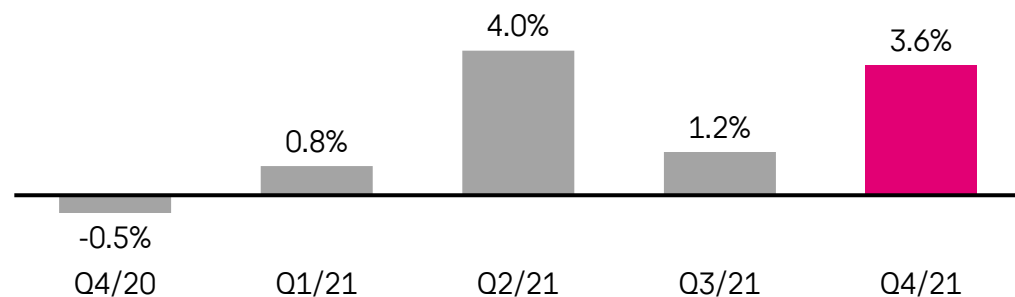
Adj. EBITDA AL (reported)

€ mn



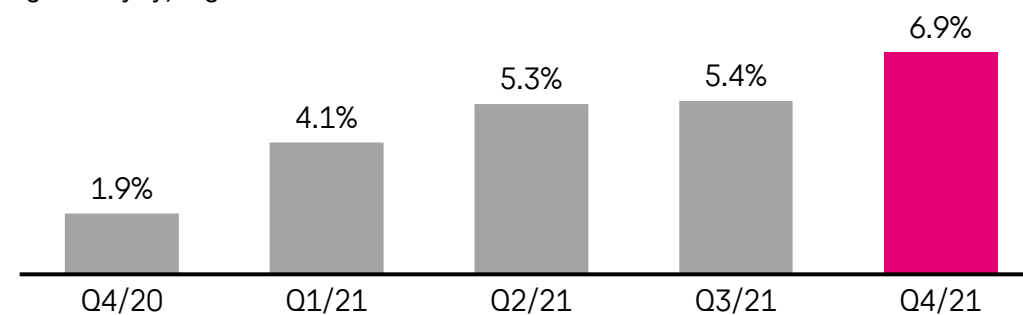
Revenues

% growth yoy, organic



Adj. EBITDA AL

% growth yoy, organic



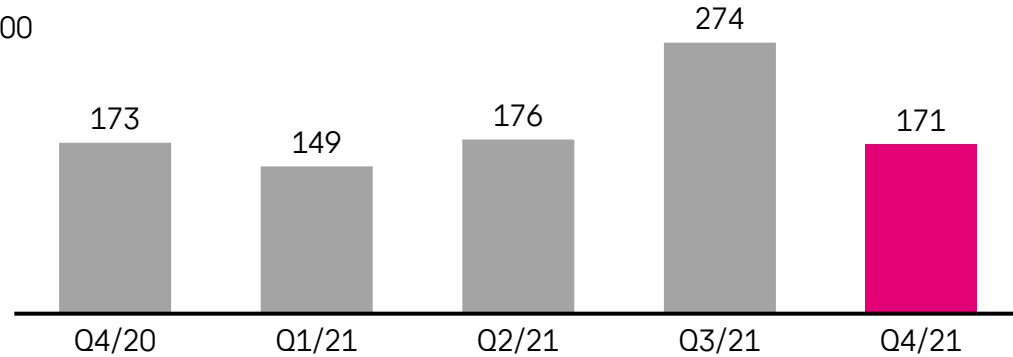
Europe

strong commercial performance¹



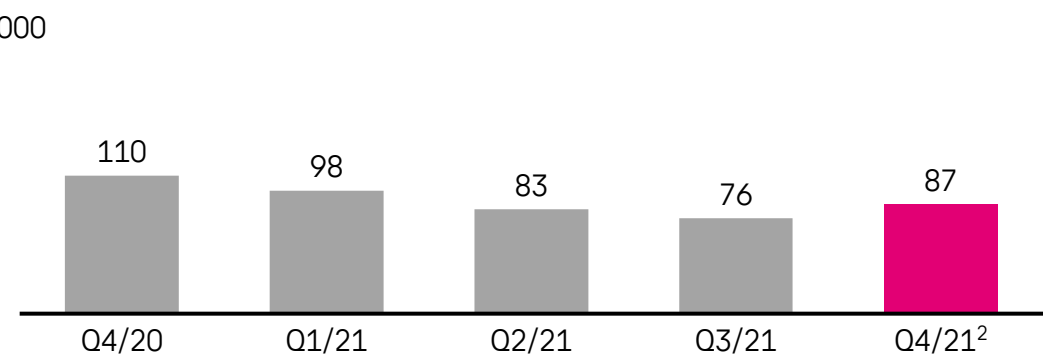
Mobile contract net adds

000



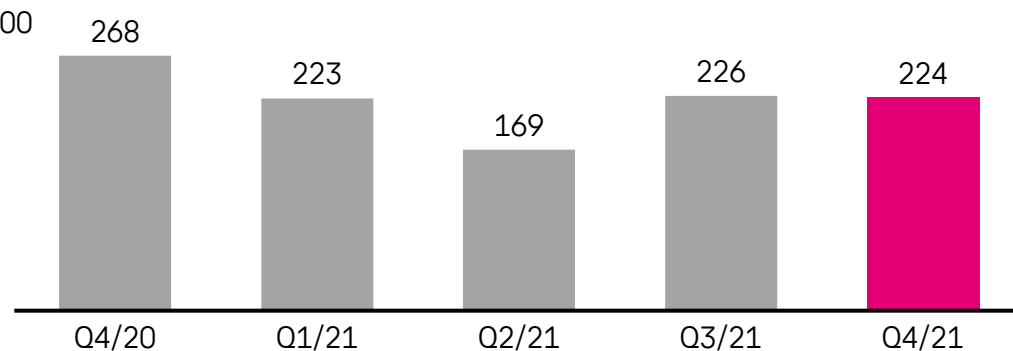
Broadband net adds

000



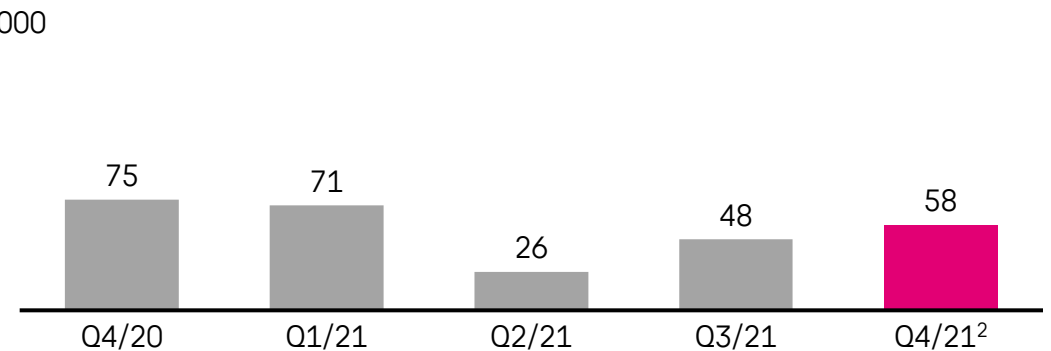
FMC net adds³

000



TV net adds

000



¹ Net adds retrospectively adjusted for sale of Romania fixed

² Q4/21 adjusted for 6k customers acquired in Hungary

³ Alignment of definition for Poland in Q4/21. Figures are retrospectively adjusted.

Europe

fastest growing large European telco



FTTH (1 Gbps)¹



- 1.4 mn additional homes passed in 2021
- 7 mn homes YE 21

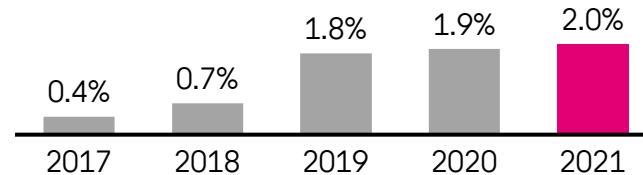
Convergence



- 0.4 mn additional homes
- 0.8 mn additional subs
- 3.3 mn homes YE 21

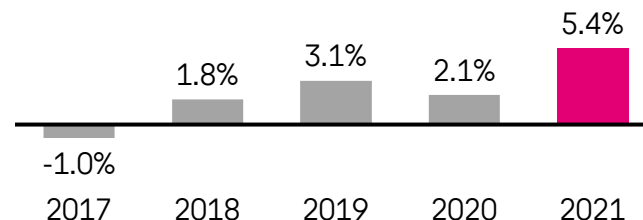
Total service revenue growth

Organic, %



EBITDA (AL) adj. growth

Organic, %



CMD: 1.5–
2.5% CAGR
2020–2024

Digitization



- App penetration 64%
- Truck rolls reduced by 200k in 2021 leading to a significant CO₂ reduction

Customer satisfaction



- 9 out of 10 NatCos are #1 or #2 in B2C TRIM
- Voice of customers program with good progress: 8 NatCos live

¹ FTTH/B & Docsis 3.1 (1 Gbps) in AT, CZ, GR, HR, HU, ME, MK, SK

Group Development Review 2021

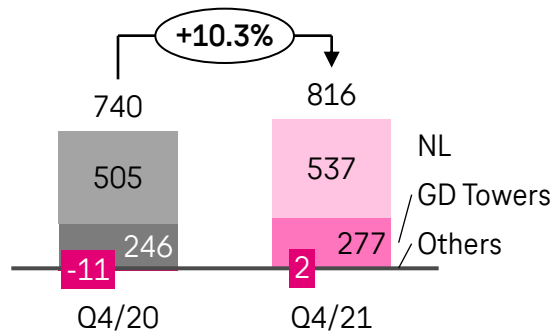


Group Development

ongoing strong performance

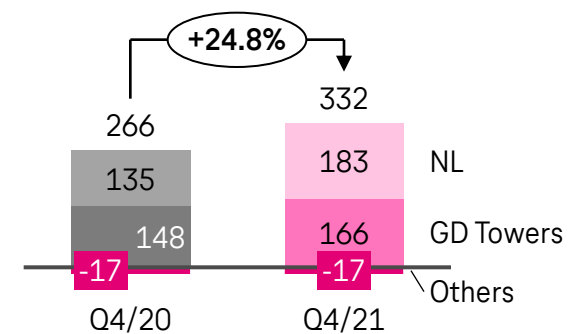
Revenues

€ mn



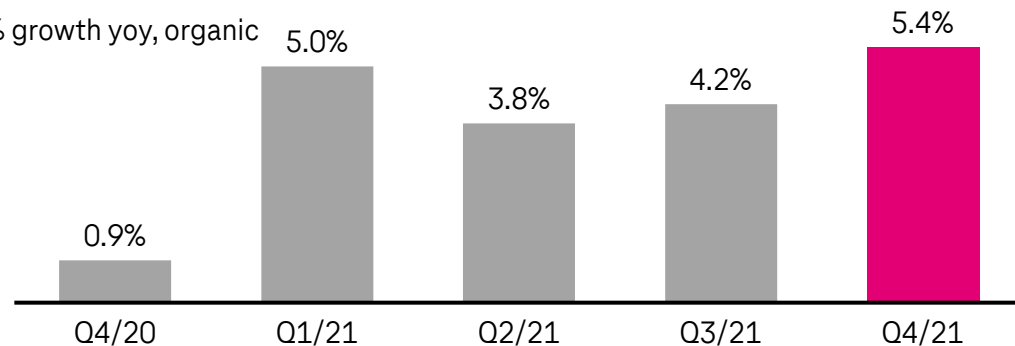
Adj. EBITDA AL

€ mn



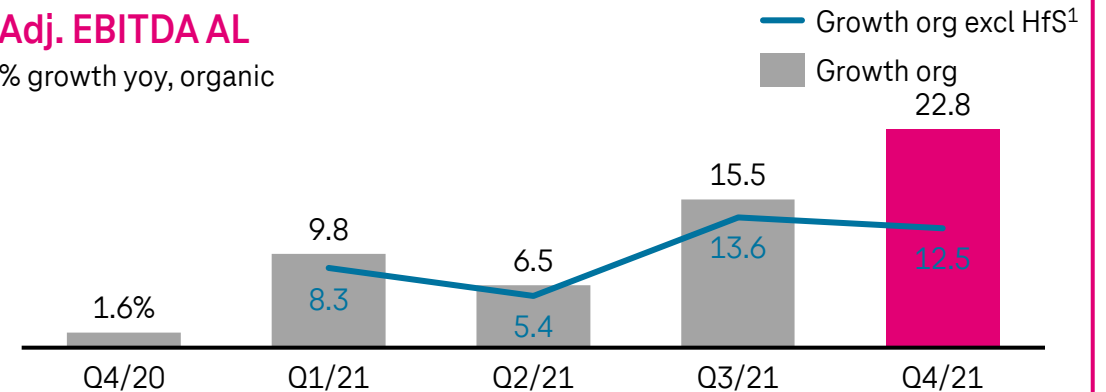
Revenues

% growth yoy, organic



Adj. EBITDA AL

% growth yoy, organic



¹ HfS = Held for sale accounting: T-Infra B.V. and T-Mobile NL

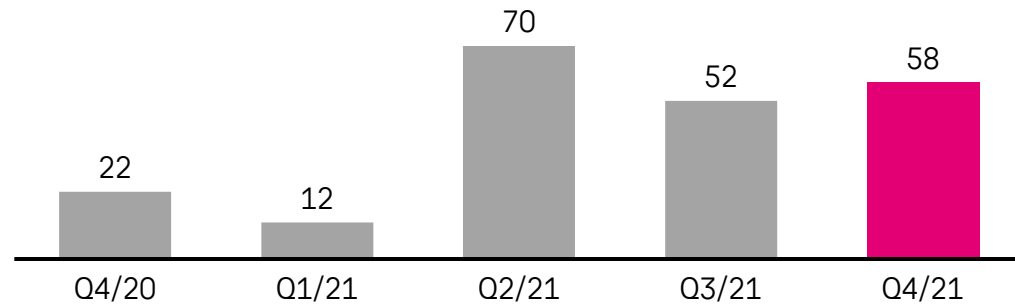
GD/TMNL

strong performance continues



Contract net adds

000



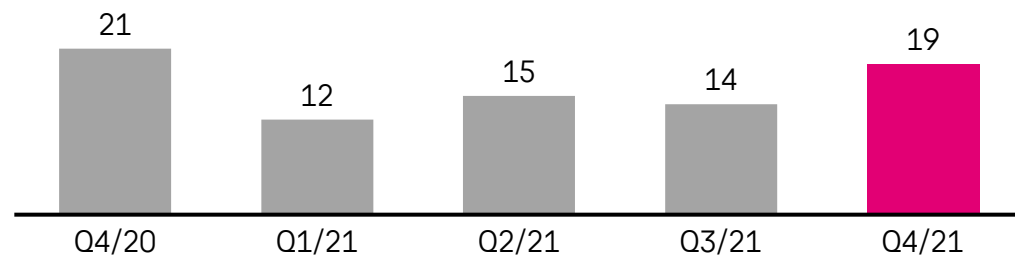
Mobile service revenue growth

% growth yoy, organic



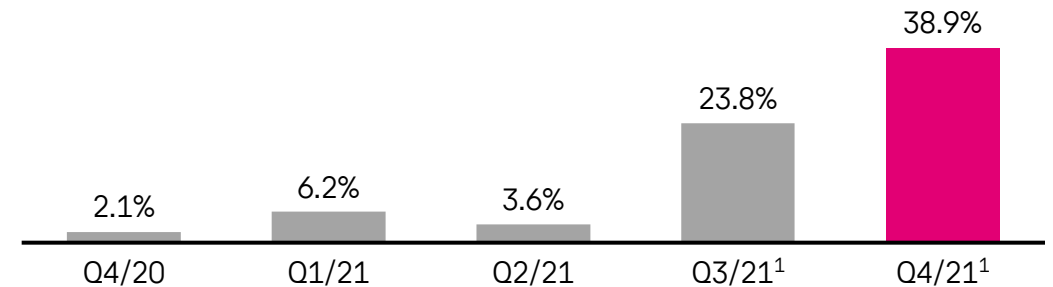
Broadband net adds

000



Adj. EBITDA AL growth

% growth yoy, organic



¹ Also supported by held for sale accounting



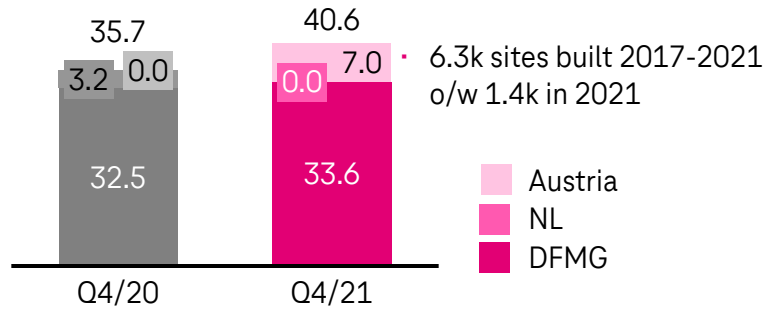
GD/Towers

ongoing expansion



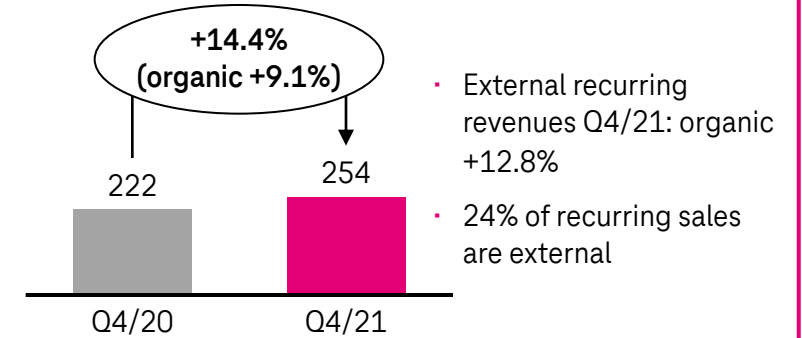
Total sites¹

000



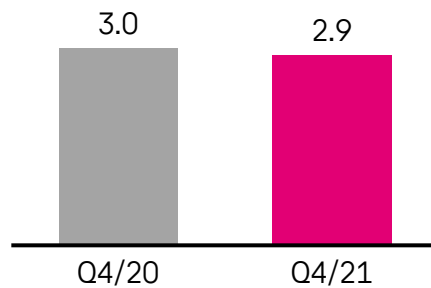
Recurring rental revenues

€ mn



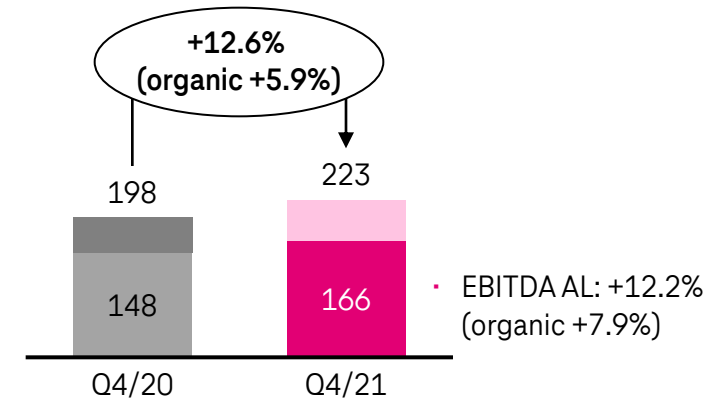
Opex AL per site

€ 000



Adj. EBITDA

€ mn



¹ The 0 refers to the Austrian sites in Q4/20 (not yet part of tower business) and to the Dutch sites in Q4/21 (de-consolidated in June 21). 2021: 33.6k include 1.4k newly built sites and 0.3k de-commissioned sites



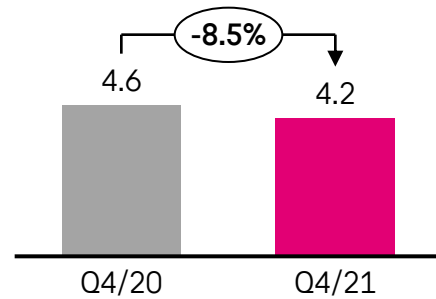
Systems Solutions Review 2021

Systems Solutions

recovery under way

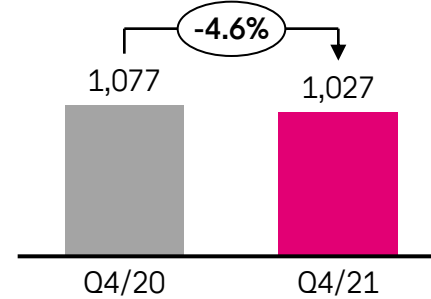
Order entry (LTM)

€ bn



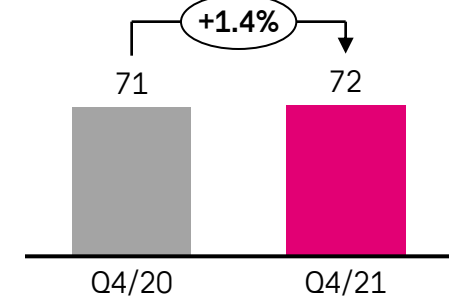
Revenues

€ mn



Adj. EBITDA AL

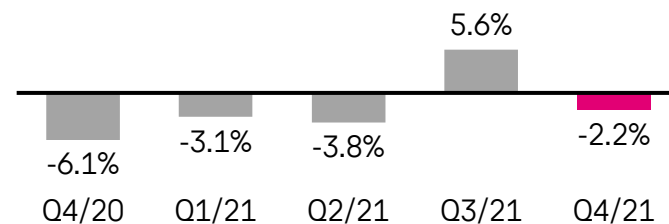
€ mn



- Strong growth in Public Cloud and Digital Solutions
- Ongoing attrition of classic IT business

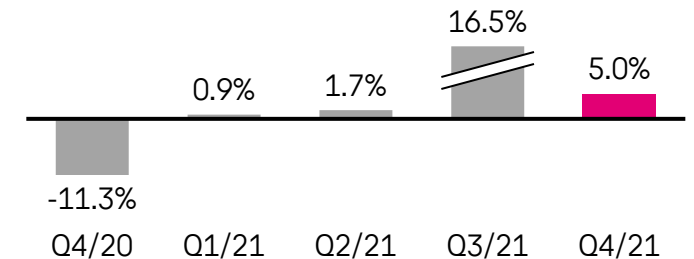
Revenues

% growth yoy, organic



Adj. EBITDA AL

% growth yoy, organic



Systems Solutions

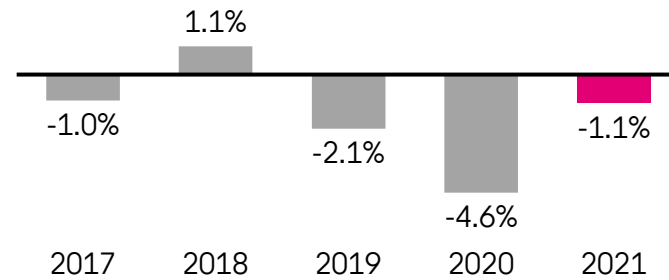
turnaround continues

Revenue drivers

- Public Cloud +19%¹
- Digital Solutions +14%¹
- Ongoing legacy decline (MIS -14%¹)
- MIS now down to 32% of TSI revenues vs. 42% 2019. Growth areas >50% of portfolio
- Revenue drag due to planned reduction from end-user services and resale c.2pp
- CMD 2021: Strategy centered on focused industries and markets with unique vertical & horizontal portfolio

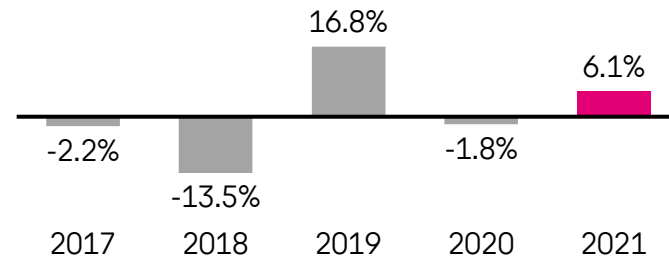
Revenue

% growth yoy, organic



Adj. EBITDA AL

% growth yoy, organic

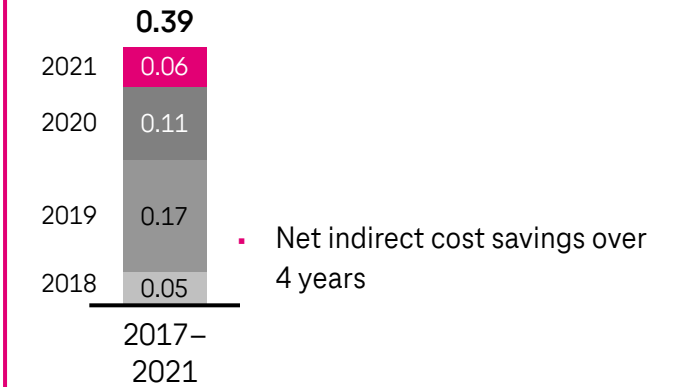


CMD: >5% CAGR 2020-2024

Transformation drivers

IDC savings

€ bn



Key levers:

- Delivery optimization, i.e. shoring/automation
- Overhead reduction
- Reduced real estate costs, travel expenses

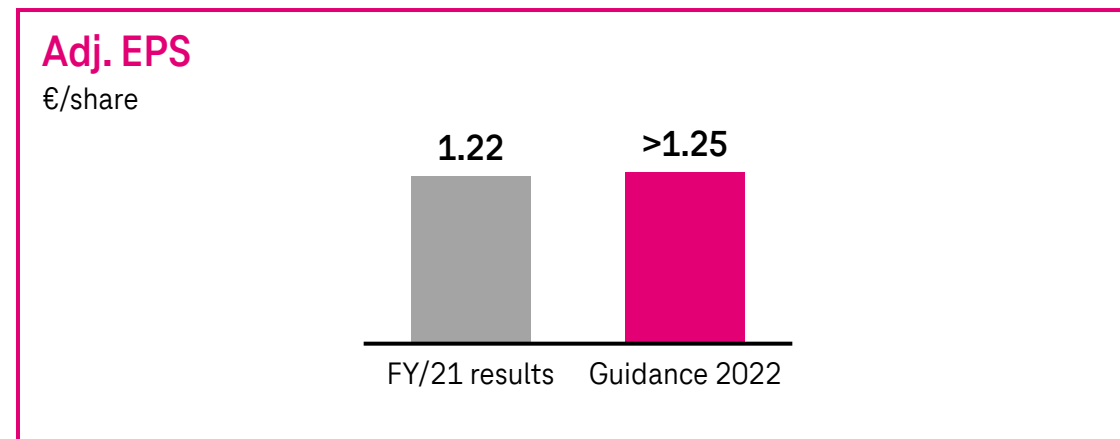
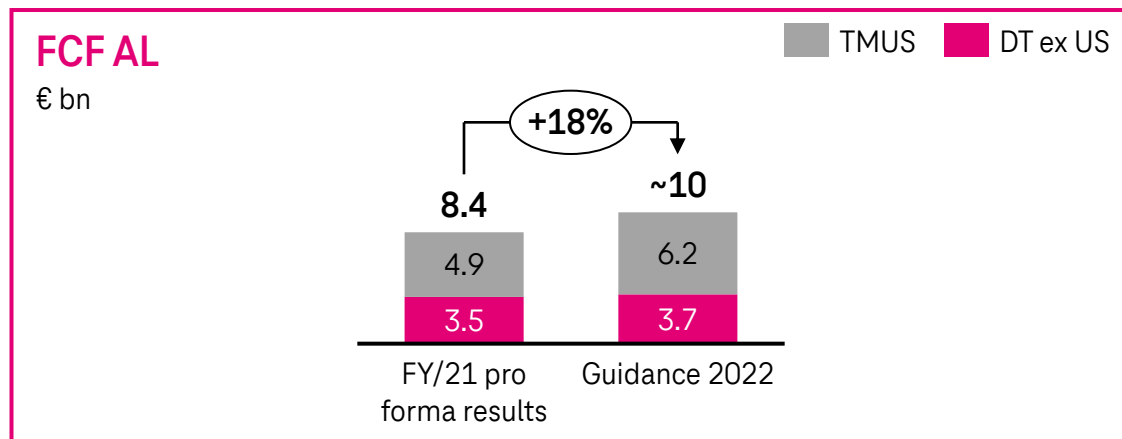
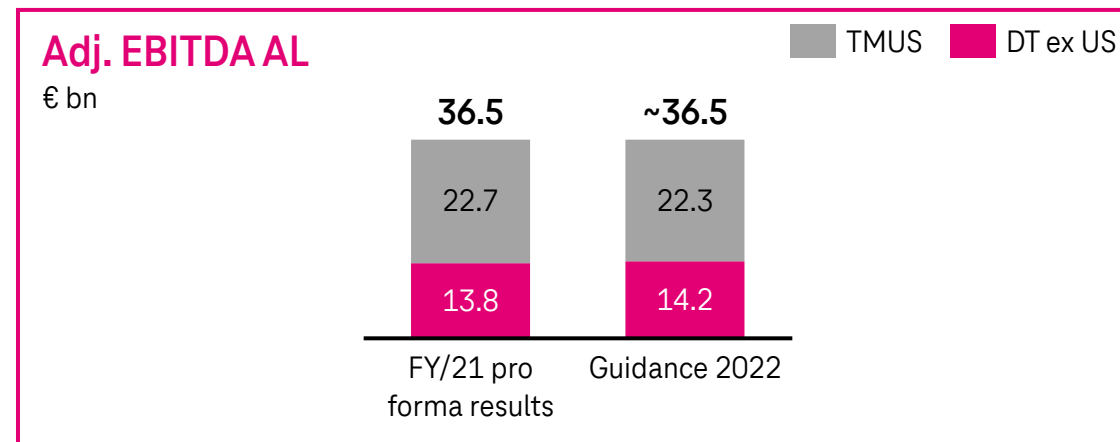
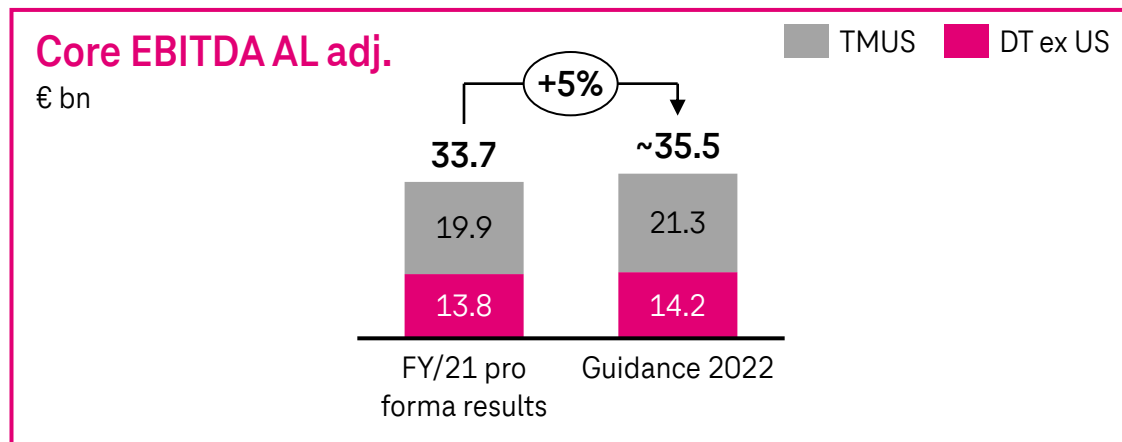
¹ 2021 vs. 2020, organic

Outlook



Guidance 2022¹

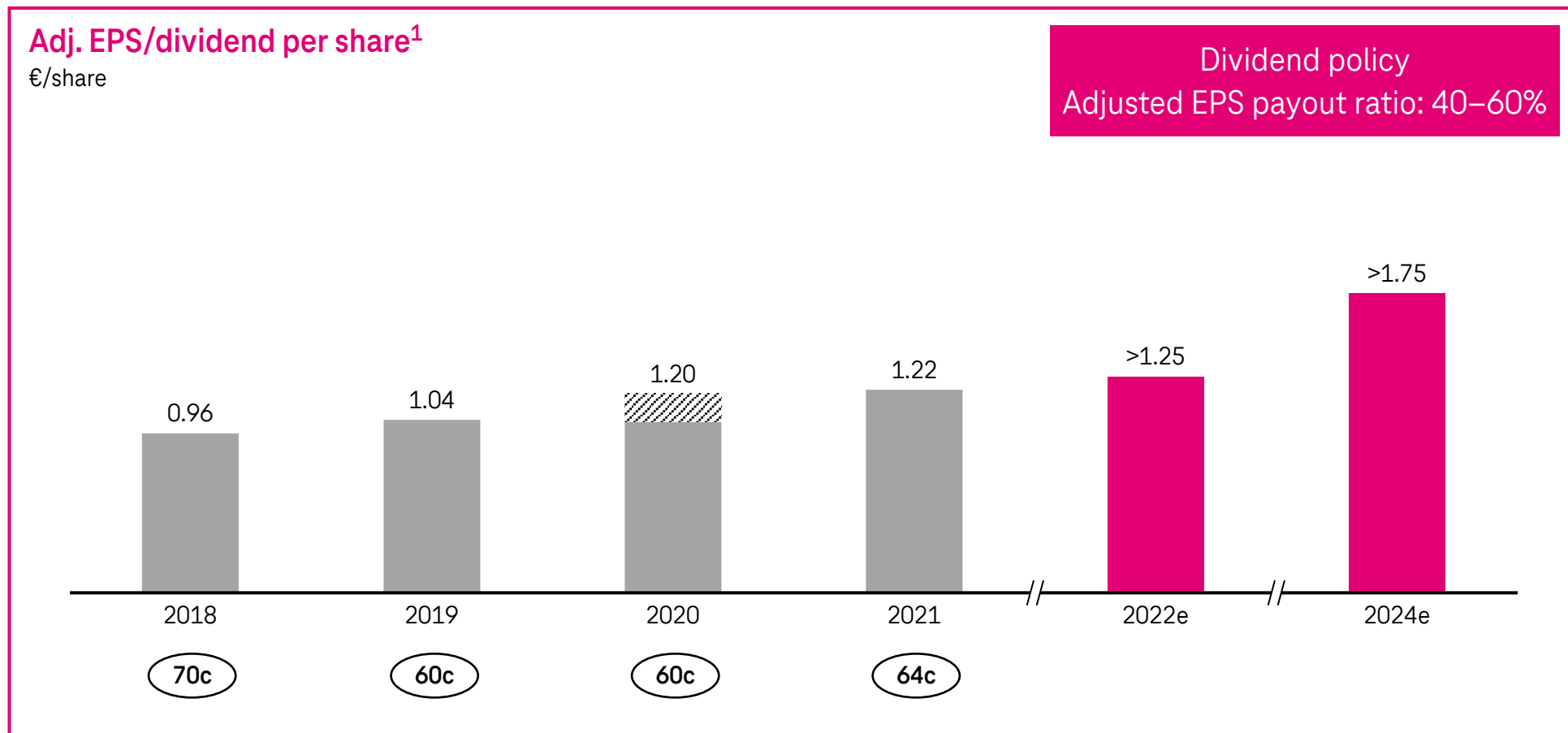
group outlook



¹ Guidance for adj. EBITDA AL of around €36.5 bn reflects €1.8 bn decrease in handset leasing revenues in the US. TMUS adj. EBITDA and core EBITDA AL adj. included at midpoint of US GAAP guidance of US\$26.7 bn to 27.5 bn and US\$25.6 bn to 26.1 bn, adjusted for estimated bridge of US\$0.6 bn. US FCF included at mid-point of US GAAP guidance of US\$7.1 bn to 7.6 bn. Based on €1 = US\$1.18

Financials

growing adj. EPS and dividends



¹ 2020 EPS benefitted from TMUS options (+17c). 2021 includes -4c from TMUS options and +2c from held for sale TMNL. 2021 dividend subject to AGM approval.