



MEDIA INFORMATION

Not to be released until August 11, 2022, 7am

Bonn, August 11, 2022

Deutsche Telekom continues growth course

- Net revenue up 5.9 percent to 28.2 billion euros in the second quarter of 2022
 - Adjusted EBITDA AL up 5.0 percent to 9.9 billion euros
 - Free cash flow AL at 2.8 billion euros
 - Adjusted net profit up 15.7 percent to 2.4 billion euros
 - Guidance for the 2022 financial year raised: adjusted EBITDA AL of around 37 billion euros, free cash flow AL of more than 10 billion euros anticipated
 - Strong financial figures in Germany
 - Record customer growth at T-Mobile US
 - Growth course in the Europe segment continues unabated
 - Partnership deal agreed for GD Towers
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Deutsche Telekom presented strong earnings again in the second quarter of 2022, enabling it to raise its guidance for the second time this year. The Group's adjusted EBITDA AL is now expected to reach around 37 billion euros, up from the previous guidance of more than 36.6 billion euros. This is attributable both to the positive development of business at T-Mobile US and to the strong performance outside the United States. Free cash flow AL is still expected to reach more than 10 billion euros for the full year. The business excluding the United States is expected to make a contribution that is around 0.1 billion higher than anticipated previously.

"We continue to grow, despite the difficult economic environment," said Tim Hötting, Chairman of the Board of Management at Deutsche Telekom. "We are well on track this year to meet our ambitious targets announced at the 2021 Capital Markets Day. Our investments are paying off."



Net revenue increased by 5.9 percent in the second quarter to 28.2 billion euros. High-value service revenues developed particularly well, growing by 10.8 percent. Adjusted EBITDA AL increased by 5.0 percent compared with the prior-year period to 9.9 billion euros.

In organic terms, i.e., adjusted for exchange rate effects and changes in the composition of the Group, revenue in the second quarter remained more or less unchanged at the prior-year level. Service revenues increased by 4.3 percent in the three-month period. Adjusted EBITDA AL decreased slightly by 0.9 percent on account of the shift away from the former Sprint's handset leasing model.

In terms of cash capex excluding expenses for mobile spectrum, the Group invested around 5 billion euros between April and June, i.e., 16.3 percent more than in the second quarter of 2021. Free cash flow AL was at the prior-year level of 2.8 billion euros.

Adjusted net profit increased by 15.7 percent in the second quarter to 2.4 billion euros, driven in particular by higher earnings from operations. Reported net profit declined, primarily due to higher expenses for the integration of Sprint in the United States.

Germany: revenue and earnings continue to grow

The Germany segment delivered strong financials in the second quarter of 2022. Revenue grew by 2.7 percent year-on-year to 6.1 billion euros. Adjusted EBITDA AL recorded even stronger growth of 3.1 percent to 2.4 billion euros in the second quarter. This corresponds to an EBITDA AL margin of 40.0 percent and earnings growth for 23 quarters in a row.

In mobile communications, service revenues grew by 2.6 percent, continuing the high-level growth of the previous quarters. Branded contract net additions of 194,000 substantially exceeded the prior-year quarter.

Telekom remains the strongest broadband provider in the German market, which was weaker overall in the second quarter. 45,000 broadband net additions were recorded between April and June. The number of fiber-optic-based lines (FTTx, retail and wholesale) increased to 17.7 million. This means that around 75 percent of retail broadband customers are already using the fiber infrastructure.



United States: customer growth at record level

In the second quarter of 2022, the mobile postpaid net additions were at a record level of 1.7 million: the best-ever customer growth in a second quarter, more than the competitors AT&T and Verizon in this quarter combined. The total customer base increased to 110 million, up 5.2 million year-on-year.

Total revenue at T-Mobile US decreased slightly by 1.1 percent in the reporting quarter to 19.8 billion U.S. dollars. This was due to the decline in revenue from handset leasing, due to the planned gradual withdrawal from this Sprint business model. Adjusted EBITDA AL declined by 2.4 percent to 6.7 billion U.S. dollars. Core adjusted EBITDA (U.S. GAAP), i.e., earnings adjusted for the effect of handset leasing, increased by 10.4 percent in organic terms. Thanks to the fact that the integration of Sprint has continued to progress well and rapidly, T-Mobile US is raising its guidance for the synergies from the business combination to between 5.4 and 5.6 billion U.S. dollars in 2022, up from the previous range of between 5.2 and 5.4 billion U.S. dollars. As a result, earnings in the U.S. business are expected to rise much more than previously planned to adjusted EBITDA AL of around 22.7 billion euros, instead of the previous guidance of more than 22.4 billion euros. The number of postpaid customers is expected to increase by 6 to 6.3 million, around 600,000 net additions more than were expected after the end of the first quarter.

Europe: growth course continues unabated

The European national companies continued to grow unabated in the second quarter. Adjusted EBITDA AL grew 4.5 percent year-on-year in organic terms, making 18 successive quarters of growth.

Revenue also recorded organic growth of 4.2 percent. The reported revenue of 2.7 billion euros was 2.7 percent lower than in the prior-year quarter. The difference between the reported and organic figures essentially results from the sale of the Romanian fixed-network business at the end of September 2021.

243,000 mobile contract net additions were recorded in the second quarter. Broadband net additions were at the same level as in the previous quarter at 70,000. 186,000 new users were won for fixed-mobile convergence products.

**Systems Solutions: stable business development with earnings growth**

The second quarter was largely stable at T-Systems. Revenue was on a par with the prior-year level at 1.0 billion euros. Adjusted EBITDA AL again recorded substantial growth: up 13.9 percent to 82 million euros. Order entry stood at 930 million euros.

Group Development: partnership deal agreed for GD Towers

On July 14, Deutsche Telekom announced the sale of a 51 percent stake in GD Towers, the Group's cell tower business in Germany and Austria, to DigitalBridge and Brookfield. The Group will continue to report on the development of the ongoing business until the transaction is closed.

At the end of the quarter, GD Towers featured 40,700 sites. Revenue increased by 4.6 percent in organic terms in the second quarter to 285 million euros. Adjusted EBITDA AL amounted to 174 million euros, an increase of 7.2 percent in organic terms.

The significant decline in the reported figures for revenue and earnings in the segment resulted from the sale of T-Mobile Netherlands, which was completed at the end of the first quarter of 2022.



The Deutsche Telekom Group at a glance

	Q2 2022 millions of €	Q2 2021 millions of €	Change %	H1 2022 millions of €	H1 2021 millions of €	Change %	FY 2021 millions of €
Net revenue	28,168	26,593	5.9	56,191	52,983	6.1	108,794
Proportion generated internationally %	78.6	80.5	-1.9p	77.7	78.4	-0.7p	77.0
Service revenue	22,891	20,657	10.8	45,178	40,913	10.4	84,057
Adjusted EBITDA	11,476	10,877	5.5	22,912	21,575	6.2	43,175
Adjusted EBITDA AL	9,891	9,418	5.0	19,763	18,662	5.9	37,330
Net profit (after non- controlling interests)	1,460	1,879	-22.3	5,409	2,815	92.1	4,176
Adjusted net profit (after non- controlling interests)	2,445	2,113	15.7	4,683	3,315	41.3	5,862
Free cash flow AL	2,759	2,766	-0.3	6,540	5,350	22.2	8,810
Cash capex ^a	5,086	4,322	17.7	12,259	16,593	-26.1	26,366
Cash capex ^a (before spectrum)	4,984	4,287	16.3	9,642	8,570	12.5	17,978
Net debt (including leasing)				146,104	127,972	14.2	132,142
Number of employees ^b				210,595	221,909	-5.1	216,528
Of which in Germany				83,365	87,477	-4.7	85,160



- a) Cash outflows for investments in property, plant, and equipment, and intangible assets (excluding goodwill).
- b) At reporting date.



Operating segments: development of operations

	Q2 2022 millions of €	Q2 2021 millions of €	Change %	H1 2022 millions of €	H1 2021 millions of €	Change %	FY 2021 millions of €
Germany							
Total revenue	6,064	5,903	2.7	12,059	11,844	1.8	24,164
Adjusted EBITDA AL	2,426	2,354	3.1	4,815	4,659	3.3	9,520
United States							
Total revenue	18,626	16,643	11.9	36,673	33,126	10.7	68,359
US-\$	19,834	20,063	-1.1	40,084	39,929	0.4	80,806
Adjusted EBITDA AL	6,337	5,737	10.5	12,509	11,444	9.3	22,697
US-\$	6,748	6,917	-2.4	13,674	13,793	-0.9	26,871
Europe							
Total revenue	2,747	2,823	-2.7	5,451	5,551	-1.8	11,384
Adjusted EBITDA AL	986	994	-0.8	1,961	1,940	1.1	4,007
Systems Solutions							
Order entry	930	1,128	-17.6	2,027	2,019	0.4	4,174
Total revenue	1,005	1,006	-0.1	2,001	2,021	-1.0	4,019
Adjusted EBITDA AL	82	72	13.9	155	134	15.7	286
Group Development^a							
Total revenue	291	780	-62.7	1,115	1,563	-28.7	3,165
Adjusted EBITDA AL	164	318	-48.4	519	634	-18.1	1,307

a) The sale of T-Mobile Netherlands was consummated on March 31, 2022. As such, T-Mobile Netherlands has not been part of the Group since April 1, 2022 (Group Development segment). The contributions for the first quarter of 2022 are still included in operational development due to the cumulative view.



Operating segments: development of customer numbers in the second quarter of 2022

	June 30, 2022 thousands	Mar. 31, 2022 thousands	Change thousands	Change %
Germany				
Mobile customers	54,551	53,968	583	1.1
Of which contract customers	23,402	23,165	237	1.0
Fixed-network lines	17,437	17,480	-43	-0.2
Broadband lines	14,578	14,533	45	0.3
Of which optical fiber ^a	10,836	10,584	252	2.4
Television (IPTV, satellite)	4,039	4,018	21	0.5
Unbundled local loop lines (ULLs)	3,351	3,487	-136	-3.9
United States				
Customers	110,023	109,541	482	0.4
Of which postpaid customers	88,787	88,423	364	0.4
Of which prepaid customers	21,236	21,118	118	0.6
Europe^b				
Mobile customers	46,459	45,584	875	1.9
Of which contract customers	26,046	25,803	243	0.9
Fixed-network lines	7,839	7,814	25	0.3
Broadband customers	6,521	6,451	70	1.1
Television (IPTV, satellite, cable)	4,067	4,050	17	0.4

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

b) Since January 1, 2022, 921,000 contract customers of a service provider in Austria are no longer reported among our customers. The prior-year figures have not been adjusted retrospectively.



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

	June 30, 2022 thousands	June 30, 2021 thousands	Change thousands	Change %
Germany				
Mobile customers	54,551	50,272	4,279	8.5
Of which contract customers	23,402	22,682	720	3.2
Fixed-network lines	17,437	17,555	-118	-0.7
Broadband lines	14,578	14,304	274	1.9
Of which optical fiber ^a	10,836	9,971	865	8.7
Television (IPTV, satellite)	4,039	3,933	106	2.7
Unbundled local loop lines (ULLs)	3,351	3,853	-502	-13.0
United States^b				
Customers	110,023	104,789	5,234	5.0
Of which postpaid customers	88,787	83,848	4,939	5.9
Of which prepaid customers	21,236	20,941	295	1.4
Europe^c				
Mobile customers	46,459	45,788	671	1.5
Of which contract customers	26,046	27,172	-1,126	-4.1
Fixed-network lines	7,839	9,111	-1,272	-14.0
Broadband customers	6,521	7,050	-529	-7.5
Television (IPTV, satellite, cable)	4,067	5,098	-1,031	-20.2

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. The prior-year figures have not been adjusted retrospectively.



- c) Since January 1, 2022, 921,000 contract customers of a service provider in Austria are no longer reported among our customers. The prior-year figures have not been adjusted retrospectively.



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