



PRESS RELEASE

Bucharest, May 12th, 2021

Continued EBITDA Growth for Telekom Romania in Q1 2021

- Adj. EBITDA (AL) up 2.1% as continued disciplined cost initiatives mitigate pandemic and seasonality effects on revenues
- Continued improvement on Free Cash Flow with persistent positive levels
- Sustained subscriber growth in key mobile business segments

Telekom Romania group announces key performance indicators for the first quarter of 2021, ended March 31, 2021.

Consistent with its aim to keep Romania connected while improving its performance across all areas, the company grew its EBITDA After Lease by year-over-year by 2%, reaching €34.5 mln. in Q1 2021. The result shows a continuous bottom line growth, despite lasting effects of the COVID-19 pandemic on the Romanian economy. Adjusted Free Cash Flow remained positive in Q1 2021, for the 8th consecutive quarter in a row. The EBITDA growth came despite lower revenues compared to the same period in 2020, amounting to €210.0 mln. in Q1 2021, largely reflecting the high comparison base in Q1 2020, due to the phasing of ICT projects and the negative impact from the pandemic.

Revenues from the traditional fixed voice business declined to €12.1 mln in Q1 2021, while remaining on a similar level to the previous quarter, thus further slowing down the decline trends. Fixed broadband revenues totaled €16.9 mln, showing a decline compared to pre-pandemic levels, but registering a 4% growth compared to the previous quarter of Q4 2020. The number of TV subscribers declined year over year to 1.1 mln. Nevertheless, the effect on the subscriber base was partly mitigated by the continued significant growth of customers for the new Smart TV Stick product, which increased by 47% compared to Q4 2020. The product allows customers to effortlessly turn their old television set into a smart TV, without the need for technical installations.

On the mobile business, the number of postpaid subscribers further increased, reaching €1.66 mln., an increase of 8% compared to the same period in the previous year, marking the fourth consecutive quarter of customer growth. At the same time, the Fixed-Mobile-Convergence (FMC) segment continued its subscriber growth, reaching 924,000 customers and growing 8% year over year. The achievements in the mobile subscriptions make Telekom Romania the provider with the fastest mobile subscriber growth in the Romanian market, according to an independent market study*. Mobile revenues declined by 3% year over year to €93.7 mln., affected by a reduction in interconnection traffic, as well as the restrictions imposed, as a direct result of the Covid-19 pandemic. The total mobile customers' base was 3.55 mln at the end of Q1, 2021. An important driver of the company's sustained EBITDA and Cash Flow growth is the successful and comprehensive cost transformation program, which was initiated in the second half of 2018 and continues to generate significant improvements in Telekom Romania's cost base. Compared to the same period in the previous year, the company reduced its indirect costs by 9%, as a result of structural improvements across all categories.

"As part of our strategic transformation over the past years, we have worked to create a sound financial base for our company and to make ourselves more resilient in the phase of external market pressures. Our Q1 results show that this effort was the right strategic direction and is paying off, as we managed to further grow our EBITDA year over year, despite a difficult market environment after a year of the pandemic and even compensating seasonal one-off effects from the past" said Nicolas MAHLER, Chief Financial Officer of Telekom Romania.

"A key ingredient to our financial success lies in our rigorous focus on Cash Flow management and our concerted efforts to structurally overhaul our cost base. Through the Cash for Growth program, we have



EXPERIENȚE ÎMPREUNĂ.

implemented close to 200 initiatives since 2018 and continue to drive optimizations, to overcompensate any effects of the pandemic on our bottom line. “

Nicolas MAHLER continued: “At the same time, I am happy that we are also able to continuously delight our customers. Our innovative new products Smart Wi-Fi and Smart TV Stick continue to grow their subscriber bases, enabling more and more customers to switch to our services without any need of technical installations or expensive equipment. Meanwhile, a growing number of mobile customers are deciding to join Telekom to benefit from our services, making us the group of companies with the fastest growth rate of mobile subscribers.”

“Our innovative products, subscriber growth in key business segments and our drive to digitize our services, coupled with our ongoing cost transformation program, enable us to further solidify our financial turnaround, even in the face of significant external challenges, such as the continued COVID-19 pandemic. Our business strategy remains in force and we will continue to execute on it, to ensure both our fixed and mobile businesses continue the solid financial performance, while striving to seamlessly serve our customers,” Nicolas MAHLER concluded.

*“Study which measures the market share of mobile service providers for individuals”, was conducted by the Mia Marketing Institute for Telekom Romania, on a nationally representative sample, in January-February 2021 on 6,000 respondents.

About Telekom Romania

Telekom Romania is a dynamic brand, offering fixed and mobile innovative communication services to a broad customer community. Our solutions open a world of infinite opportunities to share the beauty of life together with our families, friends, partners, colleagues and citizens around us. Our mission is to enrich people’s lives, by offering them fixed and mobile integrated services, latest technologies like 4G, optical fiber, as well as Internet TV which brings users a new entertainment experience, with access to exclusive and quality content, on all screens, and advanced interactive features. Telekom Romania is the trusted partner for companies, providing them with complete communications and IT&C solutions. Our network is bringing together people, machines and content, connecting them for a better, safer, simpler future.

Telekom Romania is present in the Romanian market since 2014, after the joint rebranding of Romtelecom and COSMOTE Romania.

Telekom is a brand pertaining to Deutsche Telekom, one of the world’s leading integrated telecommunications companies.

CONTACT:

TELEKOM ROMANIA

TELEKOM ROMANIA COMMUNICATIONS S.A.

TELEKOM ROMANIA MOBILE COMMUNICATIONS S.A.

Corporate Communication

E-mail: mediarelations@telekom.ro

TELEKOM ROMANIA

TELEKOM ROMANIA COMMUNICATIONS S.A.

TELEKOM ROMANIA MOBILE COMMUNICATIONS S.A.

3-5 Piața Presei Libere, City Gate (North Tower), 18th Floor, 1st District, 013702, Bucharest

E-mail: mediarelations@telekom.ro

Further information for journalists: www.telekom.ro