

Deutsche Telekom

Q2 2022 results



Disclaimer

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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, 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.

H1 2022 results

sector leading growth

T-Mobile US

- Service revenues up 6.2%, adj. Core EBITDA +7.9%, organically
- FCF at € 3,2 bn
- Strong customer intake: 2,974k postpaid net adds, 898k HSI net adds
- Sprint network being de-commissioned 1 year ahead of time

Ex US

- Service revenues +1.8% organically
- Adj. EBITDA AL +4.4% organically
- FCF AL at € 3.3 bn (+21.4%)
- Successful tower transaction : € 10.7 bn proceeds, 49% stake retained

Group

- Strong organic revenue, adj. EBITDA AL, FCF and EPS growth
- Net debt impacted by dividend, stake increase TM US, and US\$ strength
- Guidance raised on both sides of the Atlantic

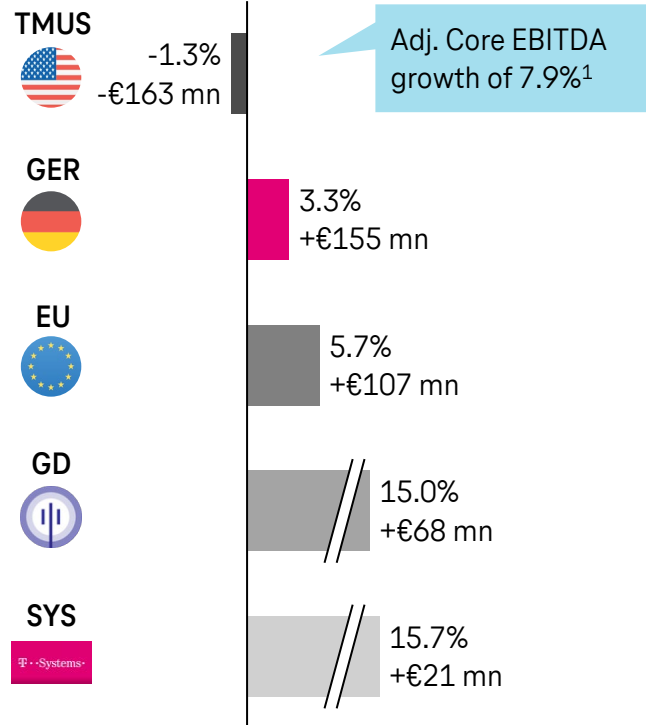


Financials H1 2022 organic

strong growth

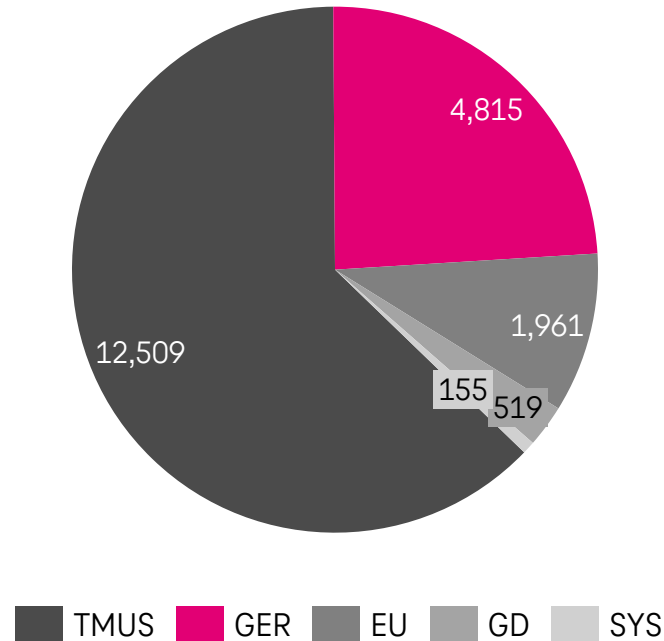
H1/22 Adj. EBITDA AL

growth yoy, organic



H1/22 Adj. EBITDA AL²

€ mn



H1/22 Key Financials

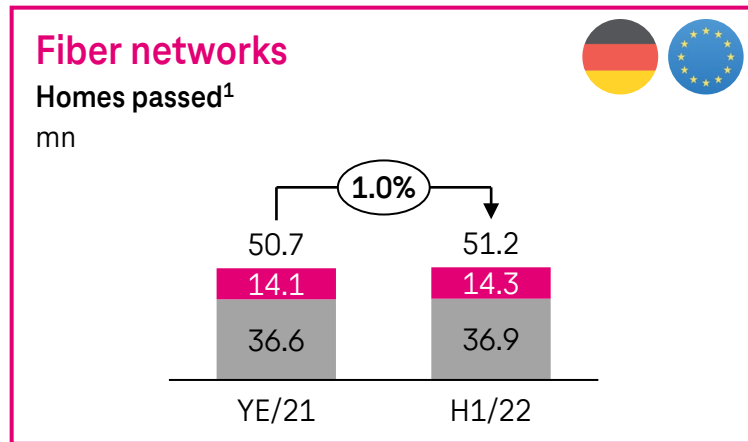
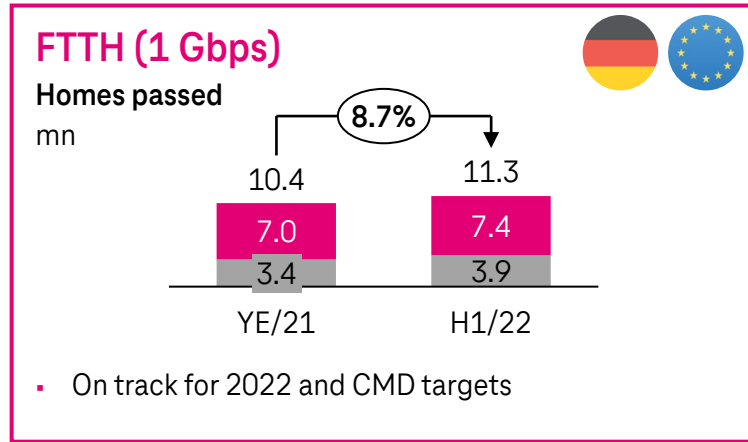
% growth yoy, organic

| | |
|-----------------------------|-------|
| Revenue | +0.8% |
| Service Revenues | +4.5% |
| Service Revenues (excl. US) | +1.8% |
| Adj. EBITDA AL | +0.7% |
| Adj. Core EBITDA AL | +6.5% |
| Adj. EBITDA AL (excl. US) | +4.4% |

¹ according to IFRS. US GAAP growth is 10.3%. Adj. Core EBITDA excludes decreasing handset leasing revenues (US\$ -1.1 bn yoy) ² Excl. GHS; EBITDA AL €19,763 mn

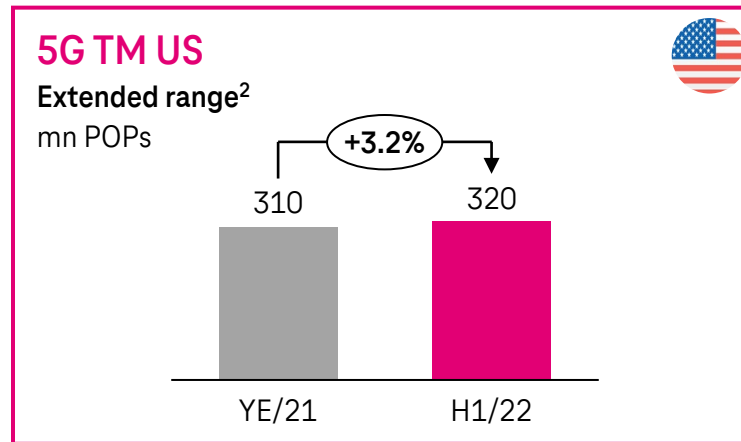
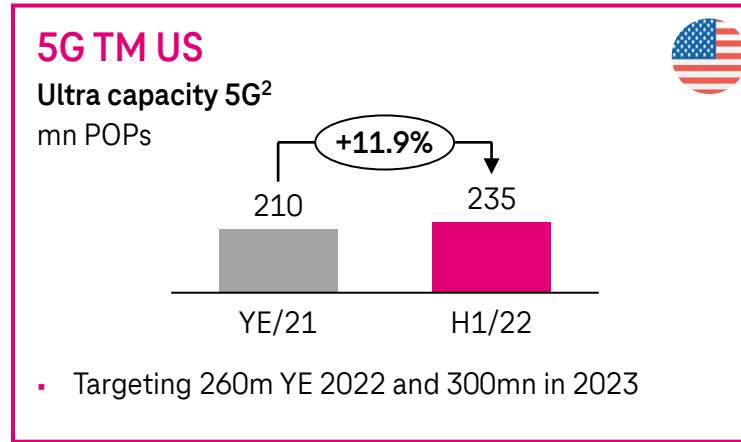
Networks

leading with 5G, FTTH well on track

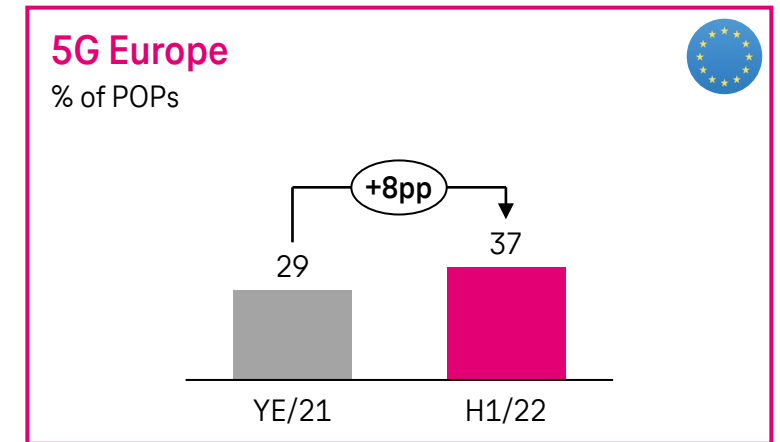
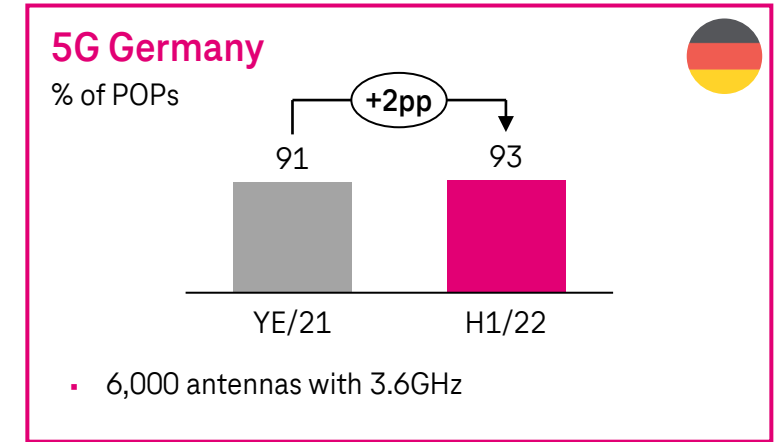


■ EU ■ GER

¹ EU8: FTTC, FTTH/B lines and cable/ED3. GER: FTTC and FTTH/B lines incl. co-operations and cable



² Extended range on 600 MHz, Ultra capacity on 2.5 GHz

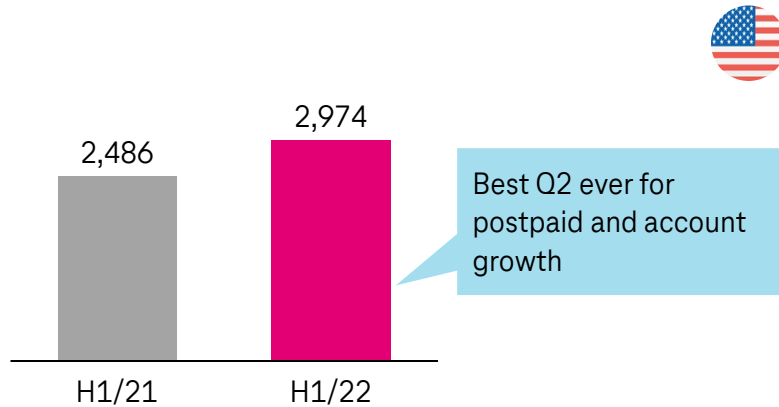


Customers growing strongly

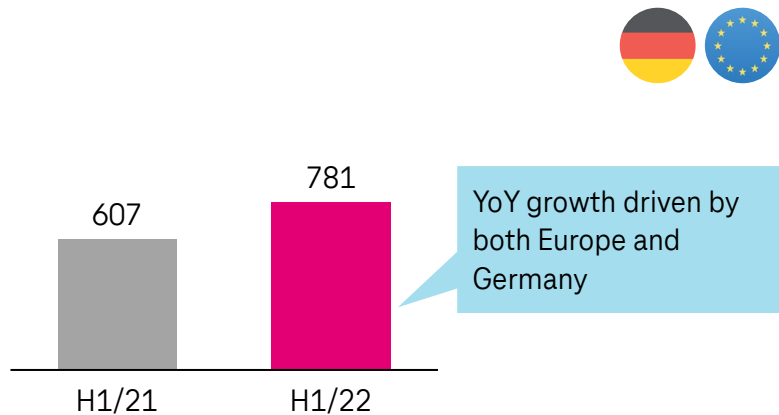
Mobile net adds

000

US (postpaid)



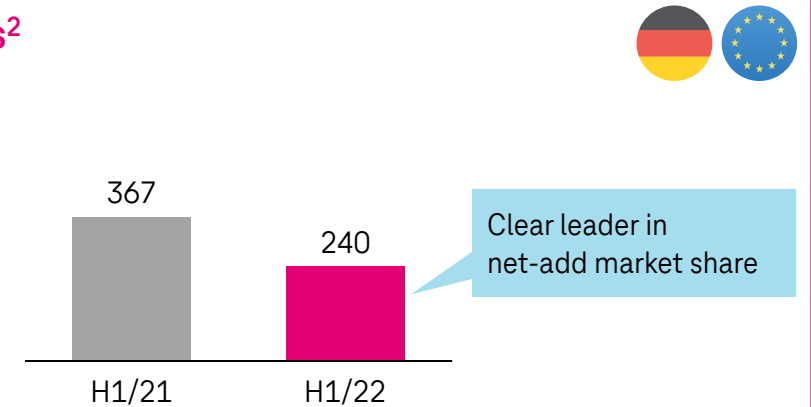
Ex US (contract)¹



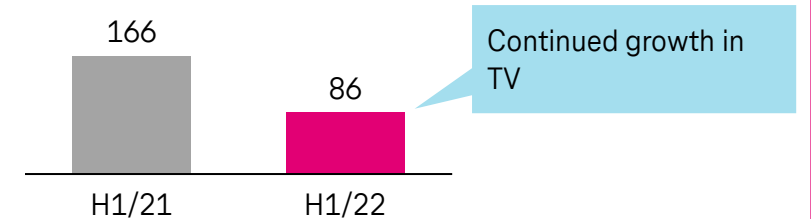
Fixed line net adds²

000

Broadband



TV



¹ GER + EU. GER: Own branded retail customers excl. multibrand, consumer IoT and "Schnellstarter" ² GER + EU

ESG

on top of our agenda



ENVIRONMENT

- **Climate Targets:**
 - Net zero (Scope 1&2 emissions) until 2025
 - Net neutrality (Scope 1-3) until 2040 latest
 - Interim target 2030: reduce Scope 3 per customer by 25%
- **Energy ambition:** keep energy consumption stable until 2024 (vs 2020), H1/22 Germany -10% yoy
- **Circularity ambition:** tackle electronic and network waste issues: striving to become fully circular
- **TMUS ranks #3 on the EPA's Green Power Partnership National Top 100 list**



SOCIAL

- **DT as supporter in the crisis:** (strong supporter of Ukraine refugees across the footprint)
- New big campaign **against hate speech**
- **Digital inclusion ambition:** further increase the number of 28mn beneficiaries¹. T-Mobile has **connected over 4.3 million students** across its education initiatives since 2020
- Strong focus on all dimensions of diversity, **DT #3 in German diversity ranking 2022** (beyond gender agenda)
- **TMUS** was named **Disability:IN's Employer of the Year**



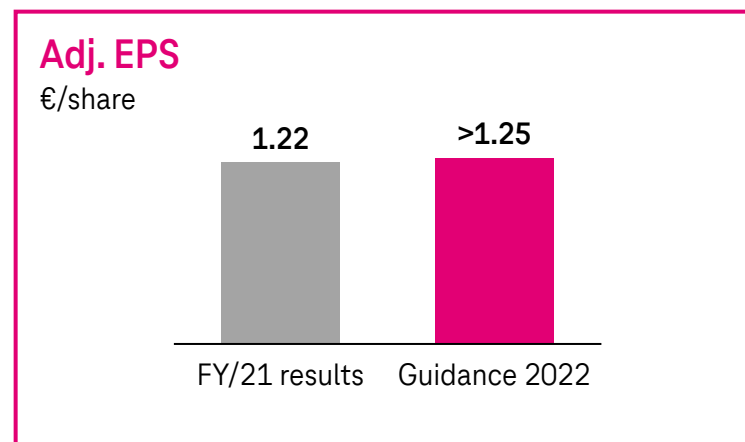
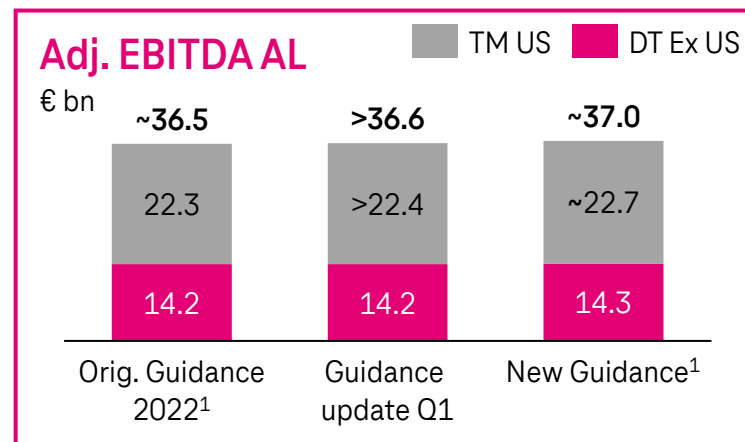
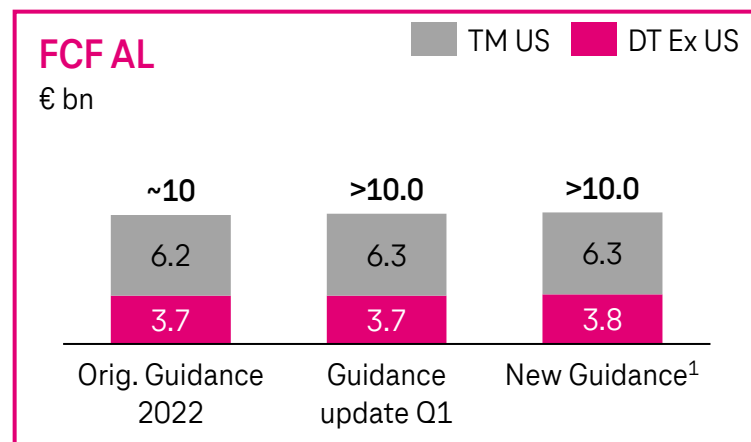
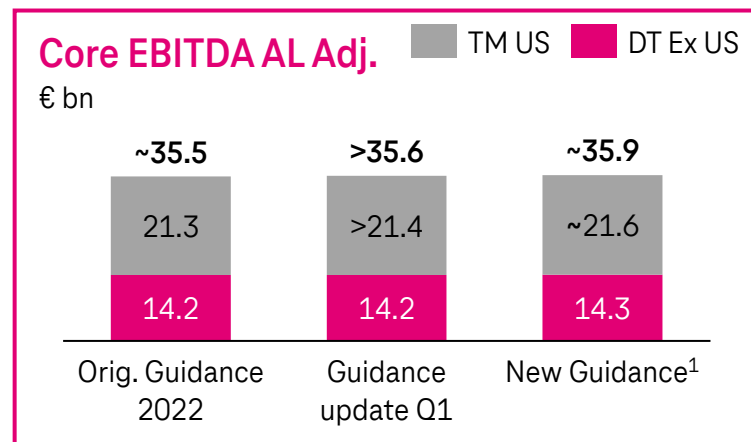
GOVERNANCE

- **Move of Group Corporate Responsibility department to CEO** successfully implemented
- **New BoM remuneration system** (incl ESG targets) extended to all DT managers
- **DTs Corporate Digital Responsibility strategy** and commitments published

¹ People who have benefited from our commitment to digital inclusion and to a society that protects the climate and conserves resources

Guidance 2022

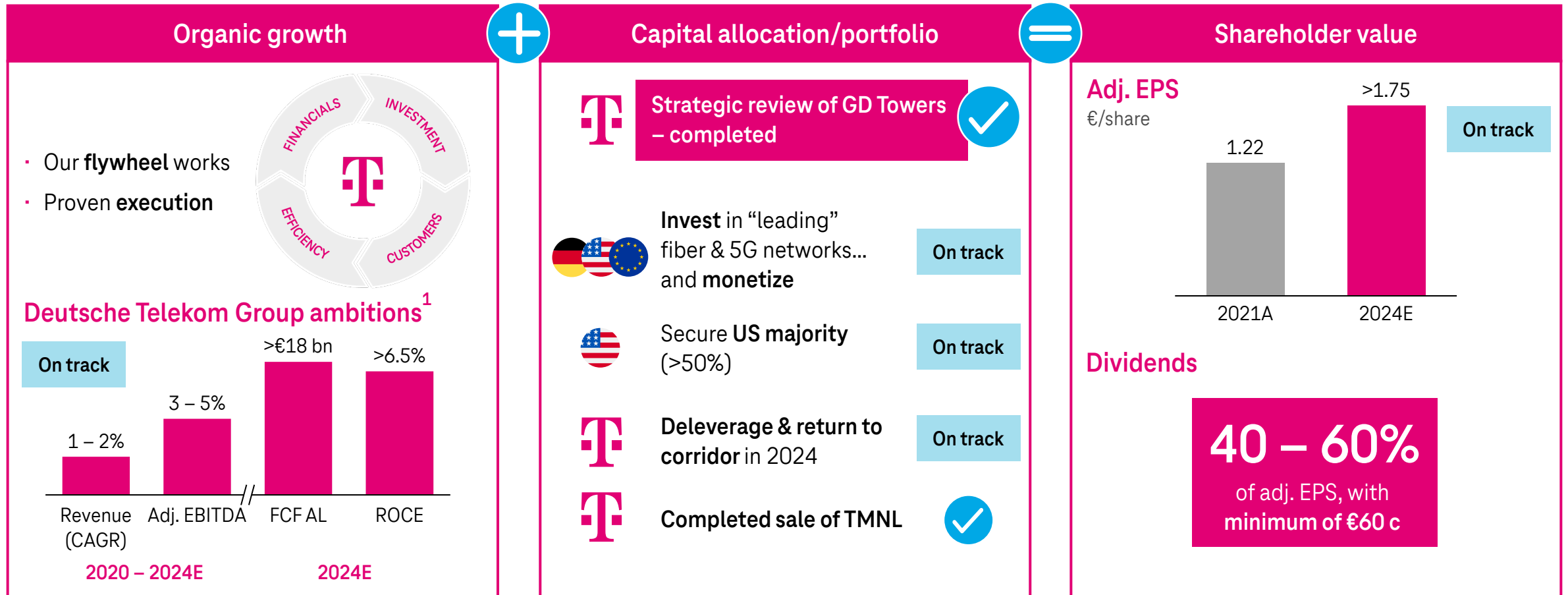
raised on both sides of the Atlantic



- Guidance raised for T-Mobile US and Group ex US
- Q1/22 results of T-Mobile NL not included in guidance
- Guidance based on exchange rate of US\$1.18 per 1 €

¹ Guidance for adj. EBITDA AL of around €37 bn reflects €1.7 bn decrease in handset leasing revenues in the US. TM US adj. EBITDA and Core EBITDA AL adj. included at midpoint of US GAAP guidance of US\$27.45 bn and US\$26.15 bn, adjusted for estimated bridge of US\$-0.6 bn. US FCF included at mid-point of US GAAP guidance of US\$7.45 bn. Based on € 1 = US\$ 1.18

Deutsche Telekom continues to execute on its strategic agenda



¹ Based on € 1 = US\$ 1.14



Operations

Review Q2/2022

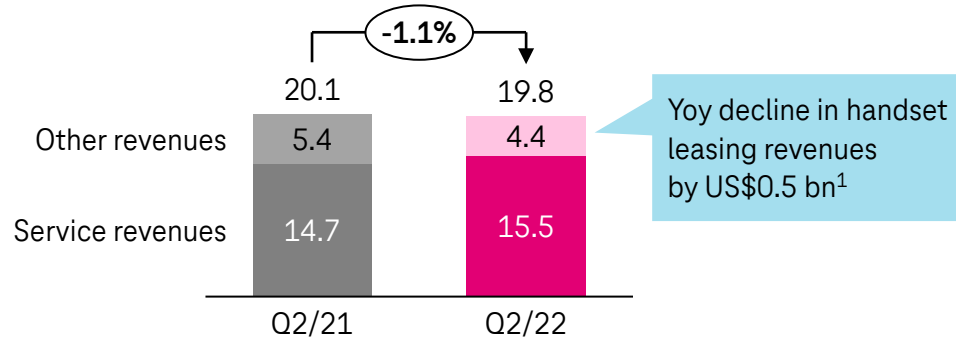
T-Mobile US

strong financial growth



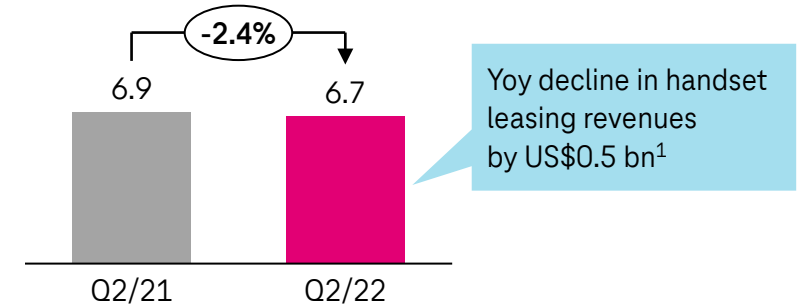
Revenues (IFRS)

US\$ bn



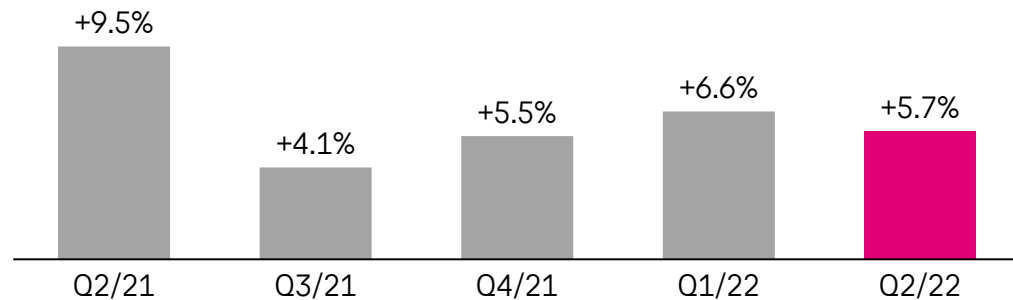
Adj. EBITDA AL (IFRS)

US\$ bn



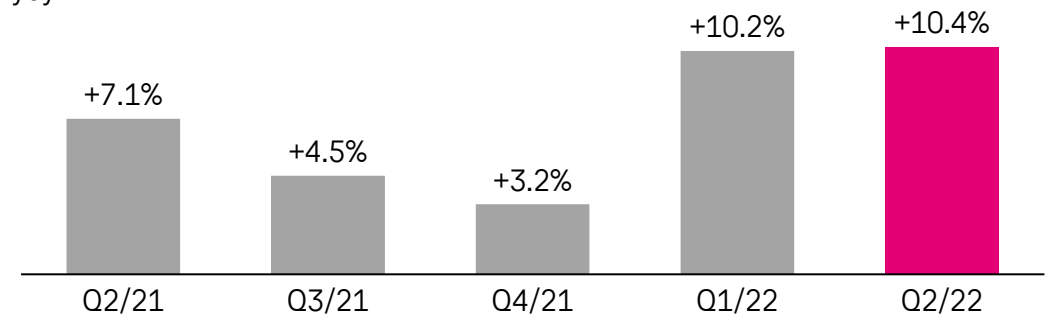
Service revenue (US GAAP)

% yoy



Core adj. EBITDA (US GAAP)

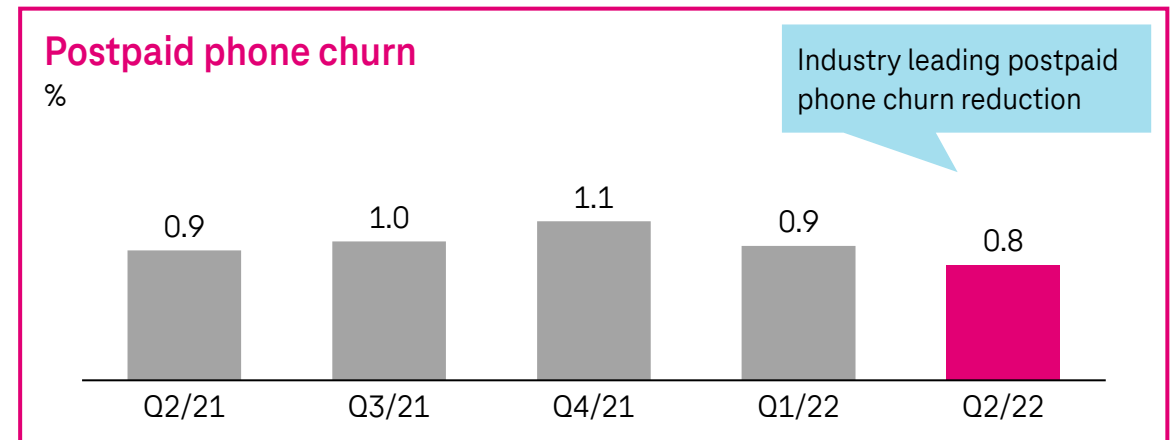
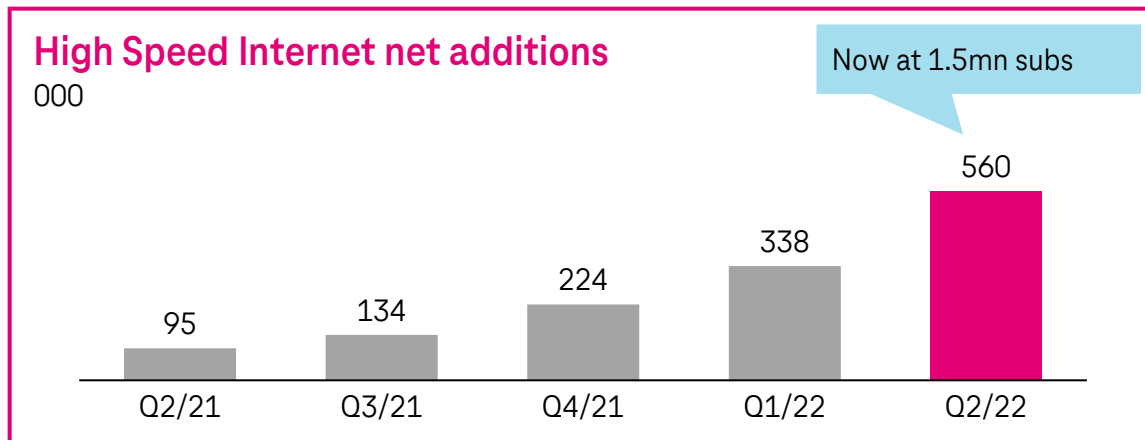
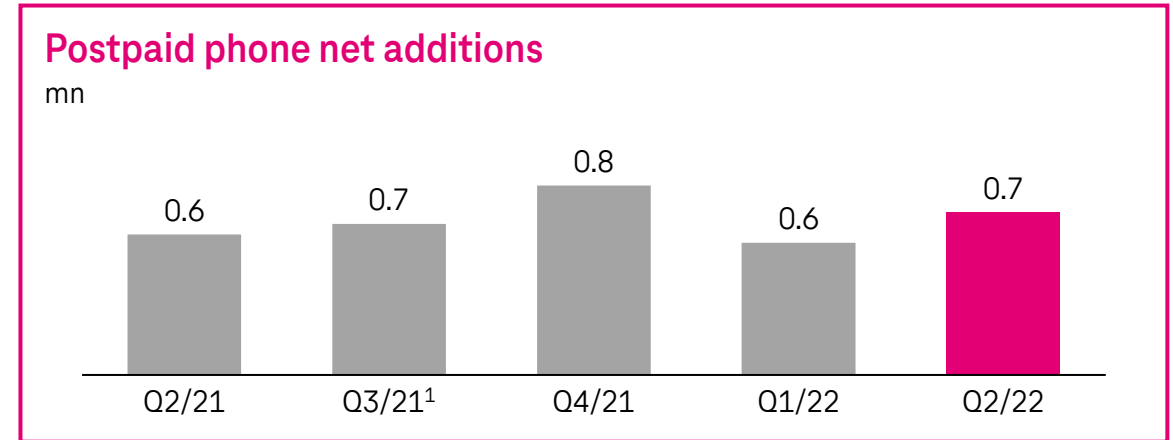
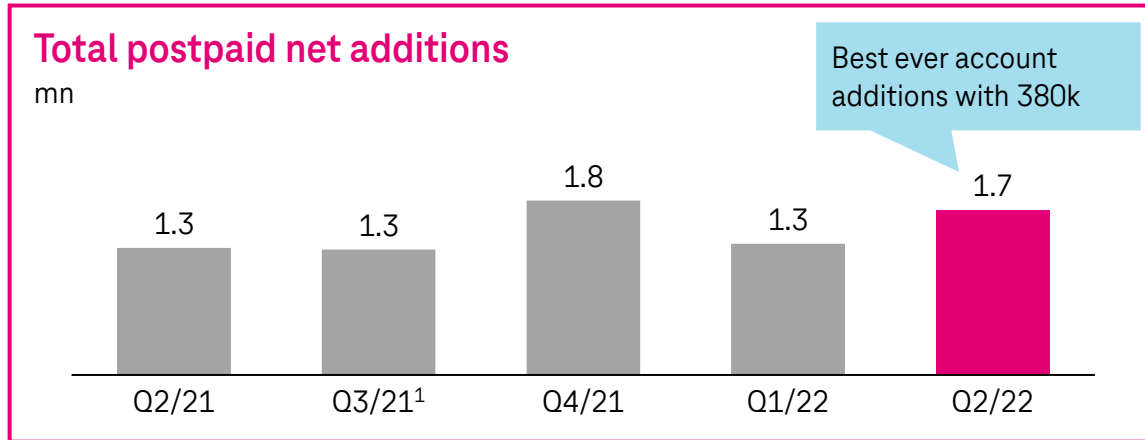
% yoy



¹ TM US has refocused its distribution policy towards Equipment Installment Plans, which results in a decrease of handset leasing revenues and a corresponding decline in revenue and EBITDA AL. Service revenues are not impacted.

T-Mobile US

best ever Q2 postpaid growth



¹ excl. 806k postpaid customers acquired with Shentel

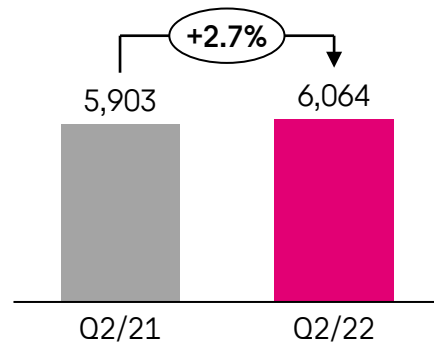
Germany

23rd consecutive quarter of EBITDA growth



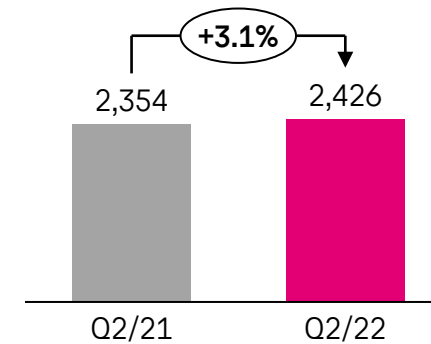
Revenues (as reported)

€ mn



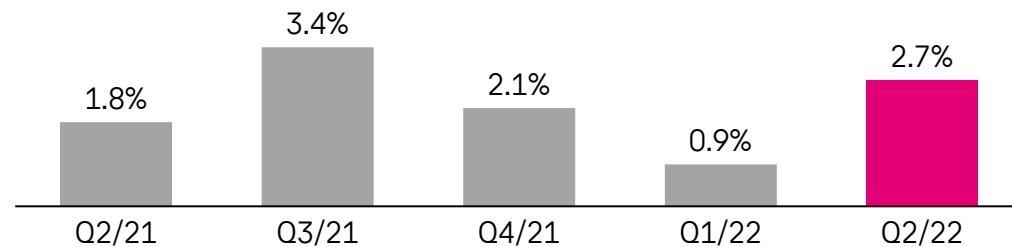
Adj. EBITDA AL (as reported)

€ mn



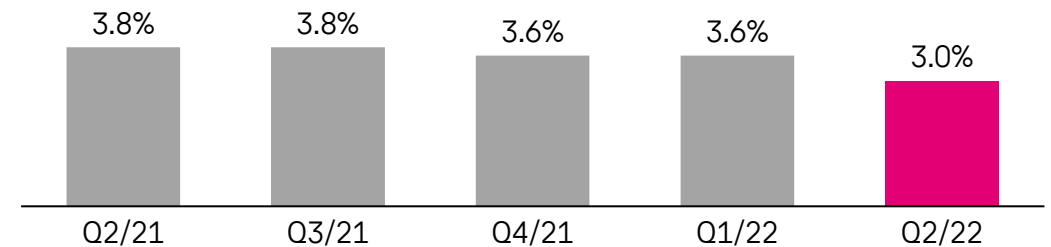
Revenue growth (organic)

% yoy



Adj. EBITDA AL (organic)

% yoy



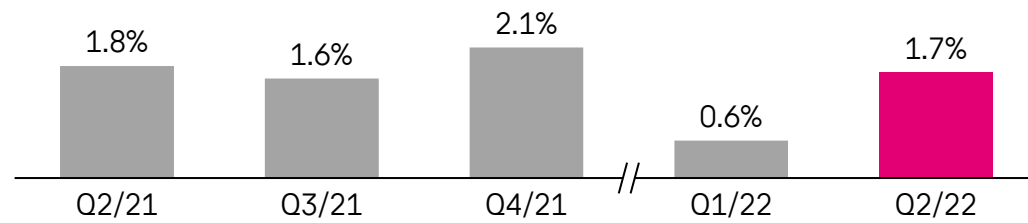
Germany

service revenues: growing across the board



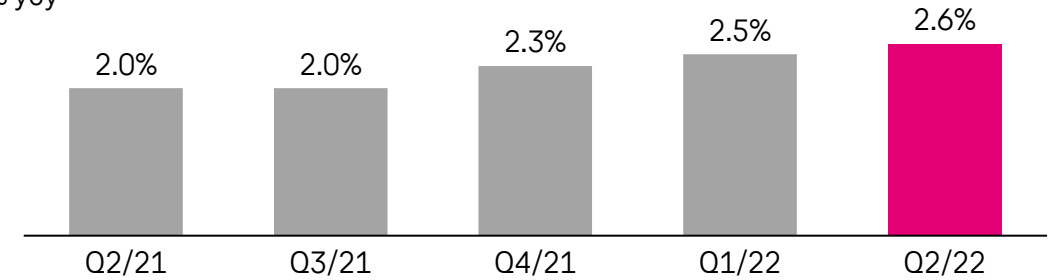
Total service revenue growth (organic)¹

% yoy



Mobile service revenue growth (organic)

% yoy



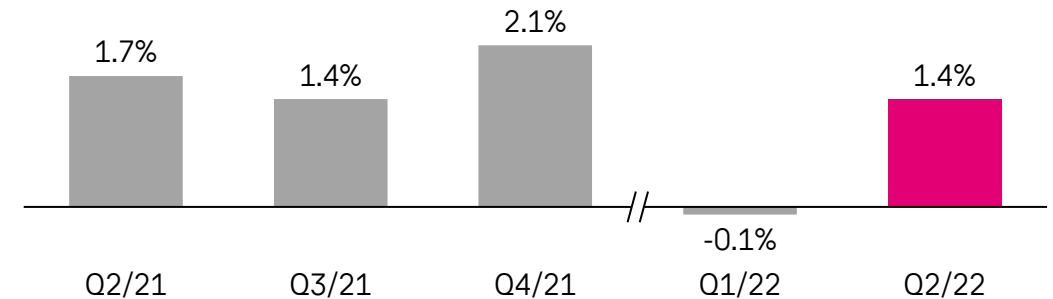
Revenue growth (reported)

% yoy

- Reported Total Service revenue growth +1.8%
- Reported Fixed Service revenue growth +1.5%
- Reported Mobile Service revenue growth +2.6%
- Growth in B2C (+3.6%) and B2B (+1.7%)

Fixed service revenue growth (organic)¹

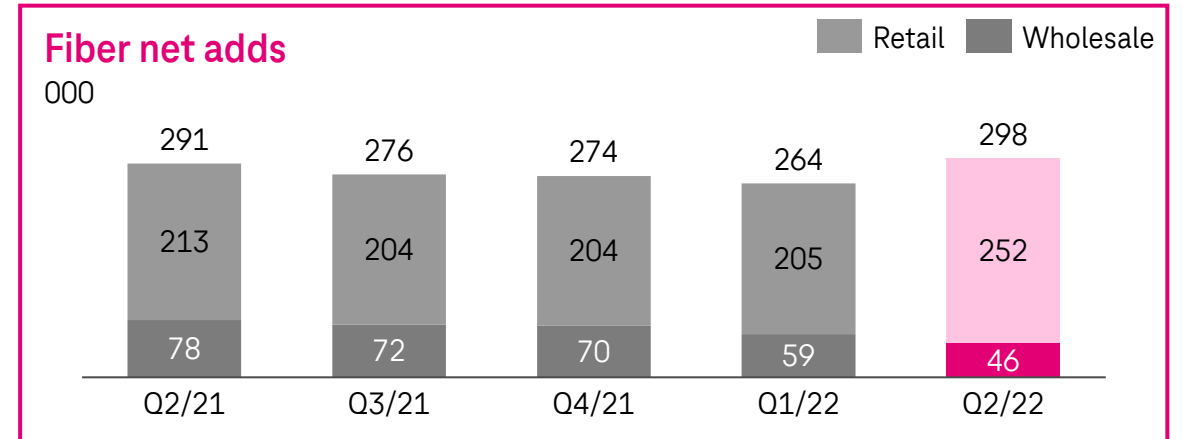
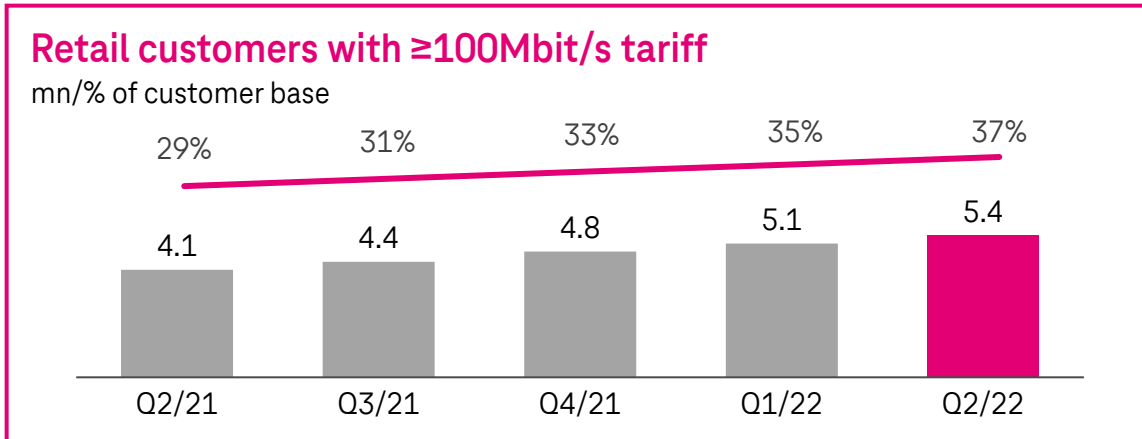
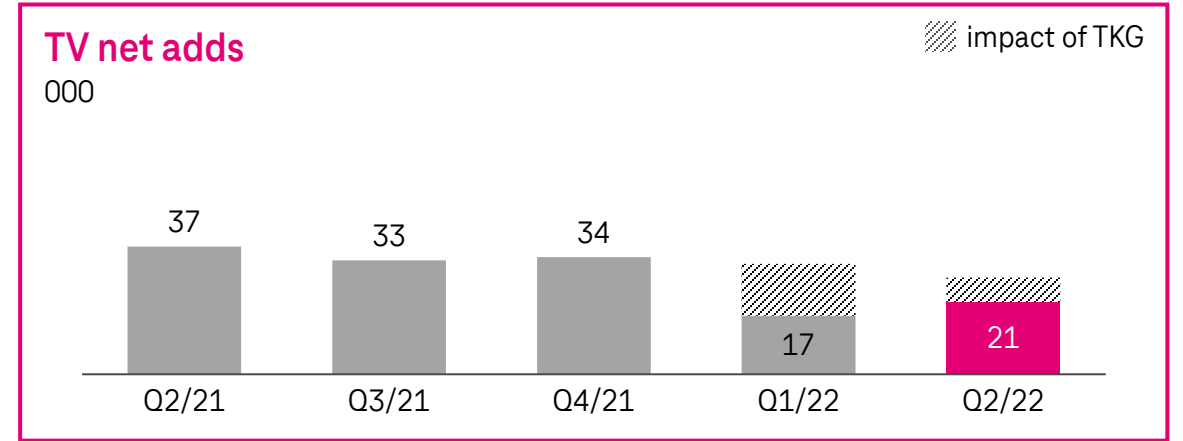
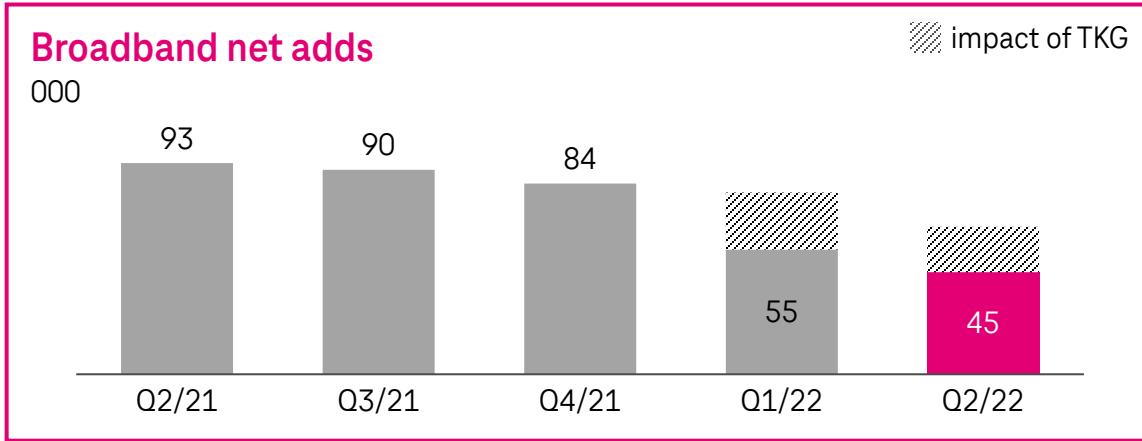
% yoy



¹ As of Q1/22 Removal of revenues from construction services delivered to 3rd parties from Wholesale Revenues (and consequently from Fixed and Total Service Revenues) to other Revenues (not included in Service Revenues). Moreover, B2B retail revenue reclassification.

Germany

fixed: lower net adds, strong upselling



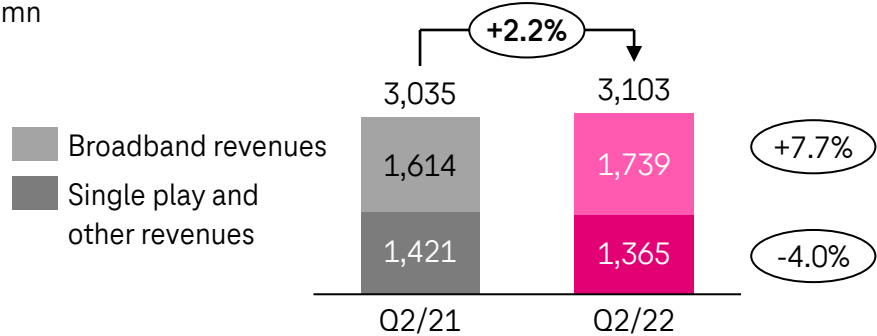
Germany

retail and wholesale fixed: improved trends



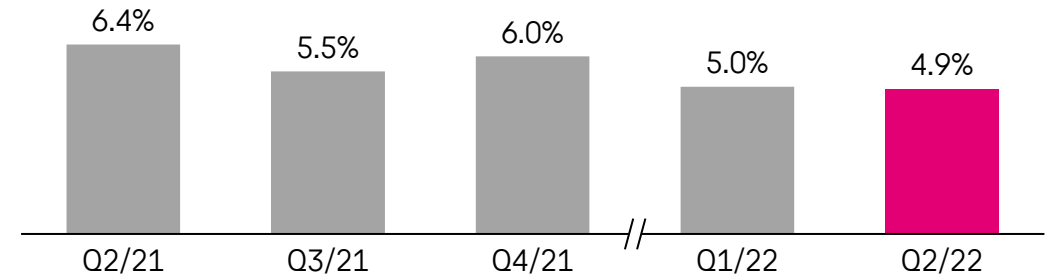
Retail fixed revenues (reported)

€ mn



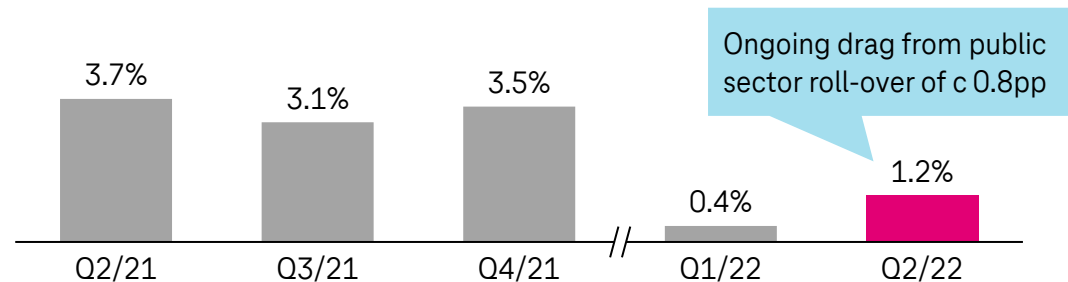
Broadband revenue growth (organic)²

% yoy



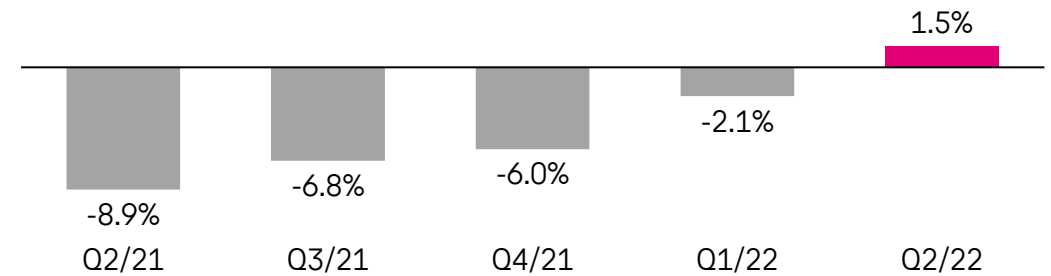
Retail fixed revenue growth (organic)^{1,2}

% yoy



Wholesale access revenues (organic)³

% growth yoy



¹ As of Q1/22 Removal of revenues from construction services delivered to 3rd parties from Wholesale Revenues (and consequently from Fixed and Total Service Revenues) to other Revenues (not included in Service Revenues).

² As of Q1/22 B2B retail revenue reclassification

³ Reclassified view, previous quarters adjusted for view without construction services

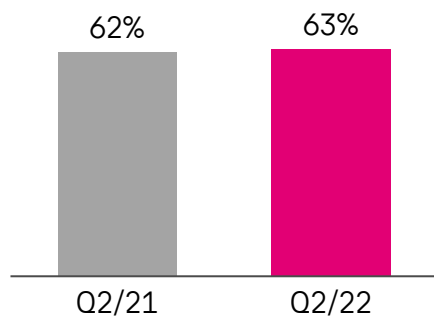
Germany

mobile: healthy customer intake



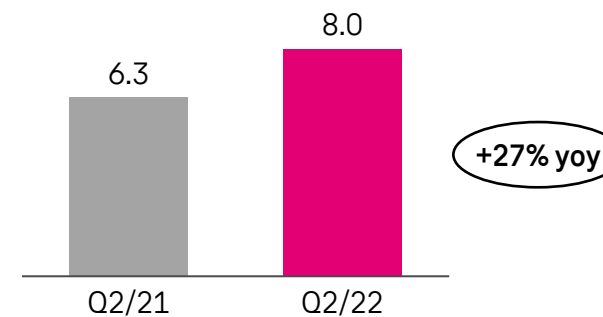
Magenta EINS share (mobile)¹

%



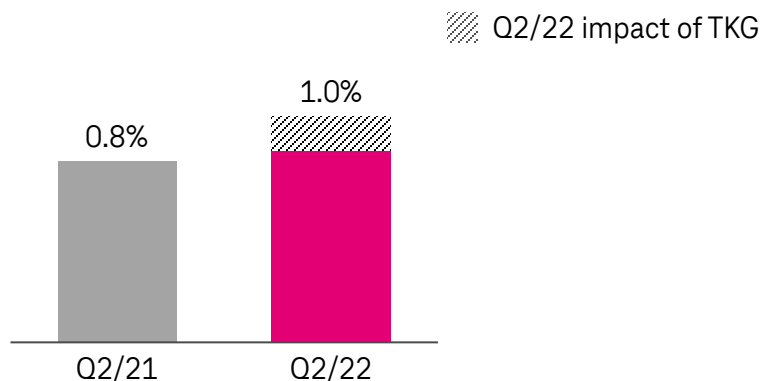
Data usage²

GB per month



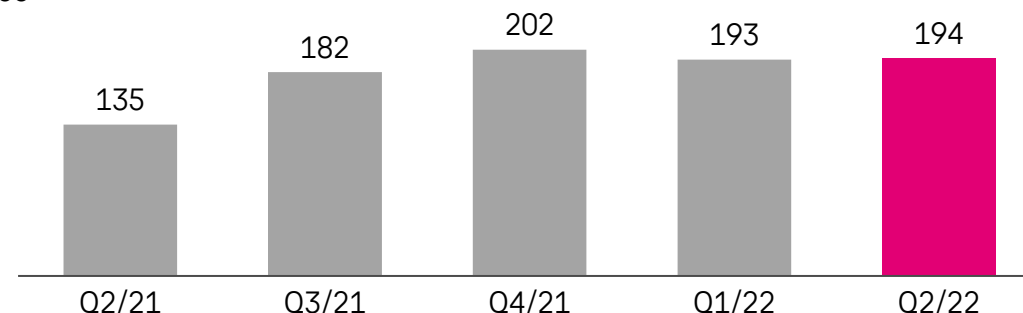
Churn²

%



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"

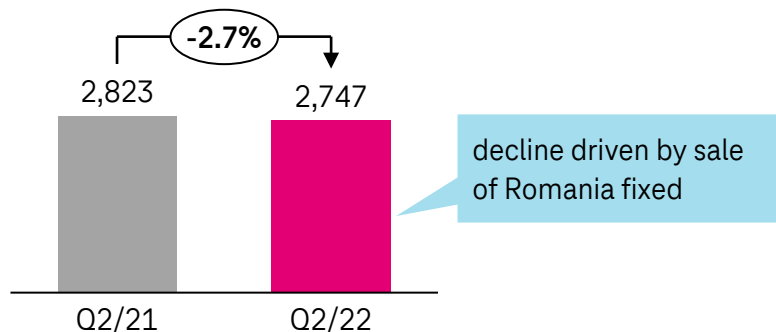
Europe

18th consecutive quarter of organic EBITDA growth



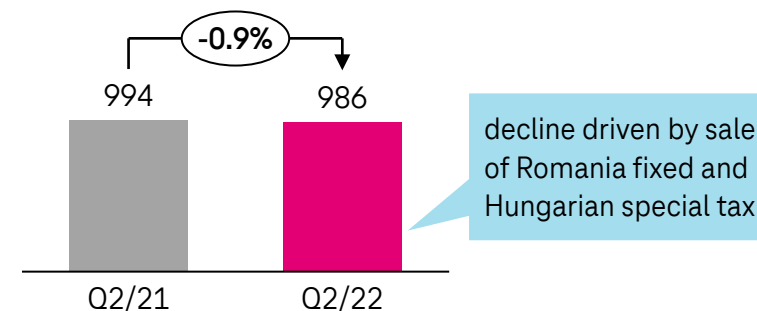
Revenues (Reported)

€ mn



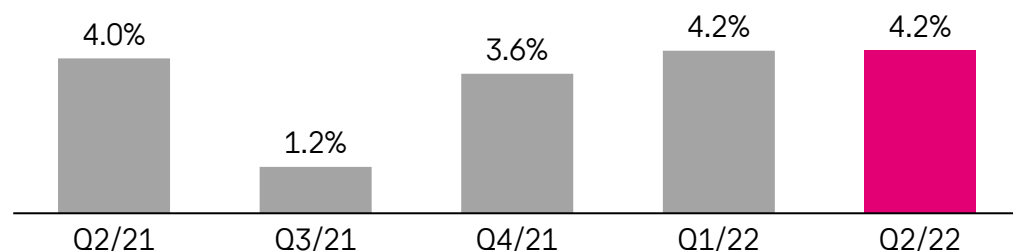
Adj. EBITDA AL (Reported)

€ mn



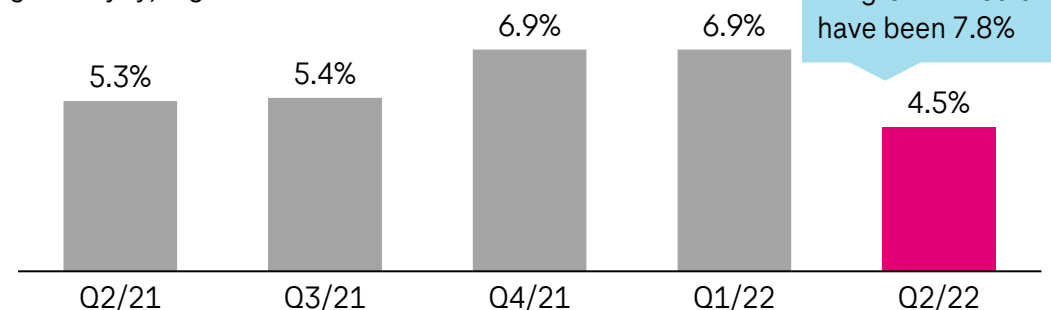
Revenues

% growth yoy, organic



Adj. EBITDA AL

% growth yoy, organic

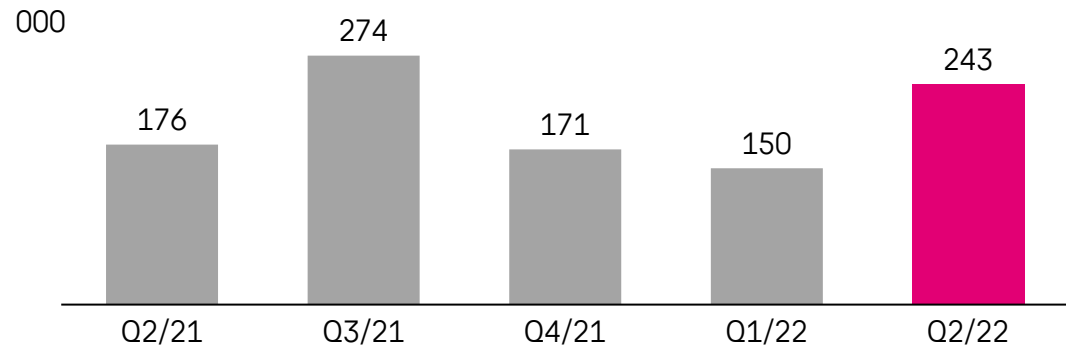


Europe

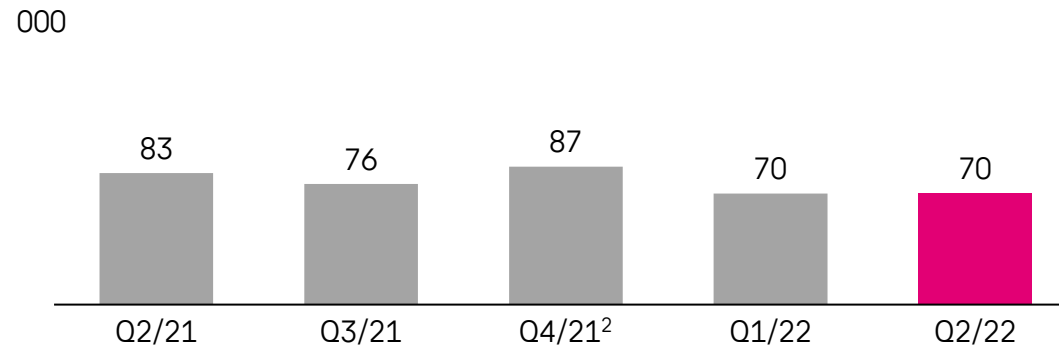
strong commercial performance¹



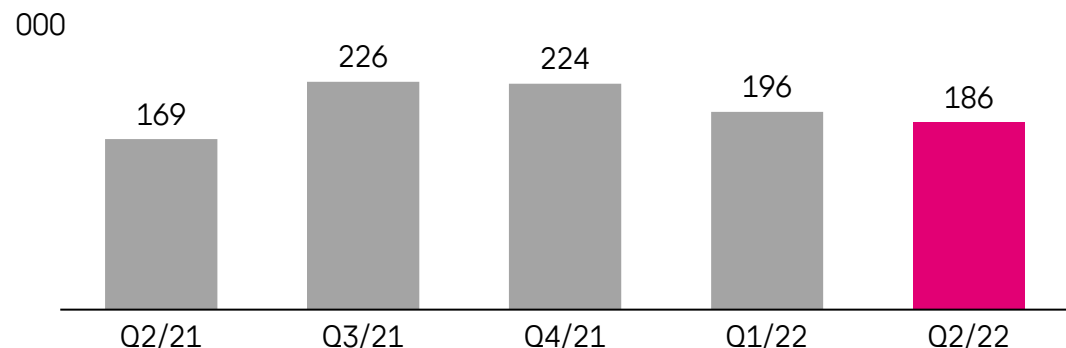
Mobile contract net adds



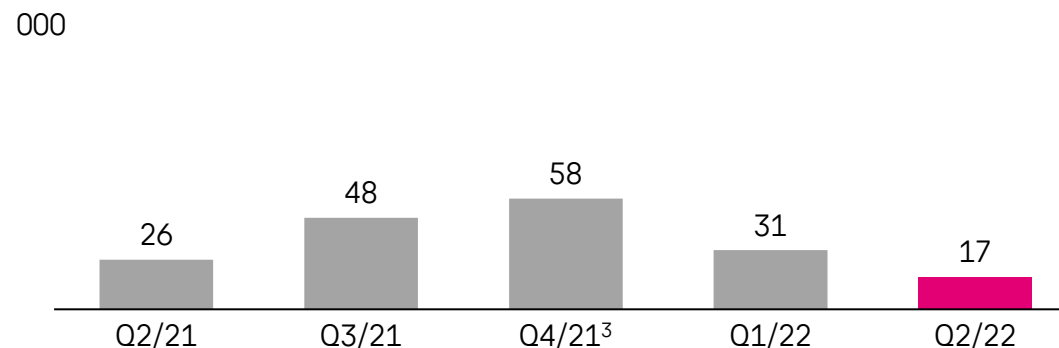
Broadband net adds



FMC net adds³



TV net adds



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.

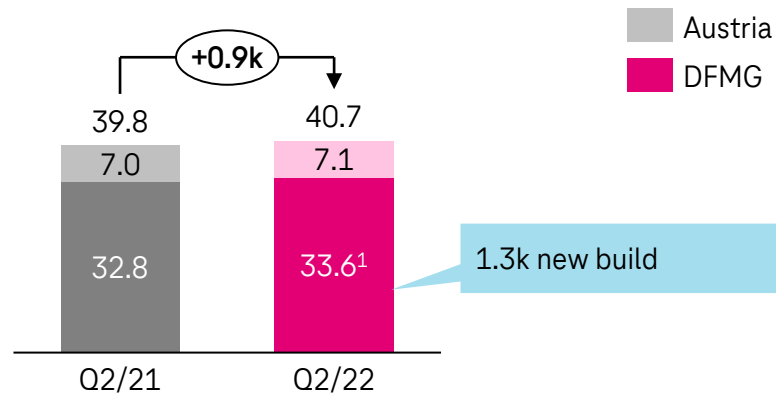
GD/Towers

strong growth



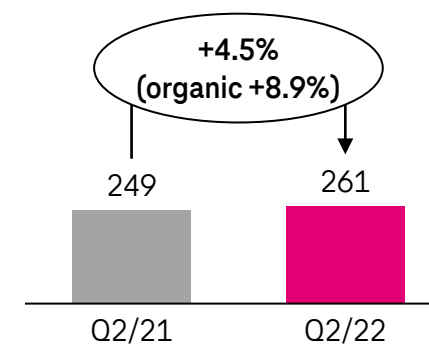
Total sites

000



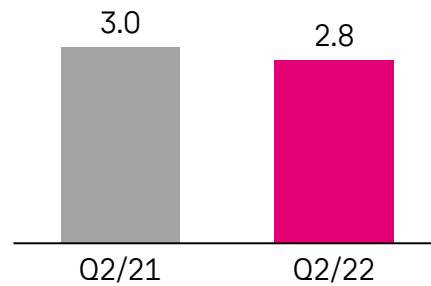
Recurring rental revenues

€ mn



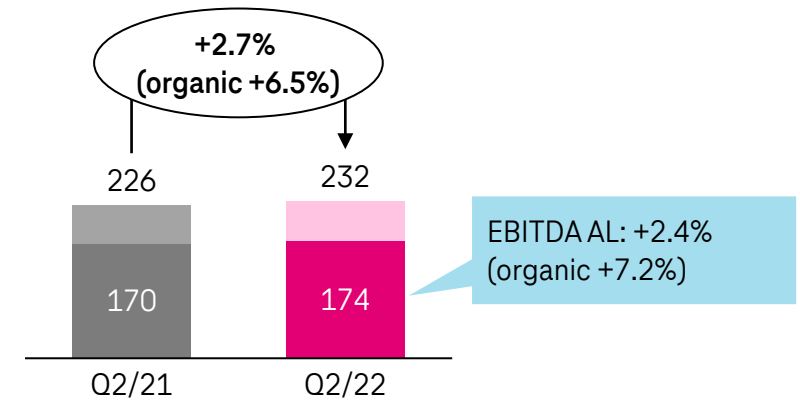
Opex AL per site

€ 000



Adj. EBITDA

€ mn



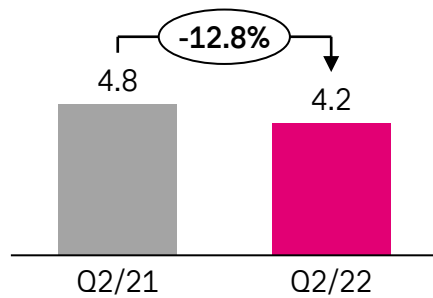
¹ Change in sites of 0.9k due to 1.3k new build and -0.3k de-commissioning of redundant sites

Systems Solutions

steady recovery

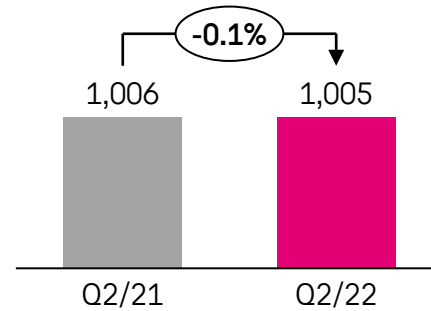
Order entry (LTM)

€ bn



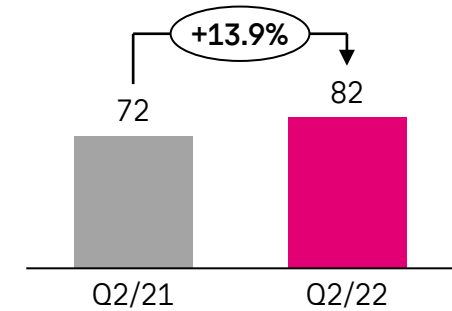
Revenues

€ mn



Adj. EBITDA AL

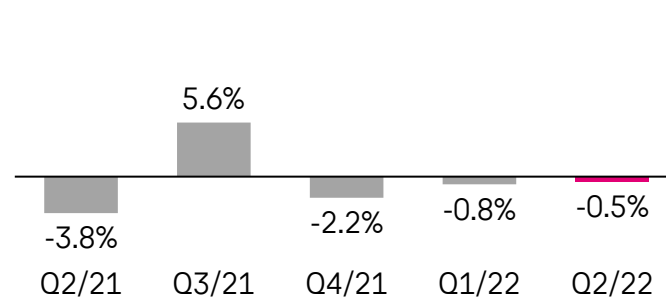
€ mn



- Revenues stabilizing, helped by growth business
- EBITDAAL helped by efficiency measures

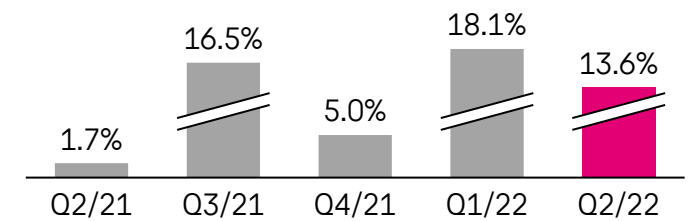
Revenues

% growth yoy, organic



Adj. EBITDA AL

% growth yoy, organic





Financials

Q2 2022

Financials Q2 2022 reported

strong growth

€ mn

| | Q2 | | | H1 | | |
|--|---------|---------|--------|---------|---------|--------|
| | 2021 | 2022 | Change | 2021 | 2022 | Change |
| Revenue | 26,593 | 28,168 | +5.9% | 52,983 | 56,191 | +6,1% |
| Adj. EBITDA AL | 9,418 | 9,891 | +5.0% | 18,662 | 19,763 | +5,9% |
| Adj. EBITDA AL (excl. US) ² | 3,680 | 3,554 | -3.4% | 7,219 | 7,255 | +0.5% |
| Adj. Net profit | 2,113 | 2,445 | +15.7% | 3,315 | 4,683 | +41.3% |
| Net profit | 1,879 | 1,460 | -22.3% | 2,815 | 5,409 | +92.1% |
| Adj. EPS (in €) | 0.45 | 0.49 | +8.9% | 0.70 | 0.94 | +34.3% |
| Free cash flow AL ¹ | 2,766 | 2,759 | -0.3% | 5,350 | 6,540 | +22.2% |
| Cash capex ¹ | 4,287 | 4,984 | +16.3% | 8,570 | 9,642 | +12.5% |
| Net debt excl. leases (AL) | 96,787 | 106,289 | +9.8% | 96,787 | 106,289 | +9.8% |
| Net debt incl. leases (IFRS 16) | 127,972 | 146,104 | +14.2% | 127,972 | 146,104 | +14.2% |

¹ Free cash flow AL before dividend and before spectrum investments. Cash capex before spectrum investment. Spectrum: H1/21: €8,024 mn; H1/22: €2,616 mn; Q2/21 €35 mn; Q2/22 €102 mn

² Decline due to de-consolidation of Romania fixed and the Dutch business. Organic growth rate of +2.7% in Q2.

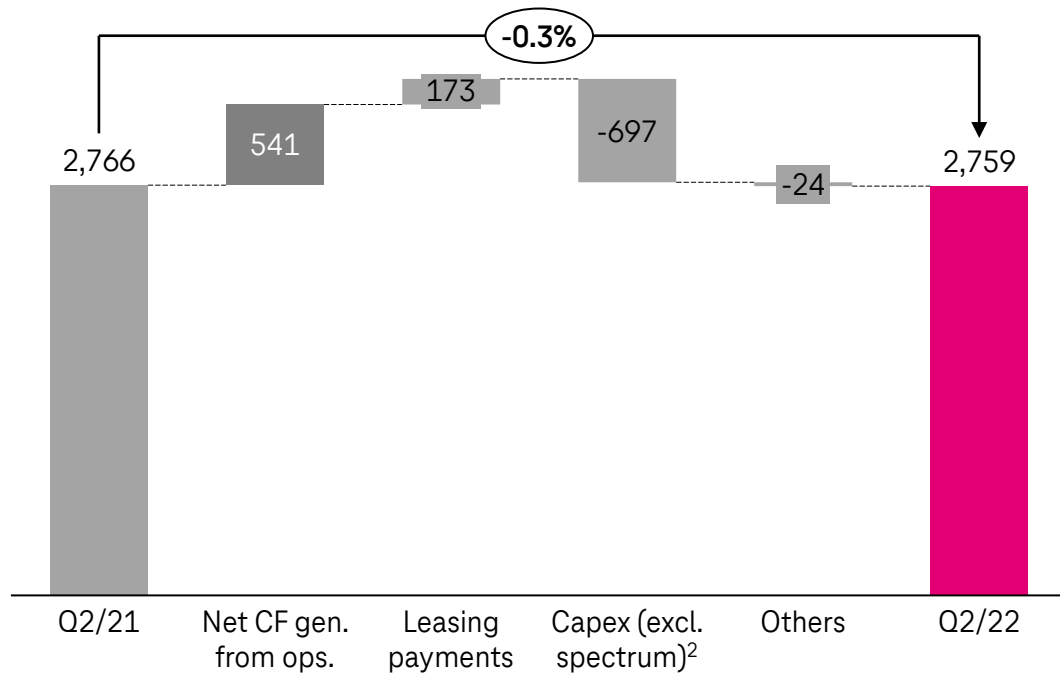
Financials Q2 2022

strong growth in net income

Free Cash Flow AL¹

€ mn

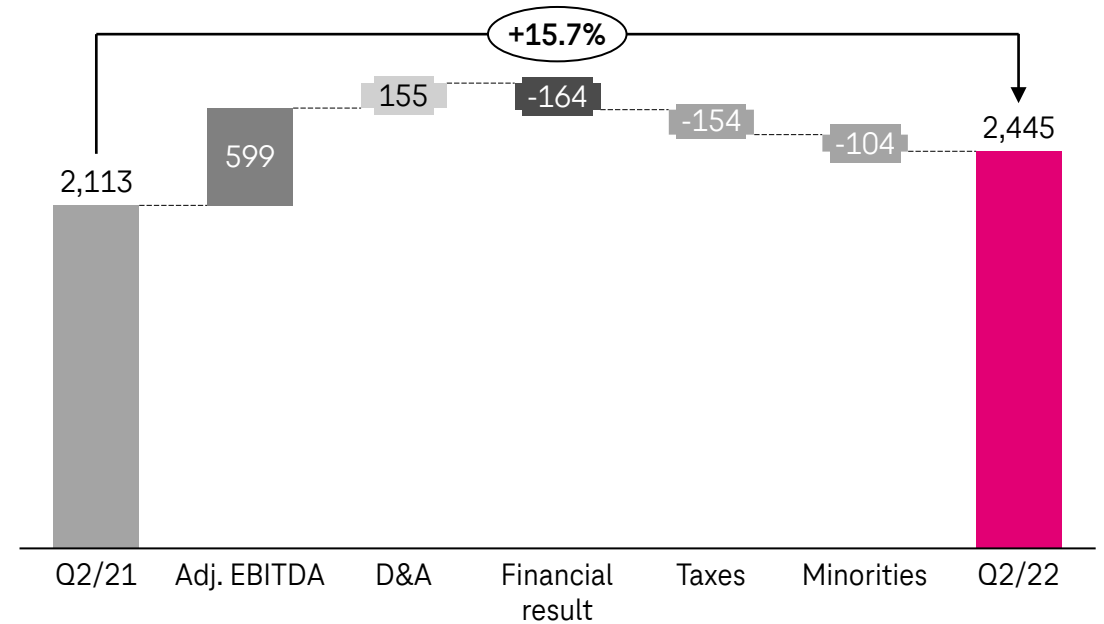
H1/22 FCF AL of €6.5 bn



Adj. net profit

€ mn

H1/22 adj. EPS of €0.94



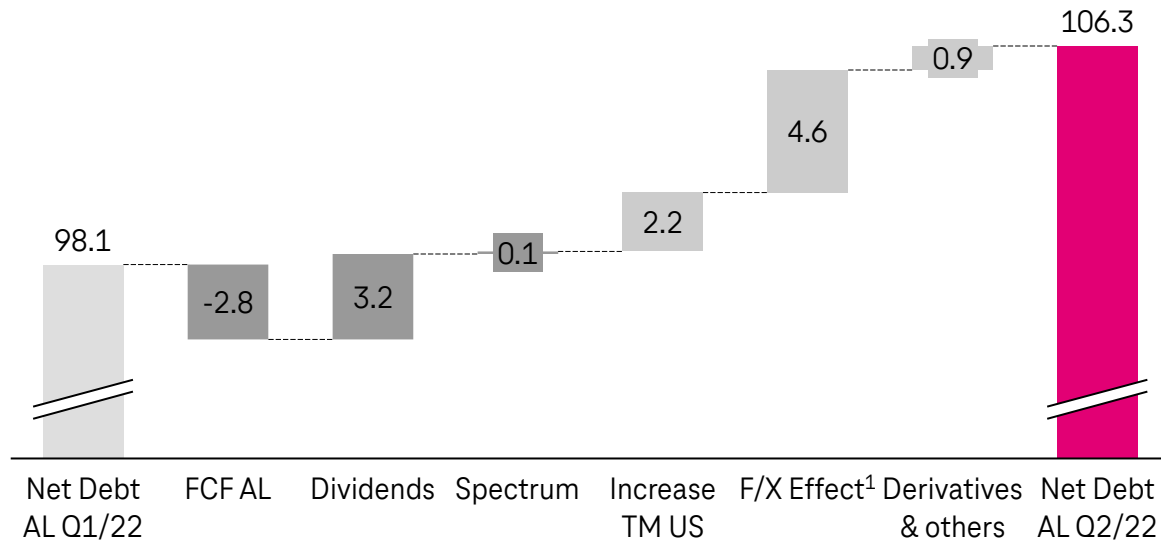
¹ Free cash flow and FCF AL before dividend payments and spectrum investment. ² Spectrum: Q2/21: €35 mn; Q2/22: €102 mn

Financials Q2 2022

financial net debt up on dividend, stake increase TM US, and F/X

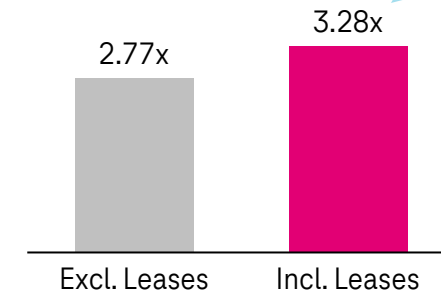
Net debt excl. leases (AL) (Q2/22 over Q1/22)

€ bn



Leverage ratios

- CMD target: back in 2.25 – 2.75x IFRS16 range YE24.
- Tower deal with € 10.7 bn proceeds: lowers ex lease leverage by c0.2x, IFRS16 leverage by 0.1x



¹ Foreign exchange impact calculated on 1€ = 1.039US\$



Main takeaways

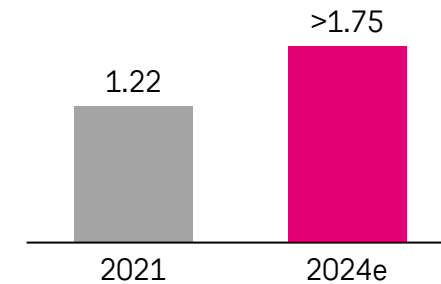
H1 2022

main takeaways

- TM US: strong merger execution, EBITDA up 10%, record customer growth, guidance raised for the 2nd time
- Ex US: 4.4% organic EBITDA AL growth; Germany with 23 and EU with 18 successive quarters of organic EBITDA AL growth. Guidance raised
- High visibility for key cost drivers, including energy; inflation overall manageable
- TMUS stake raised to 48.4%
- Tower strategic review successfully completed: €10.7 bn proceeds, 49% retained
- Well on track for CMD mid-term targets, 2022 guidance raised on both sides of the Atlantic

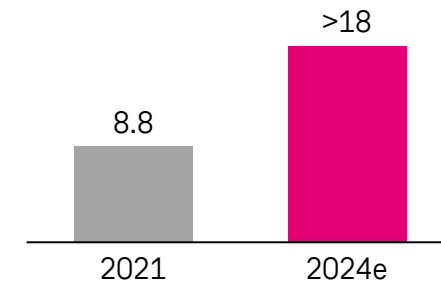
Adj. EPS (CMD target 2024)

€/share



FCF AL (CMD target 2024)

€ bn





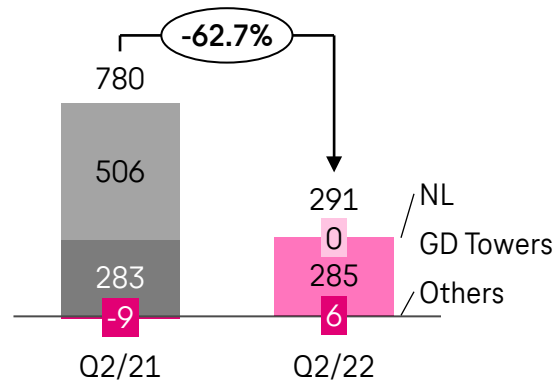
Appendix

Group Development

ongoing strong underlying performance

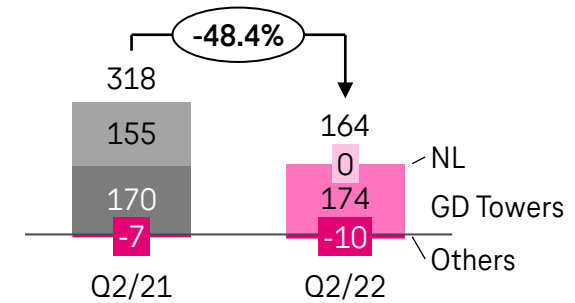
Revenues

€ mn



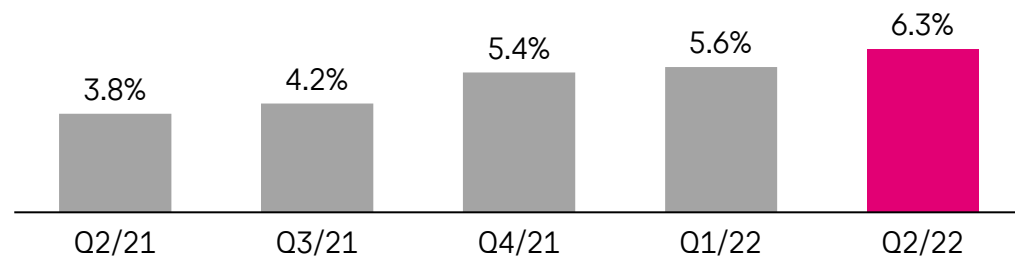
Adj. EBITDA AL

€ mn



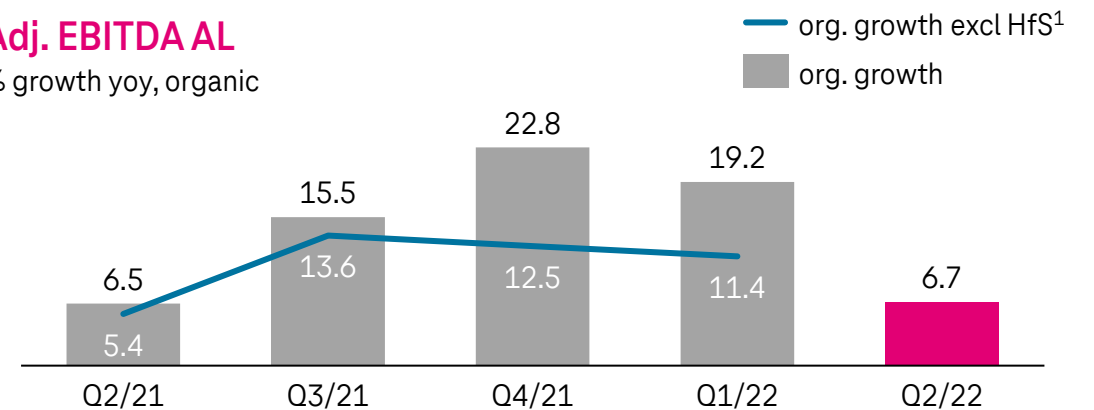
Revenues

% growth yoy, organic



Adj. EBITDA AL

% growth yoy, organic



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

FCF AL excl. US

€ bn

| | H1 2022 | H1 2021 |
|------------------------------------|------------|------------|
| Adj. EBITDA AL | 7.3 | 7.2 |
| Cash Capex | -3.2 | -3.3 |
| Proceeds from sale of fixed assets | +0.1 | +0.1 |
| Special Factors Cash | -0.6 | -0.7 |
| Interest ex leasing | -0.4 | -0.4 |
| Cash Taxes | -0.2 | -0.3 |
| Other (working capital etc.) | +0.3 | +0.1 |
| FCF AL | 3.3 | 2.7 |

Outlook 2022/23 as per annual report 2021 (1/2)¹

€ bn

| | 2021 pro forma | 2022e | 2023e |
|-----------------------------|----------------|------------------------|------------------------|
| Revenue Group | 106.5 | Stable | Slight increase |
| Germany | 24.2 | Slight increase | Increase |
| US (in US\$) | 81.0 | Stable | Slight increase |
| Europe | 11.0 | Slight increase | Stable |
| Systems Solutions | 4.2 | Stable | Slight increase |
| Group Development | 1.1 | Increase | Increase |
| Service Revs Group | 82.1 | Slight increase | Slight increase |
| US (in US\$) | 57.8 | Increase | Slight Increase |
| Adj. EBITDA AL Group | 36.5 | ~36.5 | Increase |
| Germany | 9.5 | 9.8 | Slight Increase |
| US (in US\$) | 26.9 | 26.4 | Increase |
| Europe | 3.9 | 4.0 | Stable |
| Systems Solutions | 0.3 | 0.3 | Increase |
| Group Development | 0.6 | 0.6 | Increase |

¹ See annual report 2021 for additional details

Outlook 2022/23 as per annual report 2021 (2/2)¹

€ bn

| | 2021 pro forma | 2022e | 2023e |
|-----------------------------|----------------|------------------------|------------------------|
| Cash Capex Group | 17.7 | 19.3 | Strong decrease |
| Germany | 4.1 | Increase | Increase |
| US (in US\$) | 12.2 | Strong increase | Strong decrease |
| Europe | 1.7 | Stable | Stable |
| Systems Solutions | 0.2 | Stable | Stable |
| Group Development | 0.3 | Strong increase | Stable |
| FCF AL Group | 8.4 | around 10 | Strong increase |
| Adj. EPS | 1.22 | Slight increase | Strong increase |
| Net debt/adj. EBITDA | 3.06x | >2.75x | >2.75x |

¹ See annual report 2021 for additional details. Adj. EPS and Net debt/adj. EBITDA as reported





Balance sheet

rating outlook improved by S&P

€ bn

| | 30/06/2021 | 30/09/2021 | 31/12/2021 | 31/03/2022 | 30/06/2022 |
|--|------------|------------|------------|------------|------------|
| Balance sheet total | 270.5 | 273.4 | 281.6 | 292.4 | 301.7 |
| Shareholders' equity | 77.0 | 78.9 | 81.5 | 87.7 | 88.5 |
| Net debt excl. leases (AL) | 96.8 | 99.3 | 100.6 | 98.1 | 106.3 |
| Net debt excl. leases (AL)/adj. EBITDA AL ¹ | 2.59 | 2.66 | 2.70 | 2.59 | 2.77 |
| Net debt incl. leases (IFRS 16) | 128.0 | 130.4 | 132.1 | 135.9 | 146.1 |
| Net debt incl. leases IFRS 16/adj. EBITDA ¹ | 2.97 | 3.02 | 3.06 | 3.10 | 3.28 |
| Equity ratio | 28.5% | 28.8% | 28.9% | 30.0% | 29.3% |

Comfort zone ratios

| | |
|--|---|
| Rating: A-/BBB |  |
| 2.25–2.75 Net debt IFRS 16/Adj. EBITDA |  |
| 25–35% equity ratio |  |
| Liquidity reserve covers redemptions of the next 24 months |  |

Current rating

| | | |
|----------|-------------|------------------|
| Fitch: | BBB+ | stable outlook |
| Moody's: | Baa1 | stable outlook |
| S&P: | BBB | positive outlook |

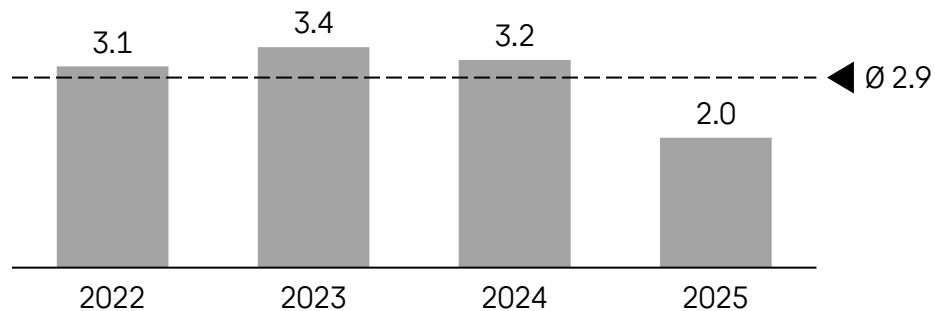
¹ Ratios for the interim quarters calculated on the basis of previous 4 quarters.

Financials

well balanced maturity profile with strong liquidity reserve

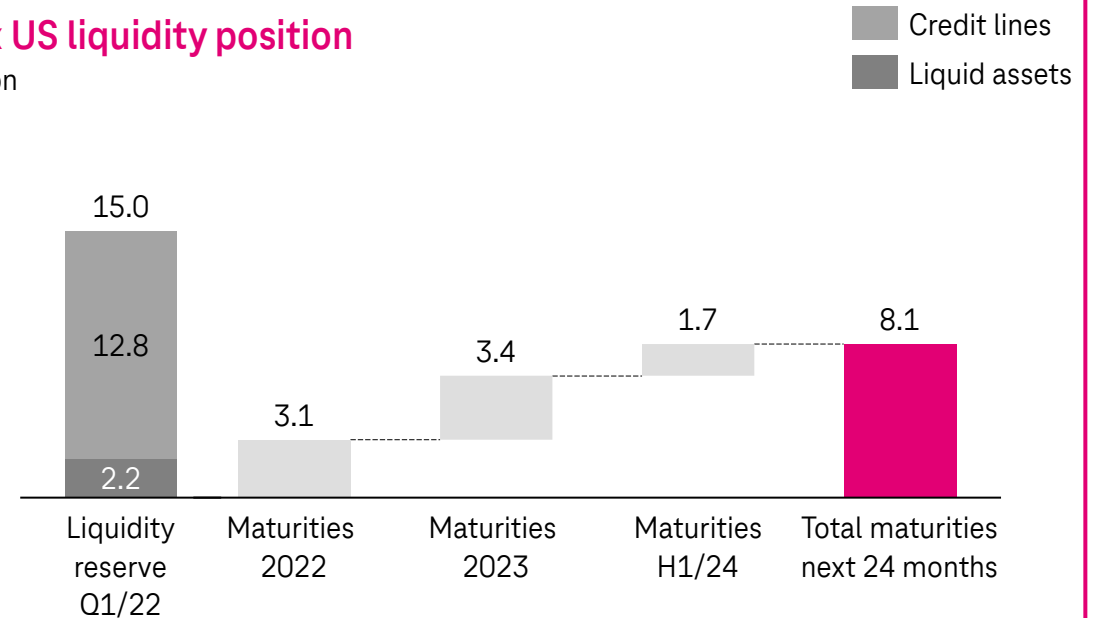
DT (ex US) bonds maturing

€ bn



Ex US liquidity position

€ bn



- Additional \$1.5 bn of outstanding TM US shareholder loans (repaid by 2028 at the latest)
- Well balanced maturity profile will carry on beyond 2024

Inflation exposure

€ bn in 2021

| | Group | as % of Rev. | Mitigations |
|--------------------------------------|-------|--------------|--|
| Energy costs | 1.5 | 1.4% | <ul style="list-style-type: none"> US: 2/3 secured via PPAs GER: Comprehensive multi-year hedging and removal of renewable energy surcharge create stable outlook for costs Scope to reduce volumes, establish PPAs |
| Personnel expenses (adj.) | 17.6 | 16.1% | <ul style="list-style-type: none"> Scope to accelerate cost savings/digitization |
| Leases (expenses) | 5.8 | 5.3% | <ul style="list-style-type: none"> Ex US: towers still fully owned US: long duration contracts with fixed terms |
| Investments | 18.0 | 16.5% | <ul style="list-style-type: none"> GER: Long duration fiber contracts US: Long duration vendor contracts |
| Net interest payments (excl. leases) | 3.9 | 3.6% | <ul style="list-style-type: none"> TM US represents 85% of net interest payments US: 100% fixed, average tenor 10y Ex US: 55% fixed, average tenor 7y |

- Multiple safeguards in place, both US and Ex US
- Challenges being actively addressed
- Confirming CMD mid-term outlook

Conference call with Q&A session

The conference call will be held on August 11 at 2:00 PM CET, 1:00 PM GMT, 8 AM ET.

DT Participants: Tim Höttges (CEO), Christian Illek (CFO), Hannes Wittig (Head of IR)

Webcast

- The **link to the webcast** will be provided 20 minutes before the call starts: <https://www.telekom.com/22Q2>
- To ask a question, **just type your question into the box below the stream**
- We webcast in **HD Voice Quality**
- The **recording will be uploaded to YouTube** after the call

Dial-in

| | | | |
|-------|-----------------|---|---------------|
| DE | 0800 5889185 | + | code 1265248# |
| UK | 0808 2380676 | + | code 1265248# |
| US | +1 866 2201433 | + | code 1265248# |
| Other | +49 69 22222624 | + | code 1265248# |

NEW: to participate in the dial-in conference please register via the following link:

<https://registration Q2 2022 Call DTAG>

Further questions

please contact the IR department

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