

**Deutsche Telekom  
Investor presentation  
Aug 2022**



# Disclaimer

This presentation contains forward-looking statements that reflect the current views of Deutsche Telekom management with respect to future events. These forward-looking statements include statements with regard to the expected development of revenue, earnings, profits from operations, depreciation and amortization, cash flows and personnel-related measures. You should consider them with caution. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond Deutsche Telekom's control. Among the factors that might influence our ability to achieve our objectives are the progress of our workforce reduction initiative and other cost-saving measures, and the impact of other significant strategic, labor or business initiatives, including acquisitions, dispositions and business combinations, and our network upgrade and expansion initiatives. In addition, stronger than expected competition, technological change, legal proceedings and regulatory developments, among other factors, may have a material adverse effect on our costs and revenue development. Further, the economic downturn in our markets, and changes in interest and currency exchange rates, may also have an impact on our business development and the availability of financing on favorable conditions. Changes to our expectations concerning future cash flows may lead to impairment write downs of assets carried at historical cost, which may materially affect our results at the group and operating segment levels.

If these or other risks and uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, our actual performance may materially differ from the performance expressed or implied by forward-looking statements. We can offer no assurance that our estimates or expectations will be achieved. Without prejudice to existing obligations under capital market law, we do not assume any obligation to update forward-looking statements to take new information or future events into account or otherwise.

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

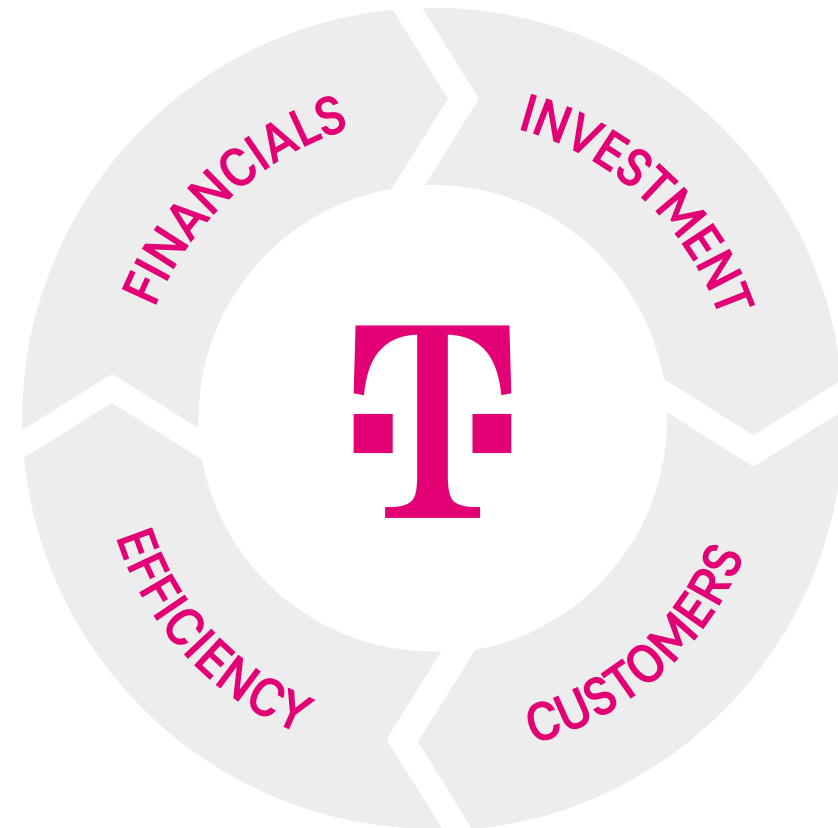
- Service revenues up 6.2%, adj. Core EBITDA +7.9%, organically
- FCF at € 3,2 bn
- Strong customer intake: 2,974k postpaid net adds, 898k HSI net adds
- Sprint network being de-commissioned 1 year ahead of time

### Ex US

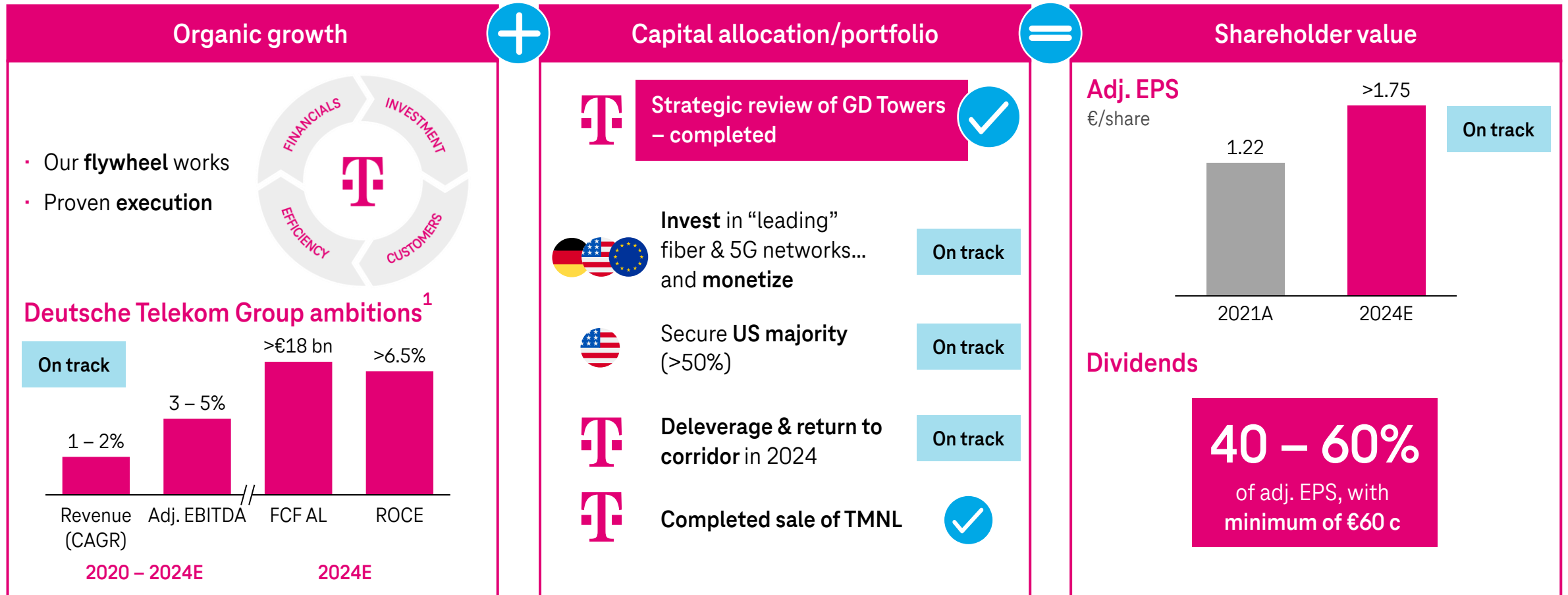
- Service revenues +1.8% organically
- Adj. EBITDA AL +4.4% organically
- FCF AL at € 3.3 bn (+21.4%)
- Successful tower transaction : € 10.7 bn proceeds, 49% stake retained

### 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



# Deutsche Telekom continues to execute on its strategic agenda



<sup>1</sup> Based on € 1 = US\$ 1.14

# 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) <sup>2</sup>	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 <sup>1</sup>	2,766	2,759	-0.3%	5,350	6,540	+22.2%
Cash capex <sup>1</sup>	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%

<sup>1</sup> 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

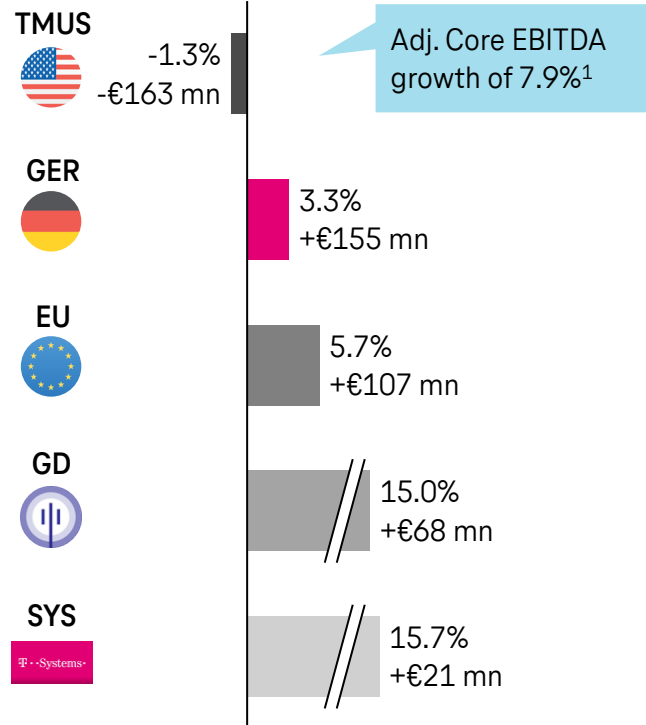
<sup>2</sup> Decline due to de-consolidation of Romania fixed and the Dutch business. Organic growth rate of +2.7% in Q2.

# Financials H1 2022 organic

## strong growth

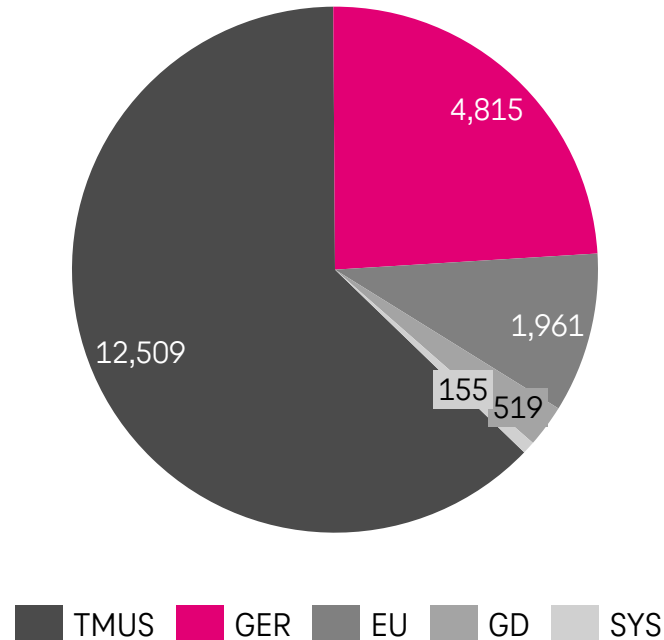
### H1/22 Adj. EBITDA AL

growth yoy, organic



### H1/22 Adj. EBITDA AL<sup>2</sup>

€ 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%

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

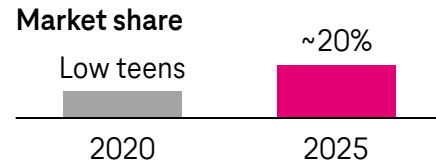
# DT has unique growth opportunities



## United states



- Clear 5G leader
- Unique SRMA opportunity

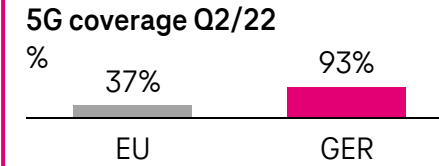


SRMA ~40% of the US

## Europe



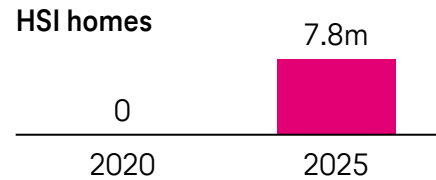
- Clear 5G leader



Growth with speed upsell

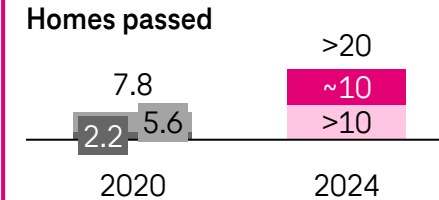


- Unique wireless high speed opportunity



1.5m subs in 6 quarters

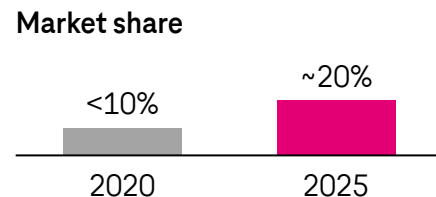
- Clear fiber leader



Growth with speed upsell

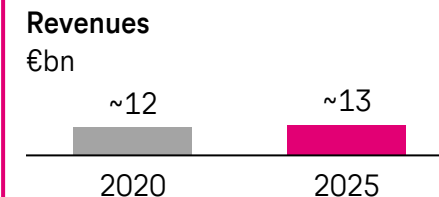


- Unique B2B share opportunity



On track

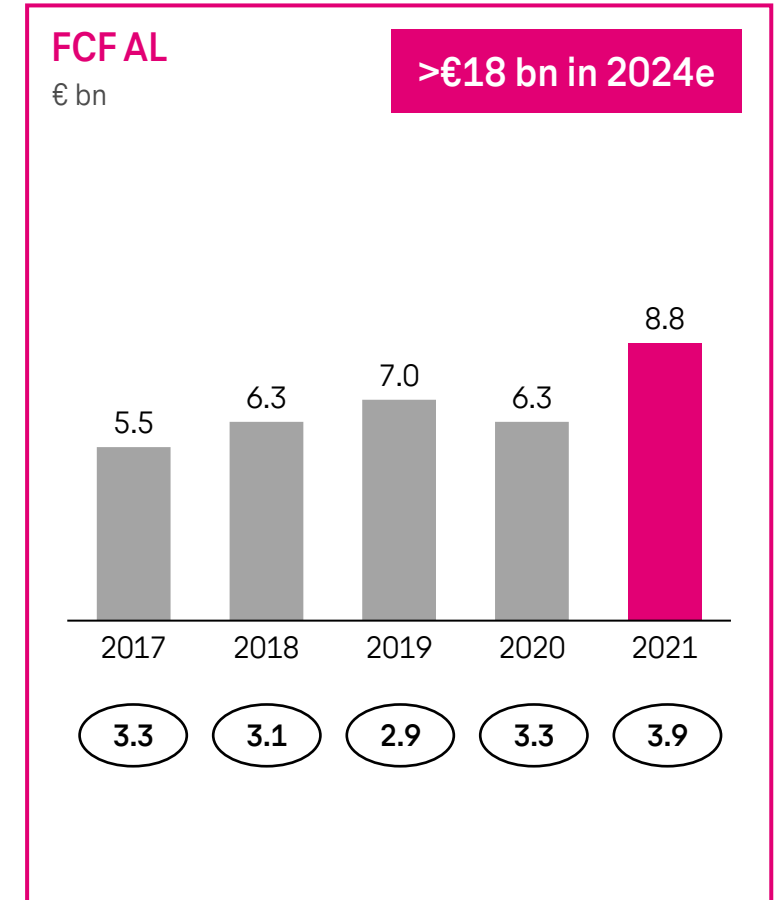
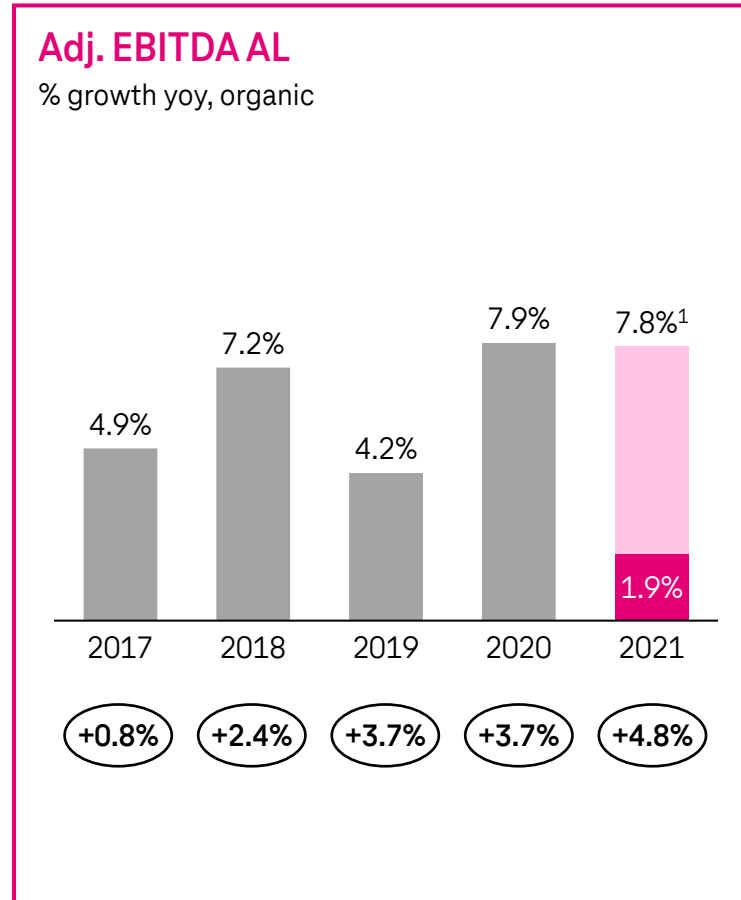
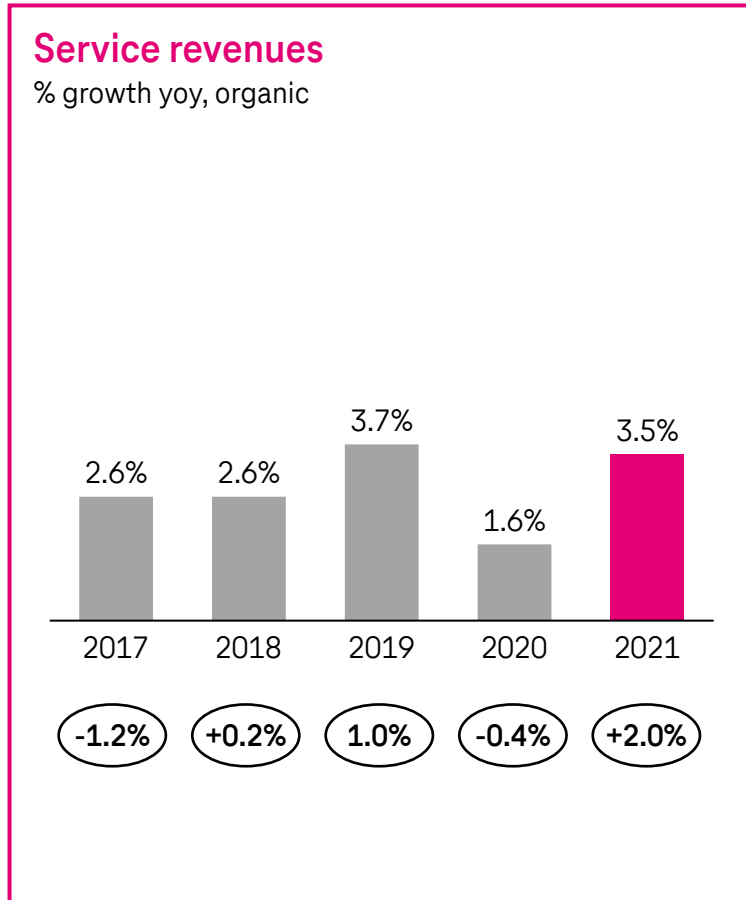
- Clear B2B leader



Growth with digitization

# Financials 2017–2021

## consistent growth in key KPIs



+/-X.X% = Ex US

<sup>1</sup> adj. Core EBITDA AL

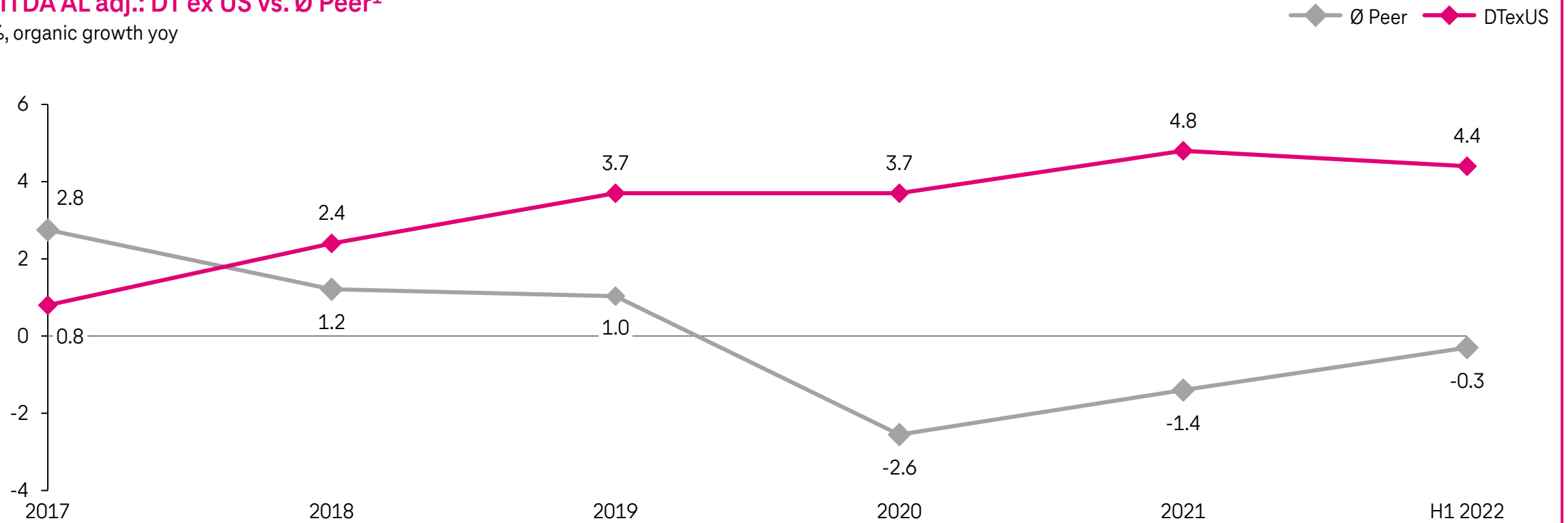


# DT ex US

## strong EBITDA growth outperformance

### EBITDA AL adj.: DT ex US vs. Ø Peer<sup>1</sup>

in %, organic growth yoy



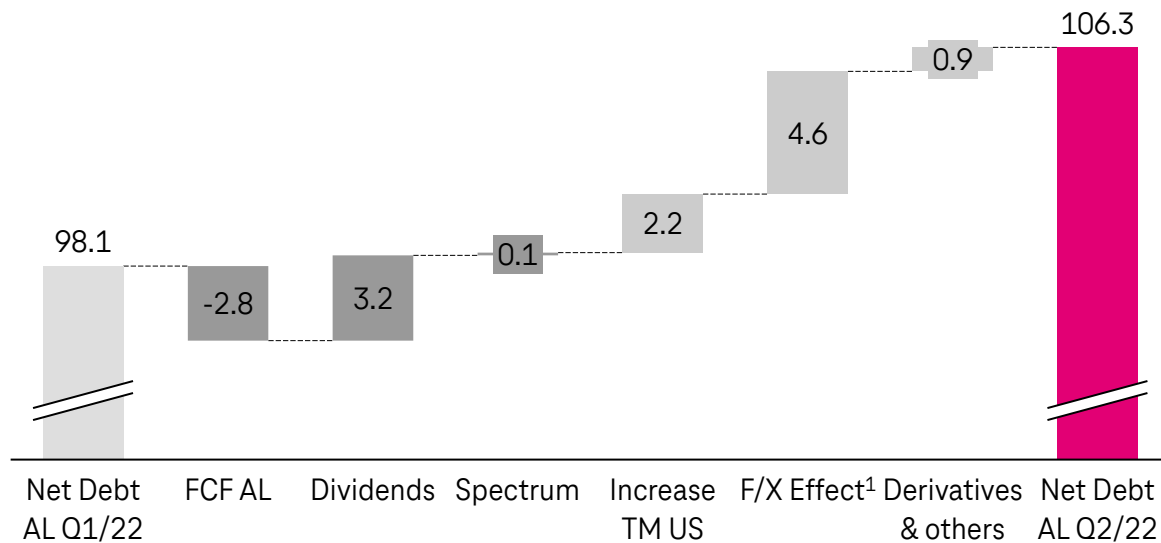
<sup>1</sup> Peer group: 8 European Telco groups (Orange, Telefonica, Vodafone, BT, Telecom Italia, KPN, Proximus, Telia), Ø peer is unweighted average; Vodafone Q2/22 included with midpoint FY guidance

# Financials Q2 2022

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

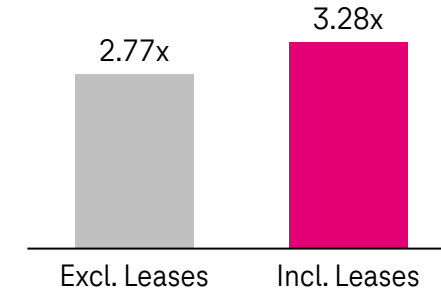
## Net debt excl. leases (AL) (Q2/22 over Q1/22)

€ 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



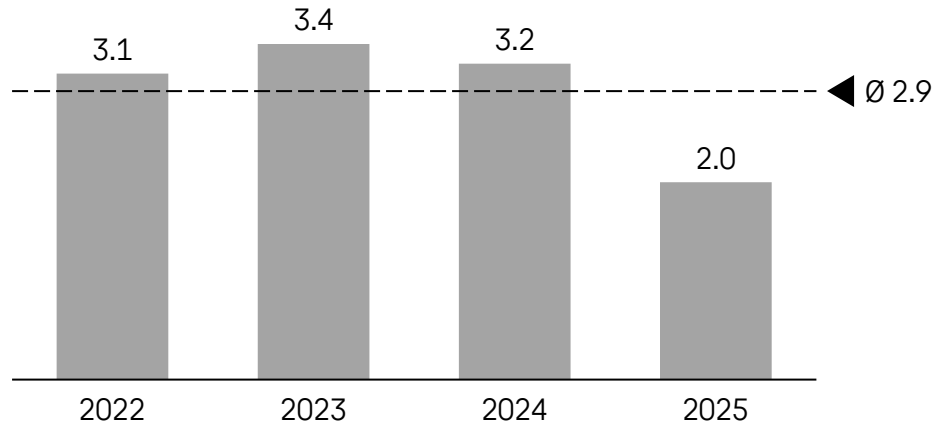
<sup>1</sup> Foreign exchange impact calculated on 1€ = 1.039US\$

# Financials

well balanced maturity profile with strong liquidity reserve

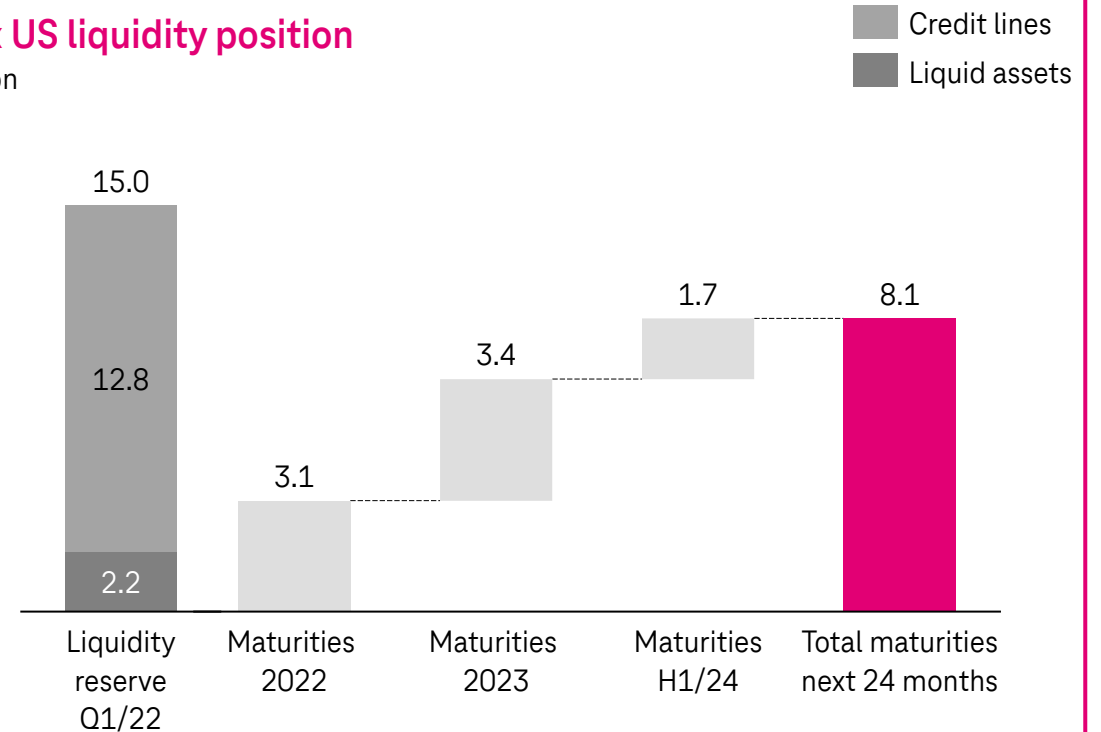
## DT (ex US) bonds maturing

€ 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

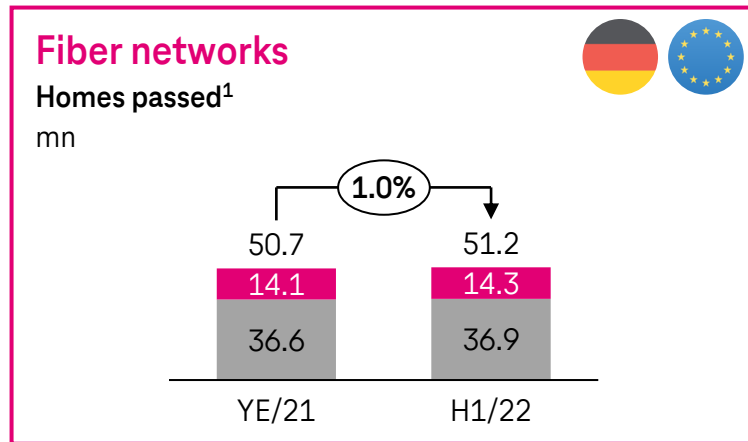
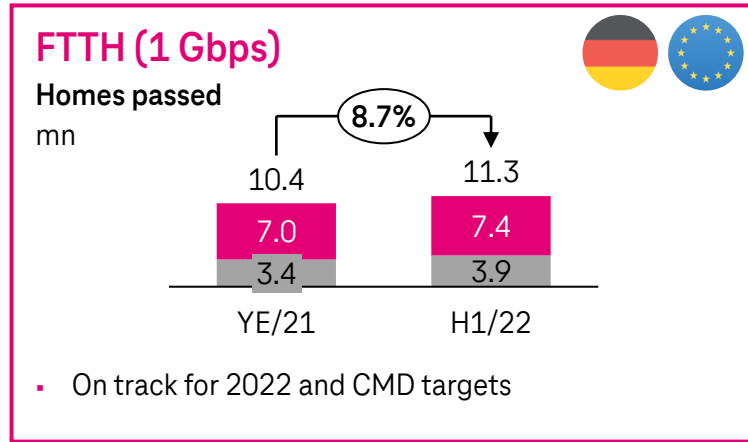


# Operations

## Review Q2/2022

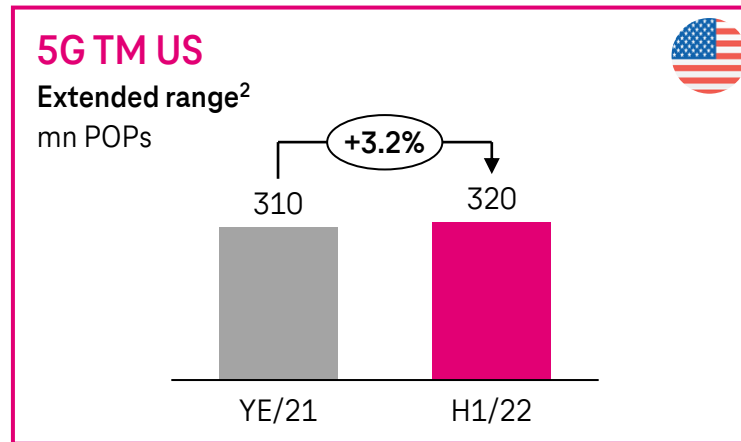
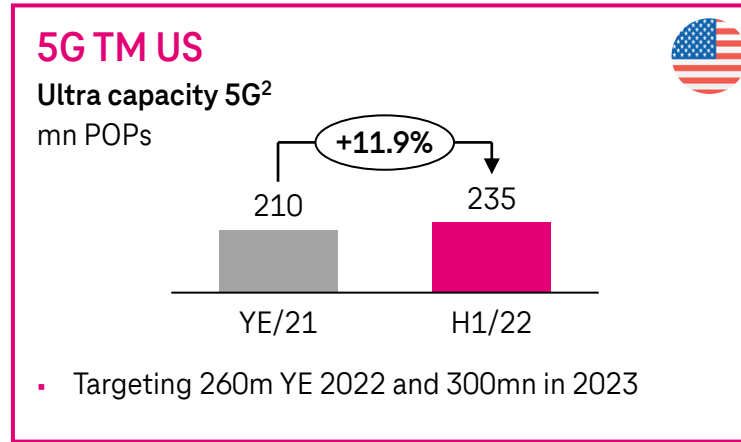
# Networks

## leading with 5G, FTTH well on track

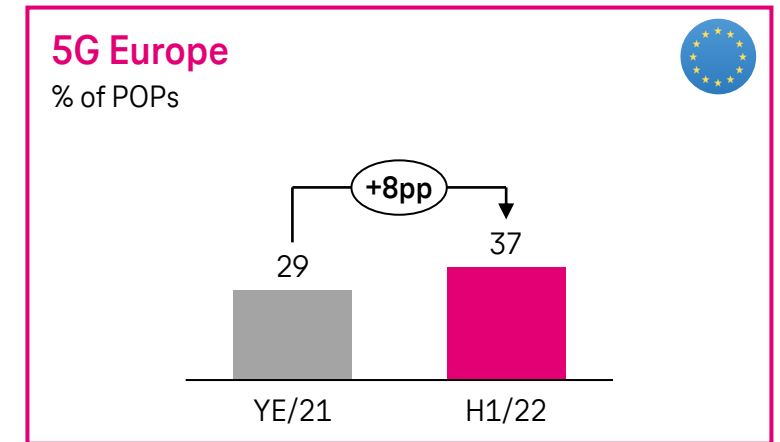
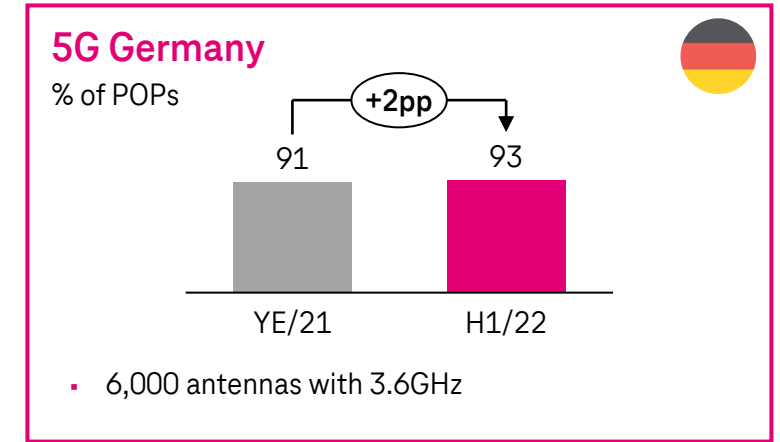


■ EU ■ GER

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



<sup>2</sup> Extended range on 600 MHz, Ultra capacity on 2.5 GHz



# Customers

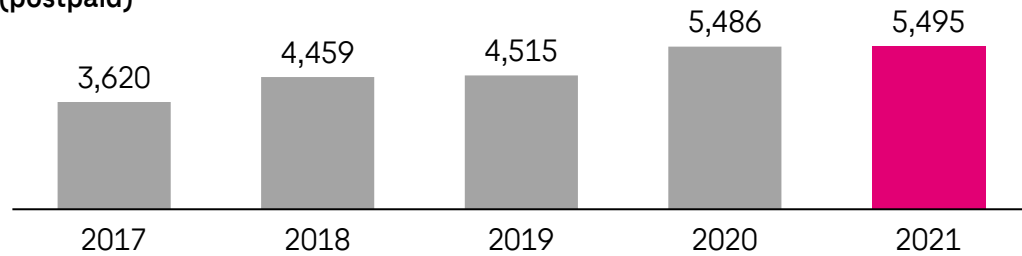
## consistent strong growth

### Mobile net adds

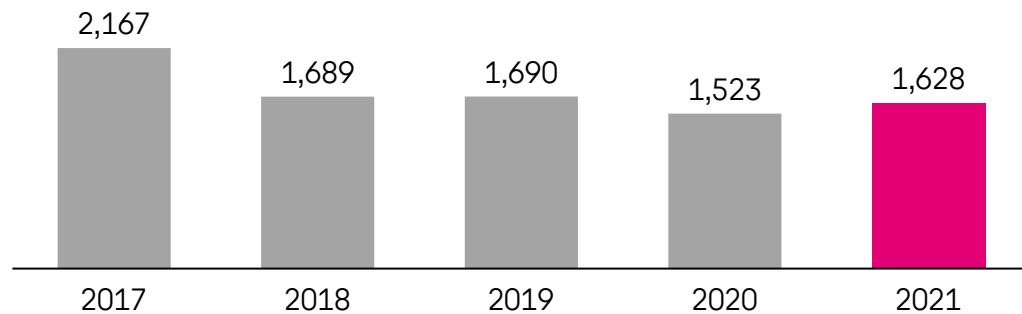
000



#### US (postpaid)



#### Ex US (contract)<sup>1</sup>

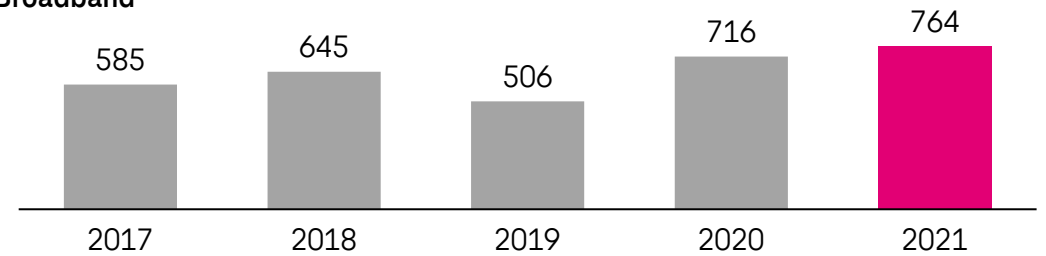


### Fixed line net adds

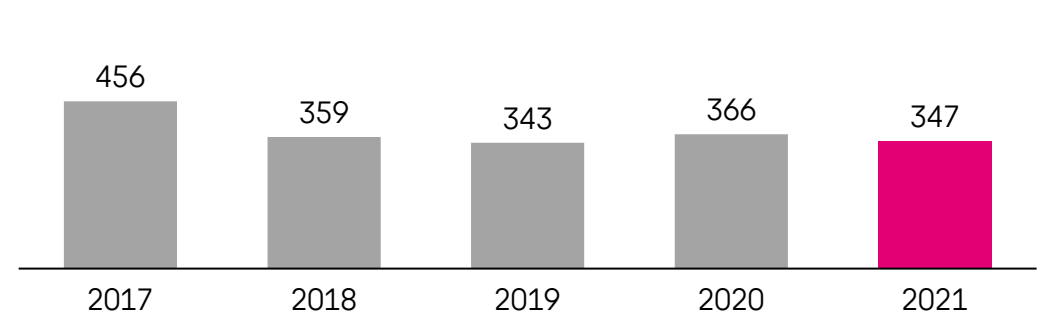
000



#### Broadband



#### TV



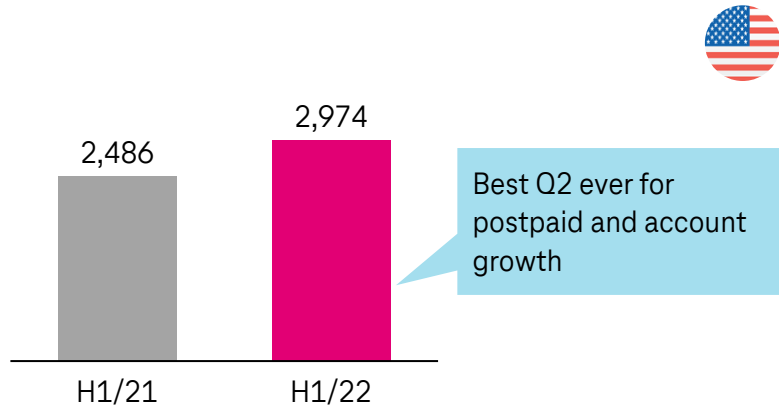
<sup>1</sup> GER + EU + NL. GER: Since 2021 Own branded retail customers excl. multibrand, consumer IoT and "Schnellstarter"

# Customers growing strongly

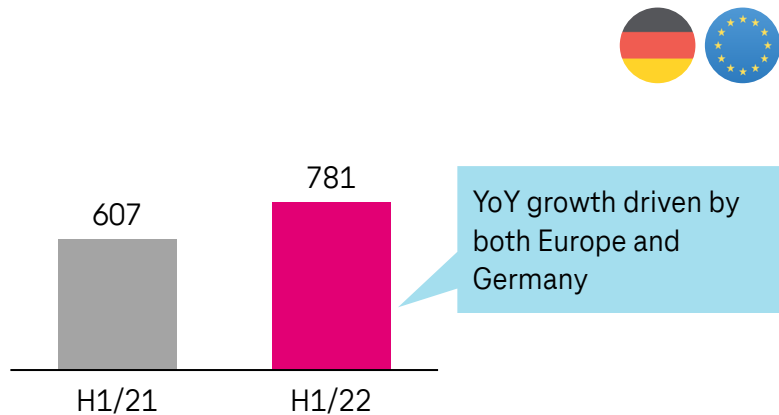
## Mobile net adds

000

### US (postpaid)



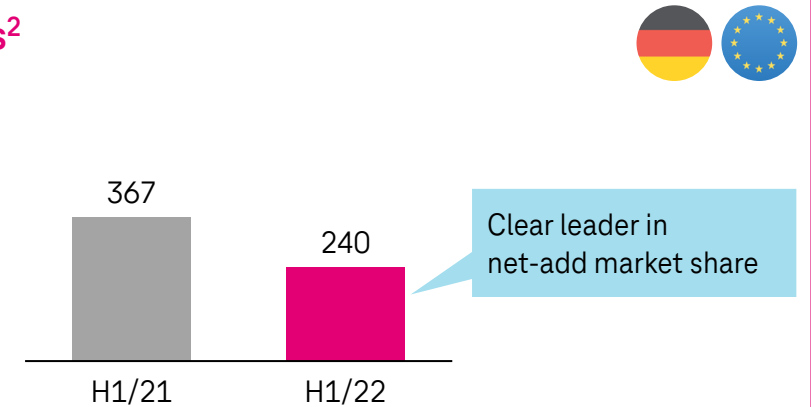
### Ex US (contract)<sup>1</sup>



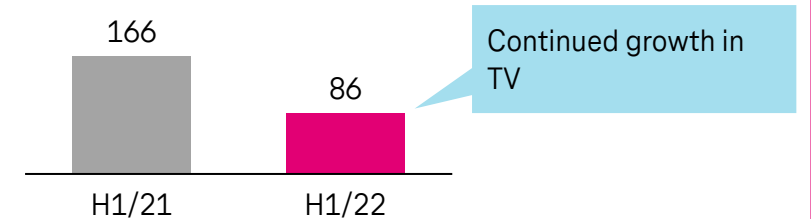
## Fixed line net adds<sup>2</sup>

000

### Broadband



### TV



<sup>1</sup> GER + EU. GER: Own branded retail customers excl. multibrand, consumer IoT and "Schnellstarter"    <sup>2</sup> 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 beneficiaries<sup>1</sup>. 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

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





# Germany

## Review Q2/2022

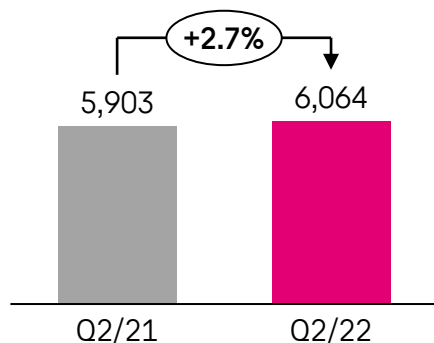
# Germany

## 23<sup>rd</sup> consecutive quarter of EBITDA growth



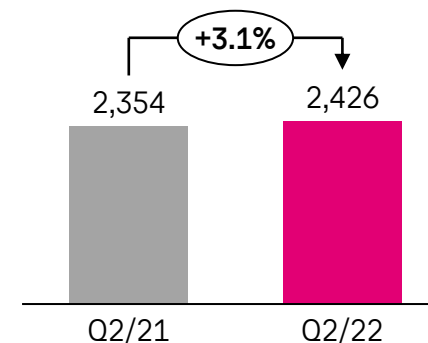
### Revenues (as reported)

€ mn



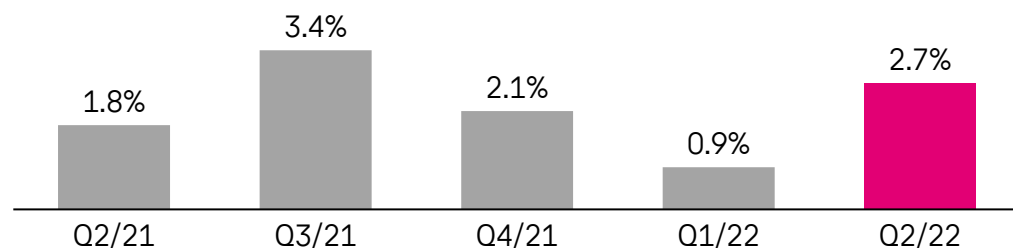
### Adj. EBITDA AL (as reported)

€ mn



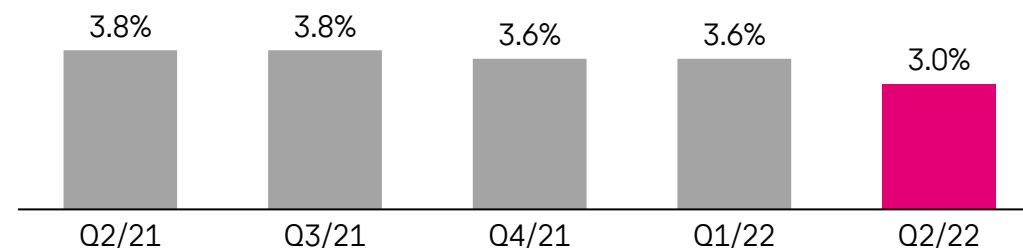
### Revenue growth (organic)

% yoy



### Adj. EBITDA AL (organic)

% yoy



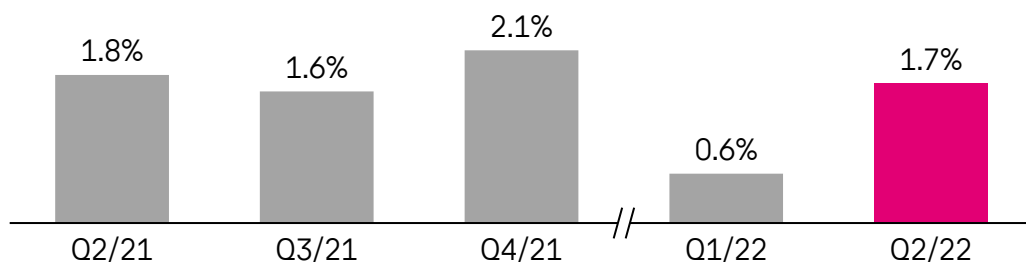
# Germany

## service revenues: growing across the board



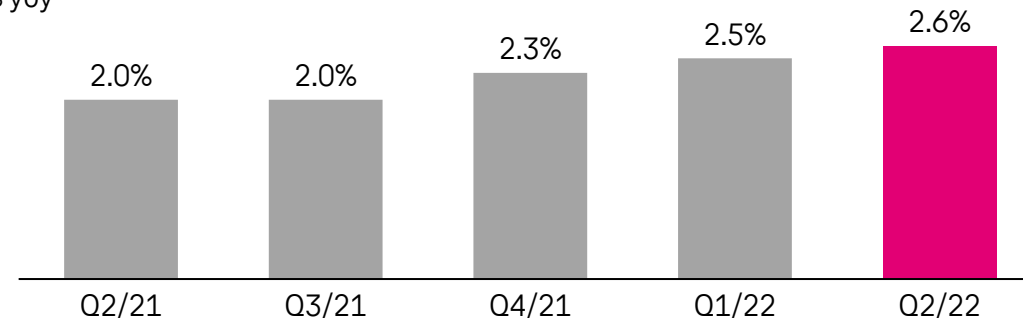
### Total service revenue growth (organic)<sup>1</sup>

% yoy



### Mobile service revenue growth (organic)

% yoy



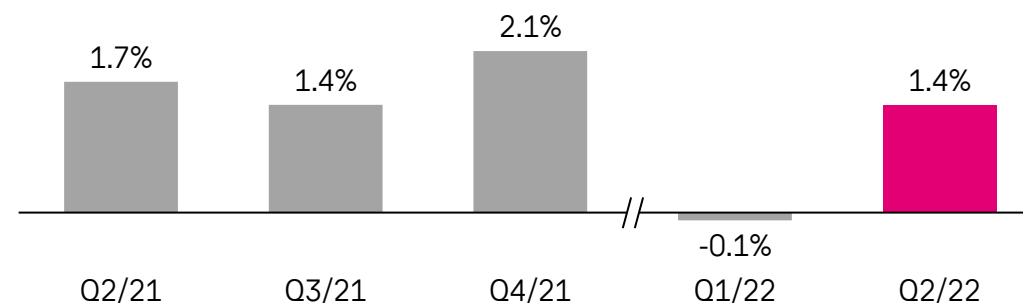
### Revenue growth (reported)

% 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)<sup>1</sup>

% yoy



<sup>1</sup> 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.

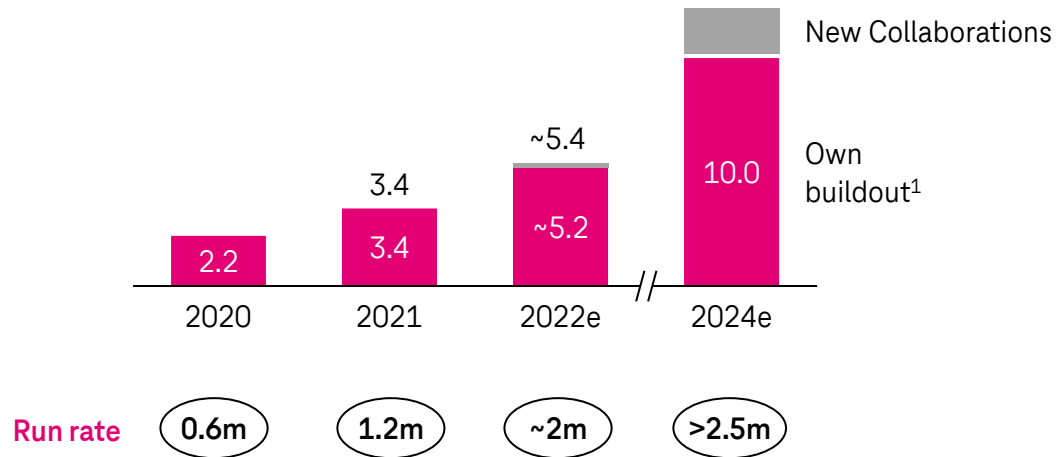
# Germany

## FTTH on track with buildout and monetization



### Progress with FTTH buildout

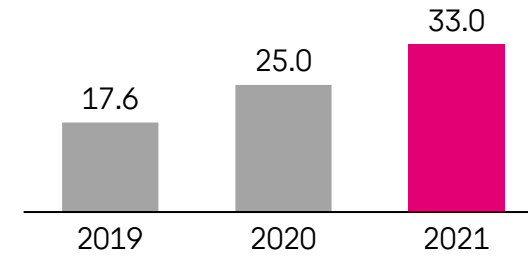
Homes passed, mn



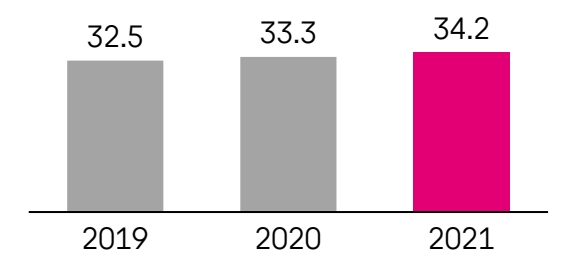
- Fiber JV with IFM to pass 4m rural homes by 2028
- On track to reduce unit costs by 25% by 2024

### Progress with monetization

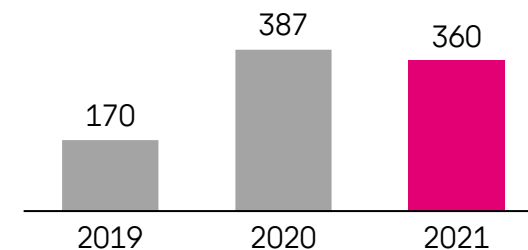
Share of ≥ 100 Mbps contracts  
% of broadband base



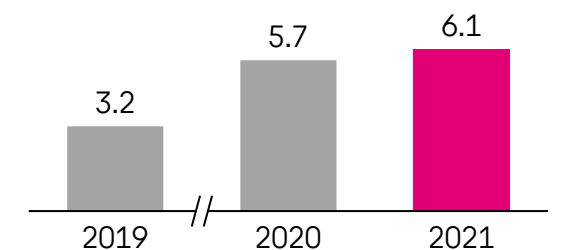
Retail broadband ARPA<sup>2</sup>  
€/month



Broadband Net Adds  
k



Broadband revenue growth  
%



<sup>1</sup> Incl. collaborations agreed prior to CMD 2021    <sup>2</sup> Only B2C

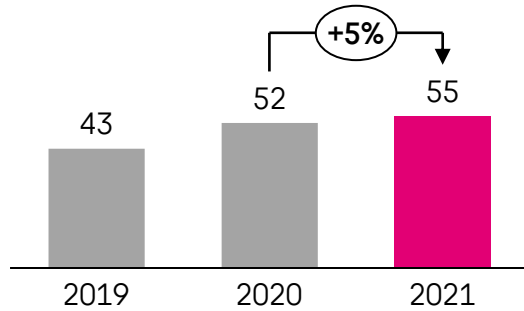
# Germany

## ongoing strong execution and digitization

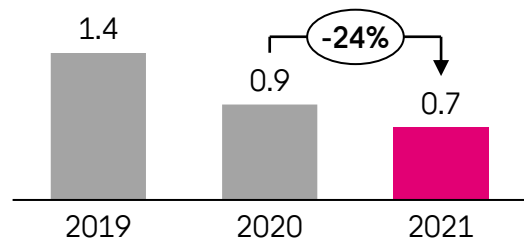


### Service

First contact resolution %

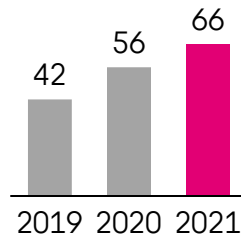


Customer complaints mn

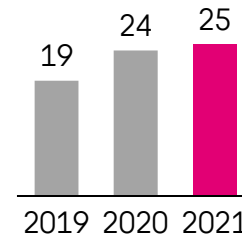


### Digitization

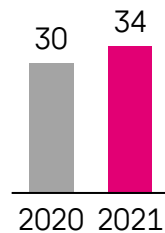
App penetration %



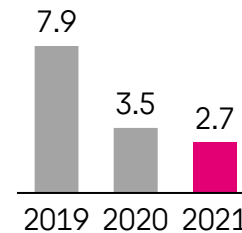
E-sales share<sup>1</sup> %



Calls shifted to digital %

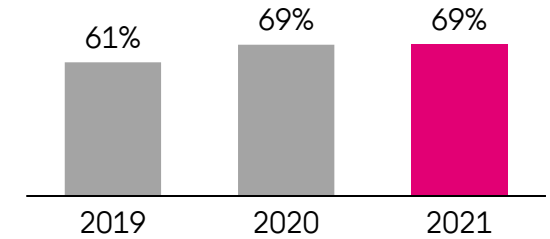


IT time to market mth

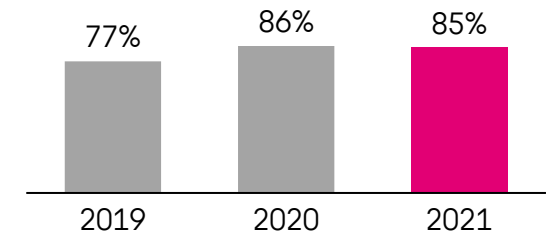


### Customer satisfaction

TRI\*M



### Employee satisfaction



<sup>1</sup> Only B2C

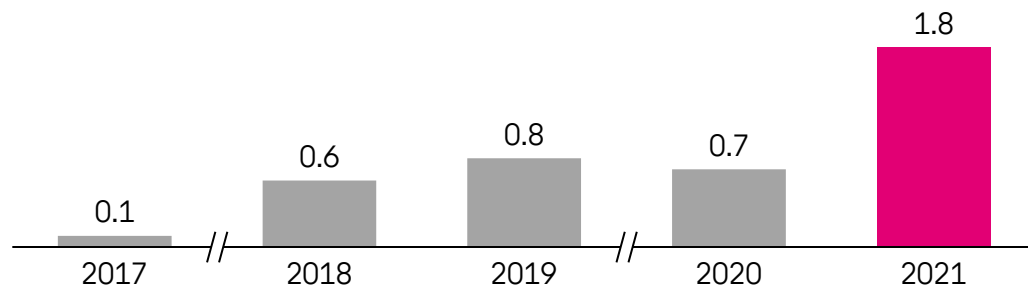
# Germany

## consistent growth



### Total service revenue

% growth yoy, organic

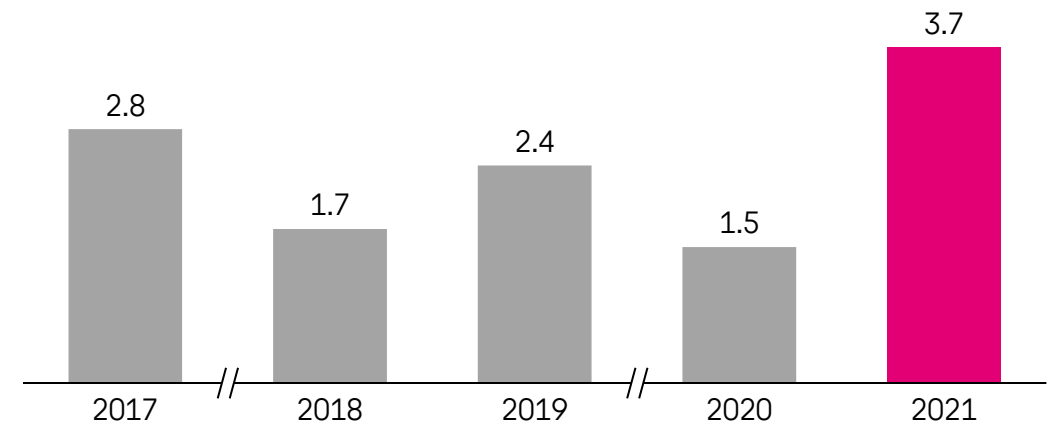


- 2021 positively impacted by non-recurring public sector revenues (~0.4pp)

### 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

# Other segments

## Review Q2/2022



# T-Mobile US

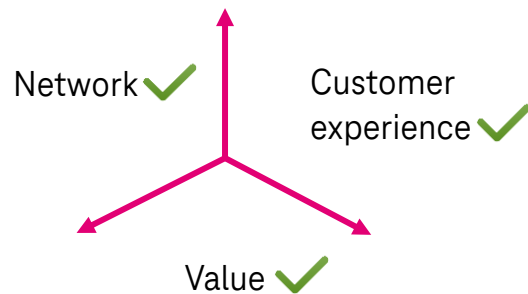
## consistent growth leader



### Key opportunities

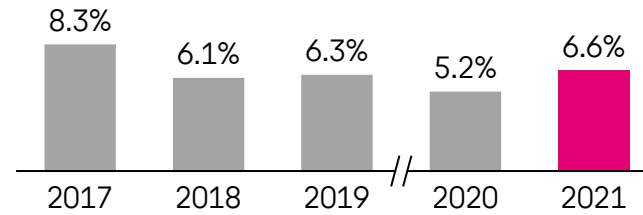
- SMRA
- B2B
- Home internet
- Sprint Integration

### Key advantages



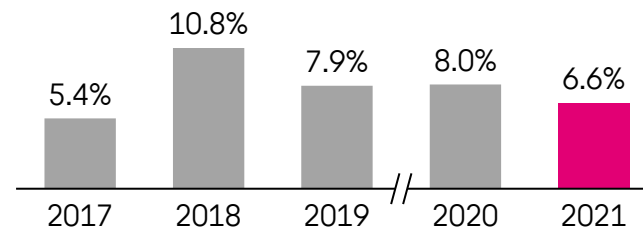
### Service revenue (US GAAP)<sup>1</sup>

% growth yoy, organic



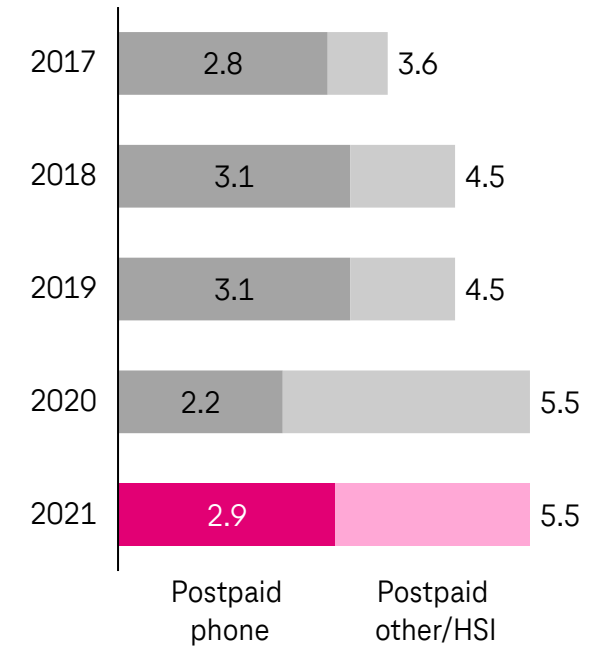
### Adj. EBITDA (US GAAP)<sup>1</sup>

% growth yoy, organic



### Customer growth

Postpaid net adds in mn



<sup>1</sup> 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



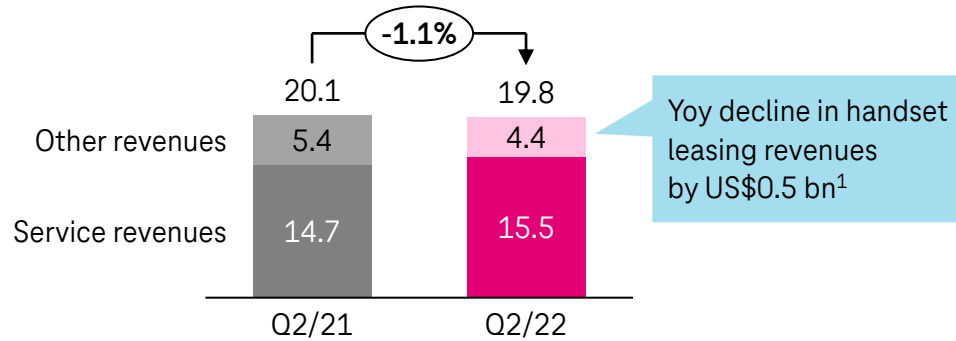
# T-Mobile US

## strong financial growth



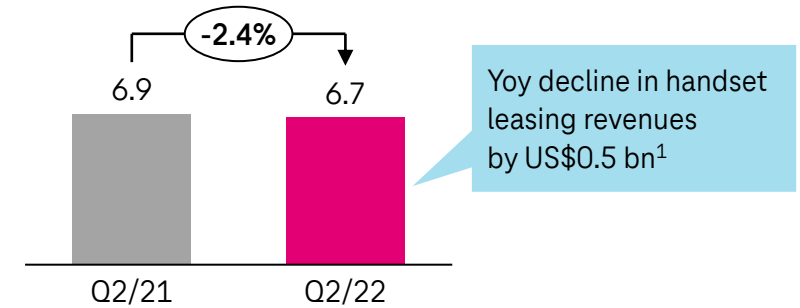
### Revenues (IFRS)

US\$ bn



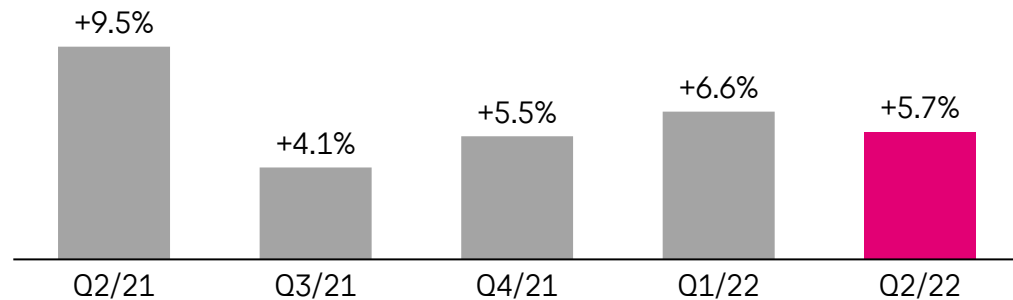
### Adj. EBITDA AL (IFRS)

US\$ bn



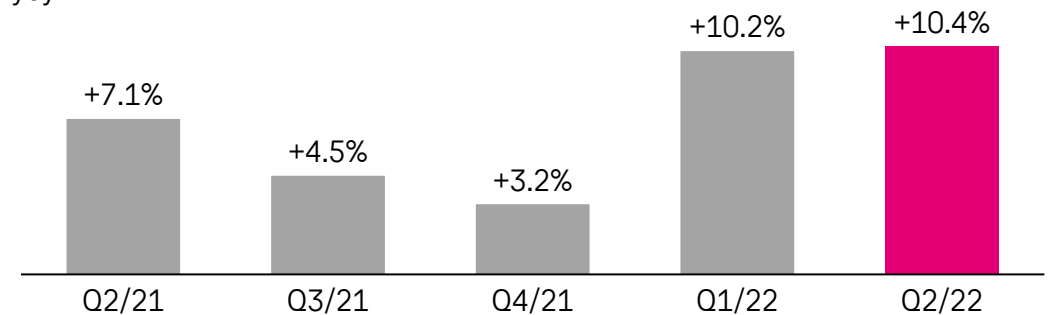
### Service revenue (US GAAP)

% yoy



### Core adj. EBITDA (US GAAP)

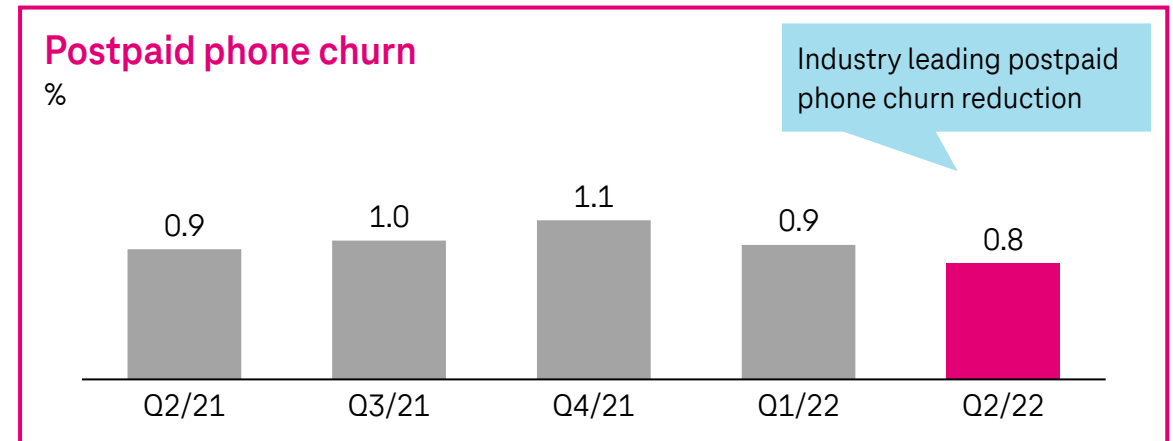
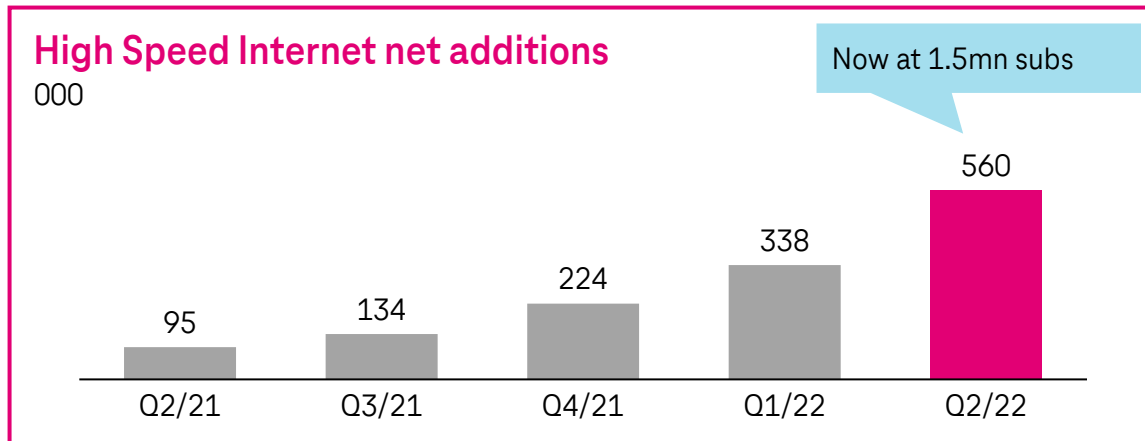
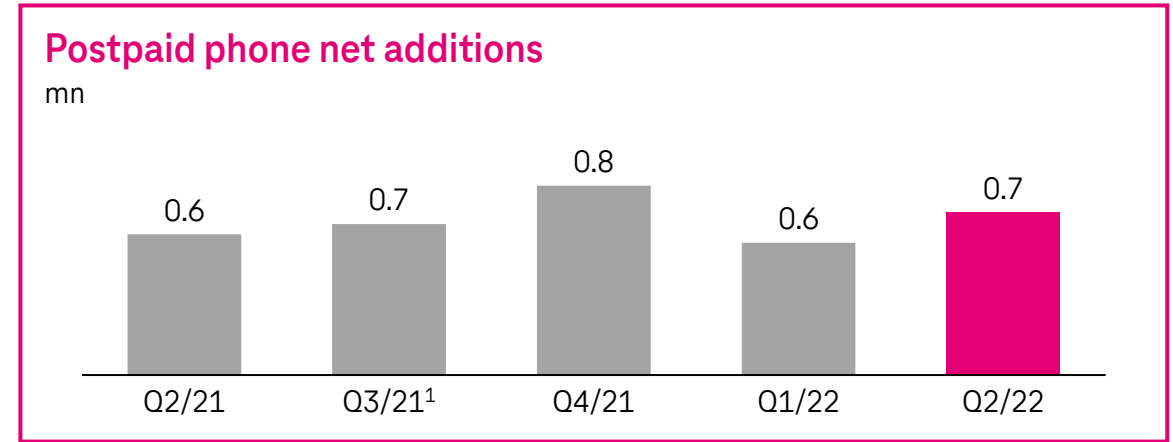
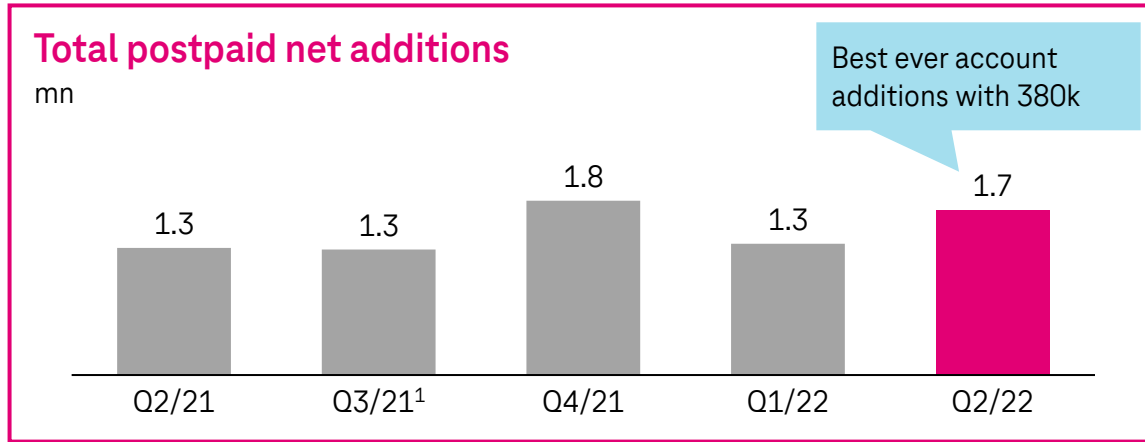
% yoy



<sup>1</sup> 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



<sup>1</sup> excl. 806k postpaid customers acquired with Shentel

# Europe

## fastest growing large European telco



### FTTH (1 Gbps)<sup>1</sup>



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

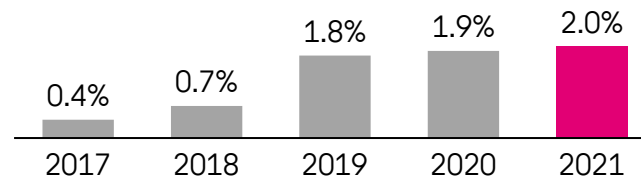
### Convergence



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

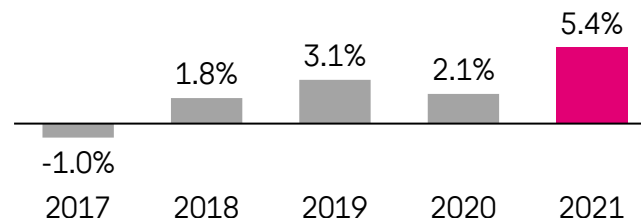
### Total service revenue growth

Organic, %



### EBITDA (AL) adj. growth

Organic, %



### 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

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

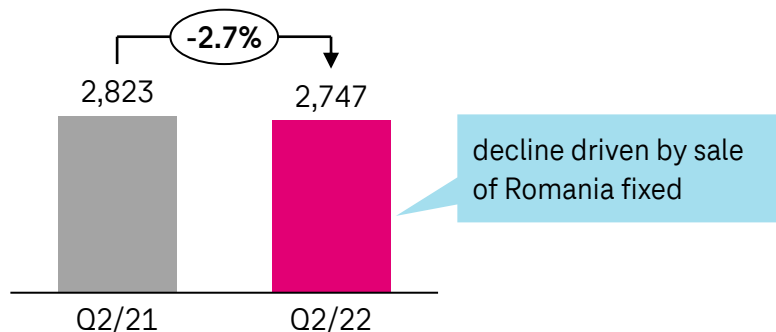
# Europe

## 18<sup>th</sup> consecutive quarter of organic EBITDA growth



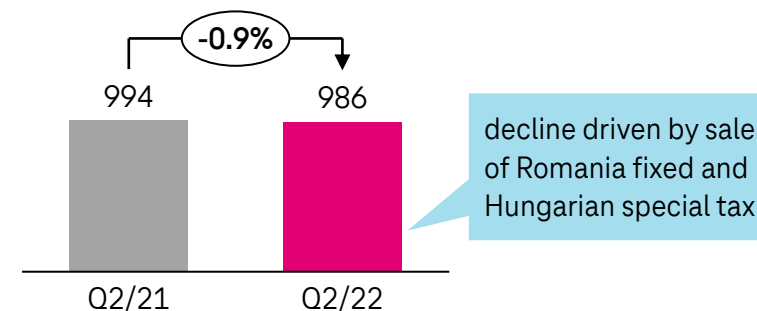
### Revenues (Reported)

€ mn



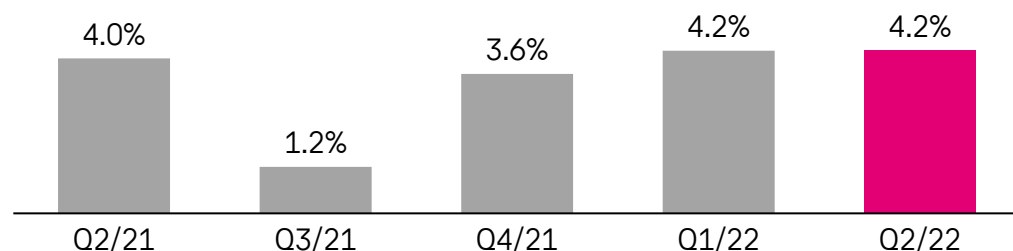
### Adj. EBITDA AL (Reported)

€ mn



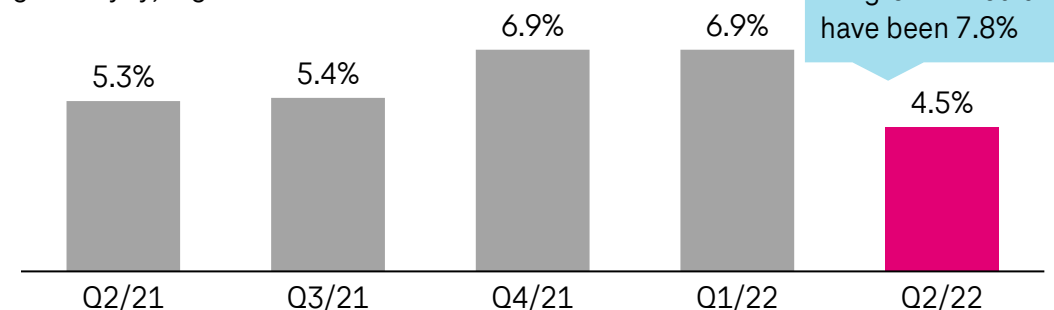
### Revenues

% growth yoy, organic



### Adj. EBITDA AL

% growth yoy, organic



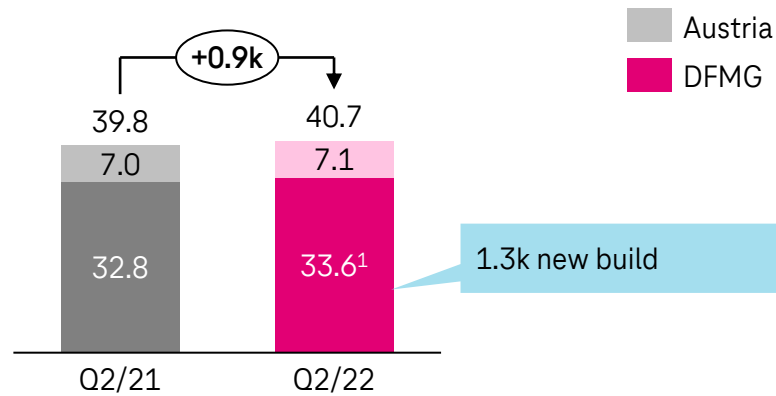
# GD/Towers

## strong growth



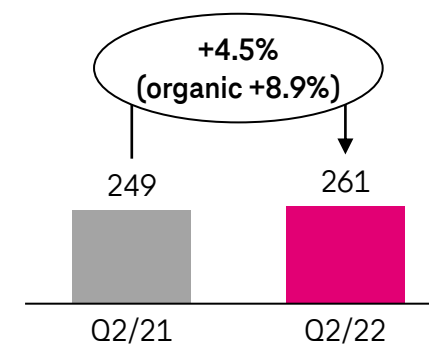
### Total sites

000



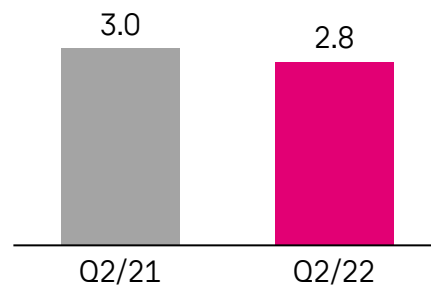
### Recurring rental revenues

€ mn



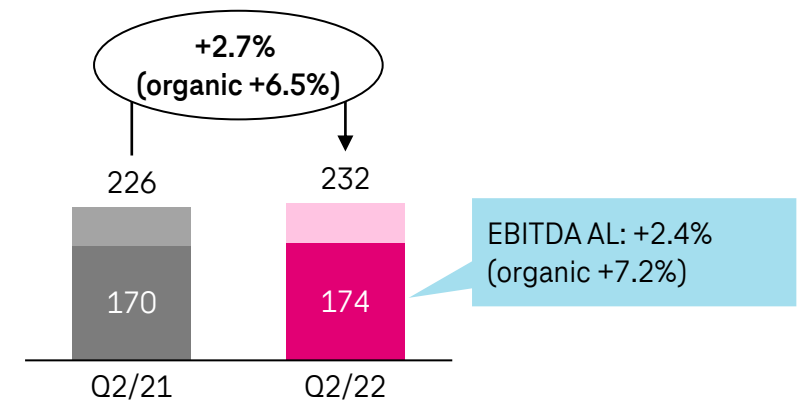
### Opex AL per site

€ 000



### Adj. EBITDA

€ mn



<sup>1</sup> Change in sites of 0.9k due to 1.3k new build and -0.4k de-commissioning of redundant sites

# Systems Solutions

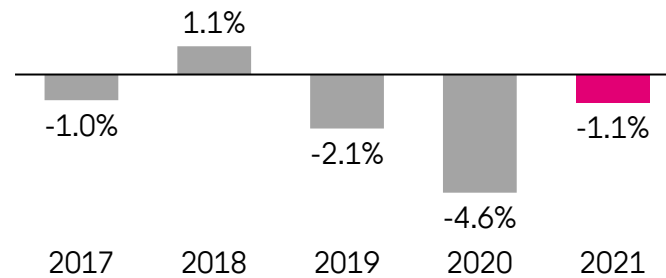
## turnaround continues

### Revenue drivers

- Public Cloud +19%<sup>1</sup>
- Digital Solutions +14%<sup>1</sup>
- Ongoing legacy decline (MIS -14%<sup>1</sup>)
- 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

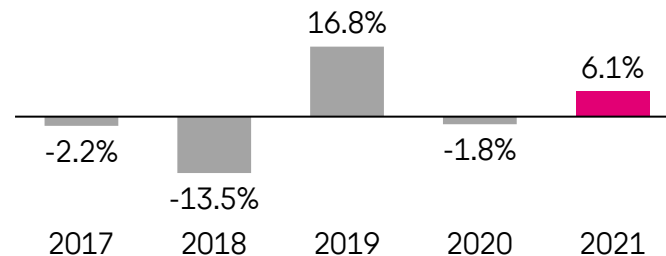
### Revenue

% growth yoy, organic



### Adj. EBITDA AL

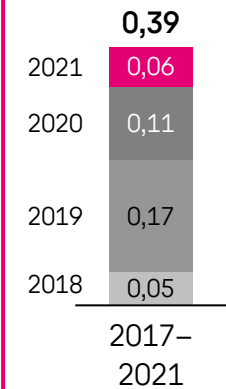
% growth yoy, organic



### Transformation drivers

IDC savings

€ bn



- Net indirect cost savings over 4 years

### Key levers:

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

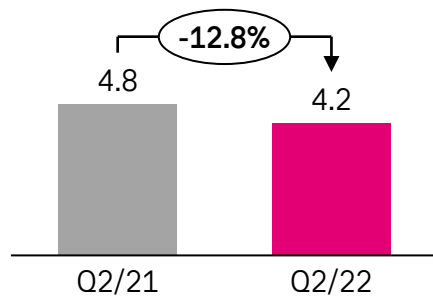
<sup>1</sup> 2021 vs. 2020, organic

# Systems Solutions

## steady recovery

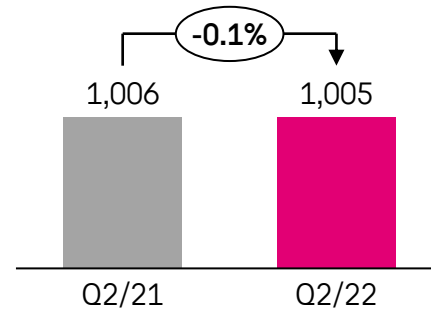
### Order entry (LTM)

€ bn



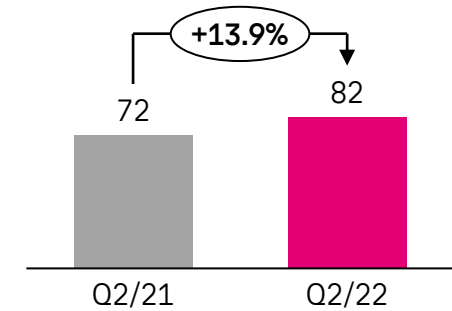
### Revenues

€ mn



### Adj. EBITDA AL

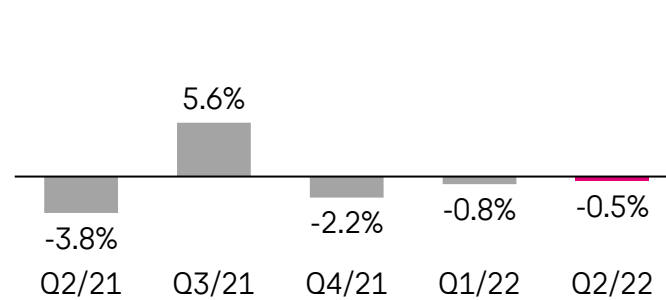
€ mn



- Revenues stabilizing, helped by growth business
- EBITDA AL helped by efficiency measures

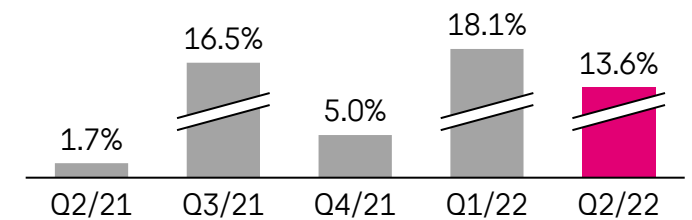
### Revenues

% growth yoy, organic



### Adj. EBITDA AL

% growth yoy, organic



# Outlook





# Inflation exposure

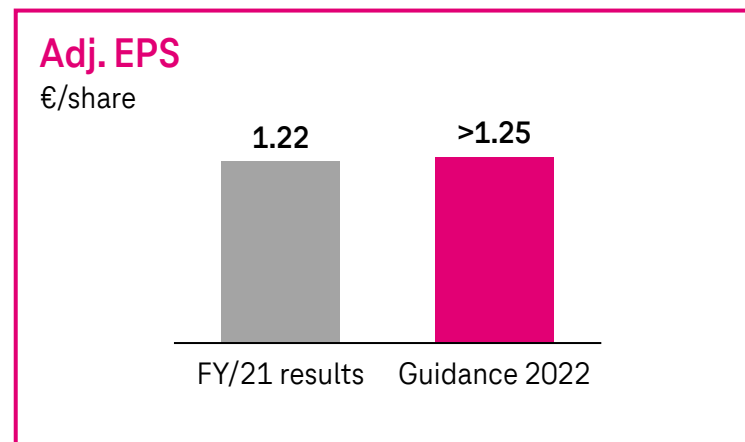
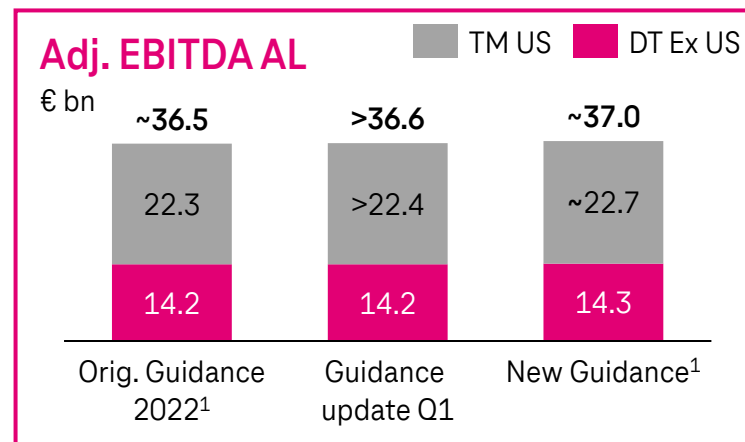
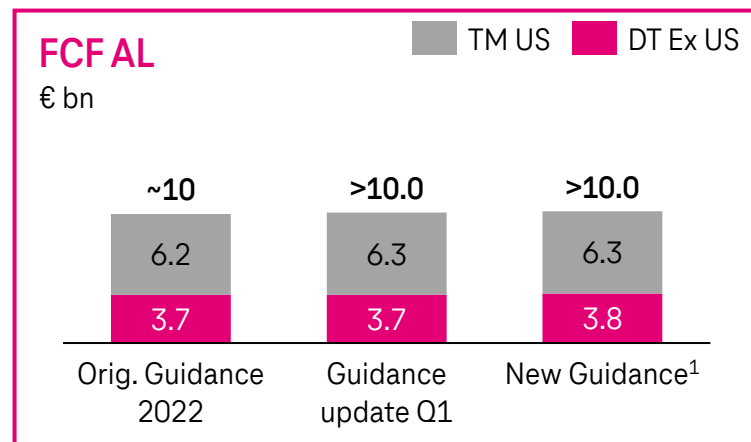
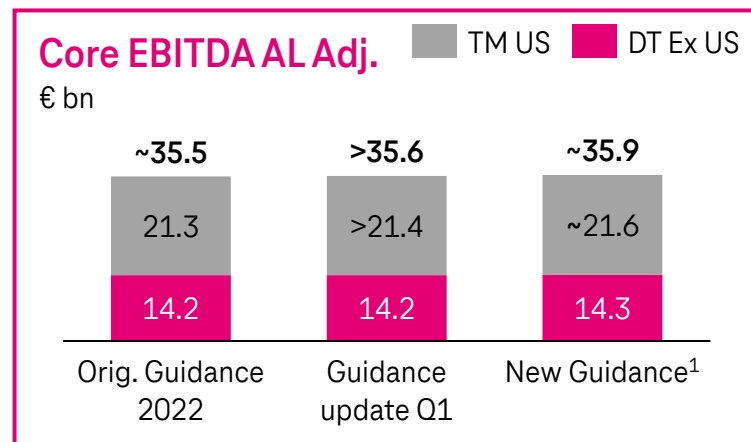
€ bn in 2021

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

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

# 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 €

<sup>1</sup> 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

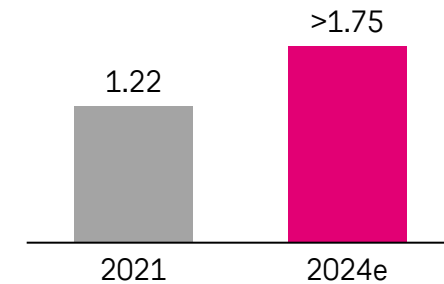
# H1 2022

## main takeaways

- TM US: strong merger execution, EBITDA up 10%, record customer growth, guidance raised for the 2<sup>nd</sup> 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

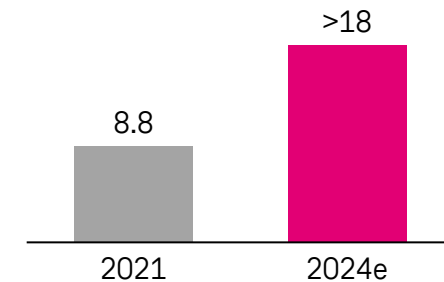
### Adj. EPS (CMD target 2024)

€/share



### FCF AL (CMD target 2024)

€ bn



# Further questions

please contact the IR department

## Investor Relations Contact details

---

Phone +49 228 181 – 8 88 80

E-Mail [investor.relations@telekom.de](mailto:investor.relations@telekom.de)

Contact details for all  
IR representatives:  
[www.telekom.com/ircontacts](http://www.telekom.com/ircontacts)



## IR Webpage

---

[www.telekom.com/investors](http://www.telekom.com/investors)



## IR Twitter Account

---

[www.twitter.com/DT\\_IR](http://www.twitter.com/DT_IR)



## IR YouTube Channel

---

[http://www.telekom.com/youtube\\_ir](http://www.telekom.com/youtube_ir)

