

**Deutsche Telekom
Company
presentation
May 2022**



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, 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 Q1 2022

sector leading growth

T-Mobile US¹

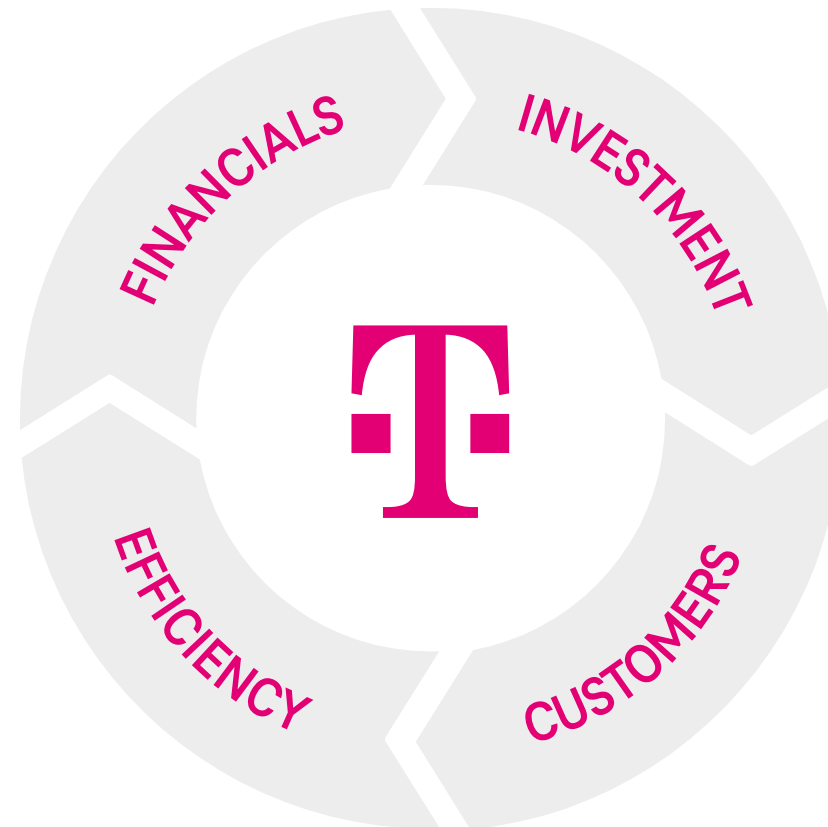
- Service revenues up 6.6%, adj. Core EBITDA +10.2%
- FCF at US\$ 1,649 mn (+26.5%)
- Strong customer intake, accelerated integration progress
- FY Guidance raised across the board

Ex US

- Service revenues +1.6% organically
- Adj. EBITDA AL +6.1% organically
- FCF AL at € 2,255 mn (+62.0%)
- TM NL transaction closed, JV Glasfaser+ up and running
- Guidance re-iterated

Group

- Strong organic revenue, adj. EBITDA AL, FCF and EPS growth
- Financial debt down € 2.5 bn sequentially. Debt incl. leases impacted by Crown Castle transaction. S&P raises rating outlook to positive
- Stake in TM US raised to 48.4% in April



¹ Financials according to US GAAP

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 TM NL 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



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



Financials Q1 2022 reported

strong growth

€ mn

Q1

	2021	2022	Change
Revenue	26,390	28,023	+6.2%
Adj. EBITDA AL	9,245	9,873	+6.8%
Adj. EBITDA AL (excl. US)	3,538	3,701	+4.6%
Adj. Net profit	1,201	2,238	+86.3%
Net profit	936	3,949	+321.9%
Adj. EPS (in €)	0.25	0.45	+80.0%
Free cash flow AL ¹	2,585	3,781	+46.3%
Cash capex ¹	4,283	4,658	+8.8%
Net debt excl. leases (AL)	98,292	98,129	-0.1%
Net debt incl. leases (IFRS 16)	129,530	135,947	+5.0%

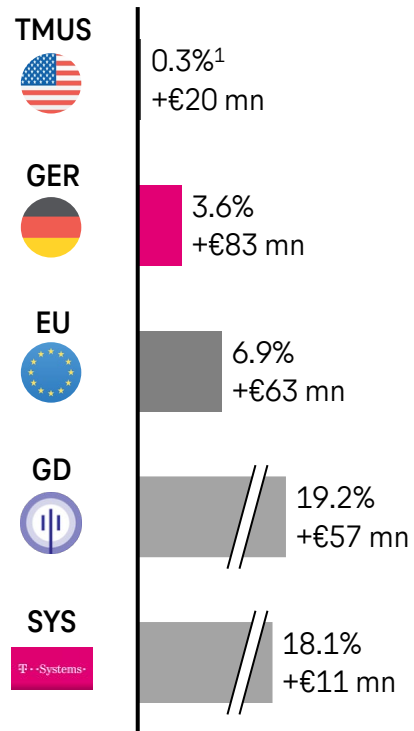
¹ Free cash flow AL before dividend and before spectrum investments. Cash capex before spectrum investment. Spectrum: Q1/21: €7,989 mn; Q1/22: €2,514 mn

Financials Q1 2022 organic

strong organic growth

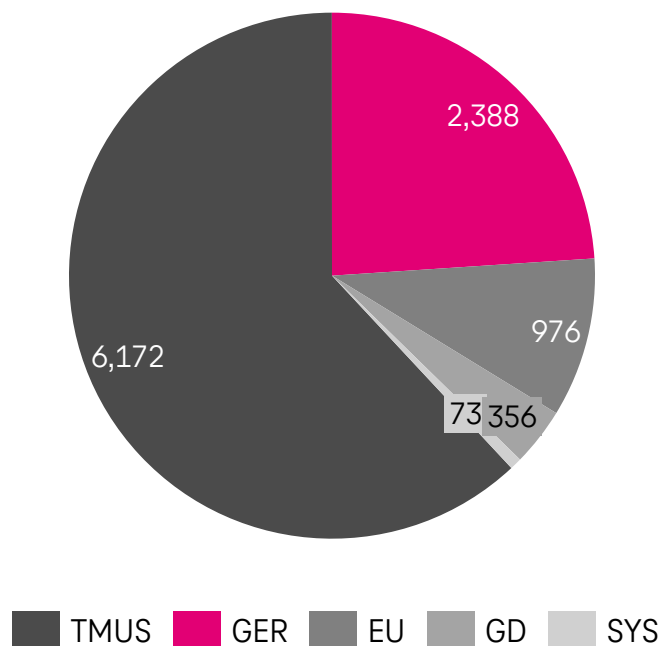
Q1/22 Adj. EBITDA AL

growth yoy, organic



Q1/22 Adj. EBITDA AL²

€ mn



Q1/22 Key Financials

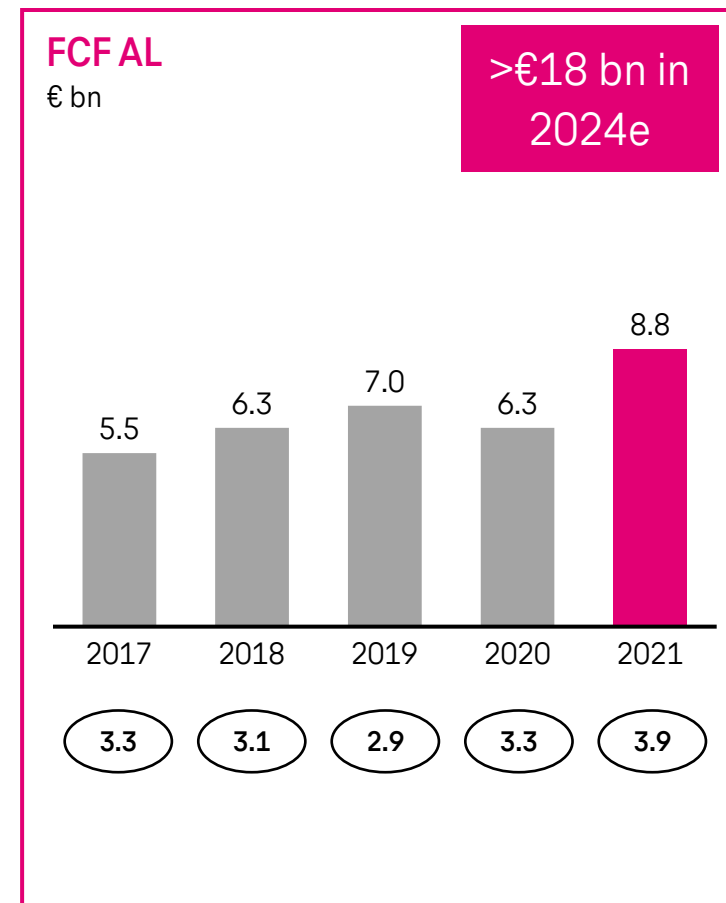
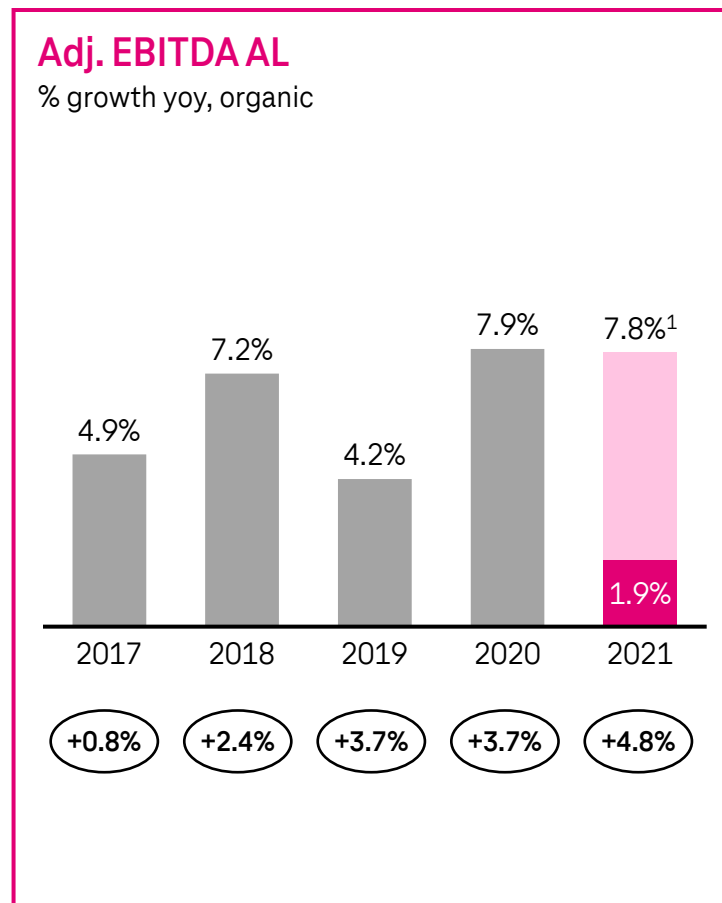
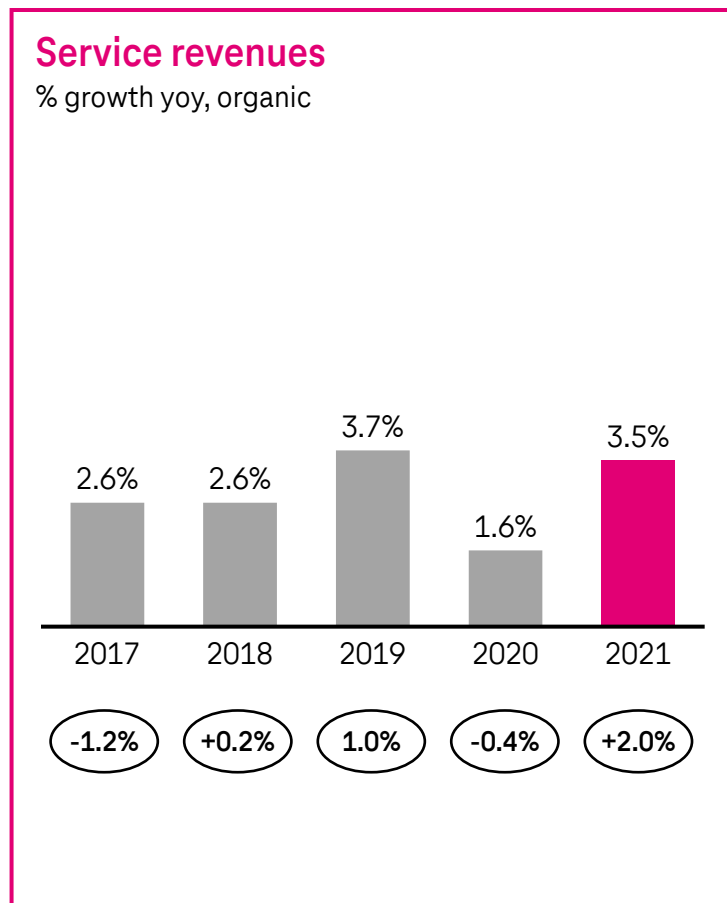
% growth yoy, organic

Revenue	+1.7%
Service Revenues	+4.7%
Service Revenues (excl. US)	+1.6%
Adj. EBITDA AL	+2.4%
Adj. Core EBITDA AL	+8.5%
Adj. EBITDA AL (excl. US)	+6.1%

¹ Trend impacted by decreasing handset leases: Excl. handset leases: Adj. Core EBITDA AL growth of +10.2% ² Excl. GHS; reported EBITDA AL €9,873 mn

Financials 2017–2021

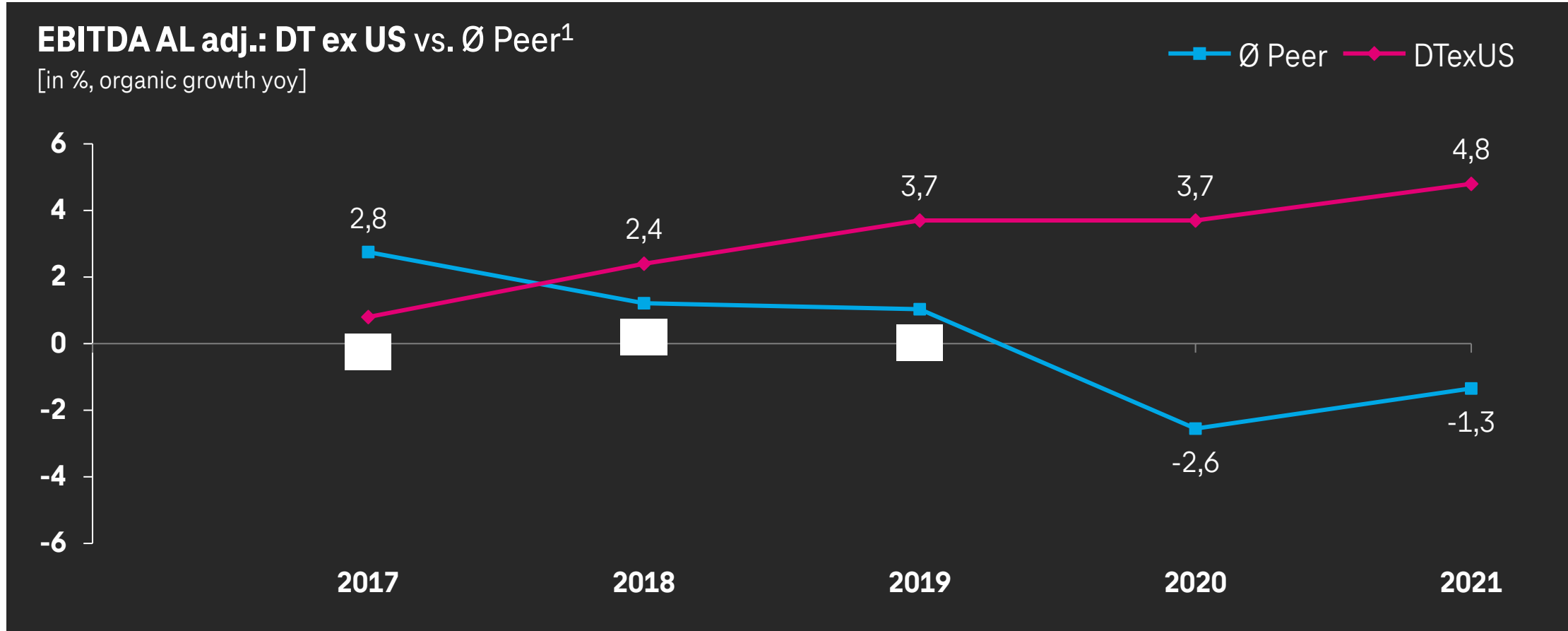
consistent growth in key KPIs



+/-X.X% = Ex US

¹ adj. Core EBITDA AL

Strong ex US EBITDA growth outperformance



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

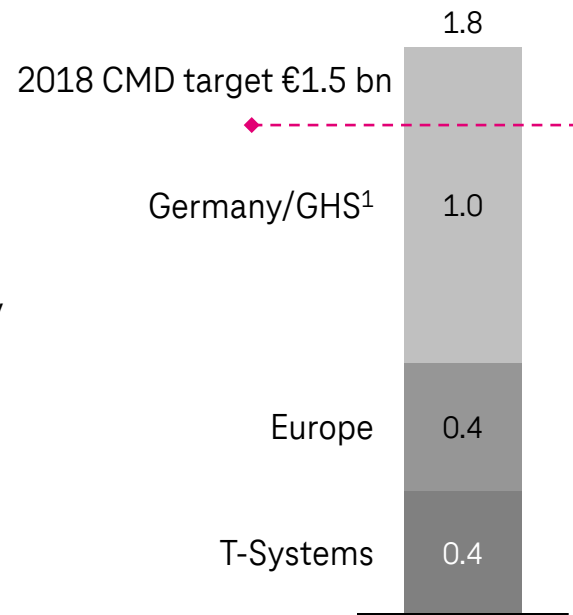
Indirect costs

CMD 2018 target overdelivered, CMD 2021 target on track

Organic net savings 2017–2021

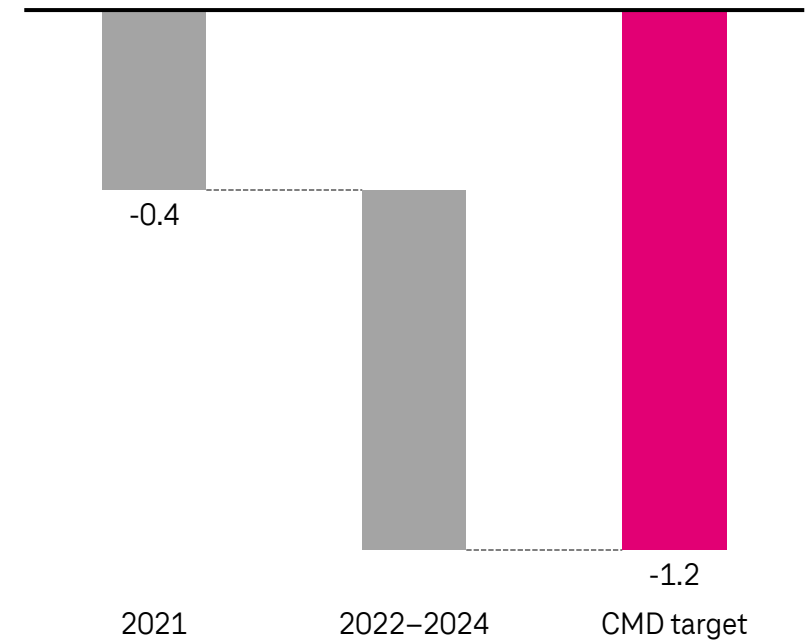
€ bn

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



Organic net savings 2020–2024

€ bn



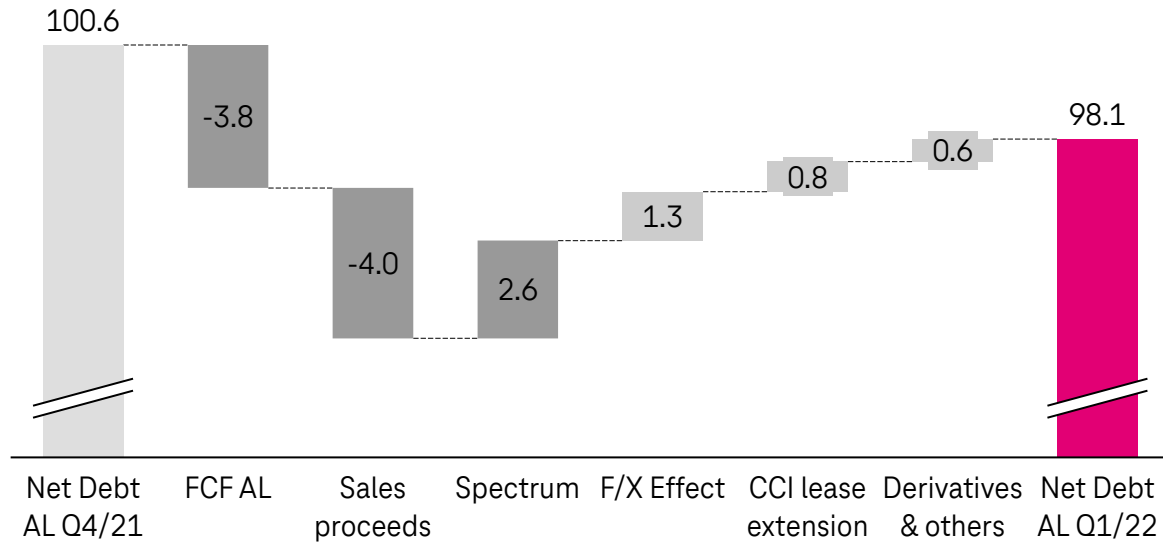
¹ also includes GD

Financials Q1 2022

decline in net financial debt

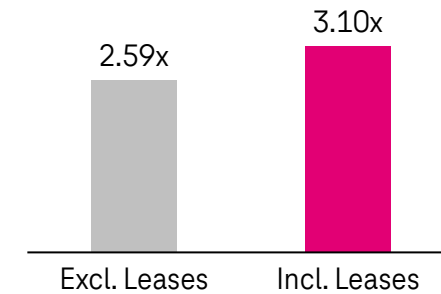
Net debt excl. leases (AL) (Q1/22 over Q4/21)

€ bn



Leverage ratios

CMD: back in 2.25x–2.75x range YE 24



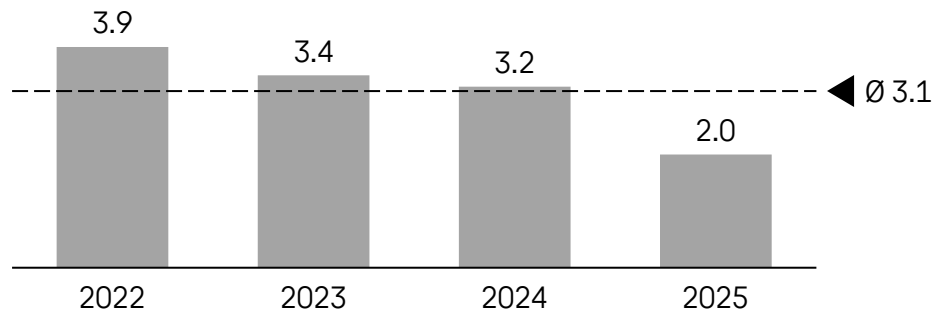
Increased by 0.04x due to CCI contract extension (€7.4 bn)

Financials

well balanced maturity profile with strong liquidity reserve

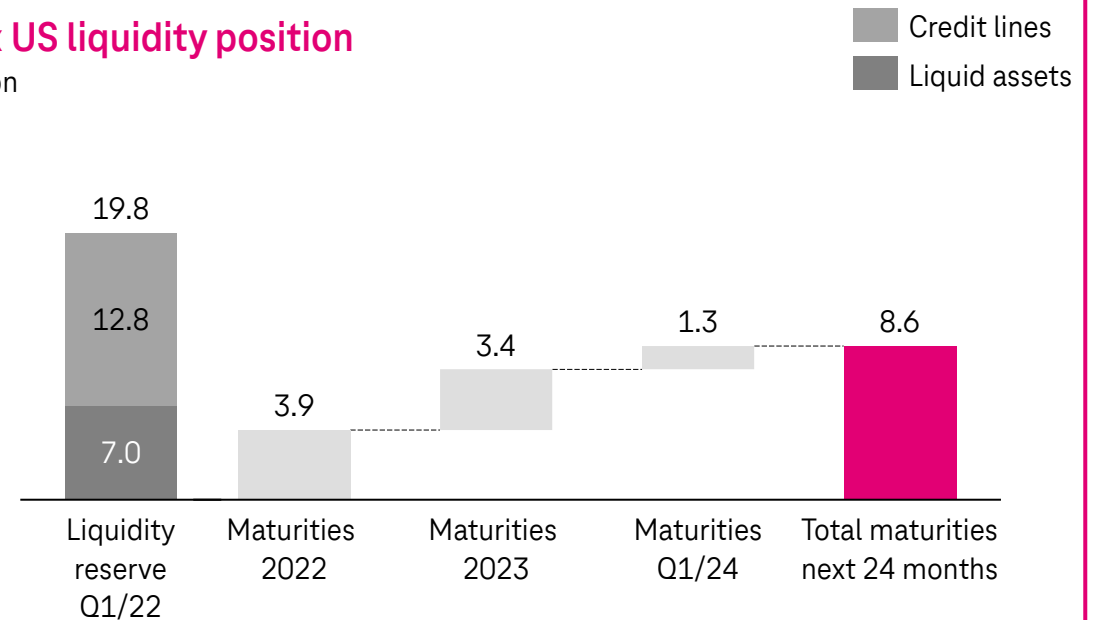
DT (ex US) bonds maturing

€ bn



Ex US liquidity position

€ bn



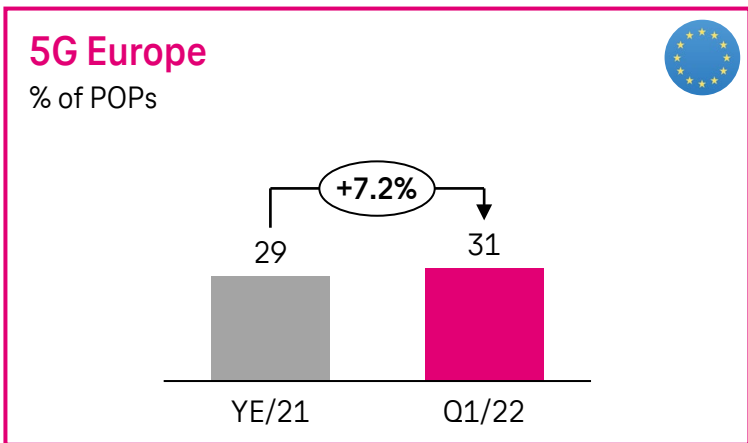
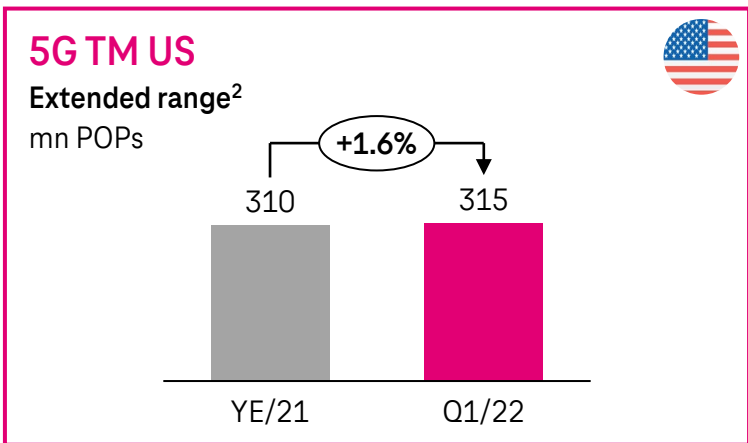
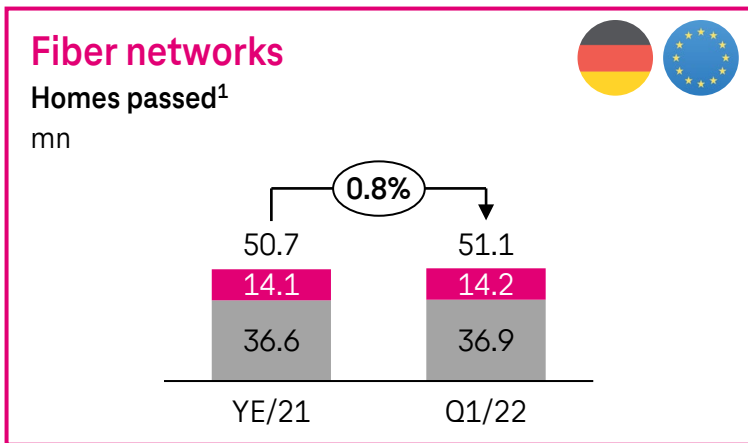
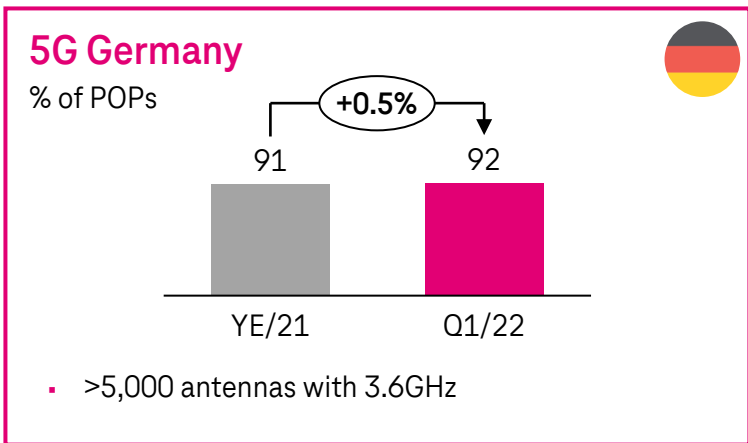
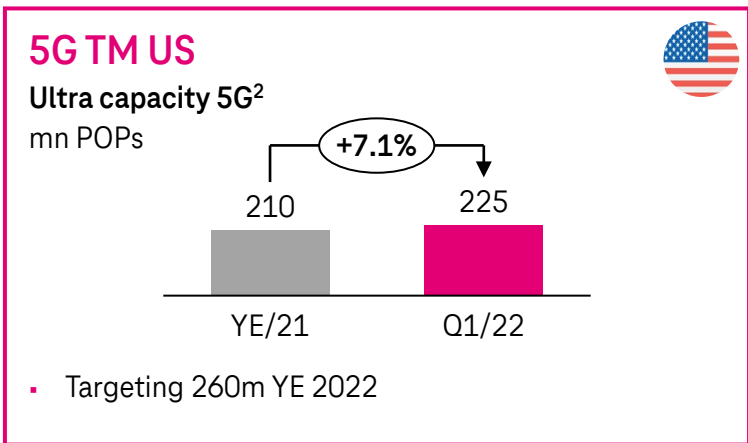
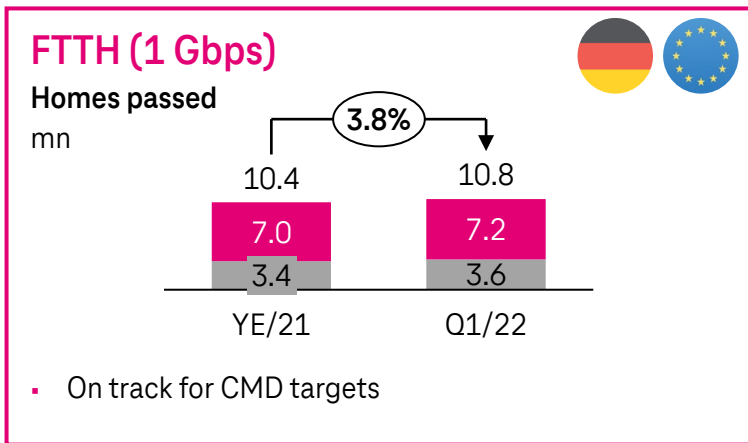
- Additional \$2.75 bn of outstanding TM US shareholder loans (repaid by 2028 at the latest)
- Well balanced maturity profile will carry on beyond 2024

Operations Review 2021



Networks

leading with 5G, FTTH well on track



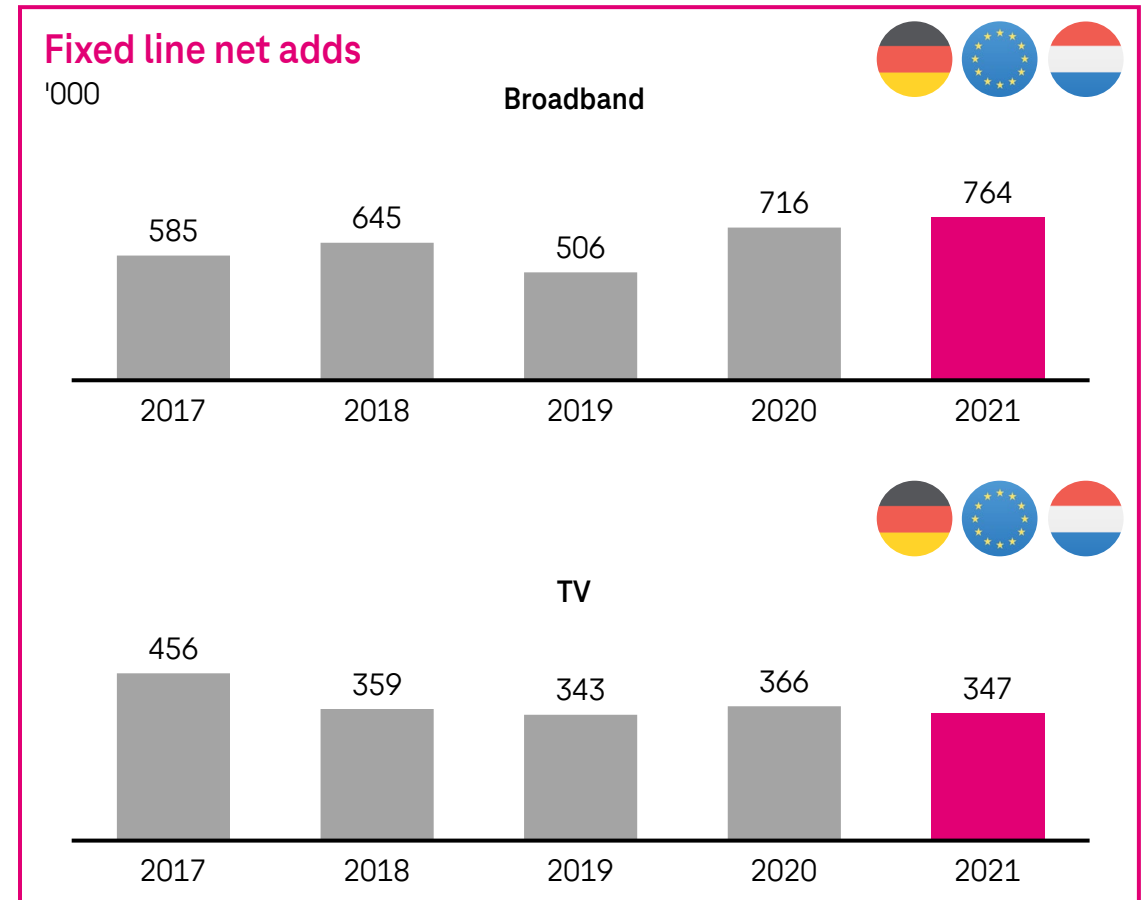
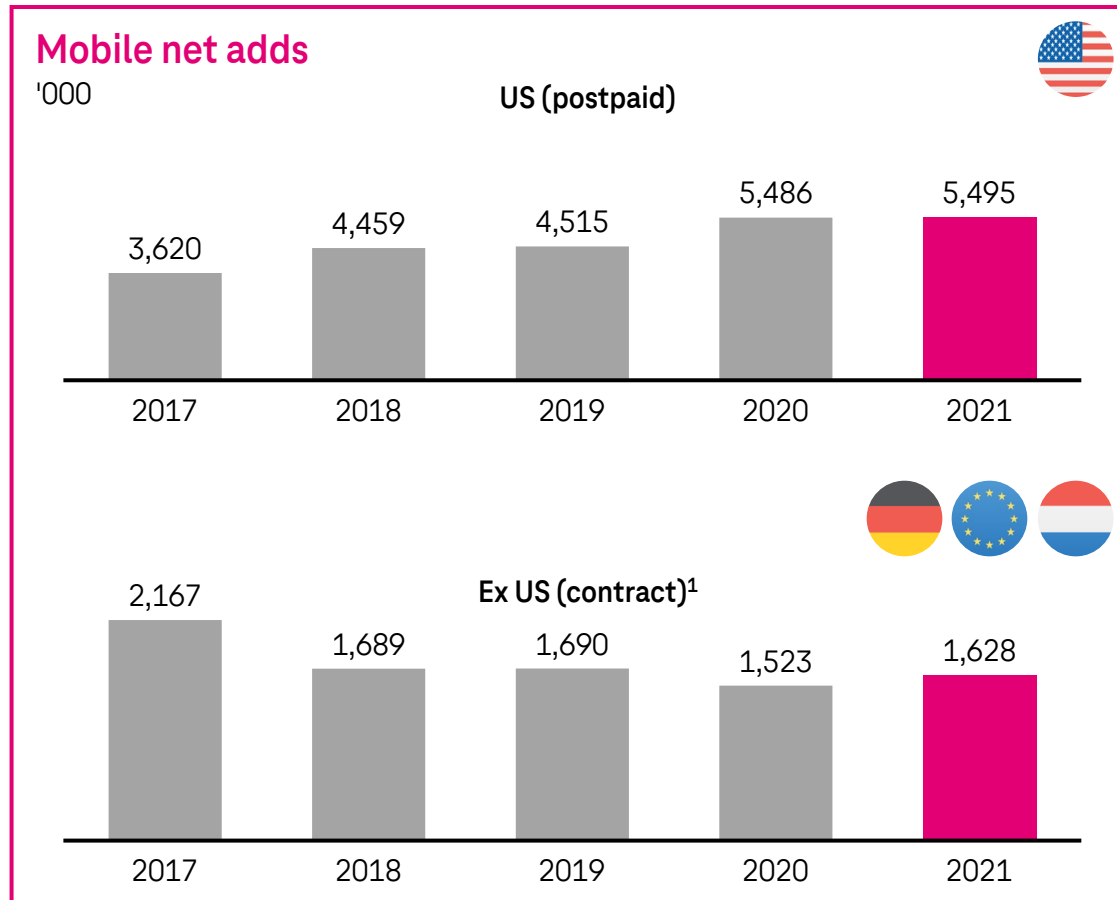
■ EU ■ GER

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

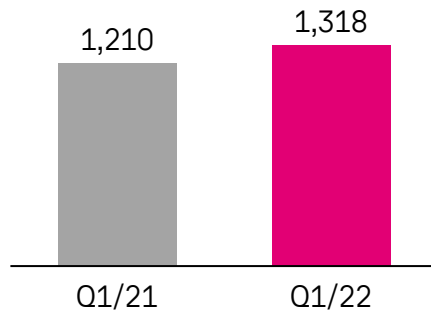
Customers

growing strongly

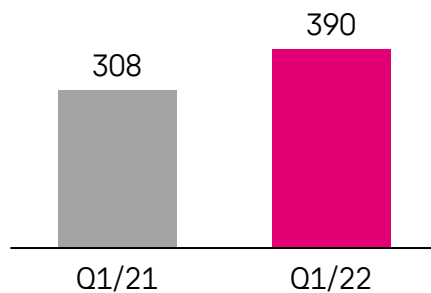
Mobile net adds

'000

US (postpaid)



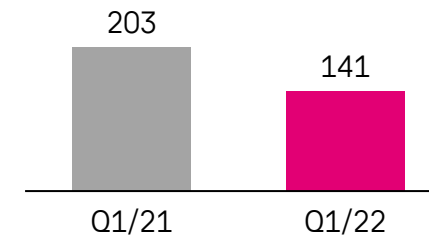
Ex US (contract)¹



Fixed line net adds²

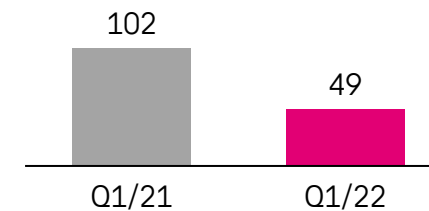
'000

Broadband



Q1 fixed line net adds impacted by changes in German telecoms law (TKG)

TV



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



Society and Environment

strong ESG Performance in all dimensions



**#GREEN
MAGENTA**

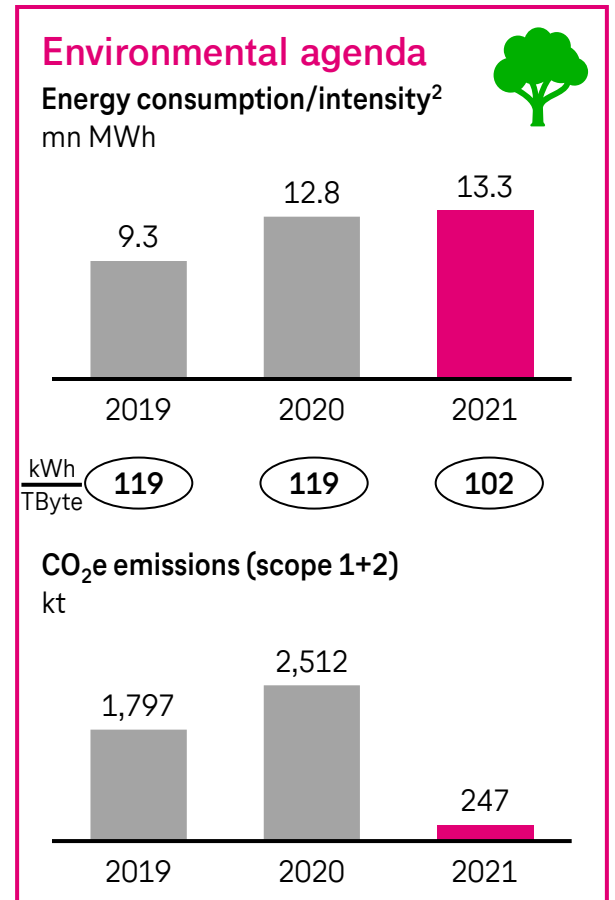
- Switch to 100% electricity from renewables accomplished
- Eco Rating: Successful launch of industrywide initiative

**#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

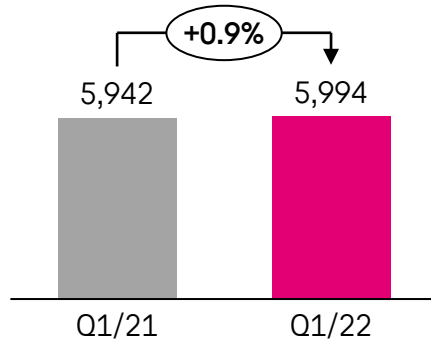
Germany

22nd consecutive quarter of EBITDA growth



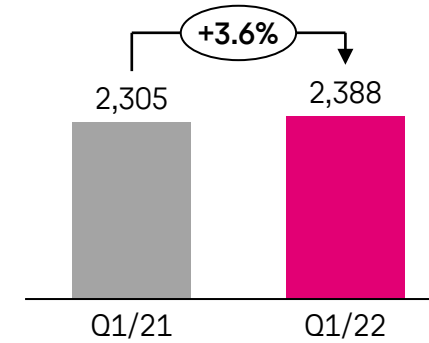
Revenues (as reported)

€ mn



Adj. EBITDA AL (as reported)

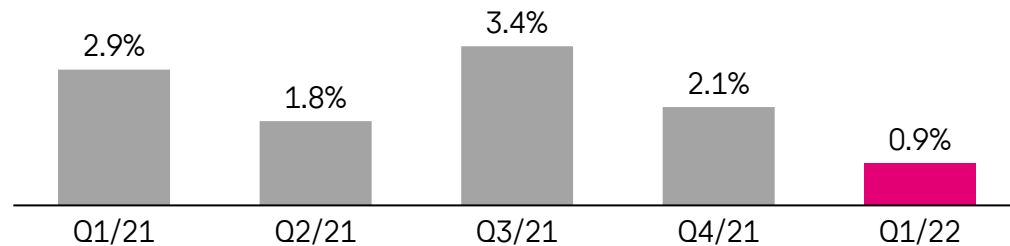
€ mn



Revenue growth (organic)

% yoy

Q1/22 growth rate impacted by various non-recurring factors, including 2021 public sector one-timers (0.5pp) and lockdown boost to FSR (0.4pp)



Adj. EBITDA AL (organic)

% yoy



Germany

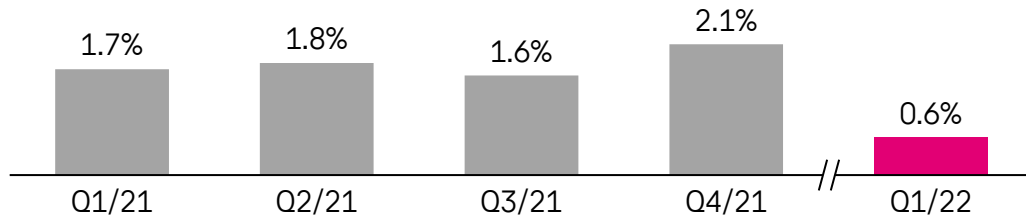
service revenues: mobile growing, fixed impacted by one-offs



Total service revenue growth (organic)¹

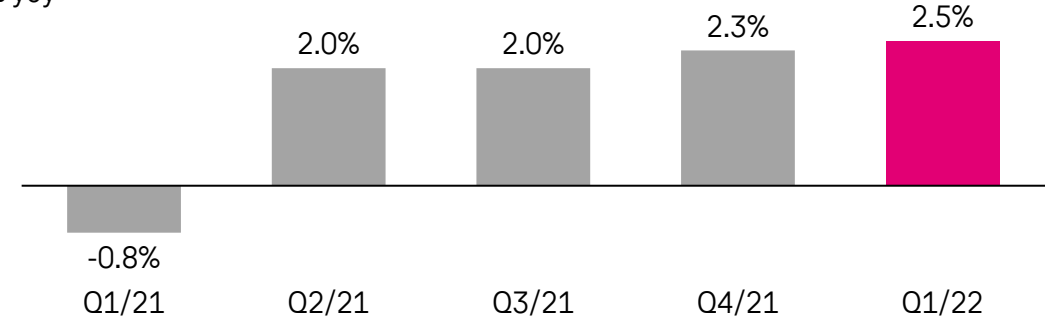
% yoy

Public sector one-timer
0.6pp, lockdown boost 0.5pp



Mobile service revenue growth (organic)

% yoy

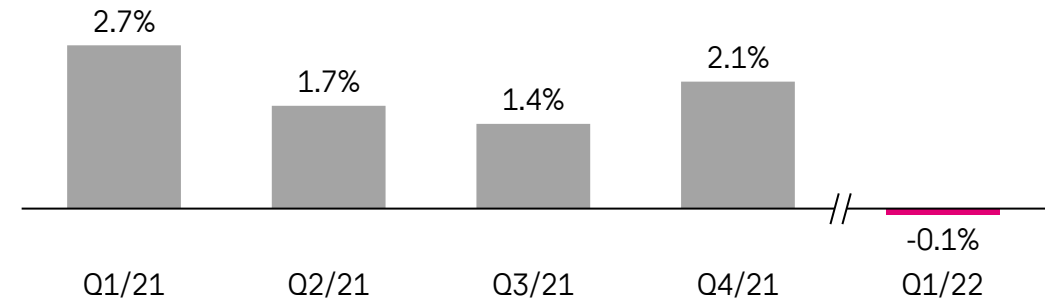


- Growth rates impacted by various non-recurring effects
- Growth rates also impacted by changes in definition
- Reported Total service revenue growth +1.0%
- Reported Fixed Service revenue growth +0.4%

Fixed service revenue growth (organic)¹

% yoy

Public sector one-timer
0.8pp, lockdown boost 0.7pp



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.

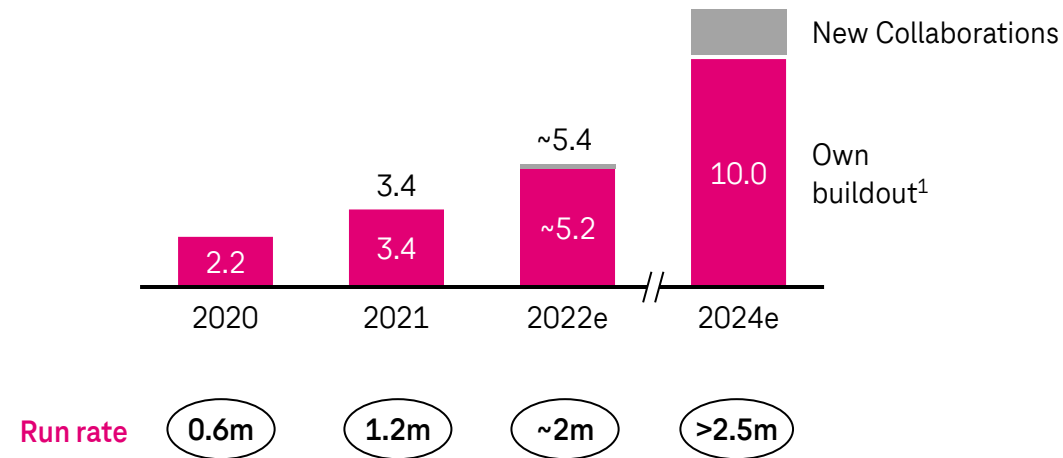
Germany

FTTH on track with buildout and monetization



Progress with FTTH buildout

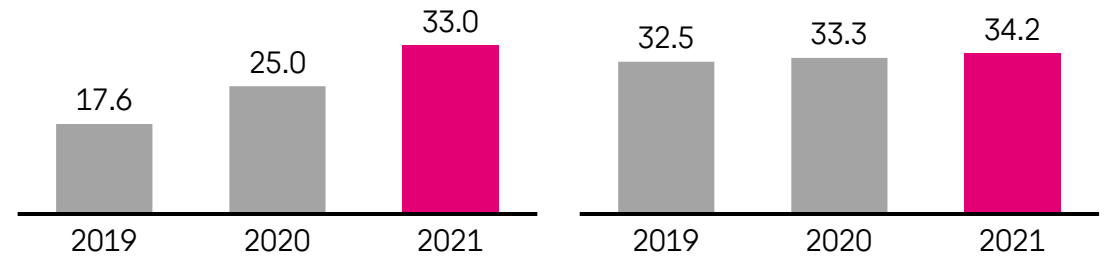
Homes passed, mn



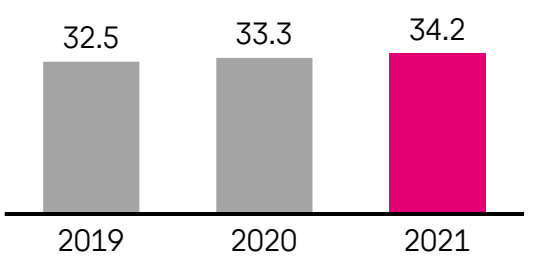
- Fiber JV with IFM to pass 4m rural homes by 2028
- On track to reduce unit costs by 25% by 2024

Progress with monetization

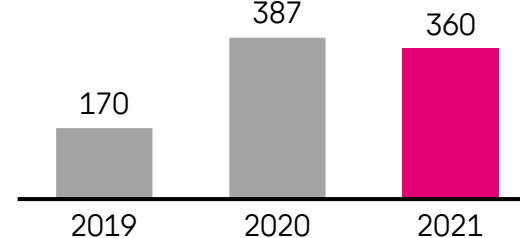
Share of ≥ 100 Mbps contracts
% of broadband base



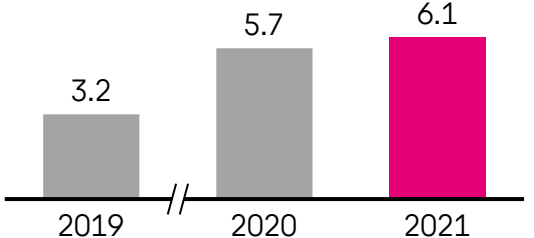
Retail broadband ARPA²
€/month



Broadband Net Adds
k



Broadband revenue growth
%



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

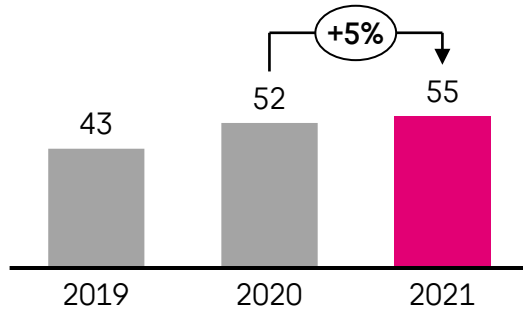
Germany

ongoing strong execution and digitization

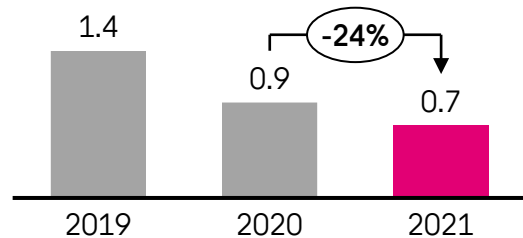


Service

First contact resolution
%

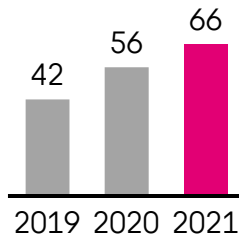


Customer complaints
mn

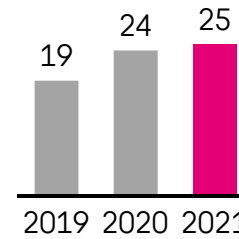


Digitization

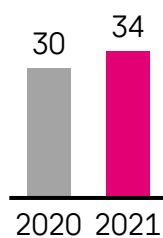
App penetration
%



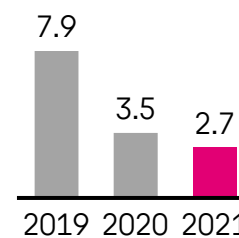
E-sales share¹
%



Calls shifted to digital
%

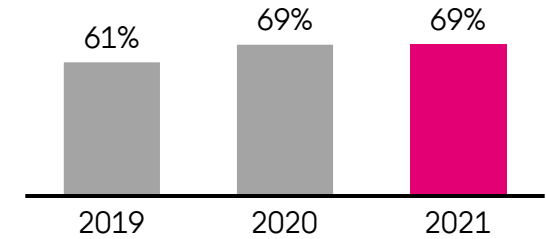


IT time to market
mth

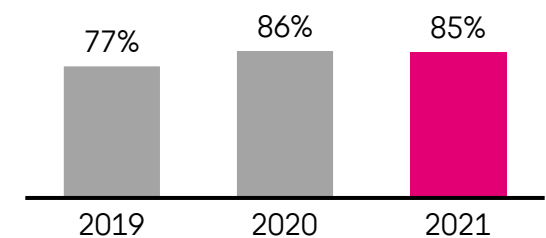


Customer satisfaction

TRI*M



Employee satisfaction



¹ Only B2C

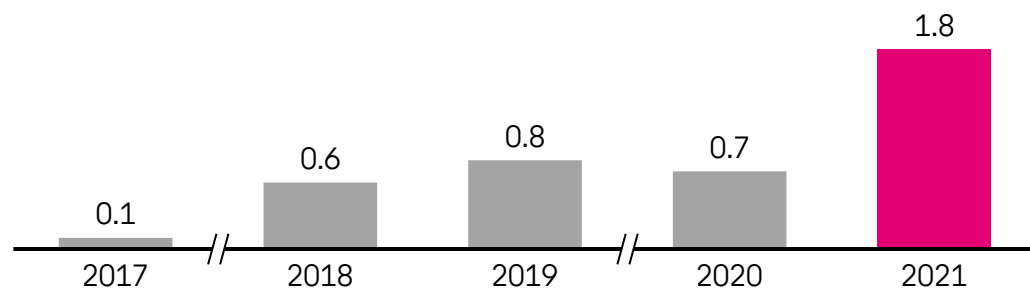
Germany

consistent growth



Total service revenue

% growth yoy, organic

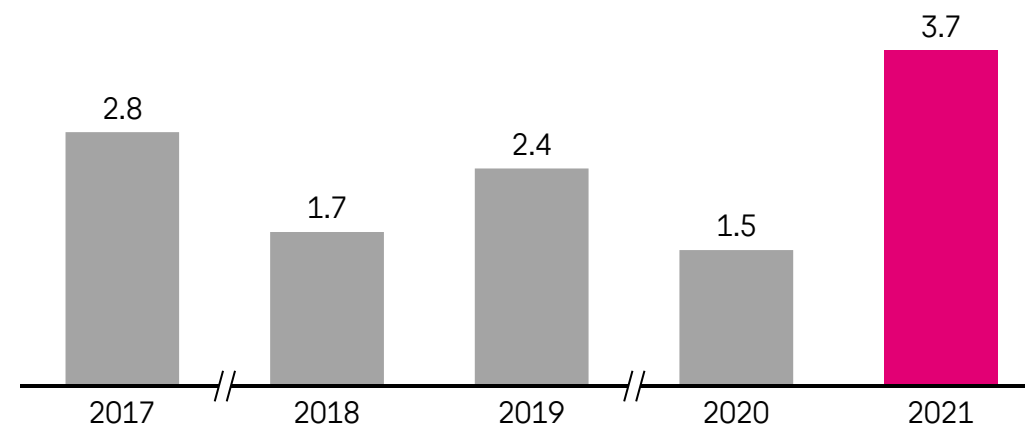


- 2021 positively impacted by non-recurring public sector revenues (~0.4pp)

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

Other segments

Review 2021



T-Mobile US

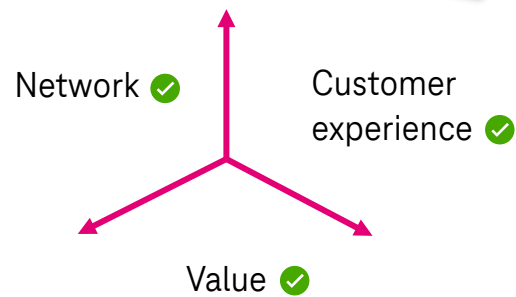
consistent growth leader



Key opportunities

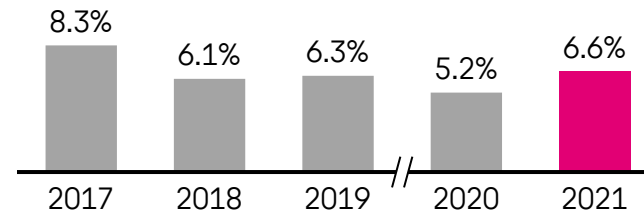
- SMRA
- B2B
- Home internet
- Sprint Integration

Key advantages



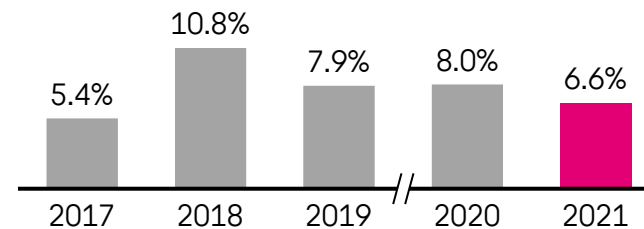
Service revenue (US GAAP)¹

% growth yoy, organic



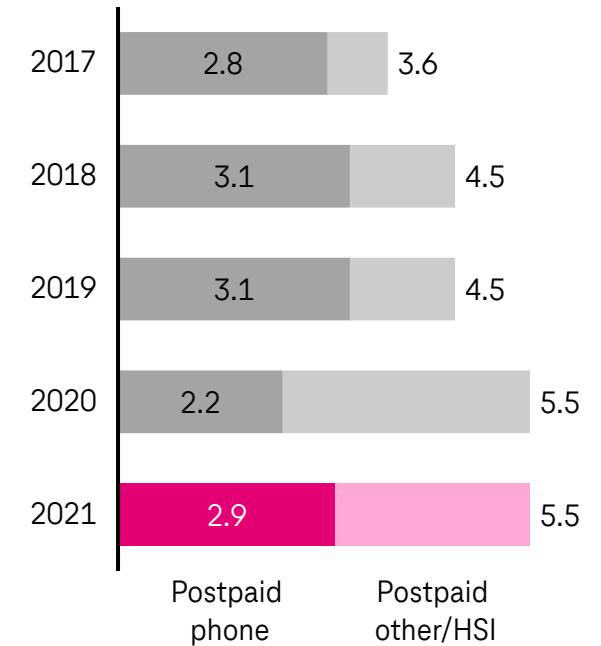
Adj. EBITDA (US GAAP)¹

% 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

fastest growing large European telco



FTTH (1 Gbps)¹



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

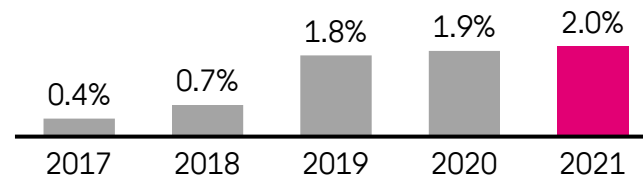
Convergence



- 0,4 mn additional homes
- 0.8 mn additional subs
- 3,3 mn homes YE 21

Total service revenue growth

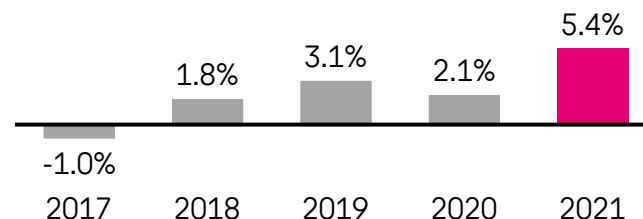
Organic, %



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

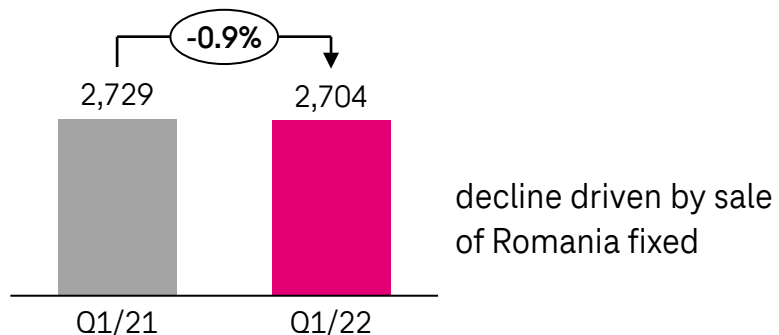
Europe

17th consecutive quarter of organic EBITDA growth



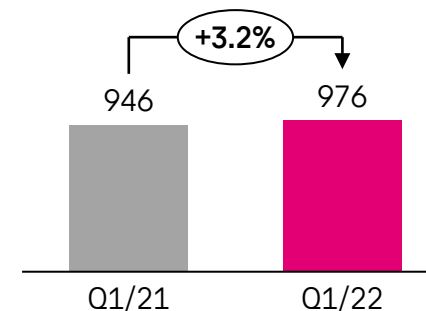
Revenues (Reported)

€ mn



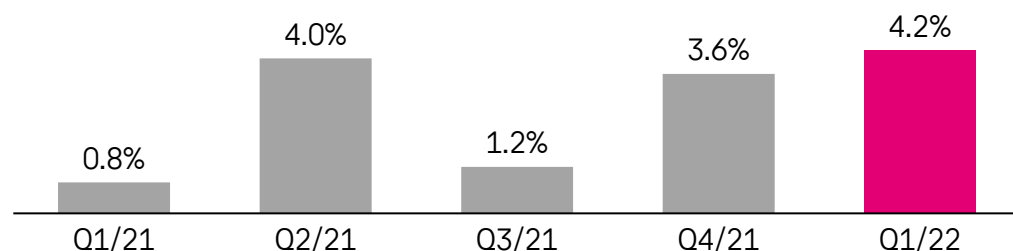
Adj. EBITDA AL (Reported)

€ mn



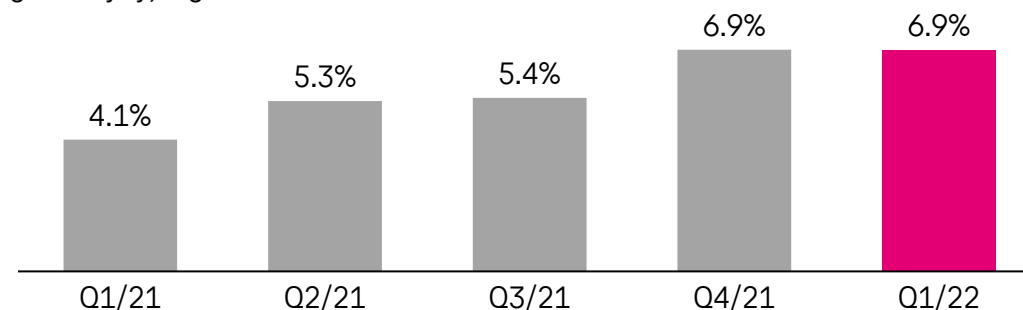
Revenues

% growth yoy, organic



Adj. EBITDA AL

% growth yoy, organic



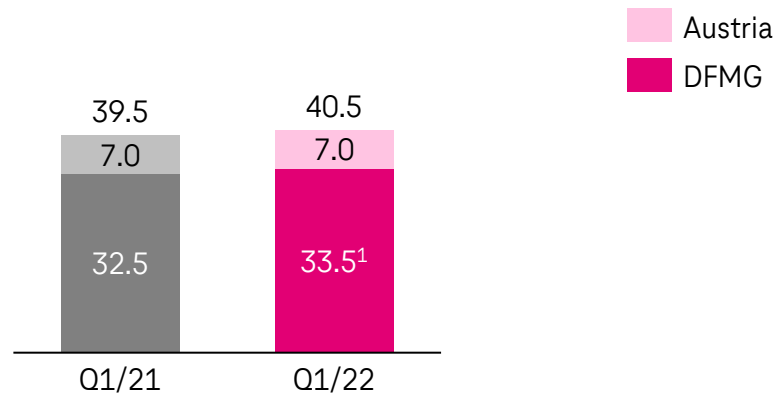
GD/Towers

strong growth



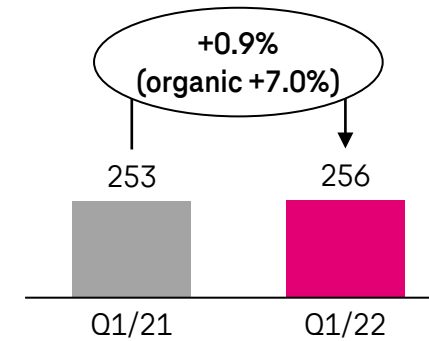
Total sites

'000



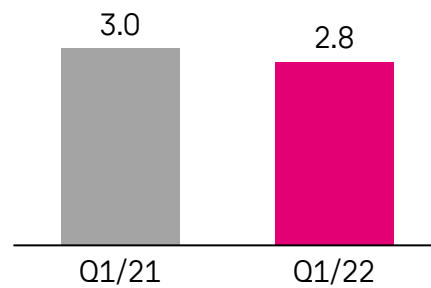
Recurring rental revenues

€ mn



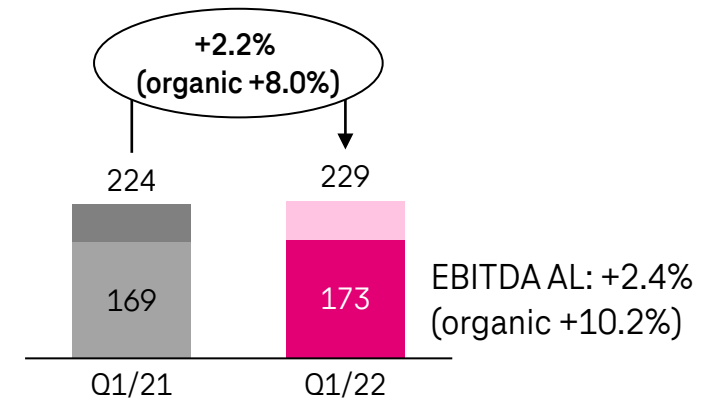
Opex AL per site

€ '000



Adj. EBITDA

€ mn



¹ Change in sites of 1.0k due to 1.3k new build and -0.3k de-commissioning of redundant sites

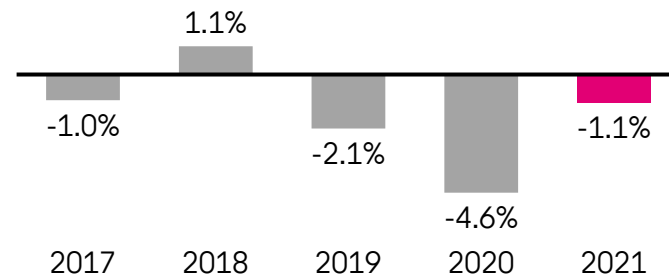
Systems Solutions turnaround continues

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

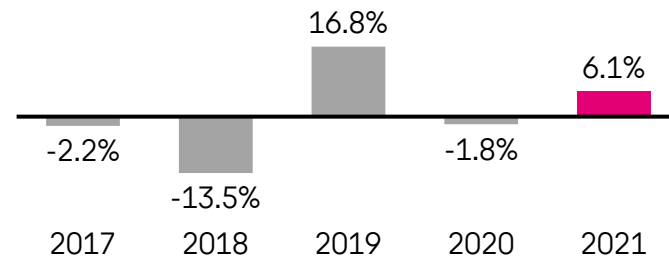
Revenue

% growth yoy, organic



Adj. EBITDA AL

% growth yoy, organic

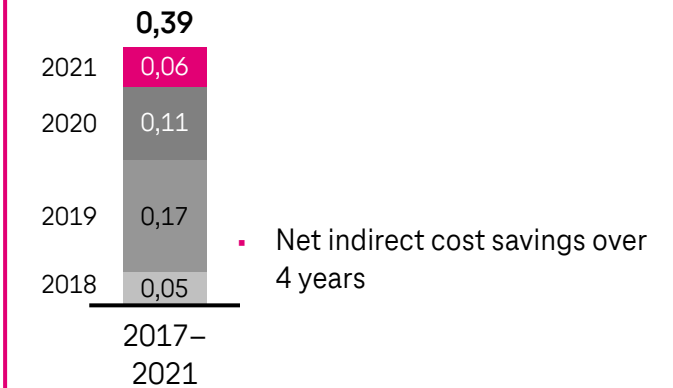


**CMD: >5% CAGR
2020-2024**

Transformation drivers

IDC savings

€ bn



Key levers:

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

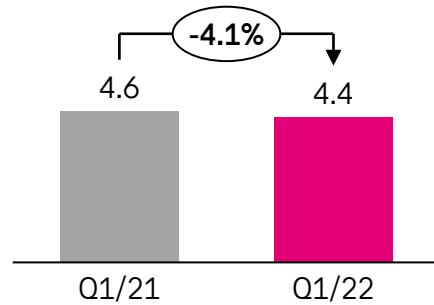
¹ 2021 vs. 2020, organic

Systems Solutions

recovery as expected

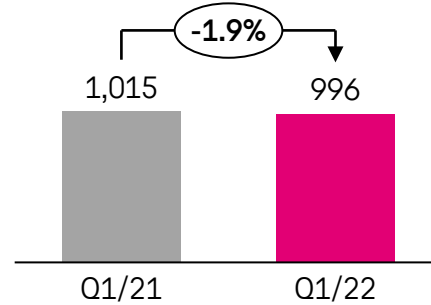
Order entry (LTM)

€ bn



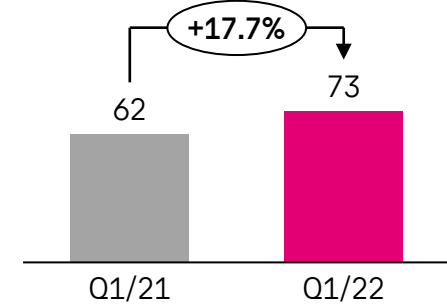
Revenues

€ mn



Adj. EBITDA AL

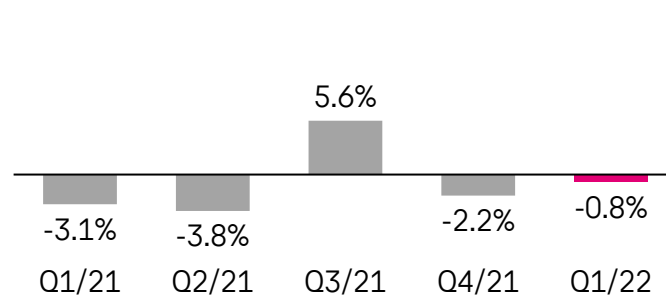
€ mn



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

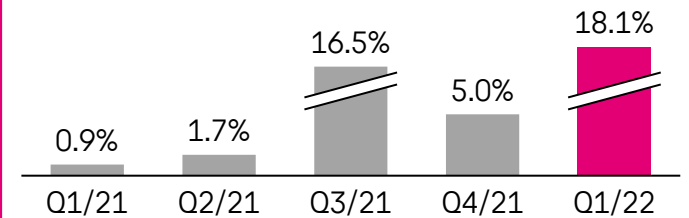
Revenues

% growth yoy, organic



Adj. EBITDA AL

% growth yoy, organic



Outlook



Inflation exposure challenges being addressed

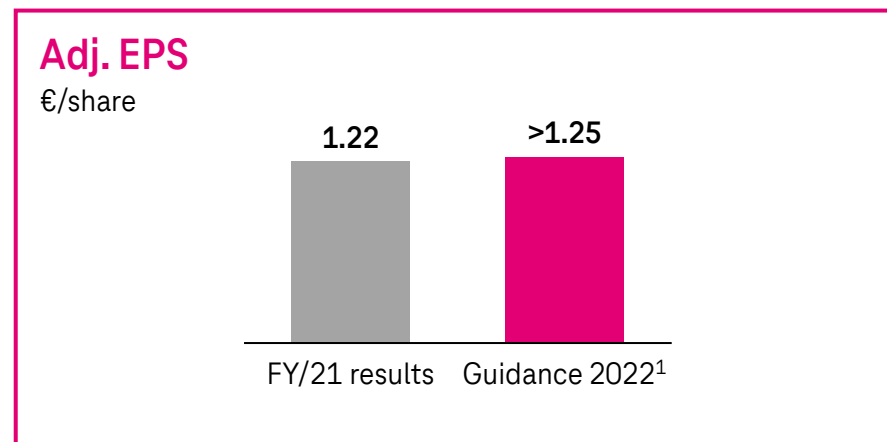
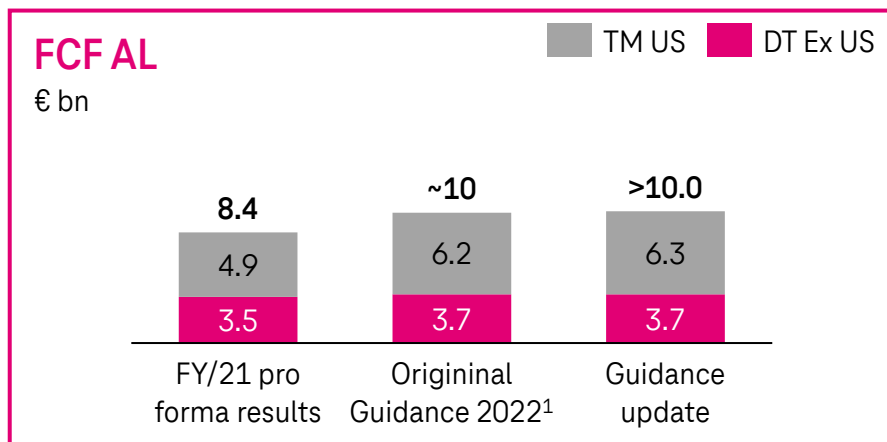
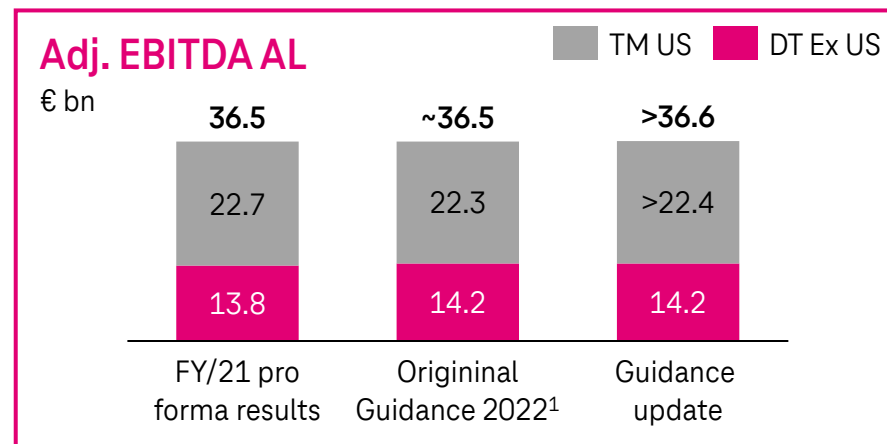
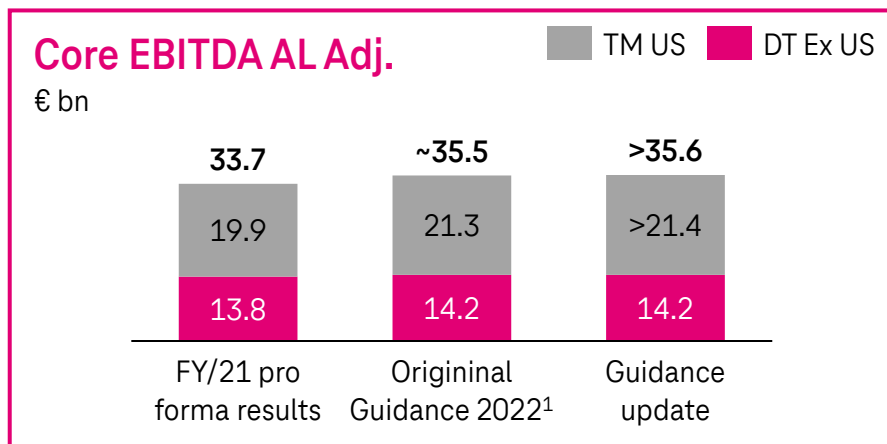
€ bn in 2021

	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

Guidance 2022

outlook improved



Guidance update reflects new guidance of T-Mobile US

- TM US adj. Core EBITDA AL included at mid-point of US\$ 25.8bn – 26.2bn US GAAP guidance, adjusted for bridge of US\$ -0.6bn
- TM US adj. EBITDA AL included at mid-point of US\$ 26.9bn – 27.6bn US GAAP guidance, adjusted for bridge of US\$ -0.6bn
- TM US FCF included at midpoint of US\$ 7.2bn - 7.6bn US GAAP guidance
- **Q1/22 results of T-Mobile NL not included in guidance**

¹ Guidance for adj. EBITDA AL of around €36.5 bn reflects €1.8 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\$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

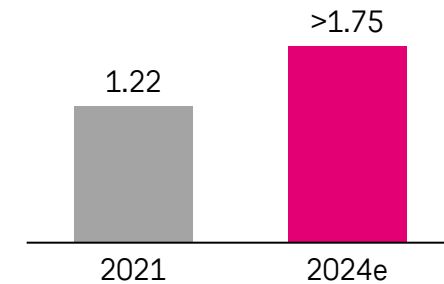
Q1 2022

main takeaways

- TM US: strong merger execution, EBITDA and customer growth, guidance raised
- Ex US: 6% organic EBITDA AL growth; Germany with 22 and EU with 17 successive quarters of organic EBITDA AL growth
- Dip in German fixed line KPIs will largely revert in Q2
- Long-term energy cost hedges in Germany and the US, inflation overall manageable
- Confirming CMD mid-term outlook, 2022 guidance raised

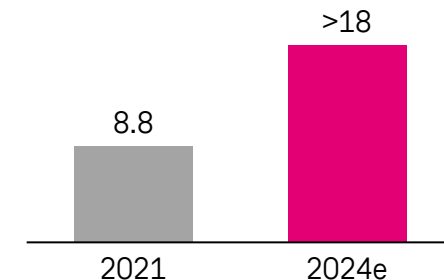
Adj. EPS (CMD target 2024)

€/share



FCF AL (CMD target 2024)

€ bn



Further questions

please contact the IR department

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