

**Deutsche Telekom
Investor presentation
Feb 2023**



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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.

FY 2022 results

Group

2022 results and CMD update

consistent growth

2022 Highlights

- Outstanding growth in all financial and customer metrics, on both sides of the Atlantic
- €11.5 bn FCF AL, €1.83 adj. EPS, strongly above initial guidance
- €17.5 bn GD Towers valuation achieved
- Leverage beginning to inflect (2,58x ex. leases at YE)
- Total shareholder return +18.6%
- Market cap >€100 bn reached
- 2023 guidance: growth continues unabated



CMD Update

- Well on track for financial mid-term ambitions
- Clear network leadership on both sides of the Atlantic
- TM US stake at 49%
- TM NL and GD towers transactions completed
- Return to growth in shareholder remuneration
- Post peak on leverage
- Progress needed for indirect cost reductions

Financials 2022 reported

strong reported growth

€ mn

	Q4			FY		
	2021	2022	Change	2021	2022	Change
Revenue	28,647	29,800	+4.0%	107,811	114,413	+6.1%
Adj. EBITDA AL	9,007	9,964	+10.6%	37,330	40,208	+7,7%
Adj. EBITDA AL (excl. US) ¹	3,524	3,548	+0.7%	14,633	14,594	-0.3%
Adj. Net profit	1,234	1,987	+61.0%	5,862	9,081	+54.9%
Net profit	471	1,014	+115.3%	4,176	8,001	+91.6%
Adj. EPS (in €)	0.25	0.40	+60.0%	1.22	1.83	+50.0%
Free cash flow AL ²	520	2,026	+289.2%	8,810	11,470	+30.2%
Cash capex ²	5,046	5,795	+14.8%	17,978	21,019	+16.9%
Net debt excl. leases (AL)	100,649	103,733	+3.1%	100,649	103,733	+3.1%
Net debt incl. leases (IFRS 16)	132,142	142,425	+7.8%	132,142	142,425	+7.8%

¹ Decline due to de-consolidation of Romania fixed and the Dutch business. Organic growth rate of +4.8% in FY.

² Free cash flow AL before dividend and before spectrum investments. Cash capex before spectrum investment. Spectrum: FY/21: €8,388 mn; FY/22: €3,096 mn; Q4/21: €60 mn; Q4/22: €112 mn

In this presentation the Group is presented in accordance with the management view: certain key performance indicators like revenue and adj. EBITDA AL are presented as if Group Development still would be fully consolidated .

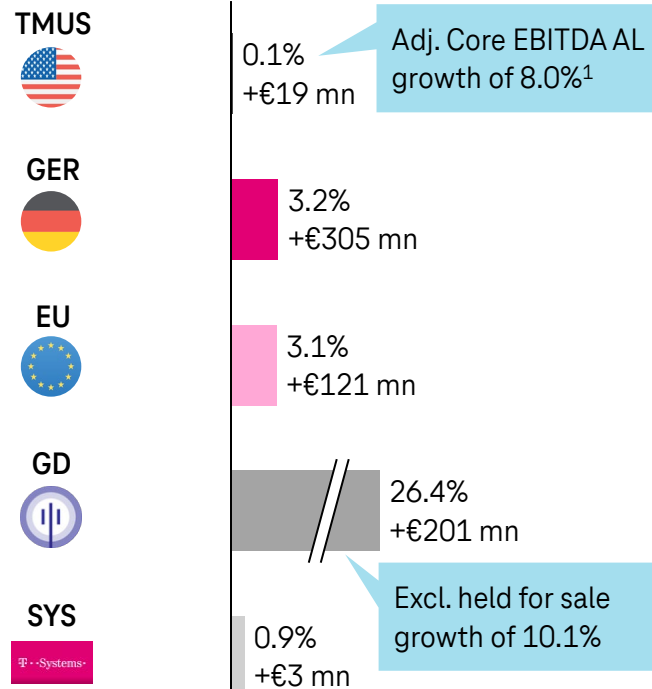
This view is different to the consolidated financial statements of DT where Group Development is treated as a discontinued operation. For more details, please refer to the back-up to this presentation, respectively the interim report of DT both available at www.telekom.com/en/investor-relations

Financials 2022 organic

strong organic growth

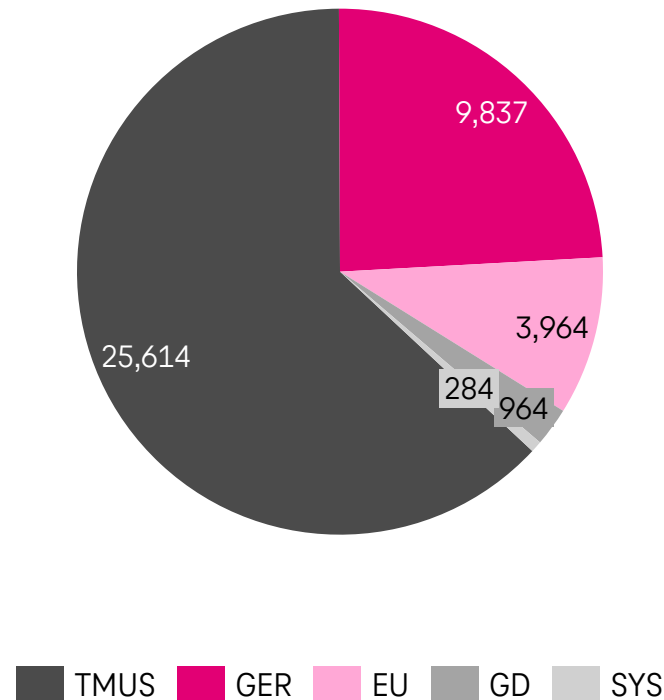
2022 Adj. EBITDA AL

growth yoy, organic



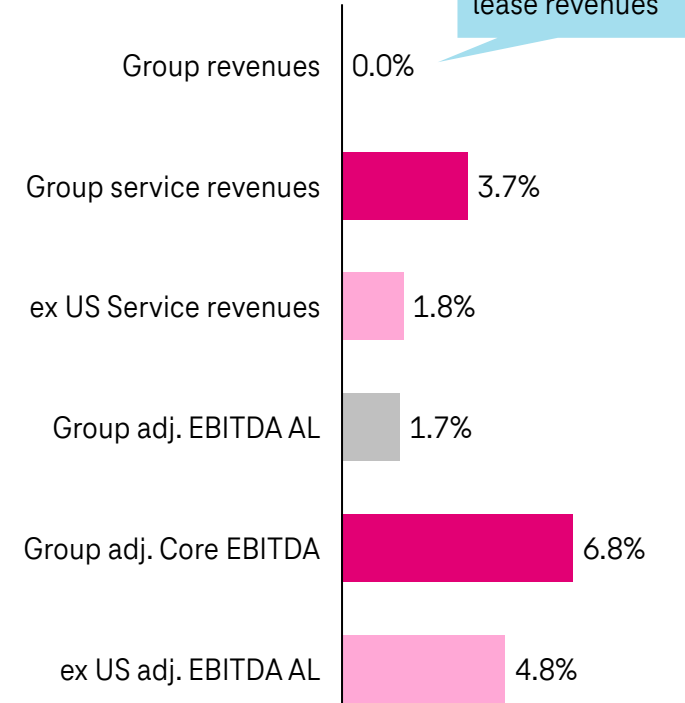
2022 Adj. EBITDA AL²

€ mn



2022 Key Financials

% growth yoy, organic



¹ according to IFRS. US GAAP growth is 11.9%. Adj. Core EBITDA excludes decreasing handset leasing revenues (US\$ -1.9 bn yoy) ² Excl. GHS. Group EBITDA AL €40,208 mn

In this presentation the Group is presented in accordance with the management view: certain key performance indicators like revenue and adj. EBITDA AL are presented as if Group Development still would be fully consolidated.

This view is different to the consolidated financial statements of DT where Group Development is treated as a discontinued operation. For more details, please refer to the back-up to this presentation, respectively the interim report of DT both available at www.telekom.com/en/investor-relations

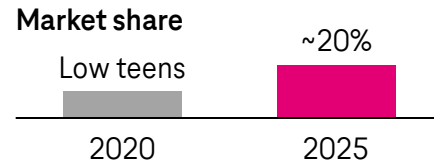
DT has unique growth opportunities



United states



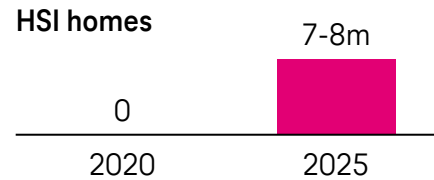
- Clear 5G leader
- Unique SRMA opportunity



SRMA ~40% of the US



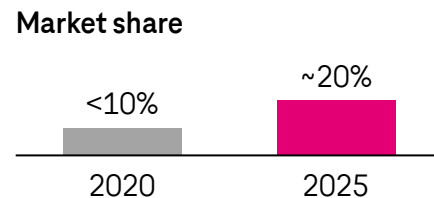
- Unique wireless high speed opportunity



1.5m subs in 6 quarters



- Unique B2B share opportunity

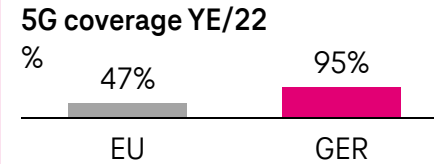


On track

Europe

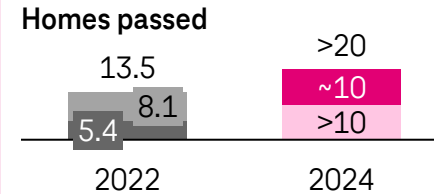


- Clear 5G leader



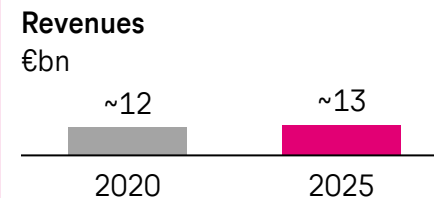
Growth with speed upsell

- Clear fiber leader



Growth with speed upsell

- Clear B2B leader

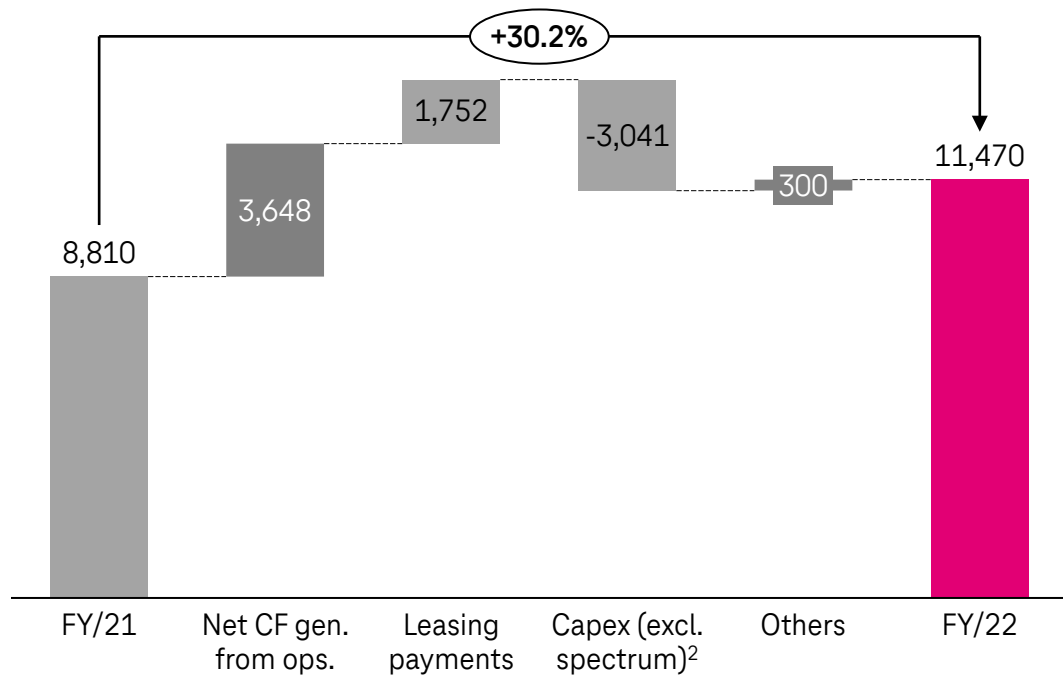


Growth with digitization

FCF AL and net profit strong growth

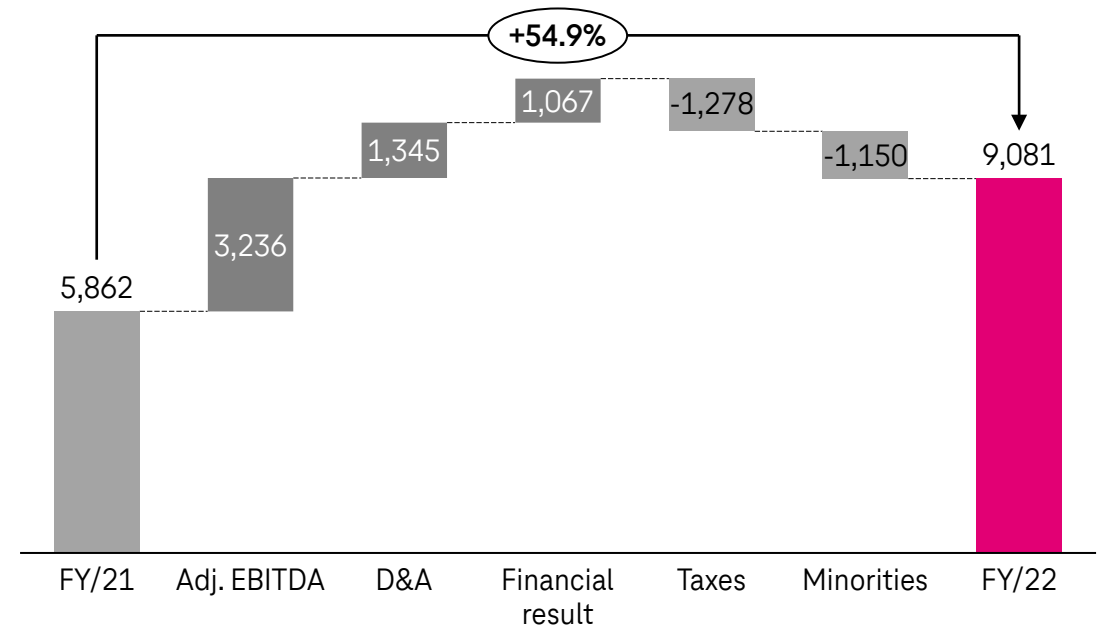
Free Cash Flow AL¹

€ mn



Adj. net profit

€ mn



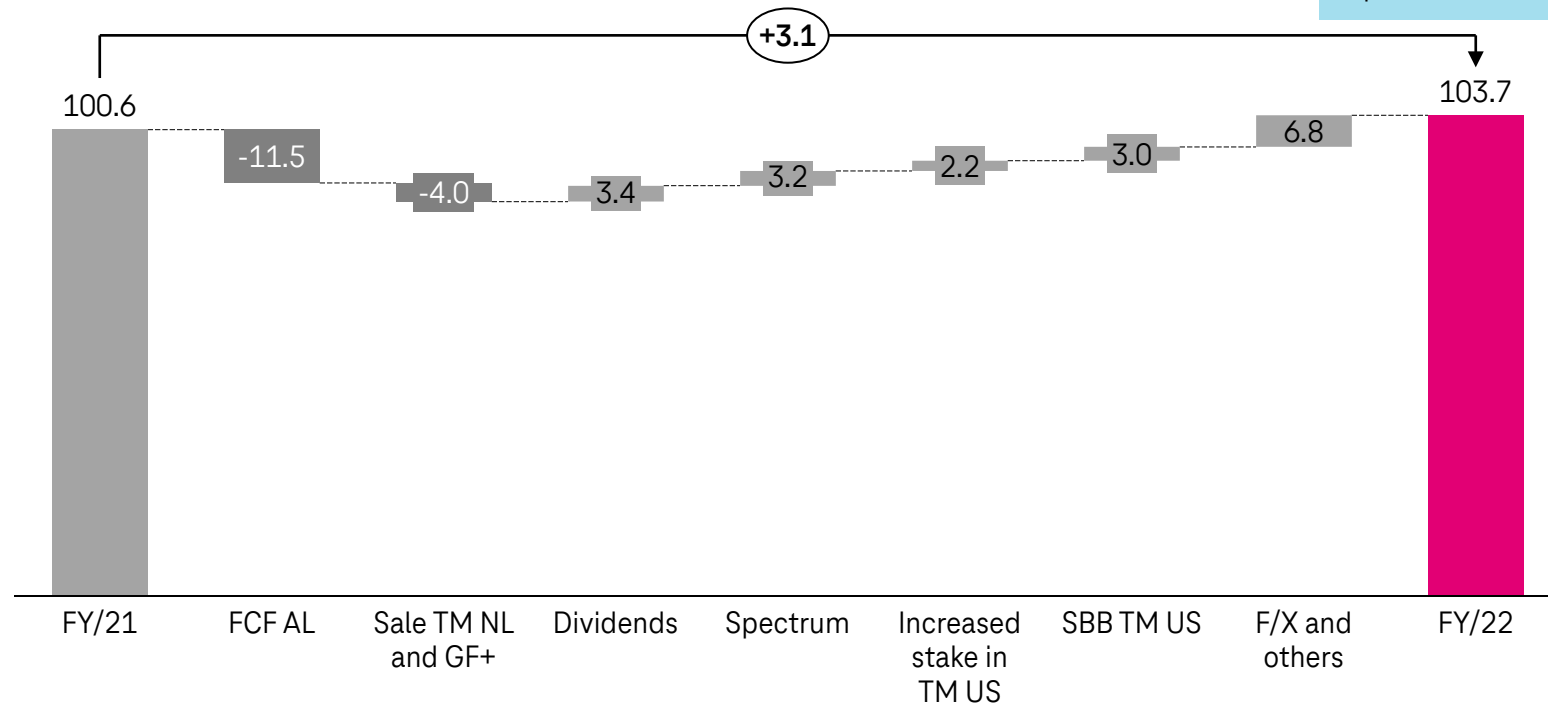
¹ Free cash flow and FCF AL before dividend payments and spectrum investment. ² Spectrum: FY/21: €8,388 mn; FY/22: €3,096 mn

Net debt

leverage ex leases at 2.58x

Net debt excl. leases (AL)

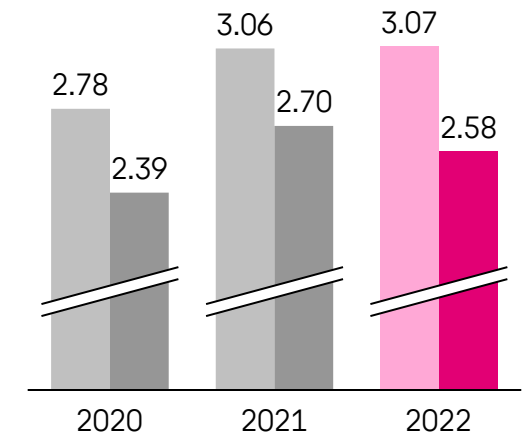
€ bn



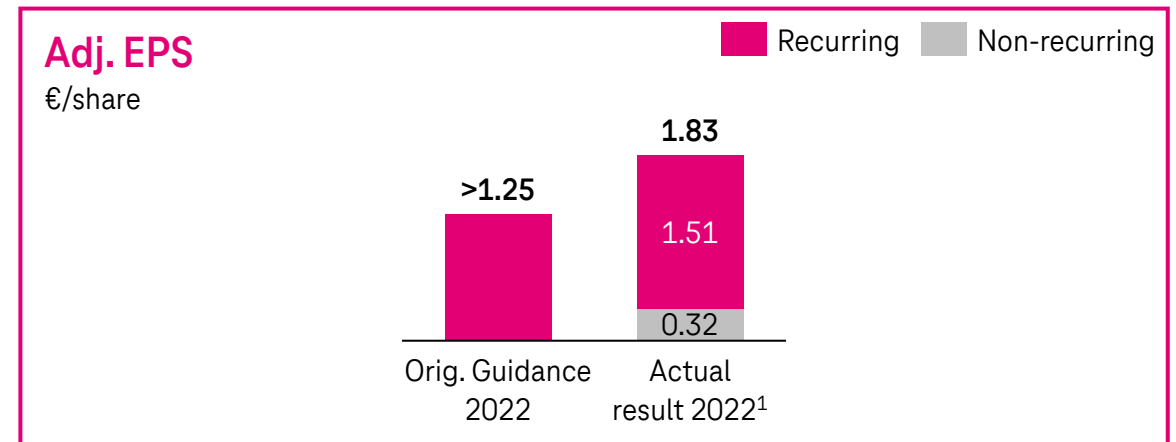
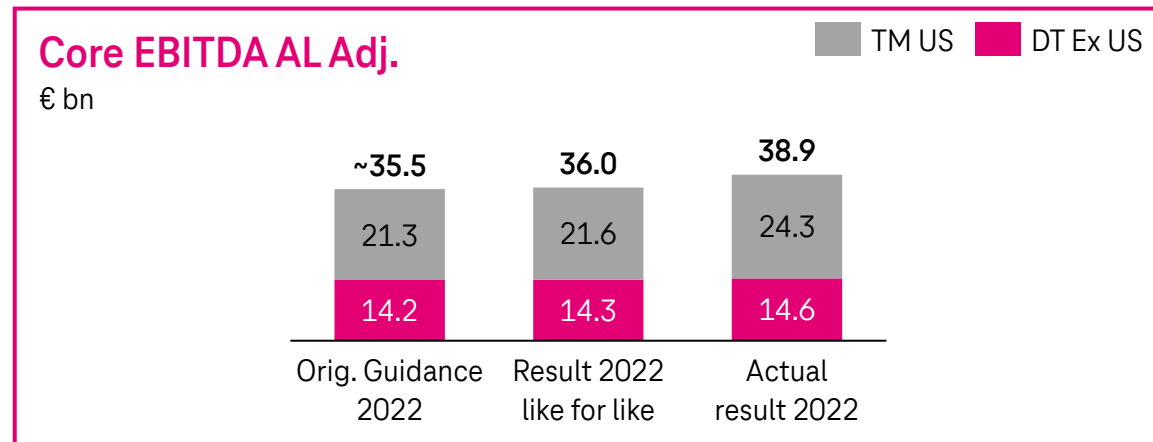
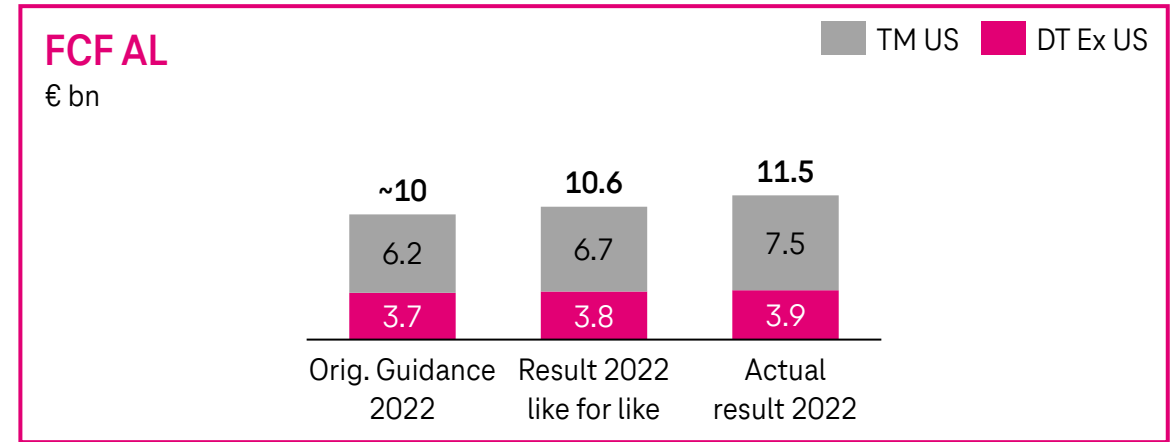
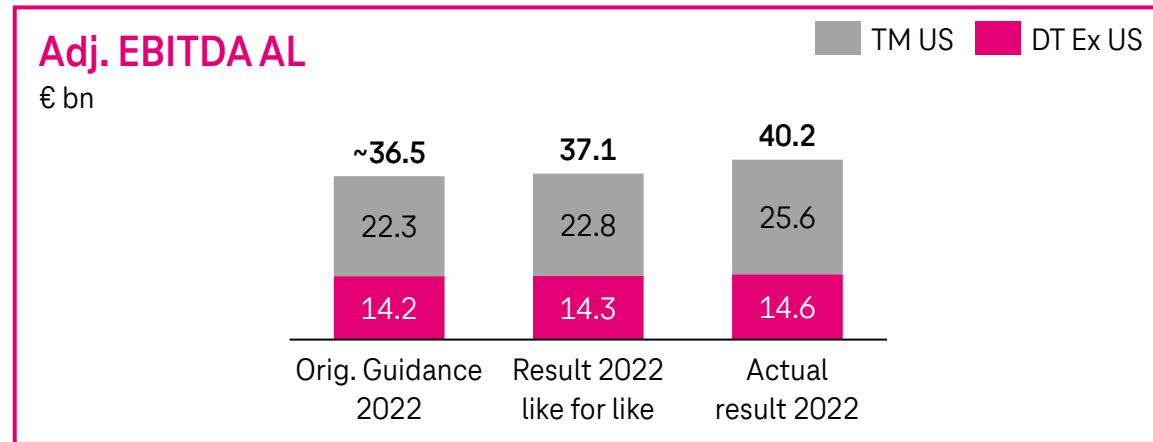
Leverage ratios

Leverage including leases down 0.3x in Q4

Incl. Leases Excl. Leases



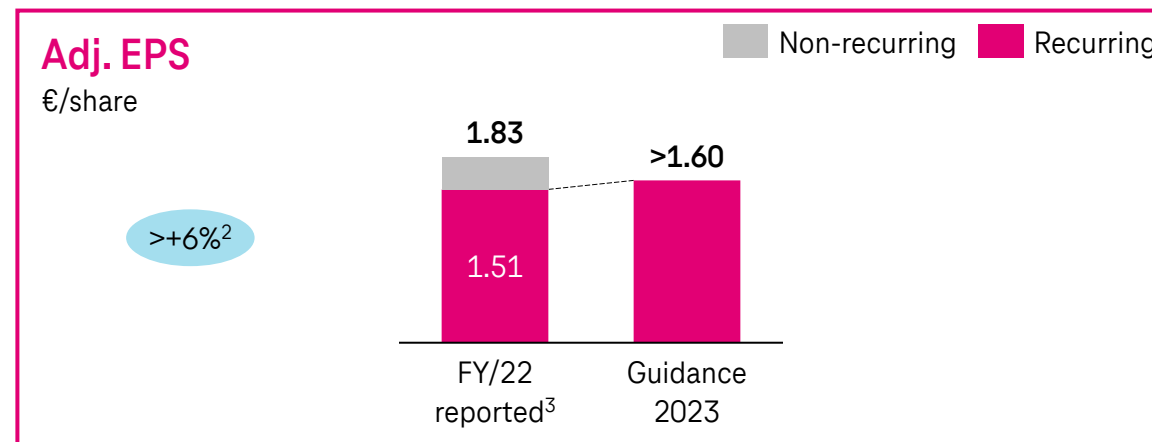
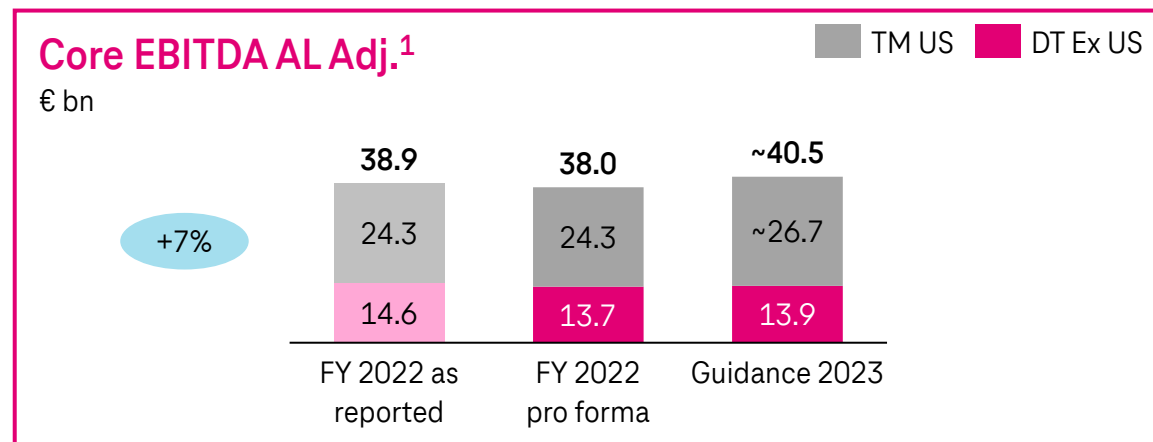
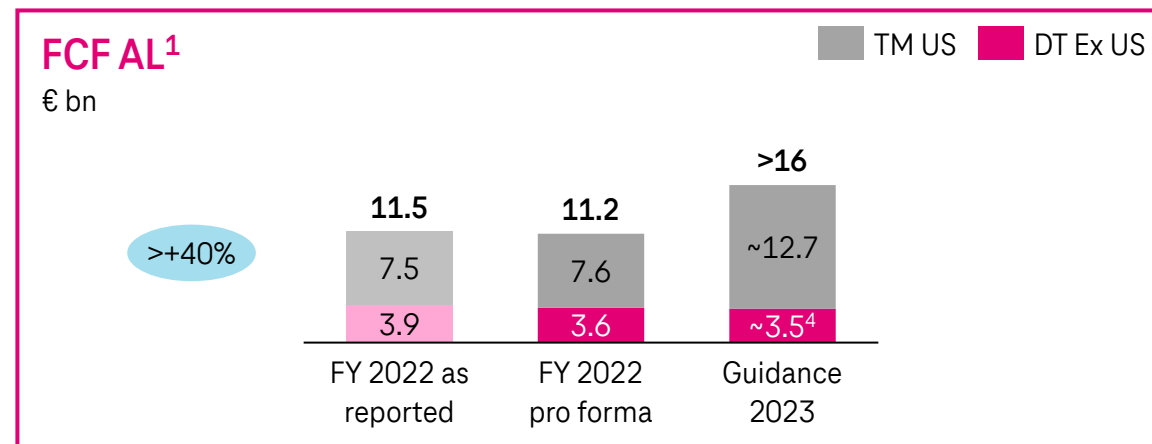
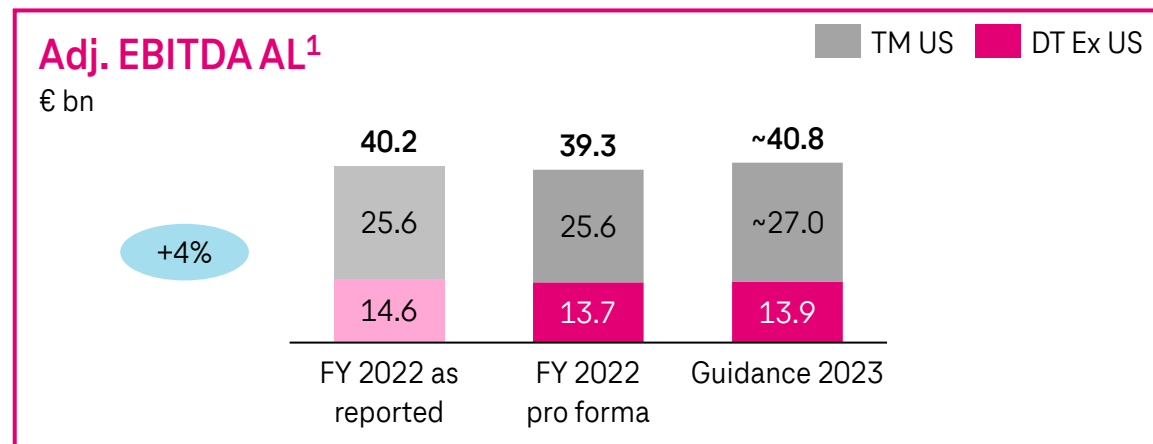
Review guidance 2022 overdelivered



¹ Non-recurring elements in adj. EPS include gains from financial instruments, the contribution from T-Mobile NL in Q1/22, the held-for-sale effect Towers and the interest effect on the valuation of the civil service health insurance fund.

Guidance 2023

continued growth



¹ TM US guidance is based on midpoint of US GAAP guidance of US\$29.0 - 29.5 bn adj. EBITDA; of US\$ 28.7-29.2 bn core adj. EBITDA and of US\$13.1-13.6 bn FCF. Guidance assumes a negative bridge of US\$0.8-0.85 bn on adj. EBITDA and core adj. EBITDA upon translation into IFRS. Based on 1€ = US\$1.05. ² On recurring basis ³ Non-recurring elements in adj. EPS include gains from financial instruments, the contribution from T-Mobile NL in Q1/22, the held-for-sale effect Towers and the interest effect on the valuation of the civil service health insurance fund. ⁴ Includes €0.2 bn of cash returns and €0.15 bn cash taxes related to tower transaction

FY 2022 results

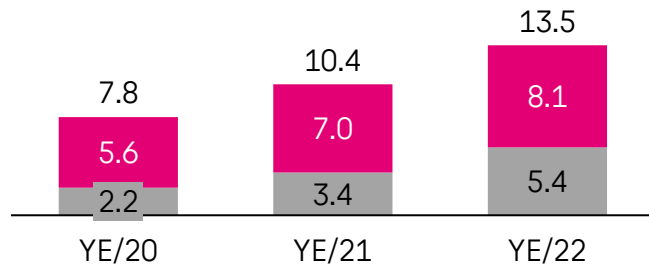
CMD review

Networks

leading with 5G, FTTH well on track

FTTH (1 Gbps)

Homes passed
mn

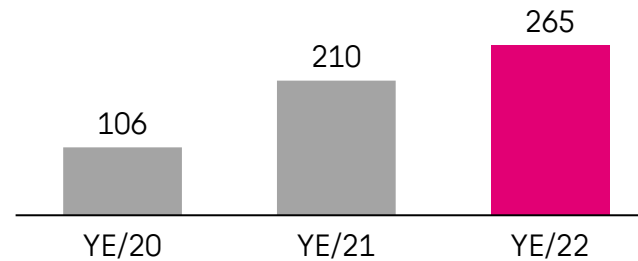


- 2022 targets reached and on track for CMD targets
- Multiple collaborations agreed, incl. Glasfaser+

■ EU ■ GER

5G TM US

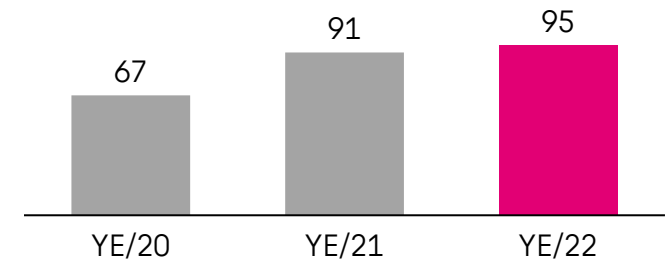
Ultra capacity 5G¹
mn POPs



- On track for 300m target YE 2023
- 98% of Americans reached with 5G (incl. Low Band)

5G Germany

% of POPs

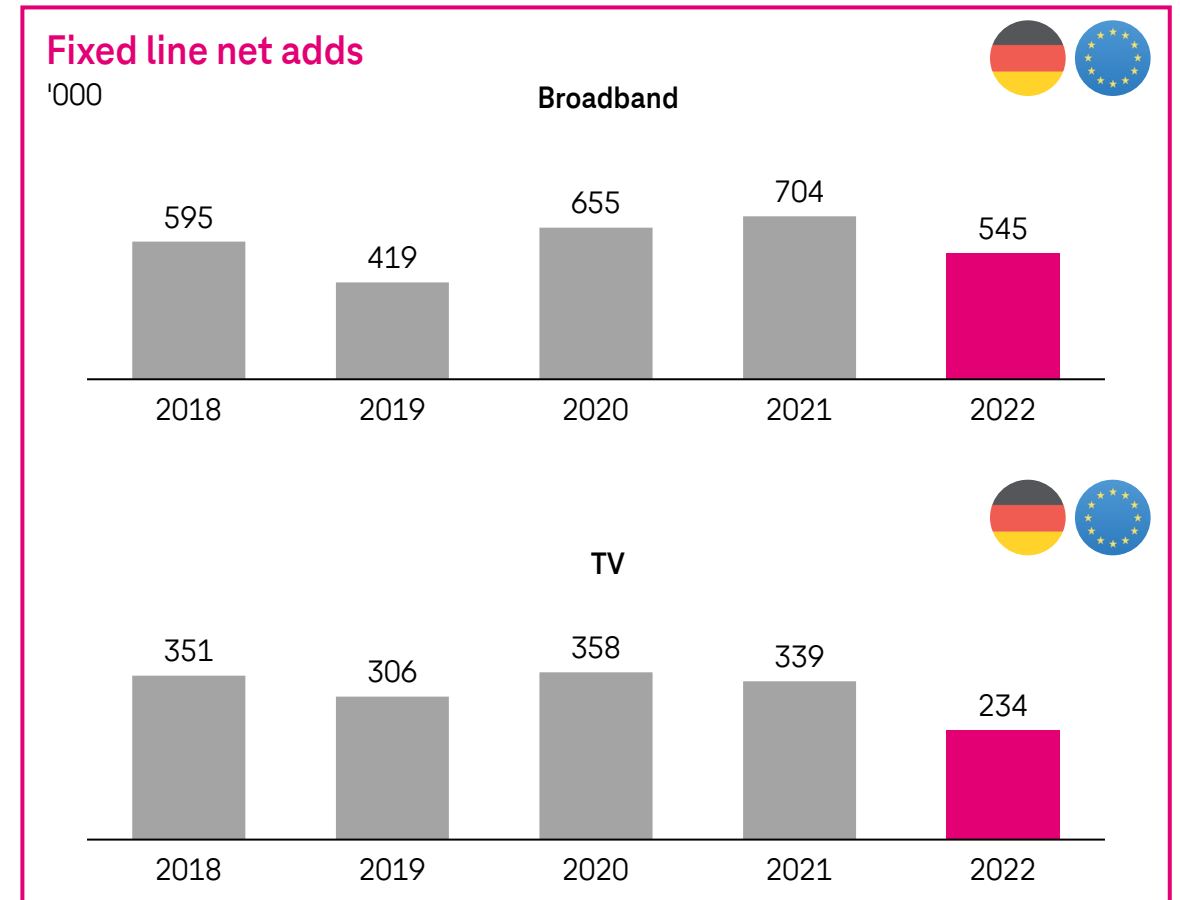
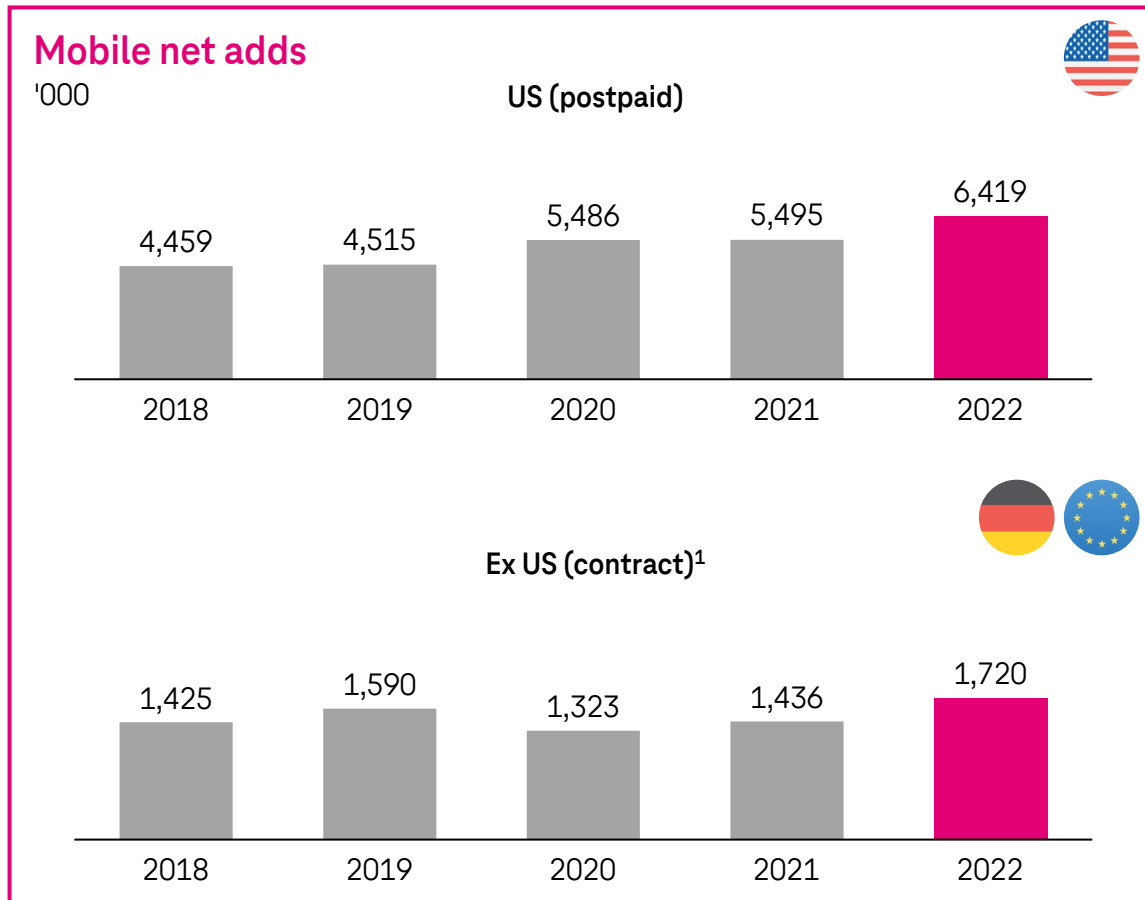


- 8k antennas with 3.6GHz
- European 5G coverage at 47.4%

¹ Extended range on 600 MHz, Ultra capacity on 2.5 GHz

Customers

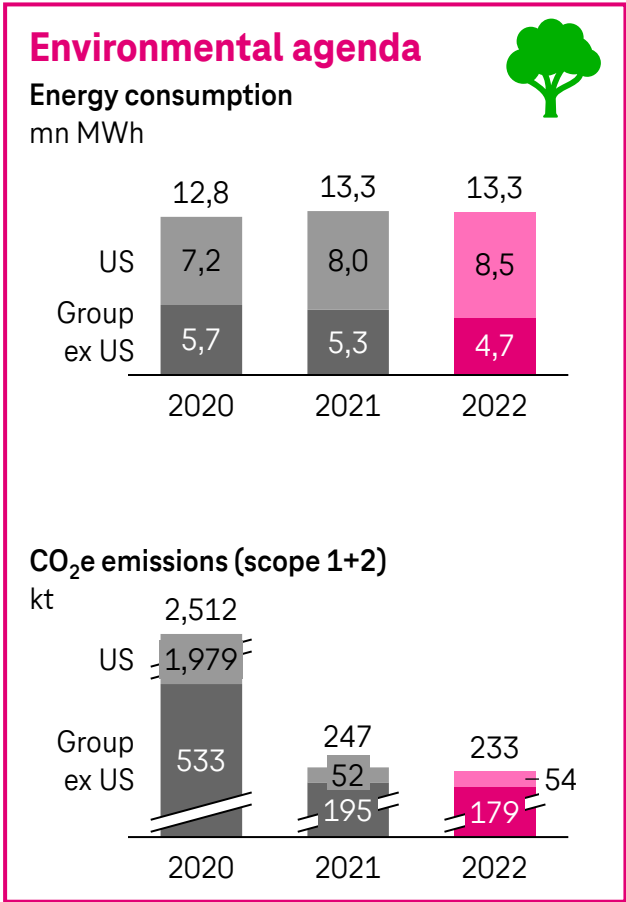
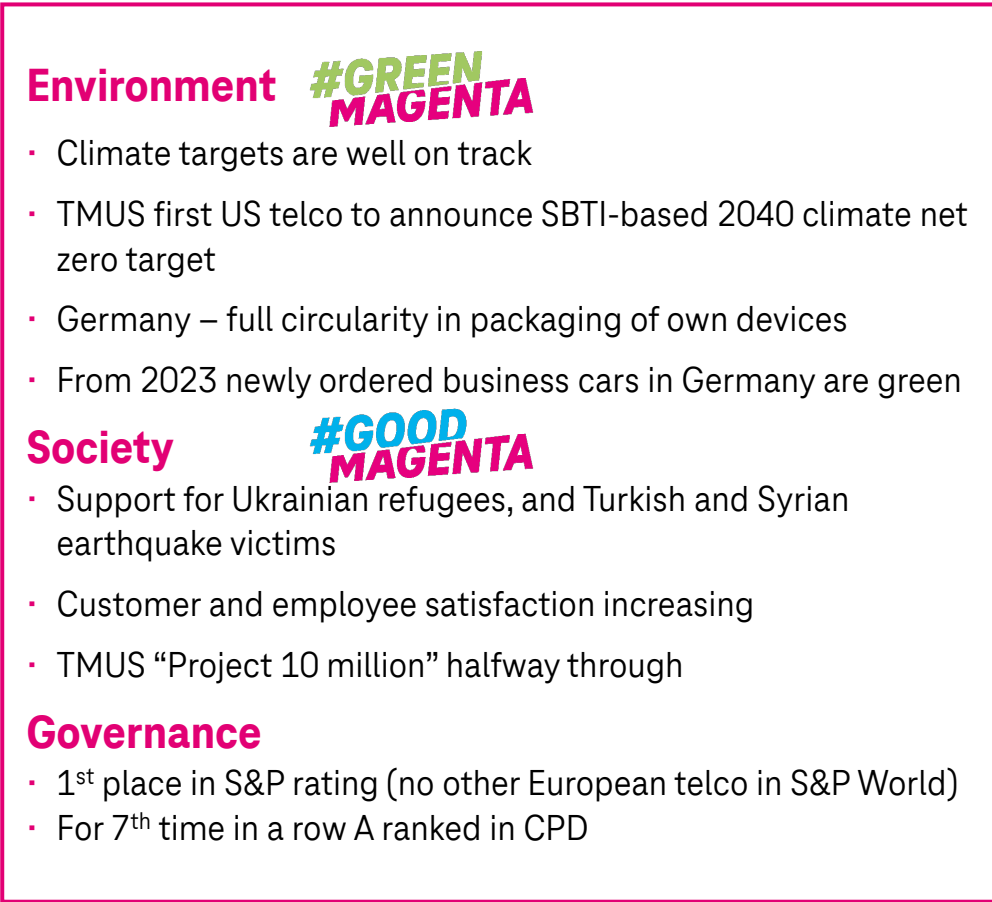
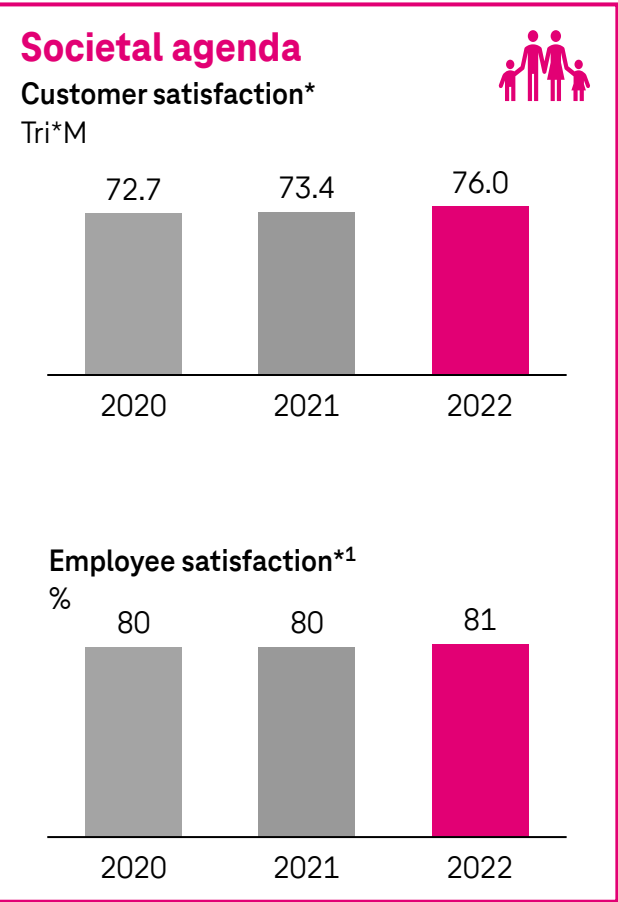
strong growth in every year



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

Society and Environment

strong ESG performance; ex US energy consumption reduced



*ex US

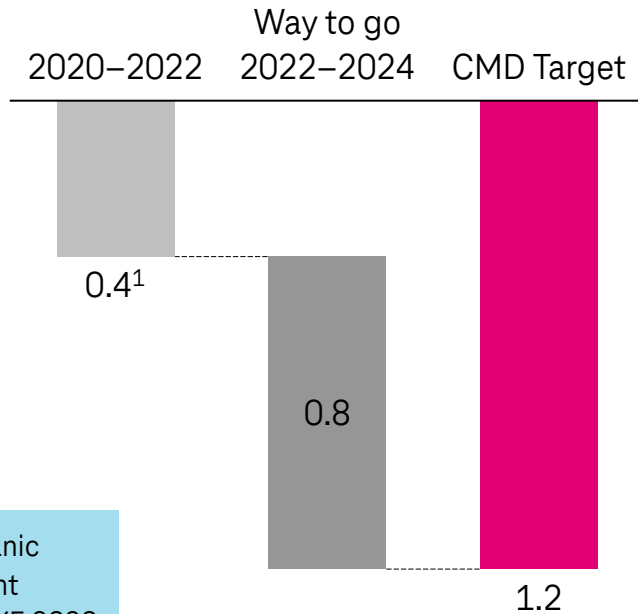
¹ positive answer on employee/pulse survey question: “How do you feel at our company”

Indirect costs

progress required for CMD ambition

Organic net savings (ex US)

€ bn



3% average organic annual headcount reduction since YE 2020 in ex US

CMD target

Current Status

Germany/GHS



≈-€0.7 bn

· On track



Europe



≈-€0.3 bn

· Significant cost inflation



Systems Solutions



≈-€0.2 bn

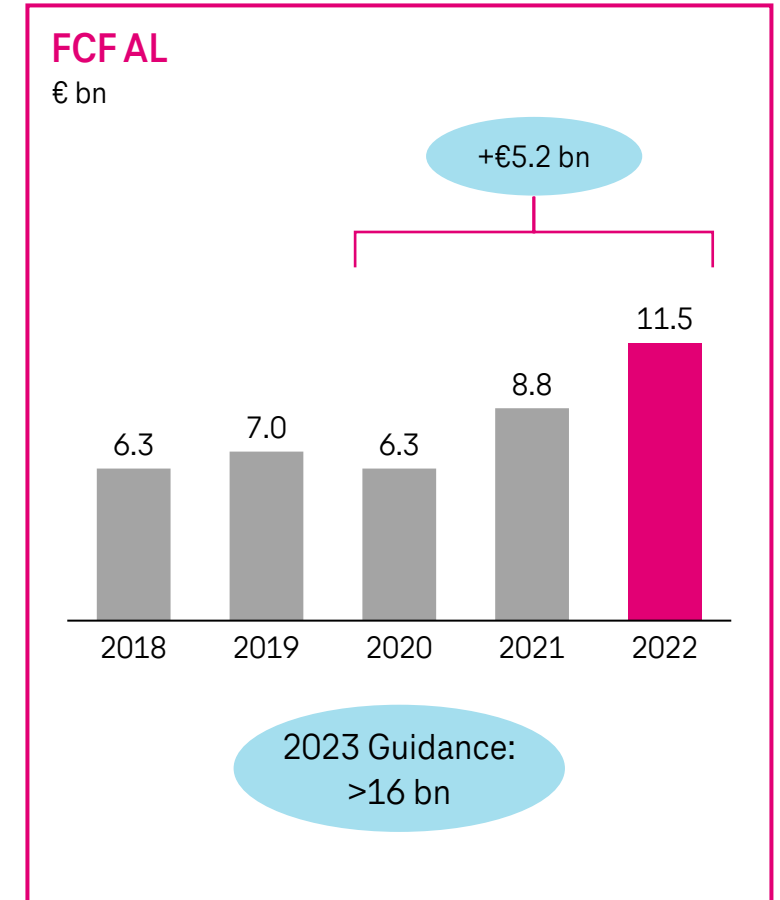
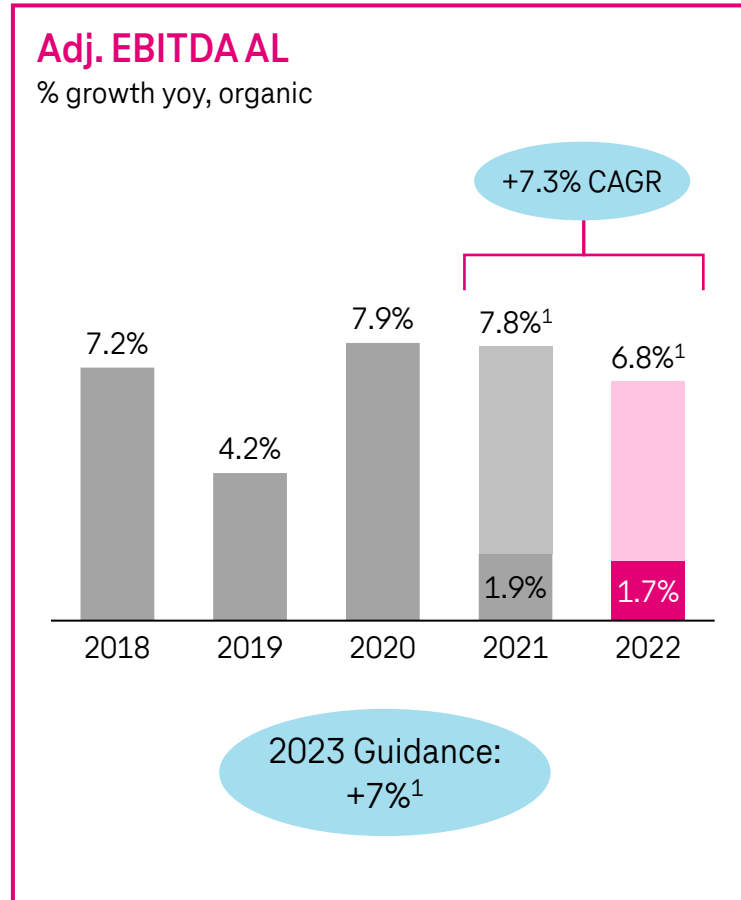
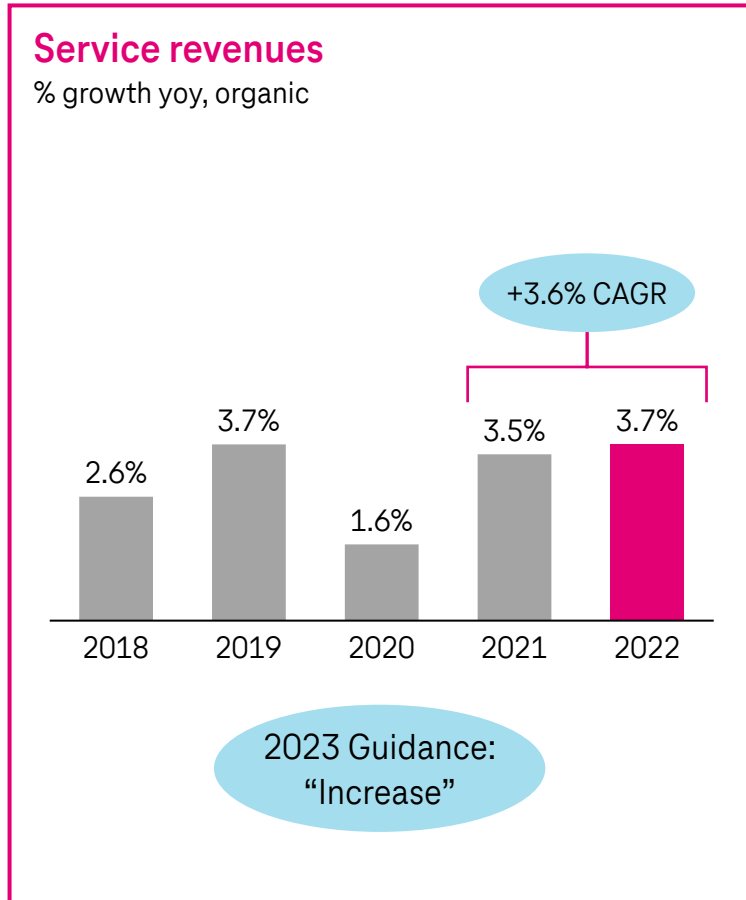
· Less favorable revenue mix



¹excl. Hungary telco tax

Group Financials 2018–2022

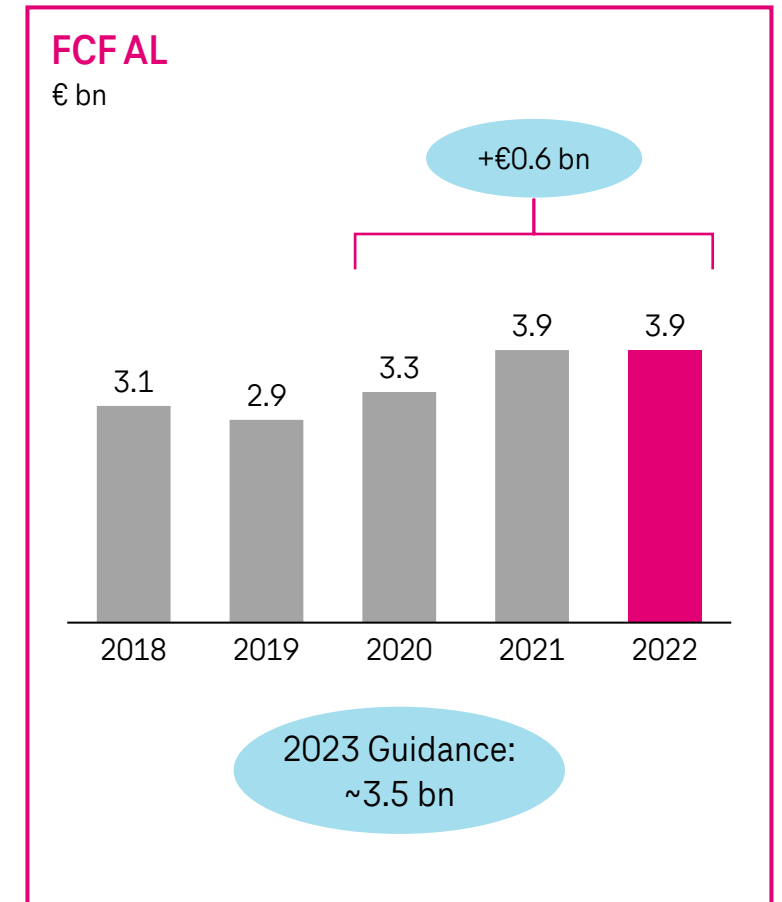
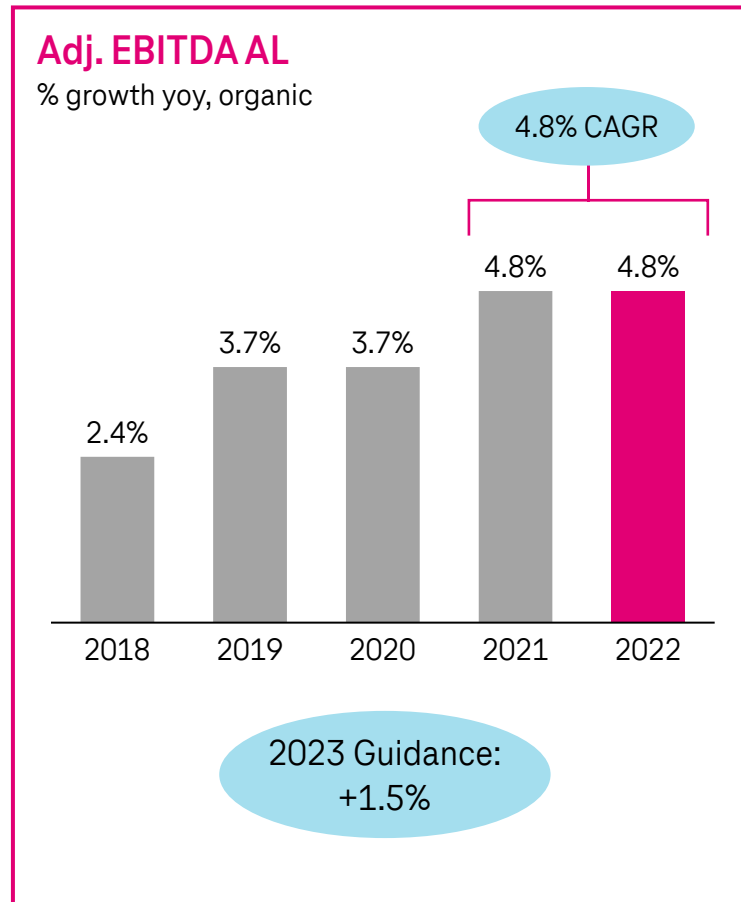
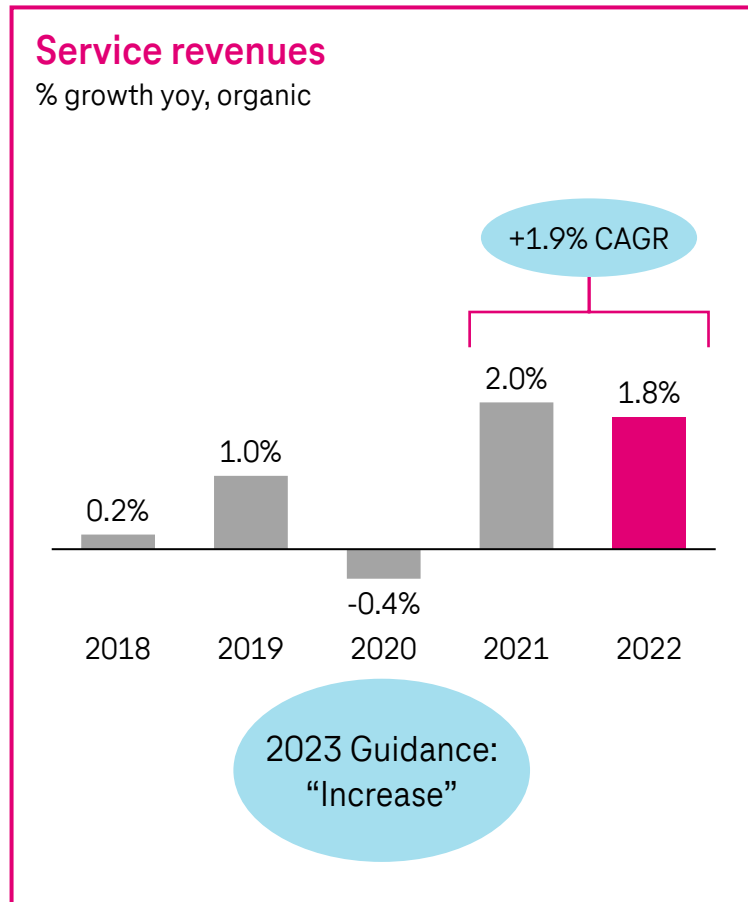
multi-year growth in key financials



¹adj. Core EBITDA

Ex US Financials 2018–2022

multi-year growth in key financials



Capital allocation/portfolio

delivering on CMD capital allocation priorities

- **High investments in 2022**

- Capex: €21.0 bn
- Spectrum: €3.1 bn
- Merger costs (US): US\$5.0 bn

- **Major portfolio moves since CMD 2021**

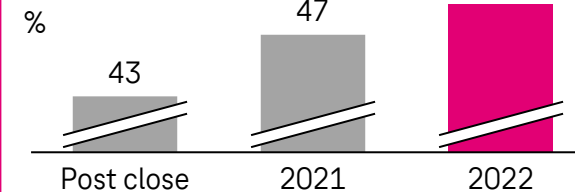
- US\$5 bn share swap with Softbank
- Sale of 75% of TM-NL for €3.8 bn (8.7x LTM EBITDA AL); €2.2 bn reinvested in TM US
- Sale of 51% of GD Towers for €10.7 bn (27 x adj. 2021 PF EBITDA AL)

- **Launch of TM US Share buyback**

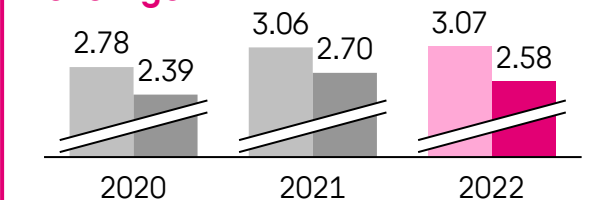
- \$3 bn bought back in 2022 already
- A remaining \$11 bn authorized for 2023

Achievements 2020–2022

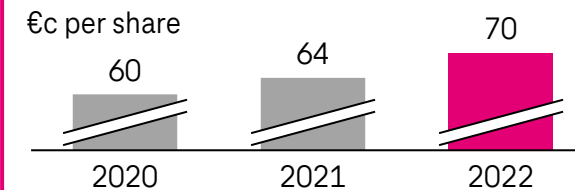
TM US Stake



Leverage



Dividend



Outlook 2024

CMD ambition:
TMUS ownership
>50%



CMD ambition:
leverage of 2.25x –
2.75x (incl. leases)



CMD ambition:
40 – 60% of adj.
EPS, floor of €c60



CMD review

well on track for mid-term financial ambitions

	2020–2024 midterm ambition level ¹	Achievements 2020–2022	Outlook 2024
Revenues	Group: CAGR +1–2%	+2.2%	●
Total service revenues	Group: CAGR +3–4%	+3.6%	●
Adj. EBITDA AL	Group: CAGR +3–5%	+1.8%	●
	Ex US: CAGR +2–3%	+4.8%	●
Adj. Core EBITDA AL	Group: CAGR +5–6%	+7.3%	●
FCF AL	Group: > €18 bn	€11.5 bn in 2022	●
	Ex US: €4 bn	€3.9 bn in 2022	●
Adj. EPS	> €1.75	€1.83 in 2022 (€1.51 recurring)	●
ROCE	> 6.5%	4.5% (reflects US merger costs)	●
Cash Capex	Ex US: ~€8.2 bn	€7.7 bn in 2022	●
Adj. indirect cost AL	Ex US: -€1.2 bn (net savings)	-€0.4 bn (net savings)	●
Shareholder remuneration policy ²	Adj. EPS payout ratio 40 – 60%, Floor €60 c	€70 c for 2022 ²	●

¹ Based on constant exchange rates (average exchange rate 2020 of €1 = US\$1.14) and no further changes in the scope of consolidation ² Subject to necessary AGM approval and Board resolution

FY 2022 results

Review segments

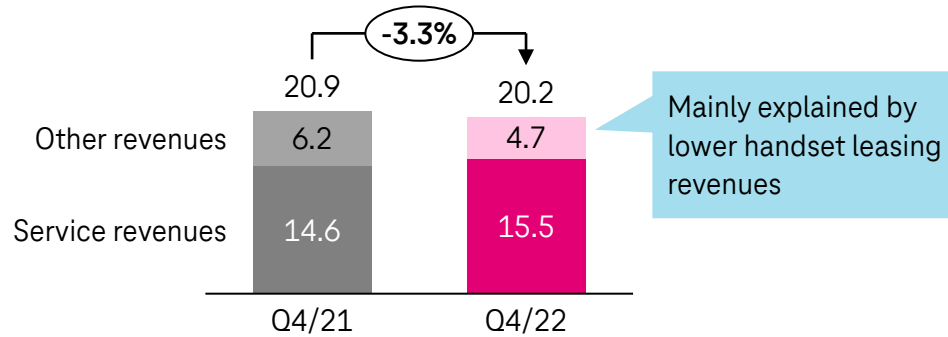
T-Mobile US

strong financial growth



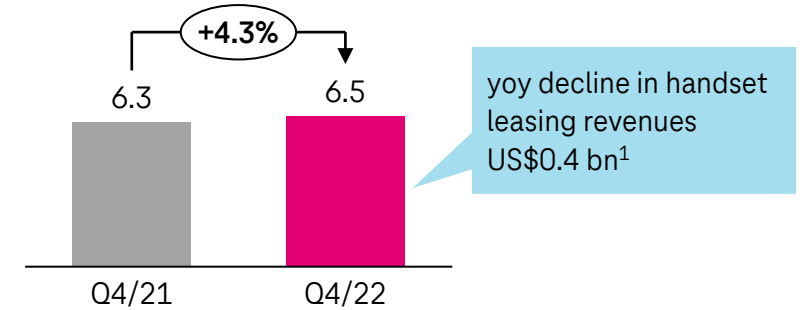
Revenues (IFRS)

US\$ bn



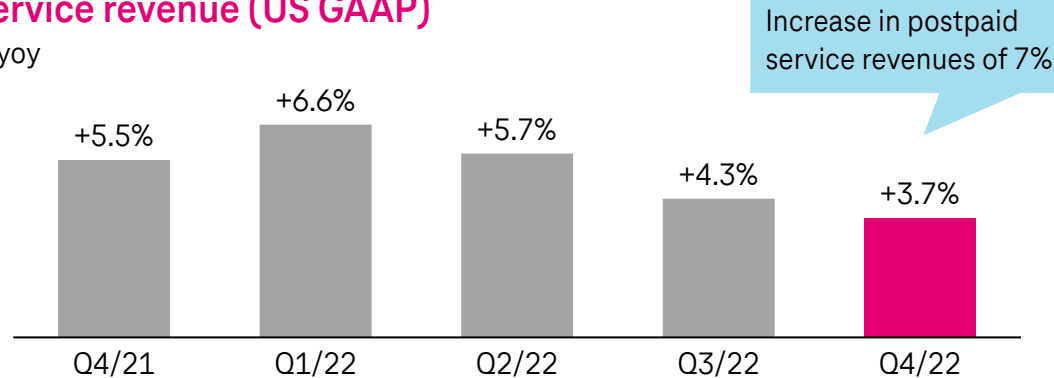
Adj. EBITDA AL (IFRS)²

US\$ bn



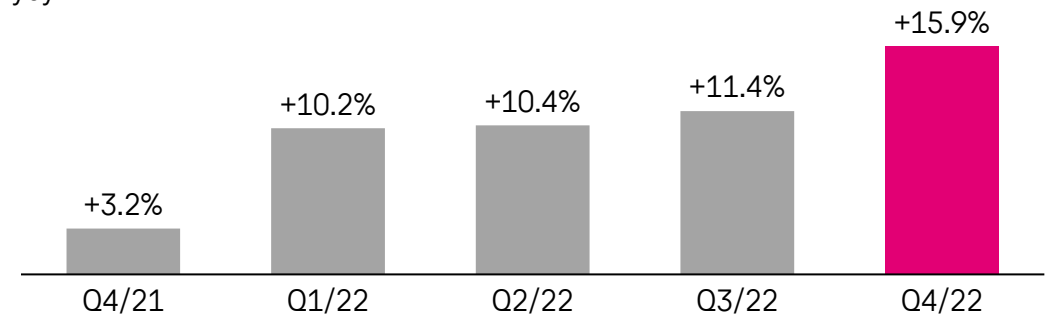
Service revenue (US GAAP)

% yoy



Core adj. EBITDA (US GAAP)

% yoy

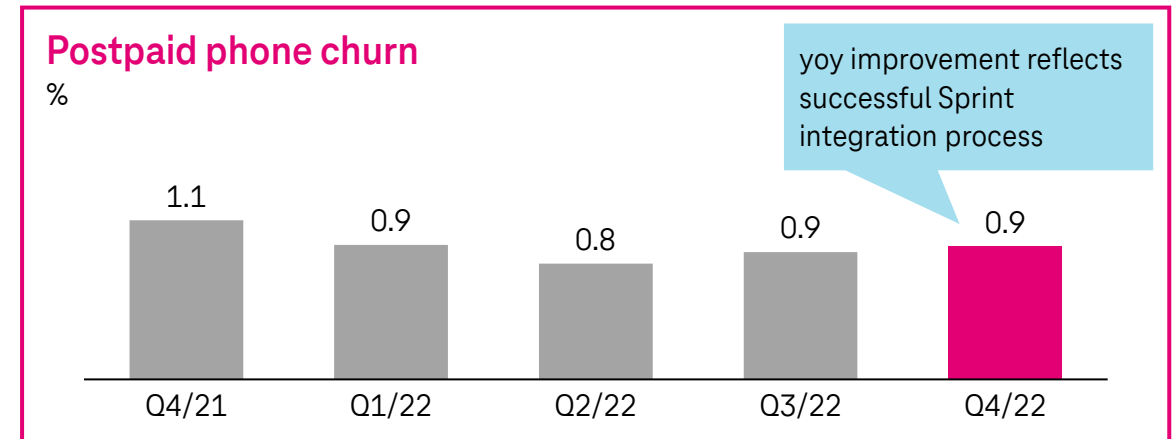
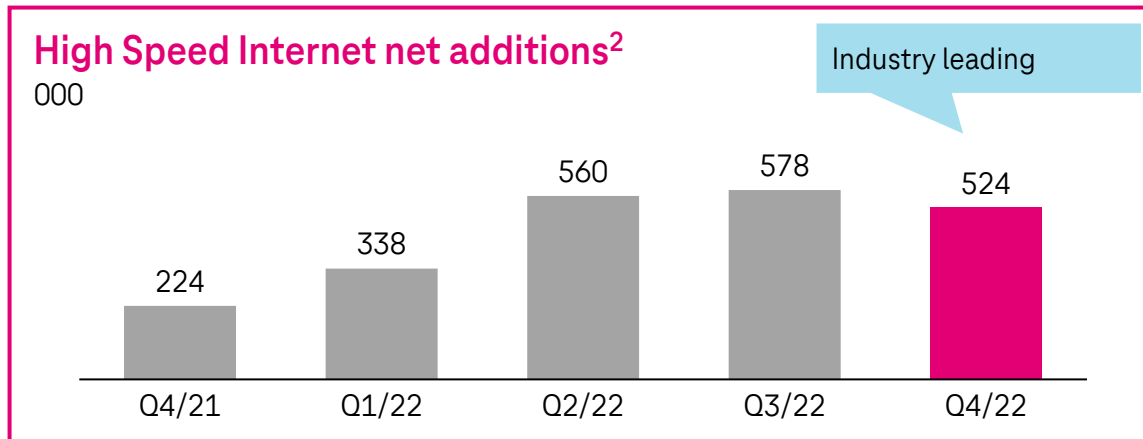
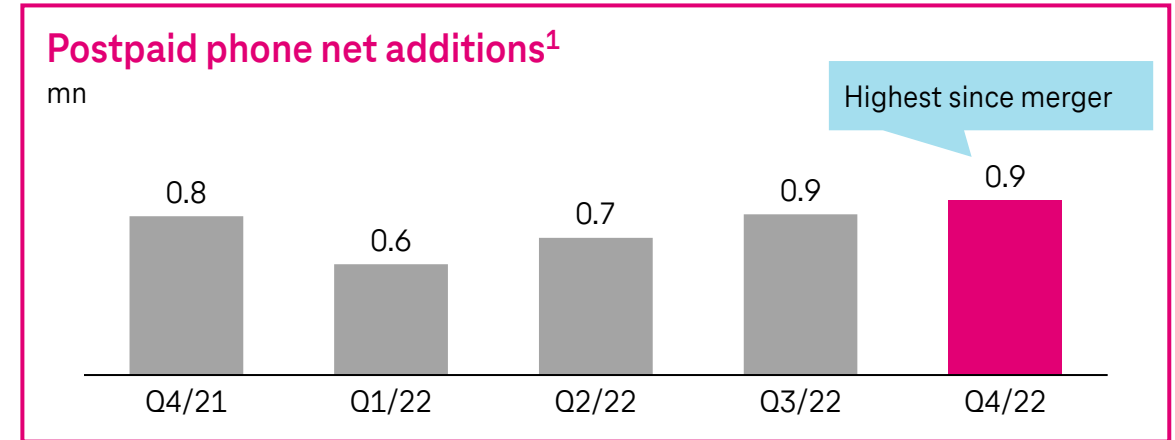
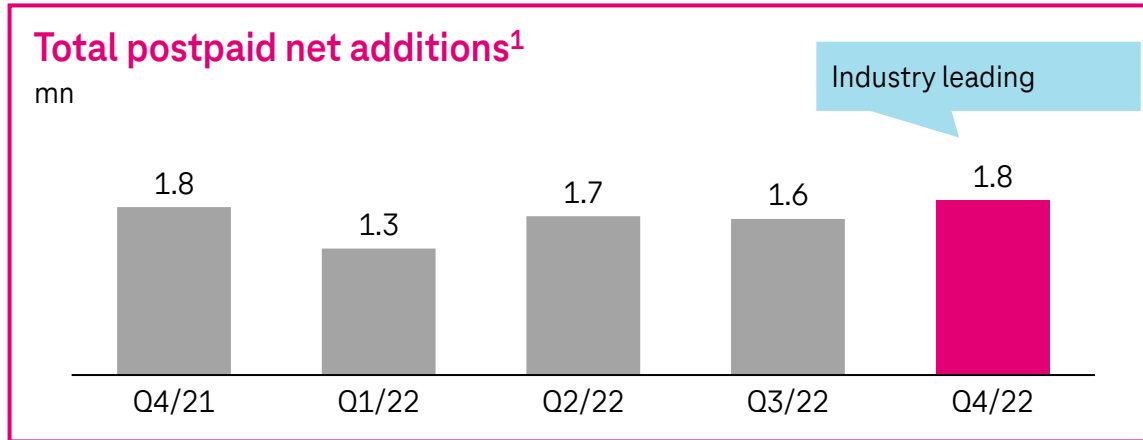


¹ TM US has refocused its distribution policy towards Equipment Installment Plans, which results in a decrease of handset leasing revenues and a corresponding decline in revenue and EBITDA AL. Service revenues are not impacted.

² For IFRS bridge please refer to appendix.

T-Mobile US

highest postpaid phone growth since merger



¹ Net adds are excluding the following base adjustments: customers impacted by the decommissioning of the legacy Sprint CDMA and LTE and T-Mobile UMTS networks have been excluded from our customer base resulting in the removal of 212,000 postpaid phone customers and 349,000 postpaid other customers in the first quarter of 2022 and 284,000 postpaid phone customers, 946,000 postpaid other customers and 28,000 prepaid customers in the second quarter of 2022. In connection with our acquisition of companies, we included a base adjustment in the first quarter of 2022 to increase postpaid phone customers by 17,000 and reduce postpaid other customers by 14,000. Certain customers now serviced through reseller contracts were removed from our reported postpaid customer base resulting in the removal of 42,000 postpaid phone customers and 20,000 postpaid other customers in the second quarter of 2022. ² Postpaid + Prepaid

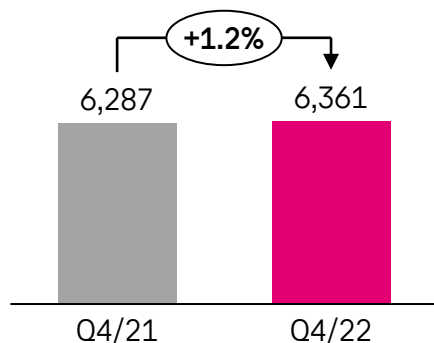
Germany

25th consecutive quarter of EBITDA growth



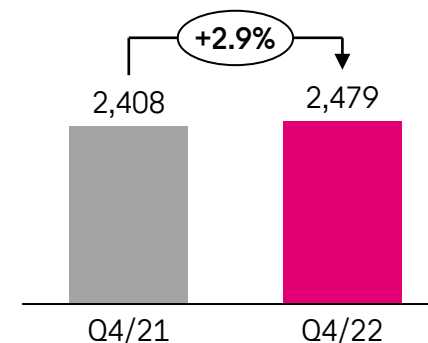
Revenues (as reported)

€ mn



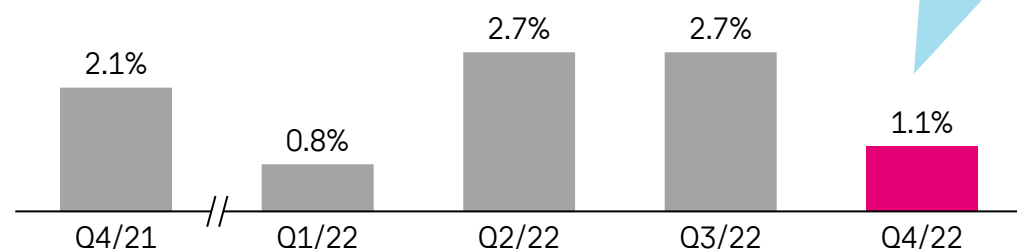
Adj. EBITDA AL (as reported)

€ mn



Revenue growth (organic)

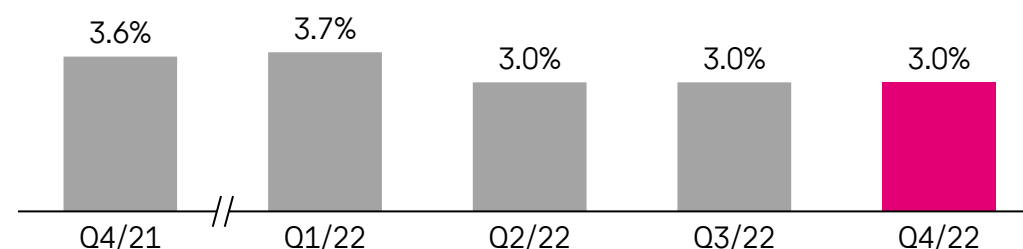
% yoy



Slowdown explained by lower equipment revenues

Adj. EBITDA AL (organic)

% yoy



As of Q3 the Security services were transferred from the Systems Solutions segment to the Germany segment and the revenue recognition for certain customer transactions (principal agent) was changed. Growth rates for 2022 are presented on a re-stated basis. Growth rates for 2021 were not re-stated and remain as previously disclosed.

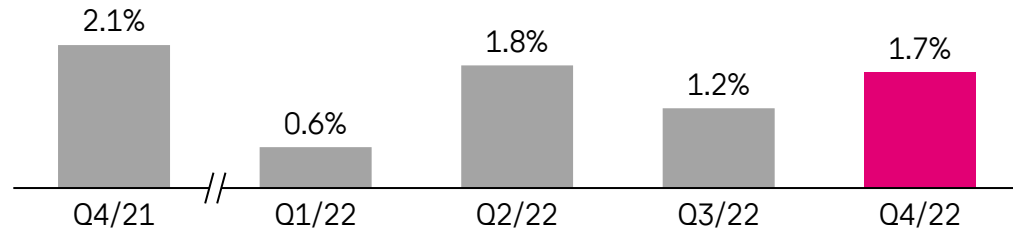
Germany

service revenues: growing across the board



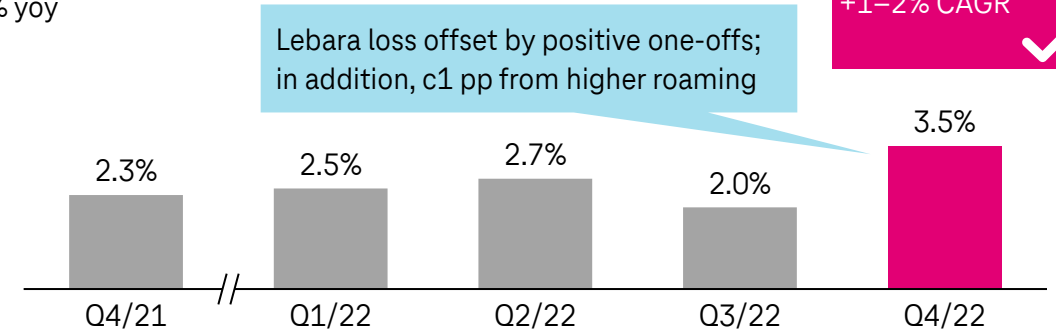
Total service revenue growth (organic)¹

% yoy



Mobile service revenue growth (organic)

% yoy



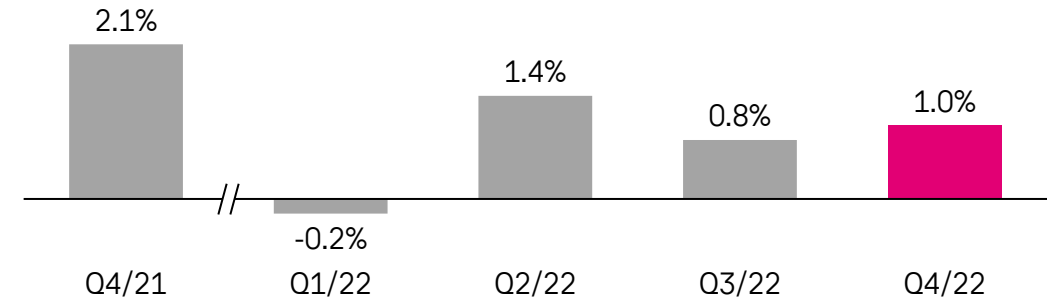
Revenue growth (reported)

% yoy

- Reported Total Service revenue growth +1.9%
- Reported Fixed Service revenue growth +1.2%
- Reported Mobile Service revenue growth +3.5%

Fixed service revenue growth (organic)¹

% yoy

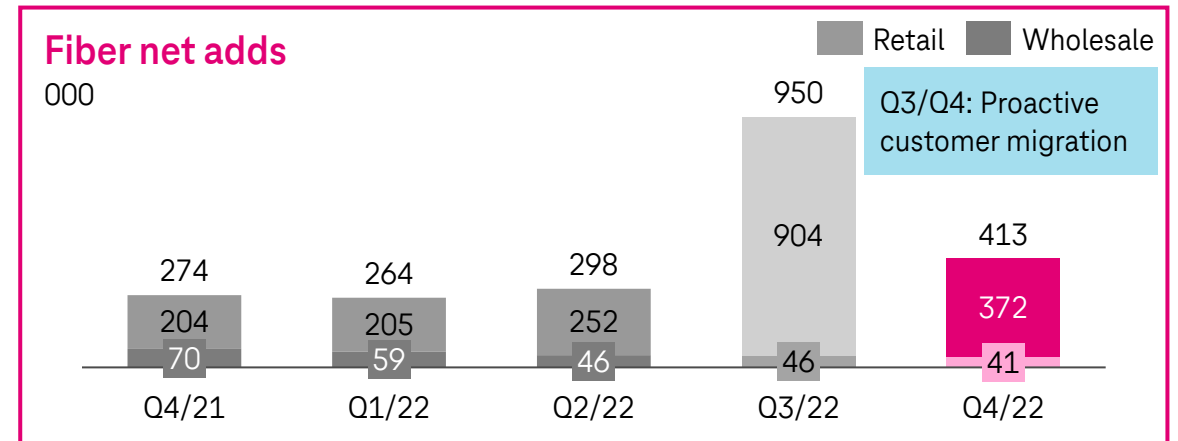
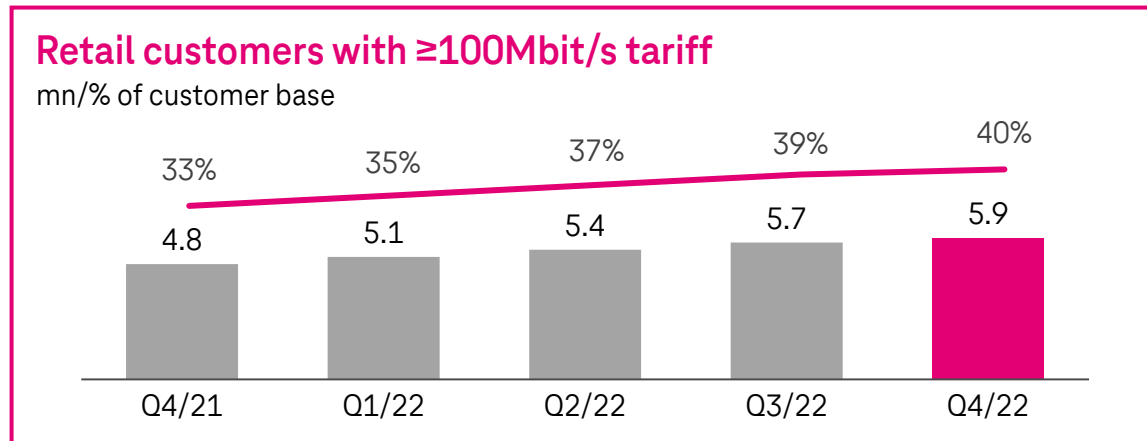
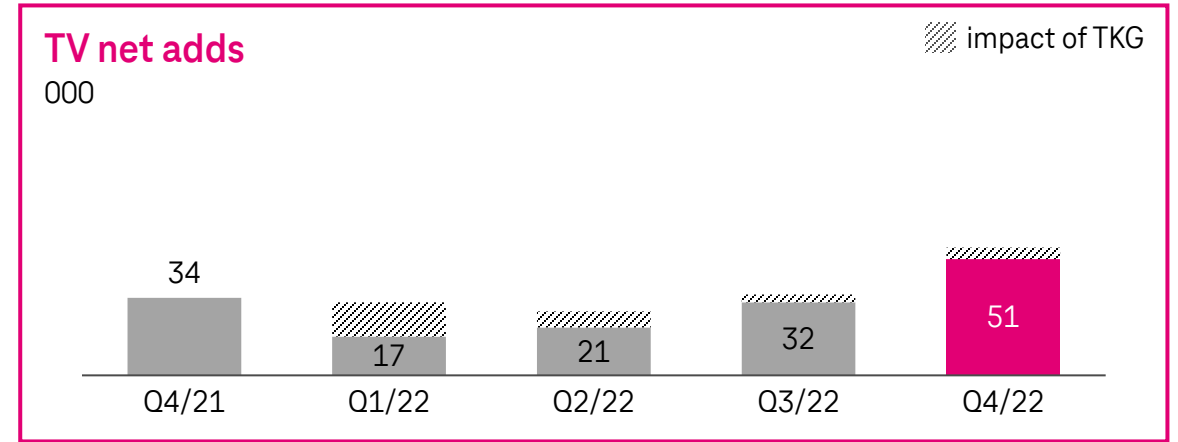
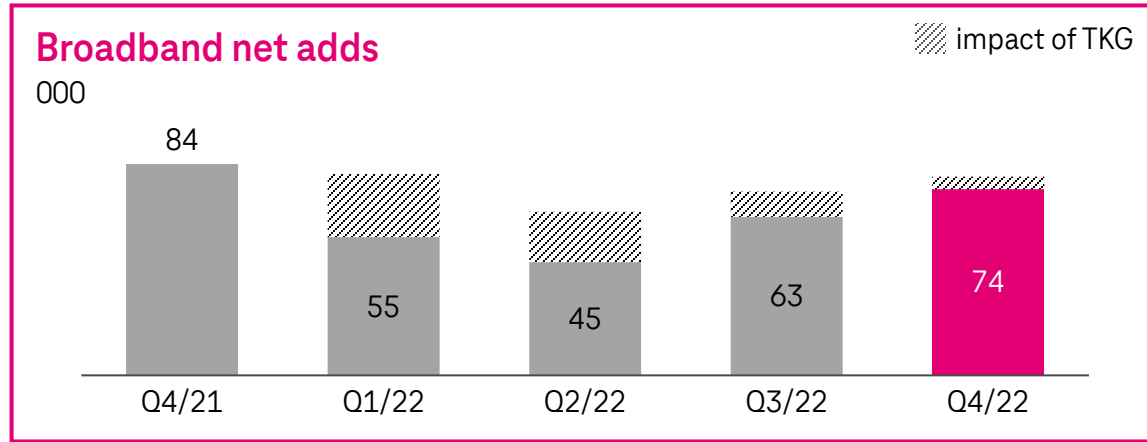


As of Q3 the Security services were transferred from the Systems Solutions segment to the Germany segment and the revenue recognition for certain customer transactions (principal agent) was changed. Growth rates for 2022 are presented on a re-stated basis. Growth rates for 2021 were not re-stated and remain as previously disclosed.

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 KPIs: net adds improved, strong upselling continues



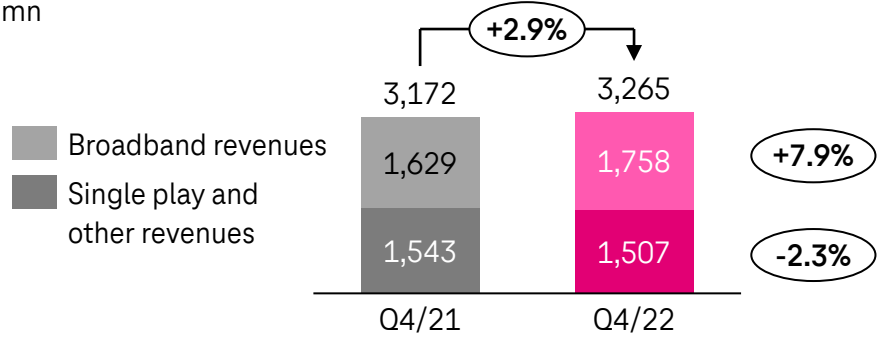
Germany

fixed revenues: strong broadband growth



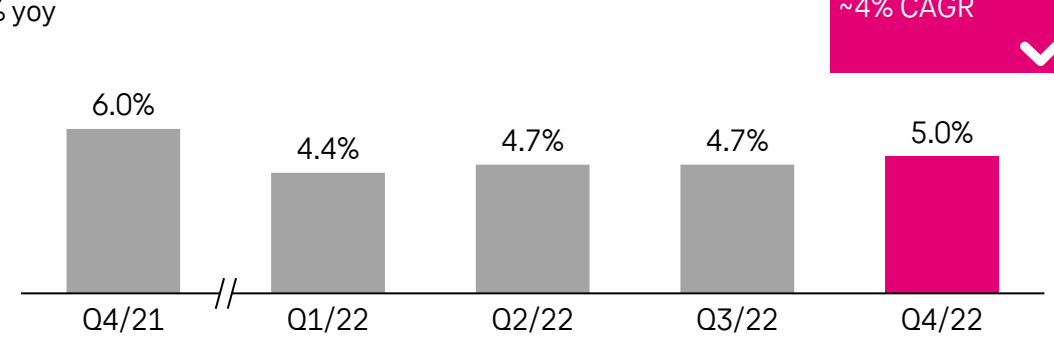
Retail fixed revenues (as reported)

€ mn



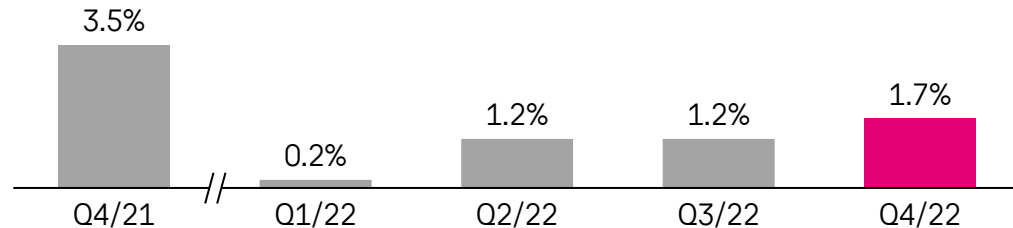
Broadband revenue growth (organic)²

% yoy



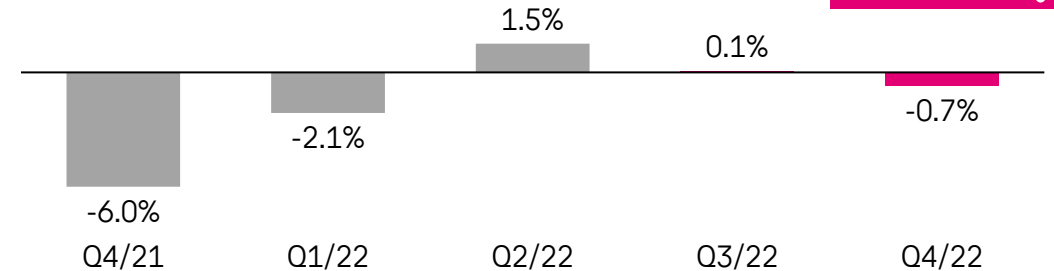
Retail fixed revenue growth (organic)^{1,2}

% yoy



Wholesale access revenues (organic)³

% growth yoy



As of Q3 the Security services were transferred from the Systems Solutions segment to the Germany segment and the revenue recognition for certain customer transactions (principal agent) was changed. Growth rates for 2022 are presented on a re-stated basis. Growth rates for 2021 were not re-stated and remain as previously disclosed.

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

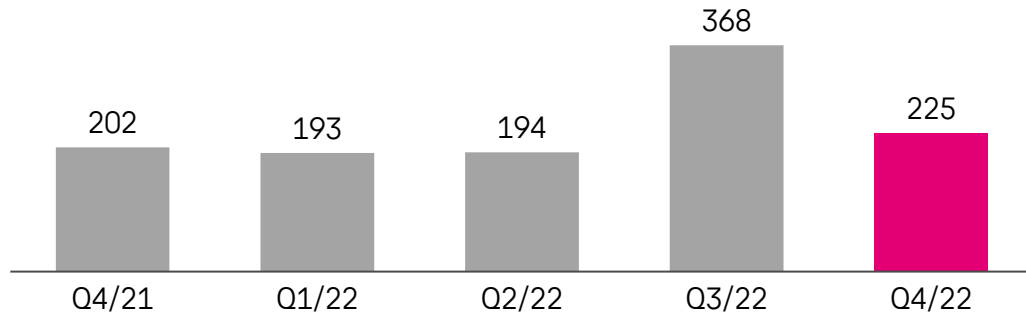
Germany

mobile KPIs: strong customer intake



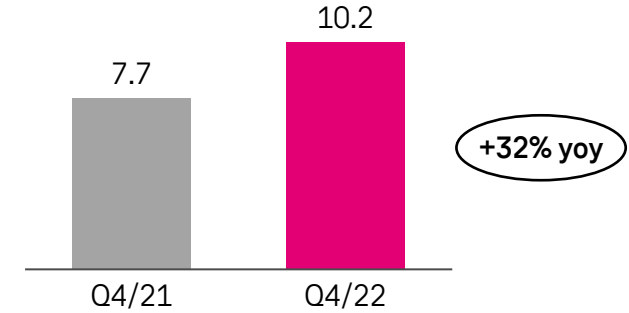
Branded contract net adds¹

000



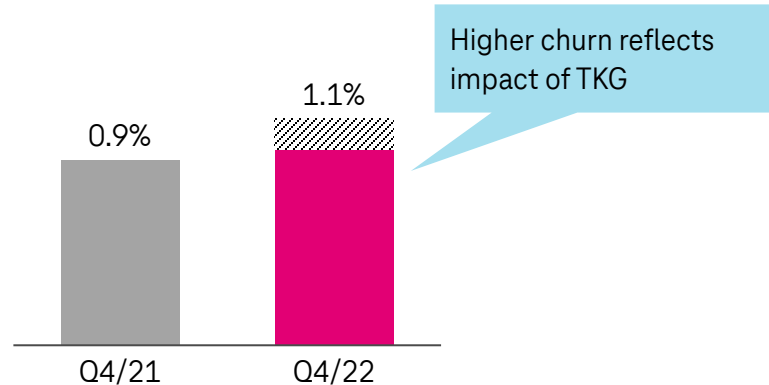
Data usage²

GB per month



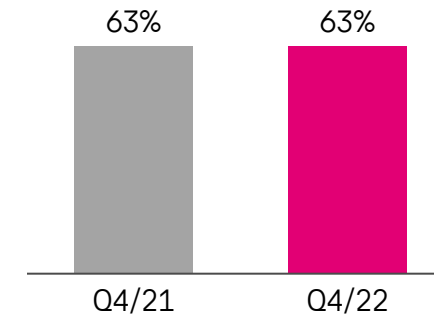
Churn²

%



Magenta EINS share (mobile)³

%



¹ Own branded retail customers excl. multibrand, consumer IoT and "Schnellstarter" ² Of B2C T-branded contract customers ³ Of B2C T-branded contract customers

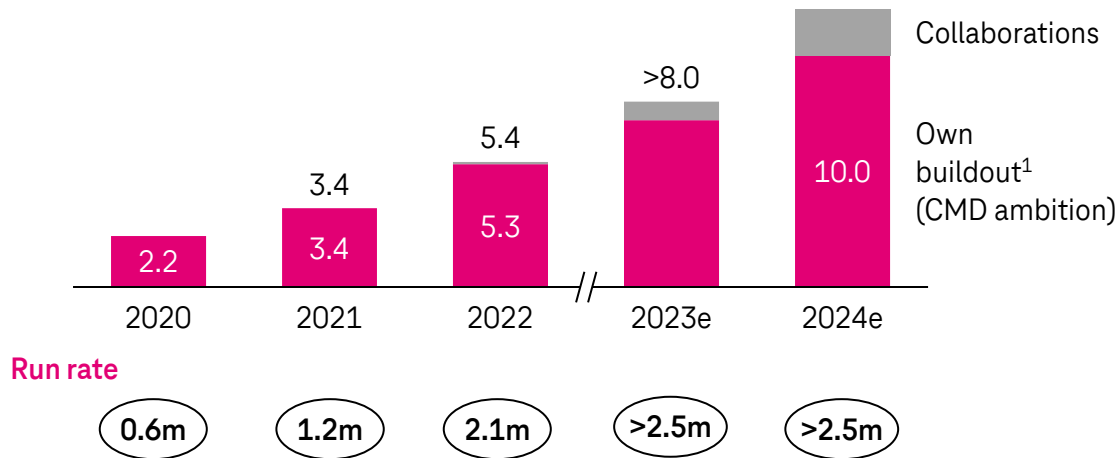
Germany



FTTH: on track with buildout and monetization

Progress with FTTH buildout

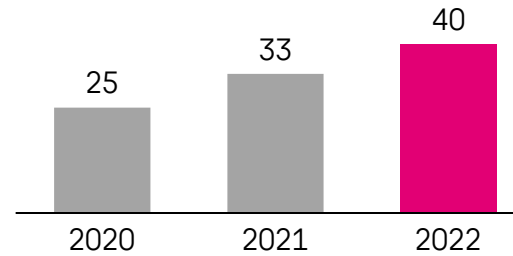
Homes passed, mn



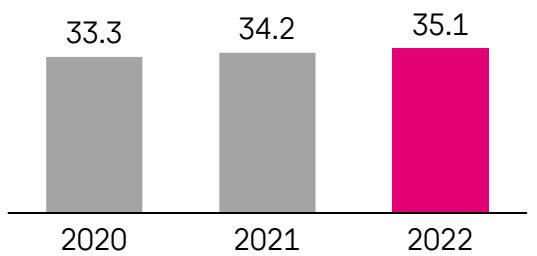
• Fiber JV with IFM to pass 4m rural homes by 2028

Progress with monetization

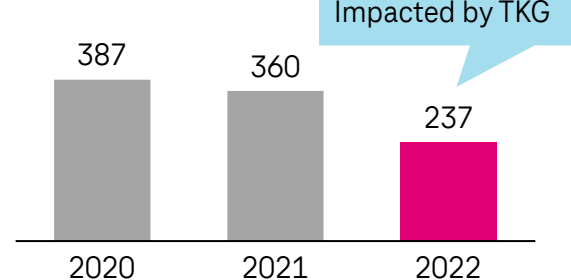
Share of ≥ 100 Mbps contracts
% of broadband base



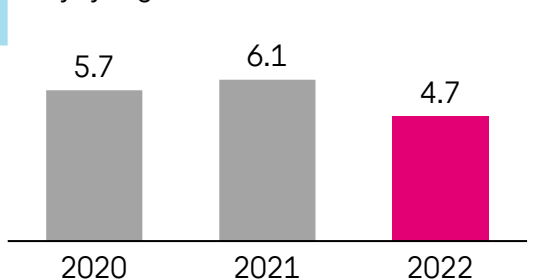
Retail broadband ARPA²
€/month



Broadband Net Adds
000



Broadband revenue growth
% yoy organic



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

Germany

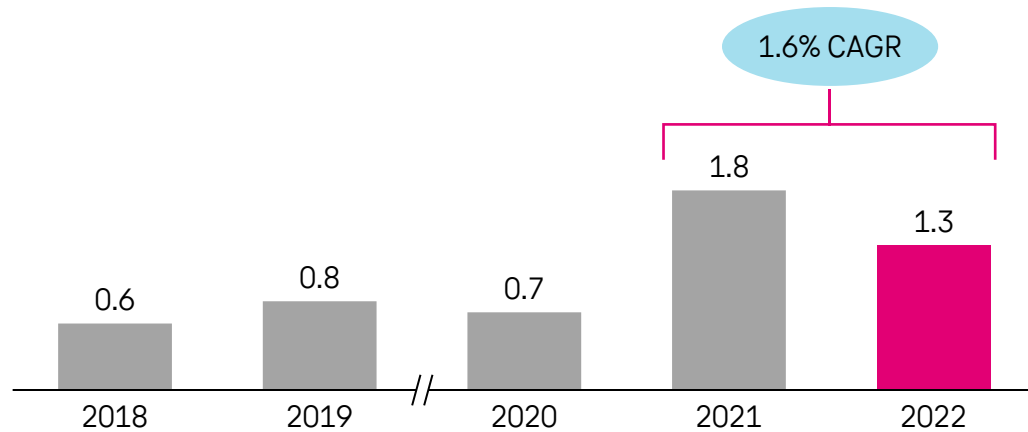
2018–2022 financials: consistent multi-year growth



Total service revenue

% growth yoy, organic

CMD ambition:
>= 1% CAGR

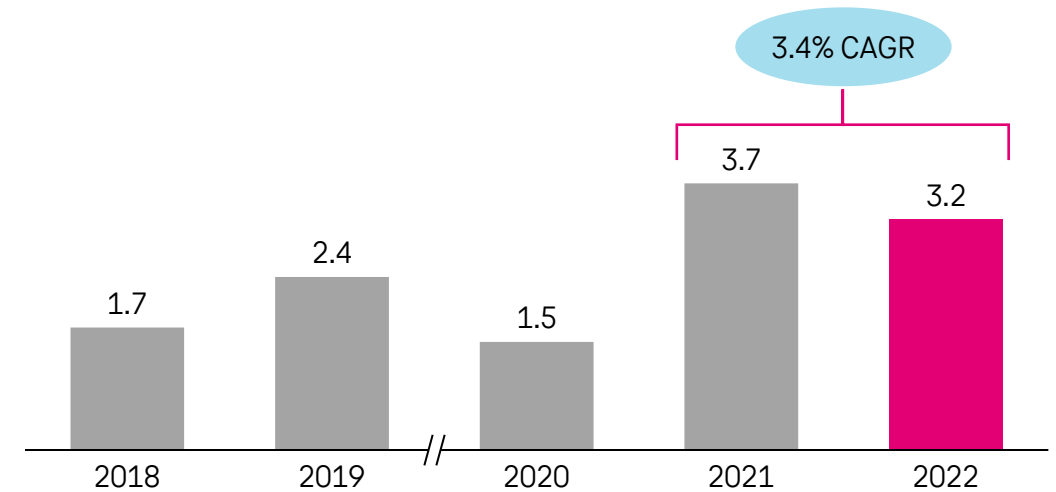


2023 Guidance:
"Slight Growth"

Adj. EBITDA AL

% growth yoy, organic

CMD ambition:
+2.5 – 3.0% CAGR



2023 Guidance:
~3%

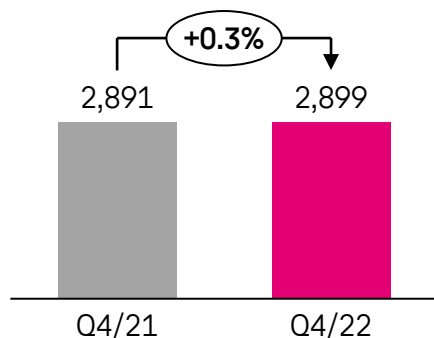
Europe

20th consecutive quarter of organic EBITDA growth



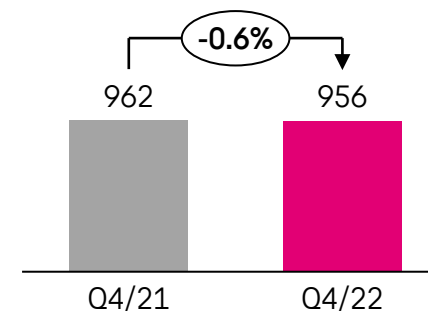
Revenues (as reported)

€ mn



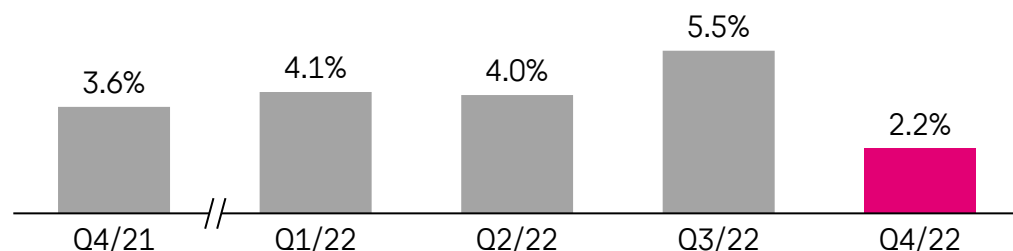
Adj. EBITDA AL (as reported)

€ mn



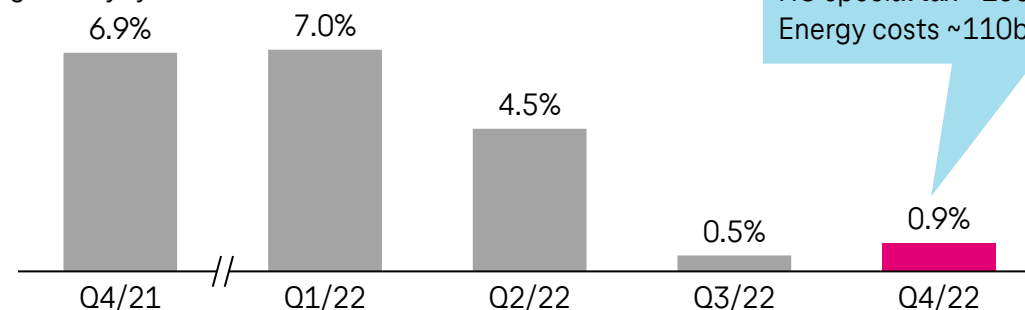
Revenues (organic)

% growth yoy



Adj. EBITDA AL (organic)

% growth yoy



Q4 Headwinds:
HU special tax ~150bps
Energy costs ~110bps

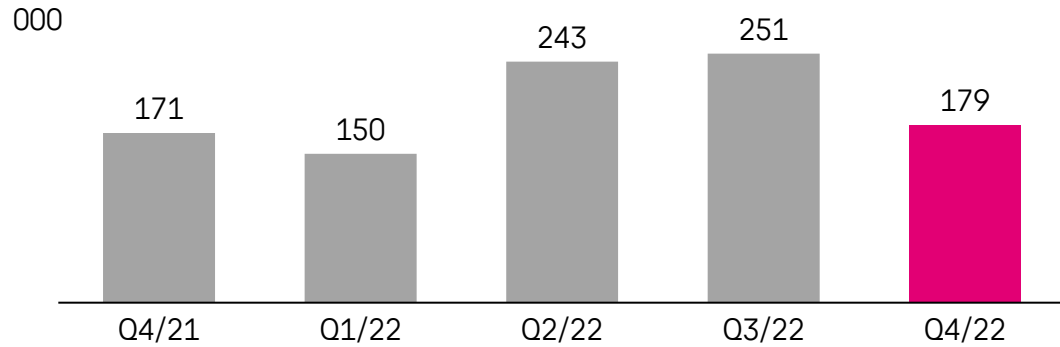
As of Q3 the revenue recognition for certain customer transactions (principal agent) was changed. Growth rates for 2022 are presented on a re-stated basis. Growth rates for 2021 were not re-stated and remain as previously disclosed.

Europe

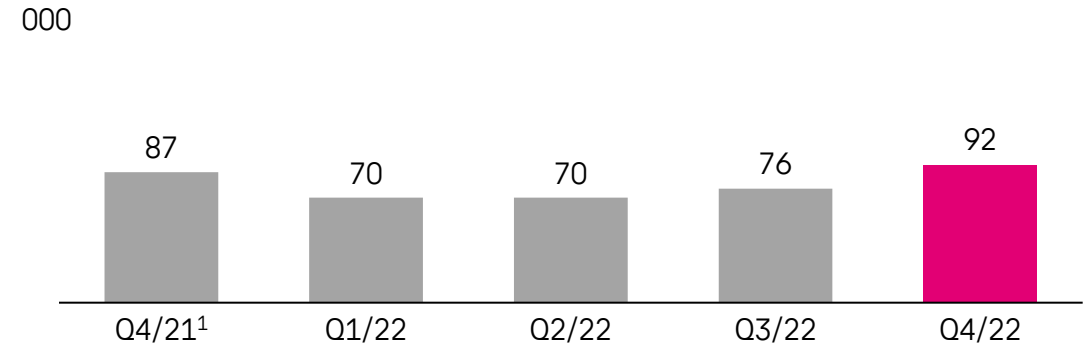
strong commercial performance



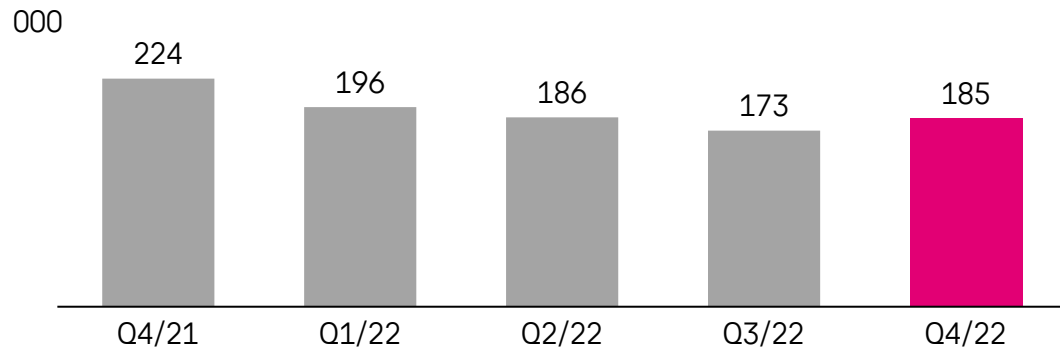
Mobile contract net adds



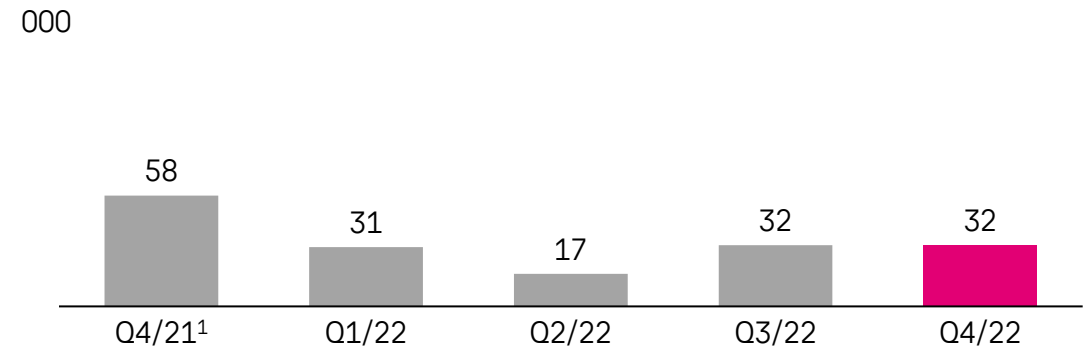
Broadband net adds



FMC net adds²



TV net adds



¹ Q4/21 adjusted for 6k customers acquired in Hungary. ² Alignment of definition for Poland in Q4/21.

Europe

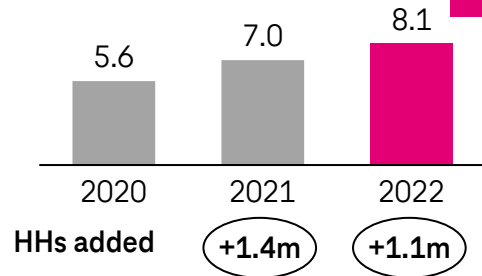
CMD review



FTTH (1 Gbps)

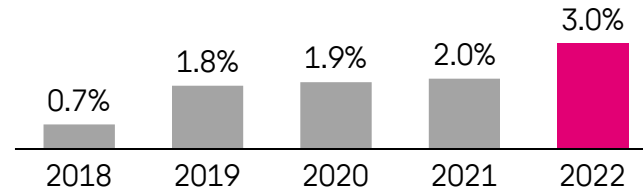
mn HHs

CMD ambition:
~10 m HHs 2024 ✓



Total service revenue growth

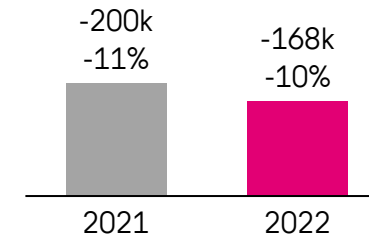
Organic, %



Digitization

truck rolls¹

CMD ambition:
“truck rolls reduced
by 15%” 2024 ✓

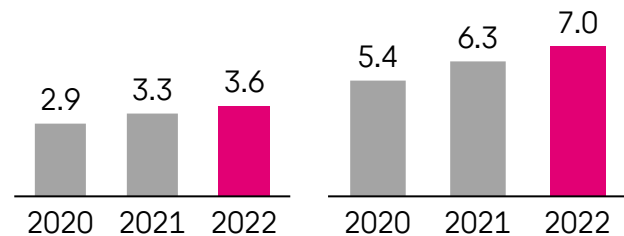


Convergence

mn

Homes

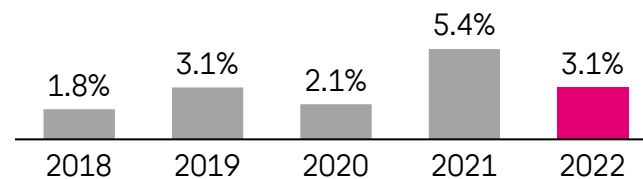
Subscribers



EBITDA (AL) adj. growth

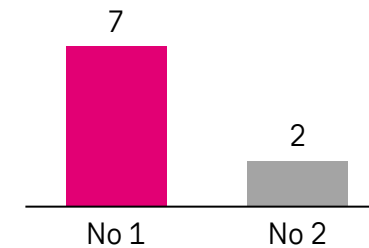
Organic, %

CMD ambition:
+1.5–2.5% CAGR ✓



Customer satisfaction

CMD ambition:
“#1 in TRI*M in all
markets” 2024 ✓



7 out of 10 Natcos #1 in B2C and B2B TRI*M

¹ Customer initiated field trips to fix service issues

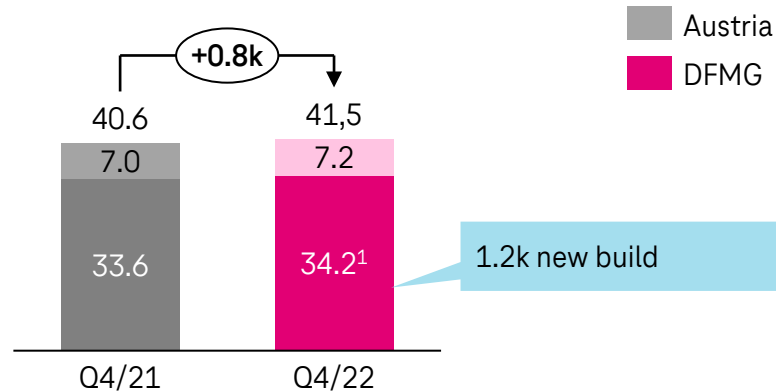
GD/Towers

strong growth



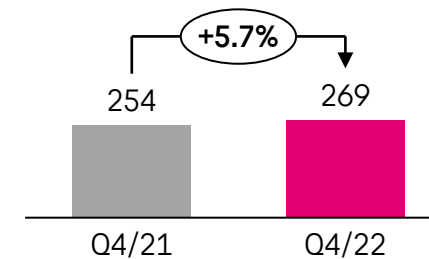
Total sites

000



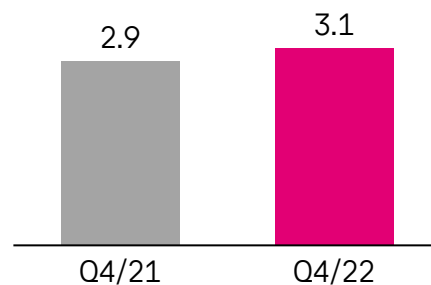
Recurring rental revenues

€ mn



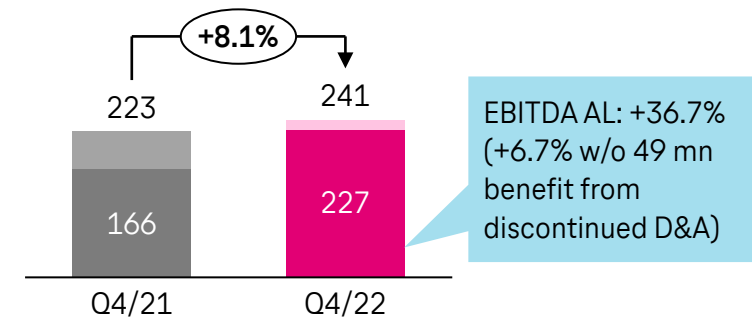
Opex AL per site

€ 000



Adj. EBITDA

€ mn



¹ Change in sites of 0.8k due to 1.2k new build and -0.4k de-commissioning of redundant sites

In this presentation the Group is presented in accordance with the management view: certain key performance indicators like revenue and adj. EBITDA AL are presented as if Group Development still would be fully consolidated.

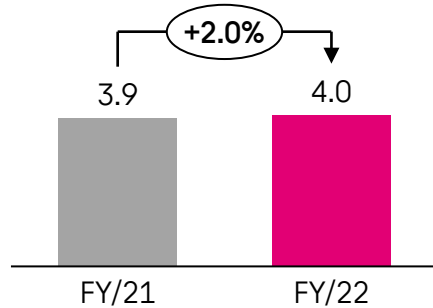
This view is different to the consolidated financial statements of DT where Group Development is treated as a discontinued operation. For more details, please refer to the back-up to this presentation, respectively the interim report of DT both available at www.telekom.com/en/investor-relations

Systems Solutions

on track - Q4 EBITDA impacted by one-timers

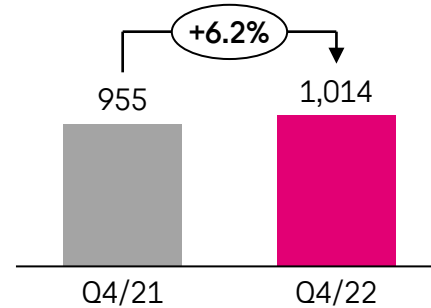
Order entry

€ bn



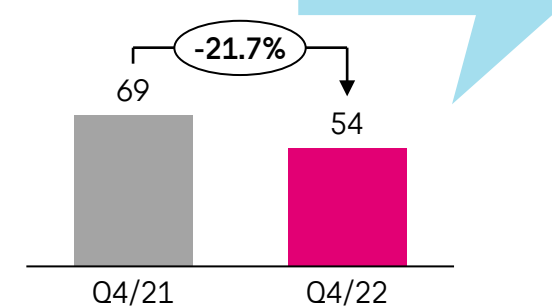
Revenues

€ mn



Adj. EBITDA AL

€ mn



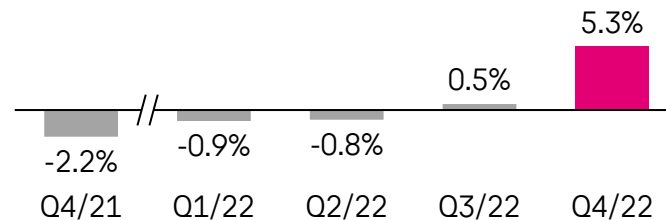
CMD review

CMD ambition:

- Slight revenue growth
- >5% EBITDA AL CAGR
- Stable capex

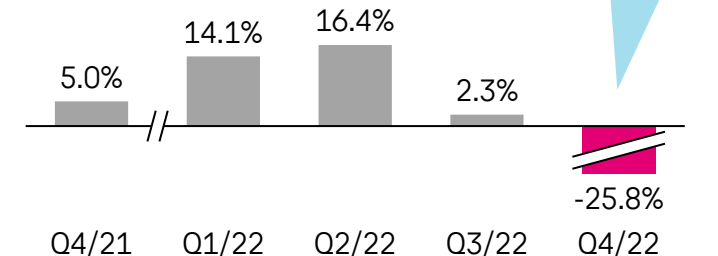
Revenues (organic)

% growth yoy



Adj. EBITDA AL (organic)

% growth yoy



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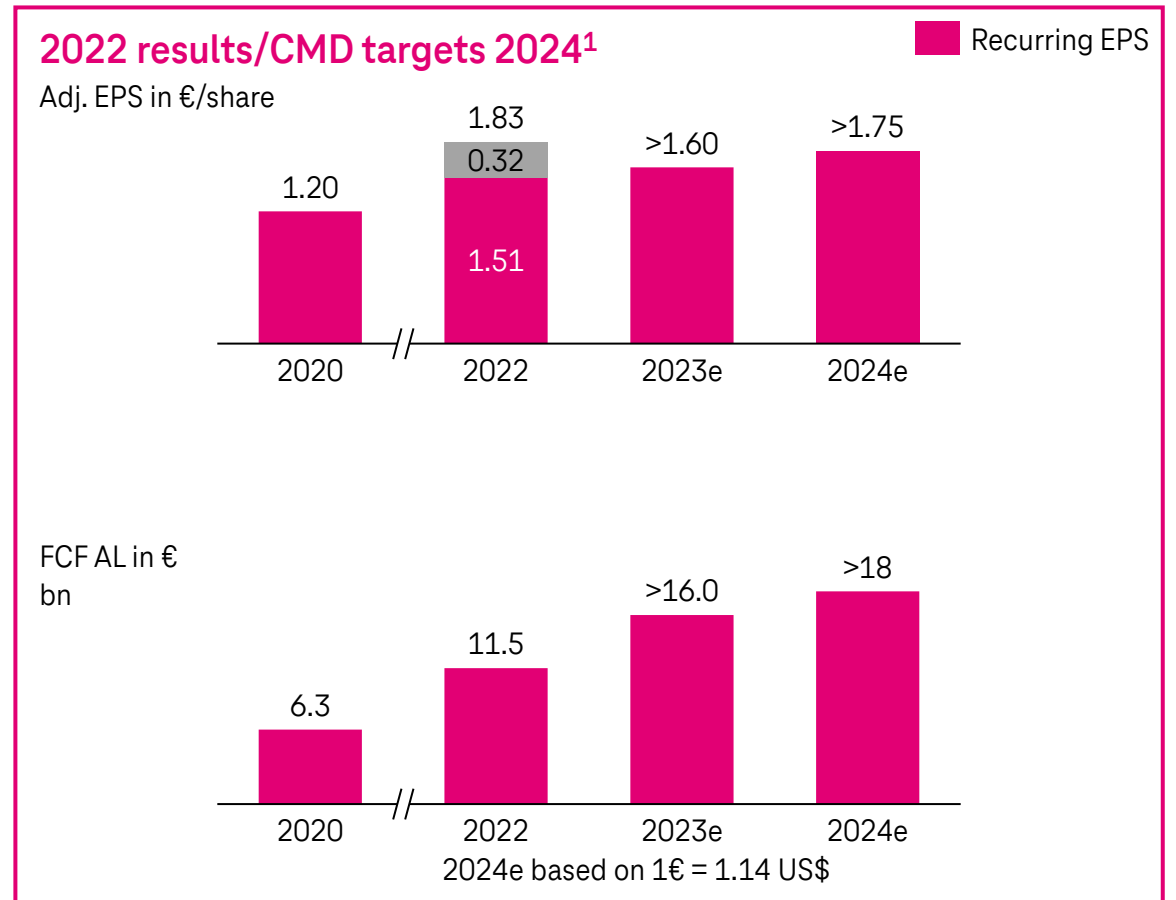
FY 2022 results

Main takeaways

FY 2022 & CMD review

strong growth continues

- TM US with strong Q4 customer and financial results
- DT ex US: 4.8% organic adj. EBITDA AL growth; Germany 25 and EU 20 successive quarters of organic EBITDA AL growth
- Flywheel keeps going: Cash capex grows +17% to € 21.0 bn, FCF AL grows 30% to € 11.5 bn
- Return to dividend growth
- Executing on TM US buyback. TM US stake at 49%
- Leverage beginning to inflect (ex leases 2.58x YE 2022)
- Well on track for 2020-2024 targets from 2021 CMD
- Guidance 2023: Strong growth continues

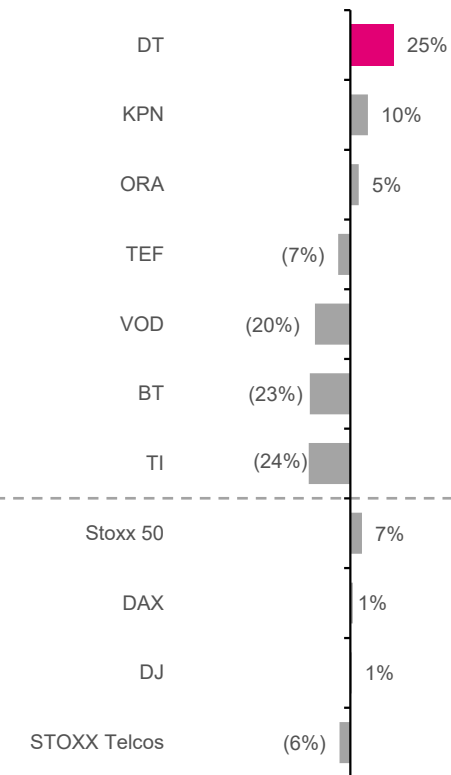


¹ 2024e guidance based on 1€ = 1.14 US\$, 2023e based on 1€ = 1.05 US\$

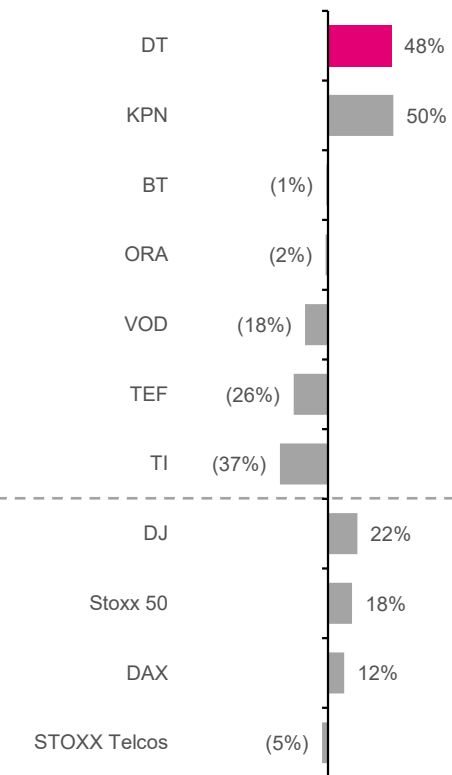
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Longer term TSR comparisons

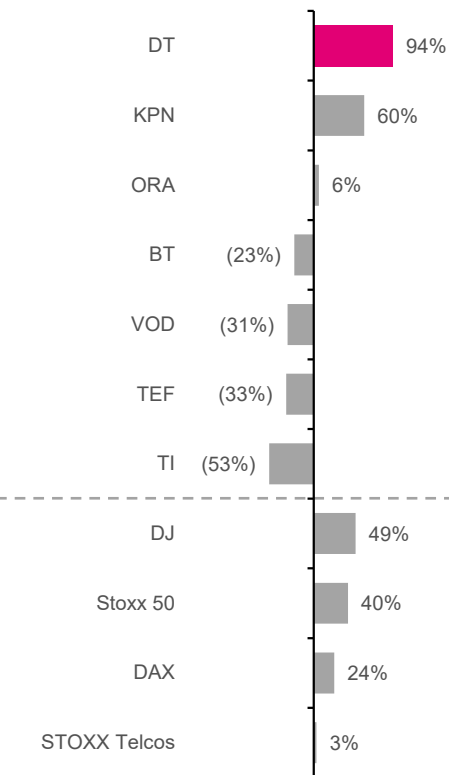
1 Year Performance



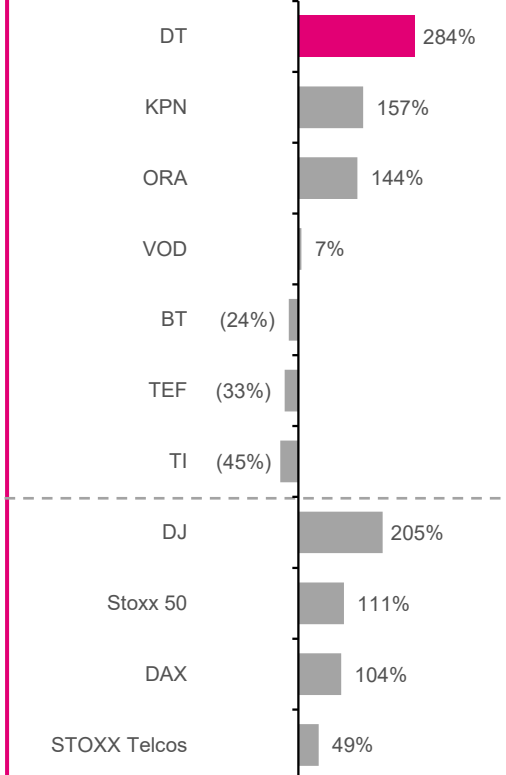
3 Year Performance



5 Year Performance



10 Year Performance



Source: FactSet. Data as per 17 February 2023.

Further questions

please contact the IR department

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