



MEDIA INFORMATION

Bonn, May 11, 2023

Deutsche Telekom raises its guidance for 2023 after good start to the year

- Group revenue up 0.3 percent to 27.8 billion euros
 - Adjusted EBITDA AL up 0.9 percent to 10.0 billion euros; adjusted core EBITDA AL increased by 4.4 percent in organic terms
 - Reported net profit up 289 percent, driven by sale of tower business
 - Guidance for adjusted EBITDA AL raised to around 40.9 billion euros for 2023
 - Germany: strong customer growth
 - T-Mobile US: growth continues unabated
 - Europe: remains resilient
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Successful start. In the first three months of the year, Deutsche Telekom saw continued strong growth in customer numbers and achieved good financial KPIs. Group revenue increased by 0.3 percent to 27.8 billion euros, with service revenue, which is essential for business development, increasing by 3.5 percent to 22.8 billion euros. Adjusted EBITDA AL rose by 0.9 percent to 10.0 billion euros. On an organic basis, i.e., excluding exchange rate fluctuations and changes in the composition of the Group, revenue declined by 0.5 percent, service revenue increased by 2.6 percent, and adjusted EBITDA AL increased by 1.0 percent. Adjusted core EBITDA AL, i.e., excluding the effect of the withdrawal from the terminal equipment lease business in the United States, increased by 4.4 percent in organic terms.

The closing of the tower transaction effective February 1 had a significant impact in the reporting quarter. As announced in July 2022, the Group sold 51 percent of its tower business in Germany and Austria to DigitalBridge and Brookfield. The achieved valuation was the main factor behind the near quadrupling of reported net profit compared with the first quarter of the prior year to 15.4 billion euros.



“We have reached a milestone in the implementation of our strategy,” said CEO Tim Höttges. “We now see in the figures how the tower transaction has created value for Deutsche Telekom.”

Adjusted net profit amounted to 2.0 billion euros. This was a decline of 12.5 percent compared with the prior-year quarter, mainly due to the interest effect in the measurement of liabilities and provisions. Adjusted earnings per share declined accordingly. Recurring earnings per share, the performance indicator on which the dividend is based, increased by 19.4 percent compared with the prior-year period to 37 cents. At 4.8 billion euros, the Group invested 2.2 percent more in terms of cash capex, excluding expenses for mobile spectrum, than in the first three months of 2022. Free cash flow AL declined by 5.3 percent year-on-year in the first quarter to 3.6 billion euros, but remains on track on a full-year basis.

The proceeds from the tower transaction made a substantial contribution to the reduction in the Group’s net debt (excluding leases) by more than 10 billion euros compared with the end of 2022 to 93.0 billion euros. The ratio of net debt to adjusted EBITDA AL improved to 2.31, compared to 2.58 at the end of 2022.

For the full year, Deutsche Telekom now expects adjusted EBITDA AL of around 40.9 billion euros, up from the previous guidance of 40.8 billion euros, driven by the raised guidance at T-Mobile US. The Group’s guidance for free cash flow AL remains unchanged at more than 16 billion euros.

Germany: Strong customer growth

In its home market, Deutsche Telekom is enjoying rapid customer growth in all areas. In the fixed network, 74,000 households opted for a broadband line from the market leader. Just under 42 percent of consumers are now subscribed to a rate plan offering bandwidths of up to 100 Mbit/s or higher. MagentaTV is enjoying strong growth. It recorded 50,000 net customer additions in the first three months of 2023, almost three times as many as a year earlier. The number of customers using an FTTH line increased by 37 percent year-on-year to 769,000.

With 274,000 new branded customers, Telekom Deutschland also had an exceptionally successful start to the new year in mobile communications, thanks in part to the new portfolio



of rate plans. At the same time, mobile service revenues increased by 1.7 percent compared with the prior-year period.

Revenue in the Germany operating segment increased by 2.3 percent year-on-year on an organic basis in the first three months of the year to 6.1 billion euros. Broadband revenues were a key driver here. At the same time, adjusted EBITDA AL increased by 3.1 percent in organic terms to 2.5 billion euros.

United States: Growth continues unabated

T-Mobile US recorded 1.3 million postpaid net customer additions on a par with the prior-year growth, and thus more than its two national competitors, Verizon and AT&T, combined.

Postpaid phone churn fell from 0.93 percent to 0.89 percent within a year. This is also attributable to the largely completed integration of the former Sprint. High-speed internet, which provides wireless internet access at home, continued to be highly successful.

523,000 customers were added in the reporting quarter, taking the high-speed internet customer base to 3.2 million.

The company's financial KPIs also developed positively. Service revenues rose 2.8 percent year-on-year in the period between January and March to reach 15.5 billion U.S. dollars.

Adjusted core EBITDA AL increased by 6.6 percent to 6.9 billion U.S. dollars. T-Mobile US raised its guidance for 2023 in a number of performance indicators. Postpaid net customer additions are expected to be between 5.3 million and 5.7 million in the full year. The previous guidance had been 5.0 to 5.5 million.

Europe: Remains resilient

As in the previous year, the European national companies managed to increase their financial KPIs again in the first quarter of 2023 despite difficult conditions. Revenue increased by 4.9 percent year-on-year in organic terms to 2.8 billion euros. Adjusted EBITDA AL in the Europe operating segment rose by 1.2 percent in organic terms to 1.0 billion euros, marking 21 consecutive quarters of earnings growth, although rising energy prices and the supplementary telecommunications tax in Hungary had a negative impact on earnings.



The strong growth in customer numbers also continued unabated. Between January and March of this year, the number of broadband lines increased by 83,000, the number of customers using fixed-mobile convergence products by 169,000, and the number of TV customers by 29,000. The mobile contract customer base grew by 104,000.

System Solutions: Solid start to the year

The year began well for business with corporate customers. T-Systems increased revenue in the first quarter by 4.5 percent in organic terms to 946 million euros. Digital Solutions performed particularly well. Adjusted EBITDA AL increased by 4.6 percent in organic terms to 75 million euros.

At 754 million euros, order entry was down by 24 percent in organic terms compared with the first quarter of 2022, which had been influenced by major deals. Nevertheless, it remains on track for the full-year target.



The Deutsche Telekom Group at a glance

	Q1 2023 millions of €	Q1 2022 millions of €	Change %	FY 2022 millions of €
Net revenue	27,839	27,746	0.3	114,413
Proportion generated internationally %	77.4	76.8	0.6p	77.9
Service revenue	22,814	22,033	3.5	91,988
Adjusted EBITDA	11,516	11,436	0.7	46,410
Adjusted EBITDA AL	9,963	9,873	0.9	40,208
Net profit (after non-controlling interests)	15,360	3,949	n.a.	8,001
Adjusted net profit (after non-controlling interests)	1,959	2,238	-12.5	9,081
Earnings per share (€)	3.09	0.79	n.a.	1.61
Adjusted earnings per share (€)	0.39	0.45	-13.3	1.83
Free cash flow AL	3,579	3,781	-5.3	11,470
Cash capex ^a	4,826	7,173	-32.7	24,114
Cash capex ^a (before spectrum)	4,759	4,658	2.2	21,019
Net debt (including leases)	133,517	135,947	-1.8	142,425
Number of employees ^b	207,789	216,109	-3.8	206,759
Of which in Germany	80,758	84,470	-4.4	81,469

Comments on the table

Sale of T-Mobile Netherlands

The sale of T-Mobile Netherlands was consummated on March 31, 2022. The entity has not been part of the Group since April 1, 2022.



New partners for the cell tower business

On July 13, 2022, Deutsche Telekom agreed to sell a 51.0 percent stake in the tower business companies in Germany and Austria (GD Towers) to DigitalBridge and Brookfield. The transaction was consummated on February 1, 2023. Until this point in time, GD Towers had been included as a fully consolidated entity in the figures of the Deutsche Telekom Group. The sale resulted in a gain on deconsolidation in the first quarter of 2023 of 12.9 billion euros. The stake in the cell tower business retained by Deutsche Telekom of 49.0 % has been recognized using the equity method since February 1, 2023. Accordingly, the share of net profit/loss is recognized under profit/loss from financial activities (outside of EBITDA AL).

- a) Cash outflows for investments in property, plant, and equipment, and intangible assets (excluding goodwill).
- b) At reporting date.

Operating segments: Development of operations

	Q1 2023 millions of €	Q1 2022 millions of €	Change %	FY 2022 millions of €
Germany				
Total revenue	6,141	5,963	3.0	24,505
Adjusted EBITDA AL	2,489	2,393	4.0	9,837
United States				
Total revenue	18,262	17,880	2.1	75,436
<i>in USD</i>	19,596	20,063	-2.3	79,348
Adjusted EBITDA AL	6,536	6,172	5.9	25,614
<i>in USD</i>	7,014	6,927	1.3	26,963
Europe				
Total revenue	2,784	2,682	3.8	11,158
Adjusted EBITDA AL	983	976	0.7	3,964
Systems Solutions				
Order entry	754	1,044	-27.8	3,952
Total revenue	946	927	2.0	3,811
Adjusted EBITDA AL	75	68	10.3	284



Operating segments: Development of customer numbers in the first quarter of 2023

	Mar. 31, 2023	Dec. 31, 2022	Change thousands	Change %
Germany				
Mobile customers	56,067	54,249	1,818	3.4
Of which contract customers	24,037	23,791	246	1.0
Fixed-network lines	17,349	17,363	-14	-0.1
Broadband lines	14,789	14,715	74	0.5
Of which optical fiber ^a	12,238	12,112	126	1.0
Television (IPTV, satellite)	4,172	4,122	50	1.2
Unbundled local loop lines (ULLs)	3,017	3,136	-119	-3.8
United States				
Customers	114,917	113,598	1,319	1.2
Of which postpaid customers	93,525	92,232	1,293	1.4
Of which prepaid customers	21,392	21,366	26	0.1
Europe				
Mobile customers	47,357	47,336	21	0.0
Of which contract customers	26,580	26,476	104	0.4
Fixed-network lines	8,341	7,907	434	5.5
Broadband customers	6,765	6,682	83	1.2
Television (IPTV, satellite, cable)	4,160	4,131	29	0.7

Comments on the table

a) Sum of all FTTx access lines (e.g., FTTC/VDSL, vectoring, and FTTH/B).



Operating segments: Development of customer numbers in year-on-year comparison

	Mar. 31, 2023	Mar. 31, 2022	Change thousands	Change %
Germany				
Mobile customers	56,067	53,968	2,099	3.9
Of which contract customers	24,037	23,165	872	3.8
Fixed-network lines	17,349	17,480	-131	-0.7
Broadband lines	14,789	14,533	256	1.8
Of which optical fiber ^a	12,238	10,584	1,654	15.6
Television (IPTV, satellite)	4,172	4,018	154	3.8
Unbundled local loop lines (ULLs)	3,017	3,487	-470	-13.5
United States				
Customers	114,917	109,541	5,376	4.9
Of which postpaid customers	93,525	88,423	5,102	5.8
Of which prepaid customers	21,392	21,118	274	1.3
Europe				
Mobile customers	47,357	45,584	1,773	3.9
Of which contract customers	26,580	25,803	777	3.0
Fixed-network lines	8,341	7,814	527	6.7
Broadband customers	6,765	6,443	322	5.0
Television (IPTV, satellite, cable)	4,160	4,050	110	2.7

Comments on the table

a) Sum of all FTTx access lines (e.g., FTTC/VDSL, vectoring, and FTTH/B).



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