



## MEDIA INFORMATION

Bonn, November 9, 2023

### **Deutsche Telekom raises full-year guidance again on the back of strong third quarter and plans dividend increase and share buy-backs**

- Net revenue up 0.7 percent in organic terms in the third quarter to 27.6 billion euros; high-margin service revenues up 4.1 percent in organic terms
- Adjusted EBITDA AL up 6.2 percent in organic terms to 10.5 billion euros
- Net profit up 21.9 percent to 1.9 billion euros
- Full-year guidance raised for third time
- Dividend to increase to 77 eurocents per share, share buy-backs of up to 2 billion euros planned
- Germany: strong growth in mobile and broadband customer bases
- T-Mobile US: industry leader in customer net additions
- Europe: Growth trend continues

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Deutsche Telekom continues to grow in all key performance indicators, raises its guidance for the full year and plans to pay out a higher dividend. In the third quarter, revenue increased by 0.7 percent year-on-year in organic terms – i.e., excluding exchange rate fluctuations and changes in the composition of the Group – to 27.6 billion euros. Service revenues increased by 4.1 percent in organic terms. At the same time, the Group’s adjusted EBITDA AL grew 6.2 percent in organic terms to 10.5 billion euros. The business on both sides of the Atlantic contributed to this. Despite higher capital expenditure in Germany year-on-year, free cash flow AL increased by 61.4 percent to 4.7 billion euros in the quarter.

“In these uncertain times, Deutsche Telekom continues to grow unabated on both sides of the Atlantic,” said Tim Höttges, CEO of Deutsche Telekom. “We want our shareholders to participate in this positive development by way of a higher dividend.”



Deutsche Telekom raised its guidance for the third time this year. For the full year, the Group now expects adjusted EBITDA AL of around 41.1 billion euros and free cash flow AL of more than 16.1 billion euros, in each case 0.1 billion euros more than planned as of the midpoint of 2023. At the start of the year, expectations for adjusted EBITDA AL were still at around 40.8 billion euros, and for free cash flow AL, at more than 16 billion euros. Adjusted earnings per share are still expected to reach more than 1.60 euros.

Reported net profit for Deutsche Telekom increased to 1.9 billion euros in the third quarter of 2023, up by 21.9 percent against the prior year. This reflects both the positive development of earnings from operations and the planned reduction in integration costs incurred in connection with the merger of T-Mobile US and Sprint. Adjusted for these special factors, net profit decreased 5.9 percent to 2.3 billion euros in the three-month period. This decline was attributable to positive non-recurring effects in profit/loss from financial activities in the prior year, which did not recur in 2023. The amount of the dividend depends on recurring adjusted earnings per share, from which one-time effects like this are eliminated. After the first nine months of 2023, recurring adjusted earnings per share stood at 1.22 euros, up 8 percent year-on-year.

Based on this, the Board of Management is proposing to the Supervisory Board, as announced last week, to pay out a dividend of 0.77 euros per share. In the 2022 financial year, a dividend of 0.70 eurocents per share had been paid out. The company is also planning share buy-backs for 2024 with a volume of up to 2 billion euros. This is intended to recoup part of the dilution effect from Deutsche Telekom's 2021 capital increase. In September 2021, Deutsche Telekom had issued 225 million new shares to Softbank in Japan, by way of a capital increase against contributions in kind, for which it received 45 million shares of its subsidiary T-Mobile US in return. This takes Deutsche Telekom one step closer to achieving its strategic goal of a long-term majority shareholding in T-Mobile US. As of September 30, 2023, it held a 52.1 percent stake in T-Mobile US.

### **Germany: strong growth in mobile and broadband customer bases**

In its home market, Deutsche Telekom recorded a very positive trend in its customer numbers and financial figures in the third quarter. The company once again led the market with 96,000



broadband net additions. 6.7 million or 45 percent of Telekom consumers have now subscribed to a line offering bandwidths of up to 100 Mbit/s or higher. The MagentaTV customer base increased by 51,000 in the quarter to 4.3 million.

The new mobile rate plan structure continues to draw in strong numbers. Telekom recorded 350,000 branded contract customer additions between July and September. Telekom remains market leader in mobile service revenues, which were up 2.9 percent.

Deutsche Telekom has managed to increase its earnings in Germany in every quarter for seven years now. In the third quarter of 2023, adjusted EBITDA AL recorded organic growth of 3.1 percent year-on-year, increasing to 2.6 billion euros. At the same time, revenue increased by 2.1 percent in organic terms to 6.3 billion euros.

#### **United States: industry leader in customer additions**

Between June and September, T-Mobile US recorded postpaid net additions of 1.2 million. The year-on-year decline is attributable to the deactivation of SIM cards issued to students during the coronavirus pandemic, which are now no longer required. In the postpaid phone customer segment, which is particularly important for service revenues, net customer additions were on a par with the prior-year level at 850,000. Both figures represent the best in the U.S. mobile industry. Another 557,000 users opted for the fixed-network high-speed internet substitute product in the third quarter, bringing the customer base for this offering to 4.2 million.

The company recorded organic year-on-year growth in service revenues of 4.7 percent in the quarter to reach 15.9 billion U.S. dollars. The key earnings indicator, adjusted core EBITDA, which eliminates effects from the planned withdrawal from the terminal equipment lease business, grew by 12.7 percent in organic terms to 7.3 billion U.S. dollars.

#### **Europe: Growth trend continues**

The Europe operating segment once again delivered strong financials. In organic terms, adjusted EBITDA AL increased by 3.3 percent year-on-year in the third quarter to 1.1 billion euros. Revenue generated by the European national companies increased by 3.7 percent in organic terms to 3.0 billion euros. This growth was primarily driven by organic growth of 5.2 percent in mobile service revenues.



Customer numbers in Europe also saw good growth. Mobile contract net adds totaled 223,000, the number of broadband lines increased by 76,000, and the number of TV customers by 52,000.

**System Solutions: solid revenue growth**

T-Systems can look back on revenue and earnings growth in the third quarter. Order entry fell short of expectations, decreasing by 11.9 percent in organic terms to 742 million euros, which was partly attributable to phasing effects.

Revenue increased organically by 7.1 percent year-on-year to 960 million euros between July and September. Adjusted EBITDA AL increased by 1.2 percent in organic terms to 86 million euros.



## The Deutsche Telekom Group at a glance

	Q3 2023 millions of €	Q3 2022 millions of €	Change %	Q1-Q3 2023 millions of €	Q1-Q3 2022 millions of €	Change %	FY 2022 millions of €
Net revenue	27,556	28,979	-4.9	82,616	84,613	-2.4	114,413
Proportion generated internationally%	76.6	78.2	-1.6p	77.1	77.9	-0.8p	77.9
Service revenue	23,258	23,590	-1.4	69,025	68,256	1.1	91,988
Adjusted EBITDA	12,074	12,003	0.6	35,212	34,915	0.9	46,410
Adjusted EBITDA AL	10,486	10,481	0.0	30,488	30,244	0.8	40,208
Net profit (after non-controlling interests)	1,924	1,578	21.9	18,823	6,987	n.a.	8,001
Adjusted net profit (after non- controlling interests)	2,268	2,411	-5.9	6,114	7,094	-13.8	9,081
Earnings per share €	0.39	0.32	21.9	3.78	1.41	n.a.	1.61
Adjusted earnings per share €	0.46	0.48	-4.2	1.23	1.43	-14.0	1.83
Free cash flow AL	4,688	2,904	61.4	11,789	9,444	24.8	11,470
Cash capex <sup>a</sup>	4,265	5,949	-28.3	13,702	18,208	-24.7	24,114
Cash capex <sup>a</sup> (before spectrum)	4,062	5,582	-27.2	13,243	15,224	-13.0	21,019
Net debt (including leases)				137,128	151,707	-9.6	142,425
Number of employees <sup>b</sup>				204,236	207,930	-1.8	206,759
Of which in Germany				79,672	82,883	-3.9	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 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. GD Towers is no longer included in the figures for the third quarter of 2023. In the prior-year comparatives (Q3 2022), however, the cell tower business is included for the full three months. 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

	Q3 2023 millions of €	Q3 2022 millions of €	Change %	Q1-Q3 2023 millions of €	Q1-Q3 2022 millions of €	Change %	FY 2022 millions of €
<b>Germany</b>							
Total revenue	6,308	6,144	2.7	18,598	18,145	2.5	24,505
Adjusted EBITDA AL	2,638	2,535	4.1	7,655	7,358	4.0	9,837
<b>United States</b>							
Total revenue	17,638	19,316	-8.7	53,455	55,636	-3.9	75,436
<i>in USD</i>	<i>19,188</i>	<i>19,440</i>	<i>-1.3</i>	<i>57,911</i>	<i>59,139</i>	<i>-2.1</i>	<i>79,348</i>
Adjusted EBITDA AL	6,791	6,690	1.5	19,882	19,198	3.6	25,614
<i>in USD</i>	<i>7,384</i>	<i>6,742</i>	<i>9.5</i>	<i>21,540</i>	<i>20,417</i>	<i>5.5</i>	<i>26,963</i>
<b>Europe</b>							
Total revenue	2,995	2,848	5.2	8,678	8,259	5.1	11,158
Adjusted EBITDA AL	1,095	1,046	4.7	3,102	3,007	3.2	3,964
<b>Systems Solutions</b>							
Order entry	742	867	-14.4	2,241	2,769	-19.1	3,952
Total revenue	960	927	3.6	2,865	2,796	2.5	3,811
Adjusted EBITDA AL	86	83	3.6	245	230	6.5	284



**Operating segments: development of customer numbers in the third quarter of 2023**

	Sept. 30, 2023 thousands	June 30, 2023 thousands	Change thousands	Change %
<b>Germany</b>				
Mobile customers	59,778	57,695	2,083	3.6
Of which contract customers	24,811	24,391	420	1.7
Fixed-network lines	17,352	17,332	20	0.1
Broadband lines	14,952	14,856	96	0.6
Of which optical fiber <sup>a</sup>	12,620	12,486	134	1.1
Television (IPTV, satellite)	4,259	4,208	51	1.2
Unbundled local loop lines (ULLs)	2,690	2,877	-187	-6.5
<b>United States</b>				
Customers	117,907	116,602	1,305	1.1
Of which postpaid customers	96,312	95,086	1,226	1.3
Of which prepaid customers	21,595	21,516	79	0.4
<b>Europe</b>				
Mobile customers	47,949	47,582	367	0.8
Of which contract customers	26,976	26,753	223	0.8
Fixed-network lines	7,997	7,970	27	0.3
Broadband customers	6,913	6,837	76	1.1
Television (IPTV, satellite, cable)	4,246	4,194	52	1.2

**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**

	Sept. 30, 2023 thousands	Sept. 30, 2022 thousands	Change thousands	Change %
<b>Germany</b>				
Mobile customers	59,778	52,991	6,787	12.8
Of which contract customers	24,811	23,544	1,267	5.4
Fixed-network lines	17,352	17,396	-44	-0.3
Broadband lines	14,952	14,641	311	2.1
Of which optical fiber <sup>a</sup>	12,620	11,740	880	7.5
Television (IPTV, satellite)	4,259	4,071	188	4.6
Unbundled local loop lines (ULLs)	2,690	3,231	-541	-16.7
<b>United States</b>				
Customers	117,907	111,755	6,152	5.5
Of which postpaid customers	96,312	90,414	5,898	6.5
Of which prepaid customers	21,595	21,341	254	1.2
<b>Europe</b>				
Mobile customers	47,949	47,301	648	1.4
Of which contract customers	26,976	26,297	679	2.6
Fixed-network lines	7,997	7,866	131	1.7
Broadband customers	6,913	6,590	323	4.9
Television (IPTV, satellite, cable)	4,246	4,099	147	3.6

**Comments on the table**

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



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**Deutsche Telekom AG**  
Corporate Communications

**Tel.:** +49 228 18149494

**Email:** [media@telekom.de](mailto:media@telekom.de)

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