

Deutsche Telekom

Q1/2024 results

May 16, 2024



#DT24Q1

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.

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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.

Q1/2024 results

Group

Q1/24

consistent reliable growth

Q1/2024 Highlights

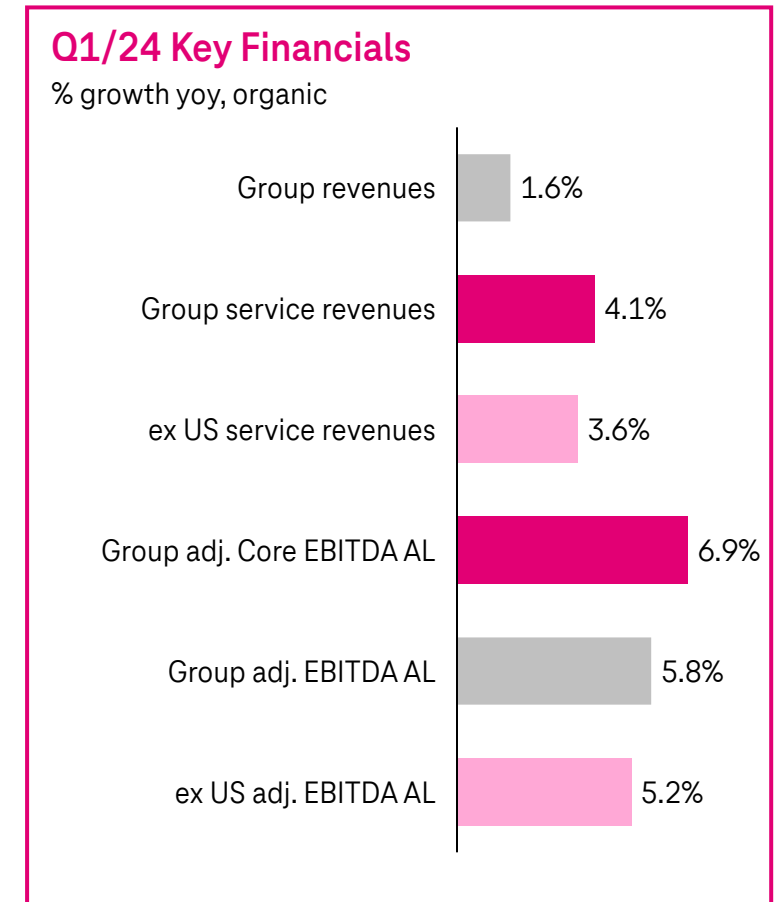
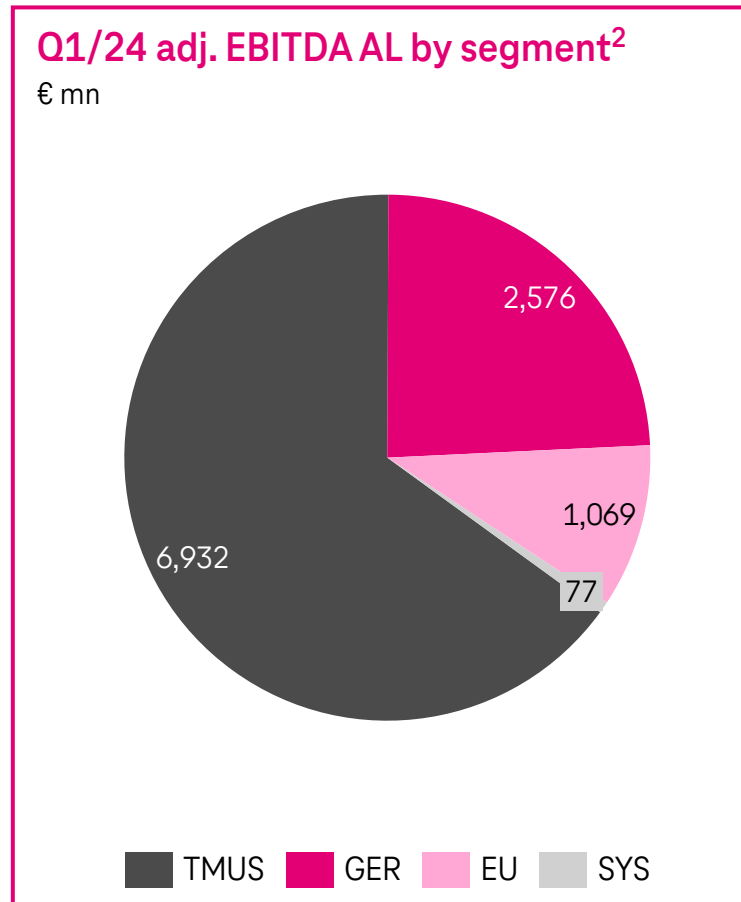
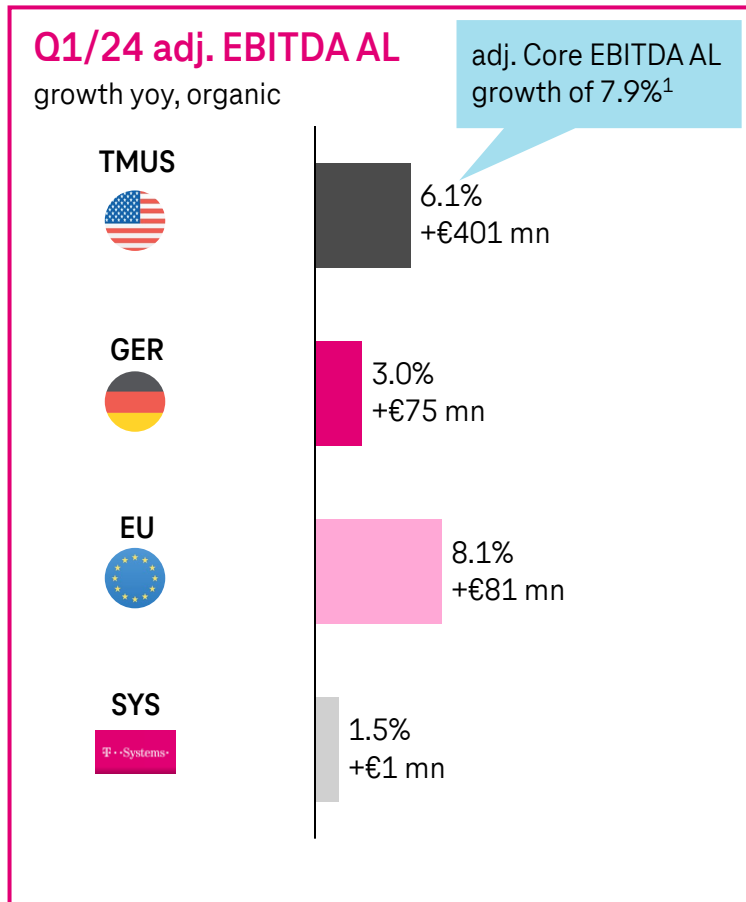
- Organic growth: Group service revenues up 4.1%, Group adj. core EBITDA AL up 6.9%, all segments contributing. FCF AL up 3.6%, adj. EPS up 15.4%¹.
- US/GER/EU: Strong customer momentum continues.
- GER with 30th, EU with 25th consecutive quarter of organic EBITDA AL growth.
- Improved outlook for TMUS reflected in guidance.
- TMUS creates Fiber JV with EQT targeting 3.5 mn homes by 2028.
- Ka'ena transaction in the US closed in May.
- TMUS launches auction for its 800 MHz spectrum.
- TMUS receives 2.5 GHz spectrum from auction 108.



¹ FCF AL and adj. EPS growth rate as reported.

Financials Q1/24 organic

strong organic growth



¹ According to IFRS. US GAAP growth is 8.0%. Adj. Core EBITDA excludes decreasing handset leasing revenues (US\$ -0.1 bn yoy). ² Excl. GHS & GD (€ -175 mn). Group EBITDA AL €10,473 mn.

In this presentation, the Group in Q1/2023 is presented in accordance with the management view: Certain key performance indicators like revenue and adj. EBITDA AL are presented as if GD Towers still would be fully consolidated.

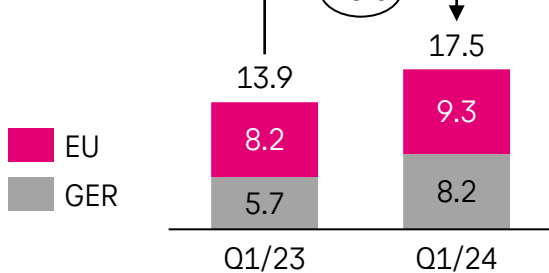
This view is different to the consolidated financial statements of DT where Group Development is treated as a discontinued operation. For more details, please refer to the back-up to this presentation, respectively the annual report of DT both available at www.telekom.com/en/investor-relations.

Networks

leading with 5G, FTTH on track

FTTH (1 Gbps)

Fiber homes
mn



GER

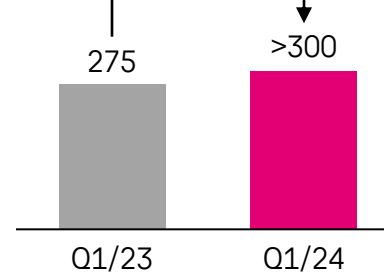
- Fiber: on track for >10mn HHs by YE.
- German fixed network: MagentaTV selected by “Connect” readers as No. 1 IPTV service.

EU

- On track for 10 mn HHs with 1 Gbps by 2024. Coverage now at 36% of HHs.

5G TMUS

Ultra Capacity 5G¹
mn POPs



Network leader

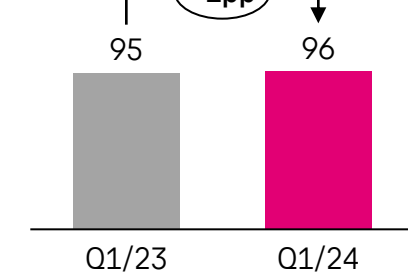
- Ookla report finds T-Mobile’s median download speeds are 2x faster than AT&T’s and Verizon’s.

5G

- Expansive breadth and depth of deployment: nearly 95% of 5G network traffic on mid-band spectrum.

5G ex US

Germany
% of POPs



GER

- Telekom wins Chip magazine German mobile network test for the 14th time in a row.

EU

- Ongoing roll-out of 5G coverage: 68% POP coverage end of Q1/24. Up 17 pp since Q1/23.

¹ Ultra Capacity on mid-band spectrum.

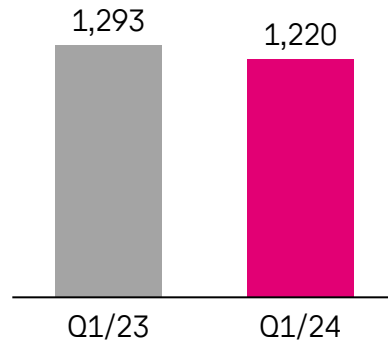
Customers

growing strongly

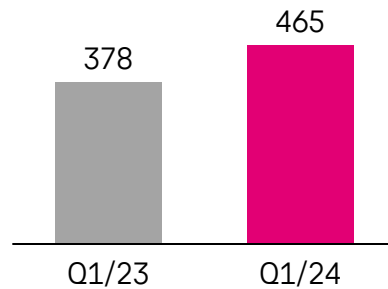
Mobile net adds

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US (postpaid)



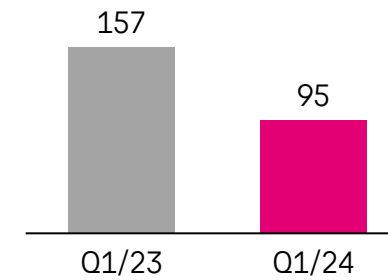
Ex US (contract)¹



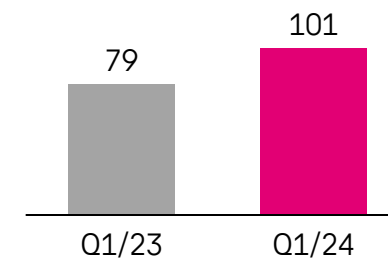
Fixed line net adds²

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Broadband



TV



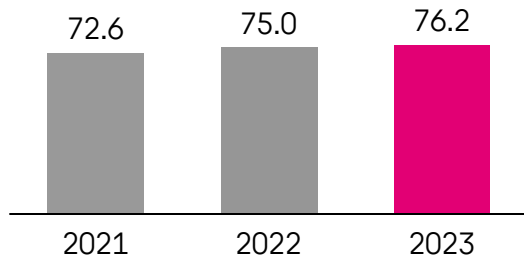
¹ GER + EU. GER: own brand only. ² GER + EU.

Society and Environment

strong ESG performance; energy consumption reduced again

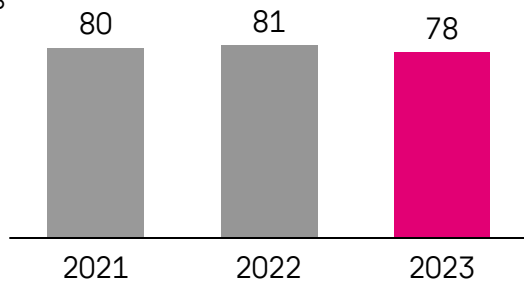
Societal agenda

Customer satisfaction¹
Tri*M



Employee satisfaction²

%



Environment

- **NEW:** We published our initial transition plan with the new CR report as well as PAIs and GSMA indicators for telcos.
- Climate targets validated by SBTi³.
- **NEW:** DT is first telco in the world to use large-scale battery storage systems for renewable energies.
- **NEW:** Group energy consumption -3% yoy in Q1/24 and CO₂ emissions (Scope 1&2) -2%.

Society

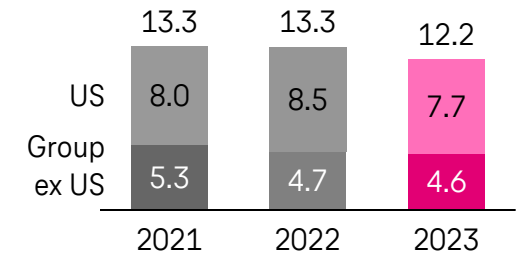
- **NEW:** New spot (“lights on”) of our often awarded #against hate speech campaign.

Governance

- S&P Global ESG – best European telco.

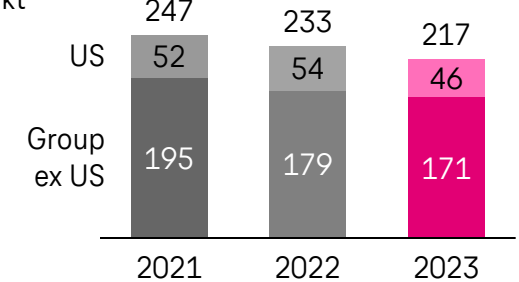
Environmental agenda

Energy consumption
mn MWh



CO₂e emissions (scope 1+2)

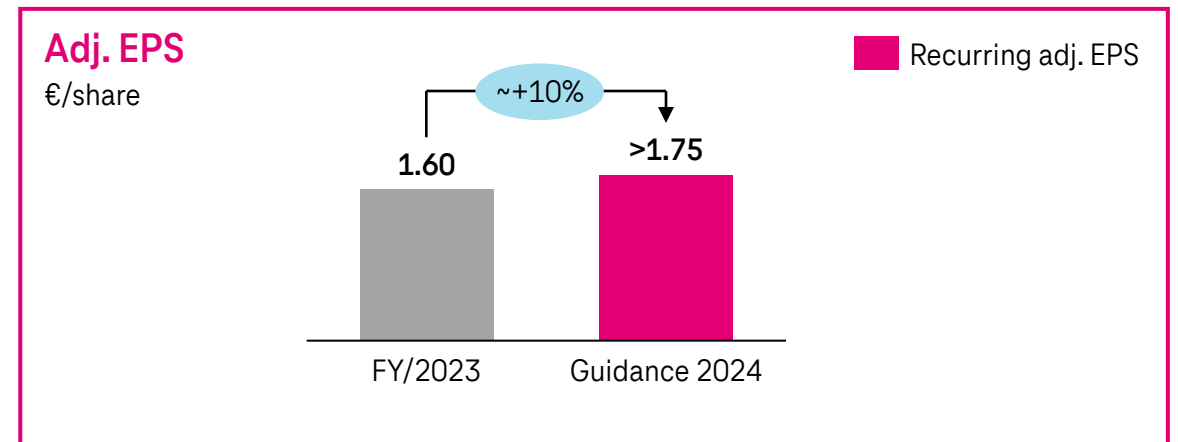
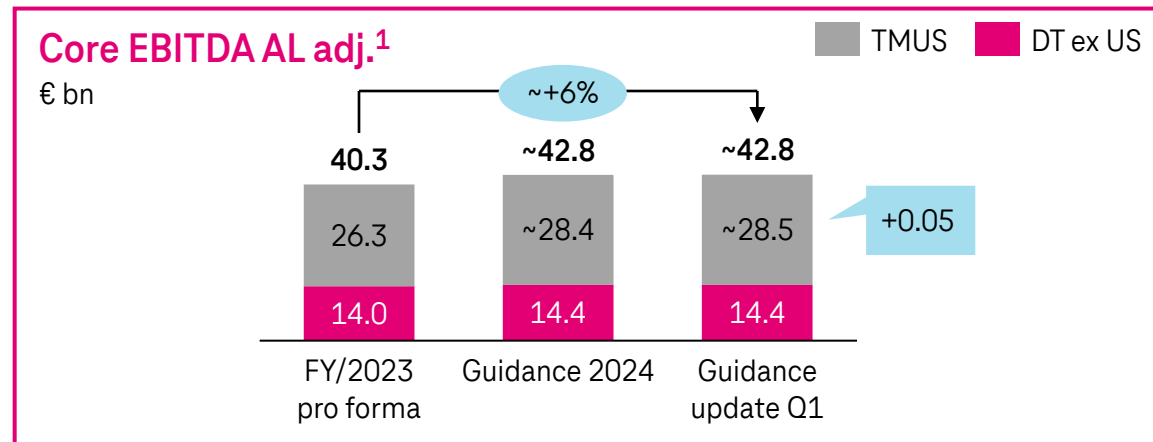
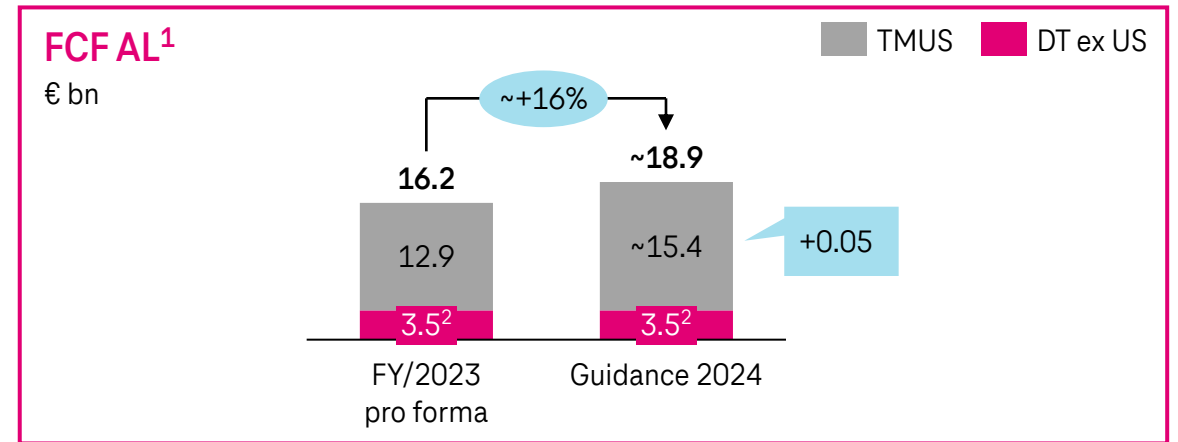
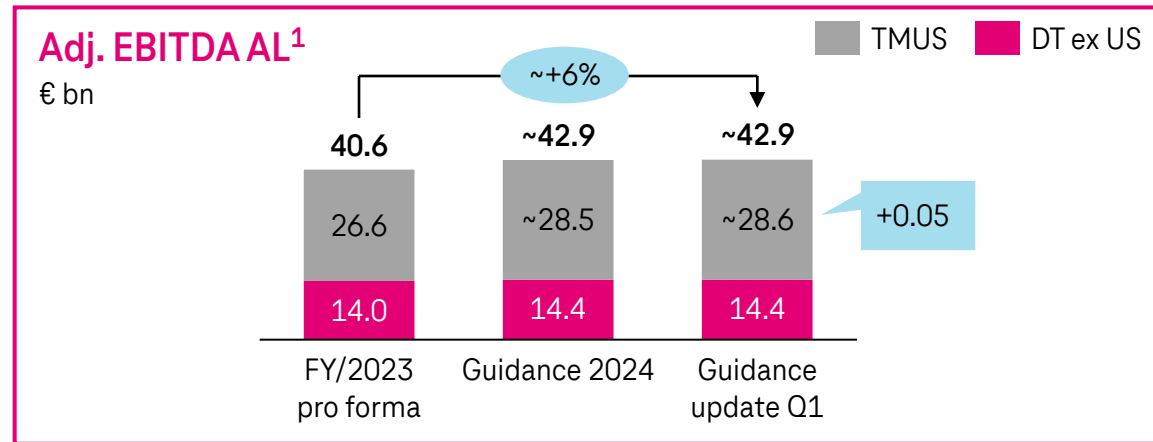
kt



¹Ex US. ²Ex US. Positive answer on employee/pulse survey question: “How do you feel at our company?”. ³SBTi = Science Based Targets initiative.

Guidance 2024

adj. EBITDA and Core EBITDA outlook raised for T-Mobile US



¹ TMUS guidance is based on midpoint of US GAAP guidance of US\$31.5-32.0 bn adj. EBITDA; of US\$31.4-31.9 bn Core adj. EBITDA and of US\$16.4-16.9 bn FCF. FCF AL TMUS guidance remains unchanged due to rounding. Guidance assumes a negative bridge of US\$-0.9 bn on adj. EBITDA and Core adj. EBITDA upon translation into IFRS. Based on €1 = US\$1.08. ² 2024 guidance includes €0.2 bn of cash returns related to tower transaction. 2023 pro forma includes 0.1 bn cash returns related to tower transaction. Both exclude TMUS dividend receipts.

Q1/2024 results

Review of segments and
financials

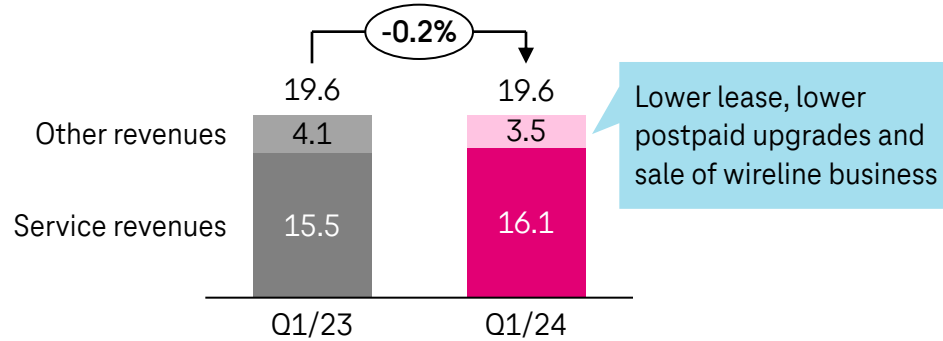
T-Mobile US

strong financial growth



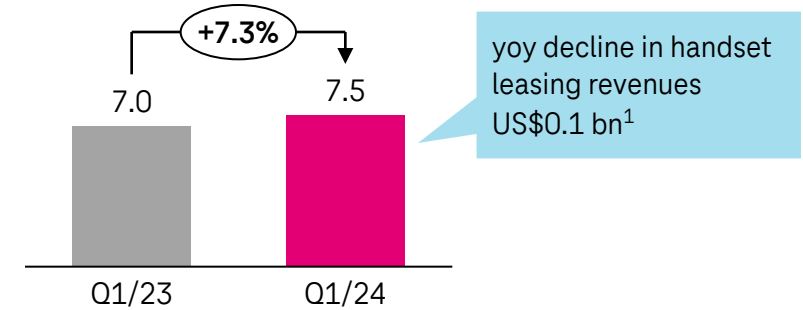
Revenues (IFRS)

US\$ bn



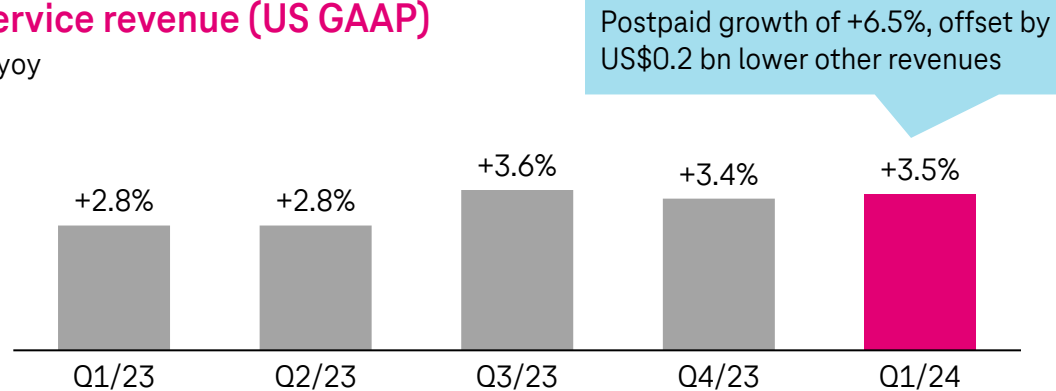
Adj. EBITDA AL (IFRS)²

US\$ bn



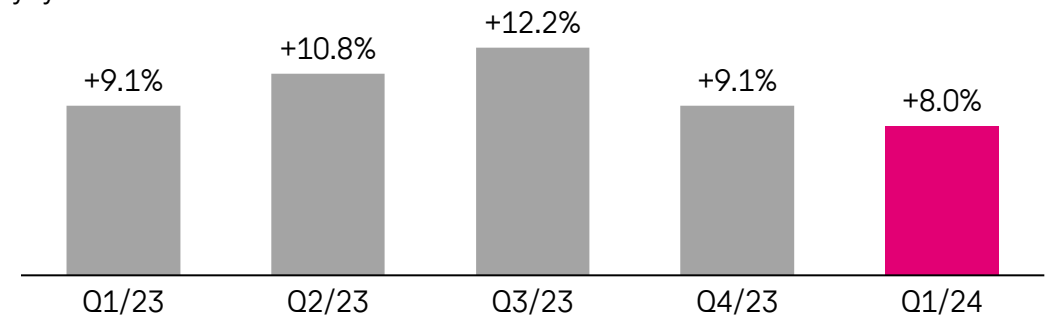
Service revenue (US GAAP)

% yoy



Core adj. EBITDA (US GAAP)

% yoy

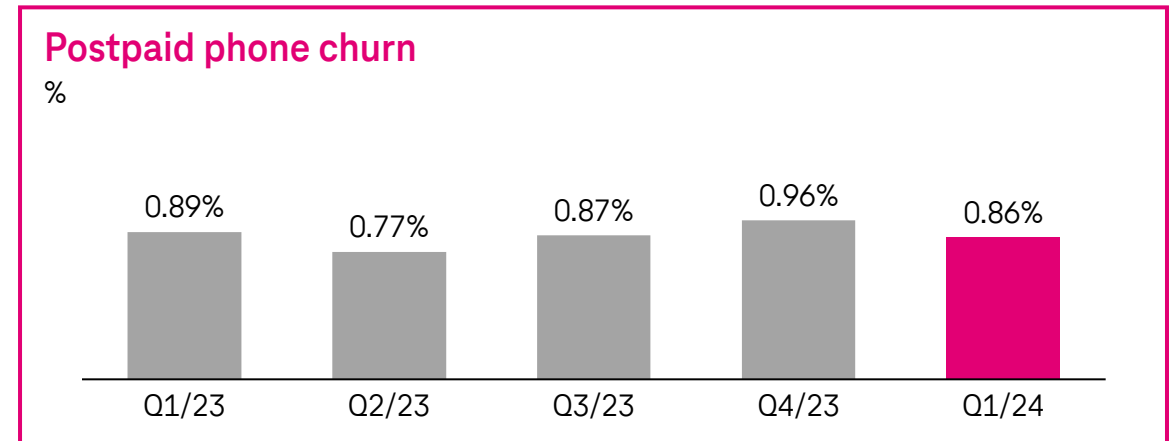
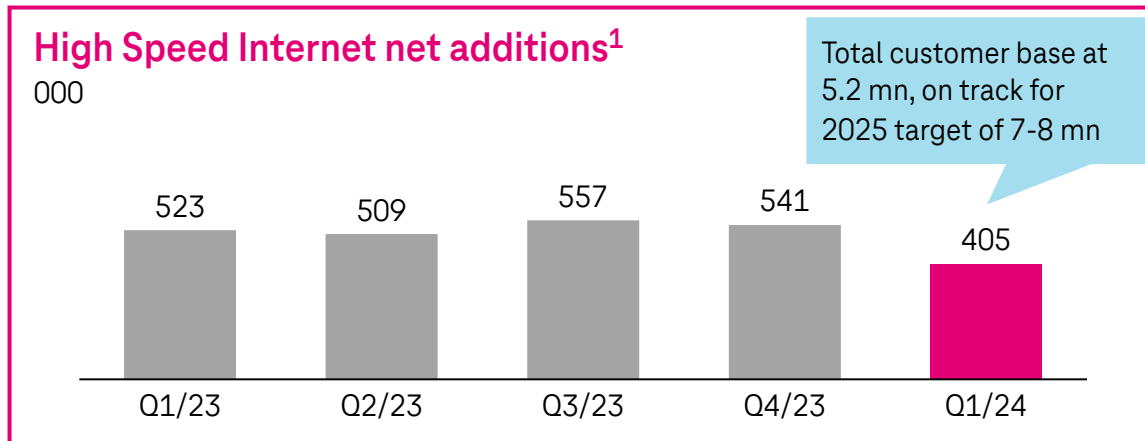
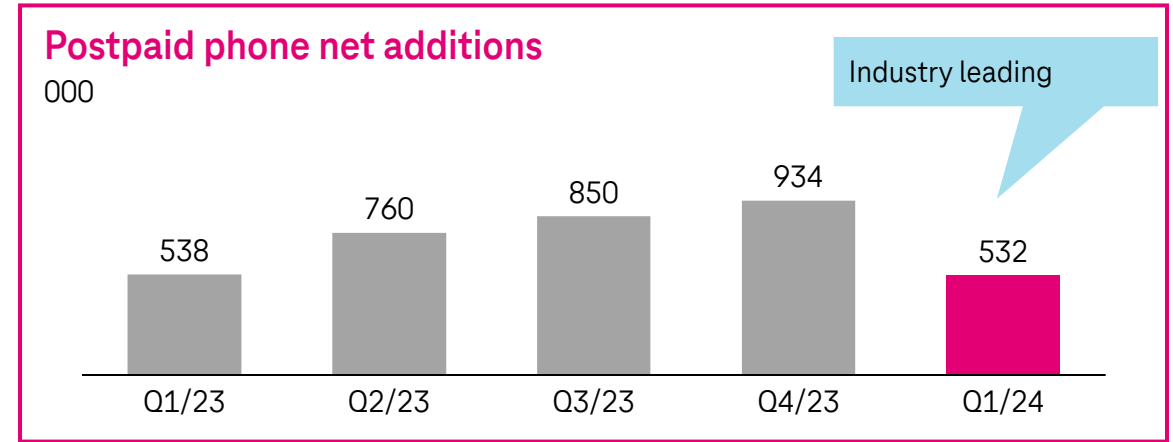
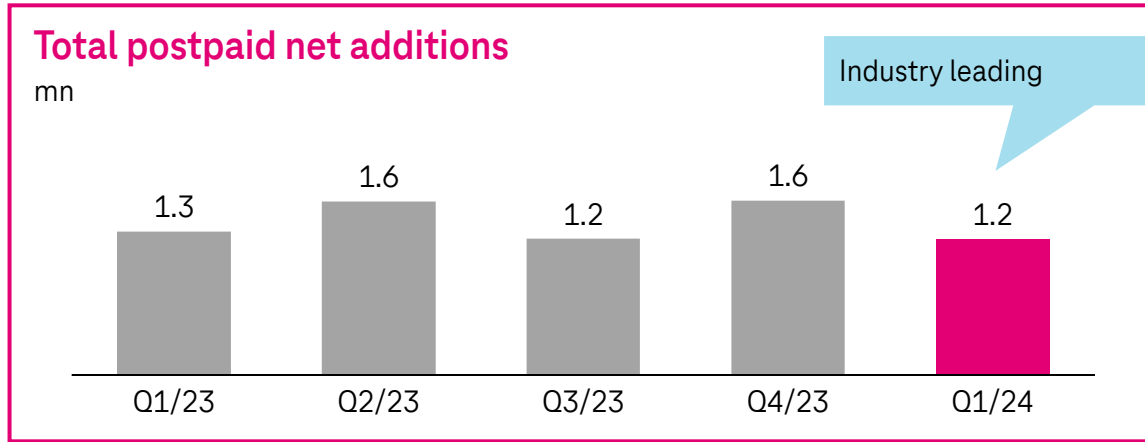


¹ Due to alignment of Sprint customers to the TMUS device financing model post merger, which results in a decrease of handset leasing revenues and a corresponding decline in revenue and EBITDA AL. Service revenues are not impacted.

² For IFRS bridge please refer to appendix.

T-Mobile US

consistent customer growth



¹ Postpaid + prepaid.

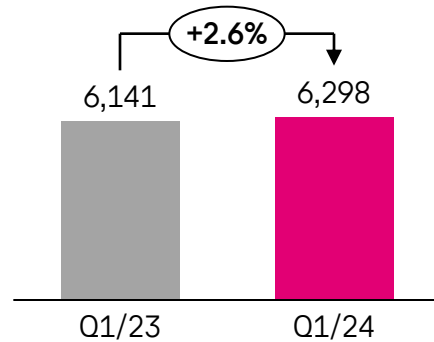
Germany

30th consecutive quarter of EBITDA growth



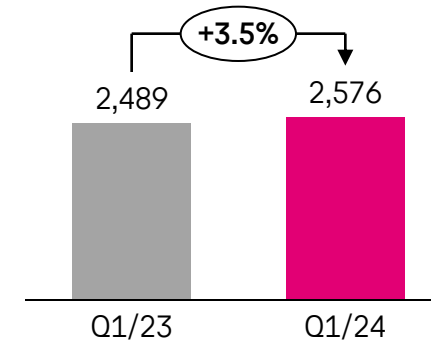
Revenues (reported)

€ mn



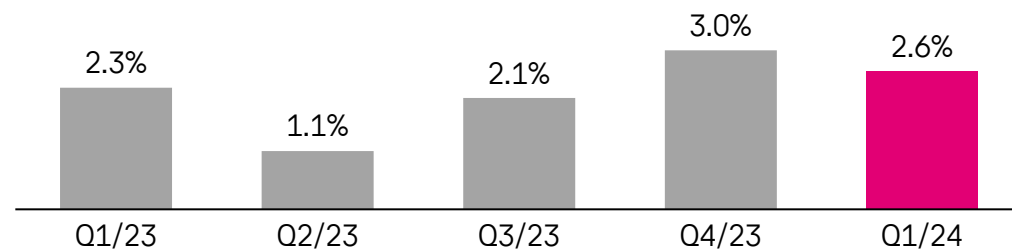
Adj. EBITDA AL (reported)

€ mn



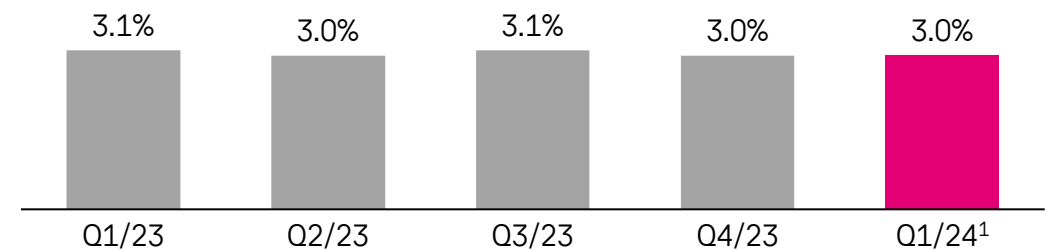
Revenue growth (organic)

% yoy



Adj. EBITDA AL (organic)

% yoy



¹ Organic growth rate in Q1/24 assumes that the tower transaction did close on Jan 1st 2023, whereas the close actually happened on Feb 1st. So, the reported EBITDA AL growth rate benefitted from 1 month of higher leasing opex in Q1/23.

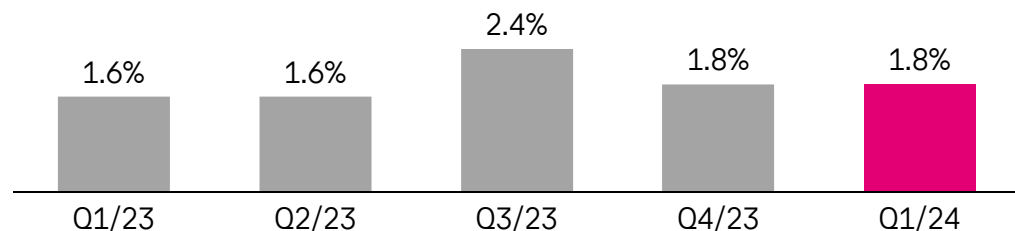
Germany

service revenues: growing across the board



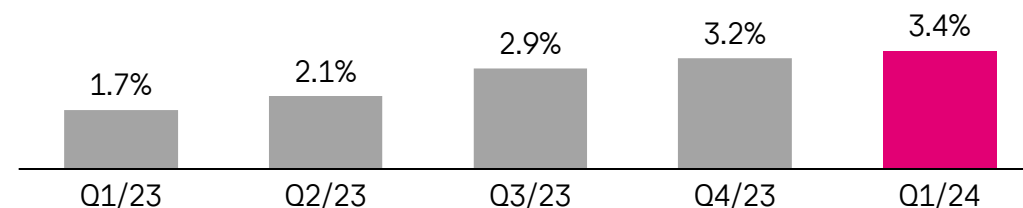
Total service revenue growth (organic)

% yoy



Mobile service revenue growth (organic)

% yoy



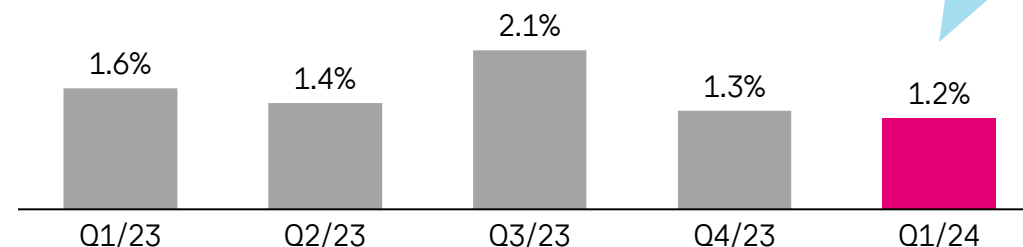
Revenue growth (reported)

% yoy

- Reported total service revenue growth +1.8%.
- Reported fixed service revenue growth +1.2%.
- Reported mobile service revenue growth +3.4%.

Fixed service revenue growth (organic)

% yoy



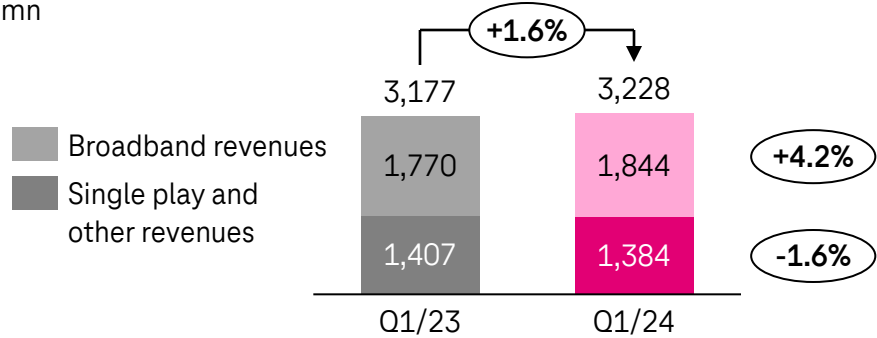
Germany

fixed revenues: steady development



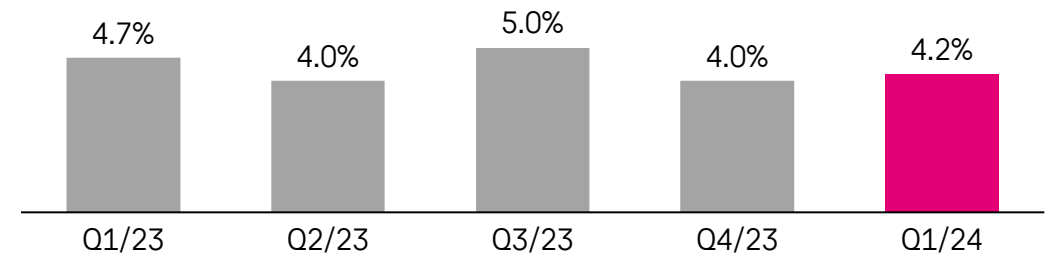
Retail fixed revenues (reported)

€ mn



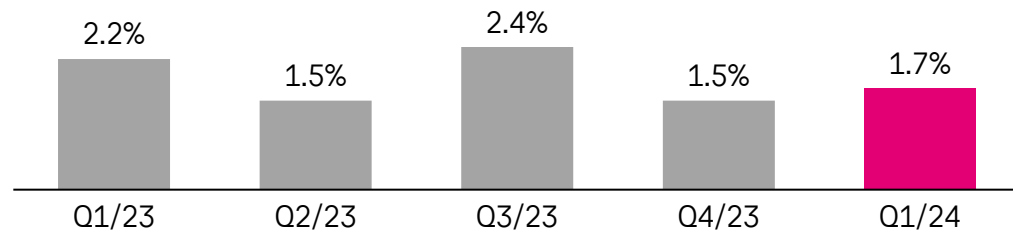
Broadband revenue growth (organic)

% yoy



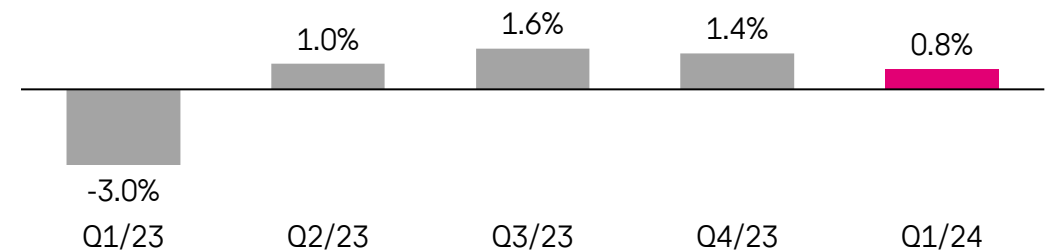
Retail fixed revenue growth (organic)

% yoy



Wholesale access revenues (organic)

% yoy



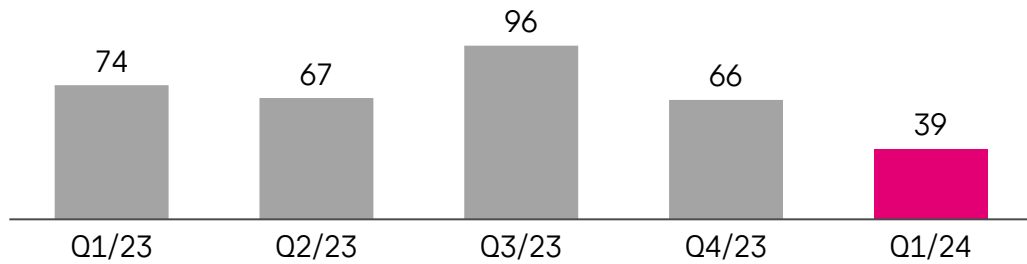
Germany

fixed KPIs: broadband slower, TV and FTTH faster



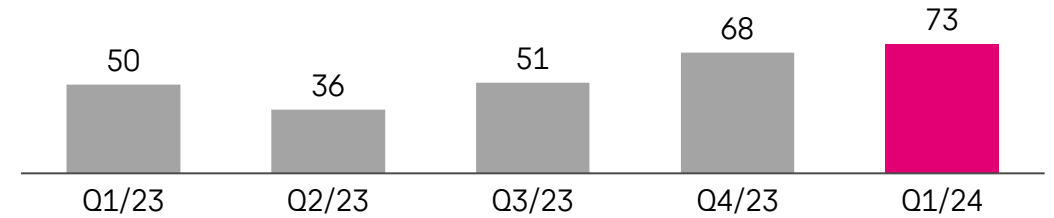
Broadband net adds

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TV net adds

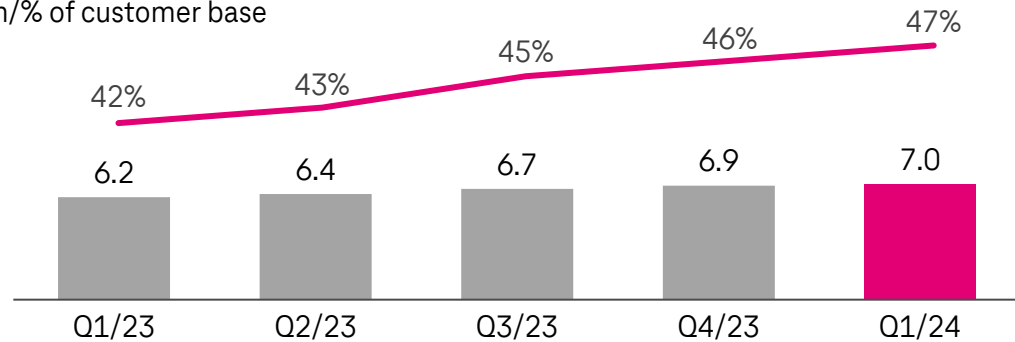
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Additionally, 53k TV OTT net additions, for ~350k total subs

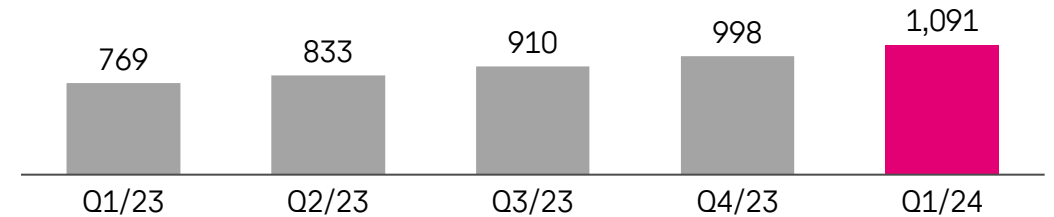
Retail customers with ≥ 100 Mbit/s tariff

mn/% of customer base



FTTH Customers

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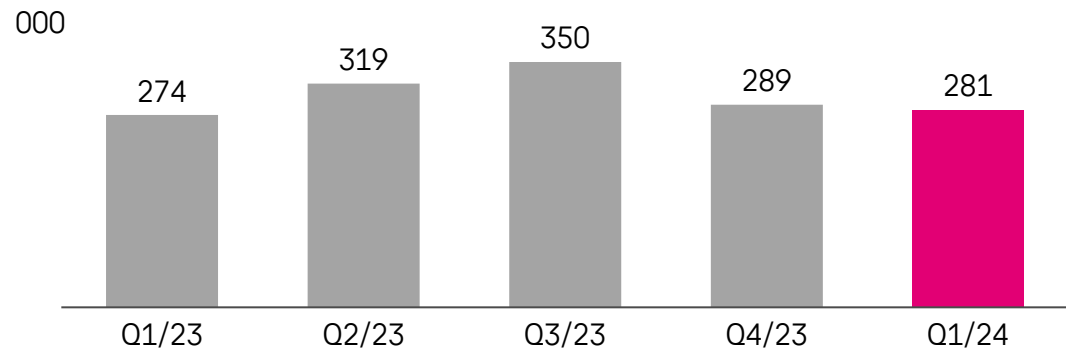
Targeting ~450k increase in 2024, up ~50% on 2023

Germany

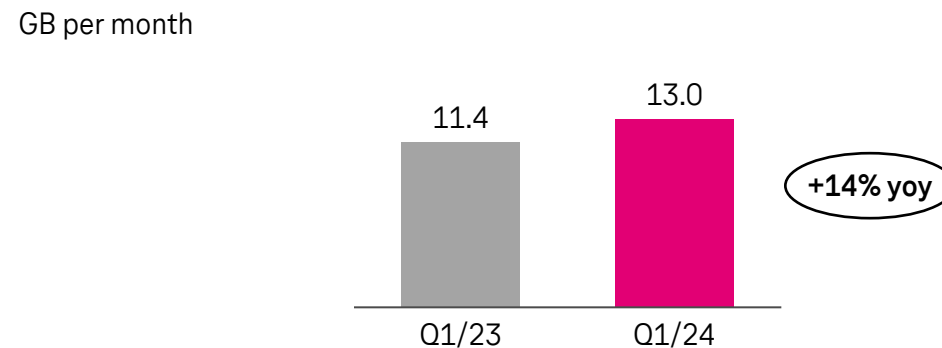
mobile KPIs: strong customer intake in a competitive market



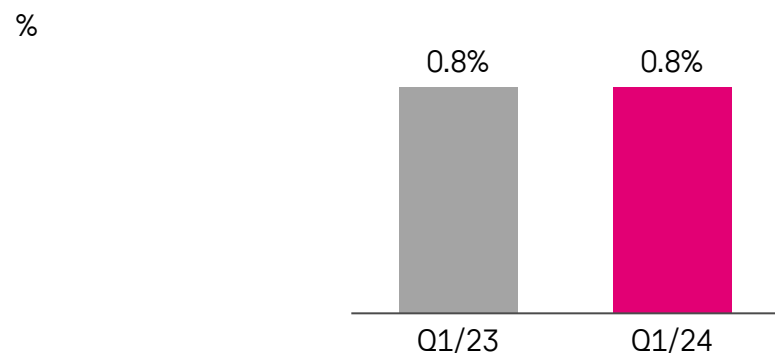
Branded contract net adds¹



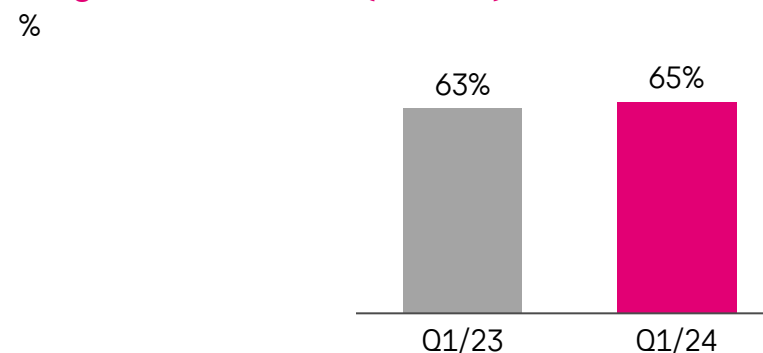
Data usage²



Churn²



MagentaEINS 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.

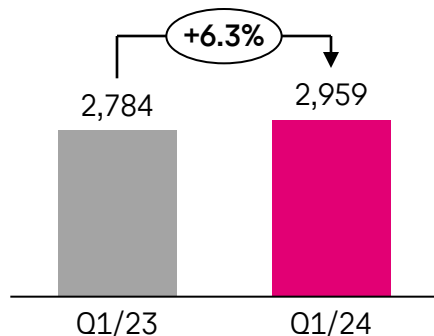
Europe

25th consecutive quarter of organic EBITDA growth



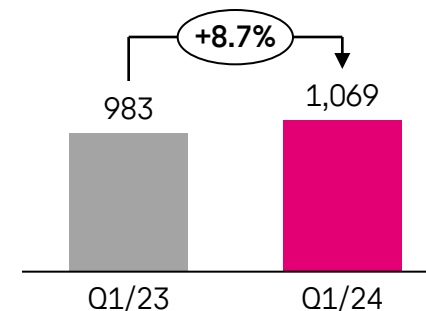
Revenues (reported)

€ mn



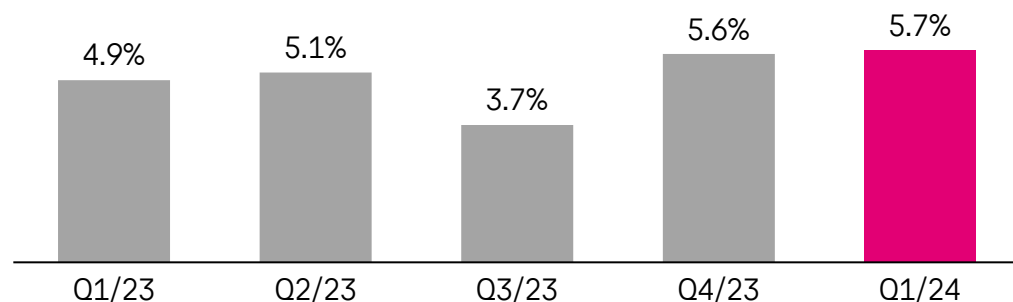
Adj. EBITDA AL (reported)

€ mn



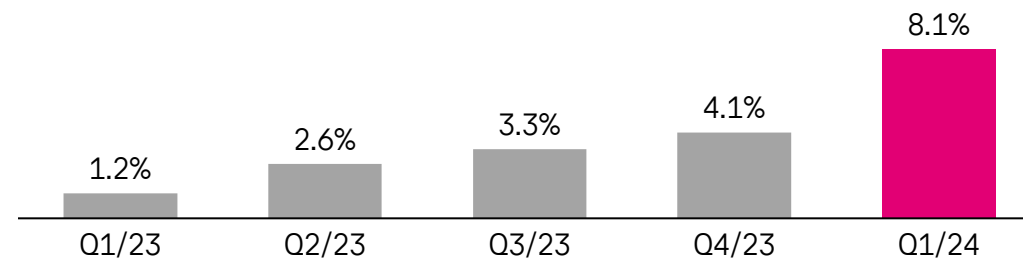
Revenues (organic)

% growth yoy



Adj. EBITDA AL (organic)

% growth yoy

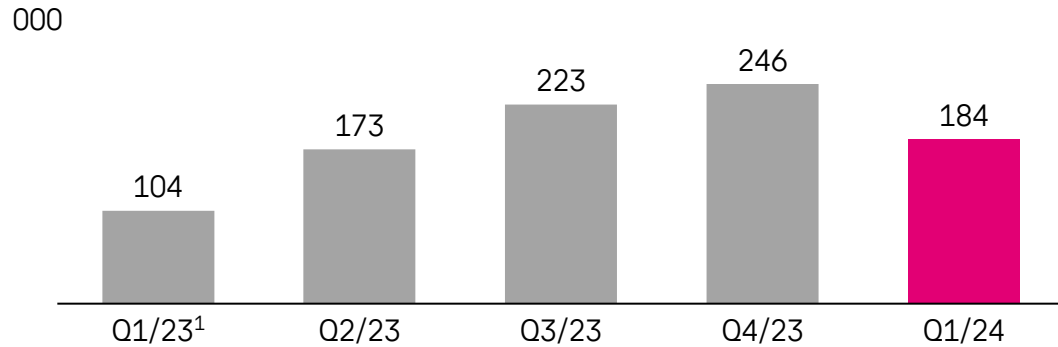


Europe

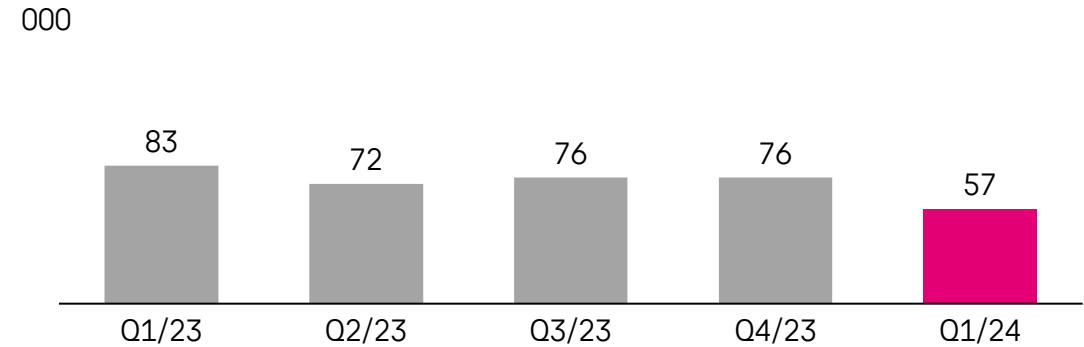
strong commercial performance



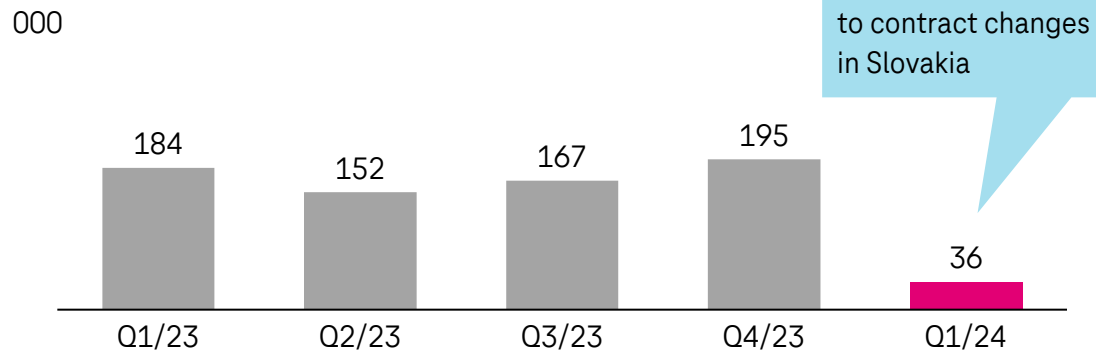
Mobile contract net adds



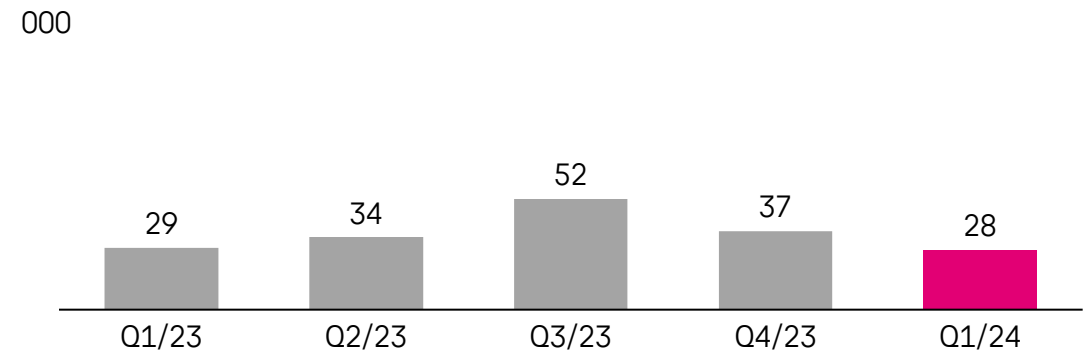
Broadband net adds



FMC net adds²



TV net adds



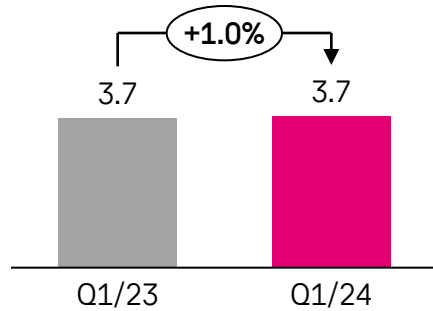
¹ Q1/23 mobile contract net adds negatively impacted by 33 k reclassifications from contract to prepay in Hungary. ² Definition alignment in Q3/23. Historic figures have been restated.

Systems Solutions

healthy revenue growth continues

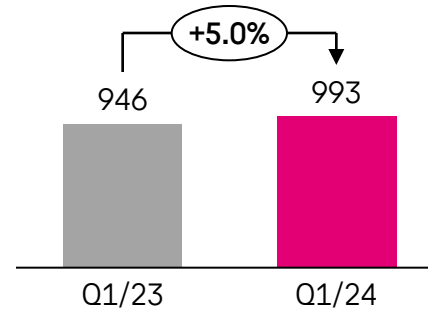
Order entry (LTM)

€ bn



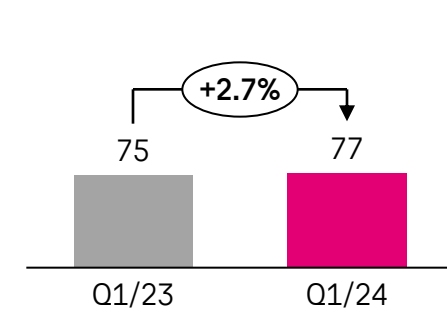
Revenues (reported)

€ mn



Adj. EBITDA AL (reported)

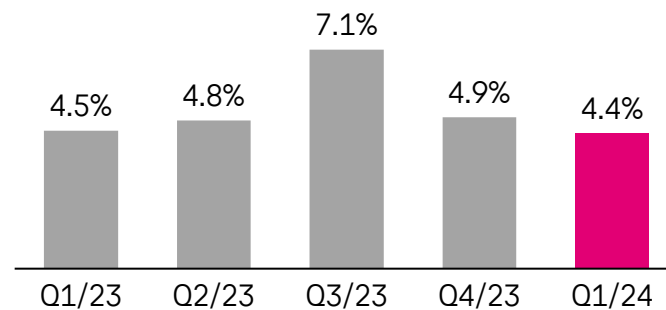
€ mn



- Revenues driven by strong quarter in Cloud, overcompensating classic IT business run down. External revenue growing by +6%.

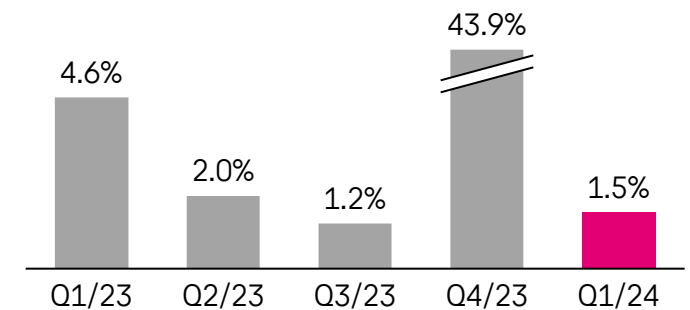
Revenues (organic)

% growth yoy



Adj. EBITDA AL (organic)

% growth yoy



Financials Q1/2024 reported

adj. EPS growing 15%, reported financials impacted by f/x headwind

€ mn

Q1

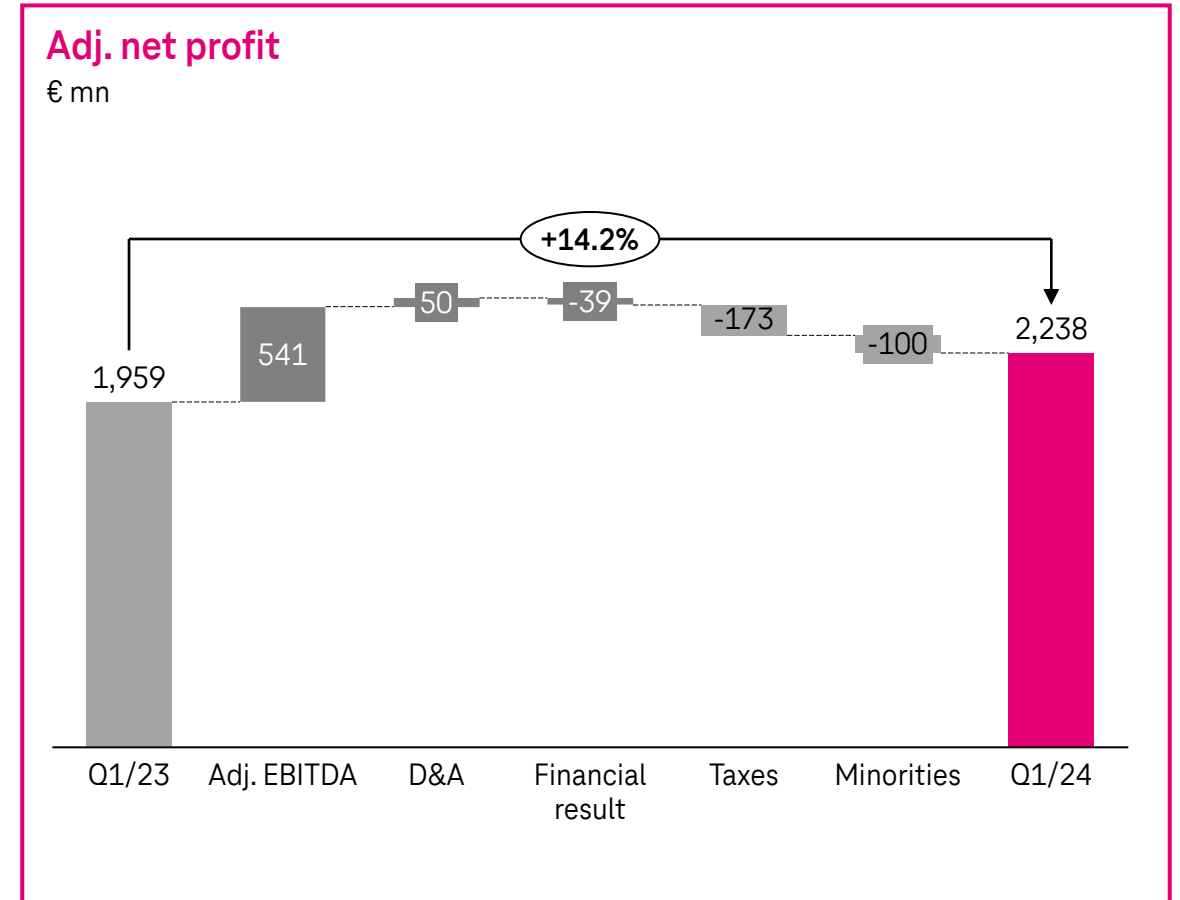
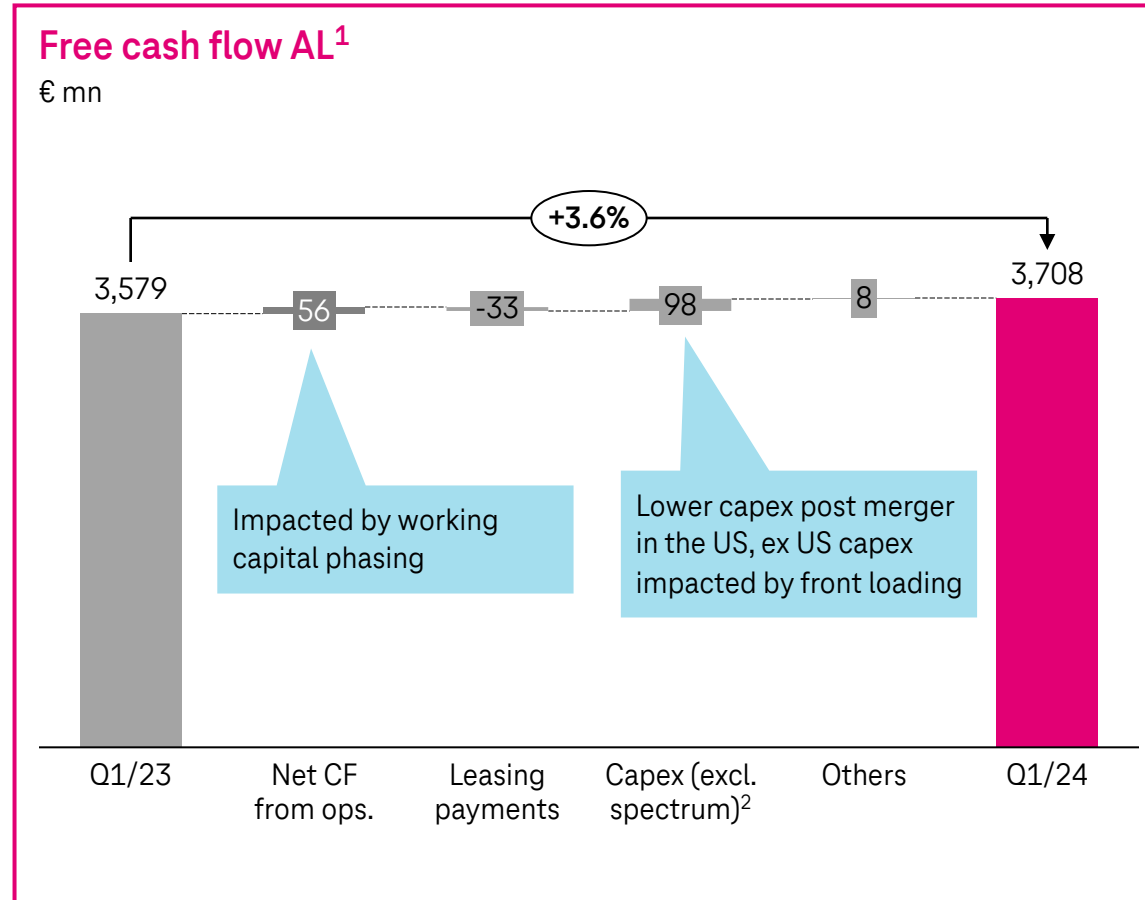
	2023	2024	Change	
Revenue	27,839	27,942	+0.4%	Impacted by currency and lower device revenues
Service revenues	22,814	23,485	+2.9%	Service revenues growing 4.1% organically
Adj. EBITDA AL	9,963	10,473	+5.1%	Adj. EBITDA organic +5.8%
Adj. EBITDA AL (excl. US)	3,427	3,541	+3.3%	Adj. EBITDA organic +5.2%
Adj. net profit	1,959	2,238	+14.2%	
Net profit	15,360	1,982	-87.1%	Impacted by €12.9 bn gain on tower sale in Q1/23
Adj. EPS (in €)	0.39	0.45	+15.4%	
Free cash flow AL ¹	3,579	3,708	+3.6%	
Cash capex ¹	4,759	4,661	-2.1%	
Net debt excl. leases (AL)	93,048	94,491	+1.6%	
Net debt incl. leases (IFRS 16)	133,517	133,116	-0.3%	Ex US impacted by phasing. FY guidance re-iterated

¹Free cash flow AL before dividend and before spectrum investments. Cash capex before spectrum investment. Spectrum: Q1/23: €57 mn; Q1/24: €67 mn.

In this presentation, the Group in Q1/23 is presented in accordance with the management view: Certain key performance indicators in 2023 like revenue and adj. EBITDA AL are presented as if GD Towers still would be fully consolidated. This view is different to the consolidated financial statements of DT where GD Towers is treated as a discontinued operation. For more details, please refer to the back-up to this presentation, respectively the annual report of DT, both available at www.telekom.com/en/investor-relations.

FCF AL and adj. net profit

FCF impacted by phasing, net profit by EBITDA



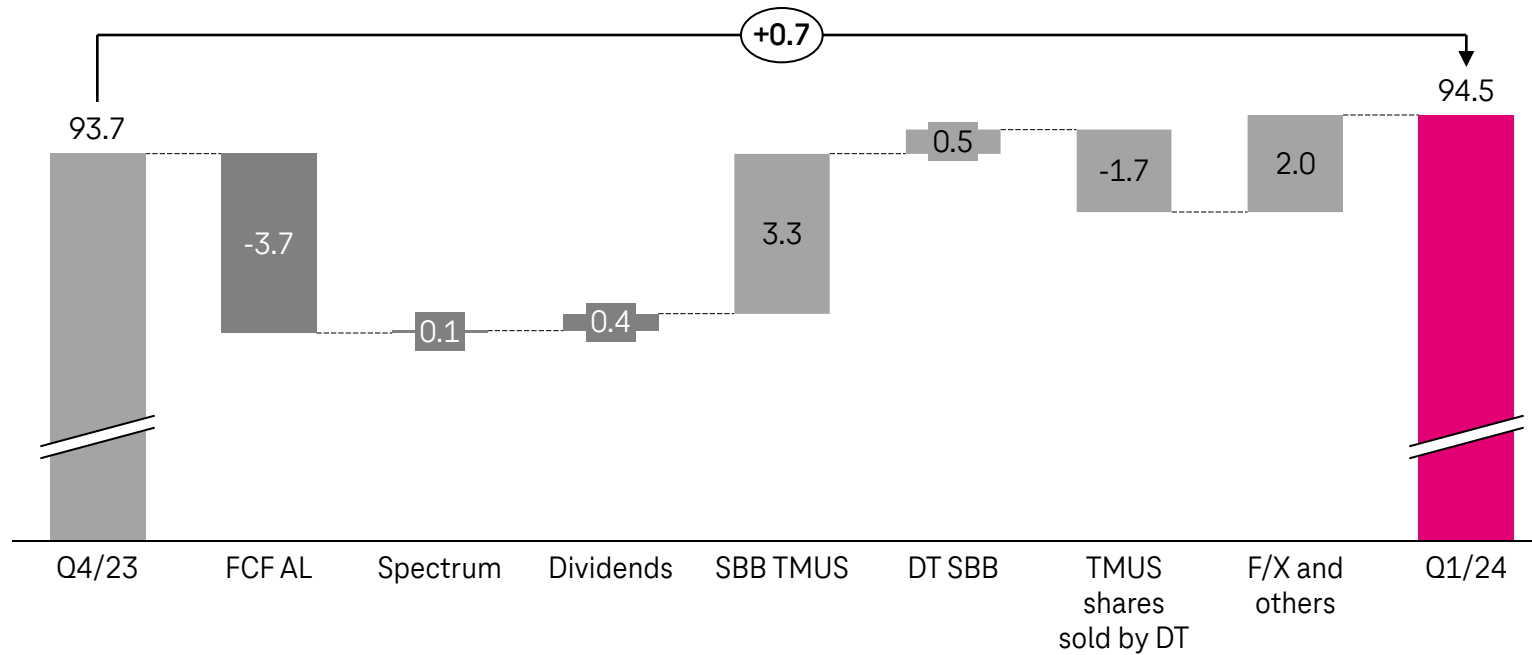
¹ Free cash flow and FCF AL before dividend payments and spectrum investment. ² Spectrum: Q1/23: €57 mn; Q1/24: €67 mn.

Net debt

leverage ratios slightly improved

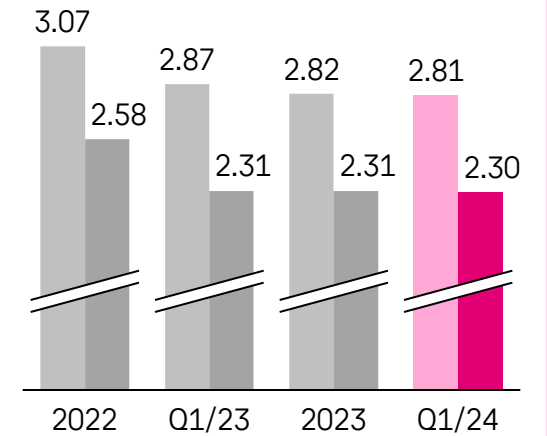
Net debt excl. leases (AL)

€ bn



Leverage ratios

Incl. leases
Excl. leases



Q1/2024 results

Main takeaways

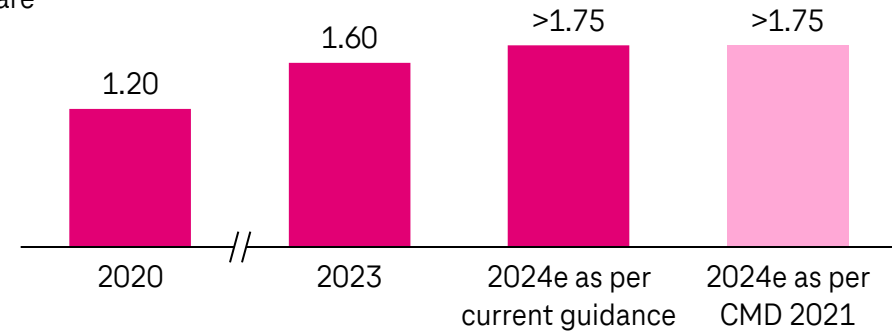
Q1/24 key messages

consistent reliable growth

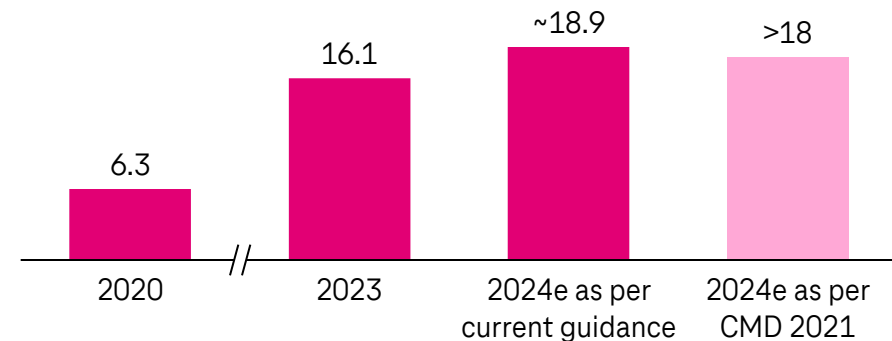
- Commercial performance continues unabated in all markets.
- Continued sustainable growth with revenue, service revenue, EBITDA AL, FCF AL and adj. EPS.
- Ex US service revenues growing 4% organically, ex US EBITDA AL growing 5% organically.
- TMUS raises guidance despite possible ACP headwind.
- Fiber roll-out on track for medium term targets in GER & EU. Continued investments in leading mobile infrastructure.
- Gaining exposure to US fiber opportunity via fiber JV with EQT.
- Stake in TMUS 50.4% on April 19.
- Ex lease leverage down to 2.30x. All 3 rating agencies at BBB+ with stable outlook.
- Well on track for CMD 2021 targets.
- DT CMD on October 10/11, 2024. TMUS analyst day in autumn.

2024 guidance/CMD targets 2024¹

Adj. EPS
in €/share



FCF AL
in € bn



¹ CMD guidance for 2024 based on € 1 = US\$1.14, guidance assumed no change in the scope of consolidation.