

Europe

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CAPITAL
MARKETS
DAY 2021

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Key messages

01 Leading European and fastest growing large-scale telco

EBITDA continuously growing > 2%¹ driven by increasing Service revenues & cost discipline, operating in attractive markets

02 Accelerating with customer centricity & digital

- **B2C:** Best CX, further scaling FMC & increasing HH value
- **B2B:** Profitable growth by driving clients' digitalization
- **People & Society:** Customer centric culture & organization, thriving for a positive impact on society
- **Network:** Super fast Fiber & 5G rollout for best user experience
- **Digital:** Further scaling common digital solutions across Europe

03 Stronger as a region

Leveraging synergies and digitalization, scaling common products & best practices across Europe

04 Significant contributor to DT's equity value

Continue sustainable growth with EBITDA AL CAGR +1.5–2.5%² & ROCE > WACC

¹ CAGR 2017–2020 Adj. EBITDA (AL) ² CAGR 2020–2024e Adj. EBITDA AL

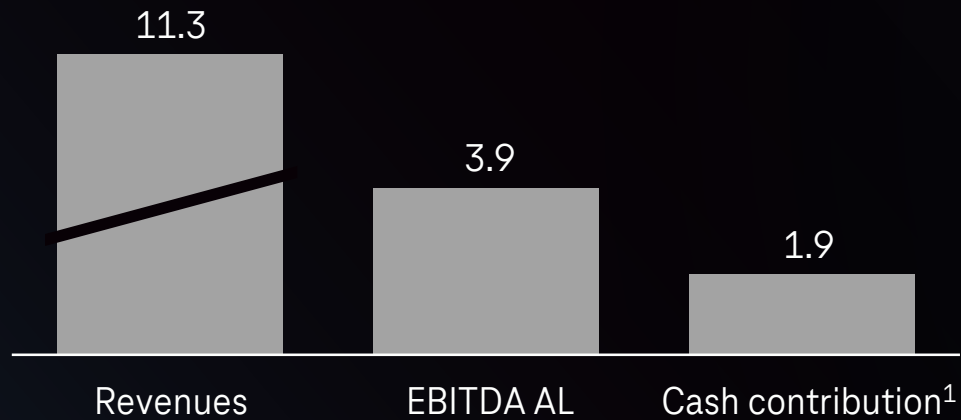
Review 2017–2021



Leading and fastest growing, large European telco

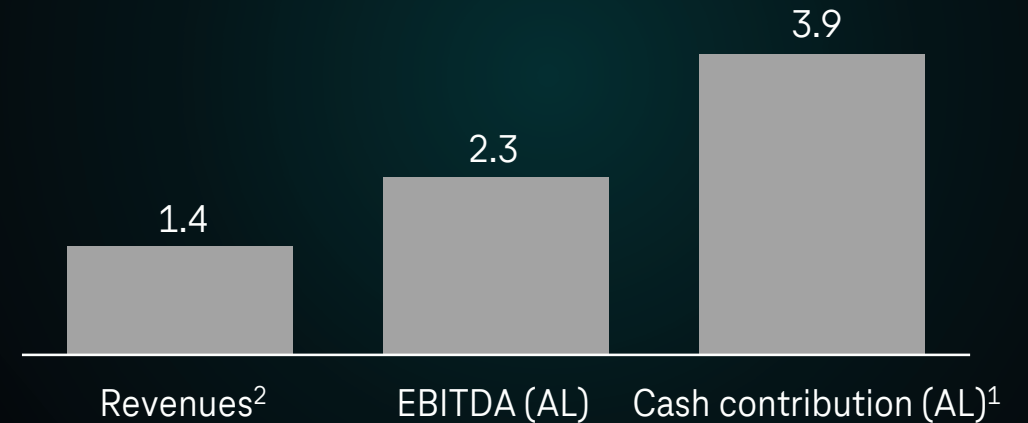
2020 financials

€ bn



2017–2020 growth

CAGR, %



7th largest EU telco, bigger than, e.g., Iliad, Telia or KPN

In 2020 Europe's fastest growing major telco

Note: EBITDA = Adj. EBITDA AL ¹ Cash Contribution (AL) = Adj. EBITDA (AL) – Cash Capex – Special factors (Cash) ² Excl. Visitor/Roaming impact



Operating in healthy markets with further growth opportunities

Growing economies

+3.7%
GDP growth¹

+3.5%
Consumer spend on telco services¹

Healthy markets

2x | **6x** | **2x**
2 MNOs | 3 MNOs | 4 MNOs
Number of full MNOs per market

€0.05–0.23
per MHz & PoP.²
Spectrum prices 5G auctions

Imminent growth potential in digital

9 countries
< median
Countries' DESI³ position in Europe

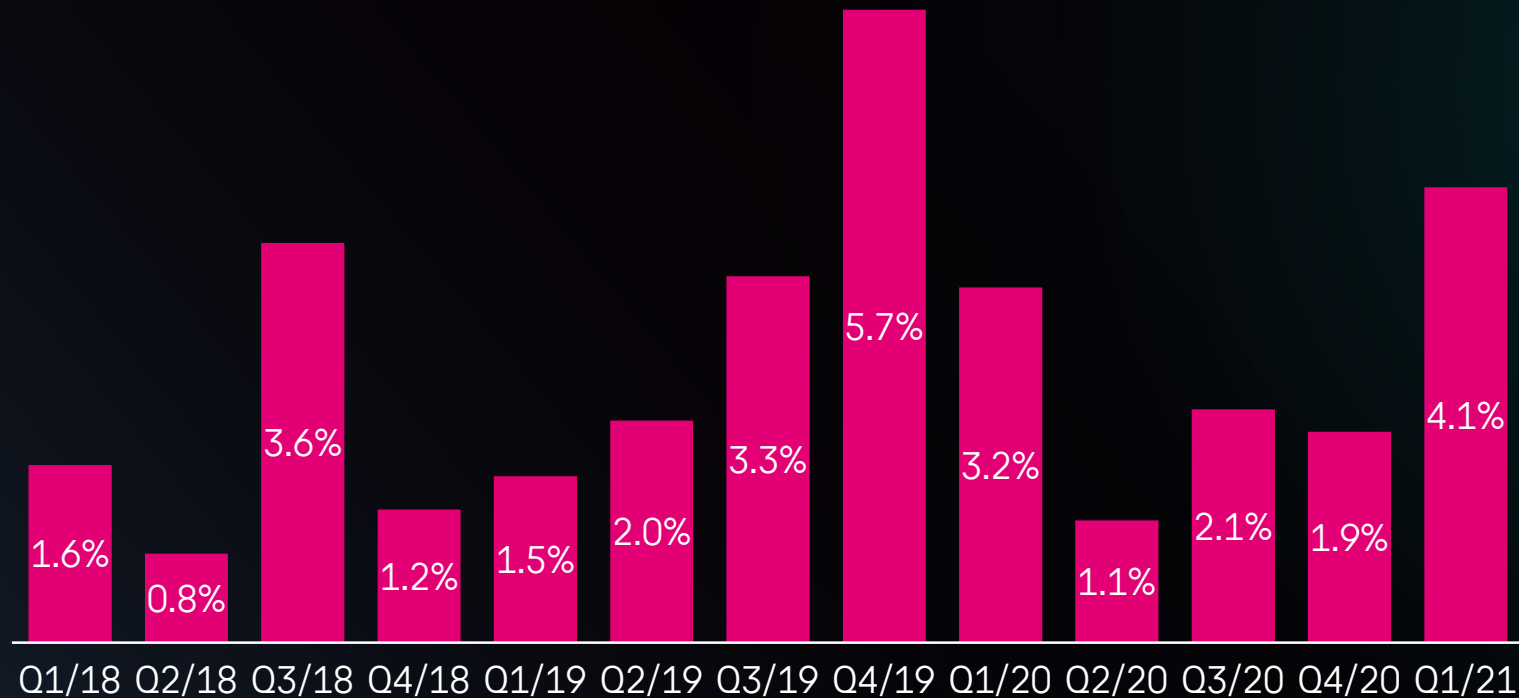
Up to €20 bn
Σ 2021–2027
EU funds for digitalization

¹ CAGR 2019–2025e; source: Euromonitor ² Auctions 2020 & 2021, in GR €0.05, CZ €0.09, AT €0.10, HU €0.10 & 0.22, SK €0.23 ³ DESI = Digital Economy & Society Index 2020

Growing in organic EBITDA for 13 consecutive quarters

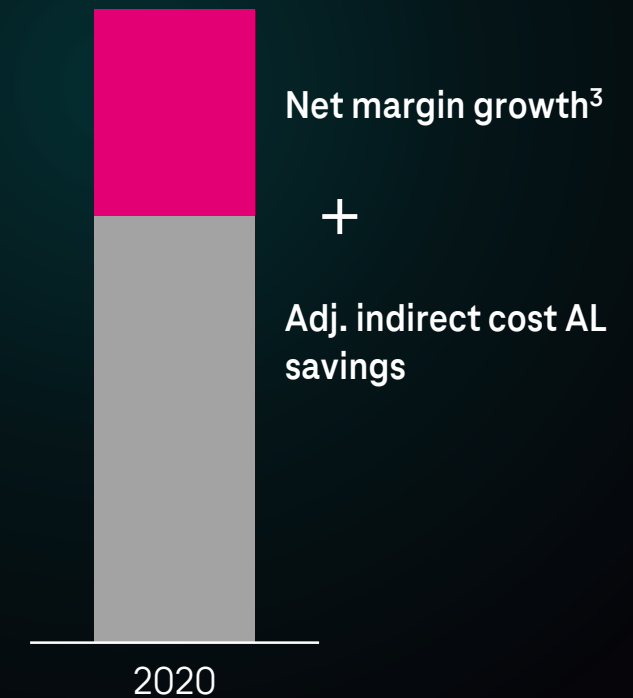
Adj. EBITDA AL organic development^{1,2}

% yoy



Adj. EBITDA AL growth fueled by...

% yoy



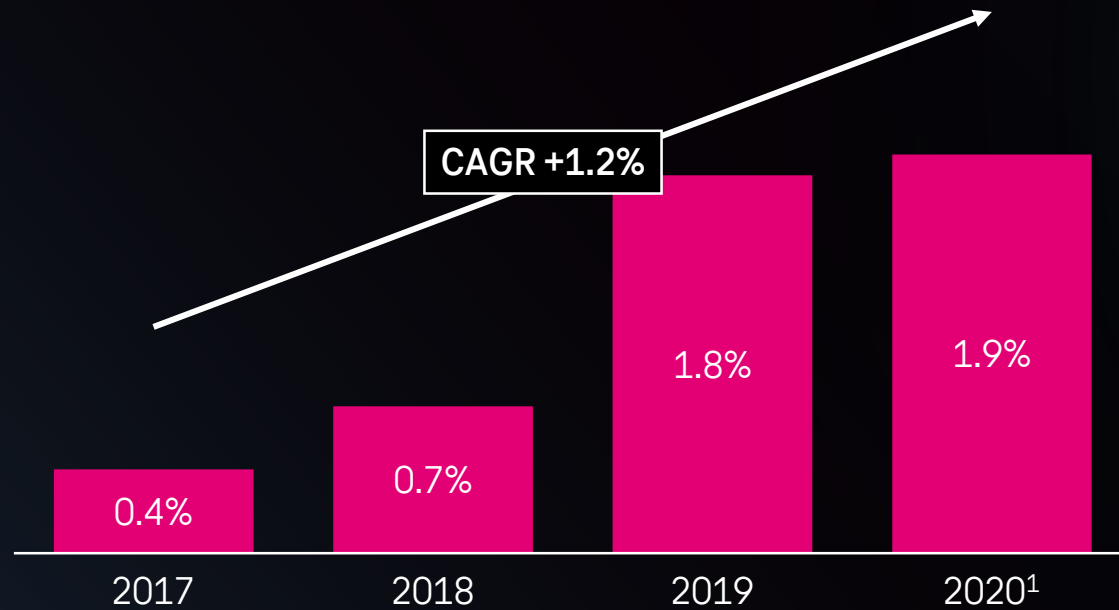
¹ 2018 Adj. EBITDA (on pre IFRS 16 base) ² 2018–2019 before DTGC restatement ³ Excl. Visitor/Roaming impact



Our Service revenue benefits from successful FMC propositions and More-for-More

Total service revenue growth in line with the markets...

Organic Total service revenue development, % yoy



Driven by...

Value creation

More-for-More tariff upgrades, rolled out across NatCos and customers migrating to FMC propositions along up- & cross-sell paths

Volume increase

Mobile contract subscribers increased by 2.5 mn (2017–2020)
Broadband subscribers increased by 0.8 mn² (2017–2020)

¹ Excl. Visitor/Roaming revenue ² Excl. UPC acquisition in AT

€320 mn net indirect cost reduction already by 2020, via continuous transformation

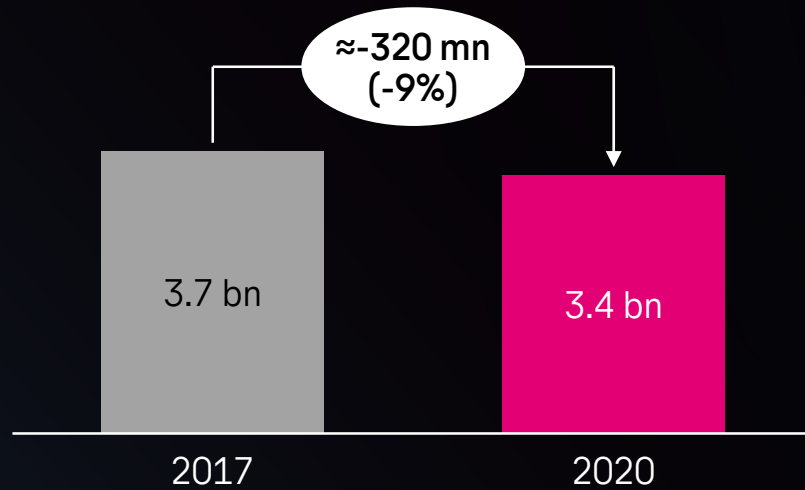
Rightsizing the organization, esp. HQ & central business functions

Outsourcing of non-core activities

Simplification of internal processes with digital

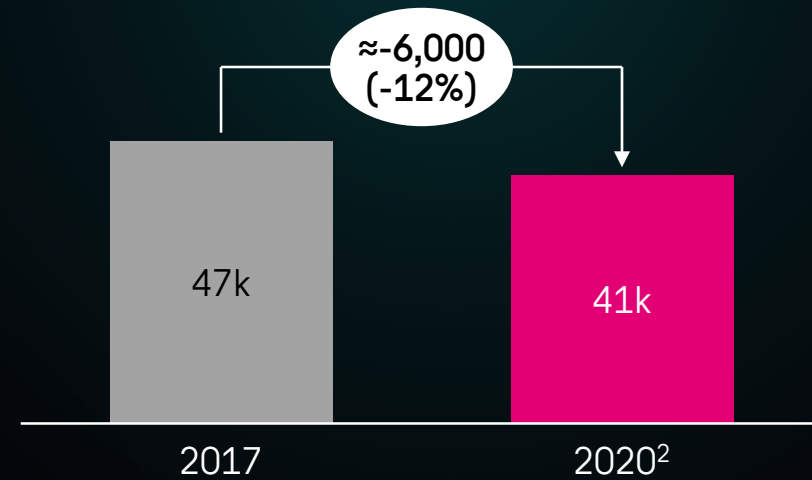
Adj. indirect cost AL (organic)

€



Total workforce

FTEs¹



Share of Net revenue

32%

30%

¹ Excl. Albania ² Incl. UPC Austria

Fiber rollout heavily accelerated

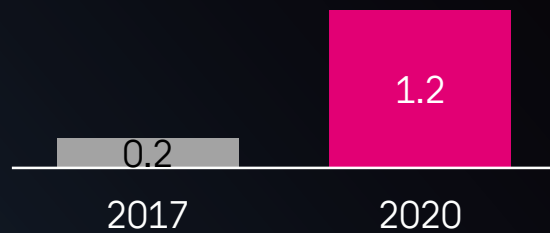
Fiber rollout more than tripled at stable CAPEX

With improved Fiber utilization

5x Rollout run rate

Organic incremental HHs passed¹

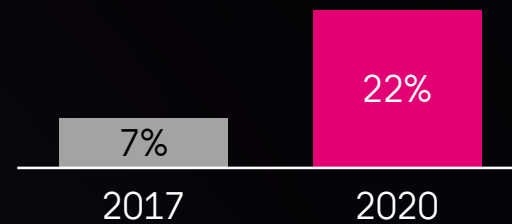
mn



3x HH coverage

Fiber HHs coverage^{1,2}

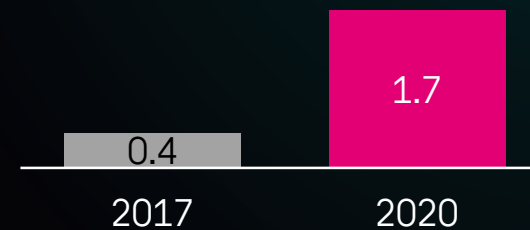
%



4x HH connected

Fiber HHs connected¹

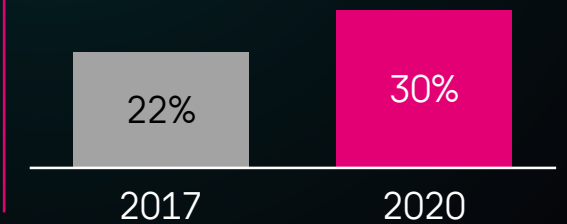
mn



↑ Fiber utilization

HHs connected¹

as % of passed



Financed via internal prioritization

¹ FTTH/B & Docsis 3.1 (1 Gbps) in AT, CZ, GR, HR, HU, ME, MK, SK ² FTTH/B & Docsis 3.1 (1 Gbps) as % of HHs

CMD 2018 commitments: Delivered

	Ambition 2017–2021e	Achievements 2020 ³	2017–2021e
B2C growth drivers	<ul style="list-style-type: none"> FMC revenue (€1.7 bn 2021)¹: CAGR +25% > 50% App penetration, 30% pure online sales Lead in TRI*M: #1/#2 in all markets 	<ul style="list-style-type: none"> +42% (€1.7 bn)⁴ 62% App penetration, 29% mobile online sales⁵ B2C: 9/10 NatCos are #1 or #2 in Q4 	<ul style="list-style-type: none"> ● ● ●
B2B growth drivers	<ul style="list-style-type: none"> FMCC revenue (€0.5 bn 2021): CAGR +10% 20% FMCC portal share B2B/ICT revenue: CAGR +7% 	<ul style="list-style-type: none"> +27% (€0.69 bn) 31% B2B self-service penetration +7.4% 	<ul style="list-style-type: none"> ● ● ●
Profitable midterm growth	<ul style="list-style-type: none"> Revenue growth: CAGR > 1% Adj. EBITDA (AL) growth: CAGR +1–2% Adj. indirect cost (AL) reduction by €0.4 bn Cash contribution (AL)²: CAGR +2–4% 	<ul style="list-style-type: none"> +0.9% (+1.4% excl. Covid-19)⁶ +2.3% €0.32 bn +3.9% 	<ul style="list-style-type: none"> ● ● ● ●

¹ NatCos: CZ, GR, HR, HU, ME, MK, RO, SK ² Cash contribution (AL) = Adj. EBITDA (AL) – Cash Capex – Special factors (Cash) ³Actual results 2017–2020, or respectively actuals 2020

⁴ NatCos: AT, CZ, GR, HR, HU, ME, MK, PL, SK. Achievements 2020 EU8: CAGR +37% (€1.7 bn) ⁵ Online channels share of gross adds, tariff changes, contract prolongations and paid add-ons for mobile contract customers

⁶ Visitor/Roaming impact

Strategy 2021–2024



We will move from good to great

FROM

Turning around to sustainable profitable growth

Improving customer experience

Strengthening assets, esp. towards convergence

Moving to digital channels with centrally developed OneApp

Rightsizing the organization & increasing efficiency

Strengthening of NatCos' functional brand promises



TO

Fast growing customer centric & digital telco

Winning the hearts & minds of our customer

Truly converged FMC player in every market

Scaled digital solutions and network cloudification

Fully digital, agile, lean & customer centric organization

“Love brand”

We won't stop... until we have won the **HEARTS & MINDS** of our customers

Future growth levers: 2021–2024



01 B2C

Customized value propositions & simple customer journeys

02 B2B

Address clients with segment specific solutions & experience

03 People, society
& environment

Employee engagement, digital inclusion, care for our planet

04 Networks

Accelerated gigabit network rollout for best usage experience

05 Digitalization

Scaled digital solutions across the footprint, cloudified network

06 Capital
allocation

Leverage power of the region, invest into future growth drivers

Strong commercial momentum in all product categories



B2C/PRIVATE CUSTOMERS

OUR PROOF POINTS

- ✓ **FMC scaled up**
 51.1% FMC penetration in Broadband base with 2.7 mn FMC HHs¹
- ✓ **Value play with More-for-More**
 Mobile ARPU stabilized with More-for-More tariff upgrades
- ✓ **Strong net adds performance in all categories**
 +2.6% Mobile contract, +4.2% Fixed broadband, +19.5% FMC HHs, +2.3% TV²
- ✓ **Strong TV customer base**
 5.1 mn TV customers
- ✓ **#1/#2 in customer satisfaction in all NatCos**
 All-time high TRI*M in EU (69 pts¹)

¹ By end of 2020 in AT, CZ, GR, HR, HU, ME, MK, PL, SK ² Customer base end of 2020 vs. end of 2019

Upgrade FMC propositions and capture under-served segments

Addressing customers' needs in an increasing segmented way & with sharpened propositions



**FURTHER SCALE FMC
IN ALL MARKETS**

Increase **Fiber** penetration and upgrade **in-home Broadband connectivity**



**DRIVE HH VALUE BY
UP- & CROSS-SELL**

Push **multi-SIMs** into **HHs/families**, best **content aggregation** for **TV & beyond**, best user experience **CPEs**



**ENSURE FULL
MARKETS COVERAGE**

Address under-served segments with **youth propositions**. Defend with **2nd brands** for **smart shoppers**

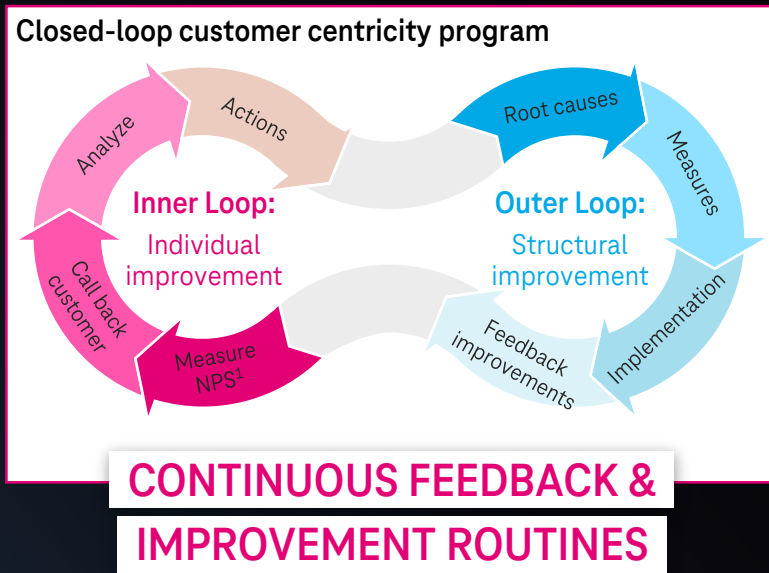
Becoming the undisputed #1 in customer experience

Bring customer centricity to the next level



AMBITION 2024e

#1 in TRI*M in every country to reduce churn



Build superior “love brand” experience with impact on society

Creating emotions and connecting with our customers & society in a unique manner

AMBITION 2024e



**Brand preference
≥ Market share in
every country**

**CONVEYING DIGITAL
OPTIMISM**

**PEOPLE AS
BRAND AMBASSADORS**

**WINNING PEOPLE'S
HEARTS & MINDS**

We won't stop...
until we have connected
everyone to the
opportunities of now

Employees & customers as
passionate advocates

Creating emotions and
making people's life better

Further grow our €6.6 bn¹ business in B2C

Fueled FMC growth and value increase with up- & cross-sell

✓ Net adds at fair share

> 4 Avg. #RGUs per HH – and revenue per HH to increase

↗ Value market share growth

> 10% FMC revenue CAGR 2020–2024e

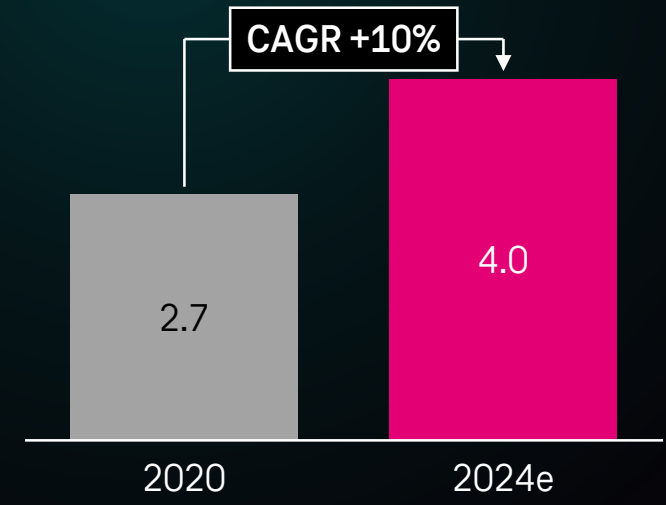
+1–2% Net margin growth

towards 50% FMC B2C revenue share in full-FMC countries

AMBITION 2024e

FMC households²

mn



¹ B2C revenue in 2020 ² In AT, CZ, GR, HR, HU, ME, MK, PL, SK



We established ourselves as trusted partner for small to large businesses and public sector



OUR PROOF POINTS

- Integrated ICT player**

€1.1 bn revenues, continuously growing with 7% (CAGR 2017–2020)
- Profitable growth in B2B**

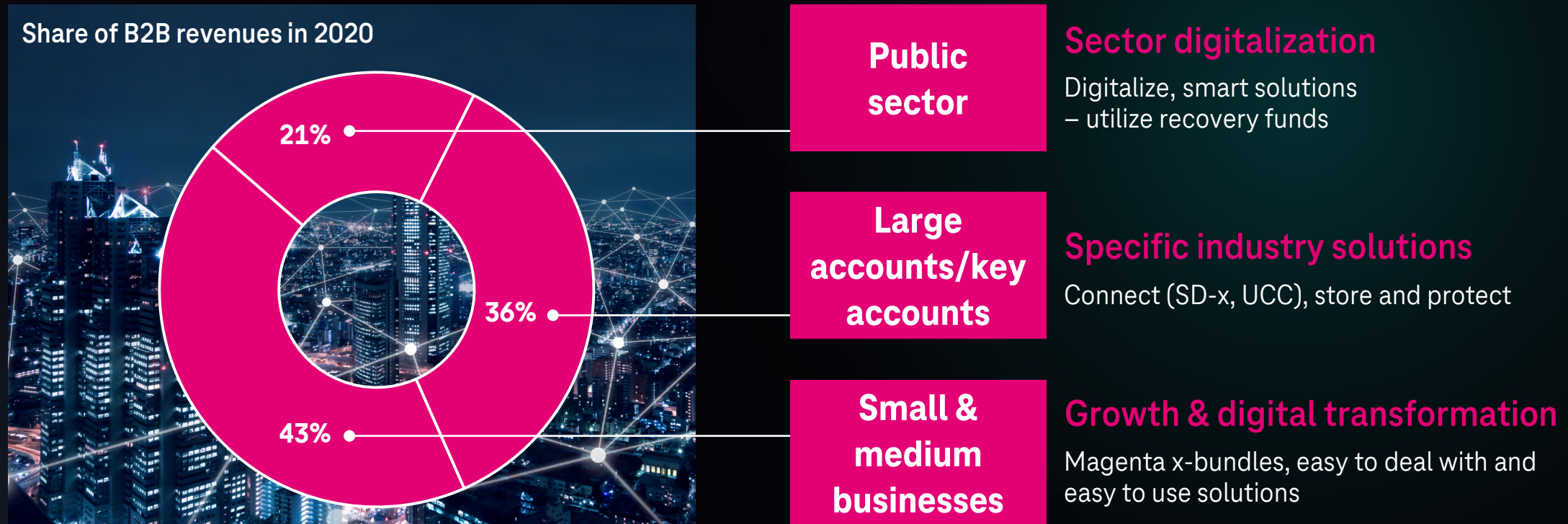
Yearly B2B net margin growth by 2% (CAGR 2017–2020)
- Scaled Cloud propositions via partnerships**

Cloud offerings via Microsoft Acceleration Center went live in August 2019, generating €92 mn revenues in 2020 already
- Partner in digitalizing cities**

Smart City revenue doubled with smart lightning, parking, traffic management – launched in most countries

Leading customer centric partner for digitalization of B2B clients

Further scale our €3.3 bn business¹ in B2B with relevant, segment specific value propositions



¹ B2B revenue in 2020

Fuel profitable growth in B2B

Manage B2B for profit

€300 mn B2B revenue growth¹



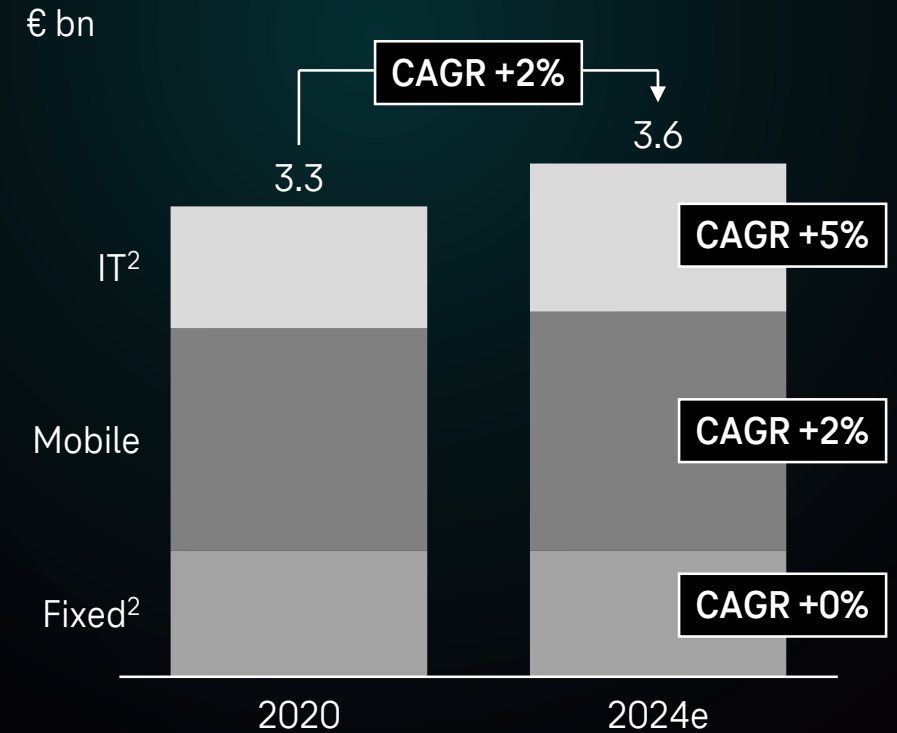
Grasp B2B opportunities in AT, CZ and PL



≈2% Net margin growth in SMBs & large enterprises

AMBITION 2024e

B2B revenues



¹ Versus 2020 ² IT = System Solutions, fixed including data communication

Attracting top talents and caring for our people

Highly engaged employees with enthusiasm for best customer experience



EU **People & Leadership**

CUSTOMER CENTRIC CULTURE & ORGANIZATION

ATTRACTION, DIVERSIFICATION, DIGITAL TALENTS

AGILE, LEAN ORGANIZATION

AMBITION 2024e



Employee satisfaction



Employee engagement

TOP 5-10

In employer ranking

And having a positive impact on society

Making people's life better



**DIGITAL
INCLUSION**

“A clear impact to our communities and help younger generations as well as the elderly to take part in digital opportunities”



**CARING FOR
OUR PLANET**

“Lower energy consumption/carbon emission & increase in resource efficiency as top priorities for DT EU and all our stakeholders”

AMBITION 2024e

- 100% electricity from renewable sources (2021)
- Circularity contribution: Refurbishment & recycling (devices), reduce waste
- Coding and STEM education for younger generation and helping the elderly on “digital”
- Teaching right usage of digital technology
- Enabling digital schools

Super fast broadband network rollout

Networks

Mobile coverage

(population)

LTE

98%

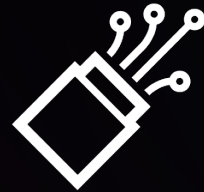


Fiber coverage¹





(households)

Fiber

22%



OUR PROOF POINTS

- 
Step-change in accelerating Fiber rollout
 Fiber rollout p.a. x5, reaching 22% coverage with 30% utilization¹
- 
Best mobile network
 98% LTE coverage – 5G launched in most countries²
- 
Convergence play in all markets
 Fast own rollout plus wholebuy & infrastructure sharing
- 
Strong 5G spectrum positions in all mid- and C-bands
 Successful spectrum acquisitions with spectrum share 30–41%³

¹ In AT, CZ, GR, HR, HU, ME, MK, SK until end of 2020 ² In AT, CZ, GR, HR, HU, PL, SK until end of 2020 ³ HU 41% & 31%, AT 37%, CZ 31%, SK 30%, GR 37% in auctions 2020 & Q1/2021

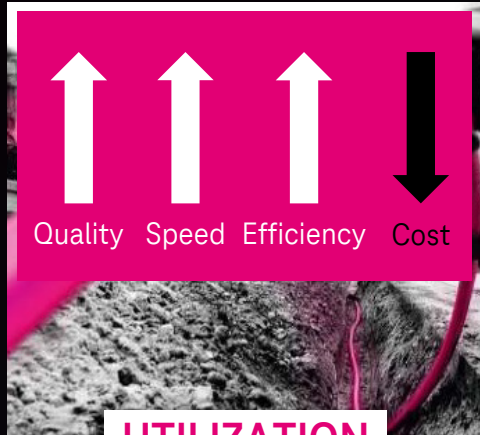
Undisputed Fiber leader – and we will continue to invest

Gigabit access at affordable prices with best in-home user experience



**SUPER FAST
OWN ROLLOUT**

Prioritization within **stable Capex**, leveraging **EU funds**



**UTILIZATION
& PAYBACK**

Rollout **cost below €400** per HH passed¹, further **utilization increase** via FMC household deep-sell & segments extension, providing **payback periods of 10–14 years**



**COMPLEMENTED
WITH PARTNERING**

Fiber coverage via **infrastructure sharing** and **wholebuy (additional 4 mn Fiber accesses in PL & CZ)**



AMBITION 2024e

40%
≈10 mn HH Fiber HHs 1 Gbps coverage²

33%
> 3 mn HH Fiber utilization 1 Gbps

¹ Based on 2020 reported values (fiber rollout & Capex) including households passed street ² FTTH/B & Docsis 3.1 (1 Gbps) in AT, CZ, GR, HR, HU, ME, MK, SK

Best mobile network

Mobile network with significant 5G population coverage, capable of speeds faster than 1 Gbps



Strong 5G spectrum position

Rapid 5G coverage increase, leverage mix of 5G New Radio & Standalone/New Core, to cover all areas from urban to rural

Accelerated network modernization & upgrade

Site upgrades & refarming for 5G, Fiber network integration, 3G retirement, demand driven capacity rollout


Investment optimization

Applying the right technology mix, partnerships to complement rollout in white spots, Open RAN

AMBITION 2024e

> 75% 5G population coverage¹, further scaling to 98%

3G retirement In all countries

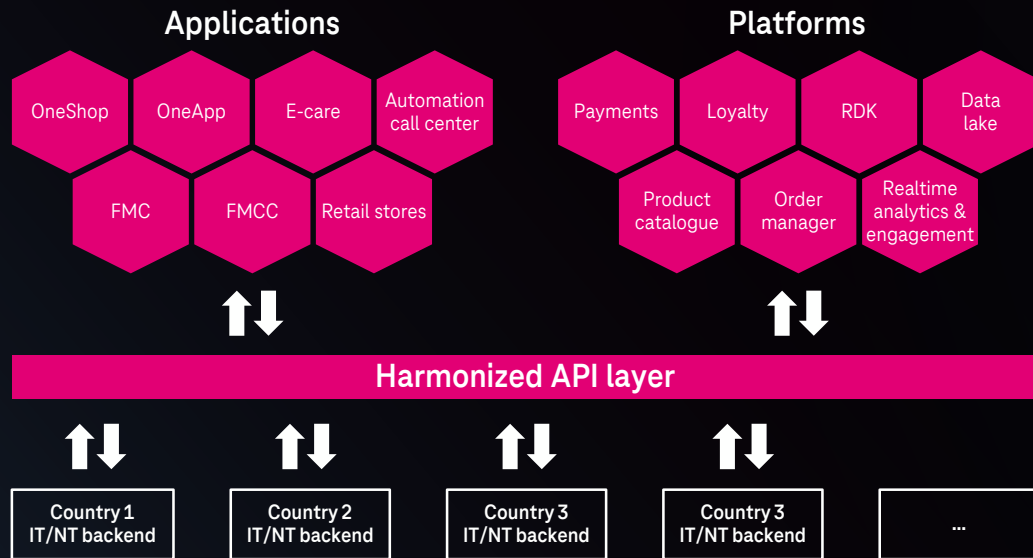
 ARPU/ARPA increase in B2C & B2B via More-for-More, FMS, M2M/IoT, Campus Networks, etc.

¹ In AT, CZ, GR, HR, HU, ME, MK, PL, SK

We created leading digital platforms

Digitalization & Efficiency

Moving to harmonized API¹ layer across NatCos



OUR PROOF POINTS

- ✓ **Central development, local rollout across footprint**
 Centrally developed OneApp with harmonized API¹ live in all NatCos
- ✓ **Large scale customer reach via OneApp**
 > 60% of smartphone users use the OneApp each month
- ✓ **Personalization & campaigning via OneApp**
 Best tariff proposal based on usage profile via the app
- ✓ **Self-care & self-administration via OneApp**
 Error reporting, tariff migration & prolongation, bill payment, etc.
- ✓ **Monetizing the OneApp**
 -10% non-sales calls, €1.2 bn payments & top-ups, 300k tariff changes & contract prolongations

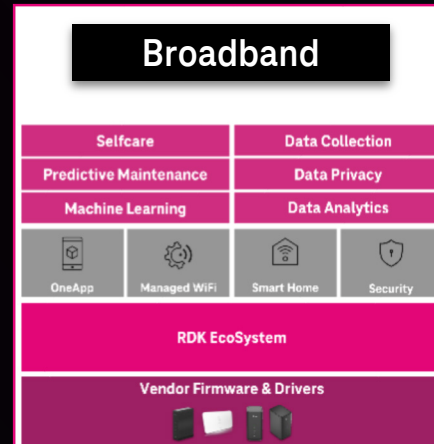
¹ Application Programming Interface

Video



Further scaling common digital solutions across Europe

Making digital the preferred way dealing with us



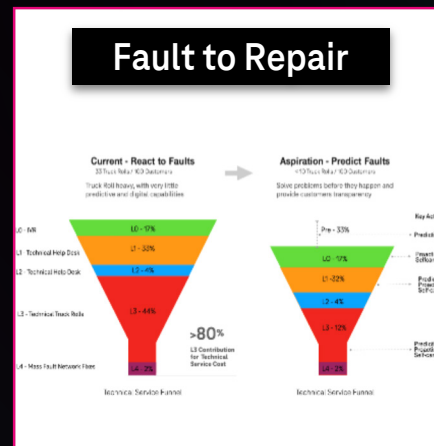
AMBITION 2024e

-5-10% p.a. Non-sales customer care calls

-15% Truck rolls¹

Ultimate digital in-home Broadband experience

Best user interface for TV content discovery



30% Transactions share on app

≥ 95% 1st time right in provisioning

Centrally aided customer journeys – no field trips

¹ Customer initiated field trips to fix service issues

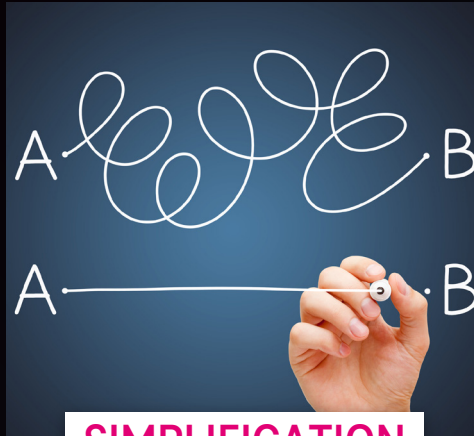
Modernized NT and IT towards cloud & digitally enabled platforms

Substantially reducing Gigabit production costs in NT & IT



MODERNIZATION

Clean up of legacy elements NT/IT, accelerate **copper to Fiber** migration, **field force optimization**



SIMPLIFICATION

Simplify service chain architecture & reduce legacy features, **clean up portfolio** & business rules, automation



CLOUDIFICATION

Cloudified 5G production with common target architecture, shift voice & data loads on a **cloud infrastructure**

AMBITION 2024e

42% of workloads in network cloudified

€300 mn Indirect cost reduction¹

One common CaaS product as a multi-cloud proposition

4 NatCos with 5G SA (standalone) core

¹ Adj. indirect cost, 2020–2024e

Capital allocation strategy paid off – portfolio strengthened

Further converged portfolio with inorganic moves & partnerships

Austria

UPC merger: EBITDA margin from 34% to > 40%¹ via strong synergies & implementation

32% HH
Gigabit coverage



Poland

Several wholebuy deals done, further in negotiation

26% HH
Gigabit coverage



Czech

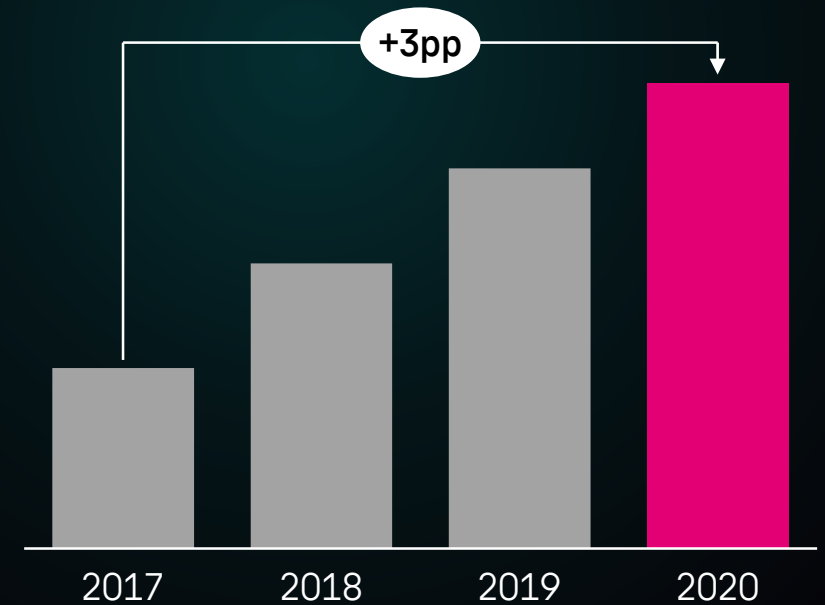
Own FTTH rollout, CETIN partnership & smaller M&A deals

4% HH
Gigabit coverage



CETIN co-rollout partnership signed: Add. 11% coverage planned for next 7 years

ROCE continuously increased



Streamlined portfolio

Romania

Fixed sold, mobile lean challenger being realized



Albania

sold



¹ From 2018 to 2021e incl. towers like-for-like

Stronger as a region – we are more than the sum of the parts

Leveraging synergies across DT group



Strategic co-creation & best practice sharing

Team of digital experts

300+ developers in Global Development Center India

Common IT & data model across NatCos

Core product capabilities inhouse

Data analytics skills

Harmonized service chains on cloud architecture

AMBITION 2024e

- ✓ Developed only once & moved across footprint
- ✓ Repeatable playbooks, e.g., for FMC and Home OS – to scale up fast & successfully
- ✓ Scaling common digital solutions across Europe
- ✓ Fast and efficient in execution & go-to-market

Segment EU is a strong contributor to DT's equity value

Strong execution

- Customer growth
- Cost reduction track record
- Highly digital

Attractive portfolio

- Service revenue growth fixed & mobile
- Diversification, offsetting country risks

Well invested

- High & growing Gigabit coverage
- 1 mn FTTH build per year
- Good spectrum position/network leadership



Growing adj. EBITDA AL (organic)

- 13 quarters in a row
- 2020–2024e guidance +1.5–2.5% CAGR



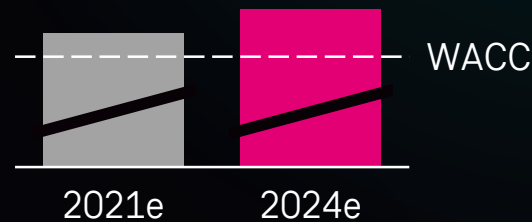
High cash generation

- Cash conversion¹ growing from 48% in 2020 to 57% in 2024e
- Cash Capex stable 2020–2024e



Earning cost of capital

- ROCE > WACC



¹ [Adj. EBITDA AL – Cash Capex – Special factors (Cash)] / Adj. EBITDA AL

Midterm ambition level



Midterm ambition level

	Midterm ambition level	Year
Customer centricity	▪ Customer satisfaction: #1 in TRI*M in all markets & brand preference \geq market share in all countries	▪ 2024e
	▪ Employer ranking: TOP 5–10 in employer ranking in all countries	▪ 2024e
	▪ 5G coverage: > 75%	▪ 2024e
	▪ Fiber coverage: 40%, Fiber connections: > 3 mn	▪ 2024e
Financials	▪ Revenue growth: CAGR ¹ > 1%	▪ 2020–2024e
	▪ Adj. EBITDA AL growth: CAGR +1.5–2.5%	▪ 2020–2024e
	▪ Adj. indirect cost AL: Reduction by €0.3 bn	▪ 2020–2024e
	▪ Cash Capex stable	▪ 2020–2024e
	▪ ROCE further increasing, ROCE > WACC	▪ 2021–2024e

¹ Adjusted for MTR