

– Check against delivery –

Conference call
Report on the second quarter of 2023
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Thank you, Philipp!

From me, too, good morning everyone.

My key message for today is this: Deutsche Telekom has continued its growth course in the first half-year. We just keep going. Our businesses are developing well, despite a complex market environment. We are meeting the targets we have set for our most important financial performance indicators. On this basis, we are raising our guidance for the Group's adjusted earnings.

There are two key factors driving our positive development:

1. Our stable core business! Our customers stay loyal to us and we are seeing strong net customer additions.
2. The consistent execution of our digital transformation!

This is founded on strong figures. In the past six months, adjusted core EBITDA AL grew by 5.8 percent in organic terms and free cash flow grew by 10.9 percent. Deutsche Telekom delivers consistently good results. We are an engine of digitalization and an anchor of stability, despite an economic climate that is challenging.

In these increasingly complex times, we are helped by our involvement in the United States: We are so successful today thanks to the consistent positive development being posted quarter after quarter by our business in the most important mobile communications market worldwide. This success is a result of the joint efforts of our colleagues in the United States and here in Europe. Since the Sprint takeover, we have been working together to create the world's most cutting-edge 5G network. Collectively, we have invested massive sums in infrastructure and spectrum.

T-Mobile US is thus symbolic of the transatlantic collaboration within the Deutsche Telekom Group. We are not only just seeing the success of this in the second quarter, but it is more evident today than ever before.

We are pleased to hold the majority stake in the most valuable mobile communications company worldwide – 51.3 percent as of June 30 to be precise.

We have worked long and hard to achieve this strategic objective. We started from the back of the field, rather than rolling to the finish line from a head start. I cannot think of any other German company today with a similar success story in the United States.

Ladies and Gentlemen,

As always, I will now present the figures for the first half of the year, before Christian Illek takes you through the second quarter in more detail.

Deutsche Telekom grew steadily across all key financial indicators in the first six months. That is, as in the first three months, with one exception: Net revenue, which declined slightly. There is a reason for this, which you already know! I explained it

last time, but will do so again because it is important for Deutsche Telekom's success story: We are scaling back the terminal equipment business in the United States, which impacts on T-Mobile US' revenue. This was a deliberate decision on our part. The margin from this business was low. More important are the high-margin service revenues, which are a mainstay of the Group's earnings.

And we continue to grow here: Compared to the prior year, service revenues across the Group increased by 2.9 percent on an organic basis in the first six months. Our adjusted core EBITDA AL is also growing. In organic terms by 5.8 percent in the first half-year. This is also adjusted for the withdrawal from terminal equipment business in the United States.

With the sustained strong uptrend in our operational business again in the second quarter, we have now decided to slightly raise our guidance for earnings growth for full-year 2023. We now expect earnings of around 41.0 billion euros. That is an organic increase of 4 percent compared with the prior year. Both our European and our U.S. operations are contributing to this increase. I am also particularly pleased about the strong development of the Europe segment.

We still expect free cash flow for the full year to come in at over 16.0 billion euros. This strongly reflects in particular the effect of the progress we have made with the integration of Sprint, which is advancing faster and better than expected. Free cash flow in the prior year was still at 11.2 billion euros. We aim to see this grow by 40 percent against 2022.

Ladies and Gentlemen,

Let us move on to the segments. In the United States, we added 2.9 million new postpaid customers: That is the strongest customer growth in the market.

Given this unbroken positive development, I am honestly at a loss as to how a mere rumor could lead to a significant decline in the price of the T-Share. You may remember there was speculation by certain media outlets in early June about

Amazon possibly using the fledgling Dish network in the United States to enter the mobile market itself.

This precipitated a substantial drop in the share prices of the established mobile carriers: around 10 percent for T-Mobile US.

However, a short time later Amazon itself denied it was currently planning to launch its own wireless brand. To clarify: Everyone in the market was and is aware that Dish is entering the market as another network operator. That is part of the arrangements we agreed in connection with the approval of our merger.

At the end of July, it finally became clear to all market participants: Amazon is not entering the mobile market. Rather, Dish – like other providers – uses Amazon as a sales platform. Nothing less. But also nothing more.

Mint and Tracfone do it the exact same way. Ultimately, this is an established model in the market so it turned out to be nothing more than a storm in a teacup.

T-Mobile US' share price has now largely recovered to the level prior to the Amazon rumors. The capital market thus honors the outstanding development of our U.S. subsidiary over the last few years. And it also values the expectations for the future: Further growth potential on the basis of the United States' best mobile network.

Ladies and Gentlemen,

Let me quickly run through some more figures from our European segments. All businesses are growing:

- In Germany, adjusted EBITDA AL increased on an organic basis by 3.0 percent in the first six months.
- In our European subsidiaries, earnings grew organically by 1.9 percent.
- And at T-Systems, growth was 3.2 percent.

We hit a further milestone in terms of our network build-out. Today, almost 15 million households in continental Europe can get an FTTH line from Deutsche Telekom.

Our investments here remain at a record-high level. 9.2 billion euros in the first half of the year. And that figure includes the scale-back of investments in the United States as planned, having largely achieved our targets for the accelerated 5G build-out. In Germany, we are ramping up the FTTH build-out despite the difficulties posed by inflation, a shortage of civil engineering capacities, and intense competition.

And although the IMF published a negative economic forecast for our home market of Germany, we are fulfilling our responsibility as the engine of digitalization on our home continent. According to a global comparison study by the Aachen-based consulting company Umlaut, Deutsche Telekom's networks consistently place in top positions. This is partly down to our systematic efforts to modernize them over the last few years.

Today, our networks bear little resemblance to those of old: They are fully digitalized, they run automatically, and are software-based or cloud-based. Which is why I can say with total conviction: It is not infrastructure that is hindering the digital transformation in Germany.

The problem is an unwillingness in public administration and in society to pursue digitalization. We need to become more dynamic in this regard. Germany needs to enhance its aspiration and its speed of implementation.

Back to business: As I mentioned at the start, our customers appreciate our investments in our networks:

870,000 new mobile contract customers in Germany and our European subsidiaries in the first half of the year. That is almost 100,000 more contract net additions than in the prior-year period. It is a record number and huge testament to the work of Srimi

Gopalan and the Germany team as well as the Europe team headed by Dominique Leroy.

Over 240,000 new contract customers opted for a broadband line from Deutsche Telekom. And we continue to step on the gas: In Germany, we have now launched our first-ever rate plans with a monthly cancellation option. I am excited to see how they do.

Ladies and Gentlemen,

Our standards are high, including – and above all – when it comes to ourselves: As the leading digital telco, we are deeply invested in developing innovative solutions in the field of artificial intelligence. We address this situation by aiming to unlock the full potential of generative AI both for our customers and for the economy.

To this end, we recently established the Global Telco AI Alliance together with Etisalat, Singtel, and SK Telecom. I am particularly pleased that this alliance also stands for a bridge being built between Europe and Asia and that we are jointly pursuing an open-vendor approach. Among other things, we want to build our own, telco-specific large language model. The launch of this project is an opportunity to lead the transformation of the market for AI solutions for our industry going forward. It works in our favor that we have been investigating the opportunities and potential offered by artificial intelligence for more than five years now.

The same goes for the digital advertising market, where we have founded the AdTech company Utiq in partnership with Vodafone, Orange, and Telefónica. We unify the strict standards for data privacy in Europe with the goal of putting a stop to annoying cookie consent pop-ups. Initial testing has been more than encouraging. I am convinced that Made in Europe digital ad marketing can be a promising alternative to the American advertising platforms.

You might hear all these positive reports and think: “Things are great at Deutsche Telekom!” Of course, this is true in principle, but we are also feeling the effects of sharp price increases for energy and materials. Unlike in other industries, competitive

pressure means we cannot simply offset higher costs by hiking our prices. And, of course, we do not want to scale back our investments either.

So, we need to become more efficient and take a look at our structures if we are to be able to continue making the necessary investments in our company's future viability.

Which is why our attention at the moment is on indirect costs within the company – which we want to reduce. Especially in centralized functions and what we call our shared services. Both digitalization and AI are expected to help us here. But we will also have to take a conventional approach by saving.

That is it from me for the time being. And now, I will hand you over to Christian Illek.

(Speech part Christian P. Illek)

Thanks, Christian.

Ladies and Gentlemen,

Allow me to sum up: Deutsche Telekom is growing across all key areas.

- Our customer numbers are developing outstandingly well in our business areas on both sides of the Atlantic.
- In Germany, we have now seen organic earnings growth for 27 quarters in succession, and for 22 consecutive quarters in Europe.
- We are raising our full-year earnings guidance – for the second time in the current year. And this is thanks to the businesses on both sides of the Atlantic.
- We are on track to meet the medium-term goals we set in respect of our FTTH build-out.

- We have further extended our stake in T-Mobile US beyond the 50-percent mark.
- We have improved our leverage ratio compared to this time last year. In May, Standard & Poor's upgraded our rating to BBB+ with a stable outlook. This puts us well within our comfort zone with the Big Three rating agencies. We are endeavoring to offset cost increases on the market with savings in our indirect costs.
- In a nutshell: We are making clear progress towards our goal from the 2021 Capital Markets Day.

We continue to follow our strategic compass. Without taking excessive risks. But always with enough entrepreneurial daring to seize opportunities as and when they arise. There is no other option. We won't stop!

Thank you and I now look forward to your questions.