

Deutsche Telekom Investor presentation March 2022



LIFE IS FOR SHARING.



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.

If these or other risks and uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, our actual performance may materially differ from the performance expressed or implied by forward-looking statements. We can offer no assurance that our estimates or expectations will be achieved. Without prejudice to existing obligations under capital market law, we do not assume any obligation to update forward-looking statements to take new information or future events into account or otherwise.

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.

Review 2021

accelerated delivery on CMD 2021 targets

Organic growth



Commercial growth

- 7.1 mn new postpaid subs
- 0.8 mn new broadband subs



Efficiency/Digitization

- Indirect cost reduction overdelivered (€1.8 bn vs. CMD 2018 target of €1.5 bn)
- On track for CMD 2021 targets



Guidance for 2022

- adj. EBITDA AL ~€36.5 bn
- FCF AL ~€10 bn



Capital allocation/portfolio



Decisive steps towards TMUS majority taken (+5.2pp to 48.4%¹)



Sale of TM NL at €5.1 bn EV



Sale of Romanian fixed network



Network Leadership



Fiber JV for 4 mn rural homes



1.2 mn FTTH homes



1.4 mn FTTH homes



>90% 5G coverage



210 mn POPs with 2.5GHz 5G



Shareholder value



Adj. EPS

- €1.22 in 2021
- > €1.25 in 2022



Dividend

- 2021 dividend per share €0.64²



¹Subject to closing of the TM NL transaction ² Final decision subject to AGM approval



Financials 2021 reported strong growth

€ mn

	Q4			FY		
	2020	2021	Change	2020	2021	Change
Revenue	27,622	28,934	+4.7%	100,999	108,794	+7.7%
Adj. EBITDA AL	8,952	9,007	+0.6%	35,017	37,330	+6.6%
Adj. EBITDA AL (excl. US)	3,413	3,524	+3.3%	14,020	14,633	+4.4%
Adj. Net profit	1,643	1,234	-24.9%	5,715	5,862	+2.6%
Net profit	1,671	471	-71.8%	4,158	4,176	+0.4%
Adj. EPS (in €)	0.34	0.26	-23.5%	1.20	1.22	+1.7%
Free cash flow AL ^{1,2}	942	520	-44.8%	6,288	8,810	+40.1%
Cash capex ²	5,468	5,046	-7.7%	16,980	17,978	+5.9%
Net debt excl. leases (AL)	89,556	100,649	+12.4%	89,556	100,649	+12.4%
Net debt incl. leases (IFRS 16)	120,227	132,142	+9.9%	120,227	132,142	+9.9%

¹ FY/20 before €1,600 mn zero bond redemption in Q1/20 and 2,158 mn TM US interest rate swap in Q2/20

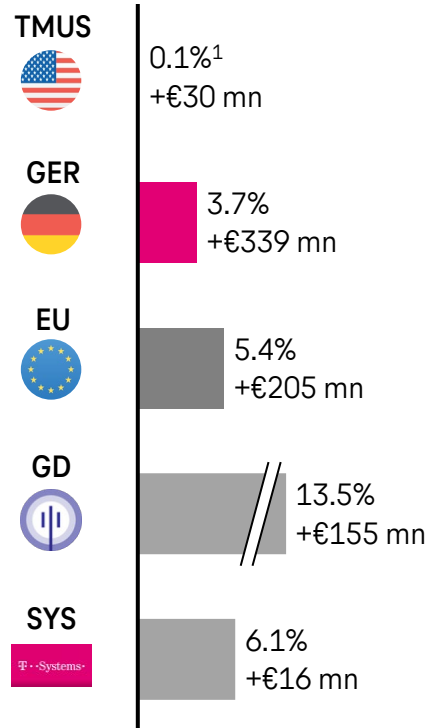
² Free cash flow AL before dividend payments and cash capex before spectrum investment. Spectrum: FY/20 €1,714 mn, FY/21 €8,388 mn. Q4/20: €346 mn; Q4/21: €60 mn

Financials 2021 organic

strong organic growth

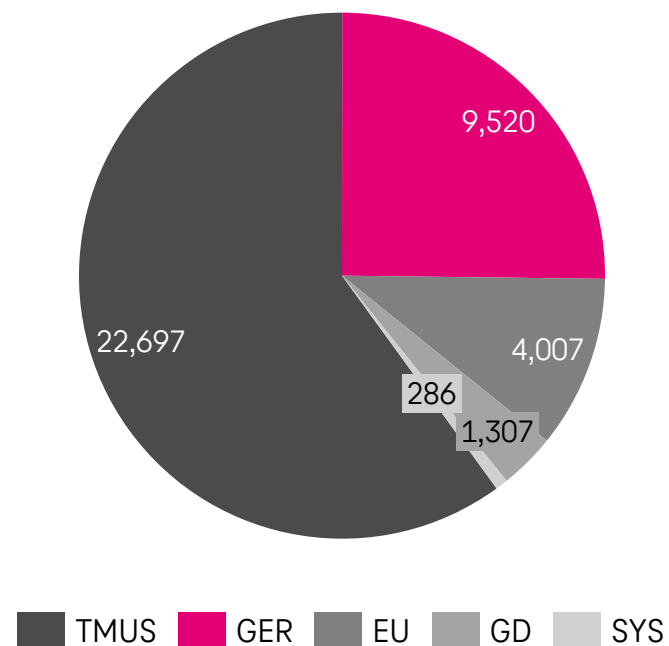
FY/21 Adj. EBITDA AL

growth yoy, organic



FY/21 Adj. EBITDA AL²

€ mn



FY/21 Key Financials

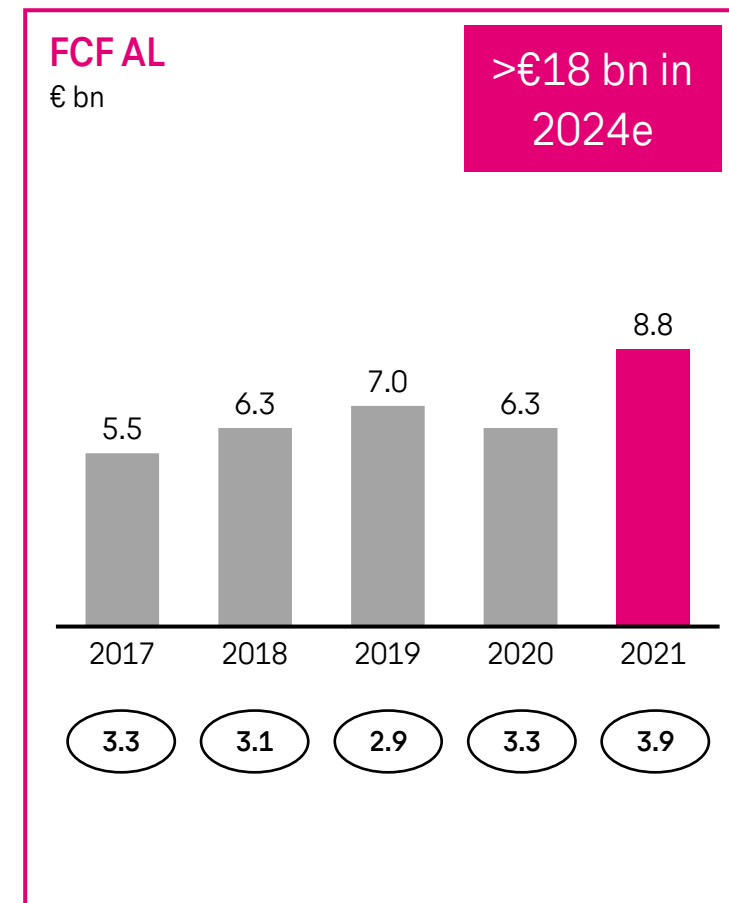
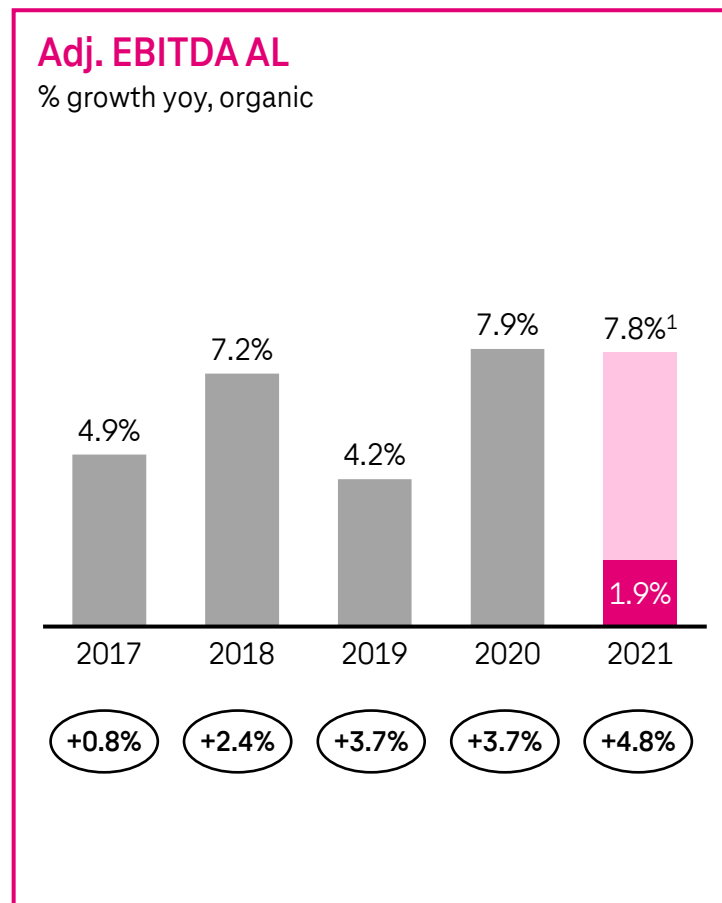
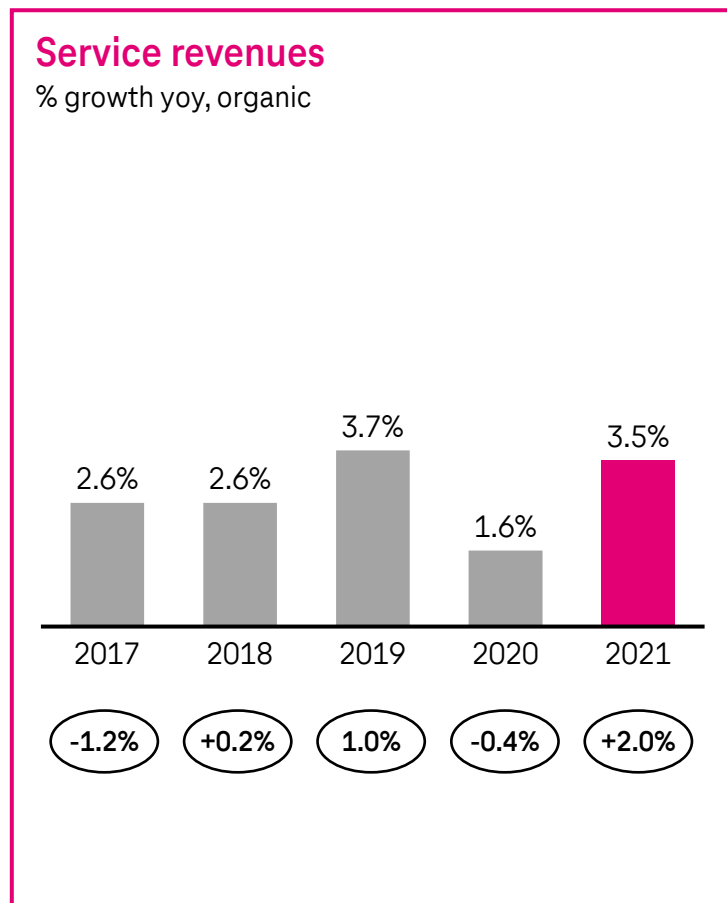
% growth yoy, organic

Revenue	+4.5%
Service Revenues	+3.5%
Service Revenues (excl. US)	+2.0%
Adj. EBITDA AL	+1.9%
Adj. Core EBITDA AL	+7.8%
Adj. EBITDA AL (excl. US)	+4.8%

¹Trend impacted by decreasing handset leases: Excl. handset leases: Adj. Core EBITDA AL growth of +10.1% ² Excl. GHS; reported EBITDA AL €37.3 bn

Financials 2017–2021

consistent growth in key KPIs



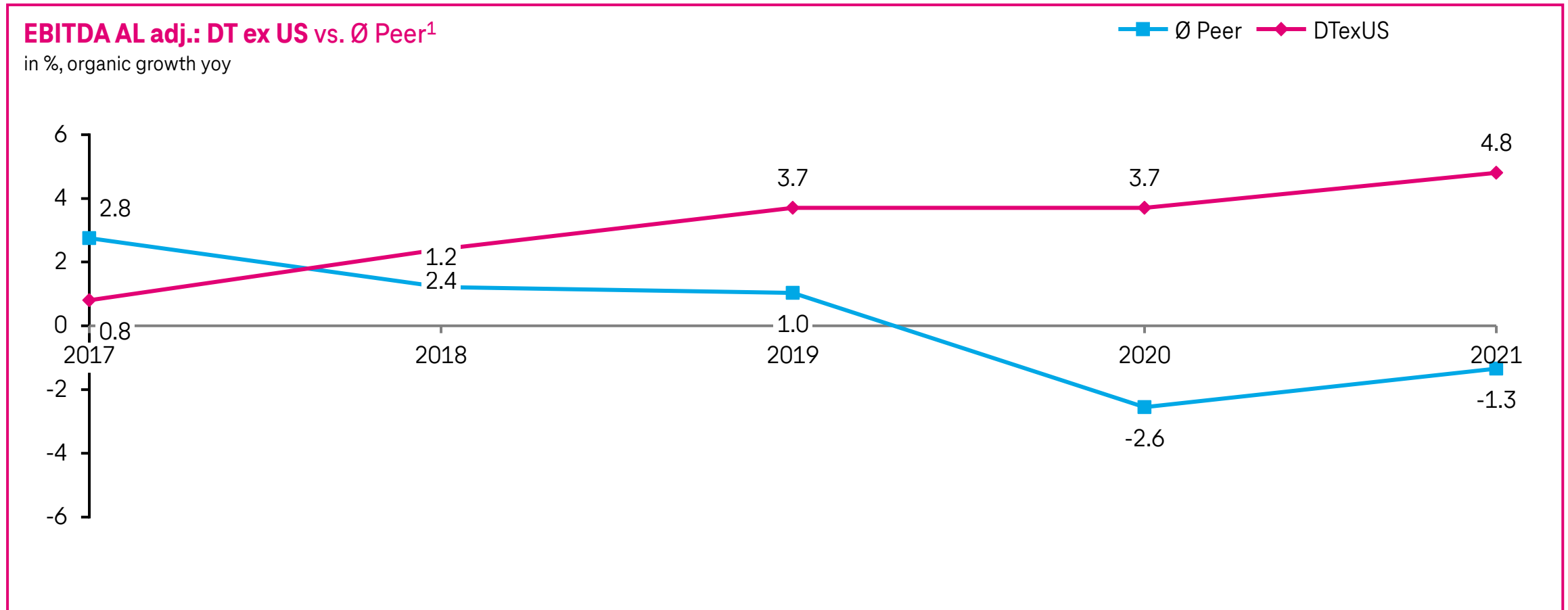
+/-X.X% = Ex US

¹ adj. Core EBITDA AL



DT ex US

strong EBITDA growth outperformance



1) Peer group: 8 European Telco groups (Orange, Telefonica, Vodafone, BT, Telecom Italia, KPN, Proximus, Telia), Ø peer is unweighted average; Vodafone included in 2021 (H1 as reported, H2 as per FY consensus);



T-Mobile US

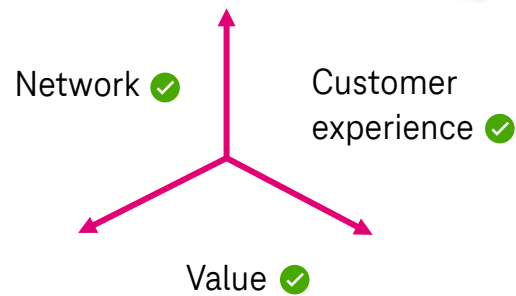
consistent growth leader



Key opportunities

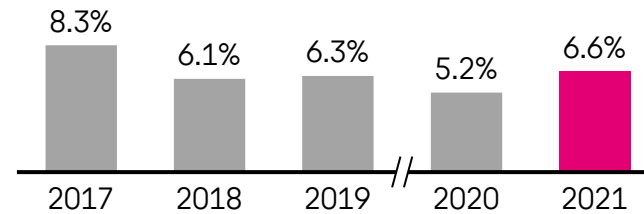
- SMRA
- B2B
- Home internet
- Sprint Integration

Key advantages



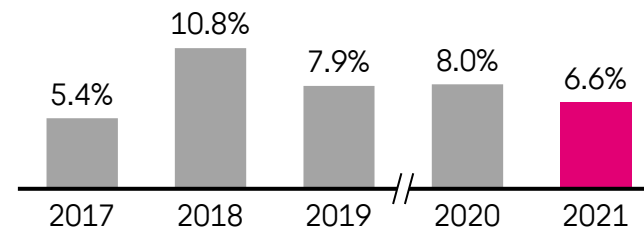
Service revenue (US GAAP)¹

% growth yoy, organic



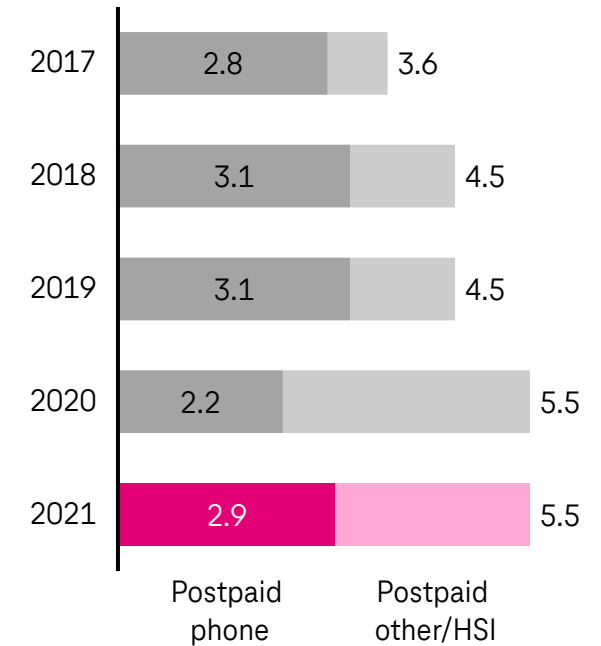
Adj. EBITDA (US GAAP)¹

% growth yoy, organic



Customer growth

Postpaid net adds in mn



¹ US GAAP, 2020/21 pro forma for Sprint merger. 2021 and 2020 growth rate calculated on adj. core EBITDA, 2019, 2018 and 2017 on adj. EBITDA



CMD 2018 review

strong delivery on commitments

	Ambition	Merger Impact	Achievements 2017-2021 ¹
Revenue CAGR ¹	1–2%		● 3.3%
Adj. EBITDA (AL) CAGR	2–4%		● 5.3%/7.7% ²
Adj. EBITDA (AL) CAGR (ex US)	2–3%		● 3.7%
FCF (AL) CAGR	~10%; 2021: >€8 bn	Dilutive	● 18.7%; €8.8 bn
FCF (AL) (ex US)	2021: ~€4 bn		● €3.9 bn
Adj. EPS	2021: ~€1.2	Dilutive	● €1.2
ROCE	ROCE > WACC		● 4.1%
Cash Capex (ex US)	Stable		● Stable
Adj. indirect cost (AL) (ex US)	€1.5 bn (net savings)		● €1.8 bn
Dividend	To reflect growth in adj. EPS; €50 c floor		● €64 c in 2021 ³

¹ On a like-for-like basis, actual results ² Corrected for handset leases “Core EBITDA AL” ³ subject to final AGM approval

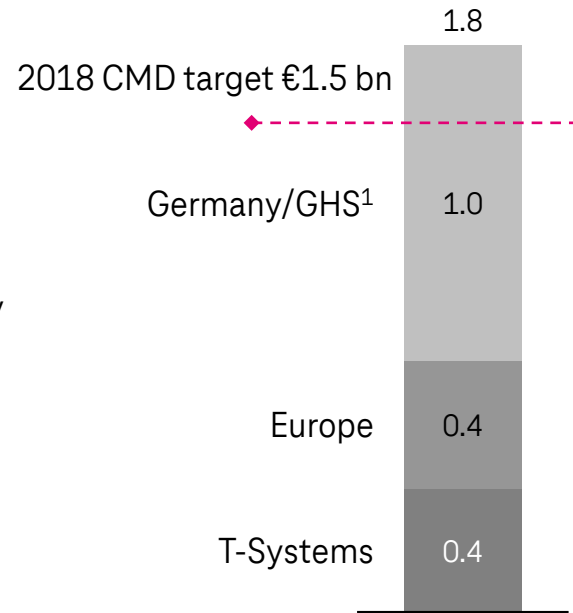
Indirect costs

CMD 2018 target overdelivered, CMD 2021 target on track

Organic net savings 2017–2021

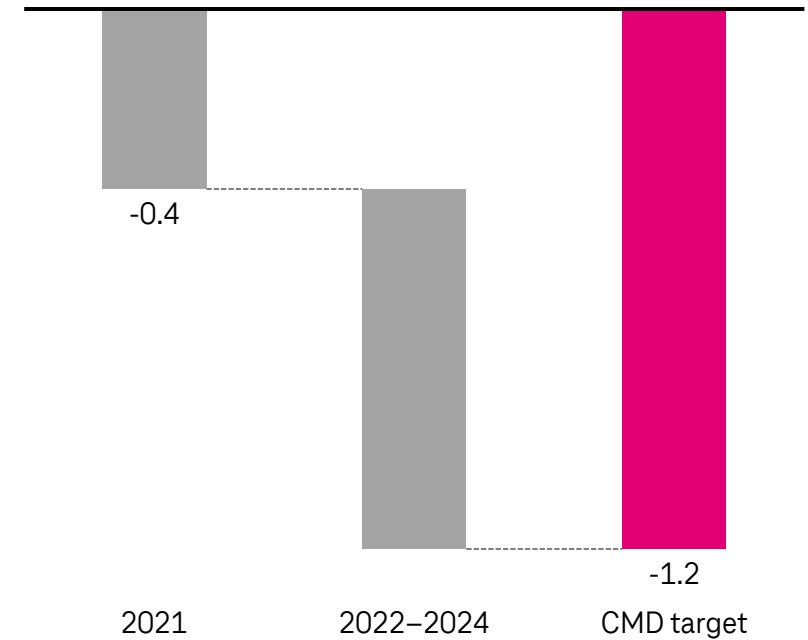
€ bn

- 9% of IDC AL saved
- Driven by greater agility and digitalization
- Personal productivity +20%



Organic net savings 2020–2024

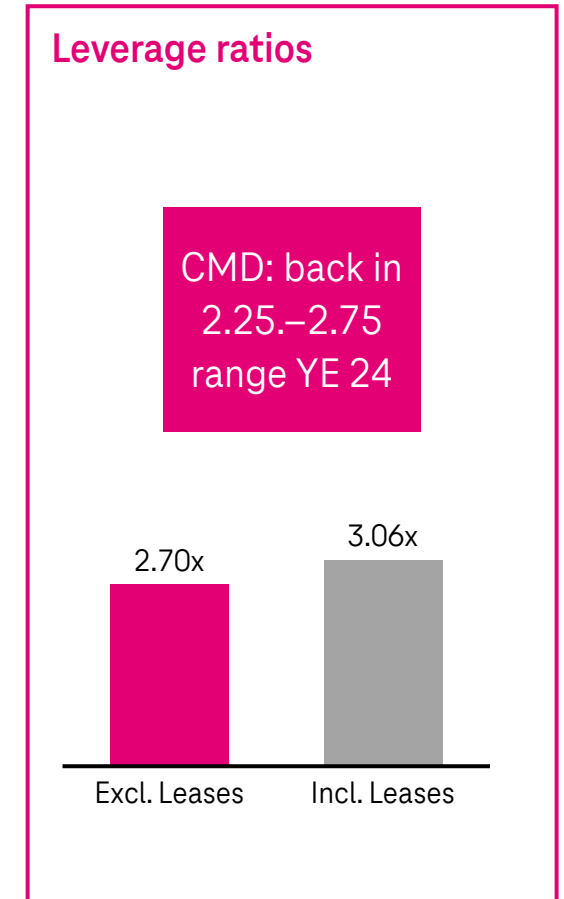
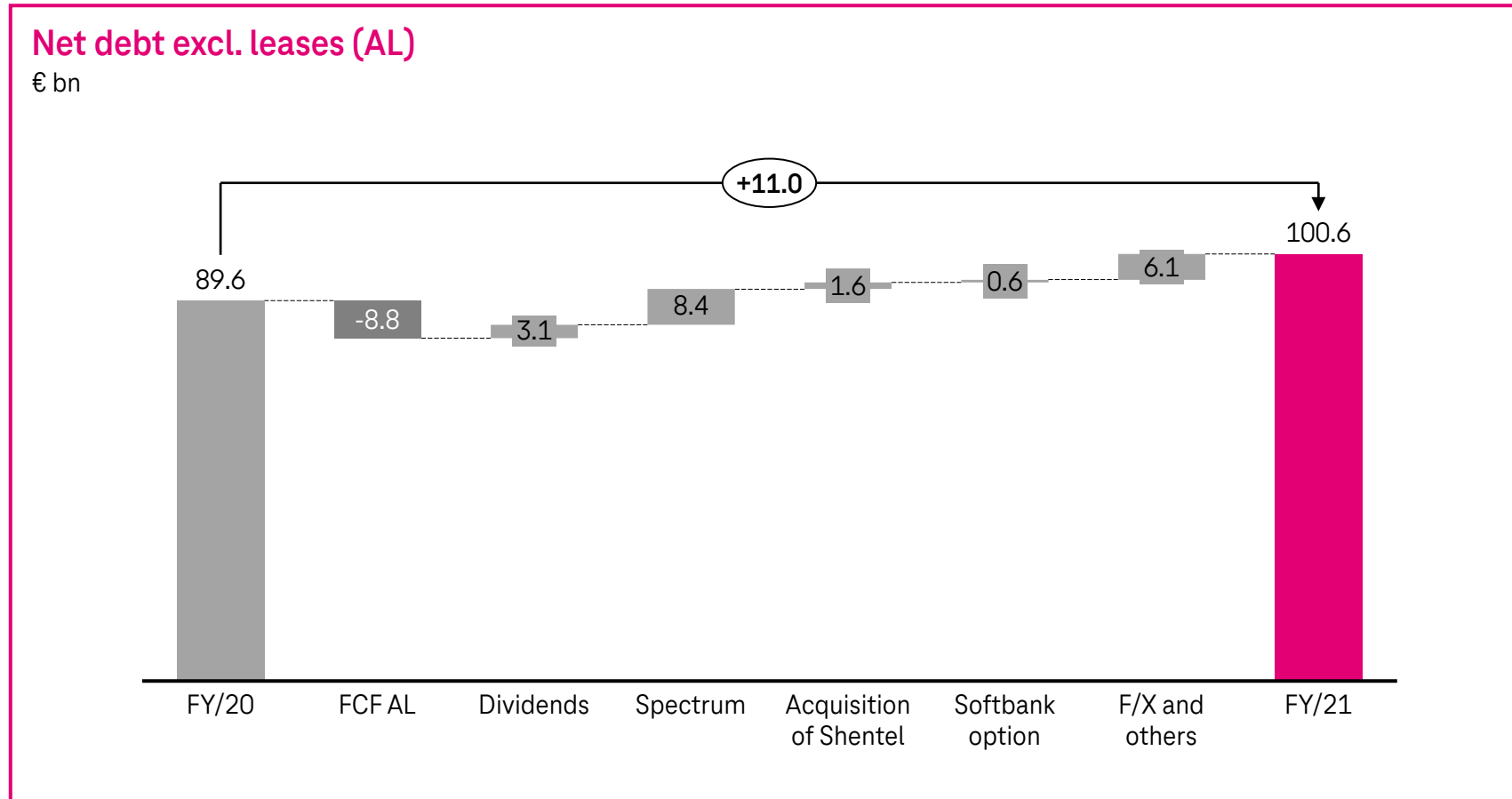
€ bn



¹ also includes GD

Financials 2021

net debt and leverage ratios

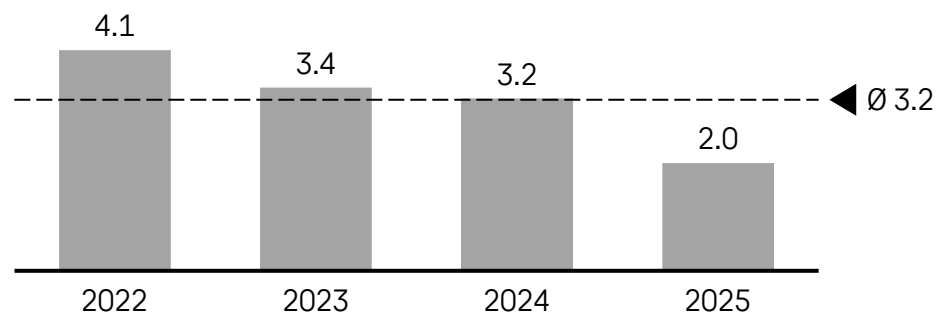


Financials

well balanced maturity profile with strong liquidity reserve

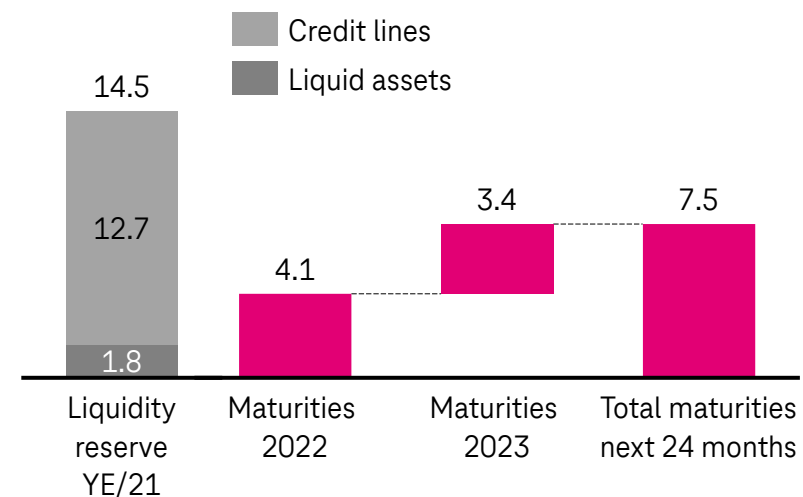
DT (ex US) bonds maturing

€ bn



Ex US liquidity position

€ bn



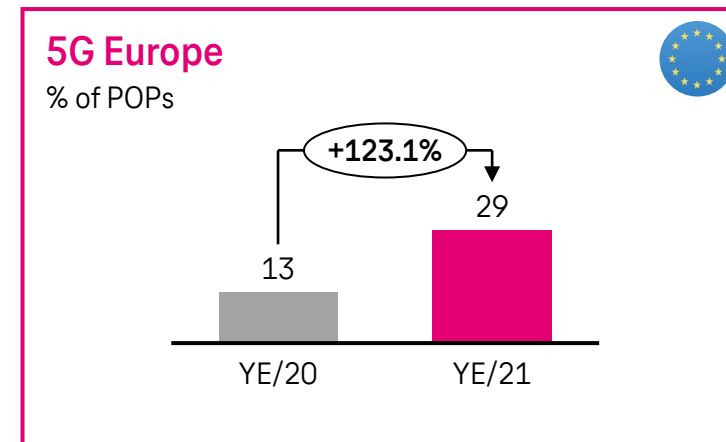
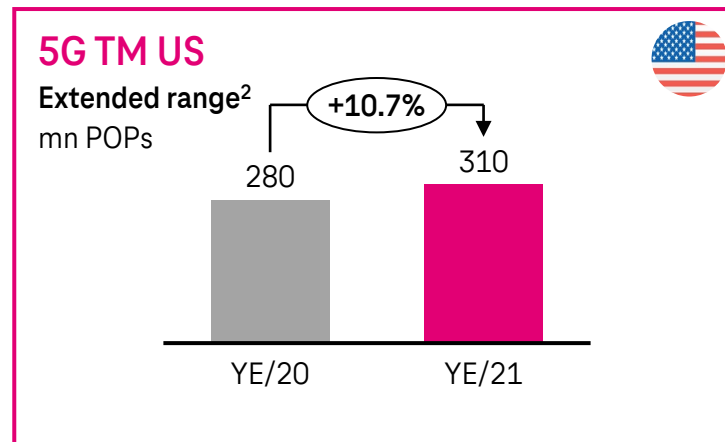
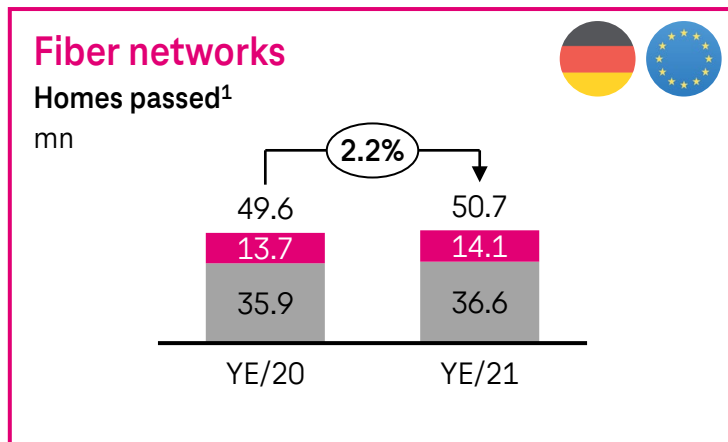
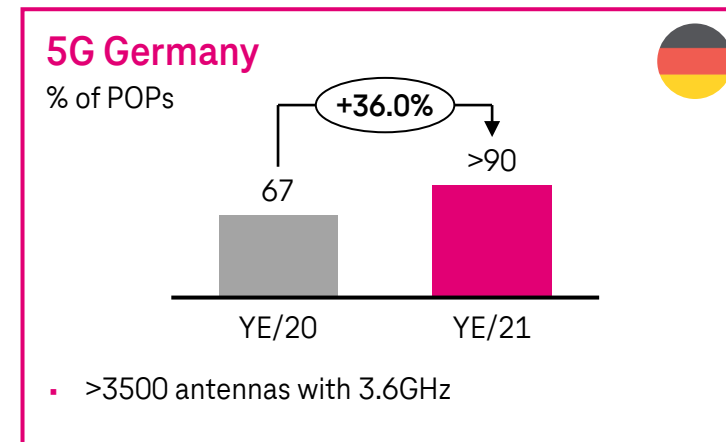
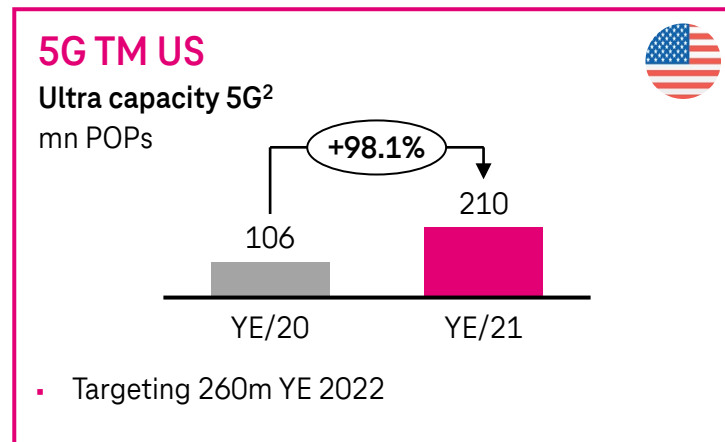
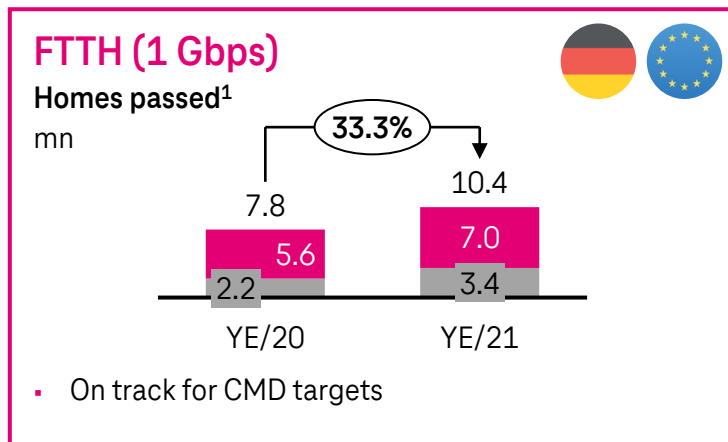
- Additional \$3.75 bn of outstanding TM US shareholder loans (repaid by 2028 at the latest)
- Well balanced maturity profile will carry on beyond 2024

Operations Review 2021



Networks

leading with 5G, FTTH well on track



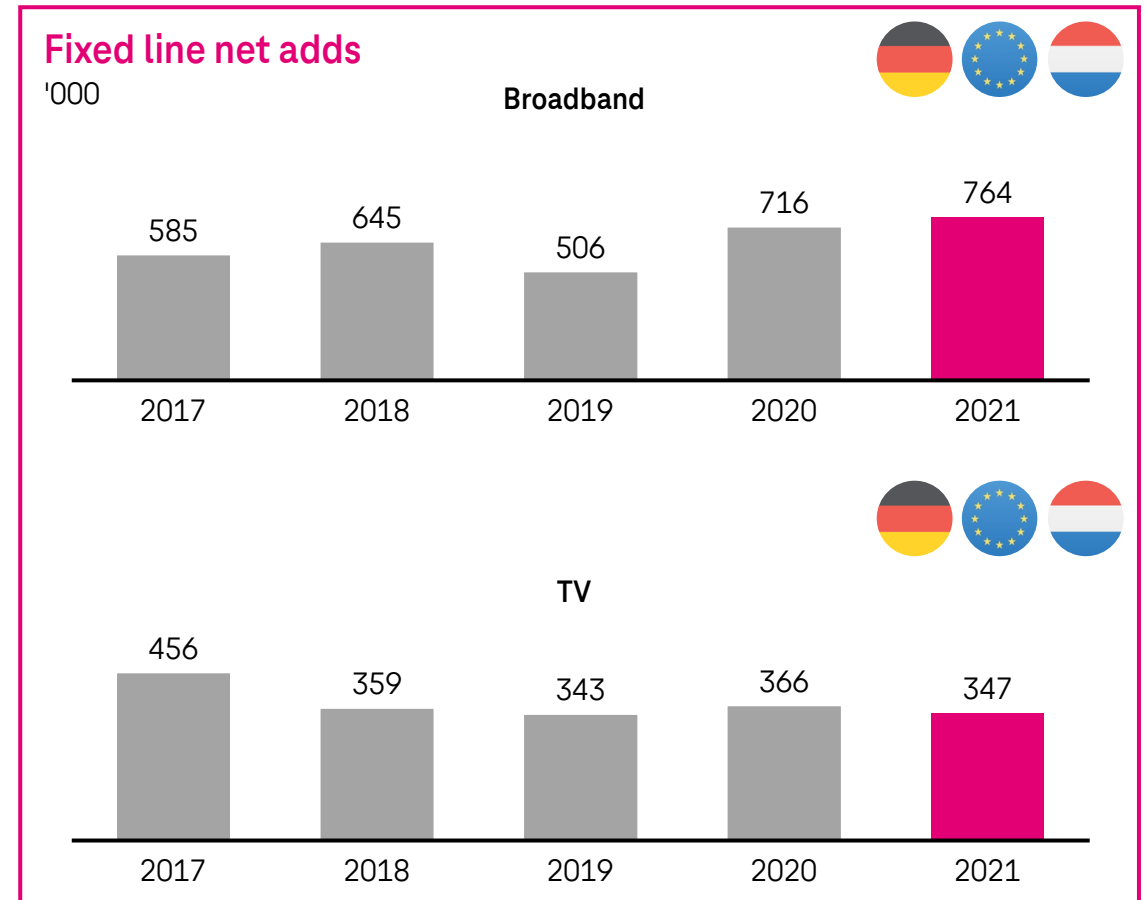
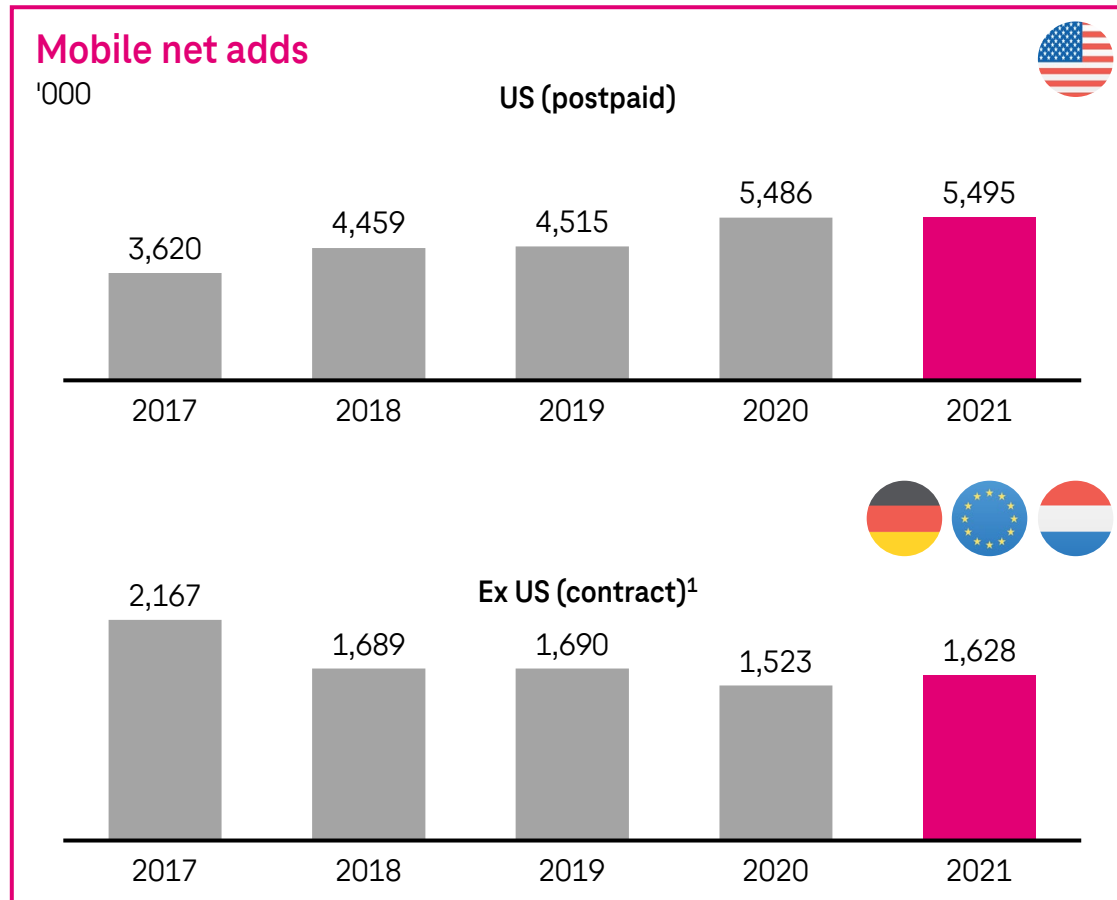
■ EU ■ GER

¹ EU8: FTTC, FTTH/B lines and cable/ED3. GER: FTTC and FTTH/B lines incl. cooperations and cable ² Extended range on 600 MHz, Ultra capacity on 2.5 GHz



Customers

consistent strong growth



¹ GER + EU + NL. GER: Since 2021 Own branded retail customers excl. multibrand, consumer IoT and "Schnellstarter"

Society and Environment

strong ESG Performance in all dimensions



**#GREEN
MAGENTA**

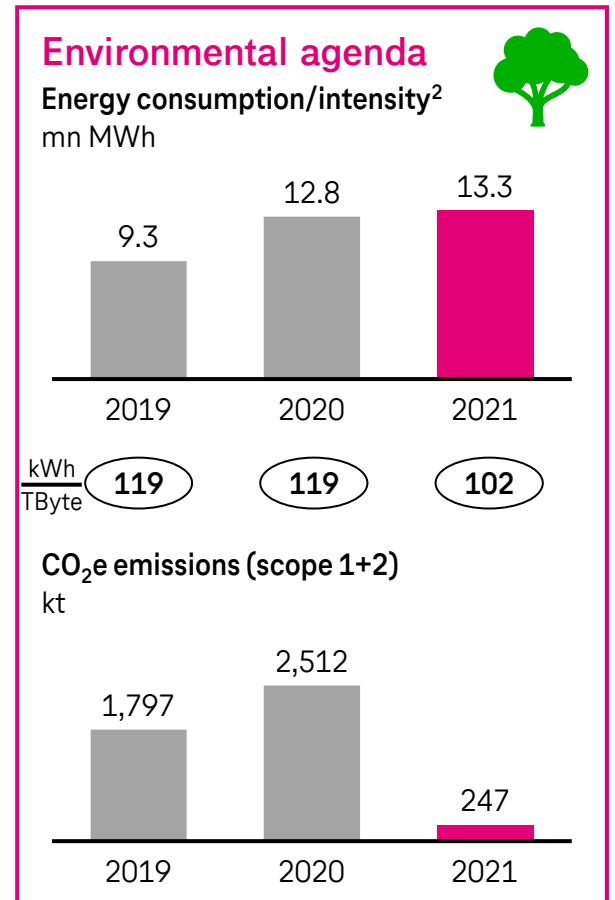
- Switch to 100% electricity from renewables accomplished
- Eco Rating: Successful launch of industrywide initiative

**#GOOD
MAGENTA**

- Support for flood victims

Governance

- Move of corporate responsibility department to CEO
- Environmental targets in remuneration for board from 2021, for all executives from 2022
- Reporting in line with new EU Taxonomy regulation requirements
- Ongoing success in ESG Ratings



¹positive answer on employee/pulse survey question: "How do you feel at our company"

²energy intensity includes only fixed and mobile services at DT Group



Germany Review 2021

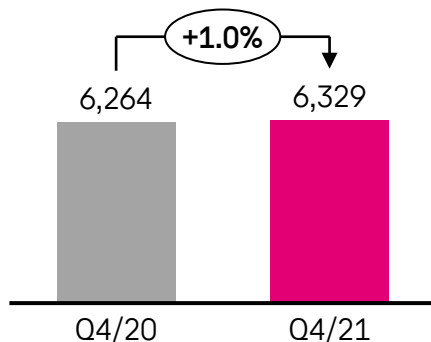
Germany

21st consecutive quarter of EBITDA growth



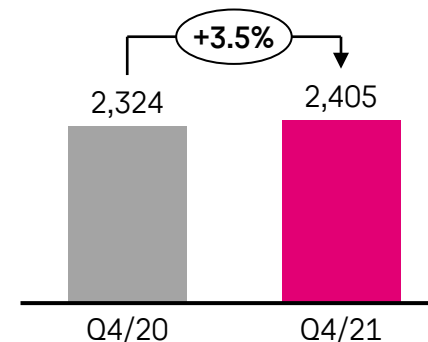
Revenues (as reported)

€ mn



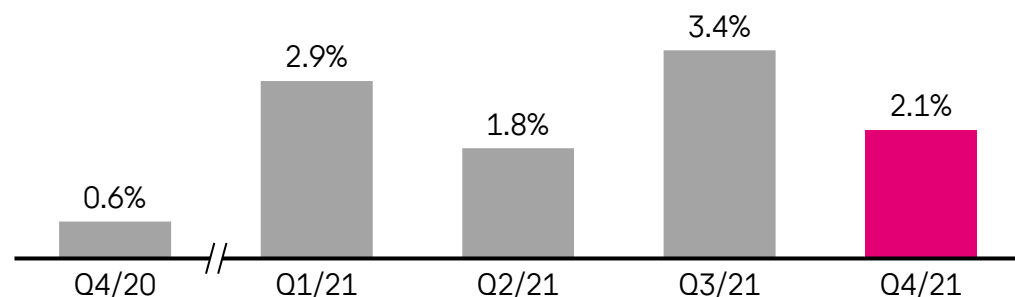
Adj. EBITDA AL (as reported)

€ mn



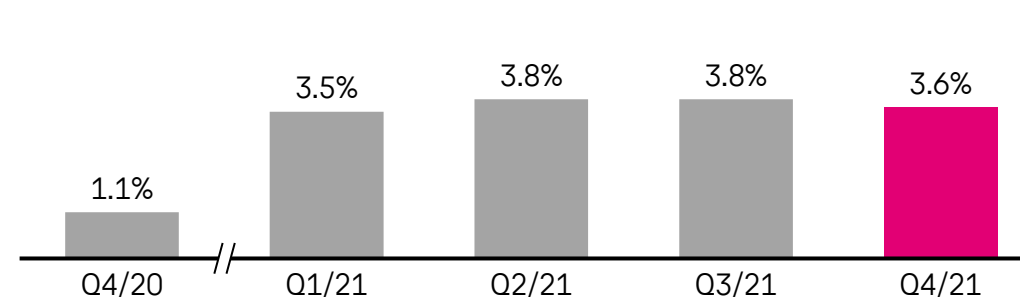
Revenue growth¹

% growth yoy, organic



Adj. EBITDA AL¹

% growth yoy, organic



¹ 2021 quarterly trends in new reporting structure. Organic view reflects transfer of certain business units into GHS as of 01.01.2021, currency and the accounting change to certain principal agent transactions.

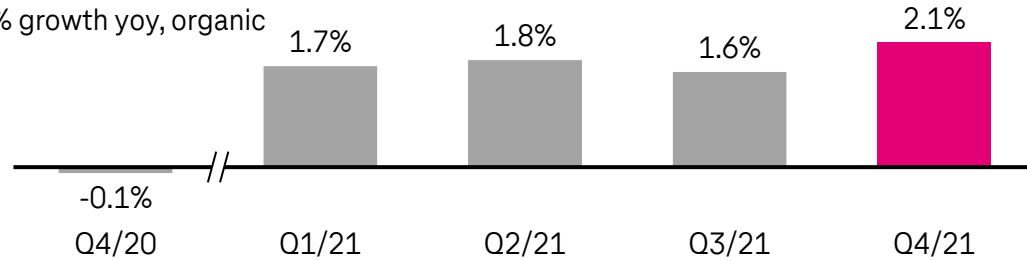
Germany

service revenue growth driven by mobile and fixed



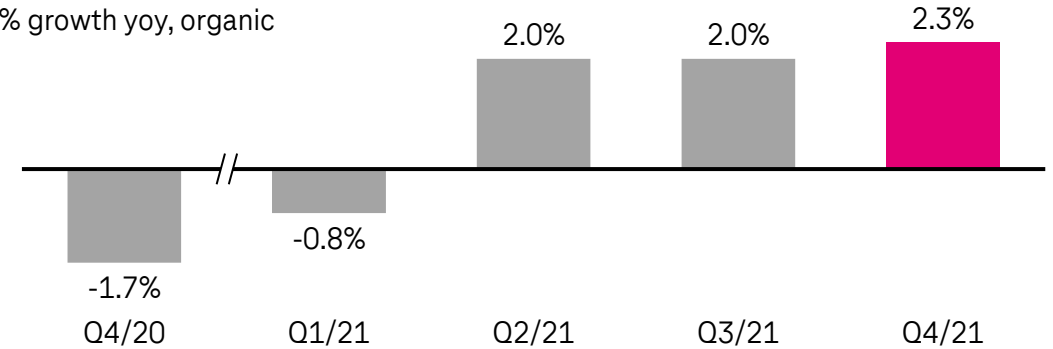
Total service revenue^{1,2}

% growth yoy, organic



Mobile service revenue¹

% growth yoy, organic



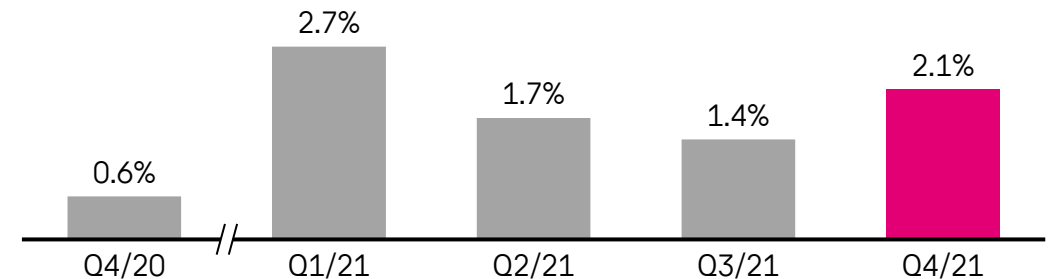
Reported Total Service revenue growth: +1.4%.

Reported Fixed Service revenue growth: +1.1%

TSR growth in both B2C and B2B

Fixed service revenue growth^{1,2}

% growth yoy, organic



¹ 2021 quarterly trends in new reporting structure ² Organic view also reflects accounting change to certain principal agent transactions. No impact on mobile service, broadband or wholesale revenues.

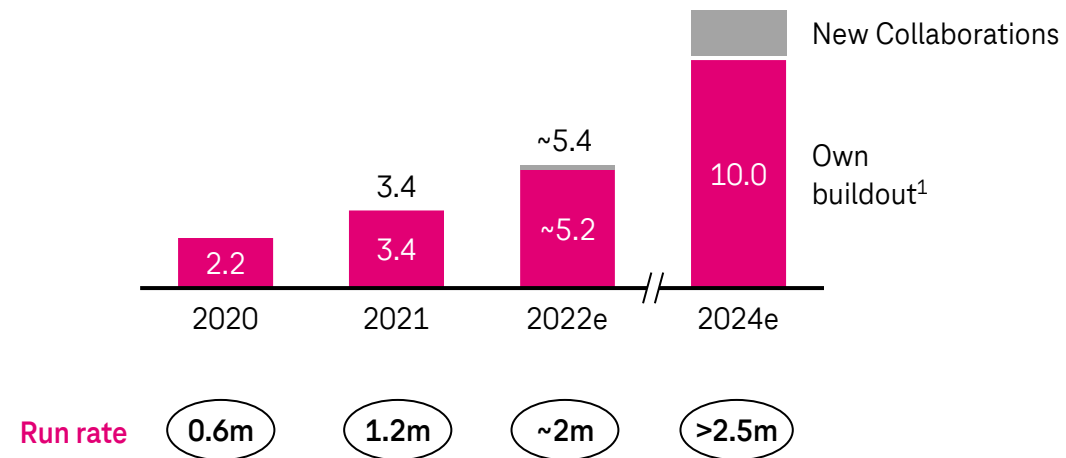
Germany

FTTH on track with buildout and monetization



Progress with FTTH buildout

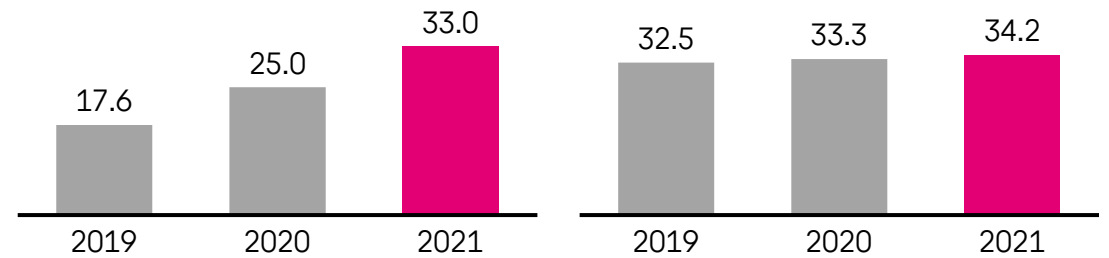
Homes passed, mn



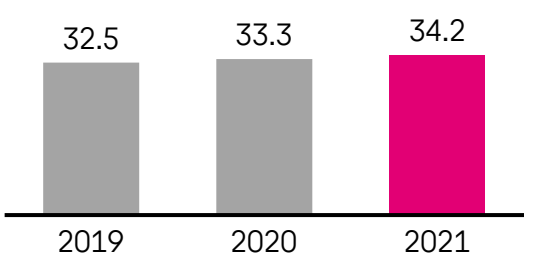
- Fiber JV with IFM to pass 4m rural homes by 2028
- On track to reduce unit costs by 25% by 2024

Progress with monetization

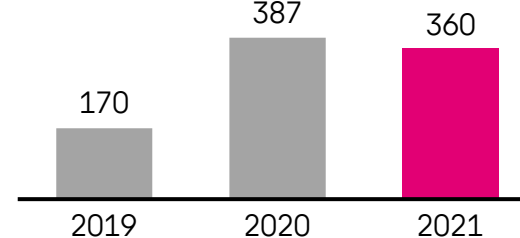
Share of ≥ 100 Mbps contracts
% of broadband base



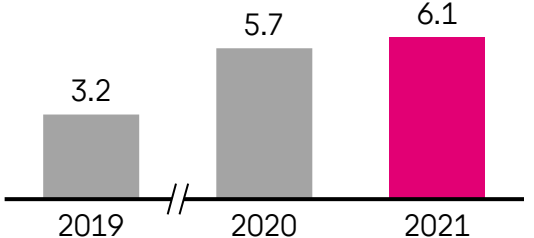
Retail broadband ARPA²
€/month



Broadband Net Adds
k



Broadband revenue growth
%



¹ Incl. collaborations agreed prior to CMD 2021 ² Only B2C

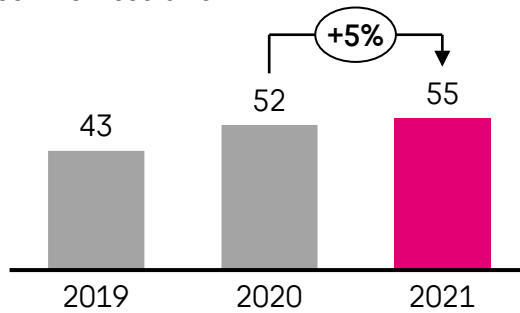
Germany

ongoing strong execution and digitization

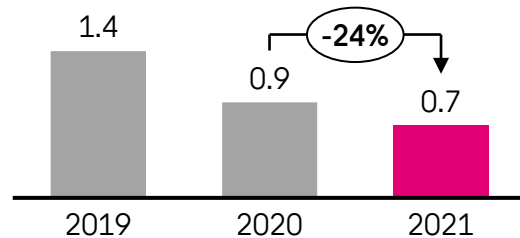


Service

First contact resolution
%

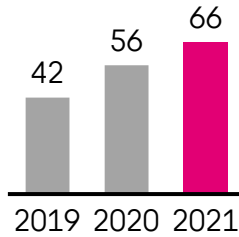


Customer complaints
mn

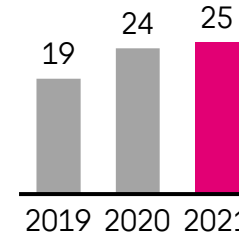


Digitization

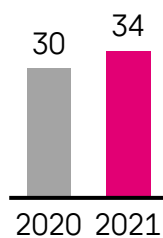
App penetration
%



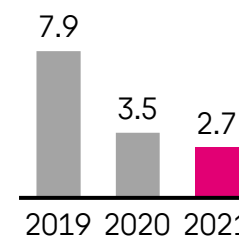
E-sales share¹
%



Calls shifted to digital
%

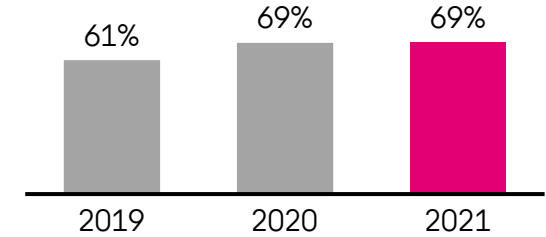


IT time to market
mth

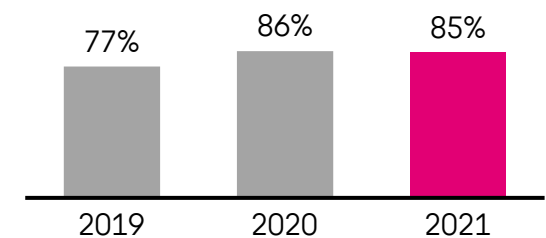


Customer satisfaction

TRI*M



Employee satisfaction



¹ Only B2C

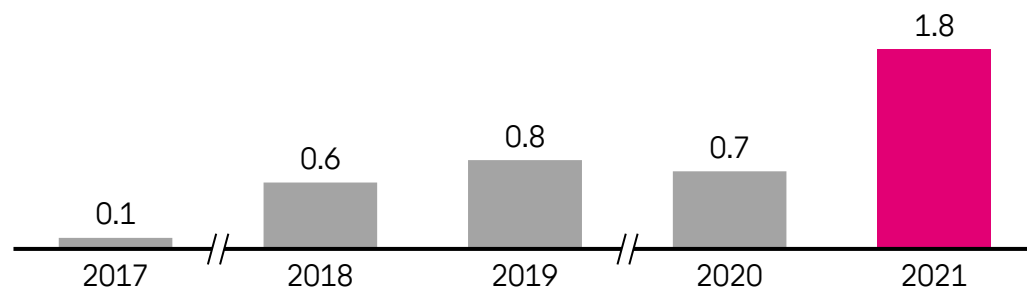
Germany

consistent growth



Total service revenue

% growth yoy, organic

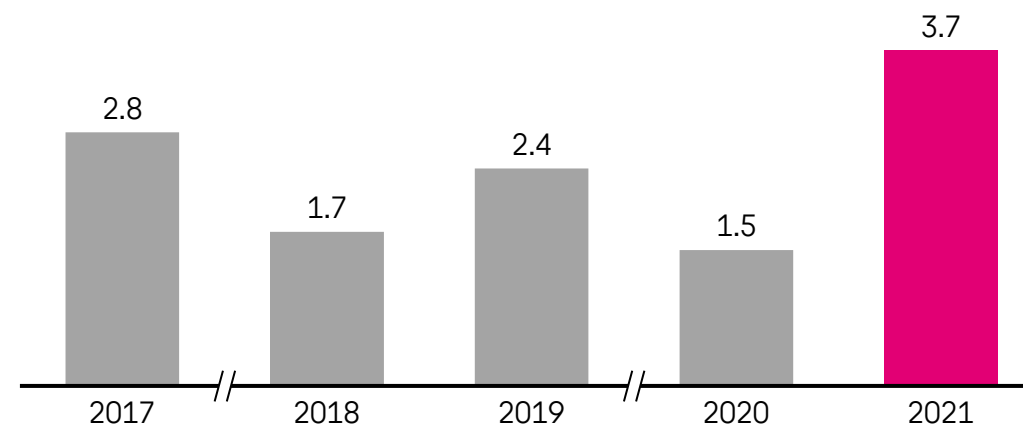


- 2021 positively impacted by non-recurring public sector revenues (~0.4pp)

Adj. EBITDA AL

% growth yoy, organic

CMD: 2.5–3.0%
CAGR 2020–2024



- 2022 guidance of €9.8 bn
- Growth supported by net margin growth and indirect cost savings

Other segments

Review 2021



Europe

fastest growing large European telco



FTTH (1 Gbps)¹



- 1.4 mn additional homes passed in 2021
- 7 mn homes YE 21

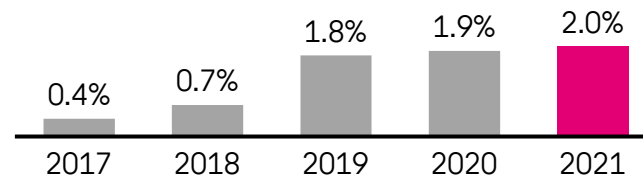
Convergence



- 0,4 mn additional homes
- 0.8 mn additional subs
- 3,3 mn homes YE 21

Total service revenue growth

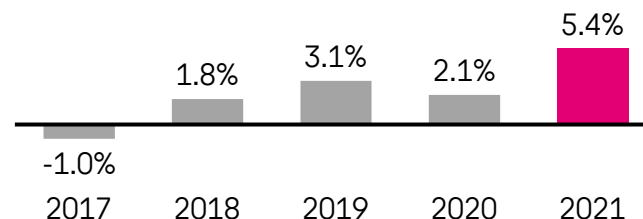
Organic, %



EBITDA (AL) adj. growth

Organic, %

CMD: 1.5–
2.5% CAGR
2020–2024



Digitization



- App penetration 64%
- Truck Rolls reduced by 200k in 2021 leading to a significant CO2 reduction.

Customer satisfaction



- 9 out of 10 NatCos are #1 or #2 in B2C TRIM
- Voice of customers program with good progress: 8 NatCos live

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

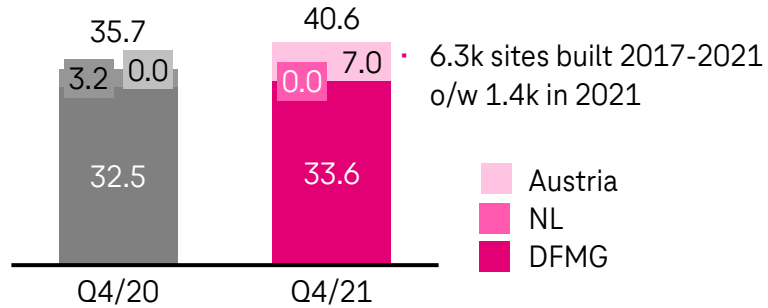
GD/Towers

ongoing expansion



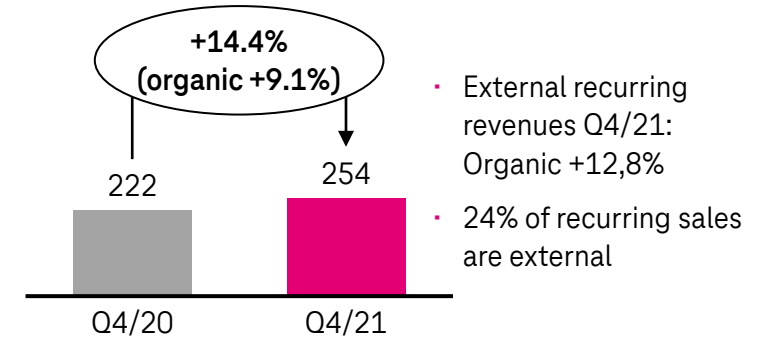
Total sites¹

'000



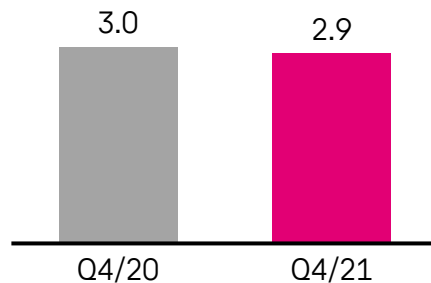
Recurring rental revenues

€ mn



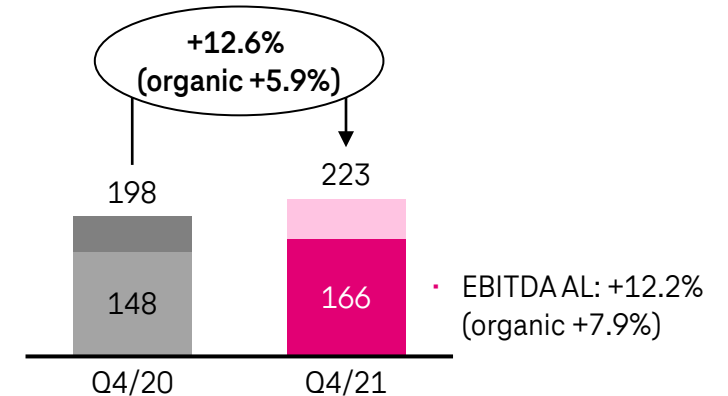
Opex AL per site

€ '000



Adj. EBITDA

€ mn



¹ The 0 refers to the Austrian sites in Q4/20 (not yet part of tower business) and to the Dutch sites in Q4/21 (de-consolidated in June 21). 2021: 33.6k include 1.4k newly build sites and 0.3k de-commissioned sites

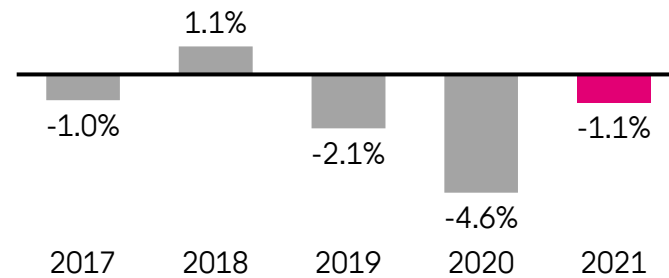
Systems Solutions turnaround continues

Revenue drivers

- Public Cloud +19%¹
- Digital Solutions +14%¹
- Ongoing legacy decline (MIS -14%¹)
- MIS now down to 32% of TSI revenues vs. 42% 2019. Growth areas >50% of portfolio
- Revenue drag due to planned reduction from end-user services and resale c.2pp
- CMD 2021: Strategy centered on focused industries and markets with unique vertical & horizontal portfolio

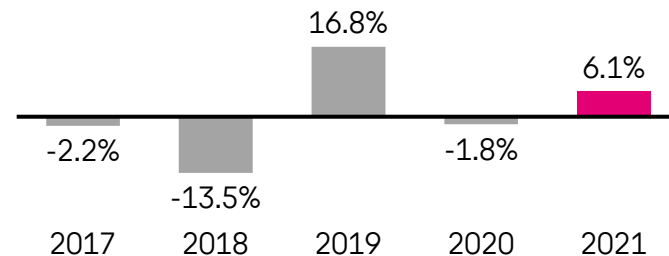
Revenue

% growth yoy, organic



Adj. EBITDA AL

% growth yoy, organic

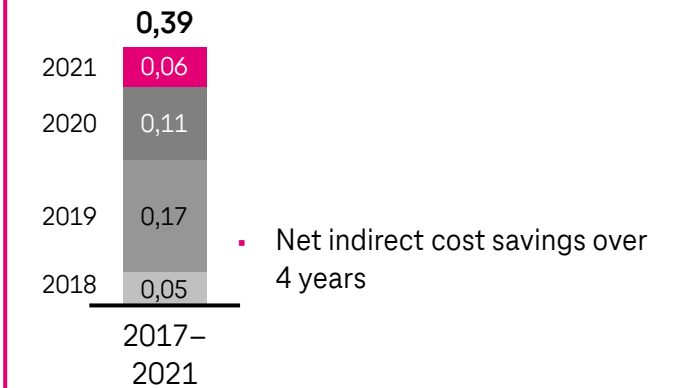


**CMD: >5% CAGR
2020-2024**

Transformation drivers

IDC savings

€ bn



Key levers:

- Delivery optimization, i.e. Shoring/Automation
- Overhead reduction
- Reduced real estate costs, travel expenses

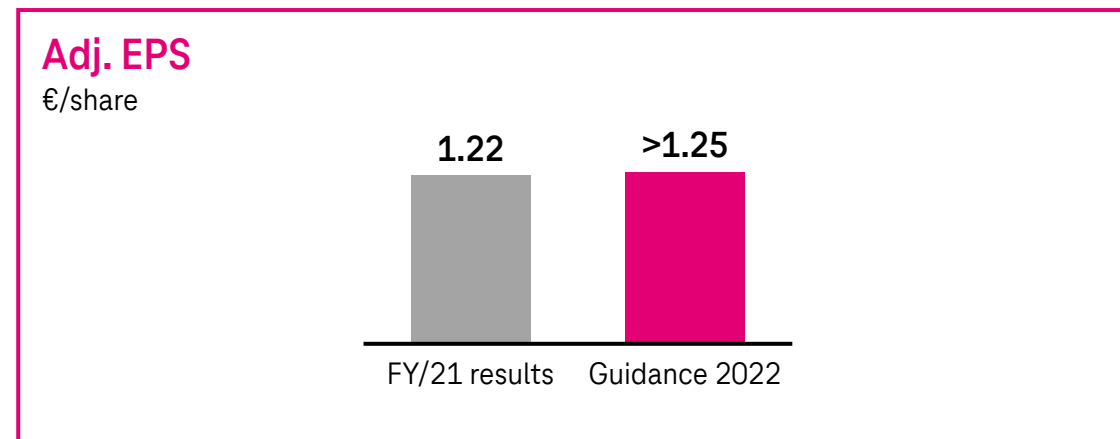
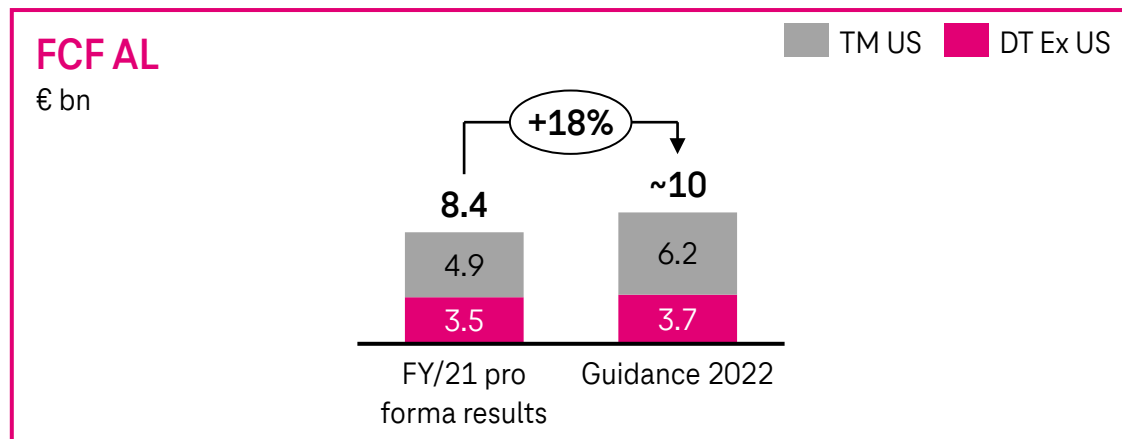
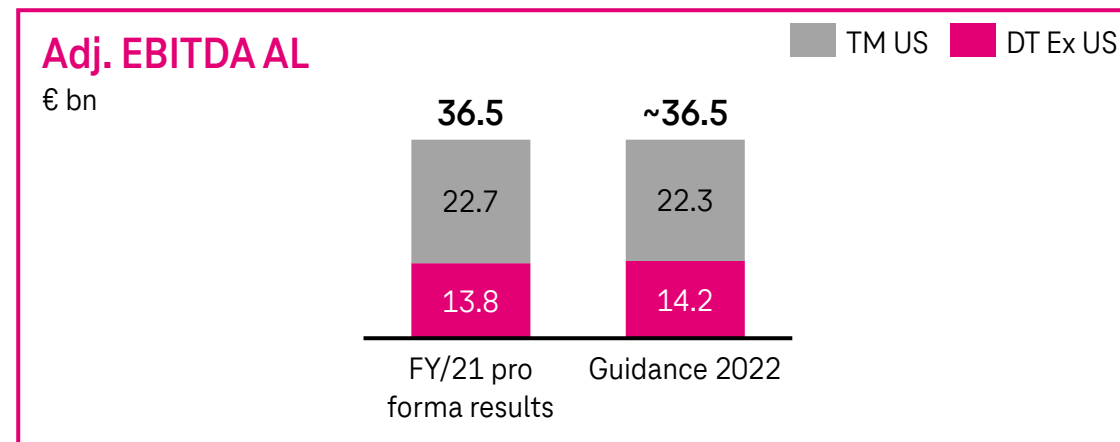
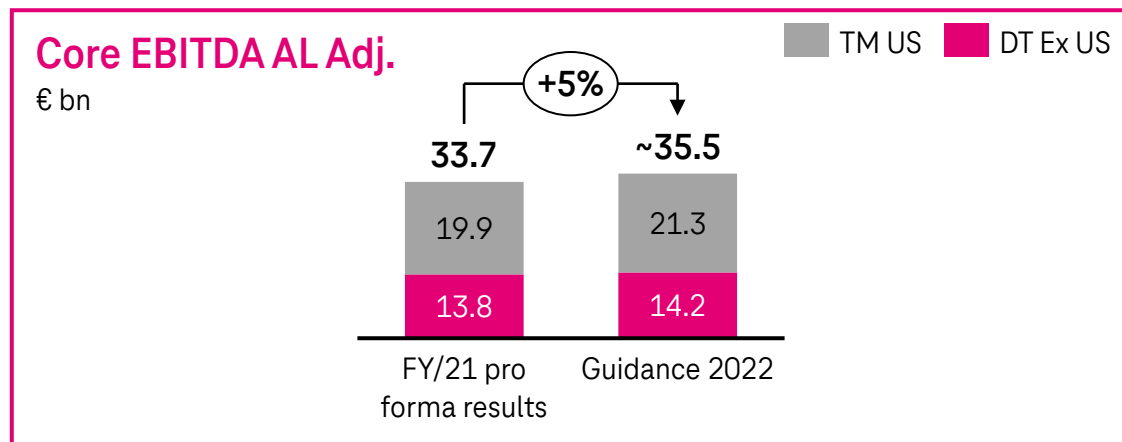
¹ 2021 vs. 2020, organic

Outlook



Guidance 2022¹

group outlook

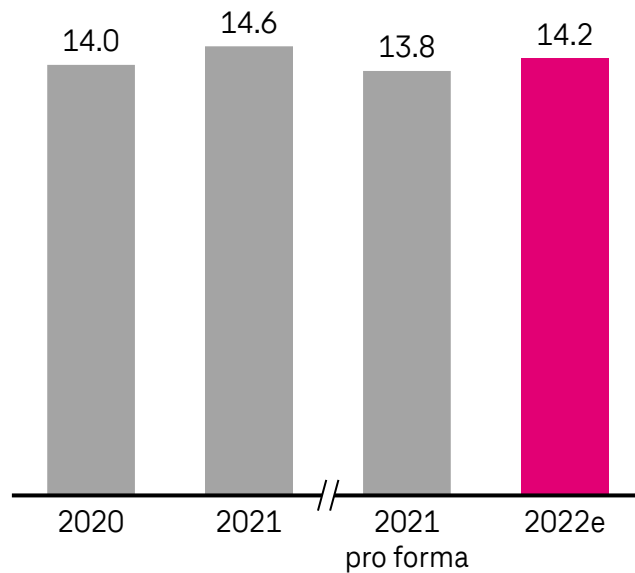


¹ Guidance for adj. EBITDA AL of around €36.5 bn reflects €1.8 bn decrease in handset leasing revenues in the US. TM US adj. EBITDA and Core EBITDA AL adj. included at midpoint of US GAAP guidance of US\$26.7 bn to 27.5 bn and US\$25.6 bn to 26.1 bn, adjusted for estimated bridge of US\$0.6 bn. US FCF included at mid-point of US GAAP guidance of US\$ 7.1 bn to 7.6 bn. Based on € 1 = US\$ 1.18

EX US financials

Adj. EBITDA AL

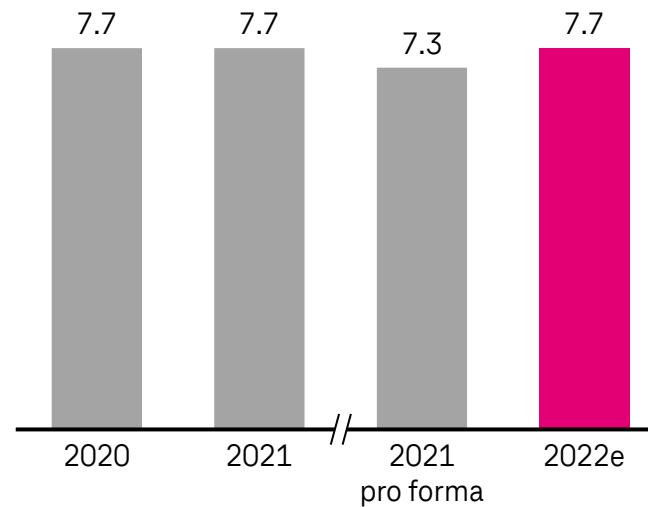
€ bn



CMD targets¹ · 2–3% CAGR in 2020-24

Cash capex

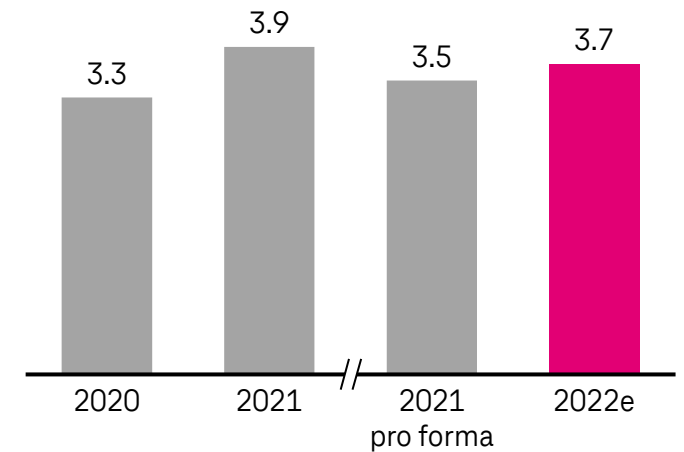
€ bn



· Increase for FTTH of ~€ 0.5 bn from 2020 through 2024

FCF AL

€ bn

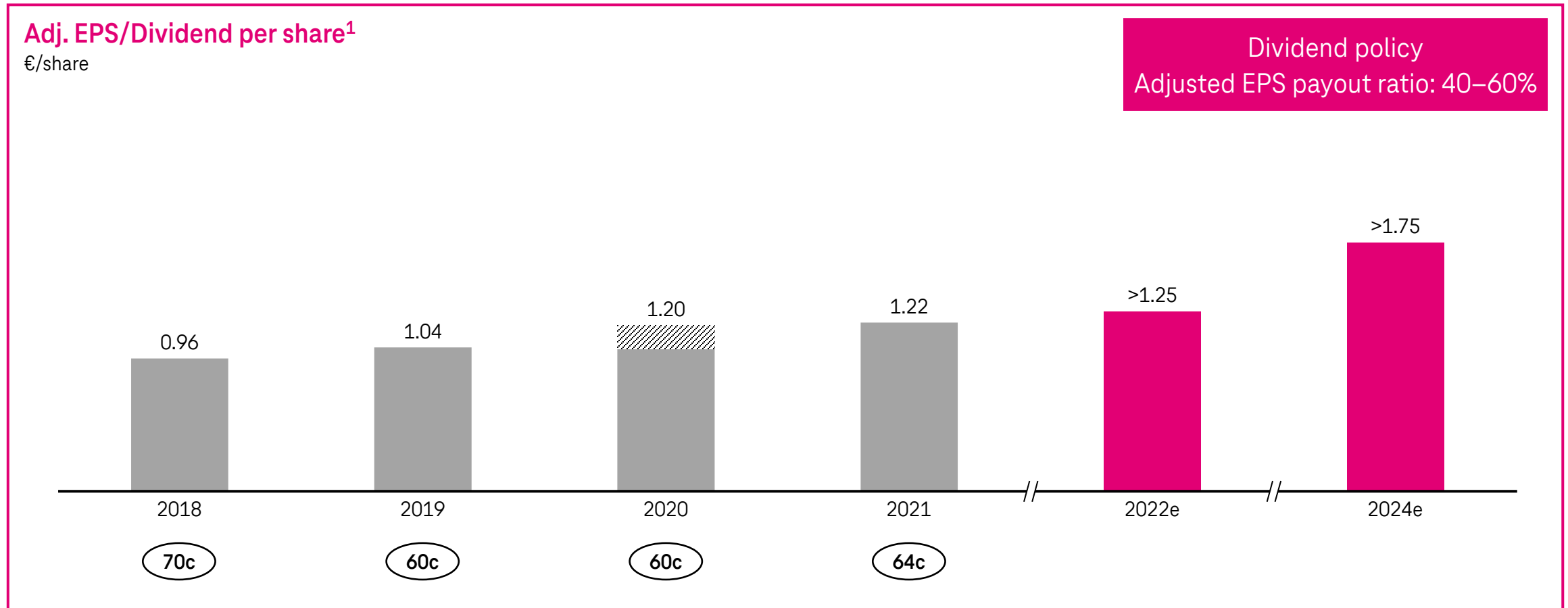


· ~€ 4.0 bn in 2024

¹ All organic. See annual report for additional details concerning pro forma values

Financials

growing adj. EPS and dividends



¹ 2020 EPS benefitted from TM US options (+17c). 2021 includes -4c from TM US options and +2c from held for sale TM NL. 2021 dividend subject to AGM approval.

Further questions

please contact the IR department

Investor Relations Contact details

Phone +49 228 181 – 8 88 80

E-Mail investor.relations@telekom.de

Contact details for all
IR representatives:

www.telekom.com/ircontacts



IR Webpage

www.telekom.com/investors



IR Twitter Account

www.twitter.com/DT_IR



IR YouTube Channel

http://www.telekom.com/youtube_ir

