

Deutsche Telekom Press conference FY/2022 results



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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.

FY/2022 results

Group

2022 results and CMD update

consistent growth

2022 highlights

- Outstanding growth in all financial and customer metrics, on both sides of the Atlantic
- €11.5 bn FCF AL, €1.83 adj. EPS, strongly above initial guidance
- €17.5 bn GD Towers valuation achieved
- Leverage beginning to inflect (2.58x ex. leases at YE)
- Total shareholder return +18.6%
- Market cap >€100 bn reached
- 2023 guidance: growth continues unabated



CMD update

- Well on track for financial mid-term ambitions
- Clear network leadership on both sides of the Atlantic
- TMUS stake at 49%
- TMNL and GD towers transactions completed
- Return to growth in shareholder remuneration
- Post peak on leverage
- Progress needed for indirect cost reductions

Financials 2022 reported

strong reported growth

€ mn

	Q4			FY		
	2021	2022	Change	2021	2022	Change
Revenue	28,647	29,800	+4.0%	107,811	114,413	+6.1%
Adj. EBITDA AL	9,007	9,964	+10.6%	37,330	40,208	+7,7%
Adj. EBITDA AL (excl. US) ¹	3,524	3,548	+0.7%	14,633	14,594	-0.3%
Adj. net profit	1,234	1,987	+61.0%	5,862	9,081	+54.9%
Net profit	471	1,014	+115.3%	4,176	8,001	+91.6%
Adj. EPS (in €)	0.25	0.40	+60.0%	1.22	1.83	+50.0%
Free cash flow AL ²	520	2,026	+289.2%	8,810	11,470	+30.2%
Cash capex ²	5,046	5,795	+14.8%	17,978	21,019	+16.9%
Net debt excl. leases (AL)	100,649	103,733	+3.1%	100,649	103,733	+3.1%
Net debt incl. leases (IFRS 16)	132,142	142,425	+7.8%	132,142	142,425	+7.8%

¹ Decline due to de-consolidation of Romania fixed and the Dutch business. Organic growth rate of +4.8% in FY.

² Free cash flow AL before dividend and before spectrum investments. Cash capex before spectrum investment. Spectrum: FY/21: €8,388 mn; FY/22: €3,096 mn; Q4/21: €60 mn; Q4/22: €112 mn.

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

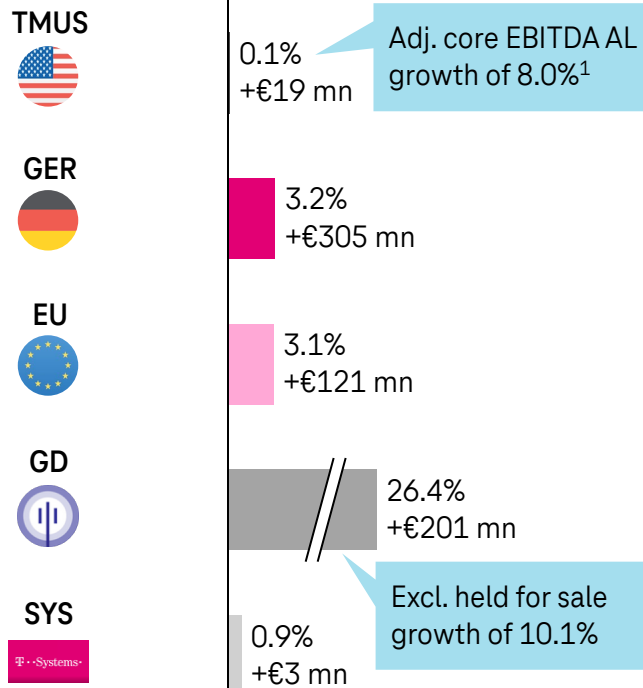
This view is different to the consolidated financial statements of DT where Group Development is treated as a discontinued operation. For more details, please refer to the back-up to this presentation, respectively the interim report of DT both available at www.telekom.com/en/investor-relations.

Financials 2022 organic

strong organic growth

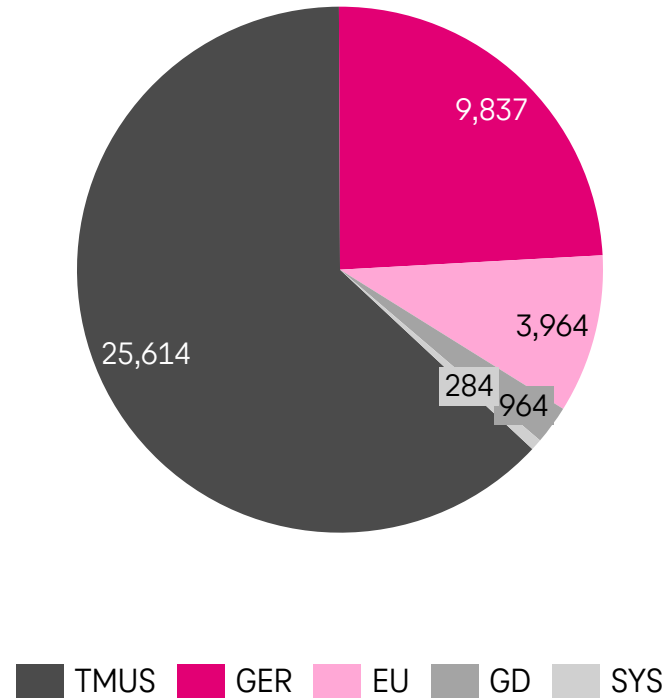
2022 adj. EBITDA AL

growth yoy, organic



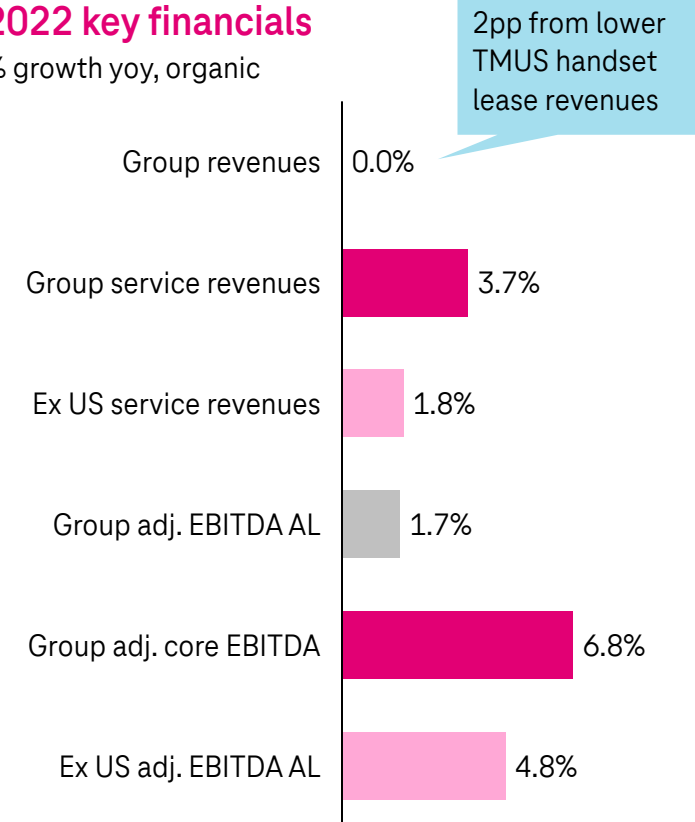
2022 adj. EBITDA AL²

€ mn



2022 key financials

% growth yoy, organic



¹ According to IFRS. US GAAP growth is 11.9%. Adj. core EBITDA excludes decreasing handset leasing revenues (-US\$ 1.9 bn yoy). ² Excl. GHS. Group EBITDA AL €40,208 mn.

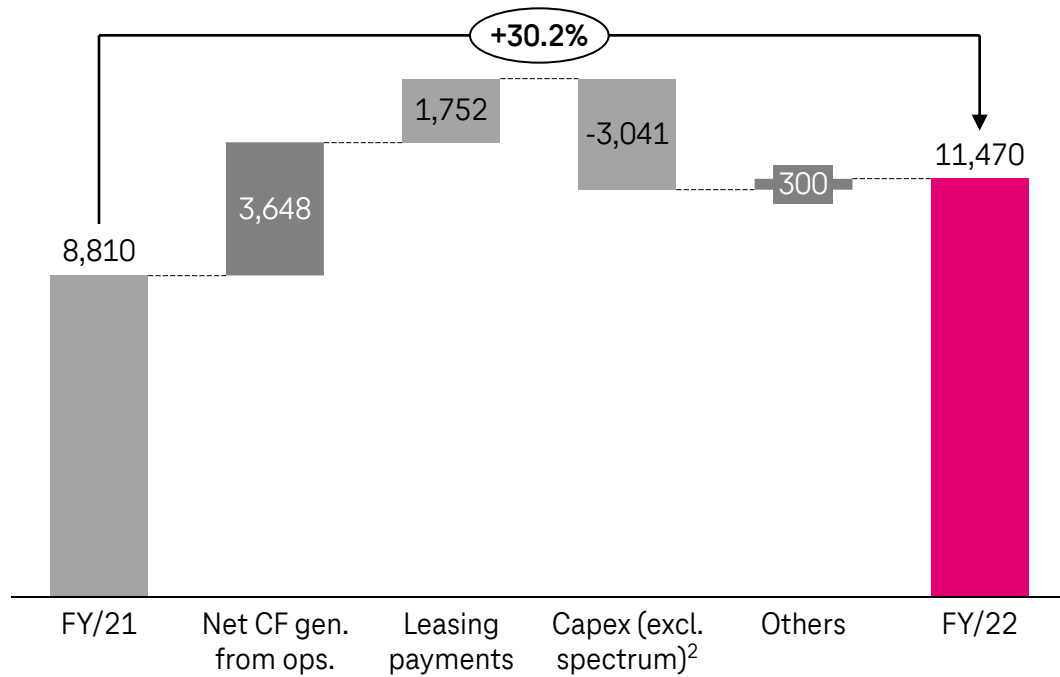
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FCF AL and net profit strong growth

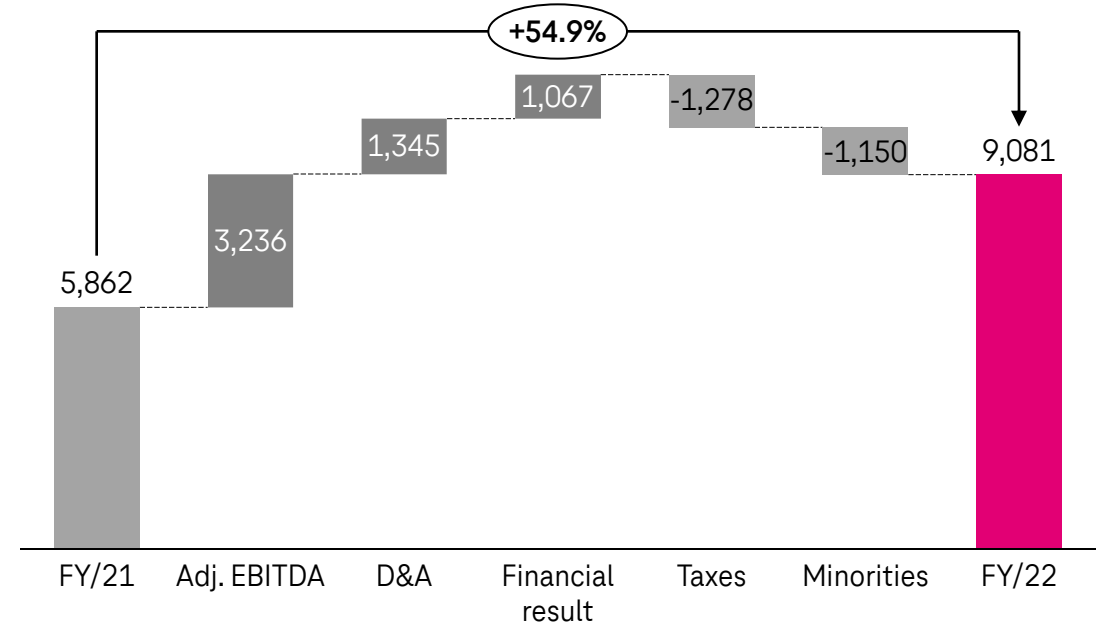
Free cash flow AL¹

€ mn



Adj. net profit

€ mn



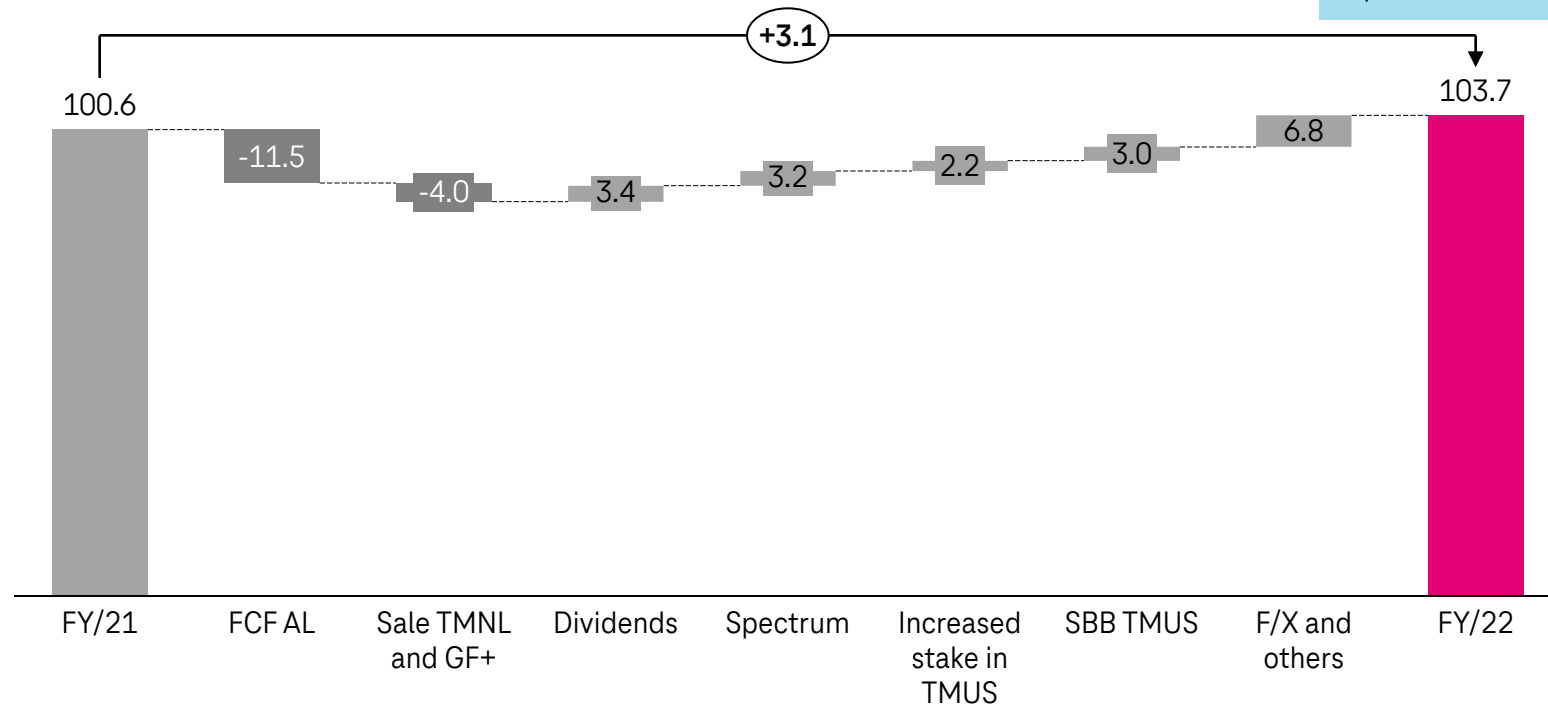
¹ Free cash flow and FCF AL before dividend payments and spectrum investment. ² Spectrum: FY/21: €8,388 mn; FY/22: €3,096 mn.

Net debt

leverage ex leases at 2.58x

Net debt excl. leases (AL)

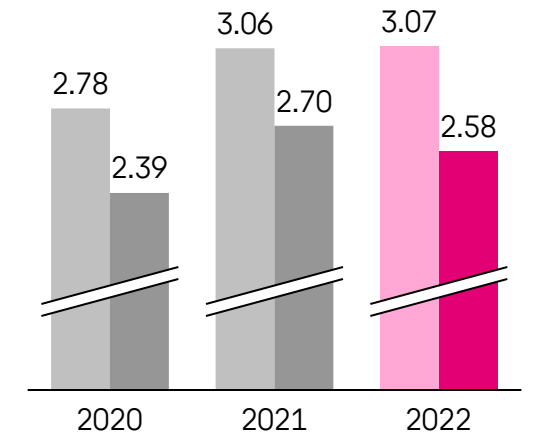
€ bn



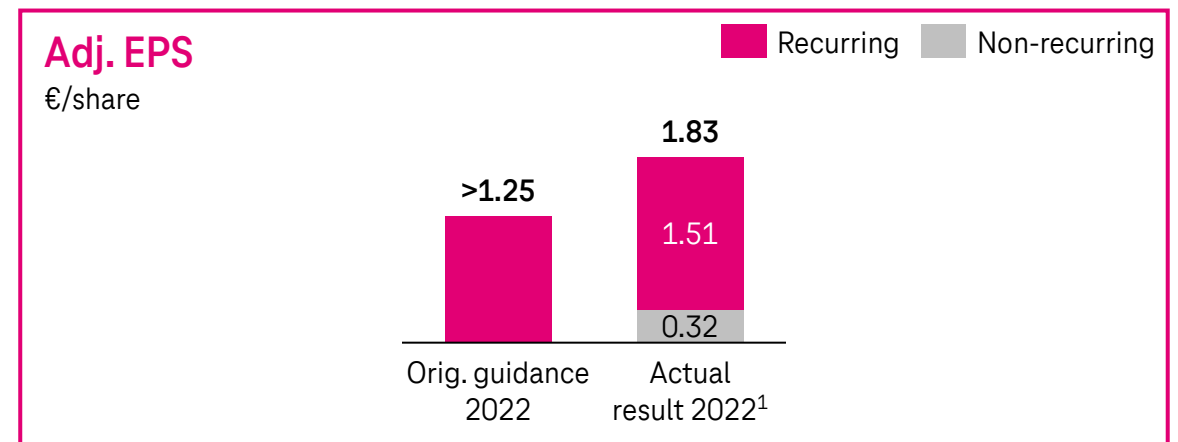
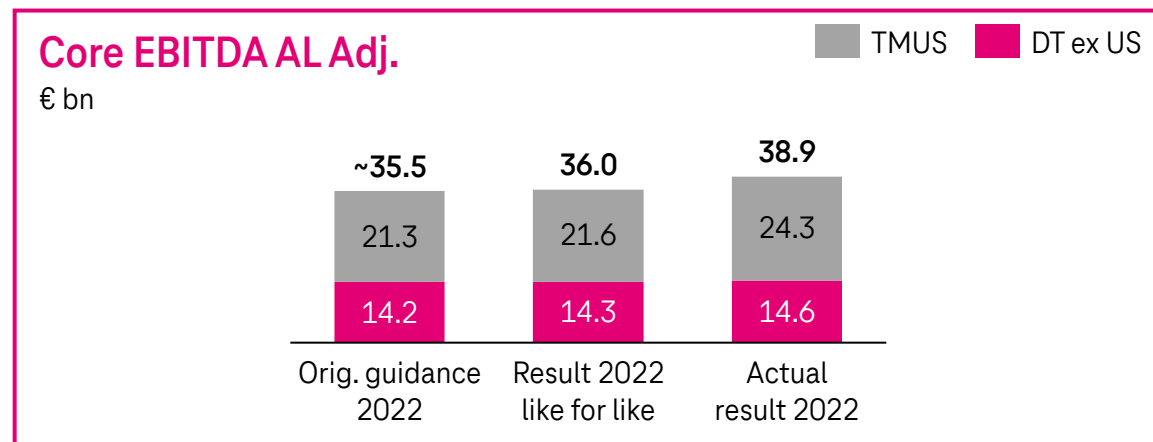
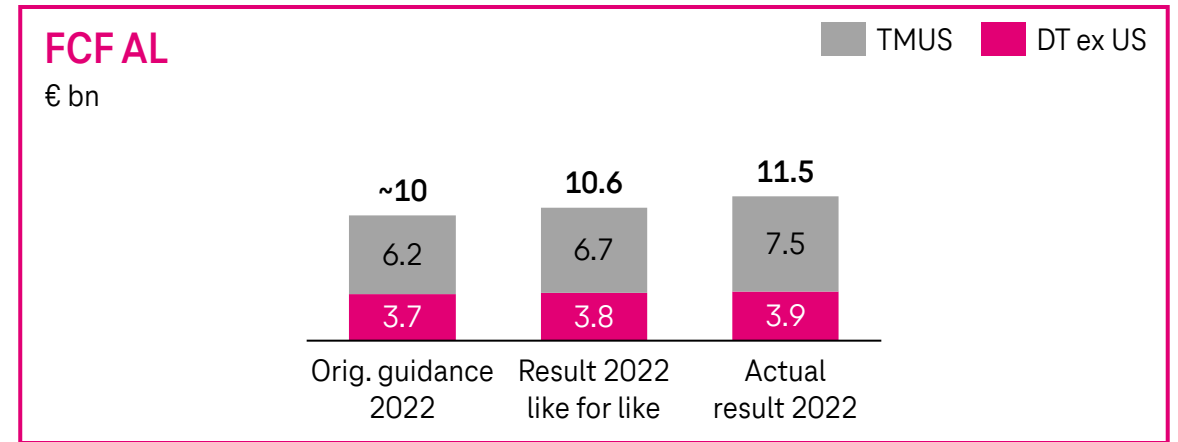
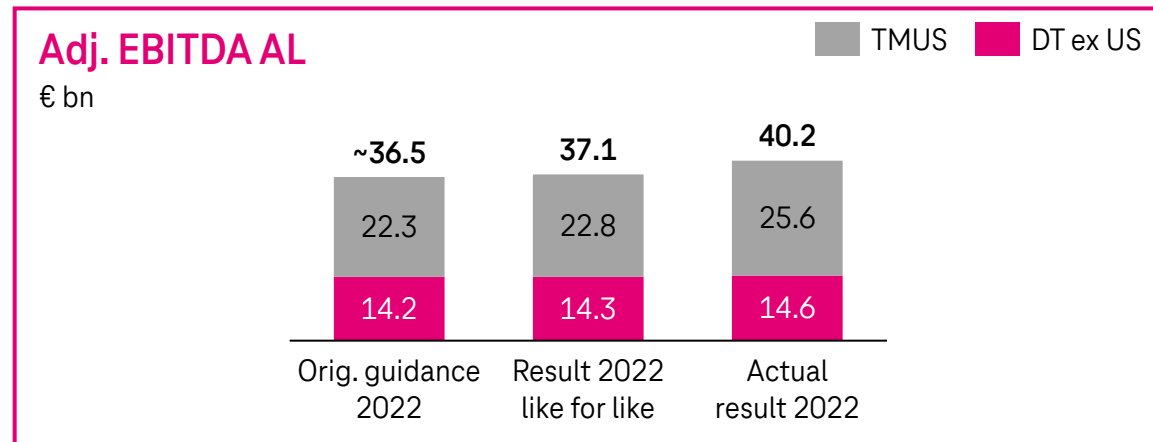
Leverage ratios

Leverage including leases down 0.3x in Q4

Incl. leases Excl. leases



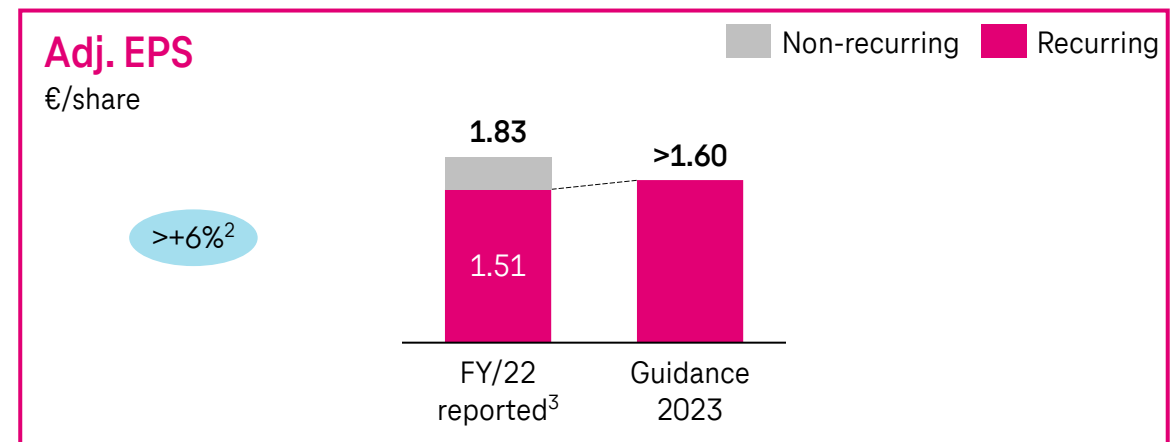
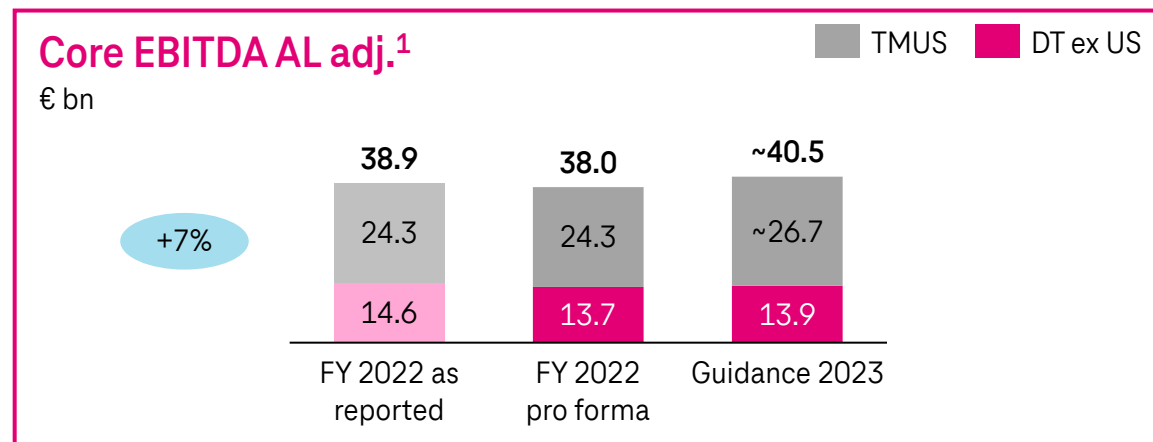
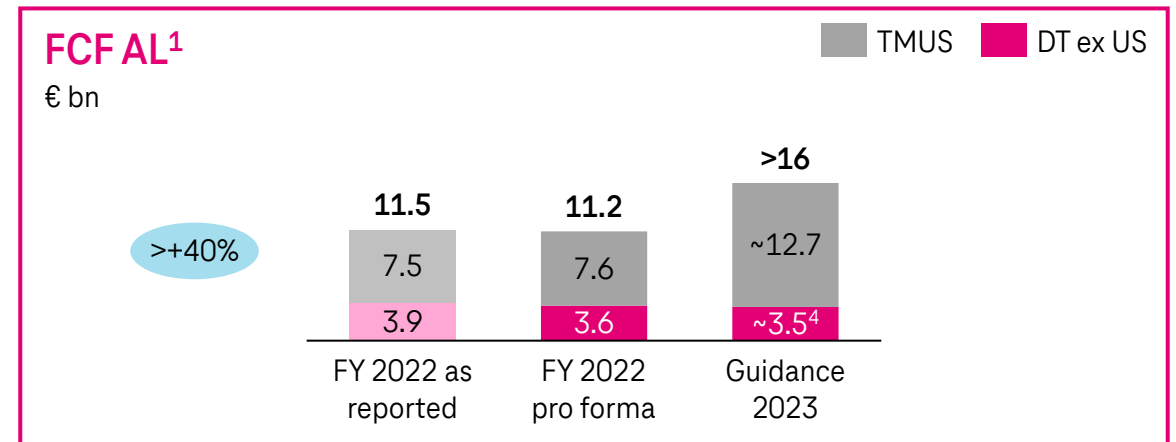
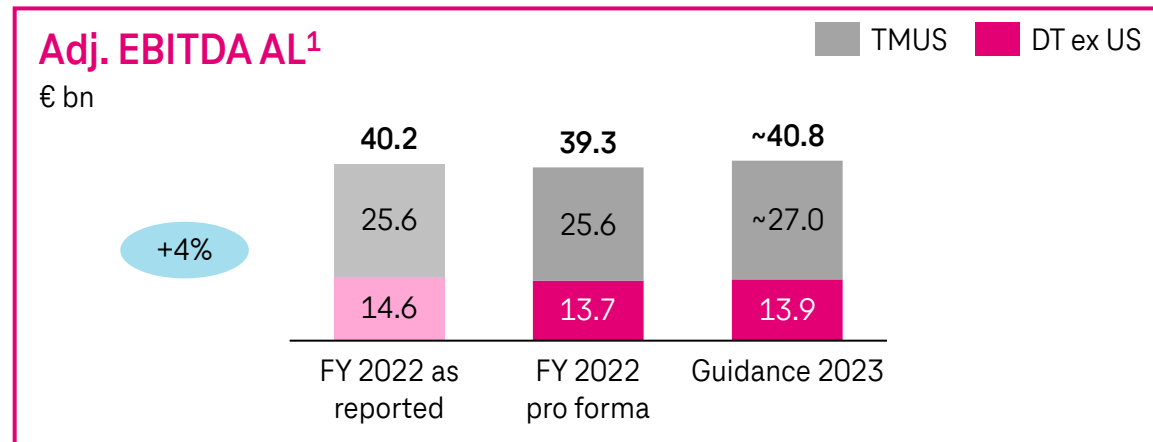
Review guidance 2022 overdelivered



¹ Non-recurring elements in adj. EPS include gains from financial instruments, the contribution from T-Mobile NL in Q1/22, the held-for-sale effect Towers, and the interest effect on the valuation of the civil service health insurance fund.

Guidance 2023

continued growth



¹ TMUS guidance is based on midpoint of US GAAP guidance of US\$29.0-29.5 bn adj. EBITDA; of US\$ 28.7-29.2 bn core adj. EBITDA and of US\$13.1-13.6 bn FCF. Guidance assumes a negative bridge of US\$0.8-0.85 bn on adj. EBITDA and core adj. EBITDA upon translation into IFRS. Based on €1 = US\$1.05. ² On recurring basis. ³ Non-recurring elements in adj. EPS include gains from financial instruments, the contribution from T-Mobile NL in Q1/22, the held-for-sale effect Towers, and the interest effect on the valuation of the civil service health insurance fund. ⁴ Includes €0.2 bn of cash returns and €0.15 bn cash taxes related to tower transaction.

FY/2022 results

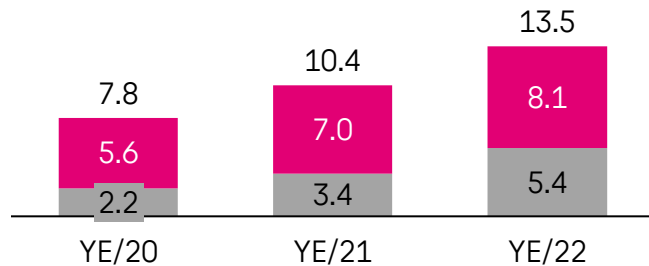
CMD review

Networks

leading with 5G, FTTH well on track

FTTH (1 Gbps)

Homes passed
mn

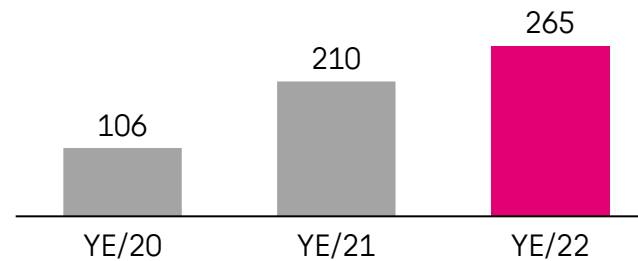


- 2022 targets reached and on track for CMD targets
- Multiple collaborations agreed, incl. GlasfaserPlus

■ EU ■ GER

5G TMUS

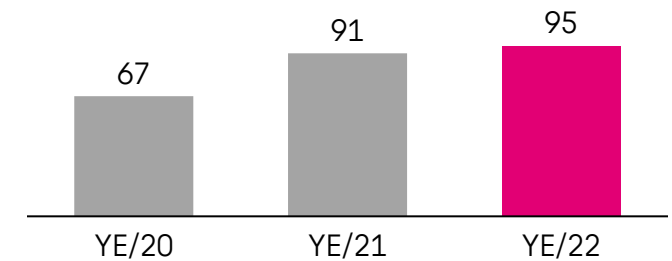
Ultra Capacity 5G¹
mn POPs



- On track for 300m target YE/2023
- 98% of Americans reached with 5G (incl. Low Band)

5G Germany

% of POPs

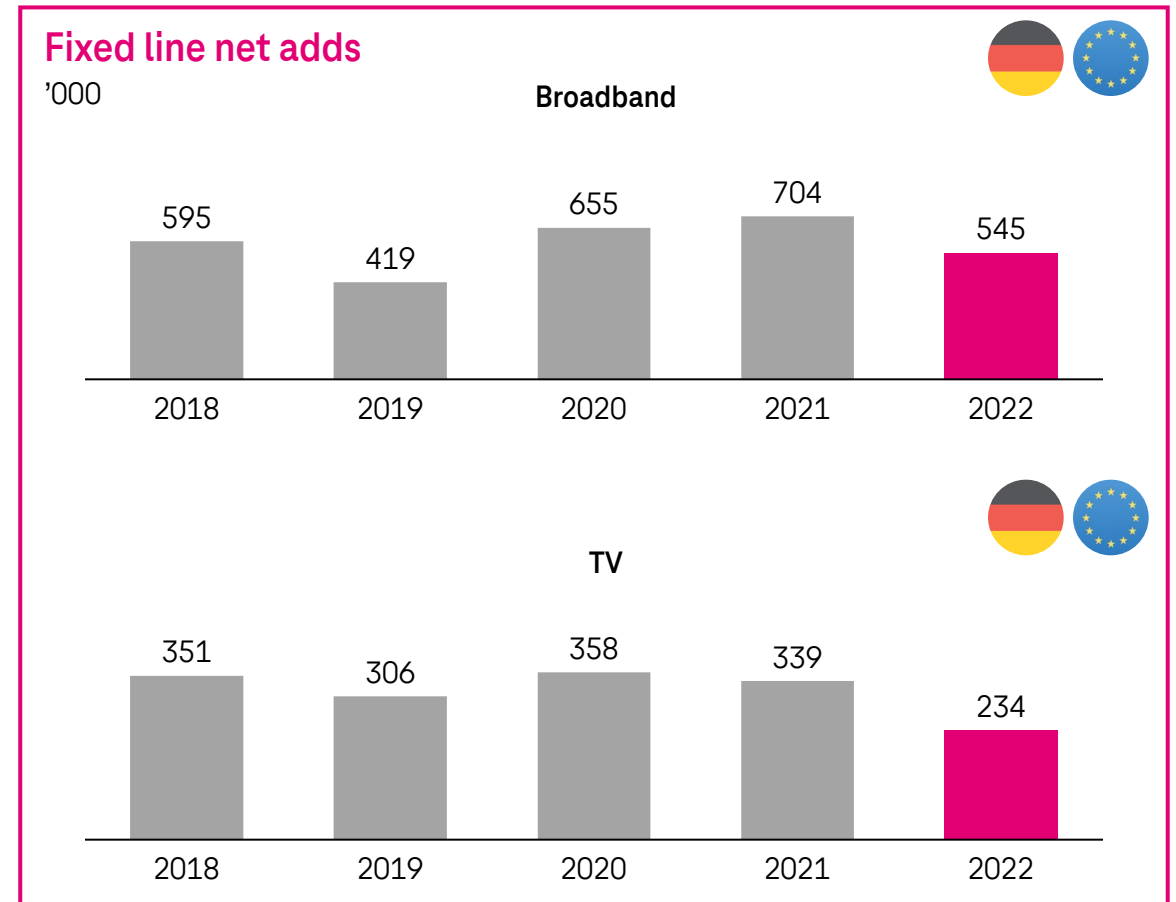
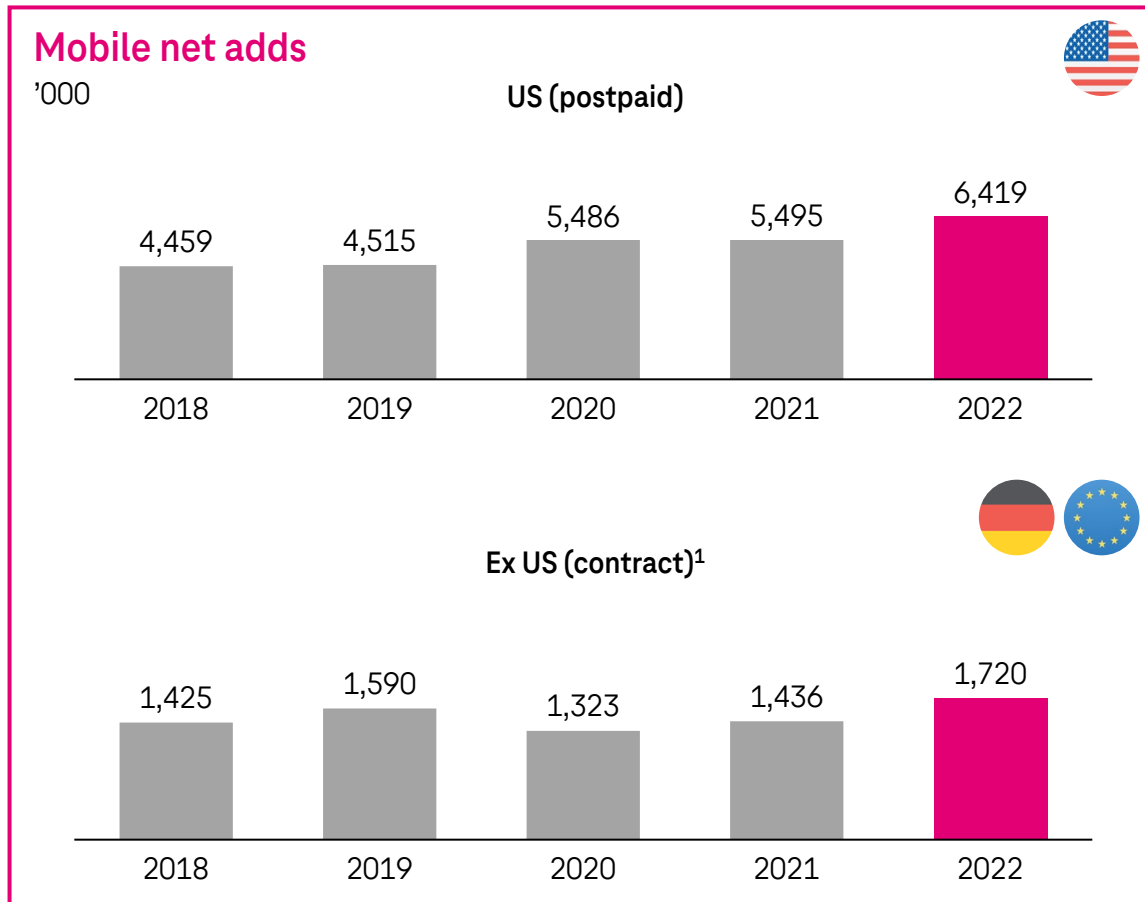


- 8k antennas with 3.6GHz
- European 5G coverage at 47.4%

¹ Ultra Capacity on 2.5 GHz.

Customers

strong growth in every year



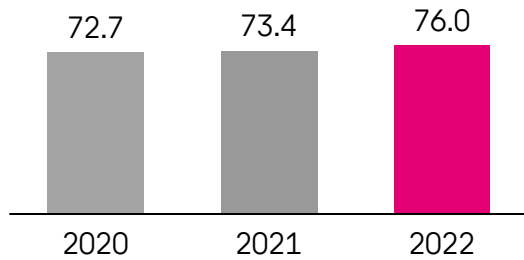
¹ GER + EU. GER: Since 2021, own branded retail customers excl. multibrand, consumer IoT, and "Schnellstarter".

Society and environment

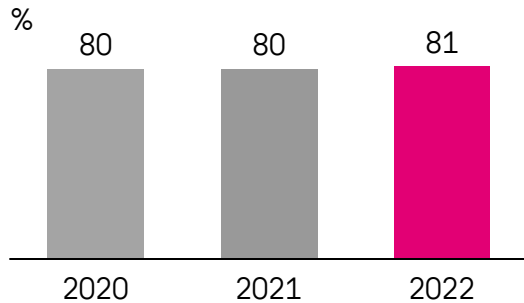
strong ESG performance; ex US energy consumption reduced

Societal agenda

Customer satisfaction*
Tri*M



Employee satisfaction*¹



Environment

#GREEN
MAGENTA

- Climate targets are well on track
- TMUS first US telco to announce SBTi-based 2040 climate net zero target
- Germany – full circularity in packaging of own devices
- From 2023, newly ordered business cars in Germany are green

Society

#GOOD
MAGENTA

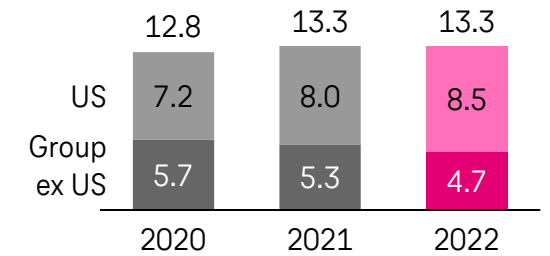
- Support for Ukrainian refugees, and Turkish and Syrian earthquake victims
- Customer and employee satisfaction increasing
- TMUS “Project 10 million” halfway through

Governance

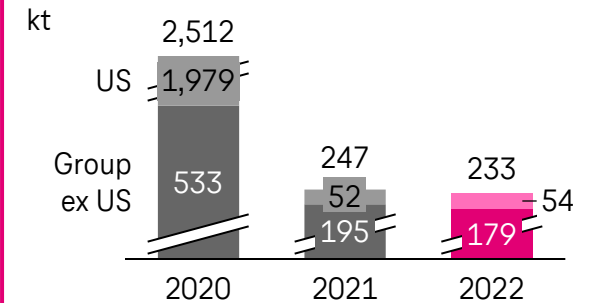
- 1st place in S&P rating (no other European telco in S&P World)
- For 7th time in a row, A-ranked in CPD

Environmental agenda

Energy consumption
mn MWh



CO₂ emissions (scope 1+2)

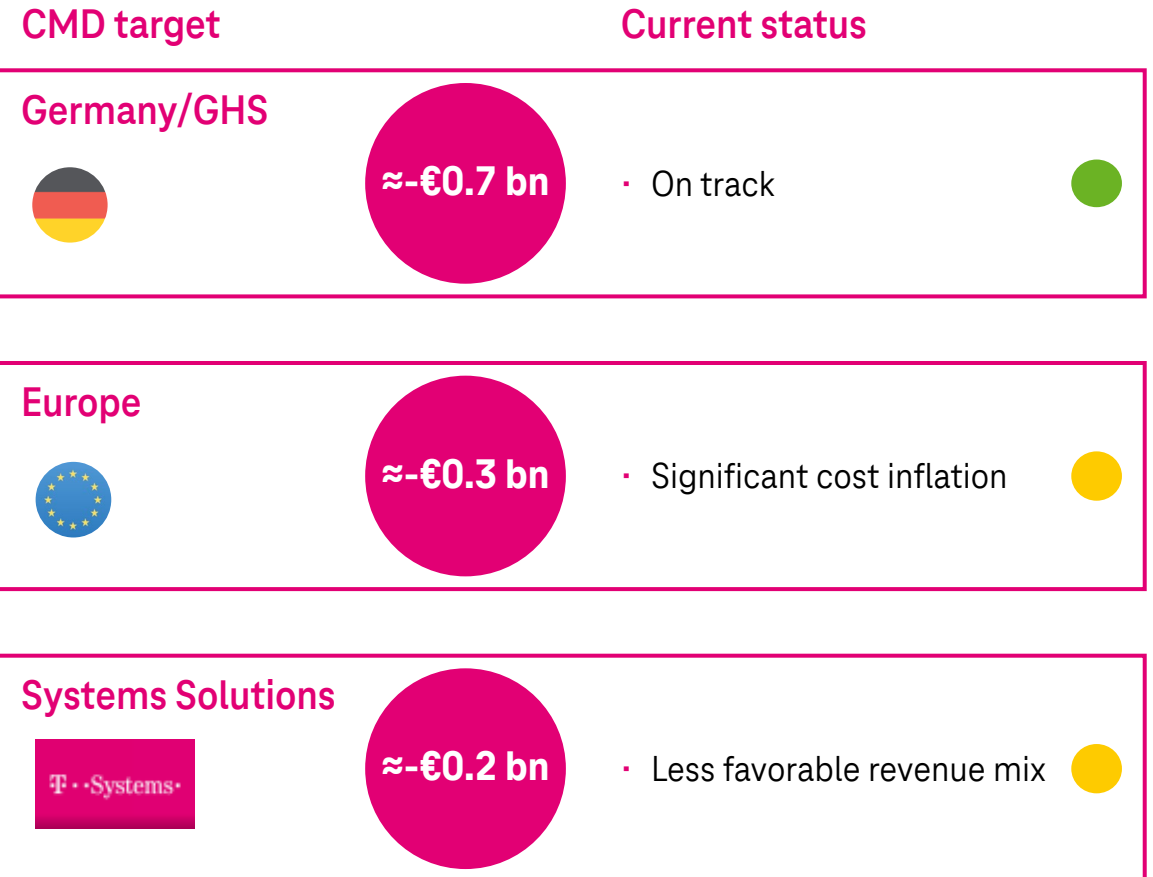
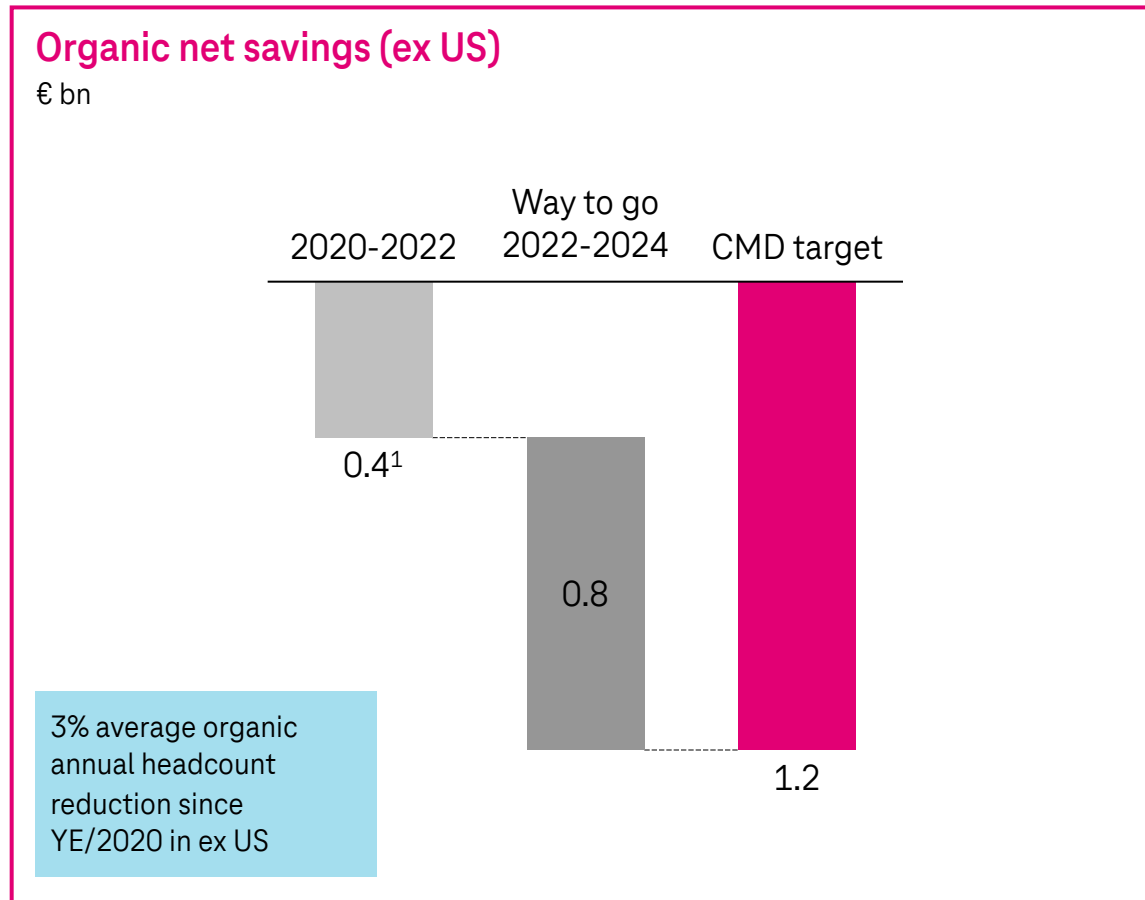


*Ex US.

¹ Positive answer on employee/pulse survey question: “How do you feel at our company?”.

Indirect costs

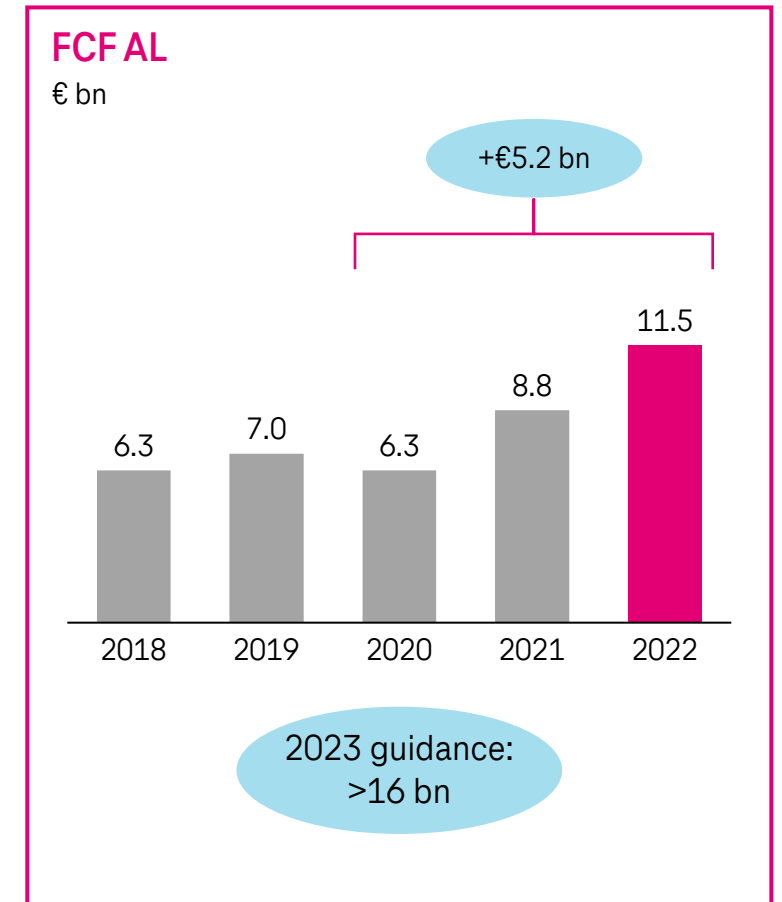
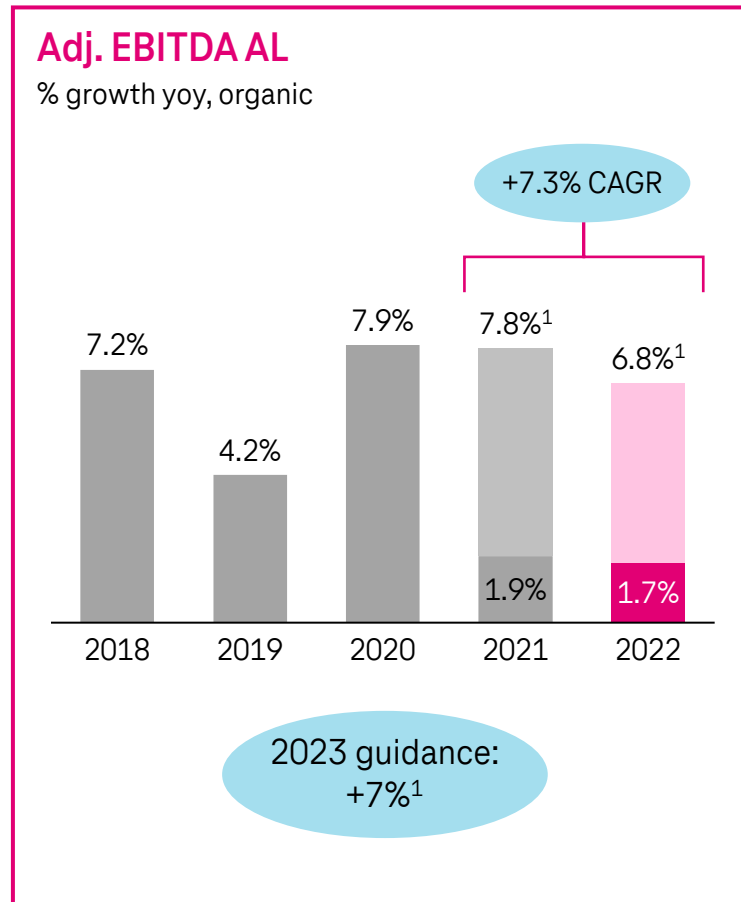
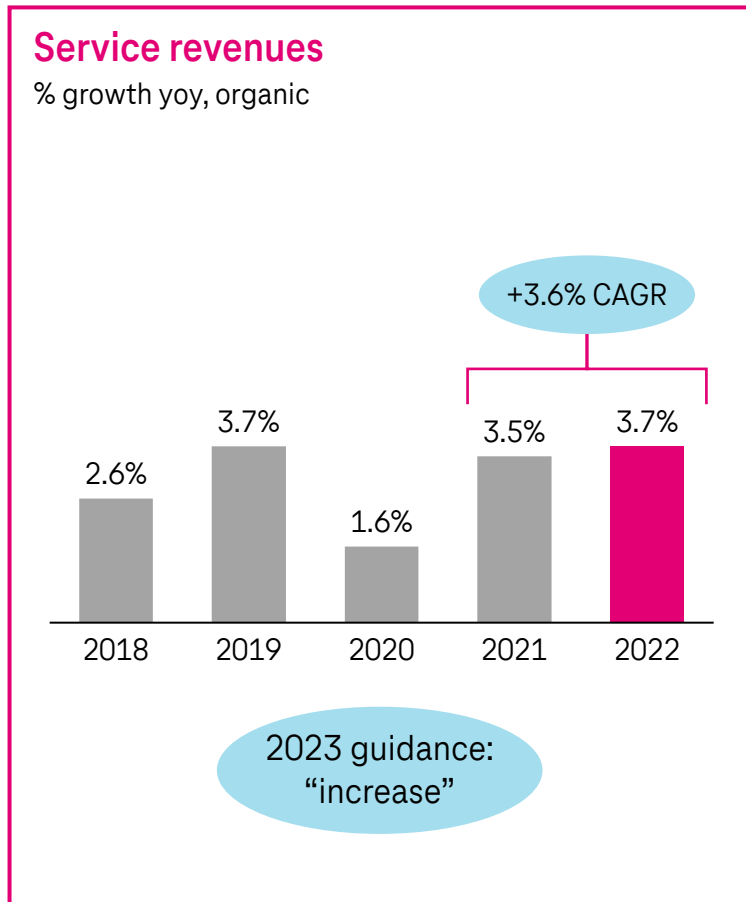
progress required for CMD ambition



¹ Excl. Hungary telco tax.

Group financials 2018-2022

multi-year growth in key financials



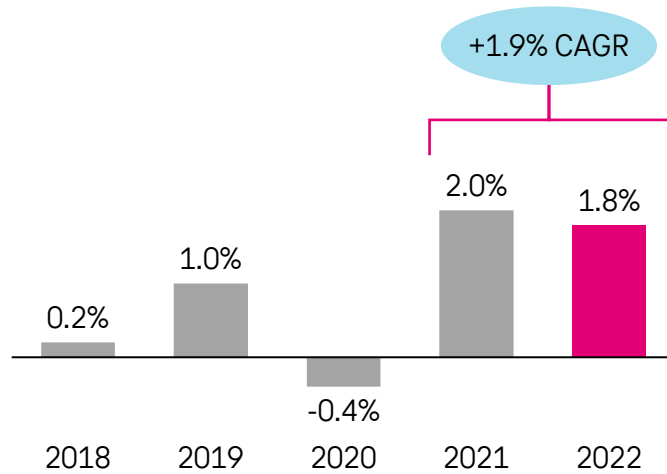
¹ Adj. core EBITDA.

Ex US financials 2018-2022

multi-year growth in key financials

Service revenues

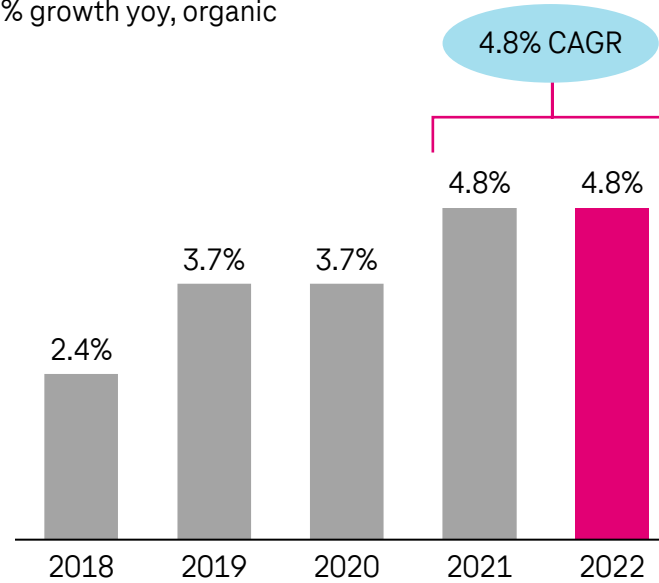
% growth yoy, organic



2023 guidance:
"increase"

Adj. EBITDA AL

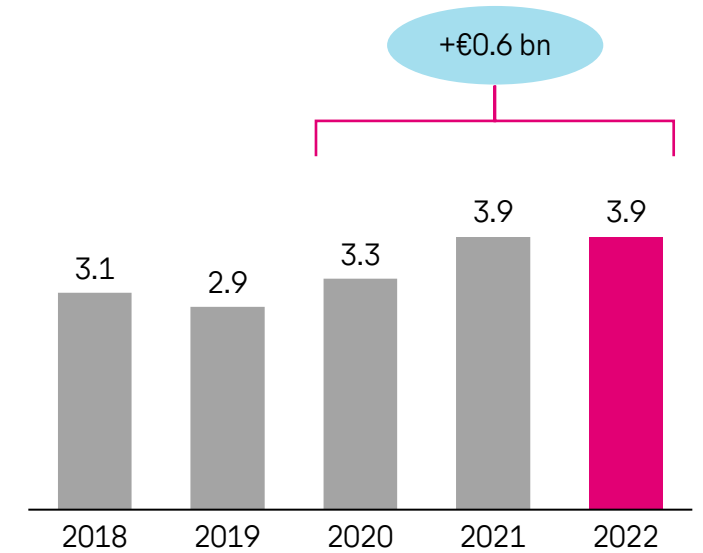
% growth yoy, organic



2023 guidance:
+1.5%

FCF AL

€ bn



2023 guidance:
~3.5 bn

Capital allocation/portfolio

delivering on CMD capital allocation priorities

- **High investments in 2022**

- Capex: €21.0 bn
- Spectrum: €3.1 bn
- Merger costs (US): US\$5.0 bn

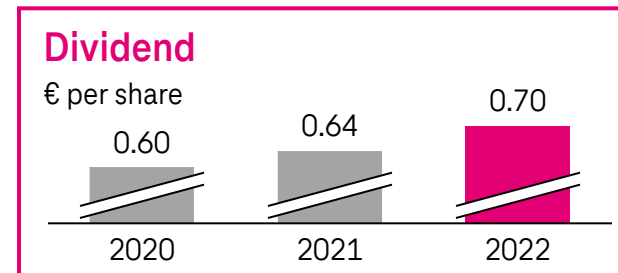
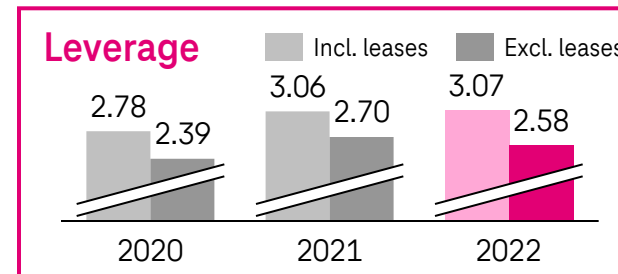
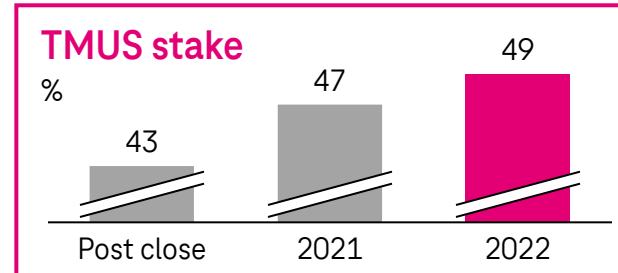
- **Major portfolio moves since CMD 2021**

- US\$5 bn share swap with Softbank
- Sale of 75% of TMNL for €3.8 bn (8.7x LTM EBITDA AL); €2.2 bn reinvested in TMUS
- Sale of 51% of GD Towers for €10.7 bn (27x adj. 2021 PF EBITDA AL)

- **Launch of TMUS share buyback**

- US\$3 bn bought back in 2022 already
- A remaining US\$11 bn authorized for 2023

Achievements 2020-2022



Outlook 2024

CMD ambition:
TMUS ownership
>50%



CMD ambition:
leverage of 2.25x -
2.75x (incl. leases)



CMD ambition:
40 - 60% of adj.
EPS, floor of €0.60



CMD review

well on track for mid-term financial ambitions

	2020-2024 midterm ambition level ¹	Achievements 2020-2022	Outlook 2024
Revenues	Group: CAGR +1-2%	+2.2%	●
Total service revenues	Group: CAGR +3-4%	+3.6%	●
Adj. EBITDA AL	Group: CAGR +3-5%	+1.8%	●
	Ex US: CAGR +2-3%	+4.8%	●
Adj. core EBITDA AL	Group: CAGR +5-6%	+7.3%	●
FCF AL	Group: > €18 bn	€11.5 bn in 2022	●
	Ex US: €4 bn	€3.9 bn in 2022	●
Adj. EPS	> €1.75	€1.83 in 2022 (€1.51 recurring)	●
ROCE	> 6.5%	4.5% (reflects US merger costs)	●
Cash capex	Ex US: ~€8.2 bn	€7.7 bn in 2022	●
Adj. indirect cost AL	Ex US: -€1.2 bn (net savings)	-€0.4 bn (net savings)	●
Shareholder remuneration policy ²	Adj. EPS payout ratio 40 - 60%, Floor €0.60	€0.70 for 2022 ²	●

¹ Based on constant exchange rates (average exchange rate 2020 of €1 = US\$1.14) and no further changes in the scope of consolidation. ² Subject to necessary AGM approval and Board resolution.

FY/2022 results

Review segments

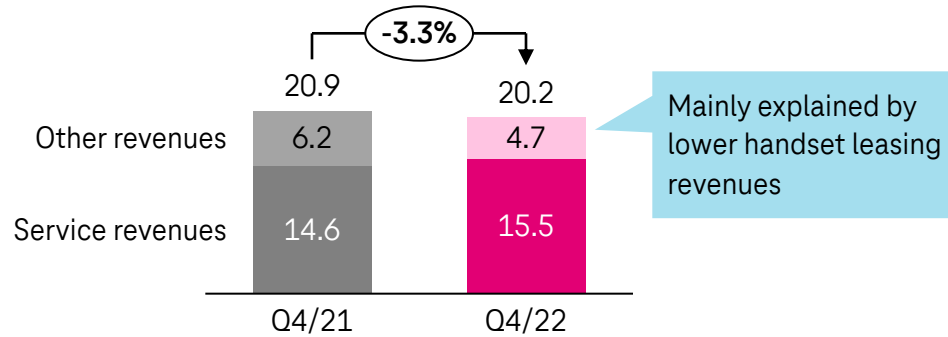
T-Mobile US

strong financial growth



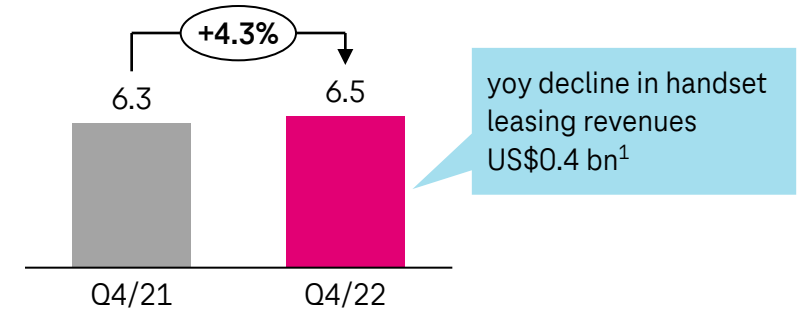
Revenues (IFRS)

US\$ bn



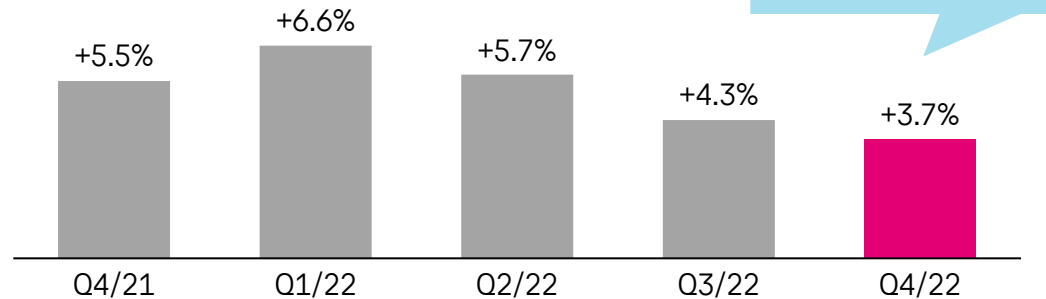
Adj. EBITDA AL (IFRS)²

US\$ bn



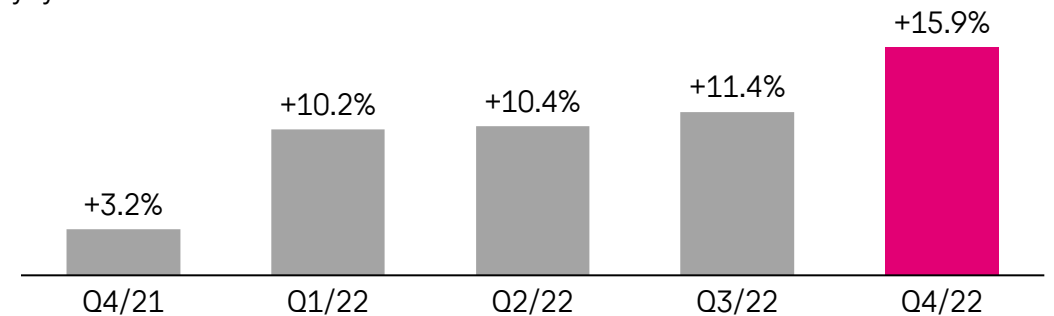
Service revenue (US GAAP)

% yoy



Core adj. EBITDA (US GAAP)

% yoy

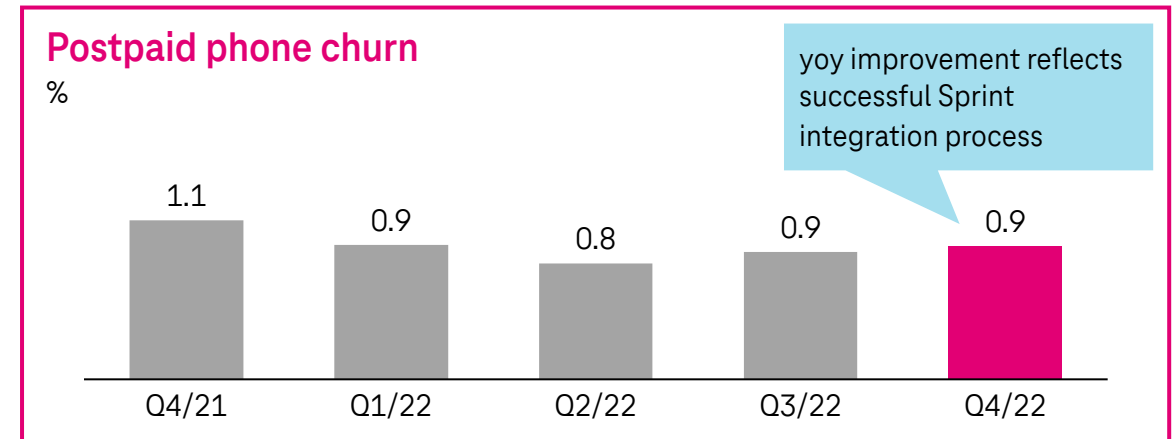
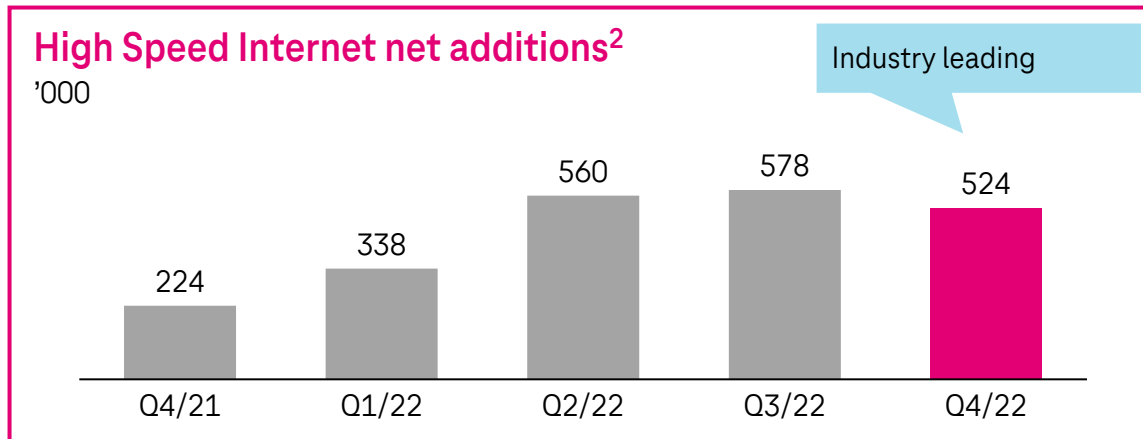
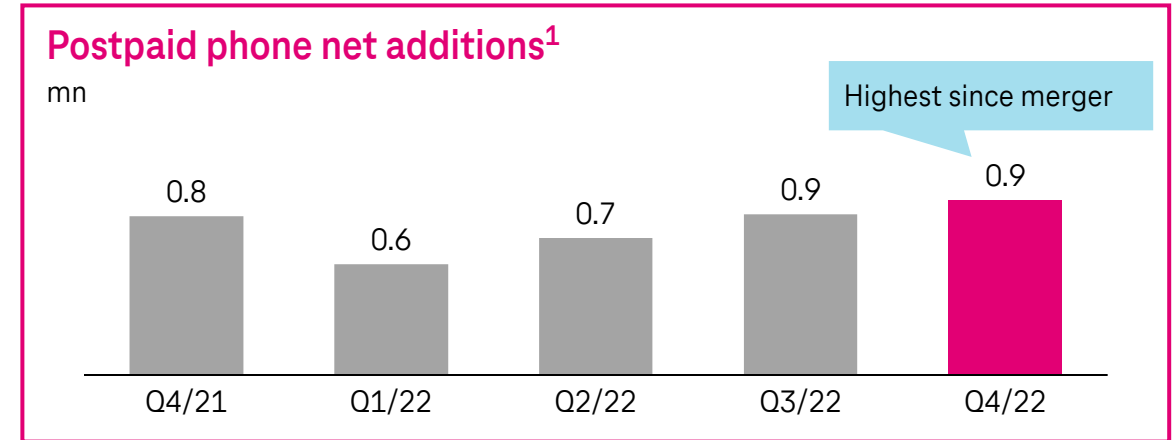
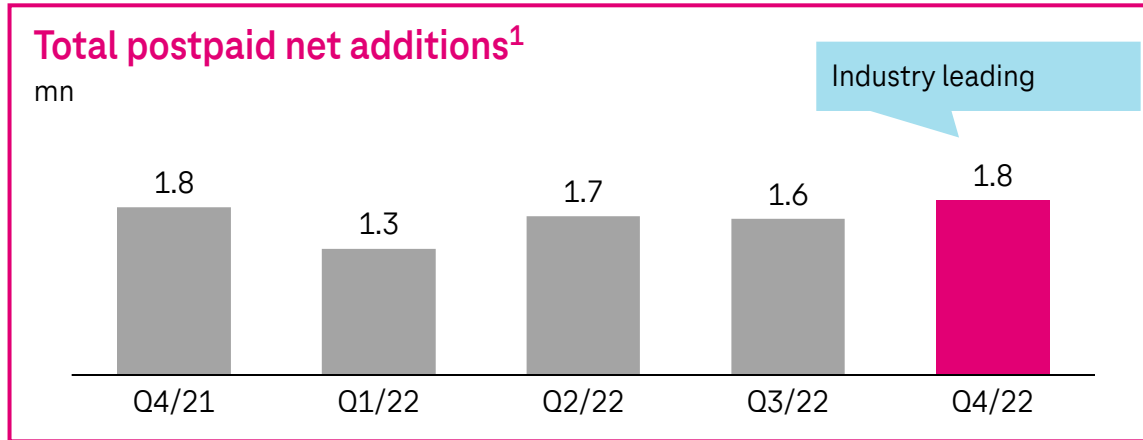


¹ TMUS has refocused its distribution policy towards Equipment Installment Plans, which results in a decrease of handset leasing revenues and a corresponding decline in revenue and EBITDA AL. Service revenues are not impacted.

² For IFRS bridge please refer to appendix.

T-Mobile US

highest postpaid phone growth since merger



¹ Net adds are excluding the following base adjustments: Customers impacted by the decommissioning of the legacy Sprint CDMA and LTE and T-Mobile UMTS networks have been excluded from our customer base resulting in the removal of 212,000 postpaid phone customers and 349,000 postpaid other customers in the first quarter of 2022 and 284,000 postpaid phone customers, 946,000 postpaid other customers and 28,000 prepaid customers in the second quarter of 2022. In connection with our acquisition of companies, we included a base adjustment in the first quarter of 2022 to increase postpaid phone customers by 17,000 and reduce postpaid other customers by 14,000. Certain customers now serviced through reseller contracts were removed from our reported postpaid customer base resulting in the removal of 42,000 postpaid phone customers and 20,000 postpaid other customers in the second quarter of 2022. ² Postpaid + prepaid.

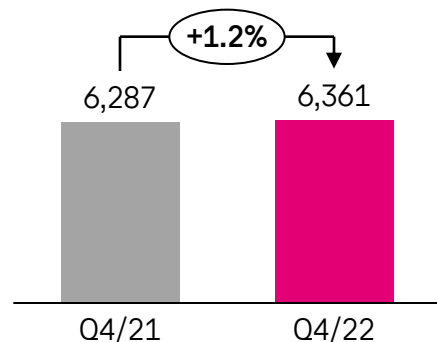
Germany

25th consecutive quarter of EBITDA growth



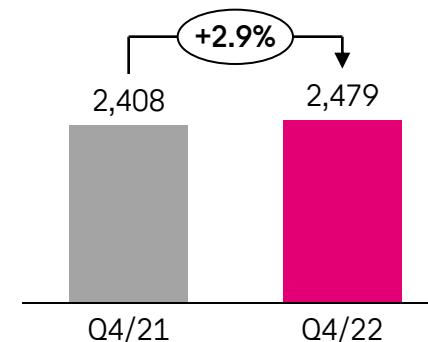
Revenues (as reported)

€ mn



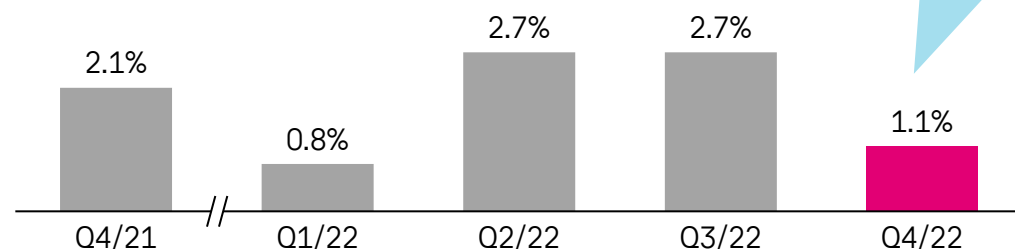
Adj. EBITDA AL (as reported)

€ mn



Revenue growth (organic)

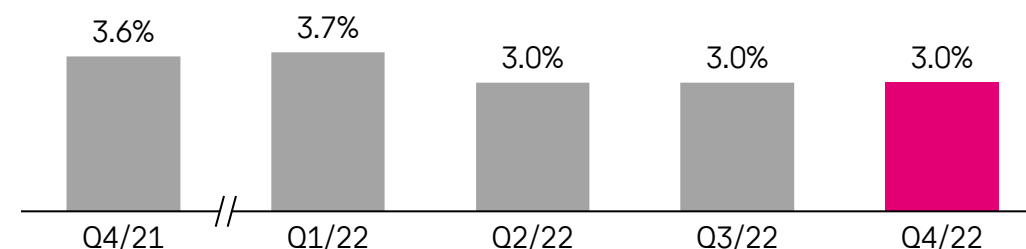
% yoy



Slowdown explained by lower equipment revenues

Adj. EBITDA AL (organic)

% yoy



As of Q3, the security services were transferred from the Systems Solutions segment to the Germany segment and the revenue recognition for certain customer transactions (principal agent) was changed. Growth rates for 2022 are presented on a re-stated basis. Growth rates for 2021 were not re-stated and remain as previously disclosed.

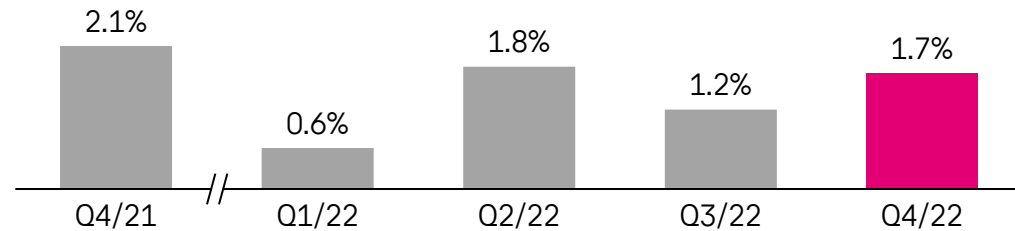
Germany

service revenues: growing across the board



Total service revenue growth (organic)¹

% yoy

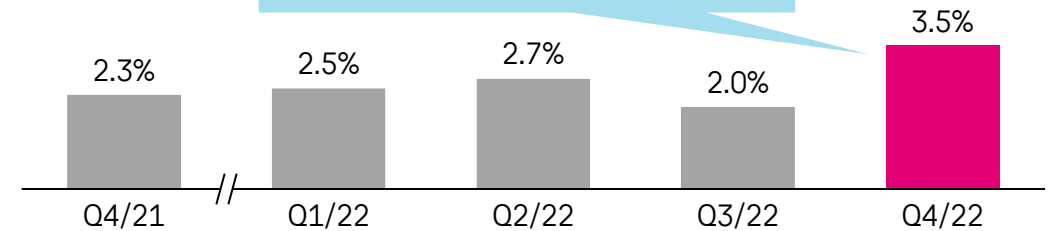


Mobile service revenue growth (organic)

% yoy

Lebara loss offset by positive one-offs; in addition, c1 pp from higher roaming

CMD ambition: +1-2% CAGR ✓



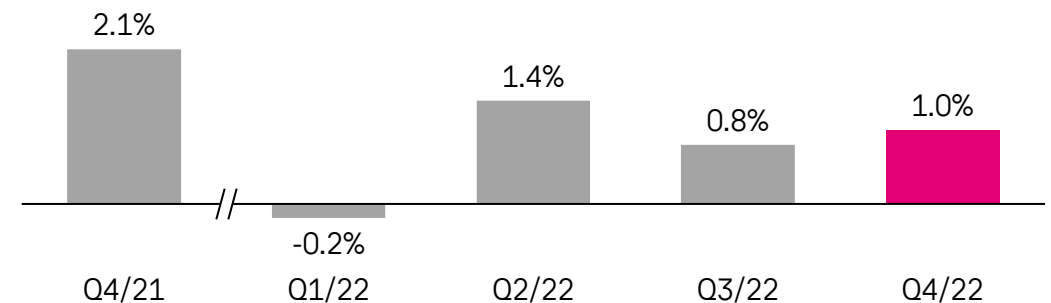
Revenue growth (reported)

% yoy

- Reported total service revenue growth +1.9%
- Reported fixed service revenue growth +1.2%
- Reported mobile service revenue growth +3.5%

Fixed service revenue growth (organic)¹

% yoy

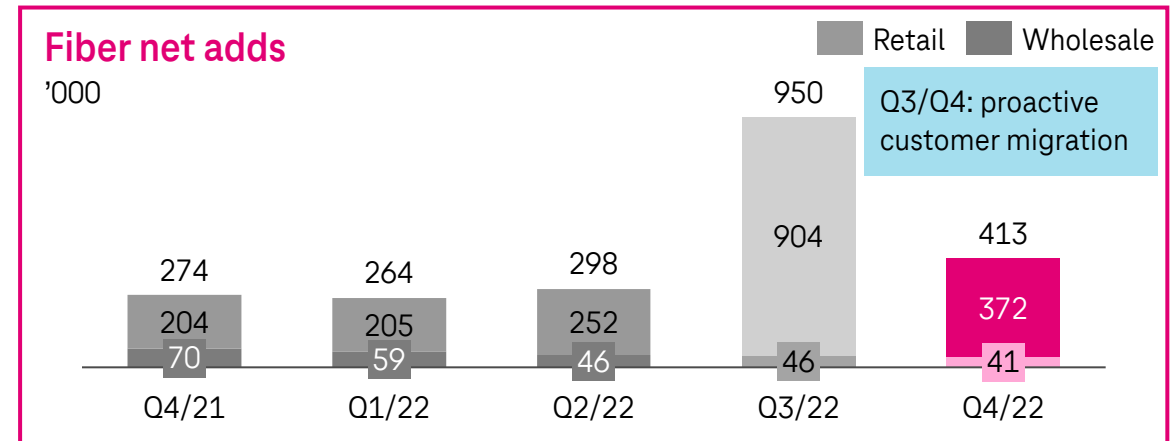
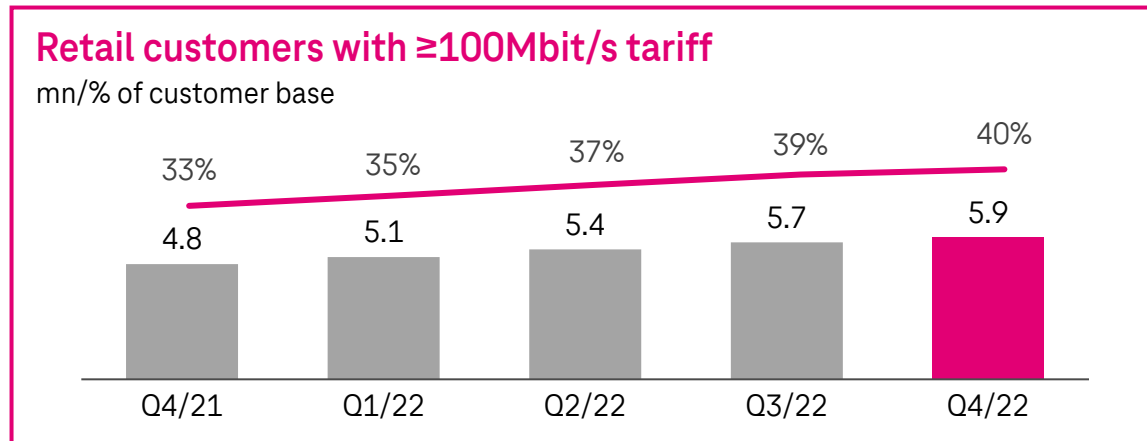
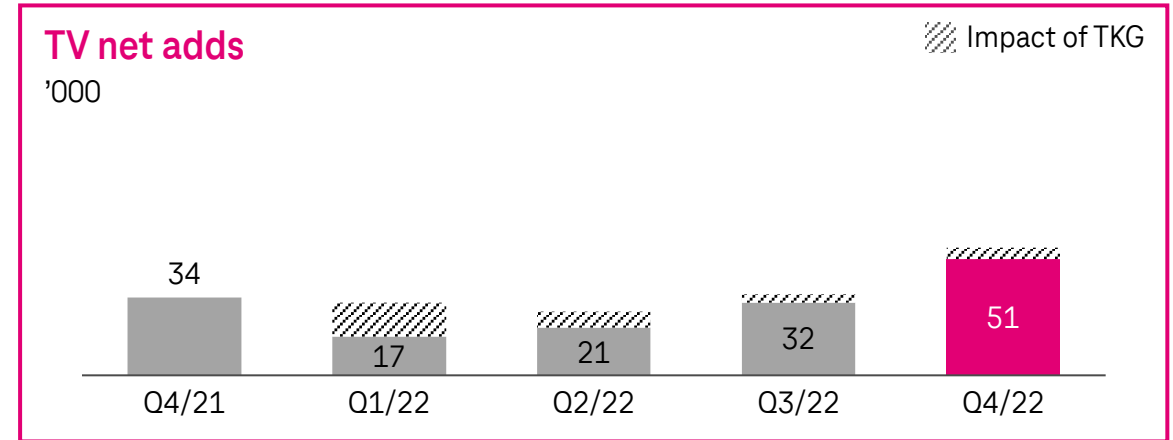
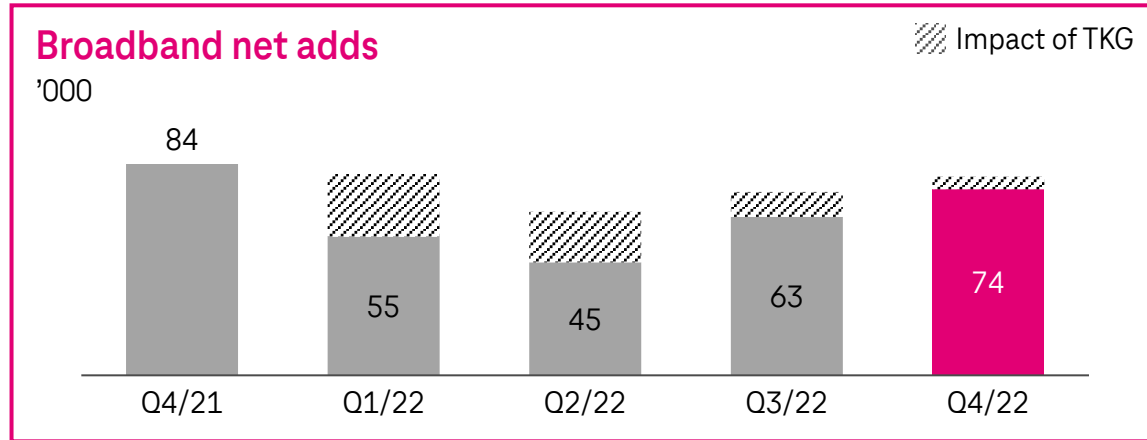


As of Q3, the security services were transferred from the Systems Solutions segment to the Germany segment and the revenue recognition for certain customer transactions (principal agent) was changed. Growth rates for 2022 are presented on a re-stated basis. Growth rates for 2021 were not re-stated and remain as previously disclosed.

¹ As of Q1/22, removal of revenues from construction services delivered to third parties from wholesale revenues (and consequently from fixed and total service revenues) to other revenues (not included in service revenues). Moreover, B2B retail revenue reclassification.

Germany

fixed KPIs: net adds improved, strong upselling continues



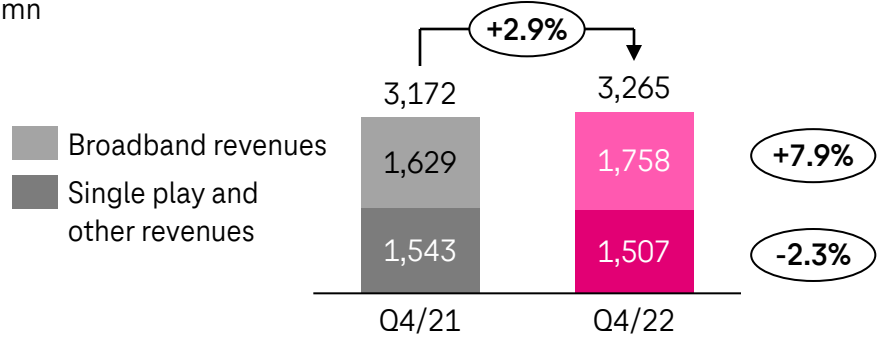
Germany

fixed revenues: strong broadband growth



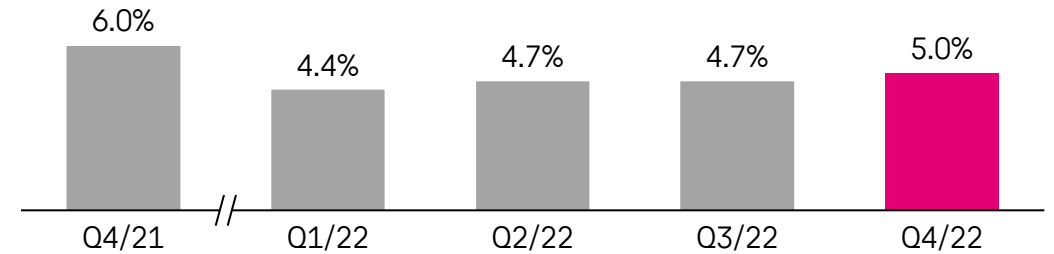
Retail fixed revenues (as reported)

€ mn



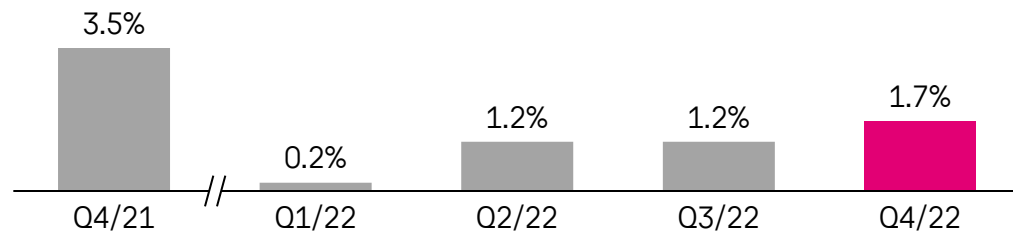
Broadband revenue growth (organic)²

% yoy



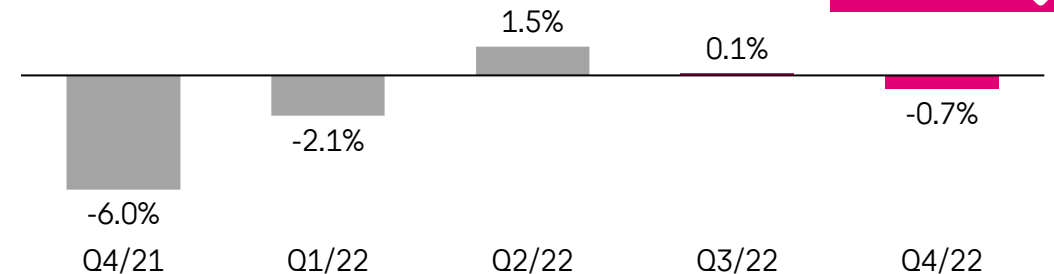
Retail fixed revenue growth (organic)^{1,2}

% yoy



Wholesale access revenues (organic)³

% growth yoy



As of Q3, the security services were transferred from the Systems Solutions segment to the Germany segment and the revenue recognition for certain customer transactions (principal agent) was changed. Growth rates for 2022 are presented on a re-stated basis. Growth rates for 2021 were not re-stated and remain as previously disclosed.

¹ As of Q1/22, removal of revenues from construction services delivered to third parties from wholesale revenues (and consequently from fixed and total service revenues) to other revenues (not included in service revenues).

² As of Q1/22, B2B retail revenue reclassification. ³ Reclassified view, previous quarters adjusted for view without construction services.

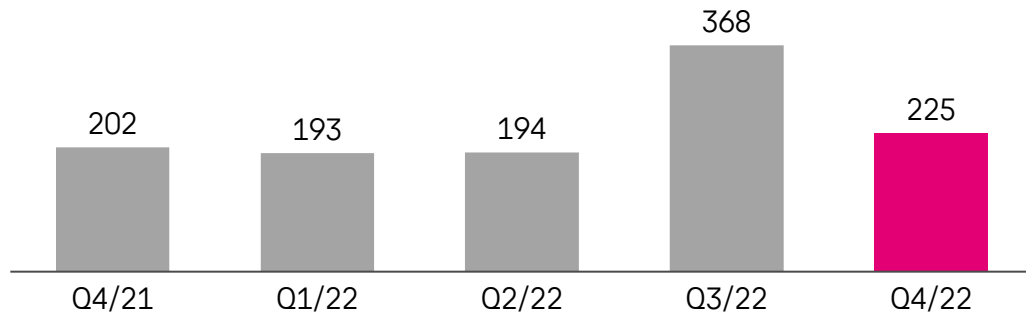
Germany

mobile KPIs: strong customer intake



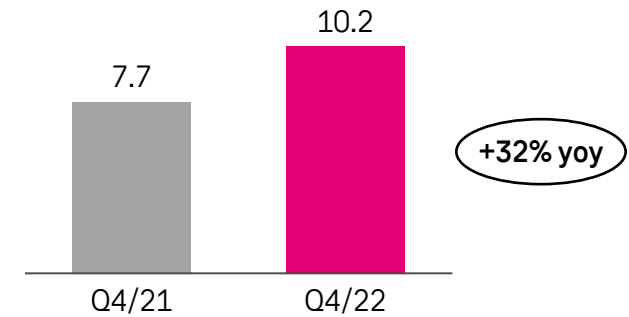
Branded contract net adds¹

'000



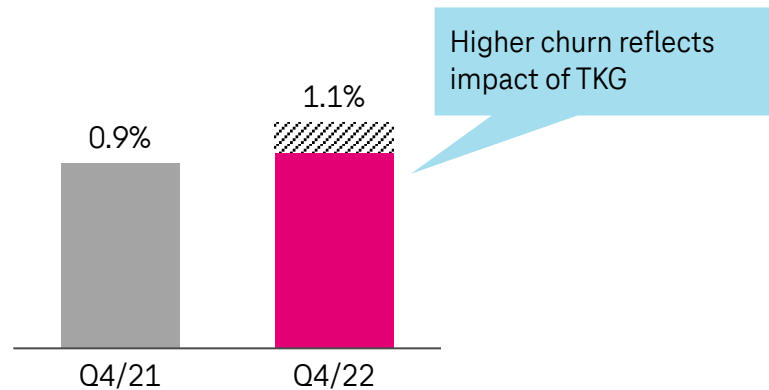
Data usage²

GB per month



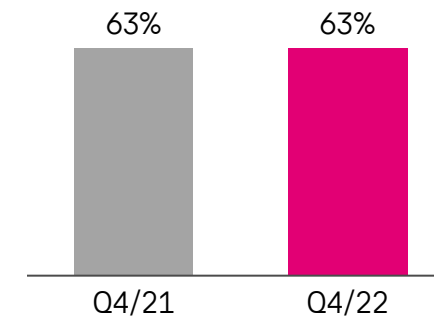
Churn²

%



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.

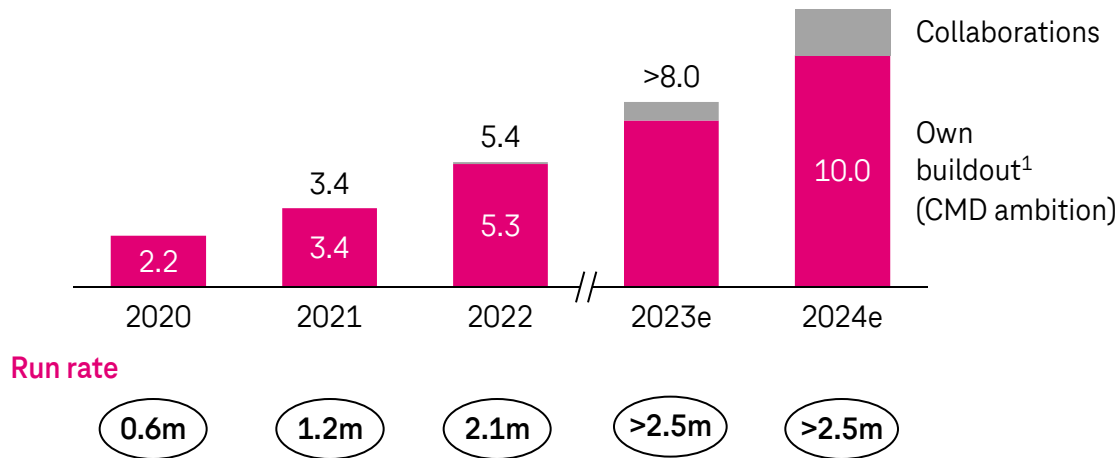
Germany



FTTH: on track with buildout and monetization

Progress with FTTH buildout

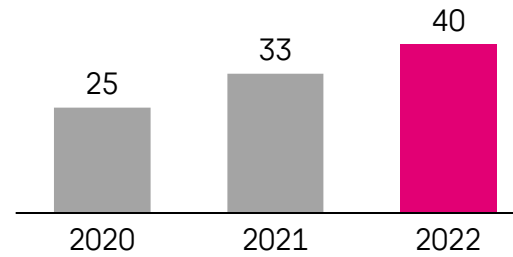
Homes passed, mn



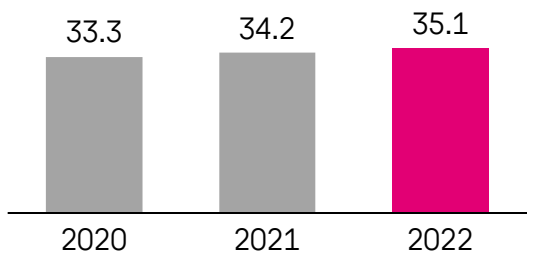
• Fiber JV with IFM to pass 4m rural homes by 2028

Progress with monetization

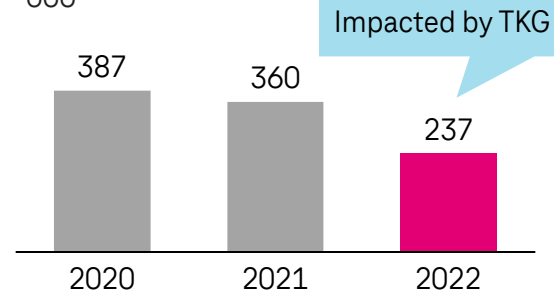
Share of ≥ 100 Mbps contracts
% of broadband base



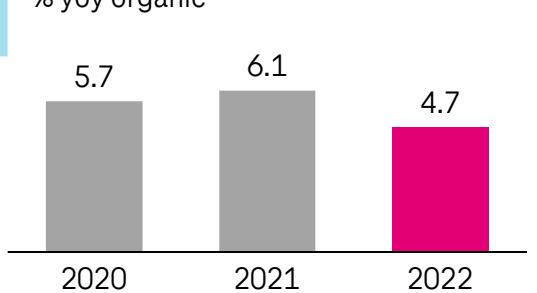
Retail broadband ARPA²
€/month



Broadband net adds
'000



Broadband revenue growth
% yoy organic



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

Germany

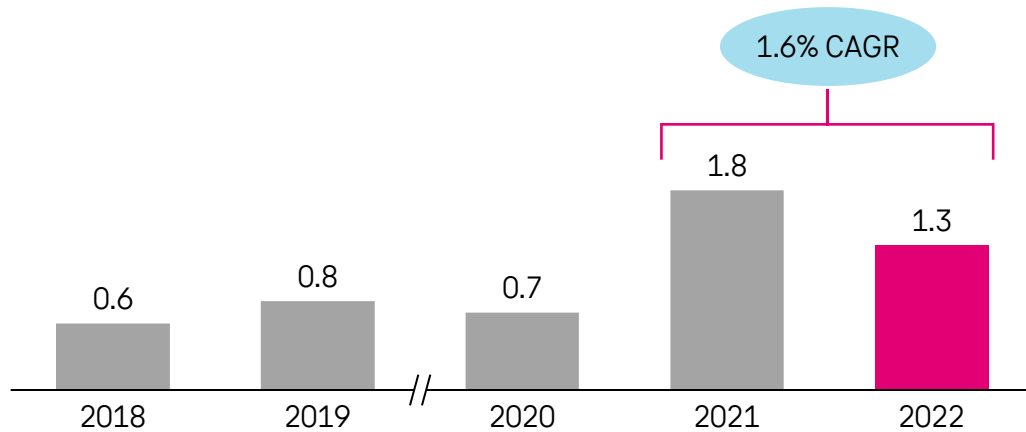
2018-2022 financials: consistent multi-year growth



Total service revenue

% growth yoy, organic

CMD ambition:
>= 1% CAGR

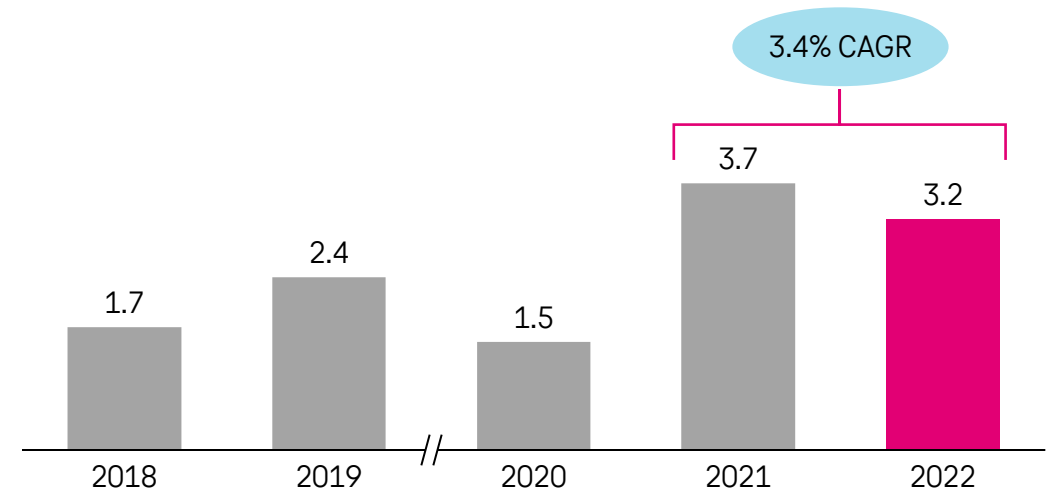


2023 guidance:
"slight growth"

Adj. EBITDA AL

% growth yoy, organic

CMD ambition:
+2.5 - 3.0% CAGR



2023 guidance:
~3%

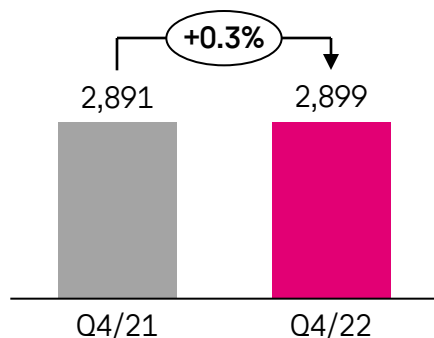
Europe

20th consecutive quarter of organic EBITDA growth



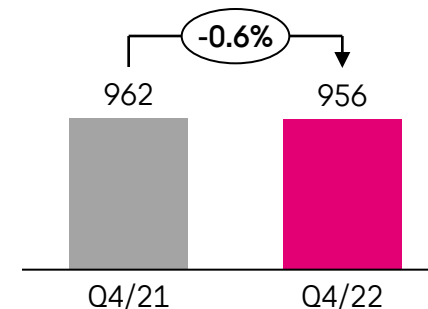
Revenues (as reported)

€ mn



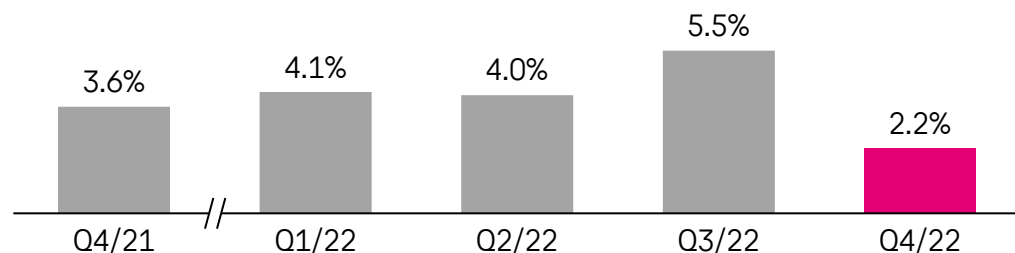
Adj. EBITDA AL (as reported)

€ mn



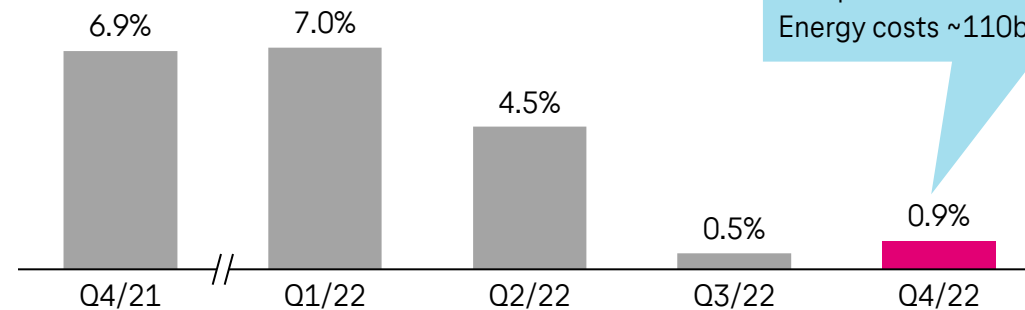
Revenues (organic)

% growth yoy



Adj. EBITDA AL (organic)

% growth yoy



Q4 headwinds:
HU special tax ~150bps
Energy costs ~110bps

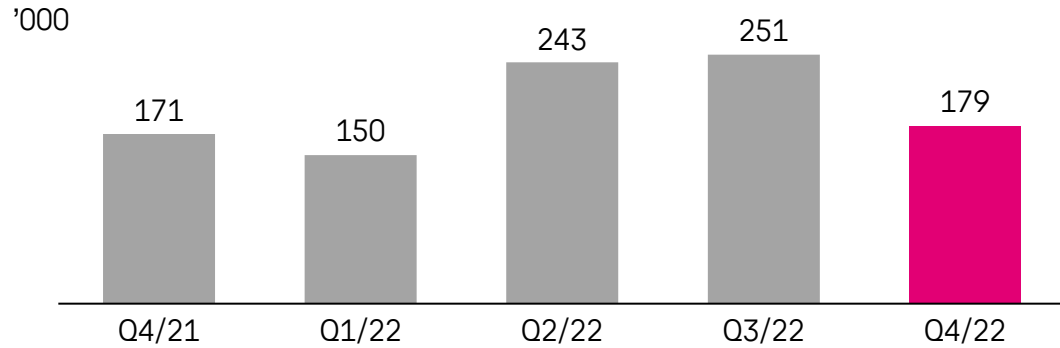
As of Q3, the revenue recognition for certain customer transactions (principal agent) was changed. Growth rates for 2022 are presented on a re-stated basis. Growth rates for 2021 were not re-stated and remain as previously disclosed.

Europe

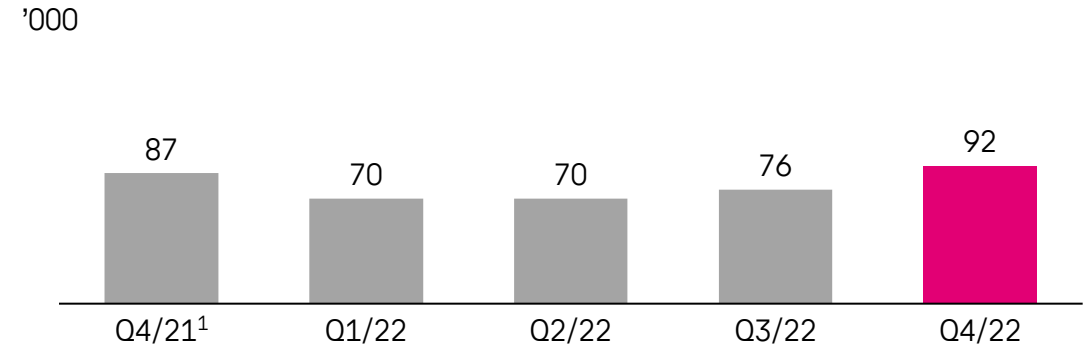
strong commercial performance



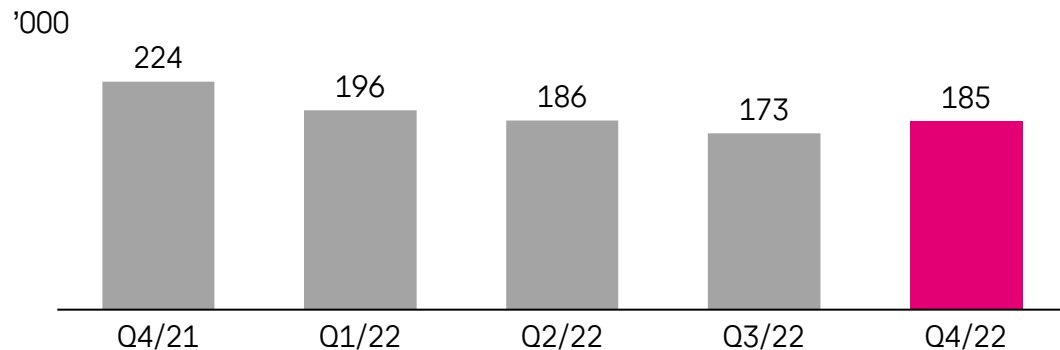
Mobile contract net adds



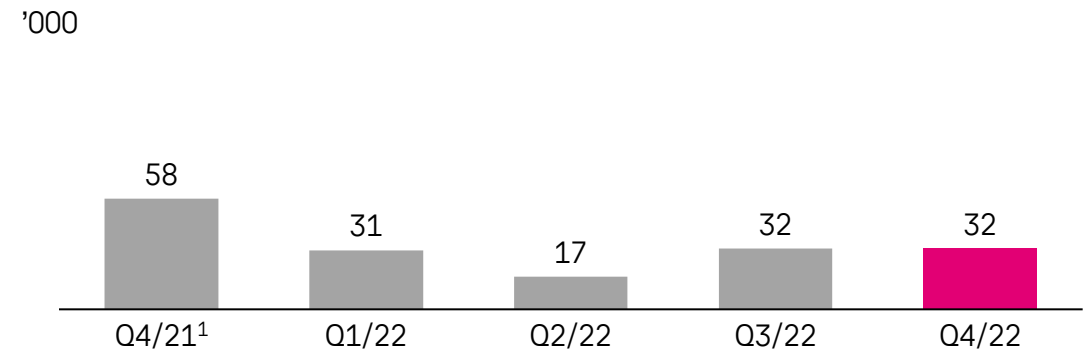
Broadband net adds



FMC net adds²



TV net adds



¹ Q4/21 adjusted for 6k customers acquired in Hungary. ² Alignment of definition for Poland in Q4/21.

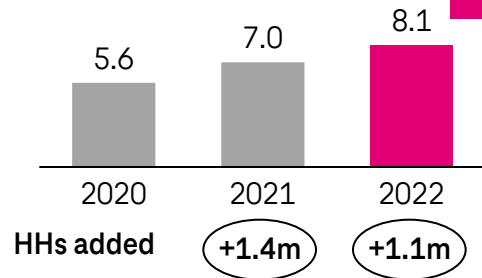
Europe CMD review



FTTH (1 Gbps)

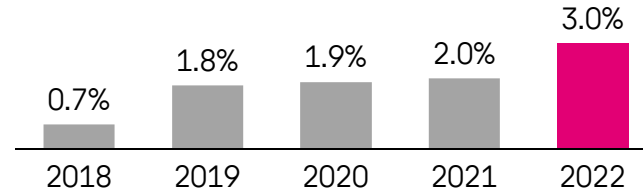
mn HHs

CMD ambition:
~10 m HHs 2024 ✓



Total service revenue growth

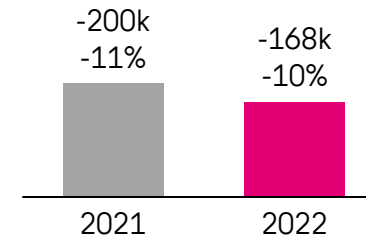
Organic, %



Digitization

Truck rolls¹

CMD ambition:
“truck rolls reduced
by 15%” 2024 ✓

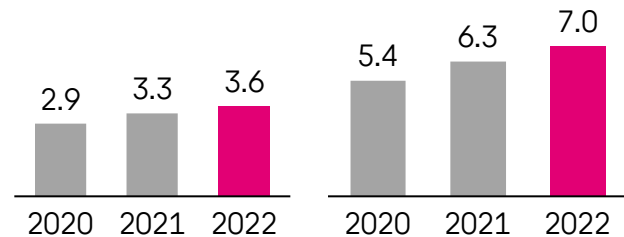


Convergence

mn

Homes

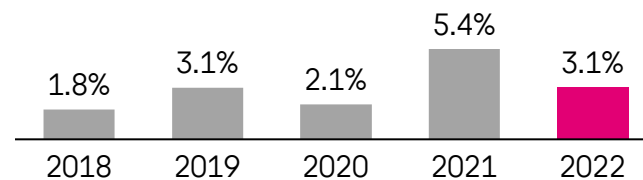
Subscribers



EBITDA (AL) adj. growth

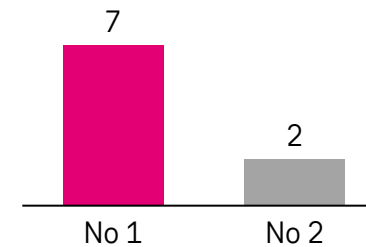
Organic, %

CMD ambition:
+1.5-2.5% CAGR ✓



Customer satisfaction

CMD ambition:
“#1 in TRI*M in all
markets” 2024 ✓



7 out of 10 Natcos #1 in B2C and B2B TRI*M

¹ Customer initiated field trips to fix service issues.

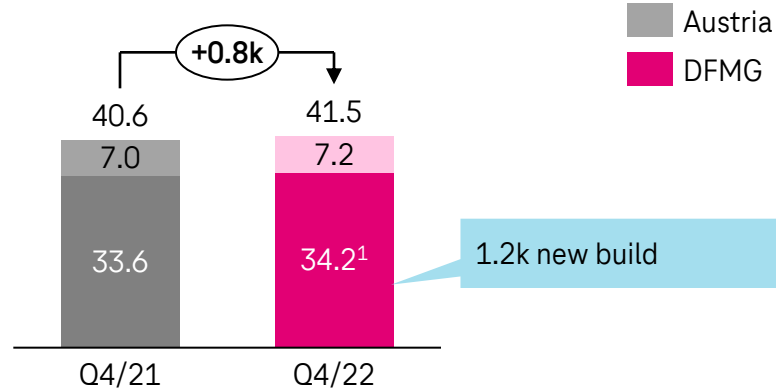
GD/Towers

strong growth



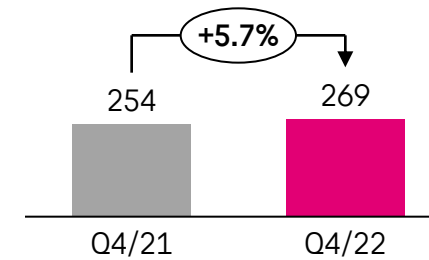
Total sites

'000



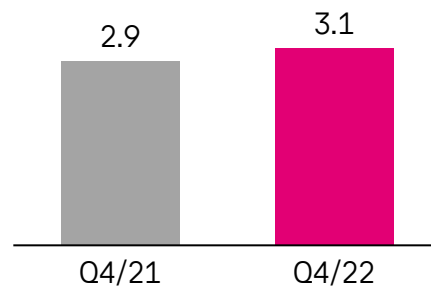
Recurring rental revenues

€ mn



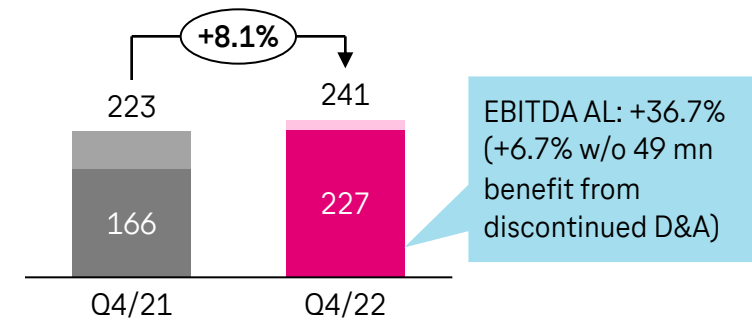
Opex AL per site

€ '000



Adj. EBITDA

€ mn



¹ Change in sites of 0.8k due to 1.2k new build and -0.4k de-commissioning of redundant sites.

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

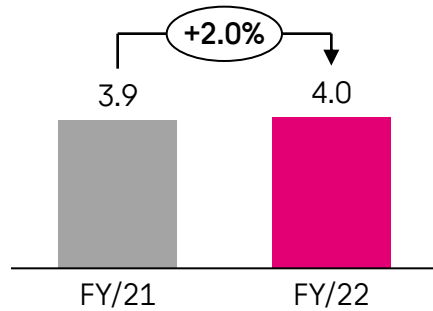
This view is different to the consolidated financial statements of DT where Group Development is treated as a discontinued operation. For more details, please refer to the back-up to this presentation, respectively the interim report of DT both available at www.telekom.com/en/investor-relations.

Systems Solutions

on track – Q4 EBITDA impacted by one-timers

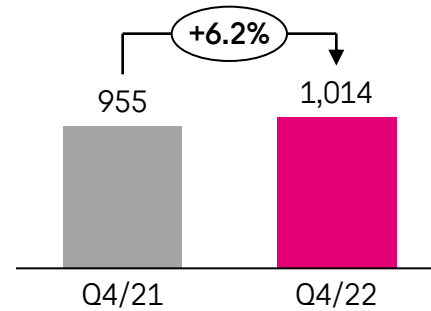
Order entry

€ bn



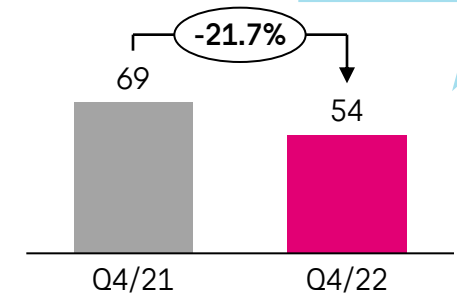
Revenues

€ mn



Adj. EBITDA AL

€ mn



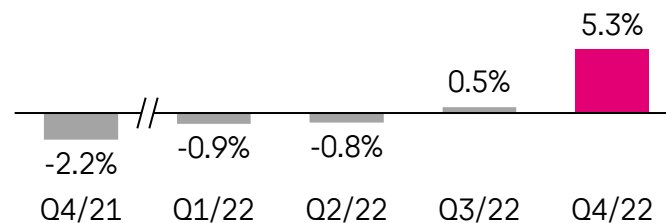
CMD review

CMD ambition:

- Slight revenue growth
- >5% EBITDA AL CAGR
- Stable capex

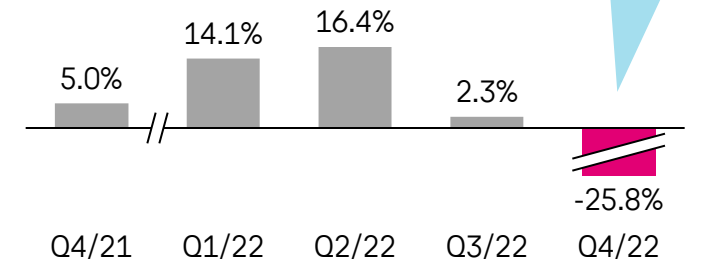
Revenues (organic)

% growth yoy



Adj. EBITDA AL (organic)

% growth yoy



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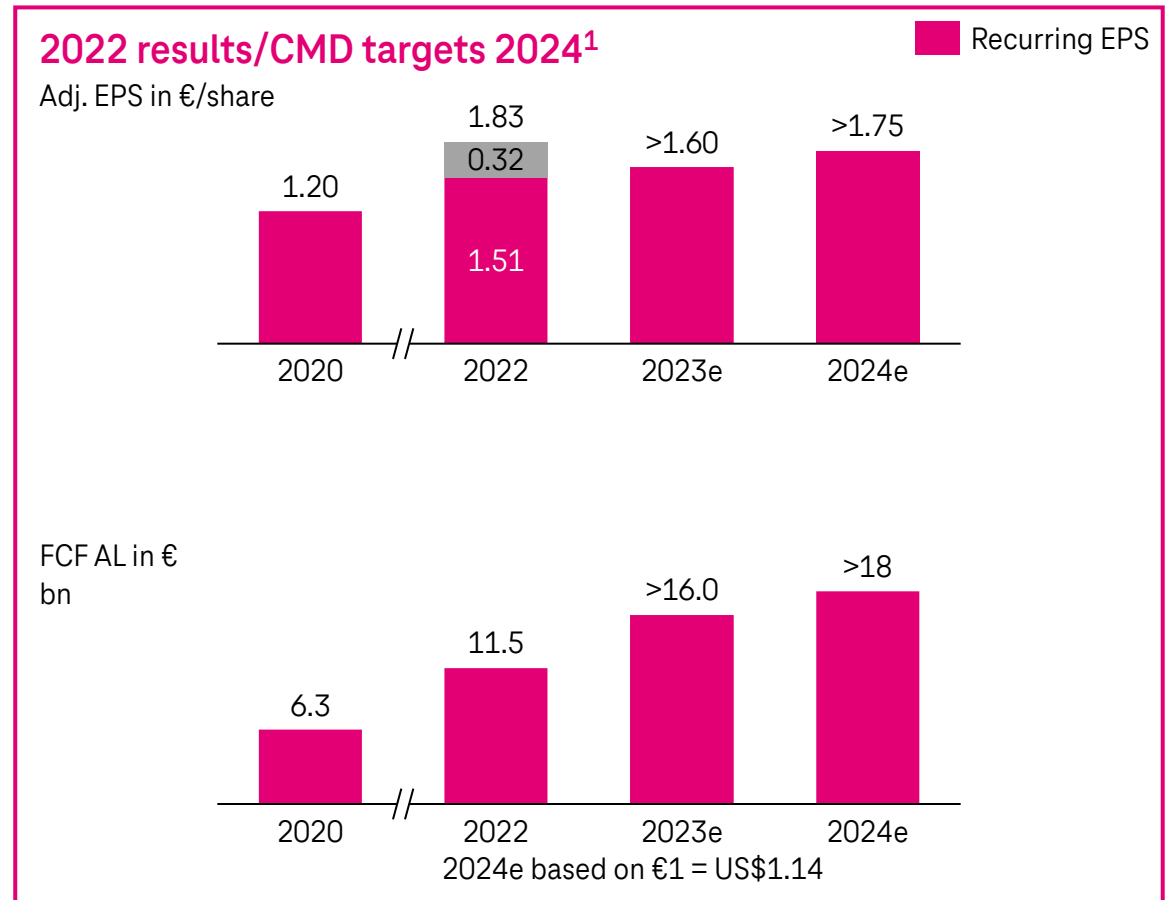
FY/2022 results

Main takeaways

FY/2022 & CMD review

strong growth continues

- TMUS with strong Q4 customer and financial results
- DT ex US: 4.8% organic adj. EBITDA AL growth; Germany 25 and EU 20 successive quarters of organic EBITDA AL growth
- Flywheel keeps going: Cash capex grows +17% to €21.0 bn, FCF AL grows 30% to €11.5 bn
- Return to dividend growth
- Executing on TMUS buyback. TMUS stake at 49%
- Leverage beginning to inflect (ex leases 2.58x YE/2022)
- Well on track for 2020-2024 targets from 2021 CMD
- Guidance 2023: Strong growth continues



¹ 2024e guidance based on €1 = US\$1.14, 2023e based on €1 = US\$1.05.

In this presentation, the Group is presented in accordance with the management view: Certain key performance indicators like revenue and adj. EBITDA AL are presented as if Group Development 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 interim report of DT both available at www.telekom.com/en/investor-relations.