Deutsche Telekom
Q1/2023 results

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 flow, 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.

Q1/2023 results

Group

Q1/2023 results
a good start to the year

Q1/2023 Highlights

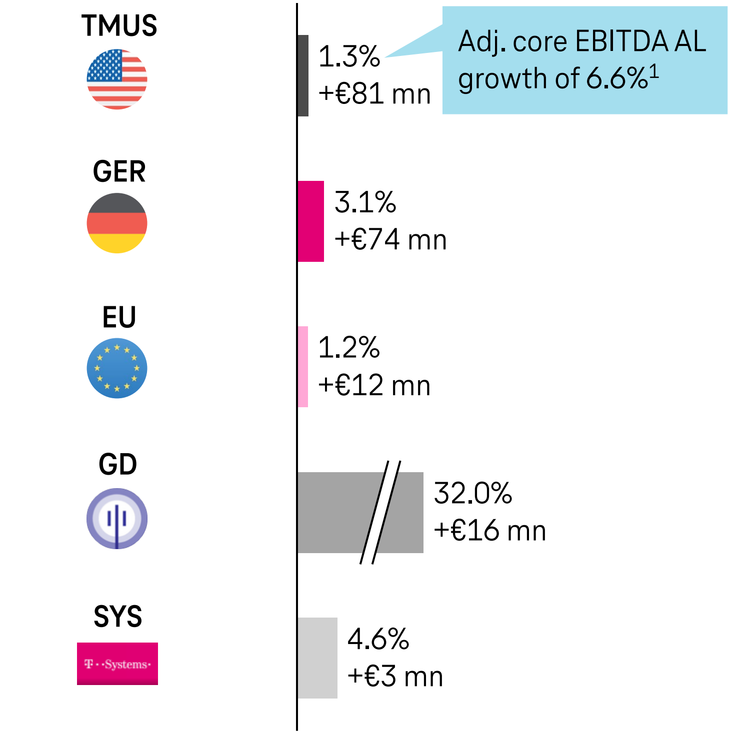
- Strong organic growth: service revenues up 2.6% and adj. core EBITDA up 4.4%
- TMUS raises guidance for customers, EBITDA and free cash flow
- Ex US on track for guidance
- DT group guidance for EBITDA AL raised
- TMUS majority (50.2% on March 31, 2023) achieved
- Tower deal closed. €10.7 bn cash proceeds received
- TMUS agrees to acquire MVNO Ka’ena for up to US$1.35 bn
- Leverage down to 2.9x incl. leases and 2.3x excl. leases

Financials Q1/2023 organic

strong organic growth

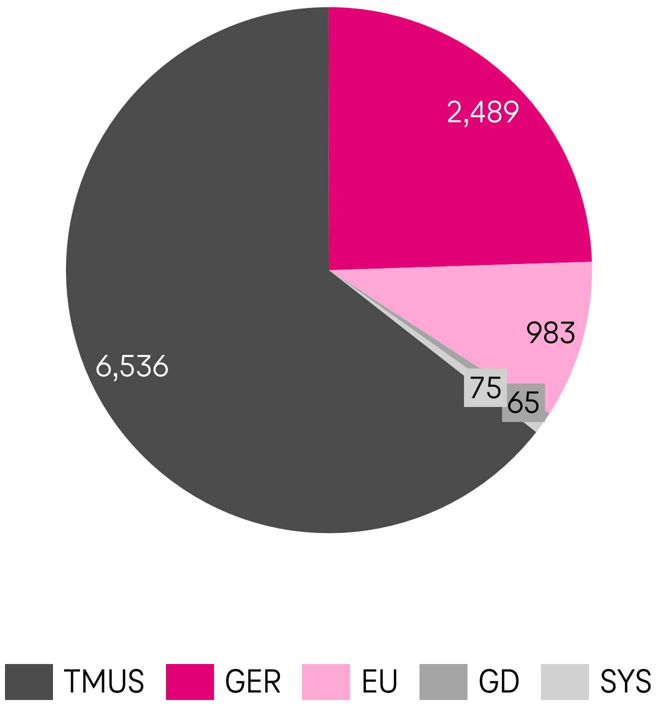
Q1/23 adj. EBITDA AL

growth yoy, organic



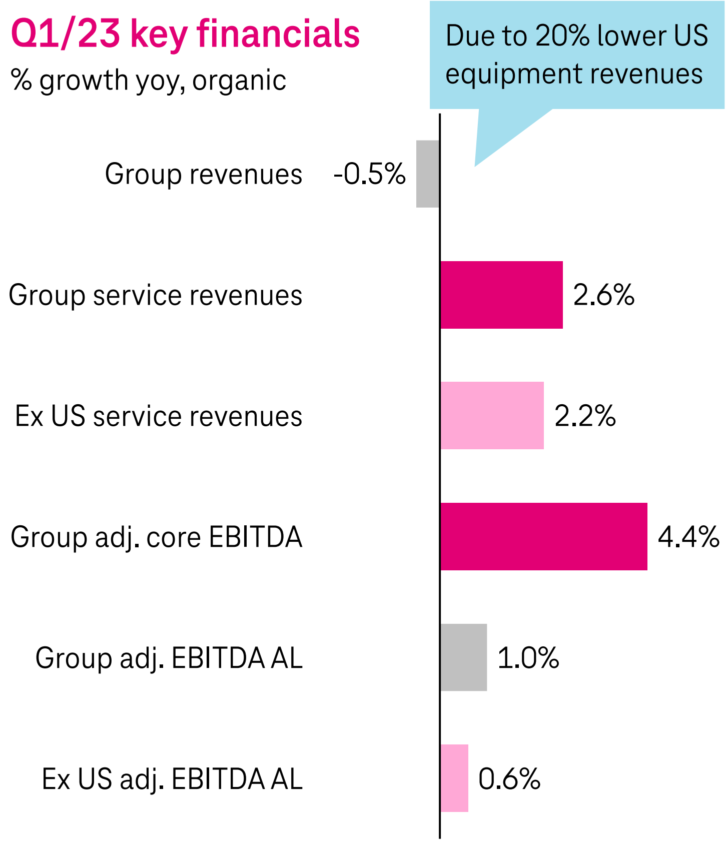
Q1/23 adj. EBITDA AL[2]

€ mn



Q1/23 key financials

% growth yoy, organic



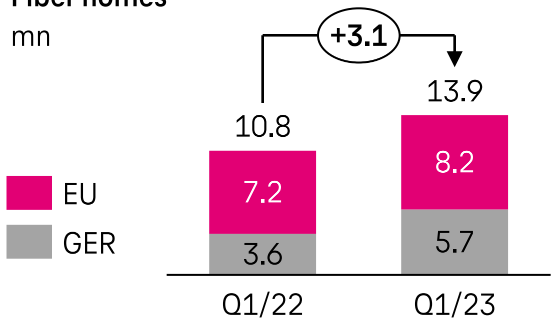
[1] According to IFRS. US GAAP growth is 9.1%. Adj. core EBITDA excludes decreasing handset leasing revenues (-US$ 0.3 bn yoy). [2] Excl. GHS. Group EBITDA AL €9,963 mn.

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.

Networks
leading with 5G, FTTH on track

FTTH (1 Gbps)

Fiber homes
mn



GER

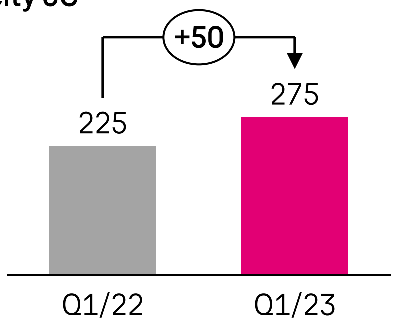
- On track for >2.5 mn homes in 2023
- Further FTTH partnerships with local players agreed

EU

- On track for 10 mn households with 1 Gbps by 2024. Coverage now at 32% of HH

5G TMUS

Ultra Capacity 5G[1]
mn POPs



Network Leader

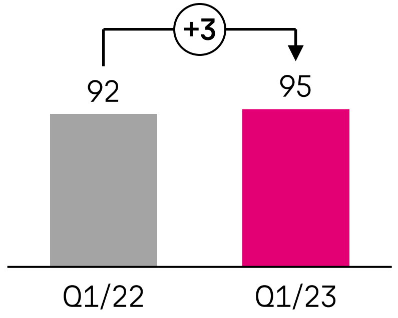
- TMUS wins in every category for overall network performance from Ookla

5G

- 5G network coverage 98% of Americans

5G ex US

Germany
% of POPs



GER

- Mobile network wins "connect" best network award for the 25th consecutive year

EU

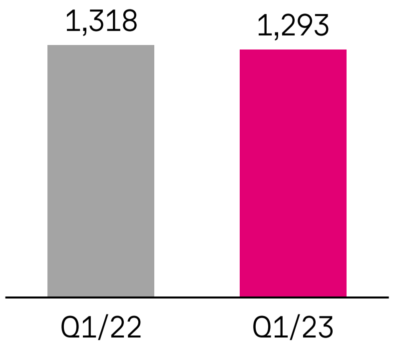
- Leap in 5G coverage: 51% POP coverage end of Q1/23. Up 20pp yoy

[1] Ultra Capacity on 2.5 GHz.

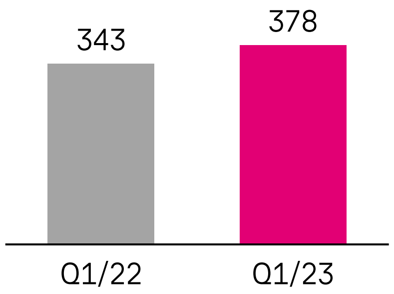
Customers
growing strongly

Mobile net adds
’000

US (postpaid)

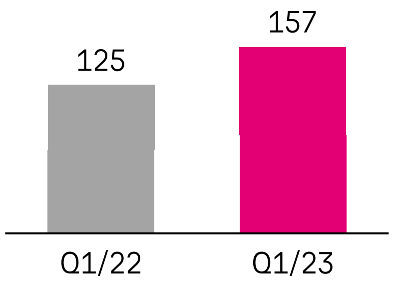


Ex US (contract)[1]

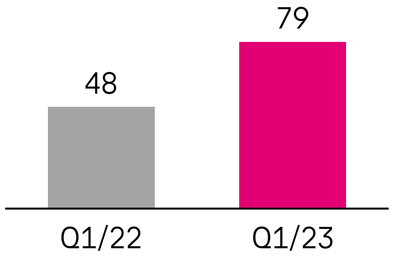


Fixed line net adds[2]
’000

Broadband



TV



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

DT climate targets
sharpened ambitions

Climate ambitions
(in line with SBTi requirements)

2021 **Renewable electricity**
as of 2021

2025 Reduce **direct and indirect emissions** from within our company to net zero (Scope 1-2)

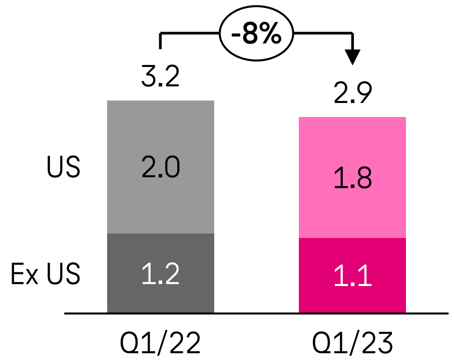
2030 Reduce **Scope 1–3 emissions by 55%** against 2020 **by 2030.** NEW

2040 **Climate-neutral company**
Reduce **Scope 1–3 emissions to net zero** (with at least 90% reduction) NEW

Drivers of CO_2 emissions (FY/2022)

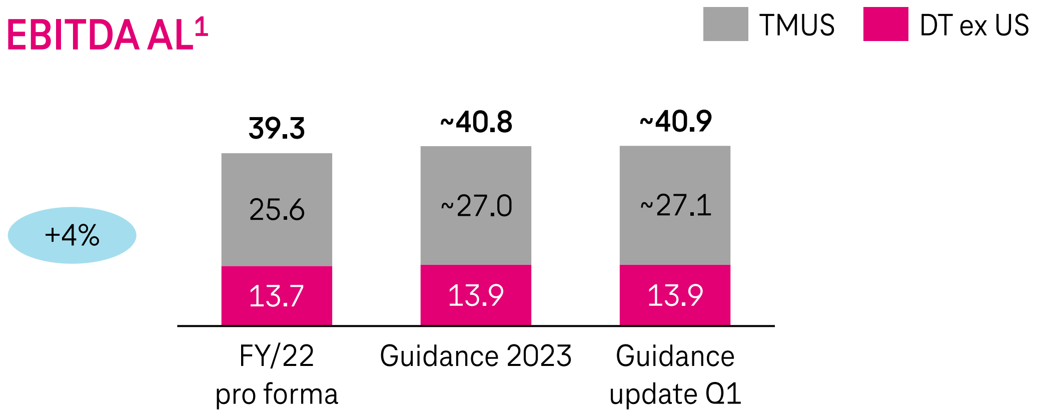
Scope 1: own activities	Scope 2: purchased activities	Scope 3: value chain
212 ktons (-10% since 2020)	**21 ktons** (-99% since 2020)	**12,287 ktons** 21% downstream: customers 79% upstream: supply chain

Energy consumption
mn MWh

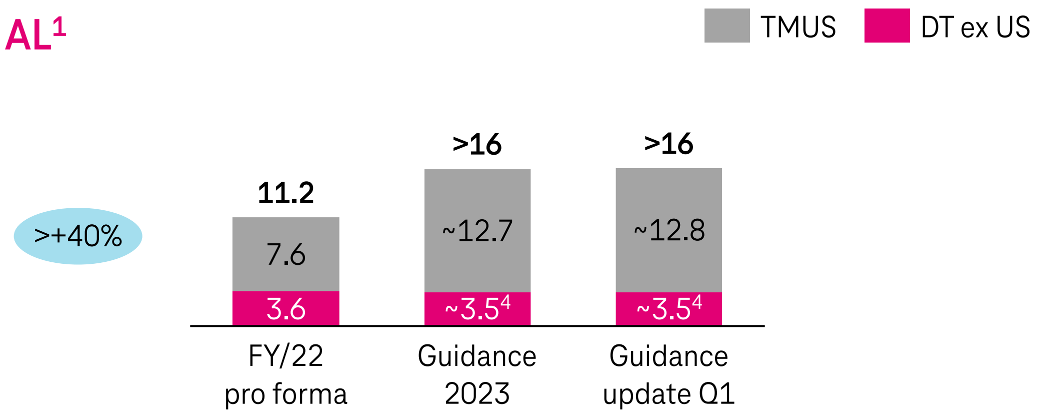


Updated guidance 2023
continued growth – upgrade

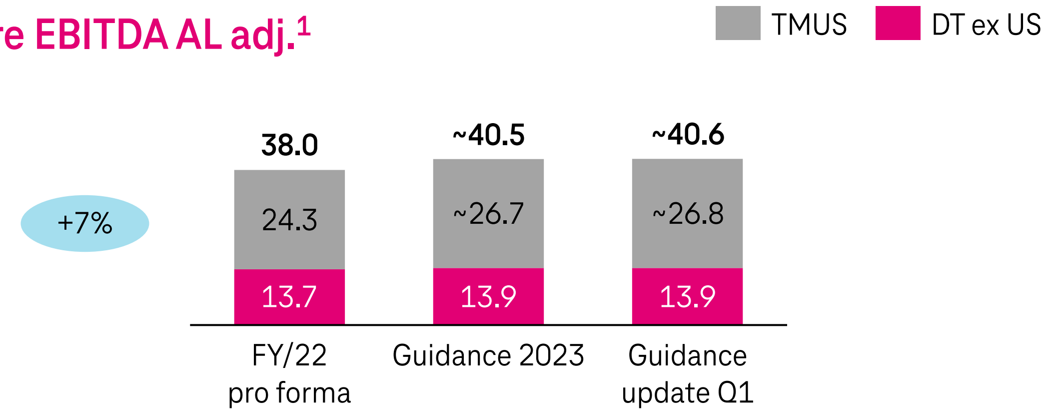
Adj. EBITDA AL[1]
€ bn



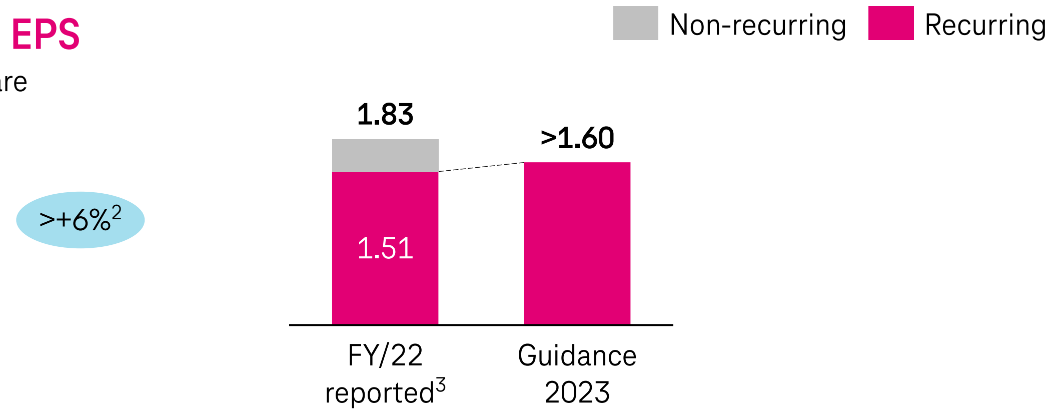
FCF AL[1]
€ bn



Core EBITDA AL adj.[1]
€ bn



Adj. EPS
€/share



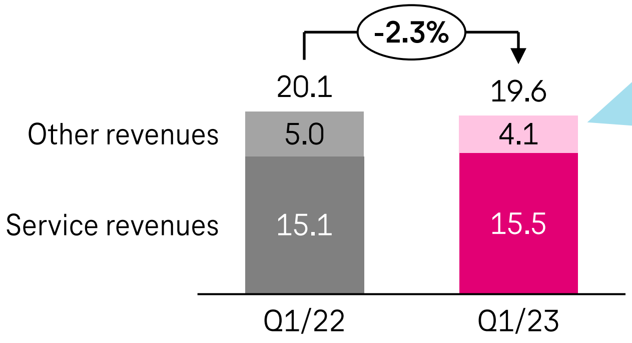
[1] TMUS guidance is based on midpoint of US GAAP guidance of US$29.1 - 29.5 bn adj. EBITDA; of US$28.8-29.2 bn core adj. EBITDA and of US$13.2-13.6 bn FCF. Guidance assumes a negative bridge of US$0.8–0.85 bn on adj. EBITDA and core adj. EBITDA upon translation into IFRS. Based on €1 = US$1.05. [2] 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 from 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.

Q1/2023 results

Review segments and financials

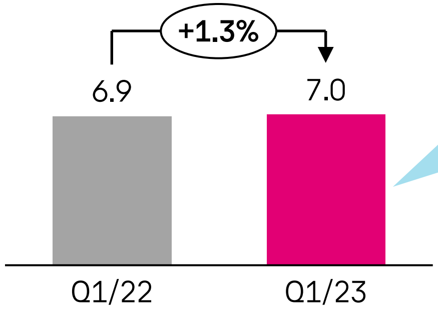
T-Mobile US
strong financial growth

Revenues (IFRS)
US$ bn



Mainly explained by higher postpaid upgrades in prior year related to Sprint customers

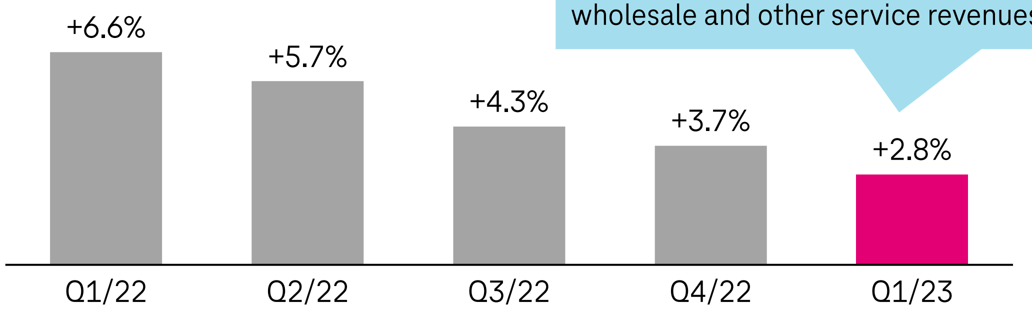
Adj. EBITDA AL (IFRS)[2]
US$ bn



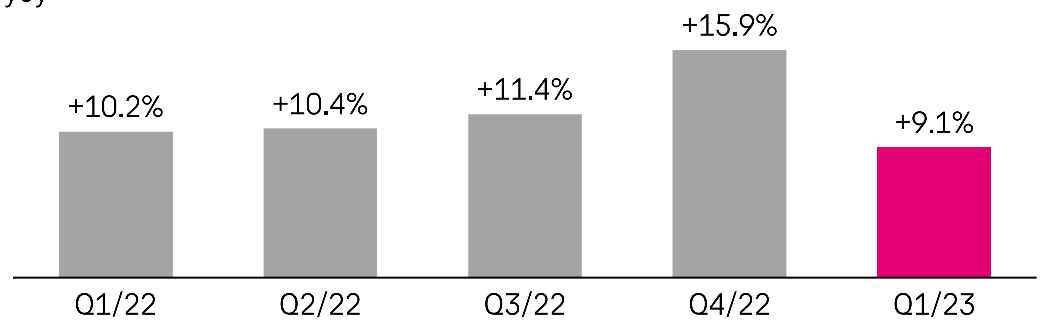
yoy decline in handset leasing revenues US$0.3 bn[1]

Service revenue (US GAAP)
% yoy

Increase in postpaid service revenues of 6%, offset by US$0.2 bn lower wholesale and other service revenues



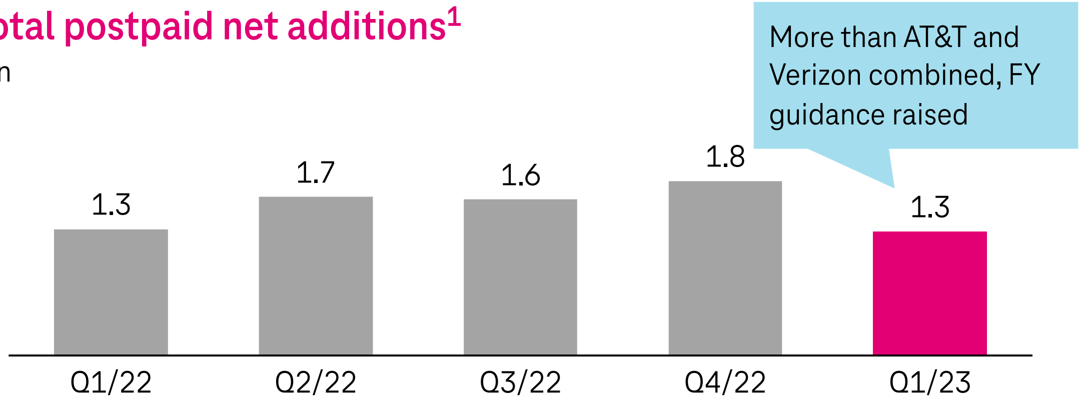
Core adj. EBITDA (US GAAP)
% yoy



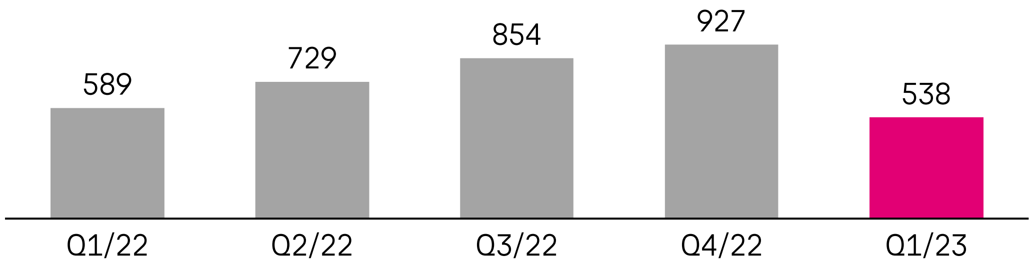
[1] TMUS has refocused its distribution policy towards Equipment Installment Plans, which results in a decrease of handset leasing revenues and a corresponding decline in revenue and EBITDA AL. Service revenues are not impacted.
[2] For IFRS bridge please refer to appendix.

T-Mobile US
consistent growth in all customer categories

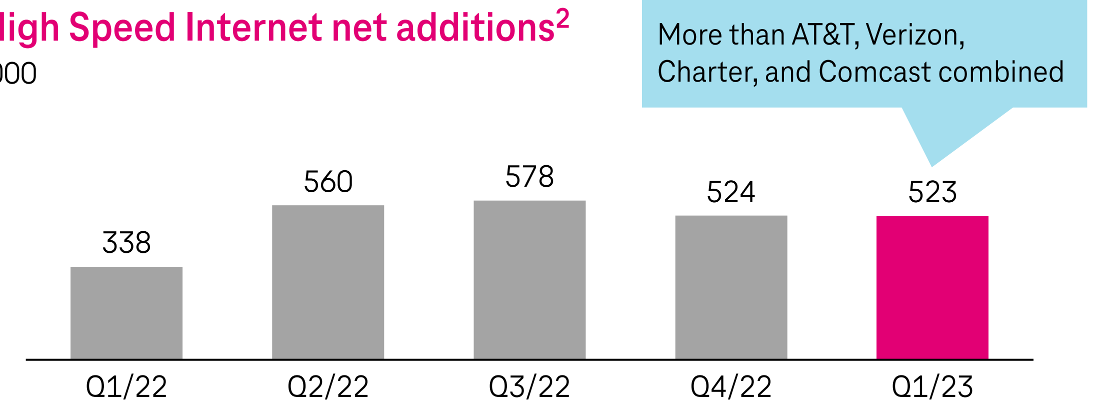
Total postpaid net additions[1]
mn



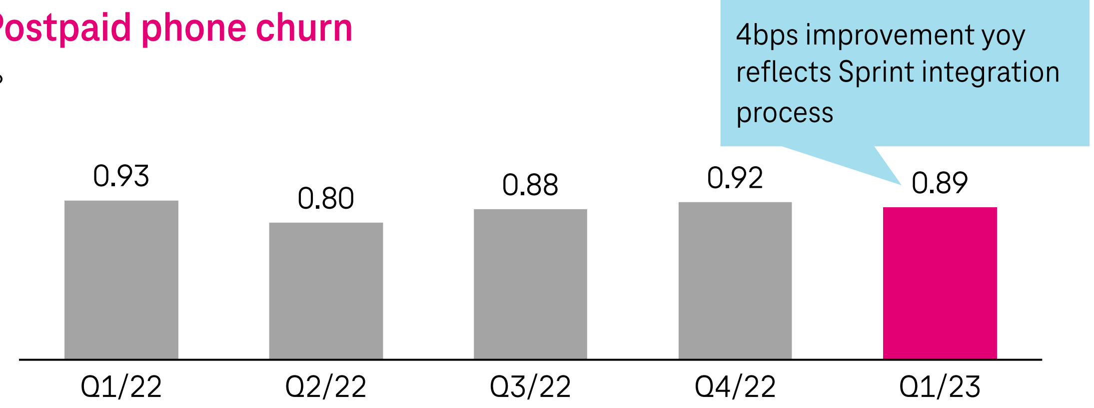
Postpaid phone net additions[1]
'000



High Speed Internet net additions[2]
'000



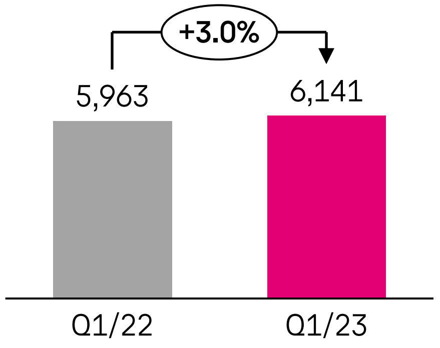
Postpaid phone churn
%



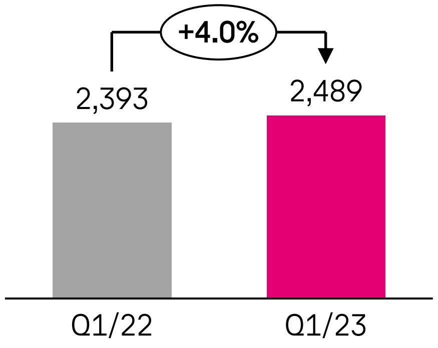
[1] Net adds are excluding the following base adjustments: Customers impacted by the decommissioning of the legacy Sprint CDMA and LTE and T-Mobile UMTS networks have been excluded from our customer base resulting in the removal of 212,000 postpaid phone customers and 349,000 postpaid other customers 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
26th consecutive quarter of EBITDA growth

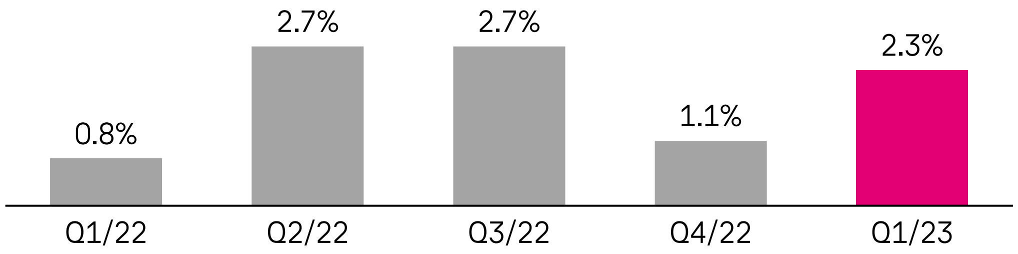
Revenues (as reported)
€ mn



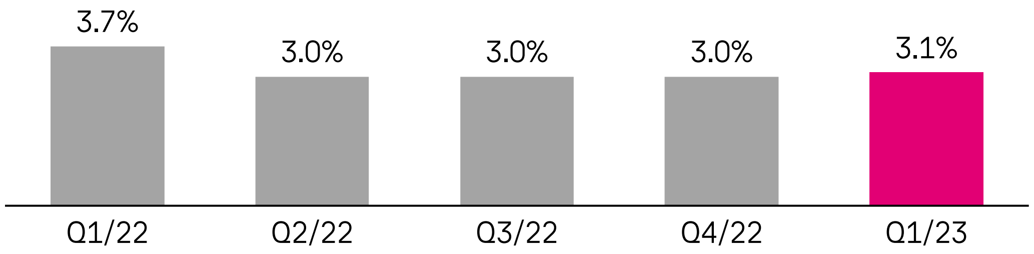
Adj. EBITDA AL (as reported)
€ mn



Revenue growth (organic)
% yoy



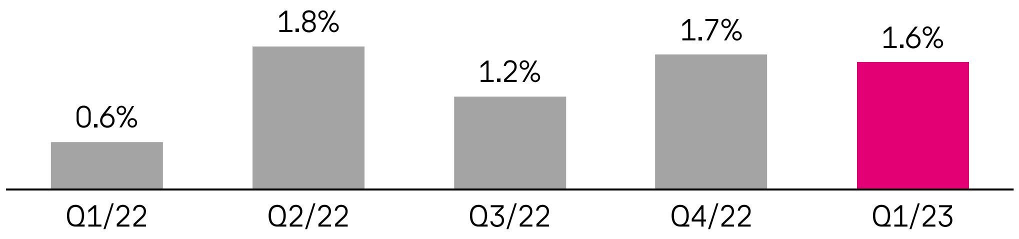
Adj. EBITDA AL (organic)
% yoy



As of Q1/23, the Multimedia Solutions unit (MMS) was transferred from the Systems Solutions segment to the Germany segment impacting revenue and EBITDA AL. In addition, the sale of the tower business impacted EBITDA AL. The organic trend is adjusted for these changes. Organic growth rates for 2022 were not re-stated and remain as previously disclosed.

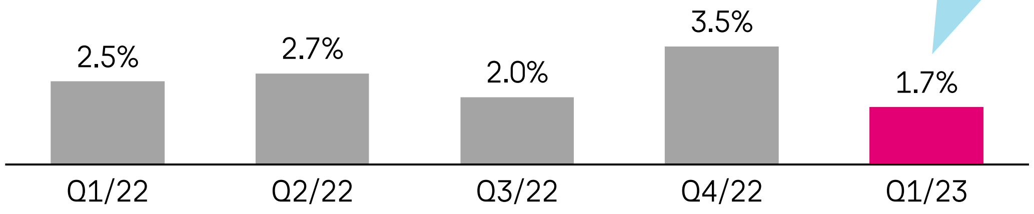
Germany
service revenues: growing across the board

Total service revenue growth (organic)
% yoy



Mobile service revenue growth (organic)
% yoy

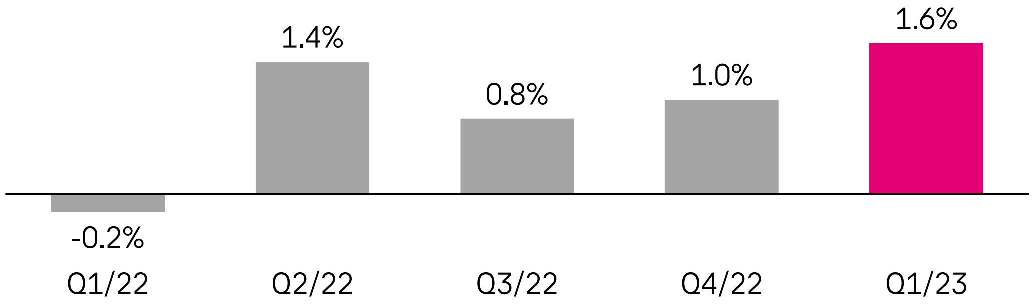
Lebara loss accounts for 1.3pp lower service revenue trend



Revenue growth (reported)
% yoy

- Reported total service revenue growth +2.4%
- Reported fixed service revenue growth +2.7%
- Reported mobile service revenue growth +1.7%

Fixed service revenue growth (organic)
% yoy



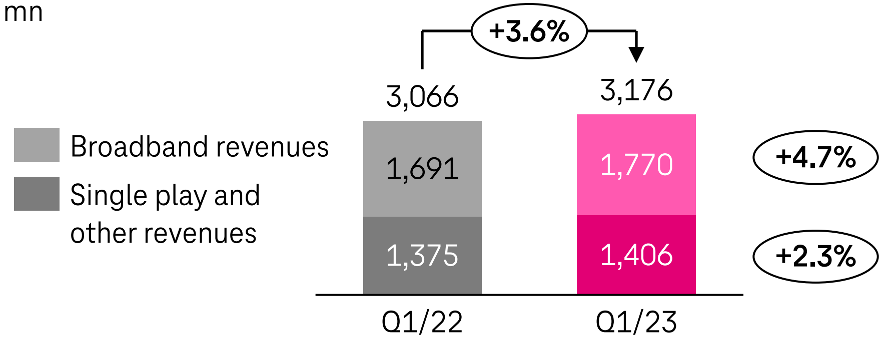
As of Q1/23, the Multimedia Solutions unit (MMS) was transferred from the Systems Solutions segment to the Germany segment impacting revenue (total and fixed service revenue). The organic trend is adjusted for these changes. Organic growth rates for 2022 were not re-stated and remain as previously disclosed.

Germany

fixed revenues: strong broadband growth

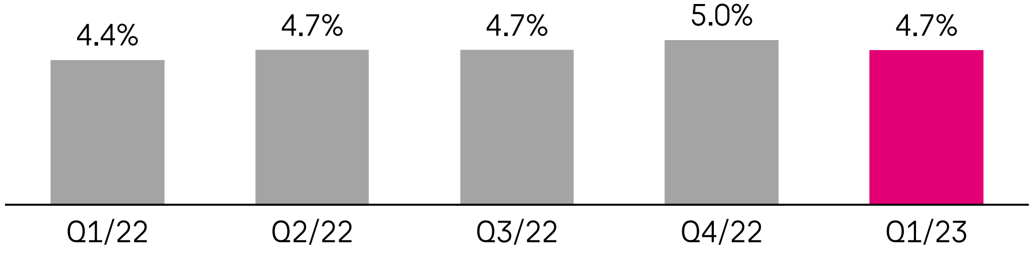
Retail fixed revenues (as reported)

€ mn



Broadband revenue growth (organic)

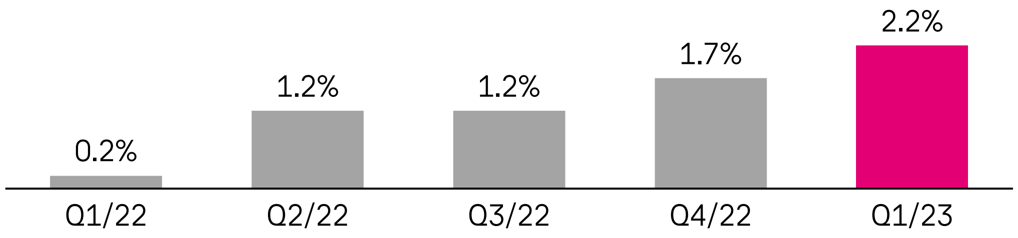
% yoy



Retail fixed revenue growth (organic)

% yoy

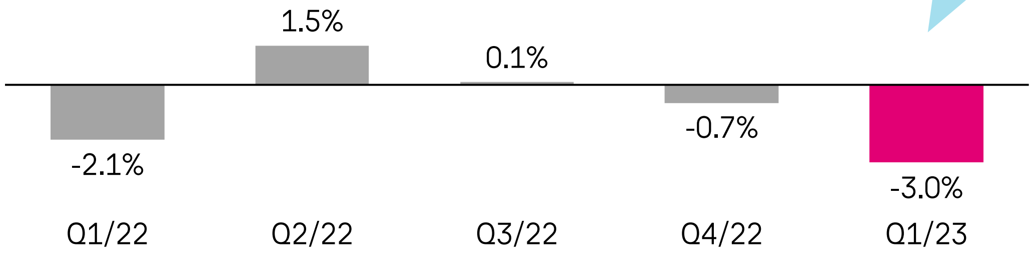
Driven by broadband and IT



Wholesale access revenues (organic)

% growth yoy

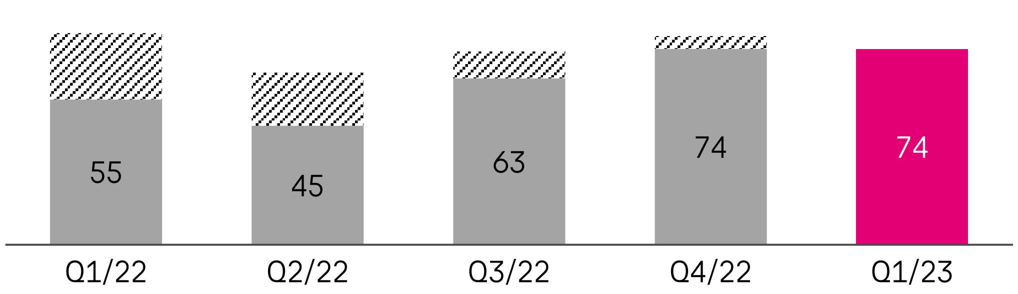
Impacted by one-off, as expected



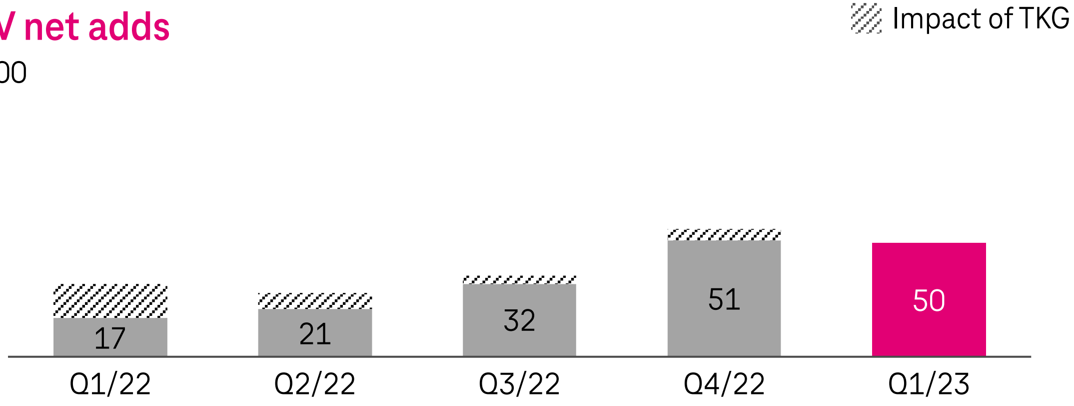
As of Q1/23, the Multimedia Solutions unit (MMS) was transferred from the Systems Solutions segment to the Germany segment impacting revenue (retail fixed revenue). The organic trend is adjusted for these changes. Organic growth rates for 2022 were not re-stated and remain as previously disclosed.

Germany
fixed KPIs: net adds improved, strong upselling continues

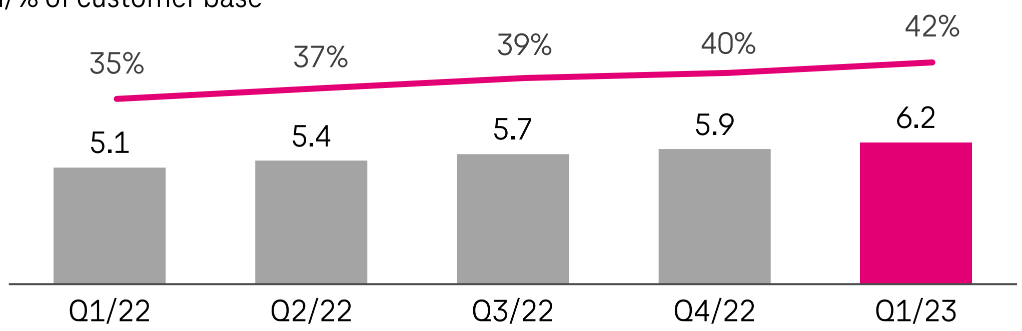
Broadband net adds
'000



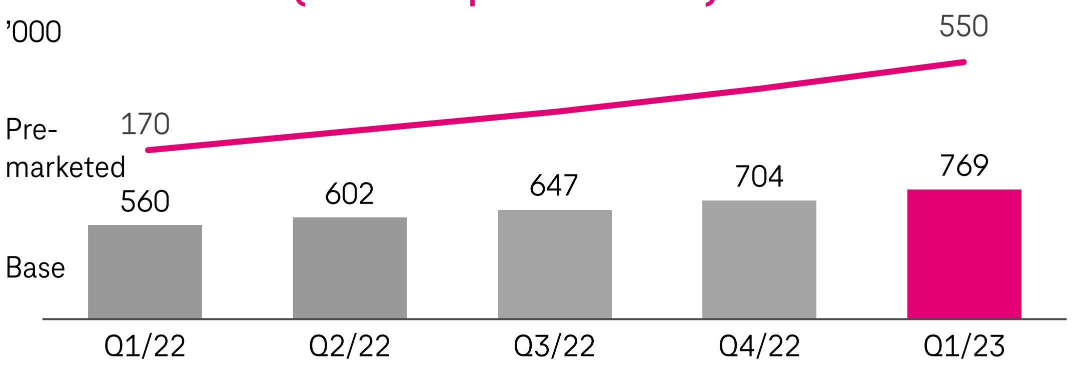
TV net adds
'000



Retail customers with ≥100Mbit/s tariff
mn/% of customer base



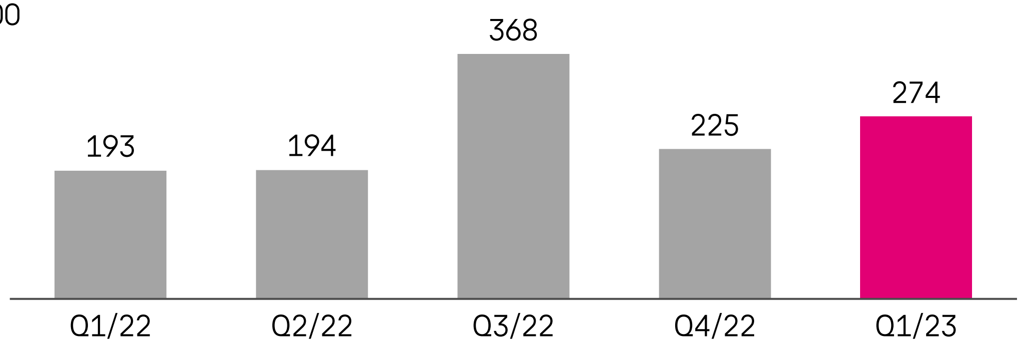
FTTH customers (base and pre-marketed)
'000



Germany
mobile KPIs: strong customer intake

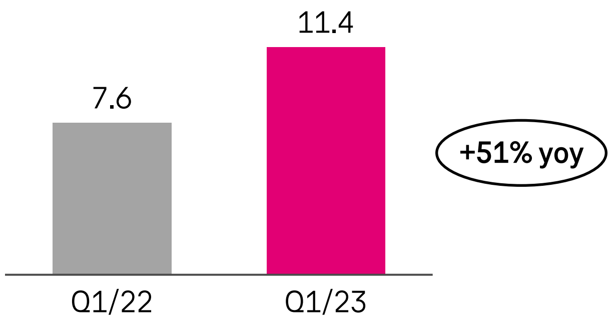
Branded contract net adds[1]

’000



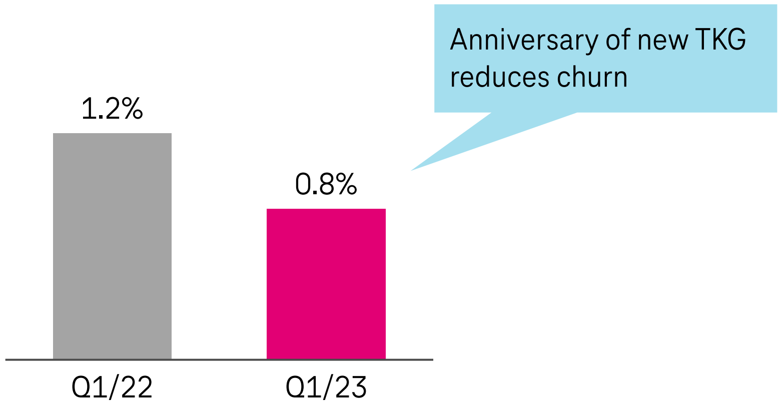
Data usage[2]

GB per month



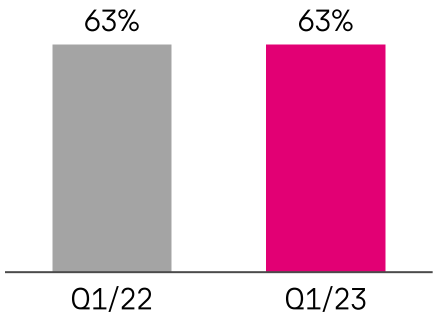
Churn[2]

%



MagentaEINS share (mobile)[3]

%



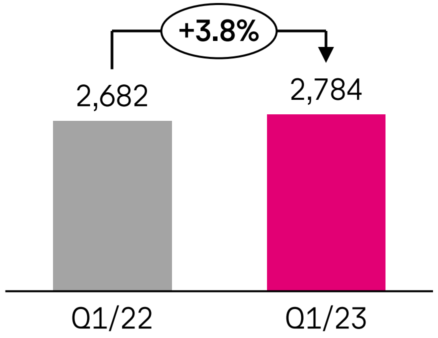
[1] Own branded retail customers excl. multibrand, consumer IoT, and “Schnellstarter”. [2] Of B2C T-branded contract customers. [3] Of B2C T-branded contract customers.

Europe

21st consecutive quarter of organic EBITDA growth

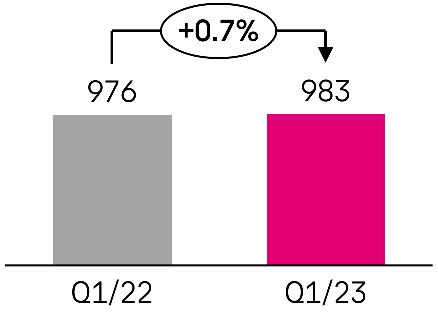
Revenues (as reported)

€ mn



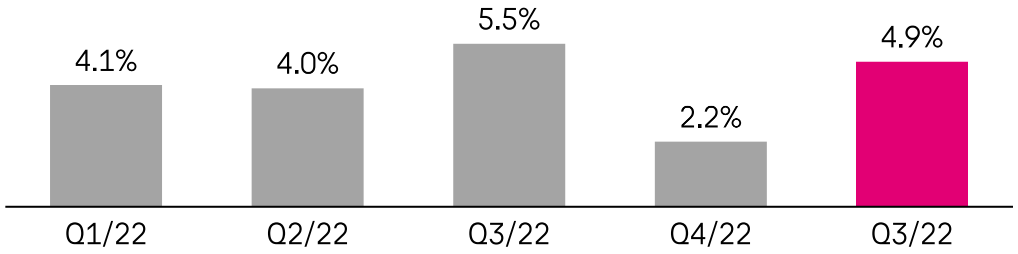
Adj. EBITDA AL (as reported)

€ mn



Revenues (organic)

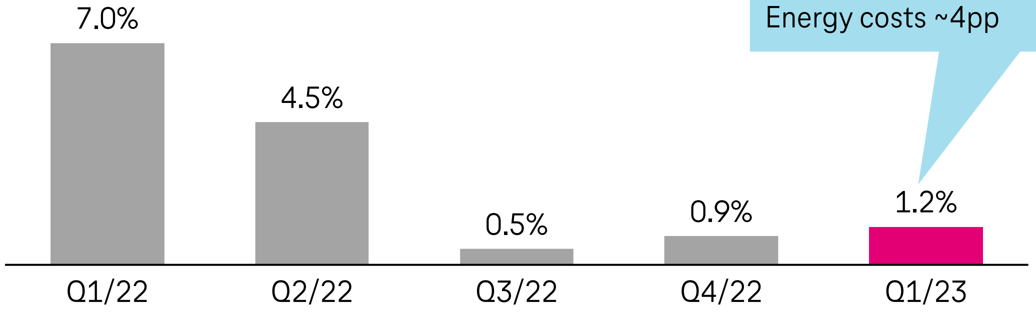
% growth yoy



Adj. EBITDA AL (organic)

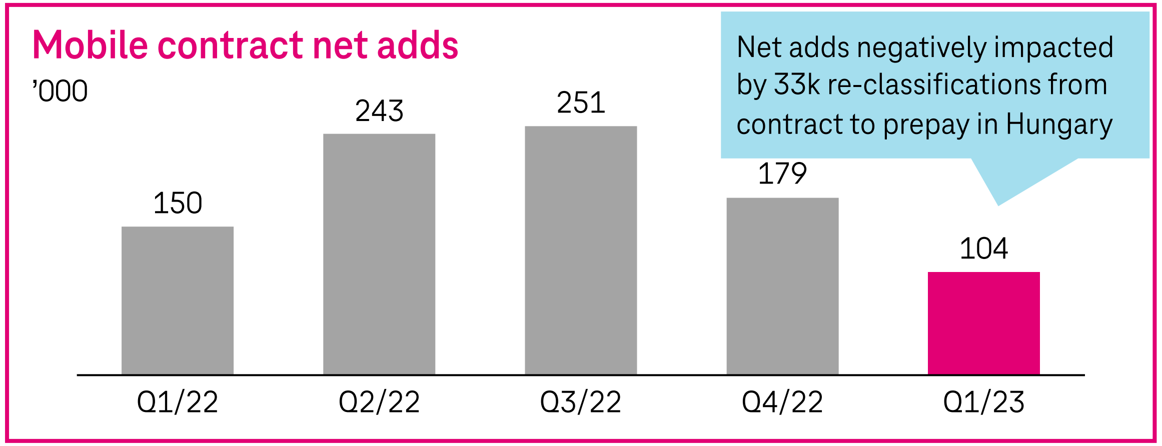
% growth yoy

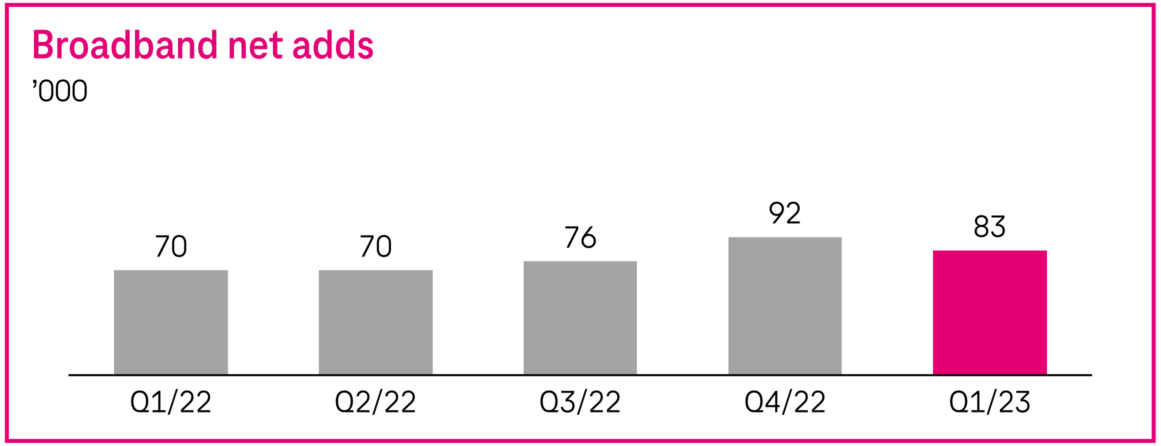
Q1 headwinds:
HU special tax ~1.9pp
Energy costs ~4pp

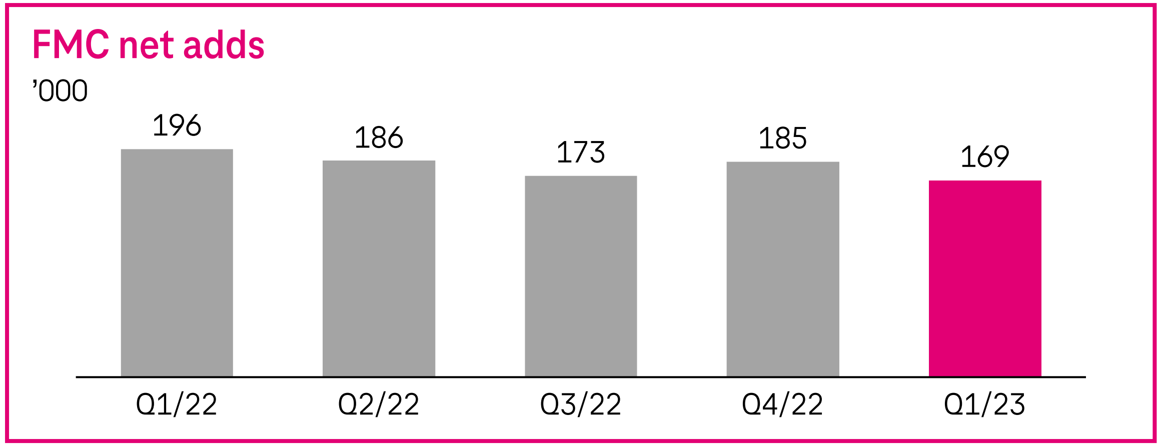


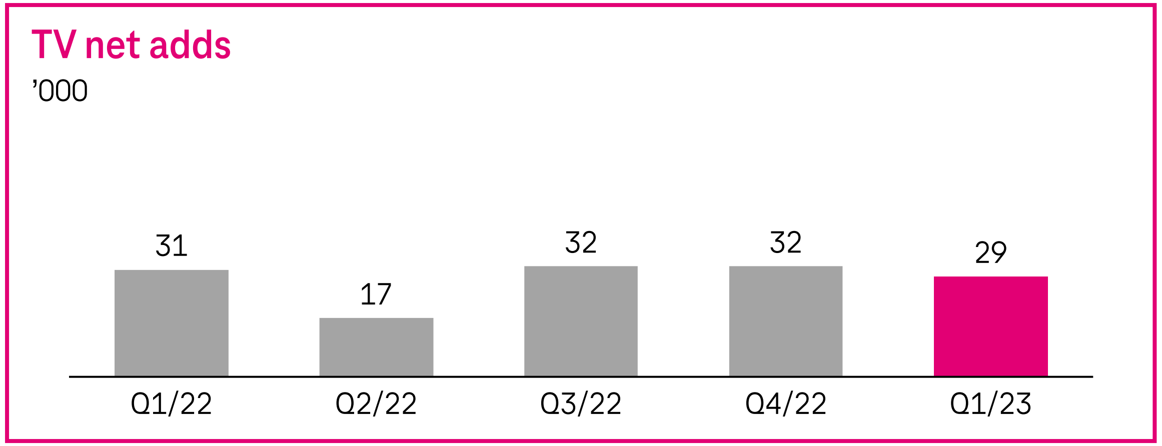
As of Q3, the revenue recognition for certain customer transactions (principal agent) was changed. Growth rates for 2022 are presented on a re-stated basis.

Europe
strong commercial performance



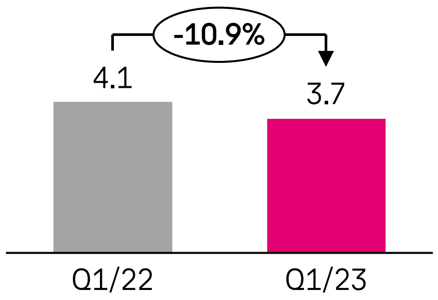




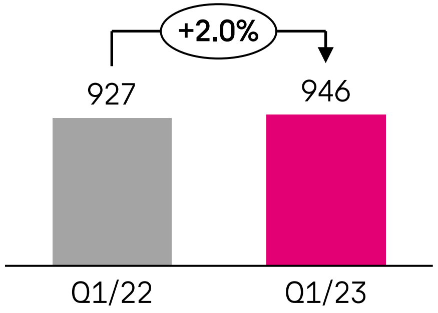


Systems Solutions
EBITDA AL on track for full-year guidance

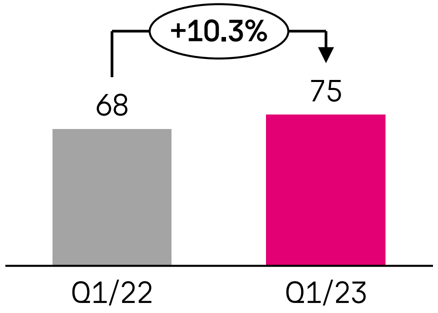
Order entry (LTM)
€ bn



Revenues (as reported)
€ mn

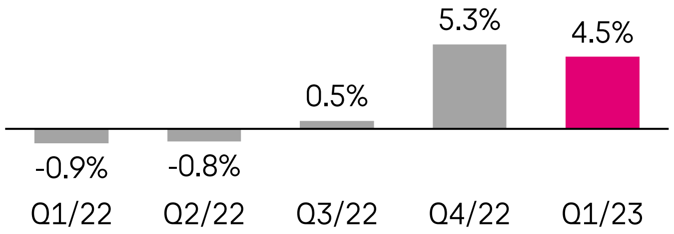


Adj. EBITDA AL (as reported)
€ mn

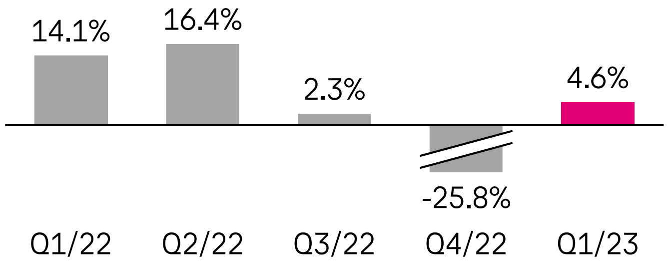


- Order entry driven by phasing rather than macro impacts
- Revenue driven by strong momentum in digital solutions compensating classic IT business run down

Revenues (organic)
% growth yoy



Adj. EBITDA AL (organic)
% 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.

Financials Q1/2023 reported
driven by phasing and tower sale

€ mn	Q1 2022	Q1 2023	Change
Revenue	27,746	27,839	+0.3%
Adj. EBITDA AL	9,873	9,963	+0.9%
Adj. EBITDA AL (excl. US)[1]	3,701	3,427	-7.4%
Adj. net profit	2,238	1,959	-12.5%
Net profit	3,949	15,360	+289.0%
Adj. EPS (in €)	0.45	0.39	-13.3%
Free cash flow AL[2]	3,781	3,579	-5.3%
Cash capex[2]	4,658	4,759	+2.2%
Net debt excl. leases (AL)	98,129	93,048	-5.2%
Net debt incl. leases (IFRS 16)	135,947	133,517	-1.8%

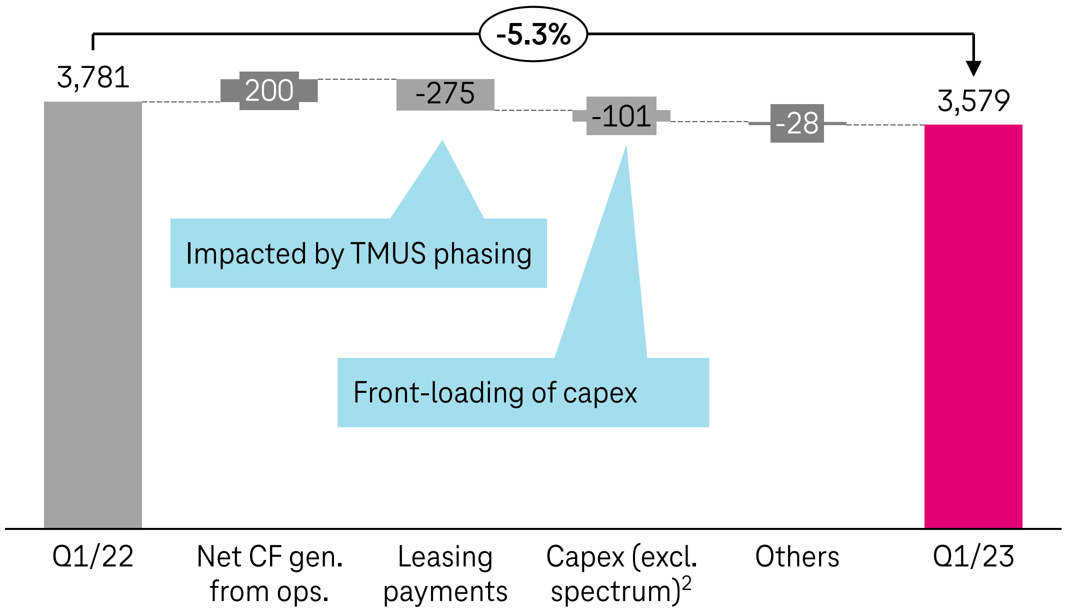
[1] Decline due to de-consolidation of Group Development. Organic growth rate of +0.6% in Q1.
[2] Free cash flow AL before dividend and before spectrum investments. Cash capex before spectrum investment. Spectrum: Q1/22: €2,514 mn; Q1/23: €67 mn.
In this presentation, the Group is presented in accordance 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.

FCF AL and net profit

free cash flow impacted by phasing, net profit by non-recurring factors

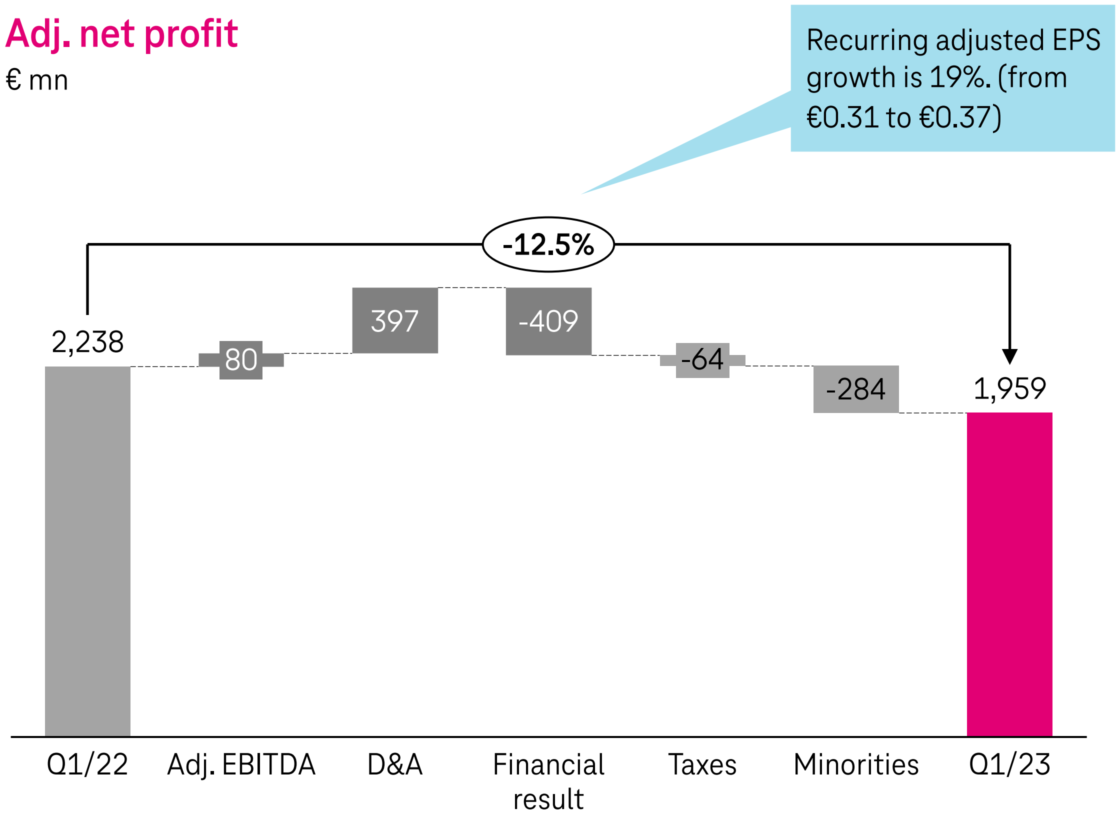
Free cash flow AL[1]

€ mn



Adj. net profit

€ mn

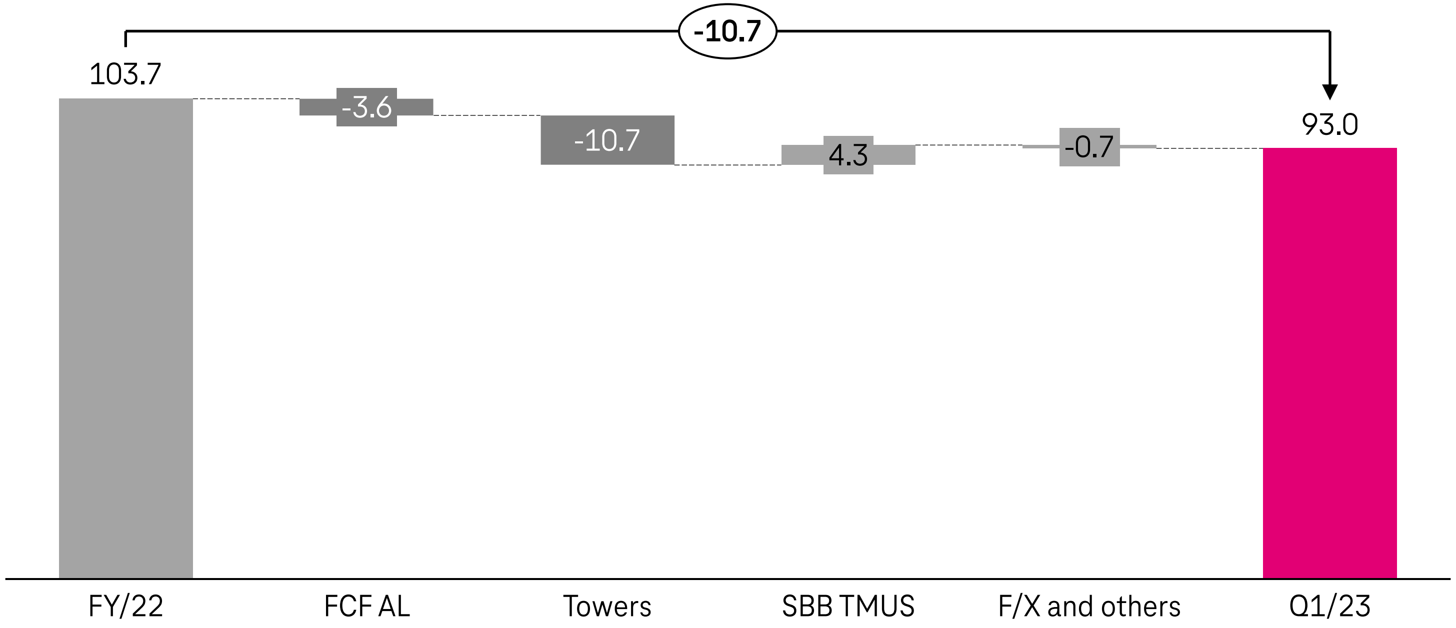


[1] Free cash flow and FCF AL before dividend payments and spectrum investment. [2] Spectrum: Q1/22: €2,514 mn; Q1/23: €67 mn.

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.

Net debt
leverage ex leases at 2.31x

Net debt excl. leases (AL)
€ bn



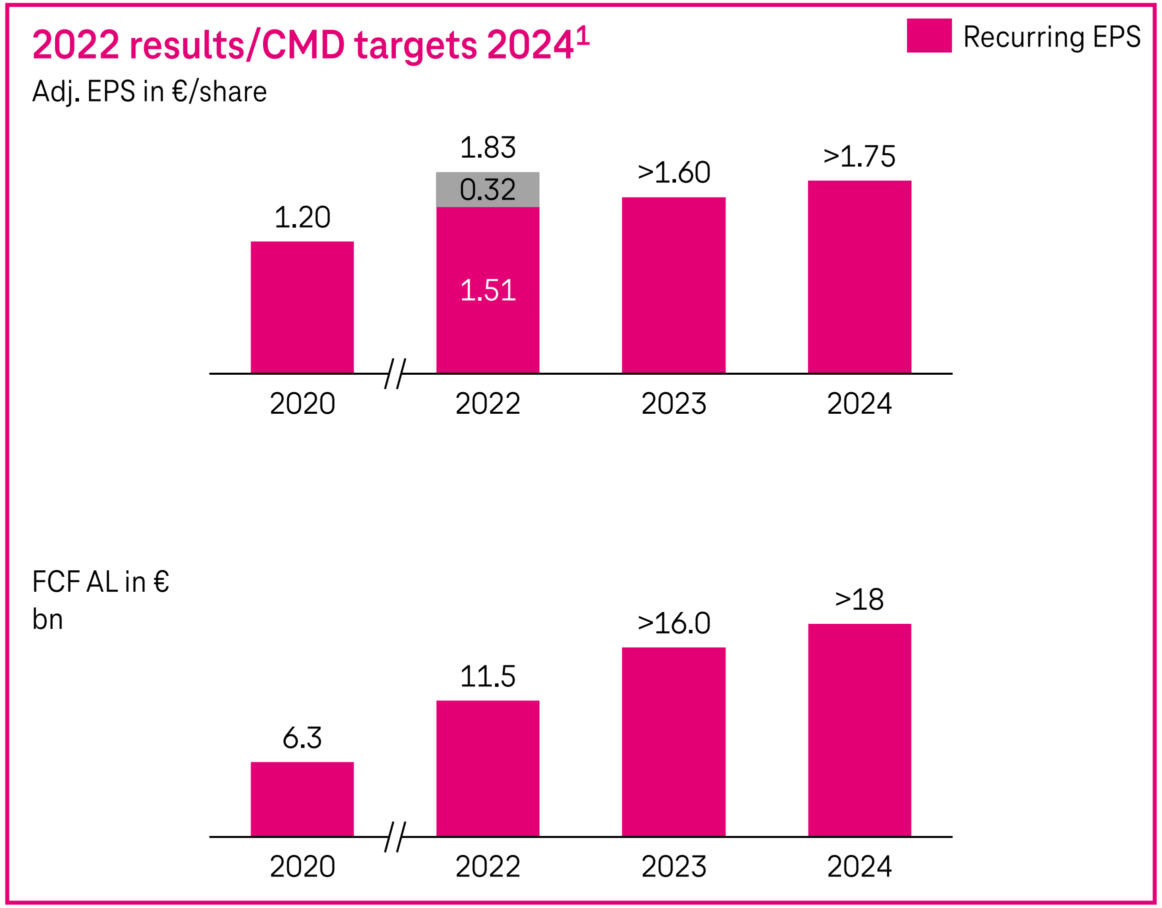
Leverage ratios

Q1/2023 results

Main takeaways

Q1/2023 key messages
a good start to the year

- Strong and consistent commercial performance in all markets
- Germany on 26, EU on 21 successive quarters of organic EBITDA AL growth
- On track for ex US guidance, TMUS and Group guidance raised
- Executing on TMUS buyback; DT stake >50%
- Ex lease leverage down to 2.3x by end of March
- Well on track for targets from 2021 CMD



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