

Deutsche Telekom

Q2/2023 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, cashflows, 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 cashflows 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.

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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 cashflow, free cashflow 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.

H1/2023 results

Group

H1/2023 results

continued growth

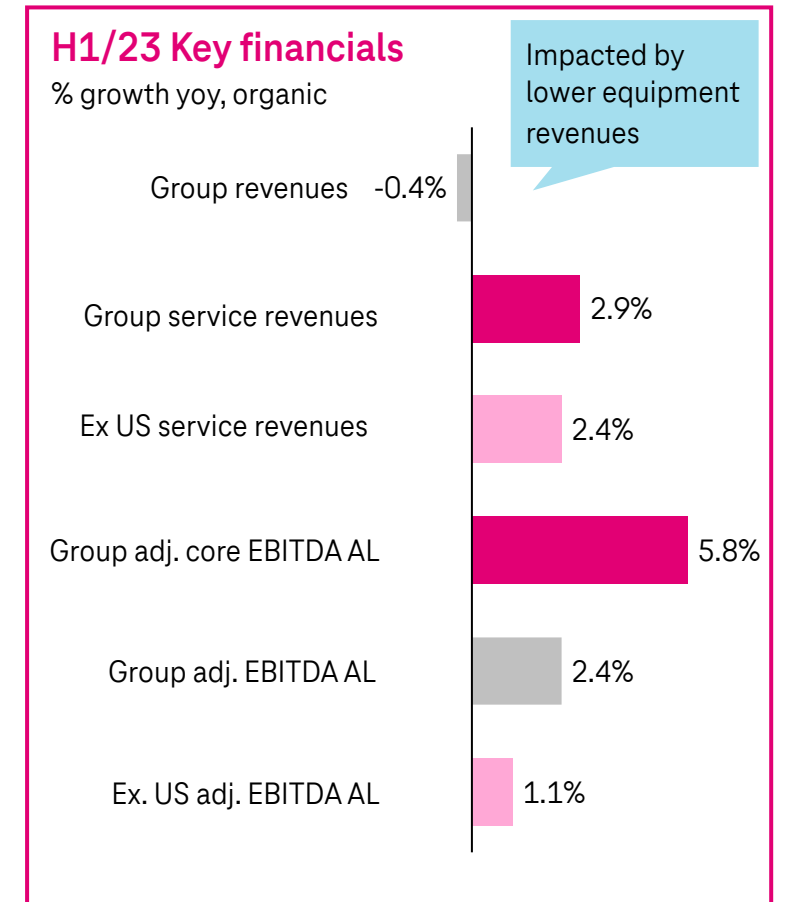
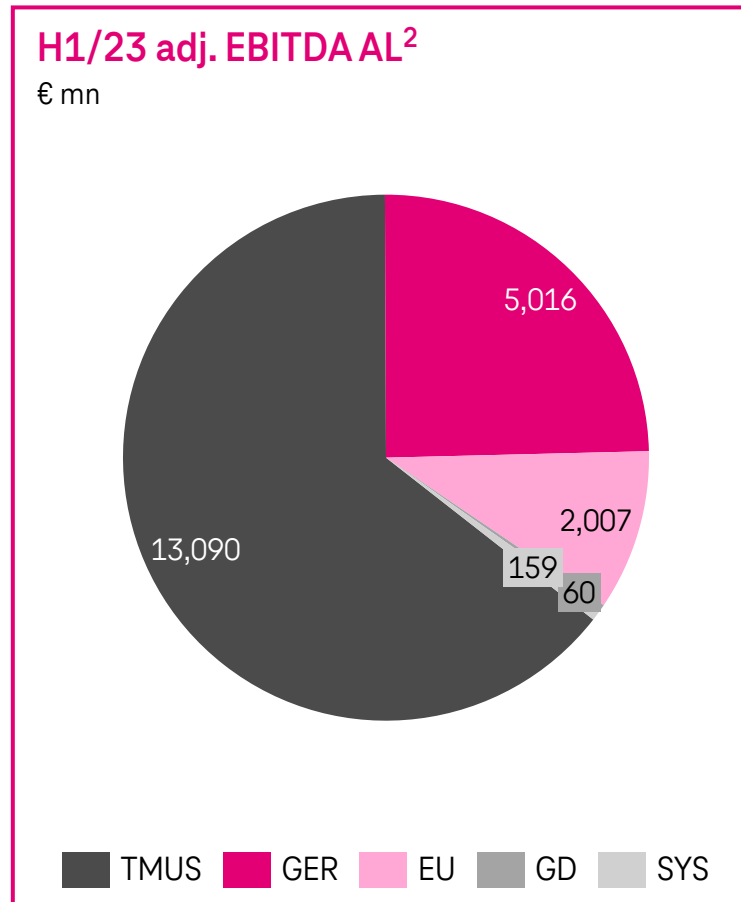
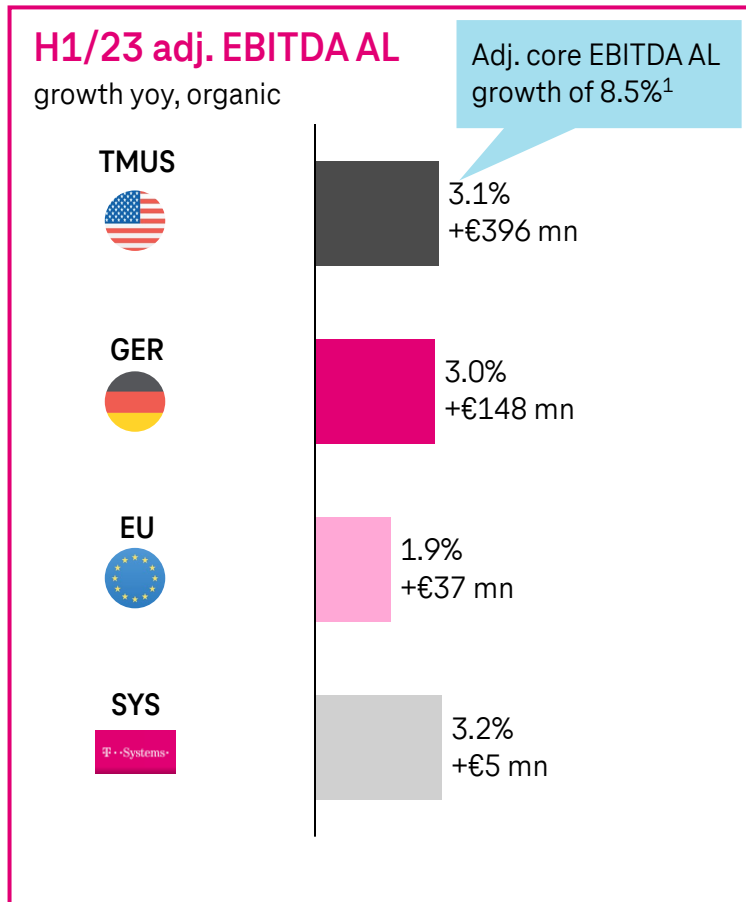
H1/2023 Highlights

- Organic growth: Group service revenues growing 2.9%, Group adj. core EBITDA +5.8%. FCF AL +10.9%
- Guidance for 2023 EBITDA AL growth raised on both sides of the Atlantic
- TMUS increases outlook for 2023 customer growth
- Around 15 mn European households passed with FTTH
- DT and GdW agree on FTTH roll-out blueprint for housing associations in Germany
- DT stake in TMUS increased to 51.3% end of June
- S&P has raised DT's rating to "BBB+" with stable outlook



Financials H1/2023

strong organic growth



¹ According to IFRS. US GAAP growth is 10.0%. Adj. core EBITDA excludes decreasing handset leasing revenues (US\$ -0.6 bn yoy). ² Excl. GHS. Group EBITDA AL €20,002 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.

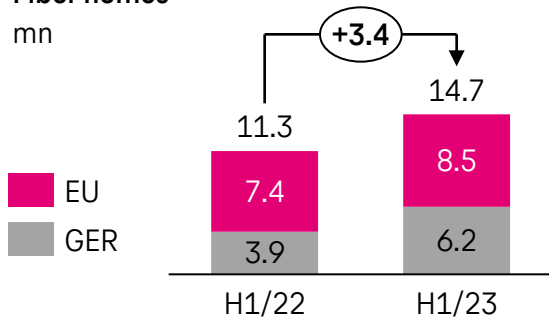
This view is different to the consolidated financial statements of DT where Group Development is treated as a discontinued operation. For more details, please refer to the back-up to this presentation, or the interim report of DT - both available at www.telekom.com/en/investor-relations.

Networks

leading with 5G, FTTH on track

FTTH (1 Gbps)

Fiber homes
mn



GER

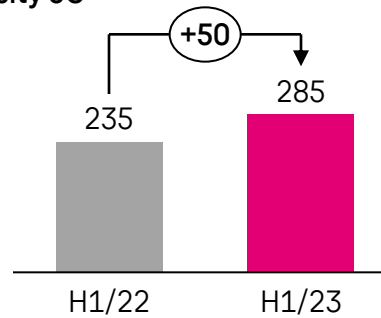
- On track for >2.5 mn new HHs in 2023
- German fixed network: DT No. 1 in “connect” fixed network test

EU

- On track for 10 mn HHs with 1 Gbps by 2024. Coverage now at 33% of HHs

5G TMUS

Ultra Capacity 5G¹
mn POPs



Network Leader

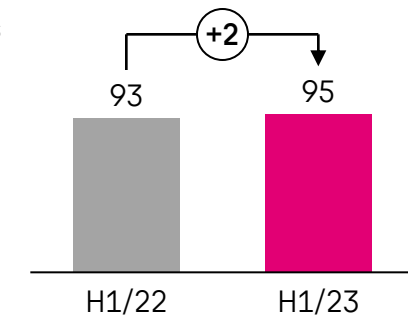
- TMUS wins in every category for overall network performance from Ookla

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: 59% POP coverage end of Q2/23. Up 8pp sequentially

¹ Ultra Capacity on 2.5 GHz.

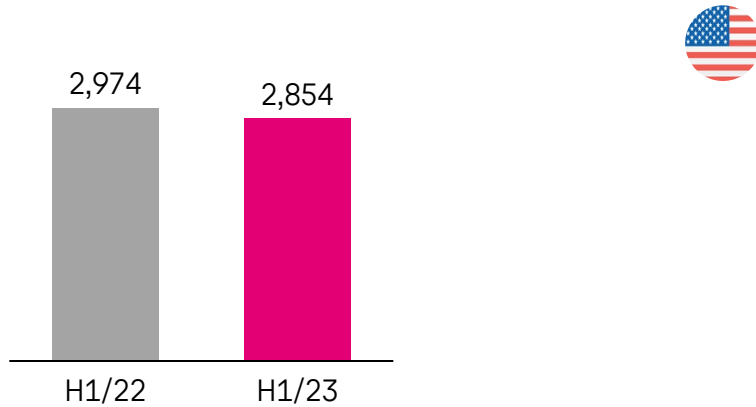
Customers

growing strongly

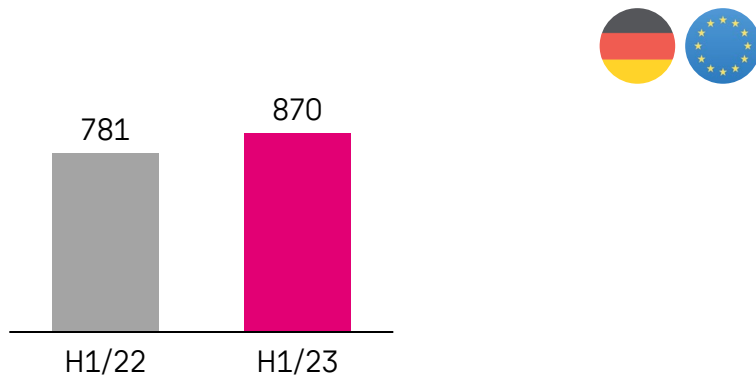
Mobile net adds

000

US (postpaid)



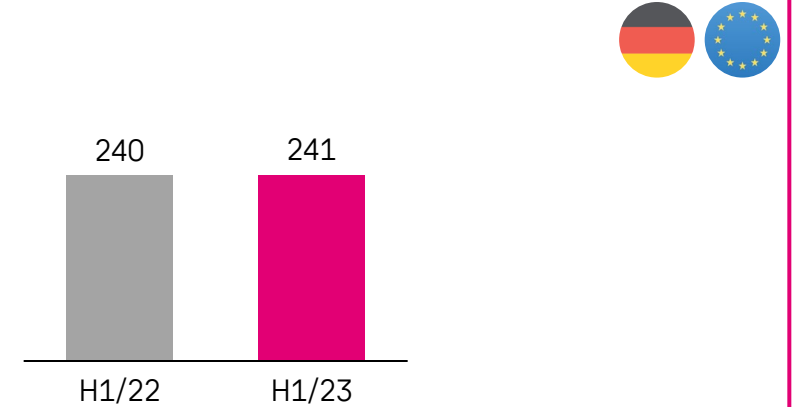
Ex US (contract)¹



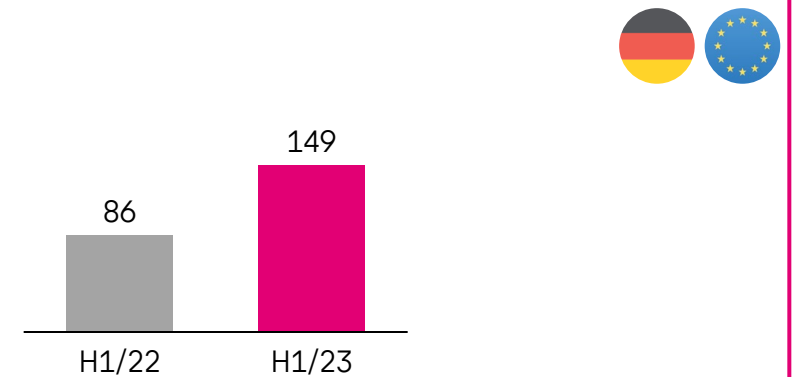
Fixed line net adds²

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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. NEW¹

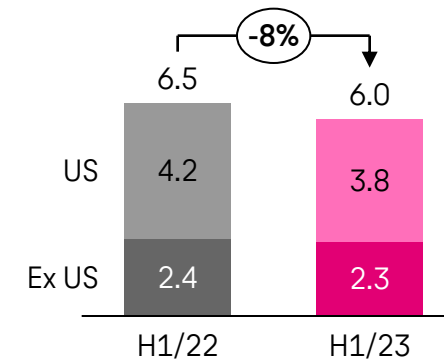
- 2040** **Climate-neutral company**
 Reduce **Scope 1-3 Emissions to net zero**
 (with at least 90% reduction) NEW¹

Drivers of CO₂ 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

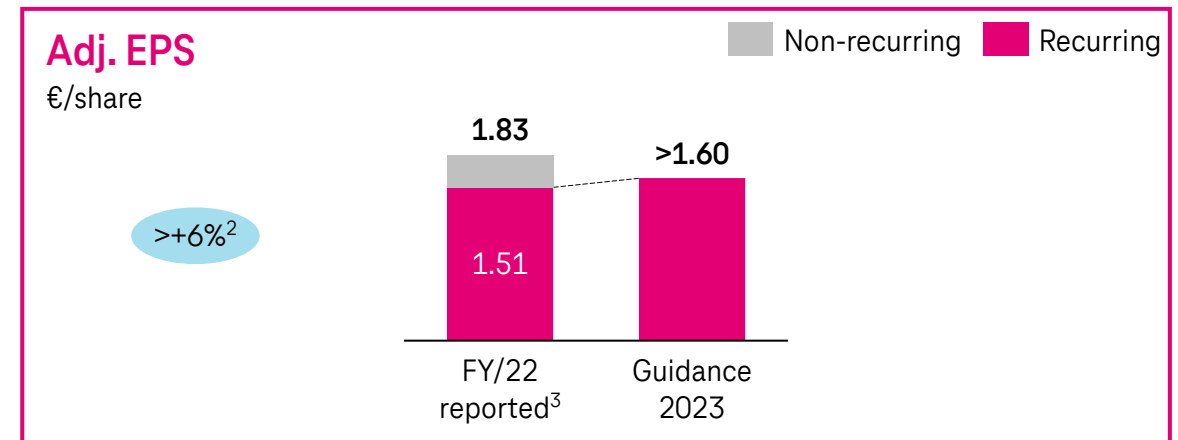
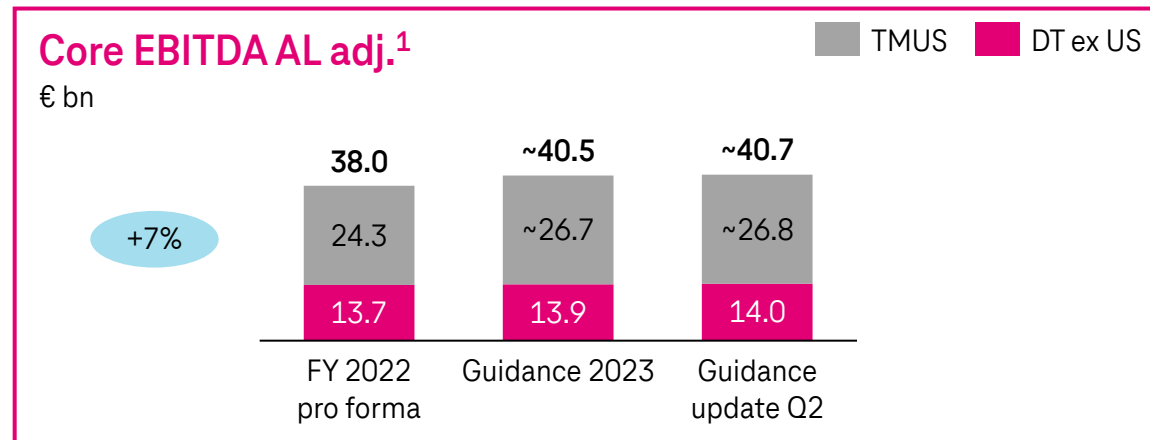
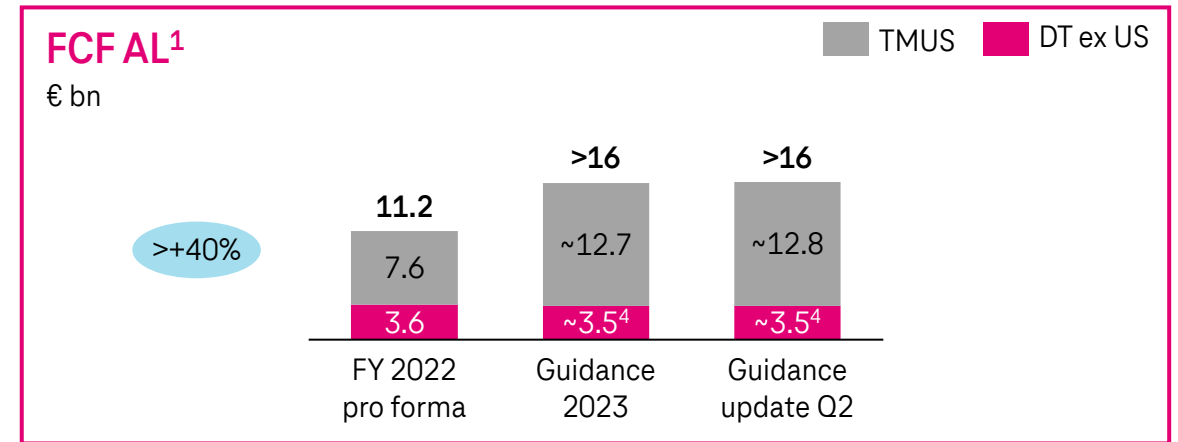
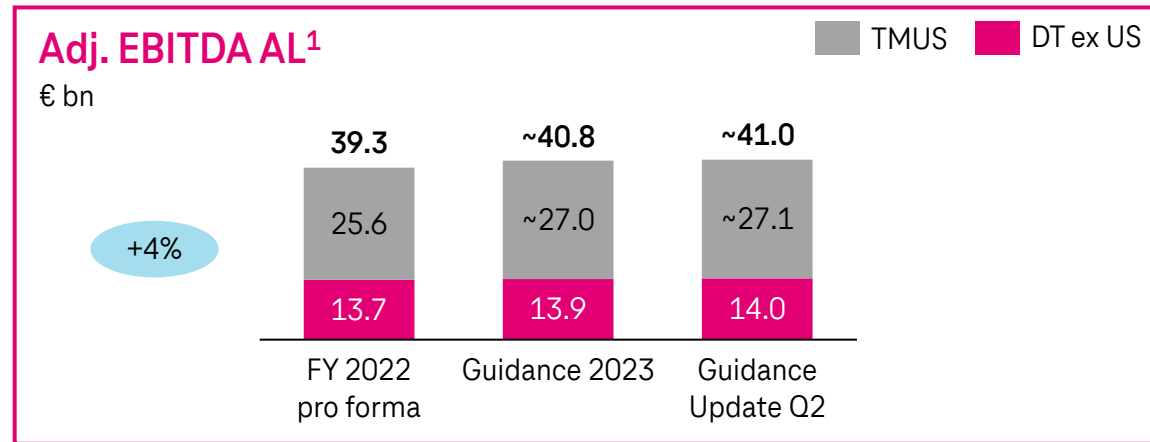
mn MWh



¹ Announced in April 2023.

Updated guidance 2023

continued growth – 2nd upgrade



¹ TMUS guidance is based on midpoint of US GAAP guidance of US\$29.2 - 29.5 bn adj. EBITDA; of US\$28.9 – 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 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.

Q2/2023 results

Review segments and financials

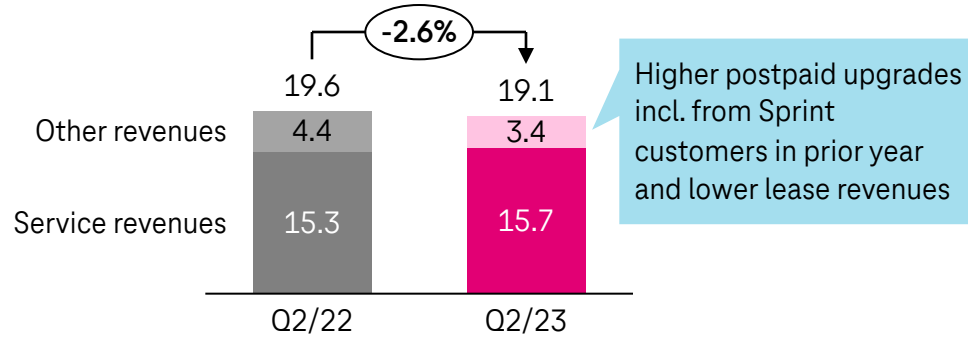
T-Mobile US

strong financial growth



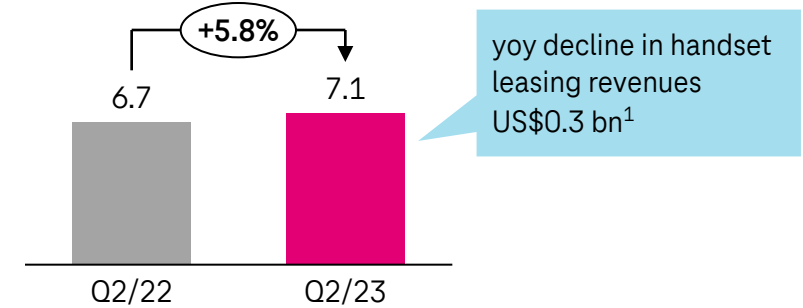
Revenues (IFRS)

US\$ bn



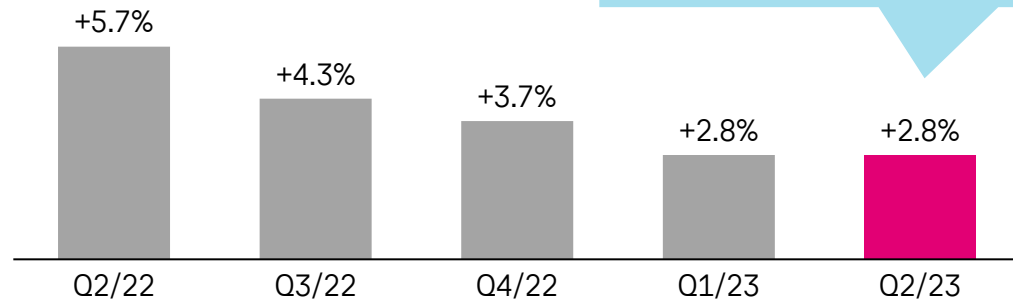
Adj. EBITDA AL (IFRS)²

US\$ bn



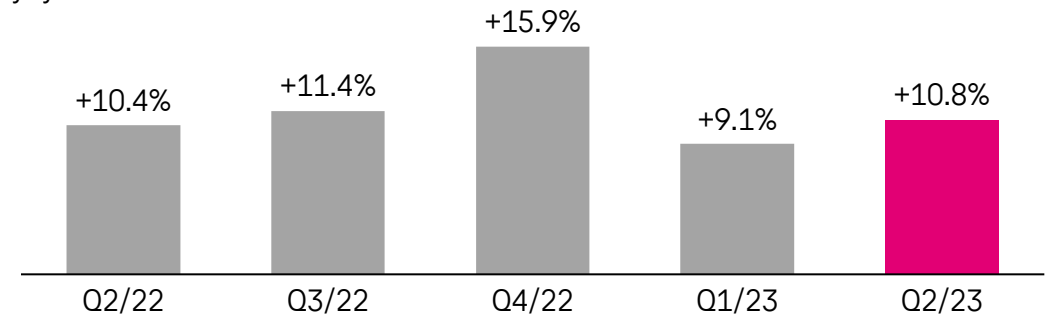
Service revenue (US GAAP)

% yoy



Core adj. EBITDA (US GAAP)

% yoy

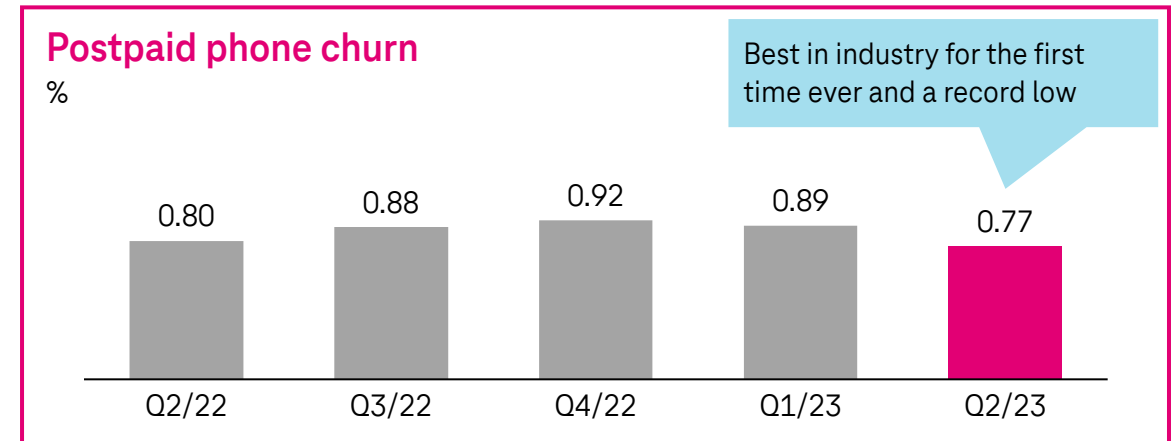
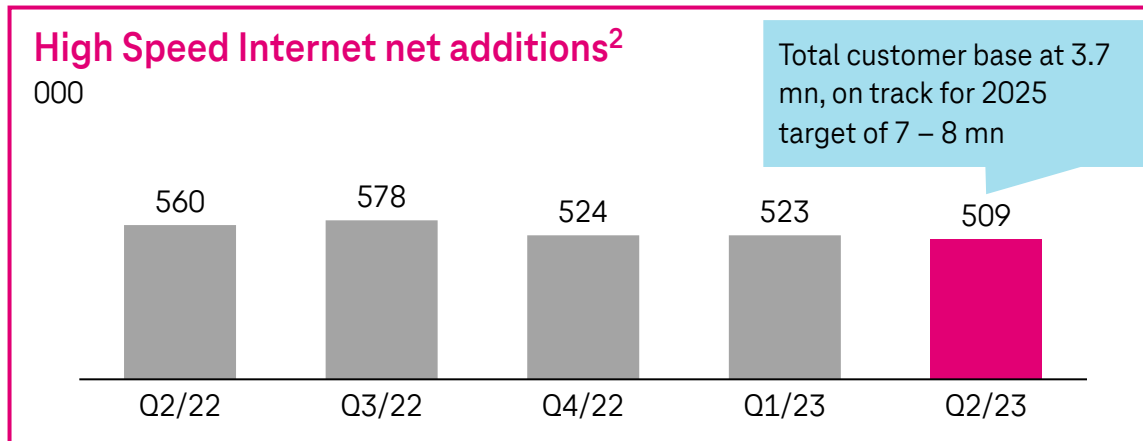
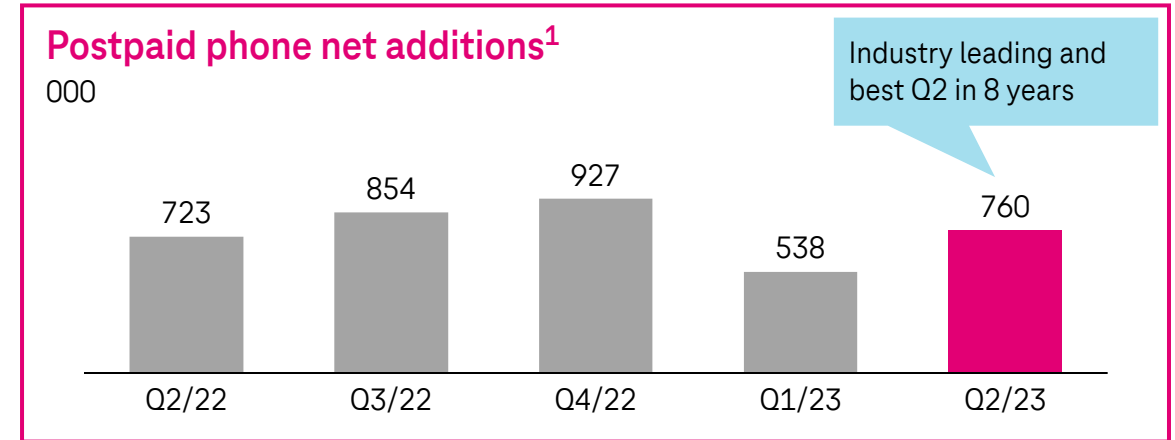
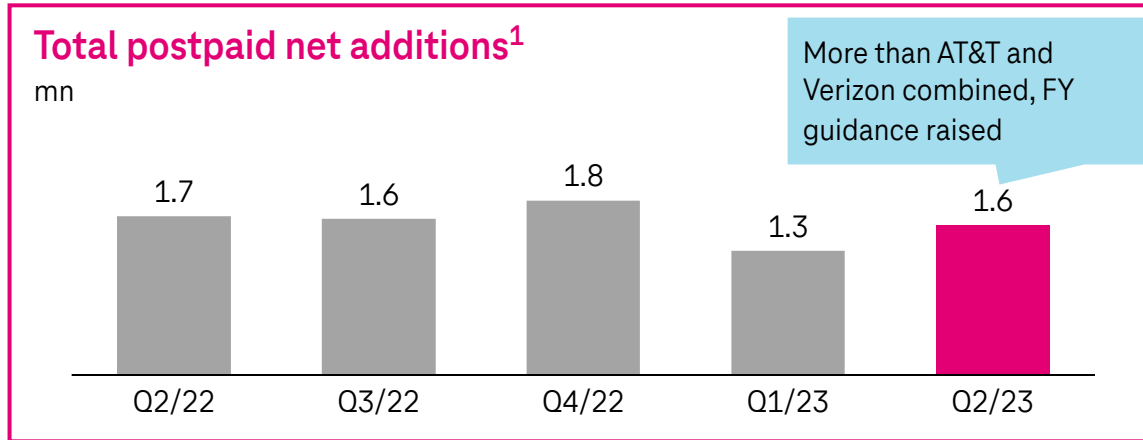


¹ TMUS has refocused its distribution policy towards Equipment Installment Plans, which results in a decrease of handset leasing revenues and a corresponding decline in revenue and EBITDA AL. Service revenues are not impacted.

² For IFRS bridge please refer to appendix.

T-Mobile US

consistent growth in all customer categories



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 284,000 postpaid phone customers, 946,000 postpaid other customers and 28,000 prepaid customers in the second quarter of 2022. 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.

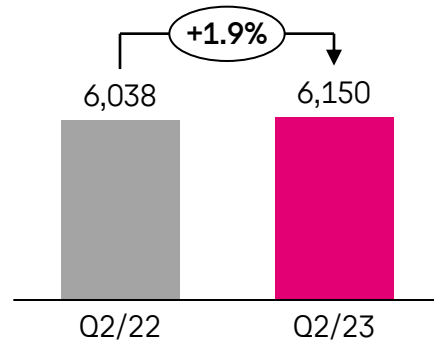
Germany

27th consecutive quarter of EBITDA growth



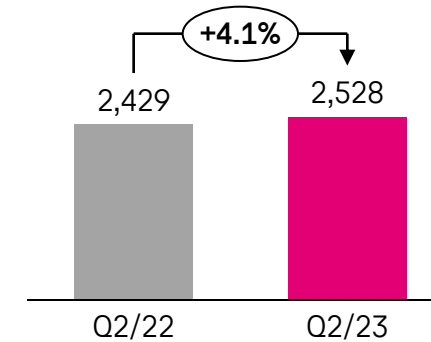
Revenues (as reported)

€ mn



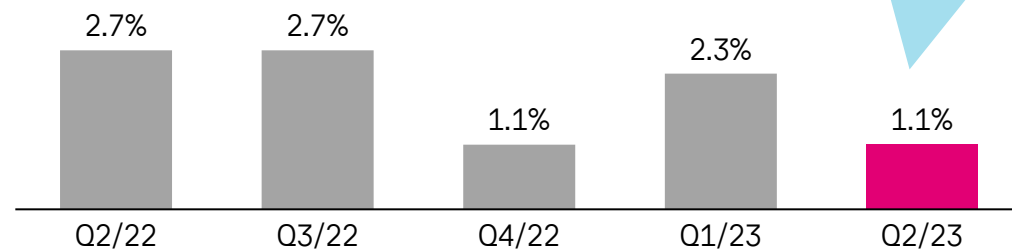
Adj. EBITDA AL (as reported)

€ mn



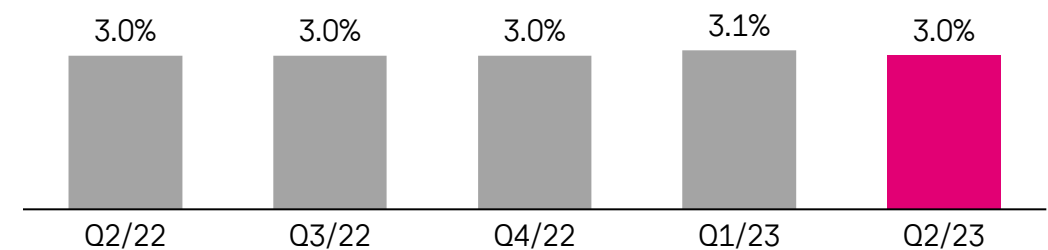
Revenue growth (organic)

% 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.

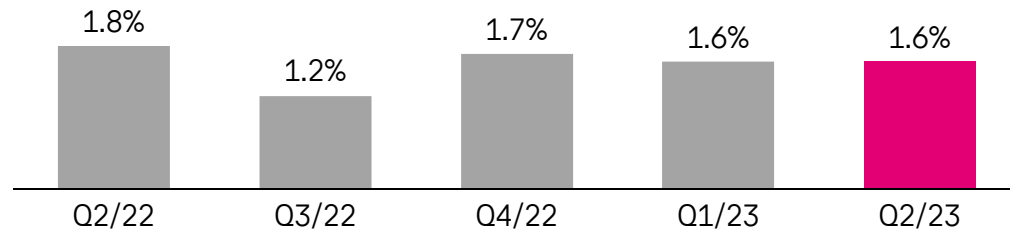
Germany

service revenues: growing across the board



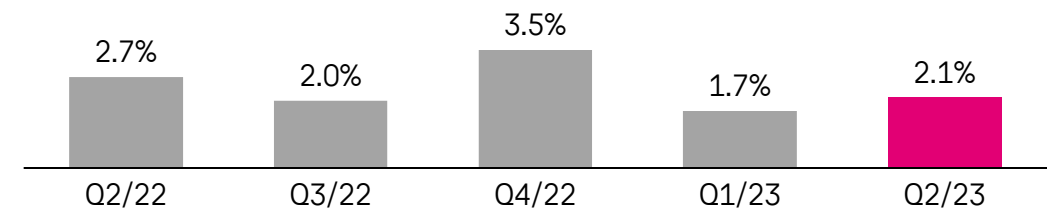
Total service revenue growth (organic)¹

% yoy



Mobile service revenue growth (organic)

% yoy



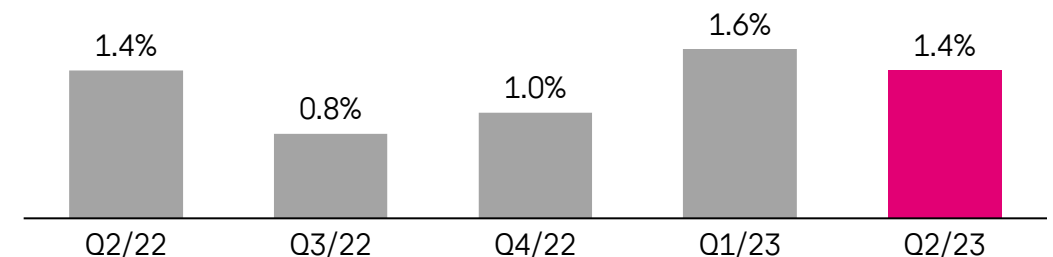
Revenue growth (reported)

% yoy

- Reported total service revenue growth +2.4%
- Reported fixed service revenue growth +2.5%
- Reported mobile service revenue growth +2.1%

Fixed service revenue growth (organic)¹

% yoy



¹As 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.

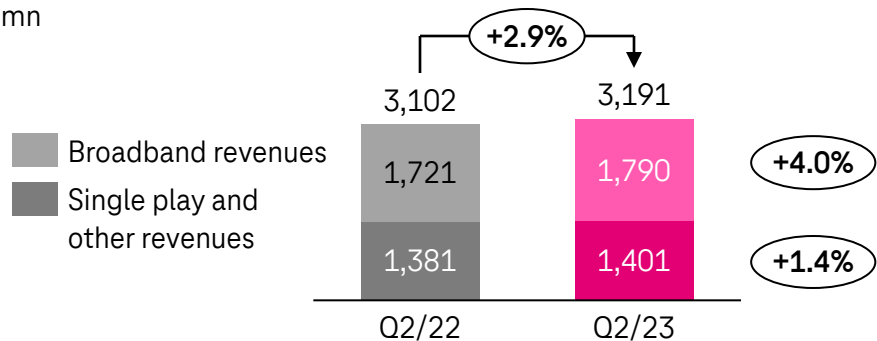
Germany

fixed revenues: strong broadband growth



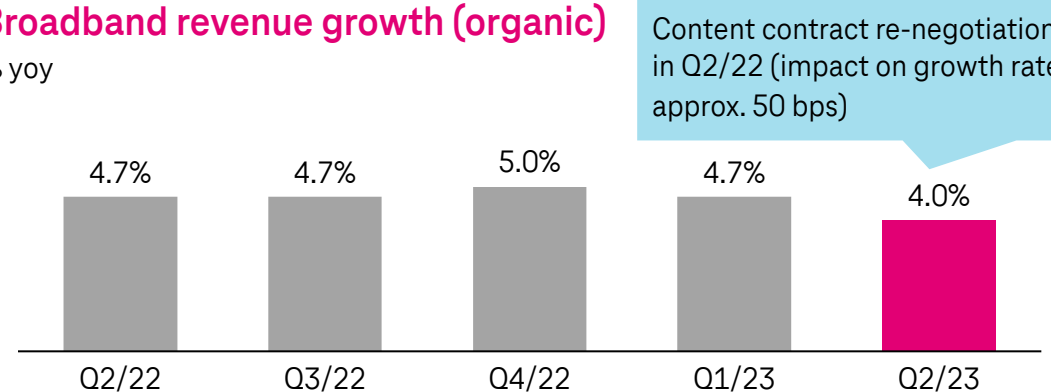
Retail fixed revenues (as reported)

€ mn



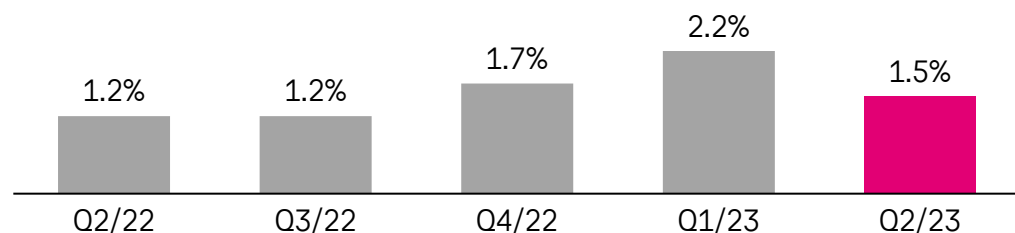
Broadband revenue growth (organic)

% yoy



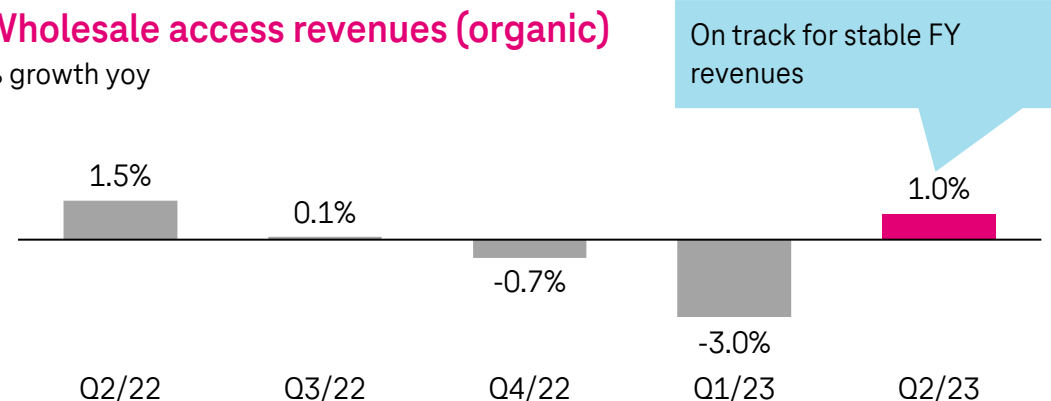
Retail fixed revenue growth (organic)

% yoy



Wholesale access revenues (organic)

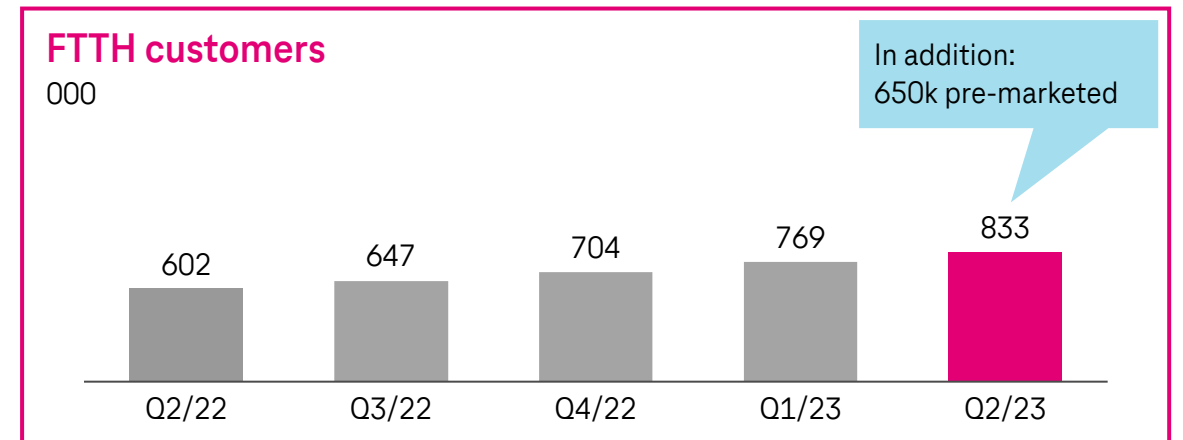
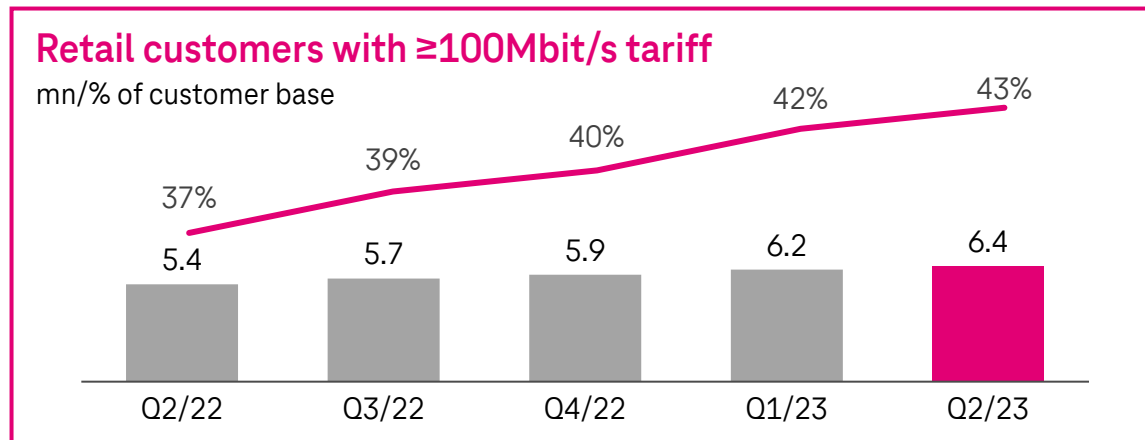
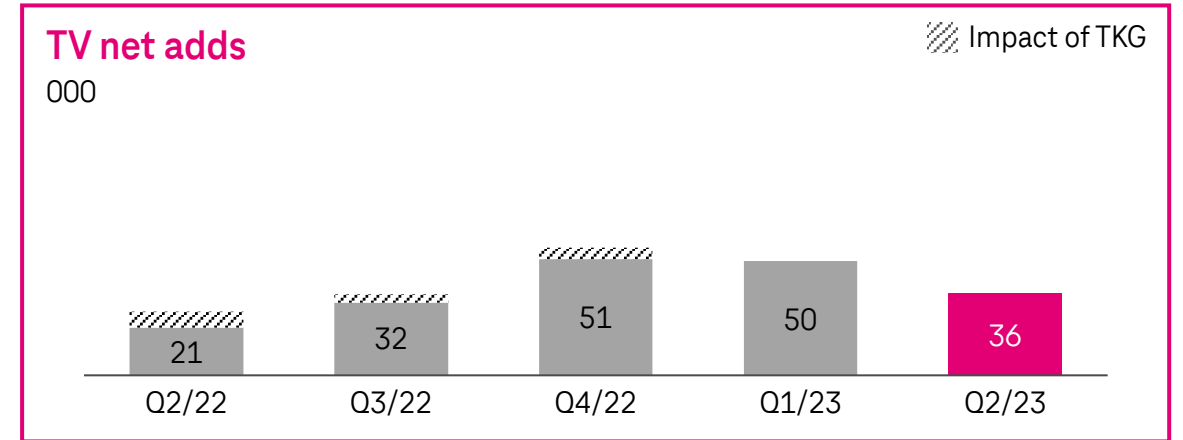
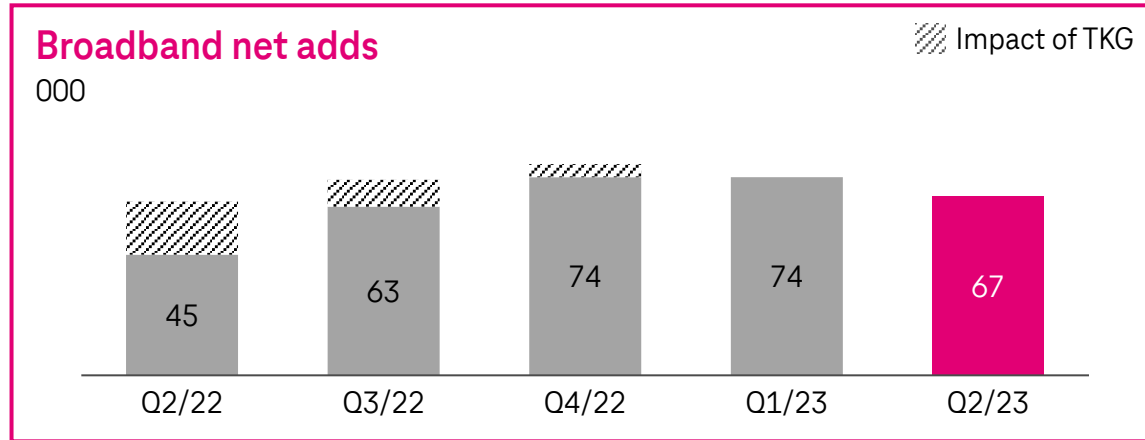
% growth yoy



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

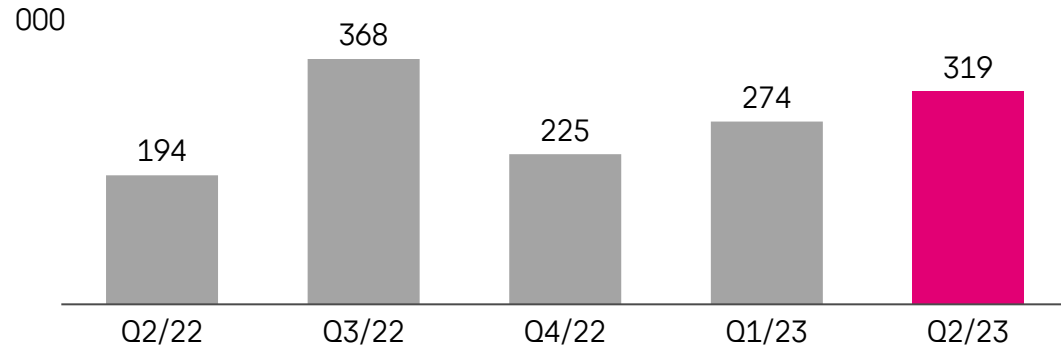


Germany

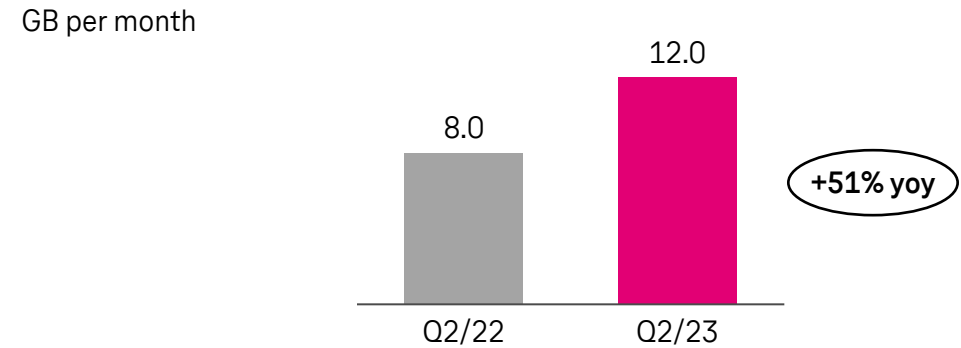
mobile KPIs: strong customer intake



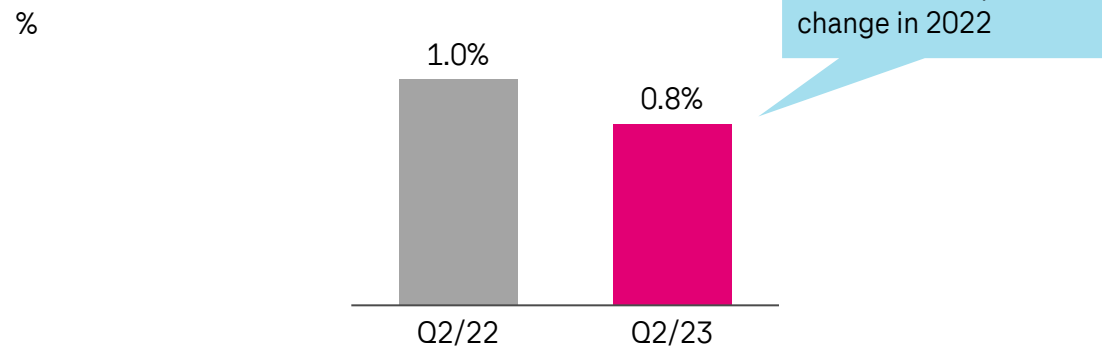
Branded contract net adds¹



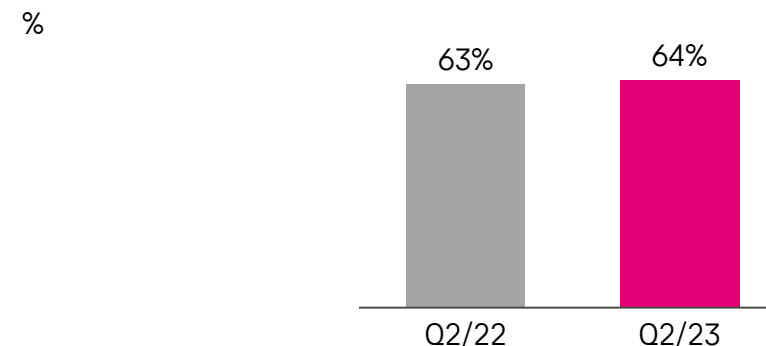
Data usage²



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.

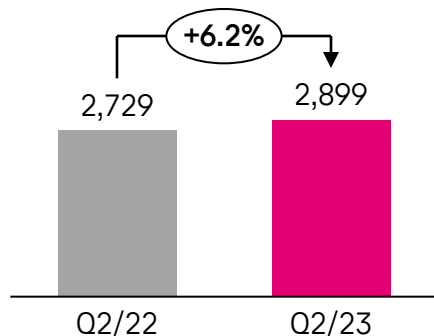
Europe

22nd consecutive quarter of organic EBITDA growth



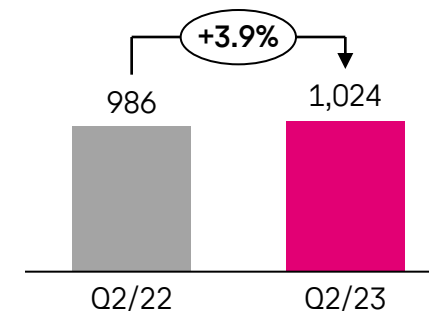
Revenues (as reported)

€ mn



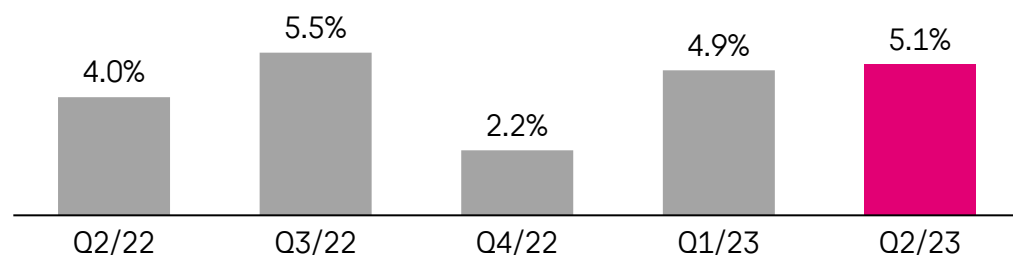
Adj. EBITDA AL (as reported)

€ mn



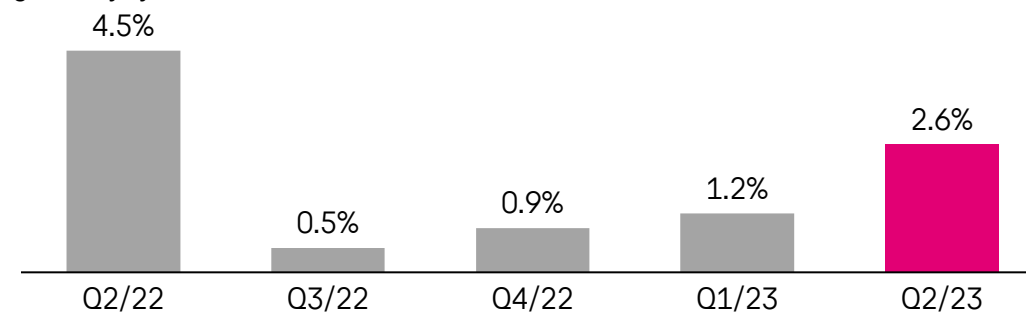
Revenues (organic)

% growth yoy



Adj. EBITDA AL (organic)

% growth yoy



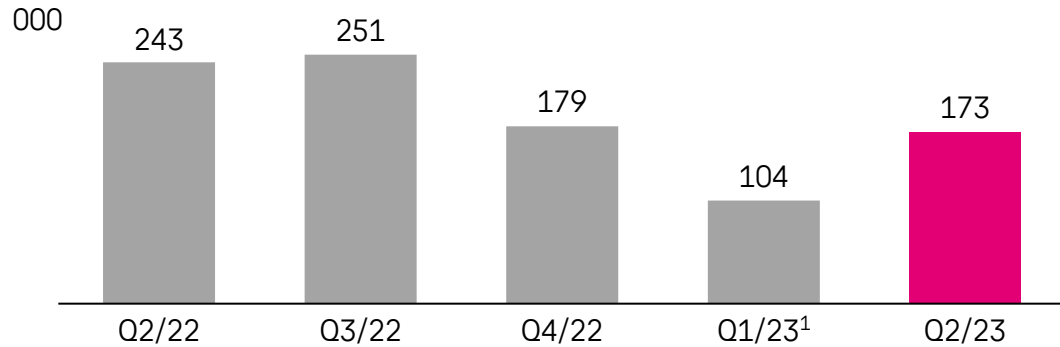
As of Q3/22, the revenue recognition for certain customer transactions (principal agent) was changed. Growth rates for 2022 are presented on a re-stated basis.

Europe

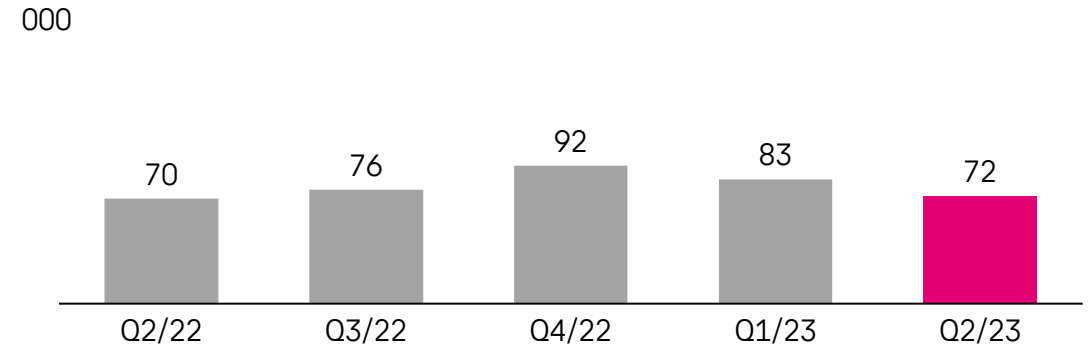
strong commercial performance



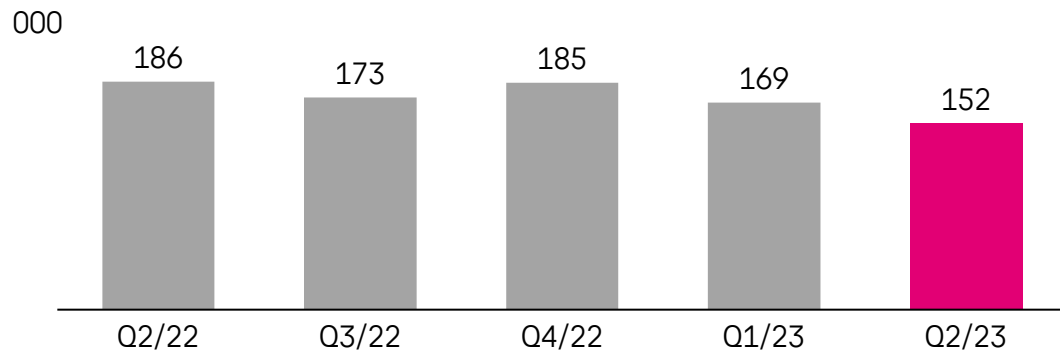
Mobile contract net adds



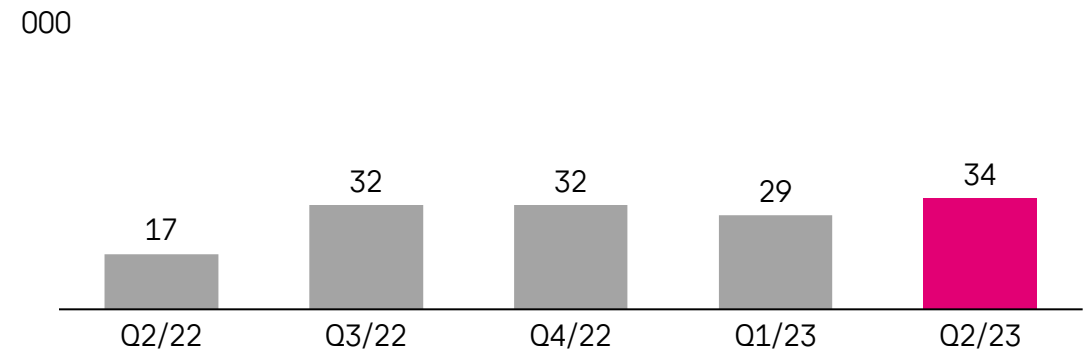
Broadband net adds



FMC net adds



TV net adds



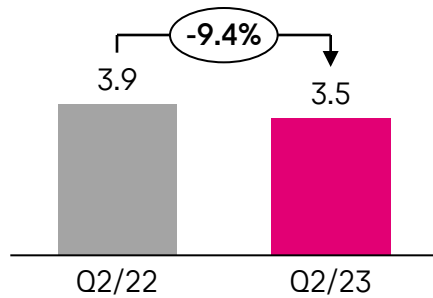
¹ Q1/23 mobile contract net adds negatively impacted by 33k re-classifications from contract to prepay in Hungary.

Systems Solutions

on track for stated targets

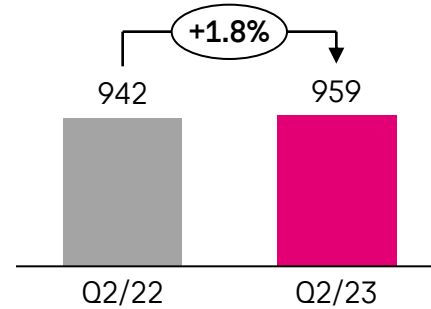
Order entry (LTM)

€ bn



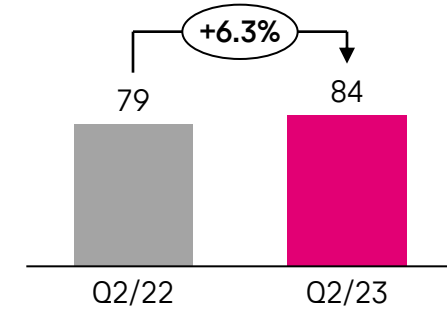
Revenues (as reported)

€ mn



Adj. EBITDA AL (as reported)

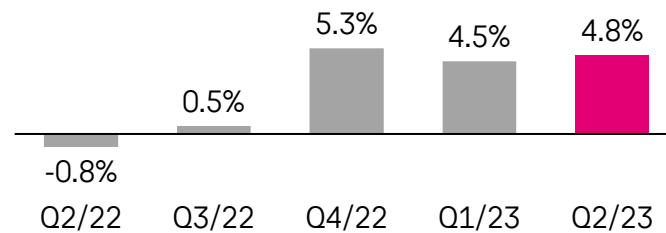
€ mn



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

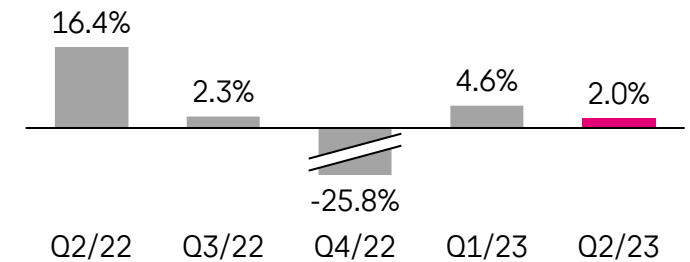
Revenues (organic)

% growth yoy



Adj. EBITDA AL (organic)

% growth yoy



As of Q3/22, 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.

Financials H1/2023 reported

driven by phasing and tower sale

€ mn

	Q2			H1		
	2022	2023	Change	2022	2023	Change
Revenue	27,888	27,221	-2.4%	55,634	55,060	-1.0%
Adj. EBITDA AL	9,891	10,038	+1.5%	19,763	20,002	+1.2%
Adj. EBITDA AL (excl. US) ¹	3,554	3,484	-2.0%	7,255	6,911	-4.7%
Adj. net profit	2,445	1,887	-22.8%	4,683	3,846	-17.9%
Net profit	1,460	1,539	+5.4%	5,409	16,899	+212.4%
Adj. EPS (in €)	0.49	0.38	-22.4%	0.94	0.77	-18.1%
Free cashflow AL ²	2,759	3,522	+27.7%	6,540	7,101	+8.6%
Cash capex ²	4,984	4,422	-11.3%	9,642	9,181	-4.8%
Net debt excl. leases (AL)	106,289	97,174	-8.6%	106,289	97,174	-8.6%
Net debt incl. leases (IFRS 16)	146,104	136,893	-6.3%	146,104	136,893	-6.3%

¹ Decline due to de-consolidation of Group development. Organic growth rate of +1.6% in Q2.

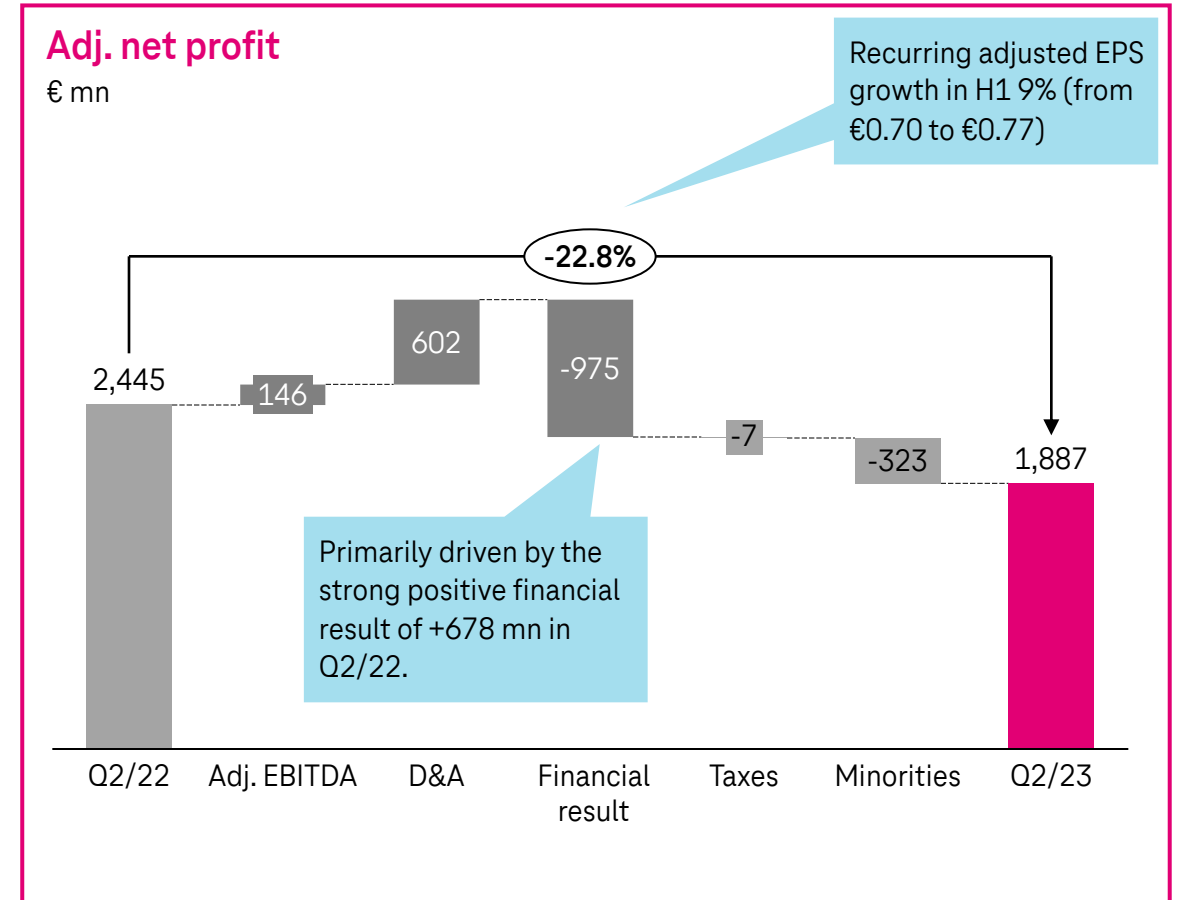
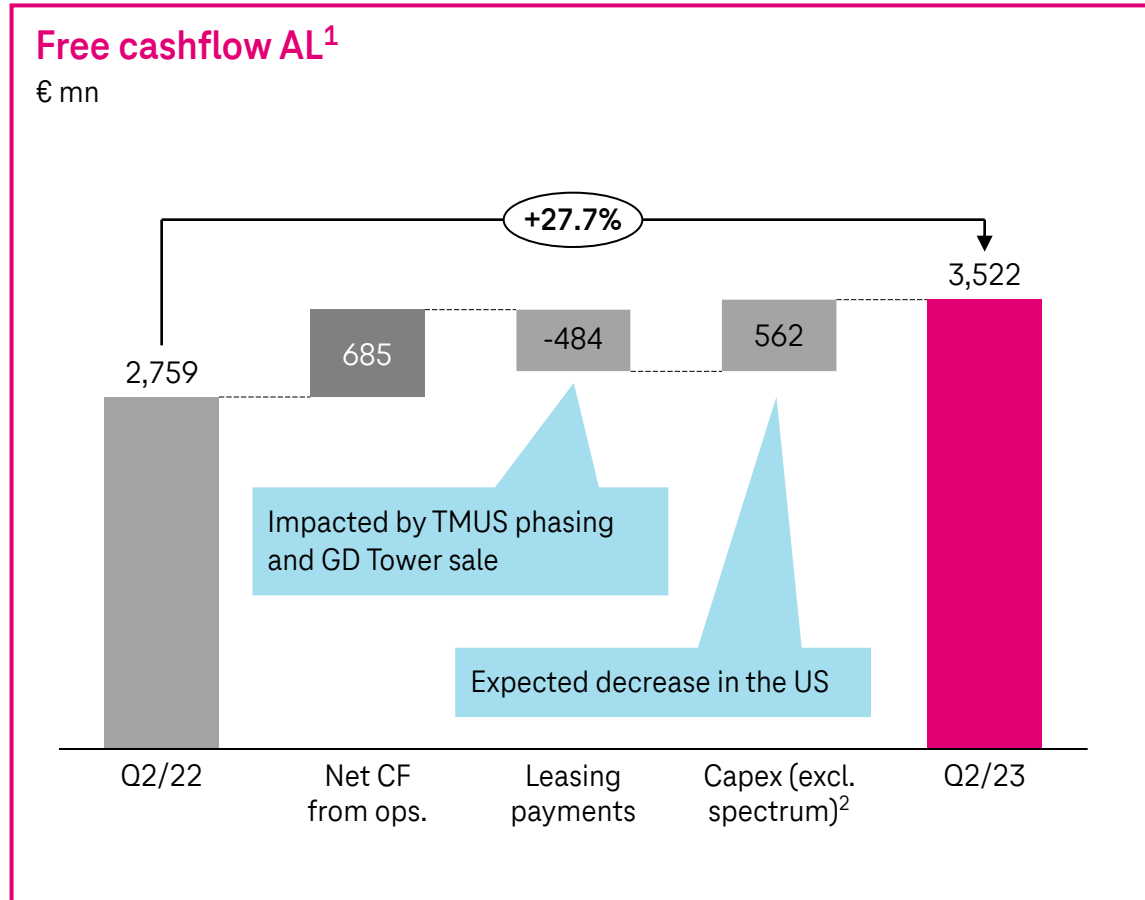
² Free cashflow AL before dividend and before spectrum investments. Cash capex before spectrum investment. Spectrum: Q2/22: €102 mn; Q2/23: €189 mn. H1/22: €2,616 mn; H1/23 €255 mn.

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 or the interim report of DT - both available at www.telekom.com/en/investor-relations.

FCF AL and net profit

free cashflow driven by lower US capex and EBITDA growth



¹ Free cashflow and FCF AL before dividend payments and spectrum investment. ² Spectrum: Q2/22: €102 mn; Q2/23: €189 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.

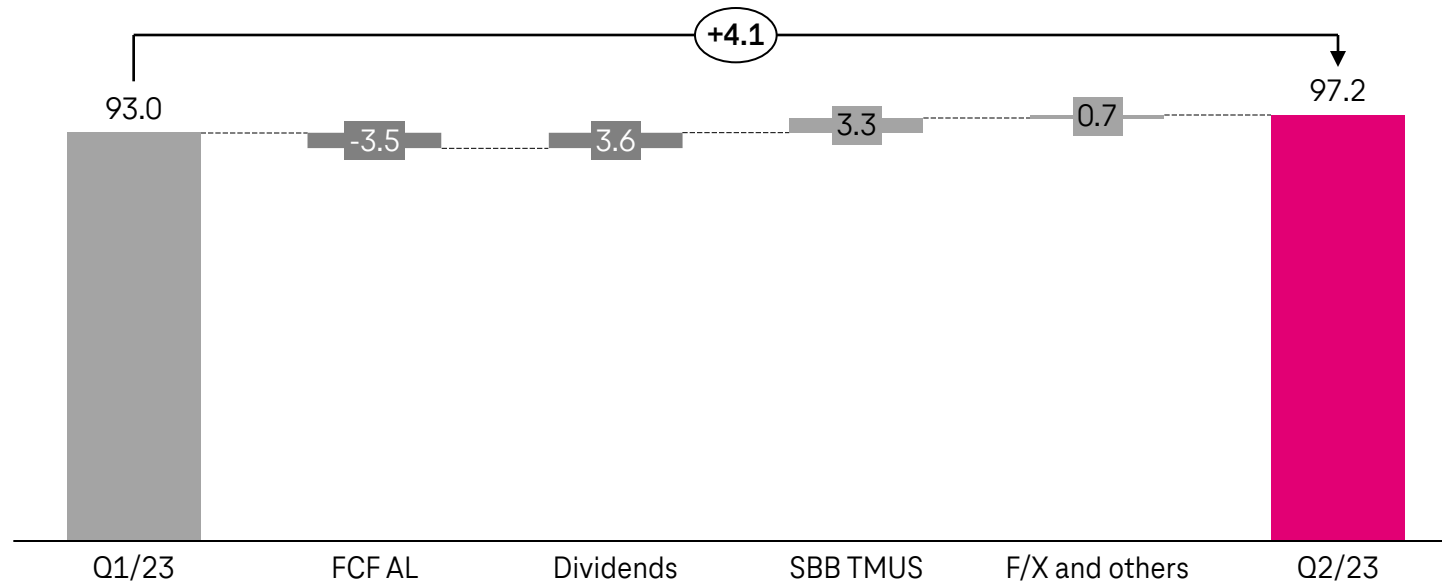
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Net debt

leverage excl. leases at 2.40x

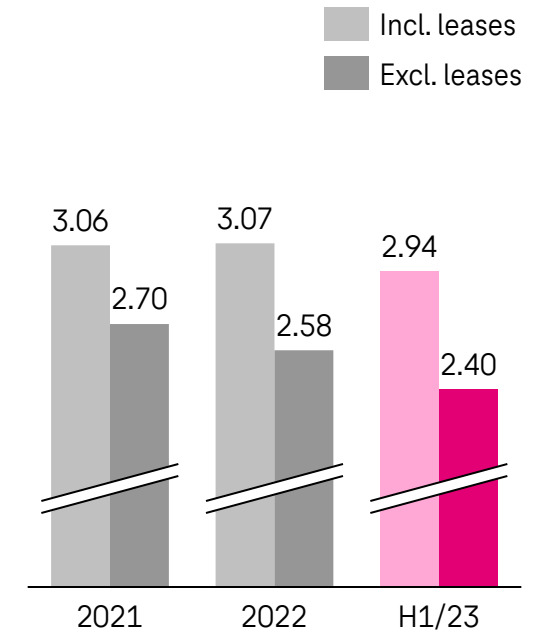
Net debt excl. leases (AL)

€ bn



Following upgrade by S&P all 3 rating agencies back to BBB+ and stable outlook

Leverage ratios



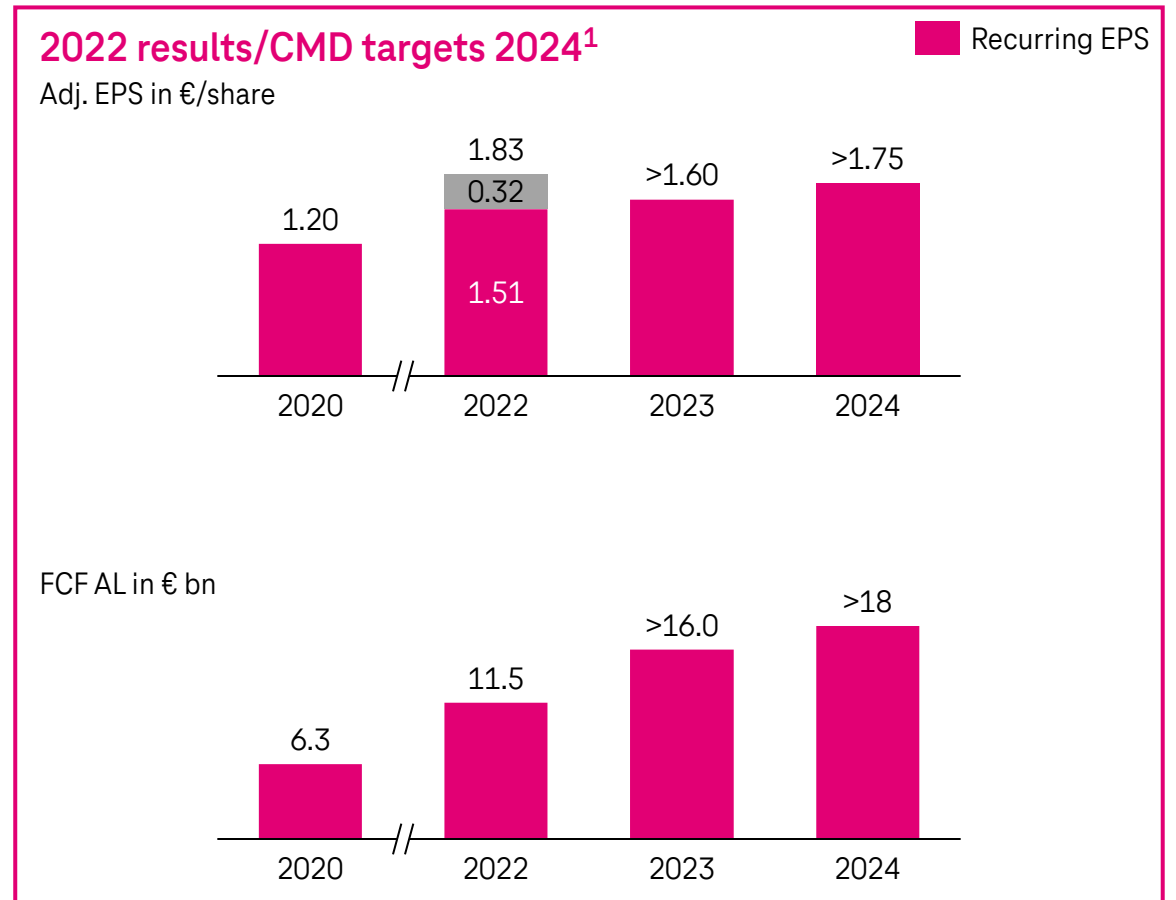
H1/2023 results

Main takeaways

H1/2023 key messages

delivering reliable and consistent growth

- Commercial performance continues unabated in all markets
- Germany on 27, EU on 22 successive quarters of organic EBITDA AL growth despite significant headwinds in H1
- FY 2023 guidance raised on both sides of the Atlantic
- Fiber roll-out on track for medium term targets
- Further executing on TMUS buyback; DT stake >50%
- Excl. lease leverage down to 2.40 by end of June. All 3 rating agencies now back to BBB+ and stable outlook
- Well on track for targets from 2021 CMD



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