

# Deutsche Telekom Press Conference FY 2023

February 23, 2024



Connecting  
your world

#DT23Q4

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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.

# 10-year track record

reliability, consistency, growth

**€110 billion** market capitalization

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**>150%** total shareholder return  
since 2013

**€40.5 billion** adjusted EBITDA AL  
in 2023

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**€173 billion** investment  
primarily in networks over 10 years

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**300 million** customers  
**+57%** compared to 2013

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# **FY 2023 Results**

## Group

# FY/2023 Highlights

The flywheel is working

DT launches  
**2 bn**  
share  
buyback

DT shares  
with 20% TSR  
in 2023

**BBB+** with all  
3 rating agencies

**17 mn**  
European homes  
passed with **FTTH**

**LEADING**  
5G NETWORKS  
in US and ex US

**16.1 bn FCF AL**  
adj. EPS  
up to **€1.6**

First ORAN sites  
**live**

**€173 bn**  
invested in last 10 years

T-Mobile  
launches dividend

New €2 bn  
tech fund agreed

**#1**  
MAGENTA  
becomes  
**MOST VALUABLE  
GERMAN BRAND,**  
and global telco brand



German chatbot  
enabled with  
**gen. AI**

One App  
**71%** penetration  
in EU

Germany:  
**B2C NPS**  
reaches **21**

**1st** in  
**TRI-M** in  
9 out of 10 countries

**EU**

First time  
resolution rate  
**doubled**  
to **70%**

T-Mobile merger synergies  
exceed initial expectations

Highest ever  
B2B phone net adds  
in the US

**Highest**  
German mobile  
contract net adds  
since early 2000s

**1.9k**  
software developers  
in offshore locations

complaints **GER**  
down **90%**  
since 2016

**300 million**  
customers

First quarter  
**without line losses**  
since German deregulation

# FY/2023 Results

## Continued growth

### 2023 Financial highlights

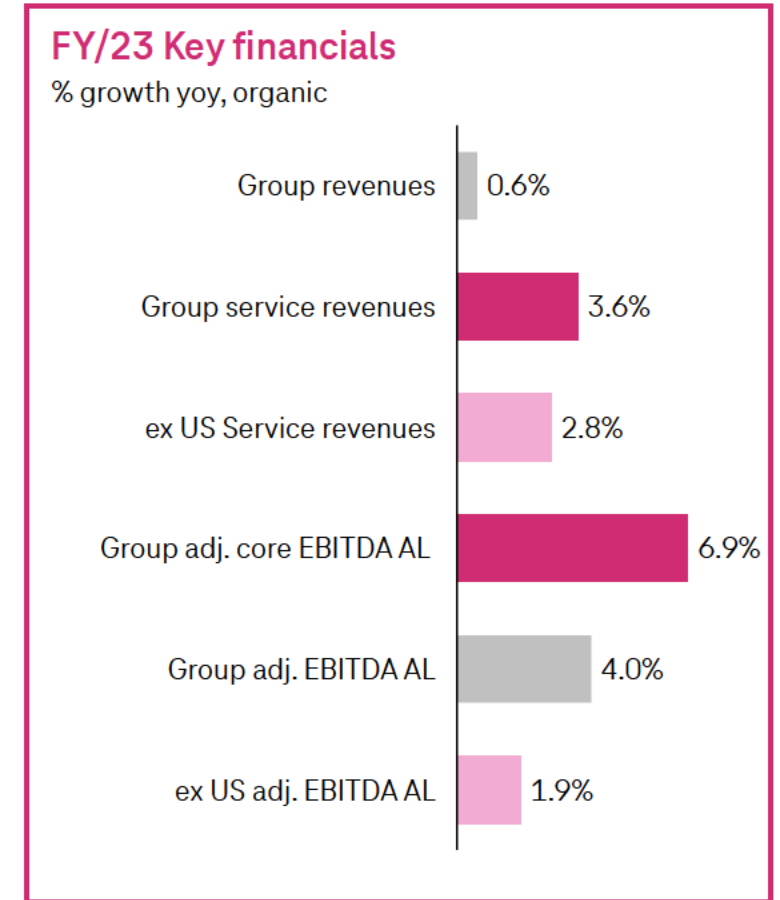
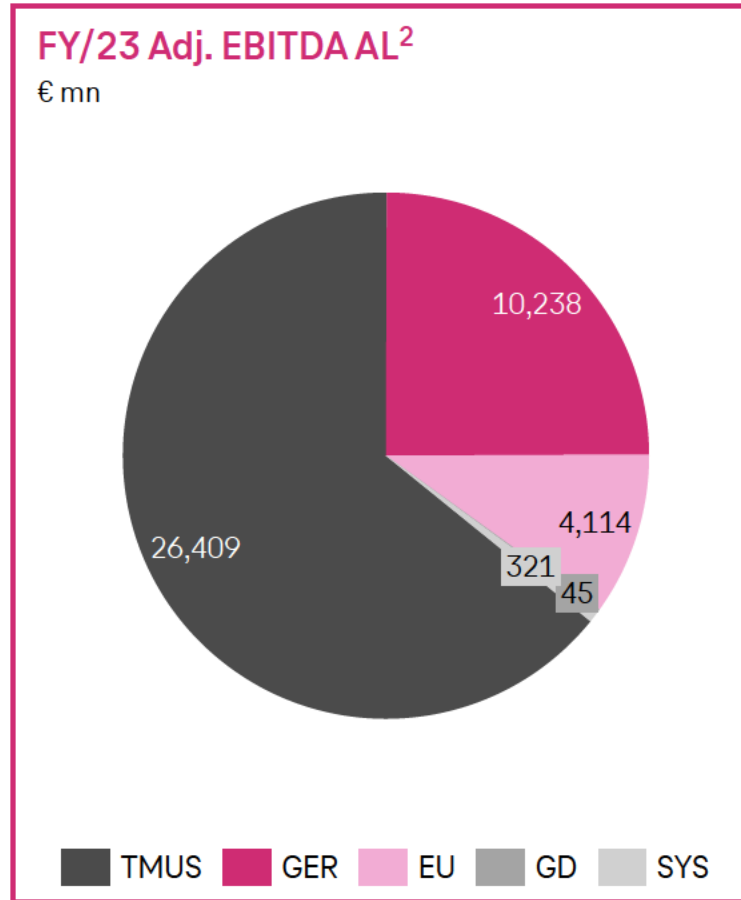
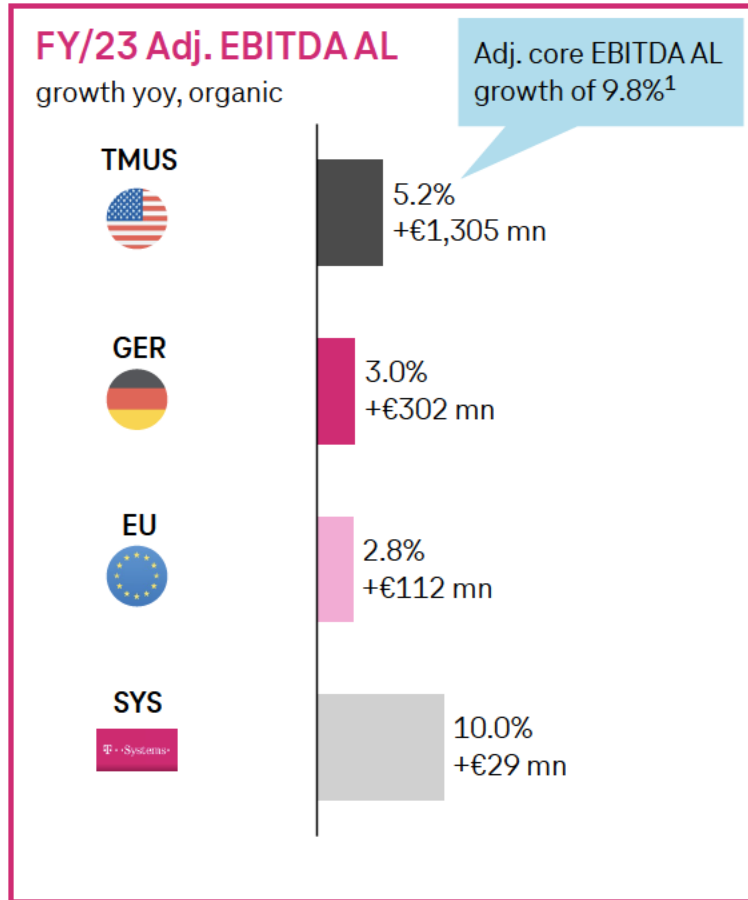
- Organic Growth: Group service revenues up 3.6%, Group adj. core EBITDA AL up 6.9%, all segments contributing. FCF AL up 40.7%<sup>1</sup>
- US/GER/EU: Strong customer momentum continues unabated
- GER with 29<sup>th</sup>, EU with 24<sup>th</sup> consecutive quarter of org. EBITDA growth
- Guidance for 2023 achieved on both sides of the Atlantic
- DT stake in TMUS at 50.7% as of January 31<sup>st</sup> 2024; above 50% level despite true-up shares being issued
- Net debt reduced by ~€10 bn yoy
- DT BoM proposes dividend of €0.77 per DT share<sup>2</sup> and launches share buyback program of up to €2 bn in 2024



<sup>1</sup>FCF AL growth rate as reported. <sup>2</sup>Subject to necessary board resolutions and AGM approval.

# Financials 2023 Organic

## Strong organic growth



<sup>1</sup> According to IFRS. US GAAP growth is 10.3%. Adj. core EBITDA excludes decreasing handset leasing revenues (-US\$ 1.1 bn yoy). <sup>2</sup> Excl. GHS (-€609 mn). Group EBITDA AL €40,497 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 GD Towers still would be fully consolidated.

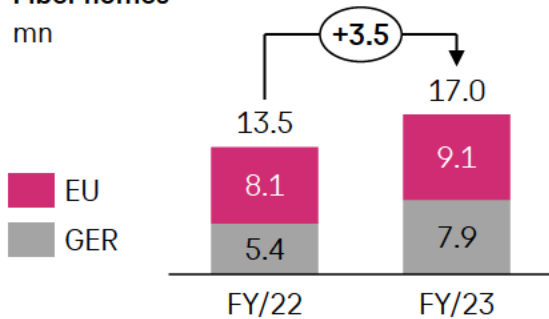
This view is different to the consolidated financial statements of DT where Group Development is treated as a discontinued operation. For more details, please refer to the back-up to this presentation, respectively the annual report of DT both available at [www.telekom.com/en/investor-relations](http://www.telekom.com/en/investor-relations).

# Networks

## Leading with 5G, FTTH on track

### FTTH (1 Gbps)

Fiber homes  
mn



#### GER

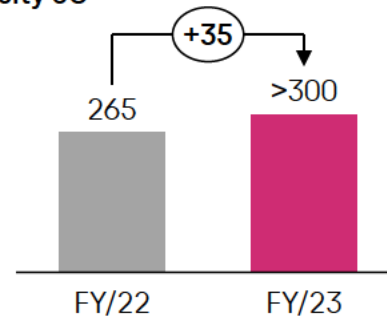
- 1 mn homes passed added in Q4. FY roll-out target achieved: +2.6 mn HHs passed
- German fixed network: DT No. 1 in customer service according to “connect” survey

#### EU

- On track for 10 mn HHs with 1 Gbps by 2024. Coverage now at 35% of HHs

### 5G TMUS

Ultra Capacity 5G<sup>1</sup>  
mn POPs



#### Network Leader

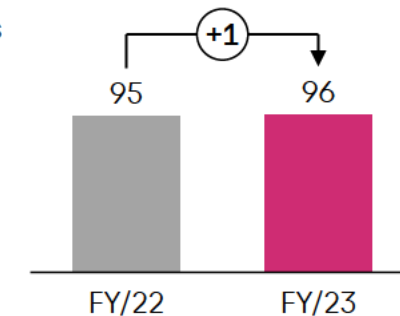
- Clean sweep across every category for overall network performance for the fifth quarter in a row from “Ookla”

#### 5G

- Achieved the year-end goal in Ultra Capacity 5G two months ahead of schedule. Total 5G network covers more than 330 million people (98% of Americans)

### 5G ex US

Germany  
% of POPs



#### GER

- Telekom median download speed in latest Ookla test 90.3 Mbps vs. 67.7 Mbps and 48.8 Mbps for the two peers

#### EU

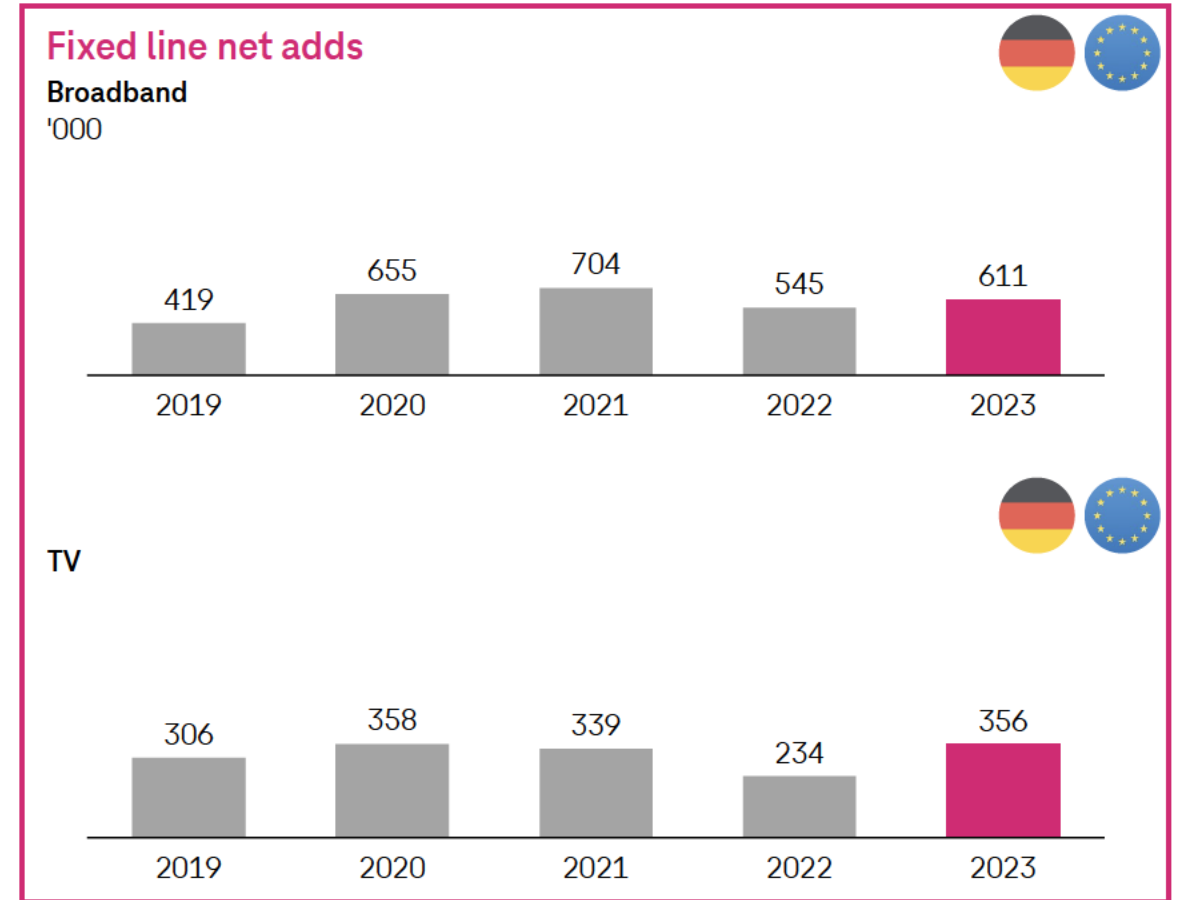
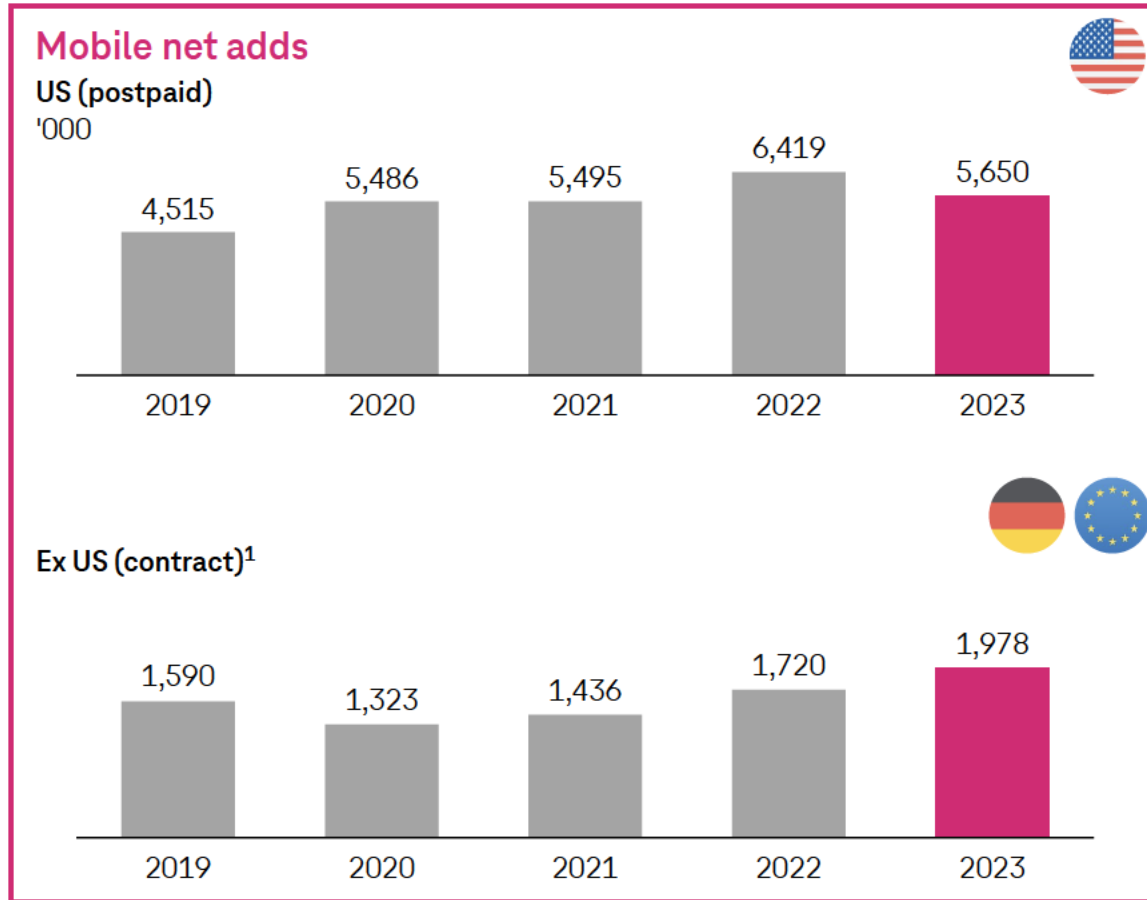
- Leap in 5G coverage: 67% POP coverage end of Q4/23. Up 20 pp since Q4/22

<sup>1</sup> Ultra Capacity on mid-band spectrum.



# Customers

## Strong growth throughout the years



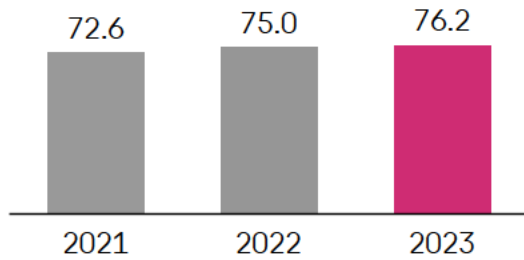
<sup>1</sup>GER + EU. GER: Since 2021, own-branded retail customers excl. multibrand, consumer IoT, and "Schnellstarter".

# Society and Environment

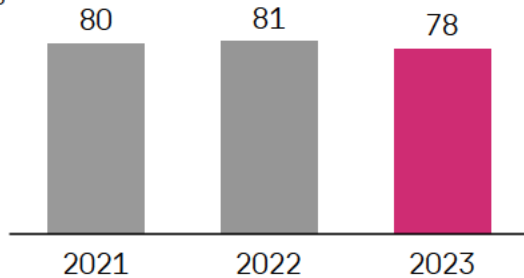
## Strong ESG performance; energy consumption reduced again

### Societal agenda

Customer satisfaction<sup>1</sup>  
Tri\*M



Employee satisfaction<sup>2</sup>  
%



### Environment

- Climate targets are well on track and new targets now also SBTi approved (same at TMUS and Hungary)
- For 8<sup>th</sup> time in a row A ranked in CDP

### Society

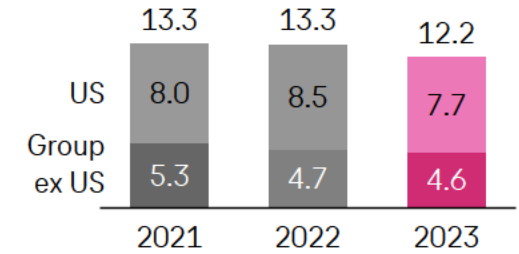
- Grand & Gold Effie for #NoHateSpeech Initiative
- DT is official partner of Special Olympics
- Community contribution €1.5 bn
- Nearly 6 mn students connected as part of TMUS' education initiatives
- Share of Digital Experts now increased to 22%

### Governance

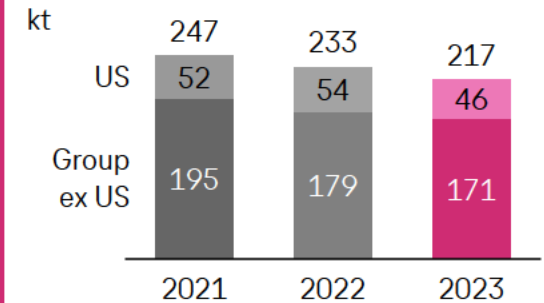
- Share of PPAs at 32.5% on track for 50% target
- German Sustainability Award – most sustainable German telco
- S&P Global ESG – best European telco

### Environmental agenda

Energy consumption  
mn MWh



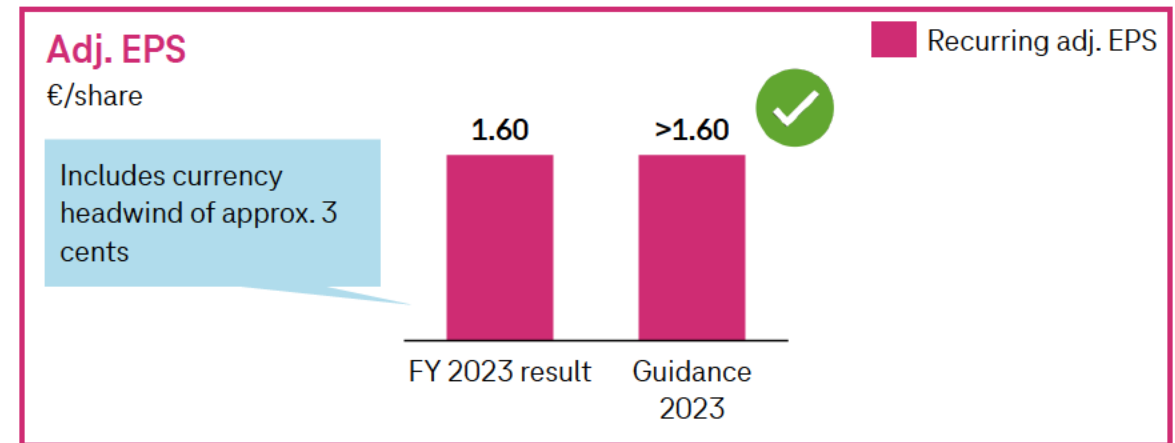
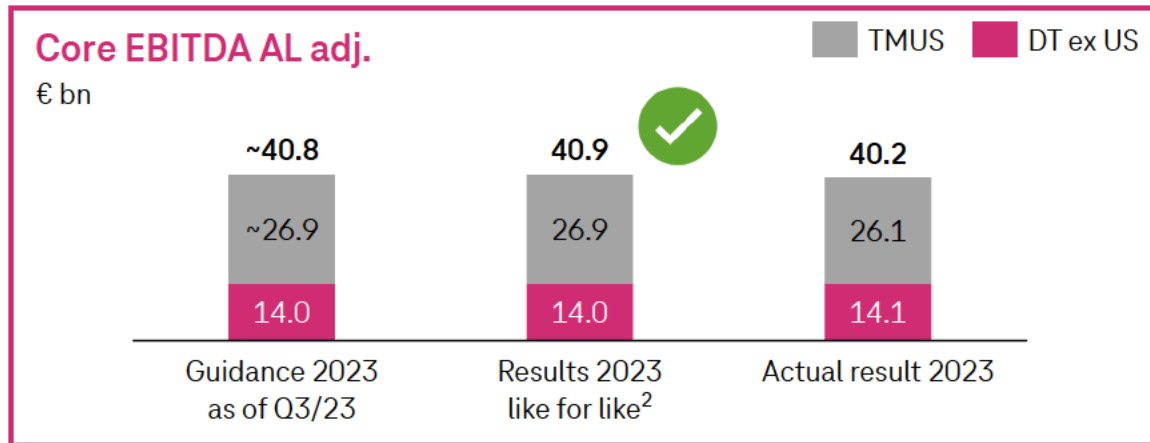
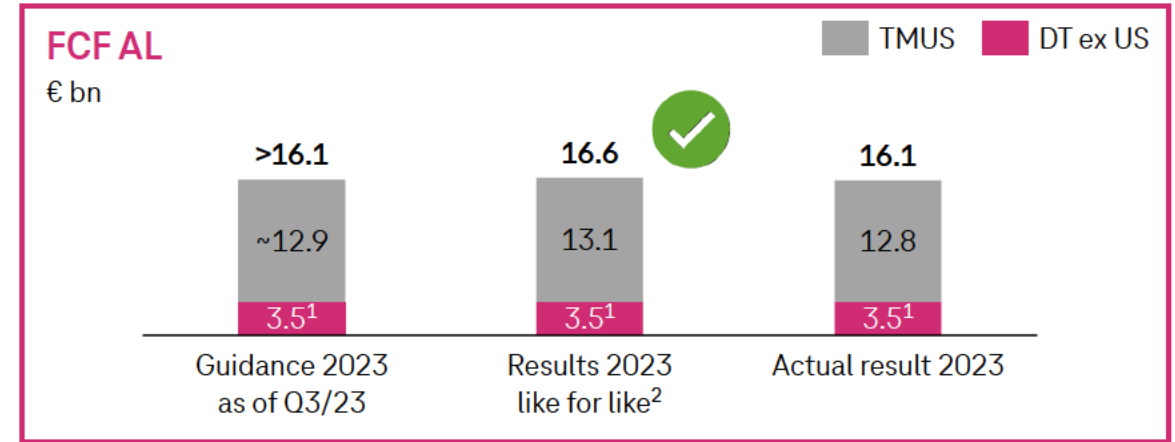
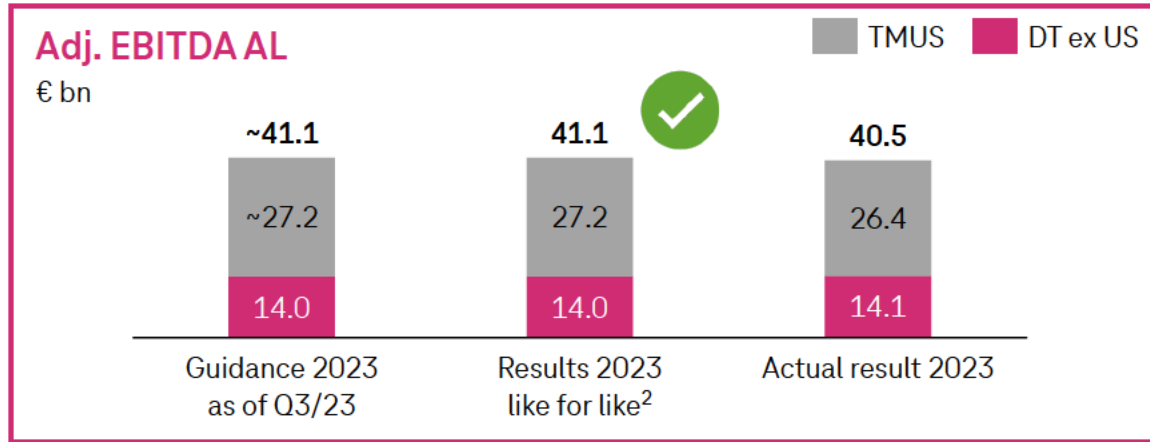
CO<sub>2</sub>e emissions (scope 1+2)



<sup>1</sup> Ex US. <sup>2</sup> Ex US. Positive answer on employee/pulse survey question: "How do you feel at our company".

# Guidance 2023

## Guidance achieved

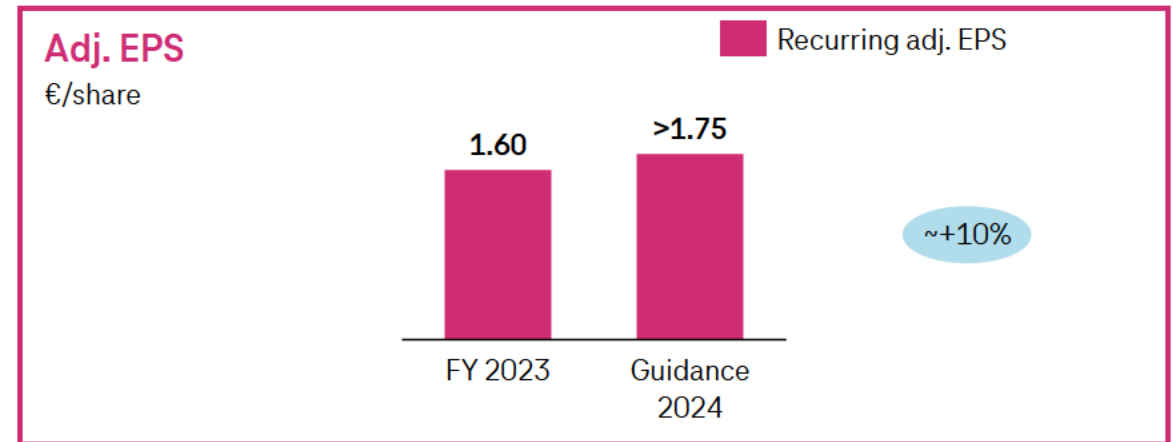
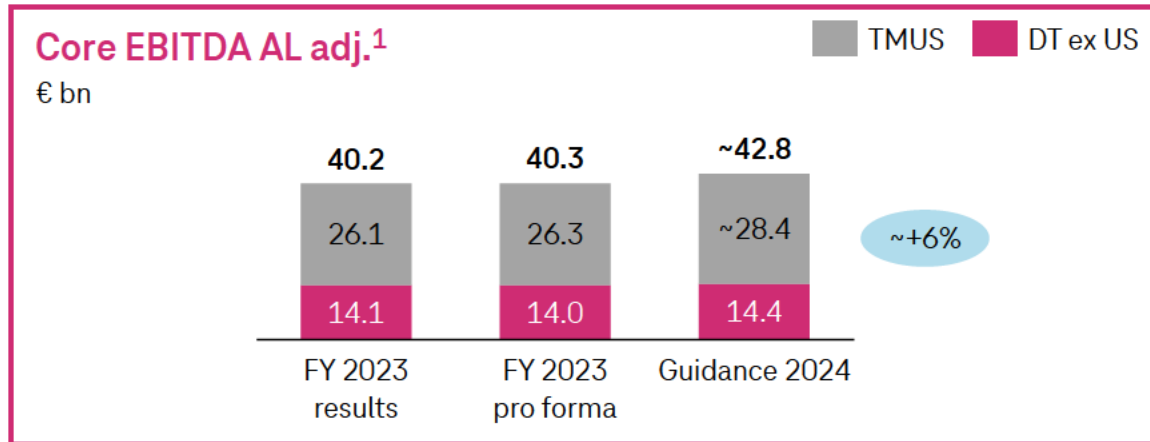
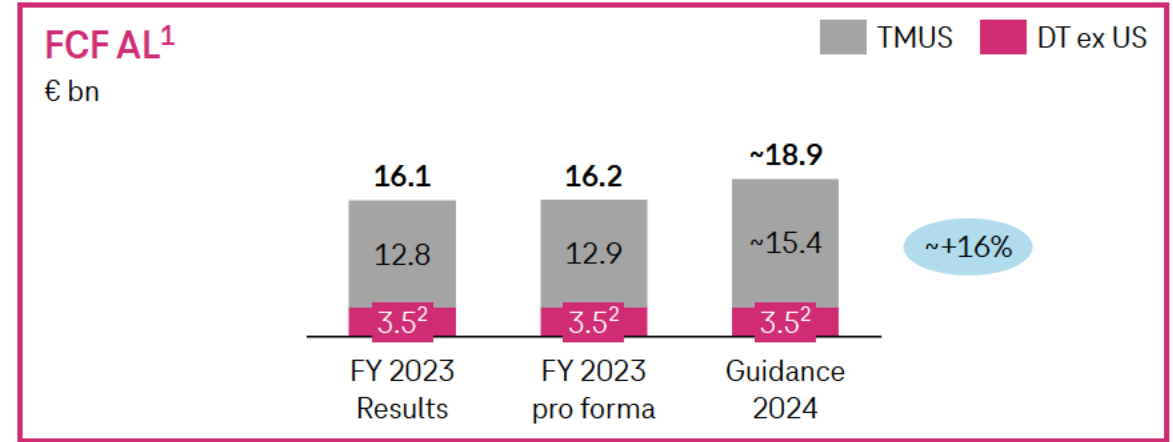
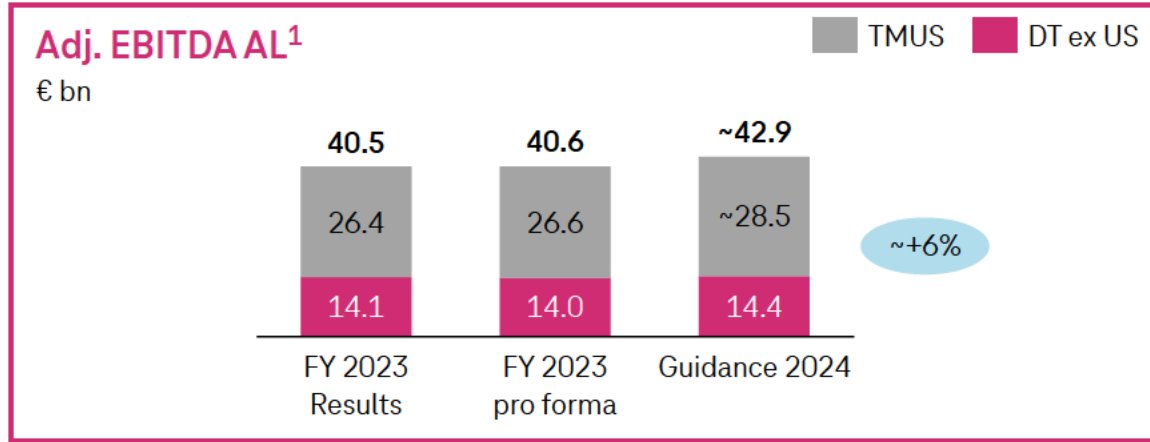


<sup>1</sup> 2023 ex US FCF AL includes 0.1 bn of FCF related to tower transaction. Excludes TMUS dividend receipts.

<sup>2</sup> Like for like is at constant currency (€ was assumed at US\$1.05 in guidance and US\$1.08 in 2023 actual) and no consolidation of GD Towers in 2023 (in 2023 actual GD Towers was consolidated for 1 month).

# Guidance 2024

## On track for CMD 2021 ambition



<sup>1</sup> TMUS guidance is based on midpoint of US GAAP guidance of US\$31.4 -32.0 bn adj. EBITDA; of US\$31.3- 31.9 bn core adj. EBITDA and of US\$16.3 -16.9 bn FCF. Guidance assumes a negative bridge of -US\$0.9 bn on adj. EBITDA and core adj. EBITDA upon translation into IFRS. Based on € 1 = US\$1.08. <sup>2</sup> 2024 guidance includes €0.2 bn of cash returns related to tower transaction. 2023 actual includes 0.1 bn of FCF related to tower transaction. Excludes TMUS dividend receipts.

# **Q4 2023 Results**

Review of segments and  
financials

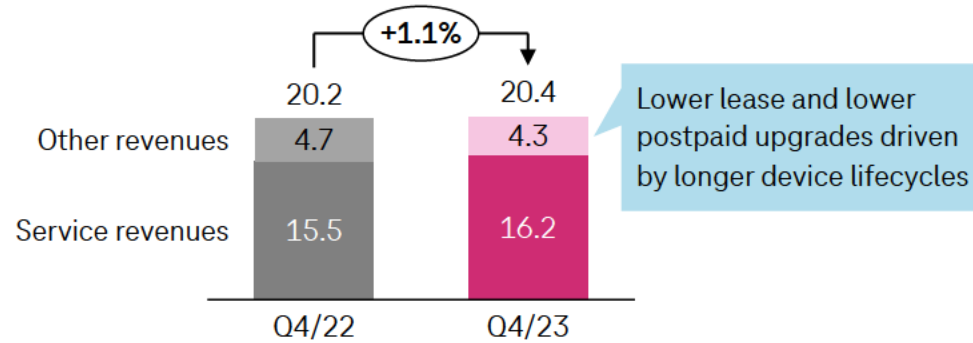
# T-Mobile US

## Strong financial growth



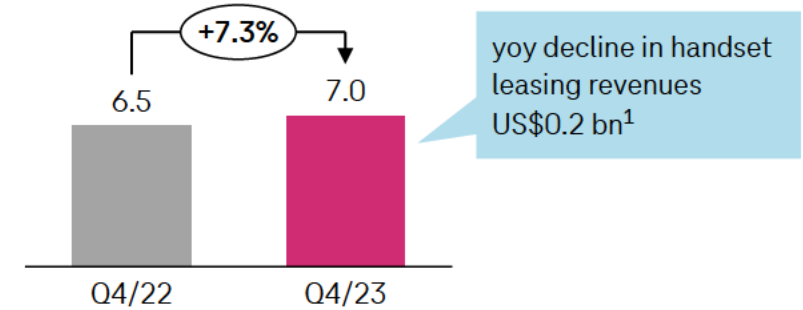
### Revenues (IFRS)

US\$ bn



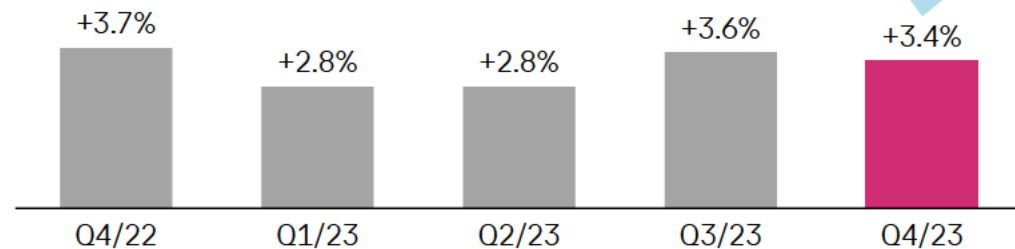
### Adj. EBITDA AL (IFRS)<sup>2</sup>

US\$ bn



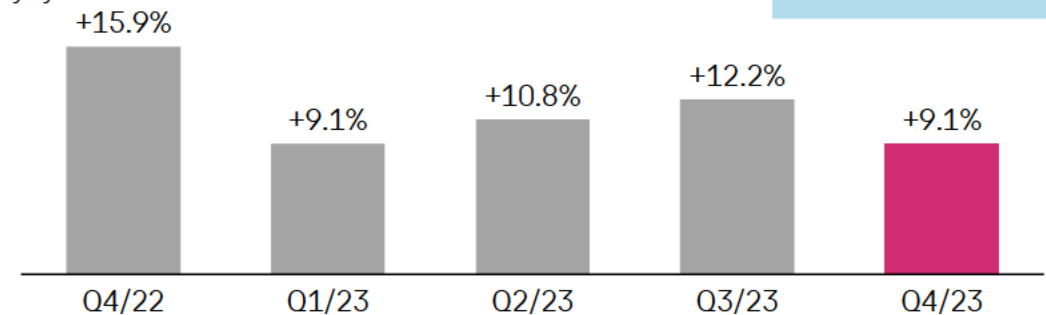
### Service revenue (US GAAP)

% yoy



### Core adj. EBITDA (US GAAP)

% yoy



<sup>1</sup> Due to alignment of Sprint customers to the TMUS device financing model post merger, which results in a decrease of handset leasing revenues and a corresponding decline in revenue and EBITDA AL. Service revenues are not impacted.

<sup>2</sup> For IFRS bridge please refer to appendix.

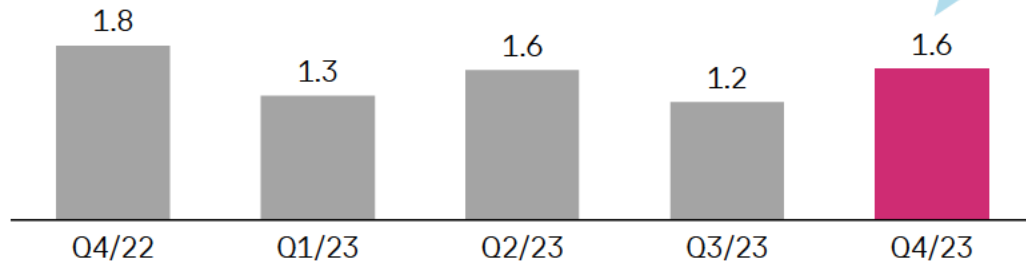
# T-Mobile US

## Consistent growth in all customer categories



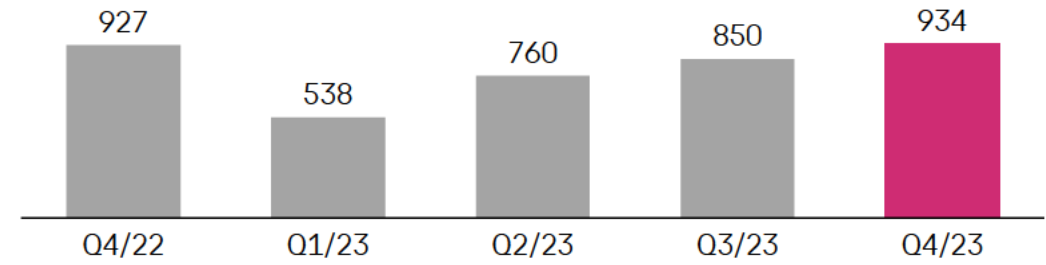
### Total postpaid net additions

mn



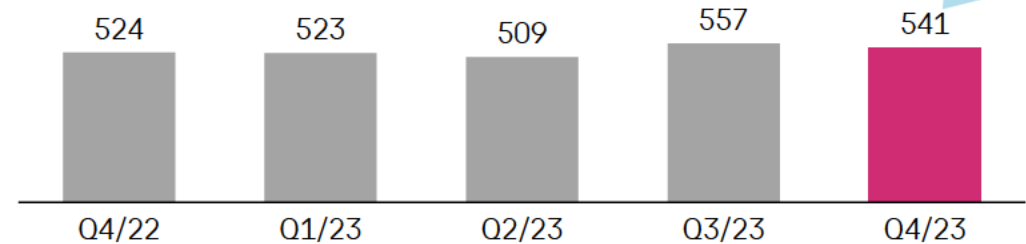
### Postpaid phone net additions

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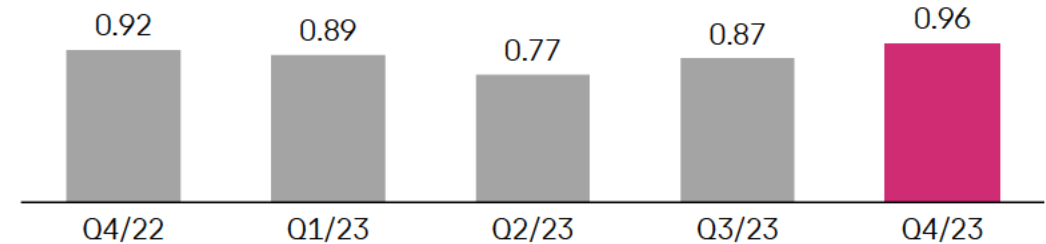
### High Speed Internet net additions<sup>1</sup>

000



### Postpaid phone churn

%



<sup>1</sup> Postpaid + prepaid.

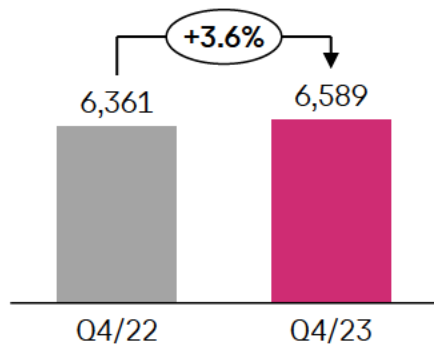
# Germany

## 29<sup>th</sup> consecutive quarter of EBITDA growth



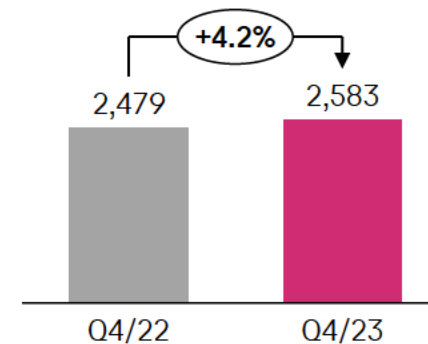
### Revenues (as reported)

€ mn



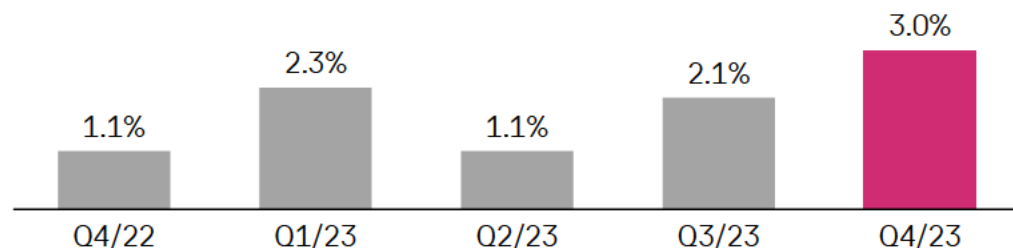
### Adj. EBITDA AL (as reported)

€ mn



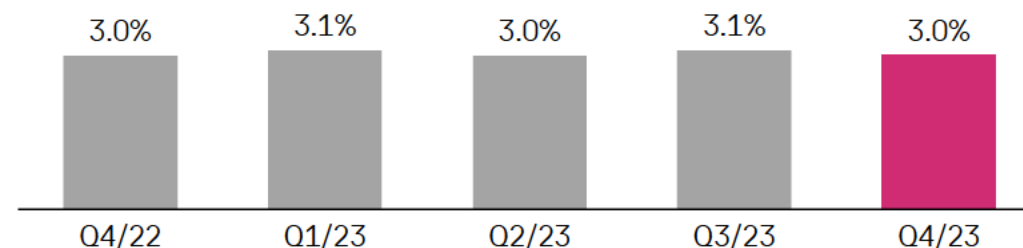
### Revenue growth (organic)

% 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 restated and remain as previously disclosed.



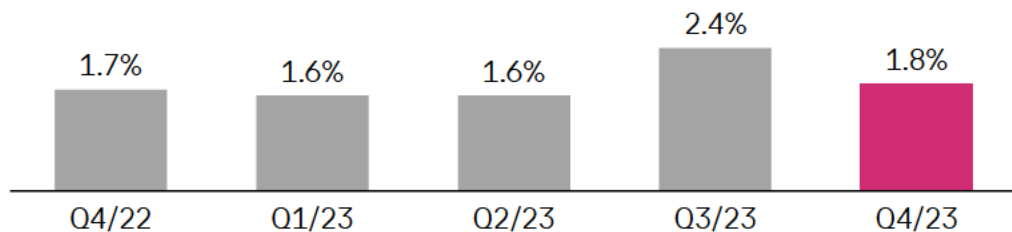
# Germany

## Service revenues: growing across the board



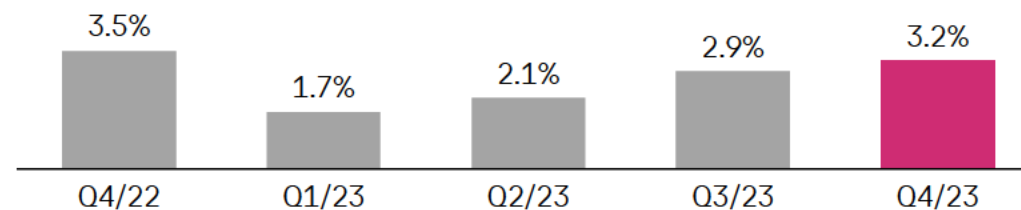
### Total service revenue growth (organic)<sup>1</sup>

% yoy



### Mobile service revenue growth (organic)

% yoy



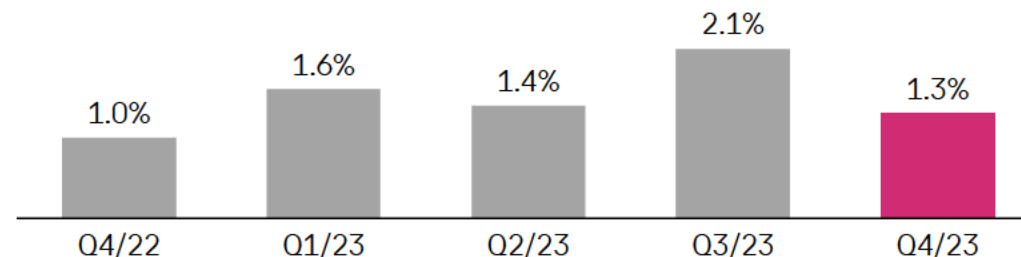
### Revenue growth (reported)

% yoy

- Reported total service revenue growth +2.6%
- Reported fixed service revenue growth +2.3%
- Reported mobile service revenue growth +3.2%

### Fixed service revenue growth (organic)<sup>1</sup>

% yoy



<sup>1</sup> 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 restated and remain as previously disclosed.

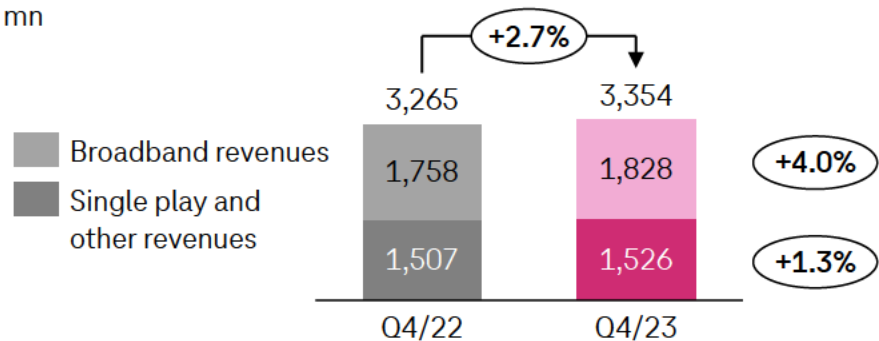
# Germany

## Fixed revenues: strong broadband growth



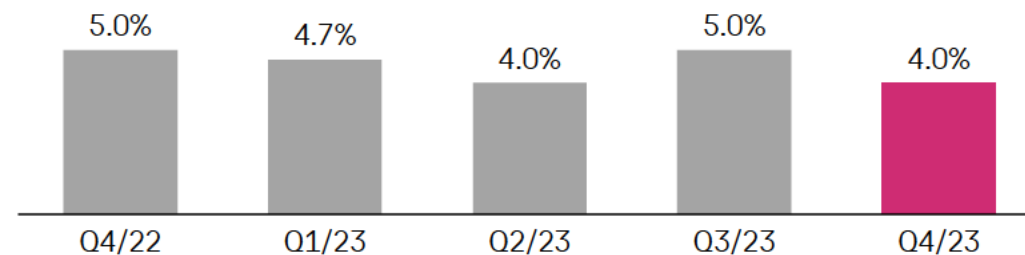
### Retail fixed revenues (as reported)<sup>1</sup>

€ mn



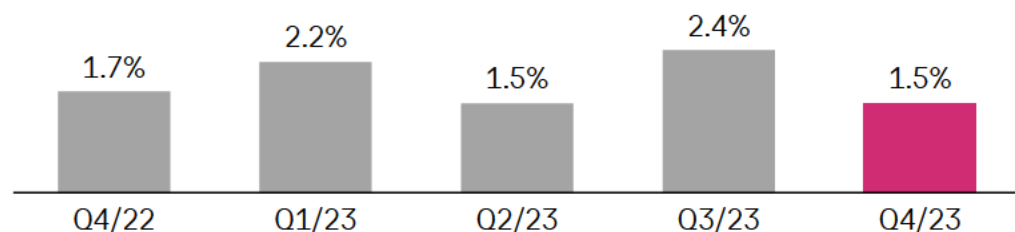
### Broadband revenue growth (organic)

% yoy



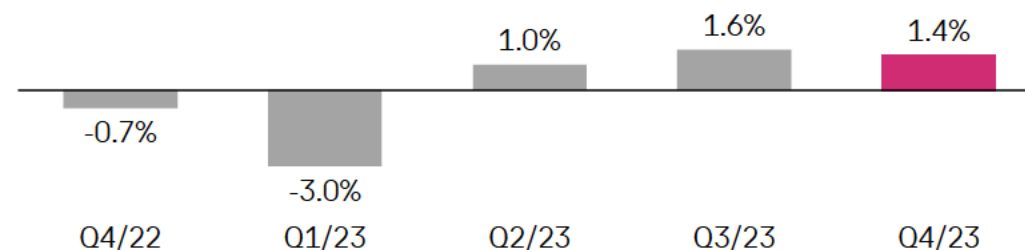
### Retail fixed revenue growth (organic)

% yoy



### Wholesale access revenues (organic)

% yoy

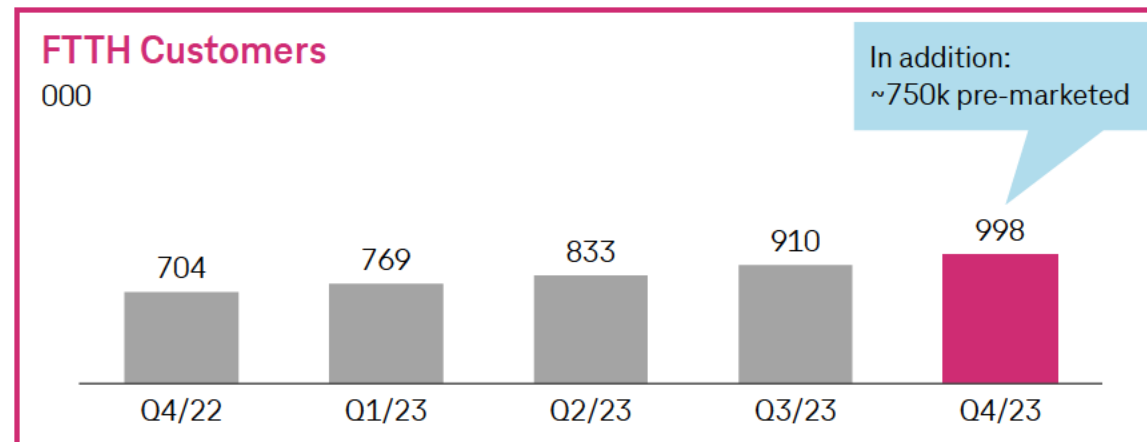
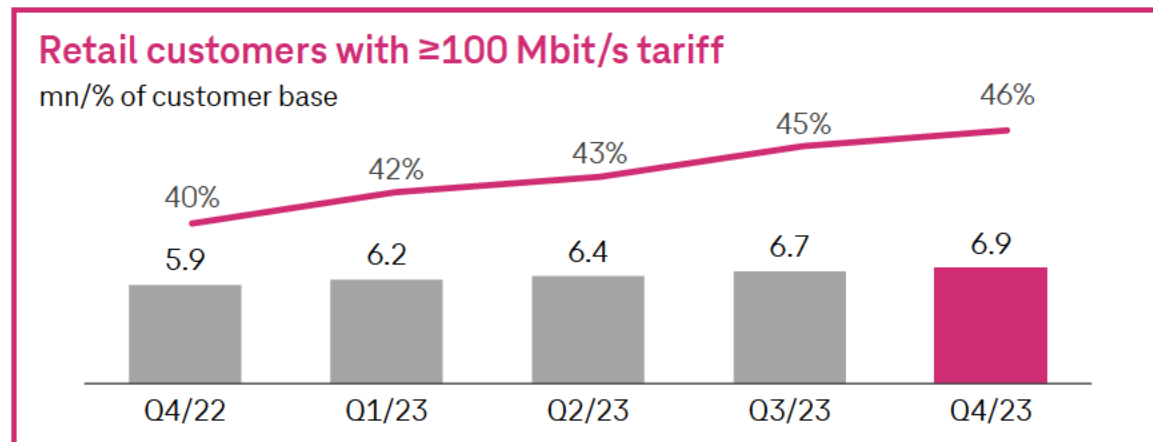
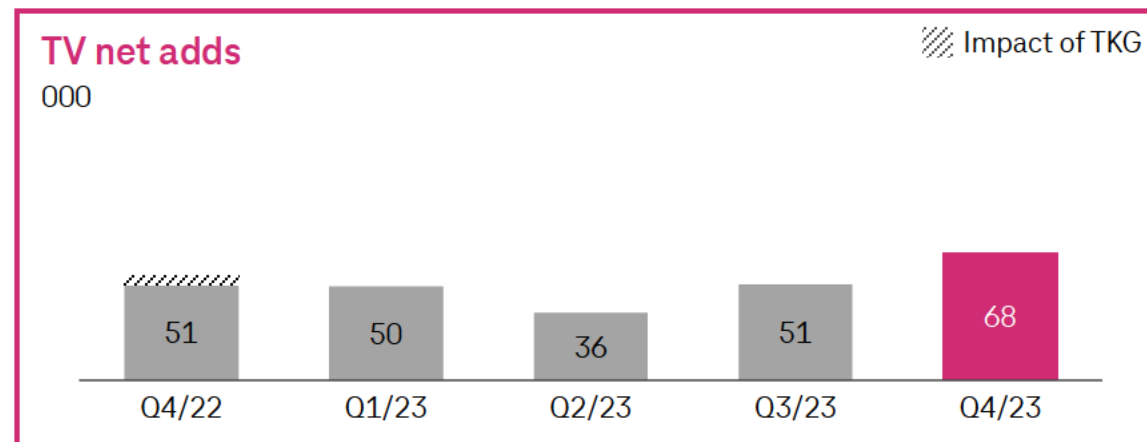
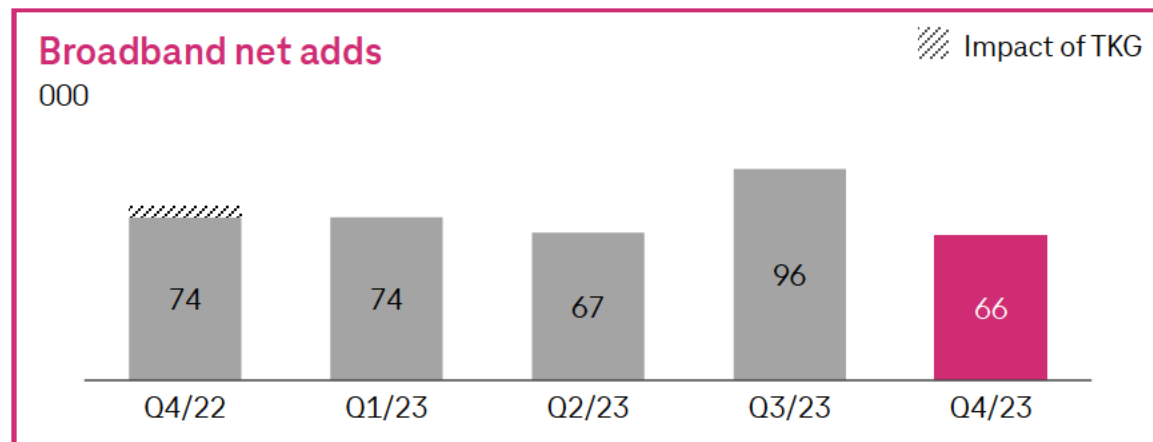


<sup>1</sup> As of Q1/23, the Multimedia Solutions unit (MMS) was transferred from the Systems Solutions segment to the Germany segment impacting revenue (retail fixed revenue). The organic trend is adjusted for these changes. Organic growth rates for 2022 were not restated and remain as previously disclosed.

# Germany



## Fixed KPIs: almost 300k FTTH customers added in FY

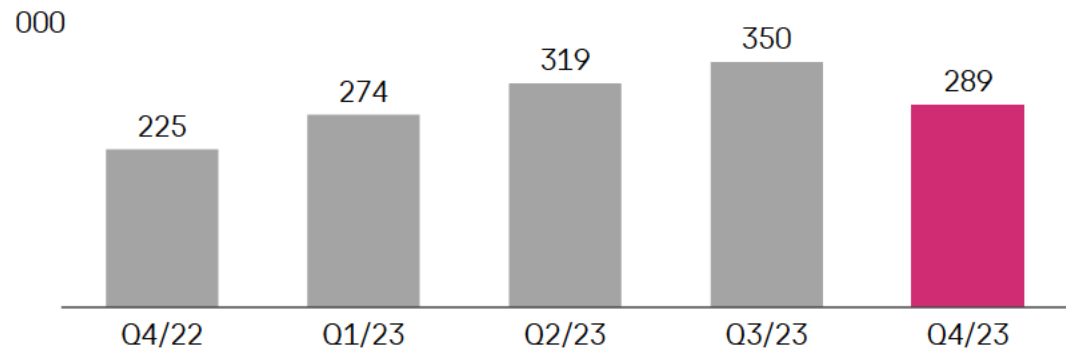


# Germany

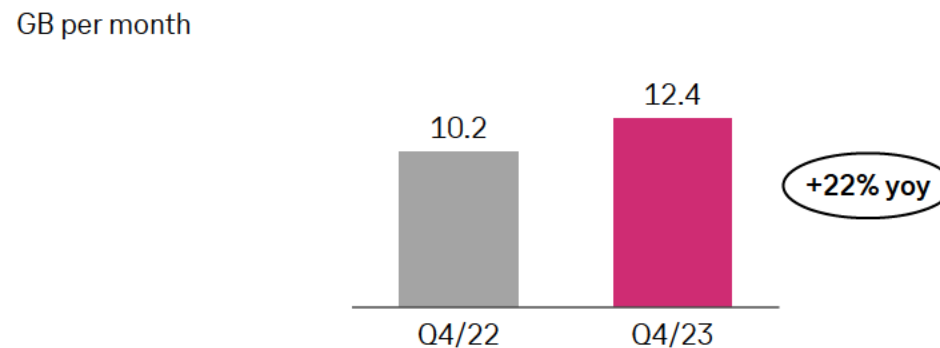
## Mobile KPIs: strong customer intake in a competitive market



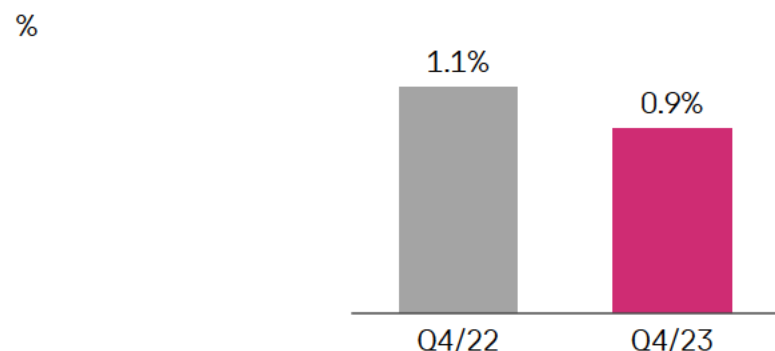
### Branded contract net adds<sup>1</sup>



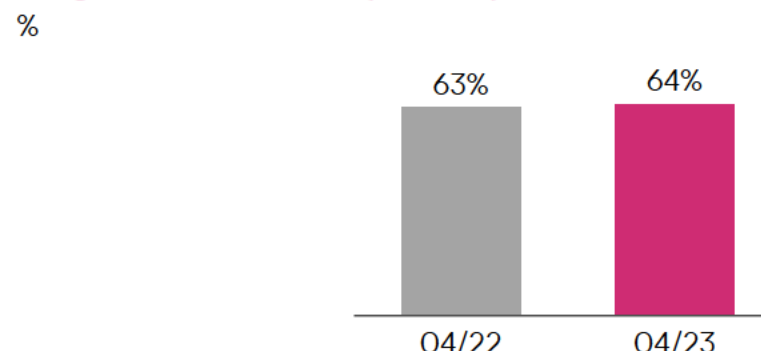
### Data usage<sup>2</sup>



### Churn<sup>2</sup>



### MagentaEINS share (mobile)<sup>3</sup>



<sup>1</sup> Own-branded retail customers excl. multibrand, consumer IoT, and "Schnellstarter". <sup>2</sup> Of B2C T-branded contract customers. <sup>3</sup> Of B2C T-branded contract customers.

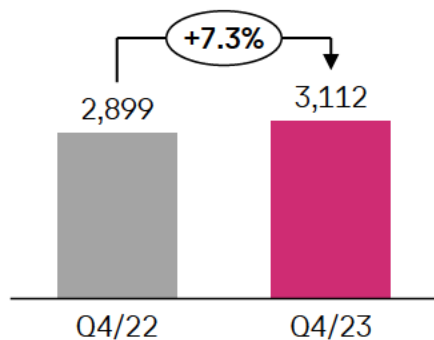
# Europe

## 24<sup>th</sup> consecutive quarter of organic EBITDA growth



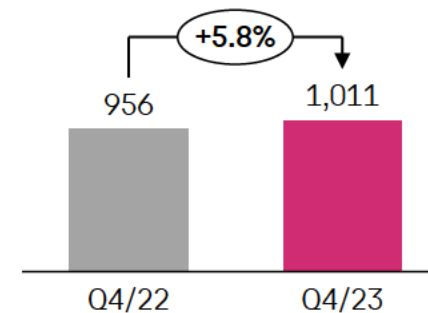
### Revenues (as reported)

€ mn



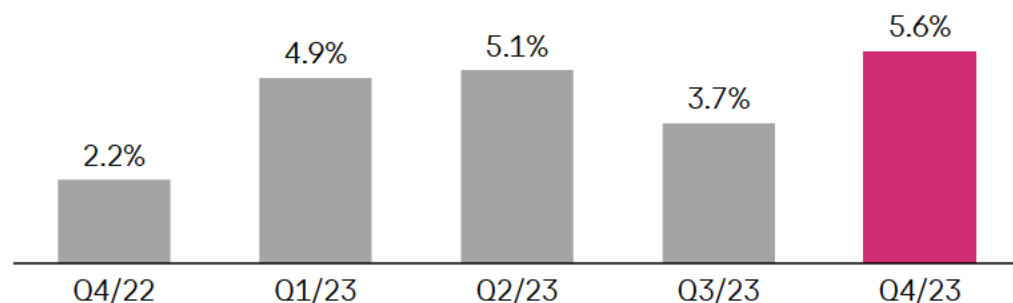
### Adj. EBITDA AL (as reported)

€ mn



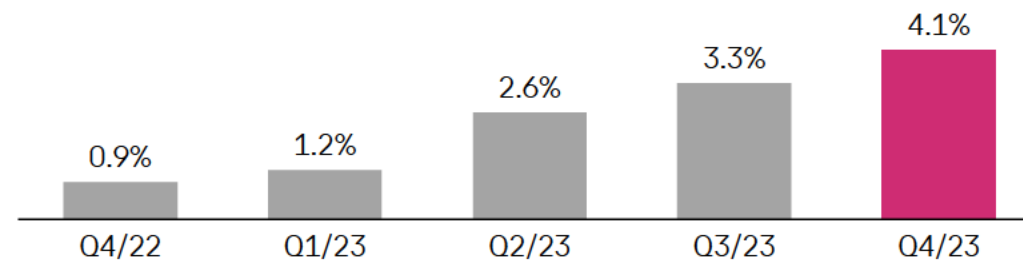
### Revenues (organic)

% growth yoy



### Adj. EBITDA AL (organic)

% growth yoy



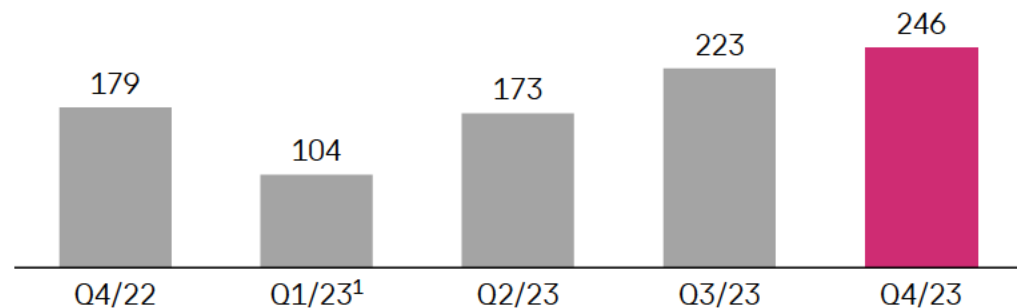
# Europe

## Strong commercial performance



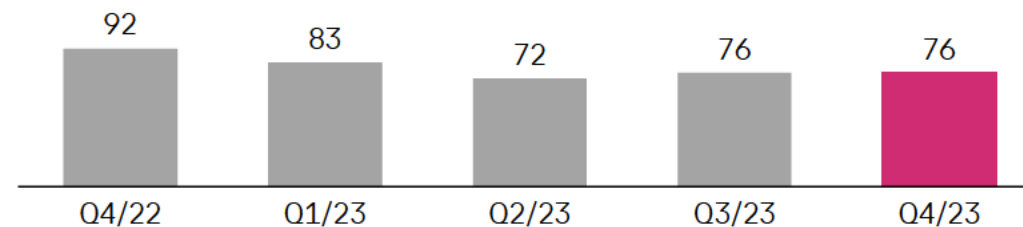
### Mobile contract net adds

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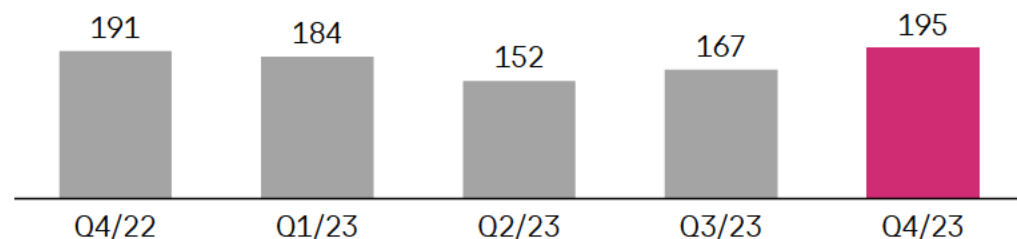
### Broadband net adds

000



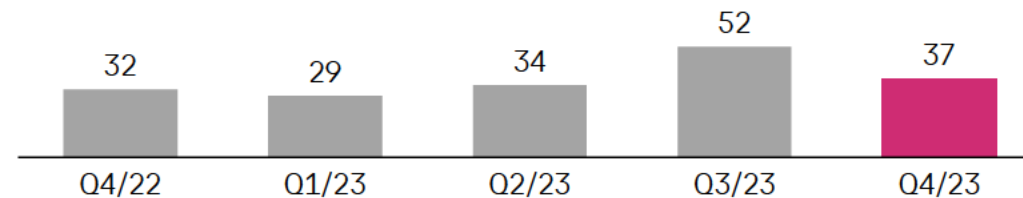
### FMC net adds<sup>2</sup>

000



### TV net adds

000



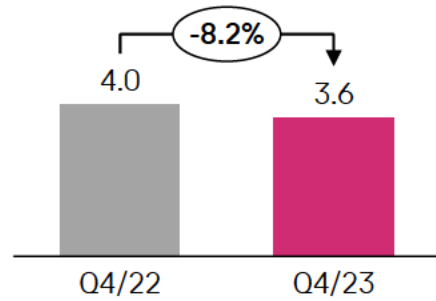
<sup>1</sup> Q1/23 Mobile contract net adds negatively impacted by 33k reclassifications from contract to prepay in Hungary. <sup>2</sup> Definition alignment in Q3/23. Historic figures have been restated.

# Systems Solutions

## Positive cash contribution for FY 2023

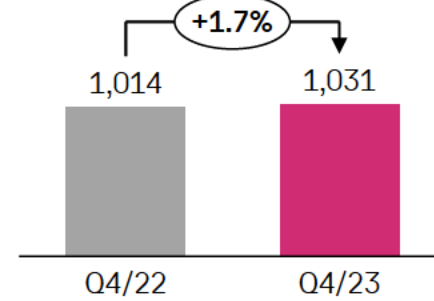
### Order entry (LTM)

€ bn



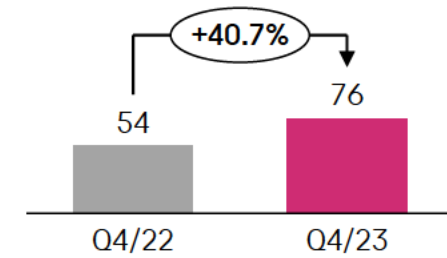
### Revenues (as reported)

€ mn



### Adj. EBITDA AL (as reported)

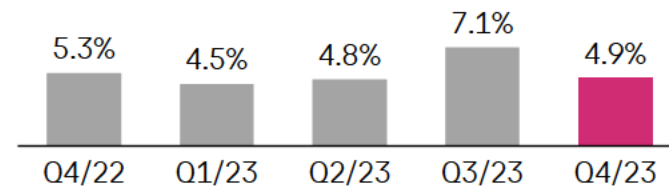
€ mn



- Revenues driven by strong momentum in Digital Solutions and Cloud, overcompensating classic IT business run down
- Achieved positive cash contribution of €11 mn<sup>1</sup> in FY 2023

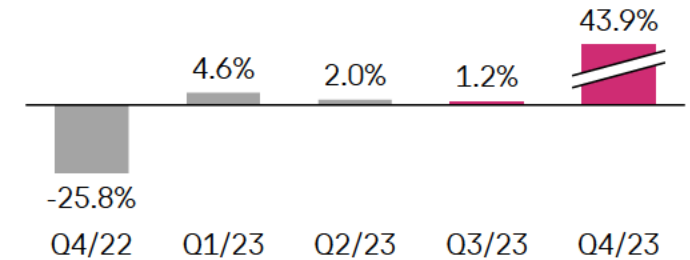
### Revenues (organic)

% growth yoy



### Adj. EBITDA AL (organic)

% growth yoy



<sup>1</sup> Cash contribution = adj. EBITDA AL – Cash Capex – Special factors (Cash).

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 restated basis. As of Q1/23, the Multimedia Solutions unit (MMS) was transferred from the Systems Solutions segment to the Germany segment. Figures were not restated.

# Financials FY/2023 reported

## Reported financials impacted by f/x and tower sale

€ mn

	Q4			FY			
	2022	2023	Change	2022	2023	Change	
Revenue	29,800	29,369	-1.4%	114,413	111,985	-2.1%	Impacted by currency and lower device revenues
Service revenues	23,732	23,894	+0.7%	91,988	92,919	+1.0%	Service revenues growing 3.6% organically
Adj. EBITDA AL	9,964	10,009	+0.5%	40,208	40,497	+0.7%	Adj. EBITDA organic +4.0% ytd, Q4 +5.1%
Adj. EBITDA AL (excl. US) <sup>1</sup>	3,548	3,481	-1.9%	14,594	14,088	-3.5%	
Adj. net profit	1,987	1,826	-8.1%	9,081	7,940	-12.6%	Adj. net profit impacted by positive non-recurring factors in 2022.
Net profit	1,014	-1,035	-202.0%	8,001	17,788	+122.3%	Adj. EPS: excl. non-recurring factors growth of 6% in FY
Adj. EPS (in €)	0.40	0.37	-7.5%	1.83	1.60	-12.6%	
Free cash flow AL <sup>2</sup>	2,026	4,352	+114.8%	11,470	16,141	+40.7%	
Cash capex <sup>2</sup>	5,794	3,348	-42.2%	21,019	16,591	-21.1%	Ex US capex organic +0.2 bn to €7.5 bn
Net debt excl. leases (AL)	103,733	93,746	-9.6%	103,733	93,746	-9.6%	
Net debt incl. leases (IFRS 16)	142,425	132,279	-7.1%	142,425	132,279	-7.1%	

<sup>1</sup> Decline due to deconsolidation of GD Towers. Organic growth rate of +3.2% in Q4.

<sup>2</sup> Free cash flow AL before dividend and before spectrum investments. Cash capex before spectrum investment. Spectrum: Q4/22: €112 mn; Q4/23: €816 mn. FY/22: €3,096 mn; FY/23 €1,275 mn.

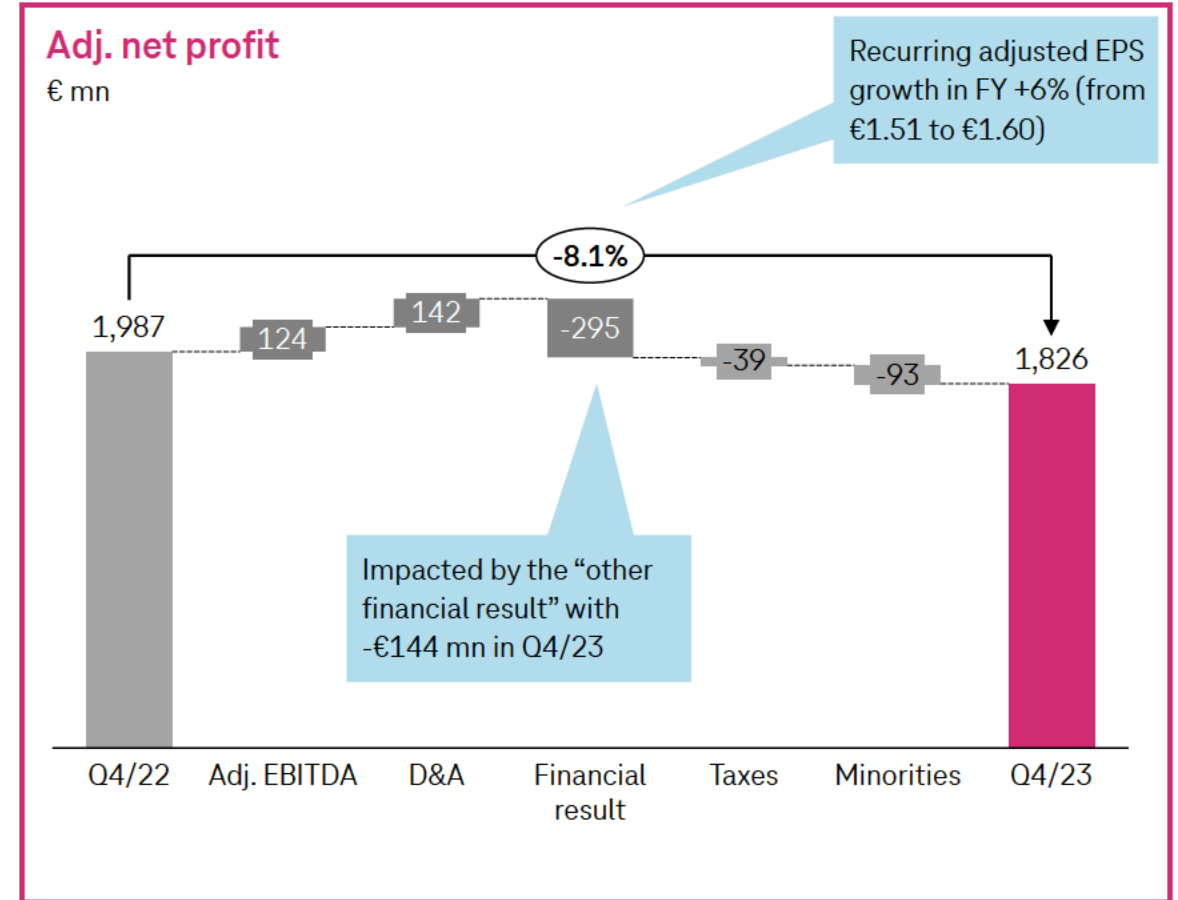
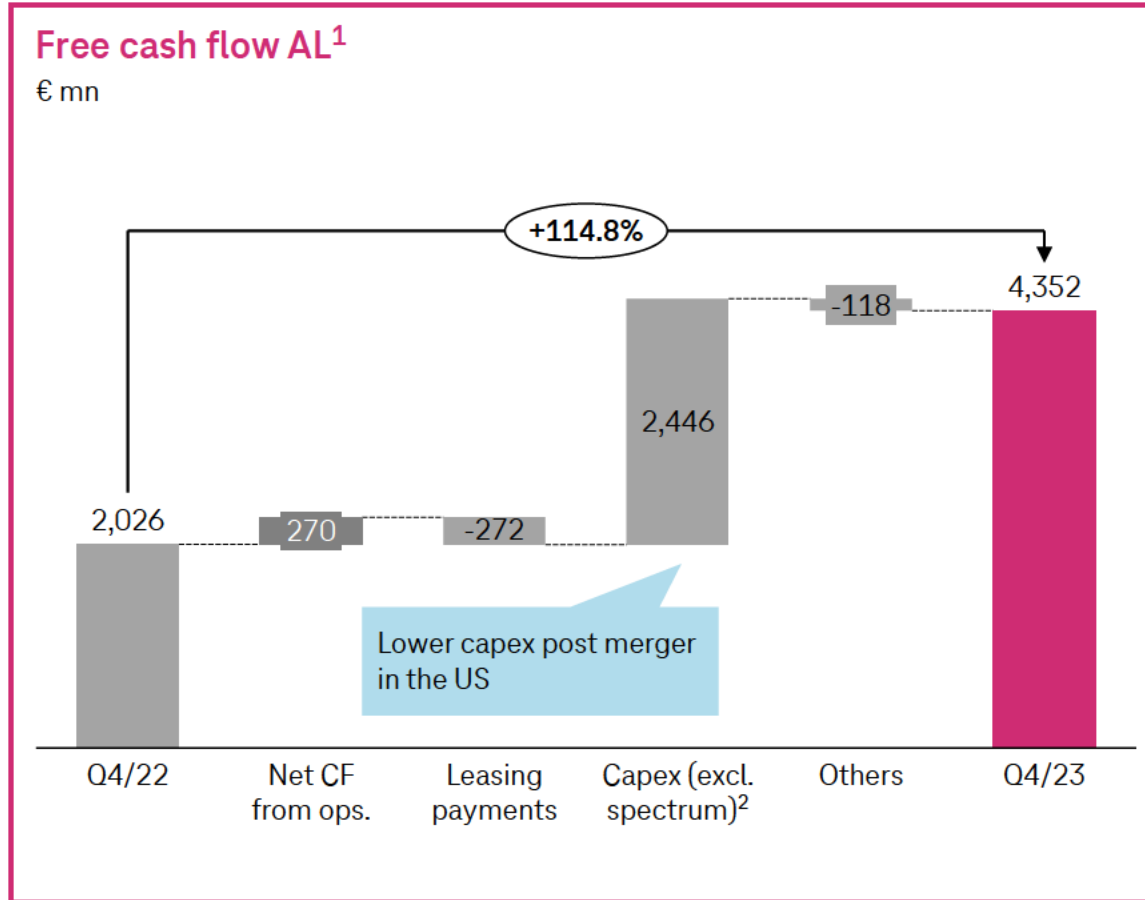
In this presentation, the Group is presented in accordance with the management view: Certain key performance indicators like revenue and adj. EBITDA AL are presented as if GD Towers still would be fully consolidated.

This view is different to the consolidated financial statements of DT where GD Towers is treated as a discontinued operation. For more details, please refer to the back-up to this presentation, respectively the annual report of DT both available at [www.telekom.com/en/investor-relations](http://www.telekom.com/en/investor-relations).



# FCF AL and net profit

FCF driven by lower US capex, net profit by other financial result



<sup>1</sup> Free cash flow and FCF AL before dividend payments and spectrum investment. <sup>2</sup> Spectrum: Q4/22: €816 mn; Q4/23: €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 GD Towers still would be fully consolidated.

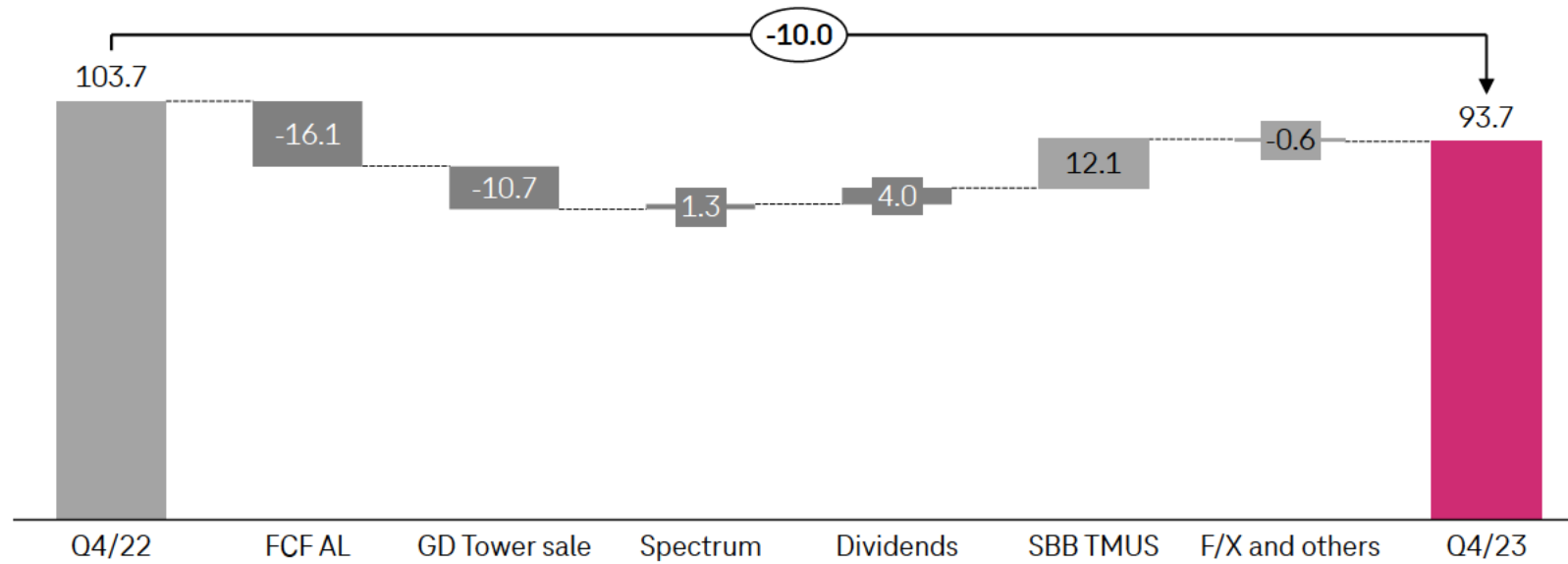
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# Net debt

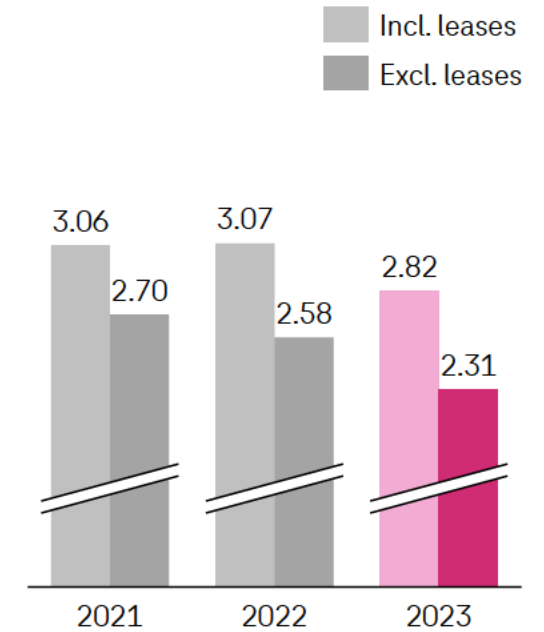
Ex leases reduced by ~10%

## Net debt excl. leases (AL)

€ bn



## Leverage ratios

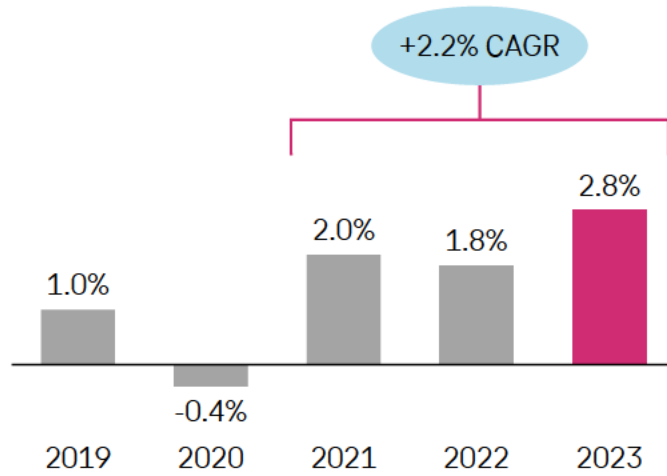


# Ex US Financials 2019-2023

## Multi-year growth in key financials

### Service revenues

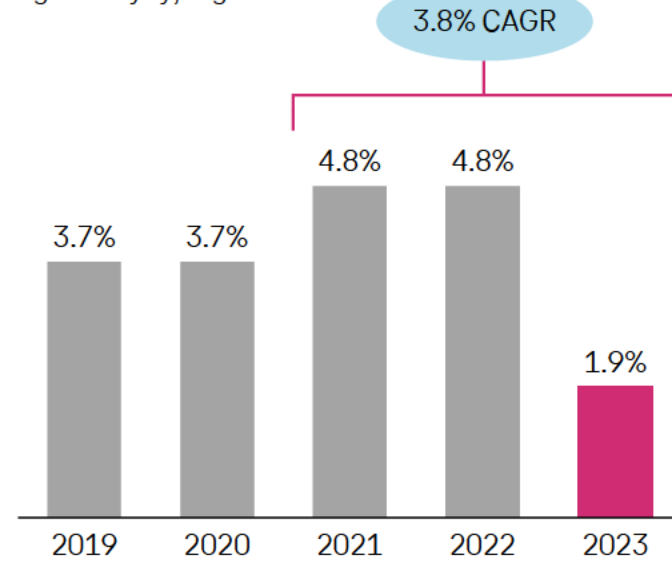
% growth yoy, organic



2024 Guidance:  
"Increase"

### Adj. EBITDA AL

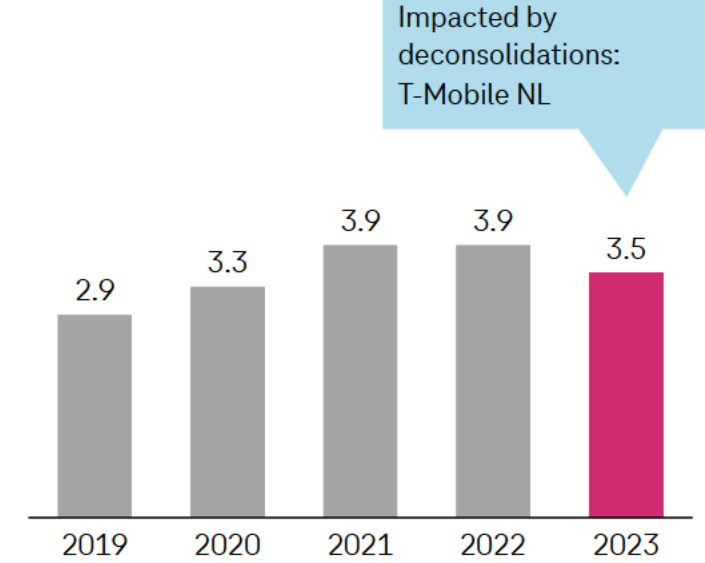
% growth yoy, organic



2024 Guidance:  
+3%

### FCF AL

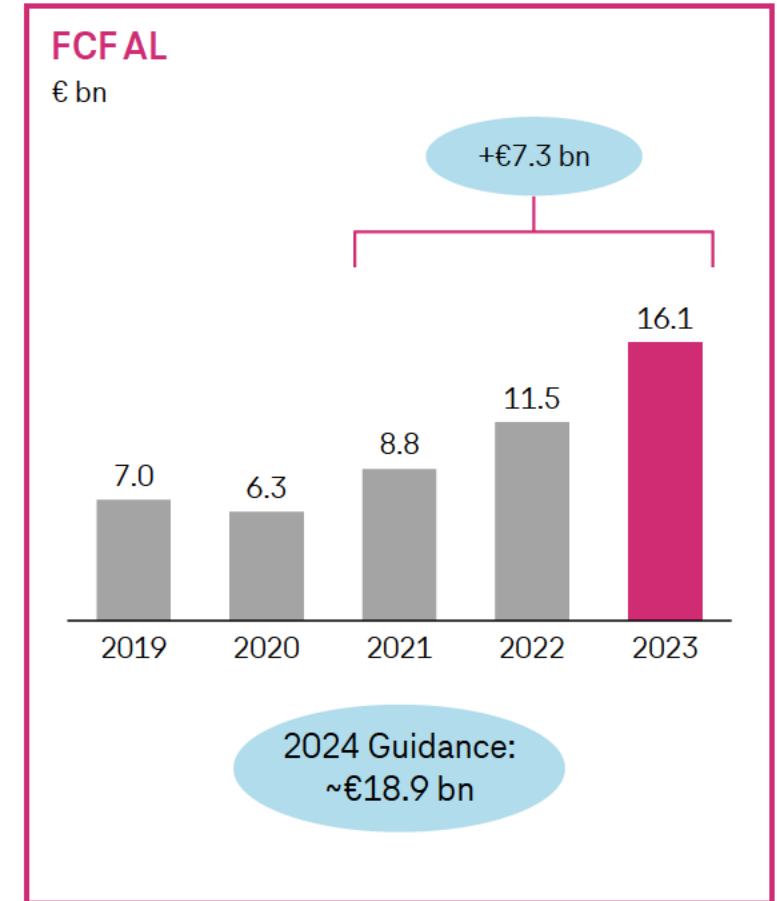
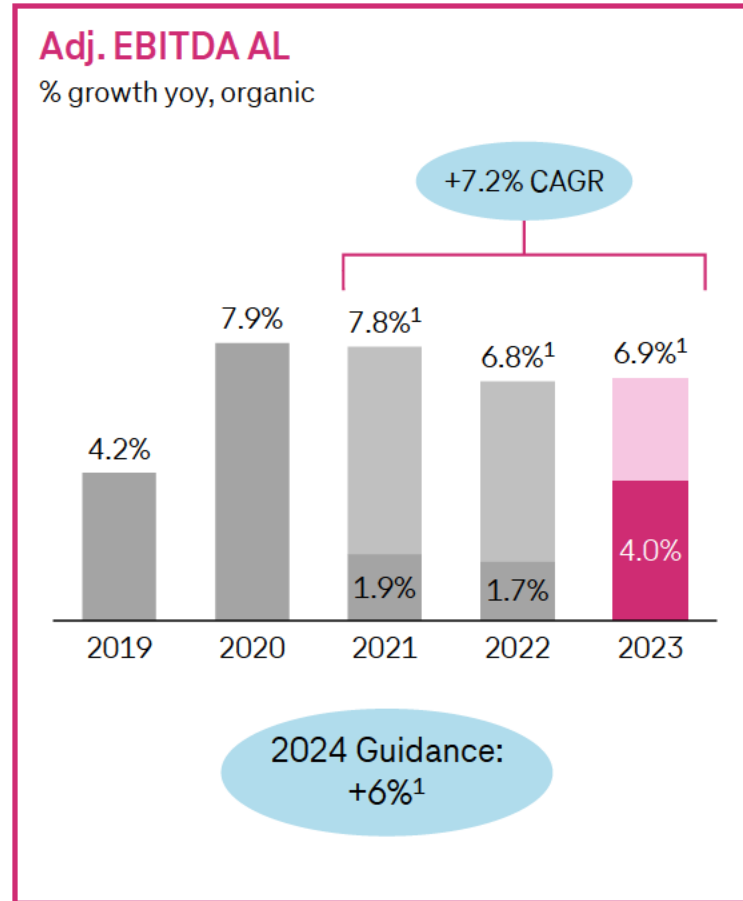
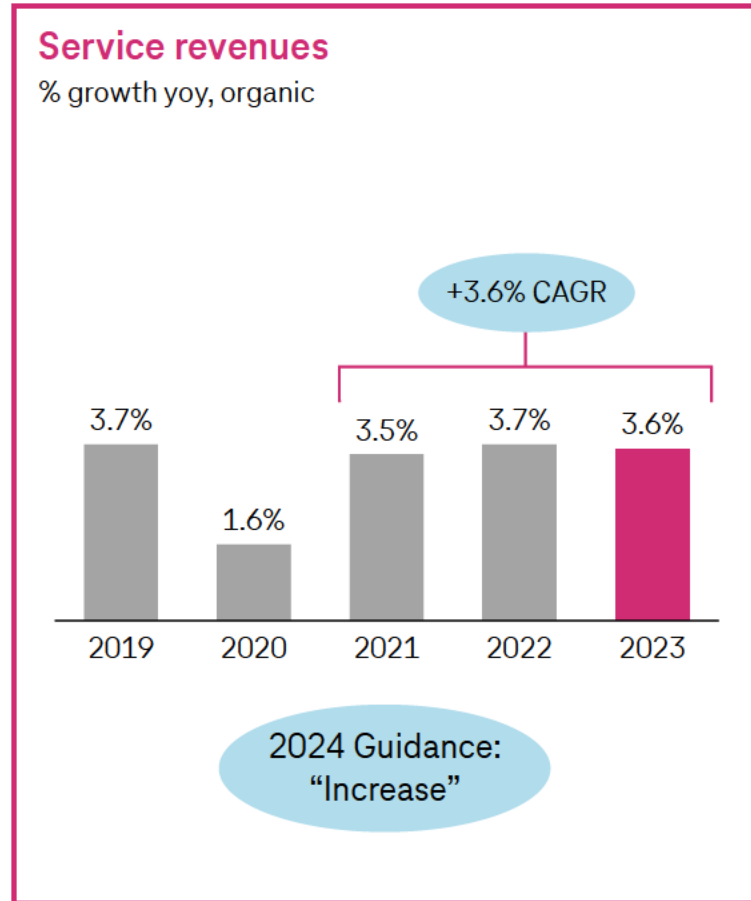
€ bn



2024 Guidance:  
~€3.5 bn

# Group Financials 2019-2023

## Multi-year growth in key financials



<sup>1</sup>adj. Core EBITDA.

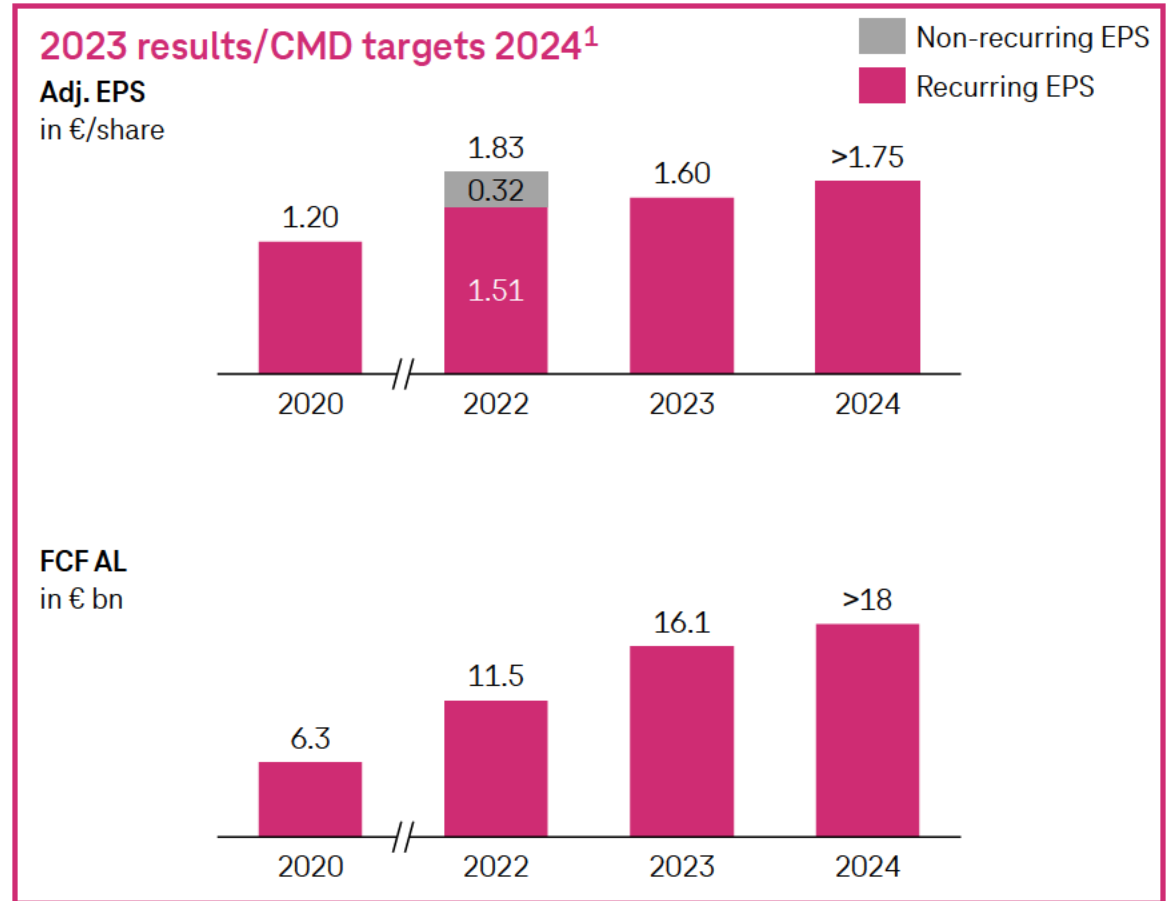
# **FY 2023 Results**

Main takeaways

# FY 2023 Key messages

## Reliable and consistent growth

- Commercial performance continues unabated in all markets
- Germany on 29, EU on 24 successive quarters of organic EBITDA AL growth
- Raised FY 2023 guidance successfully achieved
- Fiber roll-out on track for medium term targets
- DT stake 50.7% at end of January
- Ex lease leverage down to 2.31x. All 3 rating agencies at BBB+ with stable outlook
- Well on track for 2021 CMD targets
- Attractive shareholder remuneration: DT BoM to propose dividend of €0.77 per DT share; share buyback program of up to €2 bn for 2024<sup>2</sup>



<sup>1</sup> 2024e guidance based on €1 = US\$1.14, 2023e based on €1 = US\$1.05. Guidance assumed no change in the scope of consolidation. <sup>2</sup> Subject to necessary board resolutions and AGM approval.