

– Check against delivery –

**Conference call**  
**Report on the first quarter of 2023**  
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Thanks, Tim.

I will break down my comments today into two sections:

First, an overview of the key financials in the first quarter of 2023: free cash flow, reported and adjusted net profit, and the development of net debt.

Then I will explain the development in the operating segments.

So, first to the development of free cash flow.

Free cash flow AL in the Group declined slightly in the first quarter of 2023 to 3.6 billion euros.

Net cash from operating activities, which was up by around 200 million euros, had an increasing effect.

Higher lease payments had a reducing effect of 275 million euros. This was mainly attributable to our U.S. business. T-Mobile US had made an advance payment of around 1 billion U.S. dollars in the third quarter of 2021, which then reduced ongoing lease payments in the subsequent quarters. This effect has now ended. As a result, the basis for comparison for the development of lease payments was lower for the first quarter of 2022 than for the first quarter of 2023.

The increase in cash capex of around 101 million euros also had a reducing effect on free cash flow. This included phasing effects regarding capital expenditure in Germany and the United States in the first quarter of 2023. We confirm the outlook for the full year, which anticipates falling cash capex in the Group.

Free cash flow AL does not include the effect from the sale of the majority stake in the cell tower portfolio in Germany and Austria. The proceeds of around 10.7 billion euros are outside of the definition of free cash flow AL.

That brings me to adjusted and reported net profit.

Adjusted net profit fell by 12.5 percent in the first quarter of 2023 to 1.96 billion euros.

The increase in adjusted EBITDA had an increasing effect of 80 million euros. Net profit was also positively impacted by the fact that depreciation and amortization decreased year-on-year by around 397 million euros. This was mainly attributable to the reduction of the terminal equipment lease business in the United States and the decommissioning of certain network components in the former Sprint network.

The higher tax expense as a result of the increase in earnings decreased net profit by 64 million euros. The improved development of operations also increased the share of adjusted profit after tax attributable to non-controlling interests by 284 million euros.

The increase in loss from financial activities also had a reducing effect of 409 million euros on net profit. This includes a decline of 252 million euros in other financial income, mainly due to the subsequent measurement of provisions

recognized for the Civil Service Health Insurance Fund and higher interest expense in lease payment obligations.

Adjusted earnings per share of 0.39 euros in the first quarter of 2023 and of 0.45 euros in the same period of the prior year include a number of positive non-recurring factors.

We factor these out when calculating the recurring adjusted earnings per share for the quarter.

In the first quarter of 2022, we had net positive non-recurring effects of 689 million euros, or 0.14 euros per share, mainly as a result of measurement effects in relation to the options on further T-Mobile US shares and hedging transactions. The general increases in capital market rates also had an increasing effect on provisions recognized for the Civil Service Health Insurance Fund. The effect on earnings from T-Mobile Netherlands, which was sold at the end of the first quarter of 2022, was also adjusted.

In the first quarter of 2023, the net positive non-recurring effects amounted to 0.02 euros per share. They mainly related to the majority stake in the cell tower portfolio in Germany and Austria, sold as of February 1, 2023, and the measurement of derivatives.

Adjusted for these non-recurring factors, recurring adjusted earnings per share in the first quarter of 2023 increased by 19 percent to 0.37 euros per share compared to 0.31 euros per share in the same period of the prior year.

The increase in reported net profit by 289 percent to 15.36 billion euros was largely driven by non-recurring factors. The gain on deconsolidation of around 12.9 billion euros from the sale of the majority stake in the cell tower portfolio in Germany and Austria in the first quarter of 2023 had an increasing effect.

That brings me to net debt and the balance sheet ratios compared with the end of 2022.

Net debt – i.e., excluding payment obligations from leases – decreased by 10.7 billion euros compared with the end of 2022 to 93 billion euros as of the end of the first quarter of 2023.

Net debt was reduced by free cash flow AL of 3.6 billion euros, cash proceeds of 10.7 billion euros from the sale of the majority stake in the cell tower portfolio, exchange rate effects from the weaker dollar (almost 2 cents compared with a year earlier), and other factors amounting to 0.7 billion euros.

It was increased by 4.3 billion euros by the T-Mobile US share buy-back.

The ratio of net debt excluding leases to adjusted EBITDA AL stood at 2.31x at the end of the first quarter. This is down from 2.58x at the end of 2022.

That marks the low for this ratio for 2023. It is expected to rise slightly over the next few quarters, after the first three months of 2023 had been influenced by high cash proceeds from the cell tower transaction, and cash outflow such as the dividend payment in April 2023 will arise as the year progresses.

Overall, we expect net debt for the 2023 financial year to reduce year-on-year.

Let me now show you the progress we have made in our operating segments in the first quarter of 2023.

First, T-Mobile US.

The U.S. telecommunications market continues to be a growth market.

The number of postpaid phone customers in the U.S. market has grown by around 9.1 million over the past four quarters.

We expect this growth trend to continue in future.

We want to participate in this growth trend, in particular in the following areas:

- Growing our customer base in less densely populated areas.
- Increasing the number of customers in the business customer segment.
- Growing high-speed home internet.

The result was ongoing strong customer additions in the first quarter of 2023.

- In mobile communications, T-Mobile US leads the market by some margin in net customer acquisition. 1.3 million branded mobile postpaid customers were added in the first three months of 2023. That is more than AT&T and Verizon managed combined.
- Of these, a good 0.5 million net additions were attributable to the postpaid phone customer segment.
- The churn rate for postpaid phone customers improved in the first quarter of 2023 – this reflects the progress of the Sprint integration.

For its high-speed home internet offering, T-Mobile US won 523,000 new customers. By way of comparison: That is more net additions than AT&T, Verizon, Charter, and Comcast combined. The customer base now stands at 3.2 million, a year-on-year increase of more than two million.

The decrease in segment revenue is attributable entirely to the planned reduction in terminal equipment sales. This includes lower device sales for the migration of Sprint customers to the T-Mobile US network and the planned reduction of terminal equipment leases by 70 percent compared with the prior-year quarter.

T-Mobile US increased its service revenues by 2.8 percent or 420 million U.S. dollars in the first three months of the year (under U.S. GAAP).

In the first quarter of 2023, the development of service revenues was affected by the fact that we had a new agreement with Dish in the wholesale business with service providers, and Tracfone is migrating traffic to the Verizon network in connection with the transition to Verizon (Verizon took over Tracfone in November 2021). In other words, both factors were expected to impact on the development of service revenues.

The slight decline in wholesale revenues was more than offset by strong growth in service revenue from branded postpaid customers, which was up 5.9 percent.

T-Mobile US increased adjusted core EBITDA (under U.S. GAAP) by 9.1 percent in the first quarter. The effect of terminal equipment leases is by definition not included in this KPI.

T-Mobile US' net income increased by 172 percent in the three months compared to the first quarter of 2022. Year-on-year, this was mainly due to three factors:

- The increase in adjusted core EBITDA.
- The increase in synergies from the Sprint integration.
- The decrease in integration costs, net of tax, by around 75 percent compared with the first quarter of 2022 (under U.S. GAAP).

Now on to our business in Germany.

We have accelerated the FTTH build-out here as planned:

An increase of 300,000 homes passed in the first quarter of 2023. This brings the total number of homes passed to 5.7 million, 2.1 million more than a year earlier.

We are sticking to our target of increasing the number of homes passed in the FTTH build-out in the full year by more than 2.5 million. As we promised at the 2021 Capital Markets Day.

We are recording strong branded customer additions.

As of the first quarter of 2023, 65,000 additional customers now use an FTTH line. That is a 37 percent year-on-year increase in the FTTH customer base, bringing the total to 769,000 lines.

In addition, another 556,000 FTTH lines were pre-marketed. That is where a contract is signed before build-out is complete.

The broadband net customer additions increased to 74,000 in the first quarter of 2023, compared with 55,000 in the first three months of 2022, with customer development in the market normalizing further after the temporary effect of the German Telecommunications Act. In this environment, we remain the strongest provider, with our market share in terms of customer additions exceeding our target of 40 percent.

We recorded a strong increase in the number of customers with a broadband line of 100 Mbit/s or faster, with the customer base in this area growing by 1.1 million year-on-year to 6.2 million. That is 42 percent of our retail customer base.

The number of branded mobile customers increased by 274,000 in the first quarter. This positive development is based on significantly accelerated growth in the number of contract customers in the consumer segment thanks to the new rate plan Next-Magenta.

The churn rate in the first quarter also shows that the effect the amendment to the German Telecommunications Act had in the previous quarters is tapering off. At 0.8 percent in the first quarter of 2023, it was well below the churn rate in the first three months of 2022 of 1.2 percent.

Service revenues in the Germany segment increased by around 1.6 percent in organic terms in the first quarter. Mobile service revenues grew by 1.7 percent

year-on-year in the first three months of the year. They were reduced by regulatory effects (by 0.5 percentage points) and by the termination of the contract with Lebara (by 1.3 percentage points).

In the German fixed-network business, service revenues increased by 1.6 percent in organic terms in the first quarter, with broadband service revenues growing by 4.7 percent in organic terms, mainly on the back of the strong performance of the business with branded retail customers with TV and double play.

Total reported revenue in the segment increased by 3.0 percent to 6.1 billion euros. In organic terms, it increased by 2.3 percent in the first quarter of 2023. 70 percent of this came from service revenues with branded mobile and fixed-network customers.

The difference between the organic development and the reported figures is mainly due to the transfer of MMS to the Germany segment.

Reported adjusted EBITDA AL in the Germany segment increased in the three-month period by 4.0 percent to 2.5 billion euros and, in organic terms, by 3.1 percent. This increase is largely attributable to the higher service revenues.

This means we have had increased earnings in the Germany segment for 26 consecutive quarters.

Let us now move on to the Europe operating segment.

Before I give you the figures, I would just like to note that our Europe business is growing in terms of customer numbers across all business areas, as well as in both revenue and earnings.

In the first quarter of 2023, we recorded 104,000 mobile contract net adds. The number of broadband customers increased by 82,000. A total of 169,000 new FMC customers opted for our convergent product packages. In TV business, we increased the customer base by 29,000 in the three-month period.



Reported segment revenue increased 3.8 percent to 2.8 billion euros in the quarter just ended. In organic terms, revenue generated in the Europe segment grew by 4.9 percent year-on-year. The difference was almost exclusively attributable to the weakness in the forint and zloty to the euro.

The organic revenue increase was largely attributable to growth in service revenues, despite the headwind from the adjustment of mobile termination rates.

Adjusted EBITDA AL in the segment increased by 1.2 percent in organic terms in the first quarter of 2023. Growth was slowed by two factors that are already included in the organic development:

- First, a supplementary telecommunications tax imposed in Hungary, which accounts for 1.9 percentage points.
- Second, earnings were also reduced by the increase in energy costs, with an effect of around 4 percentage points.

This means we have generated organic EBITDA growth in the Europe segment for 21 consecutive quarters.

That brings us to the development in Systems Solutions.

Order entry over the last 12 months was 10.9 percent below the prior year. In the first quarter of 2023, the decline against Q1 2022 was mainly due to major deals in the prior year.

T-Systems' revenue increased by 2.0 percent in the first quarter of 2023 to 946 million euros. Organic growth was 4.5 percent. The difference is primarily down to the transfer of MMS to Telekom Deutschland.

The trend follows the pattern of the preceding quarters. Revenue in traditional infrastructure business continued to decline, as expected, while we recorded growth with digital solutions.

Adjusted EBITDA AL improved by 4.6 percent in organic terms in the first quarter. On a reported basis, it rose 10.3 percent to 75 million euros.

And now, I would like to hand you back to Tim Höttges.