

Deutsche Telekom Investor presentation Aug 2022



LIFE IS FOR SHARING.



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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.

H1 2022 results

sector leading growth

T-Mobile US

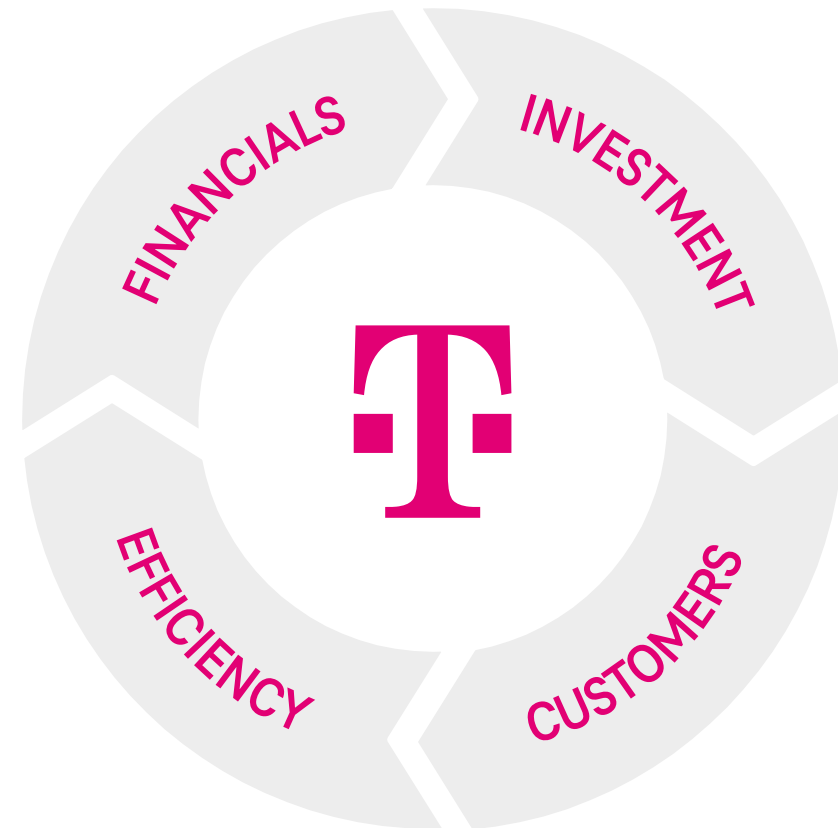
- Service revenues up 6.2%, adj. Core EBITDA +7.9%, organically
- FCF at € 3,2 bn
- Strong customer intake: 2,974k postpaid net adds, 898k HSI net adds
- Sprint network being de-commissioned 1 year ahead of time

Ex US

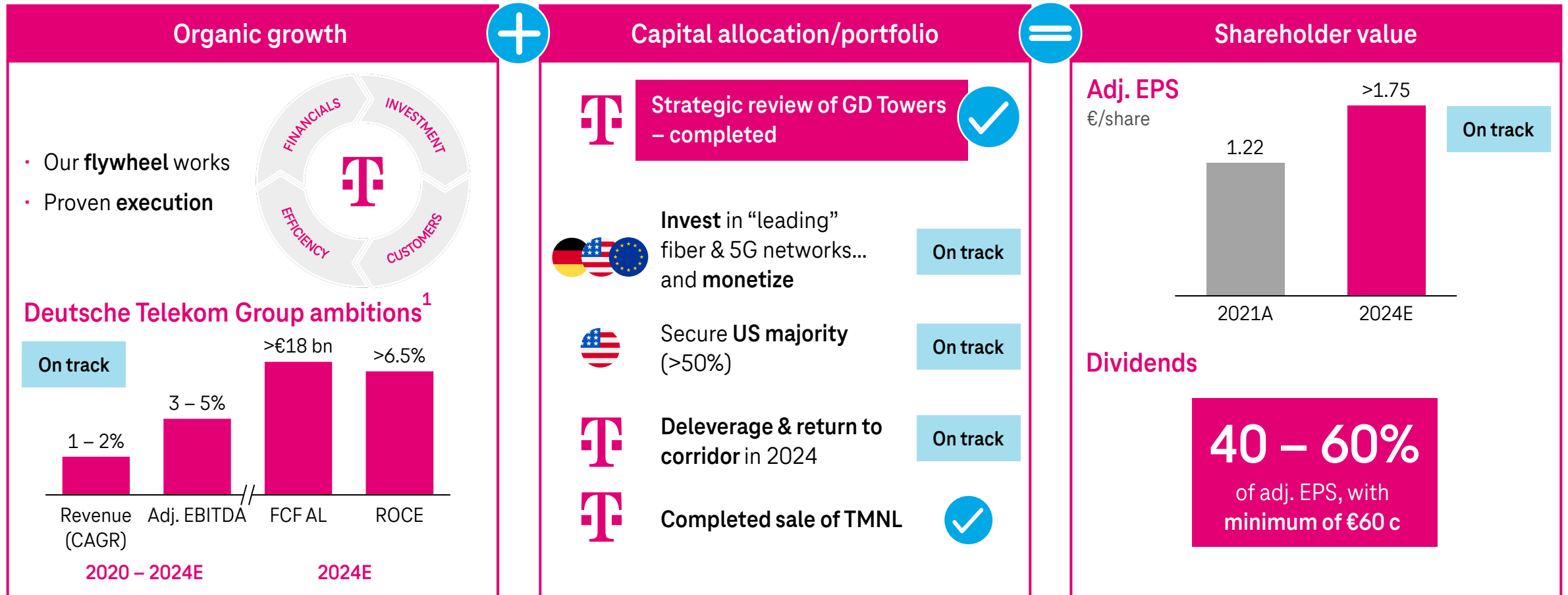
- Service revenues +1.8% organically
- Adj. EBITDA AL +4.4% organically
- FCF AL at € 3.3 bn (+21.4%)
- Successful tower transaction : € 10.7 bn proceeds, 49% stake retained

Group

- Strong organic revenue, adj. EBITDA AL, FCF and EPS growth
- Net debt impacted by dividend, stake increase TM US, and US\$ strength
- Guidance raised on both sides of the Atlantic



Deutsche Telekom continues to execute on its strategic agenda



¹ Based on € 1 = US\$ 1.14



Financials Q2 2022 reported

strong growth

€ mn

	Q2			H1		
	2021	2022	Change	2021	2022	Change
Revenue	26,593	28,168	+5.9%	52,983	56,191	+6,1%
Adj. EBITDA AL	9,418	9,891	+5.0%	18,662	19,763	+5,9%
Adj. EBITDA AL (excl. US) ²	3,680	3,554	-3.4%	7,219	7,255	+0.5%
Adj. Net profit	2,113	2,445	+15.7%	3,315	4,683	+41.3%
Net profit	1,879	1,460	-22.3%	2,815	5,409	+92.1%
Adj. EPS (in €)	0.45	0.49	+8.9%	0.70	0.94	+34.3%
Free cash flow AL ¹	2,766	2,759	-0.3%	5,350	6,540	+22.2%
Cash capex ¹	4,287	4,984	+16.3%	8,570	9,642	+12.5%
Net debt excl. leases (AL)	96,787	106,289	+9.8%	96,787	106,289	+9.8%
Net debt incl. leases (IFRS 16)	127,972	146,104	+14.2%	127,972	146,104	+14.2%

¹ Free cash flow AL before dividend and before spectrum investments. Cash capex before spectrum investment. Spectrum: H1/21: €8,024 mn; H1/22: €2,616 mn; Q2/21 €35 mn; Q2/22 €102 mn

² Decline due to de-consolidation of Romania fixed and the Dutch business. Organic growth rate of +2.7% in Q2.

Financials H1 2022 organic

strong growth

H1/22 Adj. EBITDA AL

growth yoy, organic

TMUS



-1.3%
-€163 mn

Adj. Core EBITDA
growth of 7.9%¹

GER



3.3%
+€155 mn

EU



5.7%
+€107 mn

GD



15.0%
+€68 mn

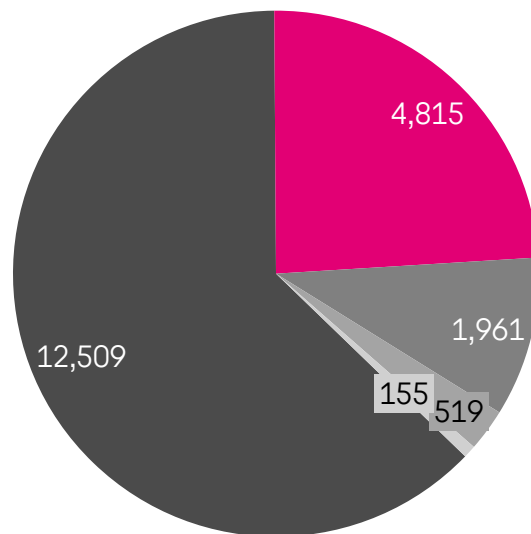
SYS



15.7%
+€21 mn

H1/22 Adj. EBITDA AL²

€ mn



TMUS GER EU GD SYS

H1/22 Key Financials

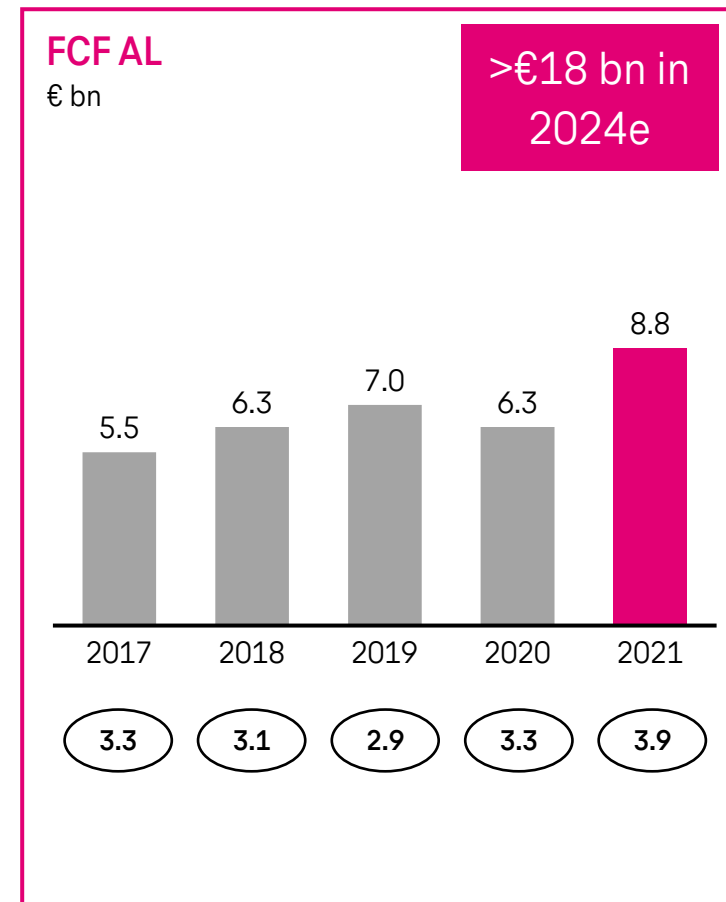
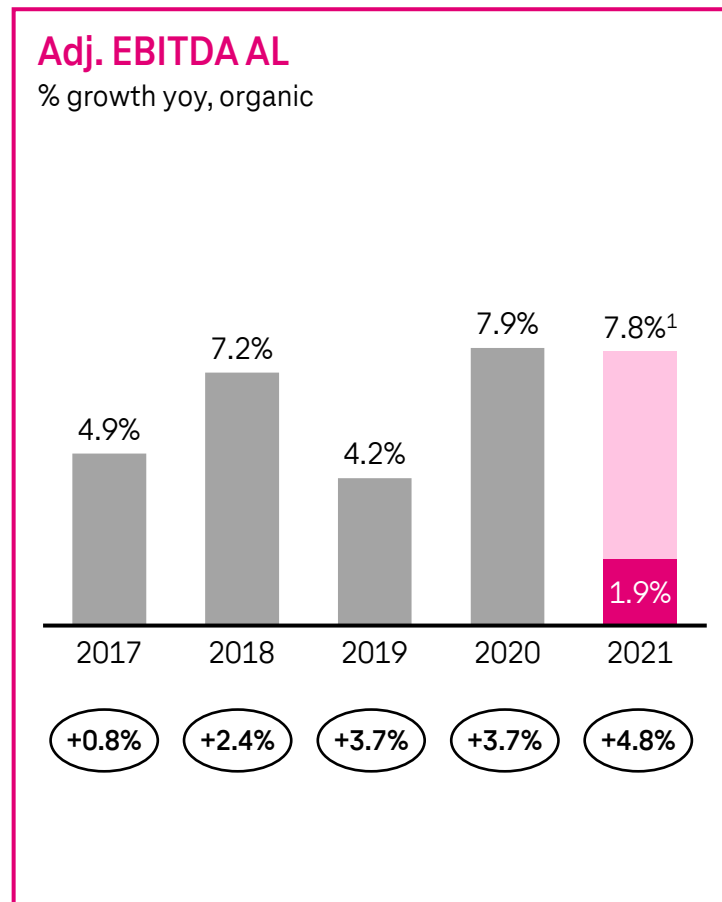
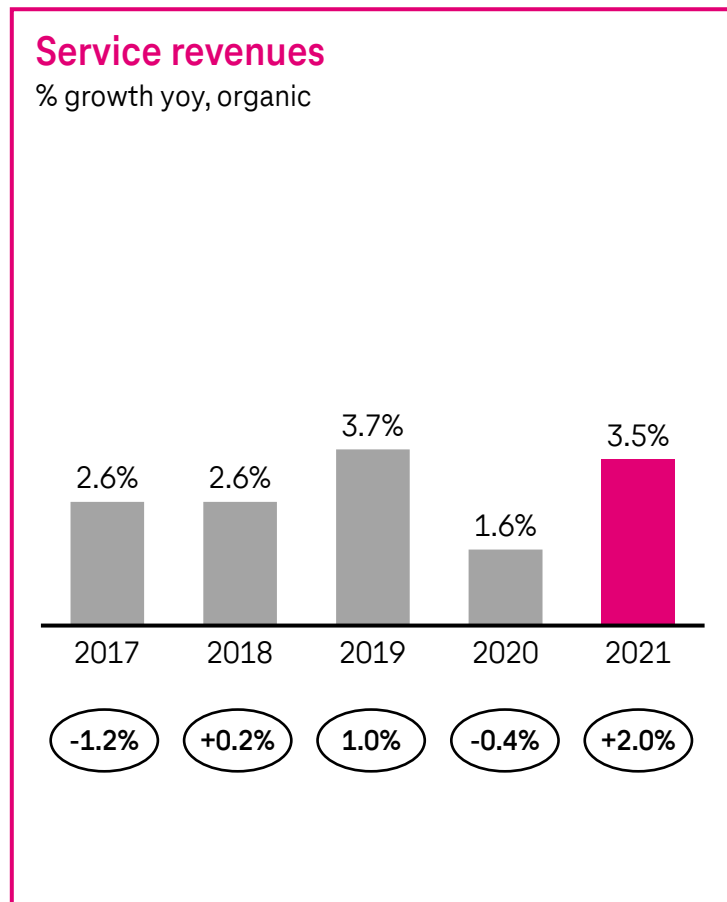
% growth yoy, organic

Revenue	+0.8%
Service Revenues	+4.5%
Service Revenues (excl. US)	+1.8%
Adj. EBITDA AL	+0.7%
Adj. Core EBITDA AL	+6.5%
Adj. EBITDA AL (excl. US)	+4.4%

¹ according to IFRS. US GAAP growth is 10.3%. Adj. Core EBITDA excludes decreasing handset leasing revenues (US\$ -1.1 bn yoy) ² Excl. GHS; EBITDA AL €19,763 mn

Financials 2017–2021

consistent growth in key KPIs



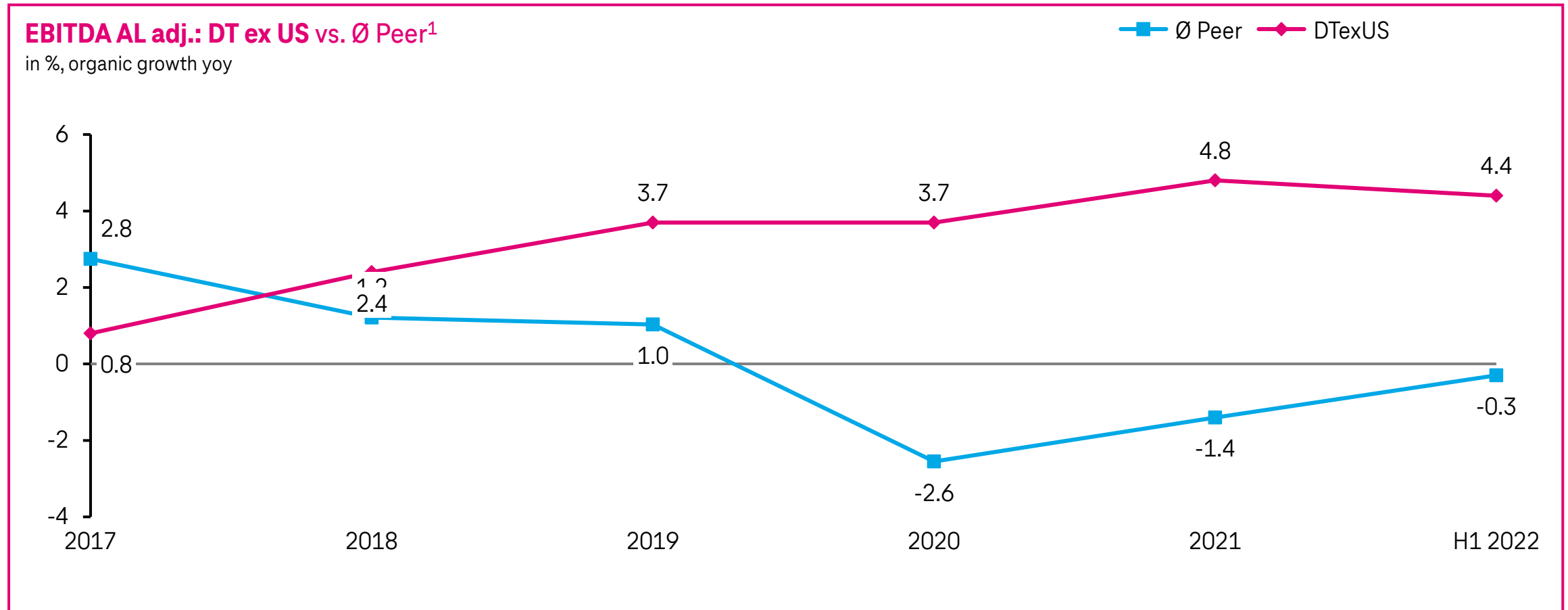
+/-X.X% = Ex US

¹ adj. Core EBITDA AL



DT ex US

strong EBITDA growth outperformance



1) Peer group: 8 European Telco groups (Orange, Telefonica, Vodafone, BT, Telecom Italia, KPN, Proximus, Telia), Ø peer is unweighted average; Vodafone Q2/22 included with midpoint FY guidance

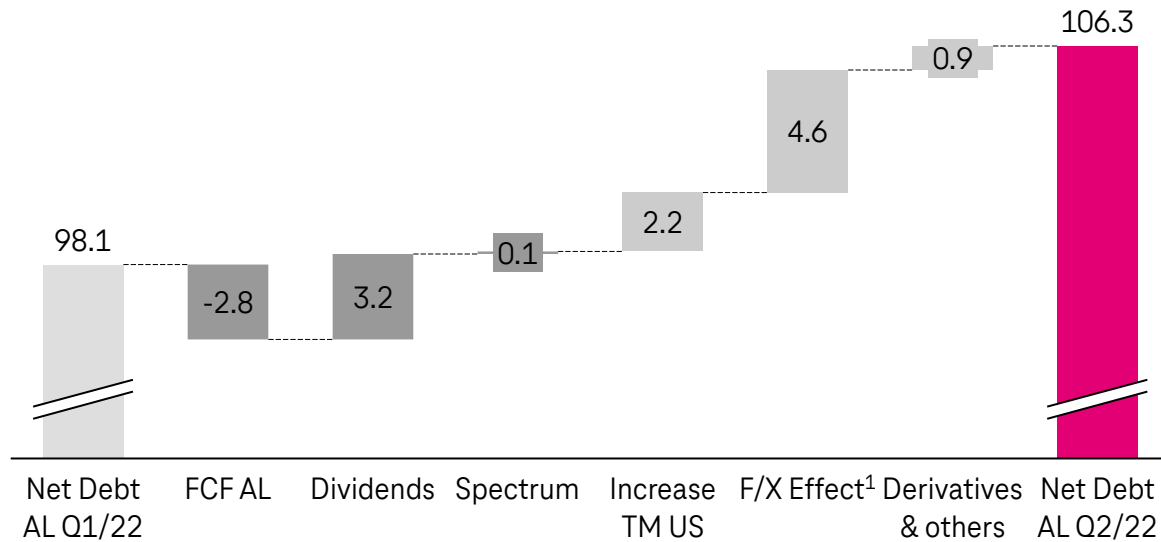


Financials Q2 2022

financial net debt up on dividend, stake increase TM US, and F/X

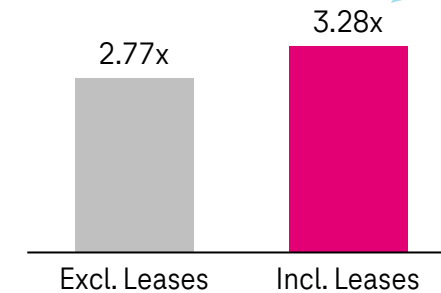
Net debt excl. leases (AL) (Q2/22 over Q1/22)

€ bn



Leverage ratios

- CMD target: back in 2.25 – 2.75x IFRS16 range YE24.
- Tower deal with € 10.7 bn proceeds: lowers ex lease leverage by c0.2x, IFRS16 leverage by 0.1x



¹ Foreign exchange impact calculated on 1€ = 1.039US\$

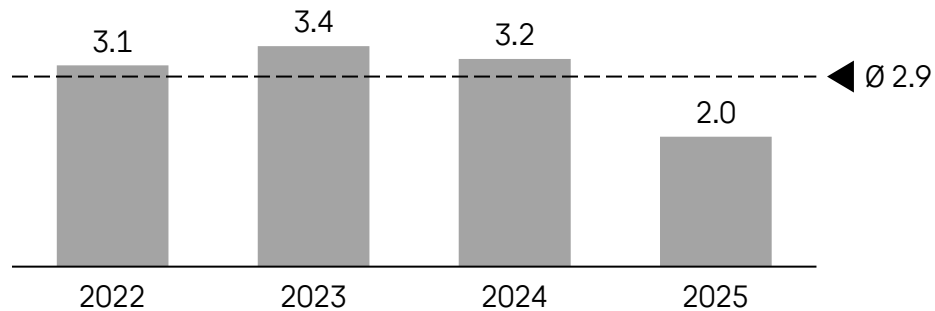


Financials

well balanced maturity profile with strong liquidity reserve

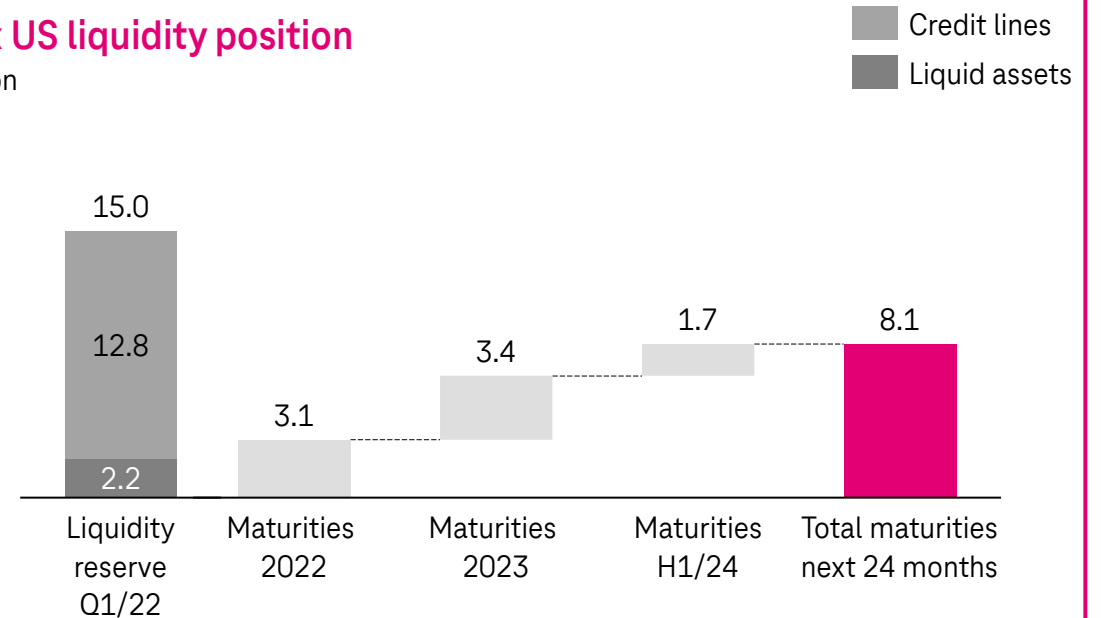
DT (ex US) bonds maturing

€ bn



Ex US liquidity position

€ bn



- Additional \$1.5 bn of outstanding TM US shareholder loans (repaid by 2028 at the latest)
- Well balanced maturity profile will carry on beyond 2024

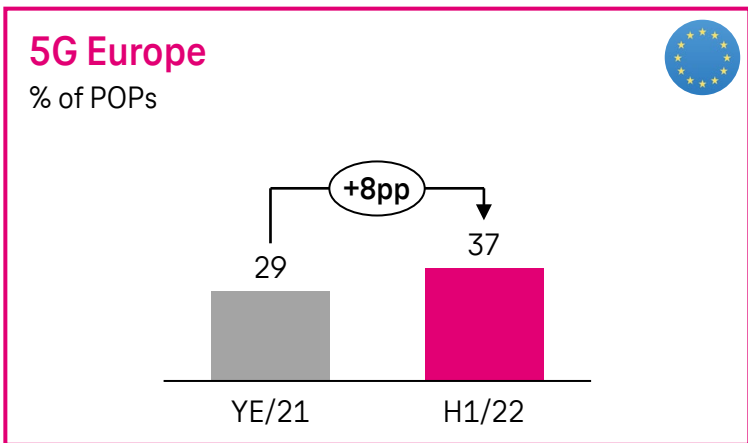
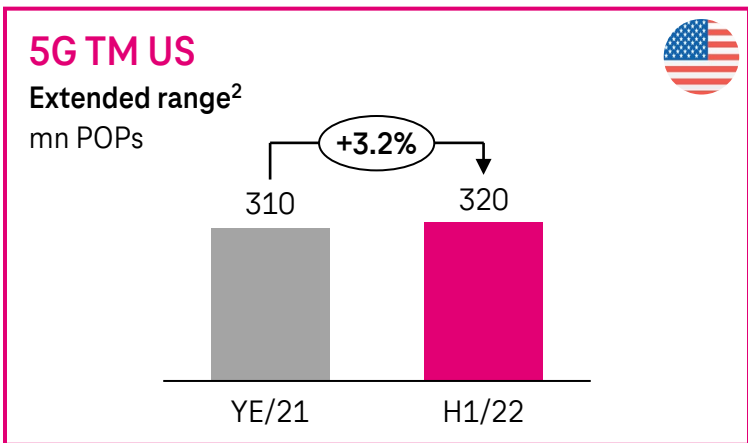
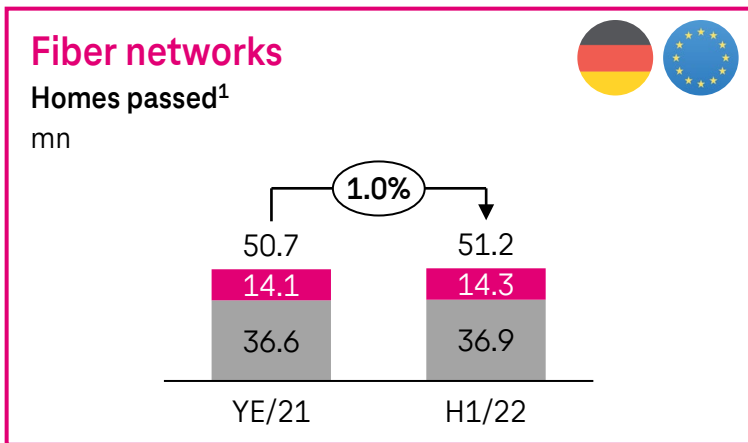
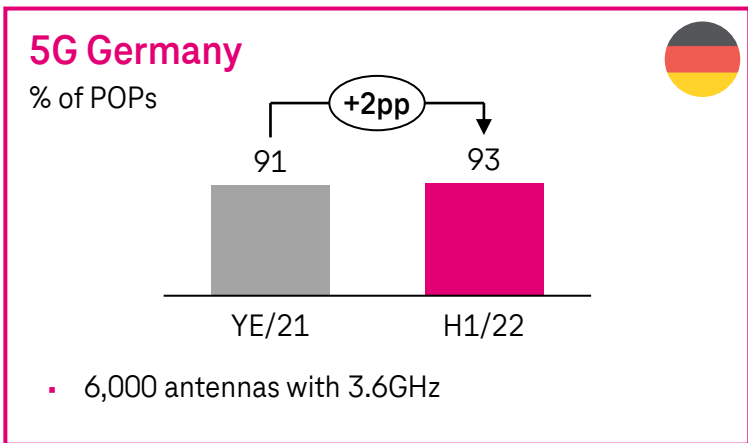
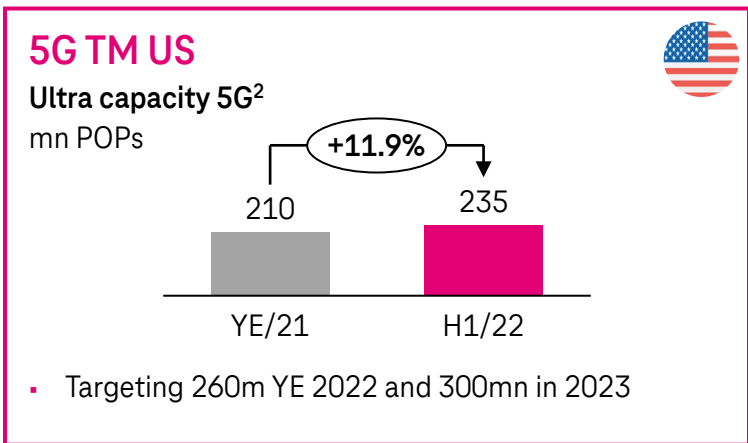
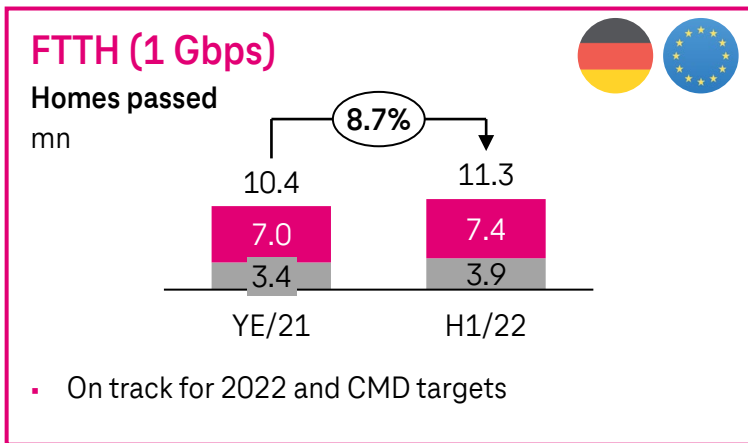


Operations

Review Q2/2022

Networks

leading with 5G, FTTH well on track



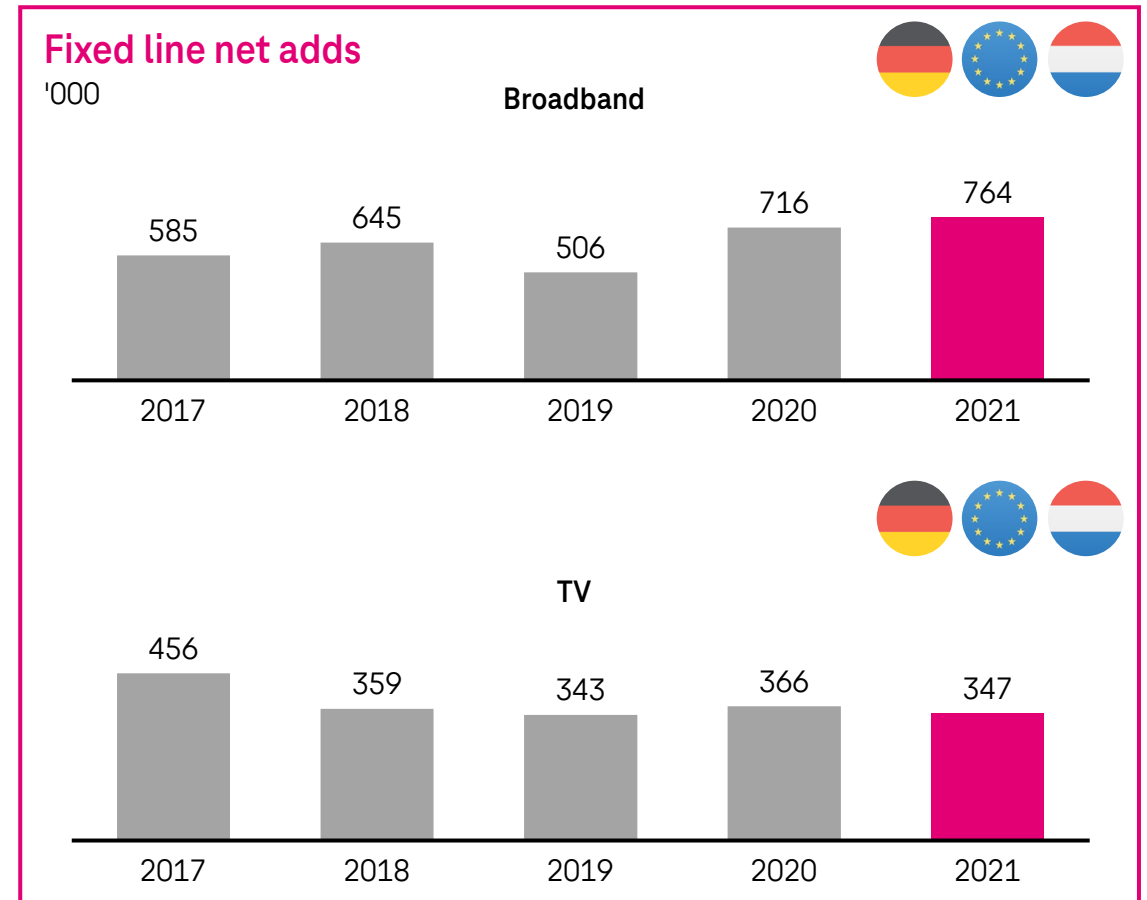
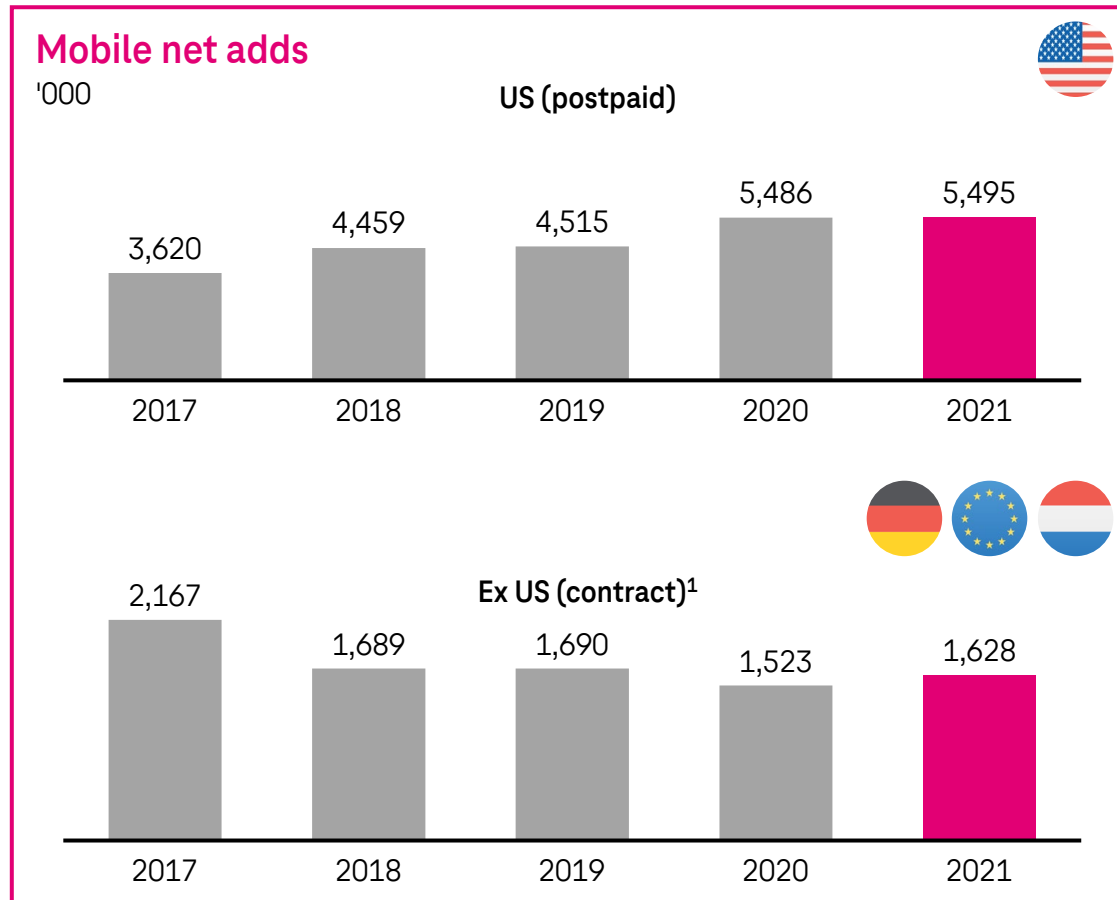
■ EU ■ GER

¹ EU8: FTTC, FTTH/B lines and cable/ED3. GER: FTTC and FTTH/B lines incl. co-operations and cable ² Extended range on 600 MHz, Ultra capacity on 2.5 GHz



Customers

consistent strong growth



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

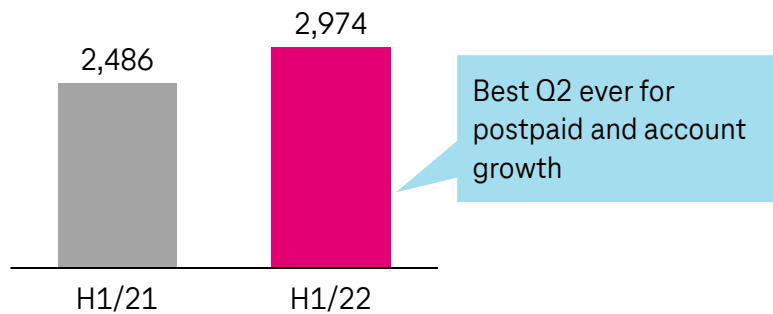
Customers

growing strongly

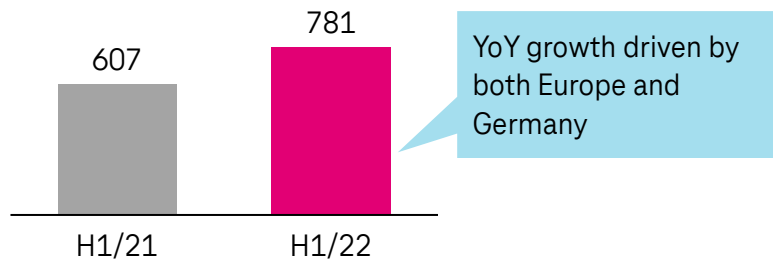
Mobile net adds

000

US (postpaid)



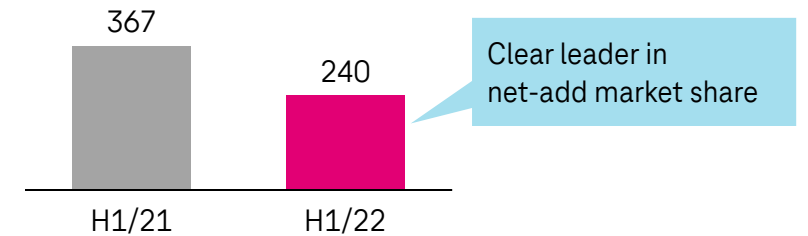
Ex US (contract)¹



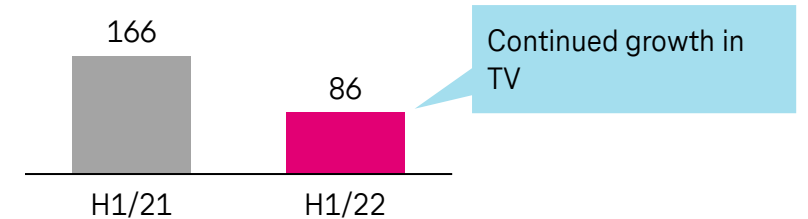
Fixed line net adds²

000

Broadband



TV



¹ GER + EU. GER: Own branded retail customers excl. multibrand, consumer IoT and "Schnellstarter" ² GER + EU



ESG

on top of our agenda



ENVIRONMENT

- **Climate Targets:**
 - Net zero (Scope 1&2 emissions) until 2025
 - Net neutrality (Scope 1-3) until 2040 latest
 - Interim target 2030: reduce Scope 3 per customer by 25%
- **Energy ambition:** keep energy consumption stable until 2024 (vs 2020), H1/22 Germany -10% yoy
- **Circularity ambition:** tackle electronic and network waste issues: striving to become fully circular
- **TMUS ranks #3 on the EPA's Green Power Partnership National Top 100 list**



SOCIAL

- **DT as supporter in the crisis:** (strong supporter of Ukraine refugees across the footprint)
- New big campaign **against hate speech**
- **Digital inclusion ambition:** further increase the number of 28mn beneficiaries¹. T-Mobile has **connected over 4.3 million students** across its education initiatives since 2020
- Strong focus on all dimensions of diversity, **DT #3 in German diversity ranking 2022** (beyond gender agenda)
- **TMUS** was named **Disability:IN's Employer of the Year**



GOVERNANCE

- **Move of Group Corporate Responsibility department to CEO** successfully implemented
- **New BoM remuneration system** (incl ESG targets) extended to all DT managers
- **DTs Corporate Digital Responsibility strategy** and commitments published

¹ People who have benefited from our commitment to digital inclusion and to a society that protects the climate and conserves resources



Germany

Review Q2/2022

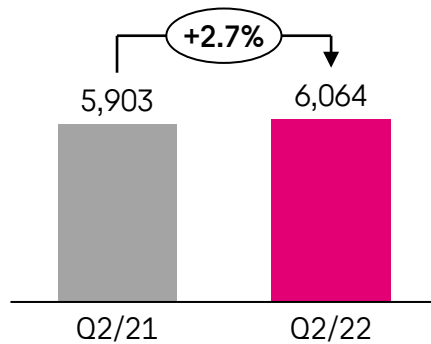
Germany

23rd consecutive quarter of EBITDA growth



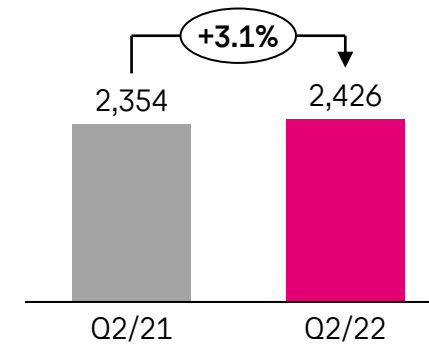
Revenues (as reported)

€ mn



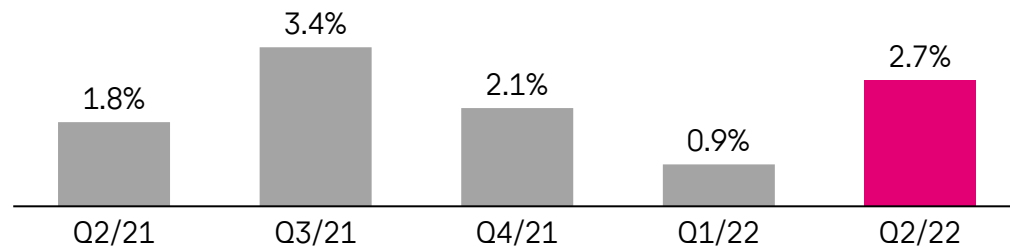
Adj. EBITDA AL (as reported)

€ mn



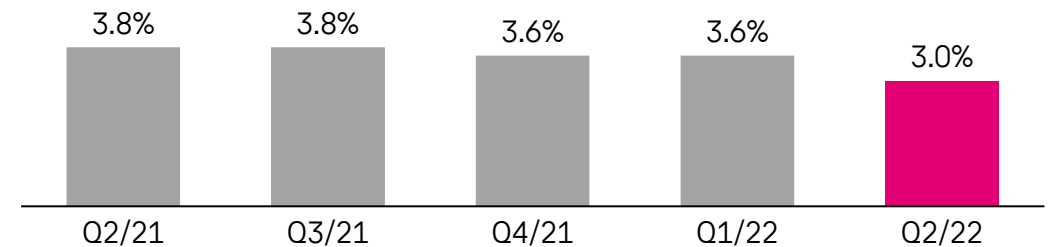
Revenue growth (organic)

% yoy



Adj. EBITDA AL (organic)

% yoy



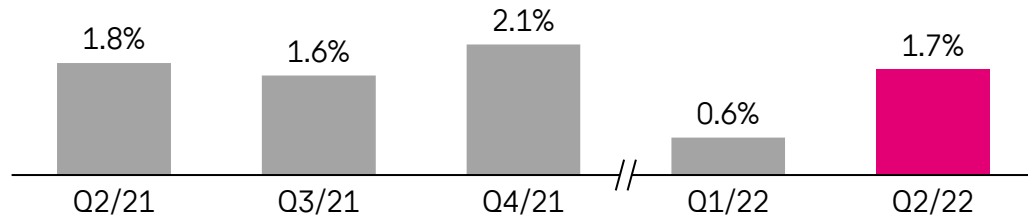
Germany

service revenues: growing across the board



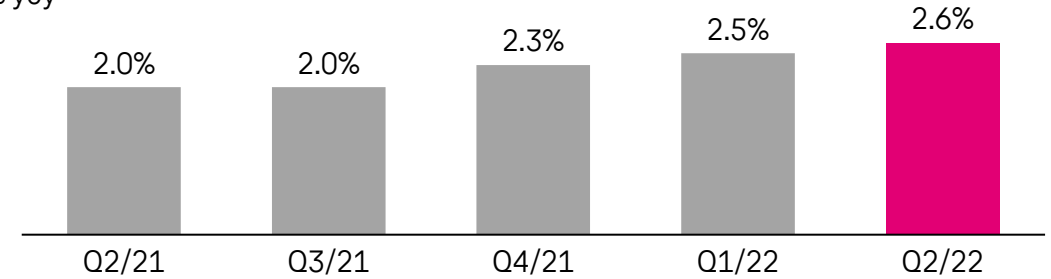
Total service revenue growth (organic)¹

% yoy



Mobile service revenue growth (organic)

% yoy



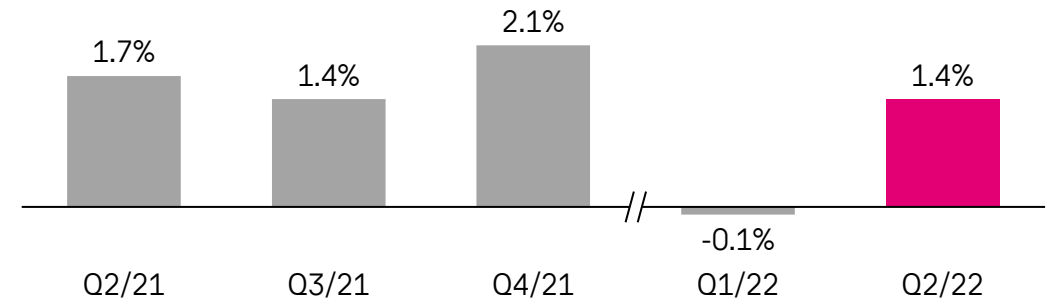
Revenue growth (reported)

% yoy

- Reported Total Service revenue growth +1.8%
- Reported Fixed Service revenue growth +1.5%
- Reported Mobile Service revenue growth +2.6%
- Growth in B2C (+3.6%) and B2B (+1.7%)

Fixed service revenue growth (organic)¹

% yoy



¹ As of Q1/22 Removal of revenues from construction services delivered to 3rd parties from Wholesale Revenues (and consequently from Fixed and Total Service Revenues) to other Revenues (not included in Service Revenues). Moreover, B2B retail revenue reclassification.

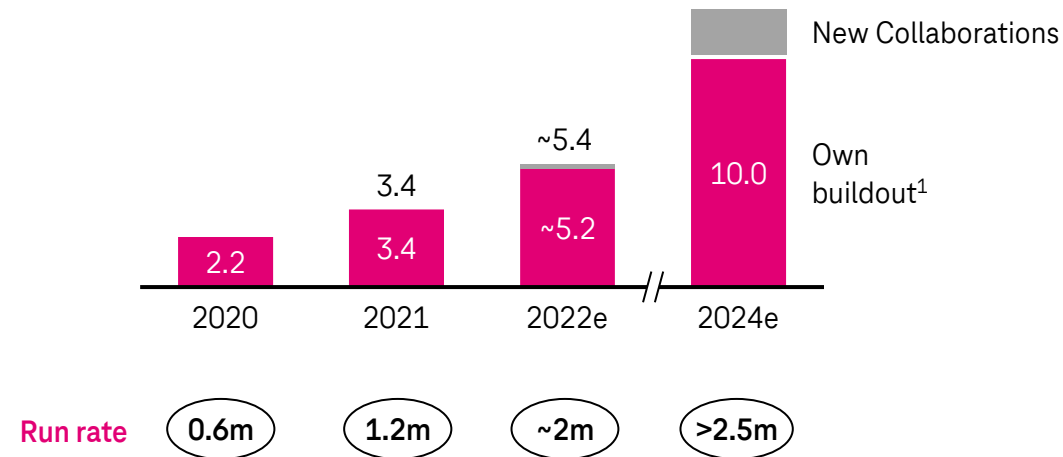
Germany

FTTH on track with buildout and monetization



Progress with FTTH buildout

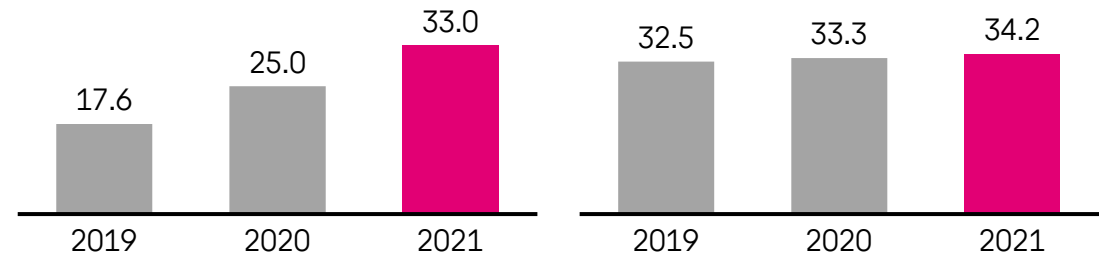
Homes passed, mn



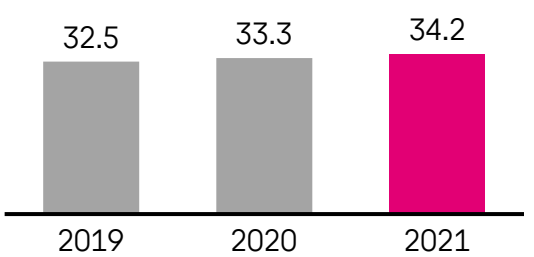
- Fiber JV with IFM to pass 4m rural homes by 2028
- On track to reduce unit costs by 25% by 2024

Progress with monetization

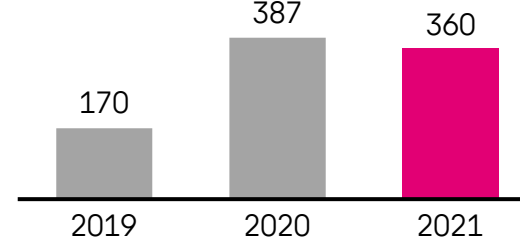
Share of ≥ 100 Mbps contracts
% of broadband base



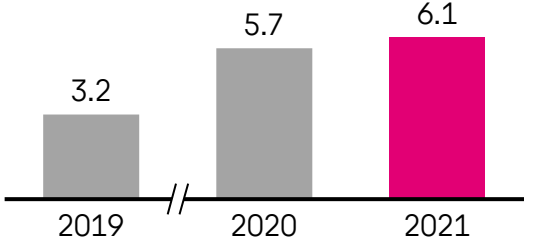
Retail broadband ARPA²
€/month



Broadband Net Adds
k



Broadband revenue growth
%



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

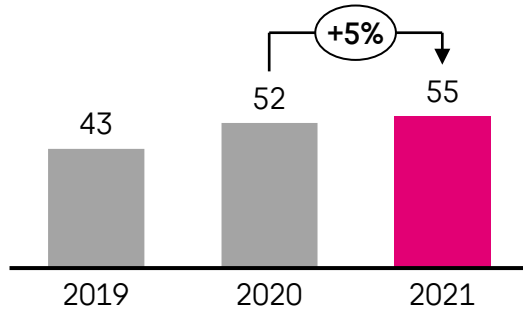
Germany

ongoing strong execution and digitization

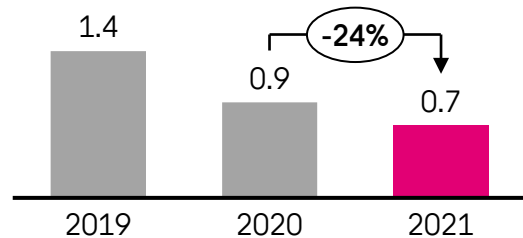


Service

First contact resolution
%

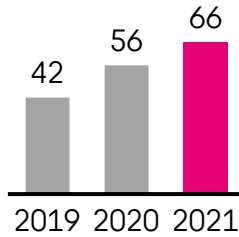


Customer complaints
mn

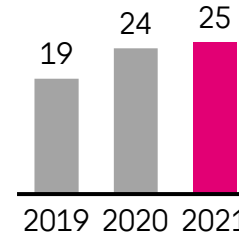


Digitization

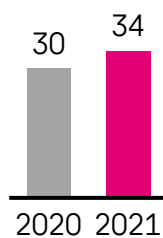
App penetration
%



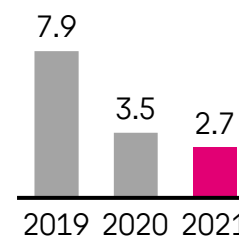
E-sales share¹
%



Calls shifted to digital
%

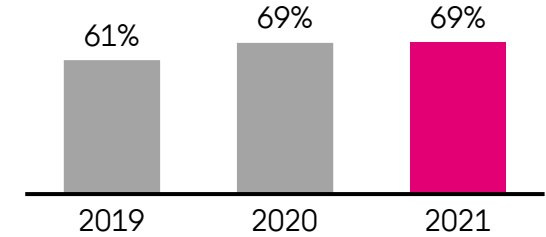


IT time to market
mth

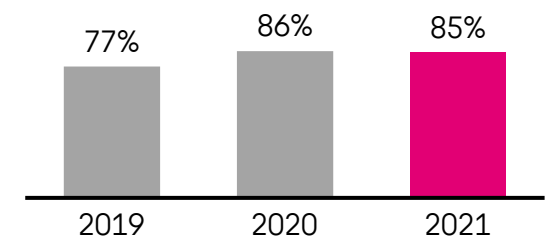


Customer satisfaction

TRI*M



Employee satisfaction



¹ Only B2C

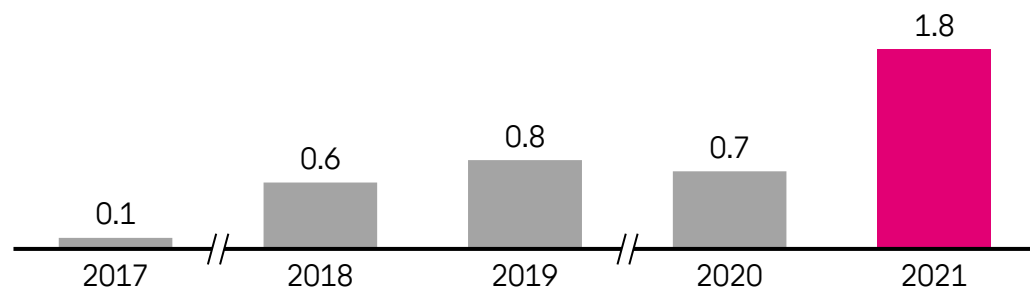
Germany

consistent growth



Total service revenue

% growth yoy, organic

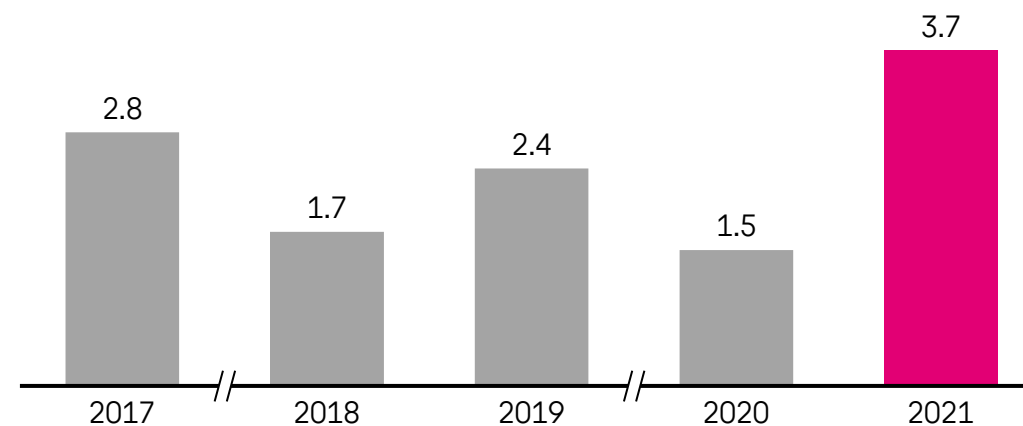


- 2021 positively impacted by non-recurring public sector revenues (~0.4pp)

Adj. EBITDA AL

% growth yoy, organic

CMD: 2.5–3.0%
CAGR 2020–2024



- 2022 guidance of €9.8 bn
- Growth supported by net margin growth and indirect cost savings

Other segments

Review Q2/2022



T-Mobile US

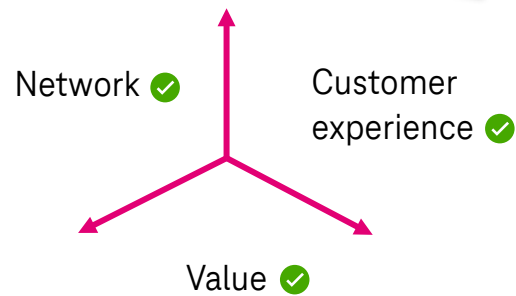
consistent growth leader



Key opportunities

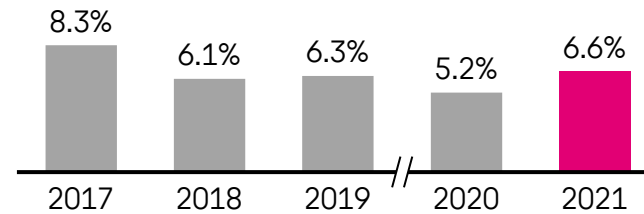
- SMRA
- B2B
- Home internet
- Sprint Integration

Key advantages



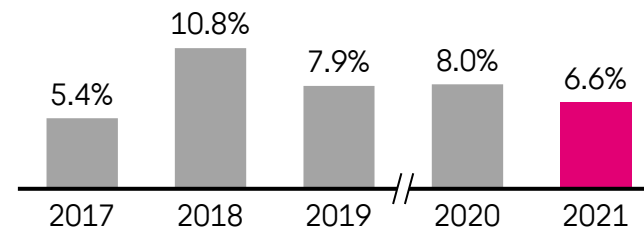
Service revenue (US GAAP)¹

% growth yoy, organic



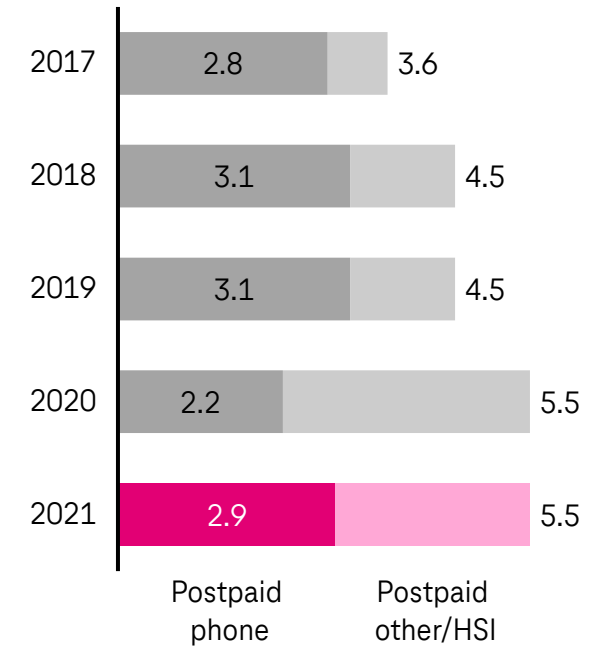
Adj. EBITDA (US GAAP)¹

% growth yoy, organic



Customer growth

Postpaid net adds in mn



¹ US GAAP, 2020/21 pro forma for Sprint merger. 2021 and 2020 growth rate calculated on adj. core EBITDA, 2019, 2018 and 2017 on adj. EBITDA

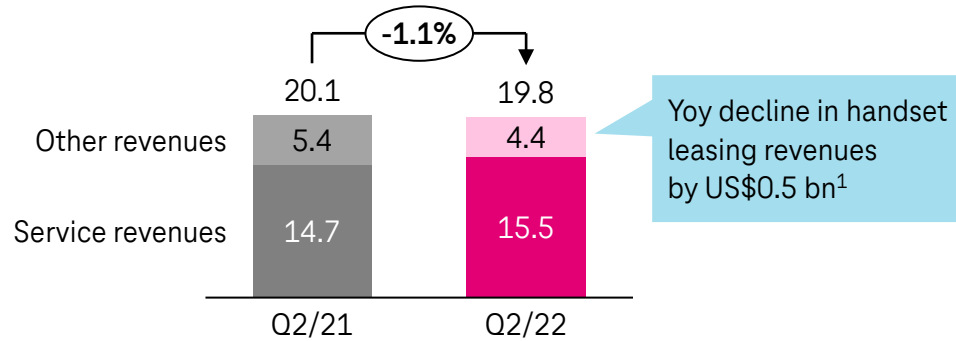
T-Mobile US

strong financial growth



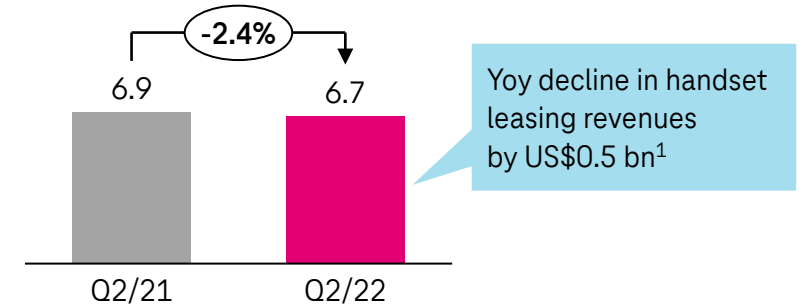
Revenues (IFRS)

US\$ bn



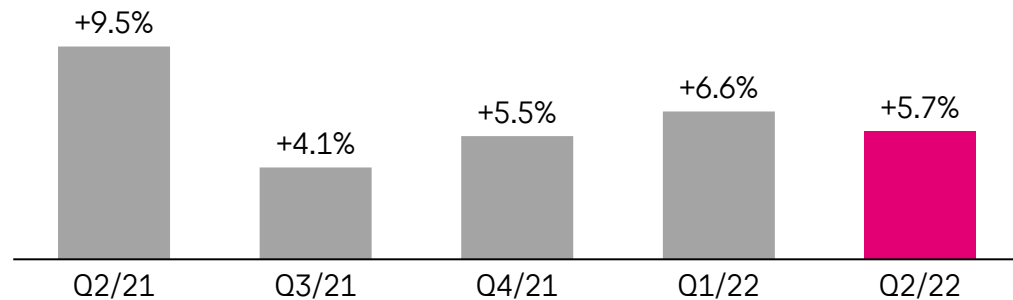
Adj. EBITDA AL (IFRS)

US\$ bn



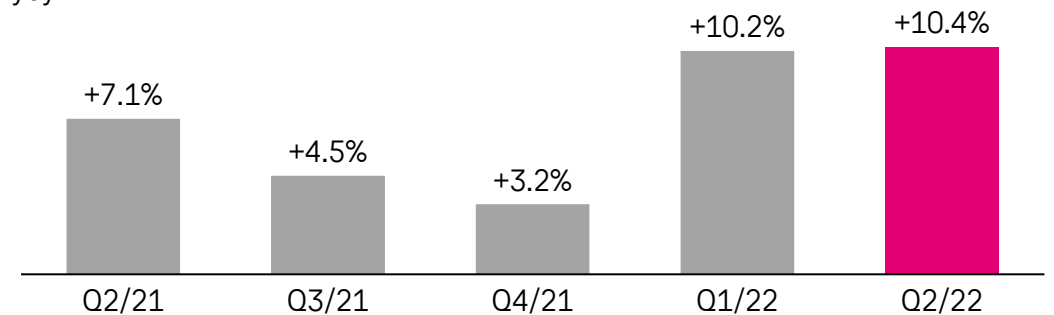
Service revenue (US GAAP)

% yoy



Core adj. EBITDA (US GAAP)

% yoy



¹ TM US 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.



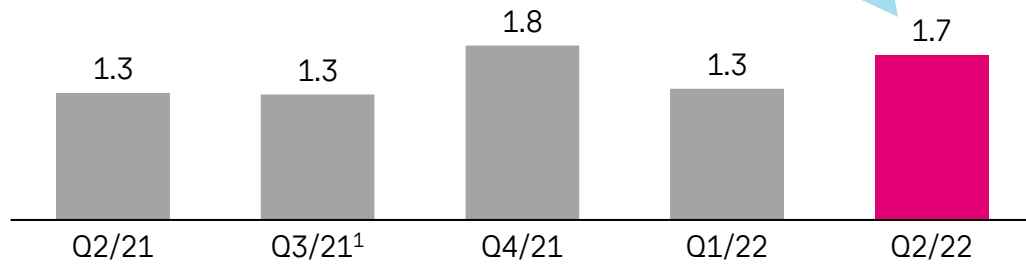
T-Mobile US

best ever Q2 postpaid growth



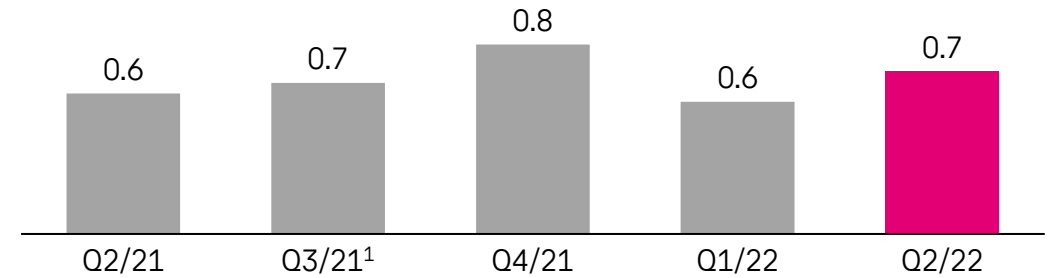
Total postpaid net additions

mn



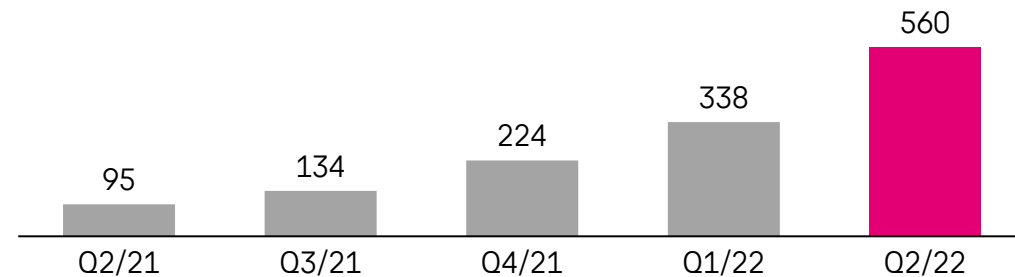
Postpaid phone net additions

mn



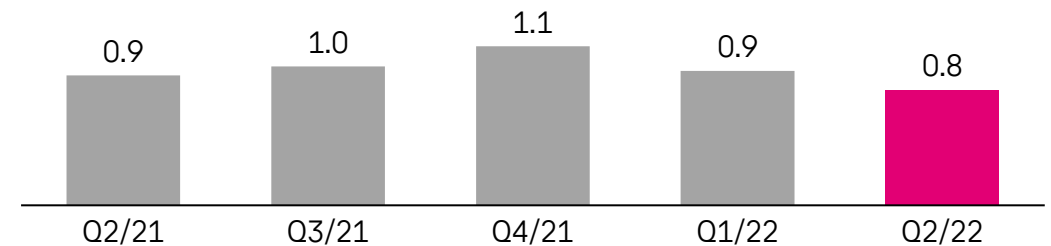
High Speed Internet net additions

000



Postpaid phone churn

%



¹ excl. 806k postpaid customers acquired with Shentel



Europe

fastest growing large European telco



FTTH (1 Gbps)¹



- 1.4 mn additional homes passed in 2021
- 7 mn homes YE 21

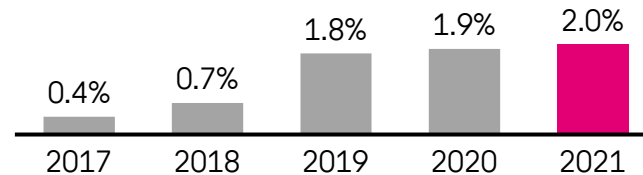
Convergence



- 0,4 mn additional homes
- 0.8 mn additional subs
- 3,3 mn homes YE 21

Total service revenue growth

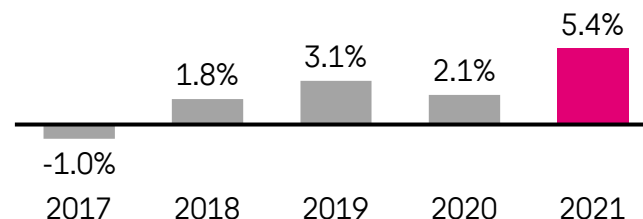
Organic, %



EBITDA (AL) adj. growth

Organic, %

CMD: 1.5–
2.5% CAGR
2020–2024



Digitization



- App penetration 64%
- Truck Rolls reduced by 200k in 2021 leading to a significant CO2 reduction.

Customer satisfaction



- 9 out of 10 NatCos are #1 or #2 in B2C TRIM
- Voice of customers program with good progress: 8 NatCos live

¹ FTTH/B & Docsis 3.1 (1 Gbps) in AT, CZ, GR, HR, HU, ME, MK, SK

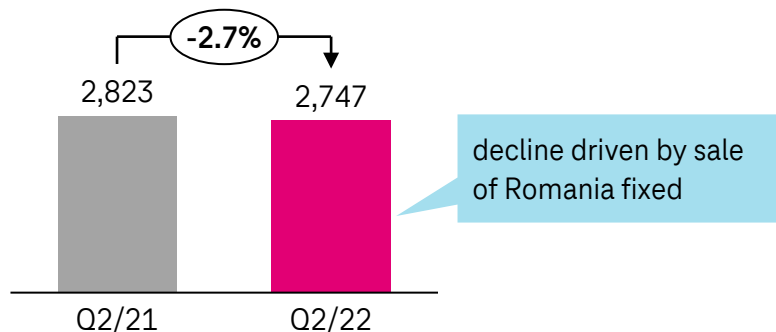
Europe

18th consecutive quarter of organic EBITDA growth



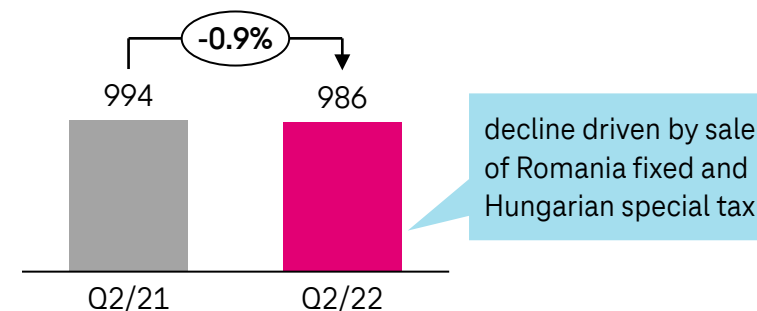
Revenues (Reported)

€ mn



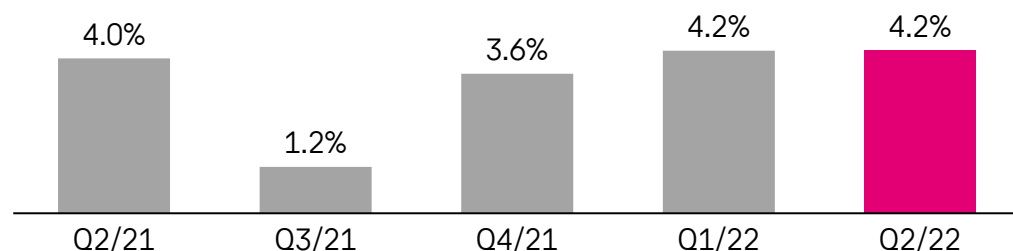
Adj. EBITDA AL (Reported)

€ mn



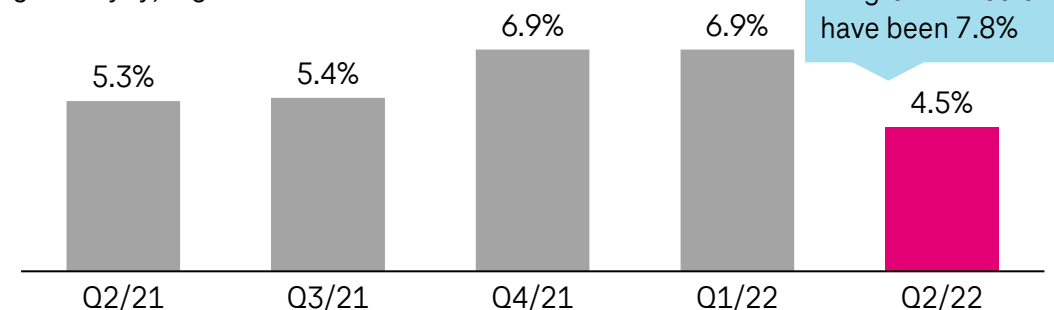
Revenues

% growth yoy, organic



Adj. EBITDA AL

% growth yoy, organic



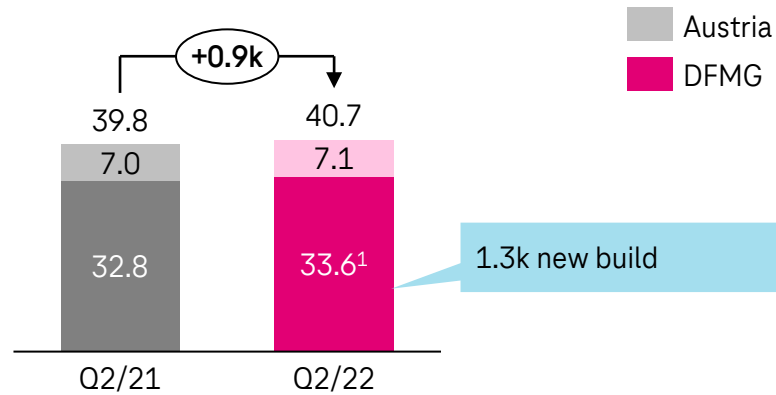
GD/Towers

strong growth



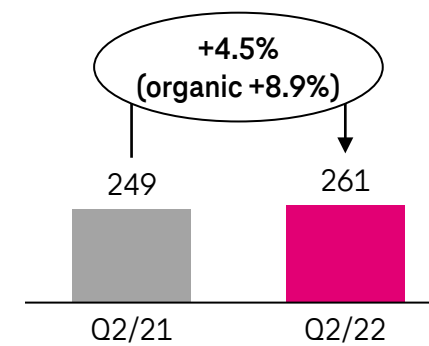
Total sites

000



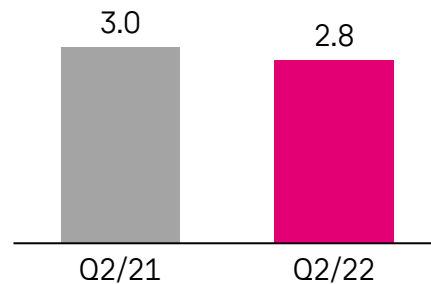
Recurring rental revenues

€ mn



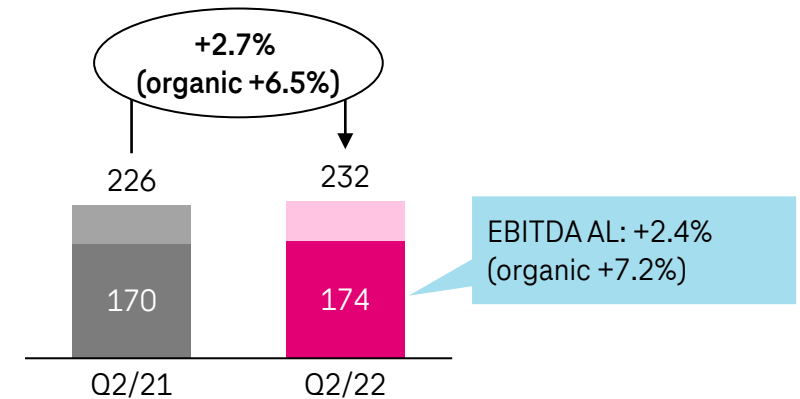
Opex AL per site

€ 000



Adj. EBITDA

€ mn



¹ Change in sites of 0.9k due to 1.3k new build and -0.4k de-commissioning of redundant sites

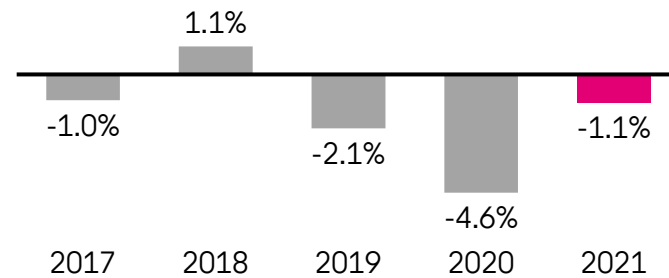
Systems Solutions turnaround continues

Revenue drivers

- Public Cloud +19%¹
- Digital Solutions +14%¹
- Ongoing legacy decline (MIS -14%¹)
- MIS now down to 32% of TSI revenues vs. 42% 2019. Growth areas >50% of portfolio
- Revenue drag due to planned reduction from end-user services and resale c.2pp
- CMD 2021: Strategy centered on focused industries and markets with unique vertical & horizontal portfolio

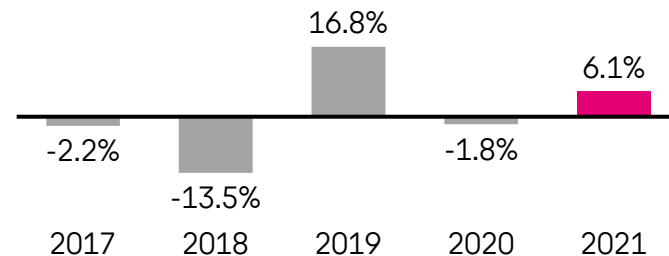
Revenue

% growth yoy, organic



Adj. EBITDA AL

% growth yoy, organic

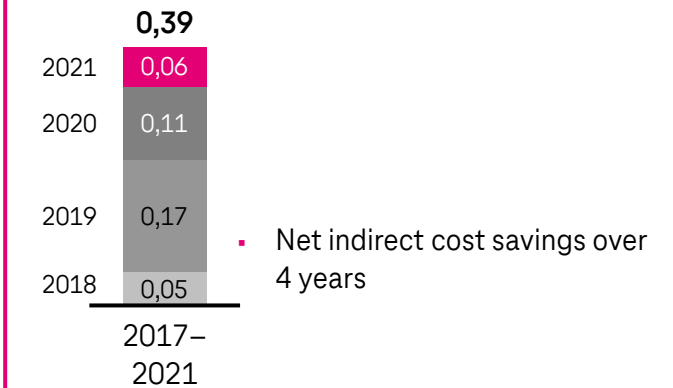


**CMD: >5% CAGR
2020-2024**

Transformation drivers

IDC savings

€ bn



Key levers:

- Delivery optimization, i.e. Shoring/Automation
- Overhead reduction
- Reduced real estate costs, travel expenses

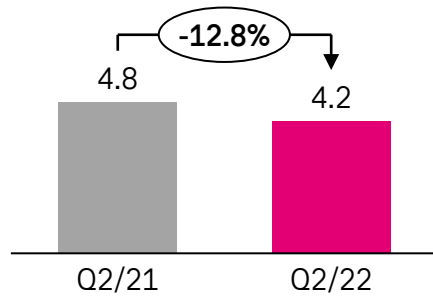
¹ 2021 vs. 2020, organic

Systems Solutions

steady recovery

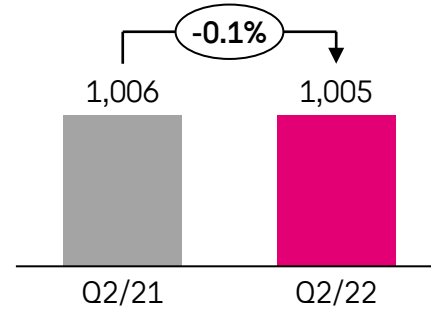
Order entry (LTM)

€ bn



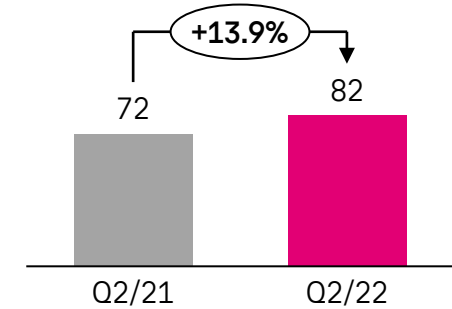
Revenues

€ mn



Adj. EBITDA AL

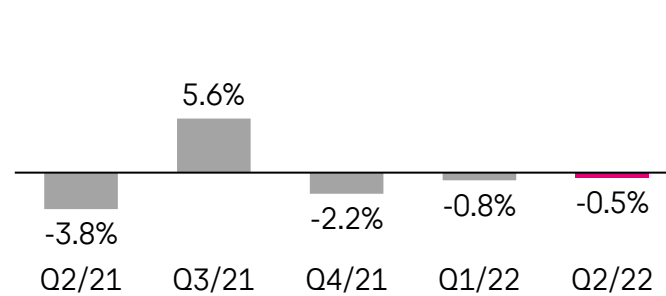
€ mn



- Revenues stabilizing, helped by growth business
- EBITDAAL helped by efficiency measures

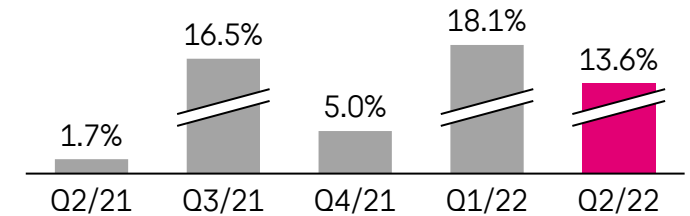
Revenues

% growth yoy, organic



Adj. EBITDA AL

% growth yoy, organic



Outlook



Inflation exposure

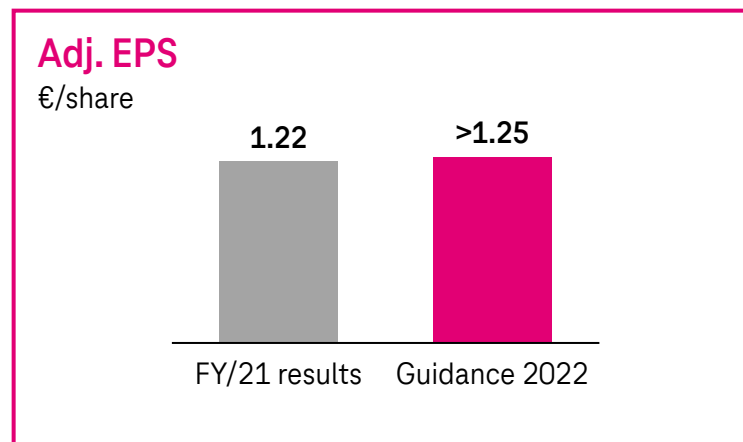
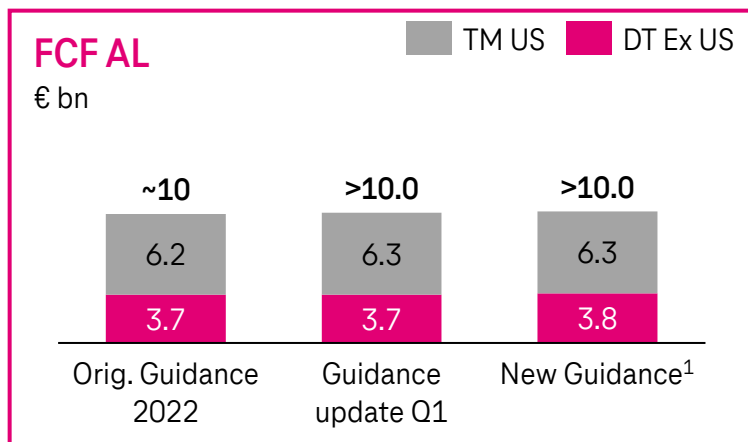
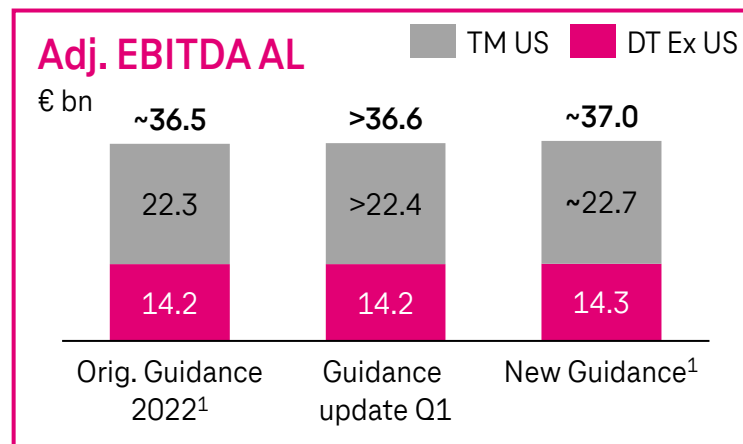
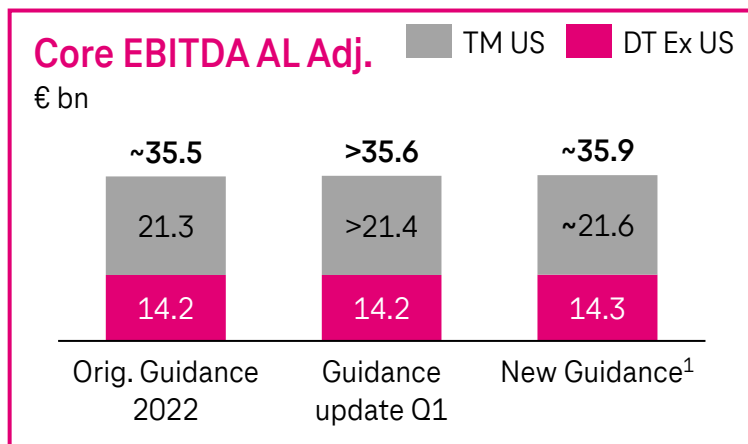
€ bn in 2021

	Group	as % of Rev.	Mitigations
Energy costs	1.5	1.4%	<ul style="list-style-type: none"> US: 2/3 secured via PPAs GER: Comprehensive multi-year hedging and removal of renewable energy surcharge create stable outlook for costs Scope to reduce volumes, establish PPAs
Personnel expenses (adj.)	17.6	16.1%	<ul style="list-style-type: none"> Scope to accelerate cost savings/digitization
Leases (expenses)	5.8	5.3%	<ul style="list-style-type: none"> Ex US: towers still fully owned US: long duration contracts with fixed terms
Investments	18.0	16.5%	<ul style="list-style-type: none"> GER: Long duration fiber contracts US: Long duration vendor contracts
Net interest payments (excl. leases)	3.9	3.6%	<ul style="list-style-type: none"> TM US represents 85% of net interest payments US: 100% fixed, average tenor 10y Ex US: 55% fixed, average tenor 7y

- Multiple safeguards in place, both US and Ex US
- Challenges being actively addressed
- Confirming CMD mid-term outlook

Guidance 2022

raised on both sides of the Atlantic



- Guidance raised for T-Mobile US and Group ex US
- Q1/22 results of T-Mobile NL not included in guidance
- Guidance based on exchange rate of US\$1.18 per 1 €

¹ Guidance for adj. EBITDA AL of around €37 bn reflects €1.7 bn decrease in handset leasing revenues in the US. TM US adj. EBITDA and Core EBITDA AL adj. included at midpoint of US GAAP guidance of US\$27.45 bn and US\$26.15 bn, adjusted for estimated bridge of US\$-0.6 bn. US FCF included at mid-point of US GAAP guidance of US\$7.45 bn. Based on € 1 = US\$ 1.18



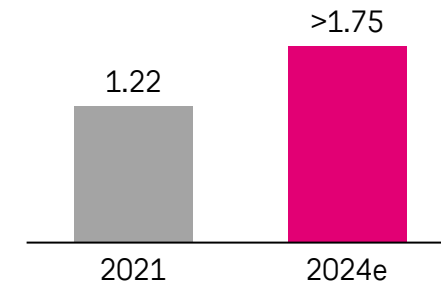
H1 2022

main takeaways

- TM US: strong merger execution, EBITDA up 10%, record customer growth, guidance raised for the 2nd time
- Ex US: 4.4% organic EBITDA AL growth; Germany with 23 and EU with 18 successive quarters of organic EBITDA AL growth. Guidance raised
- High visibility for key cost drivers, including energy; inflation overall manageable
- TMUS stake raised to 48.4%
- Tower strategic review successfully completed: €10.7 bn proceeds, 49% retained
- Well on track for CMD mid-term targets, 2022 guidance raised on both sides of the Atlantic

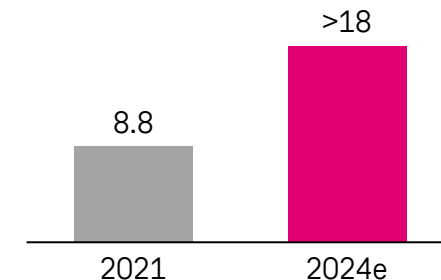
Adj. EPS (CMD target 2024)

€/share



FCF AL (CMD target 2024)

€ bn



Further questions

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