

– Check against delivery –

Conference call

Report on the first quarter of 2022

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Board member for Germany

Deutsche Telekom AG

Thanks, Christian.

Ladies and gentlemen,

I am delighted that we also get the opportunity to meet on this occasion for a change. I will take you through the business at Telekom Deutschland. And it was successful in the first quarter.

In a nutshell: Telekom Deutschland is growing. Our revenue is growing. Our earnings are growing. Our customer numbers are growing. We are investing heavily. And our network is growing as a result: more FTTH. And more 5G. Our customers like what they see.

Let me look first at our financial figures. Let us start with the most important information: This was the 22nd consecutive quarter in which Deutsche Telekom increased its earnings in Germany.

In the first quarter of 2022, we increased revenues by 0.9 percent. As you can see on the slide, revenues were affected by several one-time effects in the first quarter. However, these effects are not slowing the generally positive momentum we are seeing in revenue growth.

One-time revenues from the transition of public-sector network infrastructure in the prior year were no longer included in the first quarter of 2022. These accounted for 0.5 percentage points of revenue. Revenues from call minutes also declined against 2021. You may recall: Last year, the lockdown led to a substantial rise in the number of phone calls. This accounted for around 0.4 percentage points. Lastly, our IT revenue is also being stalled by the shortage in chip supplies.

These one-time effects in the first quarter primarily relate to revenues from projects with low margins. If we exclude these one-time effects, our revenue growth would have been similar to the fourth quarter.

We increased our adjusted EBITDA AL by 3.6 percent year-on-year. This parallels the previous year's strong growth.

Allow me to go into the growth in service revenues in more detail. Total service revenue grew by 0.6 percent in organic terms. Growth was weaker than in the previous year due to the one-time effects I just spoke about. Without these effects, growth would have remained on a par with previous quarters. Mobile service revenues saw particularly strong growth, with 2.5 percent.

Let us now take a closer look at broadband growth. We once again significantly increased the number of broadband customers. However, the growth in this quarter was influenced by an effect from the amendment to the German Telecommunications Act (TKG). The new Act came into force on December 1 of last year.

Put very simply, the amendment resulted in the following:

- At the end of the 24-month minimum contract term, customers can cancel their contract at any time giving one month's notice.
- Previously, they had to wait a further 12 months to cancel.

This has two knock-on effects:

- Firstly, one is a pull-forward effect which has changed the timescale – customers are terminating their contracts earlier.
- Secondly, dual contracts are eliminated:
In the past, some customers had two contracts running in parallel. This is no longer necessary.

To reiterate: We are talking about the elimination of dual contracts – something that you have already heard from our competitors.

We estimate that the mentioned effects reduced growth in the first quarter by around 25,000 to 30,000 contracts. However, we expect this effect to diminish over the course of the year. Except for these effects, the customer demand for our products did not change in this quarter. Our growth continues unabated.

As you can see on this slide, due to the one-time effects already described, growth in reported retail fixed revenues was lower. Wholesale revenues improved, in line with expectations. We still expect to grow again before the end of the second quarter. Our broadband growth remains strong.

The key to our success is always our best network. This year, Telekom will invest around six billion euros in Germany in total. Our 5G and fiber-optic build-out is far ahead of all our competitors.

We want to connect people, whenever and wherever they want. By building out on our own. But also by cooperating with competitors. These cooperations are now a given for us.

To give you a couple of examples from the first quarter:

- Our GlasfaserPlus joint venture is now up and running, and will build 4 million FTTH lines in rural areas through 2028.
- In Hamburg, we signed a partnership deal with wilhelm.tel. The deal will provide 350,000 households in the Hanseatic city with gigabit speeds through FTTH in the coming years.
- In Garbsen, in Lower Saxony, we have the exclusive right to rent and operate the municipal utilities' network. 31,000 households benefit from this.

We call this model the Fiber Platform. And we have signed the biggest deal of this kind to date in the city of Münster. Together with the municipal utilities, we will bring optical fiber to 160,000 households – and the first customer is already online.

We also provide network services to third parties in areas where we are cooperating – because we have been committed to open access for a long time.

Our LTE networks now cover 99 percent of the population. We are closing more and more coverage white spots and gray spots. And we tackle the topics that are particularly important to our customers. Like coverage along rail routes. I am sure you know about our partnership with Deutsche Bahn by now. We discussed the topic at our shareholders' meeting.

In 5G, we lead by some margin. Here, too, our strategy is to build in a way that offers maximum added value for our customers. And in a way that benefits a large number of people as quickly as possible. All in all, we have the fastest 5G network. And we have the best coverage: 92 percent of the population.

This is why we continue to record strong growth in mobile communications. This is evident in the increase in customer numbers. We won 193,000 new contract customers in the first quarter. Mainly in business customer operations.

The effect of the amendment to the Telecommunications Act, which allows customers to terminate their contracts earlier, led to a temporary slight increase in the contract customer churn rate in the consumer area. Strong business customer net additions more than offset this effect. Mobile customer demand also continued unabated.

To close, I would like to finish by giving you an overview of where we are at in terms of meeting our capital market promises.

FTTH build-out

Our FTTH build-out is completely on schedule. That goes for our build-out target of 2 million households this year, as well as for our planning for 2024. Today, we already offer 3.6 million fiber-optic lines Germany-wide. Nobody has more than us. We and our partners are set to have more than 10 million homes passed by 2024.

And we are looking to the future: FTTH is the only way we can meet our customers' growing demand for fast networks. And, coincidentally, FTTH is the technology with the lowest power consumption of all. So FTTH is not only sustainable technologically speaking. But also ecologically.

Broadband revenues

Broadband revenues increased by 5 percent in the first quarter of 2022. That is above the medium-term target we announced at the Capital Markets Day in 2021.

35 percent of our customers now subscribe to rate plans with speeds of over 100 Mbit/s. Our path towards more broadband and to FTTH is the right one.

Mobile revenues

We are still by far the leading player in the market. 2.5 percent growth in the first quarter puts us well above our capital market guidance of 1 to 2 percent for the years 2020 through 2024.

EBITDA AL

Our earnings grew by 3.6 percent in Q1. This is significantly above the guidance of 2.5 to 3.0 percent we announced at the Capital Markets Day. The growth of our net margin and the reduction of indirect costs contributed in equal measure to this growth.

This growth in earnings will enable us to finance the fiber-optic build-out that has been accelerated again this year. But we need to stay on this path: continue improving customer numbers and increasing revenue, while, at the same time, reducing our indirect costs. We need to follow this path in order to finance our network build-out in the long-term. In fiber-optic alone, we plan to invest around 30 billion euros with our partners by 2030.

To round off, let us take a look at our service.

Perfect service has long ceased to be a hygiene factor. It is what sets us apart.

And we continue to improve the quality of our service:

- Complaints are down 36 percent against one year ago.
- Incidents are down 15 percent.
- App penetration increased to 57 percent.

Let me sum up:

- We got 2022 off to a great start. We are making good progress towards achieving our goals from the 2021 Capital Markets Day.
- We saw headwind in the first quarter in the form of one-time effects. We are optimistic that things will return to normal from the coming quarter on.
- Telekom Deutschland is growing. Our revenue is growing. Our earnings are growing. We are investing heavily.
- And our best network is growing as a result: more FTTH. And more 5G.

Our customers like what they see. Our customer numbers are growing.

Thank you.

I will now hand you back to Christian Illek, who will explain developments in the other segments.