

– Check against delivery –

Conference call

Report on the second quarter of 2022

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Thanks, Tim!

I will break down my comments today into three sections:

1. First, I will explain the development of the Group's financials in the second quarter of 2022.
2. Then we will take a look at the development in the operating segments.
3. Finally, I will go into the development of net profit and net debt.

So, first to the Group's financials in the second quarter of 2022.

They developed well, that goes for revenue and earnings as well as free cash flow.

We are raising the Group's guidance for the full year on the basis of this positive development on both sides of the Atlantic in the first half of the year.

You saw the raised guidance for T-Mobile US two weeks ago. Now we are also raising the guidance for adjusted EBITDA AL and free cash flow in the business excluding the United States.

Reported net revenue increased by 5.9 percent to 28.2 billion euros in the three months from April to June 2022. That is headline growth of around 1.6 billion euros. The Group's reported adjusted EBITDA AL increased by 5.0 percent in this period to 9.9 billion euros. That is growth of 473 million euros.

It is important to look at the organic development of net revenue and earnings, because the reported figures were substantially affected by changes in the U.S. dollar exchange rate in particular, and by changes in the composition of the Group.

Growth in reported net revenue was positively affected by the U.S. dollar, which was much stronger than in the prior-year quarter. This also increased reported adjusted EBITDA AL.

By contrast, the deconsolidation of T-Mobile Netherlands and the fixed-network business in Romania reduced reported net revenue and reported adjusted EBITDA AL in this quarter.

Taking these different factors into account, net revenue remained virtually unchanged against the prior-year level in organic terms in the second quarter.

To assess the sustainable development in the first half of 2022, we also must bear in mind that T-Mobile US is winding down Sprint's former business model with terminal equipment leasing for retail customers.

This had a reducing effect of around 1 billion euros on adjusted EBITDA AL in the T-Mobile US segment in the six-month period. To take account of this temporary effect, we eliminated it from the reduction in terminal equipment leasing in adjusted core EBITDA.

On this basis, adjusted core EBITDA at T-Mobile US increased by 7.9 percent in the first half of 2022. For the Group, this results in an organic increase in adjusted core EBITDA AL of 6.5 percent in the reporting period.

The business on both sides of the Atlantic delivered higher contributions to this. This trend is mainly due to the 4.5 percent increase in service revenues in the Group in this six-month period.

Free cash flow AL remained flat at 2.8 billion euros in the three months from April to June 2022. For the first half of 2022, this makes a year-on-year increase of around 22 percent to approximately 6.5 billion euros.

On the back of this positive development of the business in the first six months of 2022, we have again raised our guidance for the full year. Adjusted EBITDA AL for the Group is now expected to increase to around 37 billion euros. That is up from our previous guidance of more than 36.6 billion euros.

For free cash flow, we expect more than 10 billion euros for the full year. The business excluding the United States is expected to make a contribution that is around 0.1 billion euros higher than anticipated in the guidance of the first quarter.

Let me show you the progress we have made in our operating segments in the second quarter of 2022.

First, T-Mobile US:

The integration of Sprint is ahead of plan. T-Mobile US raised the mean value for the synergy target for the business combination with Sprint in the current year by 200 million U.S. dollars compared with the guidance from the first quarter of 2022.

New customer development is bolstered by T-Mobile US' network build-out and by its reputation in terms of network leadership. Most recently, T-Mobile US took first place in two network tests as well as the top spot with J.D. Power for its customer care.

The result is ongoing strong customer additions.

In mobile communications, T-Mobile US leads the market by some margin in net customer acquisition, after the best-ever second quarter in the company's history.

1.7 million branded mobile postpaid customers were added in the three-month period.

That is more new customers in this segment than AT&T and Verizon combined recorded in the same period. At the same time, the churn rate for branded phone customers was reduced further to 0.8 percent.

For its new home internet offering, T-Mobile US won 560,000 new customers in the three months. This is well ahead of our expectations; the customer base has now grown to more than 1.5 million.

T-Mobile US increase service revenue by 5.7 percent in the three months. One contributing factor was the increase in average monthly revenue per postpaid phone customer, which was up by 2.8 percent year-on-year.

T-Mobile US increased adjusted core EBITDA by 10.4 percent in the second quarter.

For the full year 2022, T-Mobile US raised its guidance for mobile postpaid net customer additions to between 6.0 and 6.3 million. The previous guidance had been 5.3 to 5.8 million postpaid net customer additions. That is an increase in the mean value for the

range of around 600,000 new customers compared with the figure previously anticipated.

As a result, T-Mobile US expects to make a higher contribution to the Group's adjusted EBITDA AL for the full year: Around 22.7 billion euros is now expected, up from the previous guidance given in the first quarter of 2022 of more than 22.4 billion euros.

Now on to our business in Germany.

We recorded further strong growth in new customer acquisitions here. The number of broadband lines increased by 46,000 in the second quarter of 2022, despite the total market for new customers in broadband business being weaker overall than in the same quarter of the prior year. This is also a temporary consequence of the amendment to the German Telecommunications Act adopted at the end of last year. This factor should ease off in the second half of the year.

In this environment, Deutsche Telekom remained the strongest provider in terms of net customer additions, winning a proportion of new customers that exceeded our targets.

We recorded 298,000 new customers for fiber-optic-based lines.

We recorded a strong increase in the number of customers with a broadband line of 100 Mbit/s or faster, with the customer base growing by 1.3 million to 5.4 million year-on-year.

The number of super vectoring lines increased by around 590,000 compared with the end of the second quarter of 2021, to reach 1.54 million. That is an increase of 62 percent as of the reporting date June 30, 2022.

The number of branded mobile customers increased by 194,000 in the second quarter. In the second quarter of the prior year, this figure had stood at 135,000. The contract consumer churn rate was still slightly elevated on account of the aforementioned effect of the amended German Telecommunications Act.

Service revenues in the Germany operating segment were up by around 90 million euros in organic terms in the second quarter, an increase of 1.7 percent. Mobile service revenues increased by 2.6 percent year-on-year in the three months from April to June 2022.

In the German fixed-network business, service revenues increased by 1.4 percent in organic terms in the second quarter. Broadband service revenues increased by 4.9 percent, mainly on the back of the strong performance of the business with branded retail customers. The 1.5 percent increase in wholesale access revenue is attributable to higher contract volumes and a price adjustment in the commitment model as of April 1.

Revenue in the segment increased by 2.7 percent overall to 6.1 billion euros in the second quarter. Reported adjusted EBITDA AL in the Germany segment increased in the three-month period by 3.1 percent to 2.4 billion euros. This increase in earnings of

72 million euros resulted from high-value revenue growth. This means we have increased earnings in the Germany segment for 23 quarters in succession.

Let us now move on to the Europe operating segment.

Here, too, we saw further strong organic growth in the customer base. In the second quarter of 2022, we recorded 243,000 contract net customer additions. The number of broadband customers increased by 70,000. In TV business, we increased the customer base by 17,000 in the three-month period. Regarding FMC customers, a total of 186,000 customers opted for our convergent product packages.

Reported segment revenue declined by 2.7 percent in the second quarter. The deconsolidation of the fixed-network business in Romania, which the Greek company OTE had sold in the prior year, must be taken into account here. Bearing in mind this reduction in the consolidated group, revenue generated by the Europe segment grew by 4.2 percent year-on-year in organic terms. That is an increase of around 110 million euros. This includes a 3.6 percent increase in mobile and fixed-network service revenues, corresponding to around 80 million euros.

Adjusted EBITDA AL in the segment increased by 4.5 percent in organic terms, corresponding to around 42 million euros. The net margin increased to 63 million euros, thereby more than compensating additional energy costs.

The increase in earnings already takes into account a special tax in Hungary to be paid by telecommunications companies, which had an effect of 31 million euros in the second quarter. Excluding this factor, adjusted EBITDA AL would have increased by 7.8 percent in organic terms.

T-Systems performed in line with our expectations in the second quarter. Order entry was down in the second quarter compared with the same period of the prior year. In the second quarter of 2021, the basis for comparison had been substantially increased by a major deal.

T-Systems' revenue remained stable at the prior-year level in the second quarter at around 1.0 billion euros. Revenue in traditional infrastructure business continued to decline, as expected, while we recorded growth with digital solutions. Adjusted EBITDA AL increased by 14 percent in organic terms in the second quarter of 2022. The year-on-year increase was primarily due to cost reductions.

In the Group Development operating segment, T-Mobile Netherlands was deconsolidated as of the end of the first quarter of 2022. As such, the operating business currently primarily comprises the cell tower business in Germany and Austria. This is until the closing of the transaction in which we agreed to sell the majority of GD Towers in July of this year.

The cell tower business continued to develop very positively in the second quarter.

The number of sites increased to 40,700. This was thanks to the network build-out in Germany, where a total of 1,300 new cell sites have been built in the last 12 months.

Recurring lease revenues in the cell tower business increased by 8.9 percent year-on-year on an organic basis in the second quarter. Recurring lease revenues from business with customers outside the Group in Germany recorded particularly strong organic growth of 14.9 percent.

Adjusted EBITDA AL in the cell tower business grew by 7.2 percent in organic terms in the second quarter. This increase was due to the higher number of cell sites and lower average costs per site.

That brings me to the explanation of the development of free cash flow and the year-on-year increase in adjusted net profit for the Group. Free cash flow AL in the Group was at the prior-year level of 2.8 billion euros in the second quarter of 2022.

It was increased by net cash from operating activities, which was up by 541 million euros on the back of the positive business development. Free cash flow AL was reduced by the cash outflows for investments, which were up by around 0.7 billion euros.

Adjusted net profit increased by 15.7 percent to 2.4 billion euros in the three months. That is growth of 332 million euros. The growth in adjusted EBITDA had an increasing effect of around 0.6 billion euros. Net profit was also positively impacted by the fact that

depreciation and amortization decreased year-on-year by around 155 million euros, primarily as a result of the deconsolidation of T-Mobile Netherlands.

By contrast, loss from financial activities increased by around 0.16 billion euros due to an increase in interest expenses. The loss from financial activities also included various measurement effects which balanced each other out.

The Group's tax expense increased by 0.15 billion euros in the second quarter of 2022 due to the increase in profit before income taxes. The share of adjusted net profit attributable to non-controlling interests also increased by around 0.1 billion euros due to the positive development in profit before income taxes.

Reported net profit was down against the prior-year quarter. The difference to the development of adjusted net profit is almost entirely attributable to the U.S. business, specifically the special expenses for the integration of Sprint and two special factors.

The planned costs arising in connection with the integration of Sprint increased by around 1.05 billion euros before taxes compared with the prior-year period. Looking ahead briefly: In the second half of 2022, integration costs are expected to be much lower than in the first six months of this year.

A further negative factor was an impairment loss of around 0.45 billion euros before taxes recognized following the discontinuation of fixed-network activities in the United States. Furthermore, the expense for the proposed settlement in connection with

the cyberattack last year reduced earnings by around 0.4 billion euros in the second quarter of 2022.

The special factors reducing earnings had a decreasing effect on the share of net profit attributable to external shareholders of T-Mobile US. This effect, which amounted to around 0.76 billion euros after taxes in the second quarter, offset the negative special factors affecting reported net profit. In the first six months of 2022, adjusted net profit increased by 41.3 percent to 4.7 billion euros.

That brings me to net debt and the balance sheet ratios in the second quarter of 2022.

Interest-bearing net debt – i.e., excluding payment obligations from lease agreements – increased by 8.2 billion euros as of the end of the second quarter compared with the reporting date at the end of March 2022 to 106.2 billion euros.

Free cash flow AL of 2.8 billion euros reduced liabilities in the second quarter of 2022.

Three factors in particular increased interest-bearing net debt.

One factor is the change in the U.S. dollar exchange rate. The U.S. dollar was stronger in relation to the euro at the end of June 2022 than at the end of March 2022. The translation of these liabilities from U.S. dollars into euros alone accounts for 4.5 billion euros. Just to remind you: Almost all of these liabilities relate to T-Mobile US. This relates only to a translation of liabilities, which does not entail any cash flows.

In addition, in the second quarter, as you know, we increased our stake in T-Mobile US by 1.7 percentage points to 48.4 percent. In doing so, we also increased our share in the growing future earnings in the United States. Furthermore, total dividends of 3.2 billion euros were paid out in the second quarter, with the vast majority of these payments being made to shareholders of Deutsche Telekom AG.

The ratio of net debt excluding leases to adjusted EBITDA AL stood at 2.77x at the end of the second quarter. The ratio of net debt including leases to adjusted EBITDA stood at 3.28x as of the same date.

Our goal is unchanged:

We want to bring the ratio of net debt including leases to adjusted EBITDA back into the comfort range of 2.25x to 2.75x by the end of 2024 at the latest. The projected proceeds from the agreed sale of the majority stake in our cell tower business of around 10.7 billion euros will help with this.

All other guidance figures regarding rating, shareholders' equity, and liquidity reserve remain within the target ranges.

And now I would like to hand you over to Tim Höttges.