

**Deutsche Telekom  
Investor presentation  
Nov 2022**



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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.

# 9M 2022 results

## sector leading growth

### Group

- Strong organic service revenue growth +4.0% and adj. Core EBITDA AL growth of +5.9%
- FCF AL up +13.9% and adj. EPS growth of +47.4%
- Guidance raised for the 3rd time this year
- Dividend proposal of 0.70€ per share<sup>1</sup>

### T-Mobile US

- Service revenues up 5.4%, adj. Core EBITDA AL +7.0%, organically
- FCF AL at € 5.3 bn
- Strong customer intake: 4.6 mn postpaid net adds, 1.5 mn HSI net adds
- Share buyback program successfully launched (US\$ 0.7bn in Q3)

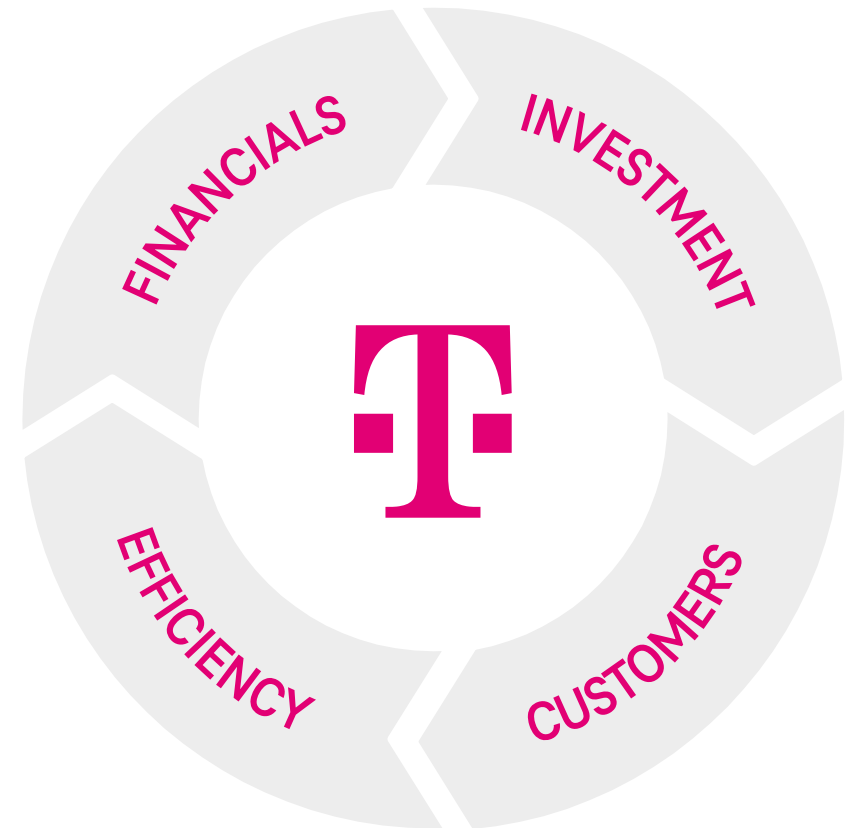
### DT ex US

- Service revenues +1.8% organically
- Adj. EBITDA AL +4.3% organically
- FCF AL at € 4.1 bn

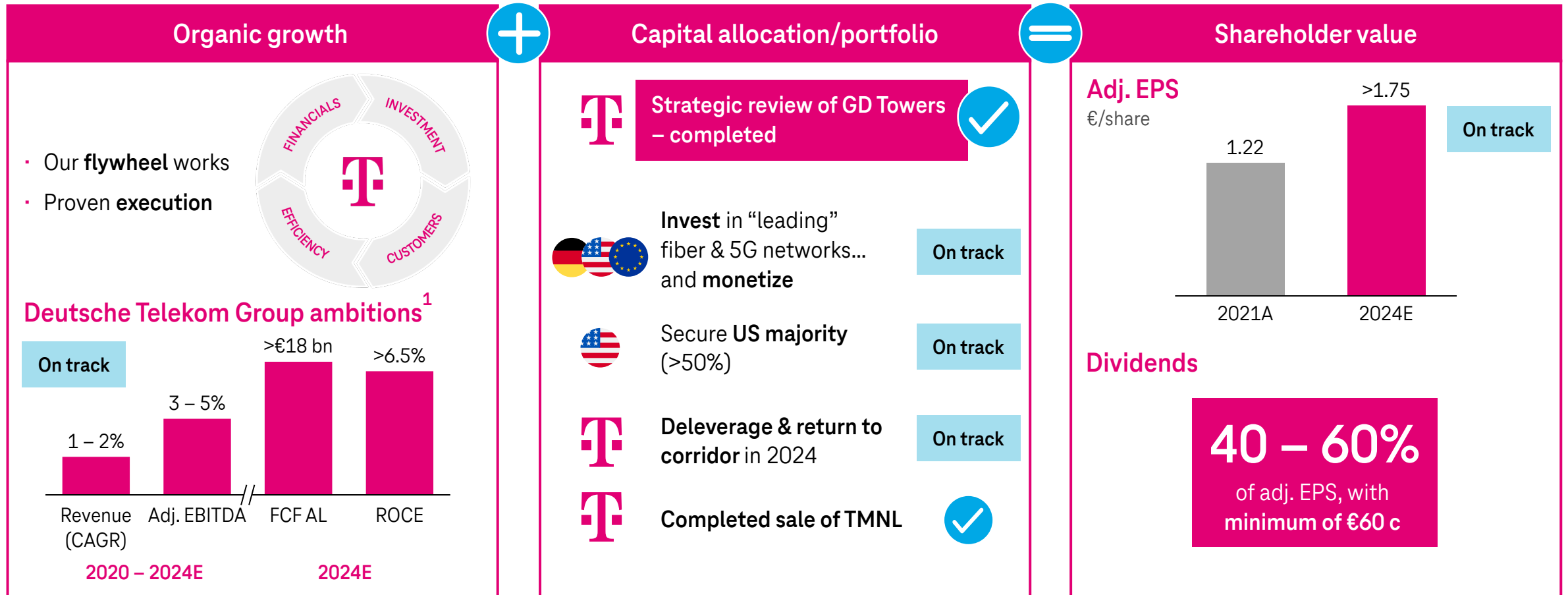
<sup>1</sup> Subject to board resolution and AGM approval

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 Group Development 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 interim report of DT both available at [www.telekom.com/en/investor-relations](http://www.telekom.com/en/investor-relations)



# Deutsche Telekom continues to execute on its strategic agenda



<sup>1</sup> Based on € 1 = US\$ 1.14

# Financials Q3 2022 reported

## strong growth

€ mn

|  | Q3      |         |        | 9M      |         |        |
|--|---------|---------|--------|---------|---------|--------|
|  | 2021    | 2022    | Change | 2021    | 2022    | Change |
| Revenue                                | 26,641  | 28,979  | +8.8%  | 79,164  | 84,613  | +6.9%  |
| Adj. EBITDA AL                         | 9,661   | 10,481  | +8.5%  | 28,323  | 30,244  | +6.8%  |
| Adj. EBITDA AL (excl. US) <sup>2</sup> | 3,890   | 3,791   | -2.5%  | 11,108  | 11,046  | -0.6%  |
| Adj. Net profit                        | 1,313   | 2,411   | +83.6% | 4,627   | 7,094   | +53.3% |
| Net profit                             | 889     | 1,578   | +77.5% | 3,705   | 6,987   | +88.6% |
| Adj. EPS (in €)                        | 0.27    | 0.48    | +77.8% | 0.97    | 1.43    | +47.4% |
| Free cash flow AL <sup>1</sup>         | 2,940   | 2,904   | -1.2%  | 8,290   | 9,444   | +13.9% |
| Cash capex <sup>1</sup>                | 4,362   | 5,582   | +28.0% | 12,932  | 15,224  | +17.7% |
| Net debt excl. leases (AL)             | 99,285  | 109,501 | +10.3% | 99,285  | 109,501 | +10.3% |
| Net debt incl. leases (IFRS 16)        | 130,375 | 151,707 | +16.4% | 130,375 | 151,707 | +16.4% |

<sup>1</sup> Free cash flow AL before dividend and before spectrum investments. Cash capex before spectrum investment. Spectrum: 9M/21: €8,328 mn; 9M/22: €2,984 mn; Q3/21: €304 mn; Q3/22: €367 mn

<sup>2</sup> Decline due to de-consolidation of Romania fixed and the Dutch business. Organic growth rate of +3.9% in Q3.

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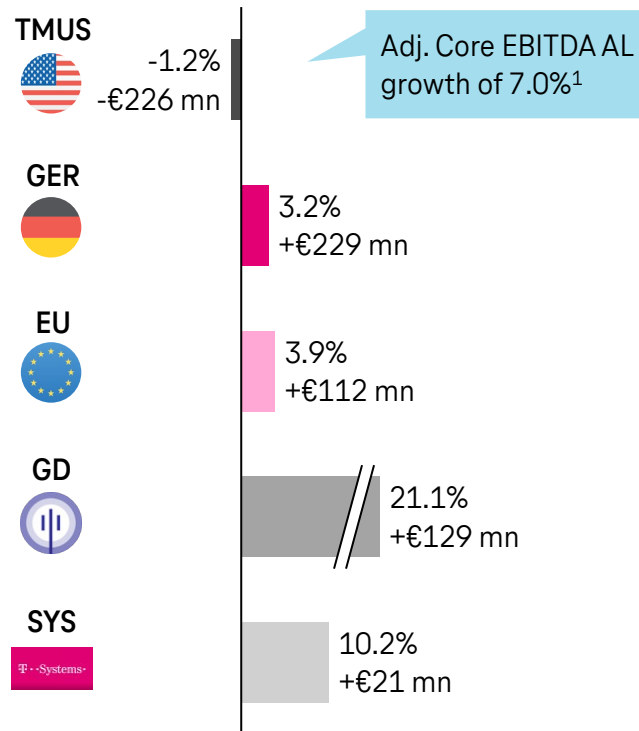
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# Financials 9M 2022 organic

## strong growth

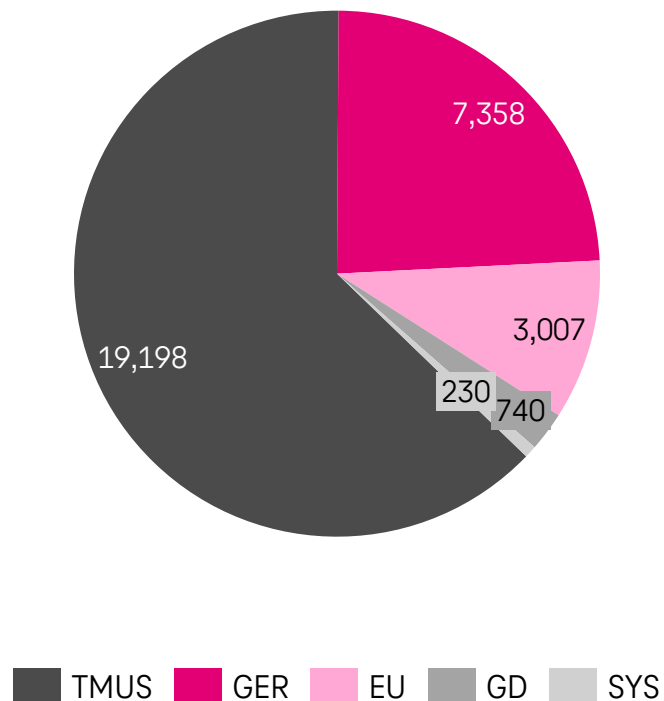
### 9M/22 Adj. EBITDA AL

growth yoy, organic



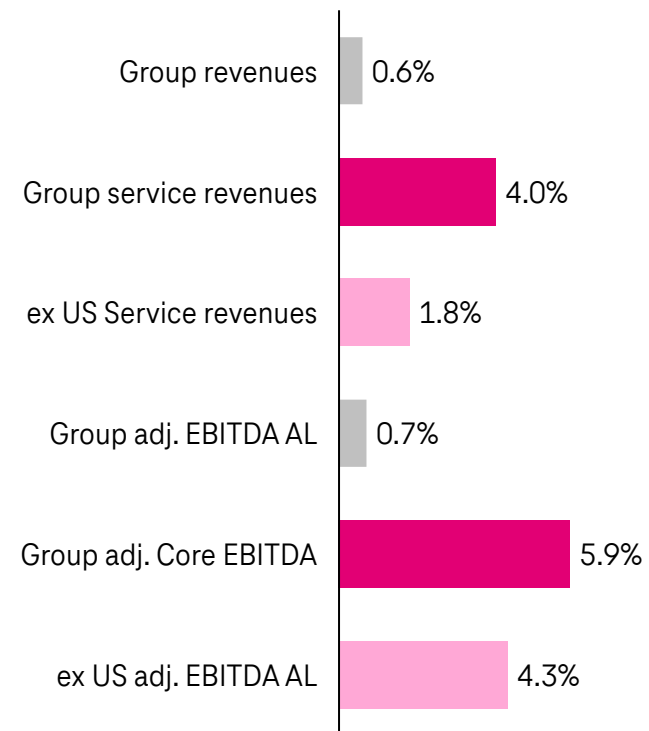
### 9M/22 Adj. EBITDA AL<sup>2</sup>

€ mn



### 9M/22 Key Financials

% growth yoy, organic



<sup>1</sup> according to IFRS. US GAAP growth is 10.7%. Adj. Core EBITDA excludes decreasing handset leasing revenues (US\$ -1.5 bn yoy) <sup>2</sup> Excl. GHS. Group EBITDA AL €30,244 mn

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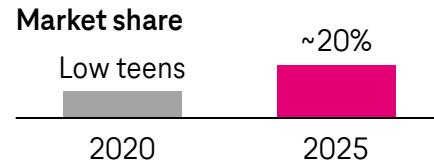
# DT has unique growth opportunities



## United states



- Clear 5G leader
- Unique SRMA opportunity

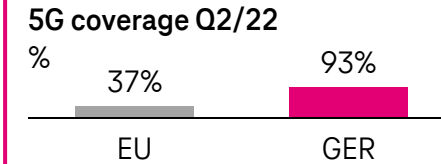


SRMA ~40% of the US

## Europe



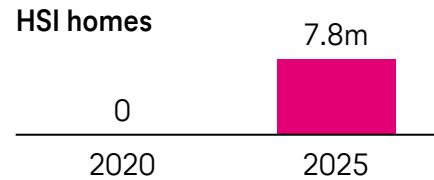
- Clear 5G leader



Growth with speed upsell

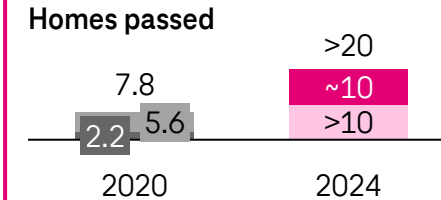


- Unique wireless high speed opportunity



1.5m subs in 6 quarters

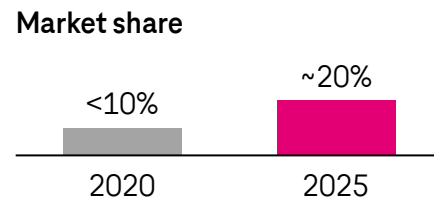
- Clear fiber leader



Growth with speed upsell

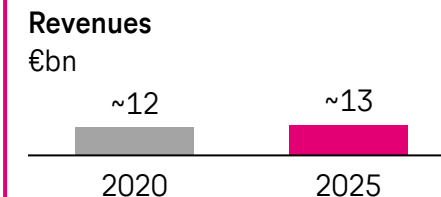


- Unique B2B share opportunity



On track

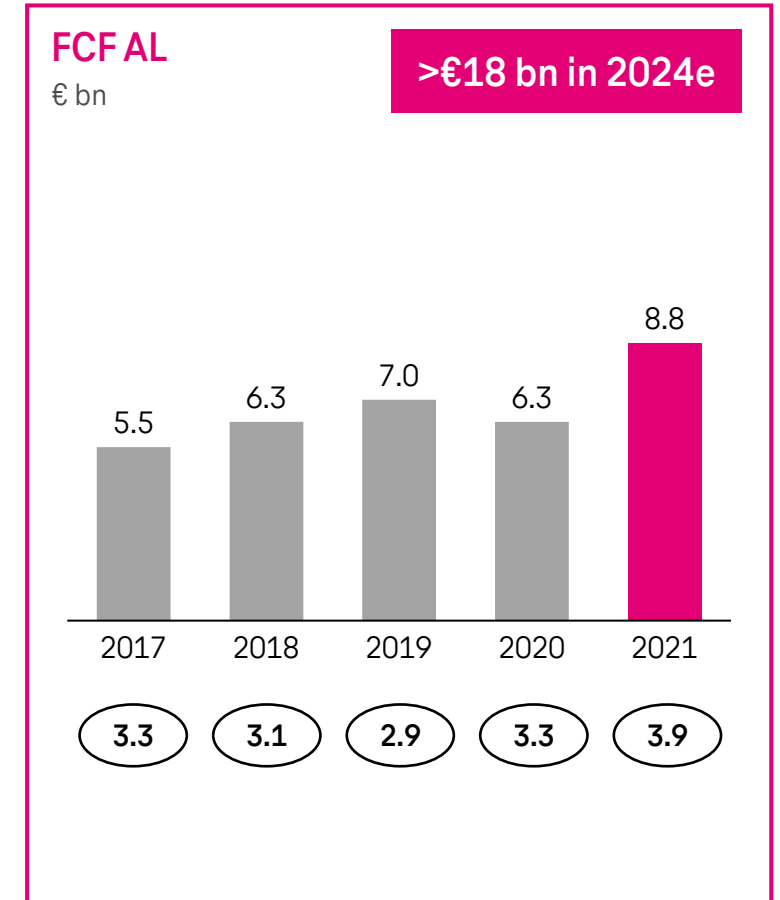
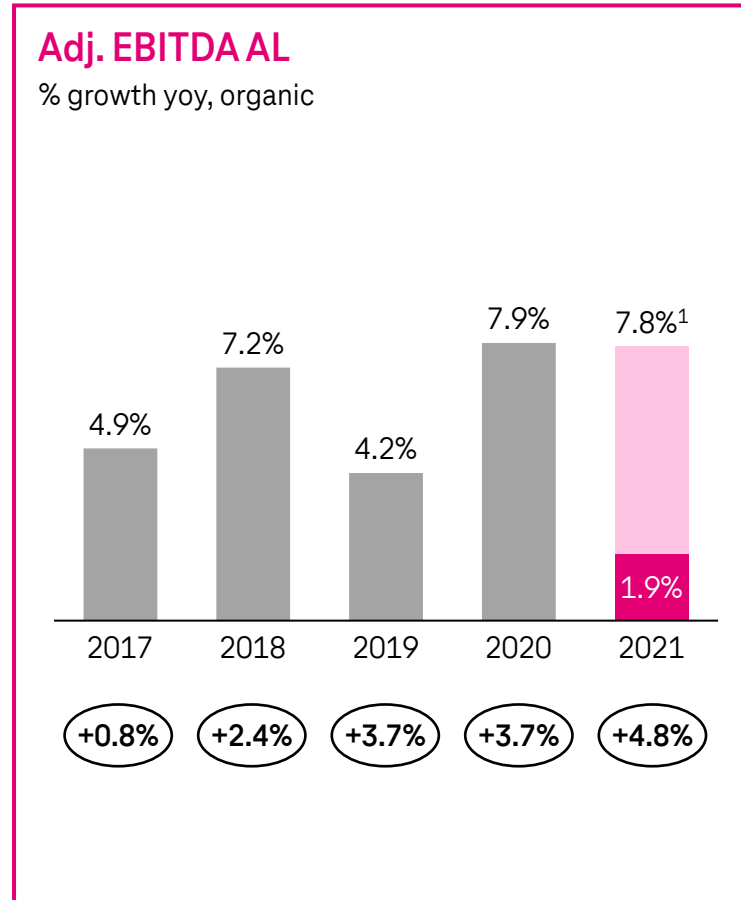
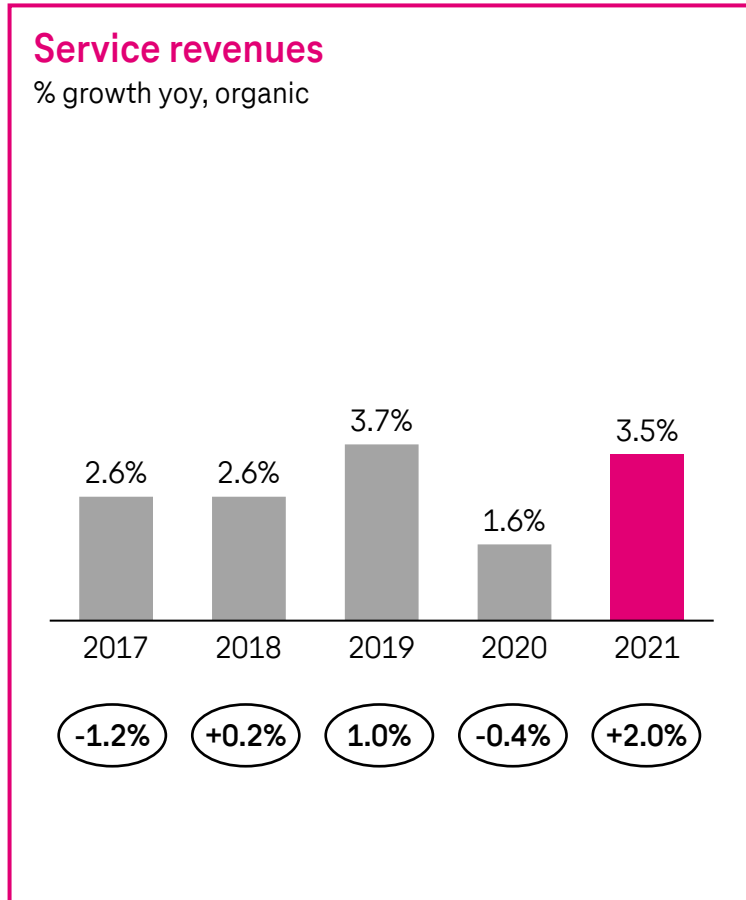
- Clear B2B leader



Growth with digitization

# Financials 2017–2021

## consistent growth in key KPIs



**+/-X.X%** = Ex US

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

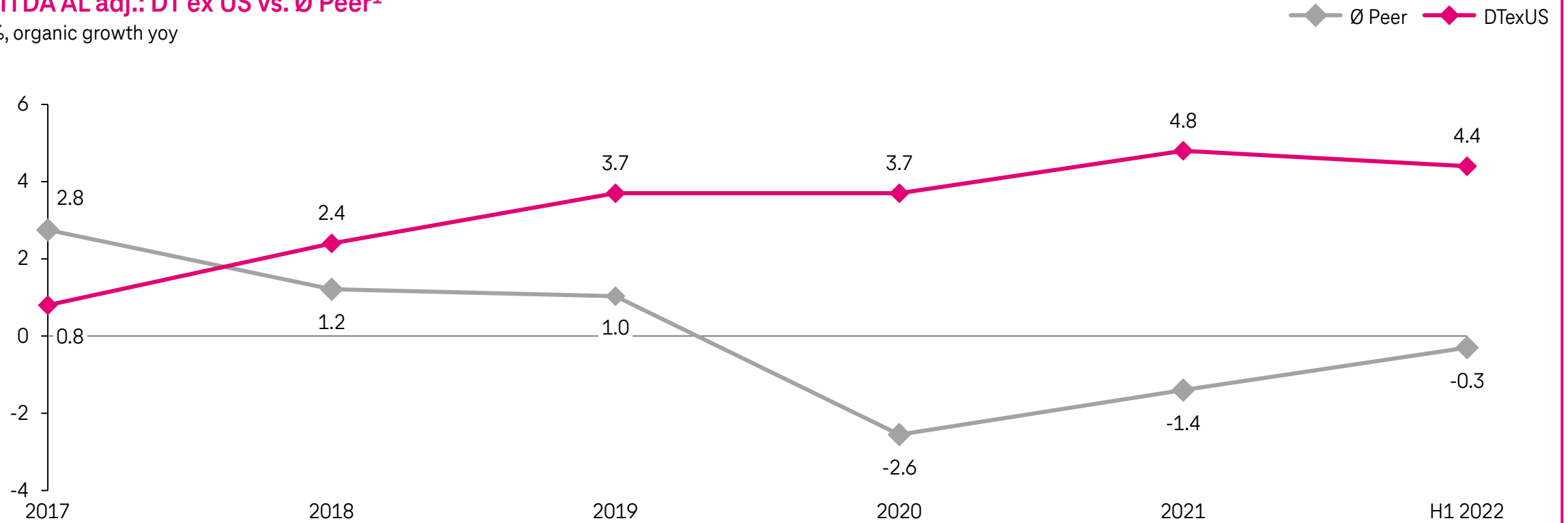


# DT ex US

## strong EBITDA growth outperformance

### EBITDA AL adj.: DT ex US vs. Ø Peer<sup>1</sup>

in %, organic growth yoy



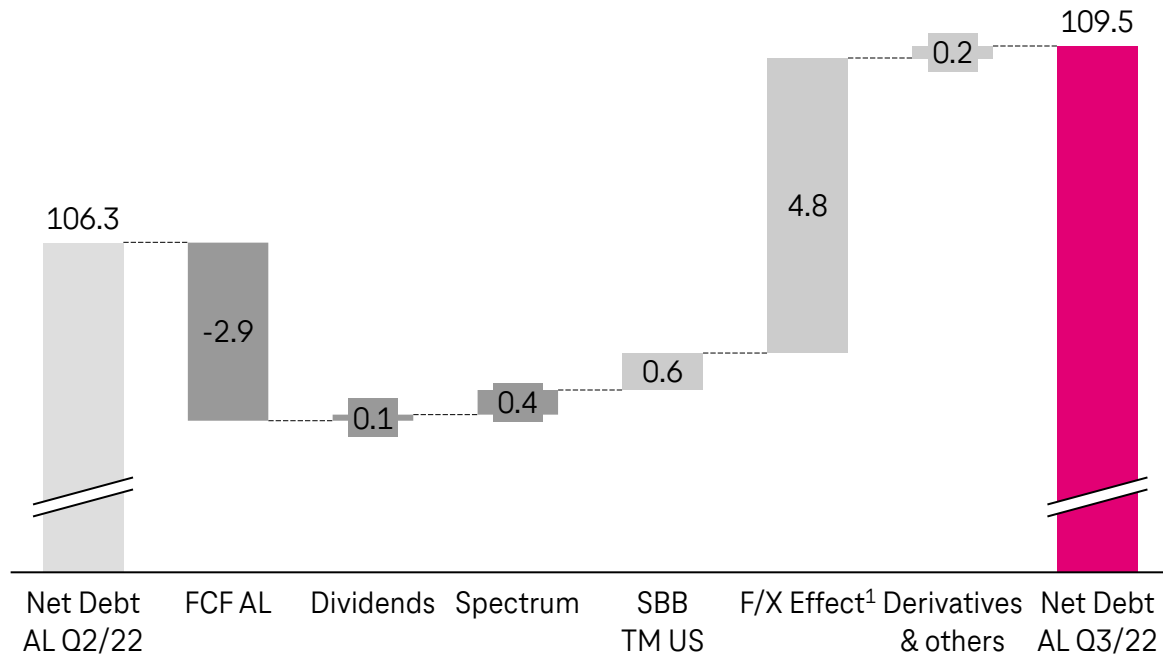
<sup>1</sup> Peer group: 8 European Telco groups (Orange, Telefonica, Vodafone, BT, Telecom Italia, KPN, Proximus, Telia), Ø peer is unweighted average; Vodafone Q2/22 included with midpoint FY guidance

# Financials Q3 2022

net debt up on share buyback TM US, and F/X

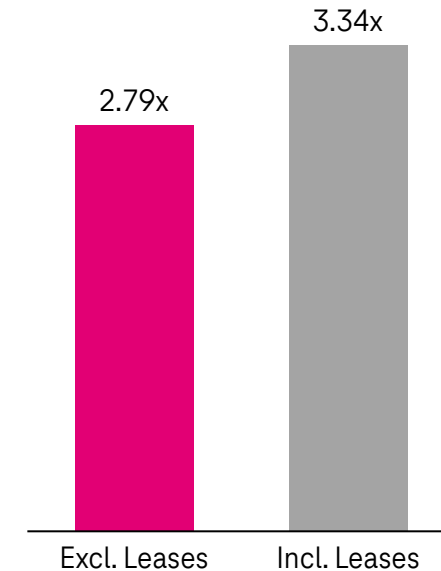
## Net debt excl. leases (AL) (Q3/22 over Q2/22)

€ bn



## Leverage ratios

• CMD target: back in 2.25 – 2.75x IFRS16 range YE24



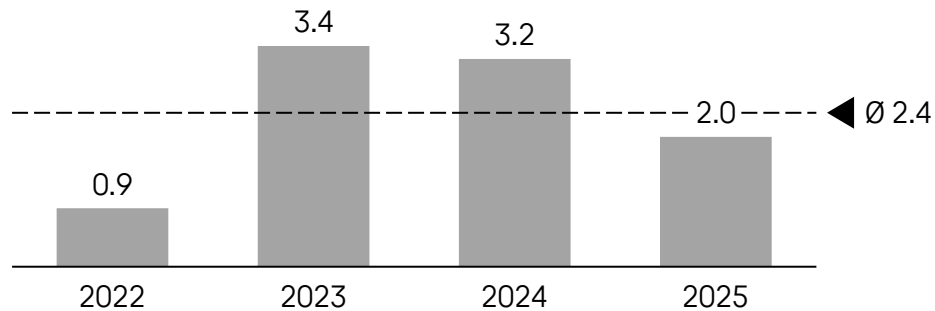
<sup>1</sup> Foreign exchange impact calculated on 1€ = 0.975 US\$

# Financials

well balanced maturity profile with strong liquidity reserve

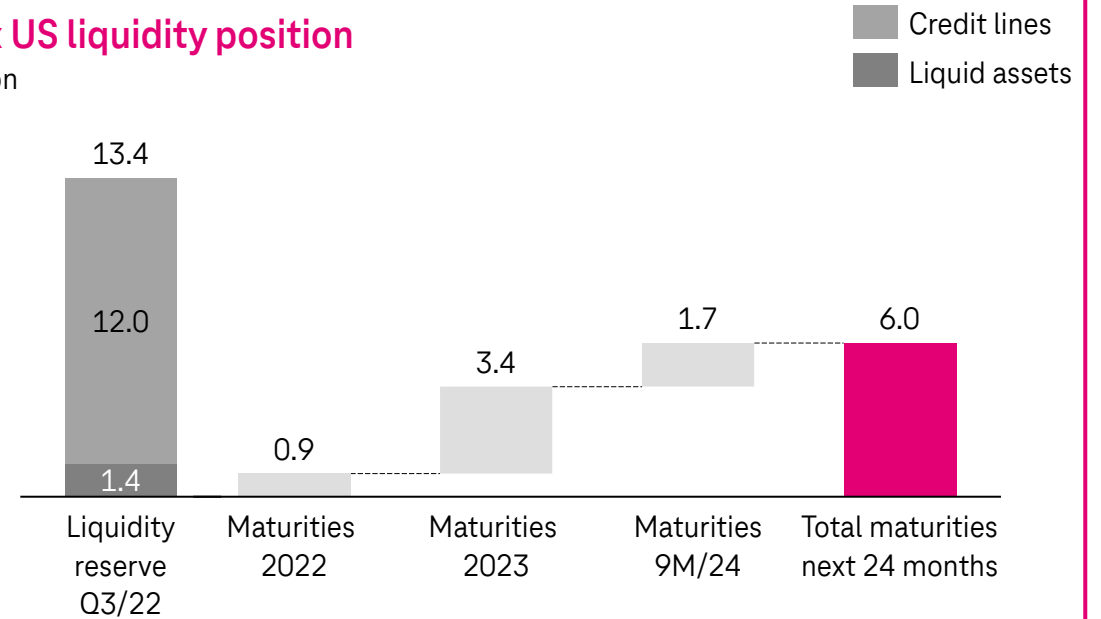
## DT (ex US) bonds maturing

€ bn



## Ex US liquidity position

€ bn



- €10.7 bn of tower proceeds expected after closing around year end 2022
- 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

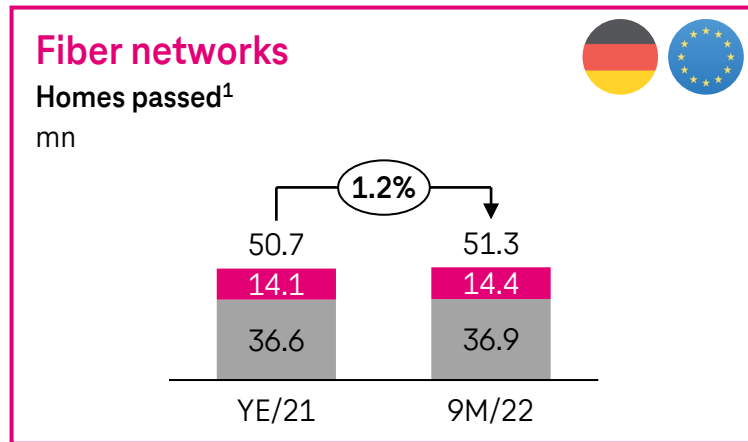
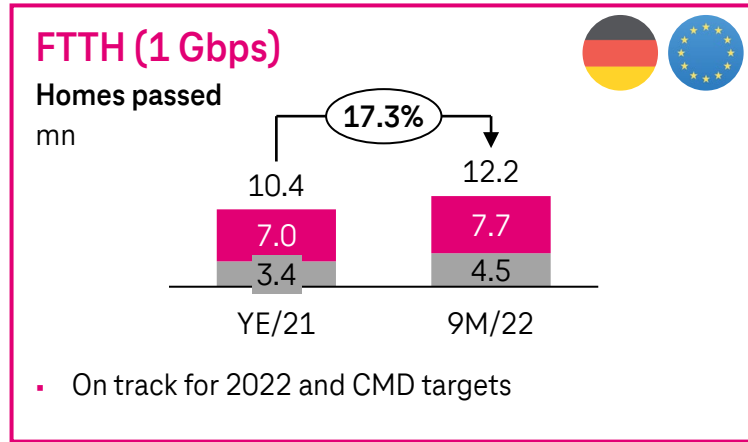


# Operations

## Review Q3/2022

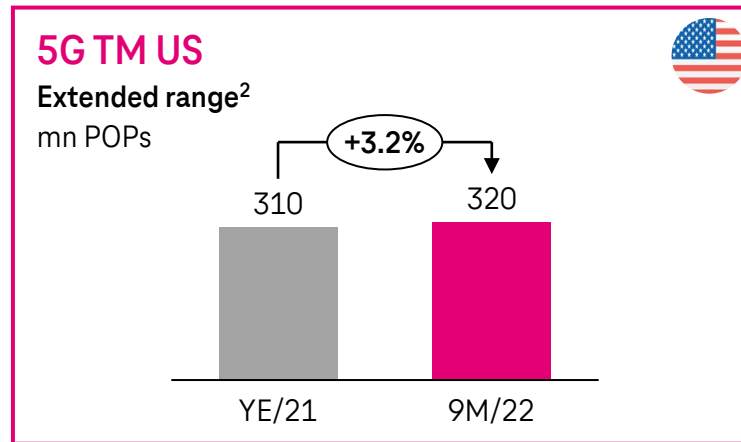
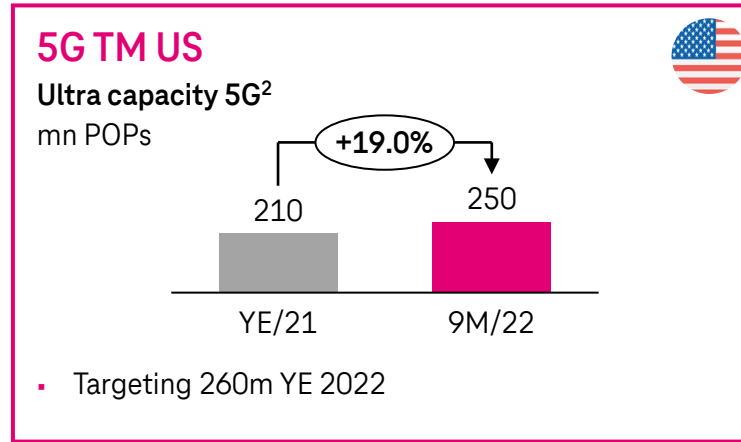
# Networks

leading with 5G, FTTH well on track

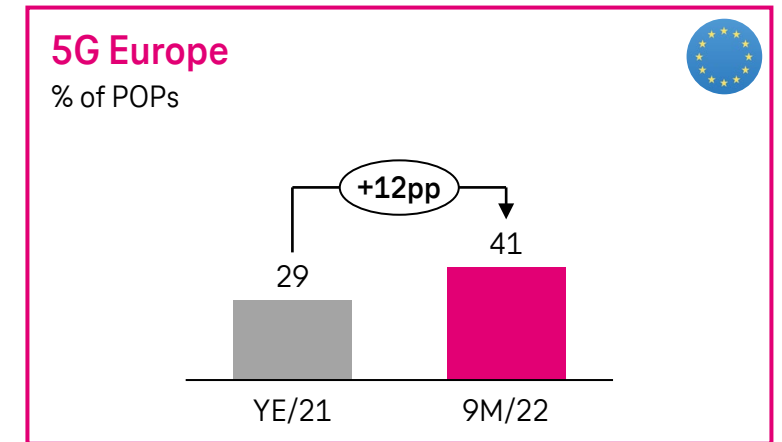
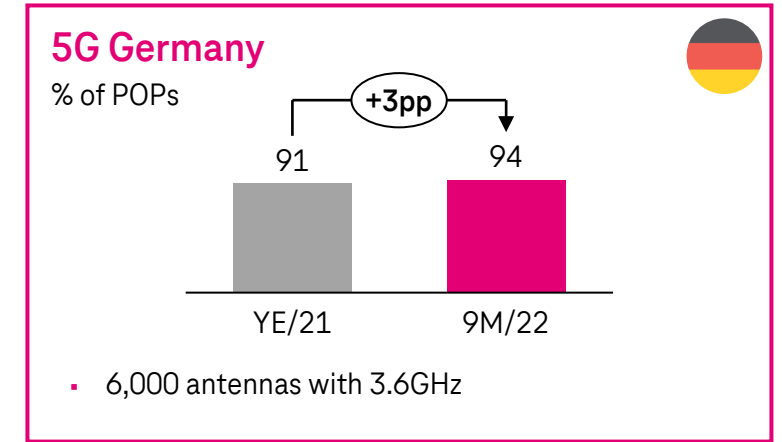


■ EU ■ GER

<sup>1</sup> EU8: FTTC, FTTH/B lines and cable/ED3. GER: FTTC and FTTH/B lines incl. co-operations and cable



<sup>2</sup> Extended range on 600 MHz, Ultra capacity on 2.5 GHz



# Customers

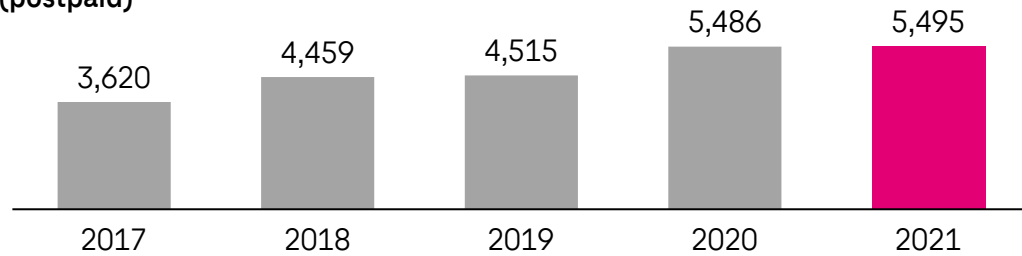
## consistent strong growth

### Mobile net adds

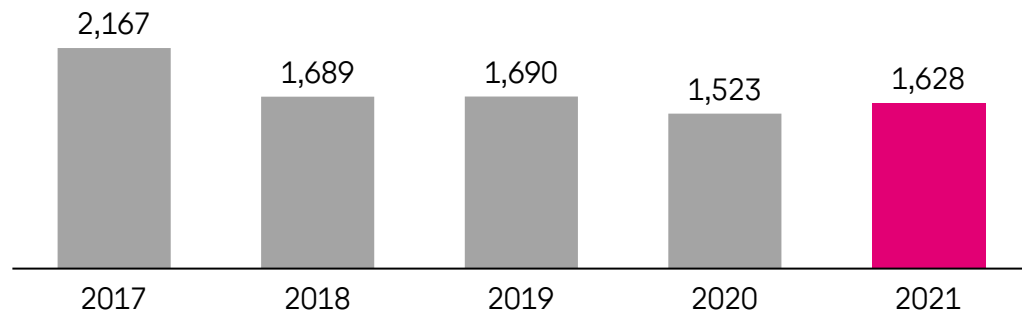
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#### US (postpaid)



#### Ex US (contract)<sup>1</sup>

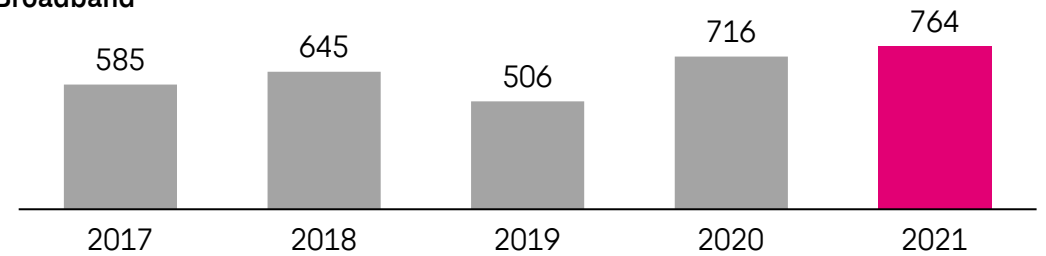


### Fixed line net adds

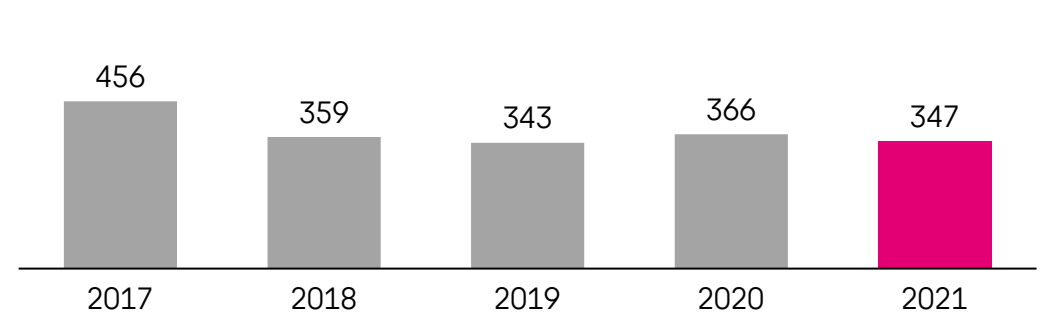
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#### Broadband



#### TV



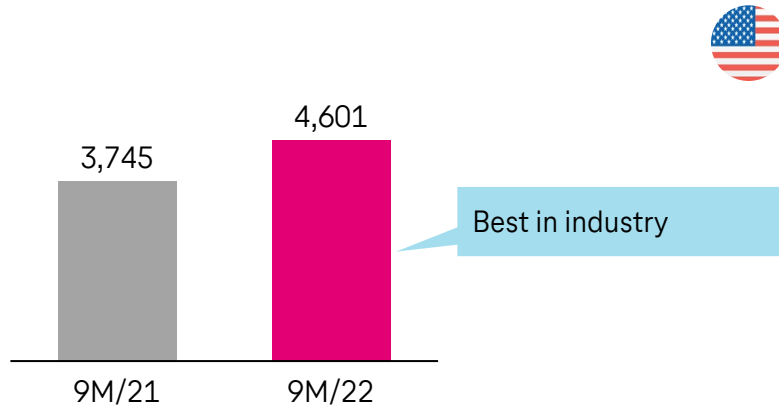
<sup>1</sup> GER + EU + NL. GER: Since 2021 Own branded retail customers excl. multibrand, consumer IoT and "Schnellstarter"

# Customers growing strongly

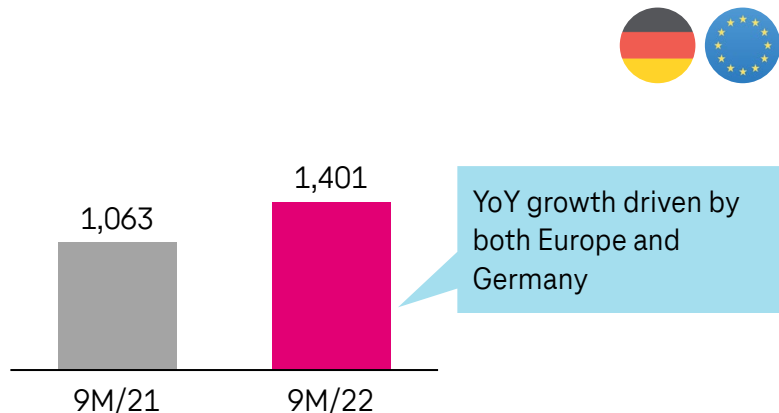
## Mobile net adds

000

US (postpaid)



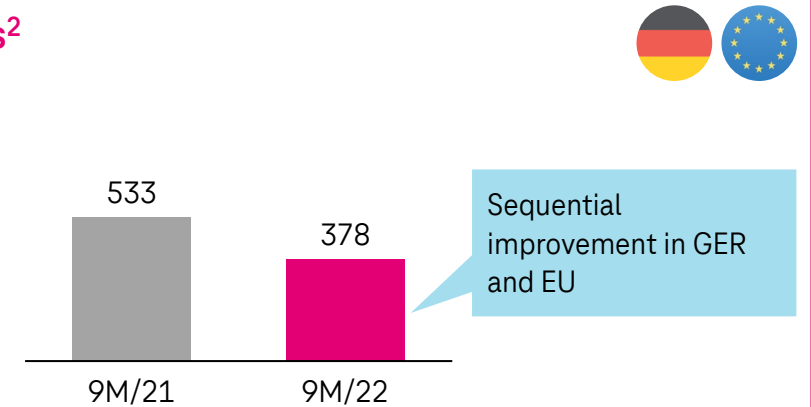
Ex US (contract)<sup>1</sup>



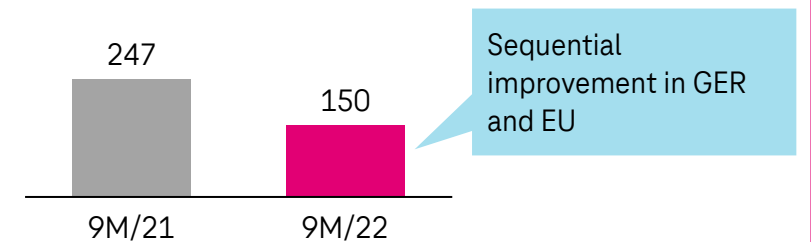
## Fixed line net adds<sup>2</sup>

000

Broadband



TV



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

# ESG

## taking tangible steps towards ambitions



### ENVIRONMENT

- **Emissions:** Net zero (Scope 1&2) until 2025, Net neutrality (Scope 1-3) until 2040 latest, reduce Scope 3 per customer by 25% in 2030
- **Energy**<sup>1</sup>: Reduce consumption and double efficiency until 2024 (vs 2020), increase share of green PPAs to 50%<sup>1</sup> by 2025. 9M/22 energy consumption -11% in GER.
- **Circularity**<sup>1</sup>: 100% circular technology and devices by 2030, Zero ICT waste to landfill in Europe in 2022
- **Mobility ambition:** 100 % electrical cars for new business cars in DE from 2023 onwards



### SOCIAL

- **Diversity**<sup>1</sup>: Increase share of female executives to 30% by 2030 (vs 22% in 2022)
- **Employees**<sup>1</sup>: At least maintain satisfaction level at 79% (2023 vs 2021). Share of digital experts at 18.6% in 2022 overachieves 2024 target of 17.2%
- **Digital inclusion:** Ambition to further increase the number of 28mn beneficiaries<sup>2</sup> until 2025. TM US has invested \$3.65bn in services to connect >4.3mn students
- **TMUS:** Leading Disability Employer<sup>3</sup>



### GOVERNANCE

- **Move of Group Corporate Responsibility department to CEO** successfully implemented
- **New BoM remuneration system** (incl ESG targets) extended to all DT managers
- **ESG integration**<sup>1</sup>: Ambition to further integrate ESG into financial steering systems and company decisions
- **Transparency:** Board of Management hosted DT's first **Sustainability Day**

<sup>1</sup> Group ex US

<sup>2</sup> People who have benefited from our commitment to digital inclusion and to a society that protects the climate and conserves resources

<sup>3</sup> by The National Organization on Disability





# Germany

## Review Q3/2022

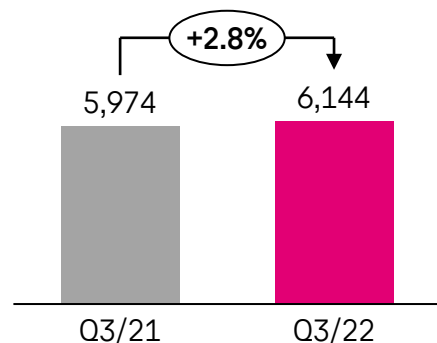
# Germany

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



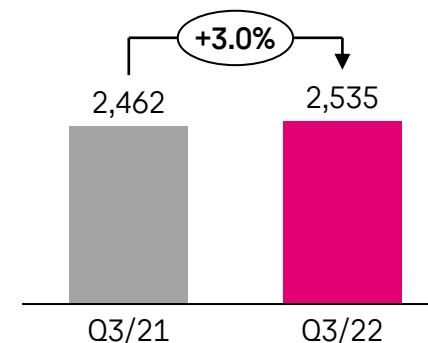
### Revenues (as reported)

€ mn



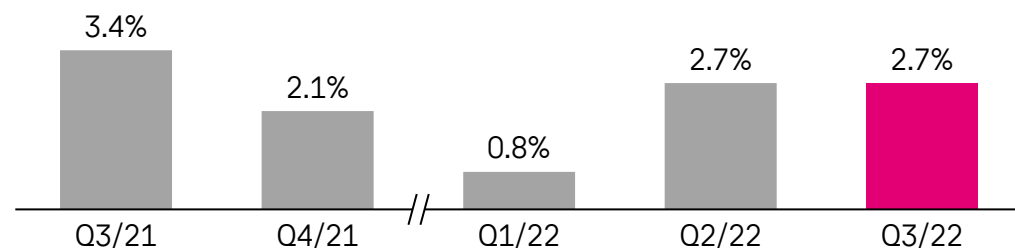
### Adj. EBITDA AL (as reported)

€ mn



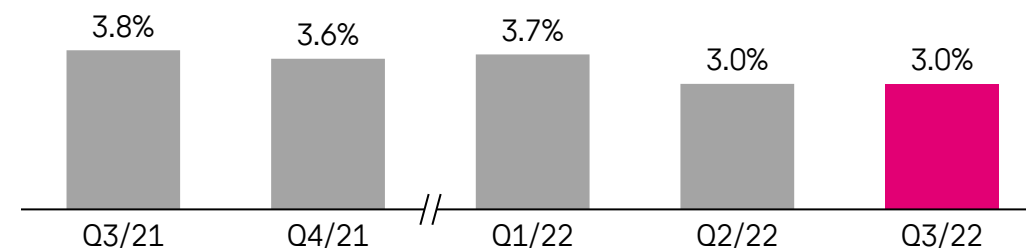
### Revenue growth (organic)

% yoy



### Adj. EBITDA AL (organic)

% yoy



As of Q3 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 re-stated basis. Growth rates for 2021 were not re-stated and remain as previously disclosed.

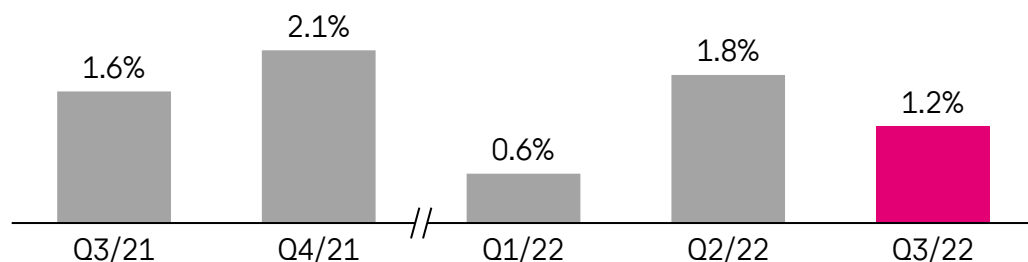
# Germany

## service revenues: growing across the board



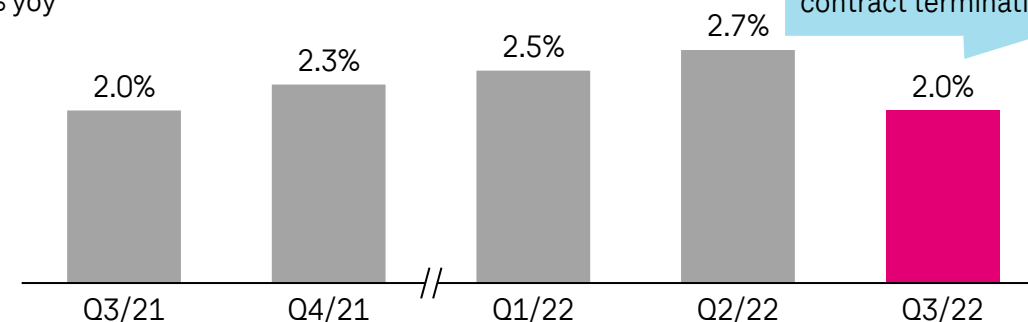
### Total service revenue growth (organic)<sup>1</sup>

% yoy



### Mobile service revenue growth (organic)

% yoy



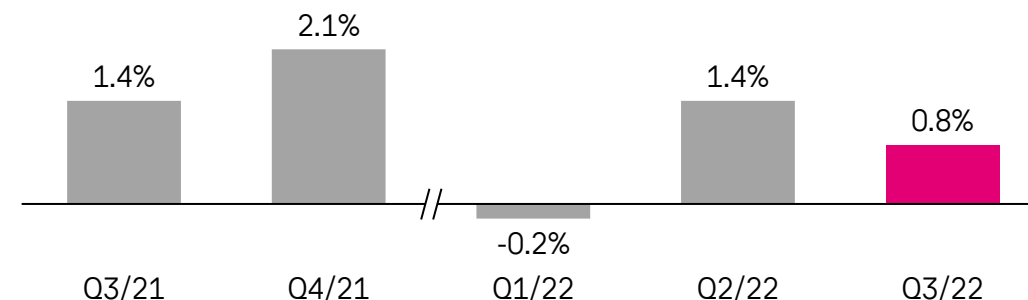
### Revenue growth (reported)

% yoy

- Reported Total Service revenue growth +1.4%
- Reported Fixed Service revenue growth +1.1%
- Reported Mobile Service revenue growth +2.0%
- Growth in B2C (+2.2%) and B2B (+2.9%)

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

% yoy



As of Q3 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 re-stated basis. Growth rates for 2021 were not re-stated and remain as previously disclosed.

<sup>1</sup> 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.

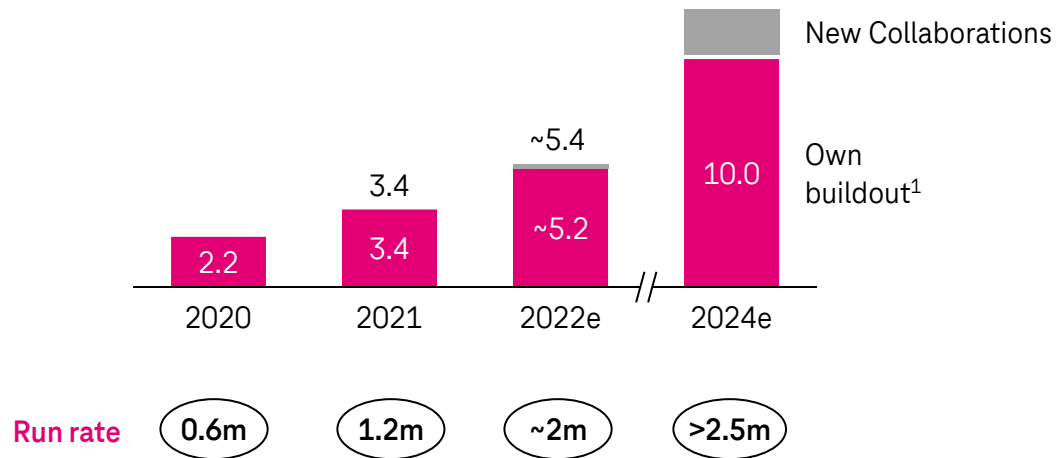
# Germany

## FTTH on track with buildout and monetization



### Progress with FTTH buildout

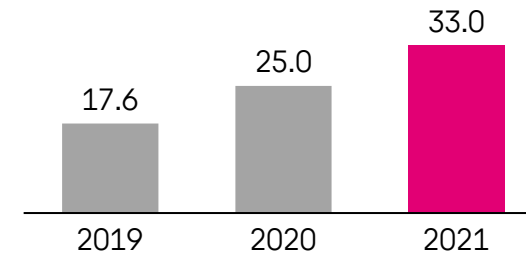
Homes passed, mn



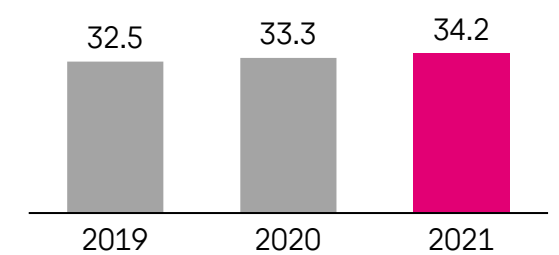
- Fiber JV with IFM to pass 4m rural homes by 2028
- On track to reduce unit costs by 25% by 2024

### Progress with monetization

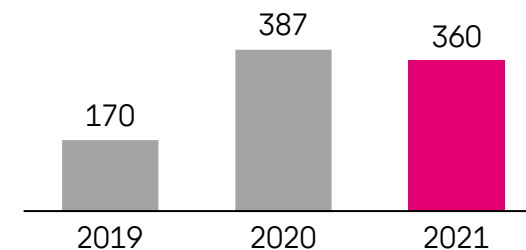
Share of ≥ 100 Mbps contracts  
% of broadband base



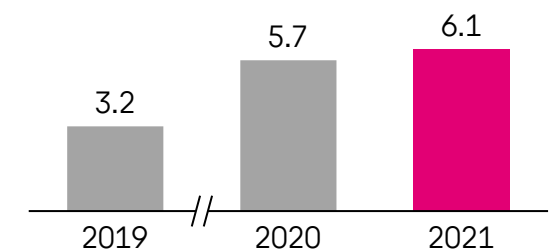
Retail broadband ARPA<sup>2</sup>  
€/month



Broadband Net Adds  
k



Broadband revenue growth  
%



<sup>1</sup> Incl. collaborations agreed prior to CMD 2021    <sup>2</sup> Only B2C

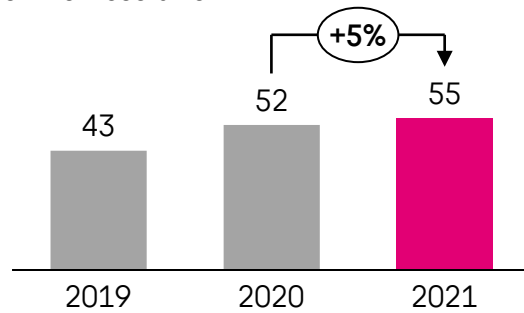
# Germany

## ongoing strong execution and digitization

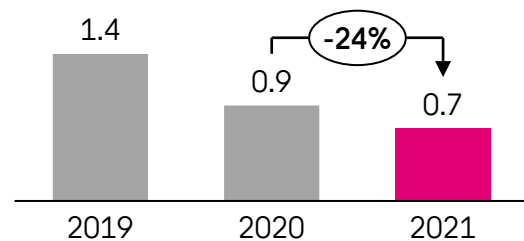


### Service

First contact resolution %

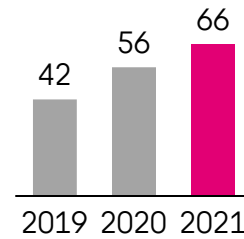


Customer complaints mn

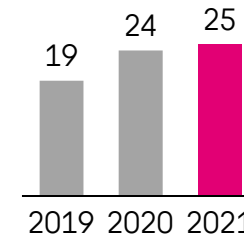


### Digitization

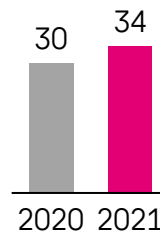
App penetration %



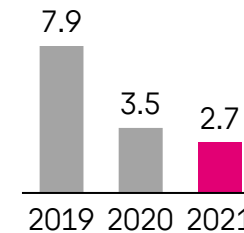
E-sales share<sup>1</sup> %



Calls shifted to digital %

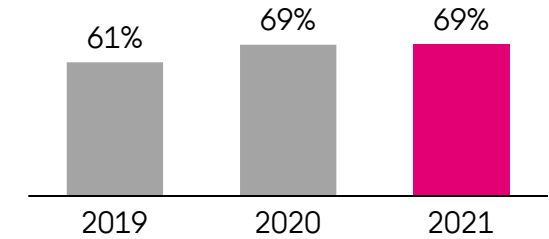


IT time to market mth

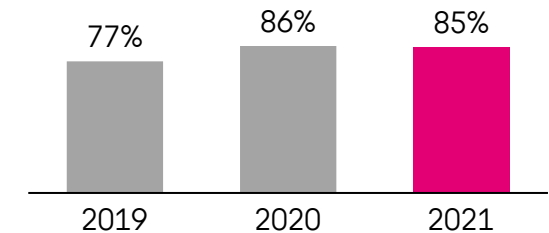


### Customer satisfaction

TRI\*M



### Employee satisfaction



<sup>1</sup> Only B2C

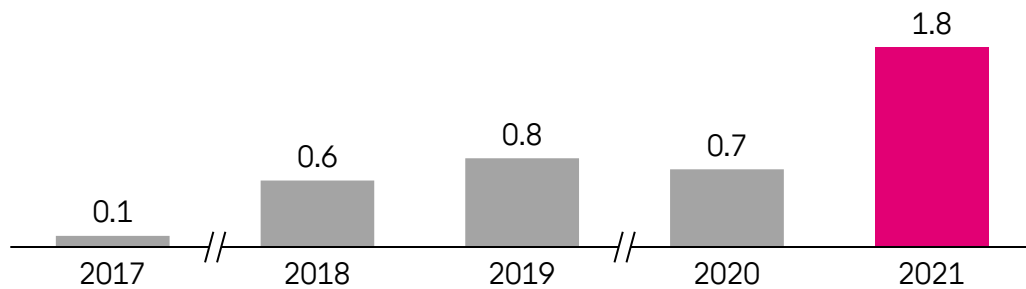
# Germany

## consistent growth



### Total service revenue

% growth yoy, organic

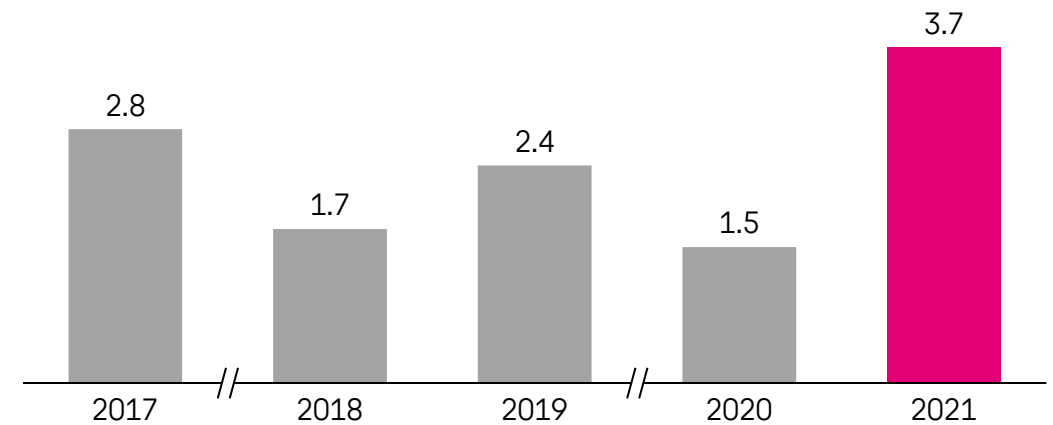


- 2021 positively impacted by non-recurring public sector revenues (~0.4pp)

### 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 Q3/2022



# T-Mobile US

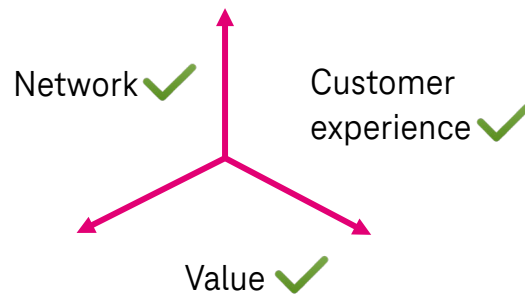
## consistent growth leader



### Key opportunities

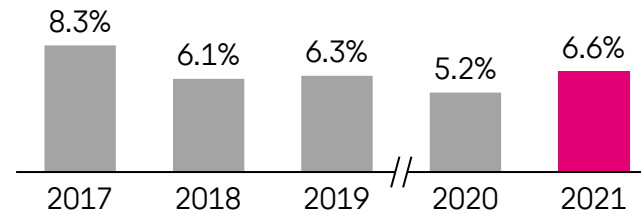
- SMRA
- B2B
- Home internet
- Sprint Integration

### Key advantages



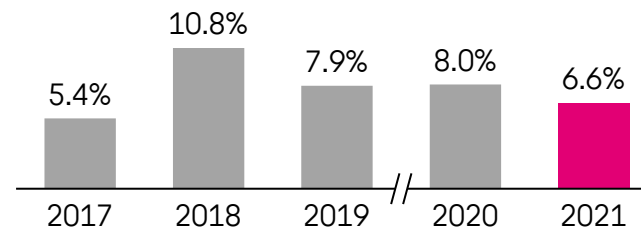
### Service revenue (US GAAP)<sup>1</sup>

% growth yoy, organic



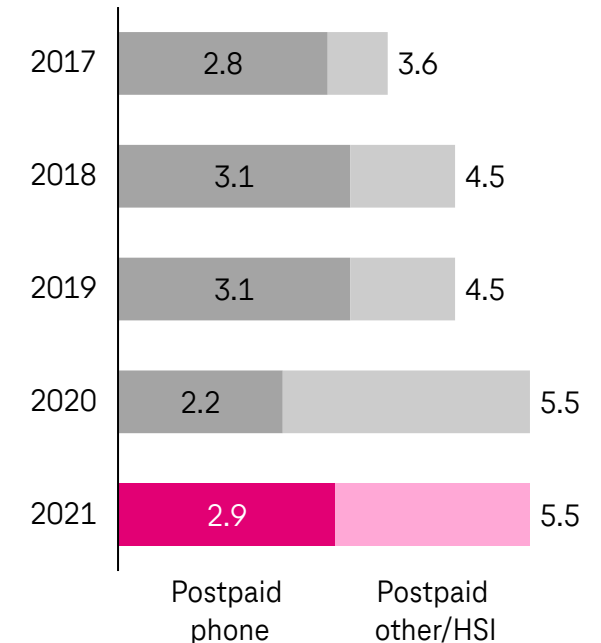
### Adj. EBITDA (US GAAP)<sup>1</sup>

% growth yoy, organic



### Customer growth

Postpaid net adds in mn



<sup>1</sup> 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



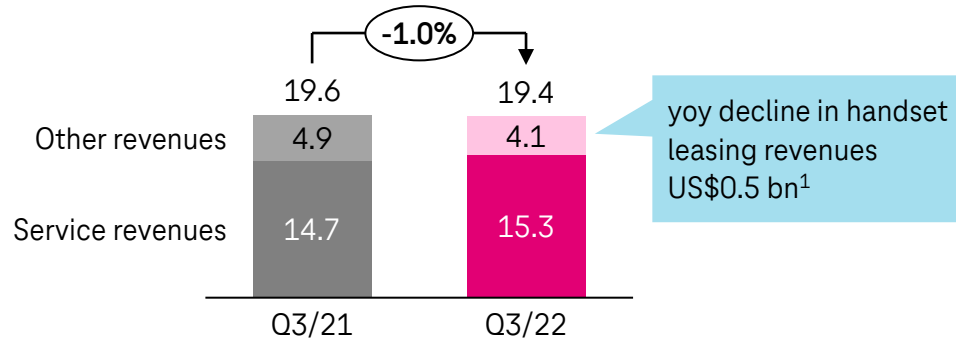
# T-Mobile US

## strong financial growth



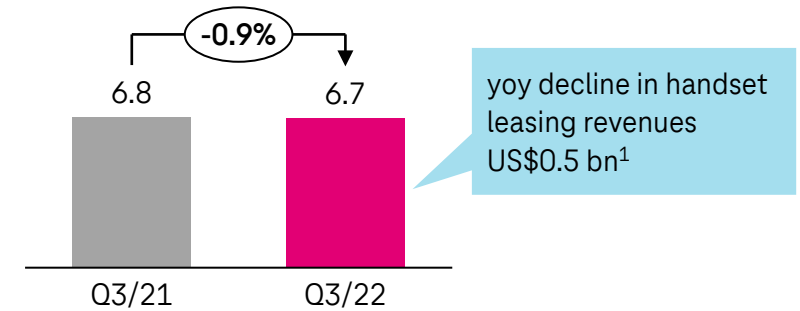
### Revenues (IFRS)

US\$ bn



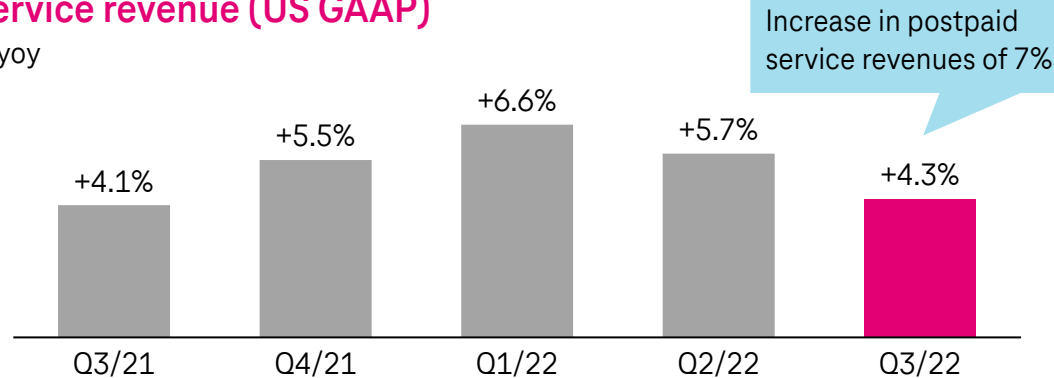
### Adj. EBITDA AL (IFRS)<sup>2</sup>

US\$ bn



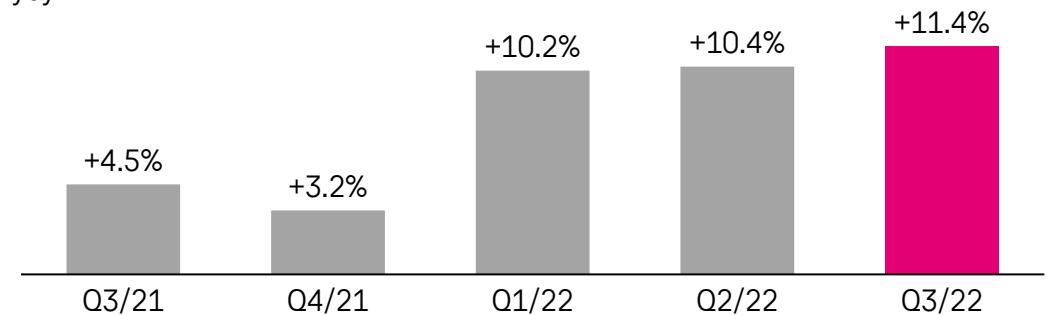
### Service revenue (US GAAP)

% yoy



### Core adj. EBITDA (US GAAP)

% yoy

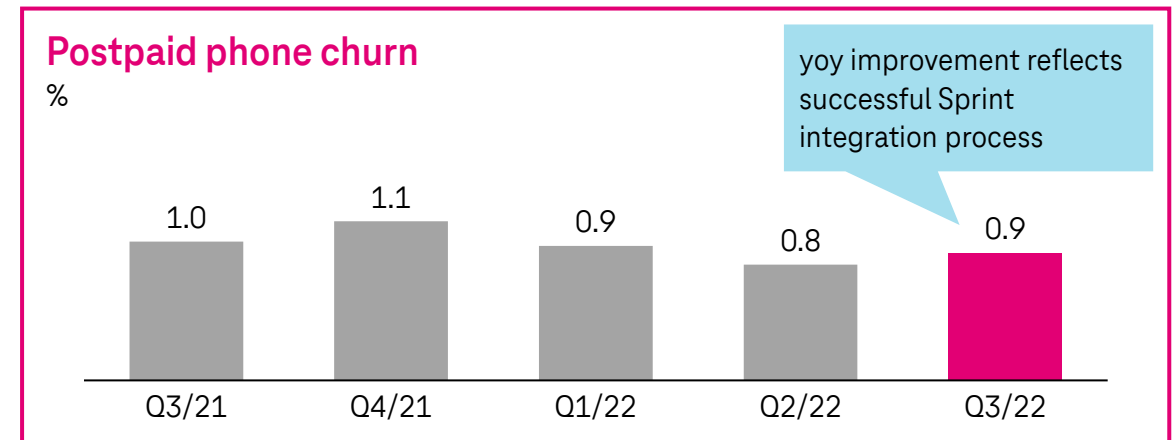
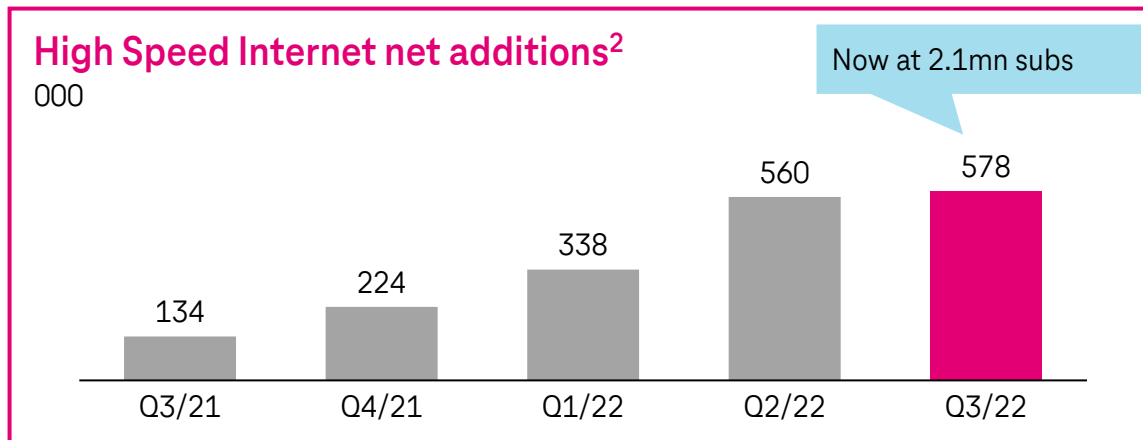
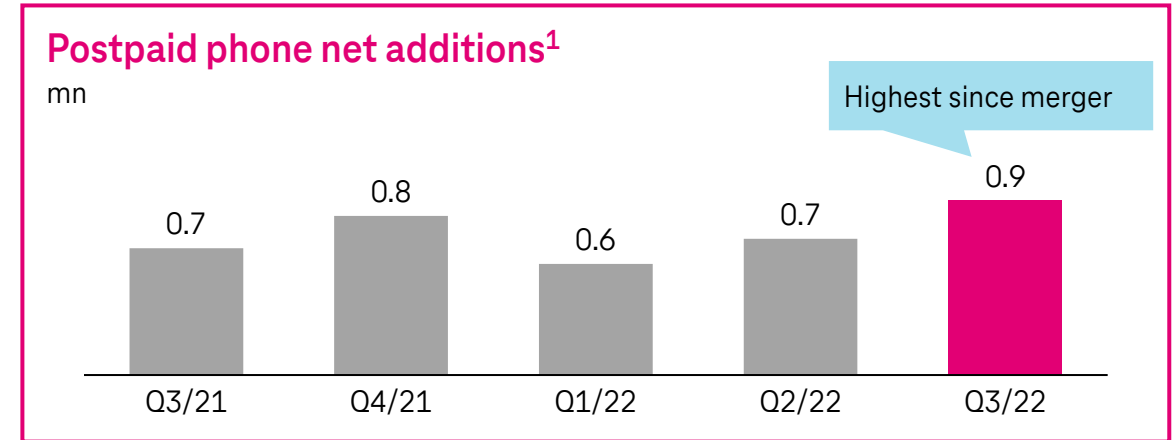
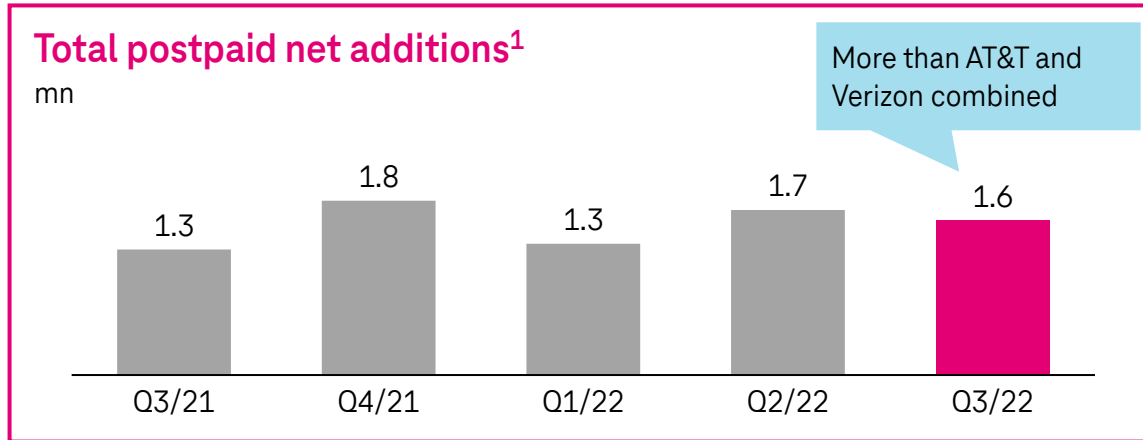


<sup>1</sup> TM US has refocused its distribution policy towards Equipment Installment Plans, which results in a decrease of handset leasing revenues and a corresponding decline in revenue and EBITDA AL. Service revenues are not impacted.

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

# T-Mobile US

## highest postpaid phone growth since merger



<sup>1</sup> Net adds are excluding the following base adjustments: customers impacted by the decommissioning of the legacy Sprint CDMA and LTE and T-Mobile UMTS networks have been excluded from our customer base resulting in the removal of 212,000 postpaid phone customers and 349,000 postpaid other customers in the first quarter of 2022 and 284,000 postpaid phone customers, 946,000 postpaid other customers and 28,000 prepaid customers in the second quarter of 2022. In connection with our acquisition of companies, we included a base adjustment in the first quarter of 2022 to increase postpaid phone customers by 17,000 and reduce postpaid other customers by 14,000. Certain customers now serviced through reseller contracts were removed from our reported postpaid customer base resulting in the removal of 42,000 postpaid phone customers and 20,000 postpaid other customers in the second quarter of 2022.

<sup>2</sup> Postpaid + Prepaid

# Europe

## fastest growing large European telco



### FTTH (1 Gbps)<sup>1</sup>



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

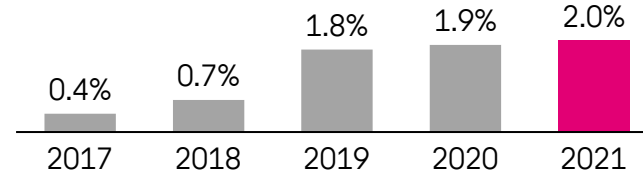
### Convergence



- 0.4 mn additional homes
- 0.8 mn additional subs
- 3.3 mn homes YE 21

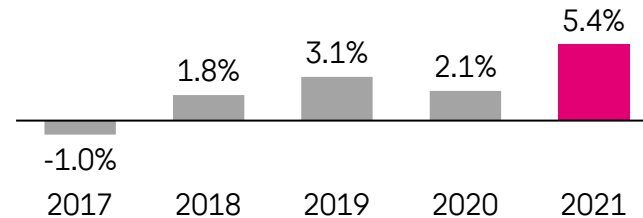
### Total service revenue growth

Organic, %



### EBITDA (AL) adj. growth

Organic, %



### 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

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

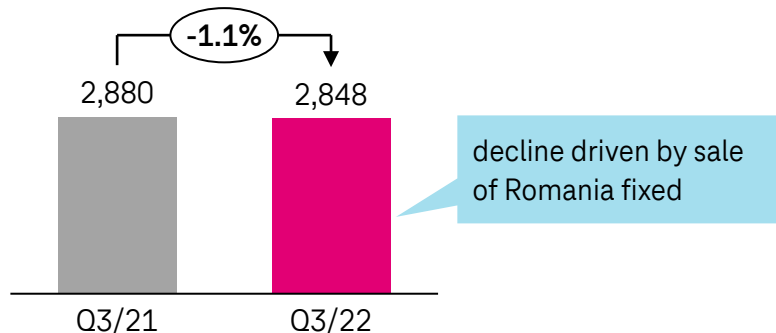
# Europe

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



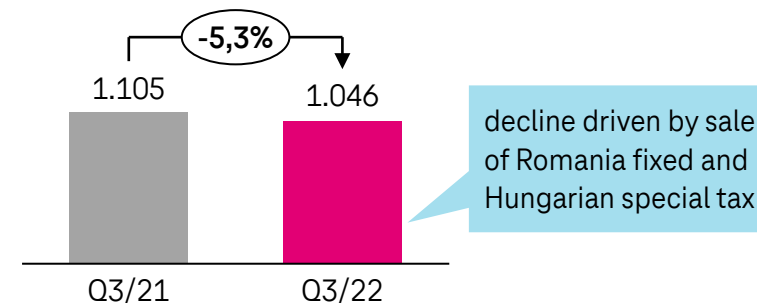
### Revenues (as reported)

€ mn



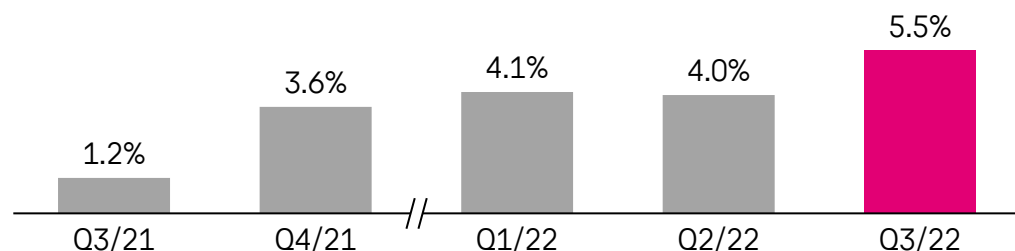
### Adj. EBITDA AL (as reported)

€ mn



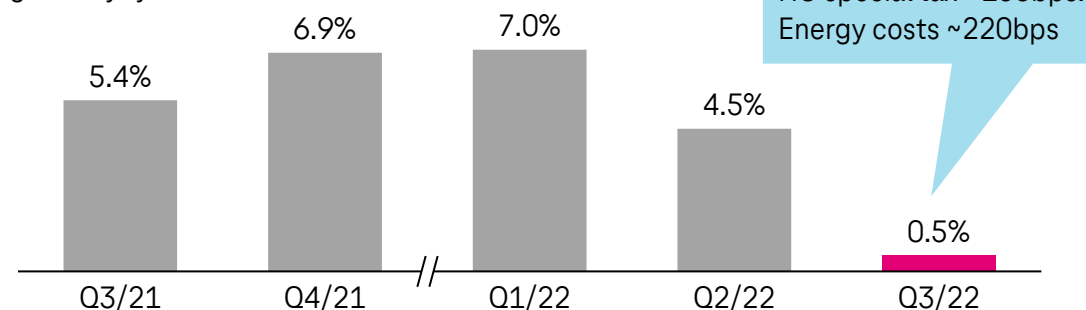
### Revenues (organic)

% growth yoy



### Adj. EBITDA AL (organic)

% growth yoy



As of Q3 the revenue recognition for certain customer transactions (principal agent) was changed. Growth rates for 2022 are presented on a re-stated basis. Growth rates for 2021 were not re-stated and remain as previously disclosed.

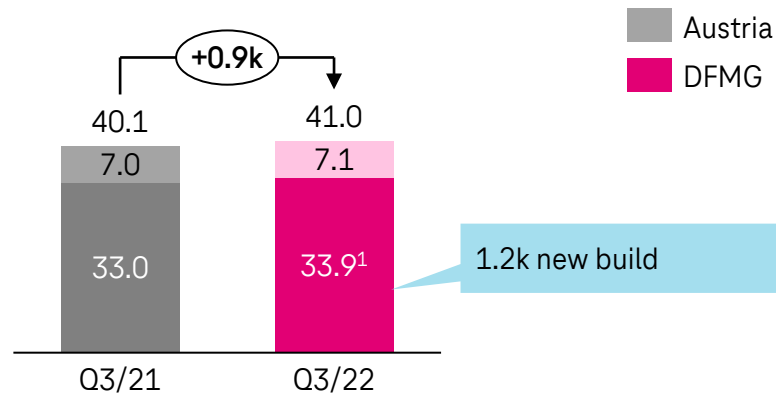
# GD/Towers

## strong growth



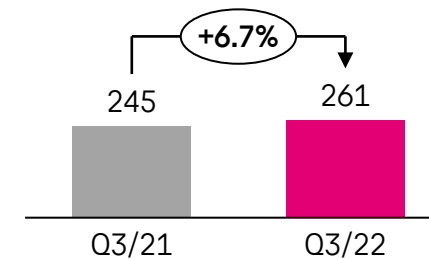
### Total sites

000



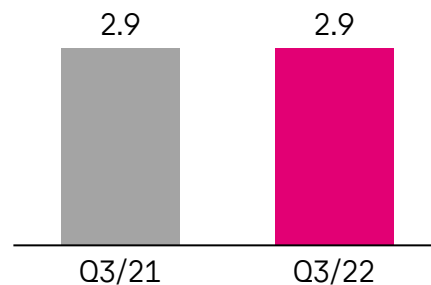
### Recurring rental revenues

€ mn



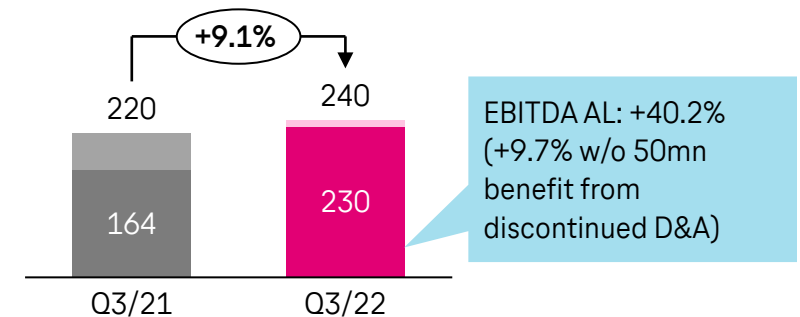
### Opex AL per site

€ 000



### Adj. EBITDA

€ mn



<sup>1</sup> Change in sites of 0.9k due to 1.2k new build and -0.4k de-commissioning of redundant sites

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 Group Development 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 interim report of DT both available at [www.telekom.com/en/investor-relations](http://www.telekom.com/en/investor-relations)

# Systems Solutions

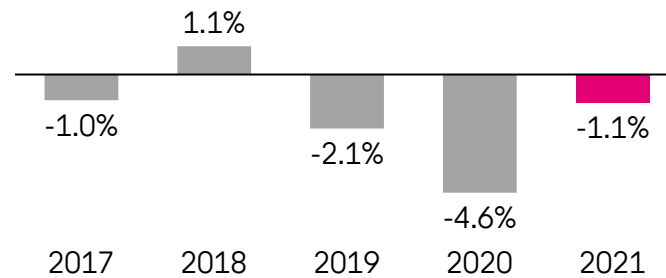
## turnaround continues

### Revenue drivers

- Public Cloud +19%<sup>1</sup>
- Digital Solutions +14%<sup>1</sup>
- Ongoing legacy decline (MIS -14%<sup>1</sup>)
- 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

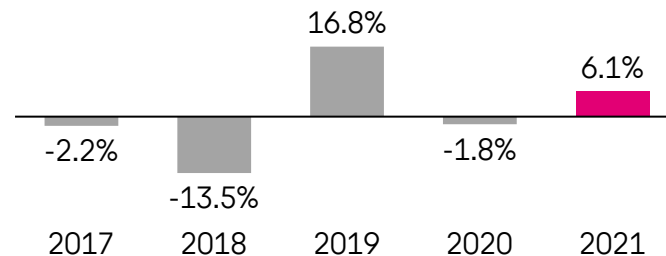
### Revenue

% growth yoy, organic



### Adj. EBITDA AL

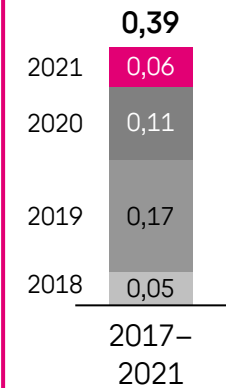
% growth yoy, organic



### Transformation drivers

IDC savings

€ bn



- Net indirect cost savings over 4 years

### Key levers:

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

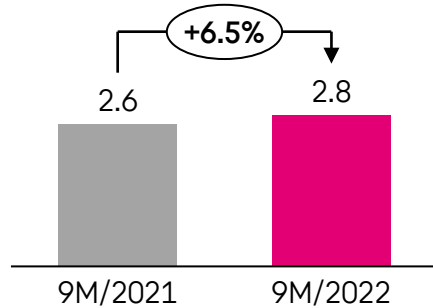
<sup>1</sup> 2021 vs. 2020, organic

# Systems Solutions

## steady recovery

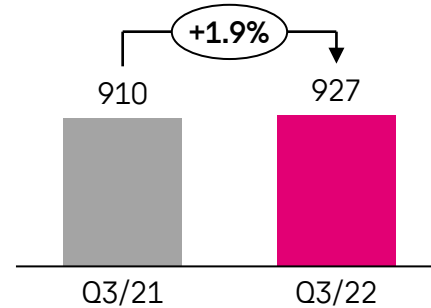
### Order entry

€ bn



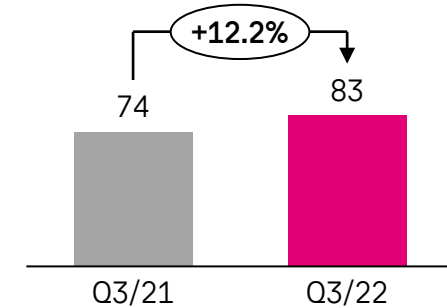
### Revenues

€ mn



### Adj. EBITDA AL

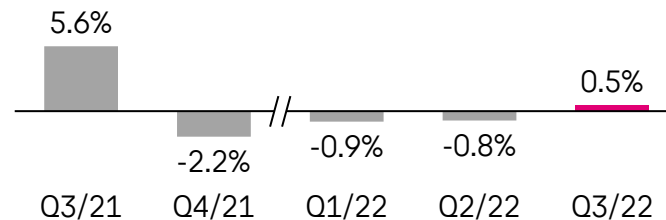
€ mn



- Revenues stabilizing, helped by growth business
- EBITDA AL helped by efficiency measures

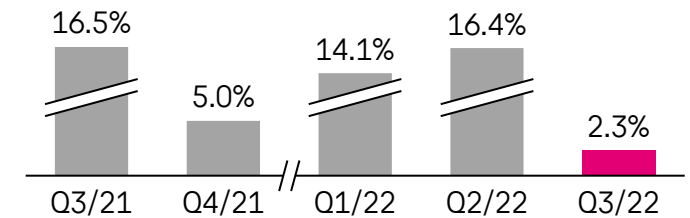
### Revenues (organic)

% growth yoy



### Adj. EBITDA AL (organic)

% growth yoy



As of Q3 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 re-stated basis. Growth rates for 2021 were not re-stated and remain as previously disclosed.

# Outlook





# Inflation exposure

multiple safeguards in place, challenges being actively addressed

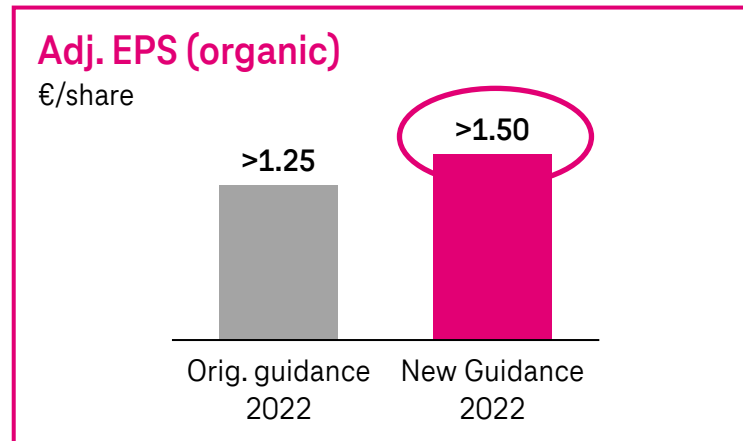
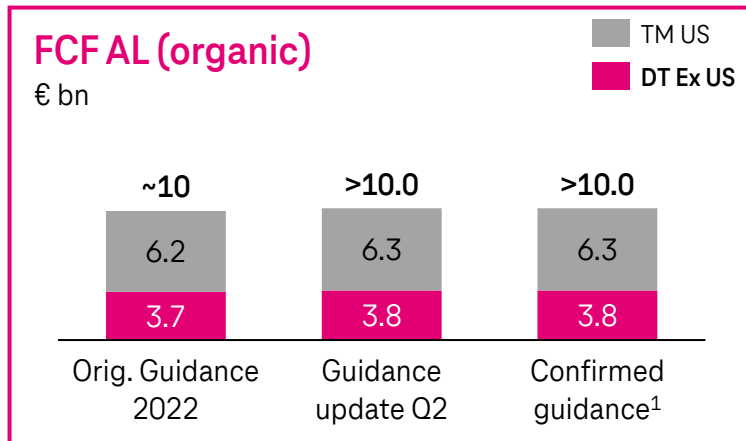
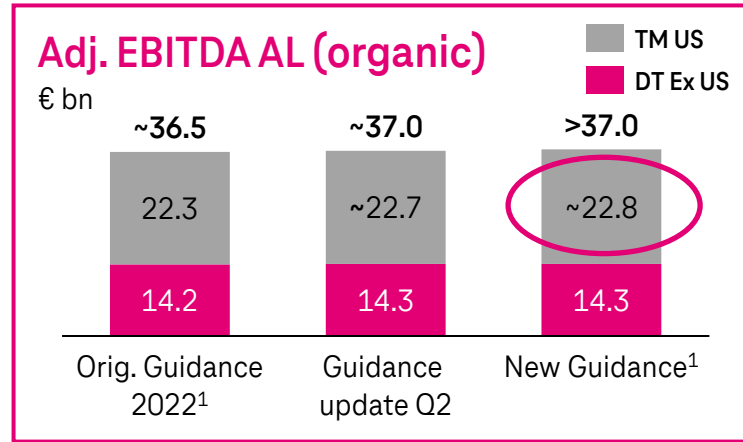
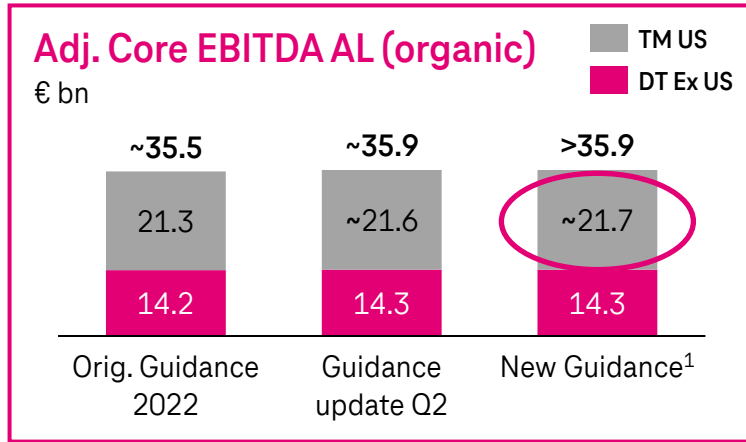
€ bn in 2021

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

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

# Guidance 2022

## raised for the third time



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

<sup>1</sup> TM US adj. EBITDA and Core EBITDA AL adj. included at midpoint of US GAAP guidance of US\$27.65 bn and US\$26.3 bn, adjusted for estimated bridge of US\$-0.7 to -0.8bn. US FCF included at midpoint of US GAAP guidance of US\$7.5 bn.  
Based on € 1 = US\$ 1.18

# Inflation exposure

multiple safeguards in place, challenges being actively addressed

€ bn in 2021

|                                      | Group | as % of Rev. | Mitigations  |
|--------------------------------------|-------|--------------|--|
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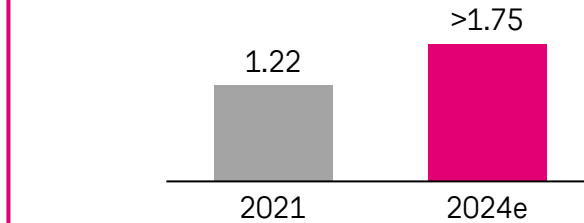
# 9M 2022

## main takeaways

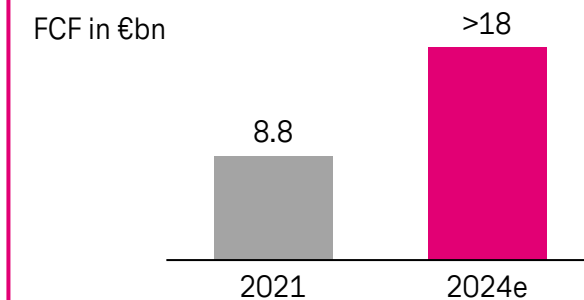
- TM US: strong merger execution, adj. core EBITDA up 7%, industry-leading customer growth, guidance raised for the 3<sup>rd</sup> time this year
- DT ex US: 4.3% organic adj. EBITDA AL growth; Germany 24 and EU 19 successive quarters of organic EBITDA AL growth
- Flywheel keeps going: Cash capex grows +18% to € 15.2 bn, FCF AL grows 14% to € 9.4 bn
- High visibility for key cost drivers, including energy; managing inflationary challenges
- Taking tangible steps towards ESG ambitions
- Up to US\$ 14 bn TM US share buy back launched
- 2022 dividend proposed at 70cents<sup>1</sup>
- Well on track for CMD mid-term targets, 2022 guidance raised once more

### CMD targets 2024

Adj. EPS in €/share



FCF in €bn



2024e based on 1€ = 1.14 US\$

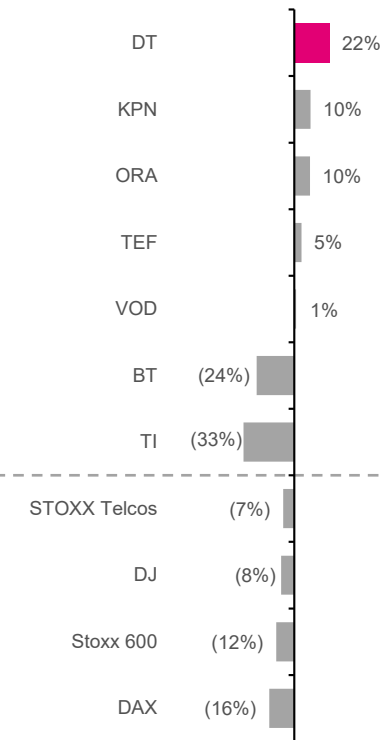
<sup>1</sup> Subject to board resolution and AGM approval

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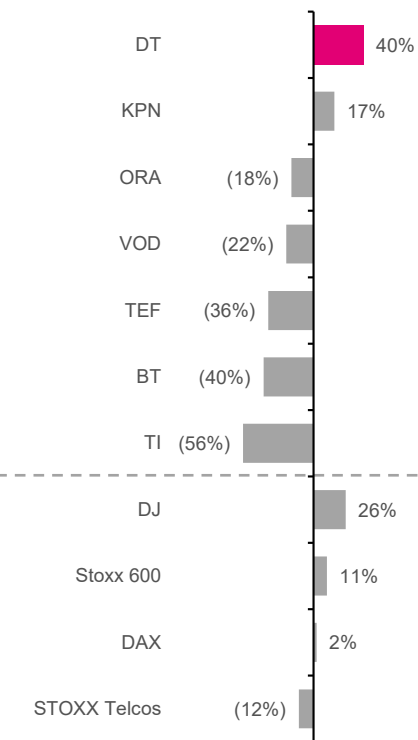
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# Longer term TSR comparisons

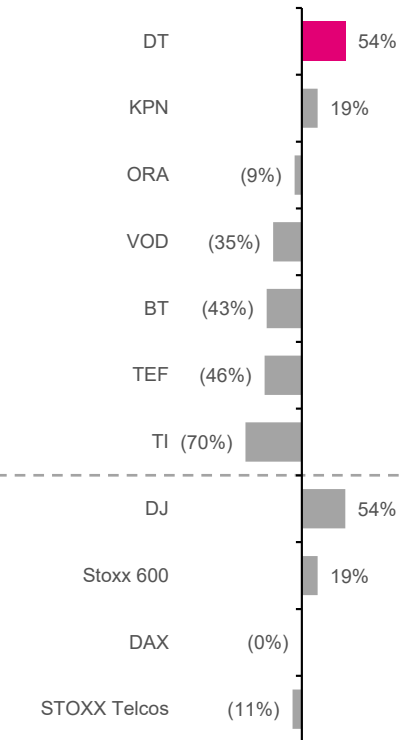
## 1 Year Performance



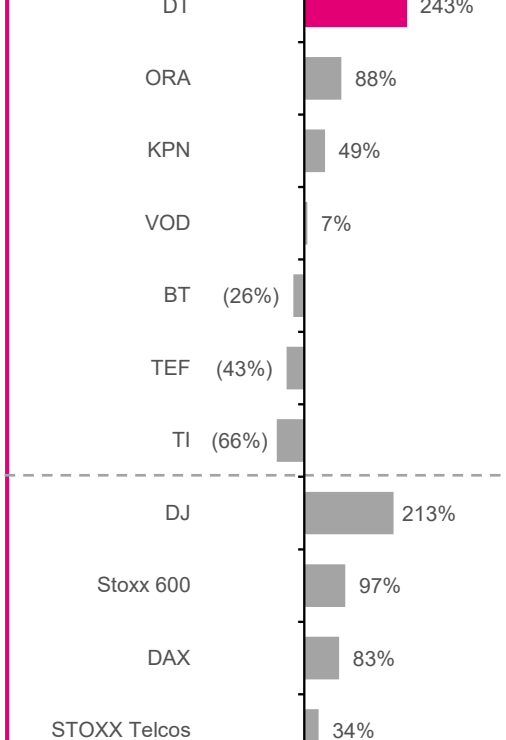
## 3 Year Performance



## 5 Year Performance



## 10 Year Performance



Source: FactSet. Data as per 04 November 2022.

# Further questions

please contact the IR department

## Investor Relations Contact details

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Phone +49 228 181 – 8 88 80

E-Mail [investor.relations@telekom.de](mailto:investor.relations@telekom.de)

Contact details for all  
IR representatives:  
[www.telekom.com/ircontacts](http://www.telekom.com/ircontacts)



## IR Webpage

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[www.telekom.com/investors](http://www.telekom.com/investors)



## IR Twitter Account

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[www.twitter.com/DT\\_IR](http://www.twitter.com/DT_IR)



## IR YouTube Channel

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[http://www.telekom.com/youtube\\_ir](http://www.telekom.com/youtube_ir)

