

– Check against delivery –

**Press conference on the financial statements
for the 2022 financial year
February 23, 2023**

**Timotheus Höttges
Chief Executive Officer
Deutsche Telekom AG**

Thank you, Philipp!

Ladies and Gentlemen, good morning to all of you from me too.

Before I present the details to you, I would like to open with the key takeaways for today:

1. The results from 2022 show that we are continuing our growth course, even through difficult times.
 - We are growing in all important customer numbers and financial figures. And we are delighted about our record results for net revenue and adjusted EBITDA AL.
 - We are investing massively in the network build-out in all our footprint countries, and as a result, we are winning over customers. As proof of this: Our service revenues are growing steadily on both sides of the Atlantic.

- We have optimized our Group structure and used cash inflows strategically, as you can see, for example, from the T-Mobile Netherlands or GD Towers deals.
2. As such, we take a very optimistic view of the targets from the 2021 Capital Markets Day. In the last two years, we have achieved or surpassed many of our targets.
 3. Despite the challenging economic and geopolitical situation, we are confident that we will continue our growth course in 2023.

Ladies and Gentlemen,

2022 was an extremely successful financial year for us, but more than anything, it was also a watershed year!

The world is on its head.

Exactly one year ago, Europe was a continent at peace. That was part of our European identity. It shaped the political views of multiple generations.

And then in just one day, decades of peace came to an abrupt end. Russia's attack on Ukraine transformed our home continent into a battlefield. We all hope that this horrible conflict will be brought to an end as soon as possible.

And then a natural disaster occurs in the border region of Turkey and Syria, an area already hit hard by the civil war in Syria and its impact on either side of the border. More devastating news, more scenes of suffering.

For us as a company, all of this throws up complex questions:

- How are we to act when the world has been turned upside down?
- How do we deal with challenges like the impact of climate change?

- With the long-term implications of the pandemic, geopolitical tensions, sustained price and interest rate hikes, unstable value chains, the scarcity of fossil fuels?
- What role can Deutsche Telekom play through all of these crises?

There are no easy answers – but there are humane ones: We as a company do all we can to help people in this situation.

Whether as a result of the war in Ukraine, this earthquake, the flooding in the Ahr valley, or in the wake of coronavirus: We help where we can. With donations, free phone calls, and with technology – as we speak, we are trying to transport special containers to Turkey carrying mobile communications technology for disaster situations.

When the world is on its head, we as the people of Deutsche Telekom, are deeply touched – but as a company it is our duty to act rationally and with professionalism.

So, numbers are not our only focus; we also live up to our social responsibility. And that includes, first and foremost, playing our role in the economies and societies we serve.

We work on the basis of a long-term strategy.

We operate networks in the best quality, and in 2022 invested around 21 billion euros worldwide, the bulk of which went towards the ongoing network build-out.

We offer customers our outstanding service.

But we also constantly strive to find new ways of becoming more efficient with our consumption of electricity and other energy sources – in spite of rising data volumes. We collaborate with partners both large and small, and work together on innovative projects.

This is how we help to safeguard the continued functioning of the economies and of society.

Ladies and Gentlemen,

The 2022 figures go to show that, with good management, we can still achieve good results even in times of crisis.

- We increased reported net revenue by 6.1 percent against 2021 to 114.4 billion euros. A new record.
- Of particular importance: On an organic basis, i.e., excluding exchange rate effects and changes to the Group structure, our service revenues increased by 3.7 percent to 91.9 billion euros. And we grew on both sides of the Atlantic.
- Reported adjusted EBITDA AL increased by 7.7 percent against 2021, to 40.2 billion euros. The highest earnings in the history of our company. The consensus estimate by capital market analysts put average adjusted EBITDA at 40.1 billion euros.
- Free cash flow was up 30.2 percent year-on-year to 11.5 billion euros. Analysts had anticipated an average of around 10.9 billion euros.
- Our leverage ratio reached its peak in 2022. In the third quarter of 2022, the ratio of net debt to adjusted EBITDA AL was 2.79x. By the end of the year, we had already successfully reduced it to 2.58x.

Both our reported figures and analysts' expectations for 2022 were based on an exchange rate of 1.05 U.S. dollars to the euro.

For our planning at the start of 2022, we could not, of course, have foreseen the development of the U.S. dollar. We based our own guidance back then on the U.S. dollar exchange rate from 2021 and made the Group structure comparable for

both years. This mainly relates to the fixed-network business in Romania, which we sold at the end of the third quarter of 2021, and the majority stake in T-Mobile Netherlands, which we sold effective April 1, 2022.

- On this organic basis, we began 2022 with a guidance for adjusted EBITDA AL of around 35.6 billion euros. We ultimately posted earnings of 37.1 billion euros, up from 36.5 billion euros in the prior year on a like-for-like basis.
- Free cash flow AL was expected to reach around 10 billion euros. On a like-for-like basis, it came in at 10.6 billion euros, up from 8.4 billion euros in 2021.

These comparisons show:

Deutsche Telekom is a growing company.

We delivered more in 2022:

- More earnings and free cash flow than in the prior year.
- More than we ourselves had originally planned.
- More than the capital market expected.

And the same goes for our adjusted earnings per share. We ended the year at 1.83 euros per share.

This includes several non-recurring effects, which we do not factor into our development of operations. Christian Illek will explain this in more detail in a few moments.

Factoring out the impact of these non-recurring effects on earnings, adjusted earnings per share totals 1.51 euros, also called recurring earnings per share. This is the basis for our proposed dividend.

For 2022, we plan to raise the dividend by over 9 percent to 70 eurocents per share – subject to approval by the shareholders' meeting and the relevant bodies. Taken on the basis of our recurring earnings per share, this equates to a dividend payout ratio of over 46 percent. As promised, our shareholders will thus also benefit from the Group's positive earnings performance.

And we plan to do the same this year, too. Recurring earnings per share are expected to reach more than 1.60 euros in 2023. That is a plus of more than 6 percent over the recurring earnings per share we reached in 2022.

It goes without saying that we stand by our dividend policy: We plan to pay out between 40 and 60 percent of recurring earnings per share.

Ladies and Gentlemen,

After the two years 2021 and 2022, we can also draw some preliminary conclusions on where we stand with regard to the outlook we gave you at the Capital Markets Day in 2021.

First, an overview of our progress with the network build-out in the past years. This is the foundation for our customer offerings and ultimately our business.

- In the United States, we continued building out our 5G network on the basis of 2.5 GHz spectrum, covering 265 million people by the end of 2022. That is two-and-a-half times as many as in 2020. In just two years. The goal is to hit the 300 million mark by the end of 2023.
- In Germany, our 5G network covered 95 percent of the population at the end of 2022. Over 40 percent more than two years ago.
- We have significantly stepped up the pace of the fiber-optic build-out in Germany and our European subsidiaries in the last two years. As things stand, we can now offer lines with speeds of up to 1 GB to 13.5 million households.

In Germany, we more than doubled the number of ultra-fast lines against the end of 2020, to 5.4 million. And we are ramping up the pace of the build-out further: More than 2.5 million FTTH lines are set to be added in 2023 – rising to up to 3 million if you include the GlasfaserPlus joint venture. Our goal is still to have built over 10 million lines by the end of 2024.

Not only are we building out the networks fast, we are also a quality leader in all markets bar one.

It is why customers come to us in large numbers, and have been doing so for many years.

To illustrate, here are the figures for the last two years, i.e., the period since the 2021 Capital Markets Day:

- We recorded almost 12 million net mobile postpaid additions in the United States.
- The figure for Continental Europe was around 3.2 million in the same period.
- We won some 1.25 million broadband customers in Germany and our European subsidiaries in the two-year period.
- Along with over 570,000 customers in the TV business on the European continent.

Our financial KPIs improved considerably on the back of this strong customer growth. At our 2021 Capital Markets Day, we announced the average annual growth rates we intend to achieve for 2020 through 2024.

After two years, our most important KPIs are at the upper end of – or above – our ambition level:

- For our service revenues, we set an average annual growth rate for the four-year period of 3 to 4 percent. In 2021 and 2022, annual growth was 3.6 percent. We plan to increase this further in the current year.
- We expected adjusted core EBITDA AL to grow by 3 to 5 percent annually – at present, growth stands at 7.3 percent averaged over both years. We want to sustain this growth in 2023 at a level of around 7 percent. Core EBITDA AL takes account of the reducing effect of the terminal equipment lease business in the United States.
- And just to be completely clear: In business outside of the United States, too, the increase of 4.8 percent in 2021 and 2022 is significantly higher than our ambition level of 2 to 3 percent annually.
- Free cash flow has grown by 5.2 billion euros or over 80 percent since 2020. For 2023, we expect over 16 billion euros. That is a plus of another 40 percent or more.

Efficient cost control is an integral part of our planning. Over the four-year period, we want to reduce indirect costs by around 1.2 billion euros in business outside of the United States.

We face several further challenges in this regard:

- In Germany, our cost-cutting measures are on schedule.
- In our European subsidiaries, we face numerous cost increases. These relate predominantly to rising energy costs.
- The revenue mix at T-Systems has shifted somewhat compared to our original planning. Which, in turn, leads to higher indirect costs.

All told, the next stage of the journey to our ambition level will not be easy – but we still have our target in clear view.

We have taken huge strides with our efforts to evolve our Group structure in the last two years:

- We sold our stake in T-Mobile Netherlands for 3.8 billion euros and plowed part of the cash proceeds, 2.2 billion euros, into increasing our stake in T-Mobile US.
- We also carried out a capital increase and issued 225 million new T-Shares at a very favorable valuation. SoftBank received the new T-Shares, and in return we received 45 million T-Mobile shares.
- By the end of 2022, T-Mobile US had bought back shares with a total volume of around 3 billion U.S. dollars. We did not participate in the buy-back. This further increased our stake in T-Mobile US.

After the business combination with Sprint came into effect, our stake in T-Mobile US was around 43 percent.

This stake amounted to around 49 percent at the end of 2022. So we only have a little way to go to our goal of securing the majority. And before you ask: There are a range of options we can utilize here. We will keep you updated.

- The sale of the majority stake in GD Towers will generate net proceeds of around 10.7 billion euros. This will further improve our debt position. You will not see this reflected in the 2022 figures yet, because the sale was only completed as of February 1, 2023. So that gives you a brief insight into what to expect in the first quarter of 2023.
- But already by year-end 2022, we had improved our ratio of net debt – i.e., excluding lease payment obligations – to adjusted EBITDA AL against year-end 2021. Here, too, our target from the Capital Markets Day is in clear view thanks to the proceeds from the sale of the majority stake in the cell tower business and the growing earnings performance in the operational business.

We plan to continue this strong trend through 2023 – and in key areas to quicken the pace significantly against 2022. It is now time to continue the success of our efforts over the past few years.

Let me give you some specifics:

- Adjusted EBITDA AL is expected to increase to around 40.8 billion euros, up from 39.3 billion euros on a like-for-like basis, which is our baseline for 2022. That is an increase of 4 percent. We expect adjusted core EBITDA AL to grow by 7 percent.
- Free cash flow is expected to increase by over 40 percent against 2022. The target value is over 16 billion euros compared with 11.2 billion euros on a like-for-like basis.

This strong growth is mainly attributable to the United States: As of year-end 2022, the integration of Sprint into T-Mobile US was largely completed. While we expect a significant reduction in the integration costs in 2023, the U.S. team predicts an over 20 percent rise in the synergies unlocked by the business combination.

T-Mobile US has invested massively in the mobile networks in recent years. That, together with the Sprint integration, has resulted in our U.S. subsidiary repeatedly taking the No. 1 spots in the most important network tests. We want to keep it that way. Network quality and multiple-award-winning customer service are the biggest draws in the competition for customers.

After high investments over the last few years, T-Mobile US is now in a position to significantly scale back spending, by around a third. In addition to the positive development in operational business, this will give a real boost to free cash flow – exactly as we predicted at the close of the transaction in 2018 and the Capital Markets Day in 2021.

- In the Group outside of the United States, we will continue to invest large volumes in 2023.

To put it in clear terms: We will remain Germany's biggest network investor.

Telekom Deutschland invested around 4.4 billion euros in 2022, with much of this going towards the FTTH build-out and additional 5G antennas. Not only do we intend to continue investing, but also to step up our spending to some degree.

These are the investments in infrastructure in Germany that you see in our figures.

Total investments by the Group in Germany are, of course, higher, as they also contain the contributions of the other operating segments.

Added to these are the investments we realize together with partners through our equity investments:

- In the Glasfaser Northwest and GlasfaserPlus joint ventures for the FTTH build-out.
- Together with our partners with whom we are building out passive mobile infrastructure. This previously formed part of Group investments. With the sale of the majority stake in our cell tower portfolio in Germany and Austria, we will no longer include these investments in our Group figures going forward.

We continue to intensively build out the network – together with our partners.

Through these partnerships, we are unlocking additional capital for the investments. This enables us to build out faster than if we were investing only our own capital, and to offer our customers more FTTH lines in a shorter space of time than we could realize merely with our own capital.

And with that I will hand you back to Christian Illek, who will take you through developments in the operating business in the closing quarter of 2022 and in our financial KPIs.

(Speech part Christian P. Illek)

Thanks, Christian.

Let me sum up:

We closed the 2022 financial year with a strong fourth quarter. That goes for both customer numbers and financial results.

In the Germany operating segment, we have posted year-on-year growth for 25 successive quarters.

And for 20 successive quarters in our European subsidiaries.

Our positive cycle of high investments followed by strong customer growth and improving financial results is intact.

We invested some 21 billion euros in 2022, 17 percent more than in the previous year. Free cash flow grew to 11.5 billion euros, despite the increased investments.

Our leverage ratio is moving in the right direction.

Our guidance for 2023 backs up Deutsche Telekom's strong growth profile.

We are well on track to achieving the medium-term targets for 2024 we communicated at the 2021 Capital Markets Day – let me give you just a couple of examples:

- Adjusted earnings per share of more than 1.75 euros.

- Free cash flow of over 18 billion euros.

Ladies and Gentlemen,

- The T-Share price outperformed that of all other major telcos – both in Europe and in the United States.
- It also outperformed various U.S. tech giants, namely Microsoft, Amazon, Meta, and Alphabet.
- We have achieved a shareholder return of 18.6 percent through our share price performance and dividend. By contrast, the DAX was down by 13 percent. We bucked the trend by generating value upside for our shareholders. Some 14 billion euros in one year.
- In early 2023, our share price hit 20 euros for the first time in over 20 years. Market capitalization currently stands at over 100 billion euros, making Deutsche Telekom more valuable than Vodafone, Telefónica, Orange, and BT combined.
- Deutsche Telekom is the world's eleventh most-valuable brand and the most valuable in Germany and Europe.

Ladies and Gentlemen,

The world is on its head. That makes it difficult to keep a clear overview.

In 2023, too, we will continue to face challenging macroeconomic conditions:

- Regarding capital market interest rates: The ECB's benchmark rate stands at 3.0 percent, a further increase of 0.5 percentage points has been announced for mid-March. Financial analysts expect this will not be the final increase of this year. Forecasts.

- Regarding inflation: In the eurozone it stood at 8.5 percent in January. In Germany, it increased again in January against the preceding month. The EU expects a slight improvement in its winter forecast for 2023, anticipating a rate of 6.4 percent. Nevertheless, the ECB expects inflation to remain high in 2023 and beyond. Risks of rising inflation are to be expected in particular for 2024, said the EU Commission.
- The situation is similar for energy prices and security of supply. Yes, we have done well so far through the winter, but at a correspondingly high price: The rate of increase in the cost of energy has recently let up somewhat in the eurozone, standing at 17.2 percent in January compared with 25.5 percent in December. But the EU Commission finds forecasting particularly difficult in this area and is not hazarding a clear statement.
- The question also arises for supply chains as to whether they are becoming more stable and resilient. We have managed well through the crisis thanks to long-term supply contracts and intelligent warehousing. In some areas, such as chipsets, we have even seen a slight improvement. But the question will be whether the situation will improve in general or potentially even deteriorate, if, for example, the EU imposes sanctions against China.

Despite these adverse conditions, we generated outstanding results in 2022. And we expect to surpass the record earnings from 2022 again this year. Our guidance reflects this.

- We expect adjusted EBITDA AL to increase by 4 percent to around 40.8 billion euros.
- Free cash flow is set to reach more than 16 billion euros. That is an increase of more than 40 percent.

As you see, our growth strategy remains intact.

We would now like to answer any questions you have.