

– Check against delivery –

**Press conference on the financial statements  
for the 2023 financial year  
February 23, 2024**

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Thanks, Tim.

I would like to break down my comments into four sections.

First, the development of the Group's financial results in 2023.

I will then explain the performance in the operating segments in the three months from October to December 2023.

Then I will go into the development of free cash flow, net debt, and adjusted and reported net profit in the fourth quarter and the 2023 full year.

I will conclude by giving you some explanations on our guidance for 2024.

Let us begin with the organic development of the Group in the year just ended. There are substantial mathematical differences between the Group's reported figures and its organic development.

This is primarily down to two key factors:

First, the translation of revenues and earnings of all entities that do not report in euros, at the exchange rates for the reporting period. This is a purely mathematical effect and not attributable to operational trends. This mainly relates to the business of T-Mobile US. T-Mobile US' figures for 2023 were translated at an exchange rate of 1.08 U.S. dollars to the euro, the figures from 2022 at a rate of 1.05 U.S. dollars to the euro.

In the prior year, the year-on-year change in exchange rates had a reducing effect of around 1.5 billion euros on service revenue.

Exchange rate effects had a reducing effect of around 0.7 billion euros on the Group's adjusted EBITDA AL.

The second factor behind the differences in net revenue is that, in 2022, the figures still included 12 months of the cell tower business in Germany and Austria. The reported figures for 2023, by contrast, include just one month of the cell tower business. For the organic basis, this is calculated on an equal footing.

In addition, T-Mobile US' revenue and earnings include the effect of the terminal equipment lease business. I have explained this issue numerous times. We have decided to systematically wind down this business. In 2023, this resulted in a reduction in revenue from handset leasing of 1.1 billion U.S. dollars (U.S. GAAP) or around 78 percent year-on-year to around 0.3 billion U.S. dollars. In 2024, handset leasing is scheduled to be reduced further to around 0.1 billion U.S. dollars.

Service revenues, which are the fundamental basis for generating earnings as well as adjusted core EBITDA AL in which the effects of the handset leasing in the United States are eliminated, are therefore key when evaluating the development of the operational business. This reflects the Group's underlying earnings performance.

In 2023, the Group's reported adjusted core EBITDA AL increased by 6.9 percent in organic terms. At the level of T-Mobile US, the organic increase was 9.8 percent.

Now, I would like to move on to the development of the financials in the 2023 full year.

In the full year 2023, reported net revenue decreased by 2.1 percent or 2.4 billion euros to 112.0 billion euros. Exchange rate effects and changes in the composition of the Group had a total reducing effect of around 3 billion euros. In organic terms, net revenue increased by 0.6 percent or around 0.7 billion euros. This, in turn, includes a decline in revenue from terminal equipment of around 2.9 billion euros.

Accordingly, there is an increase in high-value service revenues for the 2023 full year of 1.0 percent or around 930 million euros. In organic terms, high-value service revenues increased by 3.6 percent or around 3.2 billion euros.

Reported adjusted EBITDA AL increased in the twelve-month period by 0.7 percent to 40.5 billion euros. That is growth of around 289 million euros.

In organic terms, the increase was 4.0 percent, or 1.6 billion euros.

Let me just briefly go into the development of reported and adjusted net profit in the full year.

In the 2023 full year, reported net profit increased by 122.3 percent or around 9.8 billion euros compared with the prior year, to 17.8 billion euros.

This increase is strongly affected by two special factors:

The sale of the majority stake in the cell tower portfolio in Germany and Austria (GD Towers) in the first quarter of 2023 resulted in a positive special factor of around 12.9 billion euros.

By contrast, in the fourth quarter of 2023, an impairment loss of around 2.6 billion euros was recognized on the carrying amount of our stake in GD Towers. These impairment losses were attributable entirely to increased discount rates as a result of higher base rates. That is to say, they were due exclusively to exogenous interest-rate factors. By contrast, the operating expectations for the future development of the stake have actually improved slightly.

This impairment loss in the fourth quarter is the reason for the decrease in the reported net profit in the fourth quarter of 2023 of minus 1.0 billion euros.

As you see, we are adjusting for special factors in both directions.

That brings me to the development in the operating segments in the fourth quarter of 2023.

I will start with the commercial development of T-Mobile US.

Strong growth in customer numbers continued in the fourth quarter, with mobile net customer acquisition leading the market by some margin.

Mobile postpaid net adds totaled 1.6 million, the best rate in the industry in the United States.

For the full year, we recorded around 5.65 million postpaid customer additions.

T-Mobile US recorded 934,000 postpaid phone net customer additions in the three-month period from October to December 2023. That is on a par with the prior year and is the highest growth in the industry.

Total net adds amounted to around 3.08 million mobile postpaid customers with a phone component for the full year 2023.

Postpaid phone churn increased slightly in the fourth quarter of 2023 to 0.96 percent, due to seasonal effects. For the full year, churn rate stood at 0.87 percent. That is the lowest value in the company's history.

For its high-speed internet offering, T-Mobile US recorded 541,000 net additions. That is the best rate in the industry. This brings the total customer base to 4.8 million, 2.1 million more than a year earlier. This means T-Mobile US is on track to hit its target of between 7 and 8 million customers by 2025.

That brings me to the financials for T-Mobile US.

Segment revenue (on an IFRS and U.S. dollar basis) increased by 1.1 percent or around 219 million U.S. dollars in the fourth quarter of 2023.

Service revenue, which is important for earnings from operations, increased by 3.4 percent in the three months, or around 525 million U.S. dollars (U.S. GAAP), with postpaid service revenues growing by 6.4 percent or around 747 million U.S. dollars (U.S. GAAP).

This clearly more than offset a slight decrease in wholesale revenues and the decline in revenue as a result of the sale of the Wireline Business of the former Sprint, which combined, amounted to around 0.2 billion U.S. dollars (U.S. GAAP).

The reduction in terminal equipment sales had a reducing effect on total revenue, with revenue declining by 6.2 percent or 277 million U.S. dollars (U.S. GAAP) year-on-year in the fourth quarter. This reflects the described, planned withdrawal from the lease business with a year-on-year decrease in revenue of 203 million U.S. dollars (U.S. GAAP).

Allow me to elaborate:

In 2020, revenue from the terminal equipment lease business in the United States was 4.2 billion U.S. dollars (U.S. GAAP). In 2023, it was still around 0.3 billion U.S. dollars, and this is planned to decline further to around 0.1 billion U.S. dollars in 2024.

The difference between adjusted EBITDA AL and adjusted core EBITDA AL would then become negligible.

Adjusted core EBITDA (U.S. GAAP) increased in the fourth quarter of 2023 by 9.1 percent or around 599 million U.S. dollars. The reduction in terminal equipment lease business has been eliminated in this metric.

In the full year, adjusted core EBITDA (U.S. GAAP) increased by 10.3 percent.

Adjusted EBITDA AL (IFRS) rose 7.3 percent compared with the period from October to December 2022, an increase of 481 million U.S. dollars. It was affected by handset leasing revenues of around 0.2 billion euros.

That brings me to the business performance in Germany.

Strong customer growth continued in both the fixed network and in mobile communications.

The number of broadband lines increased by 66,000 in the three months compared with 74,000 in the prior-year quarter.

Deutsche Telekom remains the strongest provider in the market and our net adds market share is significantly above the target of 40 percent.

For the full year, the number of broadband lines grew by 303,000.

We also saw a strong increase in the number of retail customers with lines offering bandwidths of 100 Mbit/s or faster, with year-on-year customer base growth of

1.0 million to 6.9 million. That corresponds to around 46 percent of our retail customer base.

We saw growth of 88,000 in customers using an FTTH line in the fourth quarter. This was a 41.8 percent year-on-year increase in the number of FTTH customers, taking the total to 998,000.

This is an increase of around 300,000 customers compared with the end of 2022. Prior-year growth amounted to almost 200,000 customers.

At the start of 2024, we passed the mark of 1 million customers with an FTTH line. Furthermore, we have concluded around 750,000 additional contracts with customers for FTTH lines as part of pre-marketing.

In mobile communications, the very strong growth in the branded mobile contract customer base continued in the fourth quarter with 289,000 net additions. In the same period of 2022, we had recorded 225,000 net adds.

For the full year 2023, this means the branded mobile contract customer base grew by 1.23 million net adds.

Churn among contract customers in the consumer segment in the fourth quarter fell to 0.9 percent compared with 1.1 percent in the prior year.

Now on to the financials in the Germany segment.

Service revenues increased by 1.8 percent year-on-year in the fourth quarter in organic terms. Mobile service revenues recorded organic growth of 3.2 percent, for the fixed network it was 1.3 percent.

Reported segment revenue increased by 3.6 percent to 6.6 billion euros, an increase of 228 million euros. In organic terms, segment revenue increased by 3 percent or 189 million euros.

The difference here is largely down to the first-time inclusion of MMS in the Germany segment.

Organic revenue growth was largely attributable to growth in mobile and fixed-network service revenues.

Reported adjusted EBITDA AL in the segment increased by 4.2 percent in the three-month period to 2.6 billion euros.

In organic terms, there was an increase of 3.0 percent or around 75 million euros.

The difference between reported and organic adjusted EBITDA AL growth is primarily down to the service relationship with DFMG.

Thus, the Germany segment has had increased organic earnings for 29 consecutive quarters.

This brings me to business in the Europe segment, where we continue to see very robust growth. This applies to customer numbers across all business areas, as well as to the development of revenue and earnings.

The number of new mobile contract customers increased by 246,000, after 179,000 mobile contract net adds in the same period of 2022. For the full year, this represents an increase of 746,000 mobile contract customers.

Broadband net adds stood at 76,000 for the three-month period, compared with 92,000 in the fourth quarter of 2022.



This results in 307,000 net adds for the twelve months of 2023.

The number of customers with package contracts combining fixed network and mobile communications increased by 195,000 in the fourth quarter of 2023, after an increase of 191,000 in the same period of 2022. This represents 697,000 FMC net adds for the twelve months of 2023.

The number of TV customers increased by 37,000 in the fourth quarter of 2023, compared with an increase of 32,000 in the same period of the prior year. This means, 152,000 TV net adds were recorded in the full year 2023.

This positive trend is also reflected in the financial figures. Reported segment revenue increased 7.3 percent to 3.1 billion euros in the fourth quarter. That is growth of 213 million euros.

The strength of the Hungarian forint and the Polish zloty had a positive effect of around 58 million euros on revenue when translated into euros.

In organic terms, segment revenue increased by 5.6 percent or around 165 million euros in the fourth quarter of 2023.

This growth was largely attributable to an increase in fixed-network and mobile service revenues amounting to a combined 130 million euros.

Reported adjusted EBITDA AL in the Europe segment increased by 5.8 percent or 55 million euros in the fourth quarter of 2023 to 1.0 billion euros.

Adjusted EBITDA AL grew 4.1 percent in organic terms, with the increase in the net margin (revenue minus direct costs) more than offsetting higher indirect costs.

Thus, the segment has generated organic earnings growth for 24 consecutive quarters.

And now to T-Systems:

Order entry increased by 17.3 percent year-on-year in the fourth quarter of 2023, an increase of 204 million euros. However, this was not sufficient to offset the decline in the first nine months of 2023, with order entry declining by 8.2 percent year-on-year in the 2023 full year.

T-Systems' revenue increased by 1.7 percent in the fourth quarter of 2023 to 1.03 billion euros. In organic terms, it was up 4.9 percent. The difference is due to the transfer of MMS to the Germany segment.

T-Systems generated revenue growth with Digital Solutions and the Cloud business.

Adjusted EBITDA AL increased in the fourth quarter of 2023 by 43.9 percent in organic terms to 76 billion euros, thus reaching the annual earnings target.

In addition, T-Systems recorded a positive cash contribution for the full year.

That brings me to the development of free cash flow, adjusted net profit, and net debt in the Group in the fourth quarter of 2023.

First, free cash flow. Free cash flow AL increased by 114.8 percent year-on-year to 4.4 billion euros in the fourth quarter of 2023. That is growth of around 2.3 billion euros.

The following factors in particular had an increasing effect:

- A year-on-year decrease of around 2.45 billion euros in cash capex. This primarily reflects the planned reduction in investments in the United States following the accelerated build-out of the 5G network there in the last few years and the fact that the integration of Sprint is now complete.

- An increase of around 270 million euros in net cash from operating activities compared with the fourth quarter of 2022.

By contrast, higher lease payments following the sale of the majority stake in the cell tower portfolio in Germany and Austria had a reducing effect on free cash flow AL. In addition, T-Mobile US made an advance lease payment of around 0.9 billion U.S. dollars in the third quarter of 2021, which had a base effect from the prior year in 2023.

The strong ramp-up of free cash flow AL since the first quarter of 2023 is in line with our guidance:

In the first quarter of 2023, we saw a year-on-year decrease of 5.3 percent, which was followed by an increase of 27.7 percent in the second quarter.

In the third quarter of 2023, we then recorded growth of 61.4 percent, before recording stated growth of 114.8 percent in the fourth quarter compared with the prior-year period.

For the full year 2023, our free cash flow AL grew by 40.7 percent to our target of 16.1 billion euros.

That brings me to adjusted net profit:

Reported adjusted net profit declined by 8.1 percent year-on-year in the fourth quarter of 2023 to 1.8 billion euros. That is a decline of around 161 million euros.

The following developments had an increasing effect:

- The increase in adjusted EBITDA of around 124 million euros.
- A decrease in depreciation and amortization of around 142 million euros.

The main factor reducing adjusted net profit for the three-month period was the increase of around 295 million euros in loss from financial activities compared with the fourth quarter of 2022. This development is due to positive one-time effects, particularly in other financial income/expense in the prior-year quarter, which did not recur in the reporting period, for example, positive effects from changes in discount rates, primarily applied to provisions for the Civil Service Health Insurance Fund.

In addition, the tax expense increased by around 39 million euros in the fourth quarter of 2023 as a result of improved earnings in the Group and the share of profit attributable to non-controlling interests increased by 93 million euros.

Special and one-time factors have been eliminated from recurring adjusted earnings per share in order to show the Group's sustainable, underlying earnings trend. These were primarily one-time effects in other financial income/expense.

In the 2023 full year, recurring adjusted earnings per share calculated in this way increased by 6 percent year-on-year, i.e., from 1.51 euros per share to 1.60 euros per share.

Now, we come to the development of net debt and the financial ratios compared with the end of 2022.

Net debt (excluding leases) decreased by 10.0 billion euros year-on-year to 93.7 billion euros.

Free cash flow AL generated had a reducing effect of 16.1 billion euros.

The proceeds of 10.7 billion euros from the sale of the stake in the cell tower portfolio in Germany and Austria (GD Towers) also had a positive impact.

The following main factors by contrast, had an increasing effect on debt:

- The T-Mobile US share buy-back accounting for 12.1 billion euros.
- Dividend payments, primarily of Deutsche Telekom AG and of T-Mobile US, of around 4.0 billion euros combined.
- The acquisition of mobile spectrum for a total of 1.3 billion euros.

Consequently, the ratio of net debt (excluding leases) to adjusted EBITDA AL improved by year-end 2023 to 2.31x compared with 2.58x 12 months earlier.

That means Deutsche Telekom is still on track to achieve the financial ratio target by 2024 year-end, as announced at the Capital Markets Day in 2021.

Analysts reach the same conclusion in their expectations. At BBB+ and with a stable outlook, all ratings are within our guidance corridor.

Finally, to our Group guidance for 2024:

We expect a further strong increase for adjusted EBITDA AL and for free cash flow AL.

It is important to bear in mind that the starting point for the comparison with 2023 is pro-forma data.

The cell tower business in Germany and Austria and the Wireline Business in the United States are not included in the guidance.

However, the acquisition of the Ka'ena Group (Mint Mobile brand) in the United States is taken into account.

For the exchange rates, we adjusted the basis for comparison for 2023. The guidance for the 2024 financial year was calculated using the 2023 U.S. dollar exchange rate of 1.08 U.S. dollars/euro.

We forecast an increase in the Group's adjusted EBITDA AL by around 6 percent to around 42.9 billion euros.

We expect a strong increase in core adjusted EBITDA AL (i.e., excluding handset leasing in the United States) also by around 6 percent to around 42.8 billion euros.

The Group's free cash flow AL is expected to increase by 16 percent to around 18.9 billion euros compared with 16.2 billion euros in 2023 on a like-for-like basis, i.e., on a pro-forma basis.

This forecast includes T-Mobile US' guidances based on the mid-point of the respective guidance according to U.S. GAAP.

Adjusted earnings per share is expected to sharply increase to more than 1.75 euros per share, up from 1.60 euros per share in 2023.

I would now like to hand over to Tim Höttges.