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## DTEGn.DE - Q2 2026 Deutsche Telekom AG Earnings Call

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## CORPORATE PARTICIPANTS

**Hannes Wittig** *Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)*

**Timotheus Hoettges** *Deutsche Telekom AG - Chairman of the Management Board, Chief Executive Officer*

**Christian Illek** *Deutsche Telekom AG - Chief Financial Officer, Member of the Management Board, Responsible for Finance*

## CONFERENCE CALL PARTICIPANTS

**Robert Grindle** *Deutsche Bank AG - Analyst*

**Carl Murdock-Smith** *Citi Infrastructure Investments LLC - Analyst*

**Joshua Mills** *Exane Bnp Paribas - Analyst*

**Akhil Dattani** *JPMorgan Chase & Co - Analyst*

**Paul Sidney** *Joh Berenberg Gossler & Co KG - Equity Analyst*

**Polo Tang** *UBS AG - Analyst*

**David Wright** *Bofa Merrill Lynch Asset Holdings Inc - Analyst*

**James Ratzer** *New Street Research LLP - Analyst*

## PRESENTATION

**Hannes Wittig** - *Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)*

Good afternoon, everyone, and welcome to Deutsche Telekom's second quarter 2026 conference call. Joining me today are our CEO, Tim Hoettges; and our CFO, Christian Illek. Tim will begin with an overview, followed by Christian, who will take you through our quarterly performance and group financials in greater detail. After this, we have time for Q&A.

Before handing over to Tim, please take note of the usual disclaimer included in our presentation and shown here. Also, please be aware that this conference will be recorded and uploaded to the internet.

And now it's my pleasure to hand over to Tim.

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**Timotheus Hoettges** - *Deutsche Telekom AG - Chairman of the Management Board, Chief Executive Officer*

Thank you, Hannes, and welcome, everybody, here today. I'm happy to present another set of strong results and a material step up in our returns to shareholders. But let me quickly start with a snapshot on the results.

Our group organic sales revenue is growing by 3.9% in the first six months. Organic EBITDA is growing by 7.4%. Adjusted EPS is growing by 10.3%. Customer growth remains strong and peer leading in all our markets. So it's a broad development which we have across the group. And we raise our group free cash flow guidance today to reflect T-Mobile's guidance increase you have seen. We have clear line of sight for our capital markets growth targets, and we are all in a very positive mood here.

But clearly, while we are delivering, there has been significant volatility for our shares. And I want to address some of this volatility in my prepared remarks today. I will not go through my usual shots today. They should be modestly self-explanatory. Instead, I will go through the four segments before coming to our capital allocation.

The common thread for this are three themes. The first, we deliver strong and reliable growth. Second, we invest in our future profitability. And third, we allocate capital to grow our value per share.

Let me start with T-Mobile. T-Mobile remains the clear growth leader in the US. Organic EBITDA growth based on IFRS was 9.6% in the first half of this year. T-Mobile added 0.5 million accounts in the first six months, well on track for its full year target.

And T-Mobile has established network leadership based on its superior spectrum position. This translates into ARPA opportunities. T-Mobile's ARPA growth is peer leading. At the same time, postpaid phone insurance has come down to [0.85] last quarter. Our focus is on quality growth, and you can see that in our numbers, our strategy is paying off.

Looking forward, T-Mobile's company privileged growth opportunities are fully intact. This is rural. This is B2B, and this is fixed wireless as the main areas.

And T-Mobile is investing. We are investing in digitization to drive efficiencies and customer experience. We are investing into US cellular integration to drive attractive synergies. And we're investing in attractive fiber opportunities. And we're investing in wireless technology leadership with evident results. And as my colleague, Srini, said on the call, we are looking to forthcoming spectrum auctions as an opportunity to further cement our leadership position.

Next, let me talk about Germany. In Germany, we are delivering with our 39th quarter of consecutive EBITDA growth. We are investing in our future profitability, and our networks are market leading, and we keep investing ahead of the competition. We systematically leverage AI to drive additional efficiencies. Our mobile leadership is uncontested and further strengthened by our ongoing network modernization.

We are delivering strong and consistent customer and service revenue growth, and by the way, even market check-ins. The broadband market, however, is more challenging, and we lost some subscriber this quarter. A key driver to this development is the fiber penetration alongside fiber homes passed.

We are seeing steady progress here with 161,000 fiber net adds this quarter. But as a priority, we will substantially accelerate this run rate and with it, our fiber monetization. Positively, our broadband revenue growth improved this quarter, and we are expecting further improvements in the coming quarters.

Moving on to Europe. Our European segment delivers like a clockwork. 4% organic service revenue growth driven by consistent customer growth each quarter. 4% organic EBITDA growth this quarter, which is the 34th consecutive quarter of organic growth. We're investing in networks. And customer experience, we are also integrating platforms to drive synergies across the footprint and making good progress, thanks to Christian, on network at scale. Our European business demonstrates that the whole can be more than the sum of the parts, as we have promised.

And last but not least, T-Systems. T-Systems is delivering strong and steady financial results. It has become a strategic asset for Deutsche Telekom. We are very lucky with all this sovereignty discussion to have the leading IT company here in Europe under our roof.

Demand for sovereign cloud, demand for secure digitization, demand for AI applications and infrastructure is growing and T-Systems is our lighthouse to take advantage of these opportunities.

So in summary, we are delivering. Our EBITDA growth is best in class and our earnings per share, the growth is double-digit. Our cash flows are strong, and our leverage is prudent.

We are investing to maintain and extend our strong growth into the future. We are faced where we face challenges ahead. This brings me to our capital allocation our capital allocation remains disciplined and focused on accretion for our shareholders, accretion as measured by adjusted earnings per share. And as you know, we are not selling into the T-Mobile share buyback this year. Our T-Mobile stake therefore increased to 54.3% by July, up 2 percentage points from one year ago.

We have been steadily executing our existing $2 billion share buyback program here on the European side, and today we are topping this up.

In addition to our ongoing share buyback, we are today proposing an additional share buyback facility of up to [EUR3 billion] on top in 2026 alone.

We have seen exceptional volatility in our shares in recent months. Our shares have traded at the bottom of their long-term valuation ranges and do not seem to reflect the growth opportunities we see. And so, we are taking actions now and step up our share buyback program. Buying back our undervaluated shares is an excellent investment, consistent with the capital allocation framework we outlined in our 2024 Capital Markets Day.

At our cost of capital, buying back our shares drives attractive accretion to earnings per share. Why this magnitude? Because it can drive meaningful accretion to our adjusted earnings per share. Why not more? Because discipline always goes both ways. We want to take advantage of any excessive discounts. But we will not put our network leadership, our spectrum flexibility, our A rating, or our strategic flexibility at risk.

And why up to? Because we buy value. For us, the share buyback is an investment. It's not volume at any price. The bigger the gap to intrinsic value, the more attractive is the share buyback for us. Our dividend remains the reliable foundation of our shareholder remuneration.

The buyback is a flexible complement to leverage exceptionally value discounts in the interest of our shareholders. The additional facility increases our total shareholder remuneration in 2026 to almost EUR10 billion if it is fully utilized. And this is, by the way, the highest ever.

As Christian will show you later, with our leverage ratio well below our stated 2.75 target, we have the balance sheet headroom for this additional facility.

I have now spoken about what we are doing, so finally, a few words on what we are not doing. We are not commenting on speculated transactions. This is our well-established principle. We are not doing transactions that do not create a clear and compelling superior return for our shareholders.

This is true for M&A. This is true for spectrum acquisitions. This is true for Fiber CapEx, and this is true for share buybacks as well. I think it is fair to say that this management team has a 15-year track record of disciplined and successful capital allocation. The capital allocation decision we announced today, the additional buyback facility reflects exactly this discipline.

Beyond this announcement today, there is nothing to communicate. As mentioned, I will skip the next pages as most topics have been covered and move straight to our guidance increase on page 10. T-Mobile US raised its 2026 free cash flow guidance by EUR0.2 billion at the midpoint on July 23, and we are passing on this guidance today. As a result, our group free cash flow guidance increased to around EUR20 billion.

We continue to guide for constant currency group EBITDA growth of around 6% to EUR47.5 billion in 2026. We reiterate our DT ex US EBITDA guidance of EUR15.4 billion. Our guidance remains based on constant foreign exchange rates.

And as usual, we have a page and dependings in which we compare our guidance with the consensus adjusted for foreign exchange. Based on current exchange ratios, our DT ex US EBITDA guidance would be in line with EUR15.5 billion consensus.

And with this, I hand it over to Christian.

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**Christian Illek** - *Deutsche Telekom AG - Chief Financial Officer, Member of the Management Board, Responsible for Finance*

Thanks, Tim, and hello from my side. As usual, let me quickly recap T-Mobile's strong second quarter results. And if we're taking a look at the numbers, according to the US GAAP, service revenue grew at close to 9% or 8.9% on a year-on-year basis, despite the fact that we have prices increases that we're rolling over. Obviously, the growth is supported by last year's acquisition, especially US Cellular.

The core EBITDA grew at 11.7%, and that basically keeps T-Mobile well on track to achieve their ambitious financial targets. Account growth, as you know, grew at EUR277,000, and the ARPA was up 2% on an annual basis, and Tim talked about the lower churn on the postpaid phone.

Let's move over to Germany, which I think had a solid quarter. Total revenues grew at 3.7%. Obviously, that sequential acceleration is largely due to the World Cup related non-service revenues. This quarter's adjusted EBITDA grew at 2.7%, which is very consistent with the previous quarters. And for the next quarter, we expect the EBITDA to come a little below, whereas the fourth quarter will be above that 2.5% to 2.7% range. So the guidance, the full-year guidance of EUR11 billion EBITDA is fully intact.

So mobile service revenues accelerate as well sequentially to 2.4%. So we're basically trading at the upper end of the guidance corridor of 2% to 2.5%.

Same holds true for fixed-line service revenues. They also accelerated. You see, we get into this later on, there's a slight increase in broadband revenue growth. But it was also supported by some, I would call it, lumpy IT project business.

As you can see on the next page, broadband revenues is now basically accelerating. We had 1.6% in the first quarter, 1.9% in the second quarter. And we only had a small contribution from the back book price increase in the second quarter, but this effect will increase in the upcoming quarters, and therefore, we expect that the broadband revenue growth will further accelerate in the second half of this year.

Wholesale service revenues obviously declined because the price increases from the previous years, especially from last year, were rolling over. We don't anticipate any further deterioration. What we expect is that we basically cover volume losses largely through upselling in ARPA growth either upselling copper or fiber infrastructure.

So taking into account that we had solid growth in wholesale over the past two years, I think we're well on track to meet our guidance, which we have given at the CMD, which is basically stable revenues.

Let's move over to the fixed KPIs and let me start with the broadband customer losses. You see that we basically lost 20,000 customers this quarter. This is very much the same number which we had a year ago, and it's largely explainable through price-related churn.

So far, and that's the good news about that churn, the churn -- the actual churn is much lower than we anticipated in the business case, and we expect this to moderate out in the third quarter and to normalize in the fourth quarter, which will be a big driver also for the accelerated broadband revenue trends in the second half.

We have many initiatives to improve our broadband performance. I think the most important one is fiber. And you see that we've seen an 18% increase of fiber net adds on an annual basis and an 11% increase of our fiber penetration. That is obviously not holding us back to continue to push on the renewed strategy, both in SDUs and MDUs and we're tracking well with an accelerated growth momentum here.

Finally, on TV, we're seeing steady growth in triple play and also in contracted OTTs. So over the first half, we basically added 200,000 TV customers. And on top, throughout the successful World Cup coverage, we welcomed roughly 1 million additional non-contracted OTT customers. It's now up to the go-to-market teams to retain as many of those customers as possible.

So next page, 18, we're seeing the mobile KPIs. I think what you see, especially on the growth on volume or on data usage, that very much reflects our unlimited propositions, which we introduced a year ago.

Moving over to Europe, and Tim called it a clockwork. I would call it a Swiss clockwork. It's really phenomenal what they're providing. The reported revenues grew at 1.5%. The organic service growth was 4.1%. And actually, you saw steady growth across mobile, across fixed and across IT.

The reported revenues were impacted by three factors. Obviously, we had a deconsolidation of Romania this year. We had a planned unwind of wholesale transit revenues and that was somewhat offset by the very strong Hungarian currency, the foreign.

Organic EBITDA growth was accelerating to 4.1%, we are fully on track with our full-year guidance. And the difference between organic and reported EBITDA is also related to the strong foreign, which we're happy to see right now in this given year.

So on the commercial performance, you see a very steady performance across all four categories, nothing to basically explain here.

T-Systems, I think they posted a healthy year-on-year growth when it comes to revenue and EBITDA. They are well on track to hitting their CMD targets. The order book was due to phasing a bit slower, but we expect a much stronger second half and therefore also growth over the full year.

Tim talked about this, T-Systems was able to secure two really important flagship contracts, one is Volkswagen, where we're going to build and operate Volkswagen's global private cloud network.

And in April, we have been awarded together with SAP to develop the central citizen app. And that shows that we are really well positioned when it comes to digital sovereignty and that T-Systems is at the center of what's currently important on digitalization and sovereignty here.

So that concludes my operational review, and I move over to the reported financials. So what you see is we had some headwinds coming from the dollar, but still you see that in the second quarter, EBITDA growth at 7.5%, adjusted earnings almost close to 13% this quarter. On the free cash flow, you see that free cash flow was up by 3% on a year-on-year basis, very much driven by the net cash flow from operations, which was burdened by the restructuring cash outs in the US. And the adjusted net profit benefited especially from the adjusted EBITDA, which is a very strong performance and you see that 11% here on a year-on-year basis.

Next page, as always, you see our net debt development, left-hand side without leases, it increased by roughly EUR5 billion on a year-on-year basis. On quarter basis, this is largely driven by the DT and US shareholder remuneration. And you see also on the leverage ratios that including leases we're tracking well with 2.68 and without leases on 2.3. And with that expanded share buyback program here on the DT side, we still will meet.

A leverage target, which will be below 2.75. I think that completes my review and we're opening it up for Q&A.

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## QUESTIONS AND ANSWERS

**Hannes Wittig** - *Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)*

(Event Instructions) Robert Grindle, Deutsche Bank.

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**Robert Grindle** - *Deutsche Bank AG - Analyst*

Thank you. Good afternoon. And great going on the clear as you expressed about your own equity value today. Does buying back more of your own shares tilt your view on not selling into the TMUS buyback or is that an entirely separate decision dependent on the TMUS share price? I think, Tim, you confirmed you will continue not selling even with the new buyback, is that right, at least for this year?

And my second question is. There was some press recently that Cellnex had been in touch with GD Towers about a deal. Any comments on that? I think at the CMD, you said that something could be done on towers, what your lace is thinking there, presumably you think your towers are worth more than public multiples.

**Christian Illek** - *Deutsche Telekom AG - Chief Financial Officer, Member of the Management Board, Responsible for Finance*

Robert, let me answer the first question. So first, it's completely independent decisions. One has been taken care on the T-Mobile US board level and the other one here on the DT board level. I think the scheme is quite comparable. You see that T-Mobile is now trading at, let's say, roughly [175]. I think -- we think we should take advantage out of this, let's say, volatility and therefore we expanded that share buyback program back in Q2 by up to EUR3.6 billion, and the same holds true for DT.

So I think if you take a look at the share price in which it traded over the course of this year, we were trading from above [34] to below [24]. And obviously, if you compare this against our, let's say, long-term EPS multiple.

We see there's opportunities to actually have an accretive share buyback and buying undervalued shares to a larger degree. So this is, as I said, independent decisions, and yes, I can confirm that we're not selling into the share buyback of T-Mobile US over the course of this year.

**Timotheus Hoettges** - *Deutsche Telekom AG - Chairman of the Management Board, Chief Executive Officer*

And maybe to add one sentence here, by buying back our shares, we even buy into the profitability of the T-Mobile US stock and we believe in the US stock and that is why we have already built 55% of the stock and it's ongoing.

By not participating in their share back. So we increase our value and we increase the value of the DT by how we are doing that. And to be very clear, we looked on this one from an investment perspective. And if you look to the free cash flow yield, which we have on our DT stock today for our shareholders, we are around 10%. This is better than any investment which we can do in these days.

Secondly, we have shown 2% growth over the last five, six years more than all our European peers, but we're trading with a discount to the multiple of our European peers. And therefore, even this is not reflected in our value, another second reason to buy. And the third one is the accretion for our EPS, which I mentioned already in my speech, third argument. There's so much argument that our company is undervalued and our performance going forward is even supporting this on a mid-term and long-term perspective that we took this very confident clear message to significantly increase our share by break program here in Europe by EUR3 billion.

Let me answer the second question, what is the last thinking on that one? To be honest, we are not commenting on any M&A speculations here. In principle, we are always open-minded for good opportunities here, but there is nothing I can communicate. We are very happy with our assets of today.

And therefore, to be honest, this is something where you have to ask (inaudible) or Digital Bridge. I cannot comment on this.

**Hannes Wittig** - *Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)*

Carl Murdock-Smith, Citi.

**Carl Murdock-Smith** - *Citi Infrastructure Investments LLC - Analyst*

That's great. Thanks, Hannes. Two questions from me. Firstly, on one of the reasons for the potential weakness in the share price is concerns about the satellite.

You just talked about your investments to maintain market leadership. SpaceX earlier this week made comments that it's not out of the question that at some point Starlink will deliver. A majority of the world's Internet and talking about that on a 10-year timeframe and also stating that it believes its service will be better than yours in the US. I'd love to hear your thoughts on those comments. And then secondly, just on the German EBITDA phasing, Christian, that you mentioned, can you just expand a bit more on the reasons and potential quantum for the Delta in the Q3, Q4 phasing on German EBITDA growth?

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**Timotheus Hoettges** - *Deutsche Telekom AG - Chairman of the Management Board, Chief Executive Officer*

By the way, the first, we take SpaceX ambitions very seriously. That's the first one. Satellite connectivity will expand the market and improve coverage in places, especially where touristical economics or geographical things are challenging, no question. T-Mobile, by the way, and Deutsche Telekom, we are already well positioned to integrate satellite capabilities where they improve the customer proposition.

We have Gen. 1 deal in the US, we have Gen. 2 deal for Europe, and we are ready to integrate that direct-to-device. So therefore, this is definitely something which from our proposition, always best connected is something which we consider. At the same time, high-capacity, terrastical networks, as we are providing them.

They retain significant structural advantages in dense markets, no question. Capacity, indoor coverage, latency, simultaneous usage and the cost per gigabyte are advantageous compared to satellite services.

The right answer for us is not to dismiss the technology. For us, it is to keep, say, extending our own advantages against any other technology. This is the spectrum leadership, which is critical, network density, which is I think the most important one, the distribution for our brand and the customer relationship which we have built, and then the financial capacity on developing the networks in the way how we're doing it. So therefore, for me, I can tell you there are a lot of announcements. To be honest, I'm a little bit irritated how the market is reacting on some of that one. Yesterday, we heard something about Femto. Guys, we had a Femto discussion years ago, remember that?

And we looked it up whether this is an alternative and we dismissed this opportunity for good reasons from a technology perspective. And suddenly, this is becoming a new kind of substitutional risk. We don't see that. Magnitude, we do not see any kind of significantly a disadvantage for our technologies and we will do everything with all let's say that the generations who have built this infrastructure already to keep this leadership. So therefore, the results are on our side, the customer.

Experience as well and therefore, some of these aspirations are very far-fetched and very conceptually, but nevertheless, it is not my money, it's your money, but we are doing our business and we are convinced that there is no substitution risk.

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**Christian Illek** - *Deutsche Telekom AG - Chief Financial Officer, Member of the Management Board, Responsible for Finance*

On the second question, Karl, first of all, this is related to cost phasing, nothing else. So the revenue trends, as I said earlier on, we expect to be strong both on the mobile side but also on the broadband side where we expect an acceleration of broadband revenue trends, but this is a phasing effect, which you also had to a larger degree, to be very clear, in '25.

Remember, we had almost no EBITDA growth in '25 in Q3 and then it bumped up again. That will be not that dramatic this year, but we will trail below the 2.5% in Q3 and we will trail above 2.5% in Q4.

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**Hannes Wittig** - *Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)*

Josh Mills, BNP Paribas.

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**Joshua Mills** - *Exane Bnp Paribas - Analyst*

Hi, guys, and thank you very much for taking the question. I wanted to come back to some of Tim's opening remarks about the relationship between DT and Timis, but without specifying any press reports because from the outside, it looks like with your ownership stake, the ability you have to participate or not participate in the buyback and the very strong working relationship between your European and US teams that the partnership works very well.

So the simple question is there anything we're missing or any new opportunities that you're looking at working on that the current corporate structure doesn't allow you to do or frustrates would be the first question.

And then on the second. Question, taking it down to Germany, we saw, as expected, slightly weakened adds this quarter following the back-book price rise earlier in the year. From your perspective, are we now through the peak churn of initial customers responding to that back-book price increase? And how do you see the front-book price competition in German broadband at the moment? I think there's been a few more promotions across the board in that market. It'd be great to hear your thoughts there.

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**Christian Illek** - *Deutsche Telekom AG - Chief Financial Officer, Member of the Management Board, Responsible for Finance*

So let me start with the second question on the net adds. As you said, rightfully so, we will expect that the churn-related. Net add losses will moderate in Q3 and will basically be normalized in Q4 because then there is no chance for customers to actually terminate their contracts.

I think the good element about this, what we're seeing right now is that the initial assumption of the marketing and sales teams were way more negative than what we see as actual churn. So the churn is significantly lower than we anticipated it to be, but the trend is actually in our favor moderating in Q3 and normalizing in Q4.

And on front book price competition, I think everyone is a bit promotional. We are promotional, the other guys are promotional, but structurally, I don't see any kind of significant change. I think everyone's talking about value, so let's prove this footing.

I think we have shown that with our back book price increase and also with the front book price increase last year that we're focusing on value. And I think that's the only way to kind of getting into growth in the broadband market because we don't have hardly any volume growth in that market.

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**Timotheus Hoettges** - *Deutsche Telekom AG - Chairman of the Management Board, Chief Executive Officer*

Look, with regard to your question on the relationship, look, we have a clear ownership in the US, we have a financial consultation and control. We have a governance which is well established with, let's say, the amount of board seats we are having and the veto rights which we have as a shareholder.

And on the operational management, on the day-to-day decisions, being at pricing customer propositions. Network execution, marketing, all these kind of things, I can tell you it is anyhow out of philosophy in the group to keep that independent in the countries. This is the empowerment. And to be honest, one of the reasons why Deutsche Telekom is more successful than other telcos was that we were, having this right. Balance between central and local found for the reason.

When it comes to strategic alignment, look, we are always acting as two groups, and two groups are always acting as two groups, and that means whenever, for instance, we are developing a software, like the one app, we have a third-party transaction. So look, yes, we are collaborating, but it is coming with complexity. There's no question because we have to go through the board, we have to go into the audit committee with each of the transactions, with each of the joint activities because we have to file third-party transactions.

Second, in some areas it's not easy. I can tell you the Apple account, for instance, is dealt not jointly, it is dealt from two companies independently. So in some areas, we are not able to leverage our procurement activities these days. But these are minor areas. When it comes to the big strategic things, we can really work together in a good way. Sometimes it's a bit complicated due to the two entities, which we always have to consider, but these are the limitations which we have. I think we're on a good track.

To get all our interest and all our strategic ambitions realized in this structure which we have and the trust we have built between the teams.

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**Hannes Wittig** - *Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)*

Excellent. And surely T-Mobile's share price also over the value creation in the US, the fact that it's the most valuable telco in the world, I think bears witness to the success of our situation.

Akhil Dattani, JPMorgan.

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**Akhil Dattani** - *JPMorgan Chase & Co - Analyst*

Hi, good afternoon. Thanks for taking the questions. The first is just on data centers. Tim, you've discussed in the past your views around the AI Gigafactory project from Europe and some of your. Concerns with some of the elements of that. Now that we're getting the process of now submitting proposals, could you update us as to whether those have been addressed, where you stand on that? And also more broadly on data centers, you talked a lot about.

Your off-balance sheet data center assets, some of the opportunities there. Just any further thoughts in terms of how you can drive and monetize those pieces going forward? That would be the first question. And the second one is just going back to, I guess, some of the broader points you raised at the beginning of the call around the buybacks and overhangs. Obviously, it's a strong signal to the market that you believe your stocks undervalued. But I guess one of the tricky elements to the debate is we're debating something very long duration that's very hard to quantify.

Now, you gave us some helpful color on why you think satellite risks are misunderstood and maybe overplayed. But as you think about business planning going forward, how do you think about roots to growing and protecting your moat more strongly? And at the same point, what sort of things can you do to disrupt yourself as you think about the opportunities it creates? So not just what are the defensive tools, but also offensively, what can you do here to create more value.

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**Timotheus Hoettges** - *Deutsche Telekom AG - Chairman of the Management Board, Chief Executive Officer*

Wow, good questions. Let me think. On the answers. Now, the first one, talking about the data centers. Our ambition is to grow our data center business in line with the demand which we see for sovereign, secure and AI-ready infrastructure, which we clearly see here in Europe. I can tell you, if you look to our industrial AI cloud, which we have built with NVIDIA in Munich.

The 10,000 GPUs, the Blackwell ones, B200s are sold out. I could have sold them 10 times, that is, so it is and we were maybe too fast on giving them away. We should have even, from a pricing be more aggressive. But anyway, we are where we are. We learned on this one. So this is something we have more challenges, by the way, with the RTX chipsets, to sell them, but nevertheless a highly and good utilization of our industrial AI cloud in Munich.

So we are thinking about expanding this. There's a capacity of another 20,000 GPUs. I was in the valley with very recently and we discussed, how to get the right amount of chipsets there to fulfill that. And on top of that, we have seen the documents for the [gigabit] tender, where we are now assessing our participation.

To be honest, I was very critical about the document. At a glance, I can tell you there were significant improvements in this from a pricing perspective. It is not anymore one price, it is now market related. It's not a minimum commitment for a giga factory. It is going in steps, being a smaller or bigger one. I think it's around 150 megabyte they are talking about.

So I've seen that, but to be honest, it's a little bit too early. We have just started looking into this one. It's one week old, this document now. We haven't taken the decision.

The principle of what we have laid out, doing this with a financial partner going forward, splitting the real estate and the infrastructure and the cloud. The idea of saying we do not want to be a host for frontier models alone. We want to have an added value with a cloud service sitting on top of that with an orchestration layer, which is providing the customer needs. The idea of building a full stack which is sovereign with kind of local basis. And even the discussion about maybe some of the big frontiers models who want to expand into a sovereign ecosystem. What does that mean from a distillation perspective, from a kill switch perspective, from a weights perspective? These are discussions which are ongoing. With the frontier models.

But to be honest, I cannot give you a final answer on that one. But I hope that the signal of today is that we are not going into any kind of stupid tenders or stupid index if we are not be able to get decent financial returns.

I was surprised that people, shareholders after following me now for almost 20 years in the role of the CFO and the CEO that you do not understand how I'm thinking. I'm not tolerating that any business is not making its profits. I'm not tolerating that any business is not making its return on capital employees. And this is true for the historical business, it's true for our connectivity business, it's true for every segment, it will be true for the systems, and I can tell you it will be even true for the gigafactories or for data center capabilities. We are not going into any kind of stupid politically pushed transactions.

We will only go into this transaction, we will make decent returns on that.

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**Christian Illek** - *Deutsche Telekom AG - Chief Financial Officer, Member of the Management Board, Responsible for Finance*

Let me try to start with answering that second question, which is a very broad one, Akhil. First of all, let me rest assure you that decision that we're expanding the share buyback was not an in-year decision, it also reflected what is needed in the future.

In the upcoming years and whether we can afford this yes or no, and we will not compromise on any investment plans which we had or, for example, on U.S. Spectrum auctions which are important, whether it's in the upper C vendor, the 2.7 gigahertz spectrum, which for me is one of the offense plays I would allude to. Secondly, what you've seen in the U.S. Is they're branching out from the core business, right? We introduced, I think, businesses in the ad space. And they were also talking about entering the financial services market, so that is kind of adding new additional growth flex. I think on the European side, we are using AI currently very broadly to drive efficiencies and to be less dependent on people to run this organization. And we also, I think in Europe, we're making some progress on global scale. So for example, we will have one transport network across the European countries.

We have basically finalized a big tender in order to secure memory chip supply across all European countries, which came with a significant cost effect. We have now moved from customer-centric measures in order to measure the performance of a network towards.

Technology-centric measures toward customer-centric measures. We started off with that in the mobile space. We will expand this to TV and broadband. So this is i I think these are the lines where we're experimenting and where we're trying to figure out whether it's either a defensive move, if it's efficiency or whether there's additional growth opportunity for us being in ads or being in financial services.

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**Timotheus Hoettges** - *Deutsche Telekom AG - Chairman of the Management Board, Chief Executive Officer*

Look, and Akil, one last sentence, even reflecting, it is you cannot look on a share buyback isolated from the needs for the operations.

We have a need to invest in spectrum. We have a need to sustain our competitiveness on the fiber and the broadband business. We have a need to always be leading on the mobile networks. We have a need.

To look for future investments, maybe even in the area of data center capacities and we have the need to look on our shares. These are all investment needs and we have to do and we look to the mix. But this volatility and this discrepancy between the inner value and the growth prospect of this group forced us this time to take a decisive action to buy back this stock. Otherwise, this is a signal which we're doing. Now, that doesn't mean that we are now going away from our operations or from our business. The opposite is the case. The luxury which we have compared to all the other telcos is that we have the money.

We have an A minus rating. We have a very, let's say, solid financial reserve in our group. And that is why we took this decision right now.

It is not that we are cannibalizing or that we are sacrificing something from our operational perspective.

Billion investment this year are confirmed.

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**Hannes Wittig** - *Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)*

Paul Sidney, Berenberg.

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**Paul Sidney** - *Joh Berenberg Gossler & Co KG - Equity Analyst*

Thank you very much, Hannes, and good afternoon, everyone. Just two questions for me, please.

The German price increases you put through in H1 seem to have landed really well. You've got the value of volume and strategy. I was just wondering, does this give DT more confidence to potentially be. Even bolder in terms of back book price increases for both broadband and mobile.

I mean, if we take a step back, I mean, everyone's getting a gold-plated service from you for pretty much EUR1 a day, which feels pretty ridiculous in my opinion. I'm sure you probably share the same view, but just getting your thoughts on that. And just getting back to SpaceX, I know we touched on it earlier, but I don't want to get into any details, but given the more disclosure we've had post the IPO and. The Q2 results earlier in the week. Has anything surprised you either positively or negatively on the increased information we've had from them around the industry, US, Europe?

Just be really interesting to get your thoughts.

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**Timotheus Hoettges** - *Deutsche Telekom AG - Chairman of the Management Board, Chief Executive Officer*

Look, on the first thing, we have increased our price by EUR2 per month on the customer base. Affected were something like 5 million or 4.9 million customers out of 15, so almost a third. And we were expecting a little bit of churn, which you have seen this quarter.

To be honest, we are very encouraged by the reaction of the market and the customer base. So it shows that this is possible.

Kudos to Rodrigo, kudos to the German team who were brave enough to move in this wide direction here, because it cannot be that we are constantly investing more into the broadband built out into fiber, having price increases and alike, but not being able to monetize this over time. So therefore, I think it is a necessity not only for Deutsche Telekoms, a necessity for the whole industry, and therefore, yes, I feel encouraged From this angle. It would be crazy if not.

The second thing is, SpaceX. Any surprises? Look, there are a lot of surprises in this world. Today we solve the indoor coverage, and then I have a sleepless night saying how is that possible with a satellite? And then I learned something which. I would say, challenge this from a technical perspective. Then we learned femtocells is the solution for a mesh network. Okay. To be honest, there are a lot of buzzwords which are, flying around these days.

So therefore, as I said, it's a great complementary source. I think the most attractive one is I think there is a need or there is a business for the fiber, for the broadband services. This is in rural areas where really let's say bad coverage is given. This is a kind of technology which can work.

I can tell you the best, it's not as good as fiber. This is always a superior technology. So therefore, yes, I see that as one. I think, the. The capacity of overbuild and the amount of satellites is something which I'm surprised about. And you know what I'm more surprised about is not about SpaceX, it's about the catch-up of LEO. And the developments which we see from the Amazon side or even the ambitions from AST, different technologies, but even very decent capacity they can build. So I can tell you there will be not only one satellite player, there will be even a few which we can include into our offerings going forward.

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**Paul Sidney** - *Joh Berenberg Gossler & Co KG - Equity Analyst*

Brilliant. Thank you. Can I just have a very quick follow-up? Have you ever announced the uplift in ARPU when a customer moves to fiber in Germany? Apologies if I missed it.

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**Christian Illek** - *Deutsche Telekom AG - Chief Financial Officer, Member of the Management Board, Responsible for Finance*

No, we have not.

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**Paul Sidney** - *Joh Berenberg Gossler & Co KG - Equity Analyst*

Okay, very clear. Thank you. I appreciate your comments.

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**Hannes Wittig** - *Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)*

Thank you. The pricing is very similar, right? But what you have to think about is part of the more for more ladder and which starts with [50, 100, 250], and then of course the super vectoring comes to its end. So then you migrate onto fiber and that's when you get the steady APU uplift that we are reporting.

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**Timotheus Hoettges** - *Deutsche Telekom AG - Chairman of the Management Board, Chief Executive Officer*

And the ARPA uplift is something 2.8%, correct?

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**Hannes Wittig** - *Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)*

It's around three, yeah, of consumers, upper uplift. No, it's not only fiber, it's just part of that overall upselling funnel, which has, of course, many years to go.

Polo, UBS.

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**Polo Tang** - *UBS AG - Analyst*

Hi, thanks for taking the questions. I have two. The first one is you previously flagged EUR15 billion of headroom at the DT level, where you could either increase your stick at TMIS, do buybacks at the DT level or do other things. But how much headroom do you have left on your balance sheet and would there be scope for further buybacks at the DT level in 2027? You also mentioned U.S. Spectrum options as an opportunity to extend your U.S. network leadership position, but how do you think about your network position if you don't get. Any additional spectrum.

My second question is really just about Germany. So have you seen any notable changes in competitor dynamics for the mobile market? I know you referenced broadband. The only reason why I'm asking about the German mobile market is because 101 on their call earlier mentioned that they were removing all tariffs below EUR6.99 but also reducing the data allowance in their higher tier bundles. So I'm just wondering what you have seen in terms of German mobile banks?

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**Timotheus Hoettges** - *Deutsche Telekom AG - Chairman of the Management Board, Chief Executive Officer*

Well, the answer to number one is very clear. If you look to what we, by the way, we have talked about some headroom, we're talking about our financial capabilities, and we have something in our planning, which is always anticipated with regard to spectrum, which you don't know.

So I can tell you one thing, we do not see us getting out of the auctions, which are coming without any spectrum.

We have saved money now in the AWS3 auction. We thought it would be more expensive for what we were aiming for. We got what we wanted for [300 million]. We had more money in mind. But nevertheless, this is good for the group. Nevertheless, I'm very optimistic that we have a safeguard and prepared very well for the upcoming auctions, both from the C-band and from the 2.7 gigahertz perspective.

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**Christian Illek** - *Deutsche Telekom AG - Chief Financial Officer, Member of the Management Board, Responsible for Finance*

Can I comment on this one? Please go ahead. Yeah, look, there were two -- I think there was an implicit question, whether we need to buy additional spectrum. I'm not sure whether you're alluding to fixed wireless access. The 18 billion to 19 billion broadband customers, which is obviously a combination of fixed wireless and fiber, are calculated without any additional spectrum.

So whatever is going to be the outcome of the upper C-band and especially 2.7. Obviously give scope for more, but it's not necessary to basically achieve the targets which we have articulated. And for the buybacks for '27, I think we usually have a cadence. It's more around Q3 where we make a statement regarding dividend and buybacks. So I think it's too early to talk about this today.

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**Timotheus Hoettges** - *Deutsche Telekom AG - Chairman of the Management Board, Chief Executive Officer*

And then on the German dynamics in the market. Look, we have seen a shift out more stable pricing in our German market and we have even a list of pricing increases from all carriers after all this kind of price deflation we have seen previously. However, I can tell you the environment remains highly promotional. So there are always promotions out there and discounts and the like.

Eins & Eins has made some changes as of July 2026. The lowest price is this $6.99, you're correct. Effectively, let's say this is removing some tariffs below this price point.

But to be honest, it's too early to say how the market is looking to this one. Other operators, by the way, O2, Vodafone or even us, we have implemented price increases in the market. We have refreshed our portfolios with new tariff grids, higher entry level prices and with the more for more logic. So I would say despite this kind of development here.

I do not see that the overall market, the relevant market is now going in the wrong direction. Please consider as well that Eins & Eins price developments, they're always taking place between Vodafone and between O2 and less reflected, affected us more than on the side of Comstar or Refranc.

So therefore, I would say it's not affecting the telecom main brand that much?

**Hannes Wittig** - *Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)*

Yes, and you saw our results, of course, in the quarters with the 218,000 phone net adds. And also, Paulo, to your first question, we are not quantifying the researcher headroom from the 15 billion, but the buyback announced today fits well into the framework. And, without quantifying it, yes, there's some headroom left.

**Timotheus Hoettges** - *Deutsche Telekom AG - Chairman of the Management Board, Chief Executive Officer*

By the way, guys, it's funny to see, Ookla. We just got awarded 11 awards out of 11.

So, and there's another one coming for Europe for, the best network in Europe, which is for the first time, going to that. There is and this is good. It's not all about price. It's about quality. And we are quality leader. Is there any question in this room?

Is there any question from the owners of that company that we are not leading by quality? And this is what we are monetizing. Look, I know I'm repeating myself, but this is our protection against 699.

**Hannes Wittig** - *Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)*

David Wright, Bank of America.

**David Wright** - *Bofa Merrill Lynch Asset Holdings Inc - Analyst*

Yeah, thank you. I hope you can hear me. I'm starting in a video today. I guess, Tim and Christian, I just wanted to, I guess, respectfully but robustly challenge you.

You've announced a significant increase to buyback, but you are part of the biggest economy in Europe and you have lagging fiber coverage versus other European markets.

Now, I do accept that the demand curve in Germany is low because the copper quality is high, but there are so many other factors here.

It is the obvious defensive mechanism against satellite. I think you would agree that maybe focusing on urban build has meant that there is some spatter build in rural Germany that has impacted your customer share, has impacted pricing.

So I'm just curious that you chose. To focus on the buyback more than essentially critical infrastructure that is the absolute defence and superior advantage you have over your competition. That's question one. And I hope I presented that respectfully. And then question two is, you have increased your buyback.

Do you have any idea whether the German government would participate or not? And the only reason I ask is that we've just seen the French government.

Sell some shares. We've seen the French government sell a 5% of orange. The German government obviously is seeing a shareholding that is increasing with an accelerated buyback. I just wondered if there was any comment or conversations with them.

Thank you very much.





LSEG DATA & ANALYTICS

**Timotheus Hoettges** - *Deutsche Telekom AG - Chairman of the Management Board, Chief Executive Officer*

Look, to the second question, to be honest, we don't know, but if you ask me and my personal gut feeling here on this one. The German environment feels very comfortable with their position today.

I do not see then that they are selling out shares at that point in time. Whether they're participating or not, I cannot tell you.

So this is something you have to ask them, but they like the shareholding.

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**Hannes Wittig** - *Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)*

Well, if you look at the ongoing share buyback, you can see actually how their share ownership has developed. And that answers your question retrospectively, it doesn't answer your question going forward.

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**Timotheus Hoettges** - *Deutsche Telekom AG - Chairman of the Management Board, Chief Executive Officer*

And now on the second question, maybe Christian, do you --?

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**Christian Illek** - *Deutsche Telekom AG - Chief Financial Officer, Member of the Management Board, Responsible for Finance*

Shall I start or you want to start?

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**Timotheus Hoettges** - *Deutsche Telekom AG - Chairman of the Management Board, Chief Executive Officer*

No, maybe I start with the general state and then you go into the details of it because there are a little, because I think David, I respect entirely your challenge. And to be honest, I feel this challenge in me every single day. Should we go for more investments into businesses? Should we go for stepping up on data centers? Should we stepping up in fiber? Should we go and go and, but this time.

I'm very clear, it's time that we are now thinking about our stocks and thinking about our shareholders in this regard when the discrepancy between, let's say, the market and the stock is that big.

We cannot accelerate at that point in time the fiber expansion. We have already challenged that, the take up rates in the German market are low. We are on well on track with the execution. And don't forget, last year we took the decision the other way. We not increased our share by back initiatives. We increased our investments into the fiber. So, the small devil in me, is always sitting on one side or the other side and this.

He was sitting and saying, I have to consider this discrepancy on the stock side.

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**Christian Illek** - *Deutsche Telekom AG - Chief Financial Officer, Member of the Management Board, Responsible for Finance*

Look, let me continue what you said.

I think it's a fair challenge, David, but to be honest, we're feeling quite comfortable with the 2.5 million homes passed. And the reason being is if you. Expand this by another 20%, it's not like that the cost is basically moving in a linear fashion. It's exponentially increasing because of the lack of construction capacity. And what we've done is, let me remind you, we have reallocated 400 million on an annual basis into fiber and predominantly by having a stronger SDU focus and a stronger connection focus to full build out of the AMDUs is one of the.

The highlights of the change of the fiber build-out strategy. That looks like it's getting traction. You see that actually we're increasing both the net adds and fiber as well as utilization overall.

And I think so far we are feeling quite comfortable with the approach which we have taken, with the amount of spend which we have in fiber.

And as Tim said, the volatility of the share price actually led to the decision that we basically prefer share buybacks right now over fiber and to spend even more into that fiber business case.

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**Hannes Wittig** - *Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)*

James Ratzer, New Street.

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**James Ratzer** - *New Street Research LLP - Analyst*

Yes, good afternoon. Thank you for taking the question. So couple from me, please. So the first one, I know you can't comment on any kind of M&A speculation at the moment, but there was an article in the press a week ago, which said, talks about doing a deal with T-Mobile might not have found favor with the US government for a specific reason around a CFIUS review and cash flow from. US business remaining within the US.

So therefore, kind of I suppose my question is, have you therefore ever had discussions with CFIUS about the dividends from T-Mobile USA coming back to Germany and whether there's a deal or no deal, does this potentially act as some kind of limit on the dividends. That T-Mobile US could pay back to Deutsche Telekom over the medium to longer-term?

And then the second questions I have were on satellite, I'm afraid.

So quick fire one is, are you one of the proxy or the parties that was mentioned in the proxy filing for Globalstar? Are you willing to comment on whether you had interested in buying Globalstar? Are you interested in buying MSS spectrum or partnering with other satellite players?

And in Germany, since we last spoke at the Q1 earnings call, it looks like SpaceX's access to the S-band spectrum in Germany is likely to be heavily reduced now down to a kind of maximum of 10 megahertz.

How does that affect your relationship with them and ability to offer a D2C service in Germany and the rest of Europe?

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**Timotheus Hoettges** - *Deutsche Telekom AG - Chairman of the Management Board, Chief Executive Officer*

Look, again, to question number one. I'm not commenting on any kind of speculations with regard to commentaries from the press. But nevertheless, I can say you one thing. I have never, ever.

Never ever heard about let's say a concern with (inaudible) about dividends or never heard about let's say any concerns that the US government is not supporting us in this regard. So therefore this is the with regard to our business with regard to our relationship never ever you know something which came up to me.

So with regard to the second topic, look, the issue is, by the way, there is even the second topic is what is happening with this EchoStar spectrum, which SpaceX has bought, we thought they can use it and then we have a Gen. 2 service on our D2D devices. In 2027 or 80 already, so that is let's say that was the original planning. Now we hear that there might be some limitations to approval from the European governmental side here.

This is something which is new. And the second topic is, yes.

There are discussions about, let's say, how much spectrum is going to be available for American or for independent satellite operators. To be honest, this is a political decision.

It is a European decision. It's a little bit, let's say, looks a little bit protectionistic if we do it that way. I'm always in favor of market dynamics here.

But nevertheless, we have to manage that. As we have said, SpaceX is our partner and we would love to launch with them.

But nevertheless, if the spectrum is not with them, there might be others who are using it.

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**Hannes Wittig** - *Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)*

Okay. With that, next we move to -- actually, Andrew Lee on the, he sent his questions by e-mail because he had connection issues. He asked satellite risk US versus Europe.

There's a perception that US fixed broadband telcos under more risk from satellite competition than Europe because of weaker broadband speeds and higher broadband prices. This could then produce more of a platform under the (inaudible) plans discussed yesterday to use those broadband receivers, do you see the US more at risk than Europe?

Maybe to start off answering this, I mean, the fiber penetration in the US is a little bit lower, but cable penetration is a bit more pervasive. And of course, there's a very strong fixed wireless access connectivity that we provide. And fixed wireless is substantially and very significantly more powerful technology than satellites. So we are very confident that fixed wireless is the superior technology in most locations, but of course there are locations in the US which are not served by terrestrial mobile networks.

And those situations can be interesting for satellite broadband.

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**Christian Illek** - *Deutsche Telekom AG - Chief Financial Officer, Member of the Management Board, Responsible for Finance*

I would add two things from the US side on fixed wireless access. First of all, the download speed which we're having right now in the US is significantly higher than you would have it on satellite. So therefore, the question is fixed wireless access still superior versus satellite? I would say yes. And two-thirds of our broadband customers, 5G broadband customers are coming from top 100 markets.

So we don't have an overexposure to rural areas where I think is a sweet spot for satellite broadband. And on D2D, I think Tim said everything is complementary.

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**Hannes Wittig** - *Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)*

The next question from Andrew is, why allocate capital DT rather than T-Mobile? I'm the last you've used sorry, I'm not sure if this. Properly transcribed DT ex US stub as guiding whether there is most value, but the stub is trading towards more expensive end of historical range, which historically have suggested opportunity to invest in T-Mobile over DT. Why not now? T-Mobile has been volatile too, but we have pointed out before we are not participating in the T-Mobile share buyback this year.

So we are effectively buying T-Mobile and now we are buying DT too. There's no contradiction. And of course, if you buy DT in terms. Of the share of the total profit. A large chunk of that comes from T-Mobile. So we're buying T-Mobile profitability to drive the accretion.

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**Timotheus Hoettges** - *Deutsche Telekom AG - Chairman of the Management Board, Chief Executive Officer*

And the undervaluation of the DT stock compared to the US stock is higher. So therefore, the investments into the DT stock is more attractive.

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**Hannes Wittig** - *Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)*

Okay, I think this brings us actually to the end of today's call. So thanks, everybody. Thank you very much for your participation and your continued interest in Deutsche Telekom. And should you have any further questions, please do not hesitate to contact our Investor Relations team. We wish you a pleasant day, a nice summer, and we look forward to speaking with you again soon.

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**Christian Illek** - *Deutsche Telekom AG - Chief Financial Officer, Member of the Management Board, Responsible for Finance*

Thank you, guys.

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**Hannes Wittig** - *Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)*

Thank you.

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**Timotheus Hoettges** - *Deutsche Telekom AG - Chairman of the Management Board, Chief Executive Officer*

Bye-bye.

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