

# Deutsche Telekom

## Q1 2024 results

May 16, 2024



#DT24Q1

# Disclaimer

This presentation contains forward-looking statements that reflect the current views of Deutsche Telekom management with respect to future events. These forward-looking statements include statements with regard to the expected development of revenue, earnings, profits from operations, depreciation and amortization, cash flows and personnel-related measures. You should consider them with caution. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond Deutsche Telekom's control. Among the factors that might influence our ability to achieve our objectives are the progress of our workforce reduction initiative and other cost-saving measures, and the impact of other significant strategic, labor or business initiatives, including acquisitions, dispositions and business combinations, and our network upgrade and expansion initiatives. In addition, stronger than expected competition, technological change, legal proceedings and regulatory developments, among other factors, may have a material adverse effect on our costs and revenue development. Further, the economic downturn in our markets, and changes in interest and currency exchange rates, may also have an impact on our business development and the availability of financing on favorable conditions. Changes to our expectations concerning future cash flows may lead to impairment write downs of assets carried at historical cost, which may materially affect our results at the group and operating segment levels.

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In addition to figures prepared in accordance with IFRS, Deutsche Telekom also presents alternative performance measures, including, among others, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA after leases, adjusted EBITDA margin, Core EBITDA, adjusted EBIT, adjusted net income, free cash flow, free cash flow after leases, gross debt, net debt after leases and net debt. These alternative performance measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Alternative performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways.

# Q1 2024 results

Group

# Q1/24

## consistent reliable growth

### Q1/2024 Highlights

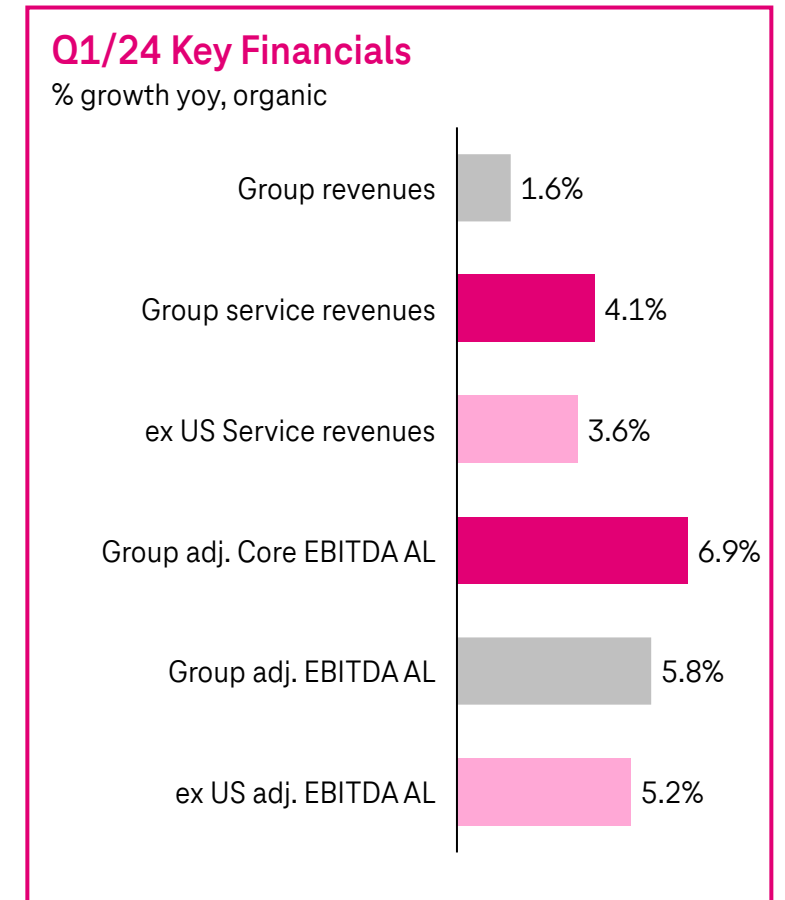
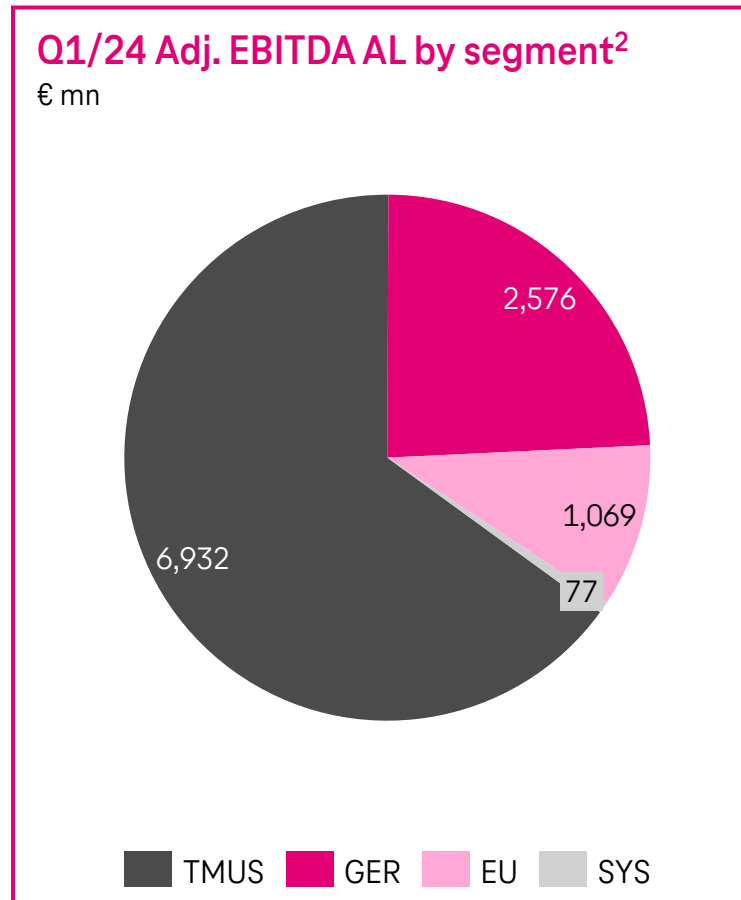
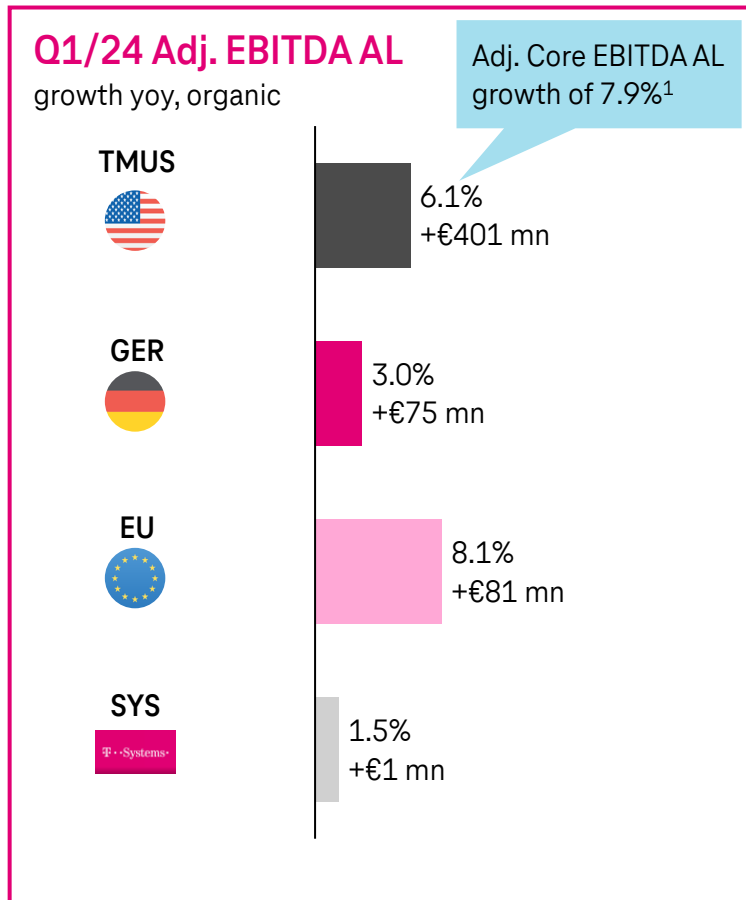
- Organic Growth: Group service revenues up 4.1%, Group adj. core EBITDA AL up 6.9%, all segments contributing. FCF AL up 3.6%, adj. EPS up 15.4%<sup>1</sup>
- US/GER/EU: Strong customer momentum continues
- GER with 30<sup>th</sup>, EU with 25<sup>th</sup> consecutive quarter of organic EBITDA AL growth
- Improved outlook for TM US reflected in guidance
- TM US creates Fiber JV with EQT targeting 3.5mn homes by 2028
- Ka'ena transaction in the US closed in May
- TM US launches auction for its 800MHz spectrum
- TM US receives 2.5 GHz spectrum from auction 108



<sup>1</sup> FCF AL and adj. EPS growth rate as reported.

# Financials Q1/24 organic

## strong organic growth



<sup>1</sup> according to IFRS. US GAAP growth is 8.0%. Adj. Core EBITDA excludes decreasing handset leasing revenues (US\$ -0.1 bn yoy). <sup>2</sup> Excl. GHS & GD (-175 mn €). Group EBITDA AL €10,473 mn.

In this presentation the Group in Q1/2023 is presented in accordance with the management view: certain key performance indicators like revenue and adj. EBITDA AL are presented as if GD Towers still would be fully consolidated.

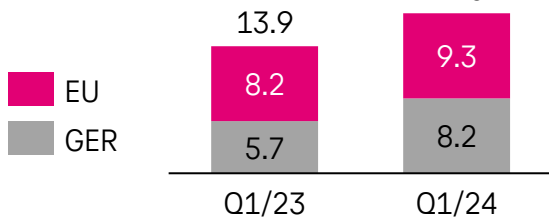
This view is different to the consolidated financial statements of DT where Group Development is treated as a discontinued operation. For more details, please refer to the back-up to this presentation, respectively the annual report of DT both available at [www.telekom.com/en/investor-relations](http://www.telekom.com/en/investor-relations).

# Networks

## leading with 5G, FTTH on track

### FTTH (1 Gbps)

Fiber homes  
mn



#### GER

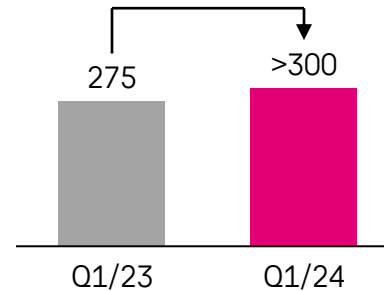
- Fiber: On track for >10mn HHs by YE.
- German fixed network: Magenta TV selected by “Connect” readers as No. 1 IPTV service

#### EU

- On track for 10 mn HHs with 1 Gbps by 2024. Coverage now at 36% of HHs

### 5G TM US

Ultra capacity 5G<sup>1</sup>  
mn POPs



#### Network Leader

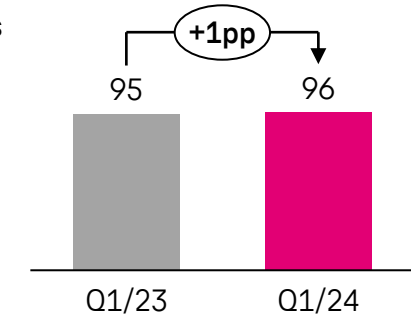
- Ookla report finds T-Mobile’s median download speeds are 2x faster than AT&T’s and Verizon’s.

#### 5G

- Expansive breadth and depth of deployment: Nearly 95% of 5G network traffic on mid-band spectrum

### 5G ex US

Germany  
% of POPs



#### GER

- Telekom wins Chip magazine German mobile network test for the 14<sup>th</sup> time in a row.

#### EU

- Ongoing roll-out of 5G coverage: 68% POP coverage end of Q1/24. Up 17 pp since Q1/23

<sup>1</sup> Ultra capacity on mid band spectrum.

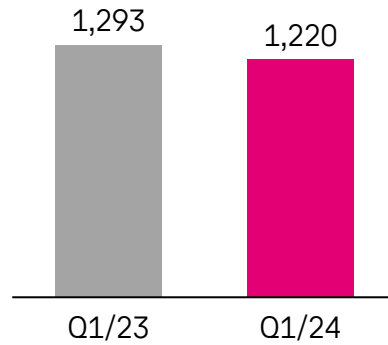
# Customers

growing strongly

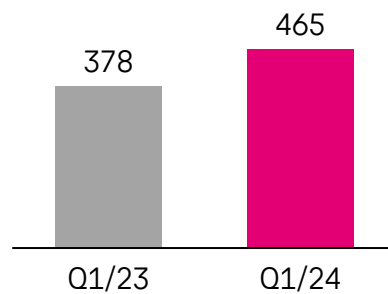
## Mobile net adds

000

US (postpaid)



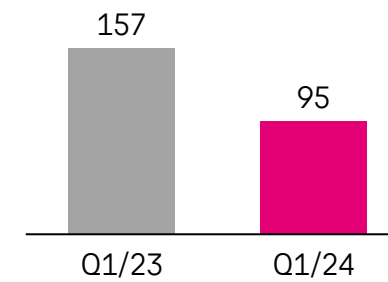
Ex US (contract)<sup>1</sup>



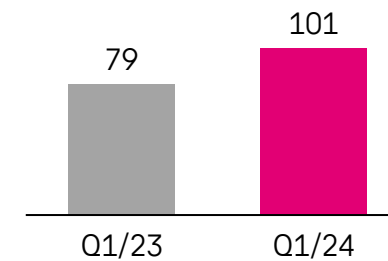
## Fixed line net adds<sup>2</sup>

000

Broadband



TV



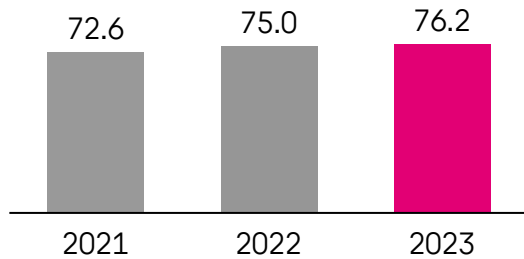
<sup>1</sup> GER + EU. GER: own brand only    <sup>2</sup> GER + EU

# Society and Environment

strong ESG performance; energy consumption reduced again

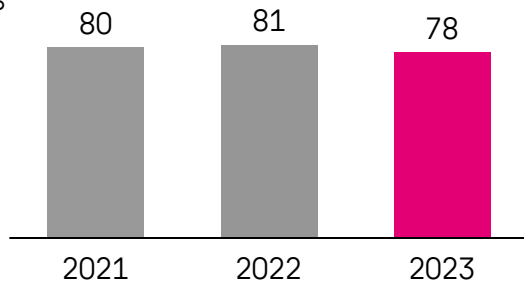
## Societal agenda

Customer satisfaction<sup>1</sup>  
Tri\*M



## Employee satisfaction<sup>2</sup>

%



## Environment

- **NEW** We published our initial transition plan with the new CR report as well as PAIs and GSMA indicators for Telcos
- Climate targets validated by STBi<sup>3</sup>
- **NEW** DT is first telco in the world to use large-scale battery storage systems for renewable energies.
- **NEW** Group energy consumption -3% yoy in Q1/24 and CO<sub>2</sub> emissions (Scope 1&2) -2%

## Society

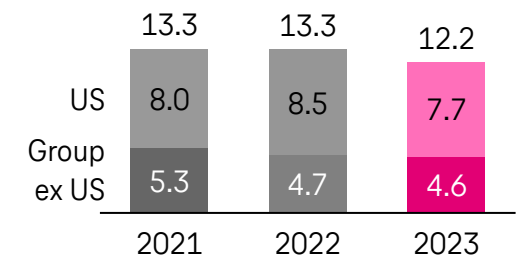
- **NEW** New spot (“lights on”) of our often awarded #against hate speech campaign

## Governance

- S&P Global ESG – Best European telco

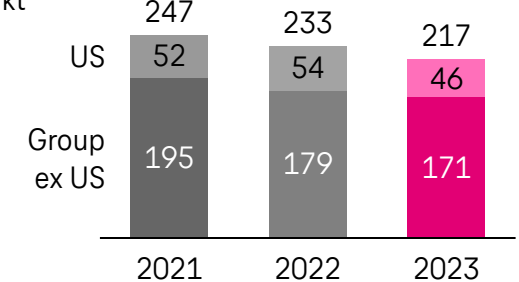
## Environmental agenda

Energy consumption  
mn MWh



## CO<sub>2</sub>e emissions (scope 1+2)

kt

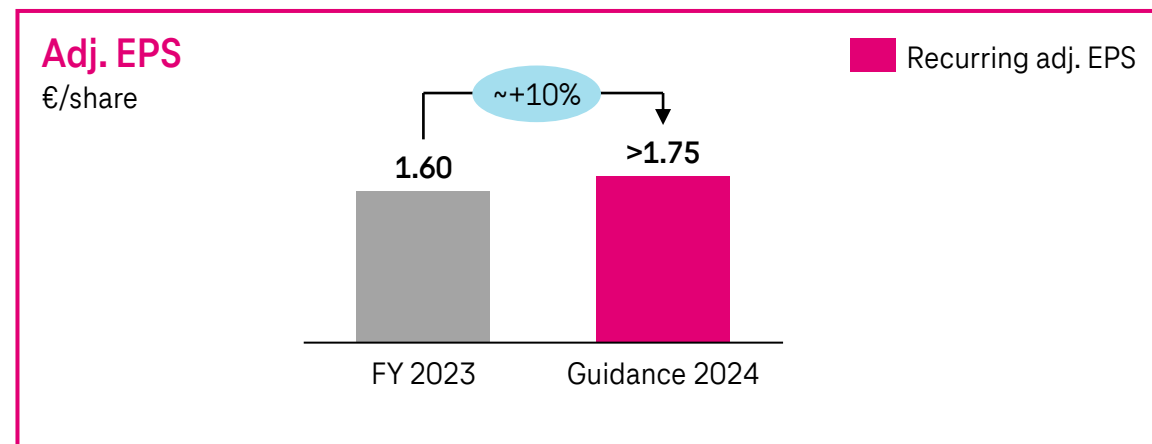
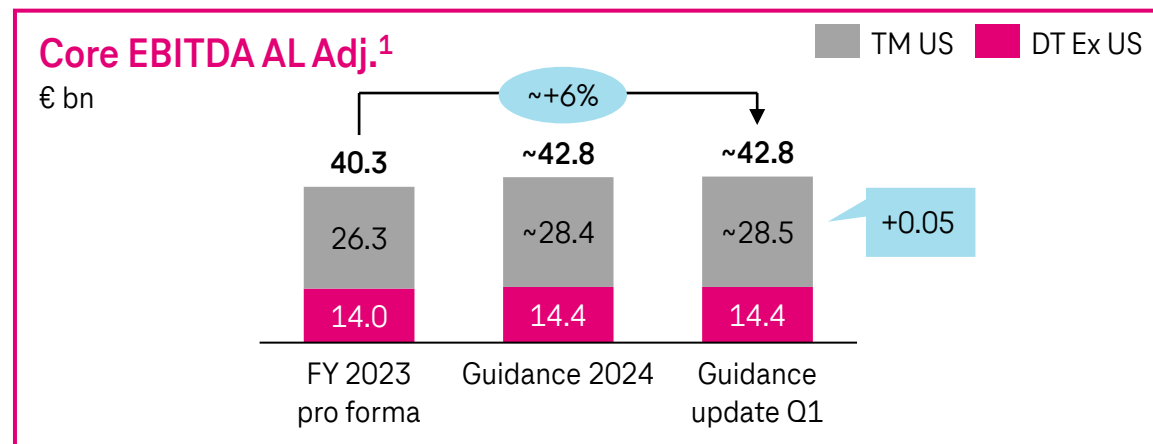
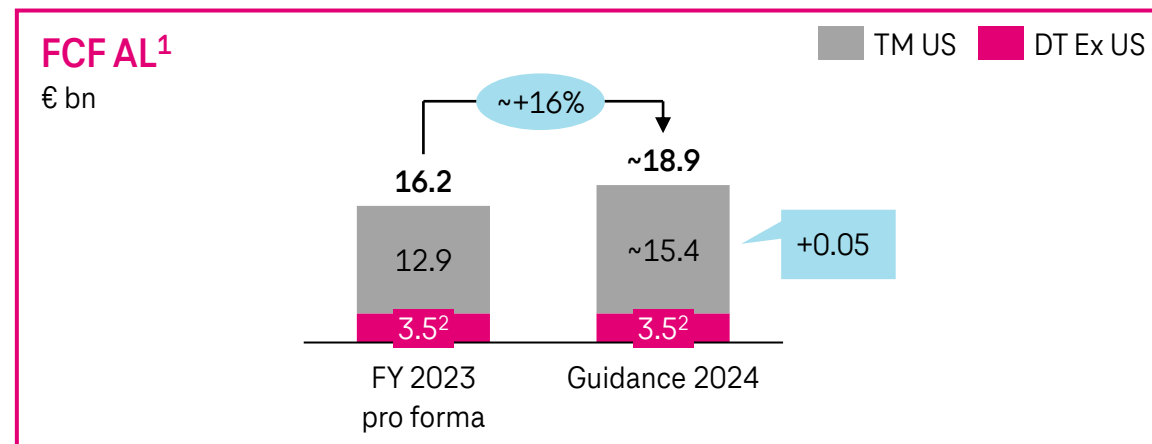
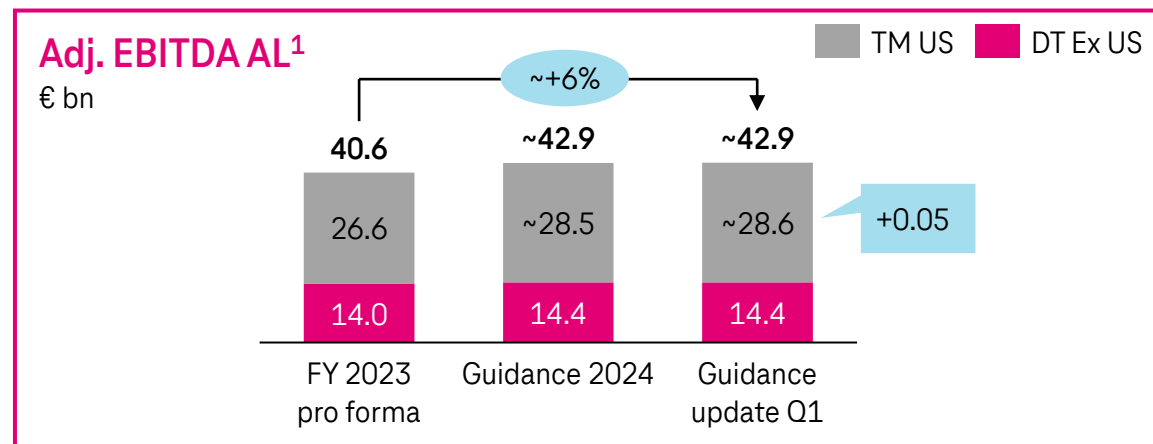


<sup>1</sup> ex US. <sup>2</sup> ex US. Positive answer on employee/pulse survey question: “How do you feel at our company” <sup>3</sup> SBTi=Science Based targets initiative



# Guidance 2024

## adj. EBITDA and Core EBITDA outlook raised for T-Mobile US



<sup>1</sup> TM US guidance is based on midpoint of US GAAP guidance of US\$31.5 – 32.0 bn adj. EBITDA; of US\$31.4 – 31.9 bn Core adj. EBITDA and of US\$16.4 – 16.9 bn FCF. FCF AL TM US guidance remains unchanged due to rounding. Guidance assumes a negative bridge of US\$-0.9 bn on adj. EBITDA and Core adj. EBITDA upon translation into IFRS. Based on 1€ = US\$1.08. <sup>2</sup> 2024 guidance includes €0.2 bn of cash returns related to tower transaction. 2023 pro forma includes 0.1bn cash returns related to tower transaction. Both exclude TM US dividend receipts.

# **Q1 2024 results**

Review of segments and  
financials

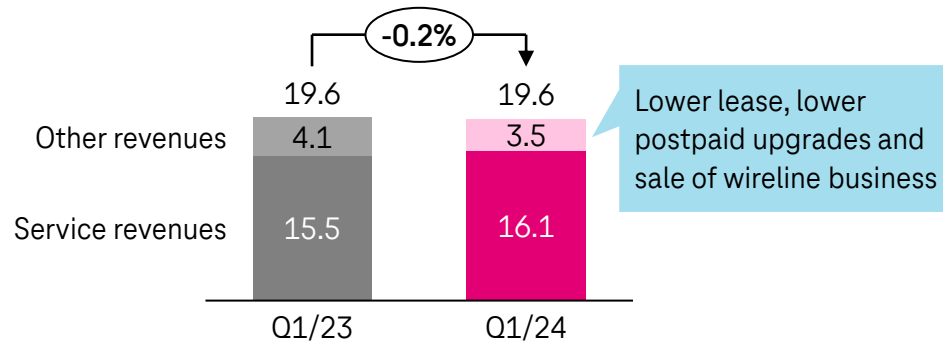
# T-Mobile US

## strong financial growth



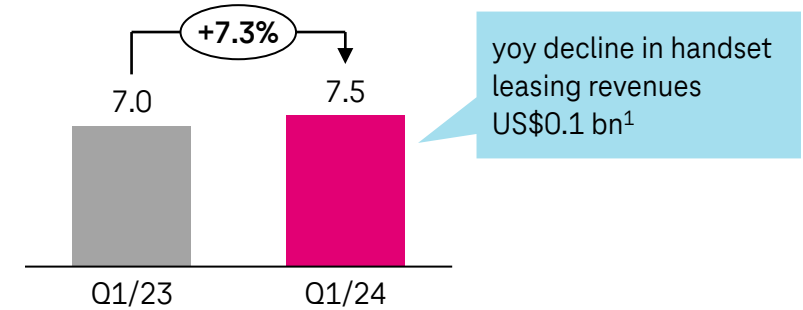
### Revenues (IFRS)

US\$ bn



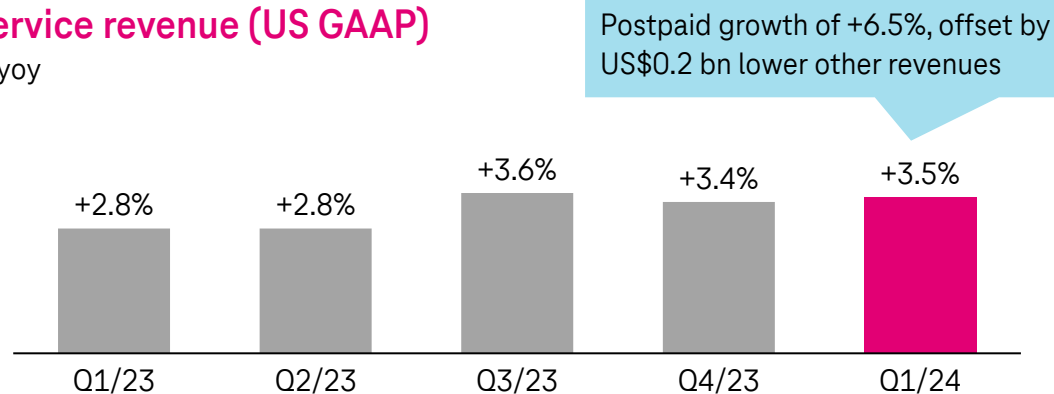
### Adj. EBITDA AL (IFRS)<sup>2</sup>

US\$ bn



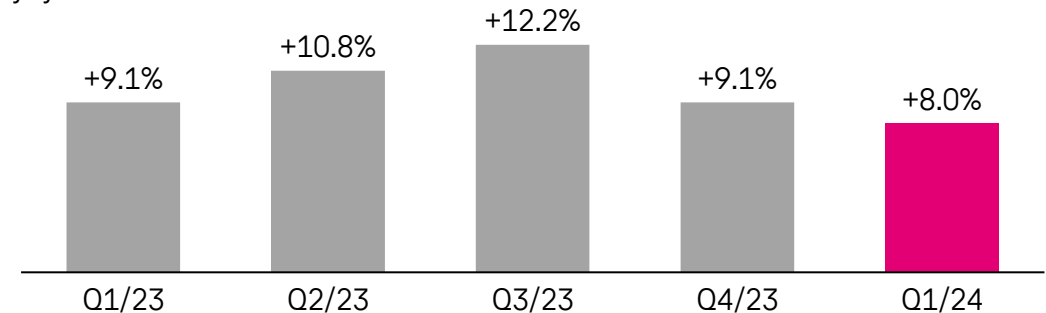
### Service revenue (US GAAP)

% yoy



### Core adj. EBITDA (US GAAP)

% yoy

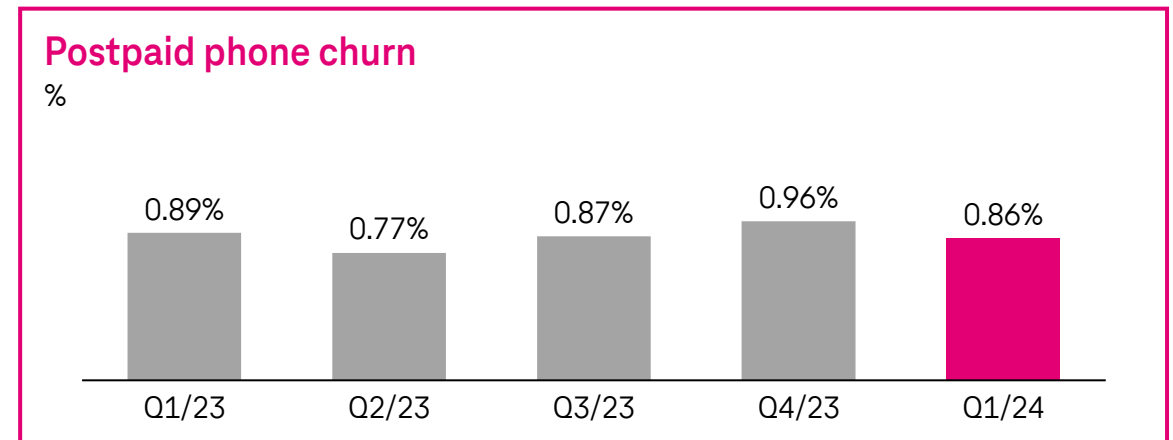
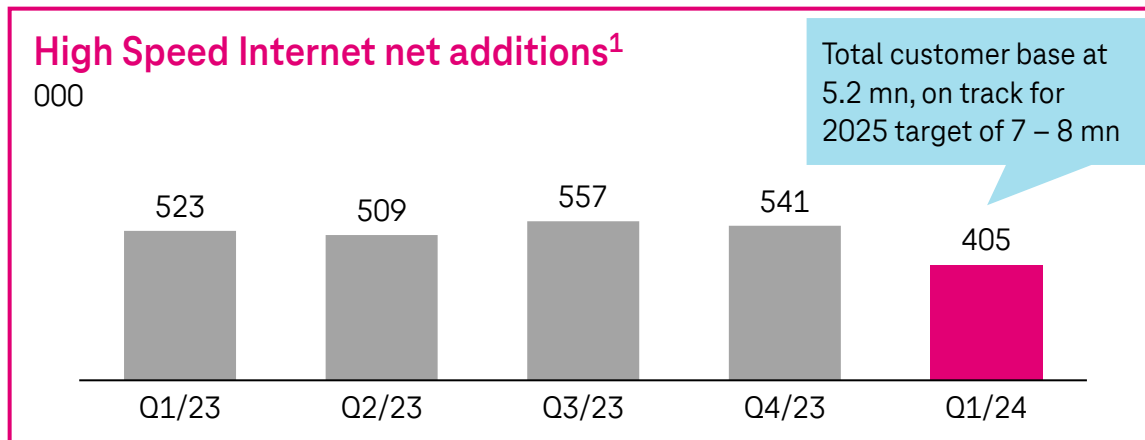
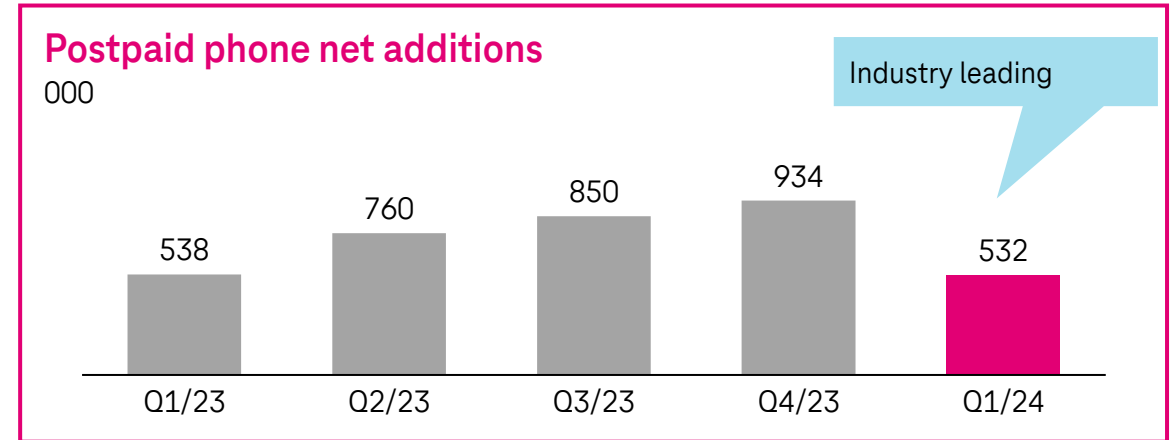
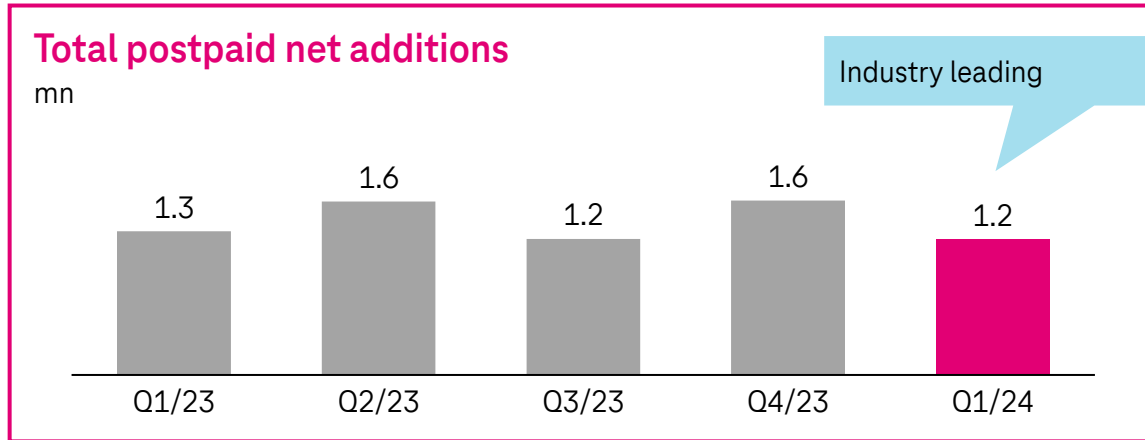


<sup>1</sup> Due to alignment of Sprint customers to the TMUS device financing model post merger, which results in a decrease of handset leasing revenues and a corresponding decline in revenue and EBITDA AL. Service revenues are not impacted.

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

# T-Mobile US

## consistent customer growth



<sup>1</sup> Postpaid + Prepaid

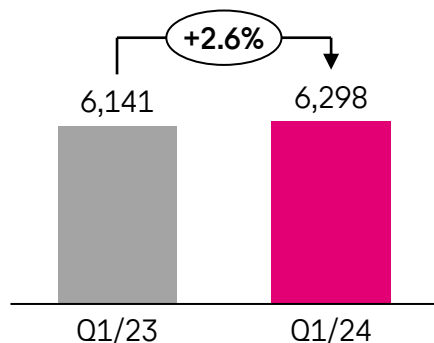
# Germany

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



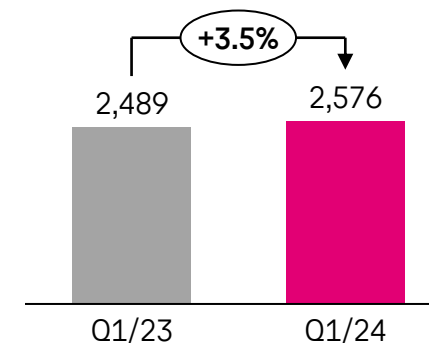
### Revenues (reported)

€ mn



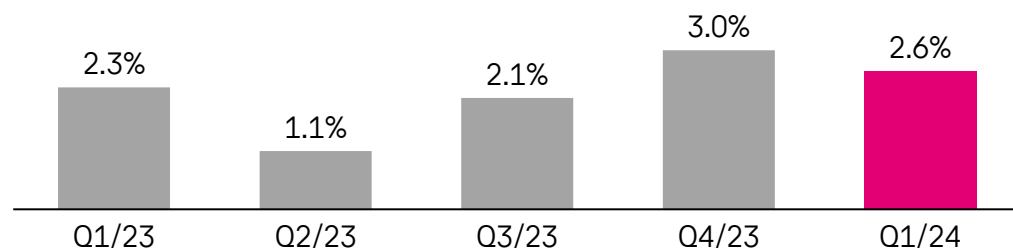
### Adj. EBITDA AL (reported)

€ mn



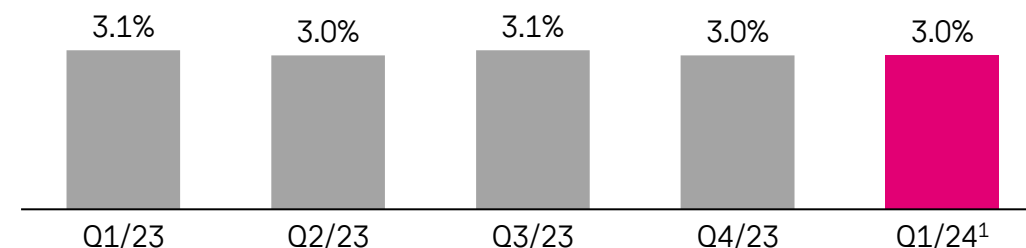
### Revenue growth (organic)

% yoy



### Adj. EBITDA AL (organic)

% yoy



<sup>1</sup> Organic growth rate in Q1/24 assumes that the tower transaction did close on Jan 1<sup>st</sup> 2023, whereas the close actually happened on Feb 1<sup>st</sup>. So, the reported EBITDA AL growth rate benefitted from 1 month of higher leasing opex in Q1/23.

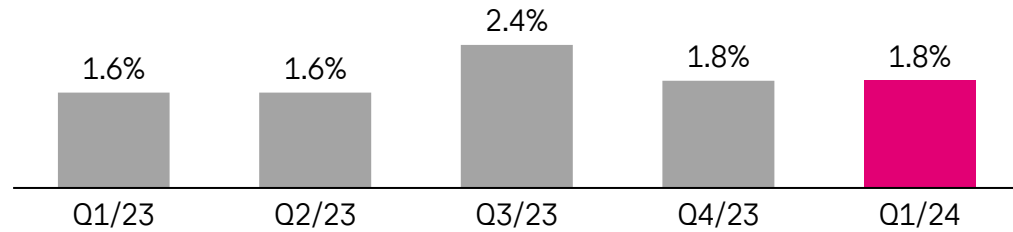
# Germany

## service revenues: growing across the board



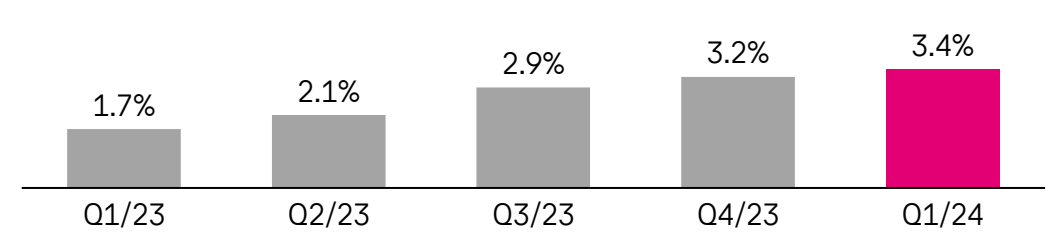
### Total service revenue growth (organic)

% yoy



### Mobile service revenue growth (organic)

% yoy



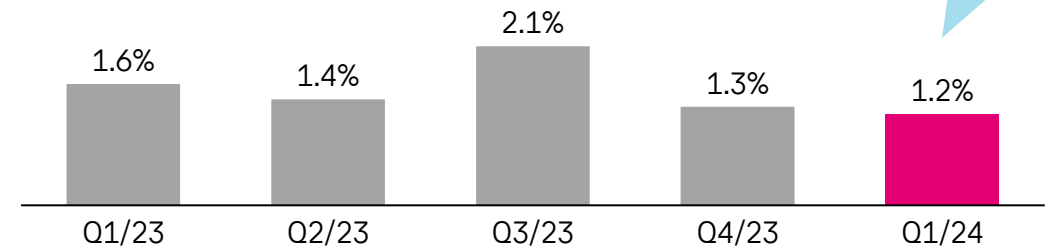
### Revenue growth (reported)

% yoy

- Reported Total Service revenue growth +1.8%
- Reported Fixed Service revenue growth +1.2%
- Reported Mobile Service revenue growth +3.4%

### Fixed service revenue growth (organic)

% yoy



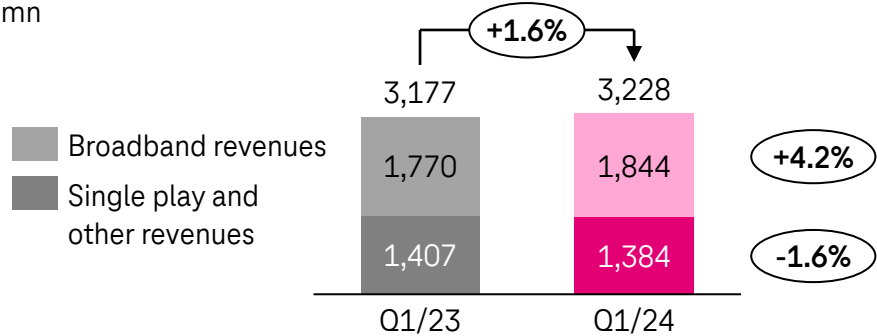
# Germany

## fixed revenues: steady development



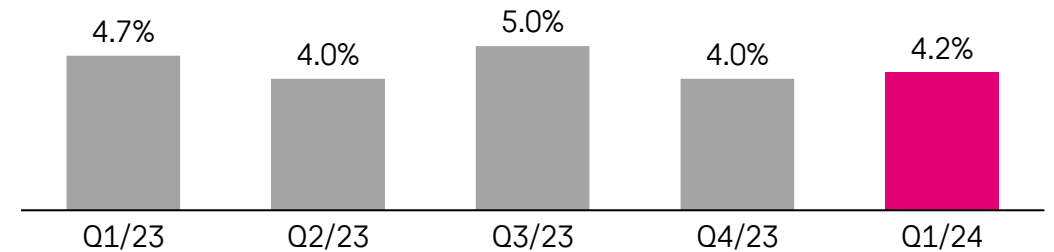
### Retail fixed revenues (reported)

€ mn



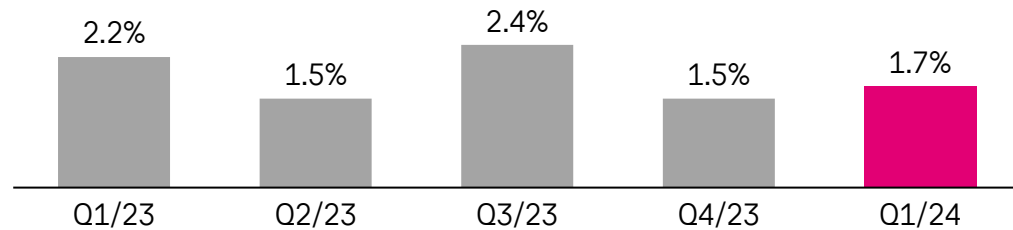
### Broadband revenue growth (organic)

% yoy



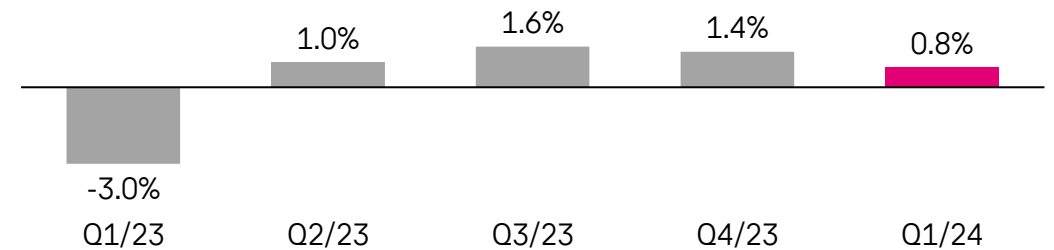
### Retail fixed revenue growth (organic)

% yoy



### Wholesale access revenues (organic)

% yoy



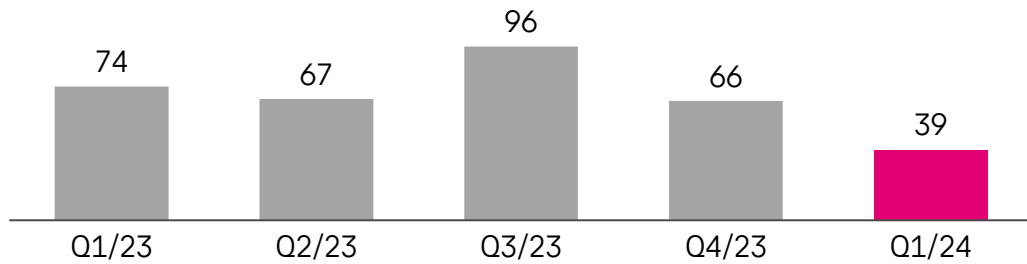
# Germany

fixed KPIs: broadband slower, TV and FTTH faster



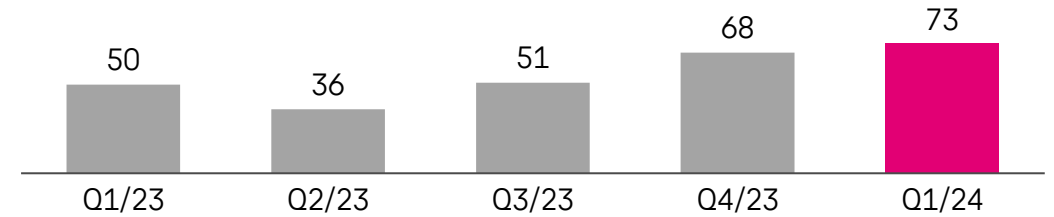
## Broadband net adds

000



## TV net adds

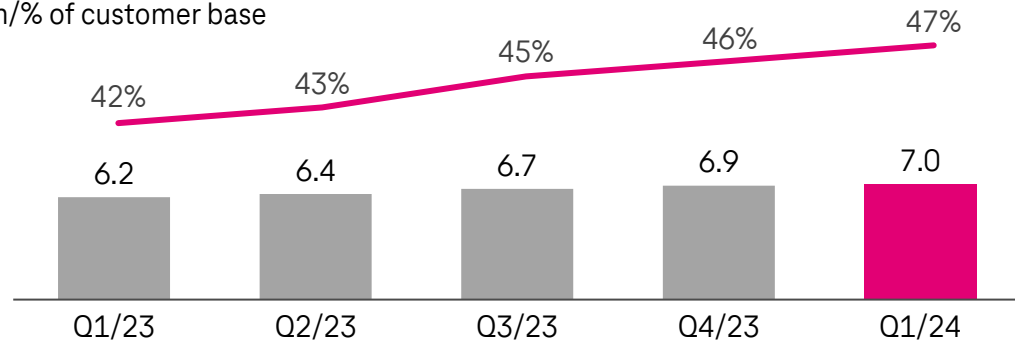
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Additionally, 53k TV OTT net additions, for ~350k total subs

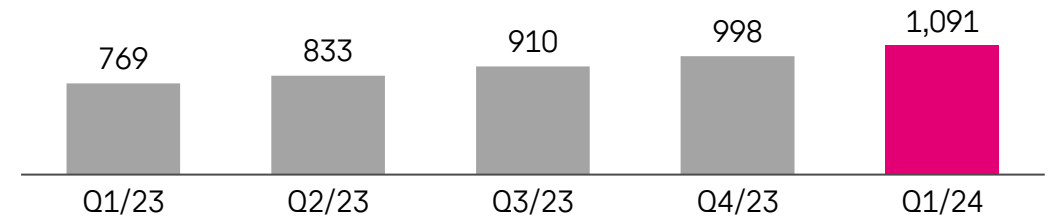
## Retail customers with ≥100 Mbit/s tariff

mn/% of customer base



## FTTH Customers

000



Targeting ~450k increase in 2024, up ~50% on 2023

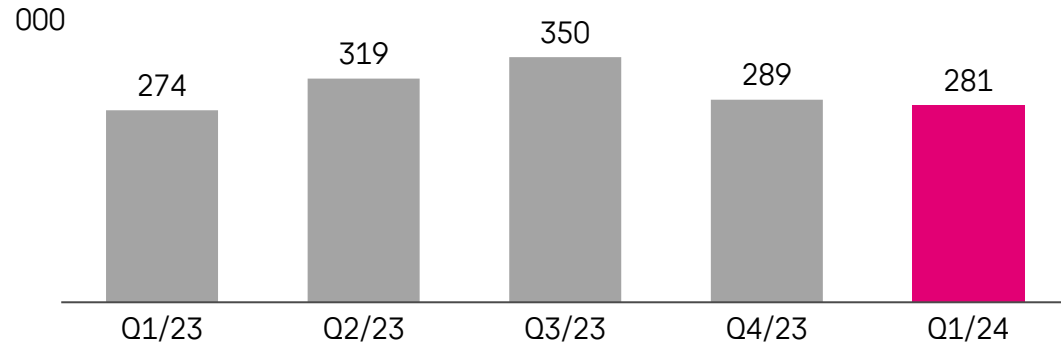


# Germany

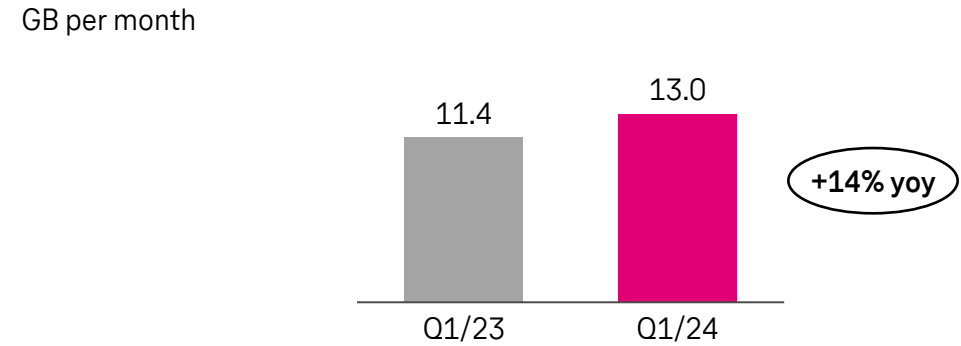
## mobile KPIs: strong customer intake in a competitive market



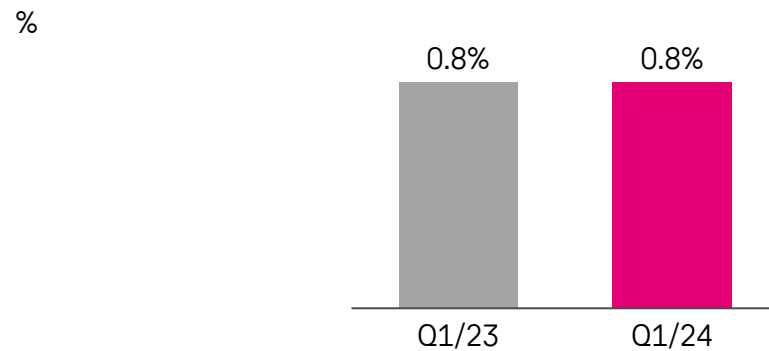
### Branded contract net adds<sup>1</sup>



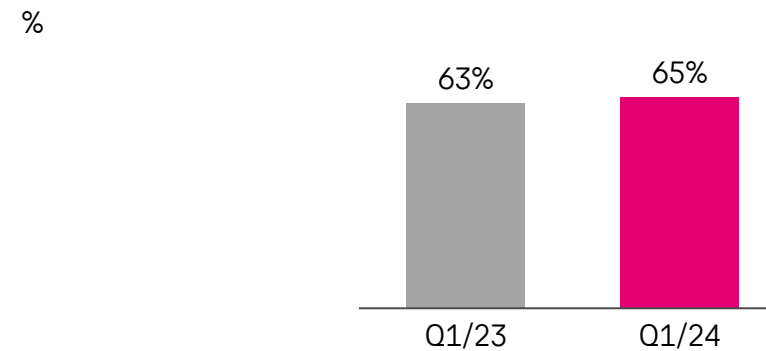
### Data usage<sup>2</sup>



### Churn<sup>2</sup>



### Magenta EINS share (mobile)<sup>3</sup>



<sup>1</sup> Own branded retail customers excl. multibrand, consumer IoT and "Schnellstarter". <sup>2</sup> Of B2C T-branded contract customers. <sup>3</sup> Of B2C T-branded contract customers.

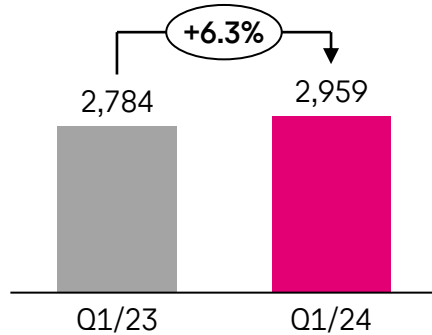
# Europe

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



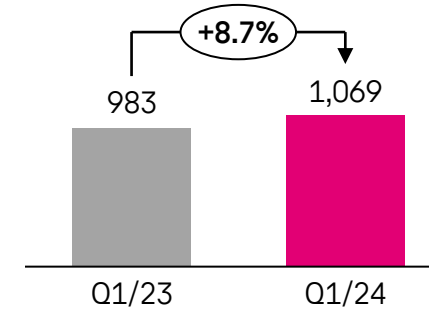
### Revenues (reported)

€ mn



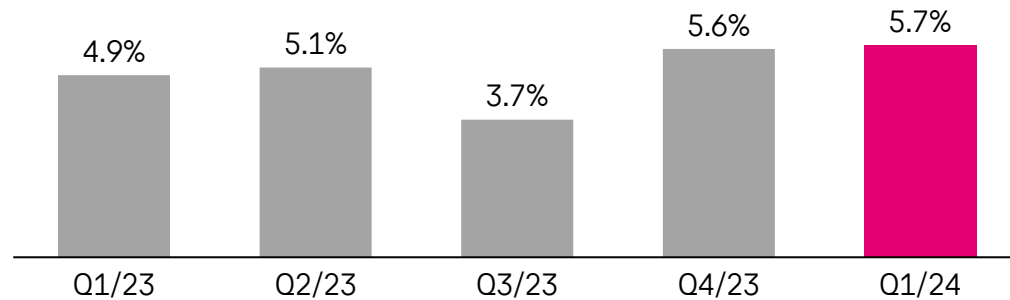
### Adj. EBITDA AL (reported)

€ mn



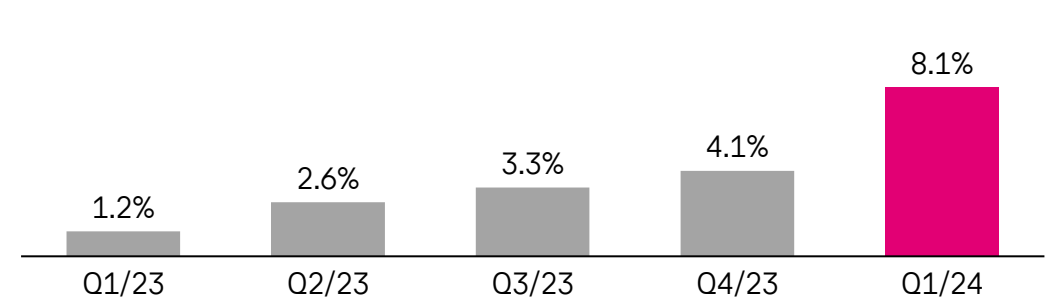
### Revenues (organic)

% growth yoy



### Adj. EBITDA AL (organic)

% growth yoy



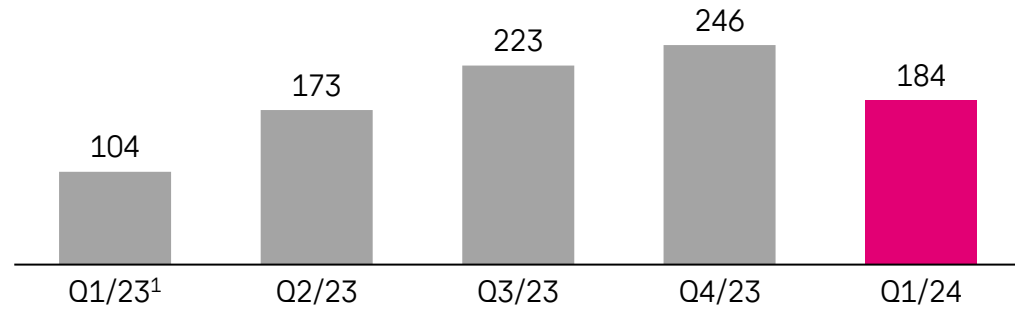
# Europe

## strong commercial performance



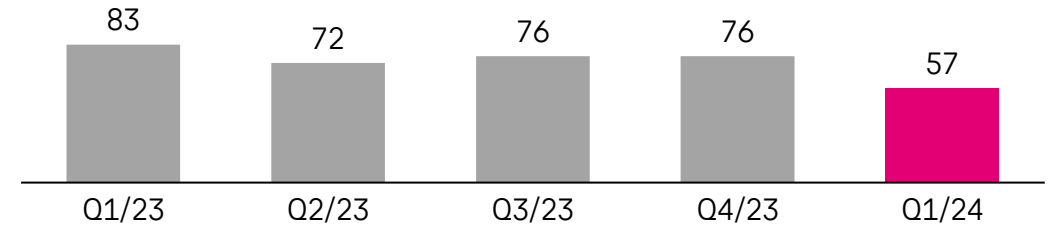
### Mobile contract net adds

000



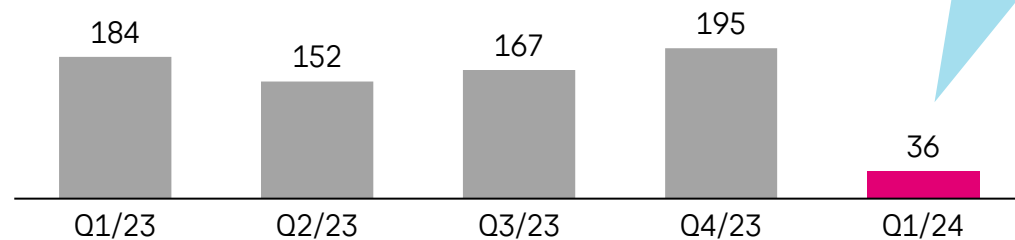
### Broadband net adds

000



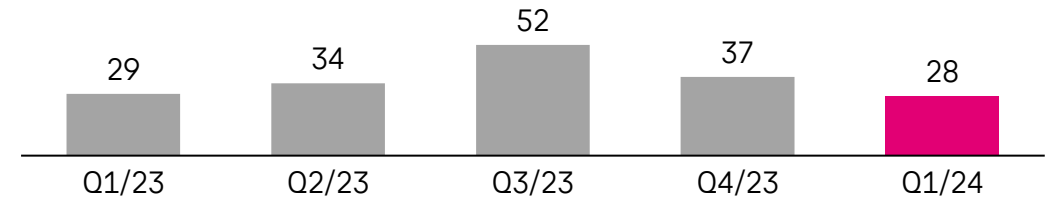
### FMC net adds<sup>2</sup>

000



### TV net adds

000



<sup>1</sup> Q1/23 Mobile contract net adds negatively impacted by 33 k re-classifications from contract to prepay in Hungary.

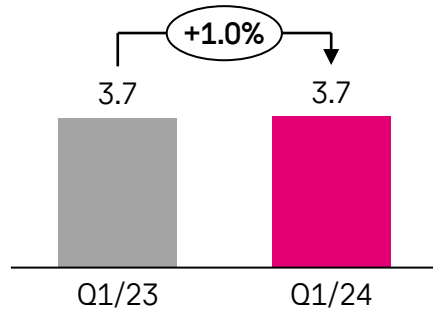
<sup>2</sup> Definition alignment in Q3/23. Historic figures have been re-stated.

# Systems Solutions

## healthy revenue growth continues

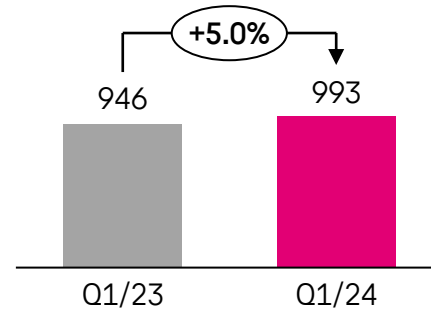
### Order entry (LTM)

€ bn



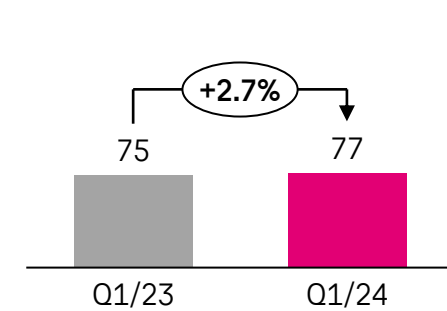
### Revenues (reported)

€ mn



### Adj. EBITDA AL (reported)

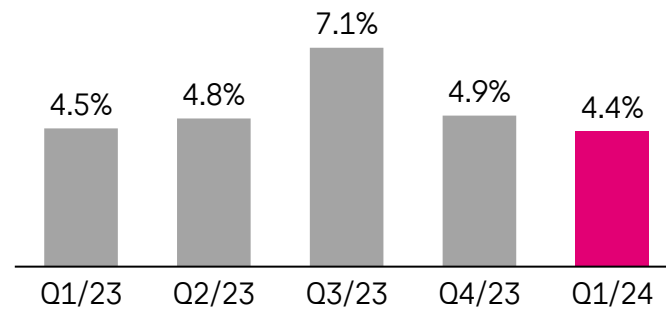
€ mn



- Revenues driven by strong quarter in Cloud, overcompensating classic IT business run down. External revenue growing by +6%

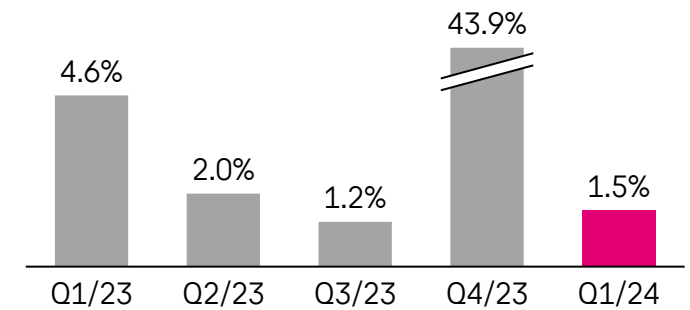
### Revenues (organic)

% growth yoy



### Adj. EBITDA AL (organic)

% growth yoy



# Financials Q1/24 reported

adj. EPS growing 15%, reported financials impacted by f/x headwind

€ mn

Q1

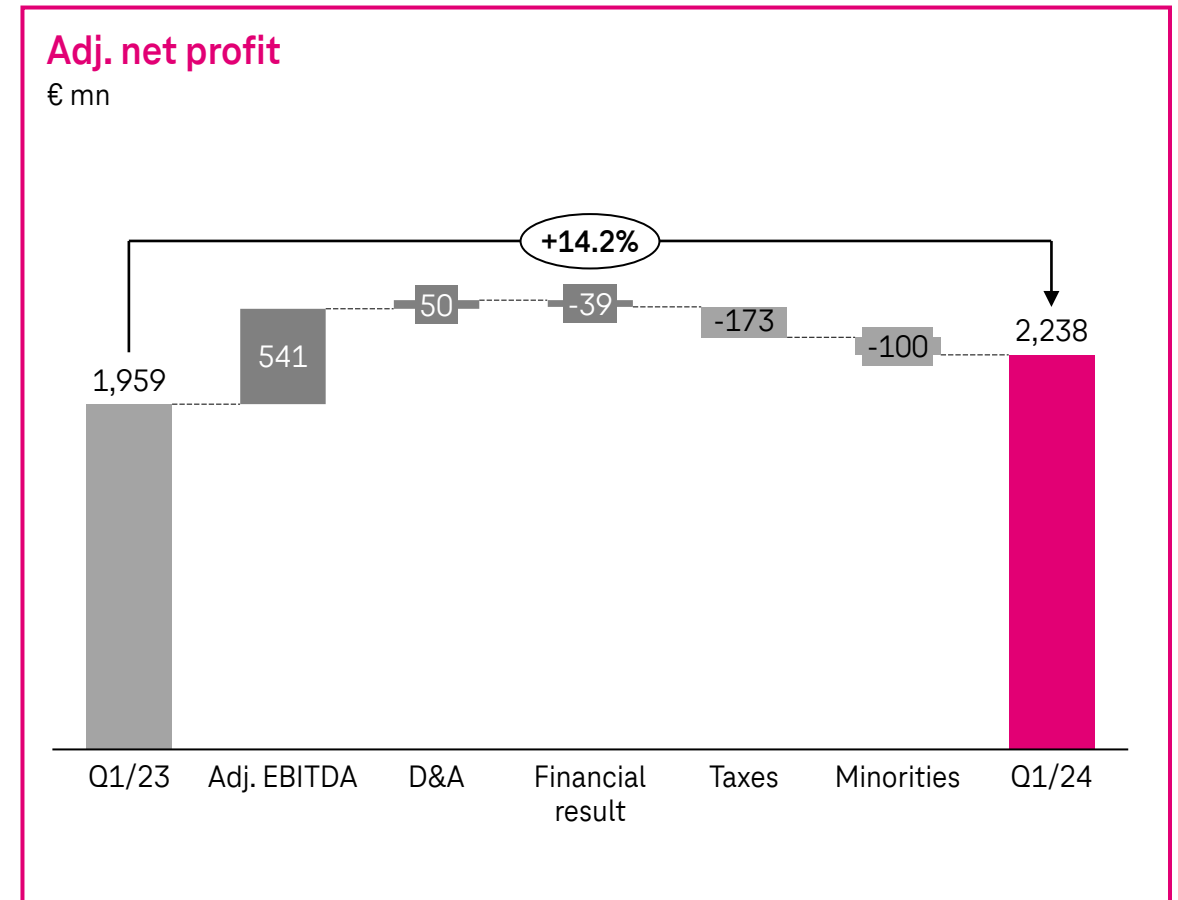
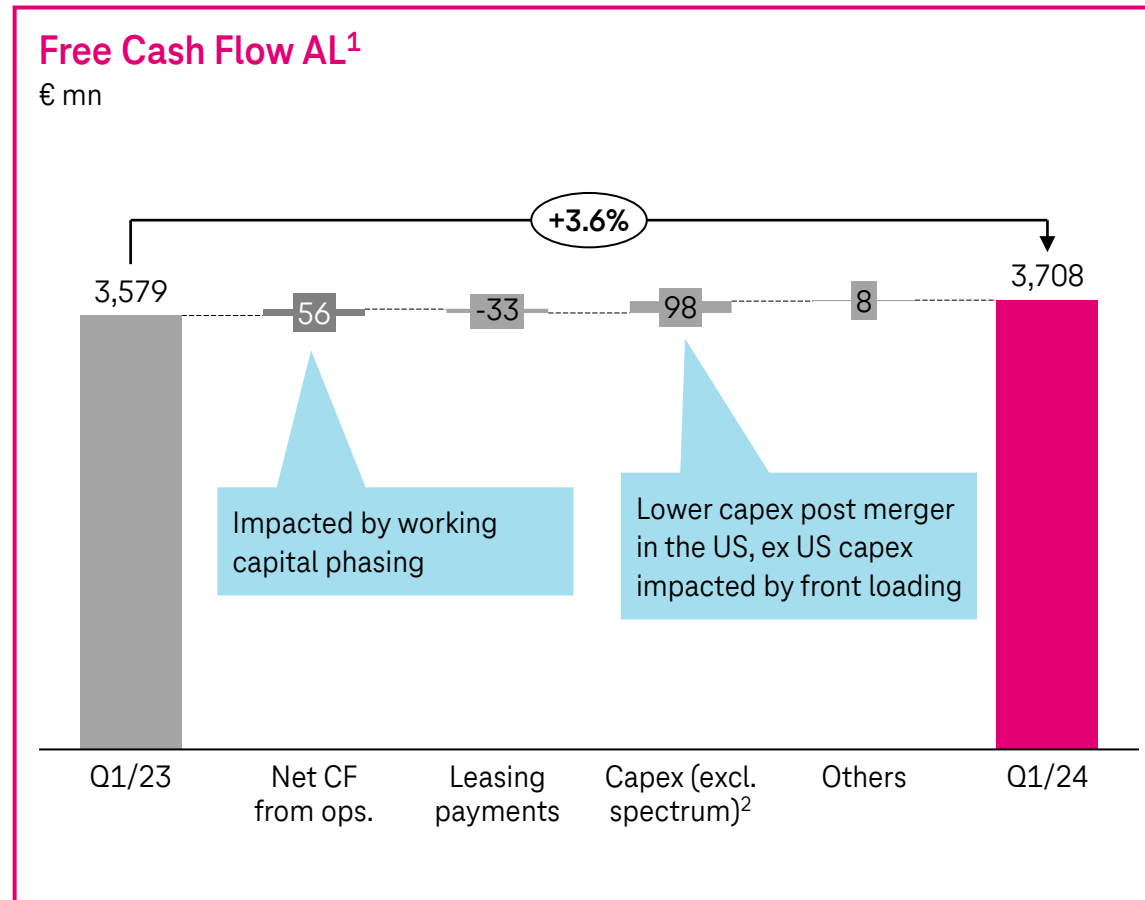
	2023	2024	Change	
Revenue	27,839	27,942	+0.4%	Impacted by currency and lower device revenues
Service revenues	22,814	23,485	+2.9%	Service revenues growing 4.1% organically
Adj. EBITDA AL	9,963	10,473	+5.1%	Adj. EBITDA organic +5.8%
Adj. EBITDA AL (excl. US)	3,427	3,541	+3.3%	Adj. EBITDA organic +5.2%
Adj. Net profit	1,959	2,238	+14.2%	
Net profit	15,360	1,982	-87.1%	Impacted by €12.9bn gain on tower sale in Q1/23
Adj. EPS (in €)	0.39	0.45	+15.4%	
Free cash flow AL <sup>1</sup>	3,579	3,708	+3.6%	
Cash capex <sup>1</sup>	4,759	4,661	-2.1%	
Net debt excl. leases (AL)	93,048	94,491	+1.6%	
Net debt incl. leases (IFRS 16)	133,517	133,116	-0.3%	Ex US impacted by phasing. FY guidance re-iterated

<sup>1</sup>Free cash flow AL before dividend and before spectrum investments. Cash capex before spectrum investment. Spectrum: Q1/23: €57 mn; Q1/24: €67 mn.

In this presentation the Group in Q1/23 is presented in accordance with the management view: certain key performance indicators in 2023 like revenue and adj. EBITDA AL are presented as if GD Towers still would be fully consolidated. This view is different to the consolidated financial statements of DT where GD Towers is treated as a discontinued operation. For more details, please refer to the back-up to this presentation, respectively the annual report of DT both available at [www.telekom.com/en/investor-relations](http://www.telekom.com/en/investor-relations).

# FCF AL and adj. net profit

FCF impacted by phasing, net profit by EBITDA



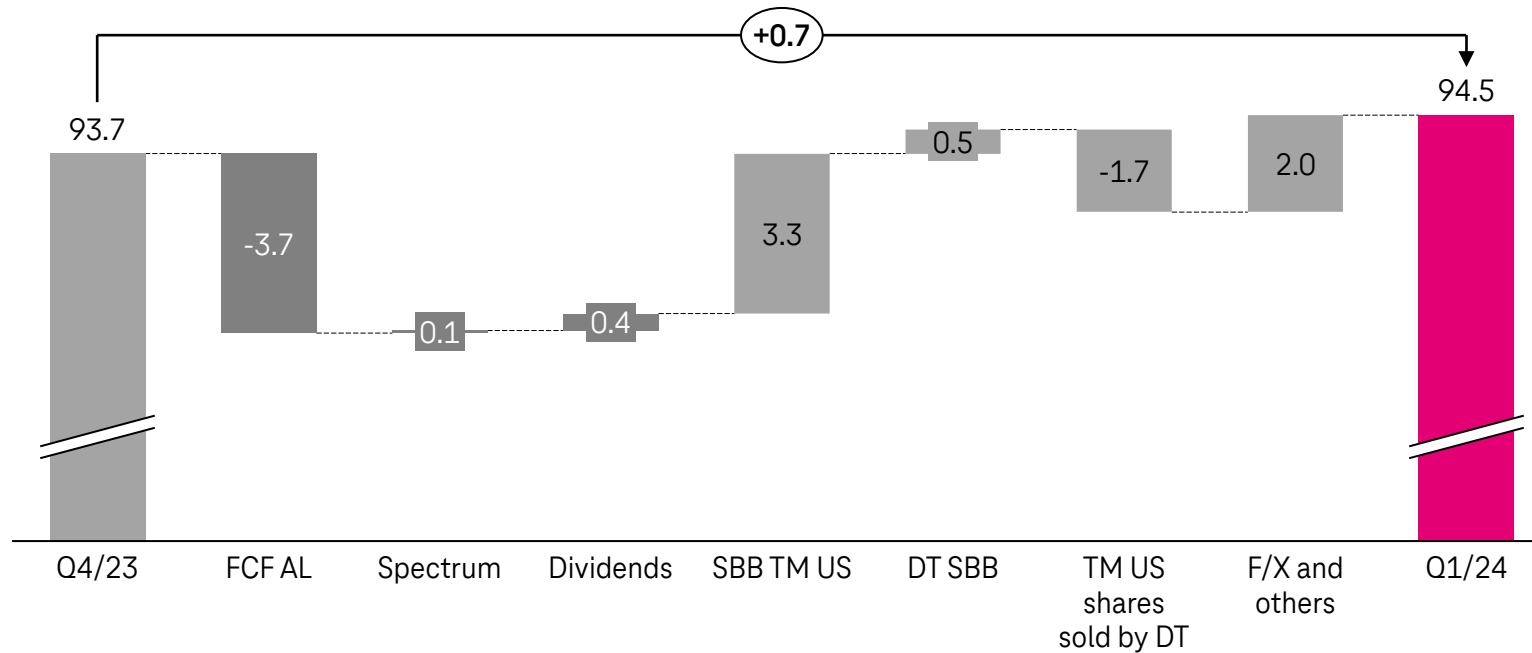
<sup>1</sup> Free cash flow and FCF AL before dividend payments and spectrum investment. <sup>2</sup> Spectrum: Q1/23: €57 mn; Q1/24: €67 mn.

# Net debt

leverage ratios slightly improved

## Net debt excl. leases (AL)

€ bn



## Leverage ratios

X



# **Q1 2024 results**

Main takeaways



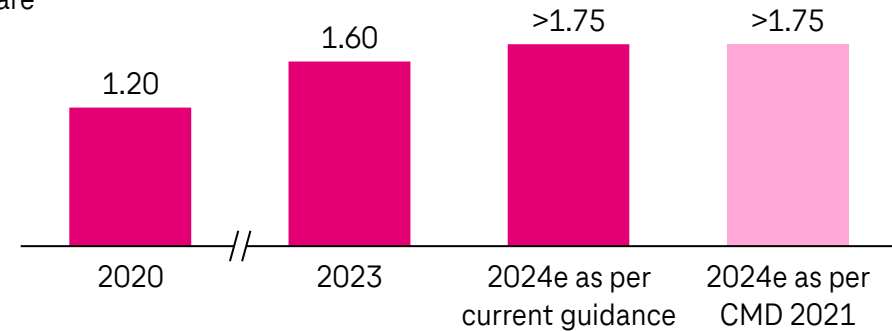
# Q1/24 Key messages

## consistent reliable growth

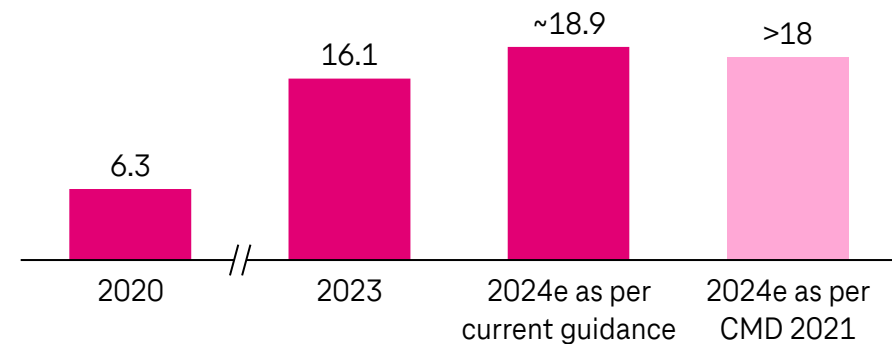
- Commercial performance continues unabated in all markets
- Continued sustainable growth with revenue, service revenue, EBITDA AL, FCF AL and adj. EPS
- Ex US Service revenues growing 4% organically, ex US EBITDA AL growing 5% organically
- TM US raises guidance despite possible ACP headwind
- Fiber roll-out on track for medium term targets in GER & EU. Continued investments in leading mobile infrastructure
- Gaining exposure to US fiber opportunity via fiber JV with EQT
- Stake in TM US 50.4% on April 19
- Ex lease leverage down to 2.30x. All 3 rating agencies at BBB+ with stable outlook
- Well on track for CMD 2021 targets
- DT CMD on October 10/11, 2024. TM US analyst day in autumn

### 2024 guidance/CMD targets 2024<sup>1</sup>

Adj. EPS  
in €/share



FCF AL  
in € bn



<sup>1</sup> CMD guidance for 2024 based on 1€ = 1.14 US\$, Guidance assumed no change in the scope of consolidation.

# **Q1 2024 results**

## Appendix

# Organic growth rates

In %

**Q1/24 over Q1/23**

Group revenues	+1.6
Group service revenue	+4.1
Service revenue excl. US	+3.6
Group Adj. EBITDA AL	+5.8
Adj. EBITDA AL excl. US	+5.2
Group adj. Core EBITDA AL <sup>1</sup>	+6.9

<sup>1</sup> adj. EBITDA AL excl. TM US handset leases.

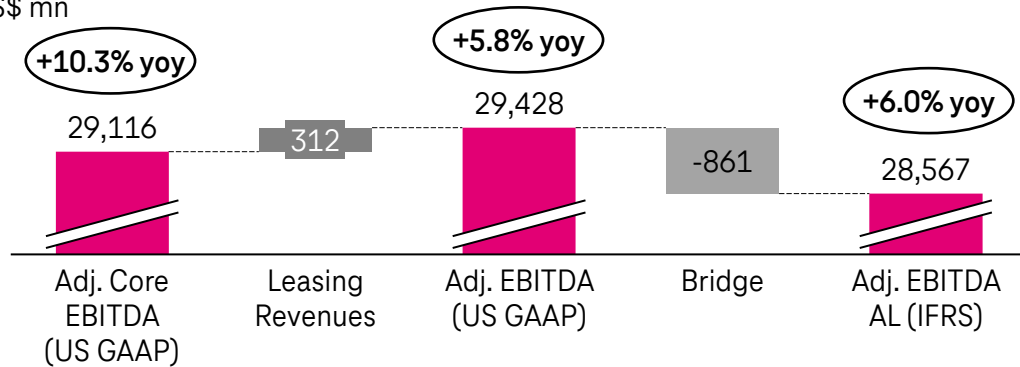
In this presentation the Group in Q1/23 is presented in accordance with the management view: certain key performance indicators like revenue and adj. EBITDA AL are presented as if Group Development still would be fully consolidated. This view is different to the consolidated financial statements of DT where Group Development is treated as a discontinued operation. For more details, please refer to the back-up to this presentation, respectively the interim report of DT both available at [www.telekom.com/en/investor-relations](http://www.telekom.com/en/investor-relations).

# TM US

## EBITDA reconciliation

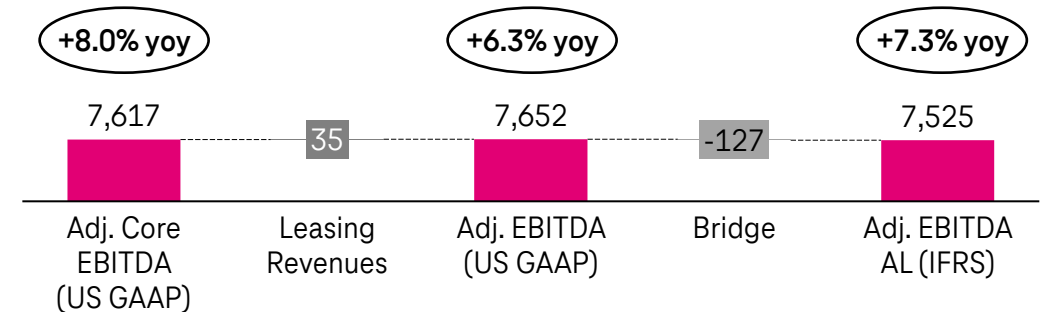
**FY/23**

US\$ mn



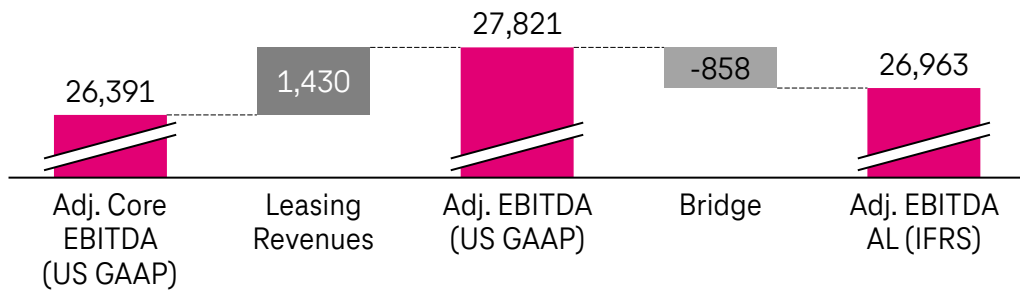
**Q1/24**

US\$ mn



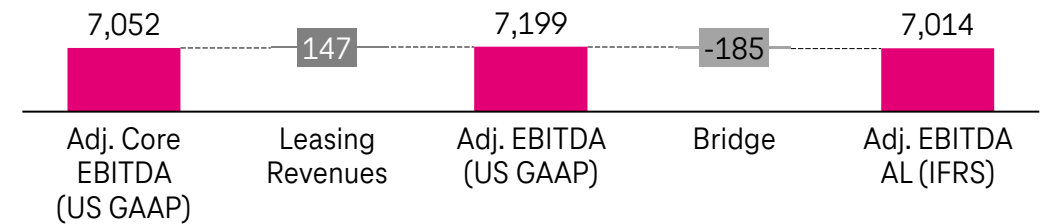
**FY/22**

US\$ mn



**Q1/23**

US\$ mn



# FCF AL excl. US<sup>1</sup>

full year 2024 guidance of €3.5bn unchanged

€ bn

	Q1 2023	Q1 2024
<b>Adj. EBITDA</b>	<b>3.7</b>	<b>3.9</b>
Leasing opex	-0.3	-0.4
<b>Adj. EBITDA AL</b>	<b>3.4</b>	<b>3.5</b>
Cash Capex	-2.0	-2.2
Proceeds from sale of fixed assets	+0.0	+0.0
Special Factors Cash	-0.2	-0.3
Interest ex leasing	-0.2	-0.2
Cash Taxes	-0.2	-0.3
Other (working capital etc.)	+0.5	+0.1
<b>FCF AL</b>	<b>1.3</b>	<b>0.6</b>

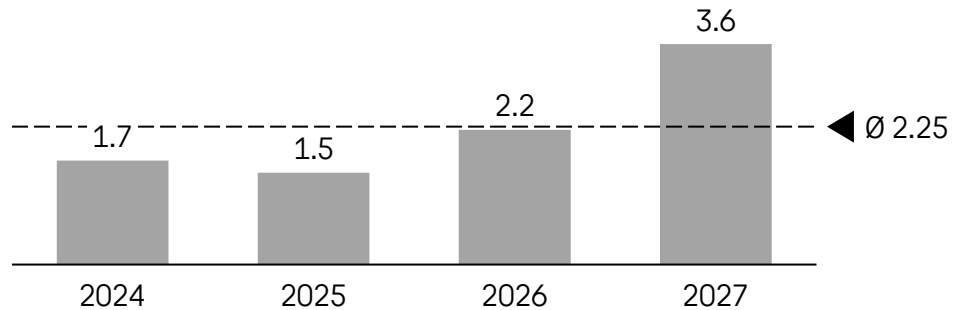
<sup>1</sup> Includes cash returns related to tower transaction. Excludes TM US dividend receipts.

# Financials

## maturity profile covered by strong liquidity reserve

### Ex US bonds maturing

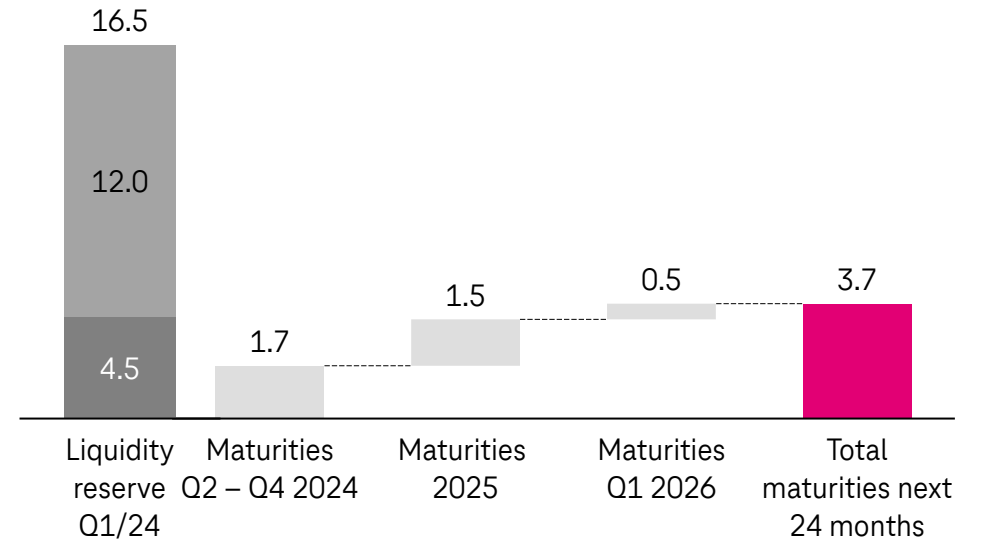
€ bn



### Ex US liquidity position

€ bn

■ Credit lines  
■ Liquid assets



- Additional US\$1.5 bn of outstanding TM US shareholder loans (to be repaid by 2028 at the latest)





# Balance sheet

## deleveraging as promised

€ bn

	31/03/2023	30/06/2023	30/09/2023	31/12/2023	31/03/2024
Balance sheet total	303.8	299.7	302.5	290.3	295.2
Shareholders' equity	98.7	94.4	96.6	91.2	93.2
Net debt excl. leases (AL)	93.0	97.2	96.9	93.7	94.5
Net debt excl. leases (AL)/adj. EBITDA AL <sup>1</sup>	2.31	2.40	2.40	2.31	2.30
Net debt incl. leases (IFRS 16)	133.5	136.9	137.1	132.3	133.1
Net debt incl. leases IFRS 16/adj. EBITDA <sup>1</sup>	2.87	2.94	2.94	2.82	2.81
Equity ratio	32.5%	31.5%	31.9%	31.4%	31.6%

### Comfort zone ratios

Rating: A-/BBB	
2.25 – 2.75 Net debt IFRS 16/Adj. EBITDA	
25 – 35% equity ratio	
Liquidity reserve covers redemptions of the next 24 months	

### Current rating

Fitch:	<b>BBB+</b>	stable outlook
Moody's:	<b>Baa1</b>	stable outlook
S&P:	<b>BBB+</b>	stable outlook

<sup>1</sup> Ratios for the interim quarters calculated on the basis of previous 4 quarters.

# Guidance 2024

## compared to consensus

€ bn

	Guidance 2024 in € @ 1.08	Guidance 2024 in € @ 1.08 (Cons. f/x)	Consensus in € @ 1.08
<b>Adj. EBITDA AL Group</b>	<b>~42.9</b>	<b>~42.9</b>	<b>42.8</b>
thereof ex US	14.4	14.4	14.5
thereof TM US	~28.6	~28.6	28.4
<b>FCF AL</b>	<b>~18.9</b>	<b>~18.9</b>	<b>18.9</b>
thereof ex US	~3.5 <sup>1</sup>	~3.5 <sup>1</sup>	3.5
thereof TM US	~15.4	~15.4	15.4 <sup>2</sup>
<b>Adj. EPS</b>	<b>&gt;1.75</b>	<b>n.a.</b>	<b>1.78</b>

<sup>1</sup> Includes €0.2 bn of cash returns related to tower transaction. <sup>2</sup> Calculated by using the DT pre-results Group consensus of €19.0 bn and subtracting ex US contribution.



# Outlook 2024/25 as per annual report 2023 (1/2)<sup>1</sup>

€ bn

	2023 pro forma	2024e	2025e
<b>Revenue Group</b>	<b>112.2</b>	<b>Increase</b>	<b>Increase</b>
Germany	25.2	Slight increase	Slight increase
US (in US\$)	78.6	Increase	Increase
Europe	11.8	Slight increase	Slight increase
Systems Solutions	3.9	Slight increase	Stable
<b>Service Revs Group</b>	<b>93.2</b>	<b>Increase</b>	<b>Increase</b>
Germany	22.1	Slight increase	Slight increase
US (in US\$)	63.6	Increase	Increase
Europe	9.8	Slight Increase	Slight increase
Systems Solutions	3.8	Slight Increase	Stable
<b>Adj. EBITDA AL Group</b>	<b>40.6</b>	<b>~42.9</b>	<b>Strong Increase</b>
Germany	10.2	10.5	Increase
US (in US\$)	28.8	30.8	Strong increase
Europe	4.1	4.3	Slight increase
Systems Solutions	0.3	0.3	Slight increase

<sup>1</sup> See annual report 2023 for additional details.

# Outlook 2024/25 as per annual report 2023 (2/2)<sup>1</sup>

€ bn

	2023 pro forma	2024e	2025e
<b>Cash Capex Group</b>	<b>16.6</b>	<b>~15.9</b>	<b>Stable</b>
Germany	4.6	Slight increase	Slight increase
US (in US\$)	9.8	Decrease	Stable
Europe	1.8	Slight increase	Slight increase
Systems Solutions	0.2	Stable	Stable
<b>FCF AL Group</b>	<b>16.2</b>	<b>~18.9</b>	<b>Strong increase</b>
<b>Adj. EPS</b>	<b>1.60</b>	<b>&gt;1.75</b>	<b>Increase</b>
<b>Net debt/adj. EBITDA</b>	<b>2.82x</b>	<b>~2.75x</b>	<b>~2.75x</b>

<sup>1</sup> See annual report 2023 for additional details. Adj. EPS and Net debt/adj. EBITDA as reported.

# Investor + Analyst Webcast with Q&A session

The conference call will be held on **May16 at 14:00 CET**, 13:00 GMT, 08:00 EST, 05:00 PST, 22:00 JST  
DT Participants: [Tim Höttges](#) (CEO), [Christian Illek](#) (CFO), [Hannes Wittig](#) (Head of IR)



- Live webcast
- Instant replay
- Available on all devices

- Detailed time stamps in video description for slides + Q&A:

Presentation	
👉	Tim Höttges (CEO): Group results + guidance
0:01:11	Welcome
0:01:22	Overview (p#4)
0:03:34	Financials reported: strong growth (p#5)
0:04:30	Financials organic: strong growth (p#6)



<https://dtag.webex.com/dtag/j.php?MTID=m1ae994da11cba753fae8223ac6d10430>

Password: Q1RESULTS

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Meeting-ID: : 2784 956 6686

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# Further questions

please contact the IR department



+49 228 181 – 8 88 80

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

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