



MEDIA INFORMATION

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Deutsche Telekom continues stable growth course in the third quarter and raises full-year guidance once again

- Net revenue up 8.8 percent to 29.0 billion euros
- Adjusted EBITDA AL up 8.5 percent to 10.5 billion euros
- Adjusted net profit up by over 80 percent to 2.4 billion euros
- Guidance raised for the third time this year
- Germany: New rate plans accelerate growth
- T-Mobile US: Customer additions at a record high
- Europe: Development of customer numbers on track
- Dividend to increase to 0.70 euros per share

Deutsche Telekom continues its stable growth course. Net revenue increased by 8.8 percent year-on-year in the third quarter of 2022 to 29.0 billion euros. Even higher was the growth in service revenues, which increased by 12.5 percent to 23.6 billion euros. Adjusted EBITDA AL increased by 8.5 percent in the same period to 10.5 billion euros. The strong year-on-year appreciation in the U.S. dollar of around 17 cents had a significant effect on the reported figures. This resulted in lower levels of growth on an organic basis: Excluding changes in exchange rates and the composition of the Group, net revenue was up 0.5 percent, service revenues 3.4 percent, and adjusted EBITDA AL 0.7 percent.

“We are once again proving to be an anchor of stability in difficult times,” said Tim Hötting, Chairman of the Board of Management of Deutsche Telekom. “Our businesses continue to grow. That puts us in a position to raise not only our guidance – for the third time this year – but also our dividend.”



Free cash flow AL was down slightly year-on-year in the third quarter at 2.9 billion euros. During the same period, capital expenditure of the Group excluding expenses for mobile spectrum totaled 5.6 billion euros worldwide, an increase of 28.0 percent against the prior-year period.

At 1.6 billion euros, net profit was up 77.5 percent on the prior-year quarter. Adjusted for special factors, net profit even increased by 83.6 percent to 2.4 billion euros.

For the third time in the current financial year, Deutsche Telekom has raised its guidance. In organic terms, adjusted EBITDA AL is now expected to come in at more than 37.0 billion euros, up from the previous guidance of around 37.0 billion euros. Adjusted core EBITDA AL, i.e., adjusted for the effects of the withdrawal from the terminal equipment lease business in the United States, is now expected to total more than 35.9 billion euros, up from previously around 35.9 billion euros. Adjusted earnings per share are now expected to reach more than 1.50 euros. The original guidance was over 1.25 euros.

Against the background of the results of the first nine months of 2022, the Board of Management plans to pay out a dividend of 0.70 euros per share, subject to the approval of the Supervisory Board and the shareholders' meeting. A dividend of 0.64 euros per share had been paid out for the 2021 financial year.

Germany: New rate plans accelerate growth

Telekom Deutschland's new mobile rate plans are off to a successful start. The branded contract customer base grew by 368,000 in the third quarter, with the new rate plans also contributing to the substantially stronger growth against the prior quarters. Mobile service revenues at Telekom Deutschland increased in the same period by 2.0 percent year-on-year.

Telekom Deutschland's broadband customer base grew by 63,000 between July and September. Around 80 percent of Telekom's broadband consumers in Germany now use a



fiber-optic-based line (FTTC/vectoring and FTTH). Around 40 percent of the customers have since subscribed to a rate plan offering bandwidths of up to 100 Mbit/s or higher.

Revenue in the Germany operating segment increased to 6.1 billion euros in the third quarter of 2022, up by 2.8 percent against the prior-year period. Growth in adjusted EBITDA AL in the same period was even stronger: up 3.0 percent to 2.5 billion euros.

T-Mobile USA: Customer additions at a record high

With 1.6 million new postpaid customers in the third quarter of 2022, including 854,000 phone customers, T-Mobile US reached record levels and once again posted industry-leading growth. High Speed Internet, i.e., the U.S. company's mobile internet access product, is also driving further rapid growth. In the third quarter alone, 578,000 customers opted for this offering. A total of over 2.1 million customers are now using the product.

Service revenues at T-Mobile US increased by 4.2 percent in the third quarter compared with the same quarter of the prior year to 15.3 billion U.S. dollars. Adjusted EBITDA AL declined by 0.9 percent to 6.7 billion U.S. dollars. Adjusted core EBITDA AL – i.e., adjusted for the withdrawal from the leasing business – grew by 5.4 percent to 6.4 billion U.S. dollars. T-Mobile US reported a decrease of around 22 percent in the costs incurred for the integration of Sprint against the second quarter of 2022. This indicates that the costs have passed their peak. T-Mobile US raised its guidance across several financial and customer performance indicators. It now expects to unlock synergies from the Sprint merger of between 5.7 and 5.8 billion U.S. dollars in the current year, up from a previous guidance range of 5.4 to 5.6 billion U.S. dollars.

Europe: Development of customer numbers on track

Revenue of the national companies in Europe continues to grow strongly. The organic growth in the third quarter of 5.5 percent was particularly marked. By contrast, growth in adjusted EBITDA AL of 0.5 percent in organic terms was down year-on-year, slowed primarily by the new supplementary telecommunication tax imposed in Hungary and by rising energy costs.



Customer numbers continue to grow at an exceptionally fast rate. Figures were up compared with the previous quarters across the board, with 251,000 mobile contract net additions, 76,000 broadband net additions, and 32,000 TV net additions. The number of customers using fixed-mobile convergence products also maintained its stable growth trend, increasing by 173,000 in the third quarter.

Systems Solutions: Order entry up

T-Systems looks back on a good quarter. Order entry totaled 0.9 billion euros, up 17.0 percent on the same quarter in the prior year, thanks in a large part to a major new deal in the healthcare sector. Revenue remained stable, increasing 0.4 percent to 0.9 billion euros on an organic basis. Adjusted EBITDA AL increased in organic terms by 2.3 percent to 83 million euros.

Group Development: More sites added

In July, Deutsche Telekom agreed to sell a 51 percent stake in GD Towers, the Group's cell tower business in Germany and Austria, to DigitalBridge and Brookfield. The Group will continue to report on the development of the ongoing business until the transaction is closed. As of the end of the third quarter, GD Towers operated 41,000 sites. GD Towers has commissioned around 1,200 additional sites over the past 12 months.



The Deutsche Telekom Group at a glance

	Q3 2022 millions of €	Q3 2021 millions of €	Change %	Q1-Q3 2022 millions of €	Q1-Q3 2021 millions of €	Change %	FY 2021 millions of €
Net revenue	28,979	26,641	8.8	84,613	79,164	6.9	107,811
Proportion generated internationally %	78.2	73.6	4.6p	77.9	76.9	1.0p	77.0
Service revenue	23,584	20,971	12.5	68,227	61,448	11.0	83,130
Adjusted EBITDA	12,003	11,139	7.8	34,915	32,714	6.7	43,175
Adjusted EBITDA AL	10,481	9,661	8.5	30,244	28,323	6.8	37,330
Net profit (after non- controlling interests)	1,578	889	77.5	6,987	3,705	88.6	4,176
Adjusted net profit (after non- controlling interests)	2,411	1,313	83.6	7,094	4,627	53.3	5,862
Free cash flow AL	2,904	2,940	-1.2	9,444	8,290	13.9	8,810
Cash capex ^a	5,949	4,666	27.5	18,208	21,260	-14.4	26,366
Cash capex ^a (before spectrum)	5,582	4,362	28.0	15,224	12,932	17.7	17,978
Net debt (including leasing)				151,707	130,375	16.4	132,142
Number of employees ^b				207,930	216,265	-3.9	216,528
Of which in Germany				82,883	86,517	-4.2	85,160



Comments on the table

Accounting change affecting the recording of revenues

In light of the IFRS Interpretations Committee's agenda decision published in May 2022 on transactions involving the commercial resale of software, Deutsche Telekom has implemented comprehensive changes to its accounting practices with respect to distinguishing between gross and net revenues, effective the start of the third quarter of 2022. The prior-year figures for total revenue, service revenue, and order entry were adjusted retrospectively. The change does not affect the earnings indicators: adjusted EBITDA, adjusted EBITDA AL, and net profit.

The change mainly affects the recognition of revenues from transactions relating to branded digital products (e.g., streaming services, software licenses, cloud-based software as a service) provided by and purchased from third parties and sold to customers as part of Deutsche Telekom's product portfolio.

- a) Cash outflows for investments in property, plant, and equipment, and intangible assets (excluding goodwill).
- b) At reporting date.

Operating segments: development of operations

	Q3 2022 millions of €	Q3 2021 millions of €	Change %	Q1-Q3 2022 millions of €	Q1-Q3 2021 millions of €	Change %	FY 2021 millions of €
Germany^a							
Total revenue	6,144	5,974	2.8	18,145	17,763	2.2	24,050
Adjusted EBITDA AL	2,535	2,462	3.0	7,358	7,128	3.2	9,536
United States							
Total revenue	19,316	16,664	15.9	55,636	49,516	12.4	67,791
In USD	19,440	19,642	-1.0	59,139	59,241	-0.2	80,135
Adjusted EBITDA AL	6,690	5,771	15.9	19,198	17,215	11.5	22,697



in USD	6,742	6,803	-0.9	20,417	20,596	-0.9	26,871
Europe							
Total revenue	2,848	2,880	-1.1	8,259	8,403	-1.7	11,294
Adjusted EBITDA AL	1,046	1,105	-5.3	3,007	3,046	-1.3	4,007
	Q3 2022 millions of €	Q3 2021 millions of €	Change %	Q1-Q3 2022 millions of €	Q1-Q3 2021 millions of €	Change %	FY 2021 millions of €
Systems Solutions^a							
Order entry	867	741	17.0	2,769	2,601	6.5	3,876
Total revenue	927	910	1.9	2,796	2,803	-0.2	3,759
Adjusted EBITDA AL	83	74	12.2	230	202	13.9	271
Group Development^b							
Total revenue	293	787	-62.8	1,409	2,349	-40.0	3,165
Adjusted EBITDA AL	221	340	-35.0	740	975	-24.1	1,307

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a) Intragroup reassignment of the security business

Effective July 1, 2022, Deutsche Telekom reassigned its subsidiary Deutsche Telekom Security GmbH and the security business in Germany, Austria, Switzerland, Hungary, and Slovakia from the Systems



Solutions operating segment to the Germany operating segment. As of the third quarter of 2022, the prior-year comparatives on the development of operations, headcount development, and order entry were adjusted retrospectively in both of the segments affected.

b) Sale of T-Mobile Netherlands (TMNL)

The sale of TMNL was consummated on March 31, 2022. The entity has not been part of the Group since April 1, 2022 (Group Development segment). TMNL's contributions are included in the cumulative figures (Q1–Q3 2022) for the first quarter of 2022 only. Prior-year comparatives were not adjusted.

Partnership for the cell tower business

On July 13, 2022, Deutsche Telekom agreed to sell a 51.0 percent stake in GD Towers, comprising its tower assets in Germany and Austria, to DigitalBridge and Brookfield. The transaction is expected to be completed by the start of 2023. Until completion of the transaction, GD Towers will continue to be included in full in the figures of the Group Development operating segment and of the Deutsche Telekom Group.

Operating segments: development of customer numbers in the third quarter of 2022

	September 30, 2022	June 30, 2022 thousands	Change thousands	Change %
Germany				
Mobile customers	52,991	54,551	-1,560	-2.9
Of which contract customers	23,544	23,402	142	0.6
Fixed-network lines	17,396	17,437	-41	-0.2
Broadband lines	14,641	14,578	63	0.4
Of which optical fiber ^a	11,740	10,836	904	8.3
Television (IPTV, satellite)	4,071	4,039	32	0.8
Unbundled local loop lines (ULLs)	3,231	3,351	-120	-3.6
United States				
Customers	111,755	110,023	1,732	1.6
Of which postpaid customers	90,414	88,787	1,627	1.8
Of which prepaid customers	21,341	21,236	105	0.5



Europe				
Mobile customers	47,301	46,459	842	1.8
Of which contract customers	26,297	26,046	251	1.0
Fixed-network lines	7,866	7,839	27	0.3
Broadband customers	6,597	6,521	76	1.2
Television (IPTV, satellite, cable)	4,099	4,067	32	0.8

Comments on the table

a) Sum of all FTTx access lines (e.g., FTTC/VDSL, vectoring, and FTTH/B).



Operating segments: development of customer numbers in year-on-year comparison

	September 30, 2022	September 30, 2021	Change thousands	Change %
Germany				
Mobile customers	52,991	52,184	807	1.5
Of which contract customers	23,544	22,914	630	2.7
Fixed-network lines	17,396	17,543	-147	-0.8
Broadband lines	14,641	14,394	247	1.7
Of which optical fiber ^a	11,740	10,175	1,565	15.4
Television (IPTV, satellite)	4,071	3,966	105	2.6
Unbundled local loop lines (ULLs)	3,231	3,744	-513	-13.7
United States				
Customers	111,755	106,920	4,835	4.5
Of which postpaid customers	90,414	85,913	4,501	5.2
Of which prepaid customers	21,341	21,007	334	1.6
Europe				
Mobile customers	47,301	46,391	910	2.0
Of which contract customers	26,297	27,430	-1,133	-4.1
Fixed-network lines	7,866	9,123	-1,257	-13.8
Broadband customers	6,597	7,108	-511	-7.2
Television (IPTV, satellite, cable)	4,099	5,132	-1,033	-20.1

Comments on the table

a) Sum of all FTTx access lines (e.g., FTTC/VDSL, vectoring, and FTTH/B).



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