

– Check against delivery –

**Speech for Deutsche Telekom's shareholders' meeting 2023  
in Bonn on April 5, 2023**

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Chief Executive Officer  
Deutsche Telekom AG**

Dear Shareholders,  
Dear Customers,  
Ladies and Gentlemen,

I will begin this year with a minus. Minus 278 gigawatt hours. That is how much energy we saved in 2022. Minus 11 percent. In Germany. In a year otherwise filled with pluses.

- Revenue: up 6.1 percent. 114.4 billion euros.
- Earnings from operations<sup>1</sup>: up 7.7 percent. 40.2 billion euros.
- Free cash flow<sup>2</sup>: up 30.2 percent. 11.5 billion euros.
- Investments<sup>3</sup>: up 16.9 percent. 21 billion euros.

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<sup>1</sup> Adj. EBITDA AL.

<sup>2</sup> FCF AL.

<sup>3</sup> Cash capex excluding spectrum.

- The share stands at 22.38 euros. Its highest level for 22 years. Including the dividend, the return for 2022 was 18.6 percent. The DAX was down 12.4 percent.

We act with a long-term focus. We act soundly. We act responsibly. You could also say: sustainably.

The term sustainability is often bandied about. Few people know exactly what it means. The term originally comes from the forestry sector. But you may remember some words of mine: Deutsche Telekom is the plow horse of the digitalization. So, I explain sustainability like this:

The sustainable farmer looks after a long-term yield. Their harvest is organic. They meet the basic needs of many people. And their family is comfortable, too.

What does sustainability mean for Deutsche Telekom? I have six hypotheses:

### **1. Sustainability means: protecting the environment and climate**

In November, I fulfilled a childhood dream of mine. I sailed the Atlantic Ocean in a sailboat. It further opened my eyes to nature. And to its fragility, too. We cannot simply look the other way. Do more is the maxim.

Our network is already climate-neutral today. We emit 94 percent fewer CO<sub>2</sub> emissions than in 2017. And we aim to be fully climate neutral by 2025. Our network is already green. It runs on renewables. Our next step is to convert our fleet of vehicles. And save energy in buildings.

We also want to become more independent. To this end, we conclude direct agreements. With the producers of renewable energy. The operators of solar and wind parks. These are known as power purchase agreements. Today, they already cover 28 percent of our energy. We want this to rise to 50 percent by 2025.

And we do not only look at our own carbon footprint. But also at that of our suppliers. We want cell phone production to be climate-neutral. Which is why we buy differently. We no longer focus solely on the price of the product. But also the price paid by the environment. Both have to be low. Anyone who fails to achieve green production will eventually be removed from the line-up. We import devices. But we export our environmental protection standards.

By 2040, Deutsche Telekom aims to be fully climate-neutral. From the production of devices. To the power consumption of customers. 2040 is a long way off. So, we now have a new interim goal. A 55 percent reduction in carbon emissions by 2030. Compared to 2020.

We are already in talks with suppliers. But how do we help our customers? One example: Companies can store their data on their own computers. In the basement. A better way: in data centers. That is the cloud. It is better protected against hackers. And saves CO<sub>2</sub>. The energy consumed is lower. By 80 percent.

Thus, the bridge from economy to ecology is efficiency.

That brings me to my second hypothesis:

## **2. Sustainability means: solid finances**

Deutsche Telekom is successful. But a year ago, this success was the cause of some concern to me. Because we faced a dilemma. Actually, it was a trilemma.

- First, we wanted to achieve the majority stake in T-Mobile US. This is an important component of our success. After the business combination with Sprint, our stake was 43 percent. For a safe majority we needed a further 120 million shares. That equated to 8.5 billion euros at the share price at that time. Around 16.5 billion euros at today's price.
- Second, we said: We want good creditworthiness. And we will achieve a good ratio of debt to earnings in pursuit of this. Namely, no more than 2.75 times.

- Because, third, we want to invest massively. 21 billion euros last year. Particularly important to us: fiber-optic lines. Also known as FTTH. We want to build out to 25 to 30 million households in Germany. By 2030. That alone is a total investment of around 30 billion euros.

Today, we have found an answer. We will square this triangle.

- Our first step was to issue 225 million treasury shares to SoftBank by way of a capital increase. In return, we received shares in T-Mobile. This brought our stake up by around 3.7 percentage points. In euros, its value is 5.3 billion.
- We then sold T-Mobile Netherlands. For a price totaling nine times earnings. The transaction generated around four billion euros for us.
- Last but not least, we also sold our cell tower business in Germany and Austria. A 51 percent stake. This will yield another 10.7 billion euros for us this year.
- At the same time, we are growing across all of our business areas. In 2013, free cash flow was 4.6 billion euros. In 2022, it was already 11.5 billion euros. This year we expect over 16 billion. Almost four times the level of ten years ago.

This will enable us to meet our three targets. The majority in T-Mobile US. Solid finances. And higher investments.

Ladies and Gentlemen,

We have achieved the majority stake in T-Mobile US. The world's most valuable telecommunications company. Since 2013, the value of T-Mobile US has increased more than eighteenfold. Up 155 billion euros. Up 66 billion euros since the business combination with Sprint.

The benefits from the business combination outweigh the costs. This year, we expect the costs to fall below one billion U.S. dollars. And benefits of 7.2 to 7.5 billion U.S. dollars. These are also known as synergies.

In addition, T-Mobile has announced treasury share buyback programs. With a volume of up to 60 billion U.S. dollars. By 2025. This will improve liquidity in Europe.

We will continue to grow. But if you want to grow, you have to invest. Which requires a good ratio of debt to earnings. At the year-end, it stood at 3.07 times earnings. But is trending downwards. We want to reach our goal next year. A maximum of 2.75 times earnings.

And solid finances also safeguard the network build-out. Which brings me to my third hypothesis.

### **3. Sustainability means: always building the best network**

Our networks are digital lifelines. And fiber and 5G are at the cutting edge.

- In the United States, we provide 98 percent of the population with 5G. 310 million people. More than the former top dogs AT&T and Verizon.
- In our European subsidiaries, this figure is 47.4 percent.
- And 95 percent in Germany.

Deutsche Telekom builds around 80 percent of all new cell sites in Germany. 4,800 since 2019. The result: Last year, Connect magazine awarded us a score of “outstanding”.

Our network in the Czech Republic received an award from the company Ookla. Same in Croatia. And the provider Umlaut confirms we have the best coverage in Greece. The best data connections. And the best voice quality. The same goes for Austria.

Customers are voting with their feet. Their path leads them to us. We won over 1.7 million new contract customers in 2022. In mobile communications in Europe. 6.4 million postpaid customers in the United States.

Within the German fixed network, more and more households can connect to the fiber-optic network. 5.7 million in Germany. More than 8 million in the rest of Europe.

Ladies and Gentlemen,

The fiber-optic build-out is finally gathering steam. Now, some competitors are complaining. They want local monopolies. We are only supposed to build where no one else is building. But for many years people said: We need infrastructure competition. And now we have it. With us, everyone knows where they stand.

1. We build as fast as the diggers can dig for up to 3 million households. This year. 25 to 30 million households by 2030. In urban and rural areas.
2. We are building the lion's share ourselves. But we are also bringing investors aboard. Like the Australian IFM fund. We jointly established GlasfaserPlus. A build-out company focusing on rural areas.
3. We are cooperating. In Münster. In Coburg. In Bochum. In and around Stuttgart – in all of these places and more, we are building together with others. Particularly with public utility companies. We now have 20 such partnerships in place.
4. We are cooperating. But it has to pay off for everyone. The partner company. Deutsche Telekom. But, first and foremost, our customers. Deutsche Telekom stands for quality. We deliver that. But our partners have to be able to deliver it, too.

We do not get involved in unreliable fiber partnerships. Instead, we lobby for fair competition. And collaboration. For example, we offer to lay competitors' fiber cables alongside ours. It is enough to tear up the sidewalk once. But the same should also apply in the other direction.

That brings me to my next point:

#### **4. Sustainability means: being a dependable partner for customers**

We stand for quality. Above all in service. Yet another area where Deutsche Telekom wins every test.

- Burgeoning numbers of complaints? Not at Deutsche Telekom. Down 90 percent since 2017.
- Forever on hold? Not at Deutsche Telekom. On average, it takes just one minute and twelve seconds.
- Next example: never available? Not at Deutsche Telekom. We are there for our customers around the clock. Seven days a week. And our technicians also make Saturday visits.
- Last example: a never-ending to and fro? You will not get that either. 67 percent of all inquiries resolved directly. On the first contact with customers.

Of course, it does not always run smoothly. Human error is a fact of life. And Deutsche Telekom can often be all-too human. But: We listen. We are getting better. And we make changes where needed. We stay grounded. That is a promise.

Last year, I had an encounter that left me feeling particularly proud. I met one of our customers. He asked me: Why cannot other companies be like Deutsche Telekom? That felt good. Because this is exactly our ambition. To lead. And to turn customers into fans.

Let us take a look at business customers. Deutsche Telekom already generates 15 billion euros in revenue with business customers. Mostly from mobile communications. And the fixed network. But what else do companies need? A partner who can make them more digital? This partner is Deutsche Telekom. Did you know that we generate 1.3 billion euros in revenue from this? Two examples:

1. Eliminate chaos! The company Ludwig Meister specializes in drive and tool technologies. 15,000 customers send in their orders. Only, they are never in the same format. We have developed a text analysis solution. An artificial intelligence. It processes the orders automatically. More than 300,000 a year.
2. A well-oiled delivery chain! The company GlobalFoundries manufactures semiconductors. In Dresden. Individual components roll through the factory on conveyor belts. In a dust-free environment. The belts require servicing. The less often, the better. Our technicians came up with a clever idea. The conveyor belts emit a unique noise, like an acoustic fingerprint. Just a single grain of dust in the mechanism changes its tone. And our system raises the alarm.

Solutions like this are developed by companies like MMS. It is where our inventors work. We have now made MMS part of Telekom Deutschland. Because Telekom Deutschland is where we serve the most SME customers. 60,000. Digital solutions business has the potential to generate an added boost. We want to achieve double-digit growth in this area.

This also applies to T-Systems. It serves corporate customers like Mercedes. And it, too, develops digital solutions. Especially for the automotive industry, the healthcare sector, and public administration.

Ladies and Gentlemen,

When it comes to the digital transformation, Germany and Europe lag behind. Whether in the cloud, in microchips, or in artificial intelligence: There is virtually no

category in which we are world leading. It is not sustainable for Germany to live off its reserves. The “Made in Germany” quality seal is showing cracks.

We need to work together to revamp it. Networks are the basis for the digital transformation. We build them. But we need faster approval processes. We need eGovernment. I hope that the Corona-Warn-App will continue to be used. It is installed on around 50 million devices across Germany. It could serve as the basis for a public health app. We should not pass up this opportunity.

And of course, the companies need to get better at working together. Deutsche Telekom is already actively implementing measures.

## **5. Sustainability means: taking on social responsibility.**

What that really means is: Do good and talk about it. I will stick to an old slogan. From the phone booth: Keep it short. Deutsche Telekom demonstrates social responsibility on many levels.

- We offer 5G for all budgets. It is why we developed our own cell phone. The T Phone Pro costs just 269 euros.
- We offer training. For 2,000 young people in Germany this year.
- We help. Be it the earthquake in Turkey and Syria. Or Hurricane Ian in Florida. We immediately made all calls and data traffic free of charge. We also supported refugees from Ukraine. With free SIM cards.
- We take care of those in need. For instance, T-Mobile helps school students with free data rate plans. Or with devices. Five million school students have benefited so far.

Our actions are guided by our values. That is why these examples are worth so much to us in financial terms too: emergency aid, special discounts, support for those in

need... It all adds up to services with an equivalent value of 2.3 billion euros. Which benefits 41 million people and organizations.

And, for us, social responsibility also includes diversity. But this is not an end in itself. It is all about performance – that is what counts. Deutsche Telekom employees are no clones – they are a vibrant mix. Different people.

No other DAX board is as diverse as Deutsche Telekom's Board of Management. And we want this to extend across all of Deutsche Telekom. The share of women in upper and middle management is currently 28.1 percent.

At the same time, we are becoming more international. Around 12 percent of our managers hail from a different country to the one they work in.

But there is one other matter of particular concern to us. Deutsche Telekom stands for connecting people. We want a free, democratic internet based on the rule of law. Sadly, the web can sometimes bring out the worst in people. But we can counteract this. Our sense of community. Our curiosity. And our creativity. Because the internet is also a place for these qualities.

Artificial intelligence poses a whole new set of challenges for us. The opportunities are huge. As are the risks. Deutsche Telekom already uses artificial intelligence. We will expand it further. But we are led by one belief throughout: People are the priority. Human dignity shall be inviolable. The same applies to digital dignity.

That is what the T stands for, more than any other brand. It is the most valuable brand worldwide.

Many Deutsche Telekom employees wear Magenta loud and proud. But more importantly: They put our T and what it stands for into practice. And above all, that means being there for customers. Dear Colleagues: Thank you for your work in 2022!

Ladies and Gentlemen,

Only financially strong companies can act responsibly. Part of this responsibility is to include you in our success. Since our IPO in 1996, we have paid out a 15 euro dividend per share. 66 billion euros in total. We want to keep it that way.

We plan to pay out 40 to 60 percent of our recurring earnings per share. This year, recurring earnings were 1.51 euros per share. Excluding one-time effects. Including these effects, earnings were 1.83 euros per share. We are proposing a dividend of 70 cents per share. That equates to 46 percent of our recurring earnings.

This brings me to my last hypothesis:

## **6. Sustainability means: willingness to change**

Ladies and Gentlemen,

As I walk over to the phone booth here, it makes me nostalgic. They conjure up personal memories for us all. I myself spent hours sitting on the phone book ledge. Smoking away. On the phone to my girlfriend at the time. One time the ledge broke off. I hope the statute of limitations has expired on this act of vandalism.

This year, we switched off the phone booths. Because virtually no one used them anymore. They guzzled energy. Over 6 million kilowatt hours. A year!

The decision to pull the plug was not easy. The phone booths are a piece of history. But it was a sensible decision. And a sustainable one. It is fun to reminisce. But it is not a forward-looking strategy. And Deutsche Telekom is living proof: Not everything was better way back when.

We look to the future. We want to turn customers into fans. By connecting them. By making their lives easier. The overarching heading for our strategy is digitalization.

- The digital network requires less hardware. But a great deal of software. Computer programs. It identifies errors automatically. And resolves them. It recognizes new devices. Eliminates complicated set-up processes. It receives

new functions at the touch of a button. And when businesses connect a new location, it is done in minutes. Rather than weeks. And on a global scale. Because software is also global. Once developed, we deploy it worldwide. It makes us more efficient.

- Digital customer contact is more personal. Because we know our customers better. We create individual offerings based on data. Provided we have their consent. We do this using artificial intelligence. And, if customers want, there is plenty they can sort out themselves. At the touch of a button and via an app on their cell phone.

Our transformation efforts will fuel further sustainable growth.

Despite inflation. Despite supply chain challenges. Despite the lack of experts. Despite the threat of recession, we are confident we can achieve even more. The same goes for our guidance through 2024. And for the current financial year.

- Revenue is expected to increase again. By an average of 1 to 2 percent each year.
- Adjusted earnings<sup>4</sup> are expected to grow by 3 to 5 percent. Per year. 40.8 billion euros for 2023.
- At the Capital Markets Day, we announced expected free cash flow for 2024 of over 18 billion euros. For this year, we expect an increase of around 40 percent. To over 16 billion euros.
- We expect adjusted earnings per share to surpass 1.75 euros per share. For 2024. In this year, we expect to reach over 1.60 euros.

Ladies and Gentlemen,

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<sup>4</sup> Adj. EBITDA AL.

At Deutsche Telekom, sustainability is no passing trend. We have been acting sustainably for years. Perhaps that was too conservative for some. But that is how trends work: Suddenly you are in demand again. Look at our T-Share.

I am happy that Deutsche Telekom stays true to itself. We connect people. We are grounded and decent. And we look ahead with confidence. We do not cling to the past. We shape the future. By deploying new technologies. By developing new skills. By trying new ways of working. In short: by taking a curious view of the world. In which we enjoy living. And enjoy working.

Sustainability means: Never sticking with yesterday, instead always working for tomorrow.

Thank you. We won't stop.