

– Check against delivery –

**Conference call**

**Report on the second quarter of 2024**

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**Deutsche Telekom AG**

From me, too, good morning everyone.

I will break down my comments into three sections.

First, I will explain the development of revenue and the Group's financial results in the second quarter of 2024. I will then go into the development of the operating segments in the three-month period. Finally, I will comment on free cash flow and net debt as well as on adjusted net profit.

Overall, it is fair to say that Deutsche Telekom's financial figures developed well in the second quarter of 2024.

Reported net revenue rose by 4.3 percent to 28.4 billion euros in these three months. That is an increase of 1.17 billion euros.

It includes a positive effect of 186 million euros from exchange rate effects, primarily as a result of the U.S. dollar being somewhat stronger than in the prior-year period.

Reported service revenues increased by 1.14 billion euros in the three months, that is an increase of 4.9 percent.

In absolute figures, it is an increase of 1.14 billion euros, which includes a positive effect of around 151 million euros from exchange rate fluctuations, also primarily from the U.S. dollar.

The Group's reported adjusted EBITDA AL increased by 7.8 percent in the second quarter of 2024 to 10.8 billion euros. That represents a growth of 781 million euros. It includes a positive effect of around 75 million euros from exchange rate fluctuations, as with revenue, also primarily from the U.S. dollar.

That brings me to the development in the operating segments in the three months from April to June 2024.

First, T-Mobile US.

We saw strong customer growth again as in the preceding quarters. In terms of net additions in mobile customer numbers, T-Mobile US leads the market by some margin. Total postpaid net additions increased by 1.34 million in the second quarter, compared with an increase of 1.56 million in the same period of the prior year. T-Mobile surpassed 100 million postpaid mobile customers in this quarter for the first time.

The number of particularly valuable mobile postpaid phone net additions increased by 777,000 in the three-month period. That is the highest growth in the industry and T-Mobile US' best second quarter ever.

T-Mobile US' fixed-network substitution offer, the High Speed Internet service, continues to do very well on the market. With 406,000 net additions, T-Mobile US achieved the best growth rate in the industry. The customer base grew to 5.6 million, an increase of 1.9 million compared to mid-2023. T-Mobile US is therefore still on track for its target of reaching around 7 to 8 million customers with its High Speed Internet service by the end of 2025.

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

Reported segment revenue increased by 2.9 percent to 19.7 billion U.S. dollars in the three months, that is an increase of 558 million dollars. These figures are based on IFRS.

If you look at the growth in service revenues under the U.S. financial reporting rules U.S. GAAP, the increase was 4.4 percent or 691 million U.S. dollars. This was driven by growth in service revenue from branded postpaid customers of 6.9 percent or 829 million U.S. dollars. Service revenue in the prepaid segment increased due to organic growth in the customer base and the first-time consolidation of Ka'ena as of May 1, 2024.

This was offset by a slight decline in wholesale and other revenues at T-Mobile US of 0.29 billion U.S. dollars, which reflects, among other factors, the loss in the second quarter of 2023 of revenues with Ka'ena, at that point a wholesale postpaid partner.

In addition, as was the case at other carriers in the United States, there were other factors including a reduction in other revenues related to the government assistance program for low-income consumers (Affordable Connectivity Program).

Adjusted core EBITDA, under U.S. GAAP, increased by 9.4 percent in the second quarter of 2024. Growth was driven by the higher number of mobile customers and by the High Speed Internet service. In addition, average monthly revenue from postpaid phone customers increased compared with the prior-year period. The elimination of integration costs in connection with the merger of T-Mobile US and Sprint and the increase in synergies arising from this business combination also contributed to the increase in earnings. The first-time consolidation of the newly acquired Ka'ena as of May 1, 2024 also made a contribution to the increase in earnings.

Adjusted EBITDA AL under IFRS increased by 9.1 percent in the three-month period. That is growth of 650 million U.S. dollars. The effect from handset leasing has

become negligible, as can be seen from the minimal difference in the percentage change in the two performance indicators. As you know, T-Mobile US is phasing out handset leasing as planned.

To give a brief outlook for our U.S. subsidiary for the full financial year:

For the full year 2024, T-Mobile US is raising its expectations for growth in postpaid net additions to between 5.4 and 5.7 million. This raises the mid-point of the guidance range by 150,000 net additions from the previous guidance. Adjusted free cash flow under U.S. GAAP is expected to increase to between 16.6 and 17.0 billion U.S. dollars, raising the mid-point of the range by 150 million U.S. dollars from T-Mobile US' previous guidance.

That brings me to business in the Germany segment.

Broadband net adds increased here by 41,000 in the three months from April to June 2024, compared with an increase of 39,000 in the first quarter of 2024. This means our net adds broadband market share in Germany remains above our customer base market share of around 40 percent.

We also saw a big increase in the number of retail customers with lines offering transmission speeds of 100 Mbit/s or faster, with this figure rising by 0.8 million customers compared with mid-2023 to 7.2 million. That is around 48 percent of our retail customer base.

We saw growth of 113,000 FTTH net adds in the second quarter of 2024. In the prior-year period, the increase was 64,000, so this marks a significant increase in demand for end-to-end fiber-optic lines, with the number of customers using an FTTH line rising by 45 percent compared with the middle of 2023 to 1.2 million. The target for full-year 2024 is still to increase the number of customers using an FTTH line by around 450,000.

In the TV business, the number of net adds increased substantially to 114,000 in the second quarter of 2024. In the prior-year quarter, net adds had totaled just 36,000.

This development in the months of April to June was bolstered by the abolition of the privilege for property owners or housing companies to pass on cable TV and internet service fees as ancillary rental costs to tenants (Nebenkostenprivileg) as of July 1, 2024, and by interest in the UEFA European Championship. Magenta TV was the only provider in Germany to broadcast every single match of the European Championship live.

In mobile communications, the very strong growth in the branded mobile customer base continued in the second quarter of 2024 with 311,000 net adds. This was on a par with the growth in the prior-year period, when net adds amounted to 319,000. Growth in the number of contract customers in the consumer segment was driven by the rate plan Next Magenta. Churn among contract customers in the consumer segment remained stable at the low level of 0.8 percent in the second quarter of 2024.

Service revenues in the Germany segment increased in the three months of April to June 2024, by 2.2 percent in organic terms compared with the same period in the prior year. Mobile service revenues increased by 3.7 percent in organic terms, with the business customer and consumer segments recording more or less equal growth in percentage terms.

Fixed service revenues rose by 1.5 percent in organic terms, with positive effects from, among other factors, higher broadband revenues as a result of the growth in net adds year-on-year, a better rate plan mix, and rising monthly average revenue per line.

Reported total revenue in the segment increased by 3.6 percent in the second quarter of 2024 to 6.4 billion euros. Segment revenue also increased by 3.6 percent in organic terms.

That is growth of around 222 million euros.

Reported adjusted EBITDA AL in the Germany segment increased by 1.0 percent in the second quarter of 2024 to 2.55 billion euros. In organic terms, adjusted

EBITDA AL also rose by 1.0 percent or around 25 million euros. This development already includes the effect from the one-time payment of inflation compensation agreed with employees' representatives in May as part of the collective agreement. This payment had an effect of around 2 percentage points.

Thus, the Germany segment has had increased year-on-year earnings for 31 consecutive quarters.

This means the Germany segment continues to be right on track to achieve the full-year guidance for adjusted EBITDA AL of 10.5 billion euros, compared with the prior-year level of 10.2 billion euros.

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

There were 183,000 mobile contract net adds, compared with 173,000 in the second quarter of the prior year.

Broadband net adds in Europe amounted to 53,000 in the three-month period, compared with 72,000 in the same period of 2023.

FMC net adds stood at 152,000, on a par with the level of the prior-year period. The European subsidiaries recorded TV net adds of 23,000, after 34,000 in the same period of 2023.

Reported revenue in the Europe segment increased by 6.0 percent in the three-month period to 3.1 billion euros. That is growth of around 174 million euros year-on-year.

The change in exchange rates had a net reducing effect here of around 22 million euros.

In organic terms, segment revenue increased by 6.8 percent or 195 million euros in the three-month period.

This growth was largely attributable to increases in mobile and fixed-network service revenues amounting to a combined 131 million euros. In addition, revenues from the IT business increased by around 40 million euros year-on-year.

Reported adjusted EBITDA AL in the segment increased by 8.2 percent in the second quarter of 2024 to 1.1 billion euros. That is growth of 84 million euros. A decline in energy costs compared with the prior-year period positively impacted the development of earnings in the amount of around 2 percentage points in the second quarter of 2024.

In organic terms, adjusted EBITDA AL increased by 8.9 percent or around 91 million euros in the three-month period, with the net margin increasing by around 123 million euros.

That makes 26 consecutive quarters of organic earnings growth for the Europe segment.

That brings me to the development in the Systems Solutions segment.

Order entry at T-Systems increased by 28 percent in the second quarter compared with the same period of 2023.

This growth was primarily driven by the positive trend in the Cloud business.

Reported revenue at T-Systems increased by 2.3 percent in the second quarter to 981 million euros. In organic terms, the increase amounted to 2.1 percent. This increase in revenue was driven by growth in both Digital Solutions and in the Cloud business.

Adjusted EBITDA AL increased in organic terms by 1.4 percent to 87 million euros.

That brings me to the development of free cash flow, adjusted net profit, and net debt.

First, free cash flow:

Free cash flow AL increased by 48.5 percent year-on-year to 5.2 billion euros in the second quarter of 2024. That is an increase of around 1.7 billion euros. It was increased by net cash from operating activities, which was up by 975 million euros, driven mainly by the 938 million euro increase in reported EBITDA AL compared with the prior-year period.

Cash capex declined by 738 million euros in the second quarter of 2024 compared with the prior-year period. This decrease was almost entirely attributable to the planned reduction in cash capex at T-Mobile US, following the completion of the accelerated build-out of the 5G network as well as of the integration of Sprint, which entailed associated integration costs.

The financials for the first half of 2024 reflect the planned increase in cash capex in Germany and Europe.

Adjusted net profit increased by 31.3 percent year-on-year in the second quarter of 2024 to 2.5 billion euros. That is growth of 590 million euros.

The increase in adjusted EBITDA had an increasing effect here of 790 million euros year-on-year, as did the decrease in loss from financial activities of 287 million euros. This was primarily driven by an increase of around 241 million euros in other financial income, in particular due to higher interest income from the subsequent measurement of the provisions recognized for the Civil Service Health Insurance Fund (Postbeamtenkrankenkasse – PBeaKK) as a result of changes in interest rates on the capital market.

Three factors had a decreasing effect on adjusted net profit: higher depreciation, amortization and impairment losses of around 104 million euros; a higher tax



expense of around 132 million euros; and a higher share of profit attributable to non-controlling interests of 251 million euros.

Adjusted earnings per share increased by 23 percent year-on-year in the first six months of 2024 to 0.95 euros. Special factors affecting earnings have been eliminated. In the first half of 2023, this primarily related to the positive special factor from the sale of the majority stake in the cell tower portfolio in Germany and Austria of around 12.9 billion euros.

One-time effects on earnings with a total positive effect of 4 euro cents per share in the first half of 2024 have also been eliminated from recurring adjusted earnings per share.

These one-time effects primarily related to the measurement of derivatives and effects from the interest rate-induced subsequent measurement of provisions for the Civil Service Health Insurance Fund.

As such, recurring adjusted earnings per share are on track for our target for the full year of an increase of more than 1.75 euros per share.

To close, I will provide some details about the development of net debt and financial ratios compared with the end of the first quarter of 2024.

Net debt (excluding leases) increased by 2.8 percent or 2.6 billion euros in the three months to 97.1 billion euros.

Free cash flow AL in the first quarter of 2024 had a reducing effect of 5.2 billion euros. The sale of T-Mobile US shares from Deutsche Telekom's treasury shares reduced net debt by around 1.8 billion euros.

By contrast, net debt was increased by the payment of dividends of 4.3 billion euros in the second quarter of 2024. This primarily relates to dividends paid by Deutsche Telekom AG to its shareholders, and to the share of the dividends paid by T-Mobile US attributable to non-controlling interests.

The T-Mobile US share buy-back had an increasing effect of around 2.2 billion euros. The shares bought back by Deutsche Telekom increased net debt by around 0.5 billion euros.

Changes in exchange rates and other factors increased net debt by 1.4 billion euros in total.

Furthermore, the purchase of shares increased net debt by around 1 billion euros. This included two main factors: first, the acquisition of another 6.7 million T-Mobile US shares by Deutsche Telekom by exercising options agreed with the Japanese Softbank. Second, the acquisition of the U.S. American company Ka'ena by T-Mobile US.

The ratio of net debt (excluding leases) to adjusted EBITDA AL stood at 2.32x at the end of the second quarter of 2024. Thus, the leverage ratio remained unchanged from the level at the end of the first quarter of 2024.

Compared with the level as of mid-2023, which back then amounted to 2.40x, this ratio has improved.

That means Deutsche Telekom continues to be on track to achieve its financial ratio targets from the 2021 Capital Markets Day.

I would now like to hand over to Tim Höttges.