

CAPITAL
MARKETS
DAY 2024

#DTCMD24

Group Financials

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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.

Key messages – committed to deliver, again!

01 Strong delivery
We delivered on our key CMD commitments and will continue to do so in the future.

02 Strong top line growth ahead...
We foresee strong revenue and EBITDA growth to continue, on both sides of the Atlantic.

03 ...and for the bottom line
We will increase adj. EPS to around €2.5 and ROCE to ~ 9% in 2027e.

04 Growth in Capex and FCF
DT ex US EBITDA growth to drive both higher investments and ex US FCF AL growth.

05 Attractive shareholder remuneration
We propose an attractive shareholder remuneration package for the 2025 calendar year (dividend & €2 bn share buyback).

06 Accretive capital allocation
We will use potential surplus funds for further EPS accretion, including from TMUS stake increases and DT share buybacks.

Review

2020–2024e

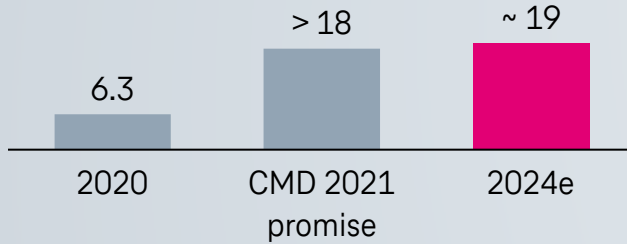
Strong delivery against 2021 CMD financial commitments...



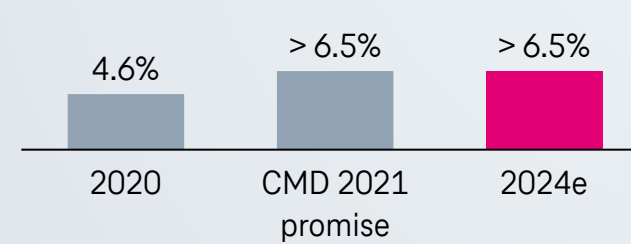
Growth in FCF AL



€ bn



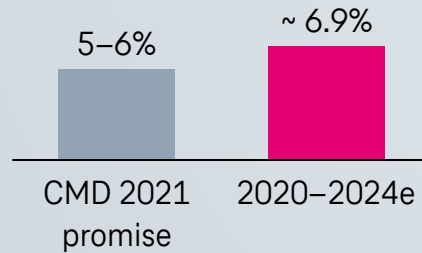
Growth in ROCE



Growth in adj. Core EBITDA AL



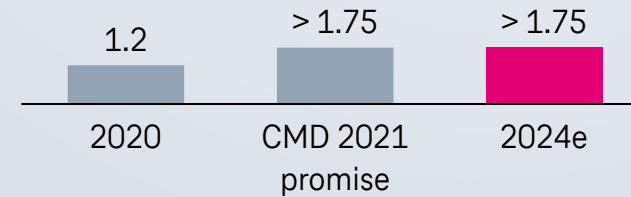
CAGR (organic)



Growth in adj. EPS



€/share



Capital allocation targets:

TMUS stake > 50% (2024e > 50%)



Leverage ≤ 2.75x (2024e < 2.75x)



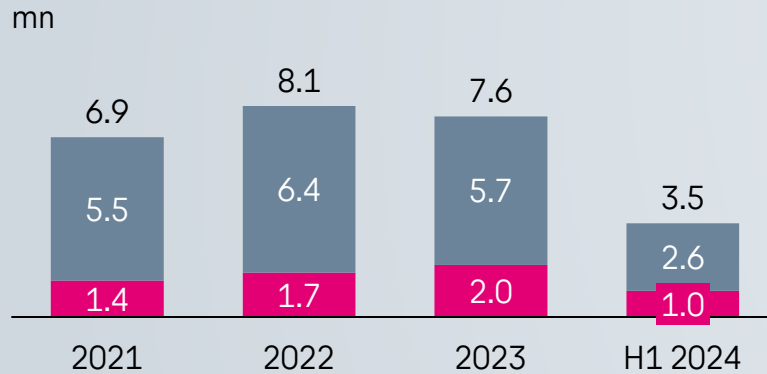
Dividend 40-60% of adj. EPS



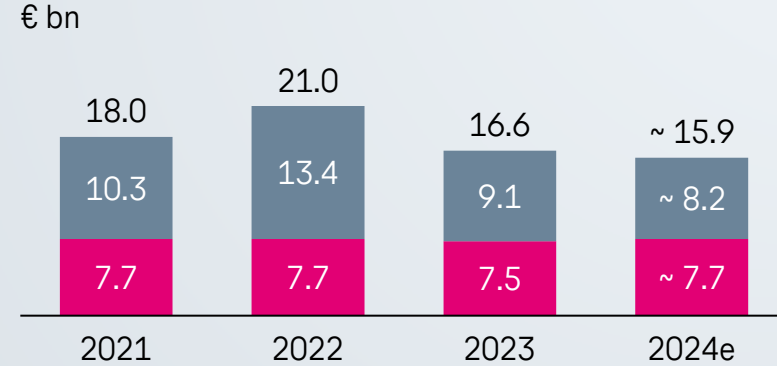
...based on investment which drove superior Customer growth



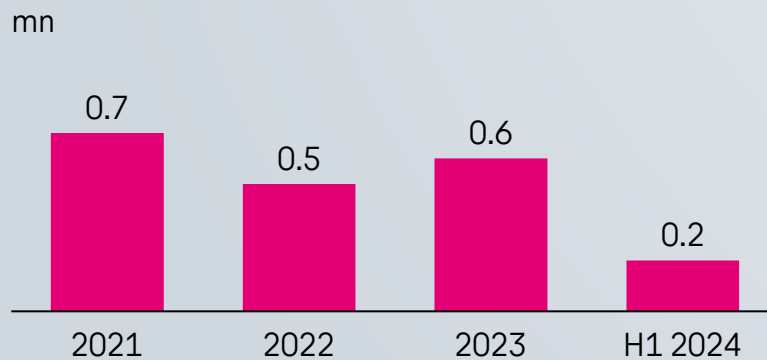
Mobile net adds¹



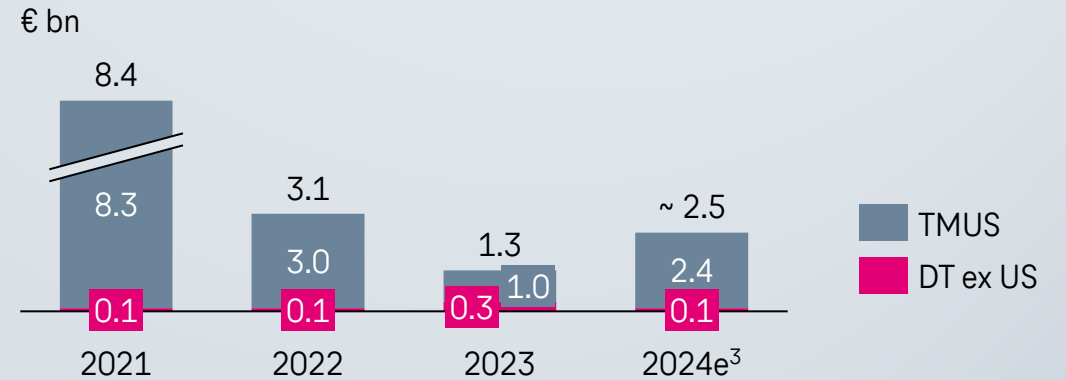
Cash Capex²



Broadband net adds



Spectrum spend



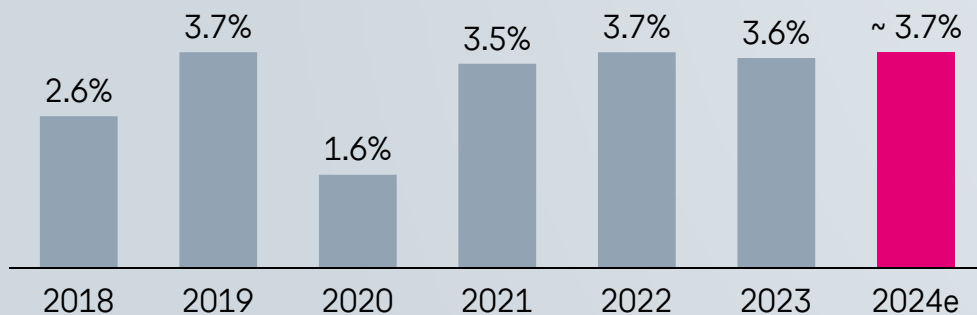
¹ DT ex US: Contract net adds, TMUS: Postpaid net adds; ² Without spectrum, TMUS figures according to IFRS; ³ Only completed spectrum acquisitions



Consistent Service revenue and EBITDA AL growth since 2018

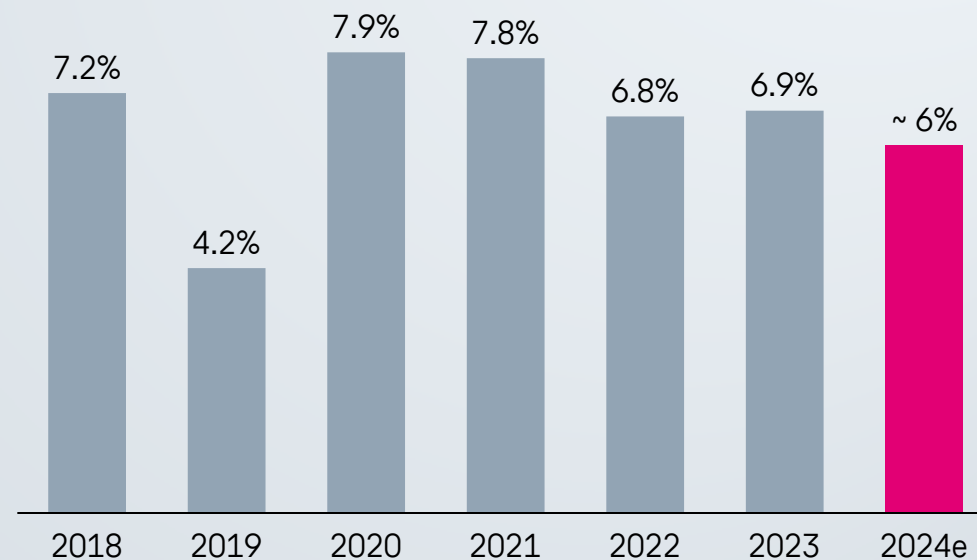


Service revenue growth¹



- Service revenue growth mainly driven by volume & “more for more”

Adj. Core EBITDA AL growth¹



- 29 quarters of consecutive DT ex US EBITDA AL growth

¹ Organic

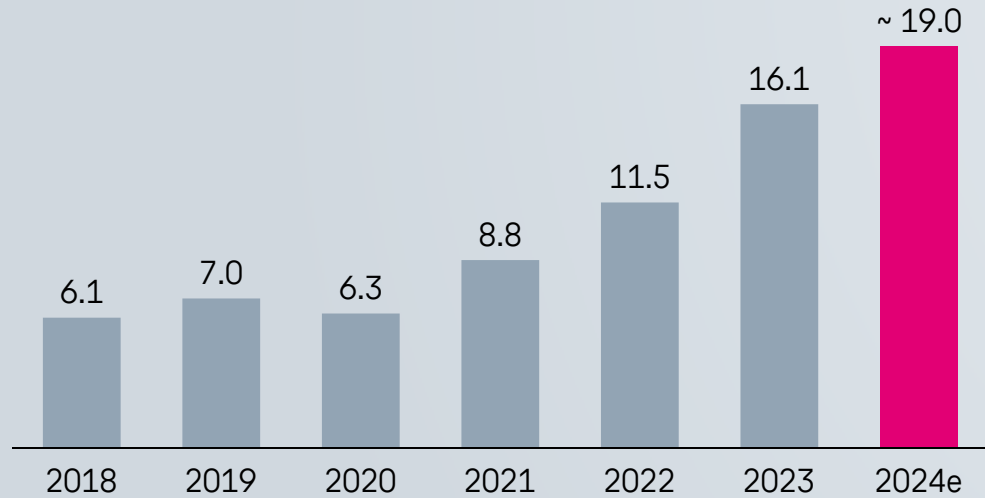


This drives earnings growth, while we invest



FCF AL

€ bn



- Temporary dip due to accelerated US merger implementation

Adj. EPS

€/share



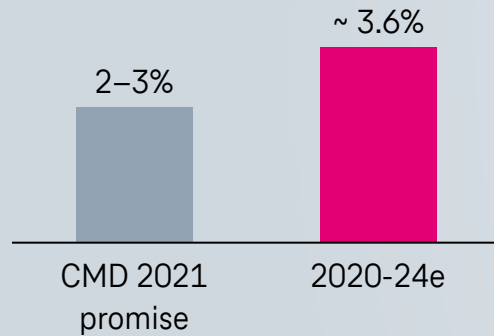
- EPS growth driven by strong growth in adj. EBITDA AL

DT ex US EBITDA AL growth outperformed, despite IDC headwinds



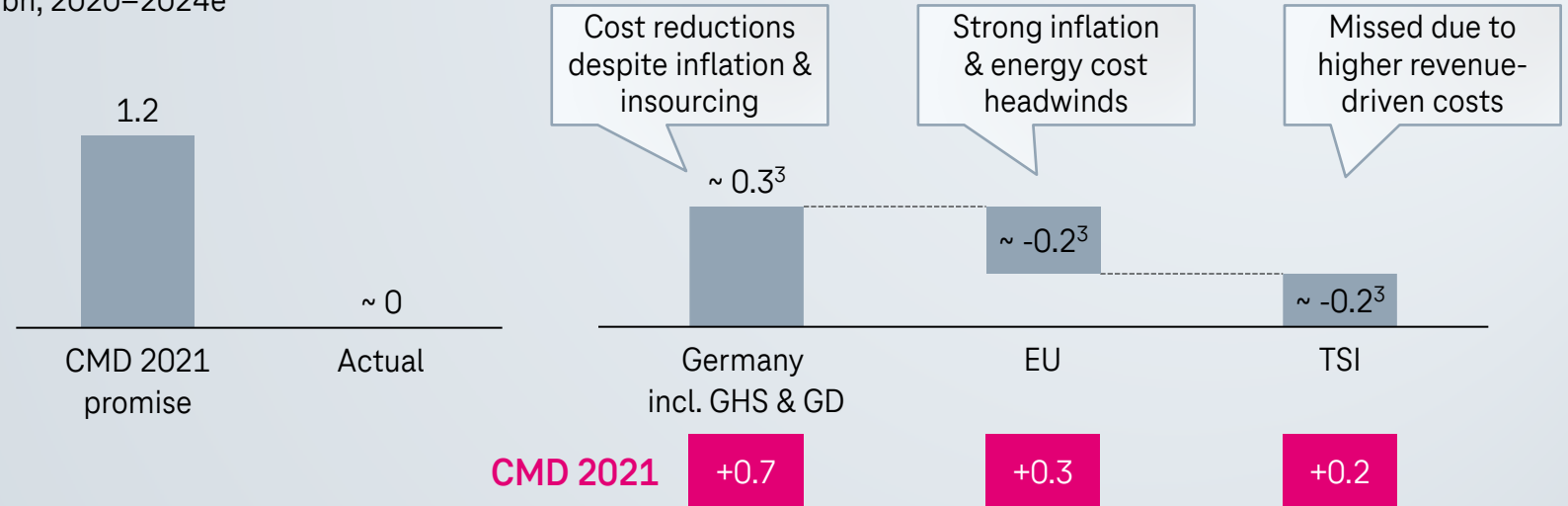
Adj. EBITDA AL growth DT ex US

CAGR (organic)



IDC reduction¹

€ bn, 2020-2024e



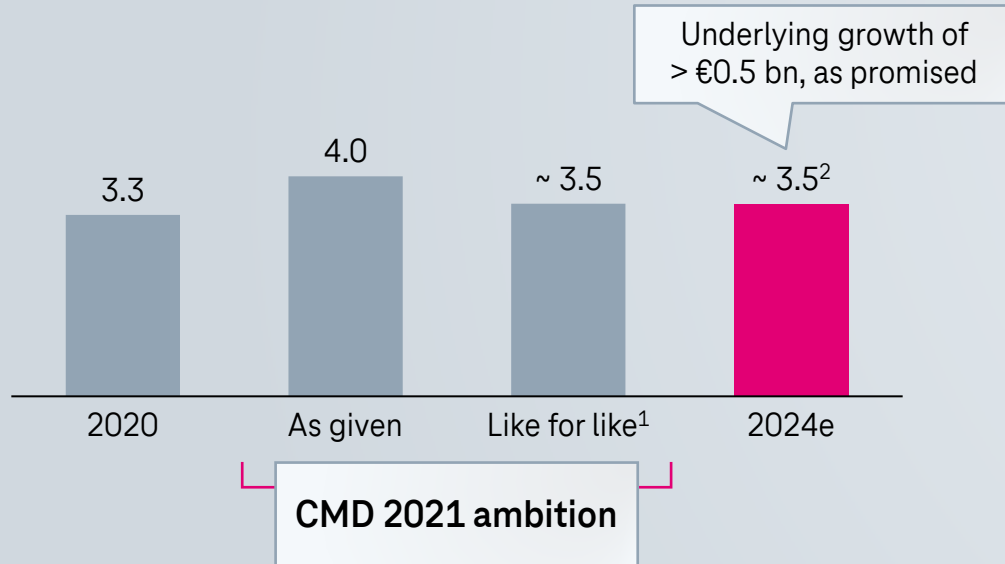
- Significant unexpected inflationary pressures², mainly in the EU segment
- Nevertheless, all segments outperforming EBITDA AL growth ambition, driven by Net Margin growth
- IDC/Service revenues down 5 pp organic from 2020 through 2024

¹ Adj. IDC AL, organic, excl. HU Telco tax; ² Actual cumulative 2020-2024e inflation 24% in DT ex US markets vs. IMF projection of 7% at the time of the CMD 2021; ³ Differences due to rounding

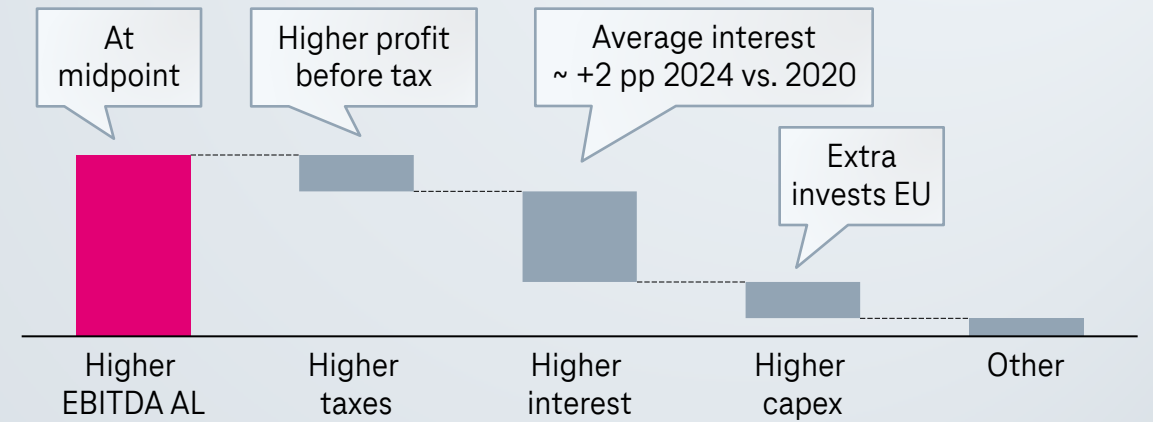
Ex US FCF AL in line with promise, despite higher interest rates

FCF AL ex US

€ bn



Target achieved – but different composition¹



- 2021 CMD target of €4.0 bn included €0.5 bn FCF AL from assets which were sold, mainly to fund the TMUS stake rebuild to > 50%
- FCF AL DT ex US as shown here excludes ~ €1.4 bn dividends received from T-Mobile US

¹ Adj. for disposals of TMNL, Telekom Romania, and GD Towers deconsolidation; ² Incl. cash returns GD Towers; excl. US dividend

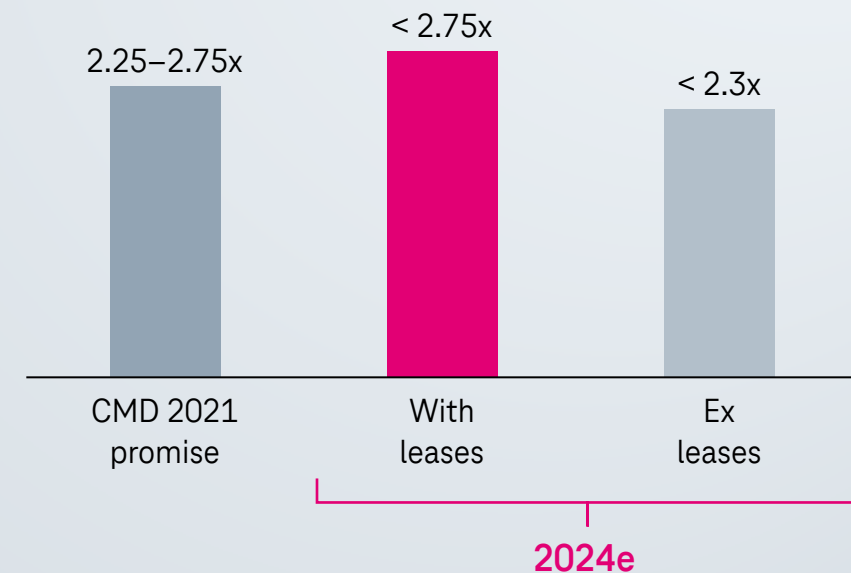
We delivered on our leverage target



CMD 2021 promises

- ✓ **Leverage ratio**
2.25–2.75x
- ✓ **Equity ratio**
25–35%
- ✓ **Liquidity reserve**
Covers maturities of next 24 months
- ✓ **Ratings comfort zone**
BBB+ from Moody's, S&P, and Fitch

Group leverage ratios



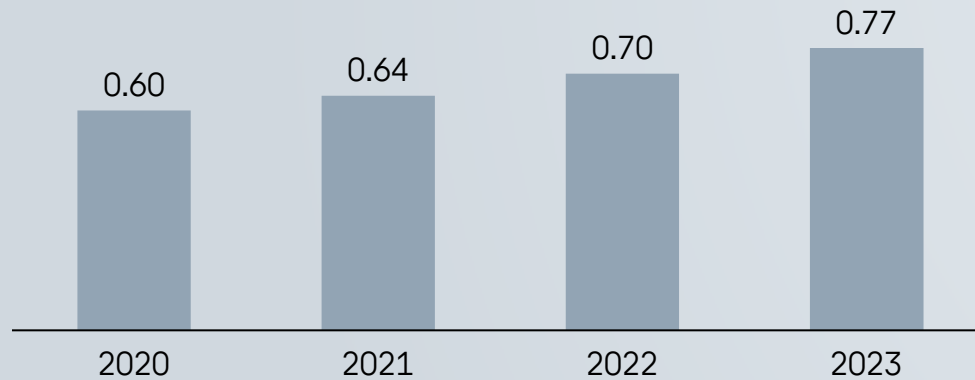
- Leverage with leases at the upper end; leverage ex leases well below 2.5x

Progressive dividend payouts and clear TSR outperformance

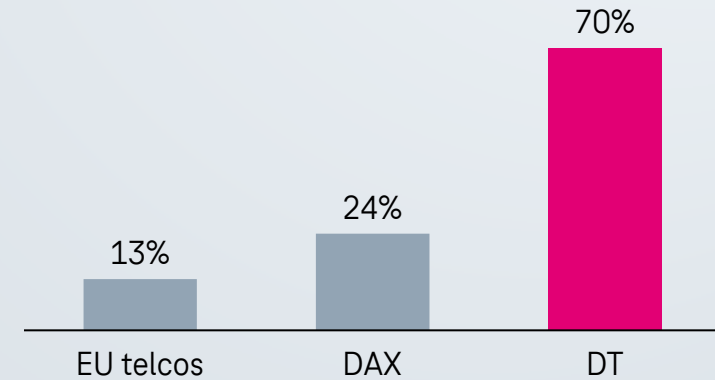


Dividend

€/share



Total shareholder return since CMD 2021



- Dividend policy: distribute 40–60% of adj. recurring EPS, minimum €0.60
- In 2024, dividend complemented by up to €2 bn DTAG share buyback program

CMD 2021 ambition: almost all commitments fulfilled



KPI	Time frame	Ambition as presented (adjusted)	Achievement 2024e ⁴	
Revenues (Group)	2020–2024e	CAGR +1–2%	CAGR ~ 2.1%	✓
Total service revenues (Group)	2020–2024e	CAGR +3–4%	CAGR ~ 3.6%	✓
Adj. EBITDA AL (Group)	2020–2024e	CAGR +3–5%	CAGR ~ 3.3%	✓
Adj. Core EBITDA AL (Group)	2020–2024e	CAGR +5–6%	CAGR ~ 6.9%	✓
Adj. EBITDA AL (DT ex US)	2020–2024e	CAGR +2–3%	CAGR ~ 3.6%	✓
FCF AL (Group)	2024e	> €18 bn (~ €18.3 bn ¹)	~ €19.0 bn	✓
FCF AL (DT ex US)	2024e ³	€4 bn (~ €3.5 bn ¹)	~ €3.5 bn	✓
Adj. EPS (Group)	2024e	> €1.75	> €1.75	✓
ROCE (Group)	2024e	> 6.5%	> 6.5%	✓
Cash Capex (DT ex US)	2024e	~ €8.2 bn (~ €7.6 bn ¹)	~ €7.7 bn	✓
Adj. IDC AL (DT ex US) ²	2020–2024e	Reduction by €1.2 bn	~ €0.0 bn	✗
Leverage (Group) incl. leases	2024e	≤ 2.75x	< 2.75x	✓

¹ Adj. by NL, RO fixed and GD Towers, F/X (USD 1.08 instead of 1.14); ² Excl. HU Telco tax; ³ Excl. dividends paid (TMUS) and incl. shareholder loan GD Towers; ⁴ All CAGR organic

Strategy 2023–2027

2023–2027e: Committed to deliver – again!

STRONGER FOUNDATION



SUPERIOR EXECUTION



ACCELERATION



VALUE CREATION



- Long-term **growth mindset**
- Delivering **returns while investing**
- **Highly experienced** team
- **Balanced** capital allocation

- We continue to **deliver growth** in all financial metrics
- We **proactively mitigate** challenges
- We drive ongoing **efficiencies**
- We retain a **prudent balance sheet**

- We **leverage** our surplus for accretive investments
- We **accelerate** our adj. **EPS growth**

- **Adj. EBITDA AL CAGR 4–6% 2023–2027e**
- **FCF AL ~ €21 bn** in 2027e
- **ROCE ~ 9%** in 2027e
- **Adj. EPS ~ €2.5** in 2027e
- Attractive **shareholder returns**

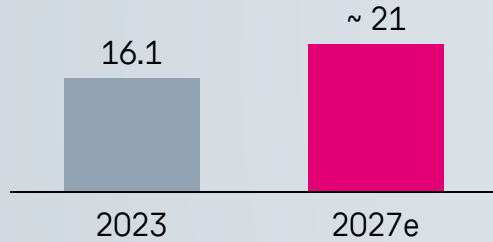


Strong growth set to continue



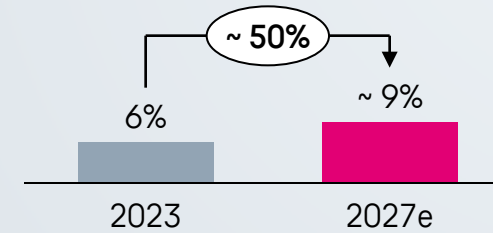
FCF AL¹

€ bn



- US cash tax normalization

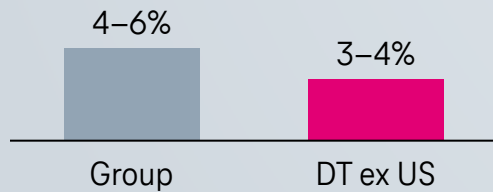
ROCE²



- Growth in EBITDA and US Capex normalization

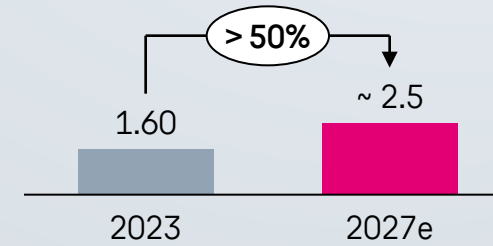
EBITDA AL

CAGR 2023–2027e



- Sector-leading growth

Adj. EPS



- > 50% growth in adj. EPS driven by business growth and accretion

¹ Based on €1 = \$1.08; ² 2023 ex GD Towers gain

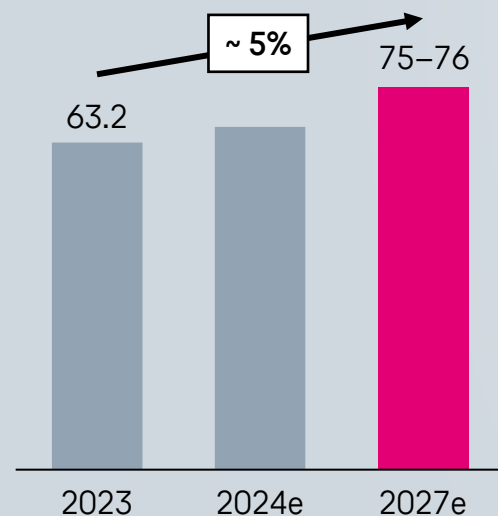


TMUS with strong revenue & EBITDA AL growth ambition



Service revenues

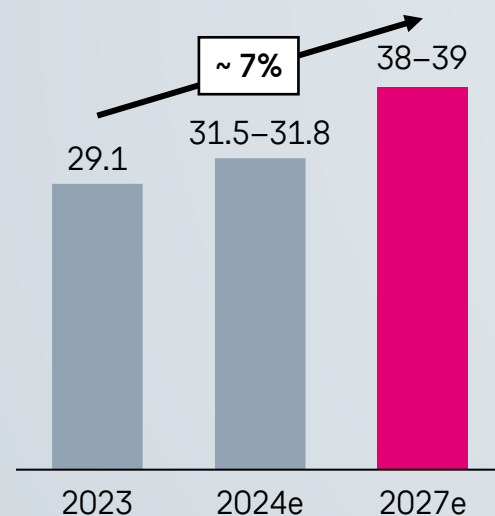
\$ bn/CAGR



- Continued strong Customer growth in all categories

Core adj. EBITDA

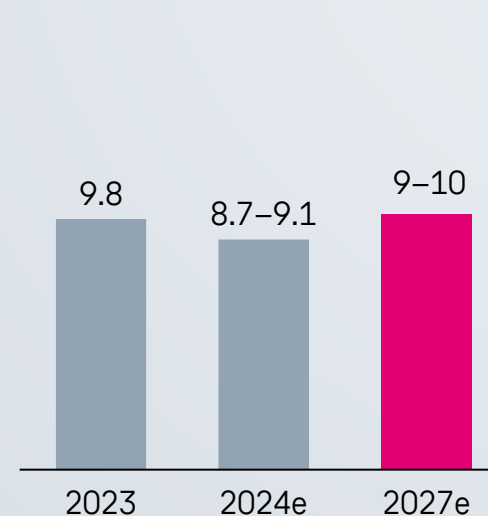
\$ bn/CAGR



- Significant operating leverage and efficiency gains from digitization and AI

Cash Capex

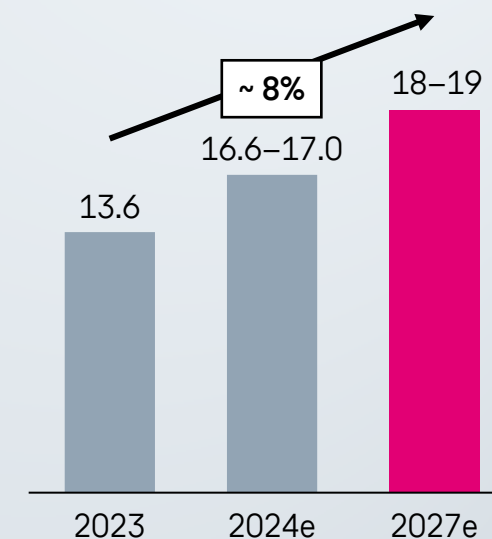
\$ bn



- Benefiting from strong spectrum position

Adj. FCF

\$ bn/CAGR



- Growth in Operating Cash Flow exceeding incremental tax payments

All figures based on US GAAP

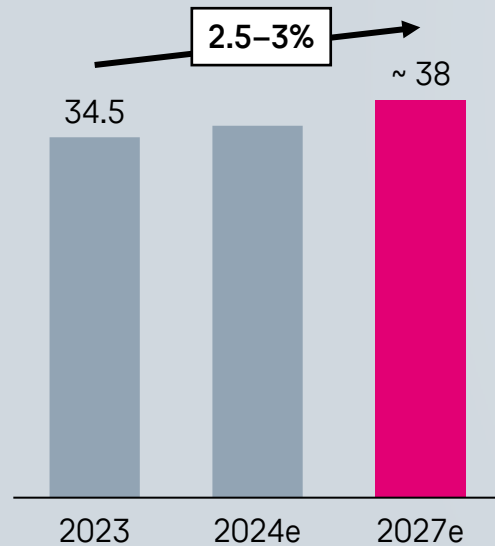


DT ex US EBITDA AL growth funds investments & FCF AL growth



Service revenues

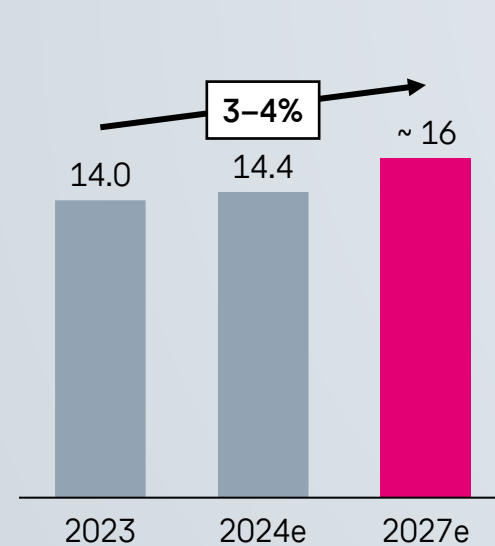
€ bn/CAGR



- All segments contributing

Adj. EBITDA AL

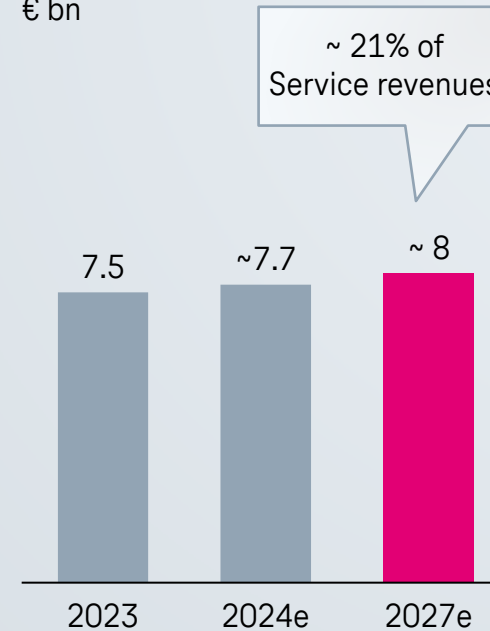
€ bn/CAGR



- Driven by Net Margin growth and efficiency gains

Cash Capex

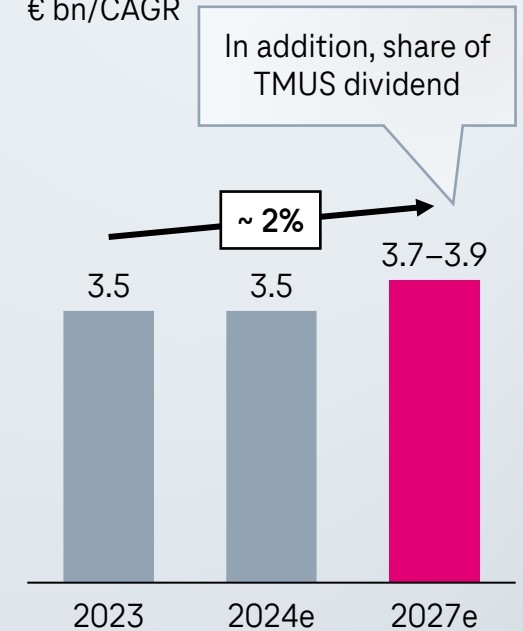
€ bn



- Some Capex flexibility depending on EBITDA AL and Service revenue growth

FCF AL

€ bn/CAGR



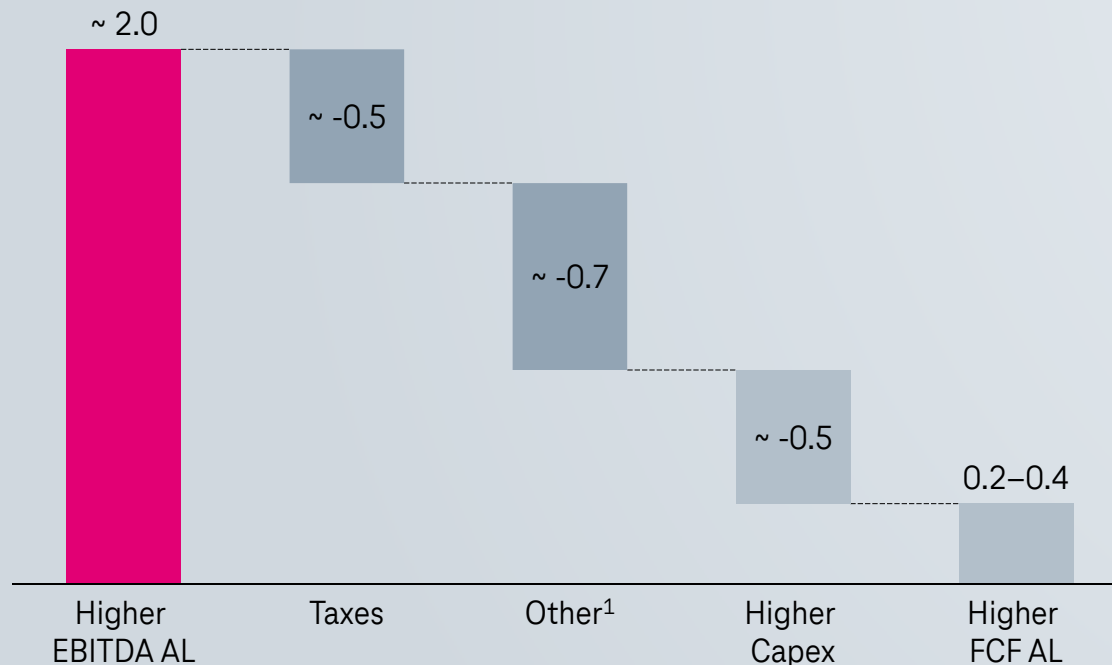
- EBITDA AL growth to drive growth in FCF AL

EBITDA AL growth to enable both higher Capex and higher FCF



2023–2027e DT ex US FCF AL bridge

€ bn



- Interest costs set to increase, reflecting expected reinvest in DT and TMUS shares
- Special factors (Cash) expected to slightly decline by 2027; tower lease costs and cash pension payments likely to increase
- Higher Capex mainly from German Fiber and EU strategic investments

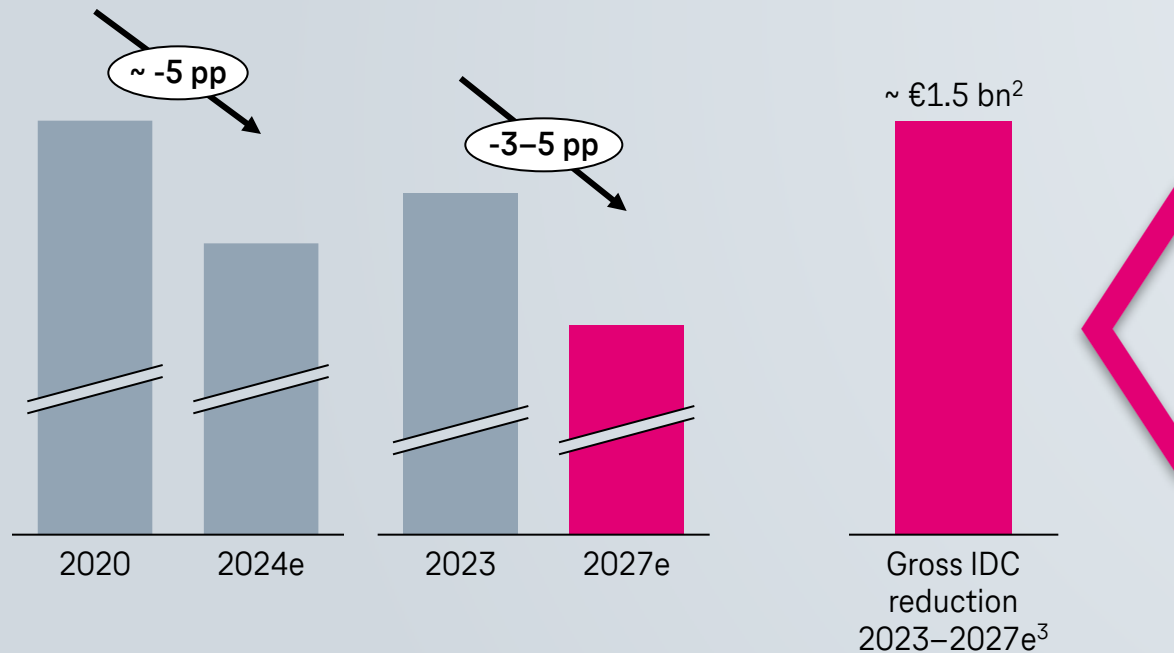
¹ Interest costs, tower cash leases, cash pension payments, Special factors (Cash), Working capital, etc.



We see multiple levers for further efficiency improvements



IDC/Service revenues DT ex US¹



Key levers and expected impact going forward

	Artificial intelligence & automation	~ €0.7 bn ⁴
	Network Scaling	~ €0.1 bn
	Real Estate & Procurement	~ €0.4 bn
	Other	~ €0.4 bn

- All segments are expected to contribute
- Headwind from higher inflation rates to be mitigated by additional efficiencies

¹ Adj. IDC AL as % of Service revenues, organic, excl. HU Telco tax; ² Differences due to rounding; ³ Midpoint of Service revenue midterm ambition; ⁴ Technology and other

ESG: We're on track for most of our commitments

	Time frame	Ambition	Scope	Achievements 2023	
Climate	From 2021 onwards	100% renewable electricity	DT Group	100%	●
	2020–2024	2x energy efficiency/Reduction in energy consumption	GER & EU	More than doubled/reduced	●
	2017–2025	Reduce Scope 1 & 2 Emissions to zero ¹	DT Group	-95% (2023 vs. 2017 ²)	●
	2020–2030	Reduce Scope 1–3 Emissions by 55%	DT Group	-23% (2023 vs. 2020 ²)	●
	Latest 2040	Net-zero emissions: Scope 1–3 (≥90% reduction)	DT Group	Measures ongoing	●
	In 2025	50% Electricity from green PPAs & own production	Group ex US	16% ³	●
Circularity	In 2022	Zero ICT waste to landfill	GER & EU	Zero	●
	In 2030	100% circular around technology and devices	GER & EU	Circularity Score developed	●
	In 2022	Sustainable packaging: 100% for new T-branded devices	GER & EU	~ 100% ⁴	●
	In 2025	Sustainable packaging: ~100% for 3 rd party devices	GER & EU	~ 100% ⁵	●
Best (diverse) team & digital inclusion	In 2025	30% female executives	Group ex US	23% (vs. 22% in 2020)	●
	2021–2023	Maintain employee satisfaction at 79%	Group ex US	78%	●
	From 2022 onwards	Increase share of digital experts	Group ex US	22% (vs. 20% in 2022)	●
	Until 2025	Increase beneficiaries on digital inclusion activities	DT Group	51 mn people (+84% 2023 vs. 21)	●
Governance	Ongoing	Further integrate ESG into financial steering systems and company decisions	DT Group	Ongoing	●

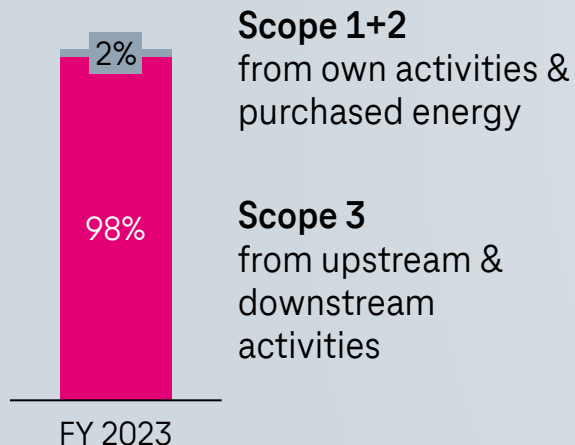
¹ Up to 95% reduction; ~5% removal of remaining CO₂ Scope 1&2; ² Organic; ³ DT Group 32.5%, YE24e Group ex US: 22%

⁴ Ambition level aimed at new T-branded fixed & mobile devices; ⁵ Ambition level aimed at new 3rd party mobile devices excl. accessories

Deep dive: how we tackle value chain emissions (Scope 3)

Key KPI

DT CO₂e emissions



51% of DT Group Purchase Order Volume SBTi-aligned¹

Climate targets

Scope 1–3 vs. 2020

2030:
55% reduction

2040: Net zero
≥ 90% reduction

Key measures²

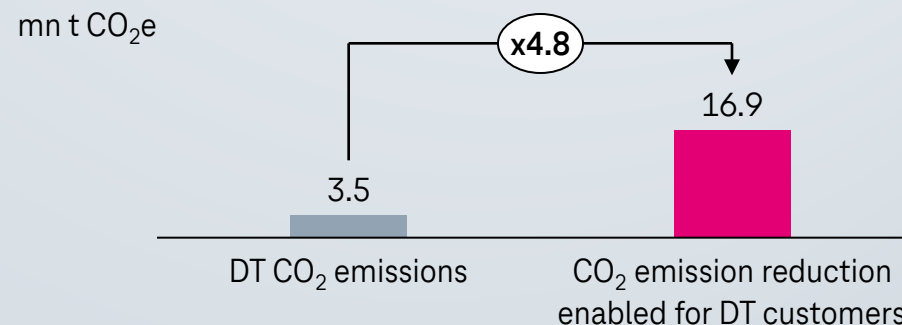
Suppliers:

- Address **suppliers' climate targets**
- Maintain **20% weighting of ESG** in selection (scorecard)
- Further integrate Scope 3 in **planning & forecasting**
- Comply with DTs supplier **code of conduct**

Customers:

- Increase efficiency of product **portfolio** & packaging
- Provide **enabling solutions** (i.e., IoT, Videoconference, etc.)

DT Enablement Factor²



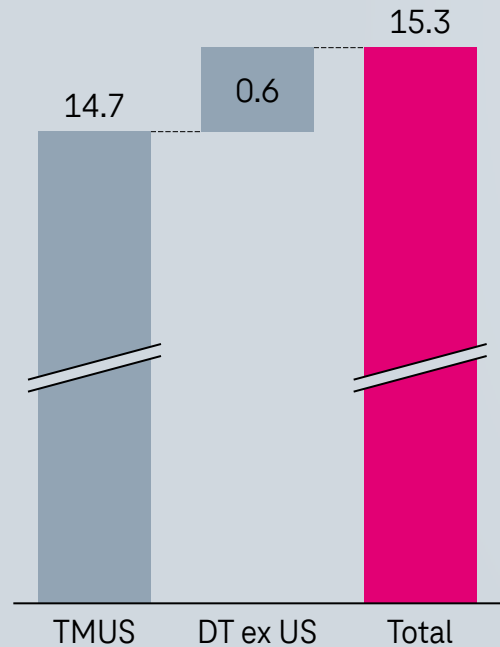
¹ Purchase Order Volume with suppliers that have a corporate climate target approved by SBTi (Science Based Targets initiative); ² Data for Germany FY 2023

Strong spectrum position – no major auctions expected to 2027



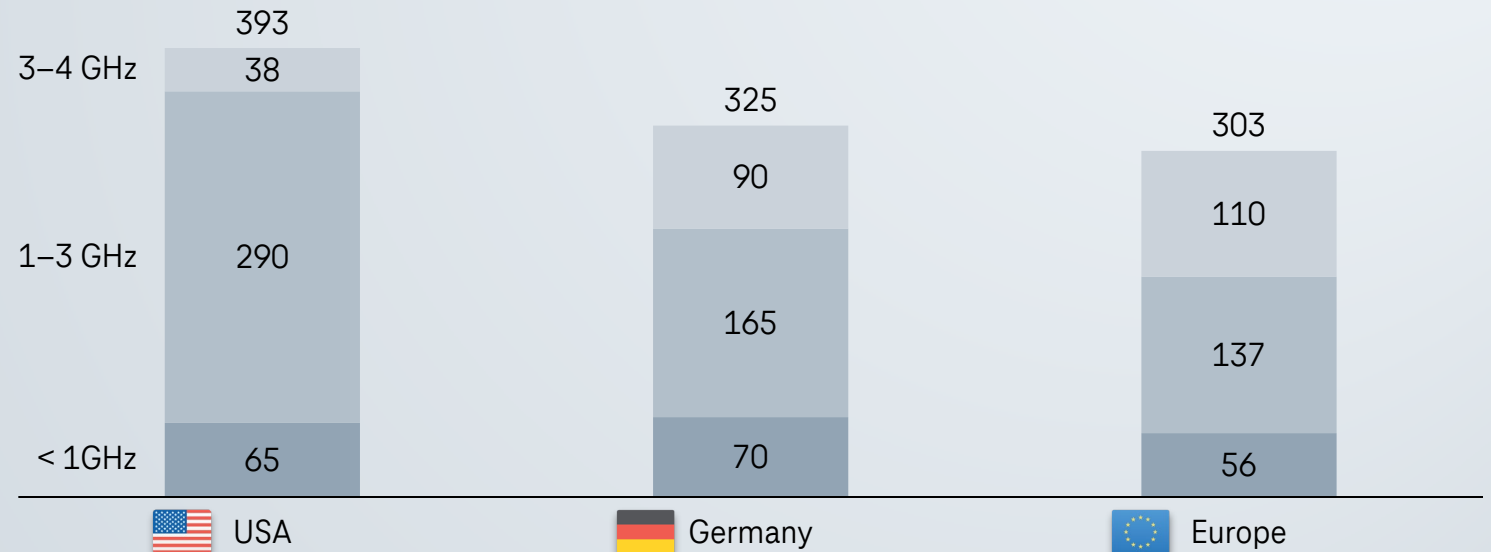
Spectrum spend 2021–2024e

€ bn



Spectrum positions

MHz/pop¹

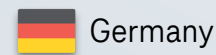


Market leading position

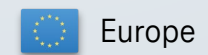
Current auction outlook



No auction currently scheduled



BNetzA has proposed 5 year extension



No large auction in the pipeline

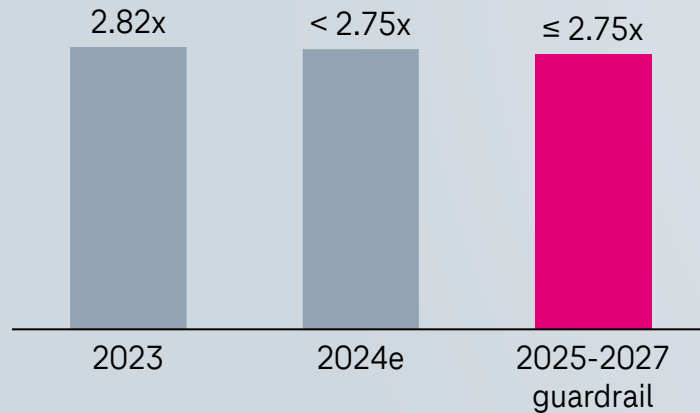
¹ Weighted



Leverage guardrail of $\leq 2.75x$ remains in place

Leverage ratio

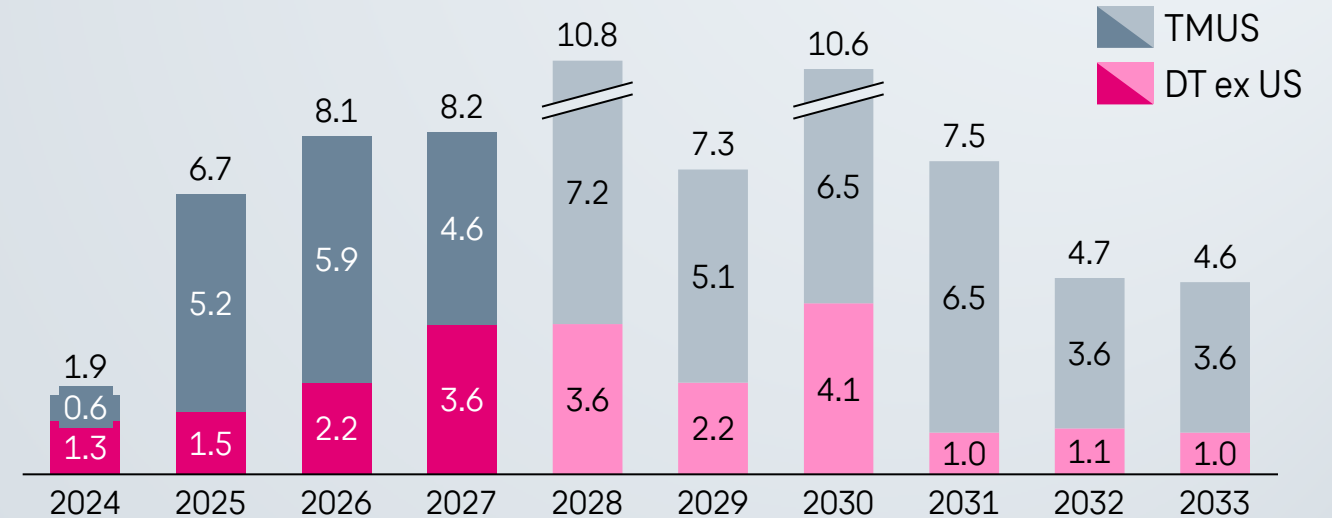
Net debt/adj. EBITDA



- BBB+ ratings from Moody's, S&P and Fitch
- Leverage ex leases and rating leverage expected to further improve in the coming years

DT/TMUS bonds maturing

€ bn



- Refinancing requirements well covered by FCF AL
- Ex US liquidity position €14.5 bn¹

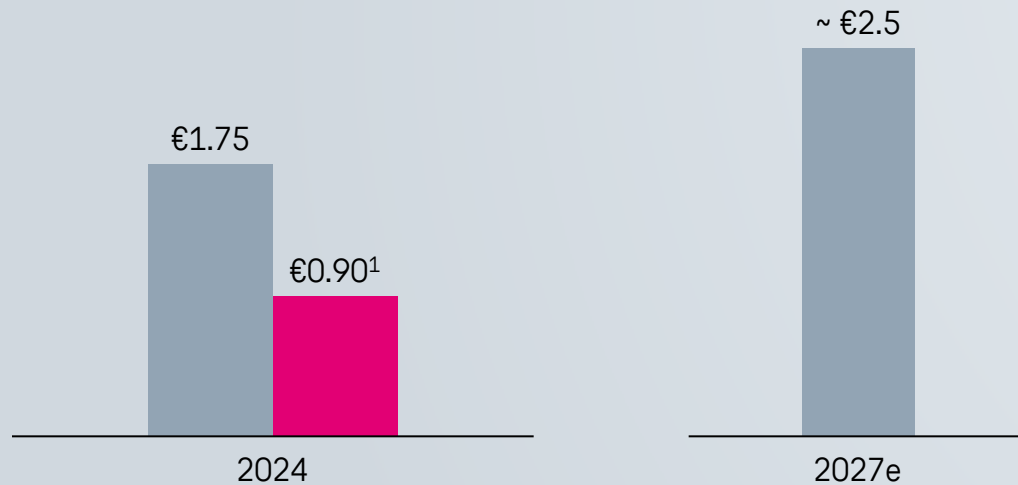
¹ Q2 2024

Attractive outlook for DT shareholder returns in 2025 and beyond

Adj. EPS & dividend

€/share

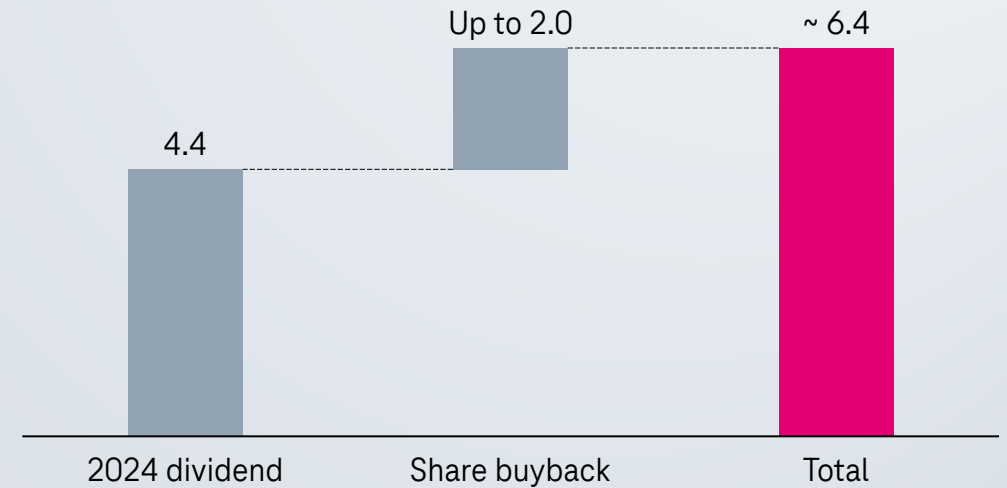
Adj. EPS Dividend



- We remain committed to distribute 40–60% of DT's adj. EPS as dividend

2025 DT shareholder remuneration

€ bn

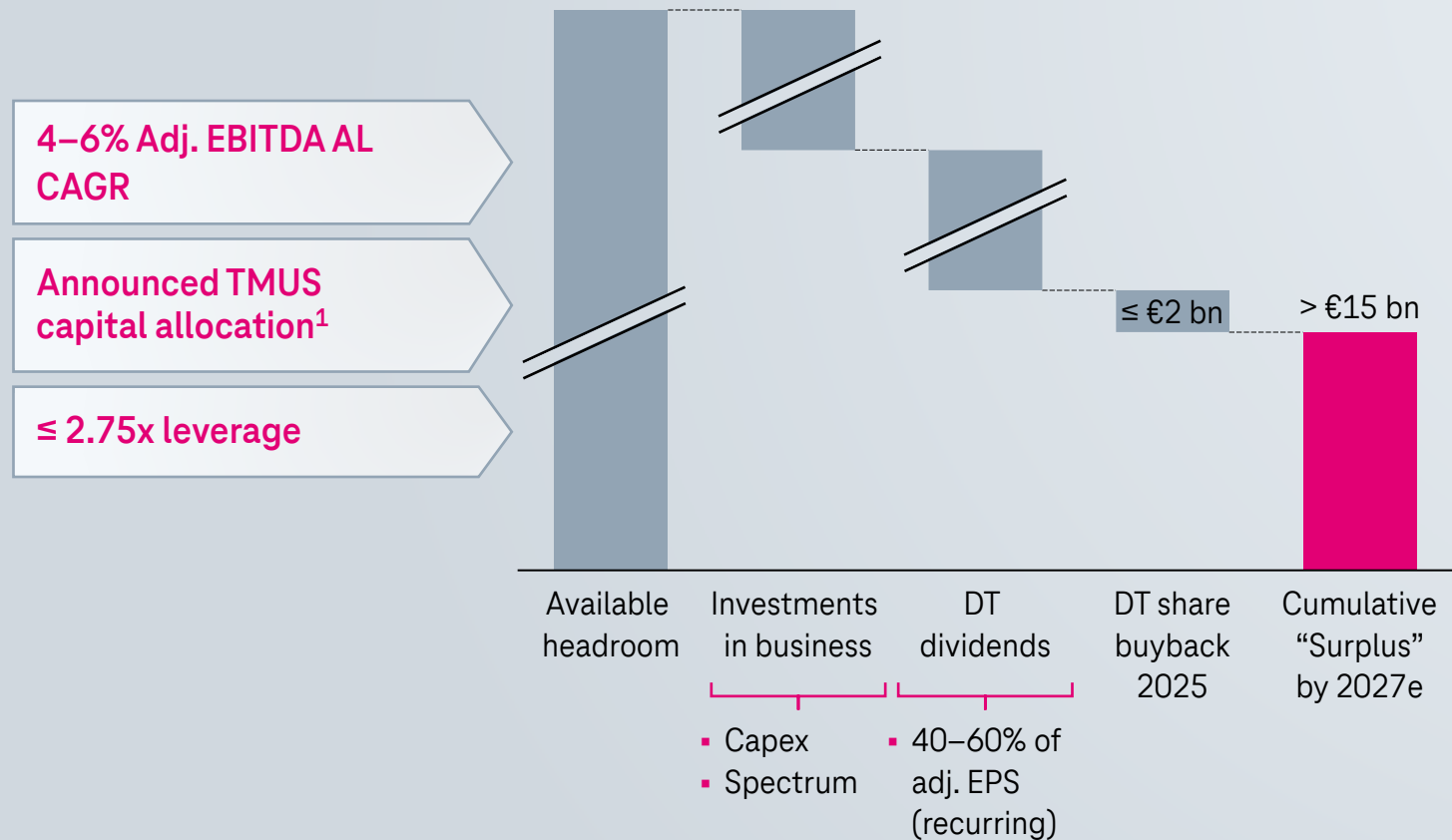


- In 2025 expected total shareholder remuneration of ~ 6.4 bn



¹ Subject to board resolutions & AGM approval

“Surplus” funds to be used for higher TMUS stake & DT buybacks

Key determinants of cumulative “Surplus” by 2027e



Uses for “Surplus”

-  Higher TMUS stake²
-  Additional DT share buybacks

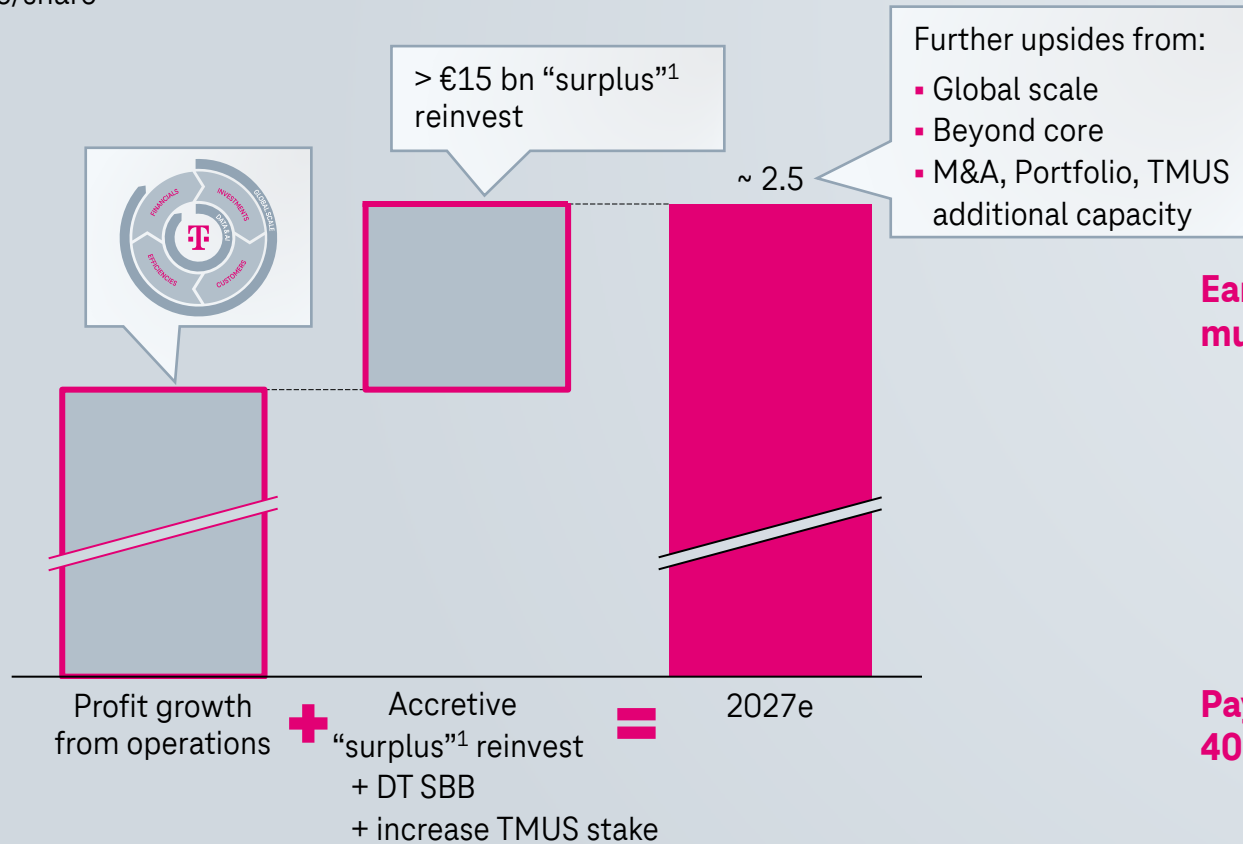
- Both uses of surplus are accretive to DT’s adj. EPS
- Maintaining strategic flexibility

¹ TMUS CMD: up to \$50bn stockholder returns, ~ \$20bn additional capacity, and ~ \$10bn strategic investments; ² Vs. baseline stake of 50.4%

Creating shareholder returns through growth & capital allocation

Adj. EPS

€/share



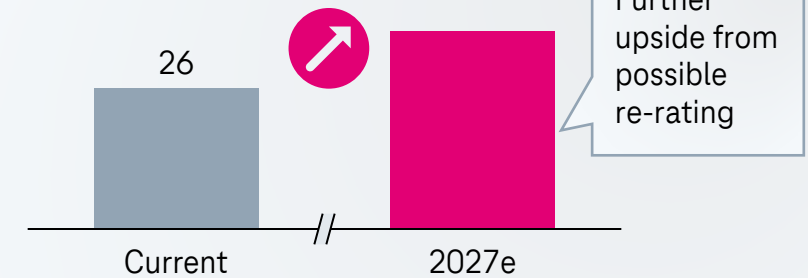
Earnings multiple

Payout ratio 40–60%

TOTAL SHAREHOLDER RETURN

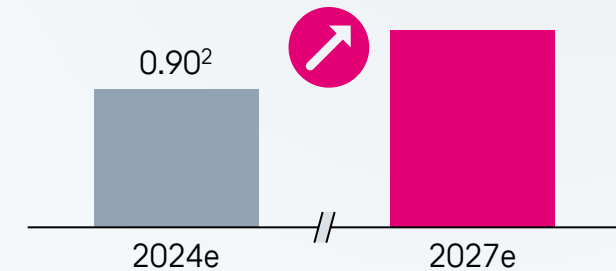
Share price

€/share



Dividend

€/share



¹ "Surplus" at guidance and ≤ 2.75x leverage; ² Subject to board resolutions & AGM approval

**Midterm
ambition level**

Our midterm commitments

KPI	Midterm ambition level ¹	Year
Revenues	Group: CAGR ~ 4%	2023–2027e
Total service revenues	Group: CAGR ~ 4%	2023–2027e
Total service revenues	DT ex US: CAGR 2.5–3%	2023–2027e
Adj. EBITDA AL	Group: CAGR 4–6%	2023–2027e
Adj. EBITDA AL	DT ex US: CAGR 3–4%	2023–2027e
IDC/Service revenues ²	DT ex US: -3–5%	2023–2027e
Cash Capex ³	DT ex US: ~ €8 bn ~ 21% of Service revenues	2027e
FCF AL	Group: ~ €21 bn	2027e
FCF AL	DT ex US: €3.7–3.9 bn	2027e
Adj. EPS	Group: ~ €2.5	2027e
ROCE	Group: ~ 9% ⁴	2027e
Leverage	Group: ≤ 2.75x	2023–2027e

¹ Based on €1 = \$1.08; ² Adj. IDC AL, excl. HU Telco tax; ³ Excl. spectrum; ⁴ Excl. 2023 GD Towers gain

