

#DTCMD24

# CAPITAL MARKETS DAY 2024

Bonn October 10<sup>th</sup>/11<sup>th</sup>, 2024



# 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.


If these or other risks and uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, our actual performance may materially differ from the performance expressed or implied by forward-looking statements. We can offer no assurance that our estimates or expectations will be achieved. Without prejudice to existing obligations under capital market law, we do not assume any obligation to update forward-looking statements to take new information or future events into account or otherwise.

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.

# Agenda

Thursday, October 10<sup>th</sup>

	<b>GROUP STRATEGY</b> (incl. Q&A)	<b>Tim Höttges</b> (CEO) <b>Birgit Bohle</b> (CHRO)	4
	<b>GERMANY</b> (incl. Q&A)	<b>Srini Gopalan</b> (Board Member Germany) <b>Wolfgang Metze</b> (B2C Germany)	46
	<b>EUROPE</b> (incl. Q&A)	<b>Dominique Leroy</b> (Board Member Europe) <b>Melinda Szabó</b> (CEO Slovak Telekom & T-Mobile Czech Rep.)	77
	<b>T-MOBILE US</b> (incl. Q&A)	<b>Mike Sievert</b> (President & CEO) <b>Peter Osvaldik</b> (CFO)	107

 Recordings available on YouTube  
[www.telekom.com/cmd24](http://www.telekom.com/cmd24)

Friday, October 11<sup>th</sup>

	<b>TECHNOLOGY &amp; INNOVATION</b> (incl. Q&A)	<b>Claudia Nemat</b> (Board Member Technology & Innovation) <b>Abdurazak Mudesir</b> (CTO) <b>Jonathan Abrahamson</b> (Chief Product & Digital Officer)	143
	<b>B2B</b> (incl. Q&A)	<b>José Perdomo</b> (Group Strategy) <b>Ferri Abolhassan</b> (Board Member and CEO T-Systems) <b>Klaus Werner</b> (B2B Germany) <b>Elvira González</b> (B2B Europe)	169
	<b>GROUP DEVELOPMENT</b>	<b>Thorsten Langheim</b> (Board Member US & Group Development)	214
	<b>GROUP FINANCIALS</b>	<b>Christian Illek</b> (CFO)	238



CAPITAL  
MARKETS  
DAY 2024

#DTCMD24

# Group Strategy

**Tim Höttges (CEO)**

Birgit Bohle (CHRO)





# Key messages – committed to deliver again

01

## Flywheel

We accelerate our proven Flywheel strategy & continue to deliver superior value with the best team in the industry.

02

## Brand

We will leverage our position as the most valuable Telco brand to differentiate further.

03

## Portfolio

We develop our portfolio with our unique PE/VC approach, monetizing many positive catalysts ahead.

04

## Fiber

We leverage the Fiber rollout to create long-term profitability without sacrificing on ROCE in the short term.

05

## 5G

We made 5G a winning story. Continuing to grow Market share & monetizing through FWA & new services.

06

## B2C

We take quality to the next level. Best CX will drive further growth in Market share, ARPA & new business.

07

## B2B

We leverage our global B2B footprint with T-Systems as differentiator while transforming to grow profitably.

08

## Data & AI

We become a fully data-driven company & leverage AI across the entire Telco stack.

09

## Global Scale

We leverage our unique transatlantic footprint for common operations, platform economics & global products.

10

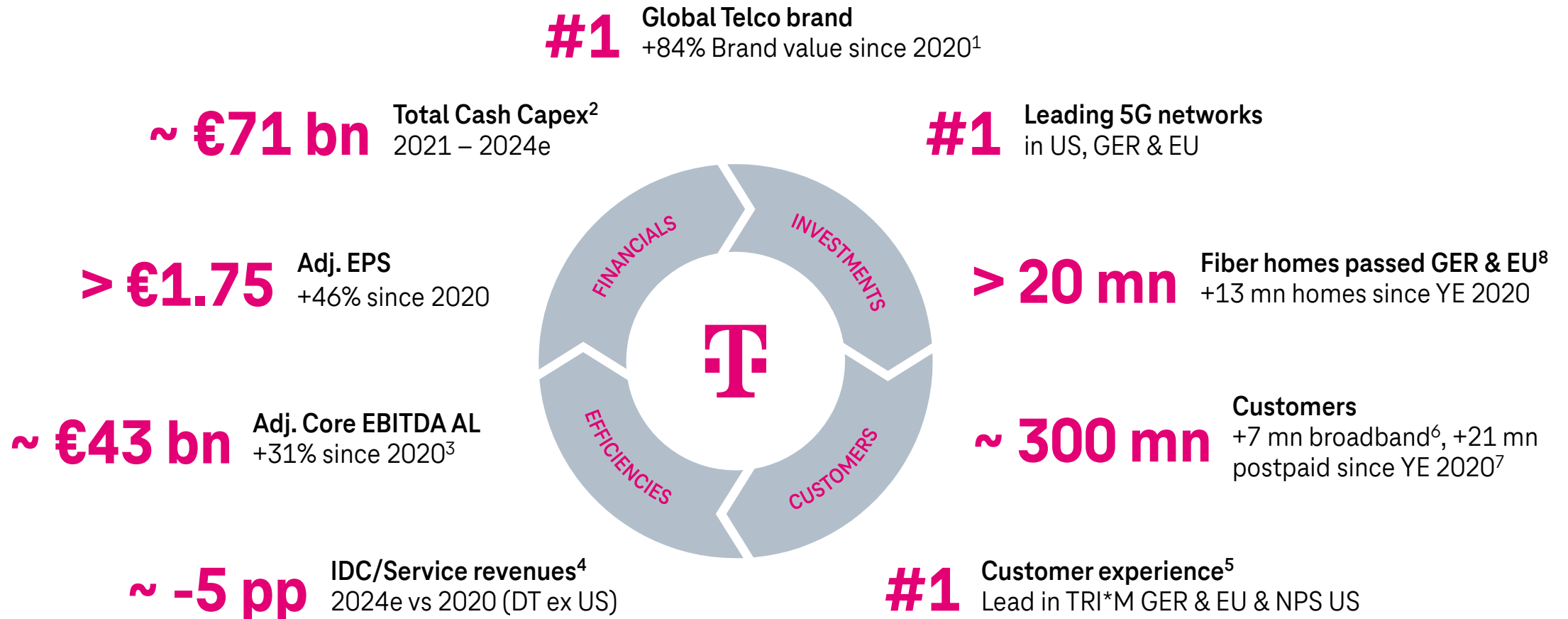
## Value Creation

We grow EPS with > 11% CAGR, up to ~ €2.5, with dividend growth (40%–60% of adj. EPS) & execute share buybacks.



# **Review 2020–2024e**

# Stronger than ever – tough to compete with us



All data end of 2024e except stated otherwise; <sup>1</sup> Brand Finance 01/2024; <sup>2</sup> Without spectrum; <sup>3</sup> Organic; <sup>4</sup> Adj. IDC AL as % of Service revenues, organic, excl. HU Telco tax; <sup>5</sup> EU: #1 in 8 out of 9 countries B2C, 12M avg. as of Q2 2024 excl. RO, GER: B2C Q2 2024, B2B YE 2023, US: Q2 2024; <sup>6</sup> Q2 2024, incl. US FWA customers; <sup>7</sup> Q2 2024 excl. US FWA customers; <sup>8</sup> GER: FTTH incl. JVs; EU: FTTH/B & Docsis 3.1 (1 Gbps) incl. own, funded & partner rollout but excl. wholebuy



# #1 in Brand value & Customer experience

## Brand value



**#1** EUROPEAN BRAND

**#1** GLOBAL TELCO BRAND

**#9** GLOBAL BRAND



## Customer experience

**#1** in GER & EU  
based on TRI\*M<sup>2</sup>

**#1** in the US  
based on NPS<sup>2</sup>

### Winner of all relevant awards



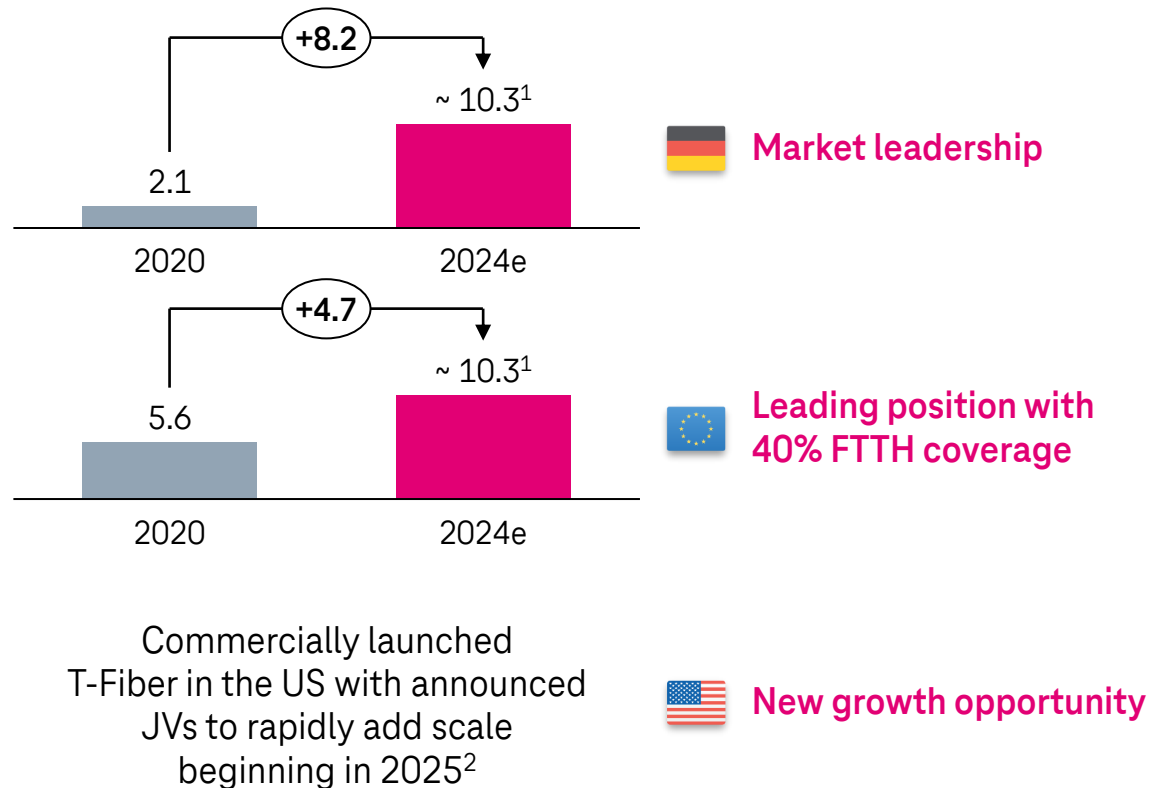
<sup>1</sup> Brand Finance; Note: Brand value 01/2024; <sup>2</sup> EU: #1 in 8 out of 9 countries B2C 12M avg. as of Q2 2024 excl. RO, GER: B2C Q2 2024, B2B YE 2023, US: Q2 2024



# Leading positions in Fiber and 5G

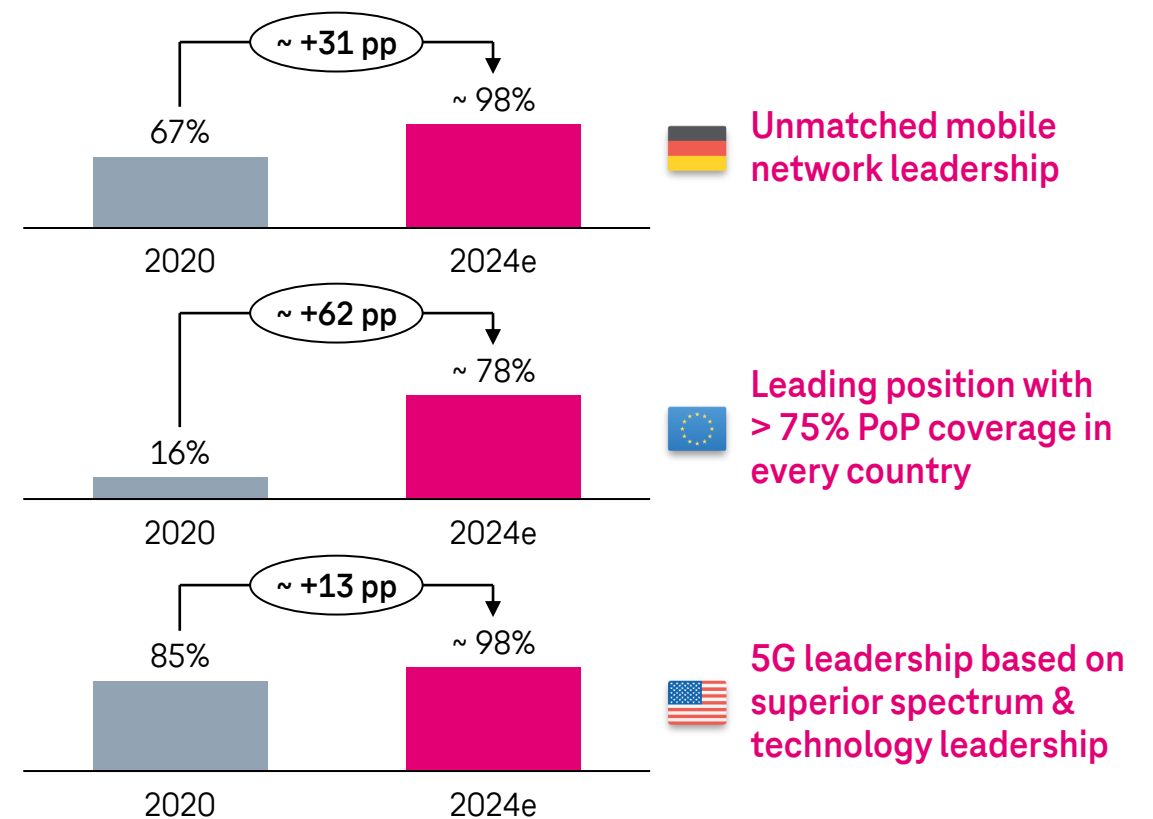
## FTTH

Homes passed, mn



## 5G Coverage

% of population



<sup>1</sup> GER: FTTH homes passed incl. JVs; EU: FTTH/B & Docsis 3.1 (1 Gbps) homes passed incl. own, funded & partner rollout but excl. wholebuy; <sup>2</sup> Based on Lumos & Metronet JVs (pending regulatory approval)

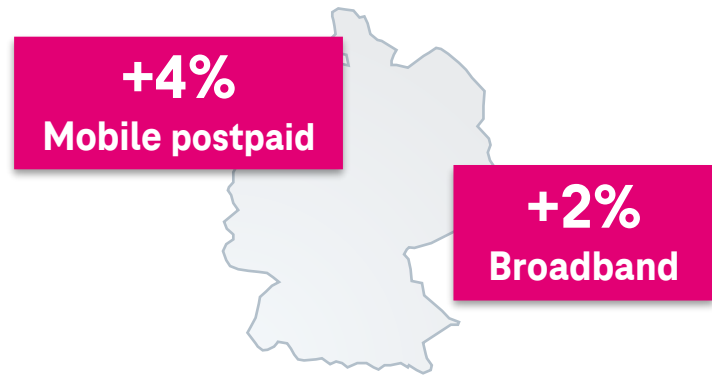


# Customer growth in all markets...

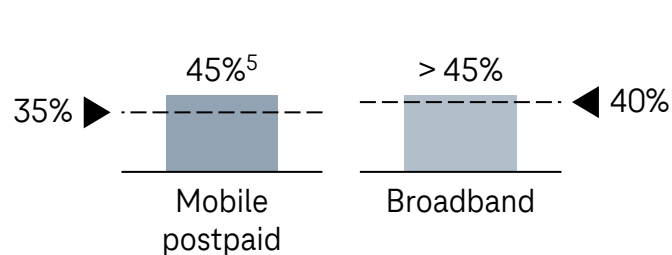
GER



Customers, CAGR 2020–2023



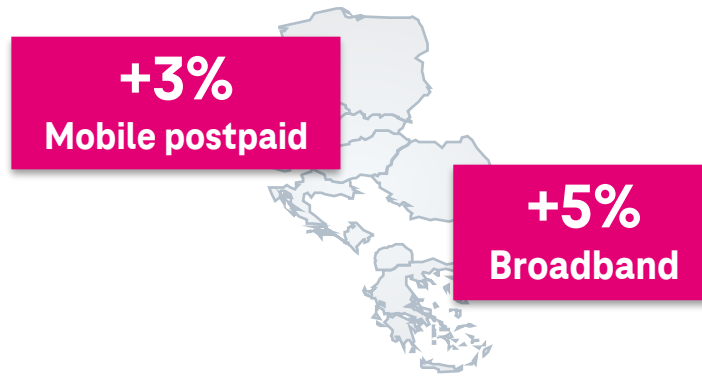
Net add share & Market share<sup>4</sup>



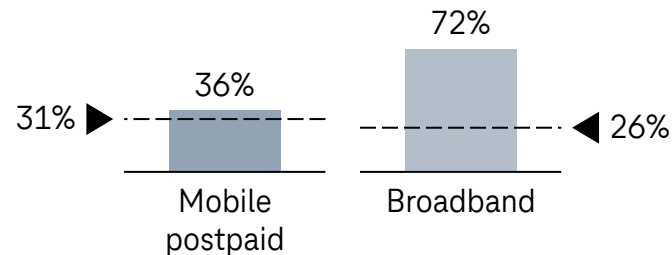
EU<sup>1</sup>



Customers, CAGR 2020–2023



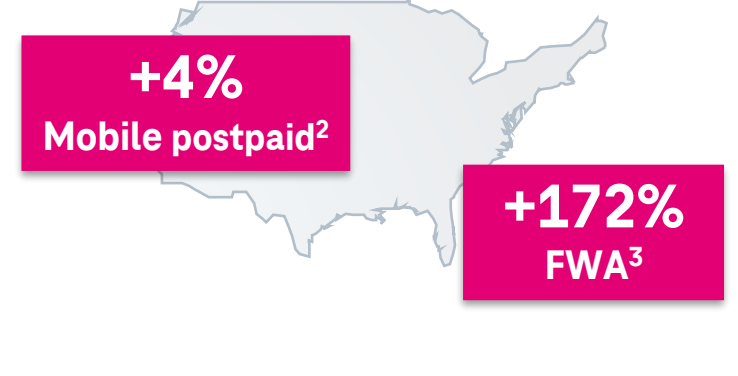
Net add share & Market share<sup>4</sup>



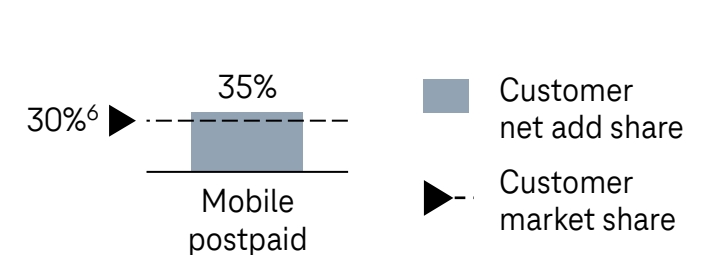
US



Customers, CAGR 2020–2023



Net add share & Market share<sup>2,6</sup>



<sup>1</sup> Excl. RO; <sup>2</sup> Only postpaid phone; <sup>3</sup> CAGR 2021–2023 as TMUS only launched FWA in 2021; <sup>4</sup> Net add share & Market share figures based on internal estimations for 2023; <sup>5</sup> Excl. wholesale; <sup>6</sup> Market = AT&T, Verizon, TMUS, Comcast & Charter 2023



# ...while intensifying engagement with Magenta Advantage

## ENGAGING WITH OUR CUSTOMERS EVERY DAY ...

Magenta Moments

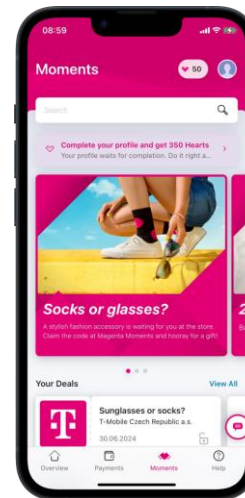


Magenta Status



- ✓ For all customers
- ✓ Exclusive rewards
- ✓ Frequent delights
- ✓ Digital experience
- ✓ No strings attached

## ... AT OUR DIGITAL FRONTDOOR ...



> 15 mn OneApp users<sup>1</sup>

~ 30 mn T Life users<sup>2</sup>

## ... DELIVERING SIGNIFICANT BIZ VALUE ACROSS THE GROUP

Δ Engaged vs. App-only customers<sup>3</sup>



NPS



Double digit improvement

Churn<sup>5</sup>



20–45%

ARPU



10–50%

Interactions

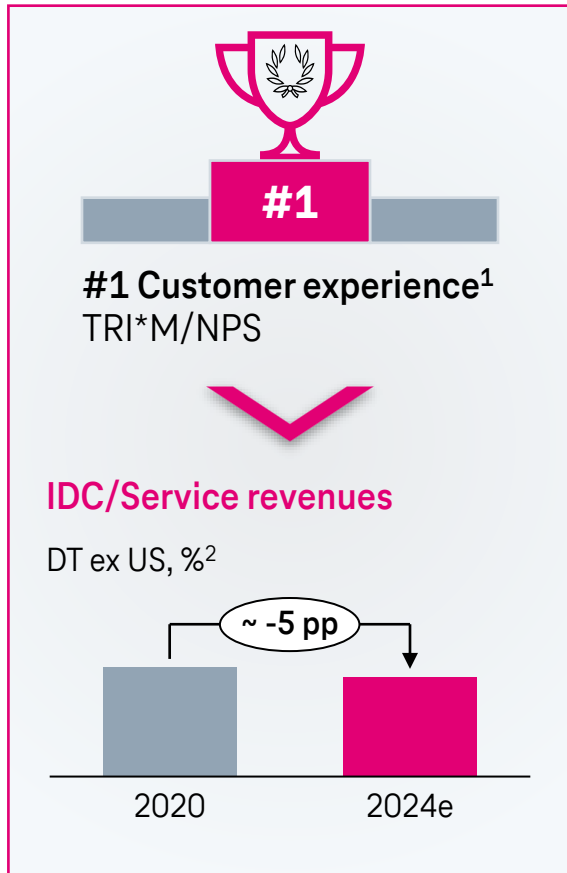


x2

<sup>1</sup> GER & EU: Active users, OneApp, 09/2024; <sup>2</sup> US: Unique users, T Life, 09/2024; <sup>3</sup> As of 06/2024, B2C only, GER = actual Moments users, EU = signed up members; <sup>4</sup> GER: Pre- & Postpaid, EU: Postpaid, incl. PL, CZ, HU, HR & MK; <sup>5</sup> Change in mobile contracts

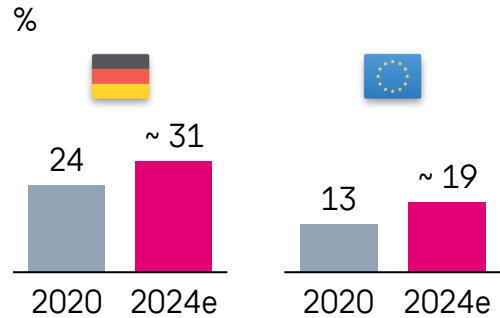


# Customer experience focus is driving digital transformation

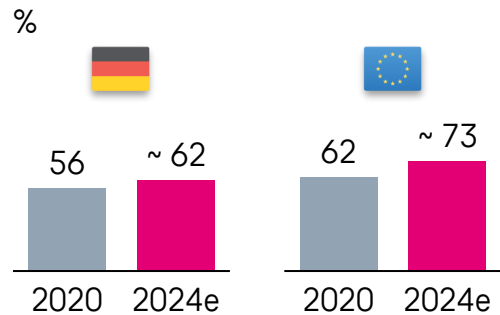


## SALES

### eSales share

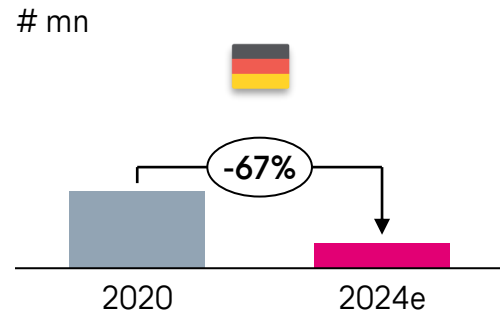


### OneApp penetration

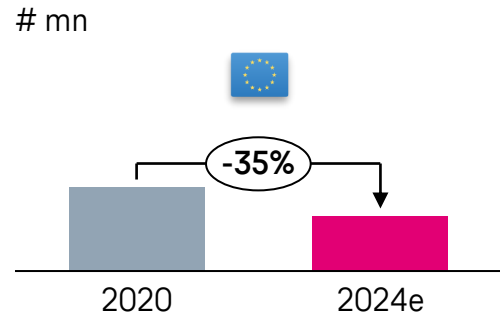


## SERVICE

### Claims & complaints

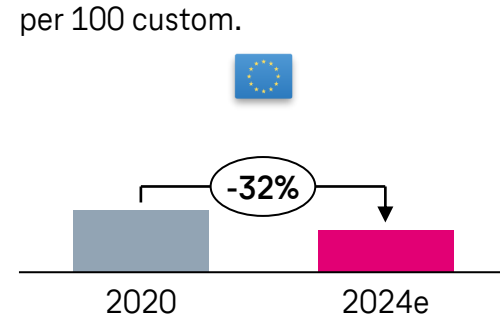


### Non-sales contacts<sup>3</sup>

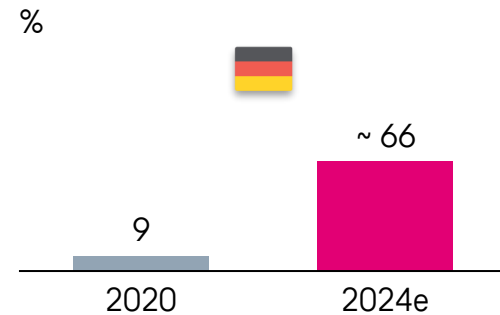


## OPERATIONS

### Reactive Truck Rolls



### NW Cloudified workload



<sup>1</sup> EU: #1 in 8 out of 9 countries B2C, 12M avg. as of Q2 2024 excl. RO, GER: B2C Q2 2024, B2B YE 2023, US: Q2 2024; <sup>2</sup> Adj. IDC AL as % of Service revenues, organic, excl. HU Telco tax; <sup>3</sup> Excl. RO

# Delivering on our environmental & social commitments

## CLIMATE



**-23%**

in **Scope 1–3 emissions**<sup>1</sup>  
in 2023 vs. 2020  
(Scope 1&2: -95% 2023 vs. 2017<sup>1</sup>)

**> 2x**

**Energy efficiency**  
more than doubled  
2024e vs. 2020

## CIRCULARITY



**61%**

**Fixed-line device takeback**<sup>2</sup>  
in 2023  
(25% for mobile devices)

**NO**

**ICT waste to landfill**<sup>4</sup>  
since 2022

## SOCIAL



**51 mn**

**People benefited**<sup>3</sup>  
Mainly from our digital inclusion activities in  
2023 (+84% since 2021)

**€1.5 bn**

in contribution to  
**social initiatives** in 2023

<sup>1</sup> Organic; <sup>2</sup> Modems, routers, repeaters and TV receivers; <sup>3</sup> Incl. “crisis mitigation” and “low carbon & circular society”; <sup>4</sup> All electronic waste produced is either reused, recycled, composted or sent to energy recovery

# Portfolio management generates superior value

## MADE THE RIGHT PORTFOLIO CHOICES ...

### Netherlands

Sales of T-Mobile NL at 8.7x EBITDAAL in 2021 – disposal after successful turnaround

### Towers

Monetization of 51% stake at 27x EBITDA in 2022 – ensured strong governance rights

### Softbank

Acquired TMUS shares from Softbank at \$108/share on average through share swap & options – DT dilution partly reversed through €2 bn DT share buyback in 2024

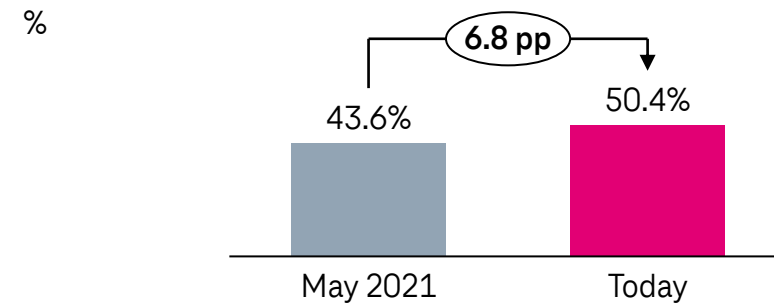
### DTCP

Proven value delivery. €1.4 bn value from €0.9 bn investment & significant contribution to the innovation ecosystem

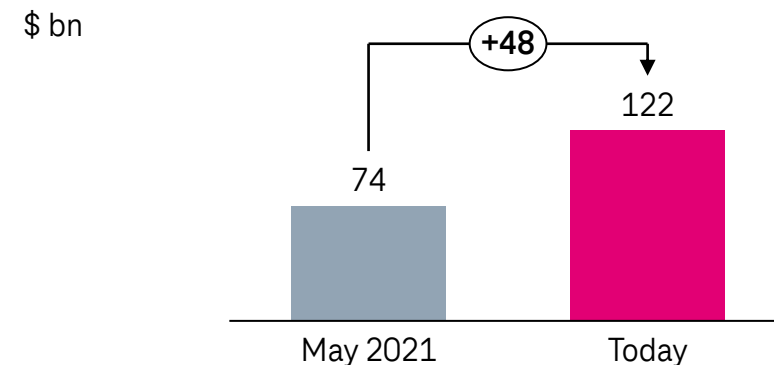


## ... & CREATED VALUE WITH TMUS

### DT TMUS stake

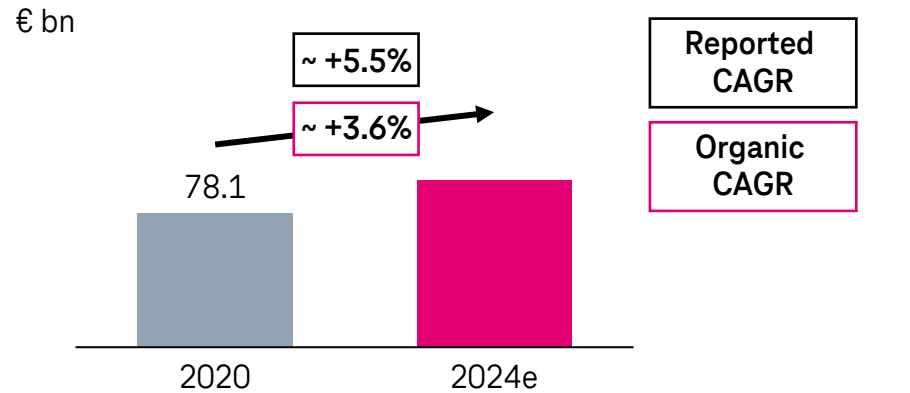


### Value of DT TMUS stake

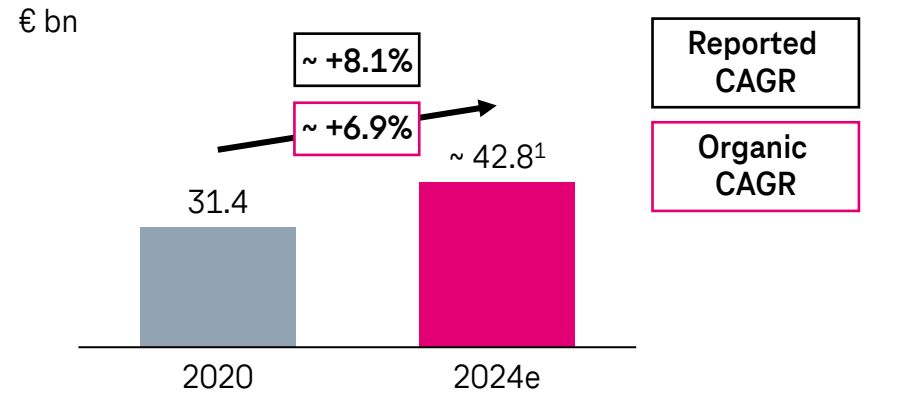


# Result: Growing in all key financials...

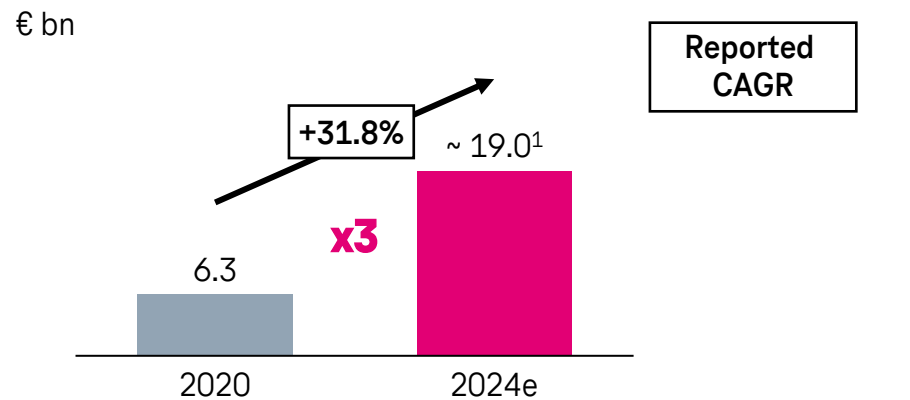
## Service revenues



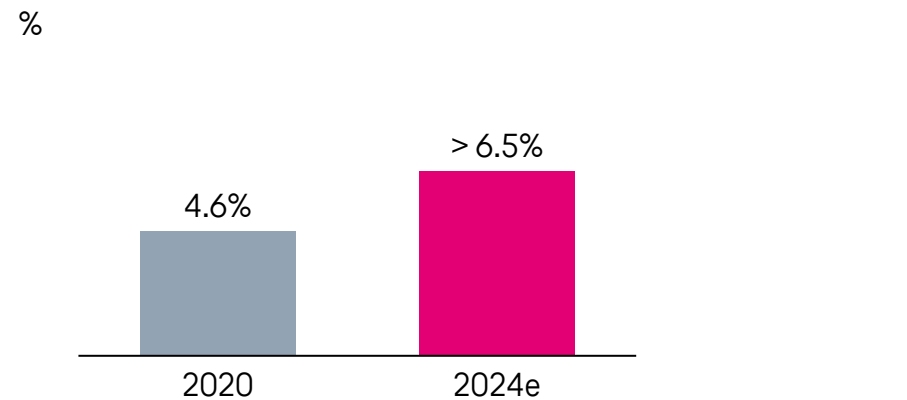
## Adj. Core EBITDA AL



## FCF AL



## ROCE



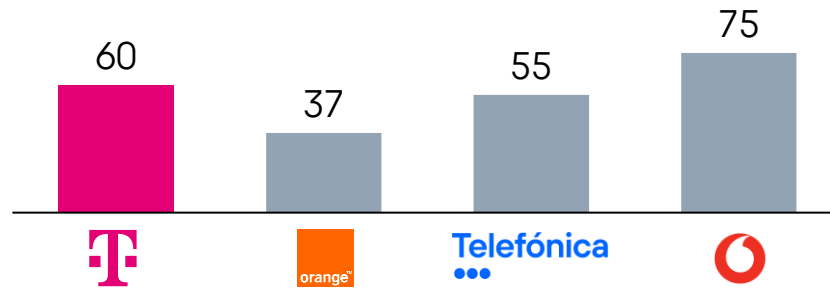
<sup>1</sup> As per guidance



# ...and outperforming peers on both sides of the Atlantic

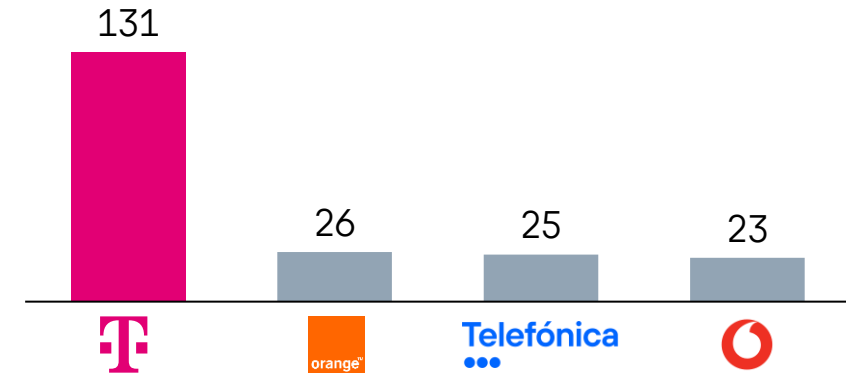
Just another Telco in 2014<sup>1</sup> ...

Market cap, € bn

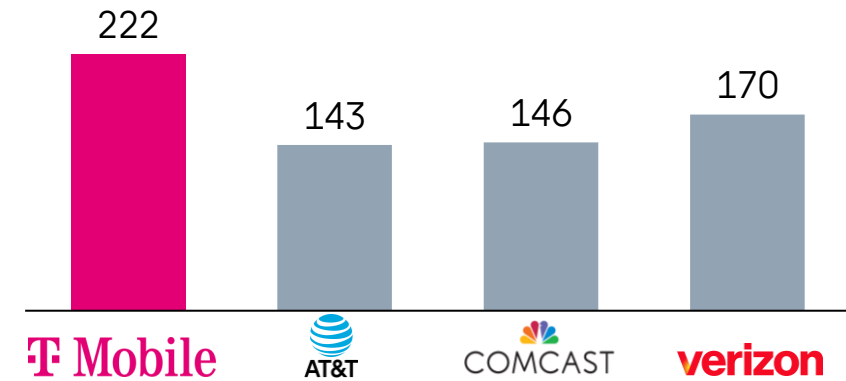
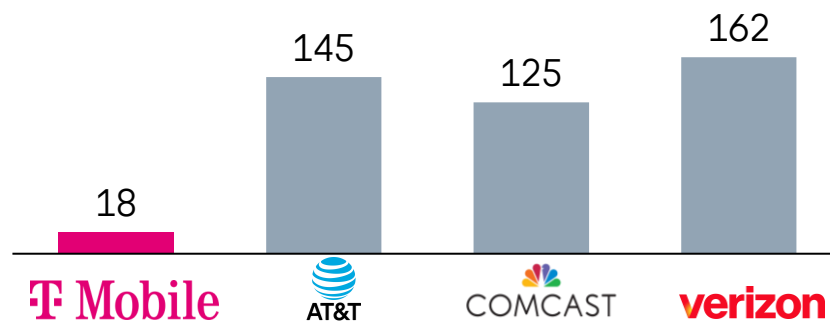


... to leading Telco in 2024<sup>2</sup>

Market cap, € bn



T-Mobile



<sup>1</sup> End of 2014; <sup>2</sup> October 5<sup>th</sup>, 2024



# Why T is different

**T** **Leading attitude** in everything we do

**T** **Customer delight & superior quality** is the best financial investment

**T** Never lose **Market share**

**T** **Sustainable growth & continuous transformation** is deeply rooted in our DNA

**T** **Long-term orientation** with persistent **short-term execution**

**T** **Smart portfolio management** yields additional superior value, no bad deals

**T** Unique balance between **global scale & local entrepreneurship**

**T** **A business with purpose** – no scandals & strong **ESG commitment**

**T** Radically transparent to create **trust & reliability**

**T** **Best team** – passionate, diverse thinking & business ownership



# CMD 2021 ambition: Almost all commitments fulfilled

KPI	Time frame	Ambition as presented (adjusted)	Achievement 2024e <sup>4</sup>	
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 <sup>1</sup> )	~ €19.0 bn	✓
FCF AL (DT ex US)	2024e <sup>3</sup>	€4 bn (~ €3.5 bn <sup>1</sup> )	~ €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 <sup>1</sup> )	~ €7.7 bn	✓
Adj. IDC AL (DT ex US) <sup>2</sup>	2020–2024e	Reduction by €1.2 bn	~ €0.0 bn	✗
Leverage (Group) incl. leases	2024e	≤ 2.75x	< 2.75x	✓

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

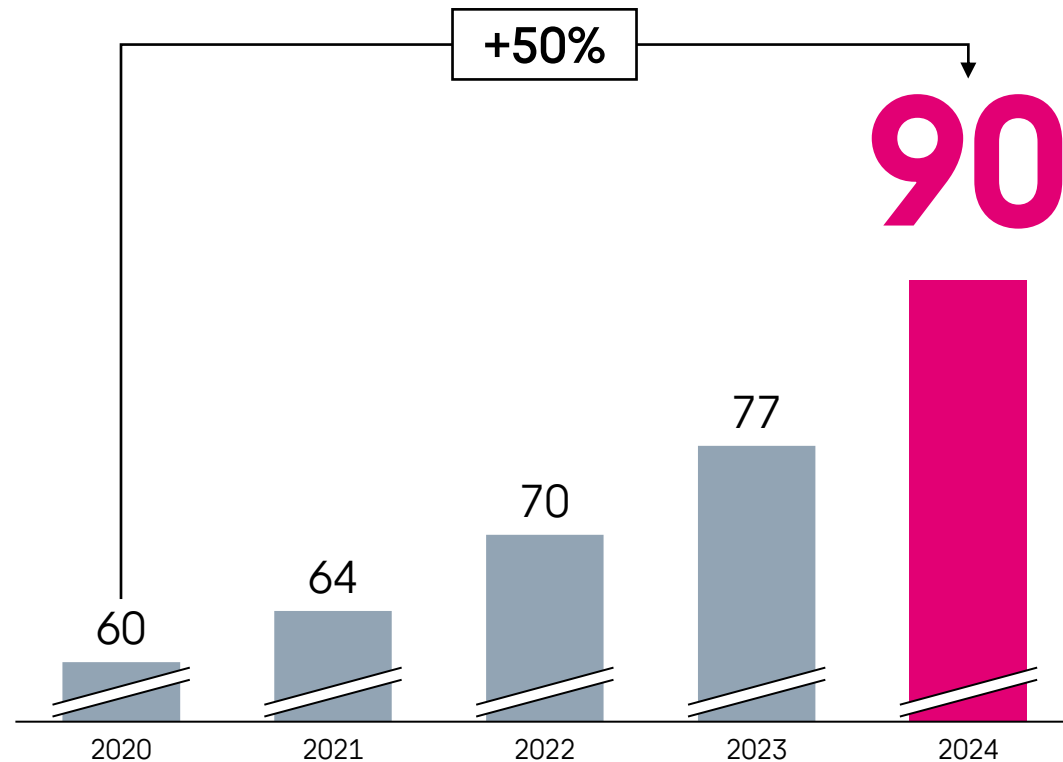




# Our strategy pays off for all shareholders

## Dividend<sup>1</sup>

€ Cent/share



## DT share buyback 2024

UP TO €2bn



## DT share buyback 2025

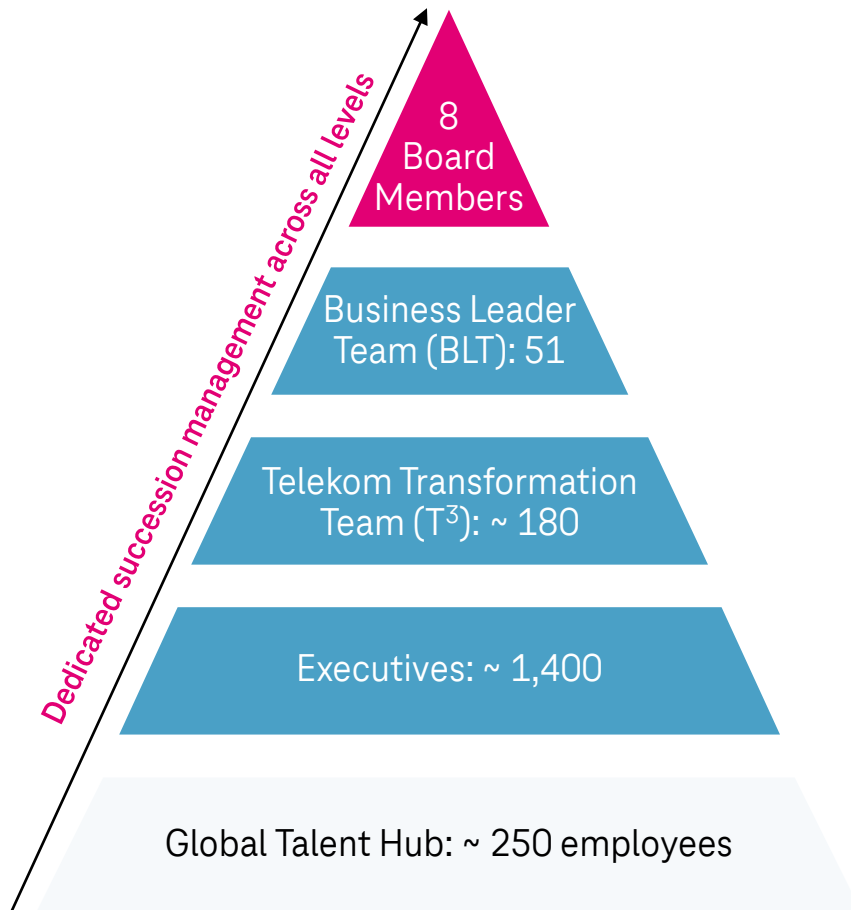
UP TO €2bn

<sup>1</sup> Subject to board resolutions & AGM approval



# **People Strategy 2023–2027**

# Best Team in the Industry with a strong leadership pipeline



## Renewed

- 13 internal & 6 external hirings for BLT since 2021
- 60% of BLTs & 70% of T<sup>3</sup>s less than 5 years in community
- Streamlining the executive team by ~ 280 since 2020
- Strong succession pipeline (internal and external)

## Diverse

	Female share	Int'l. experience	∅ Age
BLT	24% (2020: 13%)	> 40%	52 years (2020: 52 years)
Execs DT	23% (2020: 20%)	n.a	50 years (2020: 50 years)

## Recognized<sup>1</sup>

- “Leadership team stronger than market benchmark (...) ranging in 95<sup>th</sup> percentile”

## Until 2027e



Refresh leadership team

**30%** Female share



More global leadership team

**> 80%** Diverse age distribution

<sup>1</sup> Egon Zehnder

# Fostering our Magenta spirit and performance culture of our leaders

## PERFORMANCE BASED COMPENSATION



### Pay for performance

- Collective targets for STI and LTI
- Salary review<sup>1</sup> based on individual performance
- Spot bonus for outstanding performance

### Customer/People/ESG focus

- Remuneration targets incl. Employee- and Customer satisfaction since 2010
- Environmental targets since 2021

## STRONG COMMITMENT



### PULSE Survey

- Excellent employee survey results for our leaders<sup>2</sup>:
  - “Culture” with 90% (2020: 90%)
  - “Strategy” with 96% (2020: 95%)

### Skin in the game

- 96% of executives participated in stock plan in 2023 (2021: 56%)

## TEAM BUILDING & GROWTH MINDSET



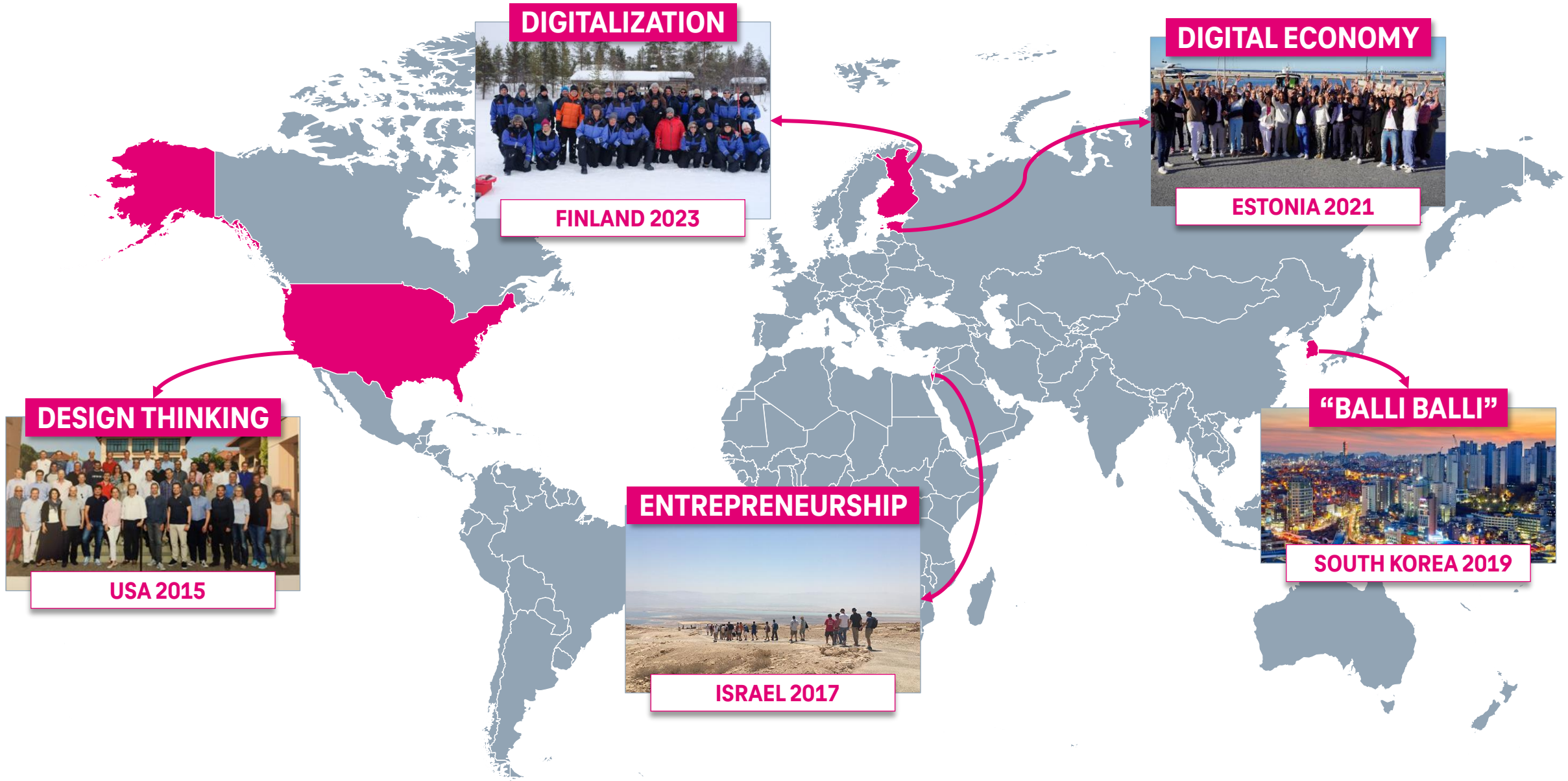
### BLT & T<sup>3</sup> Learning journey

- Community building and culture shaping
- Thought-provoking visits
- Digital learning platform for leaders

### Magenta Exchange program with TMUS

- Class of 2024: 30 high potential leaders

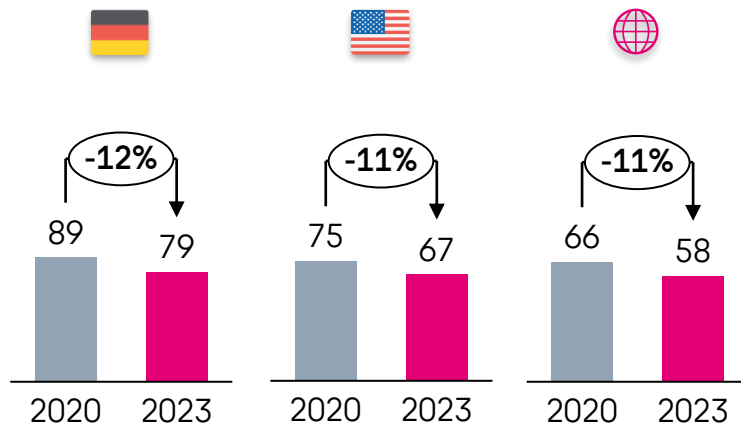
<sup>1</sup> For executives; <sup>2</sup> BLT results. For employees: Culture 79% (vs. 2020: 81%) and Strategy 79% (vs. 2020: 75%)



# Continuous workforce transformation for greater efficiency...

## Workforce transformation

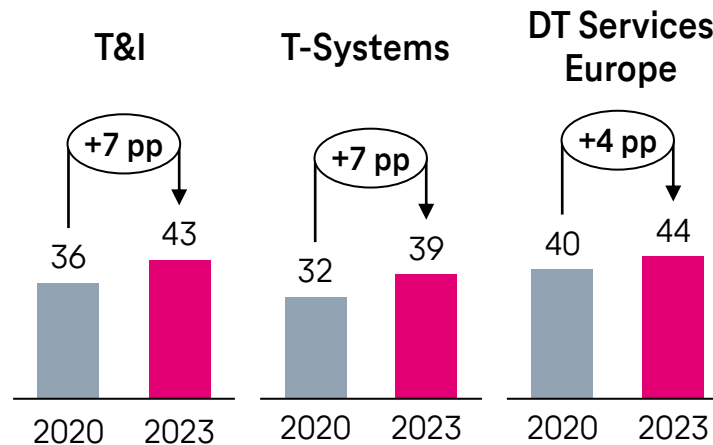
FTE development (GER, and rest of world) in '000 FTE, HC development (USA) in '000 HC



- **Drivers:** Quality improvements, digitalization, and overhead cuts
- **Transformation** in a socially **responsible way**
- **Declining average age:** 41.4 years (-0.4 years vs. 2021)

## Globalization of workforce

Share of Employees working from T-Hubs/GDCs, %



- **Global T-Hubs** with > 17,000 employees
  - **European Hubs** with > 10,000 FTE
  - Growing presence in **India** with > 5,000 FTE

## Until 2027e



Accelerate workforce transformation



Increase globalization of workforce

> 50%

Shoring in T&I

> 45%

Shoring in T-Systems

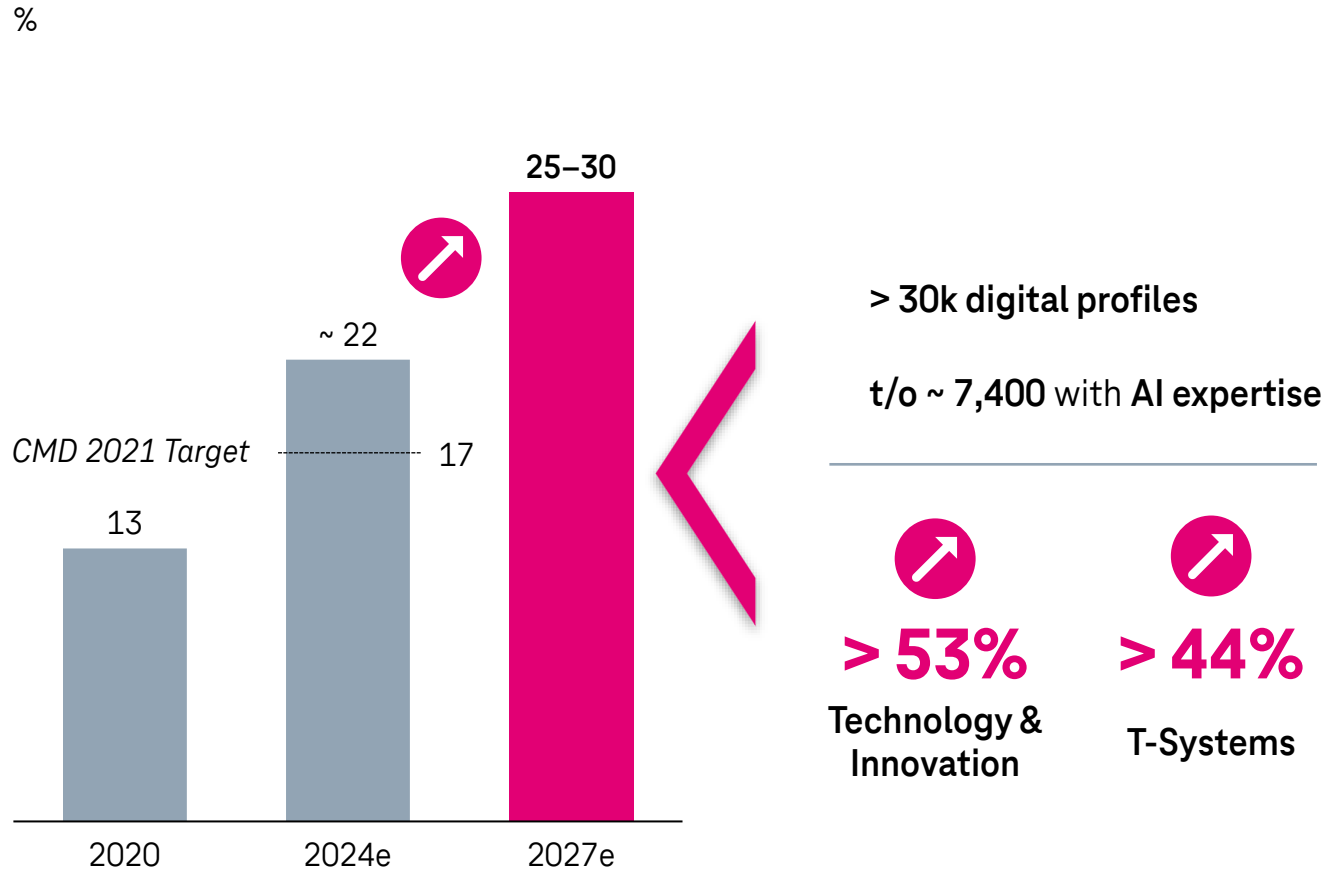
> 50%

Shoring in DT Services Europe



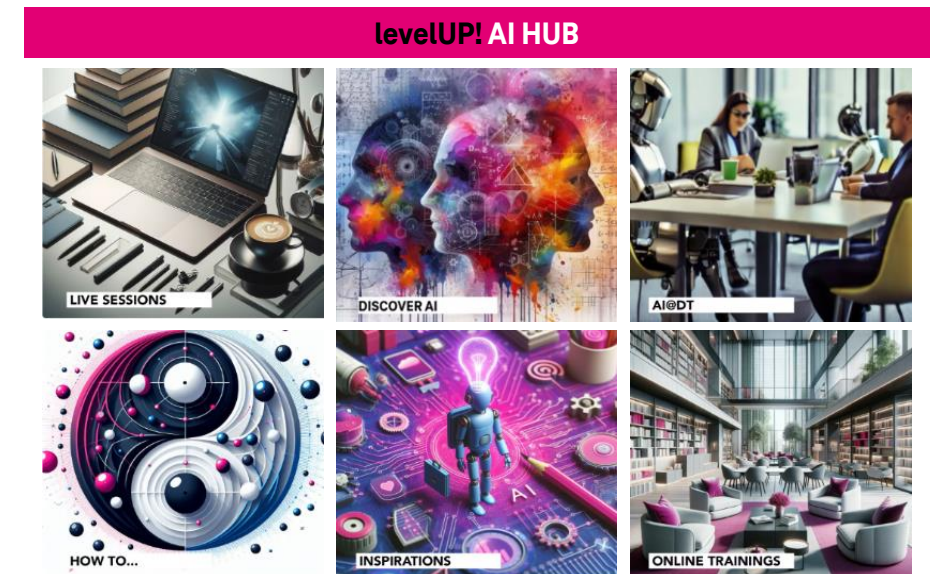
# ...and invest in our skill transformation

## Share of digital experts



## Investment in skill transformation

- > 5,300 apprentices and dual students in GER
- > 28k New skillings since 2020
- > 90k AI enablements since 2023
- > 10k Skill certificates at TSI
- Rollout of AI-based Skill Intelligence Platform














# Purpose, values and the passion of our people set us apart

Passion, diverse thinking & ownership distinguish our team

Radically transparent to create **trust** and **reliability**

A business with **purpose** – highest ethical standards & strong Social contribution

 <p><b>Brand identity</b> “I am proud of our brand” <b>82 pp</b></p>	 <p><b>T Ambassadors</b> Corporate influencers <b>&gt; 300</b></p>	 <p><b>DE&amp;I Communities</b> Global employee groups <b>18</b> Groups excl. TMUS</p>
 <p><b>Safe Space</b> “safe and supportive work environment for all” <b>91 pp</b></p>	 <p><b>Shares2You</b> Employees as Investors <b>&gt; 40%</b> (in GER)</p>	 <p><b>LEX</b> Learning from Experts sessions <b>&gt;6,000</b></p>
 <p><b>Purpose</b> “Meaningful work” <b>86 pp</b></p>	 <p><b>Inclusion</b> People with severe disabilities <b>7.6%</b> (in GER)</p>	 <p><b>Social contribution</b> volunteer hours <b>180k</b></p>

 <p><b>LEADING EMPLOYER GERMANY 2024</b> EXCLUSIVELY AWARDED TO THE COUNTRY'S TOP 1%</p>	 <p><b>Capital</b> Beste Ausbilder Deutschlands Duales Studium ★★★★★ Höchstnote für Deutsche Telekom</p>
 <p><b>BCG BOSTON CONSULTING GROUP</b> Diversity Champion</p>	 <p><b>LinkedIn TOP COMPANIES Deutschland 2023</b></p>
 <p><b>LEADING EMPLOYER GLOBAL 2024</b> EXCLUSIVELY AWARDED TO THE WORLD'S TOP 1%</p>	 <p><b>AERIAL BEST EMPLOYER BRAND 2021 AWARDS</b></p>  <p><b>Great Place To Work Certified MAY 2023 – MAY 2024 INDIA</b></p>  <p><b>Bloomberg Gender-Equality Index 2023</b></p>



# **Strategy 2023–2027**

# Key industry trends shaping our strategy



- Reinventing **Customer experience** for products, service & interaction
- Changing the **way we work** – automation of tasks & increasing efficiency



- **Disaggregation & cloudification** of Telco stacks, **NT/IT convergence**
- **API-fication & orchestrating** network of networks



- **Commoditization, digitization & market saturation** requires differentiation
- **Opportunity for new ecosystems** as Big Tech & certain industries being challenged



- **“Telco as a platform”** – scalable, cloudified, API-based
- **Global ICT solutions & global partnerships** matter to achieve economies of scale



- **Digital transformation & secure networks** (e.g. IoT/Robotics, Private NWs)
- **Everything goes software** & growing demand for **“aaS” models** (e.g. NW-APIs)

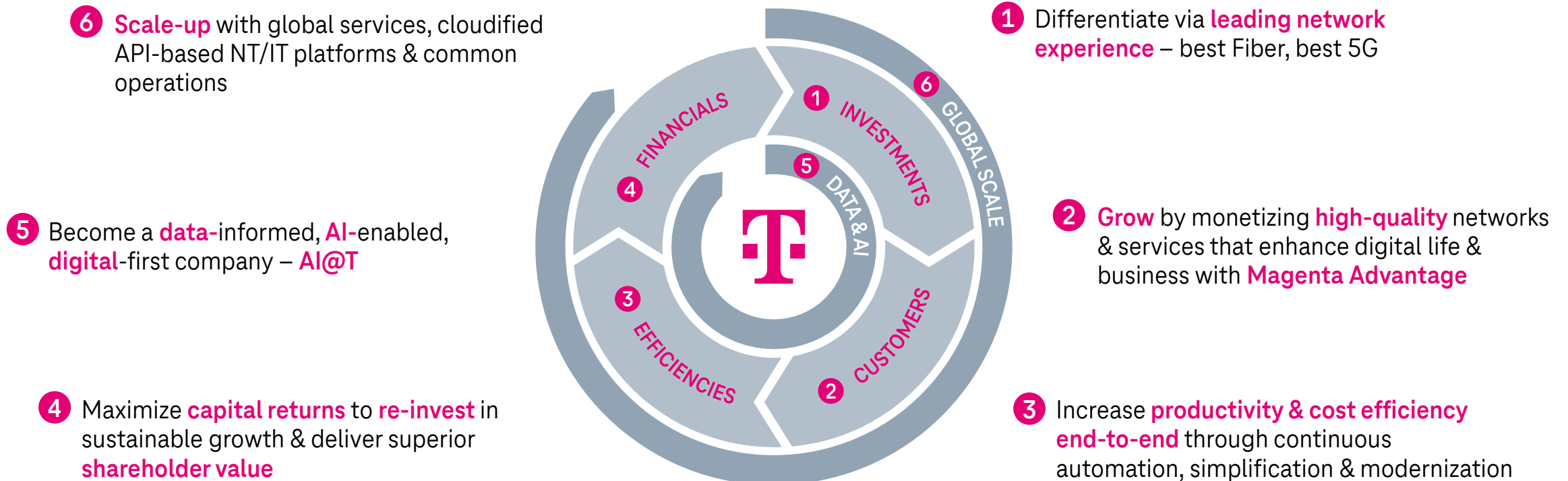


- **Economic, regulatory & political** polarization demand for strong values
- **Resilience turning critical** (e.g. supply side for western telcos)

# Flywheel works – acceleration through data, AI and global scale



# Our strategy: For our customers ... the Leading Digital Telco



We are **different** – superior brand, unique portfolio, best team, strong values & leading ESG ambitions

# Leveraging Fiber to create long-term profitability

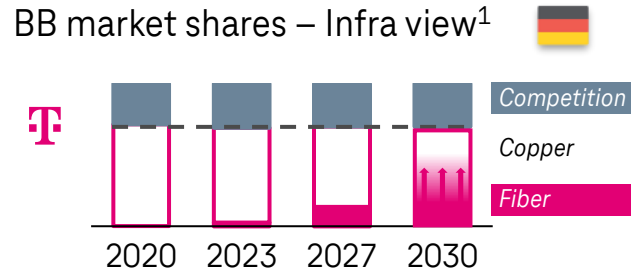


## Capturing Fiber opportunity ...

- best future network
- superior quality
- ARPU upside
- lower cost to operate
- green Fiber

... with ownership economics & high utilization

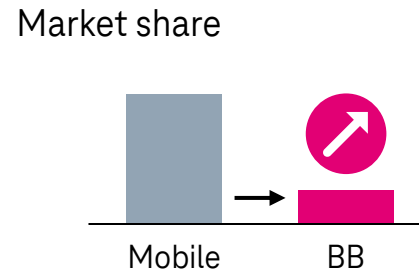
## INFRA LEADERSHIP IN INCUMBENT MARKETS



Stable or greater market share

- Copper to fiber migration
- Prepare copper de-commissioning

## SMART INVESTMENTS IN NEW MARKETS



Leverage mobile position

- Selected rollout areas
- Leverage asset-light models (organic, JV & swaps)

## Until 2027<sup>e</sup>

Total homes passed  
 ~ 17.5 mn<sup>2</sup> (2.5 mn p.a.)   
 ~ 13.5 mn<sup>3</sup> (1.0 mn p.a.)

Fiber utilization  
 > 20%   
 > 35%

## Until 2030<sup>e</sup>

Total homes passed  
 ≥ 12–15 mn

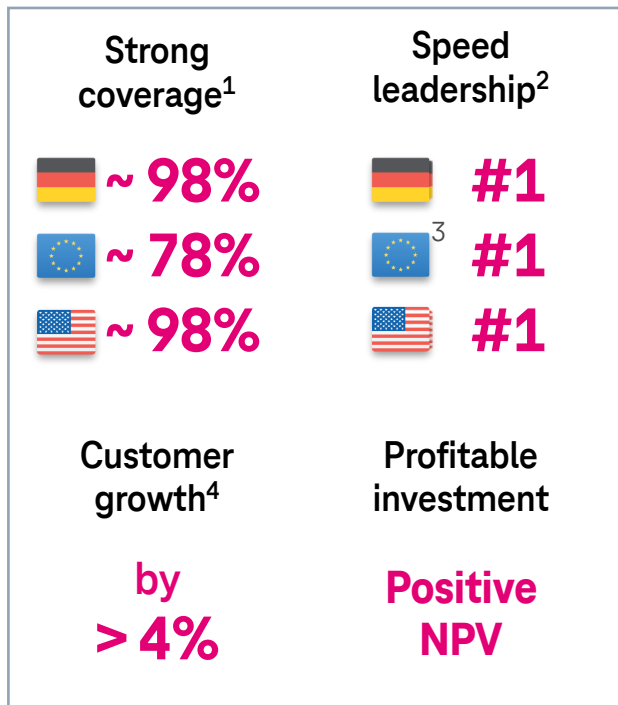
<sup>1</sup> Access lines, retail & wholesale; <sup>2</sup> FTTH incl. JVs; <sup>3</sup> FTTH/B & Docsis 3.1 (1 Gbps) incl. own, funded & partner rollout but excl. wholebuy



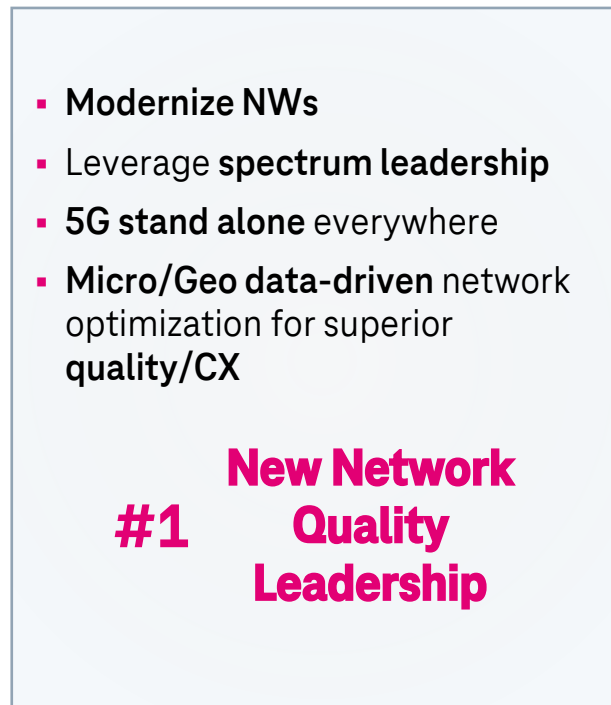
# 5G: We made it a winning strategy



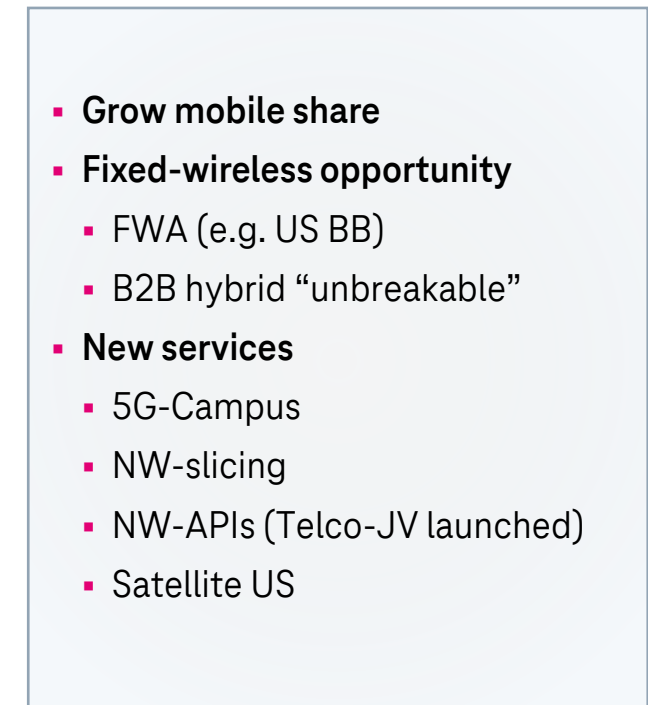
## MARKET LEADING IN 5G TODAY



## CUSTOMER DRIVEN NETWORK EXPERIENCE ...



## ... BRINGING MONETIZATION TO THE NEXT LEVEL



<sup>1</sup> 2024e excl. RO; <sup>2</sup> According to opensignal.com 5G download speed, Aug 16<sup>th</sup>, 2024 & Ookla; <sup>3</sup> Average 6 out of 10 NatCos, CZ, CR, GR, HU, MKD, PL; <sup>4</sup> CAGR 2020–2023, adjusted for disposal of FMC SIMs in RO



# Superior CX to monetize full B2C potential

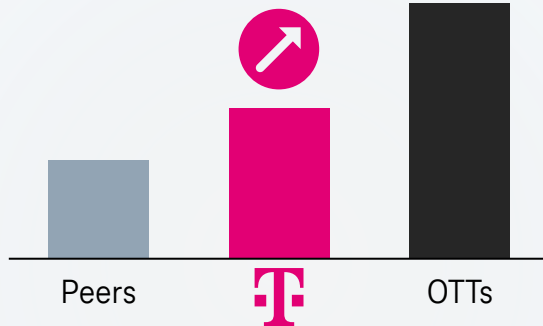


QUALITY DRIVES

SUPERIOR CX

## Net Promoter Score

– illustrative –



- **Best connectivity experience & seamless interplay**
- **Next-level quality benchmark, zero churn mentality**
- **Best NPS in market & closing gap to OTTs**

## Customer growth above & beyond

- **Push fiber utilization & Broadband market share**
- **Grow Mobile market share & strengthen mobile 1<sup>st</sup> brand**
- **Scale TV in & beyond base**  
(GER & EU: Customer growth > 4%)

Net add share



Market share

## Supercharge customer value

- **Drive broadband speed upgrades**  
(GER: > 65% customers ≥ 100 Mbps)
- **Leverage more for more & pre-to-post in mobile**



ARPA



# Unique global B2B setup incl. TSI to accelerate profitable growth



## UNIQUE STARTING POSITION

~ €20 bn<sup>1</sup>

Business

> 40k<sup>2</sup>

B2B FTE

~ 5 mn<sup>2</sup>

Accounts

#2

ICT provider EMEA<sup>3</sup>



## STRATEGIC TRANSFORMATION LEVERS

### Customer

Increase Large Enterprise SoW, outperform SMB, grow public (introducing T Priority in US), cross-sell TC & IT

### Efficiency

Transform sales & delivery, digitization, AI & offshoring

### T Systems

Transforming asset & integral part of DT's B2B differentiation

### Portfolio

Integrated – grow in connectivity (5G, FWA & fiber) & boost IT (Cloud, Security, IoT & AI)

### Scale

Collaborate across footprint (GER, EU & US) – MNCs, CoE & common brand

## PROFITABLE GROWTH

Service revenue growth<sup>4</sup>

~ 5%



Profitability growth

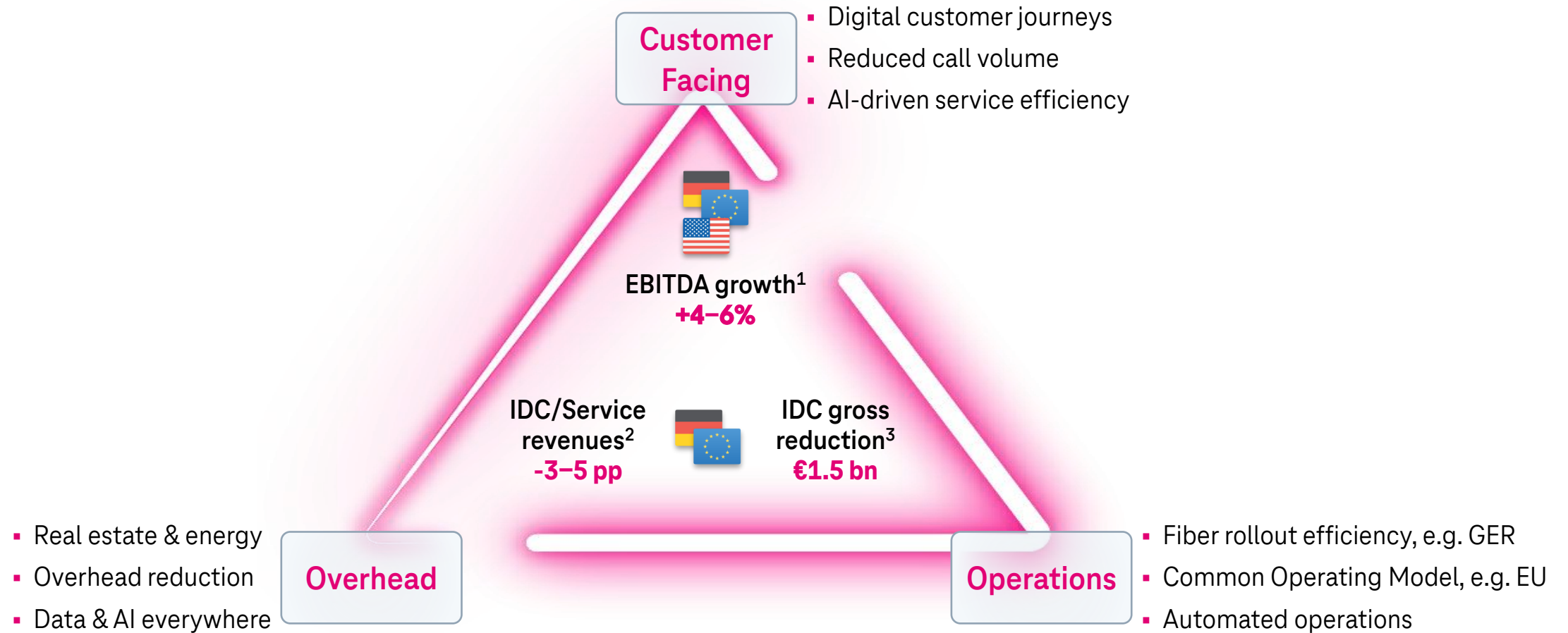


Service revenue growth

<sup>1</sup> B2B service revenues; <sup>2</sup> GER, EU & TSI; <sup>3</sup> PAC; <sup>4</sup> Incl. TSI, CAGR, 2023–2027e



# Boosting efficiency at all levels



<sup>1</sup> Adj. EBITDA AL CAGR 2023–2027e; <sup>2</sup> DT ex US, adj. IDC AL as % of Service revenues, organic, excl. HU Telco tax, 2023–2027e; <sup>3</sup> DT ex US, adj. IDC AL 2027e vs. 2023

# Set-up for a data-informed, digital-first company...



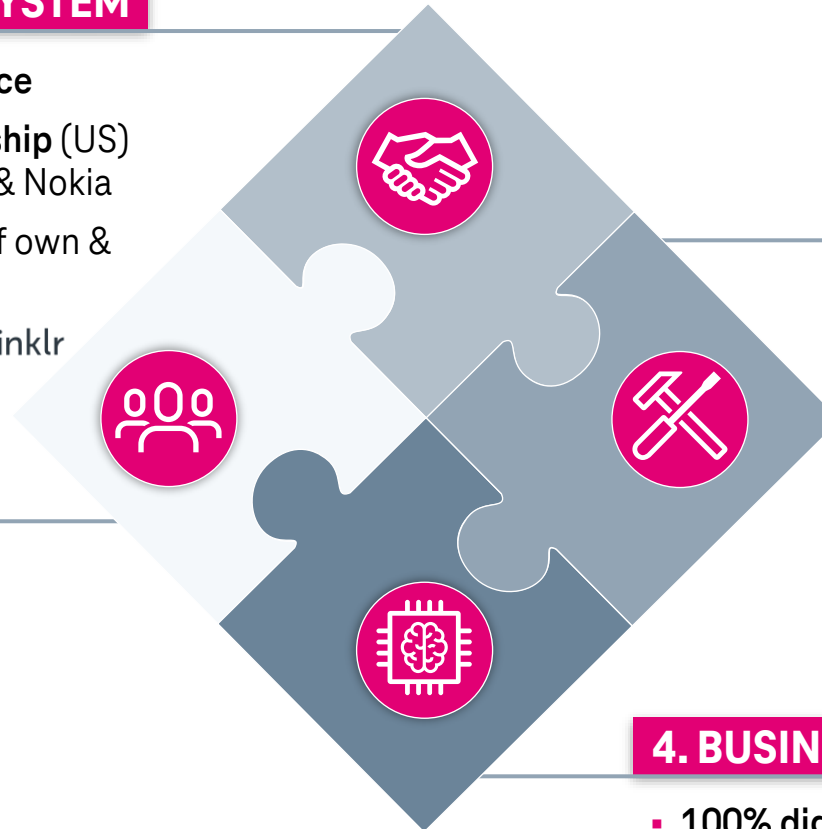
## 2. PARTNER ECOSYSTEM

- **Global Telco AI Alliance**
- **AI RAN R&D partnership (US)** with Nvidia, Ericsson & Nokia
- **Smart combination** of own & partner capabilities



## 1. ORGANIZATIONAL SET-UP

- **AI Competence Center**
- **AI Factory T-Systems**
- **Nearshore CoE in HU**
- **AI Shared Services** by DTSE
- Customer facing Detecon & **MMS AI Consulting**



## 3. EXISTING ASSETS

- **LLM OS foundation & Telco LLM**
- **Common data platform & service fed by:**
  - > 100 mn OneApp sessions<sup>1</sup>
  - > 18 mn OneShop users<sup>1</sup>
  - > 5.5 mn RDK router deployed
  - entire NT/IT stack
  - ...

## 4. BUSINESS INTEGRATION

- **100% digital customer channels** leveraging AI@T
- **Full end-to-end integration** via API's

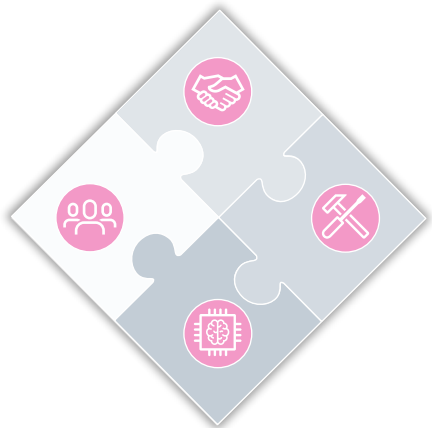
<sup>1</sup> Per month

# ...to generate direct impact with data & AI@T



**SET-UP** + **FULL INTERNAL INTEGRATION ALONG THE VALUE CHAIN** + **EXTERNAL PRODUCTS**

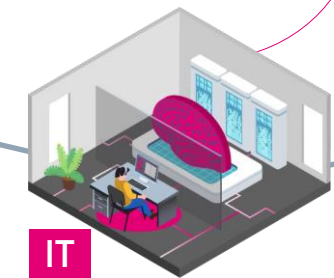
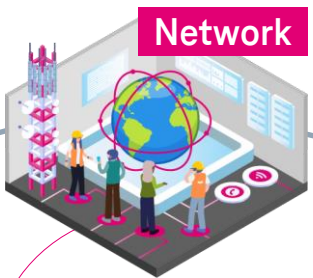
– Examples –



**Efficient**  
 +10% efficiency via contract analysis & drafting of legal documents

**Accelerated**  
 +20–30% productivity in SW development by assisted coding & operations

**Consumer AI**  
 e.g. AI Phone, ...



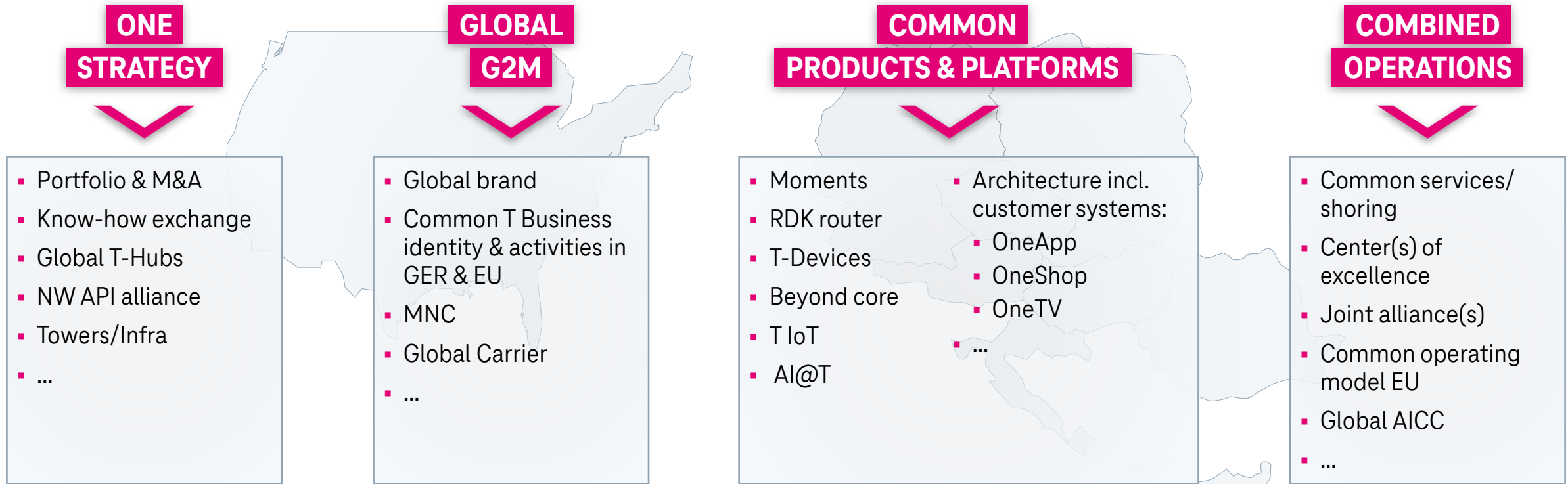
**Autonomous**  
 +20–30% in productivity for network planning & operations

**Automated**  
 +10p pNPS BB by automated & proactive WiFi repair

**B2B AI**  
 e.g. AI Foundation Services, ...



# Accelerate global scale leveraging our unique footprint



Unique balance between global scale & local entrepreneurship

# Portfolio development: same discipline, new strength



## UNIQUE POSITION OF STRENGTH

- ✓ #1 positions without “weak links“
- ✓ Unique transatlantic scale (~ 300 mn global customers)
- ✓ Scale to best capitalize on digitalization
- ✓ Best in class financial profile promising...
- ✓ ...attractive shareholder returns
- ✓ Leverage target achieved, therefore...
- ✓ ...financial flexibility, headroom to invest
- ✓ Track record of capital allocation focused on shareholder value (no “landgrab mode”)

## FURTHER OPPORTUNITIES TO ACCELERATE

-  DT and DT ex-US re-rating upside
-  Investment opportunities in attractive US market
-  Leveraging transatlantic scale
-  5G Towers & DT CEE towers as kingmaker assets
-  Strategic options for BT
-  DT Tech fund
-  Shareholder remuneration



# Committed to ambitious environmental and social targets



## CLIMATE



**≥ -55%** in 2030e vs. 2020  
**≥ -90%** in 2040e vs. 2020  
in **Scope 1–3 emissions**

- Clear **transition plan** towards **net zero**
- **SBTi**<sup>1</sup>-approved targets
- Focus on **Scope 3**  
(supplier production & use phase)

## CIRCULARITY



**100%**  
**Ready for circularity**  
around technology & devices in 2030e

- **Full circular approach, “T Circularity Score”**<sup>2</sup>
  - **Prevention** (design & packaging)
  - **Re-use** (lifetime & refurbishment)
  - **Collect & recycle** (devices & network/IT)

## SOCIAL



Similar digital inclusion beneficiaries  
**> 80 mn acc.**<sup>3</sup>  
+ Crisis effort

- **Accessibility** for all
- **Affordability** for those in need
- **Ability** – digital education, standpoint against hate

<sup>1</sup> SBTi = Science Based Targets initiative; <sup>2</sup> DT ex US only; <sup>3</sup> 2024-2027, without “crisis mitigation” & “low carbon & circular society”



# Customer focus translating into strong profitable growth



GROUP LEVEL KPI	AMBITION 2023–2027E		KPI DRIVERS
Service revenues	~ 4%	CAGR	Business growth
Adj. EBITDA AL	4–6%	CAGR	Operational leverage
Adj. EPS	> 11% <sup>1</sup>	CAGR	Growth & capital allocation
Cash Capex/Service revenues <sup>2</sup>	~ 21%	in 2027e	Invested for growth
FCF AL	~ €21 bn <sup>3</sup>	in 2027e	Cash generation
ROCE	~ 9%	in 2027e (> WACC)	Growing profit
Net debt/adj. EBITDA	≤ 2.75x		Financial discipline

<sup>1</sup> Absolute adj. EPS ~ €2.5 in 2027e; <sup>2</sup> DT ex US; <sup>3</sup> Based on €1 = \$1.08

**Midterm  
ambition level**

# Committed to lead and perform – again!

## STRONGER FOUNDATION



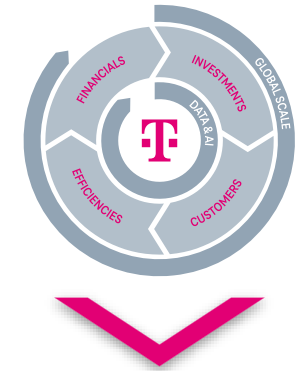
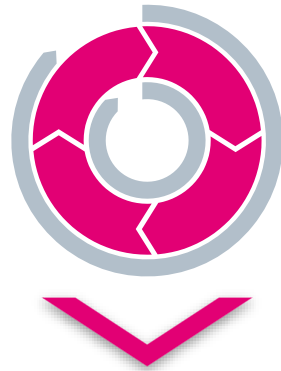
## SUPERIOR EXECUTION



## ACCELERATION



## VALUE CREATION



- Grow **US share** & strong **Portfolio** with optionality
- Solid **leverage** & **headroom**
- **T-Systems** a unique differentiator
- Strong **brand, values & ESG** commitments
- Rejuvenated industry leading **team**

- **Out-invest** competition
- Next-level **quality** approach
- **Win** in the market
- Capture the **Fiber** opportunity
- **5G** a winning story
- **B2B** profitable growth
- Ramp-up **beyond core**

- **Data** informed, digital first company
- **AI@T** everywhere for us & our customers
- Leverage **global scale**
- **Platform** economics

### Unlock additional Market cap:

**> €60 bn<sup>1</sup>**

- Adj. EPS: ~ **€2.5** in 2027e
- Dividends **40%–60%** of adj. EPS (2024e **€0.90<sup>2</sup>**)
- Share buyback of up to **€2 bn** in 2025

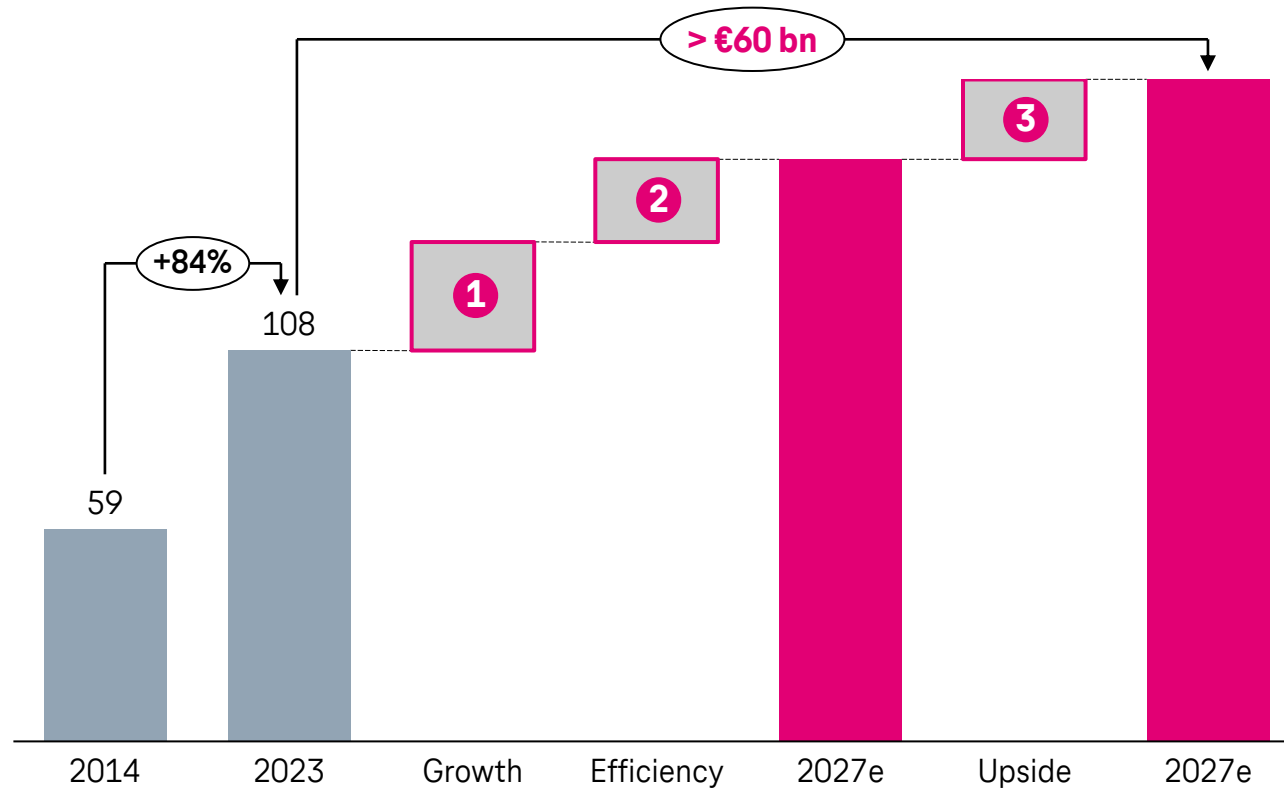
<sup>1</sup> Until 2027; <sup>2</sup> Subject to board resolutions & AGM approval



# Clear vision for unlocking additional Market cap potential

## DT Market cap

€ bn



<sup>1</sup> "Surplus" at guidance and  $\leq 2.75x$  leverage

## Strategic initiatives & value levers

### COMMITTED

- Service revenues 5% CAGR
  - Service revenues 2.5–3% CAGR
- Adj. EBITDA AL 4–6% CAGR
  - Data, AI & scale ~ €1 bn Savings DT ex US

### UPSIDE

- Beyond core potential
  - Global scale potential
- Portfolio, TMUS additional capacity
  - "Surplus"<sup>1</sup> reinvest (e.g. DT SBB, increase TMUS stake)

# Our midterm commitments

KPI	Midterm ambition level <sup>1</sup>	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 <sup>2</sup>	DT ex US: -3–5%	2023–2027e
Cash Capex	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% <sup>3</sup>	2027e
Leverage	Group: ≤ 2.75x	2023–2027e

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



CAPITAL  
MARKETS  
DAY 2024

#DTCMD24

**Germany**

**Srini Gopalan**

**(Board Member Germany)**

Wolfgang Metze (B2C Germany)



# Key messages – no trade offs

01

## Unmatched market leader

We are in a position of strength: #1 in NPS, leading in networks and brand, Service revenue growth, and > 3.5 years of +3% adj. EBITDA AL growth<sup>1</sup>. This enables us to invest in the future.

02

## Leading infrastructure

We aim for ~ 2.5 mn FTTH homes passed per year and are creating an outstanding mobile network with ≥ 1 Gbps per site.

03

## B2C growth ahead of market

We will drive broadband growth through Fiber net adds, speed upgrades and superior home experience. Growth in mobile is driven by superior network, family proposition and multi-brand strategy.

04

## Profitable B2B growth

We reset B2B to accelerate margin-rich growth through “fair share” in underrepresented pockets in fixed-line, network superiority in mobile, growing businesses digitalization and cost efficiency.

05

## Accelerating digitalization

We will enable 20–30% efficiencies in Sales & Service and Technology via Data & AI. This also underpins insight-driven Revenue growth.

06

## Continue EBITDA & ROCE growth

We will continue to self-fund our investments with ~ 2.5–3% adj. EBITDA AL growth until 2027e. This, along with disciplined capital deployment, will also drive further ROCE increase.

<sup>1</sup> Excl. impact from one-time payment tariff negotiations

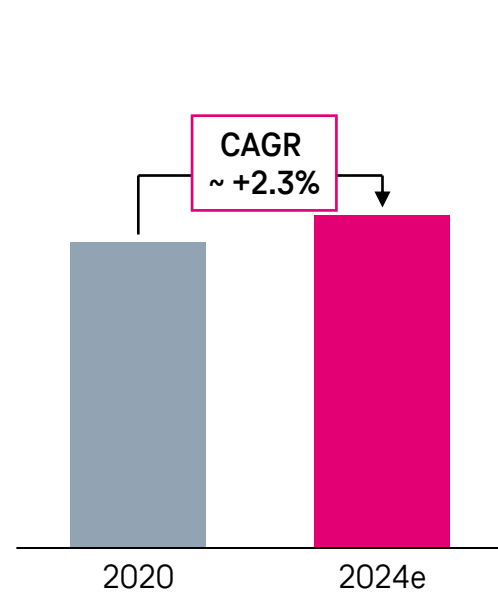
# **Review 2020–2024e**



# We accelerated and delivered growth

## Mobile service revenues

€ bn, organic

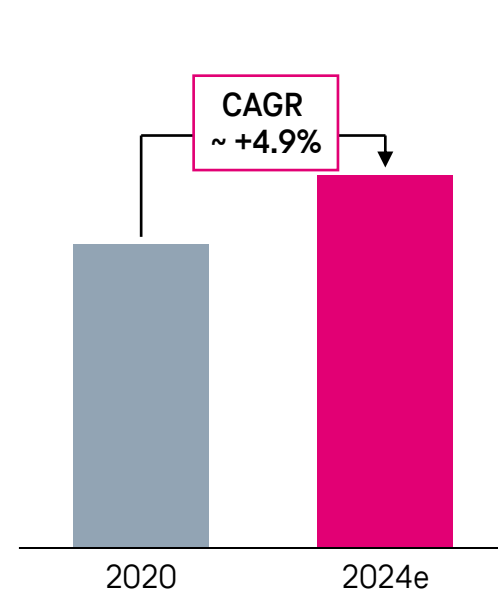


CMD 2021 ambition:  
CAGR 1–2%



## Broadband revenues

€ bn, organic

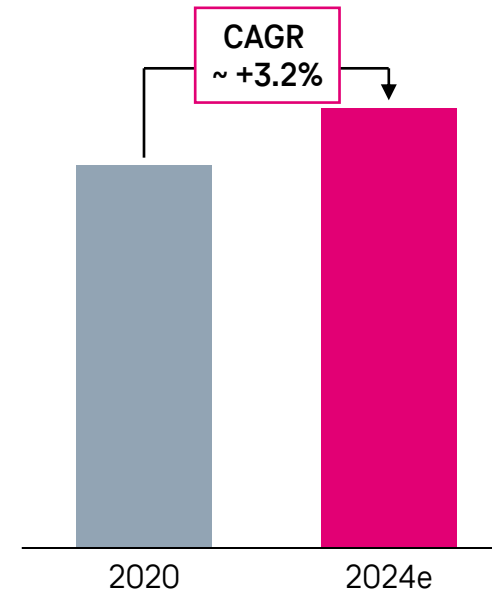


CMD 2021 ambition:  
CAGR > 4%



## Adj. EBITDA AL

€ bn, organic

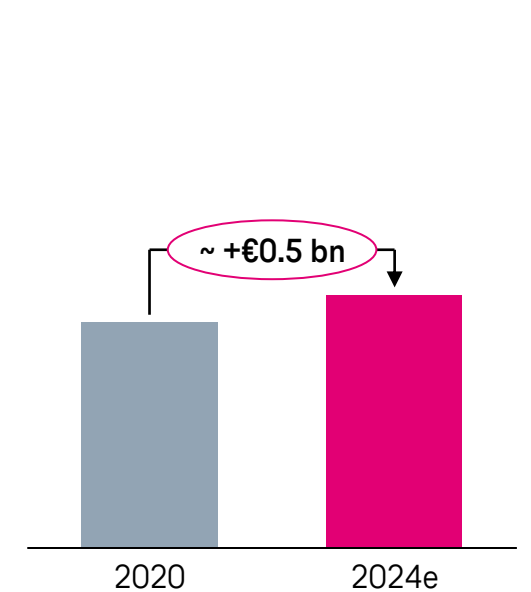


CMD 2021 ambition:  
CAGR 2.5–3%



## Cash Capex

€ bn, organic



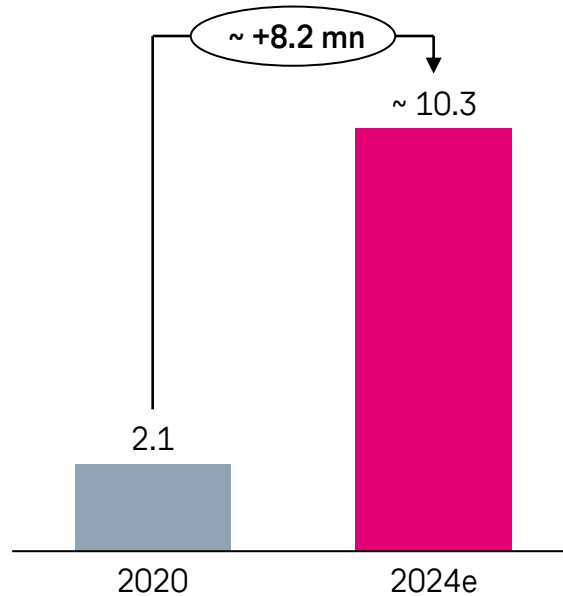
CMD 2021 ambition:  
~ €0.5 bn higher



# We invested in future value creation, while generating returns today

## FTTH rollout (incl. JVs and cooperations)

Homes passed in total, mn

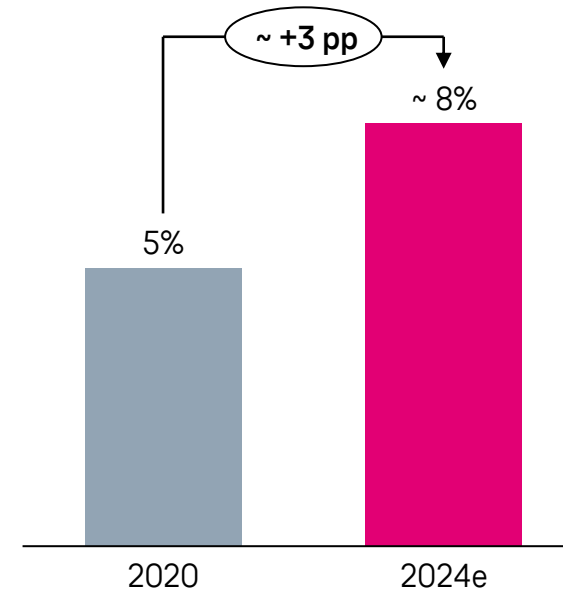


**CMD 2021 ambition:**  
~ 10 mn HH (excl. GF+); Target achievement impacted by substantial Cost inflation



## ROCE<sup>1</sup>

%



~ 3 pp improvement, despite elevated FTTH investments

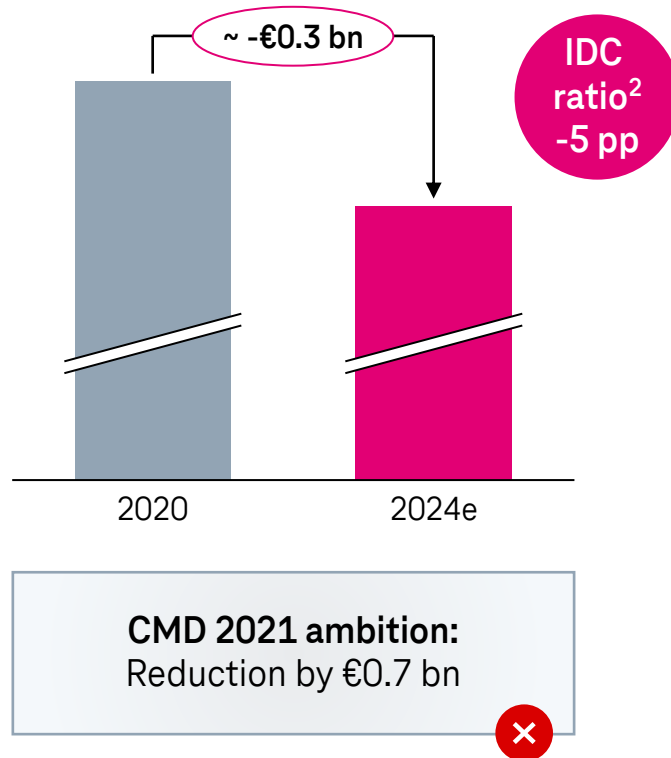


<sup>1</sup> ROCE in region GER 2020 excl. DFMG 5%; incl. DFMG 6% as shown in CMD 2021

# Despite inflation, we achieved strong cost efficiencies

## IDC AL<sup>1</sup>

€ bn, organic



Continued strong **reduction in central functions**

- Socially responsible transformation
- Real estate



Continued **digital and cloud transformation** in IT



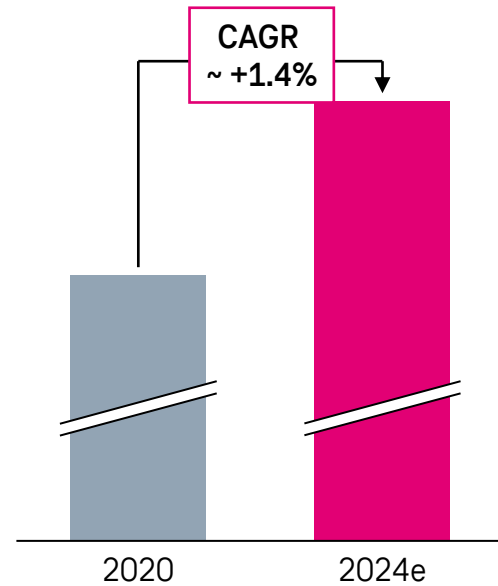
Pursued **near-/offshoring**

<sup>1</sup> External adj. IDC AL Germany incl. GHS & GD; <sup>2</sup> External adj. IDC AL as % of Service revenues

# We grew in B2B, but faster in revenues than in profitability

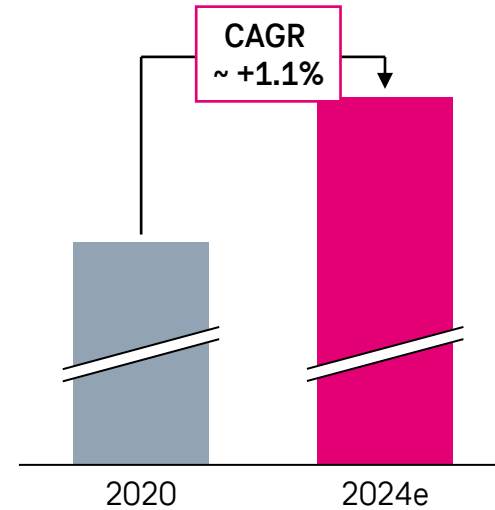
## B2B revenues

€ bn, organic



## B2B profitability<sup>1</sup>

€ bn, organic



### Achievements

- Strong **brand** and **customer perception** of T Business
- **Strong mobile performance** and continuous strength
- Strong **growth** in IT, data and **cloud products**



### Challenges

- **SDx product growth** not compensating **MPLS decline**
- **Margin decline** due to shift from Telco to IT revenues
- Highly **complex product portfolio**

**CMD 2021 ambition:**  
~ 2% B2B revenue growth

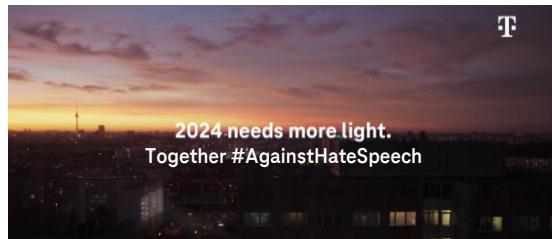


<sup>1</sup> B2B adj. EBITDA AL after sales & service costs

# What differentiates us

## LEADING ATTITUDE

#1 – most valuable German brand



Best Network



Best Service



Becoming digital



## UNIQUE PEOPLE & CULTURE



Purpose – 91% approval<sup>1</sup>

*“I perceive my work as meaningful.”*

## CUSTOMER FOCUS



Respect market structure



Market share growth through quality and customer insights



<sup>1</sup> Employee survey May 2024

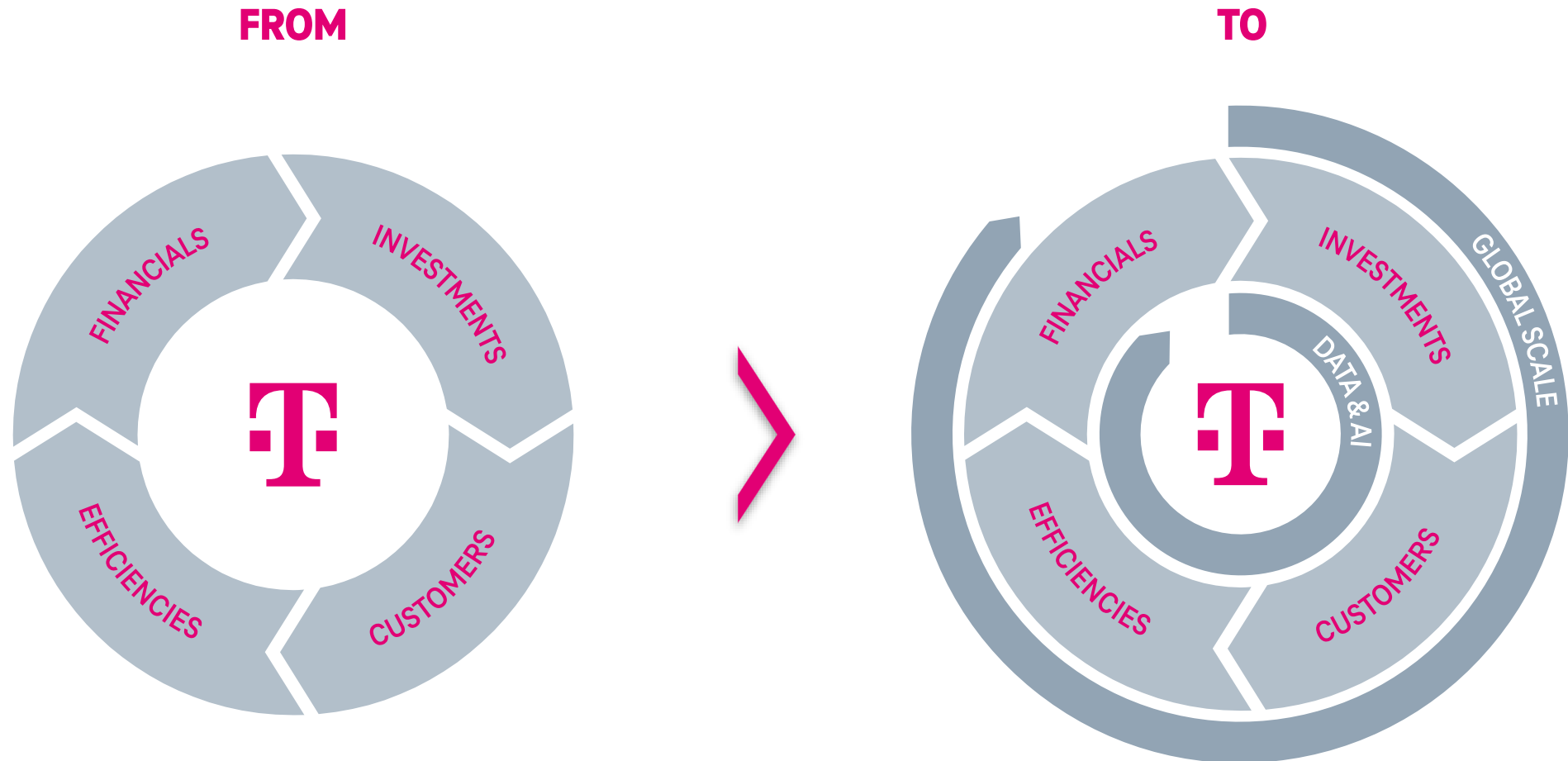
# CMD 2021 ambition: almost all commitments fulfilled

KPI	Time frame	Ambition	Achievements 2024e <sup>3</sup>
Mobile service revenues <sup>1</sup>	2020–2024e	CAGR 1–2%	~ +2.3%
Broadband revenues	2020–2024e	CAGR > 4%	~ +4.9%
Wholesale access revenues	2020–2024e	Stable (€ bn)	~ -€0.1 bn
Total service revenues	2020–2024e	CAGR ≥ 1%	~ +1.8%
FTTH homes passed	2024e	~ 10 mn HH (excl. GF+)	~ 9.5 mn
5G coverage	2024e	~ 97%	~ 98%
Adj. IDC AL <sup>2</sup>	2020–2024e	Reduction by €0.7 bn	Reduction by ~ €0.3 bn
Revenues	2024e	CAGR ≥ 1%	~ +2.4%
Adj. EBITDA AL	2020–2024e	CAGR 2.5–3%	~ +3.2%
Cash Capex	2020–2024e	~ €0.5 bn higher	~ +€0.5 bn

<sup>1</sup> Incl. MTR regulatory effects; <sup>2</sup> External adj. IDC AL, Germany incl. GHS & GD; <sup>3</sup> All numbers 2020–2024e organic

# **Strategy 2023–2027**

# We are evolving our Flywheel

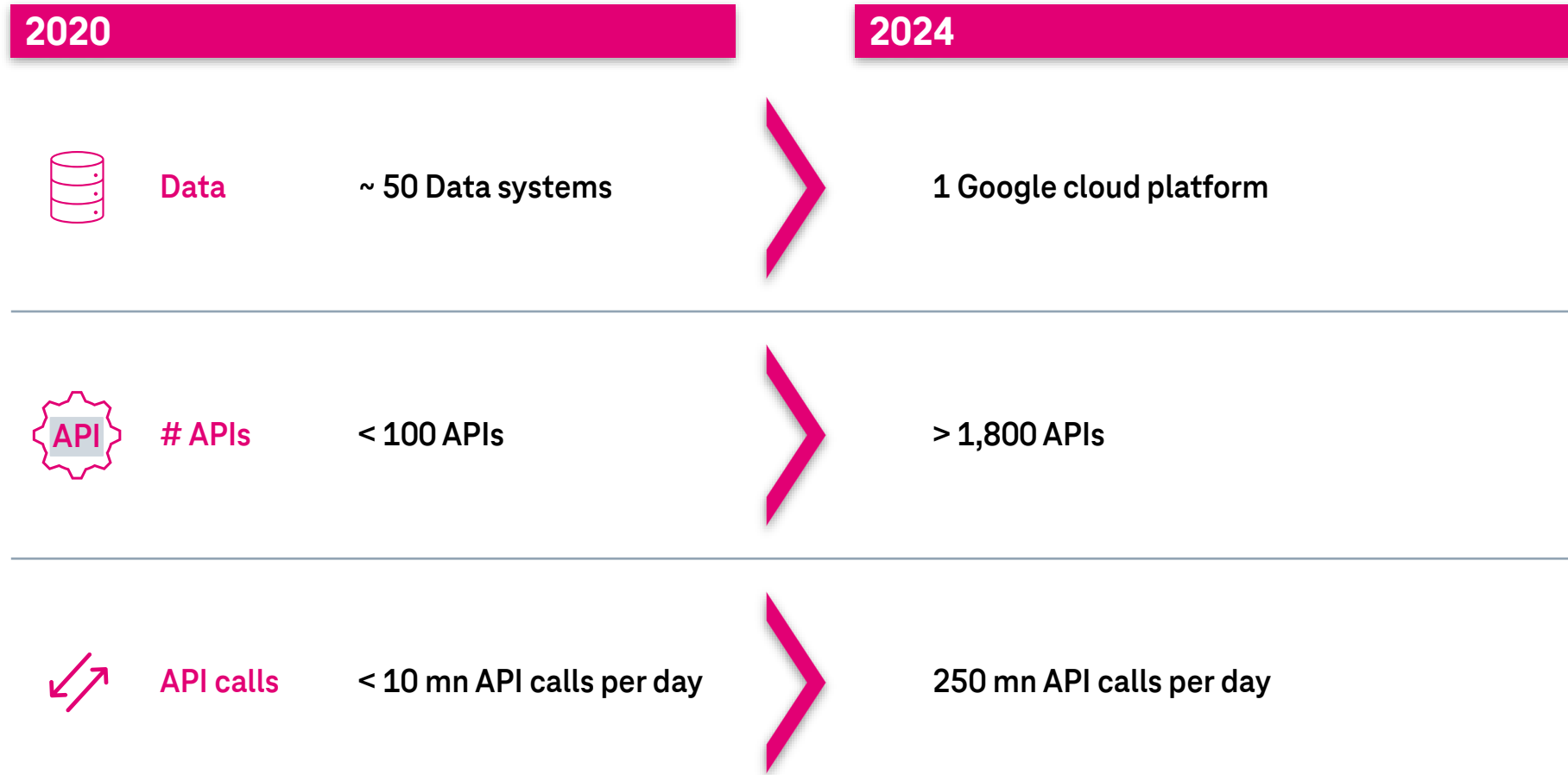


**... BY DOUBLING DOWN ON DATA & AI**





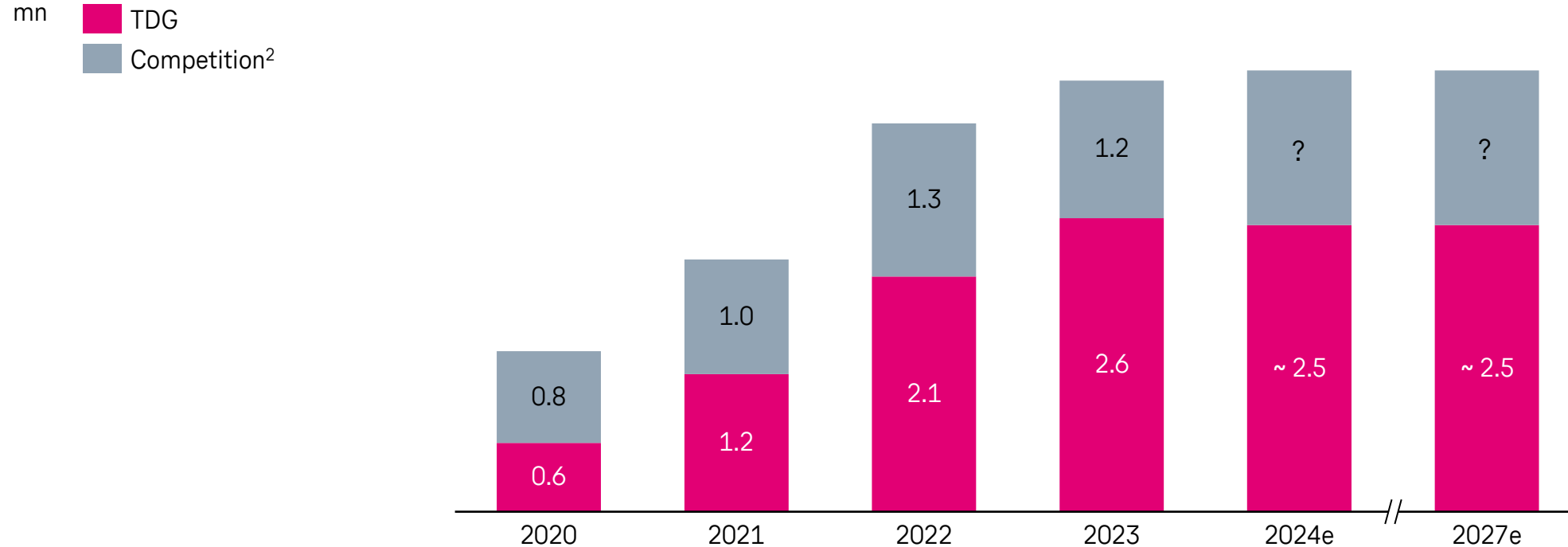
# We made a step change in our digitization



# We will continue to roll out ~ 2.5 mn FTTH homes passed p.a.



## FTTH rollout homes passed p.a.<sup>1</sup>



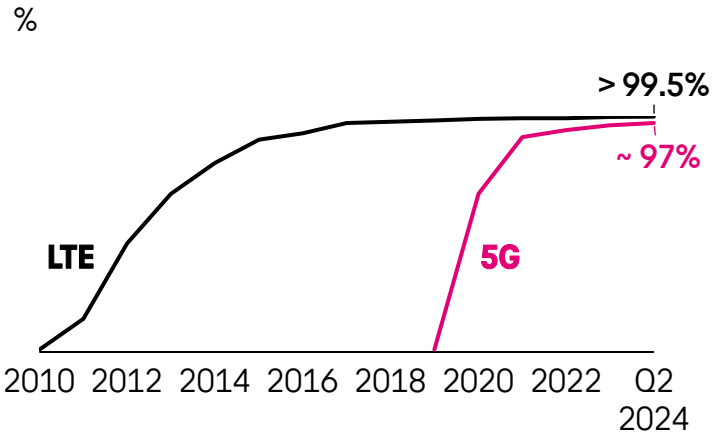
► Infrastructure share dependent on Altnet performance

<sup>1</sup> Incl. JVs and cooperations; <sup>2</sup> Source Competition: own analysis/Infrastruktur-Atlas

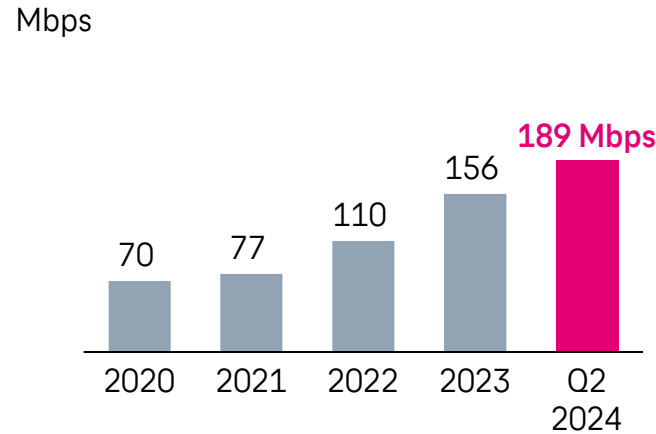
# We have the only “outstanding” mobile network in Germany



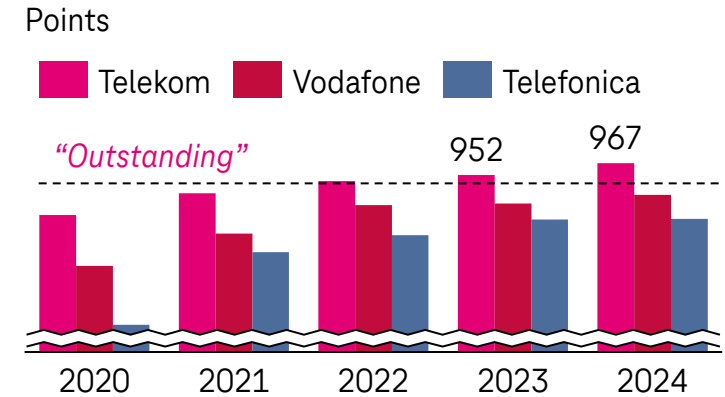
## Population coverage



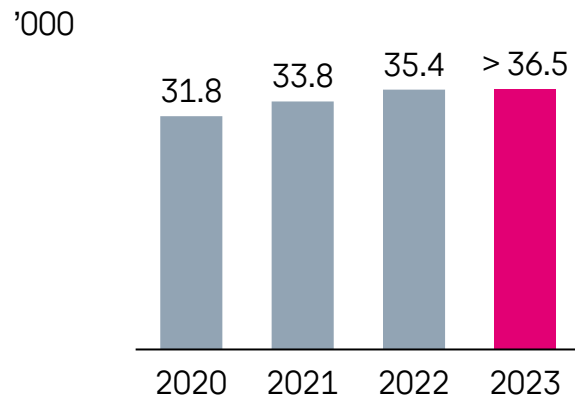
## Average download speed<sup>1</sup>



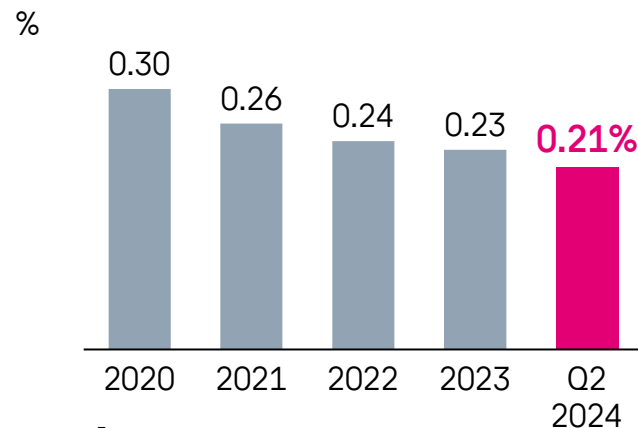
## Network scores<sup>2</sup>



## Mobile sites<sup>3</sup>



## Call drop rate



## Series test winner



<sup>1</sup> Speed measured via TDG-internal drive tests; <sup>2</sup> Connect Mobile Network Test 2024; <sup>3</sup> Incl. Small Cells



# Modernization further increases our mobile network advantage



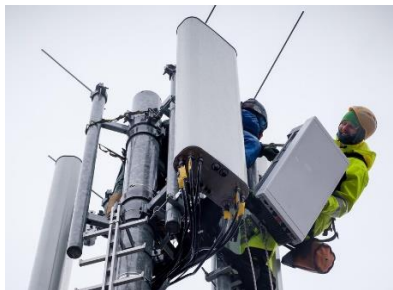
## MODERNIZATION OF OUR COMPLETE ACCESS AND BACKHAUL NETWORK...



### Increased spectrum utilization

Lowband on all sites & midband densification at scale  
3.6 GHz as differentiator for traffic hotspots

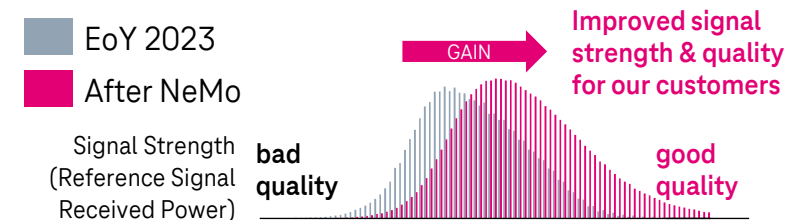
### Optionality for 5G on all spectrum bands



### Invest in Backhaul capacity enhancements

## ... LEADS TO SIGNIFICANT CUSTOMER EXPERIENCE IMPROVEMENT IN 2027

- Doubling capacity
- ~ 90% of all sites with  $\geq 1$  Gbps top download speed per site
- Improved indoor experience<sup>1</sup>



- Seamless coverage for traffic routes
  - ~ 400 new sites along highways until 2027
  - Highways & train tracks with  $\geq 200$  Mbps<sup>2</sup>

<sup>1</sup> Exemplary indoor coverage analysis, share of households in Top-100 cities by signal strength (RSRP in dBm). Public venues not included (malls, offices, etc.); Source: TDG internal (Crowd Sourced Data);

<sup>2</sup> Speeds according to current BNetzA definition for coverage obligations

# Turning customers into fans is the heart of our strategy



## Satisfied customers...

... spend more:

**> 9%**

higher revenue<sup>1</sup>

... stay longer:

**-50%**

churn<sup>1</sup>

Loyalty program Magenta Moments leads to high engagement and significantly higher NPS of our app customers vs. customers not using the app.

**4x**  
higher relationship NPS<sup>2</sup>



Monthly data snack on us for mobile customers to extend experience on our mobile network.

**2x**  
higher product NPS<sup>3</sup>



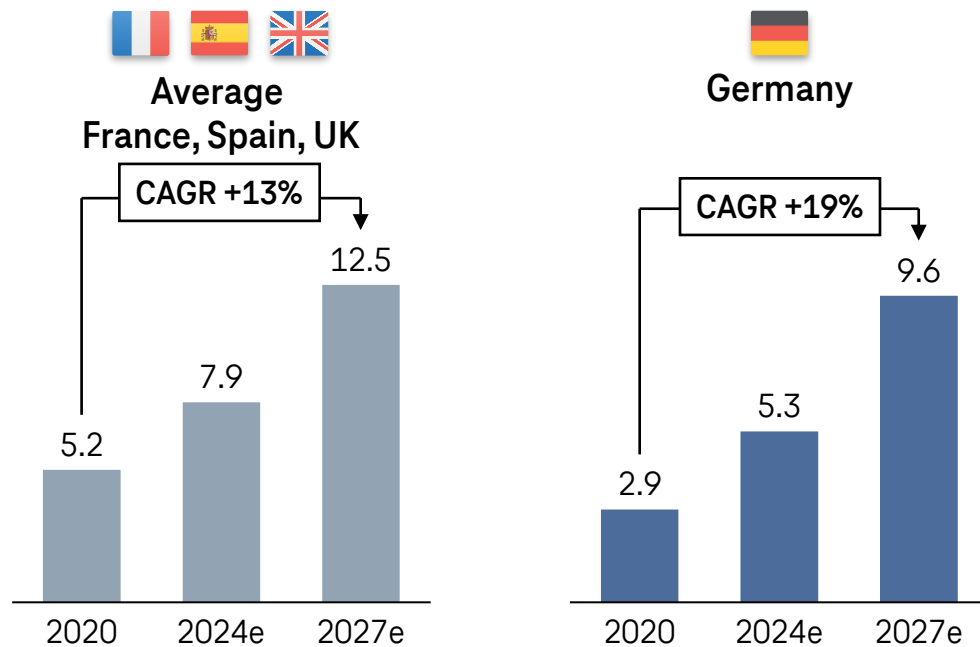
<sup>1</sup> 01/2023–06/2024; <sup>2</sup> 06/2024; <sup>3</sup> 07/2023–07/2024

# Germany has significant growth potential in its digital evolution



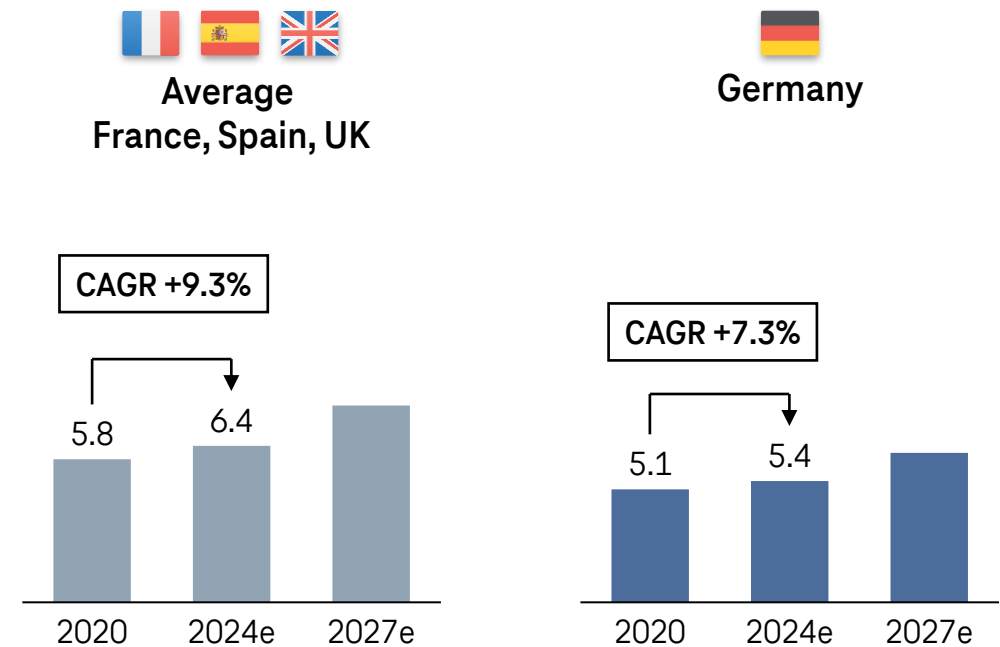
## Annual data consumption per broadband access

TByte



## Base of connected devices installed

Average number of connected devices per household



Source: Analysys Mason, Fixed network data traffic: worldwide trends and forecasts 2022–2028

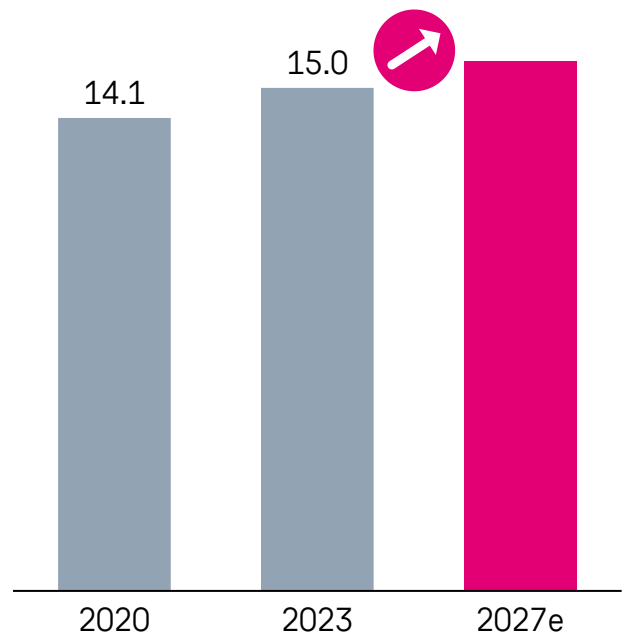
Source: Omdia, Connected Devices Databases – Core Connected Devices – Q1 2024



# Expanding BB leadership will drive continued volume & ARPA growth

## Broadband retail customers

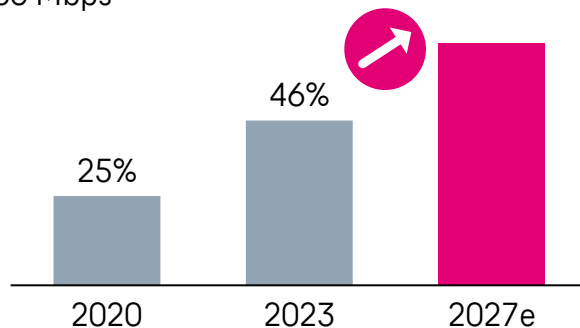
mn



Targeted **Net add share > 40%**  
in 2025–2027e

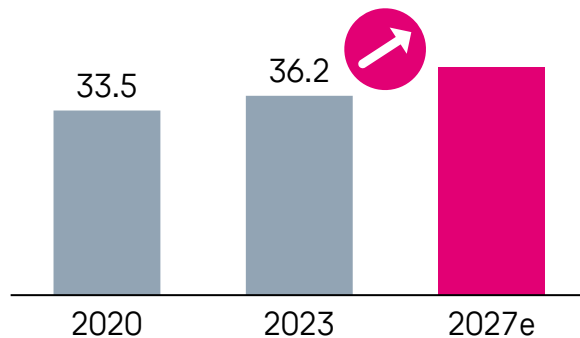
## Share of ≥ 100 Mbps (retail)

Amount Broadband customers  
≥ 100 Mbps



## Broadband ARPA (B2C)<sup>1</sup>

€



## Ambition 2027e

**3–4%**  
BB revenue CAGR  
2023–2027e

<sup>1</sup> Until 2023 excl. P&A effects



# We will strongly step-up our FTTH customer net adds



## Key measures to accelerate homes connected



Building permissions at scale



Regional structure



Capacity increase

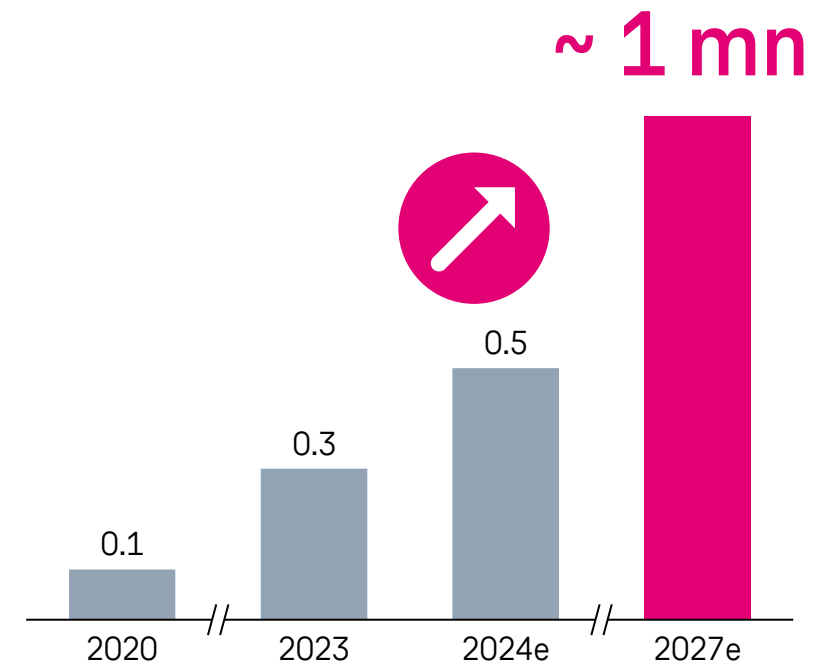


New portfolio and marketing push



## FTTH net adds (retail and wholesale)

mn





# We have the best TV offer in Germany



## WHAT MAKES MAGENTA TV UNIQUE

Best content aggregator & differentiator

Linear TV channels



TV on-demand<sup>1</sup>



Exclusive deals & content



Exclusive, event-based highlights<sup>2</sup>



Best UX at all touchpoints

Best product & service experience



User interface



Shop



Service

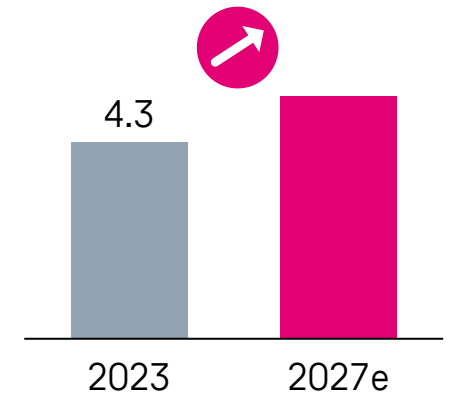


Web



Magenta TV customers

Access, mn



Superior Customer satisfaction

Repeated test winner!



**25** pNPS points<sup>3</sup>

<sup>1</sup> Exemplary partner selection; <sup>2</sup> Exemplary event selection; <sup>3</sup> Active customers on MagentaTV 2.0 February-August 2024



# We democratized our mobile network w/o sacrificing Service revenue growth

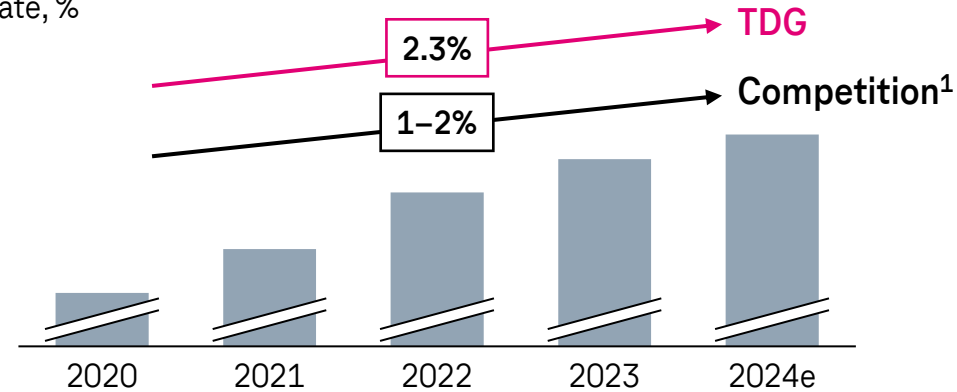


## Core insight

Trade off between value and quality for families removed

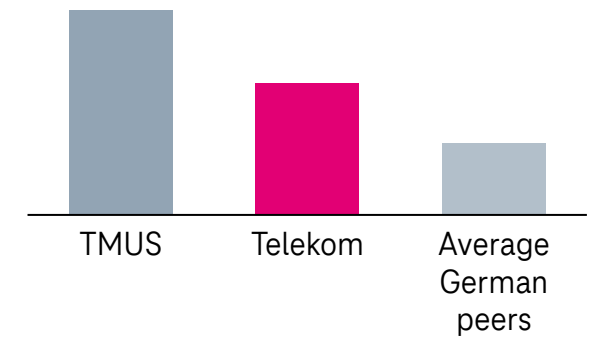
## Mobile service revenue market

Growth rate, %



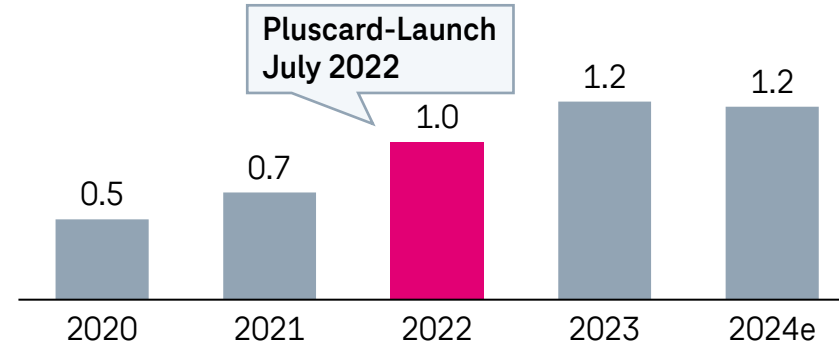
## rNPS<sup>3</sup> mobile B2C<sup>4</sup>

Points

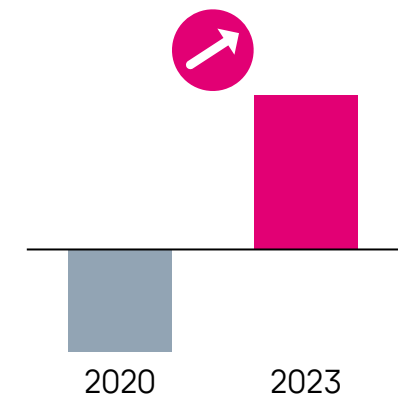


## Mobile net adds<sup>2</sup>

mn



## MVNO port win share



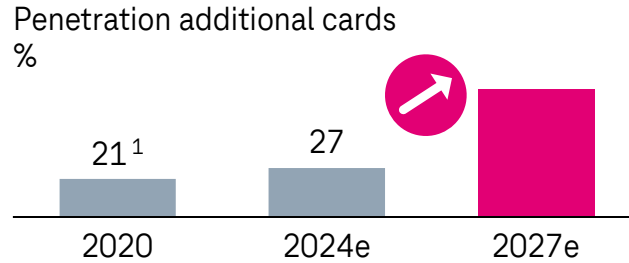
<sup>1</sup> Quarterly reports peers; <sup>2</sup> Own branded retail customers excl. multi-brand, consumer IoT & "Schnellstarter"; <sup>3</sup> Relationship NPS; <sup>4</sup> Q2 2024



# Opportunities to penetrate base, use regional skews & multi-brand



## Personalized family offers



- Upward potential to **further penetrate our base** with additional cards

## Ambition 2027e

## Multi-brand



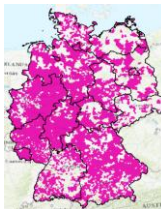
- Clear positioning** for each brand minimizes cannibalization
- Diversified channel mix**



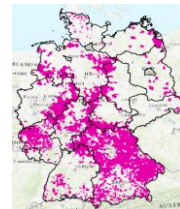
2–2.5%  
Mobile service  
revenue growth  
2023–2027e

## Addressing regional imbalances

### Best network



### SIM-share leader



vs.

- Dedicated penetration** in regions with best network but low SIM-share

<sup>1</sup> January 2020

# Build new capabilities to create growth opportunities beyond core



## BUILDING ON OUR MAGENTA ADVANTAGE

Magenta TV



Maximizing efficiency of ad budget for Magenta TV and partners

Targeted advertising

Magenta Moments



Value & benefits for customers and partners

Customer insights & new layer of partner collaboration

## MONETIZATION

Publisher inventory (e.g. broadcaster)

Own inventory

Additional insights for target campaigning in our base (e.g. insurance, speedups etc.)

Active users **6 mn<sup>1</sup>**

Engagements **22 mn<sup>1</sup>**






<sup>1</sup> Magenta Moments (since Launch 09/2022 until 06/2024)



# We aim to accelerate B2B growth, both for revenues and margins



## MARKET POTENTIAL

- 
**Public Sector** Lower share of wallet of ~ 25%
- 
**Large Enterprise** Share of wallet currently only ~ 20–30%
- 
**Medium Business** Only 15% have half of their IT apps in cloud
- 
**Small Business** Currently lagging behind B2C in FTTH net adds
- 
**T Digital** Double-digit market growth

## GROWTH OPPORTUNITIES

Radical transformation in:

- 
**Go-to-market**
- 
**Product mix**
- 
**Delivery**



## Ambition 2027e

~ 2%  
B2B Total service revenues

2023–2027e

> 2%  
B2B profitability<sup>1</sup>

2023–2027e

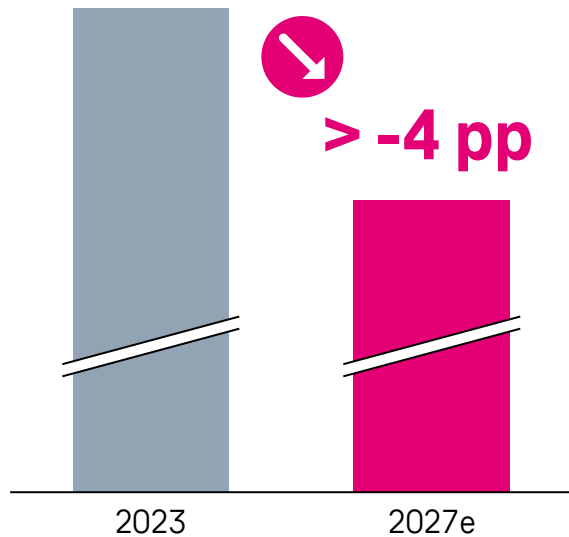
<sup>1</sup> B2B adj. EBITDA AL after sales & service costs

# Despite wage increases, we will further improve our cost-ratio



## IDC AL/Service revenues<sup>1</sup>

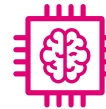
% of Service revenues



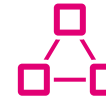
## Substantial cost reduction by digitalization and restructuring



Despite wage increases and inflation, we **increase cost-efficiency** and simultaneously **increase our Total service revenues** by 2–2.5%.



**AI-driven efficiencies** of 20–30% in key areas of Sales & Service and Technology



Continued sustainable **personnel and skill transformation** and headcount reduction in central functions



**Complexity reduction** and **focus on automation and cloud transformation** in IT



**Optimization of real estate**

<sup>1</sup> External adj. IDC AL as % of Service revenues, Germany incl. GHS & GD

# Data & AI enable a step change in Customer experience and enhance cost reduction

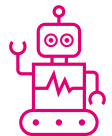


## OUR STRATEGY

## ENHANCE CUSTOMER AND AGENT EXPERIENCE



Prevent



Automate

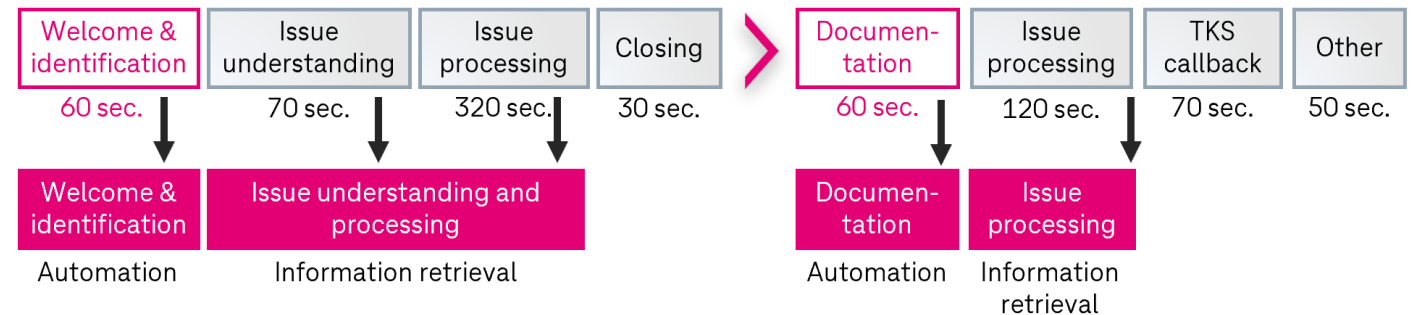


Enhance Customer and Agent experience



### Handling time (480 sec.)

### Post call time (300 sec.)



# More examples on digitalization in Technology and Field Service

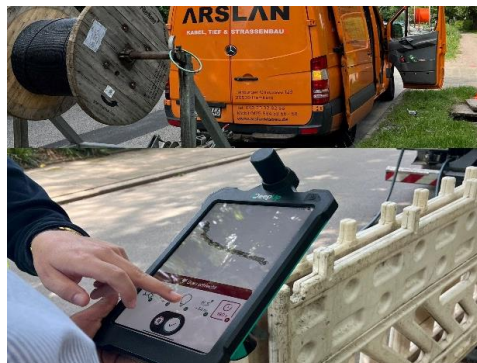


## AI-based planning & scheduling



T-Car for **route filming, measuring and analysis for FTTH rollout** via cameras, sensors and AI for **faster and more efficient rollout planning**

## End-to-end digital companion



**Acceleration in documentation** through scanning the excavation pit with all infrastructure elements

Data is **immediately available and evaluated**

## Ambition 2027e



**20–30% efficiency increase**

via digitalization/  
automation in  
Sales & Service and  
Technology



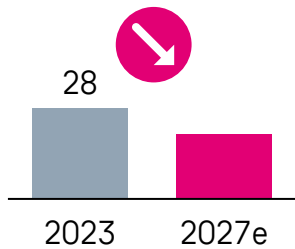
# There is no trade-off between business and sustainability



## CLIMATE

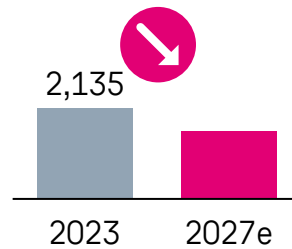
### Energy intensity

kWh per TB



### Emissions

kt CO<sub>2</sub>e



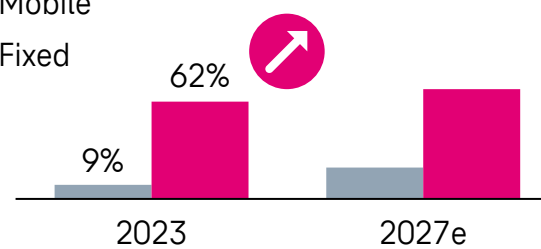
- Continuous **improvement of energy efficiency** until 2027
- **Stable energy consumption** despite mobile network extension and growth in traffic & speed
- **Further reduction of emissions** in Scope 1–3
  - **Fleet electrification:** Prepare full conversion
  - **Civil Works:** Scale **efficient construction methods**<sup>1</sup>



## CIRCULARITY

### Return ratio<sup>2</sup>

■ Mobile  
■ Fixed



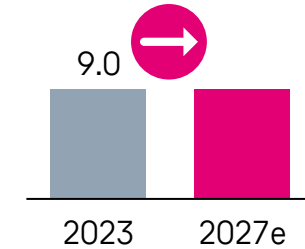
- We engage in all categories of **T Circularity Score**
- Steady **increase in return ratio** for fixed<sup>2</sup> and mobile through buy-back, take-back, and DaaS/ rental offers until 2027
- Push use of **recycled materials in the network**



## SOCIAL

### Beneficiaries

mn people



- Expand beneficiaries of **digital inclusion activities** and maintain **connectivity during crisis**
- **Achieved to connect 10,000 schools** with FTTH by 2024, significantly exceeding ambition of 7,000

<sup>1</sup> Others than classic construction methods; <sup>2</sup> CPE (equipment located at the customer's premises, e.g. modems, routers, repeaters, and TV receivers); 2023 as reported; Switch to new KPI "T Circularity Score" from 2025, measuring progress of DT's full circular approach

**Midterm  
ambition level**

# 2023–2027e: Committed to lead & perform – again!

## STRONGER FOUNDATION



## SUPERIOR EXECUTION



## ACCELERATION



## VALUE CREATION



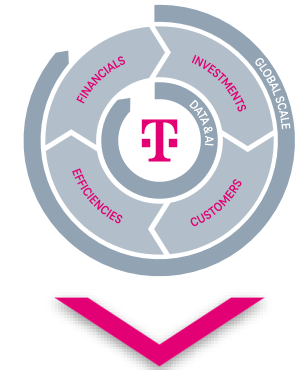
- ONE stronger **brand**
- Diversified our **team**
- Uphold strong **values**
- **Growth** mindset
- Take over environmental & social **responsibility**



- ~ 2.5 mn **FTTH homes passed** p.a.
- Extending **mobile network capacity**
- **Gain Market share in broadband**
- **Gain Market share in mobile**
- **Increase B2B profitability<sup>1</sup>**



- **Data & AI-enabled** 20–30% **efficiency**



- **Adj. EBITDA AL growth** 2.5–3%
- **Total service revenue growth** 2–2.5%
- **IDC/Service revenues<sup>2</sup> down** > -4 pp
- Further **ROCE increase**

<sup>1</sup> B2B adj. EBITDA AL after sales & service costs; <sup>2</sup> External adj. IDC AL as % of Service revenues

# Our midterm commitments

KPI	Midterm ambition level	Year
Total service revenues	CAGR 2–2.5%	2023–2027e
Broadband revenues	CAGR 3–4%	2023–2027e
Mobile service revenues <sup>1</sup>	CAGR 2–2.5%	2023–2027e
Wholesale access revenues	stable	2023–2027e
B2B Profitability <sup>2</sup>	CAGR > 2%	2023–2027e
Adj. EBITDA AL	CAGR 2.5–3%	2023–2027e
IDC/Service revenues <sup>3</sup>	> -4 pp	2023–2027e
Capex/Service revenues <sup>4</sup>	~ 20%	2027e
ROCE	Further increase	2023–2027e
FTTH homes passed	~ 2.5 mn HH per year	2023–2027e

<sup>1</sup> Incl. MTR regulatory effects; <sup>2</sup> B2B adj. EBITDA AL after sales & service costs; <sup>3</sup> External adj. IDC AL as % of Service revenues, Germany incl. GHS & GD; <sup>4</sup> Cash Capex as % of Service revenues

CAPITAL  
MARKETS  
DAY 2024

#DTCMD24

## Europe

**Dominique Leroy**  
**(Board Member Europe)**

Melinda Szabó (CEO Slovak Telekom  
and T-Mobile Czech Rep.)



# Key messages – we delivered and will continue our growth story

01

## Fastest-growing European Telco

We grew our Market share in all product categories and our revenues by ~ +3.8%<sup>1</sup>. By relentlessly transforming our business, we generated ~ €0.3 bn Gross savings, which contributed to our superior profitable growth of ~ +4.5%<sup>1</sup> in adj. EBITDA AL.

02

## Superior financial results and strong equity value

We will grow adj. EBITDA AL by ~ +4–5%<sup>2</sup> while improving our ROCE to ~ 10%.

03

## B2C and B2B growth engine

We will win in the market by offering the best Customer experience with #1 in TRI\*M.

This will allow us to further grow our Service revenues by ~ +2.5–3%<sup>2</sup>.

04

## Transformation via data and AI for next-generation CX and further efficiency

We will embrace data and AI and further decrease IDC/Service revenues<sup>3</sup> by 2–3 pp. We will accelerate our digitalization and cloudification with > 70% NT/IT workloads cloudified, a stable ITR<sup>4</sup> of ~ 4% and increase our chat share to ~ 30%<sup>5</sup>.

05

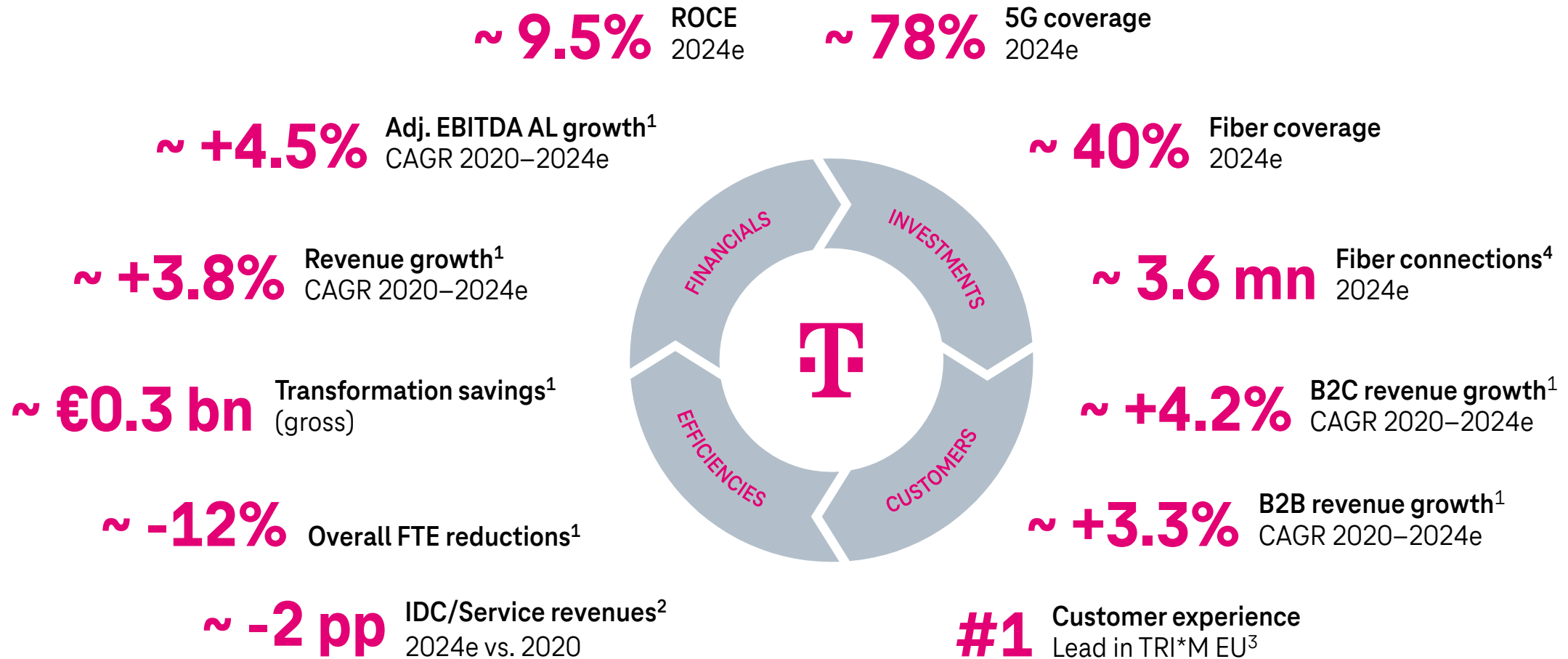
## Synergies and scale across EU countries and DT Group

We will leverage global platforms, scale common products and best practices as well as implement a common network operation model.

<sup>1</sup>CAGR 2020–2024e; <sup>2</sup>CAGR 2023–2027; <sup>3</sup> External adj IDC AL as % of Service revenues, organic, excl. HU Telco tax; <sup>4</sup> IT spend per Total revenues excl. ICT; <sup>5</sup> B2C, excl. RO

# **Review 2020–2024e**

# Our Flywheel has worked, we delivered on our promises



<sup>1</sup>Organic; <sup>2</sup> External adj. IDC AL as % of Service revenues, organic, excl. HU Telco tax; <sup>3</sup> #1 in 8 out of 9 countries in B2C, 12M avg. as of Q2 2024; <sup>4</sup> FTTH/B & Docsis 3.1 (1 Gbps) incl. own, funded and partner rollout, but excl. wholebuy

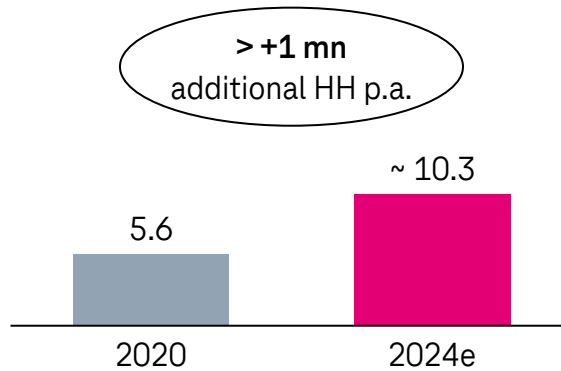




# We prioritized investments in Fiber and 5G for best network experience

## 1 Gbps Fiber rollout<sup>1</sup>

Homes passed, mn



Utilization **30%**      ~ **35%**

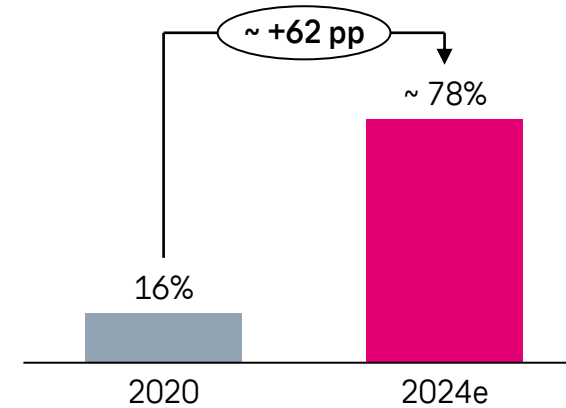
Coverage **24%**      ~ **40%**

**CMD 2021 ambition:**  
40% Coverage  
33% Utilization rate



## 5G population coverage<sup>2</sup>

%



- **5G standalone** commercially launched in Greece and planned in Hungary in 2024
- **3G retirement completed** by end of 2024 in all countries

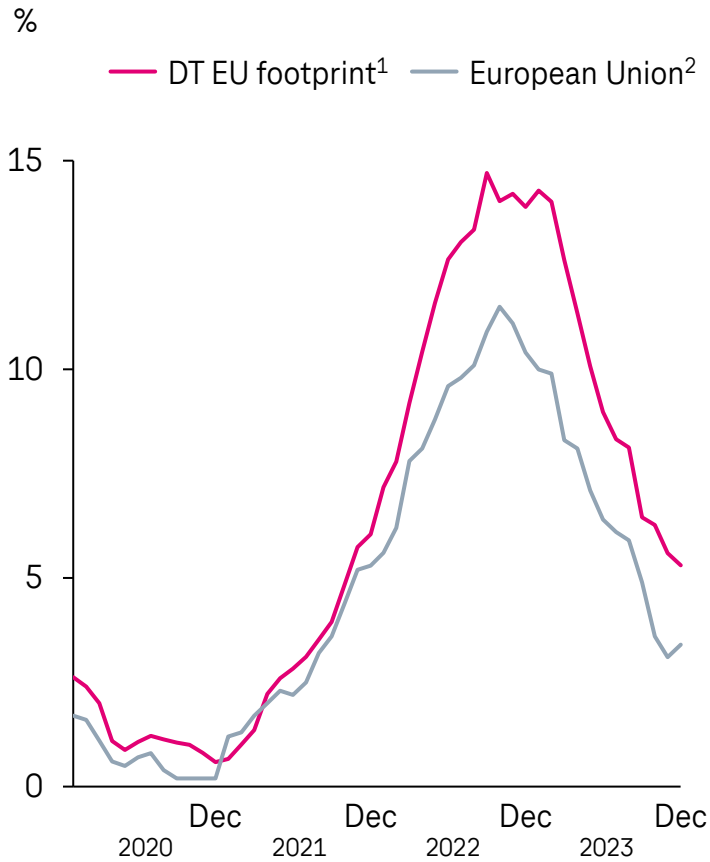
**CMD 2021 ambition:**  
> 75% Coverage



<sup>1</sup> FTTH/B & Docsis 3.1 (1 Gbps) incl. own, funded and partner rollout, but excl. wholebuy; <sup>2</sup> Excl. RO

# We took the right decisions to balance value and volume growth

## Inflation



## Balancing value and volume



**Mobile:** Driving value with **pre-to-post migrations** and **targeted upgrades** in base  
**Fixed:** Upgrade to **higher speeds**



Continuous focus on **FMC<sup>3</sup>**:  
 Growth in **volumes**, build-up of more services for **deep-sell**



Smart execution of **CPI<sup>4</sup>-based price increases**, not at the expense of Net Promotor Score or churn

## Growth across products





mn, organic

	2020 vs 2024e		
<b>Mobile contracts</b>	24.9	27.9	Market share 2023 <sup>5</sup> <b>31%</b>
<b>Broadband</b>	6.0	7.3	Market share 2023 <b>26%</b>
<b>FMC<sup>3</sup> households</b>	2.7	4.2	FMC HH as % of BB 2024e <b>~ 55%</b>
<b>TV</b>	3.8	4.4	Market share 2023 <b>16%</b>





<sup>1</sup> Inflation displayed as weighted average of DT EU footprint; Source: IMF; <sup>2</sup> Source: Eurostat; <sup>3</sup> Fixed-mobile convergence; <sup>4</sup> Consumer-price index; <sup>5</sup> Excl. RO

# We scaled digital solutions for superior customer value & transformation

## Superior customer value<sup>1</sup>

	2020	2024e
 OneApp penetration	62%	~ <b>73%</b>
 Chat share <sup>2</sup>	10% <sup>3</sup>	~ <b>22%</b>
 eSales share	13%	~ <b>19%</b>
 Agent care contacts per RGU <sup>4</sup>	0.7 <sup>3</sup>	~ <b>0.4</b>

## Transformation & efficiency

	2020	2024e
 Cloudification of IT & NT workloads	IT: < 3% NT: 7%	IT: ~ <b>40%</b> NT: ~ <b>44%</b>
 Retirement of IT legacy applications	0 apps retired	~ <b>400</b> apps retired
 IT time-to-market for business demands	75 days	~ <b>30</b> days
 Truck rolls <sup>5</sup> per 100 customers	34	~ <b>23</b>

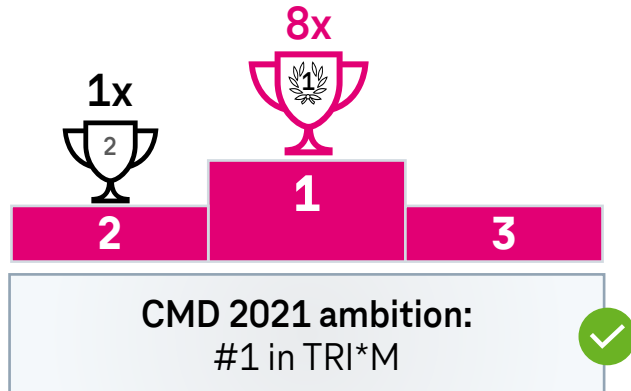
<sup>1</sup> B2C; <sup>2</sup> Excl. RO; <sup>3</sup> 2022; <sup>4</sup> Revenue generating unit; <sup>5</sup> Technical service agent physically visits customer at their premises or street cabinets, etc.

# We have won the hearts of our customers and employees...

## Customer experience<sup>1</sup>

### TRI\*M

12M avg.  
as of Q2 2024



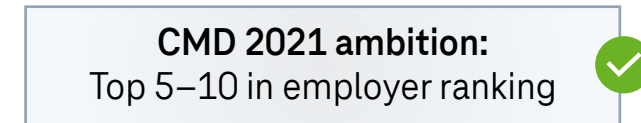
## Employee experience



Top 5–10 employer of choice in all countries<sup>3</sup>

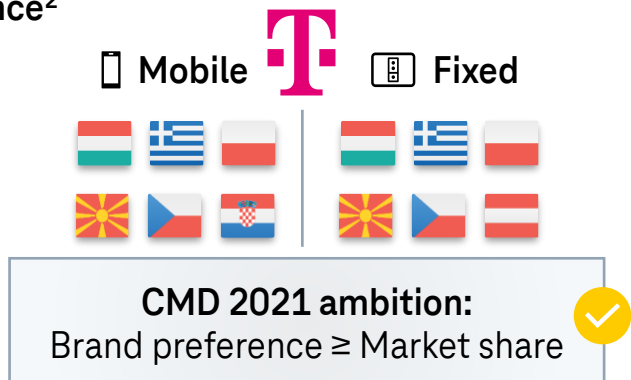


Employee satisfaction: 82%

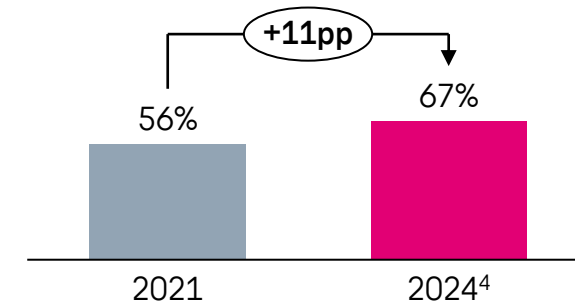


## Brand preference<sup>2</sup>

Q1 2024  
≥ Market share



Employee survey: “I see motivating development opportunities for my career in our company” approval rating



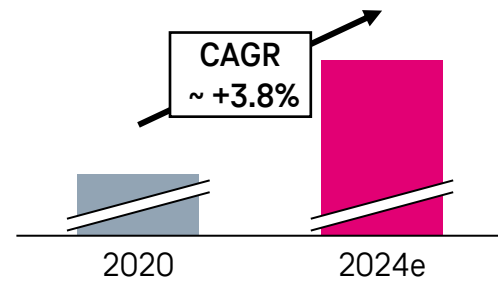
<sup>1</sup> B2C excl. RO; <sup>2</sup> Brand preference: quarterly IBT study, indicating which brand respondents would select if they were to choose new provider. Additionally, we index against our Market share to identify potential health of our brand. Index >1 as high likelihood to gain Market share; <sup>3</sup> Excl. ME, MK & RO due to country size; <sup>4</sup> Result from May 2024 employee survey



# ...to deliver superior profitability and equity value despite inflation

## Total revenues

€ bn, organic



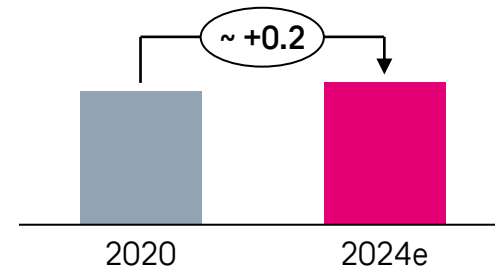
B2C revenues **+4.2%**<sup>1</sup>  
B2B revenues **+3.3%**<sup>1</sup>

**CMD 2021 ambition:**  
CAGR >1%<sup>2</sup>



## IDC AL<sup>3</sup>

€ bn, organic



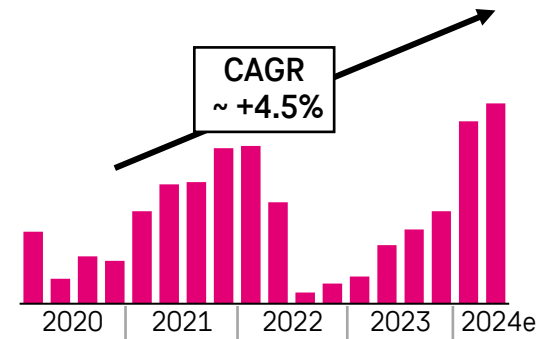
IDC/Service revenues<sup>4</sup>  
improved from **36%** to **~ 34%**

**CMD 2021 ambition:**  
Reduction by €0.3 bn



## Adj. EBITDA AL

%, organic yoy



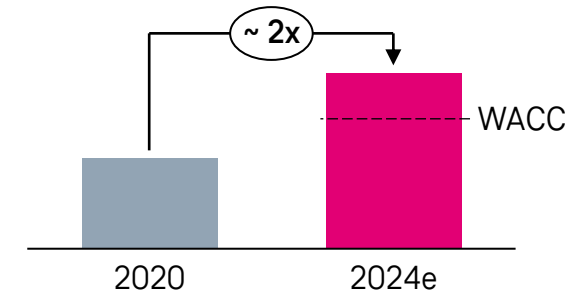
**26** quarters of consecutive  
EBITDA growth!

**CMD 2021 ambition:**  
CAGR 1.5–2.5%



## Capital efficiency (ROCE)

%



**ROCE almost doubled!**

**CMD 2021 ambition:**  
ROCE > WACC



<sup>1</sup> CAGR 2020–2024e; <sup>2</sup> Adjusted for MTR: CAGR 2020–2024e: +4.6%; <sup>3</sup> External adj. IDC AL, excl. HU Telco tax; <sup>4</sup> External adj. IDC AL as % of Service revenues, organic, excl. HU Telco tax

# CMD 2021 ambition: we mostly overdelivered on our promises

KPI	Time frame	Ambition	Achievements 2024e <sup>6</sup>	
Customer satisfaction	2024e	#1 in TRI*M in all markets & Brand preference $\geq$ Market share in all countries	8 x #1, 1 x #2 <sup>1</sup>	✓
Employer ranking	2024e	Top 5–10 in employer ranking in all countries	In Top 5–10 employers of choice in every country <sup>2</sup>	✓
5G coverage	2024e	> 75%	~ 78%	✓
Fiber <sup>3</sup> coverage	2024e	40%	~ 40%	✓
Fiber <sup>3</sup> connections	2024e	> 3 mn	~ 3.6 mn	✓
Revenue	2020–2024e	CAGR <sup>4</sup> > 1%	CAGR ~ +3.8%	✓
Adj. EBITDA AL	2020–2024e	CAGR +1.5–2.5%	CAGR ~ +4.5%	✓
Adj. IDC AL <sup>5</sup>	2020–2024e	Reduction by €0.3 bn	Increase of ~ €0.2 bn <sup>5</sup>	✗
Cash Capex	2020–2024e	stable	slight increase	✓
ROCE	2021–2024e	further increasing, ROCE > WACC	~ 9.5%	✓

<sup>1</sup> B2C excl. RO; 12M avg. as of Q2 2024; <sup>2</sup> Excl. ME, MK & RO due to country size; <sup>3</sup> FTTH/B & Docsis 3.1 (1 Gbps) incl. own, funded and partner rollout, but excl. wholesale;

<sup>4</sup> Adjusted for MTR: CAGR 2020–2024e: +4.6%; <sup>5</sup> External adj. IDC AL, excl. HU Telco tax; <sup>6</sup> All CAGR organic

# Strategy 2023–2027

# We are one of the leading and fastest growing European Telcos...

## 2023 FINANCIALS



Revenues:  
**€11.8 bn**



Adj. EBITDA AL:  
**€4.1 bn**



Cash contribution<sup>1</sup>:  
**€2.3 bn**



## 2027 AMBITION



Service revenue CAGR  
2023–2027e:  
**+2.5–3%**



Adj. EBITDA AL CAGR  
2023–2027e:  
**+4–5%**

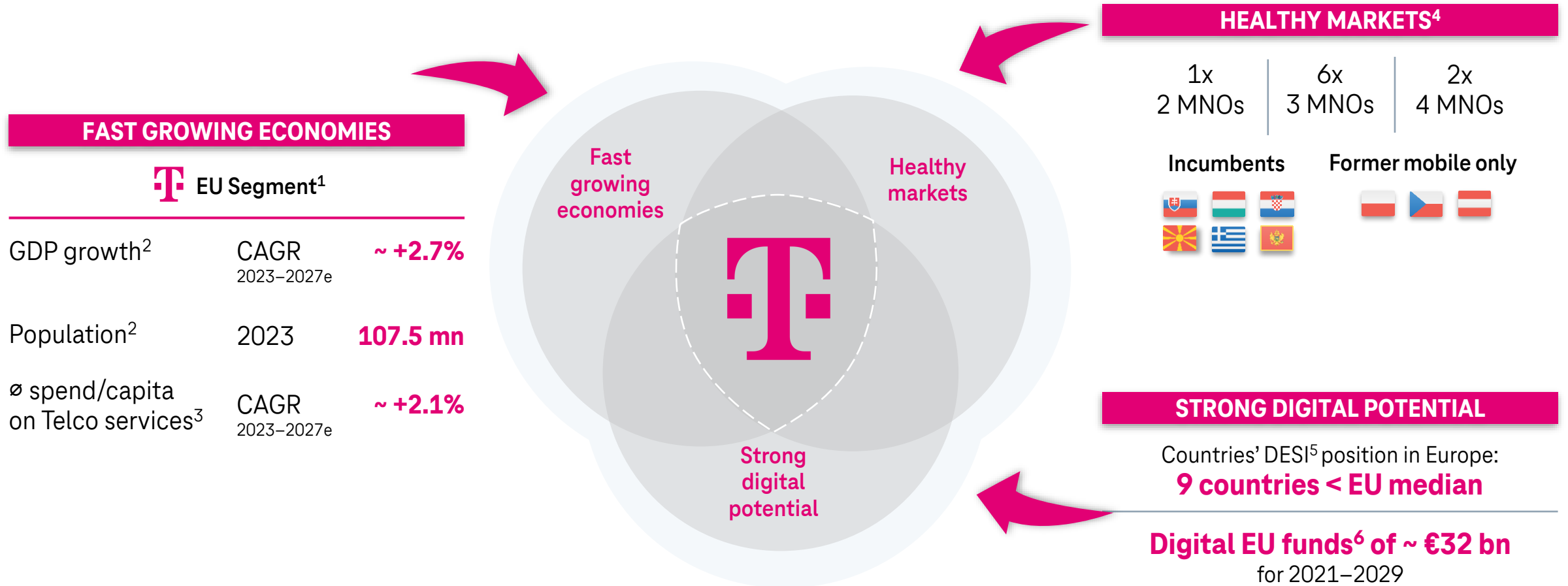


Cash contribution<sup>1</sup> CAGR  
2023–2027e:  
**+4–5%**

<sup>1</sup> Cash contribution AL = Adj. EBITDA AL – Cash Capex – Special factors (Cash); <sup>2</sup> RO under review



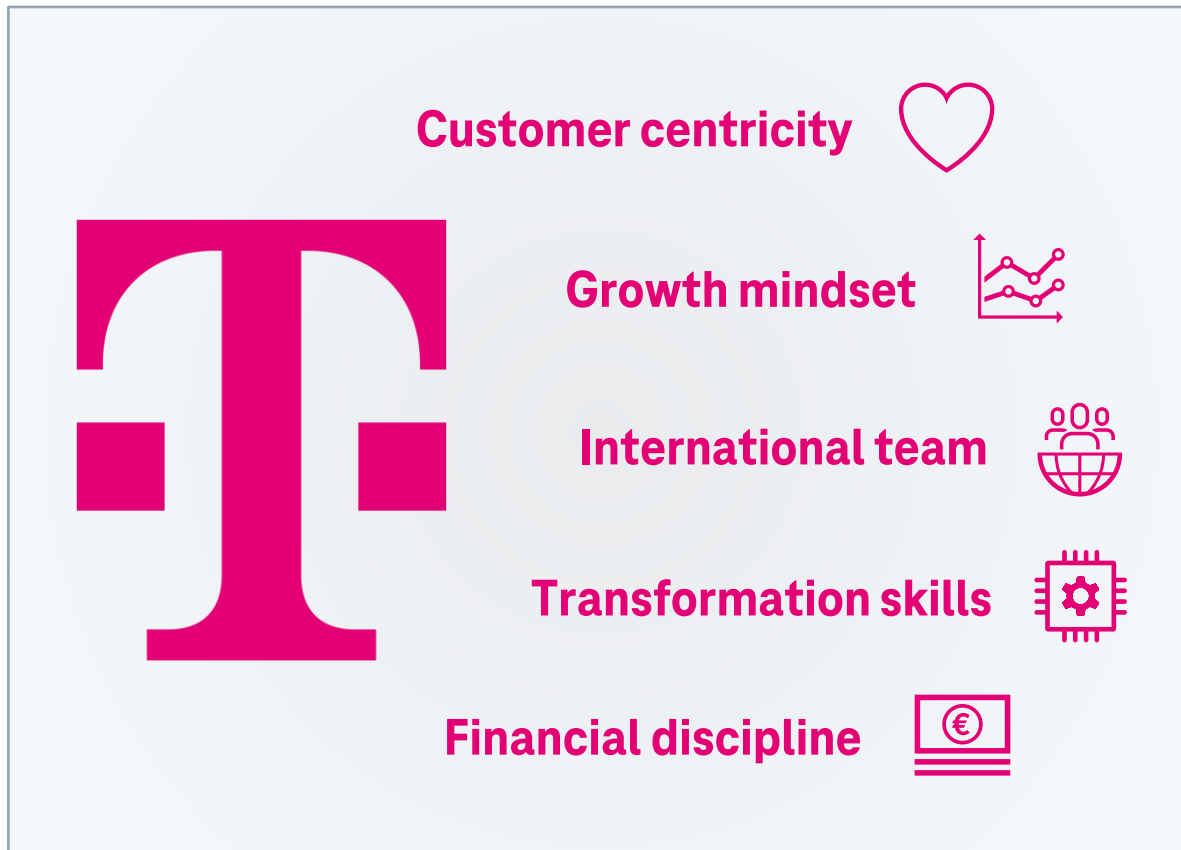
# ...operating in healthy markets with further growth potential



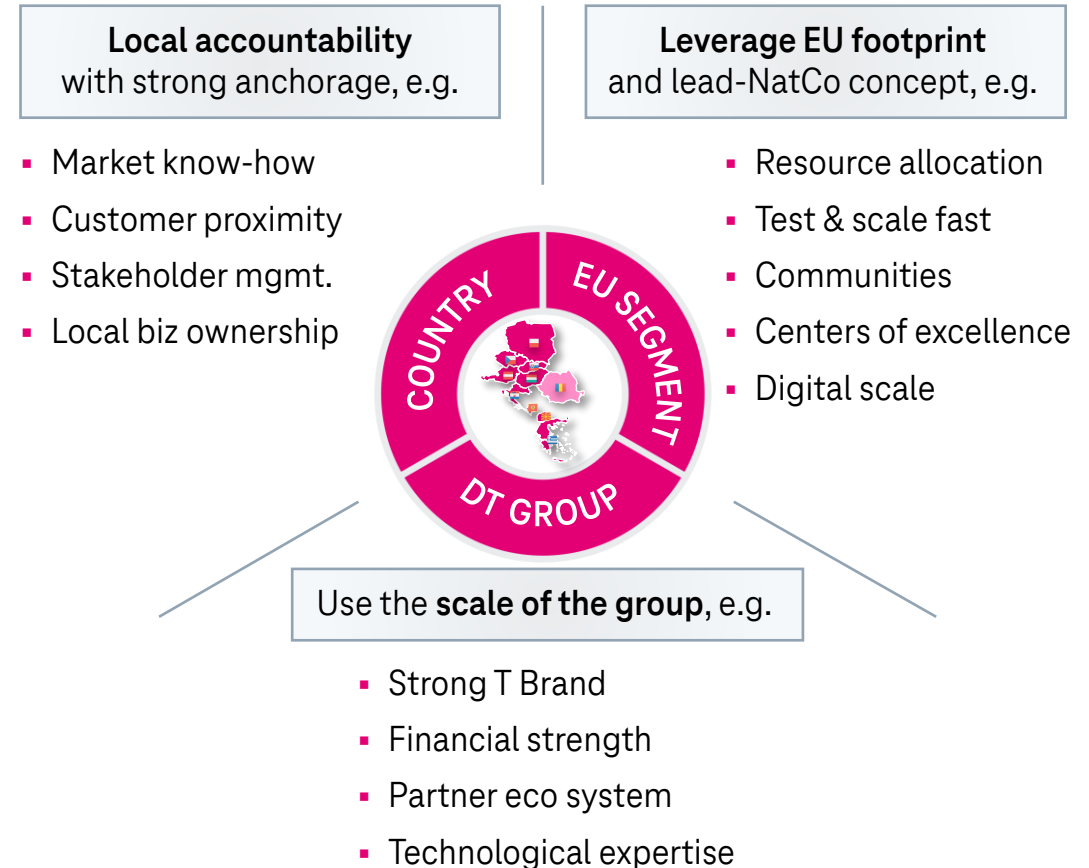
<sup>1</sup> Weighted averages of all 10 NatCo countries; <sup>2</sup> Source: IMF; <sup>3</sup> Telco services incl. Mobile Data, Mobile Voice, Fixed Data & Fixed Voice; Source: Statista; <sup>4</sup> Excl. RO; <sup>5</sup> DESI = Digital Economy & Society Index 2022; <sup>6</sup> Incl. B2B digitalization, infrastructure and R&D&I

# Our strong execution & distinctive governance make us unique

## STRONG EXECUTION



## DISTINCTIVE GOVERNANCE



# Our strategy is working – we will accelerate it



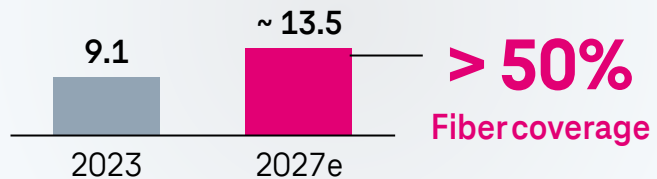
# Prioritize investments into a superior, fixed broadband experience...



## Strong Fiber<sup>1</sup> execution




Continue fast **Fiber build-out** where we are incumbent...

Fiber homes passed in mn HH: +1 mn HHp p.a.



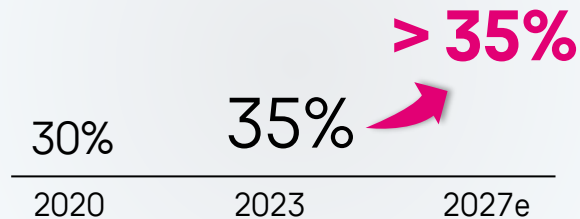
... and leverage **partnerships** where we are fixed challengers



-  Reciprocal partnerships
-  Joint ventures
-  Wholebuy

## Great economics

Further increase high **utilization rate**



Continue to deliver superior **return-on-invest & payback periods**



- Payback periods of **10–15 years**

## Product upgrades

Modernize **CPEs<sup>2</sup>** for next-gen home experience



**WiFi 6**  
> 40% higher pNPS<sup>3</sup> vs WiFi 4/5

**Mesh**  
Superior WiFi coverage in every room

**Digital router management**  
Already 62%<sup>4</sup> of routers controllable via OneApp

<sup>1</sup> FTTH/B & Docsis 3.1 (1 Gbps) incl. own, funded and partner rollout, but excl. wholebuy; <sup>2</sup> Customer premises equipment, e.g. routers; <sup>3</sup> Product Net Promotor Score, August 2024;

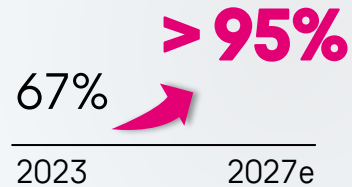
<sup>4</sup> 2023 YE, legacy and RDK-enabled routers as % of B2C Broadband customer base

# ...and into our leading, 5G-powered mobile network



## Best 5G network

Continue fast 5G coverage<sup>1</sup> increase



Push 5G standalone & C-band rollout



- New **business models** incl. **monetization of network quality**, FWA<sup>2</sup> & high capacity

## Future-ready

Further **modernize mobile network**

- Enable **next-gen mobile network technologies**, e.g. Open RAN & New Radio rollout
- Create basis for **machine-learning**-based mobile network optimization



Initiate **2G roaming/retirement**



- Overall potential of **44,200+** 2G sites to retire across EU footprint

## Customer-driven

Start **customer-driven network design** based on new **NW CX index**

**Customer network experience index (CXI)** representing perceived network performance on individual customer level across EU.



- Provides additional insights to focus our **network investments**
- Reduces **customer complaints**
- Input to optimize **churn prevention**

First step into **full Customer experience management**

<sup>1</sup> Outdoor population coverage excl. RO; <sup>2</sup> Fixed Wireless Access

# Fuel growth in B2C through a superior CX & next-gen propositions



## Four areas to ensure B2C growth and best Customer experience



### Mobile

Grow mobile with **more for more tariff upgrades** and **targeted propositions**



### Home Experience

Scale fixed-mobile convergence with **next-gen home experience**



### Data & AI

Data & AI for more **contextualized & personalized CX** & future-ready **sales and care channels**



### Engagement & innovation

Drive customer engagement with **Magenta Moments** at scale & **service innovations**



## Ambitions B2C 2027e

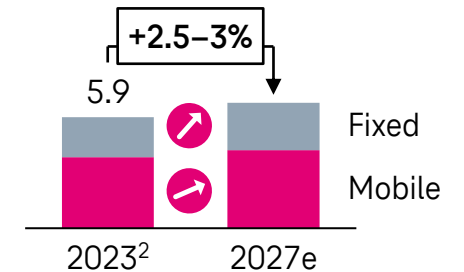
# #1

TRI\*M in all countries<sup>1</sup>



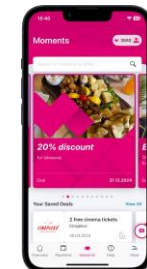
# +2.5-3%

Service revenue CAGR



# 10 mn

Magenta Moments customers<sup>1</sup>



<sup>1</sup> Excl. RO; <sup>2</sup> Organic





# Deliver a great mobile experience & further enhance connectivity



## Achievements

~ **+3.2%**

Mobile contract customers<sup>1</sup>

**+4.6%**

Mobile contract gross adds  
ARPU excl. MTR cut<sup>2</sup>

## Future

### Improve quality of mobile experience

#### 5G Fixed Wireless Access...

for reliable & high-speed internet in non-fiber areas

#### 5G standalone & network slicing...

with mobile gaming, video calling, in-venue experiences, influencer use case: Live broadcaster package

### Match the needs of our customers by offering more segmented, enriched portfolios

#### Family offers

Hardware bundles, travel insurance, internet security, OTT TV



#### Young offers

No-frills proposition, do-it-yourself logic, digital journey, e-commerce benefits



### Easy onboarding of new users and devices through eSIM

Fast setup of smart wearables & household devices and tourist-market play outside of Europe

<sup>1</sup> CAGR 2020–2024e; <sup>2</sup> CAGR 2020–06/2024 (excl. RO and AT)

# Use our strong FMC position to deliver a next-gen home experience



## Achievements

~ 4.2 mn

FMC households<sup>1</sup>

~ +13.7%

FMC revenues<sup>2</sup>

~ 4.2

Revenue generating units  
per FMC household<sup>1</sup>

~ 55%

FMC penetration on  
fixed broadband<sup>1</sup>

## Future

We are expanding our **gigabit network** to ensure high-speed connectivity for everyone by...

- Continuing **Fiber rollout**
- Leveraging our **devices**, e.g. mesh

We deliver a **next-gen experience** by offering tailored propositions based on HH insights<sup>3</sup>



We **elevate our TV platform** via advanced content aggregation & provide a seamless viewing experience

- Tailor-made, **super-aggregated content** with **single interface**
- **Common TV product ecosystem** leveraging economies of scale

<sup>1</sup> 2024e; <sup>2</sup> CAGR 2020–2024e; <sup>3</sup> HU example of a household proposition



# Seamless & hyper-personalized interactions powered by data & AI



## Achievements<sup>1</sup>

~ -35%<sup>2</sup>

Reduction in non-sales contacts

~ 22%<sup>2</sup>

Chat share

~ 95%

1<sup>st</sup> time right in provisioning

## Future

### Data & AI

Accelerate digital experience and productivity in sales & care channels



- **Automate customer interactions via Gen AI chat and voice bots:** e.g. push beyond current bot share of ~ 64%<sup>1</sup>
- **Leverage smart assistant for service agents to increase productivity and service quality:** e.g. further improve ~ 80%<sup>1</sup> first-call-resolution rate
- **Create 360° view on customer journey data:** Seamless omnichannel experience

Provide customer with contextualized offers



- **Combine data, gain new customer insights**
- **Tailor offers & communication to customers' individual contexts and behaviors**

- Best recommendations
- Convenient near-/real-time offers
- Proactive problem resolution
- Communication via preferred channel

<sup>1</sup> 2024e; <sup>2</sup> Excl. RO

# Engage customers via Magenta Moments & innovative experiences

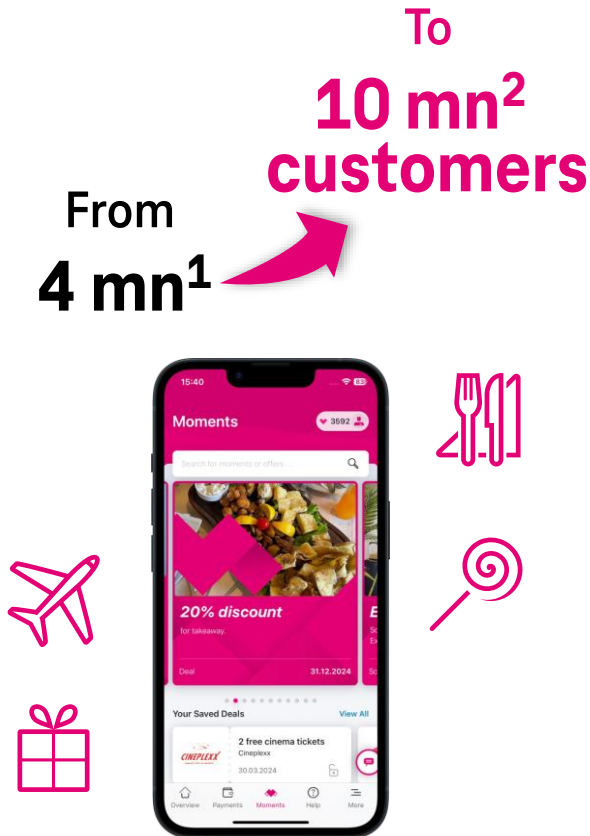


## Magenta Moments

We **scale** Magenta Moments and broaden it into a **lifestyle marketplace**

- Rewards and benefits
- Lifestyle **discovery**, inspiration, value and **convenience**
- Opening-up **revenue streams** for monetization in future

- ✓ Campaign fees
- ✓ Commission-based transactions
- ✓ Premium subscription



<sup>1</sup> 06/2024 excl. RO; <sup>2</sup> 2027e excl. RO

## Innovative experiences

**Payzy:** Scale in Greece, launch in other countries

- Seamless payments
- **Enabler** for other end-to-end experiences



**Insurance:** Leverage niche potentials

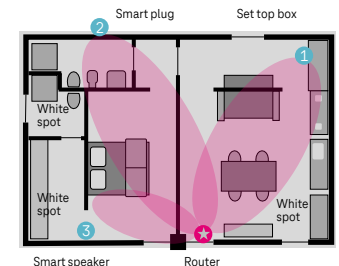
- Cover **unfulfilled** insurance needs
- **Convenience** and **credibility**



**WiFi Sensing:** Unlock new home-management use cases

Extend home-management within OneApp for new use cases, e.g.

- Elderly care
- Home security



# Accelerate digitalization of B2B customers via integrated solutions



## Answer specific customer needs for digitalization

- Small & medium business**

“As-a-service” offerings from one single partner
- Enterprise**

Industry-specific & scalable business models
- Public sector**

Digitalize public sector with **EU funds**

## Grow beyond connectivity via harmonized portfolio

- Next-gen portfolio**

Next-gen connectivity (SDx), security, cloud, 5G slicing & campus networks
- Leverage cross-country expertise**

B2B **centers of excellence**
- Common brand**

Scale **T Business** identity

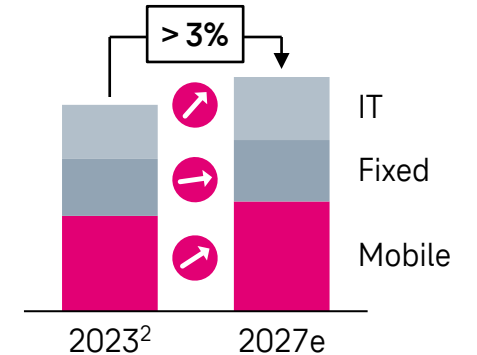
<sup>1</sup> Excl. RO; <sup>2</sup> Organic

## Ambitions B2B 2027e

**#1**  
TRI\*M  
in all countries<sup>1</sup>



**> 3%**  
Service revenue CAGR



# Further accelerate transformation via digitalization & simplification



## Key areas of transformation for more efficiency and better CX



Simplify **product portfolio**, boost **NT/IT cloudification** and **automation**

Retire **IT legacy** and scale decoupled & cloudified **digital platform services**



Increase efficiency & productivity by **utilizing data & latest AI technology** in the entire company



Further **transform fault-to-repair processes** to reduce end-to-end costs & improve CX



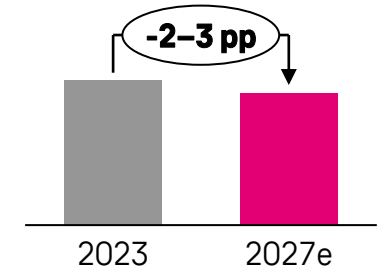
Accelerate **digitalization of sales and care channels** in B2C and B2B



## Transformation ambitions 2027

**-2-3 pp**

IDC/Service revenues<sup>2</sup>



**> 70%**

NT/IT workloads cloudified



**~ 4%**

ITR<sup>1</sup> maintained



<sup>1</sup> IT spend per Total revenues excl. ICT; <sup>2</sup> External adj. IDC AL as % of Service revenues, organic, excl. HU Telco tax

# Embrace data & AI capabilities to become a future-ready company



## B2C

### Next-best offer



Massive **customer data ingestion**



**Offers tailored automatically** to customer needs



**Learning cycles** to improve offer-conversion

### Service CX



#### Bots

GenAI-based **chat and voice bots**



#### Agent Assist

**Smart co-pilot** for sales & service agents

## B2B

### B2B customer-value management



AI-based **lead generation**



AI-driven **NBA<sup>1</sup>-engine**



**Hyper-personalized** offers

### AI-as-a-service



#### IDA

GenAI platform-**as-a-service**



#### mAlgov & mAI

GenAI assistant for **digital touchpoints** of GR government

## Network

### Machine-learning network operations



**Predictive maintenance**

Reduce number of **network-related incidents and outages** through fault prediction



**Predictive NPS**

**Correlate customer- and network data** to predict & improve Customer satisfaction

### Smart network energy steering



**Energy savings**

AI-driven optimizations in **all network elements** to **deliver Energy savings of up to 7%**



**Energy efficiency**

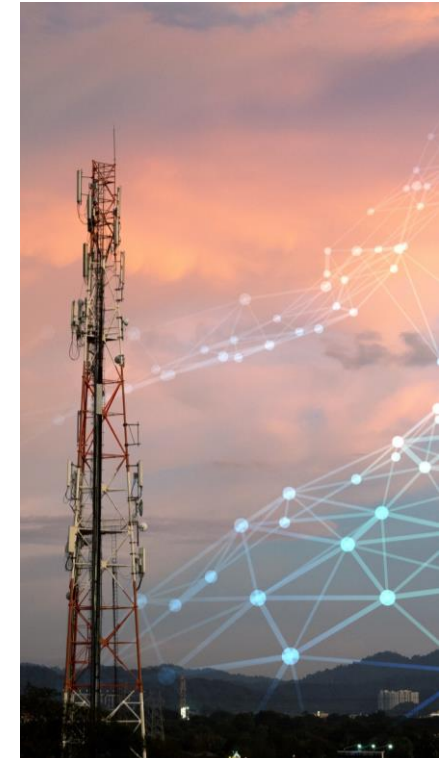
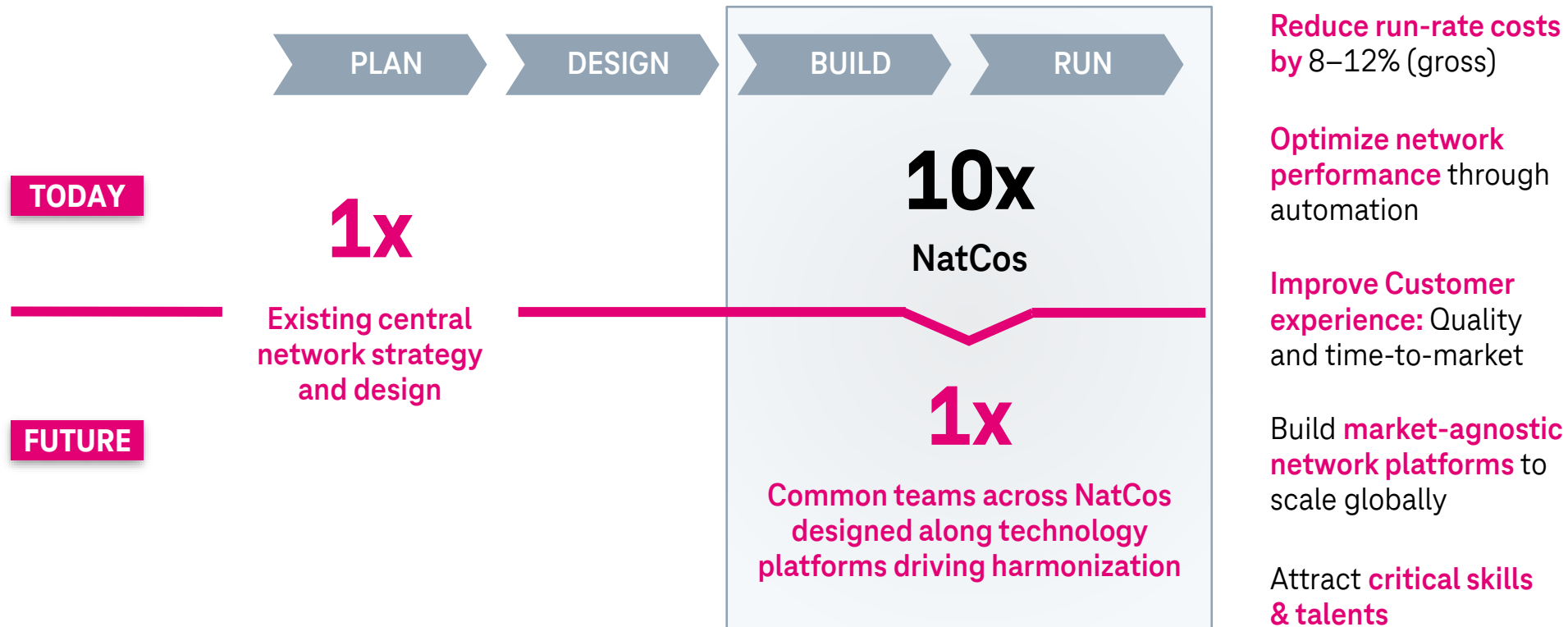
Optimize network **energy efficiency** by tailoring NW settings to **real-time customer usage data**

<sup>1</sup> Next-best action

# Leverage scale: Common B2C/B2B platforms & network operations



Example: Common network operating model EU





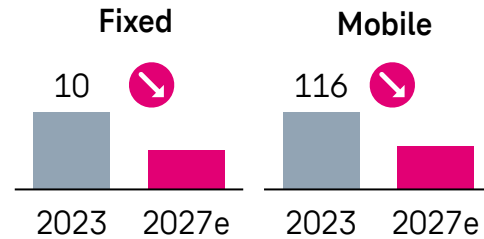
# Next to our core business, we are highly focused on ESG topics



**ENERGY**

## Energy Intensity<sup>1</sup>

In kWh/TB



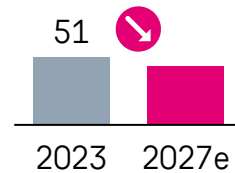
- **Significantly improve efficiency** in fixed and mobile network using less energy per terabyte produced



**EMISSIONS**

## Scope 1 & 2 emissions

In kt CO<sub>2</sub>e organic



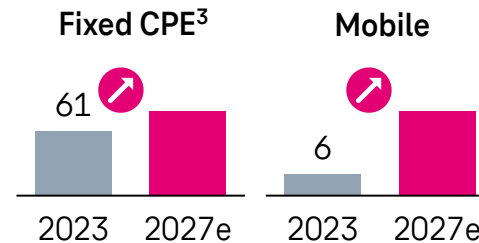
- **Reduce -55% of Scope 1-3 emissions** (2030 vs. 2020) via e-fleet, buildings & reduction of up- & downstream Scope 3 emissions



**CIRCULARITY**

## Return ratio

In %



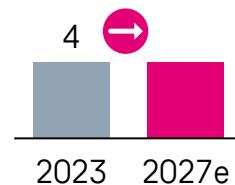
- **Extend lifetime** and **reuse/recycle** across all network equipment & customer device journeys
- Further increase **mobile & fixed return ratio<sup>4</sup>**
- DT EU engaged in all categories of **T Circularity Score**



**SOCIAL**

## Beneficiaries<sup>2</sup>

In mn



- Be an active voice **against discrimination & hate speech**
- Support **volunteering**, be in forefront of **support in crises**

<sup>1</sup> Ratio Energy Consumption to IP Data Volume; <sup>2</sup> Digital inclusion initiatives excl. provision of free WiFi in tourist spaces and crisis mitigation;

<sup>3</sup> CPE contains modems, routers, repeaters and TV receivers; <sup>4</sup> Switch to new KPI "T Circularity Score" from 2025, measuring progress of DT's full circular approach

**Midterm  
ambition level**



# 2023-2027e: Committed to lead & perform – again!

## STRONGER FOUNDATION



## SUPERIOR EXECUTION



## ACCELERATION



## VALUE CREATION



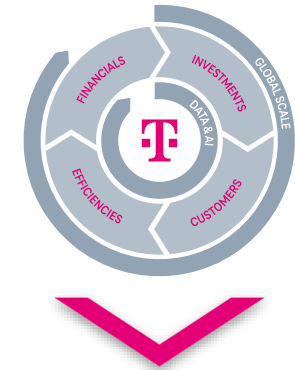
- **Customer**-focused
- Strong **brand**
- Operating in **growing markets**
- **Diverse & international** teams
- Unique **governance**



- Superior **growth track-record**
- Strong **transformation capabilities**
- Strong **Fiber build-out** and **utilization capability**
- Pioneer in **EU-wide products** and **digital platforms**
- Solid **spectrum position** in all countries



- EU footprint to **scale operations and cloudification**
- B2B **center of excellences** for EU-wide, next-gen portfolio
- **Customer engagement** by enhancing Magenta Moments
- **Data and AI** for more personalized and digital CX
- **CX-driven network mgmt.** & predictive maintenance



- Service revenues **+2.5–3%**
- IDC/Service revenues<sup>1</sup> **-2–3 pp**
- Adj. EBITDA AL **+4–5%**
- ROCE **double-digit**
- **#1** in TRI\*M<sup>2</sup>
- **Top 5–10** employer of choice in Telco and ICT

<sup>1</sup> External adj. IDC AL as % of Service revenues, organic, excl. HU Telco tax; <sup>2</sup> Excl. RO

# Our midterm commitments

KPI	Midterm ambition level	Year
Total service revenues	+2.5–3%	CAGR 2023–2027e
Adj. EBITDAAL	+4–5%	CAGR 2023–2027e
IDC/Service revenues <sup>1</sup>	decrease by 2–3 pp	2023–2027e
Cash Capex/Service revenues	18–19% p.a.	2023–2027e
ROCE	reach double-digit	2023–2027e
Customer satisfaction	#1 in TRI*M <sup>3</sup>	2027e
Employer ranking	Top 5–10 employer of choice in Telco and ICT	2027e
5G coverage	> 95%	2027e
Fiber <sup>2</sup> coverage	> 50%	2027e
Fiber <sup>2</sup> utilization	> 35%	2027e

<sup>1</sup> External adj. IDC AL as % of Service revenues, excl. HU Telco tax; <sup>2</sup> FTTH/B & Docsis 3.1 (1 Gbps) incl. own, funded and partner rollout, excl. wholebuy; <sup>3</sup> Excl. RO

CAPITAL  
MARKETS  
DAY 2024

#DTCMD24

## T-Mobile US

**Mike Sievert (President & CEO)**

Peter Osvaldik (CFO)



# Cautionary statement

This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact, including information concerning T-Mobile US, Inc.'s future results of operations, are forward-looking statements. These forward-looking statements are generally identified by the words “will,” “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “could” or similar expressions, or include numbers for future periods. Forward-looking statements are based on current expectations and assumptions, which are subject to risks and uncertainties and may cause actual results to differ materially from the forward-looking statements. Important factors that could affect future results and cause those results to differ materially from those expressed in the forward-looking statements include, among others, the following: competition, industry consolidation and changes in the market for wireless communications services and other forms of connectivity; criminal cyberattacks, disruption, data loss or other security breaches; our inability to take advantage of technological developments on a timely basis; our inability to retain or motivate key personnel, hire qualified personnel or maintain our corporate culture; system failures and business disruptions, allowing for unauthorized use of or interference with our network and other systems; the scarcity and cost of additional wireless spectrum, and regulations relating to spectrum use; challenges in modernizing our existing applications and systems; the impacts of the actions we have taken and conditions we have agreed to in connection with the regulatory proceedings and approvals of our merger with Sprint Corporation (“Sprint”) pursuant to a Business Combination Agreement with Sprint and the other parties named therein (as amended, the “Business Combination Agreement”) and the other transactions contemplated by the Business Combination Agreement (collectively, the “Transactions”), including the acquisition by DISH Network Corporation (“DISH”) of the prepaid wireless business operated under the Boost Mobile and Sprint prepaid brands (excluding the Assurance brand Lifeline customers and the prepaid wireless customers of Shenandoah Personal Communications Company LLC and Swiftel Communications, Inc.), including customer accounts, inventory, contracts, intellectual property and certain other specified assets, and the assumption of certain related liabilities (collectively, the “Prepaid Transaction”), the complaint and proposed final judgment (the “Final Judgment”) agreed to by us, Deutsche Telekom AG (“DT”), Sprint, SoftBank Group Corp. (“SoftBank”) and DISH with the U.S. District Court for the District of Columbia, which was approved by the Court on April 1, 2020, as amended on October 23, 2023, the proposed commitments filed with the Secretary of the Federal Communications Commission (“FCC”), which we announced on May 20, 2019, certain national security commitments and undertakings, and any other commitments or undertakings entered into, including, but not limited to, those we have made to certain states and nongovernmental organizations (collectively, the “Government Commitments”), and the challenges in satisfying the Government Commitments in the required time frames and the significant cumulative costs incurred in tracking and monitoring compliance over multiple years; adverse economic, political or market conditions in the U.S. and international markets, including changes resulting from increases in inflation or interest rates, supply chain disruptions and impacts of geopolitical instability, such as the Ukraine-Russia and Israel-Hamas wars and further escalations thereof; sociopolitical volatility and polarization; our inability to manage the ongoing arrangements entered into in connection with the Prepaid Transaction, and known or unknown liabilities arising in connection therewith; the timing and effects of any future acquisition, divestiture, investment, or merger involving us, including our inability to obtain any required regulatory approval necessary to consummate any such transactions; any disruption or failure of our third parties (including key suppliers) to provide products or services for the operation of our business; our substantial level of indebtedness and our inability to service our debt obligations in accordance with their terms; changes in the credit market conditions, credit rating downgrades or an inability to access debt markets; the risk of future material weaknesses we may identify or any other failure by us to maintain effective internal controls, and the resulting significant costs and reputational damage; any changes in regulations or in the regulatory framework under which we operate; laws and regulations relating to the handling of privacy and data protection; unfavorable outcomes of and increased costs from existing or future regulatory or legal proceedings; difficulties in protecting our intellectual property rights or if we infringe on the intellectual property rights of others; our offering of regulated financial services products and exposure to a wide variety of state and federal regulations; new or amended tax laws or regulations or administrative interpretations and judicial decisions affecting the scope or application of tax laws or regulations; our wireless licenses, including those controlled through leasing agreements, are subject to renewal and may be revoked; our exclusive forum provision as provided in our Fifth Amended and Restated Certificate of Incorporation; interests of DT, our controlling stockholder, which may differ from the interests of other stockholders; the dollar amount authorized for our 2023-2024 Stockholder Return Program may not be fully utilized, and our share repurchases and dividend payments pursuant thereto may fail to have the desired impact on stockholder value; and future sales of our common stock by DT and SoftBank and our inability to attract additional equity financing outside the United States due to foreign ownership limitations by the FCC.

The presentation also includes non-GAAP financial measures such as Adjusted EBITDA, Core Adjusted EBITDA, and adjusted free cash flow. The non-GAAP financial measures should be considered in addition to, but not as a substitute for, the information provided in accordance with GAAP. Reconciliations of such non-GAAP financial measures to their directly comparable GAAP financial measures are provided at the end of this presentation. T-Mobile is not able to forecast Net income on a forward-looking basis without unreasonable efforts due to the high variability and difficulty in predicting certain items that affect Net income, including, but not limited to, Income tax expense and Interest expense. Adjusted EBITDA and Core Adjusted EBITDA should not be used to predict Net income as the difference between this measure and Net income is variable.



# Key messages – From challenger to champion

01

## Customer-first ethos

The Un-carrier's bond with customers remains the essential, irreplaceable key to profitable growth.

02

## Best team, best execution

Industry's best, most customer-loving team, with the continuity and expertise to continuously out-perform, year after year.

03

## Outsized growth runway

Lots of room to run, with proven strategies for profitable growth and share-taking across core wireless, broadband, and new-revenue opportunities.

04

## Technology & Customer experience innovation

Bringing the world's leading 5G network technology and AI implementation, to deliver superior and highly customized customer experiences as key differentiators.

05

## Industry-leading financial growth

Fueling further investments in growth and customers, and enabling significant stockholder returns.



# **Review**

## **2020–2024e**

# We delivered on our audacious goals...

**BUILT AMERICA'S  
BEST 5G NETWORK**



**EXPANDED OUR  
ADDRESSABLE MARKET**

Smaller  
markets &  
rural areas

Network  
seekers

**T-MOBILE  
FOR BUSINESS**

**INDUSTRY-LEADING  
BROADBAND GROWTH**



**5.6 mn  
customers<sup>1</sup>**

**UNLOCKED EVEN GREATER  
MERGER SYNERGIES**



**\$8 bn+**

Run rate

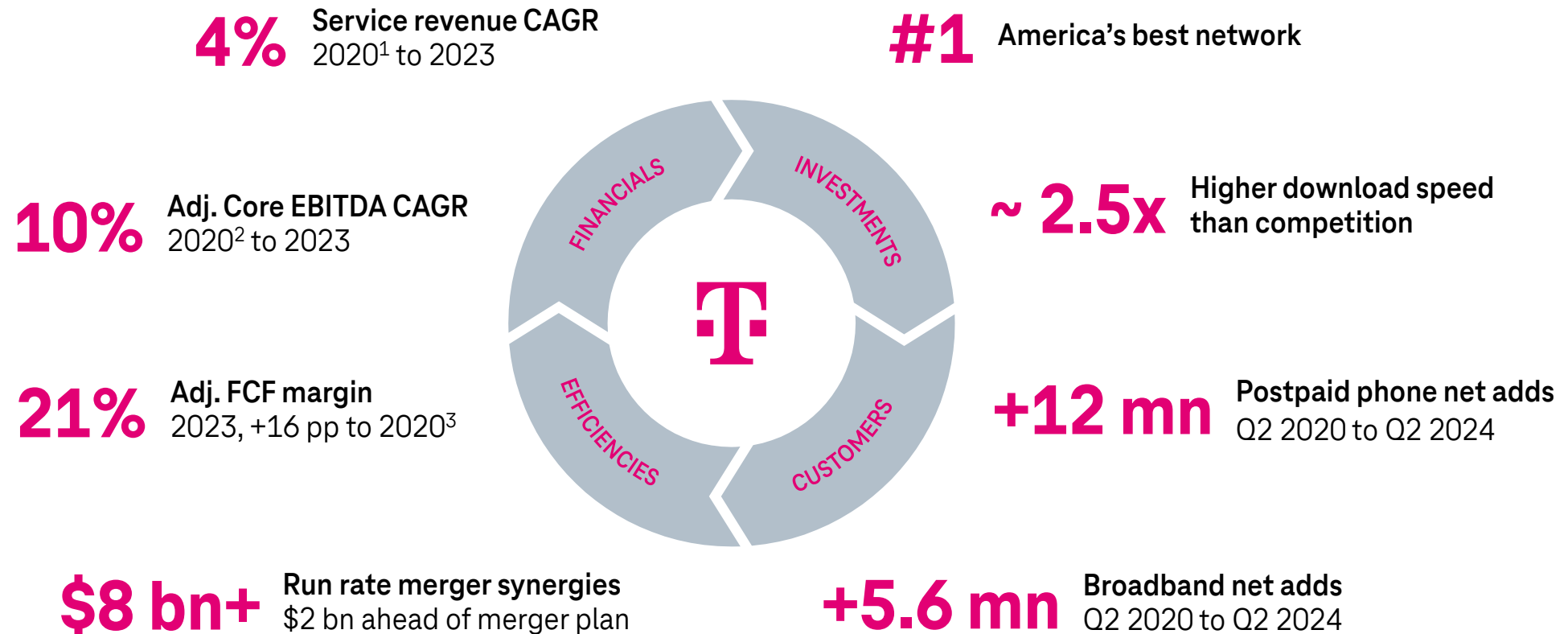
**DELIVERED EVEN BETTER  
FINANCIAL RESULTS**

**32%<sup>2</sup>**  
adj. Core EBITDA

<sup>1</sup>As of Q2 2024; <sup>2</sup>Cumulative growth 2020–2023, incl. pro forma Q1 2020 for Sprint merger



# ...and making the Flywheel run for industry leading growth







<sup>1</sup>As adjusted. See adjusted 2020 revenues; <sup>2</sup>Incl. pro forma Q1 2020 for Sprint merger;

<sup>3</sup>As adjusted & excl. gross payments for interest rate swaps. See reconciliation of Non-GAAP financial measures to GAAP financial measures





# Outsized financial growth

KPI	Time frame	Ambition as presented (adjusted)	Achievement <sup>1</sup>
Adj. Core EBITDA	2024e	\$31 bn – \$32 bn	\$31.5 bn – \$31.8 bn 
Capex	2024e	\$9 bn – \$10 bn	\$8.7 bn – \$9.1 bn 
Adj. FCF	2024e	\$16 bn – \$18 bn	\$16.6 bn – \$17.0 bn 
Merger synergies	2018–2024e	\$6 bn (\$7.5 bn)	\$8 bn+ 

<sup>1</sup>Based on current 2024 guidance

# **Strategy 2023–2027**

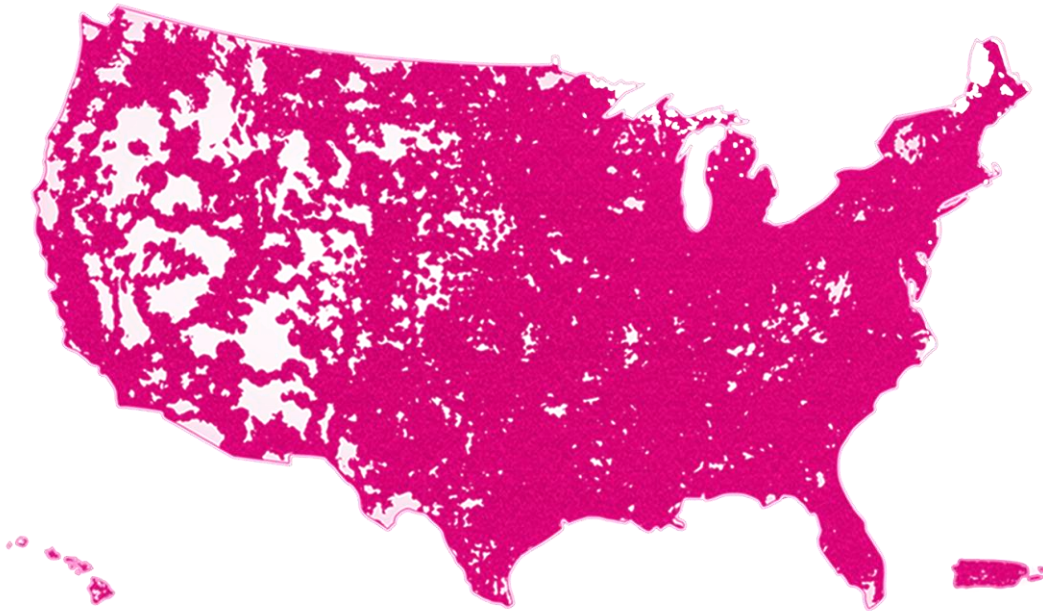
# The next era of profitable growth leadership



# FROM CHALLENGER TO CHAMPION



# Extending our network leadership



**Best spectrum and network assets**



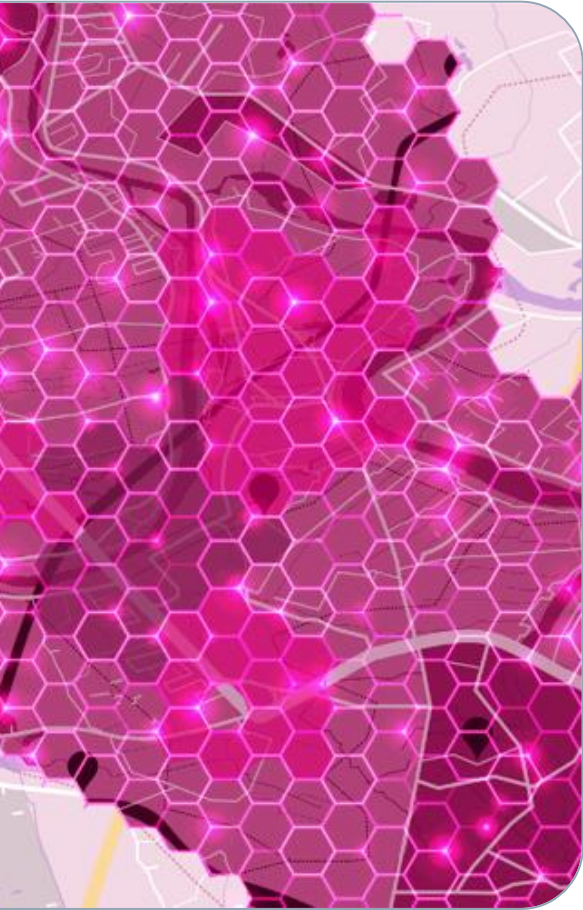
**Purpose built for customers**



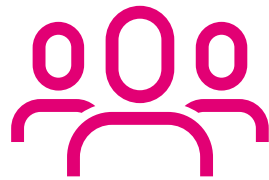
**Technology leadership**



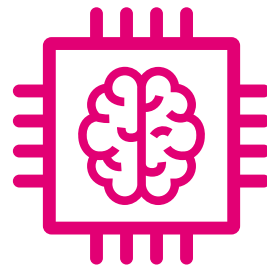
# Customer-driven coverage based on Data & AI



## RETHINK THE WAY NETWORKS ARE BUILT: FROM COVERED POPS TO BEST CUSTOMER EXPERIENCE



U.S. divided into small hexbins, which capture customer movements in and out



AI/ML model forms predictive outcomes based on customer experience



Network build decisions are made based on greatest customer impact and business returns

# Bringing transformative digital Customer experiences



**Best in class digital platform**  
accelerates digital  
and drives higher  
Customer  
satisfaction



**Achieving 100% of upgrades and majority of activations done digitally & enabling new revenue opportunities**



# Reimagining Customer experience unlocked by AI



## PREVENT

Provide effortless, proactive solutions

## AUTOMATE

Leverage new and traditional tech to handle simple tasks automatically

## ENHANCE

Empower frontline with insights to enhance Customer experiences

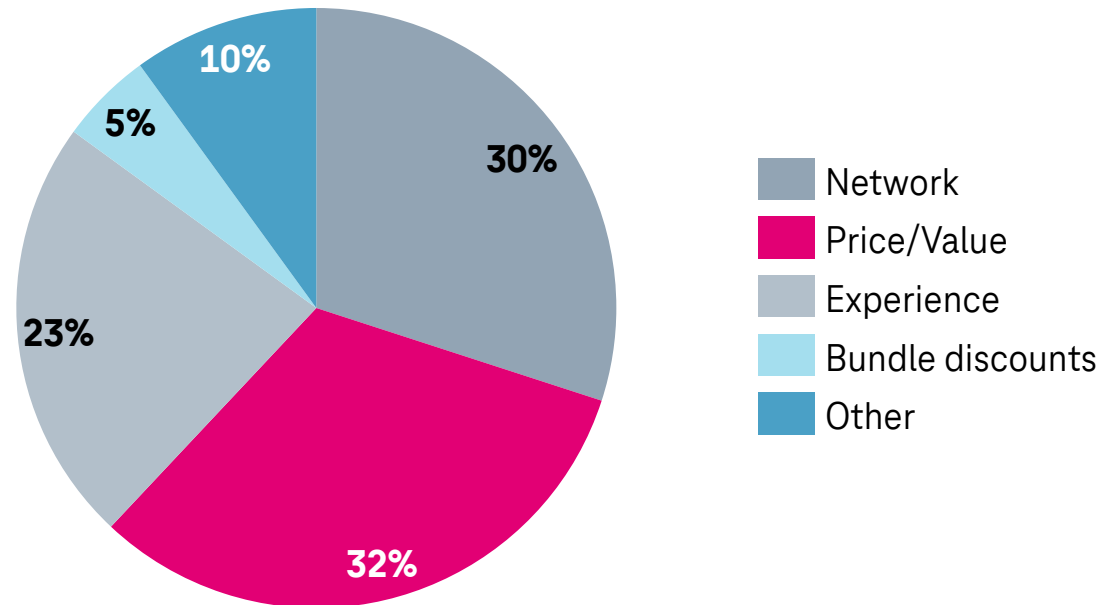


**IntentCX: AI-enabled, intent-driven business process innovation**  
**75% fewer inbound contacts with rising Customer satisfaction**

# Sustain industry-leading postpaid customer growth every year...



## Drivers of wireless switching



**BEST**  
network

**BEST**  
experiences

**BEST**  
value





# ...with huge opportunity to capture additional Market share



## TOP 100 MARKETS



- Growing as #1 share leader in ~ 40% of markets
- NPS leader today with opportunity to close network perception gaps where we are #2 in share
- ~ 30% of top 100 markets have considerable SMRA-like growth opportunity

## SMALLER MARKETS & RURAL AREAS



- Established growth driver, #1 in share of switching and highest win share to date in Q2 2024
- Nearly doubled our relationship NPS and now #1, nearly 20% above any other provider
- Network, distribution, and brand investments will continue to pay dividends for years to come

# Growing T-Mobile for Business: From SIMs to solutions



Best network, best value, and best solutions  
unlocking tremendous momentum and room to run

**Double-digit  
Service revenue** growth  
since 2020

Expanding **TAM**  
with industry-leading  
**solutions**



# Growing fixed-wireless to 12 mn customers by 2028



## Advanced Network Technologies

- Advanced MIMO
- Customer-driven coverage
- Multi-carrier aggregation

## Ongoing 5G Spectrum Deployment

- Additional spectrum to enable more capacity

## Precision Marketing

- Data-informed marketing
- Ability to reach more customers where we have supportability

## CPE Advancements

- 8RX expansion
- Increases spectral efficiency
- Additional support and increased eligibility

# Fiber provides accretive and complementary growth

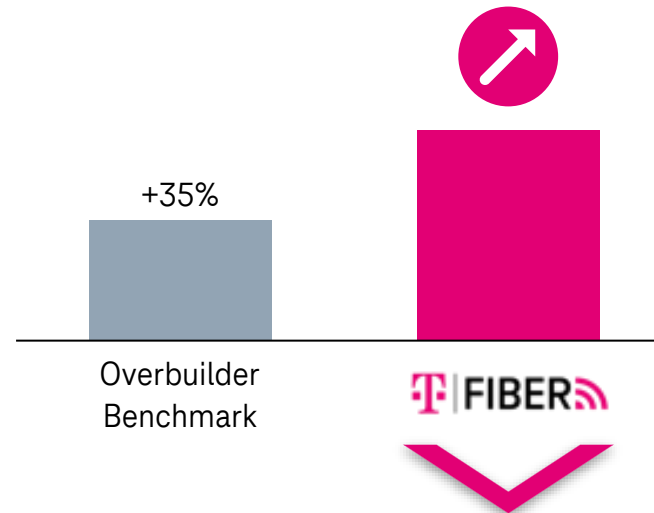


**RAPIDLY EXPANDING  
FIBER HOUSEHOLDS ...**

**... AND SUPERIOR MONETIZATION  
BY UNIQUE ADVANTAGES**

**12–15 mn**  
**OR MORE HOMES PASSED BY 2030**  
**COMPLEMENTING 5G BROADBAND**

Long-term market penetration



- ✓ National brand & advertising
- ✓ Digital & retail distribution
- ✓ 5.6 mn FWA customers<sup>1</sup>  
(plus > 1 mn on waiting list)
- ✓ 126 mn Mobile customers<sup>1</sup>

**Expect  $\geq$  20% IRR**

<sup>1</sup>As of Q2 2024

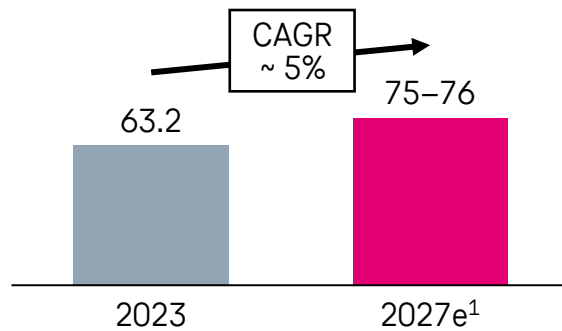


# Continued outsized financial growth



## Service revenues

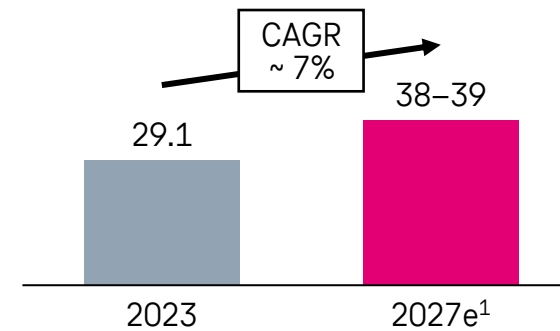
\$ bn



Accelerate growth:  
Incl. Postpaid  
CAGR +6%

## Adj. Core EBITDA

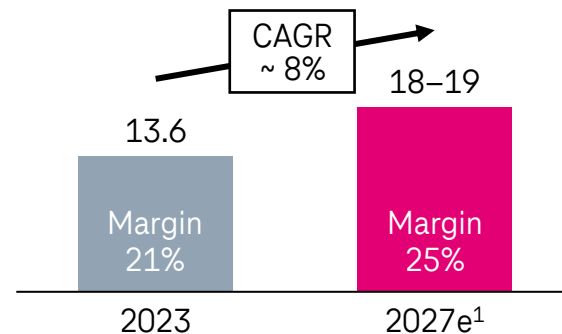
\$ bn



Compounding operating leverage and efficiencies

## Adj. FCF & FCF Margin

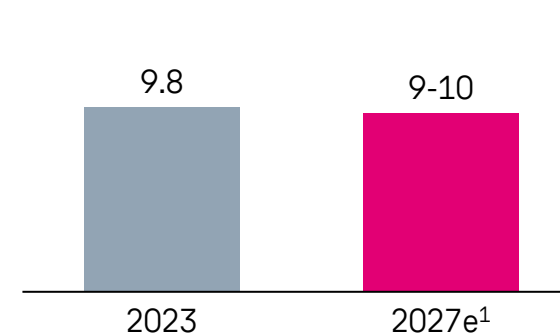
\$ bn



Highest adj. FCF to service revenue ratio in the industry

## Capital expenditures<sup>2</sup>

\$ bn



Consistent investment to extend network leadership

<sup>1</sup>Excludes pending acquisitions of UScellular, Metronet, and Lumos, with each representing upside to the plan upon closing; <sup>2</sup>Cash Capex



# Creating ~ \$80 bn investment & returns envelope through 2027



## STRATEGIC INVESTMENTS

**Fund ~ \$10 bn**  
in announced transactions  
through 2027

- Lumos JV
- Metronet JV
- UScellular
- Spectrum

## STOCKHOLDER RETURNS

**Up to \$50 bn**  
additional through 2027

- In addition to \$25.1 bn<sup>1</sup> delivered
- Q4 dividend increase of 35% to \$0.88/share with continued double-digit annual increases in dividends per share
- Remaining delivered via share repurchases

## ADDITIONAL CAPACITY

**Retains ~ \$20 bn**  
of flexibility through 2027

- Opportunistic, value creating investments
- Potential de-levering
- Additional stockholder returns

<sup>1</sup>As of September 18<sup>th</sup>, 2024



**Midterm  
ambition level**

# 2023–2027e: From challenger to champion

## STRONGER FOUNDATION



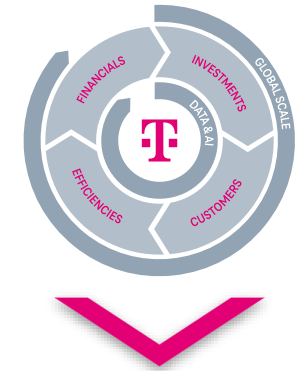
## SUPERIOR EXECUTION



## ACCELERATION



## VALUE CREATION



- **Customer-first** ethos
- **Strong** team
- Fastest and most available **5G network**
- Best **spectrum** position
- **Value** leadership
- Technology **innovation**

- **Share-taking** across core wireless
- **5G broadband** expansion
- **Fiber partnerships** unlock attractive returns
- **Evolving B2B** with T Priority
- **Expanding new businesses**, such as advertising

- **Data-informed, AI-enabled, digital-first** company
- **100%** of upgrades & most activations done **digitally**
- **75%** fewer inbound contacts with rising **CX**
- Revolutionary **customer-focused, AI approach** for the network

- ~ **5% Service revenues CAGR**<sup>1</sup>
- ~ **7% adj. Core EBITDA CAGR**<sup>1</sup>
- ~ **8% adj. Free Cash Flow CAGR**<sup>1</sup>
- ~ **\$80 bn capacity** for investments and stockholder returns<sup>2</sup>

<sup>1</sup>2023–2027e; <sup>2</sup>Relates to September 18<sup>th</sup>, 2024 through 2027





# Our midterm commitments

US GAAP	2023 Results	2027 <sup>1</sup> Outlook	CAGR 2023–2027e
Service revenues	\$63.2 bn	\$75 bn – \$76 bn	~ 5%
Adj. Core EBITDA	\$29.1 bn	\$38 bn – \$39 bn	~ 7%
Capex <sup>2</sup>	\$9.8 bn	\$9 bn – \$10 bn	
Adj. FCF	\$13.6 bn	\$18 bn – \$19 bn	~ 8%

<sup>1</sup>Excludes pending acquisitions of UScellular, Metronet, and Lumos, with each representing upside to the plan upon closing; <sup>2</sup>Cash Capex



**T-Mobile US, Inc.**  
**Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures**  
**(Unaudited)**

This presentation includes non-GAAP financial measures. The non-GAAP financial measures should be considered in addition to, but not as a substitute for, the information provided in accordance with GAAP. Reconciliations for the non-GAAP financial measures to the most directly comparable GAAP financial measures are provided herein. T-Mobile is not able to forecast Net income on a forward-looking basis without unreasonable efforts due to the high variability and difficulty in predicting certain items that affect GAAP net income, including, but not limited to, Income tax expense and Interest expense. Adjusted EBITDA and Core Adjusted EBITDA should not be used to predict Net income, as the difference between either of these measures and Net income is variable.



## T-Mobile US, Inc. Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures (Continued) (Unaudited)

Adjusted EBITDA and Core Adjusted EBITDA are reconciled to Net income as follows:

(in millions, except percentages)	Year Ended December 31,			
	2020 Proforma <sup>(4)</sup>	2021	2022	2023
Net Income	\$3,575	\$3,024	\$2,950	\$8,317
Adjustments:				
Income from discontinued operations, net of tax	(677)	-	-	-
Income from continuing operations	2,898	3,024	2,590	8,317
Interest expense, net	3,233	3,342	3,364	3,335
Other expense (income), net	414	199	33	(68)
Income tax expense	198	327	556	2,682
Operating income	6,743	6,892	6,543	14,266
Depreciation and amortization	16,447	16,383	13,651	12,818
Operating income from discontinued operations <sup>(2)</sup>	914	-	-	-
Stock-based compensation <sup>(3)</sup>	517	521	576	644
Merger-related costs	1,908	3,107	4,969	1,034
COVID-19-related costs <sup>(4)</sup>	515	-	-	-
Impairment expense	418	-	477	-
Legal-related expenses (recoveries), net <sup>(5)</sup>	-	-	391	(42)
Loss (gain) on disposal group held for sale	-	-	1,087	(25)
Other, net <sup>(6)</sup>	81	21	127	733
Adjusted EBITDA	27,543	26,924	27,821	29,428
Lease revenues	(5,418)	(3,348)	(1,430)	(312)
Core Adjusted EBITDA	\$22,125	\$23,576	\$26,391	\$29,116
Net income three-year compound annual growth rate ("CAGR")				32.5%
Core Adjusted EBITDA three-year CAGR				9.6%

- The results for year ended December 31, 2020, include unaudited Q1 2020 pro forma results, as though the Merger had been completed on January 1, 2019, and have been prepared in accordance with Article 11 of Regulation S-X ("Article 11") which is a different basis than the unaudited pro forma financial information included in Note 2 - Business Combinations in our Annual Report on Form 10-K for the year ended December 31, 2020. The primary difference between the Article 11 pro forma financial information and the ASC 805 pro forma financial information prepared by us is the treatment of certain one-time transaction costs, which are removed from all periods under Article 11 but are recognized as if they had been incurred in their entirety during Q1 2019 under ASC 805. The unaudited pro forma results are provided for illustrative purposes only and do not purport to represent what the actual consolidated results of operations or consolidated financial condition would have been had the Merger actually occurred on the date indicated, nor do they purport to project the future consolidated results of operations or consolidated financial condition for any future period or as of any future date. Additional information regarding pro forma adjustments is provided in Pro Forma Income Statement Metrics section below.
- Following the acquisition by DISH Network Corporation ("DISH") of the prepaid wireless business operated under the Boost Mobile and Sprint prepaid brands (excluding the Assurance brand Lifeline customers and the prepaid wireless customers of Shenandoah Personal Communications Company LLC and Swiftel Communications, Inc.), including customer accounts, inventory, contracts, intellectual property and certain other specified assets, and the assumption of certain related liabilities (collectively, the "Prepaid Transaction"), starting on July 1, 2020, we provide MVNO services to DISH. We have included the operating income from discontinued operations in our determination of the Adjusted EBITDA to reflect contributions of the Prepaid Business that were replaced by the MVNO Agreement beginning on July 1, 2020, in order to enable management, analysts and investors to better assess ongoing operating performance and trends.
- Stock-based compensation includes payroll tax impacts and may not agree to stock-based compensation expense on the Condensed Consolidated Financial Statements. Additionally, certain stock-based compensation expenses associated with the Sprint Merger have been included in Merger-related costs.
- Supplemental employee payroll, third-party commissions and cleaning-related COVID-19 costs were not significant for the years subsequent to December 31, 2020.
- Legal-related expenses (recoveries), net, consists of the settlement of certain litigation associated with the August 2021 cyberattack and is presented net of insurance recoveries.
- Other, net, primarily consists of certain severance, restructuring and other expenses, gains and losses, including severance and related costs associated with the August 2023 workforce reduction, not directly attributable to the Merger which are not reflective of T-Mobile's core business activities and are, therefore, excluded from Adjusted EBITDA and Core Adjusted EBITDA.



## T-Mobile US, Inc. Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures (Continued) (Unaudited)

Adjusted Free Cash Flow, Adjusted Free Cash Flow, excluding gross payments for the settlement of interest rate swaps, and Adjusted Free Cash Flow margin, excluding gross payments for the settlement of interest rate swaps, are calculated as follows:

(in millions, except percentages)	Year Ended December 31,			
	2020 Combined and Adjusted <sup>(1)</sup>	2021	2022	2023
Net cash provided by operating activities	\$9,751	\$13,917	\$16,781	\$18,559
Cash purchases of property and equipment, including capitalized interest	(11,956)	(12,326)	(13,970)	(9,801)
Proceeds from sales of tower sites	-	40	9	12
Proceeds related to beneficial interests in securitization transactions	3,143	4,131	4,836	4,816
Cash payments for debt prepayment or debt extinguishment costs	(82)	(116)	-	-
Adjusted Free Cash Flow	\$847	\$5,646	\$7,656	\$13,586
Gross cash paid for the settlement of interest rate swaps	2,343	-	-	-
Adjusted Free Cash Flow, excluding gross payments for the settlement of interest rate swaps	\$3,190	\$5,646	\$7,656	\$13,586
Net cash provided by operating activities three-year CAGR				23.9%
Adjusted Free Cash Flow, excluding gross payments for the settlement of interest rate swaps three-year CAGR				62.1%
Net cash provided by operating activities margin <sup>(2)</sup>	17.5%	23.8%	27.4%	29.3%
Adjusted Free Cash Flow margin, excluding gross payments for the settlement of interest rate swaps <sup>(2)</sup>	5.7%	9.7%	12.5%	21.5%

1. The table above presents certain cash flow metrics for the year ended December 31, 2020, on a combined basis as though the Merger had been completed on January 1, 2019. Adjustments have been made to the historical results of Sprint for policy and definition alignment. Cash flows associated with the Sprint wireless prepaid and Boost brands before they that were divested on July 1, 2020, are included. The unaudited combined cash flow metrics are provided for illustrative purposes only and do not purport to represent what the actual consolidated cash flows would have been had the Merger actually occurred on the date indicated, nor do they purport to project the future consolidated cash flows for any future period or as of any future date. For the purposes of this section, "Combined" means the summation of historically reported standalone GAAP amounts of T-Mobile and Sprint. Additional information regarding the Combined Cash Flow Metric adjustments is provided in the Combined Cash Flow Metrics section below.

2. Net cash provided by operating activities margin and Adjusted Free Cash Flow margin, excluding gross payments for the settlement of interest rate swaps, for 2020 are calculated using 2020 Total service revenues (as adjusted). Additional information is provided in the 2020 Adjusted Revenues section below.



## T-Mobile US, Inc. Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures (Continued) (Unaudited)

The guidance range for Adjusted Free Cash Flow, Adjusted Free Cash Flow CAGR from 2023-2027 and Adjusted Free Cash Flow margin are calculated as follows:

(in millions)	FY 2027	
	Guidance Range	
Net cash provided by operating activities	\$24,000	\$25,000
Cash purchases of property and equipment, including capitalized interest	(9,000)	(10,000)
Proceeds related to beneficial interests in securitization transactions <sup>(1)</sup>	3,000	4,000
Adjusted Free Cash Flow	\$18,000	\$19,000
Net cash provided by operating activities CAGR from 2023-2027 <sup>(2)</sup>		7.2%
Adjusted Free Cash Flow CAGR from 2023-2027 <sup>(2)</sup>		8.0%
Service revenues	\$75,000	\$76,000
Net cash provided by operating activities margin <sup>(2)</sup>		32.5%
Adjusted Free Cash Flow margin <sup>(2)</sup>		24.5%

1. Adjusted Free Cash Flow guidance does not assume any material net cash inflows from securitization in 2027.

2. The midpoints of the 2027 Service revenues, Net cash provided by operating activities and Adjusted Free Cash Flow guidance ranges are used for the purpose of these calculations.

## T-Mobile US, Inc. Pro Forma Income Statement Metrics (Unaudited)

The following tables present certain income statement metrics on a pro forma basis as though the Merger had been completed on January 1, 2019. The unaudited pro forma income statement metrics have been prepared in accordance with Article 11, which is a different basis than the unaudited pro forma financial information included in Note 2 – Business Combinations in our Annual Report on Form 10-K for the year ended December 31, 2020. The primary difference between the Article 11 pro forma financial information and the ASC 805 pro forma financial information prepared by us is the treatment of certain one-time transaction costs, which are removed from all periods under Article 11 but are recognized as if they had been incurred in their entirety during Q1 2019 under ASC 805. The unaudited pro forma income statement metrics are provided for illustrative purposes only and do not purport to represent what the actual consolidated results of operations or consolidated financial condition would have been had the Merger actually occurred on the date indicated, nor do they purport to project the future consolidated results of operations or consolidated financial condition for any future period or as of any future date. For the purposes of this section, “Combined” means the summation of historically reported standalone GAAP amounts of T-Mobile and Sprint. “Pro forma adjustments” means adjustments to combined metrics to give effect to matters that are directly attributable to the Merger, factually supportable, and expected to have a continuing impact on the results of the combined company. “Pro forma” metrics are those that have been adjusted as required for the presentation of Article 11 pro forma information.

We are presenting the pro forma metrics for the three months ended March 31, 2020, to support the calculation of Adjusted EBITDA and pro forma Core Adjusted EBITDA for the year ended December 31, 2020 included in the Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures of this presentation, and 2020 Postpaid service revenues (as adjusted) and 2020 Total service revenues (as adjusted) included in the 2020 Adjusted Revenues section of this presentation.



## T-Mobile US, Inc. Pro Forma Income Statement Metrics (Unaudited)

(in millions)	Three Months Ended March 31, 2020
<b>Service revenues</b>	
Combined service revenues <sup>(1)</sup>	\$14,065
Pro forma adjustments <sup>(2)</sup>	(868)
Pro forma service revenues	\$13,197
<b>Equipment revenues (including equipment rentals)</b>	
Combined equipment revenues (including equipment rentals) <sup>(1)</sup>	\$4,569
Pro forma adjustments <sup>(2)(3)</sup>	(693)
Pro forma equipment revenues (including equipment rentals)	\$3,876
<b>Other revenues</b>	
Combined other revenues <sup>(1)</sup>	\$283
Pro forma adjustments <sup>(4)</sup>	52
Pro forma other revenues	\$335
<b>Total Revenues</b>	
Combined total revenues <sup>(1)</sup>	\$18,917
Pro forma adjustments	(1,509)
Pro forma total revenues	\$17,408
<b>Cost of services, exclusive of depreciation and amortization</b>	
Combined cost of services, exclusive of depreciation and amortization <sup>(1)</sup>	\$3,288
Pro forma adjustments <sup>(5)</sup>	(88)
Pro forma cost of services, exclusive of depreciation and amortization	\$3,200
<b>Cost of equipment sales, exclusive of depreciation and amortization</b>	
Combined cost of equipment sales, exclusive of depreciation and amortization <sup>(1)</sup>	\$3,947
Pro forma adjustments <sup>(2)(3)</sup>	(679)
Pro forma cost of equipment sales, exclusive of depreciation and amortization	\$3,268
<b>Selling, general and administrative</b>	
Combined selling, general and administrative <sup>(1)</sup>	\$5,709
Pro forma adjustments <sup>(2)(3)(4)</sup>	(429)
Pro forma selling, general and administrative	\$5,280

**T-Mobile US, Inc.**  
**Pro Forma Income Statement Metrics**  
**(Unaudited)**

(in millions)	Three Months Ended March 31, 2020
<b>Depreciation and amortization</b>	
Combined depreciation and amortization <sup>(1)</sup>	\$4,061
Pro forma adjustments <sup>(5)</sup>	(47)
Pro forma depreciation and amortization	\$4,014
<b>Operating Expenses</b>	
Combined operating expenses <sup>(1)</sup>	\$17,205
Pro forma adjustments	(1,443)
Pro forma operating expenses	\$15,762
<b>Operating Income</b>	
Combined operating income <sup>(1)</sup>	\$1,712
Pro forma adjustments	(66)
Pro forma operating income	\$1,646
<b>Interest expense</b>	
Combined interest expense <sup>(1)</sup>	(\$775)
Pro forma adjustments <sup>(6)</sup>	(60)
Pro forma interest expense	(\$835)
<b>Interest expense to affiliates</b>	
Combined interest expense to affiliates <sup>(1)</sup>	(\$99)
Pro forma adjustments <sup>(6)</sup>	104
Pro forma interest expense to affiliates	\$5
<b>Interest income</b>	
Combined interest income <sup>(1)</sup>	\$12
Pro forma adjustments <sup>(4)</sup>	14
Pro forma interest income	\$26
<b>Other income (expense), net</b>	
Combined other income (expense), net <sup>(1)</sup>	(\$5)
Pro forma adjustments <sup>(4)</sup>	(14)
Pro forma other income (expense), net	(\$19)
<b>Pro forma income from continuing operations before tax</b>	<b>\$823</b>





## T-Mobile US, Inc. Pro Forma Income Statement Metrics (Unaudited)

(in millions)	Three Months Ended March 31, 2020
<b>Income tax benefit</b>	
Combined income tax benefit <sup>(1)</sup>	\$273
Pro forma adjustments <sup>(7)</sup>	9
Pro forma income tax benefit	\$282
<b>Income from continuing operations, net of tax</b>	
Combined income from continuing operations, net of tax <sup>(1)</sup>	\$1,118
Pro forma adjustments	(13)
Pro forma income from continuing operations, net of tax	\$1,105
<b>Income from discontinued operations, net of tax</b>	
Combined income from discontinued operations, net of tax <sup>(1)</sup>	-
Pro forma adjustments <sup>(2)</sup>	357
Pro forma income from discontinued operations, net of tax	\$357
<b>Net income</b>	
Combined net income <sup>(1)</sup>	\$1,118
Pro forma adjustments	344
Pro forma net income	\$1,462

1. Represents the sum of historically filed T-Mobile and Sprint standalone GAAP reported amounts. Please reference the T-Mobile Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020, and the Current Report on Form 8-K containing Sprint financial results for the year ended March 31, 2020, filed on May 18, 2020.
2. Significant pro forma adjustments include the removal of the activity of the Prepaid Business which is assumed to have been reclassified to discontinued operations as of January 1, 2019.
3. Significant pro forma adjustments include adjustments to the timing and recognition of certain revenues and costs to align the historical revenue recognition policies of Sprint with the revenue recognition policies of T-Mobile.
4. Significant pro forma adjustments include the reclassification among line items of historical Sprint activity to align with T-Mobile's financial statement presentation.
5. Significant pro forma adjustments include changes to depreciation and amortization from revalued and newly recognized property, equipment, and intangibles in purchase price accounting.
6. Significant pro forma adjustments include changes to interest expense resulting from new debt issuances and modifications, as well as additional amortization expense associated with the revaluation of debt in purchase price accounting.
7. Represents the pro forma tax impact of pro forma adjustments, which have been tax-effected at a blended rate of 26%.



## T-Mobile US, Inc. Combined Cash Flow Metrics (Unaudited)

Pro forma Net income is reconciled to Pro forma Adjusted EBITDA and Pro forma Core Adjusted EBITDA as follows:

(in millions)	Three Months Ended March 31, 2020
Pro forma net income	\$1,462
Adjustments:	
Pro forma income from discontinued operations, net of tax	(357)
Pro forma income from continuing operations, net of tax	1,105
Pro forma income tax benefit	(282)
Pro forma other expense, net	19
Pro forma interest income	(26)
Pro forma interest expense to affiliates	(5)
Pro forma interest expense	835
Pro forma operating income	1,646
Pro forma depreciation and amortization	4,014
Pro forma operating income from discontinued operations <sup>(1)</sup>	482
Stock-based compensation, as adjusted <sup>(2)</sup>	124
Merger-related costs, as adjusted <sup>(3)</sup>	136
COVID-19-related costs <sup>(4)</sup>	174
Other, net <sup>(5)</sup>	75
Pro forma Adjusted EBITDA	6,651
Pro forma Lease Revenues <sup>(6)</sup>	(1,402)
Pro forma Core Adjusted EBITDA	\$5,249

- Following the Prepaid Transaction, starting on July 1, 2020, we provide MVNO services to customers of the divested brands. We have included the operating income from discontinued operations in our determination of Adjusted EBITDA and Core Adjusted EBITDA to reflect contributions of the Prepaid Business that were replaced by the MVNO Agreement beginning on July 1, 2020, in order to enable management, analysts and investors to better assess the ongoing operating performance and trends.
- Represents the sum of historically filed T-Mobile and Sprint standalone GAAP reported amounts, adjusted for the fair value of certain Sprint share-based compensation and the acceleration of certain executive compensation related to the Merger.
- Represents remaining Merger-related costs other than one-time transaction costs directly attributable to the Merger, which have been adjusted out of the pro forma calculations.
- Represents the sum of historically filed T-Mobile and Sprint standalone GAAP reported amounts.
- Other, net contains the sum of historical T-Mobile adjustments to Adjusted EBITDA and Core Adjusted EBITDA as well as historical Sprint adjustments that are not otherwise included as a named reconciling item.
- Represents the sum of historically filed T-Mobile lease revenues and Sprint equipment rentals.



## T-Mobile US, Inc. Combined Cash Flow Metrics (Unaudited)

The following tables present certain cash flow metrics on a combined basis as though the Merger had been completed on January 1, 2019. Adjustments have been made to the historical results of Sprint for policy and definition alignment. Cash flows associated with the Sprint wireless prepaid and Boost brands before they were divested on July 1, 2020, are included. The unaudited combined cash flow metrics are provided for illustrative purposes only and do not purport to represent what the actual consolidated cash flows would have been had the Merger actually occurred on the date indicated, nor do they purport to project the future consolidated cash flows for any future period or as of any future date. For the purposes of this section, "Combined" means the summation of historically reported standalone GAAP amounts of T-Mobile and Sprint. "As adjusted" metrics are those that have been adjusted from their historical standalone presentation to align to the accounting policies and definitions of T-Mobile. See footnotes for details of significant adjustments.

(in millions)	Three Months Ended March 31, 2020
<b>Net cash provided by operating activities</b>	
Combined net cash provided by operating activities	\$4,144
Capital expenditures - leased devices <sup>(1)</sup>	(1,416)
Combined net cash provided by operating activities, as adjusted	\$2,728
<b>Cash purchases of property &amp; equipment</b>	
Combined cash purchases of property and equipment	\$4,091
Capital expenditures - leased devices <sup>(1)</sup>	(1,416)
Combined cash purchases of property and equipment, as adjusted	\$2,675
<b>Net cash used in investing activities</b>	
Combined net cash used in investing activities	(\$3,796)
Capital expenditures - leased devices <sup>(1)</sup>	1,416
Combined net cash used in investing activities, as adjusted	(\$2,380)
<b>Net cash used in financing activities</b>	
Combined net cash used in financing activities <sup>(2)</sup>	(\$1,737)

1. Sprint historically classified purchases of leased devices as capital expenditures within Net cash used in investing activities. We have reclassified these purchases to Net cash provided by operating activities to align with T-Mobile accounting policies.

2. No adjustments were required for net cash used in financing activities.



## T-Mobile US, Inc. Combined Cash Flow Metrics (Unaudited)

Combined Net cash provided by operating activities is reconciled to Combined Free Cash Flow, as adjusted as follows:

(in millions)	Three Months Ended March 31, 2020
Combined net cash provided by operating activities	\$4,144
Capital expenditures - leased devices <sup>(1)</sup>	(1,416)
Combined net cash provided by operating activities, as adjusted <sup>(1)</sup>	2,728
Combined cash purchases of property and equipment, as adjusted <sup>(1)</sup>	(2,675)
Proceeds related to beneficial interests in securitization transactions	868
Combined Free Cash Flow, as adjusted	<u>\$921</u>

1. Combined net cash provided by operating activities, as adjusted, represents the summation of the GAAP measure net cash provided by operating activities for T-Mobile and Sprint aligned to T-Mobile's accounting policies by adding historical capital expenditures for leased devices, which T-Mobile treats as an operating activity. Historical Sprint activity related to capital expenditures for leased devices has been reclassified to net cash provided by operating activities from cash purchases of property and equipment within Net cash used in investing activities.



## T-Mobile US, Inc. 2020 Adjusted Revenues (Unaudited)

**Postpaid service revenues (as adjusted) and Total service revenues (as adjusted) and the corresponding 2020 - 2023 CAGRs are calculated as described below:**

**Postpaid service revenues (as adjusted) for 2020 and 2020 - 2023 Postpaid service revenues CAGR** - 2020 Postpaid service revenues (as adjusted) of \$40,514 million is calculated as the sum of 2020 actual Postpaid service revenues of \$36,306 million plus \$4,208 million of standalone Sprint Postpaid service revenues for the three months ended March 31, 2020. 2020 - 2023 Postpaid service revenues CAGR of 6% is calculated using the 2020 Postpaid service revenues (as adjusted) of \$40,514 million and the actual 2023 Postpaid service revenues of \$48,692 million.

**Total service revenues (as adjusted) for 2020 and 2020 - 2023 Total service revenues CAGR** - 2020 Total service revenues (as adjusted) of \$55,756 million is calculated as the sum of the Q1 2020 Article 11 pro forma Total service revenues of \$13,197 million plus the actual Total service revenues of \$13,230 million, \$14,139 million and \$14,180 million for Q2 2020, Q3 2020, and Q4, 2020, respectively, plus \$133 million of advertising and search revenues retrospectively reclassified to service revenues for Q1 2020, plus \$877 million of estimated service revenues to give effect to the Dish MVNO agreement as if the agreement was in effect prior to January 1, 2020. 2020 - 2023 Total service revenues CAGR of 4% is calculated using the 2020 Total service revenues (as adjusted) of \$55,756 and the actual 2023 Total service revenues of \$63,241 million.



## Definition of Terms

1. Service revenues - Postpaid, including handset insurance, prepaid, wholesale, and roaming and other service revenues.
2. Cost of services - Costs directly attributable to providing wireless service through the operation of T-Mobile's network, including direct switch and cell site costs, such as rent, network access and transport costs, utilities, maintenance, associated labor costs, long distance costs, regulatory program costs, roaming fees paid to other carriers and data content costs.
3. Cost of equipment sales - Costs of devices and accessories sold to customers and dealers, device costs to fulfill insurance and warranty claims, write-downs of inventory related to shrinkage and obsolescence, and shipping and handling costs.
4. Selling, general and administrative expenses - Costs not directly attributable to providing wireless service for the operation of sales, customer care and corporate activities. These include all commissions paid to dealers and retail employees for activations and upgrades, labor and facilities costs associated with retail sales force and administrative space, marketing and promotional costs, customer support and billing, bad debt expense and administrative support activities.
5. Adjusted EBITDA and Core Adjusted EBITDA - Adjusted EBITDA represents earnings before Interest expense, net of Interest income, Income tax expense, Depreciation and amortization, stock-based compensation and certain expenses, gains and losses which are not reflective of our ongoing operating performance ("Special Items"). Special Items include Merger-related costs, including network decommissioning costs, incremental costs directly attributable to COVID-19, impairment expense, loss (gain) on disposal groups held for sale, certain legal-related recoveries and expenses, restructuring costs not directly attributable to the Merger (including severance) and other non-core gains and losses. Core Adjusted EBITDA represents Adjusted EBITDA less device lease revenues. Adjusted EBITDA and Core Adjusted EBITDA are non-GAAP financial measures utilized by our management to monitor the financial performance of our operations. We historically used Adjusted EBITDA and we currently use Core Adjusted EBITDA internally as a measure to evaluate and compensate our personnel and management for their performance. We use Adjusted EBITDA and Core Adjusted EBITDA as benchmarks to evaluate our operating performance in comparison to our competitors. Management believes analysts and investors use Adjusted EBITDA and Core Adjusted EBITDA as supplemental measures to evaluate overall operating performance and to facilitate comparisons with other wireless communications services companies because they are indicative of our ongoing operating performance and trends by excluding the impact of interest expense from financing, non-cash depreciation and amortization from capital investments, non-cash stock-based compensation, and Special Items. Management believes analysts and investors use Core Adjusted EBITDA because it normalizes for the transition in the Company's device financing strategy, by excluding the impact of device lease revenues from Adjusted EBITDA, to align with the exclusion of the related depreciation expense on leased devices from Adjusted EBITDA. Adjusted EBITDA and Core Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation or as substitutes for income from operations, net income or any other measure of financial performance reported in accordance with GAAP.
6. Merger-related costs include:
  - Integration costs to achieve efficiencies in network, retail, information technology and back office operations, migrate customers to the T-Mobile network and billing systems and the impact of legal matters assumed as part of the Merger;
  - Restructuring costs, including severance, store rationalization and network decommissioning; and
  - Transaction costs, including legal and professional services related to the completion of the Merger and the acquisitions of affiliates.
7. Adjusted Free Cash Flow - Net cash provided by operating activities less cash payments for purchases of property and equipment, plus proceeds from sales of tower sites and proceeds related to beneficial interests in securitization transactions and less Cash payments for debt prepayment or debt extinguishment costs. Adjusted Free Cash Flow is utilized by T-Mobile's management, investors, and analysts of our financial information to evaluate cash available to pay debt, repurchase shares, pay dividends and provide further investment in the business. Starting in Q1 2023, we renamed Free Cash Flow to Adjusted Free Cash Flow. This change in name did not result in any change to the definition or calculation of this non-GAAP financial measure.
8. Net cash provided by operating activities margin - Net cash provided by operating activities margin is calculated as Net cash provided by operating activities divided by Service revenues.
9. Adjusted Free Cash Flow margin - Adjusted Free Cash Flow margin is calculated as Adjusted Free Cash Flow divided by Service revenues. Adjusted Free Cash Flow Margin is utilized by T-Mobile's management, investors, and analysts to evaluate the company's ability to convert service revenue efficiently into cash available to pay debt, repurchase shares, pay dividends and provide further investment in the business.



CAPITAL  
MARKETS  
DAY 2024

#DTCMD24

## Technology & Innovation

**Claudia Nemat**

**(Board Member Technology & Innovation)**

Abdurazak Mudesir (CTO)

Jonathan Abrahamson

(Chief Product & Digital Officer)



# Key messages

01

## Differentiation

We delivered our CMD 2021 commitments. At the same time, we've invested for years into our capabilities creating a unique differentiation around: Global Scale, Sovereignty, Autonomous Networks and AI@T. Overall gross financial impact ~ €1 bn<sup>1</sup>.

02

## Global Scale

We scale product and technology platforms for fast introduction of products with great CX across regions. And ~ €0.2 bn network savings.

03

## Sovereignty

We drive disaggregation and build own software solutions like RAN management. To control cost and experience in a volatile world.

04

## Autonomous Networks

We move towards minimum-to-none human intervention. For lower cost, higher quality and energy efficiency – contributing to stable consumption, and B2B growth.

05

## AI@T

We drive AI and automation, data informed, across all our processes, and for our customers. With significant impact on productivity and Customer experience. Gross financial impact ~ €0.8 bn.

<sup>1</sup> Full impact by 2027e, share of Capex: ~ €200 mn



# **Review 2020–2024e**

# We created a leading market position

## DRIVING GREEN & LEGACY TRANSFORMATION

~ -9% Lower energy consumption<sup>1</sup>

~ -€0.2 bn IT spend reduction

## LEADING IN AUTOMATION

~ 70% Automated ticket resolution

~ 1 min rack provisioning from 1 day to 1 min

~ 75% of routers can be managed remotely

## UNMATCHED NETWORK LEADER

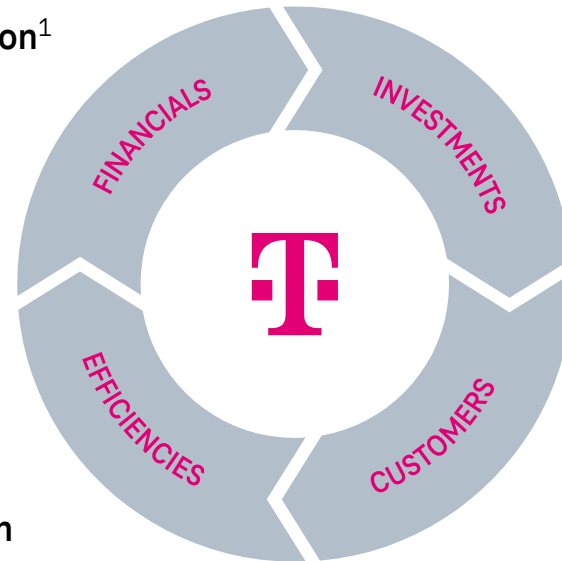
#1 Leading 5G networks

#1 Bitsight security rating

## STRONG CUSTOMER EXPERIENCE

> 45 mn Customers use T Life/OneApp across our Group

#1 Best customer service Chatbot for years



<sup>1</sup> Electricity region GER & EU



# Unmatched network leader for our customers



## 5G EXPERIENCE

- ✓ ~ 98% 5G Coverage
- ✓ ~ 78% 5G Coverage
- ✓ ~ 98% 5G Coverage
- ✓ **Leading Customer experience<sup>1</sup>** in GER, EU (EU: 8/9 countries) & US



## 5G INNOVATION

Leveraged 5G for speed leadership and more efficient data production

Commercial products, e.g.

- Live video production

Network-as-a-service

- 23 NW & CPaaS APIs live
- Venture with leading partners



## FIBER-ENABLED HOMES

- ✓ ~ 10.3 mn FTTH HH<sup>2</sup>
  - ~ +8.2 mn HH vs 2020
- ✓ ~ 10.3 mn FTTH HH
  - ~ +4.7 mn HH vs 2020



## ESG

- ✓ ~ -9% lower energy consumption<sup>3</sup>
- ✓ **#1 Security Rating** better than 97% of the peer group in Germany<sup>4</sup>

<sup>1</sup> GER: Based on Q2 2024 B2C TRI\*M; EU: 12M avg. as of Q2 2024 (EU excl. RO), NPS for TMUS; <sup>2</sup> Homes passed in total (incl. GF+); <sup>3</sup> Electricity region GER & EU; <sup>4</sup> According to bitsight

Assessment of 2021 commitments

# Scaling products with strong CX across regions

## DIGITALIZATION ENABLED SCALING...

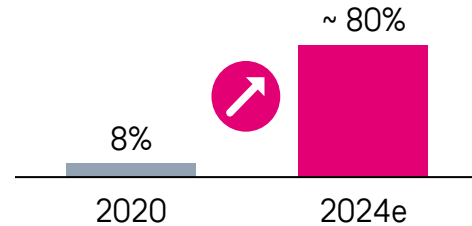
We've built **common digital enablers**

- Started practical (router, app) for high CX
- Agreed on common cloudified architecture
- Built APIs for local integration



**Global scale while local adaptation**

### Cloudified IT Applications



## ...CX ADVANTAGES ACROSS REGIONS



> 50% use **T Life/OneApp** monthly, incl. TMUS



~ 12 mn **RDK** router



~ 75% **routers** can be managed remotely



**#1 Best Chatbot** for years



> 4 mn customers experience **Magenta Moments** monthly



~ 3 mn active customers on future proven **OneTV** ecosystem

# Leading in automation, especially in Germany



## AUTOMATION

### Voice production

- Radically automated and cloudified
- Industry first
- > 17 mn voice customers

### Fraud detection

- Automated for 30k attacks per minute

### T Cars

- For automated Fiber planning

### Cloud HW

- Capacity extension: from 6–12 months to **1 min**
- Rack provisioning: from 1 day to **1 min**

### First line

- ~ **95%** automated ticket creation
- ~ **70%** automatic ticket resolution
- ~ **27%** less downtime



## CLOUDIFICATION

~ **66%** cloudified workloads 

~ **+57 pp** vs 2020

~ **44%**<sup>1</sup> cloudified workloads 

~ **+37 pp** vs 2020



## DISAGGREGATION

**Fixed: Disaggregated BNG<sup>2</sup>** 

- Roll out to ~ **150/900** central office sites by end of 2024

**Mobile: ORAN**  

- First multi-vendor cluster live and expanding
- Yet, industry evolved more slowly than expected

<sup>1</sup> Excl. RO; <sup>2</sup> Broadband Network Gateway

# What differentiates us

## OUR CAPABILITIES

### Tech people

- **Best team in industry**
- ~ 6,000 digital experts<sup>1</sup>

### Technology foundation

- **Automation**, AI & data solutions, and **product scale** in place
- **Co-creation** with partners
- Setting **industry standards**

### Human-centered Technology

- **Ethical AI** guidelines
- **Human-centered Technology** commitment

## TO ADDRESS



## BUSINESS DRIVERS

- 1 **Scale** across regions matters
- 2 A volatile world requires more **technological sovereignty**
- 3 Leaders are pioneers in **autonomous networks**
- 4 **AI must** deliver business value and be trusted

**FOR ALL  
OUR CUSTOMERS!**

<sup>1</sup> In Board area Technology & Innovation: e.g. SW engineers, data/AI experts

# Overview CMD 2021 commitments: We largely delivered

	Time frame	Ambition	Achievements 2024e
Technology leadership	2024e	<ul style="list-style-type: none"> <li>Commitment to Fiber rollout</li> <li>GER: ~ 10 mn HH passed<sup>1</sup></li> </ul>	~ 9.5 mn HH passed
	2024e	<ul style="list-style-type: none"> <li>EU: ~ 10 mn HH passed<sup>2</sup></li> </ul>	~ 10.3 mn HH passed
	2024e	<ul style="list-style-type: none"> <li>5G PoP coverage &amp; network leadership</li> <li>GER: ~ 97%</li> </ul>	~ 98%
	2024e	<ul style="list-style-type: none"> <li>EU: &gt; 75%</li> </ul>	~ 78%
	2024e	<ul style="list-style-type: none"> <li>Further enhancing 5G innovation leadership &amp; Consumer experience</li> </ul>	achieved
	2020–2024e	<ul style="list-style-type: none"> <li>IT spend reduction: &gt; €0.2 bn</li> </ul>	~ -€0.2 bn
Value transformation	2024e	<ul style="list-style-type: none"> <li>Time-to-market GER: 2.0 months</li> </ul>	~ 1.9 months
	2024e	<ul style="list-style-type: none"> <li>Agile share of development: 100%</li> <li>Increase degree of cloudified production</li> </ul>	~ 100%
	2024e	<ul style="list-style-type: none"> <li>NT: GER 67%; EU 42% cloudified workloads</li> </ul>	GER ~ 66%; EU ~ 44% <sup>3</sup>
	2024e	<ul style="list-style-type: none"> <li>IT: 80% cloudified applications</li> </ul>	~ 80%
	2020–2024e	<ul style="list-style-type: none"> <li>Technology energy consumption (Region GER &amp; EU): stable</li> </ul>	~ 3.8 (TWh)/~ -9%

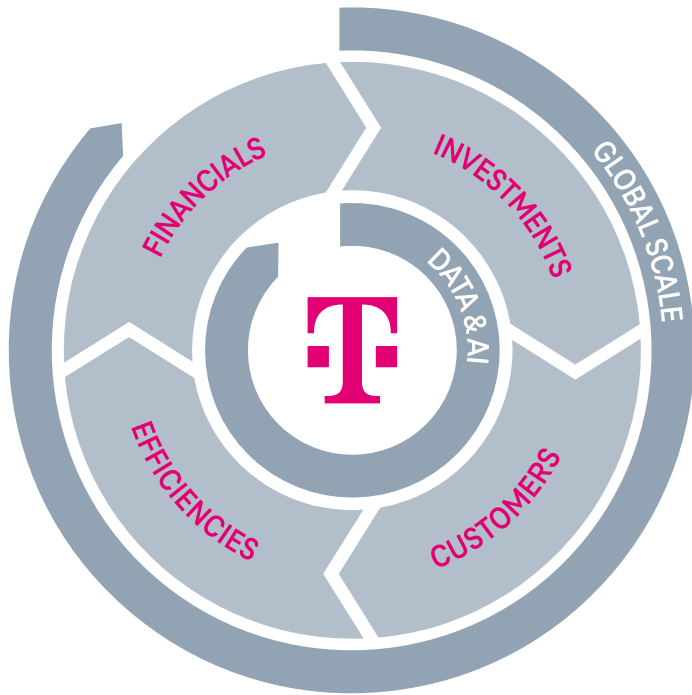
<sup>1</sup> Excl. GF+; <sup>2</sup> AT, CZ, GR, HR, HU, ME, MK, SK (excl. RO & PL; FTTH/B & Docsis 3.1); <sup>3</sup> Excl. RO

# **Strategy 2023–2027**



# Our differentiating priorities

**GROSS FINANCIAL  
IMPACT 2027**



## Scaling Product and Tech Platforms

- For fast introduction of products with great CX across regions
- For cost reduction

**IMPACT: ~ €200 mn<sup>1</sup>**



## Aiming for more sovereignty

- For cost and experience control in a volatile world



## Pioneers in Autonomous Networks

- For cost, quality energy efficiency
- Contributing to stable consumption
- For B2B growth

**IMPACT: ~ €800 mn<sup>1</sup>**



## Driving AI@T

- For productivity across field and customer service, SW development
- For reduction of IT-legacy spend
- For trusted Customer experience

<sup>1</sup> Share of Capex in total amount: ~ €200 mn

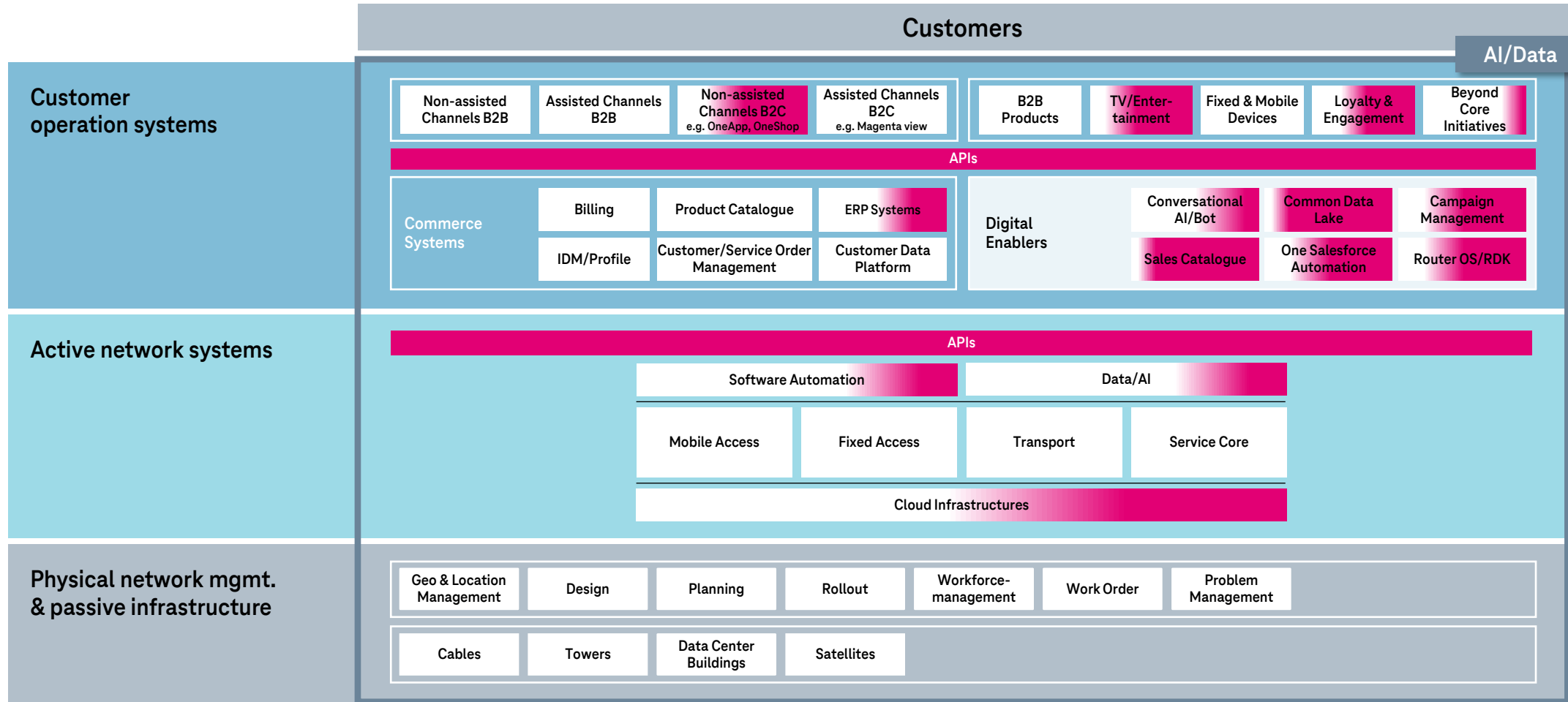


# We have scaled product and tech platforms...

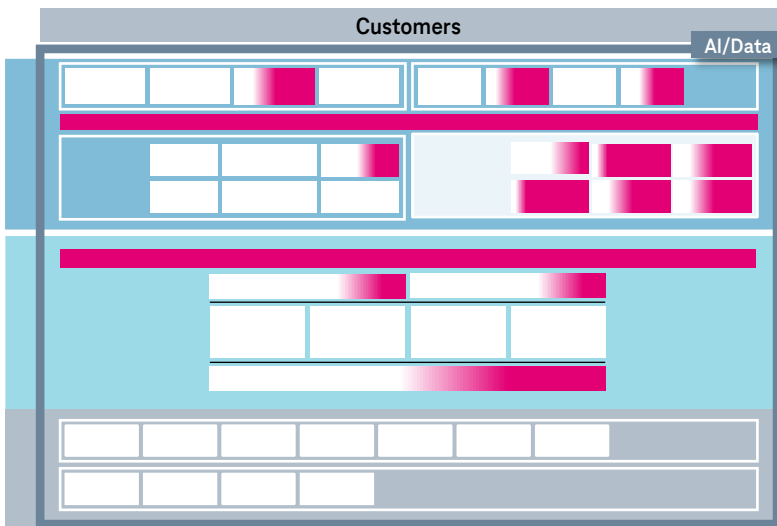


Common TDG/EU 2024  
Local

## Our Architecture Framework

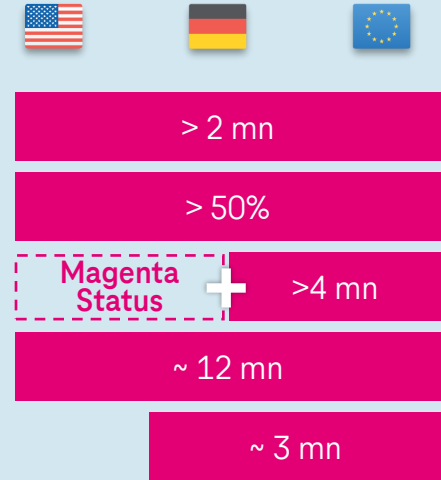


# ...with proven examples for scale by 2024, also with TMUS



## Customer operation systems

- Revvl/T Phone → # devices p.a.
- T Life/One App → penetration
- Magenta Moments → # of customers (MAU)
- RDK Ecosystem → routers in field
- OneTV → # of customers



## Active network systems

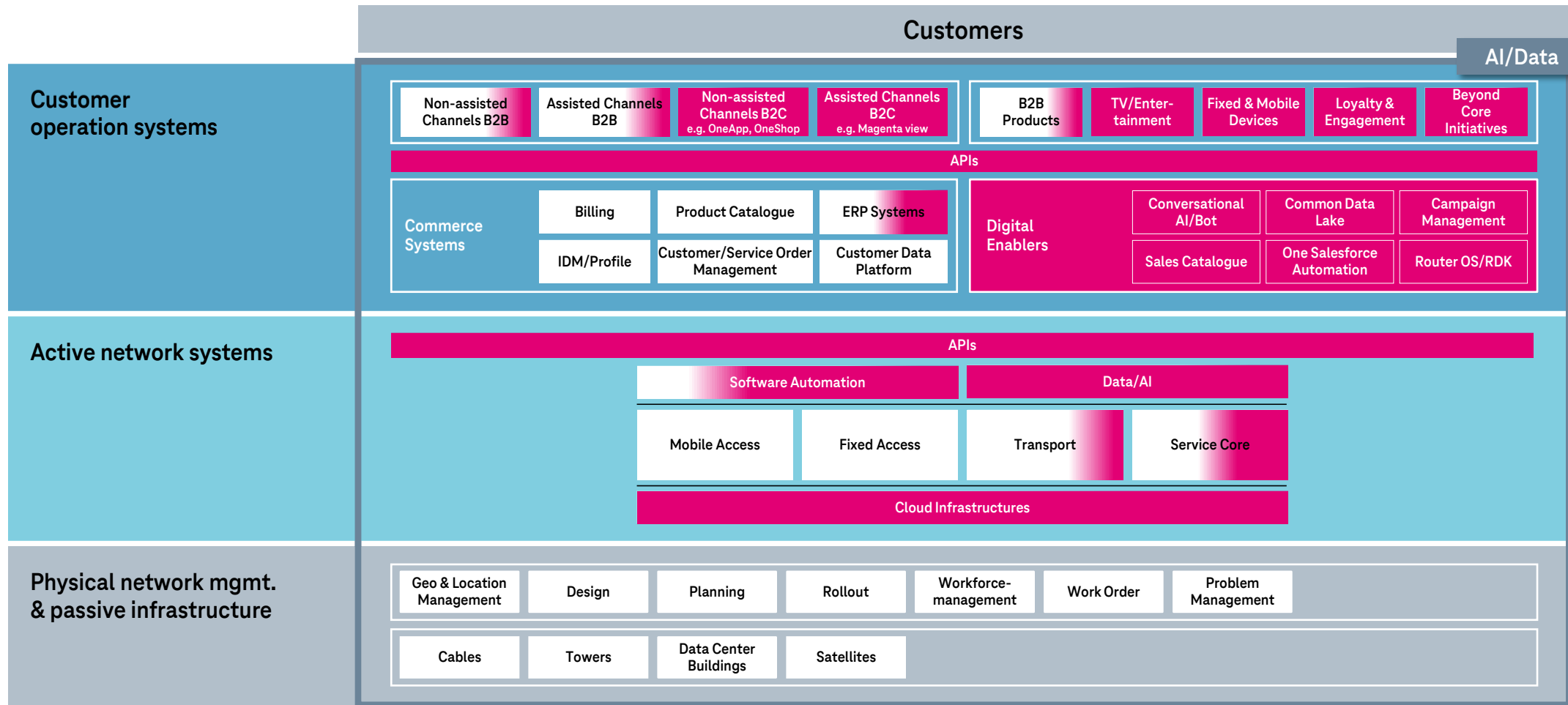
- Selected Automation Tools →

CICD; API Gateway

# We double down on scale until 2027...



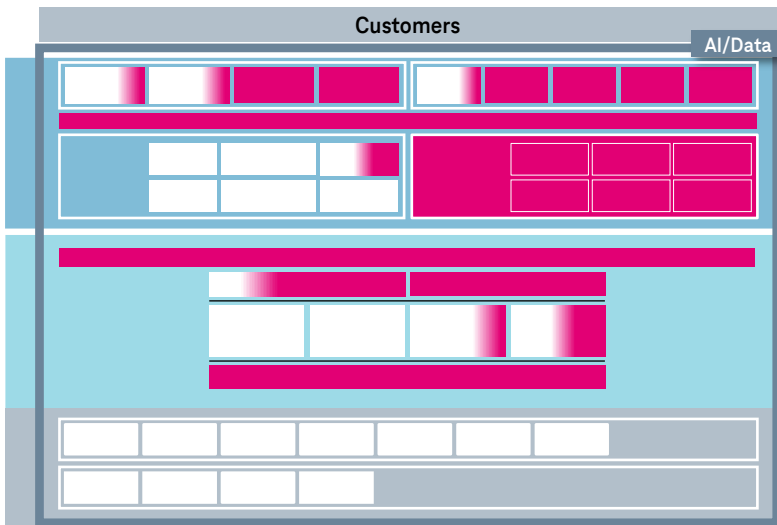
Common across TDG/EU 2027  
Local



<sup>1</sup> For EU: Common Operating Model



# ...with clear aspirations for 2027



## Further scale products and touchpoints with great CX

- Revvl/T Phone # devices p.a.
- T Life/One App penetration
- Magenta Moments # of customers (MAU)
- RDK Ecosystem routers in field
- OneTV # of customers
- Beyond the core



### + Extend collaboration with TMUS in selected projects

- Especially routers, app, IoT

### Realize ~ €200 mn scale value in networks with broader scope

- SW Automation, e.g. RAN automation
- Common multi-cloud
- Common Operating Model in EU

### + Extend collaboration with TMUS in selected projects

- T Challenge, engineering collaboration, network APIs

# Additional upside potential from scaling operations across group



## SCALING POTENTIAL

### Addressable costs

- Common architecture
- Common production
- Common operation
- Common development
- Procurement
- Common automation use cases
- Customer care
- Digitalization
- Faster AI deployment

### Non-addressable costs

- Physical network build
- Customer connections
- Leases
- Local Shops and Marketing
- Bad debt



## OPEX/CAPEX BASE DT GROUP 2023

Addressable Spend

~ 30%

Non-addressable Spend

**1% Savings on addressable base  
~ €250 mn**

# More sovereignty with smart RAN transformation

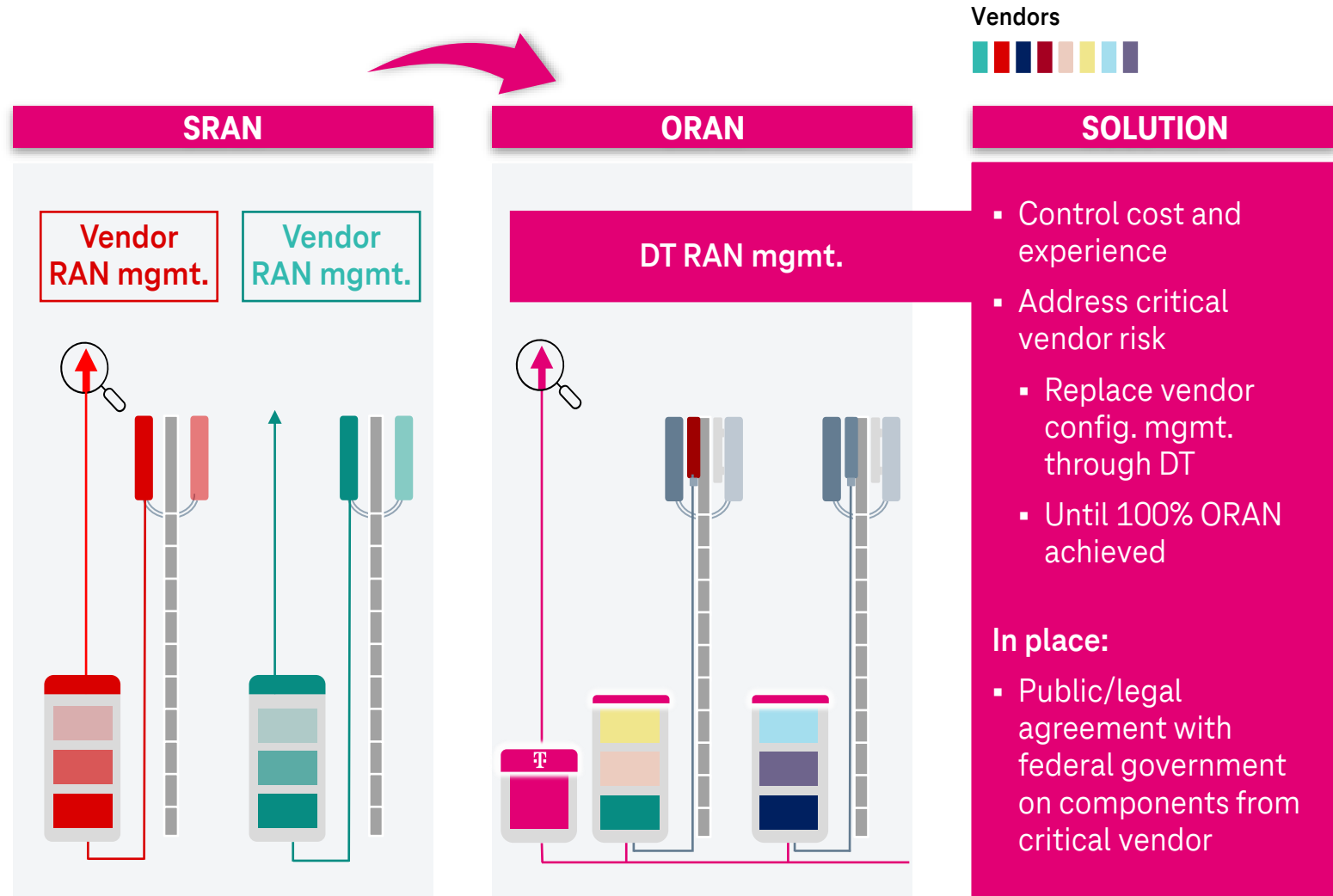


## Industry challenge

- SRAN: low vendor choice
- ORAN: more choice, more complexity

## Required capabilities

- Procurement on (sub)system level
- SW engineering, integration & automation



## Ambition 2027e

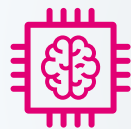
- > 3,000 ORAN sites live
- DT Configuration mgmt. developed

# Autonomous networks applied to DT



## AUTONOMOUS NETWORK OPERATION

Unlocking human potential  
for innovation



AI-assisted ticket resolution for  
~ **90%** of the tickets



## SELF-HEALING RADIO NETWORKS

Predict and prevent issues before  
customers notice

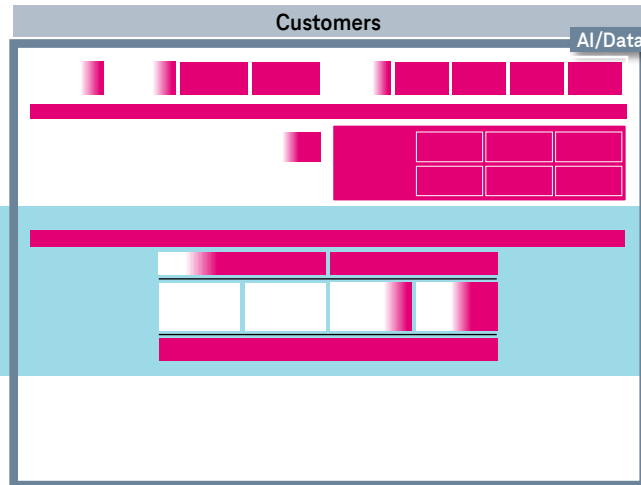
AI-based anomaly detection  
and automated change  
execution



# We aim for “minimum-to-none” human intervention



## AUTONOMOUS NETWORKS – INFUSED BY ADVANCED ANALYTICS AND AI



**Less downtime:** self-healing mechanisms predict and mitigate issues before they impact customers

**Less complex:** automated routine tasks and troubleshooting with integrated AI and ML

**Less energy intense:** intelligently steered energy consumption and network utilization

**Less risk of cyber attacks:** enhanced security features and automated policy enforcement

**Less static:** capabilities that optimize the network and adapt to tailored customer needs

## Ambition 2027e



Towards **zero outage:**  
Qualify incidents within 15 min  
and resolve it within 1 h



~ **20–30% productivity increase**  
in field service and ~ **15% in DevOps**



**Networks designed for**  
“zero bit, zero watt”, e.g. ~ +5%  
energy efficiency in RAN



**Best and most secure network**  
e.g. with Magenta OnNet Security



~ **€100 mn revenues** on network  
capability exposure

# Proven efficiency measures keep our energy consumption flat



## EFFICIENCY MEASURES COMPENSATE TRAFFIC-DRIVEN GROWTH ...

Global data traffic volume growth (in %, 2023 vs 2027)<sup>1</sup>:

13.8 mn PB  ~ +60%

Mobile sites:

 36.5k  ~ +18%

 45k  ~ +8%

3.x GHz rollout:

 3.5k  ~ x2.3

 2.3k  ~ x4

Energy efficiency measures (exemplary)

### Retire

- 3G, 2G
- SDH/PDH
- Copper (initial steps)
- Data Center consolidation

### Modernize

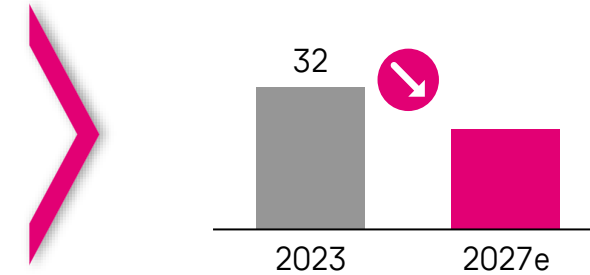
- MSAN & Central office consolidation
- Network sharing
- Network modernization

### Innovate

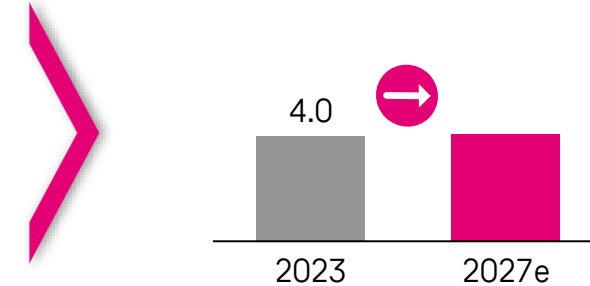
- AI-based power saving

## ... TRANSLATE INTO STABLE CONSUMPTION & LOWER INTENSITY

Energy Intensity (in kWh per TB)<sup>2</sup>:



Energy Consumption (in TWh)<sup>3</sup>:



<sup>1</sup> Analysys Mason Worldwide Fixed and Mobile Data Traffic Forecast (June & July 2024); <sup>2</sup> Ratio Energy Consumption to IP Data Volume (GER + EU); <sup>3</sup> GER + EU

# Significant impact with automation and AI, data informed



## CREATING VALUE ...

### Significant productivity increase across entire value chain

- Labor productivity
- Energy efficiency
- IT legacy spend

estimated 2027  
gross financial impact:  
**~ €800 mn**



#### AI protects us.

*e.g. against 30,000 attacks per minute.*



#### AI can save lives.

*e.g. with fire forest detection.*



#### AI makes us faster.

*e.g. with T Cars and FTTH chatbot.*



#### AI reduces bureaucracy.

*e.g. with law monitor, document summary.*



#### AI creates excitement.

*e.g. with askT, AI@T*

## ...WITH SMART COLLABORATION

- **Buying** selected market leading solutions (e.g. Glean for askT)
- **Co-creating** in selected bets (e.g. Global Telco AI Alliance)
- **Building** own solutions when strongly positioned (e.g. fraud detection)

### Global Telco AI Alliance



# Impacting productivity and CX across entire value chain



Ambition 2027e

**Context aware sales, service and engagement**

~ **-15%** service calls  
~ **-15%** avg. handling time

e.g. FragMagenta for Hotline 2.0

**AI-optimized networks across planning and operations**

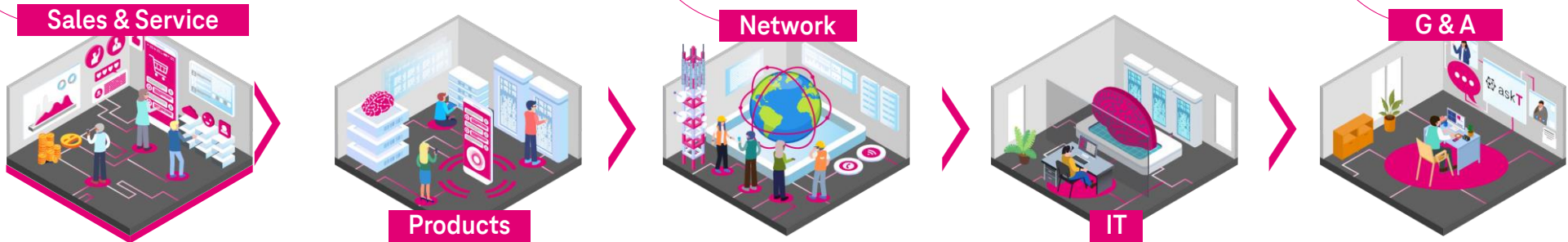
**+20-30%** productivity

e.g. AI support for field technicians

**Intelligent and attractive workplace**

~ **+10%** in efficiency in relevant areas, faster knowledge access

e.g. askT employee bot



**Personalized AI-for-All consumer products**

~ **10 mn** monthly active users

e.g. AI@T with Perplexity in OneApp

**AI-superpowered software engineering**

**+20-30%** productivity

e.g. AI for coding/operations

Demo today



# Experience Demo



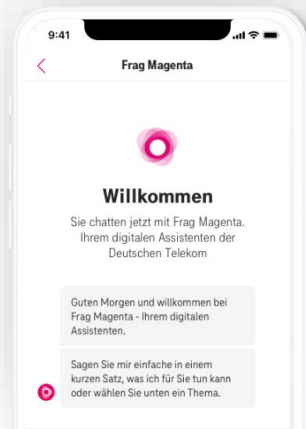
Sales & Service  
**FragMagenta next-level**



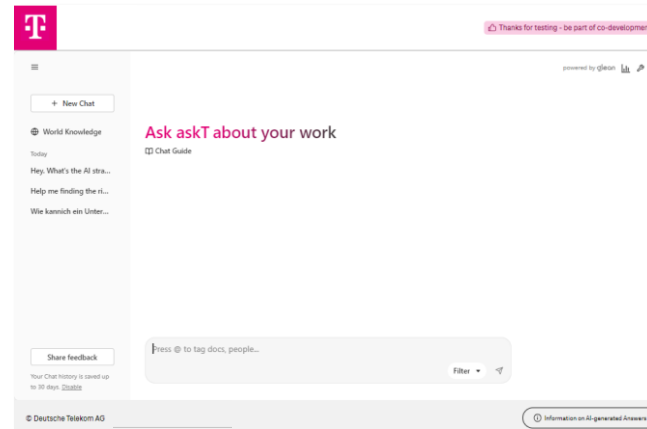
G&A  
**askT for Employees**



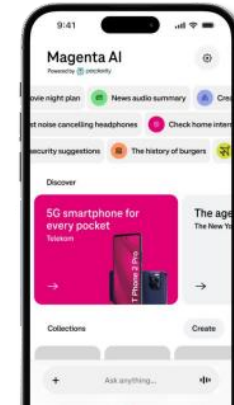
Products  
**Consumer AI**



**#helpcustomersfaster**



**#makeworkbetter**



**#democratizeAI**



**Midterm  
ambition level**

# 2023–2027e: Our differentiation creates tangible benefits

**STRONGER FOUNDATION**



**SUPERIOR EXECUTION**



**ACCELERATION**



**VALUE CREATION**



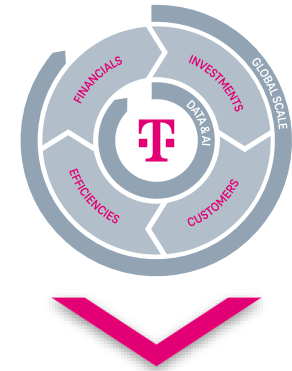
- Tech people
- Technology foundation
- Human-centered Technology



- We **scale** product and tech platforms
- We aim for more **sovereignty**
- We are pioneers in **autonomous networks**
- We drive **AI@T**



- **Global scale**
- Fast product introductions across regions
- Network scale value
- Upside to our commitments
- **Data, automation & AI**
- Focus on business value
- Smart collaboration
- Trust anchor



**Estimated gross financial impact<sup>1</sup>**  
**~ €1 bn**

**FOR ALL OUR CUSTOMERS!**

<sup>1</sup> Full impact by 2027e, share of Capex: ~ €200 mn



# Our midterm commitments

KPI	Midterm ambition level	Year
Automated/AI-based fault resolution rate in NT	> 90%	2027e
Monthly active users on own and partner GenAI services	~ 10 mn	2027e
% of systems connected to common API gateway (Consumer/Provider)	~ +25%/~ +14%	2023–2027e
Reduction in service calls/calls deflected (FragMagenta) <sup>1</sup>	~ -15%	2023–2027e
Non-issue resolution time/Avg. call handling time reduction (Agent Assist) <sup>1</sup>	~ -15%	
Software developer productivity	20-30%	2023–2027e
Reduce share of legacy cost in IT Spend	~ -40%	2023–2027e
ORAN sites in live network	> 3,000	2027e
Total Energy Consumption	Keep stable	2027e

Estimated gross financial impact<sup>2</sup>:

**~ €1 bn**  
(2027e vs 2023)

<sup>1</sup> Only in Germany; <sup>2</sup> Full impact by 2027e, share of Capex: ~ €200 mn



# CAPITAL MARKETS DAY 2024

#DTCMD24

**B2B**

**José Perdomo (Group Strategy)**

Ferri Abolhassan

(Board Member and CEO T-Systems)

Klaus Werner (B2B Germany)

Elvira González (B2B Europe)



CAPITAL  
MARKETS  
DAY 2024

#DTCMD24

**B2B**

**José Perdomo**  
**(Group Strategy)**



# Key messages – We go from already good to great!

01

## Accelerated B2B Flywheel

We delivered on our commitments. Flywheeling will further accelerate profitable B2B growth (Profitability growth CAGR > Service revenue growth CAGR 2023–2027e).

02

## Cloud, IoT, Security & AI

We grow in connectivity & capitalize on key growth categories addressable for Telcos.

03

## SMB boost, leadership in Large

We target specific segments with deep insights, channel superiority & unlock potential in entire customer base.

04

## Deeper transformation

We continue to transform. Portfolio & structure, process/channel digitalization & automation. Data insights & AI take us to next level.

05

## Unique scale

We intensify collaboration across all our markets. Centers of Excellence, brand identity, MNCs, joint platforms.

06

## T-Systems as differentiator

We leverage T-Systems, in terms of portfolio, skills, customer access, competitive delivery/offshoring, esp. in AI & Cloud.

Note: For definition of profitability see glossary



# Compared to others, we have a performing growing B2B business

## Review 2020–2024e<sup>1</sup>

B2B total revenues, € bn

Total revenue **CAGR**



<sup>1</sup> Organic view



# Strong positioning & unique setup

## RELEVANT

~ 5 mn accounts  
80% of champions

#2  
ICT provider<sup>1</sup>

Leading  
Customer  
satisfaction

## COMPREHENSIVE PORTFOLIO

**T Systems**  
capabilities AI  
& Cloud

1<sup>st</sup> quadrant  
SD-WAN<sup>2</sup>  
& cyber security<sup>2</sup>

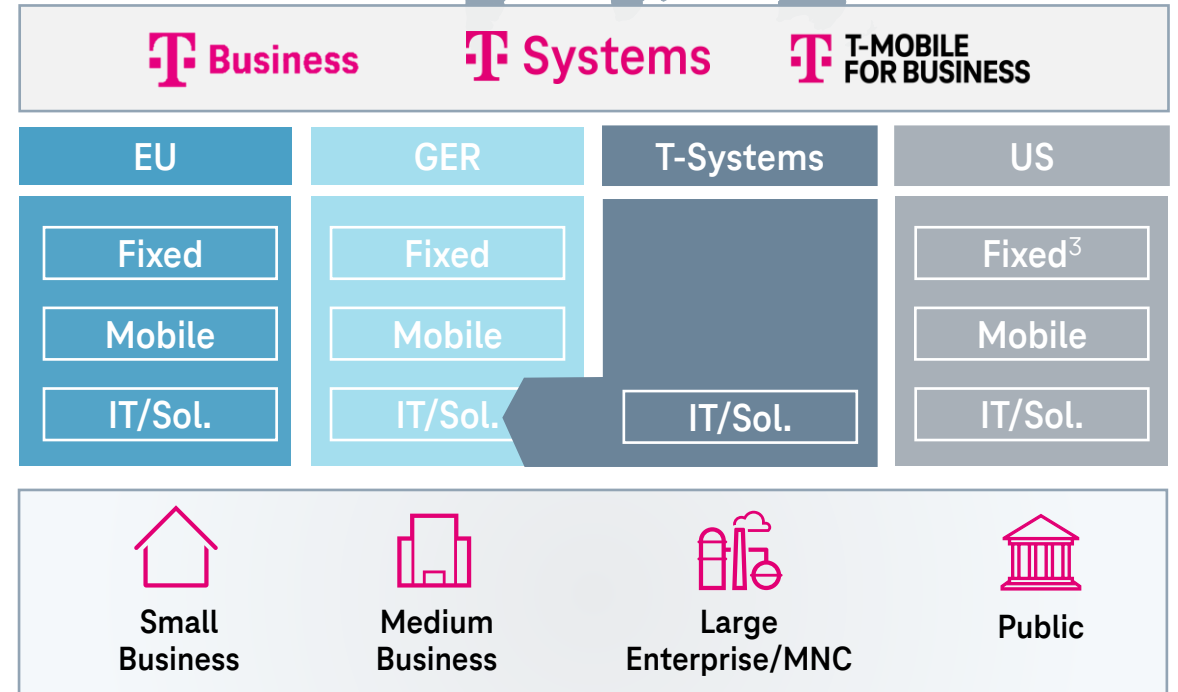
130 MW  
Data Center  
capacity

## STRONG SKILLS & DELIVERY

> 40k  
employees

> 10k Cloud experts  
> 1k AI B2B experts

> 10k  
near-/offshore  
FTEs



All data points excl. US; <sup>1</sup> PAC, in EMEA; <sup>2</sup> Managed services, ISG quadrants, in GER; <sup>3</sup> Fixed Wireless Access



# Committed to our B2B principles



- **Deep customer understanding**, industry expertise & customer insights
- Speaking with **one voice** to our customers



- **Customer first!** Long-lasting relationships – build on **trust**
- Mindset driven by **100% quality, reliability & entrepreneurship**



- **1 + 1 = 3 Strong partner ecosystem** to create superior outcome
- **Scale & collaboration** for value and efficiency



**Best team:** Top digital skills, joint purpose & promoting diversity



# Customer needs driving growth for Telcos

## B2B customer needs



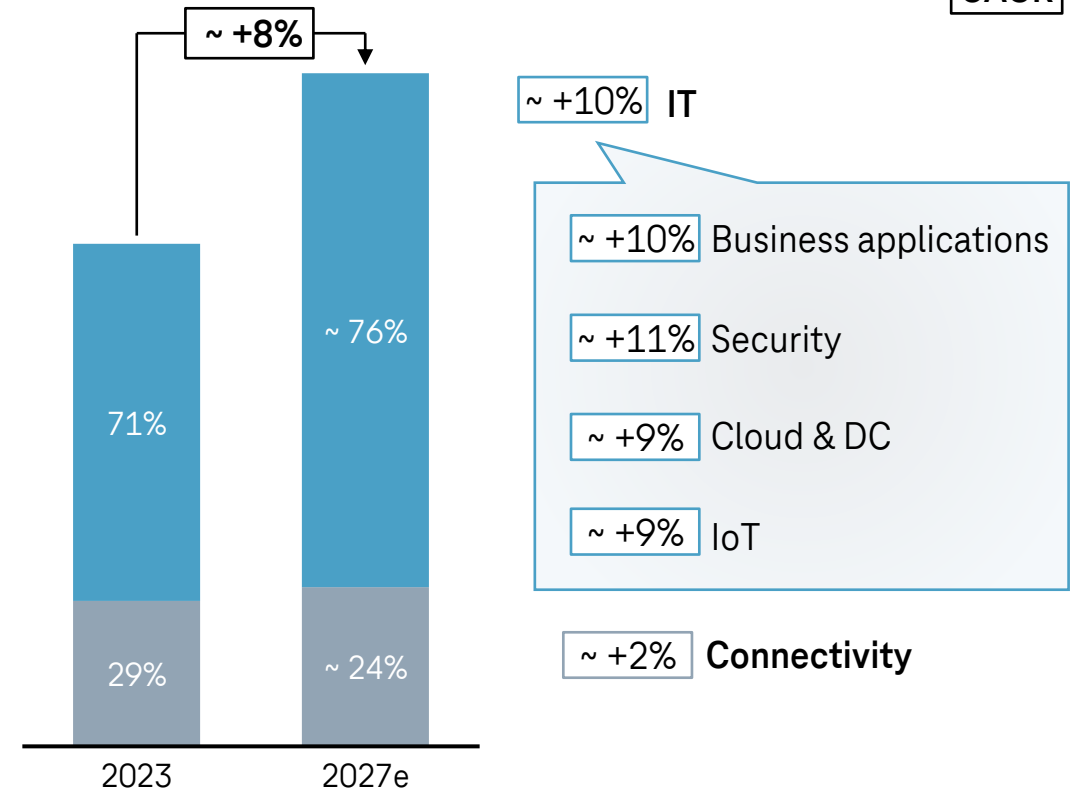
## Accelerators



## Relevant ICT market

Revenues, €

CAGR



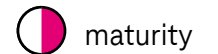
Source: DT based on Analysys Mason; DT Telco footprint only (Germany & Europe) – T-Systems IT markets not reflected; Fixed incl. SD-WAN/SASE/UCC, Security incl. SSE, IoT incl. connectivity & applications; Mobile incl. mobility solutions



# We are on good track to evolve our business model to the next level

## Telco Business Model evolution

## Strength & Capabilities – Examples –

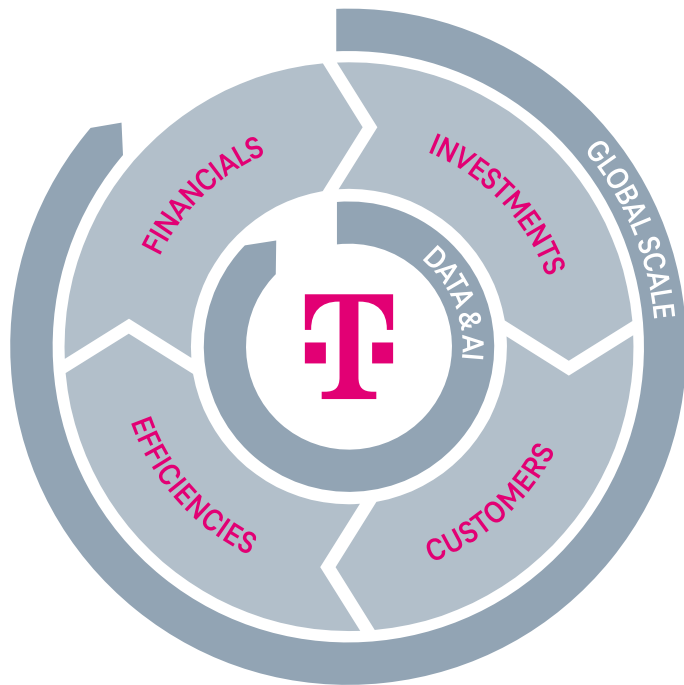


	FROM	TO	
Portfolio	Traditional connectivity focused	Integrated TC & IT incl. Fiber, 5G, Advanced Network Sol., Cloud, Security, IoT, AI	<ul style="list-style-type: none"> <li>5G leadership use cases &amp; FWA</li> <li>End-to-end SASE, cloud &amp; security offer</li> <li>IoT triple-digit € mn revenues<sup>1</sup></li> </ul>
	Legacy communication & connectivity services	Cloud-based services e.g. SDx, UCC;	<ul style="list-style-type: none"> <li>EU: +6% revenue growth in Enterprise Fixed Communication<sup>2</sup></li> </ul>
G2M/ pricing	Connectivity driven sales pitch & offering	Digitalization pitch cross-selling TC & IT	<ul style="list-style-type: none"> <li>Joint account approach Public: Germany &amp; TSI</li> <li>Integrated Key Accounts in EU with industry skills</li> <li>Digital consulting skills with Detecon, MMS</li> </ul>
	Classic contracts: long durations & commitments	As-a-Service, pay-as-you-go & grow, real-time settlements	<ul style="list-style-type: none"> <li>Consumption-based models in storage &amp; compute</li> </ul>
Delivery	Human focused sales & delivery, operations	Self-ordering & config., automated delivery; AI supported	<ul style="list-style-type: none"> <li>Automation with Salesforce, ServiceNow</li> <li>EU: OneApp and OneShop for SMBs</li> <li>AI supported RfPs</li> </ul>

<sup>1</sup> 2023; <sup>2</sup> Yoy 2023;



# Flywheeling in B2B to drive future profitable growth



## Modernize customers' **Connectivity**

e.g. MPLS to SDx, copper to Fiber, voice to UCC/CPaaS, new 5G services



## Double-down on **IT Services**

e.g. Cloud, IoT, Security & AI



## Intensify **Collaboration & Scale**

e.g. CoE, MNCs, brand identity, **T-Systems as differentiator**



## Unlock full **Customer** potential

e.g. outperform in SMB, increase Large Enterprise SoW, grow Public



## Radically transform **G2M & Delivery**

e.g. reorganization, digital channels, offshoring, AI engineering



## Strengthen our **B2B Foundation**

e.g. IT skills, quality orientation, entrepreneurship

# We leverage collaboration & global scale



## BUSINESS IDENTITY



- Establish business identity as top communication level
- Selective joint campaigning & customer events
- Evolve branding

## COLLABORATION

- Scale Center of Excellence approach
- Drive joint activities & investments
- Strengthen internal B2B community

## T-SYSTEMS AS DIFFERENTIATOR

### AI

- Create proposition & portfolio
- Leverage > 800 experts & grow (e.g. revenues x12 in T-Systems)

### Cloud

- Leverage experience from > 12k projects
- Grow in large & midsize enterprise

### Delivery

- Leverage scale > 10k near-/offshore FTEs

## GLOBAL SCALING & BUSINESS MODELS

### IoT

- Scale M2M platforms & “T IoT” proposition

### Multi-nationals

- Selective strategic account planning

### Tech Fund

- €2 bn
- Security, IoT, SDx & AI

### Network APIs

- New business model – global Telco JV

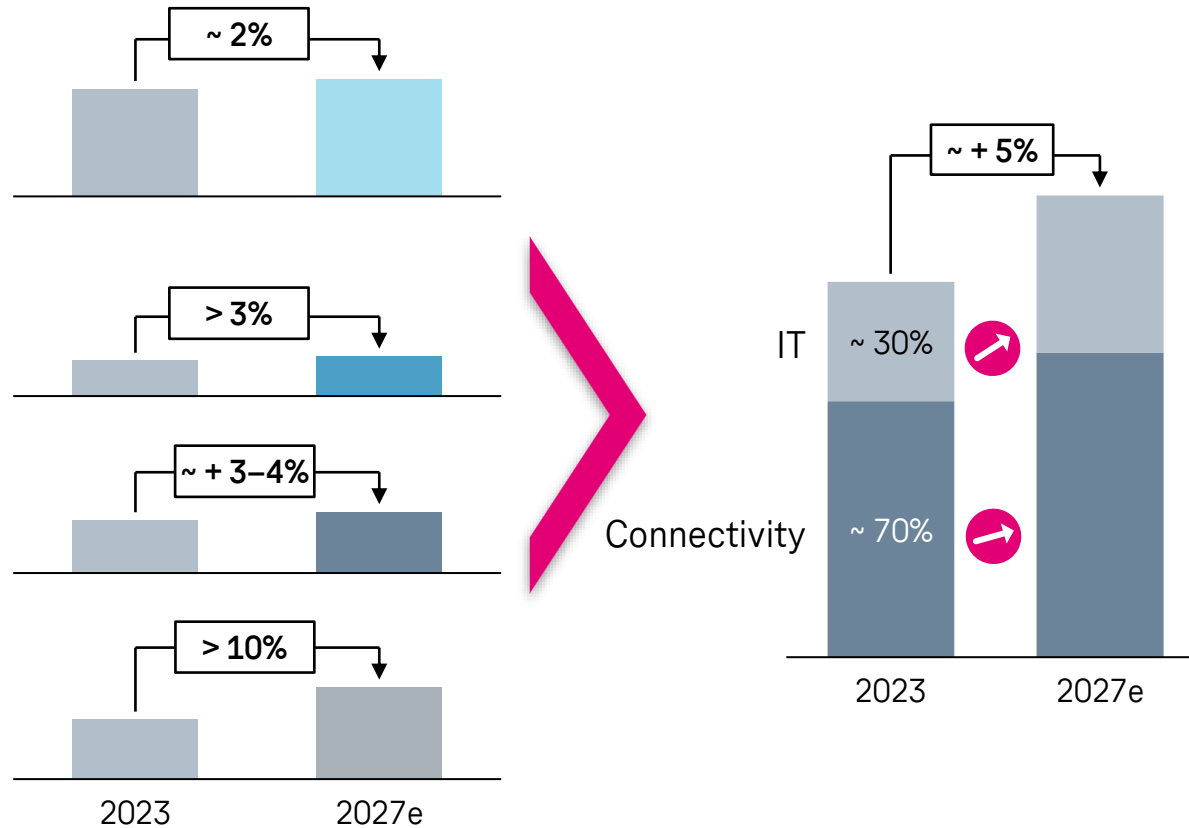
# We have clear ambitions going forward

-  Accelerate profitability
-  Continue sustainable growth
-  Consolidate trajectory & cash profitability
-  Profitable share taking

## Ambitions 2023–2027e

B2B service revenues, € bn

CAGR



Note: For definition of profitability see glossary



# 2023–2027e: We continue to differentiate & deliver – from good to great!



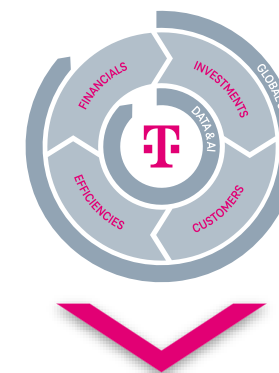
- **Network leadership** everywhere
- Leading **brand identity** – T Business & T-Systems & T-Mobile for Business
- **Benchmark** quality & reliability
- Best B2B **team**



- Profitable **growth** in all customer segments
- **Transformation** delivered
- Investments in growth **technologies**



- **Data & AI** for growth and efficiency
- **Collaboration** across DT B2B segments incl. US
- **T-Systems: Differentiator** in AI & Cloud



**COMMITTED TO DELIVER AGAIN!**

- ~ + 5% B2B Service revenue growth (CAGR)
- Profitability growth > Service revenue growth

Note: For definition of profitability see glossary



# Our midterm B2B commitments

	KPI	Midterm ambition level <sup>2</sup>	Year
<b>B2B Group</b>	Service revenues	CAGR ~ + 5%	2023–2027e
	Profitability Growth	CAGR > Service revenue CAGR	2023–2027e
<b>B2B Germany</b>	Service revenues	CAGR ~ + 2%	2023–2027e
	Profitability	CAGR > 2%	2023–2027e
<b>B2B Europe</b>	Service revenues	CAGR > 3%	2023–2027e
	Profitability	CAGR > 3%	2023–2027e
<b>T-Systems</b>	Service revenues	CAGR ~ + 3–4%	2023–2027e
	Adj. EBITDA AL	CAGR > 5%	2023–2027e
	Cash contribution AL <sup>1</sup>	Positive every year	2023–2027e

Note: For definition of profitability see glossary; <sup>1</sup> Cash contribution AL = Adj. EBITDA AL – Cash Capex – Special factors (Cash); <sup>2</sup> All CAGR organic



CAPITAL  
MARKETS  
DAY 2024

#DTCMD24

**T-Systems**

Ferri Abolhassan,  
(Board Member and CEO T-Systems)

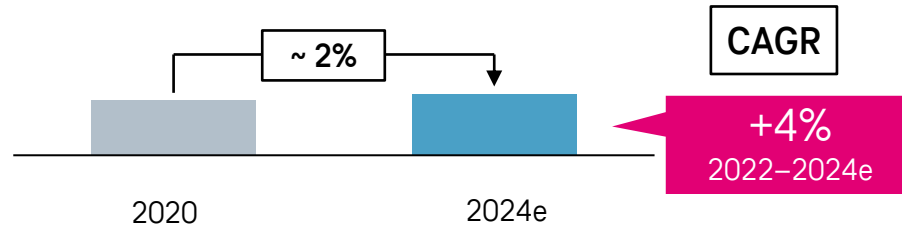


# **Review 2020–2024e**

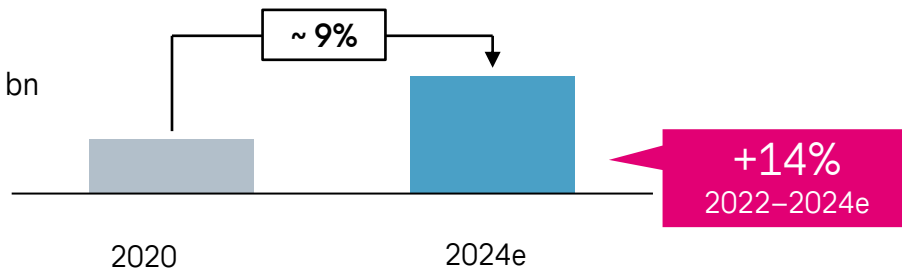
# We refocused our business & returned to a growth trajectory

## Review 2020–2024e

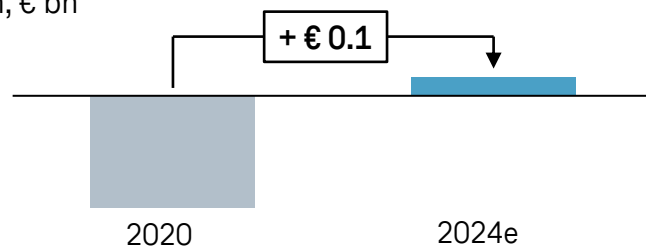
Revenues, € bn



Adj. EBITDA AL, € bn



Cash contribution, € bn



All figures reflect an organic view

## Key success drivers

- ✓ Portfolio clean-up into **pure IT service player**
- ✓ Focus on **DACH** & selected global markets
- ✓ Strong growth in **focus verticals** ~ 50% of Total revenues
- ✓ **Cloud** business stabilized, turned around into profitable growth
- ✓ **Digital** with growth above market & very strong profitability improvement
- ✓ Reduced exposure to legacy portfolio & increased **offshoring**
- ✓ **Efficiency gains** through lean overhead, optimized sales costs & global business process standardization

**DOUBLE DIGIT EBITDA GROWTH ALSO IN 2024**



# CMD 2021 ambitions: delivered on our financial commitments

KPI	Time frame	Ambition	Achievements 2024e <sup>3</sup>
Revenues	2020–2024e	“Slight” growth	~ 2% CAGR
Adj. EBITDA AL	2020–2024e	> 5% EBITDA growth	~ 9% CAGR
Adj. EBITDA AL margin	2024e	9%	~ 9.6%
IDC reduction <sup>1</sup>	2020–2024e	Reduction by €0.2 bn	Increase of ~ €0.2 bn
Cash Capex	2024e	Stable	Stable
Cash contribution AL <sup>2</sup>	2023	Break-even	Break-even reached in 2023

<sup>1</sup> External adj. IDC AL; <sup>2</sup> Cash contribution AL = Adj. EBITDA AL – Cash Capex – Special factors (Cash); <sup>3</sup> All CAGR organic

# **Strategy 2023–2027e**

# TSI is big enough to serve globally & agile enough to care locally



**Continental** Cofinity-X **OSRAM** **RUD** **POLYGONVATRO** **KONE**  
**MAGNA** BeeAndme **dpd** Mercedes-Benz **Eneco** **SCHMID INDUSTRIE HOLDING** **DHL** **cesa** **KAESER KOMPRESSOREN**  
 Bundesministerium des Innern und für Heimat **KNORR-BREMSE** **Deutsches Rotes Kreuz**  
**BAOSTEEL** **INSELGRUPPE**  
**vitescio TECHNOLOGIES** **e-on**  
**gkv informatik** **JENOPTIK** **SEAT**  
**cesa** **Shell** **DB**  
**Henkel** **BVL<sup>7</sup>** **TDK** **KUKA**  
**ukb universitäts klinikumbonn** **Sachsen Energie** **THE LINDE GROUP**  
**MAN Energy Solutions** **Hanse Werk** **VOLKSWAGEN** **BWI IT für Deutschland** **ZEISS** **Die Landesregierung Nordrhein-Westfalen**  
**Sparda-Bank** **ZUellig PHARMA** **AKTIENGESELLSCHAFT** **Schiphol** **DZ BANK**  
**BARMER** **gerresheimer** **EUROPEAN CENTRAL BANK** **LEAG** **@autohausgitter** **Generalitat de Catalunya**  
**EUROSYSTEM**

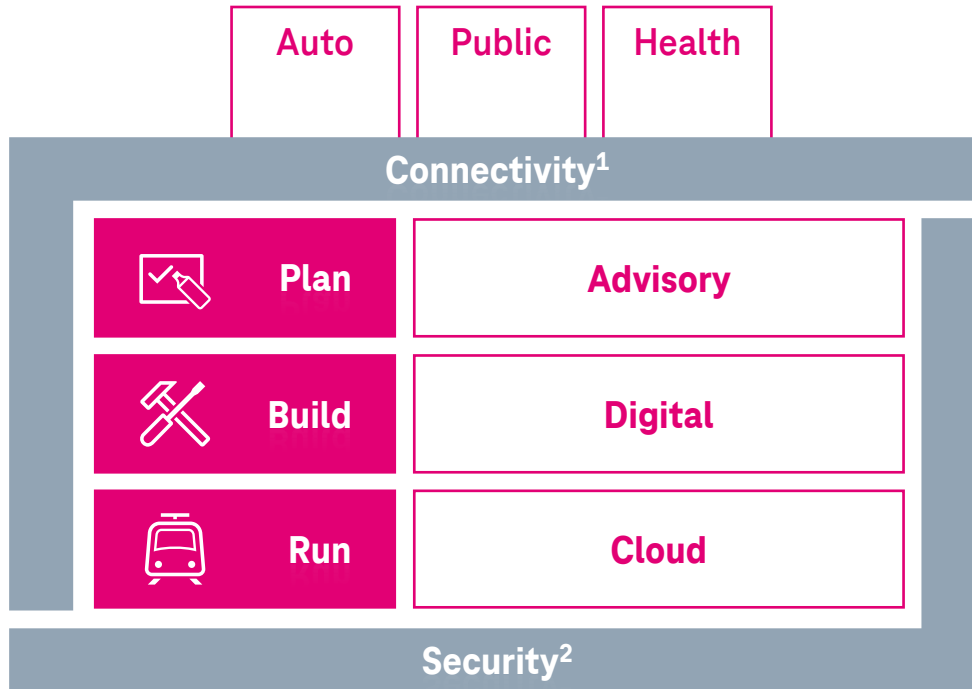
**HQ IN GER**  
with four strategic delivery centers operating globally

<b>#1</b>	IT Service provider in Germany	<b>#2</b>	IT Service provider in DACH
<b>26</b>	Countries	<b>16</b>	Data centers
		<b>8</b>	Security operation centers (SOCs) globally
<b>1.5 mn</b>	vCPUs	<b>~ 1,470</b>	Petabytes Storage
<b>DAX40</b>	Provider	<b>95</b>	TRI*M Customer satisfaction
		<b>26,000</b>	Employees (FTE), (of which 10,000 in near-/offshore)

# We confirm our strategy & focus on reliable execution



## T-Systems ICT strategy



## Focus areas for execution

- **Quality** of service at the core
- Double down on **focus verticals by an integrated G2M**
- Leverage **multi-cloud** ecosystem to stabilize turn-around
- Continue strong growth in **Digital**
- Use capabilities to serve the **end-to-end AI stack**
- Improve **efficiency** via scaled offshoring & automation
- Contribute to the Cloud, AI & Digitalization **strategy of DT**

<sup>1</sup> In cooperation with Germany; <sup>2</sup> Security services in T-Systems' international footprint

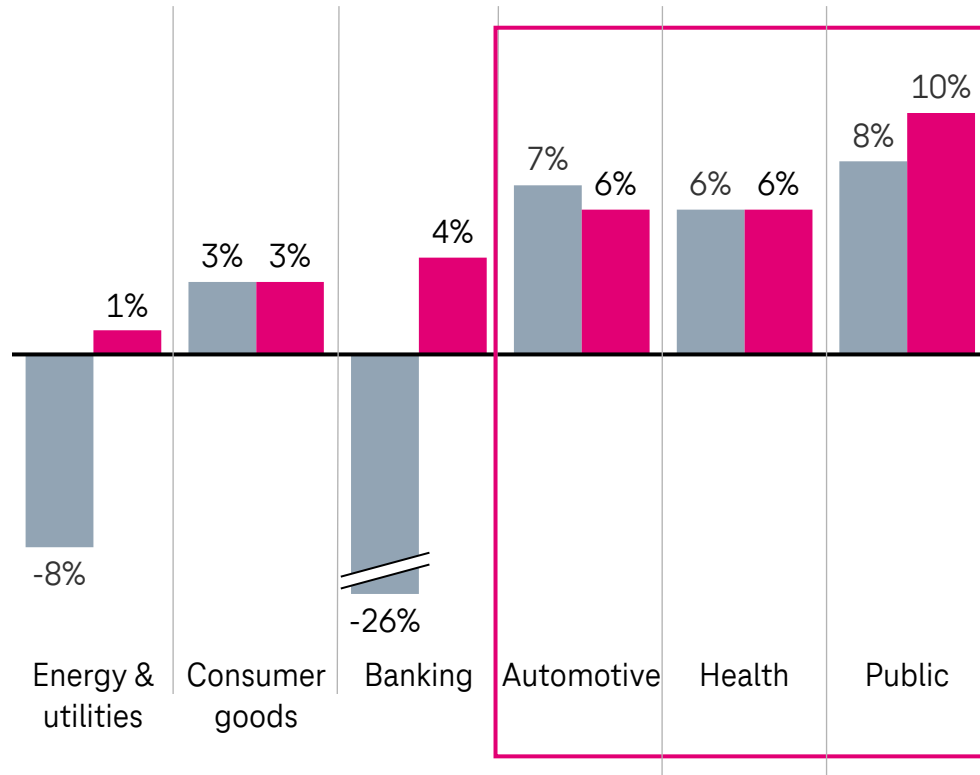
# We continue to double down on our focus verticals



## Market trends

Estimated revenue growth, % yoy

■ 2022–2023 ■ 2023–2024e



Global Top 2000 Enterprises yoy revenue growth

## Verticals

## Growth areas

## Position

<b>Automotive</b>	<ul style="list-style-type: none"> <li>▪ <b>Software Defined Vehicle</b> value chain</li> <li>▪ <b>Smart Factory</b> (combining supply chain mgmt., IoT, logistics &amp; omniverse solutions)</li> </ul>	#1 in DACH
<b>Health</b>	<ul style="list-style-type: none"> <li>▪ <b>Digital Hospital &amp; Sovereign interoperability</b></li> <li>▪ <b>Next generation of telematic infrastructure</b></li> </ul>	#1 in DACH
<b>Public</b>	<ul style="list-style-type: none"> <li>▪ End-to-end <b>Digital citizen services</b> (E-Government)</li> <li>▪ Focus on <b>Sovereignty &amp; Security</b></li> </ul>	#1 in DACH

# Cloud: E2E portfolio, leading in sovereignty, security & reliability

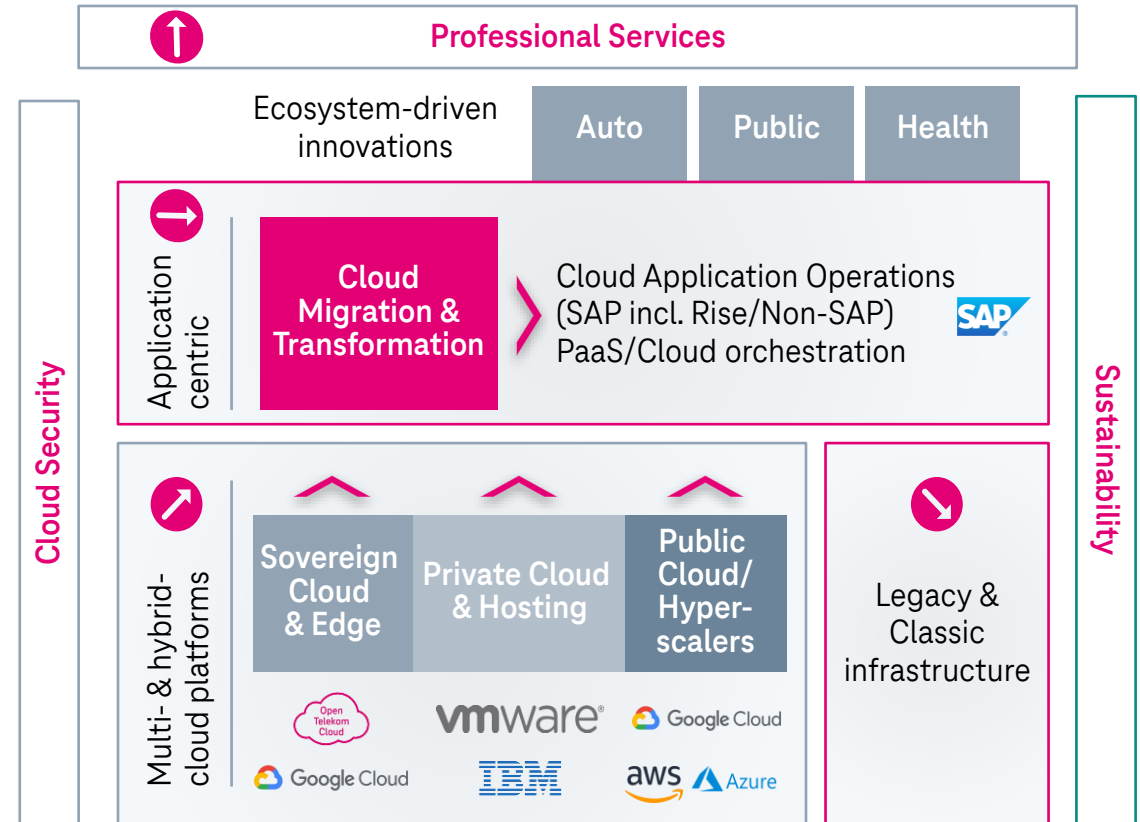


## Our direction

- **Cloud: ~ 55%** of Total T-Systems' revenues in 2024e
- **Zero Outage framework** for highest Customer satisfaction & quality
- **Scale professional services via application centric approach**
- **Stabilize** positive revenue trend in **industry specific cloud solutions** (sovereign, Private & public Cloud)
- **Increase overall shoring ratio & accelerate automation**
- **Sustainably** operated Data Centers

↑ Indicates planned portfolio trajectory from 2024 to 2027e

## Portfolio



# Digital: We continue our transformation & strong growth



## Our direction

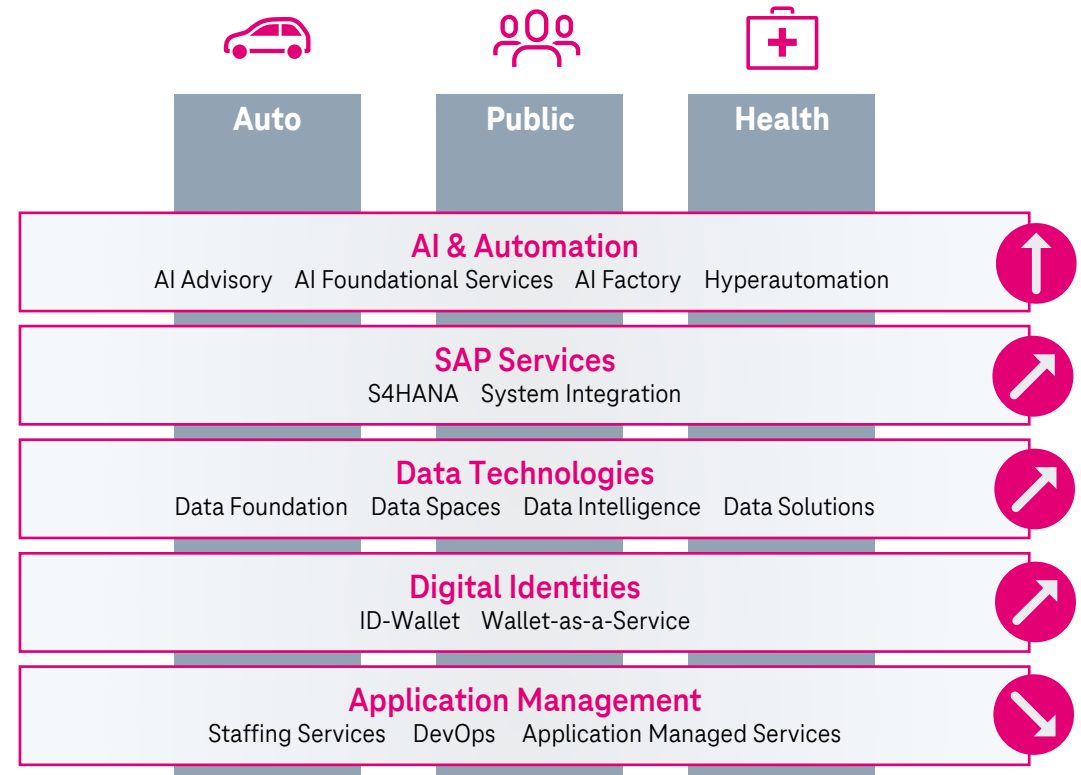
- **Digital:** ~ 35% of Total T-Systems' revenues in 2024e
- **Zero Failure** for highest Customer satisfaction and quality
- Continuing portfolio transformation **towards customer's value chain**
- High growth in **AI and automation**
- Growing **SAP services**, leveraging the RISE partnership
- **Increase overall shoring ratio**
- **End-to-end business simplification and globalization of processes**, e.g. workforce management & **AI supported automation**

↑ Indicates planned portfolio trajectory from 2024 to 2027e

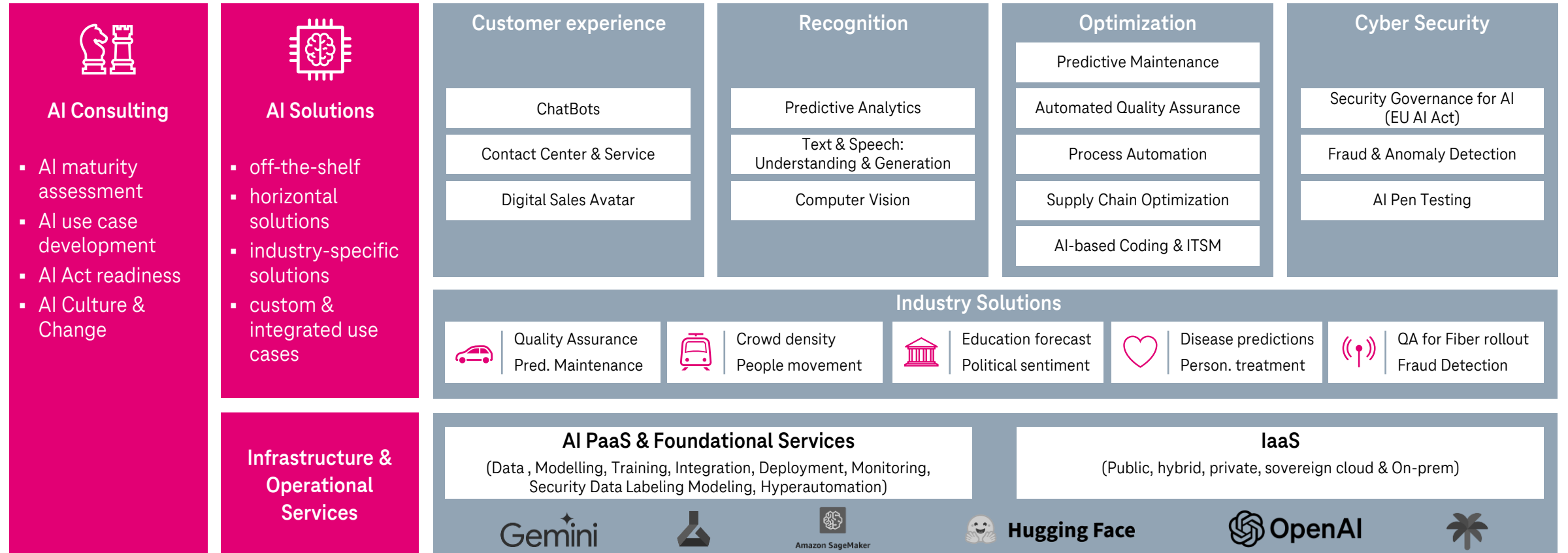
## Portfolio

Industry solutions

Horizontal solutions



# AI: T-Systems' end-to-end portfolio covering entire customer journey



Data Strategy Consulting, Data Preparation & Data Platform Services

Secure, ethical and compliant



# AI use cases: Delivering value for our customers



## 400 AI use cases: Examples

### Automotive & Manufacturing

Visual quality control for welding

**Computer Vision**



Predictive analysis-based monitoring to prevent factory downtimes

**Predictive Analytics**



Law Monitoring to reduce legal teams and lawsuits

**Generative AI & Natural Language Processing**



Mercedes-Benz

### Public Transport

Arrival time prediction in public transport

**Predictive Analytics**



### Health

Smart Health Chat dedicating more time to patients

**Generative AI & Conversational AI**



Deutschlands größte Krankenkasse

Early detection of prostate cancer

**Predictive Analytics**

Kantonsspital Aarau



## AI use case: Medical care (video)

### Customer Problem: 40,000 manual wound measurement treatments per day

- Today's **wound treatment** process takes simply **too long**
- **Redundant, paper-based** recording of patient data; **manual wound assessments**, additional photo documentation

### Our solution: 1MedOne (1 module)

- All data for the process available “at the edge of the bed” on a connected mobile client
- **Embedded and specifically trained AI model** for recording and assessment of wounds (small foundational model YoloV5)
- **Fully digitized documentation** process **connected to the hospital information system** for further treatment steps

### Advantages:

- **Speed:** Less processing time per case –**50% efficiency gain**
- **Accuracy:** complete and high-quality wound assessment
- **Redundancy free:** integrated with hospital information systems
- **Load relief:** Operational support for pressured caregivers on high frequency repetitive tasks
- **In essence:** Less cost, less errors, less stress while having more time for patients

# Continue growth trajectory by G2M, people & portfolio levers



## QUALITY

Minimize number of incidents



0

Target to get as close as possible until 2027e

## PEOPLE

Accelerate future capabilities, e.g. consultative selling, AI through re-skilling

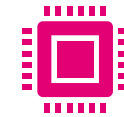


10,000

Future skills acquired until 2027e

## PORTFOLIO

Targeted investments into growth fields



Investments into AI, Cloud etc.

## G2M

Significantly increase balanced accounts through cross-/upselling



50%

To be reached until 2027e

## OFFSHORING

Efficient model focused on delivery increased offshoring



80%

Increase in offshoring from 2024 to 2027e

## AUTOMATION

Accelerate automation across entire organization



20%

Efficiency gained by automation using AI

# T-Systems as DT enabler



## WAVE 0

### Value contribution for DT Group

- **Joint G2M in Germany for Large Enterprise (Top 100 accounts) & Public** (Key Account Management w/ Germany)
- Leveraging **platform synergies for DT group**

### IT differentiation in B2B

- **IT coverage** for our LE/MNCs & Public customers combined with strong partner landscape
- **Focus on AI, Digital & Cloud** (OTC for midmarket, Sovereign Cloud for Public & Health) + international **Security**
- **#2 ICT provider in EMEA**

## WAVE 1

- **Integrated account planning** for LEs/MNCs (> 400 accounts)
- T-Systems as **preferred multi-cloud supplier** for DT
- **Leverage TSI's near-/offshoring FTE** (in India, Hungary, Slovakia, Spain) for cost efficient delivery at scale

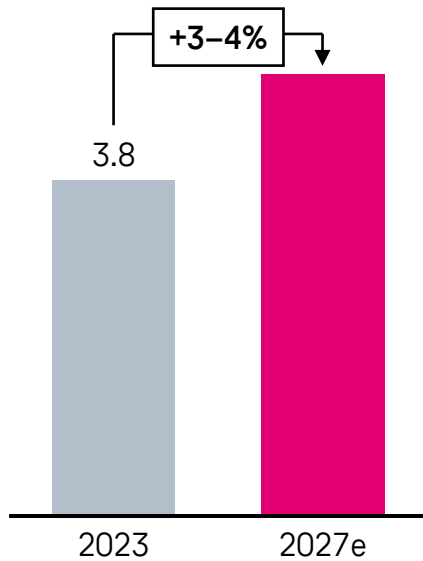
- Group-wide **use of TSI's expert sales** in key growth areas (Cloud, AI & Digital)
- Leverage TSI **AI Factory** for the Group
- Become the **leading ICT provider in EMEA**

# We commit to a strong & profitable growth trajectory

## Service revenue ambition 2023–2027e

€ bn

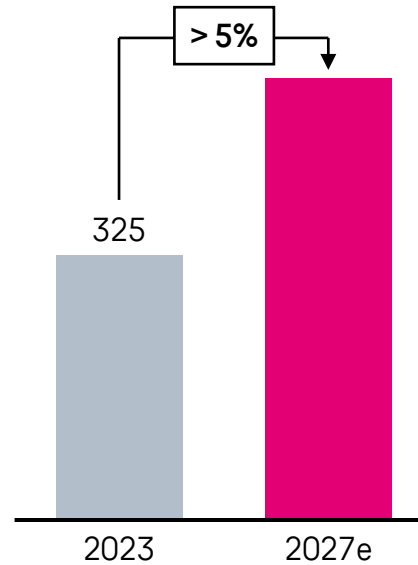
CAGR



## EBITDA ambition 2023–2027e

Adj. EBITDA AL, € mn

CAGR



## Cash contribution 2023–2027e

Positive Cash contribution AL<sup>1</sup>  
2023–2027e

<sup>1</sup> Cash contribution AL = Adj. EBITDA AL – Cash Capex – Special factors (Cash)

CAPITAL  
MARKETS  
DAY 2024

#DTCMD24

**T Business  
Germany**

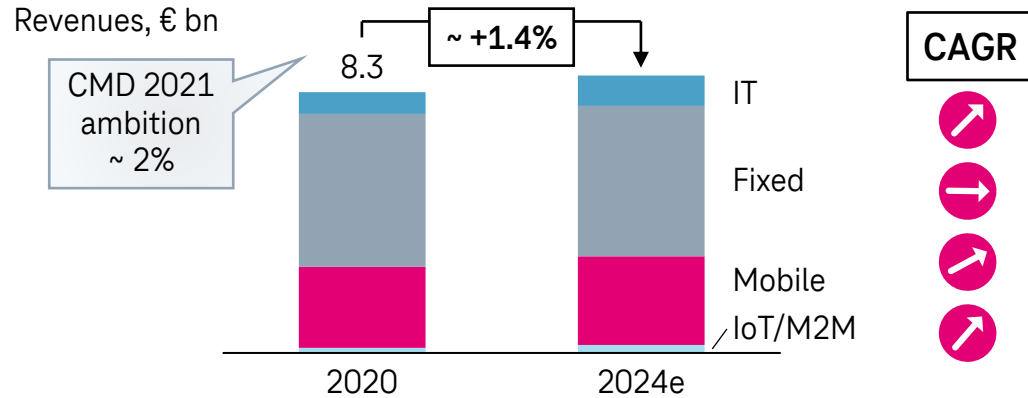
Klaus Werner



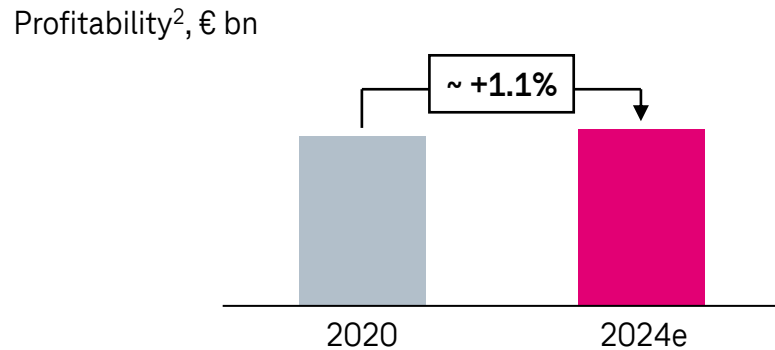


# Germany B2B on good trajectory to improve revenue & margin growth

## Review 2020–2024e<sup>1</sup>



- ~ 34% of Segment Germany revenues (2024e)



### Achievements

- Mobile **growth above market**
- Strong **IT growth** by successful end-to-end-digitalization, digital products & converged ICT offerings
- Launch of **new innovative SME tariff** (NonStopNetz)
- Harmonized market presence with **T Business identity**



### Challenges

- **Intense competition**
- **Technology change** from traditional connectivity to SD and unified collaboration & communication
- **Margin pressure** due to shift towards software solutions

<sup>1</sup> Organic view reflecting also B2B reorganization; <sup>2</sup> For definition of profitability see glossary



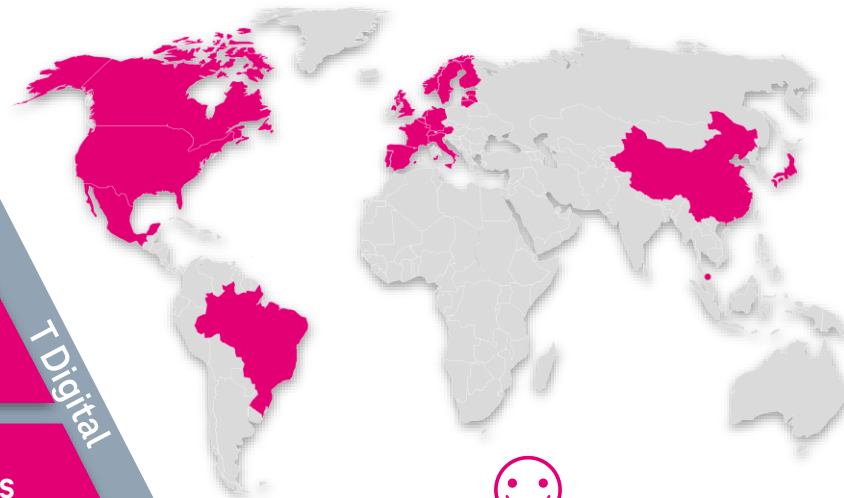
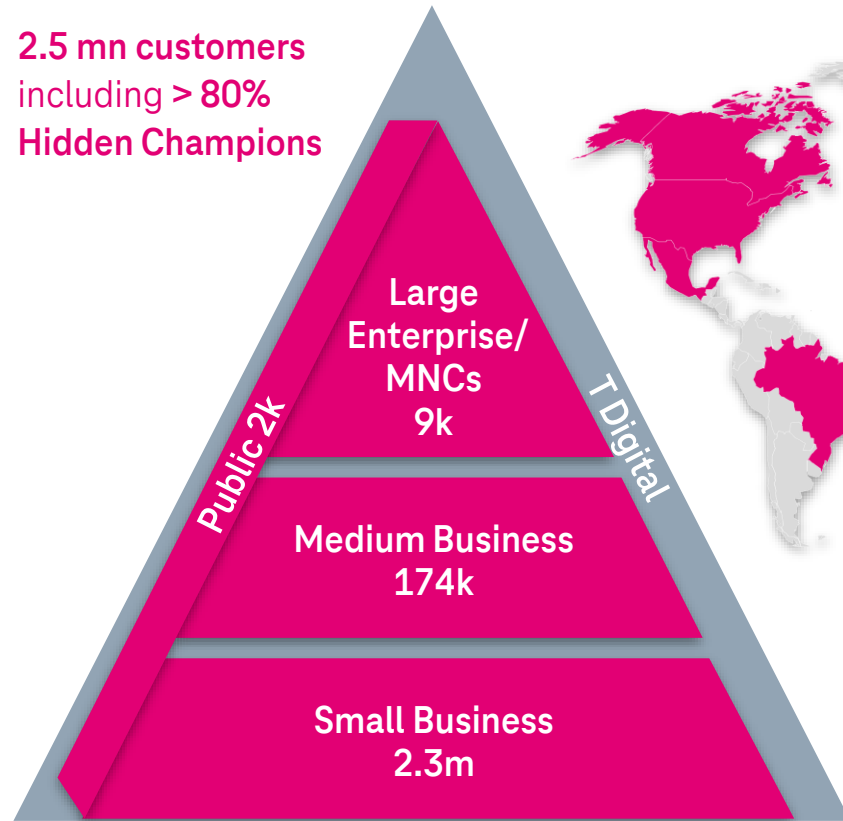


# The trusted partner to achieve digitalization for all our customers



## Our customers

2.5 mn customers including > 80% Hidden Champions



**82**   
**TRI\*M-points B2B**  
 (Customer satisfaction)

## Our portfolio offerings

Near Core	Customer Digitalization (AI & SI)
	Cloud
	IoT
	(Cyber) Security
Core	Voice (Mobile & Fixed) incl. UCC
	Broadband & Secure Enterprise Networks









# Leveraging potential across all customer segments



## Current situation

	<b>Public Sector</b>	~ 20%	<b>Lower share of wallet</b> in municipal sector than on federal level
	<b>Large Enterprise</b>	~ 35%	<b>Share of wallet</b> currently only ~ 20–30%
	<b>Medium Business</b>	~ 25%	Currently <b>only 15%</b> of German midmarket customers have more than half of their <b>IT apps in cloud</b>
	<b>Small Business</b>	~ 20%	Currently <b>lagging</b> behind B2C in <b>FTTH net adds</b>

## Growth potential

High potential by **addressing underpenetrated market segments** (e.g. municipal sector)

**Grow share of wallet** with focused hunting and farming as well as **new propositions** (e.g. **secure networking/SASE**)

Leverage **strong regional presence** and act as **digitization partner for midmarket**

Untapped potential for **growth in broadband** driven by **Fiber expansion** and **new NonStopNetz offering**



 **T Digital<sup>1,2</sup>**

**Double-digit market growth**

Major growth potential driven by **IoT, Security, Cloud, AI**

<sup>1</sup>T Digital: Dedicated unit of T Business driving IoT, Security, Cloud, AI; <sup>2</sup>T Digital revenues included in segments **x%** Revenue share YE 2023







# Continuous growth in our core connectivity



Secure Network



Broadband/  
Fiber



Mobile

Customer needs

Demand shift towards reliable & secure **software defined networks**

**Best connectivity** to connect all businesses in Germany

Higher customer expectations while **price pressure** increases

Our solution

**Consolidated portfolio, fewer partners, integrated solutions & cohort-based G2M**

Broadband growth driven by business **broadband/Fiber portfolio**

Successful **network leadership, bundling offerings & M2M growth**

Example

**USP-driven portfolio** (e.g. on-net security & competitive delivery) & **analytics-based pricing**

**Innovative broadband offerings**

e.g. FWA as backup launched in Q3 2024



**Value driven base management & higher bandwidth** to 90% of mobile sites (via network modernization)

**Innovative offerings in M2M** (e.g. Campus Networks)

> 350k connected sites

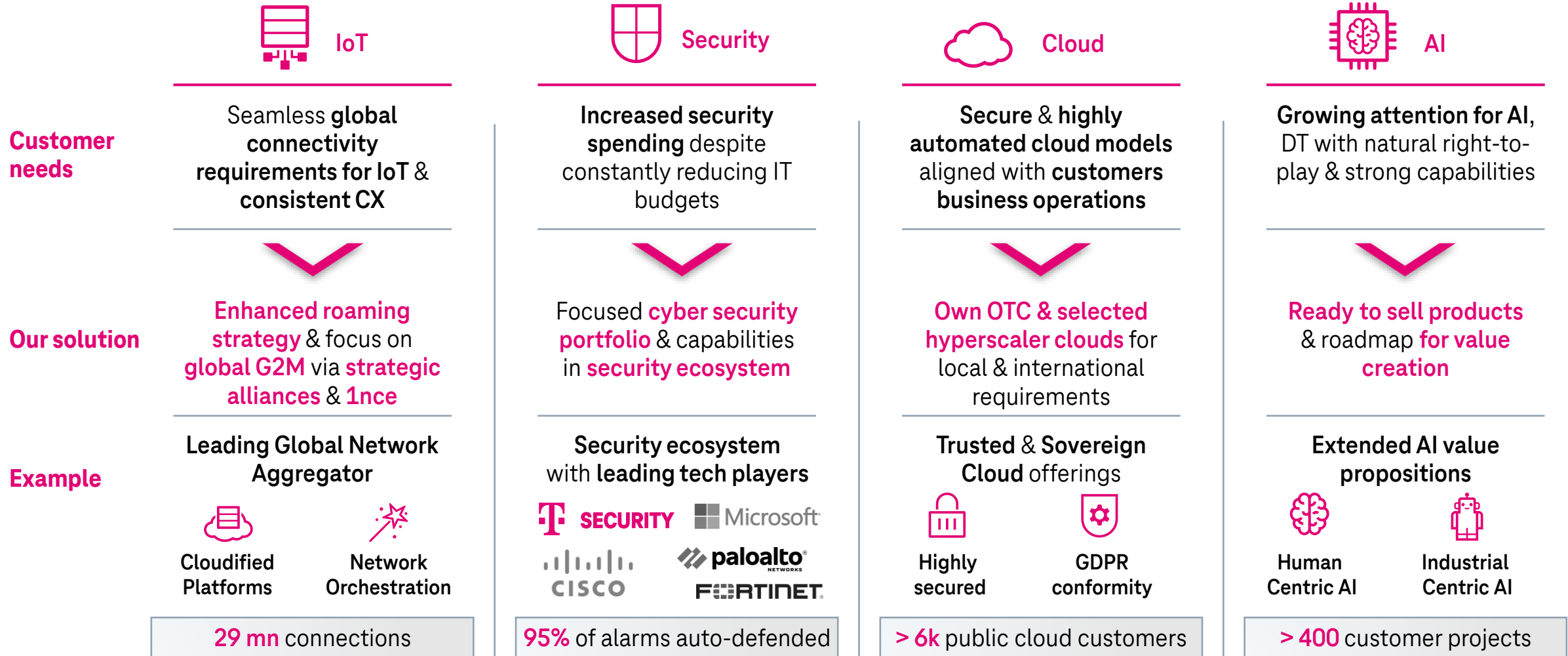
12k bookings in first 100 days

> 9 mn human sim cards





# Near core value creation with digitalization services





# Execution of structural simplification drives profitability



New organization



**-35%**

Overhead reduction in 2025 based on new vertical business model organization



Product portfolio reduction



**-50%**

until 2026



Optimized IT landscape



**-30%**

Reduction of IT applications until end of 2027



Simplified customer-centric delivery



**+25%**

Efficiency through automation and AI

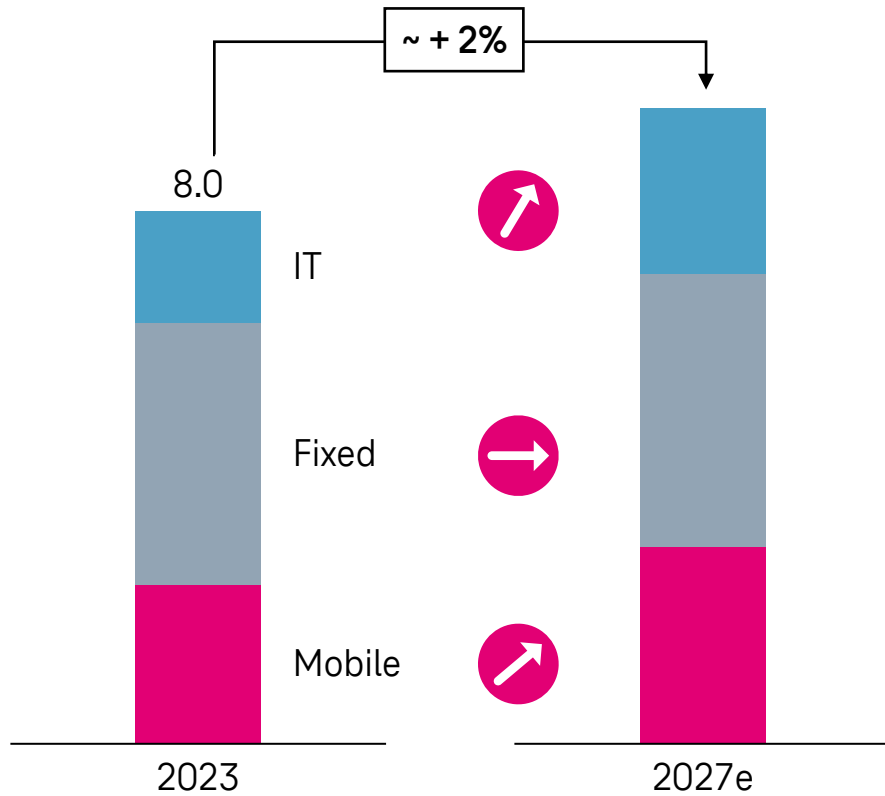


# We boost profitability growth with an impact on total Germany results

## Ambition 2023–2027e

Service revenues, € bn

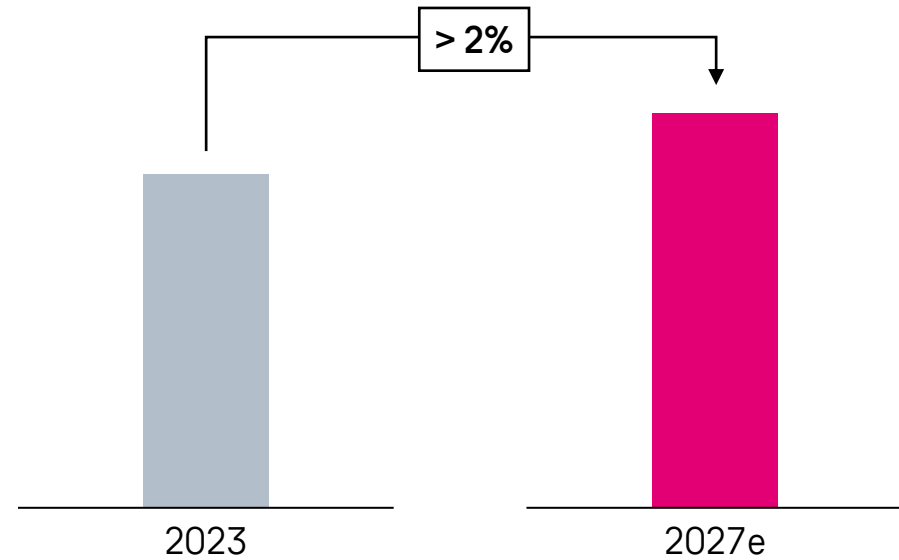
CAGR



## Ambition 2023–2027e

Profitability

CAGR



Note: For definition of profitability see glossary



CAPITAL  
MARKETS  
DAY 2024

#DTCMD24

**T Business  
Europe**

Elvira González

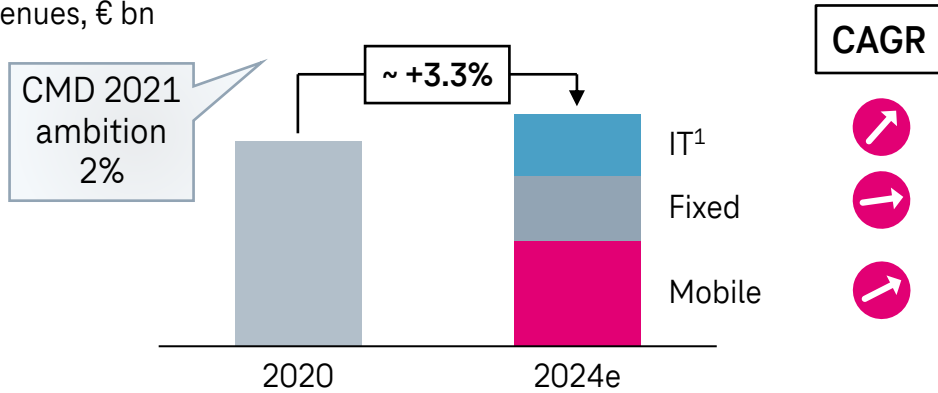




# EU B2B accelerating profitable growth

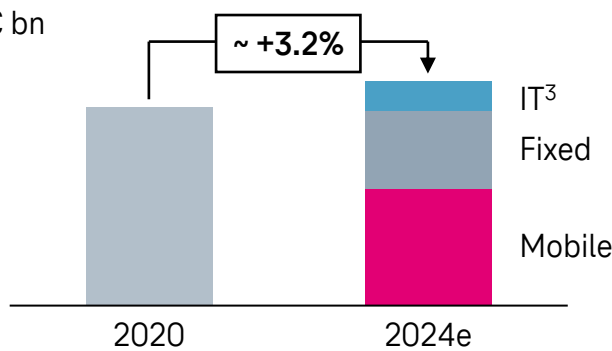
## Review 2020–2024e<sup>1</sup>: CMD 2021 commitments overachieved

Revenues, € bn



- ~ 30% of Segment Europe revenues (2024e)

Profitability<sup>2</sup>, € bn



### Achievements

- **Mobile** solid growth in both base & value
- **Fixed** successful turnaround
- **ICT** strong acceleration via harmonized portfolio
- **Boost digitalization of sales & service** channels
- **T Business** identity consolidated & int'l campaigns in all markets



### Challenges

- **Accelerated inflation**
- **Intense competition** from Telcos & local IT players
- **Fast technological advancements**

<sup>1</sup> Organic view; <sup>2</sup> For definition of profitability see glossary;

<sup>3</sup> IT includes Digital Infrastructure (LAN, WiFi, Security, Unified Collaboration, Managed Services), Hybrid Cloud and Data Centers, Systems Integration & IT solutions





# We leverage our unique European footprint



## Mix of incumbents & attackers



### Strong brand identity

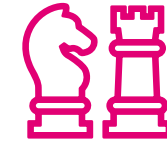
2.3 mn Mobile & Fixed customers, across 10 countries

**T Business**



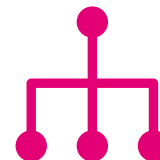
### Harmonized strategy

Integrated connectivity, cloud & security solutions



### Centers of Excellence

International expert knowledge & tech know-how for better offers



### Unique governance

Scale via lead-country concept, with local accountability & innovations





# T Business: Trusted partner for customers' digitalization journey



## 45% SMALL & MEDIUM

“One Stop Shop” Integrated IT & Communication solutions



### #MagentaONE Business

Seamless communication with unified services



### #Digital Office

Collaboration Tools

### #Business Continuity

Browsing & Device Security

### #Digital Business

E-Commerce Management

~ 50% FMCC share in 2023 revenues

## 33% ENTERPRISE

Scalable vertical solutions & managed IT services

### Premium Business Connectivity

Secure connectivity services for reliable networks



Finance



Manufacturing



Transport & Logistics



Retail



Hospitality

~ 40% IT share in 2023 revenues

## 22% PUBLIC SECTOR

Leverage available Public European Funds

### Future proof communications & IT

Dedicated solutions for central & local governments



Governments



Smart Cities



Utilities

European Funds > €500 mn since 2021

x% Share of B2B revenues in 2023





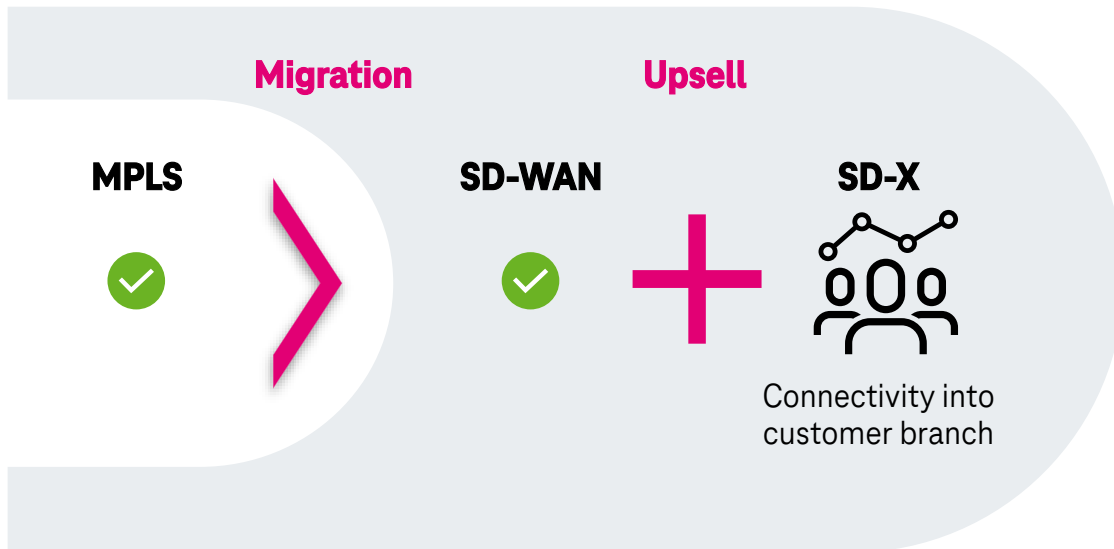


# We prioritize SD-networking & network monetization



## MANAGED NETWORK SOLUTIONS

Protect & grow Fixed revenues  
via successful migration & upsell to SDx technologies






**> 10k**  
SD-WAN customer branches

**+6%**  
Enterprise Fixed Comms<sup>1</sup>

## LEADING NETWORK MONETIZATION

Accelerate monetization of superior networks  
via prioritized project pipeline & high upsell potential

-  **Advanced 5G solutions**  
Smart Factory, Remote Maintenance, AGVs
-  **Superior service quality**  
Automation, AR/VR, real-time Data Analytics
-  **Fiber footprint extension in B2B areas**  
Industrial, manufacturing and business parks

**> 40**  
5G Campus sites

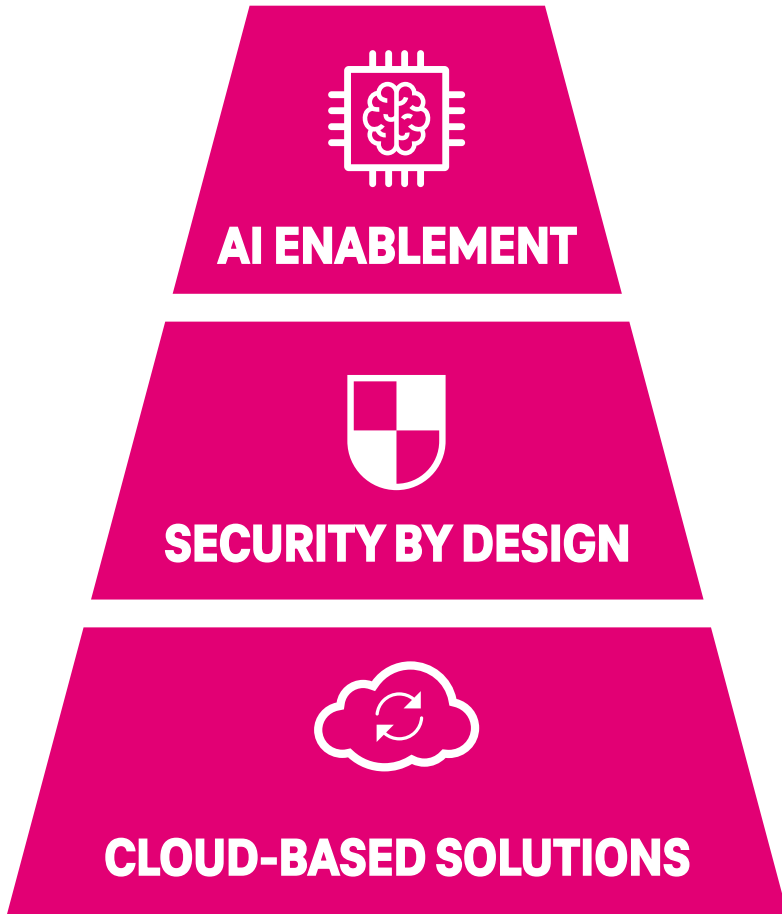
**+12%**  
Fixed Broadband<sup>1</sup>

<sup>1</sup> Revenue growth rate yoy 2022/2023; Enterprise Fixed Communications includes MPLS VPN, SD-WAN, DIA, FWA, Premium Fixed Internet, Ethernet, Leased Lines





# Next-gen portfolio to accelerate customers' digitalization journey



- **AI enhanced solutions:** chatbots, smart recommendation engines
- **Intelligent Digital Assistant** as B2B productized offering (SaaS)



- **Complete end-to-end portfolio**
- **Community of > 150 local security experts,** complemented by global experts (T-Security)



- **Data Centers and Cloud Computing** as solid foundation for integrated solutions
- **Incremental growth** from complementing colocation with IaaS/PaaS and Hybrid/Private Cloud

**> 40k sqm**



**Double-digit** growth<sup>1</sup> in next-gen portfolio

<sup>1</sup> CAGR 2020–2024e





# We invest in advanced capabilities for a more digital experience



## DIGITAL SALES

Enhanced **digital sales channels** to increase customer engagement & experience



**OneApp & OneShop** for SMB

**+10 pp** digital prolongations<sup>1</sup>

## DIGITAL SERVICE

Proactive & personalized service via best-in-class **Self-Care portal**



Introducing **Self Care portal** from Poland across all countries

 **> 80%** care transactions

## INTERNAL DIGITALIZATION

Sales & Fulfillment automation of products & services



**OneSalesforce** implemented across footprint

**+5%** pipeline value<sup>2</sup>

<sup>1</sup>Increase vs. baseline for VSE Segment (Very Small Enterprise) in countries where capabilities are available; <sup>2</sup>H1 2024 yoy increase in expected deal opportunity revenues





# Centers of Excellence as lever for innovation & Customer experience

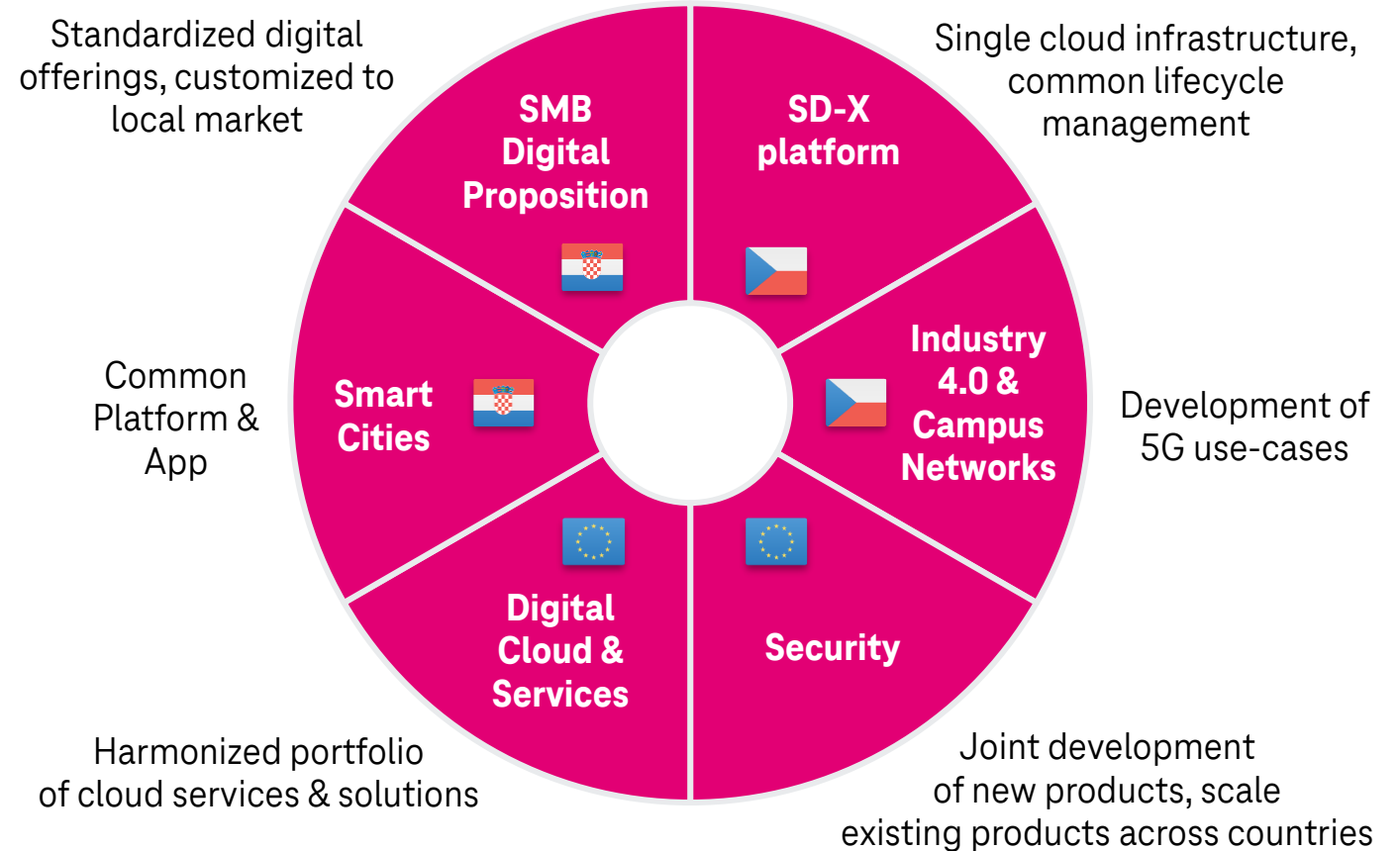


## 6 CENTERS OF EXCELLENCE

We leverage & build on **unique capabilities** from one country for the benefit of all



> **150** FTEs working for Centers of Excellence

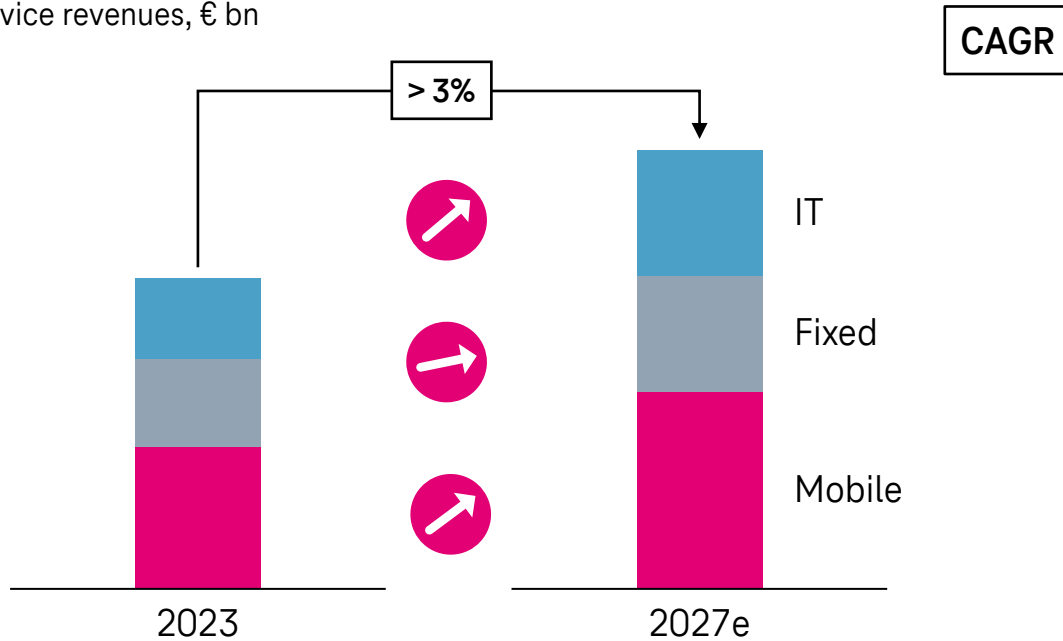




# We will add > 3% of profitable Service revenue growth

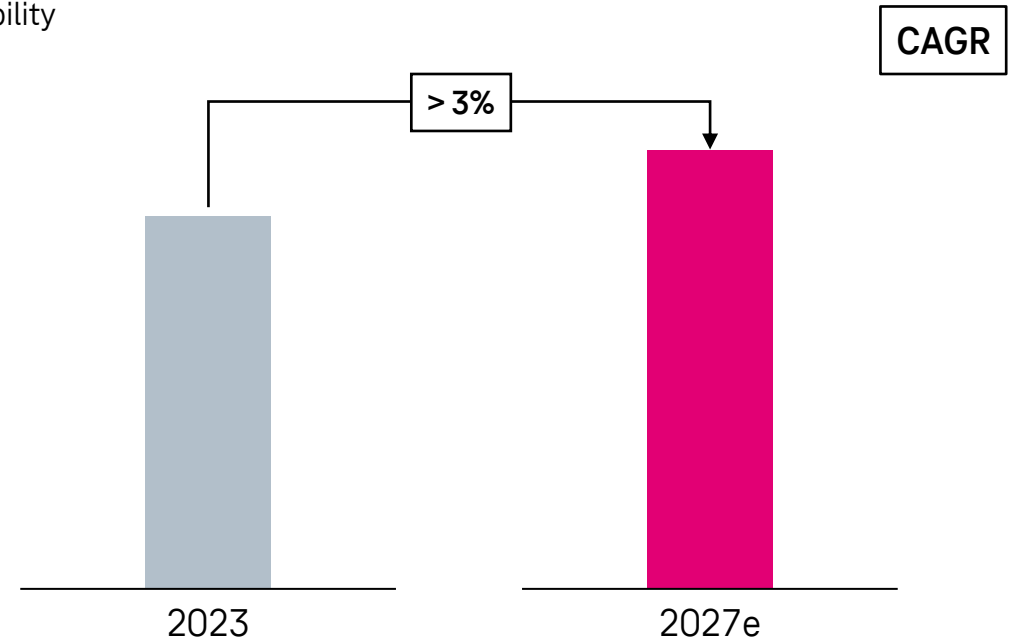
## Ambition 2023–2027e

Service revenues, € bn



## Ambition 2023–2027e

Profitability



## Ambition 2023–2027e

TRI\*M

# #1

across footprint in Europe

Note: For definition of profitability see glossary



CAPITAL  
MARKETS  
DAY 2024

#DTCMD24

# Group Development

Thorsten Langheim  
(Board Member US &  
Group Development)



# Key messages

01

## A decade of value enhancing portfolio management

We created the best portfolio at scale in the sector #1 in US, Germany and EU with no “weak links”.

02

## Reliability and delivery

CMD 2021 promises delivered; DT Total Shareholder Return outperforming DAX, Dow Jones, Stoxx 50 and Stoxx Telcos on 1-, 3-, 5- and 10-year time frame; TMUS near all-time highs.

03

## From 44% to > 50% in the US

> 50% by active portfolio management and corporate finance while achieving leverage target.

04

## Best position ever

“Excess capital”, ability to “out-invest” our competition, exploit M&A opportunities (but no “landgrab”) and increase shareholder returns.

05

## Strategic optionality

Build out TMUS distinct competitive advantage, GD Towers as kingmaker asset, DT Tech Fund, BT stake.

06

## Many positive catalysts ahead

DT & DT ex US re-rating, Sector leading double-digit EPS growth with potential for attractive shareholder returns.

**“Luck is a dividend of sweat.  
The more you sweat,  
the luckier you get.”**



# The beginning of a transformation

Research Note, July 2010

July 16, 2010

**BERNSTEINRESEARCH**

Robin Bienenstock (Senior Analyst) • robin@bernstein.com • +44-207-170-0511  
 Richard Crosthwaite • richard.crosthwaite@bernstein.com • +44-207-170-5047  
 John Keith, ACA • john.keith@bernstein.com • +44-207-170-5077

## Deutsche Telekom and France Telecom: Tweedle Dee and Tweedle Dum Are Not Twins Anymore, a Cartoon

*Target Price Change / Estimate Change in Bold*

Ticker	Rating	CUR	14/07/2010	Target Price	TTM Rel. Perf.	EPS			P/E			Yield
			Closing Price			2009A	2010E	2011E	2009A	2010E	2011E	
DTE.GR	O	EUR	10.06	12.00	3.2%	0.76	<b>0.80</b>	<b>0.82</b>	13.2	12.6	12.3	7.8%
OLD							0.79	0.80				
FTE.FP	M	EUR	15.02	<b>16.00</b>	-27.3%	1.54	<b>1.66</b>	<b>1.63</b>	9.8	9.0	9.2	9.3%
OLD				19.50			1.67	1.65				
MSDLE15			1089.290			70.63	93.48	111.50	15.4	11.7	9.8	4.0%

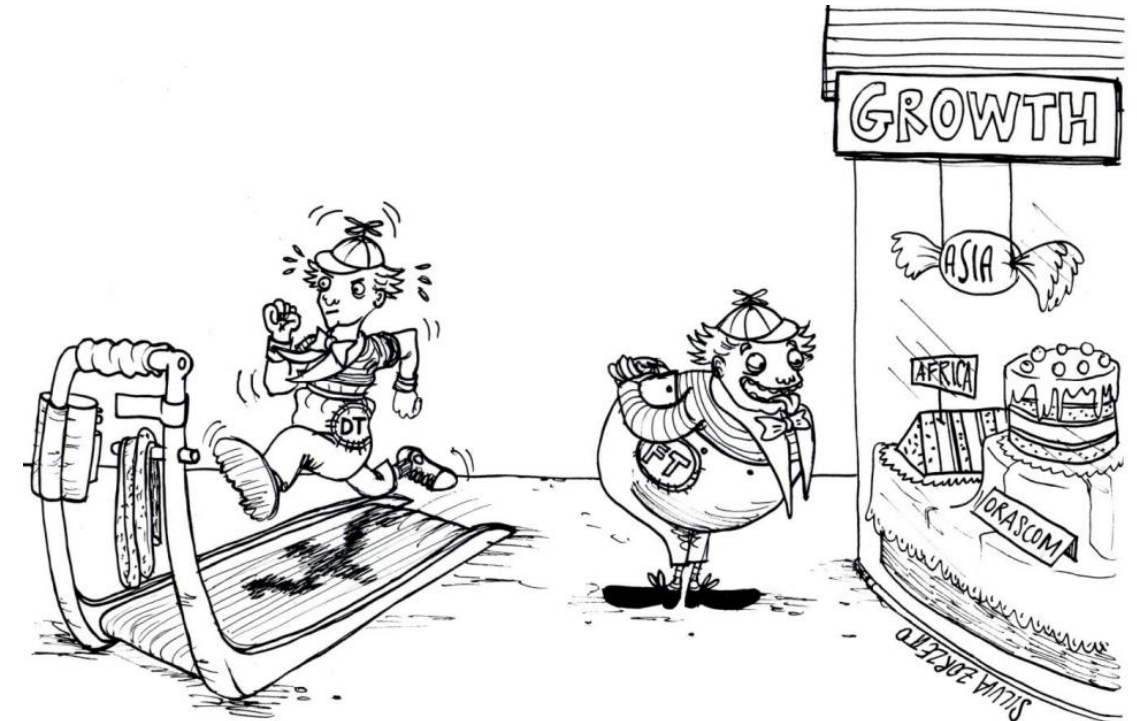
O – Outperform, M – Market-Perform, U – Underperform, N – Not Rated

- “Investors think about the two as a pair. We were wrong.”
- “But in the last two years so much has changed at both DT and FT...”
- “DT announced that all top management would move to share-based remuneration set to reward EPS growth and ROCE improvements”
- “The new DT CFO...embraced a ROCE discipline for DT's entire portfolio”

Interesting to note: PE 12.6x, €10.06 share price, DT Market cap €44 bn (vs FT €39 bn)

Source: Bernstein Research

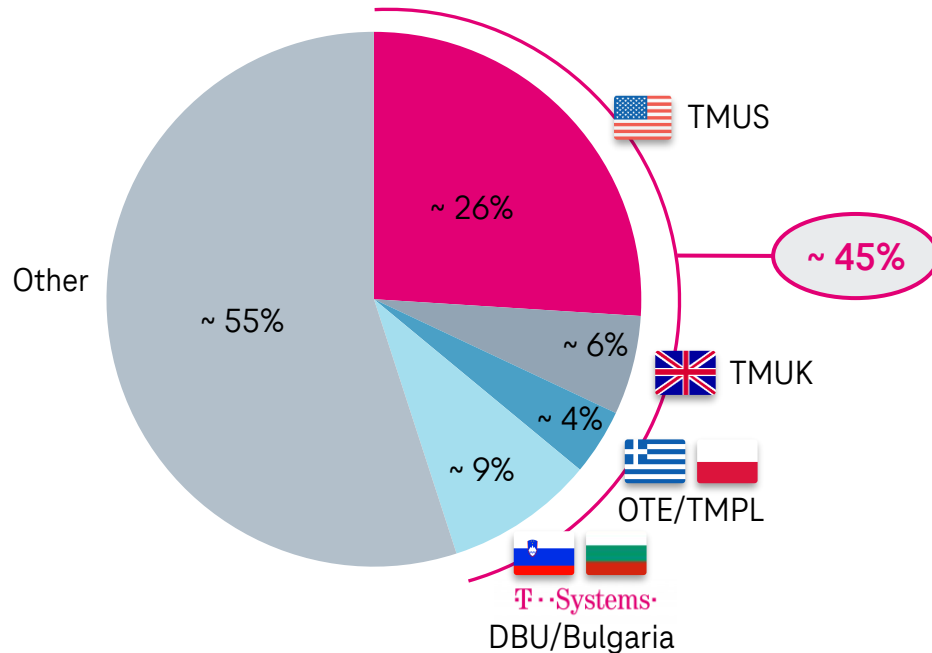
Tweedle Dee and Tweedle Dum are not twins anymore



# Blood, sweat and tears

## NEARLY HALF OF THE PORTFOLIO WITH CHALLENGES

DT SoTP Value composition 2009

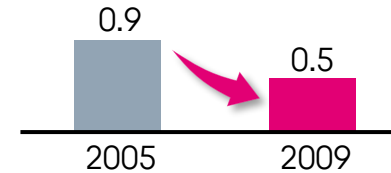


## TMUK/TMUS UNDER STRUCTURAL PRESSURE

TMUK



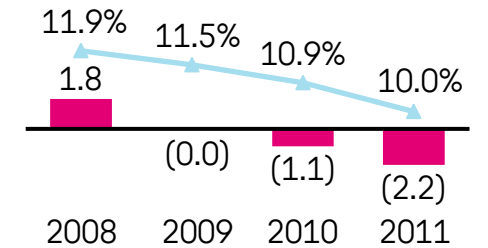
EBITDA, £ bn



TMUS

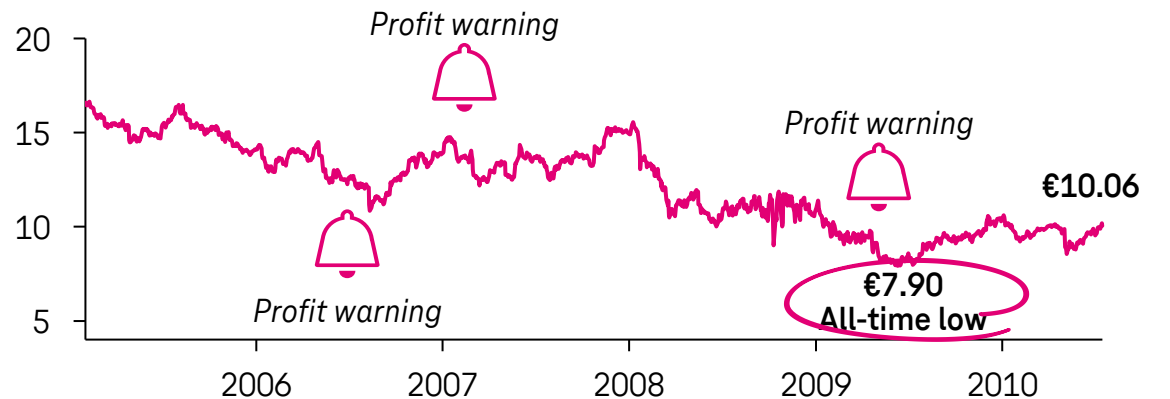


Net adds, mn & Market share



## Three profit warnings, DT shares sink to all time lows in 2009

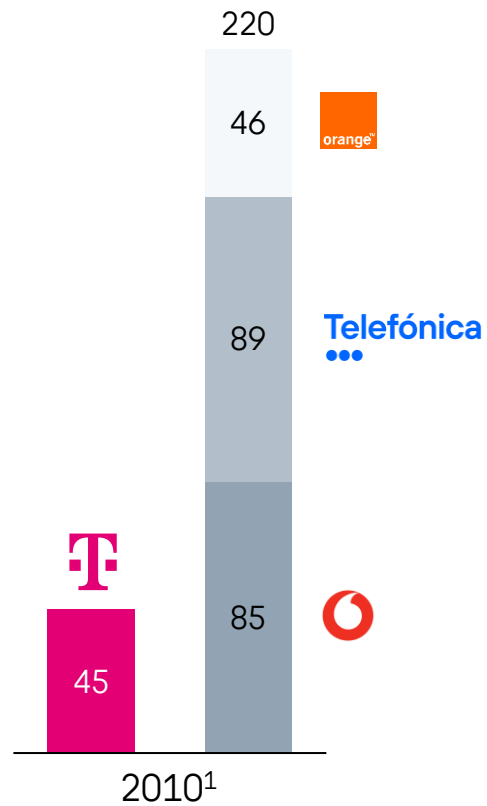
DT € per share



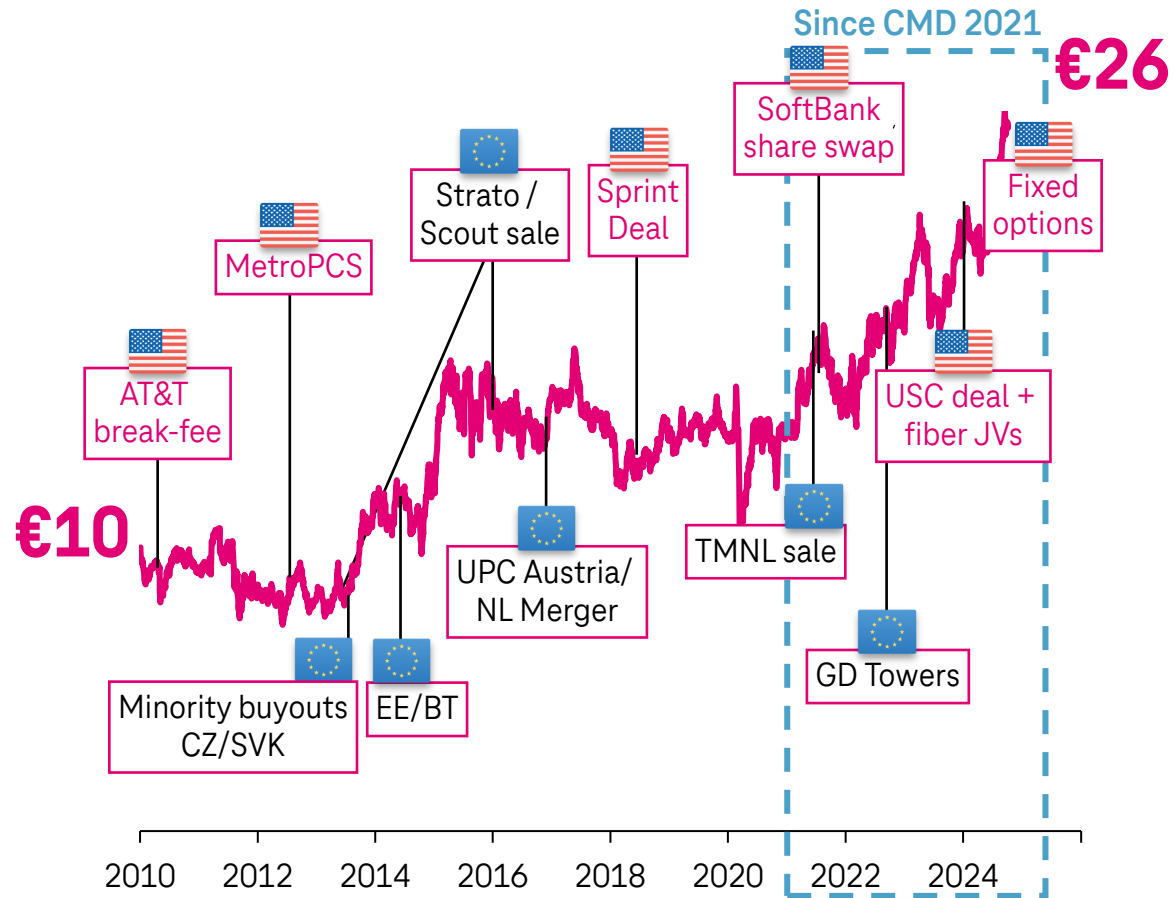
# 10+ years of successful portfolio management

## #4 European Telco 2010

Market cap, € bn

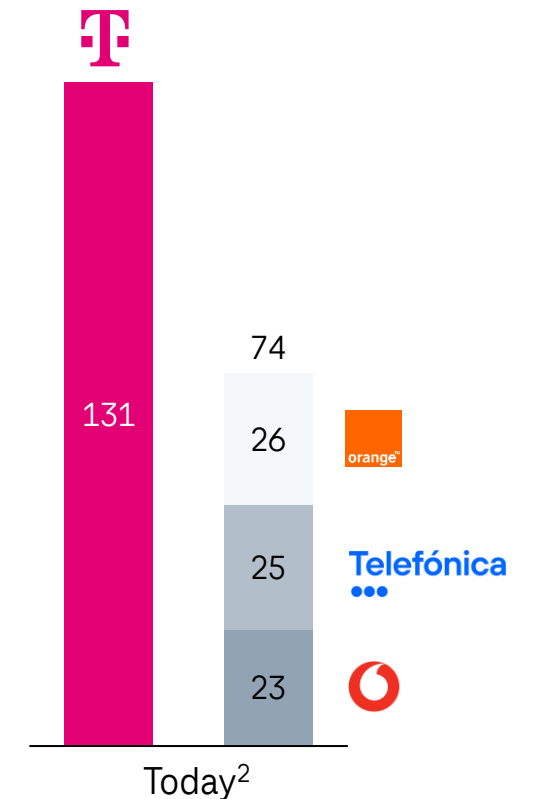


## DT Share price 2010–2024<sup>2</sup>



## #1 European Telco 2024

Market cap, € bn



Source: Capital IQ, Company filings. <sup>1</sup> As of January 1<sup>st</sup>, 2010; <sup>2</sup> As of October 4<sup>th</sup>, 2024



# We have been bold on value-enhancing portfolio changes but very disciplined on M&A

## Track record & transformation

- ✓ **US from #4 to #1 via DT stewardship**
  - Break fee, MetroPCS reverse IPO, DT shareholder loans
  - In-market consolidation via Sprint
  - Right management teams for the task at hand
- ✓ **Optimization of European portfolio**
  - Serbia, Albania, Bulgaria exits & minority buyouts CZ/SVK
- ✓ **Divest to invest**
  - 51% in GD Towers
  - TMNL exit
  - Scout24 & Strato
- ✓ **FMC in Europe**
  - TMA/UPC
  - EE into BT
- ✓ **Build up expertise in tech & infra investments**
  - DT Capital Partners

TMUS Control &  
Network Leadership EU & US

## “Best M&A” is sometimes deals not done...

- ✗ **No to out of footprint acquisitions, rather in-footprint**
  - Sprint/Tele2/UPC Austria
- ✗ **No major Content & Media acquisitions**
  - Strong conviction in “aggregator model”
- ✗ **No to adjacent consumer technology acquisitions**
  - DTCP focusing on B2B/Enterprise software and infrastructure
- ✗ **No to less value accretive US M&A options vs. Sprint**
  - Discussions with Dish in 2016
- ✗ **No to stake increases in BT/EE**
  - Negative view of the regulatory and market environment
- ✗ **No to tower mergers at peak multiples**
  - No to attractive strategic partners @ peak multiples

# Today, DT is the “rock in the storm”

## DT is the “rock in the storm” ...



## ...in a uniquely strong position

- ✓ Leading global Telco with financial & customer scale (~ 300 mn customers)
- ✓ Market leader in both Europe and the USA
- ✓ Unique financial scale & muscle
  - €346 bn EV controlled by DT larger than any other Telco in EU or US<sup>1</sup>
  - €131 bn market cap: Greater than Vodafone, Telefonica and Orange combined
  - €19 bn of FCF AL: 50% greater than all other incumbent EU Telcos combined<sup>2</sup>
- ✓ Only transatlantic platform with the financial flexibility and customer scale to (prudently) pursue new and emerging growth opportunities
- ✓ Attractive financial trajectory & valuation upside
  - Double digit EPS growth historically & compelling outlook from here
  - ...but still trading @ only ~ 14x PE
- ✓ Best in class shareholder returns
  - Total shareholder return of 76% since CMD 2021 vs. 8% EU peers<sup>3</sup> and 24% DAX
  - Consistently delivered guidance

<sup>1</sup> EV adjusted for US minorities (TMUS 49.6% equity stake not owned by DT) as of October 4<sup>th</sup>, 2024, no adjustment made for EU minorities; <sup>2</sup> Source: JPM Research;

<sup>3</sup> EU peers: BT, Orange, Telefonica, TIM, KPN and Vodafone

# **Review 2020–2024**

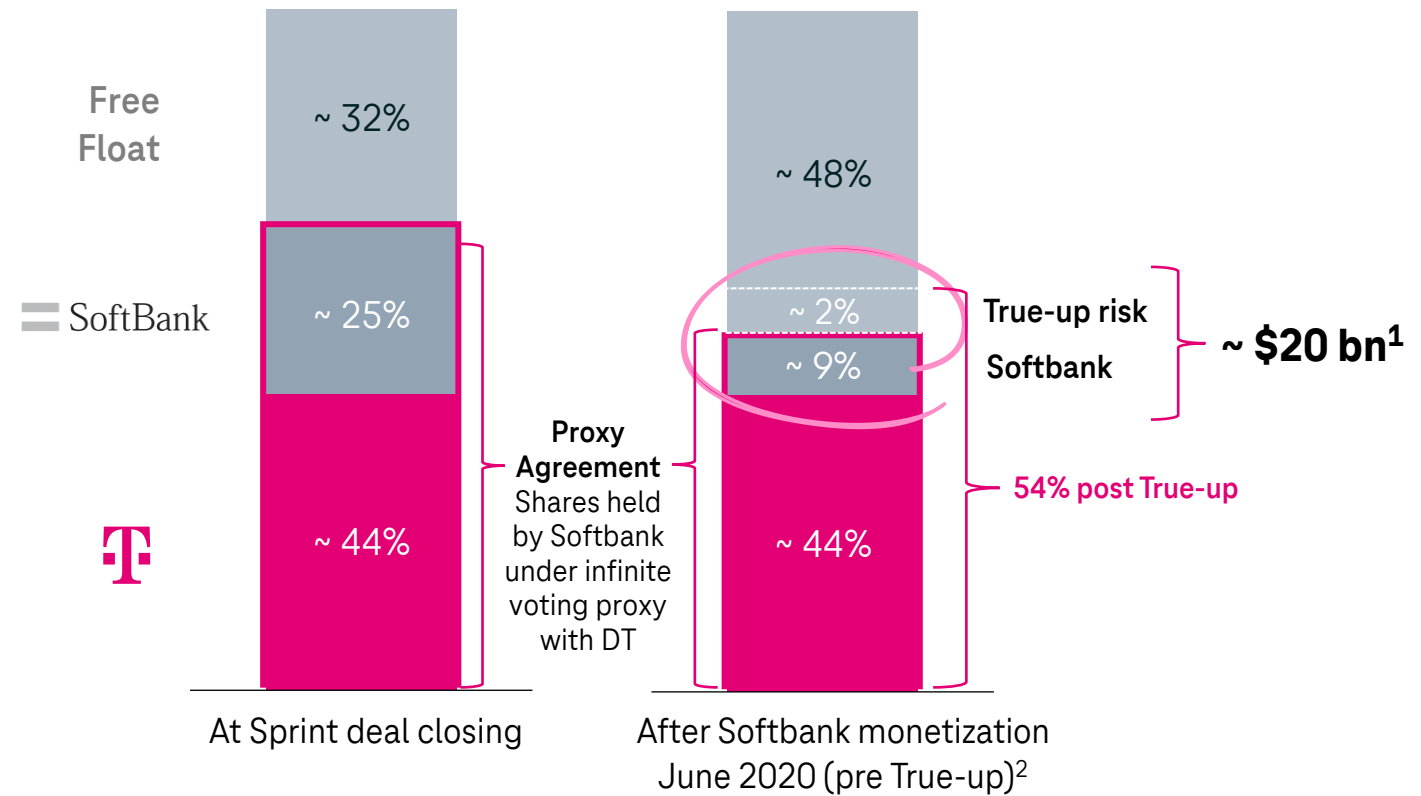


# There was a “\$20 bn cow on the ice”...

## A “Magenta cow on thin ice”



## TMUS shareholder structure



Note: True-up risk reflects 50% (24.4 mn) of the TMUS shares issued in True-up (48.8 mn). Historic shareholding data as per company filings. AI-generated image content.

<sup>1</sup>@True-up threshold \$150; <sup>2</sup>Softbank released from lock-up on 198 mn shares/16% in June 2020



# ...and we set ourselves a high bar

## CMD 2021 – Capital allocation priorities



## Versus the challenge

- DT @ 3x leverage – target to de-lever towards 2.75x
- Softbank lock-up only until mid 2024/True-up dilution risk
- Conviction that TMUS share price will appreciate<sup>1</sup>
- M&A execution risk (Towers/TMNL)
- US spectrum auctions & network integration<sup>2</sup> costs looming
- Maintain and build out network leadership in Europe (especially Fiber in Germany)

<sup>1</sup> TMUS @ \$134 in CMD 2021 (May 19<sup>th</sup>, 2021); <sup>2</sup> €14.6 bn spectrum cash invest 2021–2024 Actual (only reflecting completed acquisitions in 2024): \$10.2 bn C-band and relocation, \$2.8 bn 3.45 GHz, \$2.4 bn Columbia 600 MHz, \$0.6 bn 2.5 GHz and other, \$0.3 bn White Space. €7.4 bn DT IFRS Net debt impact from tower lease contract extension

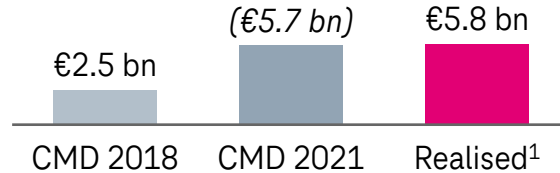


# We executed swiftly...

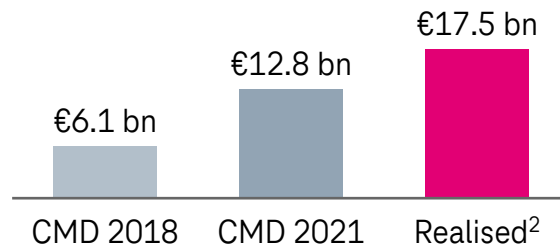
## Divest to invest

Enterprise value

### TMNL sale @ 8.7x EBITDA (2022)



### GD Towers sale of 51% @ 27x EBITDA (2023)



## Corporate Finance

 SoftBank

### 1 TMUS options for early liquidity (2020)

- 45 mn fixed options in exchange for early liquidity to Softbank<sup>3</sup>

 SoftBank

### 2 DT share swap at a premium (2021)

- 4.5% DT capital increase at €20/share (12% premium)
- Exchanged against 3.6% in TMUS



## Execution excellence

- M&A transactions delivered in time<sup>4</sup>
- TMNL tower sale (June 2021)
- TMNL sale to Warburg Pincus/Apax Partners (March 2022)
- Tower JV with Brookfield / Digital Bridge (February 2023)
- Attractive valuations achieved:
  - ~€14.3 bn proceeds<sup>5</sup>
  - €4.5 bn capital raise @ a premium swapped for 3.6% in TMUS

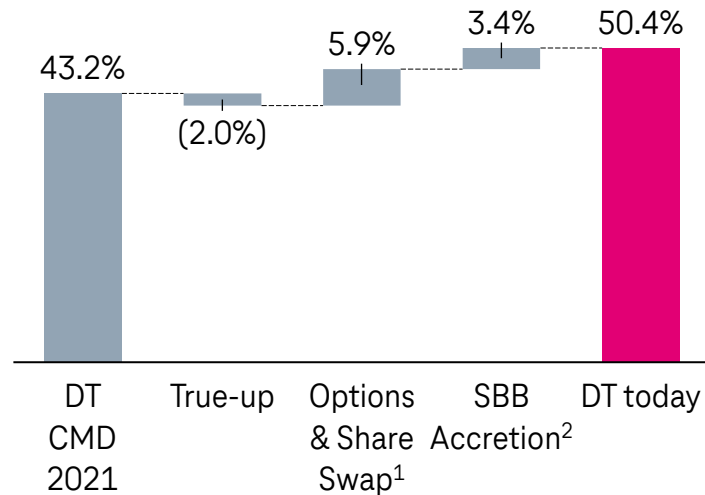
<sup>1</sup> Enterprise value including proceeds from NL Towers sale; <sup>2</sup> Enterprise value for 100% GD Towers, 51% stake sold; <sup>3</sup> Softbank released from lock-up on 198 mn shares/16% in June 2020;

<sup>4</sup> Date of transaction closing; <sup>5</sup> Reflects proceeds from towers (€10.7 bn) and TMNL (€3.6 bn)

# ...and delivered in time and with attractive value for shareholders

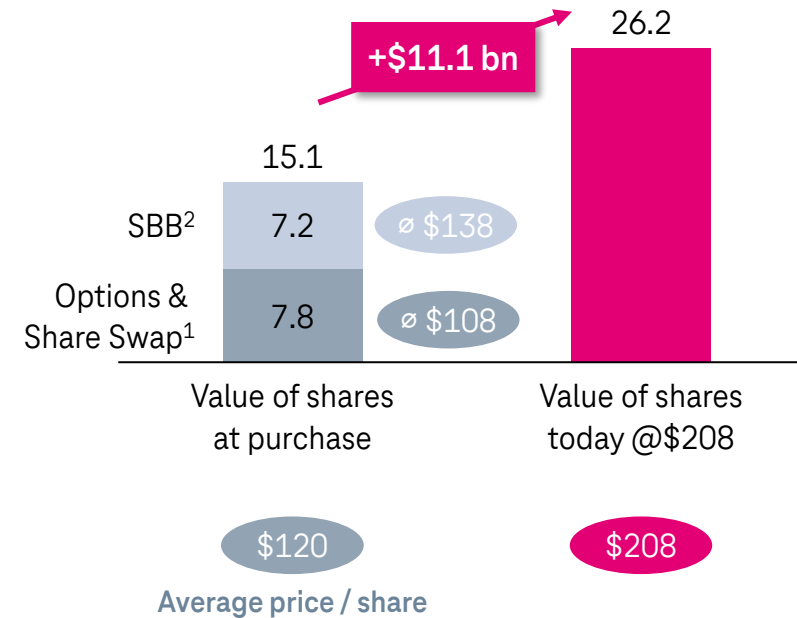
## Achieved > 50% by March 2023

Shareholding in TMUS

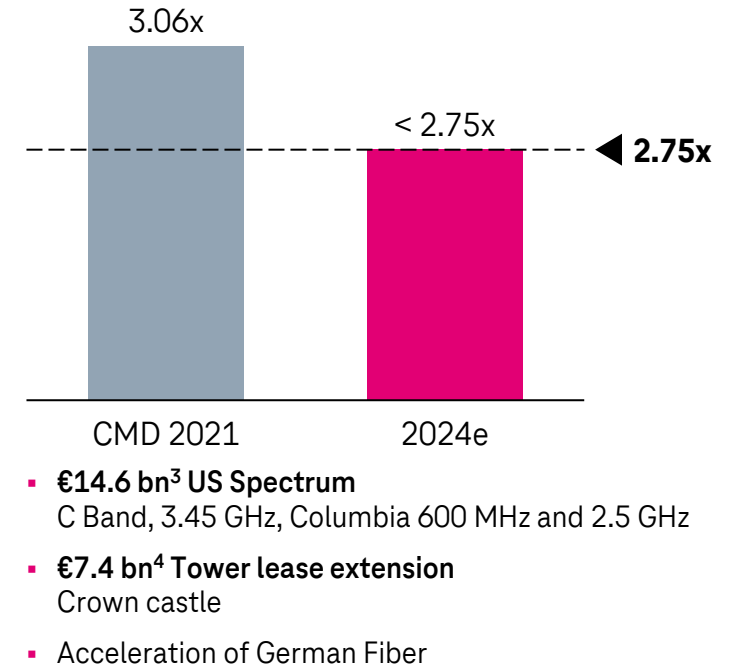


## Realized and captured significant value in TMUS

\$ bn



## Delivered deleveraging despite investments and headwinds



<sup>1</sup> Reflects 73 mn shares acquired through options – partially funded by TMNL sale and DT share issue at a premium; <sup>2</sup> Stake accretion through TMUS SBB net of proportionate selling into open market after reaching control (~ 52 mn shares: ~ 76 mn eligible to tender and 23 mn shares sold); <sup>3</sup> €14.6 bn Spectrum cash invest 2021 – 2024A (only reflecting completed acquisitions in 2024): \$10.2 bn C-band and relocation, \$2.8 bn 3.45 GHz, \$2.4 bn Columbia 600 MHz, \$0.6 bn 2.5 GHz and other, \$0.3 bn White Space; <sup>4</sup> €7.4 bn DT IFRS Net debt impact from tower lease contract extension



# **Strategy 2023–2027**

# Many positive catalysts ahead

## STRONG POSITION

- ✓ #1 positions without “weak links”
- ✓ Unique transatlantic scale (~ 300 mn global customers)
- ✓ Scale to best capitalize on digitalization
- ✓ Best in class financial profile promising...
- ✓ ...attractive shareholder returns
- ✓ Leverage target achieved, therefore...
- ✓ ...financial flexibility, headroom to invest
- ✓ Track record of capital allocation focused on shareholder value (no “landgrab mode”)

## UPSIDE OPPORTUNITIES AHEAD

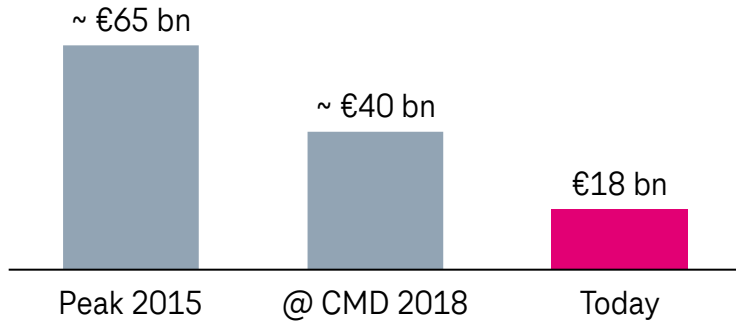
-  DT and DT ex-US re-rating upside
-  Investment opportunities in attractive US market
-  Leveraging transatlantic scale
-  GD Towers & DT CEE towers as kingmaker assets
-  BT Optionality
-  T Capital DT Tech Fund
-  Shareholder remuneration



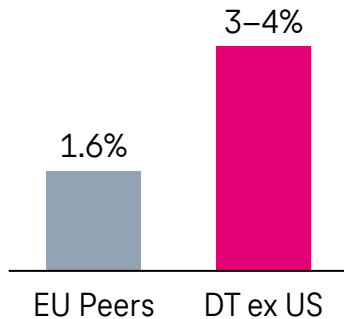
# Material DT and DT ex-US discount not based on market fundamentals and clear re-rating catalysts

## DT ex US appears to be undervalued...

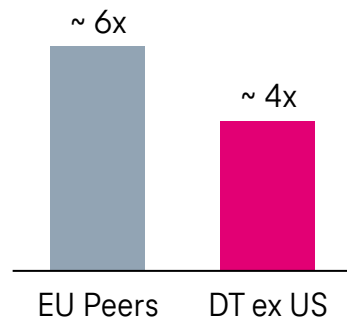
Implied market value<sup>1</sup>, € bn



EBITDA AL Growth  
2023–2027e

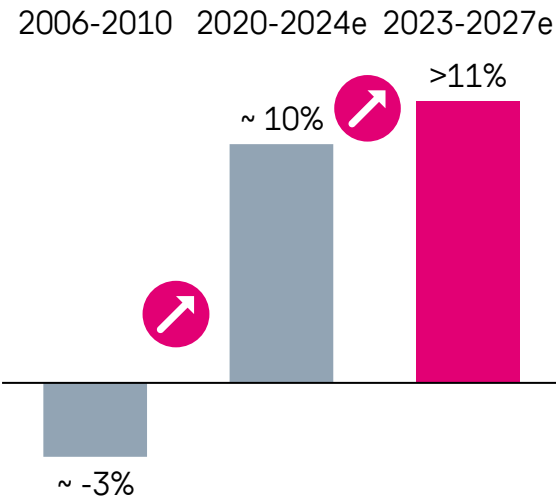


EV/EBITDA Multiple  
NTM

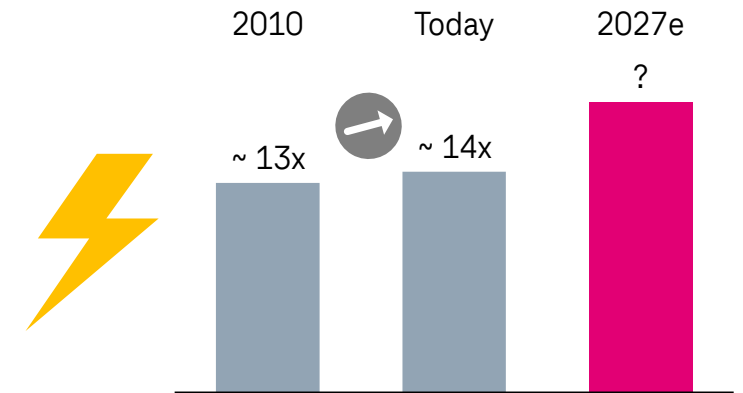


## ...and at group level, our P/E multiple doesn't reflect strong & consistent earnings growth

DT EPS growth<sup>2</sup>



DT P/E Multiple<sup>3</sup>



- ✓ Stable P/E multiple despite double-digit EPS-growth
- ✓ EPS guidance implies > 11% annual EPS growth until 2027e
- ✓ DT ROCE +50% by 2027e expected
- ✓ Attractive shareholder returns (€0.90 dividend for 2024, ≥ €2 bn SBB in 2025e)

Source: Company filings, Selected equity research reports; Capital IQ as of October 4<sup>th</sup>, 2024

Notes: <sup>1</sup> DT ex US valuation calculated as DT Market cap minus Market value of DT TMUS holding, no adjustments for asset sales; <sup>2</sup> Based on adj. EPS as reported, CAGR, 2024 (> €1.75) and 2027e (> €2.5) based on DT guidance; <sup>3</sup> 2010 as per Bernstein Research (July 16<sup>th</sup>, 2020); Today as per October 4<sup>th</sup>, 2024

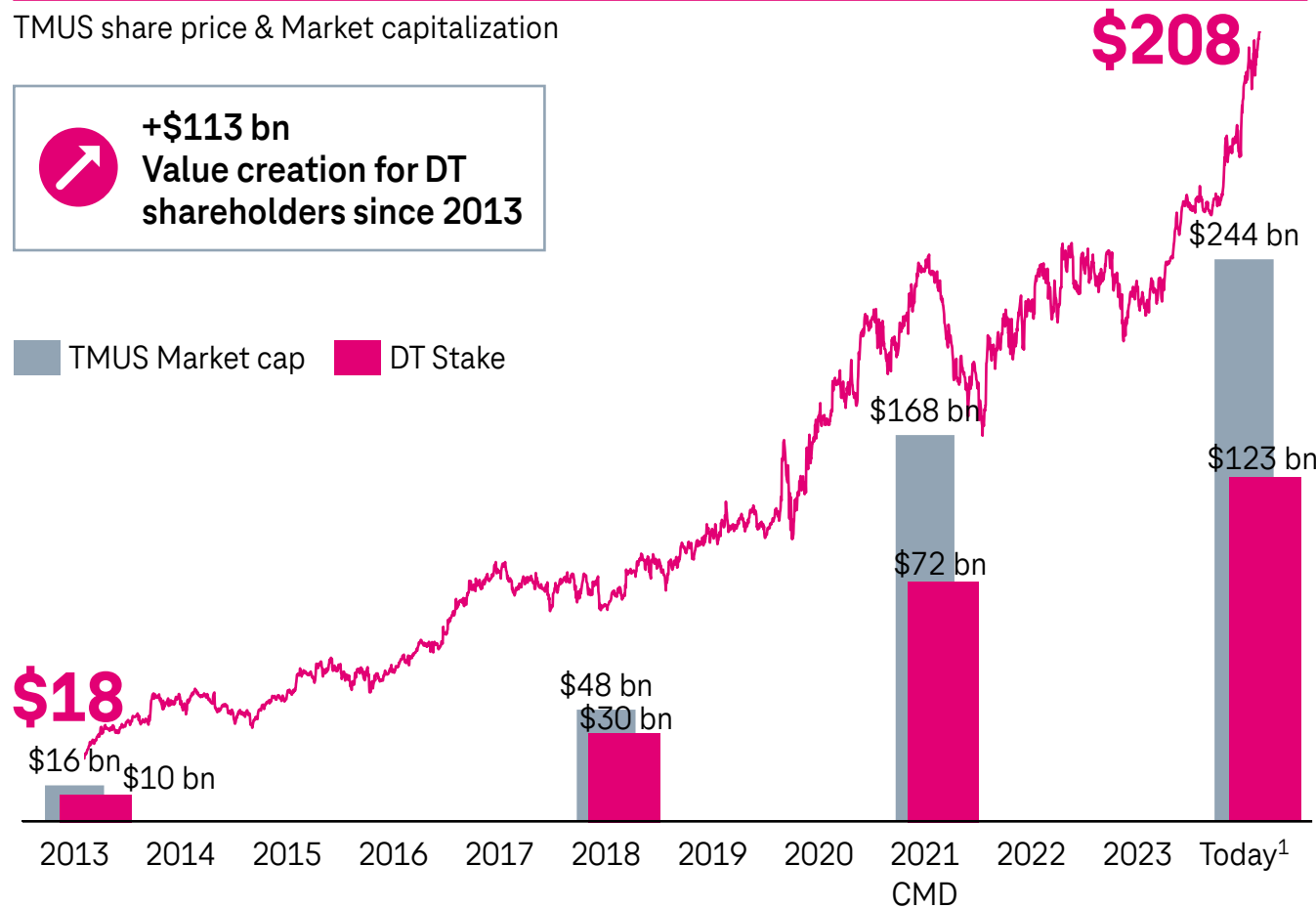




# TMUS' unmatched value creation to be continued

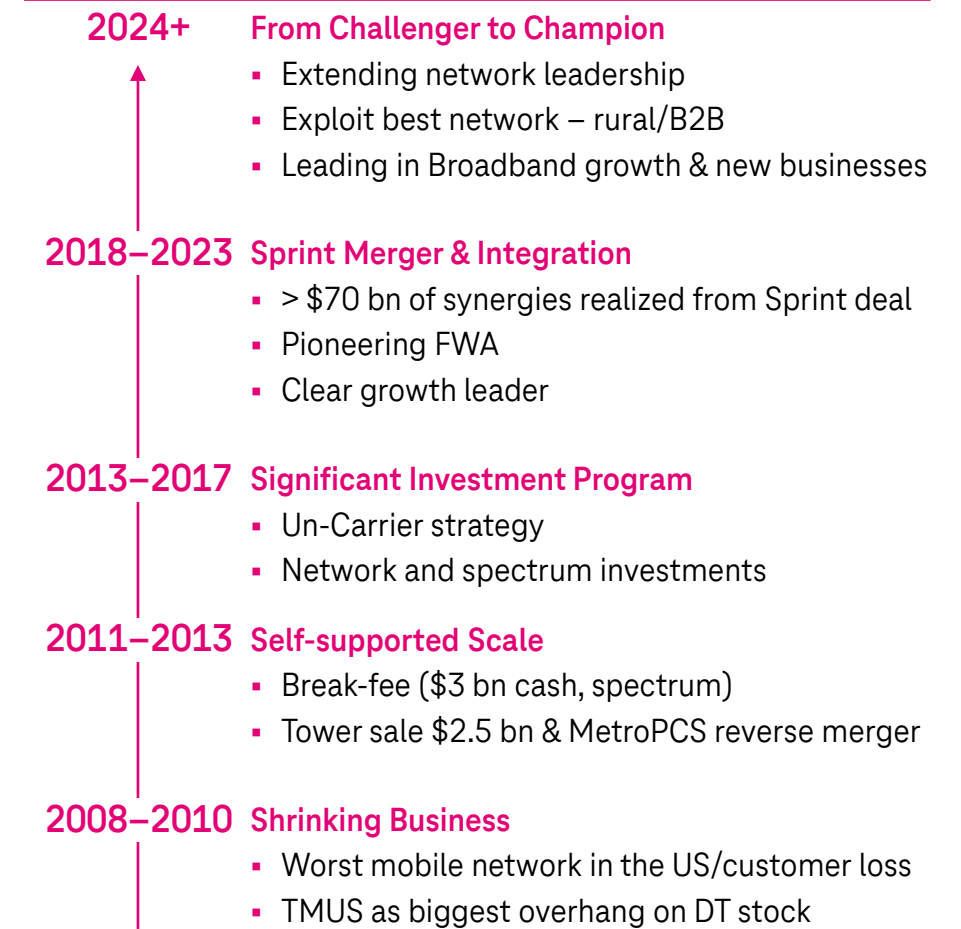
## Significant value creation

TMUS share price & Market capitalization



<sup>1</sup> As of October 4<sup>th</sup>, 2024

## Supported by portfolio development





# Multiple investment opportunities in attractive US market

## Attractive US Market & TMUS position

- ✓ Single 330 mn PoP market
- ✓ Mobile ARPU > \$50<sup>1</sup>
- ✓ Broadband ARPU > \$65<sup>2</sup>
- ✓ Low fragmentation
- ✓ Favorable spectrum regulation
- ✓ TMUS is the #1 Telco in the US
- ✓ EBITDA growth of 7% per year<sup>3</sup>
- ✓ Best network, best value, best brand



## TMUS inorganic investments

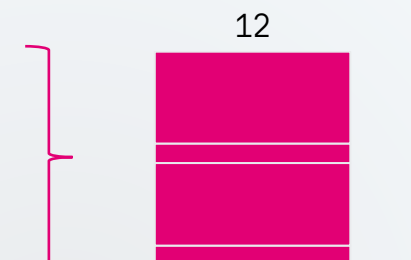
\$ bn

### Fiber

- Metronet (\$4.9 bn)
- Lumos (\$1.0 bn)

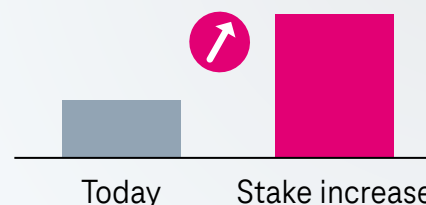
### In-market M&A

- USC (\$4.4 bn)
- Mint (\$1.2 bn)

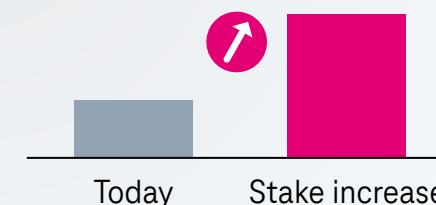


## Increase TMUS stake

### EPS accretion



### pFCF/share accretion



- TMUS with 8% FCF growth guidance & 7% dividend and SBB yield<sup>5</sup>
- DT stake accretion with attractive DT EPS/prop. FCF accretion

<sup>1</sup> Weighted average of AT&T, Verizon, TMUS ARPUs as per Q2 2024; <sup>2</sup> Analysis Mason data as per Q2 2024; <sup>3</sup> Based on TMUS guidance for Core Adjusted EBITDA CAGR 2023-2027; <sup>4</sup> Lumos, US Cellular and Metronet transactions pending regulatory/antitrust clearance; <sup>5</sup> Based \$50 bn announced shareholder remuneration volume until 2027, 1.172 bn TMUS shares outstanding and \$208 current share price. Note: pFCF refers to proportionate FCF

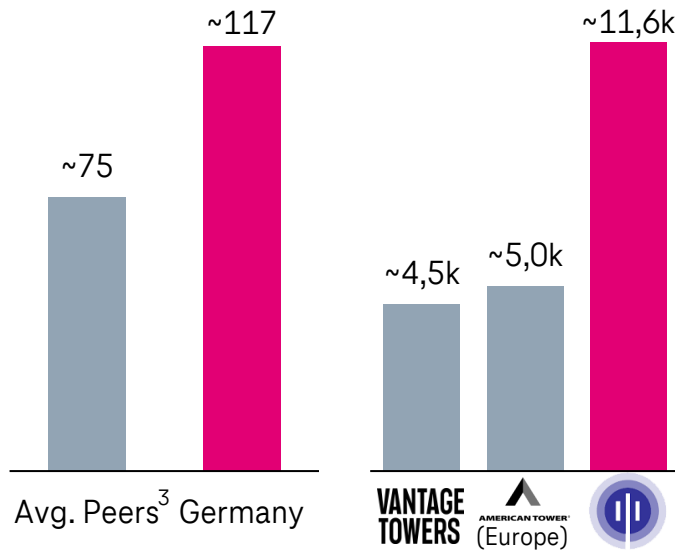




# GD Towers: Outperforming & “Kingmaker Asset”

## Leader in the best EU tower market

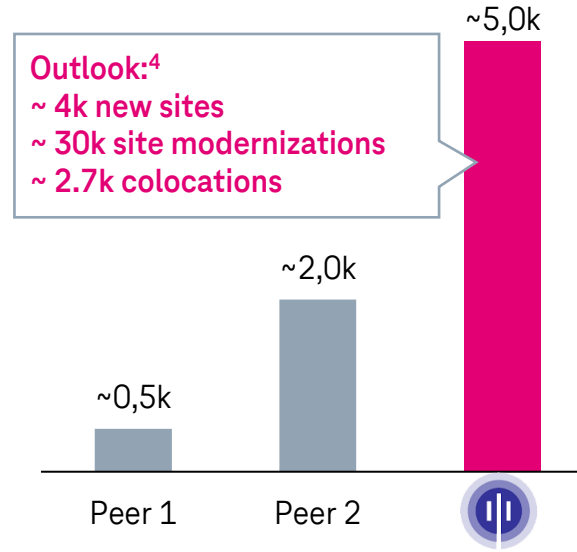
Mobile connections<sup>1</sup>, mn | Ground based towers in GER<sup>2</sup>



✓ Tier 1 tenants

## #1 builder of sites in a growing market

Number of new sites (2021–2024e)



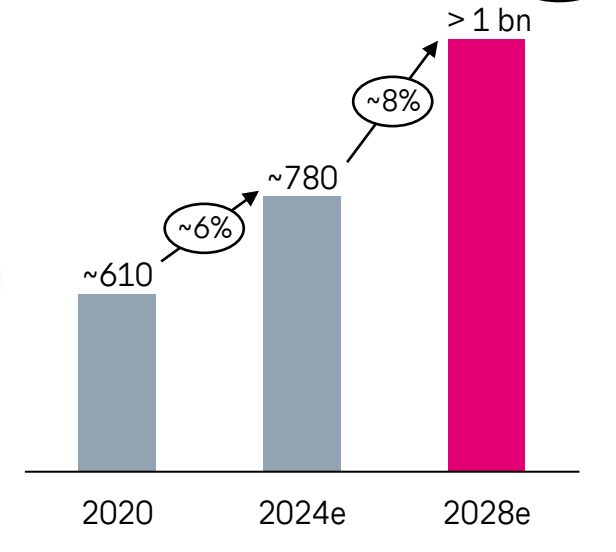
Outlook:<sup>4</sup>  
 ~ 4k new sites  
 ~ 30k site modernizations  
 ~ 2.7k colocations

✓ Structural Growth

- 3.6 GHz deployment, network modernization
- Coverage obligations
- 4 mobile operators

## Strong growth, outperforming plan

Adj. EBITDA AL, € mn



✓ Outperforming business plan

- Brookfield/ Digital Bridge adding significant value
- Significant focus of MNOs in Germany on network optimization

Source: Analysys Mason, TowerXchange; Company filings, management estimates; <sup>1</sup> Analysys Mason data as per Q2 2024; <sup>2</sup> TowerXchange data as per Q2 2024; <sup>3</sup> Avg. of France, UK, Italy, Spain; <sup>4</sup> Outlook 2025 – 2028e



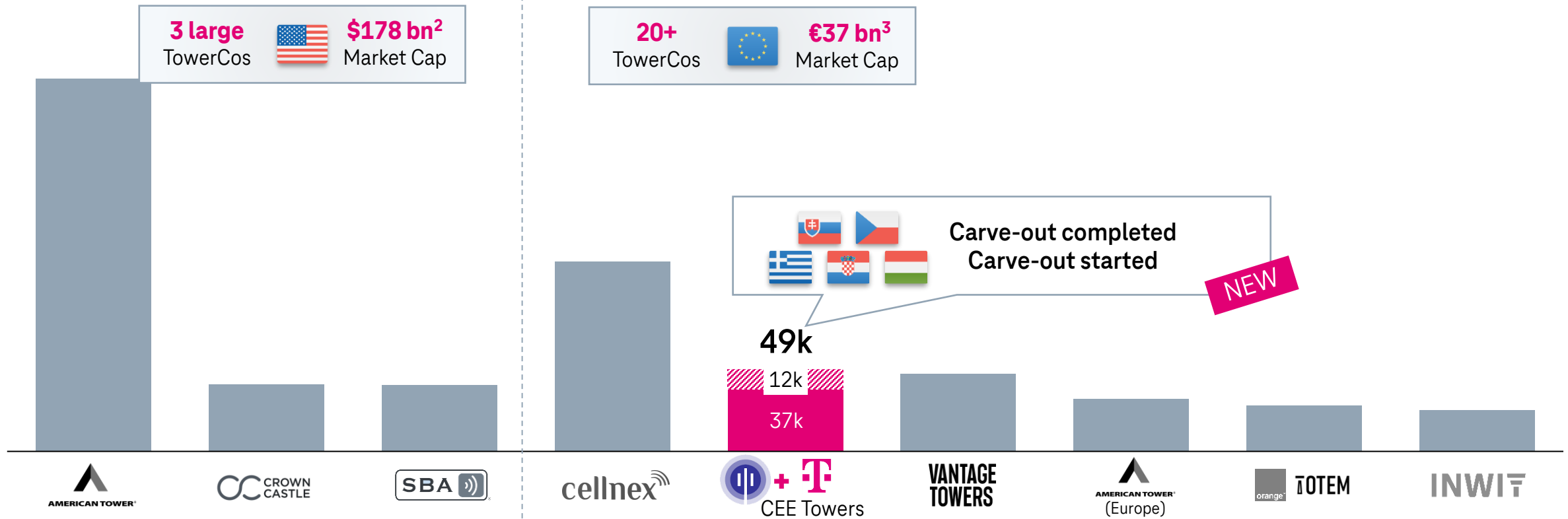




# Strategic optionality for EU Tower consolidation – “Kingmaker Asset”

## Strategic optionality – Creation of 2nd largest EU TowerCo

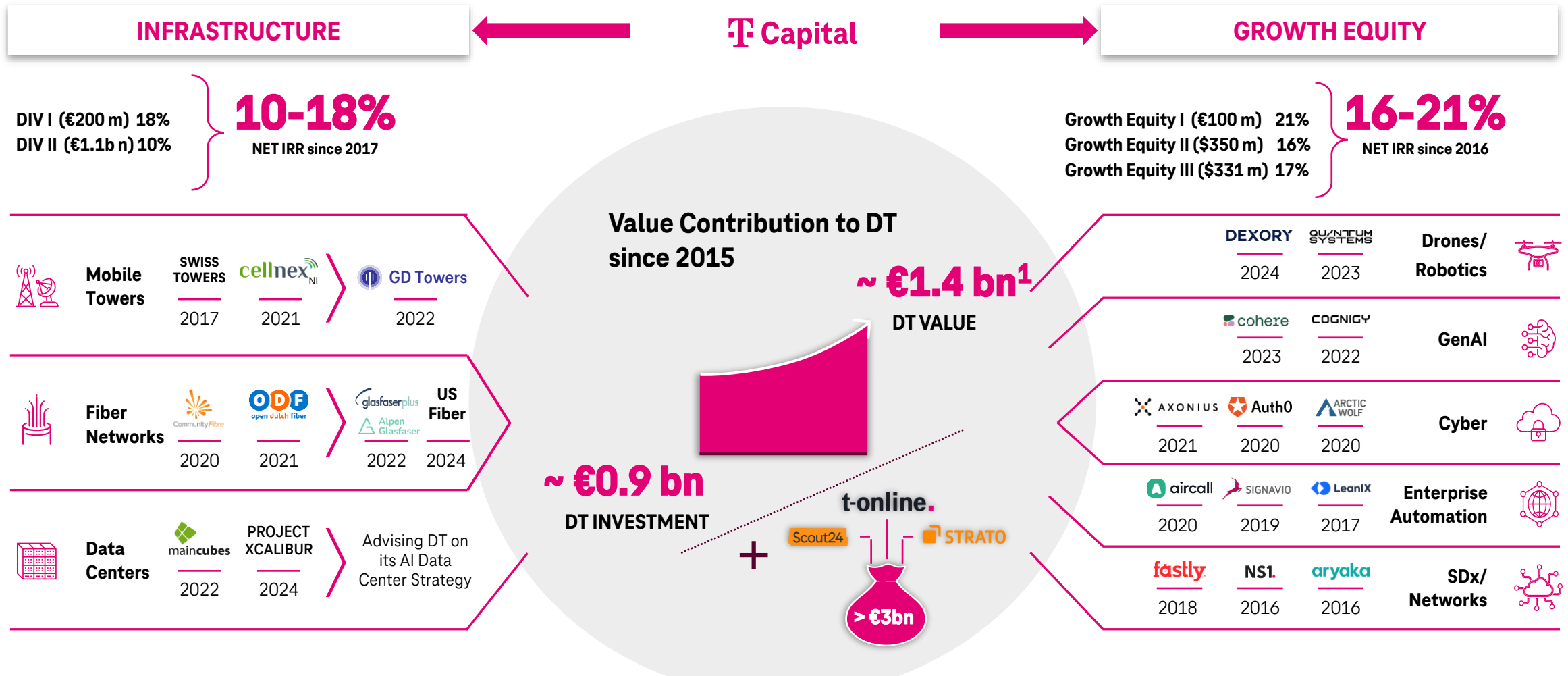
TowerCos, number of sites<sup>1</sup>



Source: Company filings, Analysys Mason, TowerXchange, management estimates, Capital IQ; <sup>1</sup> Vantage figures excl. INWIT and Cornerstone; <sup>2</sup> Reflects Market cap as of October 4<sup>th</sup>, 2024; <sup>3</sup> Reflects Market cap as of October 4<sup>th</sup>, 2024 of Cellnex, Inwit and EuroTeleSites. Other TowerCos privately owned



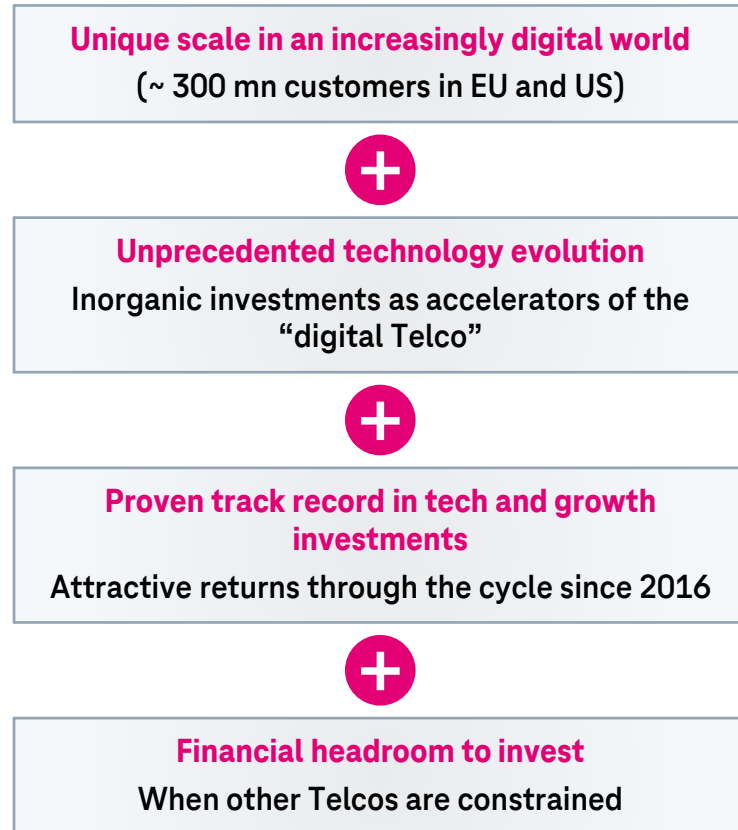
# T-Capital has supported our core business while generating attractive financial returns



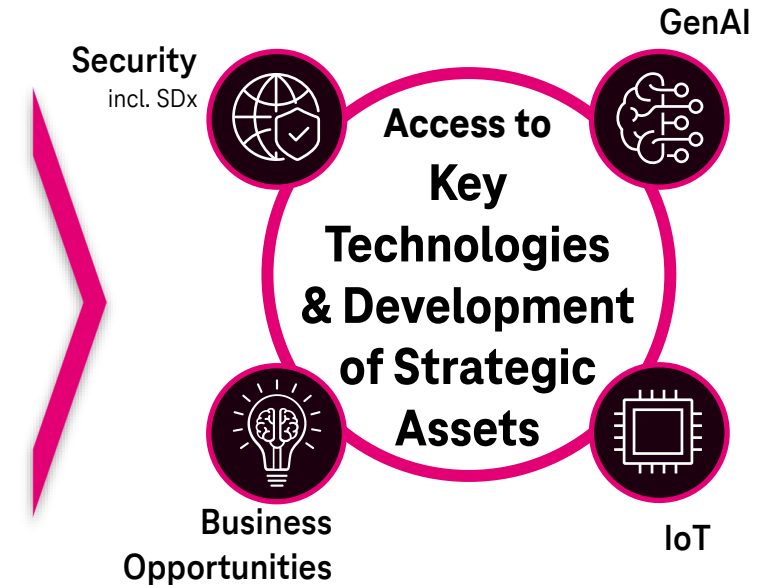
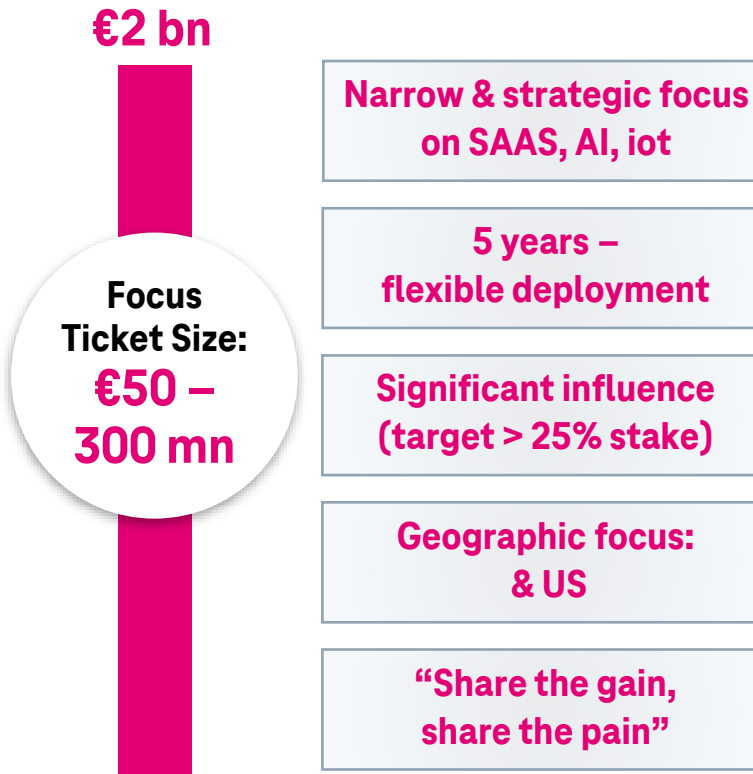
<sup>1</sup> €0.6 bn realized, €0.8 bn fair market value

# Tech Fund launched on the back of an existing track record and strong capabilities in technology investing

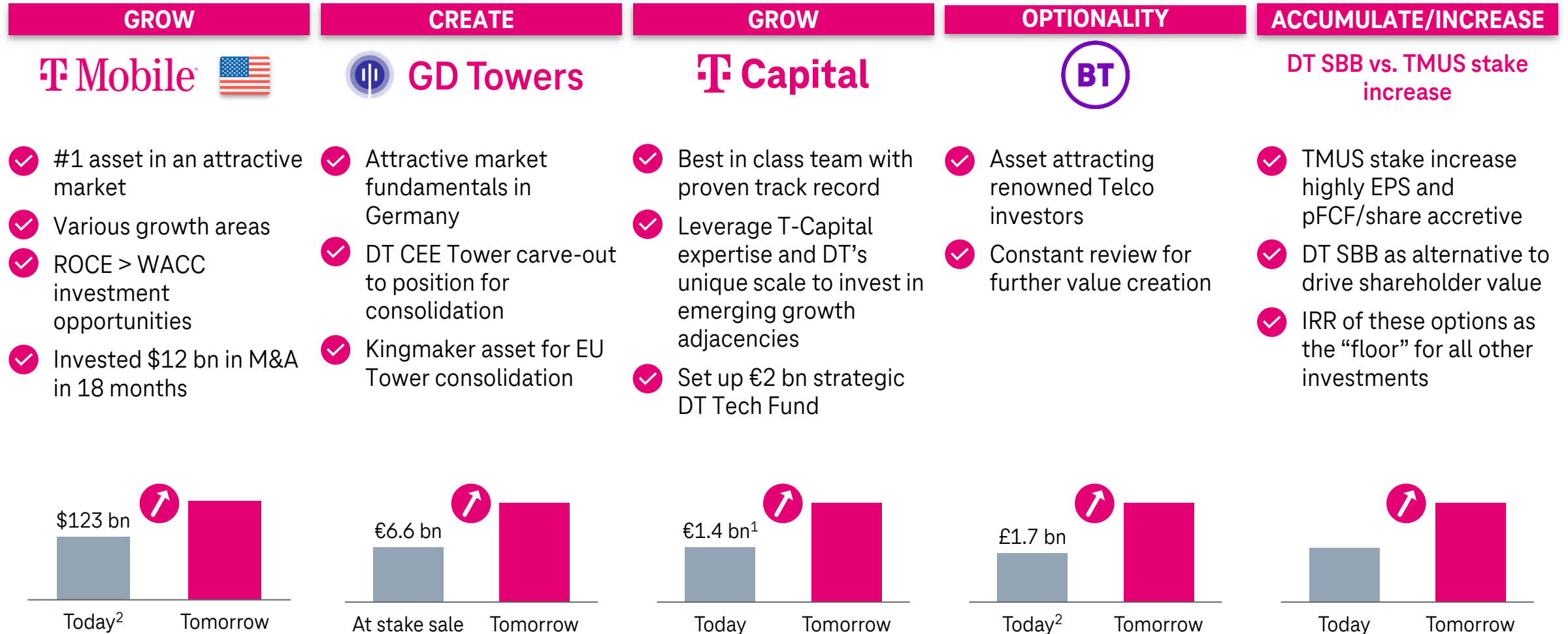
## The right time for DT to create a “Tech Fund”



## DT Tech Fund key parameters

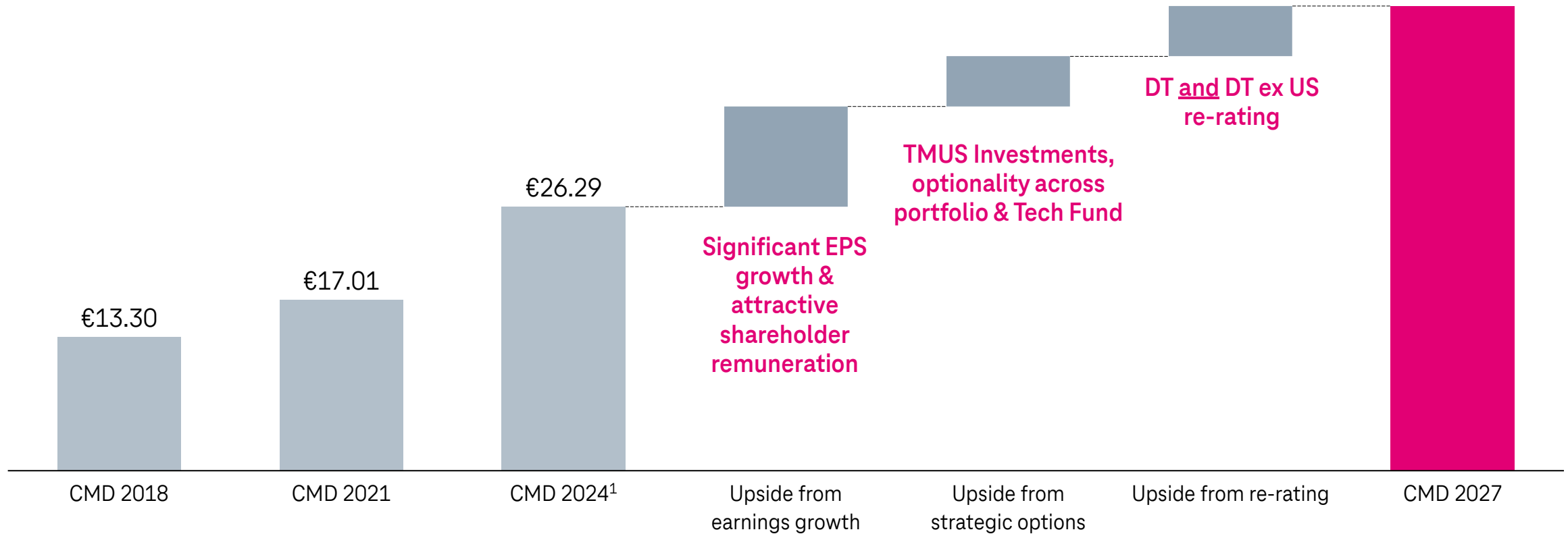


# “Heilbad” no “Landgrab”



<sup>1</sup> Value to DT: €0.6 bn realized, €0.8 bn fair market value; <sup>2</sup> As of October 4<sup>th</sup>, 2024. Note pFCF refers to proportionate FCF.

# We won't stop!



<sup>1</sup> As of October 4<sup>th</sup>, 2024

Note: Indicative and does not indicate any real value potential



CAPITAL  
MARKETS  
DAY 2024

#DTCMD24

# Group Financials

Christian Illek (CFO)



# 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**



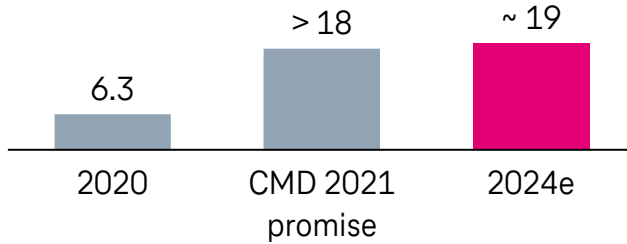
# Strong delivery against 2021 CMD financial commitments...



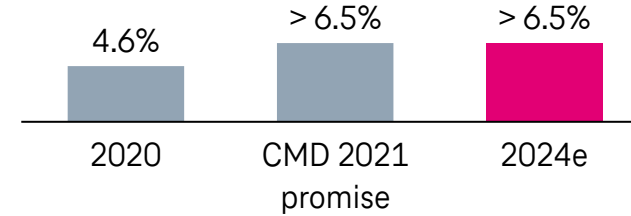
## Growth in FCF AL



€ bn



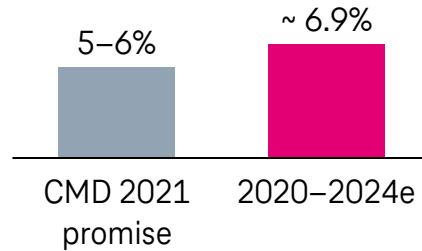
## Growth in ROCE



## Growth in adj. Core EBITDA AL



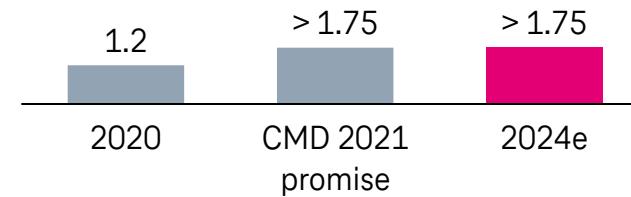
CAGR (organic)



## Growth in adj. EPS



€/share



### Capital allocation targets:

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



Leverage ≤ 2.75x (2024e < 2.75x)



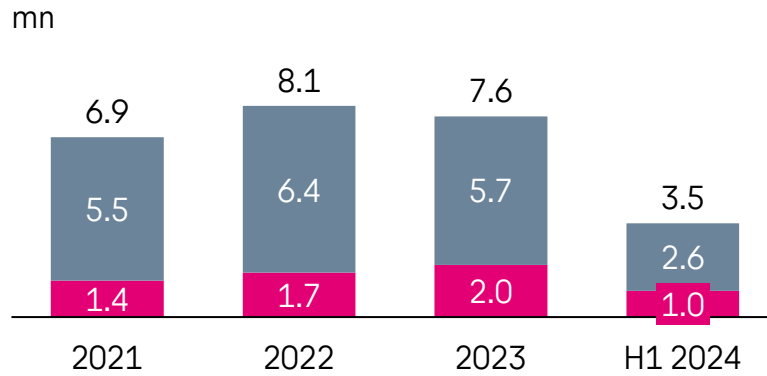
Dividend 40-60% of adj. EPS



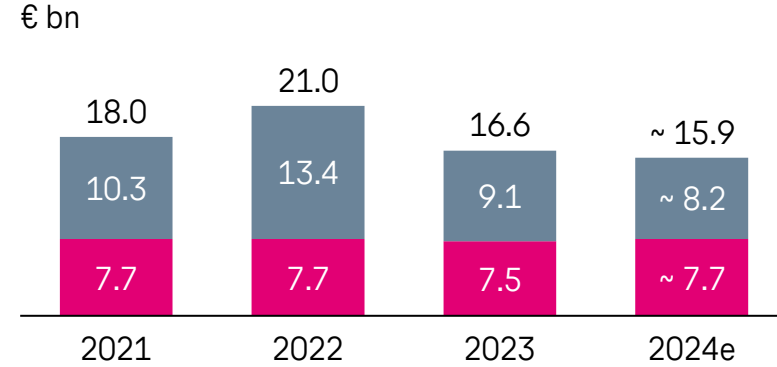
# ...based on investment which drove superior Customer growth



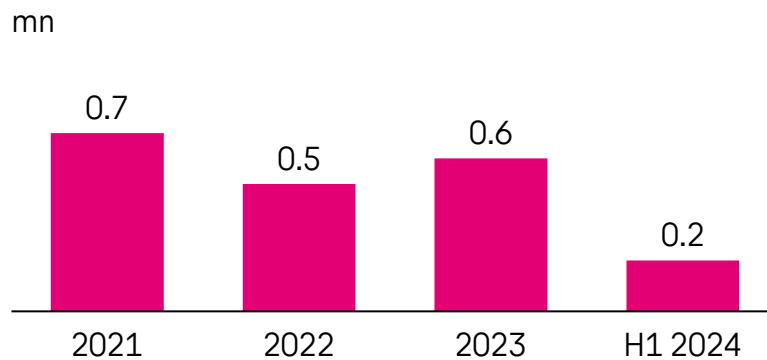
## Mobile net adds<sup>1</sup>



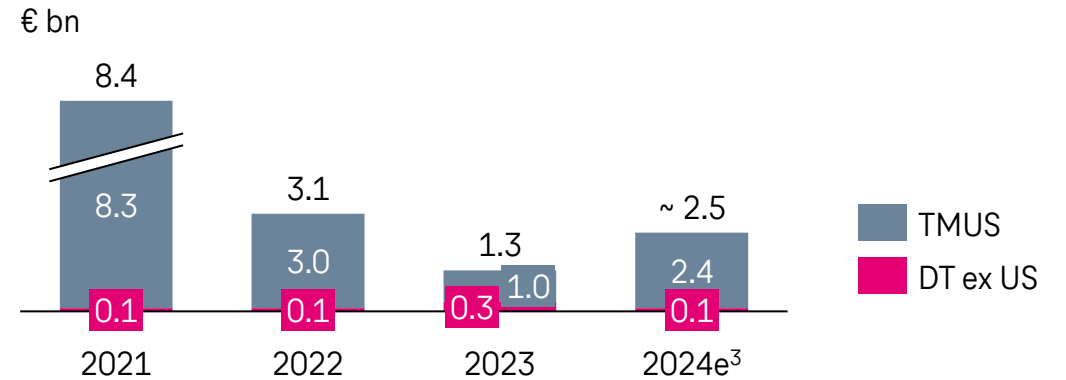
## Cash Capex<sup>2</sup>



## Broadband net adds



## Spectrum spend



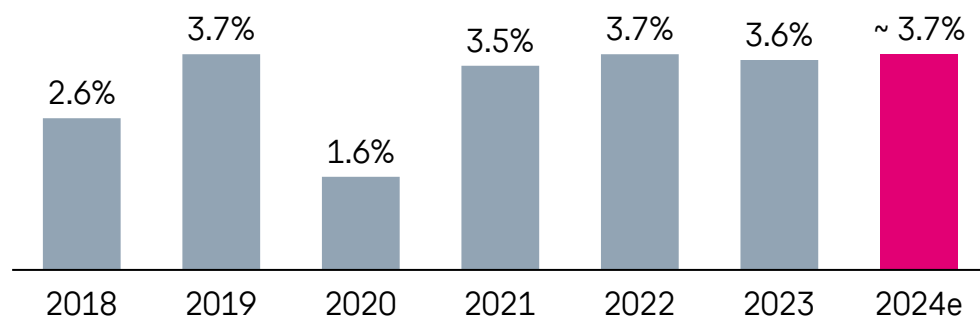
<sup>1</sup> DT ex US: Contract net adds, TMUS: Postpaid net adds; <sup>2</sup> Without spectrum, TMUS figures according to IFRS; <sup>3</sup> Only completed spectrum acquisitions



# Consistent Service revenue and EBITDA AL growth since 2018

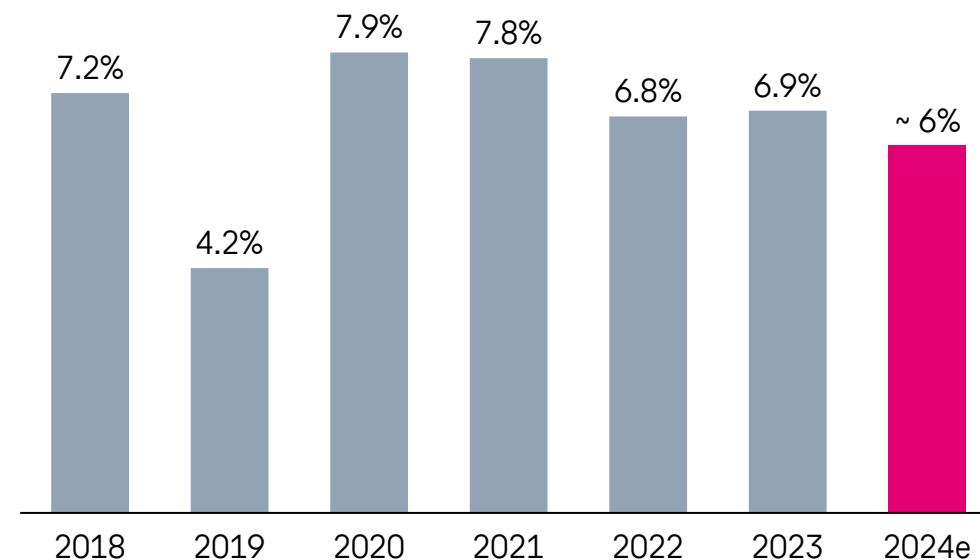


## Service revenue growth<sup>1</sup>



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

## Adj. Core EBITDA AL growth<sup>1</sup>



- 29 quarters of consecutive DT ex US EBITDA AL growth

<sup>1</sup> Organic

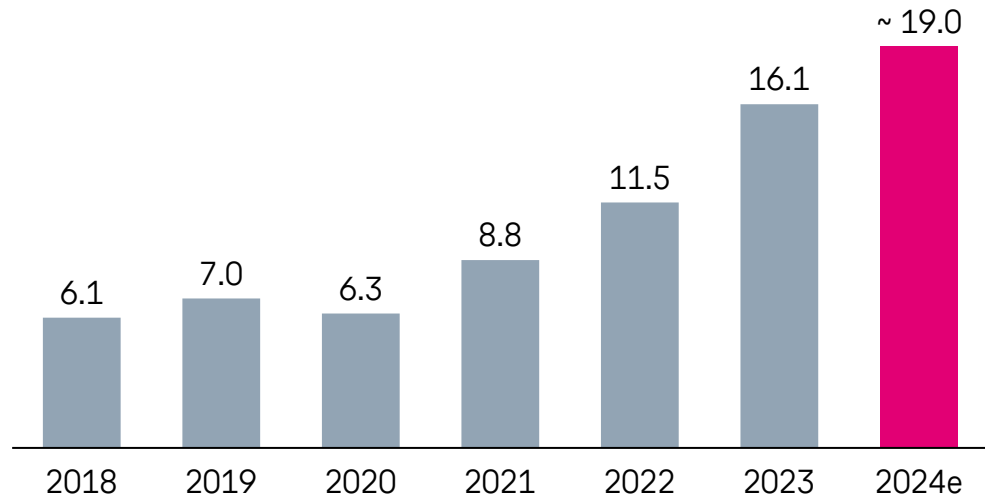


# This drives earnings growth, while we invest



## FCF AL

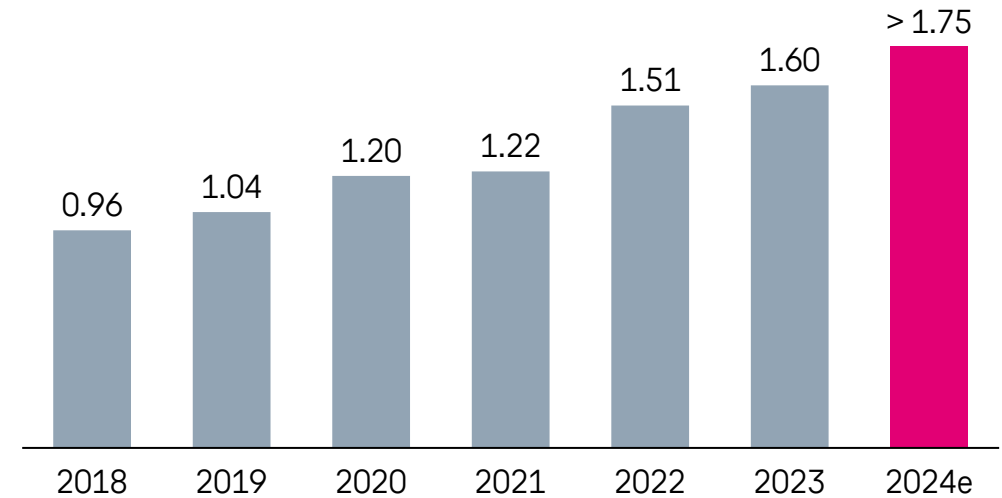
€ bn



- Temporary dip due to accelerated US merger implementation

## Adj. EPS

€/share



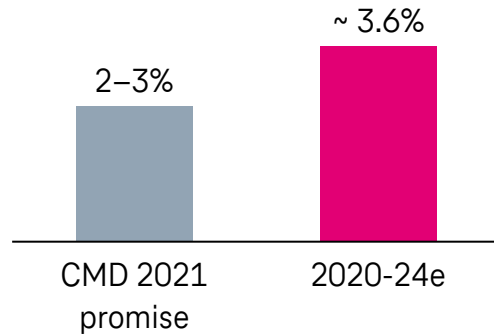
- EPS growth driven by strong growth in adj. EBITDA AL

# DT ex US EBITDA AL growth outperformed, despite IDC headwinds



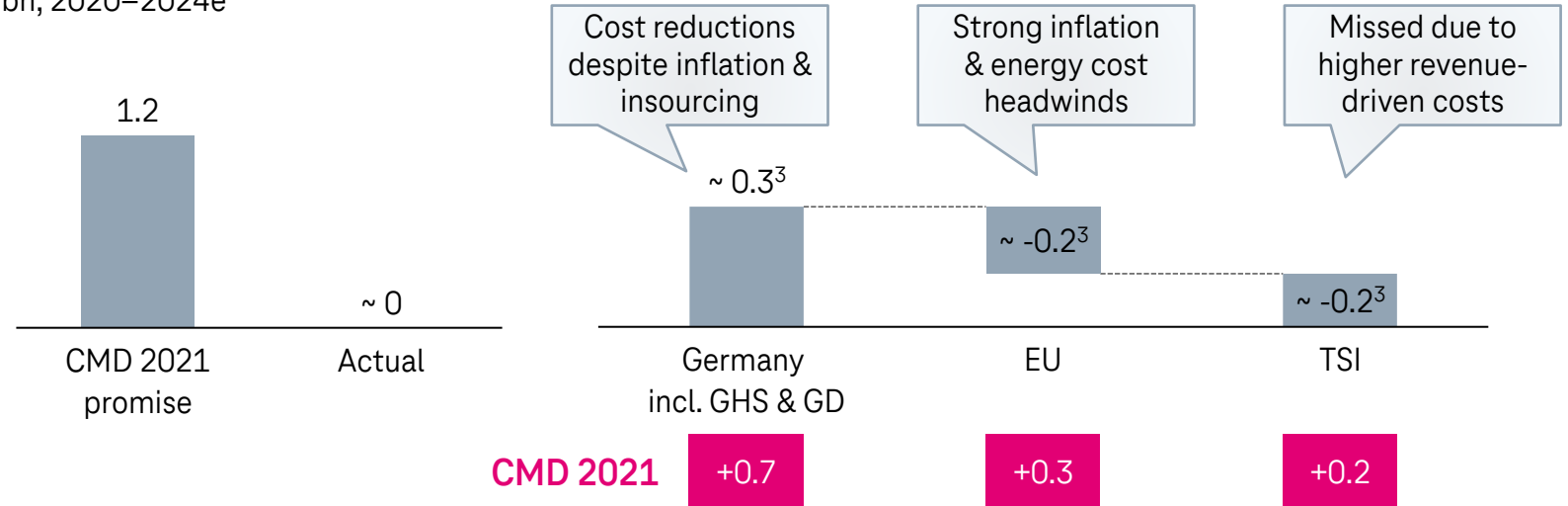
## Adj. EBITDA AL growth DT ex US

CAGR (organic)



## IDC reduction<sup>1</sup>

€ bn, 2020-2024e



- Significant unexpected inflationary pressures<sup>2</sup>, 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

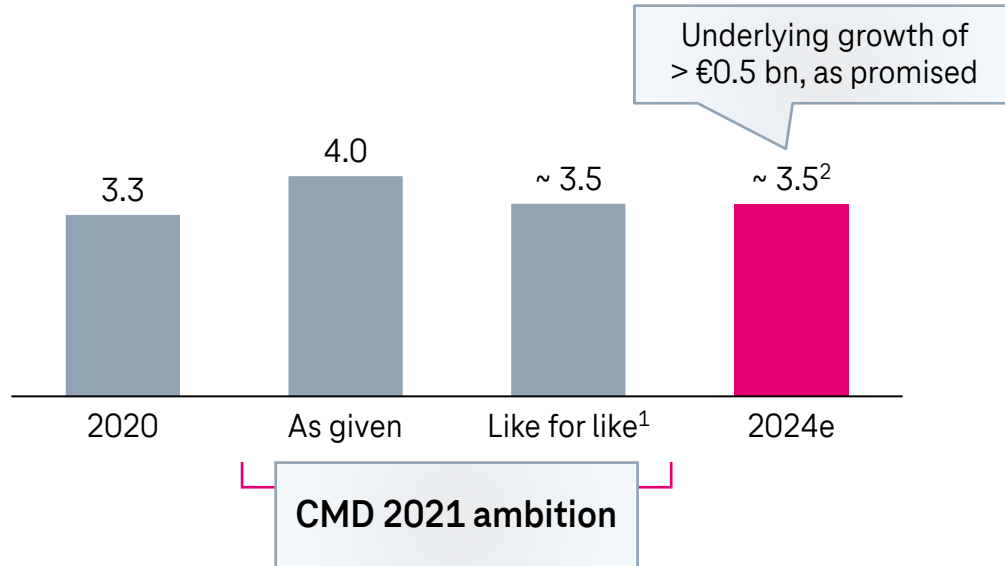
<sup>1</sup> Adj. IDC AL, organic, excl. HU Telco tax; <sup>2</sup> Actual cumulative 2020-2024e inflation 24% in DT ex US markets vs. IMF projection of 7% at the time of the CMD 2021; <sup>3</sup> Differences due to rounding



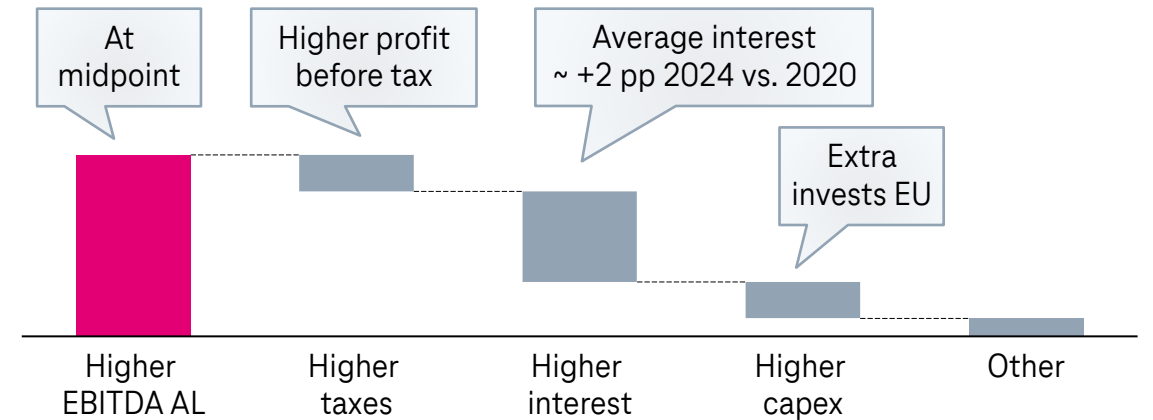
# Ex US FCF AL in line with promise, despite higher interest rates

## FCF AL ex US

€ bn



## Target achieved – but different composition<sup>1</sup>



- 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

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

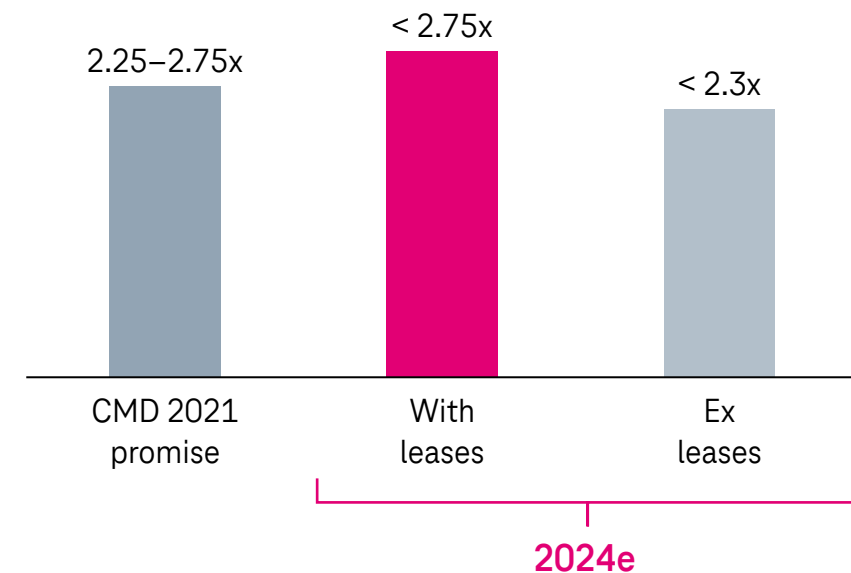
# We delivered on our leverage target



## 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



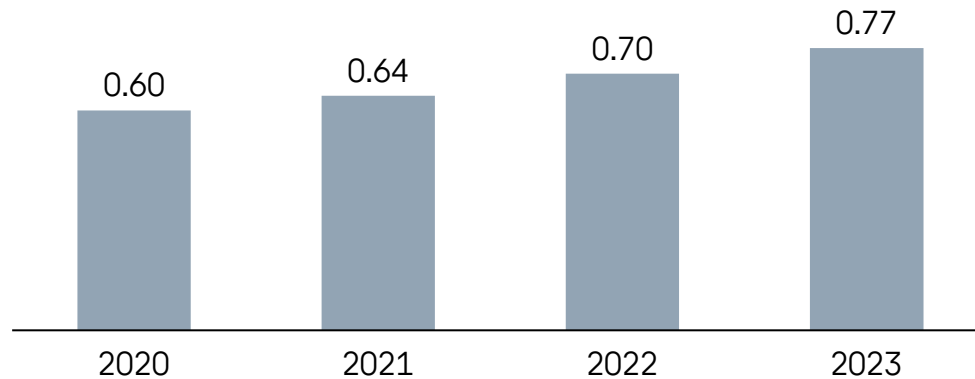
- Leverage with leases at the upper end; leverage ex leases well below 2.5x

# Progressive dividend payouts and clear TSR outperformance

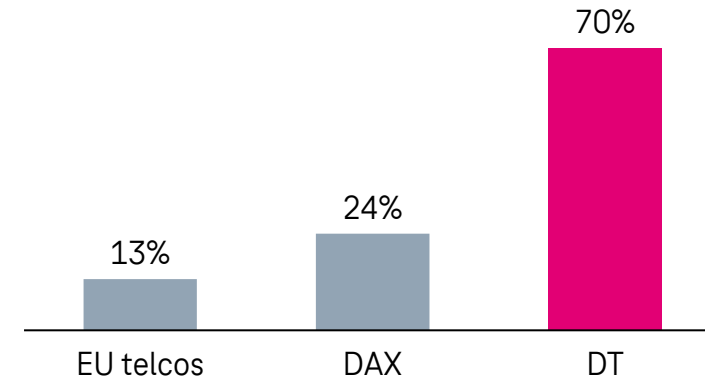


## Dividend

€/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 <sup>4</sup>	
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 <sup>1</sup> )	~ €19.0 bn	✓
FCF AL (DT ex US)	2024e <sup>3</sup>	€4 bn (~ €3.5 bn <sup>1</sup> )	~ €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 <sup>1</sup> )	~ €7.7 bn	✓
Adj. IDC AL (DT ex US) <sup>2</sup>	2020–2024e	Reduction by €1.2 bn	~ €0.0 bn	✗
Leverage (Group) incl. leases	2024e	≤ 2.75x	< 2.75x	✓

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

# **Strategy 2023–2027**

# 2023–2027e: Committed to deliver – again!

**STRONGER FOUNDATION**



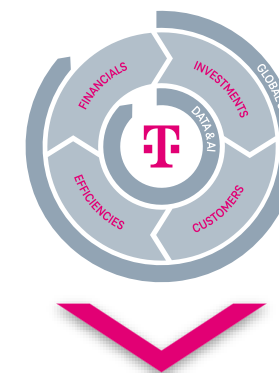
**SUPERIOR EXECUTION**



**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**

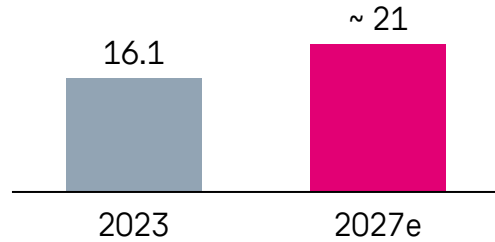


# Strong growth set to continue



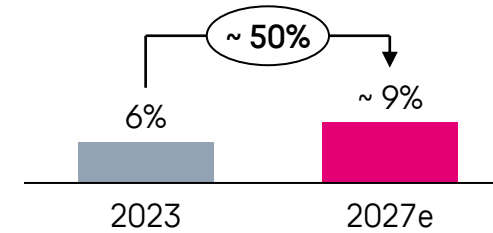
## FCF AL<sup>1</sup>

€ bn



- US cash tax normalization

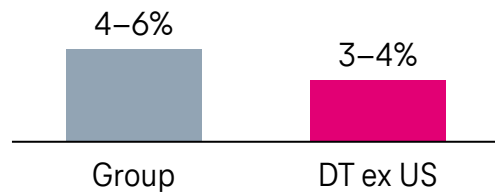
## ROCE<sup>2</sup>



- Growth in EBITDA and US Capex normalization

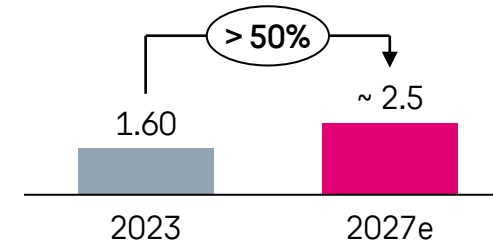
## EBITDA AL

CAGR 2023–2027e



- Sector-leading growth

## Adj. EPS



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

<sup>1</sup> Based on €1 = \$1.08; <sup>2</sup> 2023 ex GD Towers gain

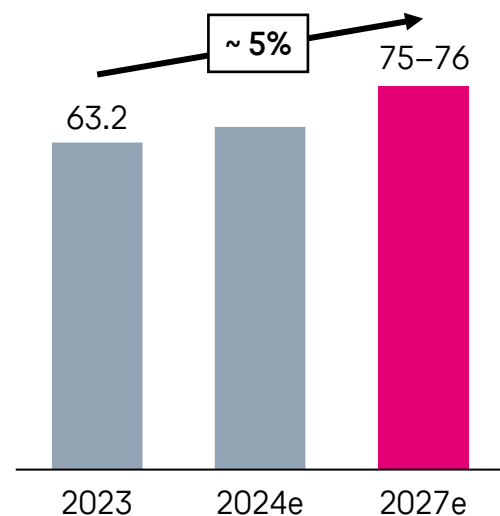


# TMUS with strong revenue & EBITDA AL growth ambition



## Service revenues

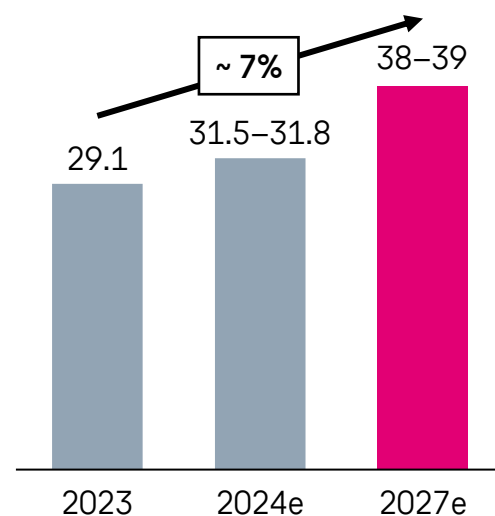
\$ bn/CAGR



- Continued strong Customer growth in all categories

## Core adj. EBITDA

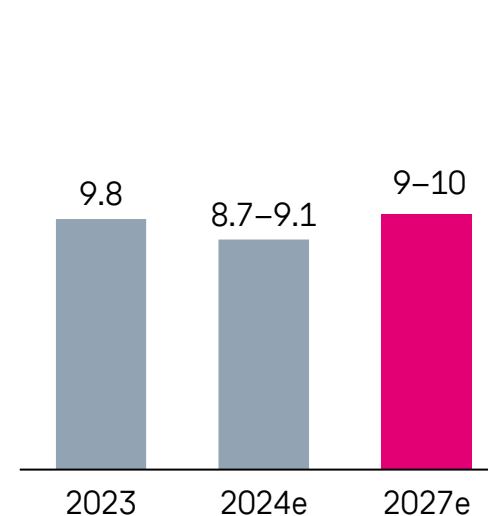
\$ bn/CAGR



- Significant operating leverage and efficiency gains from digitization and AI

## Cash Capex

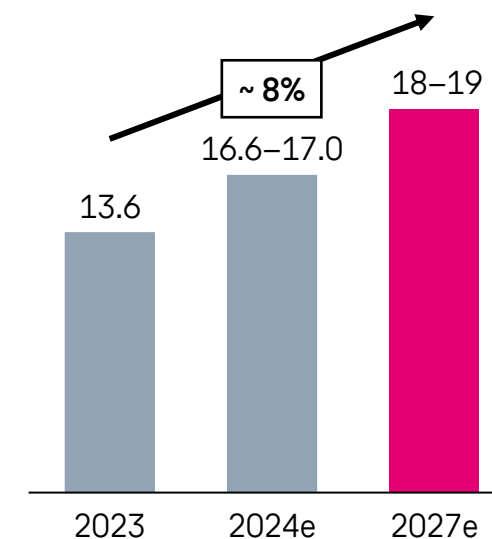
\$ bn



- Benefiting from strong spectrum position

## Adj. FCF

\$ bn/CAGR



- Growth in Operating Cash Flow exceeding incremental tax payments

All figures based on US GAAP

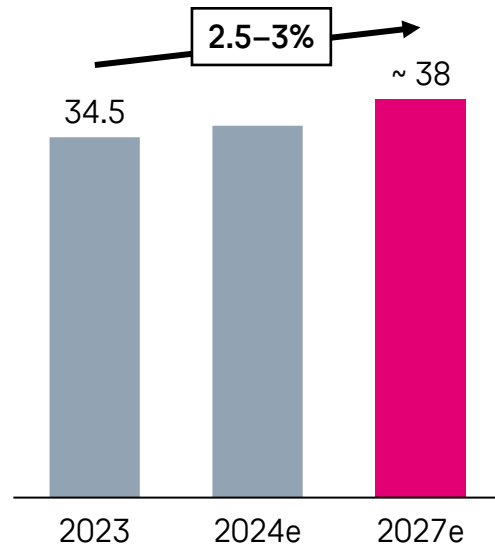


# DT ex US EBITDA AL growth funds investments & FCF AL growth



## Service revenues

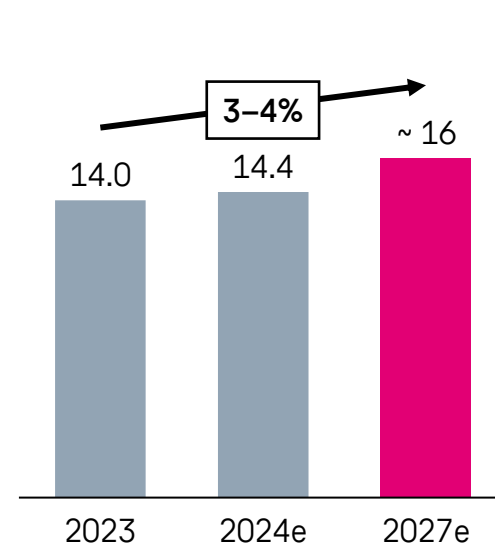
€ bn/CAGR



- All segments contributing

## Adj. EBITDA AL

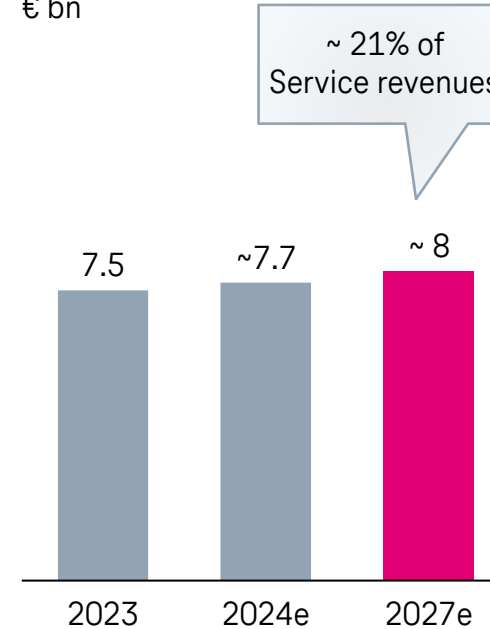
€ bn/CAGR



- Driven by Net Margin growth and efficiency gains

## Cash Capex

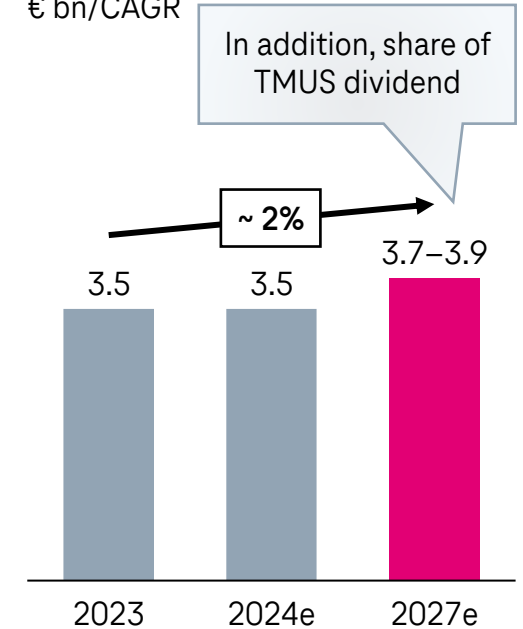
€ bn



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

## FCF AL

€ bn/CAGR



- EBITDA AL growth to drive growth in FCF AL

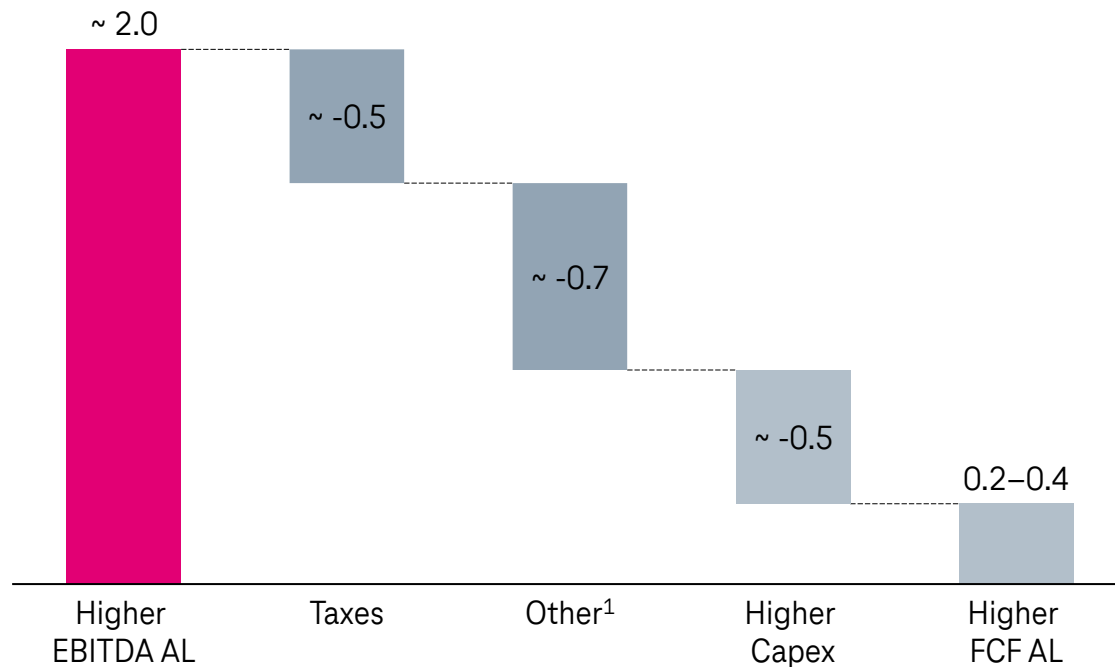


# EBITDA AL growth to enable both higher Capex and higher FCF



## 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

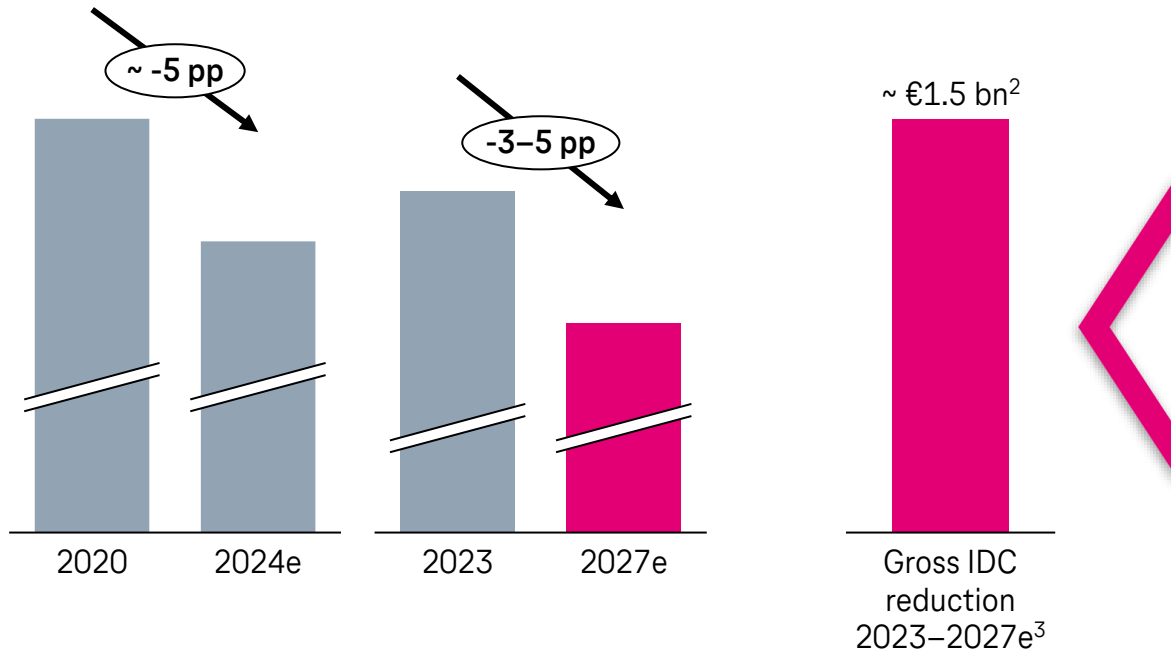
<sup>1</sup> Interest costs, tower cash leases, cash pension payments, Special factors (Cash), Working capital, etc.



# We see multiple levers for further efficiency improvements



## IDC/Service revenues DT ex US<sup>1</sup>



## Key levers and expected impact going forward

	Artificial intelligence & automation	~ €0.7 bn <sup>4</sup>
	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

<sup>1</sup> Adj. IDC AL as % of Service revenues, organic, excl. HU Telco tax; <sup>2</sup> Differences due to rounding; <sup>3</sup> Midpoint of Service revenue midterm ambition; <sup>4</sup> 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 <sup>1</sup>	DT Group	-95% (2023 vs. 2017 <sup>2</sup> )	●
	2020–2030	Reduce Scope 1–3 Emissions by 55%	DT Group	-23% (2023 vs. 2020 <sup>2</sup> )	●
	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% <sup>3</sup>	●
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% <sup>4</sup>	●
	In 2025	Sustainable packaging: ~100% for 3 <sup>rd</sup> party devices	GER & EU	~ 100% <sup>5</sup>	●
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	●

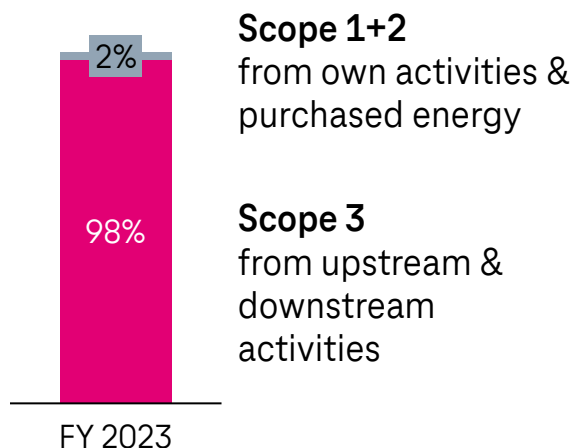
<sup>1</sup> Up to 95% reduction; ~5% removal of remaining CO<sub>2</sub> Scope 1&2; <sup>2</sup> Organic; <sup>3</sup> DT Group 32.5%, YE24e Group ex US: 22%

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

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

## Key KPI

DT CO<sub>2</sub>e emissions



51% of DT Group Purchase Order Volume SBTi-aligned<sup>1</sup>

## Climate targets

Scope 1–3 vs. 2020

**2030:**  
55% reduction

**2040: Net zero**  
≥ 90% reduction

## Key measures<sup>2</sup>

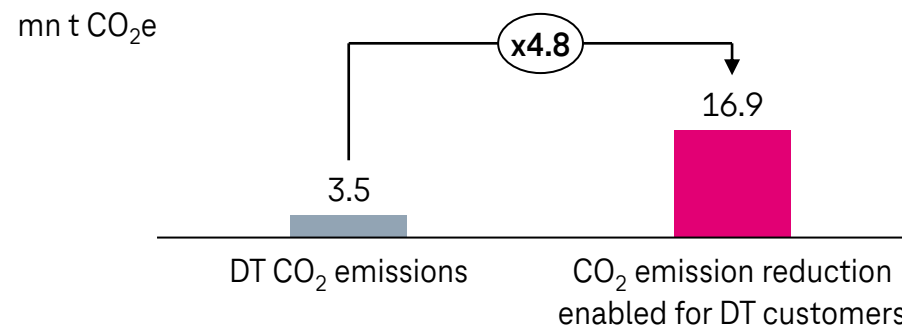
### Suppliers:

- 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 Factor<sup>2</sup>



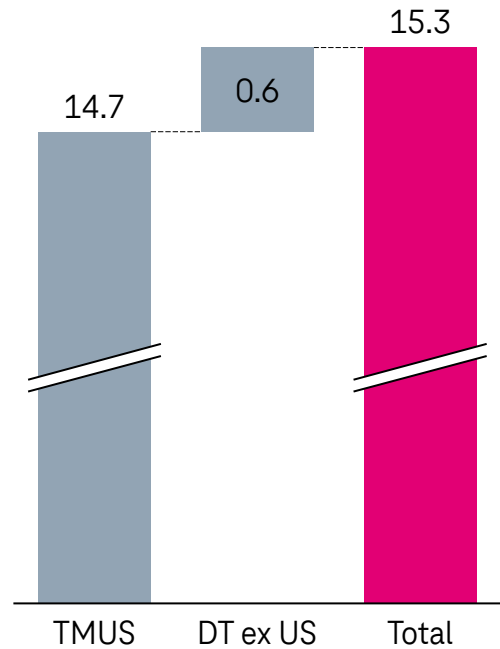
<sup>1</sup> Purchase Order Volume with suppliers that have a corporate climate target approved by SBTi (Science Based Targets initiative); <sup>2</sup> Data for Germany FY 2023

# Strong spectrum position – no major auctions expected to 2027



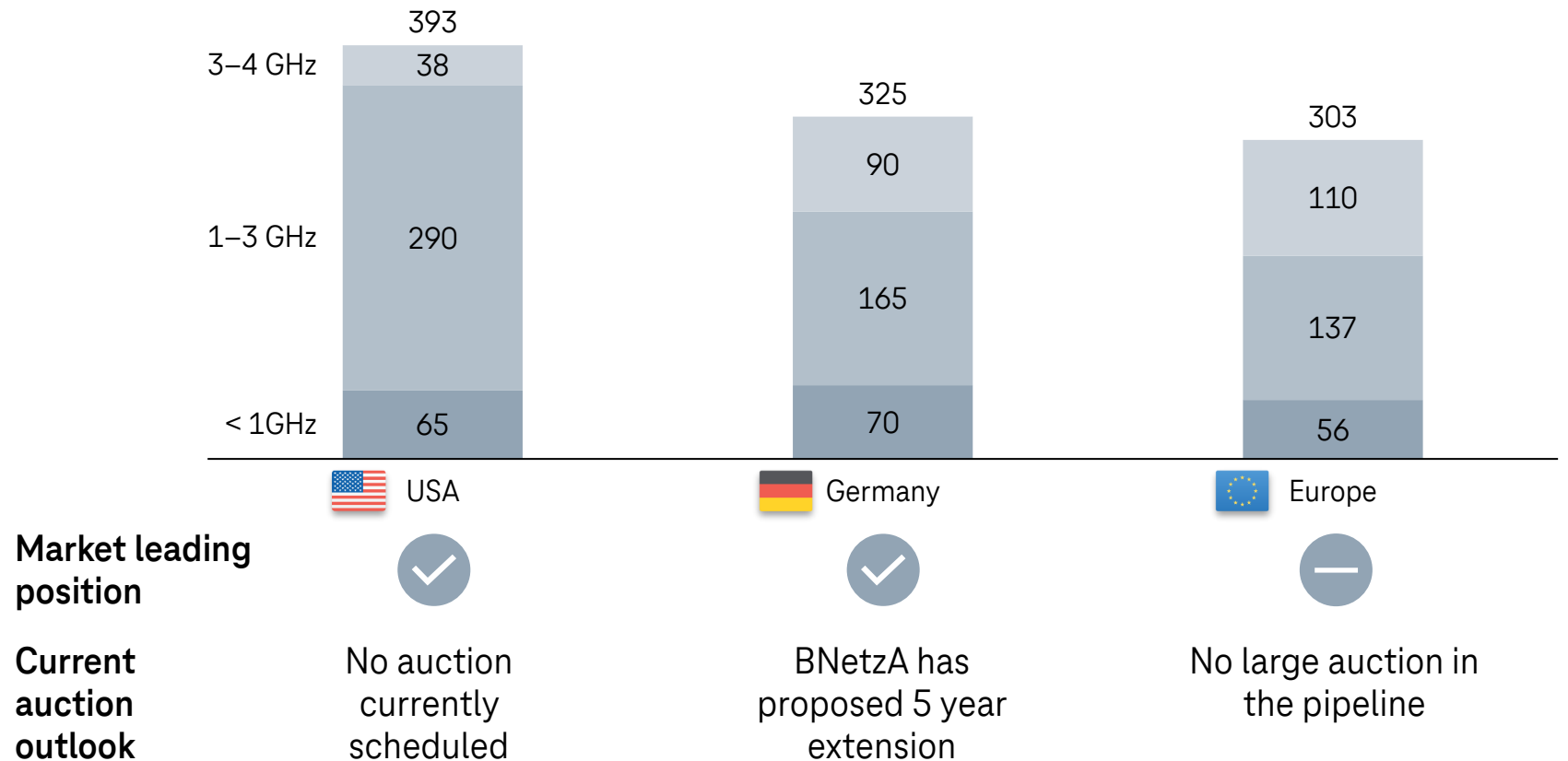
## Spectrum spend 2021–2024e

€ bn



## Spectrum positions

MHz/pop<sup>1</sup>



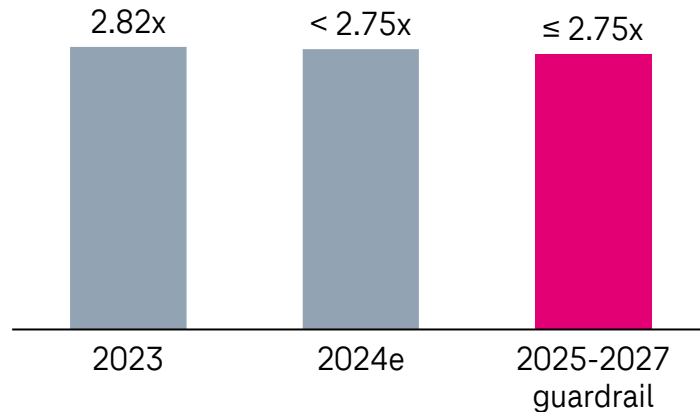
<sup>1</sup> Weighted



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

## Leverage ratio

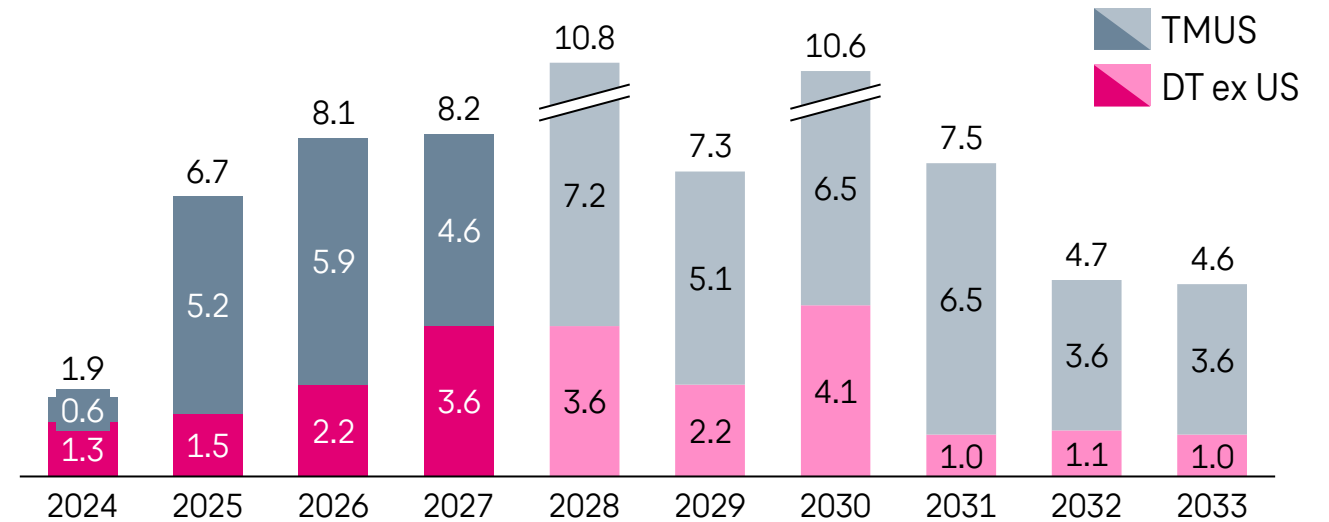
Net debt/adj. EBITDA



- 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 bn<sup>1</sup>

<sup>1</sup> Q2 2024

# Attractive outlook for DT shareholder returns in 2025 and beyond

## Adj. EPS & dividend

€/share

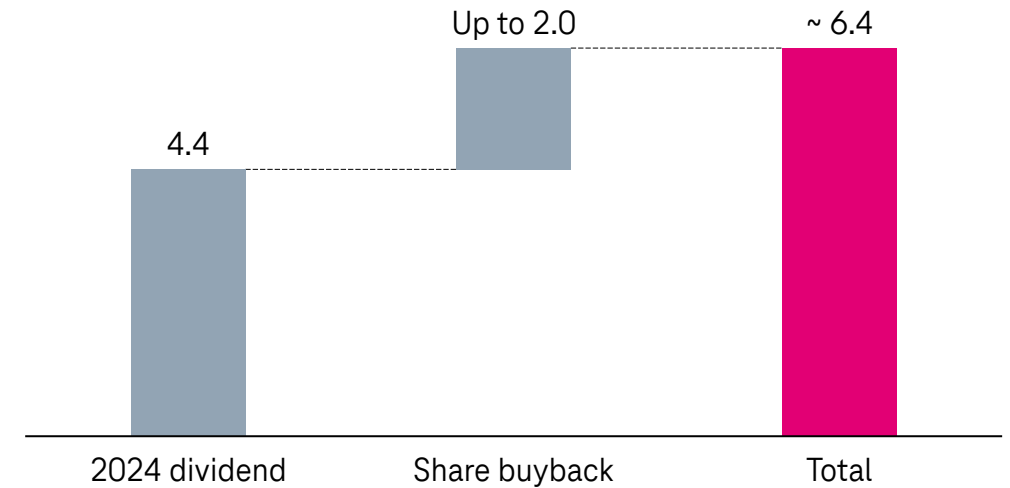
Adj. EPS Dividend



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

## 2025 DT shareholder remuneration

€ bn

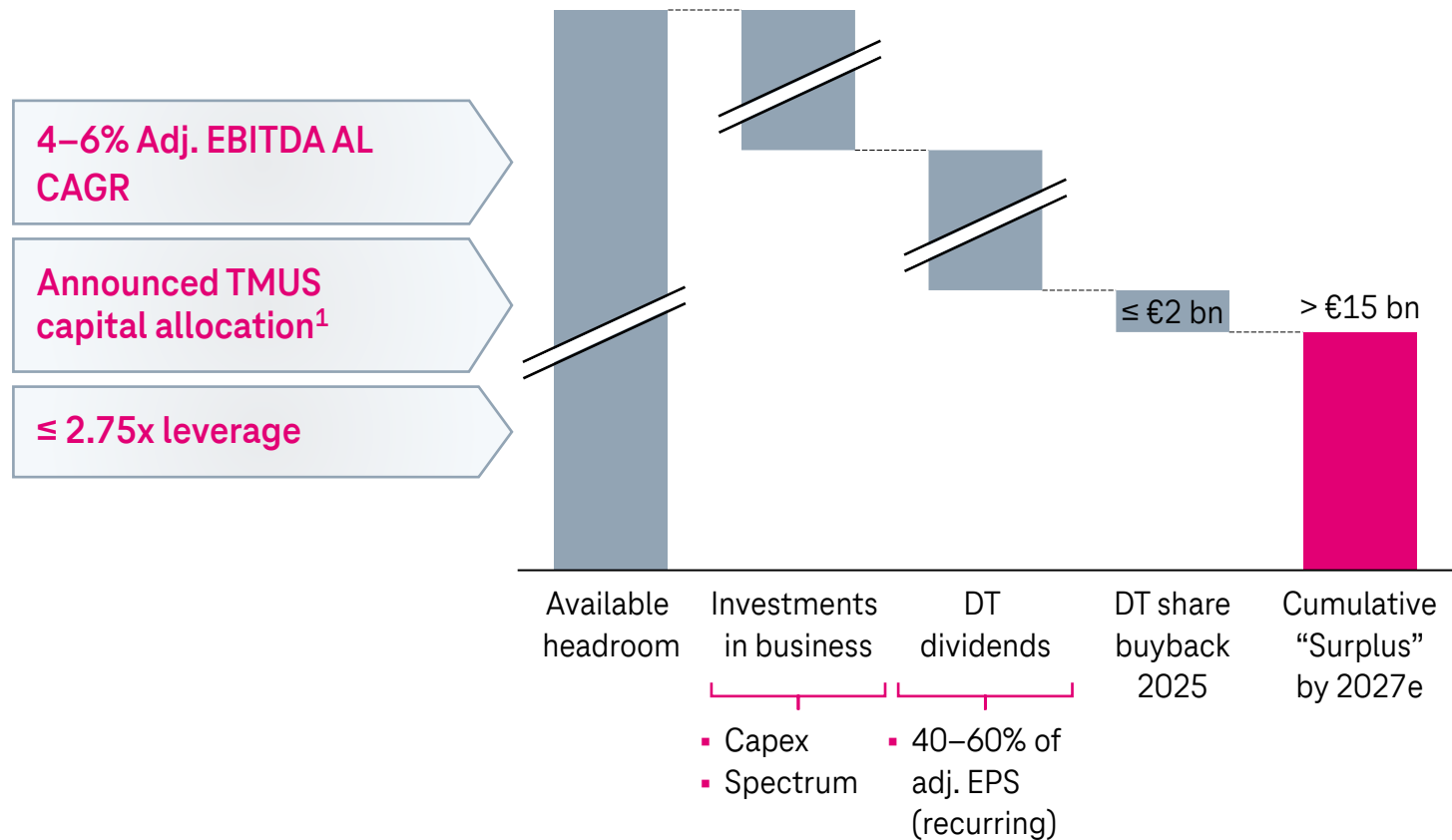


- In 2025 expected total shareholder remuneration of ~ 6.4 bn



<sup>1</sup> 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 stake<sup>2</sup>
-  Additional DT share buybacks

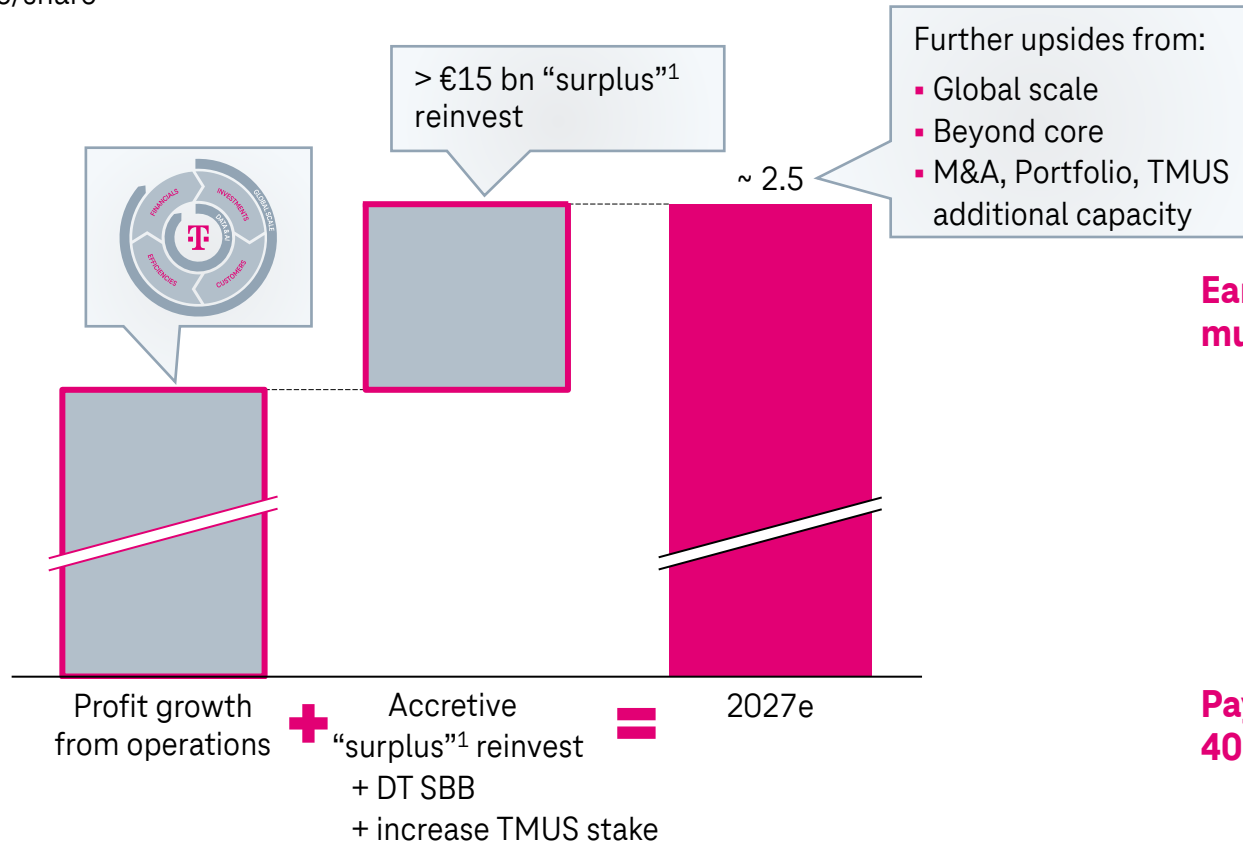
- Both uses of surplus are accretive to DT’s adj. EPS
- Maintaining strategic flexibility

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

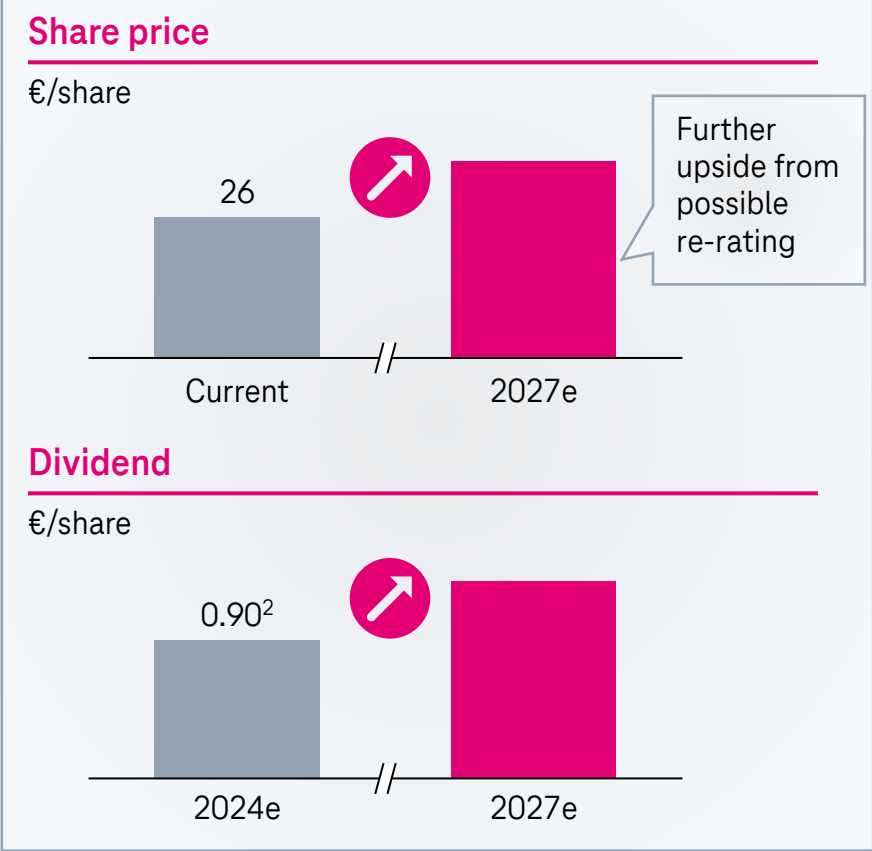
# Creating shareholder returns through growth & capital allocation

## Adj. EPS

€/share



## TOTAL SHAREHOLDER RETURN



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



**Midterm  
ambition level**



# Our midterm commitments

KPI	Midterm ambition level <sup>1</sup>	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 <sup>2</sup>	DT ex US: -3–5%	2023–2027e
Cash Capex <sup>3</sup>	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% <sup>4</sup>	2027e
Leverage	Group: ≤ 2.75x	2023–2027e

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

CAPITAL  
MARKETS  
DAY 2024

# Appendix



# Glossary

**Service revenues** essentially comprise predictable and/or recurring revenues from Deutsche Telekom's core activities. These relate to revenues that are generated from services (i.e., revenues from fixed and mobile network voice services, incoming and outgoing calls, as well as data services) plus roaming revenues, monthly basic charges and visitor revenues, as well as revenues from the ICT business. Service revenue also includes revenues earned in connection with premium services for customers, such as reinsurance for device insurance policies and extended warranties.

**Indirect costs after leases (AL)** essentially comprise costs that are not directly related to revenue or acquisition of customers, e.g. workforce costs, energy costs, network costs and leasing costs.

**Adj. indirect costs AL** are indirect costs AL adjusted for special factors.

**IDC/Service revenues** are adj. indirect costs AL divided by Service revenues.

**Capex ratio** is Cash Capex divided by Service revenues.

**EBITDA** Abbreviation for EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION. EBITDA is equivalent to EBIT before Depreciation and Amortization.

**Adj. EBITDA** EBITDA adjusted for Special factors.

**EBITDA AL** Abbreviation for EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION after leases.

**EBIT** Abbreviation for EARNINGS BEFORE INTEREST AND TAXES. EBIT is equivalent to the P&L-line "Profit from operations".

**Adj. EBIT** EBIT adjusted for Special factors.

**EBT** Abbreviation for EARNINGS BEFORE TAXES. EBT is equivalent to the P&L-line "Profit before income taxes".



# Glossary

<b>Adj. EBT</b>	EBT adjusted for Special factors.	<b>Gross debt</b>	Gross debt includes not only bonds and liabilities to banks, but also liabilities to non-banks from promissory notes, lease liabilities, liabilities arising from ABS transactions (capital market liabilities), liabilities from derivatives and Cash collateral.
<b>Adj. EPS</b>	Earnings per share adjusted for Special factors.	<b>Net debt</b>	Net debt is calculated by deducting Cash and Cash equivalents as well as financial assets classified as held for trading and available for sale (due $\leq$ 1 year). In addition, receivables from derivatives and other financial assets are deducted from Gross debt.
<b>Special factors</b>	Special factors impair the comparability of the results with previous periods. Details on the Special factors are given for the group and each operating segment.	<b>Net debt w/o Leases</b>	Net debt without leases.
<b>Cash Capex</b>	Cash outflows for investments in intangible assets (excluding goodwill and spectrum) and property, plant and equipment.	<b>Profitability</b>	KPIs in B2B vary by segment: Germany has a specific B2B adj. EBITDA AL after Sales & Service costs; Europe has on segment level a Net Margin and T-Systems reports a full segment adj. EBITDA AL.
<b>Free Cash Flow</b>	Net Cash from operating activities minus Net Cash outflows for investments in intangible assets (excluding goodwill and spectrum) and property, plant and equipment.		
<b>Free Cash Flow AL</b>	Net Cash from operating activities minus Net Cash outflows for investments in intangible assets (excluding goodwill and spectrum) and property, plant and equipment after leases.		

