

REFINITIV STREETEVENTS

# EDITED TRANSCRIPT

DTEGn.DE - Deutsche Telekom AG Capital Markets Day 2024

EVENT DATE/TIME: OCTOBER 11, 2024 / 7:00AM GMT

## CORPORATE PARTICIPANTS

**Hannes Wittig** Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)

**Claudia Nemat** Deutsche Telekom AG - Member of the Management Board, Responsible for Technology and Innovation

**Abdurazak Mudesir** Deutsche Telekom AG - Chief Technology Officer

**Jonathan Abrahamson** Deutsche Telekom AG - Chief Product and Digital Officer

**Srinivasan Gopalan** Deutsche Telekom AG - Member of the Management Board, Responsible for Germany

**José Perdomo** Deutsche Telekom AG - Group Strategy

**Ferri Abolhassan** Deutsche Telekom AG - Member of the Management Board, Responsible for T-Systems, Chief Executive Officer of T-Systems International GmbH

**Klaus Werner** Telekom Deutschland GmbH - Managing Director Business Customers

**Elvira González** Deutsche Telekom AG - Senior Vice President B2B Europe

**Thorsten Langheim** Deutsche Telekom AG - Member of the Management Board, Responsible for USA and Group Development

**Christian Illek** Deutsche Telekom AG - Chief Financial Officer, Member of the Management Board, Responsible for Finance

**Timotheus Hoettges** Deutsche Telekom AG - Chairman of the Management Board, Chief Executive Officer

## CONFERENCE CALL PARTICIPANTS

**Andrew Lee** The Goldman Sachs Group Inc - Analyst

**Polo Tang** UBS Group AG - Analyst

**David Wright** Bank of America - Analyst

**James Ratzer** New Street Research LLP - Analyst

**Steve Malcolm** Redburn Atlantic - Analyst

**Usman Ghazi** Joh Berenberg Gossler & Co KG - Analyst

**Emmet Kelly** Morgan Stanley - Analyst

**Mathieu Robilliard** Barclays - Analyst

**Siyi He** CITI - Analyst

**Adam Fox-Rumley** HSBC - Analyst

**Robert Grindle** Deutsche Bank - Analyst

**Akhil Dattani** JPMorgan - Analyst

**Joshua Mills** BNP Paribas Exane - Analyst

**Ottavio Adorisio** Bernstein - Analyst

**Andrei Dragolici** Kepler Cheuvreux - Analyst

## PRESENTATION

**Hannes Wittig** - Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)

So good morning, and welcome back. Welcome back after our exciting session last night at the end of action and content filled day. So later on, you will get a T-branded -- Mark, I know you were hoping for like a jacket, but if not be a nice memory, and we have filled with some Bonn-based

sweets, which you know Haribo. So I hope you like it, and it serves as a lasting memory. Also, then you don't alienate our competition when you show up in Magenta-branded clothes, although that would be fun.

Okay. So today, we continue with our program, and we will start with Claudia Nemat and her team. And then we'll have a session where we talk about our B2B activities. And you will see a number of management representatives there, and then I'll introduce them later. And then we zoom in on capital allocation with -- first with Thorsten and then with Christian, who will also summarize the financials of the company. We have then our final Q&A.

And now we start again with Claudia. And she is accompanied by two members of her team. One is Abdu Mudesir, who is our German CTO; and Jon Abrahamson, who is our Head of Digital Products and Platforms and who is our -- is in charge of our AI activities. So Claudia needs no introduction. So Claudia, over to you.

I think we have a film first.

(video playing)

---

**Claudia Nemat** - Deutsche Telekom AG - Member of the Management Board, Responsible for Technology and Innovation

So for all of you, good morning, and welcome back. So we are shaping technology for our customers, for people, and their needs are different. My mom, 85 years old, just wishes simply TV; the gamer, super ping; my bakery around the corner, unbreakable Internet; and the CEO of a global manufacturing company wishes to have a digital twin for their factories.

What drives me? Creating technology that customers love that people love through deeply people-centric, human-centered technology at scale. That is why we are here. I'm now going to explain what we do and how we do it.

My key messages. We have a strong differentiation compared to our competitors. We delivered our '21 commitments. And at the same time, we have invested for years into our capabilities that give us a unique differentiation. A unique differentiation around schemes, global scale, sovereignty, autonomous networks and AI at telecom. The overall financial impact of that is EUR1 billion full potential by '27, thereof EUR800 million OpEx less CapEx.

Now to the points. Global scale. We scale product and technology platforms for fast introductions of products with great customer experience across our regions and for EUR200 million network savings. Sovereignty. We aim for more sovereignty in a volatile world. And precisely that means we drive disaggregation and build own software automation solutions, like RAN management to control cost and experience in a volatile world.

Autonomous networks. Today, we are leaders with our 5G networks and the network automation. We are now pioneering towards autonomous networks. Those are networks that are run with minimum to none human intervention for lower cost, for higher quality and energy efficiency to keep consumption stable and to support B2B growth.

And AI@telecom. We drive AI across all our processes and for our customers. With a significant impact on productivity and on trusted, personalized customer experience. And the overall gross financial impact of that is EUR800 million.

Now moving into the details and starting with the review. We created a leading market position, moving along the flywheel. We're an unmatched network leader. And we do not only have the number one 5G networks, we are also number one in bit-sized security rating. And we are driving strong customer experience across our regions.

Take the app. The app is our entry point into our service universe. In the US, it's called T Life, in Europe, OneApp. By now, more than 45 million customers globally use the app. Or take the routers. By now, 75% of our routers across Germany and Europe can be managed remotely. Now why is that good? Because customers want unbreakable Internet. And with that, we can fix bugs from remotely and before they occur.

Moving to automation. We lead in network automation and look at automated ticket resolutions. In the past, any ticket that was created, had to be manually allocated to the person who actually solves the ticket. By now, 70% of our tickets are resolved automatically. And we continue to drive legacy and green transformation.

Since '21, we reduced energy consumption by 9% in spite of increased volume. Going into the points. We are unmatched network leaders for our customers. And I focus here only on 5G innovation. Tim yesterday said for us, 5G is a success story. And indeed, because of our innovation, we could roll out 5G faster than any generation before, and we could leverage the speed advantages for monetization.

And we launched commercial propositions, for example, live video production for media companies. Their journalists can now do live video interviews literally from any location just using a smartphone and equipment that fits into a backpack. By booking our 5G slice that gives them enhanced uplink performance.

Recently, we signed a venture with Ericsson and the leading telcos of the world, us and TMUS. Its purpose to provide aggregated network APIs to the global developer community, to hyperscalers and software vendors globally so to say, this is developed [a lot] at a scale. And this is supposed to create a new market for our industry.

We are scaling. We have scaled products with great experience across our regions. We actually learned how to scale, scaling through digitization with common enablers. We started a couple of years ago practically with the app and the routers. They were constructed built to work in more than one country. Then we realized, it doesn't make sense to actually repeat that differently product by product and fast create product titles.

Instead, we defined a common business technology architecture. This one is cloudified, automated and works with application programming interfaces, APIs, to allow fast local integration. And with that approach, we believe we combine the best of both worlds: local entrepreneurship and global scale. On the right-hand side of this chart, you can see examples of products and experiences which we have scaled by now.

We also lead in network automation especially in Germany. Talk to the global tech players, and you get a bit of sentiment for that. This chart actually provides factual evidence from my statement. Looking at the voice production, we have a radically automated cloud-native and industry-first voice production, now live for more than 70 million customers.

What is not on the chart, here, software rollout went down from 90 days to 2 days and bug fixing from two weeks to one day and no night shifts left. Cloud hardware reg provisioning went down from one day to a tiny minute. And without our T Cars and the automated fiber planning, we wouldn't be able to deliver 2.5 fiber lines per annum in Germany. So I should say, this is innovation, people love because it makes their lives easier.

In context of automation, we also look at cloudification. Because cloudification accelerates automation and automation is necessary to take the advantages of disaggregation, and we drive disaggregation in the fixed line as well as in the mobile area. So I'm coming now to the point what is differentiating us.

We have invested for years into our capabilities that allow us to capture, to respond to, to react to business drivers that are decisive for economic value creation in the future. And those capabilities are, I think we have a great team, and you will see two members of my team just in a few minutes. We have by now, in my Board area alone, 6,000 digital experts, modern software engineers and AI experts around the world.

And we created a strong foundation: automation, AI experience and products at scale. We have been track record in co-creation with partners and in setting industries, for example, about ORAN network APIs. And we have a strong commitment to human-centered technology. That means that technology needs to create benefits for our customers at scale.

Yesterday, Mike talked about the customer-first ethos. For me, it's even a people-first ethos. Because that ethos describes what we do, benefit that scale, and it also describes what we are not doing, harmful things like, for instance, toxic or discriminating algorithms. And it also contains a commitment to develop things in a most frugal, resource-efficient way. By the way, I talked with some of you about that yesterday. That's very relevant in the context of AI as well.

So these capabilities: people, tech foundation, trusted brand and ethos help us to address the business drivers, which are: number one, scale across regions matters, finally in this industry as well, and we scale. Number two, a volatile world requires more technological sovereignty, and we are capable of mastering. Leaders are pioneers in autonomous networks, and we are. And AI must deliver business benefits, and we are committed to deliver these benefits. For the good order, I also have here our chart of the '21 commitments. Message is we largely delivered.

That brings me into our strategy. with the four differentiating items. We scale product and technology platforms across our regions. We aim for more technological sovereignty. We are pioneers in autonomous networks, and we drive AI entity across all our processes and for our customers. Overall financial impact, EUR1 billion by 2027 full potential, thereof EUR200 million network savings and scale and EUR800 million related to automation and AI. And this is primarily labor productivity, energy efficiency and IT spend reduction.

Now starting with the first topic, product and technology platform scale. Wow, then that is our famous business technology architecture framework. Don't worry, I'm not going to explain it in detail. The important point is what is Magenta here. Because all what is Magenta on that chart has been scaled by now as common digital services between Germany and Europe by now in 2024.

And the upper layer in dark turquoise shows customer operation systems like the app or TV as a product and digital enablers like conversational AI. And in light turquoise, we have the active network management systems, the cloud infrastructure, the domains in software automation and the APIs.

Now not to talk about frameworks here but make it more practical. We have proven examples for scale by now, also together with T-Mobile US. I mentioned already the app, more than 45 million people use it, and the penetration is way above 50%.

Originally, the app was created in Europe and then it moved into Germany. And this spring, it was introduced in the United States. And I don't need to tell you, it's amazing how fast it scaled there. And this is a great example of collaboration between our teams in India, Europe, Germany and in the United States.

Another example is our RDK router ecosystem for unbreakable Internet experience at home. By now, we have 12 million active routers in the field. And you have heard the US team and my colleagues, Srini and Dominique, yesterday, all these items are crucial for turning customers into friends. Dominique win their hearts with the double heart, customer love at scale, very crucial about the digital-first customer love at scale.

So what is the advantage of doing certain things across regions? Obviously, speed to scale, because we can introduce these experience faster, and savings because you don't have to develop it many times. That is why we are actually doubling down on scale. We double down on scale until 2027. And this chart now shows how we continue to drive scale across Germany and Europe until 2027.

By the way, if you apply your eye integral, you will see there is more magenta on the previous chart, in particular, more scale around the products, the digital enablers and around common clouds and common software automation tool. So more magenta.

Now let me translate the eye integral into some practical numbers for 2027. Because we like that combination of local entrepreneurialism and global scale very much, we have scaling ambitions for 2027. The app penetration -- and maybe starting with the customer systems, app penetration will move way above 75%, more than 25 million activated routers in the RDA -- RDK ecosystem, and across Germany and Europe, more than 8 million customers on our TV platform, and we will also double -- minimum double the Magenta Moment usage.

Now moving to the network side. Our ambition is to realize across Europe EUR200 million value synergies in the network. And what do we have to do for that? We will double down on driving common software and cloud between Germany and Europe. And as Dominique mentioned, in Eastern Europe with the smaller NatCos, we are even introducing a common operating model.

Common operating model means that a local CTRO is not only responsible for her or his local operations but everyone also for a platform or a service. And that is, Dominique, you said it, quite of a cultural change as well to make it happen. We are also deepening our collaboration with TMUS on the customer side, especially around the routers, the app, and what Peter said yesterday around IoT. And on the network side, regarding our global challenge, the T challenge, engineering collaboration around the core and around the famous network APIs.

Now of interest for you here. All I said so far is entirely embedded into our financial planning. We have an upside, though, which is not embedded into our financial planning. At the left side, you can see what would be potentially addressable for scale in the Group, and with Group, I mean everyone here, BT, ex-US and US.

And you can see potentially scalable is common architecture, common software development, common automation use cases, procurement, obviously, or even more common operations between Europe and Germany. Not addressable, obviously, local shops, local build out local connections.

Now if we did realize -- and by the way, when you do that, 30% of the entire global spend is addressable. And if you did realize, only 1% savings on the addressable global potential that would lead to another EUR250 million in savings, 1% on the addressable base. And as I said, Christian, this is not included in the financial planning.

Which brings me to our second topic. Sovereignty and smart RAN transformation because we believe we will get more sovereignty with smart RAN transformation. How is that? Our industry has a challenge. In the world of SRAN, there is low vendor choice. SRAN works fantastically, but too little vendor choice.

In the ORAN world, there is more choice but a lot of more complexity because someone needs to obviously stitch it together. To master that well, you need to have a strong procurement or subcomponent level obviously, but also you need to be able to have software engineering, testing and integration capabilities.

Our solution, what we said before we drive from our SRAN to ORAN, that's not new. But what we haven't stated so far is that, in addition, we are also developing our own RAN management system to control cost and experience also in the future and to have a solution for the Chinese vendor risk.

Because what we are actually doing, we are placing their configuration management by ours. And for that topic, there's also a public [limit] agreement in place. The right-hand side, you see our commitment to ORAN, and also that we want to have developed the conflict management until 2027.

So that leads me to our next chapter. The automotive industry has their transformation to self-driving vehicles. Now I'm not telling you that we are now going to have a self-driving network. In our case, it's the question about the autonomous networks, the networks that are run with minimum to non-human intervention. And who is better here to explain that.

Then from my team, Abdu, who is, by the way, the German CTO and the Group CTO. So Abdu, I very warmly welcome you here with me on stage.

---

**Abdurazak Mudesir** - Deutsche Telekom AG - Chief Technology Officer

Thank you, Claudia, very much. Good morning, everyone. Now imagine a network operations where the entire team is focused on innovating for our customers rather than ticket handling and resolving incidents. Now at Deutsche Telekom, that is not just an imagination. We're not far from it.

As mentioned by Claudia, today, already 70% of our incidents are automatically resolved. And thanks to the advancement we've seen in AI, both in predictive as well as generative AI, we are well on our way to achieve 90% automated resolution with no human interaction.

Now this AI advancement that we see is not just limited to the network operations. If you've seen what we've been doing in the radio access network, where we have been at the forefront opening up the interfaces and putting intelligence at the core of our radio network, we have been able to serve our customers in a much more adaptive way to the needs of the customer across all environments.

And this RAN, what we've done, serving our customer, it's not just for the future. It's what we do today. If you see in our radio access network, when we have incidents for whatever reason, thanks to our self-configuration, the other networks are able to take over today. And when we have events like we've had, spontaneous, our networks are able to readjust themselves.

But that's just the beginning, because -- just configuration limited intelligence. With the AI capability, what we see comes the next step, which is predictive self-healing radio access network. What does this mean? Before incidents happen, before issues arise, the radio access network will be able to predict and self-heal.

Now that sounds all fancy and nice, and we'll try to show you with some concrete numbers how we are tackling this. But that's the promise of autonomous networks, networks where meaningful AI is at the center of our planning, development and operations in the entire life cycle of the network.

Why, you may ask. And I'll give you five reasons, and hopefully at the end, you will see why we are excited about autonomous network. First and foremost, less downtime. If you look at our operations here in Germany as well as in our European NatCos, we make more than 2.5 million changes every year to continue to innovate, to make sure that we have the best network. And some of these change lead into incidents.

Thankfully, we have the best networks, so limited, very small handful major incident. But that's handful too much. With AI and the predictions that self-healing that I've spoken about, we aim to achieve 0 major outages. And there has been a lot of attempts. But there is good reason to believe that with the advancement that we can achieve this by end of 2027. And God forbid, if we were to have major incidents, we will make sure that we will resolve this in less than an hour.

Now Srini yesterday spoke about the complexity of our legacy process and the advancement we've made and what we plan to do and what we're executing to achieve, 20% to 30% productivity increase. Our complexity in our process is not just about our legacy. Even the new technologies that we are introducing, disaggregation which we are driving, bring with themselves complexity, which needs a radical automation to simplify and operate. And with that, we believe we can achieve an additional 15% productivity in our DevOps organization.

With the added number of sites that we are bringing, with the advanced features that we're bringing comes the challenge of the energy consumption. Networks, the way they are designed and operated and standardized, and I'm not talking about just Deutsche Telekom, globally, they consume a significant amount of energy when there are no customers at all at 3 AM in the morning as an example. And this is not acceptable. With the intelligence and the capability that we will have, we will be able to aim 0-watt consumption when there are no traffic to serve.

And this will start by applying baby steps in our radio access network, already dynamically switching layers, low band when needed at what level of power consumption. This will give us more than 5% efficiency already in the next years, and there's more to come.

Now we are excited about AI and data. You see it in our flywheel. And in the network, we are really excited about it. We also realize that bad actors will try to use AI also to attack our networks. You've seen in Claudia's slide, 30,000 attack attempts per minute.

And thankfully, we've been able to defend. And that's why we need to put also AI at the center of our defense mechanism, not just for us, but also to offer this best network in a converged way with security to our enterprise customers that you will see also from the colleagues later.

Now, I spoke about customer experience, I spoke about our employees and the efficiencies that we expect. But there is also an opportunity with less static networks, modular, easy to expose. The opportunities that you've seen in the JV that we announced with Ericsson, TMUS and others is something that we believe that becomes much easier to start with because of the modularity, but also more dedicated networks that we could offer. By exposing this capability alone, we will be able to generate more than EUR100 million additional revenue in the -- by the end of 2027.

Automation, AI, is at the heart of our network planning, development and operation. We make sure that we keep our customers excited and happy with autonomous networks.

---

**Claudia Nemat** - Deutsche Telekom AG - Member of the Management Board, Responsible for Technology and Innovation

Thank you, Abdu.

---

**Abdurazak Mudesir** - Deutsche Telekom AG - Chief Technology Officer

Thank you.

---

**Claudia Nemat** - Deutsche Telekom AG - Member of the Management Board, Responsible for Technology and Innovation

Thank you, Abdu. So just mention for you one point, which is important. We want to keep electricity consumption stable in spite of the fact that everything is growing, number of antennas and traffic. But then we apply our well-known efficiency measures which are retirement, modernization and ARPU innovation with AI for smart energy steering.

And the result of that means that energy intensity goes down significantly again, or if you take it the other way around, we will again more than double energy efficiency. And that leads to a somewhat flattish consumption.

Now we are coming to the last topic, artificial intelligence. As I said, we are driving AI and automation to all our processes and for our customers, and that will deliver significant business impact. Now before I should say, AI is absolutely no new trend for Deutsche Telekom.

We have had our AI chatbots award-winning for years, up to network automation, and we were among the first companies to introduce guidelines for ethical application of AI in 2018. Now we are going to even double down our efforts to be digital-first, data informed. And the productivity impact is, as I said before, EUR800 million, which is labor productivity, energy efficiency and IT legacy spend reduction. That is the number.

Now what is important to see, what is actually behind the number? Why is that? First, AI protect us against these 30,000 attacks per minute, as Abdu mentioned. Second, AI can save lives and forest fires when they detect anomalies and then inform the fire brigades, the decisive 20 or 30 minutes to be there before catastrophe happens.

And I hope you all got that across, it actually makes us so much faster, so much faster. Srinu mentioned the switching of fiber connections from 3.5 minutes to 9 seconds. Abdu, the 90% automation and what you described. It's the 1 day to 1 minute already today. And also, very practical for our field technicians.

In the past, when they had splicing fiber question, they would call the (inaudible) the back office. Today, they talk to their FTTH chatbot and ask the question, can I connect the blue and the yellow cable? It makes us so much faster.

And super important in this wonderful country, Germany, it kills bureaucracy. Because it can put all that content into the chatbot and then it summarizes the legal documents and check if you are compliant with the law. And as you will see in a minute, I personally believe it's actually fun. It's actually fun. It excites people.

Now we take a very deliberate view on what we buy from partners like Glean, which is our partner for our employee, askT; what we co-create, for example, in the Global Telco Alliance with the partners here. This is about fine-tuning telco models. I was asked yesterday what is the advantage.

The advantage of fine-tuning compared to using just the general LLM with an API is that it can deliver more precise answers that are relevant for telcos. For example, when a customer says, my Internet machine is broken, this one also knows that she or he is maybe talking about the router. So like that. So that's what we are doing here. And then there are certain things which we build ourselves for example, like the AI-based fraud detection. And we choose that, we decide that very deliberately case by case.

Now to show you how the impact of EUR800 million translates into productivity gains along the value chain. Big impact on sales and service. The integration of the conversational AI, the chatbot into the hot line will reduce the services costs in every end length time. After you talked about the productivity increase in network planning and operations. In certain functions, in G&A functions, we see an impact of around about 10%, for example, to faster access to all the company knowledge and summarizing summary of documents.



And then what we haven't mentioned, there is also significant productivity increase in IT through automated coding and testing. This is around 20% to 30%. But it's not only about productivity, it's also about experience people have. And we want to have 10 million monthly active users on our consumer AI.

So needless to say, and Ferri will come to that, that many things we do also serve a source of inspiration into productization for our customers. Because we are more and more not only a company that digitizes the countries in which we are active through the best networks, but also through our experience with AI-based solutions.

And I can show many charts about this. I think you need to feel it. You really need to feel, you need to experience this. And therefore, who is better to get across the feeling for the products than my dear colleague from my team, Jonathan Abrahamson. Jon, come here.

---

**Jonathan Abrahamson** - *Deutsche Telekom AG - Chief Product and Digital Officer*

Thank you, Claudia. So let me try and make it now a little bit real for us and maybe also a little bit fun. As Claudia mentioned just before and Tim mentioned yesterday, we are of the fundamental belief that this technology will touch and change everything in society, in our industry and absolutely within Deutsche Telekom.

So for today, I brought three examples, each example, a little bit different from the next, but each an example of how we look to apply generative AI within our company, in our core business, for our employees and also for our customers.

The first example I bring here is the example of FragMagenta. FragMagenta is our award-winning chatbot. We've been deploying that for a number of years. And it's time for an upgrade. I think it would be fair to say that we've all used chatbots in our history.

And the thing about traditional chatbot technology is that it is a deterministic technology. It is essentially a decision tree, which means every interaction, every response that you get from a traditional chatbot is pre-scripted, it's prewritten, predefined by a human.

Now the problem with this, of course, is that humans are not deterministic technology. Humans are stochastic. And it's impossible in reality to predefine, pre-write every permutation of how a customer might ask a question. So up until now, this has been an unsolved technology problem, unsolved that is, until the advent of large language models. Let's play the first video.

(video playing)

Now that was an example of a real customer interaction that happened in Germany with FragMagenta driven by a large language model. I can tell you it would be impossible to predefine and prescript that interaction.

What I can also tell you is what we've done is we've built LMOS, or LMOS, as we call it, a large language model operating system, and wrap that around a large language model. Here, we use GPT 4.0. And we've given that operating system access to our APIs. The APIs that Claudia mentioned before, it's the same APIs that we use in our digital properties across the group, building, et cetera, et cetera.

What we've told LMOS is what those APIs can do. And we put those customer questions in front of LMOS and use the intent understanding, inherent in a large language model to understand which APIs to pull to craft a really rich, a really human interaction for customers multi-term.

Today, in Germany, around one-third of all our digital customer interactions are being driven by a large language model, and we expect to have that up to 100% by the end of this year. But the real game changer comes when we're able to get this in our IVR, in front of our call -- inside of our call center. That's where obviously the majority of our interactions are still happening, and we have the first launches of that capability in the next month.

Now the second example I wanted to bring is askT. askT is our employee concierge. I think it would be fair to say that our employees are as excited about using this technology, generative AI technology inside of their work life as they are inside of their personal life.

Now what would be clear to say is that we have to, as a company, provide tools which are safe, secure and compliant to make sure that when employees want to use company confidential or sensitive information, they can do that. We can't have them using the open Internet tools which are publicly available like ChatGPT and the like. So we've gone ahead and built that with our partner, Glean, and built this tool for our employees in Germany.

But beyond providing just access to the parametric knowledge of a large language model, the world knowledge of a large language model, what we've also done now is we want to bring the knowledge of Deutsche Telekom inside of this tool. Today, across DT, there would be thousands of knowledge bases from customer care through finance, HR, legal and the like, and those are often sporadic and not well indexed or searchable.

So what this technology is perfect for, some of you may have heard of a technology called RAG, or retrieval augmented generation, which is essentially what askT is. We're able to load all of this information inside of the tool and allowed our employees to easily search and interact with it. Let's play the second video.

(video playing)

So that was an example of a task that would happen thousands of times per day inside of our German operation, inside of customer care. Here's an example of an agent that would receive a call from a customer saying -- asking questions about a rate plan and maybe comparing two different rate plans and what might be the difference between them.

Now traditionally, what an agent would do is they would go to a portal, start searching the information, maybe running it down on a piece of paper, search the other one, all the time while that customer is on hold. This tool, once it has access to all of our information is able to very easily and very simply provide an answer to that customer in the way that we saw. And it saves huge amounts of time.

Now this tool is not just available in the call center. It's available to all DT staff across Germany. And we every month, add more and more knowledge bases, knowledge sources inside of that tool to make it even more useful there.

Now the last example I'd like to bring is something for our customers. I think it would be fair to say that -- and as we've seen over the last 24 hours, Deutsche Telekom has made an extremely successful business around democratizing access to connectivity, providing connectivity to customers. And I think it would be also fair to say that the impact that connectivity has had on society has been massive.

I would argue that artificial intelligence has the potential to have as big an impact on society as what connectivity has. And I would like to hope that Deutsche Telekom can, in the same way, it democratize access to connectivity, play some role in democratizing access to artificial intelligence for our customers.

The first small example that we'd like to bring here is under the banner of what we're calling Magenta AI. And what this will be is a new property that we'll deploy inside of our MeinMagenta app, the app which Claudia and Tim mentioned, is being used by tens of millions of customers across the Group today. And we'll bring a new tool to our customers here. It's a tool which is a generative AI tool. It's an answer engine. It's an assisted AI search engine, which will be powered by perplexity.

Let me play the final video.

(video playing)

So we are incredibly excited by our partnership with perplexity. We're so excited by what this company is building. We're also now investors. And we look forward now to bringing even more of this technology in front of our customers over the coming months. But not just from perplexity. I foresee a role for Magenta AI being an aggregation of the best of generative AI technology, where we can bring it together at the fingertips of our customers inside of the digital properties that we deploy today.

So that's it for me. Let me pass back to Claudia.

**Claudia Nemat** - Deutsche Telekom AG - Member of the Management Board, Responsible for Technology and Innovation

So thank you, Jon. So I hope very soon, you will be all very excited users of Magenta AI. And very quickly, the rest coming to our midterm ambitions, we have a strong differentiation with our people, with our technology foundation and ethos. We commit to deliver on these four topics I mentioned. And scale, data and AI are just massively in the right direction accelerating our flywheel with the impact I said. And of course, we have also translated that into a few more operational KPIs, like always, which you find here.

These are APIs -- KPIs around, I have too many APIs in my head here. So these are KPIs around the autonomous networks about how we want our consumer AI services be used by customers. Then you see a set of productivity APIs -- KPIs, ORAN and the total energy consumption. So those are the numbers.

And at the very end, because we now want to do Q&A, I just want to say, let's not forget what this is really about. It's about technology, people, like (inaudible) This is what we are doing here. So thank you for your attention. Thank you.

## QUESTIONS AND ANSWERS

**Hannes Wittig** - Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)

Excellent. Thank you, guys. It's really amazing to see what capabilities we have, what opportunities we have. And let's have Q&A. We have -- take 15 minutes and start with Andrew.

**Andrew Lee** - The Goldman Sachs Group Inc - Analyst

Yeah. Thanks. Can you hear me? Yes. Thanks for the presentation. I just want to have some two questions. Just trying to understand how much Deutsche Telekom benefits from having multiple regions in terms of those scale benefits of EUR200 million that you mentioned, and also in terms of the sustainability of actually keeping hold of those scale benefits versus your competitors.

So question number one, in terms of the EUR200 million, how much of those scale benefits goes to Deutsche Telekom Germany benefiting from having all the regions? And how much of the benefits go to all the other regions, Europe, benefiting from being part of the broader Group? If you can give us a balance between the geographic benefits, that would be helpful.

And then second question, just in terms of -- I know you don't think about the Group like this. But between fixed operations and network and mobile operations and network, how does the balance of scale benefits proportion between the two?

**Claudia Nemat** - Deutsche Telekom AG - Member of the Management Board, Responsible for Technology and Innovation

So maybe I'll start. So all the benefits, the scaling benefits I mentioned on the products, I would say, go equally between the European NatCos and Germany. Sometimes things were first invented in Europe like the OneApp and sometimes like the RDK router operating system, which we started in Germany. So that goes in both directions. I would actually consider this pretty even.

On the network scale parameters which you mentioned here, the EUR200 million. Generally, could say, in the next three years, Europe -- Germany takes most advantage to further automation and productivity increases, which you said. Whereas more of the bulk of the EUR200 million is on this common operations across the European NatCos.

Having said this, though, all what I said about software automation, common cloud and procurement is absolutely the same between Germany and Europe. Abdu, do you want to add something?

**Abdurazak Mudesir** - Deutsche Telekom AG - Chief Technology Officer

No, I think maybe on the second question on fixed mobile, where is the balance. I think -- look, the way I look at it, access is a local business, very difficult both in radio and fixed. But then you have all the services capability which can be aggregated and more synergy that can come out of it.

In the access, it's about really creating synergies through requirement while in their core in all the service creation part of it, which be common between fixed and mobile. So I would say since it's the service creation, it will be shared both fixed and mobile. But fixed is access heavy, hence, you will see more local business in fixed.

---

**Hannes Wittig** - Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)

Polo?

---

**Polo Tang** - UBS Group AG - Analyst

Hi. Just a question for Abdu in his role as Germany CTO. How easy is it for Deutsche Telekom to deploy fiber into MDUs? And how easy is it to get permissions from housing associations? And are there any examples where both you and Vodafone, OXG are going head-to-head to try and upgrade MDUs to fiber at the same time?

---

**Abdurazak Mudesir** - Deutsche Telekom AG - Chief Technology Officer

I think we've had this discussion yesterday as well. If I look at it, we deploy fiber everywhere, right? So both in SDUs and MDUs area. And the complexity, as you put it, is more in getting permission from the housing associations to get and deploy Level 3 as well as Level 4. We are getting better every year.

And if I look at two years ago, it was very difficult. So getting access to any tree is difficult, which means I can deploy fiber on the street, but cannot come into the houses, into the basements, neither to the living rooms. But now we have made significant stride that I feel like we are getting close. We are above 80%, as Srinu has put it. So it's getting better. I would love it to be completely 100% before I start building, that I get all the permission, but that's also not realistic.

---

**Hannes Wittig** - Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)

Okay. Thanks, Abdu. And David?

---

**David Wright** - Bank of America - Analyst

Okay. Is that working? Good. Thank you. It was a super presentation. Am I allowed two questions? Two. So my first one is just on you mentioned about going down to 0 watt in the network. I'm interested in that because I just don't see how it's possible, especially the RANs. We know that [ORAN] the data carriage is only what, 5% of the electricity consumption, 80% or so is cooling. And to power down -- cooling is very inefficient. So I'm interested in that part one to yourself.

And then maybe on AI. I'm really interested in sort of the end game, the training, the LLM models here. What are you training them to do with the customer? And I'm probably assuming that behind all of this, there is some kind of customer lifetime value model where that's what you want to optimize. Are you trying to just get a better NPS? Are you trying to get upselling? How are you training the LLMs? Is there some kind of customer value model behind all of this that you're trying to actually optimize?

So I'm interested in that two. So maybe those two questions. Thank you.

---

**Abdurazak Mudesir** - Deutsche Telekom AG - Chief Technology Officer

Maybe I'll go first on the energy. You're right, absolutely, that it is an ambition. And I'm with you. It won't be done, 0 watt. Today, however, if you see, almost when you don't have a traffic, typically in access, you might consume 70% to 80%. But with the intelligence, it's about how quickly can you wake up a cell. And there has been so much progress there in the last years. You can go to TTI level, which is a couple of millisecond level. In that case, you could really save significantly. And it's about the antenna technology. It's about the fixed access technologies.

And we believe that there's a lot more to happen than where we are right now. And so yes, 0%, 0-watt consumption is probably unrealistic. But we need to aim towards that to achieve all the intelligence that we need to cut the power consumption. So it won't be 0. But there is already -- 80% what you said is not just about the cooling. It's also the layer 1 consumes layer 2, layer 3, and all that could be addressed already. Cooling is more into 40% region.

---

**Jonathan Abrahamson** - Deutsche Telekom AG - Chief Product and Digital Officer

So on the fine-tuning, I think it's a great question. And I think what's become clear already is that these foundation models that we're using today are fantastic. And we're already having a lot of success with them. But what's clear also in them is they don't understand our brand, they don't understand our processes, they don't understand some of our terminology. And this is really what we want to do around layering our -- fine-tuning on top of the existing models.

An example would be, I think, and you were sort of alluding to that earlier. Today, if I was to ask a standard large language model, how do I cancel my plan? Now the answer might be to go and check how to cancel your plan and give you that information. Whereas what we actually would want the response to be is, why are you canceling your plan? Oh, you're traveling. Well, actually, we've got a great roaming plan for you.

Now that won't happen out of the box. This is something that we have to train the model to do. But again, the foundation of model has been wonderful. But we very quickly see that as we want to extend our capability here, getting them -- understanding our brand, understanding our processes, doing a bit of a better job of upselling is critically what we're trying to solve for here.

---

**Claudia Nemat** - Deutsche Telekom AG - Member of the Management Board, Responsible for Technology and Innovation

And the target function is actually to your question is lead about improving Net Promoter Score for the customers, but also internally, Srimi, yesterday mentioned is making our employees defense. It's also the experience of our people in the service line. And third target is actually what I mentioned quickly is the reduction of the average handling time at the call volume we want to achieve.

---

**David Wright** - Bank of America - Analyst

And maybe -- so maybe a tiny follow. No, this is 2.5. How long does that take then before this is where you want it to be? I guess the answer is maybe it can always be better. But you mentioned it's training now. When does it become the service that you think starts to materially move NPS?

---

**Jonathan Abrahamson** - Deutsche Telekom AG - Chief Product and Digital Officer

This will never -- you mentioned already, this will never stop. We're fine-tuning now. The fine-tuning runs take days or hours. It's not such a large complex task, specifically when we work with the open source model that Tim was mentioning yesterday around Mistral and Llama, which are the two that we're focusing on at the moment. But every time it's just test and try, test and try and iterate. It's a narrow scope from the context of a large language model, foundational model. But really, we start focusing on those specific use cases, sales and service and the like to make -- really sort of optimize those upselling outcomes.

---

**Claudia Nemat** - Deutsche Telekom AG - Member of the Management Board, Responsible for Technology and Innovation

And it took a couple of months until the conversational part of our chatbot has reached a customer satisfaction of 85%, which is equal to or slightly better to what the appropriate human being would answer.

---

**Hannes Wittig** - Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)

Before we continue with questions, I think Srimi had one addition to the MDUs piece.

---

**Srinivasan Gopalan** - Deutsche Telekom AG - Member of the Management Board, Responsible for Germany

Hello? Yeah. So Polo, to your question, just on specific numbers because James and I talked about this last night in our joint PhD on MDUs. So if you look at specific numbers, the way we measure MDU permissions is by cohort. So if you take the 2020 cohort, we had 60% MDU permission by '24, which is out of 100 MDUs that we passed, 60% of them gave us permission in '24. If you look at the 2022 cohort, we had 60% permission in '24. So it took two years to get to the same place.

If you look at the '24 cohort, we already have 40% permissions in year one. So that's, to Abdu's point, this is moving dramatically. And a big part of that is the deal that we have with DDB, et cetera, et cetera. So it's gone from 4 years to 2 years to order of magnitude, 1.5 years.

---

**Hannes Wittig** - Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)

Excellent. Okay. Next up is James, since he was just mentioned.

---

**James Ratzner** - New Street Research LLP - Analyst

Thank you. I promise it's not an MDU question. So I was just interested more conceptually on when you decide you want to partner with other telecoms companies and when you want to keep your intellectual property for yourself. And whereas suppose I'm going with this in two areas, one, Abdu on you talked about RAN, but it seems in Germany, you haven't been open really to the idea of RAN sharing. So I'd like to get your thoughts on that.

Whereas when it comes to LLMs, you then have partnered with other telecom companies and seem to be sharing your IP with other potential longer-term competitors. So how do you kind of make the decision between the two? Do you see in particular on your LLM alliance an opportunity to monetize that outside of the alliance further? Or do you look to bring other partners in? Thank you.

---

**Claudia Nemat** - Deutsche Telekom AG - Member of the Management Board, Responsible for Technology and Innovation

So I'll start with the LLM and the reason for partnering. It's actually really about learning telco specific knowledge, and it's not about now our [number of] data are being shared with everyone else. It's really about finding a faster way to fine-tune the models and therefore get telco-specific knowledge in this.

And here, we concluded that working together with others is a good avenue. By the way, the reason why the Asian companies were so keen on that one was because they had even more language issues with the general models, and they were very keen on that. So that is answer.

Maybe on a more conceptual level and then you come to the RAN sharing. At every point, we always look at, is there a solution out which is actually fantastic? Because so much developer focus has been run into this that it just would be crazy if we would do it ourselves like Glean, yeah?

Then there are other things like cyber defense and fraud protection on our network, which we originally developed with our T Labs in Israel, where we feel we have unique capabilities, and it's also extremely crucial and critical to that, yeah. So that would be what we do ourselves.

And partnering, it has also to do with the question, are these direct competitors in our market, yes or no? Yeah. And is this more an industry issue like the network API with a huge partnering with many telcos around the world? Or is it more a telco-specific competitive advantage?

---

**Abdurazak Mudesir** - Deutsche Telekom AG - Chief Technology Officer

So maybe just picking up on the RAN sharing. We are not principally opposed to RAN sharing. You see that in some of our European operations where we do have RAN sharing, yeah, in Poland, in Czech Republic. But the idea is, if you look at in Germany, we have already more than 99% pop coverage in LTE, and we have undisputed top network.

Where it makes sense to cover white spots, then we do go for sharing agreements that we do as well with our two operator partners here, Telefonica and Vodafone, that we do have that for white spot closure. So where it makes sense, we are open. But in Germany, we have an amazing network. We continue to invest already 99% pop coverage, 95% in 5G. So it just doesn't make sense RAN haring at big scale.

---

**Hannes Wittig** - Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)

Steve, please?

---

**Steve Malcolm** - Redburn Atlantic - Analyst

Yeah. Steve from Redburn. So I'll take it upon myself to ask some boring numbers questions. Just on the EUR800 million of savings that you've talked about, which are obviously gross I guess that the labor savings will be net savings that you expect to be able to use fewer people. When I look at energy and IT, do you think those will also be net savings? Or does the IT legacy spend end up turning into new IT spend?

And on the energy side, when you think about that, do you also think about the energy consumption of large language models, which obviously in their own, someone's going to pay for them, whether it's the cloud provider or you. Does that turn into a net saving as well. So just curious to know how you're thinking about the gross and the net on particularly the latter two, but maybe confirm that the labor savings end up as net. Thanks.

---

**Claudia Nemat** - Deutsche Telekom AG - Member of the Management Board, Responsible for Technology and Innovation

So the EUR800 million is indeed labor savings, energy efficiency and IT legacy spend. So we're not commenting on what is the exact number on the investments. But I can assure you all what is needed to realize these numbers are actually embedded into the financial planning. Your question on the large language models and energy consumption is really a super excellent question. And this is actually why we say.

In the end, if you want to develop in a sustainable manner, you always have to have the best combination of analytics, predictive AI and GenAI. you do not use your Porsche to go to the bakery around the corner, which actually means, for example, to make it practical, in the network area, 80% is predictive AI, 20% is GenAI.

If we move more into the conversational services, we move more into the GenAI. Or as a general rule, we only apply resource-expensive GenAI when it's actually creating this significant benefit on security and customer experience. Otherwise, we really combine it with other things. We could go deeper into this, into the break. We even have principles around green coding, about reuse, what AI to use when, but we take that topic extremely serious.



**Hannes Wittig** - Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)

Okay. Usman?

---

**Usman Ghazi** - Joh Berenberg Gossler & Co KG - Analyst

Hi. It's Usman from Berenberg. I just had a question around this network configuration management software that you've developed. I mean, from the outside, it seems -- I mean, we're entering a period of pretty high intensity rollout for mobile in Germany, where you're replacing all of the hardware with SRAN over the next three years. But at the same time, you're disaggregating the OSS as well.

I mean, that's -- is it from a -- and this has never been done before, right? So how big do you see the execution risk? How much of this has been tested and trialed, especially given the -- you have deadline by 2027 to do this, right, under the regulations.

---

**Claudia Nemat** - Deutsche Telekom AG - Member of the Management Board, Responsible for Technology and Innovation

Maybe I start and you add. First of all, we have been developing that topic on automation and RAN automation for years now. Because originally, it was part of our ORAN journey. And then we discovered that we can actually leverage what we have to replace the configuration management of the critical vendor. So this is not here a PowerPoint. We now start (inaudible) Abdu, you want to add to that?

---

**Abdurazak Mudesir** - Deutsche Telekom AG - Chief Technology Officer

Just maybe one slight correction. We don't have a deadline by 2027. That's our ambition, our target internally. So that's more '29 is the deadline.

---

**Claudia Nemat** - Deutsche Telekom AG - Member of the Management Board, Responsible for Technology and Innovation

Official deadline, yeah.

---

**Abdurazak Mudesir** - Deutsche Telekom AG - Chief Technology Officer

But as Claudia mentioned, look, we've had our hands dirty in the last couple of years developing a software. So it's not something that's completely from scratch. The biggest challenge is the interface, as you said, disaggregating the OSS. And for that, you need to work with your partners to make sure that the interface is open and that you are able to develop the software.

Yes, we do have a big respect for the task. And my entire operations team is, of course, nervous as you are with all the modernization that we have to do doing this. But it also gives us a big innovation opportunity, that we are not dependent on vendors when we want to bring in new intelligence.

A lot of the intelligence that we talk about is really associated with this management layer. And that is something, if as an operator, we have the capability and we do, and we develop. Then we can be faster with a lot of our use cases as well in the intelligence area.

---

## PRESENTATION

**Hannes Wittig** - Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)

Excellent. Okay. So that brings us to the end of the Q&A section. But of course, we'll have opportunities to talk to the team in the coming months and years. And thanks for the good questions, and thanks to the three of you.



And then we continue with -- so a lot of what technology does is also support the business to serve customers. And Claudia has mentioned a few examples. And a lot of that is in the B2B space. So it's a good segue into the next session. And we start -- we brought T-Systems and our other B2B activities together this time. We've always talked about T-Systems at our Capital Markets Day. Now T-Systems is a more integral part of our B2B activities.

And so you will hear four people now. We start with Jose Perdomo. I mean, they will all come on stage, but Jose Perdomo, our Group Strategist, will give a general overview of our B2B activities. Wait. He's eager. And then he will be followed by Ferri Abolhassan, who is the CEO of T-Systems. And just to say, he previously ran our service organization in Germany.

And yesterday, you saw complaints down 67%. That's very largely achieved under his leadership. So he's a big part of the German success story of the recent years. And after this, Klaus Werner, he's also -- he's the CEO of our German B2B activities. I think many of you know him. He was the CFO of our German business. And after that is Elvira González. She runs our B2B activities in our European segment.

So I welcome you all on stage, and I think they have a good story. So, Jose?

---

**José Perdomo** - Deutsche Telekom AG - Group Strategy

Looking for the spot. So welcome, everyone, to our B2B session. So you may wonder why we made a special session for B2B. Three key takeaways. First, it's a very important part of our business. Two, it's performing very well compared to other peers.

And three, we believe we have a trajectory and the right to accelerate revenues and profitability. We're going to make the presentation together. I will do an intro from the Group perspective, and my colleagues will be the ones really delivering the content.

So the flywheel is also performing in B2B, and it will continue to accelerate cloud IoT security, the typical suspects are the opportunities. There are specific segments opportunities, like Srimi mentioned yesterday, in particular areas where we have the right to compete and the right to win. Transformation is happening end-to-end in the delivery, in the go-to-market digitalization. Scale is being leveraged and T-Systems is becoming a differentiator, and Ferri will cover that in a minute.

Where we are today, we are -- 20% company is B2B. If you look at -- if you look exclude T-Mobile US, where it's close to 40% of the company is B2B. So it's a very important part of the business. Today it's growing at 3% blended with all the areas together. Germany is in transformation, as Srimi explained yesterday.

In Europe, accelerated growth is already happening, and Elvira will introduce how to sustain it. And T-Systems, we like to call it the trajectory after the turnaround. It's just flying, and Ferri will cover that. And as we heard yesterday as well, T-Mobile US, it's gaining share, profitable share.

So we organized with the different units, as you may be familiar with. There is strong collaboration between Germany and T-Systems. And we have a lot of capabilities in our footprint. If the left side, which is more the European part, we have 5 million accounts, 80% of the champions in the industries we're serving, number two provider leading customer satisfaction. T-Systems with strong capabilities in AI and cloud.

We're the first quadrant in the SD-WAN and cybersecurity in terms of the Magic Quadrants that we use all the time in B2B. We have a lot of megawatts in data center capacity, employees on the footprint and also remote to stay competitive.

So we have a very amazing setup. It's unique. And it's performing as we just indicated, and we stay very, very committed to our principles of customer centricity also in B2B, whether it's partnership, whether it's really being there with maximum quality, whether it's being very close to their issues. And we do it with the best team also in B2B.

Let me just go back to the opportunity again. If you look at the addressable market that we, as telcos, compete in B2B, you have the connectivity part, but you also have the IT addressable part. And there, excluding some of the areas in which the systems also compete, we have -- we see a

very, very high single-digit growth, and this is for the footprint where we operate. And you can see connectivity growing at 2%. Yes, not a lot of growth.

But on the IT part, it's double digit, whether it's business application, security, cloud or IoT. And this is because our customers are actually transforming themselves with more digitalization. They are decentralizing and using more so as a service. There's more cloudification. There is more resilience issues. There is more security issues, and they are actually operating more and more globally.

So the same thing we see ourselves as a company, our customers also have the same challenges. And all of this is driving massive opportunity for our telco services in B2B. We're in good track. There is a lot of transformations that are needed in the industry to be able to compete well. We're not perfect in everything, but we're in good track in many of them.

And here, you have a lot of fronts, whether it's on connectivity only to be able to speak about all the services I just mentioned or to go from -- really embrace the change, the technology change that the customers are going through on software as a service, so on IoT and solutions on cloud and security, as I mentioned before.

Ability to have a conversation on connectivity but also in IT working together, ability to implement as a service models with variable payment systems and ability to be very automated end-to-end. All of this is happening. We have very good examples of this case, and they will indicate a few of them. So we have a good track, and that's why the numbers are already in the good direction.

Let me just go back to the flywheel one more time. So the big themes that are driving the B2B strategy. Number one, on the top right, we are helping our customers modernize their connectivity from MPLS to SDx, from copper to fiber, from voice to UCC or CPaaS and from traditional services to new 5G services. We're not afraid of going through the challenge of helping our customers move from A to B and embrace change, avoid the incumbent mentality and really disrupt and help the customer. And we have really good examples. Elvira for sure will comment on them.

The top right, we are unlocking segment potentials, as what Srimi indicated yesterday in many good examples. On the middle part, we doubled down on IT services. On the right part, radically transforming our go-to-market and delivery, collaborating more and also strengthening our portfolio, our foundations with people, quality orientation and entrepreneurship.

We are working together more and more with business identities: T-Business, T-Systems, and T-Mobile for Business. T-Systems is a differentiator, and Ferri will cover that. And the collaboration between the different business units is happening more and more. On the right side, I have a few examples. On IoT, very strong collaboration between Europe and the US, delivering already good numbers and more to come. Multinational account management, more to come as well. But we already start to be much better on this area.

Tech fund is an area that is going to be very focused on B2B services. And there, it would be (inaudible) has been mentioned. It's a global alliance in which we're collaborating with many operators, and we are definitely being a leader partner in this alliance.

The numbers that go forward is we're talking about a 5% service revenue growth, more in IT than in connectivity but both of them growing; and very important, profitability growth higher than service revenue growth. It's not about growth. It's about profitable growth. You will see the details in the next presentations.

I just want to leave you with the message that we continue to differentiate. We deliver from good to great. And we have an opportunity to make it also as well in B2B compared to maybe others that are struggling a bit more than us.

I'm going to pass it over now to my colleague, Ferri, to continue.

**Ferri Abolhassan** - Deutsche Telekom AG - Member of the Management Board, Responsible for T-Systems, Chief Executive Officer of T-Systems International GmbH

Thank you. Good morning. So it's not that long ago that I was sitting next to Klaus in Srini's team in the German organization. And I'm not just mentioning that for the reason that collaboration is [certainly put] on a different level when we work together here on the couch. But it's also that I could experience something I learned very early in SAP with a guy like (inaudible) [as a partner] what the customer means.

And when you, Tim, talk about customer obsession, that's something that you can never ever learn better than by being a part of the front line of a service organization, which I have been for the last eight years. If you go to a shop like (inaudible) and see if you would leave the shop in [turn] and you would ask the lady, how was this service? And you would say, good. She would come back to us and would say, what did I do wrong? Why was that not outstanding? Why was that not excellent?

And that's another example of like, Srini, you have given yesterday the experience of [tenants] being in the field force where we go the extra mile. And that going extra-mile, it's also important in the B2B market. It's about customers.

Now let's start to think about what that would mean for B2B, but also what role can T-Systems play in that. We heard from you, Tim, yesterday that T-System is an incremental part of the B2B play here amongst us. And we heard from you, Jose, that T-Systems can be a differentiator. I would like to structure that along three points.

The first one to become an incremental part is we need to deliver our numbers, and most primarily, we want to contribute to our growth here in B2B. And we are going to do that. That's Chapter 1. Chapter 2 is T-Systems is also the one who is the bridge into the external market. And many questions you have had on AI and how can we make also top line growth with it, I will touch on in a second because that's where we can differentiate with our know-how, people and platforms on the cloud area, but also on the AI area.

And the third chapter is then how do we as a team make B2B growing. These three chapters, the structure is very simple. And let's start with a little bit of a review. What did they catch beginning of the year and that talks then into where are we with the numbers and then I come into the differentiation part.

So the company has done a good turnaround with a good trajectory that's going to be continued also this year. And this was done by focus. It was focus on the business model and the portfolio, and we did focus purely on IT. And we do then the ICT play together with Klaus and that gives then us a differentiator to the market, and I'll come to that.

We did also say focus on the regional spread, and we did focus on DACH and some selected geographies. We did focus from an industry point of view, in those industries where we have a right to play and that are growing. And we also looked at our two legs, one cloud, one digital, to make them strong and to make them grow again.

That all said, with a lot of caveats in terms of improving processes, also optimizing our sales and G&A costs brought us into game that you can see over the course of the last four years, back into the game where we are growing 4%. I think this is a good number, and that's a good challenge also to be continued. But more importantly, we are back in terms of cash positivity. So we are not relying, so to speak, on other people's money, also not from our brothers and sisters. And we need to keep it that way.

Therefore, efficiency is key. And you will see my commitment is clearly. We will continue to grow in the vicinity of 3% to 4% on revenue, but we will even more so grow the profitability. Now that said, this is a good trajectory. And by that, we could tick mark and can tick mark then also the commitments that we were given at your last meeting back in 2020.

There is one except, and that's the radical transparency I want to share with you, which is the IDC costs. Now one could say, looking in the people business that we are on the digital side, you have to grow revenue by having people. And that makes you then also probably increasing the ITC cost. And you could moan about, is that not something that should not be clustered under ITC as it is revenue related? I'm saying, no.

It's good that we have that challenge. Because we want to also grow the revenue by not in the same way increasing our labor cost. And that's done by more radical automation and even more radical offshoring, And I'll come to that. So that's the area where we still have to improve until next time.

What's the look forward? So when you come new into the game, you do a 360 on what you find. I did a 360. And I started talking to the people. Talk to the people, to the customer, then you know what to do. This gives you the best strategy. And the one asset that I find T-Systems overwhelming is the customer.

We have the who is who of the Fortunes, not just in Germany, but also in Europe: the Daimlers, the Shells, the Heinekens, the BATs, the Lufthansas, and so on and so forth. If you talk to them, and I did talk to them and asked them why telecom? Why T-Systems? They all shared with me a very personal view, which is on the one hand side, you are big enough to accompany us on a worldwide journey, on our way to digitize.

But you are still approachable or agile enough that we can catch you. And that starts from the top. And that was also the case when I was in the consumer business, that we say every customer counts. That makes our DNA. If we say in Tim's agenda that we are leading and that we are customer obsessed, that goes for the field service, that goes for the shops, but it also goes for us on the B2B side that we really care about each customer.

And we have the infrastructure. We have the base to do so. From an IT point of view, there is the cloud side, which correlates also to data centers. We did reduce our data center footprint to really top-notch data centers around the globe, 16 in total. All of them are green. All of them have a good POE, efficiency factor of 1.2. They are good enough to go with every customer in a worldwide basis.

And where we have to expand, and you heard Tim yesterday, we are going to look for five more. And we are not going to put that into CapEx. We are doing that quite smart with our friends from DT Capital, who can bring us partners that invest in concrete, then invest their CapEx into that, where we then can have -- being rented in and so on and so forth. So we are good here positioned from a data center point of view. And probably one of the most hidden secrets I just shared with you, we sit on 1.5 million CPUs, and part of that is also CDUs.

And that's a power play we can do also for AI. Because AI, and Jonathan and you, Claudia, talked about comes with compute power. And we are well equipped for that play. So that was a good finding. And we also increased our offshore rate 10,000 people from 26,000. And I'm going to see, we want to even increase that. We want to come to 50%, 60% offshore minimum in the next years.

That said, I found it quite sound strategy and also quite sound structure. When we say [blend] build run here, we mean that we can accompany a company like Shell, in what's the strategy for the digitization. That's the advisory part. And we can also realize that in the application side with standard or individual application suite. And we can run it, and that all wrapped around the security that I'm sharing with Klaus as one force.

And of course, also his connectivity makes us a good team. And here is a concrete example why this IT play becomes also a good lever into an ITC play. We just recently, the two of us, Klaus and me, we did with Shell a EUR25 million contract on connectivity. That's because we are the biggest supplier on Shell on IT, and we got the trust. But we haven't really asked for all these things.

And that's something that is changing, which makes our B2B play a different one, and that is because we differ from an Accenture and others as we have that connectivity. And Klaus differs as we have that cloud and AI power through us.

So there's a lot on the right side that was written as a strategy that I can take. I put four things more on the map. One is quality. And you talk with Abdu to about zero outage, zero downtime. And probably, if you follow me over the last 10, 20 years, I'm addicted to the zero.

I'm addicted to 100% in both ways. That's, I think, an ambition you have to give the people and that you tell customers, you don't let them down a second, is a commitment that you have to prepare the organization for. And that's what we are going into again. That's the first thing I put on the map.

The second thing is on the map -- that I put on web is radical automation. And what we can't automatize, and for instance, in digital, you can do testing, you can do coding with our AI factory in a high portion. What we can't automatize, we try to offshore. The third thing that we put on the map is then also AI as the differentiator also in external market. And that addresses now the question of yesterday, which will lift the top line.

I'm not going to disclose now the numbers. So Tim, I think you mentioned something in the three-digit hundreds and so on and so forth. I'm not going to -- I know that you need -- that you drive us where this CMD a bit into ambitions, but I can tell you next time. In '27, we will be here with a significant number on external revenue, in the three-digits of millions. So, and the last thing I put on the map is the collaboration part with being the differentiator for cloud, for the group, for Jonathan, for Claudia and more of it.

That said, let's talk about the industries we are in. Those industries we are in, we want to be leading. Why are we leading in automotive? Because that's where our DNA comes from. We come from (spoken in German), which is Daimler -- oh sorry, which is Volkswagen, sorry.

We come from (spoken in German), which is Daimler. So automotive is our DNA. But we are not running after commodity business because you might say, wow, automotive is under big pressure. And you're right. But those areas that we address with automotive, like the smart car or the software-defined car applications, that's a differentiator.

That's where we are coming from. For Volkswagen, for instance, we do ODIS, that's the system that's called that does all the car diagnosis around the world for all their goals. So those are the things where we have a clear advantage compared to others. And in those, we are growing, also growing this year.

But of course, we are not naive. We are also looking that we shift into industries like public, like health, and I will show you some examples. So our clear footprint is where the industries are growing and where we have a right to play. That said, the one that I'm standing on this cloud. In cloud, we have a good portfolio, which is from public though private into even some cloud portfolio stake.

But we are not just going in the Infrastructure as a Service. We're also giving our customer the whole architecture, how to get there. And here, I give you via an example a nice pitch which is differentiating us. And this is going along a customer. Again, I use Shell.

You might have followed that we are a SAP RISE partner. What's SAP RISE? SAP RISE is the cloud migration path to bring customers into the SAP Cloud. So customers of SAP are forced to go more and more in the cloud and sometimes even us, as telecom, we don't want to. We say, what's the reason for? It's good for SAP, what's in for me as a customer.

And here comes T-Systems as a moderator. We are the only SAP RISE partner that is allowed to run the SAP Cloud in our data centers. In those data centers like Frankfurt, where we also run Shell on our private cloud. And now I can talk to Robert Van Rutten, who is the CIO and say, look, whenever you have a business need to move something up into the SAP functional stack, then let's move it from the left side of the data center with us to the right side of the data center with us. And that is low risk.

And that low risk sells. And that's differentiating in our cloud business to other elements. 55%, it's highly profitable. In the meantime, the other leg is digital. On digital, we are not going for commodity things that you find on the lower base, like application management. You can do all of that via AI and so on and so forth. We are going for the upper stack, like AI combined with data. And here on AI and data, I want to bring the next version of what you have heard from my colleagues, from Tim to Srinu to Claudia, all of the same thing.

We take, make and shape. But we, as T-Systems, can facilitate in an import and an export way. We can export what we experience amongst us, what Jonathan is building with FragMagenta with all of these spots into banks, into insurance companies, wherever conversational AI is needed. But we call it also import -- Claudia, you mentioned the law monitor. That's a product that we as T-Systems did for Daimler, and now we explore that to the whole automotive world, which checks what kind of regularity and legal changes have happened in the last hours so that I, as a car manufacturer, probably have an issue with a product because the legal law might have changed.

Very simple example. Did you know that if you have a car and you have this automatic closing system in the car, and every OEM, every automotive company has that, that since about the year, you are not allowed to run that on the backside of the car on the back seats if you have there somebody

sitting below 12 -- under the age of 12 years. So you put yourself in lawsuit, in jail if you don't know that. But you can't on a country-by-country level run every day a legal check. That's done by our law monitor.

And that's one of the examples what we do. We give customers advice how to use AI to improve their process. We do it and we run it. We run it also in our infrastructure with the CPU power, with the data centers that Tim who is going to disclose, et cetera, et cetera. And we do that on different foundation models, and we do that by industry and then the appliance from chat to predictive analyst are different.

Now I could now sing you a long song about the 400 use cases that we have in AI. We have them for automotive, for public, for health. I picked one, one which is currently on our way to label it as a product. We are at the moment about to certify. We did it with some hospitals.

It's about the wound medication or the wound treatment in hospitals, 40,000 times a day, this is applied. And the problem that hospitals have is, a lot of documentation, a lot of IT back and forths and searching is necessary for that. This process takes too long, 15 minutes. We did lower that. And I didn't have the money to make such nice videos like Uli yesterday, but let's have a look how it a simple foundation model.

we could bring something, like Srimi, in the process down by more than 50%.

(video playing)

Even if it is naive, illustrative are moving. I think it brings the endless hunger of companies for automation to the table. And that's where we can, with our knowledge, do a lot of B2B business. And that's what it is about.

Now I talked about what we do now, how we do. I don't pick all these numbers, you heard my clear commitment on zero outage, that's quality is king. We do radical offshore, increased by -- to 80%. We took radical automation. And we will also leverage, that's the go-to-market, the different sides of accounts, whether it might be with clouds, whether it might be in Europe, whether it might be also within myself from cloud to digital.

All of that is then wrapped around in the point how can we make that more visible and more applicable in the group. And we go in two steps. We are currently in step one, wave zero, where Klaus and I already share our platform such as my T-Systems cloud version, OTC, open telecom cloud, and he uses it for the mid-market channel.

And in the same way, Klaus and I look into the account planning of the top 100 customers so that we don't miss opportunities like the one in Shell, the EUR25 million and so on and so forth. And we are also looking for more and more expand and make our knowledge base being applicable for Claudia and so on and so forth. That's the name of the game that we call then T-Systems being a differentiator. All of that, at the end of the day, in an investors call can only be wrapped up by a commitment and numbers. And here are our commitments.

We will contribute through clear growth to our B2B growth bench and culture. And we will always be one step faster on the profitability side and really make sure we are not eating up other people's money.

Thank you. Klaus, over to you.

---

**Klaus Werner** - Telekom Deutschland GmbH - Managing Director Business Customers

Thank you. Yeah. Also, ladies and gentlemen, good morning. Let's talk about business. Let's talk about T Business in Germany.

And when we do this, for sure, we also look back to the last four years. And it was already yesterday mentioned, yes, we have a growth rate of 1% in revenues and profitability. I think also in comparison what others telcos do, this is good, but this is not leading. This is not leading because we see a lot of more potential here. And I'm -- I took over last winter this business.

And now for sure, we thought about what can we do better, where we can leverage really the full potential in our markets. But before we do this, let's have a look in our customer structure and where we are playing. You see on the left-hand side that we are covering 2.5 million customers. And

the collaboration between Ferri and my team is related to public and large enterprise. Because there, we are playing together the entire portfolio for Deutsche Telekom. But in addition to public and large enterprise, we are serving the mid-market business and the small business.

Mid-market, this is the Deutsche Mittelstand, very, very important also for us, because the competition is different there. We have a bigger pricing power in mid-market. And as well in small business, we have a bigger pricing power. So these markets are separately to define. And the 2.5 million customers we are serving, we want to grow them. And our coverage is in 22 countries. And we are able, due to our partner ecosystem which we have, to serve every customer around the globe with every service.

The customer satisfaction is super high with 82 TRIM points at the moment. And for sure, we want to continue to do this. Because have the best networks, you have heard this from Claudia and Abdu; we have the best products, and we have the best service also in B2B. And when we look at our portfolio, and this chart is super simplified. It's super simplified this portfolio, but it shows that we start with the connectivity, the core.

This is our fiber platform which grows every day, which is good for us as well. And it's the superior mobile technology and the mobile network which we have, so 5G in Germany. And this really great network which we have is really the foundation of our business there.

And then we define it as neo core. We have a big cybersecurity installment. We have more than 1,700 security experts in DT. Not all in Germany. We are doing this around the globe. And just recently, we had to increase our security operations center because we have now so many customers, that the old one was not big enough. So we opened a new one, a new SOC because cybersecurity is very important for our business. And in every customer dialogue where you go in, you speak about security, how can we do this better? Can you help as DT? Because you have this big ecosystem, how can you help us to come to a better stage on security?

And for sure, we are talking about IoT and cloud and customer digitization, especially in the midsized business. There is not a big CIO organization that say, okay, now we do this and this and this and that. Very often, we as DT, we are the consultants. And we are helping these customers, these clients in their digital transformation to grow the next steps. And for sure, AI and systems integration, we do for our customers here specifically.

And when Srinu yesterday mentioned that we have further potential, you see on this chart, we have mentioned where we do see further potential. At the moment, in every of the four segments plus digital, we are growing already now. But we want to accelerate this growth in public, in large, in medium, in small, and digital. And digital services, we give to all of our customers. But the specifics of the segments are really clear.

And in public sector, for example, we are doing great in mobile we are doing together great in IT, but we see further potential when it comes to the municipalities. We see further potential in defense. And for sure, we as Deutsche Telekom, we are the natural partner for the public authorities. And look at the degree of digital transformation in Germany. We are just at the beginning. So we will help there as well in the public sector to make this happen.

In large enterprise, we are great in doing mobile services. We are gaining market share in mobile in large enterprise. We won at the beginning of the year -- we have taken over Bayer into our best network, and we are doing this constantly because we have the best network, and we want to monetize this. But we see further potential in fixed line in the large enterprises because in the last five years, we have lost market share because the team tried to manage all the old MPLS, but then over time, they have lost these deals to others. But we will do it differently in the future.

Every customer who has MPLS, we will bring into the new situation with SDX solutions, and we sell him something on top. So security, SaaS solutions, so that it is not a declining business for us any longer. We want to grow further in large enterprise.

Medium business, only a small portion of digitization is done there. If you look at the situation, how much of the business is already cloudified, how many AI projects they have. They are all -- they're only at the beginning of this digital journey, and we will help them to go and to go to the next level in medium business. Small business. For me, it is clear we want to grow as fast as we are doing already in B2C in Germany.

Why should we for the small business customers not grow like Wolfgang Metzger and his team is doing? Because it's the same fiber platform. And we have the great situation also here that we use the same sales teams for doing the small businesses here as well. We see a lot of potential in small business with FTTH, for example, but also to do the cross and upselling in mobile as well.



In digital, you see IoT, security, cloud and AI. They are all growing at 10% and more. So this is, for us, very important that we can use this to accelerate in the different kind of segments the growth here.

And just to give you a flavor about what we're going to do in these different kind of areas in secure networking. For example, in large enterprise, we have defined 185 accounts where we say our share of wallet is not good enough. We are maybe good in mobile, but we have nothing in fixed. This can't be true. And then together with Ferri, we go to the customer, and we have everything in our basket. We have the connectivity in mobile and fixed. We have a cloud solution. We have AI. We have security. We have IoT. We have everything.

And so then you come into the dialogue with the customer. And yes, you do not sell everything to them, but you sell something, one piece, two pieces. And over time, we get a higher penetration in these accounts. It works already after the first quarter quite nicely, and secure networking is one example.

Broadband fiber, to be honest, we, as business, we have not yet started here. We had first to do our homework in getting the IT systems up and running so that we can do the work. But look, last year, for example, we sold the entire fiber connection to Lidl, one of the biggest retailer in Germany. And they bought from us, please fiberize all my stores, everything because I needed to do this -- to bring the services to the customer but also to the employees of the retailers. And we are doing this right now for every retailer in Germany.

There's the Aldis, the (inaudible) and all the folks out there. We will do that. And at the beginning of broadband and fiber, where we are, we take these customers on the road because they know this will not be done overnight. But they say, hey, guys, you as DT. You are my natural partner here because you will have the biggest network in Germany. So it is clear that these guys are in dialogues with us so that we do more business in broadband and fiber.

And in mobile, we are clearing -- also this year, we will take in a lot of net new customers, the big ones, but also in the midsize and also in the small business. The net inflow of customers is very strong. And this is also the reason why our mobile service revenue is growing so strong. And we will not stop. Because, yes, in some areas, we already have a market share of above 60%, but it is not 100%.

It is not 100%. We have the best network outside. And look, if you only imagine what we will do on the network modernization. if you look at our brands, how strong we are, if I look at my sales teams out there, why should we not gain more market share out there? This is what, on a day-to-day basis is going on in mobile, and we will continue to do so.

And then in the so-called digitalization services, we have a lot of opportunities in IoT, in security and cloud and in AI. And here, for example, the collaboration is playing out. Why should I do own cloud services? I use the ones Ferri is producing. I just take them out of the shelf and sell it to my customers here.

And in AI, we're doing this as well in a close collaboration. He is doing the biggest stuff. And if we have really a small customer, then we have also SI resources to have AI solution there as well. So we are doing a great combination of our forests here for our customers.

In security, it's us who are providing this platform. The 1,700 experts, a big ecosystem and security with leading tech partners, for sure. We combine the tech partners, the Palo Altos, the Fortinets, the Ciscos, and the Microsoft for sure. But the fact we are orchestrating this for us and our customers, and this is a big place where we can grow in the future a big time. And we will do so, especially because we have so many customer dialogues at the moment.

We were recently at the Digital X in Cologne. We had 50,000 customers in Cologne over 2.5 days. And you speak with every one of them about security. All of them speak about security. They were in the master classes. We have offered master classes, small rooms. Just imagine where you were 20, 30 years ago in your class. People like you were sitting there on the ground because we had not enough space because we were overbooked there because they want to understand how is AI doable in mid-market? What can we learn from security for my company? And this was really a great initiative, Digital X, to speak also about this.



We did also this together with Ferri. And so the customers, they came to us when they wanted to talk about connectivity. They went to Ferri if they wanted to talk about cloud and AI. And for sure, we do this kind of services together.

But the revenue is only one piece. When we want to drive the profitability up, not only the structure of the revenue has to come into our favor, but also the net margin. We have EUR2.5 billion direct costs. And also here, there is a lot of potential which we want to grab in the future. So we will increase the net margin in our business.

And why I'm so optimistic on that? We have also changed our incentive scheme. In the past, it was revenue. And it was not differentiated about, the profitability behind this revenue, and there was no margin included. We have changed this.

The new system is, for sure, a mobile or fixed line service which has a super high margin, has more value than a, I would say, Microsoft license, which you sometimes also sell. And every seller out there has now a net margin target. So he thinks about what do I sell?

And this is one of the reasons why we believe we can do better in the net margin as well. But then on top, we will go also on the IDCs with the organization, portfolio IT and delivery. Because when I took over last winter, I saw this company is too complex. It is too slow. And the people engaged me with the feedback also in hundreds of rounds, we are too complex.

Our processes are not good enough. And this is the reason why we go hard here. The organization and the overhead will be reduced by 35%. More than 400 people we are taking out right now. It is decided, it is negotiated. It will go into the implementation with November 1, this year.

The portfolio, it's too big. When we look, where do we make our money with? We have a long tail of portfolio components with a super slow revenue. We do not need this any longer because this drives complexity for the sellers, for the people in the delivery, in the IT. So let's take them out. This makes our life easier. It makes the life faster for our customers and it's also better for our employees.

And this is also true for IT. For sure, incumbents always have a very fragmented IT. But we also will take care about this. We will drive cost out; we will take out the legacy systems. And for sure, we will use the new technologies, digitization, automation, and also AI here because this is very important for us.

And then we have a delivery for our 2.5 million customers. And I'm really proud that these guys deliver this superior quality because you do not get a customer feedback of 82 TRIM points if you have a bad delivery. This is a superior delivery. But when you go into the detail, this is far too much fragmented. We do not use enough the digital advantages of AI here and as well also a cleanup of the IT systems, and also the organization behind this piece is not yet streamlined enough.

We believe we can do this better. 25% efficiency, we can do here in delivery. And this altogether, we do not because we want to save money. Yes, we also want to save the money. But it will be better for our customers, turning customers into fans. This is what is our aim. We are good on customer satisfaction, but we can do better in the specific areas where we are.

So we want to improve the customer satisfaction because this drives stickiness. We want to have a higher satisfaction from the employees as well because the employees, they do not like to work with old-fashioned processes, and they do not like to work with IT systems, which are outdated. So we also want to do this for our customers and the employees. And for sure, we are doing this for the P&L. This is great.

And the good news is I was in my earlier life, the CFO of Telekom Germany. And we went to in similar cases together with Ferri through this exercise in B2C already. So we have taken out in the B2C service in the last years tons of money. And in addition, we have increased the customer satisfaction and the employee satisfaction. So what we're just saying we do it again. We do it again. This is what we want to do on execution of our -- and driving the simplification in our company.

And last but not least, this will then lead to a higher revenue growth, and it will lead to a higher EBITDA growth. This is clear, EBITDA will grow faster than the revenues. This is clear. We believe we have a lot of potential in the markets to drive the revenue up. In the combination of net margin improvement and the structural impact, which we will generate, you will see that the profitability will contribute more.

And this is the reason why I'm really confident that we are able to do that. We will focus on this execution. And with this, I will end and say thank you very much.

Elvira, I'll hand over to you.

---

**Elvira González** - Deutsche Telekom AG - Senior Vice President B2B Europe

Thank you, Klaus. And for me, it's a pleasure being here today and have the opportunity to talk to you about all the progress and the results that we'll be having in Europe as well for B2B, but also to talk about the future and what we want to do in this new CMD period.

So let's start by looking back indeed and let's review what has happened. And I'm really glad to say that we have been experiencing a very strong acceleration of our growth in Europe. That means that we have not only delivered this 2% on revenue growth that we promised in 2021. We are delivering this 3.3% at least.

And for me, what is very important to say as well, this is not just growth. This is profitable growth, as you can see on the profitability numbers there as well. And this is really a very key, a very important indicator that the business is growing very healthy. And yesterday, we were talking about some of these pillars in our strategy around how we can do sustainable growth and, at the same time, to do this continuous transformation or how can we do the long-term orientation and the short-term execution. So I really believe that a lot of these elements have already been put into practice in Europe.

And just to go through some of these achievements. On mobile, we had a very solid growth, both in the base and the value. On fixed, we were kind of flattish, not doing that good. And we managed a very successful turnaround, and we are ready now into solid positive numbers. In ICT, back to the scale, we have been driving with all the countries, a very consistent strategy around all our portfolio and the key elements where we see the growth.

And on top of that, a very important piece of our strategy was digitalization. We have already been incorporating very important piece on digitalization when it comes to our sales and service channels. And T Business. T Business has been our identity already for two years, being the partner -- the trusted partner for the utilization for all our customers with global campaigns we have been running altogether.

But also what makes me feel very excited that all of this has been happening at the time where the conditions or the situation in Europe were pretty challenging with very high inflation, with the competition getting more and more intense and with all these changes that are happening all the time in technology that are forcing us to be on top of that all the time.

So let's look also into what makes us unique in Europe, what makes us different. And that is also the case in B2B. We have the established players; we have the challengers. And all of this richness has helped us create this winning strategy. Because we are balancing the scale and the unity of getting all together and, at the same time, the freedom and the independency that these countries need.

So just going through some of these elements, the T Business identity, as I explained, connecting already 2 million to 3 million customers in Europe and now also extended to Germany, Klaus and myself, all united under the T Business umbrella.

The harmonized strategy, understanding what are the drivers of this profitability, of this growth and driving those together with the countries around connectivity, around cloud, around security. Centers of excellence, Dominique was refraining to that yesterday as well, how we have been picking specific elements in our footprint, countries that are already advanced in some of these elements and investing on those capabilities and extending those on the benefit of all the markets.

And this unique governance as well. We were talking about what elements we can then scale horizontally, the platforms, the products that we can drive across, but also what elements need to stay vertical. The connection with the customers, the channel, the operations have to happen in the markets and they need this independence as well. Very pragmatic, as we were saying yesterday, on how we run the operations.

And then when we talk about T Business, we are -- and we want to continue being this trusted partner the digitalization of our customers. And then when we talk about customers, we need to realize customers have very different needs we cannot put all the customers in the same pot. Customers have different demands, and that's why it's important, we tailor-made and we adjust our portfolio, our products, our go-to-market, our channels to these customers.

Starting with the SME, the small medium enterprise, already a very significant portion of our revenues, 45%. These customers are looking for simplicity. They want to have one-stop shop where they can buy all the communications, telecommunication needs, but also the digital applications. Here, we are building on the strong foundation of our Magenta One business portfolio, our converged package. And on top of that, we are giving the bundles all the tools, the digital tools as customers need around collaboration, productivity, digital presence, e-commerce and, of course, security.

Then moving into enterprise segment, 33% of our revenues. Here, we are focusing on bringing scale again. bringing solutions that we can replicate across many different customers, but also across the countries. We are again building on the foundation our premium connectivity and then focusing on IT solutions that we can do specific verticals that we are strong in our markets. Here, already 40% of our revenues in this segment comes from IT.

And the public sector, super important as well. Here, we see a tremendous push from all of them, from all the countries wanting to digitalize when it comes to the infrastructure, when it comes to the process, That means here we have also a lot of opportunities together with them, and we have already been capturing more than EUR500 million in our countries when it comes to the European funds.

When it comes to now from customers, let's say, to portfolio, and I would like to start with the connectivity. And here, we're talking about the managed network solutions, the connectivity for our fixed enterprise customers. And we have seen a lot of evolution in this domain from moving from the traditional MPLS towards the SD-WAN. We've been talking about that.

We have been embracing all these changes already for a long time. We have more than 10,000 connections already live in our networks using this new technology. And for us, it's not only the opportunity to bring flexibility and ability to our customers, but also opening a lot of revenue opportunities for us. we can upsell as well the services we provide in the branch of our customers with SD-Wi-Fi, with SD-LAN and so on. In this connectivity business, we are growing 6% in Europe.

But also we're talking about how can we monetize our assets on the mobile and the fiber. And here, again, in Europe, we are already leaders when it comes on how do we monetize our 5G network with more than 40 sites -- 40 customers already live on 5G campus across manufacturing, across logistics, harbors, sports, mining, many different use cases. And it's not only providing infrastructure with superior quality of service. It's also providing the use cases on top of the technology. This is really what brings us well the value to the customer, opening opportunities for automation, for real-time data and, all kinds of new ways to make their production much more effective.

And of course, fiber here also very important for us in Europe. It's not only the fiber roll as we do on business parts or industrial areas, but also how we are monetizing the fiber-to-the-home investments with 12% growth that we already have our SME customers when it comes to fixed broadband.

After connectivity, which is of course the first layer, the foundation of all the services we provide to our customers, we have the whole IT portfolio on top of that. And I would like to start with the base of this pyramid, which is the data center, the cloud computing, which is again the base for all the services we can provide on top with more than 40,000 square meters, we're talking about that yesterday, across Europe. And here, we also see a lot of revenues and also a lot of success, moving from the traditional co-location business into more advanced services, IAS, PaaS, private hybrid cloud, which we have already been doing in our countries for many years.

And on top of that, security by design. We have been talking about how important that is, we are embedding security on all the portfolio that we have. We have a relatively small team, 150 experts, that are already very experienced in our markets, which we are complementing with our colleagues of T-Sec in Germany.

And the cherry on the top, of course, AI. Because for AI, you need all these layers, you need the foundation on the cloud on the data and the infrastructure, the security and the AI coming on top of that. which is already -- we are already providing to many of our customers across our markets.

But of course, it's not only the portfolio and the customers, it's very important how we are also transforming digitally. And here, we'd like to start with digital sales, working very closely with Jonathan and his team. Because here, we are using the same capabilities we already have in the market with OneApp and OneShop. We have enhanced those with the extra functionalities and the features that our B2B customers need, and we are already providing those digital channels for our customers, giving a much better customer experience and engagement and also a lot of efficiencies for us as well with 10 percentage points increase when it comes to the retentions online already.

Digital service, digital care, also very important. Customers don't want to do the administration on the phone or with the account manager. They want to do all of that digitally. Here, we have been building on the strong foundation that we have in Poland with the self-care portal they delivered already managing 80% of the care transactions our customers digitally, another a beautiful example of how we are scaling things horizontally because the same portal that we are taking that now to all the rest of the countries in Europe.

But internal digitalization, also at the core of our strategy. We were talking about the delivery, how we need to automate and how we need to make that much more efficient. So we are doing that for sales but also for the fulfillment automation. And just an example, we have been implementing OneSalesforce for all our countries together, giving us a lot of these efficiencies, but also a lot of commercial benefits with this 5% increase that we see in the pipeline value from the beginning of this year already.

And the centers of excellence, as I mentioned, we want to use the great opportunities and the great assets we already have in the markets with great expertise that we have. And I realized when I came in the company just two years ago, that it was a pity that it was only being used in the benefit of that country and we were not taking that to the further scale.

So here, we have now six centers of excellence operational, two in Czech Republic with Industry 4.0 campus network with a great expertise they have in the country, and also SDX being one of the pioneers rolling out that technology. In Croatia, SME digital proposition. From here, we are creating the blueprint and how we can help the markets then roll out the digital proposition for the SMEs and also in the smart cities with a great expertise on how they're developing very advanced solutions for cities and municipalities. And then on cloud and security, distributed across a number of countries as we are doing that in several centers.

All of this is bringing us a little of speed to market, a lot of innovation and a great way to use all these experts, as I said, for the benefit of the full footprint. And with this, I would like to set the ambition for this new period. I think we have all the ingredients in place. We have the right plans, the right strategy. The performance is accelerating more and more. And I think we have the right collaboration, the right drive and the right energy across all the markets altogether, but also with our colleagues in Germany.

So with this, we believe we can continue delivering at least this 3% growth when it comes to the service revenues and the profitability. And I would like to close with the customers. Of course, the most important part, we want to be, of course, number one in all our markets across our footprint. So thank you so much.

---

## QUESTIONS AND ANSWERS

**Hannes Wittig** - Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)

Great. Thank you all. I think it's good to see how we're trying to come from a position that's quite good to acceleration and how we use collaboration and digitization to get there. I think that's very exciting. We have a break in 15 minutes. But before, we do Q&A. So Polo, I'll start with you.

---

**Polo Tang** - UBS Group AG - Analyst

Hi. It's Polo Tang from UBS. Just a question for Klaus in terms of Germany. You mentioned you lost share in large enterprise. So what makes you confident that you can turn things around? And who have been the main players taking share in this segment?

---

**Klaus Werner** - Telekom Deutschland GmbH - Managing Director Business Customers

So first of all, this has not happened overnight or the last year. It was a deterioration which already started when this business was with T-Systems, so some years ago. And we have seen that other players came in with their SDX solutions and then we had the situation that the contracts were discontinued.

But we have now done our homework. So we have a SDX portfolio, which is super, super good. We also have to streamline this because we have too many at the moment. We will go with five of these components. And the situation is now that also the contracts expire with the customers. So the first contracts, which we have lost three, four years ago, they now expire. And because we never lose the entire customer relation to a big company, because we are still usually there with mobile, we are still usually there with IT services.

So we have a good CRM there. So we believe we can regain this market share. As well, for sure, there's a different kind of way how we go on with pricing. Yes, this cannot be like you tried in the past, have the super, super high price, and then you win nothing. So for sure, we have rebalanced this as well. And it's also go-to-market. It's go-to-market because when I look at the 185 accounts, for example, it is clear that we also have to take more effort in this.

The organization was, I would say, very good in farming the customers. But in hunting new logos and new opportunities, this was not in a good shape. So we are changing this. So we are taking people on this. We are going into the hunting models in these accounts. And I see, yes, the sales cycles are a bit longer, so 1 year, 1.5 year. But we see already positive trends, and we have already won also new logos here in this regard.

---

**Polo Tang** - UBS Group AG - Analyst

And just in terms of competition, was there any particular competitor that was gaining share from you in the past few years?

---

**Klaus Werner** - Telekom Deutschland GmbH - Managing Director Business Customers

I will say this is not a single one. There was, I would say, a lot of them have taken something, and there is not, I think, a big one which is hurting us or has hurted us. So this is also the reason why we are confident that we can regain the market share because there's not a single very strong player.

---

**Hannes Wittig** - Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)

Emmet, next, please.

---

**Emmet Kelly** - Morgan Stanley - Analyst

Yes. Hi. Good morning, everyone. It's Emmet at Morgan Stanley. I have a question, please, on data centers. I guess that's probably a question for you, Ferri. It's a question I've asked a little bit about a year ago.

Obviously, building data centers is pretty expensive. It's roughly, I think, EUR10 million per megawatt just for the passive element and goes up towards EUR30 million if you have an old singing, all dancing with GPUs. I think Tim has been quite clear in the past he doesn't want to enter into an arms race especially with AWS who are putting tens of billions into Europe. So can you maybe just run through how your kind of more smart CapEx model works in terms of providing data center and cloud capacity to your customers, please?

And then the second question is on the subject of data sovereignty. Obviously, this is a subject that's growing in terms of importance with big changes in geopolitical environment. And I think it's widely known that German clients and Swiss clients in particular are very focused on having data privacy, data sovereignty. Is this an area where you see a big growth in demand? And are customers willing to pay a premium for, let's say, sovereign cloud solutions as well? Thank you.

---

**Ferri Abolhassan** - Deutsche Telekom AG - Member of the Management Board, Responsible for T-Systems, Chief Executive Officer of T-Systems International GmbH

Yeah, I'll do the first one. We reduced even our data center space over the course of the last year, as you might have seen, down to 60. We own and we are investors through DT Capital in companies that do these data centers for living. And it's much more smarter if we then say, let's have them invest and refill their data centers with knowledge and also with customers. And that's the strategy. Therefore, we are not going to get into the concrete business. Does that answer the question clearly? Good.

On the sovereignty thing, I think this becomes with not just geopolitically, also in the public sector, the differentiator, per se. And we have, at the moment, a very good portfolio. So we have our OTC, which is per definition, [sover], that's what we sell. That's what Klaus is selling. And then we, of course, go for instance, also with Google, Google [sovereignty] version, which is also -- do the customers pay premium?

I would rather say they don't go for the other solutions on the mid and long term. And so it becomes differentiating. It is, per se, also then having a price on Google, for instance, in OTC, we will see whether we make that a markup or not.

---

**Emmet Kelly** - Morgan Stanley - Analyst

Can I just ask just a very quick follow-up? Obviously, data centers are big emitters of CO2 and huge users of energy. I come from Ireland where data centers are using, I think, 21% of the national grid. Can you say a few words about data centers and the usage and tying it back into Tim's targets to be kind of carbon neutral by 2040. Because if you look at Google's report last year, I think their data center emissions have gone through the roof. I think they're up roughly 58% in the last five years. So does data centers make it more difficult to meet your targets?

---

**Ferri Abolhassan** - Deutsche Telekom AG - Member of the Management Board, Responsible for T-Systems, Chief Executive Officer of T-Systems International GmbH

You have seen that, I think it was this week, that we got an award in ESG as being at the moment the number one also for filling -- that includes also our data center business. So it's within that. And it's for the thing that since years, we tried not just to use green power, that's easy, but to lower the efficiency. The POE, the percentage of energy that you use that factor, which is an industry standard around 1.2, 1.3, that's the vicinity in which our data centers are.

And by the way, just on the side mark, I was once even having that as a kind of my personal fetish, like a zero outage, I must say, that we had in Munich. We were the world record holder on POE. We did have really, and you can check that out, in data center with 0.99. So that is more or less generating energy, if you like.

That was an artificial example. But it shows how much focus we are paying with, and not just for ESG. It's money in the balance sheet. It's OpEx. That's why I'm driving that like hell.

---

**Hannes Wittig** - Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)

Okay. Good. Mathieu, please?

**Mathieu Robilliard** - Barclays - Analyst

Good morning. Mathieu from Barclays. Thank you for the presentation. I had a question on the financials. So you're guiding for revenue and EBITDA growth around the same pace, if I understand correctly, yet most of the growth is going to be driven by IT products, IT services. My understanding is that typically, this comes with a lower margin, maybe 15, 20 whilst telecom is 30 plus. So how do you bridge the dilution from the revenue mix growth into the EBITDA growth? Is it some of the efficiencies you talked about? Or are you seeing increasing margins in your IT business as you gain scale?

---

**Hannes Wittig** - Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)

Maybe you can start and --

---

**Elvira González** - Deutsche Telekom AG - Senior Vice President B2B Europe

I can start from Europe. I think the key is how we are focusing on profitable products. So we are not focusing on reselling existing solutions, but how we can create our products or use our vendors that can help us create those products. So where we are not so much into the system integration business, which is more something we are not driving as well in Europe. We are more into how we can complement our connectivity with cloud, with cloud how we are moving, as I explained, from the co-location into services that give us much more revenue and margins around IAS, PaaS and so on, but also how we are building on security and then the AI.

So it's I think the combination of having the blend of all these elements together and not focusing on reselling as I mentioned. In Europe, we did very much the same as Klaus was explaining. We already changed those metrics and those incentives as well into margin because that's where we want to drive across all the markets. And for Europe, this is working very well. We are already growing at the same pace. The systems was integrated in Europe already four, five, six years ago. So that's already what is playing very well on bringing all these elements together. And that is helping us grow increasingly on our margins and our EBITDA. Yeah.

---

**Klaus Werner** - Telekom Deutschland GmbH - Managing Director Business Customers

Maybe in addition, it's a combination of different kind of measures. But look, if we drive, for example, the fiber utilization in small, medium or in mid-market. This for us has a huge profitability because the network is built out. If we go on with mobile, where we see opportunities in all areas, but also especially in the small business and mid-market, we are able to do cross and upselling there. This is, I would say, pure profit for us.

And for sure, also in IT, we have platforms. The security is already a platform. So there, we do not have the typical low-margin IT piece.

So we have already a margin -- we have a platform. So we can use this platform. And with every customer, we take on this platform of security, you have really a great additional value. Or look at IoT. This is also a platform which we have generated, and we are using this more and more in Europe and also in the US.

So this is generating additional value. So we have also in these IT pieces, we have really also the opportunity to generate high profits in there. And yes, it's also about the discipline to take out the, I would say, reselling and low-margin stuff. But this is also kind of our work. Look, why should I sell from a good partner, a piece where he only gives me 20%?

I take him out and I sell -- I take then the sales resources, and I sell fiber and mobile or security. We have the choice to do so.

So we are also in the negotiations with our partners. We say, okay, let's find a win-win strategy. What we recently did with some of them. We can grow together, but then our margin has to grow over time as well because we're making you also great. And this means in other areas where the partners are maybe not that good or they are not willing to give us the margin, we take them out.



---

**Mathieu Robilliard** - Barclays - Analyst

If I can follow up just on the margin. Could you share with us some of the kind of margins. I don't know if you look at EBIT to EBITDA in the different IT products. I know it's difficult because you have central costs and things like that. But if you could give us a bit of granularity.

You just mentioned cyber defense, possibly a high-margin product. I really don't have a sense of what are the different types of margins in the core products on IT.

---

**Klaus Werner** - Telekom Deutschland GmbH - Managing Director Business Customers

Yeah. So it depends a little bit how you calculate this. But I would say, in the classical TC business where not so much of a solution or something like that is necessary, you have the classical 90% of margins. In mobile, you have typically 80%, 85%-ish. You can, I would say, build on that. In IT, if you do dumb reselling, you maybe get 3% or 5%. So let's take this out, yeah? In some deals, you may need Cisco routers to do the network piece as well. But we do not want to go behind 3% reselling margins.

In other areas, when you have a partner, you -- when you have a good deal, you may earn 20% or 25%. If you do this on your own in security and IoT, you can go beyond 50%, 60% in this regard of the margins. Depends a little bit how labor-intensive your work is. So if you have really labor-intensive work, then you are limited in the margin, but in the area of security, we already have this ecosystem. And in IoT, we are far, I would say, ahead with our platform. So this is not only the platform which we, as DT have, it's also once which we are using. And so these two platforms, for example, generate great profits.

---

**José Perdomo** - Deutsche Telekom AG - Group Strategy

Maybe I can just complement one thing. It's -- let's not forget the small, medium business. That's the most profitable segment in the whole company. And the growth there, it's a big contributor to the growth of the B2B. So it's a really strong engine to run in the company. And it's growing and it's accelerating as well.

---

**Hannes Wittig** - Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)

Okay. In the interest of time, take two more questions, Siyi and Adam.

---

**Siyi He** - CITI - Analyst

Thank you very much. He Siyi from Citigroup. I just have a question on the digitalization journey of the SME segments. I think you said in your presentation only 15% that adopted IT digitalization. And also the adoption of Cloud PBX in SME is also quite under-indexed compared to the European peers. And just wondering if you can talk us through why that's the case. I understand very complicated service provider layer could be one of them.

And the second part of question is, nevertheless, this market is growing, and we see some international SME specialists are actually doubling down the investment. So I would appreciate you can share your thoughts on it's possible that DT can accelerate the transformation and ensure that in the end, you can gain the majority share through this transformation process. Thank you.

---

**Klaus Werner** - Telekom Deutschland GmbH - Managing Director Business Customers

In small businesses, the situation is as following. They do not really use fiber at the moment, and they use a kind of, I would say, mobile solution. And what our assessment is. With our growing fiber platform, we have 10 million fiber at the moment. And we will grow, as we have mentioned.



day by day, this will be bigger and bigger and bigger. And we see that also the demand from these customers is growing every day because they want to have services. They want to have cloud services. They want to have digitalization services. And this means at the end of the day, they will need fiber, and they ideally get the fiber from us.

Because we are -- we built the biggest network in Germany. And we have, at the moment, when we do the analysis of the customer base, which have today with us fixed-line services, but no mobile and have mobile with us, but no fixed line, there is still enough opportunity to grow in the next years with simple cross and up-selling which we are doing quite successful in our B2C space already, but why shouldn't we do this in B2B and SME as well.

So -- and when we look at the customer demands all of them, they are on our way to do kind of cloudification, for sure, they will not use the OTC, but they are on their way to do the cloudification. And there, we, SDT have always the package for them to bring them into this cloud situation. So it's then -- sometimes it's a Microsoft ecosystem. Sometimes we use, for example, in voice, our partners to get the services they are done. And the good news is -- they usually do not have a IT department or something like that, but we have it.

We have also so many people in Germany to do the fulfillment because the operations from Srimi entirely for Germany, the so-called (inaudible), the people out there. They are doing this not only for the private customers. They are also doing this for our SMEs. So a very, very important piece for the customers is they get from us the best connectivity, the best products, but they get also best service. There is a person from DT always there available in Bavaria and also in the North and the East and the West. We are there. We are in the regions, and so we are there for the customers to help them.

---

**Hannes Wittig** - Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)

Adam?

---

**Adam Fox-Rumley** - HSBC - Analyst

Thank you. It's Adam Fox-Rumley from HSBC. Historically, one of the challenges to profitability in this space when selling to large customers is that bespoke elements start to creep in and so I wondered if you could talk about how you're managing that because I can see there being some tensions between trying to satisfy customers and needing to be bespoke in the solutions you provide. And then secondly, you've spoken a little bit about OpEx, but could you also talk about how the requirements for DT to spend CapEx are changing when you're winning business? Thank you.

---

**Ferri Abolhassan** - Deutsche Telekom AG - Member of the Management Board, Responsible for T-Systems, Chief Executive Officer of T-Systems International GmbH

I suppose -- both of the questions are a bit directly to me, but Klaus and Elvira just to fill in to settlement. First of all, what we learned and that goes back in my time at SAP, and that continues also to be the reality also on the consumer side with Srimi in the service business, and that's always the same. Invest in customers, that's, by the way, what the flywheel says, and you will avoid that you have cost to fix it, and you will also limit the churn, and you will increase your revenue. That's the mantra. I'm 100% believe in, and you can really materialize that, if I'm at the moment, looking for instance, on my digital decide, our utilization is all-time high. It means we have no bench.

So is that already all turning into revenue? No, because in some elements, we still have to do things to fix projects and fix things for customers. If we get to zero outage, if we get to zero failure, we can make these people not doing this stuff again and again like in the outer needs or in the service, et cetera, but really satisfy first call resolution, you would call it in the consumer business, and therefore, I'm a 100% believer in the fact invest in the customer, make the customer a fan, invest in quality and that will pay out also in OpEx also in financial as you can take the people who fix things out and put it into other projects. Do I catch that point correctly? Or you want more information?

**Adam Fox-Rumley** - HSBC - Analyst

I guess what I was thinking about was when you sell a product to a large corporate. Typically, there are -- there'll be a set of standard products that you're including for them, but customer A will also want this piece of bespoke tweaking to the solution that you would otherwise provide. And does that carry like a significant overhead still within the space?

---

**Elvira González** - Deutsche Telekom AG - Senior Vice President B2B Europe

I can add on that because I think in B2B we have a very strong alignment, but also dependency on IT and how we build our products, the modularity that we bring on that. That means that we need to create our products in a way that they are flexible. So when one customer wants a specific functionality, it doesn't become a bespoke solution for customer one. And if we want to do that again for another customer, becomes again another bespoke solution for customer B.

That's why it's important, so important that the products are created in a way that are modular in the sense that then we can still within the available set of features and functionalities that the product can create, we can then customize it for customers, but still bringing all the same building blocks, which makes us be much more efficient and effective on how we create our capabilities.

---

**Klaus Werner** - Telekom Deutschland GmbH - Managing Director Business Customers

And because we have the fact that not always a customer wants to have this solution alone because we have here something established for car manufacturer A, you usually can use it for car manufacturer B as well. So you have also this kind of synergies in the production. So it does not mean that you do this always for every customer from the scratch to new.

To your CapEx question, I think the different kind of pieces in IT, for example, we want to, we ourselves, fund this IT transformation because we have so many legacy platforms due to the reduction, we save run costs and the saved run cost, we can reinvest in changing then the IT landscape. So and it's all included in our plans that we do this transformation on IT.

In CapEx, for example, when we sold to Lidl, a big deal that we connect all of their stores with fiber, then we take it into our fiber rollout plan. So it's embedded there. So we've taken into the plan for the year '25, '26, '27, we are taking this in. So that is also covered there.

I think the people reduction piece, so in my specific case, we have taken this in the restructuring costs for personnel. So this is also included and on portfolio, it's more the work which is behind to bring the customers from a portfolio solution A to a portfolio solution B in the future. A little bit like our IP transformation seven, eight years ago, but we have learned a lot to do this smoothly and not with that pain and efforts. So we have learned also out of that. So -- but this is more internal stuff. So there is no additional CapEx needed for the transformation.

---

**Hannes Wittig** - Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)

Okay. Well, thank you all very much. I think B2B is a big business for us. It's an exciting business for us, and it's a growing business for us. So thank you very much for those insights. And before you leave just -- I announced the break now to the interest of catching a few more seconds and let's be back at 45 to 50 minutes to the hour, and then we'll catch up a little bit with the time so that we have finished in as promised.

Okay. Thank you all very much. (break)

---

## PRESENTATION

**Hannes Wittig** - Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)

Guys, we continue and please come back to the room, and we continue with Thorsten Langheim, who heads our group development function and who have -- who many call our living legend. So Thorsten needs no introduction, I think, to this group. He will talk about our portfolio, and he will talk about cows as part of the portfolio farming activities. And with that, I would like to welcome Thorsten on the stage, and he will be followed straight by Christian and Tim Höttges.

**Thorsten Langheim** - Deutsche Telekom AG - Member of the Management Board, Responsible for USA and Group Development

All righty. When I just switched into this gear a minute ago behind the stage, it reminded me of being a soccer player 20 years ago, when you fly away for a major game, then you obviously swap into a kind of team here. I kind of like that team. Reminds me a little bit when Bio-Munich flies to Aston Villa, but next time, Tim, I would appreciate if we have the lizard leather jackets of Jens and Huang, so that we are a bit more trendy. But it's a good bridge from my love of soccer to what we have here as a summary of the key messages. I want to leave you with three buzz words that I will repeat at the end, and that's what you should take away from this session.

The first buzzword is Kaiser Franz, Franz Beckenbauer; the famous German footballer. The second buzzword is Jerry McGuire. And the third buzzword is heilbad, but no land grab. So what I mean by that is that, first of all, we are certainly -- since I'm here and since I look at this company at the best position ever don't want to repeat what is on here. But we have exciting times in front of us. And this is not coming out of an accident.

And that's what I want to explain a little bit with you with the kind of notion of Kaiser Franz of course, it was blood, sweat and tears over the last 14 years. And there's a saying that is luck is a dividend of sweat. And the more you sweat, the luckier you get or if Tim is saying in the Monday morning meetings of our Board, the more you guys sweat the more dividend the shareholders get. And I give you a little bit of an impression what kind of journey we embarked on when Kaiser Franz appeared on the scene.

Tim, became CFO of Deutsche Telekom in 2009. And Robin, who I respect a lot, an analyst at Bernstein in 2010, recognized the change at Deutsche Telekom, on which we embarked. She said that a lot of change at DT versus France Telecom.

DTE announced that our top management team is based on a remuneration that is obviously checking how APS is doing. And he started to talk about [ROCE], a word that not a lot of Deutsche Telekom people knew before he came CFO. And he said, Thorsten and team, we need to run the portfolio on a ROCE logic. And he also said, guys, we need to invest in the company to align interest.

And one really nice step that I got from Hannes, which I think should give investors a little bit of the feeling that we are sitting in the same Board is that this management team is actually owning a lot of shares. I can tell you that I think it's EUR50 million to EUR60 million of share ownership that this team has. And I personally own a lot of shares. So I really care about our share price.

I was a very happy camper yesterday when for the first time we broke the EUR27. And every decision that we take major decisions always keep this in mind. Of course, we have more than just shareholders and stakeholders, and we have to cater for different constituencies. But this is certainly very much high on our mind.

If I looked at this old analyst note from Robin, you recognize a few things, which I find quite fascinating. First of all, she recognized that things are changing. Second, DT was trading at about 13 times PE. I will come back to that in a minute. And our market cap was EUR44 billion. And then a lot of things have changed.

By the way, when Tim became CFO, DT wasn't a kind of heilbad, it was a company that was under significant stress. We had a lot of portfolio companies that were under significant challenges. Look at T-Mo US, they lost in that year 2011, 2.2 million customers or our position as a mobile operator in the UK was under threat because we almost half EBITDA. We had a lot of earnings warnings in that decade, and we had a low share price of almost EUR8. And then we started working.

What you see is the outcome of all of this, which is kind of fascinating. But what you have in the middle are the blood sweat and tears that it took in order to improve this company potentially -- to have the best portfolio in the sector. We started as number four, and we are now at the number one. By the way, we did this in many different locations. We did this in the US as well. We started at number four and now we're even number one.

And it was very important that we started at the beginning of what is our metric. What are we looking at? Why -- how do we want to shape our portfolio. And the few things that you always hear our team talking about, for example, Srimi yesterday, market structure, is very important to us.

If we look at portfolio decisions. Regulation is very important to us if we look at portfolio decisions. And trying to get a good sense of where market, team and then that goes moving to drives our decisions. And we are very rigorous about this approach. We are not emotional about companies. We are not dogmatic. We look at ROCE, we look at EPS. It's the same way you are doing it.

And I don't want to dwell too much on the things where we had a wonderful track record. Of course, we've got some significant bets right? But I also want to highlight a little bit of what is the kind of phenomena, especially in the sector, a lot of things go wrong. You've seen a lot of competitors of ours that have lost a lot of money in M&A.

When I started as a young banker, you kind of get in tombstones for a deal. And obviously, after now these 30 years and aging, my office is busy, it's very filled with these tombstones. But I tell you what, I have some colleagues where some tombstones are suddenly disappearing. And that is something that you have recognized. And I just recently read the broker note of Craig Moffett visit to the doctor with the famous John Malone, every time I read something, if he's saying something and he said something about a competitor in the US who said we may not be the smartest, but we have lots of money.

So I think the best thing that we have done in our past, as we said no to a few things. And that demonstrates you a little bit that also in the future, we try to avoid car crushers in this industry. It's very difficult, and I have a lot of respect for my colleagues in the industry, don't get me wrong. It's very difficult to predict cash flow in this industry. Regulation can change, market structure sometimes changes. People are behaving irrational, if they are with the back to the floor -- to the wall.

So we basically said no tool out of footprint acquisitions. We look on a ROCE basis, is that premier justified in order to take a company in a different jurisdiction, and you haven't seen us doing this. We said no to major content and media acquisitions. We strongly believe in the aggregator model. And if you look to the US, how much money has been destroyed by others going in a different way.

We said no to adjacencies in the consumer side. We have built DT Capital Partners in order to invest in certain selected areas where we wanted to gain knowledge, I will explain a little bit what I mean by that. We have not wasted money in these areas. Actually, we gained some money, but what is even more important, we gained some strategic insights and some ideas of how to develop our portfolio.

BT is obviously our weak spot in terms of our track record. But keep in mind, what we were doing in that year was merging everything everywhere into BT to create the number one company in the UK on mobile and broadband was a strong idea that this may become an FMC company, an FMC leader.

We have not fully taken over BT at this moment in time. You have not seen us increasing our stake in BT at the time because we looked over the years at regulation, market structure, and politics. And therefore, there was over for us the conviction that we wanted to go bigger. But it was a wrong judgment call at the time. We should have kept (inaudible) under our ownership.

And we -- sometimes I would say we've got partly lucky, but also partly, it was a lot of work to figure out what is the moment in time when we want to divest T-Mobile Holland. What is the moment in time when we want to divest or partner on towers. And we got it right. Of course, sometimes you can get it wrong. I'm not predict on interest rates. But the good thing is we always go in M&A situations for strategic optionality.

We have a lot of discussions. We don't just focus on one outcome; we have many different outcomes. And then we can strike and have that prepared for many years. That's the reason why it's also a bit awkward for me to speak to you today because you want to have guidance and I cannot open

my keynotes and say, I'm working on this that and that. Of course, we cannot do this because we don't announce M&A, and you never know what the outcome may be.

But this is our clean sheet here. And this gives you an indication that what Kaiser Franz, our Tim brought to this company is a mantra. We look at ROCE, we look at risk return. This is not alien to us. We look not on a first come first basis. We look at force rankings. That's how we do about investments.

And so today, we are the rock in the storm, and we are uniquely positioned, and I really can say that at the last Capital Markets Day, we obviously had a big cow on the ice that we couldn't really disclose. But this time, I can clearly say we don't have a cow on the ice. We are very in a strong position. And the thing that we now have is great responsibility to invest the excess capital that we now have generated via our past decisions and past actions very intelligently for our shareholders. And that's what we want to do.

So let me quickly give you a bit of a brief snapshot of what was on our mind over the last three to four years. And that brought us actually to EUR27. And I remember that at the time when we had these Capital Markets Day, I promised Tim, I think we are at EUR20 stock, and he was hunting me for some significant period of time. And actually, we needed a deal with SoftBank in order to prove that which was a capital increase while we were at EUR17 or [EUR20], show me a capital increase at a premium, but we did it, at least SoftBank was convinced that I was right at that moment in time.

So what was the cow on the ice? Look, for us, the US is not a [nut call]. It's strategic to all what we are doing. And we are applying a lot of things that we learned here in Europe. This has a strong stewardship not to the operations and the day-to-day management, but to everything that has to do with capital allocation.

Keep in mind that we were the ones that basically standing in New York at the ashes of the transaction with AT&T in December 2011, and we really had a hard time. Of course, we had a break fee. But to do this and then to do a turnaround of this company at a moment in time when we couldn't even afford the iPhone. And I remember the discussion that Tim had with Rene over this, our other Franz Beckenbauer, that was really tough.

So just looking at this, this is strategic to us. It's not only financially very attractive. It's strategic to us to keep and have control. It's a Nasdaq registered controlled company of ours. It's unposted in the articles of associations and the bylaws that we control this company. And that's the reason why when SoftBank indicated that they want to focus more on AI, we thought we want to also, beyond the proxy, be in a position in '24 to have undisputed control over this company. We learned obviously some lessons out of the Vodafone, Verizon saga. And therefore, that was priority number one for us.

And like always, Kaiser Franz came and said, what you have, I want to have it all, typical Tim. He said, look, I want to have that we achieve the 50%. I want to still invest significantly, and I want to accelerate our fiber investments in Germany. We also want to deliver to 2.75, and I will pay an attractive and affordable dividend.

So we obviously had to come up with something because the EUR20 billion were not growing on trees. And so we took the challenge. And the challenge was as depicted here on the right-hand side that our leverage was at 3%, and we wanted to come down to 2.75%. We knew that SoftBank wanted to exit. We had a strong conviction that the stock price of T-Mo US will appreciate. We had a strong conviction in the deal, by the way, in Sprint. Not all in everyone. Now I have a lot of people who said, oh, wow, yes, I was clear about that.

At the time, to be honest, it was a very bold move. Now it looks like genius. But it took Tim a lot of time to convince a lot of people that this is exactly what we have to do and that the tower of this 2.5 spectrum that is now driving this company and the 40,000 and 30,000 towers that you combine that this network leadership that you now have coming from being the best value company and the best brand is a kind of winning proposition. That was at least clear to the kind of in our circle here, but at the time, it was kind of disputed and heavily discussed because the debt that we would take on Board and the potential skeletons that may be there on the Sprint side were all over us.

Obviously, we had also M&A execution risk, you never know. Yes, suddenly, the world is changing and then you cannot do a deal. And obviously, I knew at the time that we needed Holland and towers in order to generate the funds. We had a lot of discussion. Should we do an IPO of the towers, and I was fighting this. And I said, look, I think that's the best way forward. And I will explain why this now at hindsight, has worked out.

And then obviously, there were also some spectrum auctions coming our way. And we knew that Malone once said, we may not be the smartest, but we have a lot of money. You see what people have spent on C-band we want to defend our network leadership. This should not only be for three or four years; we want to have it for longer.

So this was a challenge. And then how did we resolve that over the last four years? So you don't wake up one day and say, I just sell the company. What we do is different. We take it on, we improve it. And then at the right moment in time, we find a buyer -- we don't exploit them. I think if you talk to (inaudible) today, they still enjoy what we have achieved together. So what we did in Holland is -- and it's kind of interesting to see there are a lot of -- this is the smaller sister company, call it of T-Mobile US because a lot of things that we have applied here, we are also applying in the US.

We picked the best management team. I think we had a very good management team and still there, still delivering also for the new shareholders. And we got them into a virtual equity scheme. Otherwise, you don't get the best breed for a turnaround, which clearly Holland was in 2016 at this moment in time into the company. Obviously, T-Mo US management is highly incentivized vis-a-vis the success of T-Mobile US, if you look at their compensation and how they are being compensated, pillar number one.

Pillar number two, we consolidated in the market. Market structure, Sringi. We bought in Smpel, an MVNO. What did we just do in the US, we acquired Mint Mobile. We did an in-market consolidation, Tele2. What did we do in the US? It was Sprint. And I can tell you, especially the Tele2 deal, I'm extremely proud that we got this through without remedies. This is what I mean by blood, sweat, and tears. It took us a lot of work and I spent so much time in Brazil at the time to convince that this is actually a good case.

So that was the first one that we delivered in '22, delivered about EUR6 billion. And there were two other aspects to it that I want to share with you. We also separated the towers before we sold this company for almost 9 times EBITDA. By the way, the towers have been acquired by Cellnex in a combination with DT Capital Partners. So DT Capital Partners has a stake in those towers.

And then we did something together with KKR. You may not know that, but we own a part in ODF, which is Open Dutch Fiber. Who's our partner? KKR. Just look at the blueprint of this transaction. It's not 100% similar to what we do in the US, but who is our partner on Metronet? It's KKR.

So you see this is how we think. This is what we do. We pruned this asset. We make sure that we are not having our back at the wall when we have to sell something. When we want to sell something, we want to get top dollars for it because we want to reinvest it into something which I indicated before.

Second, on towers, we had so many discussions on towers. I spent so much time with my team on the road discussing with Cellnex, with TOTEM, with Vantage. And obviously, with a lot of financial investors and I'm really glad to say that we picked the right moment in time for this premium asset. And I can tell you that I think we picked 100% the right partners for us at this moment in time because they add Brookfield and Digital put so much value to this asset that our 49% will appreciate significant in value, and we still have a lot of option value on this company because we have a consolidation court.

So on top of it, I have other very smart people in my team who understand corporate finance. And they said, look, maybe we do some transactions with SoftBank. They have been locked up until '24, but they wanted to have earlier liquidity, and they believed on this liquidity, they may do higher returns than on T-Mo US. Second, on towers, we had so many discussions on towers. I spent so much time with my team on the road discussing with Cellnex, with TOTEM, with Vantage. And obviously, with a lot of financial investors and I'm really glad to say that we picked the right moment in time for this premium asset. And I can tell you that I think we picked 100% the right partners for us at this moment in time because they add Brookfield and Digital put so much value to this asset that our 49% will appreciate significant in value, and we still have a lot of option value on this company because we have a consolidation court.



So on top of it, I have other very smart people in my team who understand corporate finance. And they said, look, maybe we do some transactions with SoftBank. They have been locked up until '24, but they wanted to have earlier liquidity, and they believed on this liquidity, they may do higher returns than on T-Mo US. So obviously, we did some options trades. And in order to provide for earlier liquidity, the famous \$100 stock options that we got. And second, we did a DT share swap at a premium, where we basically exchanged almost 5% in DT for 3.6% in T-Mo US. This was all helping us to get to EUR14.3 billion of proceeds and 3.6% in T-Mo US. And if you all put this together, and we finally we're almost there at the 15.4% that you see here on this page.

And if you ask ourselves, how much did we pay? You see, on average, we paid about \$120. Keep in mind, we had a strong conviction in '21 that the stock is going to appreciate. We wanted to execute as fast as possible. We locked in \$120. And today, at today's share price or last week's share price, this is a significant value creation for our shareholders. And on top of it, we obviously managed to compensate for spectrum. A lot of spectrum in the US, EUR14.6 billion. We had then the crown lease hit of the tower lease extension. But overall, we managed to come into the corridor as we have predicted.

So going forward, now we are coming to -- from Kaiser Franz to Jerry McGuire show me the money. And obviously, we have to be very careful and very responsible of what we are doing now over the next four years because we've never been in this position. We've always been -- someone was looking at our wallet and said, where do we find the extra call it bullet, the silver bullets.

Now, we don't need any silver bullets. What we have is flexibility and optionality. And to be honest, I'm really excited about this because there's a lot of stuff around us. A lot of things that I honestly believe I will not sell my shares. No. Not a single one. I think I will see significant personal wealth creation by being a shareholder and helping that we are moving this way.

And what kind of levers do we have? I think that DT is undervalued, yes. Tim knows that I said that we will certainly be above EUR30 next year. And the reason is we are growing at double-digit EPS, not only for the last three years. We even guide for the next few years. I was still trading at 13 times PE, which is kind of, I think shareholders do understand that we care for them. We increased now the dividend. And this obviously is putting it higher and higher for the future. And then, our stop for some reason moved down from EUR65 billion to EUR50 billion. And I think you -- for [Dominic's] business, if we just look at this with 4% of our EBITDA growth, how fantastic this business is. This alone is a cap in my view, you basically get the rest at Deutsche Telekom almost for free.

And then, we have something where we have to work on. This is the reason why this flywheel has changed, global scale, AI we have 300 million paying customers. If not us, who else would figure something out to utilize the scale and that is the key task for this team, for our team here ahead to figure out what we do about this beyond poor procurement.

We still have the best premium asset, I believe, the tower asset in the German marketplace. I show you why I believe it is a premium asset. And as I said before, a few years ago, when T-Mo US was a kingmaker asset, we moved also away from that. GD Towers is the kingmaker asset for European tower consolidation. That doesn't mean and let me say that loud and clear that we are in land grab mode. We are on higher but mode. We will participate, but it doesn't mean that we are now buying other tower [cost]. We still have optionality around BT. Shareholders have changed. We spend a lot of time on it. We look at it on a regular basis, and we have the DT tech fund to which I will come in a minute.

But to be one thing very clear. Also, we say that as shareholders of this company, first thing we always start with is dividend, DT share buyback, and increasing our stake in T-Mo US. There, we know what we get. That's our benchmark for anything that comes on top of it. And this bar is quite high because I think both offers, whether DT or the T-Mo US, very promising returns if you invest your money in that.

I explained a little bit on the discount. Obviously, we can argue ours about this, whether that's fair or not fair and whether there is actually a discount on T-Mo US or the other way around. But what is clear is that we grow faster and have a better portfolio in Europe than our competition. And if you would apply this metric as it was as here, then you basically see that we are trading at about 4 times EBITDA. That cannot -- something is not right in that system, and we recognize that. And that's also the reason why we actively consider DT share buybacks, yeah. Like [Warren Buffett] always said, you have to look at the intrinsic value of your asset and if it is significantly higher than your share price, then you should do a share buyback.

And so we do recognize this and there, the EPS growth. As a reminder, Bernstein Robin, at the time in 2010, we were trading at 12.6 times P/E despite a kind of flattish to be nice EPS growth rate. Now, we have a strong portfolio. We don't have any weak links. We have grown by 10% on EPS, and we are growing by 11% based on our guidance. Why on earth are we still trading? at 13 times or 14 times P/E. So I think this in itself offers us a lot of opportunity. That's the reason why we give us some flexibility to address that, either with share buybacks always something else.

And in the US, I think the US story is not over. It's really interesting to see. I obviously had a lot of hard [smarts] as we say, in Germany when we had to sell T-Mobile Holland. I spent so much time there, and I like the team a lot. We have given the company to someone else at that moment in time when we really were getting out of the woods. It takes some years. We invested a lot of money in the network in the Netherlands. We pruned this market, developed this company into a good position, and then we had to depart.

Now, we have a challenger that moved into a champion. And I think Mike and Peter have been excellent yesterday of outlining what kind of opportunity this means not only in terms of winning more market share. But moving this company to a position where even large customers are saying, this is my broadband and my telco provider.

Let's talk a bit what we have done. We have done significant M&A, by the way, over the last 18 months, much more than you actually think. What do you see is Metronet and [Lumos]. And just to be 100% clear, this is not a defensive investment. This is a so-called adjacency but I like that a lot, much better what you have seen in the past adjacencies when mobile-only operators had a lot of cash and try to hijack certain business models in order to broaden their product portfolio and moved into B2C or software services.

MetroNet and Lumos is core. We understand that. We are a fixed line provider. We teamed up with the same kind of party, which we've teamed up in Europe. We have high regards for KKR. They know what they are doing. They are co-investing in Metronet with us. It's for them also a big step forward. And what we bring to the table is not only the knowledge how to set up such a deal. And guys, keep in mind, these kind of deals, and we have done now many of them. It's not only Open Dutch 5, it's IFM in Germany. It's in Austria. This requires a lot of knowledge.

I'm very happy that I have my team because the MLA and the kind of provisioning -- the kind of what you do if someone is not delivering in time while you are delivering retail, it's very -- the devil is in the detail. And I think we contributed greatly to what is done there. But on the other hand, I also can tell you, I was kind of shale shocked to see the economics in the US market. it's -- if you compare that, obviously, to what we are doing here, where you see lower CapEx, much higher ARPU and much higher penetration, wow, that is interesting. They showed you yesterday, 20% IRRs that is not that is not US marketing. It's really what you see there in these markets.

Obviously, we'll see over the next three, four years because a lot of people are now in land grab mode, yes. But I think the way we have done it in order to counter and adjacency is a very smart one. We've not bet the firm on it. We've done it with partners, and we bring to the table what I think is best from our perspective, which is a brand and the shops, and that will help us on retail. In market M&A, everybody knows, everyone can come to me and say, I want to do in-market M&A, and my door is wide open. Yes, USC, we'll see whether this idea comes to the finishing line would be a fantastic transaction for us.

I also think very much needed for USC and Mint has really helped us on digital and prepaid and we will see that these things, although they are only on the net debt side, but not on the benefit side and EPS, our free cash flow will significantly boost our trajectory. So I'm very positive on the US. And yes, there may be more. Yes. As Mike said, we are not working on anything right now, but we are already looking at opportunities on constant basis. We wait for the right thing that comes our way. It will be very interesting to see -- you saw that Verizon bought Frontier, do me a favor and have a look at the proxy filing. I just don't say any more like that. I just have a look at that time.

We are not the guys who are rushing into something and then taking decisions. For us, it takes a lot of time. We had our first workshop honestly, you have to remind me, I think in '22, '21 was the US guys on fiber and how we do this and how we set up deals and what is important, what is not important. And it takes a long time for us to take a strategic decision.

GD Towers. My little favorite asset in my little portfolio here, it's a fantastic market for a tower company. Hard to say for Srini, but yes, there is some competition in that market. And Srini is investing a lot of money, I think, very wisely. And he knows that he has us on his side and the good thing



is this company can perform. You've heard a lot of noise about that some parties couldn't get towers in time we deliver. Just look at this build rate 5,000 over the last few years and 4,000 for the next year. So we can build at scale and there is demand.

What is even more important is our let's say, competitive advantage. We have 31,000 towers in Germany, while Vodafone has 20 as a comparison. Or we have 12,000 ground-based towers in the rural regions, while they may only have a third of that. That is a source for colocation revenue, and that is coming in. And that we saw after Vodaphones, kind of desperate move on one in one. Now everybody is striving for network differentiation and network leadership. So they are knocking on the door and that is driving what you see on the right-hand side, the outperformance of our initial business plan.

I also have to say, I'm very proud that we have Brookfield with (inaudible) and Digital Bridge with Marc Ganzi on our side. They have created tremendous value for us. If you look at Digital Bridge, they are street fighters. They know what they are talking about. Our operational efficiency, what we've learned from them and their people on our team here is significant. And then on Brookfield, we will make a few announcements around our corporate structure of this company about the diligence of looking at numbers and trajectories has benefited us as well. And that's the reason why I think we are truly and utterly a EUR1 billion EBITDA company fairly soon.

And if you just look at this little company here for a second, I bet this is a Deutsche 40 company if this would ever go IPO. Don't forget that it's the 49% ownership of Deutsche Telekom. We are currently carving out our Eastern European towers, roughly 12,000 towers, roughly about EUR100 million, EUR120 million of EBITDA. We are using this as a chip. It's not it's not that we are going to contribute it into GD Towers. It's something that we have separate that we will use in the potentially upcoming tower consolidation.

Of course, I'm still a believer that I think we should have a stake in a company that is the leading TowerCo in Europe. I don't need a majority, but we want to have a significant stay and a significant say in order to protect our network leadership in Germany, but we are also very willing to propel and improve the operations of our Tower Co.

There are large tower cos in the US. And I think between Cellnex, Vantage, TOTEM, there should be some form of combination over the next few years. I always joke that Cellnex is a little bit our sister company, learned so much from -- to (inaudible) in the past, the former CEO, we like, obviously, Marco Patuano, Telekom Italia as CEO. This is a great company, and we always look up to them. what they are doing. And on the other hand, you have Vantage, and you have total. We'll see what's going to happen. We have strategic optionality. If you want to have the leading European tower asset, I think you cannot avoid us.

And so we will play a very important role in this potential consolidation. DT CAP, the other thing I'm responsible for is a very nice thing. I inherited T-Venture in 2015, 2016, which was not generating great returns and we started on a journey because we wanted to invest and make money. And also have a strategic benefit because otherwise, we could have given the money to another fund. And to be honest, I learned a lot. Some of the value creation you have seen here is also thanks to the investment that at TD Capital Partners have done.

First and foremost, Tim always said, if you start with that, I don't want to lose any money on this stuff. And second, let's clearly define where we want to invest. I don't want to invest in something very broad away from the core. So we said infrastructure and gross equity. And what you see here on the right-hand side is all the stuff that our B2B people were talking about.

We invested about EUR900 million right now. We got EUR600 million back and the value of the portfolio is about EUR1.4 billion. Where did I learn something from it? First thing that we did was joint venture with Cellnex to acquire a part in the Swiss towers in Switzerland from Sunrise. That's the reason how I got to know to [Tobias] Alex, the great team that was at the time at Cellnex. And we obviously also co-invested with them in the Dutch towers. I learned a lot about the tower business by talking to these people to the best in the market. And that's the reason while we have done what we have done around our tower business. That's the reason why we've transacted.

That's the reason why we carved it out. That's the reason why we said it separately. Second, we have a stake in community fiber in the U.K., which gives us a good sense of what is happening in that market on the net side. We have a stake in ODF fiber, and this led to us led to a few things like, for example, in Germany, our fiber deal or the US fiber deals. We learned a lot via these transactions and data centers we just discussed, we have

a stake in mine cubes, which is sovereign governmental contracts, very interesting and very much ahead of the time, and we are working on a project [ex-caliber] will be data AI centers.

Not -- to be clearly said, we have minority stakes in there. We partner with the best of the best in the sector in order to learn what is happening and in order to facilitate business for (inaudible). On the right-hand side, I just mentioned only one thing, Aryaka.

We just discussed the switch from MPLS to SD-WAN. We already invested in Aryaka in 2016. And obviously, the CEO, (inaudible) the team have a lot of discussions because it takes some time for an incumbent some period of time to figure out what is really happening on the software side. And that helps to change that MPLS is not the answer for all and everything in the future. So that was successful. And now we embark again, I'm a conservative Nordic person on something small, which is -- on the previous slide, you have seen a strategic benefit, but IRR focus.

We really wanted to make money. Here, what we want to do, we still want to make money, but IR is not prior one strategy is [Prio 1]. We now have a team that over the cycle since 2016 has delivered in this space of investing in other companies. And a team, I also mean that we can own companies and that is the idea here that we nurture on the site. They are not being let's say, overwhelmed by the big DT. You want to have entrepreneurs that are still can run their company on an arm's length basis vis-a-vis DT. And it's -- that's the idea of the tech fund.

We have this unique scale. There is something happening in our industry, which is big, and we have a proven track record and why don't you bring this all together. So we've allocated EUR2 billion. We will build this up, and then we will make investments again in a very narrow space defining what you see here in the middle in order to improve our strategic positioning and learn.

So finally, from, call it, France to [Jerry McGuire] show me the money, which you see on the right-hand side, accumulating increase too high but no land grab. I saw that in the (inaudible) we are here at (inaudible), and he has written a funny note that this hopefully is not an indication that we are now using this money to land grab.

No, guys, I promise. This is (inaudible) it's like if you take a stake from the grid, it needs to rest a little bit, yes. And I think we should enjoy this moment in time, and we'll figure out. We will be good stewards of your money to always start on the right-hand side with a share buyback or increasing our [TM] US stake. And we want to keep the flexibility. You should not assume that we are now pumping all that money into a TM US stake because we may want to address the DT perceived undervaluation by us.

And we will play this against each other. And if on the way, there is a very compelling strategic opportunity, then we will utilize funds for that. That's how we think, that's what we do. And that's the reason why I now want to stop here on time, because there's a certain correlation. We had our first Capital Markets Day where I was present in 2018, we had a stock price of about [EUR13 million].

We moved it up to about [17%], and we are today at [26%]. So [4.7%]. So the next one should be [EUR10 million]. So at the Capital Markets Day in '27, if we are then not at [37], [38], it would be a disappointment in, right?

So I don't want to stop here. Keep in mind, Kaiser France is still making sure that we are not making anything s\*\*\*\*. Jerry McGuire will come on stage in a minute and shows us the money, which is Christian. And we are in the higher graph, no land grab mode, and thank you for your time.

---

**Christian Illek** - Deutsche Telekom AG - Chief Financial Officer, Member of the Management Board, Responsible for Finance

I need my presentation, if possible. Most things have been said. So let me summarize quickly and add some flesh to the bone. And in order to get started, I'd like to have the presentation.

Let me start with the key messages and you've heard this from the team over the past two days. We have absolutely delivered on the last Capital Markets Day commitments and we will also deliver on this Capital Markets Day commitments. What you see in our plan is a strong top line growth, but also a strong EBITDA growth, which is happening on both sides of the Atlantic. And you're going to see a very strong beyond 10% EPS increase and also a ROCE increased to 9%.

What we're going to do with the excess increase of EBITDA in the ex-US business, we will both spend this into extra CapEx, but also into increasing free cash flow. We heard about our dividend communication yesterday, EUR0.90 plus the EUR2 billion share buyback for '25. And that's obviously something which we feel is positive news. And we were talking about the extra EUR15 billion of surplus, which we're going to use and Thorsten said earlier today, predominantly what we're seeing right now, either in share buybacks or T-Mobile US share increases, but we also keep a little bit of flexibility because three years is a very long period of time, you don't know what's exactly happening. So we have to have some legal room here.

So this is the review. I don't repeat it very long. We tripled free cash flow over the course of the last Capital Markets Day period. We beat our EBITDA guidance as a group, but also in the ex-US business, the ROCE will be at the end of the year beyond 6.5%. And as we said also in the Q2 call, the adjusted EPS is north of 175. I think as important as those numbers are obviously the strategic targets getting beyond 50% in the US actually getting into the leverage corridor in the second half of this year.

So in Q3, that number will be below EUR275 million. And obviously, we adhere to our dividend policy and paying out 40% to 60% of adjusted EPS. And what you've seen so far was bang in the middle was 50%. So let me repeat this because this is important. We're always talking about this flying wheel. If you add cash CapEx and spectrum spend over the last four years, that adds up to close to EUR90 billion. This is why we are generating above-market share customer acquisitions on both in the fixed line as well as on the on the mobile business.

And what for me is important is consistency. And if we go into the penultimate CMD and basically taking a look at our track record, you see that on average, we have grown service revenue in the vicinity of 3.5%. 2020 was the corona impact, especially in the European business. by loss of roaming revenues and IT revenues. But bottom line, this is very much consistent in terms of delivery. Same was true for EBITDA, it's roughly 7% over the course of seven years. And if you take a look at the free cash flow, obviously, that was the acceleration coming from the US due to the synergies which have been generated constant increase.

And adjusted EPS was almost linearly growing to Grader 175. I think that shows that this is not only happening over the past four years, but also in the previous four years. Coming to the ex-US business and stop -- let me start with the middle of the chart. As you know, we're measuring ourselves with these traffic lights. And obviously, when it comes to net cost reduction, which we promised was EUR1.2 billion, then this thing like inflation hit us.

So we delivered basically right? So you see how it pans out. Germany, the region Germany actually had a net saving of north of EUR300 million. Dominic was talking about the cost increases in Europe. We couldn't manage the energy cost increases, and the salary increases. So there was actually an increase of EUR200 million at a T-Systems changed the business model to a certain degree. We have a higher share of digital solutions, which obviously is a people-driven business, which led to an increase of IDC on the T-Systems business.

Still, we outperformed on EBITDA, and the reason was volume growth but also value growth, especially driven by more for more. And that led to basically an operating leverage improvement of 5 percentage points IDC as a percentage of service revenue. So how does that translate to free cash flow? So the commitment which we have given in '21 was EUR4 billion. But Thorsten was saying what we have sold in order to get to the 50%. So if you deduct the Dutch business, the tariffs business and also the fixed line business in Romania that would reduce their free cash flow number by EUR500 million.

So we delivered what we promised, not more, not less. Not less because our EBITDA was higher than expected. That helped, not more because we have two headwinds. One was obviously interest cost which increased by 200 basis points over the course of the period. And the other one was we spent higher CapEx, especially strategically in Europe. And also, we had to face some cost inflation on the CapEx side when it comes to construction. What we don't factor in is obviously the dividend which we're receiving from the US despite the fact that technically would account for free cash flow ex US.

So leverage, I think, to be honest, we didn't have line of sight as we communicated the EUR275 million back in '21, but I'm happy that we got there. So you see a -- on the leverage ratio, we are below [275] with leases or below [EUR2.3 billion] excluding leases and all the other ratios, which we're committing ourselves, whether it's been equity ratio, the liquidity reserve is well above the next 24 months.

And also the rating is the bang in line of what we wanted to achieve. payout, you see our progressive dividend payout over the course of the past years with a EUR0.90 announcement from yesterday. And obviously, we're happy with the TSR and Thorsten have given you an indication where the share price is at the next Capital Markets Day. So stay tuned. Okay. So this is basically the testament of what we have delivered, and that is basically in the past. So let's look forward and take a look at what we're trying to achieve going forward.

So the strategy. First, I think what we as a management team do is strike the right balance between having a long-term mindset. This is why we're so dedicated about fiber investments, for example, while at the same time, delivering short-term results. And I think this is not a contradiction. You see a highly experienced team, and I think that's an advantage because this team who's given the commitments is also the team who is defending what we have to deliver, right?

And what we're trying to do is kind of always a balanced capital allocation. So we want to have a balance between customer acquisitions and profitability. We want to have a balance between investments and shareholder returns. I think that's our philosophy. You have seen us executing especially in crisis mode quite successfully whether it's been the corona crisis or the Ukrainian crisis, we found measures in order to mitigate those headwinds. And I think you can bet on us this is going to happen in the future as well.

Where is the acceleration coming from? Well, we're spending our surplus on EPS accretive investment opportunities being it the US or been in the share buyback, so that will help us to drive EPS going forward. I'm getting through the final numbers later on. So this is what you see as a commitment for the group going forward. EUR21 billion of free cash flow. And let me remind you what Peter said yesterday, that includes a EUR5 billion federal income tax drag in '27, which has to be spent in the US 9% ROCE, which is well, well, well above the WACC independent where the interest cost interest rates are going to. I think very good EBITDA growth ambition for the group four to six ex US three to four, and EPS is growing by roughly 50%, greater than 50% over the course of the upcoming period. These are the numbers, I think, from the US. We have presented them yesterday. I don't have to repeat them.

Let's focus on ex US. So ex US, our aspiration is to grow by 2.5% to 3%. And 3% to 4%. Obviously, we will increase CapEx to a certain degree. If you take [23%] as a baseline, it's roughly EUR0.5 billion or 21% of service revenue, and that will lead to a slight increase in free cash flow. So you may ask yourself, why is a EUR2 billion EBITDA increase only translating in a EUR300 million free cash flow increase, right? And let me give you the explanation.

First of all, the EUR2 billion EBITDA increase comes with a 25% tax burden, which accounts for EUR500 million. Secondly, as we are investing into the surplus right? And we don't delever. Obviously, we have to finance this. So if there's a EUR15 billion, which is going to be reinvested into the business and you take the current ex US interest rate at 4% and it's EUR600 million, then you deduct the taxes to north of EUR400 million out of the EUR700 million column, which basically brings down the EBITDA.

The second one is we're spending about EUR200 million more into pensions, which basically brings down our pension deficit and then we have some working capital and sale and leaseback effects, which basically account for the EUR700 million, leaves us with a wiggle room of EUR800 million, of which we want to spend roughly EUR0.5 billion into CapEx. So you see the slight increase of roughly EUR300 million of free cash flow increase into the business. I think we have so many opportunities right now to spend into the business. I really appreciate that the teams have good ideas on how to accretively spend into the operational business.

And therefore, I sacrifice a bit of my free cash flow growth ex US, and also, I'm sacrificing as we're getting later on the leverage because we have changed the leverage target a bit relative to the previous time. But let me start first with the IDC. You see here that our operating leverage has improved over the course of the period in the last Capital Markets Day '20 to '24 by 5 basis points. This is the new metric. It gives us more flexibility how we want to measure our productivity increases.

Going forward, we aspire to get 3% to 5% improvement. This is a little lower than the previous one. This is very much driven by the German wage agreement, which we had. And Claudia was talking about the main drivers for this gross saving of EUR1.5 billion. So EUR700 million, this is purely OpEx is coming from artificial intelligence. This is, of course, labor productivity. So we shouldn't fool ourselves. You have seen, to what extent things are going faster through the systems and obviously, that frees up capacity. You see the network's scaling over EUR100 million.

There is the classical stuff, which has to be done in any case like real estate optimization and procurement, real estate selling has become a little tougher nowadays since we have this home office philosophy anyway. And there is a long tail of initiatives, which account for EUR400 million which the largest is shared services. So -- but this is necessary in order to achieve our 3% to 4% EBITDA growth in the ex-US business.

Let me turn to ESG. We have conducted a sustainability day back in 2022, where we basically have given ourselves targets what we want to achieve. You see we are broadly in line with our aspiration but let me pick out two critical items. The one is green PPAs. We said we wanted to be at 50% by the end of '25. We will be at 50% in Germany, but it's hard to strike attractive -- financially attractive deals in Europe in order to get there. So that's going to be a big challenge so far. So we have to have to make sure that we strike the balance between having green PPAs while at the same time, having financially attractive deals on the table. And the second one is also circularity, especially in the mobile space. which obviously needs attention.

Let me move on to Scope 3, which is obviously the biggest driver for CO2 emissions. You see that they account for 98% of our total emissions. We have basically secured that 51% of the procurement purchases SBTi aligns so far in order to meet our target, which is a 55% reduction but that will -- in 2030, that will require a lot of work, especially with the suppliers. We actually put some [teas] into the supplier selection process so that alignment with our strategy, obviously, is accounting into the decision-making process for suppliers and we're also working with customers and providing them with a completely recyclable packaging and all this stuff in order to meet those targets.

I think we don't get any kudos for this. but I think it's worthwhile to mention. The services, which we are selling to our customers are saving 5 times the amount of CO2, which we emit. But nobody is accounting for this, but I think it's noteworthy to mention. So this is good news, spectrum. We spent about EUR15 billion of spectrum proceeds in the past period.

And that led us to a position that we have a clear leading position in the US. We have a leading position in Germany, we have a competitive position in the European segments. Some countries have a leading position. Others don't have a leading position on average, I would call this competitive. But if you take a look what's at the horizon, there is no big auction coming. Neither in the US nor in Germany, we expect there's going to be the five-year extension nor in Europe.

And the last one, when we come into leverage is, we have given ourselves a new target, so it's not the quarter of [2.25] to [2.75]. I feel comfortable with the [2.75]. We all feel comfortable that we're basically at [2.75] that we don't have to go down to the midpoint. That secures our rating, which is BBB+, and that's the new guardrail what you also see is, I think, a healthy development of maturities on both sides of the Atlantic, whether it's being Europe, which is the agenda part or the gray part versus the US. You also see our liquidity position.

We have EUR14.5 billion of liquidity at hand if we need them on the ex-US business. So I think this is something which gives you comfort also in developing the business going forward. Our dividend policy stays the same. 40% to 60% of adjusted EPS. We have now announced the [EUR90 million]. The payout next year is around EUR6.5 billion. So I think that's an attractive package, and we will decide every other year on how we basically spend on dividends and share buybacks.

Coming to our most important chart. So if we're delivering -- we're delivering 4% to 6% adjusted EBITDA, the US announced their capital allocation. So the capacity of [EUR80 billion], of which [EUR10 billion] is allocated to committed deals [EUR50 million] up to [EUR250 million] for shareholder remuneration and an extra capacity with no clear plans behind. Peter was very vocal about this and no force ranking, an extra [EUR20 billion] on their balance sheet to have wiggle room in the upcoming years. And if you basically keep the leverage at [2.75], you get a significant headroom.

So if you take that had room and you deduct the necessary investments into the business. If you deduct the future DT dividends beyond what we're also paying out in '25, if you deduct the share buyback of EUR2 billion next year, you are still left with more than EUR50 billion of extra headroom. And the primary purpose of this extra headroom is either increasing the T-Mobile US stake and Tim said yesterday, if we would go 100% into T-Mobile, yes, we were in the high 50s, but we want to keep flexibility any other year, whether we're going to invest into T-Mobile US or whether we're going to invest into an additional share buyback of DTI given the undervaluation. And we need to have some wiggle room in case something's happening, nobody is seeing right now. So that's the way how we want to spend the surplus.

And that gets me to my last chart. Since we are measured on EPS, you see how the [EUR2.5 billion] are basically being built up, obviously, is coming from the operations. plus the extra invest either into T-Mobile US or DTAG share buybacks gets you to [EUR2.5 million], but there is additional potential, which we haven't quantified. We talked about global scale yesterday. We talked about beyond core investments. And obviously, the US said whatever you have committed as M&A is not being built into our numbers.

So for example, US Cellular would come on top of this. So that is kind of how the EPS is building up. I'm with Thorsten on the earnings multiple. We're leading in many respects, but we are not leading on the P&A ratio in our sector. So let's see where the market is changing its mind and obviously, we maintain our dividend policy as we've stated it. And with an increasing EPS, you can expect an increasing dividend.

That gets me to an end and to the discussion. Thank you.\

---

## QUESTIONS AND ANSWERS

**Hannes Wittig** - Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)

We're staying here down yes, straight away. And then, be joined by Tim and Thorsten and the other members of the management team are available for any questions that might concern the areas as well.

And so now the question is focused, of course, on finance and capital allocation. I mean actually meant to sit here, but I'll do it. Okay. And let's start with Robert, yeah.

---

**Robert Grindle** - Deutsche Bank - Analyst

Yes, Robert from Deutsche Bank. I'd like to go back to the towers question, please. I think Thorsten said, you need a significant stake in the future to look after interest on a consolidation of towers, assuming you don't put new money in, your stake would fall. So if you're happy with a lot less than 50%, why not 0% T-Mobile doesn't have any towers. What is it about having that stake for the long term does sort of protect your interest given you've got a cheap stub? Thanks.

---

**Thorsten Langheim** - Deutsche Telekom AG - Member of the Management Board, Responsible for USA and Group Development

Thanks, Robert. Look, it's a combination of a few things. Number one, it's always to have a stake in order to protect your own operations and make sure the customer first. That's point number one. And point number two, it's a very attractive asset class. And I do believe if there is a market leader, a go-to investment then this tower asset would be a go to where a lot of investors have to spend their money. And then thirdly, have one successful platform, one team, I learn now a lot from Digital Bridge and Brookfield of how you can improve operations. If you then roll in other operations, I think that could have a significant benefit.

So I believe in two things. And that doesn't mean that we need to have majority of our control, which we don't have right now. we need to protect our network leadership, number one. You also see that we are obviously very flexible enough to let others on our towers to make all in everyone happy. And second, I think there is some more juice in the European tower space if the market is going to consolidate.

---

**Hannes Wittig** - Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)

Thank you. And I forgot to say, please restrict yourself to one question. Now, we can go around again, but -- so we make sure everybody gets the opportunity. Akhil, next?



**Akhil Dattani** - JPMorgan - Analyst

Hi. It's Akhil Dattani from JPMorgan. I've got a question related to the group as a whole. And Thorsten's linked to the comments you made around the US. If we look at the last three, four years, we've seen the weight of the US, and the group continue to scale. We've gone from 62% of EBITDA three, four years ago to 68% today.

As you've slightly scaled down your European assets and double down on the US. And if I guess, if we look at the next three years in terms of what you articulated at the CMD, it's sort of much of the same. We've got growth in the US faster we've got M&A in the US, not M&A in Europe. And so we're likely to see the US weighted EBITDA grow above 70% and beyond.

And I guess what I'm trying to understand is three very quick things around that. I mean one is, to what extent should we think about this? I guess these questions come up from time to time. How do you think about it as a management team, this ongoing weight increase of the US?

The second bit is how does that tie into Tim, the comments you made yesterday about T-Mobile buybacks and increasing your stake versus your own buyback and does this feature is this relevant?

And thirdly, obviously, you've talked about the valuation, the stock valuation being cheap. Do you think this plays a role that you've got a growing US piece where the minorities are growing? So it's quite a broad question, but just to understand how Timotheus, how we think about that? Thanks.

---

**Timotheus Hoettges** - Deutsche Telekom AG - Chairman of the Management Board, Chief Executive Officer

Okay. I start, by the way, more with the governance question. Look, at the end of the day, we have a clear governance. We are the owner of the US. And we have a lot of rights in this company guarantee this well for the future. Toward that, we have a great strong partnership with SoftBank and (inaudible) and his team, which is, by the way, giving us as well. Impact on these companies.

We're always looking for the growth and the opportunities in the US in the interest of the US And by the way, that's a win-win. We do not have a kind of conflict here. So therefore, this is -- the governance is not the issue. We have a clear issue. The question which you have implicitly is are we aligned always aligned on the way going forward, where we want to go and how we want to go. And to be honest, this is always a discussion which I have with Greece as well. We don't earn more shares increase as well.

And we have to convince our Greek management as well and our partners there. So far, so good, went pretty well. Take an example, this fiber build-out, which we are driving now in the US is 100% aligned with our ambitions, which we are doing here. And so therefore, even it's a blueprint which we had here in Europe, which is now somewhat used in the US. And that shows that it's more convincing people about, let's say, what is the right strategy and the right thing to do.

So I think from the governance rights, we are well protected. If something would happen, we are the owner of this business. and we're always trying to find an alignment on the strategy for this business. And that is so far good. There are always changes in the management have been in the past and will be in the future. But we are always behaving in the interest of the company.

---

**Akhil Dattani** - JPMorgan - Analyst

Sorry, it was just on the T-Mobile, I just wondered how you think about how we should try and rationalize the T-Mobile stake increase versus buyback, just how should we think about it?

---

**Timotheus Hoettges** - Deutsche Telekom AG - Chairman of the Management Board, Chief Executive Officer

I thought Christian or Thorsten should say something as well because I'm not the only worker here.



---

**Christian Illek** - Deutsche Telekom AG - Chief Financial Officer, Member of the Management Board, Responsible for Finance

Look, this is why we want to keep flexibility. It's now the second time in a row that this management actually is conducting a share buyback, clearly stating that we feel that this top valuation is absolutely too low. And if this continues to be the way, obviously, there's a rationale for DT share buyback. But if it disappears, obviously, then the other alternative, which is also a great alternative becomes more attractive. And I think this is why we want to keep the flexibility on both sides.

---

**Hannes Wittig** - Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)

Maybe as a little fact. Of course, the consolidated view that you have cited impacts the EBITDA. But when you go at the earnings, which is a key KPI for us, it's about 60-40. So it's not quite as imbalanced. And that's, by the way, 2027. The other point is both share buybacks of Deutsche Telekom. And not increasing our T-Mobile stake are both accretive uses of our capital. David?

---

**David Wright** - Bank of America - Analyst

David from Bank of America again. I've got two. So I've got to choose one here. So my understanding, Christian, is your EUR2.5 2027 EPS to [EUR0.05] includes the benefits of the allocation of EUR15 billion. And the single most important driver of your share price historically, it's not the stock trade, it's the dividend yield, right? I think that's been proven, we broadly agree.

So the dividend, the most important thing in 2027, that dividend paid on this EPS number which has EUR15 billion of benefits, which you won't explain. So it's quite hard for us to understand how to get to that EUR0.05 when you're saying this EUR15 billion, but you won't tell us what you're going to do with it. So can you give us -- how do we think about that?

---

**Christian Illek** - Deutsche Telekom AG - Chief Financial Officer, Member of the Management Board, Responsible for Finance

The simple answer, this is why we said around EUR2.5 because there is a difference between the share buyback in the US and the investment in the US. And it's after the dividend payouts, right? I said -- so obviously, we assume there's an accretion in dividend payouts given our policy. So that has all been deducted, and the left over is the EUR15 billion. Okay?

So -- but I won't become more precise. Obviously, we have the scenarios in place if we're going 100% US or 100% share buyback, and that leads to a deviation, right? It's not a significant deviation, but there is a deviation but we want to keep the flexibility to decide whatever is the best venue to follow.

---

**David Wright** - Bank of America - Analyst

And the decision between the two, assuming there's no industrial opportunities, and obviously, Tim has ring fenced its own cash for that. If we think about today's share prices, this is maybe a question as well for the rest of the new management team, which side of the funds you tipping over right? More DT share back or more team shares?

---

**Christian Illek** - Deutsche Telekom AG - Chief Financial Officer, Member of the Management Board, Responsible for Finance

Yes. And it's not only a financial question, right?

---

**Hannes Wittig** - Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)

So, look, David, look at what we are doing right now, EUR2 billion share buyback this year, EUR2 billion share buyback next year. We are not currently selling into the T-Mobile share buyback either. So we are doing both right now. So maybe you just work with an assumption related to this. And but we will not be deterministic on this one. Thank you.

Next is Josh.

---

**Joshua Mills** - BNP Paribas Exane - Analyst

Thanks. Joshua Mills from BNP Paribas Exane. So the team is a team yesterday made the point that whilst their financial targets are ambitious, they don't include all of the upside from the even more ambitious operational targets. And I think [Claudio] earlier was also mentioning that there could be additional upside in areas like AI.

So my question is, how conservative is the guidance that you've been presenting towards over the last few days on the ex US business and more would be the two or three big swing factors to think about over that period, which will determine whether you end up at the low or the high end of those EBITDA ranges? Thanks.

---

**Christian Illek** - Deutsche Telekom AG - Chief Financial Officer, Member of the Management Board, Responsible for Finance

Look, I would say it's a realistic guidance, and we always have the ambition to beat it as we have done it over the past two CMDs.

---

**Mathieu Robilliard** - Barclays - Analyst

Mathieu Robilliard from Barclays. So Tim, in your presentation yesterday with Birgit, you highlighted the need to have a strong succession pipeline in terms of the management. So I guess where I'm going, and hopefully, you find out a legitimate question since your guidance today is until 2027. I think your mandate in 2026. So maybe can you tell us, should there be a succession plan at Deutsche is there one? And that's a question we get asked a lot.

---

**Timotheus Hoettges** - Deutsche Telekom AG - Chairman of the Management Board, Chief Executive Officer

Look, my contract runs until 2026. And I hope that I'm coming across that. I'm fully committed for the [tea] and for the company where I'm working for 25 years. Maybe it's more difficult to get me out of the company than keeping me in the company because I am the company to a certain extent now. (laughter)

That said, look, there is an end to everything. And therefore, everybody is good advice to have a proper succession there is a proper succession plan in the Supervisory Board with regard to my role and a discussion on this one. By the way, there's a discussion as well for every single member not only for this team here, but as well for all the BLTs and for all the T3s, which we saw yesterday. And I hope that we were able to give you a little bit of impression about how talented our slate is with the ones you have seen during the days because that was exactly the purpose of not showing always the same phases, but showing as well our young leaders here in this team.

So look, Napoleon was once asked what is this trick? What is the strategy to win so many battles and how he's looking into the future. And he said, we engage and then we will see. And by the way, that sounds very (inaudible), but there's a lot in it. The first is the word we. It is not me. It is the team. This team is outstanding. And by the way, this team is making the difference in -- from Seattle to Greece from on to Warsaw. The second is engage. If I'm engaged in patient like always, it doesn't move the needle. It needs 200,000 people to win the battle in these games.

And then, we will see is the next thing. Without engagement, you should not go anywhere, but then you should not become too, let's say, dependent on what's happening in the future. Look, if something is happening in this company, big style, big things why the company needs me. I'm always

around. And if there's a time when I find them the organization comes to the end that is now time to have a new leader in this organization, I'm ready to go as well. So I think this is the good and healthy succession for this organization. And today, I see myself here for the next years until 2026, fully motivated with a great team, and then we will see.

---

**Hannes Wittig** - Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)

Going over to the side, Polo, first, and then --

---

**Polo Tang** - UBS Group AG - Analyst

Yes. Just have a question in terms of your change in terms of leverage. So why have you decided to maintain leverage at the current level of 2.75 times versus previously you were guiding towards 2.25 times to 2.75 times. So do you think this leverage level is high compared to your peers?

---

**Christian Illek** - Deutsche Telekom AG - Chief Financial Officer, Member of the Management Board, Responsible for Finance

Several reasons. One is, obviously, as we gave the new leverage corridor, we underestimated the lease impact, as you know. We only said it's a quarter of a term. It's more 0.4 to 0.5 and therefore, compare it again without leases. And the second one is we have accretive opportunities to invest into the business, and they are more accretive than deleveraging. So why should I stop the momentum of the business if we have great opportunities ahead?

---

**Usman Ghazi** - Joh Berenberg Gossler & Co KG - Analyst

It's Usman from Berenberg. Just on your return on capital for this year, which is around 6.5%. Now I mean the German unit is generating around 8%. Europe is at 9%. The US, if I calculate it is going to be around 6.5% but going up to 10% over the next couple of years. So are there some costs that are not being accounted for within the units? Or is something really negatively return on capital or?

---

**Christian Illek** - Deutsche Telekom AG - Chief Financial Officer, Member of the Management Board, Responsible for Finance

I was expecting that question. Actually, your US number is too high. In our calculation, it's below 6%. And obviously, that will increase and that makes the 6.5%.

---

**Ottavio Adoriso** - Bernstein - Analyst

Actually, I'll probably follow up from this one. On the presentation, Thorsten, you said that in 2010, the emphasis of Deutsche and ROCE would have been quite significantly different from the others. And then you show the market cap of the company that's triple. But when someone looked at the ROCE of Deutsche Telekom 2010 and the ROCE now, not in three years' time, is only going up by 150 basis points, but the market cap has done terribly better. The business with, like Christian said, with the lowest ROCE is actually the one most valuable to you, and the one that actually creates more value. So it looks like the one probably ROCE, the one that (inaudible) is looking at is growth.

So therefore, the Christian, the question is your EUR15 billion headroom, you put buyback of T-Mos, buyback of Deutsche. Everyone is trying to get a bit of a grasp. But it's good for EPS. Really does anything to the structure of the company with -- if you look at the company the last 12, 13 years, we've been brave enough case print, even if ROCE was very dilutive.

So my question is, in those EUR15 billion, there is only emergency if you -- there's something else happened or any other things you can do it will be done on the gearing or you will still use this EUR15 billion as an investment that could be fiscal investment like fiber, could be M&A. If you can just clarify this EUR15 billion as the umbrella?

**Christian Illek** - Deutsche Telekom AG - Chief Financial Officer, Member of the Management Board, Responsible for Finance

I will talk about the operational business. This guy is going to talk about M&A, which he doesn't comment ex under. So no, I think everything which is built in right now. is being seen as necessary from the segments. And this is why, for example, in the ex-US business, we have increased the CapEx envelope to EUR8 billion in '27.

So this is what is a result of an extensive discussion with the whole operational leaders. And we have nothing on the plate with regard to M&A right now. And as Thorsten said earlier on in his presentation, we'll talk about M&A if there would be one. But I think my biggest M&A is actually share buybacks and investment in the US. So also in M&A.

**Hannes Wittig** - Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)

I think the other point to make is -- of course, the hypothesis is unproven, but our 50% planned increase in ROCE over the next three years will make a difference. So let's see to that. We also have 4% revenue growth, and it excludes a lot, right? The EUR30 billion at T-Mobile, for instance, hasn't committed and I should also say that we do have retained some strategic flexibility. And therefore, if we see opportunities that are more interesting than our share buyback or buying back -- buying more T-Mobile, then we also have flexibility for that. So maybe --

**Timotheus Hoettges** - Deutsche Telekom AG - Chairman of the Management Board, Chief Executive Officer

How I see that. And maybe to -- I understand the question is, look, this is a little bit, let's say, the price of radical transparency. We could have hired that somewhere and saying, and by the way, suddenly we do M&A or suddenly, we do something on the remuneration. And miracle wise, we put EUR15 billion or whatever on the table. We want to be very transparent that we have this reserve.

The second one, it is a signal of the conservatism of our plan. We want to give confidence to investors that you know we are able to achieve the numbers which we have laid out, which are, by the way, more ambitious than most of the players in our industry. So it shows the conservatism of the plan.

The third thing is, it is as well asking for give us some trust. That the way how we're looking on the possibilities of doing things should follow the logic of where do we get the best bang for the buck, the best internal rate of return. This is the question which we have, and we don't say it's all going into share buybacks. And we don't say it's going on dividends, and we don't say it's going into all in M&A. It's going that this company has a strategic flexibility to do the right things for its shareholders to be accretive. That's the way. And we will do this as we do it with the EUR50 billion now in a transparent way.

It's a very mathematical and even a transparent process to say, look, the share buyback in the US were very accretive percentage-wise, if you look back, and it was the right thing to do. Even if some of you have thought, maybe the share buyback in Germany would have been the better way. I think it wasn't -- it was the right decision we took.

Now, the same is true for M&A. We haven't done any big M&A. I cannot recall when the last big M&A was UPC in Austria, maybe in the US now some activities there. But this is a new thing. In Europe, we haven't done any kind of big things yet. So we have a lot of company money in the CapEx envelope on Fiber and we are very clear about what we want to do in Fiber. So I do not see that we are usually extending it, except we see that the business case is improving there. but this requires a lot of, let's say elements.

So therefore, keep it as a transparent open issue, trust us that we are not making bad deals. We haven't made a bad deal in the last 10 years or 15 years, I cannot even recall (inaudible), you met the last bad deal. Oh, there is one. But okay, I don't remind us on this one. But this is a long time ago. And therefore, it is -- I think it is a matter of trust which we need here.

**Hannes Wittig** - Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)

Good. Okay. James, and then I'll come back over here.

---

**James Ratzert** - New Street Research LLP - Analyst

Yes. Thank you. So Christian, I think you said the most important slide in your presentation was the one where you showed the EUR15 billion surplus. I think one assumption you didn't show there was what you're assuming for your kind of baseline participation in the T-Mobile share buyback. So is it to assume that you would just be participating pro rata in the kind of baseline assumption? Because if that's the case, I think you also said yesterday, you wanted to get to a (inaudible) old T-Mobile in the high 50s?

---

**Christian Illek** - Deutsche Telekom AG - Chief Financial Officer, Member of the Management Board, Responsible for Finance

Let me clarify is that if we would only go for an increase into mobiles shareholding, then we would end up being in the high 50s. So that's one extreme scenario, right? The other extreme would be we're staying at the 50 points, whatever we have right now, 50.5%, right? That was the other extreme.

And I said, we want to keep the flexibility to basically figure out what's the right balance between share buybacks on the DTAG side and T-Mobile US shareholdings. So there is no clear target shareholding declared by us where we want to end up.

---

**James Ratzert** - New Street Research LLP - Analyst

Got it. Okay that partly answers my question. Thank you for that. But then is the baseline assumption in the -- to get to the EUR15 billion surplus as you just participate pro rata to your stake. What is the assumption then, please?

---

**Christian Illek** - Deutsche Telekom AG - Chief Financial Officer, Member of the Management Board, Responsible for Finance

We don't declare the assumption.

---

**James Ratzert** - New Street Research LLP - Analyst

So that makes, I think, a huge swing factor on how much incremental surplus you would have to then participate and as you say on the right-hand side of the slide, either increasing your stake or share buybacks? Or I mean could you legally be allowed as the largest shareholder to buy directly off market from SoftBank some of their T-Mobile shares?

---

**Hannes Wittig** - Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)

I think your -- this is not the right question, I think, participation or nonparticipation US share buyback is a function of how we want to increase our stake or not. But there are other ways of doing it. We can buy in the market. In fact, we can sell in the market, not participate in the market. We can do all of those things. We can buy from SoftBank. There is no limitations in terms of how we can execute the planned uses of surplus that we have outlined today.

Okay. Next, Adam?

---

**Adam Fox-Rumley** - HSBC - Analyst

Thank you. It's Adam from HSBC. I'm interested in whether there was a discussion about increasing the dividend payout policy in your preparation for today. And related to that, what kind of circumstances do you think would take you back down to paying out in the low end of the range, given you're in the middle of the minute?

---

**Christian Illek** - Deutsche Telekom AG - Chief Financial Officer, Member of the Management Board, Responsible for Finance

Look, the decision is as we said many times, we're deciding any other year. Our track record is 50%, right, in that. So we have no indication to deviate in the one or the other direction. I think we declared a 51% based on the 175 just yesterday. And we will let you know if we come to a different conclusion in the next year, but right now, there is no indication whatsoever to basically cause correct from this.

---

**Hannes Wittig** - Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)

Okay. Emmet?

---

**Emmet Kelly** - Morgan Stanley - Analyst

Yes. It's Emmet at Morgan Stanley. Just a quick question, please, on the kind of geopolitical environment that we see in Europe. So we've had a new European Commission appointed very recently, still headed up by Ms. von der Leyen. But we've seen Ms. von der Leyen leave the stage and she's been replaced by Mr. Ribera of Spain. It looks like there's going to be a much bigger emphasis as well on the environment and even a tie between the environmental potential competition law. We've also seen a big paper published by Mario Draghi as well. So do you think we're now entering a new era and what would the potential impact be on your business in Europe?

---

**Timotheus Hoettges** - Deutsche Telekom AG - Chairman of the Management Board, Chief Executive Officer

Look, we should not expect that the whole world is changing overnight. It will be a process. And is definitely, let's say, encouraging to see what's happening. And by the way, it is not starting only with the new commission, it started already with [Marco] and Charlotte in Masenberg, talking about the need for consolidation, the European market for a single digital market.

And as an example, they took the consolidation of our industry as a must have. There is this discussion as well in the drag report, which is clearly addressing the need that aside from focusing consumer prices, there is a need for the capability to earn the money back, which is invested and that this industry is suffering or suffered intensively.

There is this white paper now for the digital infrastructure, which was prepared by the last commission, which is getting to the agenda immediately now. which is supporting our positions here. Mr. Letter has made another report, which is supporting it. So I think we are getting through, as we say in Germany, with our messages now, finally, finally.

Now, the question is how fast Madam Ribera is now reacting on this. By the way, she is very powerful because in principle, she's not taking only the (inaudible) job, she's as well as taking the digital side. So she has a lot of power and it's not a lot of compromises needed between two commissions anymore.

So therefore, it's a new area. I'm looking forward to this one. And as I said yesterday, don't forget, guys, why is this industry growing because regulation has not gotten worse. In the industry, we're finding mechanisms to improve their revenues while, let's say, the setup of the regulation stayed stable over the last years already. So I would say we have seen now the bottom and now I'm encouraged that we've seen improvement.

Maybe last comment because it might be a question in your mind as well is, look, the fair share debate is going on. The actions against Apple and Meta on the top news every single day. So the European Commission is clearly decided to do something about this bifurcation or the remobilization

of the digital market in Europe because they see there will be a loss of sovereignty for European citizens if they don't act. So therefore, I'm encouraged about this one as well and not a big fan of regulation.

But if you can't fight the dragon, you have to ultimately even regulate them. So therefore, we are fighting for that as well for fair share. And our discussion against Meta here. In this case, we will not stop on this one as well. And I hope that there is now a change which is materializing immediately into some legislative actions as well.

---

**Andrei Dragolici** - *Kepler Cheuvreux - Analyst*

Thank you. Andrei from Kepler. Just going on regulation a bit more and decline that to Germany. Moving forward, especially in the process of extending the spectrum rights, but also regarding the self-pace coverage in Germany for that to be put in place. This requirement for sharing spectrum with one-on-one, et cetera. How do you see like maybe the EU wins declining also into the German environment? And how do you see it like maybe moving forward, do maybe some consolidation or something around there that could happen in Germany? Thank you.

---

**Timotheus Hoettges** - *Deutsche Telekom AG - Chairman of the Management Board, Chief Executive Officer*

So let's talk about the German-specific pieces. I think our view is fairly public and clear on all of this. The expectation is that the [Bina Tsar] will go through with the spectrum extension. Our view on the surface coverage is we should cover places that people exist rather than the forests. And that's something that we've been debating intensively with the [Tzar]. We'll see where that comes out. I think sometime in November, they will publish the next draft of their consultation. But they've been fairly clear that this whole ruling on the 2019 spectrum auction doesn't impact their view of the current frequency.

We'll have to wait and see where that goes. Our view on spectrum sharing with one and one is we don't want to do it. We fundamentally don't understand why players who have spectrum and who are covering large numbers of existing customers should have to give it to someone with who isn't. It's not an efficient use of precious national resources to have it given to someone who has very few towers. And on the EU commission piece and consolidation.

Look, I'm where Tim is this thing has to -- will take a while to play through. right? We've been here before on some of these conversations. I don't see the [BNet SA] or the Competition Commission dramatically changing their view right now, but let's see what the wins have changed blowing through Europe do to that perspective. We certainly haven't heard a more bullish perspective on consolidation from either the competition regulator or the [BNetzachs]. The competition regulator, in this case, is more important.

---

**Christian Illek** - *Deutsche Telekom AG - Chief Financial Officer, Member of the Management Board, Responsible for Finance*

Tim said, I didn't answer the question probably 100%. So let me clarify again. If the US is executing on their 80%. EUR80 billion capacity and they would end up having a EUR50 billion share buyback up to EUR50 billion, and they execute on that one. That would give us an extra EUR15 billion. If we wouldn't sell into the share buyback of the US. Obviously, that would -- we were completely utilize the EUR15 billion in order to increase our shareholding.

So you can assume that we if we balance this out between share buybacks and a higher shareholding that we will sell partly into the share buyback in order to fund share buybacks on the DT side. So there's no extra one, which is coming. Is that clear now? I hope that answers the question. At least you're nodding. (laughter)

---

**Hannes Wittig** - *Deutsche Telekom AG - Head of Investor Relations Deutsche Telekom (Senior Vice President)*

Okay. I think we are at the end of the Q&A and also at the end of the Capital Markets Day. And so before Tim has some final remarks, I wanted to do a few logistics notes.



And first, thank you all for coming here and asking good questions and engaging with us and also bearing with us through all the detail and I hope it was hopefully helpful in your work going forward. And surely, we prepared it with a lot of rigor as you hopefully noticed. And I would also like to use the opportunity to thank everyone in Deutsche Telekom, who has contributed to this, be it the management members or be it that many people who have supported them in pulling this together. Also, of course, the controlling team and strategy team, the Investor Relations everyone who has worked on this hard and diligently for the last few months.

And in terms of logistics, those who need to spend a bit more time before they get to the airport or wherever else they're going, there is a small lunch out there. And I think there's also some space where they can still sit but not for long because we will clear out this room pretty much straight after. But this contacts us for this facility. We have already shown you the beer mark and the sweet pretzels, [Haribo pretzels] therein. And so otherwise, be in touch about [magenta] merch. And -- don't forget the marks. And with that, I would like to hand over to Tim, he has prepared some closing remarks.

---

**Timotheus Hoettges** - Deutsche Telekom AG - Chairman of the Management Board, Chief Executive Officer

Yeah. Very spontaneous, guys. Look, it has been very exciting 24 hours, and I can tell you not only 24 hours, it had been always a year for us to get this 24 hours prepared here.

And we had intensive discussion, I said, laid it out yesterday, this is more for insight than for outside. So good for you guys, but now for us, the work starts. And I can tell you, we will have now rollout plan in the countries. We have town halls where we are -- we will have, let's say, internal discussions now with our people about every single page, which we have presented to you because this is going to be the [viable] for the upcoming years and to fulfill the commitments which we have given you.

Now, these were the guys who are driving it for the last 12 months. By the way, they are both addicted cyclists. So therefore, thank you, Jose, who by the way, was our bus in Czech and Slovakia, now his head of strategy. And he jumped into this cold water here and a veteran now already on my side here with Hannes, thank you for making it.

Now, that said, I have to show you one slide which you will not believe it. And by the way, this was a slide which Thorsten presented in our last Supervisory Board meeting. By the way, he always comes up in the Supervisory Board meeting, not with the presentation which we have agreed, always with a new paper. And in this new paper, he had this picture. So -- and by the way, he said, look, this is how Tim feels on a daily basis.

And to be honest, being with you guys, I felt 24 hours like this. Because I'm sitting in a very stretched manner here between the regulation between the politics between our big US business. And I can tell you, it is not easy to have a kind of daughter, which is now -- have grown up and is now that big. We have to manage the team or shareholders, which are very important for us as well because we have to represent them as well and to represent the interest and then we have all, let's say, the requirements from the operations, the investments and the employees.

And on top of you, you have you guys. You're standing on the top, by the way, which is, let say, for us are very important. So this is, let's say, this kind of yoga which I'm doing, which we are doing on a daily basis. And I think so far, I hope that you see that we're always trying to stretch ourselves to find the red [balance].

Now, look, Srinu was thinking about the unincumbent and how can we become the unincumbent? I was thinking to put a picture of Srinu, by the way, it's not anymore on this one into the -- where is the superman by the way? We lost him. But the unincumbent is, I had a better picture.

But look, our mentality is really not to be an incumbent and always challenge the status quo. This is, let's say, what you should take away. We will always transform. And by the way, if we fail sometimes, I can tell you, we will change. Look, the B2B area. Look, we were finding out that in some areas, we were losing market share. We have entirely changed the setup of the organization, the governance, the product portfolio, our ambition rates and beyond that one. And I think this is the attitude to be a challenger of your own business and with this, the challenger of the other sites.

Aside of being incumbent, to be honest, we want to be very, very boring, reliable in the way how we are delivering. And I think just leave it for a second here again. Look, how we take one after other boxes. And I can tell you, Christian is celebrating his birthday on Saturday and his 60s by the

way. And he asked me to do a speech. I will only talk about one thing in his speech, which is 2.75, 2.75, 2.75, because this was the number I heard from him over the last eight years. he is like a mantra bringing this company to the -- so he is really, let's say, bang on because we had to deliver on this one.

And to be honest, it was the last number, which wasn't achieved yet, but now we have 2.72 -- and I was -- (laughter). Thank you, Christian. We got a green ticky on this one, but reliability, delivering on what we promise has been always, let's say, our mantra for five now consecutive Capital Markets Day, and we will do everything, let's say, to fulfill these commitments again for the next years. How are we doing this?

I can tell you this is really a catch [22] for our competition. I can tell you. This flywheel is not easy to match because we have now something which the others don't have. We have a foundation which is strong. And on top of that, we have now a financial flywheel, which is really -- whenever somebody is trying to out-invest us, whenever I'm trying to say, enter into our core business, he must know that we have the ammunition to react on this one. Maybe not everybody would love that if we invest more, but I can tell you, we will not lose. This is the good part of our strategy with the flywheel, which we have put in place.

So I like it, and by the way, what I like even more is that my competition in Germany cannot complain by saying, this is a monopolist, an ex-monopolist, you have to regulate them. Because what we are investing is money which we are earning outside of Germany, which we are now getting from the US, which we're getting from Europe, which we can use in Europe. So nobody can complain if we are taking money out of our portfolio, to be better in Germany, nobody can ask for a regulation anymore. So this is, I think, another strong argument, which is keeping our flavor running.

Now, superior networks and the obsession for quality for our customers, I like to leave with you. And this is something I think if I just was listening to the presentation, which came across very well, this kind of obsession for customers and this obsession of being leading. And I can tell you one thing you're never ready with that, but we will come in the next months with a new program about quality because the way how we measure quality, for instance, the network, about coverage and bandwidth is this is old stuff.

We have to think about the expense, the way of the journeys customers having. We have to think about the individuals, how they experience and about their needs and whether they are supporting them with the right things and rather talking about, let's say, maps only. This is one example. So we are working on a new quality program within the organization, and we keep our customer obsession, let's say, with all we do.

And by the way, we know that the leaders of these companies. They have to be the role model for this one. If we are not only telling this, nobody will follow us. You have to live it in your daily basis. You have to be with the customers they have to see you in the shops and the like. And this is, I think, something where we have to be the role model.

So customer centricity, everywhere and the brand I hope you got this relevance of a brand because, to be honest, sitting in front of a spreadsheet, sitting in front of, let's say, your numbers, I think you missed one piece. And by the way, I'm a born finance guy. I spent a lot of my time in front of spreadsheets and making excel and all this kind of stuff. But I learned something.

Business is 50% is emotions. It's about, let's say, people trusting to you. It's about the instinct follow you. It's this kind of, let's say, this intuition people have whether they can trust you because they believe you belong to that tribe, you understand them and you will have that. And this is, I think, something which an organization has to shape, and you do this with a brand almost and the culture, which the brand always is representing.

Now, we have a turnaround, and I would -- even now that sounds so negative. We have a new venture in our B2B approach. So in the future, I think it's very important that we and our road shows talk about B2B that we have deeper dives on this one. To be honest, if I'm getting a question on the assistance from you guys on a road show, this is really rare.

But I think it is very important because for the ICT and for the IT service for the software, it is super, super, super important. And the business acceleration, this EUR20 billion going further with 5% growth on the profitability, this is something, including T-Systems as a differentiator into this because we are unique in the European telco space in this regard. And therefore, let's see how we can fulfill the commitments on this new venture on the B2B side.

Next generation of leaders is ready. Look, I can tell you, you couldn't see them all. But don't be worried that it is only Tim or it's only Christian or it's only Langheim, this is not the case in this company. There are very, very good leaders. Next generation is ready to come and we build them. If you're interested in this, by the way, we will open the books, and we will show you the people, but I can only give you a certain trust on this one. We have the best team in the industry.

Look, this is what probably everybody says, but we know that we have to invest into this one. And by the way, you have to have fun. Look, I'm not sure sometimes I have the feeling you guys are completely [spasbefreite]. That means -- but anyway, I feel sorry for you guys. Yesterday, even you got an impression that there's still some emotions and some humans sticking in your bodies. But at least, Emmet is a good example of somebody who lives this life, yeah, but we have to have fun as well. And we are always trying to have fun as well in the work, how we are doing this.

And by the way, fortunately, we have somebody who I said in the supervisor, I'm always taking the tiger by his ears. So therefore, the unique PE and venture capital approach, which we have a site of doing excellent operation is something which makes us strong as well, and we will do everything to keep this different approach, this kind of, let's say, less emotions, but hard fighters as well here on the side.

Coming to my last sentence, what's with me? Look, I can tell you, I'm looking forward for playing golf. But golf is something which is a good example. I'm playing handicap of nine and I can tell you I can't play everywhere. I can play the best courses in the world with the handicap of nine. I can play even with pros. I'm not good, but it is okay. It's good enough. Most of the players, they don't play nine.

So now the question which I have is, should I change my golf player because it's fine. The moment I'm going to change it, it means I have to change my swing. The moment I'm going to change my swing, I have a big risk that I will play really bad rounds. Afterwards because it takes a long time to get this new swing into success. Should I do that? And blame myself on the round for a while? Or should I'm willing to change?

And by the way, this is the same, which is probably true for Germany? Because Germany is sitting on a very good handicap. They are very wealthy. Everything is fine. Why should Germany change its swing and the same is true for Deutsche Telekom. We have a fantastic performance. We can easily say, by the way, this way is sufficient. Let's go on. Why change it? Now, I can tell you, as long as I'm here and this team is here, I promise you, we're constantly trying to change our swing. Because we have a recipe, and I show you why this is important.

This is when I started as a CEO. And I said, journalists asked me, what is your aspiration? What are your targets for the future? And I said, I want that my share price at my handicap is crossing. What is that? Yes, I said my handicap is 24, share price of Deutsche Telekom is 10. So if these two lines are crossing, I have been successful.

By the way, if the line is crossing share price stays as 10, but my handicap gets under 10. I had a fantastic golf here. S\*\*\*\*\* business but, okay, if my handicap stays at 24 and my share price is crossing at a fantastic business year. The art is that both lines are crossing. And that is, by the way, what happened. So now I have EUR60 billion to add on the red line, and I have to bring my swing further down. We have a proof of concept that you can do it at the same tightness on direction, and this is our commitment for you guys.

Thank you for coming and thank you for the trust you gave us over the last years.

#### DISCLAIMER

Refinitiv reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2024, Refinitiv. All Rights Reserved.