

– Check against delivery –

Conference call
Report on the third quarter of 2024
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Christian P. Illek
Chief Financial Officer
Deutsche Telekom AG

A very warm welcome from me, too, ladies and gentlemen.

It has been a month since our 2024 Capital Markets Day.

- We delivered on practically all the promises we made back in 2021.
- We have set out our strategy and ambitions for the coming years in detail, all the way to 2027.

In the third quarter of 2024, we successfully continued on the course presented at our Capital Markets Day.

I would like to break down my next comments into four sections. I will start with an overview of the most important events in the Group and the financial results for the first nine months of 2024. I will then go into the development of the Group's financial results in the third quarter of 2024. This will be followed by the development in the operating segments in the third quarter of 2024. And finally, an overview of the development of free cash flow, adjusted net profit, and net debt in the third quarter.

Let us begin with a look at the key developments in the Group in the first nine months of 2024.

A month ago, at our 2024 Capital Markets Day in October, we presented our strategy for the years ahead.

The core of this strategy is our tried and tested flywheel.

This strategy is paying off. Here are a few of the highlights:

- We are market leader in terms of growth in customer numbers and financial results on both sides of the Atlantic.
- We are raising our guidance for the 2024 financial year – on both sides of the Atlantic.
- We are back within the corridor we set for ourselves for the ratio of net debt to earnings, to adjusted EBITDA.
- The Board of Management has proposed an attractive shareholder remuneration: Payment of a dividend of 0.90 euros per share for the 2024 financial year, up from 0.77 euros for 2023 – subject to approval by the Supervisory Board and the Shareholders' Meeting.
- The Board of Management also resolved to buy back shares in 2025 up to an amount of 2 billion euros.

Let us start with a look at the organic development of our financials in the first nine months of 2024.

That is, assuming constant exchange rates and the same composition of the Group.

- Encouragingly, all operating segments are contributing to growth.

- The Group's adjusted EBITDA AL grew by 6.3 percent in organic terms in this period to 32.4 billion euros.
- T-Mobile US increased adjusted EBITDA AL by 7.4 percent in organic terms to around 21.4 billion euros.
- In Germany, adjusted EBITDA AL rose by 2.5 percent in organic terms to around 7.9 million euros.
- In the Europe operating segment, adjusted EBITDA AL increased by 8.4 percent in organic terms to around 3.4 billion euros in the first nine months. In relative terms, this was a stronger increase than at T-Mobile US.
- T-Systems recorded organic growth of 6.9 percent to around 0.3 billion euros.

To this end, we have built out our networks again compared with the prior year. This issue was much discussed at our Capital Markets Day on October 10 and 11.

Here just briefly a few of the most important figures:

- In Germany, we further increased the number of households to which we can offer a fiber-optic line to 9.3 million homes passed as of the end of the third quarter of 2024 (including partnerships).
- In our European footprint, we increased the number of homes passed in the fiber-optic build-out by 1.1 million to 9.8 million.
- Together, in Germany and in our European footprint, we remain on course to reach more than 20 million homes passed by the end of 2024.
- In the United States, we took a big step forward in optical fiber: The two agreed fiber-optic joint ventures – Metronet and Lumos – have been

approved by the U.S. Department of Justice, which acts as the competent antitrust authority.

That takes us to a look at our mobile networks, where we are still leading on both sides of the Atlantic.

In the Group excluding the United States, we have the best network in the majority of the markets in Europe.

- In Germany, we further extended the coverage of our 5G network to around 98 percent of the population, that is growth of around 3 percentage points against the third quarter of 2023.
- We have also driven forward the build-out of mobile networks in our European footprint: The 5G network now covers 72 percent of the population, around 10 percentage points more than a year earlier.

In the United States, T-Mobile US' 5G network now covers more than 300 million people. And it does this with the acknowledged best network quality: Our U.S. subsidiary was named winner of the latest tests by Ookla and others in terms of download speed. According to these tests, the download speed, for example, is around three times as high as that of our major competitors.

Our network leadership is attracting customers:

- In the United States, we won around 4.1 million net mobile postpaid additions in the first nine months of 2024.
- In Germany and the European footprint, around 1.5 million new mobile postpaid customers were added.
- In the fixed-network business in Germany and the European footprint, the number of broadband customers grew by around 274,000 in the first three quarters of 2024.

- The TV business in Germany was bolstered by the European Football Championship and the abolition of the 'Nebenkostenprivileg' (the privilege for property owners to pass on cable TV and internet service fees as ancillary rental costs to tenants). This helped us to collectively add around 355,000 new customers in the first nine months of 2024 in Germany and the European footprint.

Against this backdrop, we are raising the earnings guidance for the full year.

We now expect adjusted EBITDA AL for the Group as a whole of around 43 billion euros, around 0.1 billion more than we had previously forecast.

- T-Mobile US raised the mid-point of its guidance range by 50 million euros.
- In the business excluding the United States, we now expect earnings to be 0.1 billion euros higher at around 14.5 billion euros.

The guidance for free cash flow remains unchanged at around 19 billion euros. We had raised this guidance as of the first half of the year. T-Mobile US raised the midpoint of its guidance by 50 million euros.

That brings me to section two of my comments: the overview of the development of the key financials in the third quarter of 2024.

The financials for the Group developed very well in the third quarter of 2024. Reported net revenue rose by 3.4 percent to 28.5 billion euros in these three months. That is growth of 945 million euros. The increase was reduced by almost 0.2 billion euros resulting from exchange rate fluctuations relating almost exclusively to the U.S. dollar.

Reported service revenues in the Group increased by 3.7 percent in the third quarter to 24.1 billion euros. The growth of 869 million euros included reducing effects from exchange rate fluctuations of around 155 million euros.

The Group's reported adjusted EBITDA AL increased in the third quarter of 2024 by 5.8 percent year-on-year to 11.1 billion euros. The increase of 610 million euros also included reducing effects from exchange rate fluctuations of around 75 million euros. For this key financial indicator as well, growth was higher in organic terms than as reported.

So we move on to section three: the operational development in the segments in the third quarter of 2024.

First, T-Mobile US, which already reported its figures on October 23. Here, we saw strong customer growth in the three months from July to September.

In terms of mobile customers net adds, our U.S. subsidiary leads the market by some margin. The formula of "best network + best value for money + best customer experience" is paying off.

In the three month-period, T-Mobile US won 1.6 million postpaid net adds. That is a clear increase against the third quarter of 2023, when the figure was 1.2 million postpaid net adds. As such, T-Mobile US leads the market by some considerable margin.

The number of particularly valuable postpaid phone customers increased by 865,000. That is the highest growth in the industry and T-Mobile US' best third quarter in the last decade.

Postpaid phone churn in the third quarter improved slightly year-on-year to 0.86 percent compared with 0.87 percent, and reached a record third-quarter low for T-Mobile US.

T-Mobile US won 415,000 net adds for its High Speed Internet service in the third quarter of 2024. That is the best rate in the industry in this period.

The customer base rose to 6.0 million as of the end of the third quarter. That is year-on-year growth of 1.8 million customers, or 42 percent.

Thus, T-Mobile US is still on track for its target of winning between 7 and 8 million customers for this product by the end of the coming year.

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

Reported segment revenue (according to IFRS) increased in the three-month period by 4.7 percent to 20.1 billion U.S. dollars. That is growth of 911 million U.S. dollars. T-Mobile US' service revenues (according to U.S. GAAP) increased by 811 million dollars or 5.1 percent year-on-year in the third quarter of 2024 to 16.7 billion dollars. That is the highest growth in the industry in this quarter.

Adjusted core EBITDA at T-Mobile US (in U.S. dollars, according to U.S. GAAP) increased by 675 million dollars or 8.9 percent in the third quarter of 2024. That is by far the strongest growth in the industry in this three-month period.

Adjusted EBITDA AL (in U.S. dollars, according to IFRS) increased by 7.8 percent or 578 million U.S. dollars in the three-month period to 8 billion U.S. dollars. The effect of handset leasing, from which we have been systematically withdrawing, on earnings, has become negligible.

The development of the T-Mobile US figures is driven by three key factors:

- The profitable increase in the number of customers
- The increase in average monthly revenues from postpaid phone customers
- Outstanding capital efficiency

T-Mobile US is yet again raising its guidance for the full financial year:

- Postpaid net adds are now expected to reach between 5.6 and 5.8 million, up from the previous guidance of 5.4 to 5.7 million.

That brings me to our business in Germany:

Broadband net adds increased by 38,000 in the three months from July to September 2024, in the previous quarter, Q2/2024, net adds stood at 41,000. The net adds broadband market share still remains above our customer base market share of 40 percent.

We also recorded a big increase in the number of retail customers with lines offering transmission speeds of 100 Mbit/s or faster: The number of these customers increased by around 0.7 million compared with the third quarter of 2023 to 7.4 million. This increased the share of the retail customer base by 4 percentage points year-on-year to 49 percent.

The number of customers using an FTTH line increased by 131,000 in the three-month period. In the third quarter of 2023, FTTH net adds had totaled 77,000. This marked further momentum in new FTTH customer business: Net adds increased by around 70 percent year-on-year.

Thus, the number of customers using an FTTH line increased by 47 percent to 1.3 million year-on-year.

The target for the 2024 full year is still to win around 450,000 new customers using an FTTH line. In the first nine months, the number of new customers stood at 338,000, up 64 percent against the same period of 2023.

In the TV business, the number of net adds increased by 77,000 in the third quarter of 2024, and thus, increased significantly stronger than in the same period of the prior year with 51,000 net adds.

Customer acquisition was bolstered by the abolition of the 'Nebenkostenprivileg' (the privilege for property owners to pass on cable TV and internet service fees as ancillary rental costs to tenants) as of July 1, 2024, and the broadcasting of all the matches of the European Football Championship on MagentaTV.

In mobile communications, the strong growth in the branded mobile customer base continued, with 327,000 new contract customers in the third quarter of 2024. In the same quarter of the prior year, the number of customers increased by 350,000.

Growth in the number of contract customers in the consumer segment was driven by the Next Magenta rate plan. Churn among contract customers in the consumer segment remained stable at the low level of 0.9 percent in the three-month period.

Service revenues in the Germany segment increased by 2.1 percent year-on-year in organic terms in the third quarter of 2024.

Mobile service revenues rose by 2.1 percent year-on-year in organic terms, an increase of 36 million euros. This growth was mainly driven by our strong brand and network leadership. It is encouraging that the higher revenues were driven by increases in both the consumer and business customer segments.

Fixed-network service revenues also increased by 2.1 percent (81 million euros) in organic terms in the three-month period, with positive effects resulting primarily from higher broadband revenues (up 3.3 percent).

Reported revenue in the Germany segment increased by 2.5 percent in the third quarter of 2024 to 6.5 billion euros, and organic growth was equally strong in percentage terms.

The organic revenue growth of 158 million euros was largely due to a 117 million euro increase in service revenues. It should be noted that revenue also includes income from the sub-licensing of broadcasting rights for the European Football Championship.

Reported adjusted EBITDA AL in the Germany segment increased by 3.5 percent in the three-month period to 2.7 billion euros. The increase in adjusted EBITDA AL was just as strong in organic terms, corresponding to an absolute amount of 92 million euros.

This means the Germany segment has had increased organic earnings for 32 consecutive quarters and is well on track to achieve the full-year guidance for adjusted EBITDA AL of 10.5 billion euros. In the 2023 financial year, earnings amounted to 10.2 billion euros.

That brings me to our Europe business, which once again recorded very robust growth in the third quarter of 2024, both in the number of customers and in financial results.

In the three-month period, we recorded 176,000 mobile contract net adds. Broadband net adds amounted to 47,000.

The customer base for FMC customers using product packages passed the 8 million mark for the first time after recording growth of 143,000 net adds. TV net adds amounted to 41,000 in the third quarter of 2024. Reported revenue in the Europe segment increased by 3.9 percent in the third quarter of 2024 to 3.1 billion euros.

The increase of 116 million euros included net-reducing exchange rate effects of 9 million euros. Compared with the prior year, the Hungarian forint and the Czech koruna weakened, while the Polish zloty appreciated in value against the euro. In organic terms, segment revenue increased by 4.2 percent or 125 million euros year-on-year in the three-month period.

This growth was largely attributable to mobile and fixed-network service revenues, amounting to a combined 98 million euros. In addition, an increase of around 20 million euros resulted from IT projects.

The segment's reported adjusted EBITDA AL increased in the third quarter by 7.7 percent to 1.2 billion euros. That is growth of 85 million euros. In organic terms, adjusted EBITDA AL rose by 8.0 percent or 88 million euros. This means the Europe segment has had increased organic earnings for 27 consecutive quarters.

Order entry in the Systems Solutions segment grew by 18 percent over the last 12 months compared with the same period of 2023. This growth was driven by the Cloud and Digital portfolio areas.

Reported revenue at T-Systems increased by 3.3 percent in this three-month period to 991 million euros, with equally strong percentage growth in organic terms. The growth was primarily driven by the Digital Solutions business.

Adjusted EBITDA AL increased by 17 percent in organic terms in the third quarter of 2024 to 102 million euros.

In the 2024 Tri*M survey rating customer satisfaction, T-Systems achieved an index score of 98. This is an all-time high, and higher than the prior-year value of 95.

That brings me to the fourth section of my comments, on the development of free cash flow, adjusted net profit, and net debt.

First, free cash flow AL. Free cash flow AL increased in the third quarter of 2024 by 32 percent year-on-year to 6.2 billion euros. That is an increase of 1.5 billion euros.

The following two factors in particular had an increasing effect:

- The higher net cash from operating activities, which was up 1.1 billion euros year-on-year.
- This includes an increase in reported EBITDA of 635 million euros.
- In addition, cash capex declined by 461 million euros in the third quarter of 2024.

- This decline was attributable to the planned reduction at T-Mobile US of 398 million euros in the third quarter, following the completion of the integration of Sprint and the accelerated build-out of the 5G network.

The main factor reducing free cash flow AL was higher lease payments of around 87 million euros.

Let me now turn to our adjusted net profit.

Adjusted net profit increased by 3 percent compared with the third quarter of 2023 to 2.3 billion euros. That is an increase of 67 million euros.

The increase in adjusted EBITDA had an increasing effect of 615 million euros. In addition, lower depreciation, amortization and impairment losses of 38 million euros contributed to the increase in adjusted net profit.

By contrast, the increase in loss from financial activities reduced adjusted net profit by around 246 million euros. This was mainly due to the decline in the discount rate from the subsequent measurement of the provisions recognized for the Civil Service Health Insurance Fund (Postbeamtenkrankenkasse – PBeaKK). An increase in tax expense reduced adjusted net profit by 57 million euros and a higher share of profit attributable to non-controlling interests in the amount of 284 million euros had a decreasing effect.

After nine months of 2024, recurring adjusted earnings per share stood at 1.40 euros, which is well on track to meet our target of more than 1.75 euros per share.

That brings me to the development of net debt and the financial ratios in the third quarter of 2024 compared with the second quarter of 2024.

Net debt (excluding leases) decreased by 4.7 percent or 4.6 billion euros compared with the prior quarter to 92.5 billion euros.

Free cash flow AL had a reducing effect of around 6.2 billion euros.

Exchange rate fluctuations – relating mainly to the U.S. dollar – and other effects reduced net debt by a net amount of around 2.1 billion euros. Liabilities denominated in U.S. dollars were translated at an exchange rate that was around 5 cents lower than at the end of the second quarter of 2024.

The acquisition of mobile spectrum in the United States increased net debt by around 2.2 billion euros. The payment of dividends in the third quarter accounted for around 0.5 billion euros. This relates to the share of the dividends paid by T-Mobile US attributable to external shareholders (non-controlling interests) and dividend payments to non-controlling interests in the Europe segment. The T-Mobile US share buy-backs accounted for around 0.5 billion euros. Another around 0.5 billion euros related to shares bought back by Deutsche Telekom.

Deutsche Telekom's leverage ratio improved significantly against the second quarter of 2024 and against year-end 2023.

The ratio of net debt excluding leases to adjusted EBITDA stood at around 2.18x at the end of September 2024, down from 2.32x at the end of the second quarter of 2024 and 2.31x at year-end 2023.

The ratio of net debt including leases to adjusted EBITDA stood at 2.64x at the end of the third quarter of 2024, down from 2.81x at the end of the second quarter of 2024 and 2.82x at year-end 2023.

That brings the financial indicator for the leverage ratio back inside the corridor we have set for ourselves as the comfort zone.

As you can see, Deutsche Telekom remains true to its course – our flywheel works:

- We are investing – especially in our best networks, so as to consolidate our network leadership and keep building out wherever we can.

- This leads to customer additions across all segments.
- More customers and our continuous work to increase efficiency lead to excellent financials on both sides of the Atlantic.

In the process, we maintain the balance between making the investments necessary for medium-term success and consistently delivering commercial and financial KPIs.

We are and remain reliable – and it is paying off.

We would now like to answer any questions you have.