

# Deutsche Telekom

## Q3/2024 results

November 14, 2024



**#DT24Q3**

# Disclaimer

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In addition to figures prepared in accordance with IFRS, Deutsche Telekom also presents alternative performance measures, including, among others, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA after leases, adjusted EBITDA margin, Core EBITDA, adjusted EBIT, adjusted net income, free cash flow, free cash flow after leases, gross debt, net debt after leases, and net debt. These alternative performance measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Alternative performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways.

**9M/2024 results**

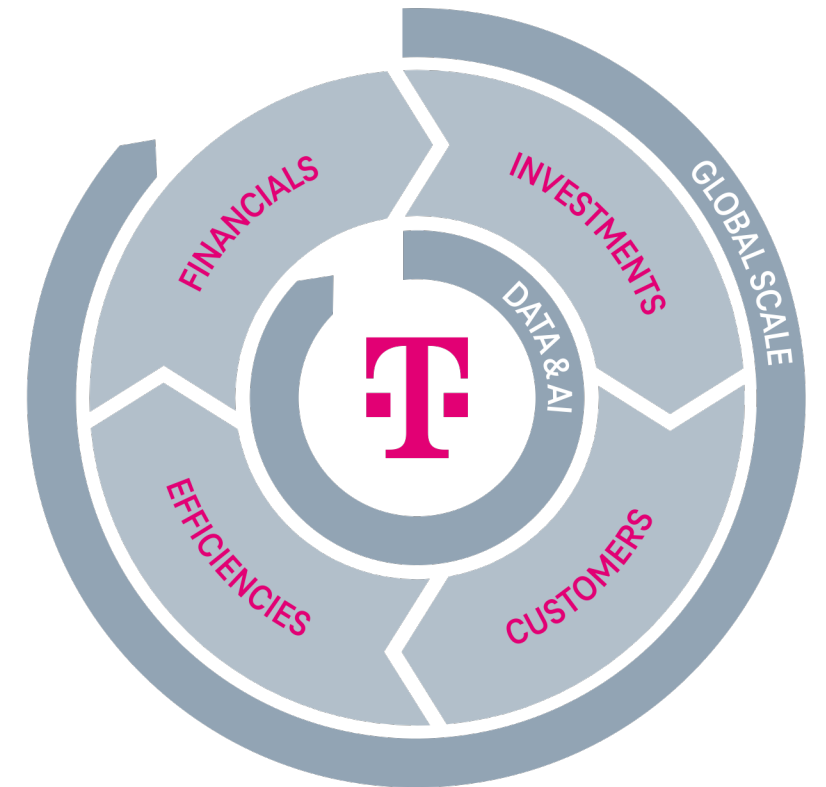
Group

# 9M/24

## consistent, reliable growth

### 9M/2024 Highlights

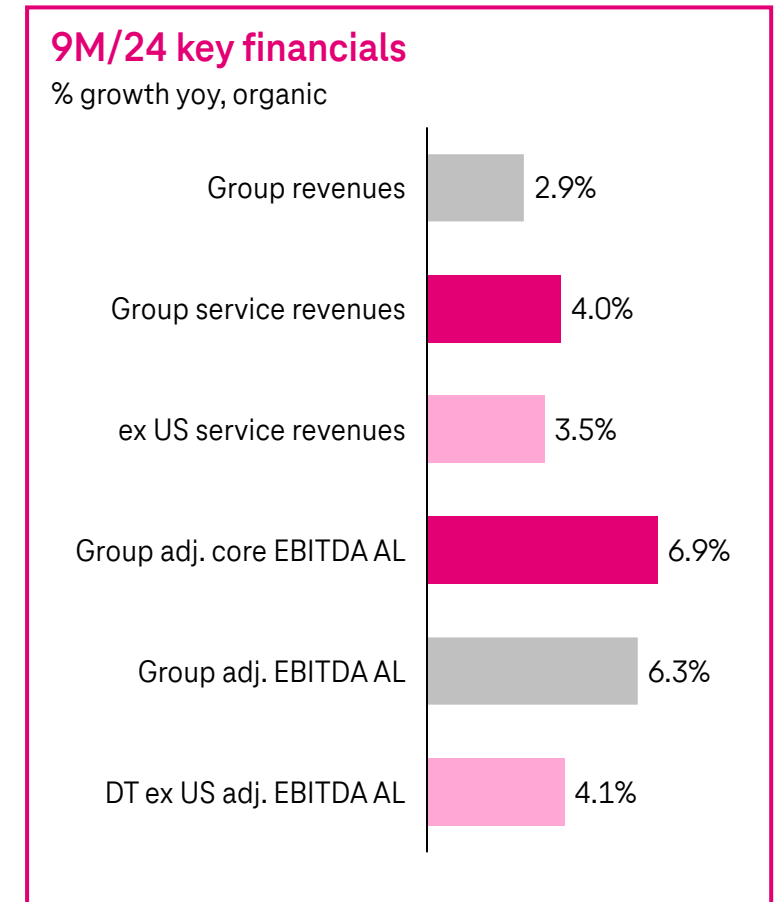
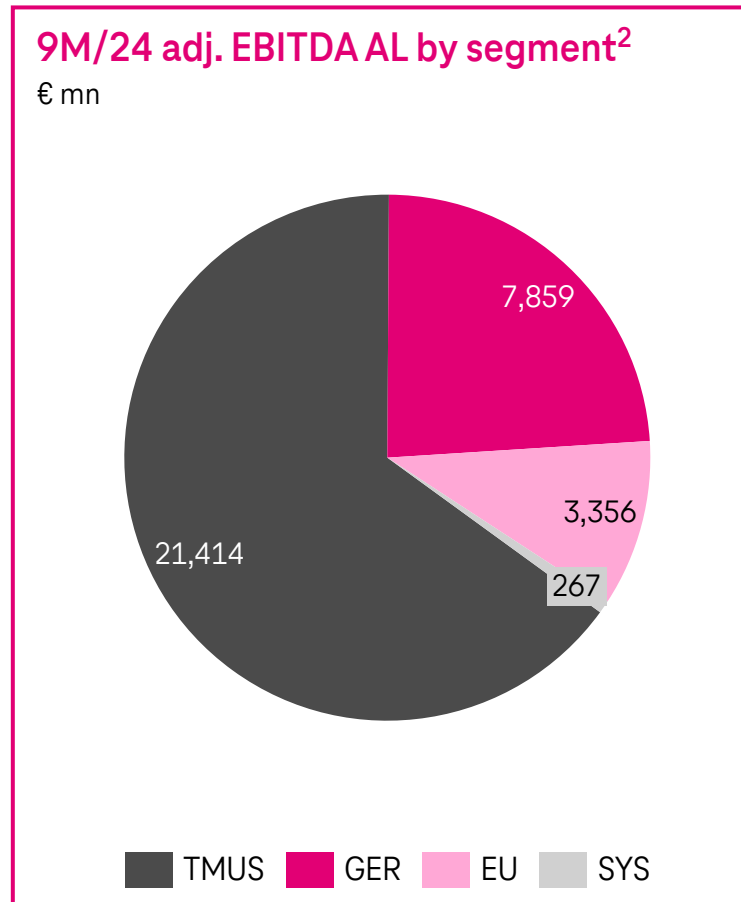
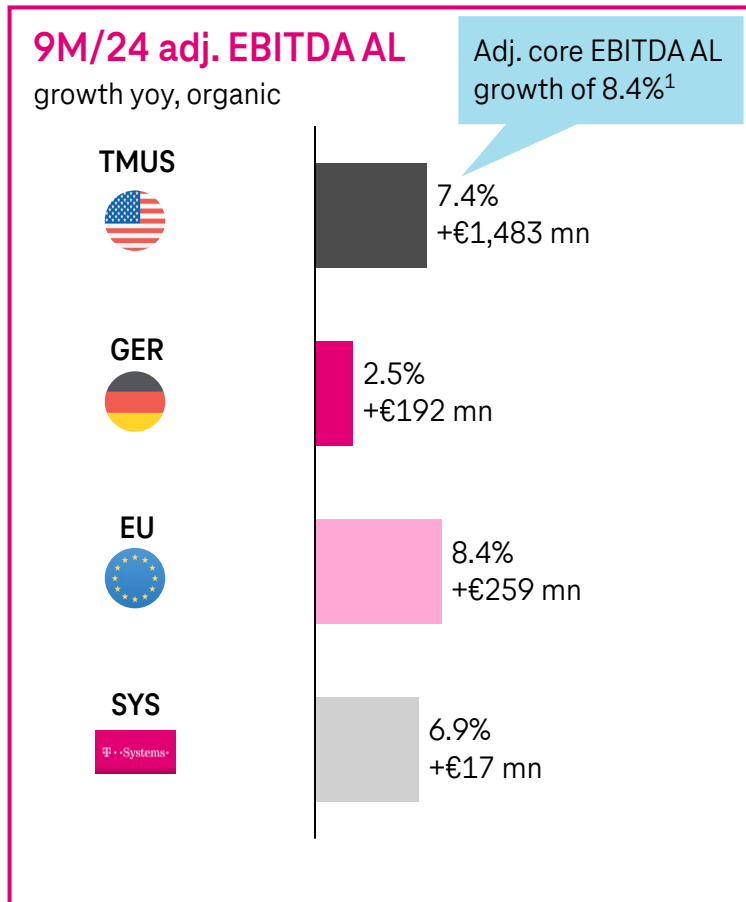
- Market-leading customer and financial growth continues: YTD organic service revenues +4.0%, adj. EBITDA AL +6.3%, FCF AL +28.3%<sup>1</sup>, adj. EPS +16.0%<sup>1</sup>
- EU segment with 8.4% organic adj. EBITDA AL growth YTD
- FY24 guidance raised again on both sides of the Atlantic
- DT CMD outlines strategic and financial targets through 2027 including ~4% service revenues and 4–6% adj. EBITDA AL CAGR 2023-27e, ~€21 bn FCF AL and ~€2.5 adj. EPS in 2027e
- Germany on track for >10 mn fiber homes passed and ~450k fiber net adds in 2024
- Leverage including leases at 2.64x, below guardrail. Moody's puts DT on positive outlook
- Proposed 2025<sup>2</sup> shareholder returns of a €0.90 dividend plus up to €2 bn DT SBB



<sup>1</sup> FCF AL and adj. EPS growth rate as reported. <sup>2</sup> Subject to necessary approvals.

# Financials 9M/24 organic

## strong organic growth



<sup>1</sup> According to IFRS. US GAAP growth is 8.8%. Adj. core EBITDA excludes decreasing handset leasing revenues (-US\$0.187 bn yoy). <sup>2</sup> Excl. GHS & GD (-€503 mn). Group EBITDA AL €32,389 mn.

In this presentation, the Group in 9M/2023 is presented in accordance with the management view: certain key performance indicators like revenue and adj. EBITDA AL are presented as if GD Towers still would be fully consolidated.

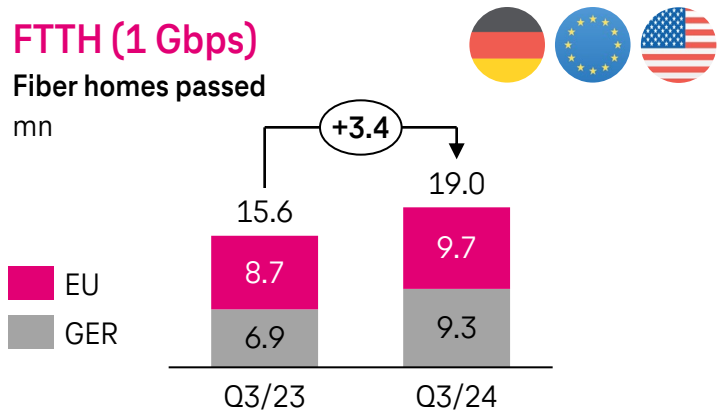
This view is different to the consolidated financial statements of DT where Group Development is treated as a discontinued operation. For more details, please refer to the back-up to this presentation, respectively the annual report of DT, both available at [www.telekom.com/en/investor-relations](http://www.telekom.com/en/investor-relations).

# Networks

## leading with 5G, FTTH on track

### FTTH (1 Gbps)

Fiber homes passed  
mn



#### GER

- Fiber: on track for >10 mn HHs by YE
- DT tested as best nationwide fixed network by Connect

#### EU

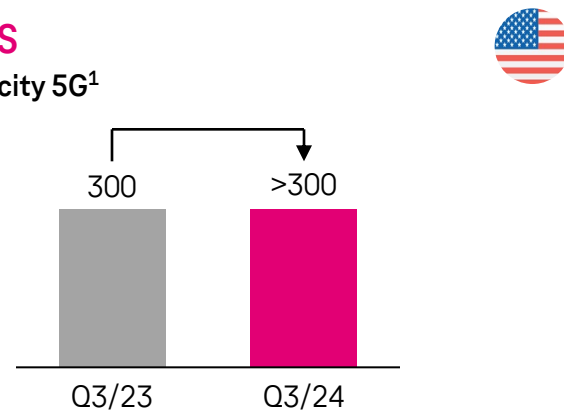
- On track for >10 mn HHs with 1 Gbps by YE 2024. Coverage now at 37% of HHs

#### USA

- Fiber: Metronet & Lumos JVs cleared by DoJ

### 5G TMUS

Ultra Capacity 5G<sup>1</sup>  
mn POPs



#### Network leader

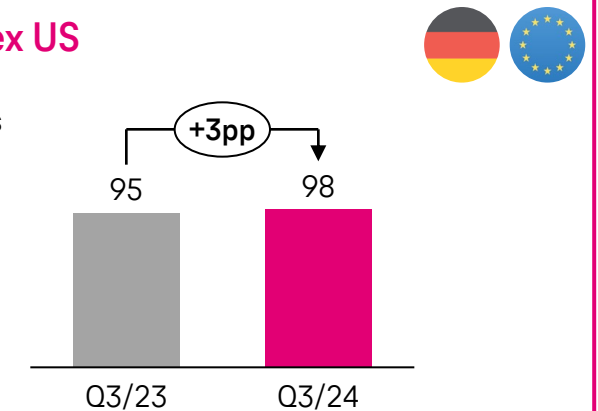
- Largest VoNR (Voice over New Radio) coverage with more than 300 mn Americans covered

#### 5G

- “Best 5G availability in the world” for the fourth year in a row and the only US operator to be a 5G global winner in this category, according to Opensignal

### 5G DT ex US

Germany  
% of POPs



#### GER

- Telekom wins Chip magazine’s German mobile network test: 5G DL speed of 374Mbit/s at DT vs. 206/190 Mbit/s in the two competing nationwide networks

#### EU

- Roll-out of 5G coverage: 72% POP coverage end of Q3/24. Up 10 pp since Q3/23

#### DT ex US

- OpenSignal: DT No. 1 in 7 out of 10 markets in Europe for consistent quality

<sup>1</sup> Ultra Capacity on mid-band spectrum.

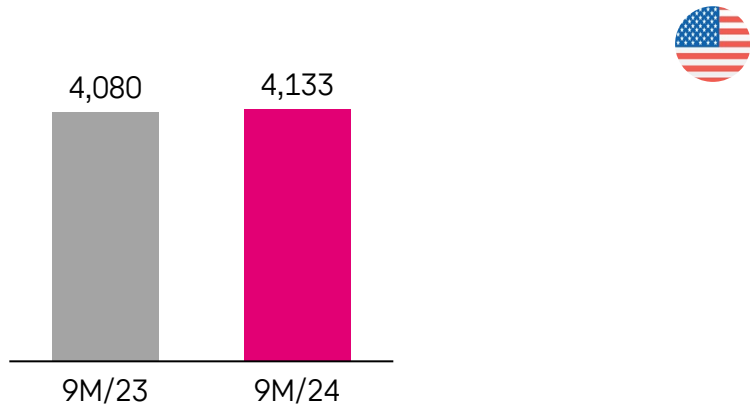
# Customers

growing strongly

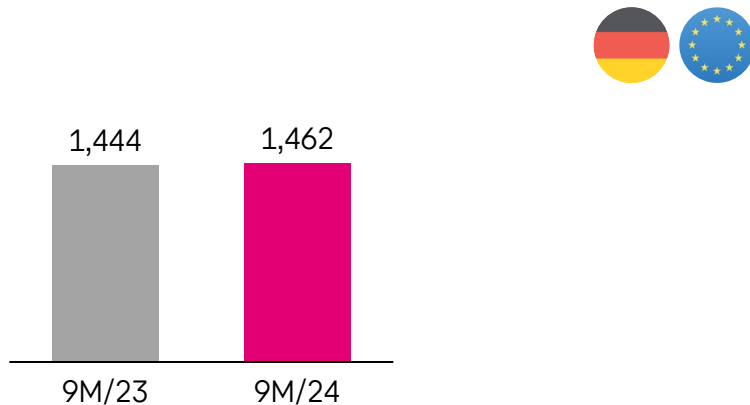
## Mobile net adds

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US (postpaid)



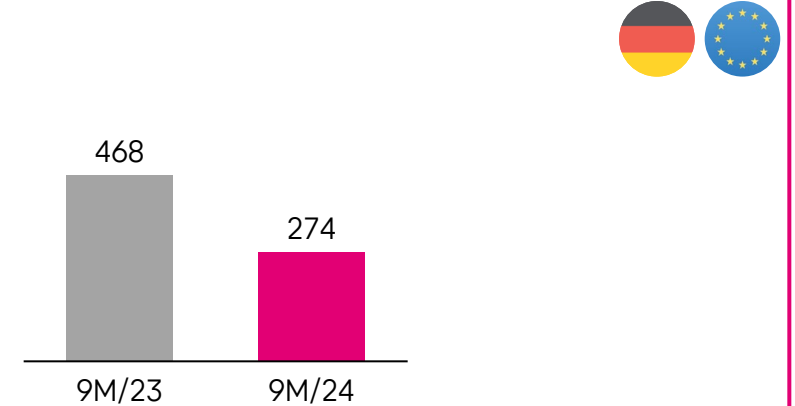
Ex US (contract)<sup>1</sup>



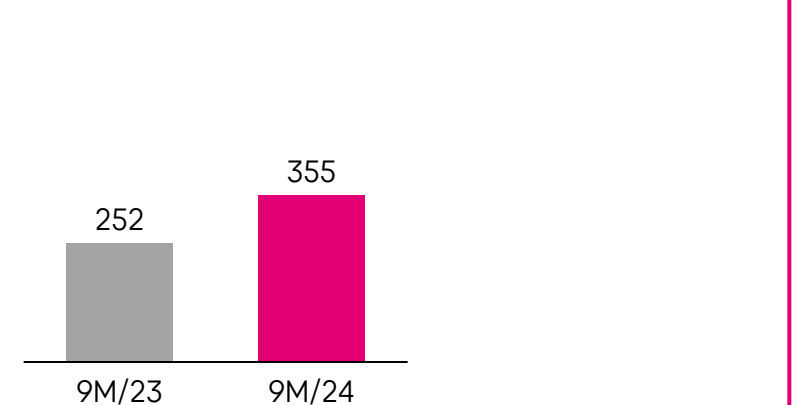
## Fixed line net adds<sup>2</sup>

000

Broadband



TV



<sup>1</sup> GER + EU. GER: own brand only. <sup>2</sup> GER + EU.

# Society and Environment

## CMD shows progress with ESG ambitions

### Environment

- Group energy consumption -3% yoy in 9M/24 and CO<sub>2</sub> emissions (Scope 1&2) -5%
- CMD 51% of DT Group purchase order volume SBTi-aligned<sup>1</sup>

### Society

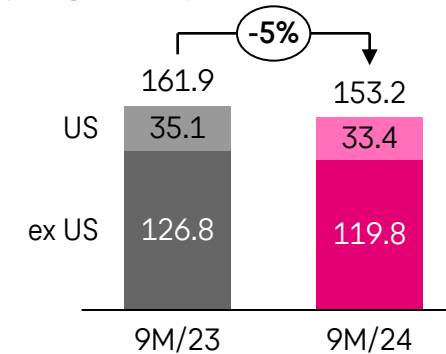
- CMD ambition > 80 mn digital inclusion beneficiaries by 2027<sup>2</sup>
- TMUS 10 mn project: over 6 mn students already connected

### Governance

- ESG at CMD consistently integrated into board presentations
- Ready for 1<sup>st</sup> time CSRD-compliant year end reporting

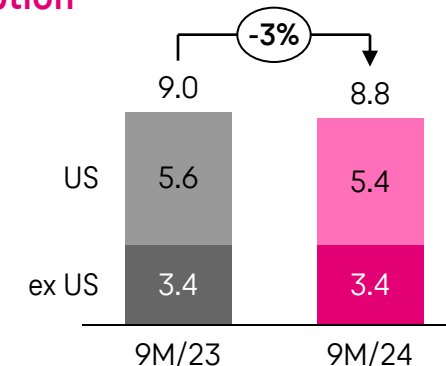
### CO<sub>2</sub>e emissions (scope 1+2)

kt



### Energy consumption

mn MWh



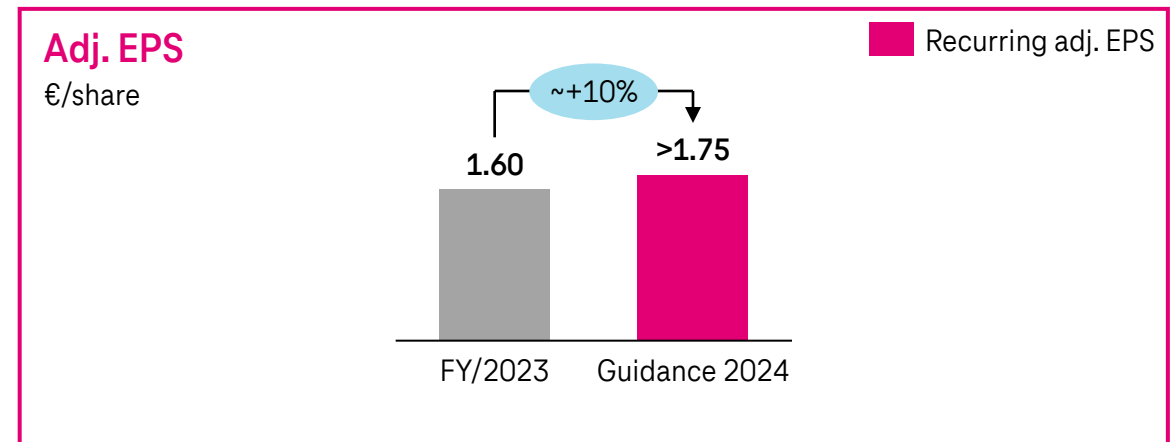
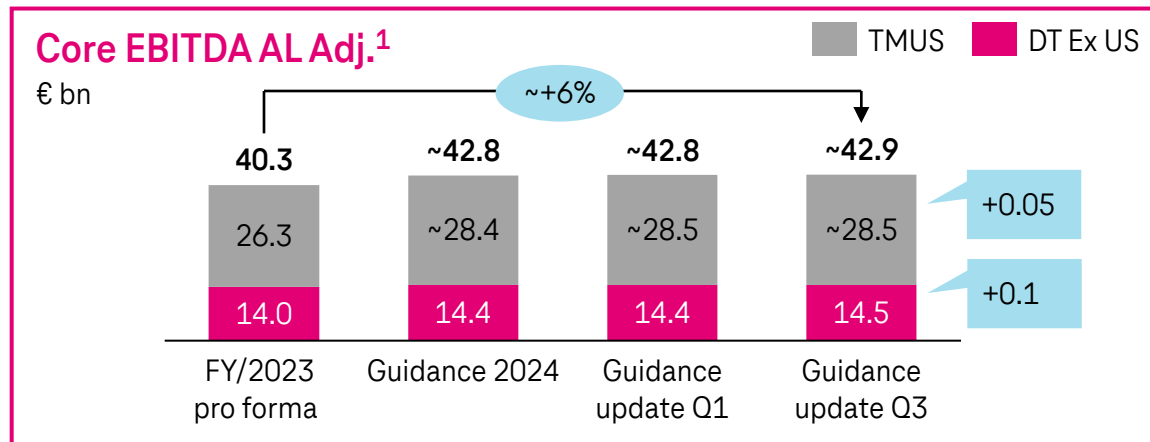
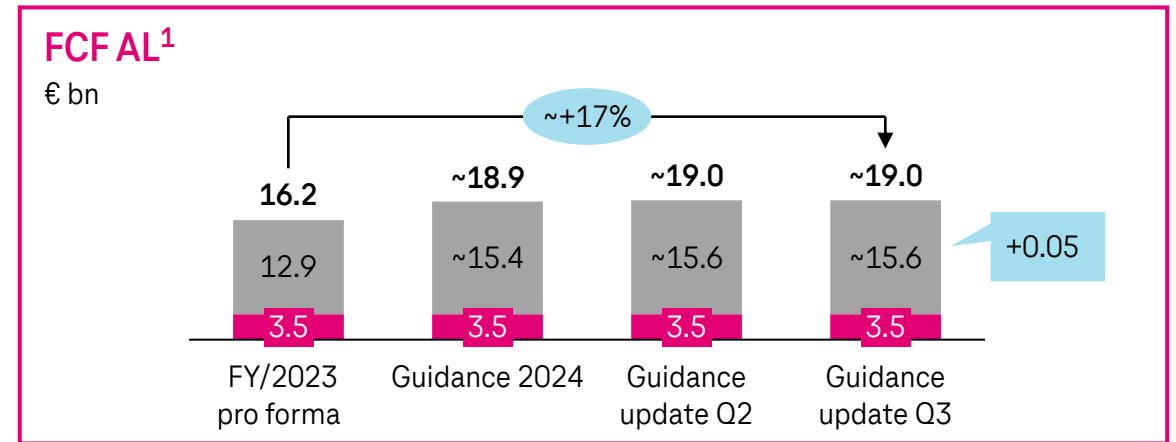
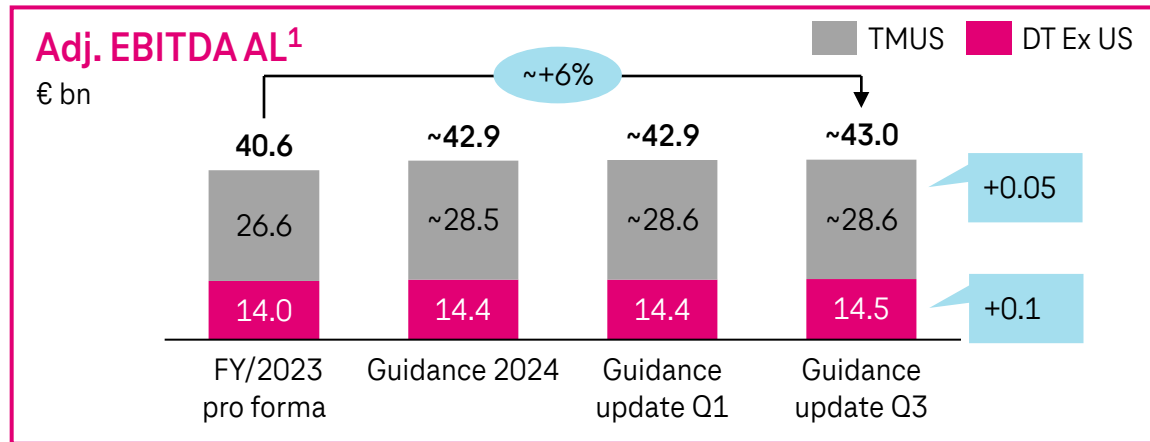
<sup>1</sup> Purchase order volume with suppliers that have a corporate climate target approved by SBTi (Science Based Targets initiative).

<sup>2</sup> 2024-2027, without “crisis mitigation” & “low carbon & circular society”.



# Guidance 2024

## EBITDA AL outlook raised for TMUS, DT ex US and DT group



<sup>1</sup> TMUS guidance is based on midpoint of US GAAP guidance of US\$31.7–31.9 bn adj. EBITDA; of US\$31.6–31.8 bn core adj. EBITDA and of US\$16.7–17.0 bn FCF. Guidance assumes a negative bridge of -US\$0.9 bn on adj. EBITDA and core adj. EBITDA upon translation into IFRS. Based on €1=US\$1.08. 2024 DT ex US FCF AL guidance includes €0.2 bn of cash returns related to tower transaction. 2023 pro forma includes 0.1 bn cash returns related to tower transaction. Both exclude TMUS dividend receipts.

# **Q3/2024 results**

Review of segments and  
financials

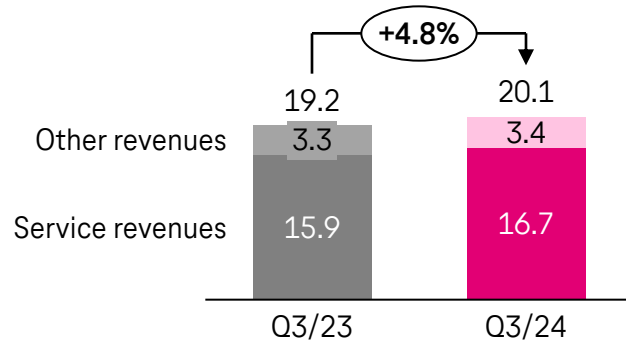
# T-Mobile US

## industry-leading financial growth



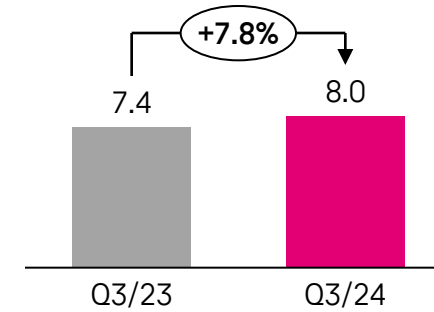
### Revenues (IFRS)

US\$ bn



### Adj. EBITDA AL (IFRS)<sup>1</sup>

US\$ bn



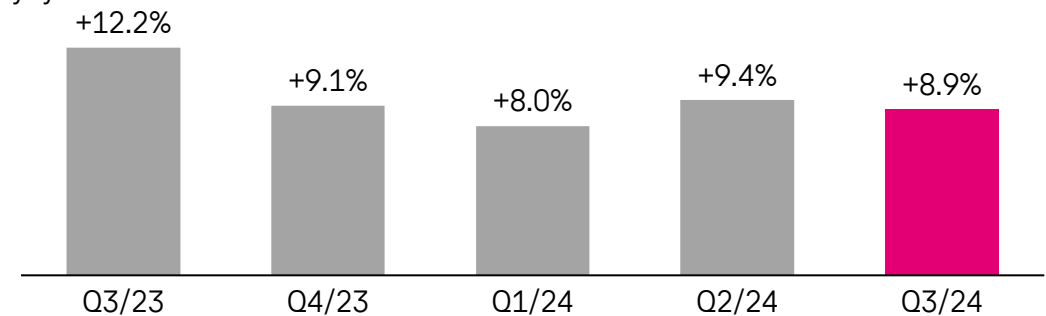
### Service revenue (US GAAP)

% yoy



### Core adj. EBITDA (US GAAP)

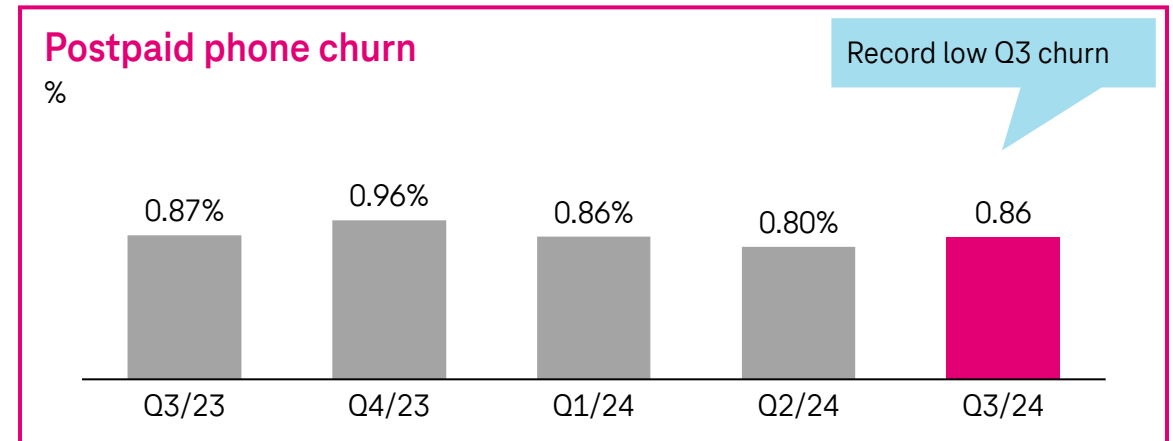
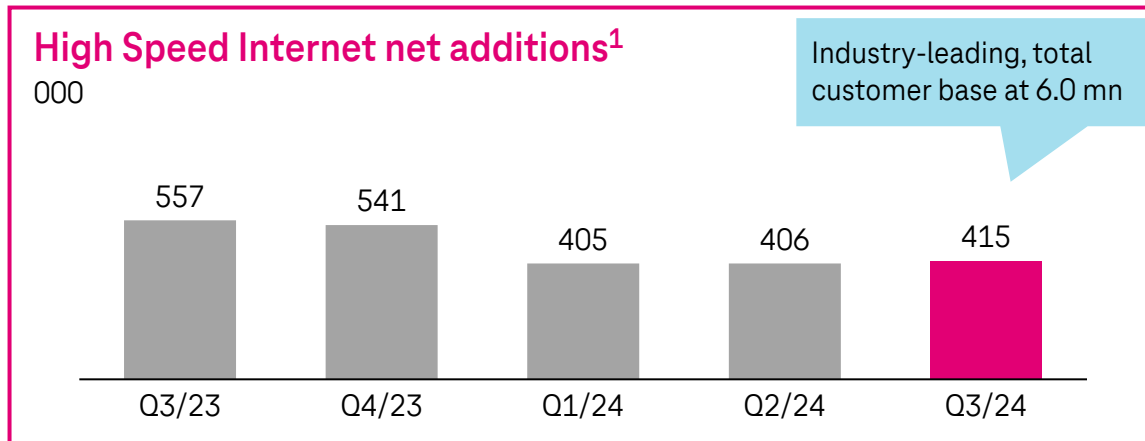
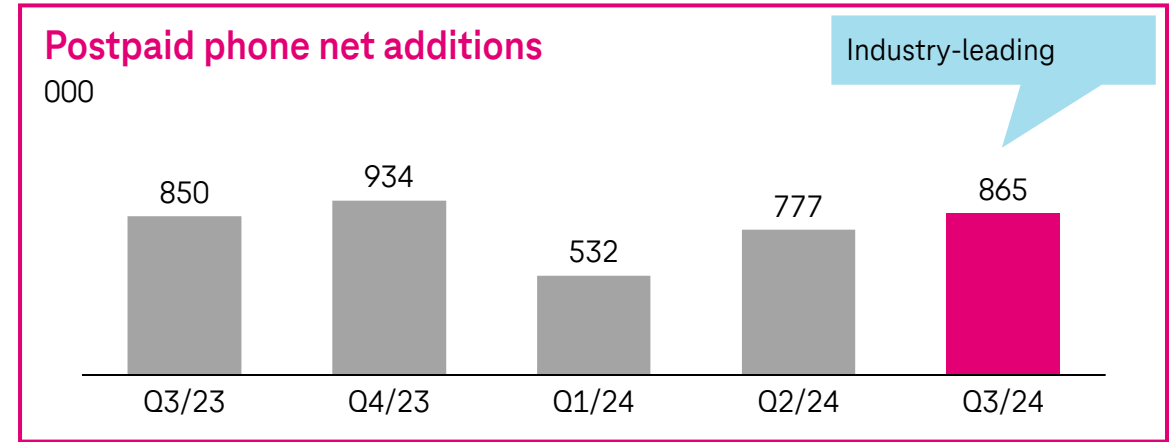
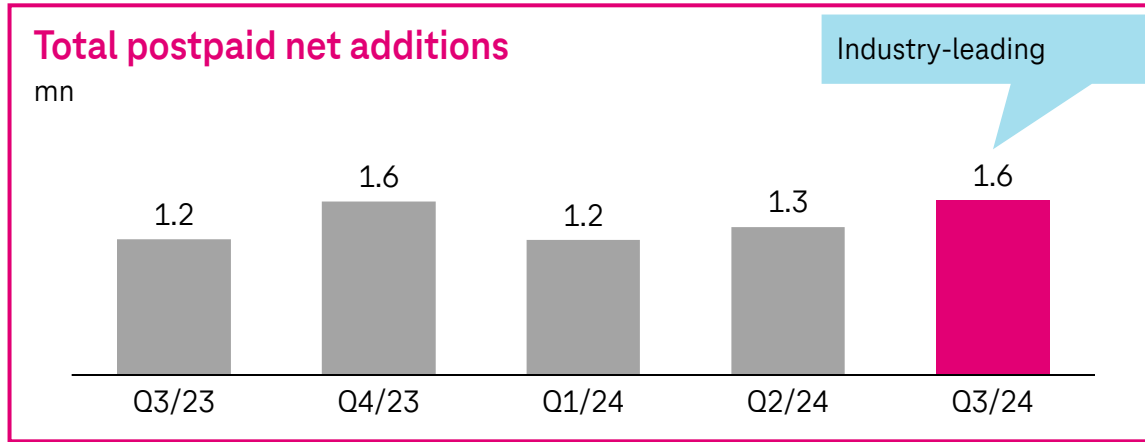
% yoy



<sup>1</sup> For IFRS bridge please refer to appendix.

# T-Mobile US

## industry-leading customer growth



<sup>1</sup> Postpaid + prepaid.

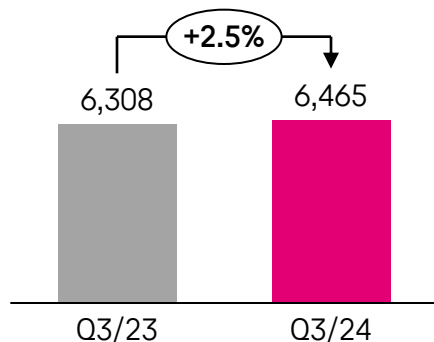
# Germany

## 32<sup>nd</sup> consecutive quarter of EBITDA growth



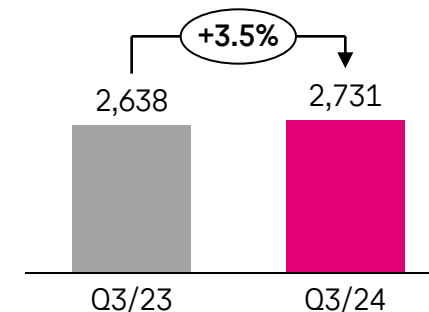
### Revenues (reported)

€ mn



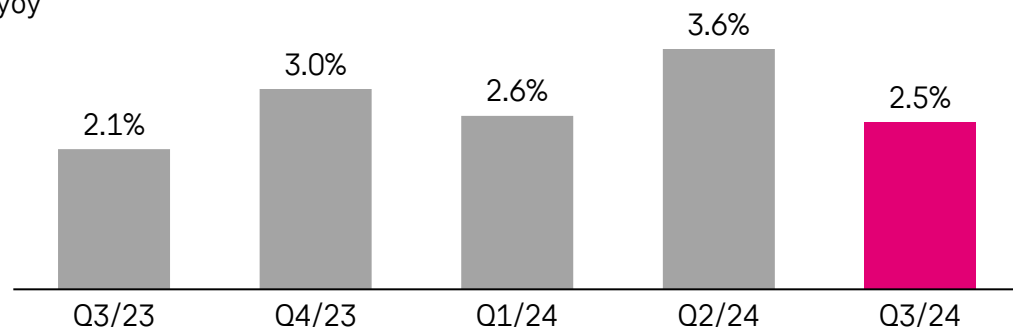
### Adj. EBITDA AL (reported)

€ mn



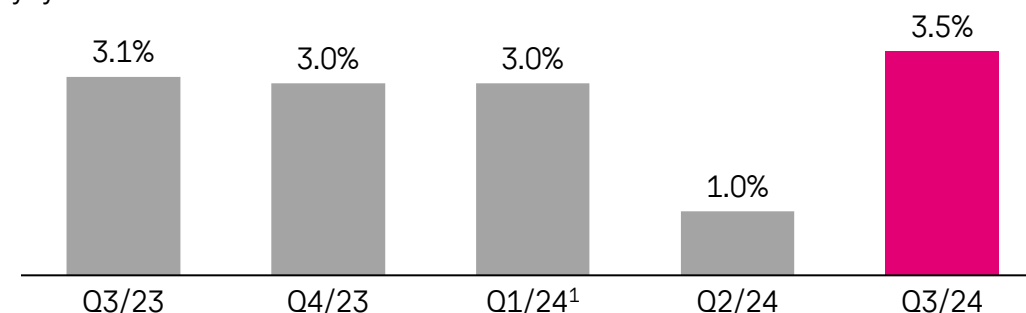
### Revenue growth (organic)

% yoy



### Adj. EBITDA AL (organic)

% yoy



<sup>1</sup> Organic growth rate in Q1/24 assumes that the tower transaction did close on Jan 1<sup>st</sup> 2023, whereas the close actually happened on Feb 1<sup>st</sup>. As such, the reported EBITDA AL growth rate benefitted from 1 month of higher leasing opex in Q1/23.

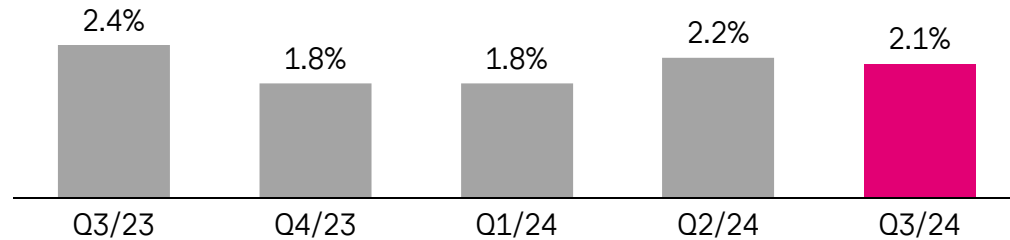
# Germany

## total service revenues: steady growth



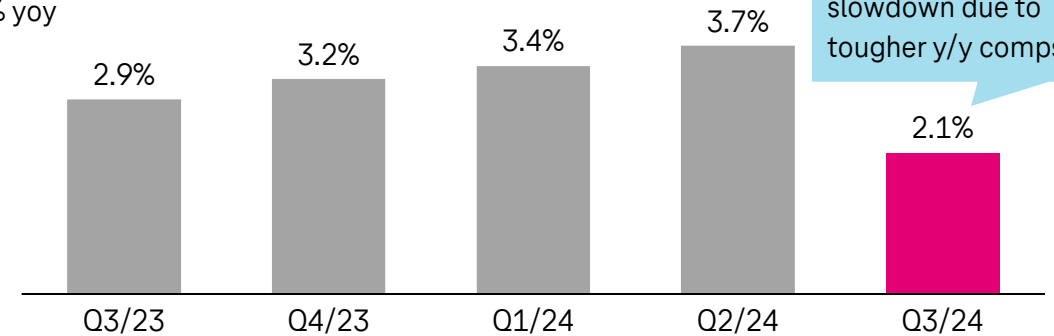
### Total service revenue growth (organic)

% yoy



### Mobile service revenue growth (organic)

% yoy



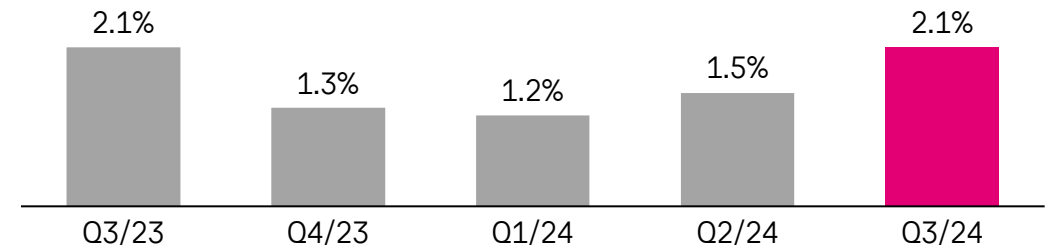
### Revenue growth (reported)

% yoy

- Reported total service revenue growth +2.1%
- Reported fixed service revenue growth +2.1%
- Reported mobile service revenue growth +2.1%

### Fixed service revenue growth (organic)

% yoy



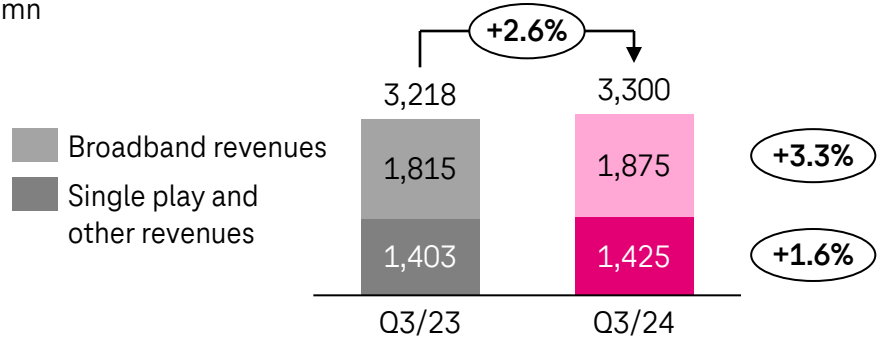
# Germany

## fixed revenues: improvement in retail and wholesale access



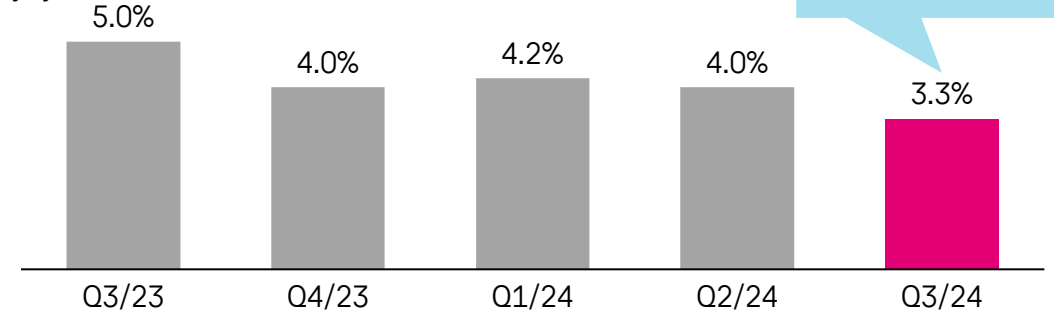
### Retail fixed revenues (reported)

€ mn



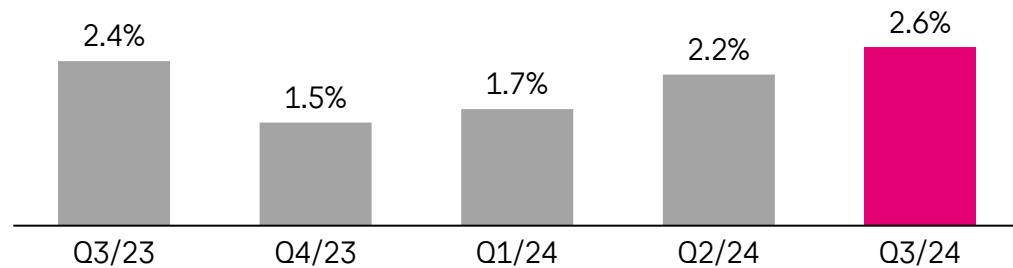
### Broadband revenue growth (organic)

% yoy



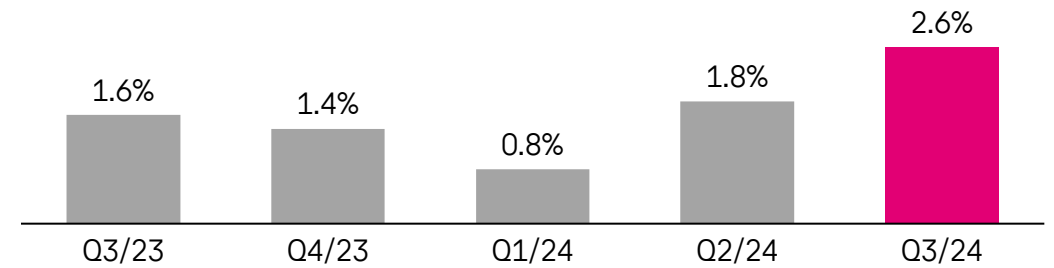
### Retail fixed revenue growth (organic)

% yoy



### Wholesale access revenues (organic)

% yoy



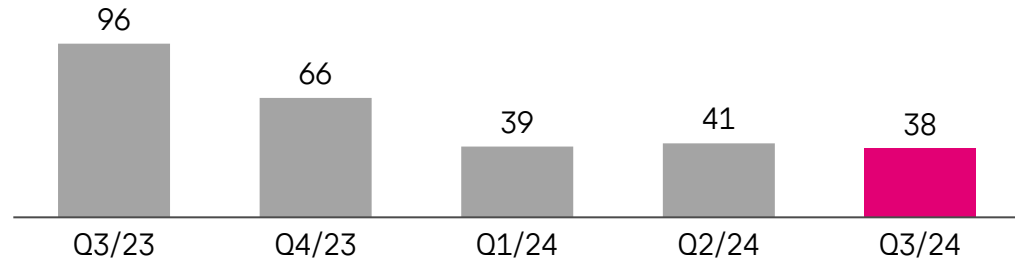
# Germany

fixed KPIs: broadband growth steady, TV and FTTH faster



## Broadband net adds

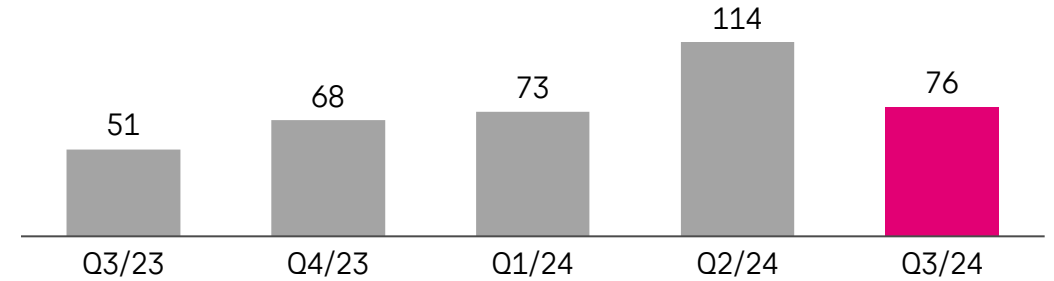
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## TV net adds (ex OTT)

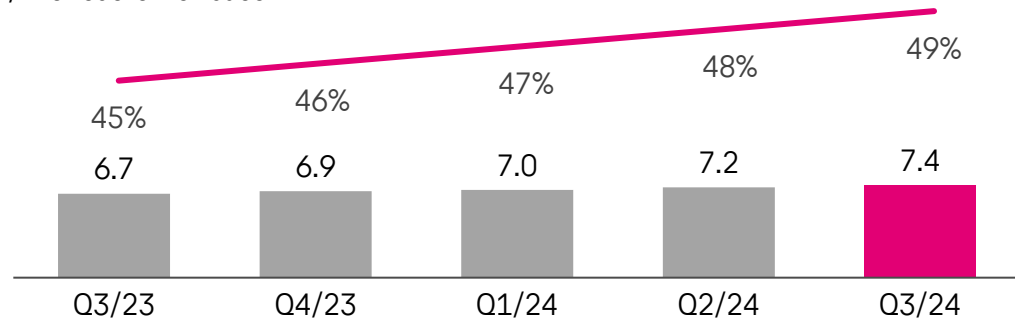
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In addition, OTT with 0.3 mn net adds YTD



## Retail customers with $\geq 100$ Mbit/s tariff

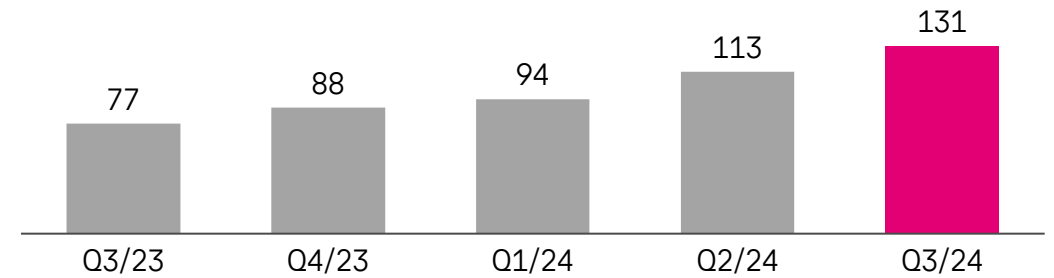
mn/% of customer base



## FTTH net adds

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FTTH on track for 450 k net adds in FY24



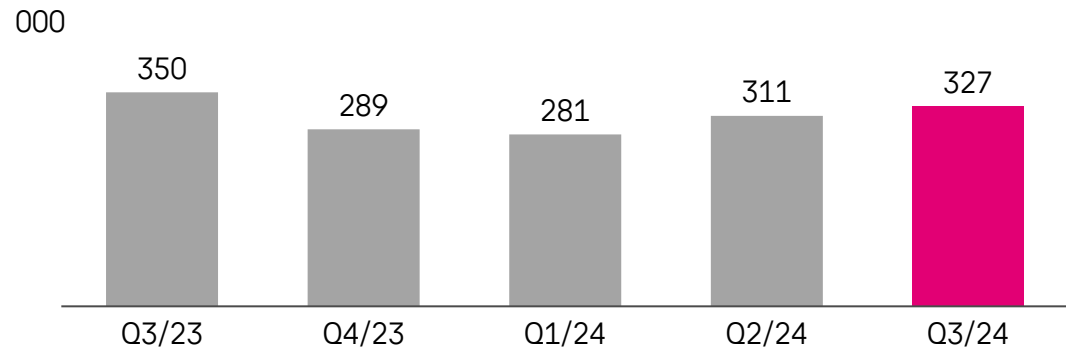


# Germany

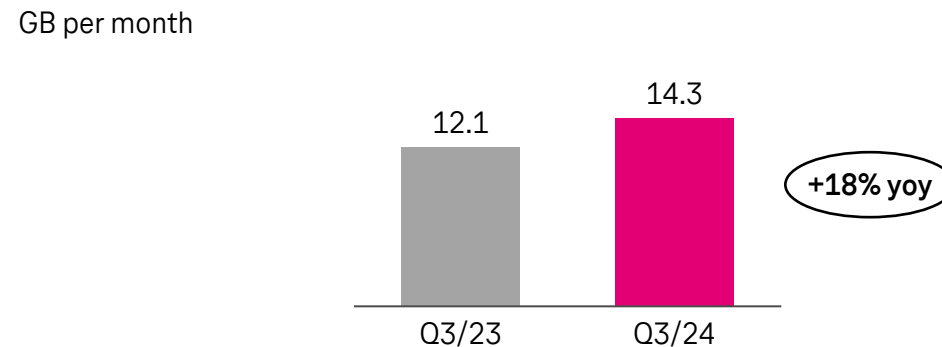
## mobile KPIs: strong customer intake in a competitive market



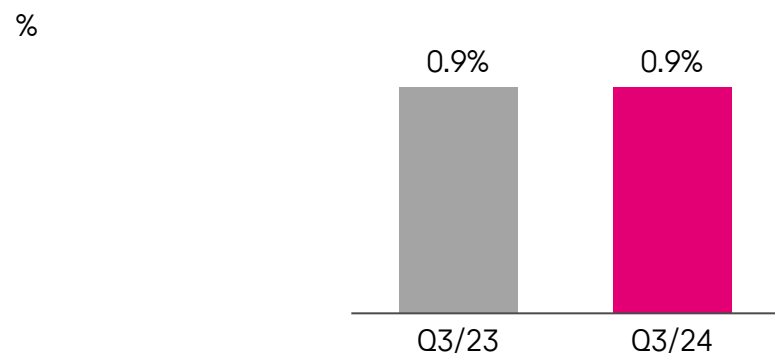
### Branded contract net adds<sup>1</sup>



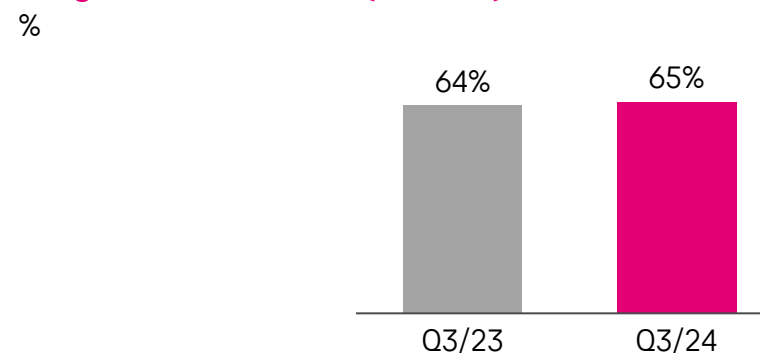
### Data usage<sup>2</sup>



### Churn<sup>2</sup>



### MagentaEINS share (mobile)<sup>3</sup>



<sup>1</sup> Own branded retail customers excl. multibrand, consumer IoT and "Schnellstarter". <sup>2</sup> Of B2C T-branded contract customers. <sup>3</sup> Of B2C T-branded contract customers.

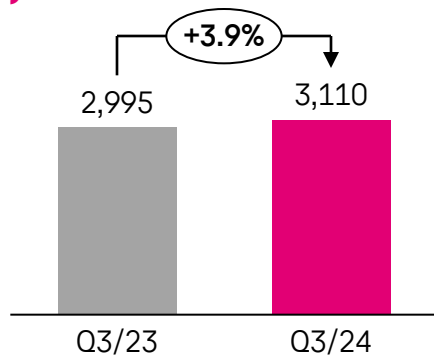
# Europe

## 27<sup>th</sup> consecutive quarter of organic EBITDA growth



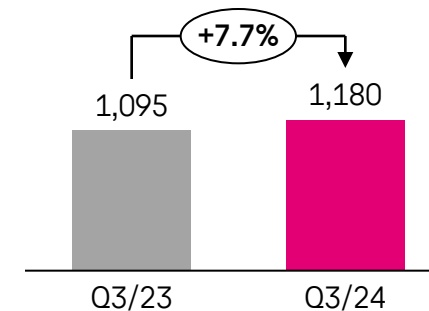
### Revenues (reported)

€ mn



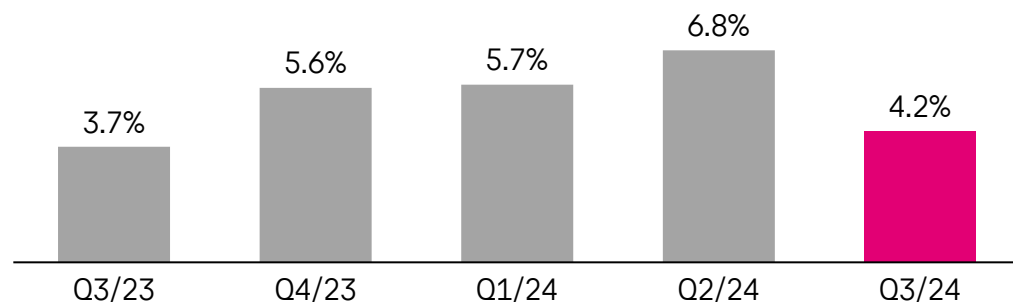
### Adj. EBITDA AL (reported)

€ mn



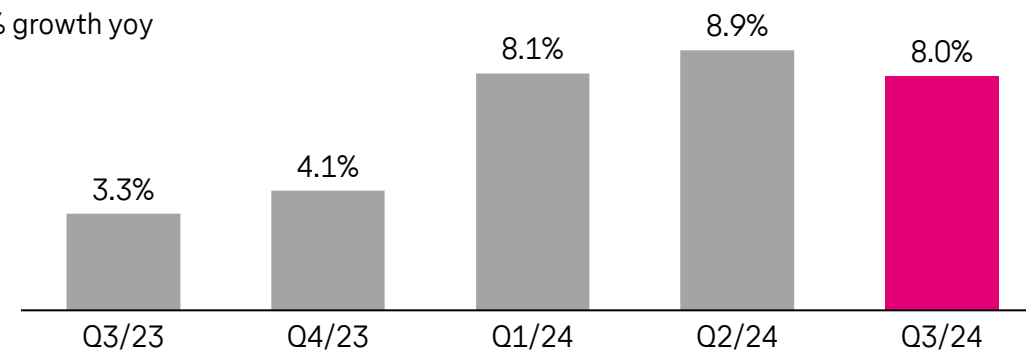
### Revenues (organic)

% growth yoy



### Adj. EBITDA AL (organic)

% growth yoy

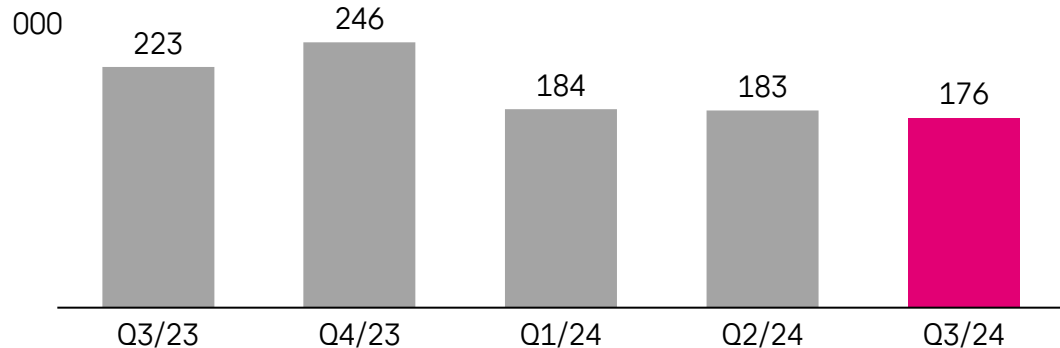


# Europe

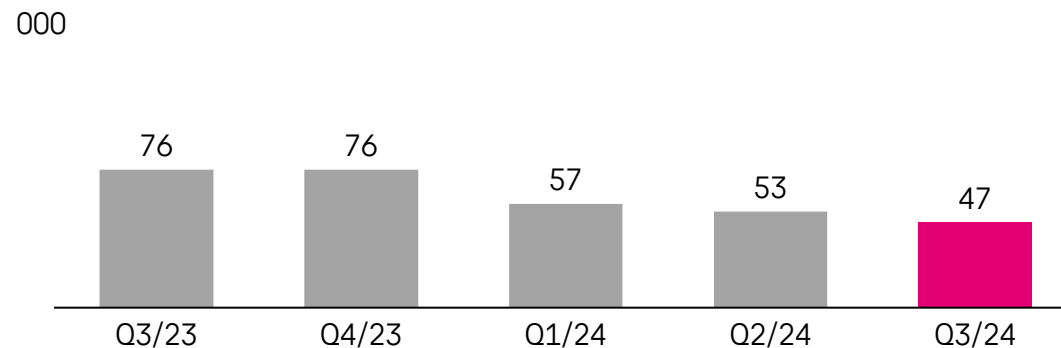
strong commercial performance continues



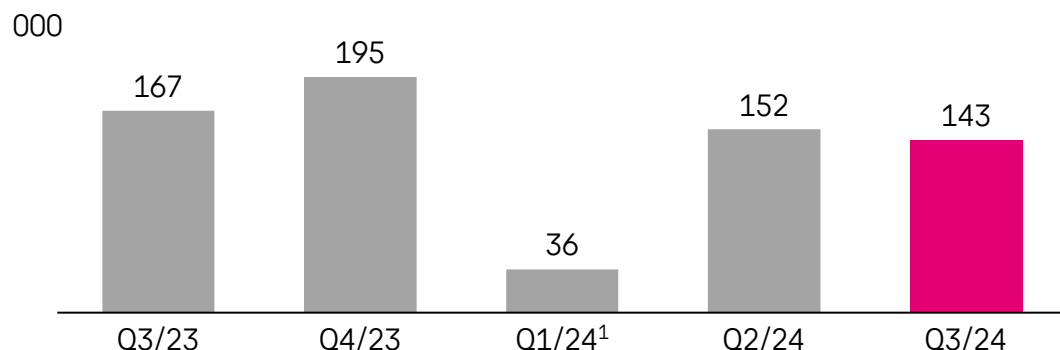
### Mobile contract net adds



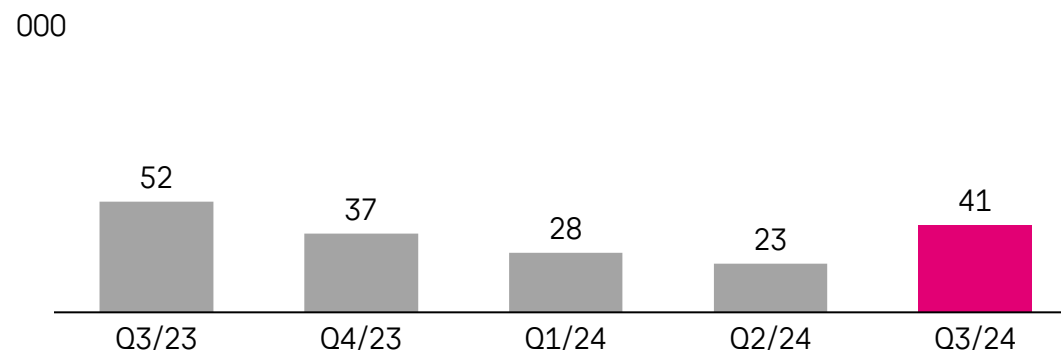
### Broadband net adds



### FMC net adds



### TV net adds



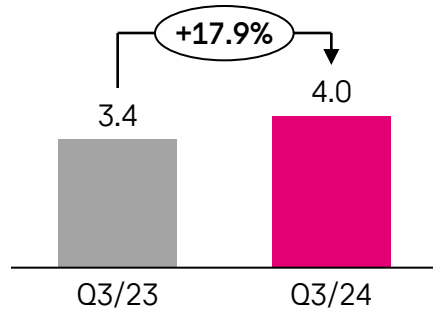
<sup>1</sup> Thereof >-100k due to contract changes in Slovakia.

# Systems Solutions

growth in order entry, revenue, and profitability

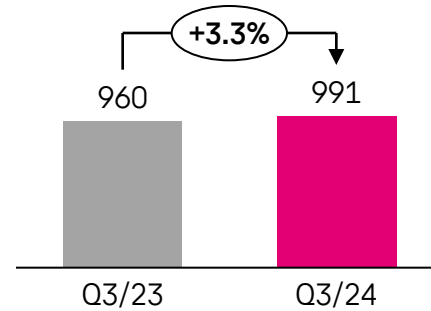
## Order entry (LTM)

€ bn



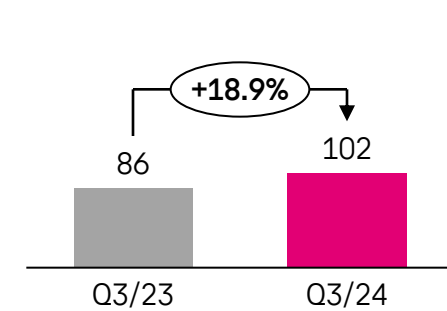
## Revenues (reported)

€ mn



## Adj. EBITDA AL (reported)

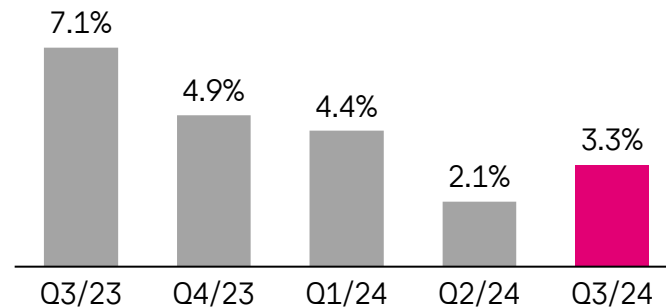
€ mn



- Order entry growth mainly driven by cloud business
- External revenue growing by +4% yoy
- EBITDA AL driven by revenue and costs
- All time high in customer satisfaction (TRI\*M)

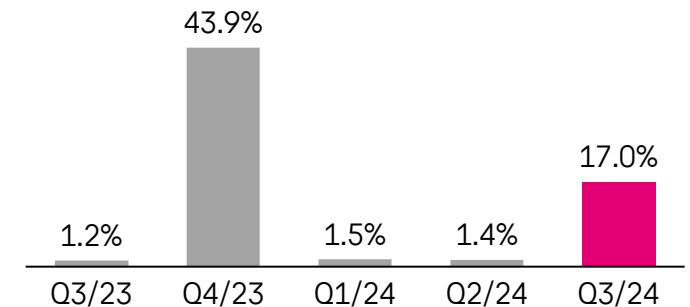
## Revenues (organic)

% growth yoy



## Adj. EBITDA AL (organic)

% growth yoy



# Financials Q3/24 reported

## strong set of results across the board

€ mn

	Q3			9M		
	2023	2024	Change	2023	2024	Change
Revenue	27,556	28,501	+3.4%	82,616	84,838	+2.7%
Service revenues	23,258	24,127	+3.7%	69,025	71,700	+3.9%
Adj. EBITDA AL	10,486	11,096	+5.8%	30,488	32,389	+6.2%
Adj. EBITDA AL (excl. US)	3,695	3,851	+4.2%	10,606	10,975	+3.5%
Adj. net profit	2,268	2,335	+3.0%	6,114	7,051	+15.3%
Net profit	1,924	2,957	+53.7%	18,823	7,027	-62.7%
Adj. EPS (in €)	0.46	0.47	+4.0%	1.23	1.43	+16.0%
Free cash flow AL <sup>1</sup>	4,688	6,189	+32.0%	11,789	15,126	+28.3%
Cash capex <sup>1</sup>	4,062	3,601	-11.4%	13,243	11,946	-9.8%
Net debt excl. leases (AL)	96,923	92,474	-4.6%	96,923	92,474	-4.6%
Net debt incl. leases (IFRS 16)	137,128	128,723	-6.1%	137,128	128,723	-6.1%

9M/23 benefitted from gains in asset sales e.g. Towers

Includes 3 cents tailwind of non-recurring EPS.

Decrease in capex driven by TMUS. Ex US capex up by €0.1 bn

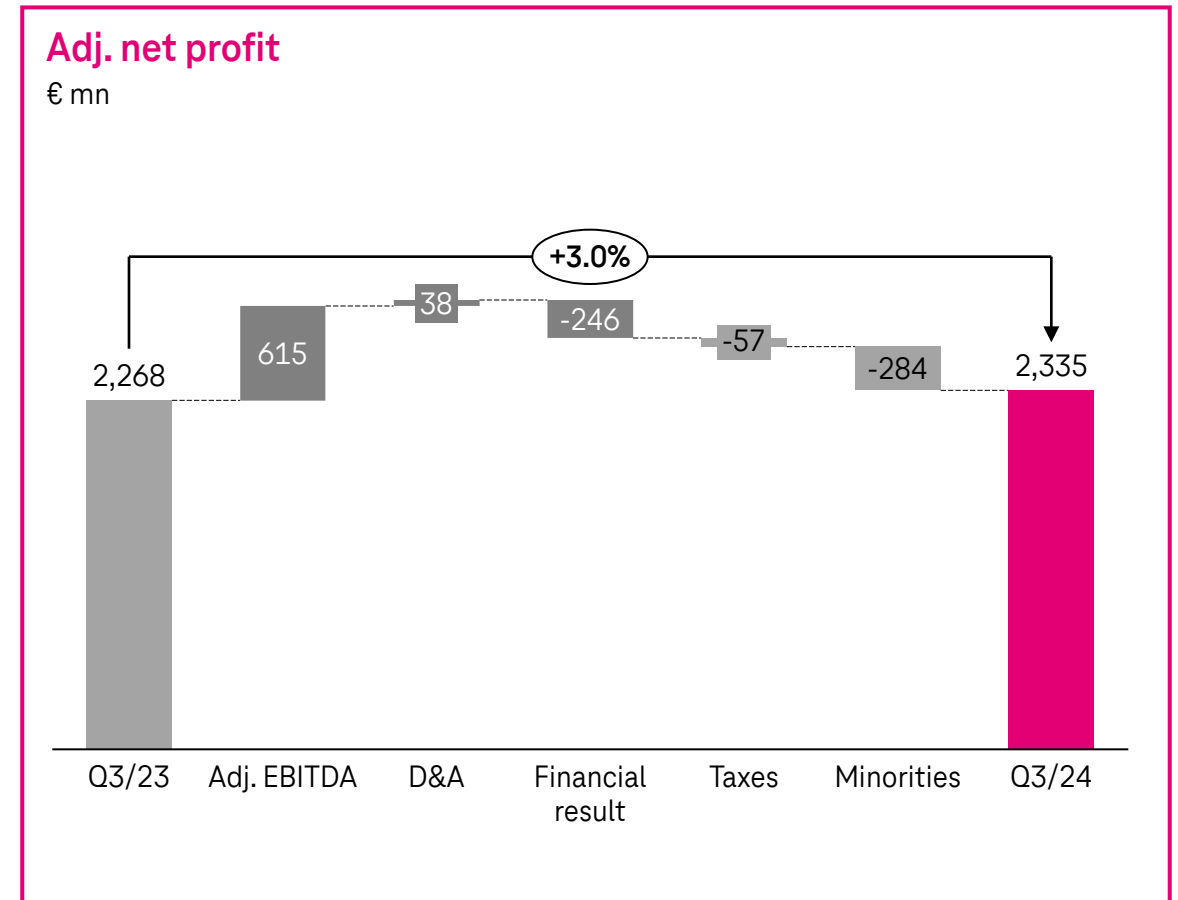
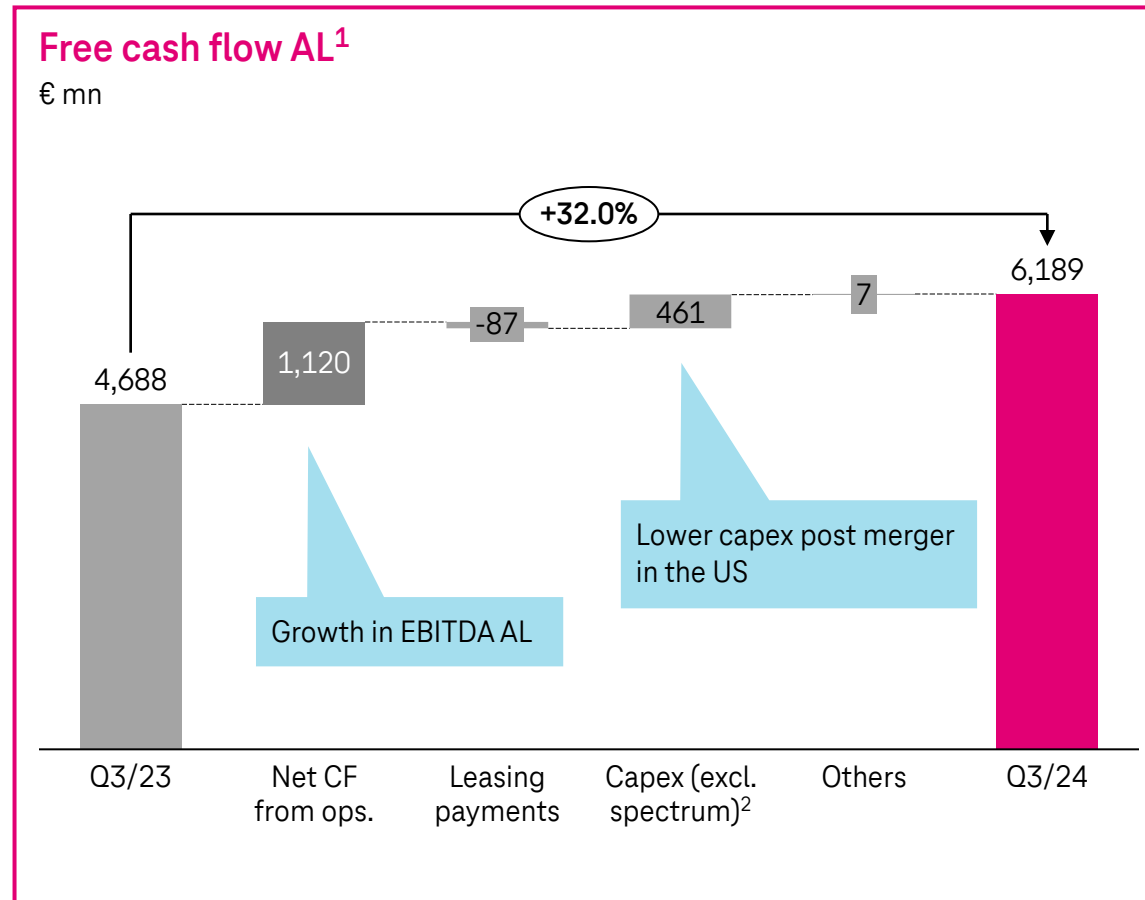
<sup>1</sup> Free cash flow AL before dividend and before spectrum investments. Cash capex before spectrum investment. Spectrum: 9M/24: €2,424 mn 9M/23: €459 mn; Q3/24: €2,192 mn Q3/23: €203 mn.

In this presentation, the Group in 9M/23 is presented in accordance with the management view: certain key performance indicators in 2023 like revenue and adj. EBITDA AL are presented as if GD Towers still would be fully consolidated.

This view is different to the consolidated financial statements of DT where GD Towers is treated as a discontinued operation. For more details, please refer to the back-up to this presentation, respectively the annual report of DT, both available at [www.telekom.com/en/investor-relations](http://www.telekom.com/en/investor-relations).

# FCF AL and adj. net profit

FCF reflecting growth in EBITDA and lower capex in the US



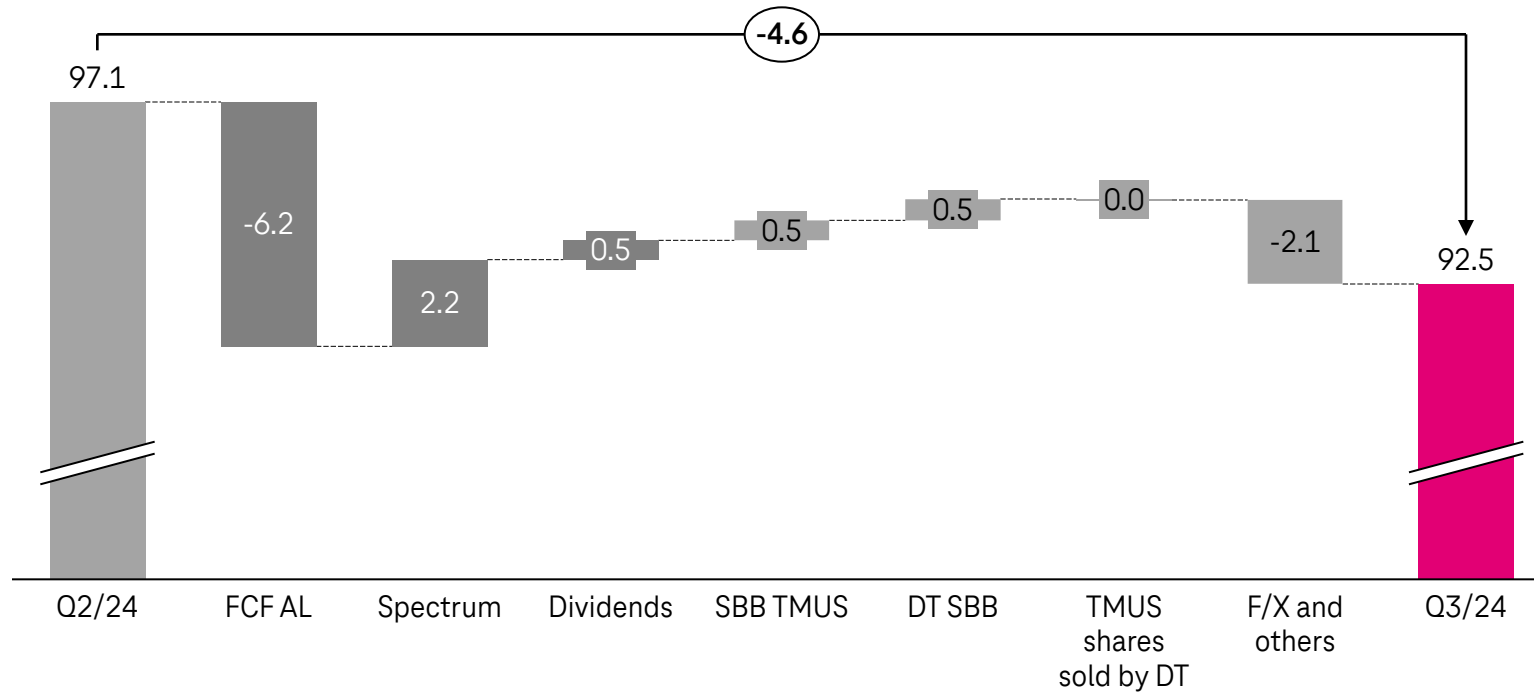
<sup>1</sup> Free cash flow and FCF AL before dividend payments and spectrum investment. <sup>2</sup> Spectrum: Q3/24: €2,192 mn Q3/23: €203 mn.

# Net debt

leverage ratio below 2.75x guardrail

## Net debt excl. leases (AL)

€ bn



## Leverage ratios

X



# **Q3/2024 results**

Main takeaways

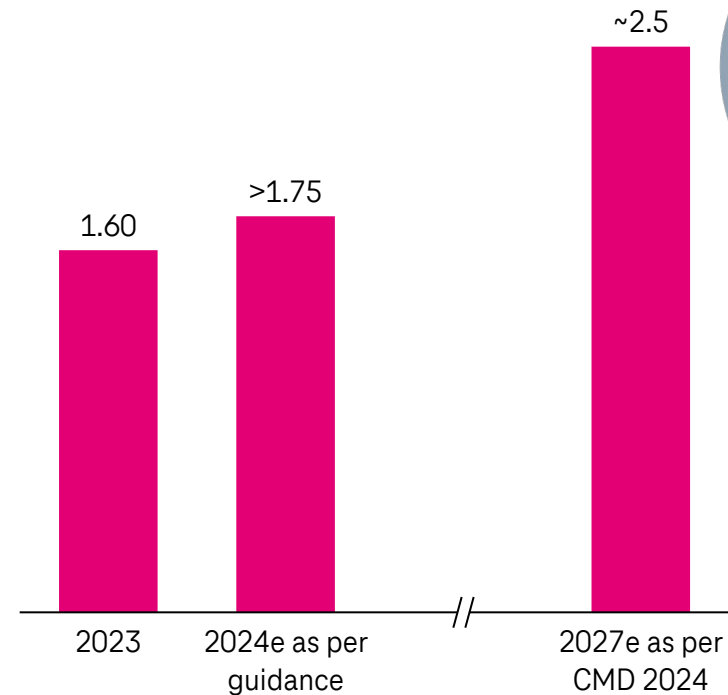


# 9M/24 key messages

## consistent reliable growth

- Ongoing strong commercial and financial performance
- 2024 adj. EBITDA AL guidance raised on both sides of the Atlantic
- Earnings growth to continue, at >11% 2023–2027 CAGR, as per CMD 2024
- Back below 2.75x leverage guardrail
- Attractive shareholder returns proposed for 2025<sup>1</sup> (€0.90 dividend plus up to €2 bn DT share buyback)

Adj. EPS  
in €/share



<sup>1</sup> Subject to necessary approvals.