FitchRatings

Corporates
Telecommunications
Germany

Deutsche Telekom AG

Deutsche Telekom AG (DT) is strongly positioned within its 'BBB+' Long-Term Issuer Default Rating (IDR). It reflects the company's well-diversified portfolio of international telecoms assets in structurally stable markets and a robust financial profile. This allows considerable flexibility in managing its financial structure, supported by strong operating cash flow. DT projects EUR15 billion cumulative surplus cash flow by 2027, with net leverage at the upper end of the company's 2.75x target. This provides DT with strategic flexibility for investments and further share buybacks, if warranted.

Key Rating Drivers

International Portfolio, Quality Scale: DT has a unique mix of international assets and sector-leading scale. We estimate company-defined EBITDA on a proportionate basis at about EUR33.3 billion at end-2024. This broadly comprises Germany at 34%, the US at 52% and Europe and other at 14%. Calculated risks in developing its international portfolio over the past decade have strongly paid off.

We expect DT will continue to concentrate investments on its existing footprint through market consolidation, fibre network expansion and operational improvements. Leveraging scale through cross-platform technology investments will drive synergies that support market positions and cost competitiveness.

Sustainable Domestic Leadership: DT has a strong domestic position, with a mobile subscriber share of about 40% (including M2M) and broadband share of 31% at end-3Q24. A multi-market segment customer base, strong brand awareness and cost efficiency enable an EBITDA margin of 43%. This allows the company to fund the rollout of FTTH lines, which are expected to rise by 2.5 million a year for 2025-2027. The investment is likely to help DT increase its broadband average revenue a user (ARPU) and gain a larger share of new customers than its market share.

Manageable Market Risks in Germany: The deployment of a fourth mobile network in Germany by 1&1 Drillisch (1&1) is unlikely to greatly destabilise the market structure, given 1&1's existing mobile customer base. However, speed- and data-monetisation opportunities that drive ARPU gains could come under pressure over the medium term from greater alternative wholesale fixed-line availability and 1&1's plans to improve network use.

TMUS Increasing Contribution: T-Mobile US, Inc. (TMUS; BBB+/Stable) is an ever larger and strategically important part of DT's development, with its proportionate EBITDA contribution going up to 52% in 2024, from 43% in 2020. The increase reflects strong EBITDA growth at the subsidiary after its merger with Sprint and DT ownership rising to 50.6% (at end-2023), from 43% before the merger. The rise is due to stock acquisitions through call options with Softbank and not participating in TMUS's share buyback. DT envisages a stake in TMUS in the high 50% range.

Retained Strategic Flexibility: DT's financial target of up to 2.75x EBITDA net leverage broadly equates to about 2.4x-2.5x Fitch-defined net leverage on a consolidated basis including TMUS, and about 2.3x-2.4x on a proportionate basis, assuming the current shareholding structure and leverage levels at TMUS and standalone DT.

Managing leverage at the upper end of DT's financial target places the company comfortably in the middle of the 2.0x–3.0x thresholds for its rating. DT envisages that this could potentially provide EUR15 billion of cumulative surplus cashflows for investments. The surplus provides big financial and strategic flexibility for investments and additional share buybacks.

Ratings

Deutsche Telekom AG

Long-Term IDR	BBB+
Short-Term IDR	F2
Senior Unsecured Debt - Long-Term Rating	BBB+
Senior Unsecured Debt - Short-Term Rating	F2

Outlook

Long-Term Foreign-Currency IDR	Stable

Deutsche Telekom International Finance B.V.

Senior Unsecured Debt - Long-Term Rating	BBB+

Click here for the full list of ratings

ESG and Climate

Highest ESG Relevance Scores

Environmental	3
Social	3
Governance	3

2035 Climate Vulnerability Signal: 17

Applicable Criteria

Corporate Rating Criteria (December 2024)

Sector Navigators – Addendum to the Corporate Rating Criteria (December 2024)

Corporate Recovery Ratings and Instrument Ratings Criteria (August 2024)

Related Research

Global Corporates Macro and Sector Forecasts

European Telecom Incumbents – Relative Credit Analysis (February 2024)

Western European Telecoms Outlook 2025 (January 2025)

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Proportionate Rating Profile: DT's 50.6% controlling stake in TMUS allows the company to fully consolidate the subsidiary in its accounts. However, the best way to quantitatively assess DT's ability to meet its debt obligations is to evaluate the cash-generation capacity of its European operations while proportionately consolidating TMUS. This approach considers the large minorities in TMUS, its weak legal and operational ties with DT and a standalone funding structure for TMUS.

Strong Remaining European Operations: Excluding TMUS, DT's other European operations account for about 30% of EBITDA; Germany accounts for most of the remainder. The European operations add to DT's geographic diversification through well-positioned, convergent operator subsidiaries that support stable EBITDA growth. The right mix of devolved local execution and corporate expertise in investments and IT platforms and applications enables DT to leverage global synergies while retaining local effectiveness and agility.

Financial Summary

(EURm)	2021	2022	2023	2024E	2025F	2026F
Gross revenue	105,962	112,839	111,682	114,168	118,546	122,205
EBITDA margin (%)	28.7	29.6	33.3	34.5	34.9	35.7
EBITDA net leverage (x)	3.2	2.9	2.5	2.5	2.6	2.4
EBITDA net leverage with TMUS proportionately consolidated (x)	3.2	2.9	2.4	2.4	2.5	2.3

Note: TMUS fully consolidated unless stated otherwise
Source: Fitch Ratings, Fitch Solutions, DT

Rating Derivation Relative to Peers

DT is rated in line with other western European diversified telecoms operators with similarly strong domestic operations and a geographically diversified portfolio of international businesses, such as Orange S.A. (BBB+/Stable), Vodafone Group Plc (BBB/Positive) and Telefonica SA (BBB/Stable).

The combination of a strong domestic position and diversified business portfolio enables slightly higher leverage capacity for DT's ratings compared with operators with limited scale, such as BT Group plc (BBB/Stable) and Royal KPN N.V. (BBB / Stable). No country-ceiling, parent/subsidiary or operating environment aspects affect DT's ratings.

Navigator Peer Comparison

Issuer		Business profile						Financial profile		
	IDR/Outlook	Operating Environment	Management and Corporate Governance	Market Position	Diversification	Technology and Infrastructure	Regulatory Environment	Profitability	Financial Structure	Financial Flexibility
BT Group plc	BBB/Stable	aa	a-	bbb+	bbb	a	bbb	bbb	bbb	a
Deutsche Telekom AG	BBB+/Stable	aa	a-	a-	a	a	bbb	bbb+	bbb	bbb+
Orange S.A.	BBB+/Stable	aa	a-	a-	a	a	bbb	bbb	bbb	a-
Telefonica SA	BBB/Stable	a+	a-	a-	a	a	bbb	bbb-	bbb-	bbb+
Vodafone Group Plc	BBB/Positive	aa-	a-	bbb+	a	a-	bbb	bbb	bbb-	bbb+

Source: Fitch Ratings

Relative Importance of Factor: Higher / Moderate / Lower

Issuer		Business profile						Financial profile		
Name	IDR/Outlook	Operating Environment	Management and Corporate Governance	Market Position	Diversification	Technology and Infrastructure	Regulatory Environment	Profitability	Financial Structure	Financial Flexibility
BT Group plc	BBB/Stable	+6	+2	+1	0	+3	0	0	0	+3
Deutsche Telekom AG	BBB+/Stable	+5	+1	+1	+2	+2	-1	0	-1	0
Orange S.A.	BBB+/Stable	+5	+1	+1	+2	+2	-1	-1	-1	+1
Telefonica SA	BBB/Stable	+4	+2	+2	+3	+3	0	-1	-1	+1
Vodafone Group Plc	BBB/Positive	+5	+2	+1	+3	+2	0	0	-1	+1

Source: Fitch Ratings

FactorScore Relative to IDR: Worse positioned than IDR / Within one notch of IDR / Better positioned than IDR

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- An increase in EBITDA net leverage on a proportionate basis for TMUS to above 3.0x (2.4x in 2023 and 2024E) on a sustained basis. Spikes in leverage may be consistent with the ratings, if DT has a credible plan to reduce leverage within 18 to 24 months.
- Pressure on free cash flow (FCF) driven by EBITDA-margin erosion, consistently higher capex and shareholder distributions, or big underperformance in the core domestic market and at other key subsidiaries.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- EBITDA net leverage on a proportionate basis for TMUS sustained below 2.0x.
- Sustained FCF growth that is sufficient to cover continued investments in FTTH and mobile spectrum payments.
- Continued market leadership and subscriber growth momentum in the US with a stable market share.

Liquidity and Debt Structure

DT's policy is to maintain sufficient liquidity to cover 24 months of debt maturities. At end-3Q24, the company had liquidity reserves of EUR15.4 billion, excluding TMUS, comprising EUR3.4 billion cash and cash equivalents and EUR12 billion undrawn committed credit facilities versus EUR4.9 billion maturities to end-3Q26.

ESG Considerations

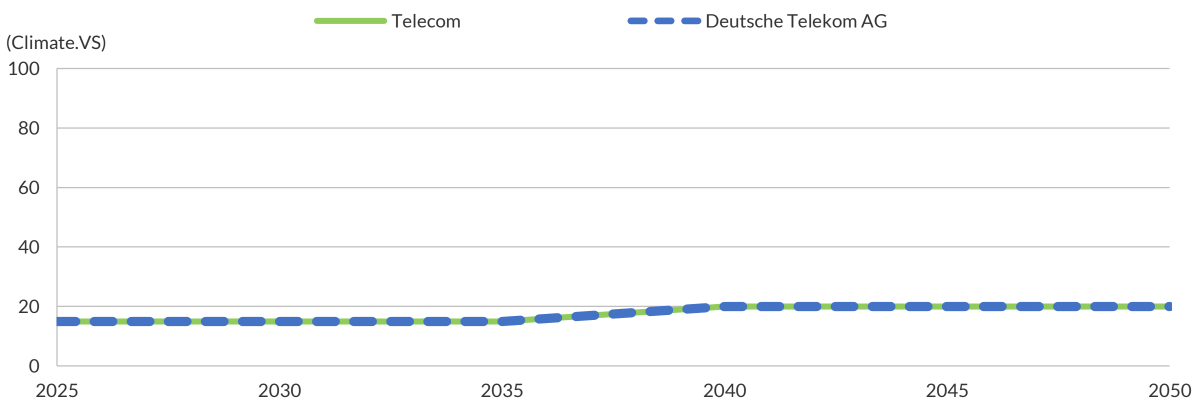
The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, click here.

Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to credit-relevant climate transition risks and, therefore, require additional consideration of these risks in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). For more information on Climate.VS, see our Corporate Rating Criteria. For more detailed, sector-specific information on how we perceive climate-related transition risks, see Climate Vulnerability Signals for Non-Financial Corporate Sectors.

The 2024 revenue-weighted Climate.VS for DT for 2035 is 17, which is in line with telecom sector peers. DT derives most of its revenues from telecoms. We consider a score of 17 to be very low and have not incorporated climate risk in the rating.

Climate.VS Evolution
As of 31 December 2024



Source: Fitch Ratings

Liquidity and Debt Maturities

Scheduled debt maturities (TMUS deconsolidated)

(EURbn)	30 September 2024
2024	1.3
2025	1.5
2026	2.2
2027	3.6
2028	3.5
Thereafter	15.4
Total company-defined debt	**27.5**

Source: Fitch Ratings, Fitch Solutions, DT

Key Assumptions

Fitch's Key Assumptions within our Rating Case for the Issuer

- All assumptions, unless otherwise stated, relate to DT's reported numbers that fully consolidate TMUS.
- Revenue growth of 2%-4% a year for 2024-2027.
- Fitch-defined EBITDA margin at 34.5% in 2025 and gradually rising to 36.1% by 2027.
- Total cash tax at 2.5% of Fitch-defined EBITDA in 2024 before increasing to 12% by 2027, mostly reflecting cash tax increases in TMUS.
- Capex, including spectrum payments, at 13%-19% of revenues for 2024-2027.
- Negative working capital at 1% of revenue in 2024-2027.
- Dividend paid to non-controlling shareholders of EUR1.6 billion in 2024 and gradually rising to EUR2.2 billion by 2027.
- Share buybacks at TMUS averaging EUR9.8 billion a year in 2024-2027.
- Cash inflow from TMUS share buybacks at DT standalone level averaging EUR2.4 billion a year between 2024 and 2027. Alternative scenarios could see a different mix of outcomes, such as DT raising its stake beyond the assumptions in our rating case, while leverage remains stable at the upper end of its target.
- Exercise of share option from Softbank for TMUS shares of EUR0.6 billion in 2024.
- Share buybacks at DT level of EUR2 billion a year in 2024-2025.
- Cash outflow related to acquisitions at TMUS level of EUR0.4 billion in 2024, EUR7.5 billion in 2025 and EUR0.2 billion in 2027; additional debt at TMUS related to US cellular acquisition of EUR1.8 billion in 2025.
- Exchange rate of 1.090 to 1.095 euro to US dollar in 2024-2027.

Financial Data

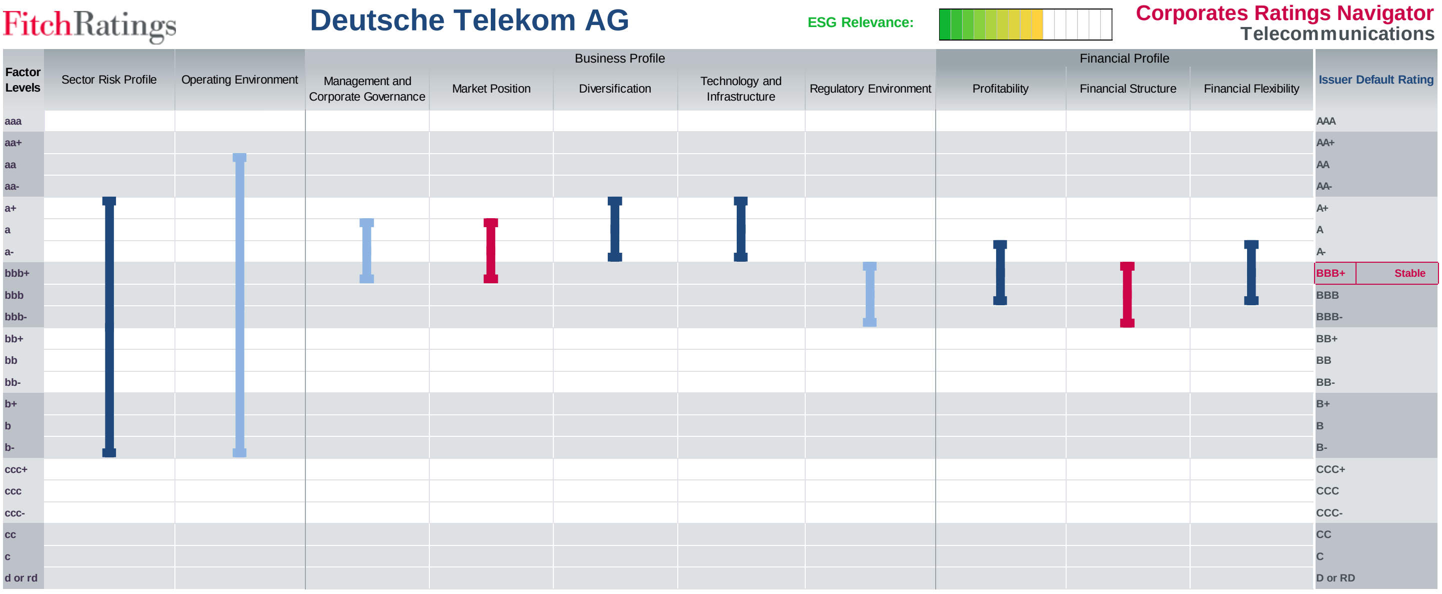
(EURm)	2021	2022	2023	2024E	2025F	2026F
Summary income statement						
Gross revenue	105,962	112,839	111,682	114,168	118,546	122,205
Revenue growth (%)	6.4	6.5	-1.0	2.2	3.8	3.1
EBITDA before income from associates	30,418	33,382	37,179	39,350	41,334	43,644
EBITDA margin (%)	28.7	29.6	33.3	34.5	34.9	35.7
EBITDA after associates and minorities	30,134	33,196	36,663	37,724	39,350	41,587
Summary balance sheet						
Readily available cash and equivalents	7,581	5,680	7,170	6,967	6,318	6,486
Debt	103,286	103,326	97,484	101,484	107,484	107,484
Net debt	95,705	97,646	90,314	94,518	101,166	100,998
Summary cash flow statement						
EBITDA	30,418	33,382	37,179	39,350	41,334	43,644
Cash interest paid	-5,003	-5,241	-5,855	-5,969	-6,269	-6,449
Cash tax	-893	-902	-1,312	-999	-1,953	-5,189
Dividends received less dividends paid to minorities (inflow/outflow)	-284	-186	-516	-1,626	-1,984	-2,057
Other items before funds from operations (FFO)	242	-363	335	-1,000	-1,000	-1,000
FFO	25,618	28,037	32,032	30,556	30,928	29,750
FFO margin (%)	24.2	24.8	28.7	26.8	26.1	24.3
Change in working capital	-2,880	-75	-877	-1,144	-1,188	-1,224
Cash flow from operations (CFO) (Fitch-defined)	22,738	27,962	31,155	29,412	29,740	28,526
Total non-operating/non-recurring cash flow	—	—	—	—	—	—
Capex	-26,365	-24,114	-17,866	—	—	—
Capital intensity (capex/revenue) (%)	24.9	21.4	16.0	—	—	—
Common dividends	-2,853	-3,188	-3,480	—	—	—
FCF	-6,480	660	9,809	—	—	—
FCF margin (%)	-6.1	0.6	8.8	—	—	—
Net acquisitions and divestitures	-1,265	4,156	7,625	—	—	—
Other investing and financing cash flow items	3,071	-5,409	-13,024	—	—	—
Net debt proceeds	-684	-1,308	-2,903	4,000	6,000	—
Net equity proceeds	—	—	—	-2,000	-2,000	—
Total change in cash	-5,358	-1,901	1,507	-204	-649	168
Calculations for forecast publication						
Capex, dividends, acquisitions and other items before FCF	-30,483	-23,146	-13,721	-19,915	-25,256	-19,225
FCF after acquisitions and divestitures	-7,745	4,816	17,434	9,498	4,484	9,301
FCF margin after net acquisitions (%)	-7.3	4.3	15.6	8.3	3.8	7.6
Gross leverage ratios (x)						
EBITDA leverage	3.4	3.1	2.7	2.7	2.7	2.6
CFO-capex/debt	-3.5	3.7	13.6	10.7	13.2	12.1
Net leverage ratios (x)						
EBITDA net leverage	3.2	2.9	2.5	2.5	2.6	2.4
CFO-capex/net debt	-3.8	3.9	14.7	11.5	14.0	12.9
Coverage ratios (x)						
EBITDA interest coverage	6.0	6.3	6.3	6.3	6.3	6.4

Source: Fitch Ratings, Fitch Solutions, DT

How to Interpret the Forecast Presented

The forecast presented above is based on Fitch Ratings' internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch Ratings to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch Ratings' rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch Ratings' forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch Ratings' own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch Ratings' own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch Ratings may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch Ratings' own internal deliberations, where Fitch Ratings, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch Ratings may update the forecast in future reports but assumes no responsibility to do so. Original financial statement data for historical periods is processed by Fitch Solutions on behalf of Fitch Ratings. Key financial adjustments and all financial forecasts credited to Fitch Ratings are generated by rating agency staff.

Ratings Navigator



Bar Chart Legend:	
Vertical Bars = Range of Rating Factor	Bar Arrows = Rating Factor Outlook
Bar Colors = Relative Importance	⇧ Positive
Higher Importance	⇩ Negative
Average Importance	⇳ Evolving
Lower Importance	☐ Stable

FitchRatings

Deutsche Telekom AG

Corporates Ratings Navigator
Telecommunications

Operating Environment

aa+	Economic Environment	aa	Very strong combination of countries where economic value is created and where assets are located.
aa	Financial Access	aa	Very strong combination of issuer specific funding characteristics and of the strength of the relevant local financial market.
	Systemic Governance	aa	Systemic governance (eg rule of law, corruption; government effectiveness) of the issuer's country of incorporation consistent with 'aa'.
b-			
ccc+			

Management and Corporate Governance

a+	Management Strategy	a	Coherent strategy and good track record in implementation.
a	Governance Structure	a	Experienced board exercising effective check and balances. Ownership can be concentrated among several shareholders.
a-	Group Structure	a	Group structure shows some complexity but mitigated by transparent reporting.
bbb+	Financial Transparency	bbb	Good quality reporting without significant failing. Consistent with the average of listed companies in major exchanges.
bbb			

Market Position

a+	Market Position	a	Very strong and sustainable market share in primary markets (> 30%).
a	Competition	bbb	Primary markets characterized by medium competitive intensity and/or moderate barriers to entry.
a-	Scale - EBITDA	a	>$5 billion
bbb+			
bbb			

Diversification

aa-	Service Platform Diversification	a	Operates several service platforms in primary markets.
a+	Geographic Diversification	a	Very good geographic diversification.
a			
a-			
bbb+			

Technology and Infrastructure

aa-	Ownership of Network	a	Owns almost all of its infrastructure.
a+	Network and Service Quality	a	Market leading network in terms of coverage and technology deployment, with good quality of service.
a			
a-			
bbb+			

Regulatory Environment

a-	Regulatory Risk	bbb	Moderate.
bbb+			
bbb			
bbb-			
bb+			

Profitability

a	Volatility of Cash Flow	bbb	Volatility and visibility of cash flow in line with industry average.
a-	EBITDA Margin	a	35%
bbb+			
bbb			
bbb-			

Financial Structure

a-	EBITDA Leverage	bbb	2.8x
bbb+	EBITDA Net Leverage	bbb	2.6x
bbb	(CFO-Capex)/Debt	bbb	12.5%
bbb-			
bb+			

Financial Flexibility

a	Financial Discipline	a	Clear commitment to maintain a conservative policy with only modest deviations allowed.
a-	Liquidity	a	No need for external funding beyond committed facilities in the next 12 months even under a severe stress scenario. Well-spread maturities. Diversified funding.
bbb+	EBITDA Interest Coverage	bbb	7.5x
bbb	FX Exposure	a	Profitability potentially exposed to FX but efficient hedging in place. Debt and cash flows well-matched.
bbb-			

Credit-Relevant ESG Derivation

Deutsche Telekom AG has 8 ESG potential rating drivers

- Energy and fuel use in networks and data centers
- Networks exposed to extreme weather events (e.g. hurricanes)
- Data security; service disruptions
- Impact of labor negotiations and employee (dis)satisfaction
- Governance is minimally relevant to the rating and is not currently a driver.

			Overall ESG
key driver	0	issues	5
driver	0	issues	4
potential driver	8	issues	3
not a rating driver	1	issues	2
	5	issues	1

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

FitchRatings

Deutsche Telekom AG

Corporates Ratings Navigator
Telecommunications

Credit-Relevant ESG Derivation

Deutsche Telekom AG has 8 ESG potential rating drivers

- Deutsche Telekom AG has exposure to energy productivity risk but this has very low impact on the rating.
- Deutsche Telekom AG has exposure to extreme weather events but this has very low impact on the rating.
- Deutsche Telekom AG has exposure to customer accountability risk but this has very low impact on the rating.
- Deutsche Telekom AG has exposure to labor relations & practices risk but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

ESG Relevance to Credit Rating

key driver	0	issues	5
driver	0	issues	4
potential driver	8	issues	3
not a rating driver	1	issues	2
	5	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	3	Energy and fuel use in networks and data centers	Profitability	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	3	Networks exposed to extreme weather events (e.g. hurricanes)	Profitability	1

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Data security; service disruptions	Competitive Position; Profitability	4
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Competitive Position; Profitability	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	2	Social attitudes toward network infrastructure	Diversification; Technology and Infrastructure; Profitability	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance	5
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance	4
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance	3
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance	2
				1

How to Read This Page

ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.

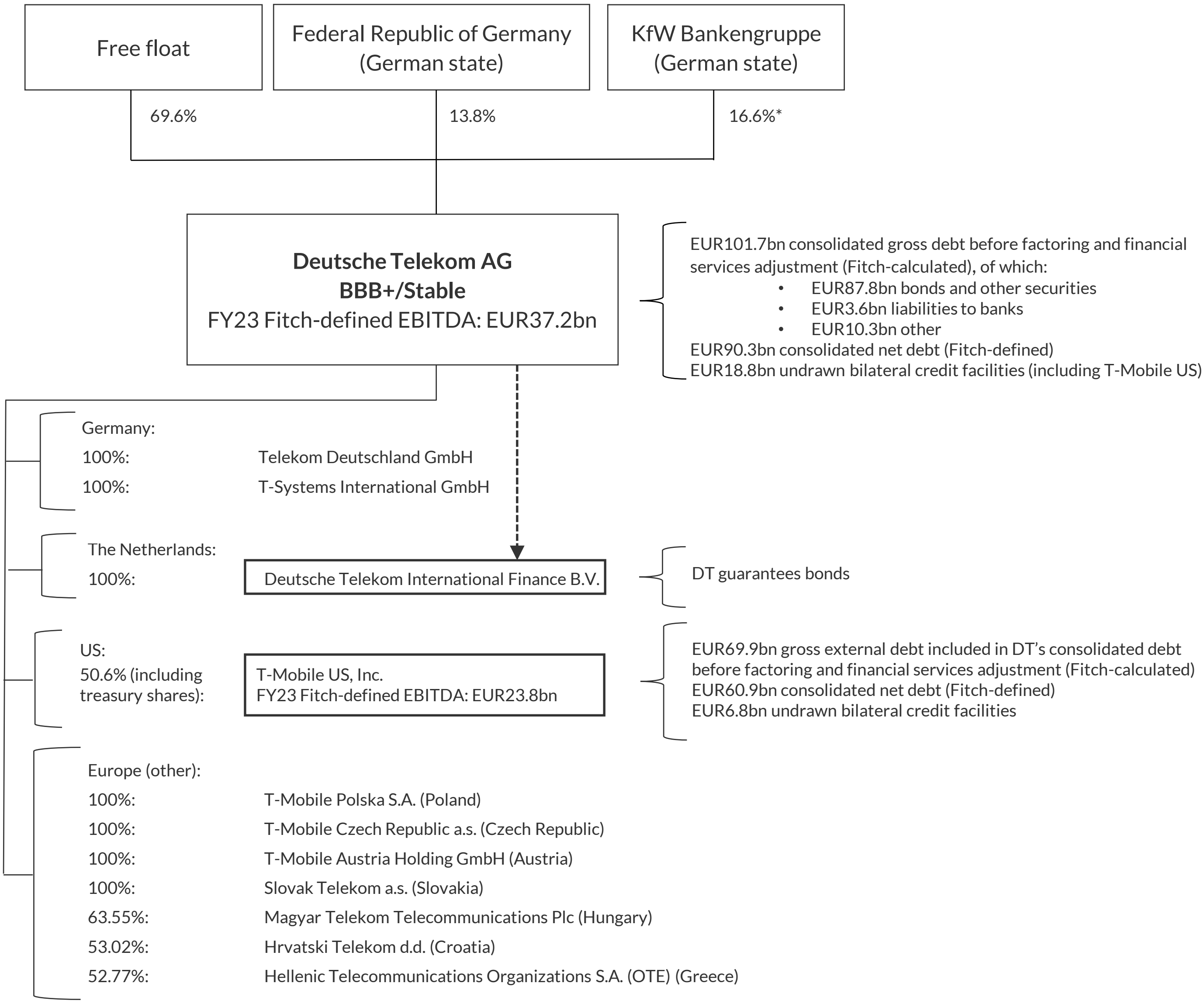
Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Simplified Group Structure Diagram



Note: KfW Bankengruppe has reduced its stake in DT in the course of 2024 to 13.9%.
Source: Fitch Ratings, Fitch Solutions, DT. As of December 2023

Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	Gross revenue (EURm)	EBITDA margin (%)	FCF margin (%)	EBITDA net leverage (x)	CFO-capex /debt (%)
Deutsche Telekom AG	BBB+						
	BBB+	2023	111,682	33.3	8.8	2.5	13.6
	BBB+	2022	112,839	29.6	0.6	2.9	3.7
	BBB+	2021	105,962	28.7	-6.1	3.2	-3.5
Orange S.A.	BBB+						
	BBB+	2023	44,132	29.8	1.9	2.2	7.3
	BBB+	2022	43,480	30.1	-0.7	2.1	4.1
	BBB+	2021	42,522	29.9	-2.5	2.2	2.8
Telefonica SA	BBB						
	BBB	2023	40,652	24.6	0.8	3.0	5.3
	BBB	2022	39,993	24.5	4.2	3.1	2.3
	BBB	2021	39,277	26.3	2.2	3.0	3.3
Vodafone Group Plc	BBB						
	BBB	2023	45,706	32.1	2.4	2.2	8.3
	BBB	2022	45,580	33.5	2.5	2.5	7.6
	BBB	2021	43,809	32.8	1.4	2.7	6.3

Source: Fitch Ratings, Fitch Solutions

Fitch Adjusted Financials

(EURm)			FY2023 consolidated	Lease adjustment	FY2023 consolidated (adjusted for leases)	TMUS	FY2023 with TMUS deconsolidated	FY2023 with TMUS proportionately consolidated
Debt and cash summary								
Financial liabilities (current)	(as reported)		9,620		9,620	-3,275	6,345	8,002
Financial liabilities (non-current)	(as reported)		94,903		94,903	-67,343	27,560	61,635
Lease liabilities (current and non-current)	(as reported)		40,793	-40,793	0	0	0	0
Adjusted for:								
Accrued interest (reflected within financial liabilities)	(as reported)		-1,009		-1,009	741	-268	-643
Derivative financial assets	(as reported)		-1,780		-1,780	0	-1,780	-1,780
Derivative liabilities not related to hedging of debt (reflected within financial liabilities)	(as reported)							
Derivative financial assets related to hedging of debt	(as reported)							
Total debt before factoring and financial services adjustment	**(calculated)**	**(a)**	**142,527**	**-40,793**	**101,734**	**-69,878**	**31,856**	**67,214**
Volume of receivables sold as of the reporting date	(as reported)	**(b)**	2,689		2,689	-2,689	0	1,361
Lease wireless device assets (TMUS)	(as reported)		104		104	-104	0	53
Equipment installment plan receivables, net of allowance for credit losses and imputed discount (TMUS)	(as reported)		5,881		5,881	-5,881	0	2,976
Total receivables eligible to financial services operations	**(calculated)**	**(c)**	**8,674**		**8,674**	**-8,674**	**0**	**4,389**
Debt related to financial services operations	**(Fitch estimate)**	**(d) = (c)*4/5**	**-6,939**		**-6,939**	**6,939**	**0**	**-3,511**
Total gross debt	**(calculated)**	**(e) = (a) + (b) + (d)**	**138,277**	**-40,793**	**97,484**	**-65,627**	**31,856**	**65,064**
Cash and cash equivalents	(as reported)		-7,274		-7,274	4,647	-2,627	-4,978
Restricted cash			104		104		104	104
Total cash and cash equivalents	**(calculated)**	**(f)**	**-7,170**		**-7,170**	**4,647**	**-2,523**	**-4,874**
Net debt with equity credit	**(calculated)**	**(g) = (e) + (f)**	**131,107**	**-40,793**	**90,314**	**-60,980**	**29,334**	**60,190**
Revenue	**(as reported)**		**111,970**		**111,970**	**-72,436**	**39,534**	**76,187**
less: Jump! lease revenues	(Fitch estimate)		-288		-288	288	0	-146
Revenue (Fitch-defined)	**(calculated)**		**111,682**		**111,682**	**-72,148**	**39,534**	**76,041**
EBITDA before special items (company-defined)	**(as reported)**		**44,772**	**-7,305**	**37,467**	**-24,135**	**13,332**	**25,544**
less: Jump! lease EBITDA	(Fitch estimate)		-288		-288	288	0	-146
EBITDA (Fitch-defined)	(calculated)	(h)	**44,484**	**-7,305**	**37,179**	**-23,847**	**13,332**	**25,398**
EBITDA margin, (%)	(calculated)		39.8%		33.3%	33.1%	33.7%	33.4%
Cash generated from operations	(as reported)		**42,826**	**-7,305**	**35,521**	**-23,926**	**11,595**	**23,701**

(EURm)			FY2023 consolidated	Lease adjustment	FY2023 consolidated (adjusted for leases)	TMUS	FY2023 with TMUS deconsolidated	FY2023 with TMUS proportionately consolidated
Less:								
Dividends paid to non-controlling interests	(as reported)		-547		-547	324	-223	-387
Cash interest paid (as reported)	(as reported)		-7,729	1,874	-5,855	4,634	-1,221	-3,566
Interest payments for zero coupons bonds	(as reported)		0		0		0	0
Cash interest paid (used for metrics calculation)	(calculated)		-7,729	1,874	-5,855	4,634	-1,221	-3,566
Cash interest received	(as reported)		2,201		2,201	-269	1,932	2,068
Jump! lease EBITDA	(as above)		-288		-288	288	0	-146
Factoring adjustment	(Fitch estimate)		123		123	-123	0	62
CFO (Fitch-defined)	**(calculated)**		**36,586**	**-5,431**	**31,155**	**-19,072**	**12,083**	**21,733**
EBITDA	(as above)		**44,484**	**-7,305**	**37,179**	**-23,847**	**13,332**	**25,398**
Interest paid	(calculated)	(i)	-7,729	1,874	-5,855	3,142	-2,713	-4,303
Interest received	(as reported)	(j)	2,201		2,201	-269	1,932	2,068
Net interest received (paid)	(calculated)	**(k)**	-5,528	1,874	-3,654	2,873	-781	-2,235
Tax paid during the year	(as reported)		-1,312		-1,312	138	-1,174	-1,244
Dividends received from equity investments	(as reported)	(l)	31		31	332	363	195
Dividends paid to non-controlling interests (NCI)	(as reported)	(m)	-547		-547	324	-223	-387
Other items before FFO	(calculated)		335	0	335	-783	-448	-52
FFO	**(calculated)**	**(n)**	**37,463**	**-5,431**	**32,032**	**-20,963**	**11,069**	**21,676**
Change in working capital (reported)	(as reported)		-1,000		-1,000	2,014	1,014	-5
Factoring adjustment	(as above)		123		123	-123	0	62
Change in working capital (Fitch-defined)	(calculated)		-877		-877	1,891	1,014	57
CFO (Fitch-defined)	**(as above)**	**(o)**	**36,586**	**-5,431**	**31,155**	**-19,072**	**12,083**	**21,733**
Cash capex (Fitch-defined)	**(calculated)**	(p)	17,866		17,866	-10,053	7,813	12,900
Lease expense	**(calculated)**			**7,305**		**5,903**	**1,402**	
Depreciation and amortisation on right-of-use assets	(as reported)			5,431		4,484	947	
Interest expense on lease liabilities	(Fitch assumption)			1,874		1,419	455	
EBITDA net leverage (Fitch-defined)								
Net debt/(EBITDA after dividends paid to NCI and dividends received from associates and joint ventures)	(calculated)	g / (h + l + m)			2.5		2.2	2.4
(CFO - capex)/gross debt	(calculated)	(o - p) / (e)			13.6%		13.4%	13.6%

Note: DT share in TMUS as of end-2023 was 50.6% (including treasury shares).
Source: Fitch Ratings, DT

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

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