

Interim Group management report

Group organization, strategy, and management

With regard to our Group organization, strategy, and management, please refer to the explanations in the 2023 combined management report (2023 Annual Report). From the Group's point of view, the following significant events in the first nine months of 2024 resulted in changes and/or additions.

Group organization

Acquisition of Ka'ena in the United States. On March 9, 2023, T-Mobile US entered into a Merger and Unit Purchase Agreement for the acquisition of 100 % of the outstanding equity of the U.S. prepaid provider Ka'ena and its subsidiaries including, among others, Mint Mobile, for a maximum purchase price of USD 1.35 billion. The transaction was consummated on May 1, 2024. All necessary regulatory approvals had been duly granted and all other closing conditions met. Ka'ena is included in Deutsche Telekom's consolidated financial statements as of May 1, 2024.

At deal close, T-Mobile US made an upfront payment of around USD 1.0 billion (EUR 0.9 billion), comprising a cash component of around USD 0.4 billion (EUR 0.4 billion) and around 3 million ordinary shares of T-Mobile US with a total value of around USD 0.5 billion (EUR 0.5 billion), determined on the basis of the closing share price on April 30, 2024. In addition, there is a variable earnout payable on August 1, 2026 if Ka'ena achieves specified performance indicators. The amount of the upfront payment is expected to be finalized by the end of 2024.

Changes to the segment and organizational structure in 2023

Presentation of GD Towers in the prior year. The sale of the GD Towers business entity was consummated on February 1, 2023. Since that date, GD Towers has no longer been part of the Group. It had been recognized in the interim consolidated financial statements as a discontinued operation from the third quarter of 2022 until its sale. By contrast, the financial performance indicators for the prior year in the interim Group management report contain the value contributions of GD Towers up to the end of January 2023. Please refer to the following table for a breakdown of these performance indicators into the amounts recognized in the consolidated income statement in the first nine months of 2023:

millions of €	Q1-Q3 2023	Of which: continuing operations	Of which: discontinued operation
Net revenue	82,616	82,601	15
Service revenue	69,025	69,029	(4)
EBITDA	46,455	33,451	13,004
Depreciation of right-of-use assets	(3,618)	(3,618)	0
Interest expenses on recognized lease liabilities	(1,346)	(1,341)	(5)
EBITDA AL	41,492	28,492	12,999
Special factors affecting EBITDA AL	11,004	(1,923)	12,927
EBITDA AL (adjusted for special factors)	30,488	30,415	73
Depreciation, amortization and impairment losses	(17,804)	(17,804)	0
Profit (loss) from operations (EBIT)	28,651	15,647	13,004
Profit (loss) from financial activities	(4,446)	(4,430)	(16)
Profit (loss) before income taxes	24,205	11,217	12,989
Earnings per share (basic and diluted)	€ 3.78	1.03	2.75
Adjusted earnings per share (basic and diluted)	€ 1.23	1.22	0.01

(Expected) changes to the segment and organizational structure in 2024/2025

Agreement on the acquisition of Lumos in the United States. On April 24, 2024, T-Mobile US entered into an agreement with the investment fund EQT on the acquisition of the fiber-to-the-home platform Lumos. The transaction is subject to regulatory approvals as well as other customary closing conditions and is expected to close in early 2025. Upon closing, T-Mobile US is expected to invest approximately USD 1.0 billion (EUR 0.9 billion) in the joint venture to acquire a 50 % equity stake and all existing fiber customers, with the funds invested by T-Mobile US being used by Lumos for future fiber builds. In addition, T-Mobile US is expected to contribute an additional amount of approximately USD 0.5 billion (EUR 0.4 billion) between 2027 and 2028.

Agreement on the acquisition of UScellular in the United States. On May 24, 2024, T-Mobile US entered into an agreement on the acquisition of UScellular's wireless operations and specific spectrum licenses. The purchase price totals around USD 4.4 billion (EUR 3.9 billion) and comprises a cash component and the transfer of debt of up to USD 2.0 billion (EUR 1.8 billion). The transaction is subject to regulatory approvals as well as other customary closing conditions and is expected to close in mid-2025.

Agreement on the acquisition of Metronet in the United States. On July 18, 2024, T-Mobile US entered into an agreement with KKR on the acquisition of the fiber-to-the-home platform Metronet and certain of its affiliates. The transaction is subject to regulatory approvals as well as other customary closing conditions and is expected to close in 2025. Upon closing, T-Mobile US is expected to invest approximately USD 4.9 billion (EUR 4.4 billion) in the joint venture to acquire a 50 % equity stake and all existing residential fiber customers, as well as to fund the joint venture.

Group strategy

Capital Markets Day 2024. On October 10 and 11, 2024, we presented our medium-term strategy and the financial outlook at our Capital Markets Day. With an enhanced strategy, we are aiming for a new phase of growth up to 2027: We expect average annual growth of around 4 % in both revenue and service revenue, and of 4 to 6 % in adjusted EBITDA AL. Free cash flow AL is expected to reach around EUR 21 billion in 2027. Investments of the Group (Deutsche Telekom without T-Mobile US) excluding expenses for mobile spectrum are expected to account for around 21 % of service revenues in 2027. From 2024, the leverage ratio (ratio of net debt to adjusted EBITDA) is expected to remain stable at 2.75x or lower. The dividend will continue to track the development in adjusted earnings per share. This figure is set to rise from the 2023 level of EUR 1.60 to around EUR 2.5 by 2027. 40 to 60 % of adjusted earnings per share are to be paid out. For 2025, we are planning a total of up to EUR 6.4 billion in shareholder remuneration including share buy-backs of up to EUR 2 billion. The dividend for the 2024 financial year is expected to rise to EUR 0.90 per share. These plans by the Board of Management are subject to the necessary approvals by the relevant corporate bodies. Growth is to be driven by the enhancement of the business model. Key factors in this will be global economies of scale and the systematic use of artificial intelligence and data. Because our vision of becoming the Leading Digital Telco has not changed.

Governance

By resolution of October 13, 2023, the Supervisory Board of Deutsche Telekom AG appointed Dr. Ferri Abolhassan as the **Board member** responsible for T-Systems for the period from January 1, 2024 to December 31, 2026. Mr. Abolhassan thereby succeeds Adel Al-Saleh, who had asked for his contract to be terminated and left the Group as of December 31, 2023.

In its meeting on December 12, 2023, the Supervisory Board adopted a **new committee structure** to take effect from January 1, 2024. The previous Technology and Innovation Committee has been subsumed under the new Strategy, ESG, and Innovation Committee. In addition, the Audit Committee and the Finance Committee have been merged.

In accordance with the published agenda, on April 10, 2024, the **Shareholders' Meeting** of Deutsche Telekom AG passed resolutions on, among other matters, the approval of the actions of the Board of Management and the Supervisory Board, the selection of the external auditor for the 2024 financial year, the amount of the dividend (EUR 0.77 per dividend-bearing no par value share; EUR 3.8 billion in total), and the change to § 13 of the Articles of Incorporation (remuneration of the Supervisory Board).

The economic environment

This section provides important additional information and explains recent changes in the economic environment compared to those described in the 2023 combined management report ([2023 Annual Report](#)), focusing on macroeconomic developments, the overall economic outlook including the currently prevailing economic risks, and the regulatory environment in the first nine months of 2024.

Macroeconomic development

The U.S. economy performed robustly in the third quarter of 2024, mostly buoyed by consumer and public spending and federally subsidized business investments. In Europe, the economy trended weaker in nations with a large industrial sector, and stronger in economies with a high service share. In the second quarter of 2024, Germany, Hungary, and Austria faced a decline in economic output compared with the prior quarter. Contrary to expectations, the German economy grew by 0.2 % in the third quarter of 2024; however, sentiment and leading indicators suggest no sustained economic recovery is in sight.

The turnaround in interest rates likewise continues, with the U.S. Federal Reserve (Fed) cutting its benchmark interest rates by a larger-than-expected 0.5 percentage points in September 2024, and, in November 2024, by a further 0.25 percentage points. The Fed thus followed the cuts made by the European Central Bank (ECB) in June, September, and October 2024 of 0.75 percentage points in total. The inflation rate rose in October 2024 to 2.0 % in Germany and the eurozone. In the United States, inflation was at 2.4 % in September.

According to the Bitkom-ifo-Digitalindex, the business climate in Germany's digital economy deteriorated in the third quarter of 2024, returning to negative territory for the first time since May 2020. The digital economy, however, remains more optimistic than the economy as a whole.

Overall economic outlook

There are signs of a slowdown in economic growth in the United States, with the first cracks beginning to appear in the labor market and the outlooks for consumer spending losing momentum. In Germany, structural change is adding further pressure to the already downturned economy.

In its October 2024 forecast, the International Monetary Fund (IMF) expects global economic output to grow by 3.2 % in the current year compared to growth of 3.3 % in the prior year. Whereas economic output is set to rise in the United States by 2.8 % and in the eurozone by 0.8 %, in Germany it is expected to stagnate. The economic outlook remains vulnerable to significant downside risks, with geopolitical tensions and potential trade disputes in particular posing high risks to economic growth and inflation.

Regulation

Ongoing court case on the approval under merger control law for the joint venture Glasfaser NordWest. On September 12, 2023, the Federal Court of Justice had admitted the appeal filed by the Bundeskartellamt and Telekom Deutschland against the Düsseldorf Higher Regional Court's decision dated September 22, 2021. The Düsseldorf Higher Regional Court had decided to reverse the Bundeskartellamt's approval under merger control law of the joint venture Glasfaser NordWest. A hearing was held before the Federal Court of Justice on October 1, 2024, in which a ruling for January 14, 2025 was announced.

European Commission publishes white paper. On February 21, 2024, the European Commission published a white paper entitled "How to master Europe's digital infrastructure needs?" This white paper compiles proposals for measures by the European Union in preparation for a planned Digital Networks Act. Deutsche Telekom submitted its view on the proposals on June 28, 2024 during the open consultation process. Legislative initiatives based on the white paper and the responses to the public consultation are expected from 2025.

The white paper identifies future action areas as the build-out of digital networks of the future, managing the transition to new technologies and business models, covering the future need for connectivity, and the safeguarding of economic competitiveness and of secure, resilient infrastructure in the EU. As a result, a far-reaching revision of the current regulatory framework is expected.

Bundesnetzagentur's regulatory procedures based on the decision on access regulation including FTTB/H network access. On July 17, 2024, the Bundesnetzagentur published the approval on the regulated charges for access to civil engineering infrastructure. The charges apply until December 31, 2025. The parallel Bundesnetzagentur regulatory procedure concerning the related reference offer has not yet been decided.

Awarding of spectrum

In the first nine months of 2024, spectrum in the 26 GHz band and residual spectrum in the 3.4 to 3.8 GHz band was auctioned off in **Austria**. In the 26 GHz band, T-Mobile Austria secured 400 MHz of nationwide spectrum for itself, and in the 3.4 to 3.8 GHz band, 40 MHz in Vienna and 60 MHz in Carinthia, for EUR 10.5 million in total. In the **United States**, the spectrum in the 2.5 GHz band acquired in Auction 108 in September 2022 for around USD 0.3 billion (EUR 0.3 billion) was allocated. The majority of this spectrum was connected immediately. In the **Czech Republic**, the 900/1,800 MHz GSM license expiring in 2024 was extended at a cost of around EUR 28 million for T-Mobile Czech Republic.

In **Germany**, the regulatory authority Bundesnetzagentur consulted on a draft decision concerning the extension of usage rights for the 800 MHz, 1,800 MHz, and 2,600 MHz mobile frequencies, which expire at the end of 2025, by five years. The extension is to replace the originally planned auction to award these frequencies. In return, the draft stipulates requirements such as further coverage obligations for the existing frequency owners as well as the obligation to allow network provider 1&1 to co-use frequencies below the 1 GHz band. The consultation on the draft continued until July 8, 2024; the regulatory authority's final decision is expected in either the fourth quarter of 2024 or the first quarter of 2025.

The award rules of the 2019 auction were declared unlawful by the Cologne Administrative Court on August 26, 2024. However, this ruling initially has no direct impact on our spectrum usage rights in the 2.1 and 3.6 GHz bands awarded in those proceedings, and the spectrum allocations will remain in effect until further notice. We cannot make a final analysis of the decision's impact until we have received the court's written judgment.

Proceedings to re-award spectrum in the 2,600 MHz band expiring at the end of 2026 and possibly spectrum in the 2,300 MHz band are starting in **Austria**. In **Poland**, the public consultation was opened on October 4, 2024 on the award of 2x30 MHz in the 700 MHz band and 2x5 MHz in the 800 MHz band. According to the consultation documents, the award procedure is expected to begin at the end of 2024 and the auction is expected to begin in the first quarter of 2025. If necessary, the procedure to award the 26 GHz band could also begin. In **Slovakia**, the procedure (auction) to re-award 900 MHz and 2,100 MHz spectrum originally planned for late 2023 was called into question. Instead, a comprehensive multi-band auction for the 800, 900, 1,500,

2,100, and 2,600 MHz bands expiring in 2025, 2026, and 2028 is under discussion, hence the regulator is initially considering extending the 900 MHz band and, if necessary, the 2,100 MHz band on a short-term basis.

The following table provides an overview of the main ongoing and planned spectrum awards and auctions as well as license extensions. It also indicates spectrum to be awarded in the near future in various countries.

Main spectrum awards

	Expected start of award procedure	Expected end of award procedure	Frequency ranges	Planned award procedures
Germany	tbd		800/1,800/2,600 MHz	Extension, details tbd
Austria	tbd		2,300 MHz/2,600 MHz	Details tbd
Poland	Q4 2024		700/800 MHz	Auction, details tbd
Poland	tbd		26 GHz	Details tbd
Slovakia ^a	tbd		800/900/1,500/2,100/2,600 MHz	Ad hoc extension of 900 MHz and, if necessary, 2,100 MHz, auction (re-award)

^a Currently, the terms and conditions of the auction are being reviewed and as a result postponement is under discussion.

Agreements on spectrum licenses

On September 10, 2024, T-Mobile US and **N77 License** (N77) entered into an agreement on the sale of spectrum licenses, pursuant to which N77 has the option to purchase all or a portion of T-Mobile US' remaining 3.45 GHz licenses for a range of cash consideration. The number of licenses sold will be determined based upon the amount of committed financing raised by N77. At the reporting date, the licenses concerned had a carrying amount of USD 2.7 billion (EUR 2.4 billion). T-Mobile US maintains the right to terminate the agreement no later than February 7, 2025, if the committed financing is less than a certain target level of cash consideration. The transaction is subject to approval by the Federal Communications Commission (FCC).

On August 8, 2022, T-Mobile US entered into agreements with **Channel 51 License** and **LB License** (Channel 51) for the acquisition of spectrum licenses in the 600 MHz band in exchange for total cash consideration of USD 3.5 billion (EUR 3.1 billion). On March 30, 2023, the contractual parties further agreed that the transaction be divided into two separate tranches. The transfer of the licenses in accordance with the agreements is subject to regulatory approvals and certain other customary closing conditions. On December 29, 2023, the FCC approved the transfer of the first tranche of licenses. The first tranche was concluded on June 24, 2024. The corresponding purchase price payment of USD 2.4 billion (EUR 2.1 billion) was made on August 5, 2024. On October 22, 2024, the FCC approved the transfer of certain licenses from the second tranche. The transfer of these licenses and payment of the associated purchase price of USD 0.5 billion (EUR 0.5 billion) are expected to be closed in December 2024. The transfer transaction for the remaining licenses from the second tranche is expected to be closed in 2025.

On July 1, 2020, T-Mobile US and **DISH Network Corporation** (DISH) reached an agreement on the sale of spectrum licenses, under which DISH agreed to purchase certain 800 MHz spectrum licenses from T-Mobile US for USD 3.6 billion (EUR 3.2 billion). On October 15, 2023, T-Mobile US and DISH modified the agreement to include, among other changes, a non-refundable extension fee of USD 0.1 billion (EUR 0.1 billion) which DISH will pay to T-Mobile US, as well as the requirement that the purchase of the spectrum licenses must be finalized by April 1, 2024. DISH did not exercise its purchase option by April 1, 2024. The extension fee already paid on October 25, 2023 was retained in accordance with the agreement. T-Mobile US was contractually obligated to offer the licenses for sale at auction. The associated auction process ended on October 1, 2024. Since bidding did not reach the defined minimum purchase price of USD 3.6 billion by the end of the auction, T-Mobile US was relieved of its obligation to sell the licenses. T-Mobile US is currently exploring alternatives to sell or utilize the licenses.

Development of business in the Group

This section provides important additional information and explains recent changes in the significant events and their effects on the development of business in the Group compared to those described in the 2023 combined management report (2023 Annual Report).

For further information on significant events in the 2023 financial year, please refer to the sections "Group organization," "Management of the Group," and "Development of business in the Group" in the 2023 combined management report (2023 Annual Report).

Deutsche Telekom AG's share buy-back program. In November 2023, we announced that we will buy back shares in Deutsche Telekom AG in 2024 up to a total purchase price of EUR 2 billion under a share buy-back program. The buy-back commenced on January 3, 2024 and will be carried out in several tranches through December 31, 2024. As of September 30, 2024, Deutsche Telekom AG had bought back around 64 million shares with a total volume of EUR 1.5 billion.

Sale of T-Mobile US shares by Deutsche Telekom. In the reporting period, Deutsche Telekom sold a portion of its T-Mobile US share portfolio on the market, without jeopardizing its own majority ownership position in T-Mobile US. In the course of this process, Deutsche Telekom sold around 23 million T-Mobile US shares with a total volume of EUR 3.6 billion. Deutsche Telekom announced on July 2, 2024 that it was suspending share sales initially until September 26, 2024. The sales plan was concluded on September 24, 2024.

Acquisition of T-Mobile US shares by Deutsche Telekom. On June 7, 2024, Deutsche Telekom exercised fixed-price options agreed in June 2020 on shares in T-Mobile US held by SoftBank to acquire around 7 million additional T-Mobile US shares for a total purchase price of USD 0.7 billion (EUR 0.6 billion). The fixed exercise price originally agreed of USD 101.46 per share was adjusted to USD 99.51 to account for the dividend payments made by T-Mobile US. The agreement allowed Deutsche Telekom to acquire the shares at a discount of around 45 % compared to the closing share price on the exercise date of USD 179.82. Upon completion of the transaction, Deutsche Telekom had exercised all fixed-price options received from SoftBank. The remaining floating options were not exercised and expired in the second quarter of 2024.

T-Mobile US' shareholder return program from September 2023 continued. On September 6, 2023, T-Mobile US announced a shareholder return program of up to USD 19 billion that will run from October 1, 2023 through December 31, 2024. The program comprises share buy-backs and dividends to be paid out. The amount available for share buy-backs will be reduced by the amount of any dividends approved.

On January 24, 2024, the T-Mobile US Board of Directors declared a cash dividend of USD 0.65 per share, which was paid out on March 14, 2024 to the shareholders registered as of close of business on March 1, 2024. EUR 0.4 billion of the cash dividend was attributable to Deutsche Telekom's stake and EUR 0.4 billion to non-controlling interests in T-Mobile US. On March 15, 2024, the T-Mobile US Board of Directors declared a further cash dividend of USD 0.65 per share, which was paid out on June 13, 2024 to the shareholders registered as of close of business on May 31, 2024. EUR 0.3 billion of the cash dividend was attributable to Deutsche Telekom's stake and EUR 0.3 billion to non-controlling interests in T-Mobile US. On June 13, 2024, the T-Mobile US Board of Directors declared a further cash dividend of USD 0.65 per share, which was paid out on September 12, 2024 to the shareholders registered as of close of business on August 30, 2024. EUR 0.4 billion of the cash dividend was attributable to Deutsche Telekom's stake and EUR 0.4 billion to non-controlling interests in T-Mobile US. On September 18, 2024, the T-Mobile US Board of Directors declared a cash dividend of USD 0.88 per share, which will be paid out on December 12, 2024 to the shareholders registered as of close of business on November 27, 2024.

Furthermore, T-Mobile US bought back around 39 million shares with a total volume of USD 6.5 billion (EUR 6.0 billion) in the first nine months of 2024.

As of September 30, 2024, USD 7.3 billion (EUR 6.5 billion) remained available to T-Mobile US under the program.

Results of operations of the Group ^a

millions of €	Q1-Q3 2024	Q1-Q3 2023	Change %	Q1 2024	Q2 2024	Q3 2024	Q3 2023	Change %	FY 2023
Net revenue	84,838	82,616	2.7	27,942	28,394	28,501	27,556	3.4	111,985
Service revenue	71,700	69,025	3.9	23,485	24,088	24,127	23,258	3.7	92,919
EBITDA AL (adjusted for special factors)	32,389	30,488	6.2	10,473	10,819	11,096	10,486	5.8	40,497
EBITDA AL	30,858	41,492	(25.6)	10,156	10,354	10,348	9,711	6.6	51,160
Depreciation, amortization and impairment losses	(17,900)	(17,804)	(0.5)	(6,074)	(5,996)	(5,830)	(5,904)	1.3	(23,975)
Profit (loss) from operations (EBIT)	17,803	28,651	(37.9)	5,686	5,980	6,137	5,429	13.1	33,802
Profit (loss) from financial activities	(3,147)	(4,446)	29.2	(1,367)	(1,334)	(446)	(1,492)	70.1	(8,845)
Profit (loss) before income taxes	14,656	24,205	(39.4)	4,319	4,646	5,691	3,937	44.6	24,957
Income taxes	(3,571)	(2,235)	(59.8)	(1,176)	(1,122)	(1,273)	(1,000)	(27.2)	(2,964)
Net profit (loss)	7,027	18,823	(62.7)	1,982	2,088	2,957	1,924	53.7	17,788
Net profit (loss) (adjusted for special factors)	7,051	6,114	15.3	2,238	2,477	2,335	2,268	3.0	7,940
Earnings per share (basic and diluted) €	1.42	3.78	(62.5)	0.40	0.42	0.60	0.39	55.2	3.57
Adjusted earnings per share (basic and diluted) €	1.43	1.23	16.0	0.45	0.50	0.47	0.46	4.0	1.60

^a For information on the presentation of the sold GD Towers business entity in the prior year, please refer to the section "Group organization, strategy, and management."

In order to increase the informative value of the prior-year comparatives based on changes to the Company's structure or exchange rate effects, we also describe selected figures in **organic terms**, by adjusting the figures for the prior-year period for changes in the composition of the Group, exchange rate effects, and other effects. Changes in the composition of the Group related mainly to the sale of GD Towers as of February 1, 2023 in the Group Development operating segment, and the sale of the Wireline Business as of May 1, 2023 as well as the acquisition of Ka'ena as of May 1, 2024 in the United States operating segment. Negative exchange rate effects were primarily attributable to the translation of U.S. dollars to euros.

Revenue, service revenue

In the first nine months of 2024, we generated net revenue of EUR 84.8 billion, which was up 2.7 % or EUR 2.2 billion year-on-year. In organic terms, revenue increased by 2.9 % against the prior-year level, with the exchange rate effects having a net reducing effect of EUR 0.2 billion. On balance, the effects of the aforementioned changes in the composition of the Group evened each other out. Service revenue in the Group increased by EUR 2.7 billion or 3.9 % year-on-year to EUR 71.7 billion. In organic terms, service revenue increased by 4.0 %.

Contribution of the segments to net revenue ^a

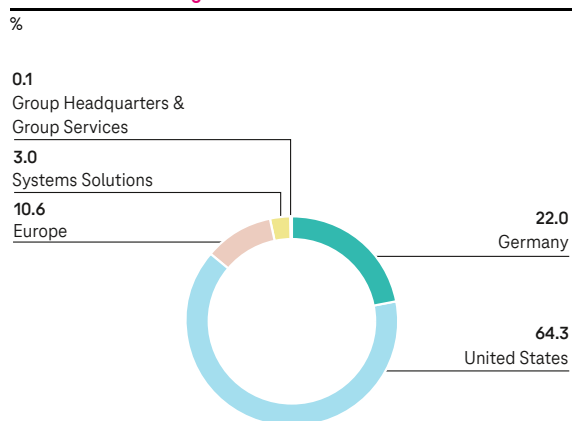
millions of €	Q1-Q3 2024	Q1-Q3 2023	Change %	Q1 2024	Q2 2024	Q3 2024	Q3 2023	Change %	FY 2023
Germany	19,132	18,598	2.9	6,298	6,369	6,465	6,308	2.5	25,187
United States	54,584	53,455	2.1	18,009	18,282	18,293	17,638	3.7	72,436
Europe	9,142	8,678	5.3	2,959	3,073	3,110	2,995	3.9	11,790
Systems Solutions	2,966	2,865	3.5	993	981	991	960	3.3	3,896
Group Development	6	108	(94.0)	2	4	0	2	(97.4)	115
Group Headquarters & Group Services	1,659	1,718	(3.4)	546	561	552	588	(6.1)	2,305
Intersegment revenue	(2,651)	(2,806)	5.5	(865)	(876)	(911)	(933)	2.4	(3,744)
Net revenue	84,838	82,616	2.7	27,942	28,394	28,501	27,556	3.4	111,985

^a For information on the presentation of the sold GD Towers business entity in the prior year, please refer to the section "Group organization, strategy, and management."

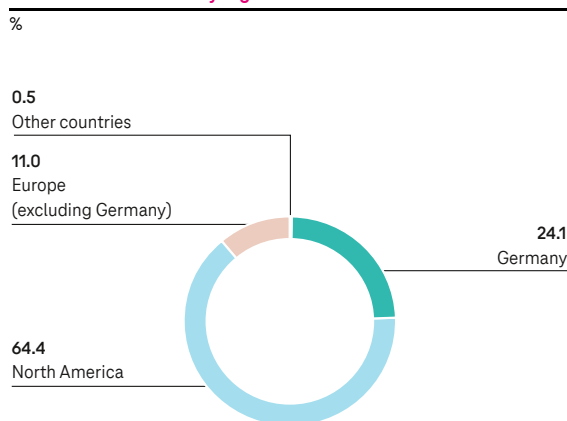
Revenue in our domestic market of Germany was up on the prior-year level, increasing by 2.9 %. This was mainly driven by growth in service revenues in the fixed-network core business and in mobile communications. Mobile terminal equipment revenues also had a positive effect on revenue. In our United States operating segment, revenue was up 2.1 % against the prior-year level. In organic terms, revenue increased by 2.3 %, with an increase in service revenues mainly resulting from higher postpaid revenues. By contrast, terminal equipment revenue fell due to declines in sales and leasing of terminal equipment. In our Europe operating segment, revenue increased by 5.3 % year-on-year. In organic terms, it increased by 5.5 %, primarily due to the increase in service revenues in the mobile and fixed-network business. Contract customer additions also had positive effects on terminal equipment revenues. Revenue in our Systems Solutions operating segment was up 3.5 % year-on-year, mainly due to growth in the Cloud, Digital, and Road Charging areas.

For further information on revenue development in our segments, please refer to the section “Development of business in the operating segments.”

Contribution of the segments to net revenue ^{a, b}



Breakdown of revenue by region



^a For further information on net revenue, please refer to the section “Segment reporting” in the interim consolidated financial statements.

^b Following the sale of the GD Towers business entity in the prior year, the Group Development operating segment no longer provides a significant contribution to net revenue and accounts for 0.0 %.

Our United States operating segment made by far the largest contribution to net revenue, with 64.3 % (Q1-Q3 2023: 64.7 %). The proportion of net revenue generated internationally decreased to 75.9 % (Q1-Q3 2023: 77.1 %).

Adjusted EBITDA AL, EBITDA AL

Adjusted EBITDA AL increased year-on-year by EUR 1.9 billion or 6.2 % to EUR 32.4 billion in the first nine months of 2024. In organic terms, adjusted EBITDA AL grew by 6.3 %. Adjusted core EBITDA AL, i.e., excluding terminal equipment leases in the United States, increased by EUR 2.1 billion or 6.8 % to EUR 32.3 billion.

Contribution of the segments to adjusted Group EBITDA AL ^a

millions of €	Q1-Q3 2024	Q1-Q3 2023	Change %	Q1 2024	Q2 2024	Q3 2024	Q3 2023	Change %	FY 2023
Germany	7,859	7,655	2.7	2,576	2,553	2,731	2,638	3.5	10,238
United States	21,414	19,882	7.7	6,932	7,237	7,245	6,791	6.7	26,409
Europe	3,356	3,102	8.2	1,069	1,108	1,180	1,095	7.7	4,114
Systems Solutions	267	245	8.8	77	87	102	86	18.9	321
Group Development	(23)	53	n.a.	(6)	(5)	(12)	(7)	(56.8)	45
Group Headquarters & Group Services	(480)	(422)	(13.8)	(168)	(158)	(154)	(105)	(46.7)	(609)
Reconciliation	(4)	(26)	83.3	(6)	(3)	4	(13)	n.a.	(22)
EBITDA AL (adjusted for special factors)	32,389	30,488	6.2	10,473	10,819	11,096	10,486	5.8	40,497

^a For information on the presentation of the sold GD Towers business entity in the prior year, please refer to the section “Group organization, strategy, and management.”

Our Germany operating segment contributed to the increase thanks to high-value revenue growth and improved cost efficiency with 2.7 % higher adjusted EBITDA AL. Adjusted EBITDA AL in our United States operating segment increased by 7.7 %, or 7.4 % in organic terms. This rise is primarily attributable to the higher service revenue and lower overall costs. Adjusted core EBITDA AL at T-Mobile US increased by EUR 1.7 billion or 8.6 % to EUR 21.3 billion. In our Europe operating segment, adjusted EBITDA AL increased by 8.2 % or 8.4 % in organic terms, with a positive net margin sufficient to more than offset the higher indirect costs. In our Systems Solutions operating segment, adjusted EBITDA AL increased by 8.8 %, mainly due to revenue growth in the Cloud and Digital areas.

Our EBITDA AL decreased significantly by EUR 10.6 billion year-on-year to EUR 30.9 billion. Special factors affecting EBITDA AL decreased by EUR 12.5 billion to EUR -1.5 billion. In the prior-year period, net income of EUR 12.3 billion had been recorded as special factors under effects of deconsolidations, disposals and acquisitions; EUR 12.9 billion of this related to the deconsolidation of GD Towers, which was partially offset by expenses of EUR 0.7 billion primarily in connection with integration costs incurred as a result of the business combination of T-Mobile US and Sprint. In the first three quarters of 2024, these net expenses totaled EUR 0.6 billion euros, and included the expenses from the forgone contingent consideration receivable from IFM Global Infrastructure Fund, as well as additional integration expenses, offset by the extension fees received from DISH for the options to buy mobile spectrum in the United States operating segment, which have now expired. The integration of Sprint was largely completed by the end of the second quarter of 2024. Expenses incurred in connection with staff restructuring totaled EUR 0.8 billion, compared with EUR 1.2 billion in the prior-year period. The prior-year figure included expenses of EUR 0.4 billion in connection with a program to reduce the workforce in the United States operating segment.

For further information on the development of (adjusted) EBITDA AL in our segments, please refer to the section [“Development of business in the operating segments.”](#)

For further information on the contingent consideration receivable, please refer to the section [“Risks and opportunities.”](#)

Profit/loss from operations (EBIT)

Group EBIT decreased significantly to EUR 17.8 billion, down EUR 10.8 billion against the level of the prior-year period. This change was primarily due to the deconsolidation gain from the sale of GD Towers in the prior year. At EUR 17.9 billion, depreciation, amortization and impairment losses on intangible assets, property, plant and equipment, and right-of-use assets were up slightly by EUR 0.1 billion year-on-year in the first three quarters of 2024, due in particular to higher depreciation and amortization. In the United States operating segment, higher depreciation expense in connection with accelerations of certain technology assets as part of T-Mobile US modernizing its network, technology systems, and platforms was partly offset by lower depreciation of right-of-use assets. In the Germany operating segment, depreciation and amortization increased, partly as a result of the sale and leaseback of passive network infrastructure in connection with the sale of GD Towers. No significant impairment losses were recorded in the reporting period. In the prior-year period, impairment losses amounted to EUR 0.1 billion.

For information on the presentation of the sold GD Towers business entity in the prior year, please refer to the section [“Group organization, strategy, and management.”](#)

Profit before income taxes

Profit before income taxes decreased by EUR 9.5 billion to EUR 14.7 billion for the aforementioned reasons. Loss from financial activities included in this decreased year-on-year from EUR 4.4 billion to EUR 3.1 billion, mainly due to the increase in the share of profit of associates and joint ventures included in the consolidated financial statements using the equity method to EUR 1.3 billion. This was primarily attributable to reversals of impairment losses recognized in the reporting period of EUR 1.0 billion and EUR 0.3 billion, respectively, on the carrying amounts of the investments in GD Towers and in GlasfaserPlus. These reversals of impairment losses were, at GD Towers entirely, and at GlasfaserPlus almost entirely, due to lower discount rates as a result of macroeconomic developments in the reporting period and changes within the peer group. Finance costs and other financial income remained stable compared with the prior-year period.

Net profit, adjusted net profit

Net profit decreased year-on-year by EUR 11.8 billion to EUR 7.0 billion. This change was primarily due to the deconsolidation gain from the sale of GD Towers in the prior year. Tax expense increased by EUR 1.3 billion to EUR 3.6 billion. The tax rate was significantly reduced in the first three quarters of the prior year by the realization of tax-free income from the sale of GD Towers. Taxes were furthermore reduced in the prior-year period by deferred tax effects arising in connection with the concluded sale-and-leaseback transaction. Profit attributable to non-controlling interests increased by EUR 0.9 billion to EUR 4.1 billion. This increase was primarily attributable to the United States operating segment. Net profit adjusted for special factors amounted to EUR 7.1 billion compared with EUR 6.1 billion in the prior-year period.

For further information on tax expense, please refer to the section [“Income taxes”](#) in the interim consolidated financial statements.

Earnings per share, adjusted earnings per share

Earnings per share is calculated as net profit divided by the weighted average number of ordinary shares outstanding, which totaled 4,948 million as of September 30, 2024. This resulted in earnings per share of EUR 1.42, compared with EUR 3.78 in the prior-year period, which was mainly affected by the proceeds from the sale of GD Towers. Earnings per share adjusted for special factors affecting net profit amounted to EUR 1.43 compared with EUR 1.23 in the prior-year period.

Employees

Headcount development

	Sept. 30, 2024	Dec. 31, 2023	Change	Change %	Sept. 30, 2023
FTEs in the Group	199,923	199,652	271	0.1	204,236
Of which: civil servants (in Germany, with an active service relationship)	5,921	6,891	(970)	(14.1)	7,199
Germany	58,088	59,709	(1,621)	(2.7)	60,317
United States	65,704	62,677	3,026	4.8	66,226
Europe	32,817	32,932	(115)	(0.4)	33,051
Systems Solutions	25,651	26,036	(384)	(1.5)	26,184
Group Development	104	108	(4)	(3.5)	105
Group Headquarters & Group Services	17,560	18,190	(631)	(3.5)	18,353

The Group's headcount remained stable against the end of 2023. The total number of full-time equivalent employees in the United States operating segment increased by 4.8 % compared to December 31, 2023, primarily due to an increase in retail employees to support T-Mobile US' growing customer base, and the Ka'ena Acquisition in the second quarter of 2024. In our Germany operating segment, the number of employees declined by 2.7 % against the end of the prior year. Employees continued to take up socially responsible instruments as part of staff restructuring activities, such as dedicated retirement and phased retirement. In our Europe operating segment, the headcount was down slightly by 0.4 % compared with the end of the prior year, in particular in Greece. The headcount in our Systems Solutions operating segment was down 1.5 % against year-end 2023, mainly due to a workforce reduction in traditional infrastructure business. The headcount in the Group Headquarters & Group Services segment was down 3.5 % compared with the end of the prior year, mainly due to the continued staff restructuring measures, in particular at Vivento.

Reconciliations of financial performance indicators from the IFRS consolidated financial statements

A reconciliation of the definition of EBITDA to the "after leases" indicator (EBITDA AL) can be found in the following table:

millions of €									
	Q1-Q3 2024	Q1-Q3 2023	Change %	Q1 2024	Q2 2024	Q3 2024	Q3 2023	Change %	FY 2023
EBITDA	35,703	46,455	(23.1)	11,760	11,976	11,968	11,333	5.6	57,777
Depreciation of right-of-use assets ^a	(3,505)	(3,618)	3.1	(1,156)	(1,177)	(1,172)	(1,165)	(0.6)	(4,810)
Interest expenses on recognized lease liabilities ^a	(1,340)	(1,346)	0.4	(448)	(445)	(448)	(457)	2.0	(1,807)
EBITDA AL	30,858	41,492	(25.6)	10,156	10,354	10,348	9,711	6.6	51,160
Special factors affecting EBITDA AL	(1,530)	11,004	n.a.	(317)	(465)	(748)	(775)	3.4	10,663
EBITDA AL (adjusted for special factors)	32,389	30,488	6.2	10,473	10,819	11,096	10,486	5.8	40,497

^a Excluding finance leases at T-Mobile US.

The following table presents the reconciliation of net profit to **net profit adjusted for special factors**:

millions of €									
	Q1-Q3 2024	Q1-Q3 2023	Change %	Q1 2024	Q2 2024	Q3 2024	Q3 2023	Change %	FY 2023
Net profit (loss)	7,027	18,823	(62.7)	1,982	2,088	2,957	1,924	53.7	17,788
Special factors affecting EBITDA AL	(1,530)	11,004	n.a.	(317)	(465)	(748)	(775)	3.4	10,663
Staff-related measures	(786)	(1,208)	34.9	(184)	(375)	(227)	(622)	63.5	(1,485)
Non-staff-related restructuring	(8)	(26)	70.8	(2)	(2)	(3)	(8)	65.2	(40)
Effects of deconsolidations, disposals and acquisitions	(640)	12,250	n.a.	(116)	(86)	(437)	(133)	n.a.	12,187
Impairment losses	0	(8)	100.0	0	0	0	0	n.a.	(8)
Reversals of impairment losses	0	0	n.a.	0	0	0	0	n.a.	0
Other	(97)	(4)	n.a.	(14)	(2)	(81)	(11)	n.a.	8
Special factors affecting net profit	1,507	1,705	(11.6)	61	75	1,371	430	n.a.	(815)
Depreciation, amortization and impairment losses	(319)	(84)	n.a.	(216)	(99)	(4)	(36)	88.9	(189)
Profit (loss) from financial activities	1,286	(2)	n.a.	(1)	(3)	1,289	0	n.a.	(2,742)
Income taxes	295	1,270	(76.7)	146	125	24	240	(89.9)	1,503
Non-controlling interests	245	521	(53.0)	132	52	61	226	(72.9)	613
Special factors	(23)	12,709	n.a.	(256)	(390)	622	(344)	n.a.	9,848
Net profit (loss) (adjusted for special factors)	7,051	6,114	15.3	2,238	2,477	2,335	2,268	3.0	7,940

The following table presents a reconciliation of EBITDA AL, EBIT, and net profit to the respective figures adjusted for **special factors**:

millions of €							
	EBITDA AL Q1-Q3 2024	EBIT Q1-Q3 2024	EBITDA AL Q1-Q3 2023	EBIT Q1-Q3 2023	EBITDA AL FY 2023	EBIT FY 2023	
EBITDA AL/EBIT	30,858	17,803	41,492	28,651	51,160	33,802	
Germany	(915)	(915)	(376)	(376)	(501)	(501)	
Staff-related measures	(438)	(438)	(352)	(352)	(484)	(484)	
Non-staff-related restructuring	(6)	(6)	(11)	(11)	(18)	(18)	
Effects of deconsolidations, disposals and acquisitions	(476)	(476)	(1)	(1)	(8)	(8)	
Impairment losses	0	0	0	0	0	0	
Other	5	5	(12)	(12)	11	11	
United States	(294)	(569)	(1,329)	(1,329)	(1,569)	(1,556)	
Staff-related measures	(45)	(45)	(631)	(631)	(643)	(643)	
Non-staff-related restructuring	0	0	0	0	0	0	
Effects of deconsolidations, disposals and acquisitions	(196)	(471)	(730)	(701)	(958)	(917)	
Impairment losses	0	0	(8)	(36)	(8)	(36)	
Other	(53)	(53)	40	40	39	39	
Europe	(51)	(51)	(63)	(63)	(94)	(94)	
Staff-related measures	(46)	(46)	(48)	(48)	(69)	(69)	
Non-staff-related restructuring	0	0	0	0	0	0	
Effects of deconsolidations, disposals and acquisitions	29	29	4	4	1	1	
Impairment losses	0	0	0	0	0	0	
Other	(33)	(33)	(18)	(18)	(26)	(26)	

millions of €

	EBITDA AL Q1-Q3 2024	EBIT Q1-Q3 2024	EBITDA AL Q1-Q3 2023	EBIT Q1-Q3 2023	EBITDA AL FY 2023	EBIT FY 2023
Systems Solutions	(82)	(97)	(86)	(132)	(144)	(270)
Staff-related measures	(63)	(63)	(68)	(68)	(116)	(116)
Non-staff-related restructuring	0	0	(1)	(1)	(1)	(1)
Effects of deconsolidations, disposals and acquisitions	(1)	(1)	1	1	0	0
Impairment losses	0	(15)	0	(46)	0	(126)
Other	(17)	(17)	(17)	(17)	(27)	(27)
Group Development	2	2	12,950	12,950	13,170	13,170
Staff-related measures	0	0	(3)	(3)	(3)	(3)
Non-staff-related restructuring	0	0	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	2	2	12,953	12,953	13,173	13,173
Impairment losses	0	0	0	0	0	0
Other	0	0	0	0	0	0
Group Headquarters & Group Services	(191)	(192)	(92)	(93)	(199)	(225)
Staff-related measures	(193)	(193)	(105)	(105)	(169)	(169)
Non-staff-related restructuring	(1)	(1)	(14)	(14)	(21)	(21)
Effects of deconsolidations, disposals and acquisitions	2	2	24	24	(20)	(20)
Impairment losses	0	0	0	0	0	(26)
Other	1	1	4	4	11	11
Group	(1,530)	(1,821)	11,004	10,958	10,663	10,525
Staff-related measures	(786)	(786)	(1,208)	(1,208)	(1,485)	(1,485)
Non-staff-related restructuring	(8)	(8)	(26)	(26)	(40)	(40)
Effects of deconsolidations, disposals and acquisitions	(640)	(915)	12,250	12,279	12,187	12,228
Impairment losses	0	(15)	(8)	(82)	(8)	(187)
Other	(97)	(97)	(4)	(4)	8	8
EBITDA AL/EBIT (adjusted for special factors)	32,389	19,624	30,488	17,694	40,497	23,277
Profit (loss) from financial activities (adjusted for special factors)		(4,404)		(4,406)		(6,053)
Profit (loss) before income taxes (adjusted for special factors)		15,220		13,288		17,225
Income taxes (adjusted for special factors)		(3,866)		(3,505)		(4,467)
Profit (loss) (adjusted for special factors)		11,355		9,783		12,757
Profit (loss) (adjusted for special factors) attributable to						
Owners of the parent (net profit (loss)) (adjusted for special factors)		7,051		6,114		7,940
Non-controlling interests (adjusted for special factors)		4,304		3,669		4,817

Financial position of the Group

Condensed consolidated statement of financial position

millions of €

	Sept. 30, 2024	%	Dec. 31, 2023	Change	Sept. 30, 2023
Assets					
Cash and cash equivalents	12,204	4.2	7,274	4,930	7,470
Trade receivables	14,340	5.0	16,157	(1,817)	15,713
Intangible assets	135,725	47.0	136,004	(278)	141,048
Property, plant and equipment	63,392	22.0	65,042	(1,650)	66,142
Right-of-use assets	30,894	10.7	32,826	(1,932)	34,536
Investments accounted for using the equity method	6,056	2.1	4,605	1,451	7,402
Current and non-current financial assets	7,917	2.7	9,593	(1,676)	10,448
Deferred tax assets	4,211	1.5	6,401	(2,191)	7,049
Non-current assets and disposal groups held for sale	1,020	0.4	211	809	245
Miscellaneous assets	12,851	4.5	12,193	657	12,462
Total assets	288,608	100.0	290,305	(1,697)	302,513
Liabilities and shareholders' equity					
Current and non-current financial liabilities	107,878	37.4	104,522	3,356	108,780
Current and non-current lease liabilities	38,426	13.3	40,792	(2,367)	42,620
Trade and other payables	7,718	2.7	10,916	(3,198)	10,223
Provisions for pensions and other employee benefits	3,297	1.1	4,060	(763)	3,625
Current and non-current other provisions	7,336	2.5	8,100	(764)	7,616
Deferred tax liabilities	22,068	7.6	21,918	150	23,116
Liabilities directly associated with non-current assets and disposal groups held for sale	0	0.0	0	0	0
Miscellaneous liabilities	9,492	3.3	8,759	733	9,962
Shareholders' equity	92,393	32.0	91,237	1,156	96,570
Total liabilities and shareholders' equity	288,608	100.0	290,305	(1,697)	302,513

Total assets amounted to EUR 288.6 billion as of September 30, 2024, down by EUR 1.7 billion against December 31, 2023. Exchange rate effects, primarily from the translation from U.S. dollars into euros, in particular had a decreasing effect on the carrying amount of total assets. By contrast, in the United States operating segment, the acquisition of spectrum licenses from Channel 51, the inclusion of the assets and liabilities from the acquisition of Ka'ena, and the issuing of bonds by T-Mobile US, had an increasing effect on the carrying amount of total assets.

On the assets side, **cash and cash equivalents** increased by EUR 4.9 billion against the end of the prior year to EUR 12.2 billion.

For further information, please refer to the section "[Notes to the consolidated statement of cash flows](#)" in the interim consolidated financial statements.

At EUR 14.3 billion, **trade receivables** decreased by EUR 1.8 billion against the 2023 year-end level, mainly on account of lower receivables in the United States operating segment due to a lower number of new contracts with equipment installment plans, as well as lower receivables from the termination of government assistance programs and from wholesale partners. Furthermore, receivables declined in the Germany operating segment. Exchange rate effects, mainly from the translation of U.S. dollars into euros, also decreased the carrying amount.

Intangible assets decreased by EUR 0.3 billion compared to December 31, 2023 to EUR 135.7 billion. Depreciation, amortization and impairment losses of EUR 5.0 billion and exchange rate effects of EUR 1.7 billion, primarily from the translation of U.S. dollars into euros, decreased the carrying amount. The reclassifications of intangible assets to non-current assets and disposal groups held for sale also reduced the carrying amount by EUR 1.0 billion and arose primarily in connection with agreed transactions concerning the exchange of spectrum licenses in the United States operating segment. Additions increased the carrying amount by EUR 6.0 billion, EUR 2.6 billion of which related to the acquisition of mobile spectrum in the United States operating segment, primarily to the acquisition of spectrum licenses from Channel 51. Effects of changes in the composition of the Group resulting from the acquisition of Ka'ena in the United States operating segment increased the carrying amount by EUR 1.4 billion, EUR 0.7 billion of which related to the goodwill acquired in this connection.

Property, plant and equipment decreased from EUR 65.0 billion as of December 31, 2023 to EUR 63.4 billion. Depreciation and impairment losses totaling EUR 8.9 billion, exchange rate effects of EUR 0.4 billion, primarily from the translation of U.S. dollars into euros, and disposals of EUR 0.2 billion decreased the carrying amount. Additions, primarily for the upgrade and build-out of the network (broadband, fiber-optic, and mobile infrastructure) increased the carrying amount by EUR 7.5 billion. Reclassifications of lease assets upon expiry of the contractual lease term to property, plant and equipment, primarily for network technology in the United States operating segment, increased the carrying amount by EUR 0.3 billion.

Right-of-use assets decreased by EUR 1.9 billion compared with December 31, 2023 to EUR 30.9 billion. Depreciation and impairment losses reduced the carrying amount by EUR 4.0 billion. The previously mentioned reclassifications of lease assets to property, plant and equipment, and exchange rate effects, primarily from the translation of U.S. dollars into euros, also reduced the carrying amount by EUR 0.3 billion, respectively. The carrying amount was increased by additions of EUR 2.8 billion.

Investments accounted for using the equity method increased by EUR 1.5 billion compared to December 31, 2023, to EUR 6.1 billion. This was primarily attributable to reversals of impairment losses recognized in the reporting period of EUR 1.0 billion and EUR 0.3 billion, respectively, on the carrying amounts of the investments in GD Towers and in GlasfaserPlus. These reversals of impairment losses were, at GD Towers entirely, and at GlasfaserPlus almost entirely, due to lower discount rates as a result of macroeconomic developments in the reporting period and changes within the peer group. Capital increases in the investments in GlasfaserPlus and Glasfaser NordWest also increased the respective carrying amount by EUR 0.1 billion.

Current and non-current **financial assets** decreased by EUR 1.7 billion to EUR 7.9 billion. The net total of originated loans and receivables decreased by EUR 0.8 billion to EUR 5.8 billion, mainly due to lower collateral paid for derivatives due to normal fluctuations in fair value (EUR 0.4 billion), unscheduled repayments of shareholder loans to GD Towers (EUR 0.2 billion), and lower receivables from publicly funded projects (EUR 0.2 billion). The carrying amount of debt instruments declined by EUR 0.4 billion to EUR 0.3 billion due to the forgone contingent consideration receivable from the IFM Global Infrastructure Fund. The carrying amount of the derivatives without a hedging relationship decreased by EUR 0.6 billion, in particular in connection with the options to acquire additional T-Mobile US shares.

For further information on the contingent consideration receivable, please refer to the section "[Risks and opportunities](#)."

Non-current assets and disposal groups held for sale increased by EUR 0.8 billion to EUR 1.0 billion. This increase is primarily attributable to the transactions agreed between T-Mobile US and other telecommunications companies for the exchange of spectrum licenses.

Miscellaneous assets increased by EUR 0.7 billion to EUR 12.9 billion. Current and non-current other assets contributed EUR 0.3 billion to this increase, due in part to an increase in various advance payments – mainly in connection with agreements on services for certain mobile communications and fixed-network equipment – and higher receivables from other taxes. Inventories increased by EUR 0.1 billion due to higher stocks of high-value mobile terminal equipment in the United States and Germany operating segments. In addition, current recoverable income taxes and contract assets each increased by EUR 0.1 billion.

On the liabilities and shareholders' equity side, current and non-current **financial liabilities** increased by EUR 3.4 billion compared with the end of 2023 to EUR 107.9 billion. Bonds and other securitized liabilities increased overall by EUR 4.4 billion, primarily as a result of USD bonds issued by T-Mobile US with a volume of USD 5.5 billion (EUR 4.9 billion), the issue of EUR bonds with a volume of EUR 2.0 billion, and the issue of asset-backed securities (ABS notes) with a volume of USD 0.5 billion (EUR 0.5 billion). The carrying amount was also increased by the issue of EUR bonds of EUR 0.9 billion by Deutsche Telekom AG. By contrast, the scheduled repayment of a EUR bond of EUR 0.8 billion and a USD bond of USD 2.5 billion (EUR 2.3 billion) reduced the carrying amount. Exchange rate effects decreased the carrying amount of bonds and other securitized liabilities by EUR 1.0 billion. Other non-interest-bearing liabilities increased by EUR 0.5 billion, mainly due to the stake of the cash dividend of USD 0.88 per share – declared by T-Mobile US on September 18, 2024 – attributable to non-controlling interests in T-Mobile US. By contrast, liabilities to banks decreased by EUR 0.3 billion, due in part to the repayment of a loan from the European Investment Bank, and liabilities with the right of creditors to priority repayment in the event of default by EUR 0.7 billion, mainly due to the repayment of former Sprint bonds in the United States operating segment. Other interest-bearing liabilities decreased by EUR 0.5 billion, primarily due to the scheduled repayment of loans in the United States and Germany operating segments and exchange rate effects.

Current and non-current **lease liabilities** decreased by EUR 2.4 billion compared with December 31, 2023 to EUR 38.4 billion. Lease liabilities in the United States operating segment decreased by EUR 1.7 billion, mainly due to the decommissioning of the former Sprint's wireless network and a decline in network and build-out investments, primarily on account of higher capital efficiency resulting from the accelerated build-out of the nationwide 5G network in the prior year. Exchange rate effects, in particular from the translation of U.S. dollars into euros, reduced the carrying amount by EUR 0.4 billion.

Trade and other payables decreased by EUR 3.2 billion to EUR 7.7 billion. This was due to lower liabilities in the United States, Europe, and Germany operating segments. Exchange rate effects, in particular from the translation from U.S. dollars into euros, also decreased the carrying amount.

Provisions for pensions and other employee benefits decreased by EUR 0.8 billion compared with December 31, 2023 to EUR 3.3 billion. Overall, the remeasurement of defined benefit plans resulted in an actuarial gain of EUR 0.7 billion to be recognized directly in equity, mainly due to the increase in the fair values of plan assets compared with December 31, 2023. The decline in the discount rate compared with December 31, 2023 had a slight offsetting effect. Benefits paid directly by the employer in the reporting period also contributed to the reduction.

Current and non-current **other provisions** decreased by EUR 0.8 billion to EUR 7.3 billion compared with the end of 2023. Other provisions for personnel costs decreased by EUR 0.2 billion overall, mainly due to an interest-rate based decline in the carrying amount of the provision recognized for the Civil Health Insurance Fund (Postbeamtenkrankenkasse – PBeaKK). Provisions for termination benefits also decreased by EUR 0.2 billion, partly as a result of the program implemented to reduce the workforce in the United States operating segment, and the provisions for restoration obligations by EUR 0.2 billion. Furthermore, provisions for procurement and sales support decreased by EUR 0.1 billion and provisions for litigation risks by EUR 0.1 billion.

Miscellaneous liabilities increased by EUR 0.7 billion compared to December 31, 2023 to EUR 9.5 billion, with contract liabilities increasing by EUR 0.5 billion, mainly in connection with the contract liabilities assumed in the acquisition of Ka'ena in the United States operating segment. Furthermore, other liabilities increased by EUR 0.1 billion, mainly due to an increase in liabilities from other taxes. Income tax liabilities increased by EUR 0.1 billion compared with December 31, 2023.

For further information on the acquisition of Ka'ena, please refer to the section "Changes in the composition of the Group and other transactions" in the interim consolidated financial statements.

Shareholders' equity increased by EUR 1.2 billion as of December 31, 2023 to EUR 92.4 billion, with profit of EUR 11.1 billion and capital increases from share-based payments of EUR 0.5 billion having an increasing effect. Shareholders' equity was reduced in connection with dividend payments for the 2023 financial year to Deutsche Telekom AG shareholders in the amount of EUR 3.8 billion and to other shareholders of subsidiaries in the amount of EUR 1.7 billion. The latter figure includes cash dividends of EUR 1.5 billion paid by T-Mobile US to non-controlling interests, as declared in the reporting period. Transactions with owners reduced the carrying amount of shareholders' equity by EUR 3.2 billion, due in particular to the T-Mobile US share buy-back program from September 2023. Furthermore, the carrying amount was reduced by Deutsche Telekom AG's share buy-back program that started in January 2024 with share buy-backs of EUR 1.5 billion. Other comprehensive income decreased the carrying amount by EUR 0.2 billion.

For further information on the statement of financial position, please refer to the section "Selected notes to the consolidated statement of financial position" in the interim consolidated financial statements.

Calculation of net debt

millions of €

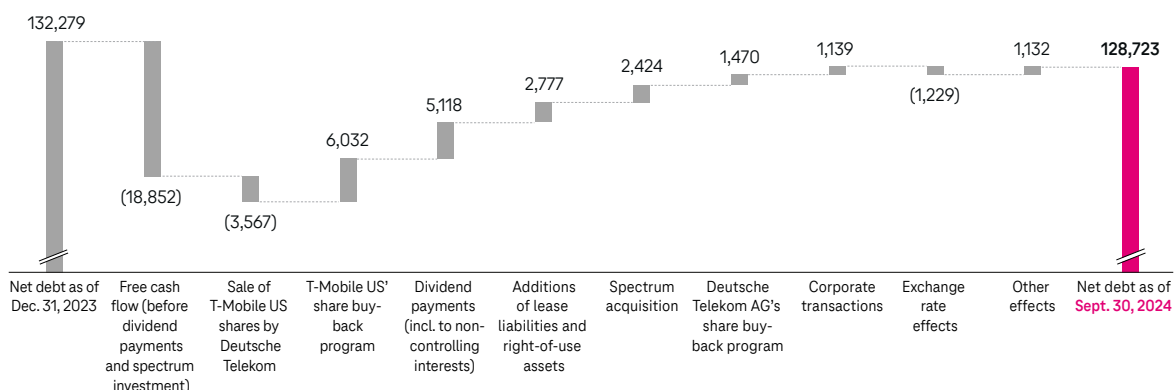
	Sept. 30, 2024	Dec. 31, 2023	Change	Change %	Sept. 30, 2023
Bonds and other securitized liabilities	92,131	87,773	4,357	5.0	90,339
Liabilities to banks	3,226	3,560	(334)	(9.4)	3,576
Other financial liabilities	12,522	13,189	(667)	(5.1)	14,865
Lease liabilities	38,426	40,792	(2,367)	(5.8)	42,620
Financial liabilities and lease liabilities	146,304	145,314	989	0.7	151,400
Accrued interest	(1,160)	(1,009)	(151)	(15.0)	(1,156)
Other	(1,428)	(966)	(463)	(47.9)	(1,204)
Gross debt	143,715	143,339	376	0.3	149,041
Cash and cash equivalents	12,204	7,274	4,930	67.8	7,470
Derivative financial assets	1,173	1,780	(608)	(34.1)	2,520
Other financial assets	1,615	2,006	(391)	(19.5)	1,923
Net debt^a	128,723	132,279	(3,556)	(2.7)	137,128
Lease liabilities ^b	36,249	38,533	(2,284)	(5.9)	40,205
Net debt AL	92,474	93,746	(1,272)	(1.4)	96,923

^a Including net debt reported under liabilities directly associated with non-current assets and disposal groups held for sale.

^b Excluding finance leases at T-Mobile US.

Changes in net debt

millions of €



Net debt decreased by EUR 3.6 billion in the first nine months of 2024 to EUR 128.7 billion, due to free cash flow (before dividend payments and spectrum investment), the sale of T-Mobile US shares by Deutsche Telekom, and exchange rate effects. By contrast, the main factors increasing net debt were the share buy-back program at T-Mobile US, the dividend payments (including to non-controlling interests), additions to lease liabilities and to right-of-use assets, and the acquisition of spectrum, primarily the Channel 51 licenses in the United States operating segment. Corporate transactions mainly included payments by Deutsche Telekom AG for the acquisition of T-Mobile US shares by exercising existing fixed-price options, and changes in cash and cash equivalents in connection with the acquisition of Ka'ena in the United States. Other effects include gains/losses from derivatives of EUR 0.6 billion.

Calculation of free cash flow AL

millions of €

	Q1-Q3 2024	Q1-Q3 2023	Change %	Q1 2024	Q2 2024	Q3 2024	Q3 2023	Change %	FY 2023
Net cash from operating activities	30,703	28,556	7.5	9,614	10,280	10,810	9,692	11.5	37,298
Cash outflows for investments in intangible assets	(5,932)	(3,711)	(59.8)	(1,378)	(1,303)	(3,251)	(1,270)	n.a.	(5,560)
Cash outflows for investments in property, plant and equipment	(8,438)	(9,990)	15.5	(3,340)	(2,557)	(2,542)	(2,995)	15.1	(12,306)
Cash capex	(14,370)	(13,702)	(4.9)	(4,718)	(3,859)	(5,793)	(4,265)	(35.8)	(17,866)
Spectrum investment	2,424	459	n.a.	57	175	2,192	203	n.a.	1,275
Cash capex (before spectrum investment)	(11,946)	(13,243)	9.8	(4,661)	(3,684)	(3,601)	(4,062)	11.4	(16,591)
Proceeds from the disposal of intangible assets (excluding goodwill) and property, plant and equipment	95	82	15.5	33	28	33	25	34.7	205
Free cash flow (before dividend payments and spectrum investment)	18,852	15,395	22.5	4,986	6,624	7,242	5,655	28.1	20,912
Principal portion of repayment of lease liabilities ^a	(3,726)	(3,605)	(3.3)	(1,277)	(1,395)	(1,053)	(967)	(9.0)	(4,770)
Free cash flow AL (before dividend payments and spectrum investment)	15,126	11,789	28.3	3,708	5,229	6,189	4,688	32.0	16,141

^a Excluding finance leases at T-Mobile US.

Free cash flow AL (before dividend payments and spectrum investment) increased by EUR 3.3 billion year-on-year to EUR 15.1 billion. The following effects impacted on this development:

Net cash from operating activities increased by EUR 2.1 billion to EUR 30.7 billion. The strong development of the operating business was offset in part by an increase in tax payments of EUR 0.3 billion and an increase in net interest payments of EUR 0.1 billion, among other effects.

Cash capex (before spectrum investment) decreased by EUR 1.3 billion to EUR 11.9 billion. In the United States operating segment, cash capex decreased by EUR 1.4 billion to EUR 6.1 billion, mainly as a result of higher cash outflows for the accelerated build-out of the 5G network in the prior years. In the Germany operating segment, cash capex totaled around EUR 3.6 billion in the reporting period, EUR 0.2 billion more than in the prior-year period. In the Europe operating segment, cash capex stood at EUR 1.4 billion, which was up EUR 0.1 billion year-on-year. In the Systems Solutions operating segment, cash capex remained on a par with the prior-year period at EUR 0.2 billion.

An increase of EUR 0.1 billion in cash outflows – in particular in the Germany and United States operating segments – for the repayment of lease liabilities reduced free cash flow AL.

For further information on the statement of cash flows, please refer to the section “Notes to the consolidated statement of cash flows” in the interim consolidated financial statements.

Rating

On October 23, 2024, the rating agency Moody’s raised our rating outlook to positive, taking the rating to Baa1 with a positive outlook. We are therefore still a solid investment-grade company with access to the international capital markets.

Development of business in the operating segments

Germany

Customer development

thousands

	Sept. 30, 2024	June 30, 2024	Change Sept. 30, 2024/ June 30, 2024 %	Dec. 31, 2023	Change Sept. 30, 2024/ Dec. 31, 2023 %	Sept. 30, 2023	Change Sept. 30, 2024/ Sept. 30, 2023 %
Mobile customers	66,920	65,192	2.7	61,419	9.0	59,778	11.9
Contract customers	26,203	25,838	1.4	25,171	4.1	24,811	5.6
Prepaid customers	40,717	39,353	3.5	36,248	12.3	34,967	16.4
Fixed-network lines	17,212	17,253	(0.2)	17,342	(0.8)	17,352	(0.8)
Retail broadband lines	15,136	15,098	0.3	15,018	0.8	14,952	1.2
Of which: optical fiber ^a	13,152	13,065	0.7	12,893	2.0	12,620	4.2
Television (IPTV, satellite)	4,590	4,514	1.7	4,327	6.1	4,259	7.8
Unbundled local loop lines (ULLs)	2,020	2,181	(7.4)	2,527	(20.1)	2,690	(24.9)
Wholesale broadband lines	8,547	8,481	0.8	8,307	2.9	8,218	4.0
Of which: optical fiber ^a	7,569	7,510	0.8	7,307	3.6	7,211	5.0

^a Disclosure of the total of all fiber-optic lines (FTTx).

Total

In Germany we continue to be market leader both in terms of fixed-network and mobile revenues. This success is attributable to our high-performance networks, a broad product portfolio, and good service. We want to offer our customers a seamless and technology-neutral telecommunications experience. We regularly adapt our product portfolio to address the needs of our customers.

The fixed-network broadband market hosts a large number of players with differing infrastructures – from national through to regional providers. In order to consolidate our position on the market as Germany’s leading telecommunications provider, we continue to add new offerings to our portfolio.

Mobile communications

The number of high-value mobile contract customers under the Telekom and congstar brands grew by 919 thousand customers overall against December 31, 2023. Sustained high demand for mobile rate plans with data volumes continues to drive this trend. The number of prepaid customers grew by 4.5 million against the start of 2024, primarily due to M2M SIM cards used in the automotive industry.

Fixed network

Demand remained high for our fiber-optic-based lines, with the total number increasing to 20.7 million since the end of 2023. This strong growth is driven by demand for higher bandwidths.

The number of retail broadband lines remained at a high level, increasing to 15.1 million compared with December 31, 2023. Around 49 % of the customers have subscribed to a rate plan with speeds of 100 Mbit/s or higher. We recorded an increase of 263 thousand in the number of TV customers compared with year-end 2023. The number of fixed-network lines stood at 17.2 million.

Wholesale

As of September 30, 2024, fiber-optic-based lines accounted for 71.6 % of all lines – 4.2 percentage points more than at the end of 2023. This growth is a result of the demand for our commitment agreements. Ongoing demand among retail customers for higher-bandwidth lines also contributed to the increase. The number of unbundled local loop lines decreased by 507 thousand compared with the end of the prior year, while fiber-optic-based lines increased by 262 thousand. These developments result partly from the shift to higher-value fiber-optic-based lines and partly from consumers switching to other providers. In addition, our wholesale partners are migrating their retail customers to their own infrastructures. The total number of wholesale lines at the end of September 2024 was 10.6 million.

Development of operations

millions of €									
	Q1-Q3 2024	Q1-Q3 2023	Change %	Q1 2024	Q2 2024	Q3 2024	Q3 2023	Change %	FY 2023
Revenue	19,132	18,598	2.9	6,298	6,369	6,465	6,308	2.5	25,187
Consumers	9,839	9,310	5.7	3,232	3,274	3,333	3,178	4.9	12,640
Business Customers ^a	6,432	6,784	(5.2)	2,135	2,130	2,167	2,270	(4.6)	9,258
Wholesale ^a	2,439	2,028	20.3	802	815	822	673	22.1	2,688
Other	422	476	(11.3)	130	149	144	186	(22.7)	602
Service revenue	16,771	16,440	2.0	5,515	5,601	5,655	5,539	2.1	22,096
EBITDA	7,410	7,679	(3.5)	2,620	2,420	2,370	2,687	(11.8)	10,294
Special factors affecting EBITDA	(915)	(376)	n.a.	(110)	(287)	(518)	(105)	n.a.	(501)
EBITDA (adjusted for special factors)	8,325	8,055	3.3	2,730	2,707	2,888	2,792	3.4	10,794
EBITDA AL	6,944	7,278	(4.6)	2,465	2,266	2,212	2,533	(12.7)	9,737
Special factors affecting EBITDA AL	(915)	(376)	n.a.	(110)	(287)	(518)	(105)	n.a.	(501)
EBITDA AL (adjusted for special factors)	7,859	7,655	2.7	2,576	2,553	2,731	2,638	3.5	10,238
EBITDA AL margin (adjusted for special factors)	%	41.1	41.1	40.9	40.1	42.2	41.8		40.6
Depreciation, amortization and impairment losses	(3,263)	(3,155)	(3.4)	(1,071)	(1,091)	(1,101)	(1,065)	(3.4)	(4,220)
Profit (loss) from operations (EBIT)	4,147	4,525	(8.4)	1,549	1,329	1,269	1,623	(21.8)	6,073
EBIT margin	%	21.7	24.3	24.6	20.9	19.6	25.7		24.1
Cash capex	(3,637)	(3,443)	(5.6)	(1,493)	(1,061)	(1,084)	(1,143)	5.2	(4,587)
Cash capex (before spectrum investment)	(3,637)	(3,443)	(5.6)	(1,493)	(1,061)	(1,084)	(1,143)	5.2	(4,587)

^a Since January 1, 2024, certain revenues which were previously assigned to Business Customers have been recognized under Wholesale. Prior-year comparatives were not adjusted retrospectively.

Revenue, service revenue

In the first nine months of 2024, we generated revenue of EUR 19.1 billion, which was up by 2.9 % year-on-year. This was mainly attributable to growth in service revenues of 2.0 %, due to increased revenue in the fixed-network core business, largely driven by broadband and IT business, and in the mobile business. Another revenue driver was the 9.4 % increase in non-service revenues, including from mobile terminal equipment revenues.

Revenue from **Consumers** increased by 5.7 % compared with the prior-year period. Revenue from broadband business continued to grow, due in part to the positive effects from customer appreciation for reliable networks and high bandwidths. Volume-driven declines in revenue from voice components continued to impact on fixed-network business. The mobile business increased due to higher service revenues, mainly as a result of positive customer development.

Revenue from **Business Customers** was down 5.2 % against the prior-year period, primarily due to certain revenues being recognized under Wholesale since January 1, 2024. In organic terms, revenue was up 0.7 % against the prior-year level, due in part to the positive trends in IT business and mobile service revenue, with the latter driven mainly by sustained growth in the customer base.

Wholesale revenue was up at the end of September 2024 by 20.3 % year-on-year as a result of the change in disclosure of revenues described under Business Customers. On an organic basis, revenue was 0.8 % higher than in the prior-year period.

Adjusted EBITDA AL, EBITDA AL

Adjusted EBITDA AL increased by EUR 0.2 billion or 2.7 % year-on-year. The main reasons for this increase are a sound operational development, driven by high-value revenue growth, and enhanced cost efficiency, primarily as a result of the lower headcount and the ongoing implementation of efficiency enhancement and digitalization measures. This trend was negatively affected by one-time effects, in particular the premium to compensate for inflation under the scope of the collective agreement. Our adjusted EBITDA AL margin amounted to 41.1 %.

At EUR 6.9 billion, EBITDA AL was below the level of the prior-year period. The effects described with regard to adjusted EBITDA AL included special factors in the amount of EUR 0.9 billion comprising, for example, the forgone contingent consideration receivable from IFM Global Infrastructure Fund, and socially responsible staff restructuring.

Profit/loss from operations (EBIT)

Profit from operations amounted to EUR 4.1 billion, a decrease of 8.4 % against the prior-year period. In addition to the issues mentioned under EBITDA AL, which had a negative effect on EBITDA, EBIT was also affected by higher depreciation, amortization and impairment losses year-on-year, which were partly attributable to the sale and leaseback of passive network infrastructure in Germany in connection with the sale of GD Towers.

Cash capex (before spectrum investment), cash capex

Cash capex increased by EUR 194 million or 5.6 % compared with the prior-year period. Capital expenditure totaled around EUR 3.6 billion in the first nine months of 2024, in particular for the fiber-optic build-out. The number of households passed by our fiber-optic network had increased to 9.3 million by the end of September 2024. In mobile communications, 97.5 % of German households can already use 5G.

United States

Customer development

thousands

	Sept. 30, 2024	June 30, 2024	Change Sept. 30, 2024/ June 30, 2024 %	Dec. 31, 2023	Change Sept. 30, 2024/ Dec. 31, 2023 %	Sept. 30, 2023	Change Sept. 30, 2024/ Sept. 30, 2023 %
Customers	127,492	125,893	1.3	119,700	6.5	117,907	8.1
Postpaid customers	102,185	100,610	1.6	98,052	4.2	96,312	6.1
Postpaid phone customers ^a	78,110	77,245	1.1	75,936	2.9	74,982	4.2
Other postpaid customers ^a	24,075	23,365	3.0	22,116	8.9	21,330	12.9
Prepaid customers ^b	25,307	25,283	0.1	21,648	16.9	21,595	17.2

^a In the fourth quarter of 2023, we recognized an additional base adjustment to increase postpaid phone customers by 20 thousand and increase postpaid other customers by 150 thousand due to fewer customers than expected whose service was deactivated as a result of the network shutdowns.

^b In the second quarter of 2024, we acquired 3.5 million prepaid customers through the Ka'ena Acquisition, which includes the impact of certain base adjustments to align the policies of Ka'ena and T-Mobile US.

Customers

At September 30, 2024, the United States operating segment (T-Mobile US) had 127.5 million customers, compared to 119.7 million customers at December 31, 2023. Net customer additions were 4.3 million in the nine months ended September 30, 2024, compared to 4.3 million in the nine months ended September 30, 2023, due to the factors described below.

Postpaid net customer additions were 4.1 million in the nine months ended September 30, 2024, compared to 4.1 million in the nine months ended September 30, 2023. Postpaid net customer additions were relatively flat and included slightly higher postpaid other net customer additions, primarily due to higher net additions from mobile internet devices and higher net additions from other connected devices. The increase in net additions from mobile internet devices was primarily due to higher prior year deactivations of lower Average Revenue Per User (ARPU) mobile internet devices in the educational sector that were activated during the coronavirus pandemic and no longer needed. The increase in postpaid other net customer additions was mostly offset by lower net additions from wearables and lower net additions from High Speed Internet, primarily driven by increased deactivations from a growing customer base and lower gross additions driven by sunseting of promotional pricing, partially offset by a lower churn rate. In addition, postpaid net customer additions included slightly higher postpaid phone net customer additions, primarily due to higher gross additions and higher prepaid to postpaid migrations, mostly offset by increased deactivations from a growing customer base. High Speed Internet net customer additions included in postpaid other net customer additions were 1.1 million and 1.4 million in the nine months ended September 30, 2024 and 2023, respectively.

Prepaid net customer additions were 155 thousand in the nine months ended September 30, 2024, compared to 229 thousand in the nine months ended September 30, 2023. The decrease was primarily driven by continued moderation of prepaid industry growth, lower net additions from High Speed Internet and higher prepaid to postpaid migrations, partially offset by higher net additions following the Ka'ena Acquisition. High Speed Internet net customer additions included in prepaid net customer additions were 137 thousand and 192 thousand in the nine months ended September 30, 2024 and 2023, respectively.

Development of operations

millions of €									
	Q1-Q3 2024	Q1-Q3 2023	Change %	Q1 2024	Q2 2024	Q3 2024	Q3 2023	Change %	FY 2023
Revenue	54,584	53,455	2.1	18,009	18,282	18,293	17,638	3.7	72,436
Service revenue	45,280	43,508	4.1	14,827	15,238	15,215	14,606	4.2	58,522
EBITDA	24,840	22,469	10.6	8,031	8,462	8,346	7,436	12.2	30,038
Special factors affecting EBITDA	(218)	(1,090)	80.0	(111)	4	(111)	(574)	80.6	(1,286)
EBITDA (adjusted for special factors)	25,058	23,559	6.4	8,142	8,458	8,458	8,010	5.6	31,324
EBITDA AL	21,120	18,552	13.8	6,802	7,212	7,107	6,184	14.9	24,840
Special factors affecting EBITDA AL	(294)	(1,329)	77.9	(130)	(25)	(138)	(608)	77.2	(1,569)
EBITDA AL (adjusted for special factors)	21,414	19,882	7.7	6,932	7,237	7,245	6,791	6.7	26,409
Core EBITDA AL (adjusted for special factors) ^a	21,339	19,640	8.6	6,900	7,213	7,226	6,745	7.1	26,130
EBITDA AL margin (adjusted for special factors) %	39.2	37.2		38.5	39.6	39.6	38.5		36.5
Depreciation, amortization and impairment losses	(11,655)	(11,578)	(0.7)	(4,003)	(3,907)	(3,745)	(3,808)	1.7	(15,551)
Profit (loss) from operations (EBIT)	13,185	10,891	21.1	4,028	4,555	4,601	3,628	26.8	14,487
EBIT margin %	24.2	20.4		22.4	24.9	25.2	20.6		20.0
Cash capex	(8,529)	(7,830)	(8.9)	(2,476)	(2,042)	(4,011)	(2,378)	(68.7)	(10,053)
Cash capex (before spectrum investment)	(6,146)	(7,577)	18.9	(2,420)	(1,907)	(1,820)	(2,218)	17.9	(9,060)

^a Adjusted core EBITDA AL is distinguished by excluding revenue from terminal equipment leases from adjusted EBITDA AL, thereby presenting operational development undistorted by the withdrawal from the terminal equipment lease business.

Revenue, service revenue

Total revenue for the United States operating segment of EUR 54.6 billion in the nine months ended September 30, 2024, increased by 2.1%, compared to EUR 53.5 billion in the nine months ended September 30, 2023. In U.S. dollars, T-Mobile US' total revenue increased by 2.5% during the same period. Total revenue increased primarily due to higher service revenues, partially offset by lower equipment revenues and lower other revenues. The components of these changes are described below.

Service revenues increased in the nine months ended September 30, 2024, by 4.1% to EUR 45.3 billion. In U.S. dollars, T-Mobile US' service revenues increased by 4.4% during the same period. This increase resulted from higher postpaid revenues, primarily due to higher average postpaid accounts and higher postpaid Average Revenue per Account (ARPA). In addition, service revenues increased from higher prepaid revenues, primarily due to higher average prepaid customers, primarily from the prepaid customers acquired through the Ka'ena Acquisition, partially offset by lower prepaid ARPU. This increase was partially offset by lower wholesale and other service revenues, primarily from lower MVNO revenues, lower Affordable Connectivity Program and Lifeline revenues, and lower Wireline revenues due to the sale of the Wireline Business on May 1, 2023. The decrease in MVNO revenues includes the impact from the Ka'ena Acquisition, and lower DISH and TracFone MVNO revenue.

Equipment revenues decreased in the nine months ended September 30, 2024, primarily from a net decrease in the total number of devices sold, driven by lower prepaid and government assistance program devices, partially offset by higher postpaid devices. This decrease was partially offset by higher average revenue per device sold, net of promotions, primarily driven by an increase in the high-end phone mix. In addition, equipment revenues decreased due to a decrease in lease revenues, primarily due to a lower number of customer devices under lease as a result of the continued strategic shift in device financing from leasing to equipment installment plans (EIP). The decrease in equipment revenues was partially offset by an increase in liquidation revenue, primarily due to a higher number of in-house liquidated devices, including the impact from the transition of certain device recovery programs from external sources to in-house processing.

Other revenues decreased in the nine months ended September 30, 2024, primarily from the transition of certain device recovery programs from external sources to in-house processing, resulting in a change in presentation to equipment revenues.

Adjusted EBITDA AL, EBITDA AL

In euros, adjusted EBITDA AL increased by 7.7 % to EUR 21.4 billion in the nine months ended September 30, 2024, compared to EUR 19.9 billion in the nine months ended September 30, 2023. The adjusted EBITDA AL margin increased to 39.2 % in the nine months ended September 30, 2024, compared to 37.2 % in the nine months ended September 30, 2023. In U.S. dollars, adjusted EBITDA AL increased 8.1 % during the same period. Adjusted EBITDA AL increased primarily due to higher service revenues, as discussed above, lower costs due to the sale of the Wireline Business on May 1, 2023, lower employee costs, primarily due to reduced headcount, and higher Sprint Merger-related synergies. The increase in adjusted EBITDA AL was partially offset by lower equipment revenues, as discussed above, and higher site costs related to the continued build-out of the T-Mobile US nationwide 5G network. In U.S. dollars, lease revenues decreased as a result of the continued strategic shift in device financing from leasing to EIP by 68.7 % in the nine months ended September 30, 2024.

In euros, adjusted core EBITDA AL increased by 8.6 % to EUR 21.3 billion in the nine months ended September 30, 2024, compared to EUR 19.6 billion in the nine months ended September 30, 2023. In U.S. dollars, adjusted core EBITDA AL increased by 9.0 % during the same period. The increase was primarily due to the fluctuation in adjusted EBITDA AL as discussed above, excluding the change in lease revenues.

EBITDA AL in the nine months ended September 30, 2024, included special factors of EUR -0.3 billion compared to EUR -1.3 billion in the nine months ended September 30, 2023. The change in special factors was primarily due to lower Sprint Merger-related costs and severance and related costs associated with the August 2023 workforce reduction recognized in the prior year. The change in special factors was also impacted by other special items including certain severance, restructuring, and other expenses, gains and losses, not directly attributable to the Sprint Merger which are not reflective of T-Mobile US' core business activities recognized in the nine months ended September 30, 2023. Overall, EBITDA AL increased by 13.8 % to EUR 21.1 billion in the nine months ended September 30, 2024, compared to EUR 18.6 billion in the nine months ended September 30, 2023, primarily due to the factors described above, including special factors.

Profit/loss from operations (EBIT)

EBIT increased by 21.1 % to EUR 13.2 billion in the nine months ended September 30, 2024, compared to EUR 10.9 billion in the nine months ended September 30, 2023. In U.S. dollars, EBIT increased by 21.5 % during the same period primarily due to higher EBITDA AL, slightly offset by higher depreciation, amortization and impairment losses. In U.S. dollars, depreciation, amortization and impairment losses increased by 1.0 % primarily due to higher depreciation expense from the acceleration of certain technology assets in the first half of 2024 as T-Mobile US continues to modernize its network, technology systems, and platforms and from the continued build-out of its nationwide 5G network.

Cash capex (before spectrum investment), cash capex

Cash capex (before spectrum investment) decreased by 18.9 % to EUR 6.1 billion in the nine months ended September 30, 2024, compared to EUR 7.6 billion in the nine months ended September 30, 2023. In U.S. dollars, cash capex (before spectrum investment) decreased by 18.5 % due to a decrease in purchases of property and equipment, primarily due to increased capital efficiencies from accelerated investments in the T-Mobile US nationwide 5G network in previous years.

Cash capex increased by 8.9 % to EUR 8.5 billion in the nine months ended September 30, 2024, compared to EUR 7.8 billion in the nine months ended September 30, 2023. In U.S. dollars, cash capex increased by 9.8 % primarily due to an increase in purchases of spectrum licenses, primarily for the first tranche of 600 MHz licenses purchased from Channel 51. The increase was partially offset by lower purchases of property and equipment as discussed above.

Europe

Customer development

thousands

		Sept. 30, 2024	June 30, 2024	Change Sept. 30, 2024/ June 30, 2024 %	Dec. 31, 2023	Change Sept. 30, 2024/ Dec. 31, 2023 %	Sept. 30, 2023	Change Sept. 30, 2024/ Sept. 30, 2023 %
Europe, total^a	Mobile customers	49,712	49,287	0.9	47,853	3.9	47,949	3.7
	Contract customers	27,764	27,588	0.6	27,222	2.0	26,976	2.9
	Prepaid customers	21,948	21,699	1.1	20,631	6.4	20,973	4.7
	Fixed-network lines	8,045	8,033	0.1	8,020	0.3	7,995	0.6
	Broadband customers	7,146	7,099	0.7	6,989	2.3	6,913	3.4
	Television (IPTV, satellite, cable)	4,375	4,334	0.9	4,283	2.1	4,246	3.0
	Unbundled local loop lines (ULL)/Wholesale PSTN	1,490	1,537	(3.1)	1,614	(7.7)	1,651	(9.8)
	Wholesale broadband lines	1,167	1,157	0.9	1,121	4.1	1,099	6.2
	Greece	Mobile customers	7,185	7,189	(0.1)	7,119	0.9	7,317
Fixed-network lines		2,587	2,602	(0.6)	2,617	(1.1)	2,615	(1.1)
Broadband customers		2,400	2,407	(0.3)	2,405	(0.2)	2,392	0.3
Romania	Mobile customers	3,547	3,601	(1.5)	3,798	(6.6)	3,899	(9.0)
Hungary	Mobile customers	6,389	6,389	0.0	6,246	2.3	6,168	3.6
	Fixed-network lines	1,951	1,943	0.4	1,936	0.8	1,924	1.4
	Broadband customers	1,637	1,622	0.9	1,592	2.8	1,573	4.1
Poland	Mobile customers	12,738	12,641	0.8	12,592	1.2	12,545	1.5
	Fixed-network lines	29	29	(0.7)	29	(0.2)	29	(0.5)
	Broadband customers	324	305	6.2	260	24.2	234	38.3
Czech Republic	Mobile customers	6,512	6,502	0.1	6,523	(0.2)	6,497	0.2
	Fixed-network lines	806	789	2.2	763	5.6	752	7.1
	Broadband customers	497	485	2.4	463	7.4	456	9.0
Croatia	Mobile customers	2,589	2,408	7.5	2,336	10.9	2,391	8.3
	Fixed-network lines	868	868	(0.1)	870	(0.3)	870	(0.3)
	Broadband customers	669	666	0.4	661	1.1	659	1.5
Slovakia	Mobile customers	2,524	2,528	(0.1)	2,525	0.0	2,503	0.9
	Fixed-network lines	851	852	(0.1)	860	(1.1)	859	(1.0)
	Broadband customers	661	659	0.4	657	0.6	654	1.1
Austria^a	Mobile customers	6,345	6,270	1.2	4,975	27.5	4,805	32.0
	Fixed-network lines	612	611	0.2	607	0.9	609	0.5
	Broadband customers	667	667	0.0	665	0.3	664	0.5
Other^b	Mobile customers	1,882	1,759	7.0	1,738	8.3	1,824	3.2
	Fixed-network lines	342	339	0.8	338	1.2	337	1.4
	Broadband customers	292	288	1.4	285	2.6	283	3.4

^a Since January 1, 2024, customers of a wholesale service provider are reported as prepaid customers in Austria. Prior-year comparatives were not adjusted retrospectively in this context.

^b "Other": national companies of North Macedonia, Montenegro, and the lines of the GTS Central Europe group in Romania.

Total

In the Europe operating segment, almost all key performance indicators for customer development posted improvement compared with the end of 2023. Our convergent product portfolio generated growth of 4.3% in FMC customers thanks to ongoing demand. We are working flat out to build out our fixed-network infrastructure with state-of-the-art optical fiber. The number of broadband customers increased by 2.3%. The number of mobile customers increased by 3.9%. Our build-out of the 5G network is making good progress.

Mobile communications

We had a total of 49.7 million mobile customers at the end of the first nine months of 2024 – an increase of 3.9 % compared with the end of 2023. The number of contract customers increased by 2.0 %. The contract customer base grew in almost all of our national companies, but especially in Poland, Greece, Croatia, and the Czech Republic. Overall, contract customers accounted for 55.8 % of the total customer base. Our customers benefit from greater coverage with fast mobile broadband – a result of our integrated network strategy. The footprint countries of our operating segment are also making further headway with 5G. As of September 30, 2024, our national companies covered 72.4 % of the population on average with 5G, a further increase against the prior year.

The prepaid customer base grew by 6.4 % compared with the end of 2023. Since January 1, 2024, customers of a wholesale service provider have been reported as prepaid customers in Austria. Without this effect, the number of prepaid customers increased by 0.9 % year-on-year. We convinced a portion of our prepaid customers to switch to higher-value contract rate plans.

Fixed network

The broadband business increased by 2.3 % compared with the end of 2023 to a total of 7.1 million customers. This growth is mainly driven by the national companies in Poland, Hungary, and the Czech Republic. By continuing to invest in optical fiber, we are systematically building out our fixed-network infrastructure. As of the end of the first nine months of 2024, 9.7 million households, which is around 600 thousand additional households, had access to our high-performance fiber-optic network offering gigabit speeds. The number of fixed-network lines subscribed to remained stable at 8.0 million lines as of September 30, 2024.

The TV and entertainment business had 4.4 million customers in total at the end of the first nine months of 2024, posting growth of 2.1 % compared with the end of the prior year. In the third quarter of 2024, our Greek national company reached an agreement with competitor Nova; this provides for our TV customers in Greece who subscribe to a Sports package will in future be able to watch all Novasports channels for a minimal extra charge. The TV market is already saturated in many of the countries in our segment, where TV services are offered not only by telecommunications companies, but also by OTT players.

FMC – fixed-mobile convergence and digitalization

Our portfolio of convergent products, MagentaOne, was highly popular with consumers across all of our national companies. As of September 30, 2024, we had 8.0 million FMC customers; this corresponds to growth of 4.3 % compared with the end of the prior year. Almost all of our national companies, but in particular in Poland, Greece, Hungary, and the Czech Republic, contributed to this growth. The customer base in Slovakia was smaller due to optimizations to the FMC product portfolio there. At the end of the first nine months of 2024, FMC customers accounted for 64.1 % of the broadband customer base. We have also seen rising customer numbers from the marketing of our MagentaOne Business product to business customers.

We continue to expand our digital interaction with customers, which means we can meet customer needs in a more personalized and efficient way, and position products and innovative services on the market more quickly. Our service app is used by 70.8 % of our consumers.

Development of operations

millions of €									
	Q1-Q3 2024	Q1-Q3 2023	Change %	Q1 2024	Q2 2024	Q3 2024	Q3 2023	Change %	FY 2023
Revenue	9,142	8,678	5.3	2,959	3,073	3,110	2,995	3.9	11,790
Greece	2,491	2,334	6.7	812	846	833	812	2.6	3,189
Romania	199	209	(4.8)	66	67	66	71	(6.6)	287
Hungary	1,663	1,479	12.4	525	564	573	513	11.8	2,031
Poland	1,222	1,113	9.8	395	402	425	383	11.0	1,522
Czech Republic	916	982	(6.7)	301	308	307	333	(7.5)	1,280
Croatia	747	709	5.4	233	247	267	257	4.1	956
Slovakia	630	602	4.7	206	213	212	201	5.3	825
Austria	1,096	1,068	2.6	361	363	372	367	1.4	1,458
Other ^a	234	240	(2.7)	75	77	81	84	(2.8)	319
Service revenue	7,662	7,209	6.3	2,455	2,585	2,622	2,494	5.1	9,739
EBITDA	3,685	3,394	8.6	1,179	1,206	1,300	1,197	8.6	4,496
Special factors affecting EBITDA	(51)	(63)	19.1	(19)	(26)	(6)	(18)	63.9	(94)
EBITDA (adjusted for special factors)	3,735	3,456	8.1	1,198	1,231	1,306	1,215	7.6	4,590
EBITDA AL	3,306	3,040	8.7	1,050	1,082	1,174	1,078	8.9	4,020
Special factors affecting EBITDA AL	(51)	(63)	19.1	(19)	(26)	(6)	(18)	63.9	(94)
EBITDA AL (adjusted for special factors)	3,356	3,102	8.2	1,069	1,108	1,180	1,095	7.7	4,114
Greece	1,003	988	1.5	323	327	353	348	1.6	1,325
Romania	0	13	n.a.	3	0	(3)	5	n.a.	17
Hungary	593	443	33.8	178	210	205	169	21.5	600
Poland	332	299	11.0	104	113	115	103	11.1	393
Czech Republic	371	354	4.8	131	115	125	108	15.0	470
Croatia	287	274	4.9	86	87	114	111	3.2	367
Slovakia	294	255	15.1	96	103	95	85	11.1	350
Austria	427	411	3.8	138	140	149	148	0.7	529
Other ^a	50	65	(23.0)	10	12	28	19	46.1	61
EBITDA AL margin (adjusted for special factors)	% 36.7	35.8		36.1	36.0	37.9	36.6		34.9
Depreciation, amortization and impairment losses	(1,887)	(1,880)	(0.4)	(638)	(634)	(615)	(629)	2.3	(2,524)
Profit (loss) from operations (EBIT)	1,798	1,513	18.8	541	571	685	567	20.8	1,973
EBIT margin	% 19.7	17.4		18.3	18.6	22.0	18.9		16.7
Cash capex	(1,430)	(1,529)	6.4	(484)	(497)	(449)	(476)	5.6	(2,049)
Cash capex (before spectrum investment)	(1,389)	(1,322)	(5.0)	(483)	(457)	(449)	(433)	(3.6)	(1,766)

The contributions of the national companies correspond to their respective unconsolidated financial statements and do not take consolidation effects at operating segment level into account.

^a "Other": national companies in North Macedonia, Montenegro, and the GTS Central Europe group in Romania, as well as the Europe Headquarters.

Revenue, service revenue

Our Europe operating segment generated revenue of EUR 9.1 billion in the first nine months of 2024, a year-on-year increase of 5.3%. In organic terms, revenue increased by 5.5%. Service revenues grew by 6.3% year-on-year, or by 5.9% in organic terms.

The organic growth in service revenues was due on the one hand to the strong performance of the mobile business on the back of a larger contract customer base and higher revenue per customer in several countries. On the other hand, the year-on-year increase in fixed-network service revenues additionally contributed to this growth. Our intense focus on the continued build-out of high-speed network infrastructure drove growth in broadband and TV revenues, which more than offset the expected declines in voice telephony revenues. In addition to higher revenues from wholesale, the IT business also made a positive revenue contribution. Regulatory interventions such as the reduction in termination rates had a negative impact on our organic development of revenue in the reporting period. Contract customer additions also had positive effects on terminal equipment revenues.

All countries apart from Romania contributed to the growth in service revenue in organic terms, with our national companies in Hungary, Greece, Poland, and Slovakia recording the strongest development in absolute terms by country.

Service revenues from **Consumers** increased in organic terms by 5.5 % year-on-year. In mobile communications, both service revenues and mobile terminal equipment sales were up. In the fixed network, revenue from broadband and TV business increased thanks to our continuous fiber-optic build-out and our TV and entertainment offerings. This more than offset the decline in revenue from voice telephony. The higher number of FMC customers additionally had a positive impact on revenue.

Service revenues from **Business Customers** grew on an organic basis by 7.7 % against the prior-year period, with Greece, Hungary, Croatia, and Poland making the largest contribution. All product areas – mobile communications, fixed network, and systems solutions – recorded growth. The mobile contract customer base grew by 2.0 %, with almost all of our national companies, but in particular Poland, Romania, Austria, and Greece contributing to this growth. In the fixed-network business, the number of broadband customers rose by 5.7 %. Fixed-network revenues grew by 3.8 % overall, with the strongest growth recorded in the segment of smaller business customers. This offset the decline in voice telephony revenues in the corporate customer segment in Greece. IT revenues grew strongly compared with the prior-year period by 17.0 %, due to an increase in systems solutions business and data communication, especially in connection with EU-funded projects in Greece's public sector. Digital Infrastructure developed positively as a result of the expansion of capacities and strong growth in the cloud and security solutions business.

Adjusted EBITDA AL, EBITDA AL

The sound operational development in the mobile, fixed-network, and IT businesses more than offset the inflation-induced cost increases. This led to strong year-on-year growth of 8.2 % in adjusted EBITDA AL to EUR 3.4 billion in the first nine months of 2024. In organic terms, adjusted EBITDA AL grew by 8.4 %, with a positive net margin sufficient to more than offset higher indirect costs that resulted primarily from the inflation-induced increase in salaries.

Looking at the development by country, the increase in adjusted organic EBITDA AL was attributable to positive absolute trends, in particular at our national companies in Hungary, Slovakia, the Czech Republic, Greece, and Austria. These increases were partially offset by declines in Romania.

At EUR 3.3 billion, EBITDA AL increased by 8.7 % against the prior-year period. The expense arising from special factors decreased year-on-year.

Development of operations in selected countries

Greece. Revenues in Greece amounted to EUR 2.5 billion in the first nine months of 2024, a significant year-on-year increase of 6.7 %. In organic terms, revenues increased by 6.8 %. This development is largely due to higher service revenues, mainly from IT and wholesale, but also from the mobile, broadband, and TV businesses. However, mobile revenues were affected by termination rate cuts imposed by the regulatory authority. Traditional voice telephony revenues continued to decline in line with expectations. By contrast, terminal equipment revenues from contract customer additions contributed to the growth in revenue. Our convergence products performed well, with further customer additions and corresponding revenue.

Adjusted EBITDA AL stood at EUR 1.0 billion, up 1.5 % year-on-year, driven by a higher net margin. Higher indirect costs, e.g., for energy, reduced the positive effect.

Hungary. Revenues in Hungary totaled EUR 1.7 billion in the first three quarters of 2024, which corresponds to substantial growth of 12.4 % despite unfavorable exchange rate effects. In organic terms, revenue was up against the prior-year period by 15.4 %. This development was driven mainly by the fixed network business, in part on the back of further growth in the customer base, and by higher mobile service revenues. IT revenues also posted significant growth. Thanks to our increased investments in the build-out of fiber-optic lines, our offers have won over large numbers of customers. This growth in the customer base additionally drove an increase in terminal equipment sales. Our convergence products also continued to perform well, with further customer additions and corresponding revenue.

Adjusted EBITDA AL stood at EUR 593 million, 33.8 % above the prior-year level. In organic terms, adjusted EBITDA AL grew by 37.7 %. This marked increase was due to a significantly higher net margin from the positive development in operating business, as well as to the repeal of the special tax levied on owners of telecommunications cables (utility tax).

Poland. In the first nine months of 2024, revenue in Poland totaled EUR 1.2 billion, an increase of 9.8 %. Excluding positive exchange rate effects, revenue increased by 3.2 %. Mobile service revenues recorded the strongest growth. However, mobile revenues were affected by termination rate cuts imposed by the regulatory authority. Broadband revenues from the fixed-network business also posted significant increases. Both trends are the result of growth in the respective customer bases. The number of FMC customers increased substantially again, with a corresponding positive impact on revenues. This was partially offset by lower revenues from the IT business. The decline in other revenues is predominantly attributable to a positive one-time effect in the prior year.

Adjusted EBITDA AL stood at EUR 332 million, 11.0 % above the prior-year level. In organic terms, adjusted EBITDA AL grew by 4.4 %, due to a higher net margin, which more than offset the increase in indirect costs.

Czech Republic. Revenues in the Czech Republic stood at EUR 916 million in the first three quarters of 2024, down by 6.7 % against the prior-year period. Excluding negative exchange rate effects, the decrease was 1.8 %. Other revenues declined as a result of the termination of a business relationship. Service revenues were up 2.8 % in organic terms, mainly due to increases in the mobile, broadband, and TV businesses, driven by growth in the respective customer bases. However, mobile revenues were affected by termination rate cuts imposed by the regulatory authority. The number of FMC customers also grew in the reporting period. IT revenues declined.

Adjusted EBITDA AL increased by 4.8 % year-on-year to EUR 371 million. In organic terms, earnings grew by 10.4 % on the back of a higher net margin driven by higher mobile and fixed-network service revenues.

Austria. Revenue generated in Austria grew by 2.6 % to reach EUR 1.1 billion in the first nine months of 2024. In organic terms, the increase was 2.4 %. This development was driven by higher service revenues from mobile and broadband businesses on account of increases in the respective customer bases. However, mobile revenues were affected by termination rate cuts imposed by the regulatory authority. The number of FMC customers also grew in the reporting period, contributing to the increase in service revenues. Revenue from IT business increased slightly.

Adjusted EBITDA AL increased by 3.8 % year-on-year to EUR 427 million. In organic terms, earnings grew by 3.6 %, driven mainly by a revenue-related increase in the net margin, which was partially offset by higher indirect costs.

Profit/loss from operations (EBIT)

Our Europe operating segment recorded an increase in EBIT of 18.8 % to EUR 1.8 billion in the first three quarters of 2024, mainly due to the 8.6 % increase in EBITDA. Depreciation, amortization and impairment losses remained stable.

Cash capex (before spectrum investment), cash capex

In the first nine months of 2024, our Europe operating segment reported cash capex (before spectrum investment) of EUR 1.4 billion, up 5.0 % year-on-year. This increase is attributable to both higher investments and the timing of their allocation. Cash capex decreased by 6.4 % due to lower payments for spectrum compared with the prior-year period. We continue to invest in the provision of broadband, fiber-optic technology, and 5G as part of our integrated network strategy.

Systems Solutions

Order entry

millions of €					
	Q1-Q3 2024	H1 2024	FY 2023	Q1-Q3 2023	Change Q1-Q3 2024/ Q1-Q3 2023 %
Order entry	2,650	1,780	3,628	2,241	18.2

Development of business

In the first nine months of 2024, our systems solutions business continued to focus on growth and future viability.

Order entry in our Systems Solutions operating segment was up by 18.2 % year-on-year in the first nine months of 2024. This development is mainly attributable to increased order entry in the Cloud and Digital portfolio areas.

Development of operations

millions of €

	Q1-Q3 2024	Q1-Q3 2023	Change %	Q1 2024	Q2 2024	Q3 2024	Q3 2023	Change %	FY 2023
Revenue	2,966	2,865	3.5	993	981	991	960	3.3	3,896
Of which: external revenue	2,506	2,390	4.9	843	831	832	802	3.8	3,258
Service revenue	2,878	2,792	3.1	973	947	958	937	2.3	3,796
EBITDA	253	229	10.4	77	78	98	75	31.8	272
Special factors affecting EBITDA	(82)	(86)	4.6	(23)	(32)	(27)	(35)	24.0	(144)
EBITDA (adjusted for special factors)	335	315	6.3	100	110	125	109	14.1	416
EBITDA AL	185	159	16.0	54	55	76	51	48.0	177
Special factors affecting EBITDA AL	(82)	(86)	4.6	(23)	(32)	(27)	(35)	24.0	(144)
EBITDA AL (adjusted for special factors)	267	245	8.8	77	87	102	86	18.9	321
EBITDA AL margin (adjusted for special factors)	% 9.0	8.6		7.8	8.9	10.3	9.0		8.3
Depreciation, amortization and impairment losses	(177)	(209)	15.3	(59)	(59)	(59)	(91)	34.9	(344)
Profit (loss) from operations (EBIT)	76	20	n.a.	18	19	39	(16)	n.a.	(71)
Special factors affecting EBIT	(97)	(132)	26.6	(30)	(37)	(30)	(70)	56.6	(270)
EBIT (adjusted for special factors)	173	152	13.7	48	55	70	54	29.1	198
EBIT margin (adjusted for special factors)	% 5.8	5.3		4.8	5.6	7.0	5.6		5.1
Cash capex	(170)	(166)	(2.3)	(63)	(61)	(47)	(46)	(1.2)	(210)
Cash capex (before spectrum investment)	(170)	(166)	(2.3)	(63)	(61)	(47)	(46)	(1.2)	(210)

Revenue, service revenue

Revenue in our Systems Solutions operating segment was up by 3.5 % year-on-year in the first nine months of 2024 to EUR 3.0 billion, mainly due to growth in the Cloud, Digital, and Road Charging portfolio areas. External revenue increased by 4.9 %, also driven by the Cloud, Digital, and Road Charging portfolio areas. Service revenue also developed positively, increasing by 3.1 %.

Adjusted EBITDA AL, EBITDA AL

In the first nine months of 2024, adjusted EBITDA AL at our Systems Solutions operating segment increased by 8.8 % year-on-year to EUR 267 million. The increase in adjusted EBITDA AL is mainly attributable to revenue growth in the Cloud and Digital areas. EBITDA AL increased by EUR 26 million compared with the prior-year period to EUR 185 million. The expense arising from special factors decreased by EUR 4 million year-on-year to EUR 82 million, mainly as a result of lower restructuring costs.

Profit/loss from operations (EBIT), adjusted EBIT

Adjusted EBIT in our Systems Solutions operating segment grew by EUR 21 million year-on-year in the first nine months of 2024, coming in at EUR 173 million, due to the reasons described under adjusted EBITDA AL. EBIT increased significantly year-on-year to EUR 76 million. This increase was due to both an operational improvement and to lower depreciation, amortization and impairment losses. The expense arising from special factors was EUR 97 million, a decrease of EUR 35 million year-on-year, mainly as a result of lower impairment losses.

Cash capex (before spectrum investment), cash capex

Cash capex in the Systems Solutions operating segment stood at EUR 170 million in the first nine months of 2024, up EUR 4 million against the prior-year period. This trend mainly resulted from higher cash capex in the Cloud portfolio area.

Group Development

Development of operations

millions of €									
	Q1-Q3 2024	Q1-Q3 2023	Change %	Q1 2024	Q2 2024	Q3 2024	Q3 2023	Change %	FY 2023
Revenue	6	108	(94.0)	2	4	0	2	(97.4)	115
Of which: GD Towers	0	99	(100.0)	0	0	0	0	n.a.	99
Service revenue	0	0	n.a.	0	0	0	0	n.a.	0
EBITDA	(21)	13,008	n.a.	(4)	(4)	(12)	(5)	n.a.	13,220
Special factors affecting EBITDA	2	12,950	(100.0)	2	1	(1)	3	n.a.	13,170
EBITDA (adjusted for special factors)	(23)	58	n.a.	(6)	(5)	(12)	(7)	(56.9)	50
Of which: GD Towers	0	78	(100.0)	0	0	0	0	n.a.	78
EBITDA AL	(21)	13,003	n.a.	(4)	(4)	(12)	(5)	n.a.	13,215
Special factors affecting EBITDA AL	2	12,950	(100.0)	2	1	(1)	3	n.a.	13,170
EBITDA AL (adjusted for special factors)	(23)	53	n.a.	(6)	(5)	(12)	(7)	(56.8)	45
Of which: GD Towers	0	73	(100.0)	0	0	0	0	n.a.	73
EBITDA AL margin (adjusted for special factors)	%	n.a.	48.6	n.a.	n.a.	n.a.	n.a.		39.2
Depreciation, amortization and impairment losses	(2)	(2)	1.1	(1)	(1)	(1)	(1)	(34.6)	(2)
Profit (loss) from operations (EBIT)	(23)	13,006	n.a.	(5)	(5)	(13)	(5)	n.a.	13,217
Cash capex	(2)	(22)	90.3	(1)	(1)	(1)	(3)	71.2	(24)
Cash capex (before spectrum investment)	(2)	(22)	90.3	(1)	(1)	(1)	(3)	71.2	(24)

The sale of the GD Towers business entity was consummated on February 1, 2023. Since that date, GD Towers has no longer been part of the Group. The development of operations for the prior year contains the value contributions up to and including January 2023.

For further information on the presentation of GD Towers in the prior year, please refer to the section "[Group organization, strategy, and management](#)."

The comparison of the 2024 financial year with the prior year is significantly influenced by the sale of GD Towers. The gain on deconsolidation resulting from the transaction amounted to EUR 12.9 billion and is included in EBITDA and the associated performance indicators.

The goal of our Group Development operating segment is to actively manage entities and equity investments to grow their value. For this reason, entities such as Deutsche Telekom Capital Partners and Comfort Charge are assigned to this segment.

Group Headquarters & Group Services

Development of operations

millions of €

	Q1-Q3 2024	Q1-Q3 2023	Change %	Q1 2024	Q2 2024	Q3 2024	Q3 2023	Change %	FY 2023
Revenue	1,659	1,718	(3.4)	546	561	552	588	(6.1)	2,305
Service revenue	715	756	(5.4)	236	240	239	274	(12.8)	1,024
EBITDA	(458)	(297)	(54.1)	(138)	(182)	(138)	(44)	n.a.	(522)
Special factors affecting EBITDA	(191)	(92)	n.a.	(37)	(96)	(58)	(12)	n.a.	(199)
EBITDA (adjusted for special factors)	(267)	(205)	(30.1)	(101)	(86)	(80)	(32)	n.a.	(323)
EBITDA AL	(671)	(514)	(30.6)	(205)	(254)	(212)	(117)	(81.2)	(808)
Special factors affecting EBITDA AL	(191)	(92)	n.a.	(37)	(96)	(58)	(12)	n.a.	(199)
EBITDA AL (adjusted for special factors)	(480)	(422)	(13.8)	(168)	(158)	(154)	(105)	(46.7)	(609)
Depreciation, amortization and impairment losses	(914)	(995)	8.2	(301)	(304)	(309)	(325)	5.0	(1,352)
Profit (loss) from operations (EBIT)	(1,372)	(1,293)	(6.1)	(439)	(485)	(447)	(370)	(21.0)	(1,874)
Cash capex	(597)	(721)	17.3	(199)	(196)	(202)	(228)	11.5	(969)
Cash capex (before spectrum investment)	(597)	(721)	17.3	(199)	(196)	(202)	(228)	11.5	(969)

Revenue, service revenue

Revenue in our Group Headquarters & Group Services segment decreased in the reporting period by 3.4 %, mainly as a result of lower intragroup service revenues at Deutsche Telekom IT on account of a reduced revenue-relevant cost basis, which was primarily due to fewer commissions of IT projects. Furthermore, intragroup revenue from land and buildings declined due to the ongoing optimization of space.

Adjusted EBITDA AL, EBITDA AL

Adjusted EBITDA AL in the Group Headquarters & Group Services segment declined by EUR 58 million in the reporting period to EUR -480 million. This decrease is mainly due to a lower capitalization rate for own capitalized costs and higher infrastructure costs, both at Deutsche Telekom IT. Furthermore, revenue from land and buildings declined due to the ongoing optimization of space. These negative effects were offset in part by the lower operational expenses in our Group Services. Overall, special factors negatively affecting EBITDA AL – in particular due to staff-related measures – totaled EUR 191 million in the reporting period and EUR 92 million in the prior-year period.

Profit/loss from operations (EBIT)

The year-on-year decrease of EUR 79 million in EBIT to EUR -1,372 million was largely due to the decline in EBITDA AL. Depreciation, amortization and impairment losses were down by contrast, mainly in connection with declines in the licensing of the Group-wide ERP system, as well as by fewer commissions of IT projects.

Cash capex (before spectrum investment), cash capex

Cash capex decreased by EUR 124 million year-on-year, primarily due to lower cash capex in the Technology and Innovation Board of Management department on account of fewer commissions of IT projects.

Events after the reporting period

Please refer to the section “Events after the reporting period” in the interim consolidated financial statements.

Forecast

The statements in this section reflect the current views of our management. Contrary to the forecasts published in the 2023 combined management report ([2023 Annual Report](#)) and the [Interim Group Report as of June 30, 2024](#), we now expect to post higher adjusted EBITDA AL. Adjusted EBITDA AL for full-year 2024 was originally expected to come in at around EUR 42.9 billion. We now expect adjusted EBITDA AL for the Group to come in at around EUR 43.0 billion in the 2024 financial year. This is largely attributable to stronger-than-expected business performance outside of the United States. Here we now expect to post adjusted EBITDA AL of around EUR 14.5 billion, up from the previous guidance of EUR 14.4 billion. We are also raising our guidance for the United States operating segment by USD 50 million, still anticipating adjusted EBITDA AL of around USD 30.9 billion. We expect the Group's free cash flow AL (before dividend payments and spectrum investment) to come in at the already raised guidance of around EUR 19.0 billion.

All other statements made remain valid. Our planning assumes an unchanged U.S. dollar exchange rate of USD 1.08.

For more information on the business risks, please refer to the section "[Risks and opportunities](#)." For additional information and recent changes in the economic situation, please refer to the section "[The economic environment](#)." Readers are also referred to the "[Disclaimer](#)" at the end of this report.

Risks and opportunities

This section provides important additional information and explains recent changes in the risks and opportunities compared to those described in the 2023 combined management report ([2023 Annual Report](#)). Readers are also referred to the "[Disclaimer](#)" at the end of this report.

Corporate risks

Strategic implementation and integration. In Germany, the legislator adopted the Second Act to Increase the Security of Information Technology Systems, or the IT Security Act 2.0 (IT-Sicherheitsgesetz 2.0), in 2021. All 5G operators must notify the authorities of new critical components and the suppliers thereof in accordance with the catalog of security requirements pursuant to the Telecommunications Act and prior to first-time operation. If the Federal Government has security concerns, it can introduce a blanket ban on using certain manufacturers. Deutsche Telekom itself has long been scrutinizing security-critical components prior to installation and on an ongoing basis once in operation. In July 2024, the Federal Government and Germany's three biggest network operators agreed to replace all Huawei and ZTE components in the 5G core networks by the end of 2026 and the critical management systems of both manufacturers in the 5G access and transport networks by the end of 2029. Deutsche Telekom does not use ZTE components and has already phased out Huawei from its 5G core network. Deutsche Telekom is now developing software for managing and configuring its antennas and transport network to replace the proprietary software from Huawei. This also has the benefit of further driving forward the ongoing implementation of the Open RAN strategy. In other countries, such as Austria, the Czech Republic, and Poland, it is still possible that components from critical infrastructure suppliers may have to be replaced within specific deadlines. On the basis of the agreement with the German Federal Government, we are reducing the risk significance of the risk category "Strategic implementation and integration" from very high to high.

Other operational risks. In the course of renegotiations and contract adjustments with IFM Global Infrastructure Fund on the continuation of the joint fiber-optic rollout at the GlasfaserPlus build-out entity, Deutsche Telekom agreed to forgo the contingent consideration receivable. Since this was a materialization of the risk, we are correspondingly reducing the risk significance of the risk category "Other operational risks" from high to medium.

Litigation and anti-trust proceedings

Claims relating to charges for the shared use of cable ducts. In the claims filed by Vodafone Deutschland GmbH and Vodafone West GmbH against Telekom Deutschland GmbH alleging excessive charges for the use of cable ducts, which were referred by the Federal Court of Justice back to the responsible Higher Regional Courts, the plaintiffs have since updated their demands for relief. Vodafone Deutschland GmbH now puts its claim at around EUR 903 million plus interest for the period from January 2012 to December 2023; Vodafone West now puts its claim at around EUR 538 million plus interest for the period from January 2016 to April 2024. It is currently not possible to estimate the financial impact with sufficient certainty.

Proceedings against T-Mobile US in consequence of the cyberattack on T-Mobile US in August 2021. The derivative action brought in these proceedings by a purported shareholder against the members of the Board of Directors of T-Mobile US and against T-Mobile US as nominal defendant in September 2022 was dismissed in its entirety in May 2024. The plaintiff has appealed against this decision. In connection with the consumer class action in the Federal Court, the appeal filed by a class member against the awarding of lawyers' fees to the lawyer for the class was allowed in July 2024. Consequently, the court must rule again on the awarding. This has no impact on the agreement concluded in July 2022 to settle the consumer class action. T-Mobile US expects that the USD 315 million still outstanding from the original settlement amount of USD 350 million will be paid out at the end of November 2024. In addition, an agreement was reached on the inquiries made by the Federal Communications Commission (FCC).

Claims for damages against Deutsche Telekom AG, including due to insolvency of Phones4U. After the High Court of Justice in London rejected all claims made by Phones4U against all defendants in 2023 as well as an application for leave to lodge an appeal, Phones4U continued to pursue this application with the Court of Appeal. On March 26, 2024, the Court of Appeal allowed the appeal by Phones4U.

Assessment of the aggregate risk position

The aggregate risk position has improved compared with the risks and opportunities as described in the 2023 combined management report ([2023 Annual Report](#)), primarily due to the agreement with the Federal Government on removing Chinese-made technology from the 5G network. Our challenges continue to include in particular the regulatory factors, economic uncertainties, and intense competition, and the associated pressure on profitability in the telecommunications business, as well as the pressure to change arising from new technologies and strategic transformation. At the time of preparing this report, neither our risk management system nor our management could identify any material risks to the continued existence of Deutsche Telekom AG or a significant Group company as a going concern.