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DTEGn.DE - Q3 2026 Deutsche Telekom AG Earnings Call

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PRESENTATION

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

Good afternoon, everyone, and welcome to Deutsche Telekom's third quarter 2026 conference call. Joining me today are our CEO, Tim Hottges; and our CFO, Christian Illek. Tim will begin with an overview, followed by Christian, who will take you through our quarterly performance and group financials in more detail. After this, we have time for Q&A.

Before handing over to Tim, please take note of the usual disclaimer included in our presentation. Also, please be aware that this conference will be recorded and uploaded to the Internet. And now it is my pleasure to hand over to Tim.

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

Thank you, Hannes, and welcome to today's call. As you have seen, we keep delivering strong results, both financially and commercially, and we are making good progress with our strategic agenda as well.

Let's start with the financials. Another strong quarter. Year-over-year, organic service revenue is growing by 4%. Adjusted EBITDA is growing by 8% in the first nine months. Adjusted EPS grew double digit at almost 12%. And following T-Mobile's guidance increase, we are raising our guidance for '26, for EBITDA and free cash flow today.

Our commercial momentum remains strong in all markets, in all segments, and I'm very happy that we returned to positive broadband net adds in Germany. At the same time, we delivered accelerated broadband revenue growth, and we record -- we have record fiber net adds. So great development in Germany on this quarter.

Today, we proposed a dividend increase of EUR0.10 to EUR1.10 for '26. This is another 10% growth year-over-year. In addition, in '27, we want to buy back up to EUR2 billion of our stock, and we should discuss that later. More on this topic.

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We are continuing to strengthen our fiber footprint, both organically and inorganically, having agreed two new fiber joint ventures in the US earlier in the year. And in August, we announced the acquisition of a Polish fiber asset for EUR1 billion. And by the way, we even acquired some smaller assets here in Germany from companies who went into insolvency.

Most of you probably followed our AI Investors Day, where we updated on our progress and outlined ambitious AI-related target for the year to come. And this is EUR2.5 billion of cost savings -- gross savings until 2030.

And in the US, T-Mobile joined other carriers in a joint venture for satellite rural coverage. In Europe, DT is exploring a joint bid with three other operators for European satellite spectrum following the same logic as what we have laid out in the US.

Last not least, we are announcing two highly qualified new Board successions. On the one side, Christian's successor on the CFO position, Dhananjay, you might know him. And for the other one is on the product and technology side, we hired from AWS, Jan Hofmeyr. So a lot of progress within the company, and I'm very happy about this quarter.

But clearly, there is also a lot of fear in the market, fear that our industry could get disrupted by new forces, be it AI agents or be it satellite players. So the big question for me here is, how can we give you confidence about our business model and about Deutsche Telekom?

And let me start with three components on this. The first one is our track record. And we have always delivered over the last almost 20 years or 15 years under my tenure here as CEO. And today, we show you another set of very strong results. But it's not just that we are delivering. We are delivering in very high competitive market situations.

We are outperforming the competition, as you have seen on our current numbers, for instance, in Germany, time and time and time again. The US market is getting even more competitive. Our European markets are already very competitive, and we know how to survive in this environment.

And yes, we have been even able to grow in all the markets where we are operating, and that's quarter after quarter and year-over-year. Today, by the way, in Germany, we're showing the 40 quarter in a row, consecutive quarter on EBITDA growth of the same on Europe, 35 quarters in a row of growth. And we have grown faster than our peers.

Second, our excellent asset bases and the investments which we took in the past and which we take in the future. In every market, we are a clear network leader from a network perception. And we defend our -- extend our position here, and we extend our network leadership here, and we will continue to do so.

For instance, in Germany, we are accelerating the fiber connections while our competition is significantly slowing down. In the US, we look at the forthcoming spectrum auctions as an opportunity to strengthen our leadership, not only on the spectrum side, but even on the network side.

We have a strong brand, the most valuable telco brand in the world, strong execution, technology leadership and a unique transatlantic presence. And as we outlined at our recent Investor Day, we are aggressively leveraging AI for better customer experience, for growth and for significant efficiency gains within the entire workflow of this organization. So we are investing in today, and we are reinvesting today's success into our future strength.

And last but not least, third, let me mention some of the challenges faced by our competition here. Building fiber is super expensive and filling the network takes even more time. Building a terrestrial network is costly and takes many years. It's much more complicated than it may look in the lab or on a spreadsheet. Or in the US, we have 380 megahertz of high-quality low and mid-band spectrum. This will be hard, if not impossible, to match.

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Sometimes I'm a bit irritated how quickly the market thinks that everything what has been built over centuries can get disrupted within a minute. I don't see this. So we are not ignoring the potential challenge. I even make them bigger than they maybe are that my organization is waking up and addressing these topics, but we should not get totally panicking here.

We have to put our blinkers on, as we say here. We have to focus on delivering on our strategy. We have to deliver an excellent outstanding customer service. And then I'm very confident that we will manage all the challenges which are lying in front of us.

So let me skip the next slides and go straightforward to '26, and our outlook for the remainder of the year. This year is done. So we are very much focusing on '27. We are upgrading our numbers again for '26. So -- and we have now, after discussing that even with our Board, a new guidance with regards to our dividend.

So last week, T-Mobile raised its '26, EBITDA guidance by EUR100 million and its free cash flow guidance by EUR150 million at the midpoint. And today, we are just passing this guidance increase through.

As a result, our '26, group EBITDA will be around EUR47.6 billion, and our group free cash flow guidance will increase to around EUR20.1 billion. Our guidance for adjusted EPS will be at the EUR2.20. So with all, let's say, the kind of changes we are committing to this one, and our ex-US guidance also remains unchanged.

Again, based on current foreign exchange, our DT ex-US EBITDA guidance is at EUR15.4 billion today would be in line with EUR15.5 billion consensus. So you can see on our usual comparison page, the details in the appendix.

Finally, let me talk about our proposed shareholder returns for the coming year. It has two components. We propose a dividend of EUR1.10 for '26, to be paid in '27, plus a '27, share buyback of up to EUR2 billion.

Together, this amounts to shareholder returns of around EUR7 billion, a combined yield of around 6% at the current share price. So I let you know that the share price is very cheap. So the dividend proposal amounts to 10% year-over-year growth. And by the way, if you look to '23, this is a growth of 43%. And it is consistent with our guidance for adjusted EPS of EUR2.20 and our stated payout ratio of 40% to 60%.

Regarding the proposed share buyback, we believe our proposal represents the right balance between attractive shareholder remuneration and financial flexibility for strategic opportunity such as spectrum, mainly in the US in '27, and our infrastructure investments in all the different areas where we are acting. Having the buyback also gives us the opportunity to take advantage of excessive share price volatility and drive earnings accretion.

So you see all hands on deck, good result in the back and let's say, a future which is more challenging, but I'm looking forward to it. But first, I'll let Christian talk about the results of the third quarter.

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

Thanks, Tim. And for the sake of completeness, let me first quickly recap T-Mobile's strong third quarter results. So US GAAP service revenue was up 6.2% on a year-on-year basis. That is a sequential slowdown, which can be explained by the finalization of the UScellular, which came to an end in August of this year. US GAAP core EBITDA was up 11%, and that obviously supported also the guidance upgrade of EUR100 million at the midpoint, which Tim talked about already.

Postpaid account growth, 274,000, you heard about this, which was sequentially stable, but a very strong ARPA increase of 4.2% in the third quarter on a year-on-year basis. The uptick in the postpaid churn can be explained for two reasons. One is a higher number of broadband-only customers. And the second one is the recent rate plan adjustments or modernization.

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Moving over to Germany. Germany had another solid quarter. Total revenues were up by 4.1%, and they were obviously impacted -- positively impacted by the World Cup non-service revenues. This quarter's adjusted EBITDA is at 1.5%, which is below the average run rate of this year, but we talked about this.

The reason is prior year's cost saving -- cost savings, sorry. And we expect for the fourth quarter that we return above the average run rate of EBITDA in '26. So we are still in reach to reach the lower end of the guidance of 2.5% to 3% for the year '26. Tim said it, 10 years of consecutive EBITDA growth. I think this is really a very reliable and strong performance from the German team.

Moving to service revenue. Service revenue accelerated sequentially, especially mobile service revenue came in strong with 2.9% this quarter. So it supported our unchanged guidance of 2.5% to 2% to 2.5% of mobile service revenue growth over the course of the CMD period.

The fixed service revenue also accelerated to 1.5%, and that was very much driven by the sequential improvement in the broadband revenue growth, which you're going to see on the next page.

Broadband revenue growth accelerated to 2.8%, supported, a, by the stabilization of the customer base; b, by the front and back book price increases. And I think we indicated this that this is going to happen in the third quarter. The wholesale service revenues posted another slight decline because they're not benefiting from any additional price increases, which happened in the past.

Moving to our fixed line KPIs. Look, Tim talked about the return into positive territory when it comes to customer growth. That was supported by many initiatives. One of the biggest one was that we actually faced a lower churn after our front and back book price increases than we anticipated it to be.

But the biggest factor in all this is the fiber penetration. We had a very strong quarter in the third quarter with a 23% year-on-year increase, and we added another 190,000 fiber customers to our base, and the penetration is now close to 18%.

Finally, on the TV side, I think we saw a relatively slow quarter in triple play only, but we had a solid performance on contracted OTT TV propositions. And if you combine them together, so triple play and contracted OTT, we added roughly 275,000 customers in the first nine months.

Let's move over to Germany in mobile. It's still a promotional market, but our customer growth is still very, very stable. And you see it's the highest in the given quarters in '26, and only slightly below the previous year.

My expectation is that is going to be more than 100% managed share in the German market, but we have to see what the others are reporting. The growth in data usage is reflected, obviously, or is reflecting our unlimited propositions, which we introduced last year.

Europe, very consistent, very strong performance, both commercially as well as financially. Both organic revenues and service revenues grew at over 4%, and that is driven by all categories, fixed, mobile and IT services. The sequential improvement in revenue growth was driven by higher equipment sales, but also by a slower drag of planned unwind of wholesale transit revenues.

By the way, keep in mind that the Greek European recovery fund has come to an end in the third quarter, and that will future -- that will impact future service revenue, unfortunately, in a negative way. Organic EBITDA was up 4% year-to-date and 4.3% this quarter. And the difference between organic and reported can be mainly explained by the strength of the Hungary and Poland.

Alongside with the financial performance, you see the commercial performance. Both mobile net adds as well as broadband net adds were better than last year, and all categories were in positive territory. I think every NetCo contributed to this. But if there's one NetCo outstanding, then it's Poland with a stunning performance.

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T-Mobile -- T-Systems delivered another solid quarter when it comes to revenue and EBITDA, and it's tracking well against the CMD targets. And we're seeing particularly good momentum in public and defense, but also in digital solutions.

And as we said at the AI Investor Day, we decided to expand our industrial AI cloud factory in the south of Germany, and we will talk about this, I think, beginning of next week. So that basically brings me to an end to the operational review, and now we can take a look -- a short look at the financials.

Let's take a look at the reported financials, and you see that almost every category, every KPI developed positively. I think if I would basically call out two, then it's the reported EBITDA, which grew at 10% in this given quarter and the adjusted earnings, 14%.

Let's move over to free cash flow and net profit. You see that we have a slight increase on free cash flow coming from -- cash flow from operations. And we have a very strong adjusted net profit performance, which is very much driven by a stronger EBIT. And obviously, there's negative effects like taxes, but also minorities, which brings that number down. But still, the performance of 12.7% is stunning.

So lastly, net debt, as always, you see that our net debt without leases has come down by EUR4 billion this quarter, and that was driven by the strong free cash flow, but also by the spectrum sale gain, which we got from the 800 sale of -- to Grain.

And at the end of the quarter, we have now, I think, a leverage, including leases of 2.55 times and excluding leases, 2.17 times. So very well below the target, which we have given ourselves, and that completes my review for the third quarter.

QUESTIONS AND ANSWERS

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

Yes. Thank you very much, Tim and Christian. We will now begin the Q&A session.

(Operator Instructions)

Andrew Lee, Goldman Sachs.

Andrew Lee - *Goldman Sachs International - Equity Analyst*

I hope you can hear me okay. I had one question in two parts. It's on the satellite risk, given it's the kind of most pressing concern from investors, particularly for the US. But across the sector at the moment. Just firstly on Europe.

So there have been press reports today of direct recent contact with the German chancellor. And I don't expect you to comment on the main focus of that story in Handelsblatt today, but wondered if in your interactions with the German chancellor and with other European governments, if you've garnered any confidence in the focus on sovereignty across Europe, does that present a barrier to entry for new non-European entrants into becoming a mobile operator, particularly by restricting their access to spectrum? So is it different? Is the risk different in Europe to the US. First question.

And then second question on the US I hear your point, it's not easy to build a network, but we have seen fourth entrants disrupt markets in the past in Europe, Italy and France bring to mind also Germany to an extent.

They had government or regulator support for that, that ensured them MVNO access in the medium term. So the question is, how confident are you that in the US or that the US will be different to those examples and that an MVNO will not be forced or forthcoming to provide that platform to succeed?

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

Okay. So thank you for these questions. By the way, first, I will not comment on confidential discussion with the chancellors or with any kind of government representatives. I can only tell you that Handelsblatt is inventing a lot of stories where I'm questioning the fact base here. But independent from that one, this is something which we anyhow take differently.

There's clearly a growing recognition here in Europe and in Germany with regard to digital sovereignty because secure communications, resilient infrastructure, these are strategic priorities for the German government and as well for the European Commission here.

But there is clearly nothing about excluding foreign companies or American companies. That's not, I think, the reaction on tariffs or whatever, what I have been witnessing so far here in Europe. Europe is benefiting from international investments. We are benefiting from innovations and competition, which we have in the US.

So therefore, everybody has to meet the European requirements with regards to security, with regards to resilience or regulatory compliance here, but there is no kind of exclusion for anybody here on this one.

Spectrum stays a scarce resource and is a national resource. So that is something where they decide on. To be honest, I think that on the European Commission side, SpaceX has a good chance or the satellite operators from the US to apply for spectrum here as well. But what you have seen from our joint venture, which we have funded with our big major competition is that we will apply for that one as well.

We are working on this one because we don't want to be dependent on only one operator here, and we want to structure this in the best way for the European telco industry, but not only for us. So therefore, yes, we're applying for that spectrum, which we have here. This is 20 megahertz of MSS spectrum. So this is definitely something we're going to look at.

So now the second question, look, our philosophy on MVNOs has been very clear and remains unchanged. It's about access to new customers and it's an access to new channels. That is why we like MVNOs.

We don't like MVNOs just to fill pipes or create contribution to earnings and then at the end of the day, losing control about our own retail prices because the MVNO is always offering a cheaper price.

I'm anyhow not a big fan of MVNOs because that is -- we are filling our pipes with our own customers, with our own brand, and we have a big pull on this one. So therefore, I do not want to see an arbitrage on our business going forward. So therefore, it is very difficult to see how an MVNO agreement with Starlink would fit into that framework going forward.

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

And unlike Italy and Spain, we don't see any kind of pressure of regulatory intervention that you force for an MVNO to be provided.

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

Polo Tang, UBS.

Polo Tang - *UBS AG - Analyst*

I have two. The first one is just about AI-RAN. So at your AI CMD, you highlighted how the mobile network becomes a national sensor and how it could be a key component in terms of enabling robotics and driverless cars.

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On this basis, it sounds like the mobile network could be valuable to Tesla as well as SpaceX. So you made it very clear that TMUS is not going to offer an MVNO to SpaceX, but could TMUS offer a network slicing deal to Tesla specifically for robotics and driverless cars?

Second question is just about Huawei. So there are reports in the press earlier today about the German government looking to accelerate the swap out of Huawei and focus on the RAN as well as the core network.

So I just wondered what your thoughts were on this and what are the implications for DT in terms of a swap out? Could it be done within the existing CapEx envelope? Or would there be some funding to come from the German government?

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

Two questions for me. First one, to be honest, look, if I once personally was involved into a negotiation with Tesla on IoT services and the like. And by the way, the meeting took exactly seven minutes because they said, if you are not willing to accept this kind of price for your IoT services, we are not interested to talk to you. I said, this is a price we will never offer to you. Thank you for the meeting. So that was how the interaction worked.

To be honest, I'm always interested to enable robotics, driverless cars and this kind of service, but they have to come to realistic pricings because we cannot give it for free. So therefore, look, we are open to this one, but there are no current discussions as needed at my level here and to my knowledge with Tesla.

We are talking to other car manufacturers, definitely. And to be honest, we have won some car deals here with IoT services, but a specific one to Tesla, I'm not aware of.

Second one with regards to Huawei. Look, by the way, it's interesting that there is a new kind of wave of the speculation that there is a Huawei wipe out here in Europe, to be honest, I can only link it to the discussion on the Cybersecurity Act of Brussels because on the European government or with the government institutions, we have a deal in place for Deutsche Telekom, that means we have nothing with Chinese equipment on our core network, nothing in the optical network.

And for the RAN steering, we are developing our own RAN controller so that we take the software on our own. We made good progress on developing that software. By the way, we have resold -- are reselling the software to Vodafone and to Telefónica here in Germany.

So they are helping us to reimburse for the cost. So therefore, this is on its way. There are no kind of other discussions going on. To my knowledge, even the 36 months of rip and replace are more or less off the table.

And let me do another comment. I hear a lot of discussion that people are saying, by the way, 80% of the energy market and solar market is now dominated by Chinese vendors and the software for the solar panels is Chinese. So is this a security risk for energy supply? We have a double-digit growth for cars from China now in Europe.

These cars are fully steered with software from China. So I do not know why we are now focusing only on the mobile network here in Germany, where we have no incidents and no kind of access to the infrastructure from the outside.

I think the industry will be facing a lot of investments, and they will lose time to market on 6G. So if this CSA Act is striving for resilience, but costing EUR40 billion as a whole industry, I can tell you the opposite is what Europe will gain. They will lose resilience because we will lose time for the latest and most modern technology.

So therefore, I'm fighting against it. I think there is no necessity to push that forward. But there's nothing more to say at that point in time. There might be some political discussion left of this in Germany.

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

Ulrich Rathe, Bernstein.

Ulrich Rathe - *Sanford C Bernstein & Co LLC - Equity Analyst*

My first question would be an operational one for once. So could you comment a little bit on what's going on in German broadband? You have earlier commented that the trends in broadband would improve, the volume trends would improve in the second half. This has now happened, but consensus even with your indications didn't actually discount it.

So could you talk a little bit about the competition, what you're doing, how much money you're putting in, how much activity you're putting in and how -- what do you attribute this success in the third quarter to?

My second question is to Mr. Hottges. When asked about the DT T-Mobile merger on a previous conference call, I forgot which one, you said no comment, but please give us credit that Deutsche Telekom won't do stupid deals.

Can you put some guardrails in here? What is a stupid deal? What is a good deal? Does this always mean industrial synergies are required? Or could you sort of give any other indications what the criteria really are?

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

Ulrich, let me start with the broadband question. Look, I think we were narrowing around zero over the past quarters. And I think what actually supported the third quarter to get into 11% was two major effects, aside churn prevention initiatives, which are happening. One was that the -- especially the back book price increase generated significantly less churn than the original business case anticipated, and that supported us, obviously.

And the second one is the net add performance. You know that we have changed our fiber rollout strategy to have a stronger SDU focus. Obviously, you have faster connections than we have a full build-out on MDUs, and that actually is gaining traction.

And these were the two major topics why we got in at 11% and not with a negative. And I think there's a bunch of churn prevention measures and gross measures happening in the German market. I think we can give you more clarity on this one, but I don't have it out of my mind. The twoi major drivers are important. Tim?

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

Good. Thank you. Look, let me answer your question. You know that I'm not commenting on any kind of specific merger speculations, but I can explain our investment philosophy. Look, the first is always value creation. Any transaction must create incremental value for our shareholders. So it has to be an add-on from the status quo. Size alone is not a strategy.

The second one is economic returns. Look, what we're doing is we assess the full transaction economics, including financial costs and claiming taxes, capital structure, execution risks and long-term cash generation. If this is benefit for our shareholders, we consider that.

Thirdly, strategic benefits. We have to realize synergies, industrial synergies. And even looking to the strategic position in our value chains in the procurement and other areas. And any transaction or every transaction has to improve our financial flexibility simply by, let's say, corporate structures or reduce complexity in the way how we are acting going forward in a difficult which is getting more difficult.

And fourthly, when it comes to the principles, it has to create financial discipline or follow financial discipline. We will not compromise our balance sheet, credit quality or our investment ratings going forward for a transaction that looks attractive only on a paper piece, it has to

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really, let's say, be according to this environment. So I want to take volatility out of the stock than bring stock volatility into the stock. So therefore, a good deal creates always value and is accretive for shareholders.

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

David Wright, Bank of America.

David Wright - *Bofa Merrill Lynch Asset Holdings Inc - Analyst*

Two from me, please. The first is to what extent you are observing component price inflation, perhaps even within the fiber build or the CPE equipment? And what are you doing to offset that within the current CapEx envelope?

And I guess the second question is a little more strategic. It really does look like you are in control of domestic mobile right now, very strong net adds versus your peers and throughout the value chain.

Given the German mobile market has been a source of price disruption over the last two to three years, could it be your decision to sort of police that market? And if you step away a little from commercial activity, that could raise the tide across the whole market in general? Those two questions, please.

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

Okay. David, let me start with the component price inflation. Obviously, we're facing component price inflation. Let me focus on two major factors. One is obviously chipset pricing and the way how we're going for this.

There has been a very large initiative for internal use that we completely standardize the server demand and went over all NatCos to go for a pitch in order to mitigate these price increases. When it comes to consumer CPUs -- CPEs, sorry, then we're passing on those price increases.

Same are we doing with those things which are happening on the B2B market. It's still net negative, to be clear, despite the fact how good you are negotiating. Same holds true for optical cables, especially on optical cables, we have driven a standardization approach throughout the whole European entities coming up with two or three different cables, and that's it, and we had bazillion of cables beforehand, and that helped us to drive down prices. That's the way how we basically go about this.

And the compensation is coming from other categories which are less constrained, where we're basically, let's say, increasing the pressure on our supplier base in order to offset for those net price increases, which we have in memory and which we have in optical fiber cables.

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

Thank you. I like to be the policeman for the market, but only on Carnival or on Halloween. So that's for sure. So -- and by the way, if you look to the German mobile market and others, we are a competitor and our ambition here is to win through quality, innovation and value. And you're right. You're absolutely right by reading our strategy.

By the way, it's not something which is a surprise. We always said it. We added 284,000 own brand contract customers in the third quarter. Our mobile service revenue is growing by 3%. That demonstrates that the strength of our network, our brand and our customer proposition is working. And we are not the cheapest. We are the most expensive player. So quality matters.

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So therefore, our role is not to be a policeman. Our role is to manage the market in a way that we show that you can create value for customers and shareholders with a good proposition and with a clear and kind of reliable brand.

Now -- we always have emphasized that we are emphasizing value over volume, and this stays true for the future. So we do not want to -- and we are not interested in buying market share through uneconomic promotions to be very clear on this one.

We have clearly demonstrated to all players pricing disciplines over the last 12 months, including, let's say, the more-for-more propositions, but even with our price increases, which we did -- and by the way, the last price increase we did in September or when was that now, the last one on the fixed line cohorts -- the fixed line cost was in October, so in October.

So therefore, we want profitable growth, not volume at any price. And we saw no reason to apologize, let's say, for winning customers through a superior positioning. So that is, let's say, why I hope that we can lead the market, but we will not manage the market. That is a little bit, let's say, how we are doing it.

And to be honest, if you look to the US, we are doing the same. It was us not accelerating the subsidies on handset. It was us increasing the prices for mobile services. Now I cannot say that AT&T and Verizon are following us.

It looks that they are using this maybe in an interpretation as a weakness and trying to get benefit out of this. I'm watching this very carefully. But even there, we are trying to pursue the same strategy that we say quality over volume. That is, let's say, what we are aiming for.

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

Thanks, Tim. And next up is James Ratzer at New Street.

James Ratzer - *New Street Research LLP - Analyst*

Two questions, please. The first one was just love to get an updated view on your whole buying potential kind of strategy for fiber kind of in Germany. Some of the other SDU fiber builders in Germany are starting to actually now get some decent traction on wholesale offers with kind of Vodafone, one and one, Telefonica.

Are you ever interested in going in with them and becoming a whole buyer of their networks as well in areas where you're not building out fiber? And also in the kind of MDU area where you've got the potential EUR3.99 offer, is that something you're willing to look at kind of taking up?

And then secondly, I would just love to get an update on how to consider your strategy around the T-Mobile share buyback for next year. It's obviously kind of very pleased to see the new buyback announced for next year, but it looks like you would now probably exceed your self-imposed target of EUR15 billion of kind of capital investment from the DT parent company, which could limit your flexibility to stop participation selling into the buyback next year.

And obviously, I suppose you're probably pending the C-band auction. How does that timing and that kind of fit into your decision on participation in the T-Mobile buyback next year?

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

Okay. Look, first, we are pragmatic. That's the first one. And our objective is to serve our customers profitably, and we do not have to own every meter of fiber in Germany, very clear. We have, by the way, a substantial build-out program on our own, 2.5 million additional homes annually.

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And at the same moment where our competition is suffering and slowing down the rollout, we keep the pace. We can even do a little bit more because of the efficiency gains which we have in the system. So therefore, we use this time to improve our infrastructure share on our own.

But where other operators have built high-quality networks and where wholesale access is creating a better economics than duplicating infrastructure, we are open on evaluating this. Now that said, we are not looking for a kind of aggregated service because we want to have dark fiber passive access to the infrastructure.

Why is that? Because we want to bring our quality and our signal, our security patterns and our value add into the network that we can always guarantee the highest quality, which we are providing to our German customers here in this environment. So therefore, if this is possible, we are in.

There have been more than 50 communities, municipalities who have now opened up their networks to us. I'm personally involved into one of the last big cities here in Germany to do a cooperation.

So I can tell you, we are almost there that we have a kind of full kind of jigsaw about, let's say, what do we want to own ourselves and where we are building with partners and where we are using them. So this is working.

And just to give you a practical example, we just signed the 500,000 households passive deal with the Stadtwerke München, which is one of the deals which we have signed up or we have a lot of, let's say, cities like Münster others where we have deals already in place.

Interesting statement at the end, we have bought two companies who have built infrastructure, but who were running into insolvency. And in this October, we acquired ruhrfibre Essen and Metrofibre with 87,000 households here in Germany, which we will now integrate into our infrastructure, which is helping us to reduce our own build out in this area.

So you see we're making good progress on the infrastructure sale. We are open on passive infrastructure to everybody. And we are interested to find a kind of good solution here with industry partners at the same time.

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

So on your share buyback question, James, first of all, '26, is not over, right? We authorized a fairly juicy program -- juicy program for '26, which is EUR13.6 billion on share buybacks and another EUR4.6 billion on dividends.

I think -- and you've seen that we have absorbed 9.5% of share buybacks by the end of the third quarter. And we stick to our commitment, which we have given at the beginning of the year. We're not selling into it, right? We're not selling into it.

Now to '27. I think we have a clear logic on how we basically determine the volume of a share buyback. We have a leverage target. We have to secure our investment in core business. Srini said it very clearly, we allocate more for spectrum in next year.

So we have a larger portion which we plan for this one. Obviously, there's always potential accretive M&A and then shareholder returns are coming and especially in the last point, share buybacks.

Look, we haven't had a discussion yet on the share buyback program for '27. But whatever the size is, given that the share price is currently at EUR150, my appetite to sell into that share buyback is fairly limited because I clearly persuaded that this is not reflecting a fair value of T-Mobile US. But we don't have a number yet. We haven't even discussed it, not even at the fringes or something like this.

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

Thanks, Christian. And I think next is Josh Mills at BNP Paribas. Josh? I saw you earlier. So maybe while we wait for Josh, there is a question from Emmet Kelly at Morgan Stanley on the -- per e-mail. The question is, you have highlighted a share buyback of up to EUR5 billion for the fiscal year 2026 and EUR2 billion for financial year, up to EUR2 billion for '27.

With just EUR1.8 billion done in the first nine months of '26, buying back EUR5 billion of DTAG shares in 2026 now looks very challenging. Should we expect that any potential shortfall for 2026 gets added on to the EUR2 billion baseline starting point for 2027 or not? Christian?

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

Okay. So let's come back to the '26, program. Look, the intent of the '26, program was to use volatility at our advantage so that we said, okay, we're going up to EUR5 billion in case the share price remains at a level of EUR24, which we have seen over the course of this year. That was the purpose of the second program.

Obviously, if we are trading at a higher level, and you can see this on a daily basis, then obviously, we're buying less. And if we're staying at these, let's say, EUR25, EUR26 level, which I don't hope in the future, but if we -- for the sake of the argument, then probably the total volume which we're going to buy back is somewhere in the vicinity of EUR3 billion to EUR3.5 billion. So we're going to be short relative to the maximum amount.

But it was never the intent to utilize the maximum amount if there is no precondition which allows to do this, which would be a very low share price. And the EUR2 billion for '27, is the EUR2 billion. So there's no rollover on top of the EUR2 billion.

I think we basically introduced the second grid in '26, because of this huge volatility from EUR34 to EUR24. I think the share price has stabilized on a lower level. So we don't need a necessity to do this. And therefore, we don't plan to roll any kind of shortage into '27. It's EUR2 billion.

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

Okay. Thank you, Christian. And I think while we still wait to connect, Josh, the next question comes from Robert Grindle at Deutsche Bank. Robert?

Robert Grindle - *Deutsche Bank AG - Analyst*

Just back to the smaller altnets that you picked up, do you have to go through some regulatory process for that? Or is it just because they're so small, it doesn't merit a big fuss? I assume a bigger altnet would generate more attention?

Or is that a case if they're going bust their fair game to you guys? And I'd like to ask a question about the German economy and the impact on B2B. I know it's typically a low beta effect, but are you seeing any green shoots on the economy in B2B, any business segment at this time?

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

So first question, there is no regulatory process needed for the small acquisitions. Now if there are bigger ones coming, then we have to consider this. We are anyhow regulated. So I think before these companies go nowhere or the assets are lost, why shouldn't be the possibility for us to integrate them into our infrastructure. So therefore, let's see. But for these two, it's not required.

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So now coming to the second question, by the way, I'd like to first say one thing. Have you seen the T-Systems order entry, EUR900 million this quarter? Outstanding performance. Have you seen that we are on track with our connections on both sides on mobile and fixed line? On top of that, we have all the backbone infrastructure, which we are gaining with our data center connectivity.

So therefore, I'm not so -- I haven't seen this very negative economic downturns in our industries yet. We have seen some shortfalls on the car industries, but we were able to compensate them in other areas. So therefore, I think our B2B business so far has been quite strong.

Now there is a huge competition in this area. So therefore, on the price side, especially on the mobile side, we have seen some price competition, especially here with Vodafone. So therefore, the growth hasn't been that strong. It's 0.4% B2B growth in the third quarter, which we have seen. And in fixed, there is a slight growth in the IT revenues, which is offsetting for a slight decline on the connectivity side here as well.

So therefore, looking forward, Germany's forecast for -- is recovering. It's not good yet, but the GDP growth is at 1.3% in '26, and 1.1% expected through '27. So therefore, there is a small fragile recovery foreseen.

But I can tell you, we see a much better environment because the sovereignty discussion, the public sector businesses, health industries and defense where we are as well, well-positioned here as a company is encouraging that we are positive with regard to our outlook for '27, here on the B2B side.

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

Akhil Dattani, JPMorgan.

Akhil Dattani - *JPMorgan Chase & Co. - Analyst*

I've got two questions as well, please. Tim, you mentioned in your introductory comments, the fear in the market today around disruption from satellite and agentic AI. And I maybe wanted to tackle it in a slightly different way.

I mean you laid out quite clearly why you feel confident you can defend against it. But I guess one of the problems maybe we have in the outside world to Deutsche Telekom is that there's a clear asymmetry when we look at yourselves versus these players in the sense that you're regulated in the way they're not.

There's a difference in scale globally and there's a difference in financial power. So I guess I'd love to understand how you think about that. And I guess one of the areas I'd be very keen to get your thoughts on is what you think that can mean for regulation, there's obviously the new European merger rules coming up.

There's topics around how markets are defined in Europe. Do you think there's a way to level the playing field in a way that there's less punitive regulation on telecoms vis-a-vis some of these potential disruptive forces around you? So that's sort of my first question.

And then the second question is on SpaceX more specifically. If I understood it correctly, at the press conference this morning, you made a reference to the view that you believe that SpaceX needs terrestrial if they want to compete in wireless, and you talked about the choice they have between build versus buy.

I just wonder if you could elaborate on how you think about that. What is the credibility of the build opportunity versus the buy? And just how do you think about that?

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

Sorry, great questions. Look, let me maybe start with the second question because this is something we are looking into this intensively at that point in time. Look, first, we always have said that satellite services will not substitute terrestrial service. It's impossible.

It's impossible from a bandwidth. You cannot build so many satellites. It's impossible. If you have an antenna 10 meters or 100 meters away from you, why should you get 400 kilometers up and down?

Thirdly, 80% of all the calls are made indoors. So how do you get indoors? And please don't tell me that femtocells is the solution. This is a technology which we have tested 10 years ago, and we came up that this interference problem is not something which is solving it. So therefore, we created indoor coverages, low-band spectrum to a big extent. And Wi-Fi, by the way, is on a shrinkage. It's not on a growth. So therefore, this is not the alternative.

So if he wants to play in the telecommunication business or in the connectivity business, he needs terrestrial service, no question. And by the way, I take his attempt serious. He has now bought 76 megahertz of spectrum.

By the way, we have 400. So if you now say, okay, he can buy the spectrum prospectively, do your math. These are kind of triple-digit million -- billions, which are needed to gain the spectrum position. Okay. If he has the money, go for it. Then he has to build a network. I can tell you, we have 85,000 towers.

No, he can rent towers, no question. But this is another EUR20 billion to EUR30 billion, which are required. Put antennas on it, okay? You can buy antennas and you can get maybe even in a cheaper way or you construct it in a new way, but you need money for that.

So therefore, my assessment is that SpaceX at least, if they want to play in that industry needs at least minimum EUR200 billion, but even beyond that to play in an industry which we have, let's say, professionalized over the last 20 years.

Okay. Welcome to the party. But my view on that one is I can make a deal of build or buy and he can choose whether he wants to spend the money or whether it's acquiring a business. To be honest, my thought is acquiring a business would be for -- it's less control about the value chain.

But on the other side, it is something where you immediately get cash flow as well and not creating overcapacities. So therefore, look, I would always prefer the buy option, but you have to ask SpaceX on this one then rather asking me on this. But that would be my thought about entering the industry.

On top of that, look, what we have to face is this is not a mobile, mobile play in the future. SpaceX is creating a new category. They are like -- look, I would compare it with, let's say, inventing Tesla and bringing electromobility into a kind of legacy combustion engine industry.

That is the same moment we have. And this moment is now here. We have a new kind of player who is coming to the ecosystem. He has chipsets, he has data centers. He has AI. He has satellites. He wants to go for mobile services, and he goes for handsets. He will go as well for maybe integrating social media or at least agent models into his service.

So he is creating a new way of communication services. It's not that you can compare it with mobile and mobile. So therefore, we have now to find the right answer about this maybe over the next 5 to 10 years, a new kind of business he's going to create with a vertical integration. And that is why I'm saying I take that super serious because I was witnessing what happened to the car industry. They were ignoring it for too long, and we have to face the situation.

But it's not a free lunch. And you see that with Tesla as well in the car industry. Tesla is not a very successful car company. That's my assessment at least, looking to the numbers and comparing that with Chinese cars, for instance.

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So therefore, you have possibilities to tackle this competition. You have to do it in a very intelligent and smart way. But he's there to stay. He needs tons of money to deploy this industry and to make it successful, okay?

Look, I would not go for EUR200 billion, EUR300 billion as a fourth player. We have just seen Charlie Ergen coming to the market and then disappearing unsuccessfully. So therefore, he is another category, maybe.

But I can tell you, it is not that this is an automatism which is taking place, okay, now the mobile operators of the American industries are dead. This is not something which I foresee at all to be very, very clear.

Coming back to your first question, look, I think there is no big significant asymmetric regulation in the US. So your question is more related to the European regulation. And I can tell you, wherever I'm going and wherever I'm talking to, and you know I'm talking to a lot of very important people these days, there is a clear understanding that the fragmentation of the European telecom market, which was driven by wrong regulation over the last century, that this is nothing which is an industry which is able to compete with the American tech companies.

So therefore, I definitely see a willingness to support from a resilience and from a sovereignty discussion. I see a kind of support for our industry. The Digital Networks Act, by saying we extend spectrum for 40 years and making it not expensive is already a signal in this direction. I can tell you the approval of intra-market consolidation in Spain and France is an indication about that one.

So therefore, the European politicians are very concerned about the dwarfs of the telco industry here in Europe. They know that they will not be able to compete. And therefore, they will find instruments and discussing instruments that they can build an ecosystem that the sovereign infrastructure, which is a prerequisite for everything what's happening in AI stays in Europe. So yes, the answer is there will be and there are discussions around how this industry is getting back on their feet.

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

Carl Murdock-Smith, Citi.

Carl Murdock-Smith - *Citibank Cameroon SA (Douala Branch) - Analyst*

From me, I wanted to ask for Christian. In Germany, on German EBITDA, in order to reach something rounding up to EUR11.0 billion or the low end of 2.5% to 3%, as you mentioned earlier, you now need kind of 3.5% to 4% EBITDA growth in Q4.

And obviously, consensus wasn't expecting as much of a weighting in Q3 versus Q4 and kind of undercalls that. But I suppose more interestingly, it now means that Q4 EBITDA in Germany in absolute terms has to be higher than Q3, whereas looking back historically, Q4 is normally slightly lower than Q3.

So rather than thinking about it, the thing you referenced earlier was prior year cost basis and explaining the kind of year-on-year differences. But just in terms of why in absolute terms, Q4 EBITDA in Germany will be higher this year than last year when normally it isn't, if you can explain that?

And then secondly, just in terms of what Robert was asking about and Tim, you were talking about the strength in the T-Systems order entry. Obviously, last quarter, also in Germany, you called out IT project revenues as being a benefit to last quarter. You've not done so this quarter despite the strength.

You've talked about broadband. Is there anything in there in terms of IT project revenues that we should be aware of in terms of supporting the strength this quarter that's slightly more lumpy than the underlying?

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

Let me start. Carl, I think we already highlighted this in the Q2 call that we're going to see a softer EBITDA in Q3 and then a ramp as you have seen it, by the way, last year in Q4. And there is cost saving, but we're not going to detail this down. If I'm saying Germany is able to reach the corridor, it will be the low, low, low end, okay?

Because right now, I think there -- the average is 2.2%, if I'm not mistaken. So they have to add quite a bit, as you said, around 3.5% in order to get to 2.5%. But we don't give you a driver analysis on how we get there and what kind of measures basically dragged or brought the EBITDA in Q3 down. That was the one question.

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

Yes. I think just to be clear that when Christian talks about the 2.5% to 3%, that's the CMD guidance range that extends from 2023 to 2027. And we have even at the beginning of the year, said that we expect to be at the low end.

So this is not, let's say, a new insight. When it comes to this year, we're committing or we are reiterating the EUR11.0 billion guidance, but clearly, we will round up to the EUR11.0 billion. There will be a recovery above the run rate in Q4 and your orders of magnitude are not wrong. And that's then going to result in the collateral that you have observed, but there's no inevitable logic about Q4 being lower than Q3 necessarily or higher than Q3.

So when it comes to funnies, there was nothing specific. And the one-off that we -- or the contribution from project revenues we referred to last quarter were related to the German business and mainly. And this quarter, there's nothing equivalent. Okay?

Okay. You're mute, but I think the questions hopefully have been answered. So I think next is Paul Sidney at Berenberg. Paul?

Paul Sidney - *Joh Berenberg Gossler & Co KG - Analyst*

Can you hear me okay?

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

Yes.

Paul Sidney - *Joh Berenberg Gossler & Co KG - Analyst*

Okay. Perfect. I appreciate the comments, Tim, on the US situation. I fully agree. Just a couple of questions. Firstly, on German pricing, really a sort of follow-up, I think, to a previous question, but we're looking at mobile ARPUs now in Germany at EUR19, you're paying less than EUR1 per day.

Swisscom, we're talking about ARPUs rising in Italy earlier at EUR8.50 or something. I mean it just all sounds pretty crazy. Your KPIs have improved for mobile and broadband. So it's just really a wider question about pricing.

Do you think you've got the opportunity to be a lot bolder? I mean, just throwing it out there, but could you just put prices up mid-single-digit euros and customers may be willing to accept that, but just a sort of a wider question on mobile and broadband pricing in Germany.

And then just on Europe, we haven't had many questions on Europe, if any. But the European operations tend to get a little bit lost, but they just continue to deliver, reporting really, really good results.

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And I was just wondering if there's any M&A opportunities there, both, you're potentially looking to consolidate markets or potentially exit because these businesses are increasing in value and continue to deliver quarter-on-quarter.

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

Look, by the way, I'll start with the Europe question. And by the way, you're totally right and I like that you flag it because Europe is 35 quarters in a row growing, and they're growing at a rate, which is outstanding if you compare it with our competition and even with other industries here. This quarter, another 4% growth there on EBITDA.

So therefore, it's great to see this portfolio is super hedged. There were years where Poland was more investing. Now Poland is a star, and we see some other countries who are suffering. And by the way, we're doing -- we're spending a lot of, let's say, effort on Europe and to strengthen even areas where they have been traditionally weak, take the B2B areas, data center deployment in Eastern Europe or take the brand. We have just launched our brand in Greece.

So either way, very successfully, from OTE or Cosmote into the T. So all companies are now branded as well. And we are even willing to take M&A opportunities here. And we have bought for EUR1 billion a very, very good fixed line asset in Poland, where we have been a mobile operator only.

And now we have a great position for a fixed mobile service here. This is a great company. We bought EUR1 billion -- we spent EUR1 billion on this one. You see we are working on this one. To be honest, we have even acquired assets in Greece on fixed line services where we are compensating them for own build-out.

And we are working constantly even on consolidation -- intra-market consolidations where possible. So yes, if we can generate value, we are open for that one. And I think we have already proven that we take that is not just a lip statement here.

Now by the way, second -- first question, I fully agree with your underlying observation. The connectivity, which we are delivering to the customers is coming at a very, very remarkable low price. And if you see other industries around us or other services around us for daily lives, everything got more expensive, except the connectivity is going down year-over-year.

So we are building more infrastructure. We are providing more connectivity. Handsets getting ridiculous expensive if you take the latest innovations here. And on top of that, our industry is not able to increase the prices.

One of the problems which we have in Germany is this high proportion of these MVNOs in our markets because the MVNOs are always underbidding the carriers with the infrastructure play. So therefore, it's not easy to get prices up in this market on European comparison, for instance.

But we have pricing power at Deutsche because we are the quality and market leader. And therefore, we are trying to demonstrate our market power. We're trying to keep that premium in the market with good quality. You saw our growth by 2.9% and at the same time, growing with 284,000 customers.

So you see that it is not only price competition, which is taking place. But I can tell you, there are a lot of, let's say, price-sensitive customers and a lot of the MVNOs are attracting that. And unfortunately, my big telco competitors are always newly enabling very attractive MVNOs.

I do not understand, for instance, why O2 just recently has enabled Simsalasim, another MVNO onto their network. This is not very helpful to improve the prices, which we urgently need to generate appropriate return on investments.

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

Look, whenever we are applying price increases, I think we are always applying two principles. One is bending, but not breaking. Because we had this with the first card where we -- years ago, where we actually got a step too much up and then really miserably failed on volume. So I'd rather prefer to miss on EUR1 on a price increase and do it then later than be EUR1 too high.

This is the one piece. And the second one is whenever we're thinking about price increases, we have to think about how we make this recurring because you don't want to create a big firework and 12 months later, if it's rolling over, all the growth is gone.

So we have to have cohorts which we can apply over a multiyear basis. I think that's the way how we go about this rather than to create a big, big bang with a huge price increase, and that's it.

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

Think about that -- a pot of coffee a day costs more than the mobile service here in Germany. So customers -- and they're still asking for getting it at lower prices. I think I fully understand that we have a duty here and that we have to do something about it.

But I can tell you, I will not do it by slaughtering our great position and our credibility in the market. So we do it step by step with the value proposition behind it.

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

Good. And I think we finally made it to get Josh Mills on the line. Josh at BNP Paribas, can we please have your questions?

Joshua Mills - *Exane Bnp Paribas - Analyst*

Hopefully, you can hear me now and sorry about earlier. First question for me was around the MDU comments you made earlier saying that part of the reason for better broadband net adds this quarter was the improvement in those areas. So the first part of the question was, can you give us a bit more color about penetration levels in MDUs today? What's changed? Are there any issues or bottlenecks still with getting access to the sites would be helpful?

And then secondly, we spent a lot of time today talking about the Starlink risk in mobile and why Tim and the team don't believe that's as credible a threat in the near term as some people might believe.

But on the broadband side, I'd be interested to hear whether you are seeing any new challenges in the German broadband space? Any change in approach from Starlink? As I know that in the UK and some other markets, there's been cutting prices further in the past couple of weeks. So just interested in any color you have on Starlink broadband for Germany.

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

Christian, you're lazy today, you know?

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

You are Mr. Starlink, go on.

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

I have answered all the questions, you know? Okay guys. Let's move on. By the way, first, I'm very encouraged by the development in our fiber adoption. We have now 18% on Q3. Even by the way, our presales is going up. We have delivered 190,000 fiber net additions this quarter.

This is up 23% year-on-year. But however, we should distinguish our overall fiber penetration from the specific MDU segment. Multi-dwelling units remain one of the biggest opportunities but also it still is one of the biggest execution challenges, which we have, as you know.

So the main bottleneck is not the fiber network outside of the building. It is getting the access in the building, so securing landlords' permissions, installing the in-house infrastructure. Now there is a new law, which is now, by the way, on getting -- on the way, getting ratified, which is exactly supporting that the build-out in the multi-dwelling units is taking place.

So look, so far, I cannot call it a day, but I think the process and the thing is on its way. I'll meet Karsten Wildberger tomorrow morning. We will talk about that again as well. So I'm very encouraged for '27, that we're going to see that one of the bottlenecks is going away and that we find a better way. So this is a little bit the one. On top of that, I do not see any negatives on this one.

And Christian, maybe chipping in, we were very impressed of seeing that we have up to 20% productivity gain in the way how we deploy fiber now with all the tools which we're having. So it is getting cheaper.

We see that permissions are there because the communities need that as a differentiator in their services. There is no kind of big kind of push that we see that there is a copper to fiber migration being enforced by regulation. So to be honest, I cannot call any additional negatives here.

I think we are now in this kind of learning curve of implementing. I think that fiber is getting a more normal product in the environment. And I see that we are better positioned from a brand, from a reliability perspective and even from a CapEx perspective than our competition.

And on top of that, I give credit to Rodrigo and his team. They're doing a much better job of selling and focusing on the homes connected aside from the homes passed.

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

First of all, Josh, I don't have the number for the MDU with me, and we have to take a look whether we can send you that number. Second piece is what Tim was saying is right. We have brought down construction costs now to the level back of -- on a price index of 2022, and that efficiency gain simply allows us to connect more homes.

Given that we have expanded the investment envelope for fiber. And that simple more connection of homes being an SDU or an MDU obviously results in higher customers, but I don't have a specific answer on your question on MDU penetration.

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

With regard to your second question, look, we monitor Starlink very closely. And to be honest, it's an impressive technology, and it provides a valuable solution, particularly for customers in remote and underserved areas. We see it now being served on the coast side for vacation houses. We see it on the islands in Greece.

So there is some kind of play out for that one. But I can tell you one thing, the moment where we have deployed fiber to the households, this is a superior solution. So therefore, we do not see with our super aggressive rollout here in Germany that we need any kind of adjustment to this strategy due to Starlink. I think satellite service has a right to play in some areas.

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But in Europe, the whole basic Starlink substitution mix is significantly lower. We have now 5G coverage of more than 90%. If you take 4G and other services, we are at 96% for Germany. So there is no need like in the US that you have to integrate a satellite service into your proposition because you have already sufficient services. So therefore, I do not see this on the mobile or direct device services side.

There is a limitation with access to spectrum, which is even a disadvantage for satellite operators in Europe. I do not see that Europe is being cannibalized from the broadband services because most of the countries have in Europe already fiber and they are deploying fiber much more aggressive than this is in the US. So therefore, I would say we take satellite competition serious, but we do not see a reason to change our fiber strategy based on current evidence from display.

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

Excellent. Thank you very much. I have just on the MDU broadband of fiber penetration. This is in the low teens. The overall penetration, as you've seen on the chart, has gone up by 2 percentage points. We are not really providing that information on a quarterly basis or otherwise. But you can be assured that the MDU penetration is going up and contributing to the improvement in the overall penetration.

I have two final questions from Stephane Beyazian from ODDO. He said, would it be fair that the US C-band spectrum auction is also an important factor in your share buyback decisions? The answer is yes.

Second question is, can you provide some insight into the use of T-Satellite in the US and whether that confirms that the service remains very little use? The answer is 0.003%.

And that was what Peter Osvaldik and others have commented in September and how they have quantified the.

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

Of the total network traffic, right.

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

That's correct. Yes, at this point in time. So that brings us to the end of today's call. Tim, any final words? I think you've had a few final words already, but anymore?

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

So you don't want to hear me anymore. I want to be the policeman, at least of this session here, if I'm not the policeman of the market yet. Look, we continue to deliver reliable commercial and financial growth. By the way, just focus, every business is delivering growth. Everything is -- every business is delivering free cash flow.

Everything is delivering positive return on investments. Our EBITDA is growing by 7.6% in the first nine months. I think that is a very good result and EPS 12%. So therefore, our track with regard to capital markets guidance is intact. And you know how important it is for Christian and myself and the whole team to deliver on our promises.

We upgrade our guidance for this year according to the US, knowing that the US is under more threat, both from a competition perspective, but as well from a new kind of player in this environment, which is SpaceX, where we have to find appropriate answers in our planning going forward.

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And I see encouraging elements in Germany, which was a headache for us in the past, and we solved that issue to a big extent, which is the fiber deployment numbers, both on the net add side and even the economics of the build-out.

So we have bought back EUR1.7 billion of shares. Now this is bringing us to a TMUS stockholding of 55% by end of September. So this is, by the way, even a very comfortable position to sit in with regard to all the developments we as a controlling shareholder wants to drive there.

And we have a dividend increase of another 10%, which is since '23, 43% up. I think please consider this and compared with other telcos, how we are performing. Look, I'm not happy with the share price to be very, very clear on this one.

I think both on the multiples and all other things, the market is a little bit harsh, but this is our duty now to convince you that we are driving the story. And I hope that we gave you a little bit flavor that we are confident, but even having the right answers. And with this, I hope to see you very soon than next year latest.

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

Thank you.

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

Okay. Thank you. This concludes today's call. Thank you very much for your participation and continued interest in Deutsche Telekom. Should you have any further questions, please do not hesitate to contact our Investor Relations team. We wish you a pleasant day and look forward to speaking with you again soon. Thank you.

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