

CAPITAL
MARKETS
DAY 2024

#DTCMD24

T-Systems

Ferri Abolhassan,
(Board Member and CEO T-Systems)

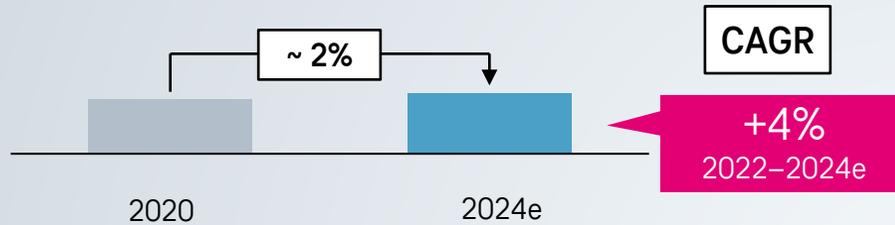


Review 2020–2024e

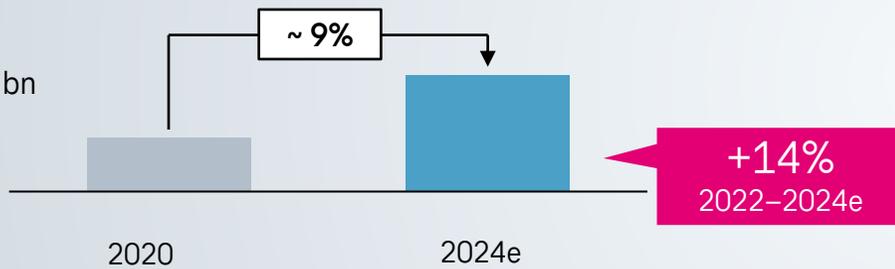
We refocused our business & returned to a growth trajectory

Review 2020–2024e

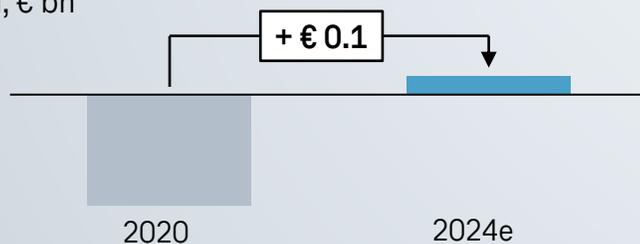
Revenues, € bn



Adj. EBITDA AL, € bn



Cash contribution, € bn



All figures reflect an organic view

Key success drivers

- ✓ Portfolio clean-up into **pure IT service player**
- ✓ Focus on **DACH** & selected global markets
- ✓ Strong growth in **focus verticals** ~ 50% of Total revenues
- ✓ **Cloud** business stabilized, turned around into profitable growth
- ✓ **Digital** with growth above market & very strong profitability improvement
- ✓ Reduced exposure to legacy portfolio & increased **offshoring**
- ✓ **Efficiency gains** through lean overhead, optimized sales costs & global business process standardization

DOUBLE DIGIT EBITDA GROWTH ALSO IN 2024

CMD 2021 ambitions: delivered on our financial commitments

KPI	Time frame	Ambition	Achievements 2024e ³
Revenues	2020–2024e	“Slight” growth	~ 2% CAGR 
Adj. EBITDA AL	2020–2024e	> 5% EBITDA growth	~ 9% CAGR 
Adj. EBITDA AL margin	2024e	9%	~ 9.6% 
IDC reduction ¹	2020–2024e	Reduction by €0.2 bn	Increase of ~ €0.2 bn 
Cash Capex	2024e	Stable	Stable 
Cash contribution AL ²	2023	Break-even	Break-even reached in 2023 

¹ External adj. IDC AL; ² Cash contribution AL = Adj. EBITDA AL – Cash Capex – Special factors (Cash); ³ All CAGR organic

Strategy 2023–2027e

TSI is big enough to serve globally & agile enough to care locally



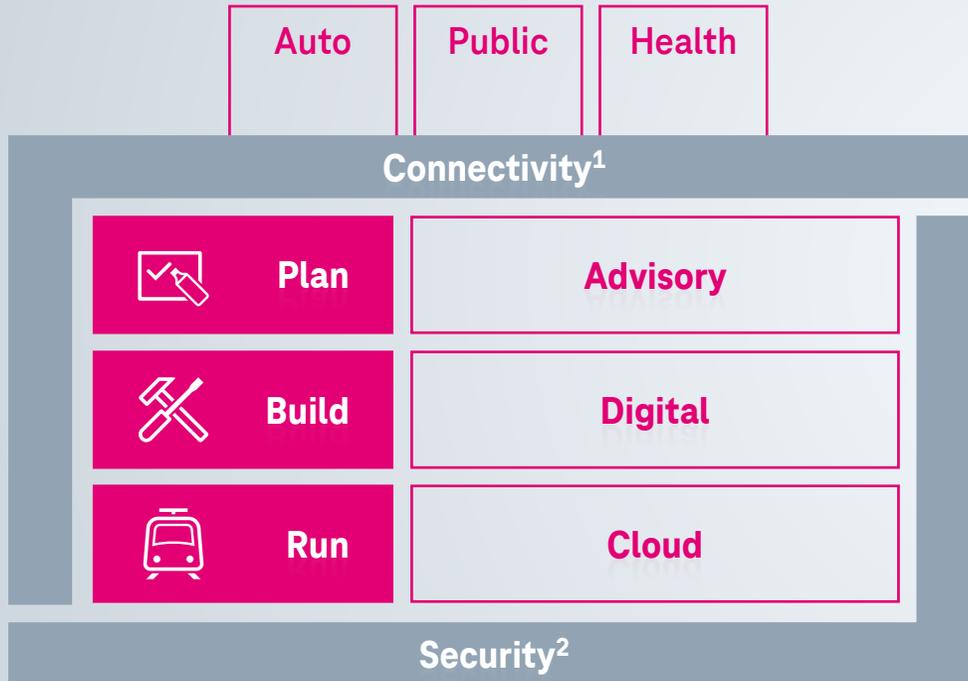
HQ IN GER
with four strategic delivery centers operating globally

#1 IT Service provider in Germany	#2 IT Service provider in DACH	
26 Countries	16 Data centers	8 Security operation centers (SOCs) globally
1.5 mn vCPUs	~ 1,470 Petabytes Storage	
DAX40 Provider	95 TRI*M Customer satisfaction	26,000 Employees (FTE), (of which 10,000 in near-/offshore)

We confirm our strategy & focus on reliable execution



T-Systems ICT strategy



Focus areas for execution

- **Quality** of service at the core
- Double down on **focus verticals by an integrated G2M**
- Leverage **multi-cloud** ecosystem to stabilize turn-around
- Continue strong growth in **Digital**
- Use capabilities to serve the **end-to-end AI stack**
- Improve **efficiency** via scaled offshoring & automation
- Contribute to the Cloud, AI & Digitalization **strategy of DT**

¹ In cooperation with Germany; ² Security services in T-Systems' international footprint

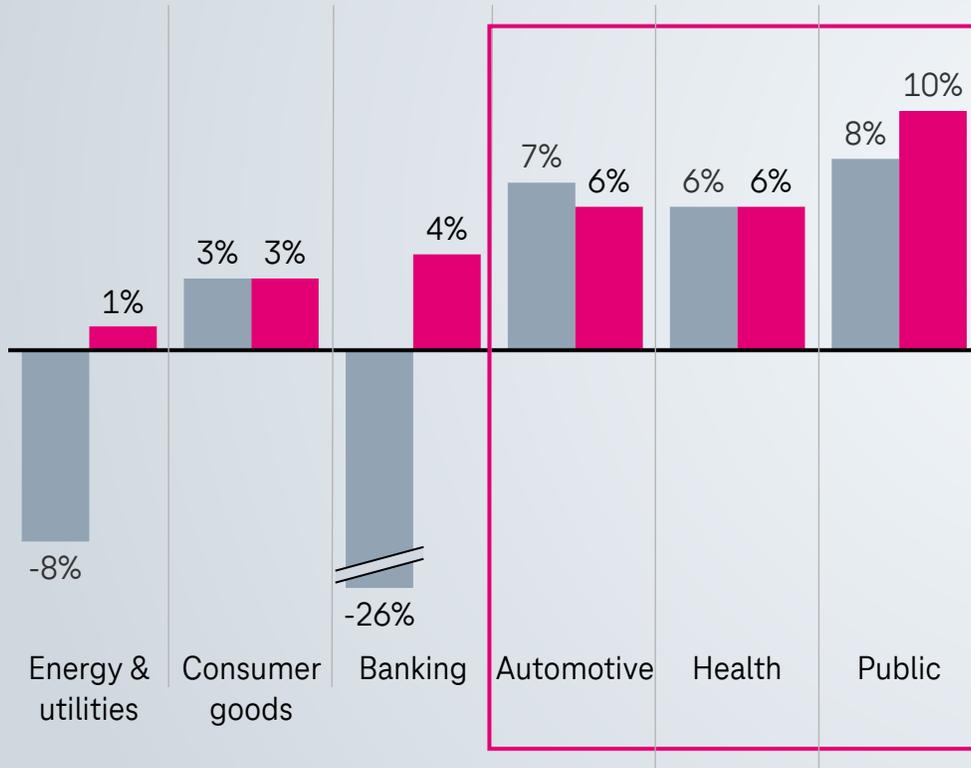
We continue to double down on our focus verticals



Market trends

Estimated revenue growth, % yoy

2022–2023 2023–2024e



Global Top 2000 Enterprises yoy revenue growth

Verticals

Growth areas

Position

Automotive	<ul style="list-style-type: none"> ▪ Software Defined Vehicle value chain ▪ Smart Factory (combining supply chain mgmt., IoT, logistics & omniverse solutions) 	#1 in DACH
Health	<ul style="list-style-type: none"> ▪ Digital Hospital & Sovereign interoperability ▪ Next generation of telematic infrastructure 	#1 in DACH
Public	<ul style="list-style-type: none"> ▪ End-to-end Digital citizen services (E-Government) ▪ Focus on Sovereignty & Security 	#1 in DACH

Cloud: E2E portfolio, leading in sovereignty, security & reliability

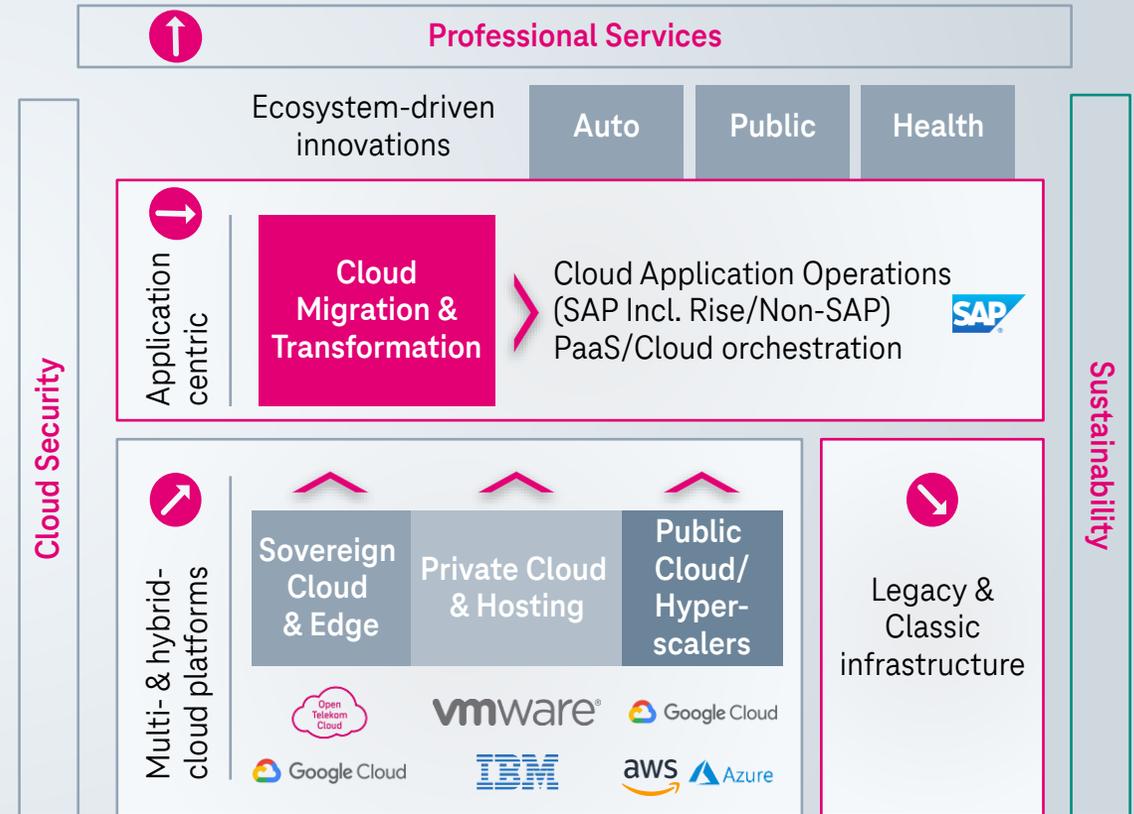


Our direction

- **Cloud: ~ 55%** of Total T-Systems' revenues in 2024e
- **Zero Outage framework** for highest Customer satisfaction & quality
- **Scale professional services via application centric approach**
- **Stabilize** positive revenue trend **in industry specific cloud solutions** (sovereign, Private & public Cloud)
- **Increase overall shoring ratio & accelerate automation**
- **Sustainably** operated Data Centers

↑ Indicates planned portfolio trajectory from 2024 to 2027e

Portfolio



Digital: We continue our transformation & strong growth



Our direction

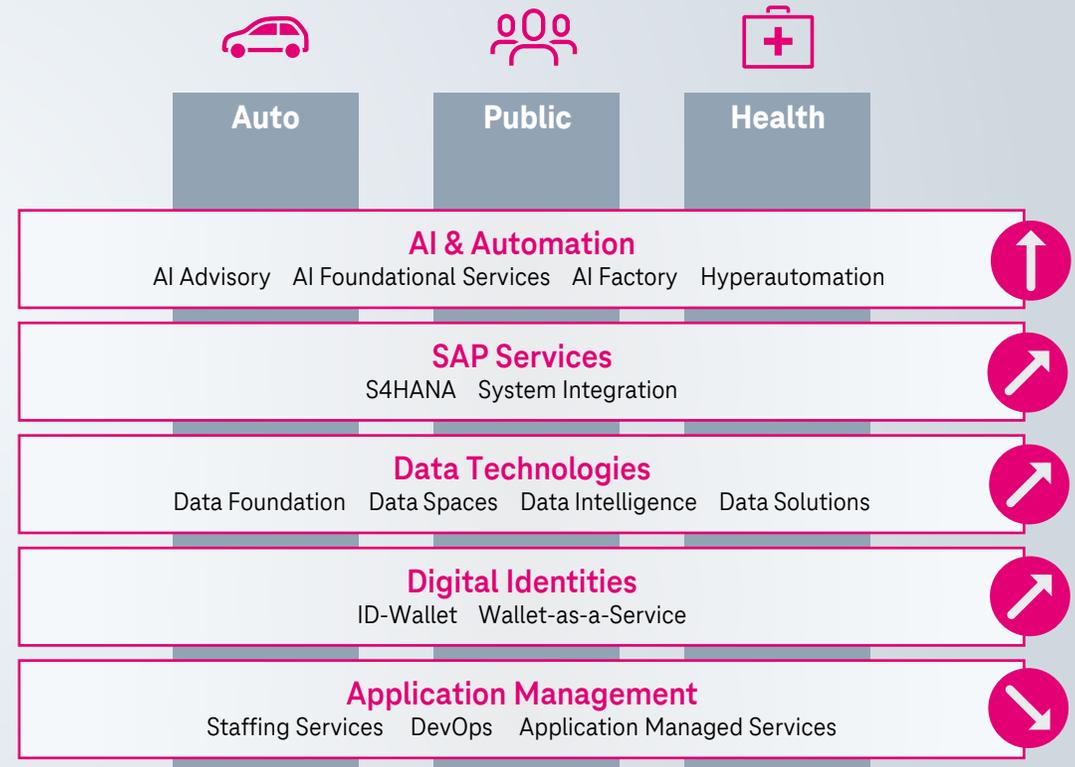
- **Digital:** ~ 35% of Total T-Systems' revenues in 2024e
- **Zero Failure** for highest Customer satisfaction and quality
- Continuing portfolio transformation **towards customer's value chain**
- High growth in **AI and automation**
- Growing **SAP services**, leveraging the RISE partnership
- **Increase overall shoring ratio**
- **End-to-end business simplification and globalization of processes**, e.g. workforce management & **AI supported automation**

↑ Indicates planned portfolio trajectory from 2024 to 2027e

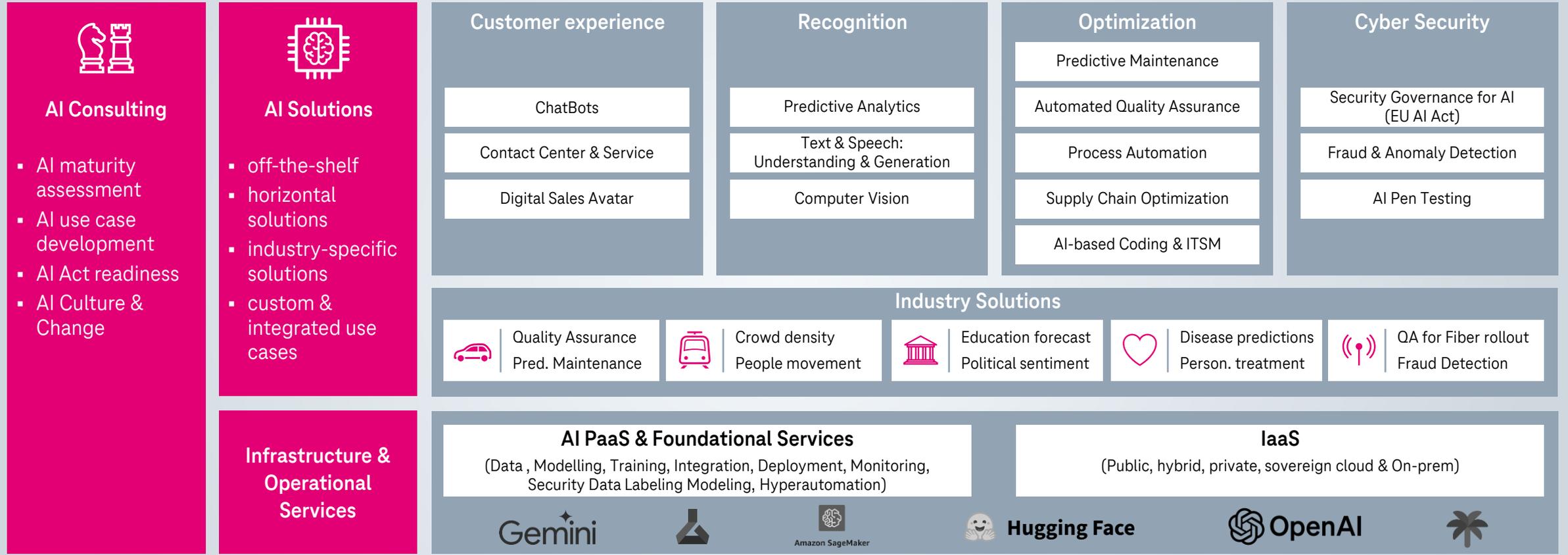
Portfolio

Industry solutions

Horizontal solutions



AI: T-Systems' end-to-end portfolio covering entire customer journey



AI use cases: Delivering value for our customers



400 AI use cases: Examples

Automotive & Manufacturing

Visual quality control for welding

Computer Vision



Predictive analysis-based monitoring to prevent factory downtimes

Predictive Analytics



Law Monitoring to reduce legal teams and lawsuits

Generative AI & Natural Language Processing



Mercedes-Benz

Public Transport

Arrival time prediction in public transport

Predictive Analytics



Health

Smart Health Chat dedicating more time to patients

Generative AI & Conversational AI



Deutschlands größte Krankenkasse

Early detection of prostate cancer

Predictive Analytics

Kantonsspital Aarau



AI use case: Medical care (video)

Customer Problem: 40,000 manual wound measurement treatments per day

- Today's **wound treatment** process takes simply **too long**
- **Redundant, paper-based** recording of patient data; **manual wound assessments**, additional photo documentation

Our solution: 1MedOne (1 module)

- All data for the process available “at the edge of the bed” on a connected mobile client
- **Embedded and specifically trained AI model** for recording and assessment of wounds (small foundational model YoloV5)
- **Fully digitized documentation** process **connected to the hospital information system** for further treatment steps

Advantages:

- **Speed:** Less processing time per case –**50% efficiency gain**
- **Accuracy:** complete and high-quality wound assessment
- **Redundancy free:** integrated with hospital information systems
- **Load relief:** Operational support for pressured caregivers on high frequency repetitive tasks
- **In essence:** Less cost, less errors, less stress while having more time for patients

AI use cases: Delivering value for our customers



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Continue growth trajectory by G2M, people & portfolio levers



QUALITY

Minimize number of incidents



0

Target to get as close as possible until 2027e

PEOPLE

Accelerate future capabilities, e.g. consultative selling, AI through re-skilling

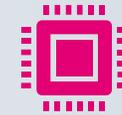


10,000

Future skills acquired until 2027e

PORTFOLIO

Targeted investments into growth fields



Investments into AI, Cloud etc.

G2M

Significantly increase balanced accounts through cross-/upselling



50%

To be reached until 2027e

OFFSHORING

Efficient model focused on delivery increased offshoring



80%

Increase in offshoring from 2024 to 2027e

AUTOMATION

Accelerate automation across entire organization



20%

Efficiency gained by automation using AI

T-Systems as DT enabler



WAVE 0

Value contribution for DT Group

- **Joint G2M in Germany for Large Enterprise (Top 100 accounts) & Public** (Key Account Management w/ Germany)
- Leveraging **platform synergies for DT group**

IT differentiation in B2B

- **IT coverage** for our LE/MNCs & Public customers combined with strong partner landscape
- **Focus on AI, Digital & Cloud** (OTC for midmarket, Sovereign Cloud for Public & Health) + international **Security**
- **#2 ICT provider in EMEA**

WAVE 1

- **Integrated account planning** for LEs/MNCs (>400 accounts)
- T-Systems as **preferred multi-cloud supplier** for DT
- **Leverage TSI's near-/offshoring FTE** (in India, Hungary, Slovakia, Spain) for cost efficient delivery at scale

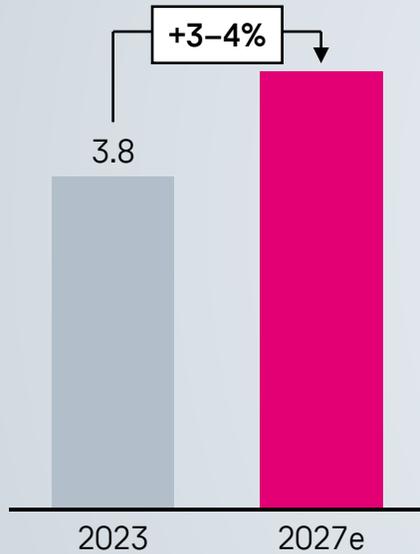
- Group-wide **use of TSI's expert sales** in key growth areas (Cloud, AI & Digital)
- Leverage **TSI AI Factory** for the Group
- Become the **leading ICT provider in EMEA**

We commit to a strong & profitable growth trajectory

Service revenue ambition 2023–2027e

€ bn

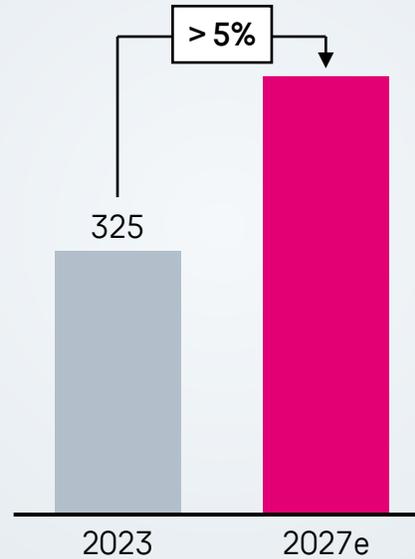
CAGR



EBITDA ambition 2023–2027e

Adj. EBITDA AL, € mn

CAGR



Cash contribution 2023–2027e

Positive Cash contribution AL¹
2023–2027e

¹ Cash contribution AL = Adj. EBITDA AL – Cash Capex – Special factors (Cash)