

DEUTSCHE TELEKOM

Q2/2019 RESULTS



LIFE IS FOR SHARING.

DISCLAIMER

This presentation contains forward-looking statements that reflect the current views of Deutsche Telekom management with respect to future events. These forward-looking statements include statements with regard to the expected development of revenue, earnings, profits from operations, depreciation and amortization, cash flows and personnel-related measures. You should consider them with caution. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond Deutsche Telekom's control. Among the factors that might influence our ability to achieve our objectives are the progress of our workforce reduction initiative and other cost-saving measures, and the impact of other significant strategic, labor or business initiatives, including acquisitions, dispositions and business combinations, and our network upgrade and expansion initiatives. In addition, stronger than expected competition, technological change, legal proceedings and regulatory developments, among other factors, may have a material adverse effect on our costs and revenue development. Further, the economic downturn in our markets, and changes in interest and currency exchange rates, may also have an impact on our business development and the availability of financing on favorable conditions. Changes to our expectations concerning future cash flows may lead to impairment write downs of assets carried at historical cost, which may materially affect our results at the group and operating segment levels. If these or other risks and uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, our actual performance may materially differ from the performance expressed or implied by forward-looking statements. We can offer no assurance that our estimates or expectations will be achieved. Without prejudice to existing obligations under capital market law, we do not assume any obligation to update forward-looking statements to take new information or future events into account or otherwise.

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

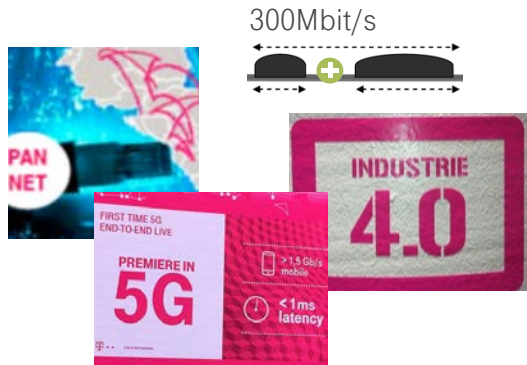


REVIEW H1/2019

H1 2019 HIGHLIGHTS: EXECUTING ON GROWTH

Growth: investments and innovations

- Cash capex at €7.0 bn (ex. spectrum). Ex. US almost stable at €3.9 bn
- Fiber roll-out: 4.0 mn new homes in GER and EU with access to Fiber LTM
- IP-Migration continues in GER (93%) and EU (89%), +5.8 mn households LTM



Growth: customers

- 13.4 mn German fiber homes (+22% yoy)
- 2.0 mn converged net adds LTM EU+GER
- 1.8 mn mobile contract net adds LTM EU+GER+NL
- 7.4 mn net adds LTM in the US



Growth: financials

- Strong organic¹ growth continues
 - Revenue up 3.2% yoy
 - Adj. EBITDA AL up 3.7% yoy
 - Adj. EBITDA AL ex. US up 1.8% yoy
 - FCF AL up 9.0% yoy
 - Adj. EPS at 0.53 € up 3.9% yoy
- IFRS 16 net debt/Adj. EBITDA at 2.74x



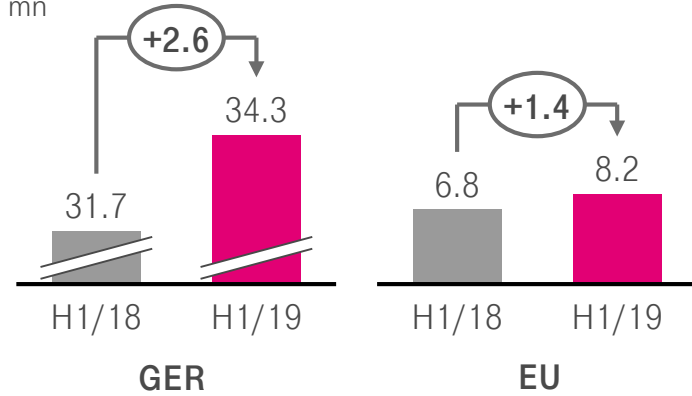
1) Revenue, adj. EBITDA AL and FCF AL growth rates on organic base: adjusted for currency fluctuations and changes in the scope of consolidation. Adj. EPS calculated on reported results. AL = After Leases

H1 2019 INVESTMENTS: DRIVING NETWORK LEADERSHIP

Fiber

Fiber households¹

mn

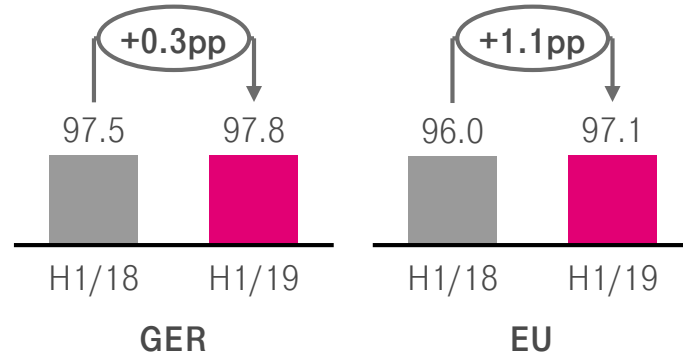


- Additional 4.0 mn HHs added to coverage
- Germany: Super-Vectoring (up to 250 Mbp/s) launched for 22 mn HHs and business locations

Mobile broadband

LTE outdoor pop coverage

%

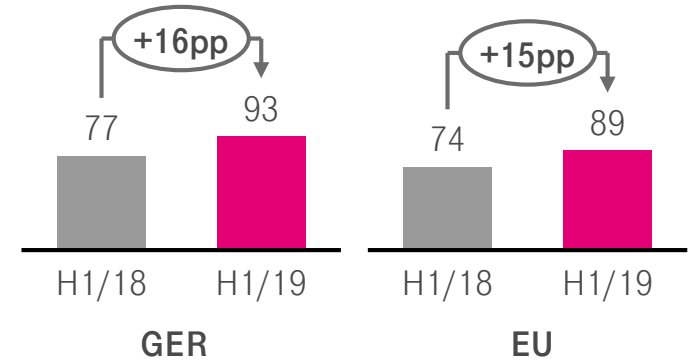


- 1,400 additional physical sites deployed in Germany
- 5G auction in Germany completed
- Network leadership maintained across footprint

All IP

IP share of fixed network access lines

%

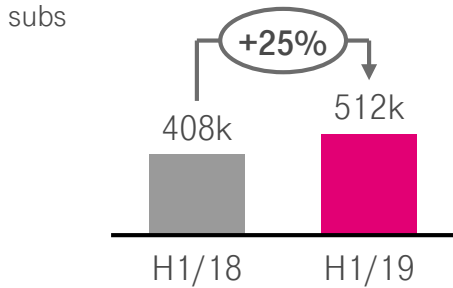


- GER on track for completion: B2C YE/19, B2B YE/20
- Cost savings expected to kick in after completion.

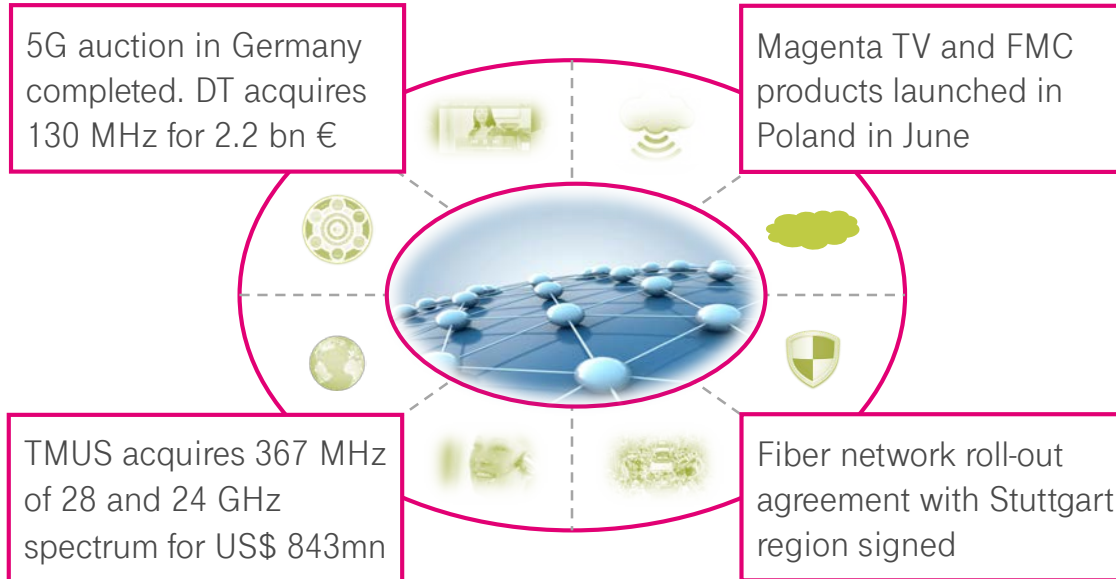
1) EU: ≥ 100Mbit/s coverage: FTTH, FTTB, FTTC (with Vectoring), cable/ED3. Broadband also incl. wholesale customers. As of Q2/2018, adjusted HH baseline to include the Census update, B2B premises & CZ

H1 2019 INNOVATIONS: FOCUS ON CUSTOMER EXPERIENCE

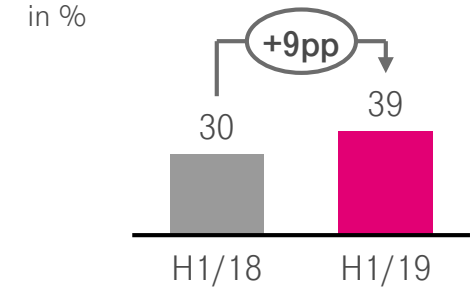
Hybrid Access



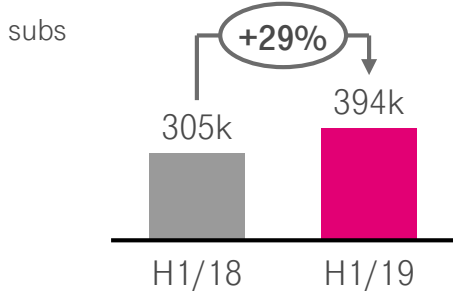
Innovation/Network



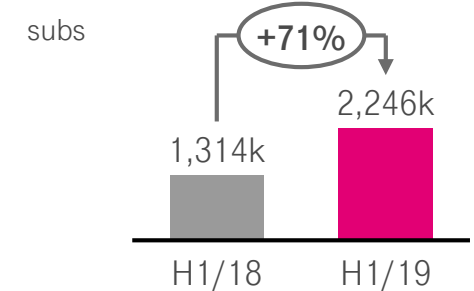
One APP penetration (EU)¹



Smart Home



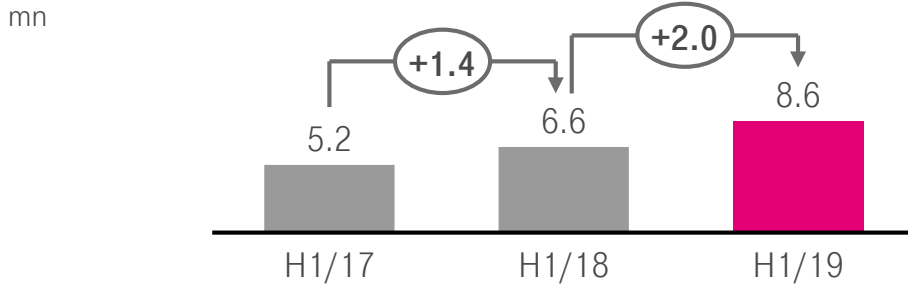
StreamOn



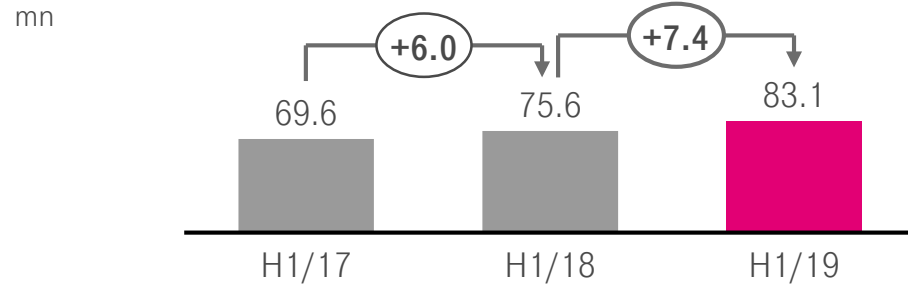
1) incl. sub brands

H1 2019 CUSTOMERS: STRONG GROWTH CONTINUES

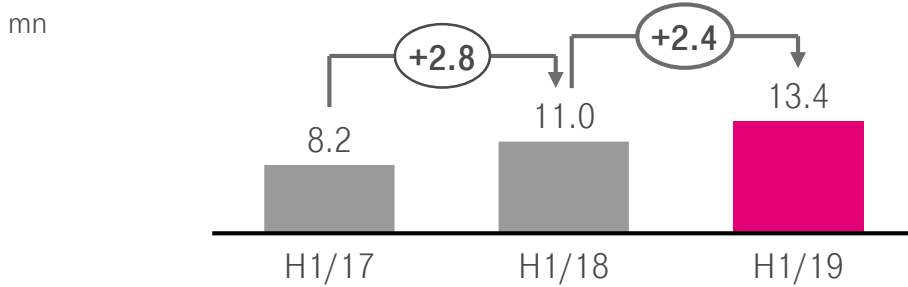
MagentaEINS (GER + EU)¹



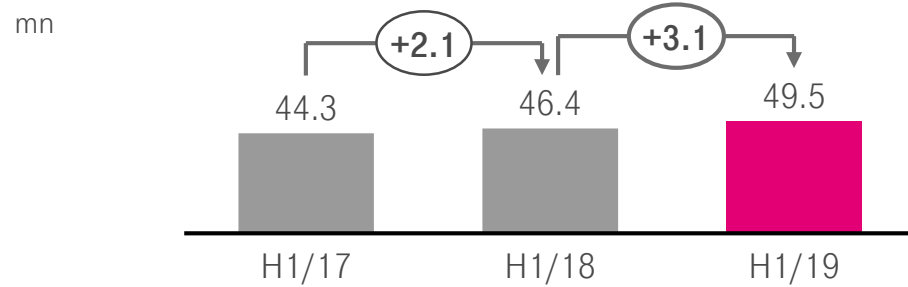
US Mobile



Fiber in GER



Mobile contract customers GER + EU + NL²



1) FMC RGUs may also appear under other brand name outside of Germany

2) Figures not adj. for acquisitions. Germany: own branded contract customers excl. multi-brand

GUIDANCE 2019: CONFIRMED

€ bn

	Revenue	Adj. EBITDA AL ²	FCF AL ²	Cash Capex
2017 – 2021 CAGR (CMD 2018)	+1 – 2%	+2 – 4%	≈+10%	Stable ex. US
2019 Guidance (\$/€: 1.18)	Slight increase	Around 23.9	Around 6.7	Around 12.7
H1/19 Result (organic change yoy)	39.2 (+3.2%)	12.2 (+3.7%)	3.1 (+9.0%)	7.0 (+9.9%)
thereof Group excl. US				
2019 Guidance		Around 13.4		Around 7.9
H1/19 Result (organic change yoy)		6.7 (+1.8%)		3.9 (+2.0%)
thereof TM US (US\$ bn)				
2019 Guidance	Increase	Around 12.4¹		Around 5.7
H1/19 Result (organic change yoy)	22.1 (+6.0%)	6.3 (+6.1%)		3.5 (+21.8%)

1) Equals new mid-Point TMUS guidance (\$13.1 bn (12.95 bn previously) US GAAP) and -\$0.7 bn (-0.6bn previously) IFRS bridge 2) AL = after lease

REVIEW Q2/19

FINANCIALS: STRONG REVENUE, EBITDA AL, FCF AND NET INCOME

€ mn

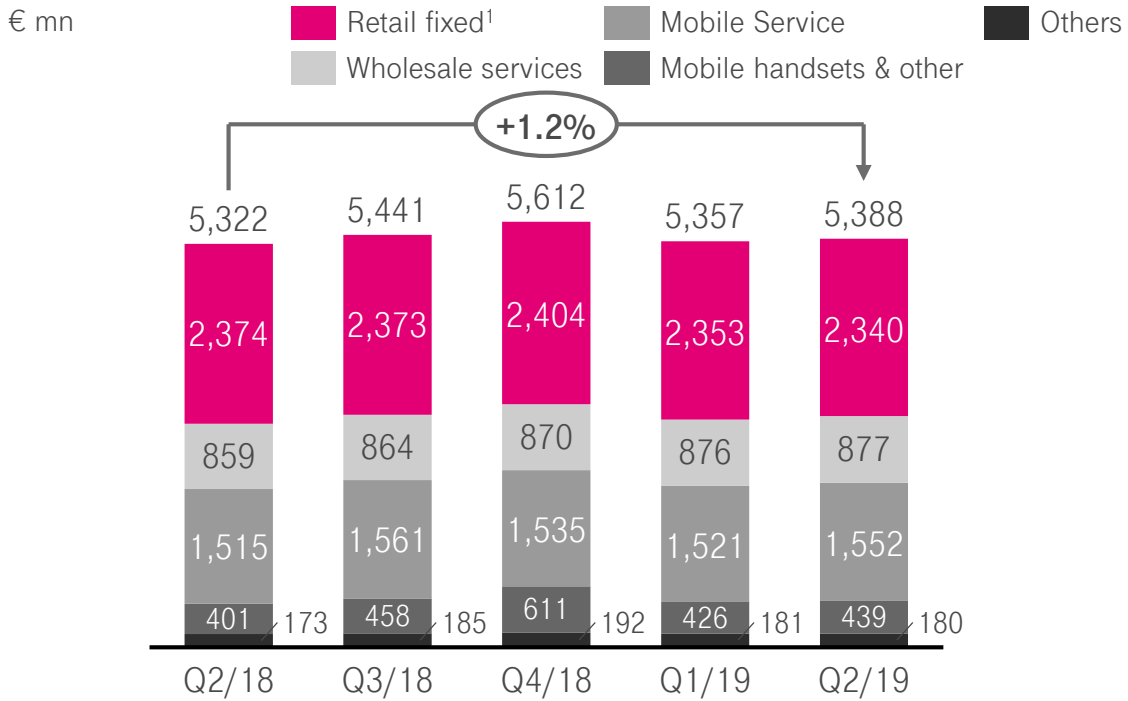
	Q2			HY		
	2018	2019	Change	2018	2019	Change
Revenue	18,367	19,664	+7.1%	36,291	39,152	+7.9%
Adj. EBITDA AL ¹	5,866	6,283	+7.1%	11,353	12,223	+7.7%
Adj. EBITDA AL (excl. US) ¹	3,314	3,411	+2.9%	6,470	6,672	+3.1%
Adj. Net profit	1,238	1,329	+7.4%	2,428	2,512	+3.5%
Net profit	495	944	+90.7%	1,487	1,845	+24.1%
Adj. EPS (in €)	0.26	0.28	+7.7%	0.51	0.53	+3.9%
Free cash flow AL ^{1,3}	1,467	1,546	+5.4%	2,785	3,103	+11.4%
Cash capex ²	3,021	3,324	+10.0%	6,097	7,006	+14.9%
Net debt ¹	n.a.	75,709	n.a.	n.a.	75,709	n.a.

1) Adj. EBITDA AL and FCF AL historic results not audited. Net debt after IFRS 16, no corresponding figure available for 2018. 2) Excl. Spectrum: Q2/18: €73 mn; Q2/19: €875 mn. H1/18: €137 mn, H1/19: €1,020 mn

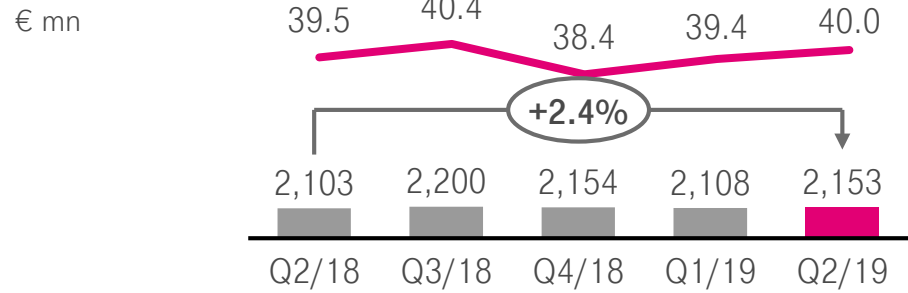
3) Free cash flow AL before dividend payments and spectrum investment

GERMANY: REVENUE AND EBITDA GROWTH

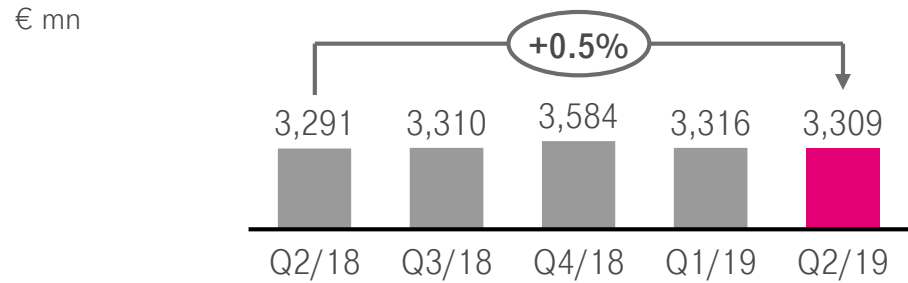
Revenue



Adj. EBITDA AL and margin (in %)



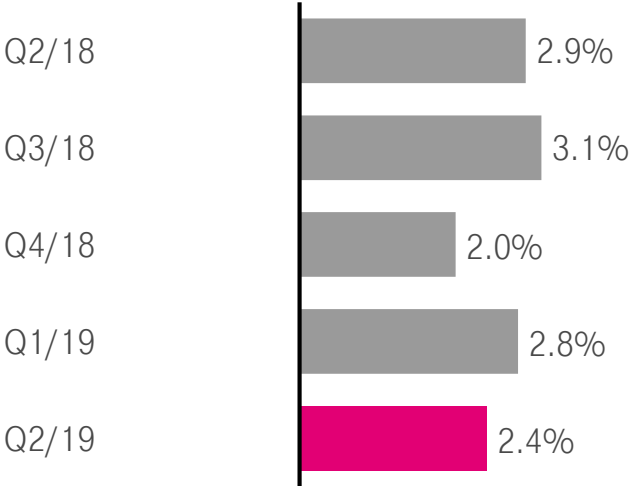
Adj. OPEX AL



1) Fixed network core business

GERMANY: GROWTH IN SERVICE REVENUES

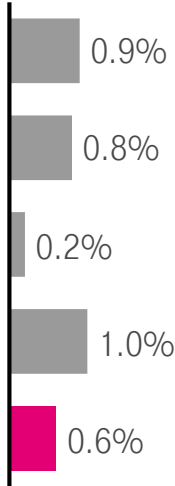
Mobile service revenue¹



Fixed line service revenue¹



Total service revenue¹



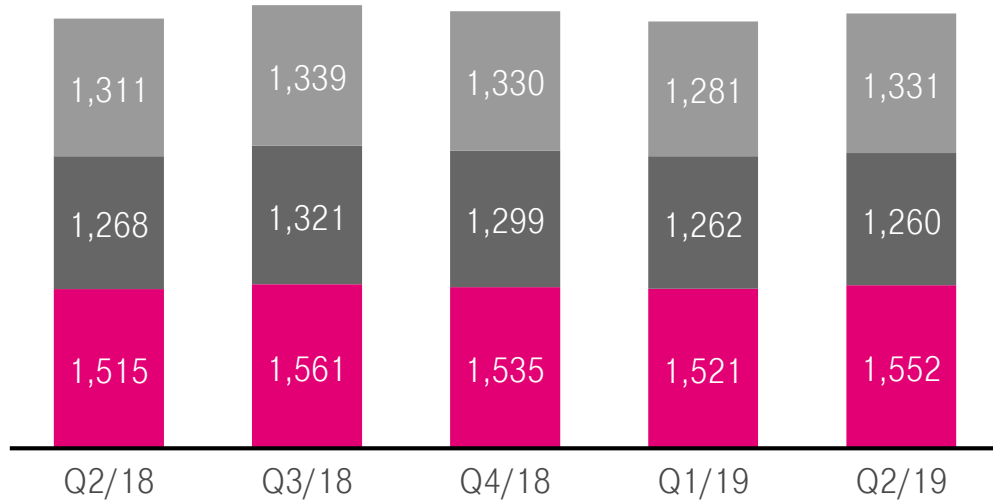
1) 2018 rates calculated excl. IFRS15. from 2019 onwards incl. IFRS 15

GERMANY MOBILE: HEALTHY GROWTH CONTINUES

German mobile market service revenue¹

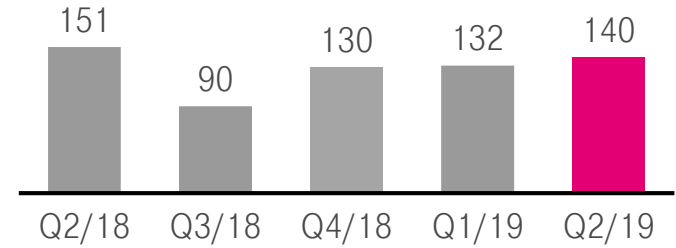
€ mn

Telefonica Vodafone Telekom



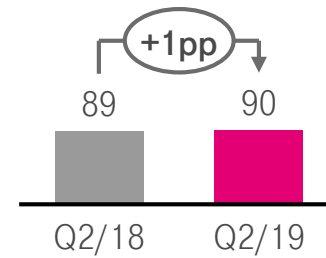
Own branded contract net adds²

000



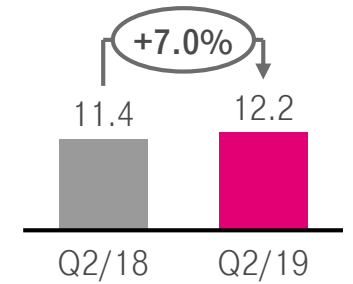
Smartphone penetration²

%



LTE customers³

mn



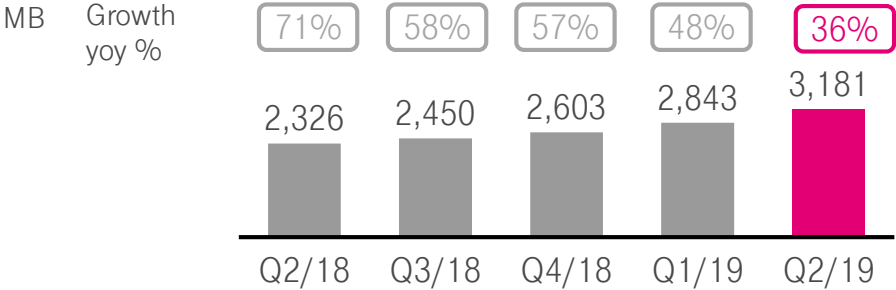
1) On IFRS 15 basis. 2) Of own branded retail customers now excl. multi-brand 3) Own customers using a LTE-device and tariff plan including LTE

GERMANY: GOOD PROGRESS WITH CONVERGENCE AND DATA

Mobile contract customers in MagentaEINS bundles¹



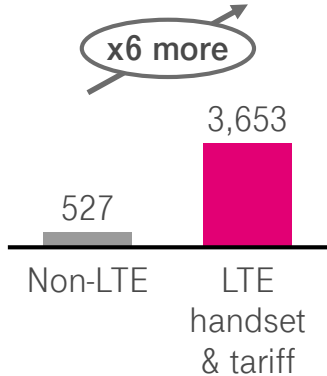
Average Consumer Data Usage³



Households in MagentaEINS bundles²



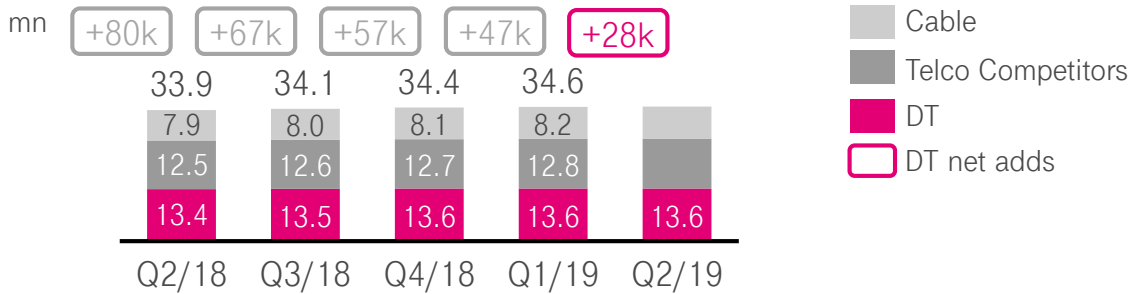
Average data usage uplift³



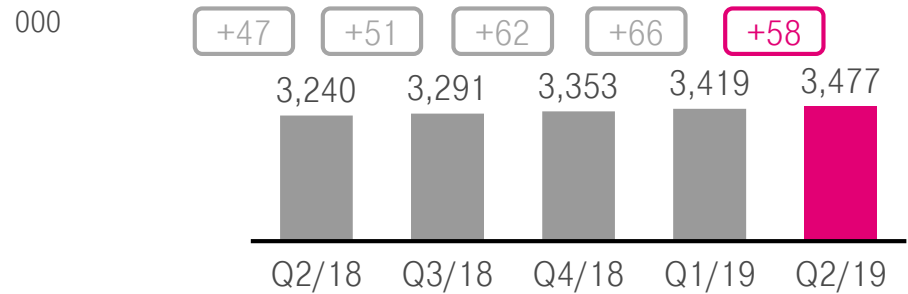
1) As % of B2C T-branded contract customers 2) As % of B2C broadband access lines 3) Per month of B2C T-branded contract customers

GERMANY FIXED: SOLID COMMERCIALS, LINE LOSSES REFLECT IP-MIGRATION

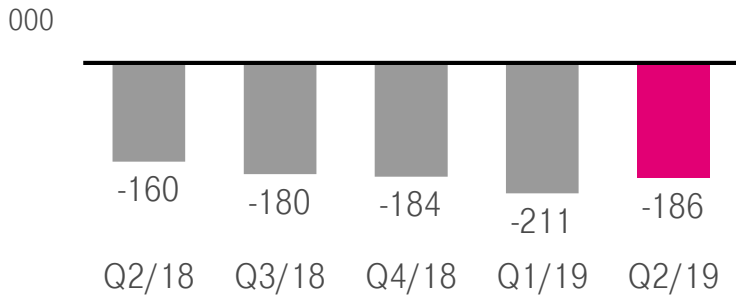
German broadband market¹



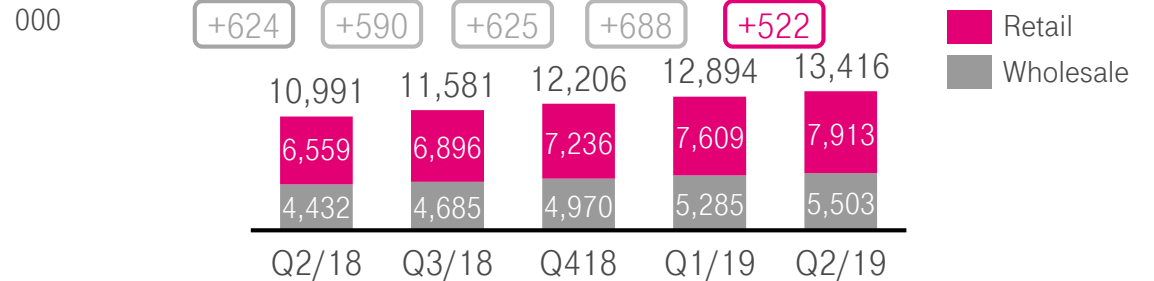
Magenta TV customers



Line losses



Fiber customers²



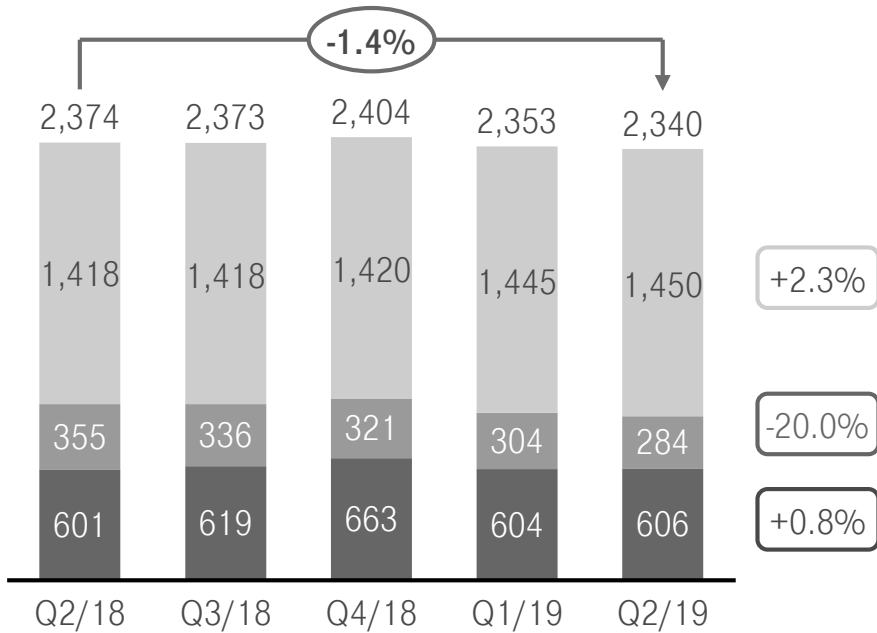
1) Based on management estimates 2) Sum of all FTTx accesses (e.g. FTTC/VDSL, Vectoring and FTTH)

GERMANY FIXED: STEADY BROADBAND REVENUE GROWTH

Fixed network revenue retail (as reported)¹

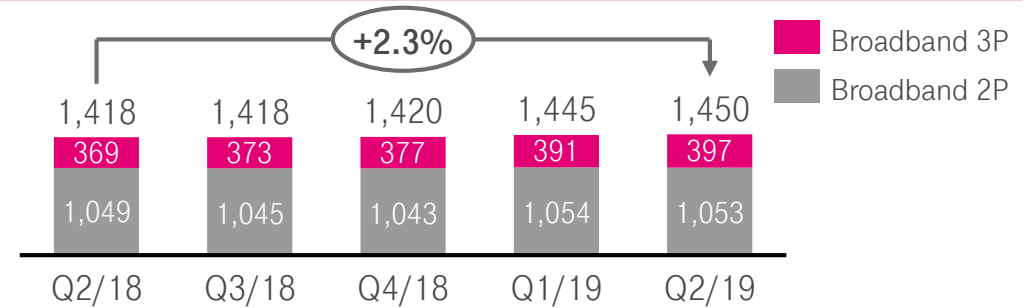
€ mn

Broadband revenues
 Single play revenues
 Other revenues



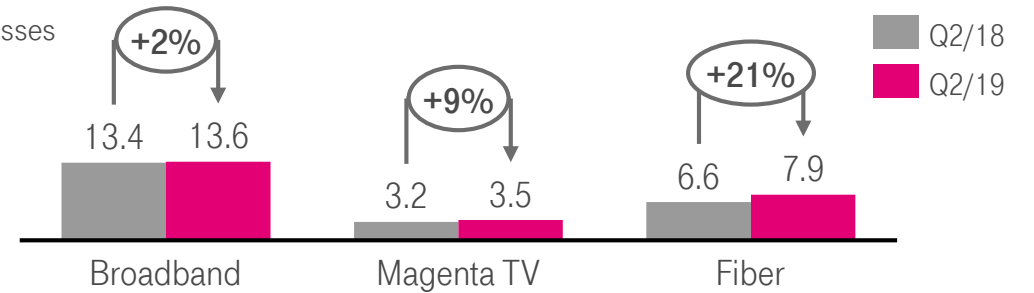
Broadband revenue¹

€ mn



Retail upsell strategy²

mn accesses

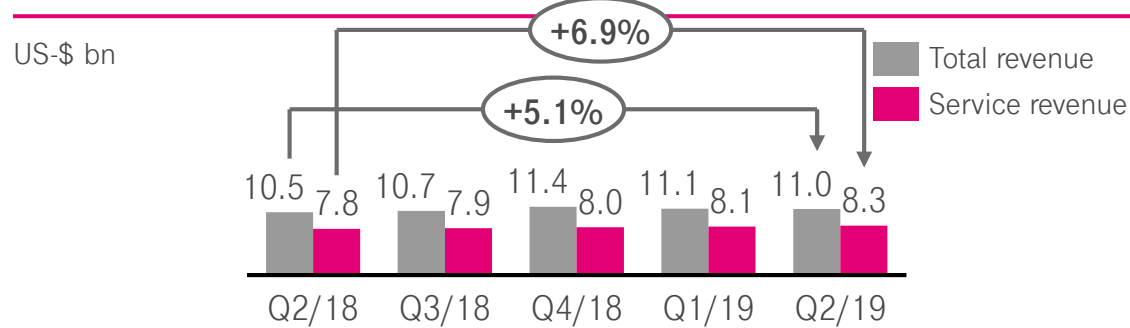


1) Change in definition of broadband and other revenues – historic figures have been adjusted. In addition Q1 to Q3/18 impacted by a shift between other and broadband revenues, historic figures not adjusted for this effect

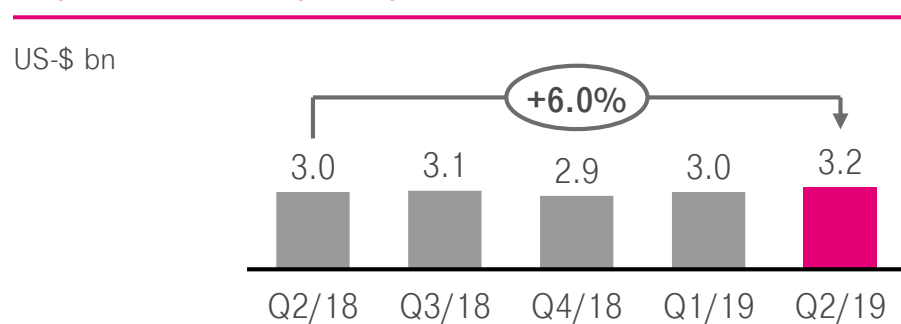
2) Percentages calculated on exact figures

TMUS: CONTINUED INDUSTRY LEADING GROWTH

Revenue and service revenue (IFRS)



Adj. EBITDA AL (IFRS)

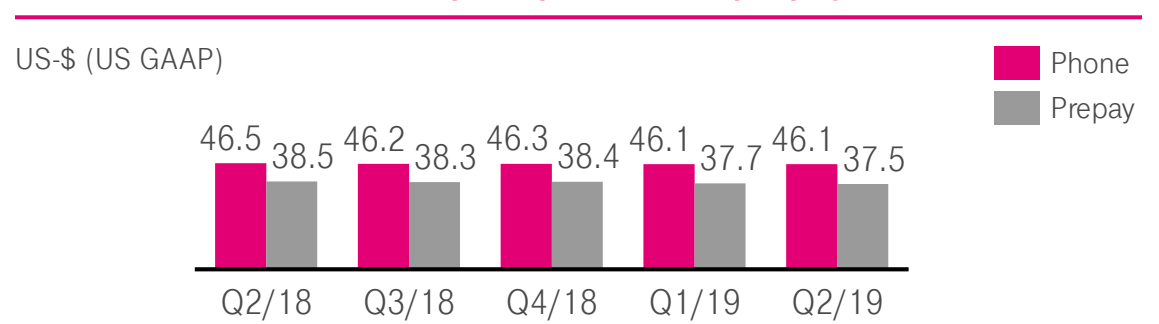


Net adds

000

Category	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19
Total net adds	1,579	1,630	2,402	1,650	1,751
Branded:					
Postpaid	1,017	1,079	1,358	1,019	1,108
Prepay	91	35	135	69	131
Wholesale ¹	471	516	909	562	512

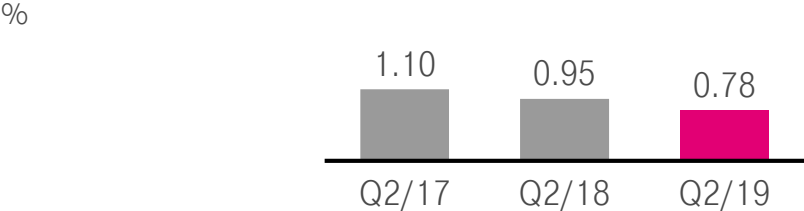
Branded customers: Postpaid phone and prepay ARPU



1) Wholesale includes MVNO and machine-to-machine (M2M). Amounts may not add up due to rounding

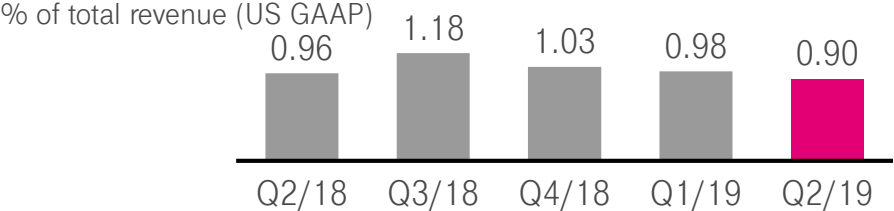
TMUS: EXECUTING ON KEY DRIVERS

Branded postpaid phone churn



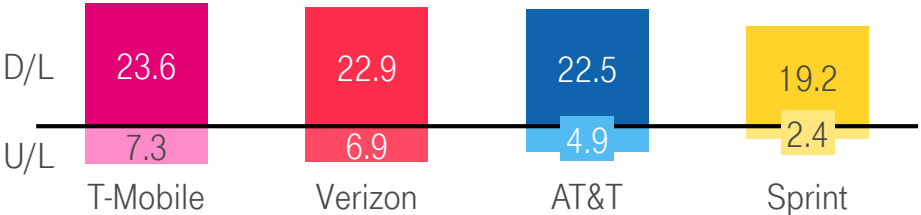
- Branded postpaid phone churn on all time record low

Bad debt expenses & losses from sale of receivables



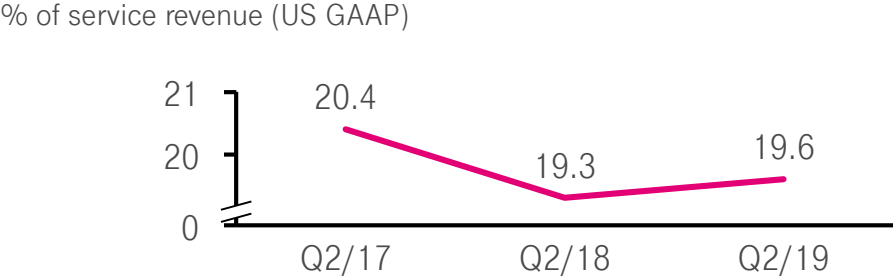
- Decrease yoy reflects ongoing focus on managing customer quality

Network quality



- Download and Upload Speeds – July 2019 (in Mbps). Based on analysis by Opensignal Inc..

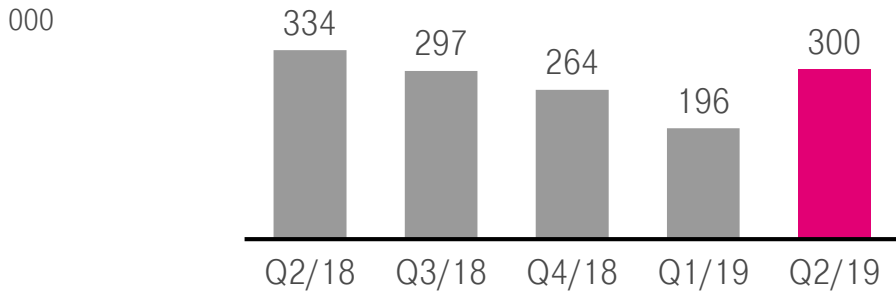
Cost of service



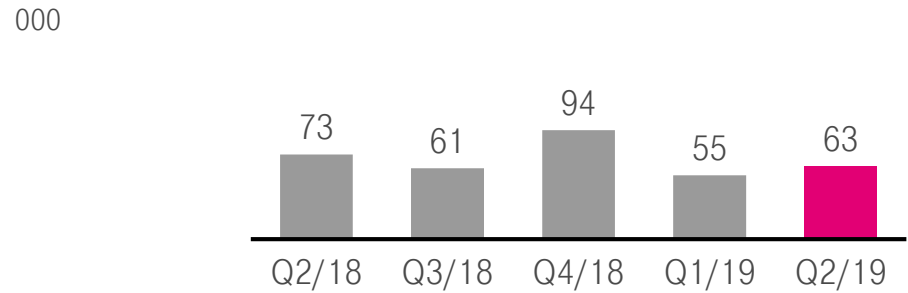
- Cost of services increased by 30bps yoy. Drivers: Employee related expenses, network expansion and hurricane re-imbursements in 2018.

EUROPE: STRONG CUSTOMER GROWTH CONTINUES

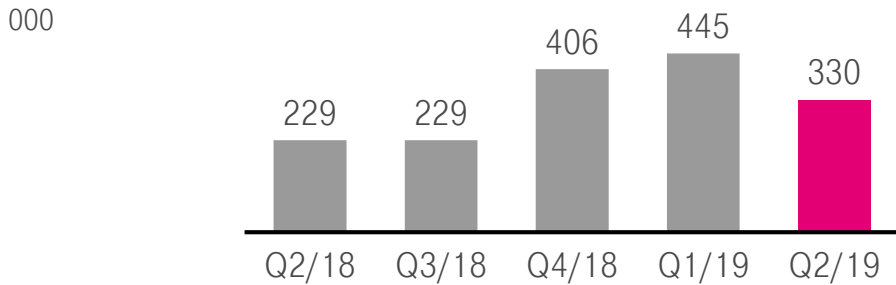
Mobile Contract Net Adds²



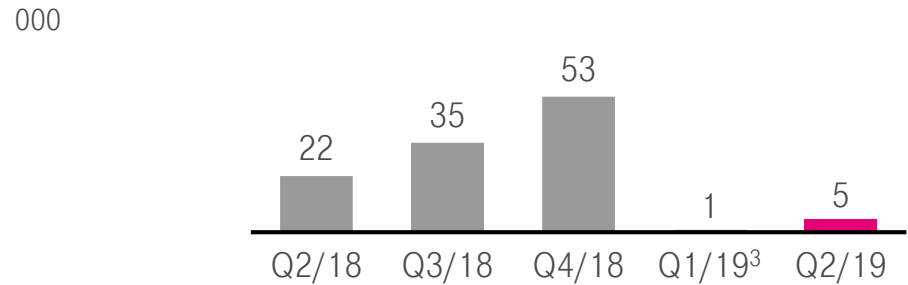
BB Net Adds^{1, 2}



FMC Net Adds



TV Net Adds²

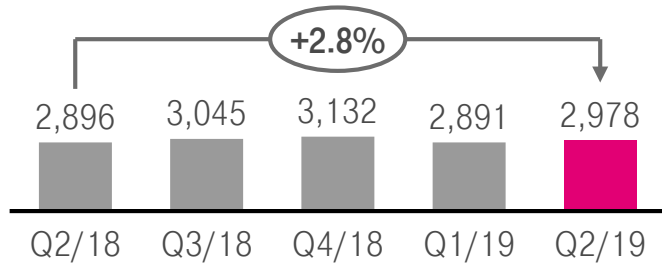


1) Based on subscribers 2) Adjusted for UPC effect in Austria 3) Q1/19 change in base was 69k driven by Evo acquisition in Croatia. Underlying performance of +1k

EUROPE: GROWING REVENUE AND EBITDA AL

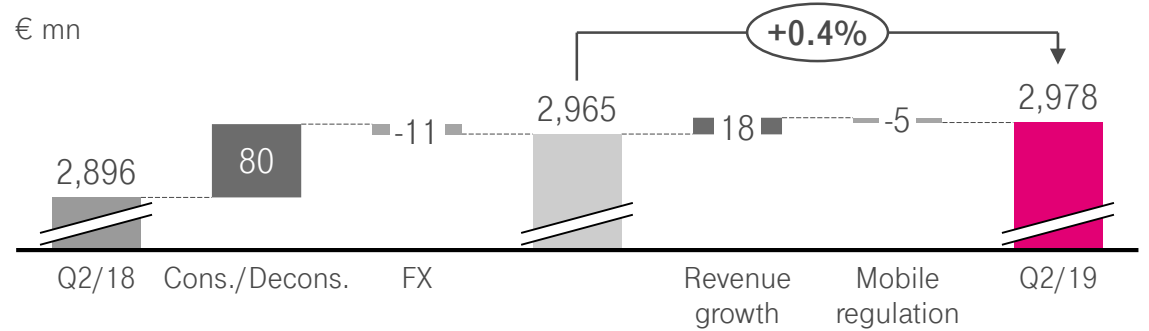
Revenue

€ mn



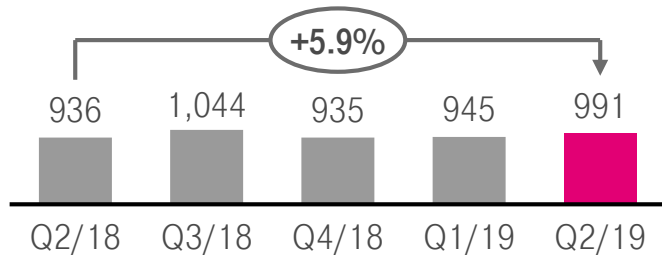
Organic revenue development

€ mn



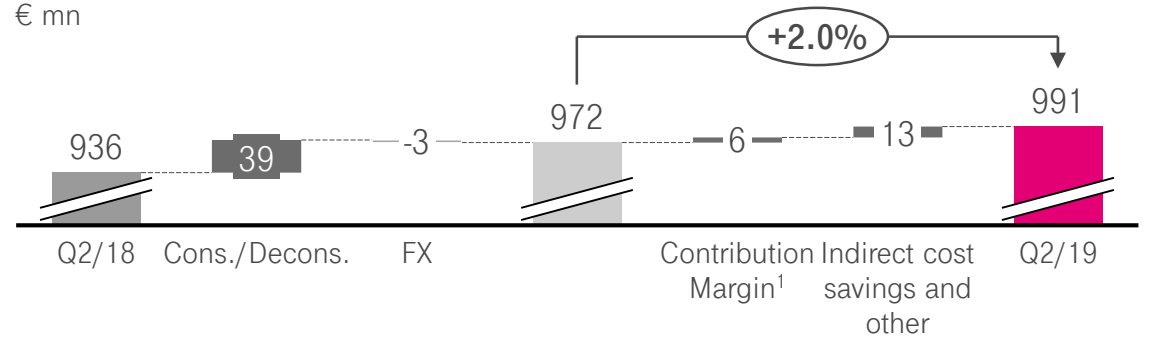
Adj. EBITDA AL

€ mn



Organic adj. EBITDA AL development

€ mn



1) Total Revenue - Direct Cost

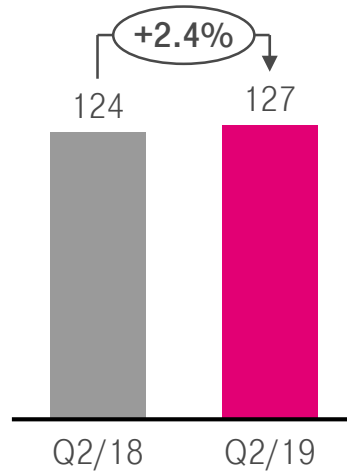
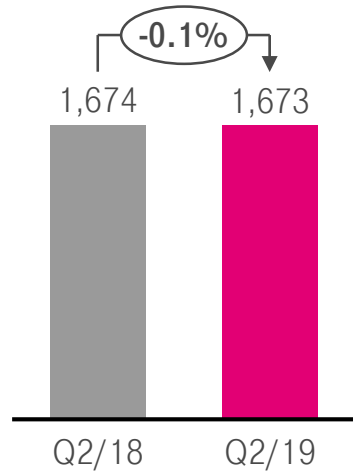
SYSTEMS SOLUTIONS: GOOD PROGRESS WITH TRANSFORMATION

T-Systems financials

€ mn

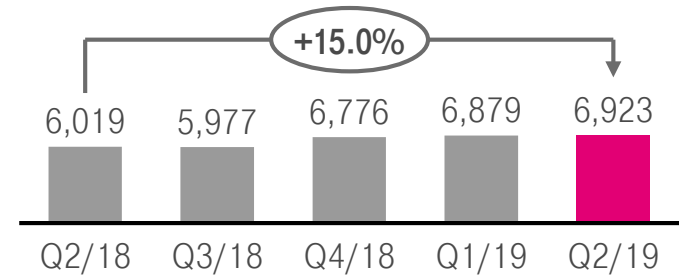
Total revenue

Adj. EBITDA AL



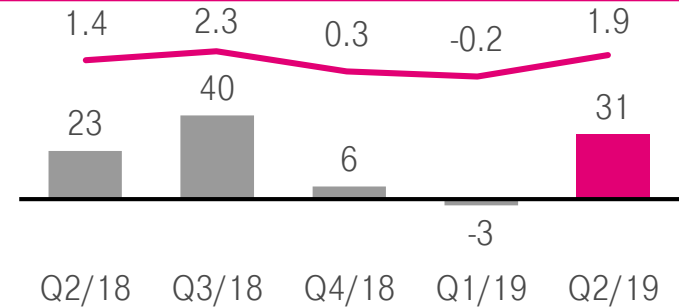
Order Entry (LTM)

€ mn



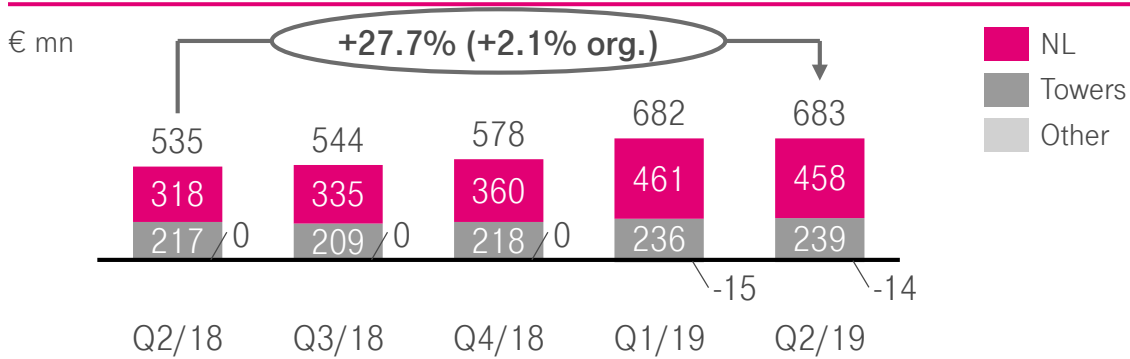
Adj. EBIT and margin in %

€ mn

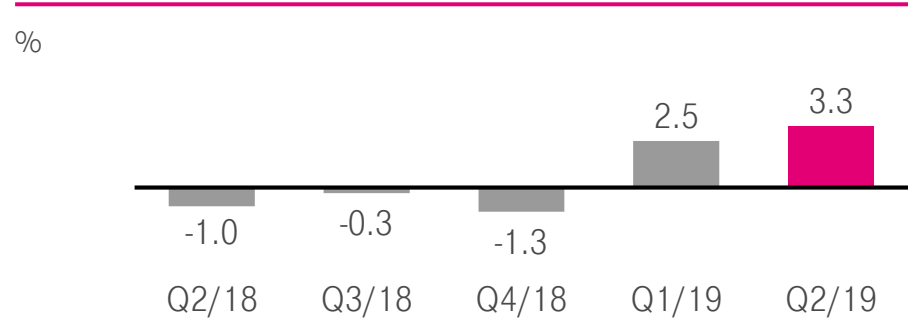


GROUP DEVELOPMENT: STEADY UNDERLYING DELIVERY

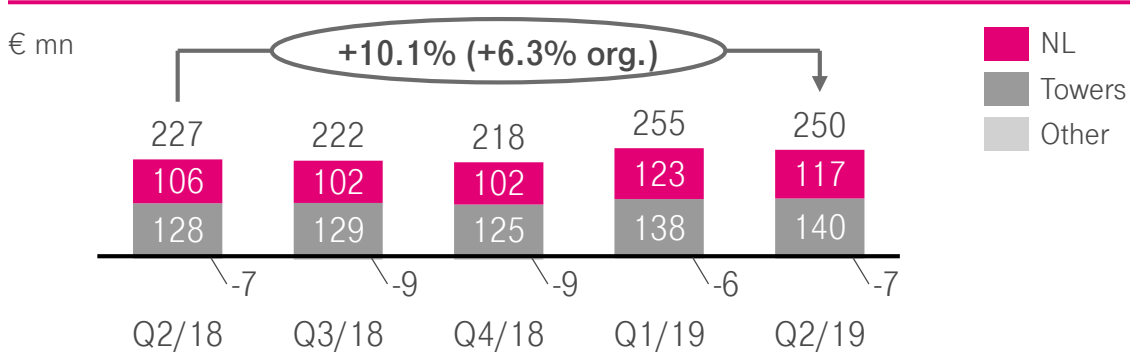
Revenue¹



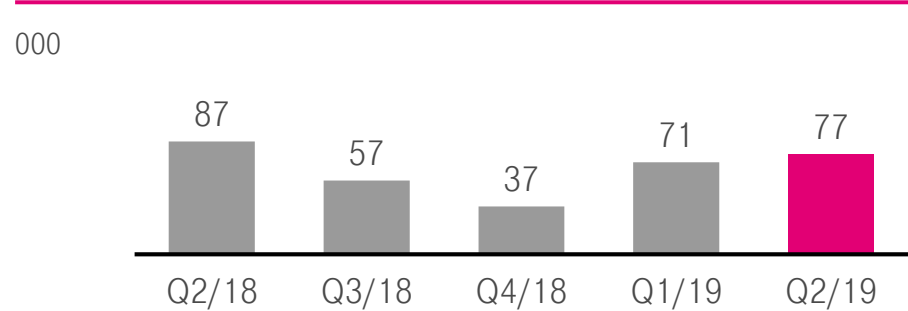
Mobile service revenue trend yoy (NL)²



Adj. EBITDA AL¹



Contract net adds (NL)³



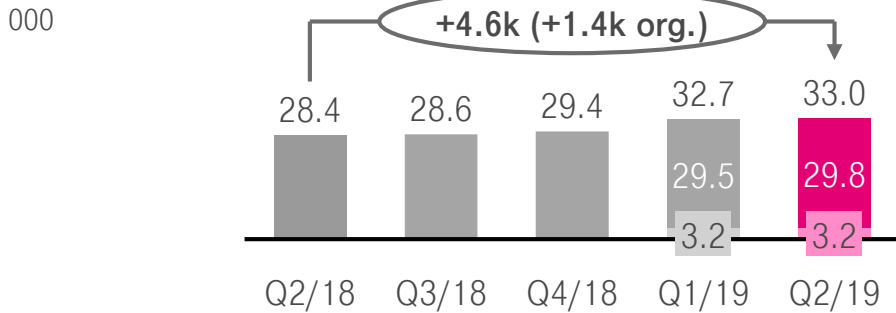
1) Figures since Q1/19 incl. Tele2. Previous quarters not restated. Organic growth rates show underlying trends

2) MSR trends on organic base excl. regulation and excl. IFRS 15 for Q1/18 to Q4/18.

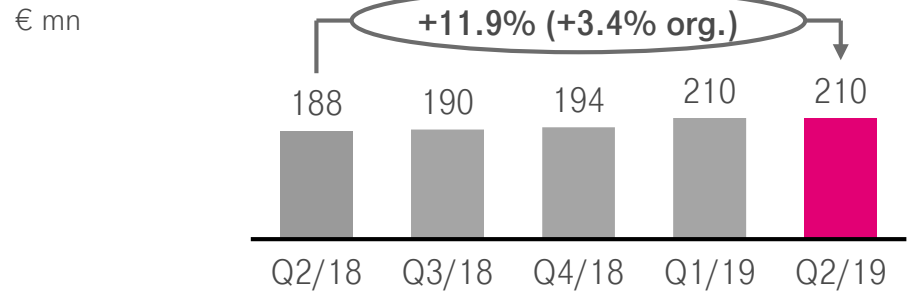
3) Since Q1/19 net adds incl. Tele2

GROUP DEVELOPMENT: TOWER BUSINESS EXPANDING

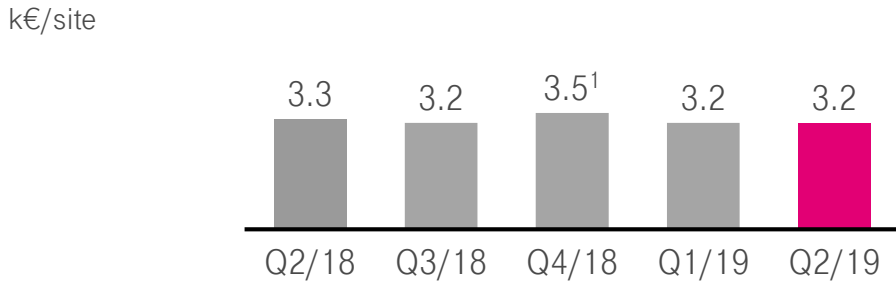
Total sites GER + NL (since Q1/19)²



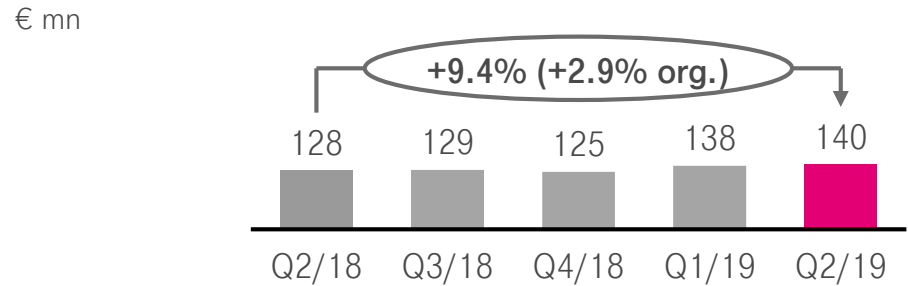
Recurring rental revenue²



Opex AL per site (avg. sites)²



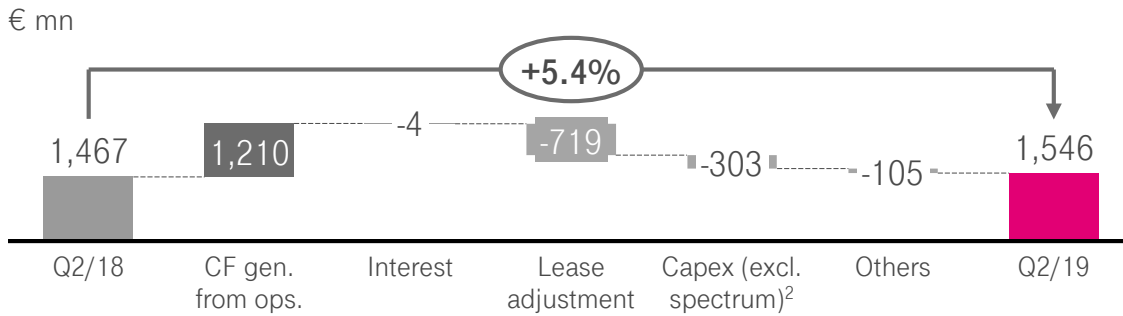
Adj. EBITDA AL²



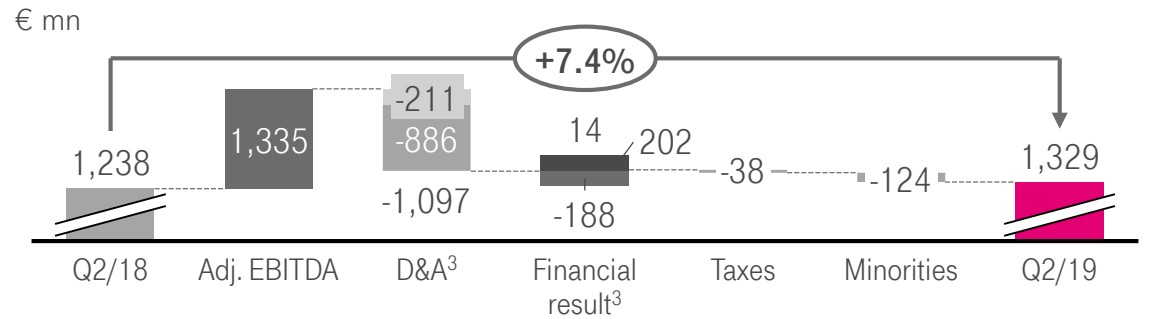
1) Adjusted for one-offs 2) Figures since Q1/19 incl. the Dutch tower business (3.2k). Previous quarters not restated. Organic growth and growth rates show underlying trends

FINANCIALS: FCF, NET DEBT, ADJ. NET INCOME AND EPS

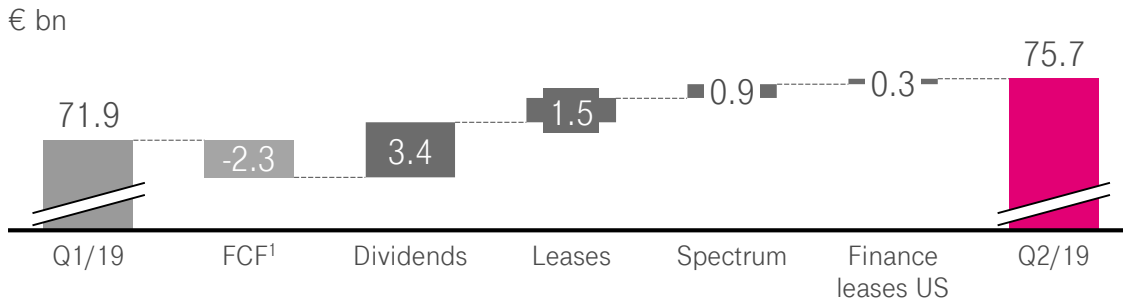
Free cash flow AL¹



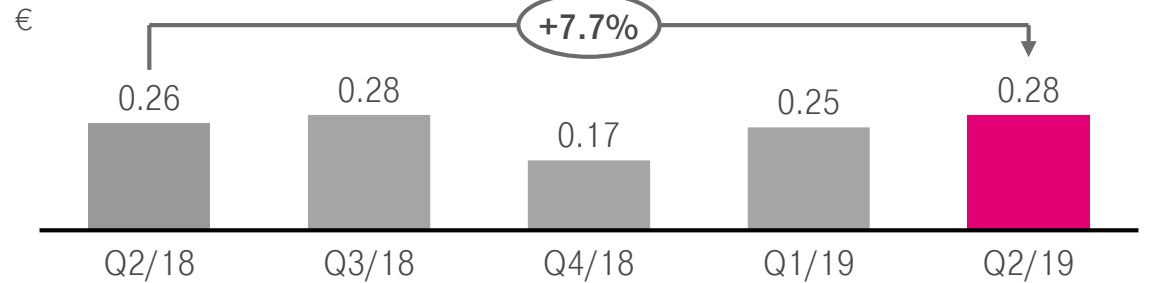
Adj. net income



Net debt development (Q2/19 over Q1/19)



Adj. EPS



1) Free cash flow and FCF AL before dividend payments and spectrum investment 2) Excl. Spectrum: Q2/18: €73 mn; Q2/19: €875 mn.

3) D&A and Financial result split in change in leasing related expenses (lower bar) and other expenses

FINANCIALS: BALANCE SHEET RATIOS IN TARGET CORRIDOR

€ bn

	30/06/2018	30/09/2018	31/12/2018	31/03/2019	30/06/2019
Balance sheet total ¹	139.7	142.3	145.4	165.5	164.2
Shareholders' equity ¹	41.4	43.5	43.4	42.8	42.7
Net debt ¹	54.8	55.5	55.4	71.9	75.7
Net debt/adj. EBITDA ²	2.5	2.4	2.4	2.65	2.74
Equity ratio	29.6%	30.6%	29.9%	25.8%	26.0%

Comfort zone ratios

Rating: A-/BBB	●
2.25-2.75 net debt/Adj. EBITDA ²	●
25 – 35% equity ratio ³	●
Liquidity reserve covers redemption of the next 24 months	●

Current rating

Fitch:	BBB+	stable outlook
Moody's: ⁴	Baa1	negative outlook
S&P: ⁴	BBB+	CreditWatch negative

1) Values for 2018 based on old accounting standard. As of Q1/19 according to IFRS 16. 2) Ratios for the interim quarters calculated on the basis of previous 4 quarters. Comfort zone ratio increased from 2-2.5 previously following change to IFRS 16 in Q1/19. 3) Pre-IFRS 16 4) Outlook changed end of April 18, following the announced merger of TM US and Sprint. Previous outlook was "stable".

APPENDIX

WHY DT: BEST POSITIONED FOR FUTURE GROWTH



Unique **footprint**
& **Asset Base**

- ✓ **Transatlantic presence** in worlds' leading economies
- ✓ **Converged leader** in Europe with **superior network position**



Growth Profile

- ✓ **95% of footprint growing** with further FMC growth potential
- ✓ Supercharging the Un-Carrier **boosts DT's financial profile** (EPS accretive from year 3)



Untapped **value**
potential

- ✓ Still untapped potential from **cost transformation**
- ✓ **Accelerated digitalization** to improve CX and reduce costs



Clear **strategy**

- ✓ Focus on **connectivity core & adjacent business**
- ✓ Focused **portfolio approach & capital allocation**



Best Team

- ✓ **New international leaders** with excellent track record
- ✓ **Walk the talk & winning mentality**



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MID TERM AMBITION LEVEL

	Mid term ambition level ¹	Year	Implications of US deal ²
Group revenues	CAGR +1 – 2%	2017 – 2021e	Confirmed
Group adj. EBITDA	CAGR +2 – 4%	2017 – 2021e	Confirmed
Adj. EBITDA ex US	CAGR +2 – 3%	2017 – 2021e	Confirmed
Group FCF	CAGR ≈ +10%	2017 – 2021e	Slightly dilutive in 2021e & accretive in 2022e
Group adj. EPS	≈ €1.20	2021e	Slightly dilutive in 2021e & accretive in 2022e
Group ROCE	ROCE > WACC	2021e	Confirmed
Group cash capex	Ex US stable	2017 – 2021e	Confirmed
Group indirect opex	Ex US -€1.5 bn	2017 – 2021e	Confirmed
Shareholder remuneration policy (2018 – 2021) ³	Dividend will reflect growth in adjusted EPS while considering share buy backs	2017 – 2021e	Confirmed

1) Based on constant exchange rates (Average exchange rate 2017 of €1 = US\$1.13) and no further changes in the scope of consolidation resolution

2) Assumption: closure date Jan. 1, 2019

3) Subject to necessary AGM approval and board

CONFERENCE CALL WITH Q&A SESSION

The conference call will be held on **August 8 at 2:00 PM CET, 1:00 PM GMT, 8 AM ET.**
DT Participants: **Tim Hoettges** (CEO), **Christian Illek** (CFO), **Hannes Wittig** (Head of IR)

Webcast

- The **link to the webcast** will be provided 20 minutes before the call starts: www.telekom.com/19Q2
- To ask a question, **just type your question into the box below the stream**
- We webcast in **HD Voice Quality**
- The **recording will be uploaded to YouTube** after the call

Dial-in

DE	0800 9656288	+	code 69447490#
UK	0800 0515931	+	code 69447490#
US	+1 866 7192729	+	code 69447490#
Other	+49 69 271340801	+	code 69447490#

NEW: to participate in the dial-in conference please register via the following link:

<https://eventregistration.konferenz-telekom.de/EventConfRegistrationGui/?token=1561473082367&lang=en>



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FURTHER QUESTIONS

PLEASE CONTACT THE IR DEPARTMENT

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IR Webpage

www.telekom.com/investors



IR Twitter Account

www.twitter.com/DT_IR



IR YouTube Channel

http://www.telekom.com/youtube_ir



OUTLOOK 2019/20 (1/2)

€ bn

	2018 reported	2018 pro forma	2019e	2020e
Revenue Group	75.7	76.4	Slight increase	Increase
Germany	21.7	21.7	Slight increase	Slight increase
US (in USD)	43.1	43.1	Increase	Increase
Europe	11.9	12.1	Slight increase	Slight increase
Systems Solutions	6.9	6.9	Stable	Slight increase
Group Development	2.2	2.7	Increase	Increase
Adj. EBITDA AL Group	23.3	23.2	23.9	Increase
Germany	8.6	8.5	8.7	Increase
US (in USD)	11.9	11.9	12.4	Increase
Europe	3.9	3.9	4.0	Slight Increase
Systems Solutions	0.4	0.4	0.5	Increase
Group Development	0.9	0.9	1.0	Increase



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OUTLOOK 2019/20 (1/2)

€ bn

	2018 reported	2018 pro forma	2019e	2020e
Cash Capex Group	12.2	12.4	12.7	Stable
Germany	4.2	4.2	Stable	Slight decrease
US (in USD)	5.2	5.2	Increase	Stable
Europe	1.9	1.9	Decrease	Stable
Systems Solutions	0.5	0.5	Strong decrease	Stable
Group Development	0.3	0.4	Strong Increase	Strong Increase
FCF AL Group	6.2	6.0	6.7	Strong Increase
Dividend per share (in €)	0.7	0.7	reflecting adj. EPS growth, minimum 0.50€	reflecting adj. EPS growth, minimum 0.50€
Adj. EPS	0.96		Increase	Increase
Net debt/adj. EBITDA	2.4		2.25 - 2.75	2.25 - 2.75



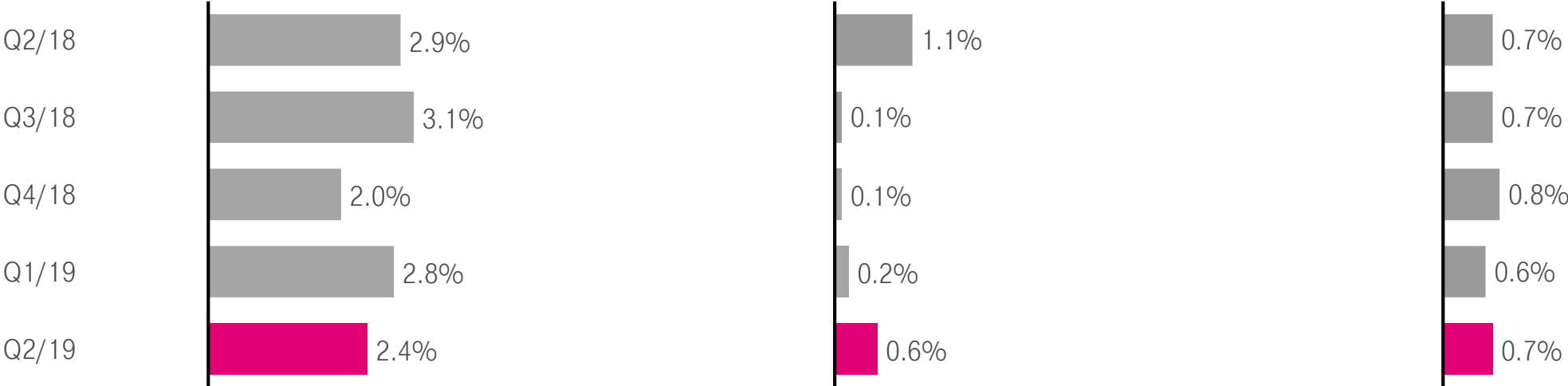
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GERMANY MOBILE: SERVICE REVENUE¹

Reported mobile service revenue

Impact of mobile regulation²

Impact of convergent offers³



Old medium term guidance (2014 - 2018 CAGR)

≈ +1% (without EU roaming impact)

New medium term guidance (2017 - 2021 CAGR): Re-iterated

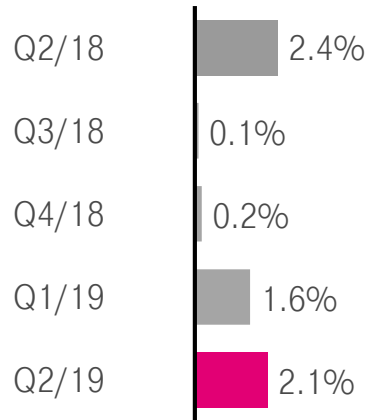
≈ +2%

1) 2018 rates calculated excl. IFRS15. from 2019 onwards incl. IFRS 15 2) Impact of MTR, Intern. EU call and EU Roaming regulation 3) Impact of MagentaEINS and Telekom LTE broadband

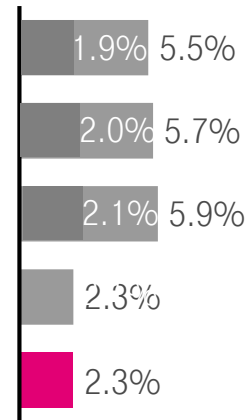
GERMAN FIXED: SERVICE REVENUE¹

Growth rates YOY

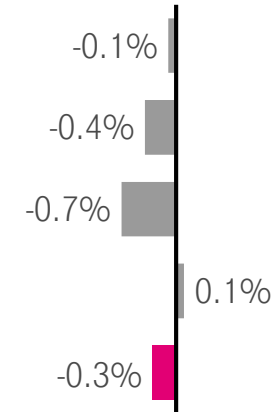
Wholesale revenue



Broadband revenue²



Fixed line service revenue



Old medium term guidance (2014 - 2018 CAGR)

+0.0%

+2.0%

New medium term guidance (2017 - 2021 CAGR): Re-iterated

+2%³

+3-4%⁴

1) 2018 rates calculated excl. IFRS15. from 2019 onwards incl. IFRS 15 2) Change in definition – no restatement for 2017. Shift from “Other revenues ” to “BB revenues” underlying performance +0.8% in Q1/18, +1.9% in Q2/18 and 2.0% in Q3/18 and 2.1% in Q4/18. In addition all periods have been restated for sales reductions and add-on options, that were previously not included in Broadband. Total service revs and Fixed service revs are not affected 3) Average growth rate adjusted for IFRS15 impact 4) Including business IP products (e.g. DLAN, Company Connect); average growth rate adjusted for IFRS 15 impact; growth 2017 – 2021e without definition change approx. 1pp lower



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THANK YOU!