DEUTSCHE TELEKOM

BOND INVESTOR INFORMATION

NOVEMBER 2018

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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 margin, adjusted EBIT, adjusted net income, free cash flow, gross debt 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.

GUIDANCE 2018: 3rd Increase of outlook

€ bn	Revenue	Adj. EBITDA	FCF
2014 – 2018 CAGR	+1 – 2%	+2 – 4%	≈+10%
Achievements 9M/18	+2.8%[1]	+6.2%[1]	+8.5%
2018 Guidance ($/€: 1.13)	Slight increase	old ~23,2; Q1 ~23,3; Q2 ~23,4; new ~23,6	old ~6,2; new ~6,3
thereof group excl. US		~13.2	
thereof TM US (US$ bn)		old ~11,3[2]; Q1 ~11,4[2]; Q2 ~11,5[2]; new ~11,7[2]	
impact of new revenue standard (US$ bn)		~0.35	
handset lease (US$ bn)		0.6 – 0.7	

1) Growth rates on organic base: adjusted for currency fluctuations and changes in the scope of consolidation 2) Equals mid-Point TMUS guidance + mid-point revenue recognition guidance (+$0.35 bn) and -$0.5 bn IFRS bridge

Q3 2018: Financial Highlights

€ mn	Q3 2017	Q3 2018	Q3 Change	9M 2017	9M 2018	9M Change
Revenue	18,251	19,104	+4.7%	55,787	55,395	-0.7%
Adj. EBITDA	5,720	6,207	+8.5%	17,215	17,684	+2.7%
Adj. EBITDA (excl. US)	3,433	3,542	+3.2%	9,902	10,133	+2.3%
Adj. Net profit	1,244	1,321	+6.2%	3,382	3,749	+10.9%
Net profit	507	1,110	+118.9%	2,129	2,597	+22.0%
Adj. EPS (in €)	0.26	0.28	+7.7%	0.72	0.79	+9.7%
Free cash flow[1]	1,873	1,883	+0.5%	4,403	4,779	+8.5%
Cash capex[2]	3,002	3,047	+1.5%	9,240	9,143	-1.0%
Net debt	52,635	55,473	+5.4%	52,635	55,473	+5.4%

1) Free cash flow before dividend payments and spectrum investment 2) Excl. Spectrum: Q3/17: €19 mn; Q3/18: €71 mn. 9M/17: €7,300 mn; 9M/18: €208 mn

FINANCIAL POLICY: A BALANCED APPROACH BETWEEN EQUITY AND BOND INVESTORS

II Equity

Reliable shareholder remuneration policy

- DIVIDEND[1]
  - €70ct in 2018 (paid in 2019)
  - Thereafter, dividend will reflect growth in adjusted EPS
  - Floor at €50ct per share
- BUY BACKS[2]
  - To be considered
  - DTAG shares or TMUS stake increase

Leading European Telco - ROCE > WACC

GROW

LEAD IN CUSTOMER EXPERIENCE	LEAD IN TECHNOLOGY	LEAD IN BUSINESS PRODUCTIVITY
ONE CONNECTIVITY & PERFECT SERVICE	**INTEGRATED GIGABIT NETWORKS**	**SECURE ICT SOLUTIONS & BIG IOT**

SAVE FOR GROWTH INVESTMENTS

SIMPLIFY, DIGITIZE, ACCELERATE

BASED ON EXISTING LOW RISK COUNTRY PORTFOLIO

III Debt

Undisputed access to debt capital markets

- RATING A-/BBB
- NET DEBT/ADJ. EBITDA[3] 2–2.5x
- EQUITY RATIO 25–35%
- LIQUIDITY RESERVE covers maturities of coming 24 months

[1] subject to necessary AGM approval and board resolution [2] not relevant for first 3 years in US deal scenario [3] only a short departure from comfort zone in US deal scenario

FINANCIALS: balance sheet ratios in target corridor

€ bn	30/09/2017	31/12/2017	31/03/2018	30/06/2018	30/09/2018
Balance sheet total	139.8	141.3	138.0	139.7	142.3
Shareholders' equity	39.1	42.5	43.7	41.4	43.5
Net debt	52.6	50.8	50.5	54.8	55.5
Net debt/adj. EBITDA[1]	2.3	2.3	2.3	2.5	2.4
Equity ratio	27.9%	30.0%	31.7%	29.6%	30.6%

Comfort zone ratios

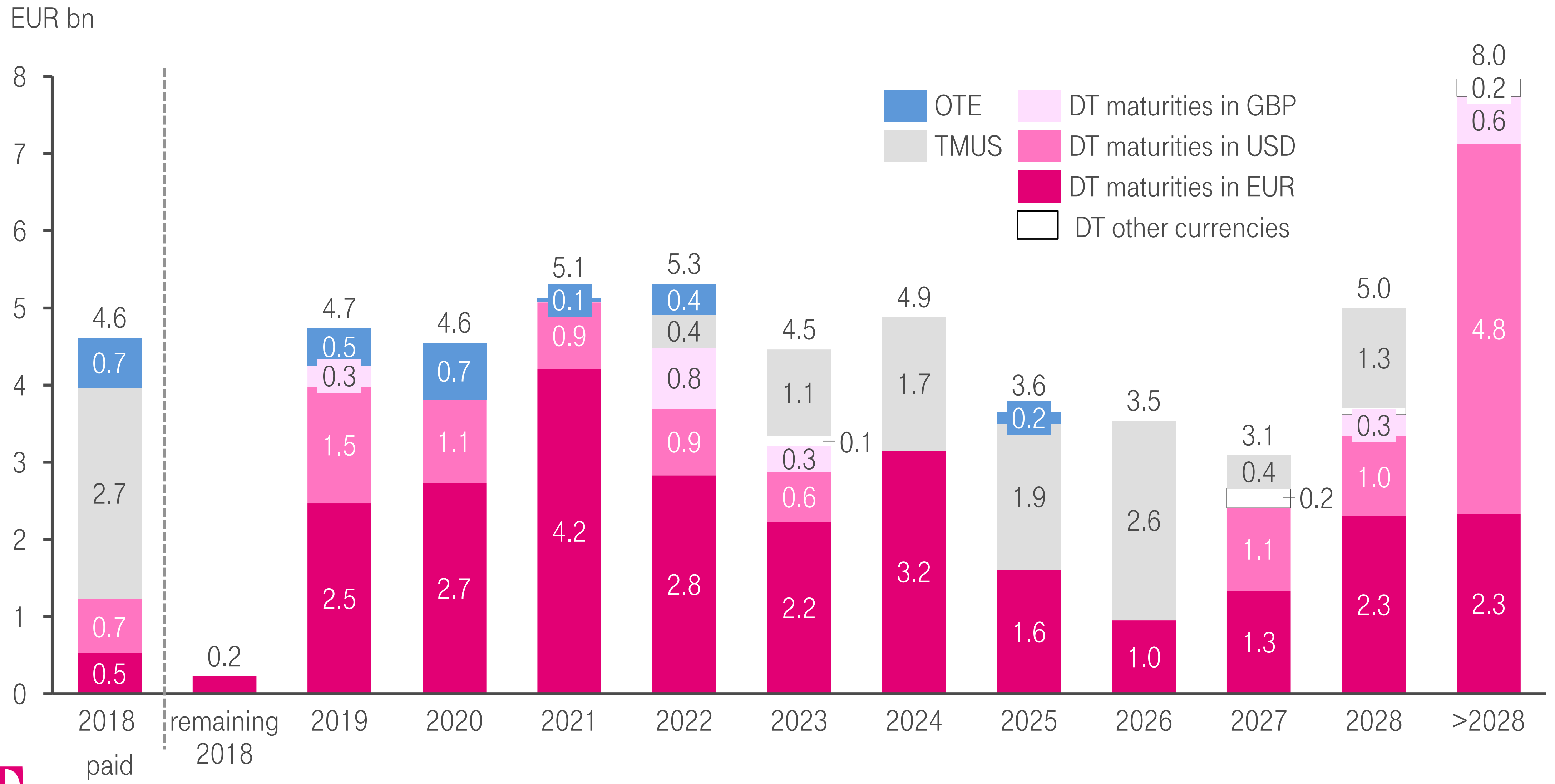
Rating: A-/BBB	●
2 – 2.5x net debt/Adj. EBITDA	●
25 – 35% equity ratio	●
Liquidity reserve covers redemption of the next 24 months	●

Current rating

Fitch:	BBB+	stable outlook
Moody's:[2]	Baa1	negative outlook
S&P:[2]	BBB+	CreditWatch negative

1) Ratios for the interim quarters calculated on the basis of previous 4 quarters. 2) Outlook changed end of April 18, following the announced merger of TM US and Sprint. Previous outlook was "stable"

WELL-BALANCED MATURITY PROFILE AS OF SEPTEMBER 30, 2018



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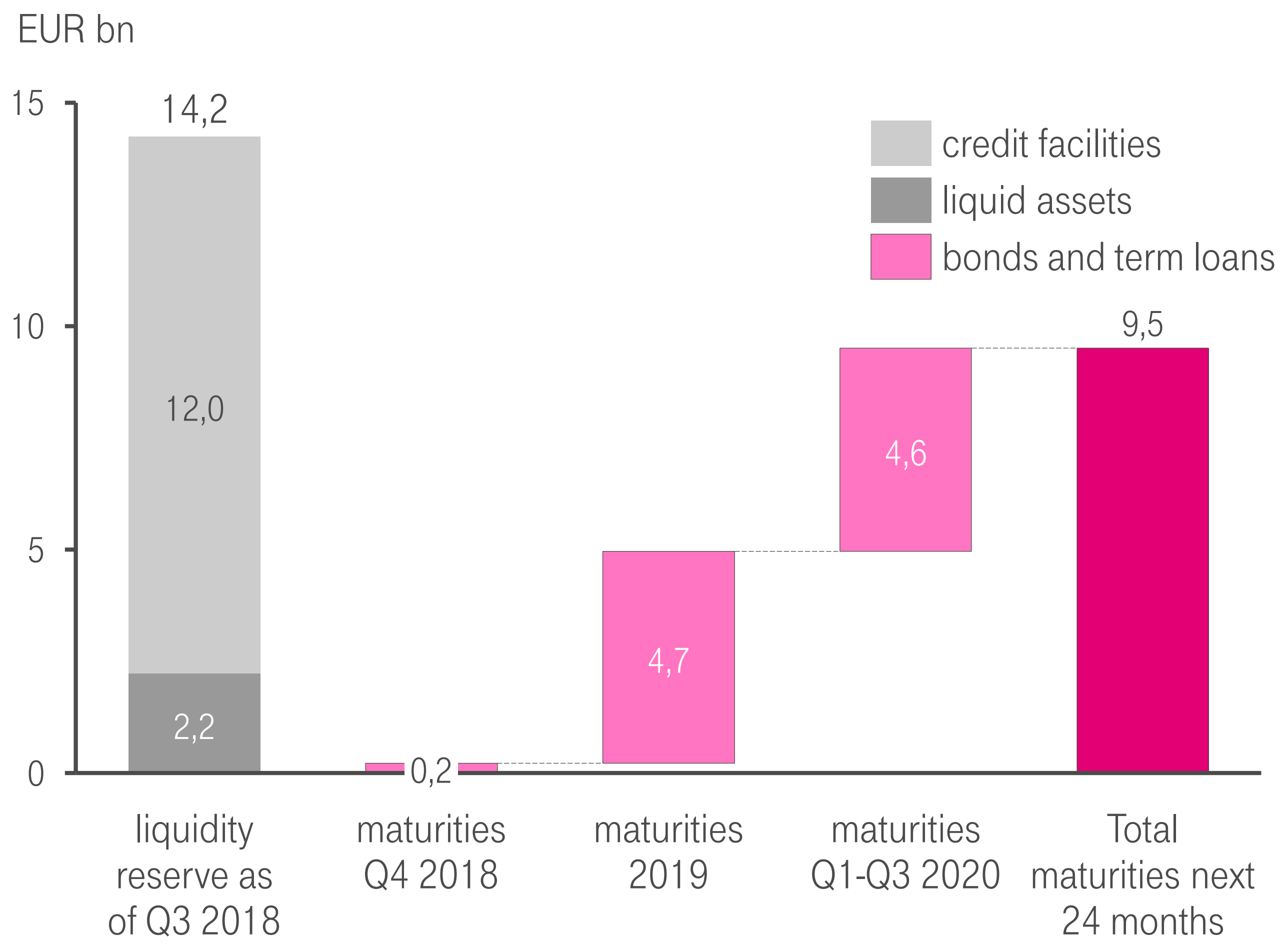
due to rounding differences: sum of single maturities per year ≠ total maturity per year

STRONG LIQUIDITY POSITION AS OF SEPTEMBER 30, 2018



- EUR 12.9 bn firm bilateral lines available
  - unconditionally committed
  - no MAC clauses
  - diversified: 22 banks
  - 3 year tenor, staggered maturities
- EUR 0.6 bn bilateral lines drawn
- CPs outstanding EUR 0.3 bn
- Residual undrawn amount EUR 12 bn
- Maturities of next 24 months covered

DT/TMUS FUNDING – CREDIT POSITIVE FOR DT

DT's funding support as of June 30th 2018

- USD 10.6bn unsecured HY bonds (disbursed)
- USD 2.5bn Revolving Credit Facility, thereof 1.5bn secured (undrawn)
- USD 4.0bn secured term loan (disbursed)

USD 17.1bn total inter-company financing, thereof 5.5bn secured

In addition, TMUS has issued USD 11.0bn High Yield bonds to external investors

Positive credit implications

- Results in significant interest costs savings
- DT in preferential creditor position due to large portion of secured financing
- Eliminates structural subordination issues with rating agencies

RATINGS IN THE TELECOM SECTOR

		Moody's	S&P	Fitch
DT	Long-term rating	Baa1	BBB+	BBB+
	Outlook	Negative	CreditWatch negative	Stable
	Short-term rating	P-2	A-2	F2

	Rating trends (S&P)	2004	Change	Sep. 2018
EU Peers	**Deutsche Telekom**	***BBB+***	→	***BBB+***
	BT Group	A-	↘	BBB
	KPN	A-	↘	BBB-
	Orange	BBB+	→	BBB+
	Telecom Italia	BBB+	↘	BB+
	Telefonica	A	↘	BBB
	Telekom Austria	BBB	→	BBB
	Vodafone	A	↘	BBB+
	Average	*A-*	↘	*BBB*
Non-European Peers	Verizon	A+	↘	BBB+
	AT&T	A+	↘	BBB
	Average	*A+*	↘	*BBB+*

Deutsche Telekom's rating has been stable over the last few years, whereas most of our competitors were downgraded

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