DEUTSCHE TELEKOM

BOND INVESTOR INFORMATION

AUGUST 2019

LIFE IS FOR SHARING.

DISCLAIMER

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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.

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 12.4[1]		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

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

€ mn	Q2 2018	Q2 2019	Q2 Change	HY 2018	HY 2019	HY 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

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".

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

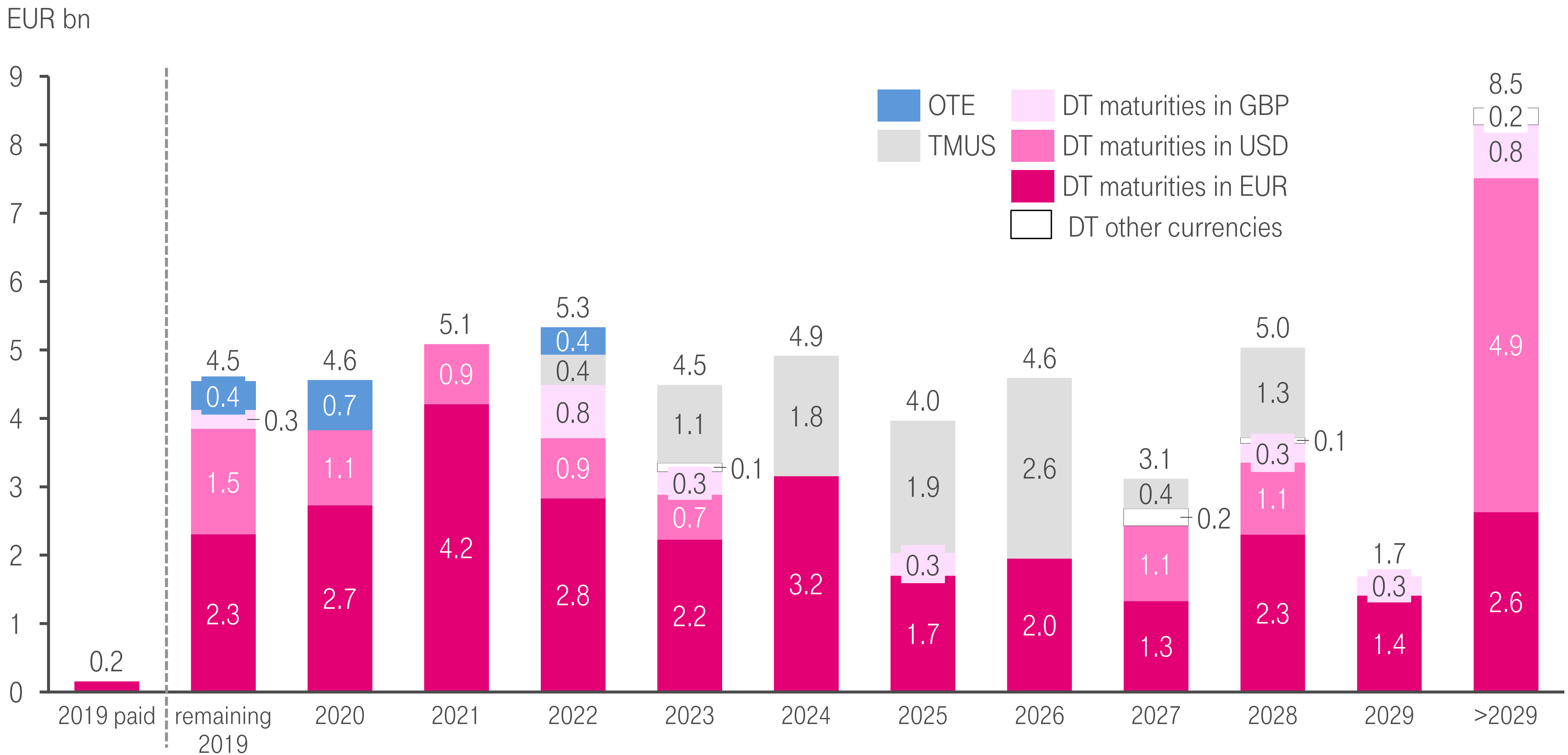
III Debt

Undisputed access to debt capital markets

- RATING A-/BBB
- NET DEBT/ADJ. EBITDA[3] 2.25–2.75x
- EQUITY RATIO 25–35%
- LIQUIDITY RESERVE covers maturities of coming 24 months

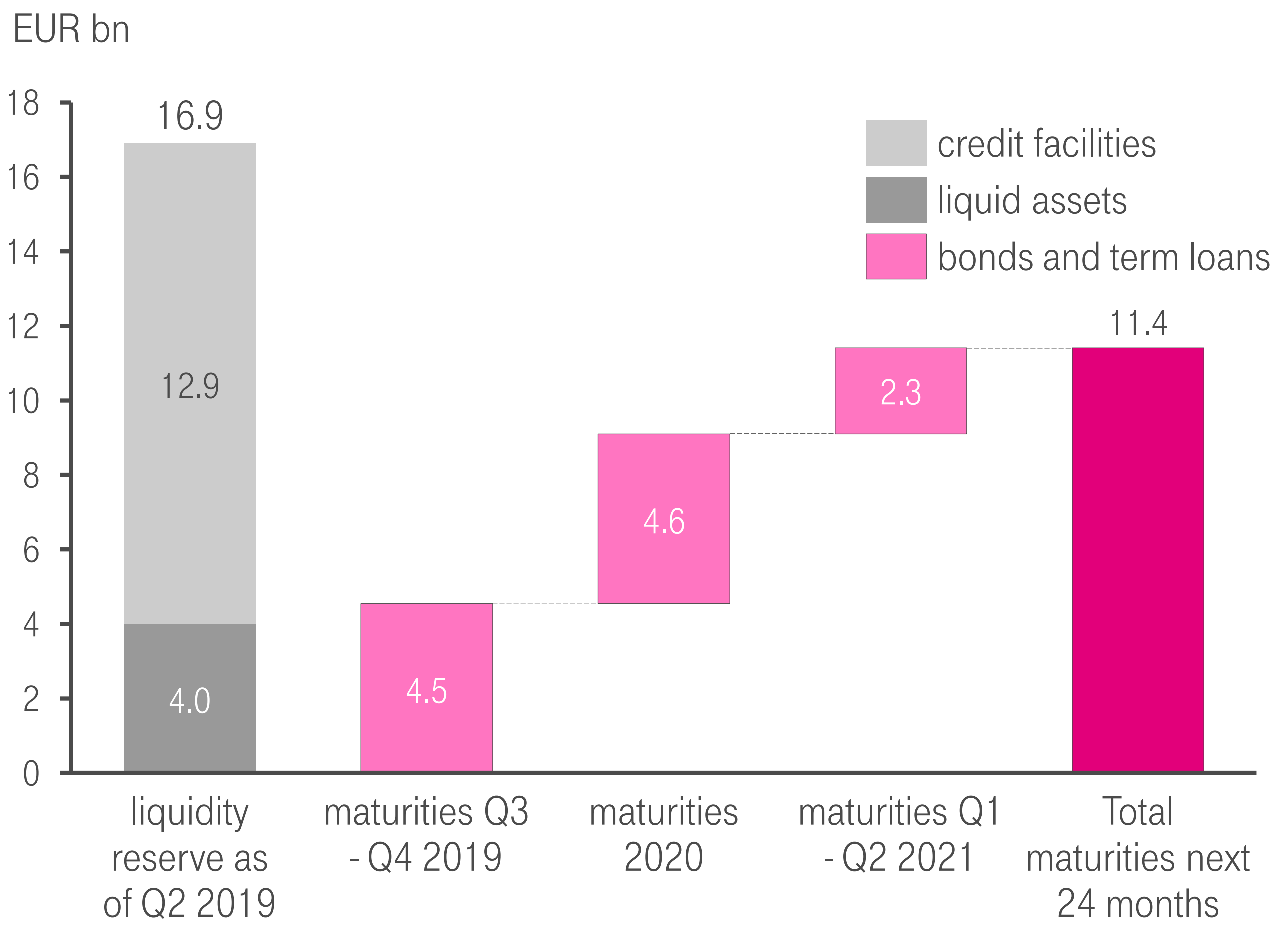
[1] subject to necessary AGM approval and board resolution [2] not relevant for first 3 years in US deal scenario [3] only a short departure from comfort zone in US deal scenario

WELL-BALANCED MATURITY PROFILE AS OF JUNE 30, 2019



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

STRONG LIQUIDITY POSITION AS OF JUNE 30, 2019



- EUR 12.9bn firm bilateral lines available
  - unconditionally committed
  - no MAC clauses
  - diversified: 22 banks
  - 3 year tenor, staggered maturities

- No bilateral lines drawn
- No Commercial Papers outstanding
- Residual undrawn amount EUR 12.9bn
- Maturities of next 24 months covered

DT/TMUS FUNDING – CREDIT POSITIVE FOR DT

DT‘s funding support as of June 30, 2019

- USD 10bn unsecured HY bonds (disbursed)
- USD 2.5bn Revolving Credit Facility, thereof USD 1.5bn secured (undrawn)
- USD 4.0bn secured term loan (disbursed)

USD 16.5bn total inter-company financing, thereof USD 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

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