

Not to be released until February 21, 2019

Start statement Timotheus Höttges

– Check against delivery –

Speech for Deutsche Telekom's press conference on the 2018 financial year in Bonn on February 21, 2019

**Timotheus Höttges
Chief Executive Officer
Deutsche Telekom AG**

Thank you, Philipp!

I, too, would like to welcome you to our press conference.

All operating segments are growing

Today, we would like to take stock of 2018 and the result is excellent: Deutsche Telekom has grown over the past year.

- 3.1 percent in revenue
- 7.2 percent in adjusted EBITDA
- 18.9 percent in free cash flow

All these figures represent organic growth, assuming constant exchange rates and an unchanged Group structure.

We have grown in contrast to the industry trend. In the United States and in Europe alike. With consumers as with business customers, in Germany and in our European subsidiaries. And also at T-Systems. We posted record-level figures in 2018.

And we closed the four years since our Capital Markets Day in 2015 with financial results well above our guidance.

In the last four years we have

- increased revenue by around 13 billion euros,
- increased adjusted EBITDA by 5.7 billion euros,
- achieved an increase of more than 2.1 billion euros in free cash flow.

And we have done this while investing 46 billion euros in the same period, 21 billion euros of this in Germany alone.

I am very proud of what we have achieved and would like to say a huge thank you to all of our employees at Deutsche Telekom.

Strengthening the portfolio

In Austria, the takeover of cable network operator UPC was approved – without conditions! The company has been fully consolidated since July 31, 2018.

At the start of 2019, we were able to combine the activities of Tele2 NL and T-Mobile NL, also without conditions!

T-Mobile Poland last year signed deals with Orange and with Nexera.

For the future, the transactions mean we will be able to offer integrated fixed and mobile product bundles in these three countries as well.

The approval process for the planned business combination of T-Mobile US and Sprint in the United States is making headway. The Committee on Foreign Investment in the United States, CFIUS, has already granted approval.

16 of the 19 approvals required from state-level public utilities commissions have also been obtained. We are confident that we will be able to wrap up the approval process with a positive outcome.

These successful additions to our portfolio strengthen our growth strategy and will help us to keep growing in the future.

Investing at record levels

We invested around 12.2 billion euros in 2018. That is even more than in the prior year and more than all of our European competitors invested.

For us, building out the network is inextricably linked to delivering the best network quality. And that is true worldwide. We want to lead the market at all times and everywhere. In Germany, we once again came top of the biggest network tests, as conducted by Chip, Computerbild, and P3 in conjunction with Connect magazine.

Nine of our twelve European subsidiaries were ranked best in the latest round of mobile network tests.

In the United States, our 4G LTE network has the highest transmission speeds of all four nationwide carriers.

Mobile communications, Germany:

At the end of 2018, our LTE network in Germany covered around 98 percent of the population. In the last year alone, we have commissioned 1,300 additional base stations.

Mobile communications, Europe:

By the end of 2018, 97 percent of the population in our European subsidiaries was covered by our LTE network.

Mobile communications, United States:

In the United States, our LTE network covered 325 million people at the end of 2018 – that is from a total population of around 328 million.

Fixed network, Germany:

At the end of 2018, our fiber-optic network reached more than 33 million households. We were already able to offer some 14 million households and 2 million business locations download speeds of up to 250 Mbit/s by the year-end. 27 million customers in Germany can opt for a rate plan with speeds of up to 100 Mbit/s or higher.

Fixed network, Europe:

Our fiber-optic network reached around 7.6 million households at the end of 2018.

A good network must also always go hand in hand with good service. An example: In Germany, we have significantly reduced the number of complaints over the last two years. Service technicians are on time for almost 95 percent of agreed appointments.

Clearing up long-standing issues

We brought a number of legal proceedings to a close in 2018. Of central importance were the Toll Collect proceedings, which had dragged on for several years. This allowed us to eliminate litigation risks in the billions. The Toll Collect proceedings were brought to a full and final close in the last year, both legally and financially.

Record results achieved

With our unique growth profile on both sides of the Atlantic, we have exceeded our guidance for our key financial indicators in 2018. These are the best operating results in the history of Deutsche Telekom.

The year-on-year decline in net profit, which was due to a one-time positive effect in 2017 amounting to billions as a result of the U.S. tax reform, does nothing to change this fact.

The results in detail:

- 1) Net revenue of the Group is up by 3.1 percent in organic terms.
- 2) Adjusted EBITDA is up 7.2 percent in organic terms. We started with a target of 23.2 billion euros. We increased this guidance three times in the course of the year. Organically, adjusted EBITDA came in at around 23.7 billion euros.
- 3) Free cash flow is up 18.9 percent in organic terms. We increased the guidance for this to around 6.3 billion euros during the year. We exceeded this target as well.
- 4) And our shareholders are also to benefit from this success, just like we promised. We are proposing to the shareholders' meeting a dividend increase from 65 to 70 eurocents per share subject, of course, to the necessary legal requirements and approval of the respective bodies. That is an increase of 40 percent since 2014.
- 5) Our T-Share has significantly outperformed both the DAX and the shares of our European competitors over the past year. Together, the development of the share price plus the dividend generated a positive

total return for our investors, while the DAX lost around 18 percent in 2018.

- 6) Our market capitalization was around 70 billion euros at the end of 2018, making us Europe's highest-value telecommunications company with a lead of more than 20 billion euros over the second place.

4-year targets (2014 to 2018) exceeded

Ladies and Gentlemen,

We have exceeded the financial targets that we announced at the Capital Markets Day in 2015.

Let me give you some specifics:

- Taking 2014 as the basis, we have increased revenue by an average of around 3 percent a year. That is organically, as with our other key financials.
- Adjusted EBITDA grew by 6 percent a year on average.
- Free cash flow increased by an average of 11 percent over the same period.

Guidance 2019

Ladies and Gentlemen,

We plan to continue following our growth course in the coming years. Our plan for 2017 to 2021 is to achieve average annual growth:

- of 1 to 2 percent in revenue,
- of 2 to 4 percent in adjusted EBITDA, and
- of around 10 percent in free cash flow.

For 2019, that means:

Net revenue is set to rise again in 2019. I am of course talking of organic growth.

We plan to achieve adjusted EBITDA of around 23.9 billion euros, compared with around 23.2 billion euros in 2018. This takes into account the first-time application of the new accounting standard for leases and the expanded Group structure. We have labeled these comparative figures with “after leases”.

We expect free cash flow to come in at around 6.7 billion euros, also after leases.

And we will continue to focus in 2019 on getting the necessary approvals for the planned business combination of T-Mobile US and Sprint.

We plan to achieve this by continuing to invest heavily in building out our networks, as in past years. We have earmarked some 12.7 billion euros worldwide for investment in 2019 – that is more than last year.

Let me give you a couple of examples with regard to Germany from our eight-point program.

- This year, we plan to further accelerate the pace of our LTE network build-out versus 2018. We want to commission more than 2,000 new cell sites on average every year in the period through 2021.
- We are getting our network ready for 5G. The latest example is Darmstadt, where we are working with Ericsson to build the third 5G testing ground. But not only there: By 2025, we want our 5G network to cover 99 percent of the population in Germany.

- At the end of 2018, our fiber-optic network in Germany already stretched over more than 500,000 kilometers. Another 60,000 kilometers will be added this year. Then, from 2021, we plan to connect 2 million households a year with end-to-end optical fiber – provided a favorable regulatory framework is in place.
- We have just started pre-marketing for another 161 business parks in Germany that are home to some 30,000 enterprises. This wave will bring the total number of business locations connected to the fiber-optic network to around 110,000 in over 300 municipalities.

These investments form the basis for sustained growth in our financial results throughout 2019.

With that, I will hand you over to Christian Illek. Christian will talk about developments in the fourth quarter of 2018 and take a closer look at the outlook.