

**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**

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Thanks, Tim!

I will start by talking about the development of the Group in Q4/2018. Then we will take a look at the performance of the operating segments. Then I will explain the bridge to the 2019 guidance, which Tim mentioned in connection with "after leases".

The challenge in this respect is to implement the new IFRS 16 accounting standard on leases while ensuring the continuity of the guidance from the 2018 Capital Markets Day.

Let us begin with an update on the development of the Group in Q4/2018:

We maintained the great momentum in the operating business again in the last three months of 2018.

Reported net revenue grew in Q4 by 5.7 percent.

In organic terms – so that is assuming constant exchange rates and an unchanged Group structure – the increase was 3.8 percent. The difference is a result of the positive effect from the strengthening of the U.S. dollar over the course of the year and the first-time consolidation of UPC in Austria.

Adjusted EBITDA increased in Q4 by 12.6 percent and by 10.7 percent on an organic basis. Two-thirds of the difference is down to the U.S. dollar exchange rate effect and one-third is down to the first-time consolidation of UPC.

This trend was driven by sustained high investments of 3.1 billion euros. That is 7.7 percent more than in the previous year.

Free cash flow increased in Q4 by 34.5 percent and by 29.6 percent on an organic basis.

Net profit decreased significantly in Q4, both before and after adjustment for special factors.

The difference is primarily due to the non-recurrence of the positive one-time effect recorded in the prior year. This had amounted to 1.7 billion euros from the remeasurement of deferred taxes at T-Mobile US as a result of the U.S. tax reform. Adjusted for this effect, earnings per share would have been around 36 cents higher.

The organic trend in revenue and earnings was more pronounced than the reported figures for full-year 2018. Revenue increased organically by 3.1 percent versus the reported 0.9 percent.

Adjusted EBITDA grew organically by 7.2 percent versus the reported 5.0 percent. This was primarily due to the marked strength of the euro in the first four months of the year. The euro/U.S. dollar exchange rate was over 1.20 at the time.

Let me show you the progress we have made in 2018 in each of our operating segments.

First of all, **Germany**:

- LTE covered 98 percent of the population at the year-end. We commissioned 1,300 new base stations.
- Fiber-optic coverage increased by 6 percentage points to 33 million households.
- We made a start on super-vectoring at the beginning of August 2018.
- Super-vectoring is now available on 16 million lines. This figure is set to rise to 28 million by the end of 2019.

The customers in Germany are coming to us:

The momentum in fiber-optic lines remains strong. 625,000 lines were added in Q4/2018 alone. That brings us up to a total of 12.2 million lines.

The number of MagentaTV customers went up in Q4 by 62,000. It is the fastest growing TV platform in Europe.

The number of branded mobile customers grew in Q4 by 81,000. The number of customers with LTE increased by over 1 million year-on-year.

Mobile service revenue rose in Q4 by 2.0 percent year-on-year. We have further strengthened our market lead and once again left competitors trailing in our wake this quarter.

Our MagentaEINS customer base grew by 251,000 in Q4. The total number of consumers using MagentaEINS now stands at 4.3 million. 22 percent of all households now use a MagentaEINS product bundle.

This is having a positive effect on revenue: In Germany, we generate around 9 euros in additional monthly revenue with MagentaEINS households. That is net after mobile discounts.

Segment revenue was down in Q4 by 1.1 percent to 5.6 billion euros. Excluding the effects of IFRS 15, revenue remained stable.

Adjusted EBITDA increased in the same three months by 4.1 percent to 2.2 billion euros. Earnings were also buoyed up by cost reductions.

Let us turn to **Europe**:

We can win over customers by building out the network and providing the best network quality.

In Q4, we added 264,000 new mobile contract customers. The number of broadband customers went up by 94,000. The TV customer base grew by 53,000. And the number of customers with convergent product bundles increased by 406,000.

All companies accelerated FMC customer growth, with Greece's contribution especially marked. The total FMC customer base in our Europe segment now stands at 3.3 million.

Segment revenue increased in Q4 by 4.3 percent and by 2.0 percent on an organic basis.

Convergent product bundles also had a positive effect here: The additional monthly revenue generated with FMC households is 9 euros in Greece and over 10 euros in Hungary.

Adjusted EBITDA increased in Q4 by 5.2 percent and by 1.2 percent on an organic basis.

The difference is primarily due to the first-time consolidation of UPC: 89 million euros for revenue and 41 million euros for EBITDA.

Let us turn to **T-Mobile US**:

We continued to make the most of our operational and financial strengths. Growth there remains the highest in the industry.

T-Mobile US won 2.4 million new customers in Q4/2018. That is the strongest customer growth since the business combination with MetroPCS in 2013.

In Q4, TMUS won 1.4 million branded postpaid customers. The full-year guidance of 3.8 to 4.1 million new postpaid customers was significantly exceeded.

The total customer base at TMUS now stands at around 80 million – virtually equivalent to the population of Germany.

Revenue increased by 7.2 percent to 11.4 billion U.S. dollars (IFRS). Adjusted EBITDA increased in Q4 by 22.6 percent to 2.9 billion U.S. dollars.

T-Mobile US' earnings were thus at the upper end of its guidance – a guidance which T-Mobile US had already revised upwards three times over the year.

### **T-Systems:**

The restructuring is underway and we are seeing positive signs in revenue and especially in order entry. T-Systems is on track for a turnaround.

There has been an upward trend in order entry over the last twelve months. The year-on-year increase was 29.3 percent.

We are also seeing strong growth in our growth portfolio – mainly in the areas of cloud computing, SAP, the Internet of Things, and digital solutions.

Revenue was up in Q4 by 1.3 percent to 1.8 billion euros. Adjusted EBITDA decreased by 24.5 percent. After an expected decline, T-Systems met its earnings target for the full year of 0.4 billion euros.

### **Group Development:**

I will focus on the development of T-Mobile NL.

The mobile customer base continues to grow at T-Mobile NL. The number of contract customers rose by 37,000 in Q4.

Remember: The Netherlands have only a fifth of the population of Germany. T-Mobile NL is the No. 1 for contract customer growth for the eighth quarter in a row.

Clear growth was also posted in fixed-network business. In Q4, we added 14,000 broadband lines. The number of broadband lines grew by 26 percent year-on-year.

For the future, we expect to see another surge in the number of FMC customers on the back of the business combination with Tele2 NL.

Revenue at T-Mobile NL grew in Q4 by 5.3 percent. Adjusted EBITDA increased by 10.6 percent.

We now come to the **guidance for 2019**.

First of all, to repeat:

- Our growth forecast for 2017 through 2021 remains at the high level we communicated at the Capital Markets Day in 2018.
- Deutsche Telekom has a unique growth profile on both sides of the Atlantic.
- It is based on our outstanding network quality, in both our fixed-network and mobile infrastructure.
- Convergent business models are tapping additional growth potential in more and more European countries.
- In 2018, all segments except T-Systems posted earnings growth. In 2019, all segments are set to contribute higher results.

We are faced with a challenge for the 2019 guidance: From January 1, 2019, we will apply the IFRS 16 accounting standard for leases. We also want to make the figures comparable with both the development in 2018 and the medium-term forecast.

What is the problem?

With IFRS 16, all operating leases are taken out of the notes to the consolidated financial statements and included in the statement of financial position. This is expected to increase our net debt by around 15.4 billion euros as things stand at present.

What does this mean for the Group's financial position?

In financial terms, nothing will change – we have always made our lease payments in the past and we will continue to do so in future. Revenue is not affected at all, and net profit is only affected marginally. But there will be changes in the income statement.

For the income statement, this means: Until now, lease payments were expenses that reduced adjusted EBITDA.

From now on – put very simply – operating lease expenses will be recorded under depreciation for capitalized right-of-use assets and under interest expenses from operating lease obligations.

Both expense items are reported below adjusted EBITDA in the income statement. The net effect is expected to increase reported EBITDA by around 3.4 billion euros as things stand.

You are likely to see EBITDA increase on this scale in the next annual report.

If we were to leave it at that, adjusted EBITDA would no longer be compatible with the historic data or the guidance from the Capital Markets Day in 2018. That is why we have introduced the "after leases" logic.

In other words: lease effects are removed from the calculation of adjusted EBITDA and free cash flow. We provide figures calculated on this basis with the label "AL".

Some data from 2018 are minimally adjusted. You can see these as 2018 pro-forma figures. This approach is in line with other European telecommunications companies.

As a result, we have: Data that is consistent over time. Data that maintains comparability between companies in our industry.

The guidance for 2019 in the AL logic is thus as follows:

We expect a further increase in revenue.

Adjusted EBITDA "after leases" is expected to increase from the comparable figure of around 23.2 billion euros in 2018 to around 23.9 billion euros in 2019.

All operating segments expect earnings to improve. We plan to achieve earnings growth at T-Mobile US as well as in the Group excluding the United States.

We expect free cash flow "AL" of around 6.7 billion euros compared with 6.0 billion euros in 2018.

Cash capex is set to increase to around 12.7 billion euros. The 2018 pro-forma figure for cash capex is 12.4 billion euros.

The guidance shows: Our growth profile is still intact.

And now we look forward to your questions!