

– Check against delivery –

Conference Call
Report on the second quarter of 2020
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Thank you, Philipp!
Good morning, Ladies and Gentlemen.

I, too, wish you a warm welcome to our conference call.

We are happy to present to you some good results in these difficult times.

We are already the No. 1 in Europe.

In the United States, the business combination of T-Mobile US and Sprint promoted us to the same league as the two major mobile carriers.

Today, we are a company:

- Generating revenue of over 100 billion euros.
- With total assets of 270 billion euros.
- With almost 230,000 employees worldwide.
- With a unique 5G spectrum portfolio on the most important global mobile communications market.

The new T-Mobile US now serves more branded customers in the United States than our competitor AT&T: 98.3 million. That figure already includes the sale of Sprint's prepaid business. That positions us second in the U.S. market. It is clear to see: The merger is putting us on a new, promising path.

The same goes for our financials. Net revenue was up in the first half by 20 percent. Adjusted EBITDA AL was up by as much as 34.0 percent. Both financial indicators also grew organically – thus contributing to our ongoing success story. And all despite the coronavirus pandemic. This is not something we take for granted.

At the same time, these developments mean we can confirm our announced full-year guidance excluding the U.S. For the United States, we have expanded our guidance for the new T-Mobile US to include the integration of Sprint. And this is now incorporated in the guidance for the full Group.

Specifically, this means the following for 2020:

We still expect adjusted EBITDA AL of 13.9 billion euros for business outside of the United States. We are making good progress in this respect.

Added to that are the earnings contributed by the new T-Mobile US in the first half, which were 9.5 billion euros.

For the second half of the year, our guidance for the new T-Mobile US averages out at around 11.2 billion euros.

Adjusted for various accounting standard differences, the guidance for adjusted EBITDA AL in the full year 2020 comes out at around 34 billion euros for the Group. This includes three quarters containing the contribution of the former Sprint. Assuming constant exchange rates, as per usual, we set a rate of 1 euro to 1.12 U.S. dollars.

We expect free cash flow AL to total at least 5.5 billion euros, taking into account investments of around 17 billion euros.

Ladies and Gentlemen,

My three most important topics for today are:

1. Our – once again – strong operating results in the first half of 2020. Not only are we growing – we are growing significantly faster than expected. The biggest driver of this is strong new customer business in the United States with the integration of Sprint.
2. The growth prospects we see for the new T-Mobile US. That includes Sprint, where our focus is on swift integration so we can leverage the expected synergies.
3. Our responsibility to society as THE driver of Germany's digital transformation. Even before the coronavirus pandemic, it was clear that we as a country have a lot of catching up to do in terms of digitalization. We want to change that!

But let me start with developments in the first half year:

The coronavirus pandemic hit the world economic order with full force. It has been a turning point for us all. With revenues plummeting across virtually all industries, businesses are now still fighting for survival. The crisis is taking its toll on small and medium-sized businesses. As well as major DAX corporations.

It has also dealt our direct competitors a severe blow. Although, compared to other sectors, our industry is proving largely resilient to the crisis, many are still reporting significant declines.

Deutsche Telekom's revenue stayed more or less on an even keel in the first half year, while earnings grew substantially. No other major European telco can report even remotely comparable trends.

We kept our networks running reliably despite the increase in data traffic. This is where our high investments of the past really came into their own. In times of crisis, digital infrastructure forms the backbone of a functioning society. I am thankful that we as an industry and Deutsche Telekom as a company are a particular anchor of stability.

Let us take a look at the figures for the first half of 2020:

Deutsche Telekom is growing.

- Net revenue amounted to 47.0 billion euros in the first half year, up 20.0 percent. Organically, we were on a par with the prior-year level.
- Our U.S. business turned in a very strong operating performance. New customer growth was high. As such, already in the second quarter of 2020, we were able to completely cushion the recent downtick in Sprint's business.
- Our stated goal is now to integrate Sprint as swiftly as possible. We have set the course for this. And the integration of Sprint is going to plan. We implemented the brand migration at the start of August. We are rapidly building out 5G on a massive scale. Every week, we are connecting 700 sites to our 2.5 GHz network. Most important of all: The new T-Mobile US continues to win new customers organically – i.e., with the inclusion of Sprint. Our growth story remains intact.
- This is reflected in our adjusted EBITDA AL. Where we posted double-digit growth in the first half year of 34 percent to 16.4 billion euros in the Group. In organic terms, growth was 8.6 percent!
- T-Mobile US posted a double-digit increase in earnings in organic terms.
- Our other operating segments also contributed to this trend with strong earnings growth on an organic basis. That is with the exception of T-Systems,

which was unable to completely cushion the negative effects of the coronavirus pandemic.

- However, this barely hampered the development of the adjusted EBITDA AL outside of the United States. It increased by 3.6 percent to 6.9 billion euros. Organic growth stood at 4.2 percent.
- Free cash flow AL grew by 19.6 percent in the first half of the year to 3.7 billion euros.
- Reported net profit decreased by 9.5 percent year-on-year to 1.67 billion euros. Adjusted, we posted an increase of 2.0 percent. This is largely due to the costs expected in connection with integrating Sprint.
- Cash capex before spectrum investment increased in the first half year by 0.2 percent year-on-year.

We have raised our investment planning for the full year to around 17 billion euros on the back of the broader business base. That is up from 13.1 billion euros last year.

- Net debt amounts to around 121 billion euros. This corresponds to a leverage ratio of 2.9.
- Interest-bearing financial liabilities make up around 97 billion euros of this amount and the rest relates to lease obligations.
- We have been consistently clear that the integration of Sprint involves initial integration costs.
- We still aim to meet our guidance range of 2.25 to 2.75 for the ratio of net debt to adjusted EBITDA.
- And we still expect to generate net synergy effects of around 43 billion U.S. dollars from the business combination of T-Mobile US and Sprint. That already

includes the integration costs. Mike Sievert has just presented a very favorable outlook for these synergies.

Ladies and Gentlemen,

I think we all know that digital infrastructure is essential for a functioning society. We are deeply conscious of our role in society and the significance of our high investments. That is why we are investing in the future.

- 35.5 million households in Germany now have access to our fiber-optic-based network.
- We are also stepping up the FTTH rollout: Some 1.8 million households can now book a gigabit-capable line.
- But that is not enough for us. That is why our goal is to bring FTTH to every household in Germany by 2030. We cannot do it on our own. With a planned two million households a year, we want to make a huge contribution. But others need to do their bit, too. We are willing to cooperate on this. Like we are in Münster at the moment.

And we need the support of the policy makers. We need less red tape. In return, we are offering a faster, more cost-effective FTTH rollout.

- In our European subsidiaries, our fiber-optic-based network is now available to around 11 million households.
- Our 5G mobile network already covers 50 percent of the population in Germany. 40 million people can access the mobile network of the future. By year-end, we plan to reach two thirds of the country.

- In pursuit of 5G leadership in Germany, we integrated some 18,000 antennas into the live network over the last few weeks. Our 5G network now comprises over 30,000 antennas.
- By year-end, we will also offer our customers ultra-fast speeds over the 3.6 GHz band in the 20 biggest German cities.
- T-Mobile US is building the first-ever nationwide 5G network. We already cover 75 percent of the United States with 5G running on 600 MHz. In eight cities, we have now switched over the 2.5 GHz band to 5G. We are seeing average speeds there of 300 Mbit/s, with top speeds reaching 1 Gbit/s. And we are connecting 700 base stations with 2.5 GHz to the network every week.
- In continental Europe, we continue to invest in 5G. In the Netherlands, we defended our leading spectrum position at last month's auction. We already cover around 80 percent of the Netherlands with 5G. Our target is to achieve complete coverage by the end of the year.
- We also got off to an impressive start in other European markets, especially Austria, with population coverage of 40 percent by the end of 2020, and Poland, where we already supply six million people with 5G.

In parallel, our customer numbers continued to grow. Our customers trust our products. And we will not let them down.

- The number of fiber-optic-based lines in Germany increased by 1.8 million year-on-year to 15.2 million.
- We won 170,000 new broadband customers in Germany in the first half of the year. That is an impressive rate of growth.
- At the same time, line losses reached an all-time low in the second quarter.

- The number of mobile contract customers in continental Europe increased by 1.6 million year-on-year to 57.3 million.
- 9.9 million customers in the Germany and Europe segments use our MagentaONE convergence products. That is 1.3 million more than one year ago.
- T-Mobile US is an exceptional case when it comes to customer growth. The business combination with Sprint means we have 32.3 million more branded customers today than in the same period of last year.
- We can now focus on stepping up our Un-carrier strategy with targeted offers. With 98.3 million customers, we are the number two on the U.S. market. As I already mentioned, we have overtaken AT&T. A competitor that just a few years ago wanted to swallow us up.
- But times change. We now have Verizon in our sights. They have almost 120 million customers. Our goal is to overtake them, too. And position ourselves long term as the No. 1 in the U.S.

Ladies and Gentlemen,

We are winning customers, we are growing, and we are more successful than our competitors. And there is a reason for this. We further improved the customer satisfaction metrics relevant to us.

In the second quarter, we improved our first-call resolution rate in Germany by more than 10 percentage points. We now reach more appointments on time. The number of complaints is down by over a third. And we won the Connect test for fixed-network hotlines. These improvements in our service are paying off, just like our high network investments. You can count on us.

Ladies and Gentlemen,

The biggest topics for us are:

- We will continue to build out Germany's fiber-optic network. In conjunction with our European subsidiaries, we will become the fiber-optic champion of continental Europe.
- In parallel, we are establishing 5G as THE mobile technology of the future. For everyone. We are thus laying the groundwork for the ongoing digitalization of our society. 5G market leadership is our goal.
- In the United States, we will pursue two interconnected topics: the 5G build-out, and the realization of synergies by the new, larger T-Mobile. We are working full tilt to make this happen. Our medium-term goal here is to become the number one mobile provider in the United States.
- We are fighting to ensure that Europe is not left behind in terms of the digital transformation. Not only with huge investments in state-of-the-art technologies, but also with respect to the regulatory framework.
- We will continue to develop the topic of hybrid working. This opens up endless opportunities for employers and employees alike.

In doing so, we will also take care to preserve a culture of togetherness in a company of almost 230,000 employees. This improves satisfaction, which is currently at a record high here at Deutsche Telekom.

Ladies and Gentlemen,

In these difficult times, we confirm our guidance for business outside of the United States. At the same time, we are setting the bar significantly higher for the Group with the integration of Sprint.

With that, I will now hand you over to Christian Illek.