

– Check against delivery –

Conference call

Report on the first quarter of 2019

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Chief Executive Officer

Deutsche Telekom AG

Good morning, Ladies and Gentlemen.

And thank you, Philipp.

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

We got 2019 off to a successful start with a good first quarter.

Our three-pronged approach of best service, attractive products, and outstanding networks goes from strength to strength, and has led to further growth in our customer base worldwide.

At the same time, cost discipline is enabling us to achieve higher earnings and increasing our cash flow, thereby ensuring we have the means available for our high level of investments.

Let me give you some specifics:

- In the first quarter, we invested some 3.7 billion euros worldwide, 20 percent more than in the prior year. The funds went primarily towards building out our networks in the United States, Germany, and in the Europe segment.
- Revenue grew by 3.5 percent in organic terms.
- Adjusted EBITDA AL increased on an organic basis by 3.9 percent. T-Mobile US recorded the strongest growth at 6.2 percent. We also posted an increase of 2.1 percent in earnings from operations outside of the United States.
- In the first quarter, our operating segments posted better year-on-year results across the board.
- Despite the high level of investments, free cash flow AL was up 9.6 percent against the prior-year quarter on a like-for-like basis.
- And so we reconfirm our guidance for the full year. Adjusted EBITDA AL is expected to increase to around 23.9 billion euros. In terms of free cash flow AL, we plan to increase this figure to around 6.7 billion euros.

- The baseline figures for the prior year have been adjusted for the effects of the first-time consolidation of UPC in Austria and Tele2 NL, and for the effects of IFRS 16.
- In light of these figures and given the developments at our competitors, I am proud to say that our growth trend continues!

Ladies and Gentlemen,

On chart 5 you can see a few figures on our network investments.

Our fiber-optic network in Germany now covers more than 34 million households – around 3 million more than one year ago.

For many households, we are yet again increasing data rates over the fixed network using super vectoring technology. We began doing that in August 2018.

In just eight months, we have activated transmission speeds of over 100 Mbit/s and up to 250 Mbit/s for around 21 million households. This is down to the concerted efforts of our technicians, to whom I would like to say a huge thank you.

Our plan is to reach 28 million households by the year-end.

We have also begun building out optical fiber for around 200 business parks. That is more than six times as many as this time last year, bringing the total number of households and business locations reached by our fiber-optic network to around 80,000.

Some 90 percent of our lines in Germany have now been migrated to IP technology. That is over 4 million more than a year ago.

The IP migration is a critical part of making our fixed network faster. No vectoring and no supervectoring without IP migration.

We can analyze faults in the network faster and better, and switch over lines without any manual work at the local street cabinets.

Customers have more options to independently manage their own products and contracts online on the customer center site. In short: better and faster service.

We plan to complete the IP migration for our consumers in 2019, and for our business customers in 2020.

Our German LTE network covers 97.7 percent of the population.

We are also increasingly using frequencies in the 900 MHz band. In the first quarter of 2019 alone, we rolled out LTE to another 242,000 households using this spectrum.

Our mobile network in Germany has just won the Connect network test yet again. Not only do we have the greatest network coverage in Germany, tens of thousands of Connect readers also confirm we have the best network quality.

Ladies and Gentlemen,

We continue to build out the networks at top speed, both in the fixed network and in mobile communications. This year, once again, we will invest

extensively in Germany. More than 5 billion euros. The majority of this will go towards expanding and modernizing our networks. For our customers.

In the fixed network, we plan to finish building out optical fiber to the street cabinets in 2019.

In mobile communications, we want to erect another 1,800 or so new base stations this year to further build-out and consolidate our network and close gaps.

We are working flat out to have some 36,000 cell sites by the end of 2021. And we are, of course, already working on the next big thing: 5G.

In this regard, we have made a promise: By 2025, we plan to cover 99 percent of the population and 90 percent of the country with 5G.

We made our aspiration clear at the Capital Markets Day in 2018: We want to be the leading mobile network operator in Germany. And this also applies to 5G.

We are ready to get the ball rolling.

Ladies and Gentlemen,

Let me say a few words about our progress with building out our networks outside of Germany.

In our European subsidiaries, we increased the number of households connected to our fiber-optic-based network by more than 20 percent in just one year, bringing the total to 7.9 million.

Around 85 percent of lines have now been migrated to IP. That is 1.7 million more than at the end of the first quarter of 2018.

Our LTE networks now cover 97 percent of the population, up 2 percentage points on the previous year.

In the United States, the network build-out at T-Mobile is increasingly oriented to 5G. Our 4G LTE network there now reaches around 99 percent of the population.

T-Mobile US is accelerating the deployment of mobile spectrum in the 600 MHz band, which it acquired in 2017. The team is systematically upgrading to 4G LTE in this frequency band with 5G-ready technology. The network already covers some 3,500 cities and communities in 44 U.S. states and in Puerto Rico. The plan is to have the first nationwide 5G network in place in the coming year.

Ladies and Gentlemen,

We once again posted strong growth in our customer base worldwide in the first quarter of 2019.

A few examples:

- Compared with the prior-year quarter, the number of fiber optic-based lines in Germany increased by 24 percent to 12.9 million.
- Our MagentaEINS offerings are now used by 4.4 million customers. That is an increase of 650,000 within one year.

- We won more than 500,000 new branded mobile contract customers in Germany over the past twelve months.
- Our German broadband customer base grew by 251,000 year-on-year.
- The number of TV customers increased by 227,000 in the past twelve months.
- Our European subsidiaries also posted positive trends in all of these areas.
- In our Europe operating segment, 3.8 million customers now use our convergent product bundles. That is an addition of some 1.3 million customers compared with the first quarter of 2018. Greece in particular posted very strong growth.
- In mobile business, we won around 1.1 million new contract customers.
- The figures for our broadband business and TV offerings were positively influenced of course by the first-time consolidation of UPC in Austria.
- In organic terms, the number of broadband lines increased by around 300,000, and the number of TV customers by more than 100,000.
- On top of this, the first-time consolidation of UPC added 562,000 broadband and 455,000 TV customers.

- Similarly, in the Netherlands the acquisition of Tele2 will enable us to expand our portfolio to include convergence products going forward.
- T-Mobile NL grew, not only thanks to the business combination with Tele2. The company also recorded organic growth of around 250,000 in the mobile contract customer base over the last twelve months.
- Our mobile customer base jumped to 5.4 million following the business combination with Tele2. The number of fixed-network customers more than doubled to reach 560,000. This development gives us significantly more clout on the Dutch market.

Lastly, let me turn briefly to T-Mobile US.

As you know, our U.S. team have already presented their first-quarter figures.

T-Mobile US has won more than 1 million new customers every single quarter for the last six years.

Its branded postpaid customer base has grown by around 4.5 million in the last twelve months. At the same time, the churn rate reached a record low of 0.88 percent in the first quarter. That is lower than at AT&T for the second quarter in a row.

T-Mobile US has just raised its full-year average forecast for net postpaid customer additions by 300,000.

Ladies and Gentlemen,

Net revenue of the Group, adjusted EBITDA AL, and free cash flow AL grew strongly in the first quarter on the back of this positive trend in customer numbers.

Our organic development is fully on track to meet our annual targets and in line with the guidance we gave at the Capital Markets Day in 2018.

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