

– Check against delivery –

Conference call
Report on the first half of 2019
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Thanks, Tim!

Ladies and Gentlemen,

As Tim already emphasized:

The great momentum in our operating business continued in the second quarter of 2019.

Reported net revenue increased by 7.1 percent to 19.7 billion euros in these three months. Organically, the growth was 2.9 percent.

About 70 percent of this difference results from the stronger U.S. dollar compared with the prior year. 30 percent relates to the first-time consolidation of UPC in Austria and Tele2 in the Netherlands.

Adjusted EBITDA AL increased in the three-month period by 7.1 percent to 6.3 billion euros. Organically, the growth was 3.5 percent. The change in the U.S. dollar exchange rate accounts for about 77 percent of this difference. The remaining 23 percent relates to the aforementioned changes in the composition of the Group in Austria and the Netherlands.

Free cash flow AL increased by 5.4 percent to 1.5 billion euros in the second quarter. The trend over the course of the year has been quite volatile. The year-on-year growth of 11.4 percent in the first half of the year shows that we are well on track for our annual target.

Adjusted net profit stood at 1.3 billion euros in the second quarter, up 7.4 percent year-on-year. This is attributable to higher adjusted EBITDA AL. It more than offset two increased factors on the expense side: first, higher depreciation and amortization as a result of our increased investments. Second, the higher share of net profit attributable to non-controlling interests compared with the prior-year period.

Reported net profit increased by 91 percent to 0.9 billion euros in these three months. In addition to the increase in earnings from operations, the main factor in this increase was the non-recurrence of the negative special factor that was recorded in the second quarter of 2018 from the settlement in the Toll Collect arbitration proceedings.

Now, let us go into the details for our operating segments.

In the Germany operating segment, we saw substantial further customer growth.

In fiber-optic lines, the strong momentum of the last few quarters continued with 522,000 net additions. We have now added more than half a million fiber-

optic-based lines to the network for 15 quarters in a row. The slower growth in new lines compared with the prior-year quarter is primarily due to lower demand from competitors.

New business with broadband lines was much weaker across the whole market in the second quarter of 2019 than in the same quarter of the prior year.

This explains in part the relatively low net growth of 28,000 in broadband lines in our branded business. Another factor was the IP migration, which entails increased line losses. The growth in broadband business is something we will work harder on in the future.

For MagentaTV, new customer business accelerated compared with the prior-year quarter, with growth of 58,000. The rebranding and the addition of more new content are having a positive impact.

We were able to further build up the customer base for our integrated MagentaEINS product range. At the end of the second quarter, 23 percent of households with a broadband line had also subscribed to a MagentaEINS package. That represents year-on-year growth of 3 percentage points or around 600,000 customers. The share of mobile contract customers with a MagentaEINS converged product has now reached 54 percent.

In the German mobile business, growth in the branded contract customer base and the strong increase in data usage continued.

In the second quarter of 2019, we won 140,000 new branded contract customers.

The number of customers with an LTE-enabled device and an LTE-rate component increased further to 12.2 million at the end of the first half of the

year. At the same time, data usage went up substantially again: by more than 0.3 GB per month and customer compared to the first quarter of 2019, to 3.2 GB.

Mobile service revenues increased by 2.4 percent year-on-year in the second quarter. This includes an offsetting effect of 0.6 percentage points from the regulation of international calls. The increase in service revenues further consolidates our position as market leader in mobile communications.

Revenue in the Germany operating segment increased by 1.2 percent in the three-month period to 5.4 billion euros, with service revenues increasing by 0.6 percent overall across all business areas. These developments, together with a comparatively lower increase in costs, contributed to a 2.4 percent increase in adjusted EBITDA AL in the second quarter to 2.2 billion euros.

Let us now move on to the Europe operating segment.

The strong organic growth in customer numbers continued here.

300,000 mobile contract net additions were recorded in the second quarter. Broadband customer net adds totaled 63,000. The growth in fixed-mobile converged products again increased substantially year-on-year in the second quarter to 330,000.

Reported segment revenue increased 2.8 percent to 3.0 billion euros. Organically, the growth was 0.4 percent. The first-time consolidation of UPC in Austria accounts for around 90 percent of this difference.

Adjusted EBITDA AL increased by 5.9 percent to 1.0 billion euros. More than 90 percent of the difference from the organic increase, which stood at

2.0 percent, is attributable to the inclusion of UPC in the Group for the first time.

T-Mobile US won more than a million new customers for the 25th quarter in a row. In the second quarter of 2019, it was 1.8 million in total. The branded post-paid customer segment accounted for 1.1 million of these net adds. At the same time, T-Mobile US recorded a record low in churn rate for these postpaid customers of 0.78 percent.

The company has significantly raised its guidance for net customer additions for the full year. Compared with the previous guidance, T-Mobile US now expects average postpaid net customer additions to increase by 350,000.

In the months from April to June, T-Mobile US' revenue increased by 5.1 percent to 11.0 billion U.S. dollars. This includes a 6.9 percent rise in service revenues, driven mainly by continued growth in the customer base.

Adjusted EBITDA AL increased in the second quarter by 6.0 percent to 3.2 billion U.S. dollars.

In Systems Solutions, we continued to make progress with our transformation program. Order entry continued to develop positively in the second quarter. Over the last twelve months, it has increased by 15 percent compared with the prior-year period.

Revenue remained stable at 1.8 billion euros in the three-month period. Adjusted EBITDA AL increased by 2.4 percent. We continue to expect stable revenue and adjusted EBITDA AL of around 0.5 billion euros for the full year.

We are planning further action to continue to drive forward the transformation. To this end, the telecommunications business and the traditional ICT services

are to be transferred from T-Systems to Telekom Deutschland in the middle of next year. This will simplify the structure, reduce the number of interfaces, and increase efficiency to achieve greater customer centricity.

In the Group Development operating segment, the strong customer growth at T-Mobile NL continued in mobile communications. Organically, there were 77,000 net customer additions. In the fixed-network business, customer growth was much stronger than in the second quarter of 2018, at 21,000.

Revenue and adjusted EBITDA AL increased at TM NL both on a reported basis and in organic terms.

In the tower business, the number of antenna sites in Germany increased by 1,400 year-on-year. This puts us well on track for integrating a total of 9,000 new sites in the network between 2018 and 2021.

The higher number of sites increased revenue and adjusted EBITDA AL in this business area.

Reported revenue generated in the Group Development operating segment increased by 28 percent year-on-year in the second quarter. Organically, the growth was 2 percent. The difference is down to the first-time consolidation of Tele2 in the Netherlands.

Both business areas contributed to the 10 percent increase in adjusted EBITDA AL in the second quarter. In organic terms, the growth rate was 6 percent.

To close, let us take a look at the Group's financial ratios.

All of the Group's key financials remain within our guidance ranges.

Net debt increased by 3.8 billion euros against the end of the first quarter of 2019. This was mainly due to the dividend payments of 3.4 billion euros which normally arise in this period.

In addition, debt includes lease liabilities for cell sites, primarily in the United States, as well as the payment for spectrum in the millimeter wave band acquired by T-Mobile US.

Free cash flow excluding the effects of IFRS 16 had an offsetting effect of 2.3 billion euros.

These developments show that our growth profile is still intact and our financial ratios remain sound.

And now, we look forward to your questions!