

DEUTSCHE TELEKOM

Q2 2020 RESULTS



LIFE IS FOR SHARING.

DISCLAIMER

This presentation contains forward-looking statements that reflect the current views of Deutsche Telekom management with respect to future events. These forward-looking statements include statements with regard to the expected development of revenue, earnings, profits from operations, depreciation and amortization, cash flows and personnel-related measures. You should consider them with caution. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond Deutsche Telekom's control. Among the factors that might influence our ability to achieve our objectives are the progress of our workforce reduction initiative and other cost-saving measures, and the impact of other significant strategic, labor or business initiatives, including acquisitions, dispositions and business combinations, and our network upgrade and expansion initiatives. In addition, stronger than expected competition, technological change, legal proceedings and regulatory developments, among other factors, may have a material adverse effect on our costs and revenue development. Further, the economic downturn in our markets, and changes in interest and currency exchange rates, may also have an impact on our business development and the availability of financing on favorable conditions. Changes to our expectations concerning future cash flows may lead to impairment write downs of assets carried at historical cost, which may materially affect our results at the group and operating segment levels. If these or other risks and uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, our actual performance may materially differ from the performance expressed or implied by forward-looking statements. We can offer no assurance that our estimates or expectations will be achieved. Without prejudice to existing obligations under capital market law, we do not assume any obligation to update forward-looking statements to take new information or future events into account or otherwise.

In addition to figures prepared in accordance with IFRS, Deutsche Telekom also presents alternative performance measures, including, among others, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA after leases, adjusted EBITDA margin, adjusted EBIT, adjusted net income, free cash flow, free cash flow after leases, gross debt, net debt after leases and net debt. These alternative performance measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Alternative performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways.



H1 2020 RESULTS: SECTOR LEADING GROWTH

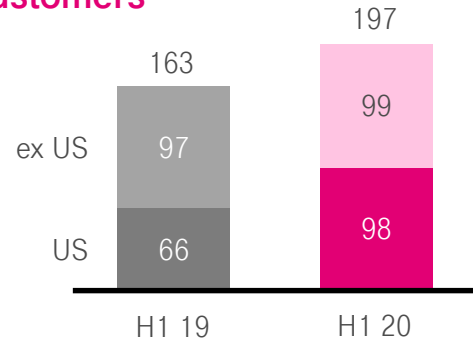


- Successful 1st quarter for New T-Mobile – surpassing AT&T in branded subs
- Win-win agreement with Softbank
- Leading in 5G on both sides of the Atlantic
- Strong H1 commercials and financials; continued limited impact from Covid-19
- Highest ever employee and customer satisfaction
- H1 debt ratios and leverage as expected post US closing
- Well on track for stated guidance ex US
- Guidance for the group updated for New T-Mobile guidance



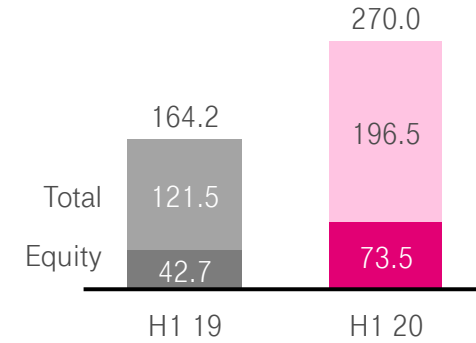
SPRINT MERGER: THE NEW DEUTSCHE TELEKOM

Mobile Customers



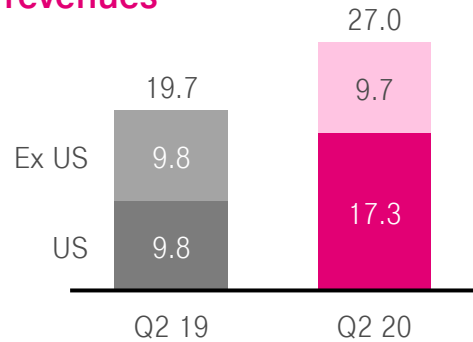
Balance sheet

€ bn



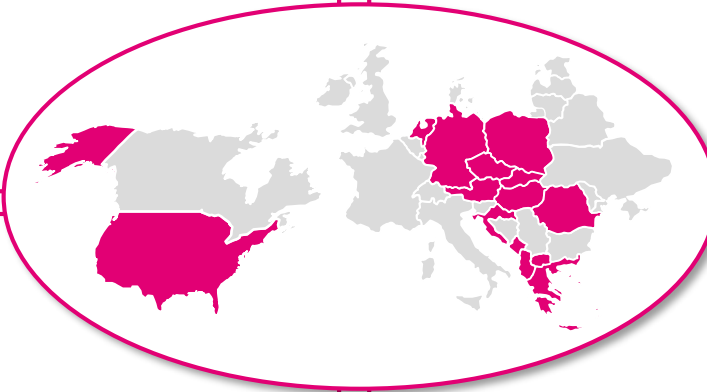
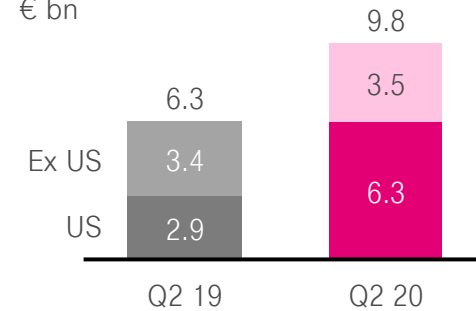
Quarterly revenues

€ bn



Quarterly EBITDA AL

€ bn

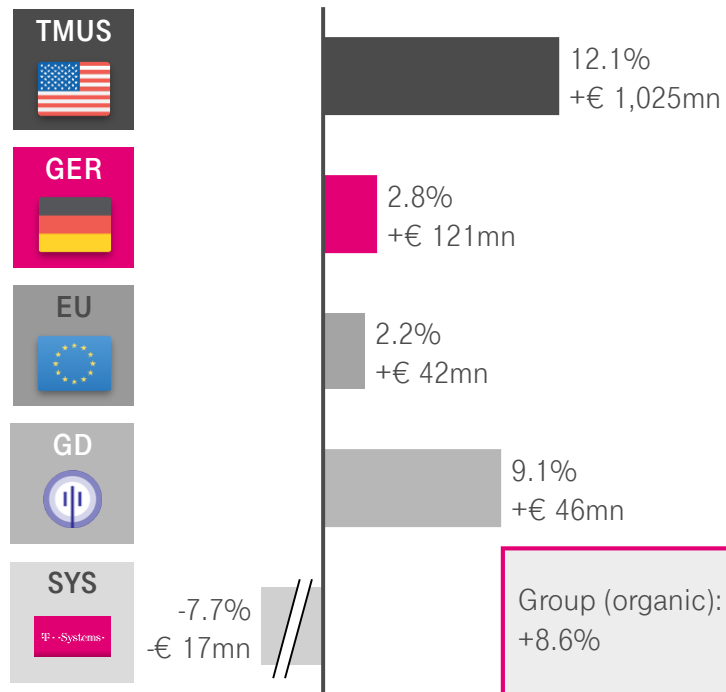


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H1 2020: HEADLINE GROWTH, ORGANIC GROWTH

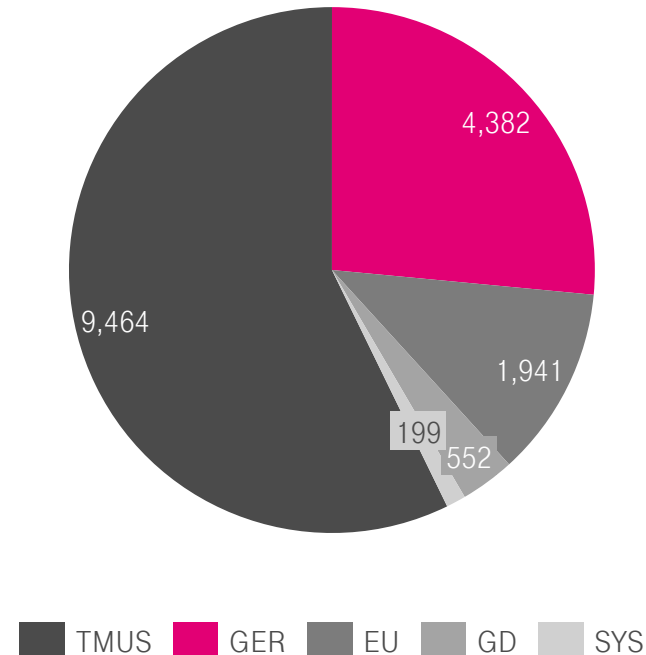


Adj. EBITDA AL (organic growth)



ADJ. EBITDA AL¹

€ mn



H1 2020 reported growth

Revenue	+20.0%
Adj. EBITDA AL	+34.0%
Adj. EBITDA AL (excl. US)	+3.6%
Adj. Net profit	+2.0%
Net profit	-9.5%
Adj. EPS (in €)	+1.9%
Free cash flow AL	+19.6%
Cash capex	+0.2%
Net debt AL	+66.7%

1) Excl. GHS



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INVESTMENTS: DRIVING NETWORK LEADERSHIP

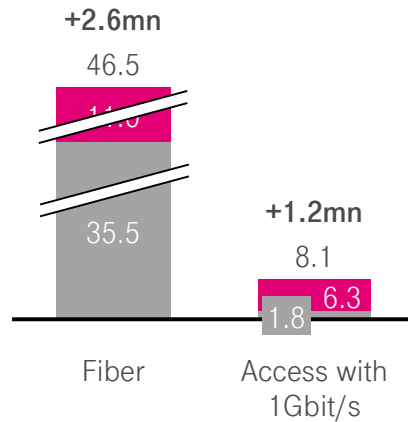


Fiber networks

■ EU ■ GER

Fiber households¹

mn

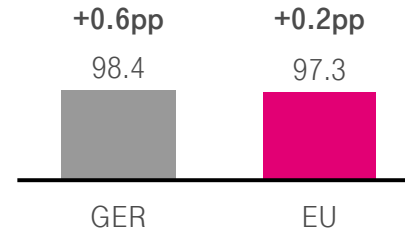


- GER/EU: FTTH ramping up
- GER: 0.5mn customers on super-vectoring
- GER: Benchmark FTTH agreement with City of Münster
- GER: DSL networks beat coax in “Connect” test

Mobile networks

LTE outdoor POP coverage

%

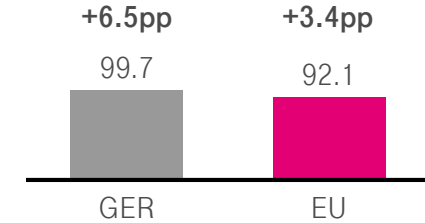


- Clear 5G leadership in Germany
- 1,800 sites rolled out in the last 12 months
- T-Mobile moving fast to deploy market leading network

Agility

IP share of fixed network access lines

%



- GER: Further improvement in service KPIs
 - 1st contact resolution rate up 27%
 - Complaints down 48%
 - Winner of “Connect” hotline test
- EU
 - App penetration of 57%

1) EU9: ≥ 100Mbit/s coverage: FTTH, FTTB, FTTC (with Vectoring), cable/ED3. GER: FTTC and FTTH/B lines

INVESTMENTS: 5G LEADERSHIP



Germany



Covered POPs

50%



H1/20

- 50% already covered with 2x15 MHz of 2.1 GHz. Target 2/3 coverage by year end 2020
- Top 20 cities to be covered with 3.6 GHz by YE 2020
- Doubling average speed by YE 2021

TM US



Covered POPs

>75%



H1/20

- Launch of world's first nationwide standalone 5G network
- >250mn population covered with 600 MHz
- 2.5 GHz 5G live in 8 major markets, with 300 Mbit/s average speed

Netherlands



Covered POPs

>80%



H1/20

- Launch of 5G in 700 MHz
- Nationwide by YE 2020
- Spectrum lead defended in auction

5G
2020

EU



- Off to a strong start in many NatCos
- Austria: 25% now, 40% YE 2020
- Poland: 6mn people covered with 1.6 GHz as of end of June



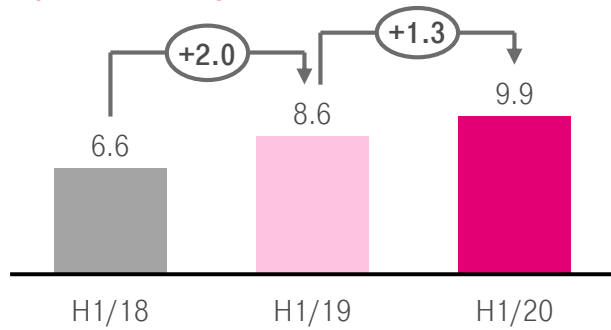
LIFE IS FOR SHARING.

CUSTOMERS: STRONG CUSTOMER GROWTH



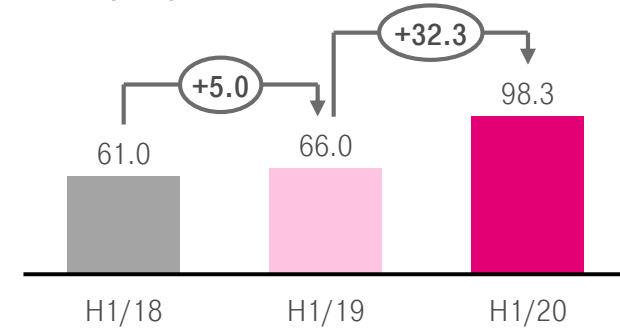
Magenta EINS (GER + EU)

mn



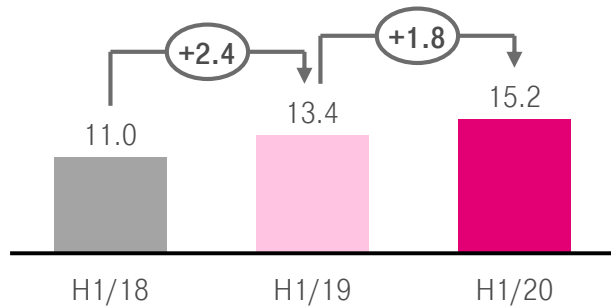
Mobile customers (US)^{1,2}

mn



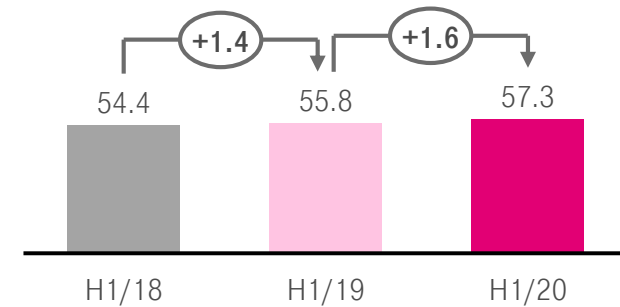
Fiber (GER)

mn



Mobile contract customers (GER + EU + NL)²

mn



1) Mobile customers w/o wholesale, adjusted for "boost"-subscribers

2) Change in base. Figures not adj. for acquisitions or disposals.



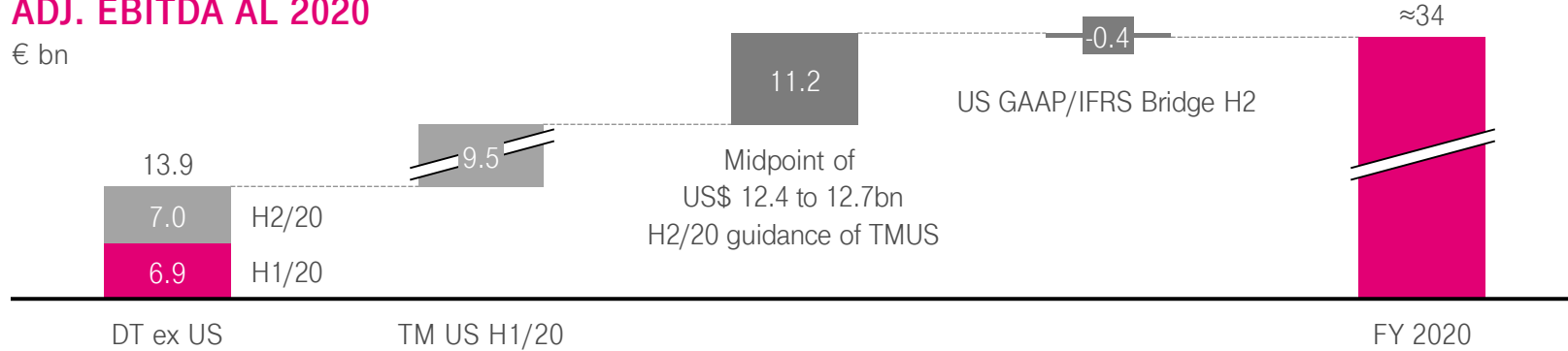
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GUIDANCE: EX US CONFIRMED, US NOW WITH SPRINT



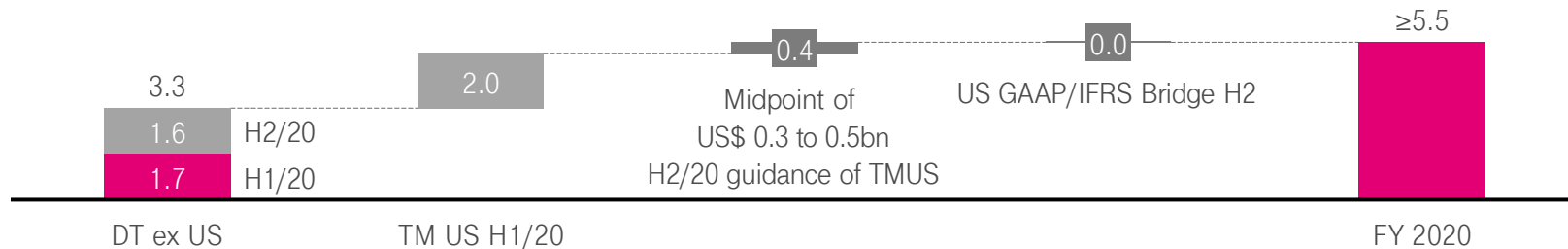
ADJ. EBITDA AL 2020

€ bn



FCF AL 2020

€ bn



Ex US guidance unchanged

- Adj. EBITDA AL: around € 13.9bn
- FCF AL: around € 3.3bn
- Cash Capex around € 7.8bn

US guidance for H2 reflected:

- TM US EBITDA, FCF and Cash capex included with mid-point of TM US guidance
- US\$ F/X at 1.12

New group guidance

- Adj. EBITDA AL: around € 34bn
- FCF AL: at least € 5.5bn
- Cash Capex: around € 17bn. Ex US unchanged at € 7.8bn



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A vibrant, high-speed photograph of a liquid splash in shades of pink and magenta. The liquid is captured in mid-air, creating a complex, organic shape with many small droplets and thin, trailing strands. The background is a solid, deep magenta color. Overlaid on the left side of the splash is the text "REVIEW Q2 2020" in a bold, white, sans-serif font.

REVIEW Q2 2020

FINANCIALS: STRONG GROWTH

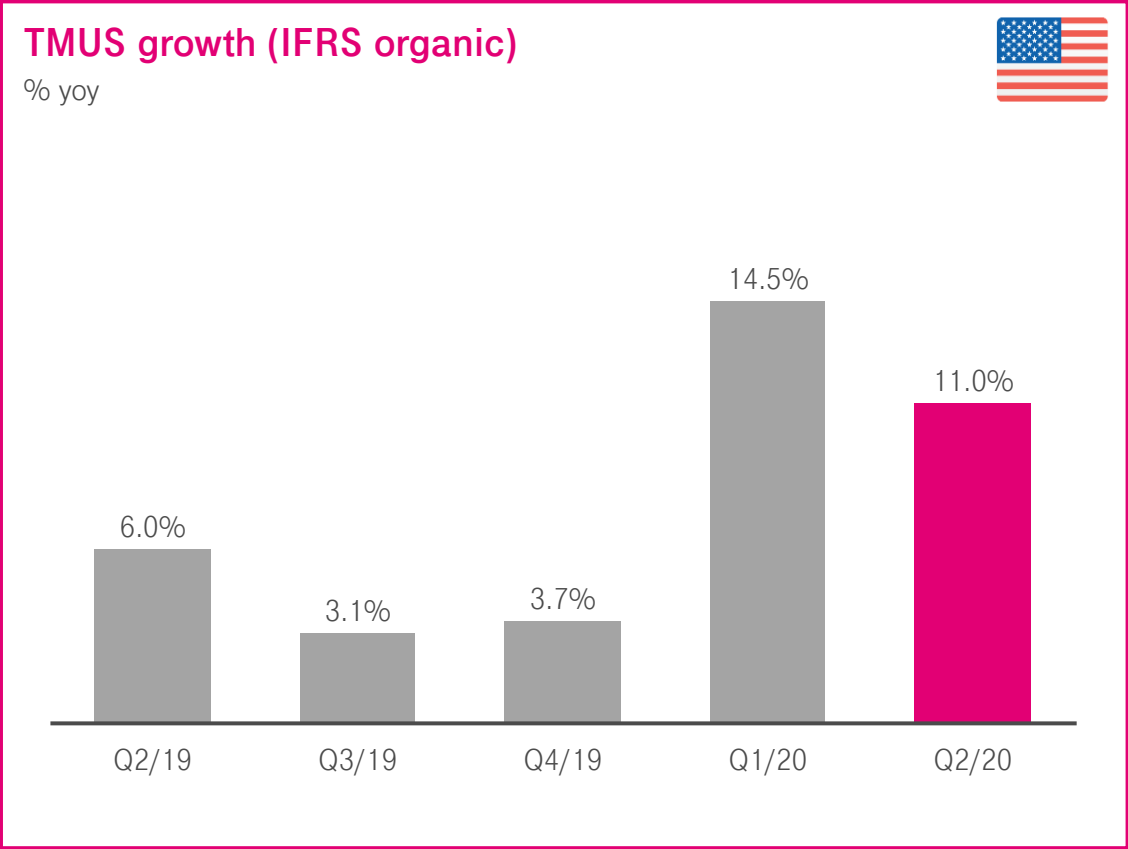
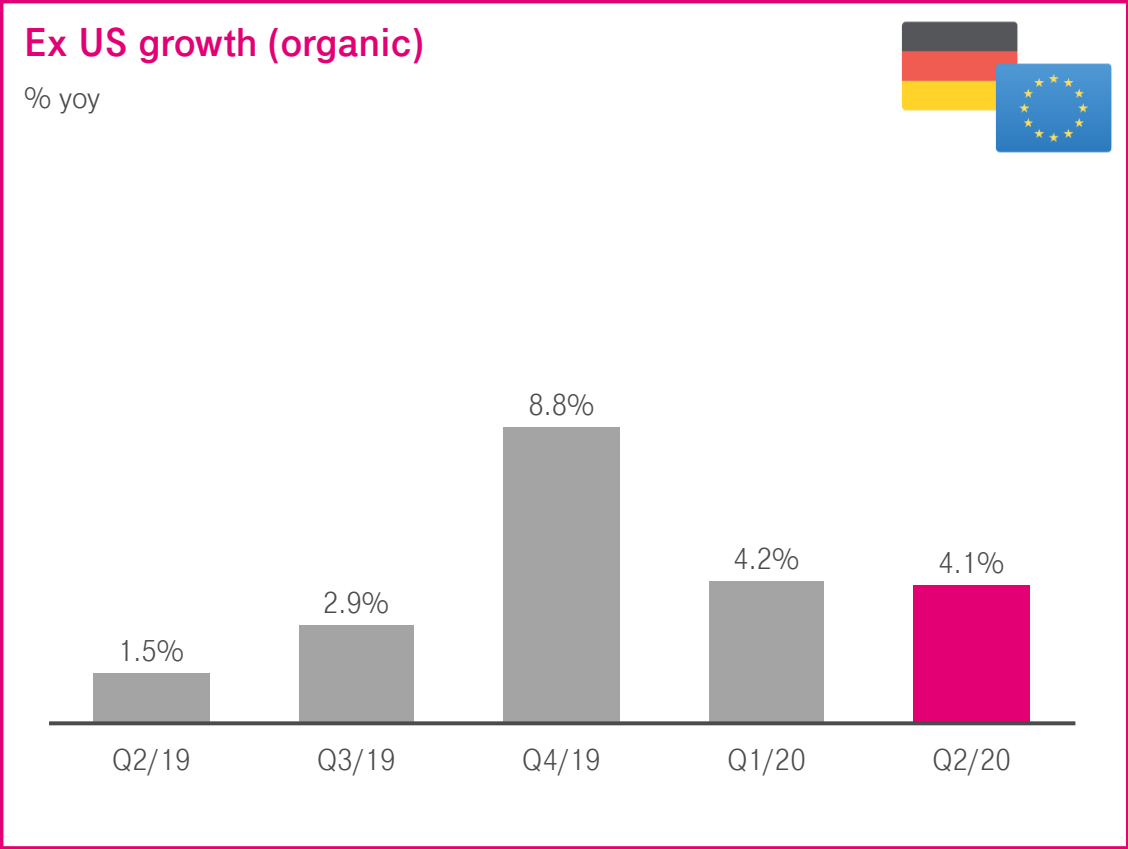
€ mn

	Q2			H1		
	2019	2020	Change	2019	2020	Change
Revenue	19,664	27,041	+37.5%	39,152	46,984	+20.0%
Adj. EBITDA AL ¹	6,283	9,829	+56.4%	12,223	16,373	+34.0%
Adj. EBITDA AL (excl. US) ¹	3,411	3,525	+3.3%	6,672	6,909	+3.6%
Adj. Net profit	1,329	1,279	-3.8%	2,512	2,562	+2.0%
Net profit	944	754	-20.1%	1,845	1,670	-9.5%
Adj. EPS (in €)	0.28	0.27	-3.6%	0.53	0.54	+1.9%
Free cash flow AL ^{1,2}	1,546	2,425	+56.9%	3,103	3,712	+19.6%
Cash capex ²	3,324	3,669	+10.4%	7,006	7,022	+0.2%
Net debt	75,709	120,897	+59.7%	75,709	120,897	+59.7%
Net debt AL	58,364	97,284	+66.7%	58,364	97,284	+66.7%

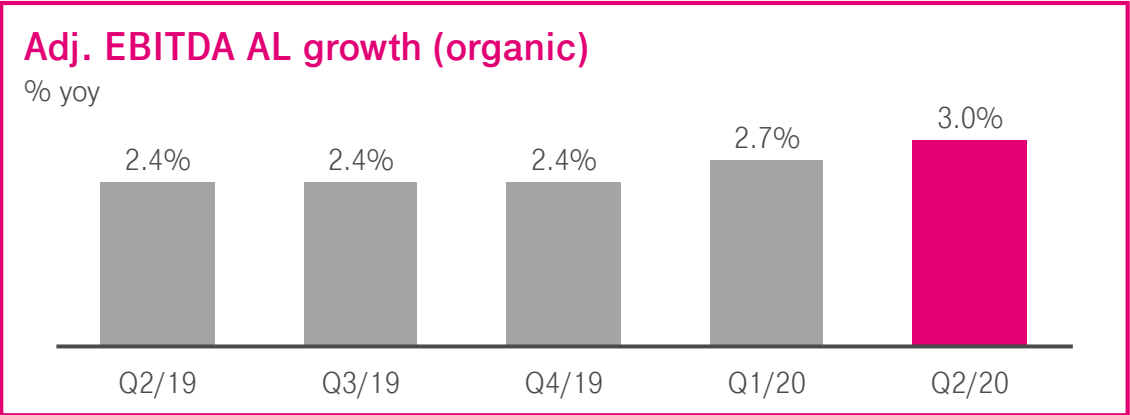
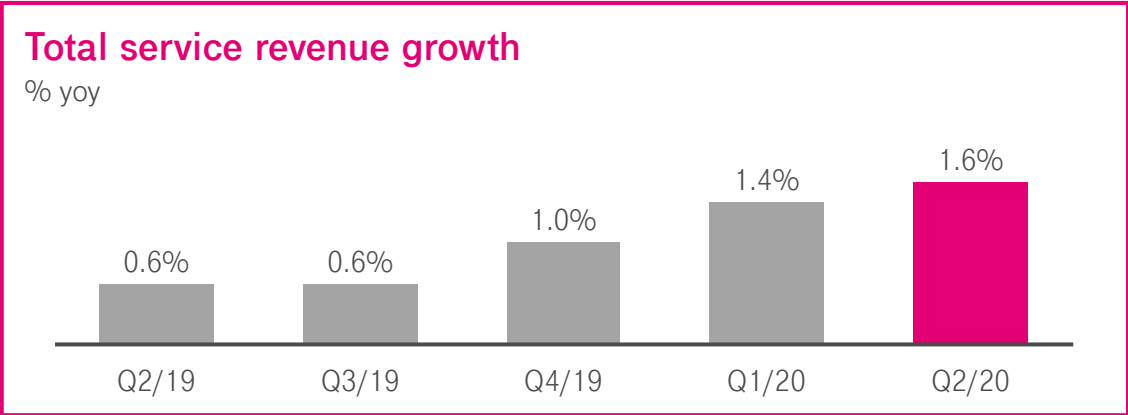
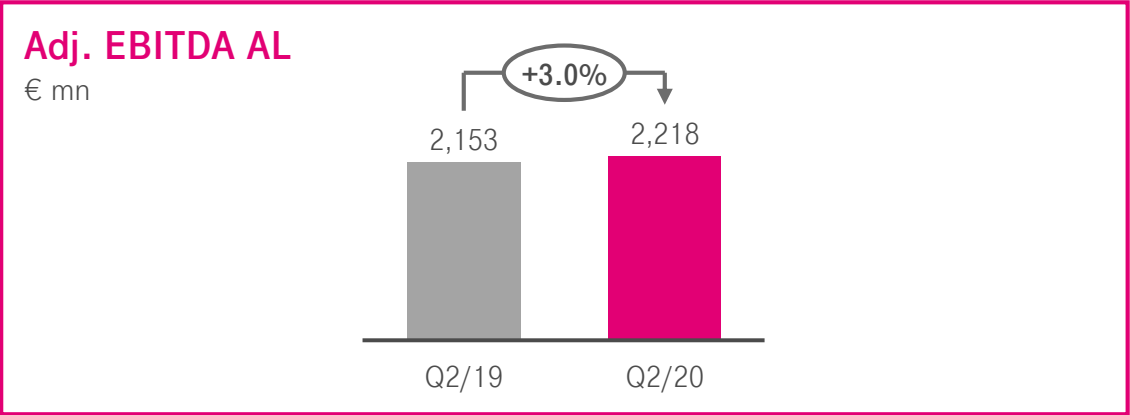
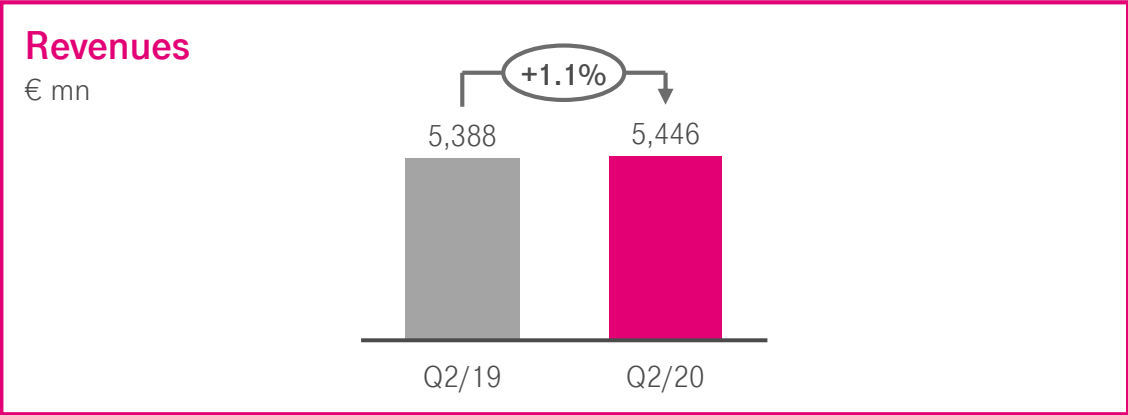
1) H1/20 before € 1,600mn zero bond redemption (in Q1) and before € 2,157mn US payer swap payment (in Q2)

2) Free cash flow AL before dividend payments and spectrum investment. Spectrum: Q2/19: € 875mn; Q2/20: € 878mn, H1/19: € 1,020mn, H1/20: € 1,095mn

EBITDA AL: GROWTH ON BOTH SIDES OF THE ATLANTIC



GERMANY: REVENUE AND EBITDA GROWING

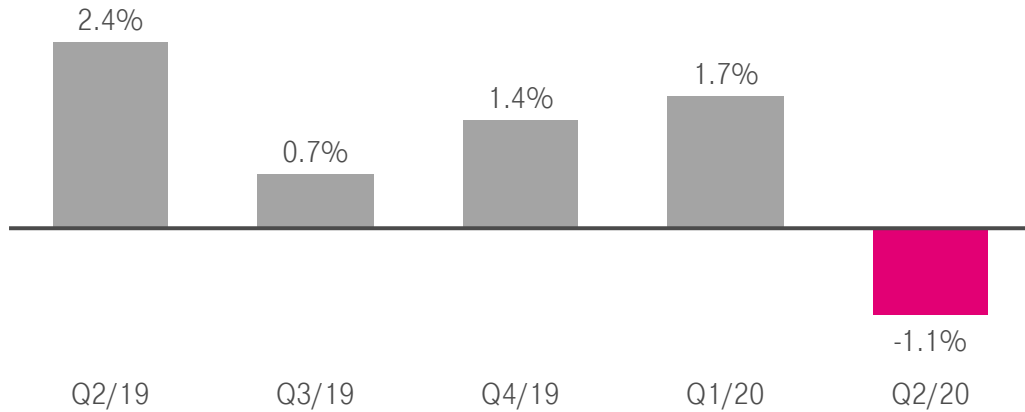


GERMANY: FIXED LINE STRENGTH OFFSETS ROAMING DRAG



Mobile service revenue growth

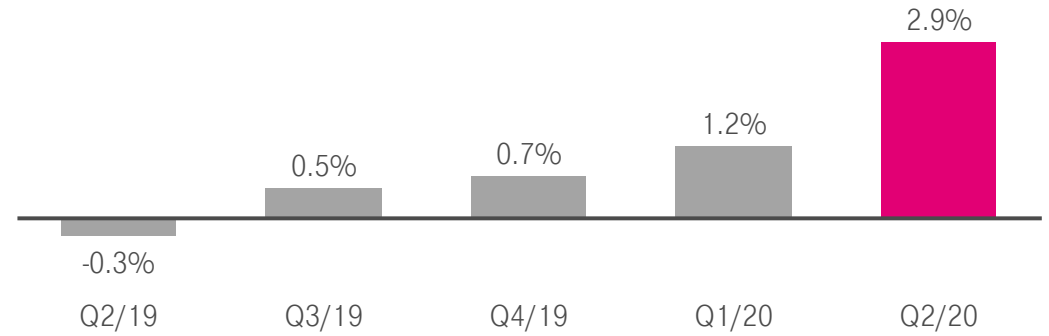
% yoy



- COVID-19 related headwind on roaming (c2.4pp) and on visitor revenues. Ex COVID-19 growth c2%.

Fixed service revenue growth

% yoy

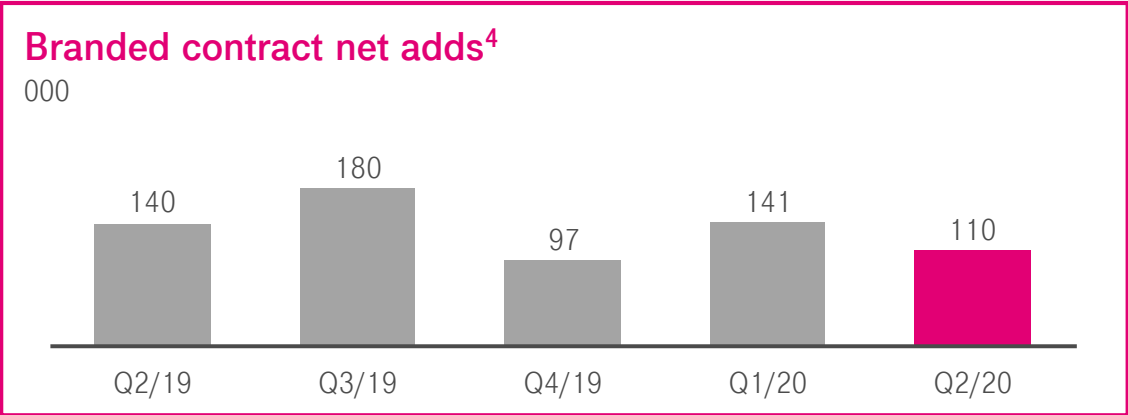
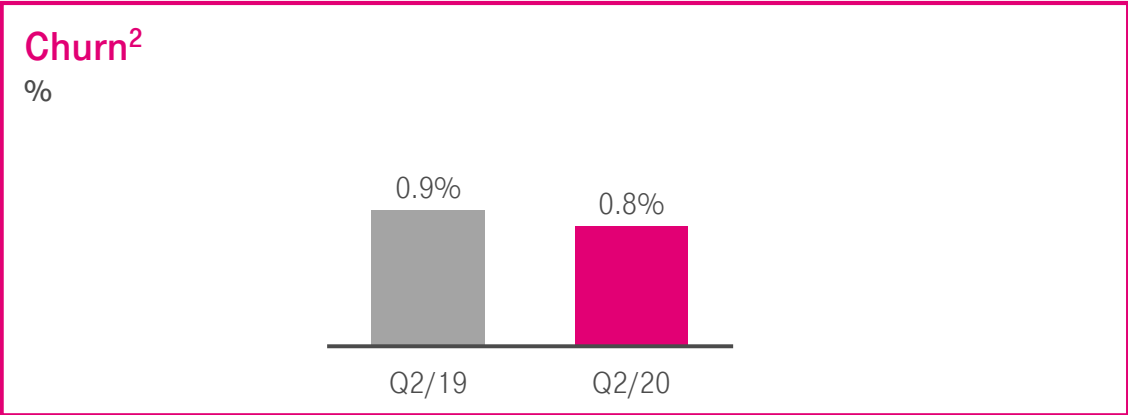
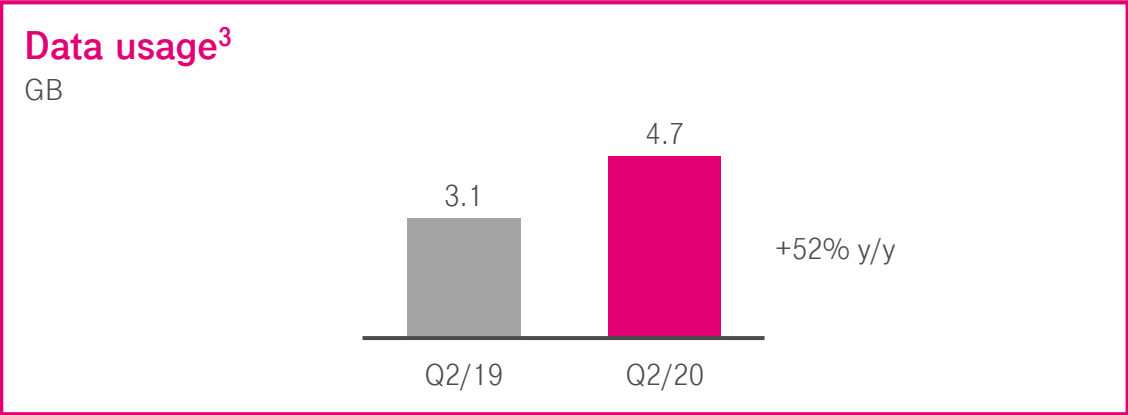
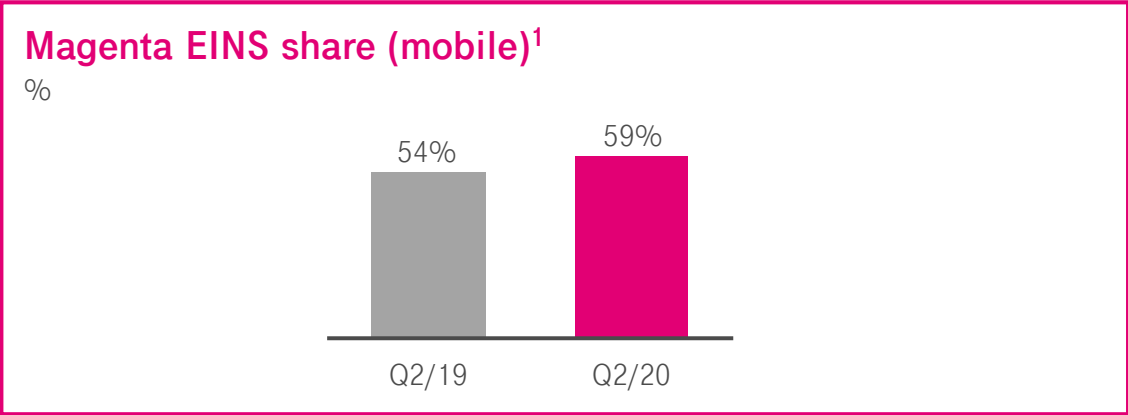


- Decreasing line losses and growing Broadband net adds
- 1.3pp tailwind from fixed calls. Ex COVID-19 growth c1.6%



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GERMANY: POSITIVE MOBILE KPI



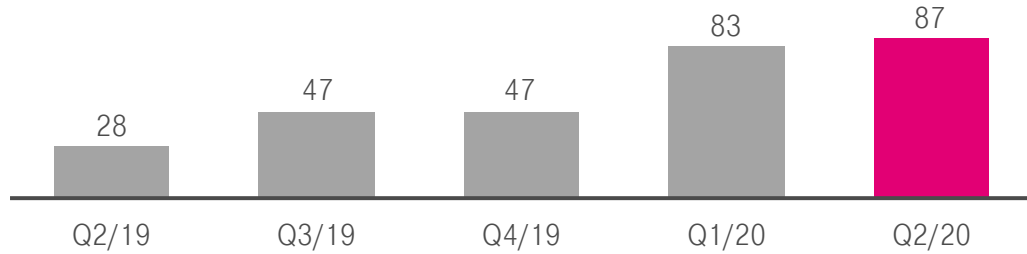
1) As % of B2C T-branded contract customers 2) contract excl. Lebara 3) Per month of B2C T-branded contract customers 4) Of own branded retail customers excl. multibrand

GERMANY: STEADY COMMERCIALS IN FIXED



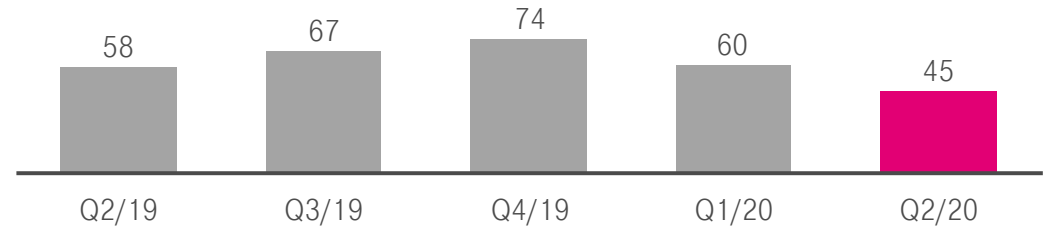
Broadband net adds

000



TV net adds

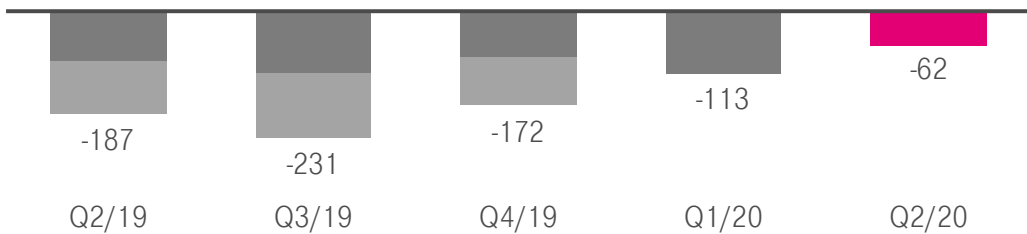
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Line losses

000

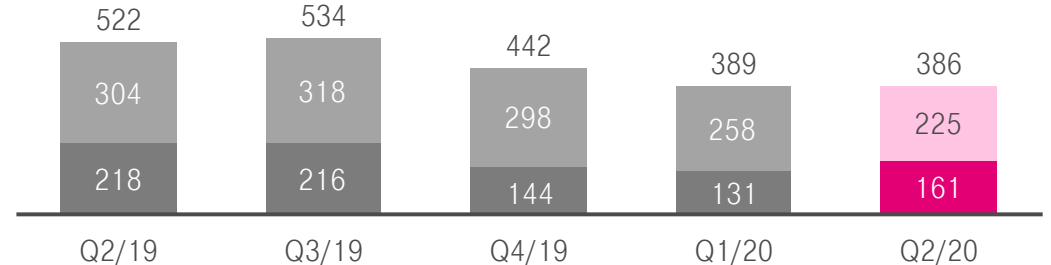
Line losses org.
 Line losses triggered by IP-migration



Fiber net adds

000

Retail
 Wholesale

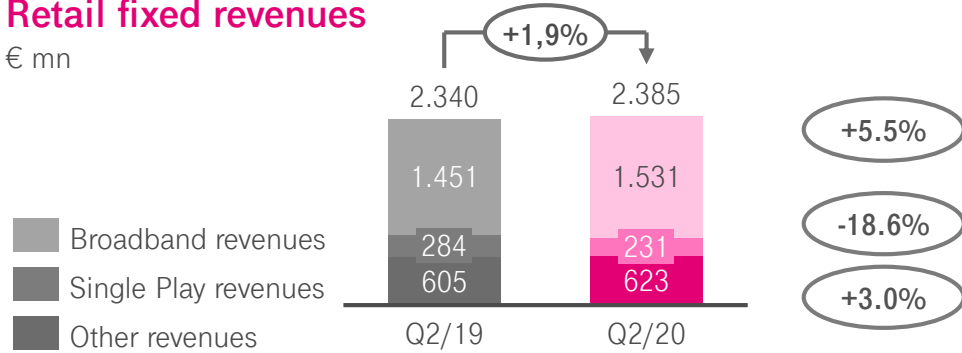


GERMANY: GROWTH IN FIXED



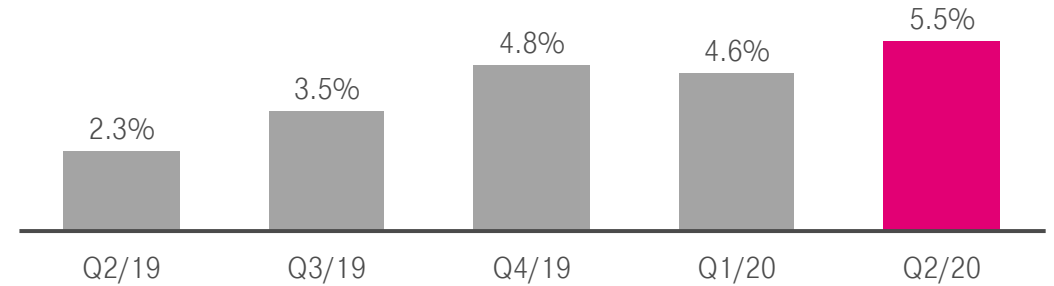
Retail fixed revenues

€ mn



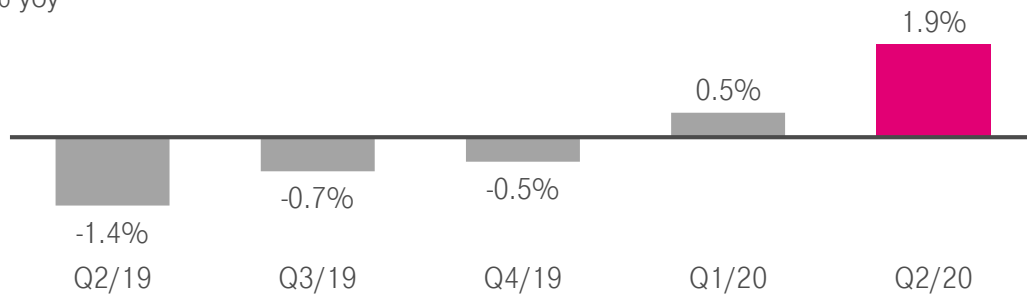
Broadband revenue growth

% yoy



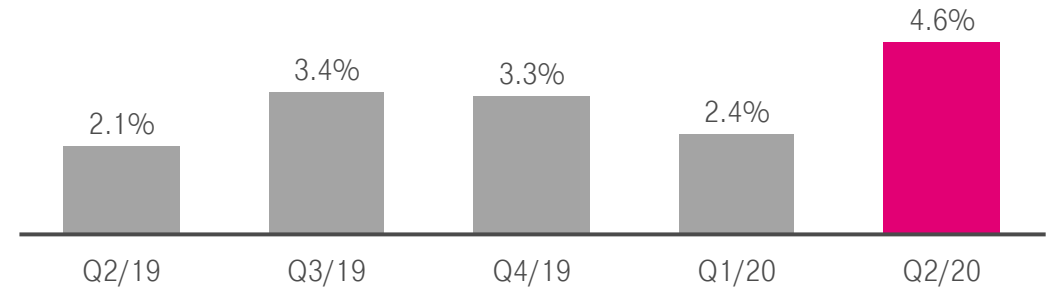
Retail fixed revenue growth

% yoy



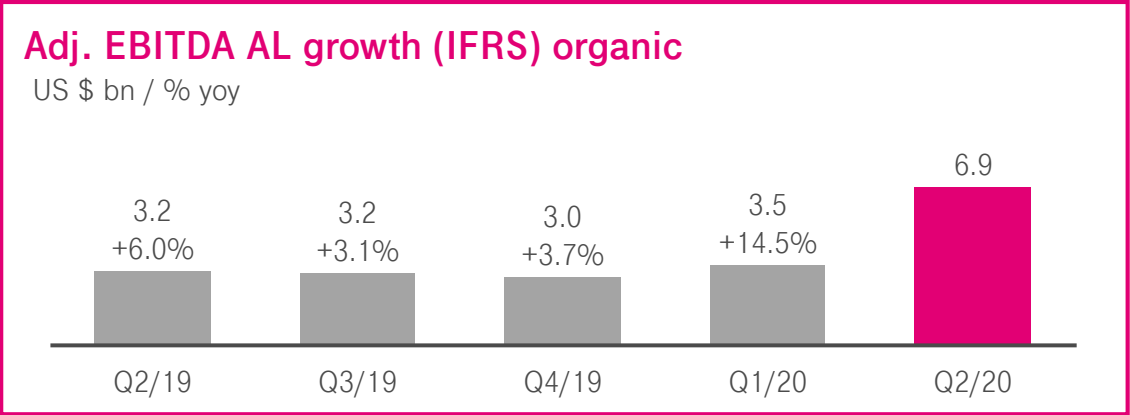
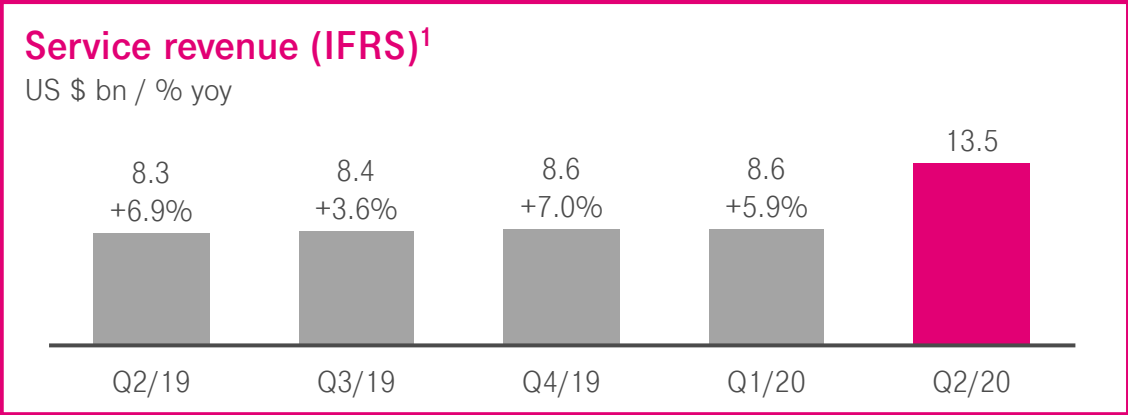
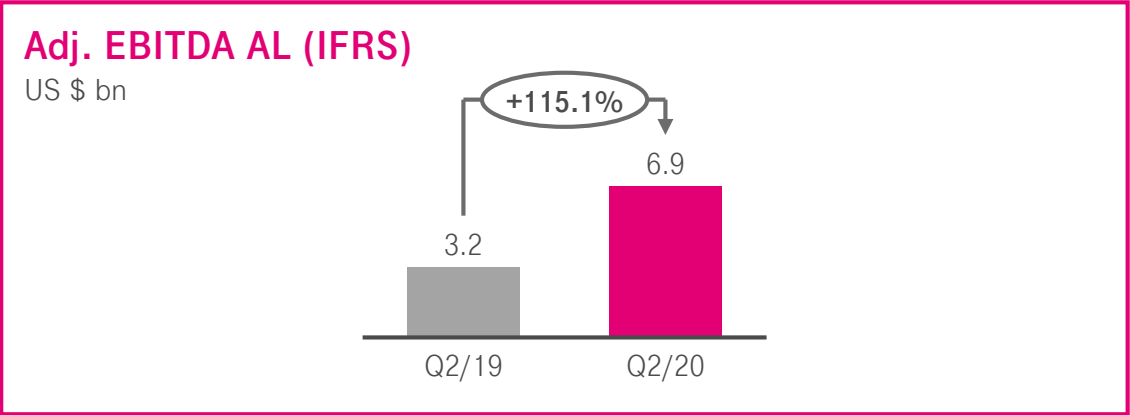
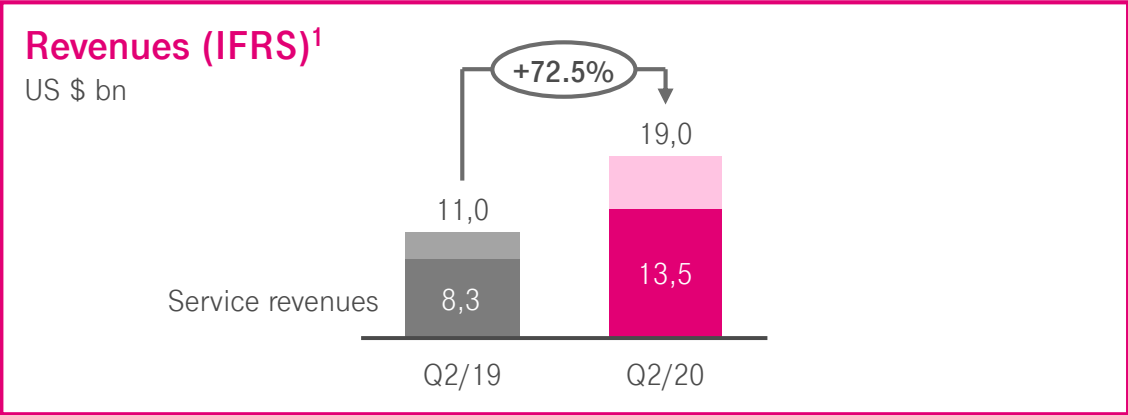
Wholesale revenue growth

% yoy



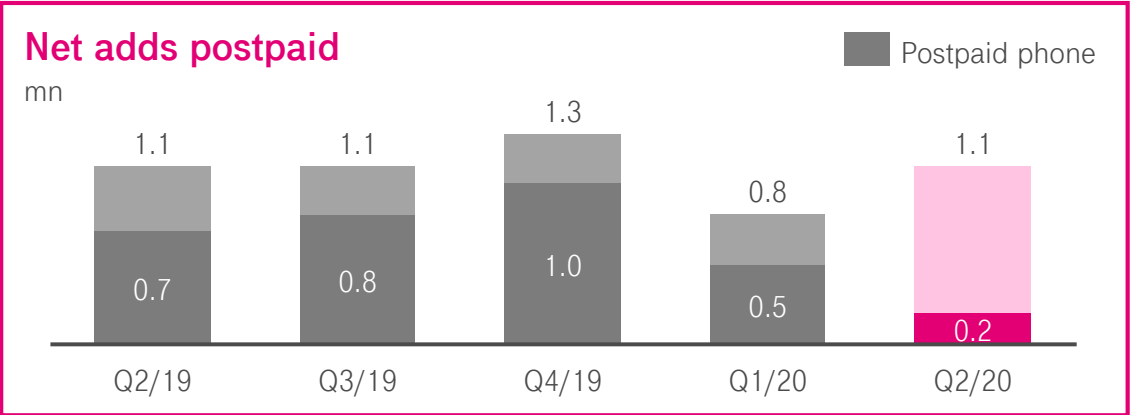
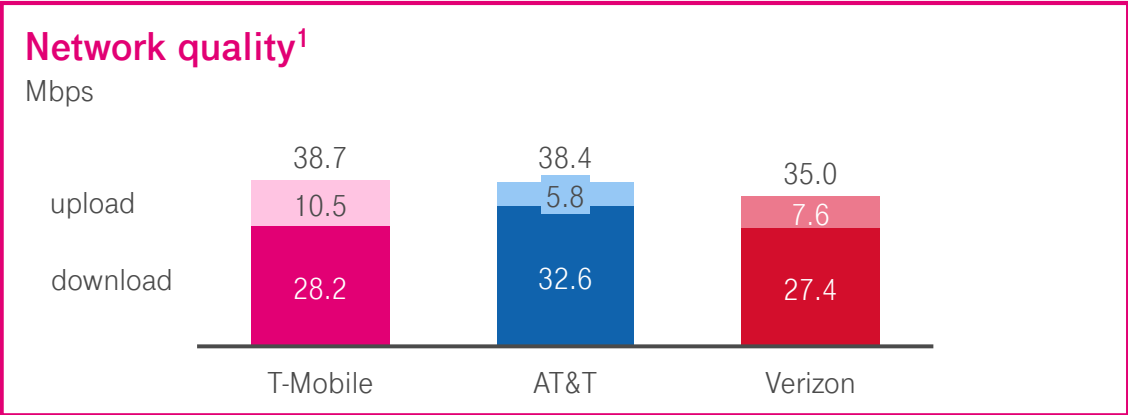
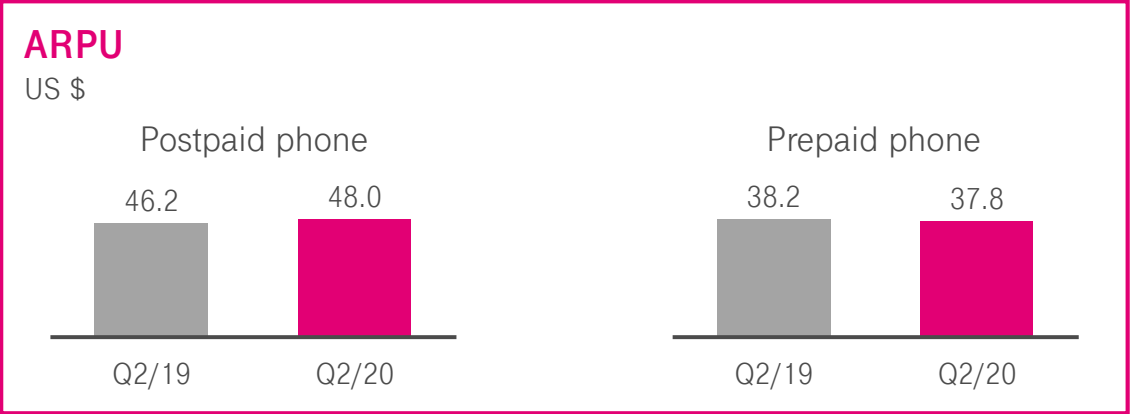
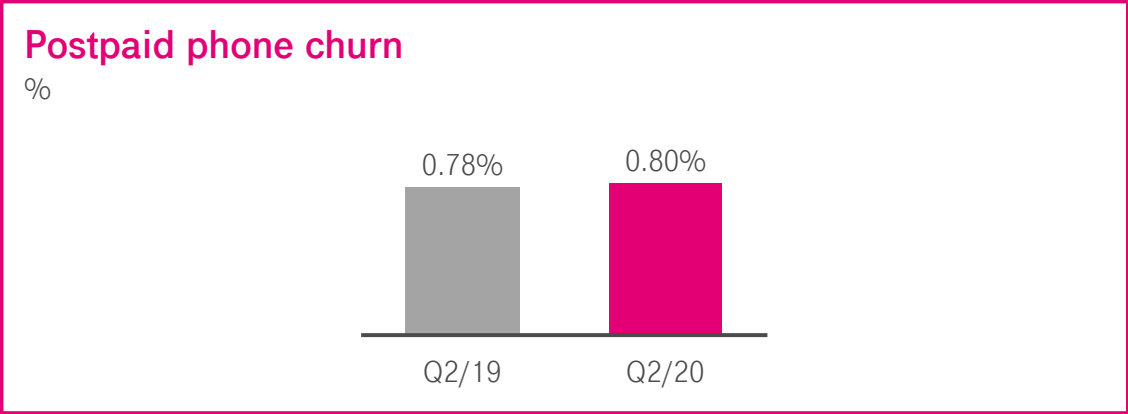
LIFE IS FOR SHARING.

TMUS: NEW T-MOBILE OFF TO A GOOD START



1) "Boost" still included in Q2 IFRS revenues

TMUS: EXECUTING ON KEY DRIVERS



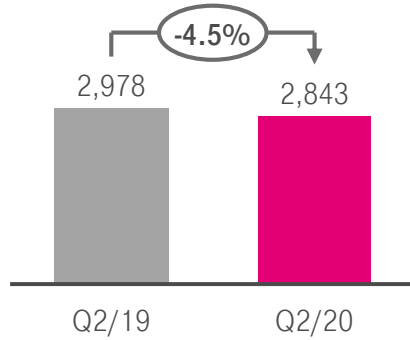
1) Source: Opensignal USA Mobile Network Experience Report Q2/20

EUROPE: 10TH CONSECUTIVE QUARTER OF ORGANIC EBITDA GROWTH, DESPITE COVID-19



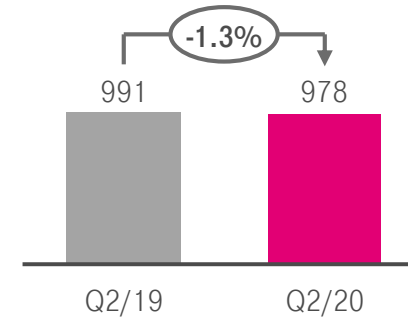
Revenues

€ mn



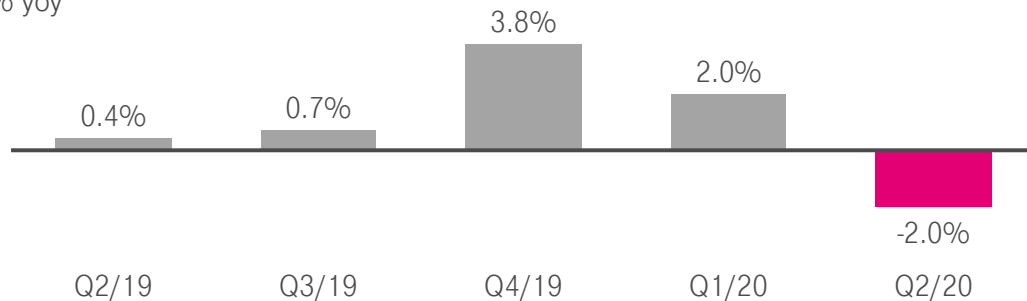
Adj. EBITDA AL

€ mn



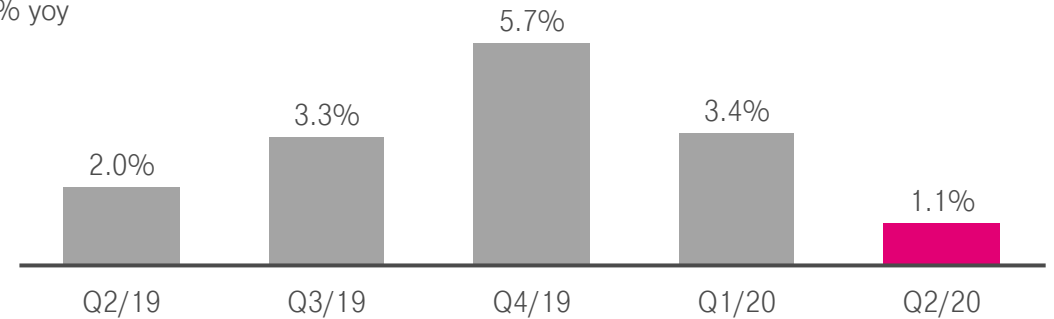
Revenue growth (organic)

% yoy



Adj. EBITDA AL growth (organic)

% yoy

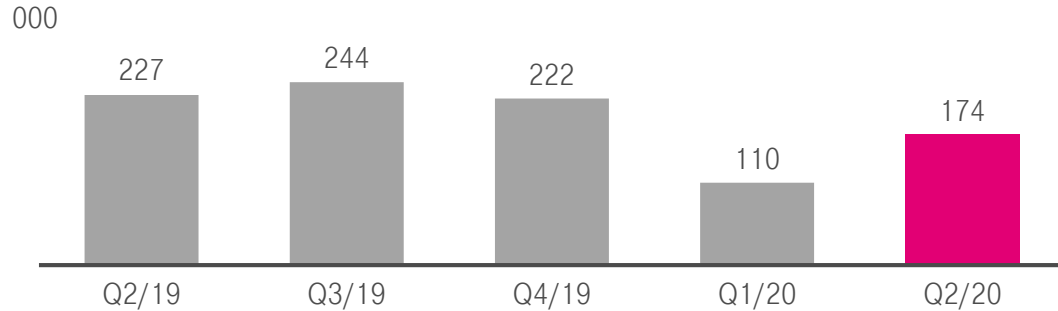


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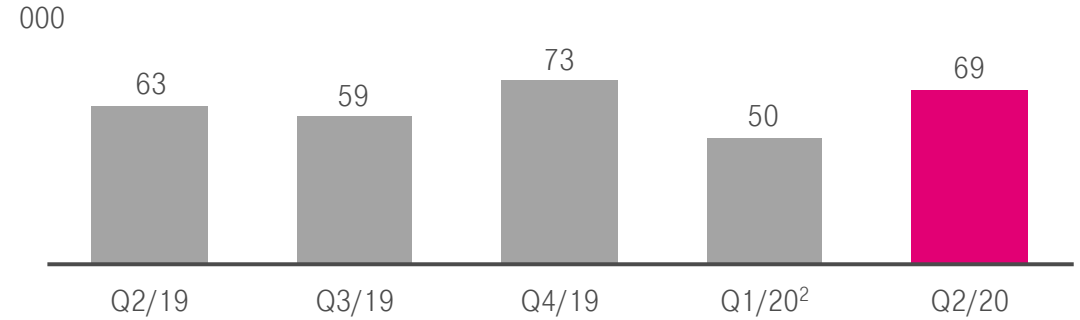
EUROPE: SOLID CUSTOMER GROWTH



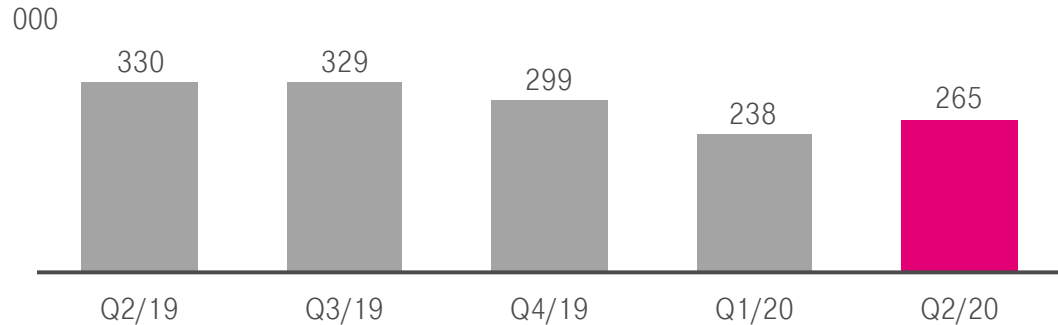
Mobile contract net adds¹



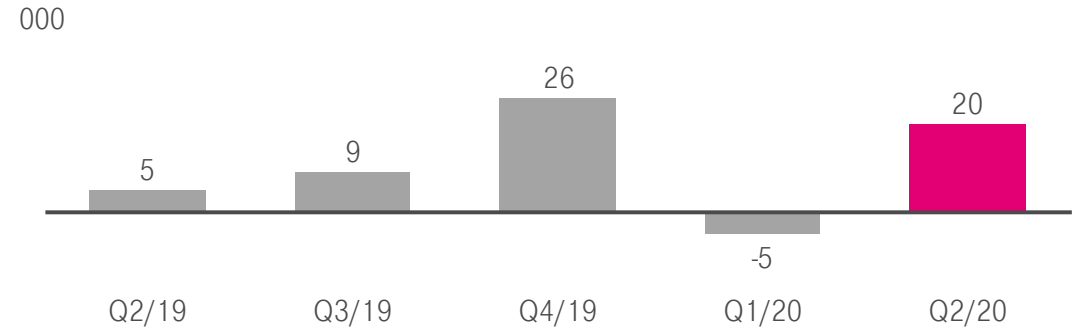
Broadband net adds



FMC net adds



TV net adds



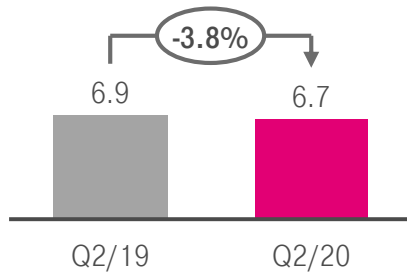
1) M2M customers have been re-allocated to prepay as of Q1/20. Historic figures have been adjusted

2) Organic view: excludes 15k subs acquired in the Czech Republic.

T-SYSTEMS: COVID-19 WEIGHS ON TRANSFORMATION

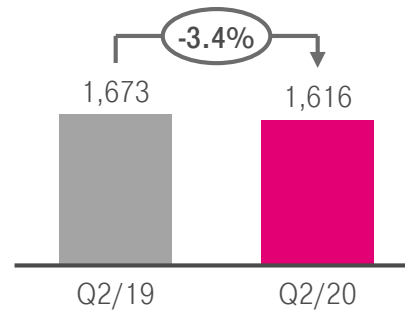
Order entry (LTM)

€ bn



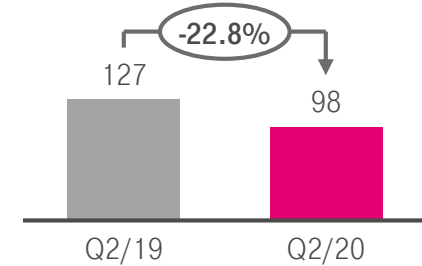
Revenues

€ mn



Adj. EBITDA AL

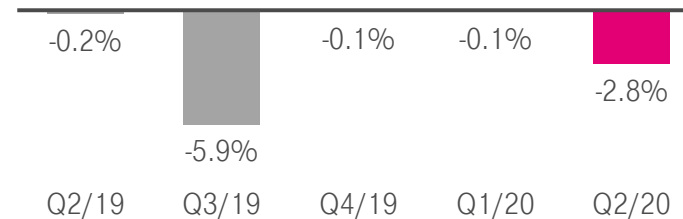
€ mn



Order entry and revenue impacted by Covid-19 related delays in new business and contract renewals

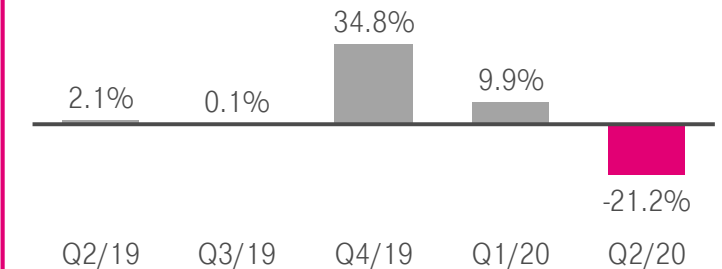
Revenue growth (organic)

% yoy

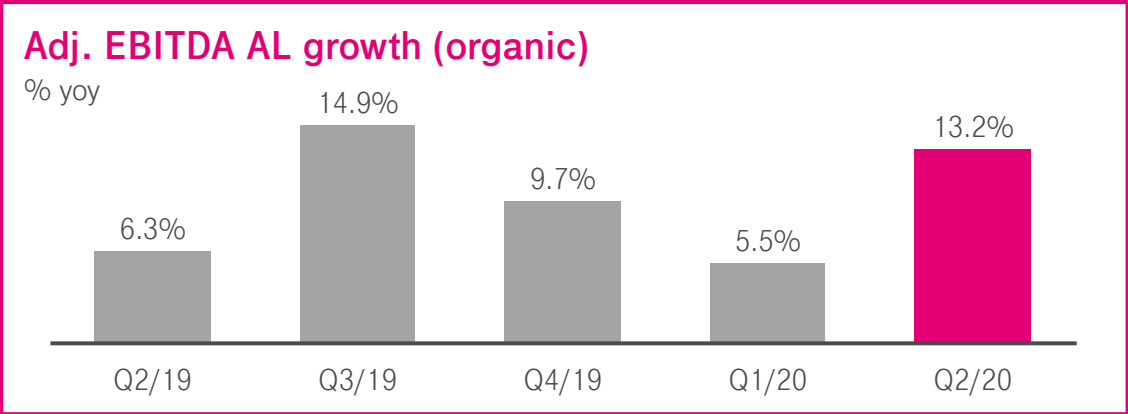
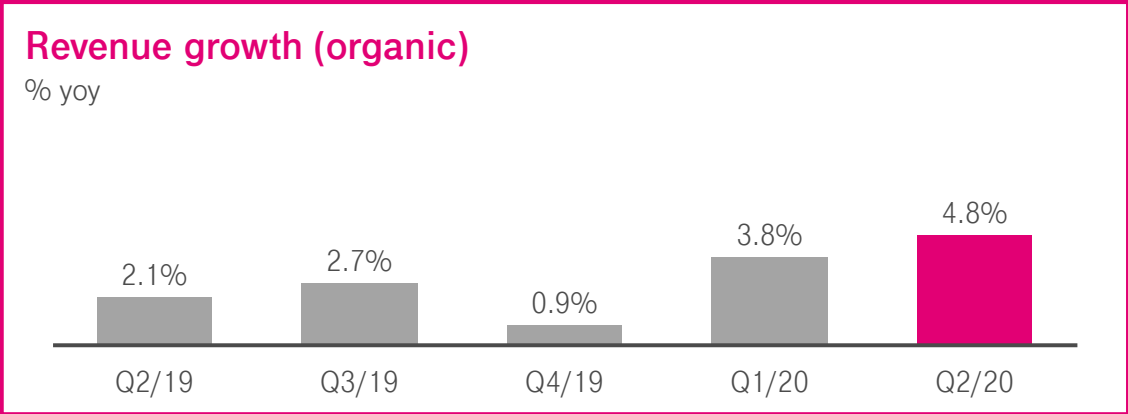
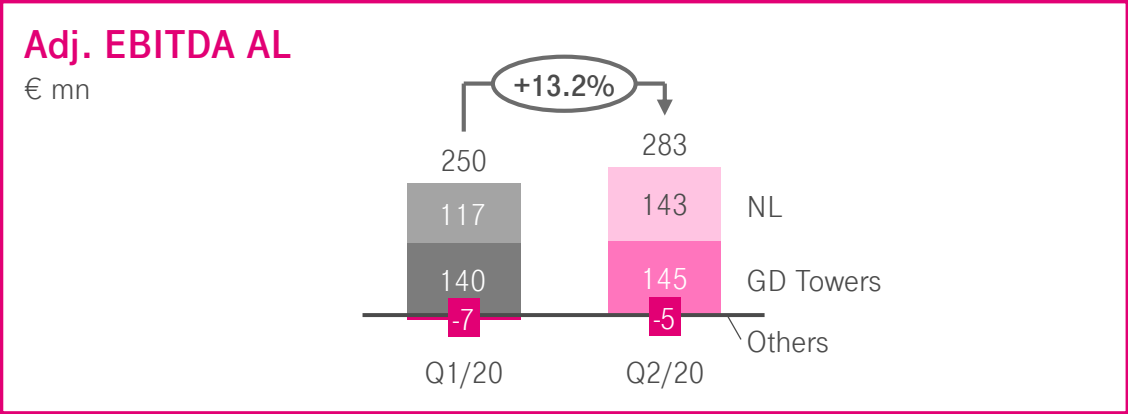
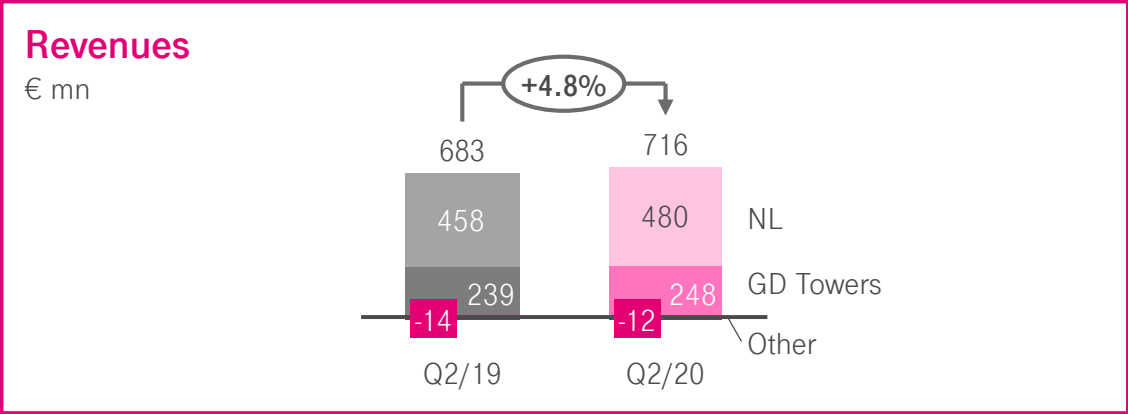


Adj. EBITDA AL growth (organic)

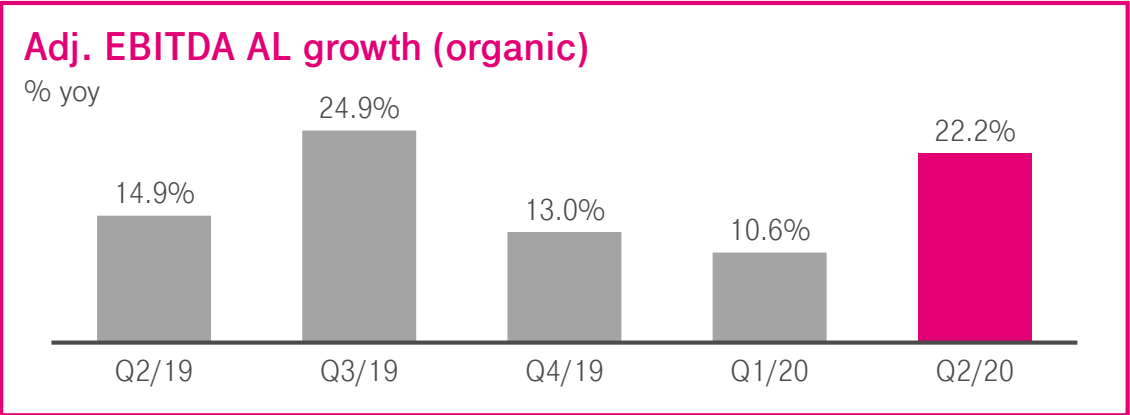
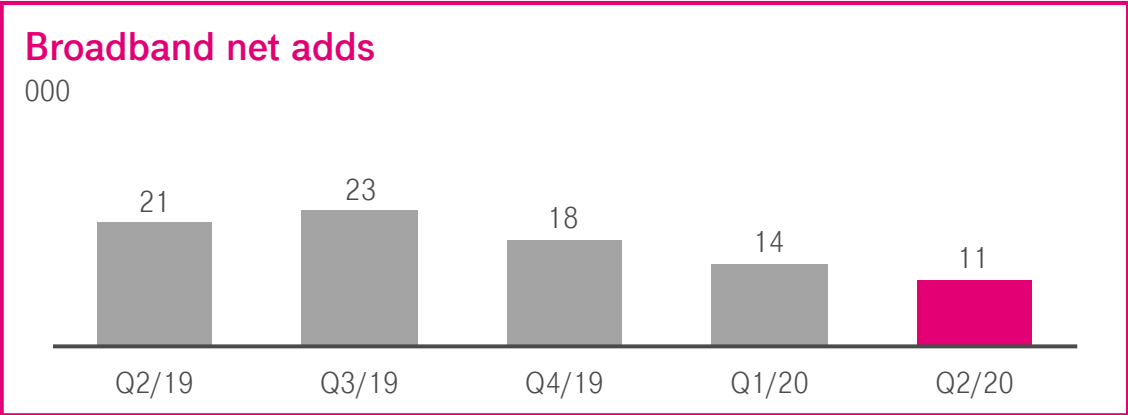
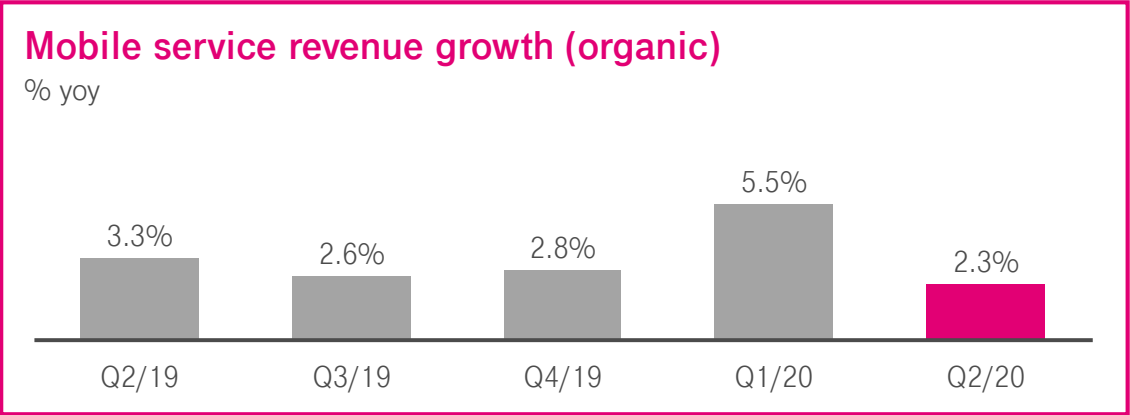
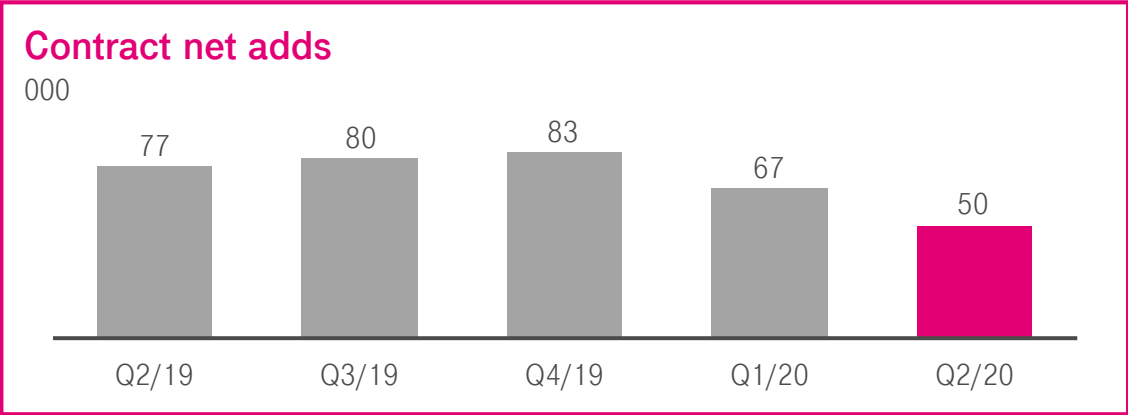
% yoy



GROUP DEVELOPMENT: HIGHEST GROWTH SINCE INCEPTION



GD/TMNL: GROWTH CONTINUES DESPITE COVID-19

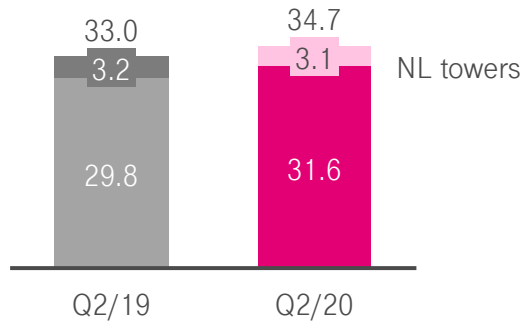


GD TOWERS: ONGOING EXPANSION



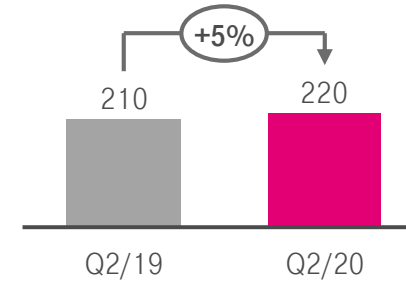
Total sites

000



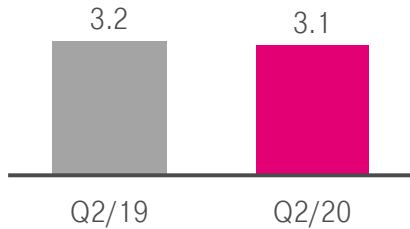
Recurring rental revenues

€ mn



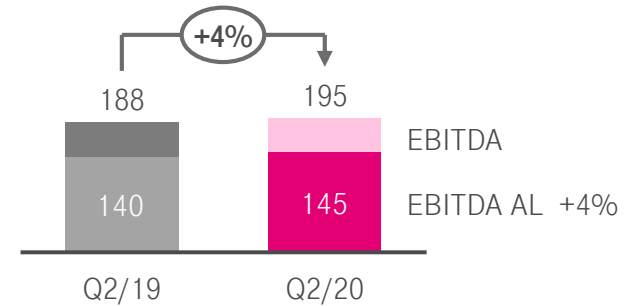
Opex AL per site

000 €



Adj. EBITDA

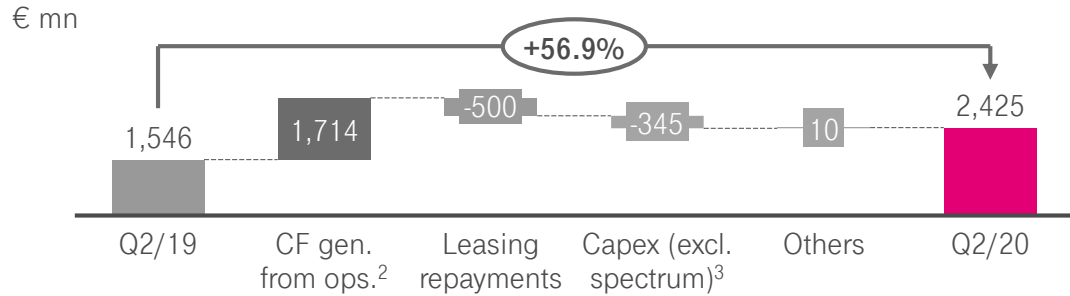
€ mn



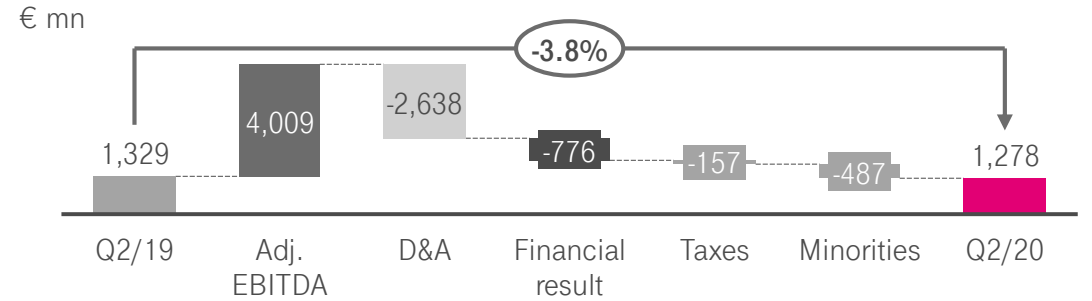
LIFE IS FOR SHARING.

FINANCIALS: FCF, NET DEBT, ADJ. NET INCOME AND EPS

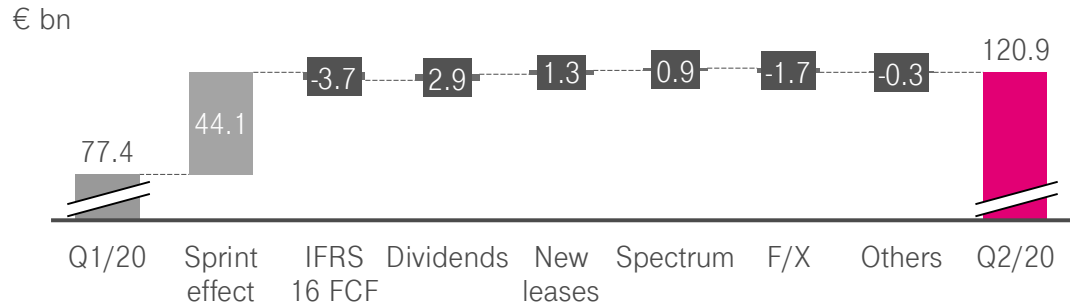
Free Cash Flow AL¹



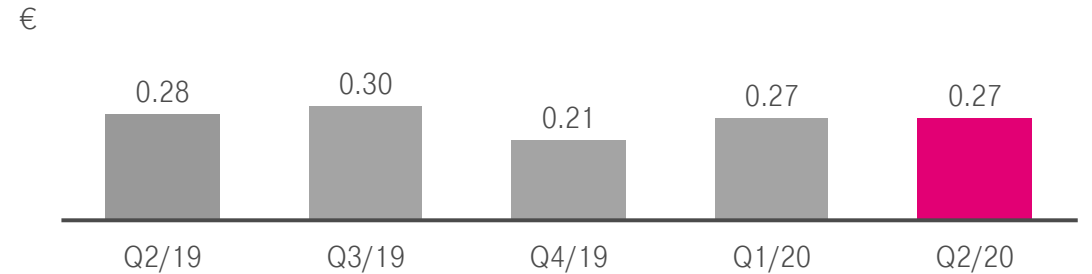
Adj. net income



Net debt (Q2/20 over Q1/20)



Adj. EPS



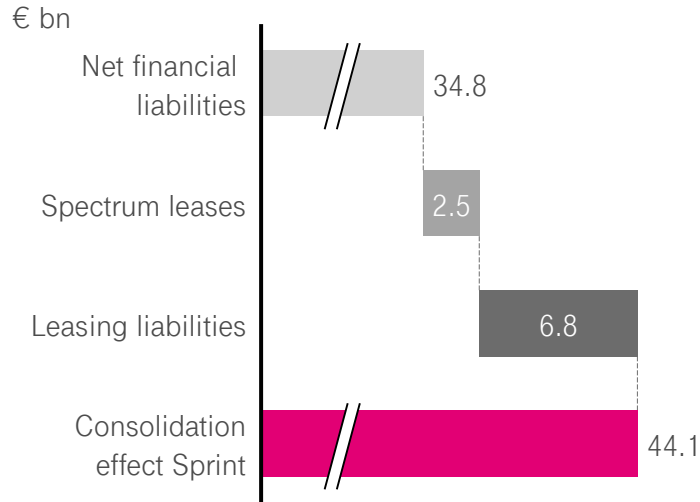
1) Free cash flow and FCF AL before dividend payments and spectrum investment

2) excl. € 2,157mn from TM US payer swap

3) Excl. Spectrum: Q2/19: € 875mn; Q2/20: € 878mn

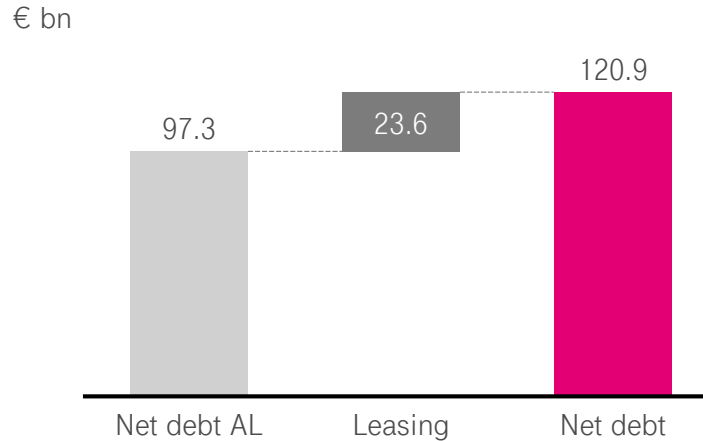
FINANCIALS: NET DEBT ANALYSIS

Sprint consolidation



Spectrum leases and Leasing liabilities not included in TM US net debt

H1/20 Net debt



LTM pro forma:

- adj EBITDA AL: € 35.7bn²
- adj. EBITDA: € 41.5bn²

Leverage ratios



We re-confirm returning into comfort zone of 2.25 to 2.75 in year 3 after merger

1) Excl. Finance Leases TM US.

2) Based on the last twelve months pro forma EBITDA incl. Sprint

BALANCE SHEET: RATIO OUTSIDE COMFORT ZONE DUE TO MERGER

€ bn

	30/06/2019	30/09/2019	31/12/2019	31/03/2020	30/06/2020
Balance sheet total	164.2	174.3	170.7	173.6	270.0
Shareholders' equity	42.7	45.1	46.2	45.9	73.5
Net debt	75.7	78.8	76.0	77.4	120.9
Net debt/Adj. EBITDA ¹	2.74	2.80	2.65	2.64	2.90
Equity ratio	26.0%	25.9%	27.1%	26.4%	27.2%

Comfort zone ratios

Rating: A-/BBB	●
2.25–2.75 net debt/Adj. EBITDA	●
25–35% equity ratio	●
Liquidity reserve covers redemptions of the next 24 months	●

Current rating

Fitch:	BBB+	stable outlook
Moody's:	Baa1	negative outlook
S&P: ²	BBB	stable outlook

1) Ratios for the interim quarters calculated on the basis of previous 4 quarters.

2) S&P changed rating from BBB+ credit watch negative to BBB stable outlook following the closing of the US transaction in April 2020.