DEUTSCHE TELEKOM
PRESS CONFERENCE 2018 RESULTS

Not to be released until February 21, 2019
Start statement Timotheus Höttges

LIFE IS FOR SHARING.

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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.

REVIEW FY 2018

FY 2018 HIGHLIGHTS: TRANSATLANTIC GROWTH CHAMPION

Growth: investments and innovations

- Cash capex at €12.2 bn (ex. spectrum)
- Fiber roll-out: 4.0 mn new homes in GER and EU with access to Fiber LTM
- IP-Migration continues in GER (86%) and EU (82%). +6.3 mn households LTM

300Mbit/s

Growth: customers

- 12.2 mn German fiber homes (+27% yoy)
- 1.7 mn converged net adds LTM
- 1.5 mn mobile contract net adds in Germany and EU LTM
- 7.1 mn net adds LTM in the US

Growth: financials

- Strong organic[1] growth continues
  - Revenue up 3.1% yoy
  - Adj. EBITDA up 7.2% yoy
  - Adj. EBITDA ex. US up 2.4% yoy
  - FCF up 18.9% yoy
  - Adj. EPS at €0.96. Dividend of €0.7[2]
- Net debt/adj. EBITDA at 2.4x

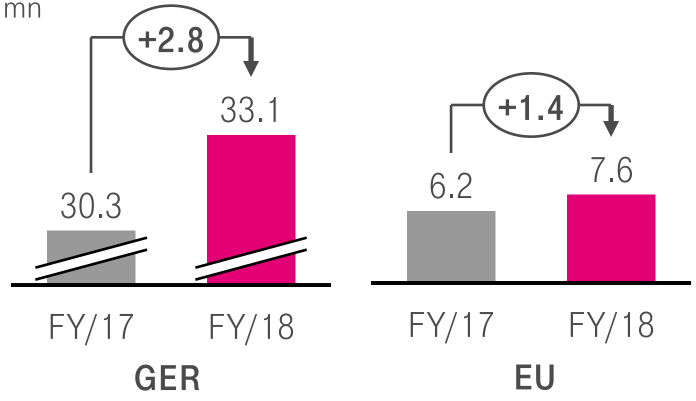
1) Revenue, adj. EBITDA, and FCF growth rates on organic base: adjusted for currency fluctuations and changes in the scope of consolidation (mainly US$ at 1.13 vs. 1.18 and UPC). Adj. EPS calculated on reported results.
2) Subject to necessary resolutions.

FY 2018 INVESTMENTS: DRIVING NETWORK LEADERSHIP

Fiber rollout[1]

Fiber households

mn

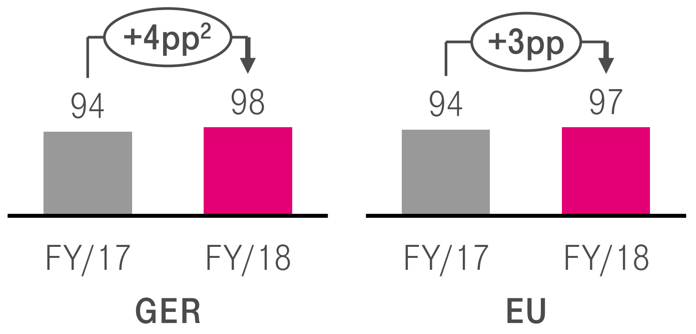


- Additional 4.0 mn HHs added to coverage
- Germany: super-vectoring (up to 250 Mbit/s) launched for 14 mn HHs & 2 mn business locations

LTE rollout

LTE outdoor pop coverage

%

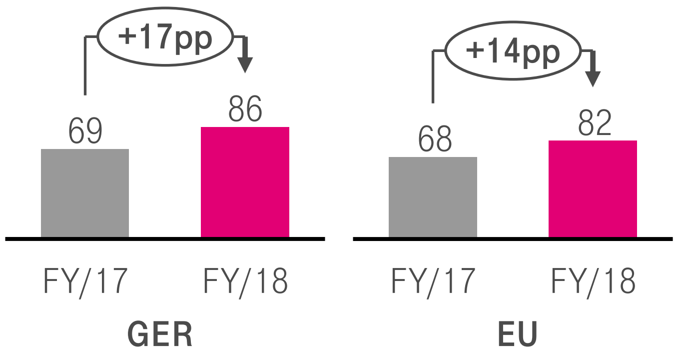


- 1,300 additional physical sites deployed in Germany
- 5G plan for Germany communicated
- Network leadership maintained across footprint

IP migration

IP share of fixed network access lines

%

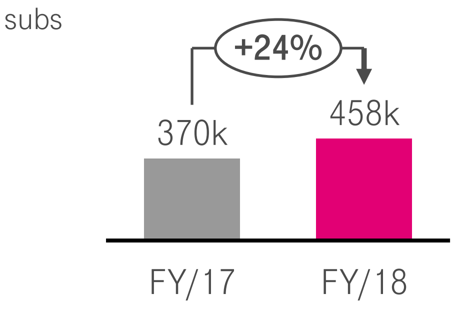


- GER on track for completion: B2C YE/19, B2B YE/20
- Negative impact on line losses and revenues

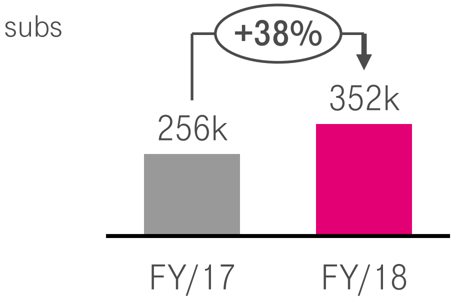
1) EU: ≥ 100Mbit/s coverage: FTTH, FTTB, FTTC (with vectoring), cable/ED3. Broadband also incl. wholesale customers. As of Q2/2018, adjusted HH baseline to include the Census update, B2B premises & CZ. 2017 restated.
2) LTE outdoor coverage in 2018 based on German regulator measuring approach. 2017 not restated.

FY 2018 INNOVATIONS: FOCUS ON CUSTOMER EXPERIENCE

Hybrid access



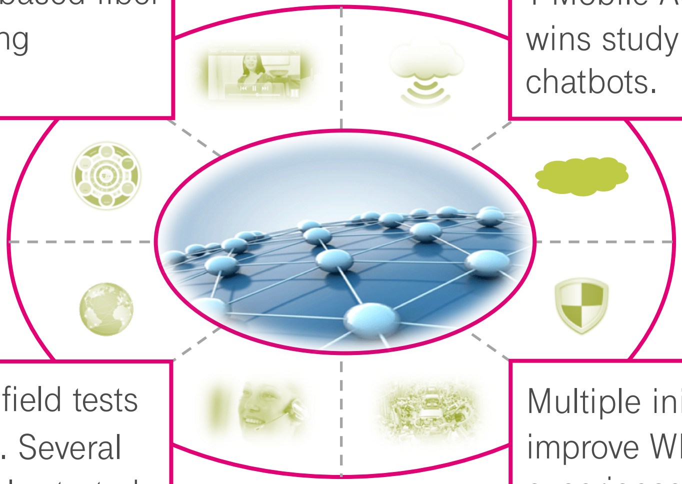
Smart Home



Innovation/network

Automated AI-based fiber roll-out planning implemented.

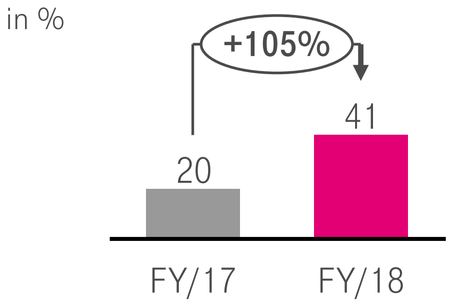
T-Mobile Austria's "Tinka" wins study about DAX chatbots.



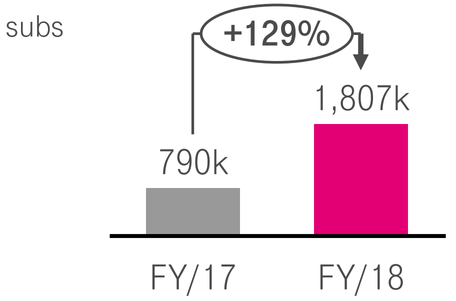
5G: Extensive field tests across Europe. Several lighthouse deals started.

Multiple initiatives to improve WLAN experience of customers.

One APP penetration (EU)



StreamOn



FY 2018 CUSTOMERS: ONGOING STRONG MOMENTUM

MagentaEINS (Germany + EU)[1]

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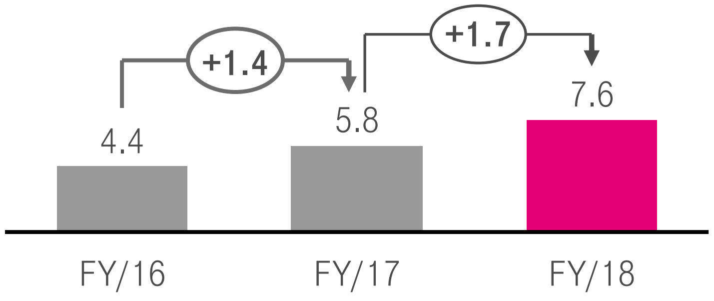

US Mobile

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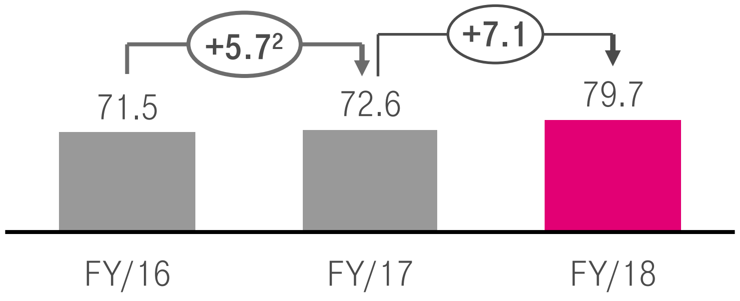

Fiber in Germany

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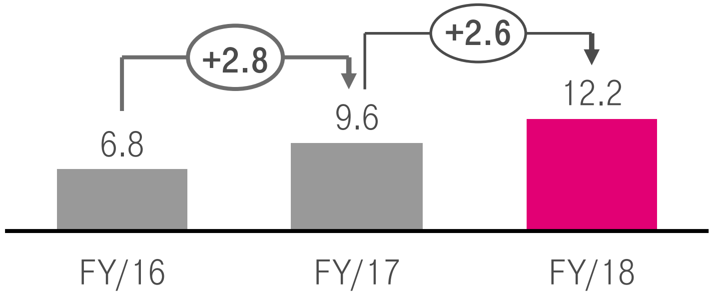

Mobile contract customers GER (own brand) + EU

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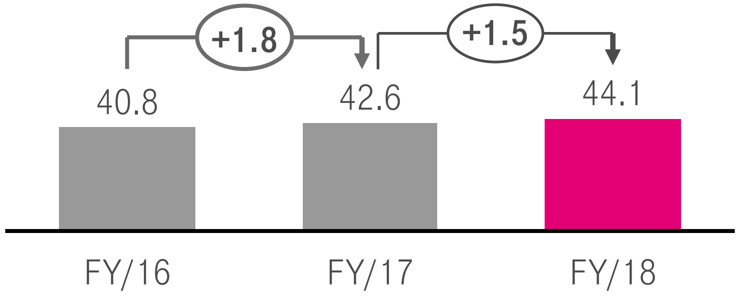


1) FMC RGUs may also appear under other brand name outside of Germany. 2) Adj. for 4,528k wholesale customers no longer reported by TMUS since Q2/17.

2018 FINANCIALS: GUIDANCE BEAT

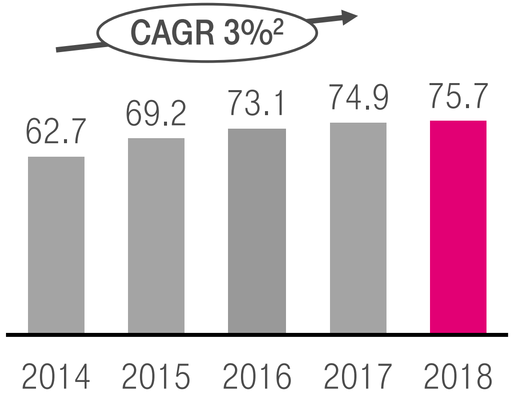
€ bn	Revenue	Adj. EBITDA	FCF
2014 – 2018 CAGR[1]	+1 – 2%	+2 – 4%	≈+10%
Initial 2018 Guidance ($/€: 1.13) Group	Slight increase	Around 23.2	Around 6.2
Final 2018 Guidance ($/€: 1.13) Group	Slight increase	Around 23.6	Around 6.3
Results 2018 Group (at $/€ 1.13 and adjusted for consolidation changes)	**77.1 (+3.1%)** ✓	**23.7 (+7.2%)** ✓	**6.3 (+18.9%)** ✓
Results 2018 Group actual (at $/€ 1.18)	75.7 (+0.9%)	23.3 (+5.0%)	6.2 (+13.7%)
Guidance 2018 DT excl. US		13.2	
Results 2018 DT ex US (adjusted for consolidation changes and f/x)		**13.2 (+2.4%)** ✓	
Results 2018 DT ex US actual		13.2 (+2.6%)	

1) 14 – 18 CAGRs as per CMD 2015 guidance.

2014 – 2018 FINANCIALS: MEDIUM-TERM GUIDANCE BEATEN

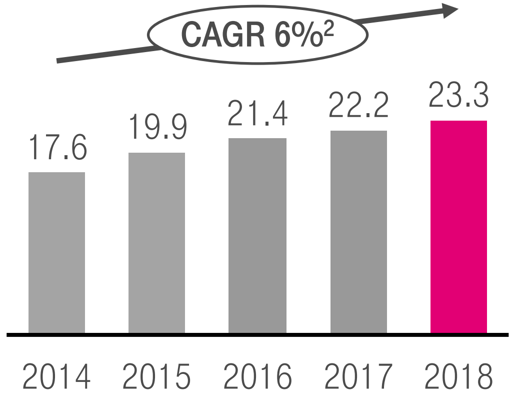
Revenue

€ bn



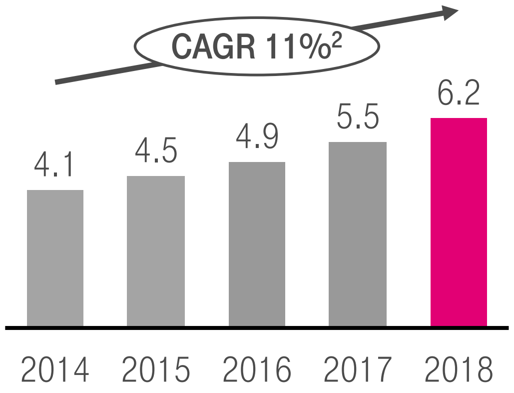
Adj. EBITDA

€ bn



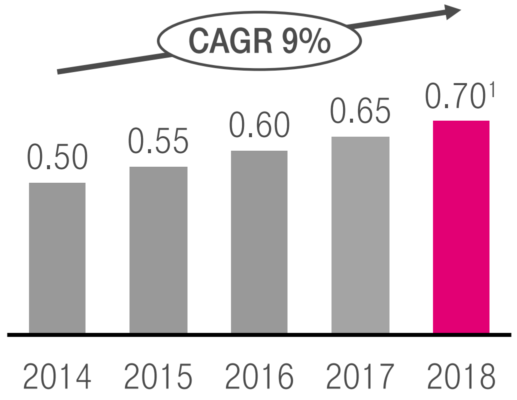
FCF

€ bn



Dividend

€ per share



Medium-term guidance (2014 – 2018 CAGR)

Revenue	Adj. EBITDA	FCF	Dividend
+1 – 2%	+2 – 4%	+~10%	FOLLOWS FCF GROWTH

1) 2018 subject to necessary resolutions. 2) CAGRs are adjusted for currency, handset lease effect, and M&A.

GUIDANCE 2019: WE WILL CONTINUE TO EXECUTE

€ bn	Revenue	Adj. EBITDA AL[2]	FCF AL[2]	Cash Capex
2017 – 2021 CAGR (CMD 2018)	+1 – 2%	+2 – 4%	≈+10%	Stable ex. US
2018 Result (pro forma)	76.4	23.2	6.0	12.4
2019 Guidance ($/€: 1.18)	**Slight increase**	**Around 23.9**	**Around 6.7**	**Around 12.7**
thereof Group excl. US				
2018 Result (pro forma)		13.1		8.0
2019 Guidance		**Around 13.4**		**Around 7.9**
thereof TMUS (US$ bn)				
2018 Result	43.1	11.9		5.2
2019 Guidance	**Increase**	**Around 12.4[1]**		**Around 5.7**

1) Equals mid-point TMUS guidance ($12.95 bn US GAAP) and -$0.6 bn IFRS bridge. 2) AL = after lease.

REVIEW Q4/18

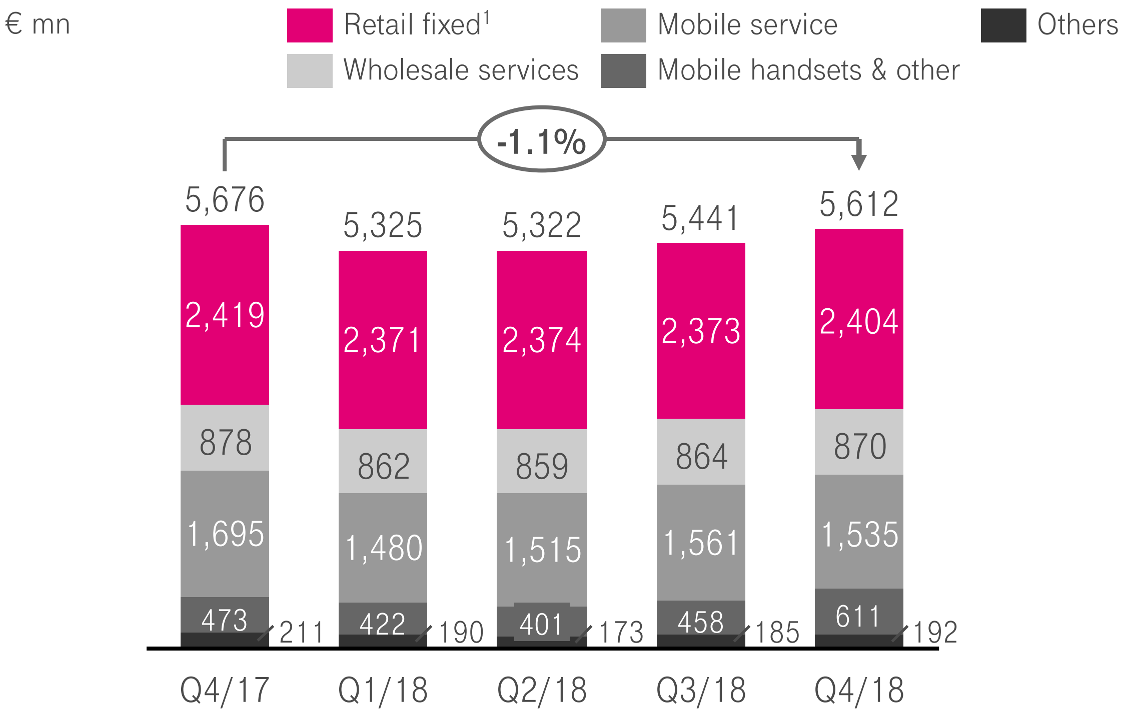
FINANCIALS: NET INCOME IMPACTED BY TAX GAIN IN Q4/17

€ mn	Q4			FY		
	2017	2018	Change	2017	2018	Change
Revenue	19,160	20,261	+5.7%	74,947	75,656	+0.9%
Adj. EBITDA	5,015	5,649	+12.6%	22,230	23,333	+5.0%
Adj. EBITDA (excl. US)	3,011	3,112	+3.3%	12,914	13,245	+2.6%
Adj. net profit	2,657	796	-70.0%	6,039	4,545	-24.7%
Net profit	1,332	-431	n.m.	3,461	2,166	-37.4%
Adj. EPS (in €)	0.56	0.17	-69.6%	1.28	0.96	-25.0%
Free cash flow[1]	1,094	1,471	+34.5%	5,497	6,250	+13.7%
Cash capex[2]	2,860	3,079	+7.7%	12,099	12,223	+2.5%
Net debt	50,791	55,425	+9.1%	50,791	55,425	+9.1%

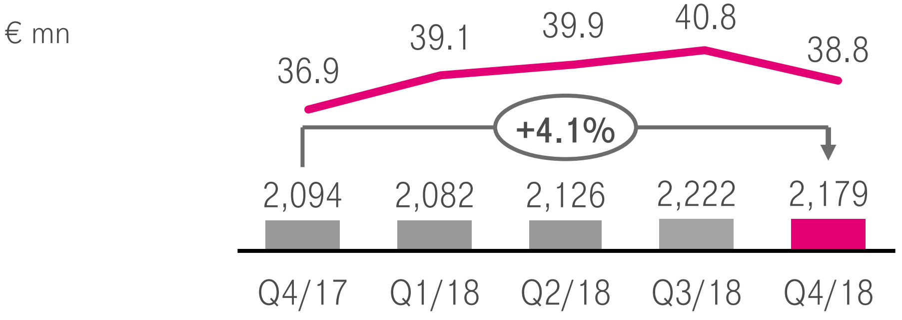
1) Free cash flow before dividend payments and spectrum investment. 2) Excl. spectrum: Q4/17: €94 mn; Q4/18: €62 mn. FY/17: €7,395 mn; FY/18: €269 mn.

GERMANY: STRONG ADJ. EBITDA PERFORMANCE

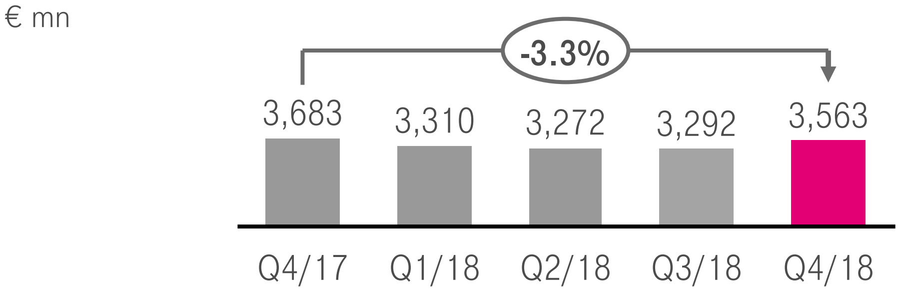
Revenue (as reported)



Adj. EBITDA and margin (in % as reported)



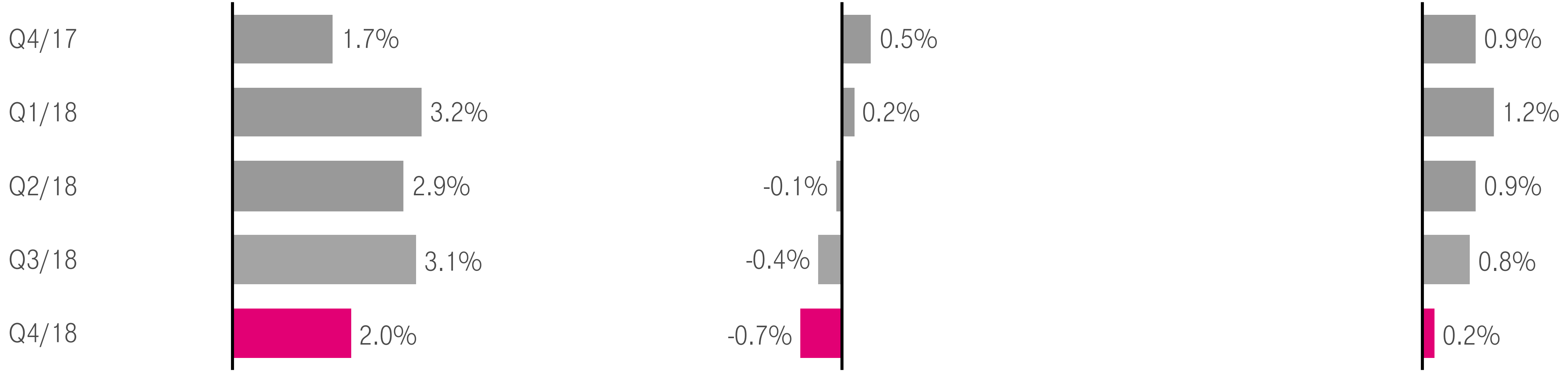
Adj. OPEX (as reported)



1) Fixed network core business.

GERMANY: GROWTH IN SERVICE REVENUES IMPACTED BY PHASING AND IP MIGRATION

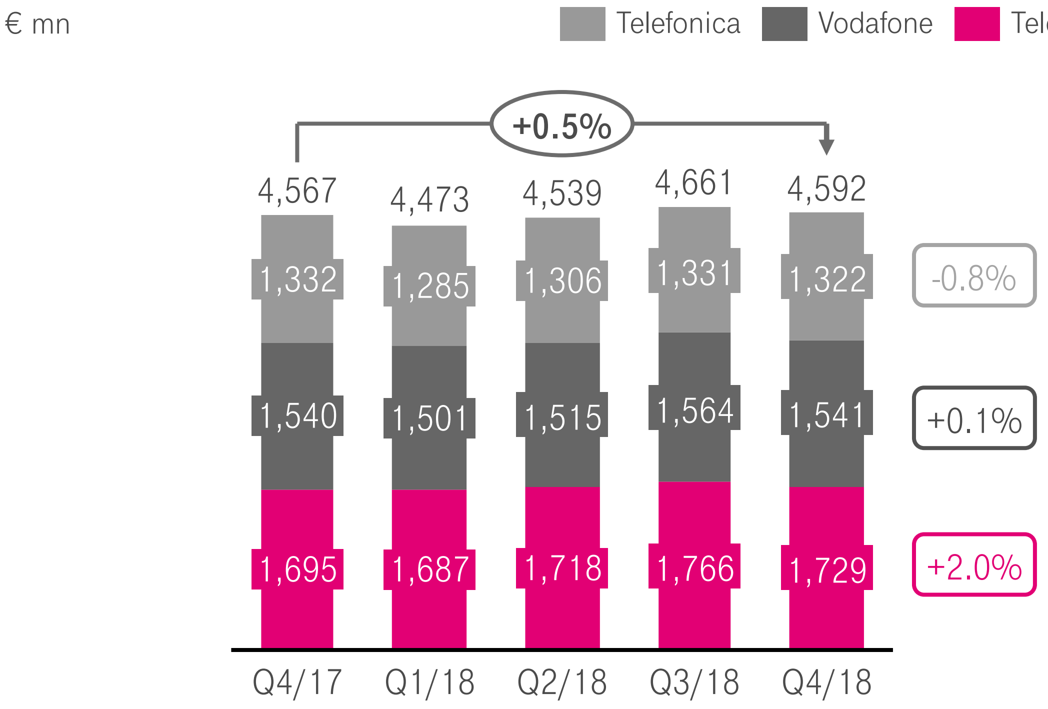
Mobile service revenue[1] | **Fixed line service revenue[1]** | **Total service revenue[1]**



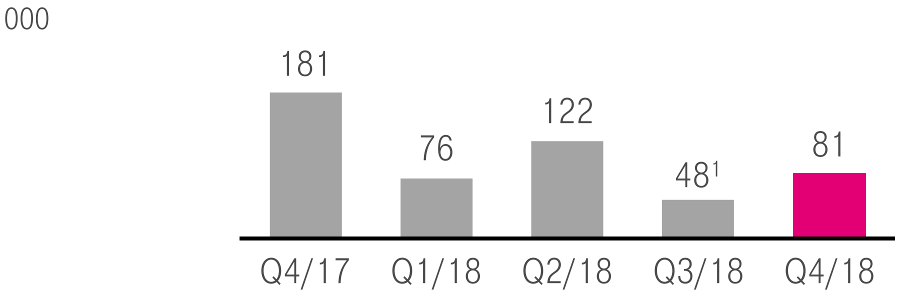
1) Excluding IFRS 15 impact.

GERMANY MOBILE: HEALTHY GROWTH CONTINUES

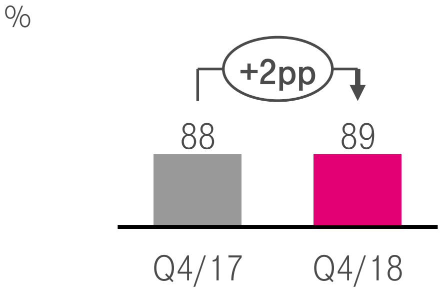
German mobile market service revenue (excl. IFRS 15)



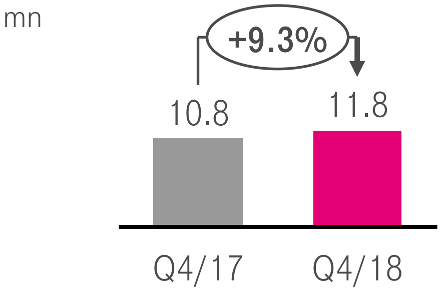
Own branded contract net adds



Smartphone penetration[2]



LTE customers[3]

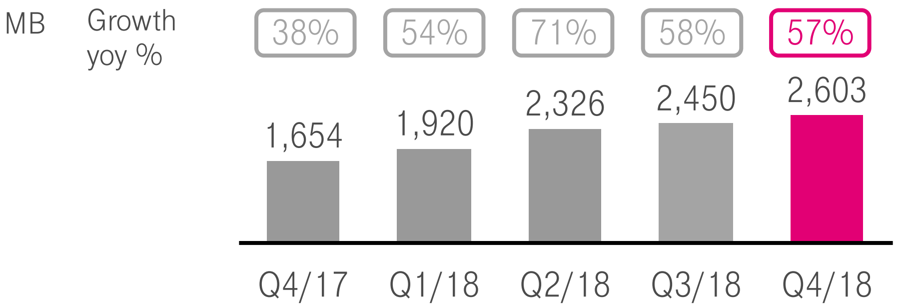


1) Impacted by 58k losses due to bankruptcy of a B2B customer. 2) Of own branded retail customers. 3) Own customers using an LTE-device and tariff plan including LTE.

GERMANY: GOOD PROGRESS WITH CONVERGENCE AND DATA

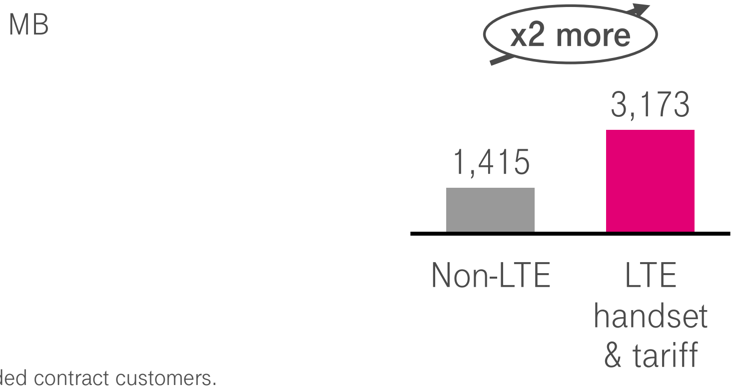
Mobile contract customers in MagentaEINS bundles[1]

Average consumer data usage[3]



Households in MagentaEINS bundles[2]

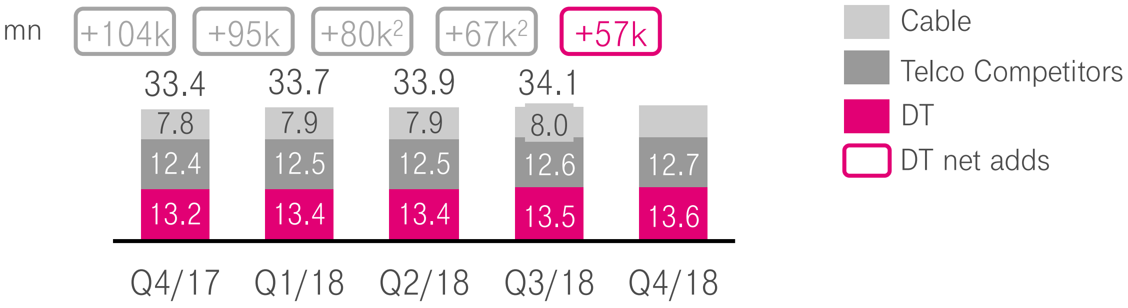
Average data usage uplift[3]



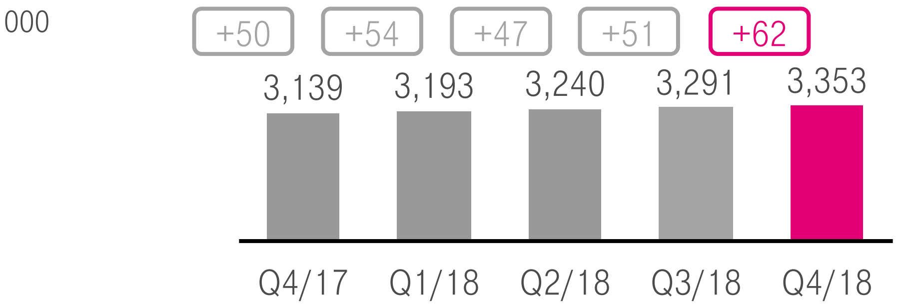
1) As % of B2C T-branded contract customers. 2) As % of B2C broadband access lines. 3) Per month of B2C T-branded contract customers.

GERMANY FIXED: STEADY BROADBAND CUSTOMER GROWTH

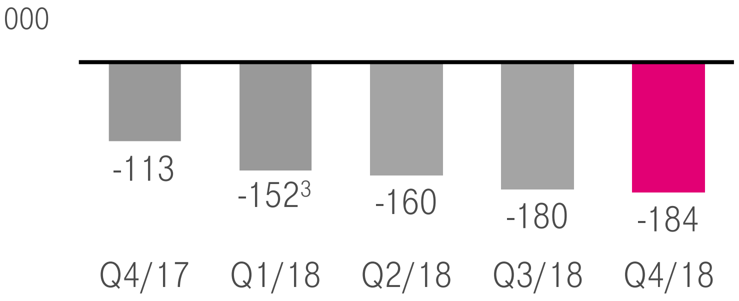
German broadband market[1]



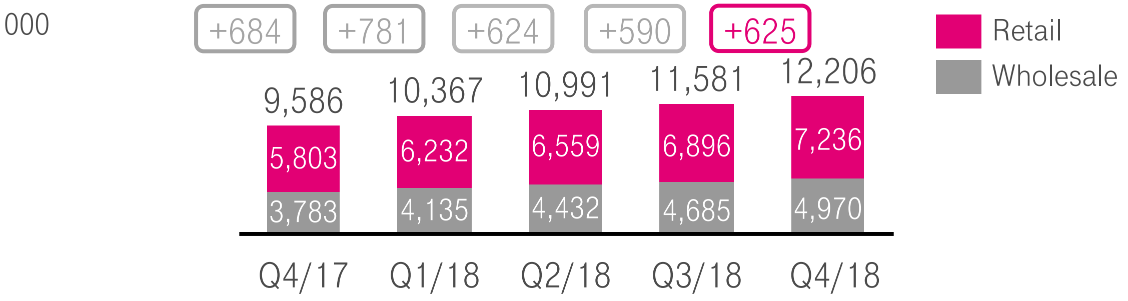
Magenta TV customers



Line losses



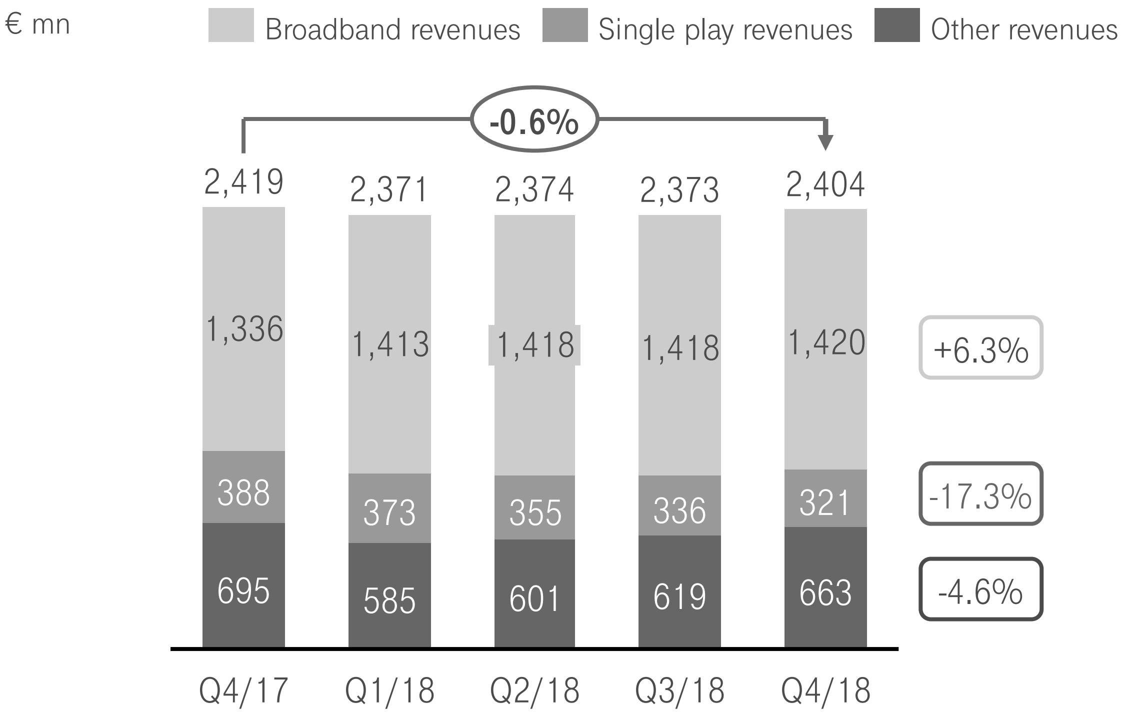
Fiber customers[4]



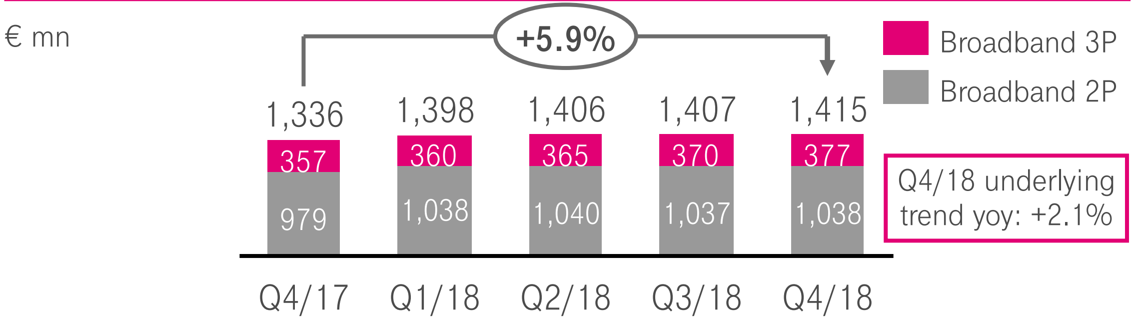
1) Based on management estimates. 2) Organic view: Change in base was +148k. 3) Organic view: Change in base was -90k. 4) Sum of all FTTx accesses (e.g. FTTC/VDSL, vectoring, and FTTH).

GERMANY FIXED: HEALTHY BROADBAND GROWTH OFFSET BY LEGACY ATTRITION

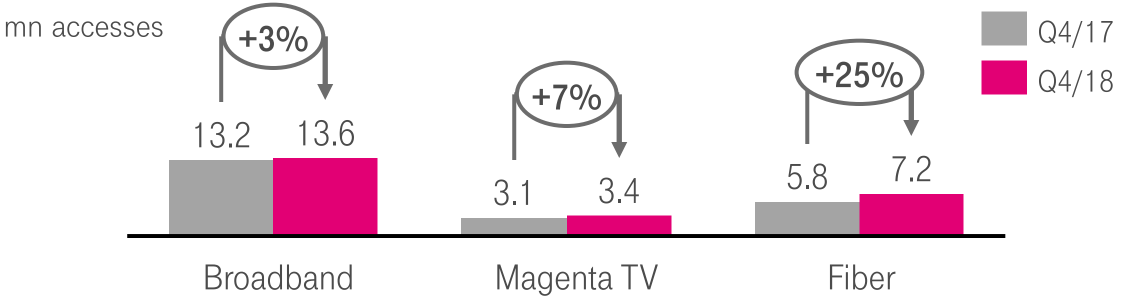
Fixed network revenue retail (as reported)[1]



Broadband revenue[1] (excl. IFRS 15)



Retail upsell strategy[2]

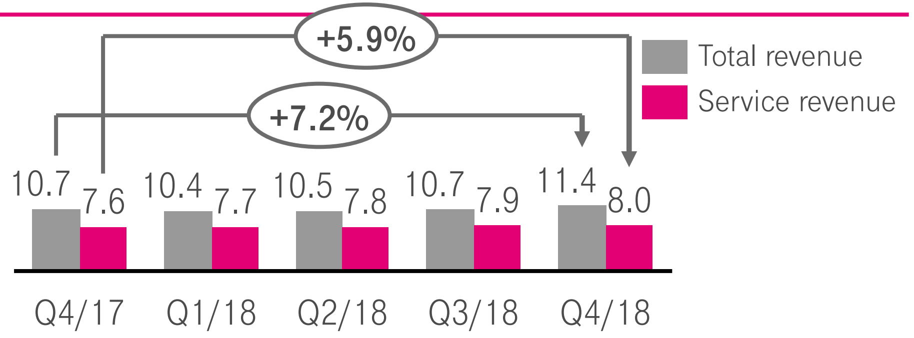


1) Change in definition of broadband and other revenues – historic figures have been adjusted. In addition, Q1 to Q3/18 impacted by a shift between other and broadband revenues, historic figures not adjusted for this effect.
2) Percentages calculated on exact figures.

TMUS: CONTINUED INDUSTRY LEADING GROWTH

Revenue and service revenue

US-$ bn



Net adds

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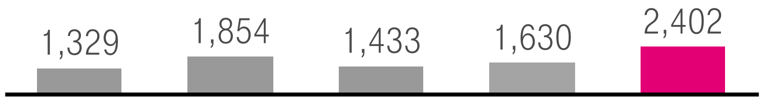
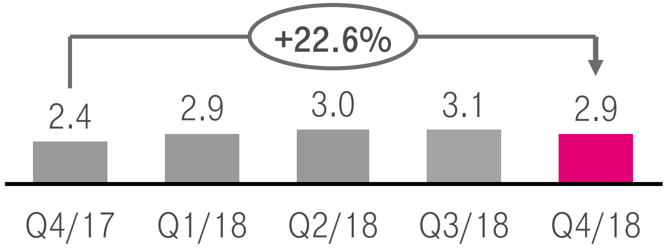
Total net adds



Branded:	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18
▪ Postpaid	1,072	1,005	1,017	1,079	1,358
▪ Prepay	149	199	91	35	135
Wholesale[1]	633	229	471	516	909

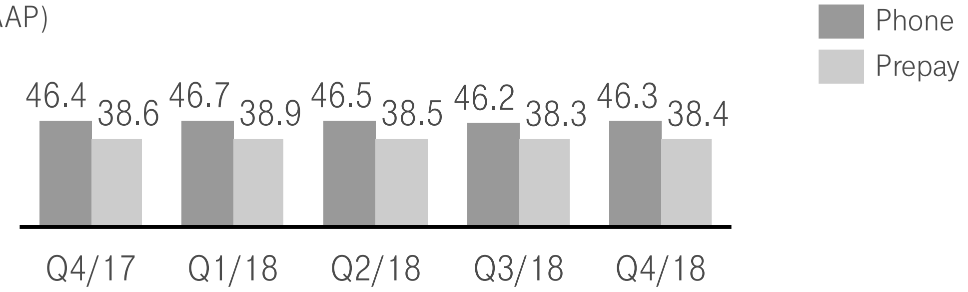
Adj. EBITDA

US-$ bn



Branded customers: postpaid phone and prepay ARPU

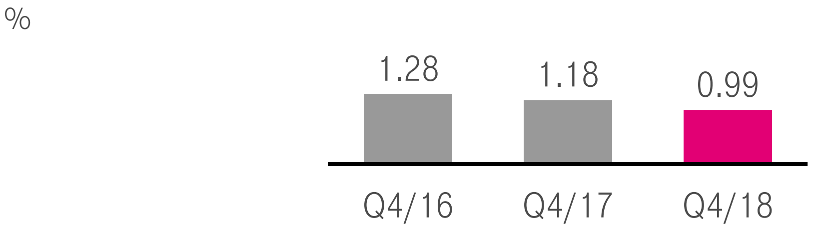
US-$ (US GAAP)



1) Wholesale includes MVNO and machine-to-machine (M2M). Amounts may not add up due to rounding.

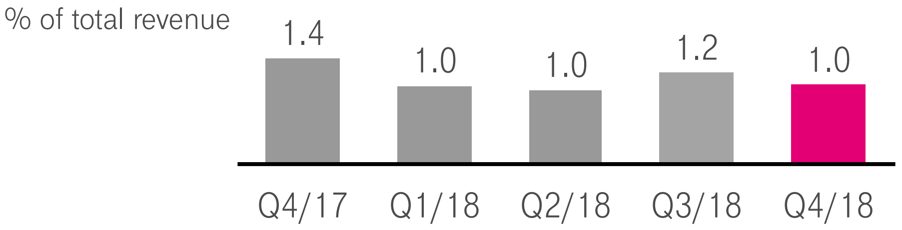
TMUS: EXECUTING ON KEY DRIVERS

Branded postpaid phone churn



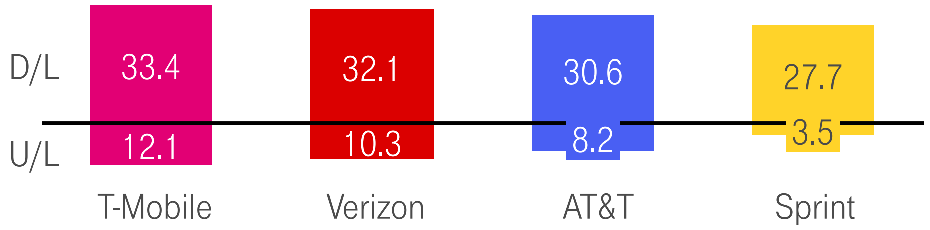
- Branded postpaid phone churn Q4 record low level

Bad debt expenses & losses from sale of receivables



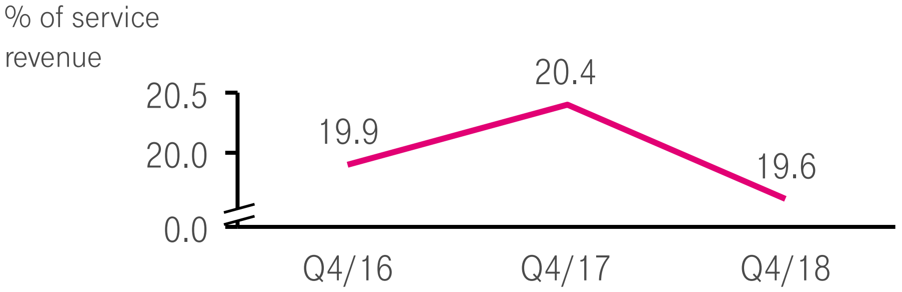
- Decrease yoy reflects ongoing focus on managing customer quality

Network quality



- 4G LTE Download and Upload Speeds – Q4/18 (in Mbit/s). Based on analysis by Ookla® of Speedtest Intelligence® data.

Cost of service



- Cost of services as a percentage of service revenues (excluding the impact of hurricanes and new revenue standard) decreased by 90bps yoy.

EUROPE: STRONG GROWTH IN CUSTOMER BASE

Mobile contract net adds[2]

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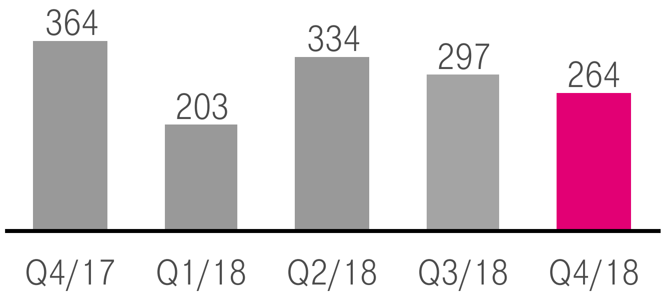

BB net adds[1, 2]

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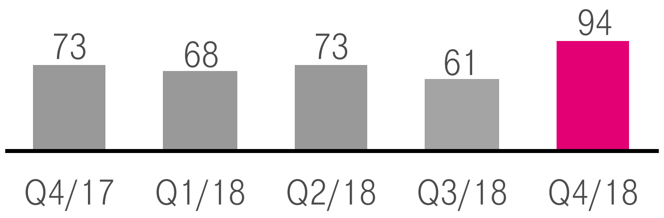

FMC net adds

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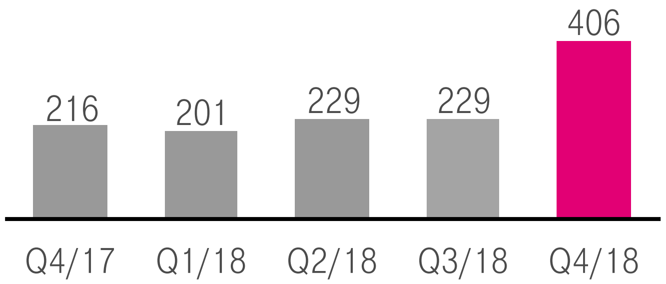

TV net adds[2]

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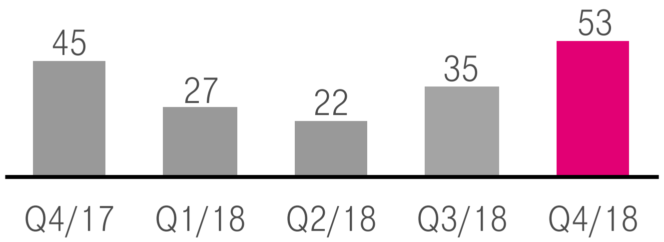
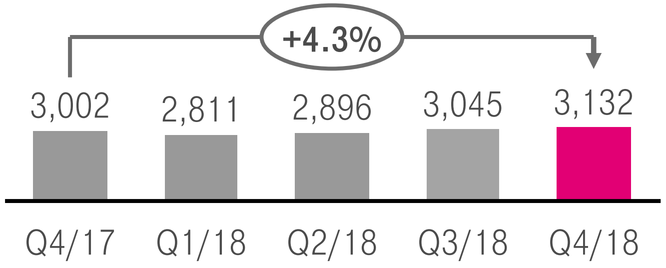


1) Based on subscribers. 2) Adjusted for UPC effect in Austria.

EUROPE: GROWING REVENUE AND EBITDA

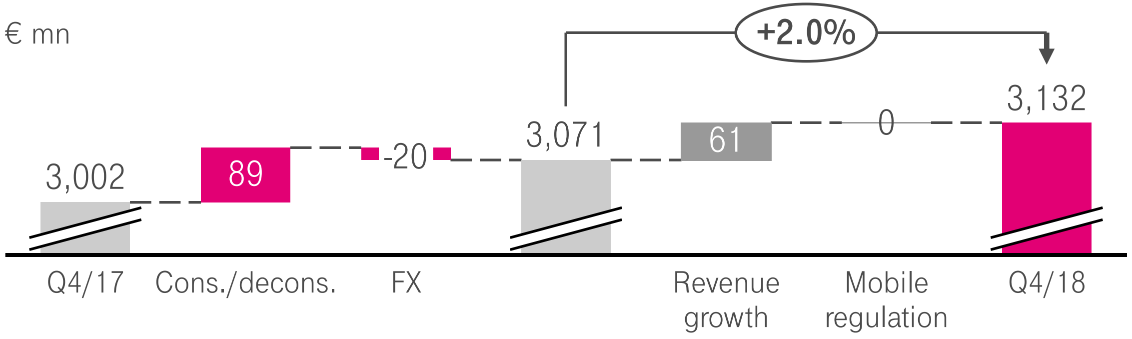
Revenue

€ mn



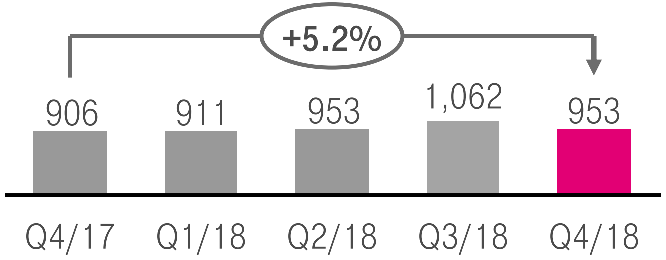
Organic revenue development

€ mn



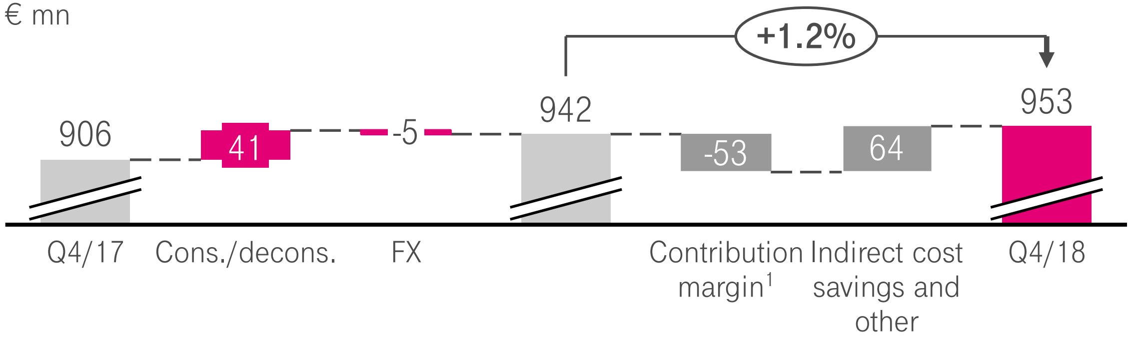
Adj. EBITDA

€ mn



Organic adj. EBITDA development

€ mn



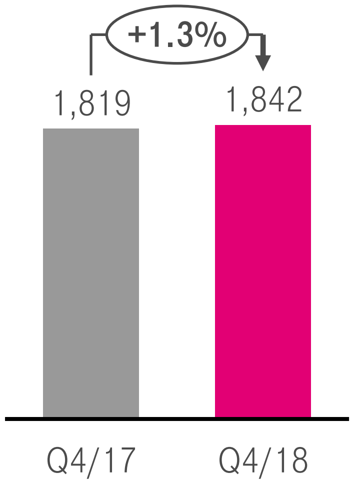
1) Total revenue – direct cost.

SYSTEMS SOLUTIONS: FULL YEAR GUIDANCE ACHIEVED

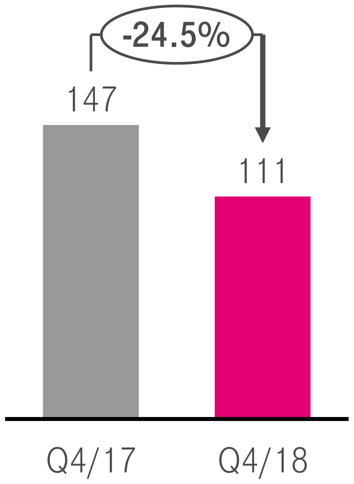
T-Systems financials

€ mn

Total revenue

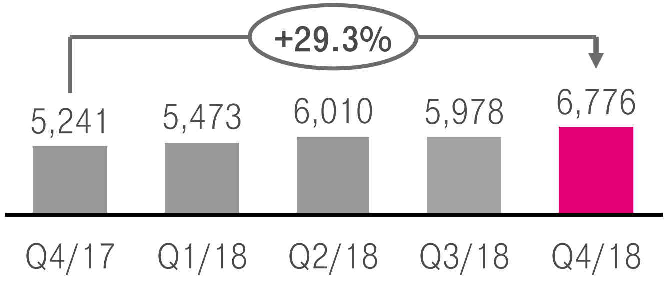


Adj. EBITDA



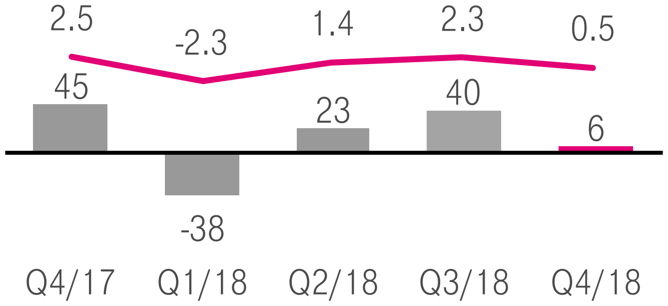
Order entry (LTM)

€ mn



Adj. EBIT and margin in %

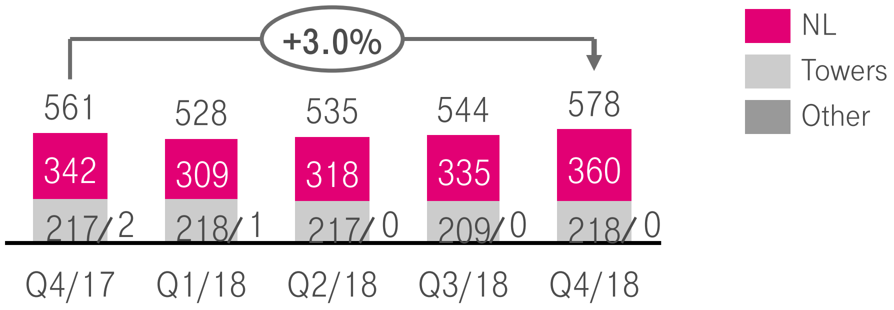
€ mn



GROUP DEVELOPMENT: STEADY UNDERLYING DELIVERY

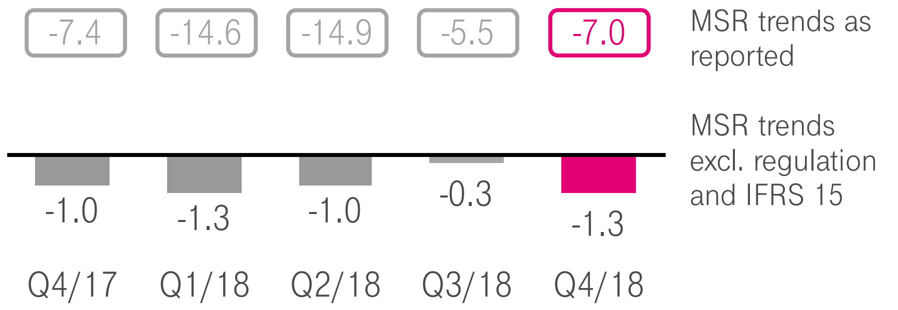
Revenue

€ mn



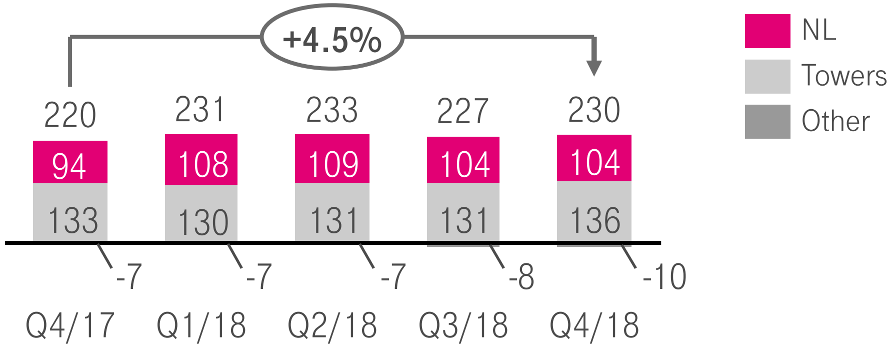
Mobile service revenue trend yoy (NL)

%



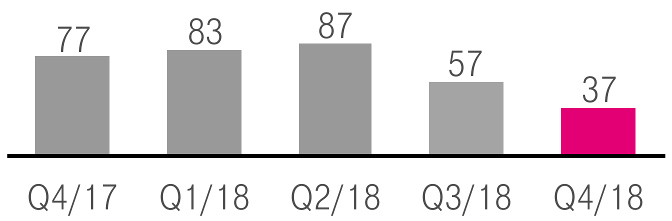
Adj. EBITDA

€ mn



Contract net adds (NL)

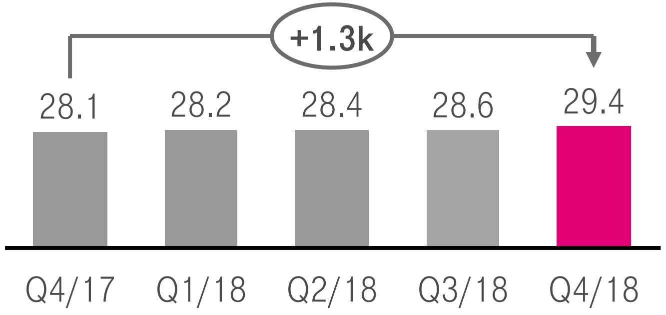
000



GROUP DEVELOPMENT: TOWER BUSINESS DOING WELL

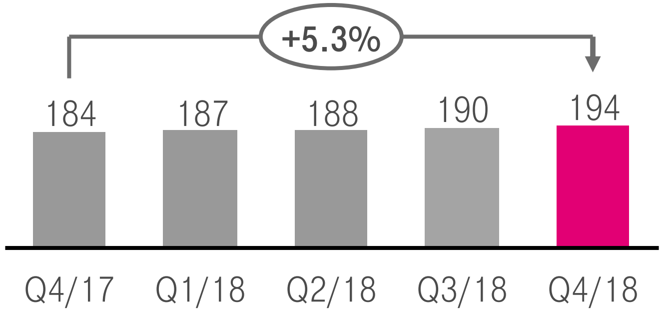
Total site development

000



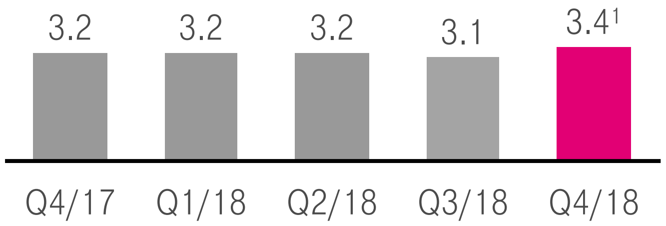
Recurring rental revenue

€ mn



Opex per site (avg. sites)

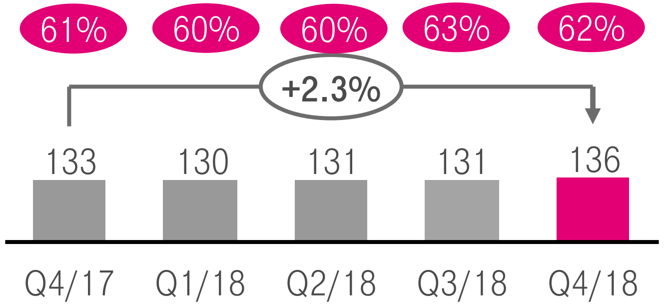
000 €/site



EBITDA & EBITDA margin development

In %

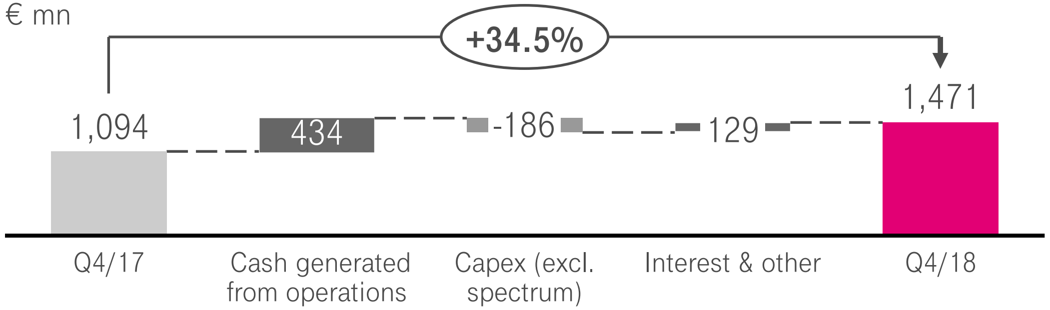
€ mn



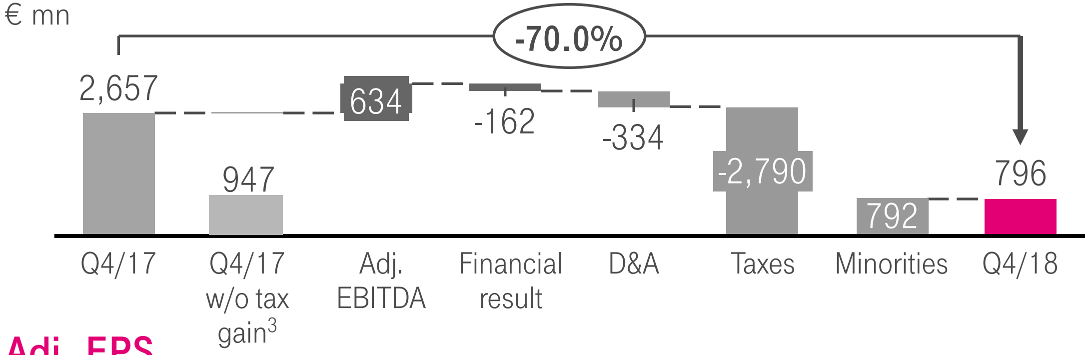
1) Adjusted for one-offs.

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

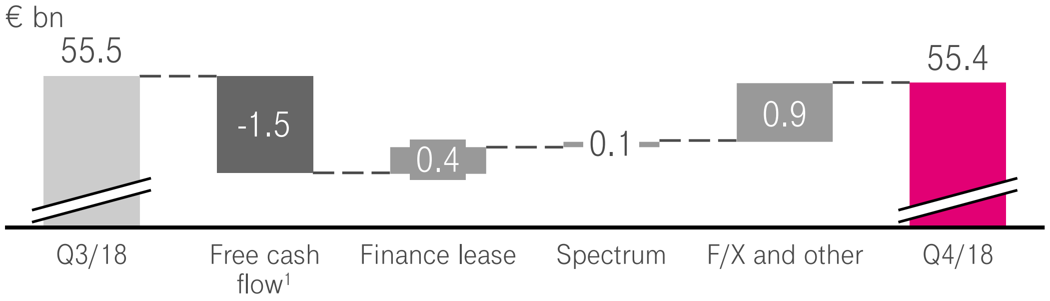
Free cash flow[1]



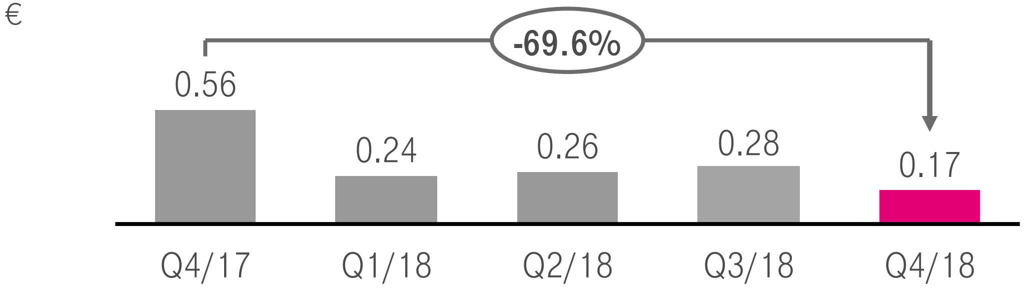
Adj. net income



Net debt development (Q4 over Q3)



Adj. EPS



1) Free cash flow before dividend payments and spectrum investment. 2) Excl. spectrum: Q4/17: €94 mn; Q4/18: €62 mn. 3) Pro forma calculation: adjusting net income in Q4/17 for US tax reform related gain of €1.7 bn.

FINANCIALS: BALANCE SHEET RATIOS IN TARGET CORRIDOR

€ bn	31/12/2017	31/03/2018	30/06/2018	30/09/2018	31/12/2018
Balance sheet total	141.3	138.0	139.7	142.3	145.4
Shareholders' equity	42.5	43.7	41.4	43.5	43.4
Net debt	50.8	50.5	54.8	55.5	55.4
Net debt/adj. EBITDA[1]	2.3	2.3	2.5	2.4	2.4
Equity ratio	30.0%	31.7%	29.6%	30.6%	29.9%

Comfort zone ratios

Rating: A-/BBB	●
2 – 2.5x net debt/adj. EBITDA	●
25 – 35% equity ratio	●
Liquidity reserve covers redemption of the next 24 months	●

Current rating

Fitch:	**BBB+**	stable outlook
Moody's:[2]	**Baa1**	negative outlook
S&P:[2]	**BBB+**	CreditWatch negative

1) Ratios for the interim quarters calculated on the basis of previous four quarters. 2) Outlook changed end of April 18, following the announced merger of TMUS and Sprint. Previous outlook was "stable".

WHY DT: BEST POSITIONED FOR FUTURE GROWTH

Unique **footprint & asset base**	**Transatlantic presence** in worlds' leading economies **Converged leader** in Europe with **superior network position**
Growth profile	**95% of footprint growing** with further FMC growth potential Supercharging the Un-Carrier **boosts DT's financial profile** (EPS accretive from year 3)
Untapped **value potential**	Still untapped potential from **cost transformation** **Accelerated digitalization** to improve CX and reduce costs
Clear **strategy**	Focus on **connectivity core & adjacent business** Focused **portfolio approach & capital allocation**
Best **team**	**New international leaders** with excellent track record **Walk the talk & winning mentality**

MID TERM AMBITION LEVEL

	Mid term ambition level[1]	Year	Implications of US deal[2]
Group revenues	CAGR +1 – 2%	2017 – 2021e	Confirmed
Group adj. EBITDA	CAGR +2 – 4%	2017 – 2021e	Confirmed
Adj. EBITDA ex US	CAGR +2 – 3%	2017 – 2021e	Confirmed
Group FCF	CAGR ≈ +10%	2017 – 2021e	Slightly dilutive in 2021e & accretive in 2022e
Group adj. EPS	≈ €1.20	2021e	Slightly dilutive in 2021e & accretive in 2022e
Group ROCE	ROCE > WACC	2021e	Confirmed
Group cash capex	Ex US stable	2017 – 2021e	Confirmed
Group indirect opex	Ex US -€1.5 bn	2017 – 2021e	Confirmed
Shareholder remuneration policy (2018 – 2021)[3]	Dividend will reflect growth in adjusted EPS while considering share buy backs	2017 – 2021e	Confirmed

1) Based on constant exchange rates (average exchange rate 2017 of €1 = US$1.13) and no further changes in the scope of consolidation. 2) Assumption: closure date Jan. 1, 2019. 3) Subject to necessary AGM approval and board resolution.

THANK YOU!