



MEDIA INFORMATION

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Deutsche Telekom stays well on track, posting strong financial figures in the first half of 2019

- Net revenue up by 3.2 percent in organic terms in the first six months to 39.2 billion euros
- In organic terms, adjusted EBITDA AL is up by 3.7 percent compared with the first half of 2018 to 12.2 billion euros
- Free cash flow AL up by 9.0 percent in organic terms to 3.1 billion euros in the first six months
- Net profit up by more than 90 percent in the second quarter
- Operations in Germany still leading in mobile communications
- Customer boom at T-Mobile US continues
- Converged products drive growth once again in Europe

Following a strong first half of 2019, Deutsche Telekom is keeping its sights set firmly on its targets for the full year. In the first six months of 2019, net revenue grew by 3.2 percent year-on-year in organic terms to 39.2 billion euros, adjusted EBITDA AL by 3.7 percent to 12.2 billion euros, and free cash flow AL by 9.0 percent to 3.1 billion euros. These increases are excluding exchange rate effects and changes in the composition of the Group. If these changes are included, growth rates are higher, primarily on account of the acquisitions in Austria and the Netherlands and due to the translation of U.S. dollars: 7.9 percent for net revenue, 7.7 percent for adjusted EBITDA AL, and 11.4 percent for free cash flow AL.



“We remain reliable,” said Tim Hötting, CEO of Deutsche Telekom. “Our business performed well in all areas again in the first half of 2019. That puts us in a position to deliver the results we promised.”

There was a jump in reported net profit in the second quarter. At 0.9 billion euros, it stood 90.7 percent above the prior-year level. The main reason for this was a negative special factor in the second quarter of 2018 from the settlement in the Toll Collect arbitration proceedings, which was not matched by any comparable effect in the reporting year. For the first half of the year, net profit increased by 24.1 percent year-on-year to 1.8 billion euros. Adjusted for special factors, net profit increased by 7.4 percent in the second quarter and by 3.5 percent in the first half of the year.

The Group continued to invest at a high level in the first six months of 2019. Cash capex before expenses for mobile spectrum rose by 14.9 percent to 7.0 billion euros. Investments increased due to the continued build-out and upgrade of the networks in the Germany, Europe, and Group Development operating segments and, in particular, in the United States due to the accelerated infrastructure build-out in the 600 Mhz spectrum.

Germany – growth trend continues

Between April and June, Telekom extended its leading position on the German mobile market in terms of service revenues, which increased by 2.4 percent against the prior-year period, thereby continuing the strong trend of the first three months of the reporting year. The average mobile data used per month by branded contract customers exceeded 3 gigabytes for the first time. Customers with an LTE rate plan and LTE-enabled smartphone used six times as much data as other customers.

In the fixed network, growth in fiber-optic-based lines (FTTH, FTTC/vectoring) continued. At 13.4 million lines, the number was up 22 percent on the prior-year



figure. 521,000 lines were added in the second quarter. 83 thousand new customers opted for converged product under the name MagentaEINS.

Revenue in the Germany operating segment amounted to 5.4 billion euros in the second quarter, up by 1.2 percent against the prior-year period. Growth in adjusted EBITDA AL was even more substantial, up by 2.4 percent to 2.2 billion euros, leading to a margin of 40.0 percent compared with 39.5 percent in the second quarter of the prior year.

United States – record setting continues

T-Mobile US set new records again in the second quarter of 2019. Total revenue increased by 5.1 percent year-on-year to 11.0 billion U.S. dollars, while service revenues rose by 6.9 percent to 8.3 billion U.S. dollars. Adjusted EBITDA AL increased by 6.0 percent to 3.2 billion U.S. dollars.

The company accelerated its customer growth again with 1.8 million net customer additions in the second quarter, bringing the total customer count to 83.1 million at the end of June. T-Mobile US had a reason to celebrate: It recorded more than one million net customer additions in a quarter for the 25th time in a row. Of the total customer growth, 710,000 were branded phone postpaid net customer additions. In the United States, T-Mobile US remains far and away the fastest growing company on the market. The record low churn rate of 0.78 percent made a significant contribution to this. In the prior year, this figure had been 17 basis points higher.

Europe – converged products now available everywhere

In the European national companies, the encouraging trends of last year continued steadily. Following the launch of converged products comprising fixed-network and mobile communications (FMC) in Austria and Poland in the second quarter, these offers are now available in all ten countries.

This segment continued to develop very well, with 330,000 new FMC customers. The number of customers thus increased by 53 percent compared with the end of June 2018, passing the 4 million mark for the first time. The companies again recorded strong development in the number of mobile contract customers, with 300,000 net additions, and broadband lines, with an increase of 63,000.

These trends are reflected in further improvements in financial figures. In organic terms, revenue increased by 0.4 percent year-on-year to 3.0 billion euros and adjusted EBITDA AL rose by 2.0 percent to 1.0 billion euros. An increase in higher-margin revenues and cost reductions contributed to the improvement in EBITDA AL.

Systems Solutions – transformation on track

In the second quarter of 2019, T-Systems again managed to increase order entry compared with the prior-year period to 1.9 billion euros, 2.4 percent higher than between April and June 2018. Successes included wins in the area of the connected car.

The key financial ratios remained stable. Revenue was more or less unchanged against the prior-year period at 1.7 billion euros, while adjusted EBITDA AL increased by 3 million euros against 2018 to 127 million euros. Adjusted EBITDA AL increased by 19 percent year-on-year in the first half of 2019 to 219 million euros. The first successes of the transformation are beginning to show in these figures.

The Deutsche Telekom Group at a glance:

	Q2 2019 millions of €	Q2 2018 millions of €	Change %	H1 2019 millions of €	H1 2018 millions of €	Change %	FY 2018 millions of €
Net revenue	19,664	18,367	7.1	39,152	36,291	7.9	75,656
Proportion generated internationally %	69.0	67.6	1.4p	69.0	67.1	1.9p	67.8
EBITDA	6,701	5,556	20.6	13,162	10,825	21.6	21,836
Adjusted EBITDA	7,263	5,928	22.5	14,164	11,477	23.4	23,333
Adjusted EBITDA AL	6,283	5,866	7.1	12,223	11,353	7.7	23,074
Net profit	944	495	90.7	1,845	1,487	24.1	2,166
Adjusted net profit	1,329	1,238	7.4	2,512	2,428	3.5	4,545
Free cash flow ^a	2,312	1,514	52.7	4,682	2,896	61.7	6,250
Free cash flow AL ^a	1,546	1,467	5.4	3,103	2,785	11.4	6,051
Cash capex ^b	4,199	3,094	35.7	8,027	6,234	28.8	12,492
Cash capex ^b (before spectrum)	3,324	3,021	10.0	7,006	6,097	14.9	12,223
Net debt ^c				75,709	54,772	38.2	55,425
Number of employees ^d				212,762	216,319	(1.6)	215,675

Comments on the table:

The new IFRS 16 "Leases" accounting standard has been applied since January 1, 2019. This led to a change in the definition of some of our financial performance indicators. The published prior-year figures were not adjusted; however, we show prior-year comparatives calculated on a pro-forma basis for the redefined key performance indicators "adjusted EBITDA after leases (adjusted EBITDA AL)" and "free cash flow after leases (free cash flow AL)".

a Before dividend payments and spectrum investment.

b Cash outflows for investments in property, plant and equipment, and intangible assets (excluding goodwill).

c First-time application of IFRS 16 "Leases" as of January 1, 2019: The new standard results in a mathematical increase in net debt of 15.6 billion euros. The Company's financial position remains unchanged by this.

d At the reporting date.



Operating segments:

	Q2 2019 millions of €	Q2 2018 millions of €	Change %	H1 2019 millions of €	H1 2018 millions of €	Change %	FY 2018 millions of €
Germany							
Total revenue	5,388	5,322	1.2	10,745	10,648	0.9	21,700
EBITDA	2,036	1,941	4.9	3,981	3,857	3.2	8,012
Adjusted EBITDA	2,161	2,126	1.6	4,274	4,209	1.5	8,610
Adjusted EBITDA AL	2,153	2,103	2.4	4,261	4,161	2.4	8,516
Number of employees ^a				61,552	63,872	(3.6)	62,621
United States							
Total revenue	9,826	8,821	11.4	19,623	17,277	13.6	36,522
US-\$	11,041	10,510	5.1	22,166	20,904	6.0	43,063
EBITDA	3,334	2,522	32.2	6,545	4,882	34.1	9,928
Adjusted EBITDA	3,534	2,553	38.4	6,843	4,885	40.1	10,088
Adjusted EBITDA AL	2,872	2,552	12.5	5,551	4,883	13.7	10,084
US-\$	3,227	3,045	6.0	6,269	5,910	6.1	11,901
Europe^b							
Total revenue	2,978	2,896	2.8	5,869	5,707	2.8	11,885
EBITDA	1,038	907	14.4	2,072	1,812	14.3	3,757
Adjusted EBITDA	1,099	953	15.3	2,158	1,864	15.8	3,880
Adjusted EBITDA AL	991	936	5.9	1,937	1,834	5.6	3,813
Systems Solutions							
Order entry	1,886	1,842	2.4	3,494	3,348	4.4	6,776
Total revenue	1,673	1,674	(0.1)	3,304	3,339	(1.0)	6,936
Adj. EBIT margin (%)	1.9	1.4	0.5p	0.8	(0.4)	1.2p	0.5
EBITDA	29	71	(59.2)	108	90	20.0	163
Adjusted EBITDA	158	121	30.6	284	179	58.7	429
Adjusted EBITDA AL	127	124	2.4	219	184	19.0	442



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a At the reporting date.

b Inclusion of UPC Austria as of July 31, 2018. Prior-year comparatives were not adjusted.



Development of customer numbers

Operating segments: development of customer numbers in the second quarter of 2019

	June 30, 2019	Mar. 31, 2019	Change	Change
	thousands	thousands	thousands	%
Germany				
Mobile customers	44,827	44,657	170	0.4
Of which contract customers	24,974	25,195	(221)	(0.9)
Fixed-network lines	18,228	18,414	(186)	(1.0)
Of which retail IP-based	16,614	16,065	549	3.4
Broadband lines	13,636	13,608	28	0.2
Of which optical fiber ^a	7,913	7,609	304	4.0
Television (IPTV, satellite)	3,477	3,419	58	1.7
Unbundled local loop lines (ULLs)	4,913	5,050	(137)	(2.7)
United States				
Mobile customers	83,052	81,301	1,751	2.2
Of which branded postpaid customers	44,646	43,538	1,108	2.5
Of which branded prepay customers	21,337	21,206	131	0.6
Europe^b				
Mobile customers ^c	46,469	47,800	(1,331)	(2.8)
Of which contract customers	27,022	26,844	178	0.7
Fixed-network lines	8,986	8,977	9	0.1
Of which IP-based	7,961	7,663	298	3.9
Broadband customers ^d	6,540	6,478	62	1.0
Television (IPTV, satellite, cable)	4,910	4,904	6	0.1

Comments on the table:

- a Sum of all FTTx access lines (e.g., FTTC/VDSL, vectoring, and FTTH).
- b Inclusion of UPC Austria as of July 31, 2018. Prior-year comparatives were not adjusted.
- c As of January 1, 2019, the portfolio of M2M SIM cards in Austria was streamlined. 2.4 million customers were deactivated. Prior-year comparatives were not adjusted.



d Starting in Q2/2018, Deutsche Telekom no longer reports the number of retail broadband lines from a technical perspective. Instead, it reports the number of broadband customers. Prior-year comparatives have been adjusted.

Operating segments: development of customer numbers in year-on-year comparison

	June 30, 2019	June 30, 2018	Change	Change
	thousands	thousands	thousands	%
Germany				
Mobile customers	44,827	43,023	1,804	4.2
Of which contract customers	24,974	24,965	9	0.0
Fixed-network lines	18,228	18,989	(761)	(4.0)
Of which retail IP-based	16,614	13,629	2,985	21.9
Broadband lines	13,636	13,437	199	1.5
Of which optical fiber ^a	7,913	6,559	1,354	20.6
Television (IPTV, satellite)	3,477	3,240	237	7.3
Unbundled local loop lines (ULLs)	4,913	5,587	(674)	(12.1)
United States				
Mobile customers	83,052	75,619	7,433	9.8
Of which branded postpaid customers	44,646	40,082	4,564	11.4
Of which branded prepay customers	21,337	20,967	370	1.8
Europe^b				
Mobile customers ^c	46,469	49,886	(3,417)	(6.8)
Of which contract customers	27,022	26,022	1,000	3.8
Fixed-network lines	8,986	8,414	572	6.8
Of which IP-based	7,961	6,235	1,726	27.7
Broadband customers ^d	6,540	5,671	869	15.3
Television (IPTV, satellite, cable)	4,910	4,293	617	14.4

Comments on the table:

a Sum of all FTTx access lines (e.g., FTTC/VDSL, vectoring, and FTTH).

b Inclusion of UPC Austria as of July 31, 2018. Prior-year comparatives were not adjusted.

c As of January 1, 2019, the portfolio of M2M SIM cards in Austria was streamlined. 2.4 million customers were deactivated. Prior-year comparatives were not adjusted.

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