

INTERIM REPORT

for the half year ended June 30, 2020

**DEUTSCHE TELEKOM INTERNATIONAL FINANCE B.V.**

**MAASTRICHT**

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# Report of the directors

## *Directors' report*

The Board of Management is pleased to present the semi-annual report and the semi-annual financial statements of Deutsche Telekom International Finance B.V. (the Company) as of June 30, 2020.

## *Review of financial position and result*

The business activities of the Company for the six months that ended June 30, 2020 are adequately presented in the statement of financial position and the statement of comprehensive profit and loss. The course of business of the Company went in line with expectations of the management.

## *Business activities*

On January 17, 2020 the Company redeemed two bonds with nominal amounts of USD 850,000,000 and USD 400,000,000 respectively and two loans granted to Deutsche Telekom AG (DTAG) with the same nominal amounts were repaid to the Company.

On January 29, 2020 the Company redeemed a bond with a nominal amount of EUR 200,000,000 and a loan granted to DTAG with the same nominal amount was repaid to the Company.

On March 16, 2020 the Company redeemed a bond with a nominal amount of EUR 500,000,000 and a loan granted to DTAG with the same nominal amount was repaid to the Company.

On April 3, 2020 the Company redeemed a bond with a nominal amount of EUR 1,375,000,000 and loans granted to DTAG with the same total nominal amount were repaid to the Company.

On April 15, 2020 the Company partially prepaid three EUR bonds with original maturities in 2021 after having tendered these bonds. The total prepaid nominal amount was EUR 781,100,000. Loans granted to DTAG were prepaid for the same total nominal amount.

On May 26, 2020 the Company partially prepaid two USD bonds with original maturities in 2021 and 2022 after having tendered these bonds. The total prepaid nominal amount was USD 1,443,564,000. Loans granted to DTAG were prepaid for the same total nominal amount.

The Company made a semi-annual net profit of EUR 21,630,936.92 for the first half year of 2020 versus a semi-annual net profit of EUR 5,498,624.56 for the first half year of 2019.

## *Future business developments and financing*

The management expects no new financing for the remainder of the year. Since derivatives are carried at fair value and the non-derivative instruments at amortized costs and no hedge accounting is applied, the result of the Company under IFRS is volatile. However, we expect net positive cash flows for the year ending December 31, 2020 as well as in each of the following years.

### *Management representation*

Management declares that, to the best of their knowledge, the semi-annual financial statements give a true and fair view of the assets, liabilities, financial position and results of the Company. The semi-annual management report includes a fair review of the development and performance of the business and the position of the Company.

Maastricht, 21 August 2020

The Managing Directors,

Markus Schäfer

Frans Roose

Financial statements (unaudited)

## Statement of comprehensive profit and loss (unaudited)

thousands of €	Six months ended June 30,	
	2020	2019
Finance income (expense)		
Interest income	589.657	592.757
Interest expense	(576.082)	(603.071)
Other financial income (expense)	11.328	17.863
<b>Profit (Loss) from financial activities</b>	<b>24.903</b>	<b>7.549</b>
General and administrative expenses	(178)	(174)
Other operating income	67	59
<b>Loss from operations</b>	<b>(111)</b>	<b>(115)</b>
<b>Profit (Loss) before income taxes</b>	<b>24.792</b>	<b>7.434</b>
Income taxes	(3.161)	(1.935)
<b>Profit (Loss) after income taxes</b>	<b>21.631</b>	<b>5.499</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
Profit (Loss) attributable to owners:	21.631	5.499
Total comprehensive profit (loss) attributable to the owners:	21.631	5.499

## Statement of financial position (unaudited)

thousands of €	30.06.2020	31.12.2019
<b>Assets</b>		
<b>Current assets</b>	<b>1.682.014</b>	<b>3.601.346</b>
Cash and cash equivalents	10.866	15.752
Financial assets	1.667.901	3.585.590
Income tax receivable	3.245	-
Other assets	2	4
<b>Non-current assets</b>	<b>27.717.601</b>	<b>31.064.762</b>
Financial assets	27.717.601	31.064.762
<b>Total Assets</b>	<b>29.399.615</b>	<b>34.666.108</b>
<b>Liabilities and shareholder's equity</b>		
<b>Current liabilities</b>	<b>1.658.691</b>	<b>3.576.252</b>
Financial liabilities	1.658.533	3.574.905
Income tax liability	61	1.259
Other liabilities	97	88
<b>Non-current liabilities</b>	<b>27.462.996</b>	<b>30.823.661</b>
Financial liabilities	27.390.599	30.755.236
Deferred tax liability	72.398	68.425
<b>Liabilities</b>	<b>29.121.687</b>	<b>34.399.913</b>
<b>Shareholder's equity</b>	<b>277.928</b>	<b>266.195</b>
Issued Capital	500	500
Retained earnings	255.797	264.096
Net profit	21.631	1.599
<b>Total Liabilities and shareholder's equity</b>	<b>29.399.615</b>	<b>34.666.108</b>

## Statement of changes in equity (unaudited)

thousands of €	Issued share	Retained earnings	Result for the year	Total
<b>Balance as at January 1, 2019</b>	<b>500</b>	<b>254.222</b>	<b>18.818</b>	<b>273.540</b>
<b>Movements</b>				
Net profit			1.599	1.599
Appropriation of result		18.818	(18.818)	-
<b>Transactions with owners</b>				
Dividends paid		(8.944)		(8.944)
<b>Balance as at December 31, 2019</b>	<b>500</b>	<b>264.096</b>	<b>1.599</b>	<b>266.195</b>

thousands of €	Issued share capital	Retained earnings	Result for the year	Total
<b>Balance as at January 1, 2020</b>	<b>500</b>	<b>264.096</b>	<b>1.599</b>	<b>266.195</b>
<b>Movements</b>				
Net profit			21.631	21.631
Appropriation of result		1.599	(1.599)	-
<b>Transactions with owners</b>				
Dividends paid		(9.898)		(9.898)
<b>Balance as at June 30, 2020</b>	<b>500</b>	<b>255.797</b>	<b>21.631</b>	<b>277.928</b>

## Statement of cash flows (unaudited)

thousands of €	Six months ended June 30,	
	2020	2019
Proceeds from repayments of loans	5.295.962	-
Cash outflows for investments in loans	-	-
Net cash inflow from investments and repayments of derivatives	-	-
Interest received	636.556	621.335
Interest paid	(625.841)	(611.800)
Net interest received from derivatives	15.277	15.314
Guarantee fees paid	(16.958)	(17.625)
Net income tax paid	(3.697)	(3.377)
Others	(325)	(292)
<b>Net cash from operating activities</b>	<b>5.300.974</b>	<b>3.555</b>
Repayment of financial liabilities	(5.295.962)	-
Proceeds from issue of financial liabilities	-	-
Dividend payments	(9.898)	(8.944)
<b>Net cash from financing activities</b>	<b>(5.305.860)</b>	<b>(8.944)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(4.886)</b>	<b>(5.389)</b>
<b>Cash and cash equivalents, at the beginning of the period</b>	<b>15.752</b>	<b>14.849</b>
<b>Cash and cash equivalents, at the end of the period</b>	<b>10.866</b>	<b>9.460</b>

# Notes to the financial statements

## General information

Deutsche Telekom International Finance B.V. (hereafter “the Company”) is the financing company of Deutsche Telekom AG, Bonn, Germany (hereafter “DTAG”). Its principal activity consists of the issuance of debt instruments and the funding of Deutsche Telekom Group. The Company, with its statutory seat in Maastricht and which has its office at Stationsplein 8-K, 6221 BT Maastricht, the Netherlands, is a 100% subsidiary of DTAG, which is also the ultimate parent of the Company. The Company’s financial statements are included in the consolidated financial statements of DTAG.

## Basis of preparation

The single entity semi-annual accounts have been prepared in accordance with International Financial Reporting Standard IAS 34 ‘Interim Financial Reporting’. It does not contain all the information that is required for the full year financial report and needs to be read in combination with the annual accounts 2019 of the Company, which have been prepared in accordance with IFRS. The principles applied in preparing the half yearly accounts of the Company are similar to those applied by drawing up the annual accounts 2019 of the Company.

## Changes in accounting policies

There have not been any changes in accounting policies in the first half year of 2020.

## Judgements and estimates

The Company exercises judgement in measuring and recognizing provisions. Judgement is necessary in assessing the likelihood that a liability will arise and to quantify the possible range of the final settlement. These estimates are subject to change as new information becomes available.

Regarding assumptions made for the calculation of fair values we refer to the section financial instruments under accounting policies on page 14 and 15 of the annual report for the year ended December 31, 2019.

## Income taxes

Income tax expense is recognized based on management's best estimate of the effective income tax rate for the complete fiscal year. The estimated effective tax rate used for the year to June 30, 2020 is 25.0%.

## Dividends

The Shareholders' meeting on March 5, 2020 resolved to pay a dividend of EUR 9,897,618.20 in 2020 relating to the fiscal year ending December 31, 2019. The Company did pay a dividend of EUR 8,944,103.57 in 2019 relating to the fiscal year ending December 31, 2018.

## Post statement of financial position events

No other events occurred since June 30, 2020, which would make the present financial position substantially different from that shown in the statement of financial position as that date, or which would require adjustment to or disclosure in the semi-annual financial statements.