

Q1-Q3 2004 Conference call.

Deutsche Telekom.

November 11, 2004.

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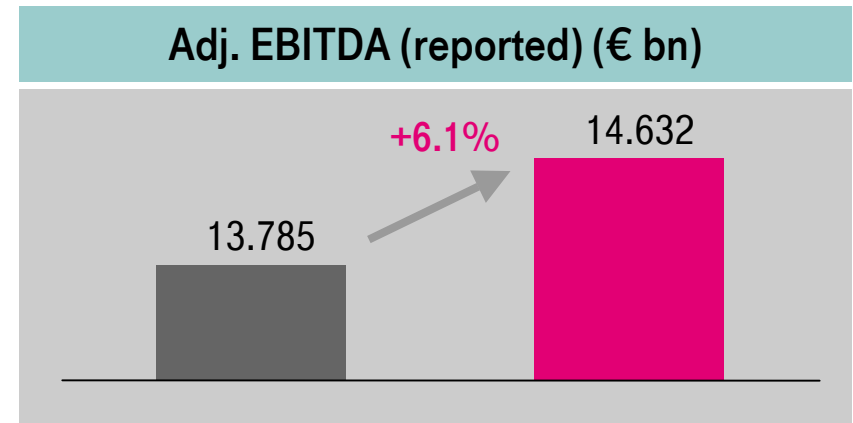
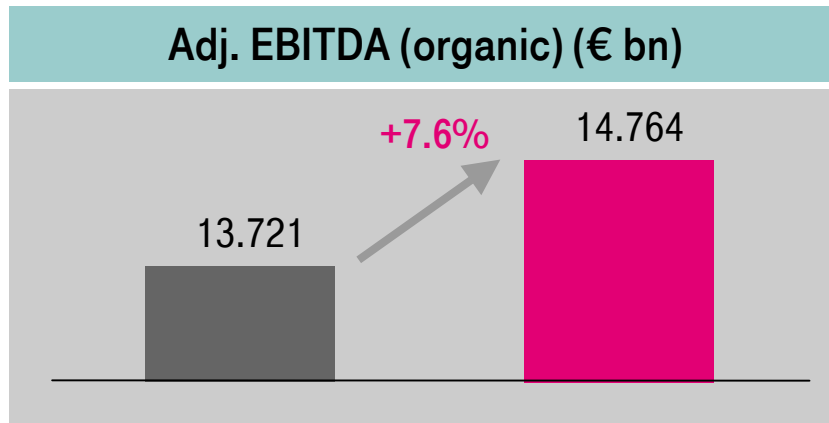
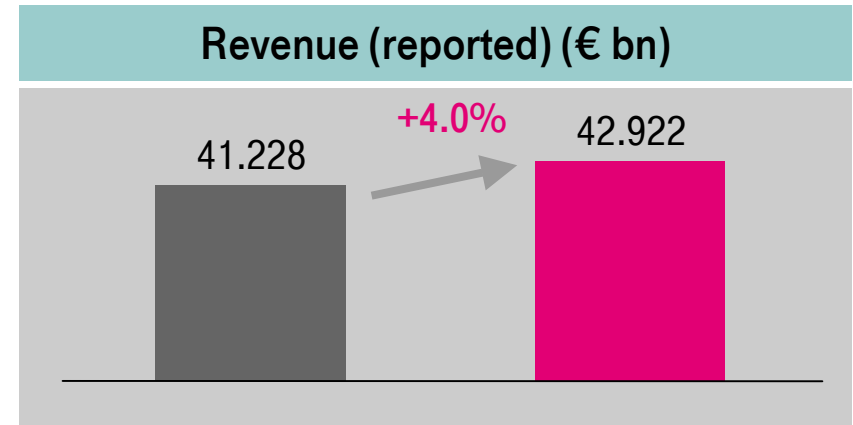
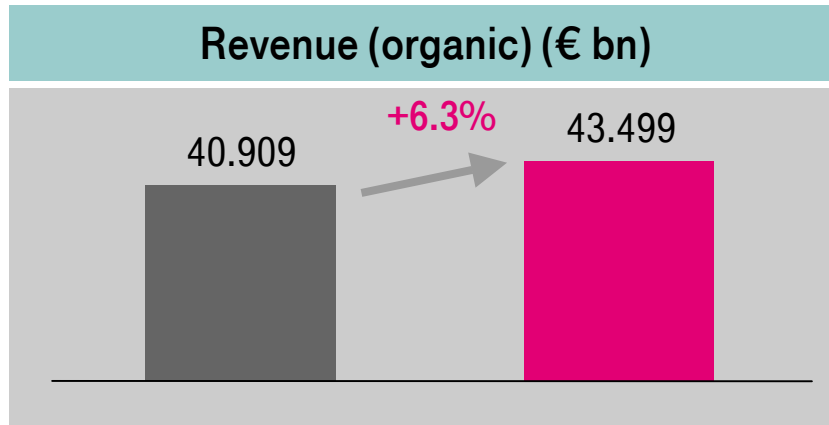
# Q1-Q3 2004. Results.

Kai-Uwe Ricke  
CEO



# Highlights Q1-Q3 2004.

Profitable growth continued.

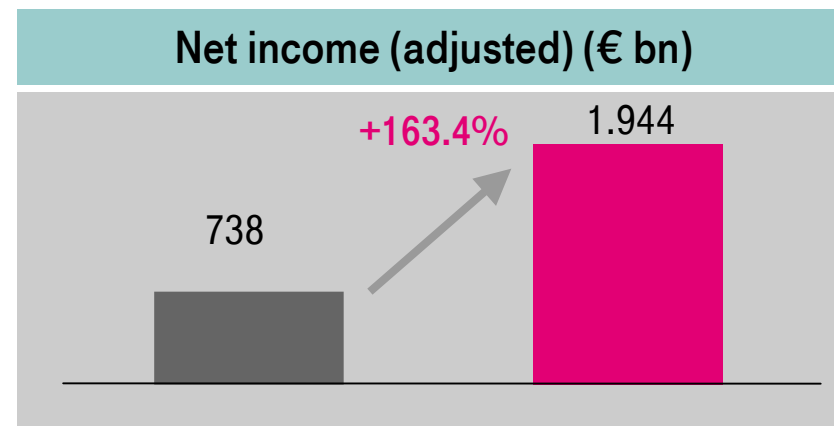
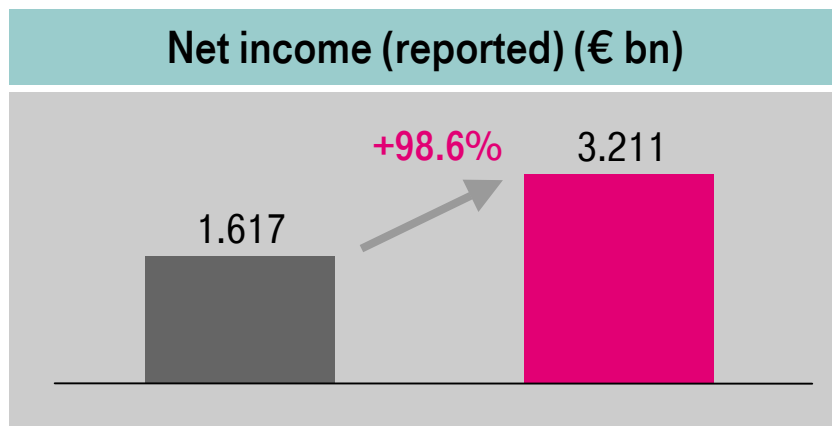
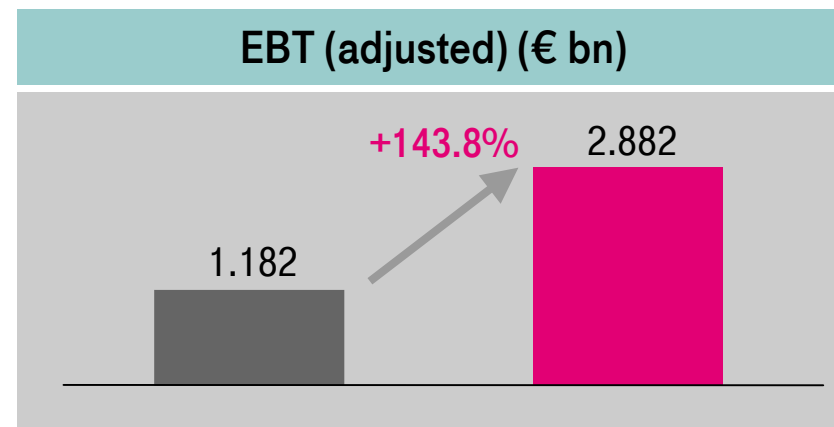
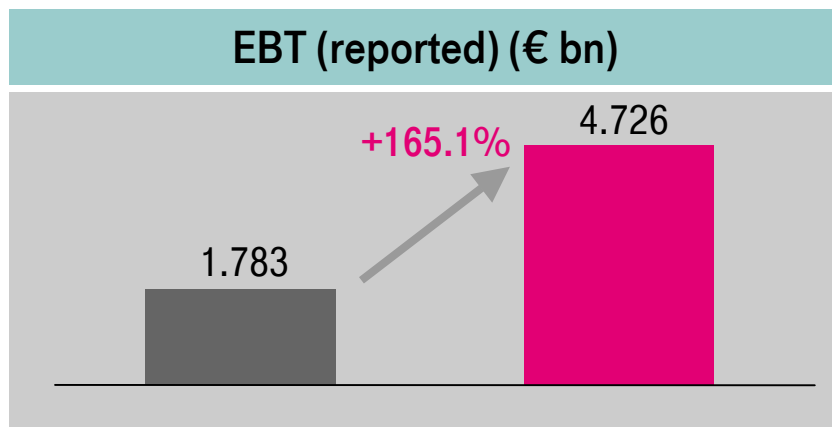


■ Q1-Q3/03  
■ Q1-Q3/04



# Highlights Q1-Q3 2004.

Profitable growth continued.

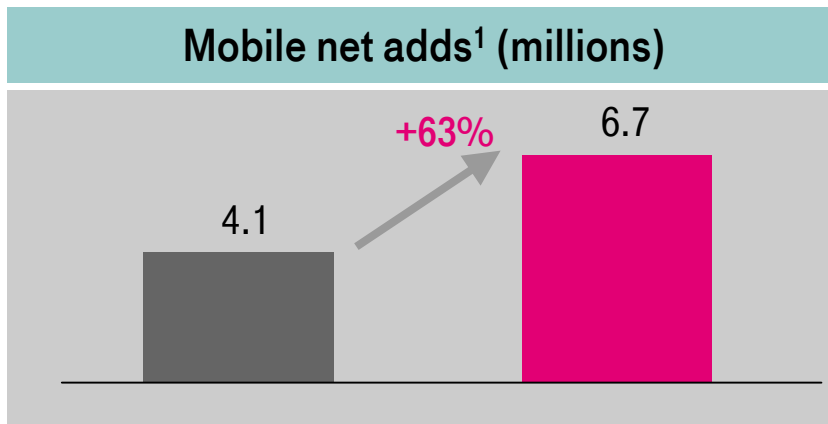
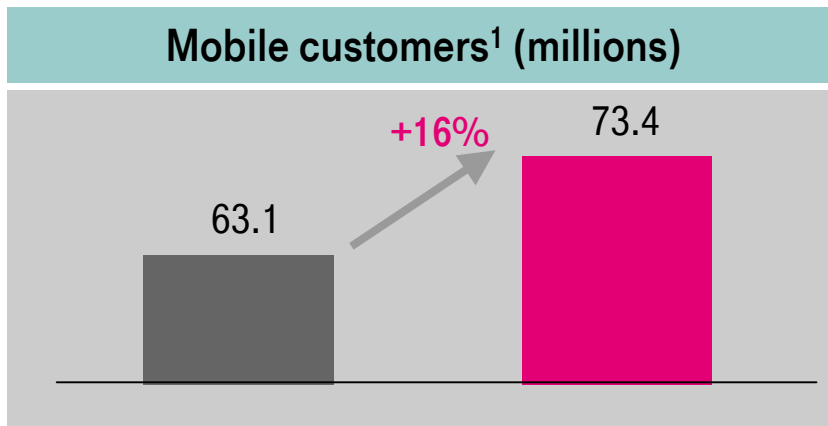


■ Q1-Q3/03  
■ Q1-Q3/04



# Highlights Q1-Q3 2004.

## Strong growth in mobile.



<sup>1</sup> Majority holdings of Deutsche Telekom including T-Mobile's fully consolidated subsidiaries, plus T-Mobile HU, T-Mobile HR and Mobimak..

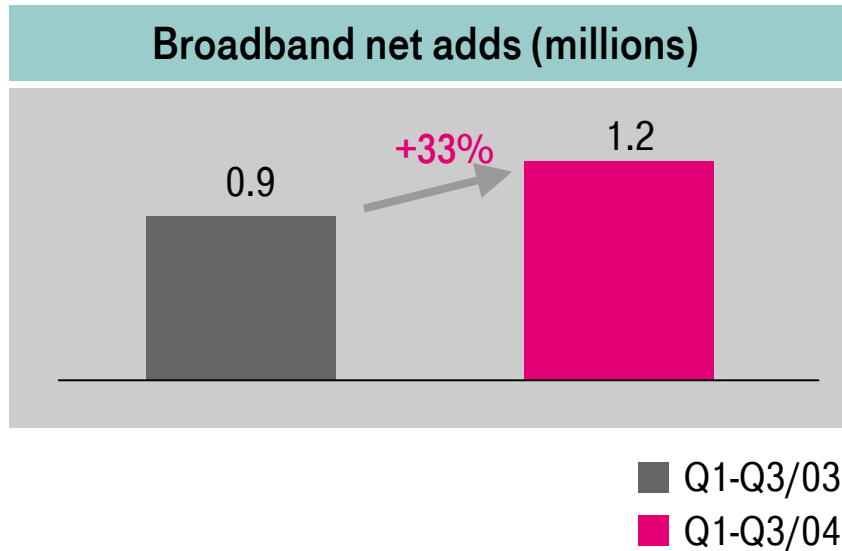
- T-Mobile net adds:
  - Q1-Q3/04: 6.2 million (67% contract)
  - Q3/04: 1.6 million (80% contract), 430,000 more net adds than in Q3/03
- Germany: margin turnaround achieved with 41.2% adj. EBITDA margin, best quarter for contract customer growth in Germany with 328,000 in Q3/04
- USA: with 901,000 net adds clear No. 2, four consecutive quarters
- UK: with 2.94 million contract customers target of 3 million almost achieved

■ Q1-Q3/03  
■ Q1-Q3/04



# Highlights Q1-Q3 2004.

## Strong growth in broadband.



- DSL subscribers in the group now at 5.4 million (+42.4%), thereof 5.2 million domestic
- 489,000 DSL net adds in Q3
- 458,000 domestic DSL net adds (incl. wholesale)
- Wholesale starting to contribute with 85,000 net adds
- 291,000 new subs to DSL rate plans at T-Online prove successful execution of “triple zero” program
- More than 400,000 customers now on either 2 or 3 Mbit/s DSL. 10% of net adds subscribe to higher bandwidth products

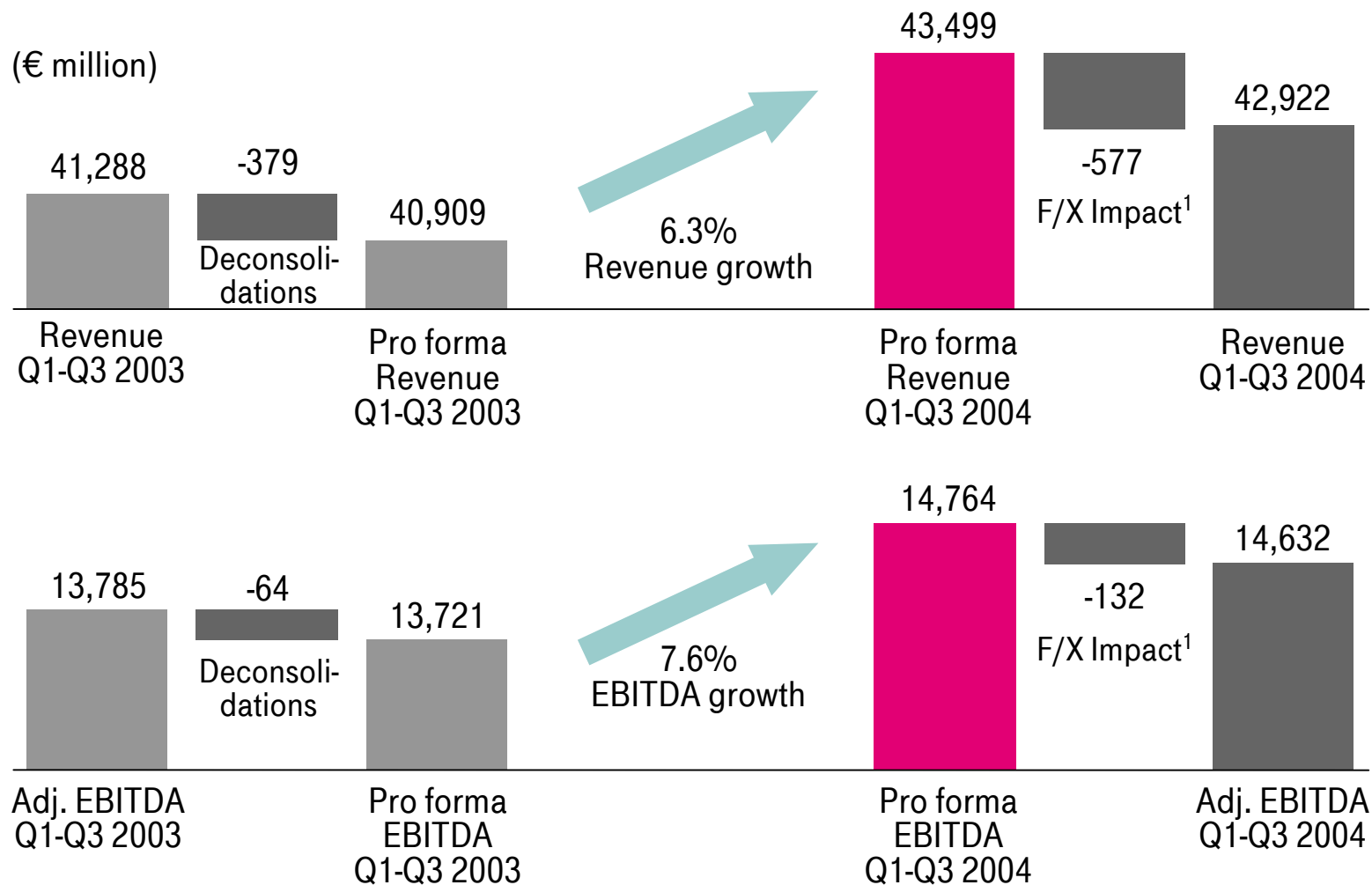
# Q1-Q3 2004. Financials.

Dr. Karl-Gerhard Eick  
CFO



# Telekom Group: revenue and adjusted EBITDA.

## Strong organic growth.

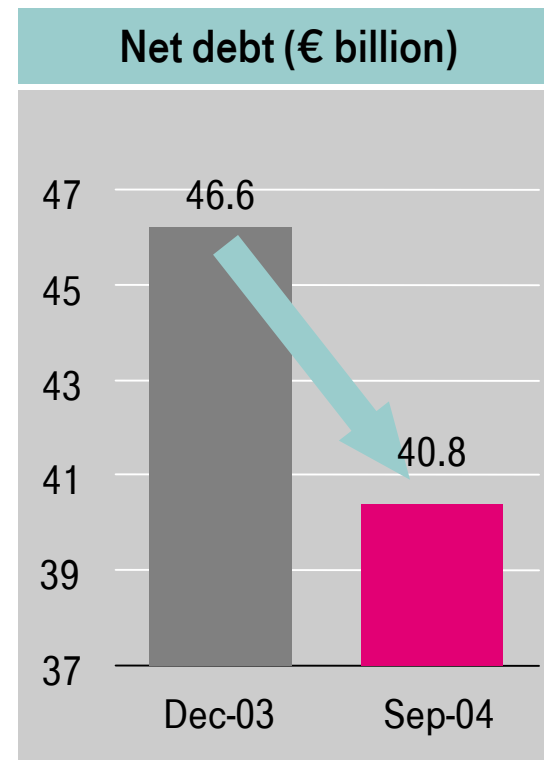
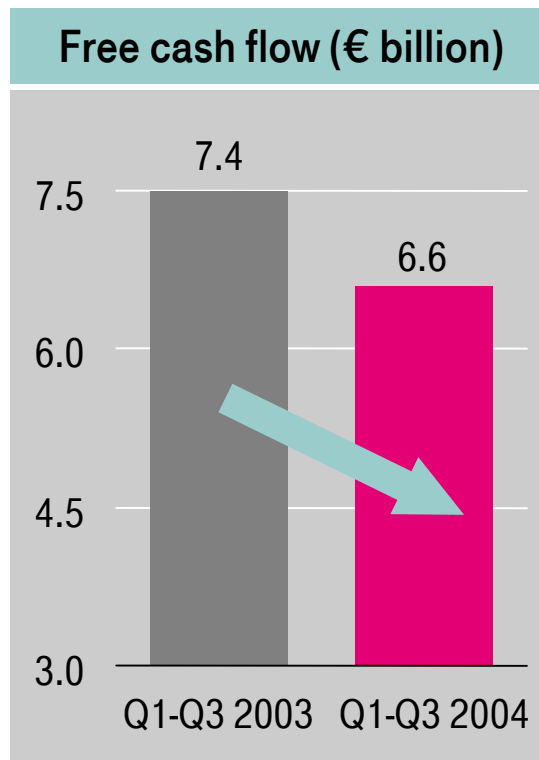
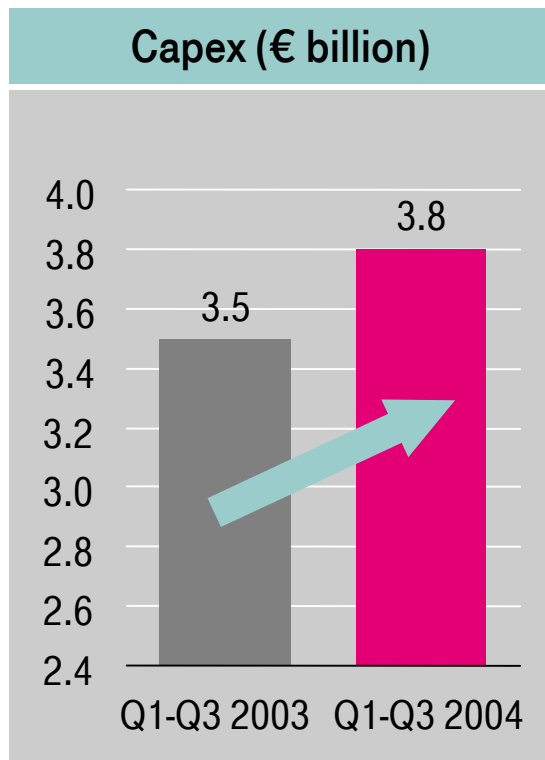


<sup>1</sup> Incl. acquisitions (€ 58 million in revenues and € 3 million in EBITDA).



# Capex, FCF, and net debt.

€ 6.6 billion free cash flow.



# Rating.

Now on target.

	January 2003	October 2004
Fitch	BBB+ (stable outlook)	A- (stable outlook)
Moody's	Baa3 (stable outlook)	Baa1 (stable outlook)
Standard & Poor's	BBB+ (stable outlook)	BBB+ (positive outlook)



## Q1-Q3 2004 - Cash Flow.

Cash Flow increased by almost € 1 billion.

€ billion	Q1-Q3 2004	Q1-Q3 2003	FY 2003
Cash Flow	13.8	12.9	16.8
Change in working capital	- 1.2	- 0.2	-0.4
Change in accruals	0.8	0.7	1.6
Taxes and dividends	0.3	0.3	0.1
Cash generated from operations	13.6	13.8	18.1
Net interest payment	- 2.8	- 2.7	- 3.8
Net cash provided by operating activities	10.8	11.0	14.3
Investments in PP&E, and intangible assets	- 4.2	- 3.7	- 6.0
Free Cash Flow	6.6	7.4	8.3



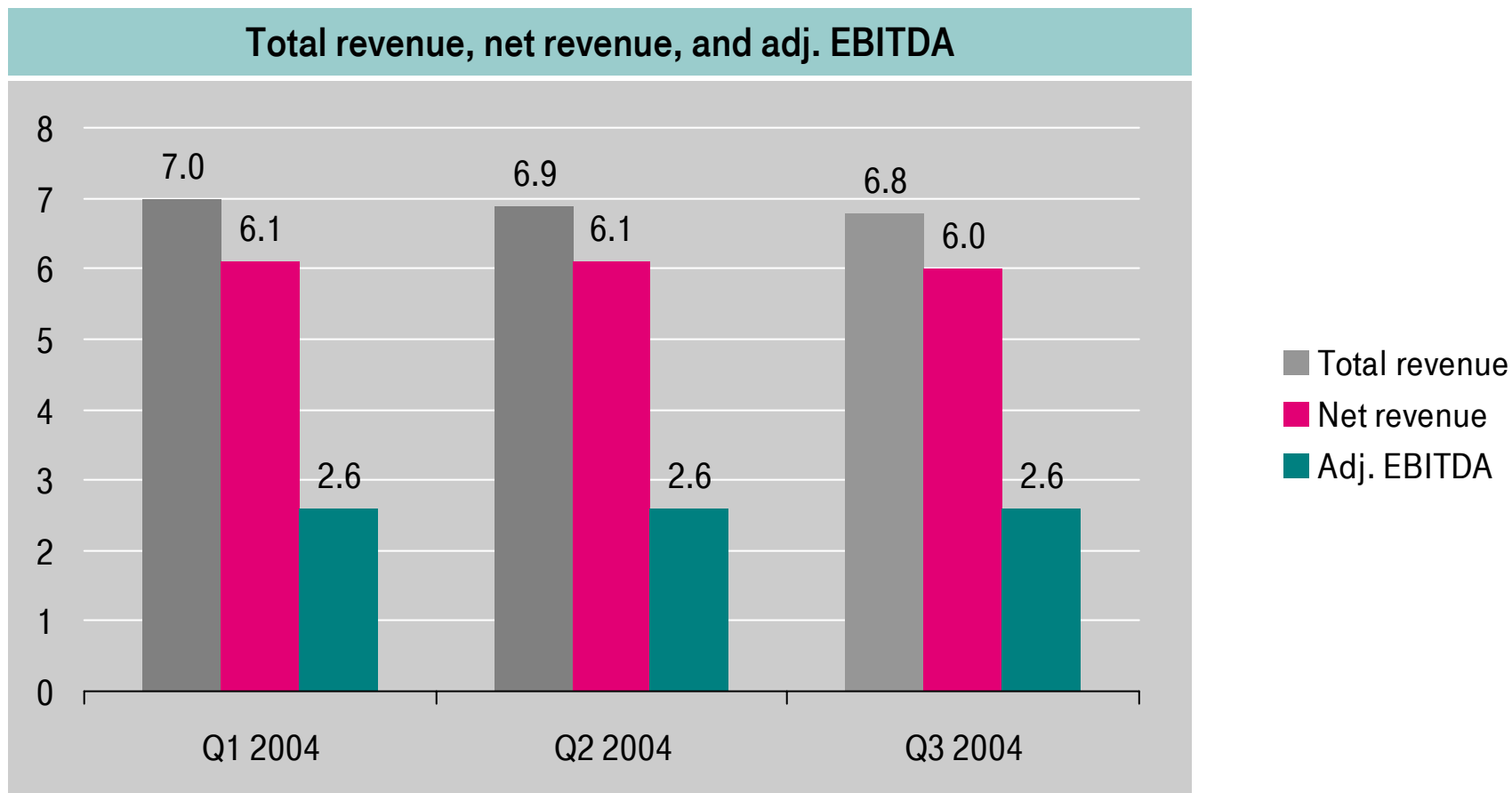
## Q1-Q3 2004 - Net income.

Q1-Q3 2004 Net income doubled despite higher taxes.

€ billion	Q1-Q3 2004	Q1-Q3 2003	FY 2003
EBITDA	16.5	14.3	18.5
Depreciation and amortization	- 9.0	- 9.6	- 12.9
Other taxes	- 0.1	- 0.1	- 0.2
Net financial expense	- 2.6	- 2.7	- 4.0
- of which net interest expense	- 2.6	- 2.8	- 3.8
EBT	4.7	1.8	1.4
Income taxes	- 1.2	0.1	0.2
Minorities	- 0.3	- 0.3	- 0.4
Net income	3.2	1.6	1.3

# T-Com.

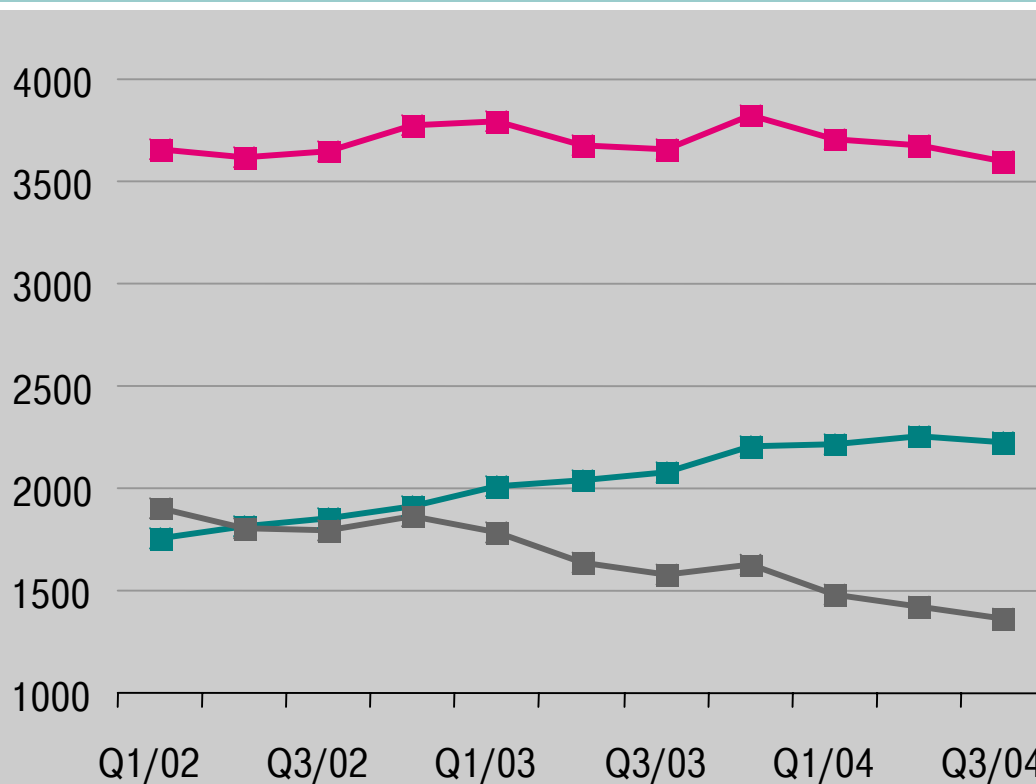
Stable adj. EBITDA despite decreasing revenue.



# T-Com Domestic.

## Rebalancing continues.

Development of core-fixed line revenues<sup>1</sup> (€ million)



- Domestic core fixed line revenues -1.8% yoy in Q3/04
- Access revenues: up 7.1% yoy in Q3/04
- Calling revenues: down 13.5% yoy in Q3/04

- Total
- Access revenues
- Calling revenues

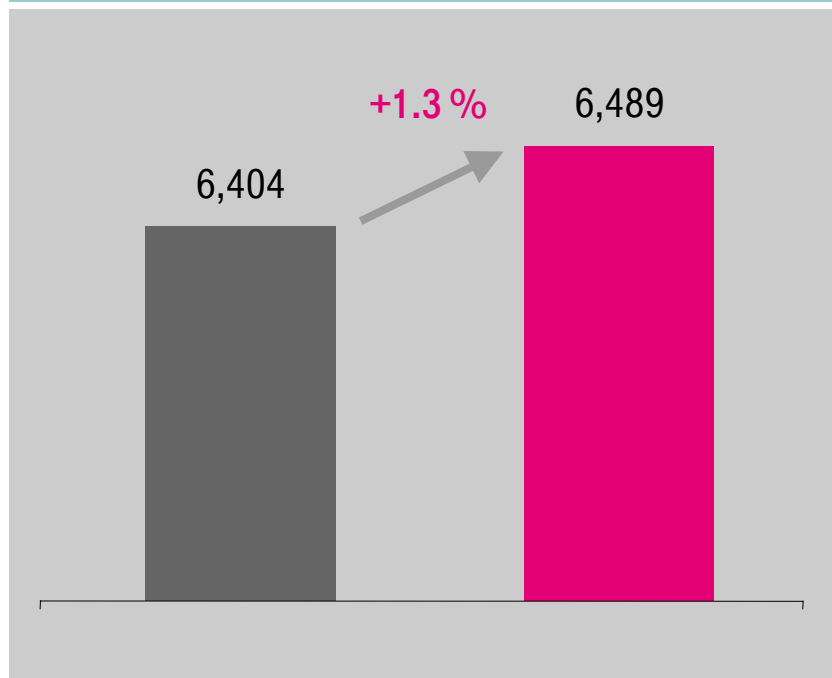
<sup>1</sup> Calling revenues include only network communication part of revenues, i.e. excluding other services revenues (see also Backup)



# T-Com.

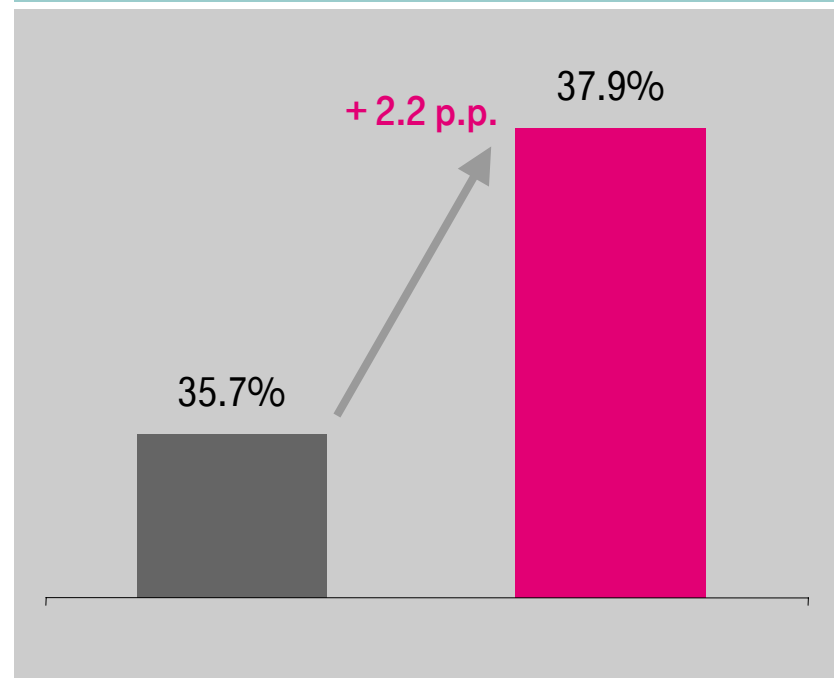
## Strong efficiency improvements.

Adj. EBITDA T-Com Domestic<sup>1</sup> (€ million)



<sup>1</sup> Adjusted for cable deconsolidation.

Adj. EBITDA margin T-Com<sup>1</sup>



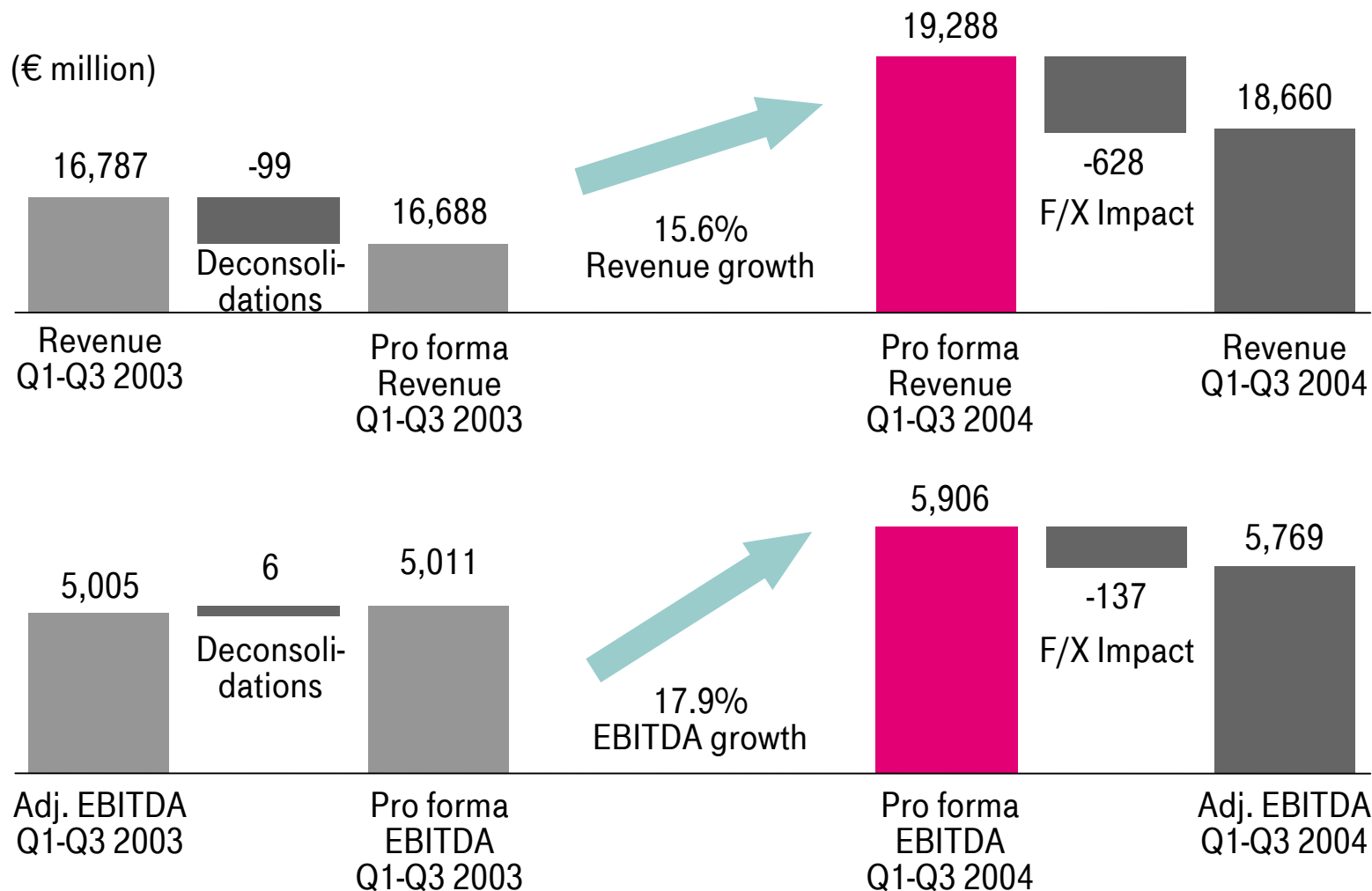
■ Q1-Q3/03  
■ Q1-Q3/04





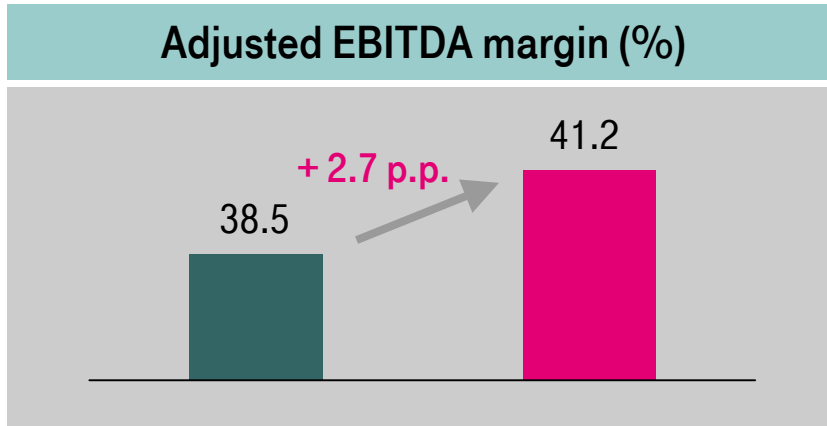
# T-Mobile.

## The growth engine within Deutsche Telekom.



# T-Mobile Germany.

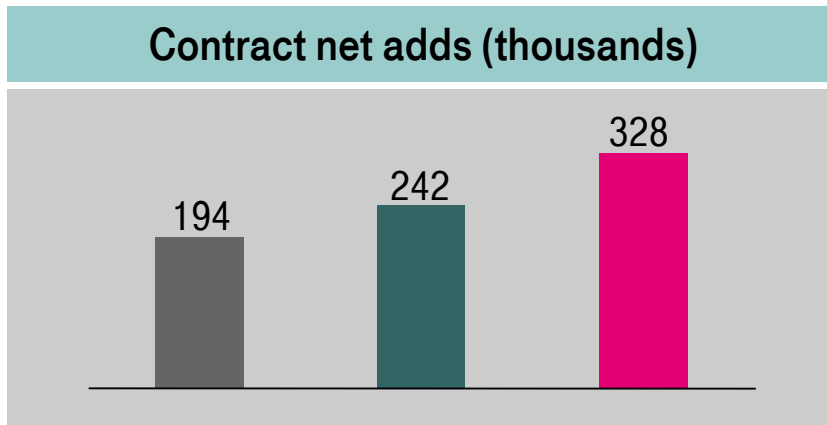
Delivering on our promises – above 41% margin in Q3.



- Adjusted EBITDA margin rebounded to 41.2% (Q3/04) from 38.5% (Q2/04)
- Adjusted EBITDA increased to € 921 million in Q3/04; up by € 90 million vs. Q2/04

## Measures taken

- Focused customer acquisition
- Cost reduction
- Relax

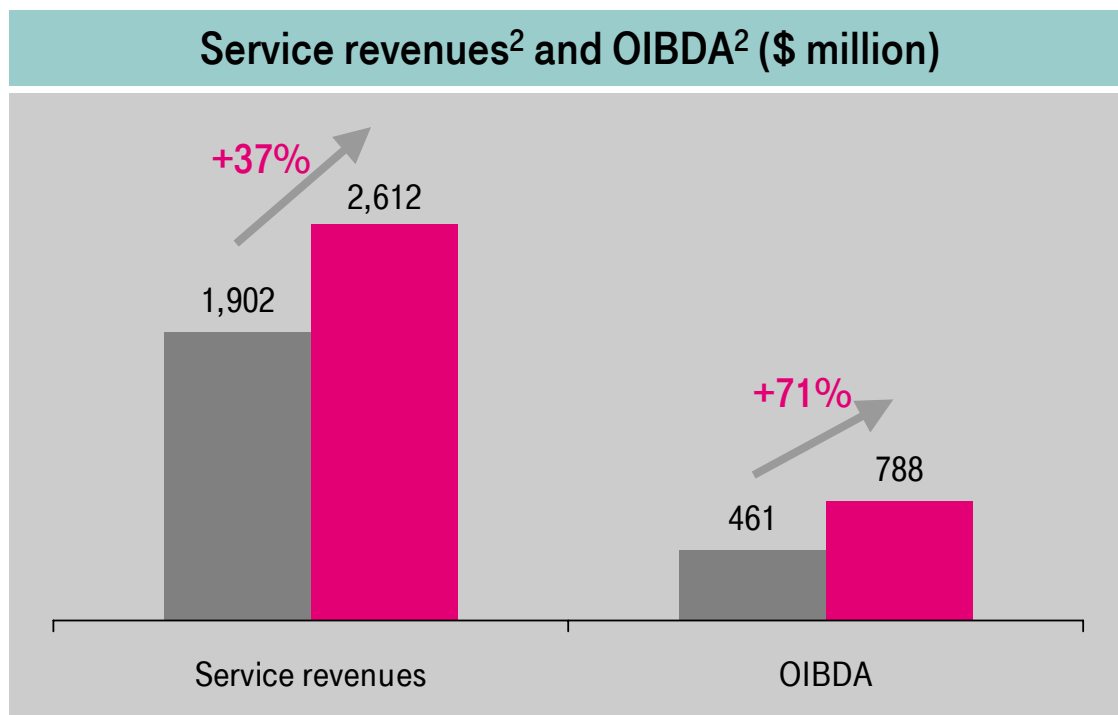


- Q3/04
- Q2/04
- Q1/04



# T-Mobile USA: Delivering growth and profitability.

- Net adds up 35% from Q3 2003.
- Reaching record OIBDA margin<sup>1</sup> of 30%, up from 24% in Q3 2003.



1 In accordance with US GAAP (in % of service revenues).

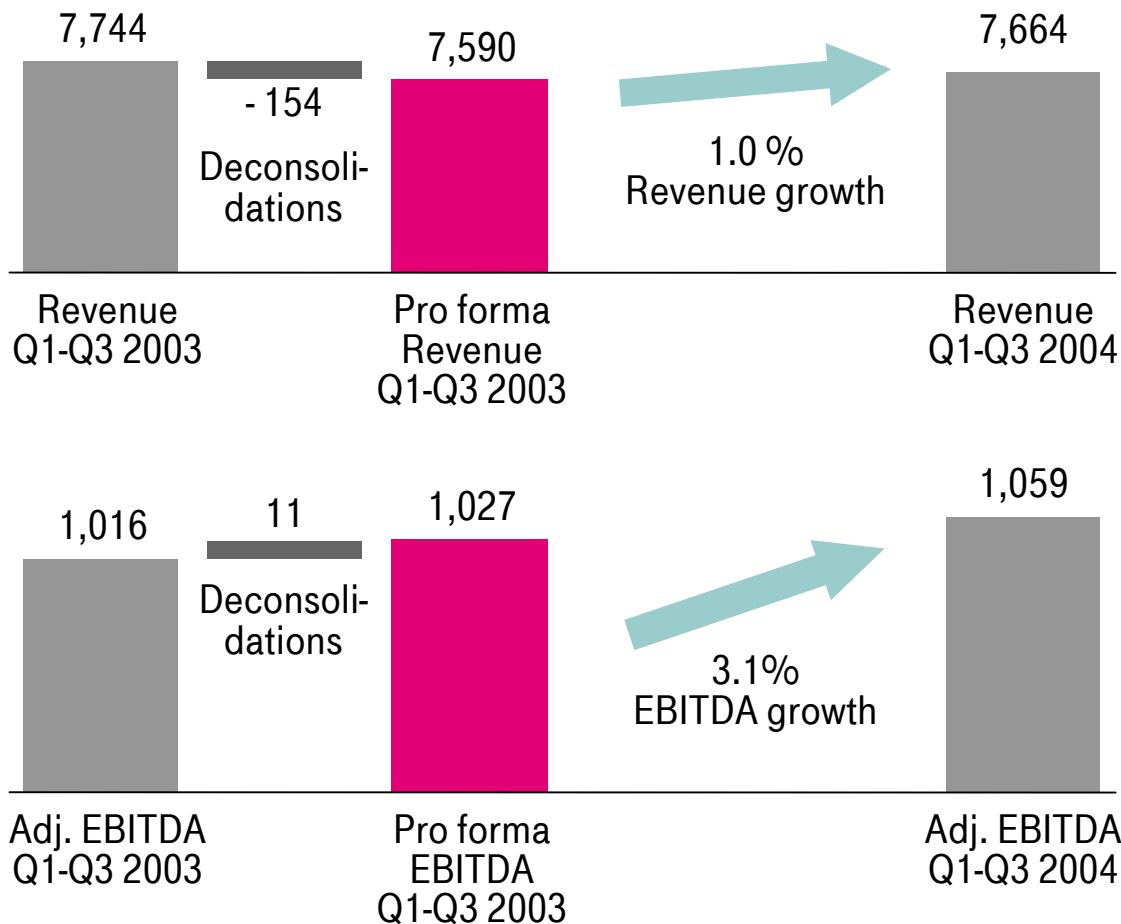
2 In accordance with US GAAP.



# T-Systems.

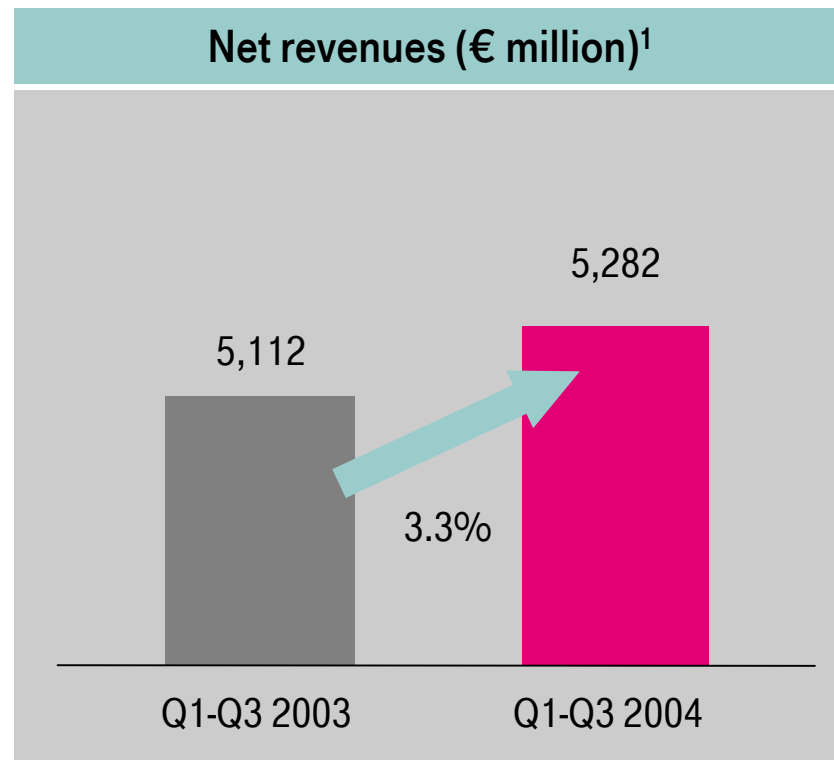
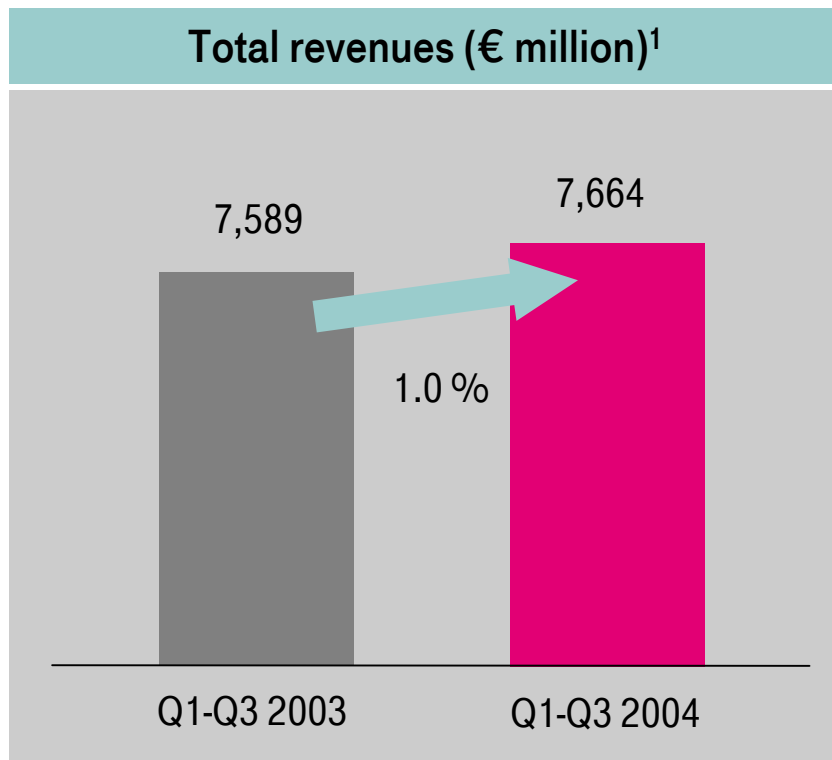
## Margin improvements Q1-Q3 2003 to Q1-Q3 2004.

(€ million)



# T-Systems.

## Improvement in net revenues.



<sup>1</sup> On an organic basis.



# IFRS and DT 2005.

## First results and schedule.

- Introduction of IFRS will change numbers significantly
- Estimated ongoing impact based on 2003 results\*:
  - + € 10 billion equity
  - + € 4.2 billion net debt
  - - € 0.4 billion revenue
  - + € 0.2-0.3 billion EBITDA
  - + € 1.9 billion net profit
- We will present 2004 accounts based on IFRS and new structure at the beginning of April 2005

\*Unaudited preliminary figures



# Q1-Q3 2004. Outlook.

Kai-Uwe Ricke  
CEO



## Outlook 2004.

On track to achieve guidance.

- Adj. EBITDA at least € 19.2 billion
- Free cash flow at least € 7 billion
- Capex expected at € 7 billion
- Net profit not expected to further increase significantly in Q4





## Dividend 2004.

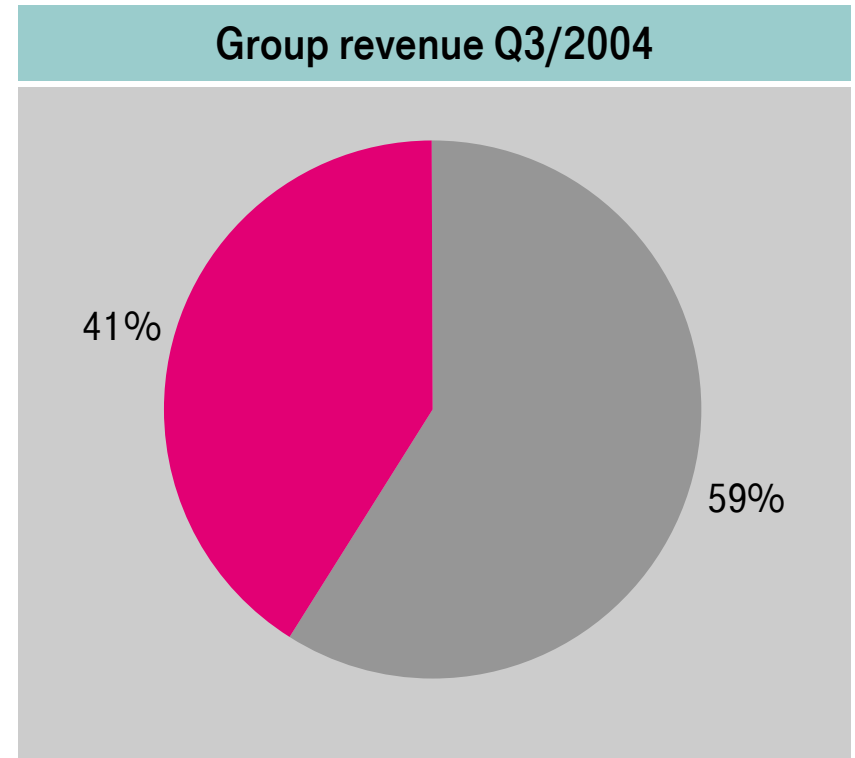
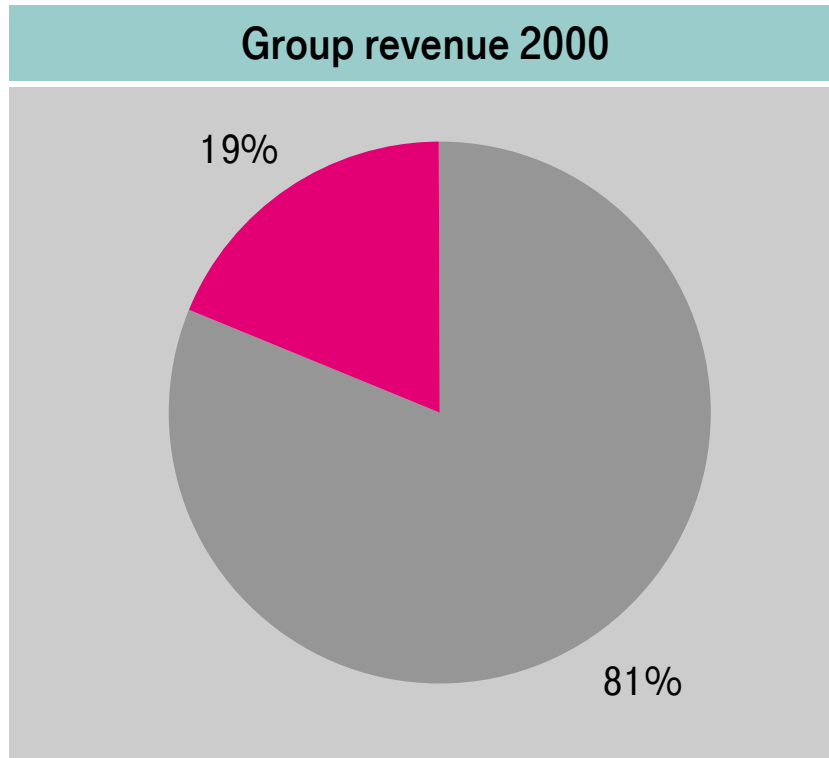
Committed to attractive shareholder returns.

- Objective to return to historic dividend
- € 0.56-0.62 dividend depending on net income in Q4/04
- Dividend payout of € 2.4-2.6 billion
- Future development of dividend payments dependent on net profits



# Deutsche Telekom 2000 to 2004.

## Change in composition of revenue.

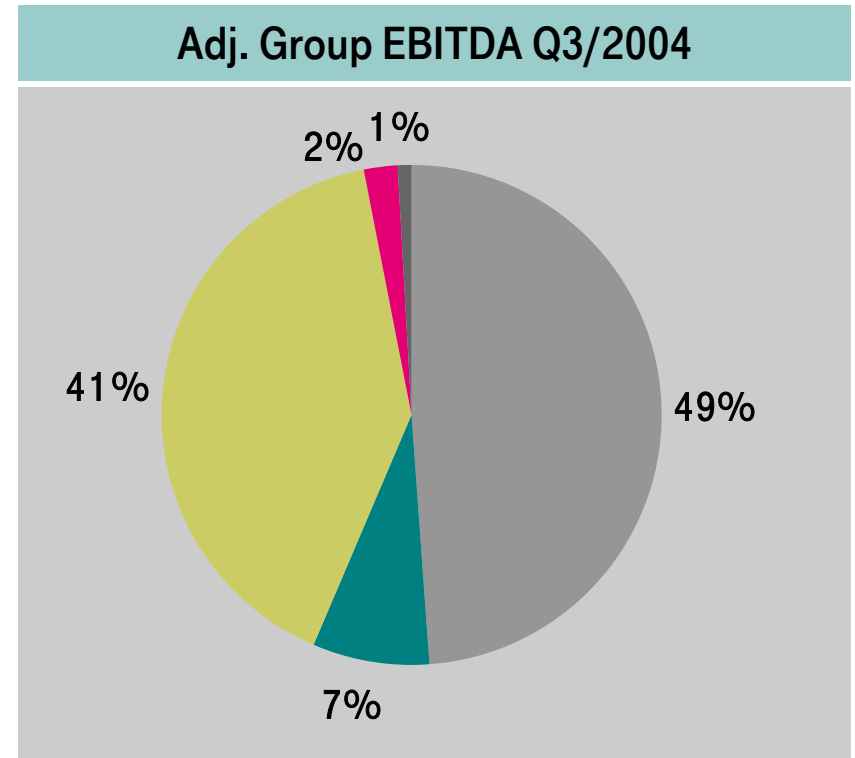
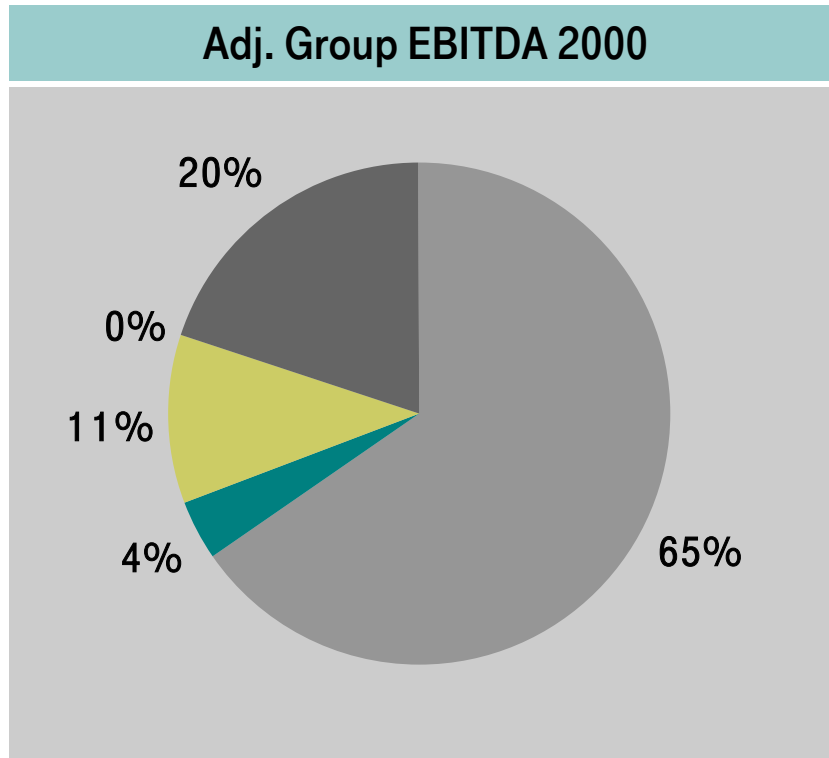


■ Domestic revenue  
■ International revenue



# Deutsche Telekom 2000 to 2004.

## Change in composition of EBITDA.



T-COM
  T-Mobile
  Other

T-Systems
  T-Online



## Dividend 2004.

Committed to attractive shareholder returns.

- Objective to return to historic dividend
- € 0.56-0.62 dividend depending on net income in Q4/04
- Dividend payout of € 2.4-2.6 billion
- Future development of dividend payments dependent on net profits



## Outlook 2005.

### Continuing our strategy of profitable growth.

- At least one year for full benefits of restructuring into three strategic units
- Based on full-year 2004 guidance, adj. EBITDA expected to increase between € 1.2 billion and € 1.5 billion in 2005
- Free cash flow expected to be between € 7.5 - 8 billion
- Other planned cash outs:
  - Approx. € 2 billion Cingular network in California and Nevada
  - Estimated € 2 billion additional spectrum in the U.S.
  - Estimated maximum € 2.9 billion T-Online
  - € 2.4-2.6 billion dividend
- No material change in net debt/adj. EBITDA ratio expected in 2005

