Q3/11 – Results Presentation.
Deutsche Telekom.

November 10, 2011

Life's for Sharing

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Agenda.
Deutsche Telekom Results Presentation.

René Obermann
Chairman of the Board of Management

Timotheus Höttges
Chief Financial Officer

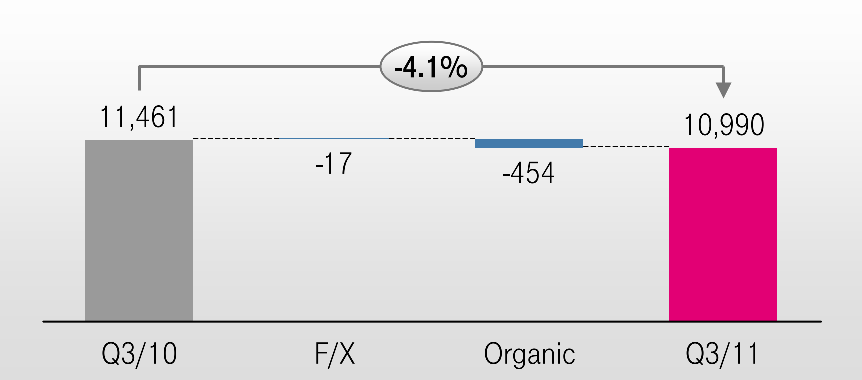
Q3/2011: Solid quarter – 75% of full-year guidance achieved.

- Group revenue of €11.0 billion (-4.1%) and adj. EBITDA of €3.9 billion (-2.7%)
- FCF at €1.7 billion in Q3/11 well on track to achieve full-year target
- Adj. net income increases 49% to €1.3 billion from €0.9 billion in Q3/10
- Save for Service contribution of €1.5 billion in 9M
- Germany: highest adj. EBITDA margin of 41.5% due to opex reductions of €0.3 billion in Q3 alone
  - Newly launched Entertain Sat with 50k subscriptions in first month
  - 466k contract customer net adds in mobile
  - Mobile service revenue trend stabilization in Q3
  - No signs of meaningful SMS cannibalization via apps
  - Line losses in fixed improved by almost 40% year-over-year
- Europe: adj. EBITDA margin further improved to 35.8%
  - Greece with ongoing improvement in revenue and EBITDA trends
  - Strong increase in adj. EBITDA in the Netherlands (+24%)
  - Adj. EBITDA in the Czech Republic (-19%) impacted by regulation and one-off effect
- US: Q3 adj. EBITDA growth of 9.2%
  - Adj. EBITDA margin at 27.8%
  - Net adds improved quarter-over-quarter in a challenging environment

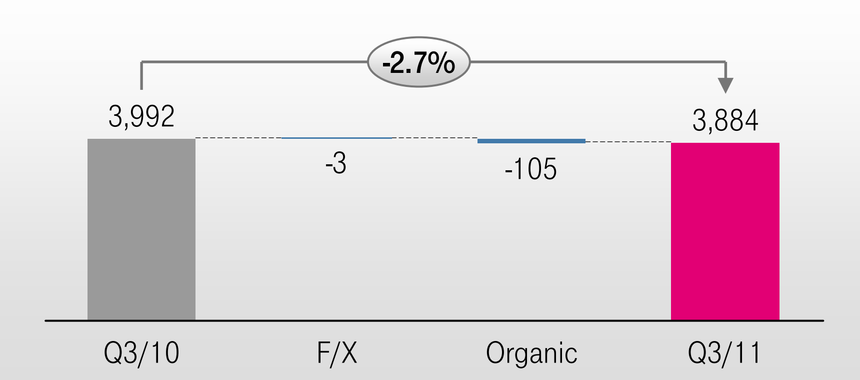
→ Full-year 2011 guidance re-iterated

Q3/11 Overview.
Continuing and discontinued operations.

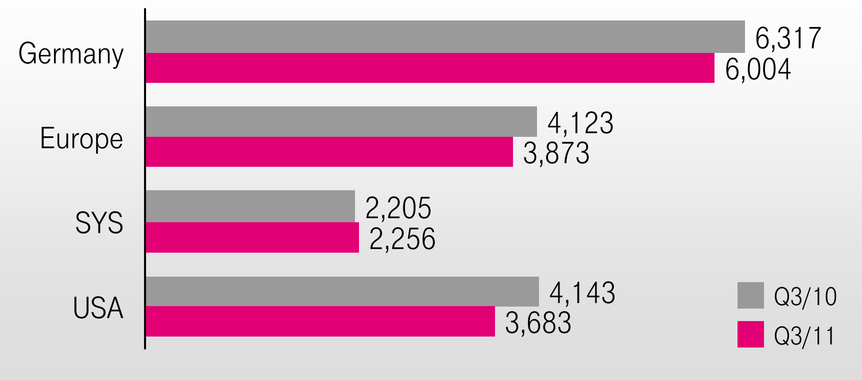
Revenue continuing operations (€ million)



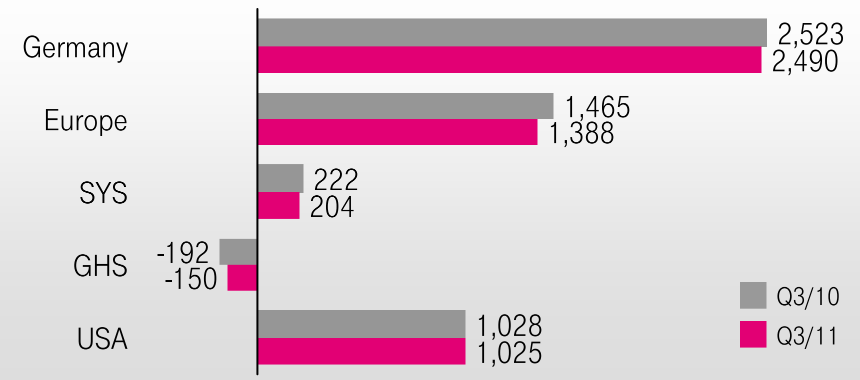
Adj. EBITDA continuing operations (€ million)



Revenue Q3/10 vs. Q3/11 (€ million)



Adj. EBITDA Q3/10 vs. Q3/11 (€ million)

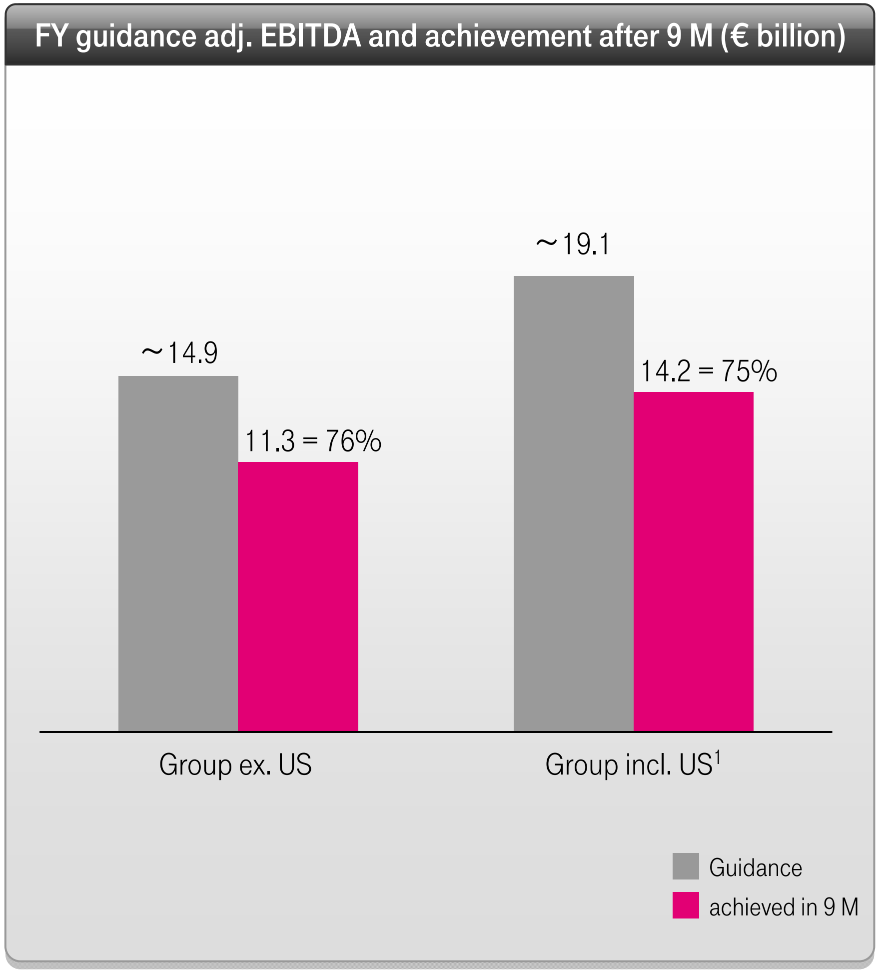


Q3/11 Key financials.

in € million	Q3/10	Q3/11	change in %
Revenue from continuing operations	11,461	10,990	-4.1%
▪ Revenue incl. the US	15,601	14,670	-6.0%
Adj. EBITDA from continuing operations	3,992	3,884	-2.7%
▪ Adj. EBITDA incl. the US	5,021	4,907	-2.3%
Adj. net profit	867	1,291	48.9%
Net profit	933	1,069	14.6%
Adj. EPS (in €)	0.20	0.30	50.0%
EPS (in €)	0.22	0.25	13.6%
Free cash flow[1]	1,882	1,706	-9.4%
Cash capex[1]	2,036	2,114	3.8%

1) Before dividend payments and spectrum costs in Europe of €63 million in Q3/2011

2011 guidance reiterated.

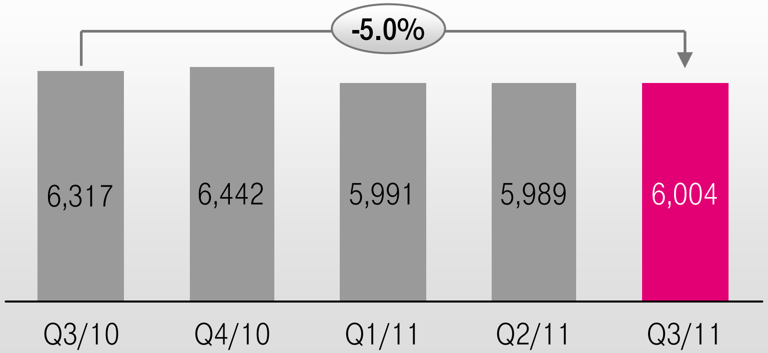


- As a result of the sale of T-Mobile US guidance of "around €19.1 billion" split into:
  - Discontinued operations: US with stable EBITDA over FY 2010 of around US$5.5 billion or around €4.2 billion based on F/X-rate of 1.33 (average rate of FY 2010). In 9M €163 million lost in currency translation
  - Continuing operations: around €14.9 billion
- Free cash flow guidance unchanged at stable to slightly growing over FY 2010 of €6.5 billion
- Guidance assumes constant currency (average exchange rates of 2010). Free cash flow guidance not including €0.4 billion for PTC settlement

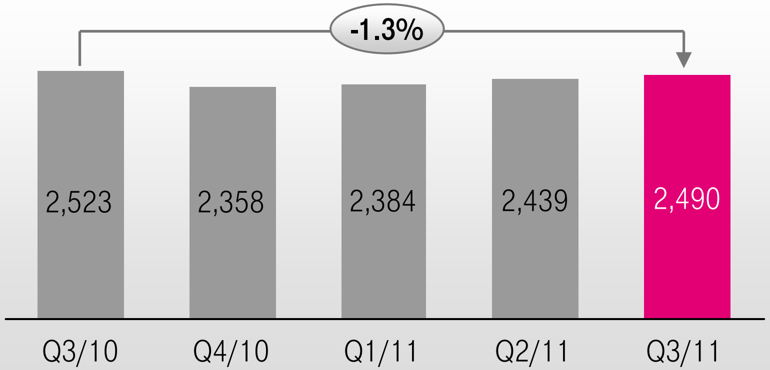
1) US-EBITDA translated at 1.33 guidance F/X

Germany: strong cost discipline results in further improved EBITDA margin.

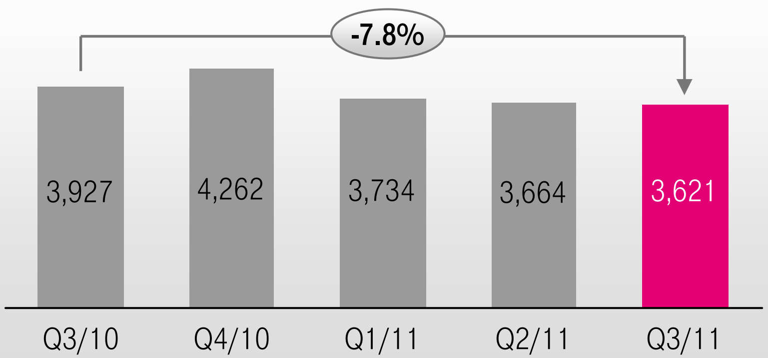
Revenue (€ million)[1]



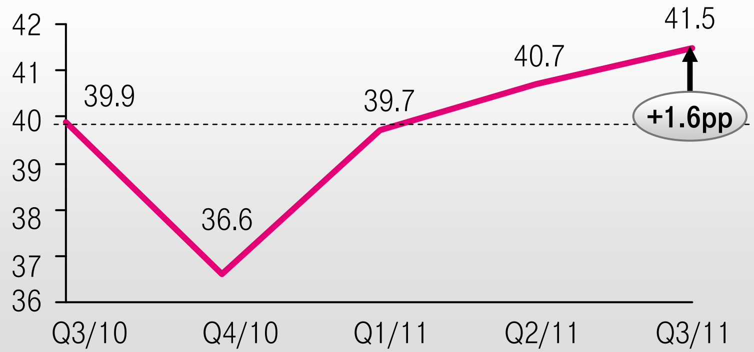
Adj. EBITDA (€ million)



Adj. opex (€ million)

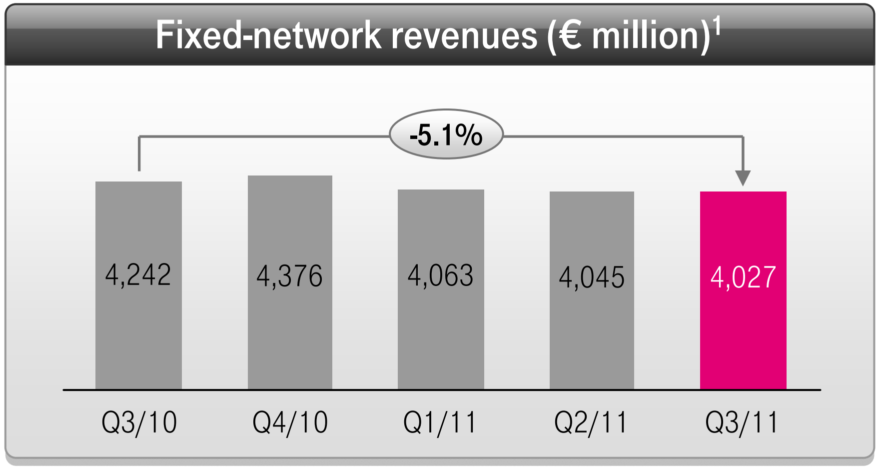


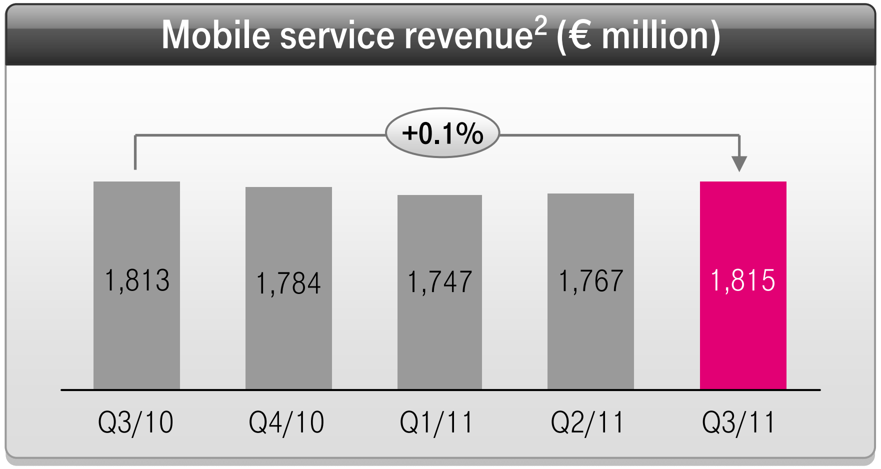
Adj. EBITDA margin (in %)

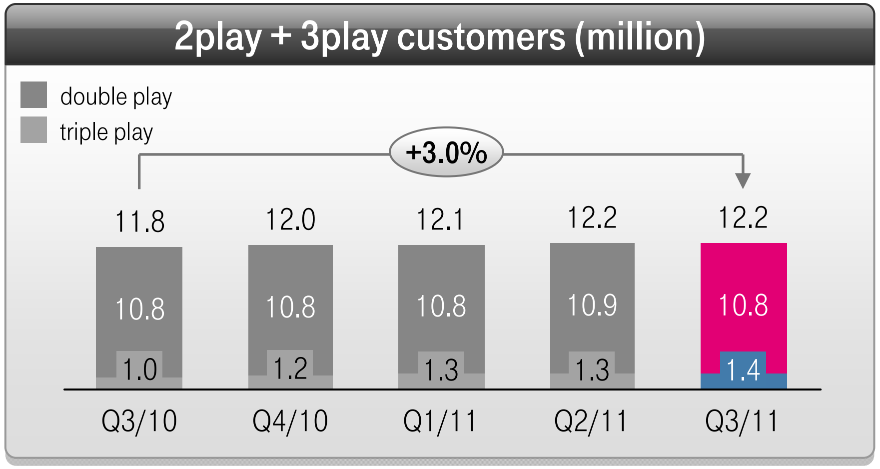


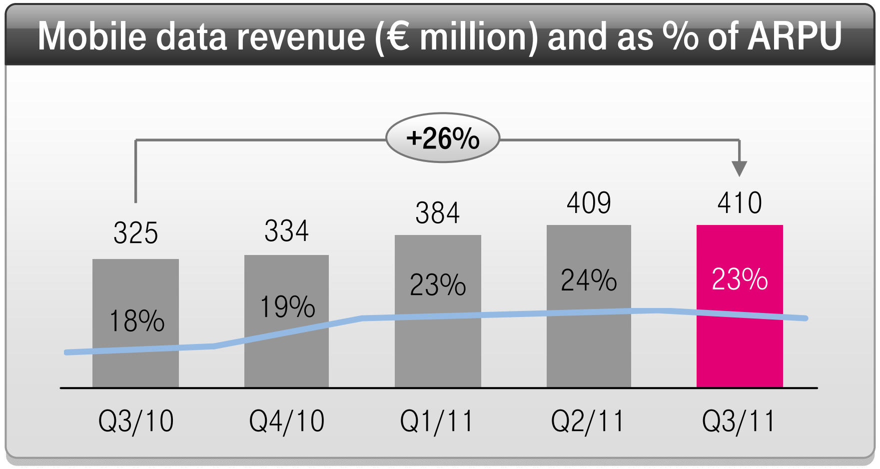
1) Q3 includes MTR cut of approximately €58 million, adjusted for MTRs revenue decrease would have been 4%

Germany revenue: continued focus on data & TV opportunity.



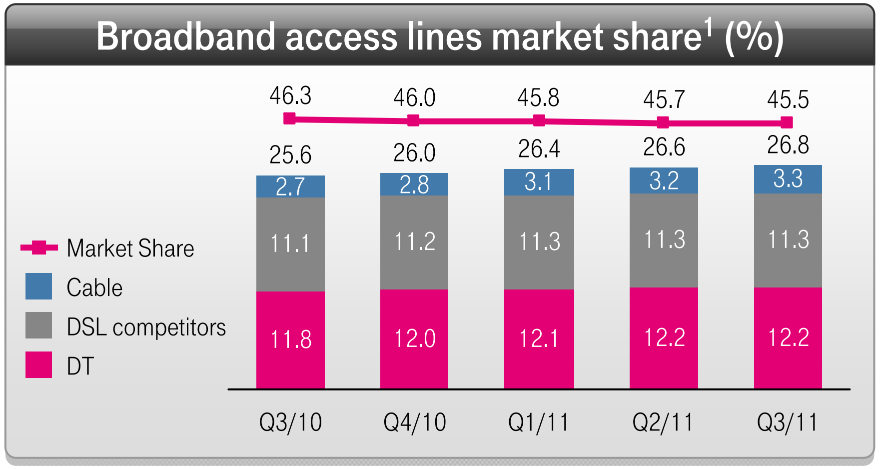




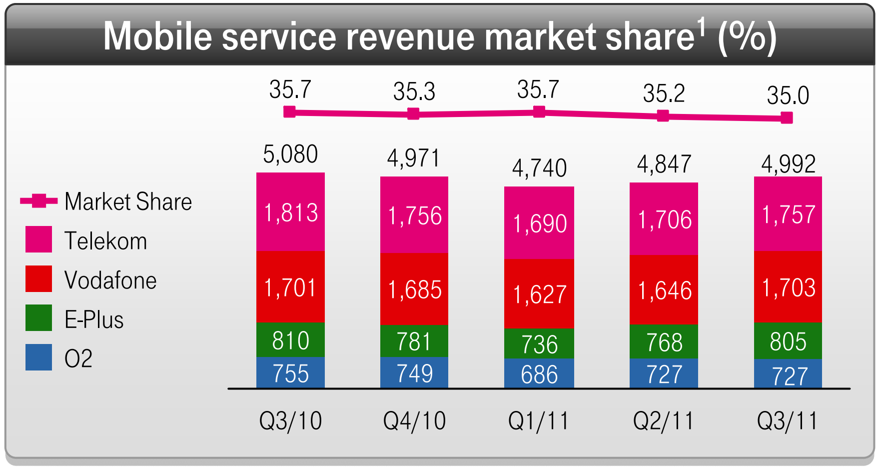


1) Fixed-network revenues includes revenues from fixed network, wholesale services, online consumer services, value-added services and fixed-network-related others
2) Adjusted for the reduction in MTR rates (Q3 = €58 million revenue)

Germany: #1 in broadband and mobile service revenue.



- 52% of the domestic fixed customer base of 23.7 million are broadband customers
- Line losses almost 40% below last year: 323k (525k in Q3/10)
- Solid IPTV growth continues with +32% (333k) Entertain customers now at 1,375k supported by new SAT offer
- Retail fiber customers (VDSL) growth to 520k (+242k yoy)



- Strong ramp up in mobile data revenues: €410 million (+26% yoy) due to successful launch of new product portfolio
- Mobile contract net adds of 466k – as announced with strong emphasis on service provider and value segment
- Stable contract churn of 1.1%, ongoing best in class
- 64% smartphone share of handsets sold in Q3/11 (+11pp yoy)
- iPhone sales: 221k – impacted by launch of 4S in October

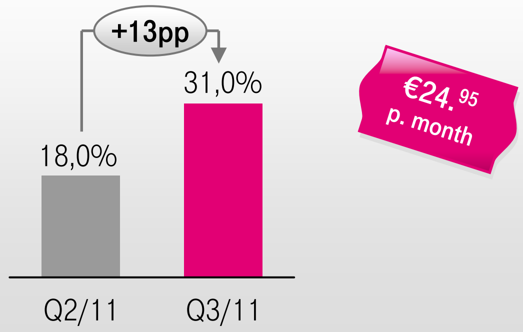
1) Company estimates; rounded figures; incl. reseller (competitor resale and resale); Q1/11 adjusted mainly due to changes in KDG reporting structure

Germany: initiatives in mobile and fixed with strong achievements.

Successful promotion of „Special Call & Surf Mobil“

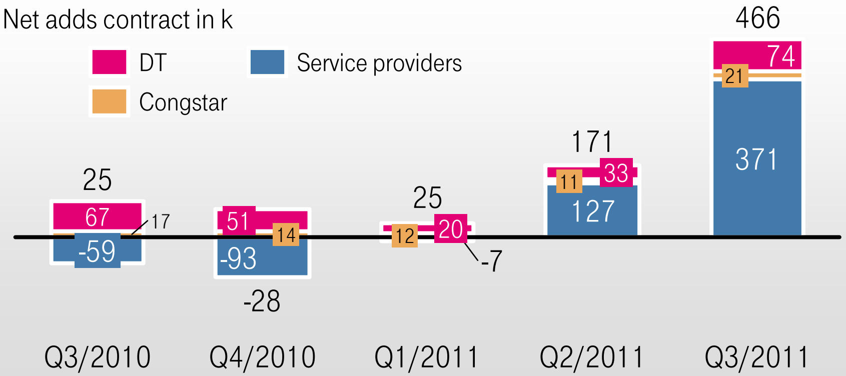
Share of contract gross adds consumer

Promotion price until Sep. 14



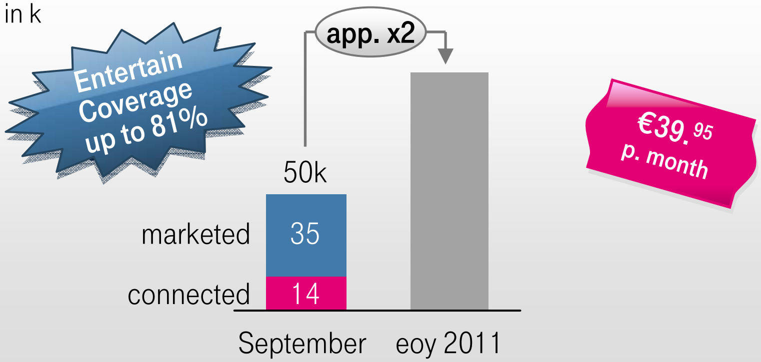
New segments successfully targeted via service providers

Net adds contract in k



50k Entertain Sat sold since Sep. 1

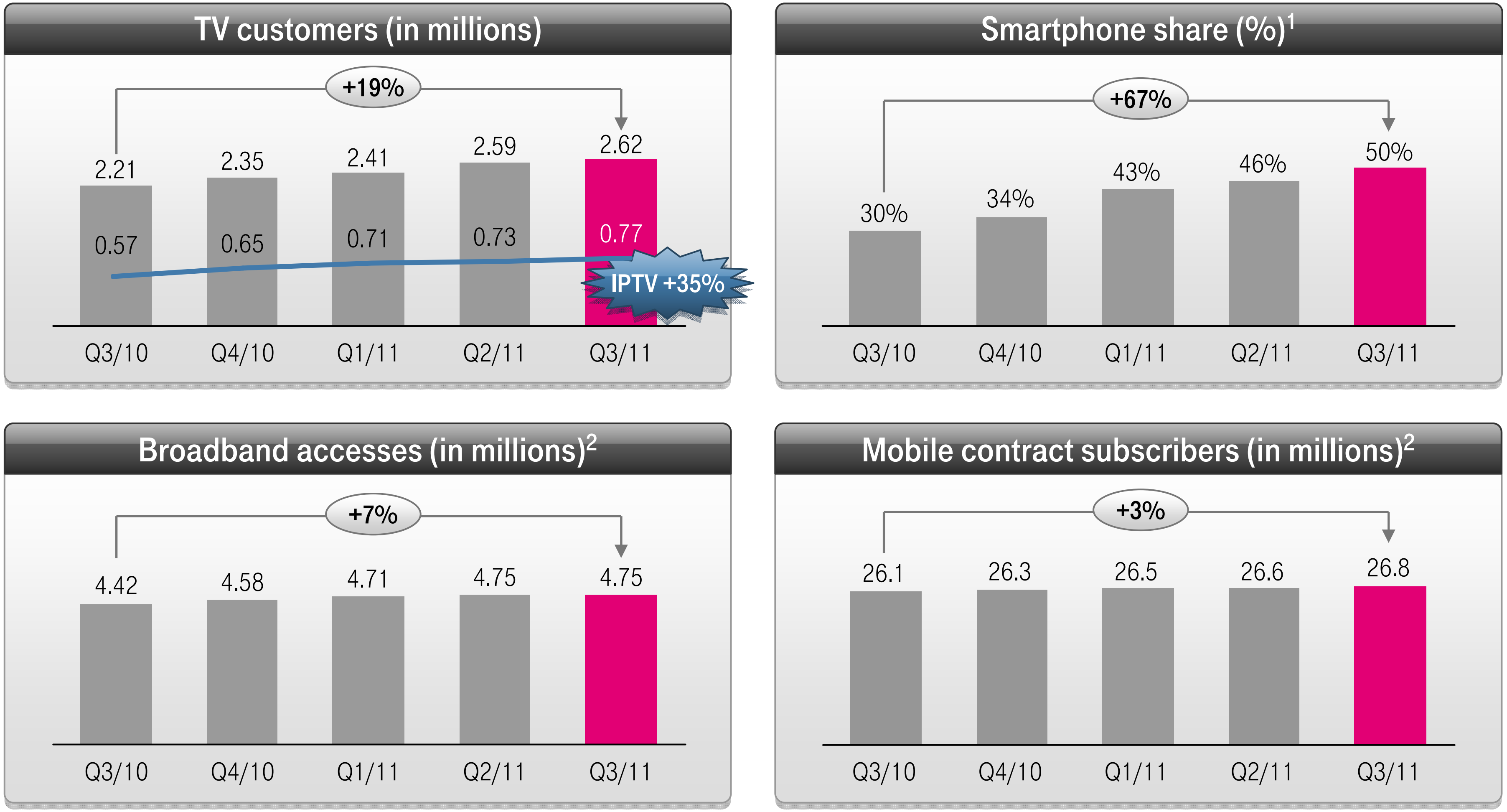
in k



- „Special Call & Surf Mobil“ promotion successfully targeted Value segment. More than 70% of intake are new customers
- As promised new customer segments addressed via service providers
- Entertain Sat combined with VDSL push as new running horse for TV success story

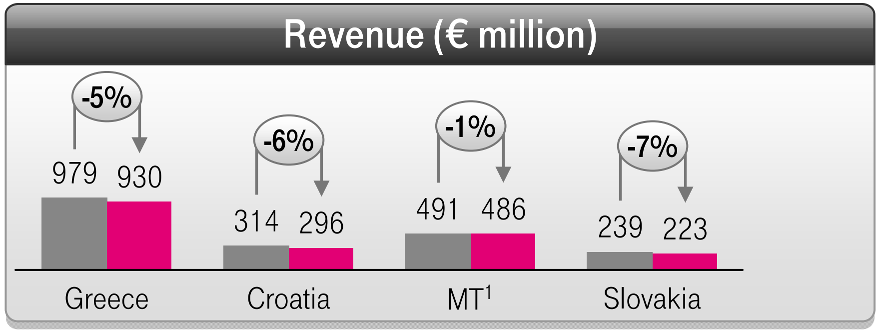
Entertain is available with a DSL connection of at least 3 Mbit/s

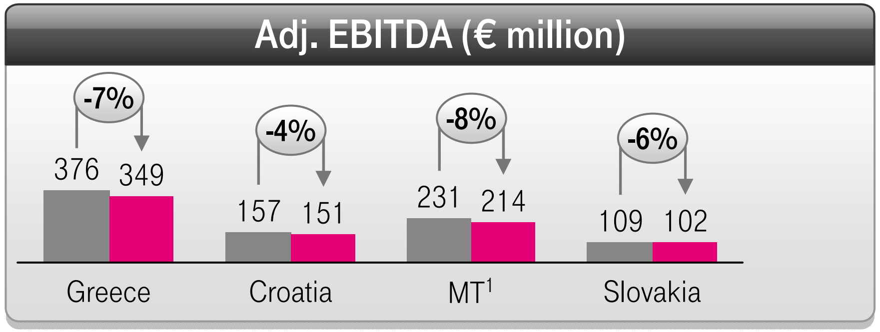
Europe: growth in key market KPIs.

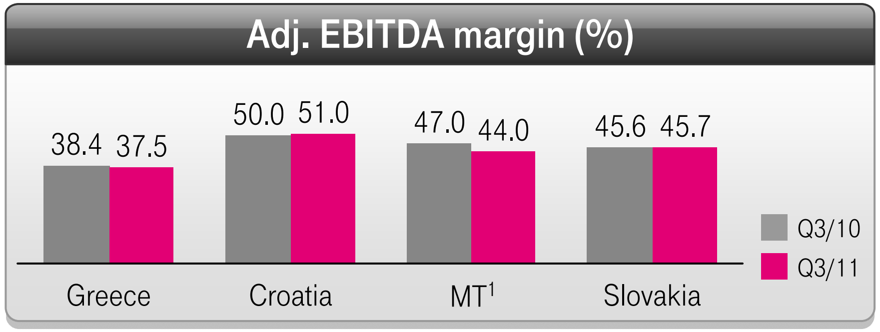


1) Percentage of smartphones in dispatched devices (excl. OTE, Macedonia, and Montenegro)
2) incl. customers shifted to T-Systems in Hungary as of January 1, 2011

Europe – integrated markets: focus on robust margins in difficult environment.







Greece:

- Financials show signs of progress: both revenue and adj. EBITDA trends improved compared to Q1 and Q2
- Recent agreement with unions on working hours and wage reduction will result in €160 million cost reductions in next three years
- Leadership in mobile safeguarded with 42k contract and 98k prepay net adds in Q3

Croatia:

- Underlying revenue decline 1.6%. Underlying adj. EBITDA decline 0.6%
- Growth in IPTV (+19.9%) and broadband (+7.7%) partially compensate line losses. Smartphone share doubled to 35%

MT (Hungary and others):

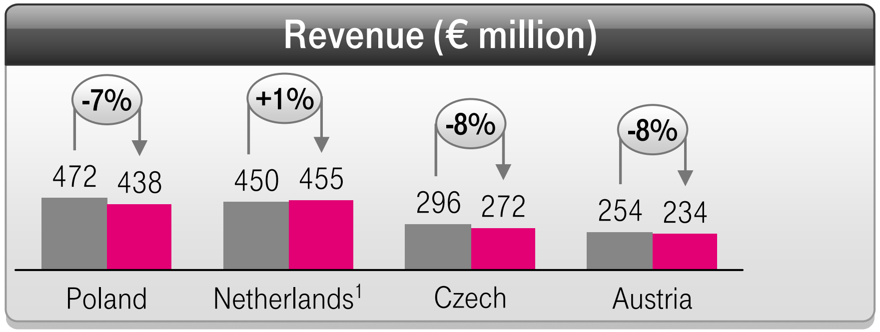
- Underlying revenue -2.2%. Underlying adj. EBITDA -9.1%
- Growth in IPTV +68% (Hungary +85.4%)

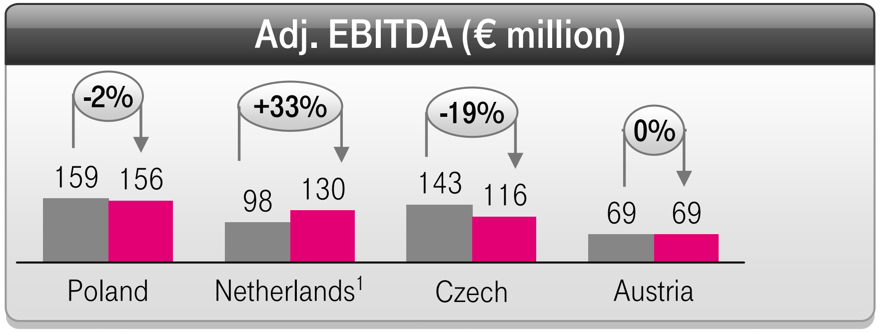
Slovakia:

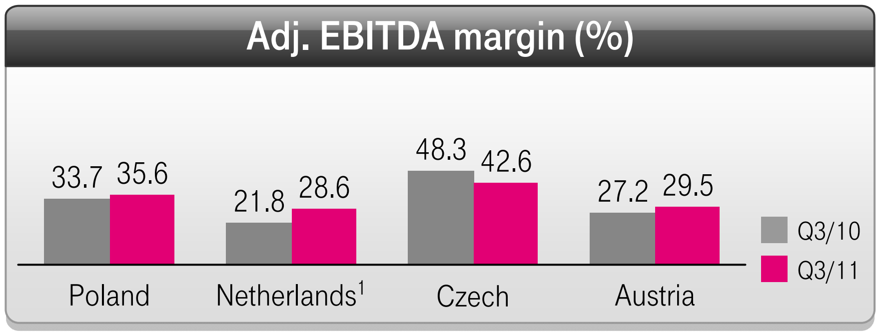
- Underlying revenue decline of 5.9%. Underlying adj. EBITDA -6.4%
- IPTV +16,9%. Smartphone share at 46% in Q3

1) Figures adjusted for special tax in Q3/11 – impact: €20 million on revenue and adj. EBITDA, 0.1%p on margin Q3/10 figures adjusted for shift of business customers to T-Systems segment

Europe – mobile centric: focus on profitability.







Poland:

- Underlying revenue -1.1%. Adj. EBITDA underlying +5%
- Rebranding with positive impact on contract net adds

Netherlands:

- Underlying revenue +1.1% and adj. EBITDA +32.7%. EBITDA improvement predominantly due to iPhone-driven expenses in Q3/10
- Smartphone sales increased again: now 62% of devices in Q3. Contract net adds 53k. SMS revenues increased by 12% with majority of traffic within bundles

Czech Republic:

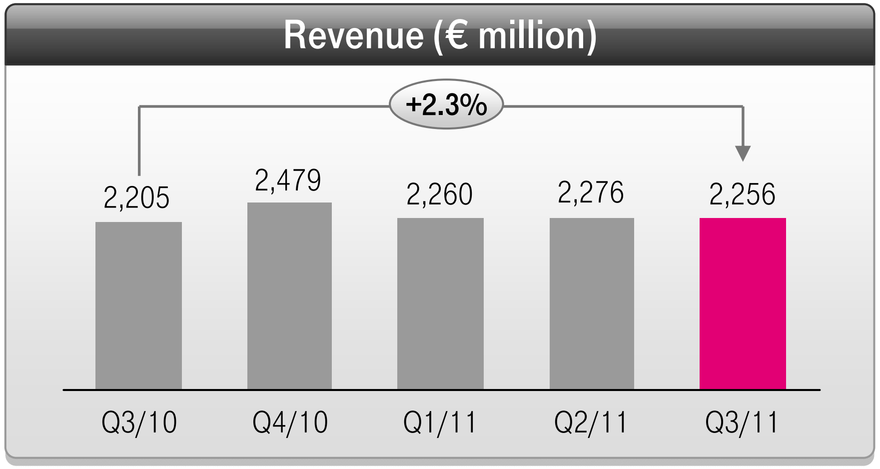
- Decline in revenue due to regulation and competition-driven price decreases
- Adj. EBITDA declining due to revenue shortfall and bankruptcy of a service provider

Austria:

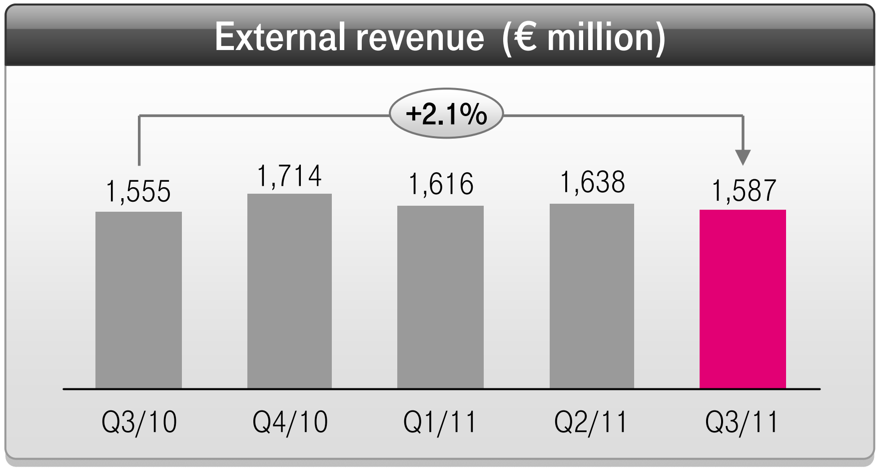
- Revenue impacted by regulation and competition
- Revenue decline fully compensated by opex savings
- Solid contract (16k) and prepay (40k) net adds

1) Q3/11 adjusted for regulatory impact

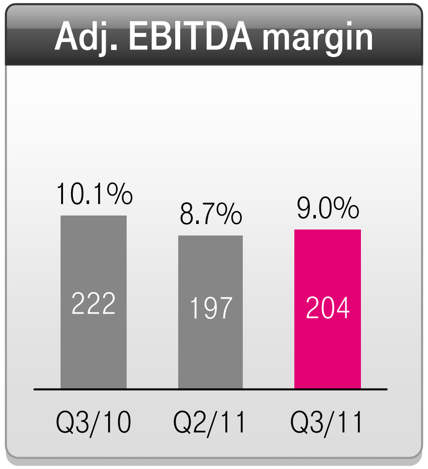
Systems Solutions: revenue growth of 2.3% in Q3/11.

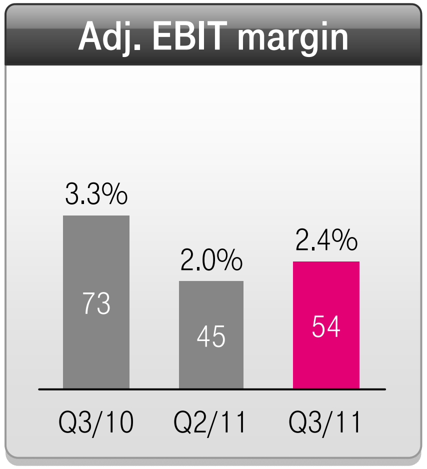


- Revenue increase yoy of +2.3% up to €2,256 million
- External revenues up +2.1% to €1,587 million
- Strong order entry vs. Q3/10 of €1,926 million due to renewals and additional business in customer base (e.g. Daimler)

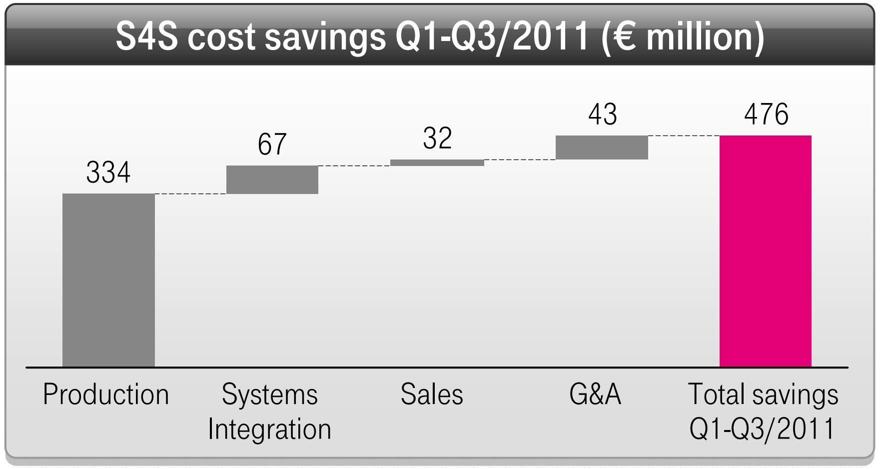


Systems Solutions: Save for Service cost savings.





- Adj. EBITDA at €204 million with a margin of 9.0%
- Adj. EBIT margin in Q3/11 down to 2.4% from 3.3% in Q3/10
- Ongoing impact of higher opex-related to big deal execution and quality assurance
- Both EBITDA and EBIT margin improved quarter-on-quarter
- Capex reduced by €65 million in order to protect cash flow

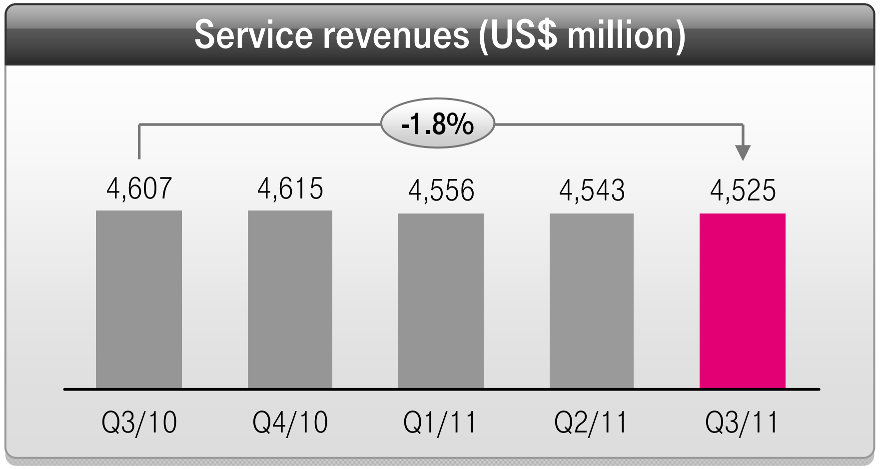


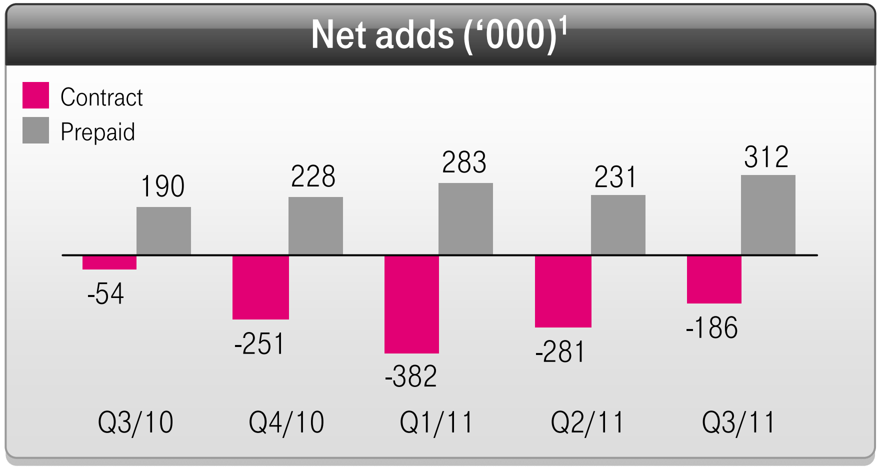
Besides quality assurance focus remains on S4S program to improve overall efficiency:

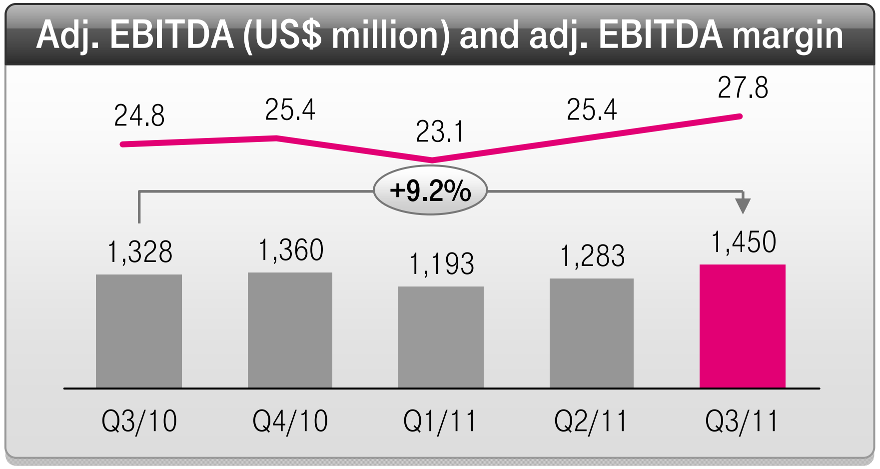
- standardized tools & processes within sales
- Improvements on global production setup: sourcing, platforms, standardization
- Further sourcing optimization at Systems Integration
- G&A: general cost reduction

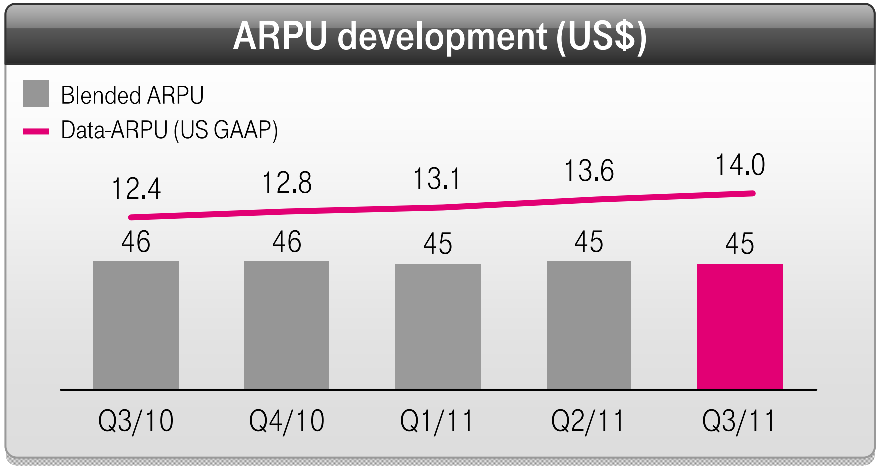
In total €0.5 billion S4S contribution in Q1-Q3/11

US: cost discipline supports margin.



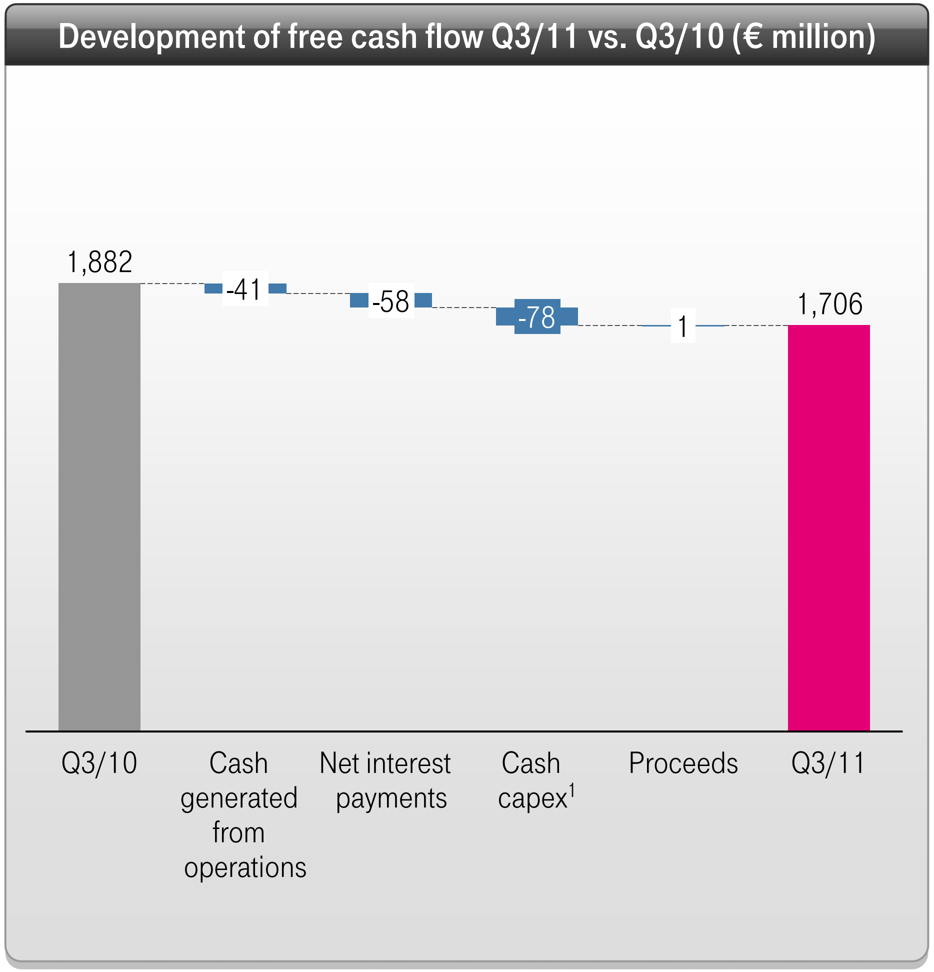






1) Walmart Family Mobile customers reclassified as contract customers, Q3/10, Q4/10, and Q1/11 restated accordingly

Free cash flow: full-year guidance confirmed.

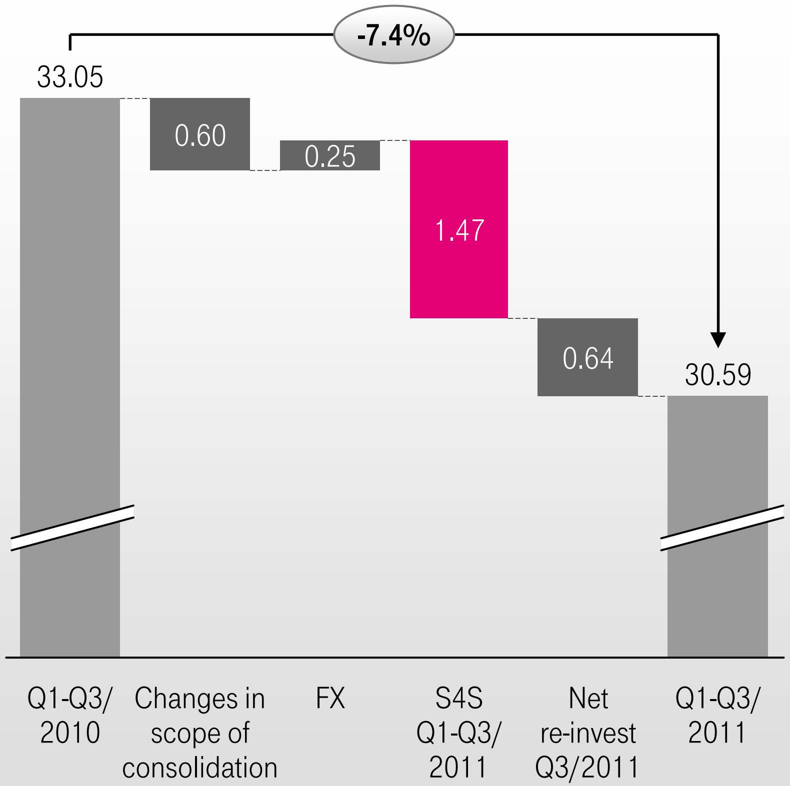


- Guidance for cash flow confirmed
  - Q3 cash flow impacted by higher capex, esp. in Germany, and interest payments
  - We expect reversal of capex trends in Q4 which will support free cash flow generation

1) Adj. for €63 million of spectrum invest

Q3/2011 Save for Service: 3.9 billion out of 4.2 achieved.

Cost base development 9M/10 vs. 9M/11 (€ billion)



Contribution by business unit (€ million)	Q1-Q3/2011 realized
Germany	424
USA	287
Europe	247
Systems Solutions	476
GHS	34
DT Group	**1.468**

- Total run rate of S4S program now at €3.9 billion of €4.2 to be achieved 2010 to 2012
- Net reduction of DT cost base by -7.4% (€2.46 billion) on corporate level driven by S4S, deconsolidation of UK, and reduction of Mobile Termination Rates
- Contribution to net-cost reduction
  - Germany €0.8 billion
  - USA €0.8 billion
  - Europe €1.1 billion (incl. €0.6 billion UK deconsolidation)

Ongoing solid balance sheet ratios and improved rating outlook.

in € billion	30/09/2011	30/06/2011	31/03/2011	31/12/2010	30/09/2010
Balance sheet total	**124.6**	**123.1**	**123.2**	**127.8**	**127.8**
Shareholders' equity	40.7	39.3	42.7	43.0	43.4
Net debt	43.4	43.3	41.8	42.3	43.7
Net debt/adj. EBITDA[1]	2.3	2.3	2.2	2.2	2.2
Gearing	1.1x	1.1x	1.0x	1.0x	1.0x
Equity ratio	**32.7%**	**31.9%**	**34.6%**	**33.7%**	**34.0%**

Comfort zone ratios	
2 - 2.5x Net debt/adj. EBITDA	✓
25 - 35% Equity ratio	✓
Gearing: 0.8 to 1.2	✓
Liquidity reserve covers redemption of the next 24 months	✓

Current rating			
Fitch:	**BBB+**	positive outlook	✓
Moody's:	**Baa1**	watch positive	✓
S&P:	**BBB+**	positive outlook	✓
R&I:	**A**	stable outlook	✓

1) Calculation based on adj. EBITDA of continuing and discontinued operations over the last four quarters

Q&A – Please press “*1” to ask a question.

René Obermann
Chairman of the Board of Management

Timotheus Höttges
Chief Financial Officer

Thank you for your attention!