Press conference on the 2013 financial year
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Good morning, Ladies and Gentlemen,

Welcome to our press conference on Deutsche Telekom's financial statements.

Today – and I can say this much right at the start – we want to present the highly positive trend for the past financial year. Our Chief Financial Officer, Thomas Dannenfeldt, will take you through the figures.

Overall, we have made good progress over the past quarters, which we want to maintain and build on. I am sure you will want to know how, so I will be outlining the strategic orientation for Deutsche Telekom for the coming years later on.

The strategy outlook we give today will focus on our activities in Europe. T-Mobile US clearly communicated a few days ago that it will continue to pursue its successful Un-carrier strategy.

In addition, we will show you how we intend to further develop Deutsche Telekom in the current regulatory environment. As you all know, I firmly believe that we as an industry have the opportunity to become and remain competitive in Europe over the long term in order to stand our ground against Asian and American telecommunications companies as well as what are known as OTT players. But this will not happen in a fragmented European market with 200 telecommunications companies. We have to see Europe as one market, with uniform competition rules and harmonized regulation, that offers clear incentives for investment and thus growth in Europe. I will be especially committed to this issue in 2014, but there is not enough time to deal with this topic today.

The 2013 financial year was not a year of transition and biding our time. We continued to gain momentum, systematically implement our strategy, and develop the Group further. Let me just mention a few factors, such as the business combination of T-Mobile US and MetroPCS, the agreement to acquire GTS, and the sale of the majority stake in the Scout group. This, along with our positive operational development, was rewarded with a strong increase in the T-Share price. I see this as clear motivation to keep pursuing our course at full speed!

This brings me to an overview of key developments in the last financial year:

First: We comfortably succeeded in meeting our guidance for 2013. With around EUR 4.6 billion in free cash flow and adjusted EBITDA of EUR 17.4 billion, the figures are fully in line with our expectations.

Net revenue of the Group increased by 3.4 percent in 2013. This has made us the envy of many of our European competitors.

This development was driven by the business combination of T-Mobile US and MetroPCS in the United States. And organically – meaning adjusted for this effect – we have also improved: by 0.8 percent year-on-year. Our objective is to carry on with this strong development in the coming years.

Having met our guidance, we also want to deliver on our dividend commitments. The Board of Management and Supervisory Board will, as planned, propose to the shareholders' meeting that a dividend of EUR 0.50 be paid on each share – this is, incidentally, tax-free for shareholders in Germany, as was the case last year.

Now for a brief look at the main developments from our segments.

Our Germany business remains stable. We continued to improve the revenue trend and contained declining sales – resulting in a slight decrease of 1.7 percent. We are particularly proud of developments in mobile communications, where we invested heavily in the mobile network – a whole series of test wins confirm the high quality of our networks. This is what convinces customers. As a consequence, we were the only competitor in Germany to win service revenue market share.

In our fixed-network business, too, we can be satisfied with the overall result. We continued to slow down the negative trend with regard to lines and generated major growth in fiber-optic lines. We want to keep up the momentum and regain the lead from our competitors in broadband.

In other words: Despite intense competition and continuing strict regulation, our domestic business is on track. With an EBITDA margin of around 40 percent, our home market represents a solid basis for the Group's net profit.

Another segment which is well on track again is our U.S. business. The business combination with MetroPCS and the various steps as part of the Un-carrier strategy were the milestones for 2013.

Last year, T-Mobile recorded 4.4 million net adds. Two million of them alone were branded postpaid customers – compared with the previous year's figure of around minus 2.1 million. With this achievement, our U.S. subsidiary again exceeded the forecast it had raised in the course of the year, achieving an impressive turnaround.

The stock market is also paying clear tribute to the new course taken by T-Mobile US. The enterprise value of T-Mobile US increased by 53 percent between the end of April and the end of December 2013.

Over the quarters, we succeeded in improving the revenue trend in our European business. In organic terms, we recorded a decline of 3.6 percent for the 2013 full year. In the fourth quarter we even achieved a slight rise in revenue of 0.6 percent. The earnings trend also moved in the same direction.

I would not go so far as to speak of a turnaround yet. But we do have a clear picture of how we want to continue developing our business in the region. And we intend to implement our plans successfully.

Business at T-Systems was respectable overall. This applies above all to the contribution to improving efficiency by bundling the Group's IT. Earnings improved despite a slight decline in revenue. This is the basis on which we will position IT as a sustainable component of our business – with the main focus on the development of cloud services. The transformation of T-Systems is underway.

In February, we finalized our sale of a 70-percent stake in the Scout Group and, in doing so, took yet another step forward in our transformation. We will use the proceeds from this transaction to finance the acquisition of GTS and also significantly reduce our liabilities. This step represents the further development of our portfolio toward integrated services for two leading Eastern European countries.

Ladies and Gentlemen, the capital market clearly acknowledged the positive developments in the Deutsche Telekom Group last year. In 2013, the total shareholder return – the development of our share price and the dividend – was around 56 percent! This puts us well ahead of all our European peers, a fact we can be really proud of.

And now, I would like to hand over to Thomas Dannenfeldt, who will be giving you further details about our finances. I will be back a little later to talk about our strategy.