

DEUTSCHE TELEKOM

Q1/14 RESULTS



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This presentation contains forward-looking statements that reflect the current views of Deutsche Telekom management with respect to future events. These forward-looking statements include statements with regard to the expected development of revenue, earnings, profits from operations, depreciation and amortization, cash flows, and personnel-related measures. You should consider them with caution. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond Deutsche Telekom's control. Among the factors that might influence our ability to achieve our objectives are the progress of our workforce reduction initiative and other cost-saving measures, and the impact of other significant strategic, labor, or business initiatives, including acquisitions, dispositions, and business combinations, and our network upgrade and expansion initiatives. In addition, stronger than expected competition, technological change, legal proceedings, and regulatory developments, among other factors, may have a material adverse effect on our costs and revenue development. Further, the economic downturn in our markets, and changes in interest and currency exchange rates, may also have an impact on our business development and the availability of financing on favorable conditions. Changes to our expectations concerning future cash flows may lead to impairment write downs of assets carried at historical cost, which may materially affect our results at the group and operating segment levels. If these or other risks and uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, our actual performance may materially differ from the performance expressed or implied by forward-looking statements. We can offer no assurance that our estimates or expectations will be achieved. Without prejudice to existing obligations under capital market law, we do not assume any obligation to update forward-looking statements to take new information or future events into account or otherwise.

In addition to figures prepared in accordance with IFRS, Deutsche Telekom also presents non-GAAP financial performance measures, including, among others, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted EBIT, adjusted net income, free cash flow, gross debt, and net debt. These non-GAAP measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Non-GAAP financial performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways.

REVIEW Q1/14



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LEADING TELCO: STRATEGIC AND FINANCIAL KEY ACHIEVEMENTS IN Q1

STRATEGIC ACHIEVEMENTS

- All-IP migration: Voice-IP migration in Macedonia accomplished, Germany with 499k migrations in Q1
- LTE and fiber roll-out running at full speed in Germany
- Clear ownership structure in Czech Republic enables integration of fixed and mobile
- Approval of GTS transaction will strengthen European business footprint
- T-Systems 2015+ restructuring started with sale of IDS

Q1 HIGHLIGHTS

- Group revenue growth of 8%, organic growth of 4.2%
- Adj. EBITDA of € 4.1 billion driven by record customer growth in the US – catch up expected in upcoming quarters
- FCF of € 1 billion almost unchanged compared to previous year
- Proceeds from sale of Scout24 reduce net debt
- Guidance for FY 2014 confirmed



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Q1/14: KEY FIGURES

€ mn	Q1		
	2013	2014	Change
Revenue	13,785	14,894	8.0%
Adj. EBITDA	4,288	4,121	-3.9%
Adj. net profit	767	587	-23.5%
Net profit	564	1,817	222,2%
Adj. EPS (in €)	0.18	0.13	-27.8%
EPS (in €)	0.13	0.41	215,4%
Free cash flow ¹	1,038	983	-5.3%
Cash capex ²	2,087	2,065	-1.1%
Net debt (in € bn)	37.1	38.0	2.3%

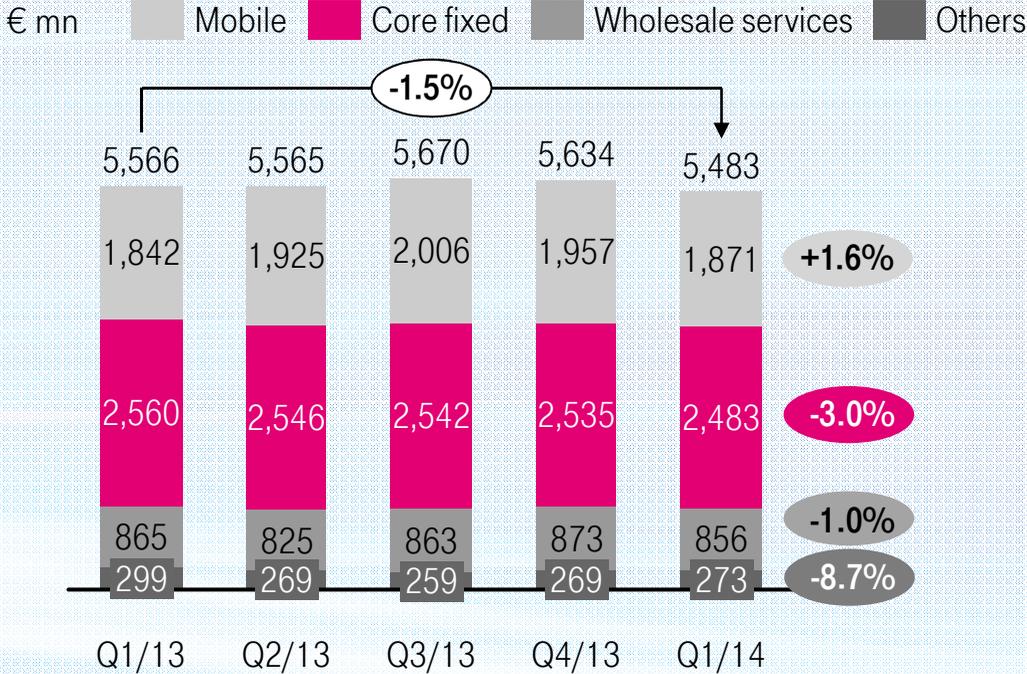
1) Free cash flow before dividend payments and spectrum investment 2) Before spectrum payments. Q1/13: € 937 million. Q1/14: € 132 million



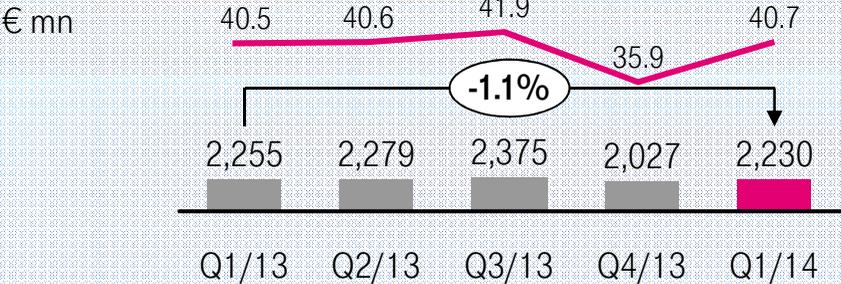
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GERMANY: CONTINUED STRONG REVENUE TREND AND MARGIN

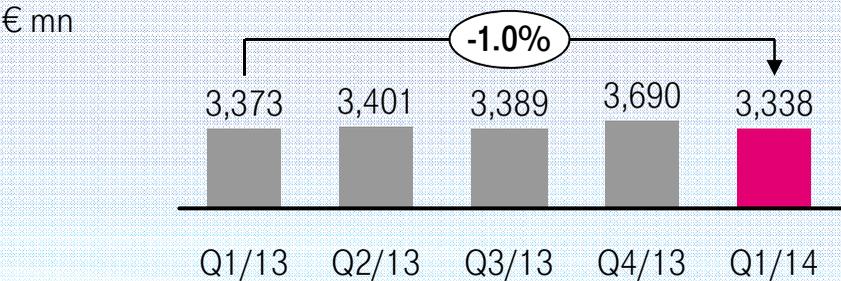
REVENUE



ADJ. EBITDA AND MARGIN (IN %)



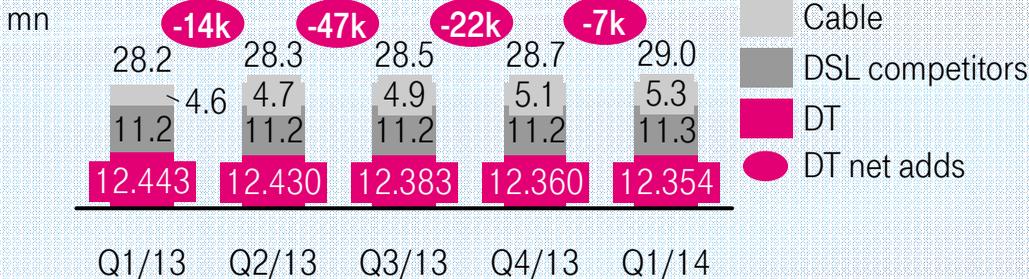
ADJ. OPEX



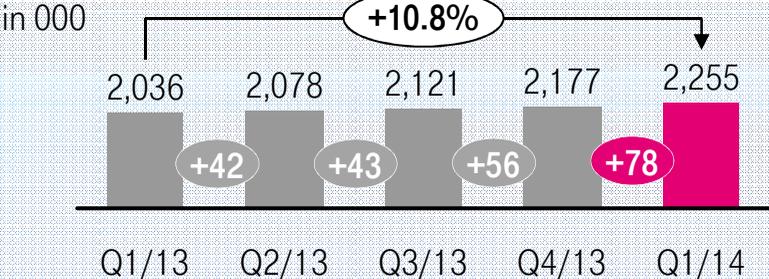
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GERMANY FIXED: STRONG PERFORMANCE IN TV AND FIBER

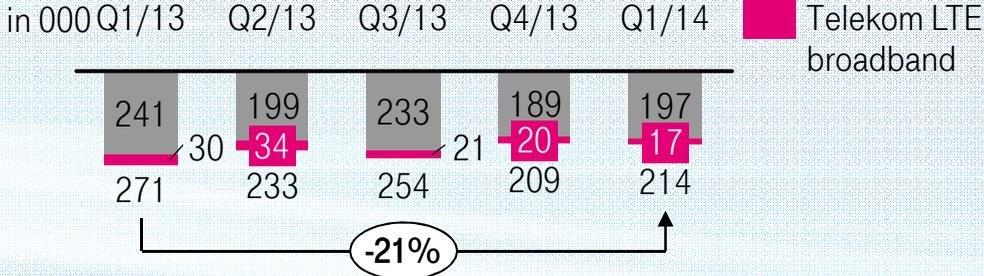
GERMAN BROADBAND MARKET¹



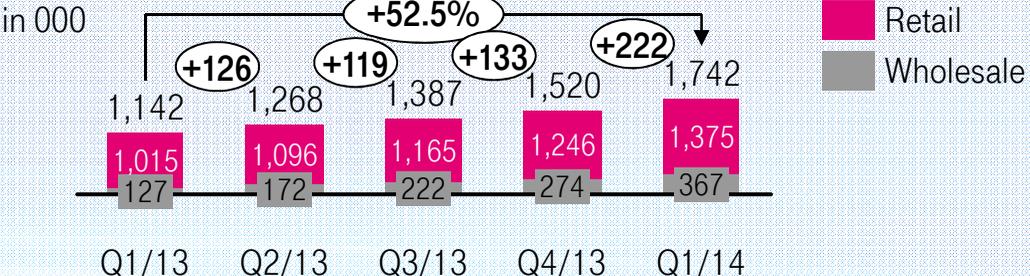
ENTERTAIN CUSTOMERS



LINE LOSSES



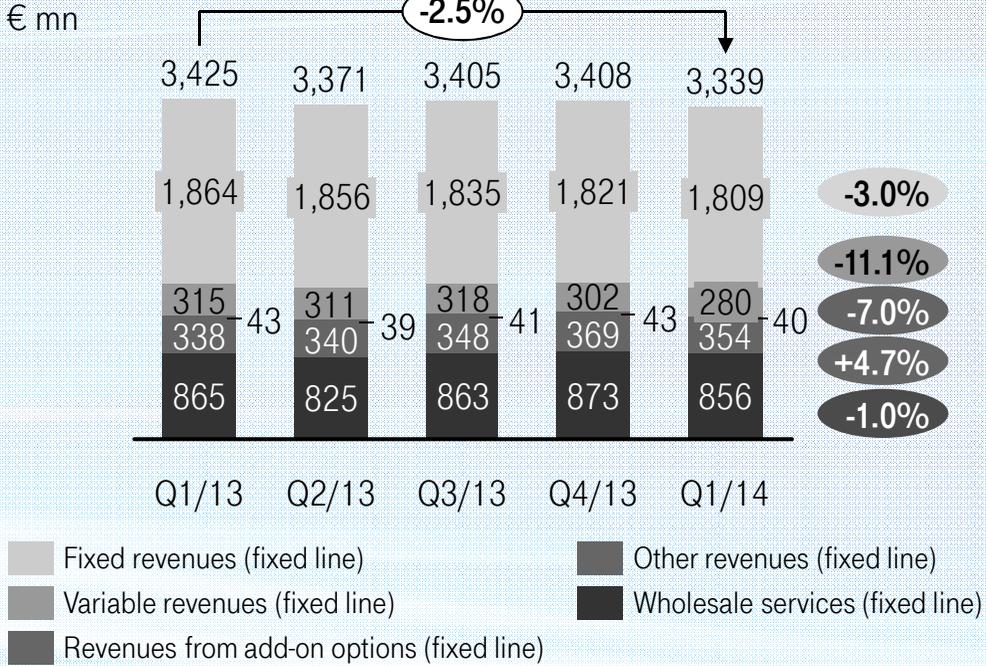
FIBER CUSTOMERS



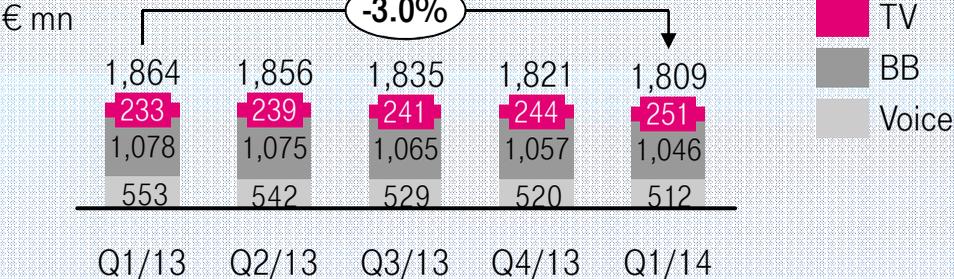
1) Based on management estimates

GERMANY FIXED: REVENUE NOT YET STABILIZED DESPITE UPSELL

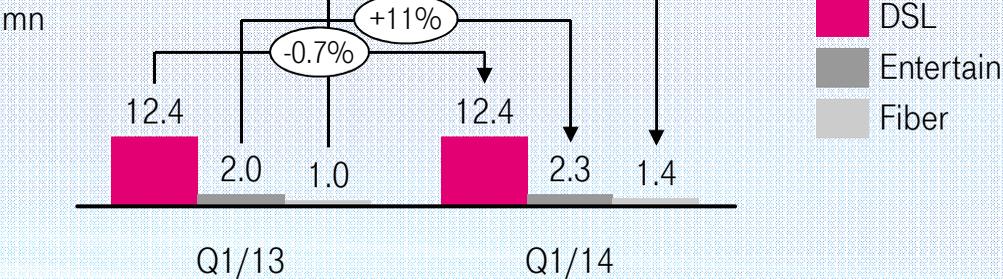
FIXED NETWORK REVENUE (CORE FIXED AND WHOLESALE)



FIXED REVENUES (FIXED LINE)

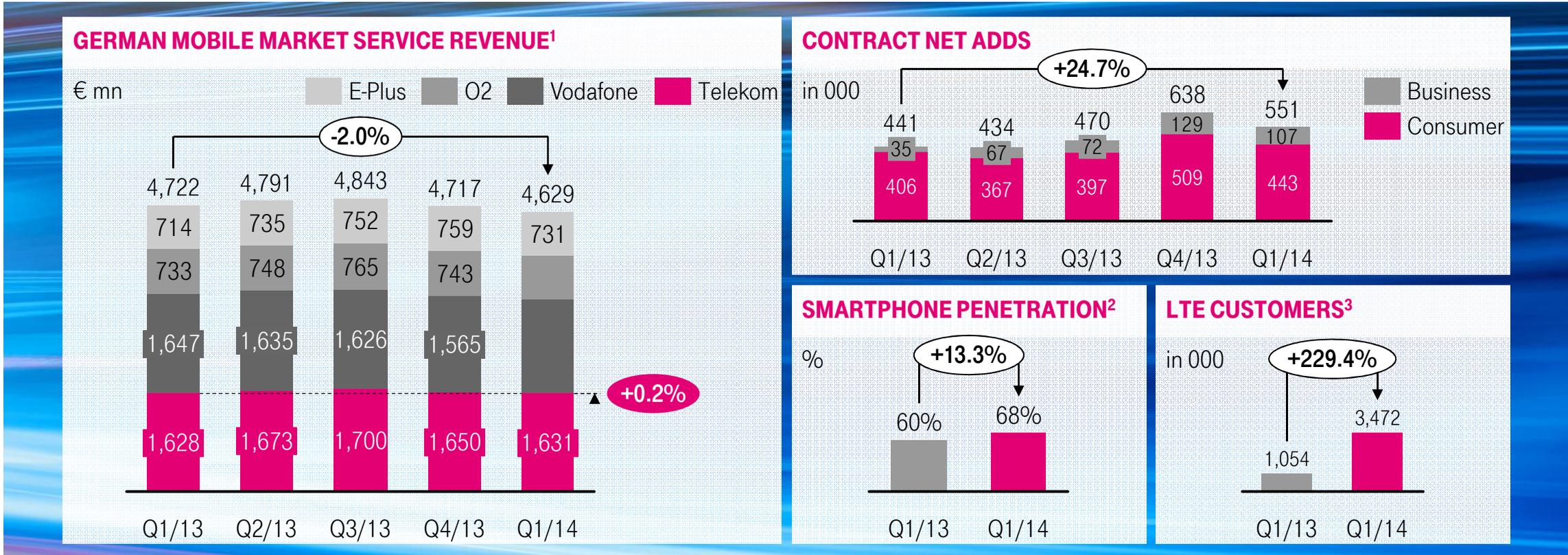


UPSELL STRATEGY ACCESS



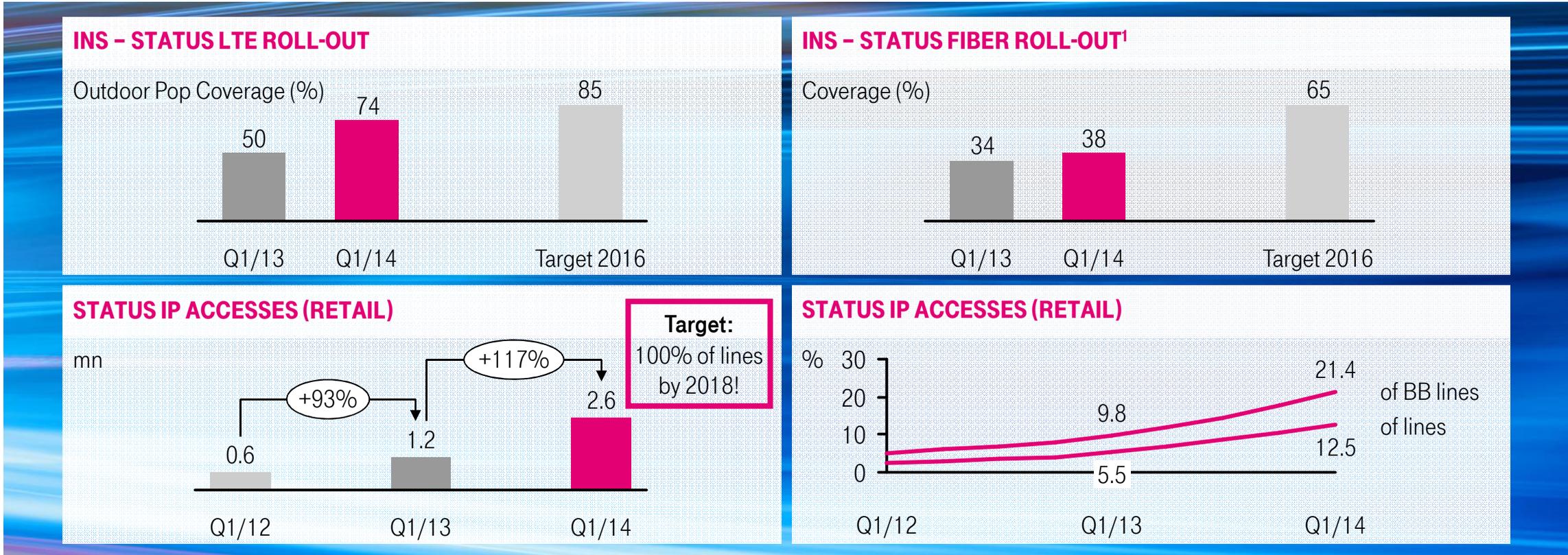
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GERMANY MOBILE: RETURNING TO SERVICE REVENUE GROWTH



1) Based on management estimates 2) Of own branded retail customers 3) Customers using a LTE-device and tariff plan including LTE

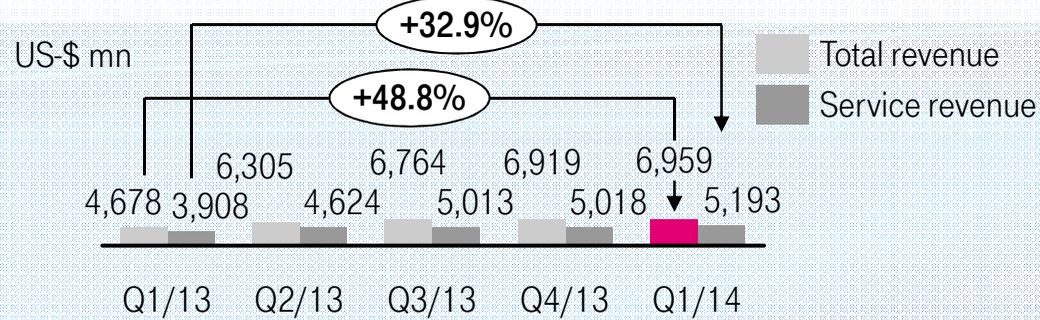
GERMANY: INTEGRATED NETWORK ROLL-OUT AND ALL-IP MIGRATION FULLY ON TRACK



1) In % of households within fixed-network coverage in Germany

TMUS: RECORD QUARTER IN CUSTOMER ADDITIONS

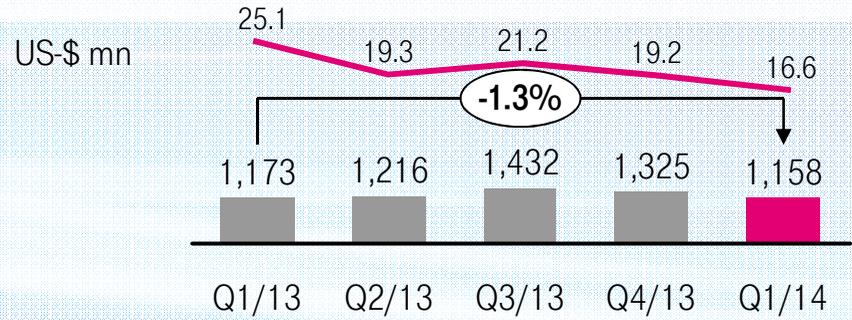
REVENUE AND SERVICE REVENUE



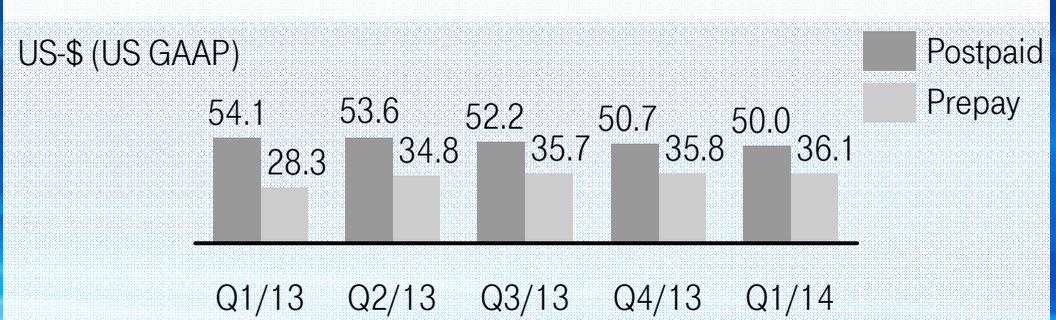
NET ADDITIONS

in 000	Q1/13	Q2/13	Q3/13	Q4/13	Q1/14
Total net adds	579	1,130	1,023	1,645	2,391
Branded:					
• Postpaid	-199	688	648	869	1,323
• Prepay	202	-10	24	112	465
Wholesale ¹	576	452	351	664	603

ADJ. EBITDA AND MARGIN (IN %)



BRANDED CUSTOMERS: POSTPAID AND PREPAY ARPU

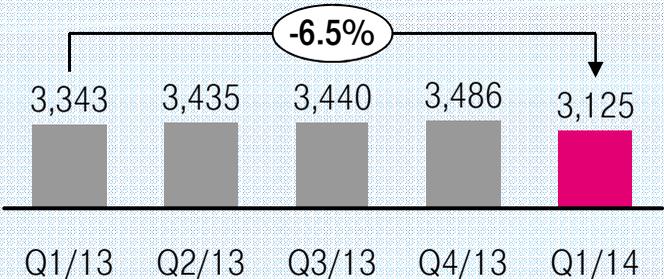


¹) Wholesale includes MVNO and machine-to-machine (M2M). Amounts may not add up due to rounding.

EUROPE: ORGANIC REVENUE AND ADJ. EBITDA TRENDS

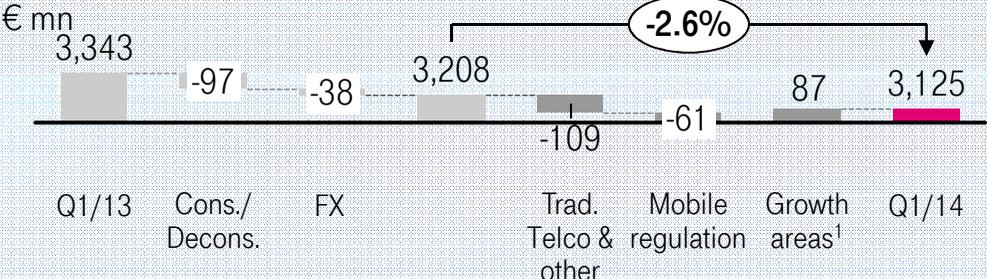
REVENUE AS REPORTED

€ mn



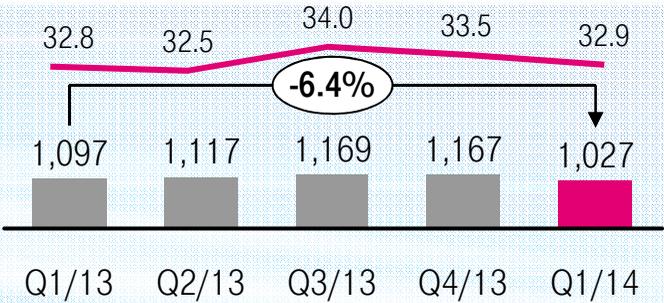
ORGANIC REVENUE DEVELOPMENT

€ mn



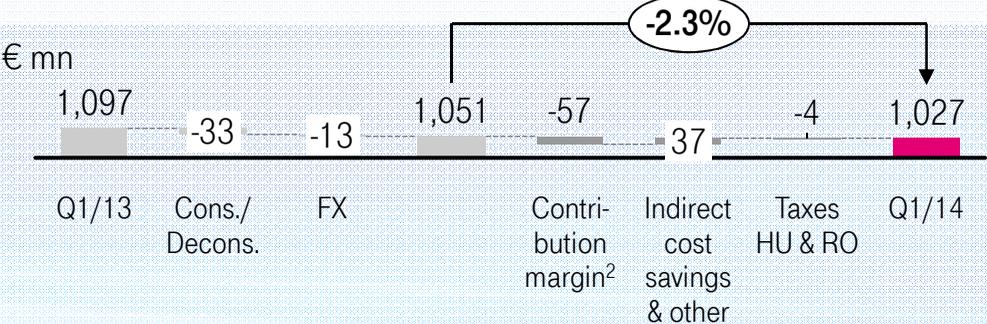
ADJ. EBITDA AND MARGIN (IN %) AS REPORTED

€ mn



ORGANIC ADJ. EBITDA DEVELOPMENT

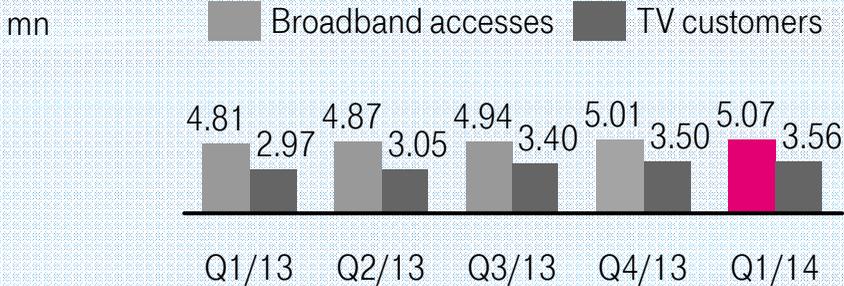
€ mn



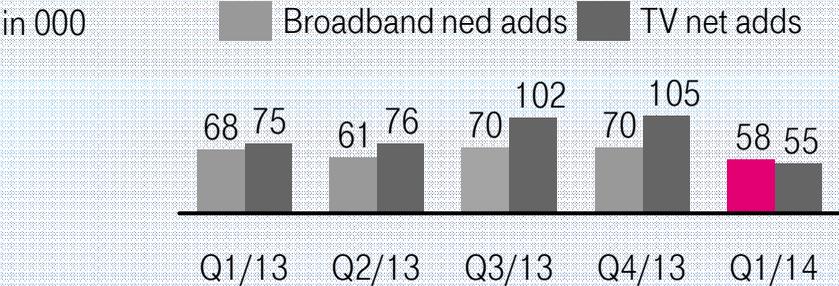
1) Mobile data, Pay TV & fixed broadband, B2B/ICT, adjacent industries (online consumer services, energy, and other) 2) Total revenues – direct cost

EUROPE: CONTINUED GROWTH IN MOBILE AND FIXED KEY AREAS

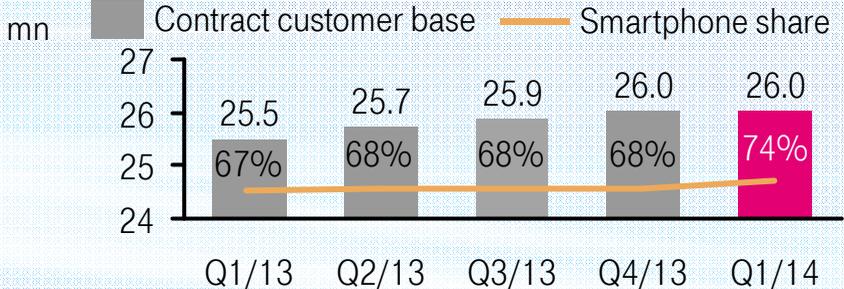
POCKETS OF GROWTH - BROADBAND AND TV¹



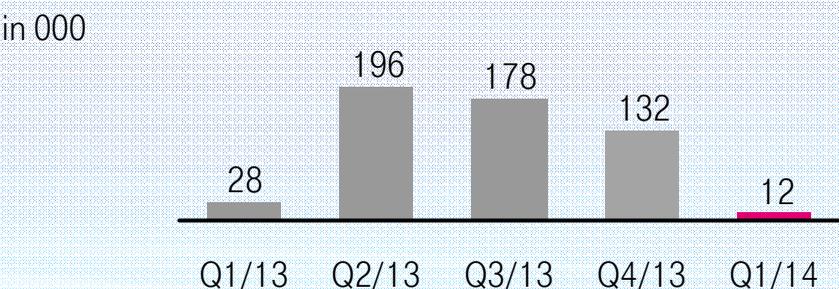
NET ADDS - BROADBAND AND TV¹



POCKETS OF GROWTH - MOB. CONTRACT AND SMARTPHONES¹

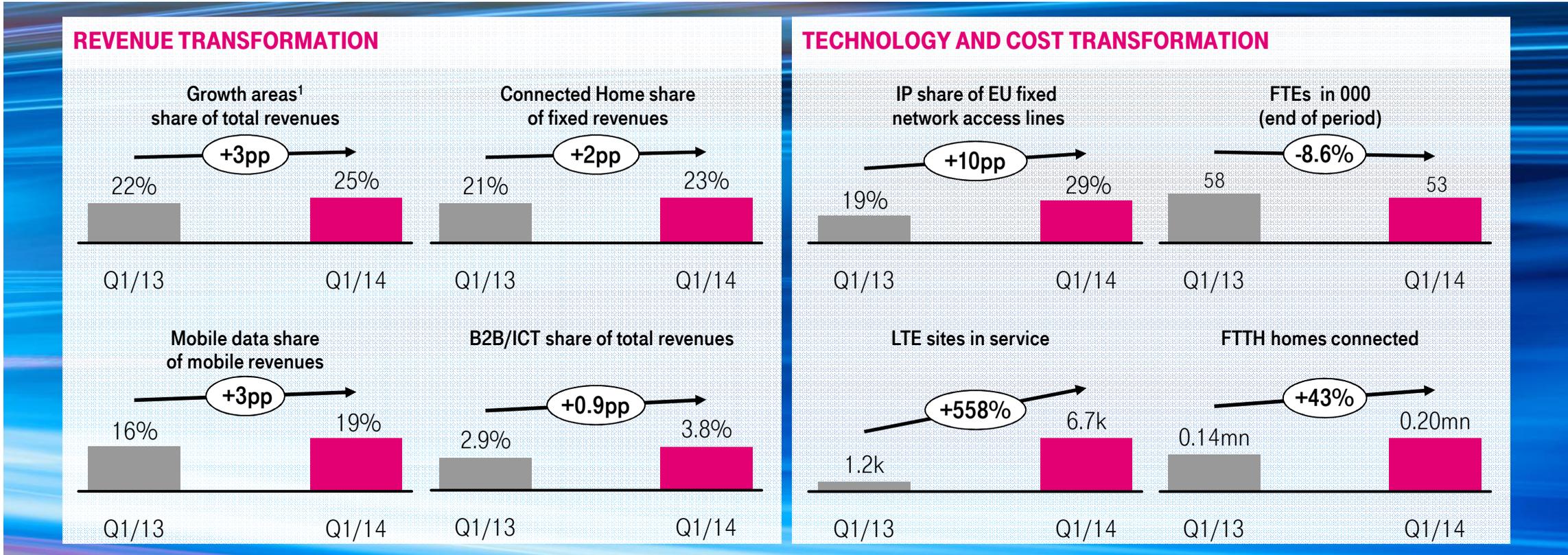


NET ADDS - MOBILE CONTRACT¹



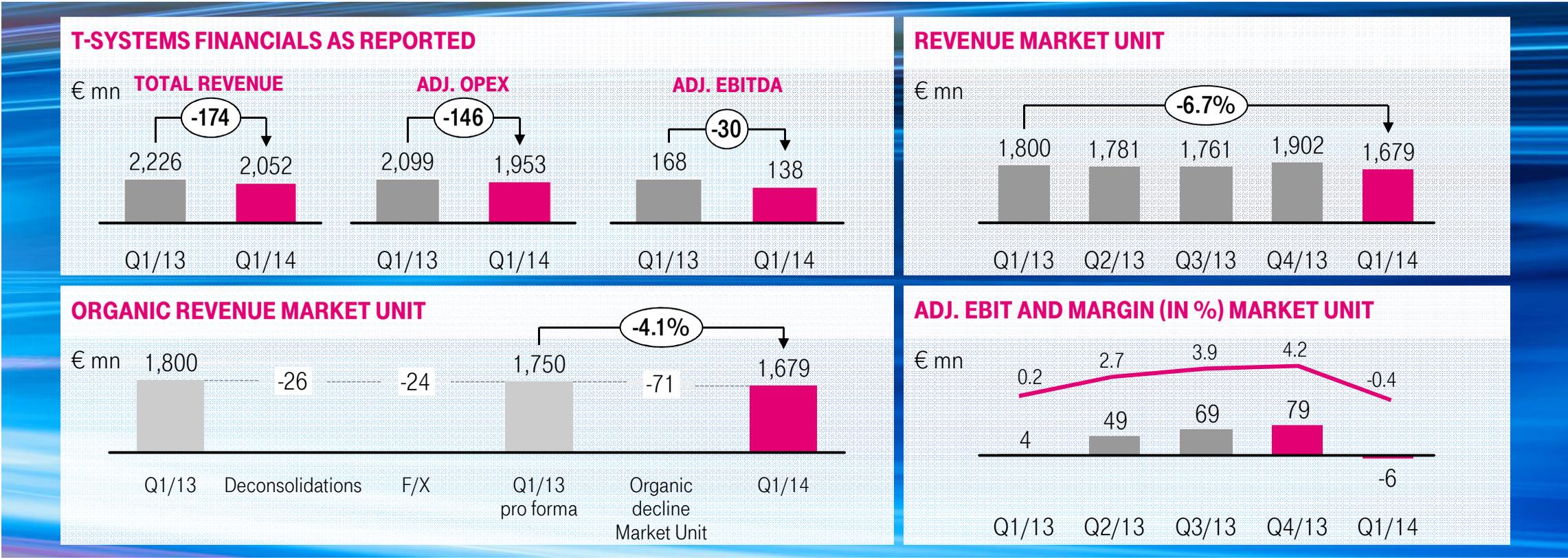
¹) Incl. business customers shifted to T-Systems in Hungary as of January 1, 2011. Smartphone share w/o AL and Bulgaria. based on purchased devices. TV figures include DiGi Slovakia as of September 1, 2013 (not counted as net adds). The customers of our companies in Bulgaria and Online in the Netherlands are no longer included in the Europe operating segment since August 1, 2013, and January 2, 2014, respectively, following the sale of the shares held in the companies. They have been eliminated from the historical customer figures to improve comparability.

EUROPE: REVENUE AND COST TRANSFORMATION ONGOING

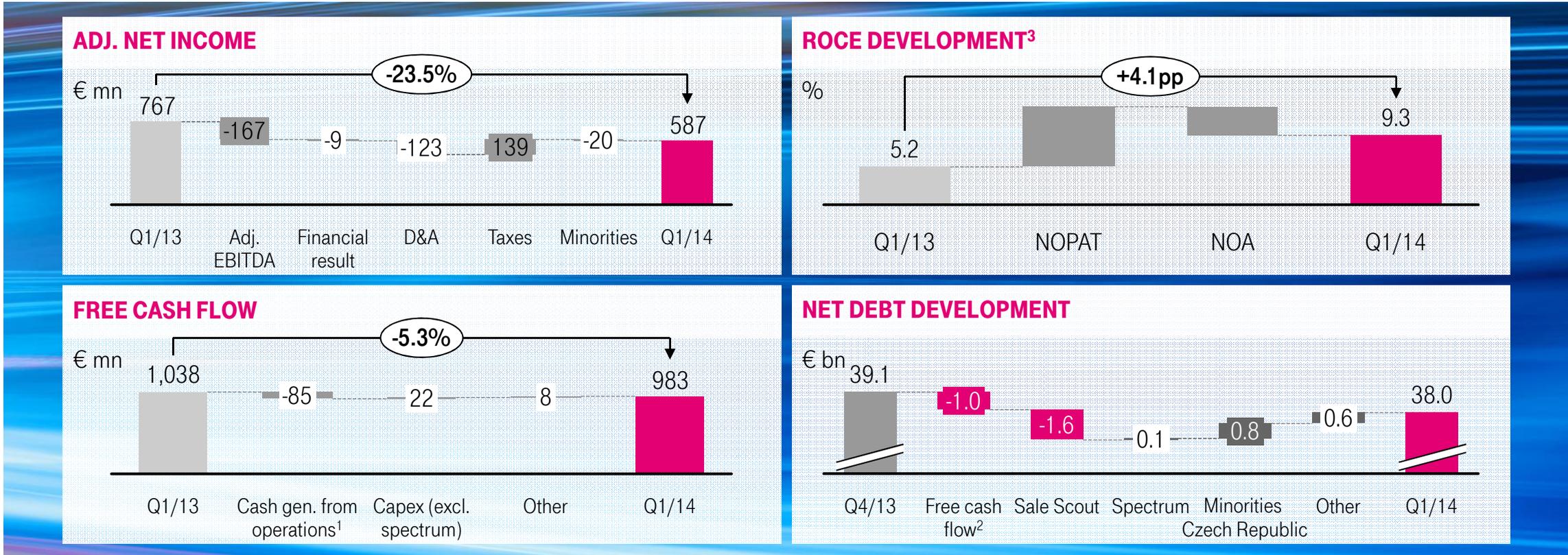


1) Mobile data, Pay TV & fixed broadband, B2B/ICT, adjacent industries (online consumer services, energy, and other)

SYSTEMS SOLUTIONS: REVENUE DEVELOPMENT IN LINE WITH OUTLOOK. ADJ. EBITDA TRENDS TO IMPROVE IN H2



FINANCIALS: Q1/14 FCF ON TRACK FOR FY GUIDANCE



1) Adjusted for € 95 million tax on break-up fee in Q1/13 2) Free cash flow before dividend payments, spectrum investment 3) Includes book gain on sale of Scout24

FINANCIALS: BALANCE SHEET REMAINS STRONG

€ bn	31/03/2013	30/06/2013	30/09/2013	31/12/2013	31/03/2014
Balance sheet total	108.8	116.1	115.3	118.1	117.3
Shareholders' equity	31.0	31.3	32.0	32.1	32.8
Net debt	37.1	41.4	39.7	39.1	38.0
Net debt/Adj. EBITDA ¹	2.1	2.4	2.3	2.2	2.2
Equity ratio	28.5%	26.9%	27.8%	27.1%	27.9%
Comfort zone ratios		Current rating			
Rating: A-/BBB	●	Fitch:	BBB+	stable outlook	
2 – 2.5x net debt/Adj. EBITDA	●	Moody's:	Baa1	stable outlook	
25 – 35% equity ratio	●	S&P:	BBB+	stable outlook	
Liquidity reserve covers redemption of the next 24 months	●				

1) Ratios for the interim quarters calculated on the basis of previous 4 quarters.

2014 KEY PRIORITIES

EXECUTE ON STRATEGY

INTEGRATED IP NETWORKS

BEST CUSTOMER EXPERIENCE

WIN WITH PARTNERS

LEAD IN BUSINESS

2014 PRIORITIES

- Full speed INS roll-out
- Migrate around 3 million customers to All-IP in 2014
- Improve broadband net adds
- Execute on SME Initiative



- Continue LTE roll-out to 250 million POPs
- Deliver on higher net add target of 2.8 to 3.3 million
- Deliver on EBITDA target



- Drive IP migration with full speed. Slovakia to be completed YE/14
- Continue to grow in growth areas: Mobile broadband, TV/Broadband push, B2B/ICT
- Start integration of GTS
- Design Pan-European network



- Implementation of “T-Systems 2015+”
- Increase run rate of EBITDA
- Deliver on IT spend reduction target of € 1 billion until 2015

T-SYSTEMS



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THANK YOU!



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