DEUTSCHE TELEKOM
Q4/12 RESULTS

LIFE IS FOR SHARING.

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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 FY 2012

2012 KEY ACHIEVEMENTS: FINANCIAL TARGETS ACHIEVED, CUSTOMER TARGETS IN GERMANY AND EUROPE OVERACHIEVED

GROUP	▪ Group key objectives achieved against industry trend: adj. EBITDA of €18 billion and FCF of €6.2 billion ▪ Dividend policy: proposal of €0.70 dividend per share for FY 2012; prudent and sustainable dividend policy for the years 2013/2014 introduced
GERMANY	▪ Key financials: revenue trend further improved to -2.0% after -4.1% in 2011; adj. EBITDA-margin at 40% ▪ Strong 1,3 million mobile contract net adds, 2 million Entertain customers by YE/12, line losses down to 1 million, strong fiber net adds with 297k ▪ Future Integrated Network Strategy for Germany implemented, new fiber wholesale model introduced
EUROPE	▪ Key financials: revenue decline significantly reduced to -4.0% after -5.5% in 2011[1]; underlying adj. EBITDA-margin roughly stable at 34% ▪ Strong growth in key growth areas: +970k mobile contract customers, +298k TV customers, +201k broadband customers ▪ Re-financing of OTE safeguarded well beyond 2014; LTE running in 4 countries
US	▪ Key financials: trends remained challenging. Revenue in US-$ -4.1%, adj. EBITDA in US-$ -7.5% ▪ Improving customer trends: +203k mobile customers, branded contract customer losses improved, branded contract churn down 30bps to 2.4% ▪ Agreement with Apple, proposed merger with MetroPCS, sale of tower assets to support future performance
SYSTEMS SOLUTIONS	▪ Key financials: revenue +0.6% mainly international, adj. EBITDA +11.2% due to cost reduction ▪ Order entry +18.1% to €8.7 billion mainly driven by new contract with Shell ▪ Foundation of Telekom IT to support group IT cost savings

[1] F/X adjusted, 2010 adjusted for deconsolidation of TM-UK.

2012: KEY FIGURES

€ bn	Q4 2011	Q4 2012	Q4 Change	FY 2011	FY 2012	FY Change
Revenue	14,911	14,707	-1.4%	58,653	58,169	-0.8%
Adj. EBITDA	4,611	4,027	-12.7%	18,685	17,978	-3.8%
Adj. net profit	-92	203	n.a.	2,851	2,529	-11.3%
Net profit	-1,340	793	n.a.	557	-5,255	n.a.
Adj. EPS (in €)	-0.02	0.05	n.a.	0.66	0.59	-10.6%
EPS (in €)	-0.31	0.19	n.a.	0.13	-1.22	n.a.
Free cash flow	1,887	1,105	-41.4%	6,421	6,239	-2.8%
Cash capex	2,230	2,439	9.4%	8,406	8,432	0.3%
Net debt				40,121	36,860	-8.1%

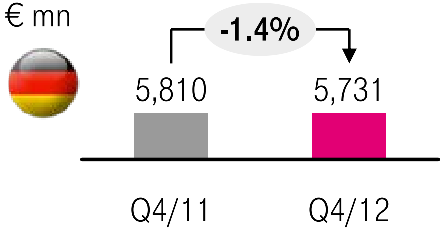
2010 – 2012: PERFORMANCE TOWARDS AMBITION LEVEL

	Group ambition level 2012 (communicated in 2010)
Group wide TV customers	5.5 – 6.0 mn
Group wide mobile customers	>140 mn
Group wide fixed broadband retail customers	>18 mn
Revenues	>€6 bn mobile internet revenues German revenues stabilized
Save for Service 2010 – 2012	€4.2 bn savings, of which €1.8 bn net savings in GER & SEE
FCF	Increasing from 2010 level of around €6.2 bn
ROCE	+ >150bps
Shareholder remuneration 2010 – 2012	€3.4 bn per annum, €0.70 minimum dividend per share + up to €1.2 bn share buybacks

Q4/12: MARKET INVEST IN GERMANY AND US IMPACT ADJ. EBITDA

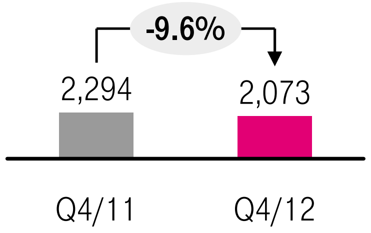
Revenue

€ mn



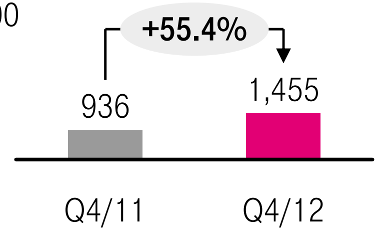
Adj. EBITDA

€ mn



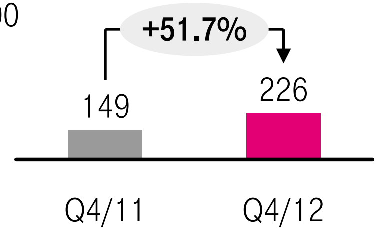
Record smartphone sales

in 000



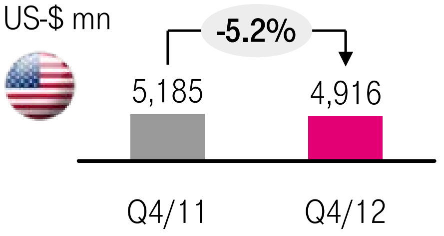
Branded contract net adds

in 000



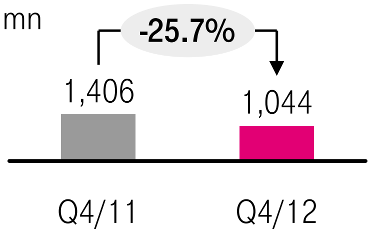
Revenue

US-$ mn



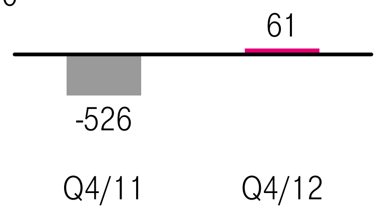
Adj. EBITDA

US-$ mn



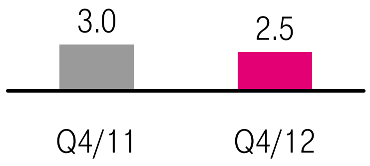
Positive net adds in Q4

in 000



Branded contract churn

in %



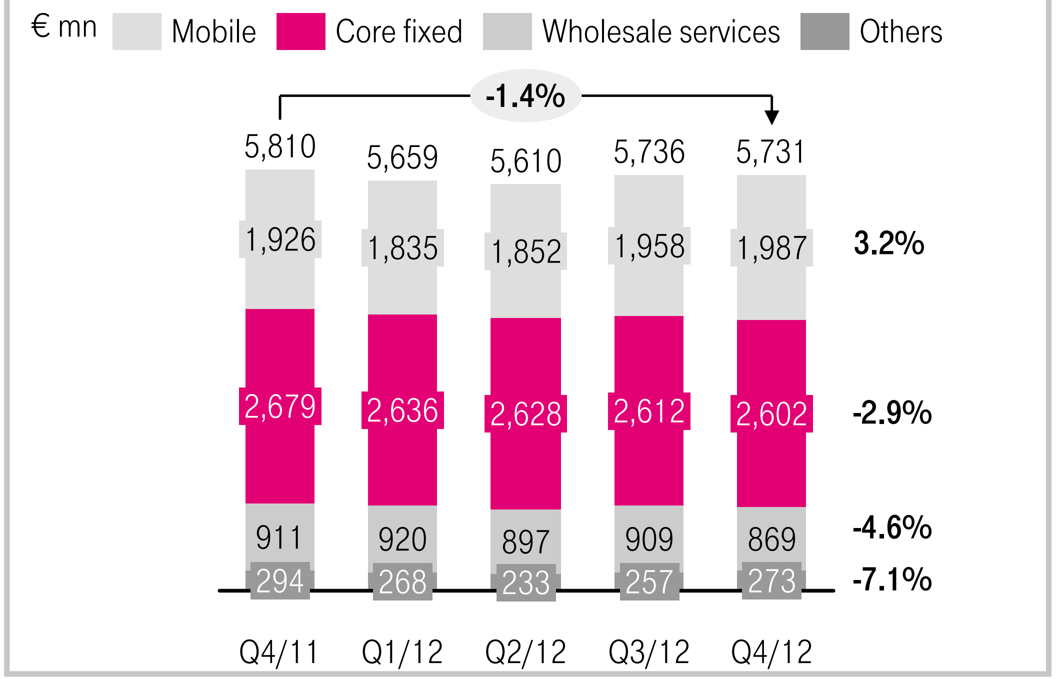
DT GROUP GUIDANCE 2013 AND MID TERM AMBITION

	Guidance 2013[1] (excl./incl. MetroPCS)	Mid term ambition[1] (incl. MetroPCS)	
Group revenues		Growing	2014
Group adj. EBITDA	≈€17.4 bn/≈€18.4 bn	Growing	2014
Group FCF	≈€5 bn/≈€5 bn	≈€6 bn	2015
Group adj. EPS		Improvement to ≈€0.8	2015
Group ROCE		Improvement to ≈5.5%	2015
Shareholder remuneration policy	DPS €0.50/DPS €0.50	Review	2015

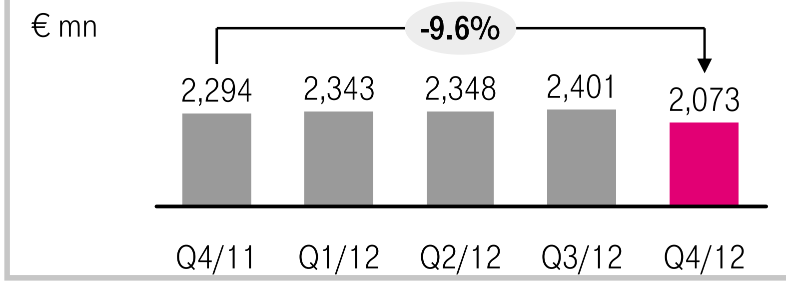
[1] Guidance based on constant exchange rates. 1€ = 1.27 US-$.

GERMANY: SOLID REVENUE TRENDS – ADJ. EBITDA AND OPEX DRIVEN BY 0.2 BILLION INCREASE IN MOBILE MARKET INVESTMENT

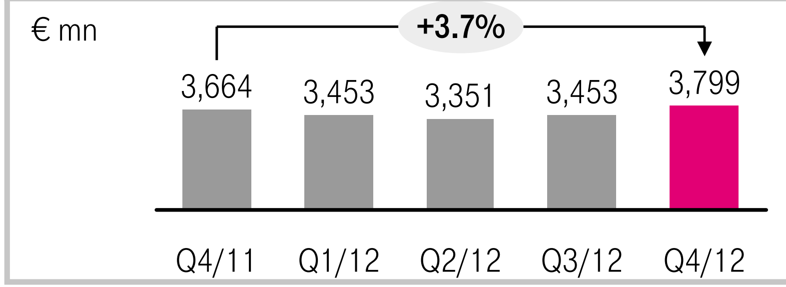
Revenues



Adj. EBITDA



Adj. OPEX

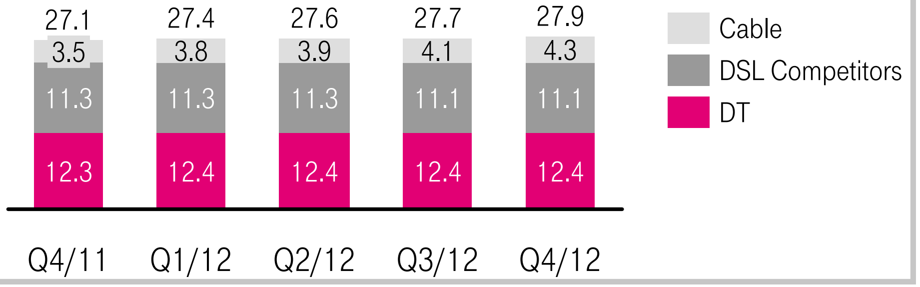


OPEX increase due to €0.2 billion higher mobile market invest

GERMANY FIXED: VALUE STEERING RESULTS IN STABLE BROADBAND BASE AND REVENUE CONTRIBUTION – LINE LOSSES SHRINKING FURTHER

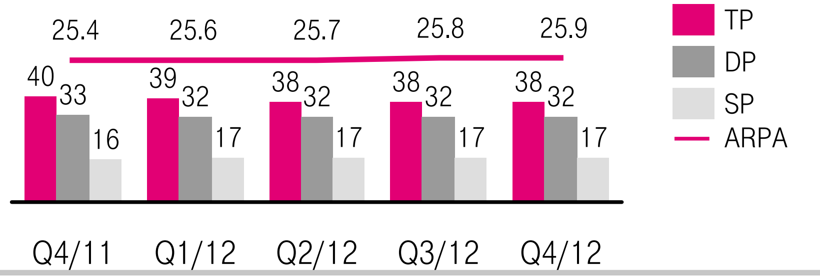
German broadband market

in mn



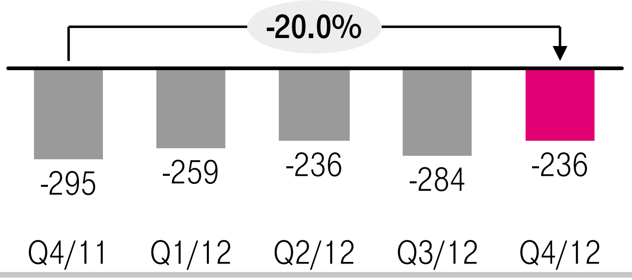
Average revenue per access growing

in €



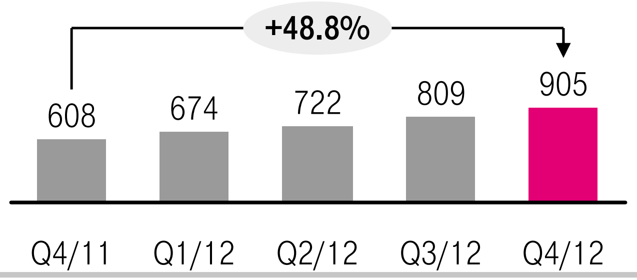
Line losses decreasing

in 000



Fiber retail customers: strong growth[1]

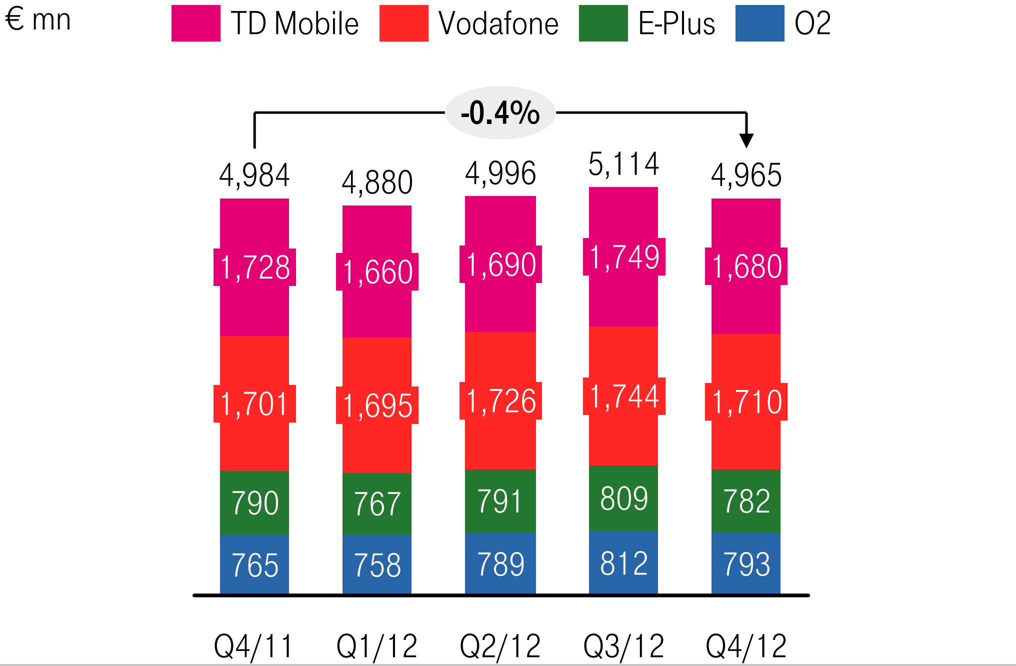
in 000



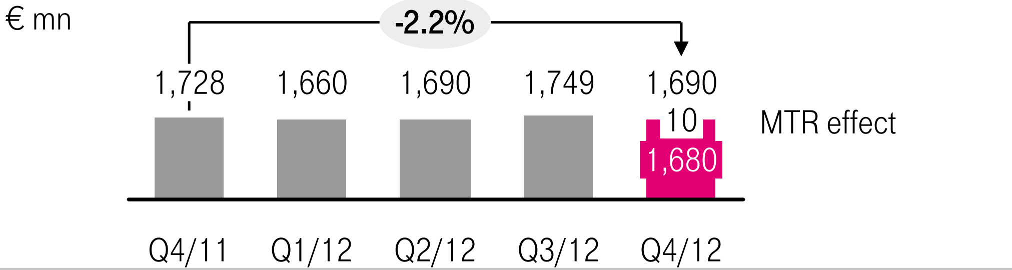
[1] FTTC and FTTH.

GERMANY MOBILE: STRONG PUSH IN MARKET INVEST IN Q4 – RETURN TO UNDERLYING REVENUE GROWTH EXPECTED IN 2013

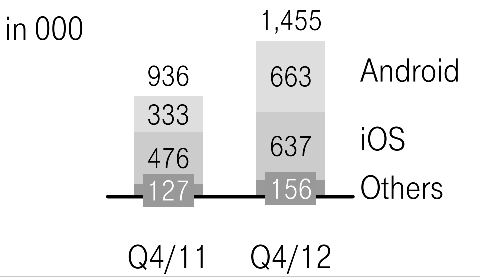
German mobile market service revenue



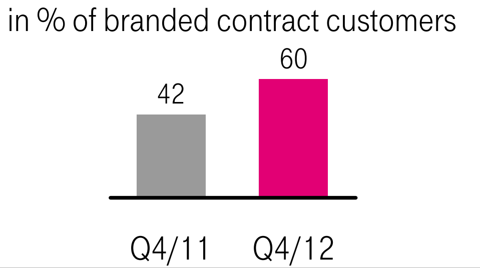
TD mobile service revenue excl. MTR cut



Smartphone sales



Customers in double play



GERMANY: MOBILE SERVICE REVENUES OUTLOOK 2013

+

- Growing ARPU of new branded contract customers
- Strong increase in contract customers in 2012
- Best network and mobile data proposition
- Highest customer satisfaction in German mobile
- Strong smartphone sales in 2012
- Service provider migration effect disappearing

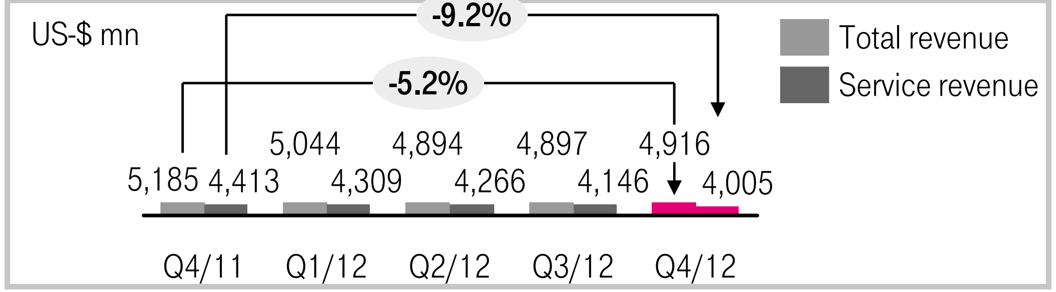
–

- MTR and roaming regulation
- Still decreasing ARPU in customer base
- IP substitution of SMS revenue

Ambition:
return to underlying service revenue growth in 2013

TMUS: 27% YOY IMPROVEMENT IN BRANDED CONTRACT LOSSES – ADJ. EBITDA IMPACTED BY HIGHER ADVERTISING AS EXPECTED

Revenue and service revenue

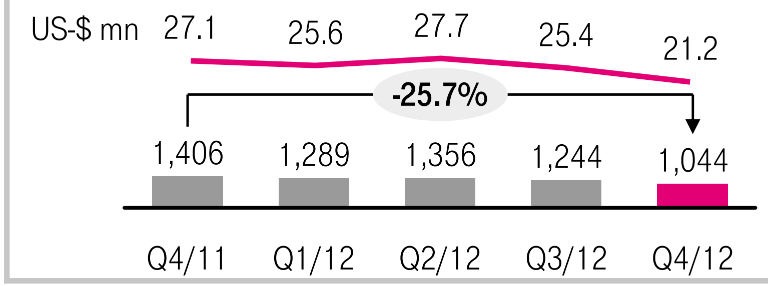


Net additions

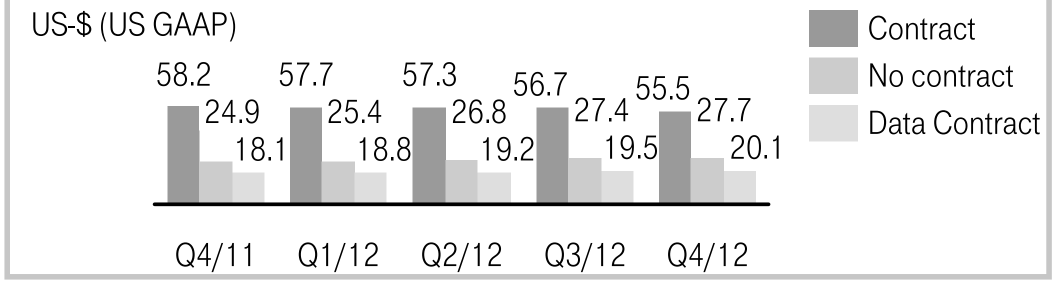
in 000

	Q4/11	Q1/12	Q2/12	Q3/12	Q4/12
Total net adds	-526	187	-205	160	61
Branded:					
▪ Contract	-706	-510	-557	-492	-515
▪ No contract	220	249	227	365	166
Wholesale[1]	-40	449	125	287	410

Adj. EBITDA and margin



Branded customers: contract, no contract and data ARPU



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

TMUS: METROPCS MERGER APPROVAL PROCESS ON TRACK

MetroPCS PROCESS

Definitive proxy filed on February 25 and MetroPCS shareholder meeting scheduled for April 12
All other regulatory approval processes also on track
Anticipate closing in H1/2013

MetroPCS BENEFITS

Spectrum: 61 → 72 MHz in Top 100 major metro areas; 63 → 76 MHz in Top 25 major metro areas
Synergies: projected $6 - 7 billion NPV of cost synergies
Attractive growth profile: 5-year CAGRs of 3-5% revenues, 7-10% EBITDA, 15-20% FCF (EBITDA – capex)

UN-CARRIER

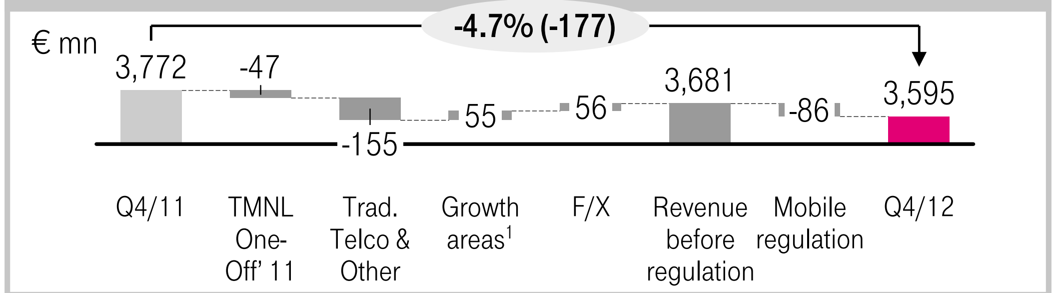
Apple partnership
100% Value plans – simple, transparent, flexible
Stay tuned ...

NETWORK

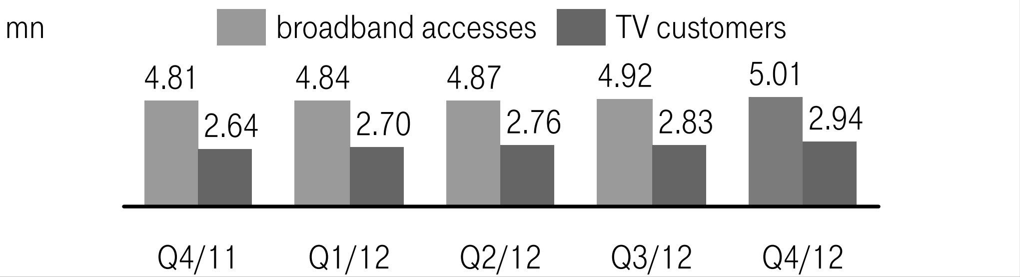
Enhanced spectrum position – path to at least 2x20 MHz LTE in 90% of Top 25 markets by 2014+
Modernized 4G LTE network – 100 million LTE POPs mid-year, 200 million year-end
HSPA+ on 1900 MHz spectrum – currently 142 million POPs, 200 million year-end

EUROPE: OUR POCKETS OF GROWTH CONTRIBUTE TO SLOWING DOWN THE HISTORICAL REVENUE DECLINE

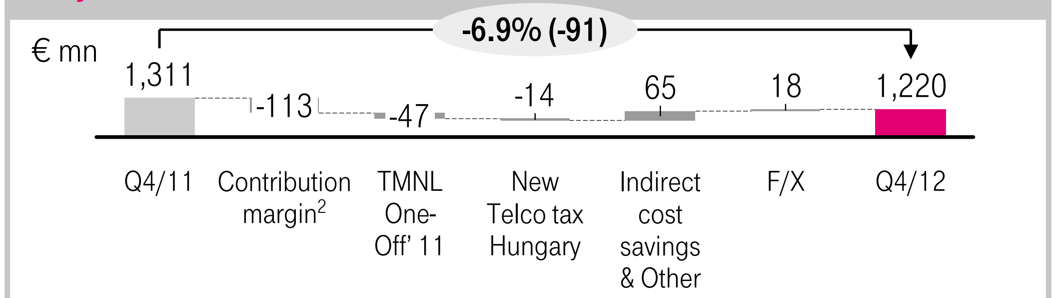
Revenue



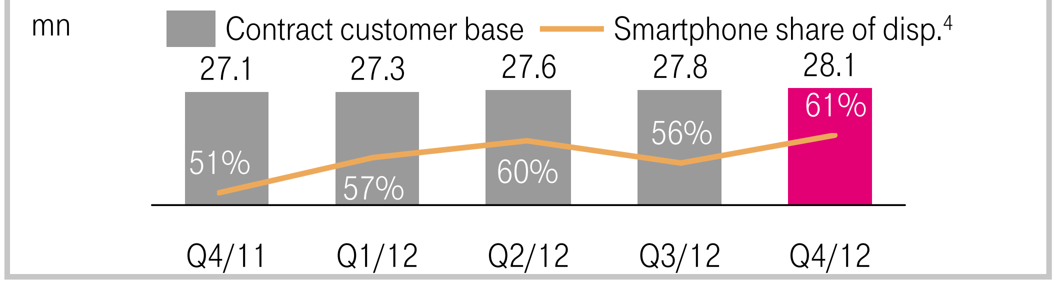
Pockets of growth – broadband and TV[3]



Adj. EBITDA



Pockets of growth – mob. contract & smartphones[3,4]



[1] Mobile Data, Pay TV & fixed broadband, adjacent industries (online consumer services, insurance, energy and other). [2] Total revenues – direct cost. [3] Incl. business customers shifted to T-Systems in Hungary as of 1.1.2011.
[4] Figures adjusted due to incorporation of data from Cosmote Greece. Percentage of smartphones in dispatched devices (excl. Slovakia, Romania, Bulgaria, Montenegro and Macedonia).

EUROPE: EUROPEAN OPERATIONS OUTPERFORM COMPETITION IN REVENUE DEVELOPMENT ON THE MAIN MARKETS

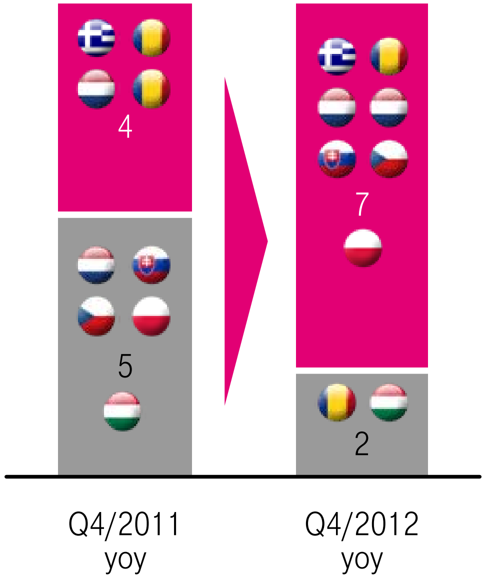
Commercial drive

Revenue performance[1]
vs. main peers

outperformed peers/ leadership fostered

based on relative revenue performance yoy

under-performed



Key developments

Refinancing OTE:

- OTE is refinanced **well beyond 2014** due to measures conducted in Q4/12 (e.g. syndicated loan at global level) and in Q1/13 (€0.7 bn raised on debt market)
- Disposal of **HellasSat** to Arabsat to be concluded in Q2/13

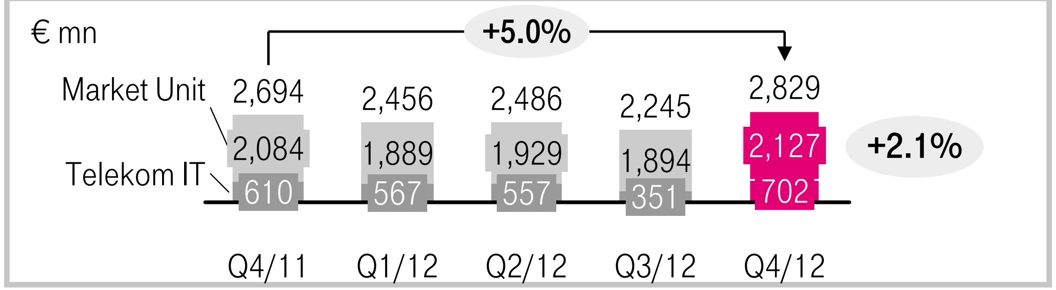
Technology Leadership

- Running **LTE1800** in Greece, Hungary, Croatia and **LTE2600** in Austria
- **All-IP migration** is being pushed in Croatia and Macedonia
- Launch of **TeraStream** pilot in Croatia: first IPv6 network delivering consumer services
- **FTTH** homes connected reaching 128k, driven by Slovakia and Hungary

[1] Relative mobile service revenue performance vs. given national competitor in local currency, that reported until February 26th. Total mobile revenue comparison for Poland. T-Mobile Netherlands figures adjusted for one-timer in Q4/11 (catch up of previously not recognized revenues).

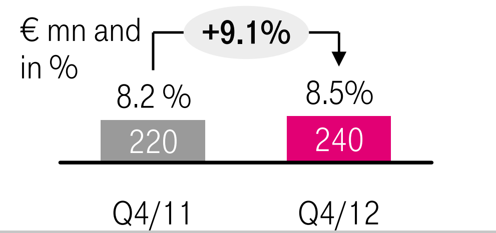
SYSTEMS SOLUTIONS: PROFITABLE REVENUE GROWTH IN Q4/12

Revenue

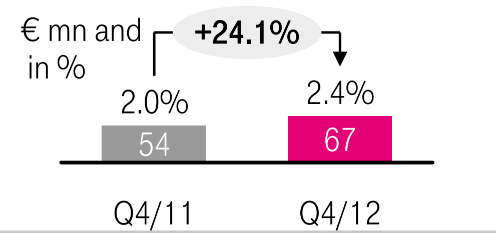


- Increase in order entry by 87.9% to €3,622 driven by deals such as
  - Shell, Presbyterian Healthcare (US), State of Lower Saxony
- Revenue up by 5.0% to €2,829 million driven by Market Unit (+2.1%) and Telekom IT (+15.1%, due to catch up effect from Q3)
- External revenue up by 2.6% to €1,771 million

Adj. EBITDA/margin



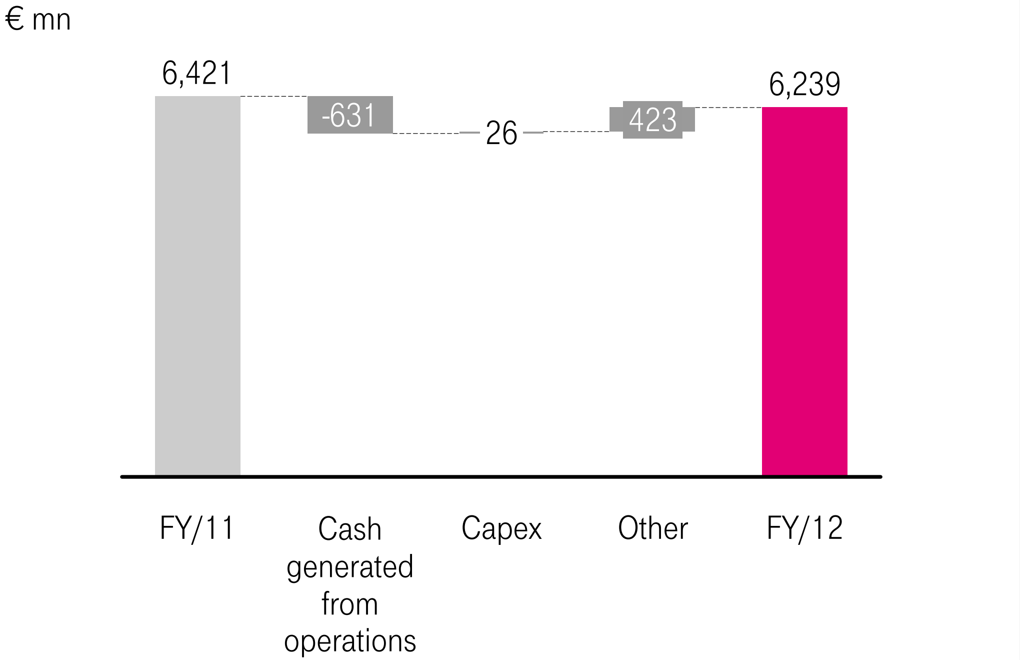
Adj. EBIT/margin



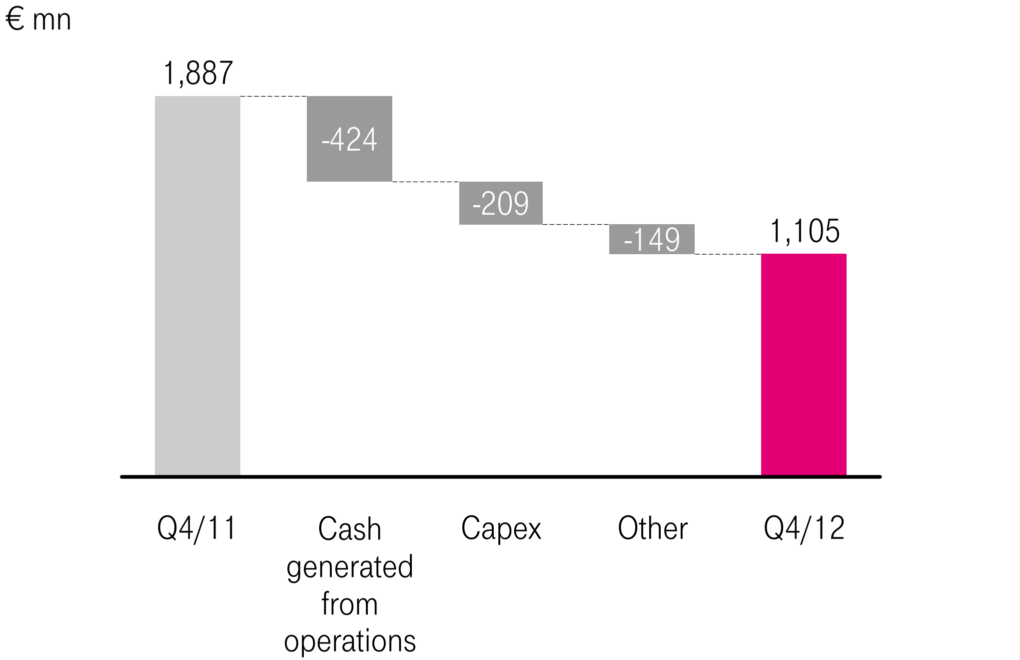
- Adj. EBITDA at €240 million with a margin of 8.5% and adj. EBIT at €67 million due to cost reductions
- Adj. EBIT margin at Market Unit improved to 3.1% from 2.6 in Q4/11

CASH FLOW: DELIVERED ON GUIDANCE

Free cash flow full year

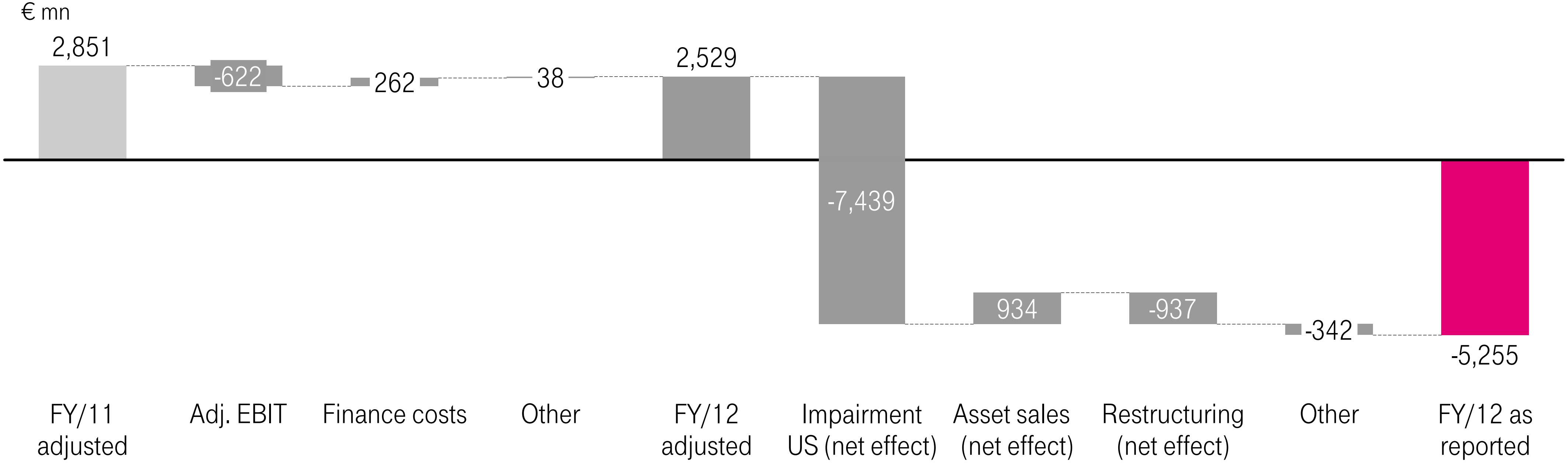


Free cash flow Q4



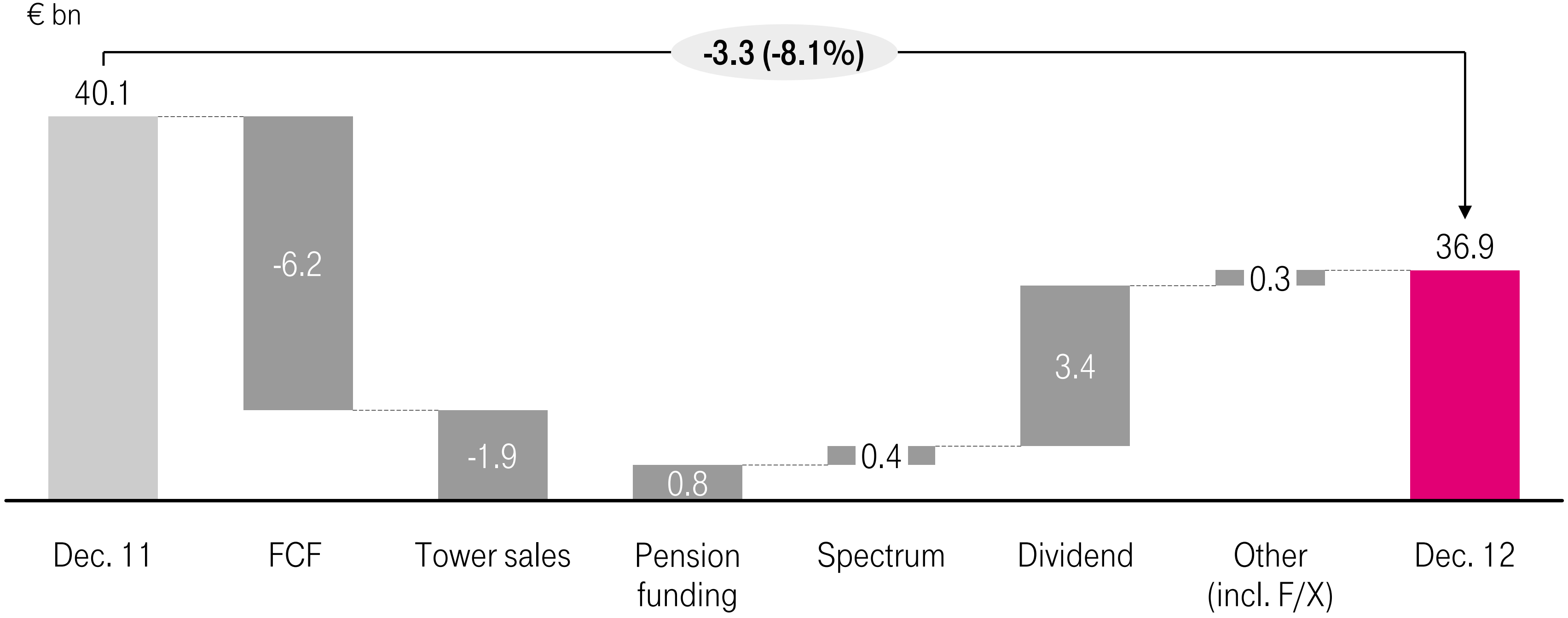
NET INCOME 2012: IMPAIRMENT IN THE US MAJOR DRIVER

Net income full year 2012



NET DEBT: REDUCTION OF €3.3 BILLION

Net debt development full year 2012



BALANCE SHEET: MAINTAINING SOLID RATIOS

€ bn	31/12/2011	31/03/2012	30/06/2012	30/09/2012	31/12/2012
Balance sheet total	122.5	120.5	121.1	108.2	107.9
Shareholders equity	39.9	39.8	37.6	30.3	30.5
Net debt	40.1	38.6	41.0	39.0	36.9
Net debt/Adj. EBITDA[1]	2.1	2.1	2.2	2.1	2.1
Equity ratio	32.6%	33.0%	31.1%	28.0%	28.3%

Comfort zone ratios	
Rating: A-/BBB	●
2 – 2.5x net debt/Adj. EBITDA	●
25 – 35% equity ratio	●
Liquidity reserve covers redemption of the next 24 months	●

Current rating		
Fitch:	**BBB+**	stable outlook
Moody's:	**Baa1**	stable outlook
S&P:	**BBB+**	stable outlook

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

Q&A.

Questions can be asked via the telephone conference call:

0800 182 6766 0800 028 0471 +1 866 306 3455

+49 69 403 59 619.

If you want to **ask a question**, please **press "*1"**.

If you want to **cancel your question**, please press **"#"**.

FURTHER QUESTIONS: PLEASE CONTACT THE IR DEPARTMENT

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