

Conference Call.  
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# Q1 2004. Results.

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# Highlights of Q1 2004.

## Profitable growth continued.

- Organic revenue growth at 7.5%
- Q1 2004 adj. EBITDA of 6.2% organic growth: on target
- Strong growth momentum in mobile with 2.4 million net adds in Q1 2004
- Broadband initiative delivers first results with over 400,000 broadband net adds in Q1 2004
- Free cash flow of € 2.9 billion increased significantly versus Q1/03
- Net debt reduced to € 44.6 billion as of March 31, 2004
- Adj. EBT up to € 415 million in Q1/04 (from € 66 million in Q1/03)



# Agenda 2004.

6 initiatives to manage the integrated telco.

## T-Brand

Innovation

Efficiency

Quality

Customer

## Growth areas

Mobile

Broadband

Business customers

## Employees

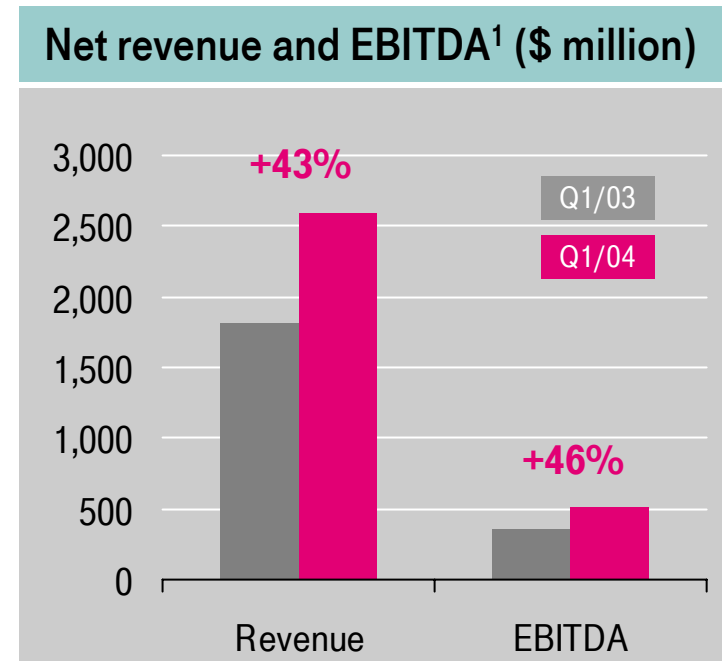
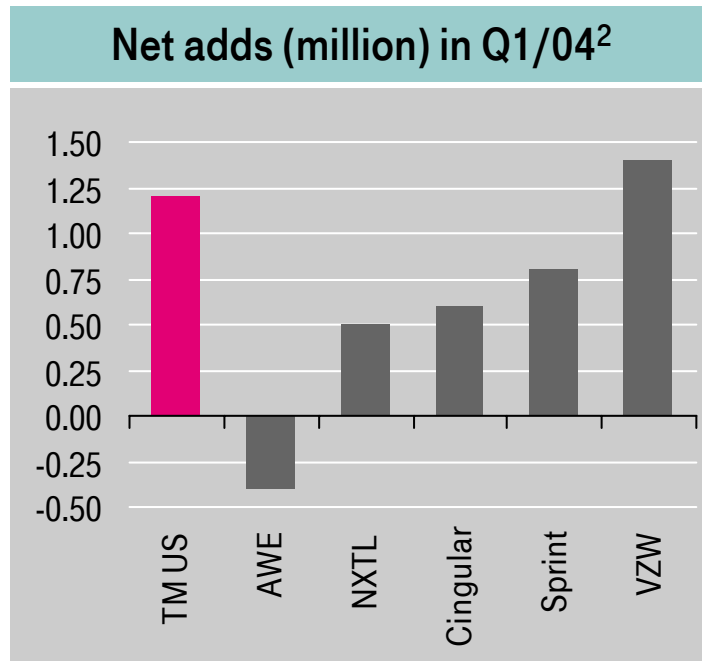
Personnel



# T-Mobile USA.

## Taking market share.

- Record net adds in Q1/04
- Strongest ARPU<sup>3</sup> increase among the “Big 6” operators  
- to \$54<sup>4</sup> in Q1/04 from \$50 in Q1/03



1 In accordance with German GAAP.

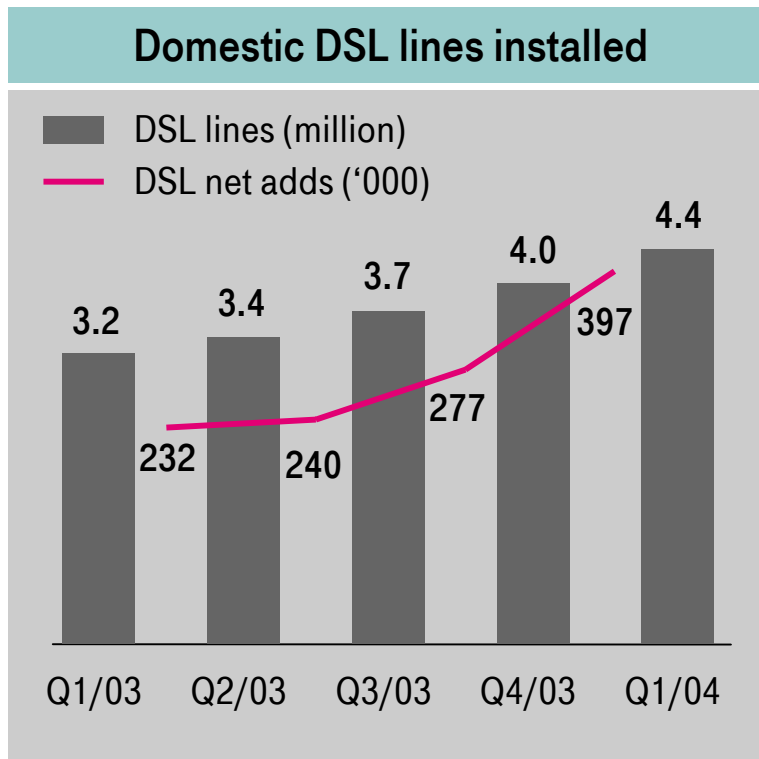
2 Source: company reports (Sprint incl. resale).

3 In accordance with US GAAP (to make it comparable to the other “Big 6” operators).

4 Incl. \$1.45 in USF recovery fees and regulatory compliance fees (included in ARPU in Q1/04 for the first time).



# Broadband initiative. Strong DSL growth.

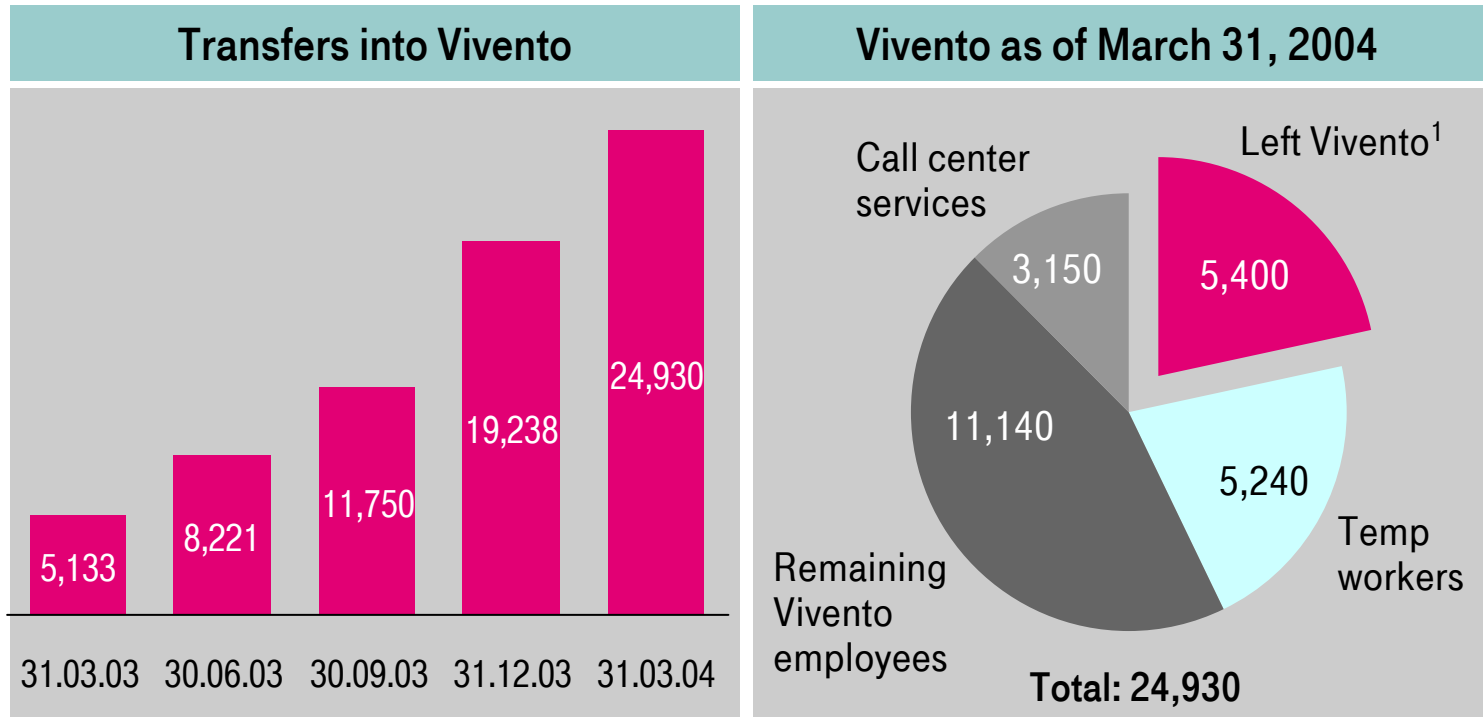


- Approx. 400,000 DSL lines installed
- Successful start of “1-2-3” broadband initiative in Germany
- Approx. 19,000 HotSpots planned worldwide until the end of 2004 – more than 6,000 HotSpots currently in operation
- Launch of tm<sup>3</sup>



# Personnel initiative. Significant progress in cost reduction.

- 6.6% salary reduction: up to € 300 million annualized cost savings



<sup>1</sup> Of which approx. 3,170 employees left the Deutsche Telekom group.





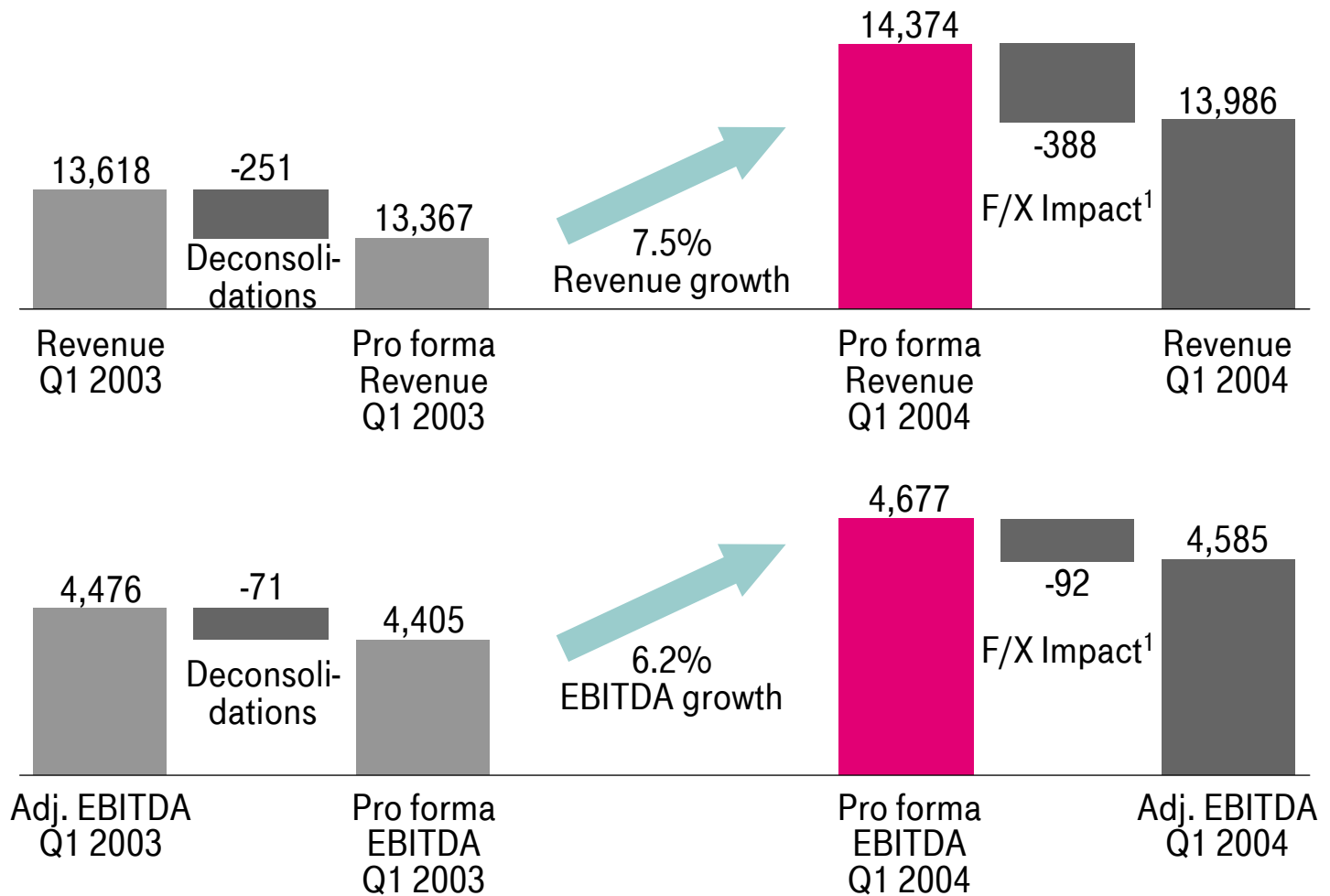
# Q1 2004. Financials.

Dr. Karl-Gerhard Eick  
CFO



# Telekom Group: revenue and adjusted EBITDA.

## Strong organic growth.

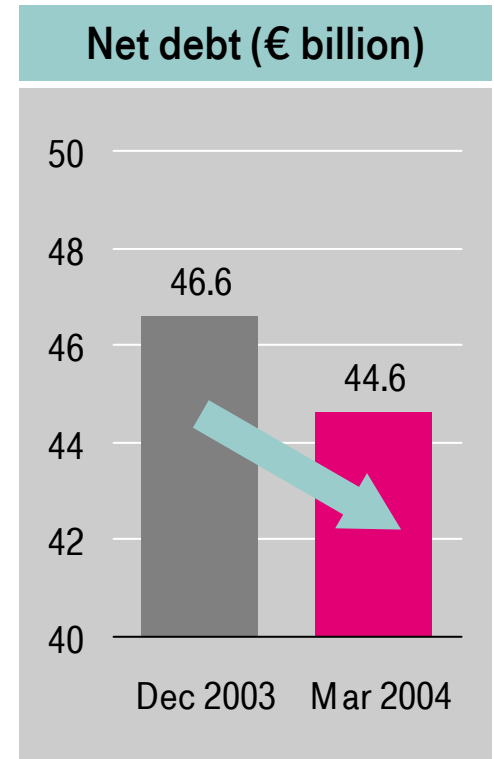
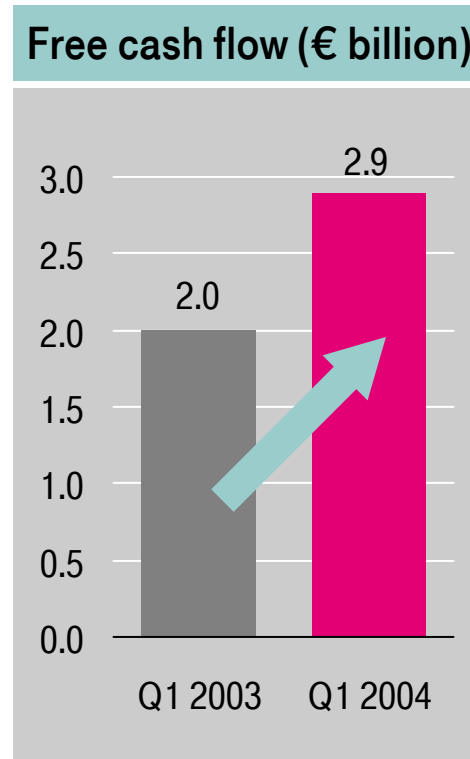
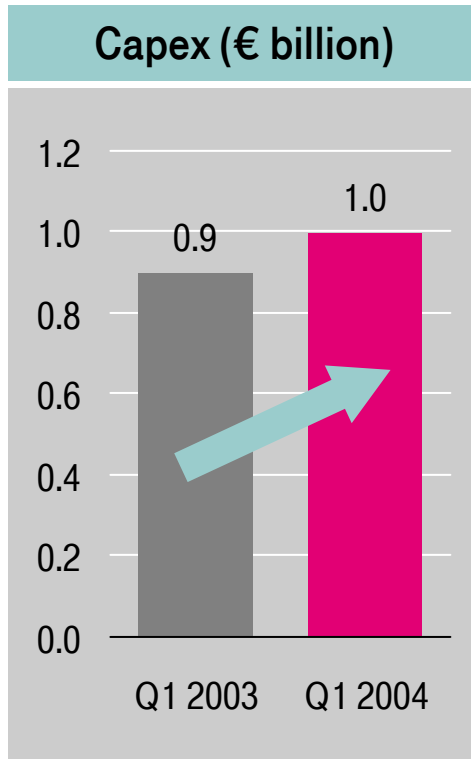


<sup>1</sup> Incl. acquisitions (€ 16 million in revenues and € 2 million in EBITDA).



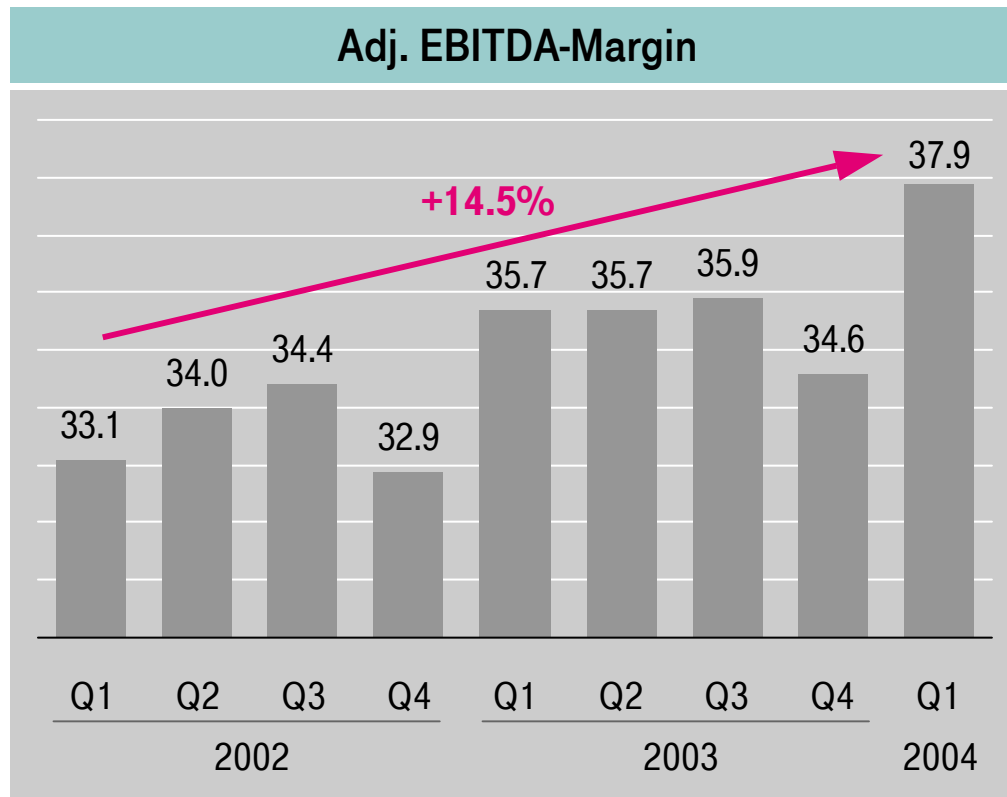
# Capex, FCF, and net debt.

€ 2.9 billion free cash flow.



# T-Com.

## Strong efficiency improvements.



- Strong efficiency improvements: adj. EBITDA margin of 37.9% in Q1/04, increase by 4.8 percentage points in 2 years
- Adj. EBITDA<sup>1</sup> grew by 1.8% year-on-year to € 2.6 billion
- Further cost savings achieved
- € 2.3 billion cash contribution

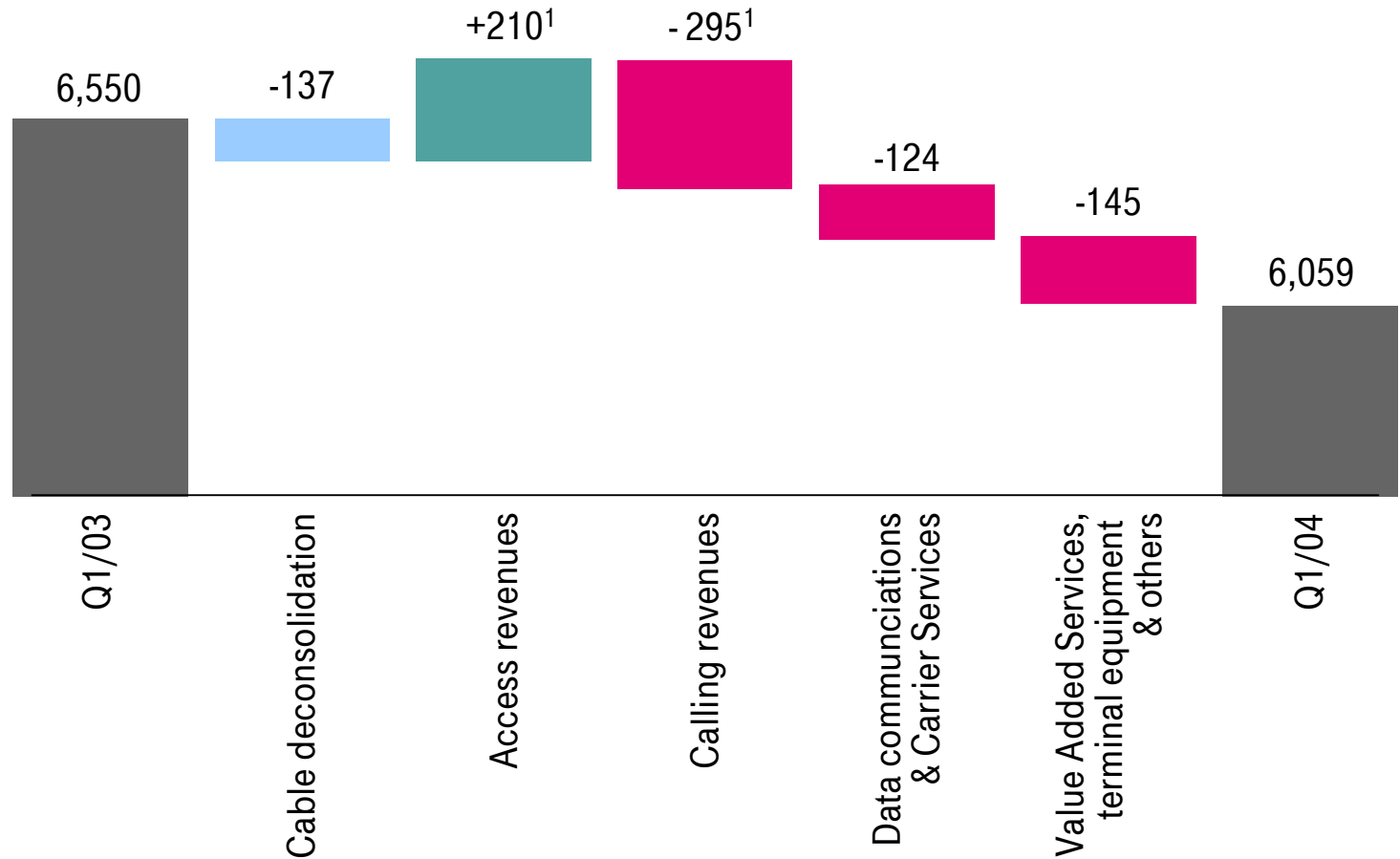
1 Adjusted for cable deconsolidation.



# T-Com Domestic.

Revenues impacted despite strong access revenues.

€ million

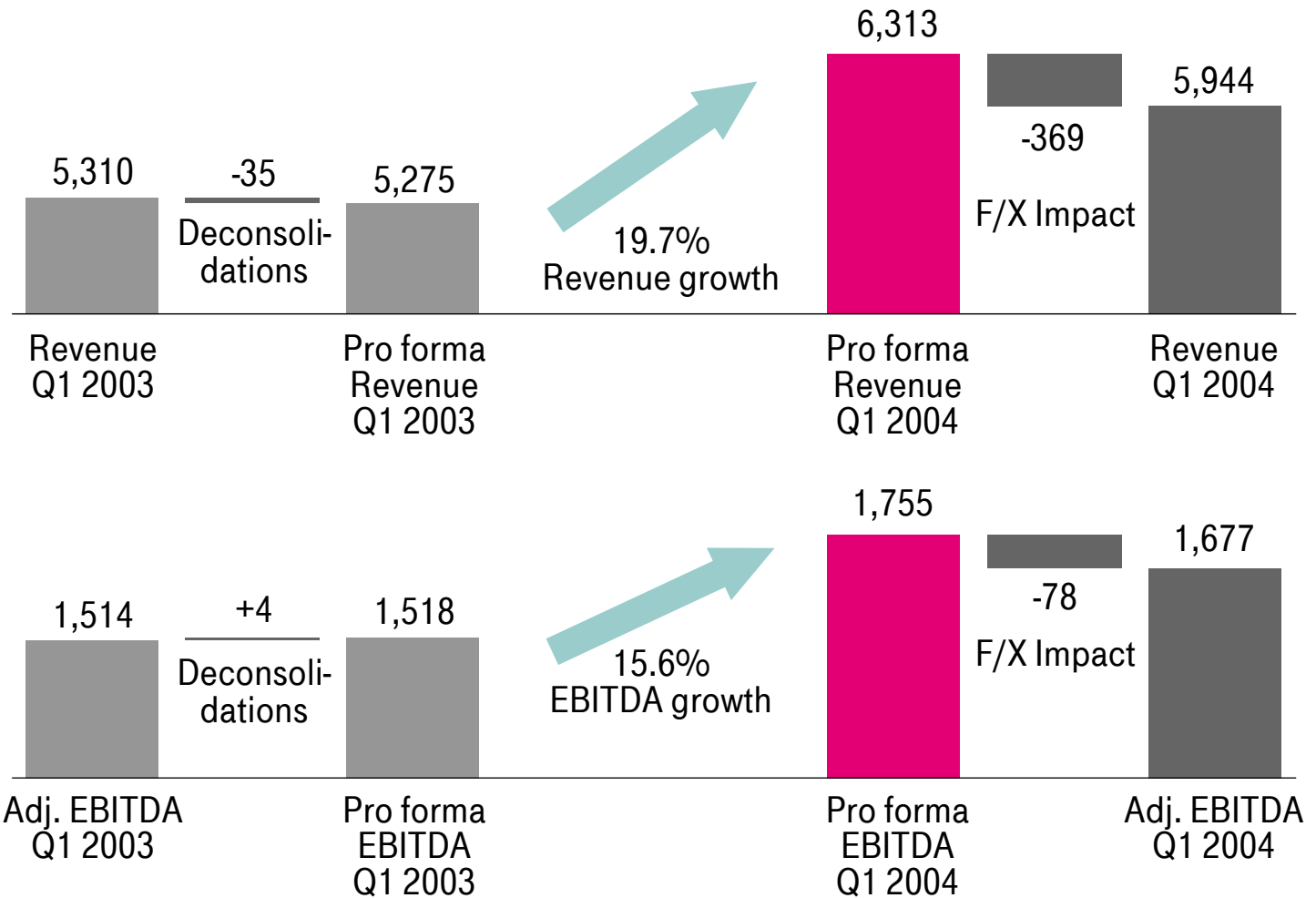


1 Figures on an unconsolidated basis.



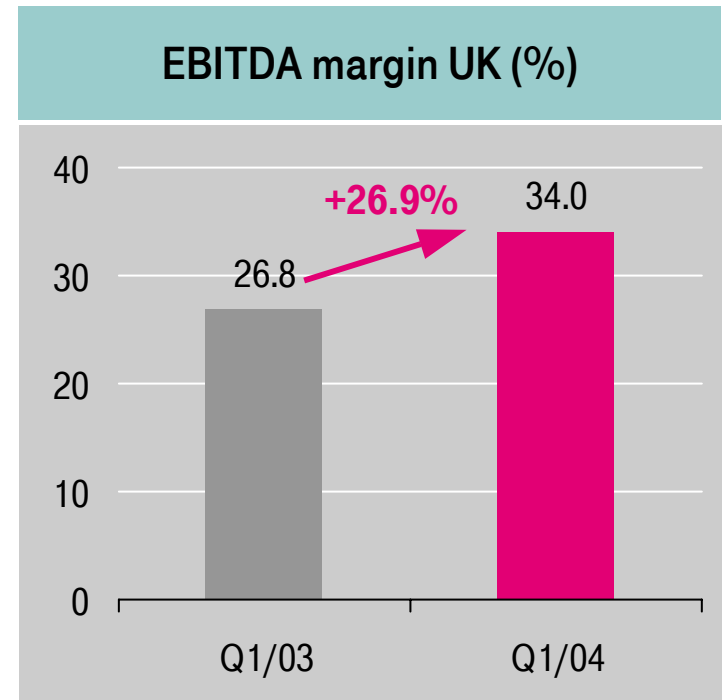
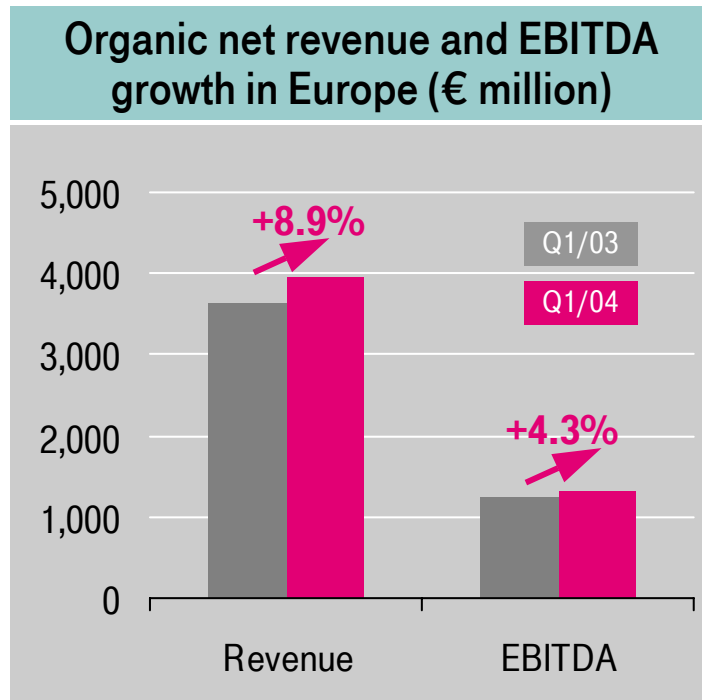
# T-Mobile: revenue and adjusted EBITDA.

Strong double-digit organic growth.



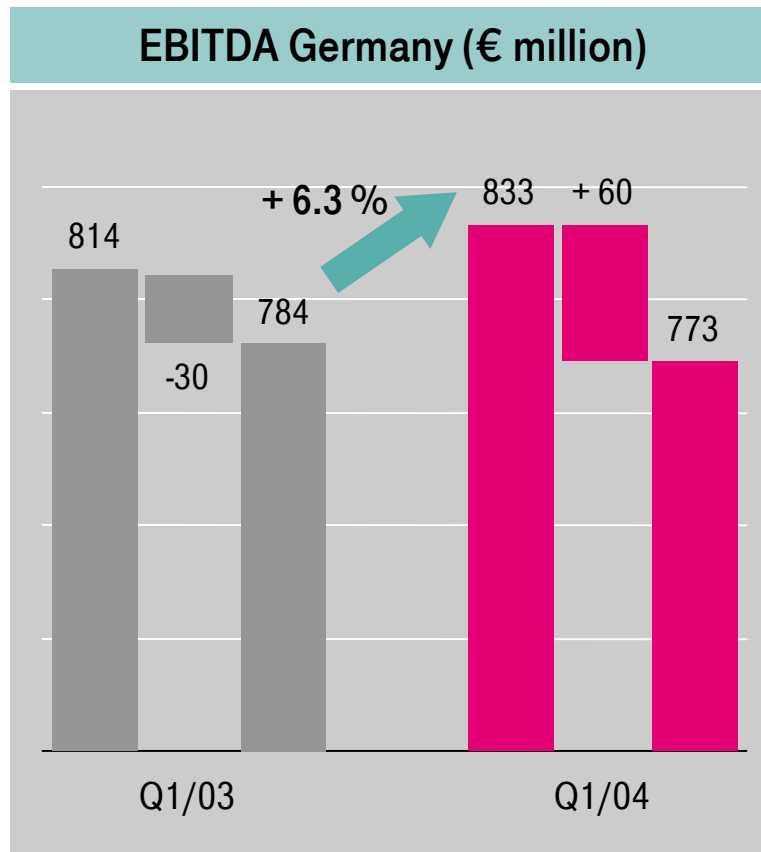
# T-Mobile Europe. Growth driver.

- Strong organic growth
- UK particularly strong
  - Organic revenue growth 11.3%
  - Organic EBITDA growth 40.9%



# T-Mobile Germany.

## Stable EBITDA margin after exceptionals.



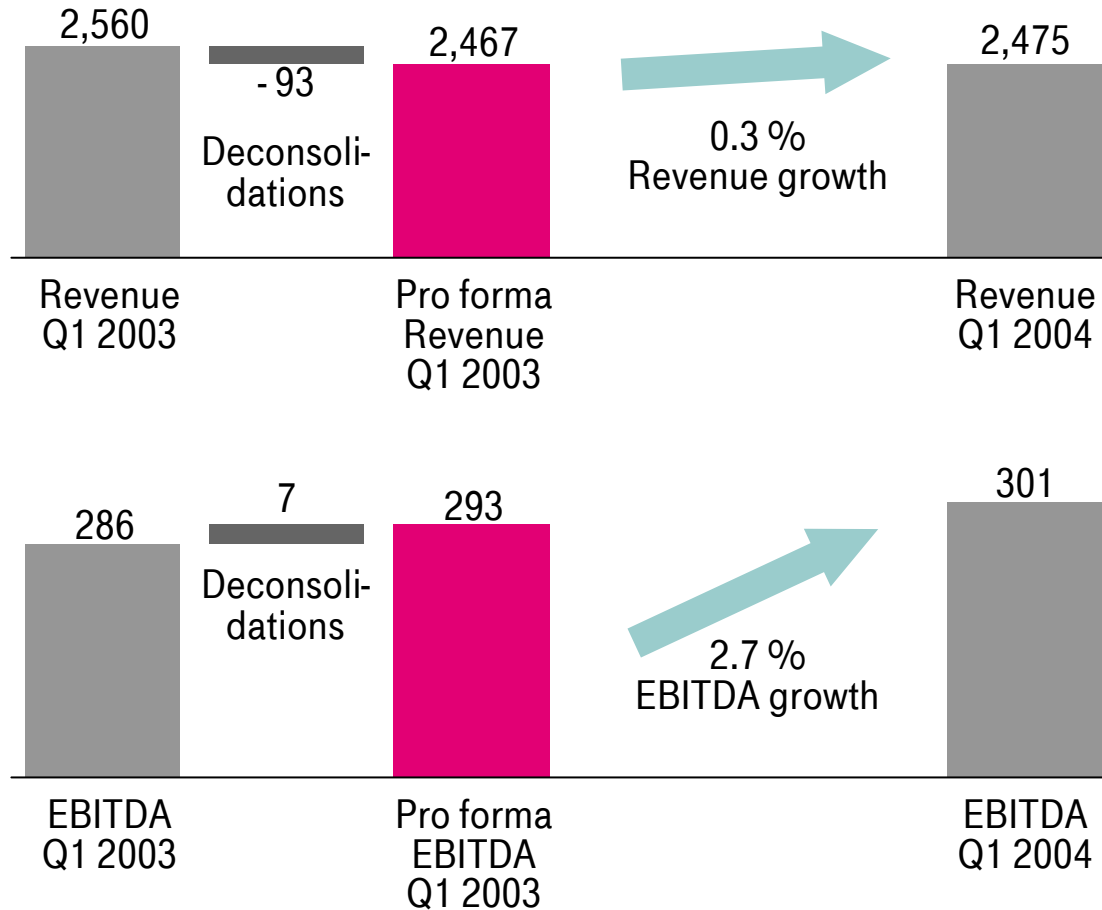
- Reported EBITDA margin decreased from 40.8% (Q1/03) to 36.4% (Q1/04)
- Excluding exceptionals stable EBITDA margin at 39.3%
- Efficiency improvement and cost savings y-o-y: € 49 million





# T-Systems.

## Margin improvements.



# Q1 2004 - Earnings before Tax.

Strong improvement.

€ billion <sup>1</sup>	Q1 2004	Q1 2003	FY 2003
Adj. EBITDA	4.6	4.5	18.3
Depreciation and amortization	- 3.0	- 3.3	- 12.9
Other taxes	0.0	0.0	- 0.2
Net financial expense	- 1.1	- 1.1	- 4.1
<i>of which net interest expense</i>	<i>- 1.0</i>	<i>- 1.1</i>	<i>- 3.8</i>
Adj. EBT	0.4	0.1	1.1
	- 0.1	0.1	- 0.5
Minorities	- 0.1	- 0.1	- 0.4
Adj. Net income	0.2	0.1	0.2



## Q1 2004 – Balance sheet.

Equity ratio and gearing further improved.

€ billion	Q1 2004	FY 2003	Q1 2003
Assets	116.0	116.1	125.5
Equity	35.0	33.8	35.3
Net debt	44.6	46.6	56.3
Net debt/adj. EBITDA	n.a.	2.5 x	n.a.
Gearing <sup>1</sup>	1.3 x	1.4 x	1.6 x
Equity ratio <sup>2</sup>	30.2%	29.1%	28.1%

1 Net debt divided by shareholders' equity.

2 Shareholders' equity divided by balance sheet total.



# Outlook 2004.

## On track.

- Group adj. EBITDA: at least € 19.2 billion
  - approximate breakdown by division (€ billion):
    - 10.7 T-Com
    - 7.8 T-Mobile
    - 1.5 T-Systems
    - 0.4 T-Online
    - - 1.2 Other (GHS and consolidation)

