

Deutsche Telekom

Conference Call  
May 23, 2001

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# Strategy and Highlights

Dr. Ron Sommer  
CEO

# Highlights Q1/01

## Growth story on track

- Total group revenue increased by 16% to € 11.1 billion
- All 4 divisions show significant growth in revenue
- Total group EBITDA meets expectations with € 3,622 million
- Cash flow from operating activities increased from € 1,028 to € 1,650 million\*
- Sustained subscriber growth (Q1/01 vs. Q1/00):
  - Controlled mobile subscribers: + 82% within 1 year
  - T-Online increased subscriber base by more than 50%
  - As of March 31 approximately 850,000 DSL contracts sold
  - ISDN channels growth continues at approximately 30%

\* Including € 309 million payment from Enel for a stake of WIND

# New reporting structure reflects our strategy

- Goals
  - Transparency of performance
  - Management accountability
  - Value crystallization
  
- Implementation
  - Product segmentation: T-Mobile, T-Online
  - Customer segmentation: T-Com, T-Systems
  - Other: MATÁV, Slovak Telecom, etc.

# T-Com – All network related activities including infrastructure

**41 million residential customers, 350,000 SMEs**

- Network communications: Most important revenue contributor
- Carrier services: International business
- Data communications/  
multimedia: Business solution for SMEs
- Value added services: Generation of high margin business
- Broadband cable: Providing cable-TV for residential customers
- Terminal equipment: Reinforcing of customer relations
  
- Fixed network platform: Provision of services to other divisions and competitors at market prices

# T-Systems – IT/Telco convergence business only

**Systems solutions for 1,427 large and multinational enterprises**

- debis Systemhaus: Bringing IT competence to the table
- Data communications: Highly sophisticated managed networks, LAN and IP-services
- Carrier Services: Reseller for German CLECs
- Network communications: Voice and access products
- Broadband cable: 800 media broadcast customers
- Other international: SIRIS, Pragonet

# T-Mobile

## The transatlantic GSM approach

- Western Europe: T-Mobil (Germany)  
One 2 One (U.K.)  
max.mobil. (Austria)  
Ben\* (Netherlands)
- Eastern Europe: Radiomobil (Czech Republic)  
PTC\*\* (Poland)  
MTS\*\*\* (Moscow)
- USA VoiceStream/PowerTel\*\*\*\*
- Mobile data: T-Motion

\* 49% held by TMO with option for majority control

\*\* 22.5% shareholding held by TMO, with further 22.5% held by Deutsche Telekom

\*\*\* 36.2% held by TMO

\*\*\*\* expected closing May 31, 2001



# T-Online – including DeTeMedien

**The leading European Internet company**

## **T-Online International**

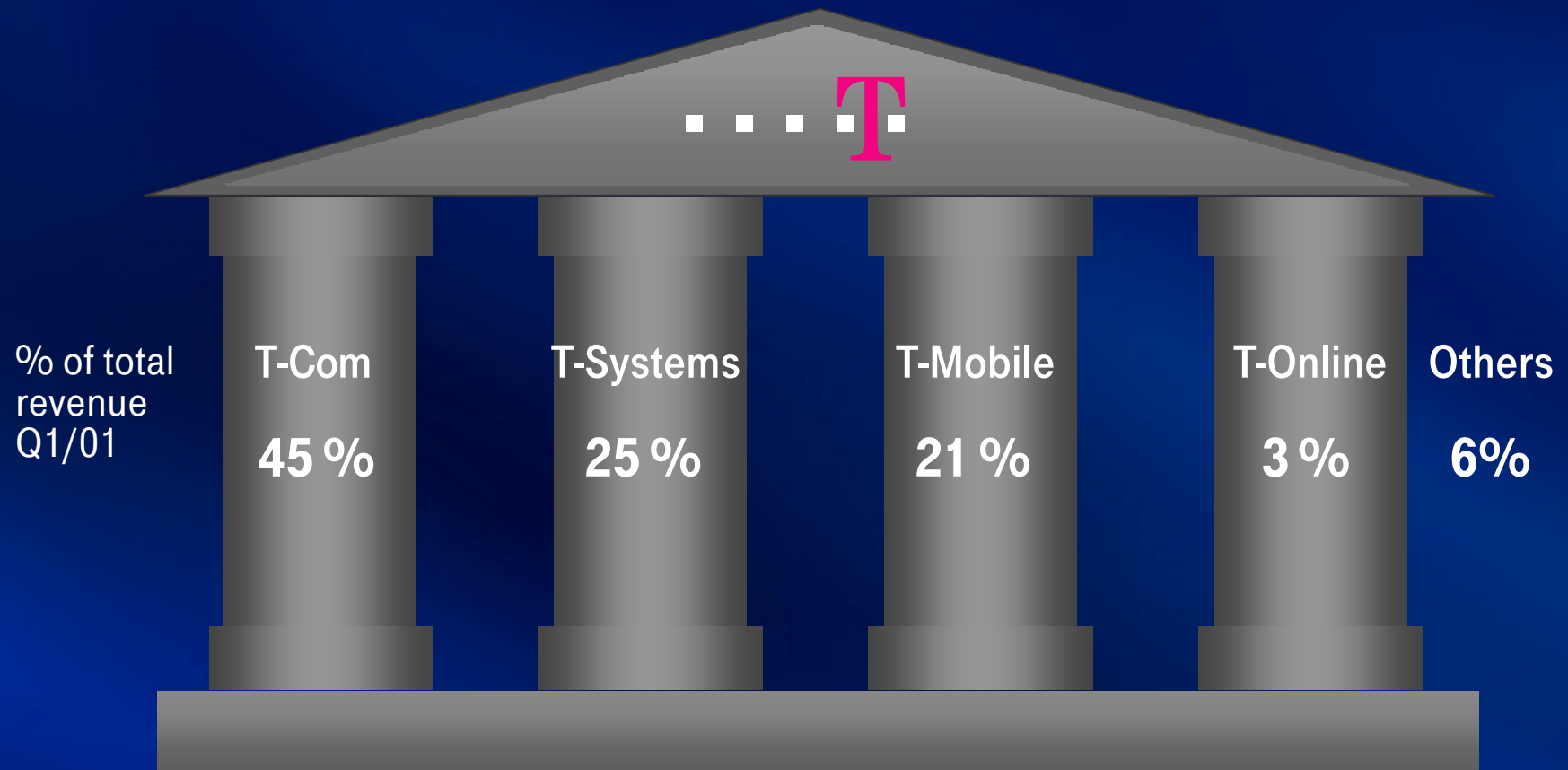
- T-Online (Germany)
- Club Internet (France)
- Ya.com (Spain)
- Terravista (Portugal)
- T-Online.at (Austria)

## **YellowPage Business**

- DeTeMedien
- T-Info

# Outlook

## Integrated growth strategy



# Financials

Dr. Karl-Gerhard Eick  
CFO

# Key figures

## Q1/2001 vs. Q1/2000

€millions	Q1/2001	Q1/2000	D	D%
Total revenue	11,082	9,539	1,543	16.2%
■ domestic	8,793	7,911	882	11.2%
■ international	2,289	1,628	661	40.6%
EBITDA (reported)	3,622	5,648*	- 2,026	- 36%
Adjusted EBITDA	3,622	3,397	225	6.6%
Cash flow**	1,650	1,028	622	60.5%
Investments in fixed assets	1,593	1,308	285	21.8%
Net debt	56,837	37,113	19,724	53.1%
Employees	229,735	196,000	33,735	17.2%

\* includes € 2,864 mn from sale of Global One and € 433 mn from disposal of non current assets as well as € 180 mn addition to accruals

\*\* Net cash from operating activities including € 309 mn payment from Enel for a stake of Wind in Q1/01

# T-Com

## Q1/2001 vs. Q1/2000

€millions	Q1/2001	Q1/2000	D	D%
Revenue	6,719	6,592	127	1.9%
EBITDA (reported)	2,136	1,891	245	13.0%
Adjusted EBITDA	2,136	1,891	245	13.0%
Depreciation	-1,112	-1,620	508	-31.4%
EBT (reported)	947	81 *	866	n.m.
Employees	117,839	123,803	-5,964	-4.8%

\* including € 383 mn in special depreciation charges

# T-Systems

## Q1/2001 vs. Q1/2000

€millions	Q1/2001	Q1/2000	D	D%
Revenue	3,300	2,165	1,135	52.4%
EBITDA (reported)	187	3,273	- 3,086	- 94.3%
Adjusted EBITDA	264*	239**	25	10.5%
Depreciation	- 313	- 129	- 184	142.6%
EBT (reported)	- 132	3,132	- 3,264	n.m.
Employees	40,473	17,425	23,048	132.3%

\* excluding one time write downs of € 77 million

\*\* excluding € 2,864 from the sale of Global One and € 170 million increased expense for goods and services purchased which can not be assigned to a specific period

# T-Mobile

## Q1/2001 vs. Q1/2000

€millions	Q1/2001	Q1/2000	D	D%
Revenue	2,681	2,203	478	21.69%
EBITDA (reported)	590	350	240	68.57%
Adjusted EBITDA	590	350	240	68.57%
Depreciation	- 689	- 450	- 239	- 53.11%
EBT (reported)	- 662	- 291	- 371	- 127.49%
Employees	19,429	15,067	4,362	28.95%

# T-Online

## Q1/2001 vs. Q1/2000

€millions	Q1/2001	Q1/2000	D	D%
Revenue	361	257	104	40.47%
EBITDA (reported)	- 27	39	- 66	n.a.
Adjusted EBITDA	- 27	39	- 66	n.a.
Depreciation	- 37	- 4	- 33	n.a.
EBT (reported)	- 27	17	- 44	n.a.
Employees	2,987	1,494	1,493	99.93%



# Others

## Q1/2001 vs. Q1/2000

€millions	Q1/2001	Q1/2000	D	D%
Revenue	1,811	1,662	149	9.0
EBITDA (reported)	686	149	537	360.4
Adjusted EBITDA	686	762*	-76	-10.0
Depreciation	- 431	- 349	- 82	- 23.5
EBT (reported)	- 113	- 570	457	80.2
Employees	49,007	38,211	10,796	28.3

\* Including € 433 mn for disposals of non current assets and € 180 mn for additions to accruals

# Outlook

## Cash flow and profitability counts

- EBITDA improvement by up to € 2 billion targeted
- Aiming for an EBITDA-margin of around 30%
- Full consolidation of VoiceStream/PowerTel set to happen soon after closing
- Further debt reduction through sale of Sprint FON shares and cash from Wind disposal