

Q1/09 – Conference Call.
Deutsche Telekom.

May 7, 2009



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Agenda.

Deutsche Telekom Q1 2009 Presentation.

Introduction

Philipp Schindera
Head of Corporate Communications

Q1/09 Highlights & Operations

René Obermann
CEO

Q1/09 Financials

Timotheus Höttges
CFO

- Q&A: If you like to ask a question, **please press “* 1”** on your touchtone telephone



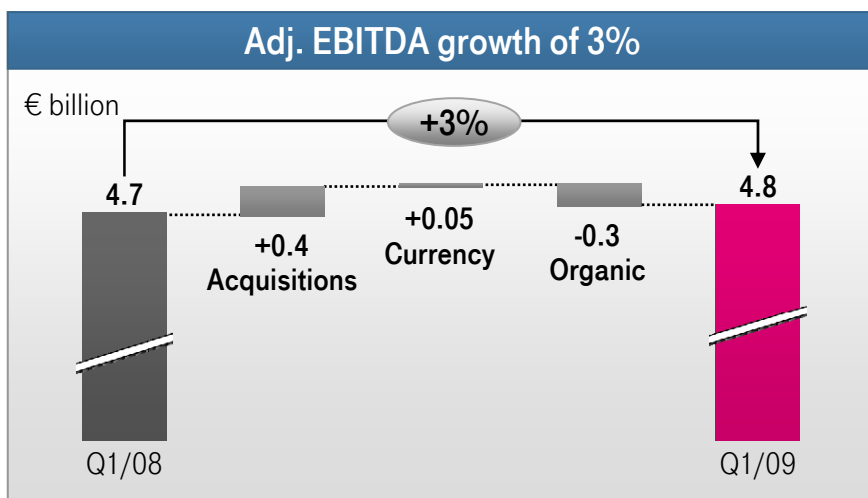
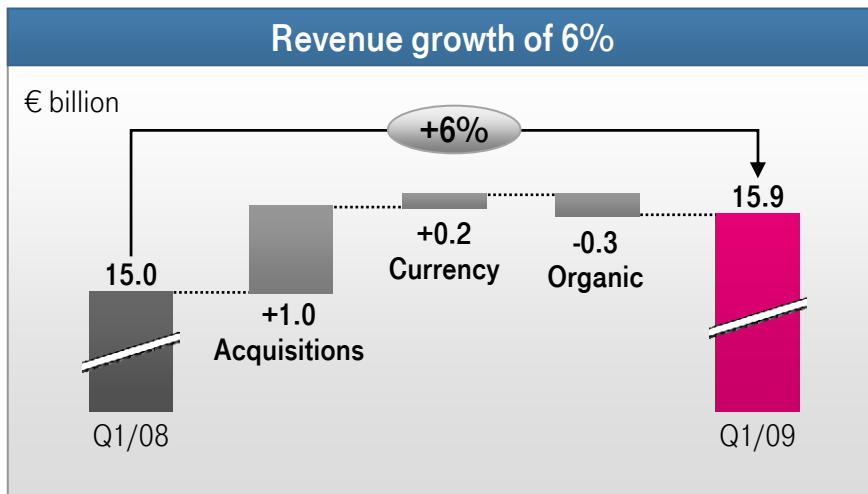
Q1/09. Highlights & Operations.

René Obermann, CEO



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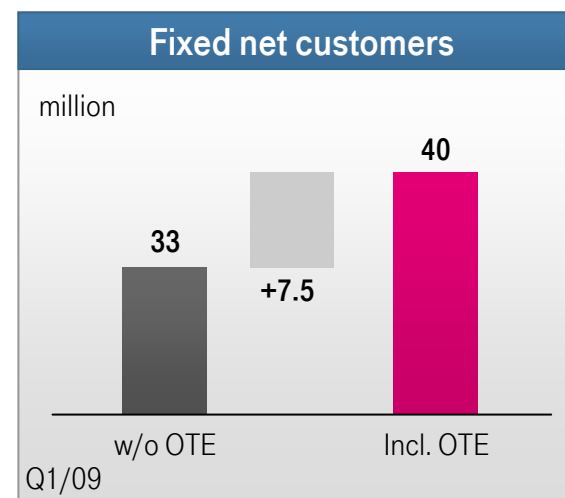
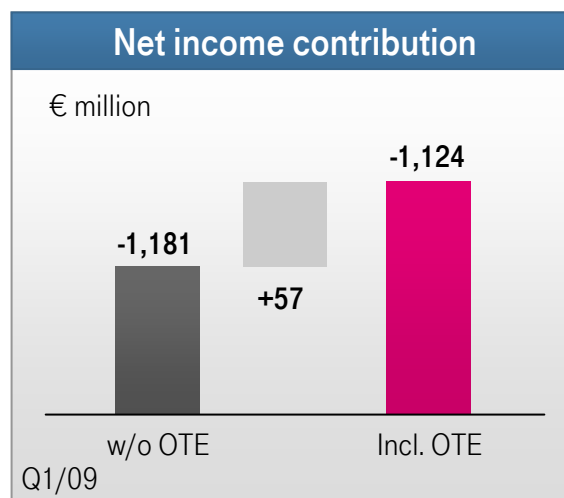
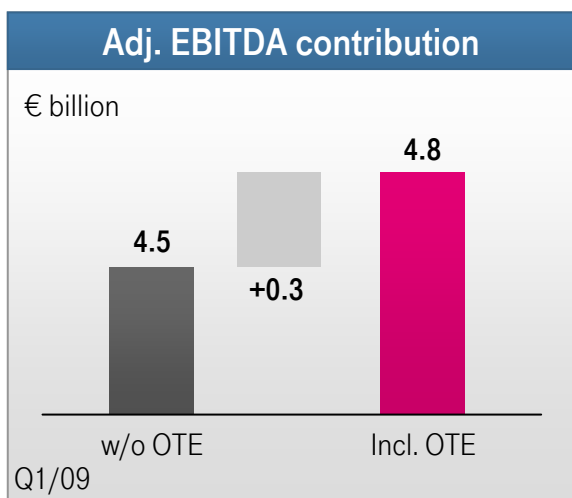
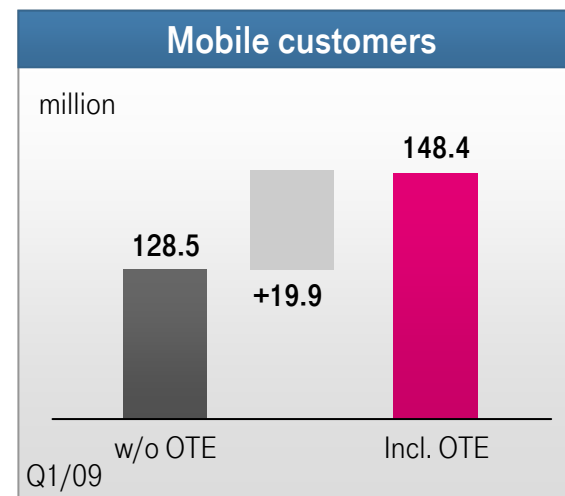
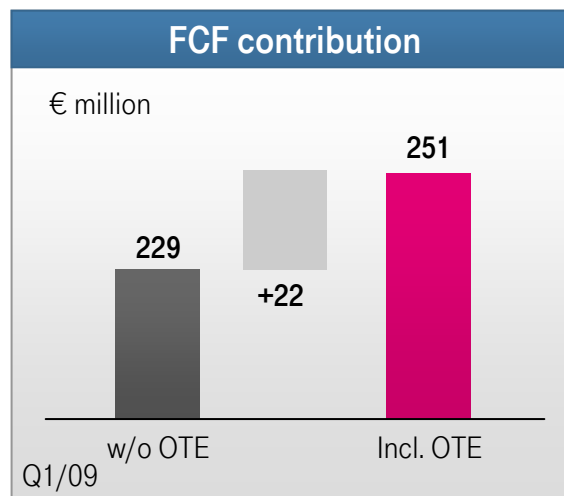
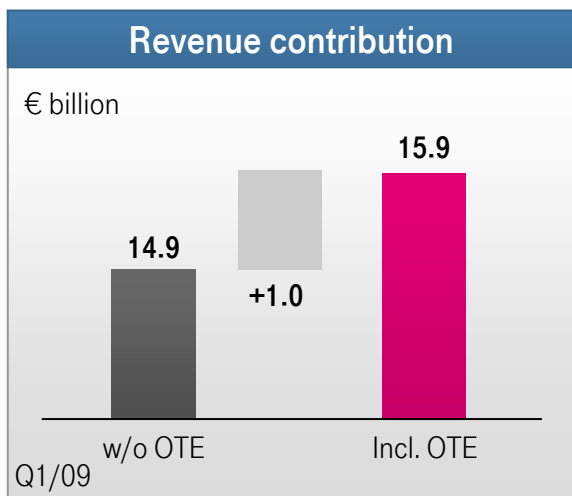
Q1/09 Highlights.



- Revenue increased +6.2% incl. OTE.
- Adj. EBITDA +2.7% incl. OTE.
- “Save for Service” on track: €4.4 billion annual run rate achieved.
- Good progress in German and CEE fixed business.
- Adj. EBIT turn around at Systems Solutions (T-Systems).
- German mobile business stable.
- Most CEE mobile assets with stable EBITDA-Margins.
- Action plan being implemented for the US, the UK, and Poland.
- Free cash flow impacted by front-loaded capex/opex spending and higher restructuring payments.
- Organic EBITDA impacted by opex, customer growth front loading, and FX.
- Net income impacted by goodwill write-down at TMUK.

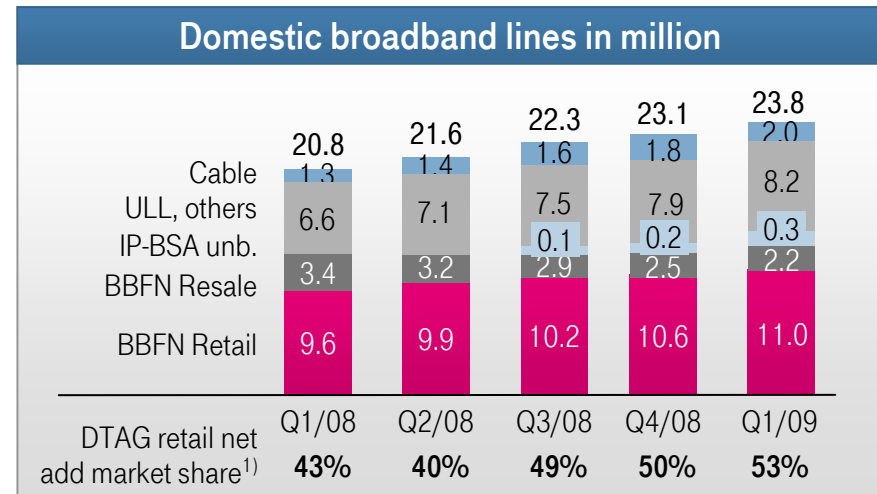
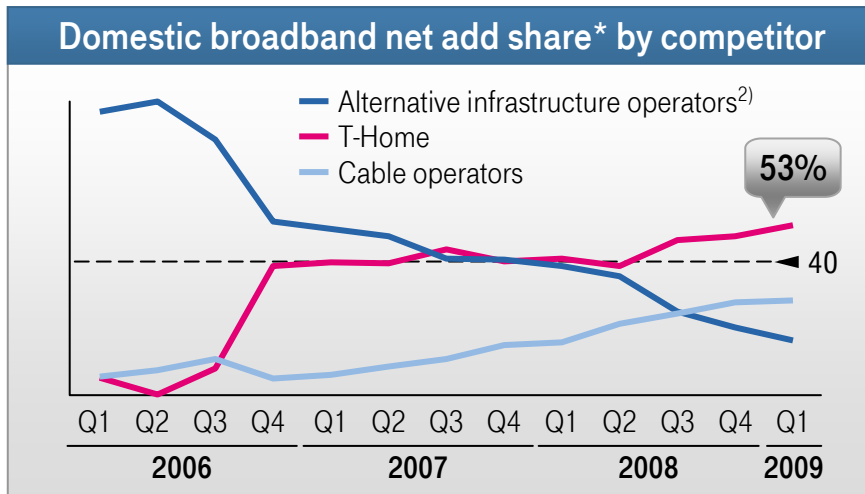
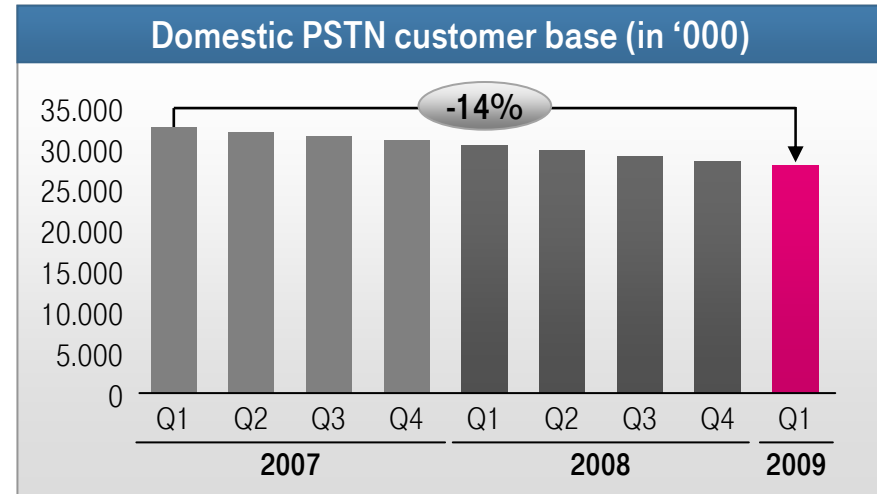
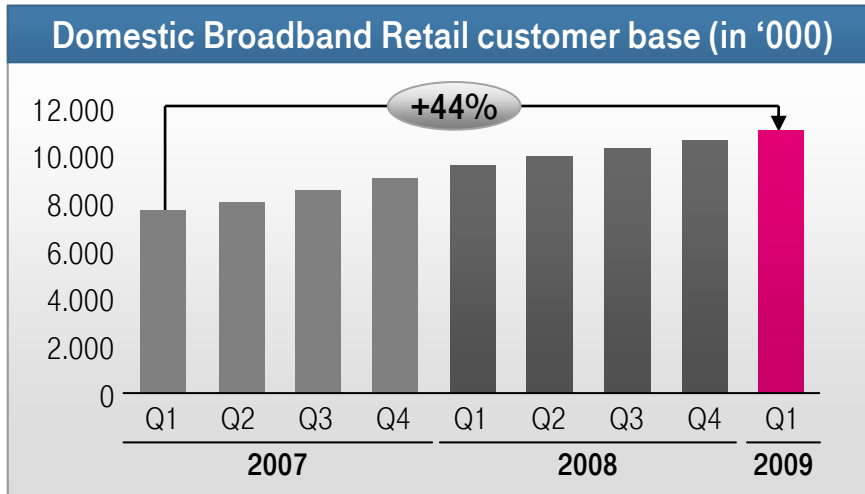


OTE Integration: Approaching 200 million global customers.



German fixed: Best retail broadband net add market share since 2005.

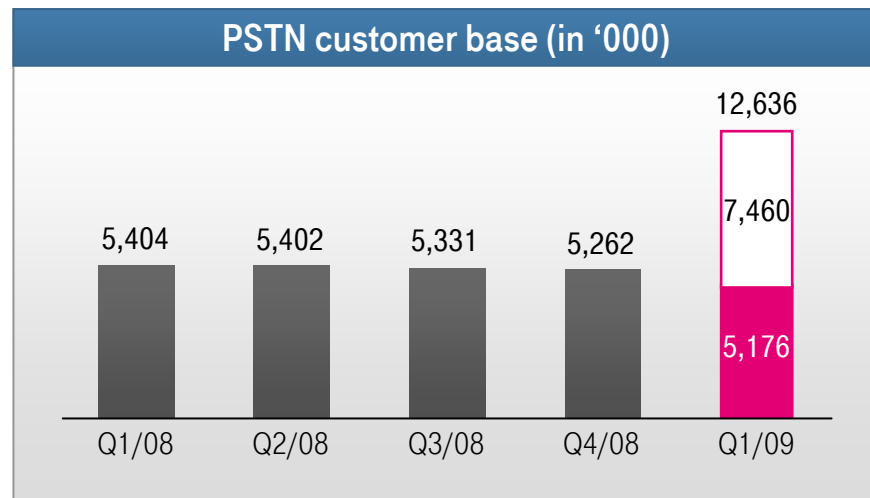
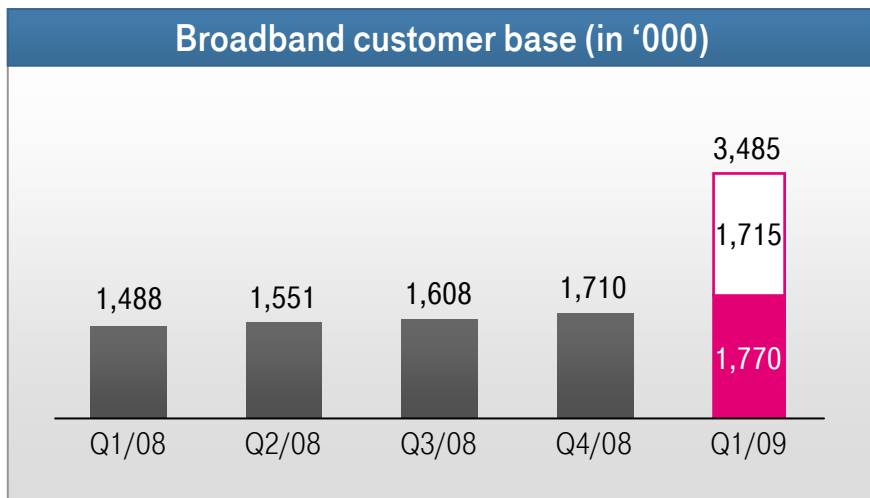
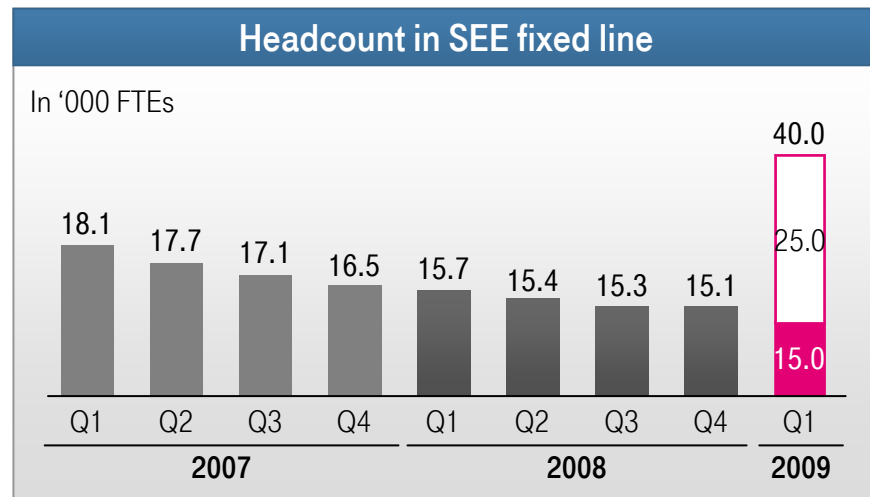
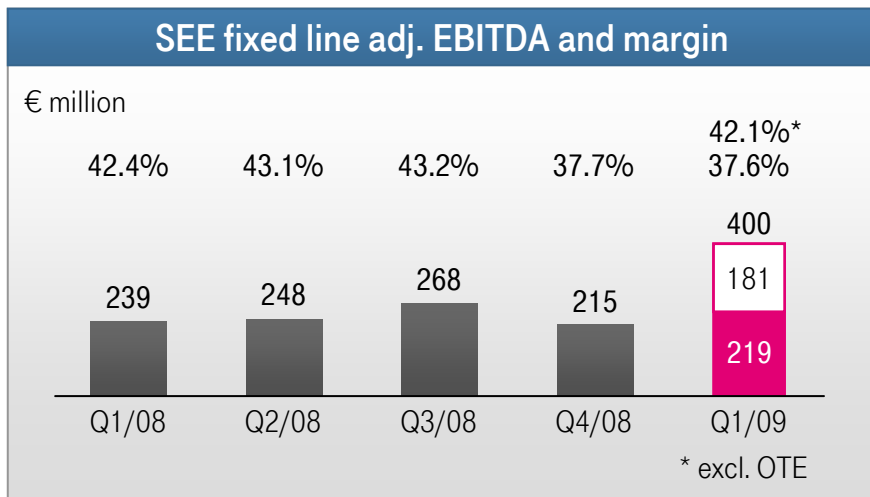
- Improve competitiveness in Germany and SEE
- Grow abroad with mobile
- Mobilize the internet
- Build network centric ICT



¹Net add market share for 2008 adjusted based on new BNetzA figures, 2009 own estimates. Rounded figures. ²Incl. reseller (competitor resale and T-Home resale); *DTAG view (retail).

SEE fixed: Continued broadband growth with stable margins.

- Improve competitiveness in Germany and SEE
- Grow abroad with mobile
- Mobilize the internet
- Build network centric ICT

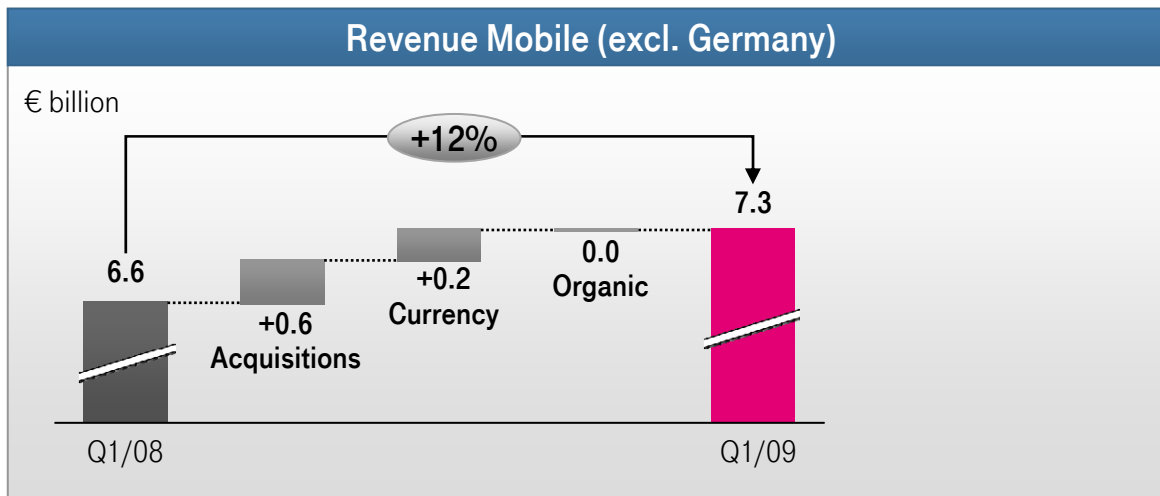


□ OTE contribution

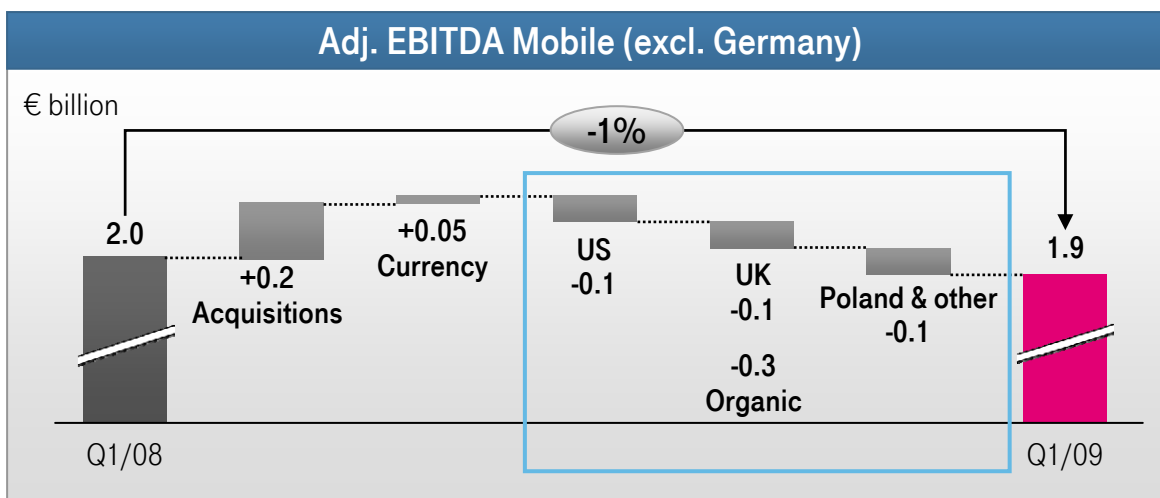


International Mobile: Revenue growth thanks to OTE.

Improve competitiveness in Germany and SEE	Grow abroad with mobile
Mobilize the internet	Build network centric ICT

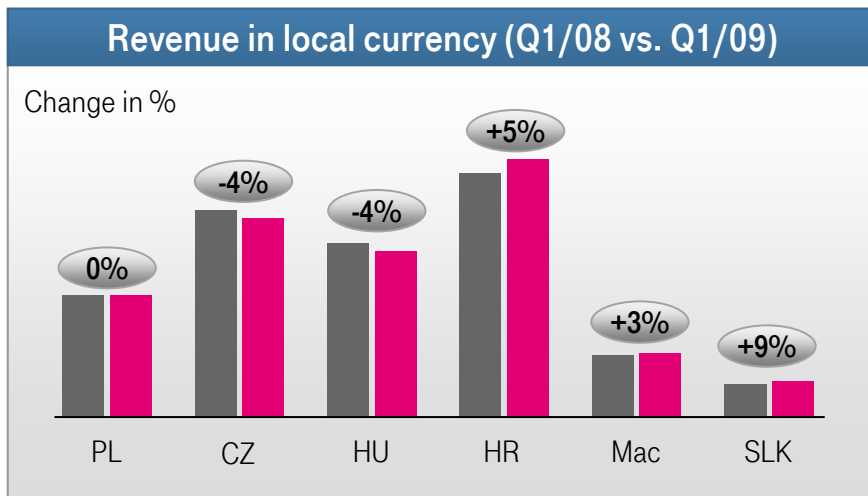


- 12% revenue growth driven by OTE and FX.
- More than 70% of organic adj. EBITDA decline driven by the US, the UK, and Poland.
- 148 million total mobile customer base (incl. Germany).

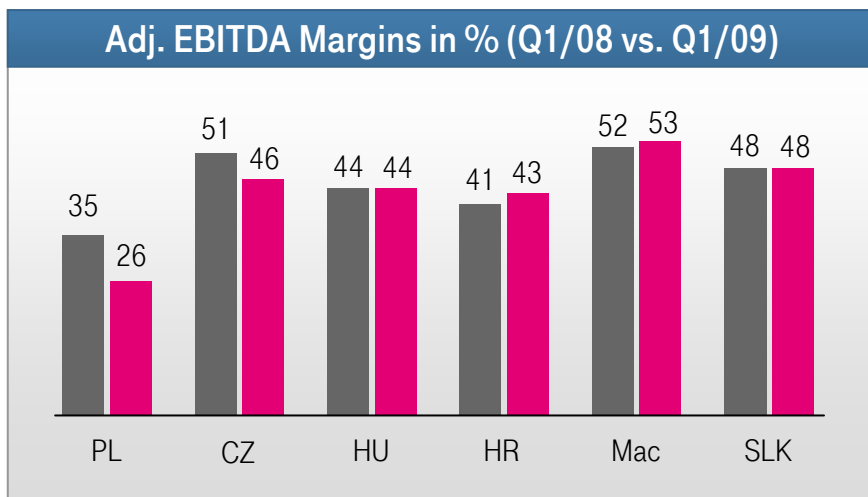


SEE: Apart from Poland high margin levels stabilized.

- Improve competitiveness in Germany and SEE
- Grow abroad with mobile
- Mobilize the internet
- Build network centric ICT

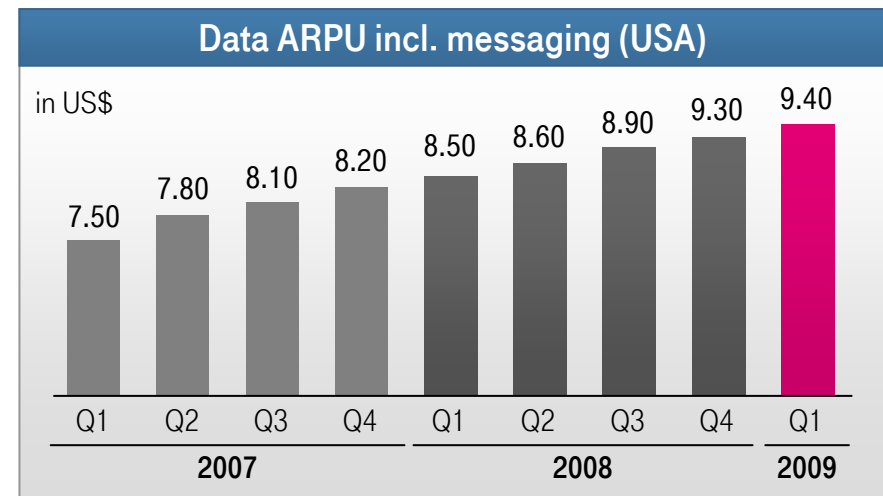
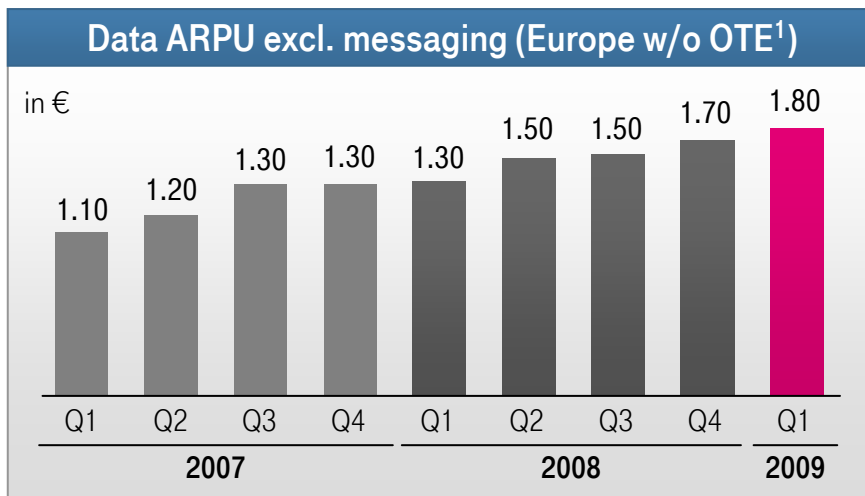
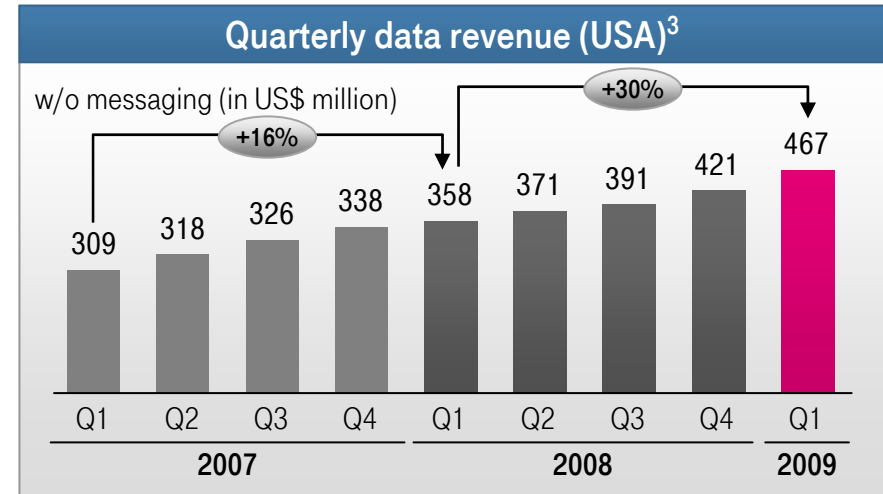
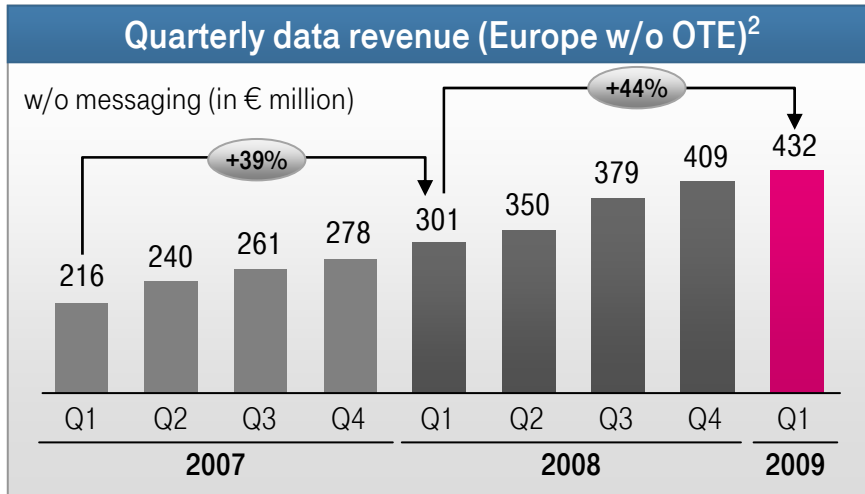


- Ongoing strong or improved margins.
- Healthy revenue trends in Croatia, Slovakia, and FYROM.
- Poland with stable revenues outperforming peers.
- Stable contract churn rates:
 - PL 0.6% after 0.7%;
 - CZ 0.6% after 0.5%;
 - Remaining CEE countries 1.1% after 0.9%.



Mobilize the Internet: Accelerated double digit data revenue growth.

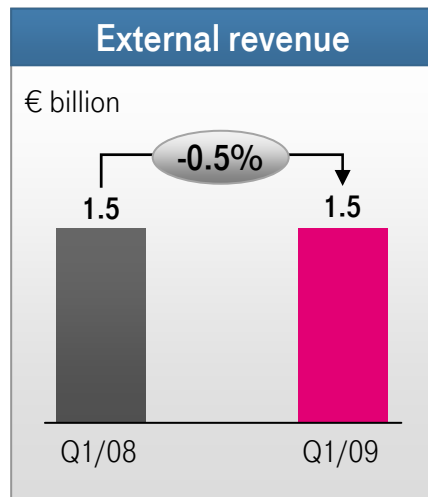
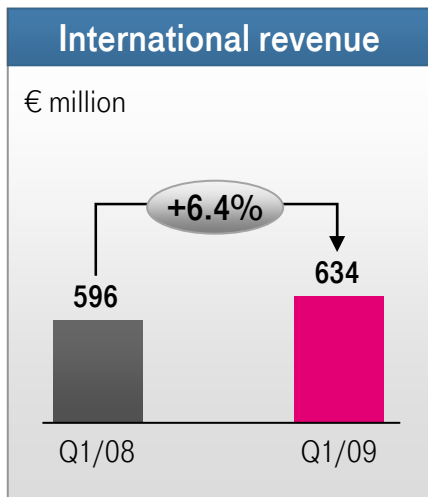
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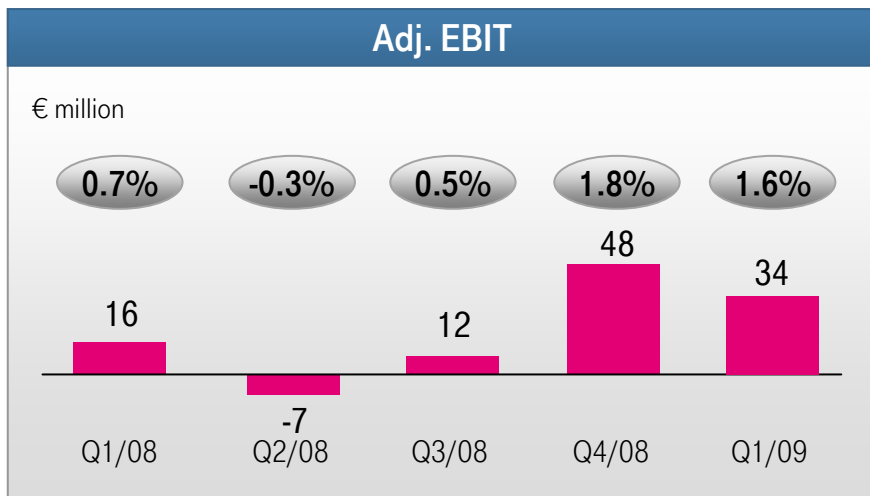
1 Germany, UK, Netherlands, Austria, Czech Republic. 2 Germany, UK, Netherlands, Austria, Czech Republic, Poland, SEE. 3 Incl. reallocation of access revenue (mainly WiFi in USA) between Q1/07 and Q2/07.

Systems Solutions: Efficiency turnaround initiated.

- Improve competitiveness in Germany and SEE
- Grow abroad with mobile
- Mobilize the internet
- Build network centric ICT



- International revenue with growth of 6.4%.
- External revenue stable.
- T-Systems Big Deals in Q1: Linde Group, public sector. deals in Northrhine-Westphalia and Baden-Württemberg, Continental Tires.

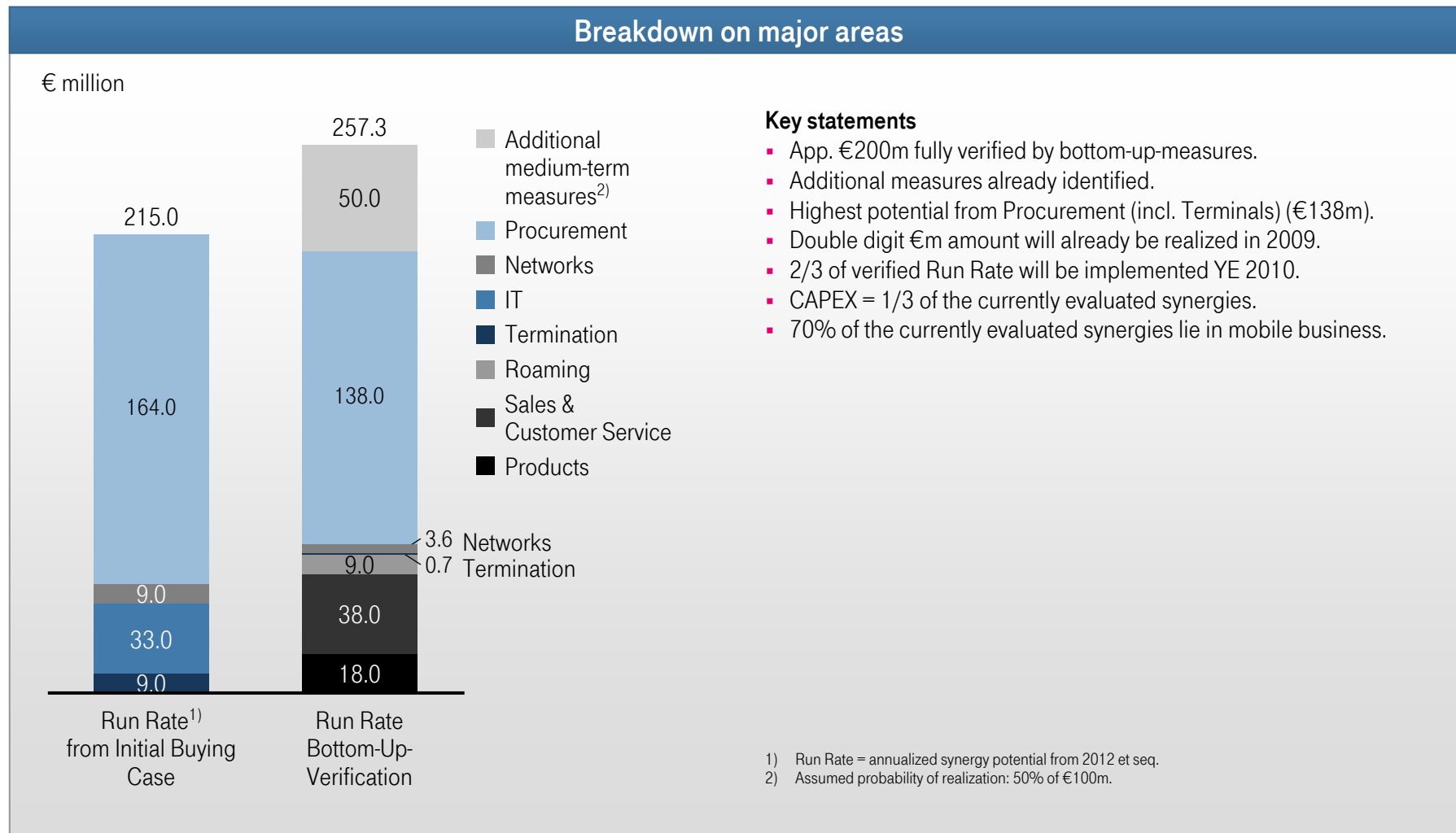


- Adj. EBIT margin in Q1/09 improved to 1.6% from 0.7% in Q1/08.
- Strong improvement of operational performance of Systems Integration.
- Ongoing restructuring: Save for Service cost reduction of € -75 million driven by efficiency program; main contribution by Computing & Desktop Services and Systems Integration.



% EBIT margin

OTE Integration: Synergy buy case fully verified.



Action plan US, UK, and Poland.

USA	UK	Poland
<ul style="list-style-type: none"> ▪ Roll-out of 3G network: around 200 million covered POPs end of 2009 ▪ 2G roaming overbuild to reduce roaming costs ▪ Re-negotiation of interconnection rates and data content contracts ▪ Reduce non-usage variable direct costs (e.g. re-implementation of upgrade fee and tackling bad debt) ▪ Reduce cluster costs (salary freeze, marketing spend, travel) ▪ Enhance handset portfolio: 3 additional 3G converged devices on the shelves in the next months 	<ul style="list-style-type: none"> ▪ New management team with strict focus on repositioning of our business in a difficult environment ▪ Capitalizing on best 3G network on the UK market ▪ Improve prepay and contract proposition, e.g. SIM-only ▪ Top line program implemented: Stronger focus on non-voice services in cross- and up-selling, SIM-only offerings, retention programs to reduce high contract churn ▪ Cost cutting program, mid-double digit £m volume: <ul style="list-style-type: none"> ▪ Reduce overhead costs (salary freeze and travel) ▪ Marketing/Advertising ▪ Reduction of market invest, e.g. via sales channel optimization ▪ More focus on SIM only tariffs 	<ul style="list-style-type: none"> ▪ Opex cut program, triple-digit million PLN volume: <ul style="list-style-type: none"> ▪ Cluster cost reduction: <ul style="list-style-type: none"> ▪ Marketing/Advertising ▪ Personnel related costs ▪ Outsourcing/External contracting ▪ Consulting ▪ Rental and travel ▪ Direct costs: <ul style="list-style-type: none"> ▪ Reduce SAC's/SRC's ▪ Terminals
<p>Group-wide measures: Capex freeze, opex discipline and working capital management.</p>		



Targets 2009 incl. OTE.

	Targets DT standalone	Targets DT including OTE
Adj. Group EBITDA	<ul style="list-style-type: none"> Down 2-4% from 2008 level 	<ul style="list-style-type: none"> DT 09 guidance + ca. €2 bn¹⁾
Free cash flow	<ul style="list-style-type: none"> Around €6.4 billion 	<ul style="list-style-type: none"> Around €7.0 billion
Guidance assumes constant currencies and no further significant economic deterioration		
Dividend policy	<ul style="list-style-type: none"> 2008: €0.78 per share 2009: Maintain attractive dividend policy 	<ul style="list-style-type: none"> 2008: €0.78 per share 2009: Maintain attractive dividend policy

¹⁾ Derived from OTE guidance and consolidation for 11 months in 2009 mid-double digit synergies in 2009 included in guidance.



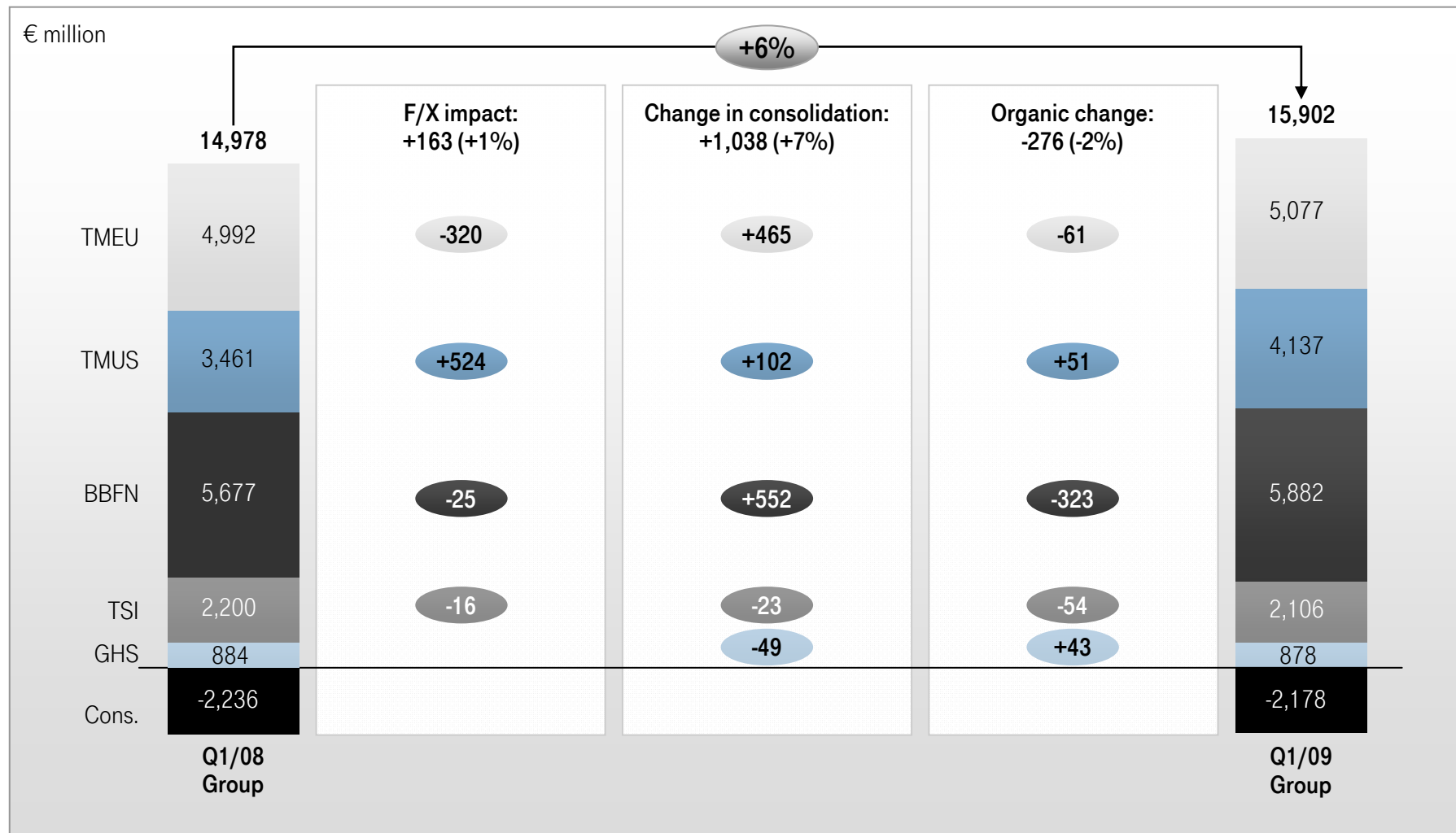
Q1/09. Financials.

Timotheus Höttges, CFO

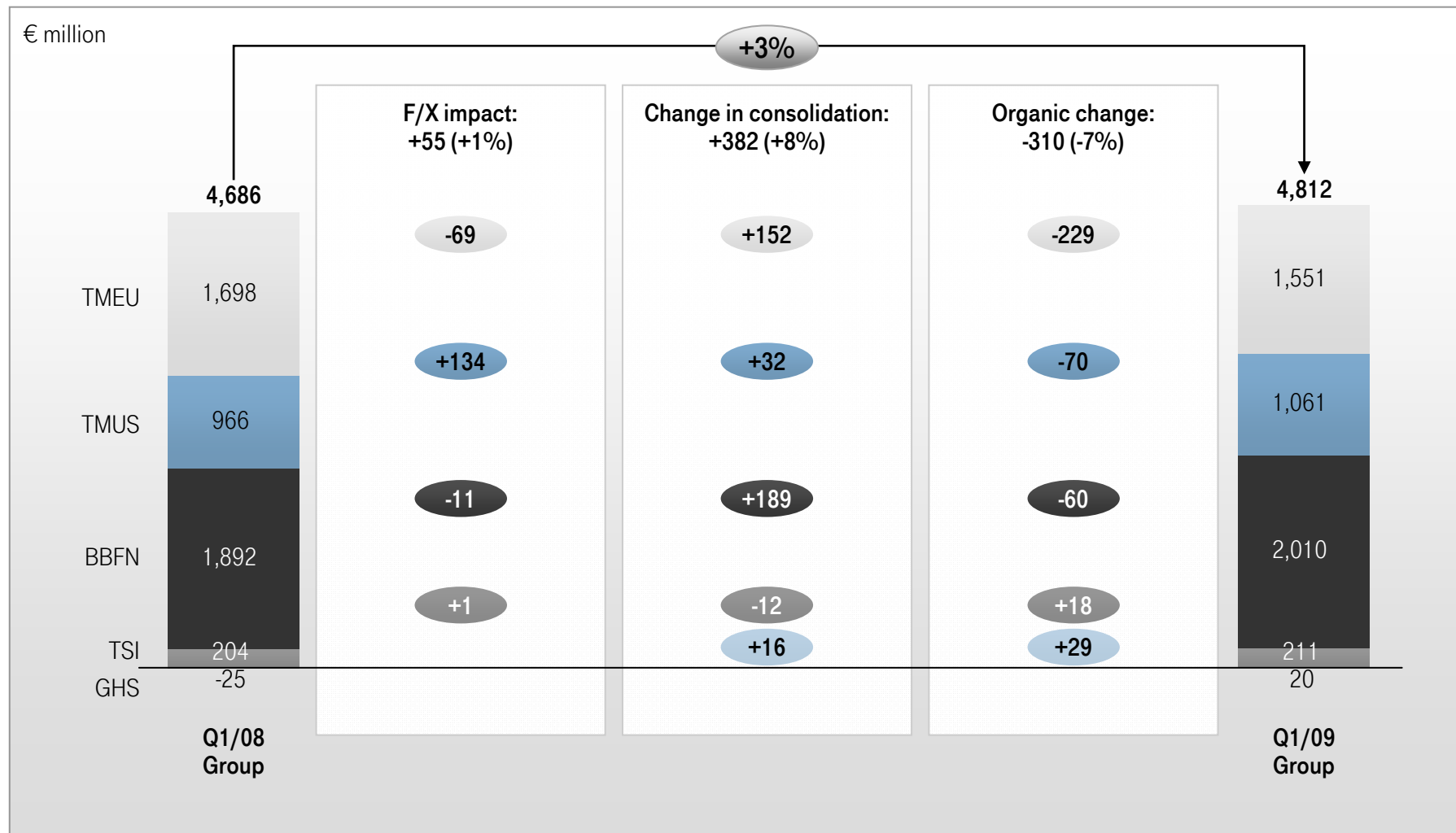


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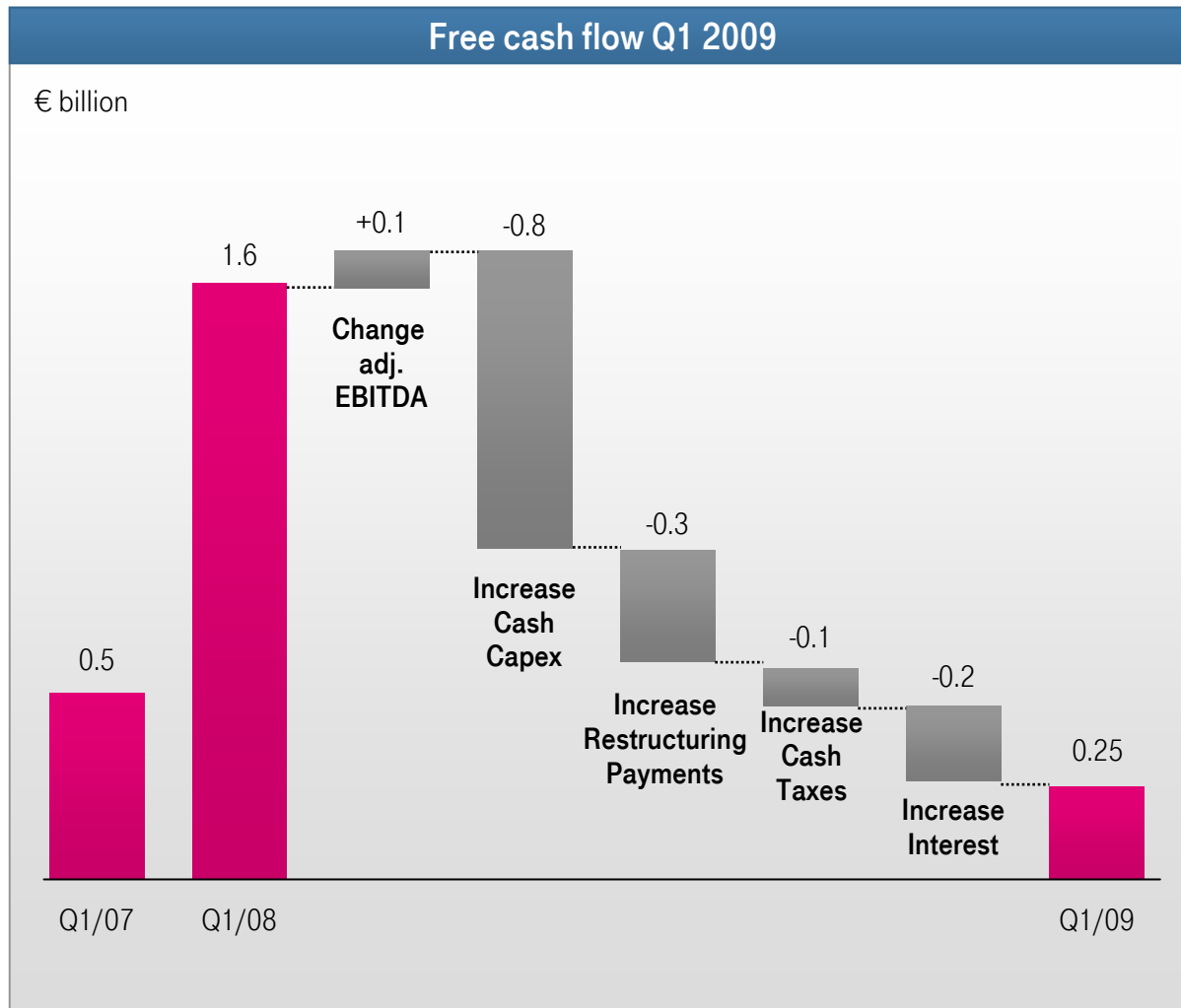
Group financials: Revenue growth driven by OTE.



Group financials: Adj. EBITDA growth due to consolidation impact.



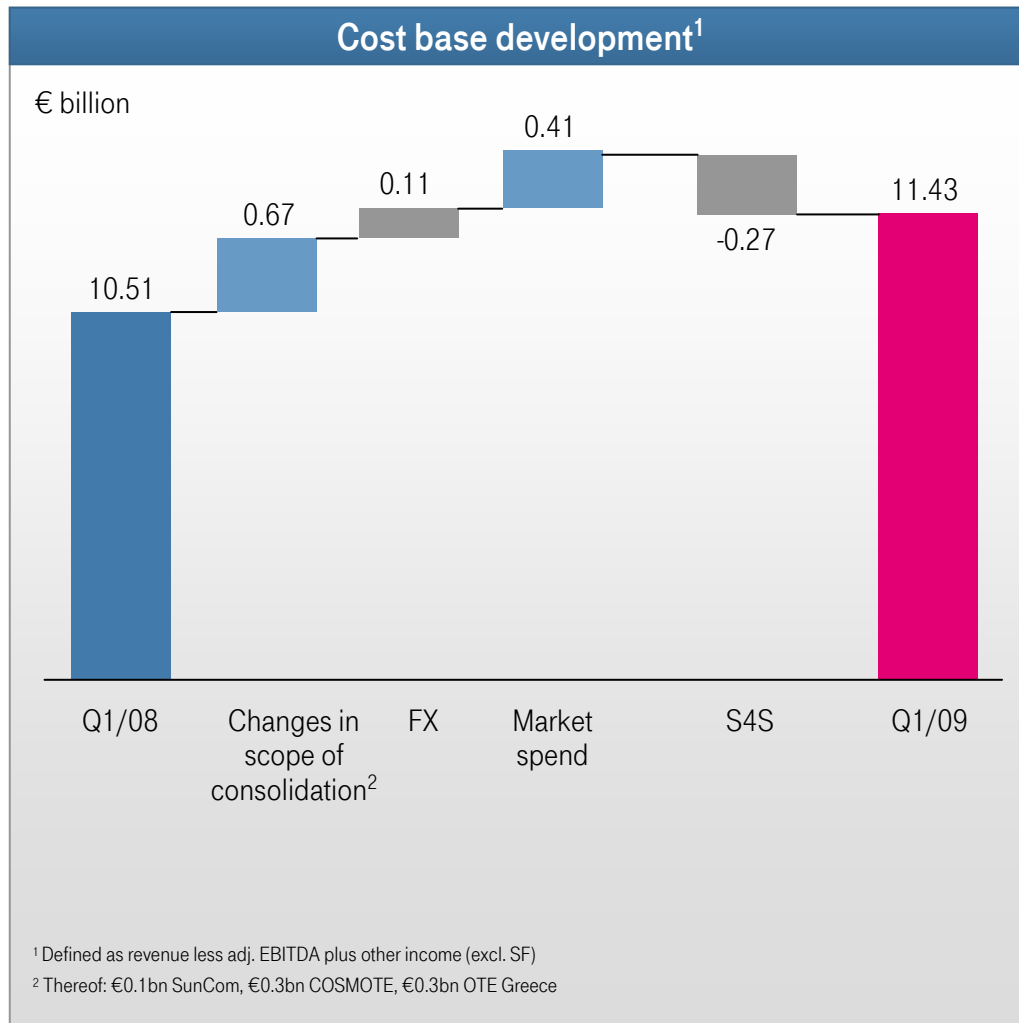
Free cash flow: Impacted by front-loading effects.



- Cash capex increase:
 - front-loading in volume (€0.3 billion) and
 - shift in payment schedule (€0.4 billion)
- Capex front-loading drivers:
 - TM EU: accelerated 3G roll-out
 - TM US: accelerated 3G roll-out, 2G overbuild
- T-Service: Higher payments for redundancies.



Save for Service. Well ahead of plan with €4.4 billion run-rate.



Contribution by Business Unit

	Q1 09	07-Q1/09
Mobile	41	904
Broadband/Fixed Network	129	2,207
Systems Solutions	75	759
GHS	24	505
DT Group	269	4,375



Net income: Impacted by UK goodwill write-down.

€ billion	Q1 09	Q1 08
EBITDA	4.9	5.0
Depreciation and amortization	-4.7	-2.7
- of which UK goodwill write-down	-1.8	-0.0
Net financial expense	-0.7	-0.7
- of which net interest expense	-0.6	-0.6
EBT	-0.5	1.6
Income taxes	-0.4	-0.6
Earnings after taxes	-0.9	1.1
Minorities	-0.2	-0.1
Net income	-1.1	0.9

Rounded figures



Adj. net income decreased by 12.7% to €655 million.

€ billion	Q1 09 adjusted	Q1 08 adjusted
EBITDA	4.8	4.7
Depreciation and amortization	-2.9	-2.7
Net financial expense	-0.7	-0.6
- of which net interest expense	-0.6	-0.6
EBT	1.2	1.4
Income taxes	-0.5	-0.5
Earnings after taxes	0.7	0.9
Minorities	-0.1	-0.1
Net income	0.7	0.8

Rounded figures



Q1/09 – Net debt development.

€ billion

Net debt 31/12/2008	38.2
Free cash flow	-0.3
OTE consolidation	4.3
F/X and other	0.6
Net debt 31/03/2009	42.8



Solid balance sheet ratios.

€ billion	31/03/09	31/12/08	31/03/08
Balance sheet total	133.8	123.1	118.4
Shareholders' equity	45.2	43.1	44.5
Net debt	42.8	38.2	35.9
Net debt / adj. EBITDA	n/a	2.0	n/a
Gearing	0.9x	0.9x	0.8x
Equity ratio (excl. dividend)	31.2%	32.3%	34.0%

Comfort zone ratios

2 - 2.5x Net debt/adj. EBITDA



25 - 35% Equity ratio



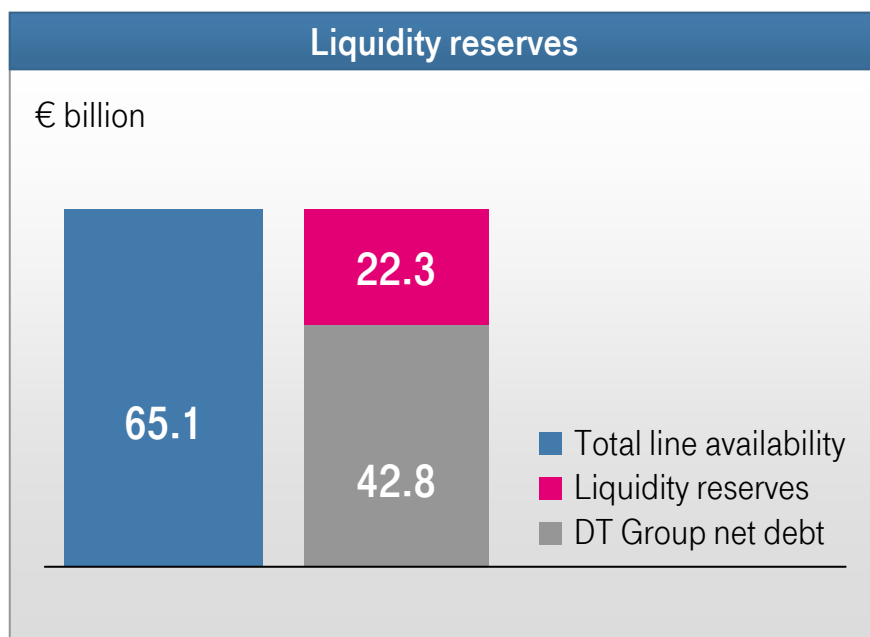
Gearing: 0.8 to 1.2



30% Liquidity reserve



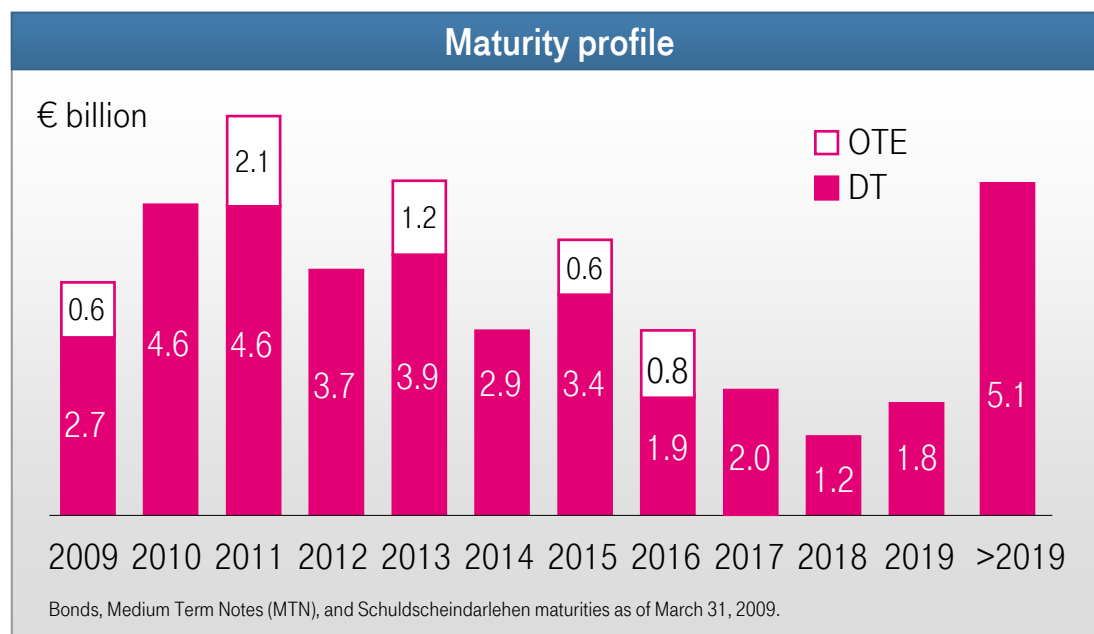
Strong liquidity bolster.



- 28 bilateral credit facilities of €600 million each adding up to €16.8 billion.
- 3-year maturities with extension requests after 12 months already.
- Loan terms insure quality of our liquidity reserve:
 - No financial covenants
 - No MAC Clause
 - No rating trigger.
- Average time to maturity of credit lines as per March 31, 2009: 2.1 years.
- OTE: €350 million undrawn syndicated credit facility. Maturing over a 3-year period from 2010 to 2012 with the majority in 2012.



Maturity profile as of March 31, 2009.



- Total €4.4 billion bond maturities in 2009.
- Sufficient unused bilateral credit lines.
- Funding 2009 done so far:
 - Eurobond: €2 billion
 - Schuldscheindarlehen: €0.2 billion.
- Issuance after Q1 2009¹⁾
 - MTN GBP: £0.7 billion
 - MTN CHF: CHF 0.4 billion.

Current Rating	Moody's Baa1, stable outlook (long term) and P-2 (short term)
	S&P BBB+, stable outlook (long term) and A-2 (short term)
	Fitch BBB+ , stable outlook (long term) and F2 (short term)
	R&I A, stable outlook (long term)

1) MTNs issued after the balance sheet date are not contained in this overview (GBP, CHF).



Q&A.

Please press “*1” to ask a question.



René Obermann
CEO



Timotheus Höttges
CFO



Thank you for your attention!

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