DEUTSCHE TELEKOM
CAPITAL MARKETS DAY 2012
GERMANY

NIEK JAN VAN DAMME

T

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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.
SUMMARY.

1. We believe highspeed network quality will be key differentiator

2. We will invest significantly in LTE, Fiber and Vectoring

3. We secure broadband market leadership in fixed and mobile

4. We stabilize revenue in Germany in 2014
REVIEW 2010 – 2012
2010 – 2012: SOLID PERFORMANCE IN A COMPETITIVE MARKET.

AMBITION LEVEL 2012
- Stable market share broadband
- Stable market share service revenues (mobile)
- 2.5 – 3mn Entertain customers
- ≈ €1.5 bn data revenues (mobile)
- Customer loyalty Index + >10% (2010 – 2012)
- > €1.5 bn adj. opex net reduction (2010 – 2012)
- Increasing adj. EBITDA margin
- Stable revenues
- One Company: exploit German fixed mobile integration
  - Revenue synergies ≈ €0.4 bn in 2012 (mainly cross-/up-selling)
  - Share of customers with both fixed and mobile contracts > 30%

ACHIEVEMENTS 2012
- 44.9% (-1.7PP)
- 34.2% (-0.7PP)
- 1.9 mn
- €1.8 bn (LTM)
- 56 points (+10%)
- €1.9 bn (YTD 2012)
- 41.7% YTD 2012 (+4.0PP)\(^1\)
- -2.2% yoy (YTD 2012)
- > 0.4 bn (2012e)
- ≈ 25%

\(^1\) EBITDA margins FY 2009 as reported by companies within FY 2010 results. Telekom Deutschland; adj. EBITDA before online consumer restatement. LTM = last twelve month
REVIEW 2010 – 2012: CLEAR #1 IN BROADBAND.

GERMAN BROADBAND MARKET Q3/2012

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>T-Mobile</td>
<td>12,424</td>
<td>2.3</td>
</tr>
<tr>
<td>Vodafone</td>
<td>3,280</td>
<td>-1.7</td>
</tr>
<tr>
<td>United Internet</td>
<td>3,360</td>
<td>-4.4</td>
</tr>
<tr>
<td>Deutsche Telekom</td>
<td>2,430</td>
<td>-4.1</td>
</tr>
<tr>
<td>Kabelfernsehen</td>
<td>2,111</td>
<td>-2.9</td>
</tr>
<tr>
<td>Kabel Deutschland</td>
<td>1,657</td>
<td>+1.029</td>
</tr>
</tbody>
</table>

Source: Bank of America Merrill Lynch
REVIEW 2010 – 2012: HOLDING UP WELL IN A VERY COMPETITIVE GERMAN MOBILE MARKET.

GERMAN MOBILE MARKET

<table>
<thead>
<tr>
<th>Company</th>
<th>2009</th>
<th>2012</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>O2</td>
<td>2,861</td>
<td>3,124</td>
<td>+0.7 PP</td>
</tr>
<tr>
<td>e-plus</td>
<td>3,021</td>
<td>3,157</td>
<td>+0.1 PP</td>
</tr>
<tr>
<td>Vodafone</td>
<td>6,604</td>
<td>6,866</td>
<td>+0.0 PP</td>
</tr>
<tr>
<td>T-Mobile</td>
<td>6,706</td>
<td>6,827</td>
<td>-0.8 PP</td>
</tr>
</tbody>
</table>

SERVICE REVENUE MARKET SHARE LTM 2012 VS. 2009

<table>
<thead>
<tr>
<th>Company</th>
<th>2009</th>
<th>2012</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>O2</td>
<td>19,192</td>
<td>19,974</td>
<td>+4.1%</td>
</tr>
<tr>
<td>e-plus</td>
<td>3,021</td>
<td>3,157</td>
<td>+0.1 PP</td>
</tr>
<tr>
<td>Vodafone</td>
<td>6,604</td>
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</tr>
<tr>
<td>T-Mobile</td>
<td>6,706</td>
<td>6,827</td>
<td>-0.8 PP</td>
</tr>
</tbody>
</table>

PEER DOMESTIC SERVICE REV. MARKET SHARE Q3/2012 VS. FY 2009

<table>
<thead>
<tr>
<th>Company</th>
<th>2009</th>
<th>2012</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>TDG</td>
<td>19,192</td>
<td>19,974</td>
<td>+0.7 PP</td>
</tr>
<tr>
<td>E-Plus</td>
<td>3,021</td>
<td>3,157</td>
<td>+0.1 PP</td>
</tr>
<tr>
<td>Vodafone</td>
<td>6,604</td>
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</tr>
<tr>
<td>T-Mobile</td>
<td>6,706</td>
<td>6,827</td>
<td>-0.8 PP</td>
</tr>
</tbody>
</table>

1 2012 = LTM: Last twelve months (Q4/2011 – Q3/2012)
2 Source: Bank of America Merrill Lynch

LIFE IS FOR SHARING.
REVIEW 2010 – 2012: “ONE COMPANY” SUCCESSFULLY STARTED, MORE TO COME.

**CROSS- AND UPSELLING REVENUE**

€ mn

> 950

cum. 2010 – YTD 2012

**TELEKOM DEUTSCHLAND**

- ONE BRAND
- ONE SALES & SERVICE
- ONE ORGANIZATION
- INTEGRATED PROCESSES & STEERING
- INTEGRATED NETWORKS
- INTEGRATED IT-SYSTEMS UND PROCESS

**OC DRIVEN OPEX REDUCTION**

€ mn

≈ -250

cum. 2010 – YTD 2012

LIFE IS FOR SHARING.
REVIEW 2010 – 2012: SIGNIFICANT CHURN REDUCTION BASED ON SUPERIOR NETWORK QUALITY AND CUSTOMER SERVICE.

OUR CUSTOMER SERVICE TODAY...

Mean Time between assistance for DSL lines

Customer complaints

... LEADS TO LOWER CHURN.

% YTD/2012

Churn Fixed Double Play

Churn Mobile Double Play

Mean Time between assistance for DSL lines: 
- FY 2009: YTD 2012 +52%
- FY 2009: YTD 2012 -59%

Customer complaints:
- Fixed & Mobile: 6.8 %
- Fixed only: 4.9 %
- Mobile only: 15.4 %
- Mobile & Fixed: 9.0 %

LIFE IS FOR SHARING.
REVIEW 2010 – 2012: OUTPERFORMING IN PROFITABILITY TERMS.

OUTPERFORMING INTEGRATED DOMESTIC BUSINESS OF OUR PEERS...

Ebitda margin

<table>
<thead>
<tr>
<th></th>
<th>FY 2009</th>
<th>YTD 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telekom Deutschland</td>
<td>45.0 Ø</td>
<td>39.2</td>
</tr>
<tr>
<td>Vodafone</td>
<td>49.5</td>
<td>45.1</td>
</tr>
<tr>
<td>Telefónica</td>
<td>46.4</td>
<td>50.0</td>
</tr>
<tr>
<td>Telecom Italia</td>
<td>49.6</td>
<td>48.2</td>
</tr>
<tr>
<td>KPN</td>
<td>37.7</td>
<td>41.7</td>
</tr>
<tr>
<td>Telefónica Deutschland</td>
<td>39.0</td>
<td>35.2</td>
</tr>
<tr>
<td>e-plus+</td>
<td>24.6</td>
<td>25.5</td>
</tr>
</tbody>
</table>

... AND NATIONAL TELCO COMPETITORS.


LIFE IS FOR SHARING.
MARKET TRENDS
MOBILE DATA BECOMES MASS MARKET...

**WESTERN EUROPE TABLET SALES**

<table>
<thead>
<tr>
<th>Year</th>
<th>MN</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>21</td>
<td>≈ +800%</td>
</tr>
<tr>
<td>2015</td>
<td>43</td>
<td></td>
</tr>
</tbody>
</table>

**WESTERN EUROPE SMARTPHONE SALES**

<table>
<thead>
<tr>
<th>Year</th>
<th>MN</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>70</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>129</td>
<td>≈ +130%</td>
</tr>
<tr>
<td>2015</td>
<td>164</td>
<td></td>
</tr>
</tbody>
</table>

**EVERY IPHONE GENERATION DRIVES DATA APETITE**

MB usage per month in October 2012

- **2G**
  - 2010: 86
  - 2012: 461
  - 2015: 732
  - ≈ +750%

- **4S**
  - 2010: 21
  - 2012: 12
  - 2015: 39
  - ≈ +230%

**MOBILE DATA MARKET GROWTH**

Mobile data users in Germany

<table>
<thead>
<tr>
<th>Year</th>
<th>MN</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>39</td>
<td></td>
</tr>
</tbody>
</table>
... WHILE CUSTOMER USE CASES DRIVE HIGHSPEED AND ESPECIALLY UPLOAD DEMAND.

3 RELEVANT CUSTOMER USE CASES...

1. Video/TV
2. Cloud
3. Browsing

... WITH CLOUD BOOSTING UPLOAD ...

... ARE THE MAIN TRAFFIC DRIVERS.

1 IDC, Europe Wireline Traffic Share by Traffic Type, 2011 and 2015

LIFE IS FOR SHARING.
### MAJOR TRENDS IN CORE MARKET.

#### FIXED COMMUNICATIONS
- Cable competition speed & TV
- Fixed mobile substitution via LTE
- Change in wholesale business

#### MOBILE COMMUNICATIONS
- Price competition via discount brands
- Full flat penetration
- Network quality perception as differentiator

**LIFE IS FOR SHARING.**
CORE MARKETS UNDER CONTINUED REGULATORY PRESSURE.

MOBILE TERMINATION RATES CUT\(^1\)

-80% since 2007

INTERCONNECTION CUT\(^2\)

-21% since 2007

Encouraging comments have to materialize and are a precondition for increased network investments

“I intend to produce durable regulatory guidance, to apply at least until 2020.”\(^3\)

\(^1\) BNetzA November, 16 2012, subject to EU approval in 2013  \(^2\) Interconnection obligation B.1  \(^3\) Neelie Kroes: EC Digital Agenda Statement, December, 07 2012
STRATEGY 2013 – 2015
STABILIZE REVENUES IN 2014 AND MARKET LEADERSHIP
OUR PRIORITIES IN GERMANY UNDERLINE THE GROUP STRATEGY.

Seamless connectivity for the Gigabit Society
More innovation by cooperation
Secure cloud solutions
Best-in-class customer experience

INNOVATE
Cloud & more

TRANSFORM
Integrated network strategy (INS)

COMPETE
Leading in mobile and fixed based on INS

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OUR PRIORITIES IN GERMANY UNDERLINE THE GROUP STRATEGY.

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INNOVATE

TRANSFORM

COMPETE

Cloud & more

Integrated network strategy (INS)

Leading in mobile and fixed based on INS

LIFE IS FOR SHARING.
NETWORK QUALITY BECOMES CRUCIAL.

BANDWIDTH DEMANDING USE CASES...  

1  Video/TV
2  Cloud
3  Browsing

...EVERYWHERE & SIMULTANEOUS...

...MAKE NETWORK QUALITY CRUCIAL.

Speed
Coverage
Capacity

LIFE IS FOR SHARING.
INS: MASSIVE ROLLOUTS OF LTE AND FIBER WITH VECTORING COMBINED WITH REVOLUTIONARY ACCESS APPROACH.
# INS: CAPEX EFFICIENT AND RAPID ROLLOUT OF BEST-IN-CLASS LTE NETWORK.

## LTE ROLLOUT PLAN

<table>
<thead>
<tr>
<th>Outdoor pop coverage</th>
<th>3G (HSPA42)</th>
<th>LTE800</th>
<th>LTE1800</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>38</td>
<td>75</td>
<td>150</td>
</tr>
<tr>
<td>Q3/2012</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>long term</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## PEAK PERFORMANCE

<table>
<thead>
<tr>
<th>Mbit/s</th>
<th>≈ +260%</th>
<th>150</th>
</tr>
</thead>
<tbody>
<tr>
<td>3G (HSPA42)</td>
<td>42</td>
<td></td>
</tr>
<tr>
<td>LTE800</td>
<td>75</td>
<td></td>
</tr>
<tr>
<td>LTE1800</td>
<td></td>
<td>150</td>
</tr>
</tbody>
</table>

## HIGHER CAPEX EFFICIENCY

<table>
<thead>
<tr>
<th>Capex per Mbit/s</th>
<th>≈ -70%</th>
</tr>
</thead>
<tbody>
<tr>
<td>3G (HSPA 2x5 MHz)</td>
<td></td>
</tr>
<tr>
<td>LTE 800 (10 MHz)</td>
<td></td>
</tr>
<tr>
<td>LTE 1800 (20 MHz)</td>
<td></td>
</tr>
</tbody>
</table>

LIFE IS FOR SHARING.
**INS: FIBER UPGRADE OF FIXED NETWORK IN COVERAGE & SPEED IS A SMART “NO REGRET MOVE” TO FTTH.**

**FIBER ROLLOUT PLAN**

Coverage %

- Q3/2012: 36%
- 2016: ≈ 65%
- Further option: >80%

**VECTORING PERFORMANCE UPGRADE**

- Download: 50 Mbit/s (FTTC), 100 Mbit/s (Vectoring)
- Upload: 10 Mbit/s (FTTC), 40 Mbit/s (Vectoring)

**HIGHER COVERAGE WITH LOWER CAPEX**

- Capex per connected home: FTTH ≈ +100%, Vectoring ≈ +300%, FTTC ≈ -70%

---

1 with short distribution cables lengths

LIFE IS FOR SHARING.
Superior Offering for Customers...

Speed up your access @ home

Cable Footprint (24MN HH)

<table>
<thead>
<tr>
<th>Service Type</th>
<th>MAX. DOWNLOAD</th>
<th>MAX. UPLOAD</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTTC</td>
<td>50 Mbit/s</td>
<td>10 Mbit/s</td>
</tr>
<tr>
<td>Hybrid (Fiber + LTE)</td>
<td>≈200 Mbit/s</td>
<td>≈100 Mbit/s</td>
</tr>
<tr>
<td>Cable</td>
<td>150+ Mbit/s</td>
<td>150+ Mbit/s</td>
</tr>
<tr>
<td>ADSL</td>
<td>16 Mbit/s</td>
<td>16 Mbit/s</td>
</tr>
<tr>
<td>Hybrid (ADSL + LTE)</td>
<td>≈116 Mbit/s</td>
<td>≈100 Mbit/s</td>
</tr>
<tr>
<td>Mobile only</td>
<td>≈50 Mbit/s</td>
<td>≈50 Mbit/s</td>
</tr>
</tbody>
</table>

Copper Only (16MN HH)

<table>
<thead>
<tr>
<th>Service Type</th>
<th>MAX. DOWNLOAD</th>
<th>MAX. UPLOAD</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTTC</td>
<td>10 Mbit/s</td>
<td>1 Mbit/s</td>
</tr>
<tr>
<td>Hybrid (Fiber + LTE)</td>
<td>≈90 Mbit/s</td>
<td>≈50 Mbit/s</td>
</tr>
<tr>
<td>Cable</td>
<td>6+ Mbit/s</td>
<td>6+ Mbit/s</td>
</tr>
<tr>
<td>ADSL</td>
<td>1 Mbit/s</td>
<td>1 Mbit/s</td>
</tr>
<tr>
<td>Hybrid (ADSL + LTE)</td>
<td>≈51 Mbit/s</td>
<td>≈50 Mbit/s</td>
</tr>
<tr>
<td>Mobile only</td>
<td>≈10 Mbit/s</td>
<td>≈10 Mbit/s</td>
</tr>
</tbody>
</table>

1 broadband speed communication for consumer  
2 LTE 1800Mhz  
3 Vodafone LTE Zuhause

Life is for sharing.
INS: VECTORING AND HYBRID PROLONGATE THE COPPER LIFECYCLE UP TO 10 YEARS.

INS FULLY COVERS CUSTOMER USE CASES FOR THE NEXT DECADE.

Customer use cases covered

% 100 80 60 40 20 0 2010 2015 2020 2025

- ADSL
- ADSL-Hybrid
- FTTC Vectoring
- FTTC Vectoring-Hybrid

LIFE IS FOR SHARING.
OUR PRIORITIES IN GERMANY UNDERLINE THE GROUP STRATEGY.

- Seamless connectivity for the Gigabit Society
- More innovation by cooperation
- Secure cloud solutions
- Best-in-class customer experience

TRANSFORM
Integrated network strategy (INS)

COMPETE
Leading in mobile and fixed based on INS

LIFE IS FOR SHARING.
KEY DIFFERENTIATORS ACROSS ENTIRE VALUE CHAIN
SECURE MARKET LEADERSHIP.

Mobile
- Superior Network Quality

Fixed
- Innovative Products & Tariffs
- Best-in-class Sales & Service
- Successful Up- & Cross-Selling

#1 Broadband market leadership in fixed & mobile

LIFE IS FOR SHARING.
UNRIVALED CUSTOMER EXPERIENCE IN ALL USE CASES – EVERYWHERE!

HIGHSPEED BROWSING  
100 Mbit/s  
Same speed everywhere

TV ON ALL SCREENS  
Entertain everywhere

CLOUD  
Safe & trusted cloud services

TelekomCloud

LIFE IS FOR SHARING.
BEST-IN-CLASS SALES AND SERVICE.

DISTRIBUTION
> 750 Telekom shops
≈ 1,000 Distribution partners
Best shopping experience

CUSTOMER SERVICE
> 10,000 agents
Improve process quality
Increase customer satisfaction

TECHNICAL SERVICE
> 10,000 experts
Innovative service products
Best partner for customer

LIFE IS FOR SHARING.
MOBILE STRATEGY: THE MARKET LEADER HAS TO ENSURE FAIR SHARES THROUGHOUT ALL SEGMENTS.

- **Unmatchable LTE speeds & coverage**
- Excellent **spectrum** (800 & 1800MHz)
- **World-class device portfolio** bundled with exclusive extras (e.g. Spotify, Hotspot)
- **Monetization:** LTE only incl. in high-end tariffs & on-top options.

- **Fast follower** via service provider & discount brands
- Additional segments, avoid cannibalization of T brand

- **Congstar** for smart shoppers & discount mainly online & less subsidized tariffs

LIFE IS FOR SHARING.
MOBILE STRATEGY: DESPITE TOUGH PRICE PRESSURE, WE SUCCESSFULLY GROW GROSS ADDS ARPU.

MARKETING FOCUS

Value based customer acquisition

Retention & up selling of customer base

T-BRANDED CONSUMER CONTRACT
CUSTOMER MIX

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Play</td>
<td>73%</td>
<td>59%</td>
</tr>
<tr>
<td>Double Play</td>
<td>27%</td>
<td>41%</td>
</tr>
</tbody>
</table>

T-BRANDED CONSUMER CONTRACT
ARPU

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross adds</td>
<td>32.8</td>
<td>37.0</td>
</tr>
<tr>
<td>Existing customer</td>
<td>35.8</td>
<td>35.2</td>
</tr>
</tbody>
</table>
**MOBILE STRATEGY: SERVICE REVENUE RETURNS TO GROWTH AS A RESULT OF AN EXPANDING & HIGHER-VALUE BASE.**

**SHARE OF LTE SMARTPHONES**

% based on TDG smartphone sales

- **YTD/2012**
  - 4 LTE
  - 96 3G

- **2015**
  - 67 LTE
  - 33 3G

**STRONG DOUBLE PLAY UPTAKE**

Contract customers

- **Q3/2012**
  - 6.8

- **2015**
  - 10.0

**SERVICE REVENUE GROWTH**

Service revenue

- **2012**
  - € 6.8

- **2015**
  - € 7

+ 47%

+ 2-3%

% based on TDG smartphone sales

LIFE IS FOR SHARING.
FIXED STRATEGY: WE COMPETE WITH CABLE BY ADDRESSING NEW MARKETS AND REINFORCED WHOLESALE PARTNERSHIPS.

INTEGRATED NETWORK STRATEGY

1. LTE rollout
2. Fiber rollout +
3. Vectoring +
4. Hybrid access +

Competitive integrated offerings

TV STRATEGY

German TV market

Sat, DVB-T, Housing Association

Fastest growing TV player

WHOLESALE STRATEGY

Attractive Pricing

Kontingent-modell

Fiber

Competitive Products

Strengthen Wholesale partnership

LIFE IS FOR SHARING.
FIXED STRATEGY: “KONTINGENTMODELL” STRENGTHENS WHOLESALE PARTNERS TO SECURE NETWORK UTILIZATION.

MECHANICS OF „KONTINGENTMODELL“

- Logic supports nationwide and regional players
  - upfront investment
  - risk sharing
- Long-term contract (up to 10 years) with commitment
  - price (upfront & monthly fee)
  - volume
- Allows rational retail pricing

ARPA UPLIFT

High utilization of fiber network
Stabilize revenue in wholesale

\[ \text{Wholesale ARPA} \quad \begin{array}{c} \downarrow \text{11.2}^1 \end{array} \quad \text{Kontingentmodell ARPA} \quad \text{+ ≈90%} \quad \text{≈ 20} \]

\(^1\) Calculation: 85% ULL, 15% IP BSA

LIFE IS FOR SHARING.
**Fixed Strategy: Compensate Line Losses by Upselling Retail Base to Fiber and Entertain.**

<table>
<thead>
<tr>
<th>Year</th>
<th>Fiber Customers</th>
<th>Entertain Customers</th>
<th>Connected Home Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3/2012</td>
<td>Fiber retail customers (mn)</td>
<td>Entertain customers (mn)</td>
<td>€ bn</td>
</tr>
<tr>
<td>2012</td>
<td>&gt;12.4mn broadband customers</td>
<td>≈ +240%</td>
<td>5.3</td>
</tr>
<tr>
<td>Q3/2015</td>
<td>2.7</td>
<td>&gt; +60%</td>
<td>5.4</td>
</tr>
</tbody>
</table>

2012 = LTM

LIFE IS FOR SHARING.
OUR PRIORITIES IN GERMANY UNDERLINE THE GROUP STRATEGY.

Seamless connectivity for the Gigabit Society
More innovation by cooperation
Secure cloud solutions
Best-in-class customer experience

INNOVATE

Cloud & more

TRANSFORM

Integrated network strategy (INS)

COMPETE

Leading in mobile and fixed based on INS

LIFE IS FOR SHARING.
GROWTH INITIATIVES WITH INNOVATIONS FROM OWN DEVELOPMENTS, PARTNERING AND VENTURES.

GROWING BUSINESS (OPERATING SEGMENT GERMANY)

€ bn

2012 | 2015
--- | ---
7.5 | 9.2
2.0 | 3.0
5.3 | 5.4
0.2 | 0.7

+1.7

2015

[Legend]
- Growth Initiatives
- Mobile Data
- Connected Home
- Cloud
- Intelligent Networks
- De-Mail
- M2M

1 Revenues in the operating segment Germany.

LIFE IS FOR SHARING.
FINANCIAL OUTLOOK
REVENUE STABILIZATION IN 2014 DUE TO MARKET LEADERSHIP AND INNOVATION.

REVENUE STABILIZATION

€ bn

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth business</th>
<th>Basic revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>7.5</td>
<td>15.2</td>
</tr>
<tr>
<td>2013</td>
<td>9.2</td>
<td>13.0</td>
</tr>
<tr>
<td>2015</td>
<td>22.2</td>
<td>22.7</td>
</tr>
</tbody>
</table>

- 2014: Stable revenues
- 2015: Revenue split
  - Basic revenue < 60%
  - Growth revenue > 40%
- 2012/15: Growth business ≈ +25%

LIFE IS FOR SHARING.

![CAPEX Graph](image-url)

<table>
<thead>
<tr>
<th>Year</th>
<th>Basic Capex</th>
<th>FTTC/Vectoring Capex</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>3.4 bn</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>4.1 bn</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>4.3 bn</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>4.3 bn</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>4.3 bn</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>4.3 bn</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>4.3 bn</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>4.3 bn</td>
<td></td>
</tr>
</tbody>
</table>

Basic Capex ≈ €-4.4 bn cum.

FTTC/Vectoring Capex ≈ €+6 bn cum.
FTTC/VECTORING WILL BE FUNDED PARTLY BY REDUCTION OF BASIC CAPEX.

CAPEX

€ bn

<table>
<thead>
<tr>
<th>Year</th>
<th>FTTC</th>
<th>Basic Capex</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>3.4</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>4.1</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>4.3</td>
<td>1.1</td>
</tr>
</tbody>
</table>

FTTC/Vectoring Capex ≈ €+2.4 bn cum.
Basic Capex ≈ €-1.3 bn cum.
Total Capex ≈ €11.8 bn cum. (≈ €+1.1 bn above 2010 – 2012 cum.)
INVEST IN MARKET LEADERSHIP OVERCOMPENSATED BY INDIRECT OPEX REDUCTION.

**DIRECT COST**
€ bn

- 2012: 4.8
- 2015: 5.1

**INDIRECT COST**
€ bn

- 2012: 9.1
- 2015: 8.7

**Invest in revenue**
Increasing customer service efficiency
Lean IT and NT
Overhead reduction

2013 – 2015 ≈ €1.0 bn cum.

1 Indirect cost w/o capitalized labor

LIFE IS FOR SHARING.
INCREASING RETURN ON CAPITAL DUE TO OPEX SAVINGS AND LESS RESTRUCTURING PARTIALLY OFFSET BY INCREASING CAPEX.
OUR AMBITION: SECURE SUSTAINABLE BROADBAND MARKET LEADERSHIP IN GERMANY.

<table>
<thead>
<tr>
<th>MID-TERM AMBITION LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MARKET</strong></td>
</tr>
<tr>
<td>• #1 in mobile service revenue market share ≈ 35% 2015</td>
</tr>
<tr>
<td>• #1 broadband market share ≈ 43% 2015</td>
</tr>
<tr>
<td>• #1 in TV growth 2012 - 2015</td>
</tr>
<tr>
<td><strong>QUALITY</strong></td>
</tr>
<tr>
<td>• Customer loyalty index ≈ +10% 2015 vs. 2012</td>
</tr>
<tr>
<td><strong>FINANCIALS</strong></td>
</tr>
<tr>
<td>• Stable total revenues 2014</td>
</tr>
<tr>
<td>• Connected home revenues +2% 2015 vs. 2012</td>
</tr>
<tr>
<td>• EBITDA margin ≈ 40% 2012 - 2015</td>
</tr>
</tbody>
</table>
YOUR KEY TAKEAWAYS.

1. The best network: LTE + Fiber + Vectoring + Hybrid Access
2. Strong differentiators: best broadband coverage + largest distribution + best service
3. Revenue stabilization: monetization of mobile, fixed and integrated offerings
4. Solid financial performance: continued high margin