

# DEUTSCHE TELEKOM

## FY 2013 PRESS CONFERENCE



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# REVIEW Q4/FY 2013



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# 2013 KEY ACHIEVEMENTS: CREATING VALUE

## Segments

- Revenue trends further improved
- Adj. margin at 40% level
- Mobile market leadership regained
- INS roll-out started



- Organic revenue trends improved
- Revenue and cost transformation progressing well



- MetroPCS merger successfully accomplished
- Turnaround in subscriber development
- Value creation: EV improved by 53%



## Group

### Operational management:

- Efficiency: Tel IT delivers along plan – 0.35 billion IT spend reduction
- 0.8 billion more organic investments into the business
- FY 2013 guidance achieved



### Financial management:

- Stable rating
- Executed on dividend policy
- EPS and ROCE improved



### Portfolio management:

- Value of Scout Group crystallized
- GTS: enhancement of commercial opportunities in Europe at reasonable price



Total shareholder return 2013:

**+56%**



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# Q4 KEY ACHIEVEMENTS: TURNAROUND IN THE US CONTINUES, GERMANY REMAINS SOLID, EUROPE WITH SLIGHT IMPROVEMENT

<b>GROUP</b>	<ul style="list-style-type: none"> <li>▪ Growth in key areas: 1,639k mobile contract net adds, 163k TV net adds, 42k broadband net adds.</li> <li>▪ Revenue grows 6.5% to €15.7 billion. Organic revenue growth<sup>1</sup> of 2.8%.</li> <li>▪ Adj. EBITDA of €4.1 billion (+1.3%) and free cash flow of €1.0 billion in line to achieve full-year guidance.</li> <li>▪ Full year: ROCE improved to 3.8% up 6.2pp, adj. EPS improved to €0.63 (+6.8%).</li> </ul>
<b>GERMANY</b>	<ul style="list-style-type: none"> <li>▪ Growth in key areas: 638k mobile contract net adds, 56k TV net adds and 133k fiber net adds (incl. wholesale).</li> <li>▪ Revenue trend (-1.7%) slightly weaker vs. Q3 due to less handset sales; adj. EBITDA-margin of 35.9% in Q4 – delivered on 40% margin target for full year.</li> <li>▪ Underlying mobile service revenue (-0.4%) almost flat in Q4.</li> </ul>
<b>US</b>	<ul style="list-style-type: none"> <li>▪ Growth in key areas: +1,645k mobile customers, branded postpaid customers +869k.</li> <li>▪ Revenue in US-\$ grows 40.7% to US-\$6.9 billion driven by MetroPCS consolidation. Organic revenue growth<sup>1</sup> of 13.9%.</li> <li>▪ Adj. EBITDA grows 26.9% to 1US-\$3 billion. Organic<sup>1</sup> adj. EBITDA declines 7.9% due to record subscriber growth.</li> </ul>
<b>EUROPE</b>	<ul style="list-style-type: none"> <li>▪ Growth in key areas: 132k mobile contract net adds, 107k TV net adds, 64k broadband net adds.</li> <li>▪ Organic revenue<sup>1</sup> trend +0.4%, improved vs. Q3 primarily due to higher handset revenues.</li> <li>▪ Organic adj. EBITDA<sup>1</sup> up by +0.4%.</li> </ul>
<b>SYSTEMS SOLUTIONS</b>	<ul style="list-style-type: none"> <li>▪ Order entry with €2.4 billion, significantly below last year due to an exceptionally high order volume in Q4/12 driven by one big deal .</li> <li>▪ Organic revenue growth<sup>1</sup> of -0.6% at Market Unit. Tel-IT with expected revenue decline (-19.4%) supports IT spend reduction of 11% in group.</li> <li>▪ Adj. EBIT grows 23% in Market Unit – margin improved to 4.1%.</li> </ul>

1) Adjusted for changes in the scope of consolidation and currency fluctuations.



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# 2013: KEY FIGURES

€ mn	Q4			FY		
	2012	2013	Change	2012	2013	Change
Revenue	14,707	15,665	6.5%	58,169	60,132	3.4%
Adj. EBITDA	4,008	4,060	1.3%	17,973	17,424	-3.1%
Adj. net profit	200	355	77.5%	2,537	2,755	8.6%
Net profit	641	-752	n.a.	-5,353	930	n.a.
Adj. EPS (in €)	0.05	0.08	60.0%	0.59	0.63	6.8%
EPS (in €)	0.15	-0.18	n.a.	-1.24	0.21	n.a.
Free cash flow <sup>1</sup>	1,105	1,032	-6.6%	6,239	4,606	-26.2%
Cash capex <sup>2</sup>	2,357	2,466	4.6%	8,021	8,861	10.5%
Net debt (in € bn)	36.9	39.1	6.1%	36.9	39.1	6.1%

1) Free cash flow before dividend payments, spectrum investment, effects of AT&T transaction, and compensation payments for MetroPCS employees.

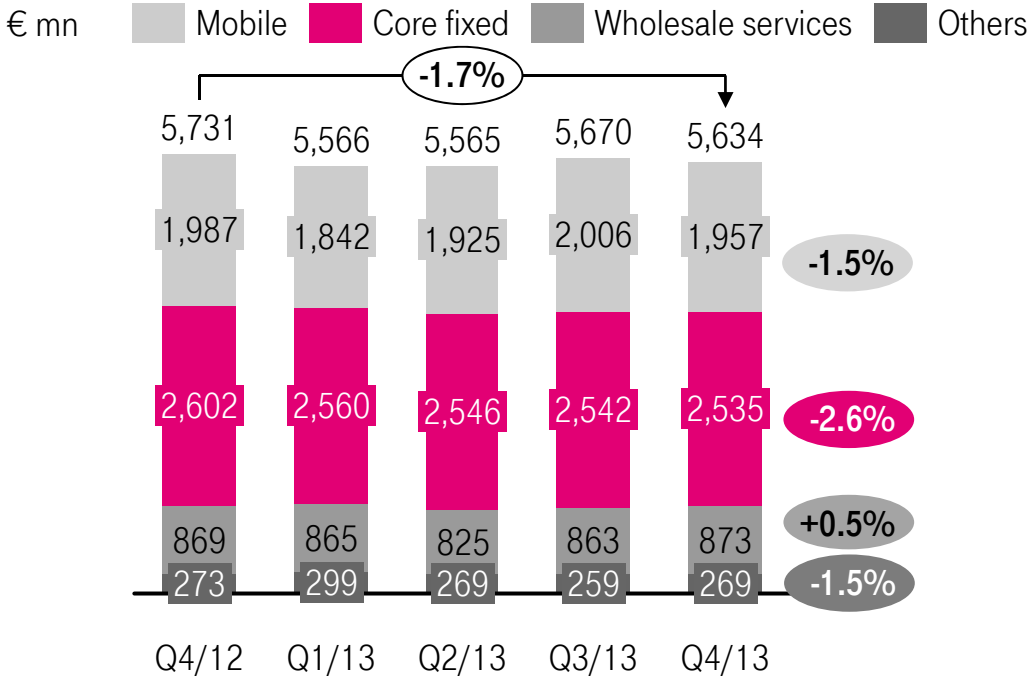
2) Before spectrum payments. Q4/13 €1,022 million, Q4/12 €82 million. FY/13 €2,207 million, FY/12 €411 million.



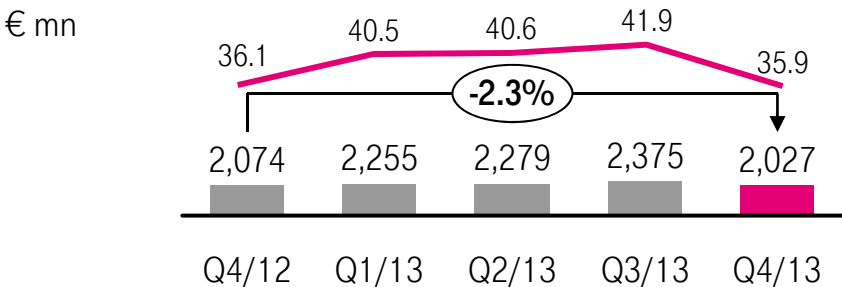
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# GERMANY: FY ADJ. EBITDA MARGIN AT AROUND 40%

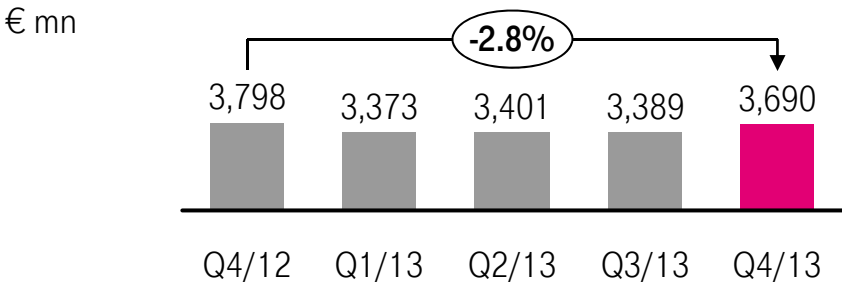
### Revenues



### Adj. EBITDA and margin (in %)



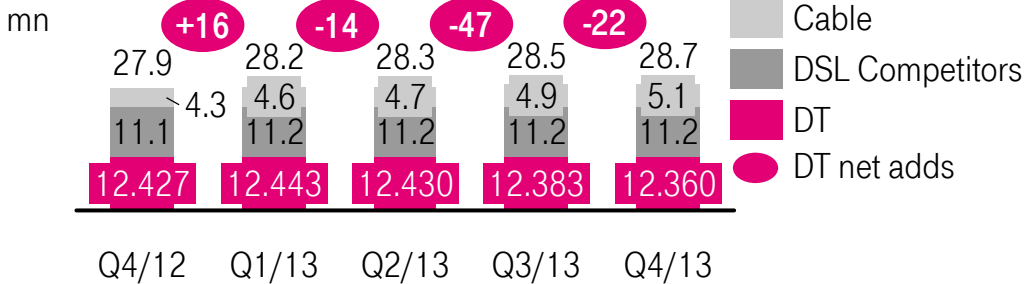
### Adj. OPEX



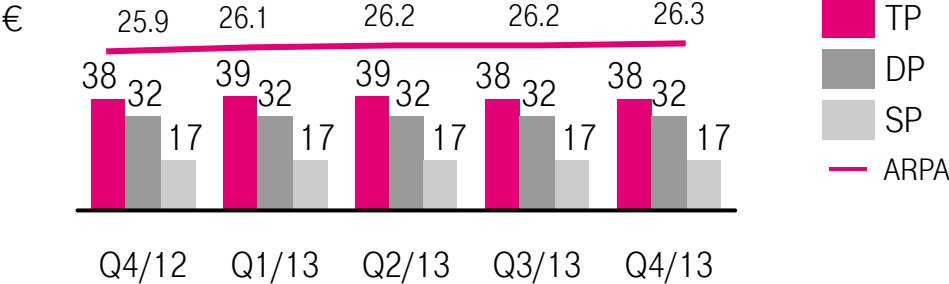
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# GERMANY: FIXED – INCREASING ARPA, FIBER BASE GROWING, LINE LOSSES DECREASING

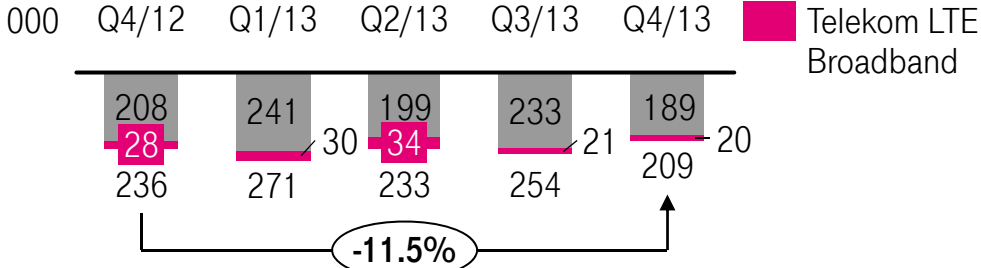
## German broadband market<sup>1</sup>



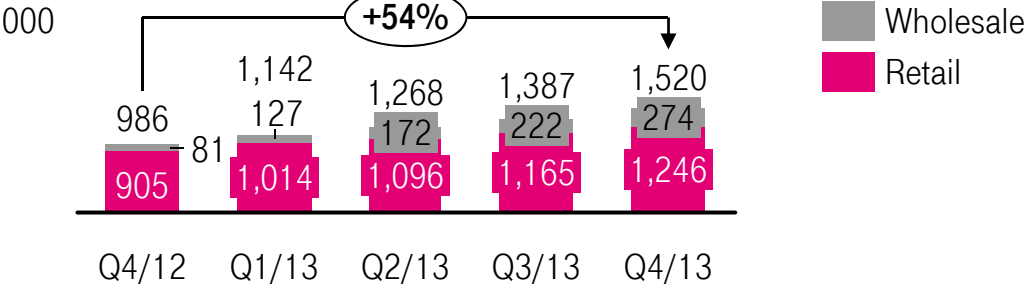
## Average revenue per access growing



## Line losses: improving trend despite LTE substitution



## Fiber customers: retail and wholesale

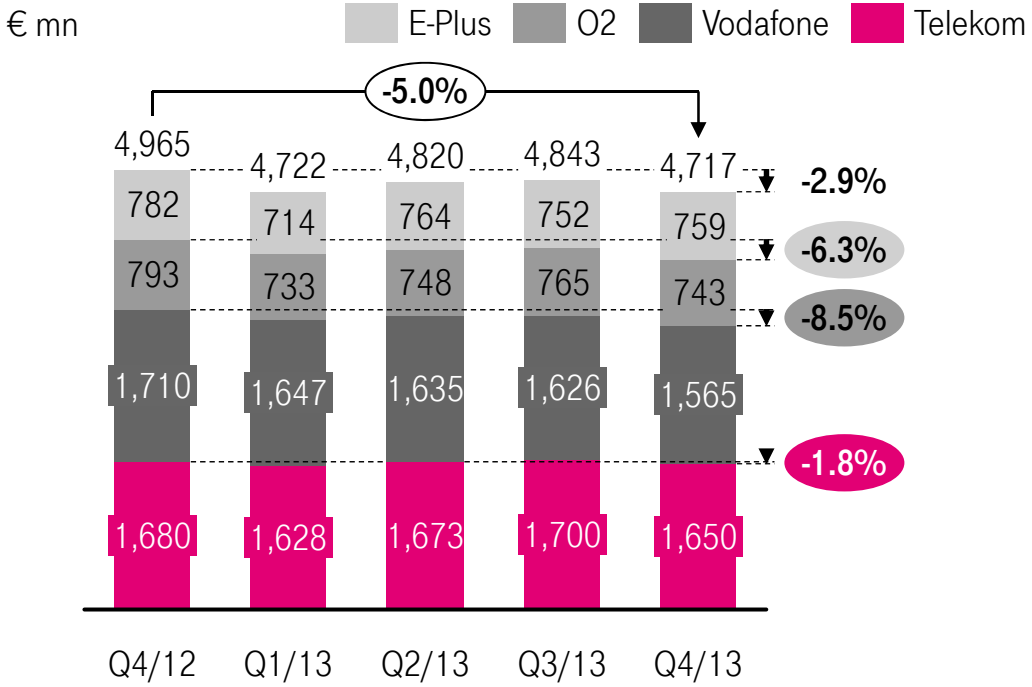


1) Based on management estimates

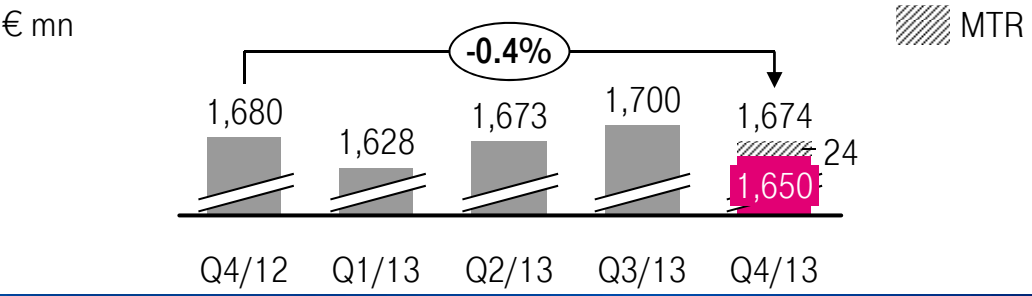


# GERMANY: MOBILE – CONTINUED OUTPERFORMANCE OF COMPETITION

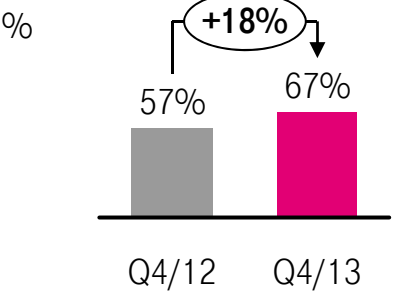
German mobile market service revenue



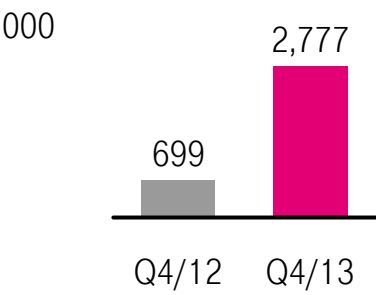
TD mobile service revenue excl. MTR cut



Smartphone penetration<sup>1</sup>



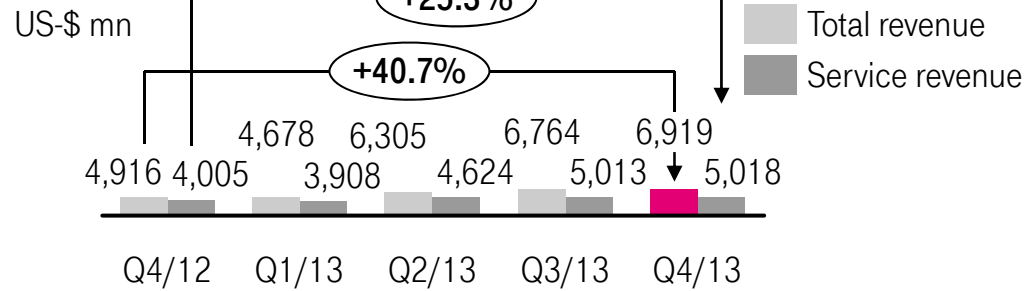
LTE customers<sup>2</sup>



1) Of T-branded consumer contract customers 2) Consumers using an LTE device and tariff plan including LTE

# TMUS: Q4 WITH STRONGEST CUSTOMER GROWTH SINCE 2005

## Revenue and service revenue

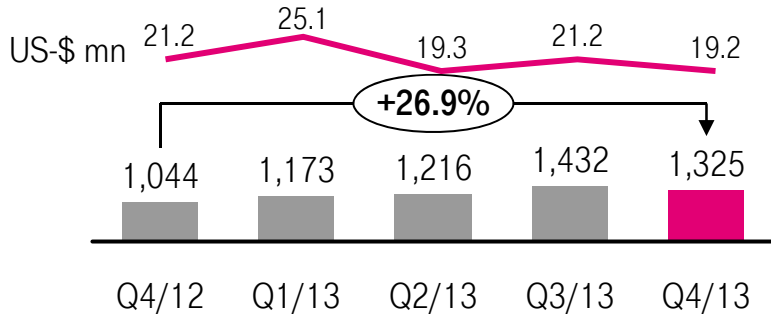


## Net additions

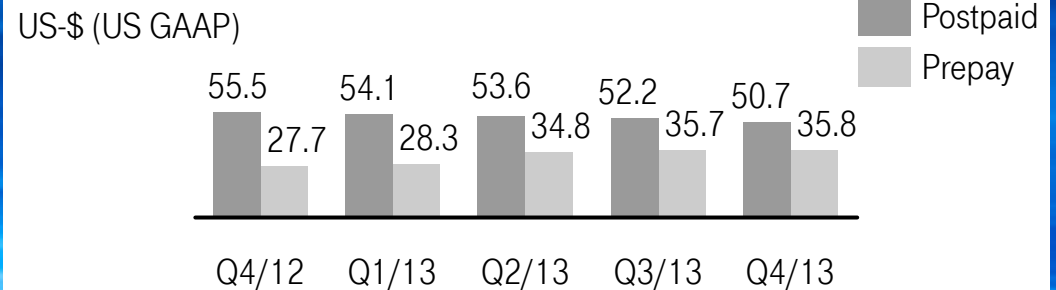
in 000

Category	Q4/12	Q1/13	Q2/13	Q3/13	Q4/13
Total net adds	61	579	1,130	1,023	1,645
Branded:					
▪ Postpaid	-515	-199	688	648	869
▪ Prepay	166	202	-10	24	112
Wholesale <sup>1</sup>	410	576	452	351	664

## Adj. EBITDA and margin (in %)



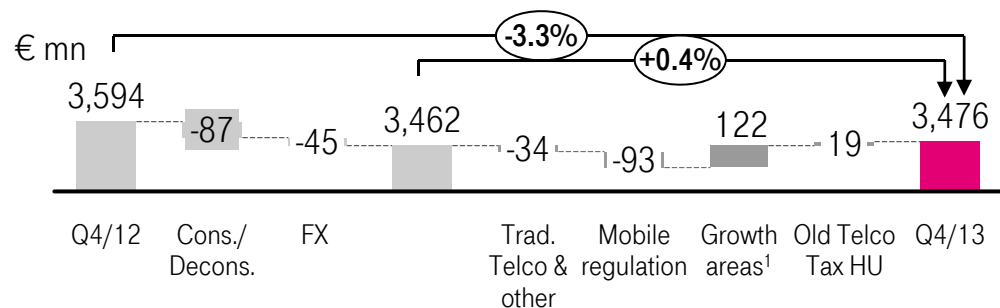
## Branded customers: postpaid and prepay ARPU



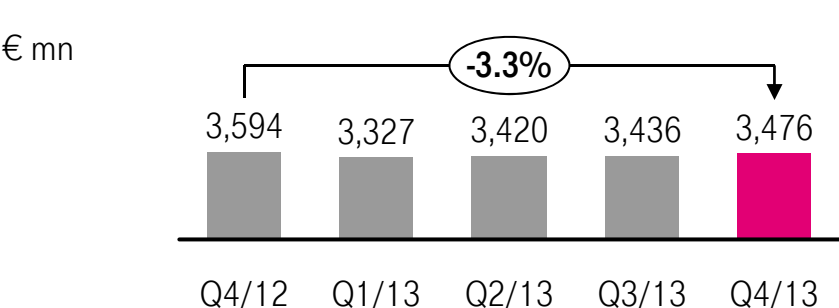
<sup>1</sup>) Wholesale includes MVNO and machine-to-machine (M2M). Amounts may not add up due to rounding.

# EUROPE: ORGANIC REVENUE AND ADJ. EBITDA WITH SLIGHT IMPROVEMENT

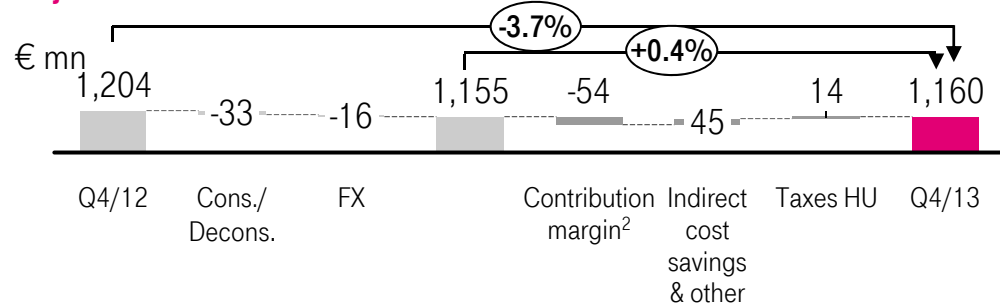
## Revenue



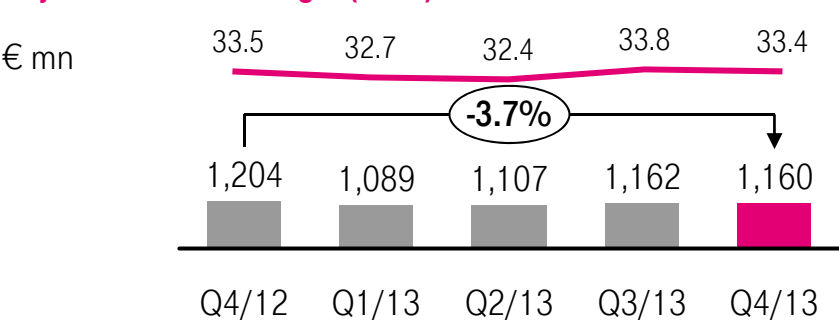
## Revenue



## Adj. EBITDA



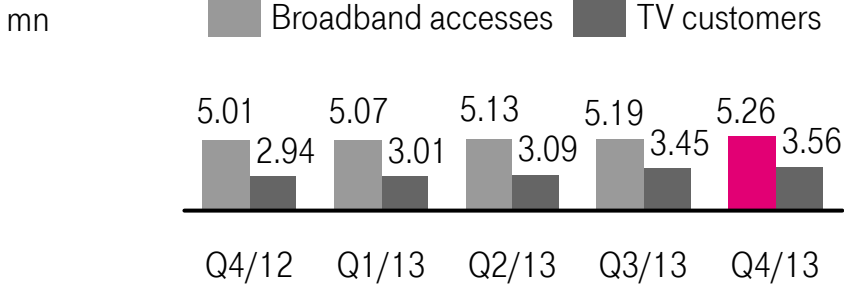
## Adj. EBITDA and margin (in %)



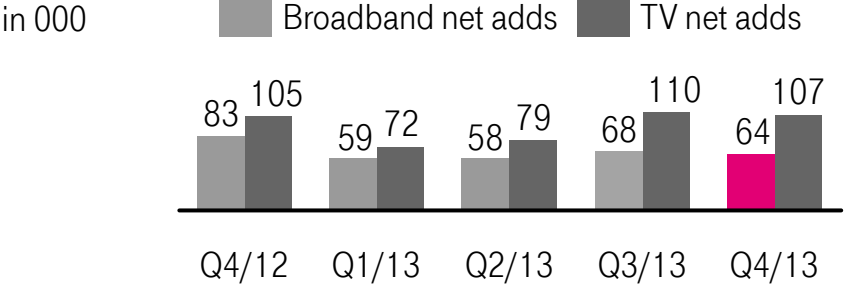
1) Mobile Data, Pay TV & fixed broadband, B2B/ICT, adjacent industries (online consumer services, energy, and other) 2) Total revenues – direct cost

# EUROPE: CONTINUED GROWTH IN MOBILE AND FIXED KEY AREAS

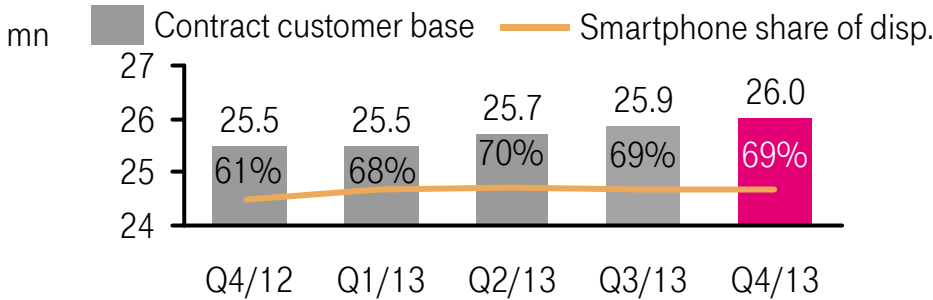
**Pockets of growth – broadband and TV<sup>1</sup>**



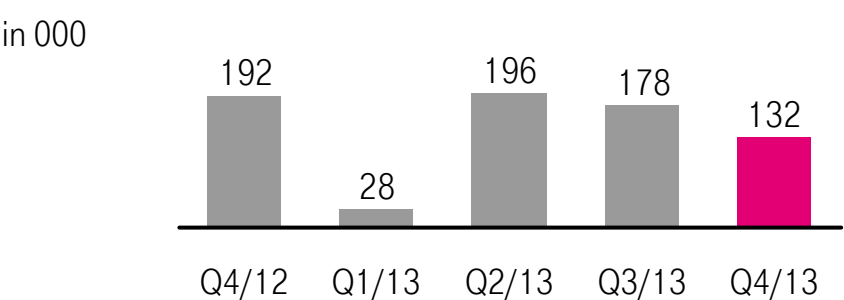
**Net adds – broadband and TV<sup>1</sup>**



**Pockets of growth – mob. contract and smartphones<sup>1</sup>**

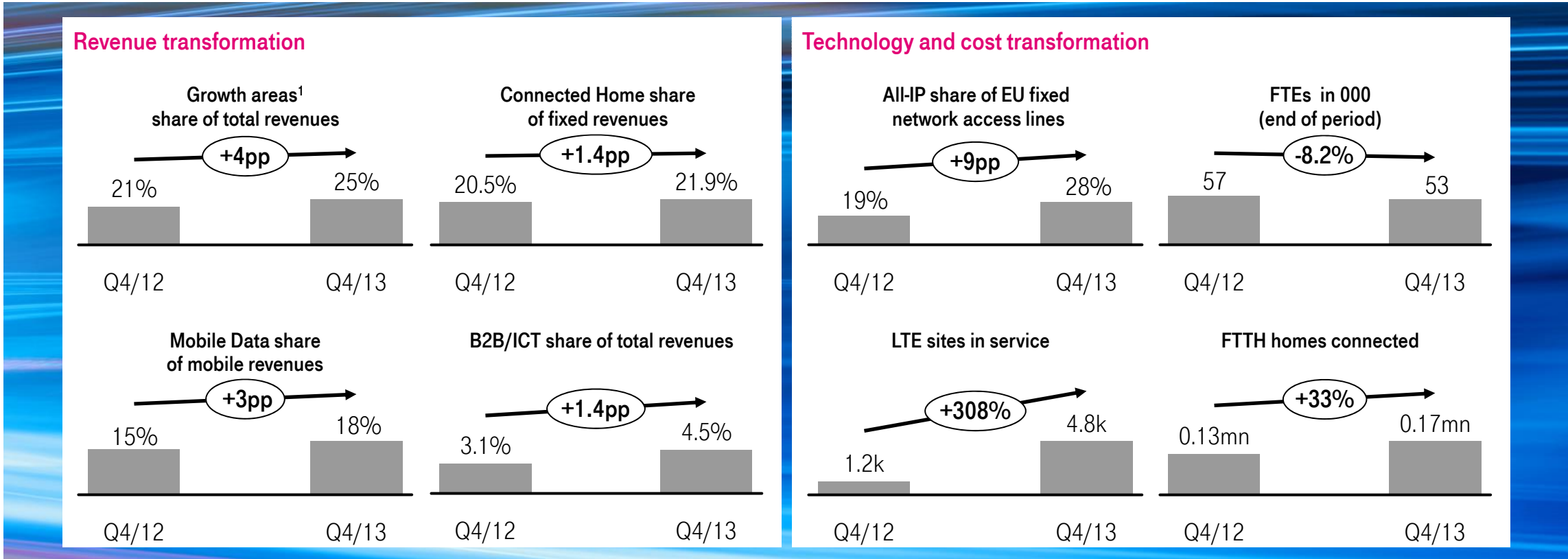


**Net adds – mobile contract<sup>1</sup>**



<sup>1</sup>) Incl. business customers shifted to T-Systems in Hungary as of January 1, 2011. Smartphone share w/o SK, RO, MK, AL, CG, and Bulgaria. TV figures include DiGi Slovakia as of September 1, 2013 (not counted as net adds). The customers of our companies in Bulgaria are no longer included in the Europe operating segment since August 1, 2013, following the sale of the shares held in the companies. They have been eliminated from the historical customer figures to improve comparability.

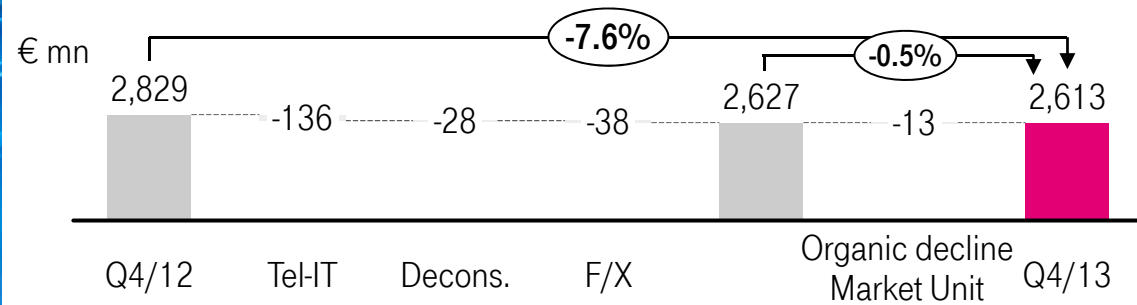
# EUROPE: COMMERCIAL AND TECHNOLOGY INITIATIVES DRIVING REVENUE AND COST TRANSFORMATION



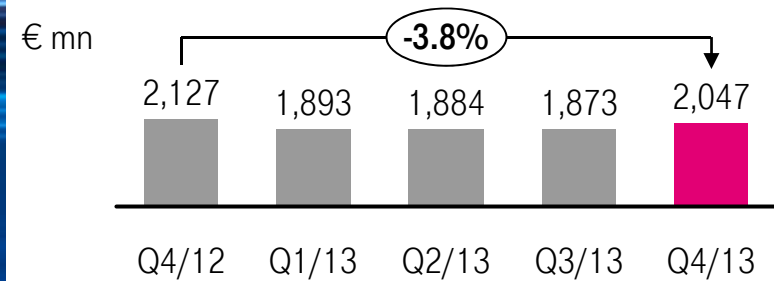
1) Mobile Data, Pay TV & fixed broadband, B2B/ICT, adjacent industries (online consumer services, energy, and other)

# SYSTEMS SOLUTIONS: EBIT MARGIN IMPROVED AT MARKET UNIT, TEL-IT DELIVERS ON COST SAVINGS

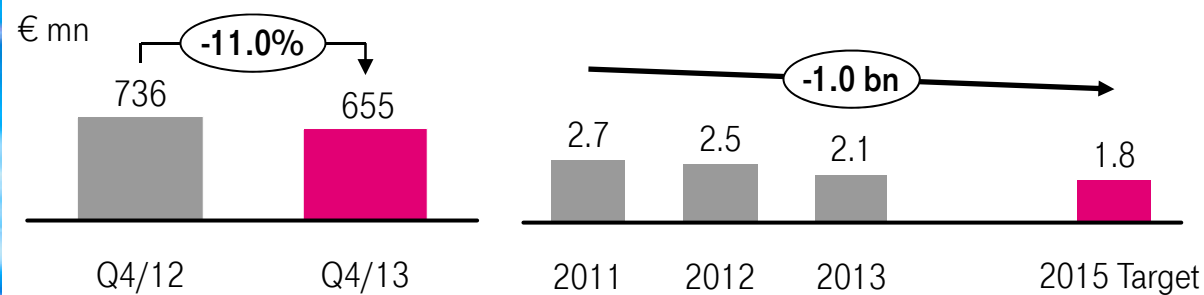
**Total revenue**



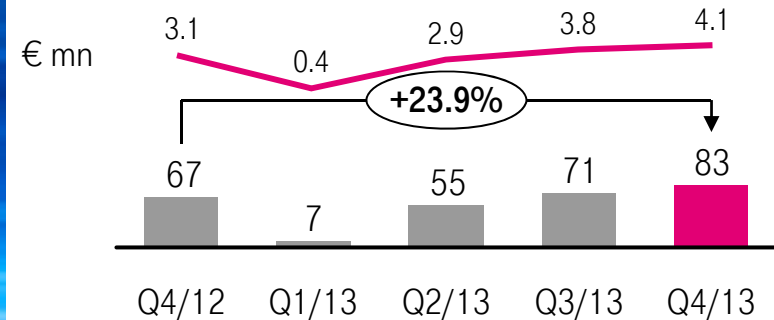
**Revenue Market Unit**



**Tel-IT spend reduction in Q4 and delivery versus target**



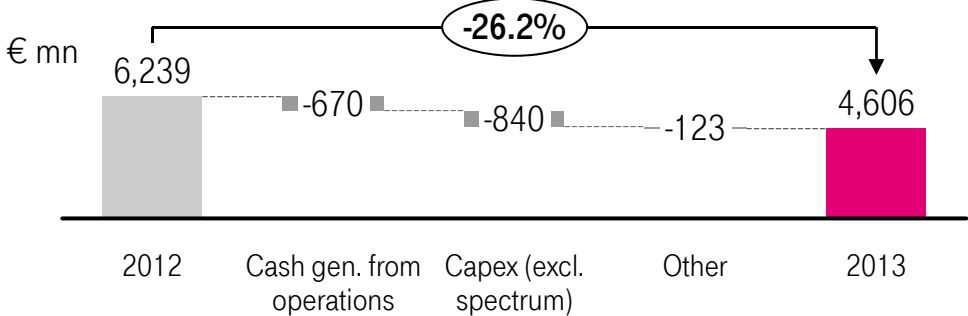
**Adj. EBIT and margin (in %) Market Unit**



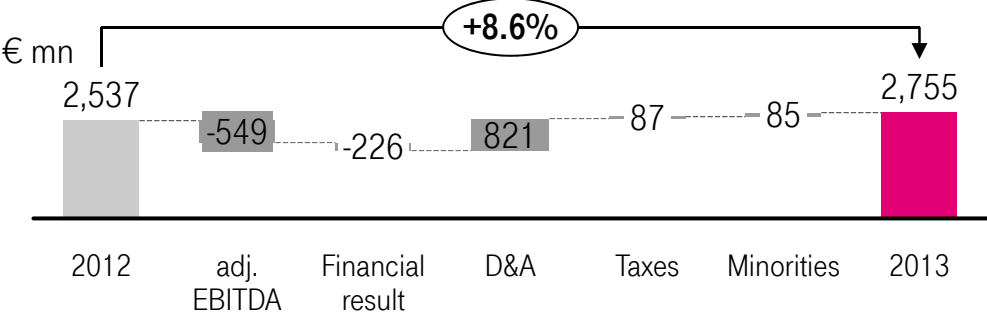
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# FINANCIALS: 2013 AND Q4 FCF AND ADJ. NET INCOME

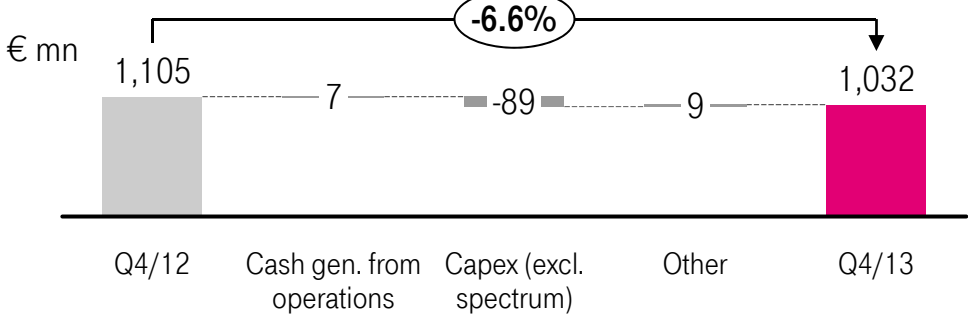
**Free cash flow 2013**



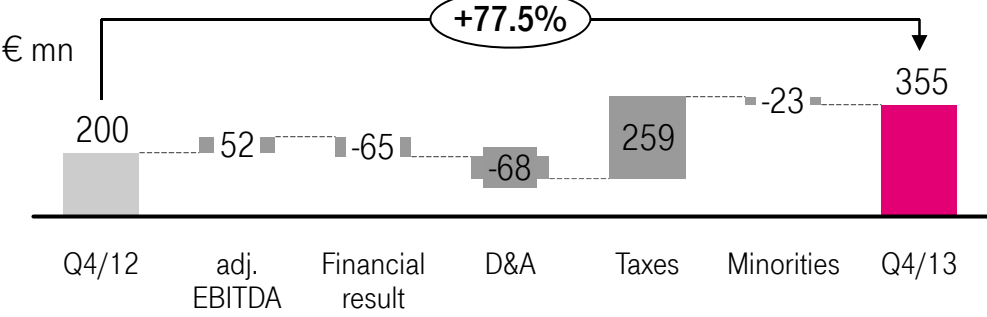
**Adj. net income 2013**



**Free cash flow Q4/13**



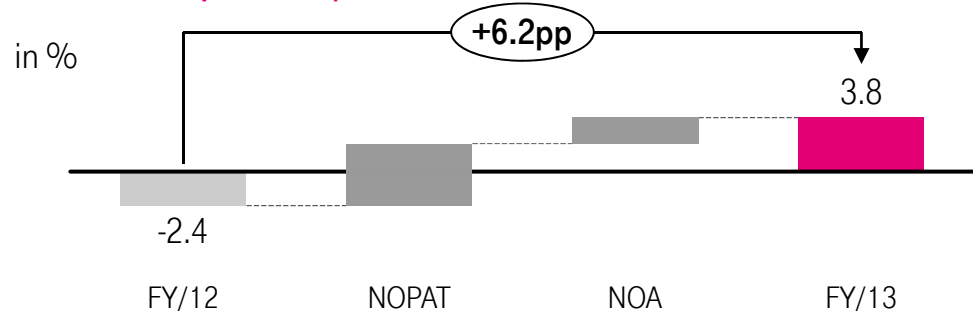
**Adj. net income Q4/13**



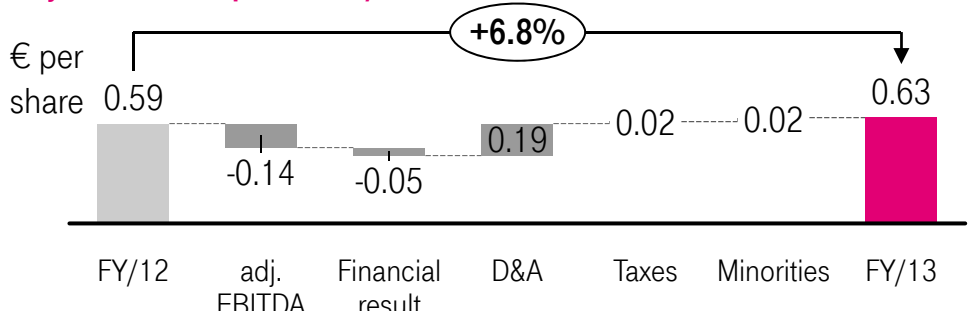
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# FINANCIALS: IMPROVEMENT IN ROCE AND ADJ. EPS

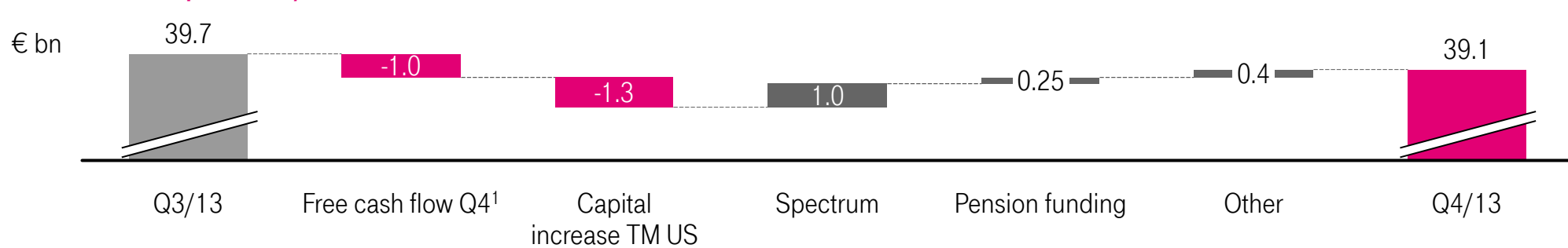
## ROCE development FY/13



## Adj. EPS development FY/13



## Net debt development Q4/13



1) Free cash flow before dividend payments, spectrum investment, effects of AT&T transaction, and compensation payments for MetroPCS employees



# FINANCIALS: BALANCE SHEET

€ bn	31/12/2012	31/03/2013	30/06/2013	30/09/2013	31/12/2013
Balance sheet total	107.9	108.8	116.1	115.3	118.1
Shareholders' equity	30.5	31.0	31.3	32.0	32.1
Net debt	36.9	37.1	41.4	39.7	39.1
Net debt/Adj. EBITDA <sup>1</sup>	2.1	2.1	2.4	2.3	2.2
Equity ratio	28.3%	28.5%	26.9%	27.8%	27.1%
<b>Comfort zone ratios</b>		<b>Current rating</b>			
Rating: A-/BBB	●	Fitch:	<b>BBB+</b>	stable outlook	
2 – 2.5x net debt/Adj. EBITDA	●	Moody's:	<b>Baa1</b>	stable outlook	
25 – 35% equity ratio	●	S&P:	<b>BBB+</b>	stable outlook	
Liquidity reserve covers redemption of the next 24 months	●				

1) Ratios for the interim quarters calculated on the basis of previous 4 quarters. Ratio in 2013 negatively influenced by full consolidation of MetroPCS debt, without accounting for Metro's EBITDA in the previous quarters.

# DEUTSCHE TELEKOM

## LEADING TELCO



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# TREND ANALYSIS



Digital agenda   HetNets   Multiple contractual relationships  
Competitive advantage through best networks   Shrinking telecoms margins  
Internet of things   Cloud   IP-transformation   Global telecoms giants  
Mobile payment system   Local size   Data analyses/BI  
eCompany   Ability to monetize network quality   Smart TV  
Network sharing   Superiority of integrated networks   E-mobility  
Reduction in MTRs   Focus on efficiency   Network outsourcing  
TrustCo   Mobile spectrum   Bring your own device   Open development platforms  
Bandwidth demand rising   Green IT   Vectoring   Willingness to pay for value added services



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# INDUSTRY: TRENDS & OPPORTUNITIES



## CUSTOMER AND MARKET TRENDS

**CLOUD/INDUSTRY DIGITIZATION**  
**USD 107 BN IN 2017**  
 MARKET POTENTIAL

Quelle: IDC

**DIGITIZATION PERS.COMMUNICATION/MEDIA OUTLOOK WEARABLES:**  
**>6 DEVICES/PERSON IN 2020**

Quelle: Cisco

**FIX-MOBILE CONVERGENCE**  
**SEAMLESS CONNECTIVITY AND BUNDLED OFFERINGS**

Source: IDC

**M2M**  
**EUR 300 BN IN 2020**  
 MARKET POTENTIAL

Quelle: Machina Research

**BIG DATA**  
**USD 24 BN IN 2016**  
 MARKET POTENTIAL

Quelle: IDC

## INFRASTRUCTURE TRENDS

**GLOBAL IP TRAFFIC**  
**1.3 ZETTABYTES IN 2017**

Quelle: Cisco

**ALL-IP-MIGRATION**  
**MODERN PLATFORM, COST-EFFICIENT PRODUCTION**

**NETWORK VIRTUALIZATION**  
**SOFTWARE DEFINED NETWORKS**



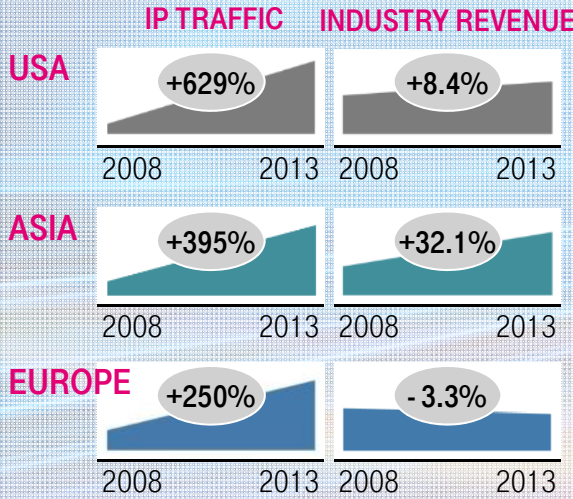
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# INDUSTRY: CHALLENGES



## EUROPEAN TELCO INDUSTRY IS FALLING BEHIND



Source: Cisco, IDATE – illustrative

## INTENSIVE COMPETITION AND INDUSTRY POLICY

### REGULATION



- Pressure on revenue models
- MTRs in GER up to ≈ -80% (since 2006)
- Asymmetric regulation

### INDUSTRY COMPETITION



- Competition from cable providers: BB net add share in Germany: ≈ 90% in 2013 (cable)
- Intense competition/consolidation

### SHIFT PROFIT POOLS



- OTT as competition in core business
- Mkt. capitaliz. OTT compared to telco
- OTT network load, no invest in build-out

## HIGH INVESTMENT NEED



### FIXED NETWORK

- Broadband/high-speed networks/all-IP
- Expansion of FTTC/H, vectoring

### MOBILE COMMUNICATIONS

- TM US: need for high investment in spectrum
- DT: 4G/LTE networks/spectrum
- DT: backhaul

### PRODUCTS

- Development of new products & content
- Digital services, cloud



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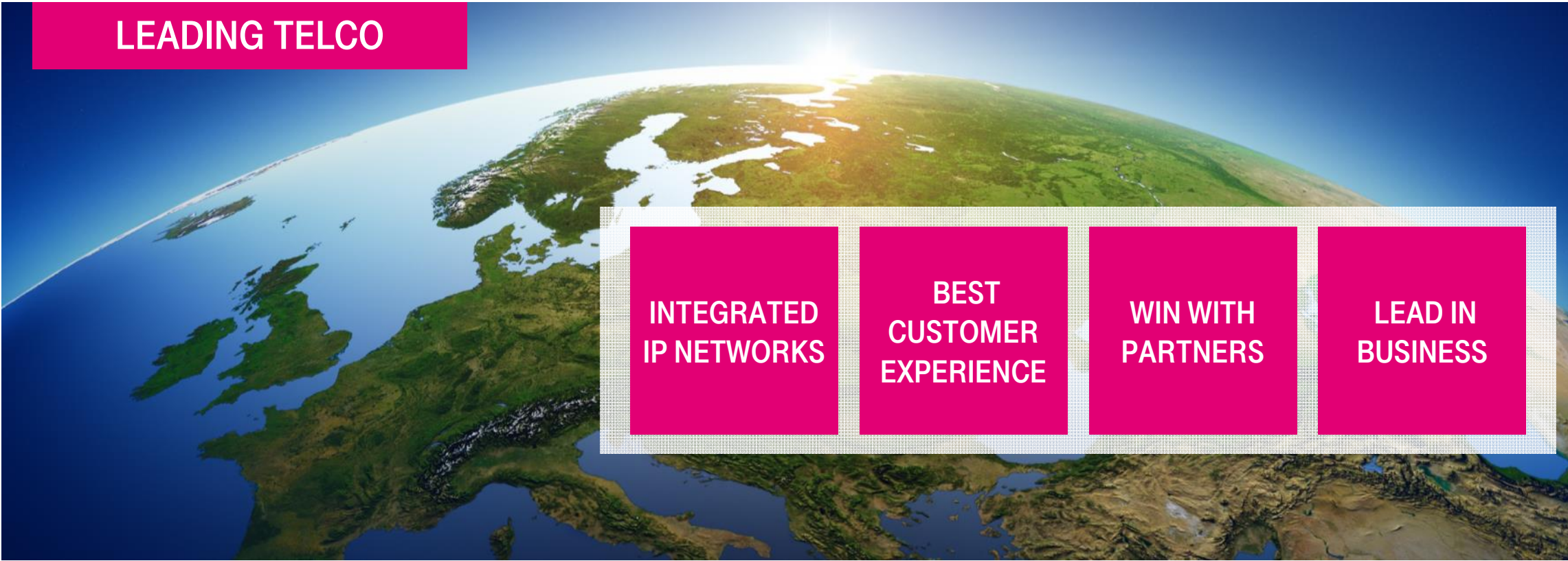


# WE POSITION OURSELVES FOR THE FUTURE



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# OUR AMBITION: LEADING EUROPEAN TELECOMMUNICATIONS PROVIDER

An aerial satellite-style view of Europe and the surrounding oceans. A bright sun is visible on the horizon over the North Atlantic. Overlaid on the image are several text boxes. A pink box in the top left contains the text 'LEADING TELCO'. A white box with a grid pattern in the center contains four pink boxes, each with white text: 'INTEGRATED IP NETWORKS', 'BEST CUSTOMER EXPERIENCE', 'WIN WITH PARTNERS', and 'LEAD IN BUSINESS'.

**LEADING TELCO**

**INTEGRATED IP NETWORKS**

**BEST CUSTOMER EXPERIENCE**

**WIN WITH PARTNERS**

**LEAD IN BUSINESS**



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# INTEGRATED IP NETWORKS

INTEGRATED  
IP NETWORKS

BEST  
CUSTOMER  
EXPERIENCE

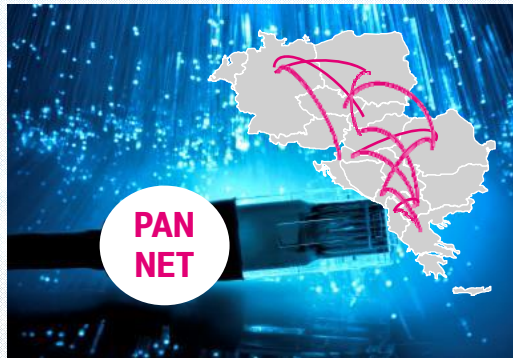
WIN WITH  
PARTNERS

LEAD IN  
BUSINESS

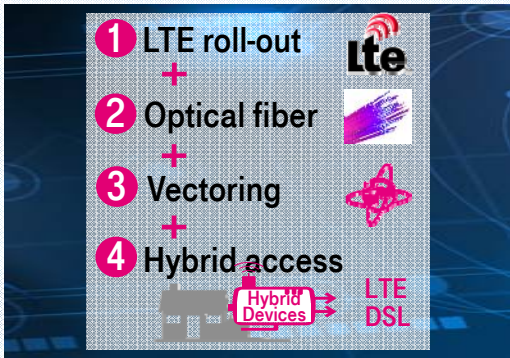
## ALL-IP TRANSFORMATION



## PAN-EUROPEAN NETWORK



## INTEGRATED NETWORK STRATEGY



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# INTEGRATED IP NETWORKS

INTEGRATED IP NETWORKS	BEST CUSTOMER EXPERIENCE	WIN WITH PARTNERS	LEAD IN BUSINESS
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<h3>ALL-IP TRANSFORMATION</h3> <ul style="list-style-type: none"> <li>Modern, future-proof <b>IP platform, focus on customer</b>: faster installation of services and products</li> <li><b>More cost-effective production</b> (Example Macedonia: OPEX savings: EUR 10/customer/year)</li> <li>Ambition : transformation <b>by 2018</b>  <span style="color: #e91e63;">🇩🇪</span> <b>Completed</b>, currently:  <span style="color: #e91e63;">&gt;2 million</span> customers migrated in <span style="color: #e91e63;">2013</span>  <span style="color: #e91e63;">2.7 million</span> IP accesses <b>TARGET: TRANSFORMATION 2018 COMPLETED</b></li> </ul>	<h3>PAN-EUROPEAN NETWORK</h3> <ul style="list-style-type: none"> <li>DT as <b>technology front runner in Europe</b>: design of a common European production model</li> <li>Based on a transformed <b>IP network</b></li> <li>Advancing <b>virtualization</b> of individual <b>network components</b></li> </ul> <p style="text-align: right;"><b>TARGET: TECHNOLOGY FRONT RUNNER START PAN-NET SET UP BY 2015</b></p>	<h3>INTEGRATED NETWORK STRATEGY</h3> <ul style="list-style-type: none"> <li><b>LTE roll-out:</b>  <span style="color: #e91e63;">🇩🇪</span> <b>85%</b> coverage (up to end of 2016)  <span style="color: #e91e63;">🇪🇺</span> LTE in all NatCos  <span style="color: #e91e63;">50 to 85% coverage (end of 2017)</span></li> <li><b>Broadband expansion</b>  <b>Vectoring</b>: combination of FTTC and new technology  <b>Optical fiber/FTTx</b> (connectable partly combined with vectoring/VDSL)  <span style="color: #e91e63;">🇩🇪</span> <b>&gt;24 million</b> HH (end of 2016)  <span style="color: #e91e63;">🇪🇺</span> <b>&gt; 9 million</b> HH (end of 2016)</li> </ul> <p style="text-align: right;"><b>TARGET: NETWORK INVEST €6.5 bn in GER/EU 2014-2017</b></p>
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# BEST CUSTOMER EXPERIENCE

INTEGRATED IP NETWORKS	<b>BEST CUSTOMER EXPERIENCE</b>	WIN WITH PARTNERS	LEAD IN BUSINESS
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### BEST NETWORK

connect TESTSIEGER

CHIP Bestes Netz

Computer Bild DAS BESTE NETZ

Kundenzufriedenheitsstudie 2013  
Branchen: Mobilfunkanbieter  
Im Urteil der Kunden ist die Telekom der  
TESTSIEGER mit dem BESTEN MOBILFLYNETZ  
www.telekom.de/telekomglobe  
"Kundenzufriedenheit"  
Deutschland

### INTEGRATED PRODUCTS

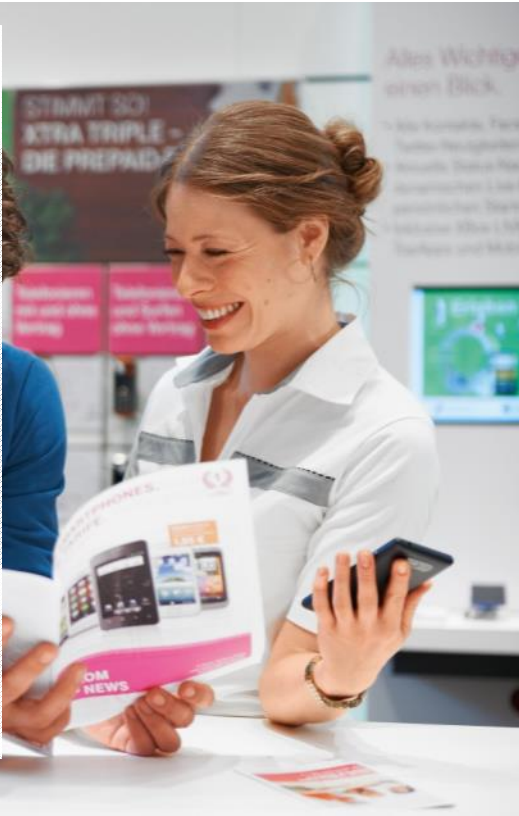
Hybrid router

### BEST SERVICE

Service apps

Video chat

Service via social media





# BEST CUSTOMER EXPERIENCE



### BEST NETWORK

- **Best network quality** at home or on the move
- **Top speed** in all networks
- **LTE:** Speed up to **300 Mbit/s** (LTE advanced)
- **FTTC & vectoring:** up to **100 Mbit/s** download, upload **40 Mbit/s**
- **Hybrid network** (fiber + LTE): up to **250 Mbit/s** download, upload up to **90 Mbit/s**

**TARGET:**  
NO.1 IN NETWORK COVERAGE, STABILITY & BANDWIDTH

### INTEGRATED PRODUCTS

- **Integrated products/services** for fixed/mobile communications **from a single source**
- **Hybrid routers** for the combination of optical fiber/LTE (up to 250 Mbit/s)
- Convergent **package rates** for fixed network/mobile comms/TV/partner services
- Customers profit from **simplicity and increased performance**

**TARGET:**  
MARKET LAUNCH INTEGRATED PRODUCTS 2014

### BEST SERVICE

- **Easy and fast** service for the **best customer experience**
- Consistent customer experience across **all channels**
- Strengthening **online channels**
- Customers can carry out **service processes flexibly** themselves
- **Integrated view** of our customer data
- **Best Telco** in TRIM-Score

**TARGET:**  
NO.1/NO.2 IN CUSTOMER PERCEPTION



# WIN WITH PARTNERS

INTEGRATED  
IP NETWORKS

BEST  
CUSTOMER  
EXPERIENCE

WIN WITH  
PARTNERS

LEAD IN  
BUSINESS

## “STECKERLEISTE”



### EASY-TO-PARTNER PLATFORM

- Integration in marketing & sales channels
- Authentication, authorisation, billing
- Processes & security

## NEW GENERATION TV



## PLATFORM-BASED BUSINESS



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# WIN WITH PARTNERS



## “STECKERLEISTE”

- Set up **partner system for innovative services** (“Steckerleiste”): state-of-the-art services for customers by **working with partners** (e.g. Spotify)
- **EU-wide connection** of services in the DT product portfolio
- **DT “preferred telco”** for OTT partners (security, technical integration, onboarding process, marketing, etc), Partner **integration in 3 months**

**TARGET:**  
PARTNER INTEGRATION  
IN 3 MONTHS

## NEW GENERATION TV

- Best **HD-offering** & **Premium-Contents**
- Live (multi-cast) and on-demand-contents **on all screens**
- Delivered via **IPTV/DVB**, in addition **OTT-partner contents**
- **Comfort features** as instant restart
- **Social media integration** and interactivity on all devices
- **Personalized** recommendations

**TARGET:**  
10 M TV-CUSTOMERS  
UNTIL 2017 (GERMANY/EU)

## PLATFORM-BASED BUSINESS

- Expansion of B2B2X business, **DT as a platform for third-party providers**
- Current examples:
- **Qivicon**/smart home
  - Publishing platform/**Tolino**
  - **Intelligent networks** (Connected Car, e-health, smart energy)
  - **M2M**/Industry 4.0 solutions
  - **Payment**/MyWallet

**TARGET:**  
BUILD OUT PLATFORMS FOR  
INNOVATIVE SOLUTIONS



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# LEAD IN BUSINESS

- INTEGRATED IP NETWORKS
- BEST CUSTOMER EXPERIENCE
- WIN WITH PARTNERS
- LEAD IN BUSINESS**

### T-SYSTEMS 2015+



TRANSFORMATION@  
T-SYSTEMS 2015+

### STRENGTHENING B2B IN EUROPE



### GERMAN SME INITIATIVE



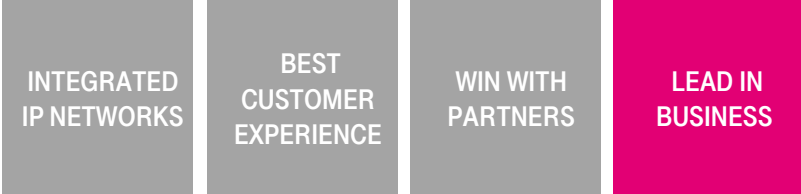




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# LEAD IN BUSINESS



## T-SYSTEMS 2015+

- Restructuring of IT business to focus on **scalable, platform-based IT products** (standardized IT)
- Focus on **digital innovation areas:** scalable solutions from the areas of **cloud, security, big data, M2M**, etc.
- Transformation and integration services for B2B customers in the cloud through standardized IT products

**TARGET:** ≈ 50% TSI REVENUE THROUGH STANDARDIZED IT PRODUCTS (FROM 2017)

## STRENGTHENING B2B IN EUROPE

- **Focussed expansion** of mobile-centric NatCos to include fixed-network products
- **Business excellence** initiative in Europe: **strengthening of market position** in B2B segment

Initial implementation successes:

- **GTS** strengthening B2B in Eastern Europe
- **TSCZ** integrated in **T-Mobile Czech Republic**

**TARGET:** ICT REVENUE GROWTH BY ≈ 20% IN EU (CAGR 2012-15)

## GERMAN SME INITIATIVE

- Focus on **SME growth market:** continuation of success story in the telecommunications market share, **expansion of IT market share**
- **Extended product portfolio** (also through partners) with focus on cloud, security, convergent products, collaboration
- **New “go-to-market” initiatives:** central order center and partner networks for sales

**TARGET:** +€600 M IT-REVENUE in SME (UNTIL 2018 in GERMANY)



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# OUR AMBITION: LEADING EUROPEAN TELECOMMUNICATIONS PROVIDER

## LEADING TELCO

### INTEGRATED IP NETWORKS

- All-IP transformation
- Pan-European network
- Integrated network strategy

### BEST CUSTOMER EXPERIENCE

- Best network
- Integrated products
- Best service

### WIN WITH PARTNERS

- “Steckerleiste”
- New generation TV
- Platform-based business

### LEAD IN BUSINESS

- Transformation TSI 2015+
- Strengthening of B2B in Europe
- German SME initiative



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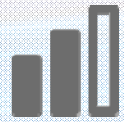
# OUR FINANCE STRATEGY – PROVEN AND STILL VALID

<h3>EQUITY</h3> <p>Reliable <b>shareholder remuneration</b> policy</p> <p><b>Dividend<sup>1</sup></b></p> <ul style="list-style-type: none"><li>▪ FY 2013: €0.50</li><li>▪ FY 2014: €0.50</li><li>▪ FY 2015: re-visit</li></ul> <p>Attractive option: dividend in kind</p>	<h3>STRATEGY LEADING TELCO</h3> <table border="1"><tr><td data-bbox="889 570 1085 764">INTEGRATED IP NETWORKS</td><td data-bbox="1126 570 1322 764">BEST CUSTOMER EXPERIENCE</td><td data-bbox="1362 570 1559 764">WIN WITH PARTNERS</td><td data-bbox="1599 570 1795 764">LEAD IN BUSINESS</td></tr></table> <h3>VALUE CREATION: ROCE &gt; WACC</h3> <ol style="list-style-type: none"><li><b>1 EFFICIENCY MANAGEMENT</b> – Reduce costs by “target costing” and increase ROCE above cost of capital</li><li><b>2 PORTFOLIO MANAGEMENT</b> – Deliver on preferred business model (integrated + B2C/B2B) and value generation</li><li><b>3 RISK MANAGEMENT</b> – Maintain low risk country portfolio</li><li><b>4 FAST TRANSFORMATION</b> – Support fast IP migration and transform network infrastructure</li></ol>	INTEGRATED IP NETWORKS	BEST CUSTOMER EXPERIENCE	WIN WITH PARTNERS	LEAD IN BUSINESS	<h3>DEBT</h3> <p>Undisputed <b>access to debt capital markets</b></p> <ul style="list-style-type: none"><li>▪ <b>Rating:</b> A-/BBB</li><li>▪ <b>Net debt/adj. EBITDA:</b> 2 – 2.5x</li><li>▪ <b>Equity ratio:</b> 25 – 35%</li><li>▪ <b>Liquidity reserve:</b> covers maturities of coming 24 months</li></ul>
INTEGRATED IP NETWORKS	BEST CUSTOMER EXPERIENCE	WIN WITH PARTNERS	LEAD IN BUSINESS			

1) Subject to necessary AGM approval and board resolution



# PORTFOLIO TRANSFORMATION



## STRENGTHEN THE STRENGTH



- Create, protect & invest for “economic FMC fortresses”
- Continue network investments



## DE-RISKING T-MOBILE US



- Capture MetroPCS synergies
- Maintain & monetize Un-carrier momentum



## PORTFOLIO DISCIPLINE



- Acquisitions to be funded by cleaning up weak spots
- Exit where structurally challenged/no ROCE > WACC path



## ENABLE STRATEGIC FLEXIBILITY



- Monetize non-core assets to protect balance sheet (e.g. Scout)



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# GUIDANCE<sup>1</sup>

	2013 RESULTS		GUIDANCE 2014	AMBITION 2015
€ bn	Reported	Pro forma <sup>2</sup>		
Revenue	60.1	60.9	Slight growth <sup>3</sup>	Growing
Adj. EBITDA	17.4	17.6	flat around 17.6 <sup>4</sup>	Growing
FCF	4.6	4.6	around 4.2	Slight growth
<b>SHAREHOLDER REMUNERATION POLICY<sup>5</sup></b>				
Unchanged				
<ul style="list-style-type: none"> <li>▪ 2013/2014: €0.50 per share</li> <li>▪ 2015: re-visit</li> </ul>				

1) Guidance based on constant exchange rates and no further changes in the scope of consolidation 2) Adjusted for changes in the scope of consolidation 3) Versus 2013 pro forma 4) Excl. Scout, which contributed 0.1 bn of EBITDA in 2013  
5) Subject to necessary board approvals and AGM resolution

# UPDATE MID-TERM AMBITION CMD 2012

	MID TERM AMBITION (INCL. PCS)		
GROUP REVENUES	Growing	2014	●
GROUP Adj. EBITDA	Growing	2014	●
GROUP FCF	≈ €6 bn	2015	●
GROUP Adj. EPS	Improvement to ≈ €0.80	2015	●
GROUP ROCE	Improvement to ≈ 5.5%	2015	●
SHAREHOLDER REMUNERATION POLICY	Review	2015	●





**DEUTSCHE TELEKOM**

FY 2013 RESULTS PRESS CONFERENCE

**Q&A**



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**THANK YOU!**



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