Deutsche Telekom Investor Day.
Southern & Eastern Europe.

March 18, 2010
Guido Kerkhoff

Life is for sharing.
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Impressive footprint in Southern and Eastern Europe.

**The Region**
- 9 countries
- Population of > 65 mn

**Customer Figures 2009**
- Fixed Network Access lines: 11.9 mn
- Broadband Access lines: 3.8 mn, thereof retail 3.5 mn
- IPTV 425k customers, TV total 1.9 mn
- Mobile: 34.6mn customers: More than 50% of SEE population is a DT mobile customer

**Top Market Position**
- Fixed: 7 x No 1
- Mobile: 6 x No 1
  - 2 x No 2
  - 1 x No 3

**Financials 2009**
- €9.7 bn revenues
  - 15% of Group Revenues
- €3.8 bn adj. EBITDA
  - 19% of Group EBITDA

**High Profitability**
- 40% adj. EBITDA Margin
  - 2009 at > 43% w/o OTE

1) By customer numbers. Source: company reports, in Bulgaria DT estimate due to lack of public data.
Strong market position translating into high profitability.

1) DT revenues: only core markets (connectivity markets); organic = FX-adjusted; Source: BCG market Data.
Content.

- Macroeconomics/competitive situation
- SEE’s Strategy Implementation Program
- SEE Country-by-Country overview
Macroeconomic Situation.

- 2008: Stable revenues in times of growth
- 2009: only 3.8% revenue decline at an average drop of 8pp in GDP growth

1) Source BCG-Analysis
2) FX-adjusted on average 2007 F/X rates; OTE proforma estimate incl. January 2009
Challenges through fierce competition in different areas.

TV players offering voice and broadband

Aggressive regional 3play offers

Aggressive 4play offer

Discount provider

Crisis as a chance for No. 3 players

Prepay price competition

Increasing attacks from strong competitors

Prepay price competition
Content.

- Macroeconomics/competitive situation
- SEE’s Strategy Implementation Program
- SEE Country-by-Country overview
SEE’s Fix – Transform – Innovate strategy implementation program.

**TRANSFORM**
- Leverage One Company in integrated assets
  - Customer life time value
  - Channel mix & differentiate service
  - Customer centric organization
  - Platforms consolidation
  - Drive cost efficiency
- Build networks and processes for the Gigabit Society
  - Optimize access strategy
  - Align wholesale approach
  - Drive cost efficiency

**INNOVATE**
- Connected Life across all screens
  - Leverage three screens
  - Defend price premium
  - Grow beyond core
- Connected Work with unique ICT solutions
  - Business customer segment
  - Defend price premium
  - Grow beyond core
SEE’s Fix – Transform – Innovate strategy implementation program.

**TRANSFORM**

<table>
<thead>
<tr>
<th>Measure</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Customer life time value</td>
</tr>
<tr>
<td>2</td>
<td>Channel mix &amp; differentiate service</td>
</tr>
<tr>
<td><strong>3</strong></td>
<td>Customer centric organization</td>
</tr>
<tr>
<td>4</td>
<td>Platforms consolidation</td>
</tr>
<tr>
<td>7</td>
<td>Drive cost efficiency</td>
</tr>
<tr>
<td>5</td>
<td>Optimize access strategy</td>
</tr>
<tr>
<td>6</td>
<td>Align wholesale approach</td>
</tr>
<tr>
<td>7</td>
<td>Drive cost efficiency</td>
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</tbody>
</table>

**INNOVATE**

<table>
<thead>
<tr>
<th>Measure</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>Leverage three screens</td>
</tr>
<tr>
<td>9</td>
<td>Defend price premium</td>
</tr>
<tr>
<td>10</td>
<td>Grow beyond core</td>
</tr>
<tr>
<td>11</td>
<td>Connected Work with unique ICT solutions</td>
</tr>
<tr>
<td>12</td>
<td>Business customer segment</td>
</tr>
<tr>
<td>13</td>
<td>Defend price premium</td>
</tr>
<tr>
<td>14</td>
<td>Grow beyond core</td>
</tr>
</tbody>
</table>
Integration nearly completed in SEE ex OTE subsidiaries.

New integrated structure

**Fixed Business**

- **Sales:**
  - Integrated own shop network
  - Systematic development of an integrated online platform

- **Customer Service and Self Service:**
  - Operational excellence in customer service, including multi-skilled agents for fixed and mobile

- **Value Based steering:**
  - Optimization of sales channel mix (short and long term)
  - Integrated sales commission system

- **Bundle Products and FMC:**
  - Dedicated bundles for specific customer demand
  - Discount offerings

**Mobile Business**

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1) Former Yugoslavian Republic of Macedonia
SEE’s Fix – Transform – Innovate strategy implementation program.

**TRANSFORM**

Leverage One Company in integrated assets

1. Customer life time value
2. Channel mix & differentiate service
3. Customer centric organization
4. Platforms consolidation
5. Optimize access strategy
6. Align wholesale approach
7. Drive cost efficiency

**INNOVATE**

Build networks and processes for the Gigabit Society

8. Leverage three screens
9. Defend price premium
10. Grow beyond core

Connected Life across all screens

11. Business customer segment
12. Defend price premium
13. Grow beyond core

Connected Work with unique ICT solutions

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Customer life time value

Channel mix & differentiate service

Customer centric organization

Platforms consolidation

Optimize access strategy

Align wholesale approach

Drive cost efficiency
Save4Service@SEE: Reduction of SEE cost base by € -0.3 bn.

**OPEX SEE 2010-2012**

<table>
<thead>
<tr>
<th>(bn €)</th>
<th>YE09</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.4*</td>
<td>6.1</td>
<td></td>
</tr>
<tr>
<td>-0.3†</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Measures**

- **Adjusted** net savings: €0.3 bn¹
- **Gross savings** volume: €0.5 bn
- Bundling of regional efficiency initiatives in **3 overarching program streams**
  - Sales/marketing/channel mix (25%)
  - Network/IT/field services (25%)
  - End-to-end processes & other (50%)
- Reinvest to **strengthen competitiveness** and realize growth according to local market strategy

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¹ Adjusted for € +0.5 bn M&A effects: mainly OTE Group fully consolidated from Feb. 2009, Zapp (Romania) fully consolidated from Nov. 2009, PosAm fully consolidated from February 2010.
Measures identified in three areas of focus.

**Sales/Marketing/Channel mix**
- Consolidation of shop presence
- Enhance role of procurement to decrease spending for advertisement & agency costs
- Renegotiations of Customer Premise Equipment and handsets
- CRM systems consolidation

**Network Techn./IT/Field Service**
- Field technicians – optimization of field work force & variable salaries
- Optimize SLAs without jeopardizing network availability and quality
- TV: Joint content, middleware and settop box negotiations
- CRM systems consolidation

**End2End-Processes & other**
- Focus on roll-out e-Bill
- Consolidation of customer services, (e.g. larger scale call centers)
- Regional best practice for reducing bad debt
- Real estate
- Fleet services

Total gross savings € 0.5 bn
SEE’s Fix – Transform – Innovate strategy implementation program.

**TRANSFORM**

- **Leverage One Company in integrated assets**
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  - 5. **Optimize access strategy**
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- **Build networks and processes for the Gigabit Society**
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- **Connected Life across all screens**

- **Connected Work with unique ICT solutions**
  - 11. Business customer segment
  - 12. Defend price premium
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Fiber rollout: more than 500,000 homes passed.

- **Croatia**
  - Fiber rollout started in 2009
  - DSL coverage > 95% of homes

- **Montenegro**
  - Fiber rollout started end of 2009
  - DSL coverage > 70% of homes

- **Greece**
  - 2010 start of VDSL/FTTC rollout
  - DSL coverage > 90% of homes

- **Slovakia**
  - Fiber coverage 315,000 homes
  - DSL coverage > 60% of homes

- **Hungary**
  - Fiber coverage 170,000 homes
  - DSL coverage > 80% of homes

- **Romania**
  - Fiber coverage 5,200 homes
  - DSL coverage > 35% of homes

- **FYRO Macedonia**
  - Fiber coverage 6,000 homes
  - DSL coverage > 30% of homes

Coverage as of YE2009. Fiber: homes passed; xDSL: technical availability.
Mobile broadband development in SEE.

### Recent 3G Network

<table>
<thead>
<tr>
<th>Country</th>
<th>DT’s 3G coverage*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greece</td>
<td>&gt; 87%</td>
</tr>
<tr>
<td>Hungary</td>
<td>&gt; 55%</td>
</tr>
<tr>
<td>Croatia</td>
<td>&gt; 57%</td>
</tr>
<tr>
<td>Slovakia</td>
<td>&gt; 14%/&gt;77% F-OFDM</td>
</tr>
<tr>
<td>Macedonia</td>
<td>&gt; 53%</td>
</tr>
<tr>
<td>Montenegro</td>
<td>&gt; 70%</td>
</tr>
<tr>
<td>Romania</td>
<td>&gt; 55%</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>&gt; 69%</td>
</tr>
<tr>
<td>Albania</td>
<td>no 3G licence yet</td>
</tr>
</tbody>
</table>

### Drivers

1) **Demand**
   - Rapidly growing demand for mobile data
   - Increase speed & capacity with NGMN

2) **Competitiveness**
   - Drastic cost-performance ratio improvement
   - Reduce network costs by less complex flat all-IP network architecture

### Rollout in SEE

- Group-wide coordination
  - Common spectrum strategy
  - Common strategic supplier decision and rollout plan
- Ongoing LTE showcases and trials in 2010
- Start of implementation in 2011/12 onwards

* Area coverage excl. unpopulated areas with no inhabitants.
SEE’s Fix – Transform – Innovate strategy implementation program.

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To compete effectively in the future, TV is a must have.
Positive impact of TV: case study Hungary.

**Strong Growth Momentum**

- **Customer growth:**
  Captured # 2 market position.

- **Upselling into bundles:**
  More than 2/3 of TV customers subscribe for at least one other service.

- **Retention/Churn reduction:**
  2% of TV customers with voice subscription intend to churn vs. 8% of voice only customers services.

**TV Key for Upselling and Retention**

Sources: company data
Significant differences in proposition maturity and access technology.

* Company data, management estimates; YE2009; overall TV market, across all technical methods

- Standard and HD Broadcast TV with Basic and Premium channel packages
- Hard Disk based PVR and Time Shift TV
- Basic Electronic Program Guide (EPG) for broadcast channels
- Streamed VoD
- PC/Mobile remote control
- Interactive Magio Portal (Web-on-TV)
Large – and growing: DT Group TV business in SEE.

1) Total TV revenues, IPTV mainly incl. access revenues (retention & up-selling effects)
Slovakia/Hungary case study: Sat cooperation leveraging significant synergies.

**Synergy Potential**
- Lower number of satellites
- 1 Head Uplink for 2 countries
- Overlapping Content
- Identical Hardware

**Impact**
- **Sat bandwith cost** savings of approximately 30%
- Slovak Telekom to **outsource Head End operations** to Magyar Telekom (1 operation)
- **Economies of scale due to** joint content and hardware sourcing
- **Know how sharing** due to increased collaboration
Content.

- Macroeconomics/competitive situation
- SEE’s Strategy Implementation Program
- SEE Country-by-Country overview
Greece.

**Strategic focus 2010 to 2012**

- Efficiency: realize DTAG synergies with SEE Strategy Implementation Program and increase profitability in line with S4S
- TV: Push via DSL and satellite to retain telco customers and create new revenue streams
- Mobile data: introduce new services and create new revenue streams
- Business customer: build-up B2B/ICT operations
- Network: further DSL and 3G rollout to ensure leading position in the fast growing broadband market
- Improve processes and enhance operational excellence
- Continue with successful differentiation strategy

**Highlights 2009**

<table>
<thead>
<tr>
<th>Fixed broadband access lines retail</th>
<th>YE 2008</th>
<th>YE 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>+23%</td>
<td>0.9 m</td>
<td>1.1 m</td>
</tr>
</tbody>
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<table>
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<tr>
<th>Mobile customers</th>
<th>YE 2008</th>
<th>YE 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>+17%</td>
<td>7.9 m</td>
<td>9.2 m</td>
</tr>
</tbody>
</table>
Strategic focus 2010 to 2012

- Efficiency: realize DTAG synergies with SEE Strategy Implementation Program and increase profitability in line with S4S and maximize synergies from Zapp acquisition
- Mobile broadband: utilize 3G license from Zapp to enter mobile broadband market
- TV: further push offers to capture leadership position in broadband and TV market
- Network: continue with broadband network rollout and introduce low cost fiber offers (2nd Brand, NextGen)
- Business customer: build-up B2B/ICT operations
- Network: further 3G roll out

Highlights 2009

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<td>+24%</td>
<td>5.9 m</td>
<td>7.3 m</td>
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OTE Synergies 2009 – Overachievement on run rate driven by Procurement & Terminals.

- Cosmote: Synergies 60% in CAPEX & 40% in OPEX
- OTE fixed-line: Synergies nearly 100% in CAPEX

- Procurement projects with highest synergy impact driven by Cosmote, e.g. “wireless access” totaling to €36 m and “core & control” €14 m
- Terminals: Significant handset price reductions for Cosmote achieved as a result of a common portfolio selection process between DT and Cosmote

1) Net Effect = Net effect of implemented measures as per YE 2009; 2 achieved Run Rate = Annualized synergies out of successfully implemented measures as per YE 2009
**Strategic focus 2010 to 2012**

- Efficiency: realize DTAG synergies with SEE Strategy Implementation Program and increase profitability in line with S4S
- TV: Push access agnostic TV offering with consistent user interface and platform across three screens
- Grow beyond core: service innovation pilots/market launch in energy, smart security, e-health, finance
- Processes: drive automation & servicing and simplify IT systems landscape, i.e. merge CRM systems to one company wide platform

**Highlights 2009**

**TV customers**

- YE 2008: 457k
- YE 2009: 631k
  - +38%

**Adj. EBITDA margin**

- FY 2008: 40.9%
- FY 2009: 40.1%

- stable
Croatia.

<table>
<thead>
<tr>
<th>Strategic focus 2010 to 2012</th>
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<tbody>
<tr>
<td>• Efficiency: realize DTAG synergies with SEE Strategy Implementation Program and increase profitability in line with S4S</td>
</tr>
<tr>
<td>• Bundles: introduce bundles containing fixed and mobile components</td>
</tr>
<tr>
<td>• Fixed: expand in broadband and TV</td>
</tr>
<tr>
<td>• Mobile broadband: push by focusing on business and residential segment with redesigned customer-segment oriented tariff plans</td>
</tr>
<tr>
<td>• Business customer: build-up B2B/ICT operations</td>
</tr>
<tr>
<td>• Network: further fiber roll out</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Highlights 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TV customers</strong></td>
</tr>
<tr>
<td>YE 2008</td>
</tr>
<tr>
<td>YE 2009</td>
</tr>
<tr>
<td>+72%</td>
</tr>
<tr>
<td><strong>Adj. EBITDA margin</strong></td>
</tr>
<tr>
<td>FY 2008</td>
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<tr>
<td>FY 2009</td>
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</tbody>
</table>
**Strategic focus 2010 to 2012**

- Efficiency: realize DTAG synergies with SEE Strategy Implementation Program and increase profitability in line with S4S
- One Company: Integration of Slovak Telekom and T-Mobile Slovensko in July 2010
- Bundles: introduce bundles containing fixed and mobile services
- TV: push with introduction of “Magio Sat” (interactive satellite TV)
- Mobile broadband: push with attractive offers
- Mobile: churn management, cross-sell and up-sell to fixed base
- Business customer: drive consolidation in ICT business by organic/inorganic growth. i.e. acquisition “Posam”

**Highlights 2009**

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<th></th>
<th>YE 2008</th>
<th>YE 2009</th>
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<tbody>
<tr>
<td>TV customers</td>
<td>36k</td>
<td>63k</td>
</tr>
<tr>
<td>Adj. EBITDA margin</td>
<td>43.0%</td>
<td>45.1%</td>
</tr>
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</table>

+75% and +1.9%p
Country specific strategies reflected in the ambitions.

<table>
<thead>
<tr>
<th>Market shares¹</th>
<th>2009</th>
<th>Ambition level 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market share service revenues</td>
<td>51%</td>
<td>stable</td>
</tr>
<tr>
<td>Market share EBITDA</td>
<td>55%</td>
<td>stable</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPEX</th>
<th>2009</th>
<th>Ambition level 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPEX</td>
<td>€6.4 bn²</td>
<td>€0.3 bn net savings</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TV</th>
<th>2009</th>
<th>Ambition level 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>TV revenues³</td>
<td>around €200 mn</td>
<td>around €500 mn</td>
</tr>
<tr>
<td>TV customers YE</td>
<td>1.9 mn</td>
<td>&gt; 3.0 mn</td>
</tr>
</tbody>
</table>

¹) Total telco markets in SEE footprint; stable FX; non disclosing competitors estimated by DT
²) Including inorganic effects
³) Total TV, IPTV mainly including access revenues