

– The spoken word shall prevail –

Conference Call
Third quarter report of 2015
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Chairman of the Board of Management
Deutsche Telekom AG

Ladies and Gentlemen,

Connectivity, broadband, integrated products and services, and consequently the best customer experience are the success factors that have led to excellent developments during the year to date.

We have made good progress again in implementing our strategy in the third quarter.

First example:

Integrated IP networks: We have further expanded the population coverage of both LTE and fiber-optics in the fixed network in Germany and our European subsidiaries. As part of the IP migration, we have switched over another

860,000 lines in Germany in the last three months and have now reached a migration rate of 37 percent.

In our integrated companies in Europe, the rate stands at 45 percent, with some 700,000 lines added in the last three months.

Second example:

Service and innovations: We offer MagentaOne as an integrated product package not only in Germany but also in four subsidiaries in Europe, and more are to follow.

At IFA, we presented further innovative products and services: MagentaMobil Start, the mobile rate plan for families that grows with the children. The Puls tablet, as a control center for all Deutsche Telekom products at home. We announced the hybrid router a year ago at IFA; now more than 100,000 customers use this router for their broadband Internet connections. We have delivered on our promises.

We are hitting our internal targets for all important internal indicators such as call center availability. At T-Systems, the TriM value for customer satisfaction increased to its highest ever level.

In addition, we are systematically working on partnerships for the future.

Together with Huawei, we are strongly expanding our cloud business. We are not starting from scratch here, but in the first nine months of 2015, we increased cloud revenue by 30 percent Group-wide to almost a billion euros, with recent wins of well-known customers such as Kone, Jet Aviation, and Magna.

Together with Huawei, we are now building the public cloud. This is a huge growth market which we have no intention of conceding to Amazon & co. alone. We score big points on factors such as high data protection and data security standards – on Cloud made by Deutsche Telekom.

We also plan to win with partners when it comes to broadband in the skies: Together with Inmarsat, we are building the European Aviation Network using a combination of LTE and satellite technology.

As an innovation leader, we want to offer air passengers the same broadband experience from 2017 that they are used to having on solid ground from the multi-best-in-test winner – no other company offers this.

As a result of our consistent focus on innovation, best network quality, and services, the strong development we have been seeing since the start of the year continued in the third quarter.

Within a year, we have improved fiber-optic coverage in Germany by 10 percentage points to 50 percent of fixed-network households. In the last twelve months, we put over 1.6 million new fiber-optic lines into service, over a million of them for branded customers.

Our expanding LTE network now has a population coverage rate of 87 percent. And with success: We now have more than 7 million LTE customers.

Together, these form the basis for our bundled offers under the MagentaEINS brand. Since the launch of this first truly integrated telecommunications offer in Germany in fall last year, we have acquired 1.6 million MagentaEINS customers.

This figure rose by over 300,000 in the third quarter of 2015 alone.

In our subsidiaries in Southern and Eastern Europe, we have increased LTE coverage by 30 million inhabitants during the year.

Since the beginning of September 2015, we have been offering 4G/LTE in all our European mobile markets.

Telekom Albania has already launched 4G+ with speeds of up to 225 Mbit/s, initially in seven of its big cities.

Household coverage with optical fiber in the fixed network has reached 18 percent in the respective national companies, compared to only 14 percent a year ago. On this basis, we have increased the number of mobile contract customers as well as the number of broadband lines and also TV customers.

Four national companies, namely those in Slovakia, Romania, Hungary, and Macedonia have adopted the MagentaOne logic and others are to follow.

For this, Ladies and Gentlemen, we have continued to invest substantial amounts in the first nine months of 2015 – much more than in the same period of the prior year. Growth in capital expenditure was in the double digits, up 15.5 percent to 7.8 billion.

These huge investments will not have a negative impact for other stakeholders. The rise in free cash flow of 12.4 percent to 3.5 billion euros in the first three quarters of the year shows that we also have our sights set clearly on our goal, with this parameter being the basis for our shareholder remuneration.

Key financial indicators also recorded double-digit growth in the third quarter:

- Adjusted EBITDA up 12.9 percent
- Adjusted net profit up 30 percent and reported net profit up 60 percent
- Free cash flow up 16.3 percent

The high level of investment is increasingly starting to pay off, as shown by the 9.3 percent increase in net revenue. At the same time, we continue to maintain high cost discipline.

As a result, we deliver on our promises and therefore also confirm our forecast for the year.

In a moment, Thomas Dannenfeldt will be giving you details of trends in the key financial figures for the third quarter.

On that note, I will now hand over to Thomas Dannenfeldt.