

**International Press Conference, CeBIT 2016, March 14,
14:00 p.m. – 15:00 p.m.**

**Speech by Reinhard Clemens, member of the Deutsche Telekom Board of
Management and CEO of T-Systems**

The spoken word shall prevail

Good morning ladies and gentlemen!

It is my pleasure to welcome you to this year's Deutsche Telekom CeBIT press conference. As you have noticed, it's a little different this time: there's no conference hall, no podium, no need for you to travel. In keeping with Telekom's motto for this year's trade fair, "Digitization. Simply. Make it happen." you don't have to come to us, instead, for the first time, we are bringing our CeBIT press conference to you - digitally.

Much has been written and said in the past about Europe lagging behind following the first phase of digitization. In particular, this has applied and still applies to the consumer segment. However, there is an ever increasing focus on the digitization of the industry. Europe and Germany in particular certainly have an important say here. I see great potential in this area for business activities in Germany – and for Deutsche Telekom.

This is why I can confidently say:

The second phase of digitization belongs to us!

And we're on the offensive when it comes to the cloud, networks, and security.

Today, I would like to talk to you about this – and inform you of the latest news regarding these topics.

1. We're on the offensive in the cloud.

Open Telekom Cloud (OTC) will be ready for take-off this Monday. This will close the last gap in our cloud strategy. Together with 90 partner companies, we now offer our customers every conceivable cloud model – from the tailor-made private cloud to the cost-effective public cloud. Every variant is highly secure and complies with German data privacy rules. You can find out more about the Open Telekom Cloud from our CEO Tim Höttges on Monday, our cloud day at CeBIT. This much I will say: SAP is set to become our new partner for the Open Telekom Cloud. And as a new customer for the market launch, the CERN Center for Nuclear Research has announced that it will be using OTC solutions in the future. Even before this, more than 200 customers had tested the Beta version and given feedback on the product.

With Open Telekom Cloud, our high-security data center in Biere near Magdeburg will finally become a European data hub. From there, we offer our customers the specified cloud models from the public cloud through to the private cloud. We offer the right infrastructure (e.g., from Microsoft, Cisco, VMware, or Huawei), the right platforms (e.g., from Microsoft or Salesforce), the right software (e.g., from doculife, we sustain, or Avaya), and the right cloud integration (e.g., from informatica) – all “as a service” and all individually scalable.

This variety is unique – it cannot be found in this form anywhere else in the world: Biere is the world's only data center where nearly all major cloud providers can be found side-by-side. Thus Biere is our “House of Clouds,” if you like. This in turn means significant benefits for our customers: First, the data hub offers them fast processing and evaluation. Second, it means they can also transfer enormous data volumes easily within a system. And third, we are already working with our customers so that soon they will also be able to move their mountains of data back and forth between the various systems. Our data center in Biere provides customers with the cloud using the shortest route possible.

Biere is truly a European data hub. And Biere as a Fort Knox for data is creating a knock-on effect. More and more customers – and therefore also partners – want to join our data hub. The logical consequence of this is that we are going to expand. We are already planning a “Biere 2.”

I can already give you a few facts about this: At present, there are two data center modules at Biere; the total area for technology, air-conditioning, power supply, and IT (in other words, our eight server rooms) is about 22,000 square meters – the size of over three soccer fields. Now we are going to add modules 3, 4, and 5. This means that we will increase our capacity by 150 percent! And there is room for further expansion at Biere in the future, up to a maximum of 20 modules. “Biere 2” is scheduled to be completed in 2018, at an investment in the low three-digit million range.

On this basis, you can expect new reports to follow soon of companies joining our data hub. Demand is already high.

2. We're on the offensive in the landline and mobile segments

For the best clouds, we are creating the best networks, both locally and worldwide. Because secure data requires a reliable infrastructure. Our goal is to be number 1 in Europe in the landline and mobile segments for business customers. We are constantly working on this and driving things forwards. Two important recent examples:

Under the roof of “Ngena” – which stands for Next Generation Enterprise Network Alliance – we offer business customers an almost globally shared economy model for the fixed network. It is a simple idea, which is what makes it so powerful: Strong local providers share their networks with all of the others in the new alliance. Everyone invests in their own network, but everyone benefits from the sum total of all networks. Everyone thereby serves their local market. And all of them offer their customers global networks through the alliance. Incidentally,

“ngena” means “join in!” in Bantu. Thus, like the cloud, Ngena creates a technical platform for all participating partners. By the end of 2017, we expect to have over 20 providers on the platform – and therefore wide global network coverage. In the future, customers will be able to see their global network on their screens and conveniently add more or lower capacity at the touch of a button. This has never been done before.

We are also thinking globally with regard to mobile networks: With Freemove (Europe), the Bridge Alliance (Asia), and T-Mobile US, we offer reliable mobile communications around the world and now cover 100 countries. The benefit to the customer of this networking is immense: Because the customer receives the best 4G service worldwide.

Let me also inform you of a very recent, extremely attractive deal. It comes from Munich, from BMW:

The fastest mobile network is hitting the road with BMW: Starting this summer, Telekom will equip BMW ConnectedDrive with LTE. This will enable download speeds of up to 300 megabits per second (MBit/s). The other special news is that BMW will receive a globally managed mobile network. We will provide it in 60 countries. The automotive manufacturer will be able to view the availability of all networks in the countries at a glance on a monitor. This has never been done before!

3. We're on the offensive regarding security

I now come to the third and absolutely key aspect: security. Digitization and the Industrial Internet are inconceivable without the highest level of data security and infrastructure. All players in the digital value chain must contribute to security – otherwise there is the danger that the weakest link in the chain will suddenly break, putting sensitive data at risk. Large corporations might be able to survive an

emergency, but small and medium-sized enterprises do not have the necessary resources to protect themselves adequately on their own.

We want to offer our support to precisely these companies. This is why we set up the new “Telekom Security” unit. Under this one roof, we have a team of over 1,000 security experts working on significantly expanding our product portfolio for all customer groups. The first products from “Magenta Security” will be released on the market on Thursday, since that is security day at our CeBIT stand.

To single out one of these new products: Together with American manufacturer Zscaler, we are launching the “Internet Protect Pro” solution on the market. This is a network-based shield for both private and business customers, appealing to customers of all sizes. Internet Protect Pro is cloud-based and can therefore be supplied worldwide. There are no special software or hardware requirements for the customer. The new product protects against cyber attacks and data leaks, blocks malicious code in real time, analyzes suspicious files in a protected environment, and thus protects against new malware. We will announce additional products at the trade fair on Thursday.

With the powerful new “Telekom Security” unit and the “Magenta Security” product family, we are systematically pursuing our aim to be the market leader in Europe when it comes to network security. And I am very optimistic that we will succeed. Suffice to say: The market for such services is currently growing by around seven percent per year. Our growth in this segment is already markedly higher than that.

Ladies and gentlemen, let me just summarize briefly in closing:

- In the cloud, new products are rounding off the broad Telekom range, our data center in Biere has become a genuine European data hub whose capacity is to be expanded by 150 percent in the next two years.

- For the fixed-network and mobile segments, we have forged global alliances that provide our business customers with outstanding infrastructure and attractive, tailor-made products.
- In terms of security in the network, we are excellently positioned with the new “Telekom Security” unit and the new “Magenta Security” product family, and are capable of offering network security to customers of all sizes.

As you can see, in all three fields we are attacking on a broad front. The aim is to be number 1 in the business customer market in the cloud, in connectivity, and in security. I think we stand a very good chance of achieving this goal. Therefore I'll conclude my presentation right where I started out: The second phase of digitization belongs to us!