



DEUTSCHE TELEKOM STRATEGIC OUTLOOK

Bonn, February 26, 2015



LIFE IS FOR SHARING.

DISCLAIMER

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.

KEY MESSAGE: DT IS THE LEADING EUROPEAN TELCO!

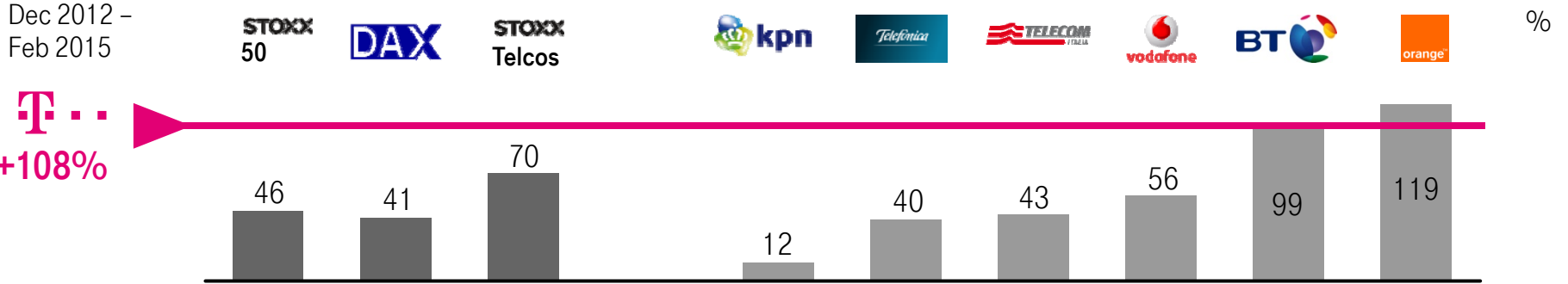
- 1** Leading European Telco:
Integrated market leaders with superior margins and returns.
- 2** We strengthen our differentiation by best customer experience and by continuously investing into leading access networks and our transformation programs.
- 3** We are transforming towards a lean and highly agile IP production.
- 4** We are self-funding DT's transformation by disciplined cost management.
- 5** We will grow in all relevant financial KPI's (ROCE, Revenue, EBITDA, FCF).
- 6** Our shareholders will participate in growth of dividends following FCF growth and our prudent debt policy remains unchanged.



LIFE IS FOR SHARING.

WE CREATED VALUE FOR DT SHAREHOLDERS SINCE LAST CMD

TOTAL SHAREHOLDER RETURN SINCE CAPITAL MARKETS DAY 2012

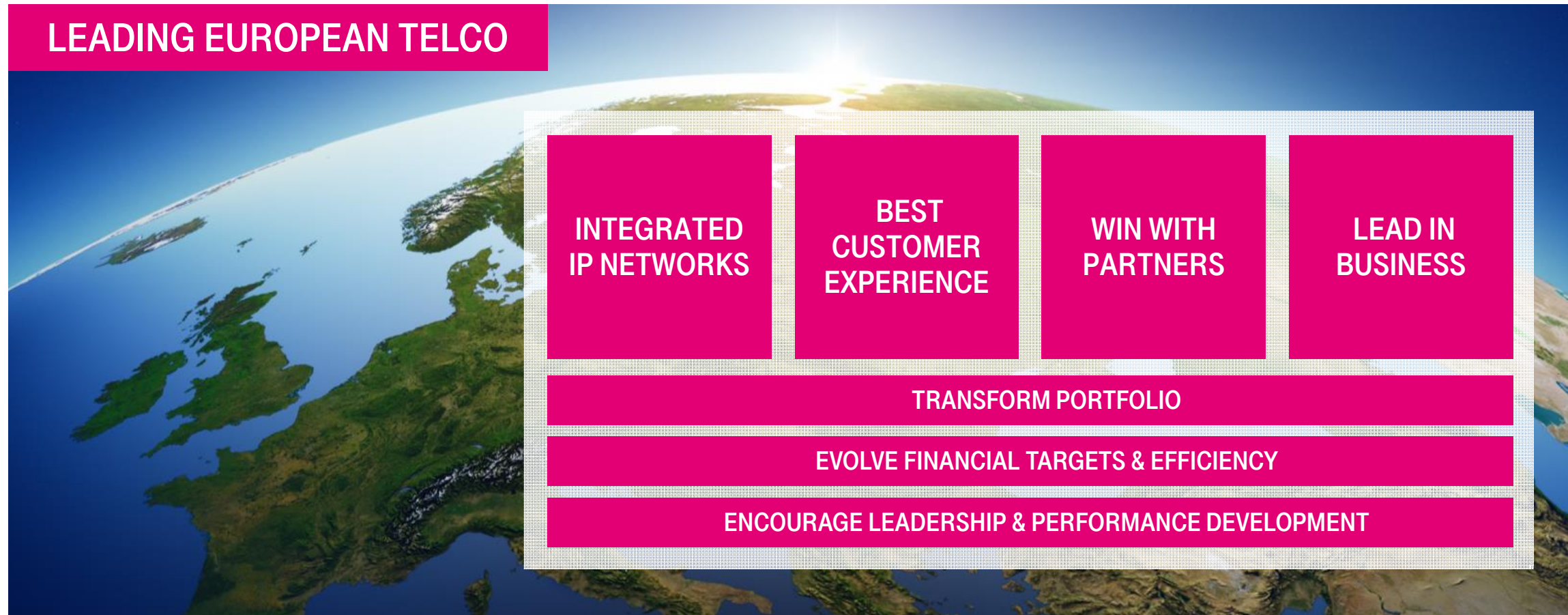


CMD 2012 DIVIDEND POLICY DELIVERED







¹ Subject to board resolution and AGM approval

OUR STRATEGY



LIFE IS FOR SHARING.

OPERATIONAL AND FINANCIAL PRIORITIES PER SEGMENT

GERMANY	EUROPE	USA	T-SYSTEMS MARKET UNIT
 <ul style="list-style-type: none"> ▪ Superior All-IP production model and INS rollout ▪ No. 1 choice for customers via differentiation: <ul style="list-style-type: none"> ▪ superior networks ▪ best customer experience ▪ best in class integrated products ▪ Revenue stabilization in 2016 ▪ EBITDA CAGR 1–2%¹ 	 <ul style="list-style-type: none"> ▪ First to move to pan-European All-IP production model ▪ No. 1 choice for customers via differentiation: <ul style="list-style-type: none"> ▪ best seamless connectivity ▪ trust ▪ simple and personal products ▪ Radical indirect cost savings ▪ Cash contribution CAGR 0.5%¹ ▪ 2pp op. ROCE improvement 	 <ul style="list-style-type: none"> ▪ Un-carrier strategy: <ul style="list-style-type: none"> ▪ 2.2–3.2mn branded postpaid net adds in 2015 ▪ 300m pops LTE coverage YE15 ▪ Increased \$9-10bn NPV of MetroPCS synergies ▪ Updated 5-year growth rates²: <ul style="list-style-type: none"> ▪ Revenue CAGR 7–9% ▪ EBITDA CAGR 7–10% ▪ FCF CAGR 13–18% 	 <ul style="list-style-type: none"> ▪ TSI 2015+ Execution ▪ No. 1 choice for customers via differentiation: <ul style="list-style-type: none"> ▪ best networks & scalable platforms ▪ Security ▪ outstanding cloud experience ▪ MU Revenue CAGR 3%¹ ▪ Positive TSI adj. cash contribution after 2016

¹ All CAGR's 2014–2018 ² 2012 – 2017 Financial Growth

LEADING EUROPEAN TELCO WITH FOCUS ON ROCE

EQUITY	STRATEGY LEADING EUROPEAN TELCO	DEBT
<p data-bbox="282 495 693 568">RELIABLE SHAREHOLDER REMUNERATION POLICY</p> <ul data-bbox="228 641 712 885" style="list-style-type: none">▪ DIVIDEND¹<ul style="list-style-type: none">▪ Following FCF growth▪ Floor at 0.50 EUR per share▪ Attractive option: Dividend in kind	<div data-bbox="887 479 1787 657"><p data-bbox="887 527 1088 600">INTEGRATED IP NETWORKS</p><p data-bbox="1128 511 1317 617">BEST CUSTOMER EXPERIENCE</p><p data-bbox="1370 527 1545 600">WIN WITH PARTNERS</p><p data-bbox="1599 527 1787 600">LEAD IN BUSINESS</p></div> <p data-bbox="846 690 1370 738">VALUE CREATION: ROCE > WACC</p> <ol data-bbox="846 771 1827 1218" style="list-style-type: none">1 INFRASTRUCTURE TRANSFORMATION Support fast IP migration and transform network infrastructure2 COST TRANSFORMATION Reduce indirect cost3 PORTFOLIO MANAGEMENT Deliver on preferred business model (integrated + B2C/B2B) and value generation4 RISK MANAGEMENT Maintain low risk country portfolio	<p data-bbox="1975 495 2419 568">UNDISPUTED ACCESS TO DEBT CAPITAL MARKETS</p> <ul data-bbox="1935 641 2338 1063" style="list-style-type: none">▪ RATING A-/BBB▪ NET DEBT/ADJ. EBITDA 2–2.5x▪ EQUITY RATIO 25–35%▪ LIQUIDITY RESERVE covers maturities of coming 24 months

¹ Subject to necessary AGM approval and board resolution

MID TERM AMBITION LEVEL

TOPIC	MID TERM AMBITION LEVEL ¹	YEAR
GROUP REVENUES	CAGR 1–2%	2014–2018
GROUP ADJ. EBITDA	CAGR 2–4%	2014–2018
GROUP FCF	CAGR ≈10%	2014–2018
GROUP ADJ. EPS	≈€1 in 2018	2018
GROUP ROCE	ROCE > WACC in 2018	2018
GROUP CASH CAPEX	CAGR 1–2%	2014–2018
GROUP ADJ. OPEX	DECREASE (ex US)	2014–2018
SHAREHOLDER REMUNERATION POLICY (2015–2018) ²	Following FCF growth; min. DPS of EUR 0.50 p.a.	2015–2018

¹ Based on constant exchange rates (Average \$/€ exchange rate 2014 of 1.33) and no further changes in the scope of consolidation ² Subject to necessary AGM approval and board resolution



THANK YOU!



LIFE IS FOR SHARING.