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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.
EVERYTHING THAT CAN BE DIGITIZED, WILL BE DIGITIZED ...

NICHOLAS NEGROPONTE, PROFESSOR AT MIT

MARKET POTENTIAL
- Cloud industry digitization
  - >40 bn € market potential in 2018
- 50 bn connected devices by 2020
- 250 mio connected cars in 2020
- Cloud as enabler of digitization

... AND EVERYTHING THAT CAN BE CONNECTED, WILL BE CONNECTED!

TIMOTHEUS HÖTTGES,
CEO DEUTSCHE TELEKOM
CLOUD SERVICE MODELS
CLOUD DEFINITION

**SOFTWARE AS A SERVICE**
Provisioning of applications and service packages
Customers: Business departments, Lines of Business

**PLATFORM AS A SERVICE**
Provisioning of operating system and application frameworks
Customers: IT departments & IT developers

**INFRASTRUCTURE AS A SERVICE**
Simple provisioning of virtualized hardware resources
Customers: IT departments

**CLOUD MANAGEMENT & INTEGRATION**
Cloud Service Orchestration

* National Institute of Standards and Technology (NIST), U.S. Department of Commerce
CLOUD DEPLOYMENT MODELS
CLOUD DEFINITION

**CLOUD PROVISIONING – RESOURCE SHARING ON DIFFERENT LEVELS**

- **Public Cloud**
  - Internet-based delivery
  - Multi-tenant
  - Highly standardized
  - e.g. Open Telekom Cloud

- **Hybrid Cloud**
  - Combination of public and private Cloud
  - e.g. Open Telekom Cloud + DSI

- **Private Cloud**
  - Connected to private network
  - Single tenant
  - Capacity pricing
  - e.g. Dynamic Services for SAP

- **Multi-Cloud**
  - Combination of several Clouds (same or different provisioning type)
CLOUD MARKET OVERVIEW: EUROPEAN CLOUD MARKET IS GROWING MASSIVELY

EUROPEAN CLOUD MARKET SERVICE SPLIT

<table>
<thead>
<tr>
<th>Year</th>
<th>Cloud C&amp;I*</th>
<th>SaaS</th>
<th>PaaS</th>
<th>IaaS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>7</td>
<td>7</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>2018</td>
<td>13</td>
<td>13</td>
<td>10</td>
<td>6</td>
</tr>
</tbody>
</table>

CAGR: 21%

DEPLOYMENT SPLIT

<table>
<thead>
<tr>
<th>Year</th>
<th>Public</th>
<th>Hybrid</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>7</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>2018</td>
<td>11</td>
<td>13</td>
<td>15</td>
</tr>
</tbody>
</table>

CAGR: 21%

GERMAN CLOUD MARKET SHARES 2014

<table>
<thead>
<tr>
<th>Company</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deutsche Telekom</td>
<td>12.5%</td>
</tr>
<tr>
<td>IBM</td>
<td>8.6%</td>
</tr>
<tr>
<td>HP</td>
<td>5.6%</td>
</tr>
<tr>
<td>Atos</td>
<td>4.2%</td>
</tr>
<tr>
<td>Salesforce.com</td>
<td>3.8%</td>
</tr>
</tbody>
</table>

- Telekom is the market leader in Germany
- In selected European Markets we already have a strong footprint
- Our aim is to become leading Cloud Provider in Europe

Source: PAC Ranking 2015; Market: German B2B
**MAJOR CLOUD MARKET TRENDS**
**INCREASING DEMAND FOR MULTI-CLOUD SERVICES**

**MARKET TRENDS**

- For digitization Multi Cloud models are key: New digital business models require **Hybrid & Multi Cloud** solutions
- Strong Partner **Ecosystems** will become a key success factor in Cloud & Big Data market
- **Multi-cloud ecosystems** support the digitization of customers' **businesses** by providing adequate solutions for each demand

**CUSTOMER DEMAND MULTI-CLOUD**

82% of enterprises want multi-cloud services.

*Source: RightScale 2015 State of the Cloud Report / Worldwide Survey*
CLOUD AS CORNERSTONE OF DT GROUP STRATEGY
DEUTSCHE TELEKOM STRATEGY – FOCUS CLOUD

LEADING EUROPEAN TELCO & CLOUD PROVIDER

INTEGRATED IP NETWORKS
Best CUSTOMER EXPERIENCE
WIN WITH PARTNERS
LEAD IN BUSINESS

Integrated IP and Cloud Infrastructure
Best of Breed Solutions from Secure Cloud
Leading European Cloud Partner Ecosystems
#1 Cloud Provider for all Business Customers

Cloud @ Deutsche Telekom
DEUTSCHE TELEKOM OFFERS FULL-RANGE CLOUD PORTFOLIO TO MEET CUSTOMERS’ MULTI-CLOUD NEEDS

DEUTSCHE TELEKOM CLOUD OFFERING

VIA

OMNI-CHANNEL SALES APPROACH

CLOUD MANAGEMENT & SYSTEM INTEGRATION

CLASSIC IT OFFERING

PRIVATE CLOUD SOLUTIONS based on Dynamic Cloud Platform

PUBLIC CLOUD PRODUCTS based on Cloud Partner Ecosystem

IP NETWORK & CLOUD CONNECTIVITY

THE COEXISTENCE OF THESE DEPLOYMENT MODELS ARE REALITY

MULTI-CLOUD
NEW DT PUBLIC CLOUD PORTFOLIO IS BASED ON STRONG PARTNER ECOSYSTEM

<table>
<thead>
<tr>
<th>CLOUD MGMT &amp; INTEGRATION</th>
<th>Cloud Integration Center (CIC)</th>
<th>Cloud IaaS Broker</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPECIAL SAAS SOLUTIONS</td>
<td>informatica</td>
<td></td>
</tr>
<tr>
<td>CRM</td>
<td>WeSustain, stoneone</td>
<td></td>
</tr>
<tr>
<td>ERP / HCM</td>
<td></td>
<td></td>
</tr>
<tr>
<td>COMMUNICATIONS / COLLABORATION</td>
<td>Skype for Business, cisco, Unified Communications</td>
<td></td>
</tr>
<tr>
<td>DOCUMENT &amp; FILE MANAGEMENT</td>
<td>Office 365, doculife, covata</td>
<td></td>
</tr>
<tr>
<td>PLATFORm AS A SERVICE</td>
<td>OPENSHIFT, redhat, CF</td>
<td></td>
</tr>
<tr>
<td>INFRASTRUCTURE AS A SERVICE</td>
<td>vmware, cisco, Intercloud, Microsoft Azure</td>
<td></td>
</tr>
<tr>
<td></td>
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</tr>
</tbody>
</table>

DEUTSCHE TELEKOM IP NETWORK
CERN is a research organization of 21 member states, operating the largest particle physics laboratory in the world. The laboratory had > 2,500 staff members in 2015 and hosted > 12,000 fellows and visiting scientists and engineers.

**THE CHALLENGE**
- 1,000 virtual machines and storage cluster with more than 500 TB
- User-friendly interface and OpenStack APIs for maximum customization
- Test run for future cloud services in accordance with European privacy and data processing requirements

**THE SOLUTION**
- Open-Stack based IaaS-solution
- Servers and data-storage on demand/push of a button
- Certified, highly secure Data Center, 99.95 % availability

**CUSTOMER BENEFIT**
- Hosted on German territory – Protection against patriot act
- Rapid availability through intuitive self-service with full cost transparency
THE CUSTOMER
With 57,557 employees, 115 breweries and distributors in more than 65 countries Heineken counts as one of the global leaders in brewing business (No. 4). In 2007 the total sales summed up to 119.8 hectolitres of beer.

THE CHALLENGE
- Supplying and operating of centralized SAP-Systems for 10,000 to 18,000 users
- 7/24-Service, system-availability of more than 99,7 %
- Contract with Bonus/Malus

THE SOLUTION
- Embracing global service, usage-dependent billing
- Systems run on innovative and certified dynamic SAP-platforms in Frankfurt am Main, Service-Delivery-Sites in the Netherlands, Germany and Hungary

CUSTOMER BENEFIT
- Flexible, scalable infrastructure and SAP-resources, hardware dimensions don’t need to be able to handle peak loads
- Acknowledged competence and high service-quality
- Variable, transparent costs and substantial savings of 30%
SAAS USE CASE: SALESFORCE
DIGITIZATION OF CAMPAIGN MANAGEMENT

THE CUSTOMER
A German multinational car manufacturer.

THE CHALLENGE
- Better campaign-management for the sales campaign of an automobile manufacturer
- Unclear classification of sales bonus
- High manual effort

THE SOLUTION
- Campaign monitoring with an App based on Salesforce
- Contemporary and automatic sales data recording
- Comparison to campaign investments
- Data delivery to existing systems (e.g. wage accounting)

CUSTOMER BENEFIT
- Real time transparency
- Quick reactions and steering of campaigns
- Measurement of campaign ROI
- Save costs by optimizing the process
- Accurate bonus payouts
GENERAL CUSTOMER BENEFITS: DT CLOUD SOLUTIONS HELP CUSTOMERS TO OVERCOME THEIR PAIN POINTS IN IT

<table>
<thead>
<tr>
<th>SECURITY</th>
<th>RELIABILITY</th>
<th>FLEXIBILITY</th>
</tr>
</thead>
</table>
| - Maximum security and ensuring German data protection regulations  
  - Customer's own security policy | - Highest service levels  
  - 365/24/7 availability  
  - IT&TC Services E2E access | “Best of breed” through strong Cloud Partner Ecosystem |

**LINES OF BUSINESS**
Agility & Speed, Business processes, new Business models, “Make Money”

**IT DEPARTMENT**
Cost reduction, support business, “Keep the Engine Running”

**COST SAVINGS**
Enterprises of any size can reduce their IT cost by sourcing via the cloud

**SPEED / AGILITY**
Legacy applications slow down rapid innovation and hinder flexible solutions

**TRANSFORMATION**
Worldwide consolidation of IT & processes towards Cloud / Digital Business
CLOUD SECURITY AS MAJOR USP OF DEUTSCHE TELEKOM CLOUD SERVICES

BIERE – HIGH-TECH FORT-KNOX

- Largest data center in Germany
- Space for max. 170,000 servers
- 30 percent reduction of energy consumption
- Highest energy efficiency of 1.3 PUE* guaranteed while ensuring Tier3 (full redundancy of climate and power supply)
- Highest security standards for data protection
- Twin core: data is mirrored in Bier and Magdeburg for security reasons

EXPECTED UTILIZATION BIERE IN 2017*

- Microsoft
- Open Telekom Cloud
- TellIT
- Others (Intercloud, Strabag, ...)

* by floor space

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LIFE IS FOR SHARING.
End-to-End Journey including Web frontend, Customer Interaction Center and Direct Sales/Field Force

- Customer Onboarding within minutes (e.g. 4 minutes for Open Telekom Cloud)
- Customer Billing within 10 seconds (e.g. Open Telekom Cloud)
CLOUD BUSINESS WRAP-UP:
OUR EFFORTS LED TO A SUCCESSFUL YEAR 2015

REVENUE GROWTH CLOUD COMPUTING
(in € bn)

2014 1,0
2015 1,4
+30%

Numbers rounded, rounding effects

~ 3,500 CLOUD WINS TOTAL IN 2015

- Connection of Appagile & DCS backbone
  connect development environment to the customer’s network
- Dynamic SAP ERP, Cloud Hosting Platform SAP
  Decision criteria: quality and flexibility
- vCloud and other
  Migration of database, application and middleware
- Date Center Outsourcing
  infrastructure transformation in vCloud
- Application operations for SAP
  SAP Hana, platform Munich (Sharepoint)
- WeSustain
  Software for efficient sustainability management
- Full Outsourcing, End-to-End Service
  Decision criteria: cost-benefit ratio
DEUTSCHE TELEKOM CLOUD REVENUE AMBITIONS
DOUBLE CLOUD REVENUE WITHIN THE NEXT THREE YEARS

REVENUE
(in € bn)

PUBLIC

PRIVATE

2015 2016 2018

Two Times

MAJOR DRIVERS

- Open Telekom Cloud (Huawei)
- Microsoft
- Other T-Systems Digital Division offerings, e.g. Salesforce, Cisco Intercloud
- Dynamic Services for Unified Communication
- Dynamic Services for SAP
- Dynamic Workplace
- Dynamic Services for Collaboration (DSC)

Numbers rounded, rounding effects.
OUR FUTURE DEVELOPMENT: BECOME LEADING EUROPEAN CLOUD PROVIDER WITH MULTI CLOUD ECOSYSTEM STRATEGY

WIN WITH MULTI-CLOUD ECOSYSTEM (Market)

OUR TARGET:
BE THE LEADING EUROPEAN CLOUD PROVIDER

MULTI-CLOUD ECOSYSTEM (ORCHESTRATING ECOSYSTEMS OF BEST-OF-BREED PARTNERS)

WIN CUSTOMERS (Demand)

WIN PARTNERS (Supply)

MNC
LE
SMB

2014
2015 / 2016
2017ff

DOUBLE CLOUD REVENUE WITHIN THE NEXT THREE YEARS

LIFE IS FOR SHARING.
Q&A SESSION

PLEASE ASK YOUR QUESTION VIA
- PHONE
- WEBCAST
- EMAIL: INVESTOR.RELATIONS@TELEKOM.DE
- TWITTER: INCLUDE @DT_IR TAG IN YOUR TWEET
**FURTHER QUESTIONS**

**PLEASE CONTACT THE IR DEPARTMENT**

Investor Relations Contact details

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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>+1 212 301 - 6114</td>
</tr>
</tbody>
</table>

| E-Mail         | investor.relations@telekom.de |

Contact details for all IR representatives:

www.telekom.com/ircontacts

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