



DEUTSCHE TELEKOM

Q1/15 RESULTS



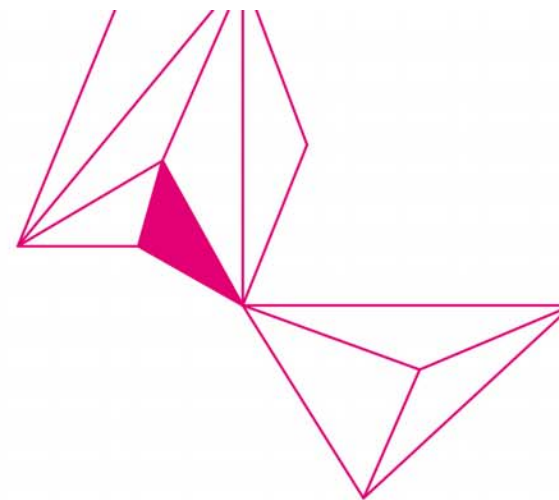
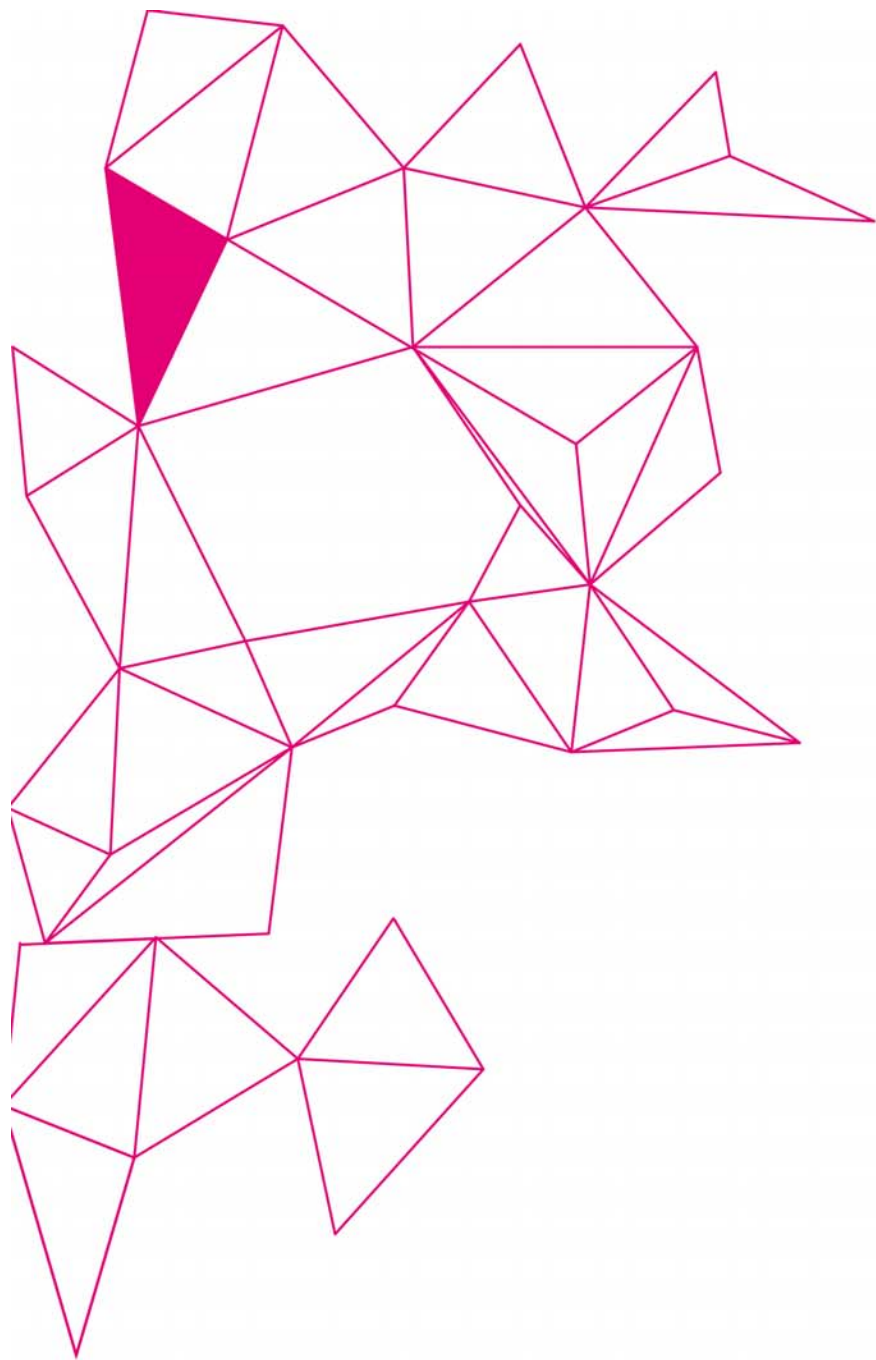
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DISCLAIMER

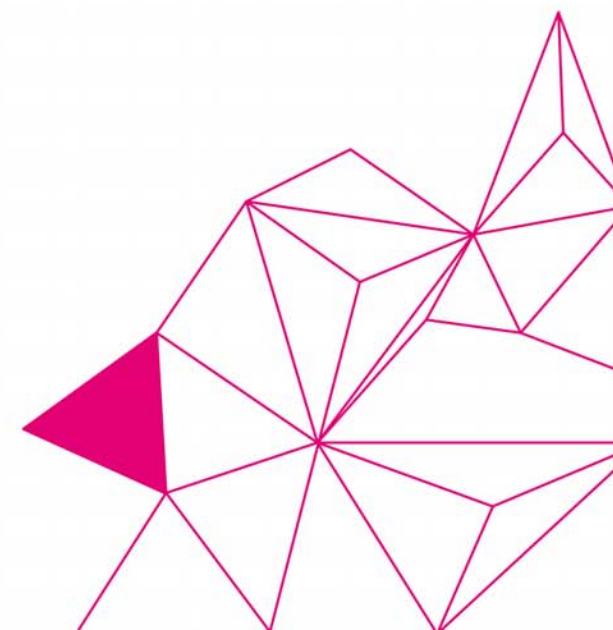
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In addition to figures prepared in accordance with IFRS, Deutsche Telekom also presents non-GAAP financial performance measures, including, among others, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted EBIT, adjusted net income, 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.





REVIEW Q1/15



LEADING EUROPEAN TELCO: GOOD START INTO THE YEAR

Q1/15 FINANCIAL HIGHLIGHTS GROUP

- Group revenue growth of 13% to €16.8 billion, organic growth of 4.7%
- Adj. EBITDA growth of 11% to €4.6 billion, organic growth of 5.6%¹
- FCF of €0.9 billion in line with FY guidance
- Adj. net profit grows 77% to €1 billion¹
- Group guidance FY 2015 confirmed

Q1/15 HIGHLIGHTS

Germany

- Strong revenue trends (+1.9%) driven by mobile service revenues (+2.8%) and equipment sales. Adj. EBITDA margin stable at 40% level
- Strong customer KPIs: 76k broadband net adds, TV net adds 74k, fiber net adds (incl. wholesale) more than doubled to 463k. MagentaEINS converged product with 400k additions, line losses reduced by 39% to a 10 year low

US

- US\$ revenue grows 11.7%, service revenue grows 9.1% and adj. EBITDA 18.4%
- 1.8 million customers added. Branded postpaid phone churn of 1.3% on all-time low. Net add forecast for full year raised while maintaining adj. EBITDA guidance

Europe

- Improved revenue and adj. EBITDA trends: revenue -0.6% to €3.1 billion. Adj. EBITDA -1.9% to €1 billion

1) Adj. EBITDA and net profit include €175 million other operating income from a settlement. Net profit also supported by re-classification of EE JV as held for sale



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Q1/15: KEY FIGURES

€ MN	Q1		
	2014	2015	Change
REVENUE	14,894	16,842	13.1%
ADJ. EBITDA ¹	4,121	4,574	11.0%
ADJ. NET PROFIT ²	587	1,036	76.5%
NET PROFIT ²	1,817	787	-56.7%
ADJ. EPS (IN €)	0.13	0.23	76.9%
EPS (IN €)	0.41	0.17	-58.5%
FREE CASH FLOW ³	983	865	-12.0%
CASH CAPEX ⁴	2,065	2,530	22.5%
NET DEBT (IN € BN)	38.0	46.3	22.0%

1) Adj. EBITDA in Q1/15 includes €175 million other operating income in GHS from a settlement of EE JV as held for sale 3) Free cash flow before dividend payments and spectrum investment

2) Net profit and adj. net profit include €175 million other operating income from a settlement. Net profit and adj. net profit also supported by re-classification

4) Before spectrum payments. Q1/14: €132 million; Q1/15: €1,899 million

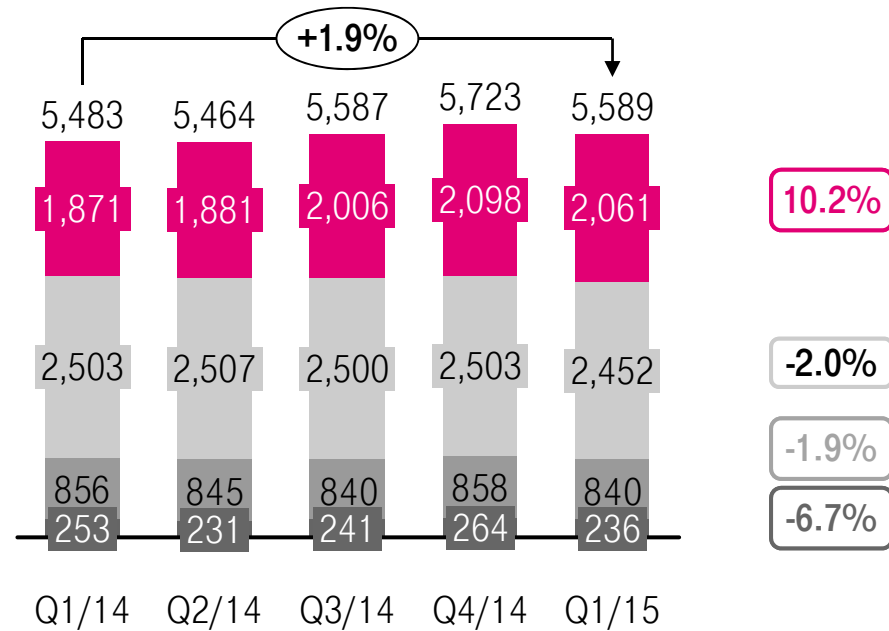


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GERMANY: GOOD MOMENTUM IN MOBILE DRIVES REVENUE GROWTH

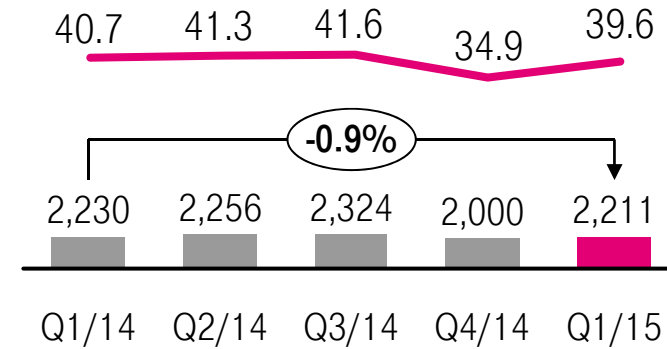
REVENUE¹

€ mn Mobile Core fixed Wholesale services Others



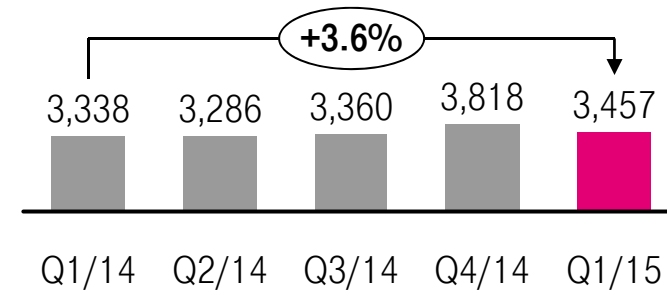
ADJ. EBITDA AND MARGIN (IN %)

€ mn



ADJ. OPEX

€ mn

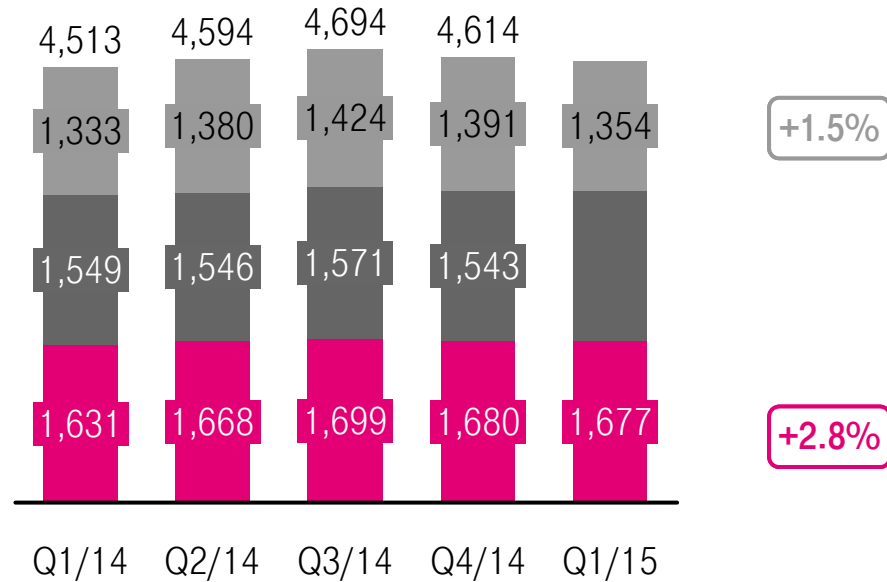


1) Online consumer service revenues in "others" have been allocated to revenues from core fixed since Jan 1, 2015. Prior year figures have been adjusted accordingly.

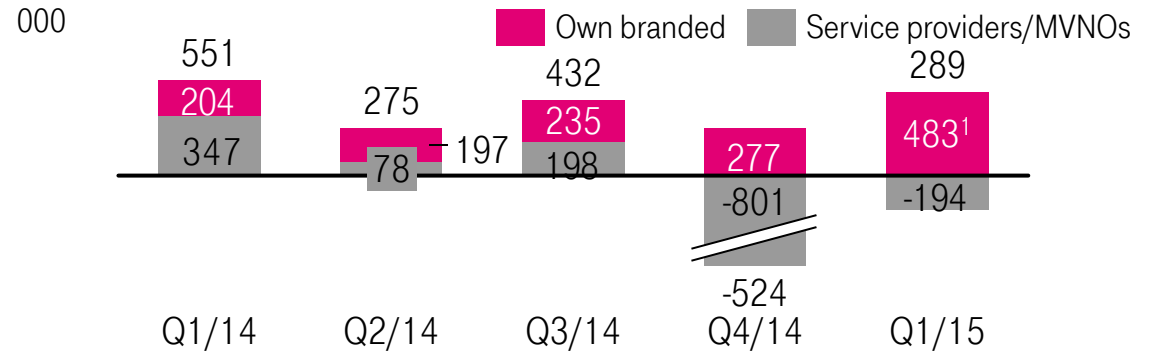
GERMANY MOBILE: GERMAN MOBILE MARKET GROWING. DT WITH FOCUS ON QUALITY

GERMAN MOBILE MARKET SERVICE REVENUE

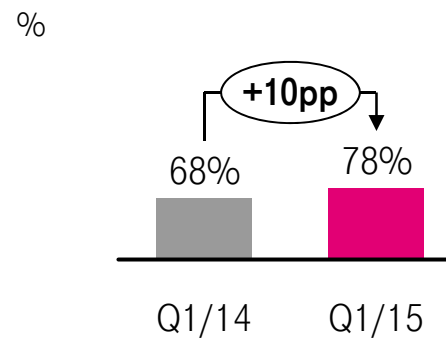
€ mn ■ Telefonica ■ Vodafone ■ Telekom



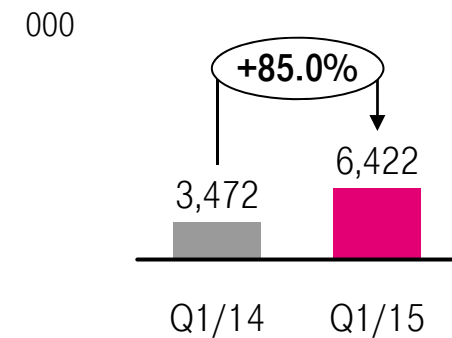
CONTRACT NET ADDS



SMARTPHONE PENETRATION²



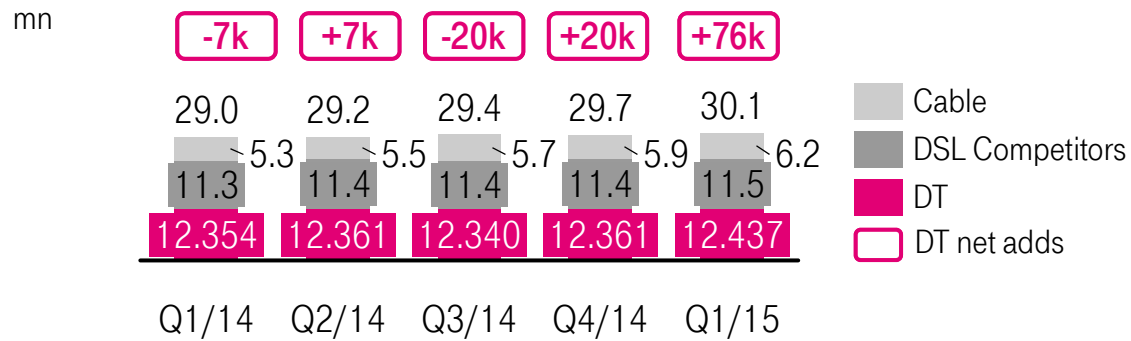
LTE CUSTOMERS³



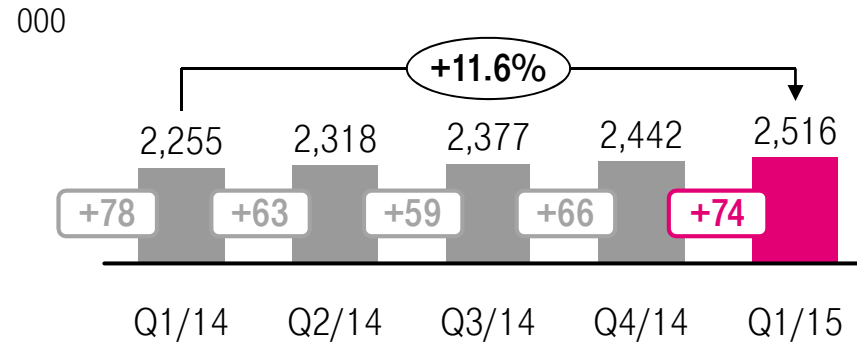
1) Q1/15 impacted by reclassification of net +288k 2) Of own branded retail customers 3) Customers using an LTE-device and tariff plan including LTE

GERMANY FIXED: STRONG UPTAKE IN BROADBAND. FIBER NET ADDS DOUBLED

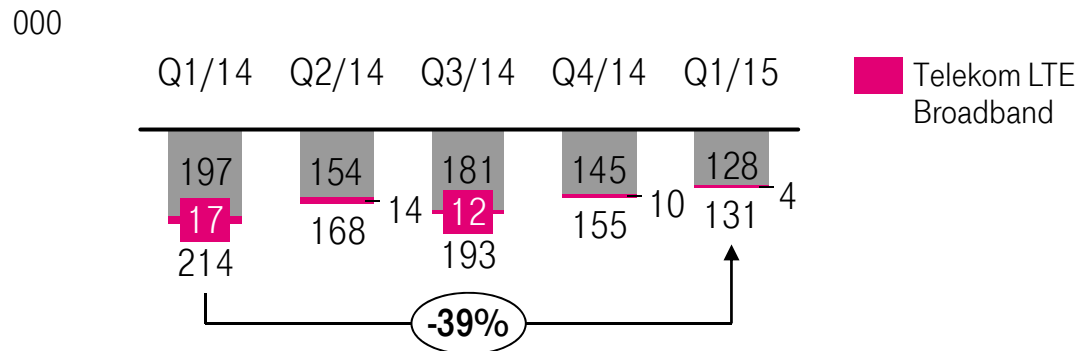
GERMAN BROADBAND MARKET¹



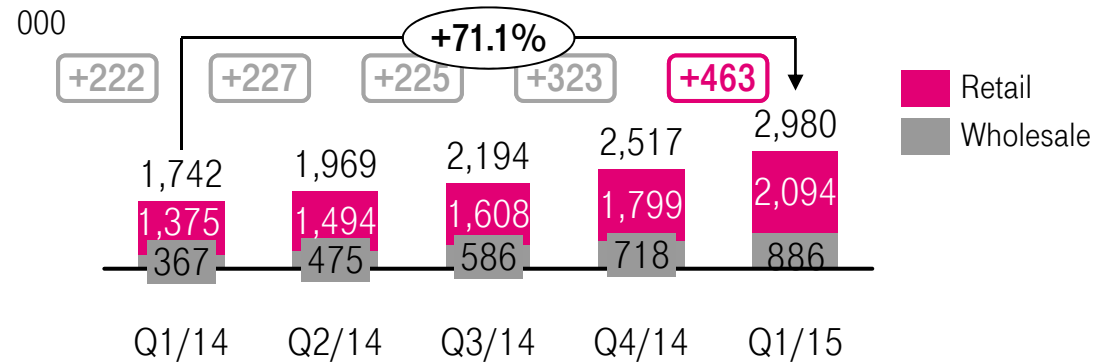
ENTERTAIN CUSTOMERS



LINE LOSSES



FIBER CUSTOMERS²



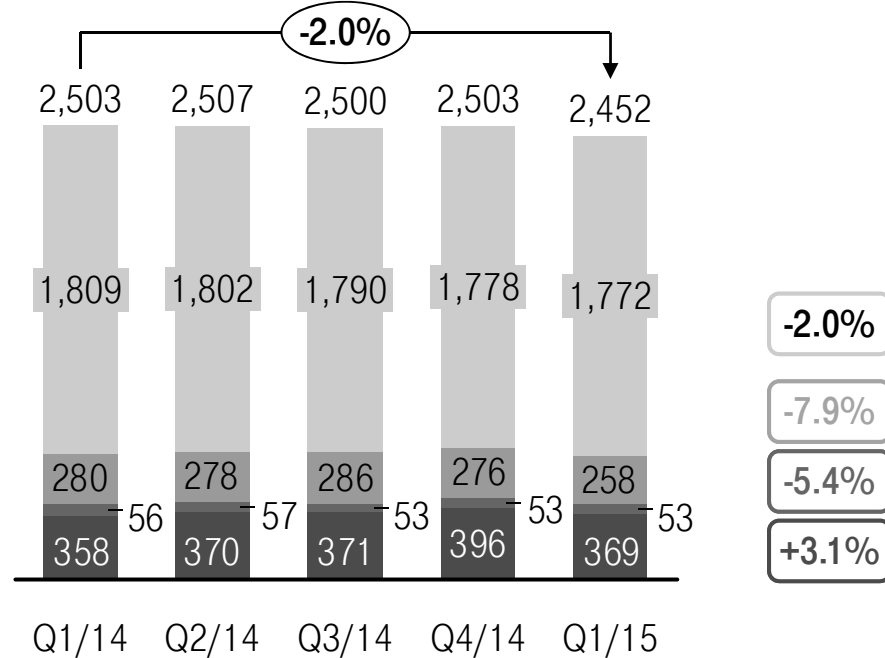
1) Based on management estimates 2) Sum of all FTTx accesses (e.g. FTTC/VDSL, vectoring and FTTH)

GERMANY FIXED: UPSELLING AND FIBER IMPROVE REVENUE TRENDS

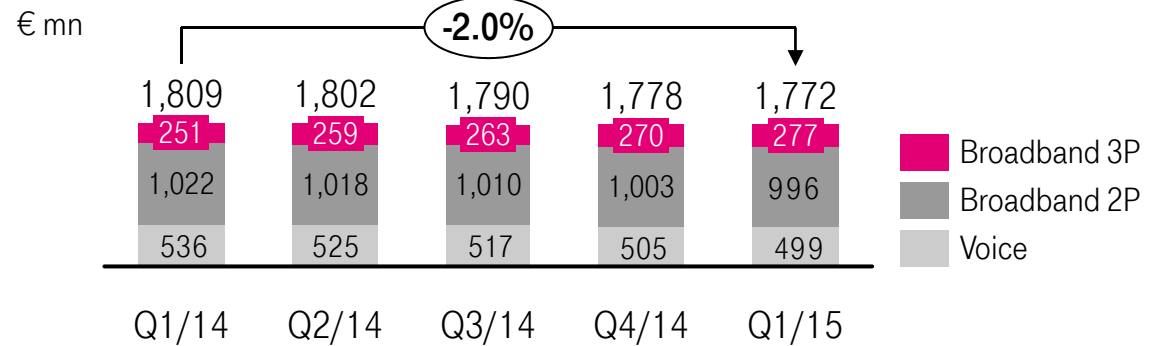
FIXED NETWORK REVENUES (CORE FIXED)¹

€ mn

- Fixed revenues
- Revenues from add-on options
- Variable revenues
- Other revenues

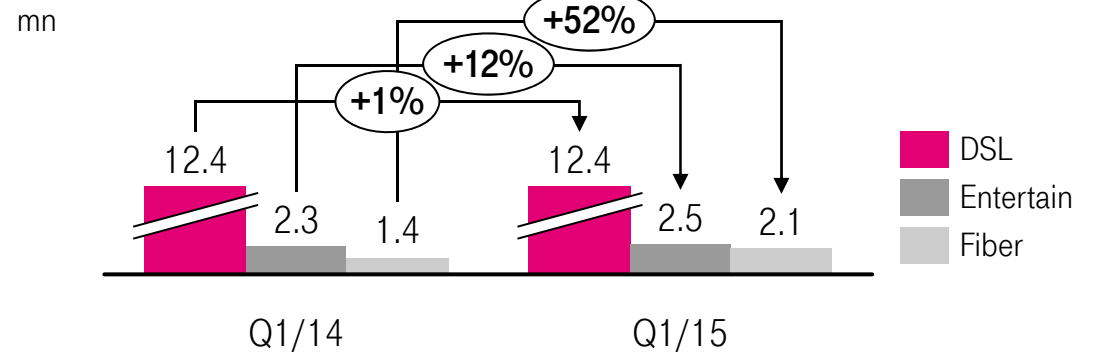


FIXED REVENUES (FIXED LINE)²



RETAIL UPSELL STRATEGY ACCESS

% calculated on exact numbers



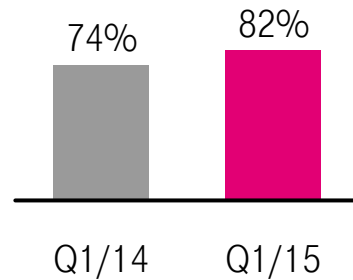
1) Online consumer service revenues have been allocated to revenues from add-on options since Jan 1, 2015. Prior year figures have been adjusted accordingly.

2) Revenues from supplement accesses have been allocated from broadband double play revenues to voice revenues since Jan 1, 2015. Prior year figures have been adjusted accordingly.

GERMANY: CAPEX GROWTH FROM €0.7 TO €0.9 BILLION ACCELERATES HIGH SPEED INFRASTRUCTURE ROLL-OUT AND IP-MIGRATION

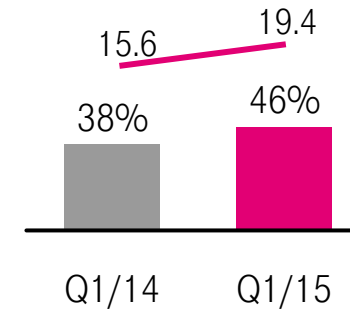
INS- STATUS LTE ROLLOUT

POP
Coverage in %¹



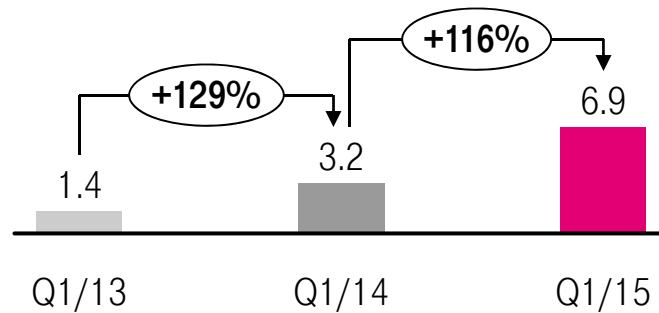
INS- STATUS FIBER ROLLOUT²

Coverage in %
and millions of
households

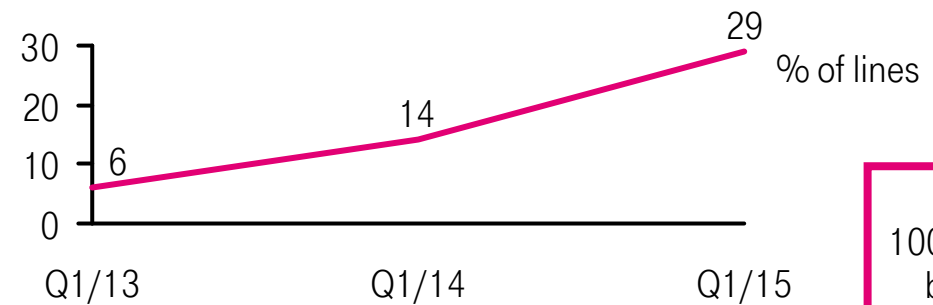


STATUS IP ACCESSES (RETAIL & WHOLESALE)

mn



STATUS IP ACCESSES (RETAIL & WHOLESALE)



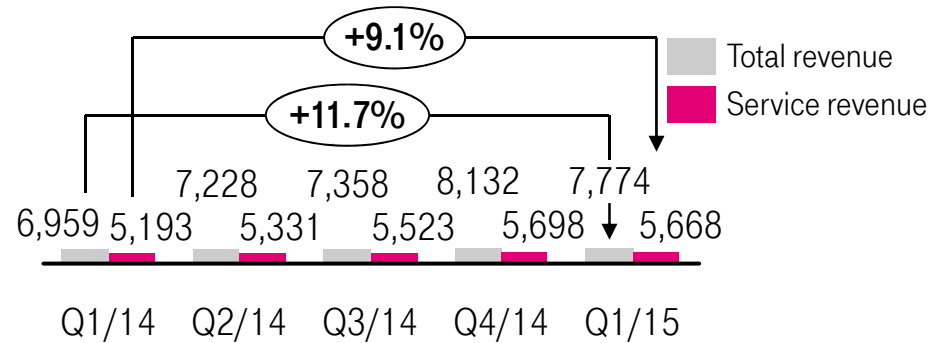
Target:
100% of lines
by 2018!

1) Outdoor coverage 2) In % of households within fixed network coverage in Germany

TMUS: CONTINUED SUBSCRIBER MOMENTUM. INDUSTRY LEADING GROWTH IN REVENUE AND ADJ. EBITDA. NET ADD FORECAST RAISED

REVENUE AND SERVICE REVENUE

US-\$ mn



NET ADDS

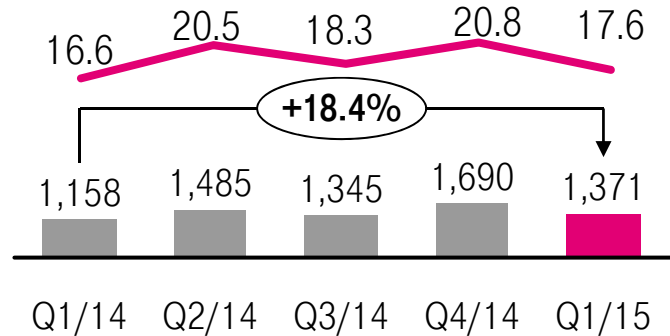
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Total net adds

	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15
Total net adds	2,391	1,470	2,345	2,128	1,818
Branded:					
▪ Postpaid	1,323	908	1,379	1,276	1,125
▪ Prepay	465	102	411	266	73
Wholesale ¹	603	460	555	586	620

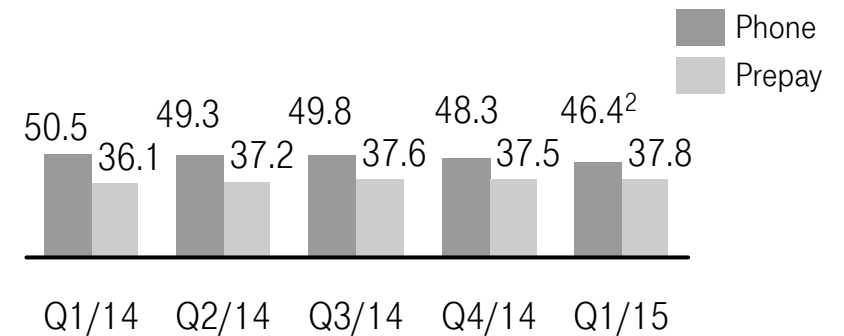
ADJ. EBITDA AND MARGIN (IN %)

US-\$ mn



BRANDED CUSTOMERS: POSTPAID PHONE AND PREPAY ARPU

US-\$ (US GAAP)



1) Wholesale includes MVNO and machine-to-machine (M2M). Amounts may not add up due to rounding.

2) Excl. data stash effect postpaid phone ARPU was US\$ 47.7

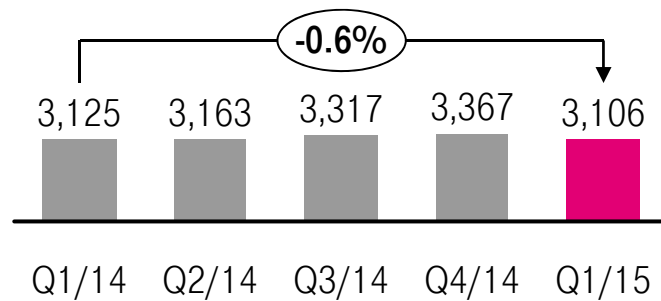


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EUROPE: STEADY IMPROVEMENT IN ORGANIC REVENUE TRENDS

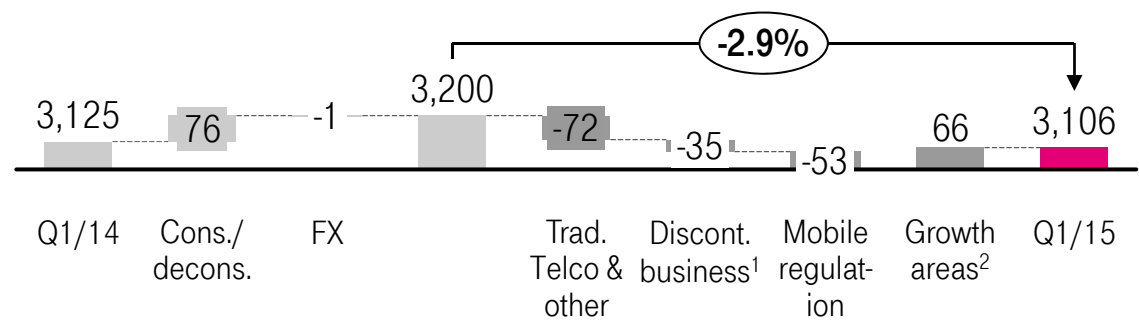
REVENUE AS REPORTED

€ mn



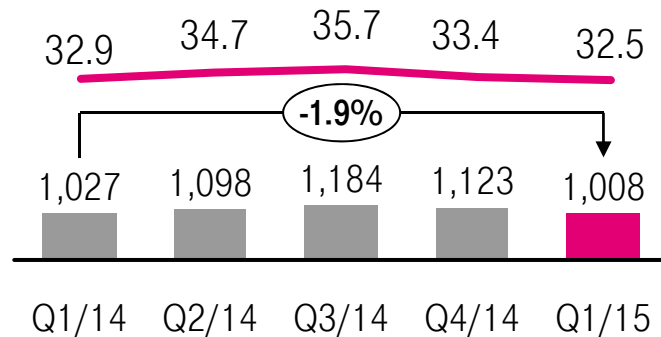
ORGANIC REVENUE DEVELOPMENT

€ mn



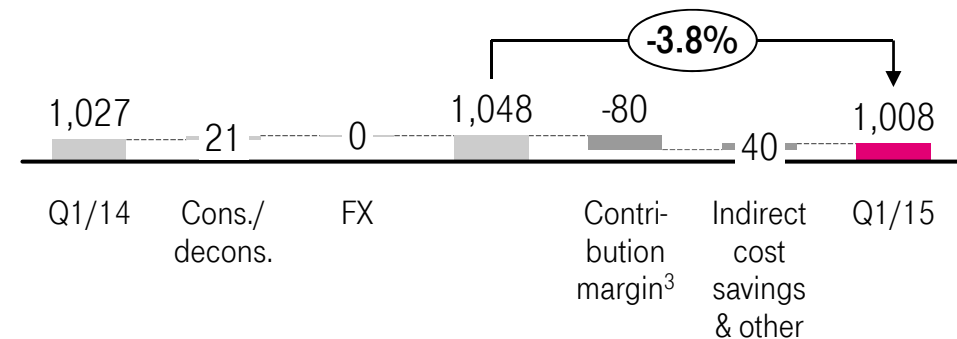
ADJ. EBITDA AND MARGIN (IN %) AS REPORTED

€ mn



ORGANIC ADJ. EBITDA DEVELOPMENT

€ mn



1) International voice hubbing 2) Mobile Data, Pay TV & fixed broadband, B2B/ICT, adjacent industries (online consumer services, energy, and other) 3) Total revenues – direct cost

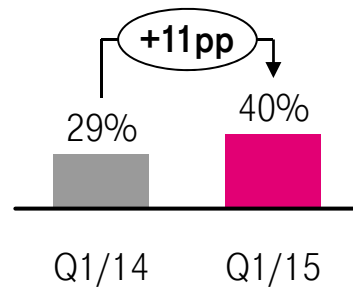


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EUROPE: FOCUS ON TECHNOLOGY LEADERSHIP AND BEST CUSTOMER EXPERIENCE

IP MIGRATION

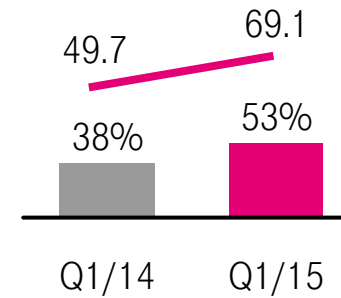
IP share of fixed network access lines



LTE ROLLOUT

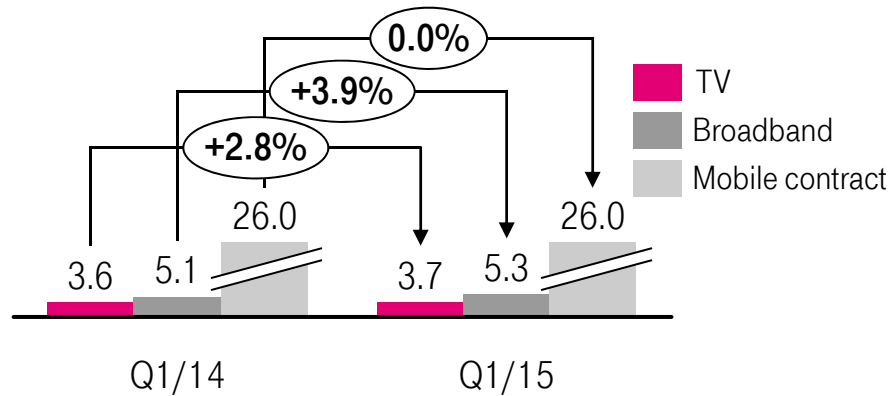
LTE outdoor pop coverage

mn and %



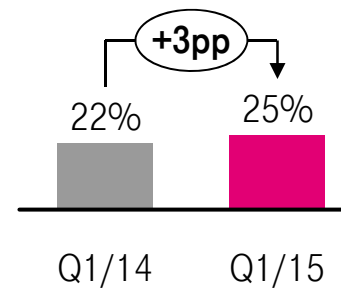
CUSTOMER BASE¹

mn



CONNECTED HOME

Connected Home share of fixed revenues



1) Incl. business customers shifted to T-Systems in Hungary as of Jan 1, 2011

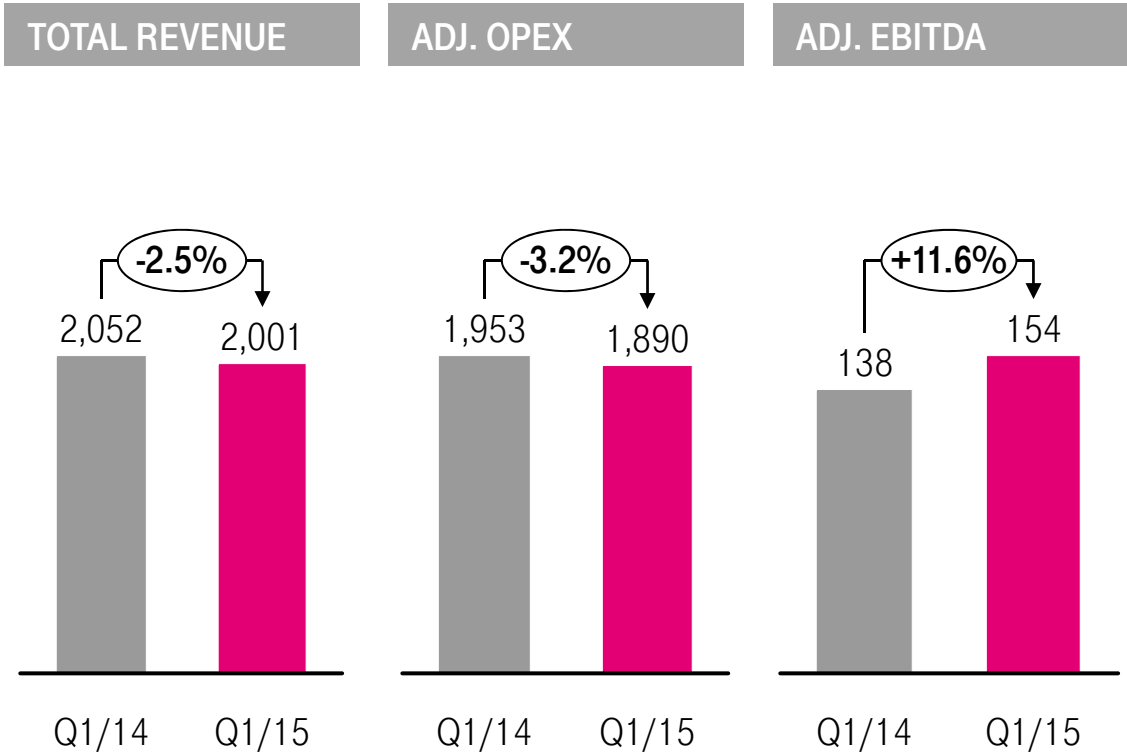


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SYSTEMS SOLUTIONS: MARKET UNIT WITH IMPROVED PERFORMANCE

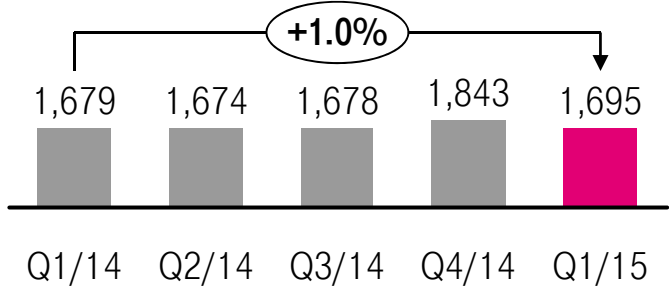
T-SYSTEMS FINANCIALS

€ mn



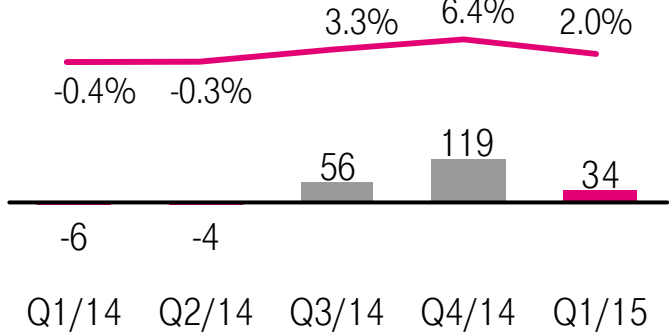
REVENUE MARKET UNIT

€ mn



ADJ. EBIT AND MARGIN MARKET UNIT

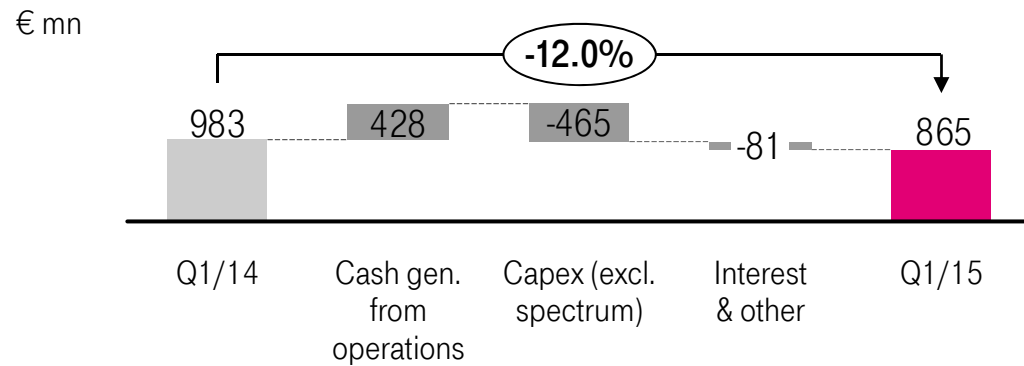
%
€ mn



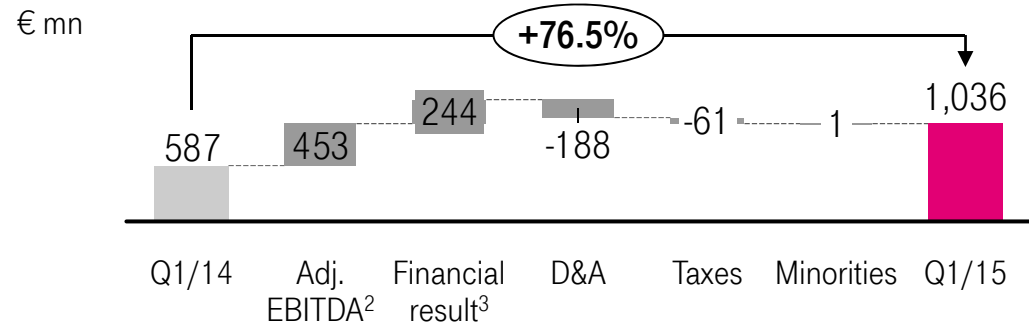
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FINANCIALS: FCF IN LINE WITH FULL-YEAR EXPECTATIONS

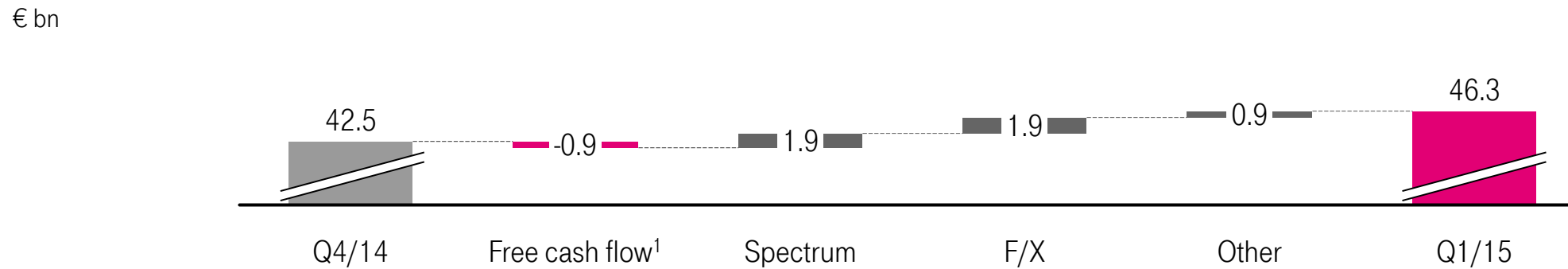
FREE CASH FLOW Q1/15¹



ADJ. NET INCOME Q1/15



NET DEBT DEVELOPMENT Q1/15



1) Free cash flow before dividend payments, spectrum investment

2) Adj. EBITDA includes €175 million other operating income from a settlement.

3) Financial result supported by re-classification of EE JV as held for sale (€278 million)

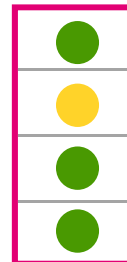


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FINANCIALS: BALANCE SHEET RATIOS

€ BN	31/03/2014	30/06/2014	30/09/2014	31/12/2014	31/03/2015
BALANCE SHEET TOTAL	117.3	118.0	125.0	129.4	137.5
SHAREHOLDERS' EQUITY	32.8	32.5	34.0	34.1	37.0
NET DEBT	38.0	41.4	41.8	42.5	46.3
NET DEBT/ADJ. EBITDA ¹	2.2	2.4	2.4	2.4	2.6
EQUITY RATIO	27.9%	27.5%	27.2%	26.3%	26.9%

Comfort zone ratios
Rating: A-/BBB
2 – 2.5x net debt/adj. EBITDA
25 – 35% equity ratio
Liquidity reserve covers redemption of the next 24 months



Current rating
Fitch:
Moody's:
S&P:

BBB+	stable outlook
Baa1	stable outlook
BBB+	stable outlook

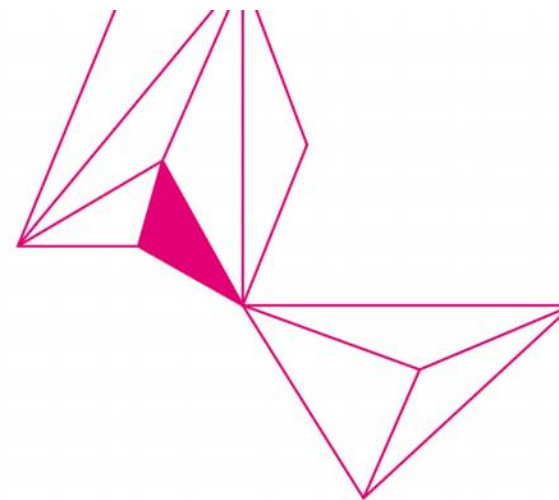
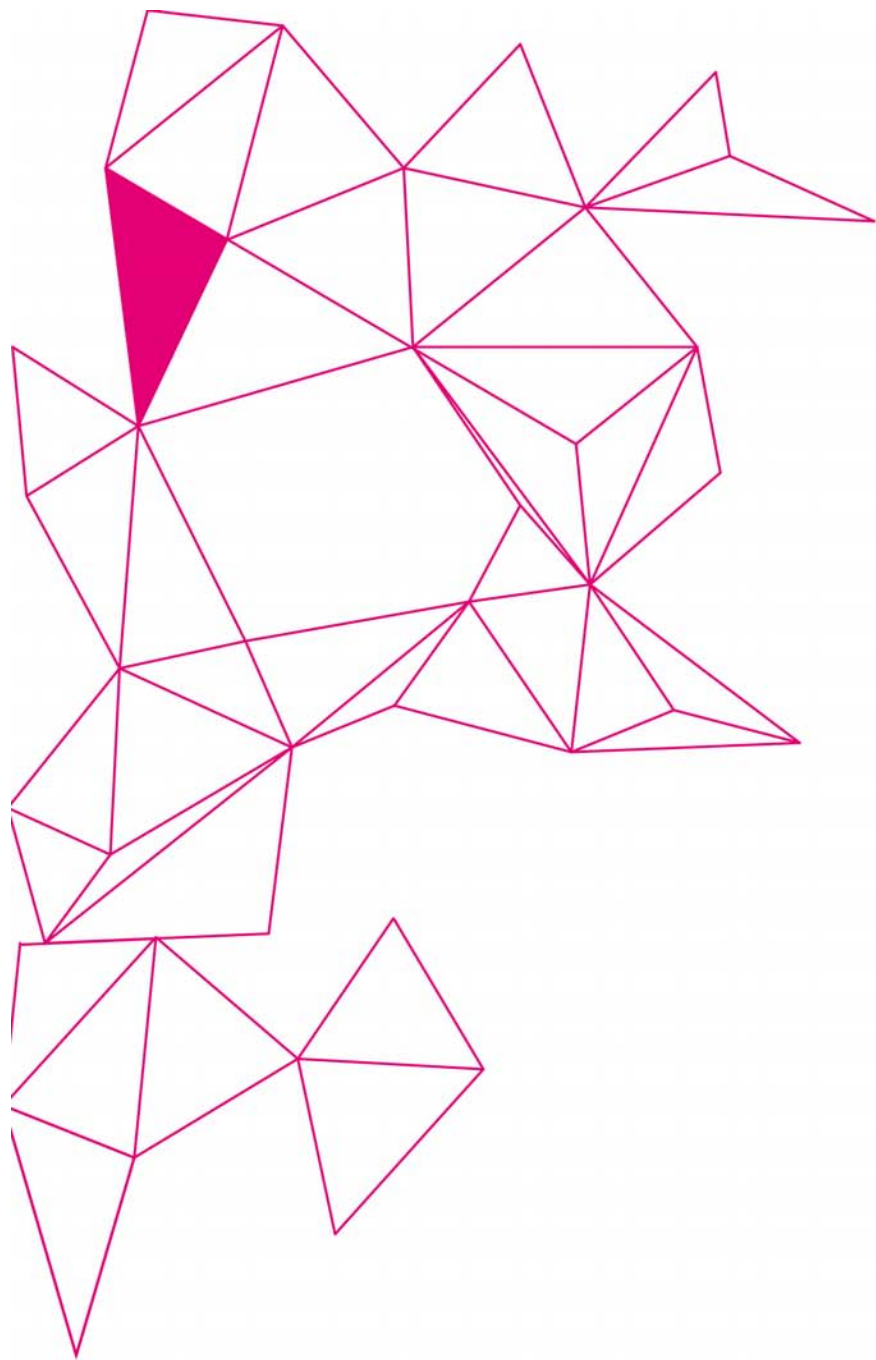
1) Ratios for the interim quarters calculated on the basis of previous four quarters.

KEY MESSAGE Q1: EXECUTING OUR STRATEGY

- 1** Leading European Telco:
Integrated market leader 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 with growth of dividends following FCF growth and our prudent debt policy remains unchanged.



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THANK YOU!

