



DEUTSCHE TELEKOM

Q1/15 ROADSHOW

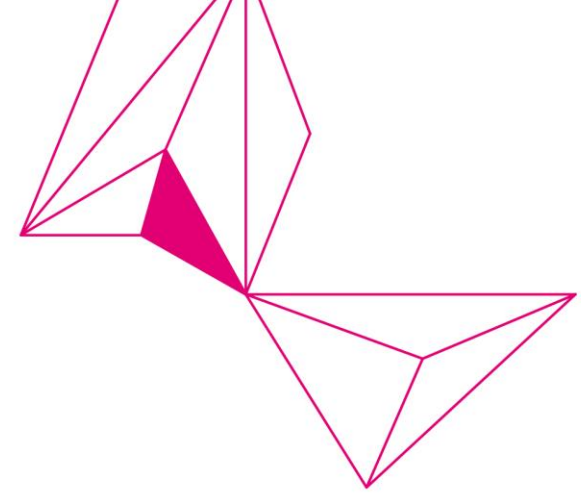
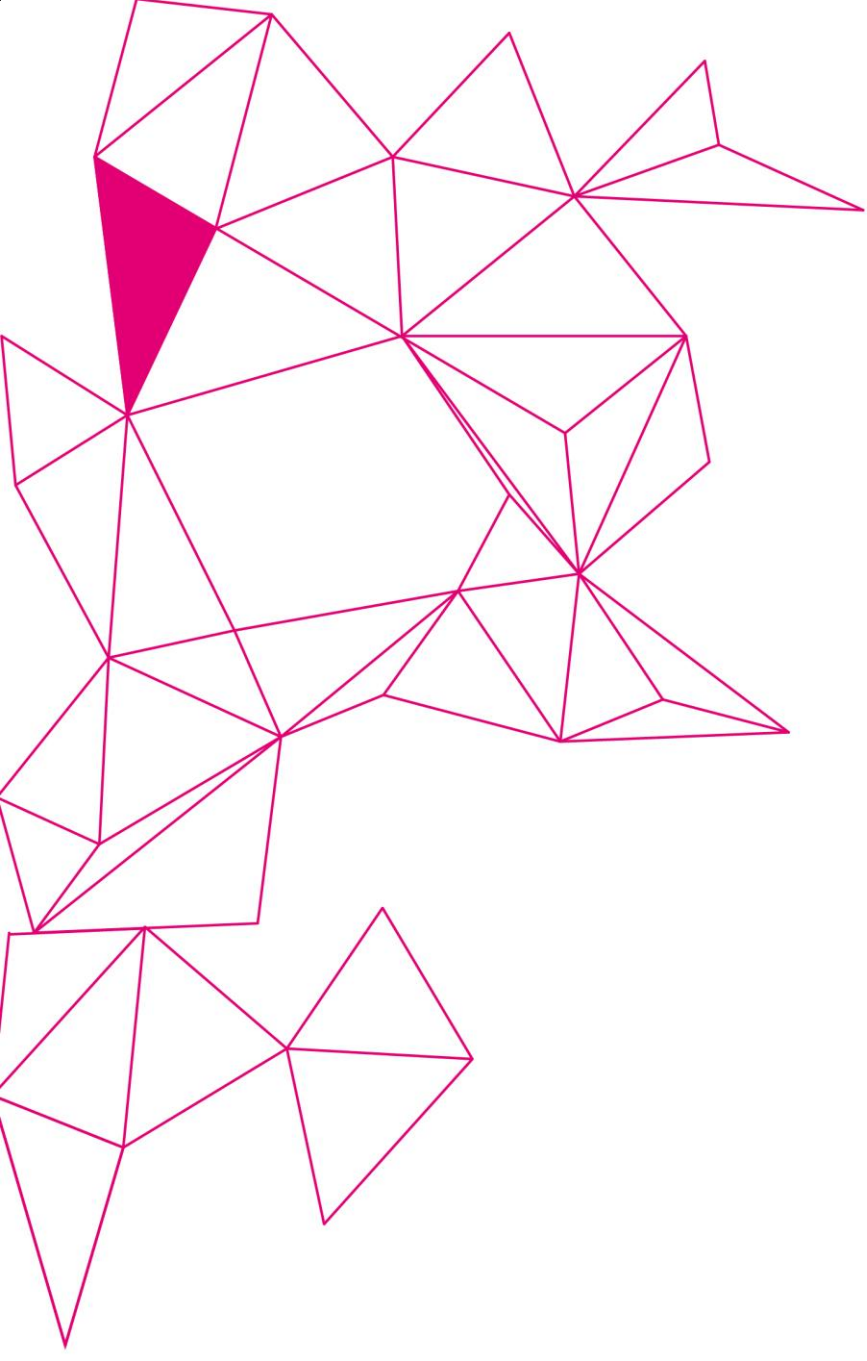


LIFE IS FOR SHARING.

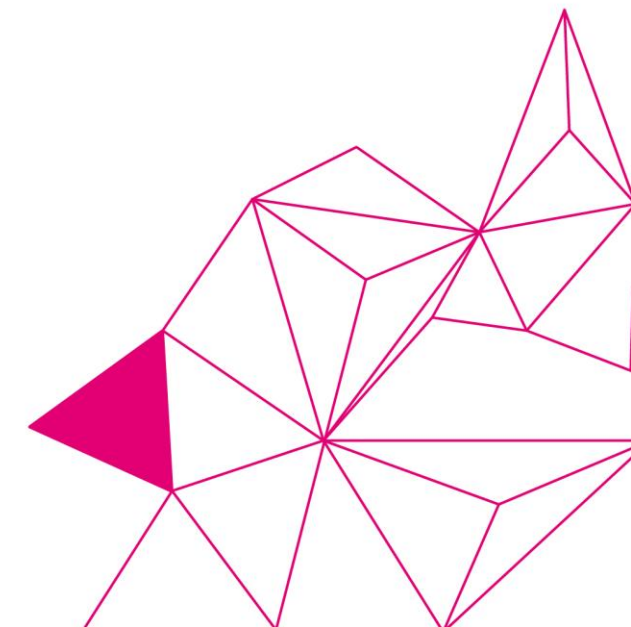
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In addition to figures prepared in accordance with IFRS, Deutsche Telekom also presents non-GAAP financial performance measures, including, among others, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted EBIT, adjusted net income,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



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

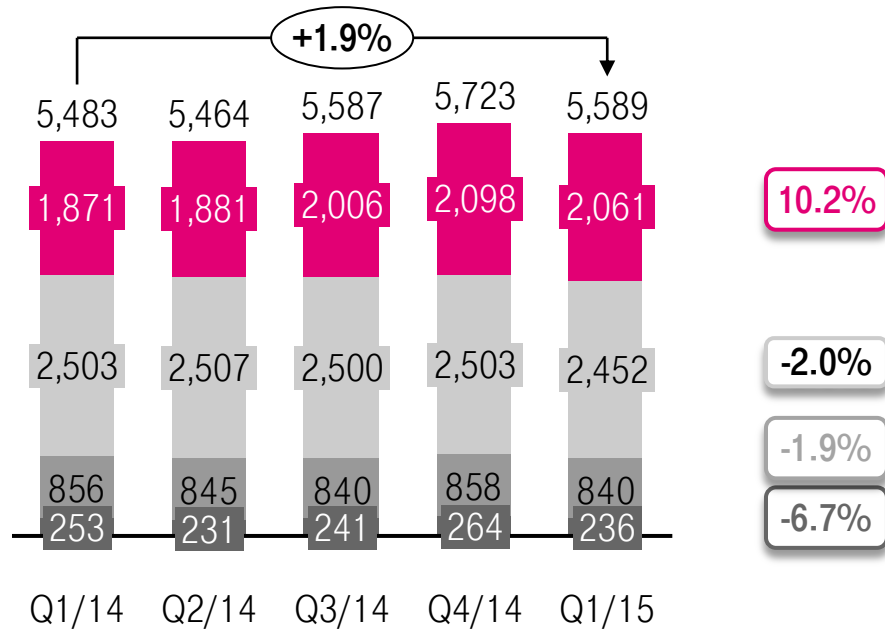
4) Before spectrum payments. Q1/14: €132 million; Q1/15: €1,899 million



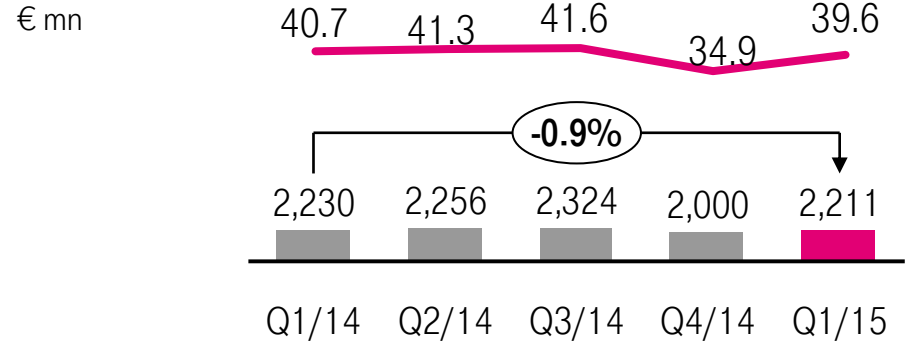
GERMANY: GOOD MOMENTUM IN MOBILE DRIVES REVENUE GROWTH

REVENUE¹

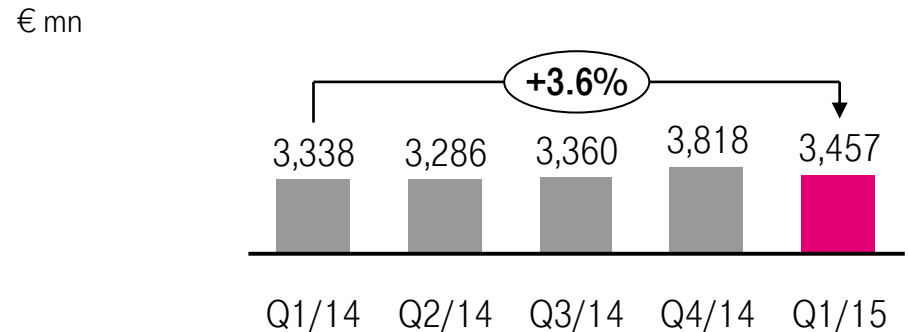
€ mn Mobile Core fixed Wholesale services Others



ADJ. EBITDA AND MARGIN (IN %)



ADJ. OPEX

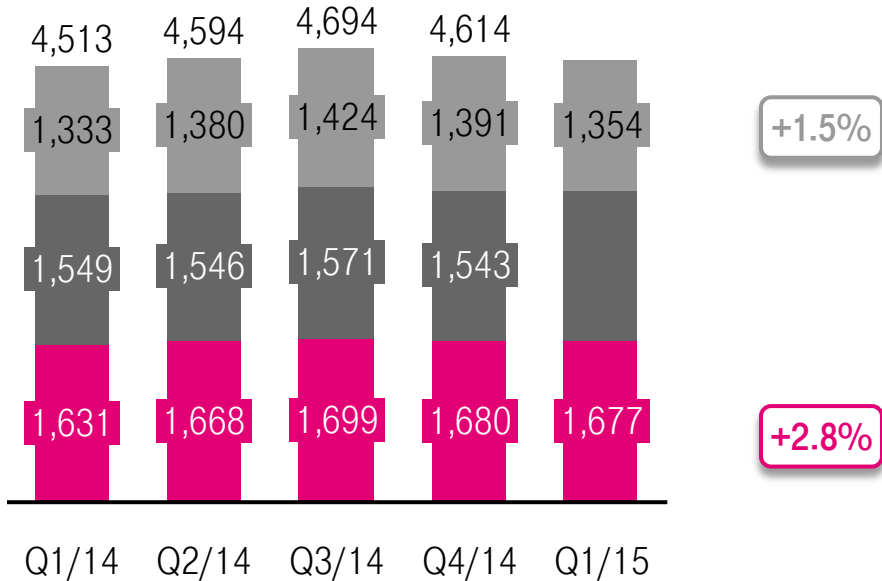


1) Online consumer service revenues in "others" have been allocated to revenues from core fixed since Jan. 1st 2015. Prior year figures have been adjusted accordingly.

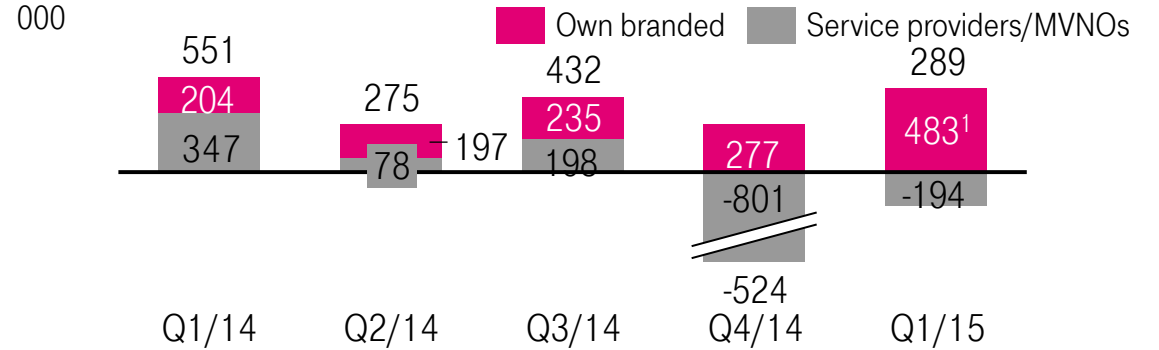
GERMANY MOBILE: GERMAN MOBILE MARKET GROWING. DT WITH FOCUS ON QUALITY

GERMAN MOBILE MARKET SERVICE REVENUE

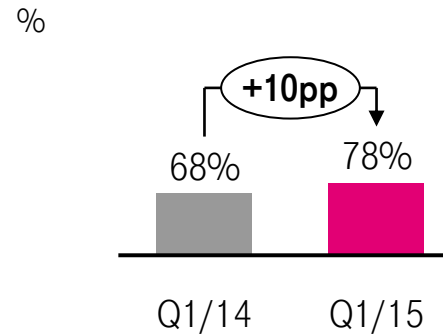
€ mn ■ Telefonica ■ Vodafone ■ Telekom



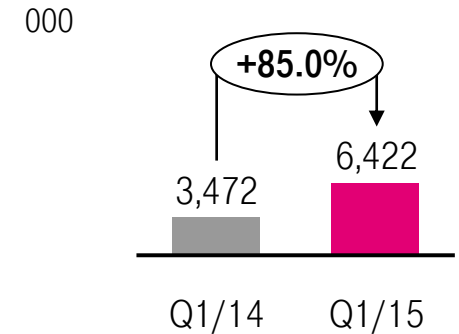
CONTRACT NET ADDS



SMARTPHONE PENETRATION²



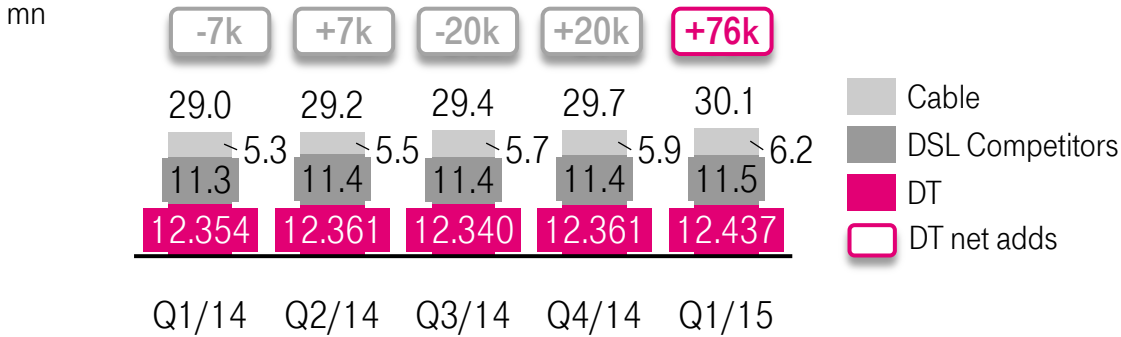
LTE CUSTOMERS³



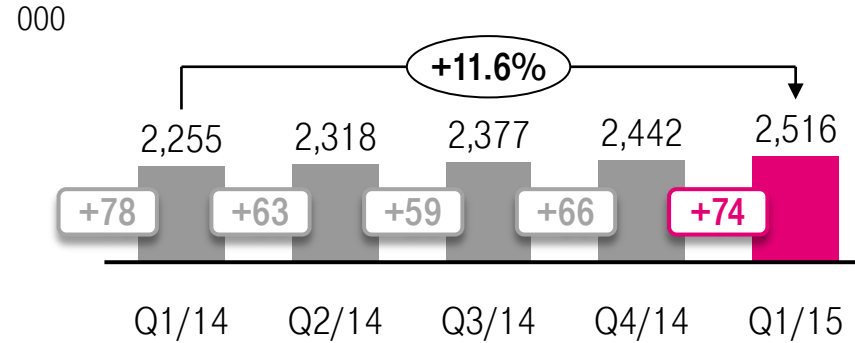
1) Q1/15 Impacted by reclassification of net +288k 2) Of own branded retail customers 3) Customers using a LTE-device and tariff plan including LTE

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

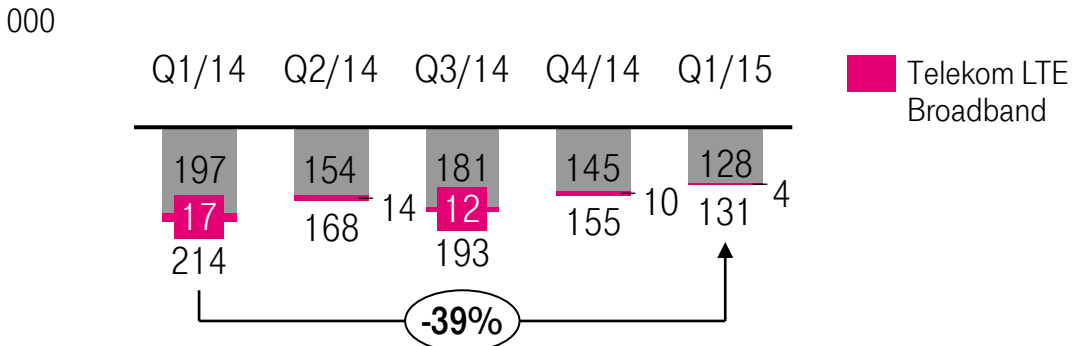
GERMAN BROADBAND MARKET¹



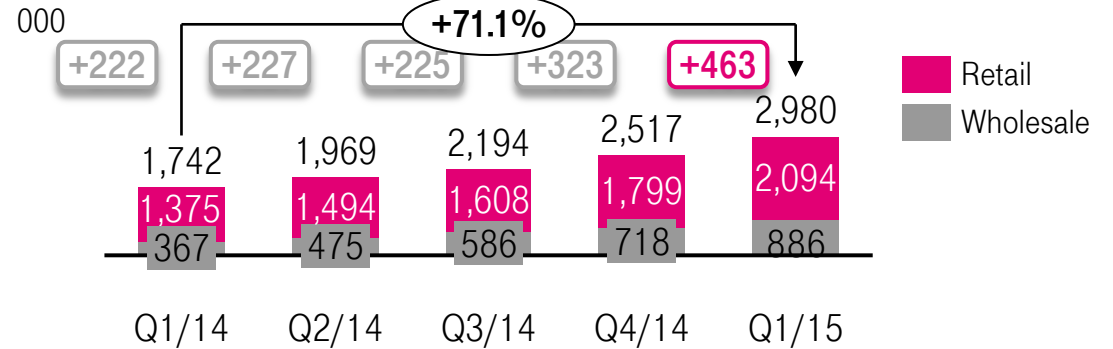
ENTERTAIN CUSTOMERS



LINE LOSSES



FIBER CUSTOMERS²



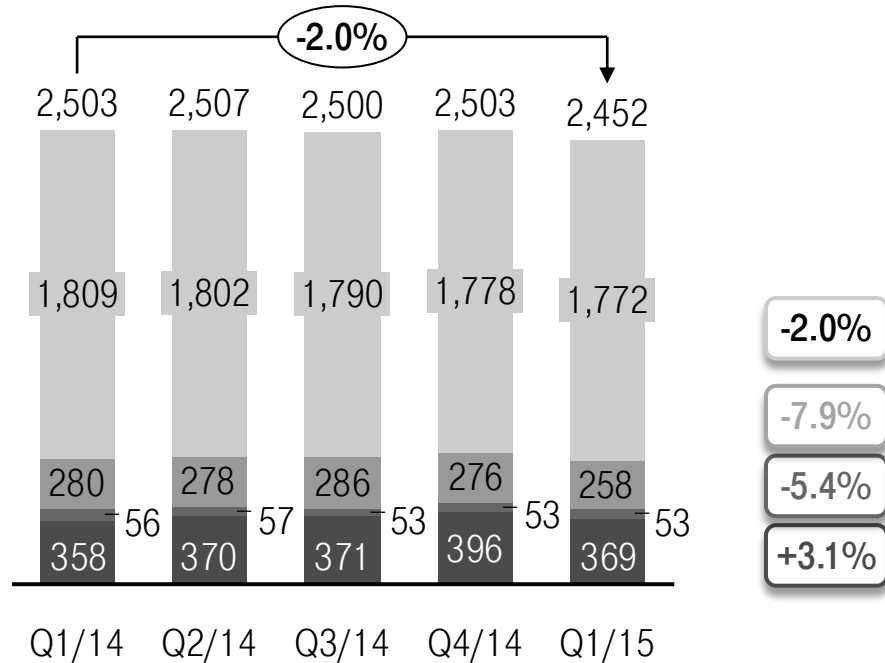
1) Based on management estimates 2) Sum of all FTTx accesses (e.g. FTTC/VDSL, Vectoring and FTTH)

GERMANY FIXED: UPSELLING AND FIBER IMPROVE REVENUE TRENDS

FIXED NETWORK REVENUES (CORE FIXED)¹

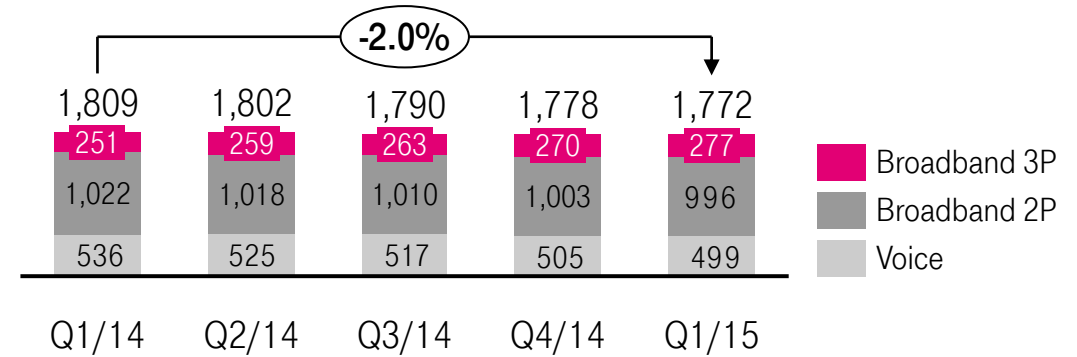
€ mn

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



FIXED REVENUES (FIXED LINE)²

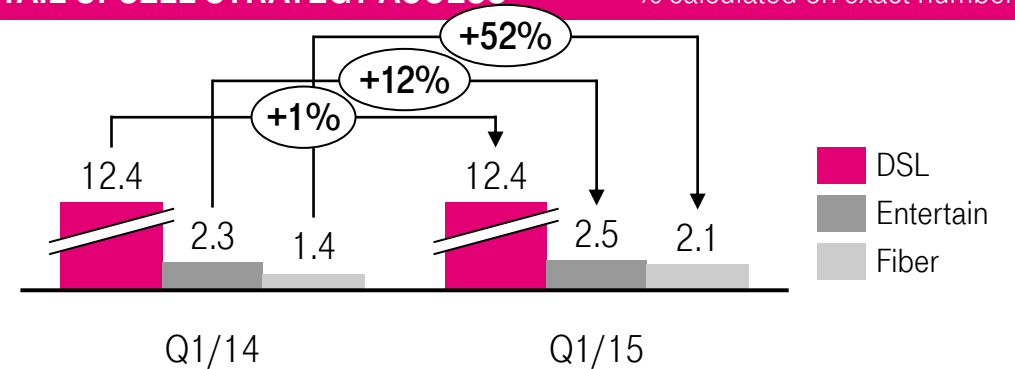
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RETAIL UPSELL STRATEGY ACCESS

% calculated on exact numbers

mn



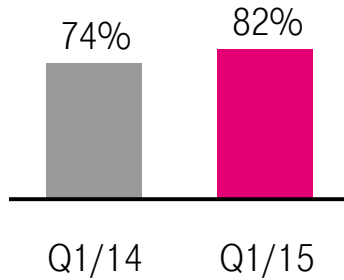
1) Online consumer service revenues have been allocated to revenues from add-on options since Jan. 1st 2015. Prior year figures have been adjusted accordingly.

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

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

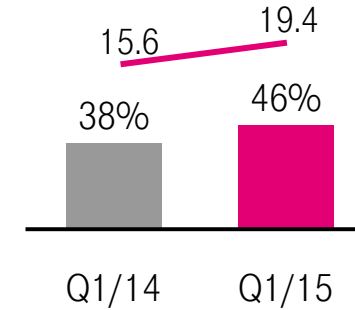
INS- STATUS LTE ROLLOUT

POP
Coverage in %¹



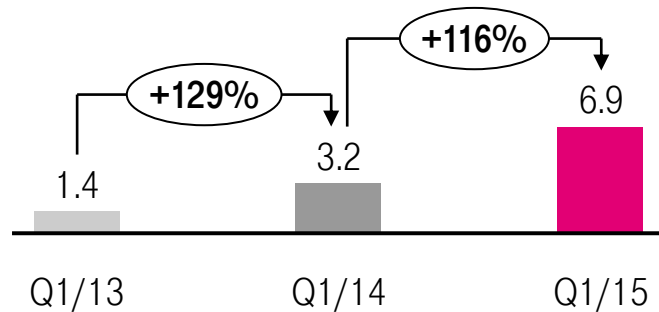
INS- STATUS FIBER ROLLOUT²

Coverage in %
and millions of households

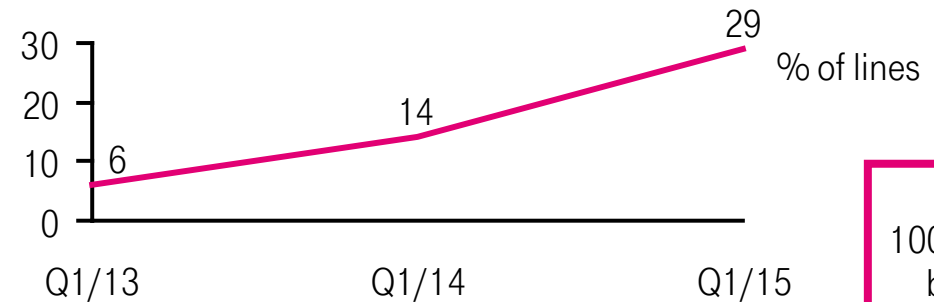


STATUS IP ACCESSES (RETAIL & WHOLESALE)

mn



STATUS IP ACCESSES (RETAIL & WHOLESALE)



Target:
100% of lines
by 2018!

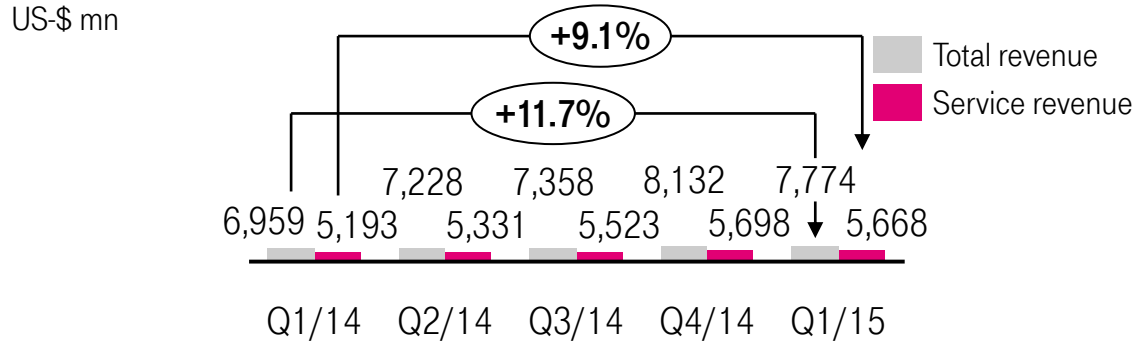
1) outdoor coverage 2) in % of households within fixed network coverage in Germany



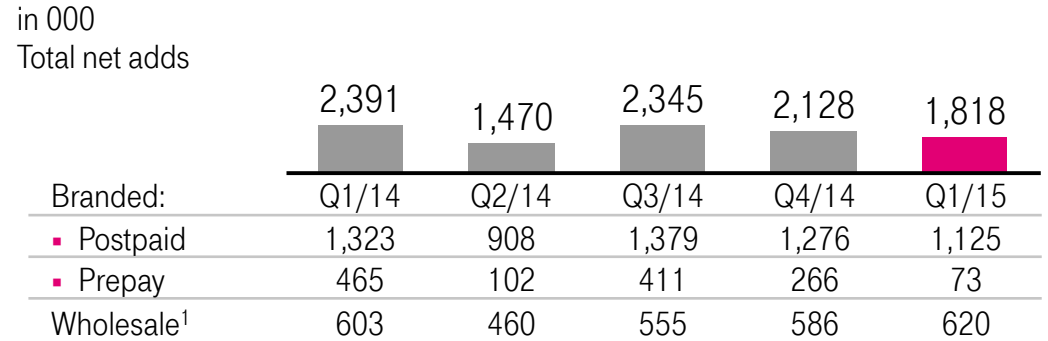
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TMUS: CONTINUED SUBSCRIBER MOMENTUM. INDUSTRY LEADING GROWTH IN REVENUE AND ADJ. EBITDA. NET ADD FORECAST RAISED

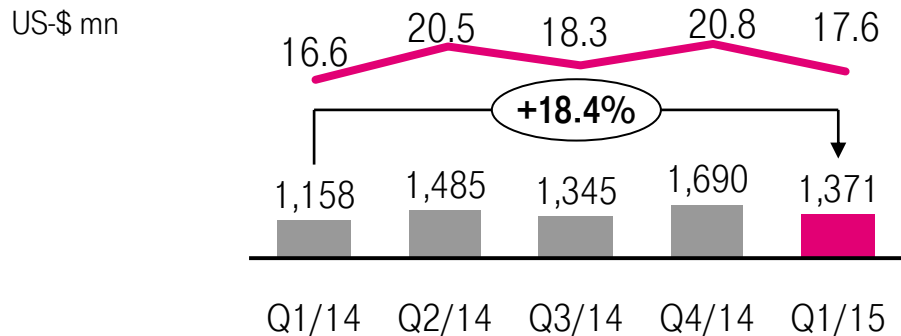
REVENUE AND SERVICE REVENUE



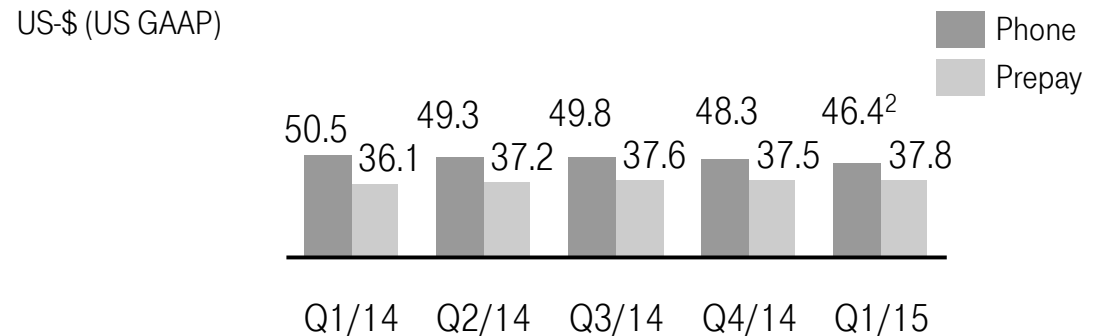
NET ADDS



ADJ. EBITDA AND MARGIN (IN %)



BRANDED CUSTOMERS: POSTPAID PHONE AND PREPAY ARPU



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

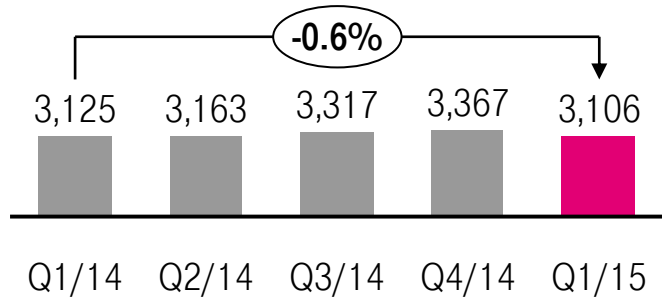


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EUROPE: STEADY IMPROVEMENT IN ORGANIC REVENUE TRENDS

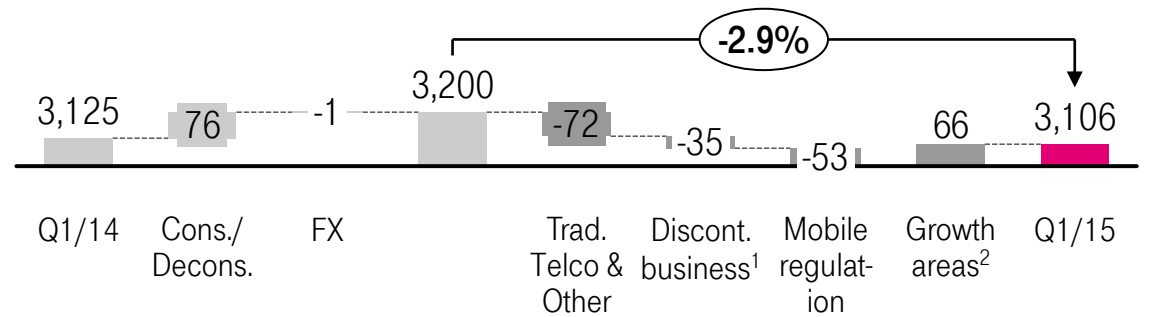
REVENUE AS REPORTED

€ mn



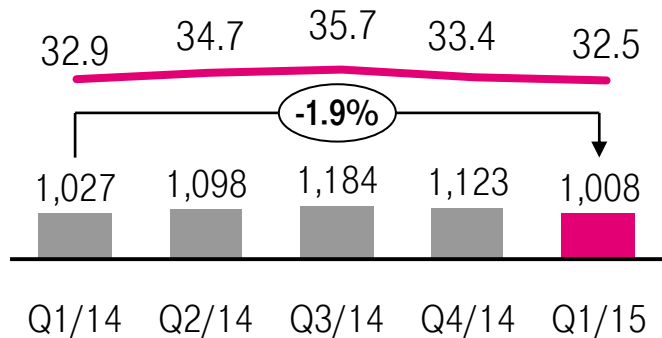
ORGANIC REVENUE DEVELOPMENT

€ mn



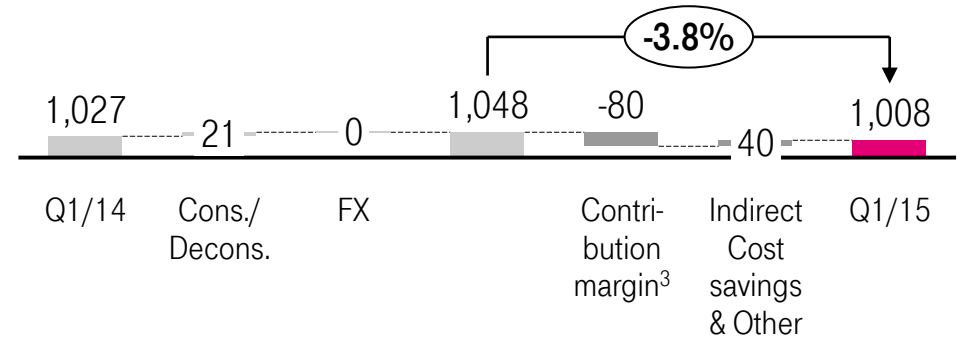
ADJ. EBITDA AND MARGIN (IN %) AS REPORTED

€ 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

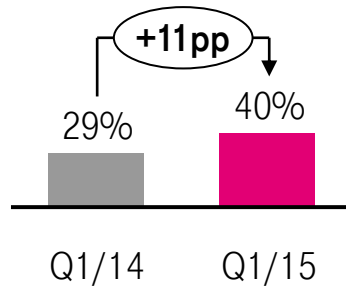


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EUROPE: FOCUS ON TECHNOLOGY LEADERSHIP AND BEST CUSTOMER EXPERIENCE

IP MIGRATION

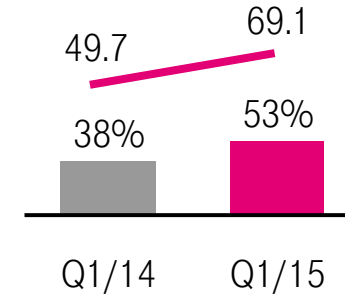
IP share of fixed network access lines



LTE ROLLOUT

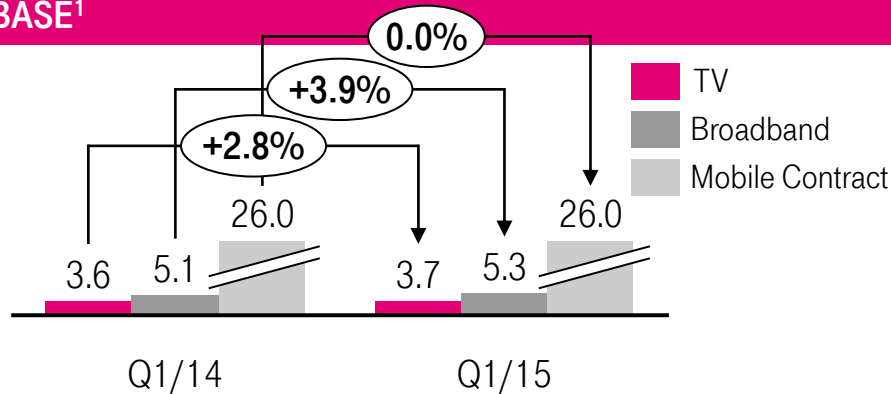
LTE outdoor pop coverage

in mn and %



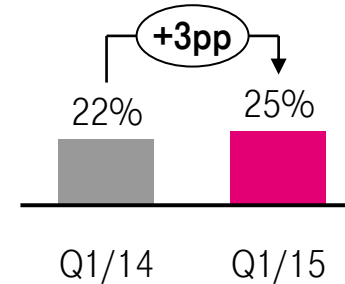
CUSTOMER BASE¹

mn



CONNECTED HOME

Connected Home share of Fixed Revenues



1) incl. business customers shifted to T-Systems in Hungary as of 1.1.2011.



LIFE IS FOR SHARING.

SYSTEMS SOLUTIONS: MARKET UNIT WITH IMPROVED PERFORMANCE

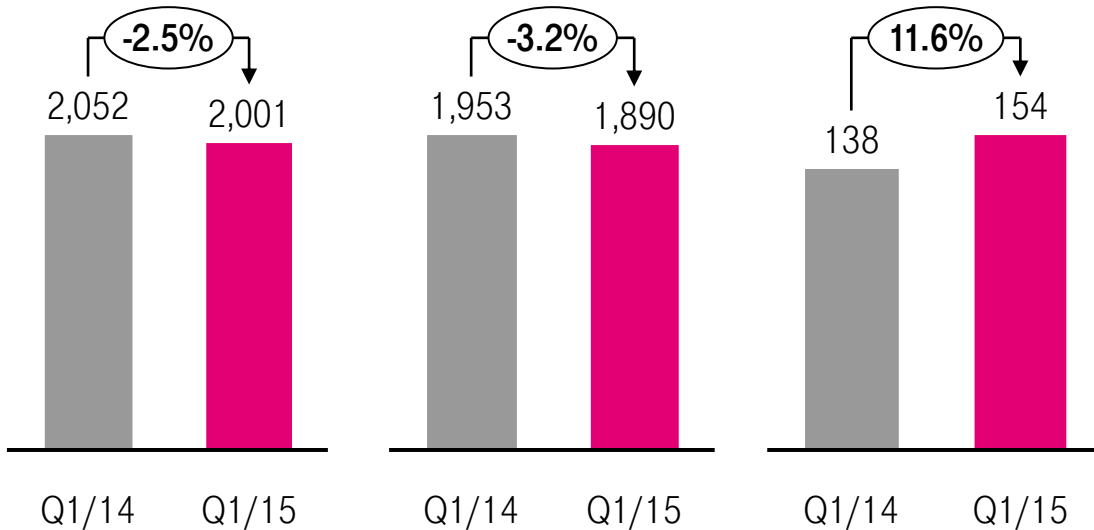
T-SYSTEMS FINANCIALS

€ mn

TOTAL REVENUE

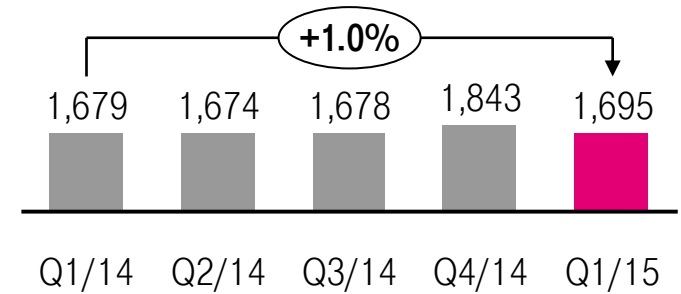
ADJ. OPEX

ADJ. EBITDA



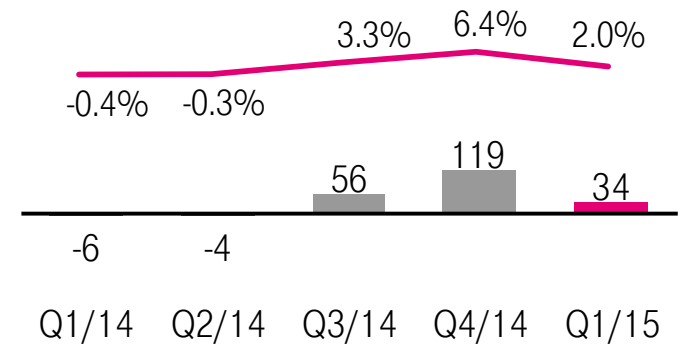
REVENUE MARKET UNIT

€ mn



ADJ. EBIT AND MARGIN MARKET UNIT

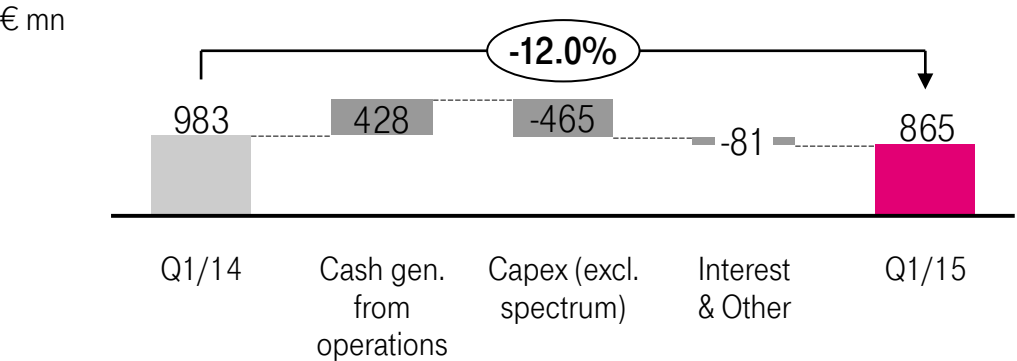
%
€ mn



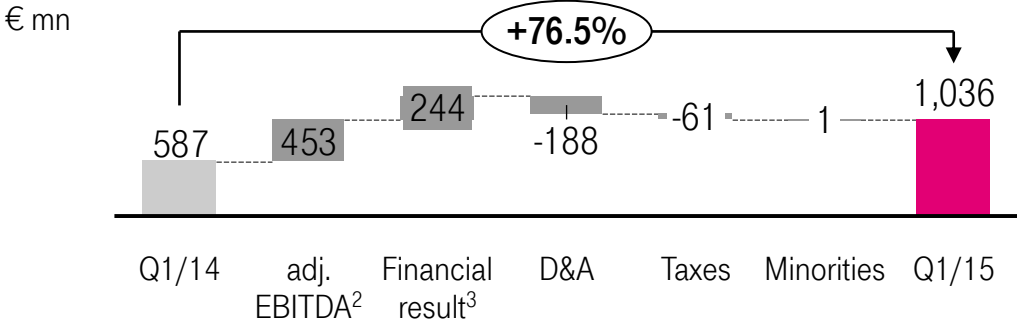
LIFE IS FOR SHARING.

FINANCIALS: FCF IN LINE WITH FULL YEAR EXPECTATIONS

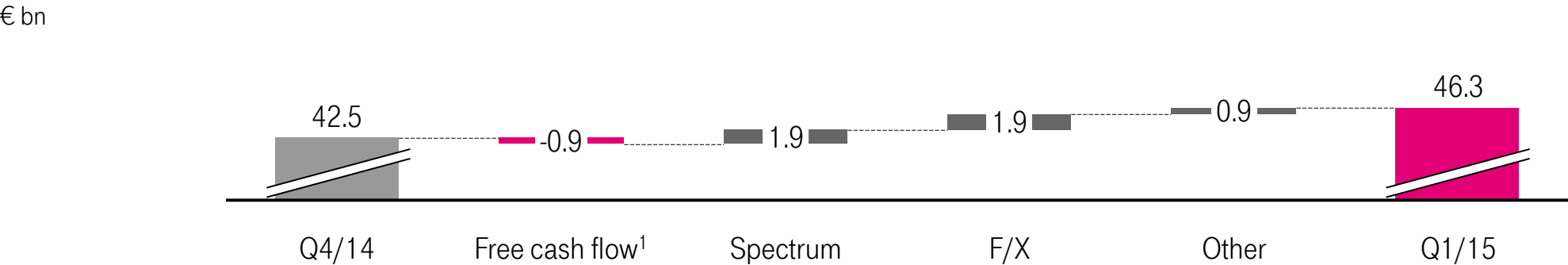
FREE CASH FLOW Q1/15¹



ADJ. NET INCOME Q1/15



NET DEBT DEVELOPMENT Q1/15

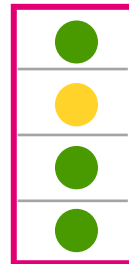


1) Free cash flow before dividend payments, spectrum investment 2) Adj. EBITDA includes €175 million other operating income from a settlement. 3) Financial result supported by re-classification of EE JV as held for sale (278 million)

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. EBITDA¹	2.2	2.4	2.4	2.4	2.6
EQUITY RATIO	27.9%	27.5%	27.2%	26.3%	26.9%

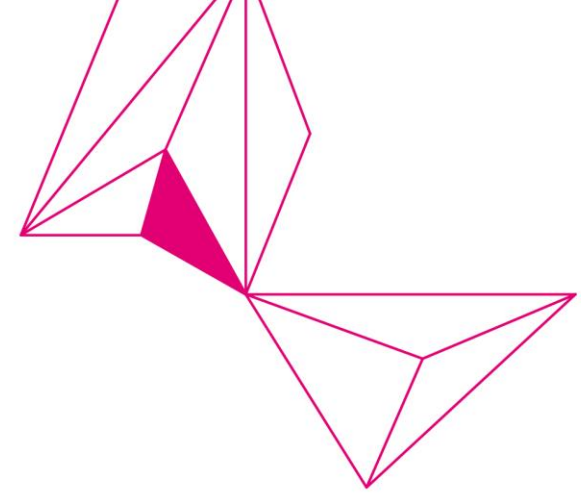
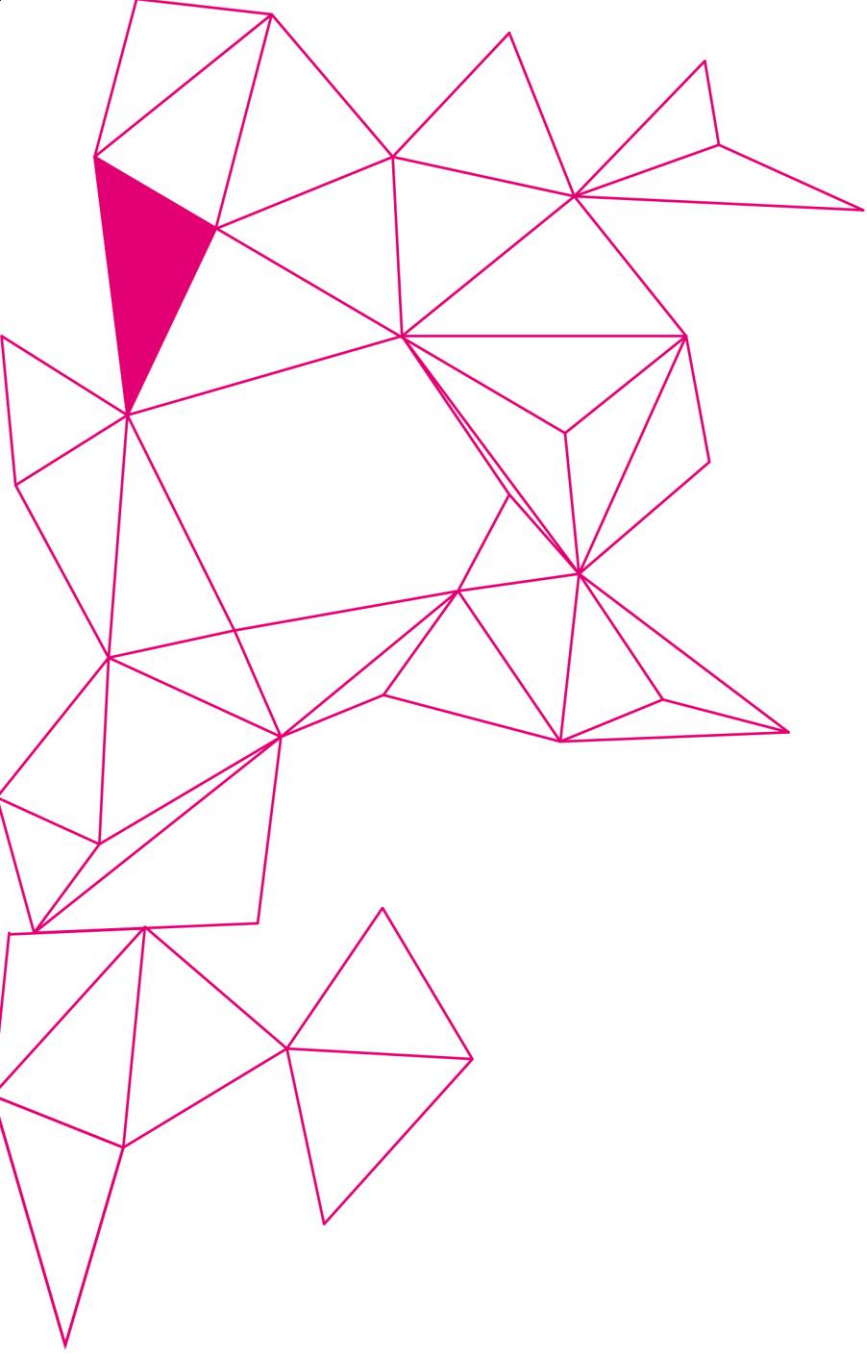
Comfort zone ratios
Rating: A-/BBB
2 – 2.5x net debt/Adj. EBITDA
25 – 35% equity ratio
Liquidity reserve covers redemption of the next 24 months



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 4 quarters.



KEY MESSAGES CMD 2015



KEY MESSAGES: DT IS THE LEADING EUROPEAN TELCO!

- 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.



GROUP STRATEGY

OUR STRATEGY

LEADING EUROPEAN TELCO

INTEGRATED
IP NETWORKS

BEST
CUSTOMER
EXPERIENCE

WIN WITH
PARTNERS

LEAD IN
BUSINESS

TRANSFORM PORTFOLIO

EVOLVE FINANCIAL TARGETS & EFFICIENCY

ENCOURAGE LEADERSHIP & PERFORMANCE DEVELOPMENT

OUR SUPERIOR PRODUCTION MODEL



DIGITAL TRANSFORMATION OF CUSTOMER FACING PROCESSES

COST EFFICIENCY & SIMPLICITY



ALL-IP TRANSFORMATION



PSTN migration
in all NatCos

PLUG & PLAY

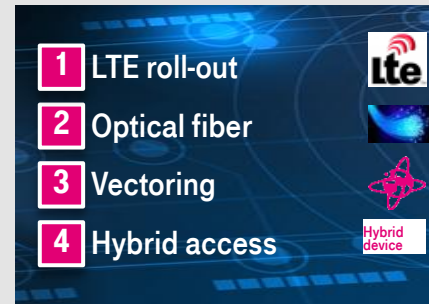
PAN-EUROPEAN NETWORK



Centralized,
virtualized
architecture and
production
platforms

TIME TO MARKET

INTEGRATED NETWORK STRATEGY



- 1 LTE roll-out
- 2 Optical fiber
- 3 Vectoring
- 4 Hybrid access

BEST CONNECTIVITY

Annual run rate adj.
Opex savings:

≈ €-1.2 bn¹

(steady state in early 2020ies)

¹ Gross Opex savings D/EU before any counter effects (e.g. personnel cost increases)

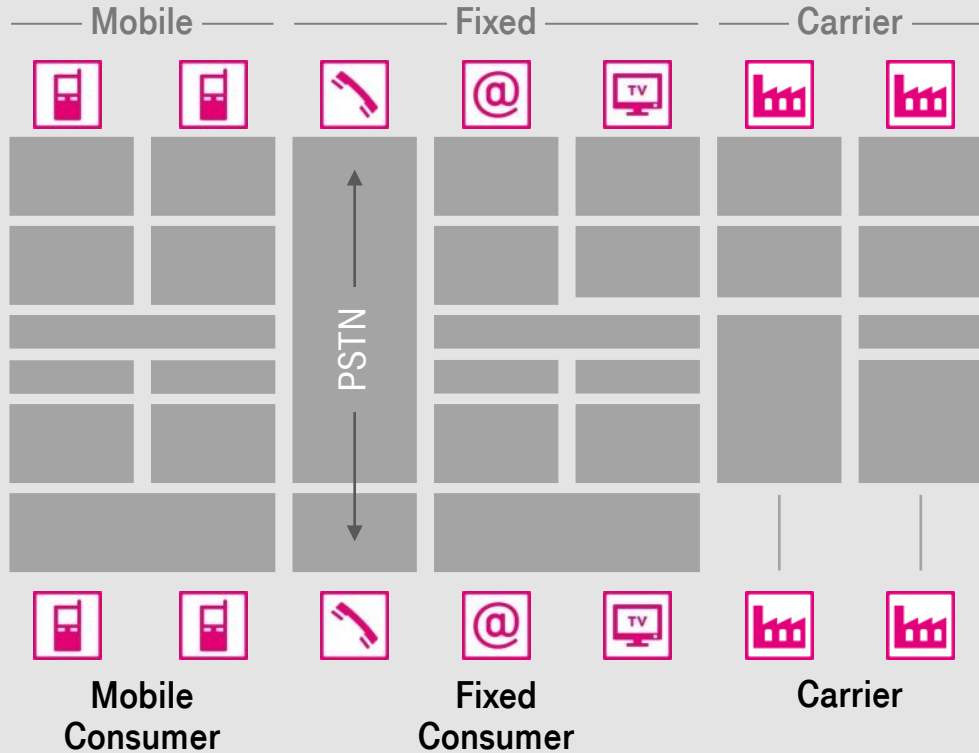
ALL IP TRANSFORMATION: THE CREATION OF A SIMPLIFIED AND STANDARDIZED NETWORK

ALL IP

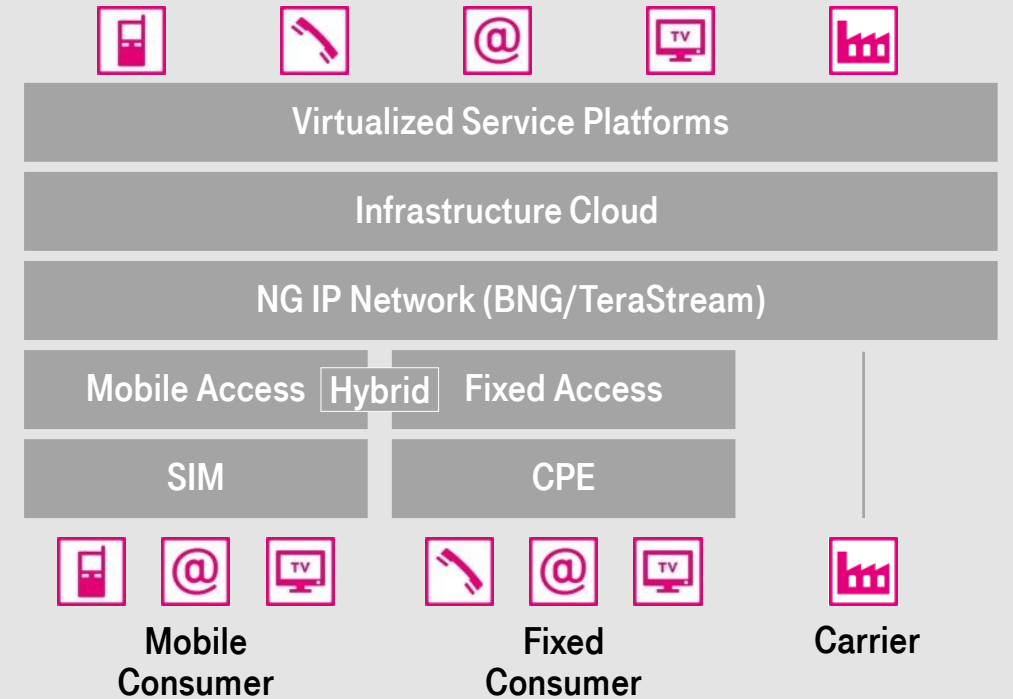
PANNET

INS

FROM THE "OLD PSTN WORLD" ...



...TO THE "NEW IP ERA"



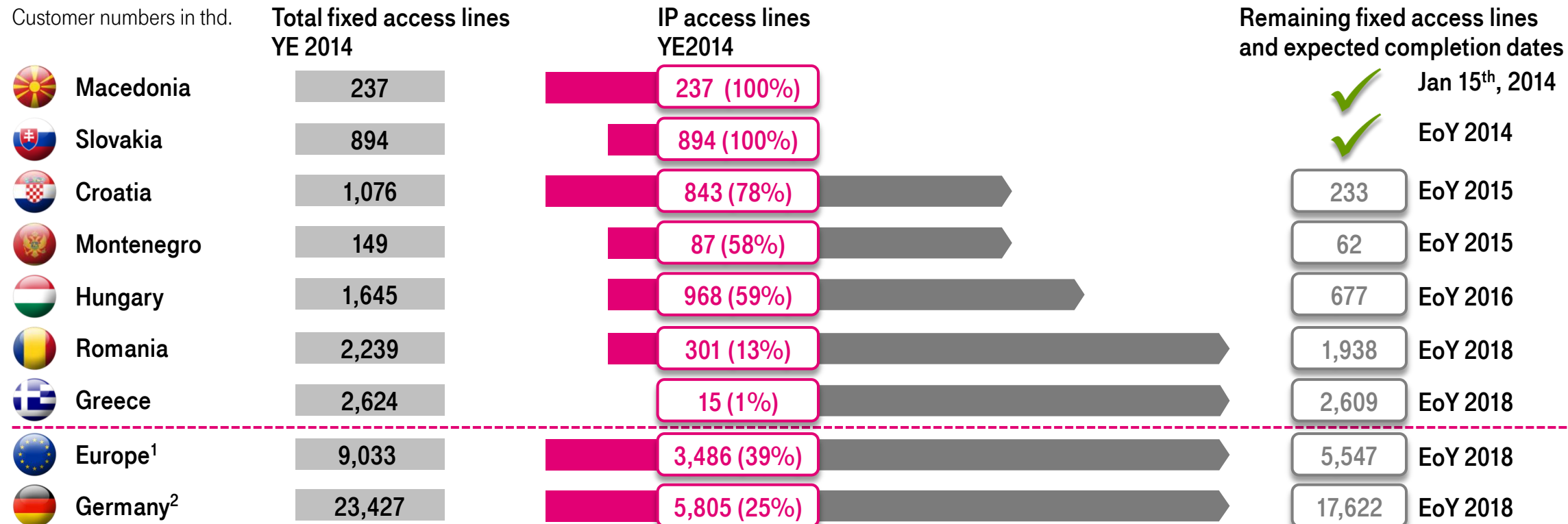
ALL-IP TRANSFORMATION ON TRACK

ALL IP

PANNET

INS

ALL-IP TRANSFORMATION BY COUNTRY



¹ Incl. Czech Republic (131 thd. fixed lines, 98% IP), and GTS (37 thd. fixed lines, 32% IP) ² Incl. retail, Call&Surf via Funk, wholesale bundled and unbundled

PANNET TARGET PICTURE 2020+: FROM NATCO-CENTRIC TO INTEGRATED PAN EUROPEAN SERVICE PRODUCTION

ALL IP

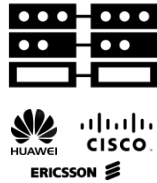
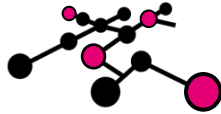
PANNET

INS

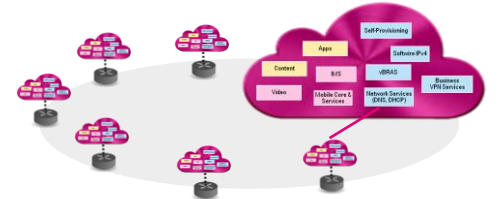
TODAY

FUTURE

Complex service production with distributed vendor-specific network elements



Highly simplified, virtualized, IP-based production architecture



Different, historically grown production in each NatCo



Integrated production, delivered to all NatCos



Each NatCo with own product development logic



One common product development logic for all countries



OUR SEAMLESS HIGH PERFORMING NETWORK

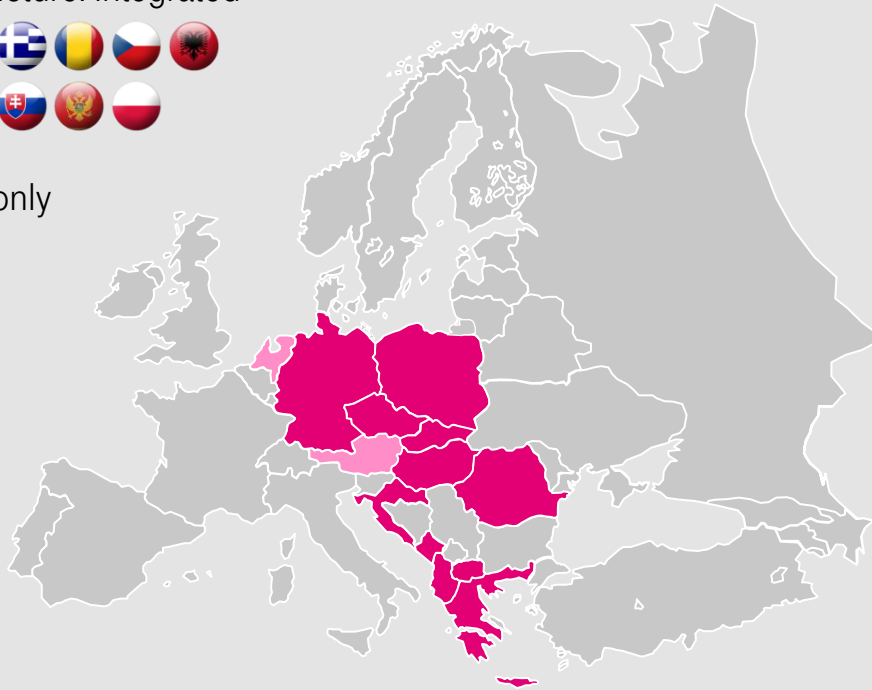


TECHNOLOGY LEADERSHIP

Target picture: Integrated



Mobile only



SUPERIOR SPEED AND COVERAGE - SEAMLESS ACCESS

We push a highly competitive fiber based infrastructure and at the same

time stick to our capex envelope!



- **95% LTE** pop-coverage¹ in 2018 with up to 300Mbps
- Fiber household footprint of **≈ 80% in 2018** with at least 50 Mbps depending on regulatory adjustments
- Introduction of **super vectoring** with **more than 250Mbps in cable footprint**
- Download speed of **up to 550Mbps** via hybrid in cable footprint
- **264.000 hotspots and 2.000 small cells** in 2018 to boost mobile capacity & indoor coverage



- **75-95%**² LTE pop-coverage in 2018 with up to 300 Mbps
- **≈50%** of households³ with **at least 100Mbps** in 2018
- **≈12%** of households³ with **up to 500Mbps**⁴ in 2018
- **1.6mn hotspots** in 2018⁵

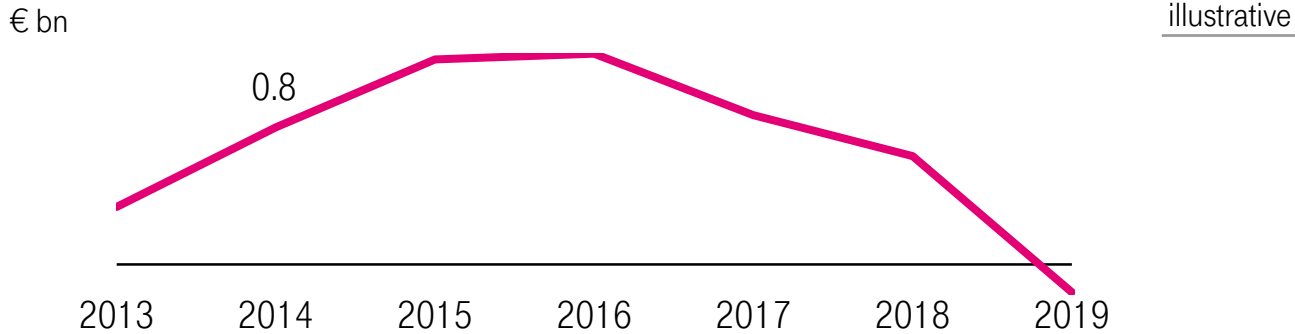
¹ Outdoor coverage ² Depending on country ³ In integrated footprint ⁴ FTTH, FTTB, FTTC, cable/ED3 (cable, esp. in Hungary with Euro-DOCSIS) ⁵ Including FON

INDIRECT COST SAVINGS WILL FUND THE INVESTMENT FOR THE TRANSFORMATION



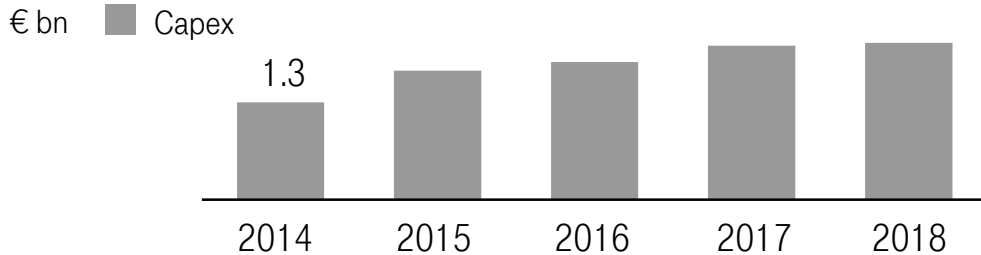
OPEX AND CAPEX: DIGITAL TRANSFORMATION, IP TRANSFORMATION, PAN-EUROPEAN NETWORK¹

1 & 2 & 3



CAPEX: INS NETWORK

4



BENEFITS STEADY STATE FROM EARLY 2020IES

FIN. BENEFITS: ≈ €1.2 BILLION OPEX SAVINGS²

- Segments
 - ≈ €0.7 bn Germany
 - ≈ €0.5 bn Europe
- Functional Areas
 - ≈ €0.4 bn Technology / Platforms
 - ≈ €0.8 bn Service

COMMERCIAL BENEFITS

- Enlarged fiber and LTE footprint and increased bandwidth for customers
- Faster time to market
- Easy to partner

¹ Excl. special factors. Measure related effects incl. savings. PanNet w/o transport & access. INS Opex in German fixed network also included.

² Gross measure-related steady state Opex savings early 2020ies GER/EU vs. 2013, after accomplished IP and process-/e-transformation as well as PanNet (w/o transport & access) before any counter effects (e.g. personnel cost increases).

WE FOLLOW A CLEAR PORTFOLIO STRATEGY



CMD 2012: EE AND SCOUT UNDER STRATEGIC REVIEW



- **Strategic** solution: building the next **FMC market leader**
- **Premium** valuation: **£12.5 bn** EV
- Partnership potential and upside via participation in synergies



- Sale of 70% stake in Scout for **€1.6 bn**
- **Attractive valuation** of 20 times 2013 EBITDA
- 30% stake retains **significant upside potential** in value creation



SCOUT 24



- **Access to capital markets**, scale and synergies
- In combination with spectrum & AT&T breakup fee: foundation for **improved network proposition** and **turnaround**
- **Market cap almost doubled** since listing
- **Synergies NPV increased to \$9-10 bn**



M&A POLICY GOING FORWARD

1 Europe

- Selective and minor FMC/ICT acquisitions in our core integrated markets, but only for attractive multiples
- TMA and TMNL: mobile attacker strategy

2 US

- Un-carrier strategy
- Continue de-risking, self-funding, king maker asset

3 Other

- Further monetization of assets if more value can be crystallized outside group
- Smaller technology M&A to strengthen business and innovation capabilities
- Minority shareholders: Opportunistic approach, only if economically attractive

4 General policy – No major acquisitions outside our footprint

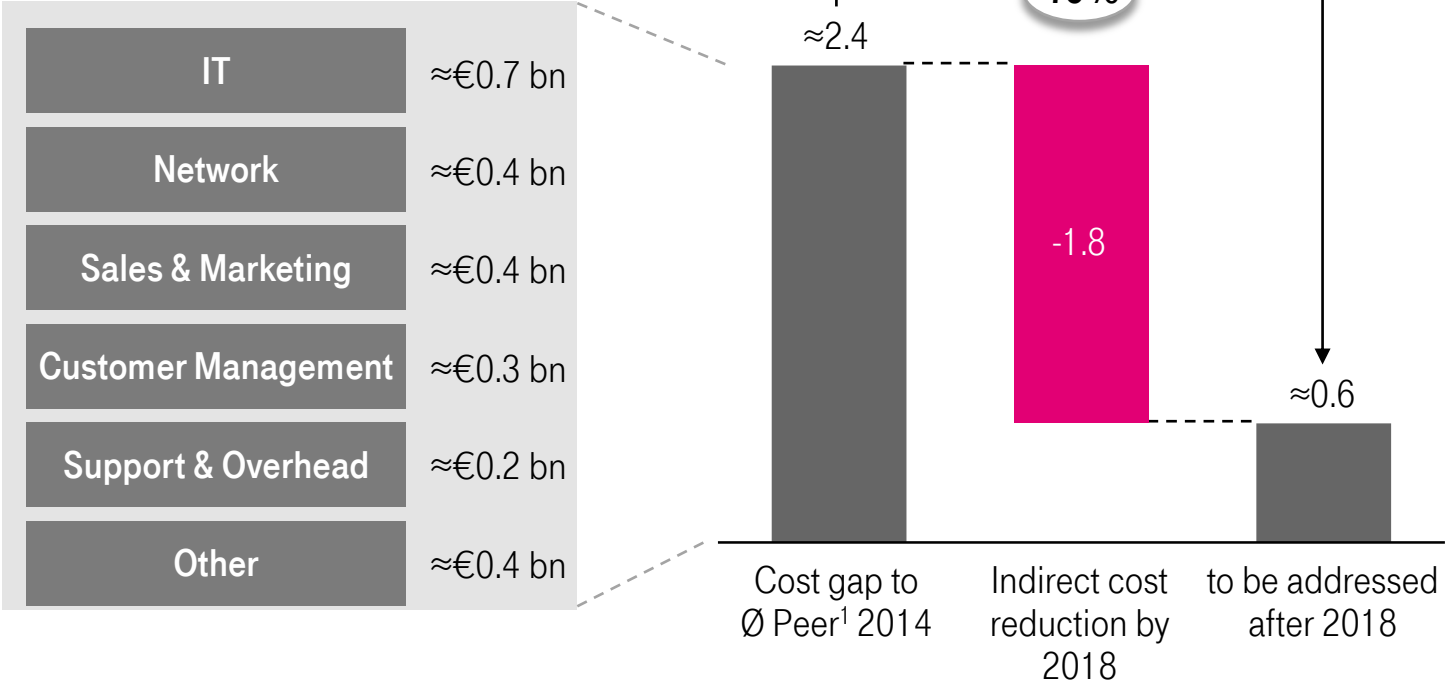


COST & PORTFOLIO TRANSFORMATION

WE WILL CLOSE 75% OF THE CURRENT COST GAP BY 2018 BY REDUCING INDIRECT COSTS EX US BY €1.8 BILLION

COST GAP VERSUS PEER GROUP¹ (EX US)

€ bn

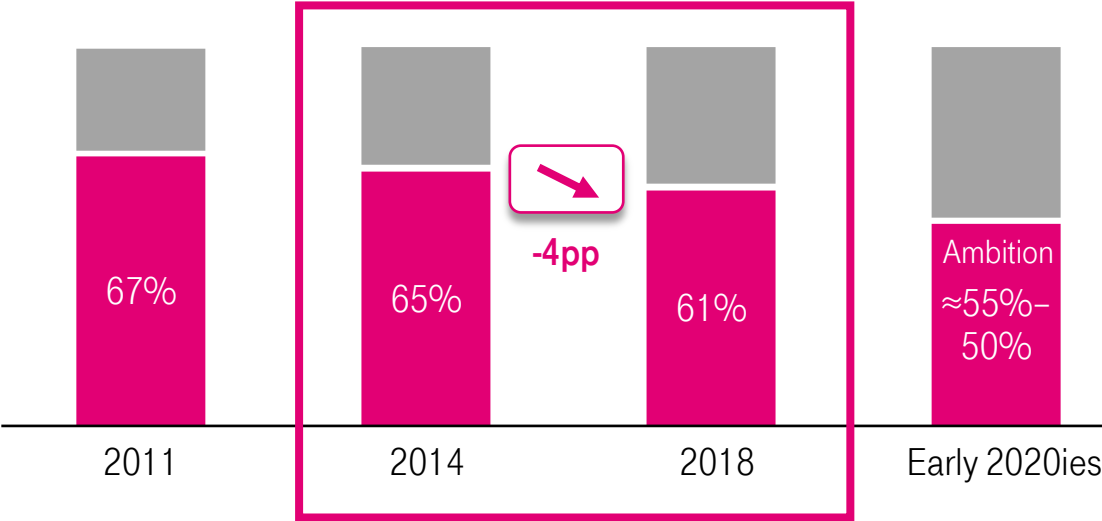


¹ Comparison of cost structures DT vs. peer group (=integrated European incumbents) based on reported information; management estimates

THEREBY WE WILL IMPROVE COST FLEXIBILITY

INCREASE OF FLEXIBILITY BY "VARIABILIZATION OF COST" (EX US)

Share of direct and indirect¹ cost

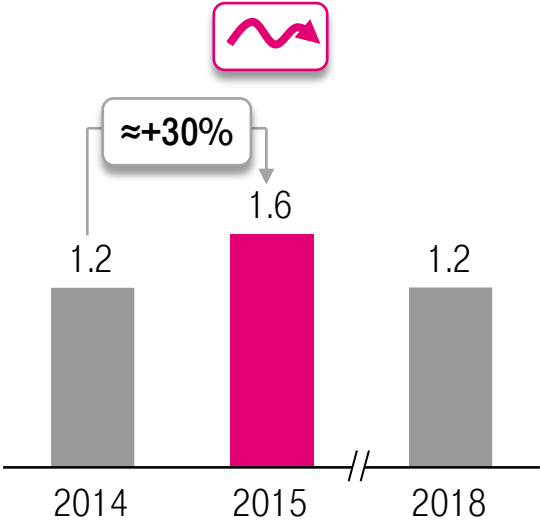


■ Adj. direct cost (ex US) ■ Adj. indirect cost (ex US)

¹ Before capitalization of labor

CASH PERSONNEL SPECIAL FACTORS (EX US)

€ bn



WE WILL ACCELERATE EXISTING PROGRAMS AND ADDRESS NEW POTENTIALS TO CLOSE THE GAP

EXISTING PROGRAMS IMPACTING COSTS



TD 2018



One DT (Europe)



TSI 2015+



DBU Next



ADDITIONAL COST REDUCTION AREAS

Reduce HQ and steering functions

Optimize shared service centers

Apply strict target costing approach

ALL SEGMENTS EX US WILL CONTRIBUTE

NET INDIRECT COST¹ SAVINGS PER SEGMENT (2014–2018)



€-1.8 billion

EXAMPLES FOR COST REDUCTION UNTIL 2018

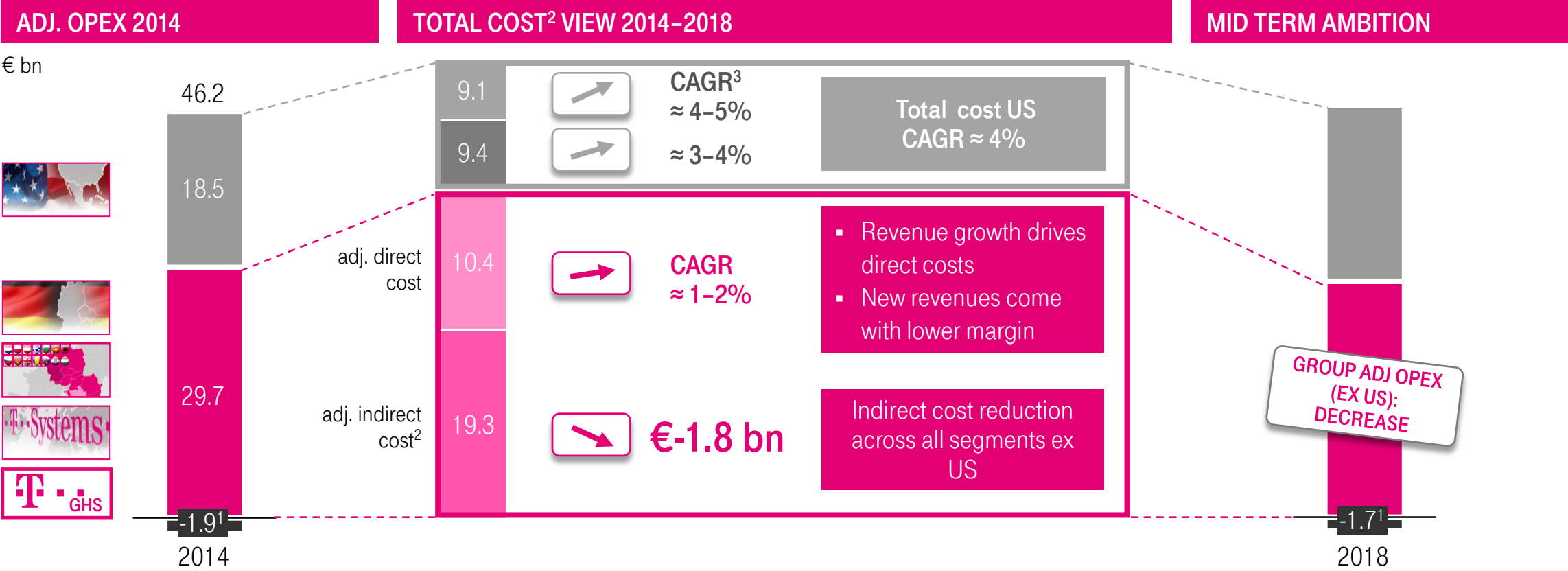
- 1 PERSONNEL EFFICIENCY €-0.5 bn
- 2 SYNERGIES: MULTI SHARED SERVICE CENTER €-0.2 bn
- 3 TEL-IT €-0.4 bn²
- 4 ...



+ APPLICATION OF SYSTEMATIC TARGET COSTING APPROACH

¹ Before capitalization of labor ² IT spend consisting of Capex and Opex. Split approx. 50/50

WE WILL CONTINUE TO DELIVER ON OPEX TRANSFORMATION



¹ Capitalization of labor ² Before capitalization of labor

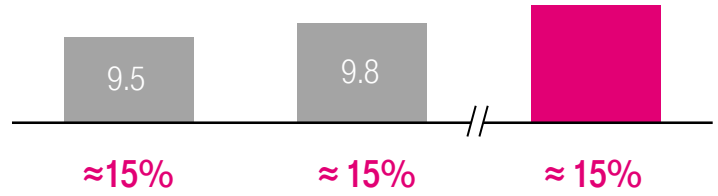
CONTINUED HIGH INVESTMENTS IN INFRASTRUCTURE & TRANSFORMATION

(CASH) CAPEX PROFILE¹

€ bn



Cash Capex/Sales:



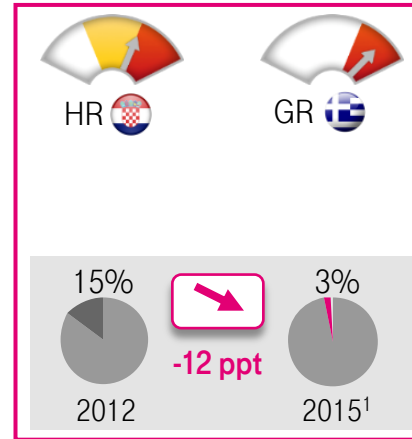
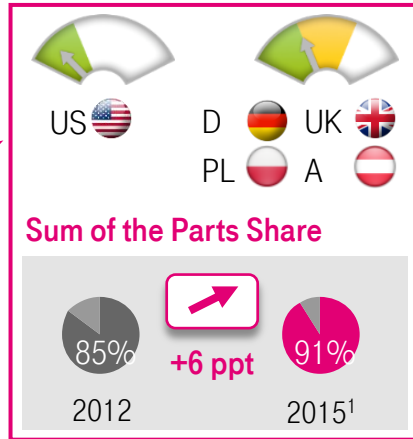
Increased network roll-out within same capex envelope (vs CMD 2012)



¹ Excl. spectrum

IMPRESSIVE DE-RISKING TRACK RECORD SINCE LAST CAPITAL MARKETS DAY

SUBSTANTIAL ECONOMIC RISK REDUCTION COMPARED TO CMD 2012



T-MOBILE US: SUCCESSFUL DE-RISKING STORY

- Self funding fully intact!
- Around **\$14 bn** external capital since listing (May 2013)
 - Stand alone bond issuances
 - Sale of TMUS notes
 - Equity increase
 - Mandatory preferred convertible

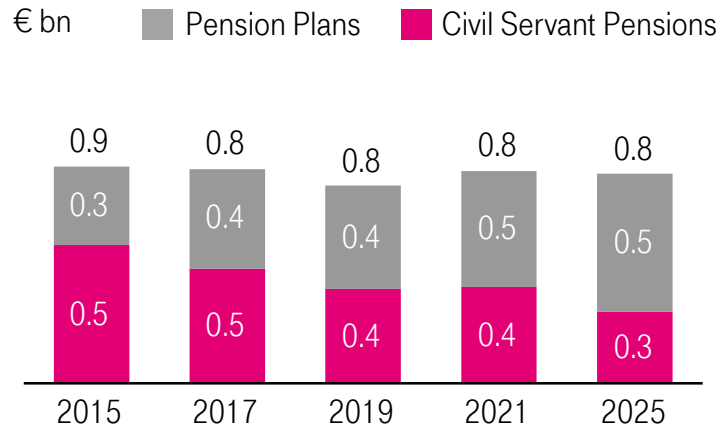
OTE: RIGOROUS DE-RISKING EFFORTS

- Strong credit story!
- Successful sales of Globul, Tel. Serbia stake, Hellas Sat
- Rating improved by **4 Notches** (@ Moody's):
From Caa1 in 2012 to currently Ba3
- Leverage Ratio improved from 1.9x to **0.8x**
- Maturities of **next 3 years** covered

¹ As per Feb. 2015

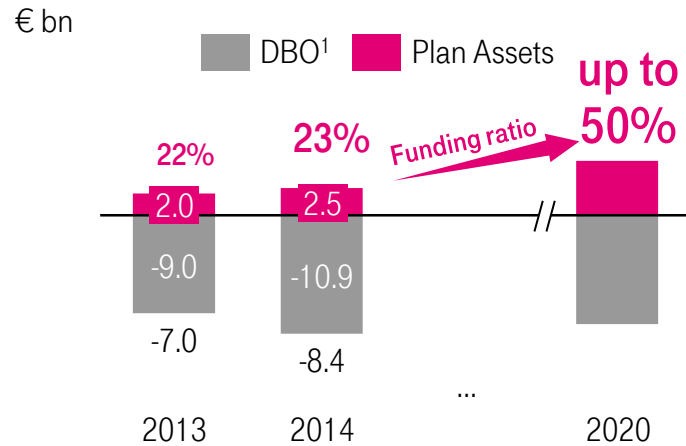
WE ARE EXPECTING SLIGHTLY DECLINING PAYOUTS FOR PENSIONS

PAYOUTS FOR PENSIONS (GER) DECREASING



- Payments for the civil servants pensions to decrease over time
- No volatility expected as number of civil servants is decreasing (no new hires) and contribution is fixed

FUNDING RATIO INCREASING (VOLUNTARY)



- We plan to fund up to 50% of DBO until 2020
- **FUNDING IS ENTIRELY VOLUNTARY!**

SENSITIVITY DRIVERS OF DBO²



- Highest sensitivity with discount rate
- Decrease of discount rate in 2014³ by 140 bps almost entirely driving increase in DBO

¹ DBO = Defined benefit obligation ² Sensitivities for Germany as it covers 90% of total DBO ³ Discount rates: 3.3% in 2013 versus 1.9% in 2014



OPERATIONALS & SEGMENTS

OPERATIONAL AND FINANCIAL PRIORITIES PER SEGMENT

GERMANY



- Superior All-IP production model and INS rollout!
- No. 1 choice for customers via differentiation:
 - superior networks
 - best customer experience
 - best in class integrated products
- Revenue stabilization in 2016
- EBITDA CAGR 1–2%¹

EUROPE



- First to move to pan-European All-IP production model
- No. 1 choice for customers via differentiation:
 - best seamless connectivity
 - trust
 - simple and personal products!
- Radical indirect cost savings
- Cash contribution CAGR 0.5%¹
- 2pp op. ROCE improvement

USA



- Un-carrier strategy:
 - 2.2–3.2mn branded postpaid net adds in 2015!
 - 300m pops LTE coverage YE15
- Increased \$9-10bn NPV of Metro PCS synergies
- Updated 5-year growth rates²:
 - Revenue CAGR 7–9%
 - EBITDA CAGR 7–10%
 - FCF CAGR 13–18%

T-SYSTEMS MU





- TSI 2015+ Execution
- No. 1 choice for customers via differentiation:
 - 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

DIFFERENTIATION IN MOBILE THROUGH SUPERIOR NETWORK AND CLEAR VALUE STRATEGY



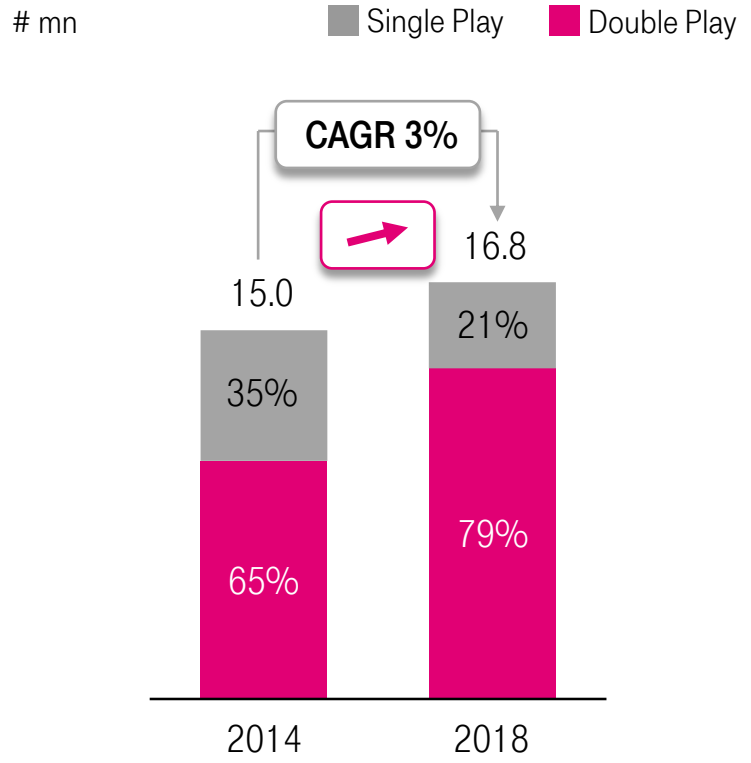
BRAND PORTFOLIO


≈30€


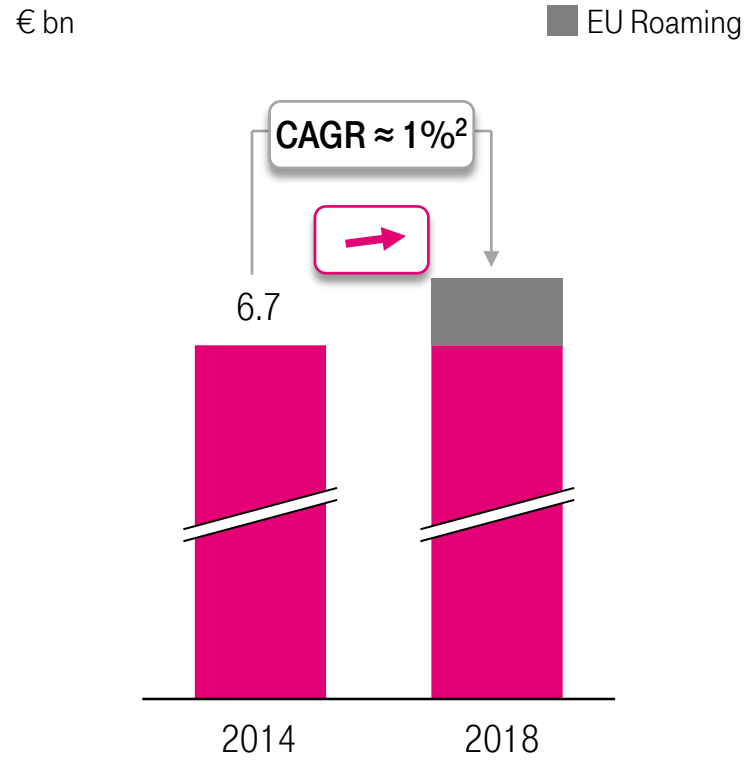
- “D-Netz” Quality
- Medium speed
- Smartphone lease
- Basic portfolio

- Best Network
- High speed
- Subsidized smartphone
- Attractive options
- **MagentaEINS**

CONTRACT CUSTOMER BASE¹



SERVICE REVENUES



¹ Without mobile wholesale ² Without EU Roaming impact

DIFFERENTIATION IN BROADBAND VIA INNOVATIVE PRODUCTS AND INCREASED FIBER FOOTPRINT



LEVERS IN BROADBAND RETAIL

1 MagentaEINS

- Leverage the base
- Increase loyalty

2 Entertain 2.0

- Next Generation TV
- Entertain on n-screens

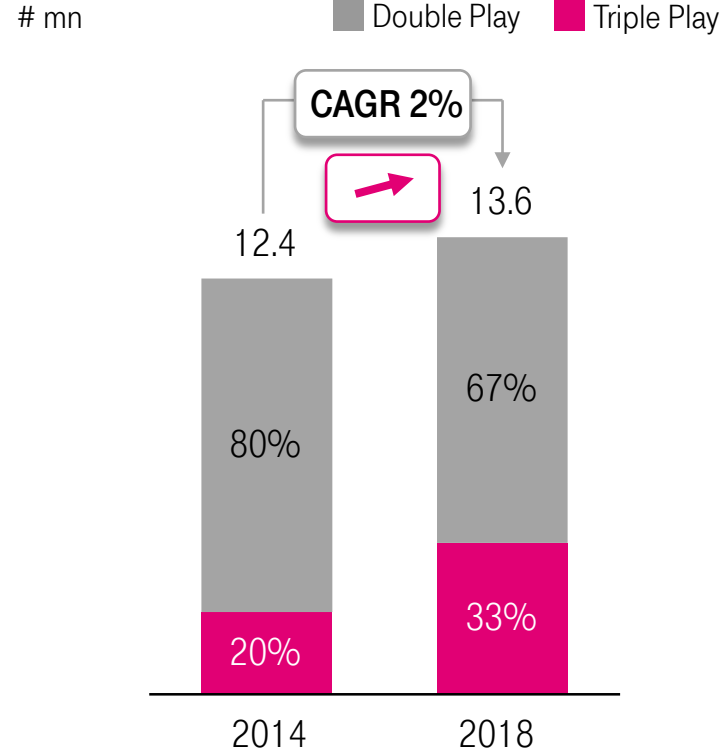
3 Innovations

- Supervectoring
- Hybrid

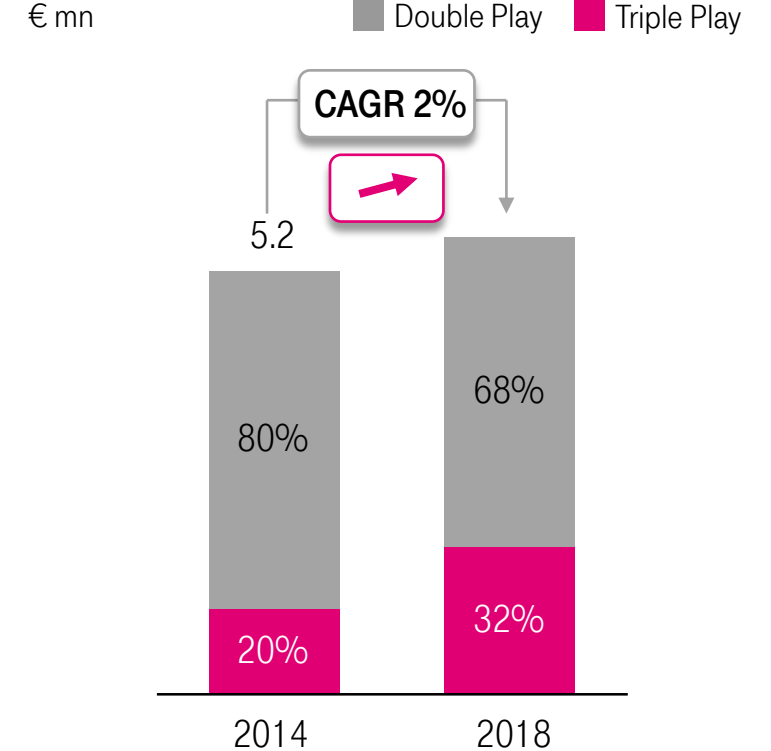
4 Regional offers

- Regional Pricing
- Special Hardware Offers

BROADBAND CUSTOMER BASE



BROADBAND REVENUES



GROWTH IN TV BY A MULTILAYER STRATEGY AND INCREASED FIBER FOOTPRINT



NEXT GENERATION TV WITH NEW FEATURES

- Revised state of the art **user interface**
- Seamless multi-screen** experience
- Number 1 in HD** and becoming innovator in **4K**
- Best on-demand content** experience
- New functionalities**
(Instant restart, backwards EPG)



TV FOR HOUSING ASSOCIATIONS

- Deutsche Annington deal executed
- New deals won and direct roll-out
- Enlarge regional TV footprint



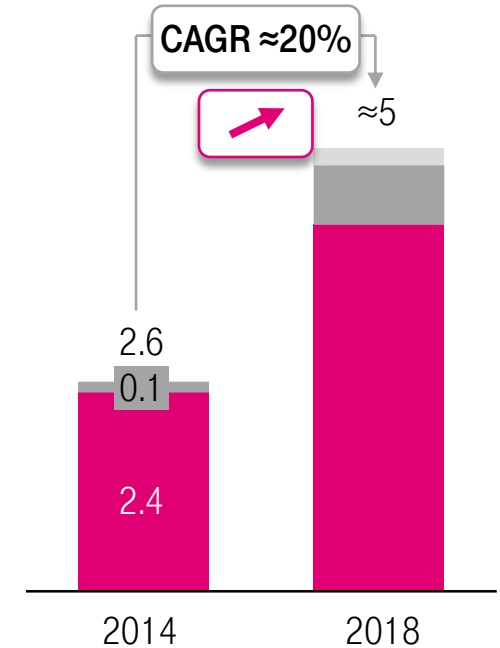
3RD PARTY TV OFFERS (WHOLESALE)

- Customized product offering as “Digital TV – provided by Telekom”
- Resale partnership
Start Q1/2015



TV CUSTOMER BASE

mn ■ Wholesale ■ Housing Associations ■ Entertainment



INCREASE NETWORK UTILIZATION BY UPSELLING WHOLESALE PARTNERS TO FIBER SERVICE REVENUES



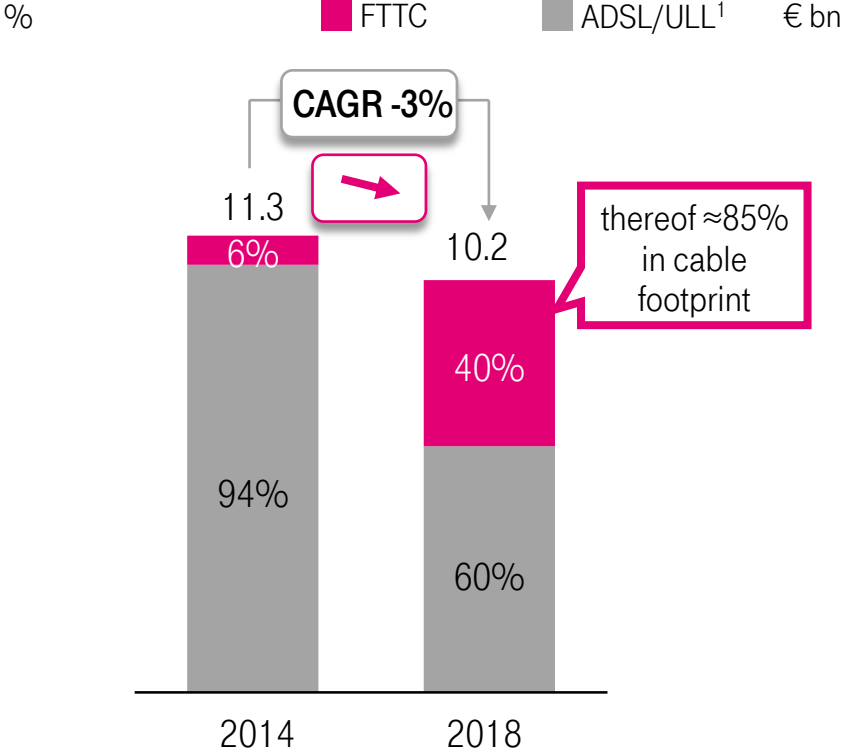
KEY GOALS

1 Utilization of Fiber Infrastructure with ≈35% of Fiber Footprint in active service

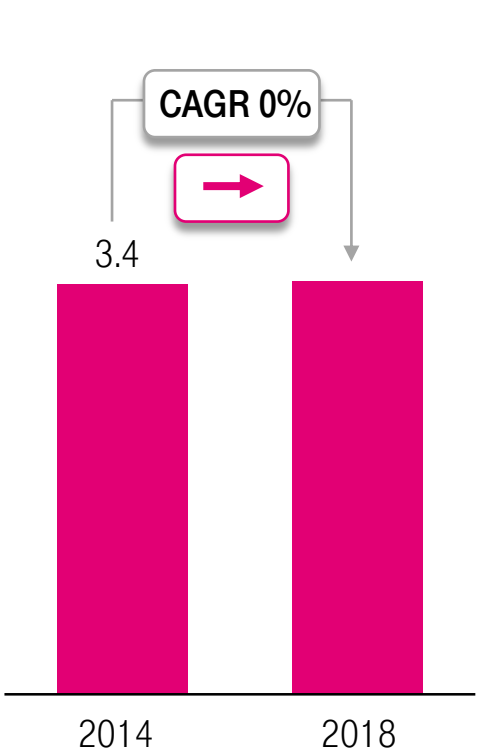
2 Invest-Sharing via upfront Payment

3 Competitive Fiber Wholesale prices for Partners (ARPA of ≈20€) and innovative Products (IPTV)

WHOLESALE ACCESS BASE



WHOLESALE REVENUES



¹ Unbundled local loops

MAGENTA EINS: FIXED AND MOBILE ARE CONVERGING...



OUR FIRST CONVERGED OFFER

63% MARKET RESEARCH¹

Customers prefer bundles from a single source

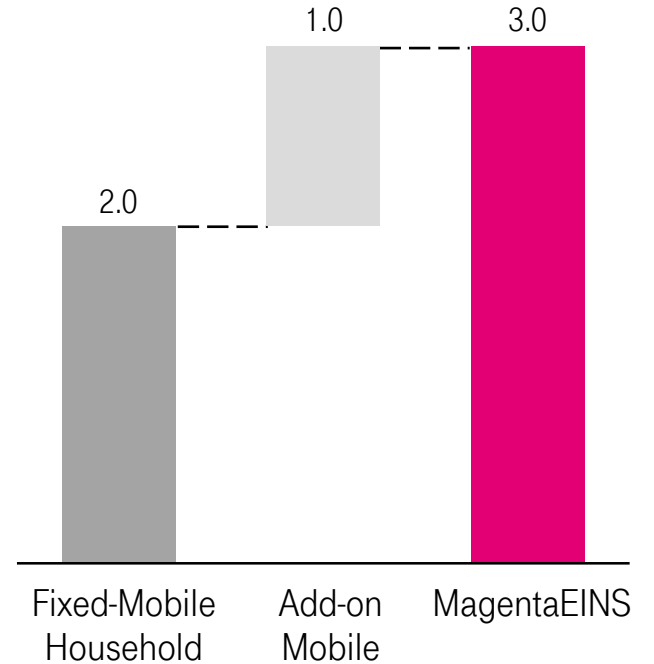


KEY GOALS

- 1 CROSS-/UPSELLING**
Leverage customer base
- 2 ADD ON MOBILE SIM'S**
1.5 SIM cards per household
- 3 LOYALTY INCREASE**
Reduce churn
- 4 NEW CUSTOMERS**
Value based customer acquisition

2018 (CONSUMER) CUSTOMER BASE

mn

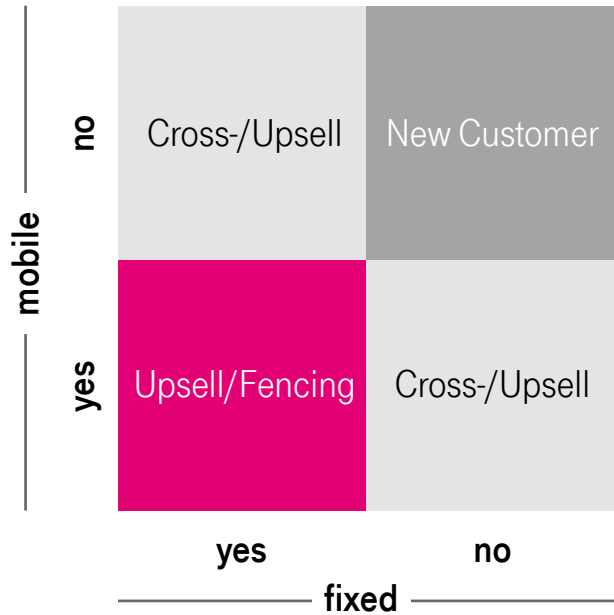


¹ Market research based on customer survey (2014)

... AND GENERATING ADDITIONAL VALUE THROUGH CROSS-/UPSELLING



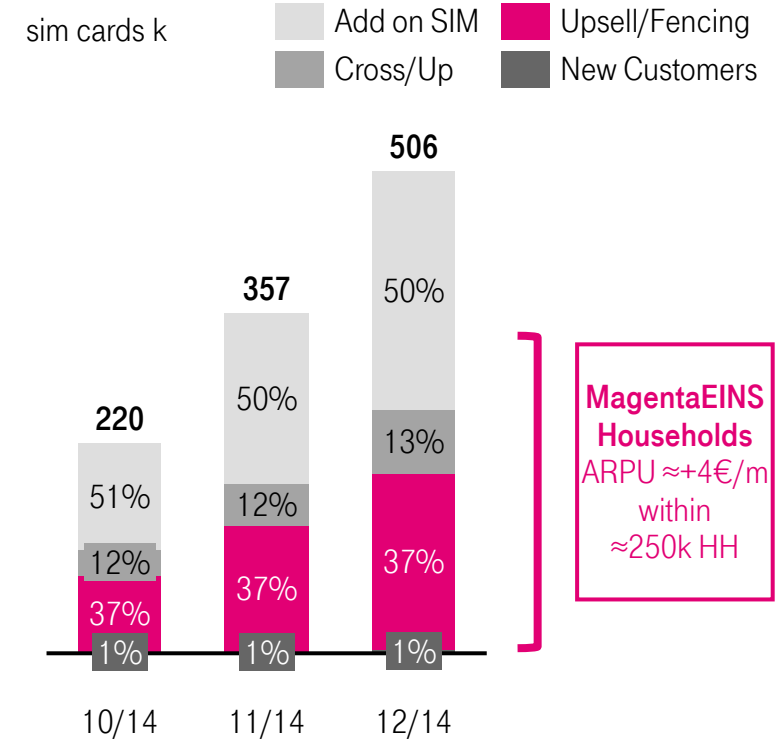
FMC CUSTOMER POTENTIAL



HIGHLIGHTS AFTER 4 MONTH

- 1 TRIPLE PLAY SHARE**
>50%
- 2 GROWING SIM CARD PENETRATION**
≈2 SIMs per HH
- 3 BOOST CUSTOMER LOYALTY¹**
75 Points TRI*M
- 4 INCREASED MAGENTAEINS REVENUES**
≈4€/m per HH

MagentaEINS CUSTOMER BASE



¹ TRI*M Index MagentaEINS customers

PATH TO GROWTH AS UN-CARRIER

55 Million Total Customers !



Path to Growth



1. Un-carrier

2. SALES & SERVICE EXPERIENCE

Superior Sales and Customer Experience

3. NETWORK FOUNDATION

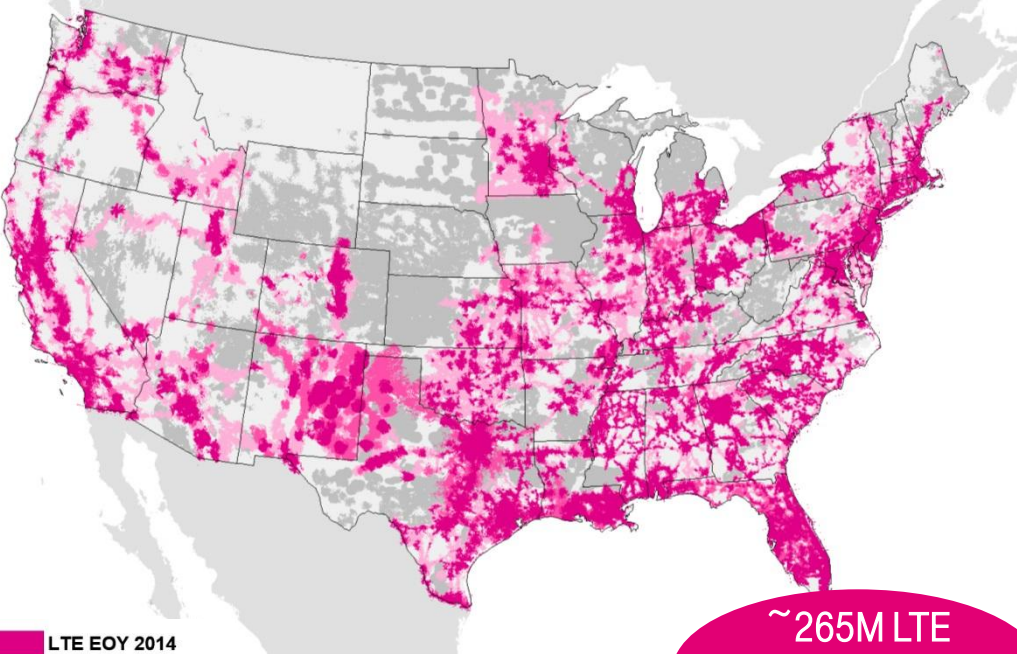
Solid Network Foundation and Spectrum Position

4. LEAN BUSINESS MODEL

Lean Cost Structure and full capture of MetroPCS Integration Synergies

LEVEL THE COMPETITIVE PLAYING FIELD FROM A COVERAGE PERSPECTIVE

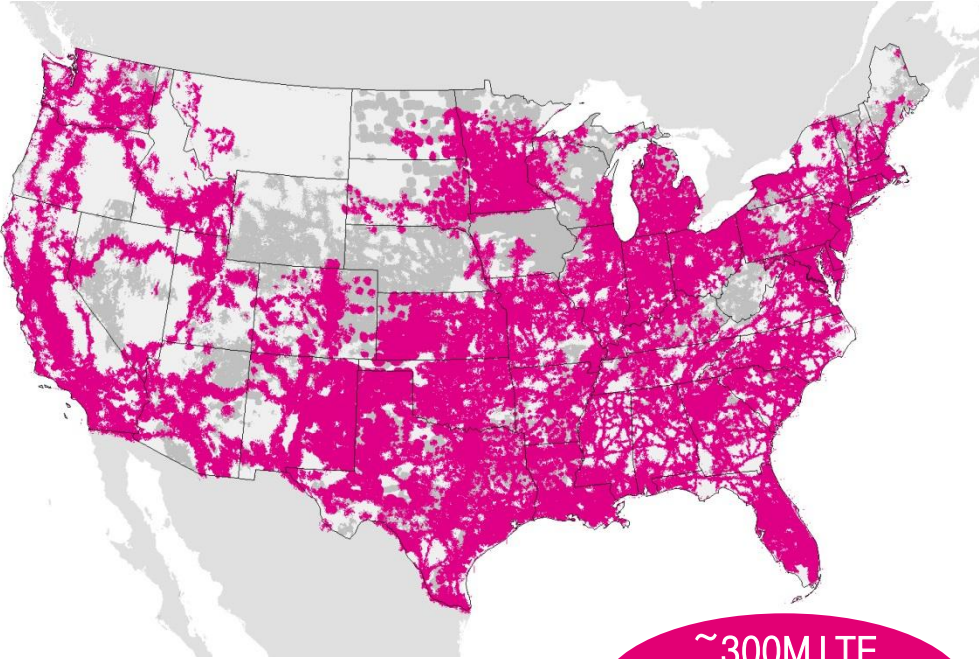
End of 2014 LTE Coverage



~265M LTE covered pops, 0.6 M sq.miles

- LTE EOY 2014
- HSPA
- GSM
- Partner Coverage

End of 2015 LTE Coverage



~300M LTE covered pops, 1.6 M sq. miles

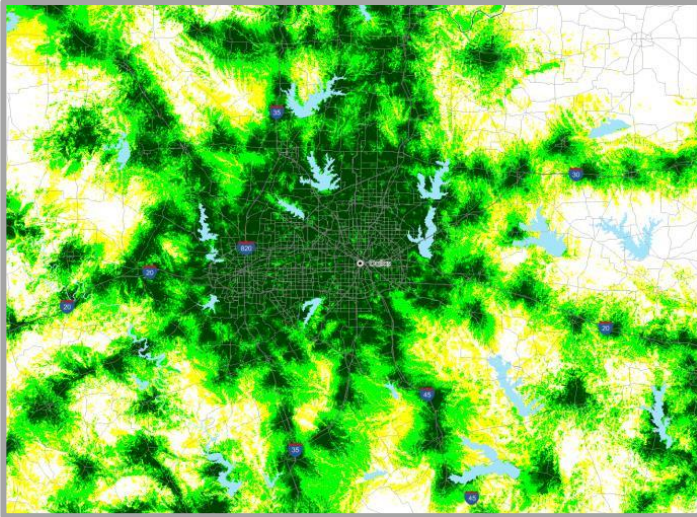
- LTE EOY 2014
- Partner Coverage

EXPAND COVERAGE EFFICIENTLY THROUGH THE DISCIPLINED PURCHASE AND DEPLOYMENT OF LOW-BAND

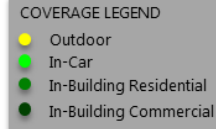
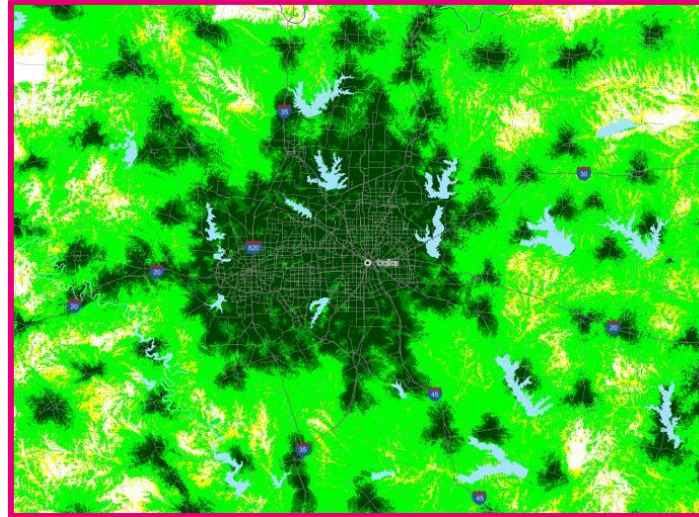
Low-band deployment provides significant in-building coverage

Dallas example

LTE on mid-band only



LTE coverage with low-band

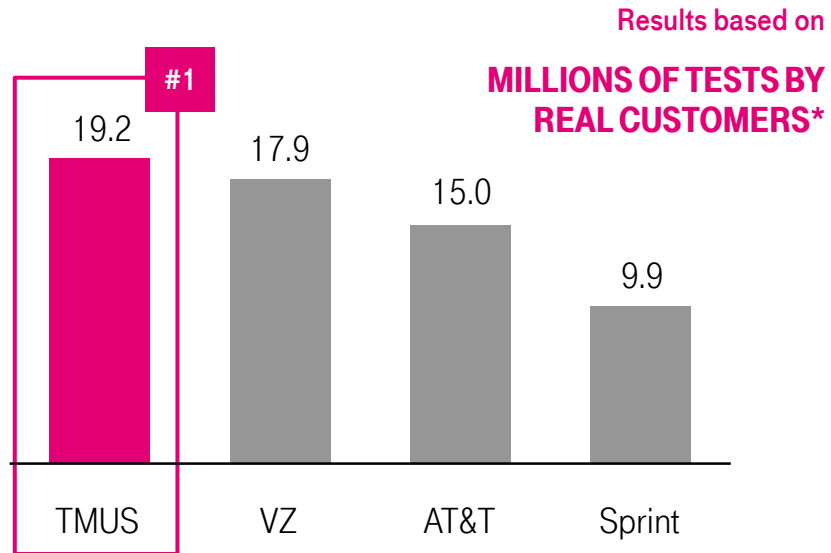


Already launched low-band in major markets such as Washington DC, Dallas, Houston, Cleveland, and Minneapolis

- Currently own or have agreements to own low-band spectrum for roughly 190 Million POPs; will opportunistically pursue more low-band spectrum
- Once deployed, over 70% of T-Mobile's existing subscribers will have increased coverage through low-band
- Low-band provides an average of 30% improvement in in-building residential covered pops
- In rural areas, low-band helps to obtain up to 2x the square miles in coverage compared to mid-band
- Intend to further complement low-band spectrum through broadcast auction in 2016

PROVIDE INDUSTRY-LEADING FAST SERVICE EVEN IN AN ENVIRONMENT OF EXPLOSIVE DATA GROWTH

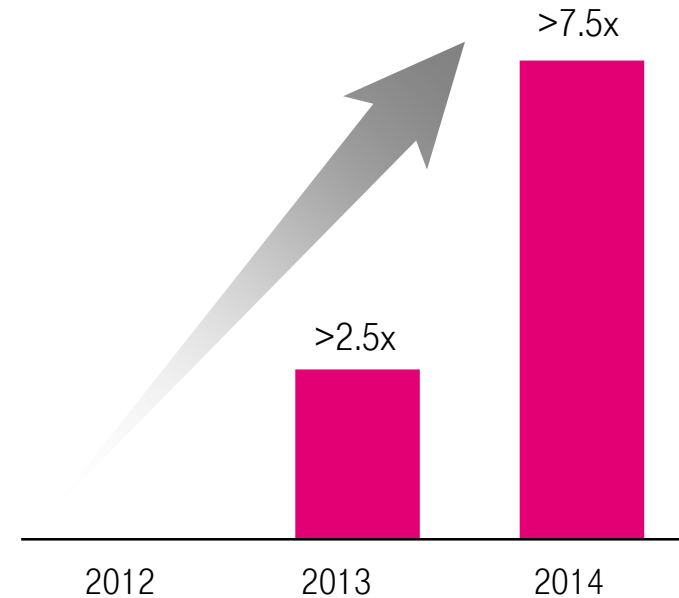
Data Fast Network supports High Speed experience



121 market areas on wide-band LTE. Plan for over 150 markets by year-end 2015

Data Strong network supports Data growth

Data growth (Indexed to IH 2012)



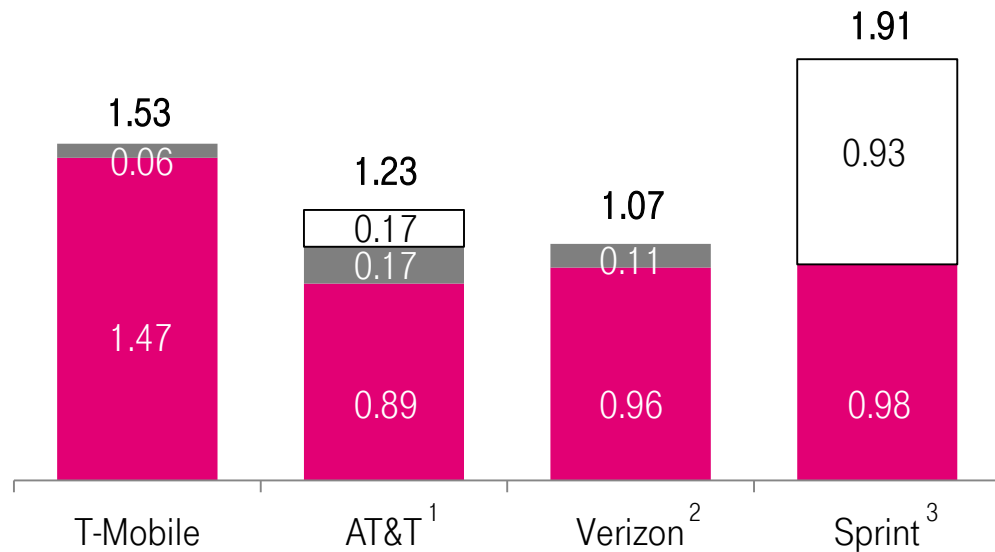
*Based on T-Mobile's analysis of crowd-sourced 4G LTE download speeds

SPECTRUM POSITION PROVIDES RUNWAY FOR CONTINUED GROWTH

Spectrum Holdings in Top 25 Markets by Carrier, including AWS-3 auction results

Total Spectrum Holdings / Total Subs (in Hz/Customer)

WCS + BRS spectrum
 AWS-3 Purchases
 Pre AWS-3 Holdings

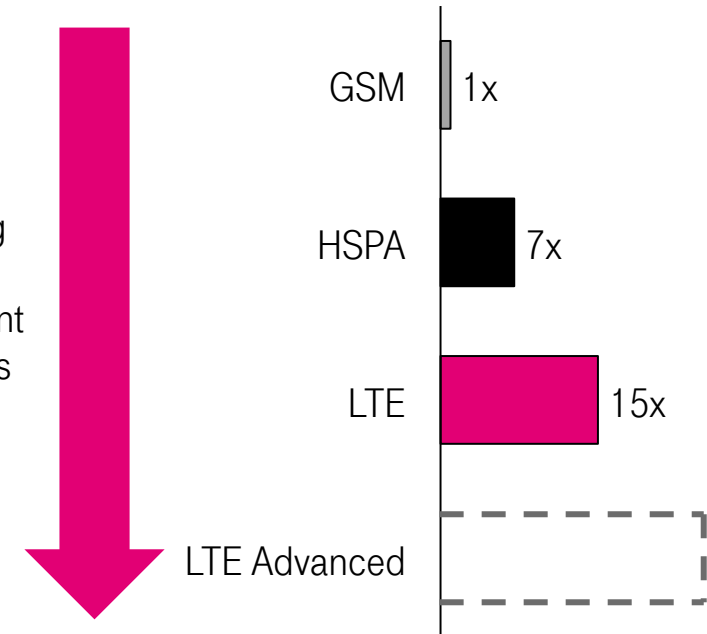


Source: T-Mobile Analysis ¹ AT&T pre AWS-3 holdings exclude WCS holdings, ² Verizon customers are retail only, and ³ Sprint pre AWS-3 holdings exclude BRS and EBS holdings

Rapidly converting technology to achieve even higher spectral efficiency

Relative efficiency by technology

Accelerating migration to more efficient technologies



METROPCS SYNERGIES \$9-10 B AFTER TAX NPV¹ VS. ORIGINAL PLAN OF \$6-7 B

Better/at original plan

One-time cost pull forward

Original plan						
	2013	2014	2015	2016	2017	5 Year Total
Network (\$ M)						
Opex savings	(0-50)	(0-50)	0-100	300-400	600-700	800-1200
Capex savings	100-200	300-400	400-500	450-550	400-450	1650-2100
One-time costs	(600-700)	(0-50)	(700-800)	(800-900)	—	(2100-2450)
Non-network (\$ M)						
Opex savings	0-50	100-200	150-250	150-250	200-300	600-1050
Capex savings	—	0-50	0-50	0-50	0-50	0-200
One-time costs	(150-250)	(0-100)	(0-100)	—	—	(150-450)

Current view
(5 Year Total, \$ M)

1900-2100

2700-2900

(1500-1700)

1100-1300

0-100

(0-150)

Current view NPV¹ of synergies \$9-10 B vs. original plan of \$6-7 B

TMUS expected to hit run-rate synergies one year earlier - 2016 vs. original plan of 2017

¹ After-tax NPV calculated with 9% discount rate and 38% tax rate



FINANCE STRATEGY AND OUTLOOK

LEADING EUROPEAN TELCO WITH FOCUS ON ROCE

EQUITY

RELIABLE **SHAREHOLDER REMUNERATION** POLICY

- **DIVIDEND¹**
 - Following FCF growth
 - Floor at 0.50 EUR per share
 - Attractive option: Dividend in kind

STRATEGY LEADING EUROPEAN TELCO

INTEGRATED IP NETWORKS

BEST CUSTOMER EXPERIENCE

WIN WITH PARTNERS

LEAD IN BUSINESS

VALUE CREATION: ROCE > WACC

- 1 INFRASTRUCTURE TRANSFORMATION**
Support fast IP migration and transform network infrastructure
- 2 COST TRANSFORMATION**
Reduce indirect cost
- 3 PORTFOLIO MANAGEMENT**
Deliver on preferred business model (integrated + B2C/B2B) and value generation
- 4 RISK MANAGEMENT**
Maintain low risk country portfolio

DEBT

UNDISPUTED **ACCESS TO DEBT CAPITAL MARKETS**

- **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

DT REMAINS ANCHOR OF STABILITY WITH NO CHANGE IN DEBT COMFORT ZONE RATIOS!

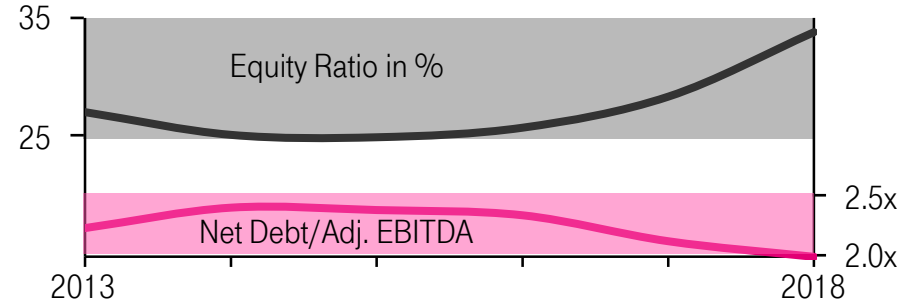
DEBT POLICY STILL VALID

Undisputed access to debt capital markets

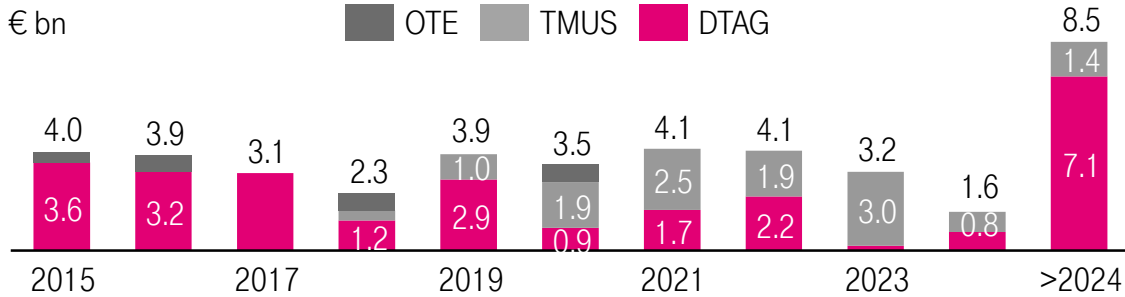


- **Rating:** A-/BBB
- **Net debt/adj. EBITDA:** 2.0–2.5x
- **Equity ratio:** 25–35%
- **Liquidity reserve:** covers maturities of coming 24 months

COMFORT ZONE DEVELOPMENT

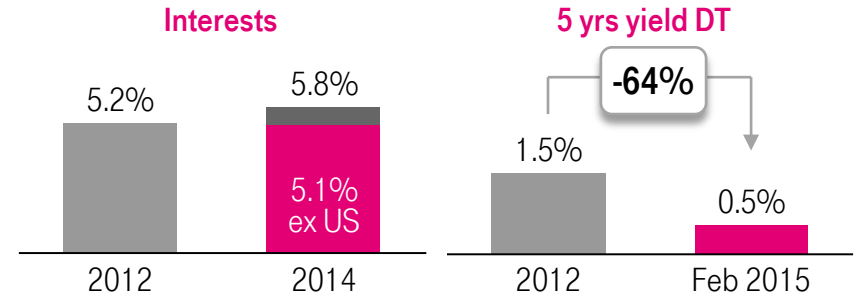


BALANCED MATURITY PROFILE¹



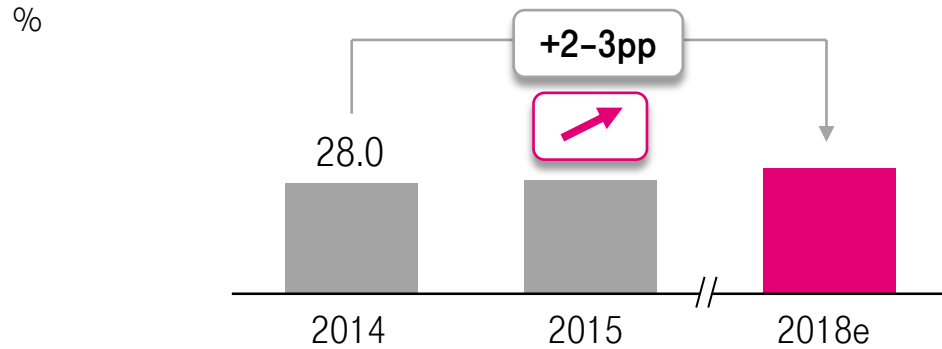
¹ As of Dec. 2014

REFINANCING COST

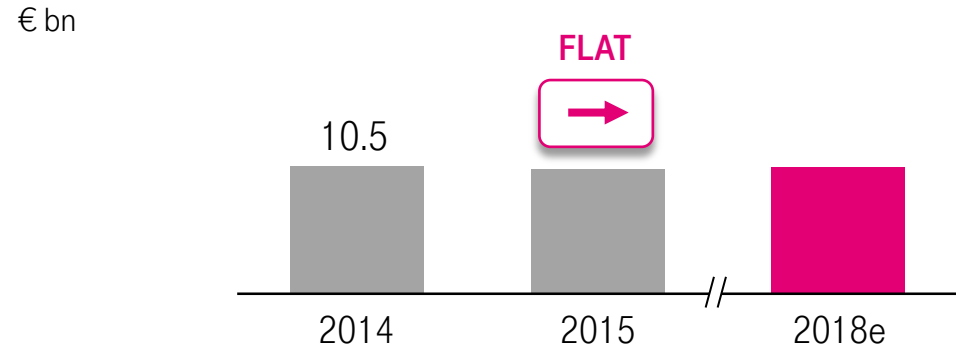


WE WILL GROW IN EBITDA, EBIT AND EPS

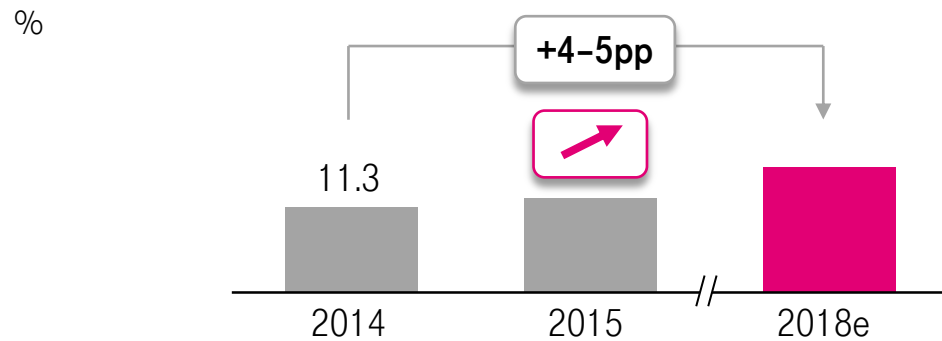
INCREASING ADJ. EBITDA MARGIN



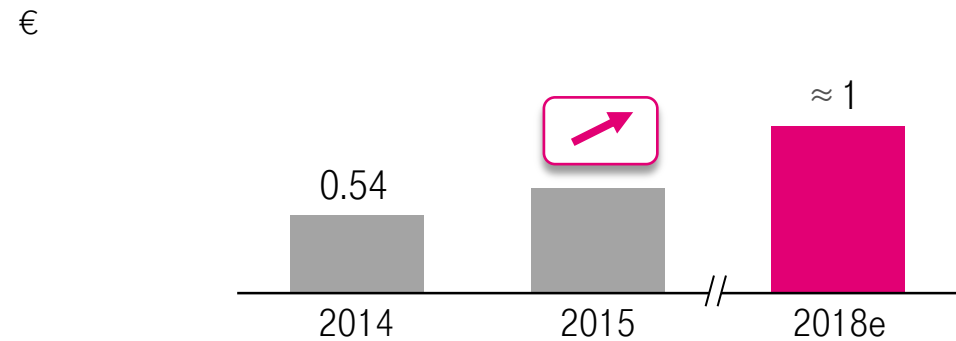
FLAT ADJ. DEPRECIATIONS



INCREASING ADJ. EBIT MARGIN

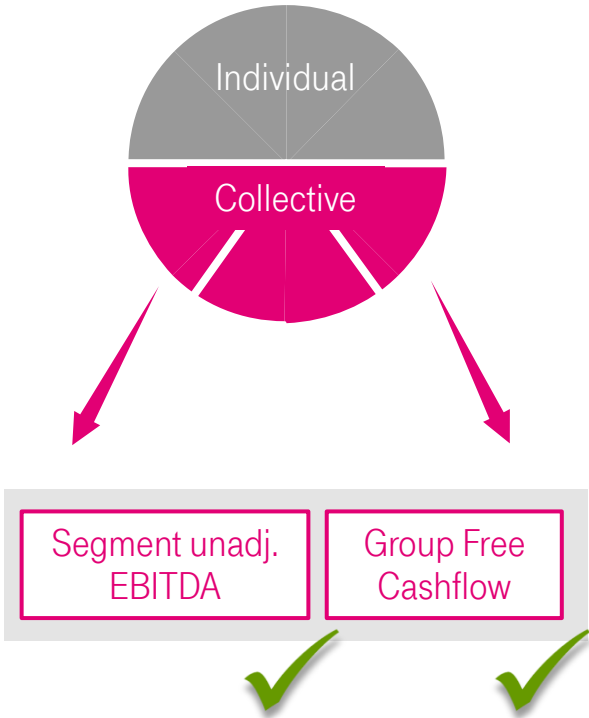


IMPROVEMENT OF ADJ. EPS

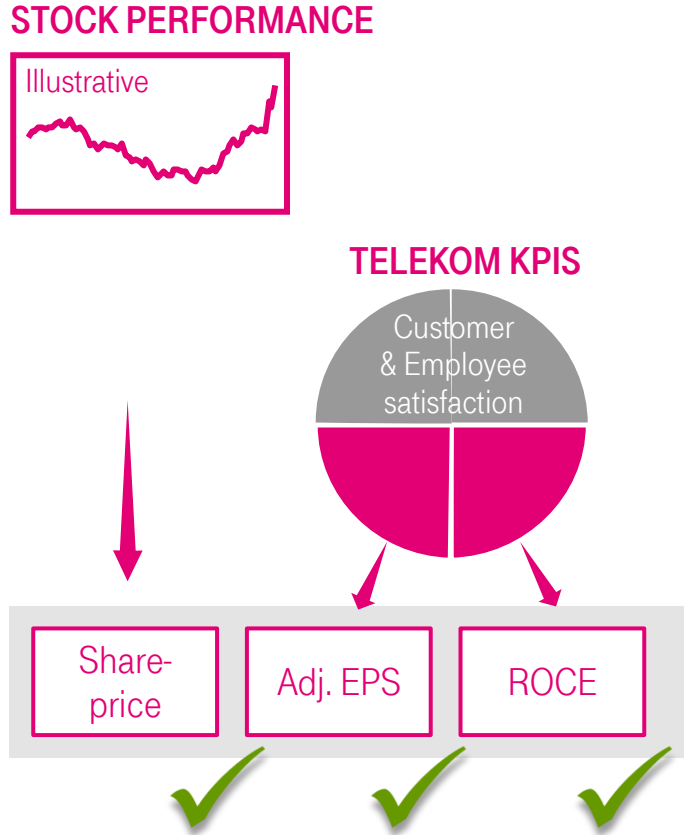


MANAGEMENT INCENTIVES ALIGNED WITH SHAREHOLDERS INTEREST

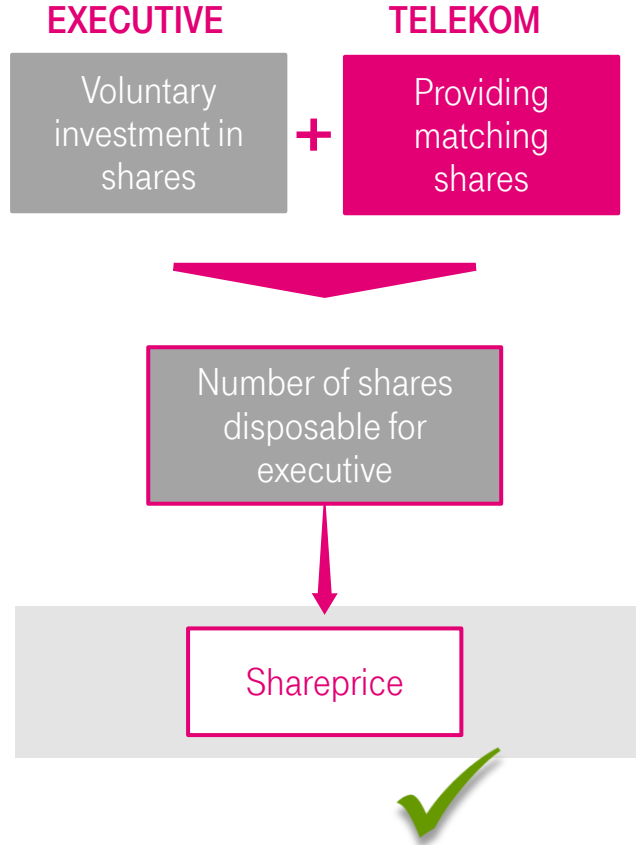
1 SHORT TERM INCENTIVE



2 LONG TERM INCENTIVE

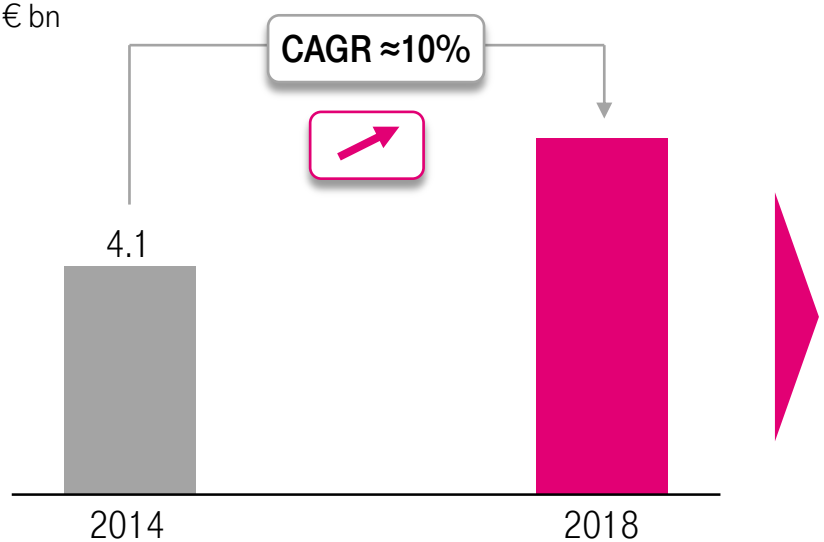


3 SHARE MATCHING PLAN

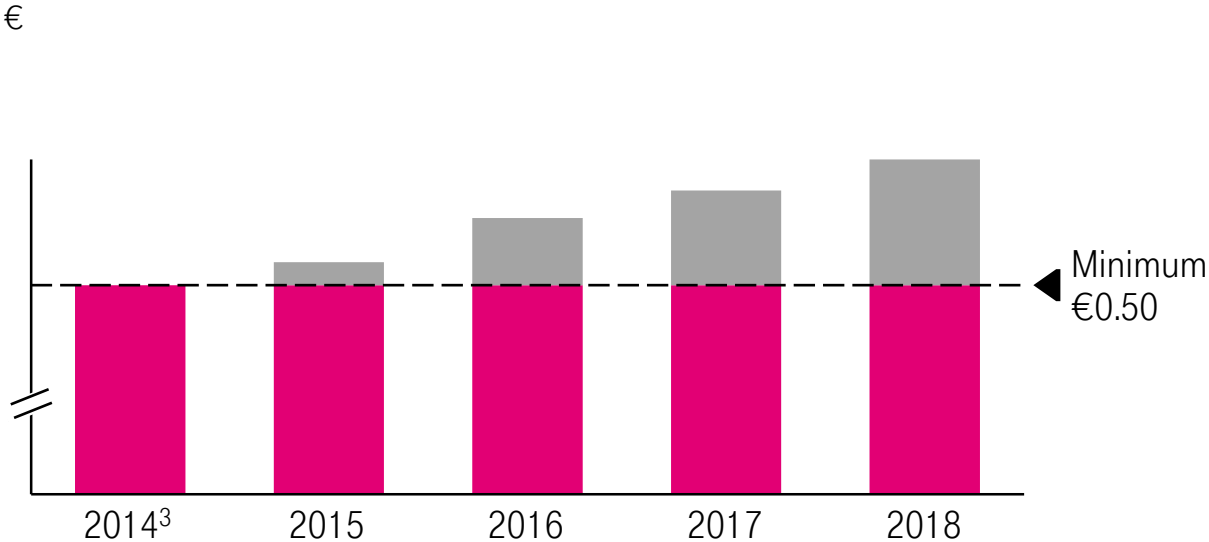


OUR SHAREHOLDERS WILL PARTICIPATE IN GROWTH

FREE CASHFLOW DT GROUP¹



DIVIDENDS FOLLOWING FCF GROWTH²



Note: Pension funding and spectrum investments will have no impact on our dividend policy

¹ Before spectrum investment ² Subject to necessary AGM approval and board resolution ³ Columns are referring to the expected dividend per share for the respective financial year (with payout the year after)

OUR GUIDANCE

	2014 RESULTS Reported	GUIDANCE 2015 ON A CONSTANT CURRENCY BASIS ¹	GUIDANCE 2015 ON CURRENT €/ \$ EXCHANGE RATE ²
€ BN		€/\$: 1.33	€/\$: 1.13
REVENUE	62.7	Growth	Growth
ADJ. EBITDA	17.6	around 18.3	around 19.3
FCF	4.1	around 4.3	around 4.3

¹ Guidance based on constant exchange rates (Average €/ \$ exchange rate 2014 of 1,33) and no further changes in the scope of consolidation

² Guidance based on constant exchange rates (Current €/ \$ exchange rate of 1,13) and no further changes in the scope of consolidation; current: exchange rate as of Feb. 13

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 €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

FURTHER QUESTIONS

PLEASE CONTACT THE IR DEPARTMENT

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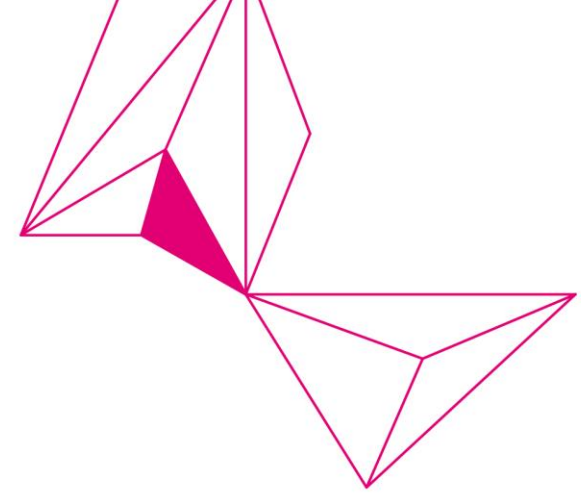
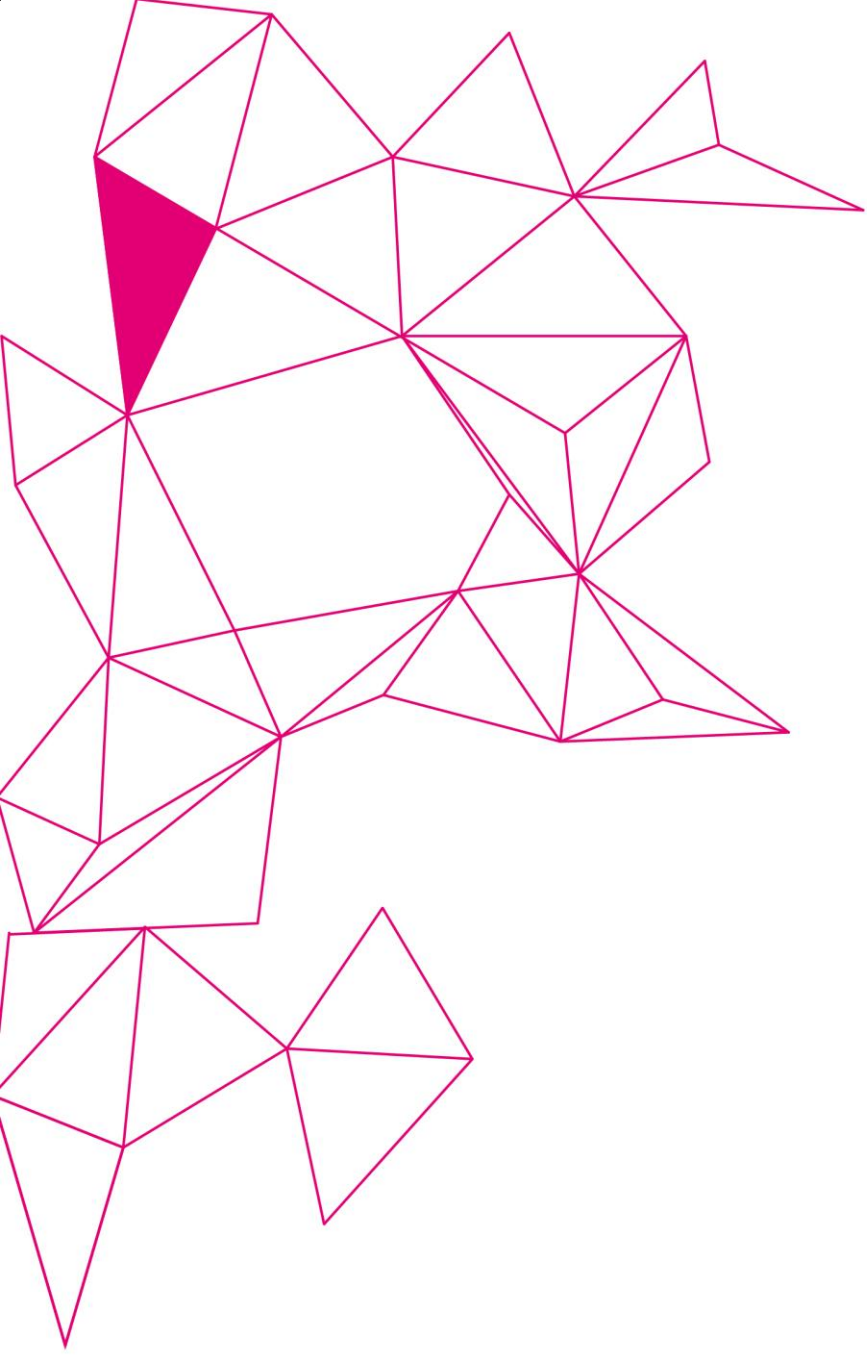


IR YOUTUBE PLAYLIST

www.youtube.com/deutschetelekom



LIFE IS FOR SHARING.



THANK YOU!

