DEUTSCHE TELEKOM
Q1/13 RESULTS

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 2013

Q1 2013 KEY ACHIEVEMENTS: CONTINUED GROWTH OF CUSTOMER BASE IN KEY AREAS

ACHIEVE-MENTS

- Regulatory decisions on ULL and Vectoring support investments in next generation infrastructure
- Successful completion of merger with MetroPCS – consolidation as of May 1, 2013
- OTE accomplishes refinancing with sale of Globul and HellasSat

GROUP

- Strong mobile net adds in Germany and the US, good TV and Fiber net adds in Germany and Europe
- Revenue decreased 4.5% to 13.8 billion € reflecting ongoing regulatory and economic pressure in Europe and challenger strategy in the US
- Adj. EBITDA of €4.3 billion (-4.3%) reflects different seasonal pattern of EBITDA development compared to last year – adj. net income grows 31%
- Full year outlook confirmed

GERMANY

- Growth in key areas: 441k mobile contract net adds, 70k TV net adds and 156k fiber net adds (incl. wholesale)
- Solid revenue trend (-1.6%) in Q1/13; adj. EBITDA-margin at 40.5%
- Underlying mobile service revenue trend improved to -0.1% - return to positive underlying growth expected for 2013.

US

- Growth in key areas: +579k mobile customers, branded customer losses stopped, branded postpaid churn down 60bps to 1.9%
- Key financials impacted by transition of business model. Revenue in US-$ -7.3%
- Adj. EBITDA in US-$ -9% but margin at 25% level
- Successful uncarrier and iPhone launch

EUROPE

- Growth in key areas: 72k mobile contract customers, 72k TV customers, 59k broadband customer net adds
- Revenues impacted by 2.5x higher negative regulatory effect than in Q1/12. Revenues down by -6.9%
- Adj. EBITDA -8.6% additionally driven by €23 million of upfront special tax charge in Hungary for the full year 2013.

SYSTEMS SOLUTIONS

- Order entry growing strongly +33% to €2.1 billion
- Revenue of market unit grows +0.2%, total revenue decreases 5.6% due to seasonal fluctuation of internal IT revenues.
- Adj. EBITDA +23% due to cost reduction – margin improved to 7.5%

Q1 2013: KEY FIGURES

€ bn	Q1 2012	Q1 2013	Change
Revenue	14,432	13,785	-4.5%
Adj. EBITDA	4,482	4,288	-4.3%
Adj. net profit	586	767	30.9%
Net profit	545	564	3.5%
Adj. EPS (in €)	0.14	0.18	28.6%
EPS (in €)	0.13	0.13	0.0%
Free cash flow[1]	1,122	1,038	-7.5%
Cash capex[2]	2,169	3,024	39.4%
Net debt	38.6	37.1	-3.9%

1) Q1/13 includes € 937 million of payments for spectrum. € 40 million included in Q1 2012
2) Free cash flow before dividend payments, spectrum investment and effects of AT&T transaction

DT GROUP: GUIDANCE 2013 UNCHANGED

	Guidance 2013[1] (excl./incl. MetroPCS)
Group revenues	
Group adj. EBITDA	≈€17.4 bn/≈€18.4 bn
Group FCF	≈€5 bn/≈€5 bn
Group adj. EPS	
Group ROCE	
Shareholder remuneration policy	DPS €0.50/DPS €0.50

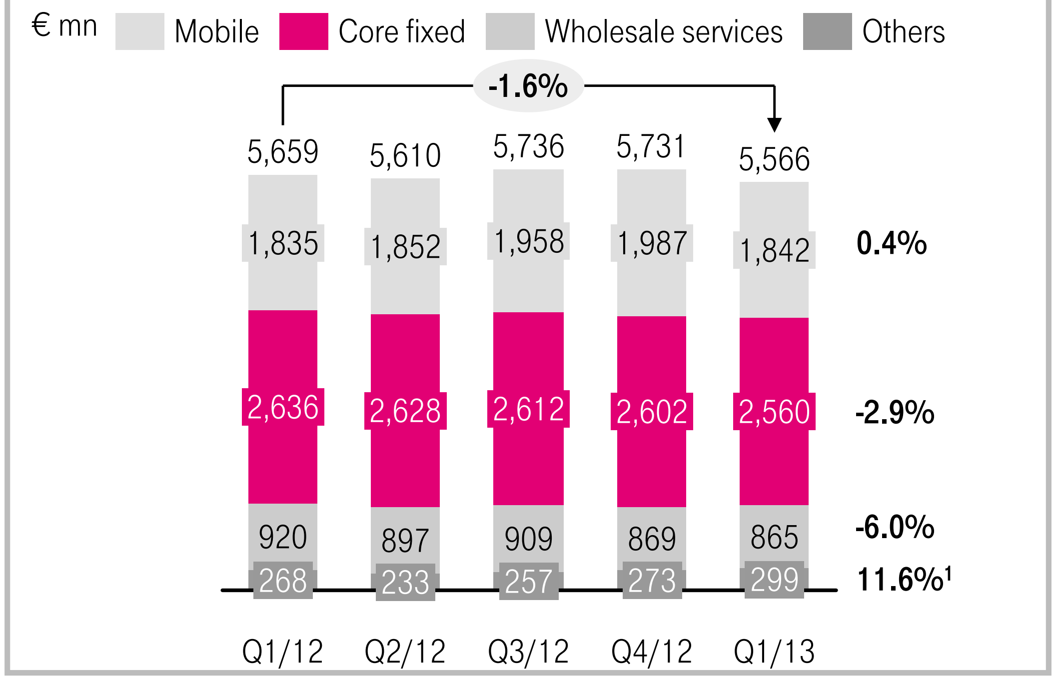
Full consolidation of MetroPCS as of May 1, 2013

Update on adj. EBITDA incl. MetroPCS will be given with Q2 results

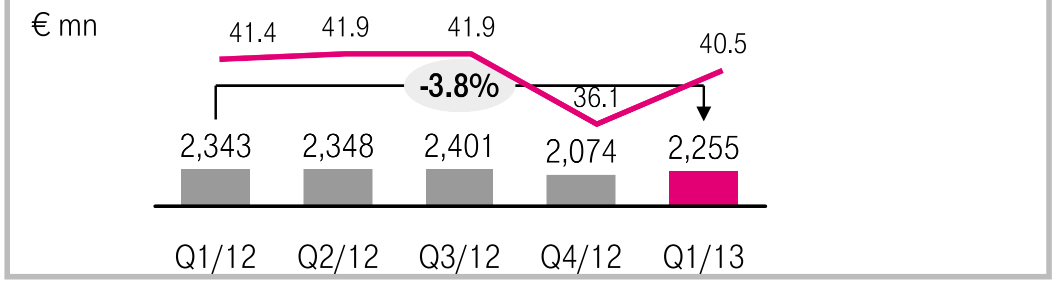
1) Guidance based on constant exchange rates. 1€ = 1.27 US-$ and a full year of MetroPCS consolidation

GERMANY: ONGOING SOLID REVENUE TRENDS – ADJ. EBITDA MARGIN AT 40.5%

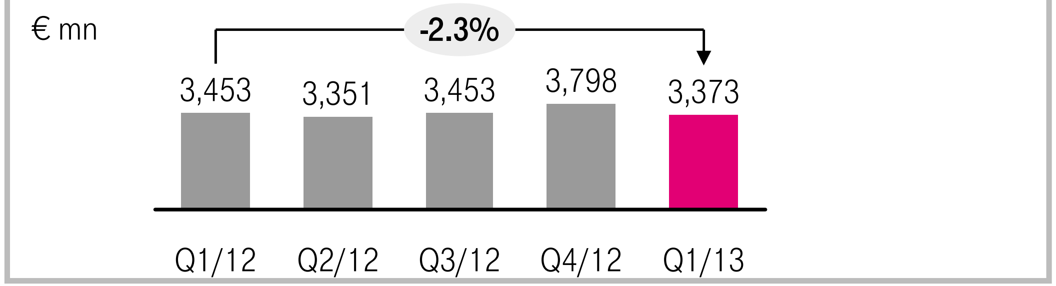
Revenues



Adj. EBITDA and adj. EBITDA-margin (in %)



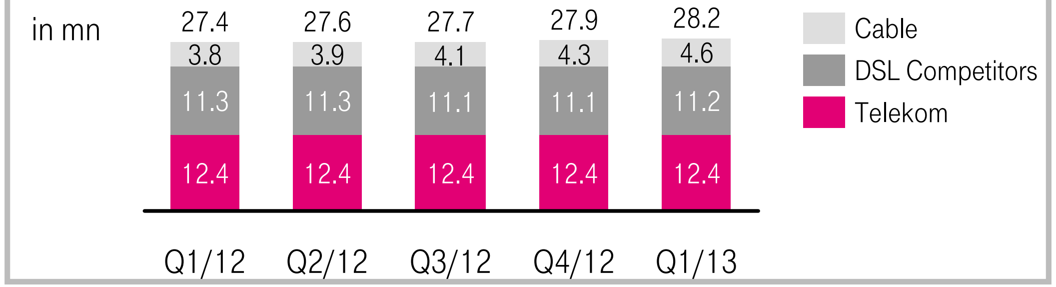
Adj. OPEX



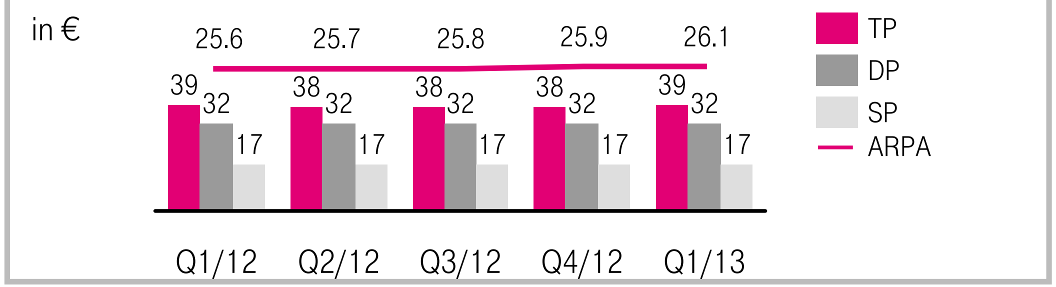
1) The operations of Regional Services and Solutions (RSS) since Jan 1, 2013 is managed by the Germany operating segment. Was prior to 2013 in Systems Solutions.

GERMANY: FIXED – MORE THAN 1 MILLION FIBER CUSTOMERS

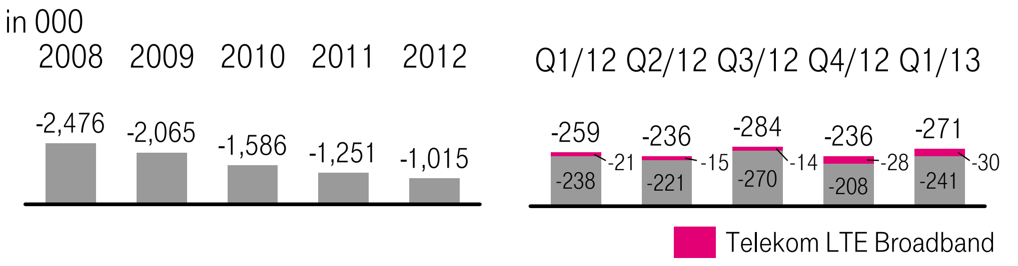
German broadband market[1)]



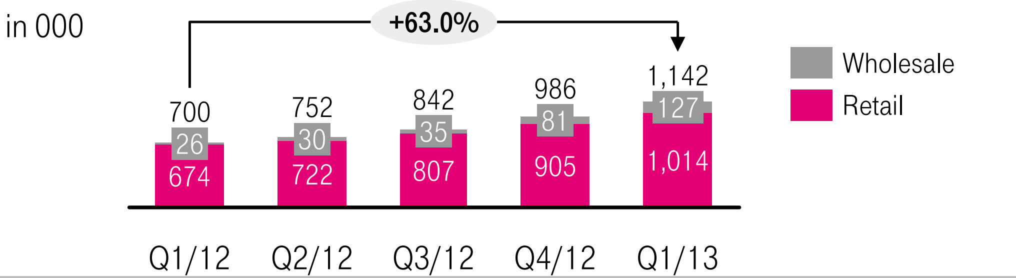
Average revenue per access growing



Line losses: Strong reduction since 2008 peak



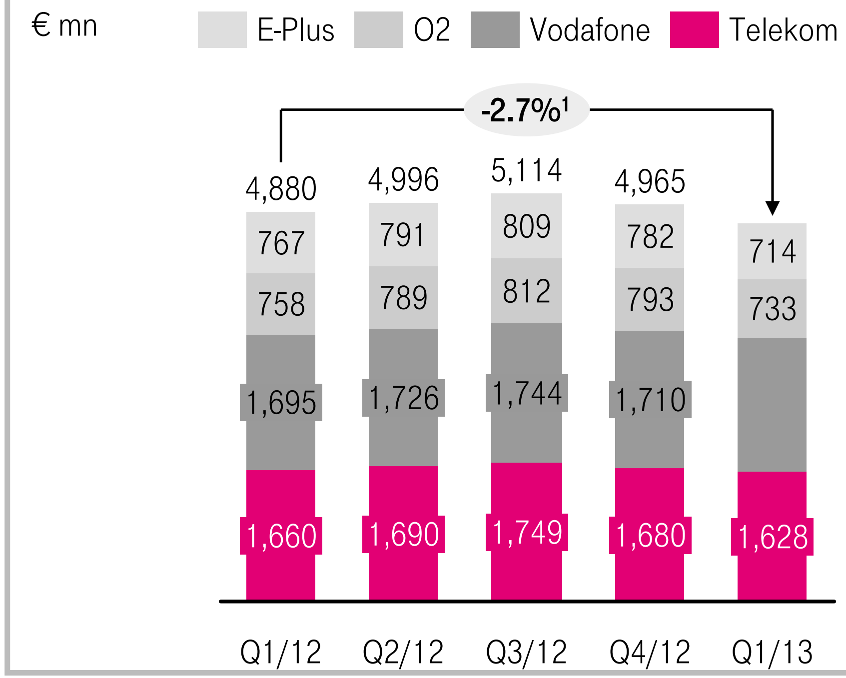
Fiber customers: Retail & Wholesale



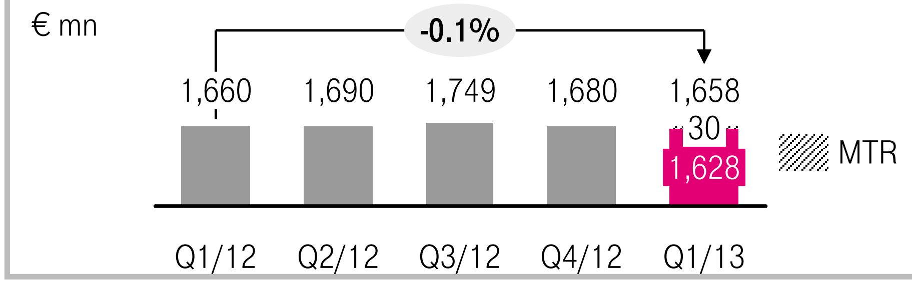
1) Based on management estimates

GERMANY: MOBILE SERVICE REVENUE STABILIZED IN Q1 – RETURN TO UNDERLYING REVENUE GROWTH EXPECTED FOR 2013

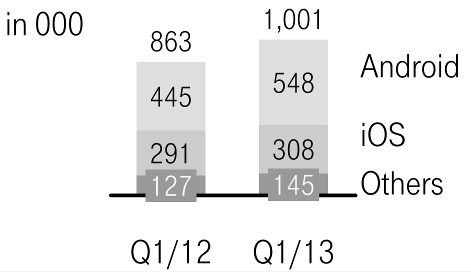
German mobile market service revenue



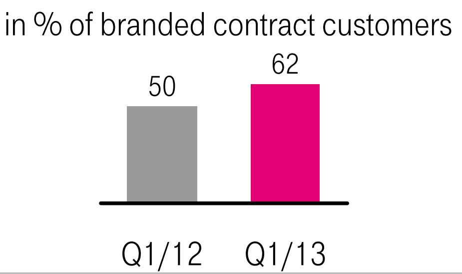
Mobile service revenue excl. MTR cut



Smartphone sales



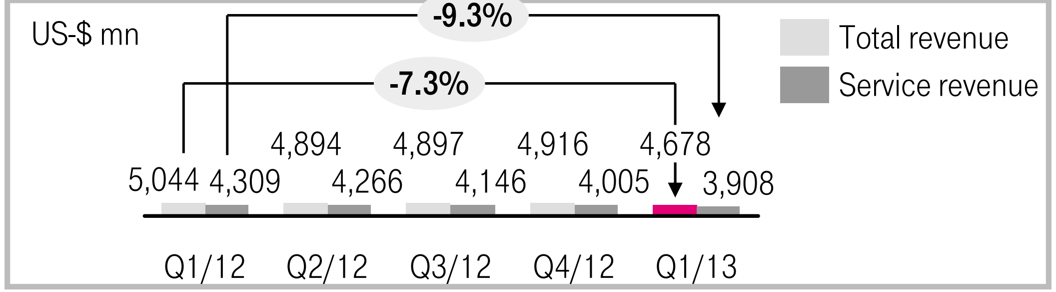
Customers in double play



1) Based on management estimates

TMUS: SIGNIFICANT IMPROVEMENT IN CUSTOMER METRICS AND POSTPAID CHURN

Revenue and service revenue

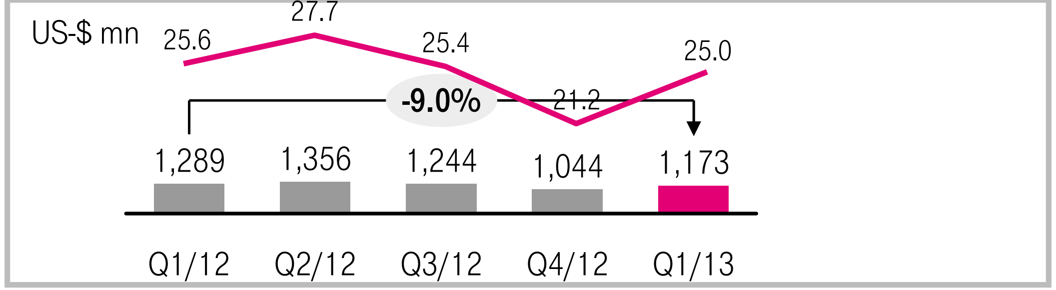


Net additions

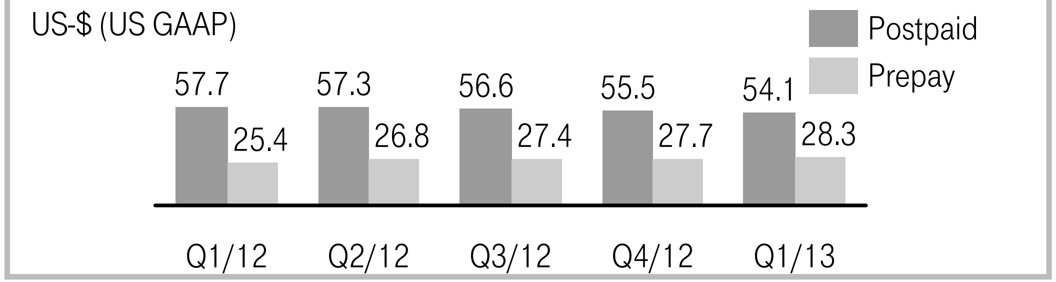
in 000

	Q1/12	Q2/12	Q3/12	Q4/12	Q1/13
Total net adds	187	-205	160	61	579
Branded:					
▪ Postpaid	-510	-557	-492	-515	-199
▪ Prepay	249	227	365	166	202
Wholesale[1]	449	125	287	410	576

Adj. EBITDA and margin



Branded customers: Postpaid and Prepay ARPU



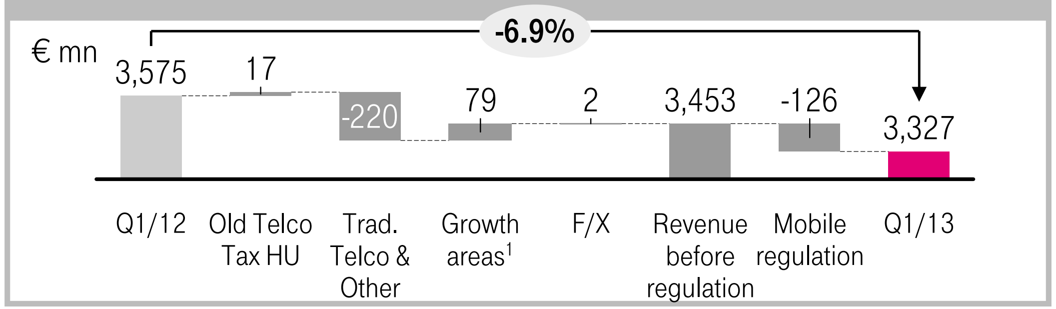
1) Wholesale includes MVNO and machine-to-machine (M2M). Amounts may not add up due to rounding.

TMUS: CREATING THE VALUE LEADER IN WIRELESS

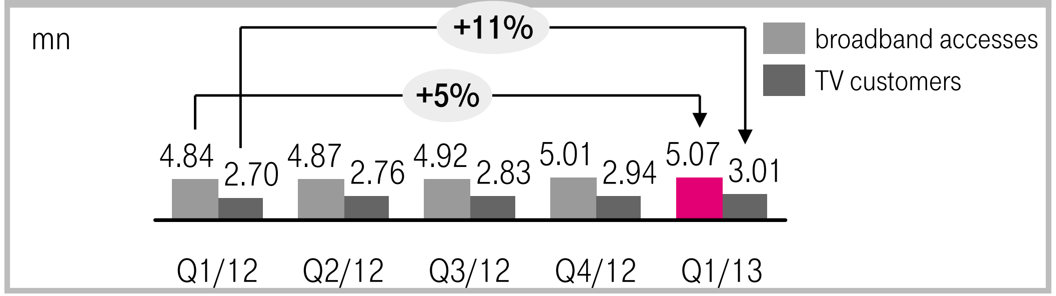
MetroPCS PROCESS	Merger closed on April 30 T-Mobile US started trading on the NYSE on May 1 (ticker: TMUS) Equity market cap of approx. $13 billion
MetroPCS BENEFITS	Spectrum: 61 ➔ 72 MHz in Top 100 major metro areas; 63 ➔ 76 MHz in Top 25 major metro areas Synergies: projected $6 – 7 billion NPV of cost synergies Attractive growth profile: 5-year CAGRs of 3-5% revenues, 7 – 10% EBITDA, 15 – 20% FCF (EBITDA – capex)
UN-CARRIER	Radically simplified “Simple Choice” plans launched on March 26 iPhone went on sale on April 12: we sold approx. 500,000 iPhone 5 to new and existing customers to date Compelling line-up of devices: iPhone 5, Samsung Galaxy S4, HTC One, BlackBerry Z10
NETWORK	Enhanced spectrum position – path to at least 2x20 MHz LTE in 90% of Top 25 markets by 2014+ Modernized 4G LTE network – 7 metro areas already launched, 100 million LTE POPs mid-year, 200 million year-end HSPA+ on 1900 MHz spectrum – already exceeds mid-year target of 170 million POPs, 200 million year-end

EUROPE : STRONG PERFORMANCE IN GROWTH AREAS, TAXES, REGULATION AND ECONOMY WEIGH ON FINANCIALS

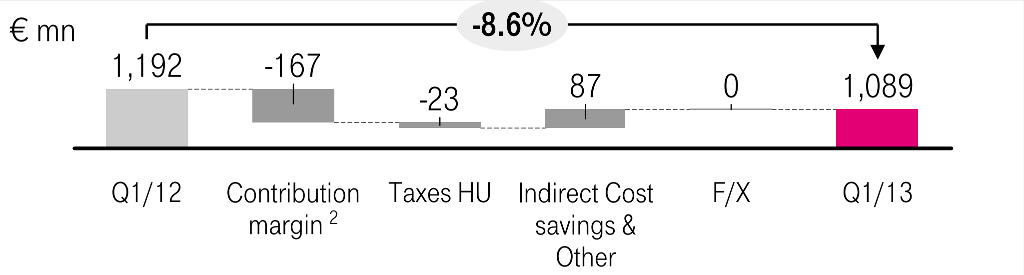
Revenue



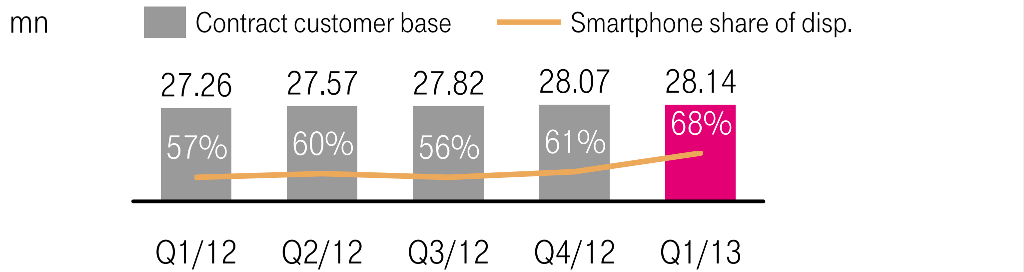
Pockets of growth – broadband and TV[3]



Adj. EBITDA



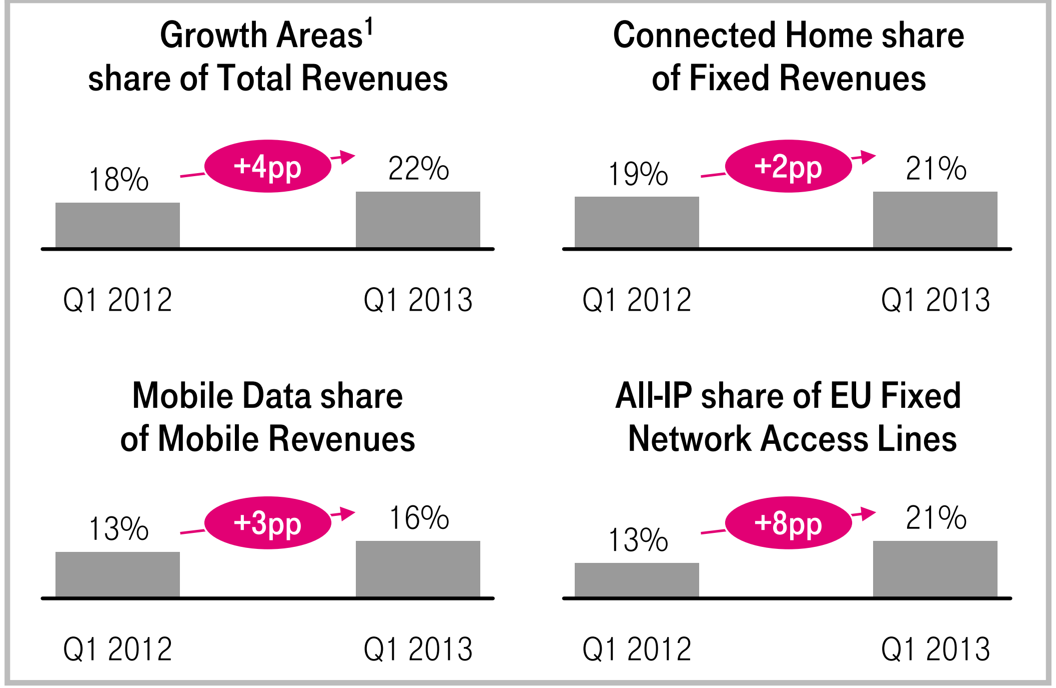
Pockets of growth – mob. contract & smartphones[3]



1) Mobile Data, Pay TV & fixed broadband, B2B/ICT, adjacent industries (online consumer services, energy and other)
2) Total Revenues - Direct Cost
3) incl. business customers shifted to T-Systems in Hungary as of 1.1.2011

EUROPE: COMMERCIAL AND TECHNOLOGY INITIATIVES DRIVING REVENUE AND COST TRANSFORMATION

Revenue & cost transformation



1) Mobile Data, Pay TV & fixed broadband, B2B ICT, adjacent industries (online consumer services, energy and other)

Key developments

Operations:

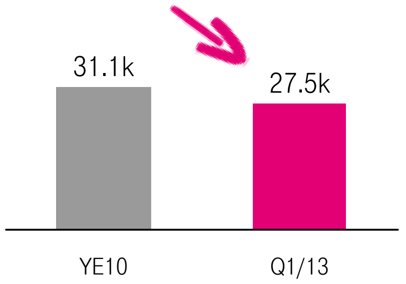
- OTE disposes Bulgarian subsidiary to Telenor at €717 million EV
- TV customers exceed 3mn, especially growth in Greece encouraging
- Negative regulatory effects on revenues 2.5x higher vs. Q1/12
- New utility tax in Hungary, unfavorable energy pricing legislation
- Auction in CZ and HU to be re-run

Technology Leadership

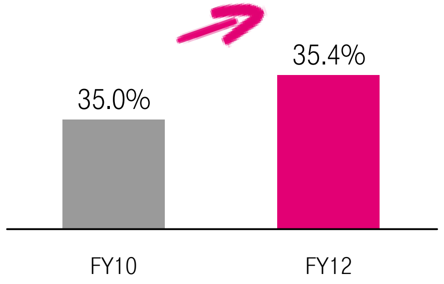
- Group Technology now fully merged with Europe segment
- Share of IP Accesses is growing! First PSTN exchanges being shut down in Macedonia and Croatia.
- Fiber: over 3mn FTTC and almost 825k FTTH homes passed

EUROPE: OTE – RESTRUCTURING SUCCESSFULLY ACCOMPLISHED – COMMERCIAL EXCELLENCE

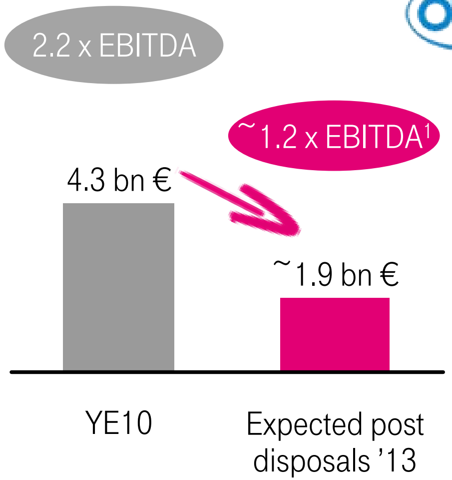
Employees



pro forma EBITDA margin



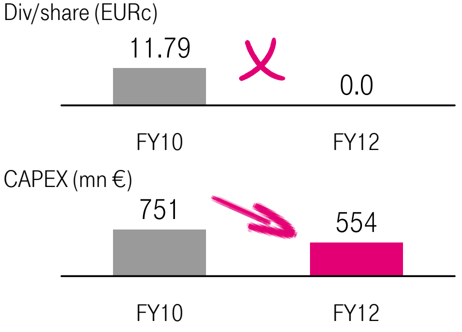
OTE group net debt



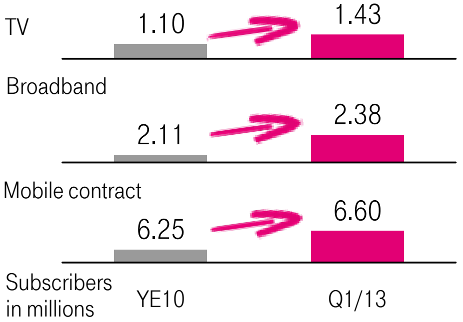
Disposals

- Globul (to be closed in next months)
- HellasSat (closed in April)

Cash outs



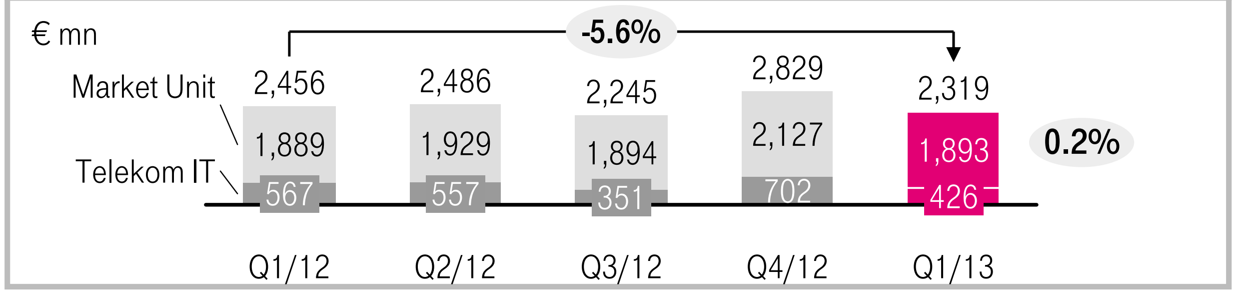
Exploring growth



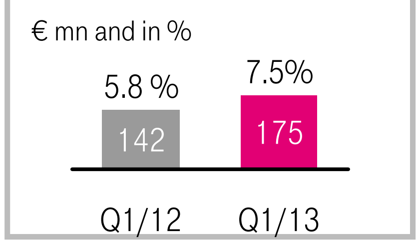
1) 12 months trailing EBITDA

SYSTEMS SOLUTIONS: FURTHER EFFIENCY IMPROVEMENTS

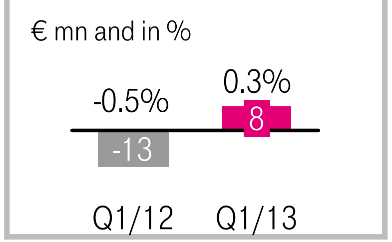
Revenue



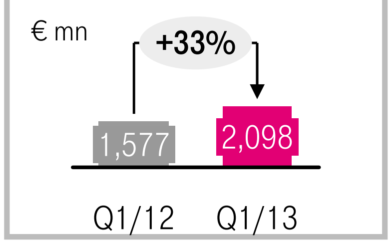
Adj. EBITDA/margin



Adj. EBIT/margin



Order Entry

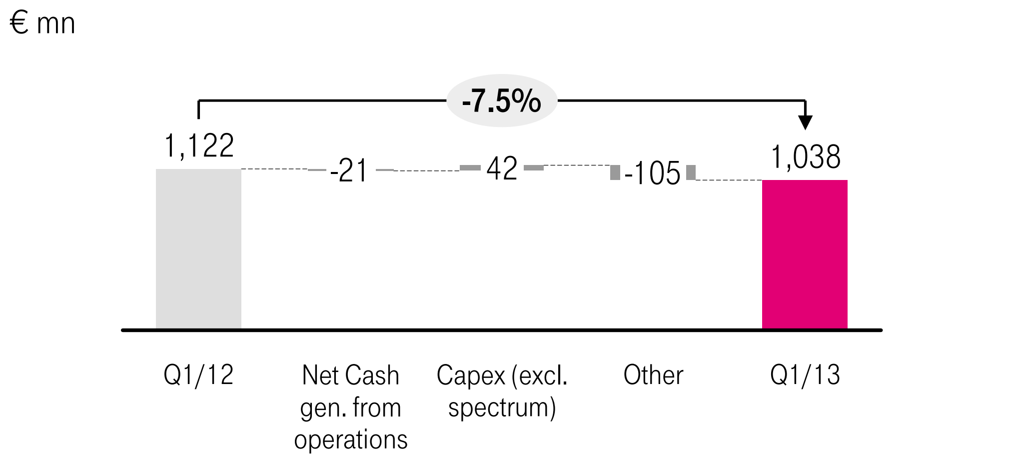


- Increase in order entry by 33.0% to €2,098 million driven by deals such as
  - EADS, SBB etc.
- Revenue down (-5.6%) driven by lower revenue at Telekom IT (-24.9%) related to seasonal effects, uptick expected in next quarters.
- Revenue at Market Unit slightly growing (+0.2%) to €1,893

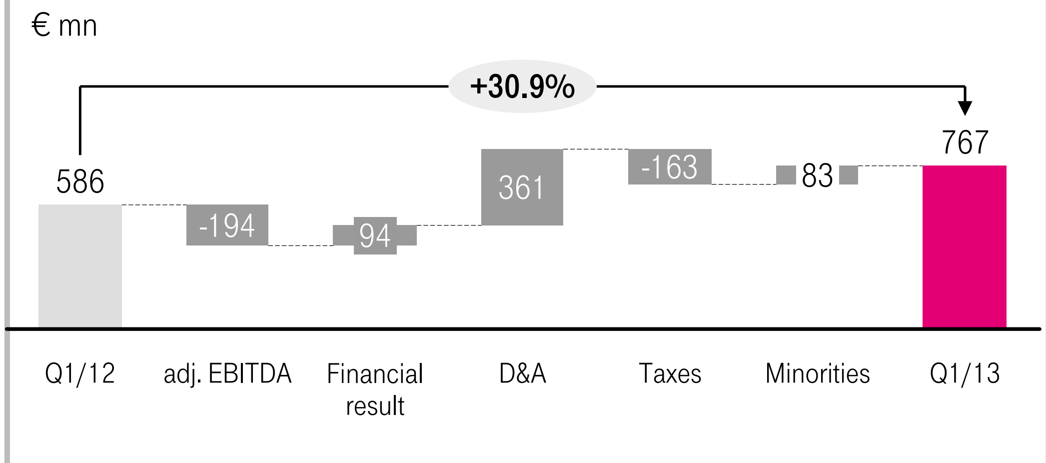
- Adj. EBITDA improved by 23.2% to € 175 million with a margin of 7.5% and adj. EBIT to €8 million due to efficiency improvement
- Adj. EBIT margin at Market Unit turned to 0.4% from -0.7% in Q1/12

FINANCIALS: GOOD Q1 FCF AND NET INCOME

Free cash flow Q1/13



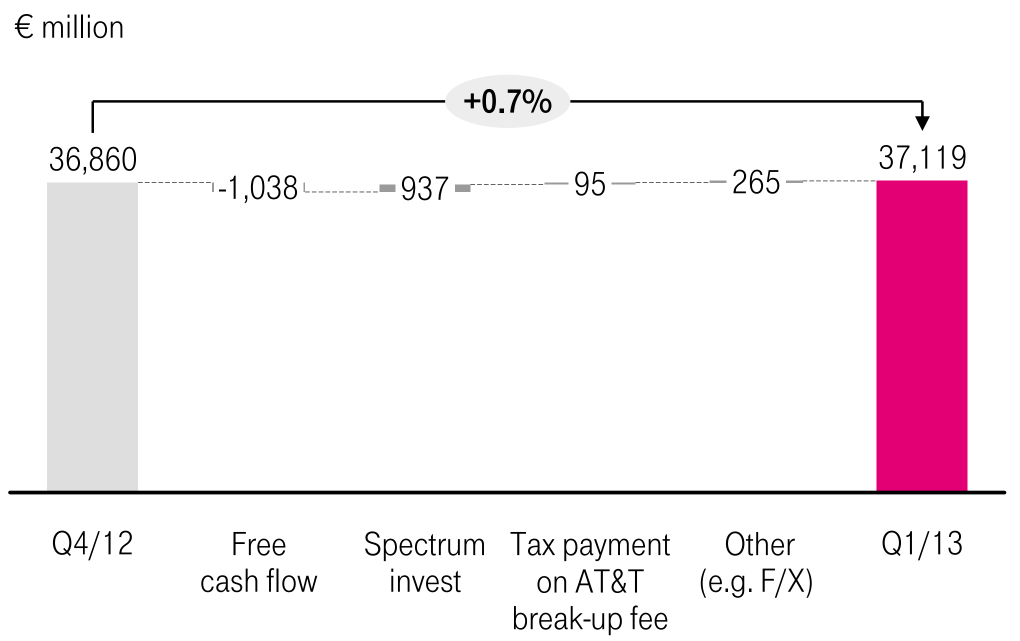
Adj. net income Q1/13



- Reduction in adj. EBITDA with minimal impact on cash generated from operations due to improved working capital
- Cash Capex (excl. spectrum) in Q1 slightly below prior year – uptick expected in the next quarters – outlook for the year unchanged at approx. €9.8 billion

FINANCIALS: NET DEBT ROUGHLY STABLE VERSUS YE 2012

Net debt development Q1/13



FINANCIALS: BALANCE SHEET – MAINTAINING SOLID RATIOS

€ bn	31/03/2012	30/06/2012	30/09/2012	31/12/2012	31/03/2013
Balance sheet total	120.3	121.0	108.2	107.9	108.8
Shareholders equity	40.2	37.9	30.4	30.5	31.0
Net debt	38.6	41.0	39.0	36.9	37.1
Net debt/Adj. EBITDA[1]	2.1	2.2	2.1	2.1	2.1
Equity ratio	33.4%	31.3%	28.1%	28.3%	28.5%

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:	**BBB+**	stable outlook
Moody's:	**Baa1**	stable outlook
S&P:	**BBB+**	stable outlook

1) Ratios for the interim quarters calculated on the basis of previous 4 quarters

Q&A

Questions can be asked via the telephone conference call:

0800 182 6766 0800 028 0471 +1 866 306 3455

+49 69 403 59 619

If you want to **ask a question**, please **press "*1"**.

If you want to **cancel your question**, please press **"#"**.

FURTHER QUESTIONS
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