DEUTSCHE TELEKOM

Q2/13 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 Q2 2013

Q2 2013 KEY ACHIEVEMENTS: TM US RETURNS TO GROWTH – GERMANY WITH ROCK SOLID RESULTS

GROUP

- Growth in key areas: 1,382k mobile contract net adds, 121k TV net adds, 44k broadband net adds.
- Revenue grows 5.4% to 15.2 billion € driven by first time consolidation of MetroPCS. Organic revenue growth[1)] of 2.1%.
- Adj. EBITDA of €4.4 billion (-6.0%) reflects high market invest in the US.

GERMANY

- Growth in key areas: 434k mobile contract net adds, 42k TV net adds and 126k fiber net adds (incl. wholesale).
- Improved revenue trend (-0.8%) in Q2/13; adj. EBITDA-margin at 40.6%.
- Return to underlying mobile service revenue growth (+1.0%) against market trend.

US

- Growth in key areas: +1,130k mobile customers, branded postpaid customers +688k, branded postpaid churn at record low level of 1.6%.
- Revenue in US-$ +28.8% to 6.3 billion US$ driven by MetroPCS consolidation and strong handset sales. Organic revenue growth[1)] of 12.5%.
- Strong customer intake weighs on adj. EBITDA (in US-$ -10.3%). Margin of 19.3% .

EUROPE

- Growth in key areas: 258k mobile contract customers, 79k TV customers, 58k broadband customer net adds.
- Revenue with improved trend in Q2 (-4.5%) compared to Q1 (-6.9%).
- Adj. EBITDA trends also sequentially improved: -7.4% in Q2 after -8.6% Q1. Margin decreased slightly to 32.4%. Economic and regulatory situation remains difficult.

SYSTEMS SOLUTIONS

- Order entry growing +3% to €2.0 billion.
- Revenue of Market Unit slightly down (-2.3%) due to sale of business units and currency fluctuation, total revenue (-8.6%) impacted by lower internal revenues of Telekom IT.
- Improvement in adj. EBITDA +23.5% to €221 million – margin improved to 9.7%.

1) Adjusted for changes in the scope of consolidation and currency fluctuations

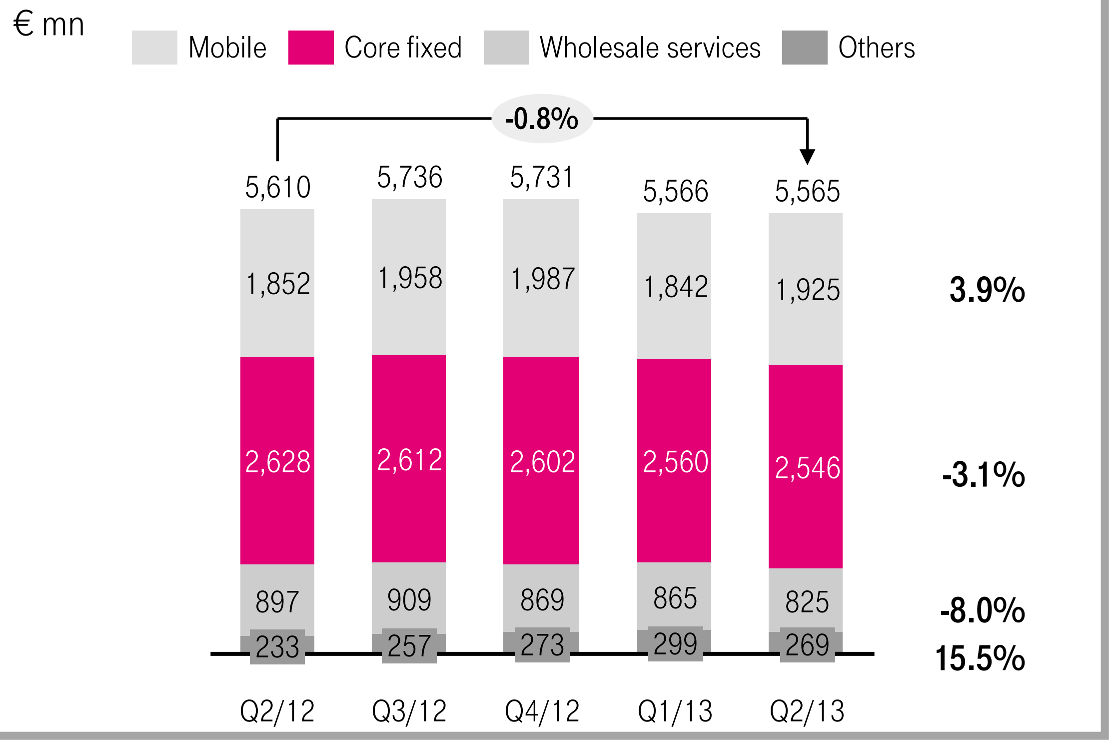
Q2 2013: KEY FIGURES

€ bn	Q2 2012	Q2 2013	Q2 Change	H1 2012	H1 2013	H1 Change
Revenue	14,379	15,157	5.4%	28,811	28,942	0.5%
Adj. EBITDA	4,701	4,417	-6.0%	9,183	8,705	-5.2%
Adj. net profit	822	810	-1.5%	1,408	1,577	12.0%
Net profit	482	530	10.0%	1,027	1,094	6.5%
Adj. EPS (in €)	0.19	0.19	0.0%	0.33	0.37	12.1%
EPS (in €)	0.11	0.12	9.1%	0.24	0.25	4.2%
Free cash flow[1]	1,668	1,109	-33.5%	2,790	2,147	-23.0%
Cash capex[2]	1,625	2,068	27.3%	3,754	4,155	10.7%
Net debt	41.0	41.4	0.8%	41.0	41.4	0.8%

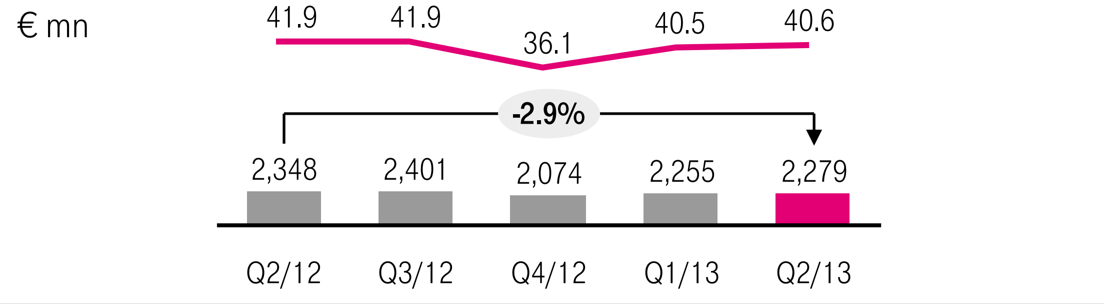
1) Free cash flow before dividend payments, spectrum investment, effects of AT&T transaction and compensation payments for MetroPCS employees
2) Before spectrum payments. Q2/13 € 130 million . € 1 million in Q2/12. H2/13 € 1,067 million, H1/12 €41 million.

GERMANY: REVENUE TRENDS IMPROVED – ADJ. EBITDA MARGIN AT 40.6%

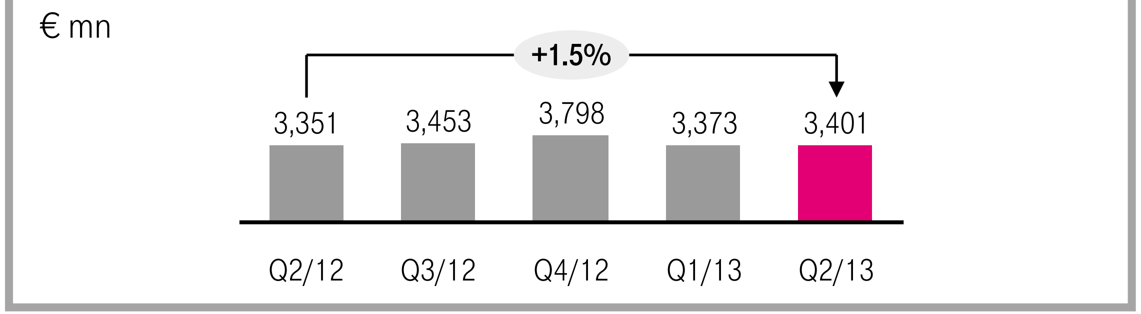
Revenues



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

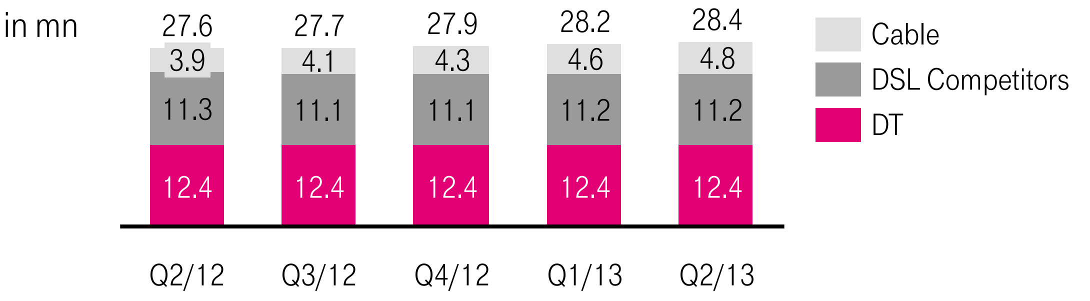


Adj. OPEX

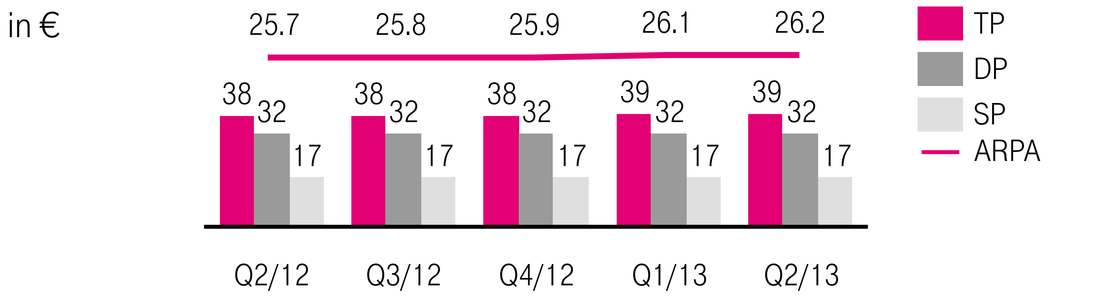


GERMANY: FIXED – STRONG FIBER UPTAKE - LINE LOSSES REDUCED

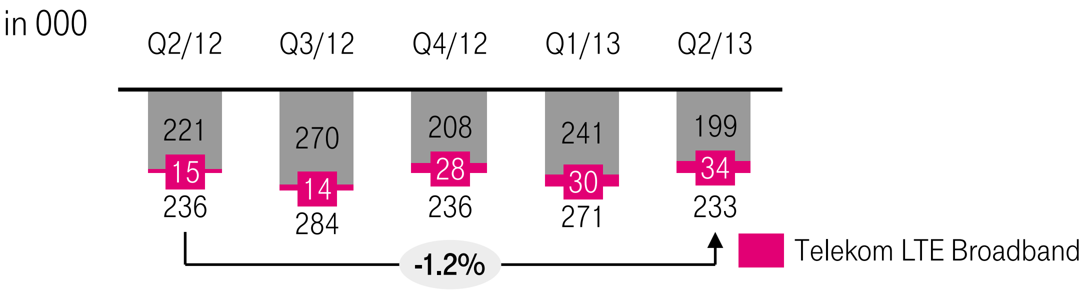
German broadband market[1)]



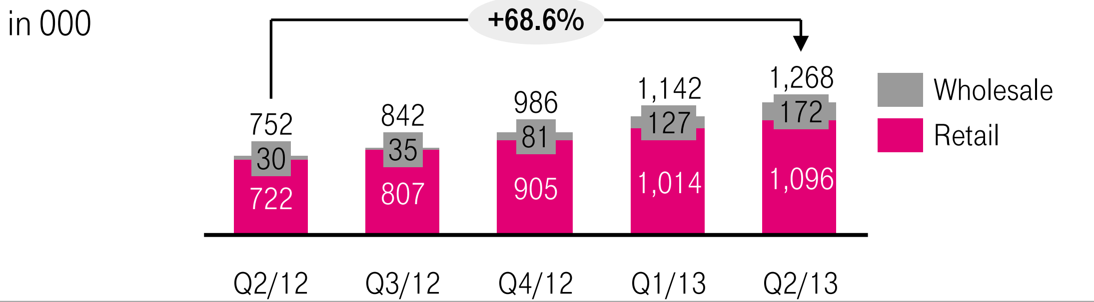
Average revenue per access growing



Line Losses: Improving trend despite LTE substitution



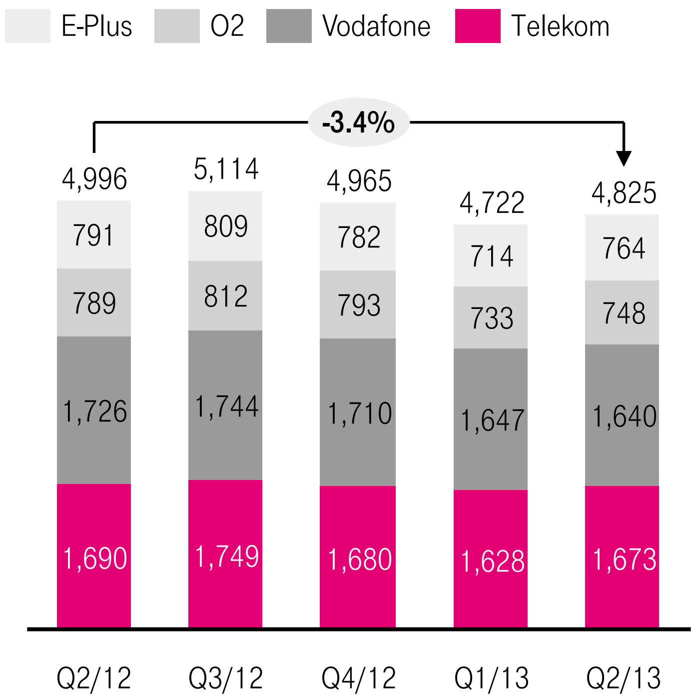
Fiber customers: Retail und Wholesale



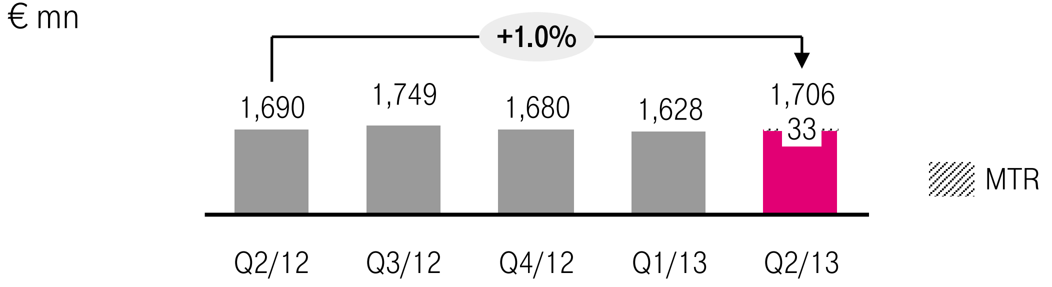
1) Based on management estimates

GERMANY: RETURN TO UNDERLYING MOBILE SERVICE REVENUE GROWTH OUTPERFORMING COMPETITION IN Q2/13

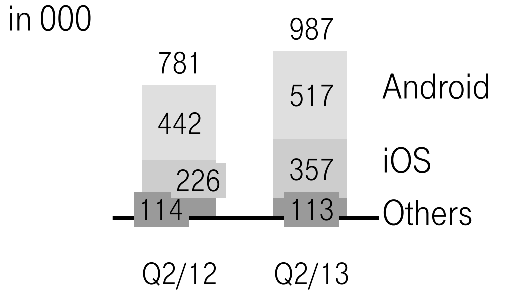
German mobile market service revenue



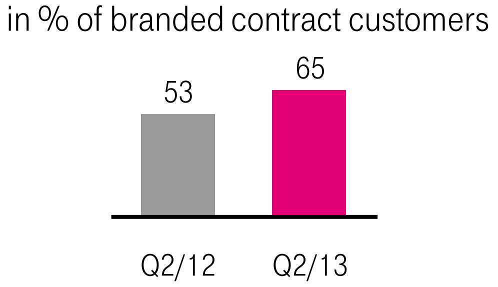
TD mobile service revenue excl. MTR cut



Smartphone sales



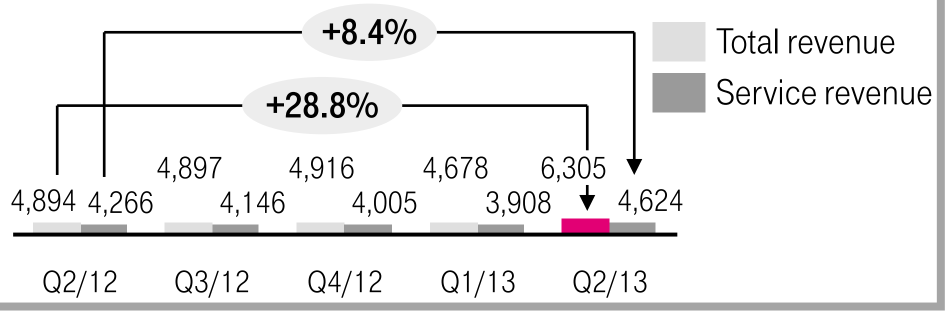
Customers in double play



TMUS: SIGNIFICANT IMPROVEMENT IN CUSTOMER METRICS AND POSTPAID CHURN

Revenue and service revenue

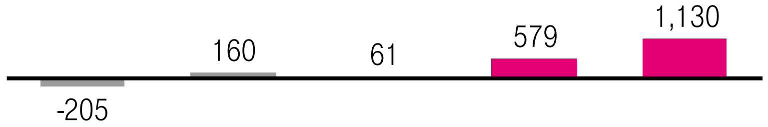
US-$ mn



Net additions

in 000

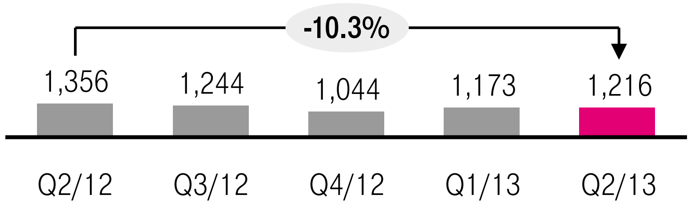
Total net adds



Branded:	Q2/12	Q3/12	Q4/12	Q1/13	Q2/13
▪ Postpaid	-557	-492	-515	-199	688
▪ Prepay	227	365	166	202	-10
Wholesale[1]	125	287	410	576	452

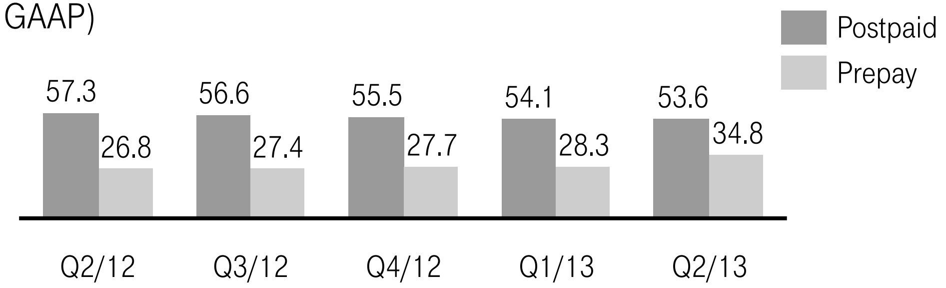
Adj. EBITDA

US-$ mn



Branded customers: Postpaid and Prepay ARPU

US-$ (US GAAP)



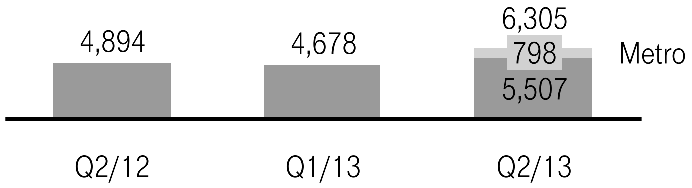
1) Wholesale includes MVNO and machine-to-machine (M2M). Amounts may not add up due to rounding.

TMUS: DRIVERS OF IMPROVED CUSTOMER AND SERVICE REVENUE TRENDS

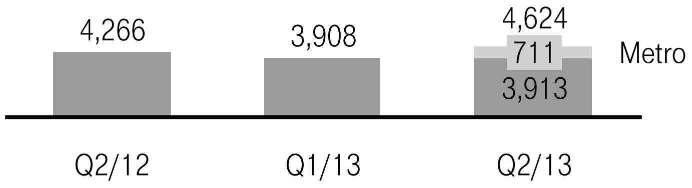
Underlying key figures

US-$ mn

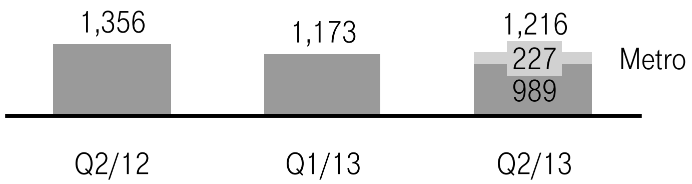
Total Revenue: +12.5%



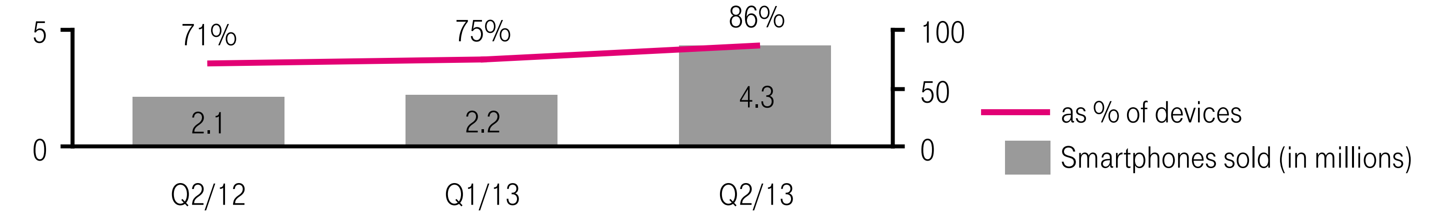
Service Revenue: -8.3%



Adj. EBITDA: -27.1%

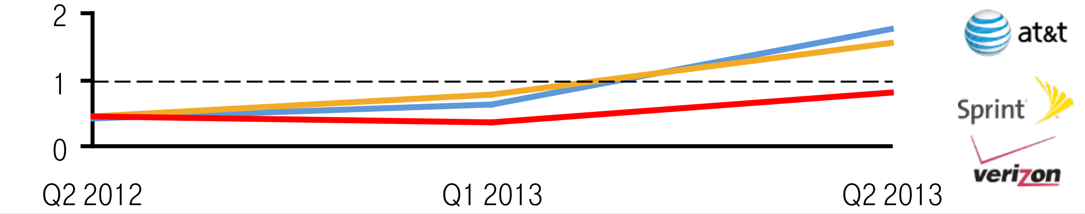


Strong growth in total revenue driven by high smartphone sales



- **Quality growth**
  - 688k branded postpaid net adds (685k phone adds)
  - Number of prime applications tripled since Q2/12
  - 52% of equipment installment plan receivables regarded as prime, up from 43% end of December
  - Bad debt expense in Q2/13 decreased 48% versus Q2/12[1)]

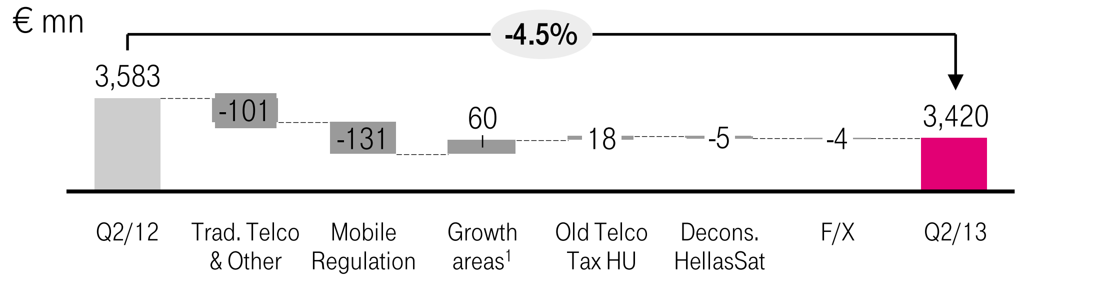
Improvement in porting ratios



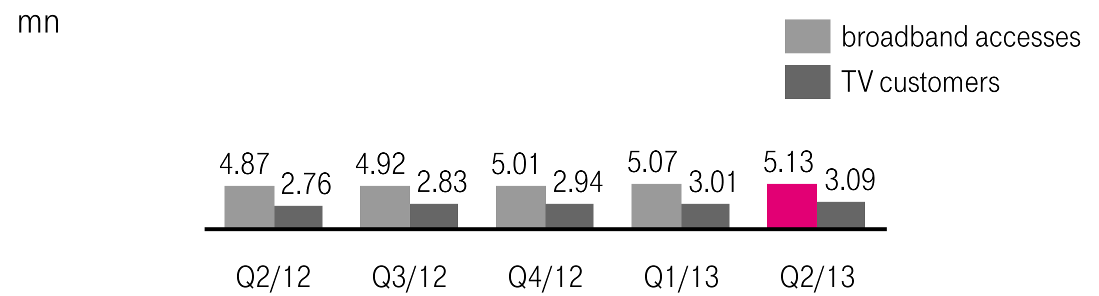
1) Bad debt expense is net of recoveries

EUROPE: STRONG PERFORMANCE IN GROWTH AREAS – SLIGHTLY IMPROVED FINANCIAL TRENDS

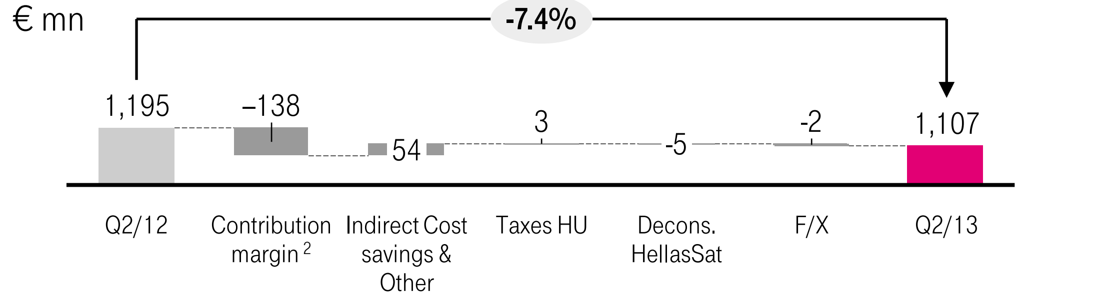
Revenue



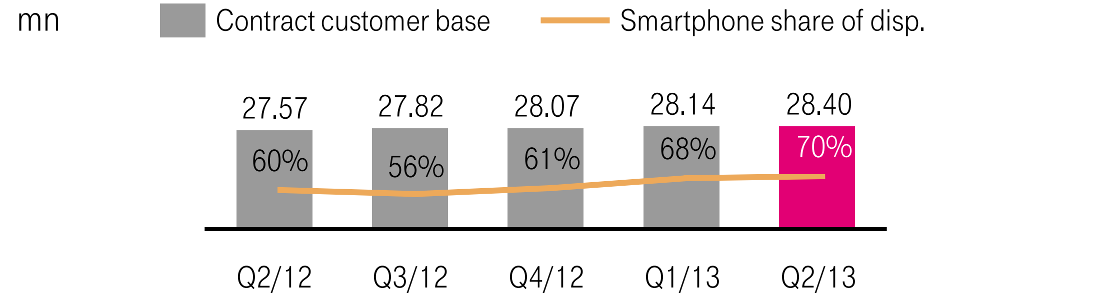
Pockets of growth – broadband and TV[3]



Adj. EBITDA



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

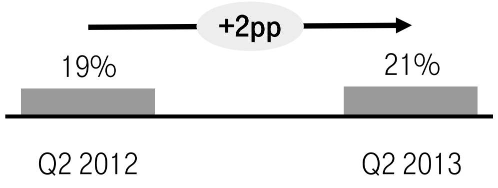


1) Mobile Data, Pay TV & fixed broadband, B2B/ICT, adjacent industries (online consumer services, energy and other)
2) Total Revenues - Direct Cost
3) incl. business customers shifted to T-Systems in Hungary as of 1.1.2011. Smartphone share w/o Slovakia, Bulgaria and Romania

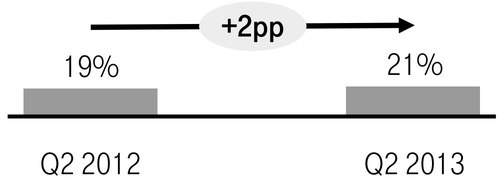
EUROPE: COMMERCIAL AND TECHNOLOGY INITIATIVES DRIVING REVENUE AND COST TRANSFORMATION

Revenue transformation

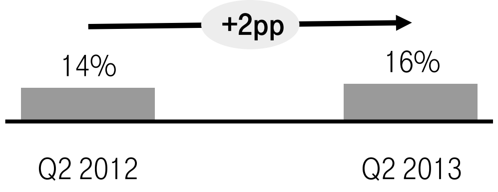
Growth Areas[1] share of total revenues



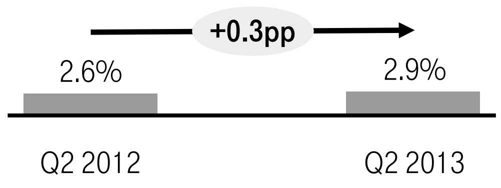
Connected Home share of fixed revenues



Mobile Data share of mobile revenues

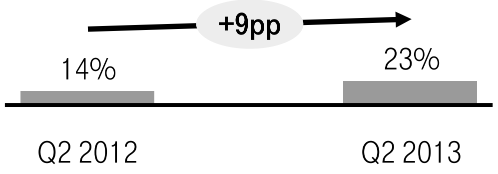


B2B/ICT share of total revenues

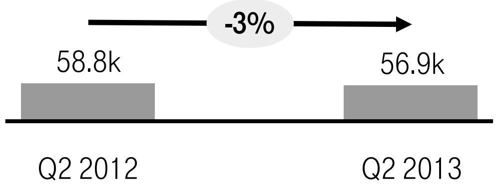


Technology and Cost transformation

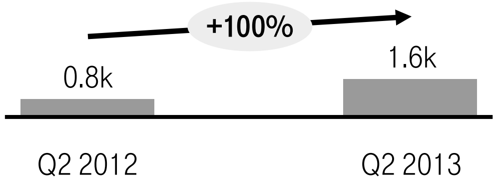
All-IP share of EU fixed network access lines



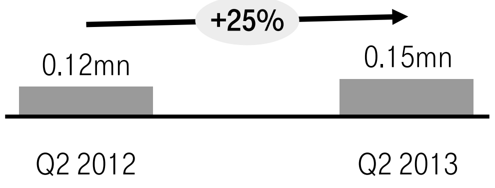
FTEs (end of period)



LTE sites in service



FTTH homes connected



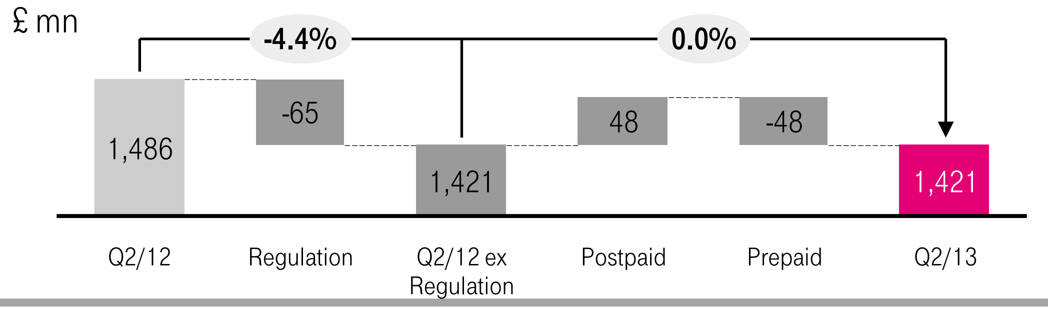
Other Developments:

- EC approves Globul disposal. Slovak Telekom to take over DiGi Slovakia and Croatia Telekom enters into strategic partnership with Optima Telecom (subject to regulatory approval)
- Hungarian government increases usage based TelCo fee for business customers from August ’13.

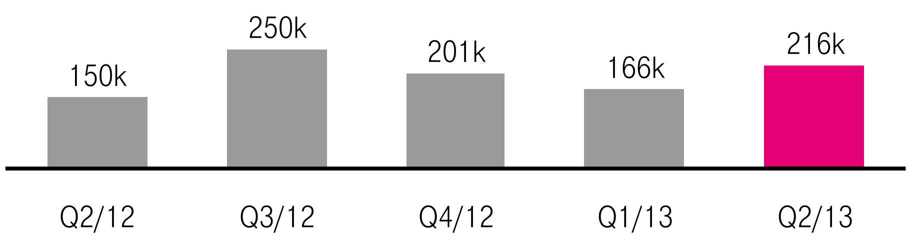
1) Mobile Data, Pay TV & fixed broadband, B2B ICT, adjacent industries (online consumer services, energy and other)

EE: ADJ. EBITDA MARGIN IMPROVEMENT AND STRONG POSTPAID NET ADDS SUPPORTED BY ACCELERATING 4G DEMAND

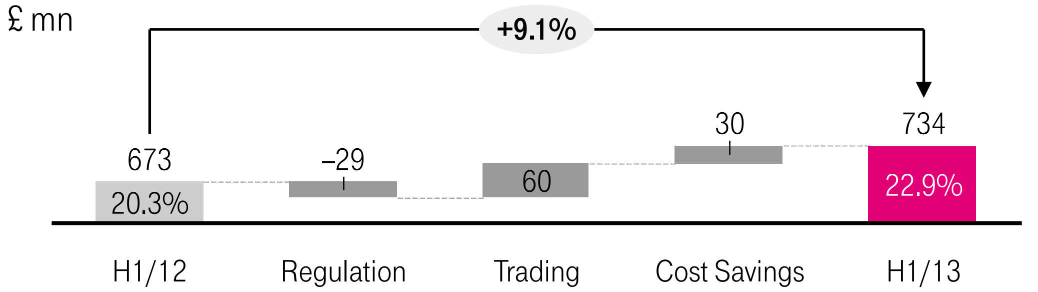
Mobile Service Revenue



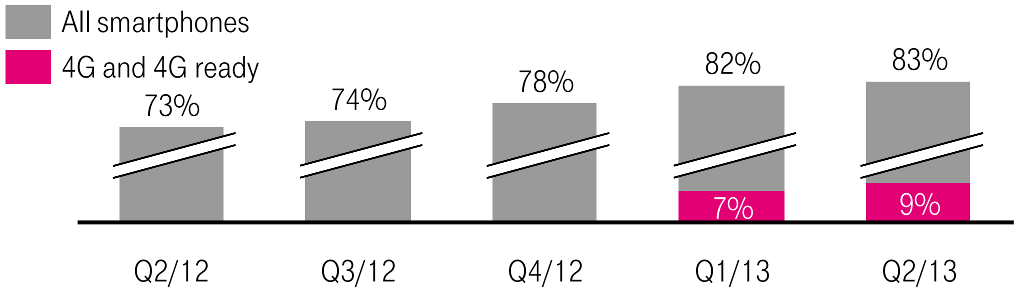
Postpaid net adds



Adj. EBITDA and adj. EBITDA margin



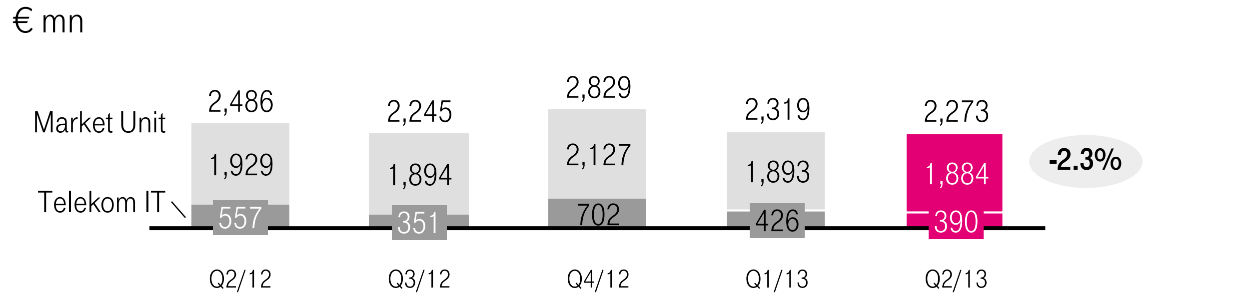
% of Postpaid base with smartphones



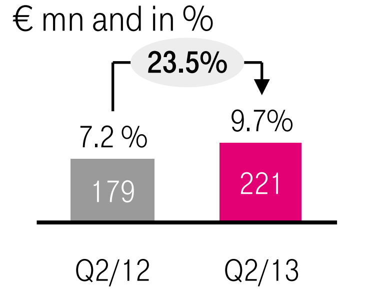
1) M

SYSTEMS SOLUTIONS: ONGOING ADJ. EBIT MARGIN IMPROVEMENT

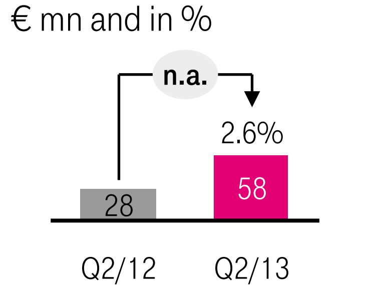
Revenue



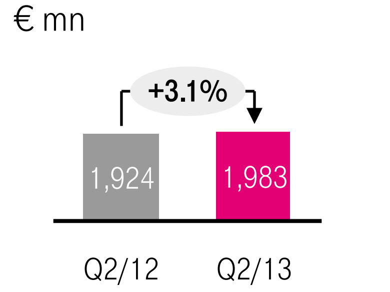
Adj. EBITDA/margin



Adj. EBIT/margin



Order Entry

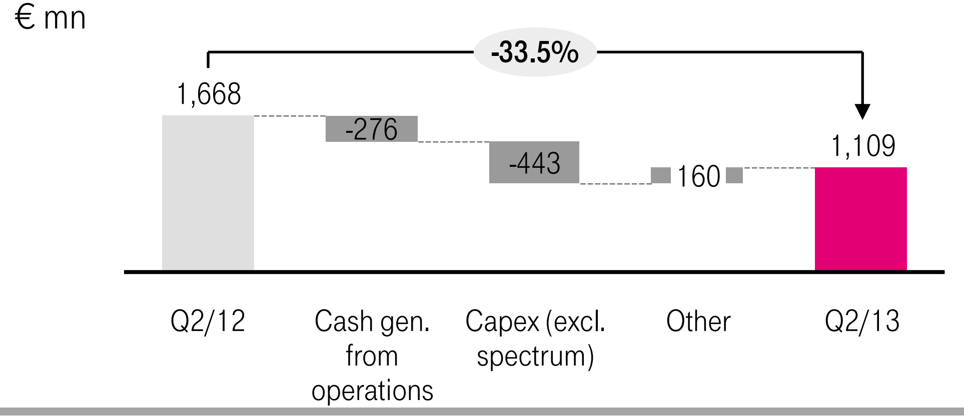


- Another strong quarter in regard to order entry with €1,983 million driven by deals such as
  - SBB, KONE
- Revenue down (-8.6%) driven by lower revenue at Telekom IT (-30.0%) partially due to postponement of an internal IT project
- Reported revenues at Market Unit slightly decreasing (-2.3%) to €1,884 million, but organic (w/o deconsolidation and F/X effects) stable yoy

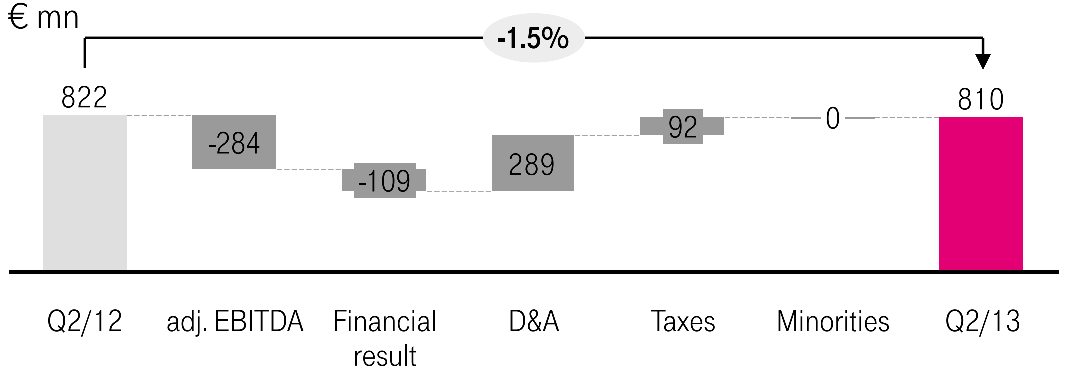
- Adj. EBITDA improved by 23.5% to €221 million with a margin of 9.7% and adj. EBIT to €58 million due to efficiency improvement
- Adj. EBIT margin at Market Unit went up from 1.4% to 2.9%

FINANCIALS: Q2 FCF AND NET INCOME

Free cash flow Q2/13



Adj. net income Q2/13

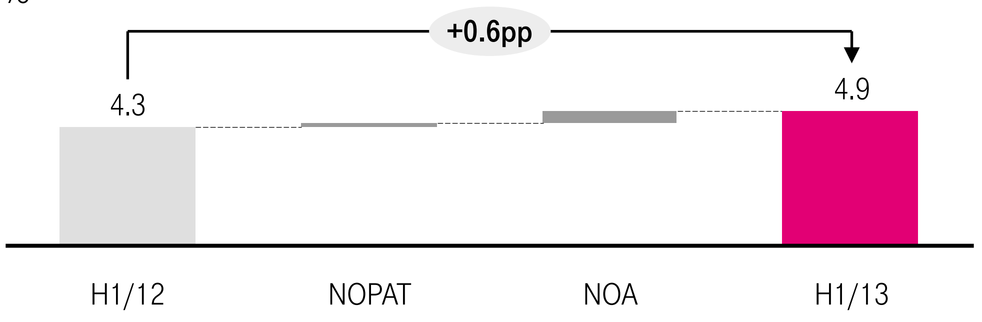


- Cash Capex (excl. spectrum) in Q2 - as expected - higher than in previous year, predominantly driven by the US
- Cash generated from operations decreases in line with EBITDA as working capital impact (-0.4 billion €) from value plans in the US is offset by other WC items
- Other driven by €116 million less interest payments

FINANCIALS: H1/13 ROCE AND ADJ. EPS IMPROVED

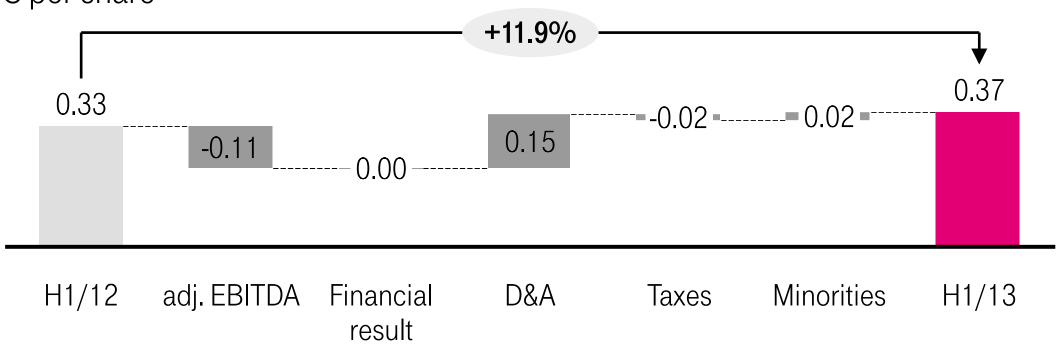
ROCE development H1/13

in %



Adj. EPS development H1/13

€ per share

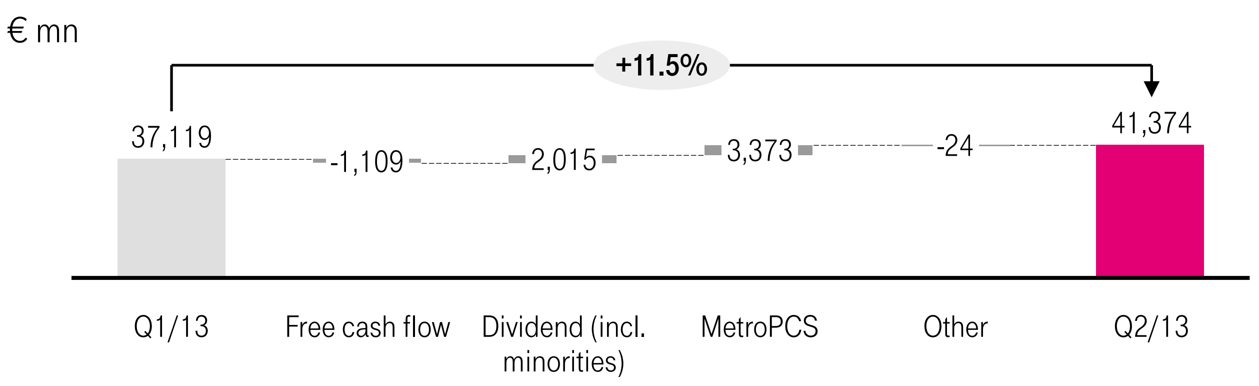


Drivers of ROCE development

- Net operating profit after taxes improved by 143 million € to 2,458 million €
- Net operating assets (average) decreased by 9.2 billion € to 99.5 billion €

FINANCIALS: NET DEBT INCREASE DUE TO METRO

Net debt development Q2/13



- Q2 marks peak net debt for this year due to dividend payment and MetroPCS consolidation
- FCF and contribution from Globul sale (0.7 billion €) will reduce net debt in the 2nd half

FINANCIALS: BALANCE SHEET – IMPACTED BY METRO TRANSACTION

€ bn	30/06/2012	30/09/2012	31/12/2012	31/03/2013	30/06/2013
Balance sheet total	121.0	108.2	107.9	108.8	116.1
Shareholders' equity	37.9	30.4	30.5	31.0	31.3
Net debt	41.0	39.0	36.9	37.1	41.4
Net debt/Adj. EBITDA[1)]	2.2	2.1	2.1	2.1	2.4
Equity ratio	31.3%	28.1%	28.3%	28.5%	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:	**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. Ratio in H1/13 negatively influenced by full consolidation of MetroPCS debt, without accounting for Metro's EBITDA in the previous quarters.

DT GROUP: US GUIDANCE 2013 CHANGED TO FOSTER FURTHER GROWTH – REST OF GROUP UNCHANGED

Guidance 2013 OLD

	Incl. 12 months MetroPCS[1)]	Incl. 8 months MetroPCS[2)]
Group adj. EBITDA	≈18.4 bn €	≈18 bn €
Adj. EBITDA US	5.8 to 6.0bn US$ (4.6 to 4.7 bn €)	5.4 to 5.6bn US$ (4.2 to 4.3 bn €)
Group FCF	≈5 bn €	≈5 bn €

New US Guidance 2013

Incl. 8 months MetroPCS
- Adjusted EBITDA of $4.7 to $4.9 billion (based on US GAAP)
- Cash capital expenditures of $4.0 to $4.2 billion
- Branded postpaid net additions for 2013 between 1.0 and 1.2 million
- Penetration of Value/Simple Choice plans in the branded postpaid base between 60% and 70% by the end of 2013

Guidance 2013 NEW

	Incl. 8 months MetroPCS[2)]
Group adj. EBITDA	≈17.5 bn €
Adj. EBITDA US	4.8 to 5.0 bn US$ (3.7 to 3.8 bn €)
Group FCF	≈4.5 bn €

1) based on exchange rate 1€ = 1.27US$; 2) based on exchange rate 1€ = 1.30US$
Adj. EBITDA for the US based on IFRS results . Guidance based on US GAAP results is 4.7 to 4.9 billion US$

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".**

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FURTHER QUESTIONS
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