



DEUTSCHE TELEKOM
GERMAN CORPORATE
CONFERENCE

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BOARD MEMBER FOR GERMANY



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.

GERMANY: STRATEGY

LEADING EUROPEAN TELCO

INTEGRATED IP NETWORKS

- Integrated Network Strategy
- Network Quality
- IP- & Process Transformation

BEST CUSTOMER EXPERIENCE

- MagentaEINS
- Next Generation TV
- E-Company

WIN WITH PARTNERS

- Partnering Initiatives
- Steckerleiste

LEAD IN BUSINESS

- Mid-Market Initiative
- IT-Cloud
- DeutschlandLAN
- M2M




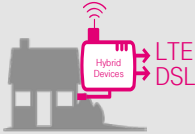
TRANSFORM PORTFOLIO

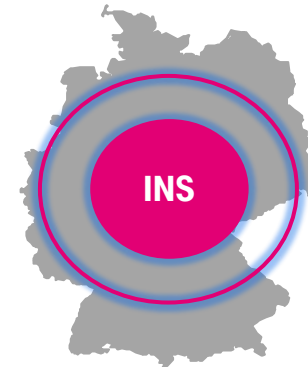
EVOLVE FINANCIAL TARGETS & EFFICIENCY

Stable revenues & EBITDA growth
fund our transformation investments

ENCOURAGE LEADERSHIP & PERFORMANCE DEVELOPMENT

GERMANY: MORE COVERAGE & SPEED WITHIN THE SAME CAPEX ENVELOPE

| INTEGRATED NETWORK STRATEGY | | STATUS 2014 |
|-----------------------------|---|---|
| 1 | LTE rollout  | 80% Pop coverage Download up to 150 Mbps |
| 2 | Fiber rollout  | 44% HH coverage |
| 3 | Vectoring  | Download 100 Mbps Upload 40 Mbps |
| 4 | Hybrid access  | Market launch Q4/2014 |

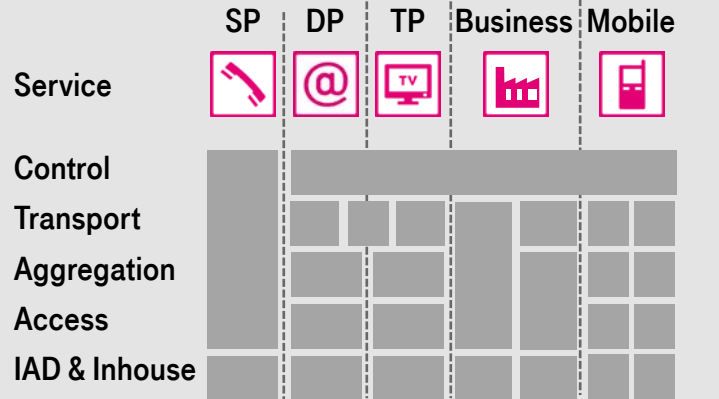


| AMBITION 2018 |
|--|
| 95% Pop coverage with up to 300 Mbps |
| ≈80% HH coverage with at least 50 Mbps depending on regulatory adjustments |
| Introduction of Supervectoring with more than 250 Mbps in cable footprint |
| Top download-speed of up to 550 Mbps in cable footprint |

→ MORE COVERAGE AND HIGHER SPEED WITHIN THE SAME CAPEX ENVELOPE VS. CMD 2012

GERMANY: TRANSFORMATION ON TRACK TO ACHIEVE 100% IP-CUSTOMERS IN 2018

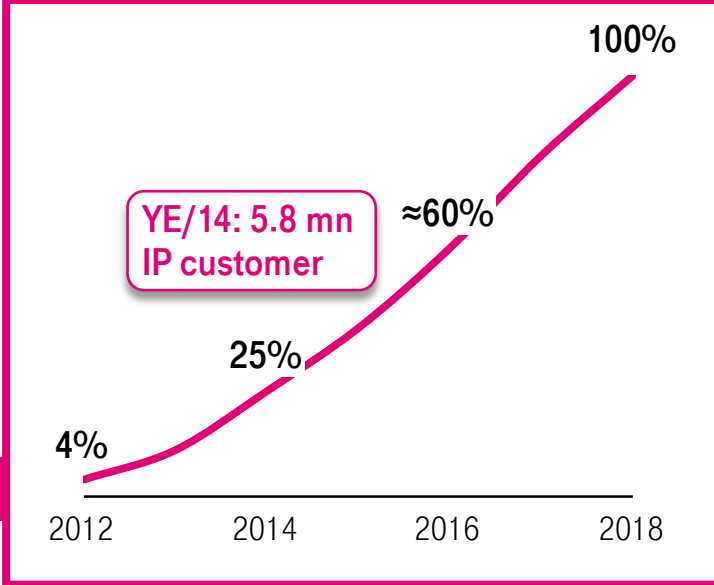
FROM THE "OLD PSTN WORLD" ...



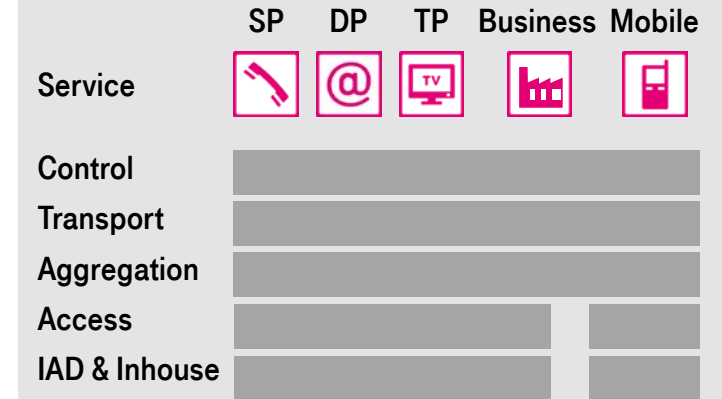
BENEFITS FOR CONSUMER

- Higher **Speed & Network Quality**
- **Access to future Products** and **services**
- **Easy** self-provisioning and set up via **WEB & APP**
- Less wiring at customer site

SHARE OF IP-ACCESS¹



...TO THE "NEW IP ERA"



BENEFITS FOR BUSINESS

- Higher **Speed & Network Quality**
- **Easy** self administration
- **Modular** fixed mobile offers
- **Seamless** Cloud integration & high scalability

¹ Incl. Wholesale

GERMANY: MAGENTA EINS: FIXED AND MOBILE ARE CONVERGING...

OUR FIRST CONVERGED OFFER

63% MARKET RESEARCH¹

Customers prefer bundles from a single source

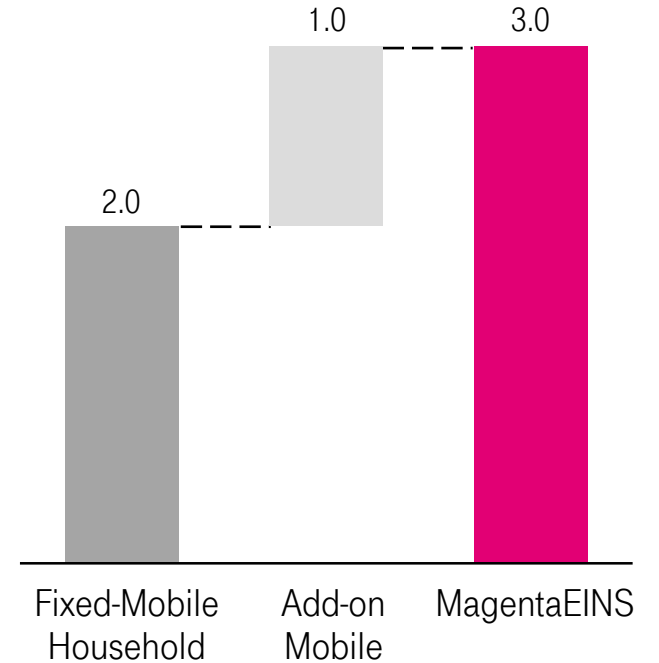


KEY GOALS

- 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

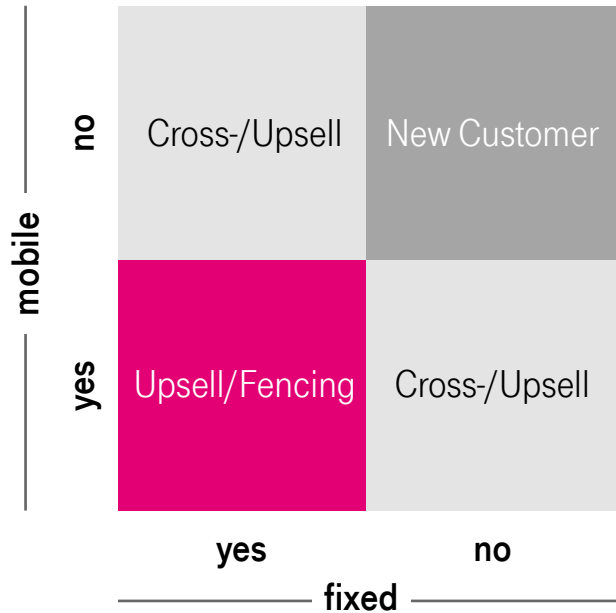
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¹ Market research based on customer survey (2014)

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

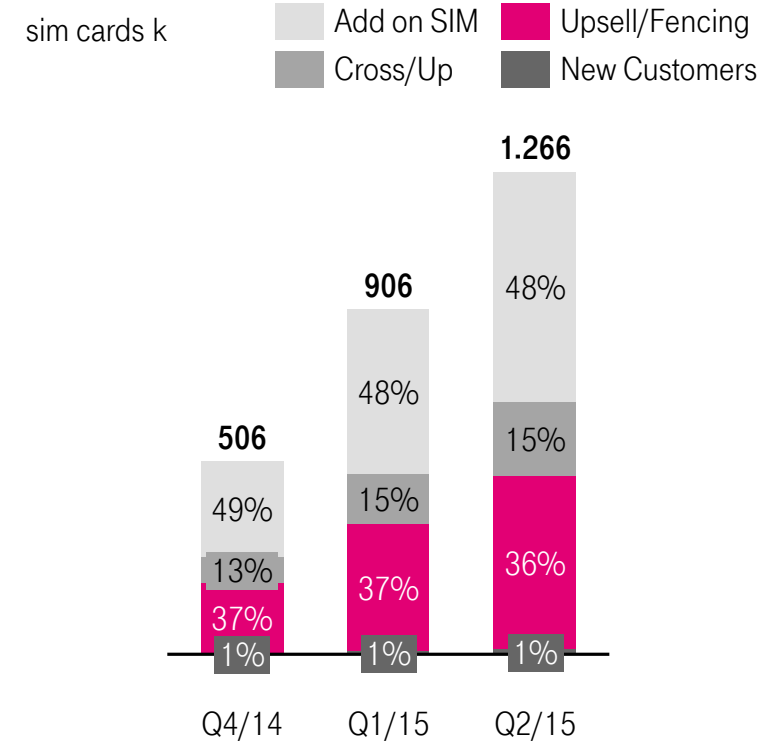
FMC CUSTOMER POTENTIAL



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

GERMANY: E-COMPANY TRANSFORMATION WITH FOCUS ON E-SERVICE AND E-SALES

EXCELLENT CUSTOMER EXPERIENCE “24/365”



Digital touch points & omni-channel approach

- Products and services are e-Channel enabled
- Seamless customer experience across all touch points



Increase customer self service

- All sales and service processes are self-service enabled
- Customer self service via portal, app & magic button functionalities

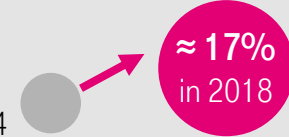


Optimized usability

- Plug and Play functionalities incl. optimized incident management
- One Identity Management

1 Increase E-SALES¹

10%
in 2014



2 Reduce SERVICE CONTACTS

in 2018



3 Enhance LOYALTY (TRI*M)²

60 PP
in 2014

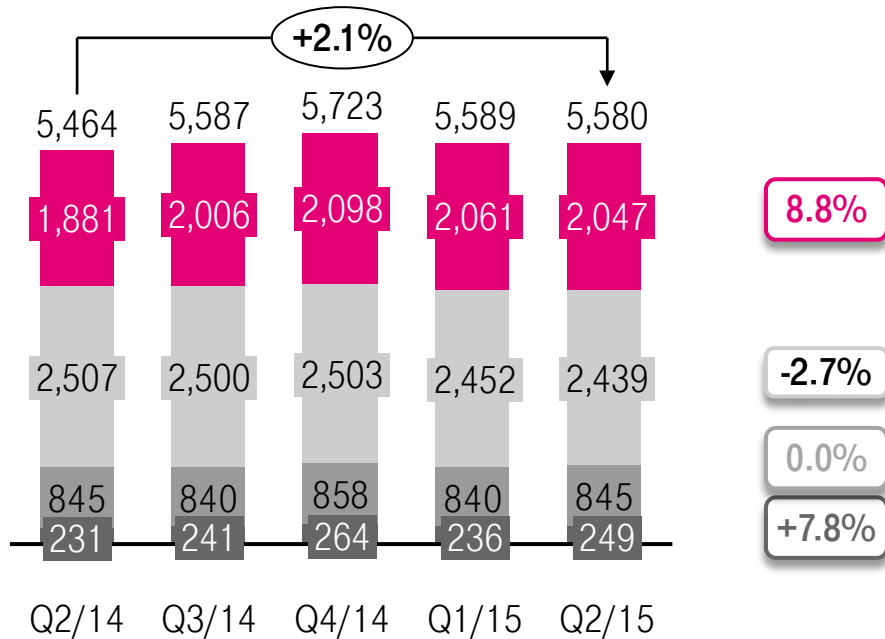


¹ Without IVM and Congstar ² TRI*M Index for all Telekom customers

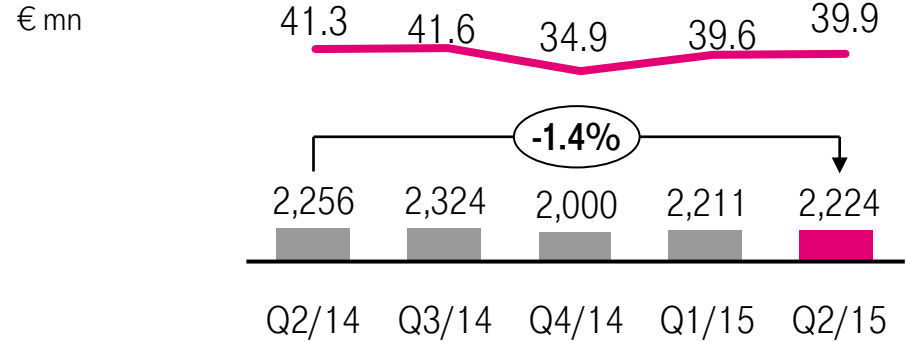
GERMANY: REVENUES CONTINUE TO GROW SUPPORTED BY STRONG MOBILE GROWTH AND STABLE WHOLESALE REVENUES

REVENUE¹

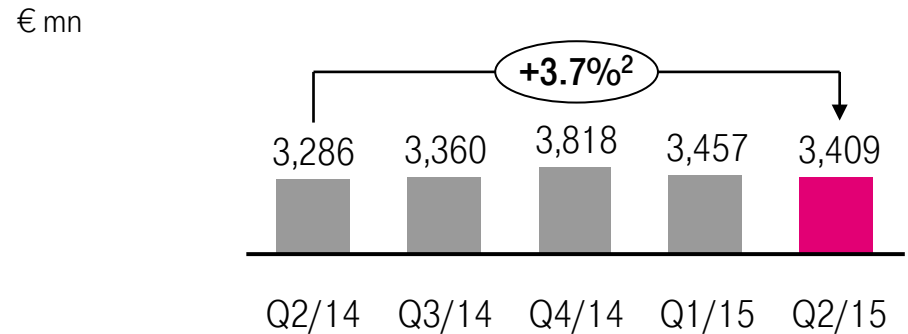
€ mn Mobile Core fixed Wholesale services Others



ADJ. EBITDA AND MARGIN (IN %)



ADJ. OPEX

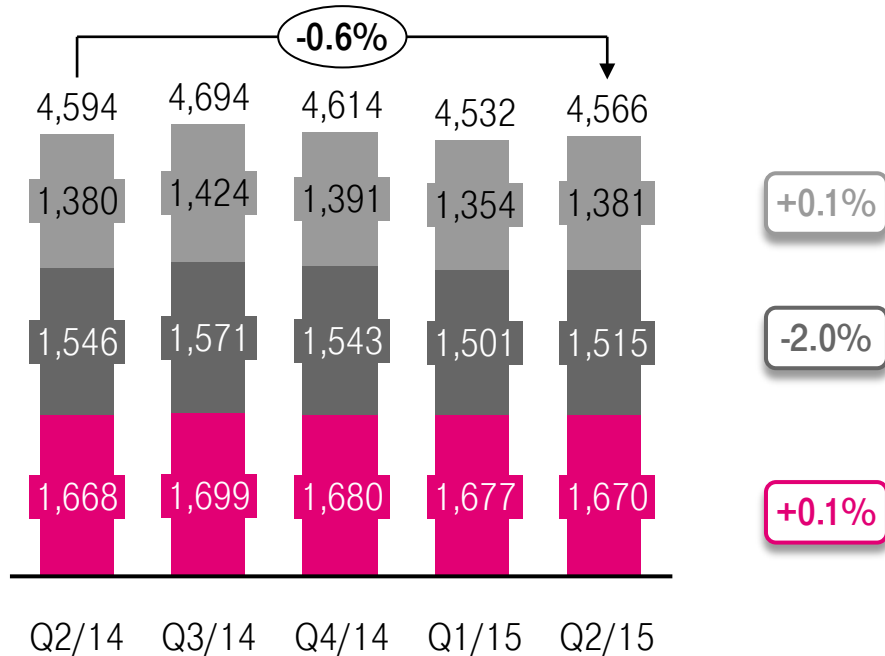


1) Online consumer service revenues in "others" have been allocated to revenues from core fixed since Jan. 1st 2015. Prior year figures have been adjusted accordingly 2) Indirect costs reduced by 0.3% yoy

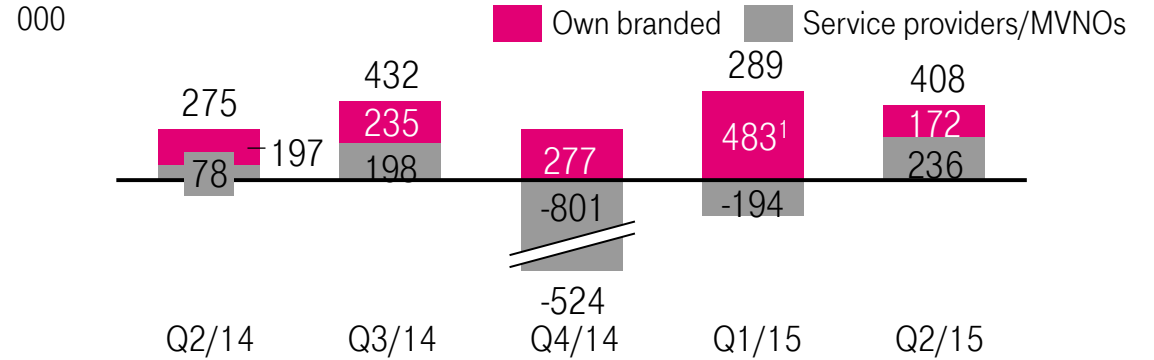
GERMANY MOBILE: TELEKOM CONTINUES TO OUTPERFORM MARKET

GERMAN MOBILE MARKET SERVICE REVENUE

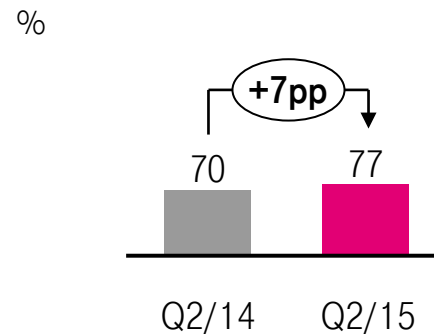
€ mn ■ Telefonica ■ Vodafone ■ Telekom



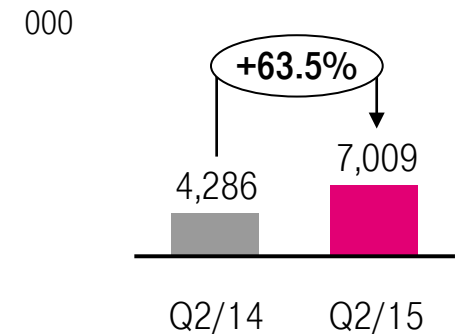
CONTRACT NET ADDS



SMARTPHONE PENETRATION²



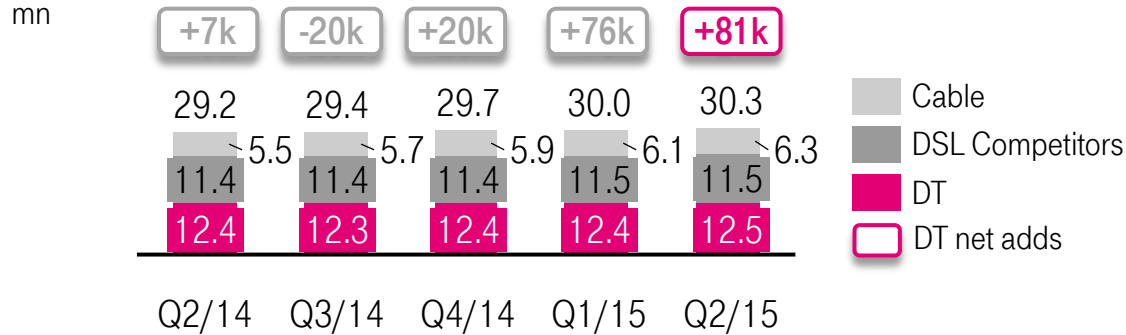
LTE CUSTOMERS³



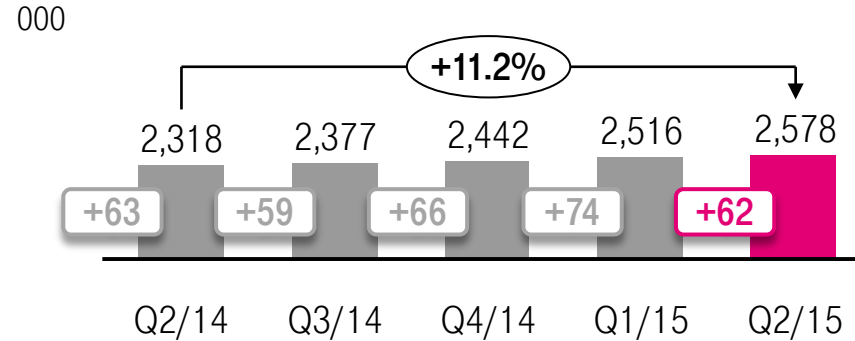
1) Q1/15 impacted by reclassification of net +288k 2) Of own branded retail customers 3) Customers using a LTE-device and tariff plan including LTE

GERMANY FIXED: HIGHEST UPTAKE IN BROADBAND SINCE Q1/2012

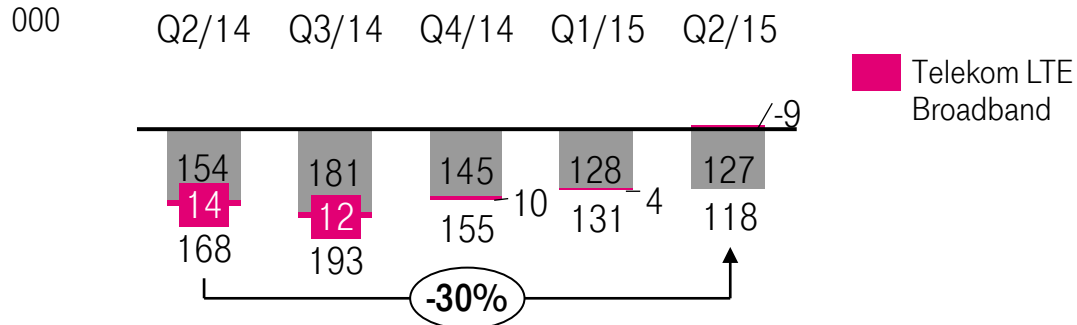
GERMAN BROADBAND MARKET¹



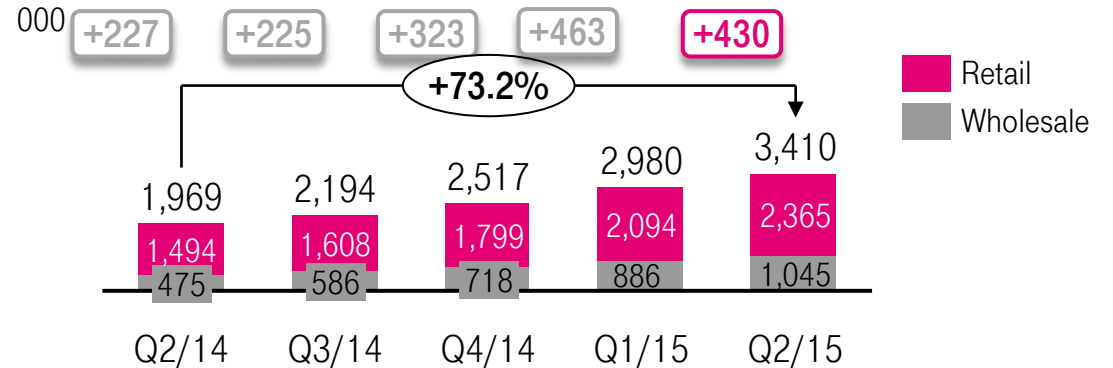
ENTERTAIN CUSTOMERS



LINE LOSSES



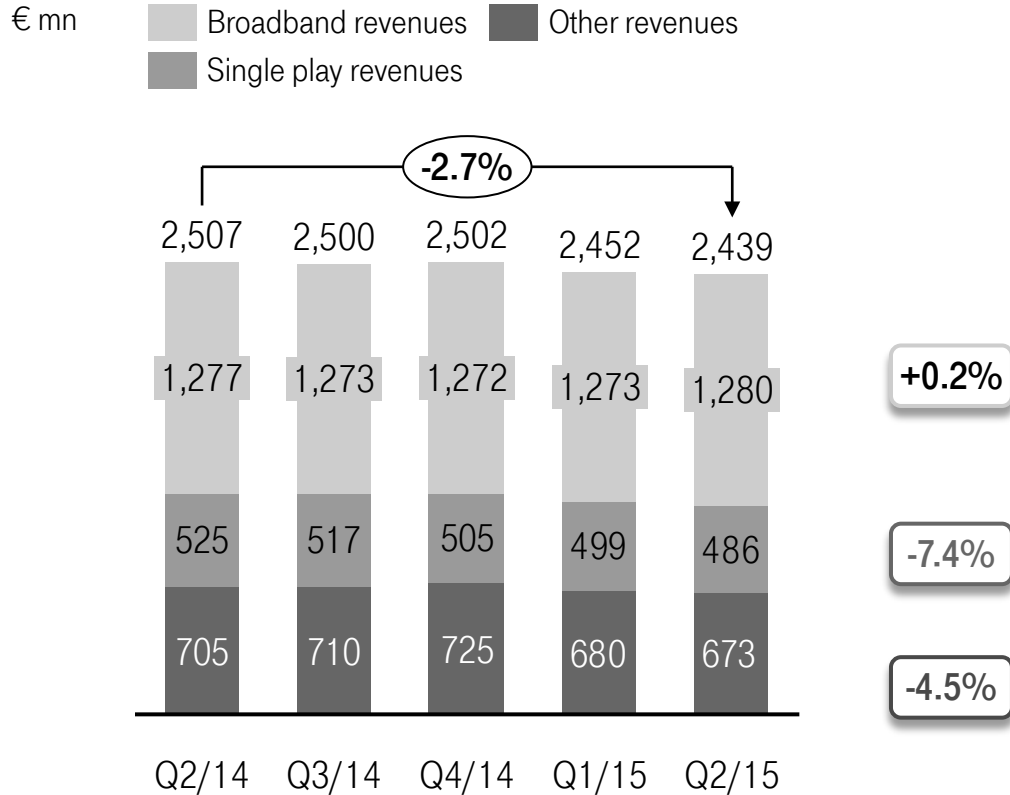
FIBER CUSTOMERS²



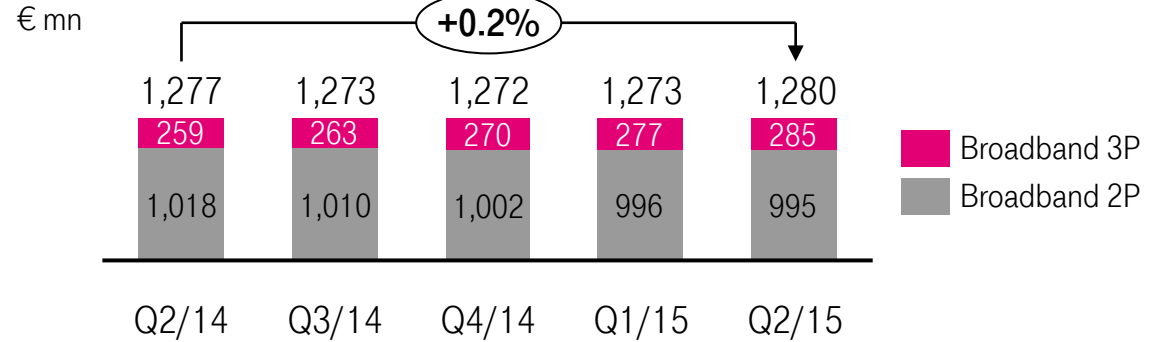
1) Based on management estimates 2) Sum of all FTTx accesses (e.g. FTTC/VDSL, Vectoring and FTTH)

GERMANY FIXED: BROADBAND REVENUES START GROWING

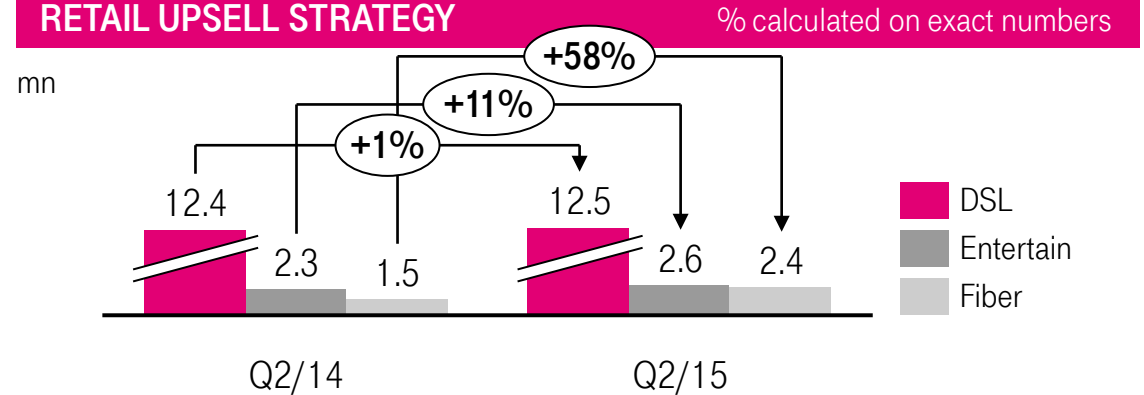
FIXED NETWORK REVENUES (CORE FIXED)¹



BROADBAND REVENUES²



RETAIL UPSELL STRATEGY



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.

FOCUS GERMAN TOTAL SERVICE REVENUES: H1 DOWN LESS THAN 1% – ON TRACK FOR CMD GUIDANCE

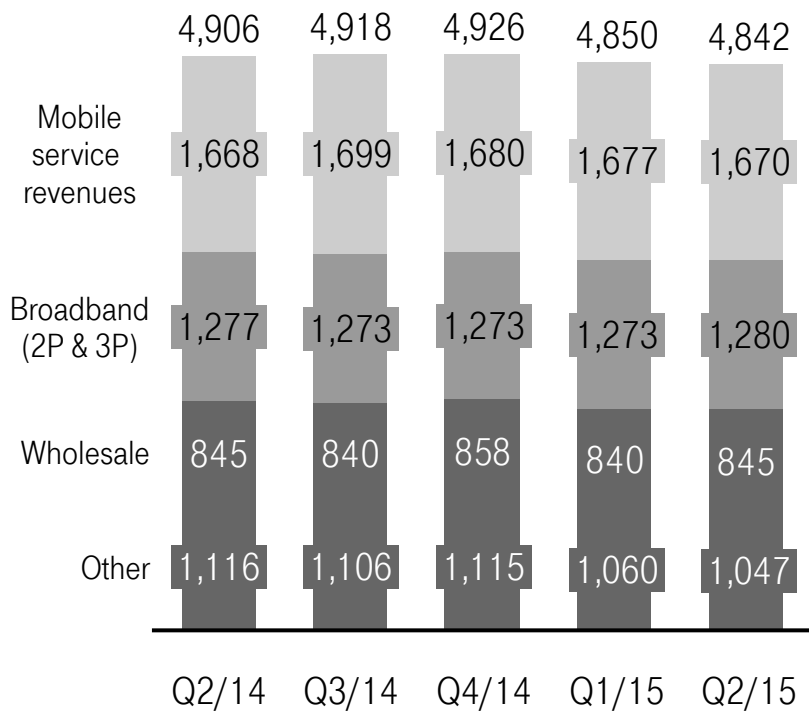
GERMAN TOTAL SERVICE REVENUES¹

H1 GROWTH RATE

DRIVERS

MEDIUM TERM GUIDANCE (2014 – 2018 CAGR)

€ mn



- + Underlying growth
- Convergence accounting

- + Volume growth
- Promotions

- + Fiber wholesale

- Legacy attrition accelerated by all-IP

+1%²

+2%

Stable



**German revenues:
+0.3% CAGR²**



1) Core fixed excl. device revenues, plus wholesale wireline, plus mobile service revenues
2) Without EU roaming impact

GERMANY: MID TERM AMBITION LEVEL

| | MID TERM AMBITION LEVEL | YEAR |
|------------|--|-----------|
| MARKET | ▪ #1 in FMC with MagentaEINS: 3mn customers | 2018 |
| | ▪ #1 in mobile service revenue: CAGR $\approx 1\%$ ¹ /market share >36% | 2018 |
| | ▪ #1 broadband: CAGR $\approx 2\%$ /market share >40% ² | 2018 |
| QUALITY | ▪ Customer loyalty index: ≈ 64 points | 2018 |
| FINANCIALS | ▪ Adj. EBITDA margin: $\approx 42\%$ | 2018 |
| | ▪ Growing adj. EBITDA: CAGR 1-2% | 2014-2018 |
| | ▪ Growing adj. cash contribution: CAGR $\approx 2\%$ | 2014-2018 |
| | ▪ Revenue stabilization | 2016 |

¹ Without EU roaming impact ² Access market share in 2018

FURTHER QUESTIONS

PLEASE CONTACT THE IR DEPARTMENT

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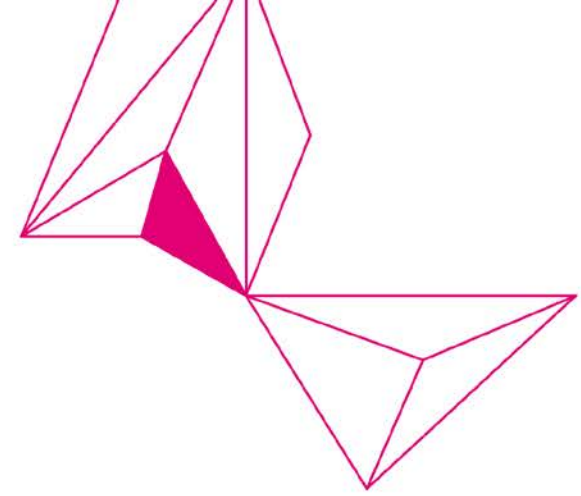
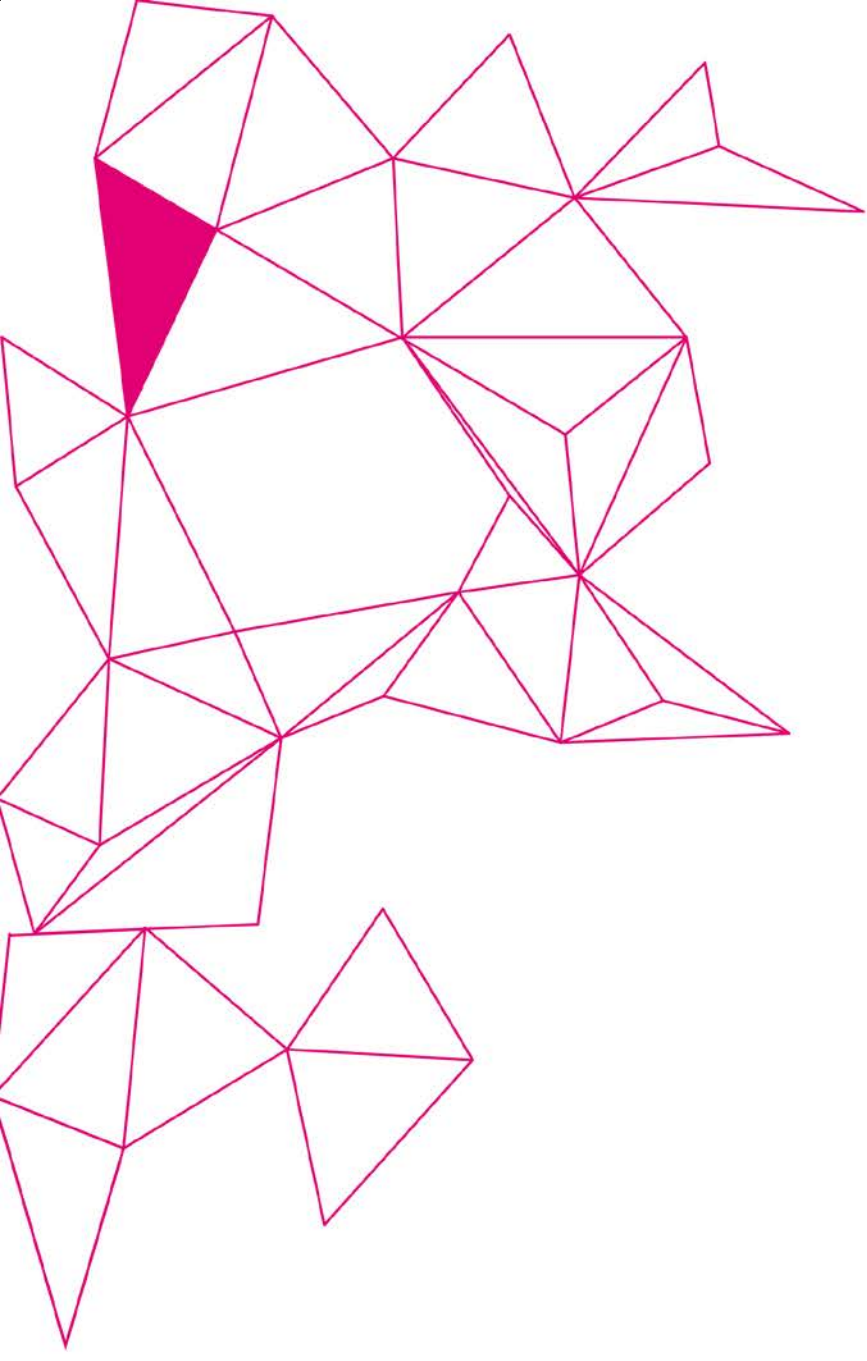


IR YOUTUBE PLAYLIST

www.youtube.com/deutschetelekom



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THANK YOU!

