

FIX – TRANSFORM – INNOVATE.

From "telco" to "telco" plus.

Press workshop, Bonn, March 17, 2010
René Obermann, CEO of Deutsche Telekom



2007 - 2009: We have come a long way.



Reversed trends:

1 million win backs
Revenue market leadership in mobile services
Improved service
One Company

Improve competitive-
ness in
Germany
and S

Grow abroad
with mobile

Confirmed/continued trends:

Acquisitions in US, NL and SEE
Clear plus in revenue (7%) and EBITDA (10%) in mobile communications
8 million new customers in the US

Improve competitive-
ness in
Germany
and SEE

Set trends:

> 1 billion revenue per quarter with mobile Internet
Innovative smartphones
Connected life and work launched

Mobilize
Internet

Build
network-centric
ICT

Turn-around trend:

Focus on systems business solutions and corporate customers
Strong growth with international big deals
Innovation, e.g. dynamic computing
EBIT margin improved: from -0.5% to 2.6%*



*Margin for 2007 adjusted on a pro-forma basis due to sale of Media and Broadcast and deconsolidation of Active Billing

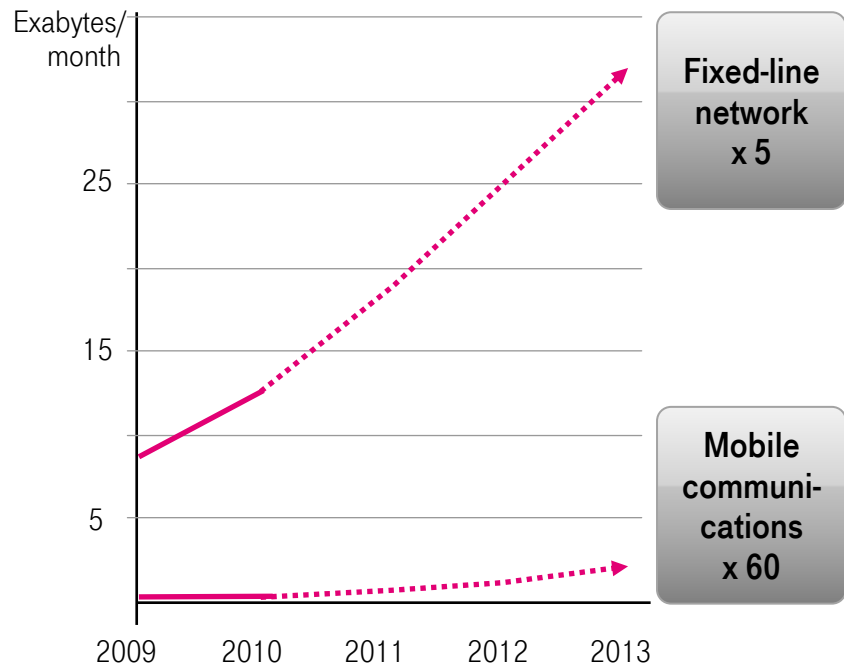


What we are convinced of.

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On the way to the Gigabit Society.

Global data traffic



Connected home

Network service

HDTV

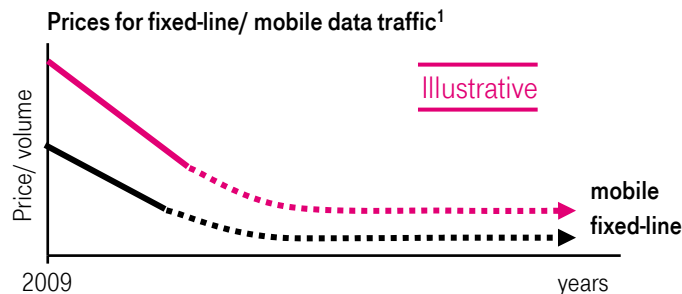
E-commerce

Clouds

e-mail

Smart grids

Content distribution



Source: Cisco, June 2009

¹ Sources: Cisco 2009, PWC 2009, Forrester 2009, DT estimates.

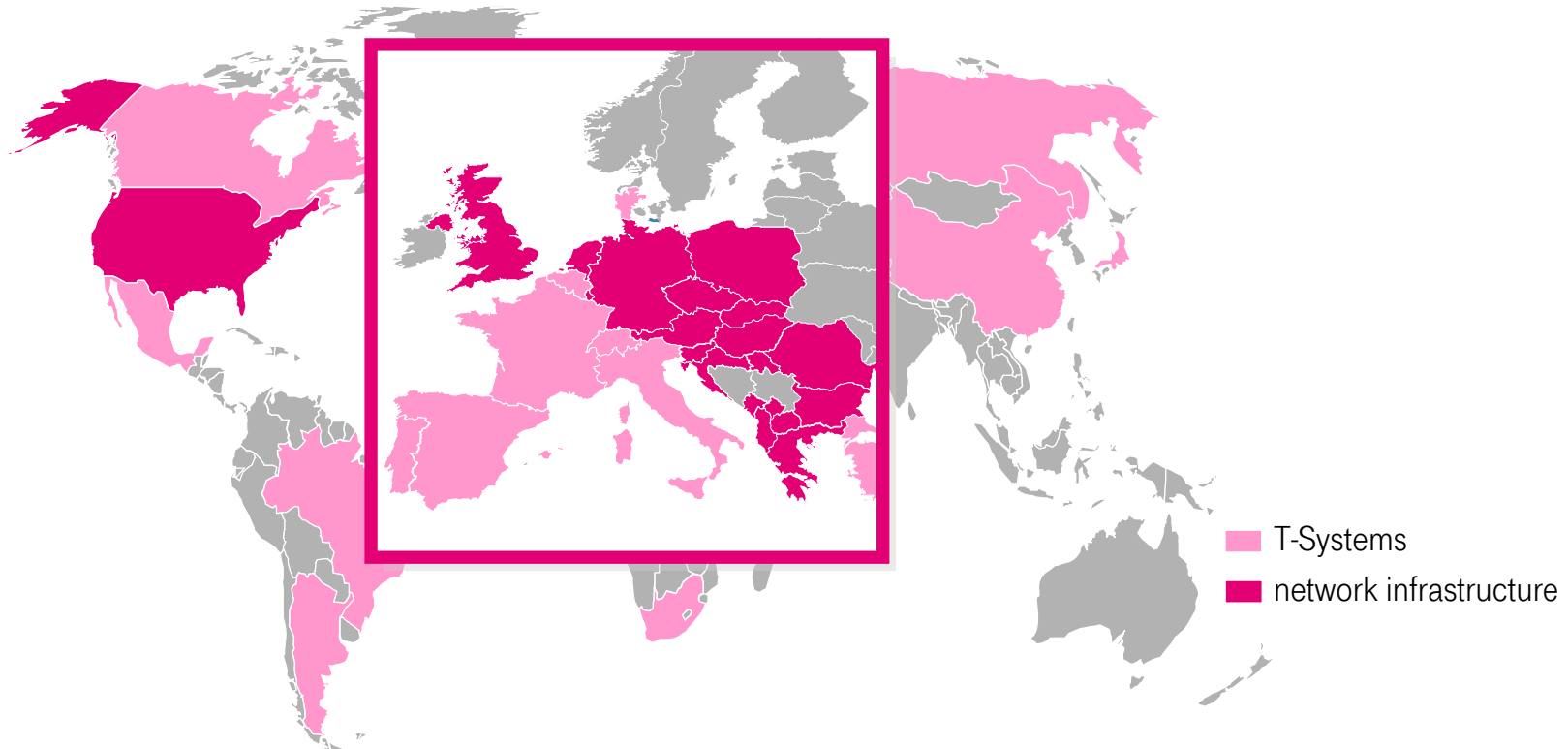
- 1 Infrastructure remains the key driver of the business. The marked increase in data traffic demands ever faster networks and exceeds the long-term price decline. Additional revenue opportunities arise thanks to price differentiation.
- 2 Next Generation Networks (NGN) and consistently standardized IT are crucial for efficiency and success.
- 3 The mobile Internet and online services present considerable opportunities for growth.
- 4 Customers expect secure and universal access to all services from all devices.
- 5 Cloud computing and dynamic computing offer major potential for growth.
- 6 Intelligent networks support the transformation process in industries such as energy, healthcare, media and transportation.
- 7 Strong positions in national competition are prerequisite essential to drive for profitable business.



Starting position.



Our international presence



We will develop Deutsche Telekom into
a multi-product company.

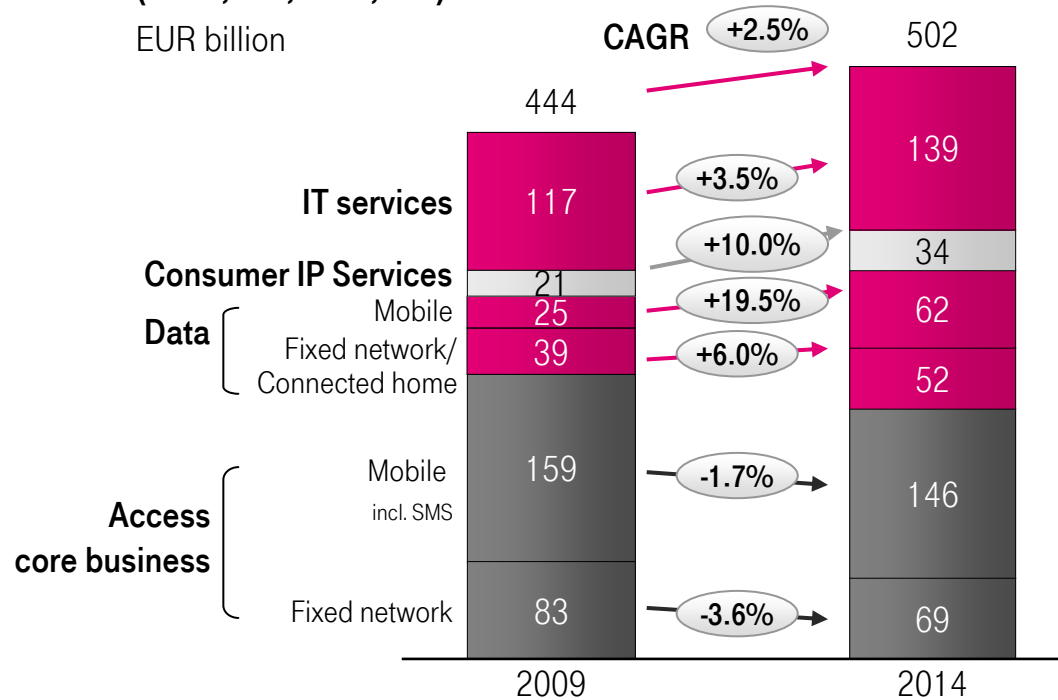


From “telco” to “telco” plus.



Market revenues (GER, EU, SEE, US)¹

EUR billion



Source: Deutsche Telekom estimates, Pyramid Research, PWC 1)EU = UK, Poland, CZ, AT, NL; SEE =HU, HR, MK, SK, GR, BUL, ROM, ALB. Market revenues IT Services (Systems Integration, Desktop Services, Computing Services) WE and Germany only. Consumer IP Services excl. Search Advertising. Data Fixed network including IPTV. Data Mobile excl. Messaging, including content commission.

Our strategic growth segments.

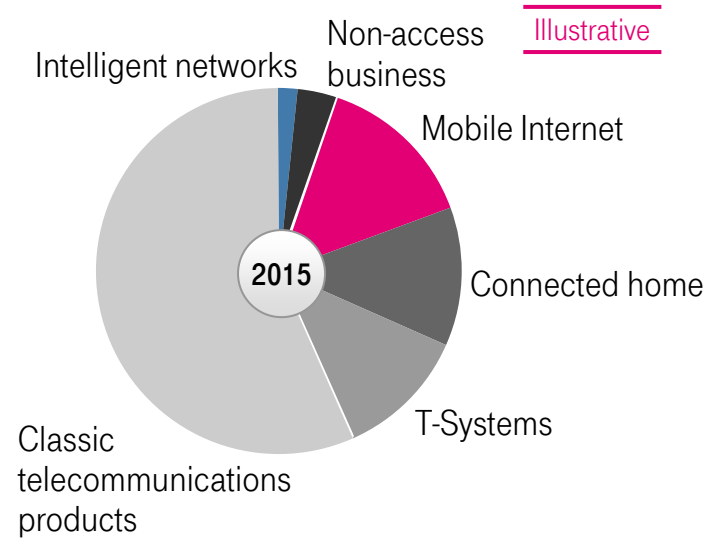
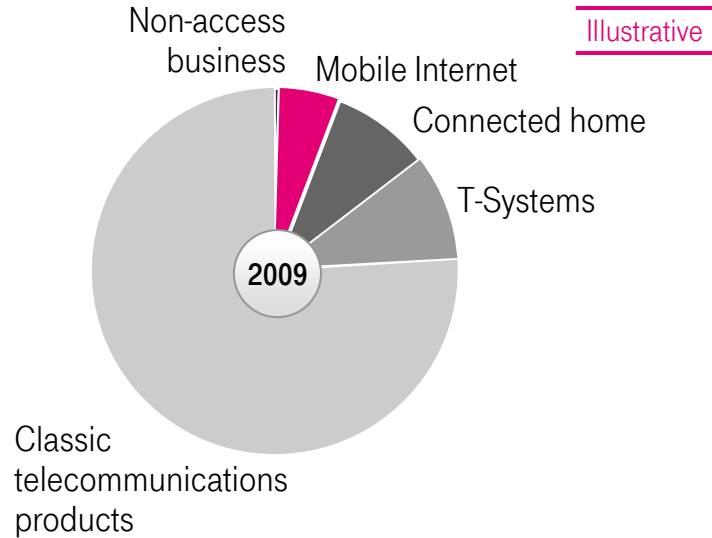


Growth segments of Deutsche Telekom

	2009 Revenue in billion EUR		2015 Revenue in billion EUR Ambition level
Mobile Internet	4	→	~ 10
Connected home Double & triple play, home gateway and communication suite	5	→	~ 7
Non-access business	0.8	→	2-3
T-Systems (ext.) incl. cloud services	6	→	~ 8
Intelligent network solutions in energy, healthcare, media distribution, connected car	0	→	~ 1



Growth segments change the revenue mix



Our future business model.



Our future business model.



Our strategic program until 2015:
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FIX – TRANSFORM – INNOVATE

Build networks
and processes
for the
Gigabit Society

- **Fiber optics:** Use of future technology for Germany – up to 10% of all households in Germany until 2012 (FTTH) – 1 GB pilot project in Dresden at the end of 2010.
- **HSPA+/LTE push:** Connecting "white spots" with innovative mobile communication technology (hybrid networks).
- **Investment:** We will invest approximately EUR 10 billion in Germany over the next three years.
- **Network as a service:** Develop standardized platforms and enabling services for partners.



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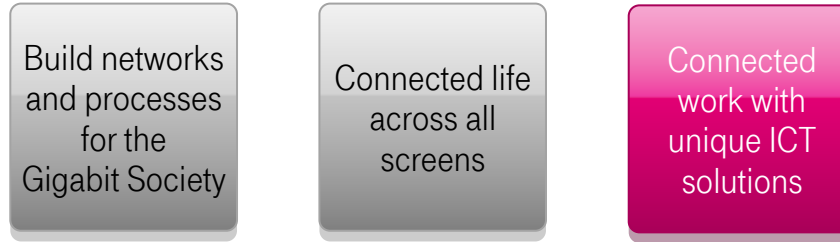
Build networks
and processes
for the
Gigabit Society

Connected life
across all
screens

- **German TV market:** Up to 5 million Entertain customers in 2015.
- **Pay TV:** Market leadership in Germany in three years.
- **Promoting connected home:** Entertain and Home Gateway will become interfaces for media, entertainment and building services.
- **Non-access business:** Increase current revenue volume from EUR 0.8 billion to 2–3 billion in 2015.
- **Mobiles internet:** Growth through open standards, own apps and partnering.



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- **Technology trend:** Cloud computing, dynamic services, Deutschland LAN ...
- **T-Systems:** Increase external revenue with IT services from EUR 6 billion to approximately EUR 8 billion in 2015.
- **Intelligent network solutions:** Expected revenue approximately EUR 1 billion from energy, healthcare, media distribution and connected car by 2015.



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Leverage one
company in
integrated
assets

Build networks
and processes
for the
Gigabit Society

Connected life
across all
screens

Connected
work with
unique ICT
solutions

- **One Company:** Stabilization of revenue through successful integration of fixed network and mobile communications in Germany and SEE.
- **Cross-selling:** Opens up additional revenue potential.
- **Customer satisfaction:** Further improvement of service – increase in customer loyalty (TRI*M).
- **Connected Home:** Increase current revenue volume from EUR 5 billion to EUR 7 billion in 2015.
- **Chance “OneCompany”:** Several thousand new hires in the next three years.



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- **USA:**

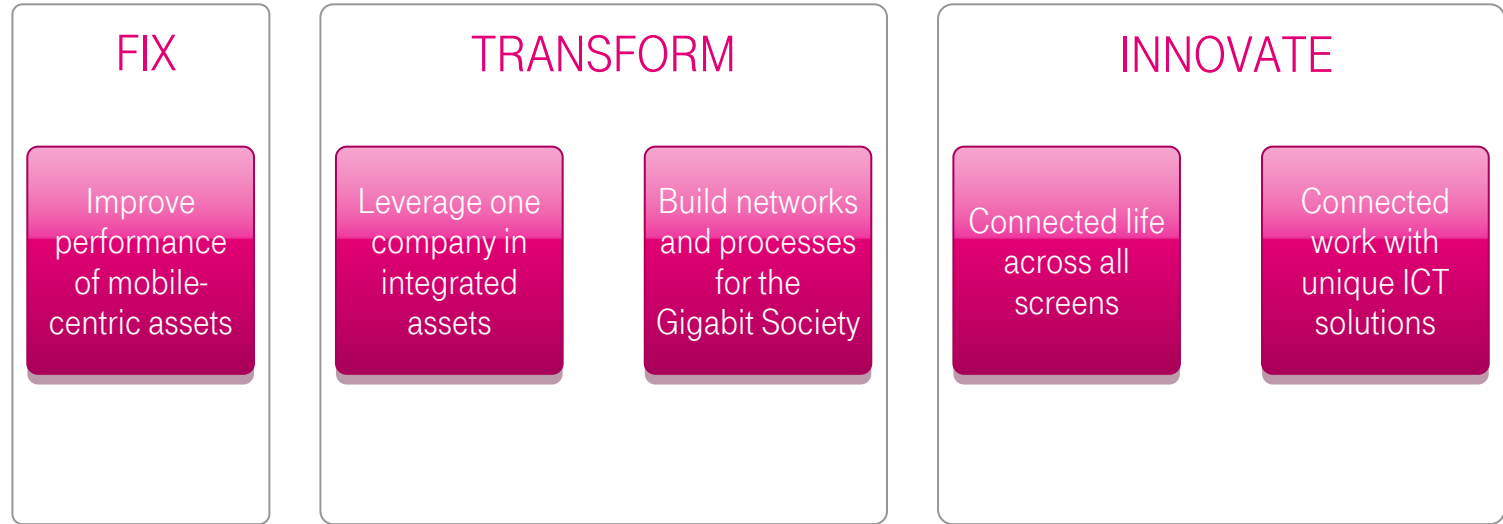
- HSPA+ network drive – 185 million PoPs by end of 2010.
- Network quality, smartphones, sales collaborations improve the position on the market.
- Around 8 million 3G smartphones in the network by end of 2010.
- Data ARPU – faster growth than the competition by 2012.
- Increase in operating margin* by around 4 percentage points by 2012.

- **UK:** Make the joint venture a success.



* OIBDA based on service revenues

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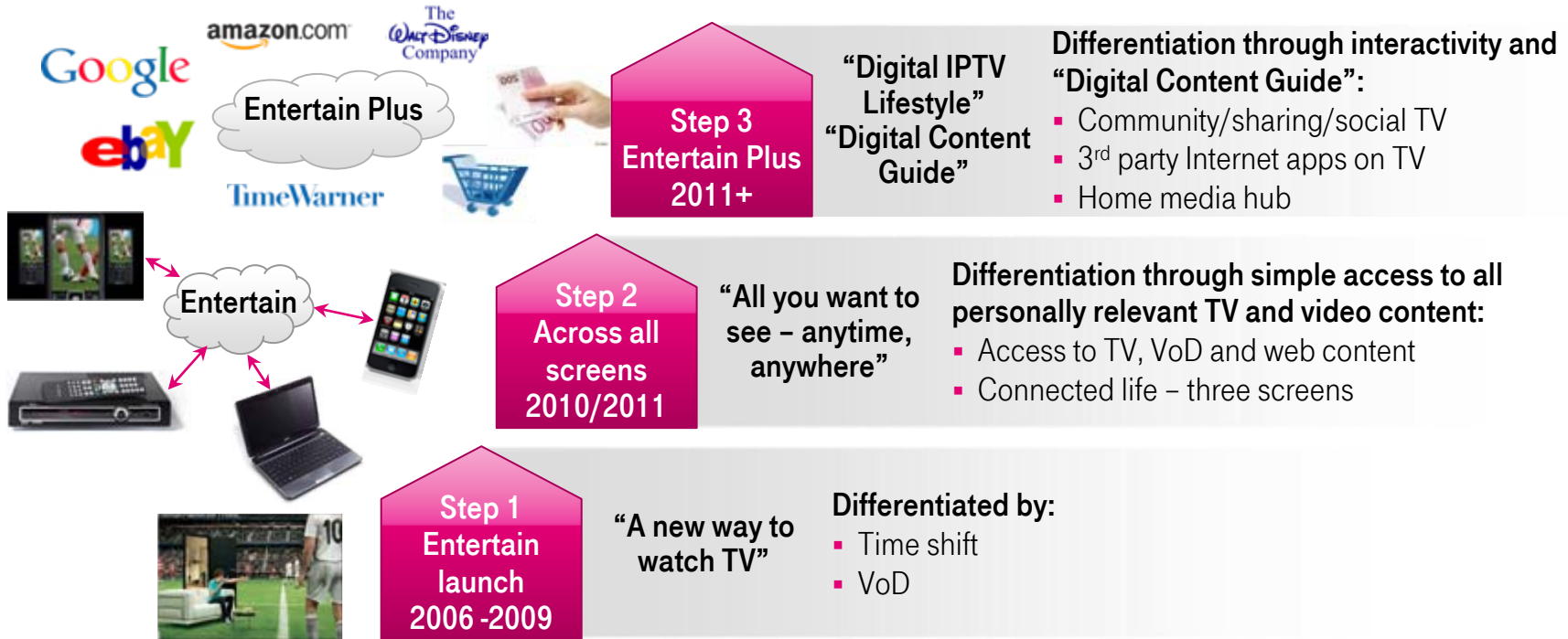
FIX – TRANSFORM – INNOVATE.
From “telco” to “telco” plus.

Thank you for your attention!



Backup

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InteractiveMedia:

Leading marketer of online advertising in Germany.



Scout group:

AutoScout24 – TOP automobile portal with around 11.35 million users in Germany. Presence in 13 European countries. ImmobilienScout24 - leading real estate portal in Germany.



Softwareload:

Sole aggregator and clear market leader, currently approx. 30,000 products, 1.5 million registered users; +51% growth in 2009.



Strato:

Second-largest web hosting service in Europe with more than 4 million domains and 1.4 million customer contracts in six countries.



Cloud computing

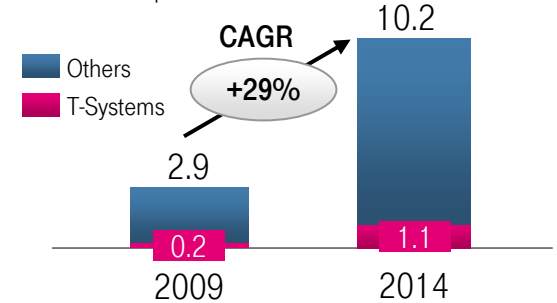
- Worldwide market potential of USD 188 billion up to 2014. T-Systems can address a market of EUR 10 billion up to 2014 in Western Europe
- Intelligence shifted to the Net, flexibility, need-based and dynamic ICT
- Security through VPNs
- T-Systems convinces global corporations such as Linde, MAN, Philips and Shell, and expects a market share of 11% by 2014

Deutschland LAN

- All-round solution with broadband connection: web-based for voice and data communications via fixed and mobile networks
- Standard user interface
- From a virtual PBX system through to a web-based platform



Cloud services market potential
Western Europe in billion EUR



Source: Gartner/ DT estimates

Software as a Service

- Software as a Service as an offering for SMEs



Industry solutions

Energy



ICT-upgraded networks to harmonize supply and demand with decentralized electricity generation (smart metering/smart grids)

Healthcare



Digital health monitoring and IT solutions for greater efficiency in healthcare

Media distribution



New business models for the online media community

Connected car

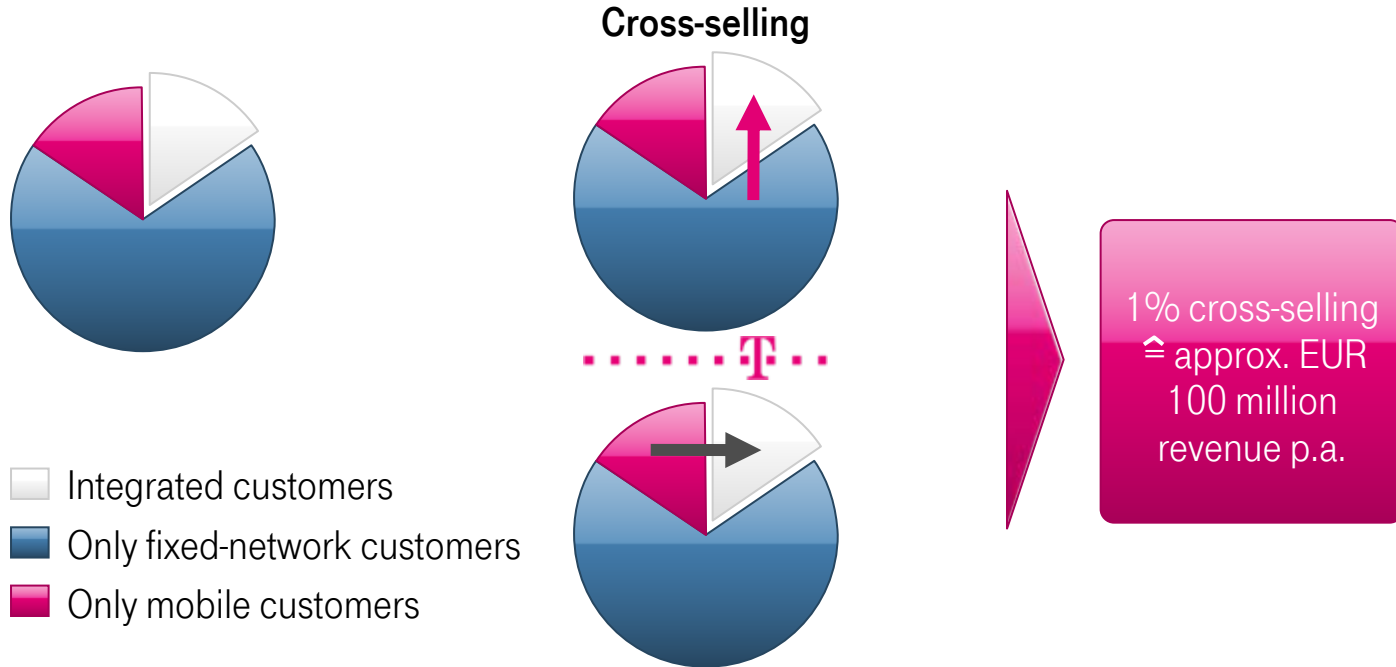


More security, information and entertainment – another “screen” in the connected car for digital content and communication

**Ambition level
2015**

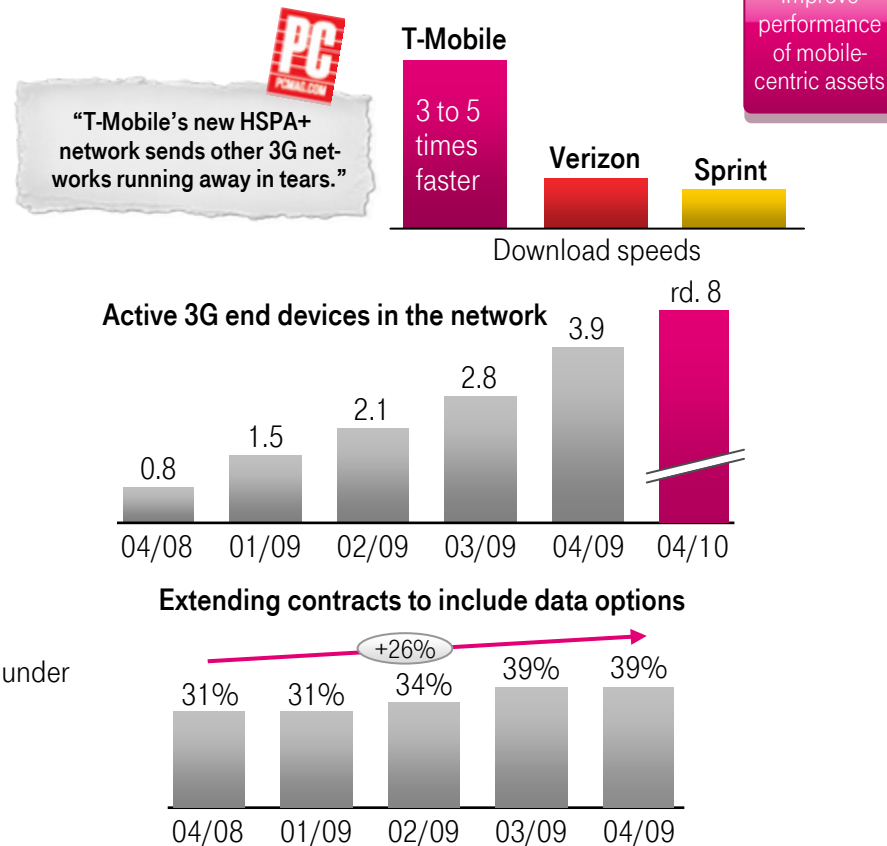
**approx.
EUR 1
billion
revenue**





Improvement in the U.S. market position

- Attractive broadband network: best HSPA+ coverage on the market (185 million POPs by the end of 2010)
- Download speeds of up to 21 Mbit/s
- Capacity advantages facilitate attacking strategy for mobile Internet offerings with attractive end devices
- Marketing: focus on attractive segments (family, Hispanics, young & social)
- Sales:
 - More than 4,000 additional sales outlets through RadioShack in 2009
 - Further expansion in 2010, number of sales outlets to increase to around 11,400 in 2010
- Targets by 2012
 - Data ARPU – reduce competitors' lead by 60 percent
 - Churn reduction – cut number of churn contract customers from 2.3 to under 1.8%
 - Share of smartphones in existing customer base >50%
 - Share of gross contract adds >20%
 - Increase in service revenue margin* to over 35% by 2012



*OIBDA based on service revenues

Make the UK joint venture a success.

- The joint venture was approved on March 1, 2010.
- Synergy effects amounting to GBP 3.5 billion were confirmed.
- The new company will kick off as the No. 1 in the UK market.
- First steps to the customer will commence in Q3/Q4 2010.



DT Group targets for 2010-2012.

	2012
TV customers Group-wide	5.5 – 6 million
Mobile customers Group-wide (excl. T-Mobile UK)	> 140 million*
Retail broadband customers Group-wide	> 18 million
Revenues	> EUR 6 billion revenue from mobile Internet; revenue from business in Germany expected to stabilize at the latest by 2012
Save for Service 2010-2012	EUR 4.2 billion savings (gross) from Save for Service, of which EUR 1.8 billion net savings in Germany and SEE
FCF	Increase above planned level of approx. EUR 6.2 billion (in 2010)
ROCE	+ >150 basis points
Shareholder remuneration 2010-2012	EUR 3.4 billion per annum total dividend payout; EUR 0.70 minimum dividend per share plus share buybacks



* Excluding T-Mobile UK, which will be deconsolidated once joint venture with Orange is closed.