DEUTSCHE TELEKOM
CAPITAL MARKETS DAY 2015

Bonn, February 26/27, 2015

LIFE IS FOR SHARING.

DISCLAIMER

This presentation contains forward-looking statements that reflect the current views of Deutsche Telekom management with respect to future events. These forward-looking statements include statements with regard to the expected development of revenue, earnings, profits from operations, depreciation and amortization, cash flows and personnel-related measures. You should consider them with caution. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond Deutsche Telekom's control. Among the factors that might influence our ability to achieve our objectives are the progress of our workforce reduction initiative and other cost-saving measures, and the impact of other significant strategic, labor or business initiatives, including acquisitions, dispositions and business combinations, and our network upgrade and expansion initiatives. In addition, stronger than expected competition, technological change, legal proceedings and regulatory developments, among other factors, may have a material adverse effect on our costs and revenue development. Further, the economic downturn in our markets, and changes in interest and currency exchange rates, may also have an impact on our business development and the availability of financing on favorable conditions. Changes to our expectations concerning future cash flows may lead to impairment write downs of assets carried at historical cost, which may materially affect our results at the group and operating segment levels. If these or other risks and uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, our actual performance may materially differ from the performance expressed or implied by forward-looking statements. We can offer no assurance that our estimates or expectations will be achieved. Without prejudice to existing obligations under capital market law, we do not assume any obligation to update forward-looking statements to take new information or future events into account or otherwise.

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.

FINANCE

Thomas Dannenfeldt, CFO

KEY MESSAGE: DT IS THE LEADING EUROPEAN TELCO!

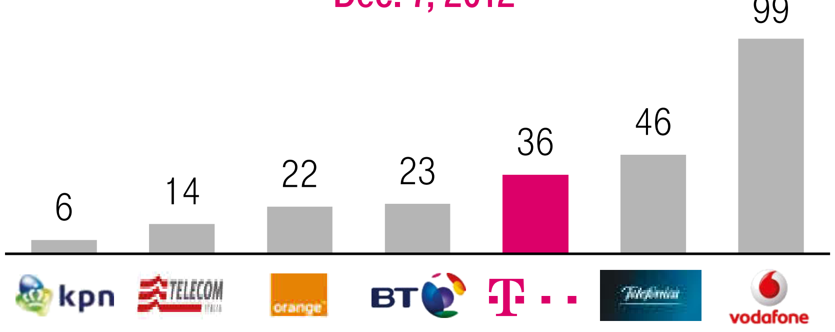
1. Leading European Telco:
   Integrated market leader with superior margins and returns.
2. We strengthen our differentiation by best customer experience and by continuously investing into leading access networks and our transformation programs.
3. We are transforming towards a lean and highly agile 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.

REVIEW 2013–2014

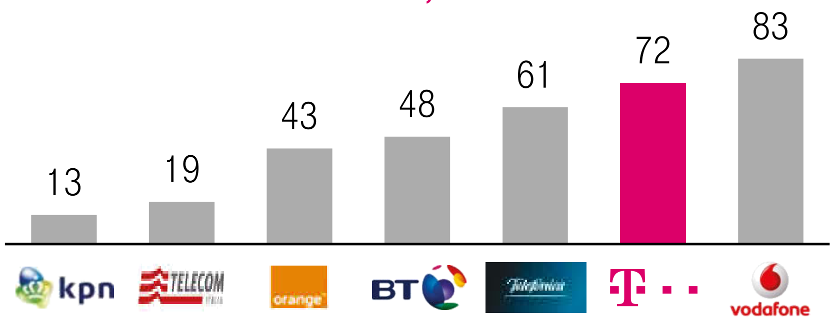
WE CREATED VALUE FOR DT SHAREHOLDERS SINCE LAST CMD

DEVELOPMENT OF MARKET CAP SINCE CAPITAL MARKETS DAY 2012

Dec. 7, 2012



Feb. 13, 2015



CMD 2012 DIVIDEND POLICY DELIVERED

FY 2012: €0.70 ✓

FY 2013: €0.50 ✓

FY 2014: €0.50[1] ✓

[1] Subject to board resolution and AGM approval

WE ARE STILL THE "SAFE HAVEN" FOR DEBT INVESTORS

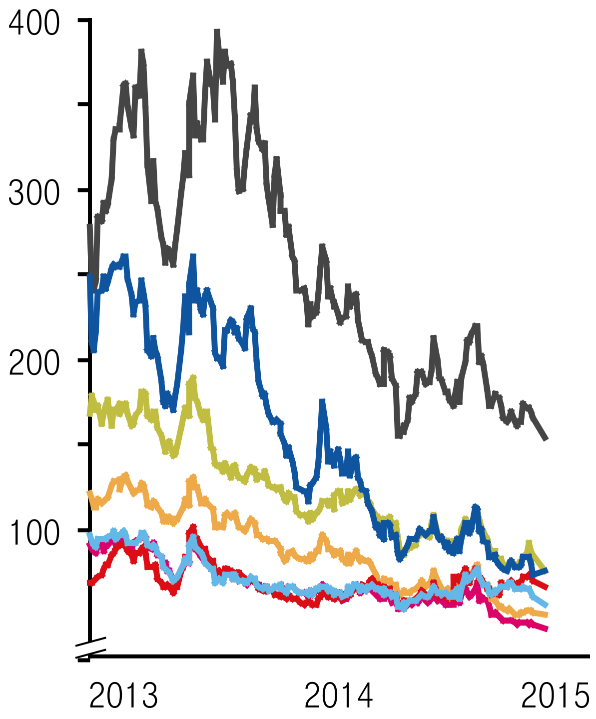
RATING POSITION[1]

2004	
VOD	A
TEF	A
BT	A -
KPN	A -
Avg. A -	
5. DT	BBB +
ORA	BBB +
TI	BBB +

2012	
VOD	A -
ORA	A -
3. DT	BBB +
Avg. BBB +/BBB	
TEF	BBB
BT	BBB
KPN	BBB
TI	BBB

2014	
VOD	A -
2. DT	BBB +
ORA	BBB +
Avg. BBB	
TEF	BBB
BT	BBB
KPN	BBB -
TI	BB +

CREDIT DEFAULT SWAPS (5 YRS)



Basispoints (Change vs. last CMD)[2]

TELECOM Italia	152	(-45%)
kpn	74	(-56%)
Telefónica	74	(-70%)
vodafone	64	(-5%)
BT	53	(-44%)
orange	48	(-60%)
T	39	(-56%)

[1] Based on S&P [2] As of 13.02.2015

FINANCIAL STRATEGY 2015–2018

LEADING EUROPEAN TELCO WITH FOCUS ON ROCE

II EQUITY

RELIABLE SHAREHOLDER REMUNERATION POLICY

- **DIVIDEND**[1]
  - Following FCF growth
  - Floor at €0.50 per share
  - Attractive option: Dividend in kind

STRATEGY LEADING EUROPEAN TELCO

- INTEGRATED IP NETWORKS
- BEST CUSTOMER EXPERIENCE
- WIN WITH PARTNERS
- LEAD IN BUSINESS

I 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

III DEBT

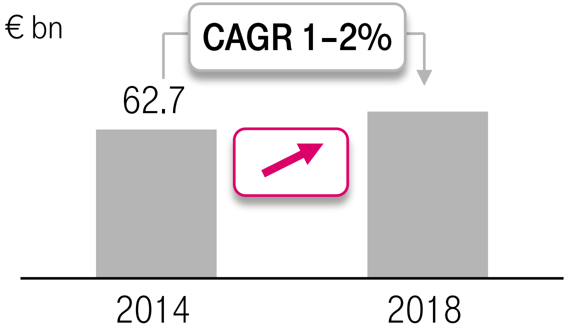
UNDISPUTED ACCESS TO DEBT CAPITAL MARKETS

- **RATING**
  A-/BBB
- **NET DEBT/ADJ. EBITDA**
  2–2.5x
- **EQUITY RATIO**
  25–35%
- **LIQUIDITY RESERVE**
  covers maturities of coming 24 months

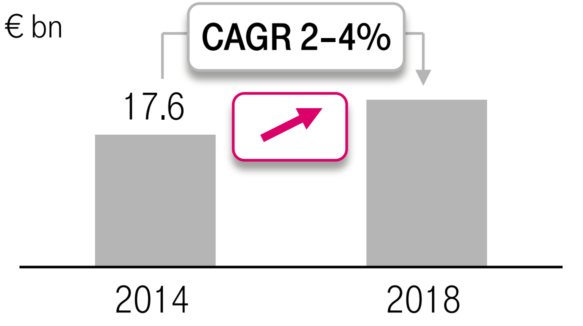
[1] Subject to necessary AGM approval and board resolution

TOP LINE AND EBITDA GROWTH WILL STRENGTHEN ROCE

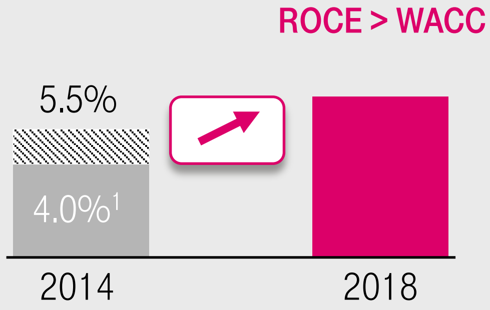
REVENUE



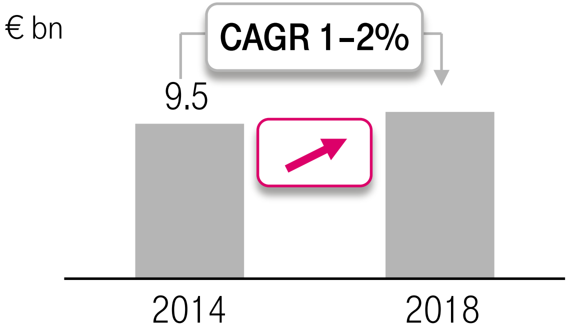
ADJ. EBITDA



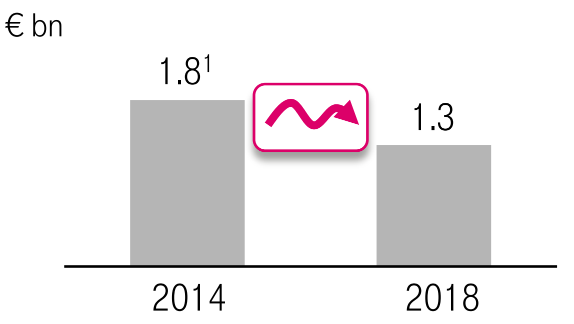
ROCE



(CASH) CAPEX



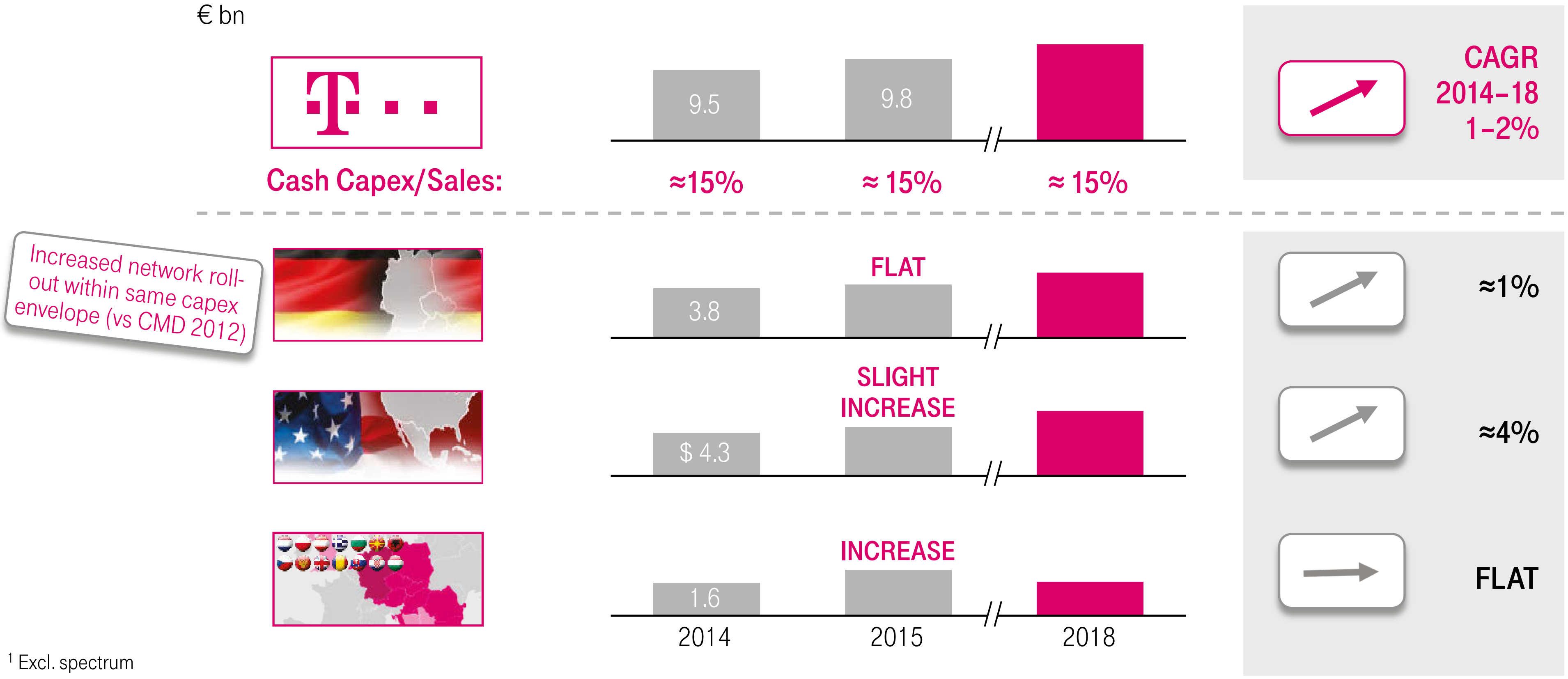
SPECIAL FACTORS (EBITDA)



[1] Excl. effects from 70% Scout disposal and Verizon 4.0 spectrum

CONTINUED HIGH INVESTMENTS IN INFRASTRUCTURE & TRANSFORMATION

(CASH) CAPEX PROFILE[1]



[1] Excl. spectrum

WE BUILD A SUPERIOR PRODUCTION PLATFORM WITH STEADY STATE IN EARLY 2020IES

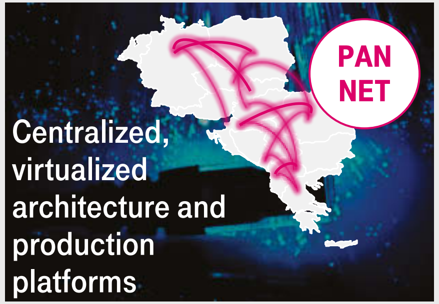
DIGITAL TRANSFORMATION OF CUSTOMER FACING PROCESSES

COST EFFICIENCY & SIMPLICITY

ALL-IP TRANSFORMATION

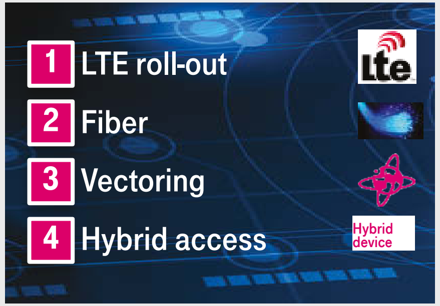
PLUG & PLAY

PAN-EUROPEAN NETWORK



TIME TO MARKET

INTEGRATED NETWORK STRATEGY



BEST CONNECTIVITY

Annual run rate adj. Opex savings:

≈ €-1.2 bn[1]

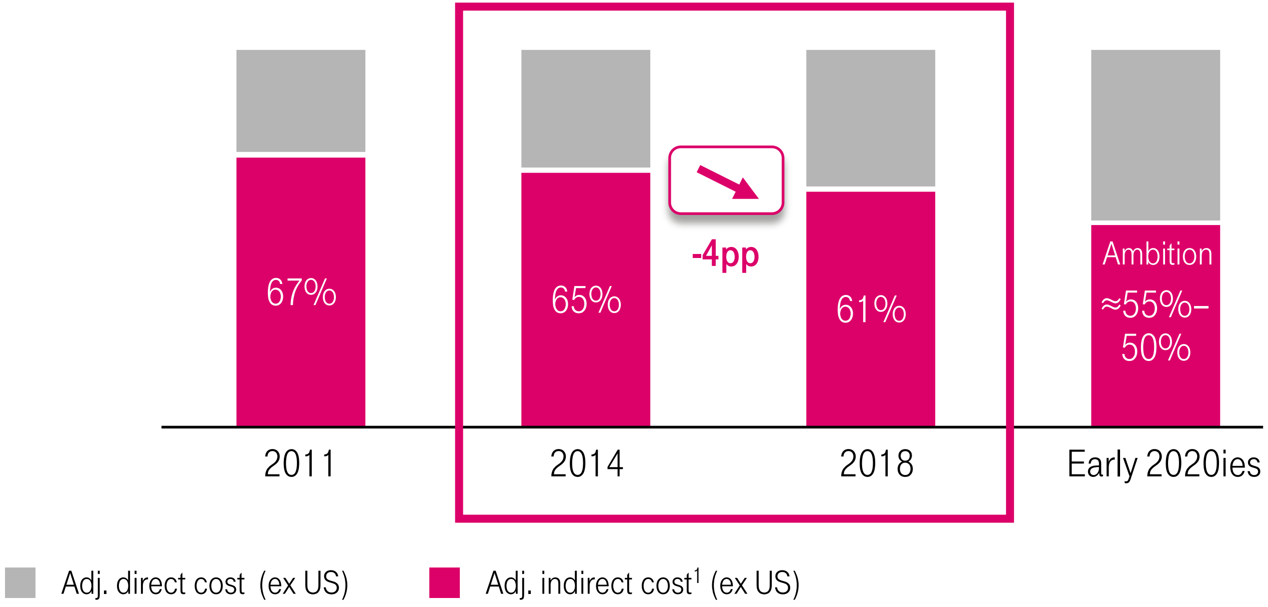
(steady state in early 2020ies)

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

WE WILL TRANSFORM OUR OPEX PROFILE TOWARDS MORE FLEXIBILITY

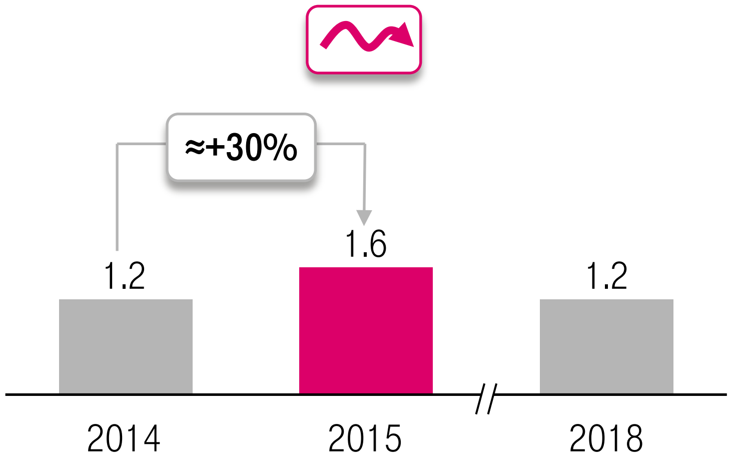
INCREASE OF FLEXIBILITY BY "VARIABILIZATION OF COST" (EX US)

Share of direct and indirect[1] cost



CASH PERSONNEL SPECIAL FACTORS (EX US)

€ bn



[1] Before capitalization of labor

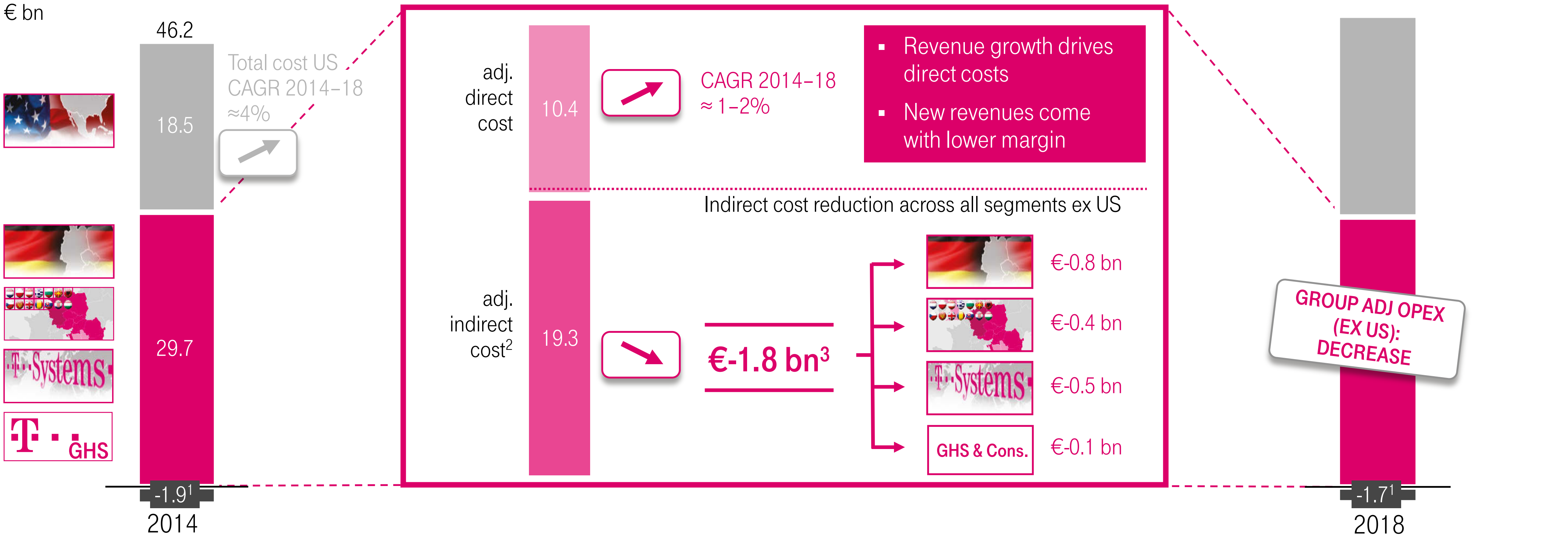
WE REDUCE OUR INDIRECT COST EX US BY € 1.8 BN TO SELF-FUND OUR INVESTMENTS

2 COST TRANSFORMATION

ADJ. OPEX 2014

TOTAL COST[2] VIEW (EX US)

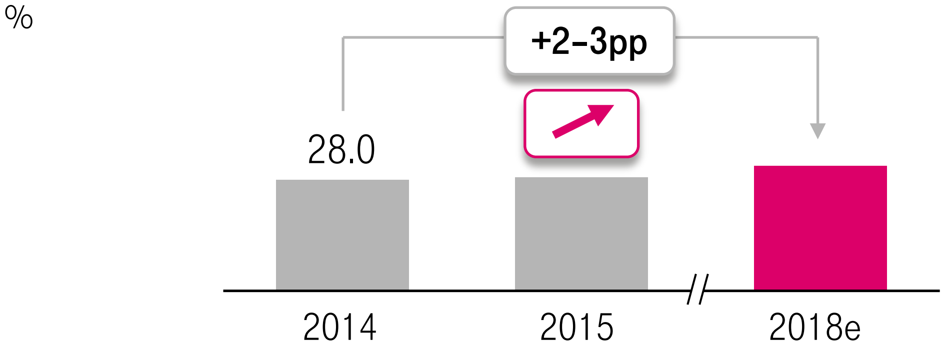
MID TERM AMBITION



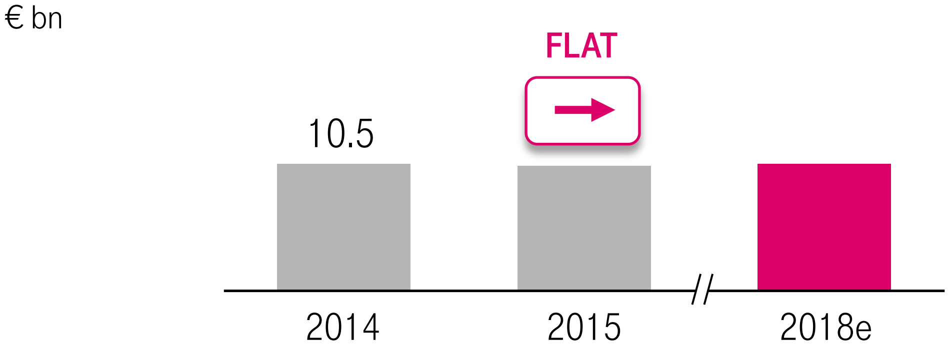
[1] Capitalization of labor [2] Before capitalization of labor [3] Before lower capitalization of labor of €0.25 bn

WE WILL GROW IN EBITDA, EBIT AND EPS

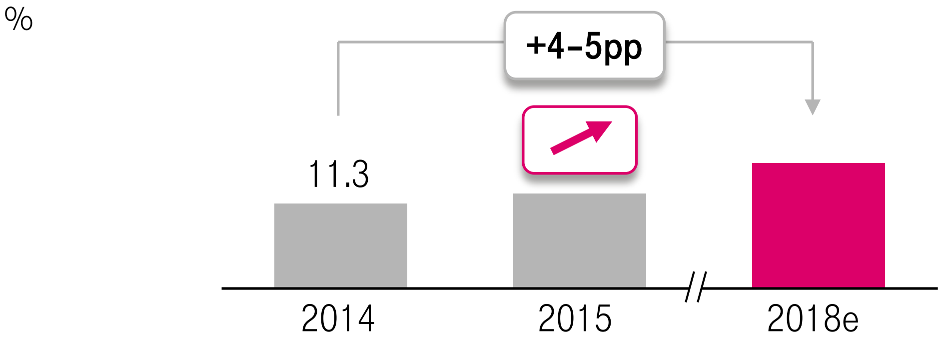
INCREASING ADJ. EBITDA MARGIN



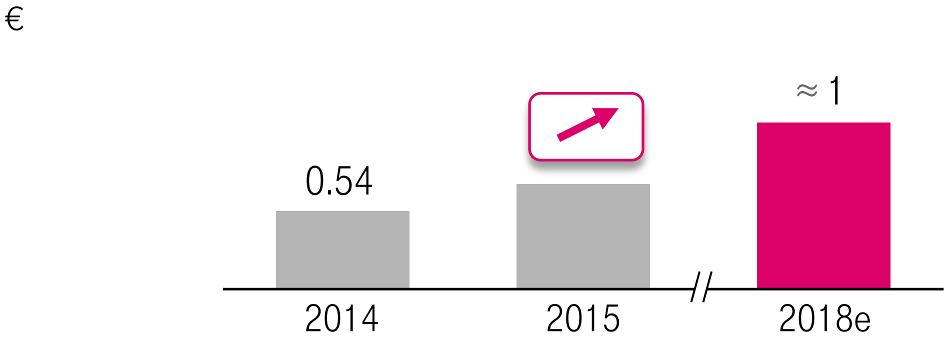
FLAT ADJ. DEPRECIATIONS



INCREASING ADJ. EBIT MARGIN

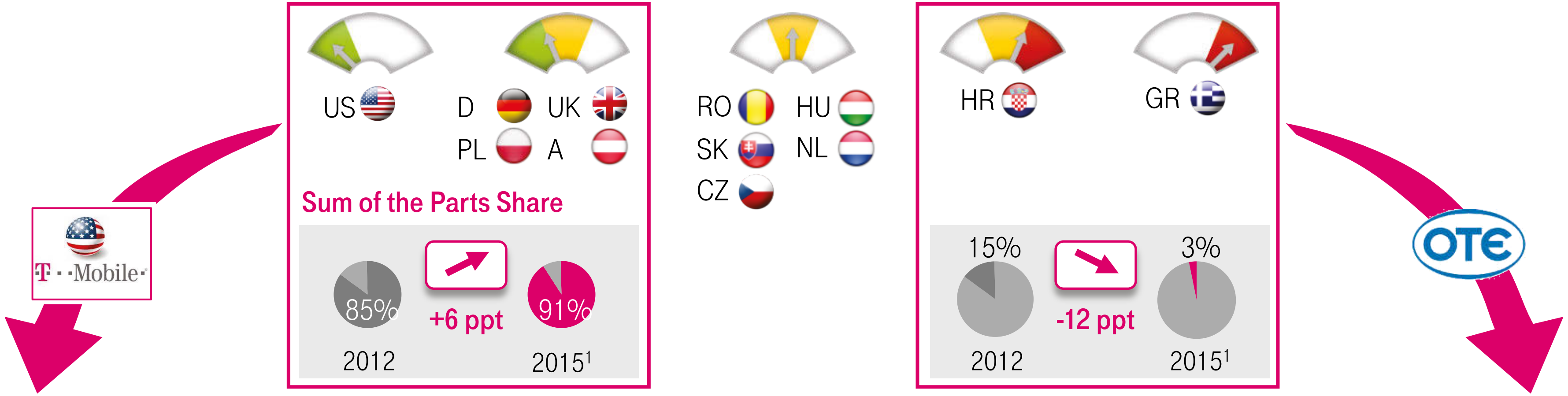


IMPROVEMENT OF ADJ. EPS



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

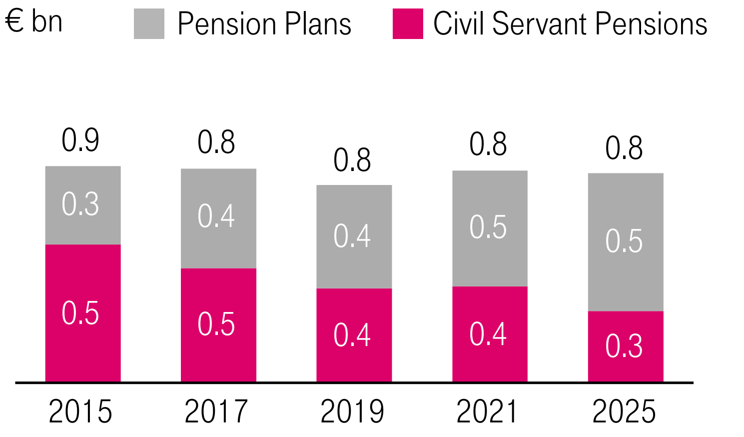
OTE: RIGOROUS DE-RISKING EFFORTS

- 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

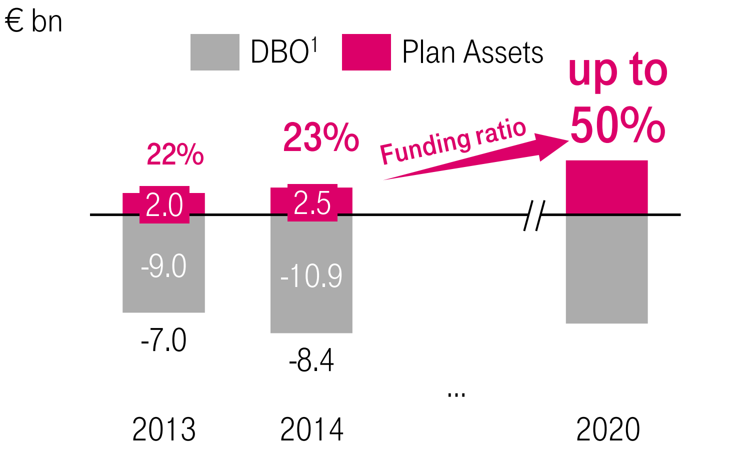
WE ARE EXPECTING SLIGHTLY DECLINING PAYOUTS FOR PENSIONS

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 DBO[2]

- Highest sensitivity with discount rate
- Decrease of discount rate in 2014[3] 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

MANAGEMENT INCENTIVES ALIGNED WITH SHAREHOLDERS INTEREST

1 SHORT TERM INCENTIVE

Individual

Collective

Segment unadj. EBITDA

Group Free Cashflow

2 LONG TERM INCENTIVE

STOCK PERFORMANCE

TELEKOM KPIS

Customer & Employee satisfaction

Share-price

Adj. EPS

ROCE

3 SHARE MATCHING PLAN

EXECUTIVE

Voluntary investment in shares

+

TELEKOM

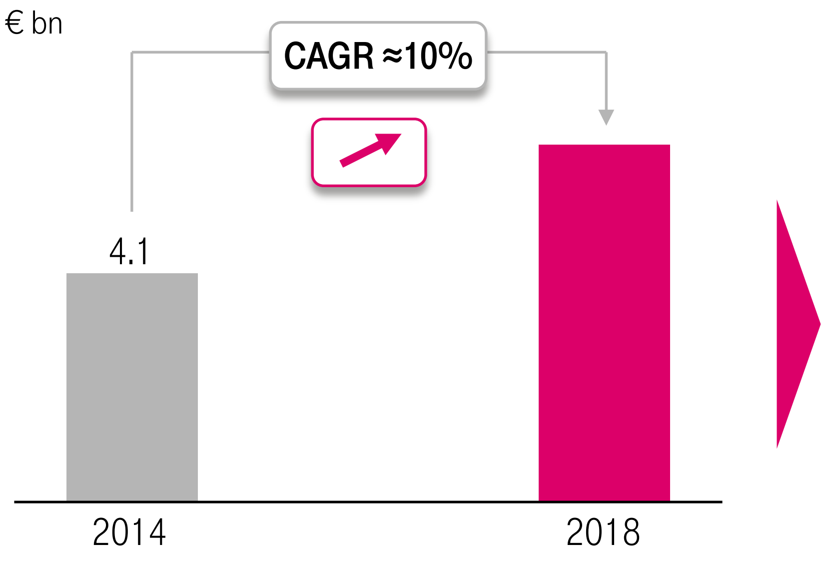
Providing matching shares

Number of shares disposable for executive

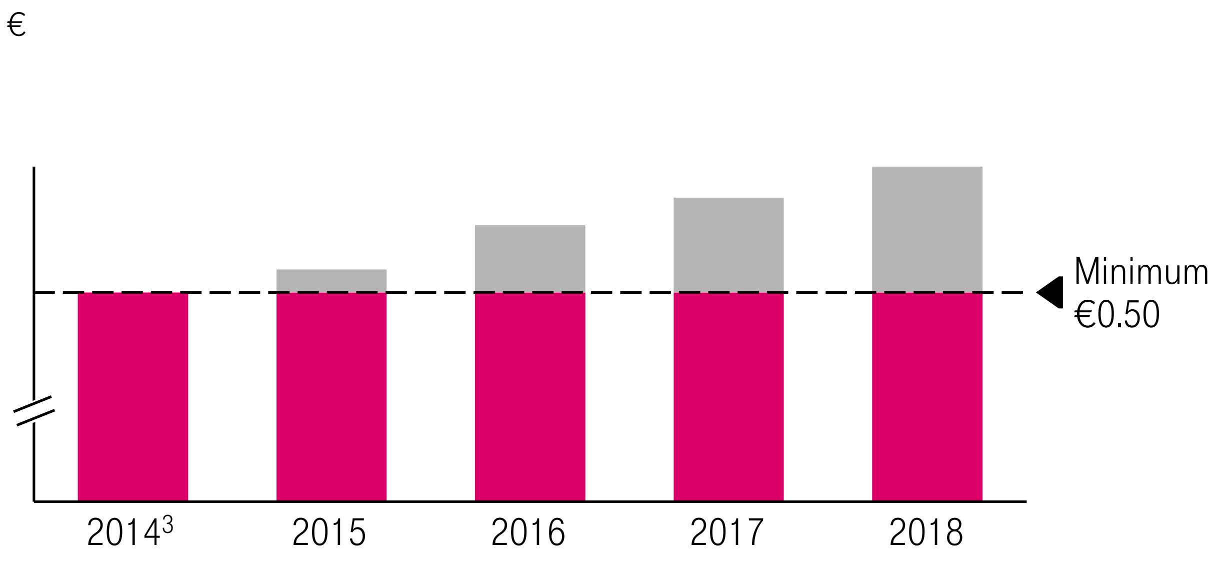
Shareprice

OUR SHAREHOLDERS WILL PARTICIPATE IN GROWTH

FREE CASHFLOW DT GROUP[1]



DIVIDENDS FOLLOWING FCF GROWTH[2]



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)

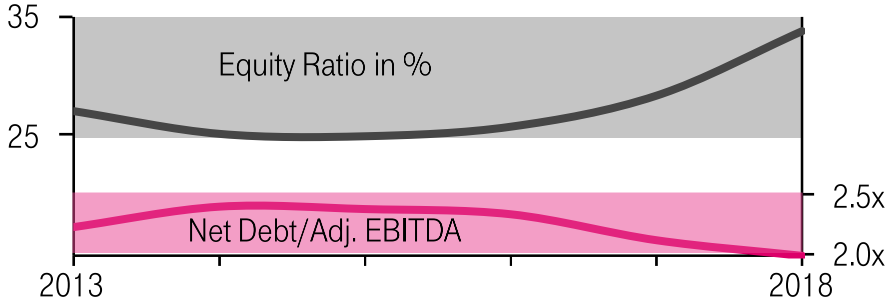
DT REMAINS ANCHOR OF STABILITY WITH NO CHANGE IN DEBT COMFORT ZONE RATIOS!

DEBT POLICY STILL VALID

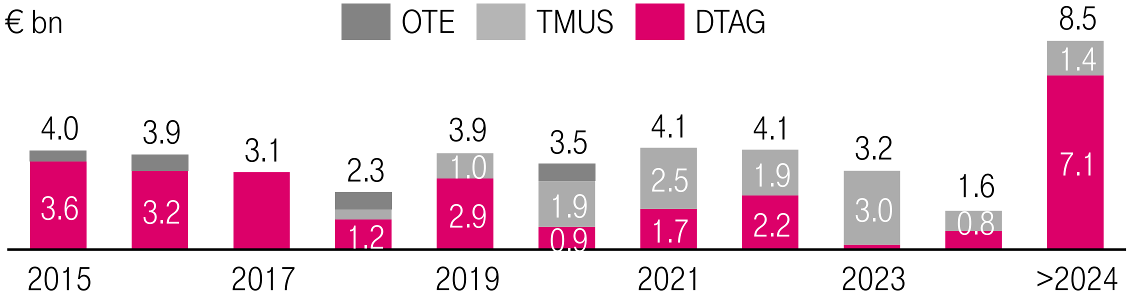
Undisputed **access to debt capital markets**

- **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

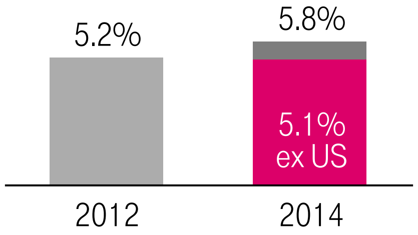


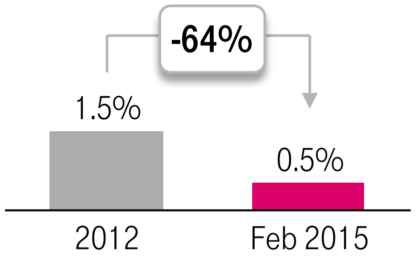
BALANCED MATURITY PROFILE[1]



[1] As of Dec. 2014

REFINANCING COST

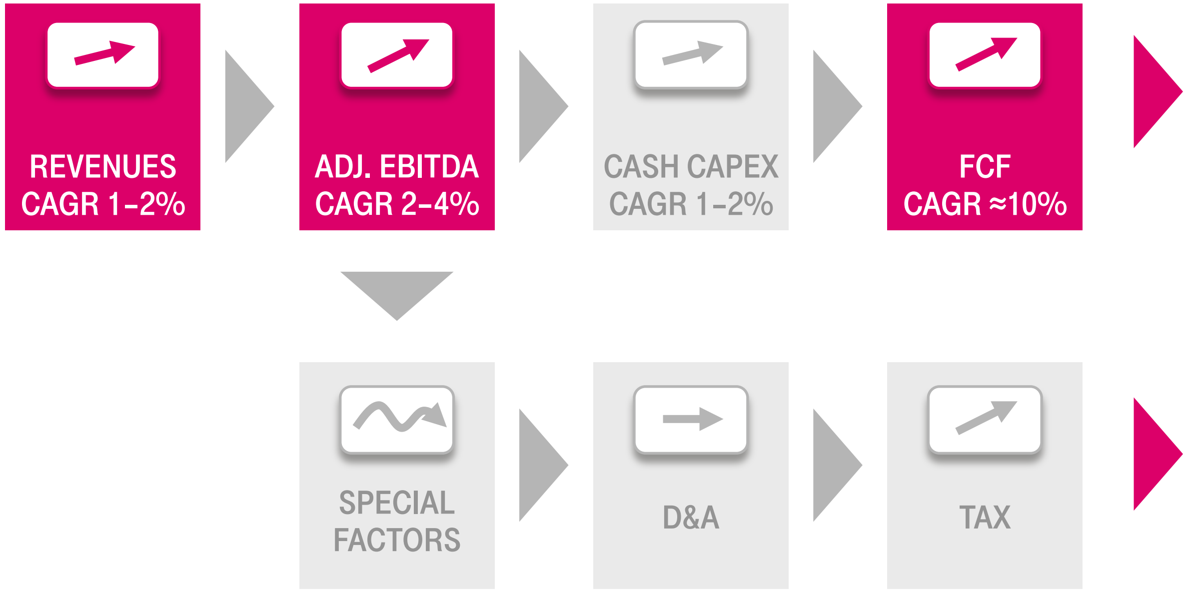




2014–2018 IN A NUTSHELL

DT WILL GROW IN ALL RELEVANT FINANCIAL KPI'S …

… OUR SHAREHOLDERS WILL PARTICIPATE !



DIVIDENDS	Following FCF growth Floor at €0.50
ROCE	ROCE > WACC in 2018

GUIDANCE AND MID TERM AMBITION LEVEL

OUR GUIDANCE

€ BN	2014 RESULTS Reported	GUIDANCE 2015 ON A CONSTANT CURRENCY BASIS[1]	GUIDANCE 2015 ON CURRENT €/$ EXCHANGE RATE[2]
		€/$: 1.33	€/$: 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