

Deutsche Telekom Investor Day. T-Systems: Enabler of Connected Life & Work.

Reinhard Clemens, CEO, and Klaus Werner, CFO
March 18, 2010

Life is for sharing.



Disclaimer.

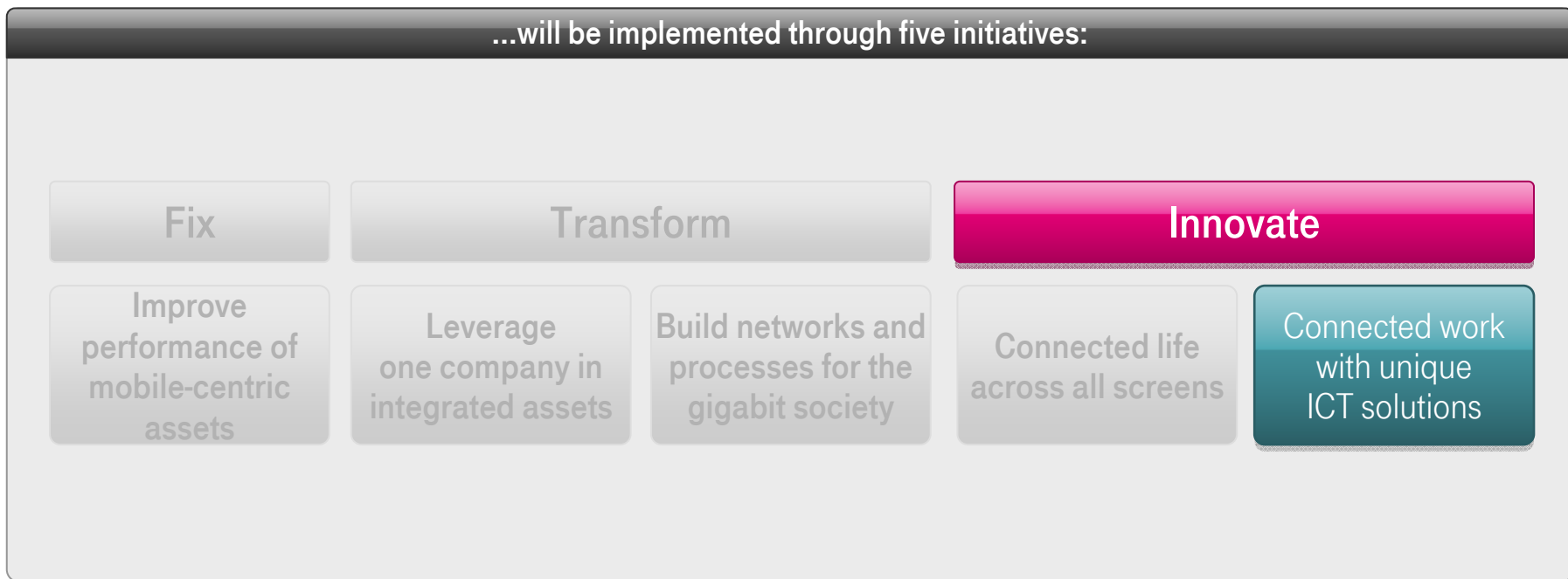
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In addition to figures prepared in accordance with IFRS, Deutsche Telekom also presents non-GAAP financial performance measures, including, among others, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted EBIT, adjusted net income, 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. For further information relevant to the interpretation of these terms, please refer to the chapter "Reconciliation of pro forma figures", which is posted on Deutsche Telekom's Investor Relations webpage at www.telekom.com.



DT Group Strategy....

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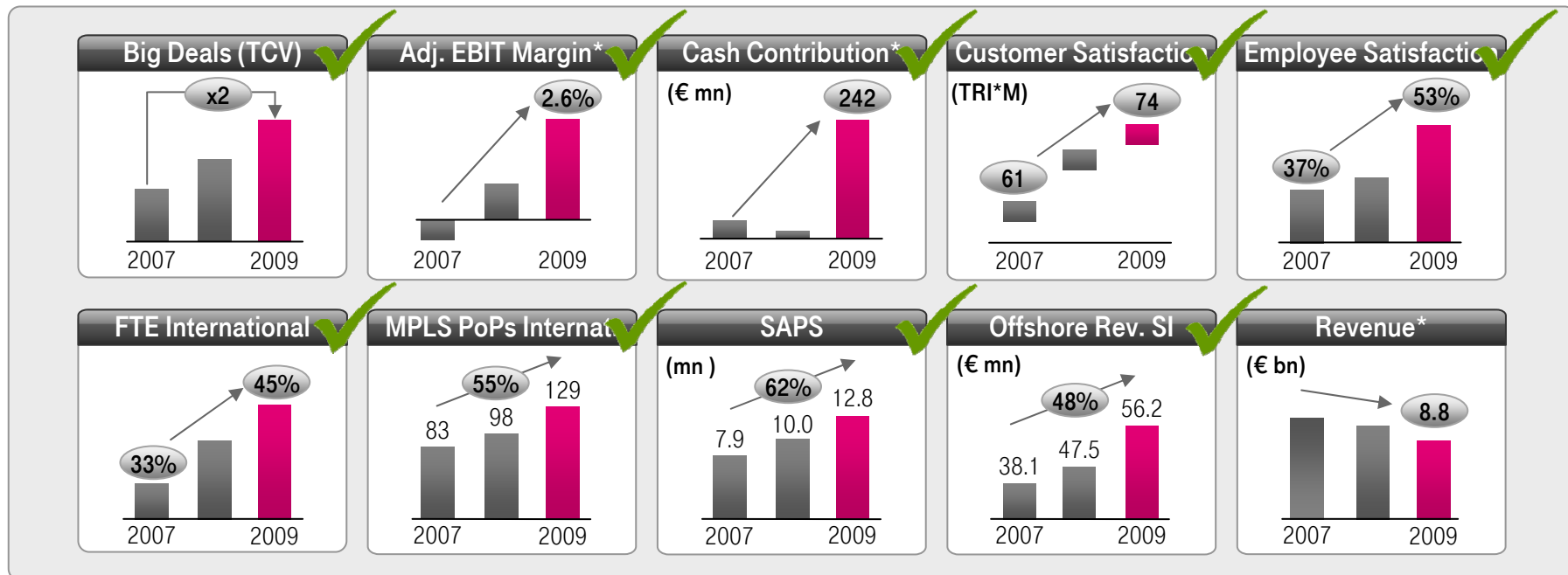
The challenge ahead.

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Achievements since 2007.

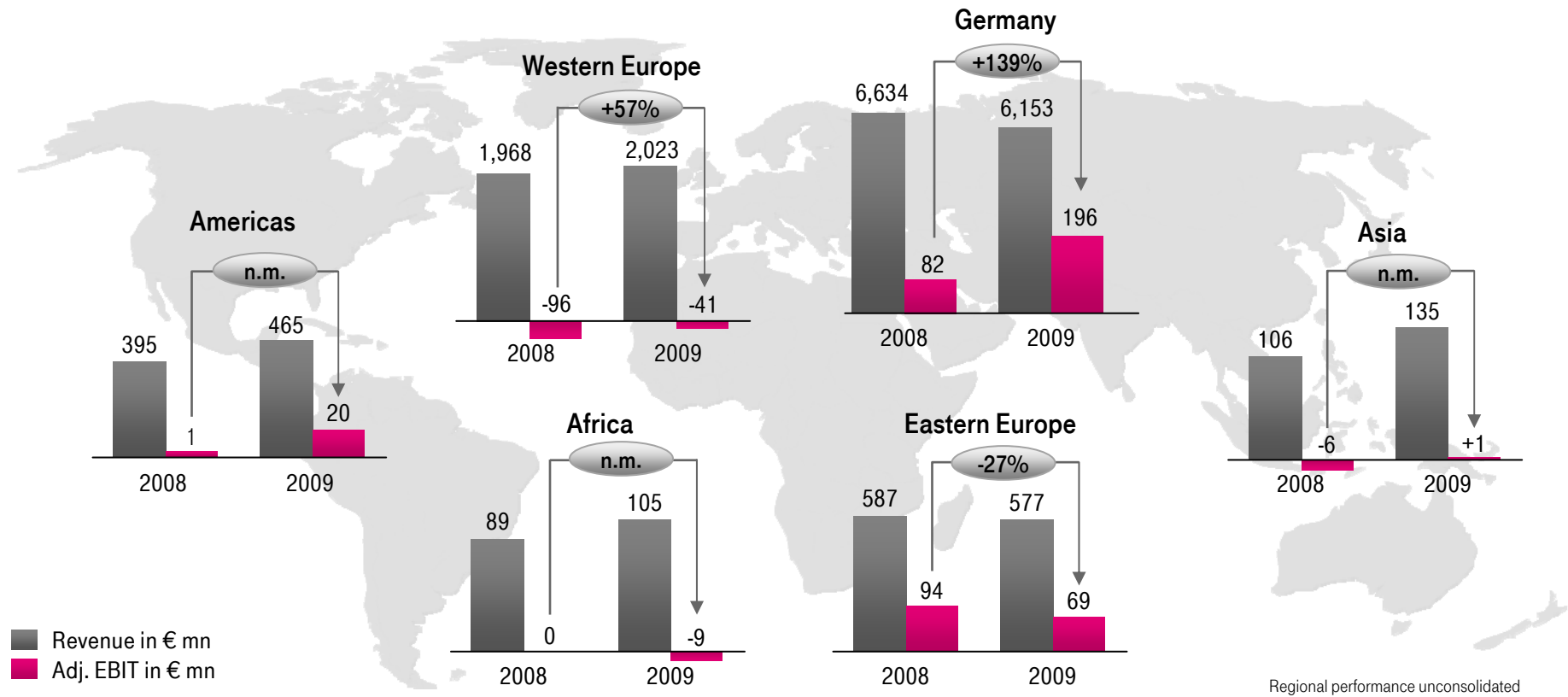
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*Adj. EBIT margin, cash contribution and revenue 2007 excluding Media & Broadcast and Active Billing

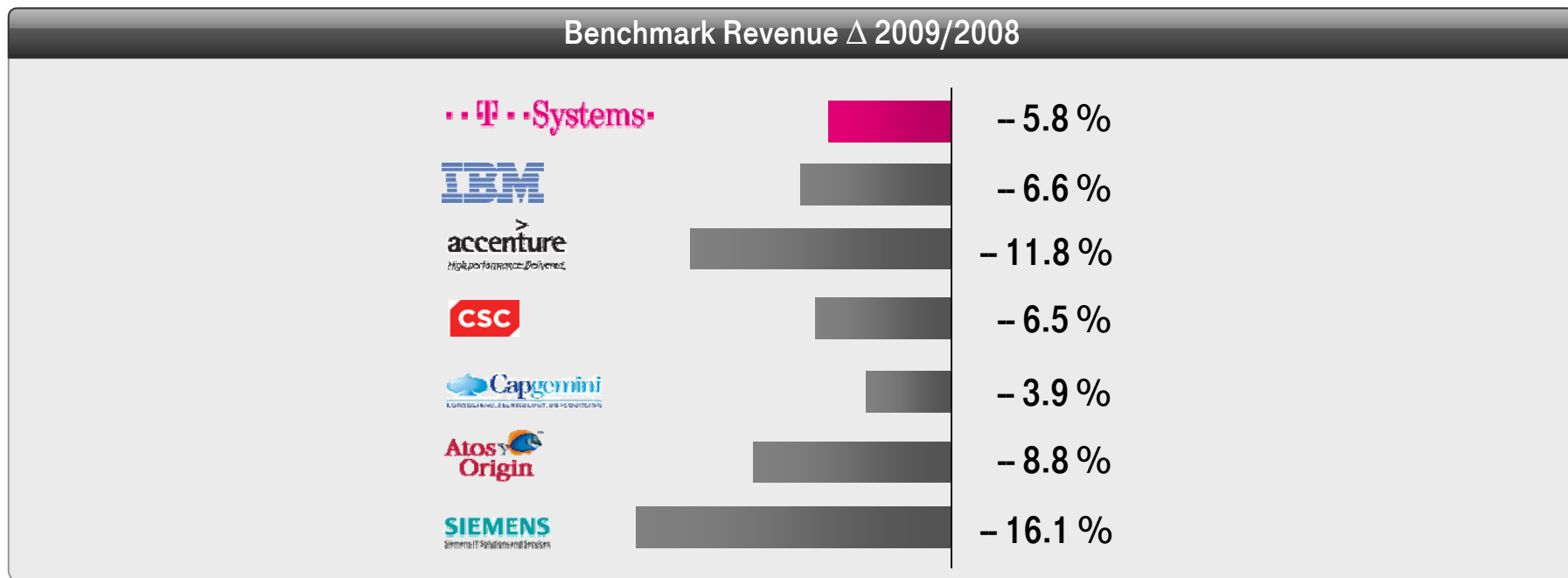
Regional performance of revenue and adj. EBIT.

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Solid performance compared to competitors.

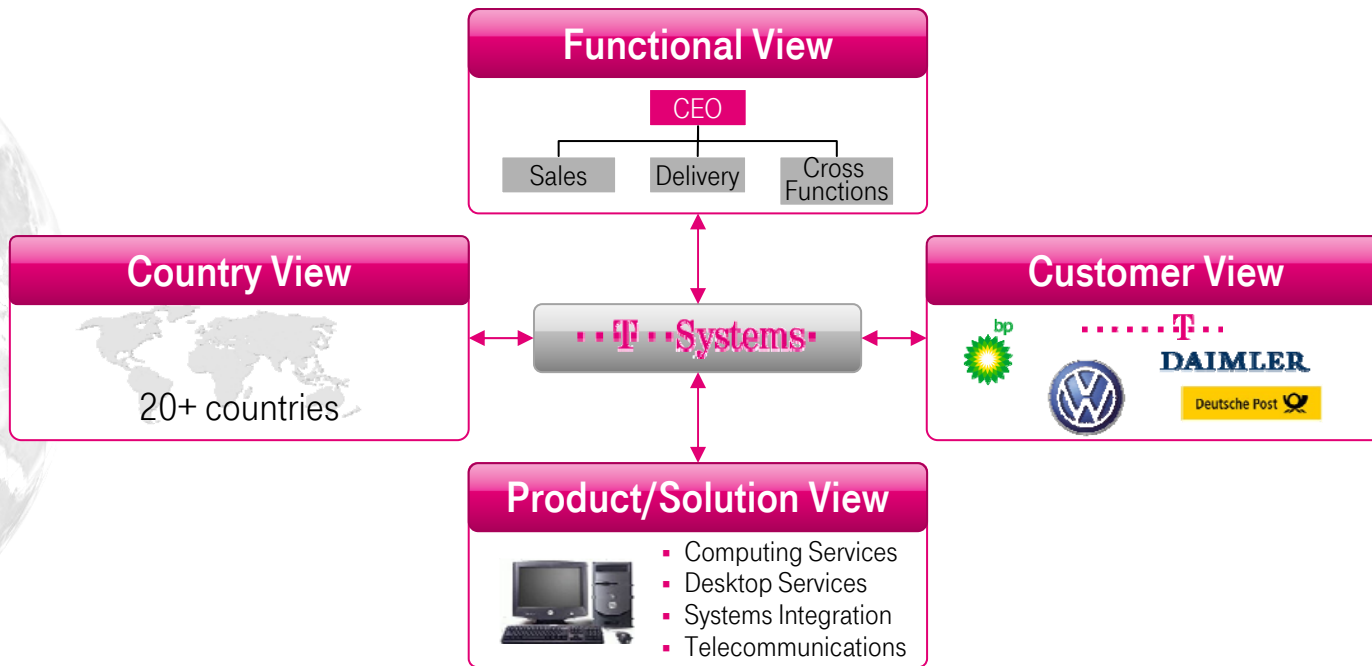
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Source: revenues derived from company and broker reports

The 4 dimensions of T-Systems.

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Gross Profit is key steering parameter.

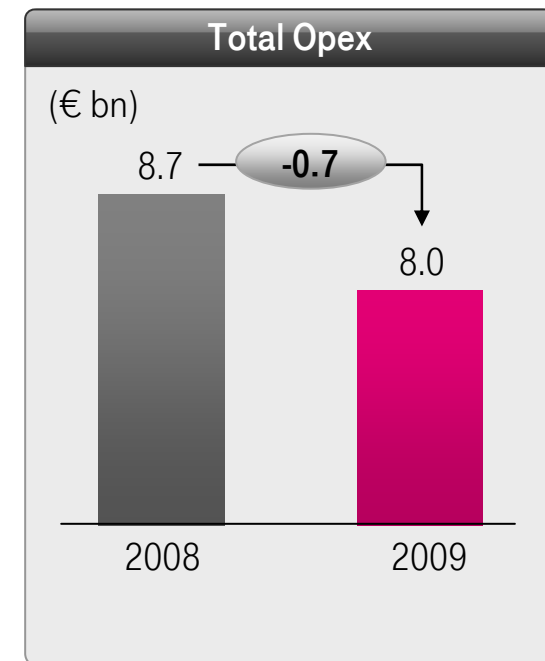
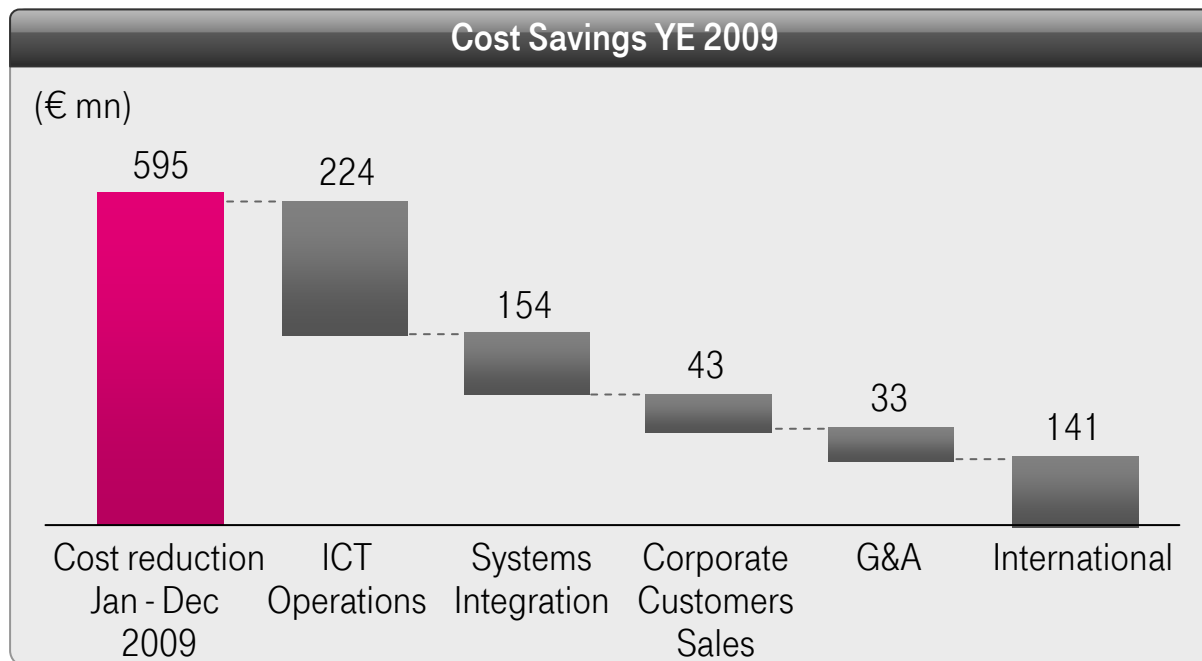
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Steering Logic		2008	2009
Impacted by Sales	Revenue	100%	100%
	- Material & Production costs		
	= Gross Profit (margin)	18.7%	20.4%
	Computing Services	12.9%	16.2%
	Desktop Services	12.2%	14.1%
	Systems Integration	15.6%	20.6%
	Telecommunications	20.3%	19.1%
	- SG&A expenses (margin)	18.6%	18.0%
	= Adj. EBIT margin	0.7%	2.6%



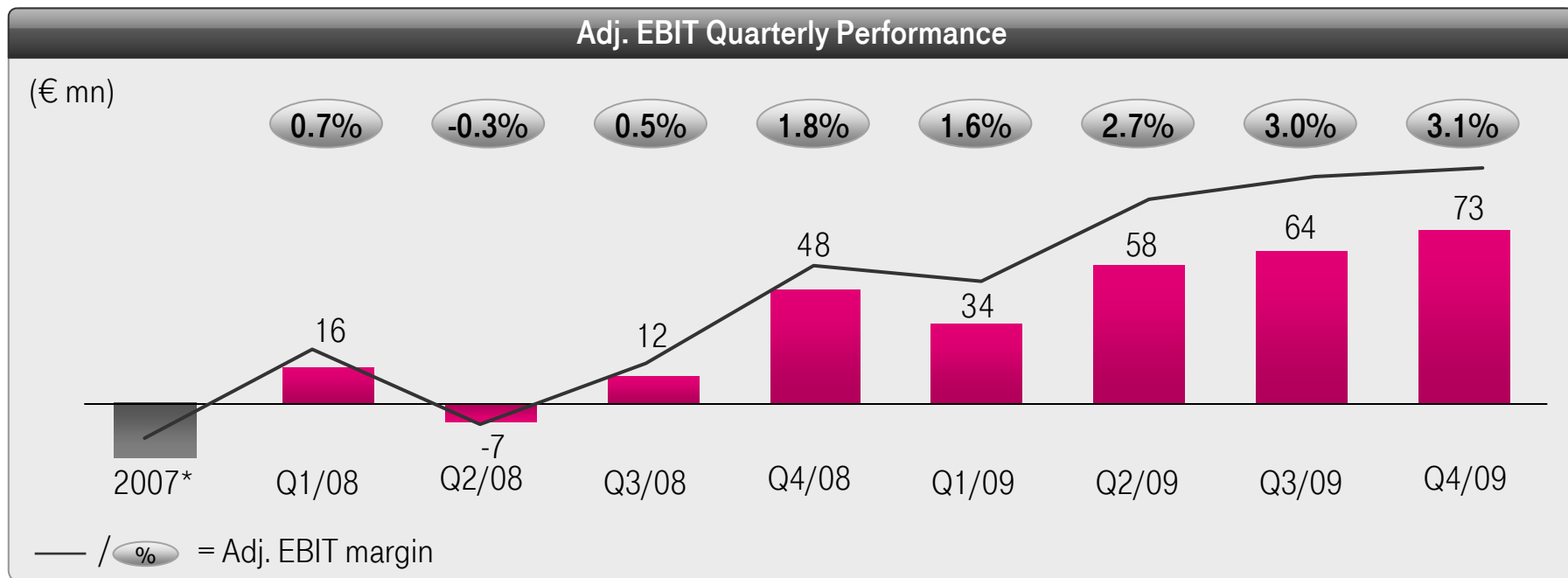
Save for Service program 2009:
Total cost reduction of € 595mn.

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Sequential increase in profitability.

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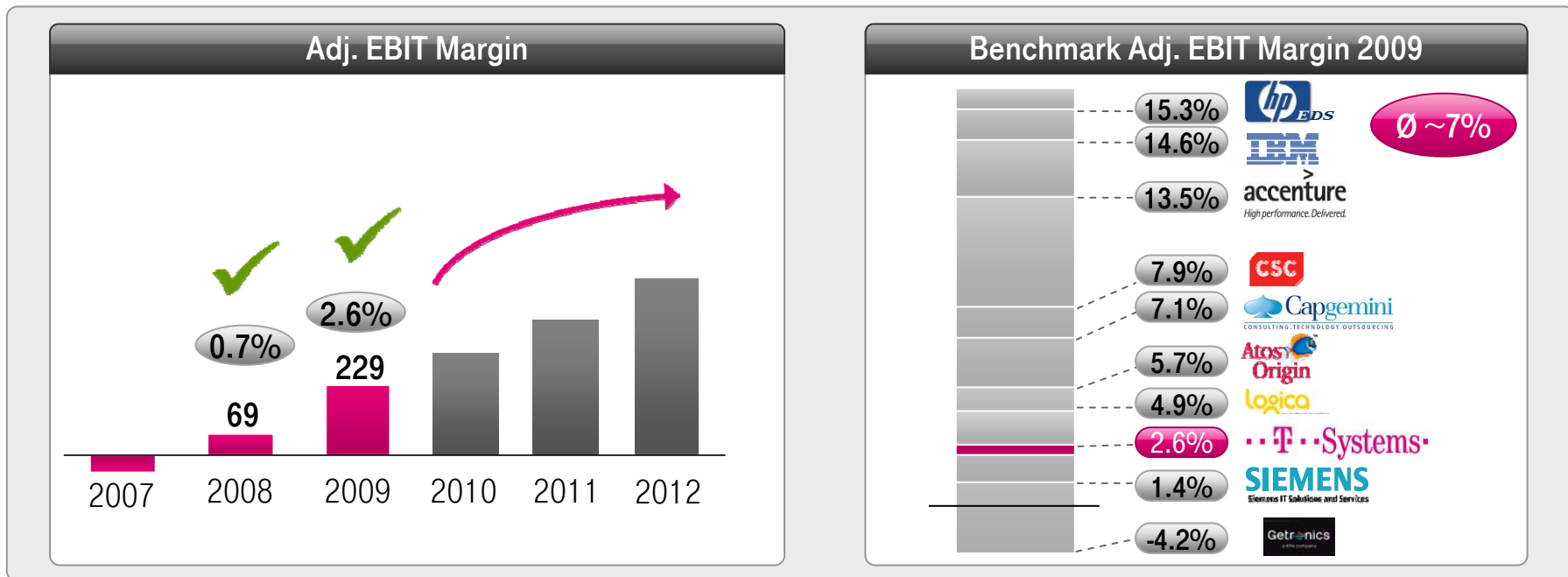


*Adj. EBIT 2007 excluding Media & Broadcast and Active Billing



Our ambition:
Grow adj. EBIT margin towards peer level.

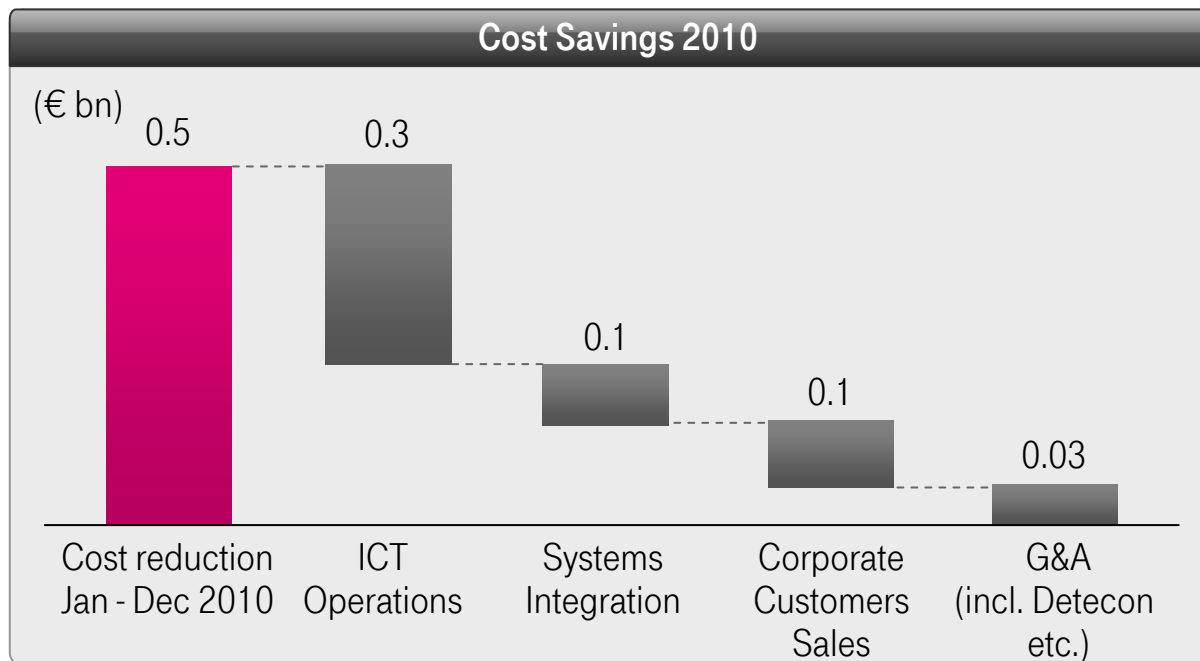
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Source: EBIT margin derived from company and broker reports

Save for Service program 2010-2012: Further efficiency increase.

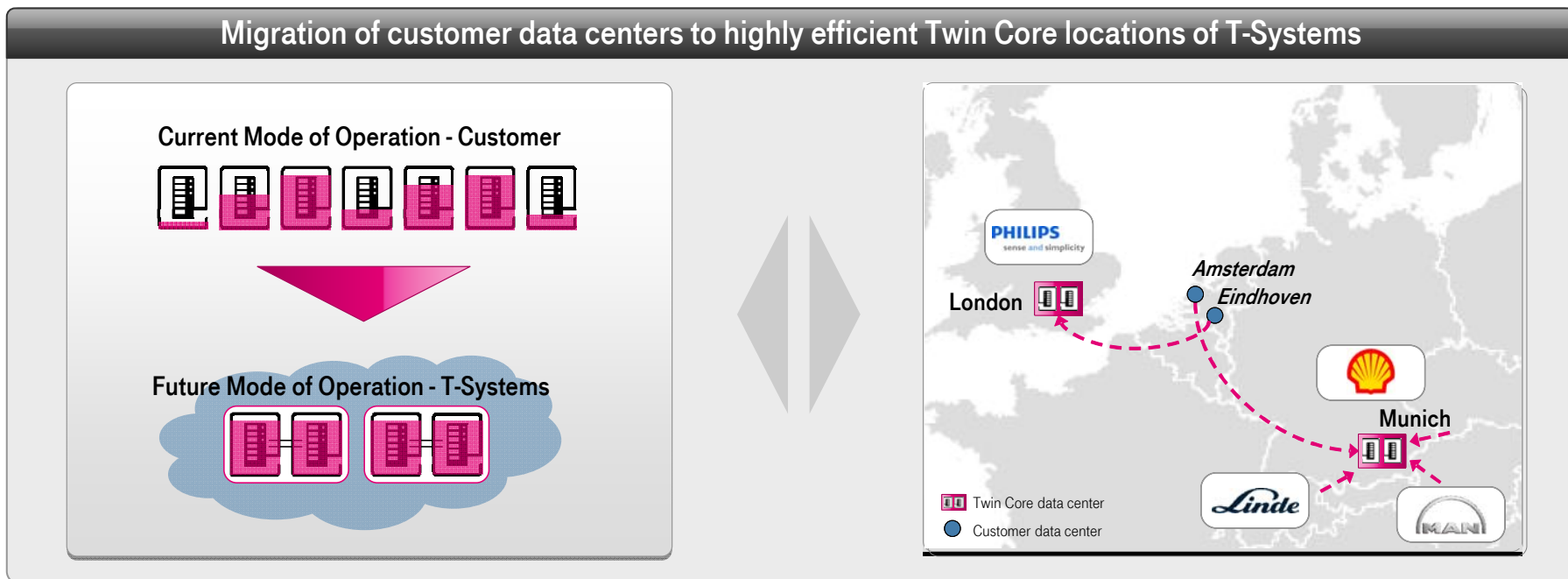
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* S4S: Save for Service

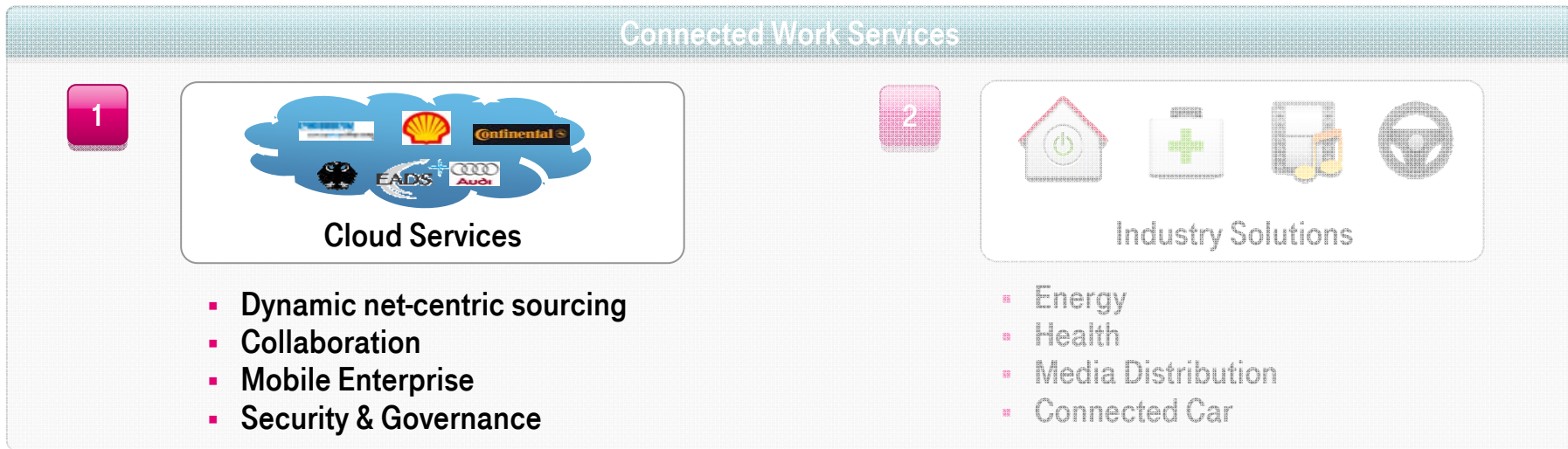
Save for Service 2010: Migration of data centers.

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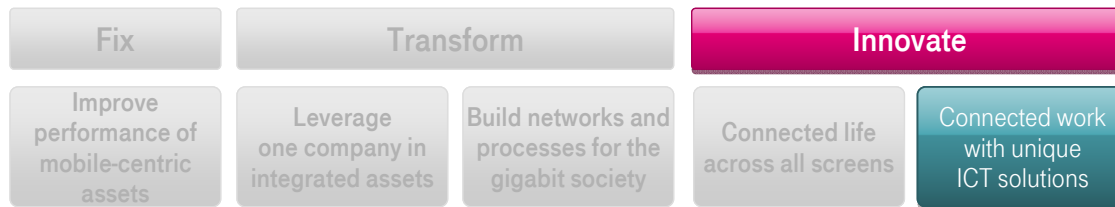
Competencies: from cloud services to industry solutions in energy, health, connected car and media distribution.

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Dynamic net-centric sourcing.

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Cloud Services



Customer Example

- Consolidation of the entire IT Infrastructure of about 300 data centers in 56 countries into a secure "Private Cloud"
- SAP Services, billed for on demand, delivered out of this private cloud
- Replacement of fixed IT costs with transparent flexible pricing model based on IT resources actually consumed

Cloud Computing (World, \$ bn)

Year	Revenue (\$ bn)
2008	46
2015	237



Collaboration.

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Cloud Services



Customer Example



- Collaboration environment with highest security requirements – international high-tech defense projects
- Secure data communication
- Adapted access authorization with registration procedure for security cleared staff
- Role-based security concept built on a company wide public key infrastructure



Year	Value (\$ bn)
2008	0.8
2015	7.1




Mobile Enterprise.

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Cloud Services



Customer Example



- Secure mobile access to email, business data and business applications
- Generation of dynamic financial reports via Microsoft mobility solution
- Printing email or excel sheets on any printer using any Windows Mobile device
- Full sourcing management of mobile devices (hardware and software)

Mobile Enterprise (WE, \$ bn)

Year	Mobile Enterprise (WE, \$ bn)
2008	11.6
2015	20.7




Security & Governance.

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Cloud Services



Customer Example



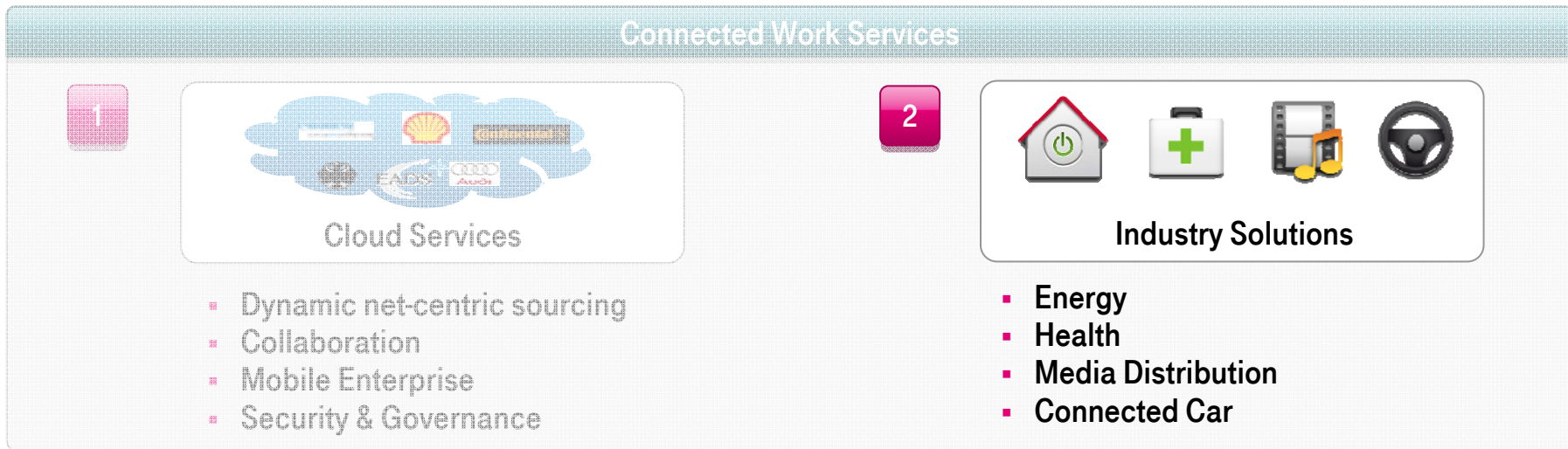
- “Secure Mobile Communication” (Germany SiMKo 2) for Government bodies and regulatory authorities via end to end security
- Encryption of all data stored on the device – including voice
- Recommended by the German BSI for German security grade “Classified – only for Internal Use” (VS-NfD)

Year	Value (\$ bn)
2008	35.0
2015	77.3



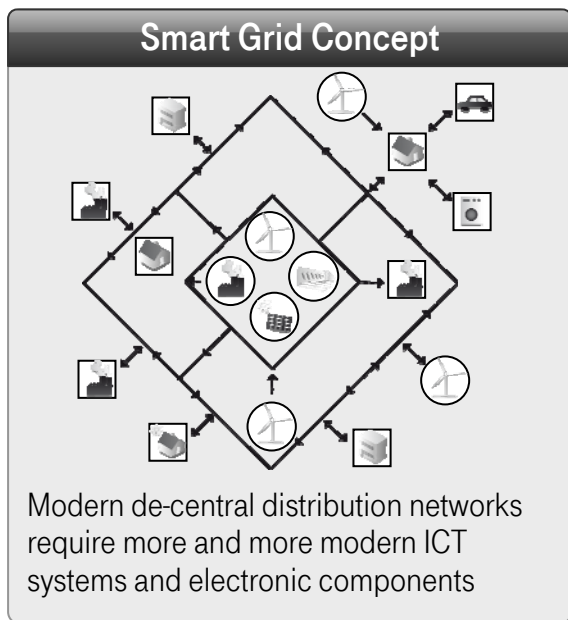
Competencies: from cloud services to industry solutions in energy, health, connected car and media distribution.

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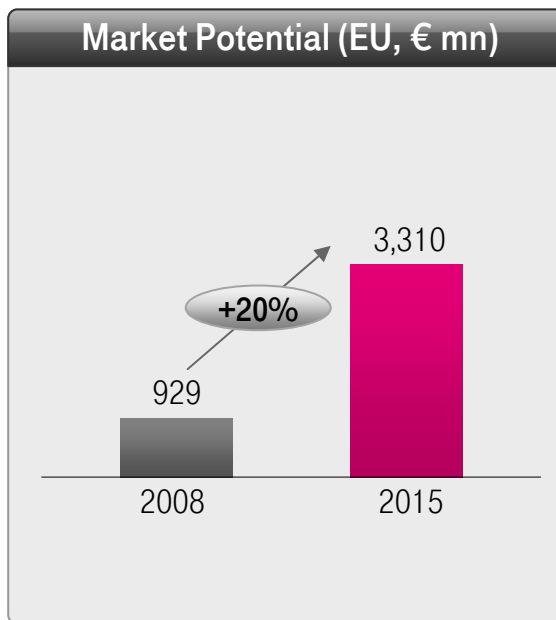


Energy: ICT enabled grids to match demand and supply of decentralized power distribution.

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Industry Solutions



Source: ABB



Source: Berg Insight 2009

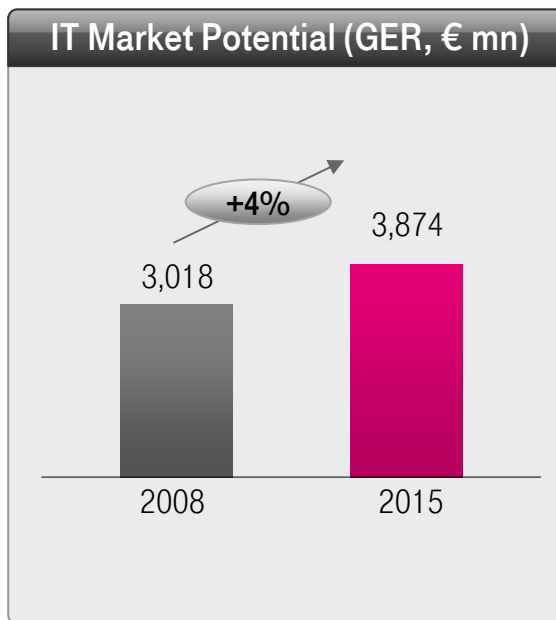
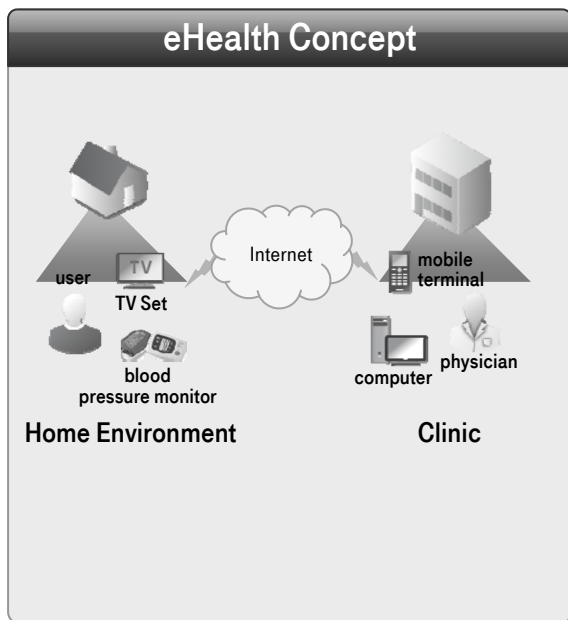
Cooperation Examples

- Smart Grid pilot (incl. purchase optimization, demand side management, virtual power plant)
- T-City delivers the setting for an exclusive pilot (2,000 households) in testing smart grid business models



Health: Metering and IT solutions for increased efficiency in health care system.

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Industry Solutions



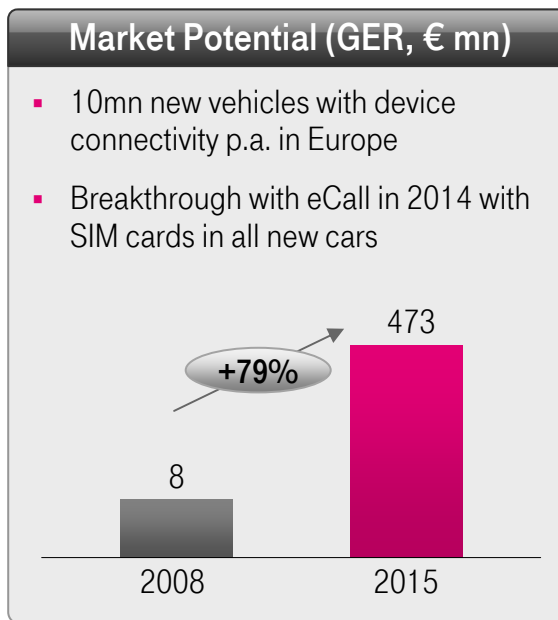
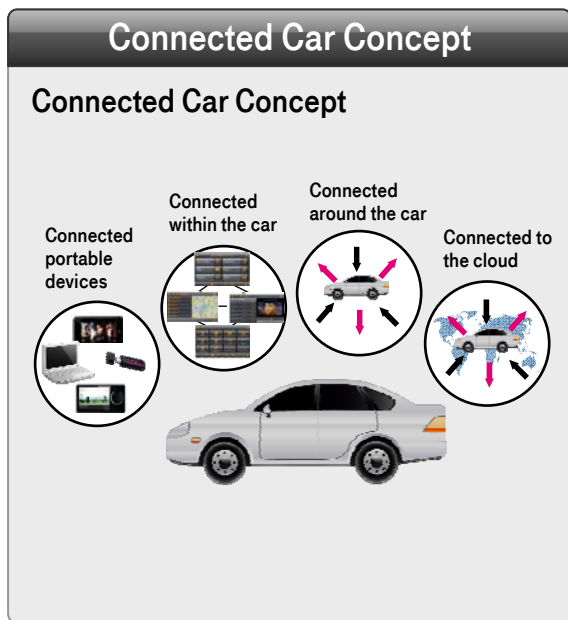
- ### Cooperation Examples
- Pilot project Home Care T-City
 - Cardio Beat study, Partnership for the heart project (T-Mobile)
 - Disease Management & Telemedicine for Diabetes
 - Care management Programs with Health Insurances
-

Source: PAC



Connected Car: the next device for digital content and communications.

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Industry Solutions



Source: Berg Insight 2008/TSI Calculation

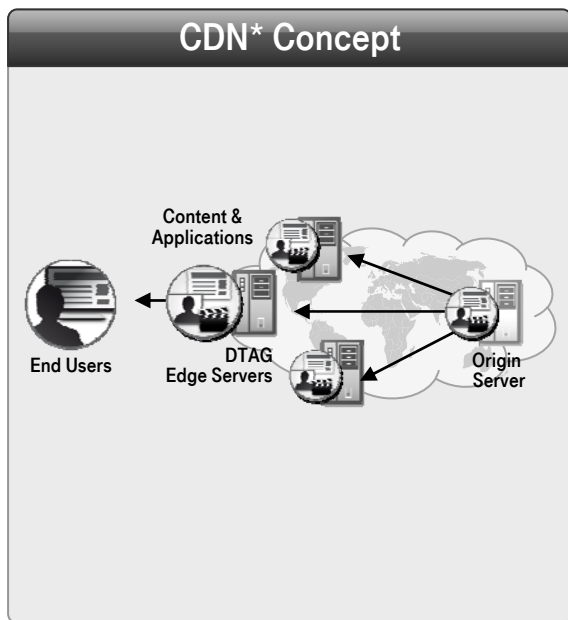
Cooperation Examples

- Continental together with T-Systems developing open hardware platform AutoLinq
- Running DT Apps (e.g. Musicload, online address book)
- BMW ConnectedDrive solution developed in cooperation with T-Systems
- Connectivity always provided by T-Mobile

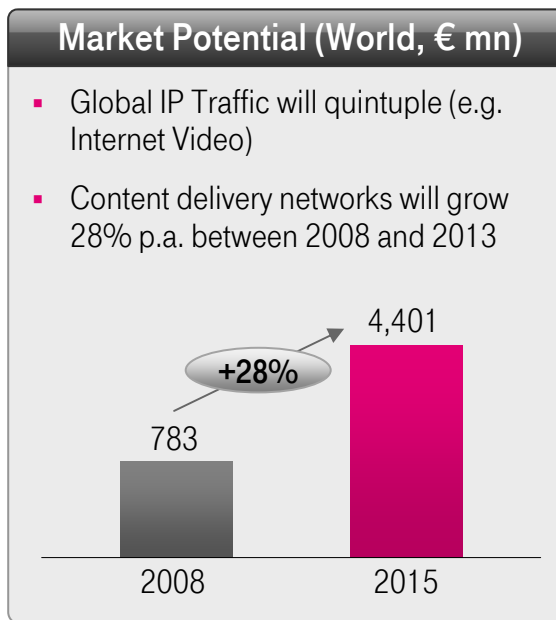


Media Distribution: New business models for the world of online media.

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Industry Solutions



*Content Delivery Network



Source: Frost & Sullivan 2008

Cooperation Examples

- DT AG in development of content delivery platform based on Edgecast technology
- 2nd generation CDN software with market leading performance and best in class features

The section features logos for 'edgecast', 'DER SPIEGEL', and 'Bild', indicating partnerships with these entities.



T-Systems' ambition level 2012.

	2009	Ambition Level 2012
Growth	<ul style="list-style-type: none"> Revenue decline: -5.8% 	<ul style="list-style-type: none"> Revenue growth above industry average in corresponding segments Fair market share in innovative "industry solutions"¹
Quality	<ul style="list-style-type: none"> Excellent TRI*M: 74 pt 	<ul style="list-style-type: none"> Strong TRI*M Index over peer average and above 75 pt
Profitability	<ul style="list-style-type: none"> Adj. EBIT margin: 2.6% 	<ul style="list-style-type: none"> Grow adj. EBIT margin towards peer level (around 7%)



¹ Enabling perspective for groupwide responsibility

What our customers say.



Quelle

