Key messages

01 T-Systems’ transformation is progressing
2018 transformation program has shown progress with EBITDA acceleration in 2019. Clean-up of portfolio resulted in T-Systems as a focused IT services company

02 Covid-19 with severe impact on business in 2020
Covid-19 crisis impacted T-Systems’ core client base, as a result delayed our transformation. Nonetheless, we have managed the crisis above industry average

03 Strategy:
Leading European IT service provider
Going forward we have a clear strategy. We focus on DACH and selected countries, leading with secure cloud and digital solutions and stronger industry orientation

04 Accelerate profitability and competitiveness
Transformation program re-energized end of 2020, opportunity for value creation is clear going forward

05 Financial outlook
We are confident growing adj. EBITDA AL by > 5% CAGR 2020–2024e and generate positive Cash contribution in the planning period
Review
2017–2021
T-Systems’ transformation path

2017–2018
From turbulence to stabilization

2018–2020
Tactical 4-pillar strategy

2021–2024
Strategy & business model evolution
Execution of 4-pillars, addressing fundamental business challenges

1. Portfolio-oriented business model (Portfolio P&L steering)
   - Strategic portfolio decisions: Exit of End-User-Services, Malaysia and South Africa. New mainframe structure, transfer of connectivity business to Telekom Deutschland
   - Focused T-Systems’ portfolio on cloud and digital services

2. Integrated go-to-market
   - New positioning in the market launched with strong traction
   - Modernized and digitized sales (Salesforce)

3. Clear delivery strategy to scale and drive efficiency (with ServiceNow)
   - 4 strategic delivery centers, build-up of > 2,000 FTE in India
   - On-shore to nearshore/off-shore ratio shift from 20% to 30%

4. Removal of 4 layers of management and 45% executives
   - Overhead (40% finance and 30% HR) reductions
   - ≈1,600 FTE net reduction in Germany (> 10%)
   - Agile organizational structure (1,500 to 500 org units)
   - Overall > €0.3 bn net (10%) indirect cost reductions executed (t/o 60% in Germany)
Cost transformation

Net indirect costs going down by > €0.3 bn

Net savings 2017–2020, € bn

<table>
<thead>
<tr>
<th>Year</th>
<th>Promise</th>
<th>Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>0.05</td>
<td>0.2</td>
</tr>
<tr>
<td>2019</td>
<td>0.1</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>&gt; 0.3</td>
<td></td>
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</tbody>
</table>

Thereof cost savings in Germany: 60%

1. 2017–2021

- **Integrated Sales**
  - Efficiency gain through new sales collaboration model and modernized tools (10% of total savings)
- **Delivery integration**
  - Efficiency gain through shoring and automation driving standardization and tooling (40% of total savings)
- **Overhead reduction**
  - Efficiency gain through removal of management layers and executives, streamlined x-functions and increased mobile working (50% of total savings)
- **Headcount reduction**
  - ≈1,600 FTE net reduction in Germany (> 10%)
  - ≈4% headcount reduction globally
Revenue performance and shift

Revenue shift 2017–2020 into growth areas visible. However, growth burdened by Covid-19

Covid-19 revenue impact of -€250 mn
EUS rundown impact of -€180 mn

<table>
<thead>
<tr>
<th>Year</th>
<th>Classic</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>62%</td>
<td>38%</td>
</tr>
<tr>
<td>2019</td>
<td>59%</td>
<td>41%</td>
</tr>
<tr>
<td>2020</td>
<td>53%</td>
<td>47%</td>
</tr>
</tbody>
</table>

Actual performance -2%¹ (-1% w/o End-user services (EUS)):

Growth (+4%²)
- Public cloud: +32%
- Security: +15%
- Digital solutions: -2% (Covid-19)
- SAP: -5% (Covid-19)
- Road charging: -2% (Regulation/Covid-19)

Classic (-9%²)
- Managed infrastructure services & private cloud: -8%
  (-4% w/o End-user-services (EUS))

¹ CAGR 2017–2020 ² CAGR 2018–2020
CMD 2018 commitments: Cost reduction delivered, revenue off track

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<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Revenue growth(^1) ≈1%</td>
<td>-2%</td>
<td></td>
<td>(\bullet)</td>
</tr>
<tr>
<td>Adj. EBITDA (AL) growth(^1) ≈5%</td>
<td>0%</td>
<td></td>
<td>(\bullet)</td>
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<tr>
<td>Capex(^2) stable</td>
<td>Decrease</td>
<td></td>
<td>(\bullet)</td>
</tr>
<tr>
<td>Special factors(^2) stable</td>
<td>Stable</td>
<td></td>
<td>(\bullet)</td>
</tr>
<tr>
<td>Cash contribution (AL)(^3) break even 2020</td>
<td>Achieved in 2020 before carve out</td>
<td></td>
<td>(\bullet)</td>
</tr>
<tr>
<td>Adj. Indirect cost (AL) reduction(^2) of €0.1 bn</td>
<td>€0.3 bn</td>
<td></td>
<td>(\bullet)</td>
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<tbody>
<tr>
<td>Adj. EBITDA (AL) margin(^4) 8–10%</td>
<td>6%</td>
<td></td>
<td>(\bullet)</td>
</tr>
<tr>
<td>TRI*M(^4) &gt; 80 pts</td>
<td>89 pts</td>
<td></td>
<td>(\bullet)</td>
</tr>
</tbody>
</table>

\(^1\) CAGR 2017–2021  \(^2\) 2017–2021  \(^3\) Cash contribution (AL) = Adj. EBITDA (AL) – Cash Capex – Special factors (Cash)  \(^4\) In 2021  \(^6\) Actual results 2017–2020, or respectively actuals 2020  
\(^6\) Normalized for COVID-19 and portfolio adjustments
Strategy
2021–2024
T-Systems is a focused IT services player with global delivery capabilities

#1 IT Service provider in Germany
#2 IT Service provider in DACH

DAX30 Provider

- 8 Security operation centers (SOCs) globally
- 581 Petabytes Storage
- 90,000 Servers
- 16 Data centers
- 581 Petabytes Storage

#1

Slovakia: Strategic Delivery Center
Russia: Strategic Delivery Center
India: Strategic Delivery Center
Hungary: Strategic Delivery Center

Germany: Headquarters

Hungary: Strategic Delivery Center

Slovakia: Strategic Delivery Center

Germany: Headquarters

India: Strategic Delivery Center

Russia: Strategic Delivery Center

Security operation centers (SOCs) globally

Petabytes

Servers

Data centers

Countries

Employees (FTE)
T-Systems is at the center of market IT growth opportunities

**Market observations**

- Technology relevance in business is clear and increasing
- Flexible, adaptable and scalable technology driving cloud growth
- Covid-19 crisis accelerating digitalization
- Security, data privacy are critical foundations

**Geopolitical dynamics**

- European IT services to grow at 4–5%
- 10% of digitalization potential captured so far in Germany
- European, sovereign sentiment is growing as an alternative to hyperscalers
- Data protectionism driving new regulations
- Economic stimulus packages accelerate Covid-19 recovery

**T-Systems’ right to play**

- #1 German IT player with strong European footprint (#2 in DACH)
- Proven market leader in cloud & infrastructure, SAP, digital and security
- Industry expertise and leadership, esp. in automotive, public sector and health
- Long standing, trusted client relationships – with TRI*M of 89 in 2020 and brand personality rating of 79

Sources: BofA February 2021, Global CIO Survey // PAC Mkt Rankings 2020, GBM-MCM – Marketing Communications Strategy & Media | IBT | December 2020: (#1 in DACH for automotive and public sector, become a top-3 player in Europe for public transport – #2 for public transport and #3 in selected German healthcare payors and EU sovereign health cloud)
We will focus on select industries with vertical solution while providing compelling portfolio relevant to many industries.

- #1 IT Service provider in DACH, plus selected countries as core markets with ability to deliver globally.
- Lead in 3–5 **industries with focused vertical offerings** – along with compelling **horizontal portfolio** for all industries.
- Expand into €1bn - €5bn revenue customer segment while growing existing client base.
- Strong “**local**” partner on eye-level for our clients on their digital transformation journey.
- Sovereignty and security at the core of our proposition.
1. Integrated cloud services

**Dynamics**

<table>
<thead>
<tr>
<th>Year</th>
<th>Classic Infrastructure</th>
<th>Cloud</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>2024</td>
<td>30%</td>
<td>70%</td>
</tr>
</tbody>
</table>

TSI Cloud vs. Infrastructure revenue

Public cloud is the focus of our clients and a fast-growing market.

Hybrid multi-cloud is and will be dominant, with sovereignty being a major trend.

TSI leading in industry specific cloud solutions (Automotive-Cloud, Health-Cloud, sovereign cloud).

Proven public cloud transformation with clients like Deutsche Telekom, Heineken, DPDHL, Shell, SBB.

**How we execute**

**Cloud Application Services**
- Enterprise application services
- Developer services
- PaaS services
- Collaboration solutions

**Cloud migration services**

**Cloud platform services**
- Public cloud
- Private cloud
- On premise/Edge/campus

TSI Revenue share 2024e

Growth projection public cloud > 10% CAGR until 2024e

Growth projection classic infrastructure services > -5%
2. Digital enabler

Dynamics

Digitalization will continue to be a top priority across all industries. Fragmented and attractive market

T-Systems’ 7,000+ experts in key technologies and digitalization skills

Proven client digitalization projects:
- Corona-Warn-App
- Data analytics for European Central Bank
- Vaccination digitalization across EU
- Global Connected-Car-Platform

How we execute

Global software factory – Cloud native application development & management

Core expertise in industry solutions, processes & services in our verticals

Global strength in digital innovation with expertise and assets in AI, Data, IoT, Blockchain, Digital Twin, XR and others

Standard-driven digital tech services on leading cloud platforms, e.g., Data Intelligence Hub, sovereign/federated cloud strategy & 5G campus edge

Growth projection digital 2% CAGR until 2024e
3. Embedded security

Security remains top CIO investment priority

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT Security</td>
<td>50%</td>
</tr>
<tr>
<td>Digital Trafo</td>
<td>37%</td>
</tr>
<tr>
<td>Cloud Adoption</td>
<td>27%</td>
</tr>
<tr>
<td>Data Analytics</td>
<td>18%</td>
</tr>
</tbody>
</table>

Security is the backbone for digitalization with unique approach embedding security into offerings.

New security solutions for AI-based technologies, machine learning, automation.

T-Systems with 8 strategically located Security Operating Centers with over 2000 experts.

How we execute

- Identify
  - Infrastructure security
- Protect
  - Workplace security
- Detect
  - Identity security
- Respond
  - Data security
- Recover
  - Application security
  - Emerging: Industrial and IoT security
  - Professional services

Cyber defense

Growth projection security >6% CAGR until 2024e
Accelerating our transformation into profitability. 5 levers to realize next step in gross savings potentials until 2024e

01 Delivery model
- Shoring quota from 30% to 35%
- Automation degree +16pp, operational excellence

02 Business process standardization
- Portfolio, delivery & IT standardization
- Rundown of 15/46 tools by end of 2024e

03 Lean overhead/sales costs
- Reduce Sellex
- Further reduce G&A costs and executives

04 We.work.new
- Leverage new ways of working:
  Reduce real estate in Germany by 50%

05 PU-specific topics
- Specific cost measures, e.g., platform & data center consolidation

\[ €0.2 \text{ bn net savings}^{1} \]
Our Strategy

Our Mission

We enable organizations to reach full potential through digitalization

Learning & relentless improvements
#peoplemakeithappen
Agility and T-Mindset
Sustainability & diversity

Our Vision

Most reliable IT service provider with best technology and industry expertise

Data sovereignty
Innovation with an open partner ecosystem
Secure operational excellence

We partner with you on your journey ...

... into a modern, secure & resilient digital environment

We are multi cloud enabler & operator
Advisory
Cloud services
Digital enabler
Security

Client success

We are digitalization enabler

Leading in DACH
Differentiated industry solutions
Compelling horizontal solutions for all industries

GROUP STRATEGY | GERMANY | EUROPE | T-MOBILE US | TECHNOLOGY & INNOVATION | SYSTEMS SOLUTIONS | GROUP DEVELOPMENT | FINANCE

17
Midterm ambition level
## Midterm ambition level

<table>
<thead>
<tr>
<th></th>
<th>Midterm ambition level</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue CAGR</td>
<td>slight growth</td>
<td>2020–2024e</td>
</tr>
<tr>
<td>Adj. EBITDA AL CAGR</td>
<td>&gt; 5%</td>
<td>2020–2024e</td>
</tr>
<tr>
<td>Adj. EBITDA AL margin</td>
<td>9%</td>
<td>2024e</td>
</tr>
<tr>
<td>Adj. Indirect cost AL reduction</td>
<td>€0.2 bn</td>
<td>2020–2024e</td>
</tr>
<tr>
<td>Cash Capex</td>
<td>stable</td>
<td>2020–2024e</td>
</tr>
<tr>
<td>Cash contribution AL¹</td>
<td>Break-even</td>
<td>2023e</td>
</tr>
</tbody>
</table>

¹ Cash contribution AL = Adj. EBITDA AL – Cash Capex – Special factors (Cash)