

Media information

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T-Systems increases third quarter revenues

- Order entry rises due to new business and contract extensions.
- High investments in quality securing measures for new contracts.
- Intelligent networks: First regional net for high-risk heart cases.

Order entry at Systems Solutions developed encouragingly in the third quarter, climbing 18.5 percent year-on-year to EUR 1.9 billion. The higher order volume was a result of big deals such as with Daimler, as well as numerous smaller contracts for cloud services. From January to September 2011, order entry increased by 8 percent year-on-year to EUR 6.6 billion.

T-Systems also reported revenue growth in the third quarter of 2011. With a rise of 2.3 percent to EUR 2.3 billion, the increase was, however, somewhat lower than in the first half of the year. Seen over the first nine months of the year, revenue climbed 3.3 percent to EUR 6.8 billion.

Costs relating to quality assurance measures for existing agreements continued to have a negative impact on earnings and margins. Adjusted EBITDA decreased by 8.1 percent in the third quarter to EUR 0.2 billion. The adjusted EBIT margin is the key indicator of the profitability of Systems Solutions business and fell to 2.4 percent compared with 3.3 percent in the third quarter of 2010. This was, however, better than the 1.6 percent in the first half of the year. The quality assurance measures are starting to pay off and have, for example, resulted in improved customer satisfaction indices over the course of the year.

Progress was also seen in the growth areas of the Group that fall under the banner of intelligent network solutions. In the healthcare field, Germany's first national telemedicine network was launched in Brandenburg in early October. The network enables at-risk heart patients to receive remote medical treatment thanks to Deutsche Telekom technology. Unnecessary examinations and hospital stays will be minimized as a result, and the quality of life for patients improved.

Systems Solutions operating segment*:

	Q3 2011 millions of EUR	Q3 2010 millions of EUR	Change %	Q1-Q3 2011 millions of EUR	Q1-Q3 2010 millions of EUR	Change %	FY 2010 millions of EUR
Total revenue	2,256	2,205	2.3	6,792	6,578	3.3	9,057
Of which:	763	766	(0.4)	2,310	2,293	0.7	3,128
Computing Services							
Of which: Desktop Services	325	348	(6.6)	999	1,053	(5.1)	1,461
Of which: Systems Integration	453	436	3.9	1,382	1,298	6.5	1,801
Of which: Telecommunications	803	761	5.5	2,344	2,254	4.0	3,086
Of which: Other^a	(88)	(105)	16.2	(244)	(320)	23.8	(419)
Net revenue	1,587	1,555	2.1	4,841	4,697	3.1	6,411
New orders	1,926	1,625	18.5	6,558	6,075	8.0	9,281
Profit (loss) from operations (EBIT)	(62)	(25)	n.a.	(51)	49	n.a.	44
Adjusted EBIT	54	73	(26.0)	128	196	(34.7)	333
EBITDA	98	126	(22.2)	421	505	(16.6)	667
Adjusted EBITDA	204	222	(8.1)	590	649	(9.1)	948
Adjusted EBITDA margin	9.0%	10.1%	(1.1)p	8.7%	9.9%	(1.2)p	10.5%
Number of employees (average)	48,255	47,654	1.3	48,234	47,527	1.5	47,588

Comments on the table:

a Non-core activities and consolidation.



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Deutsche Telekom is one of the world's leading integrated telecommunications companies with around 128 million mobile customers, 35 million fixed-network lines and approximately 17 million broadband lines (as of June 30, 2011). The Group provides products and services for the fixed network, mobile communications, the Internet and IPTV for consumers, and ICT solutions for business customers and corporate customers. Deutsche Telekom is present in over 50 countries and has around 241,000 employees worldwide. The Group generated revenues of EUR 62.4 billion in the 2010 financial year – more than half of it outside Germany (as of December 31, 2010).

About T-Systems

Drawing on a global infrastructure of data centers and networks, T-Systems operates information and communication technology (ICT) systems for multinational corporations and public sector institutions. T-Systems provides integrated solutions for the networked future of business and society. The company's some 47,600 employees combine industry expertise and ICT innovations to add significant value to customers' core business all over the world. T-Systems generated revenue of around EUR 9.1 billion in the 2010 financial year.