



Press Release

Frankfurt am Main, Germany, August 7, 2008

HY1 08: T-Systems grows internationally / restructuring in Germany shows initial results

In short:

- Deconsolidations (sale of Media&Broacast / transfer of Active Billing to T-Home) influence half-year figures
- Continued international growth, especially through huge outsourcing deals (i.e. Shell, Siemens)
- Decreasing prices and deconsolidations put German revenue under pressure
- Order entry without deconsolidation effects is growing.
- Restructuring in Germany shows initial effects

T-Systems 2008 half-year figures from Deutsche Telekom's press release

Two main factors impacted the financial figures in the Business Customer segment in the first half of 2008: Media & Broadcast was sold and the Active Billing unit was reassigned to Broadband/Fixed Network. These changes were in line with the strategic realignment to focus on network-centric ITC services.

T-Systems' international business grew by 3.2 percent in the first six months of 2008 to EUR 1.2 billion. This development is primarily attributable to major international outsourcing contracts such as those concluded with Siemens and Shell. In Germany, by contrast, revenue fell by 13.6 percent to EUR 4.0 billion. The Business Customers segment reported a decline in revenue of 10.2 percent to approximately EUR 5.3 billion, due to the realignment with the sale of Media & Broadcast at the start of the year and the reassignment of Active Billing to T-Home.



Another factor was the reduction in intragroup revenue, which fell 17.8 percent year-on-year. This decrease illustrates T-Systems' substantial contribution to Deutsche Telekom's cost-cutting program. In organic terms, i.e. adjusted for the revenue from Media & Broadcast and Active Billing in 2007 and exchange rate effects, total revenue decreased by 3.0 percent in the first half of 2008.

Net revenue fell by 7.7 percent to EUR 4.1 billion, which was also mainly down to the reorganization.

Adjusted EBITDA in the first six months of the year decreased by 26.1 percent to EUR 0.4 billion as a result of the sustained price and competitive pressures, the sale of Media & Broadcast, and the transfer of Active Billing to T-Home. The organic EBITDA decrease was 6.8 percent.

New orders in the first half of 2008 rose on a like-for-like basis by 9.7 percent to EUR 6.43 billion year-on-year, driven in particular by growth through major outsourcing contracts, such as with Siemens and Sparkassen Informatik and FinanzIT.

The Business Customers segment demonstrated its international growth strategy in the first half of 2008 by setting several milestones: The strategic partnership with Cognizant as well as major contracts with Royal Dutch Shell, the South African insurer Old Mutual Group, Airbus and Bosch.

T-Systems also made progress with its reorganization on the domestic market. The total number of employees in Germany fell to around 52,300 following the sale of Media & Broadcast, the reassignment of Active Billing and other restructuring measures.



Business Customers at a glance*:

	Q2 2008 millions of €	Q2 2007 millions of €	Change %	H1 2008 millions of €	H1 2007 millions of €	Change %	FY 2007 millions of €
Total revenue	2,667	2,962	(10.0)	5,270	5,868	(10.2)	11,987
- Computing & Desktop Services	866	1,036	(16.4)	1,735	2,041	(15.0)	4,166
- Systems Integration	440	415	6.0	854	830	2.9	1,711
- Telecommunications	1,361	1,511	(9.9)	2,681	2,997	(10.5)	6,110
Net revenue	2,057	2,239	(8.1)	4,082	4,422	(7.7)	8,971
New orders	3,609	2,658	35.8	6,428	6,824	(5.8)	12,936
Profit (loss) from operations	(65)	34	n.a.	414	78	n.a.	(323)
EBITDA	136	256	(46.9)	809	517	56.5	584
Adjusted EBITDA	194	280	(30.7)	400	541	(26.1)	1,062
Average number of employees	52,254	56,218	(7.1)	52,691	56,497	(6.7)	56,566

* Since the first quarter of 2008, the reporting structure of T-Systems has been modified to reflect the new operational orientation. As a result, reporting no longer shows Enterprise and Business Services. The Business Services unit is now fully integrated in Telecommunications. Computing & Desktop Services and Systems Integration are not affected by the realignment.

About T-Systems

T-Systems is Deutsche Telekom's business customer unit. More than 160,000 corporations and public institutions use the provider's network-centric information and communications technology (ICT) services – ranging from data center operations and global services based on the Internet Protocol, to the development and management of applications. With locations in over 20 countries, T-Systems is a preferred supplier for Corporate Europe's global business activities. The company, based in Frankfurt/Main, Germany, serves all industries and is a leading provider for the automotive and telecommunications industries as well as the public sector. With approximately 56,500 employees, T-Systems posted revenue of 12 billion euros in 2007.

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T-Systems

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