



SLIDE TO OPEN

ANNUAL REPORT 2014

T-SYSTEMS SLOVAKIA S.R.O.

T · · Systems ·



FOREWORD BY MANAGING DIRECTOR

Dear readers,

During the 8 years of its existence, T-Systems Slovakia has been ranked among the largest and most respected players in Slovakia as well as in the IT world. Last year our company reached the number of 3000 employees and we still continue in growing.

In 2014 we responded to the new challenges brought by dynamic era and permanent technological progress. Following these factors, our company has passed internal transformation changes when we partially reorganized our structure in compliance with Deutsche Telekom. This change happened with a clear aim – to create strong basics for permanent increase of quality of our services with the focus on saving costs and the consolidation of several activities.

Our services are based on the three main values: innovation, simplicity and competence. I strongly believe that the year 2015 will continue in the same trend of growth and quality increase. What we do is influencing our tomorrow's world. This is the reason of why T-Systems is devoted to the principle of consistently sustainable improvement and aimed at constant development of employees and quality.

Kind regards,

Thomas Bogdain

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T-Systems Slovakia

Part of a global group Deutsche Telekom AG | Legal Form: Limited Liability Company

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COMPANY PROFILE

T-Systems Slovakia is a dynamically developing company providing its services in the information-communication technologies (ICT) sector. The company was established in January 2006 as a subsidiary of T-Systems International, GmbH, a company with its headquarter office in Germany and itself a member of the global group Deutsche Telekom AG. Within the Deutsche Telekom group, the Slovak company offers services as an outsourcer, specializing to corporate clientele in Germany, in the European Union and further across the globe. Thanks to its size, scope of operation and service quality, T-Systems Slovakia makes a sound contribution to the fact that the T-Systems brand is number one in the German market and is ranked amongst the top four ICT service providers in Europe.



What are ICT services and outsourcing about?

Since its foundation, T-Systems Slovakia has had its seat in Kosice and is very closely linked with this region. Companies' most important asset and competitive advantage is its people, who are highly educated, reliable, ambitious, and dynamic. During the eight years of its existence, the company has exceeded the threshold of 3200 people employed with average age of 30.4 years. In 2013 T-Systems Slovakia won honorable mention for supporting creative non-work activities of employees from Pontis Foundation. In the past years the company was awarded with the title of TREND Top Company of the Year 2011 and IT Company of the Year 2011 in Slovakia. In 2012 T-Systems Slovakia also added to these prestigious titles an award from the Ministry of Labour, Social Affairs and Family of the Slovak Republic: Employer friendly towards families, genders and opportunities. It has also received several HR Oscars for innovative human resources development projects. This and much more is T-Systems Slovakia, your trustworthy partner for ICT service outsourcing.

T-Systems Slovakia remotely manages almost all components related with ICT landscape, starting from local or long-distance computer or communication networks, through a multitude of servers with different operating systems, SAP systems for enterprise resource management, and ending with customized and customer-specific solutions for such diverse domains as toll collection or education and research.

Where can one see the services provided by T-Systems Slovakia?

Production hailing from T-Systems Slovakia cannot be found in a shop or warehouse. One can come in contact with its services only indirectly, however, on a daily basis – be it while shopping for major brands, buying petrol or cars. Taking it literally, if the provided ICT services are reliable, an ordinary consumer will not realize that a part of the ICT they utilise is delivered remotely from T-Systems Slovakia. In its portfolio T-Systems Slovakia has leading brands from the automotive, telecommunication and petroleum industries, and also financial or consultancy services.



MANAGEMENT OF T-SYSTEMS SLOVAKIA 2013



Thomas Bogdain

Managing director



Marek Resovsky

Vice President Finance



Pavel Jirecek

Vicepresident HR



Thomas Bogdain

Vice President Production,
Vice President Service



Juraj Girman

Head of Telekom IT



OUR VISION, MISSION AND VALUES

T-Systems Slovakia is an integral part of the global group of Deutsche Telekom AG and an important member of its corporate services arm, T-Systems International, GmbH. Its vision and mission reflect the contribution our local company strives to deliver to successfully fulfill the global group's ambitions. Our Vision: *"To be the most trusted outsourcing partner for ICT Services"*.

As a key factor to building a sustainable trade mark we consider our reputation as a trustworthy and reliable partner in delivering high-quality ICT services to its European and worldwide customers. We have an ambition to furthermore contribute to the sustainable growth of the competitiveness of T-Systems International in its entirety, as well as that of our mother group, Deutsche Telekom.

We connect our trustworthiness tightly with the quality and professional attitude of our specialists and managers, and thus, as a part of fulfilling our vision, we have an ambition to become the preferred employer not only on the regional level but also within Slovakia. Through continuous professional and personal development of our employees we want to keep increasing the flexibility and quality of the provided services, and thus actively contribute to the development of the entire Kosice region.

Our Mission: "We deliver high quality, cost efficient and innovative ICT services to customers worldwide." We understand our mission as a broader purpose, raison of the existence of our company in Slovakia and in the Kosice region. The mission of T-Systems Slovakia rests on four primary pillars, in which we see a guarantee of our sustainable development:

- **High quality** – we are continuously evolving into a global competence centre which is focusing on the development and operation of virtual ICT solutions
- **Cost efficiency** – we are focusing on the provision of the highest possible quality of ICT services whilst keeping our cost base competitive and sustainable in the long term
- **Innovative attitude** – we are proactively supporting the formulation and development of new ideas, solutions and delivery processes to achieve excellence in increasing the efficiency, effectiveness and quality of our ICT services
- **Customer satisfaction** – we are leading our business through international and global collaboration, enabling us to react quickly and respond to the evolving needs of our customers



PORTFOLIO OF DELIVERED ICT SERVICES

T-Systems Slovakia provides information and communication technology solutions and solutions for business processing outsourcing (BPO). For corporate customers ICT Outsourcing is one of the main methods for improving their own economic performance and flexibility. It is also a way that provides faster and cheaper access for customers to innovations or technological advantage, but above all it is a way of cutting costs. In practice, it is about a partial or full takeover of activities carried out by the customer's ICT departments, or by other providers of ICT services.

Within ICT services, T-Systems Slovakia delivers the following services, which can be structured in several levels.

Delivery and operation of ICT solutions and services

ICT SERVICES FOR TELECOMMUNICATION SYSTEMS

- Voice and video services, including VoIP and telepresence
- Network and security related ICT services for local and wide-area networks
- Optimization of network capacity and performance

ICT SERVICES FOR COMPUTING (SERVER) SYSTEMS

- Administration of network and security elements of global Data Centers
- Administration of global virtual platform for Cloud Computing and virtualized ICT solutions (Infrastructure as a Service, IaaS)
- Administration and operation of „SAP as a Service“ global platform (Platform as a Service, PaaS)
- Storage, back-up and recovery of data

SERVICES OF CUSTOMER OPERATING SYSTEMS AND APPLICATIONS

- Administration of MS Windows systems
- Administration of Linux and Unix systems and their variations
- Administration and maintenance of customer application and database solutions (Software as a Service, SaaS)
- Administrations of customer portals and applications

ICT services support

MANAGEMENT OF TRANSFORMATION AND DESIGN OF ICT SERVICES

- Services in the field of the design of customer solutions and ICT architectures
- Transformation of customer ICT systems for ICT outsourcing
- Project management and management of transformation projects for customers

RESEARCH, DEVELOPMENT AND SUPPORT FOR STRATEGIC DEVELOPMENT OF A GLOBAL COMPANY

In 2013 T-Systems Slovakia has decided to extend its primary ICT portfolio and thereby diversify its activities more into the direction of business process support. Having established a Shared Service Centre for Finance and Controlling, the portfolio elements are still developing, but currently includes:

Business process support for T-Systems International, GmbH

OPERATIONAL PROCESSES FOR FC

- Global financial reporting
- Global financial controlling
- Global consolidation and periodic closing

SALES, PRE-SALES AND OTHER PROCESSES

- New deal costing

QUALITY

Quality Management System as one of the company's 4 Pillars demonstrates how important is the role of Quality in T-Systems Slovakia, creating culture where delivery of highly reliable services is a part of the mindset of the organization. Employees within T-Systems Slovakia with support of management assure that the processes required for the delivery of high quality and innovative ICT services are put into practice and maintained properly. Remarkably significant contribution to Quality Pillar was achieved in the area of Document Management and Internal Audit Management.

Document Management Improvement project resulted not only in ensuring the really high quality of internal documents, what was highly recognized during Central Internal Audit from T-Systems International, but also brought implementation of effective and well-functioning management of documents throughout the whole company fulfilling required standards. Regular execution of internal audits in T-Systems Slovakia ensures compliance with all relevant standards and processes. Moreover it reveals improvement opportunities on each operational level what enables us to continuously work on enhancement of the overall quality of provided services.

T-Systems Slovakia is not only focused on Continuous service improvements to ensure high reliability of services and thus increase customer's satisfaction but working actively also on innovations to be THE Partner for other organizational units of T-Systems International as well as for end customers.

SECURITY

Security Department of T-Systems Slovakia in year 2014 has successfully started building of a local Security Operation Centre (SOC). Sophisticated IT Security tools like SIEM, DLP and NBA has started to tremendously improve level of IT security in T-Systems Slovakia. SIEM stands for Security Information and Event Management and could be generally thought as a central log management with huge correlations engine and capabilities for security incidents investigation. DLP is tool for Data Leakage Prevention, which can prevent unintended data leakage from company. NBA can monitor network behavior and detect any anomaly, which may be potential misbehavior. We are now able to collect and evaluate more efficiently logs from local infrastructure to lower the rate of security incidents occurrence. The own SOC is a prove that we care about security of our company and our customers with a state-of-art technology and processes.



THE FRUITS OF DUAL EDUCATION BEGIN TO MATURE

A fast growing business has increased the need to have the right employees with the right set of skills in the company. Within the pilot project, T-Systems Slovakia offers the Dual Education Programme in the field of information and communications technology (ICT) to the graduates of the technical secondary schools in Slovakia, who are interested in IT technologies. The above mentioned education programme is designed for the potential employees at TSSK and at the same time it significantly contributes to the regional development. The project is realized in cooperation with the Secondary Electro-technical School in Kosice, with the support of Kosice Self-governing Region and the German-Slovak Chamber of Industry and Commerce as the authority for certification.

The Dual Education Programme as a higher vocational three-year-post A-level education in the ICT area supports a close cooperation between both, the educational and business spheres which is mainly vital for the latter. It is characterized by combining apprenticeships in a company and vocational education at a vocational school in one course where trainees develop their hard and soft skills, the aim of which is to match the employer's requirements with the knowledge and skills secondary school graduates acquire during their education. The programme offers the trainees a unique opportunity to use their potential in the ICT area.

An important milestone of this project is its finalization and implementation within the real work environment in the company. The Education Centre founded in January 2014 has taken the full responsibility for the realization. Even though we speak about a long-term and strategic education and preparation of the graduates for their future profession, the Education Centre is roofed by Human Resources; and its four members make sure the company targets are met. In order to reach the targets we motivate our trainees to the best results and so far 19 students have received a contract about the future employment contract along with a scholarship. This is a huge driving force for the trainees to achieve excellent results. Exact measurable criteria have been specified based on which our trainees are evaluated by the learning advisors together with the internal lecturers. Results at school are considered in the evaluation too. These specific criteria present a very important quality measure of the education system as well as monitoring of each trainee's progress taking place twice a year.

It is also important to mention that 27 students have carried out 130 hours of in-company training where for the first time they had the chance to test the skills they acquired during the theoretical training at school but mostly the skills they have gained during the practical training in the company. More than a half of the trainees were so impressed after their first experience with the work environment that they decided to carry on working outside the academic year during the summer holidays in July and August and thus they had an extra chance to deepen their knowledge and improve their hard and soft skills onsite. One can say the first year was successful as all of the 27 trainees have passed and the interest in the dual education has doubled since. In September 2014 a new class was opened and to this date we have altogether 54 trainees in the area "computer systems". In trying to

achieve our target placing the trainees into the work environment as soon as possible, our second year trainees start their in-company training as early as September, every other week, twice a week.

Perhaps the most vital and the most important factor with a huge impact on the whole system and its use is the amendment to the act about vocational education. TSSK representatives from the project teams and operational teams took active part in discussions about the amendment and provided their valuable insight.

OUTLOOK 2015

The amendment to the act about vocational education should enter into force in April and will be effective for the academic year 2015/16. It will eliminate current obstacles and enable easier application of the system into practice. On the other hand, it will bring more administrative tasks towards state institutions and expected higher costs for the company.

To recognize the returns of the primary business plan it is necessary to have students in all three years of study. They will cover the costs of the education system in the company by students productive work during the in-company training carried out during the academic year. That is why we are planning to admit another 30 students next September.

FINANCIAL REPORT

Economic Information of the Company

	2013	2014
Operation and remote administration of operating systems and virtual ICT infrastructures	44 937 531	43 625 518
Operation and remote administration of SAP platform	13 016 166	19 279 168
Operations and remote administration of customer applications	16 741 735	15 778 545
Operation, administration and monitoring of remote	8 206 406	11 607 762
Sale of goods to the end customer		
ICT Service Management and support	6 137 454	7 180 558
Project Management	4 068 578	5 531 850
Others	1 166 125	2 866 550
	94 273 995	105 869 952

Current liquidity of 2.2 means that the company is able to pay its liabilities. Return on sales of 8.29 % means that there is 8.29 cents of profit per each Euro earned. Total debt of 36.30 % represents a share of foreign capital, i.e. the company covers 63.70 % of its assets by its own resources. The increase in revenues for services compared to 2013 is valued at 11 591 167 EUR.

After 31st December 2014 there have not occurred any events requiring publishing or disclosure in the financial statements and annual report for 2014. T-Systems Slovakia does not have any organizational unit abroad.



HUMAN RESOURCES

Women and men in T-Systems Slovakia are the most valuable asset of the company. Only through motivated and satisfied employees the company can successfully meet its goals. At 31.12.2014 T-Systems Slovakia employed 3279 employees which is 389 employees more than previous year. Last year T-Systems Slovakia employed 885 women and 2394 men. In terms of education level, more than 60% of employees have a second university degree. Average age of employees is 30.4 years.



EMPLOYEES DEVELOPMENT

Employees of T-Systems Slovakia are the most precious assets of the company. T-Systems Slovakia aims to become a mature and ever-learning organization by means of the continuous development of its employees, which is perceived as the core strength of the organization. The company supports the development of employees' skills and leads them to increase their maturity through a range of programs, training sessions and courses, which can be categorized into the following groups: hard skills (ICT) training, soft skills training, methodology training, and language training. Development trainings, courses and special programs of T-Systems Slovakia help employees to keep the pace with the trend. As many as 2,890 employees took part in at least one training last year. The development of employees is an inevitable part of the success of T-Systems Slovakia during the past years. The company belongs amongst the top investors into educational and development programs in the entire Slovak Republic.

EACH EMPLOYEE ATTENDED 6,5 TRAINING DAYS IN 2014 ON AVERAGE.

CREATING A BETTER BALANCE OF LIFE AND WORK

T-Systems Slovakia's mission to mobilize personal, social, and business networking demands increased flexibility from employees. The company balances this challenge by granting its workforce greater freedom to harmonize work, individual life styles and private life.

T-Systems Slovakia's employees are its key to organizational health, economic growth, and financial success. An attractive and wide-ranging work-life portfolio guarantees ongoing motivation with a better life quality, encourages physical and mental well-being, and contributes to a positive working environment.



HEALTHCARE

The physical and mental well-being of the workforce is an issue particularly close to our hearts. Throughout the year, several specialists are available to all employees such as general practitioners, dermatologists, orthopedic surgeons and psychologists.

Two times per year the company organizes so-called Health Days, where employees can test their health condition and take part in various exercises. At the same time, they have an opportunity to donate blood right in the premises of T-Systems Slovakia. After a busy day at work, employees can also enjoy body massages and a range of sport exercises.

FLEXIBLE WORK-TIME MODELS

Individual life planning depends on more than just a job. T-Systems Slovakia's accommodates employees with different options such as flexi-time and part-time work models, for example home office, educational leave, or sabbaticals.

In 2012 the company launched the Work Life Coaching Program, which offers all employees the opportunity to have their own personal consultant. With the help of consultants, our employees can easily overcome personal problems accompanying their lives.

BENEFITS

In addition to the basic principles of rewarding employees stipulated by the Labor Code, the company motivates its employees using a dedicated, so-called Benefit Cafeteria Program. The company is offering individual as well as generally-shared benefits. Generally-shared benefits are offered to all employees in the shape of discounts, benefits, weekend events, offers, awards and special reward programs such as Employee of the Year. Individual benefits are oriented towards four basic categories: Health, Leisure, Education, and Travel and commuting to work, which are offered in the shape of an annual financial allowance.

In addition T-Systems Slovakia is regularly organizing weekend events, sport competition in futsal, competitions for concert tickets, as well as large company-wide events including family members. Those events are highly popular among employees.

EMPLOYEE SATISFACTION

T-Systems Slovakia is a part of Deutsche Telekom Group, which every two years organizes an employee satisfaction survey, in which our company also takes part. The company is also measuring employee satisfaction using other tools, such as attrition ratio, and the new employee recommendation program (which is also a financial benefit for the recommender).



RESPONSIBILITY TOWARDS COMMUNITY

T-SYSTEMS SLOVAKIA DONATION FUND

In the year of 2013 T-Systems Slovakia Fund was created. The Fond is divided into three pillars:

First pillar is used in case of any natural disasters – to support individuals or organizations in time of crises or in time of emergency in Kosice and Presov region.

Second pillar supports small-scale self-help projects of NGOs that were initiated by T -Systems employees. The aim is to create opportunities for employees to implement their creative and innovative ideas while contributing to the development of communities in Eastern Slovakia through educational activities, environmental protection and the development of leisure activities. The company will support 8 projects by the financial support of 13047.18EUR during 2014/15.

Third pillar is so called T-Systems Slovakia Scholarship Programme. The scholarship programme is offered to the full-time university students who come from East Slovakia region and belong to a disadvantaged category (e.g., socially weak). In 2014/2015 an additional eight candidates were supported by total amount of 13,200EUR. Each student received 1,400EUR which should cover his daily expenses connected to his studies.

Main objectives of the programme include:

- establishing opportunities for educating young talented people from the East Slovakia region,
- preparing and educate young qualified professionals with an inherent interest in the development of East Slovakia region,
- increasing the awareness and patriotism to the region, especially among young people,
- increasing the awareness of volunteering amongst young people in eastern Slovakia.

EDUCATION SUPPORT

Since 2006, T-Systems implemented several educational activities to raise awareness of ICT, particularly in the eastern region. Cooperation T-Systems with educational institutions is covered by the training program „IT Academy“. The program supports working with high, middle and primary schools. Last year, T-Systems Slovakia organized a Summer Evening IT courses in basics of ABAP programming language called a Summer or Evening ABAP University and also a basic knowledge of networking (CCNA 1-4) under the name Network Summer University „-. This program is targeted at students and the general public, willing to learn ICT. This activity was founded in 2006 and is regularly repeated and is fully covered by T-Systems. The company also offers the possibility to perform a bachelor and master theses for students.

T-Systems Slovakia is also involved in the national project „Universities as Engines of a knowledge society“ is co-financed by EU funds. The project is designed for all types of university education - Bachelor, Master and PhD students. In the project were involved students in short excursions in the company and their practice in real working conditions. Students during this period processed concrete technical topics in IT. In 2014, T-Systems also collaborated with secondary vocational schools in the region, in order to increase the attractiveness of IT education and training in this area that organized open days provide work experience for students and organized summer camps IT and IT rings for pupils Elementary School.

VOLUNTEERING

Painting a school fence, organizing Kid's Day at Alejova Street in Kosice, helping in a dog shelter or continuation in teaching basic computer skills for seniors. These were just a few activities in 2014 by which T-Systems Slovakia employees supported the community in the eastern Slovakia as volunteers. The special project called AjTy Senior was launched in 2013 and its still more and more successful series are the evidence of the fact that there is no age limit in IT education. This project is aimed at the needs of seniors by for example calling their grandchildren or reading newspapers on the internet. 22 volunteers from T-Systems Slovakia were actively engaged in the project and led this course during the two terms with 40 students – seniors.

In 2014 volunteers focused not only on education or environment but on our foreign colleagues and their integration to the Slovak community too. There was formed a team of our colleagues from various world countries who took part at a guide tour through Kosice and organized International Day in TSSK. Thanks to the Slovak colleagues the foreign ones managed to get new information and knowledge about the city they are living in and vice versa, offered something from their world corner to us, the Slovaks. Besides that the company traditionally participated at the all-state event Our City where more than 31 employees took part, including the members of the Board of Directors. The aim was to physically support several activities, for example repair of old castles or reconstruction of fence.

KOSICE IT VALLEY

T-Systems Slovakia is an active member - and not to mention one of the founding members - of the association of legal entities operating under the title Kosice IT Valley. The aim of the association is to establish a center of excellence in information and communication technologies in the East Slovakia region with the purpose of making the regional socio-economic environment more attractive, especially for young people. The association aims to contribute to building an information and knowledge-focused society in the east of the country, building a communication platform between public authorities, local businesses and local educational institutions, which shall thus lead to an accelerated development of the ICT industry in the region. The association welcomes anyone who is willing to contribute to achieve these goals.

COALITION 2013+

T-Systems Slovakia was also a founding member of an association of legal entities operating under the title of Coalition 2013+, whose main goal is to support and successfully implement the project Kosice: European Capital of Culture 2013 (further EHMK) and to ensure sustainability of the project with a continuity guarantee for the future.

During the year the company has supported several cultural activities such as Imaginations, which is designed as a multi-genre, open-air, site-specific performance with the inclusion of unique atmosphere in nature or in night city scenery. It is a joint work by domestic and foreign European artists, independent theatres and organizations.

Since 2009 T-Systems Slovakia supports International Peace Marathon in Kosice, second oldest marathon worldwide. Tens of employees participate in different categories every year. Besides runners the company has its own category - Inline 20km which become very popular among youngsters. Last year the company together with Telekom Slovakia opens Magio

Beach. Beach welcomed visitors from 26 June till 8 September 2013. The area consisted of various playgrounds, children's sandpit, as well as a beach bar and offered cultural events, sports activities or the possibility to enjoy the beach

RESPONSIBILITY TOWARDS ENVIRONMENT

T-Systems Slovakia has continued with its implementation of an active environmental policy based on its corporate values. By regular checking of energy consumption and increase of fossil fuel and energy consumption efficiency, T-Systems Slovakia was able to mitigate its negative impact on environment.

In 2013, T-Systems Slovakia identified a disproportional increase of energy consumption to an increase of a number of employees. For that reason, during the year 2013 the company installed reactive power compensators to use electricity more efficiently and to diminish the negative trend in energy consumption. T-Systems Slovakia is now able to lower its yearly energy consumption by 15 %. Additionally, temperature in server storage rooms was set from 18°C to 21°C. The temperature increase of 3 degrees is expected to save 18% in energy consumed in server storage rooms without compromising their functionality.

During the year, T-Systems Slovakia organized internal communication campaigns for its employees to educate them how to use electricity more efficiently and to enhance their environmental concerns.

Thanks to these efficiency improvements, T-Systems Slovakia was able to lower its increase of energy consumption per head by almost 8% at the end of 2014, making the subsequently reduction of CO2 emissions from electricity consumption from 0.17 to 0.16tCO2/capita.

The company continuously achieved to keep its CO2 emissions in accordance to regulations and within the range set by Deutsche Telekom.





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