Deutsche Telekom & DigitalBridge / Brookfield

Partnering for Value and Growth
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In addition to figures prepared in accordance with IFRS, Deutsche Telekom also presents alternative performance measures, including, among others, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA after leases, adjusted EBITDA margin, Core EBITDA, adjusted EBIT, adjusted net income, free cash flow, free cash flow after leases, gross debt, net debt after leases and net debt. These alternative performance measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Alternative performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways.
## Highly attractive deal for premium-quality GD Towers portfolio

- Deal encompasses Deutsche Telekom’s pioneering and industry-leading TowerCo DFMG + MTI: ~40k sites<sup>1</sup>
- Deutsche Telekom sells a 51% stake to DigitalBridge and Brookfield, deconsolidating GD Towers while retaining 49% stake
- ~€17.5bn EV implies ~27x EV / PF adj. EBITDAaL 2021A multiple, reflecting asset quality and execution track record
- Re-consolidation call provides Deutsche Telekom with optionality in the mid-term

## Deutsche Telekom achieves all relevant deal criteria

- Premium valuation: Material premium to current public market valuations, Deutsche Telekom’s patience rewarded
- Deleveraging: ~€10.7bn in cash proceeds translates to ~€6.5bn deleveraging according to IFRS16
- Strategic protections: Long-term MLA<sup>2</sup> and governance setup in line with Deutsche Telekom’s interests
- Future value creation: Ideal partners to evolve GD Towers’ strategy, Deutsche Telekom to participate via 49% stake

## Transaction constitutes next successful step of Deutsche Telekom’s portfolio strategy

- Deutsche Telekom delivers on CMD 2021 commitment
- ~€17.5bn transaction EV further highlights SOTP valuation disconnect implicit in Deutsche Telekom share price

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Note: <sup>1</sup> DFMG is the German Towers business; MTI is the Austrian Towers business; sites as of 2021A. <sup>2</sup> For example, in Germany: 3x8yrs+6yrs, all-or-nothing renewal.
Transaction encompasses Deutsche Telekom’s pioneering and industry-leading towers portfolio in Germany and Austria

Deutsche Telekom moved early to create a tower leader

- GD Towers carved out already in 2002
- Arm’s length MLA with TDG put in place in 2016
- New organizational structure and management team
- Operational focus on BTS and 3rd party tenants growth

Industry leading track record of operational delivery

**BTS delivery**

<table>
<thead>
<tr>
<th></th>
<th>2017-21 organic sites added¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>GD Towers</td>
<td>~6,400</td>
</tr>
<tr>
<td>Cellnex</td>
<td>~5,100</td>
</tr>
<tr>
<td>INWIT</td>
<td>~870</td>
</tr>
<tr>
<td>Vantage</td>
<td>~780</td>
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**Market-leading 3rd party share of revenue²**

<table>
<thead>
<tr>
<th></th>
<th>~23%</th>
</tr>
</thead>
<tbody>
<tr>
<td>GD Towers</td>
<td>~13%</td>
</tr>
<tr>
<td>INWIT</td>
<td>~12%</td>
</tr>
</tbody>
</table>

**Strong margin profile³**

<table>
<thead>
<tr>
<th></th>
<th>~60%</th>
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<tbody>
<tr>
<td>GD Towers</td>
<td>~66%</td>
</tr>
<tr>
<td>Vantage</td>
<td>~57%⁶</td>
</tr>
<tr>
<td>Totem</td>
<td>~54%</td>
</tr>
<tr>
<td>Cellnex</td>
<td>~52%</td>
</tr>
</tbody>
</table>

Note: ¹ Excl. small cells; AMT Europe incl. distributed antenna systems. ² Third party revenue share in FY2021; only captive or part-captive TowerCos presented. For Vantage, Germany only shown. Vantage has FYE March, while GD Towers and Inwit have FYE-Dec. ³ EBITDAaL margins in FY2021. For Orange / Totem, 2021 not publicly available. Number shown is as of 2020. Dec-FYE, with Vantage Mar-FYE.
Deal outline: sale of 51% stake to DigitalBridge and Brookfield

**Transaction overview**

**Transaction highlights**
- Deutsche Telekom sells 51% in GD Towers to DigitalBridge and Brookfield
- Deutsche Telekom financially deconsolidates GD Towers to allow TowerCo to grow independently with backing of strong partners
- Material de-leveraging for Deutsche Telekom
- Deutsche Telekom retains exposure through 49% stake to attractive asset class
- Re-consolidation call provides Deutsche Telekom with optionality

**Valuation**
- Attractive valuation of ~€17.5bn EV
- Implies ~27x EV / PF adj. EBITDAaL 2021A multiple

**Governance and leadership**
- Strong minority protection rights for Deutsche Telekom with 2 / 5 board seats
- Deutsche Telekom to appoint initial Chairman
- Management agreed upfront for 3 years

**Revised MLA with DT**
- Long-term partnership
- Inflation protection for TDG (3% cap)
- Strategic protections: golden sites which make up ~10% of total sites\(^1\), ROFO on existing sites, event-driven buyback right

**Timetable**
- Expected closing towards end of 2022 subject to regulatory approval

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Note: \(^1\) Golden sites from DFMG and MTI.

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**New GD Towers ownership structure**

**DigitalBridge**

\(50\%\)

**Brookfield**

\(50\%\)

**Consortium**

\(49\%\)

**GD Towers**

\(51\%\)

\([\text{+ Ability to re-consolidate in mid-term}]

\(\text{P R U C H A S E P R I C E}\)
Premium valuation achieved, patience rewarded

- Valuation highlights quality of GD Towers’ assets and management team
- Material valuation premium to current trading of publicly listed EU TowerCos

Note: ¹ Multiple reflects PF adj. EBITDAaL 2021A. 2021A has been used as a proxy for LTM.
~€10.7bn expected cash proceeds for Deutsche Telekom

Transaction valuation (100% view) in €bn:

- Transaction EV: ~17.5
- New net debt: ~4.1
- Implied PF equity value: ~13.4

Total cash proceeds:

- Proceeds from sale of 51% stake: ~6.6
- Cash proceeds from debt: ~4.1
- Total cash proceeds to Deutsche Telekom: ~10.7

Note: ¹ EV / PF adj. EBITDAaL 2021A multiple; proceeds subject to closing adjustments.
Material deleveraging for Deutsche Telekom

Pro-forma deleveraging\(^1\)
- \(~0.2\times\) pre leases ("AL")
- \(~0.1\times\) after leases (IFRS 16)

Potential uses for proceeds
- Debt reduction
- Accelerated TMUS majority (e.g. via Softbank options)

Deleveraging impact

- Cash proceeds
- Net new leases\(^2\)
- IFRS 16 debt reduction

\(~€10.7\)bn
\(~€4-4.5\)bn
\(~€6.5\)bn

Note: \(^1\) Before reinvest. PF adj. EBITDA loss as result of deconsolidation is \(€0.8\)bn EBITDA\(\text{aL}\) and \(€0.2\)bn EBITDA post-IFRS 16. \(^2\) After deconsolidation of ground leases.
Transaction highlights value upside of Deutsche Telekom

Value of Deutsche Telekom portfolio

Market cap in €bn

- ~96
- ~81
- ~15
- ~17.5

Note: As of 12-Jul-2022. USD / EUR fx rate of 0.9951. ¹ As per Deutsche Telekom Q1 2022 results.

- Implied value ex US currently below realised tower value
- Demonstrates valuation upside for Deutsche Telekom as a whole
Beneficial new MLA protects Deutsche Telekom’s interests

**Visibility**

- Long-term partnership with balanced contract\(^1\)
- Inflation protection with 85% CPI indexation, capped at +/- 3%
- Commitment for 5.4k new sites and a comprehensive network modernization program
- Golden site protections for ~10% of total sites\(^2\), restricting colocation at prime locations
- Industry benchmarked service levels with most-favoured-nation status for Deutsche Telekom
- Revised pricing to the benefit of Deutsche Telekom

**Flexibility**

- Renewal rights solely at Deutsche Telekom discretion for entire site portfolio
- Reserved capacity for network modernization program and upgrades
- Single-site termination rights of 0.5% p.a. (capped at 2.5% per term\(^3\)) with MLA discount for non-utilization
- Buyback rights to Deutsche Telekom for both convenience and cause (event-driven)

Note: \(^1\) For example, in Germany: 3x8yrs+6yrs, all-or-nothing renewal. \(^2\) Golden sites of both DFMG and MTI. \(^3\) Lease term of 8 years.
Governance setup aligned with Deutsche Telekom’s interests

| Management team | • Current management team, Bruno Jacobfeuerborn (CEO) and Thomas Ried (CFO), to remain in charge of the TowerCo for at least three years post closing |
| Deutsch Telekom rights | • Deutsche Telekom to retain 49% stake and significant minority protection and veto rights  
| | • Re-consolidation call retained by Deutsche Telekom¹ |
| Board composition | • Right to appoint 2 out of 5 board seats  
| | • Deutsche Telekom to appoint initial Chairman |
| Joint governance | • Joint governance structure ensuring that DT is actively involved in material board decisions |
| Leverage and Dividends | • 6.0x opening leverage  
| | • Agreed dividend policy subject to leverage thresholds |

Note: ¹ Ability to acquire missing shares (max. 5%) to achieve >50.1% and obtain control governance.
## What DigitalBridge and Brookfield bring to the table

### DigitalBridge
- One of the leading global digital infrastructure investors with unrivaled TowerCo expertise
- Owns, operates, and invests across the full spectrum of digital infrastructure and real estate
- >350k tower sites managed globally across 10 platforms with proven track-record of delivering BTS, upgrade and small cell programs

<table>
<thead>
<tr>
<th>$47bn</th>
<th>25</th>
<th>25+</th>
</tr>
</thead>
<tbody>
<tr>
<td>AuM</td>
<td>Portfolio companies</td>
<td>Years of experience</td>
</tr>
</tbody>
</table>

- Relevant precedent investments:

### Brookfield
- Leading global alternative asset manager with focus on real estate, infrastructure, renewable power, private equity and credit
- Invests where it can bring its competitive advantages to bear, leveraging its global reach, access to large-scale, flexible capital and operational expertise
- >$150bn of infra assets and >$25bn of digital infra assets
- >190k towers part of the portfolio with track-record of rolling out BTS and attracting new customers in their tower platforms

<table>
<thead>
<tr>
<th>$140bn</th>
<th>2,000+</th>
<th>100+</th>
</tr>
</thead>
<tbody>
<tr>
<td>AuM</td>
<td>Investments globally</td>
<td>Years of experience</td>
</tr>
</tbody>
</table>

- Relevant precedent investments:

**Leading global infra investors with significant experience in the tower sector**
# Partnership to further evolve GD Towers’ strategy

## Growth with anchor tenant
- Support Deutsche Telekom’s network leadership position in Germany and Austria
- Continue to deliver on ambitious BTS rollout plan with ~5.4k sites committed (of which ~5.2k in Germany)
- Deliver network upgrade plan with ~57k modernizations (of which ~54k in Germany)

## Growth with third parties
- Increase colocation rate both with existing and new tenants
- Utilise balance sheet flexibility to address uncontracted BTS demand in Germany and Austria

## Growth from adjacencies
- Additional value creation from adjacencies, such as small cells, DAS and edge data centers

## Inorganic growth
- Leverage strong platform for inorganic growth enabled by ample headroom with 6.0x opening leverage
- Ambition to consolidate European tower landscape
**Attractive growth prospects – reflects new MLA**

### Key financials

<table>
<thead>
<tr>
<th></th>
<th>FY21</th>
<th>FY22 outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tenancy ratio</strong></td>
<td>~1.4x</td>
<td>Stable</td>
</tr>
<tr>
<td><strong>PF adj. Revenue</strong></td>
<td>~€1,070m</td>
<td>~€1,100m</td>
</tr>
<tr>
<td><strong>PF adj. EBITDAaL margin</strong></td>
<td>~€640m(^1) (&lt;60%)</td>
<td>~€650-670m(^1) (&lt;60%)</td>
</tr>
<tr>
<td><strong>Total capex</strong></td>
<td>~€290m</td>
<td>~€360-390m</td>
</tr>
</tbody>
</table>

**Cumulative growth capex 2022-2027 of >€2bn**

BTS programme with TDG for >6.5k **new macro sites until 2026**, with ~5.2k (~80%) committed in Germany as well as ~0.2k committed BTS sites in Austria

**Further modernization** of existing sites, with ~57k upgrades and extensions until 2029 in Germany and Austria

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Note: Financials as of FYE-Dec and reflect revised MLA. \(^1\) Pro-forma for revised MLA (~€40m p.a.) and separation recurring costs (~€10m p.a.); FY2021 adjusted for further items.
Transaction fulfills our stated objectives for a towers deal

**PREMIUM VALUATION**
- ~27x PF adj. EBITDAaL 2021A multiple
- Value revealed and patience rewarded
- Premium asset quality confirmed

**MATERIAL DELEVERAGING**
- ~€10.7bn cash proceeds
- Leverage reduced by ~0.2x pre leases (pro-forma ~0.1x after leases)

**STRATEGIC PROTECTION**
- Balanced MLA
- Strategic and financial protections
- Governance rights and re-consolidation call

**EXPOSURE TO TOWERS IMPROVED**
- Deutsche Telekom retains 49% exposure
- Strong partners with capital and expertise
- Deconsolidation improves set-up for growth
Rapidly delivering on our CMD agenda

**CMD May 2021**
- **Sept ‘21**: TMUS share swap with Softbank
- **Sept ‘21**: €4.5bn DT share issuance at premium
- **Nov ‘21**: Sale of TMNL
- **Nov ‘21**: €5.1bn valuation (8.7x EBITDA)
- **Apr ‘22**: Glasfaser Plus fiber JV
- **Apr ‘22**: 4m additional rural homes
- **Jul ‘22**: €2.2bn reinvest of TMNL proceeds
- **Jul ‘22**: TMUS stake up to 48.4%
- **Sep ‘22**: Tower partnership with DigitalBridge and Brookfield
- **Sep ‘22**: ~€17.5bn valuation (~27x adj. EBITDAaL)

**2024 Targets**
- Invest in leading fiber & 5G networks
- Secure TMUS majority
- Return in leverage comfort zone
Deutsche Telekom continues to execute on its strategic agenda

**ORGANIC GROWTH**
- Our flywheel works
- Proven execution

**Deutsche Telekom Group ambitions**

<table>
<thead>
<tr>
<th>Revenue CAGR</th>
<th>1-2%</th>
<th>3-5%</th>
<th>&gt;€18bn</th>
<th>&gt;6.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adj. EBITDAaL CAGR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FCFaL</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROCE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**CAPITAL ALLOCATION / PORTFOLIO**

- Strategic review of GD Towers – completed
- Invest in “leading” fiber & 5G networks...and monetize
- Secure US majority (>50%)
- Deleverage & return to corridor in 2024
- Completed sale of TMNL

**SHAREHOLDER VALUE**

<table>
<thead>
<tr>
<th>Adj. EPS</th>
<th>€/share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021A</td>
<td>1.22</td>
</tr>
<tr>
<td>2024E</td>
<td>&gt;1.75</td>
</tr>
</tbody>
</table>

**DIVIDENDS**

40-60% of adj. EPS, with minimum of €60 c
Further questions please contact the IR department

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IR Twitter Account www.twitter.com/DT_IR

IR YouTube Channel http://www.telekom.com/youtube_ir

www.telekom.com/ircontacts
### FY2021 to transaction PF adj. EBITDAaL bridge

<table>
<thead>
<tr>
<th>In €m</th>
<th>EBITDAaL reported</th>
<th>Change of transaction perimeter</th>
<th>Change of MLA and other items</th>
<th>Standalone costs</th>
<th>EBITDAaL PF transaction</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>669</td>
<td>~20</td>
<td>~0</td>
<td>~10</td>
<td>~640</td>
</tr>
</tbody>
</table>

MLA impact of ~€(40)m

**Used for calculation of transaction multiple**

### FY2022 to transaction PF adj. EBITDAaL bridge

<table>
<thead>
<tr>
<th>In €m</th>
<th>EBITDAaL as guided</th>
<th>Change of transaction perimeter</th>
<th>Change of MLA and other items</th>
<th>Standalone costs</th>
<th>EBITDAaL PF transaction</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>~700</td>
<td>~30</td>
<td>~0</td>
<td>~10</td>
<td>~660</td>
</tr>
</tbody>
</table>

Consensus: €695m

MLA impact of ~€(40)m

n/a

In €m