

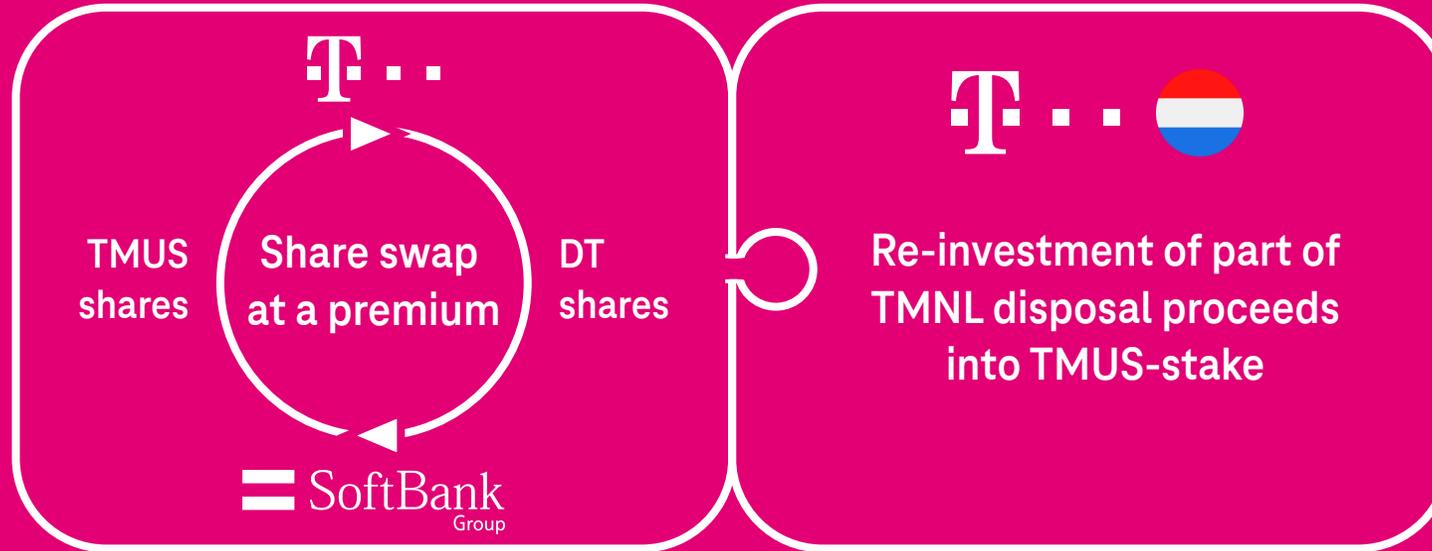
**GOOD TO HAVE YOU WITH US  
WE WILL START SOON**

# MEDIA AND INVESTORS CALL

Tim Höttges, Marcelo Claure, Thorsten Langheim



# DEUTSCHE TELEKOM TAKES DECISIVE STEPS TOWARDS TMUS MAJORITY STAKE...



## ...AND ENTERS INTO A STRATEGIC PARTNERSHIP WITH SOFTBANK

7 September, 2021



ERLEBEN, WAS VERBINDET.

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# Our strategic agenda



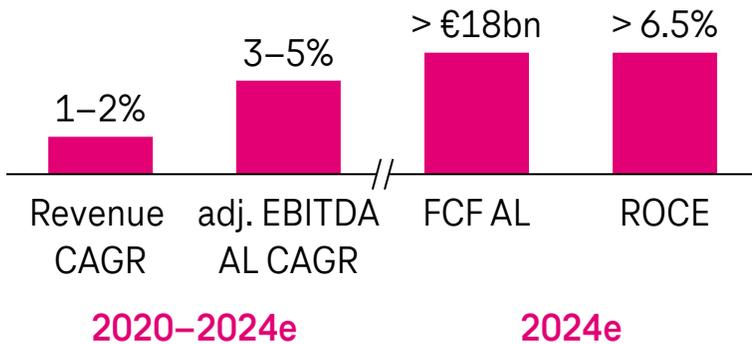
Today's Focus

## ORGANIC GROWTH

- Our **flywheel** works
- Proven **execution**



### DT group ambitions



## CAPITAL ALLOCATION/PORTFOLIO

Invest in “leading” Fiber & 5G networks... and **monetize**

Focus on structurally **healthy markets** only

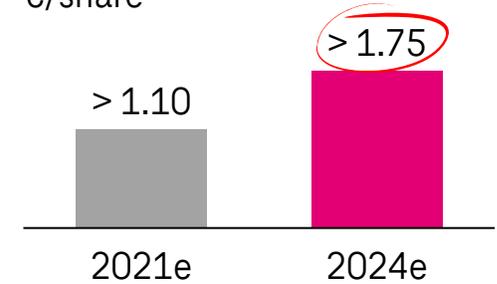
Secure **US majority** (> 50%)

**Deleverage & return to corridor** in 2024

**Strategic reviews** for TMNL & Towers

## SHAREHOLDER VALUE

**Adj. EPS**  
€/share



**Dividends**

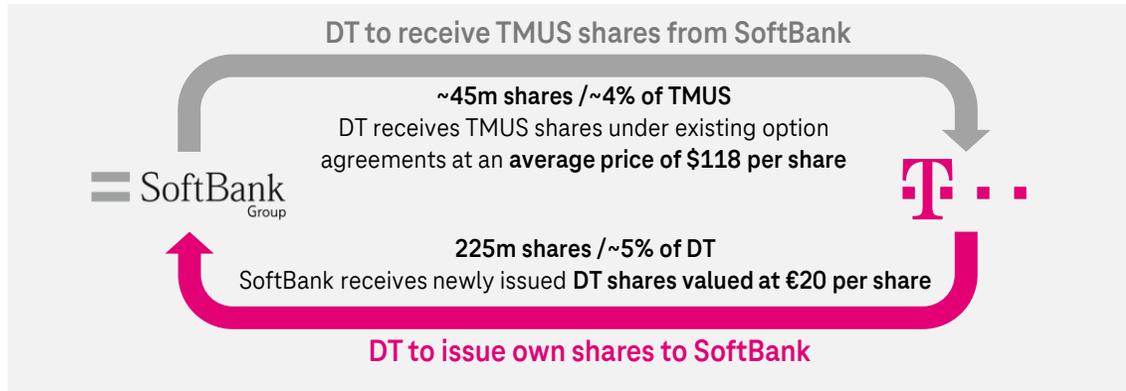
**40-60%**  
of adj. EPS, with **minimum of €60 c**



# Transaction Overview – DT takes decisive steps towards T-Mobile US majority stake

DT TMUS stake increases from 43% to 48% @ \$109 per TMUS share<sup>1</sup>

## \$5bn share swap at a premium



## €5bn disposal of TMNL and partial re-investment of proceeds into TMUS-stake



- DT will receive ~45m TMUS shares @ avg. price of \$118 per share → (13)% discount<sup>2</sup>
    - ~26m fixed price options + ~19m floating price options
  - In exchange, DT will issue 225m new DT shares to SoftBank valued @ €20 per share → 12% premium<sup>2</sup>
  - SoftBank to become a ~4.5% shareholder in DT
  - \$2.4bn of proceeds envisaged to be re-invested into exercising SoftBank options
    - 50% thereof fixed price options (@ \$101.5)
      - ~12m TMUS shares
    - 50% thereof floating price options (market price @ exercise)
      - ~8m TMUS shares<sup>3</sup>
- ~20m TMUS shares (~1.6% stake)

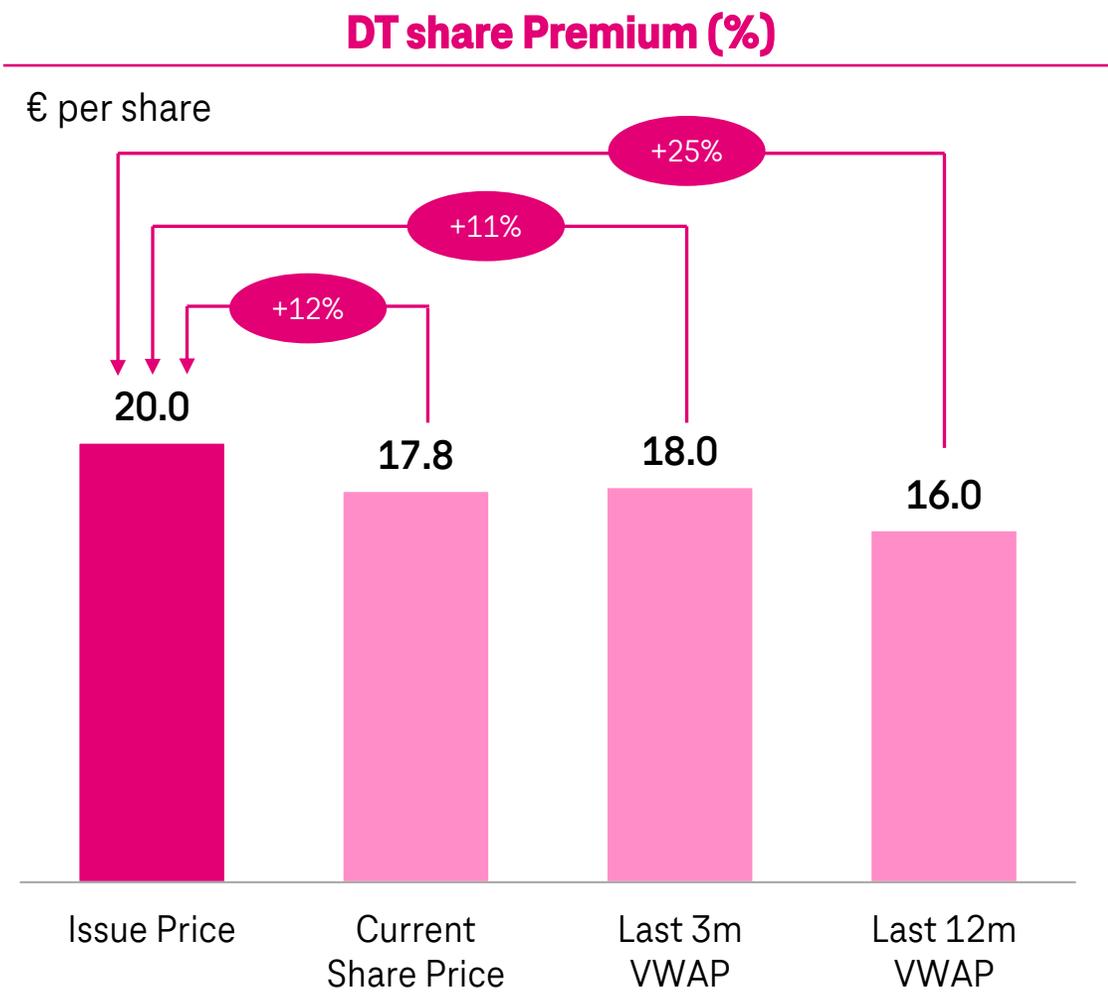


(1) Effective price based on €17.8 DT share price on 3-Sep-21 for issued DT shares; (2) To market price as of 3-Sep-21; (3) Illustrative based on current TMUS VWAP for floating options, actual number determined when exercised

# Transaction rationale

- 1 Strong endorsement for DT stock at a premium valuation of €20 / DT share from a leading global investor
- 2 Acquiring ~65m TMUS shares at an effective price per share of \$109. Decisive steps at attractive terms on the path to majority, while enhancing strategic flexibility
- 3 Significant increase in DT's participation in TMUS earnings and shareholder returns. 2024 EPS guidance of >€1.75 / DT share reiterated
- 4 Sale of TMNL @ premium value (EV: €5.1bn / 8.7x LTM EBITDA AL) – re-investing part of DT's proceeds in TMUS majority stake path
- 5 Enables strategic collaboration between the leading transatlantic telco, and the world's leading technology investor

# 1 Strong endorsement for DT stock at a premium valuation of €20 / DT share from a leading global investor



- **SoftBank acquires DT shares @12% premium to current share price**
- **Strong support for DT's investment case and value creation track record**
- **Newly issued DT shares subject to a lock-up period until 31-Dec 2024**
- **SoftBank with option to use its DT shares as collateral for financing and hedging purposes**
- **DT will use reasonable best efforts to offer seat on its Supervisory Board to SoftBank nominee Marcelo Claire**

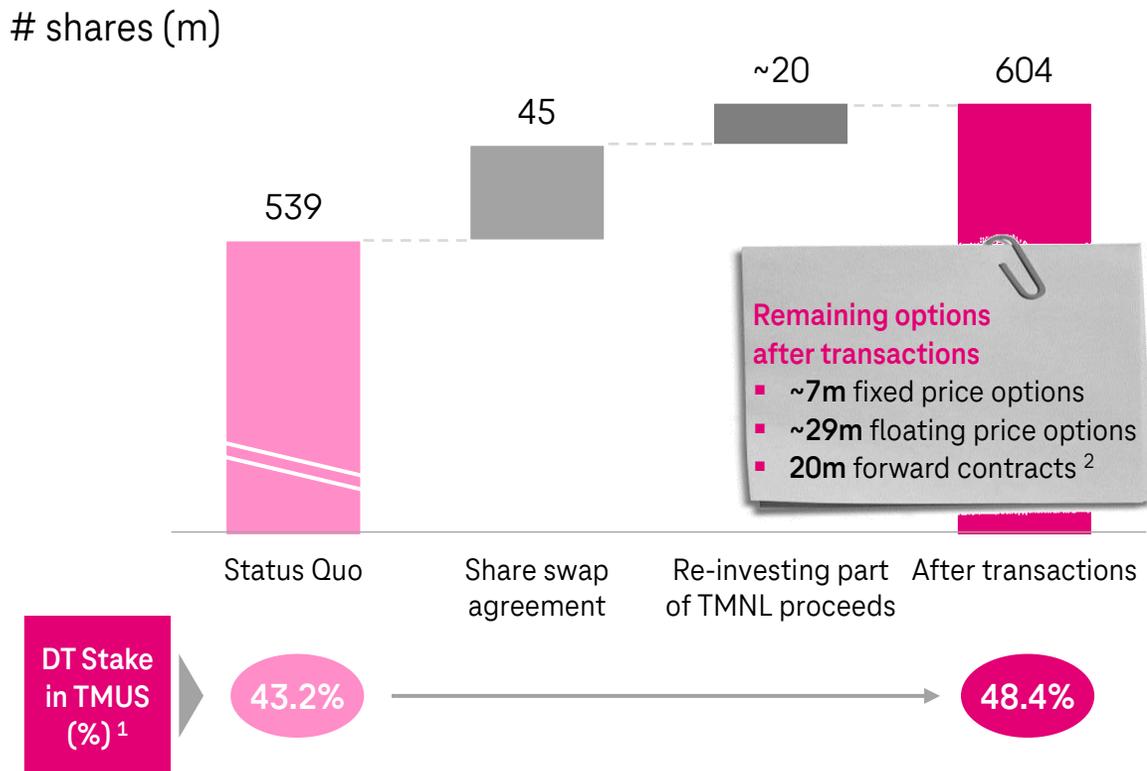


Market data as of 3-Sep-21  
Source: Bloomberg, Capital IQ

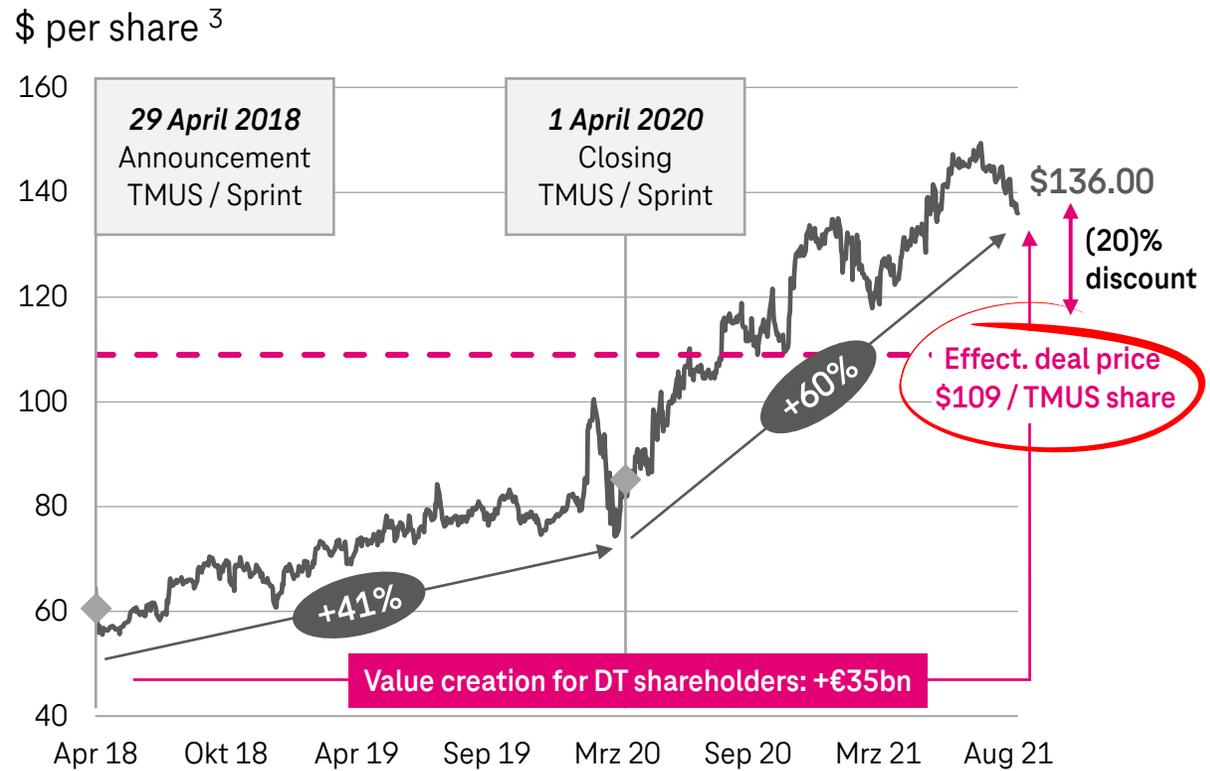
# 2 Decisive steps on path to TMUS majority stake @ attractive terms

## Path to TMUS majority stake... @ attractive terms

### TMUS shares held by DT



### TMUS share price since Sprint Merger



(1) Before "True-Up" (not affected by today's transactions); (2) Forward purchase contract with unaffiliated party over 20m shares expiring Jun-24 which can be cash- or physically-settled in whole or in part; (3) Market data as of 3-Sep-21  
 Source: Bloomberg, Capital IQ



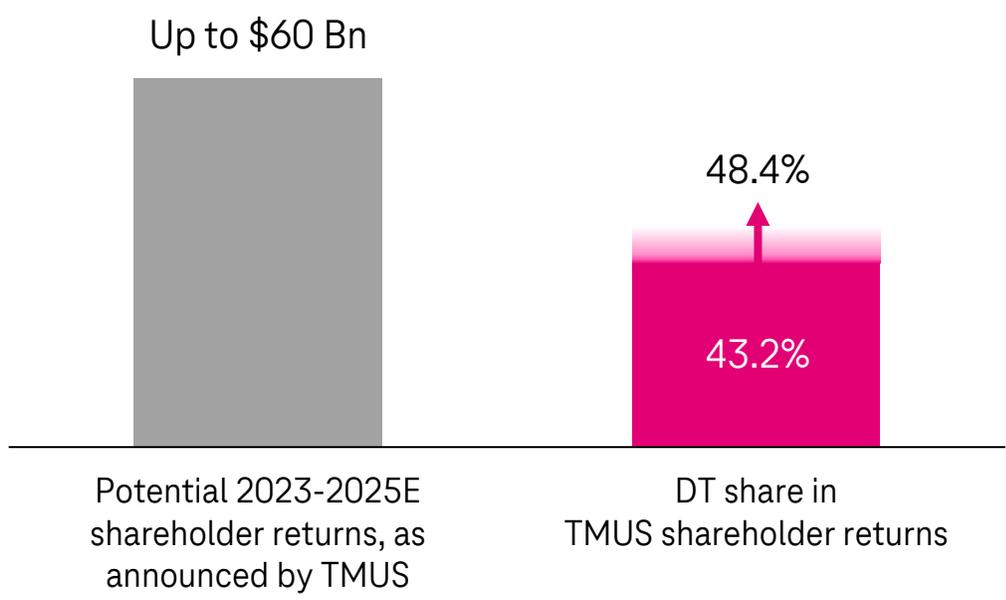
# 3 Significant increase in DT's participation in TMUS earnings and shareholder returns

Increased DT share in TMUS shareholder returns



Increased stake in TMUS earnings and Free Cash flow

\$bn



- Broadly neutral to DT adj. EPS and prop. FCF per share in the early years
- TMUS earnings & cash flow momentum

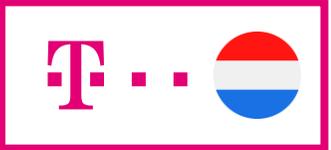
Broker consensus TMUS CAGR 21-24E	
EPS	+41.0% <sup>1</sup>
FCF	+45.1% <sup>2</sup>

- DT Adj. EPS guidance of >€1.75 by 2024 confirmed
- DT intends to offset potential mid-term EPS dilution through future DT share buybacks

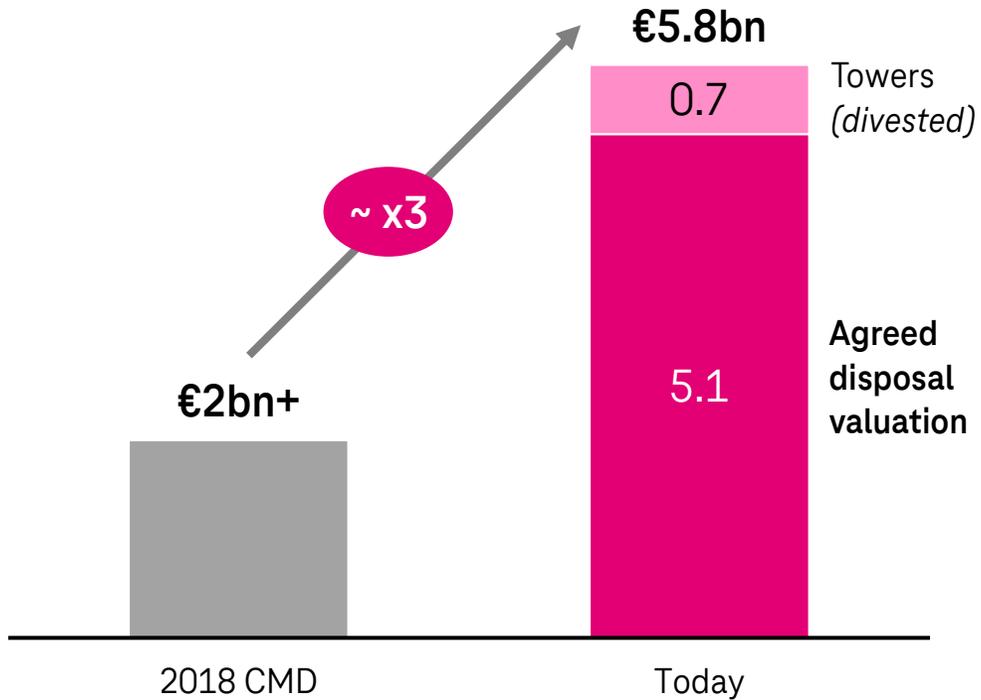


(1) Based on TMUS Capital IQ broker consensus (as of 03-Sep-2021) and TMUS buybacks as per DT broker consensus; (2) Based on DT published consensus

# 4 Sale of TMNL @ premium valuation & partial re-investment in TMUS stake



TMNL Enterprise Value almost tripled



- Strategic review announced at DT's May '21 CMD
- Sale to Apax & Warburg Pincus announced today following highly competitive bidding process
- TMNL Enterprise Value: €5.1bn
  - €3.8bn expected net proceeds to DT<sup>1</sup>
  - *Memo*: previously divested TMNL Towers in Jan-21 for ~€0.7bn
- TMNL transaction multiple of 8.7x EV / LTM<sup>2</sup> EBITDA aL – vs. European mobile-only trading multiples of ~6x
- Envisaged re-investment of \$2.4bn (=~50% of TMNL net proceeds) in purchase of ~20m<sup>3</sup> TMUS shares (=~2% of TMUS) @50/50 fixed-floating options by value

(1) EV less net debt and adjustments and equity value attributable to minority shareholder Tele2 (25%) plus repayment of shareholder loan to DT; (2) Last twelve months per June 30, 2021; (3) Illustrative based on current TMUS VWAP for floating options, actual number determined when exercised



# 5 Strategic collaboration creates upside for DT & SB

## Investment Collaboration

- **First example: SB will invest \$50m in the next DTCP Growth Equity fund**
- Focus on investments in European enterprise software and other growth-stage investment opportunities
- On top: Collaboration of two strong deal sourcing pipelines

## Global Connectivity Platforms

- **First example: SB to invest \$10m in 1nce**
- **1nce:** Cloud-native, global IoT proposition based on 1nce (DT anchor investor)
- Market access in US, Europe and Asia

## Ecosystem synergies leveraging the “Magenta Advantage”

- Leverage and scale relevant **SB portfolio companies** in DT footprint (EU/US) by using DT’s customer access, brand etc.
- DT participates via revenue share, ARPU increase, churn reduction, or equity participation via regional JVs
- **First cooperation talks kicked off**



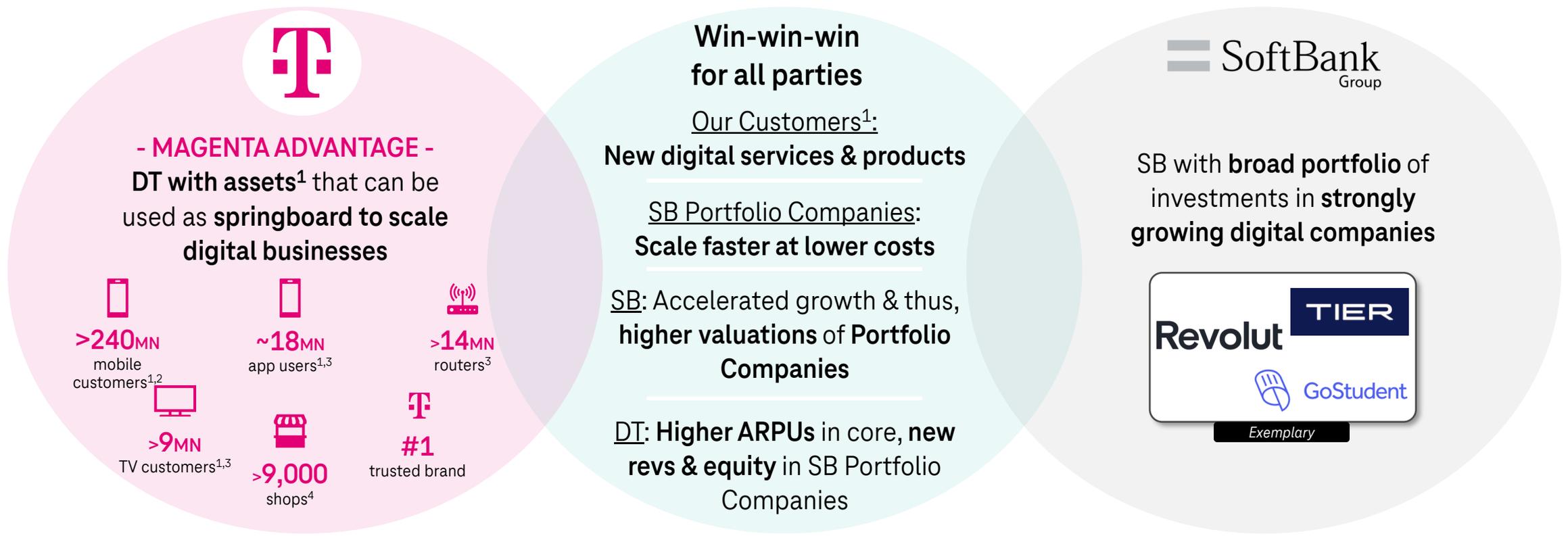
DTCP



*“Our new strategic partnership with Deutsche Telekom will create opportunities to turbocharge the growth of our portfolio companies in Europe and the United States”*  
Marcelo Claire, CEO SoftBank Group International



# 5 Magenta Advantage and SB portfolio companies create a win-win-win



**- MAGENTA ADVANTAGE -**  
**DT with assets<sup>1</sup>** that can be used as **springboard to scale digital businesses**

- >240MN** mobile customers<sup>1,2</sup>
- ~18MN** app users<sup>1,3</sup>
- >14MN** routers<sup>3</sup>
- >9MN** TV customers<sup>1,3</sup>
- >9,000** shops<sup>4</sup>
- #1** trusted brand

**Win-win-win for all parties**

Our Customers<sup>1</sup>:

**New digital services & products**

SB Portfolio Companies:  
**Scale faster at lower costs**

SB: Accelerated growth & thus, **higher valuations of Portfolio Companies**

DT: **Higher ARPUs** in core, **new revs & equity** in SB Portfolio Companies

**SoftBank Group**

SB with **broad portfolio** of investments in **strongly growing digital companies**

Exemplary

(1) Customer/User consent prerequisite; (2) GER, EU & US; (3) GER & EU; (4) t/o 7,500 in US





**SOFTBANK ENTERS INTO LONG-TERM STRATEGIC PARTNERSHIP AND  
EQUITY SHARE SWAP AGREEMENT WITH DEUTSCHE TELEKOM**

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# Transaction Rationale

1

Strategic partnership between Deutsche Telekom (DT) & SoftBank. SoftBank portfolio companies get access to ~240 million customers across Europe and the US. DT benefits from ARPU increase, churn reduction & JV participation

2

Diversifies SoftBank's telecoms exposure across Japan, Europe and the US, with 41% ownership in SoftBank Corp. (~55<sup>(1)</sup> million subs), 4.5% in DT (~95 million subs) and 3.3% in T-Mobile US (TMUS) (~140 million subs)

3

SoftBank exchanging TMUS shares underlying primarily fixed price options with no upside, into DT stock with material upside. Becomes second largest private shareholder<sup>(2)</sup> with 4.5% ownership and intended board representation

4

SoftBank retains meaningful upside exposure to TMUS, through shares underlying primarily floating options and True-Up Shares<sup>(3)</sup>. TMUS to continue creating significant equity value through 5G leadership and merger synergies

(1) Sum of "Cumulative subscribers of mobile communications services" and "Cumulative subscriber of Broadband Services"

(2) Private shareholder refers to non-government backed entities

(3) Available if TMUS stock price hits certain milestones

# 1 Strategic long-term partnership between DT & SoftBank

Win-win for both SoftBank portfolio companies and DT

- **>300 SoftBank portfolio companies** with access to **~240M customers** across Europe and the US



- SoftBank companies able to **scale quickly and at low cost**
- **DT benefits** from ARPU increase, churn reduction & JV participation

Potential to unlock value for new, digital businesses and market disruptors

**Revolut**

Europe's 2<sup>nd</sup> most valuable fintech specializing in **mobile banking**

**TIER**

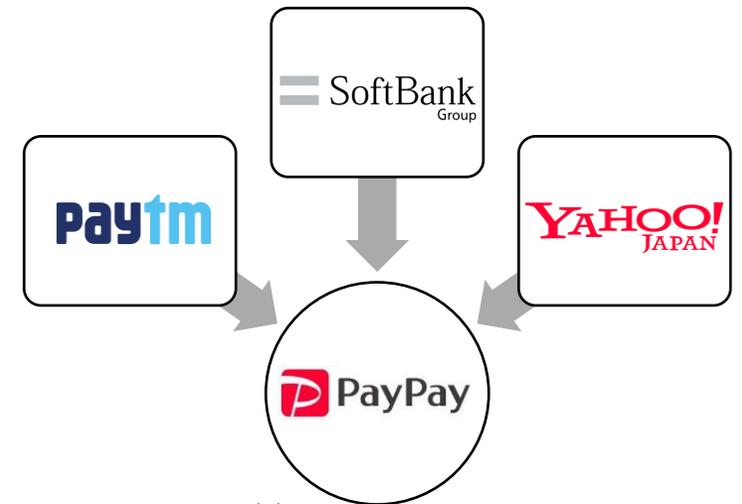
Europe's leading operator for shared, **sustainable micro-mobility**

**GoStudent**

Most valuable ed-tech platform in Europe offering **online tutoring**

SoftBank has proven history of successful win-win-win strategic partnerships: PayPay

- Launched in October 2018
- Already the **largest smartphone payment platform**



- **41M users**<sup>(1)</sup>
- **3.4M merchants**<sup>(1)</sup>

(1) As of August 2021

## 2 Diversifies SoftBank's telecoms portfolio exposure across Japan, US and Europe

 SoftBank





Region



Japan



US



Europe

SoftBank  
Ownership

41%

*Largest shareholder*

3.3%<sup>(1)</sup>

*(6.9% including True-up shares<sup>(2)</sup>)*

4.5%

*Second largest private shareholder*

Customers

~55M<sup>(3)</sup>

~140M

~95M

(1) Includes anticipated impact of intended exercise of ~20M TMUS options by DT using \$2.4 billion in proceeds from sale of T-Mobile Netherlands. Prior to the intended exercise of options, ownership is 4.9%

(2) Available if TMUS stock price hits certain milestones

(3) Sum of "Cumulative subscribers of mobile communications services" and "Cumulative subscriber of Broadband Services"

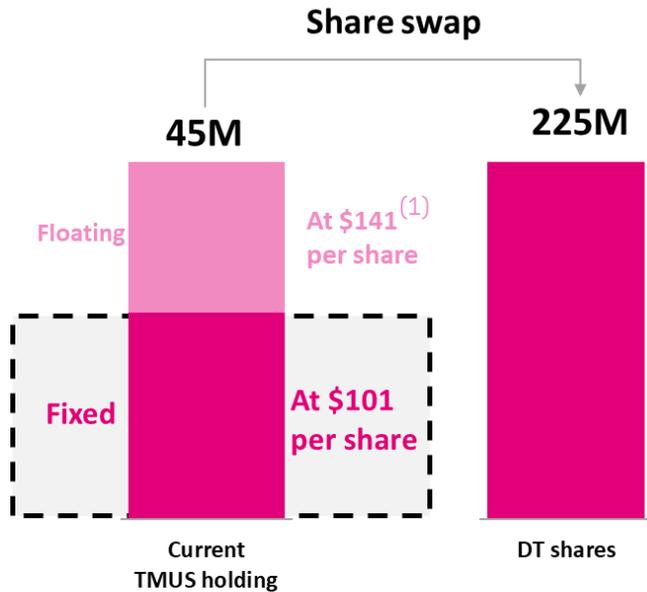
3

# Exchanging TMUS shares underlying primarily fixed price options with no upside, into DT stock with material upside

Majority of TMUS shares exchanged are underlying fixed price options with no upside

DT stock with material upside

Second largest private shareholder



- 26M of 45M TMUS shares being exchanged are underlying fixed price options
- Able to use DT shares as collateral for financing and hedging purposes

>€1.75  
2024 Adj. EPS guidance<sup>(2)</sup>

x

14.5x  
Current P/E Multiple<sup>(3)</sup>

=

>€25  
Implied 2024 share price  
12-month  
Analyst Price Target = €22<sup>(4)</sup>

4.5% Ownership

3+ year Lock-up  
(Until Dec 2024)

Intended 1 Supervisory Board Seat

(DT management to support SoftBank proposal to have Marcelo Claure elected at next general election)

(1) 20-day VWAP as of Sep 3, 2021; Bloomberg  
 (2) Based on DT reconfirmed guidance  
 (3) 2021E P / Diluted EPS Before Extra per CapitalIQ  
 (4) Average analyst price target per Bloomberg

4

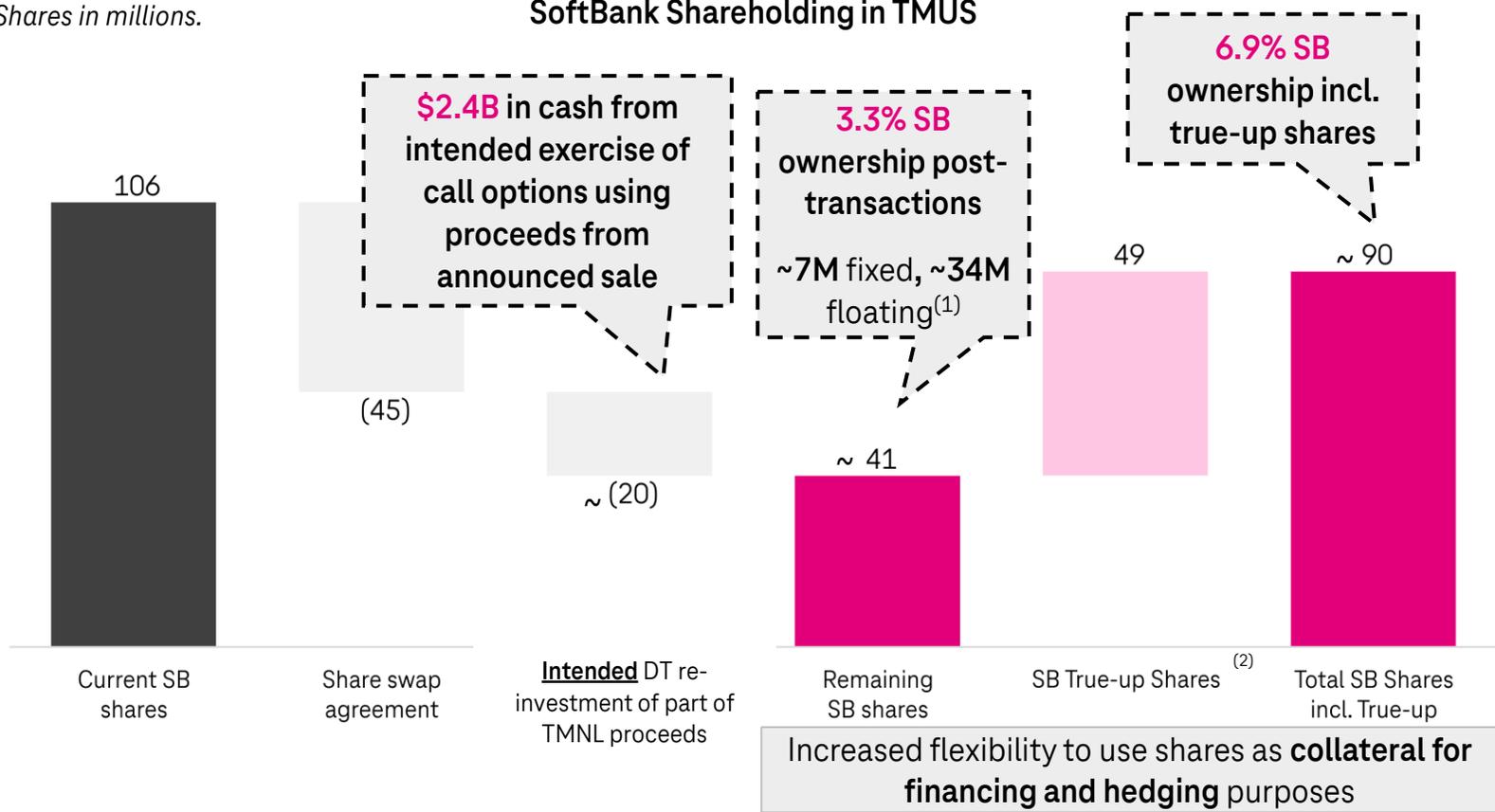
# Retains meaningful upside exposure to TMUS, as it creates equity value through 5G leadership and merger synergies

SoftBank retains meaningful upside exposure to T-Mobile US through shares underlying primarily floating options and, potentially, True-Up Shares

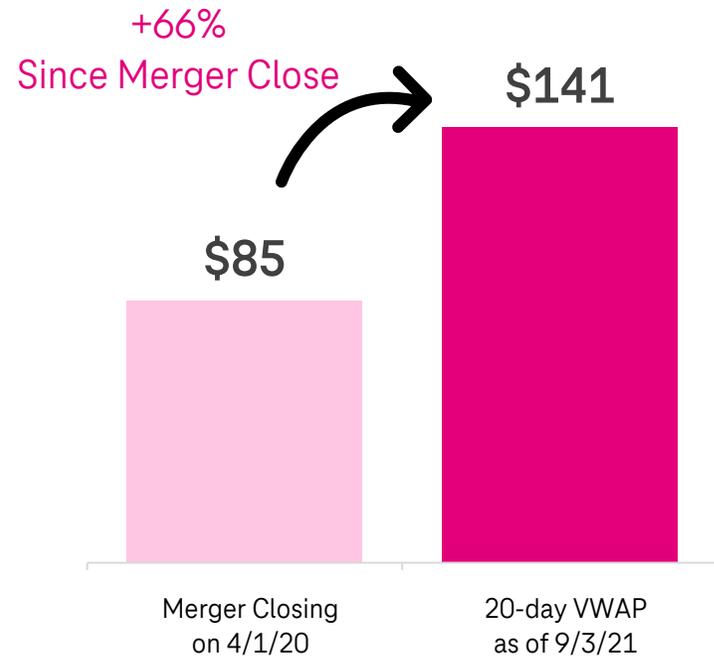
5G leadership and merger synergies to continue driving TMUS stock price performance

Shares in millions.

### SoftBank Shareholding in TMUS



### TMUS US Share Price



(1) Comprises of ~29m shares underlying floating options given to DT and 5m shares on which no options have been provided  
 (2) Become available if TMUS stock price hits certain milestones

# Win-win-win transaction



*Decisive step towards acquiring majority stake in T-Mobile US, while bringing on the world's largest tech investor as a shareholder*

**SoftBank Portfolio Companies**

*Access to ~240M Deutsche Telekom customers across Europe and the US for SoftBank's 300+ portfolio companies, providing the ability to scale quickly and at a low cost*

**SoftBank Group**

*Becoming long-term owner of DT stock with material upside, retaining meaningful exposure to TMUS value creation, while unlocking additional financing flexibility*

THANKS FOR LISTENING

Q&A

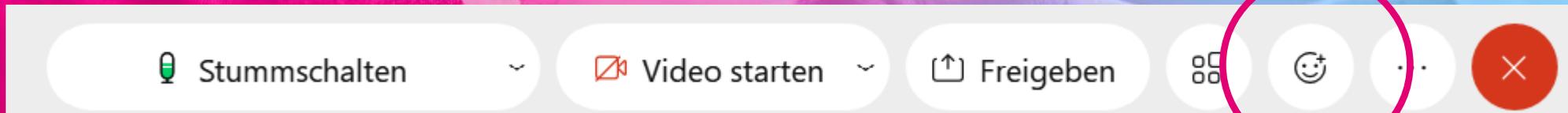


SoftBank  
Group

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## PLEASE RAISE YOUR HAND VIRTUALLY

1. Go to the emoji icon in the lower menu line



2. Please select „raise hand“



Alternative: Go with the cursor to the right side (under participants) over your name and activate the hand.