ACQUISITION OF UPC AUSTRIA: CREATING A FIXED-MOBILE CONVERGENCE CHALLENGER IN AUSTRIA

INVESTOR PRESENTATION

22 December 2017
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TRANSACTION OVERVIEW – KEY HIGHLIGHTS

Transaction Rationale

- Transaction establishes T-Mobile Austria as a strong FMC challenger to A1 Telekom Austria, benefiting households and business customers
- Significant potential to accelerate growth in Austria through convergence, providing simple solutions to customers
- Gaining access to dense and well invested cable network
- Meaningful value creation opportunity, with synergy NPV of c. €0.8 bn (after integration costs), thereof 80% Cost & Capex related
- Mobile-only to FMC transformation consistent with DT’s Leading European TelCo strategy

Key Terms

- Acquisition of Liberty Global’s Austrian assets (UPC Austria) for an Enterprise Value of €1.9bn
- Purchase Price reflects broadly equal sharing of synergies resulting in valuations of:
  - 10.0x EV / 2018E EBITDA\(^{(1)(2)}\)pre-synergies
  - 6.8x EV / 2018E EBITDA\(^{(1)(2)}\) adjusted for revenue and opex run-rate synergies
  - 9.7x EV / 2018E OpFCF\(^{(1)(2)}\) adjusted for revenue, opex and capex run-rate synergies
- Accretive to EPS and FCF from Year 1 onwards

Timetable

- Transaction is subject to satisfactory approvals from relevant anti-trust authorities and expected to close in H2 2018

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\( \text{(1)} \) Based on IFRS accounting and transaction structure impacts
\( \text{(2)} \) Based on 2018 Deutsche Telekom estimate
TRANSFORMS T-MOBILE AUSTRIA INTO AN INTEGRATED COMMUNICATIONS CHALLENGER

1. Highly attractive standalone business
   - UPC Austria is the #1 cable operator in Austria with 1.5m RGUs(1)
   - Strong cable footprint across urban Austria, with 1.4m homes passed (36% of Austrian households)
   - Comprehensive bundled internet/voice and TV services to Austrian households and businesses
   - Attractive UPC Austria standalone growth profile

2. Strong convergent player in Austria
   - Creates highly scaled integrated player in Austria (c. €1.2bn pro-forma LTM Sep’17 revenues)
   - T-Mobile Austria national 4G network + UPC Austria with fastest broadband proposition
   - Increase customer experience through market leading 4P product portfolio

3. Significant potential to accelerate growth in Austria
   - Ability to offer powerful products to each company’s customer base
   - Leverage T-Mobile Austria’s strong national brand, distribution network and mobile scale
   - Significant upside potential from revenue synergies (NPV of ~€0.2bn after integration costs)

4. Significant cost / capex synergies
   - Meaningful cost / capex synergies NPV of ~€0.6bn (after integration costs)
   - Manageable operational execution risk as ~80% of overall synergies from cost and capex efficiencies

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(1) RGU stands for Revenue Generating Unit. A unique subscriber may represent multiple RGUs.
Highly Attractive Standalone Business:
UPC is the Largest Cable Operator in Austria

Austria’s #1 Cable Operator

Video, Broadband and Fixed Line
RGUs in Thousands (excluding Mobile)

UPC is available in 523 municipalities, with 1.4m homes passed (Cable, DSL via A1)

Growing Customer Base
RGUs in Thousands

Growing Customer Base
RGUs in Thousands

Key Financials\(^{(1)(2)}\) – LTM 30 September 2017

- Revenues: ~€0.3bn
- EBITDA: ~€0.2bn
- EBITDA Margin: ~50\%\(^{(3)}\)

Broad Portfolio Offering
Examples

- UPC Broadband
  Up to 300 Mbit/s download speed

- UPC Horizon TV Box
  >150 digital channels

- UPC Fixed Line
  VoIP-ready

- UPC On Demand

- Horizon Go App

- Sky Packages

\(^{(1)}\) Estimated financials under IFRS.
\(^{(2)}\) Adjusted for standalone considerations.
\(^{(3)}\) Due to roundings to the nearest € bn figure, margin cannot be compared to displayed revenue and EBITDA figures.
# COMBINATION TO CREATE DIFFERENTIATED FMC PROPOSITION IN AUSTRIA

<table>
<thead>
<tr>
<th><strong>LTM Revenue</strong>&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>~€0.9bn</th>
<th>~€0.3bn&lt;sup&gt;(2)&lt;/sup&gt;</th>
<th>~€1.2bn</th>
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<tr>
<td><strong>LTM EBITDA</strong>&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>~€0.3bn</td>
<td>~€0.2bn&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>~€0.5bn</td>
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<table>
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<tr>
<th><strong>Customers</strong>&lt;sup&gt;(3)&lt;/sup&gt; (Market position)</th>
<th>Mobile</th>
<th>Broadband</th>
<th>Pay-TV</th>
<th>Basic TV</th>
<th>Telephony</th>
<th>Network leadership</th>
<th>Nationwide coverage</th>
<th>Attractive TV proposition</th>
<th>Quad-Play</th>
</tr>
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<tbody>
<tr>
<td>(Market position)</td>
<td>5.2m&lt;sup&gt;(4)&lt;/sup&gt;</td>
<td>0&lt;sup&gt;(5)&lt;/sup&gt;</td>
<td>373k</td>
<td>95k</td>
<td>450k</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Customers (Market position)</strong></td>
<td>56k</td>
<td>513k</td>
<td>373k</td>
<td>95k</td>
<td>450k</td>
<td>✓</td>
<td>✓</td>
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- **Integrated Communications Challenger**
  - Leverage network superiority (T-Mobile 4G, UPC DOCSIS 3.0/3.1)
  - Comprehensive nationwide marketing and coverage
  - Strong video brand now combined with nationwide reach
  - Full and superior Quad-Play offering (top speed, #1 in TV)

**Market leading complementary business**

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**Source:**
- Company information.
- LTM as at 30 September 2017.
- Figures adjusted for standalone considerations, IFRS, EBITDA adjusted for special factor.
- As at 30 September 2017. Customers exclude ~41k DSL subscribers.
- ARPU relevant subscriber
- Launch of hybrid broadband access product with A1 wholeby deal in Q1 2018.
OVERALL NPV OF SYNERGIES ~ €0.8BN (~80% FROM COST AND CAPEX SYNERGIES)

FULL RUN RATE SYNERGIES EXPECTED IN FOURTH FULL YEAR\(^{(1)}\)

<table>
<thead>
<tr>
<th></th>
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<th>Cost</th>
<th>Capex</th>
<th>Revenues</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>~€60m</td>
<td></td>
<td>~€10m</td>
<td>~€25m</td>
<td>~€95m</td>
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- Network and IT integration benefits
- Wholesale access cost savings: mobile for UPC Austria, Broadband for T-Mobile Austria
- Optimization of SG&A due to combined and complementing capabilities
- Mobile network capex savings (leveraging UPC Austria fiber rich network)
- Rationalisation of IT spend
- Using national brand, distribution network and mobile scale
- Offering superior products to combined customer base
- More competitive product offering with 4P bundling capability
- Enhanced B2B proposition by leveraging TMAT’s capabilities and by cross-selling to UPC’s B2B customer base

NPV OF SYNERGIES ~ €0.8BN AT CLOSING

(€bn)

- NPV of cost & capex synergies (post integration costs)
  - ~ 0.6
- Revenue synergies (post integration costs)
  - ~ 0.2
- NPV of revenue and cost & capex synergies (post integration costs)
  - ~ 0.8

Transaction valuation reflects broadly equal sharing of synergies between the two parties

(1) Post completion (revenue, cost and capex synergy run-rate) with a majority of run-rate synergies to be achieved by third full year.
THANK YOU!