GROUP DEVELOPMENT

THORSTEN LANGHEIM
Key Messages

01 Overview
GD actively manages the DT asset portfolio. This includes Group M&A, portfolio management, investment controlling BT/TMUS and active management of selected assets, as well as our successful venture & special situation capital arm.

02 Optimizing Portfolio and Capital Allocation
We have increased the value of the portfolio in recent years, realizing latent value from non-core activities, while systematically strengthening our in-footprint assets, on both sides of the Atlantic.

03 Huge Value Creation in the US
TMUS is a great example of active portfolio management through combining organic investments and M&A moves ...and we were right in waiting to agree the deal with Sprint.

04 Successful TMNL Turnaround
We have stabilized TMNL and established it as challenger in a highly converged market. Our proposed Tele2 transaction will supercharge our competitive challenge.

05 Creating Value from Towers
Across Europe DT owns > 53 thousand towers. We have begun to carve out, professionalize and improve our German tower operations. These will see substantial asset and EBITDA growth going forward, as we prepare for 5G.

06 Unique Approach to Innovation Investing
DT Capital Partners has > $1 bn under management and established a successful track record.

07 Financial Outlook
We expect our operating assets to deliver +3–4% annual growth in EBITDA and +3% in adjusted underlying1 Cash Contribution, from 2017–2021e. Above all, we strive to increase the value of our assets.

1 Excl. DFMG roll-out Cash Contribution impact (Capex and EBITDA)
REVIEW AND STRATEGY
OUR MISSION: PROTECT AND GROW DT SHAREHOLDER VALUE

Investment management

Investment controlling of our public investments...

...Active management of dedicated DT assets

M&A + Portfolio management

- Overarching capital allocation strategy
- Group-wide M&A strategy
- Portfolio reviews and optimization

DT Capital partners

- Venture Capital, Growth Equity and Special Situations investments
- Generate value and give DT access to innovation
- Unique governance & incentive schemes as a harbour for selected assets

GD KEY FINANCIALS¹, € BN

- Revenue: €2.3 bn
- EBITDA Adj.: €0.9 bn
- Adj. cash contribution³: €0.6 bn
- GD SOTP (excl. US)⁴: €11 bn

Note: all figures refer to 2017 Actual

¹ TMUS Financials not reported under Group Development
² Assets under Management incl. Advisory
³ EBITDA Adj. = SF cash – Capex
⁴ SOTP based on broker consensus (Q4/17); BT market cap as of May 15th

GROUP STRATEGY | GERMANY | SYSTEMS SOLUTIONS | TECHNOLOGY & INNOVATION | T-MOBILE US | EUROPE | GROUP DEVELOPMENT | FINANCE
STRONG TRACK RECORD IN PORTFOLIO MANAGEMENT

TMUS share price since Metro PCS merger

Value creation elsewhere

DONE

Scout 24

Scout 24

x2.2

€2.6 bn

DT value 2012

Proceeds

Strato

≈ €0.3 bn

x2.5

€0.7 bn

DT value 2014

Proceeds

DTCP (AuM)

2015

Today

WORK IN PROGRESS

DFMG

€6.0 bn

Part of TDG

Stand-alone

TMNL

€2 bn+

2016

Today

BT

£4.0 bn

x0.6

50% of EE

£2.5 bn

12% of BT

Notes:

1. DT share of 63%= $32 bn

$13 bn

+281%

+ $38 bn

$51 bn

0%

50%

100%

150%

200%

250%

300%

350%

400%

450%

May 2013

Apr. 2018

TMUS Market Cap

$13 bn

$51 bn

$13 bn

+$38 bn

$51 bn

May-2013

Feb-2014

Nov-2014

Aug-2015

May-2016

Feb-2017

Nov-2017

Scout 24

x2.2

€2.6 bn

DT value 2012

Proceeds

Strato

≈ €0.3 bn

x2.5

€0.7 bn

DT value 2014

Proceeds

DTCP (AuM)

2015

Today

DFMG

€6.0 bn

Part of TDG

Stand-alone

TMNL

€2 bn+

2016

Today

BT

£4.0 bn

x0.6

50% of EE

£2.5 bn

12% of BT

1. DT share of 63%= $32 bn

$13 bn

+281%

+ $38 bn

$51 bn

0%

50%

100%

150%

200%

250%

300%

350%

400%

450%

May-2013

Feb-2014

Nov-2014

Aug-2015

May-2016

Feb-2017

Nov-2017

Scout 24

x2.2

€2.6 bn

DT value 2012

Proceeds

Strato

≈ €0.3 bn

x2.5

€0.7 bn

DT value 2014

Proceeds

DTCP (AuM)

2015

Today

DFMG

€6.0 bn

Part of TDG

Stand-alone

TMNL

€2 bn+

2016

Today

BT

£4.0 bn

x0.6

50% of EE

£2.5 bn

12% of BT

1. DT share of 63%= $32 bn
TMUS: A STORY OF SIGNIFICANT VALUE CREATION

Sprint transaction meets our key objectives

- Supercharge the Uncarrier & transform TMUS to a 5G leader
- Retain significant exposure to attractive US market
- Create value via tremendous synergy potential
- Effective governance
- “No cash leaving the system”
- Compelling capital allocation policy in place as Plan B
- Improved strategic position for future M&A (buyer or seller)

2009–2010
- Shrinking business
  - Worst mobile network in US/loosing customers
  - TMUS as biggest overhang on DT stock

2011–2013
- Self-supported scale
  - Break Fee ($3 bn cash; Spectrum)
  - Tower Sale $2.5 bn
  - MetroPCS reverse merger

2013–2017
- Significant investment program
  - Uncarrier strategy
  - $15 bn Spectrum acquisitions
  - Network investments

Today
- Plan A: Sprint acquisition
  - Attractive capital allocation policy: $9 bn SBB approved

Plan B: Attractive capital allocation policy:
- $9 bn SBB approved
TMUS: SUPERCHARGING THE UNCARRIER

Improved relative position

Market Caps

<table>
<thead>
<tr>
<th>Year</th>
<th>TMUS</th>
<th>Sprint</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr. 2014</td>
<td>$24 bn</td>
<td>$34 bn</td>
</tr>
<tr>
<td>Apr. 2018</td>
<td>$51 bn</td>
<td>$21 bn</td>
</tr>
</tbody>
</table>

DT ownership NewCo

<table>
<thead>
<tr>
<th>Year</th>
<th>DT</th>
<th>Proxy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr. 2014</td>
<td>72%</td>
<td>28%</td>
</tr>
<tr>
<td>Apr. 2018</td>
<td>45%</td>
<td>55%</td>
</tr>
</tbody>
</table>

From sub-scale to long-term sustainable competitor

Spectrum position

<table>
<thead>
<tr>
<th>Mhz</th>
<th>DT + Proxy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1/18</td>
<td>101 mn</td>
</tr>
<tr>
<td></td>
<td>93 mn</td>
</tr>
<tr>
<td></td>
<td>116 mn</td>
</tr>
</tbody>
</table>

Branded subscribers

<table>
<thead>
<tr>
<th></th>
<th>DT + Proxy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-peak</td>
<td>101 mn</td>
</tr>
<tr>
<td></td>
<td>93 mn</td>
</tr>
<tr>
<td></td>
<td>116 mn</td>
</tr>
</tbody>
</table>

Market capitalization

<table>
<thead>
<tr>
<th></th>
<th>DT + Proxy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-peak</td>
<td>$72 bn</td>
</tr>
<tr>
<td></td>
<td>$194 bn</td>
</tr>
<tr>
<td></td>
<td>$216 bn</td>
</tr>
</tbody>
</table>

Source: Capital IQ, Company Information, Market data as of Apr 9th, 2018 (pre-leak)

1 Sprint Market Cap based on share price of $5.14 and basic shares outstanding (BSO) of 4,004 mn; TMUS Market Cap based on share price of $63.09 and basic shares outstanding (BSO) of 849 mn

2 Microwave spectrum not included
TMNL: TURNAROUND IN MOTION BUT STILL LONG WAY TO GO

Key measures and initial results

- New management team, steering model and unique incentive scheme
- New market approach/“Unlimited”
- Aggressive cost cutting: -30% overhead FTE¹
- De-risked “Unlimited” via network capacity expansion
- Acquired fixed capabilities and initiated Towers carve-out
- Won “Best Network” 2017 & 2018
- Net Adds/Revenue improving/won last 6 quarters
- Attacking the Duopoly with Unlimited/Family plan

Stabilization despite regulatory headwinds

- Quarterly Net Adds
- Service Revenue YoY Change (%)
- EBITDA adj.

<table>
<thead>
<tr>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>€630 mn</td>
<td>€500 mn</td>
<td>€358 mn</td>
<td>421</td>
</tr>
</tbody>
</table>

¹ Non-customer-facing staff ² Adjusted for MTR (Mobile Termination Rate) and roam-like-home impact
Unique characteristics of Dutch telco market

- Two players with >90% fixed BB coverage
- Low mobile-data consumption
- Toughest net neutrality rules in Europe
- High fixed wholesale-access pricing

Fixed + mobile EBITDA market shares¹

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>kpn</td>
<td>T-Mobile</td>
<td>TELE2</td>
<td></td>
</tr>
<tr>
<td>52%</td>
<td>9%</td>
<td>1%</td>
<td></td>
</tr>
</tbody>
</table>

¹ 2017 Actual

TMNL value creation plan

Continue turnaround execution
- “Unlimited” customer champion
- Mobile network leader
- Lowest structural cost in the market

Tele2 acquisition
- 2-to-3 FMC merger
- €1 bn synergies
- Cash “stays in the system”
- Towers stay with DT

Long-term sustainable “unlimited maverick”
DFMG: GREAT ASSET BASE TO START FROM

Key strengths of DMFG

1. #1 German tower operator
2. Structural growth opportunity in Germany
3. Best-in-class sites portfolio
4. Comprehensive & state-of-the-art IT
5. Significant optimization potential and growth upside

Key facts 2017A

- Revenues: €864 mn
- EBITDA adj.: €510 mn
- Margin: 59%
- No. of sites: 28,000
- Tenancy ratio: 1.5x
- FTEs: 670
- Masts & Towers: 28,000

1 Including c. 3k resell sites; partially (but not solely) rented by TDG
DFMG: OPERATES IN A VERY ATTRACTIVE MARKET

European TowerCo industry still fragmented

Number of sites

<table>
<thead>
<tr>
<th>Company</th>
<th>Sites</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deutsche Funkturm</td>
<td>28k¹</td>
</tr>
<tr>
<td>cellnex</td>
<td>27k</td>
</tr>
<tr>
<td>Telia</td>
<td>16k</td>
</tr>
<tr>
<td>INWIT</td>
<td>11k</td>
</tr>
<tr>
<td>Arqiva</td>
<td>11k</td>
</tr>
</tbody>
</table>

compared to US market leader

- 150 US market leader

Structural value drivers

Mobile Data traffic growth

- 11k
- 16k
- 28k

5G Small cells

- Growth drivers:
  - ✔ Small Cells
  - ✔ 5G/IoT
  - ✔ White spots
  - ✔ Tenancy ratio

No regulation

EV/EBITDA FY¹

- Today: 25k
- 2021e: 53k

DFMG SOTP today³

- ≈ €6 bn

@market multiple

- ≈ 12x
- 18x⁴

Source: Company reports, CapitalIQ; ¹ Including c. 3k resell sites; partially (but not solely) rented by TDG ² 2017 Actuals owned sites only ³ Implied based on broker SOTP average ⁴ Based on average Cellnex + INWIT multiples
DFMG: EVOLUTION TOWARDS FULL-SERVICE TOWER CO

DFMG 1.0
- Workbench for TDG
- Cost center governance and culture

Until 2016

DFMG 2.0
- New management and organizational structure
- Arm’s-length MLA with TDG – Capex becomes Opex
- Independent mandate and mindset
- Focus on asset utilization – new MLA with VOD, TEF under negotiation
- DTCP Sunrise tower co-invest with Cellnex

2017–2018e

FULL-SERVICE TOWERCO
- Expand product and service portfolio:
  - Macro cells (+9k)
  - Small cells
  - 5G/IoT
  - e-mobility infrastructure
  - Lean, highly digitized operating model
- Creating a European TowerCo by insourcing tower assets NL, AT, ...

2021e

1 Master Lease Agreement
DTCP: MORE THAN DT’S VENTURE CAPITAL ARM

**Established Successful Track Record to Attract External Capital**
- Set up of new fund platform open for external investors to build scale

**Strong Collaboration with DT to Combine Best of Both Worlds**
- Investment focus in areas that are or might become relevant for DTAG
- Investments can benefit from strong access to DTAG either as a customer or as a channel partner to generate synergy

**Autonomous Group with Market Standard VC/PE Incentive Scheme**
- “Share the gain/share the pain”

**Investment Management Group of Deutsche Telekom**
- €250 mn Venture Capital
- €200 mn Special Situations
- Active asset management & Advisory
- 35 Deals/5 exits @ 2.4 times money
- Cellnex co-invest into Sunrise towers
- Scout24, STRATO, Ströer, TIP

**Germany**

**Systems Solutions**

**Technology & Innovation**

**T-Mobile US**

**Europe**

**Group Development**

**Finance**

14
FINANCIAL OUTLOOK GROUP DEVELOPMENT

### Revenues

- **€ bn**
- **CAGR +3%**
  - 2017: 2.3
  - 2021e: 2.3

### Adj. EBITDA

- **€ bn**
- **CAGR +3.4%**
  - 2017: 0.9
  - 2021e: 0.9

### Cash Contribution¹

- **€ bn**
- **CAGR +3%**
  - 2017: 0.6
  - 2021 excl. DFMG site-roll-out²: 0.6
  - 2021e: 0.6

### Cash Capex

- **€ bn**
- **Flat**
  - 2017: 0.3
  - 2021e: 0.3

### Special factors (Cash)

- **€ bn**
- **2017: 0.1**
- **2021e: 0.1**

---

¹ Cash Contribution = Adj. EBITDA – Cash Capex – Special factors (Cash)
² Excl. Cash Contribution impact of DFMG roll-out plan
³ Excl. ≈ €0.5–0.6 bn cumulative roll-out Capex 2018-2021e

---

GROUP STRATEGY | GERMANY | SYSTEMS SOLUTIONS | TECHNOLOGY & INNOVATION | T-MOBILE US | EUROPE | GROUP DEVELOPMENT | FINANCE
---|---|---|---|---|---|---|---
MIDTERM AMBITION LEVEL
We drive asset values

- Secure deal approval to tap US$43+ bn synergy upside
- Attractive stand-alone prospects and capital allocation policy as plan B

- FMC market leader in second largest EU economy
- Trades at significant discount to market

- Continued turnaround & transformation to lowest structural costs
- Secure T2 deal approval to establish long term viable maverick

- Crystallize intrinsic value
- Capture secular growth opportunity
- Build leading EU TowerCo

- Grow assets under management
- Raise external capital to build scale

---

1 DT share in TMUS market cap (May, 15th)