

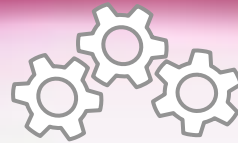
# DEUTSCHE TELEKOM

SUPERCHARGING U.S. GROWTH & VALUE CREATION

## LEADING EUROPEAN TELCO



**THE SUPERCHARGED  
UN-CARRIER**



**UNIQUE COMBINATION  
OF SCALE AND GROWTH**



**EUROPEAN  
CONVERGENCE LEADER**



**LIFE IS FOR SHARING.**

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This presentation contains forward-looking statements that reflect the current views of Deutsche Telekom management with respect to future events. These forward-looking statements include statements with regard to the expected development of revenue, earnings, profits from operations, depreciation and amortization, cash flows and personnel-related measures. You should consider them with caution. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond Deutsche Telekom's control. Among the factors that might influence our ability to achieve our objectives are the progress of our workforce reduction initiative and other cost-saving measures, and the impact of other significant strategic, labor or business initiatives, including acquisitions, dispositions and business combinations, and our network upgrade and expansion initiatives. In addition, stronger than expected competition, technological change, legal proceedings and regulatory developments, among other factors, may have a material adverse effect on our costs and revenue development. Further, the economic downturn in our markets, and changes in interest and currency exchange rates, may also have an impact on our business development and the availability of financing on favorable conditions. Changes to our expectations concerning future cash flows may lead to impairment write downs of assets carried at historical cost, which may materially affect our results at the group and operating segment levels. If these or other risks and uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, our actual performance may materially differ from the performance expressed or implied by forward-looking statements. We can offer no assurance that our estimates or expectations will be achieved. Without prejudice to existing obligations under capital market law, we do not assume any obligation to update forward-looking statements to take new information or future events into account or otherwise.

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 margin, adjusted EBIT, adjusted net income, free cash flow, gross debt 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 TRANSACTION...



## UNIQUE VALUE CREATION OPPORTUNITY FOR DEUTSCHE TELEKOM SHAREHOLDERS

- U.S. market highly attractive
- Supercharging the Un-Carrier @ ~\$43 bn cost synergy NPV
- EBITDA and FCF growth-enhancing for DT's shareholders; EPS accretive 3 years after closing
- Further strengthening our Transatlantic Platform
- Unique combination of scale & growth
- DT ex U.S. investment and growth profile unaffected

## ATTRACTIVE TRANSACTION TERMS

- Stock-for-stock transaction; no cash consideration
- Fixed exchange ratio of 0.10256x
- DT controls and consolidates New T-Mobile US through proxy over Softbank shares
- No break-up fees

## BENEFITTING U.S. CONSUMERS, INVESTMENTS AND JOB CREATION

- Supercharging the pro-consumer Un-Carrier strategy
- Unique spectrum position to accelerate 5G competition
- Unprecedented investments in nationwide 5G
- Creating jobs from day 1

## ROBUST CAPITAL STRUCTURE

- DT Group to rapidly de-lever post integration
- New T-Mobile US returns to strict standalone funding
- \$8 bn DT shareholder loans to be repaid at closing + cancellation of \$2.5 bn RCF
- Remaining \$6.6bn DT held debt will be redeemed over time
- DT remains committed to undisputed access to capital markets

## GOVERNANCE DESIGNED FOR EFFICIENT INTEGRATION

- The Un-Carrier team in charge
- Proven merger execution / value creation track record
- Clearly defined governance



# ...FURTHER STRENGTHENING DT'S LEADING TRANSATLANTIC PLATFORM

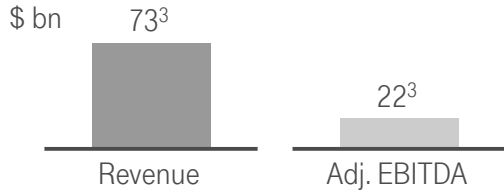
Strong presence in the U.S. and Europe...

Market Growth  
2017 vs 2016

+2.0%<sup>1</sup>



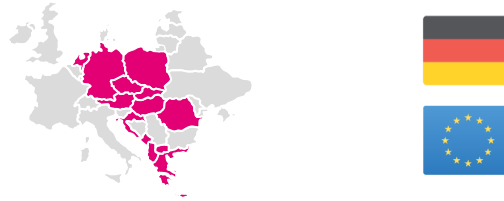
T-Mobile US + Sprint (PF)



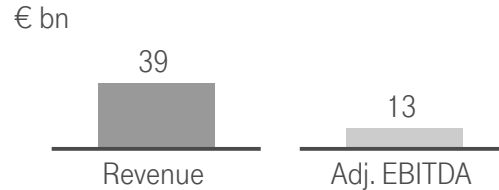
127 mn mobile customers

+6.9 mn<sup>4</sup>

+1.8%<sup>2</sup>



Deutsche Telekom ex U.S.



92 mn mobile customers

+2.2 mn<sup>4</sup>

19 mn broadband lines

+0.5 mn

7 mn TV customers

+0.5 mn

x 2017 vs 2016

...With Significant Value Creation

- ✓ Leading positions in the two strongest economies in Western Hemisphere
- ✓ ~90% of revenues in AAA economies
- ✓ Well-balanced growth & yield profile
- ✓ Local entrepreneurship & global scale
- ✓ High relevance for local economies

Note: KPIs are based on 2017YE

1) Total mobile revenue

2) Total integrated revenue

3) Pro forma revenue and adjusted EBITDA as of CY2017; Calculated as the sum of T-Mobile US and Sprint revenue/adjusted EBITDA (as per respective company reporting)

4) CY2017 total net adds (incl. wholesale); U.S. includes 5.7 mn and 1.2 mn net adds for T-Mobile US and Sprint, respectively; T-Mobile US net adds adjusted for wholesale customers restatement

# KEY TRANSACTION TERMS

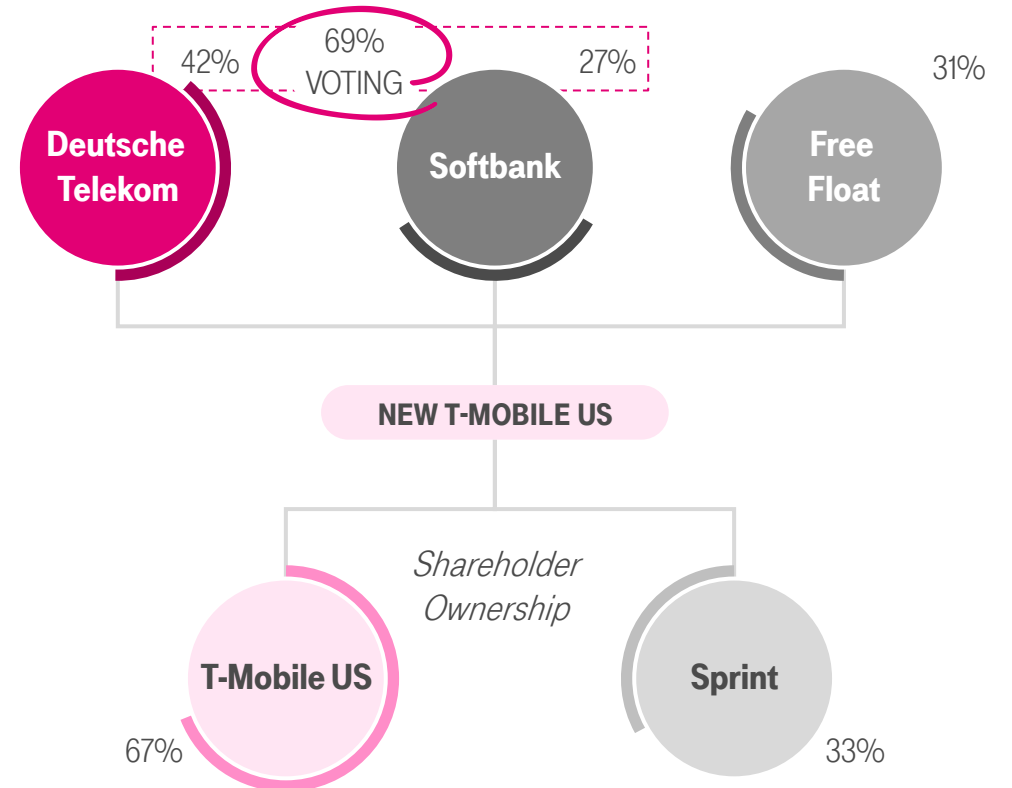
<b>TRANSACTION HIGHLIGHTS</b>	<ul style="list-style-type: none"> <li>▪ Stock-for-stock transaction at fixed exchange ratio 0.10256x<sup>1</sup>, no cash consideration</li> <li>▪ DT consolidation and control through Softbank proxy</li> <li>▪ No break-up fees</li> </ul>
<b>GOVERNANCE AND LEADERSHIP</b>	<ul style="list-style-type: none"> <li>▪ Chairman: Tim Hoettges</li> <li>▪ CEO: John Legere; President &amp; COO: Mike Sievert</li> <li>▪ 9 out of 14 Board members nominated by DT (incl. 2 Independents)</li> </ul>
<b>VOTING AGREEMENT</b>	<ul style="list-style-type: none"> <li>▪ DT to have perpetual voting proxy over Softbank's New T-Mobile US shares<sup>2</sup></li> <li>▪ Upon closing of the transaction DT to control ~69% of all voting rights</li> </ul>
<b>STOCKHOLDER'S AGREEMENT</b>	<ul style="list-style-type: none"> <li>▪ DT generally to keep rights under current T-Mobile US stockholder's agreement</li> <li>▪ Softbank with certain veto and information rights</li> <li>▪ DT's and Softbank's New T-Mobile US shares subject to 4-year lock-up, subject to certain exceptions</li> </ul>
<b>REGULATORY APPROVALS / TIMING</b>	<ul style="list-style-type: none"> <li>▪ Expected closing in the first half of 2019, subject to regulatory approvals and certain customary closing conditions</li> <li>▪ T-Mobile US to provide Sprint roaming agreement for 4 years; agreement will survive in event of termination of transaction</li> </ul>

1) Equivalent to 9.75 Sprint shares for each T-Mobile US share

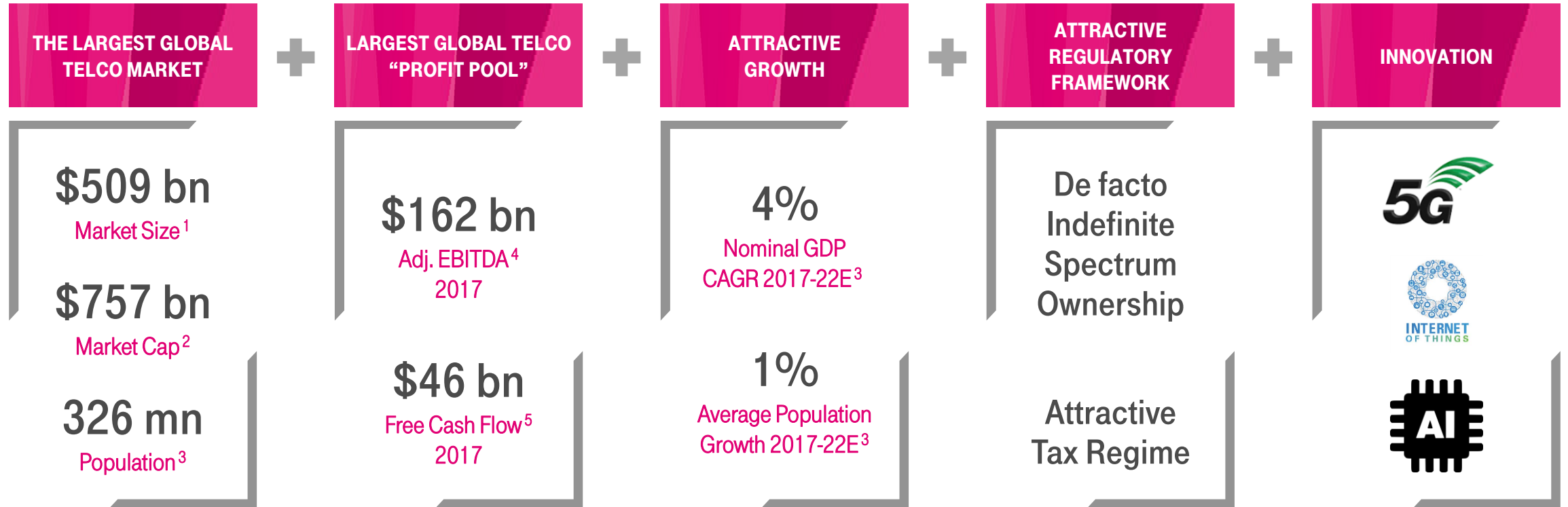
2) Proxy will be subject to certain termination events based upon transfers of shares by DT or DT's ownership; DT's and Softbank's New T-Mobile US shares subject to 4-year lock-up, subject to certain exceptions

## New T-Mobile US Ownership Structure

% Equity Stake



# U.S. TELCO MARKET: GROWTH & VALUE CREATION POTENTIAL



1) Combined revenue CY2017 for T-Mobile US, Sprint, AT&T, Verizon, Charter, Comcast, Dish and Altice USA

2) Combined market capitalisation of T-Mobile US, Sprint, AT&T, Verizon, Charter, Comcast, Dish and Altice USA; Market capitalisation as of 20-Apr-2018

3) Source: IMF World Economic Outlook (Apr-2018)

4) Combined adjusted EBITDA CY2017 for T-Mobile US, Sprint, AT&T, Verizon, Charter, Comcast, Dish and Altice USA

5) Combined free cash flow CY2017 for T-Mobile US, Sprint, AT&T, Verizon, Charter, Comcast, Dish and Altice USA; Free cash flow defined as cash flow from operations less capital expenditures

# CREATING ROBUST COMPETITION IN THE 5G ERA

## 1 UNPRECEDENTED NATIONWIDE 5G NETWORK

- Unprecedented **capacity, speed and latency** to drive revolutionary consumer experience unlocking significant economic value
- Accelerate **U.S. position in 5G** as the only company able to quickly deploy a **broad and deep nationwide 5G network**
- Use early leadership in 5G to capture wave of **innovation and disruption**, benefiting customers and the U.S. economy

## 2 SUPERCHARGE UN-CARRIER STRATEGY AT PIVOTAL TIME

- **Network capabilities and capacity** will lead to **better service** and **lower prices**
- Continuation of proven **pro-consumer strategy** that is fundamentally built around **more value** and **higher consumer satisfaction**
- Proactively create **new competition** and **disruption** in **adjacent markets**
- Bring real **mobile broadband competition to rural Americans** for the first time and new competition for businesses of all sizes

## 3 JOB CREATOR FROM DAY ONE UNLOCKING ECONOMIC VALUE

- Creating **new jobs day one** with investment to expand customer service, retail footprint and 5G build-out
- Driving **rapid investment** nationwide in 5G, ensuring **American leadership in 5G** eco-system
- Forcing converged industry leaders **to invest more** and **faster**
- Accelerating the growth of **millions<sup>1</sup> of U.S. jobs and substantial economic value**

1) Based on CTIA estimates from "The Global Race to 5G" April 2018

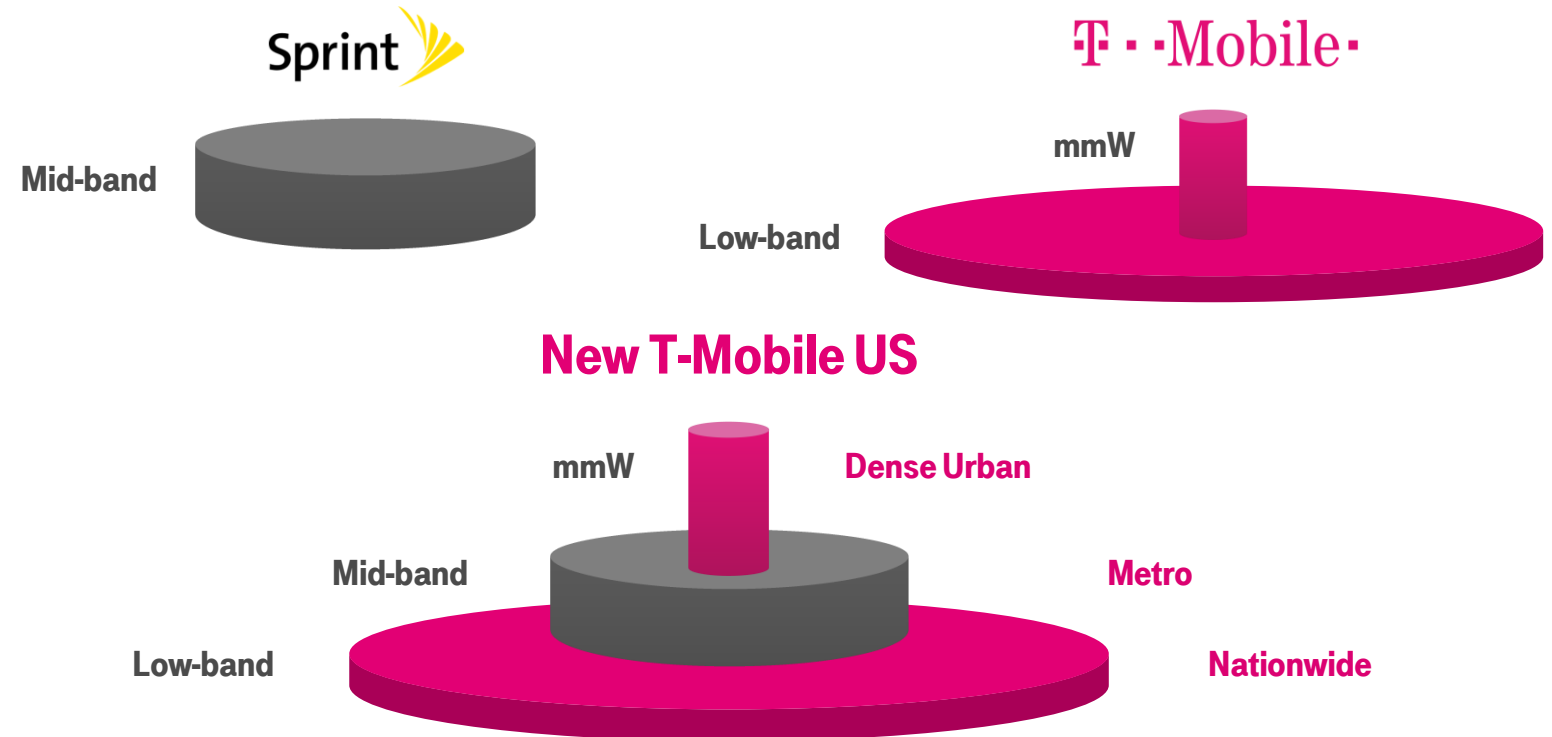


# NEW T-MOBILE US HAS THE BREADTH & DEPTH TO CREATE THE FIRST NATIONWIDE 5G NETWORK

NEW T-MOBILE US IS THE ONLY COMPANY CAPABLE OF DELIVERING NATIONWIDE 5G IN CRITICAL EARLY STAGE OF INNOVATION

- ✓ Unmatched combination of spectrum assets to create a broad AND deep network
- ✓ Enhanced financial position above what either company could do alone to invest in the rollout of 5G
- ✓ Proven leadership and plan to rapidly rollout advancements – T-Mobile US deployed nationwide LTE twice as fast as Verizon and three times as fast as AT&T

## AVAILABLE SPECTRUM FOR 5G





# SUPERIOR VALUE CREATION THROUGH COST SYNERGIES

	Run-Rate Synergies (\$ bn, pre-tax)	Cost to Achieve (\$ bn)	NPV of Synergies (\$ bn) <sup>1</sup> <i>(Net of Costs to Achieve)</i>	Integration Years
<b>NETWORK</b> Site Decommissioning, Cost to Decommission, Network Integration Costs & Capex Savings	~4+	~10 <sup>2</sup>	~26	3
<b>SALES, SERVICE &amp; MARKETING</b> Store Consolidation, Increased Lease & Labor Expense, Store Refresh Cost, Advertising, Customer Care, Equipment Revenue & Logistics	~1+	~1	~11	3 - 4
<b>BACK OFFICE</b> IT & Billing & Fixed G&A	~1+	~4	~6	3 - 4
<b>Total</b> <sup>3</sup>	~6+	~15	~43+	

1) NPV of synergies net of costs to achieve, calculated assuming a discount rate of 8.0% on unlevered free cash flow

2) Net of avoided capital expenditures

3) Includes synergies of NPV \$0.1 bn and cost to achieve of \$0.6 bn in 2018E, assuming 01-Jan-2019 close



# PROVEN TRACK RECORD: SYNERGY REALIZATION AT METROPCS

## KEY HIGHLIGHTS AND PROOF POINTS

- ✓ **More:** delivered \$3 bn more (+40%) synergies than originally announced
- ✓ **Faster:** run-rate synergies 1 year earlier than plan
- ✓ **Efficient:** integration costs \$1 bn lower than plan
- ✓ **Consistent:** T-Mobile US met or exceeded annual guidance for 5 straight years
- ✓ **Dynamic:** outpaced industry growth by >3x in 2012-2017

## RUN-RATE SAVINGS

**\$1.2-1.5 bn**

At announcement



**\$1.5 bn+**

18 months  
after closing

## NPV OF SYNERGIES

**\$6-7 bn**

At announcement



**\$9-10 bn**

18 months  
after closing

## VALUE CREATION

**+67%**

S&P 500<sup>1</sup>

VS.

**+282%**

TMUS share price  
incr. since MetroPCS  
announcement<sup>1</sup>

## PROVEN SUCCESSFUL BLUEPRINT FOR CONSOLIDATING NETWORKS AND MIGRATING CUSTOMERS

1) T-Mobile US share price and S&P 500 performance between 01-May-2013 and 20-Apr-2018



# THE UN-CARRIER TEAM IN CHARGE

## NEW T-MOBILE US BOARD



Chairman  
**Tim Hoettges**



9 members nominated by DT  
(2 Independents)



4 members nominated  
by Softbank (2 Independents)

## NEW T-MOBILE US MANAGEMENT



CEO  
**John Legere**



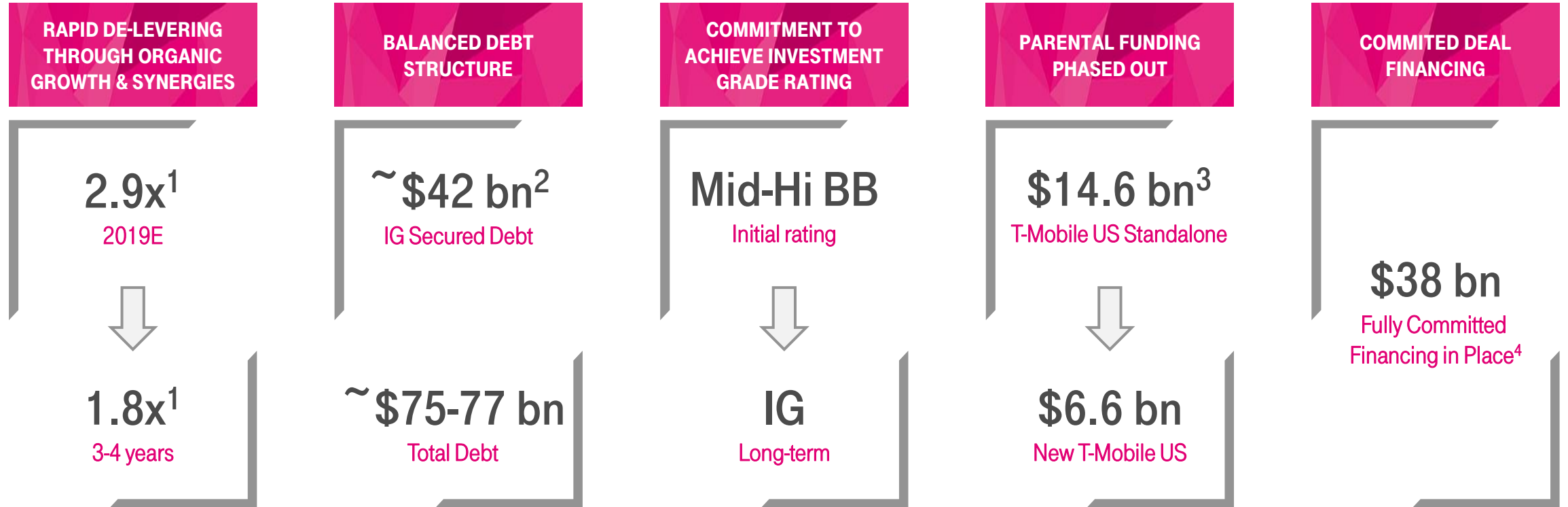
President & COO  
**Mike Sievert**



Management positions  
sourced between T-Mobile US  
and Sprint talent pools



# ROBUST NEW T-MOBILE US CAPITAL STRUCTURE



1) Leverage at New T-Mobile US defined as net debt (excl. tower obligations) divided by adjusted EBITDA before stock-based compensation

2) Excluding tower obligations, secured debt at close of ~\$36 bn; could grow to up \$42 bn post close by refinancing callable/ due unsecured debt before tower obligations

3) Excluding a \$2.5 bn RCF which will be canceled at closing

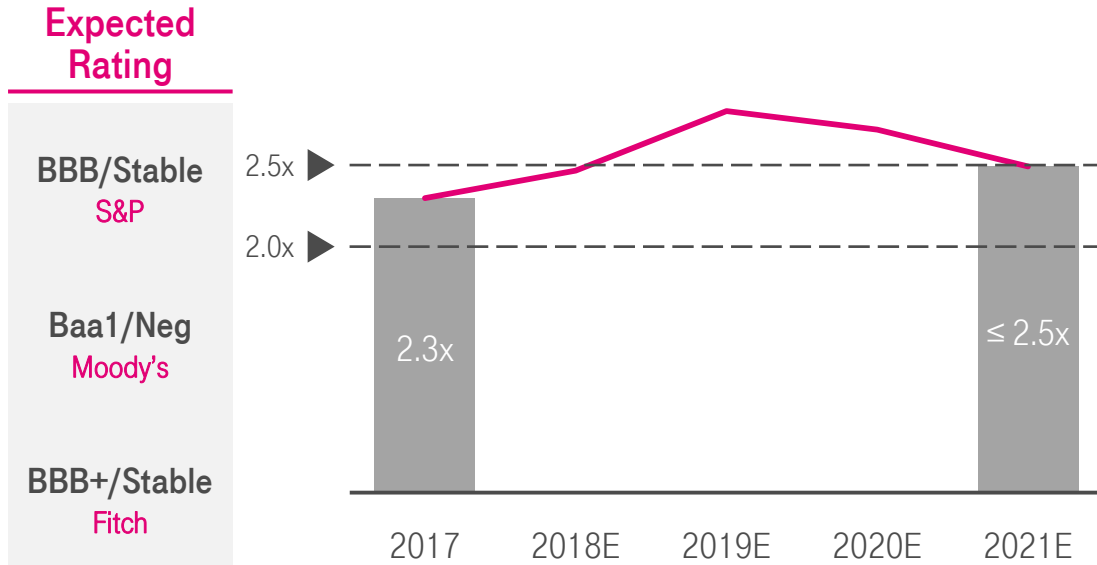
4) \$4 bn Secured Revolver, \$7 bn Secured Term Loan B, \$19 bn 2-year Secured Bridge, \$8 bn Unsecured High Yield Bridge



# IMPACT ON DEUTSCHE TELEKOM LEVERAGE

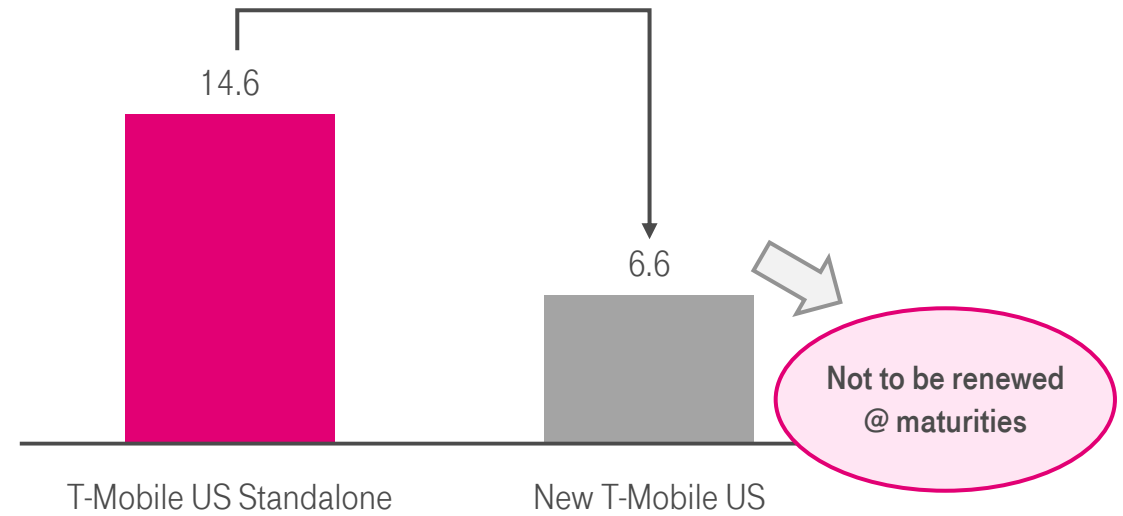
## ONLY A SHORT DEPARTURE FROM OUR "COMFORT ZONE"

Deutsche Telekom Group Net Debt/Adj. EBITDA (x)



## PHASING OUT PARENTAL FUNDING

Deutsche Telekom Parental Funding to T-Mobile US (\$ bn)



## T-MOBILE US STRICTLY STANDALONE FUNDING GOING FORWARD



# WE LEAD ON BOTH SIDES OF THE ATLANTIC

## LEADING EUROPEAN TELCO

### THE SUPERCHARGED UN-CARRIER

- Superior value creation
- Unique spectrum position
- First broad and deep 5G network
- Challenge market leaders
- Un-Carrier team with proven track record



### UNIQUE TRANSATLANTIC PLATFORM FOR GROWTH & VALUE CREATION

- Global B2B & IoT
- Innovation & 5G leadership
- Portfolio diversification
- Global connectivity

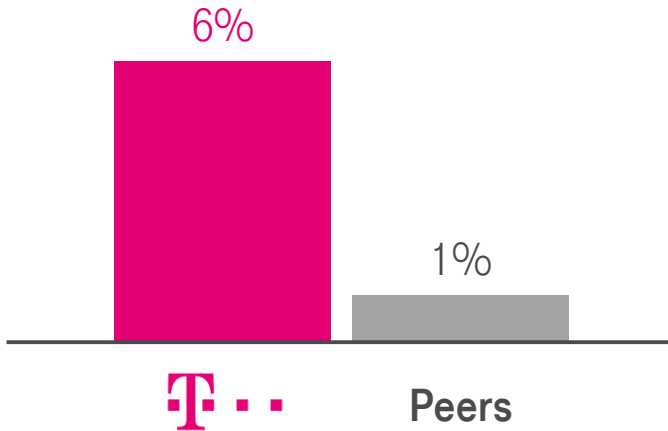
### EUROPEAN CONVERGENCE LEADER

- #1 in 6 EU countries incl. Germany
- Convergence leader
- Superior network experience
- Growing EBITDA
- Strong cash generation
- Commitment to investment & growth in Europe

# SUPERIOR GROWTH PROFILE OF OUR TRANSATLANTIC PLATFORM...

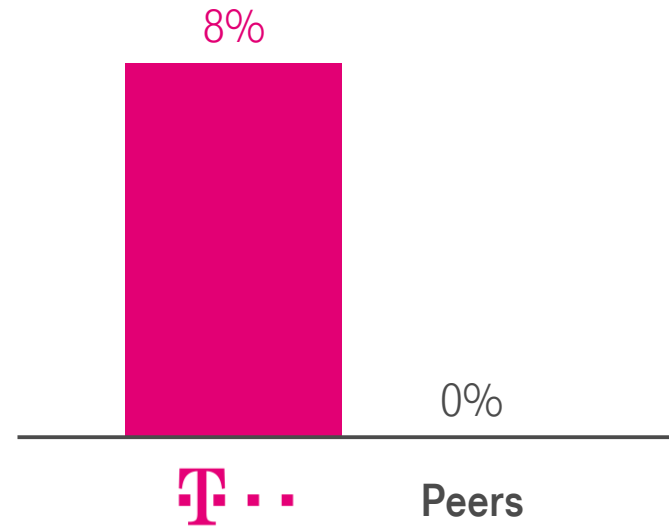
## REVENUE

2014-17 CAGR (%)



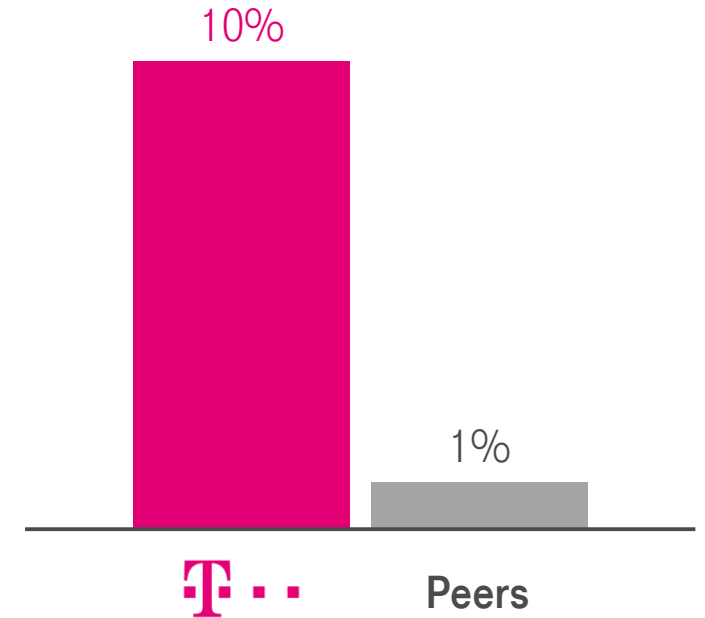
## ADJUSTED EBITDA

2014-17 CAGR (%)



## FREE CASH FLOW

2014-17 CAGR (%)

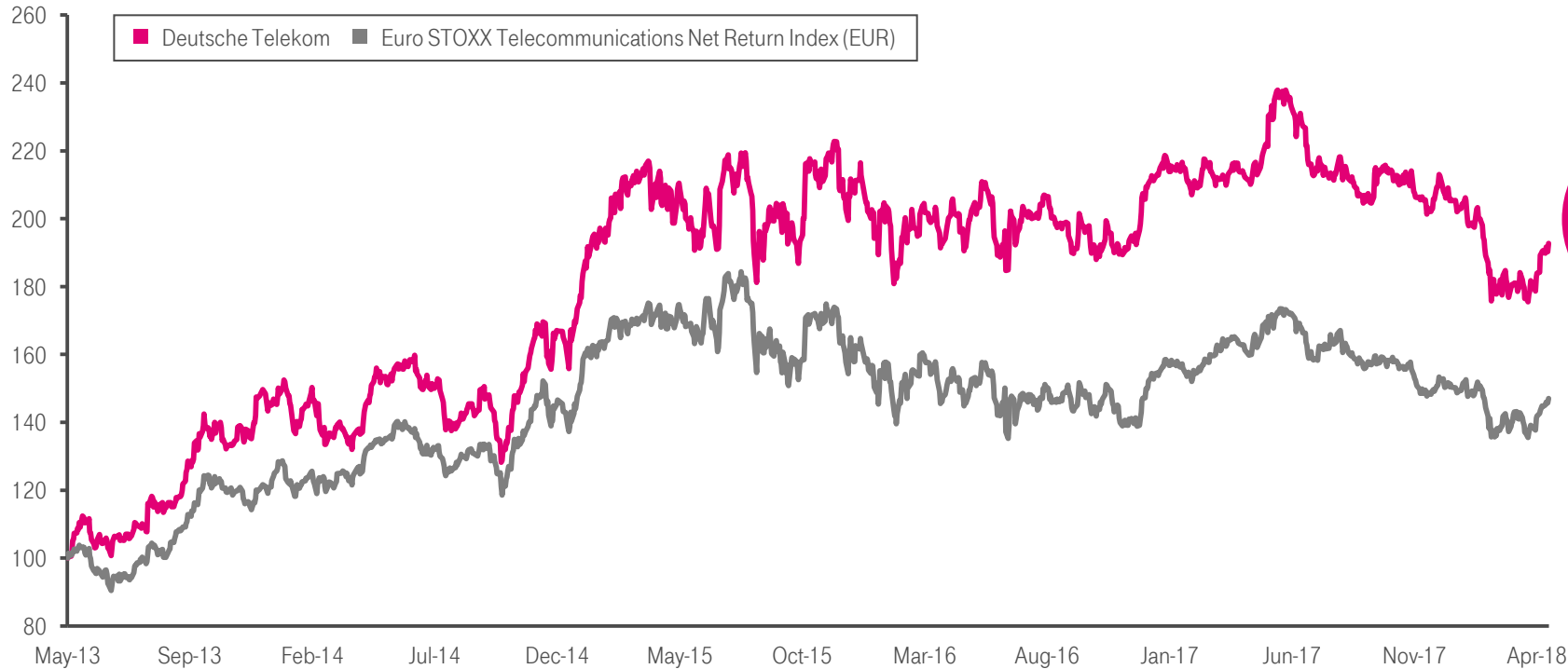


Note: Peers represent median of Vodafone (Sep-2014 to Sep-2017, excluding Netherlands and India), Telefonica, Orange, BT Group (Mar-2015 to Dec-2017, pro forma for EE acquisition), KPN and TIM

# ...GENERATING SUPERIOR RETURNS FOR OUR SHAREHOLDERS

## Deutsche Telekom Total Shareholder Return Performance vs. Peers since MetroPCS Transaction (May 1, 2013)

Indexed to 100



193

147

**93%**  
Total Shareholder Return

**€28 bn**  
Market Capitalisation Increase

Note: Market data as of 20-Apr-2018



# NOW WE FURTHER STRENGTHEN OUR UNIQUE PORTFOLIO...

U.S. CO-PARENT  
WITH SOFTBANK

PORTFOLIO  
DIVERSIFICATION

GLOBAL  
CONNECTIVITY

GLOBAL  
B2B

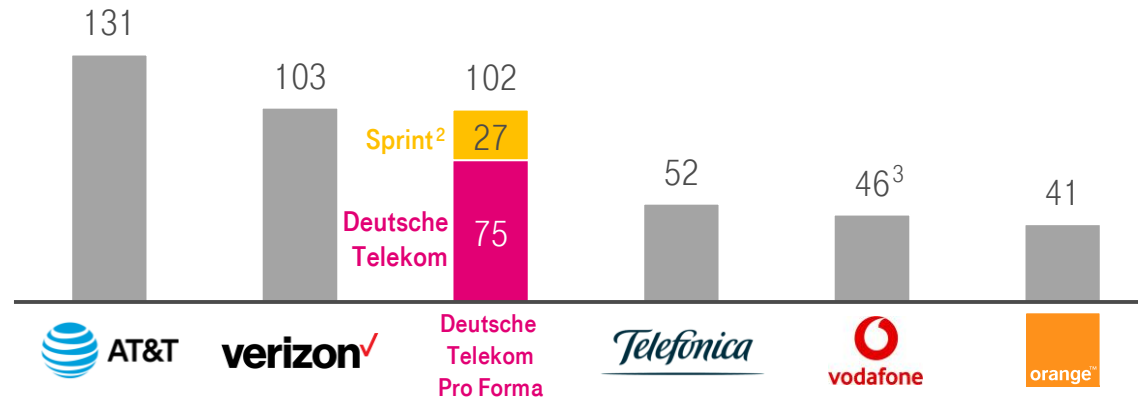
IOT

INNOVATION  
& 5G  
LEADERSHIP

BEST PRACTICE  
EXCHANGE

## Reported Revenue 2017 <sup>1</sup>

€ bn



Source: Company information

1) USD-denominated figures converted in EUR assuming EUR/USD FX rate of 1.22745 as of 20-Apr-2018

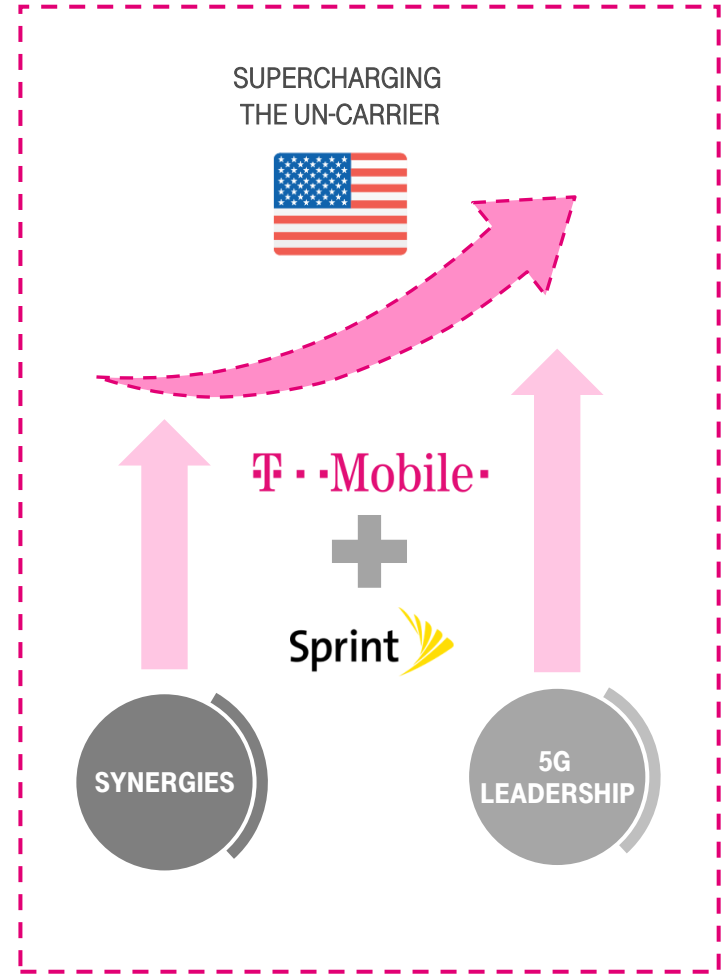
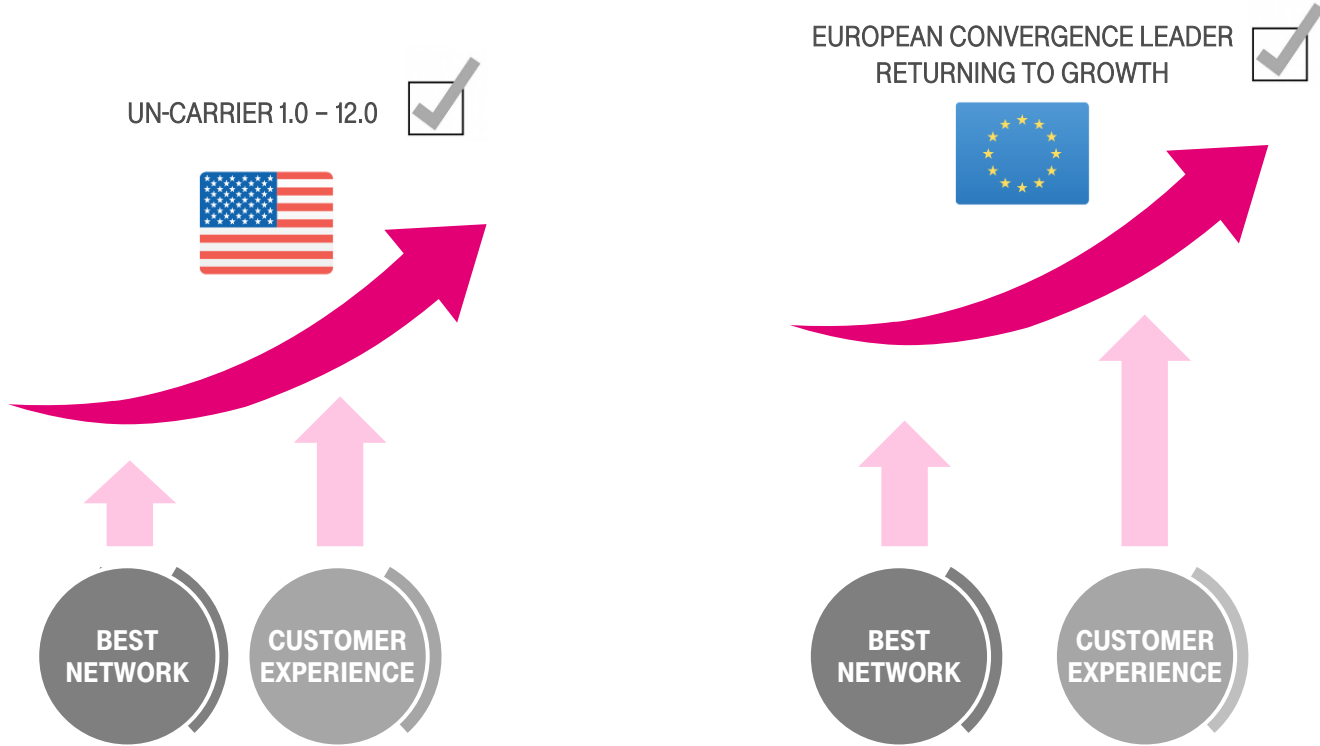
2) Based on Sprint CY2017 reported revenue, converted in EUR

3) LTM as of Sep-2017 and excluding Netherlands operations in H2 FY2016/17

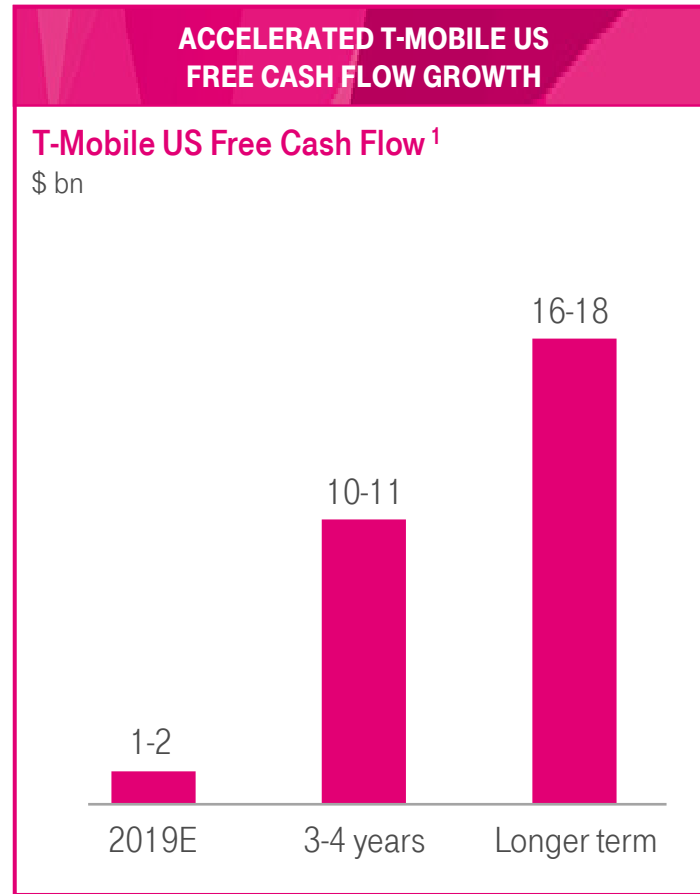
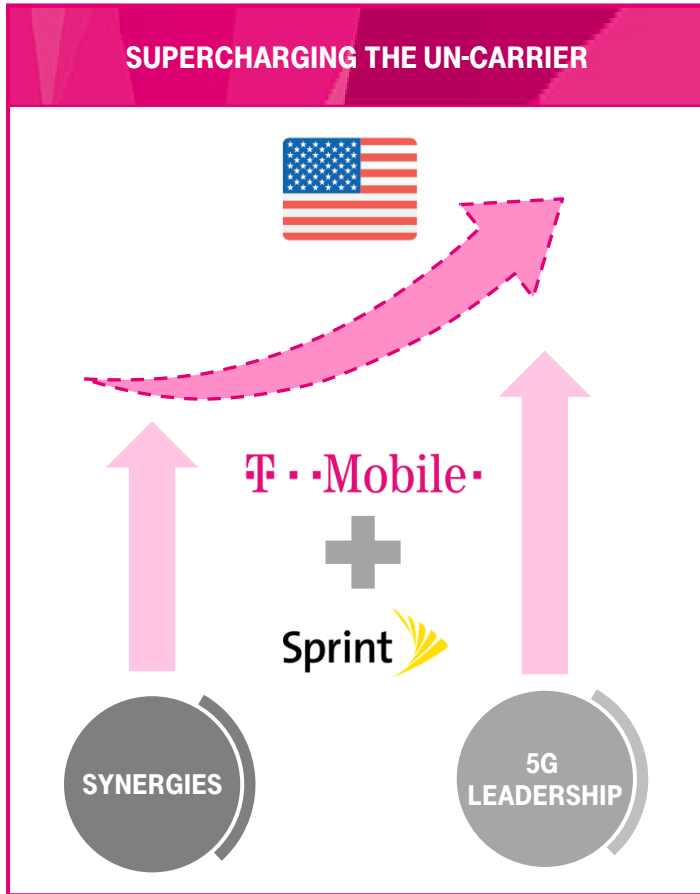


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# ...VIA VALUE CREATION FROM SUPERCHARGING THE UN-CARRIER...



# ...BOOSTING DEUTSCHE TELEKOM'S FINANCIAL PROFILE



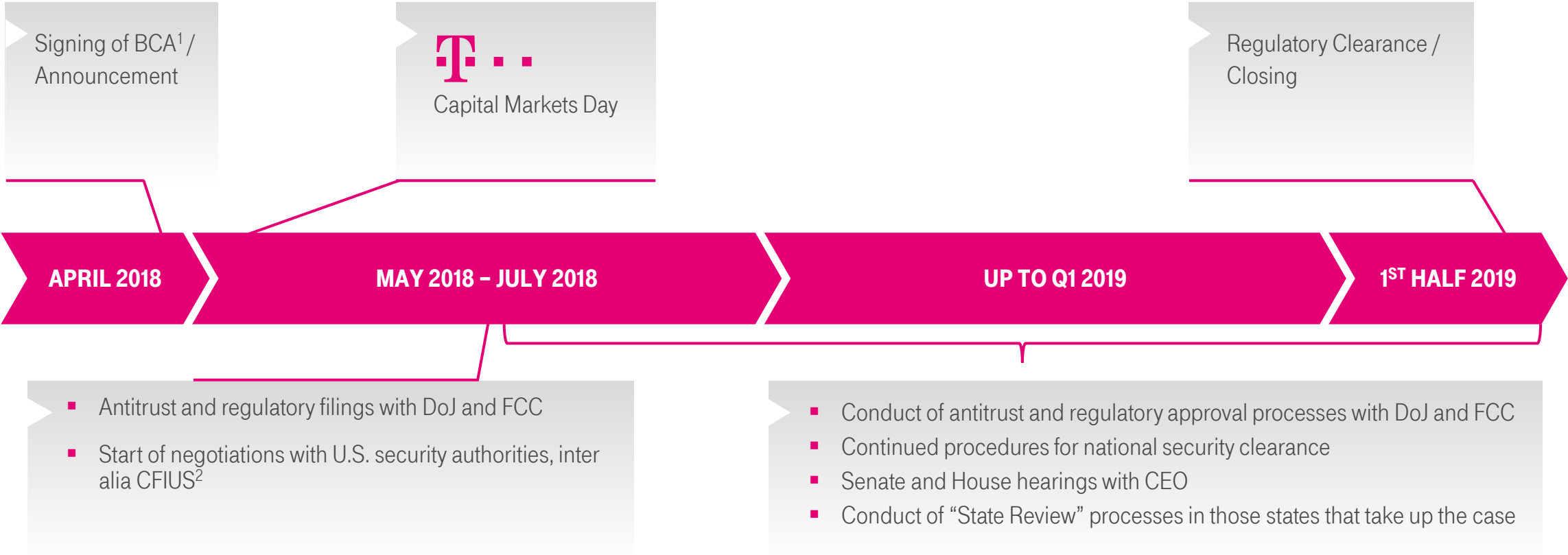
### BOOSTING DEUTSCHE TELEKOM'S FINANCIAL PROFILE

EPS accretive from year 3 for Deutsche Telekom

Deutsche Telekom ex-U.S. investment and growth unaffected

1) Defined as Cash Flow From Operations less Capital Expenditures

# TRANSACTION TIMELINE UNTIL CLOSING



1) BCA: Business Combination Agreement  
 2) CFIUS: Committee on Foreign Investments in the US

# CONCLUSION

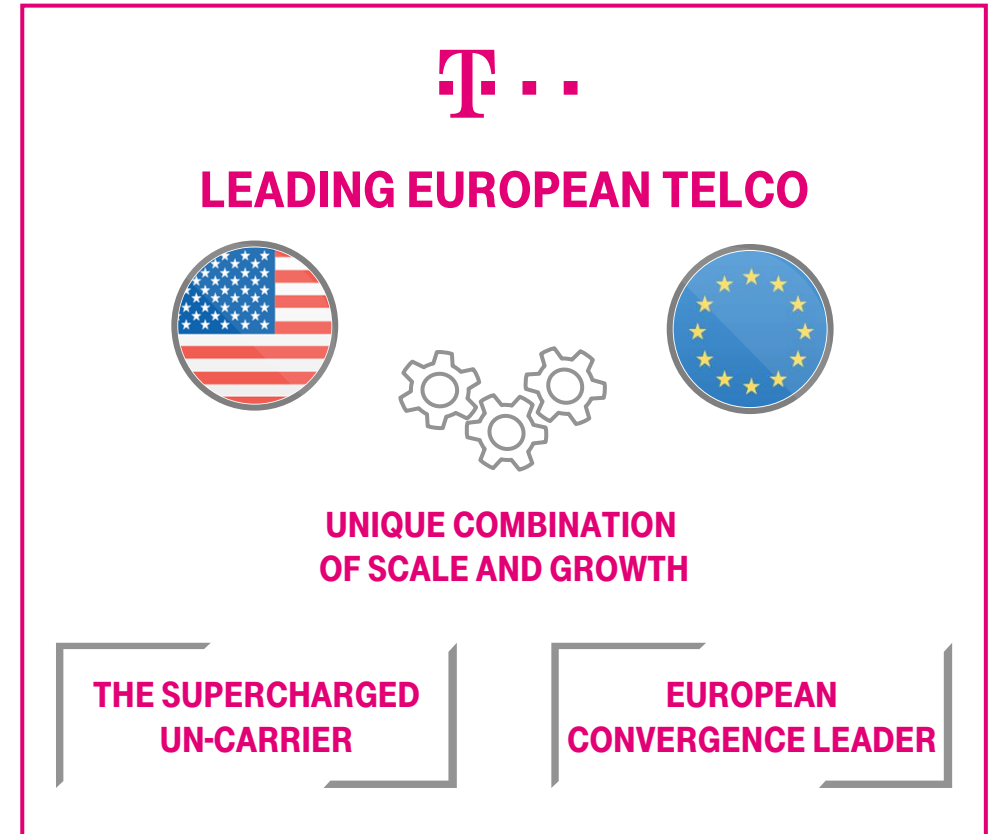
**1** Unique Value Creation Opportunity for Deutsche Telekom Shareholders

**2** Attractive Transaction Terms

**3** Benefitting U.S. Consumers, Investments and Job Creation

**4** Governance Designed for Efficient Integration

**5** Robust Capital Structure



**Q&A**



**LIFE IS FOR SHARING.**