

ANNOUNCED ACQUISITION OF TELE2 NETHERLANDS BY T-MOBILE NETHERLANDS

INVESTOR PRESENTATION

DECEMBER 2017



ERLEBEN, WAS VERBINDET.

TRANSACTION OVERVIEW – KEY HIGHLIGHTS

Key Terms

- ✓ T-Mobile Netherlands (T-Mobile) to join forces with Tele2 Netherlands (T2 NL) from Tele2 Group AB (Tele2)
 - Tele2 to receive €190m cash and a 25% minority stake in the enlarged T-Mobile (on a cash-and-debt-free basis)
 - Deutsche Telekom to hold 75% (and continue to consolidate T-Mobile) and a €1.1 bn intercompany loan receivable from T-Mobile
 - Prior to the completion of the transaction, T-Mobile will spin out in a cash neutral way its mobile tower assets into a separate legal entity (TowerCo) which will not be part of the transaction and will remain in 100% ownership of Deutsche Telekom
 - TowerCo pro-forma EBITDA of c.€~35m post carve-out
- ✓ Enlarged company will continue to operate as T-Mobile Netherlands and will also use the Tele2 brand in the market

Transaction Rationale

- ✓ Creating a strong #3 converged player in the Netherlands telco market with revenues in excess of €2.0bn¹ and around 4.3m² mobile postpaid subscribers
- ✓ Enlarged T-Mobile Netherlands will be positioned to compete more effectively against FMC duopoly
- ✓ Significant value creation opportunity with c.€150m of annual run-rate cost and capex synergies to be achieved in three years after closing – €1bn+ NPV

Timetable

- ✓ Transaction is subject to approval by the relevant competition authorities and expected to close in H2 2018

¹ LTM as of 3Q 17

² As of 3Q17



RECENT INVESTMENTS POSITIONED T-MOBILE WELL FOR NEXT TRANSFORMATIONAL STEP

RECENT INVESTMENTS...



▶ New management team & new steering model



▶ Built commercial momentum through new product portfolio



▶ Won "Best Network" 2nd time in a row



▶ Major cost transformation implemented



▶ Acquired B2C fixed business (Thuis)



▶ De-risked unlimited
▶ Initiated tower carve-out

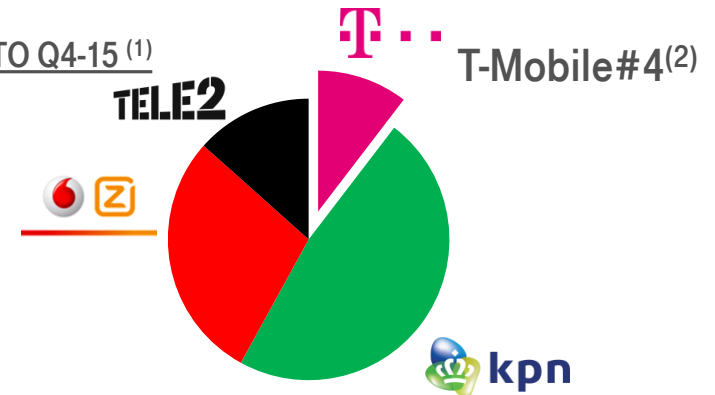


▶ Challenger mindset and aligned incentives

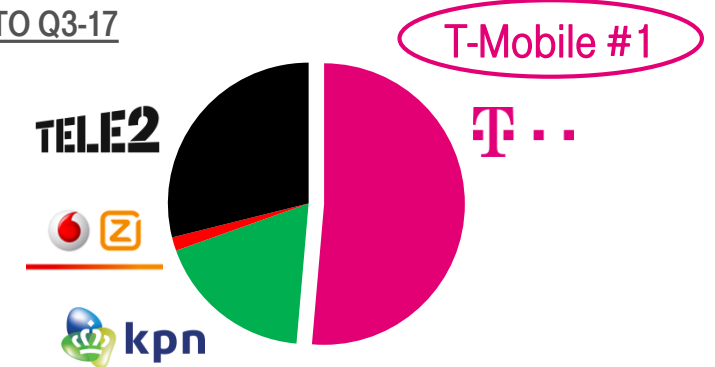
... INTO COMMERCIAL TURNAROUND

Share in NL Postpaid Net Adds ('000)

Q1-14 TO Q4-15 ⁽¹⁾



Q1-16 TO Q3-17

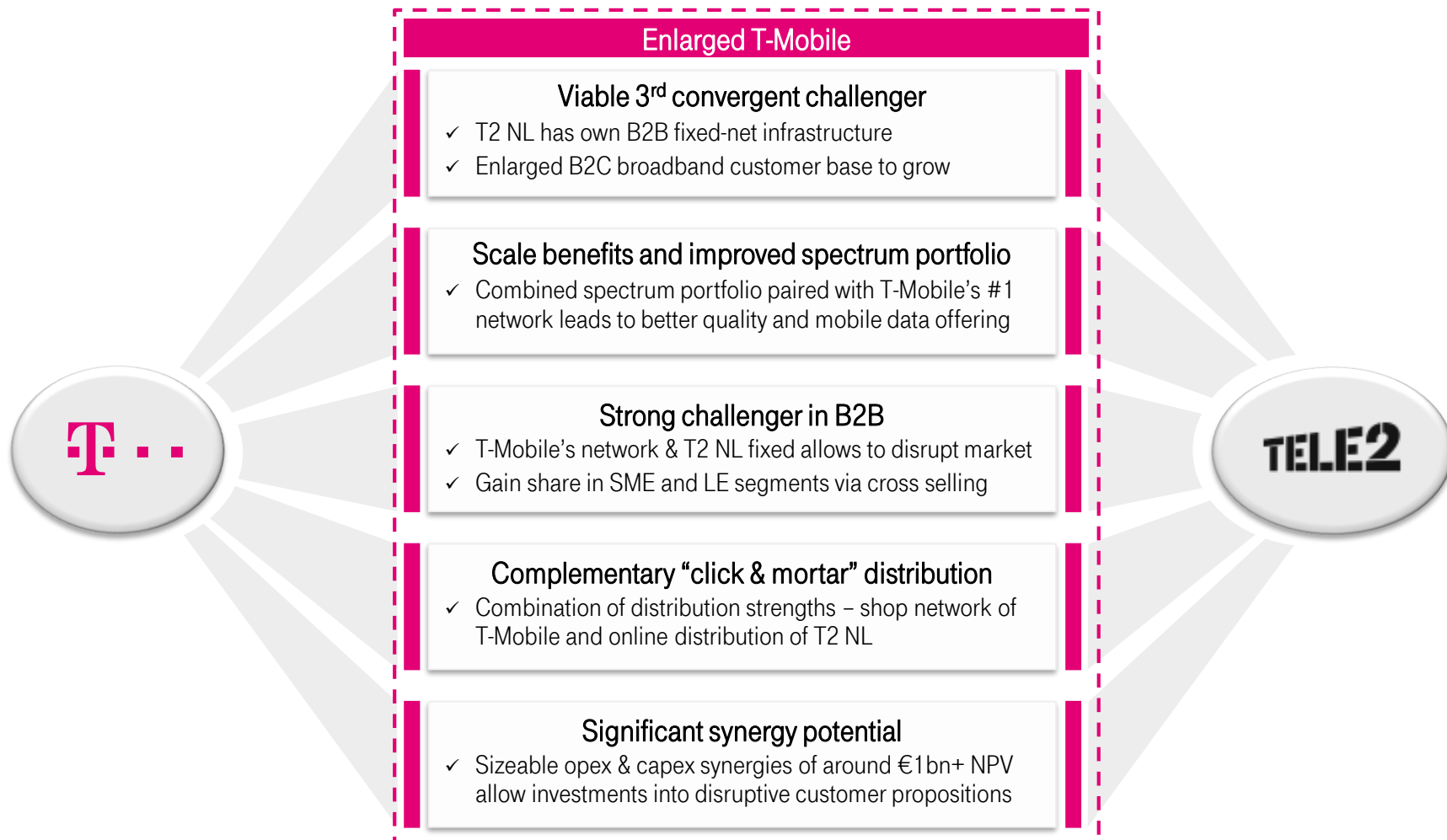


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Source: (1) TelecomPaper 2017 Q3/ 2014 Q4 / 2015 Q1 / 2014 Q3
(2) 2015 Q2 data point is adjusted for change in TP reporting

- privileged & confidential -

JOINING FORCES TO BREAK UP THE FMC DUOPOLY

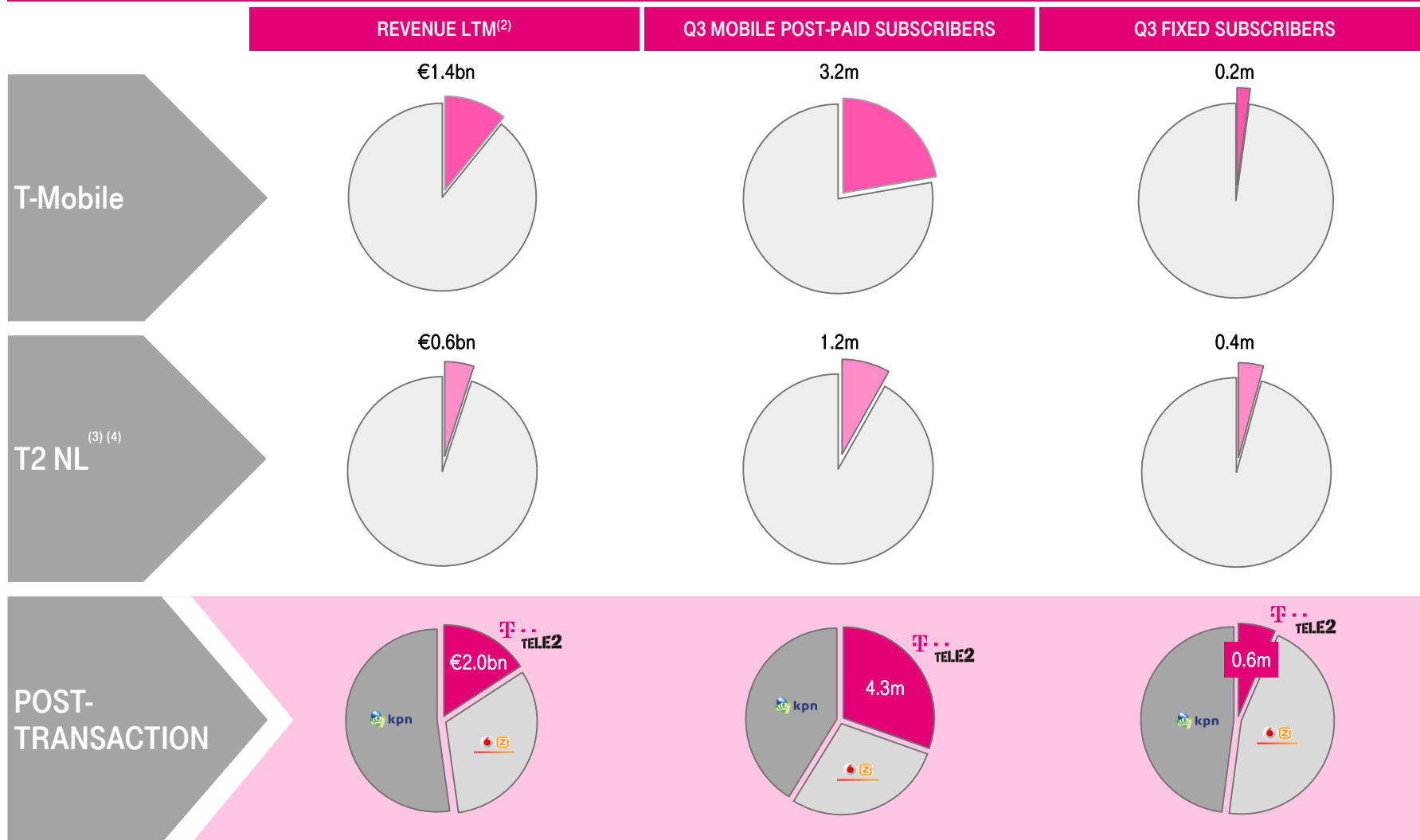


T-MOBILE – THE CONSUMER CHAMPION CHALLENGING THE FMC DUOPOLY



ENHANCING PRODUCT OFFERING TO COMPETE MORE EFFECTIVELY WITH FMC DUOPOLY

KEY PRO FORMA FINANCIALS & KPIS⁽¹⁾



ERLEBEN, WAS VERBINDET.

Source: Company information
 (1) Illustrative pro forma representation adding up the companies stand-alone revenues / subscriber figures
 (2) LTM represents first 9 months 2017 + Q4 2016
 (3) To present T2 NL numbers in € the following exchange rate was used SEK/EUR = 0.1042
 (4) T2 NL mobile subscribers assumed to be all post-paid as split not reported

SUBSTANTIAL COST AND CAPEX SYNERGIES TO BE ACHIEVED WITHIN THREE YEARS AFTER CLOSING

RUN-RATE SYNERGIES (IN €M)

MAIN DRIVERS

COST

~110

- ✓ Network consolidation
- ✓ Overlapping administrative functions
- ✓ Optimized marketing & distribution costs
- ✓ Improved purchasing terms

CAPEX

~40

- ✓ Overlapping mobile and fixed network platforms
- ✓ Improved roll-out / densification

TOTAL RR SYNERGIES (€M):

~150

ONE-OFF INTEGRATION COSTS (€M):

~150

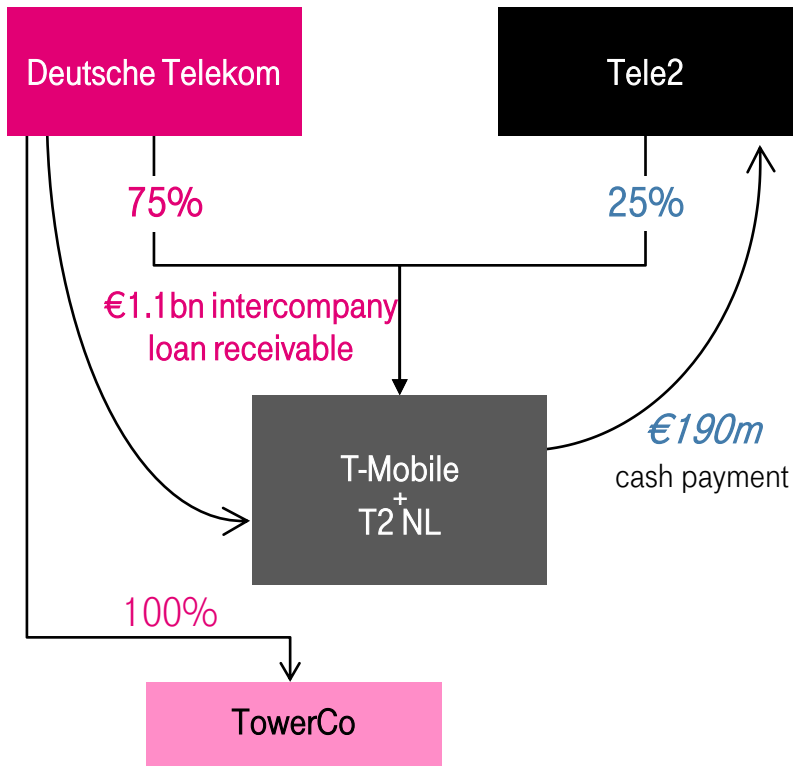
NPV: €1bn+

~€150M OF RUN-RATE SYNERGIES EQUAL TO ~7% OF COMBINED OPEX + CAPEX



KEY DEAL TERMS

DEAL STRUCTURE



KEY DEAL TERMS

- ✓ Equity: 75% Deutsche Telekom / 25% Tele2
 - Deutsche Telekom to consolidate NewCo
- ✓ €190m cash to Tele2⁽¹⁾
- ✓ Deutsche Telekom to hold €1.1bn⁽¹⁾ intercompany loan receivable from NewCo
- ✓ Deutsche Telekom retains TowerCo (~€35m EBITDA)
- ✓ Deutsche Telekom to hold majority of supervisory board seats
- ✓ 70 % of Free Cashflow to be paid out when net debt / EBITDA goes below 2.5 x
- ✓ Break up fee €25m cash

STRONG POSITIONING OF ENLARGED T-MOBILE NL IN DUTCH MARKET

“We have started our journey to disrupt the Dutch Market and we will be creating a viable and strong attacker of the duopoly KPN and VodafoneZiggo. We can truly live up to our promise to become the customer champion.”

Thorsten Langheim, Head of Group Development Deutsche Telekom AG

“This is a fantastic opportunity to speed up development of the Dutch telco market and to spur effective competition to the benefit of the Dutch population. I see this as a logical next step to become part of a stronger number three player that will benefit our customers, our shareholders and our employees“

Allison Kirkby, CEO Tele2

“I would like to congratulate all our customers and all others who are looking for attractive alternatives. This combination means justice for customers. This duo has been getting away with this game for far too long and there was only one victim, namely the customer! No more. No longer. We will be able to compete against the duopoly much more efficiently and give all Dutch customers a fair choice. We are never going to stop breaking down barriers and will continue to challenge this industry in the years to come.“

Søren Abildgaard, CEO T-Mobile NL

COMPETING MORE EFFECTIVELY AGAINST CURRENT FMC DUOPOLY



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