

DEUTSCHE TELEKOM CAPITAL MARKETS DAY 2018



LIFE IS FOR SHARING.

DISCLAIMER

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 non-GAAP financial 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 non-GAAP measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Non-GAAP financial performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways.



AGENDA CAPITAL MARKETS DAY

THURSDAY, MAY 24TH

13:30	Registration (Deutsche Telekom, Landgrabenweg 151, Bonn)	
14:00	Group Strategy (incl. Q&A)	T. Höttges CEO
15:15	Segment presentation: Germany (incl. Q&A)	D. Wössner Board Member for Germany
16:30	COFFEE BREAK	
16:45	Segment presentation: Systems Solutions (incl. Q&A)	A. Al-Saleh Board Member for T-Systems
17:45	Technology & Innovation (incl. Q&A)	C. Nemat Board Member for Technology & Innovation
18:30	Demonstrator Sessions	Technology Top Management
19:15	Evening Event	



LIFE IS FOR SHARING.

AGENDA CAPITAL MARKETS DAY

FRIDAY, MAY 25TH

09:00	Segment presentation: T-Mobile US (incl. Q&A)	Team T-Mobile
10:15	Segment presentation: Europe (incl. Q&A)	S. Gopalan Board Member for Europe
11:15	COFFEE BREAK	
11:30	Segment presentation: Group Development (incl. Q&A)	T. Langheim Executive Vice President
12:00	Finance	T. Dannenfeldt CFO
13:00	Wrap-up (incl. Q&A)	T. Höttges, CEO T. Dannenfeldt, CFO C. Illek, (CFO Jan 1st, 2019)
13:30	End of CMD	



LIFE IS FOR SHARING.

GROUP STRATEGY

TIMOTHEUS HÖTTGES

WHAT DRIVES US...



DEDICATED NETWORK INVESTMENT



FOCUSED PORTFOLIO APPROACH & CAPITAL ALLOCATION



PASSION FOR CUSTOMER EXPERIENCE



BEST-OF-BREED TEAM WITH ENTREPRENEURIAL SPIRIT



LEADERSHIP & WINNING MENTALITY



WALK THE TALK

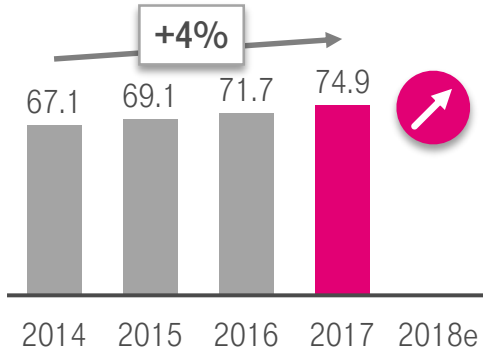
...TURNED DT INTO A GROWTH COMPANY

REVIEW 2014 – 2018

GROWTH ABOVE COMMITMENTS

Revenue (organic)¹

€ bn



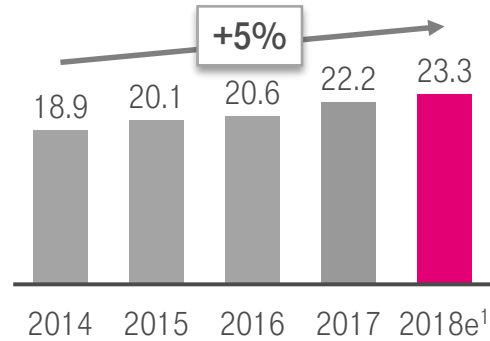
CMD AMBITION 2014–2018:

CAGR +1–2%



Adj. EBITDA (organic)¹

€ bn



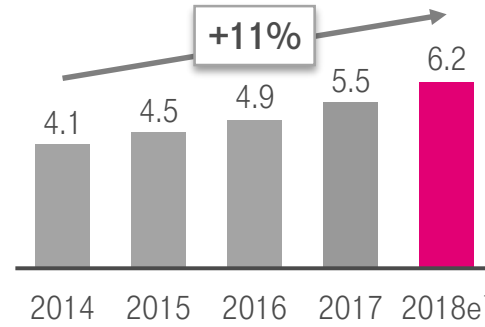
CMD AMBITION 2014–2018:

CAGR +2–4%



FCF²

€ bn



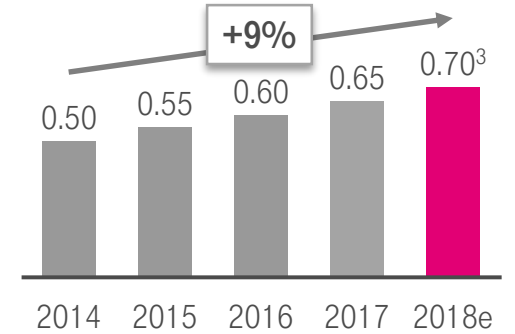
CMD AMBITION 2014–2018:

CAGR +10%



Dividend per share

€



CMD AMBITION 2014–2018:

FOLLOW FCF



CAGR

¹ Based on constant exchange rates (Average exchange rate 2017 of €1 = US\$1.13); revenue and adj. EBITDA corrected for handset lease

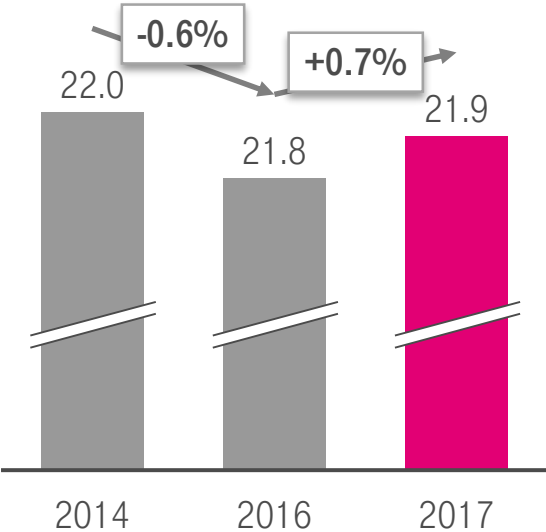
² Before dividend payments & spectrum invest

³ Subject to necessary AGM approval and board resolution

GROWTH PROFILE ACROSS OUR FOOTPRINT...

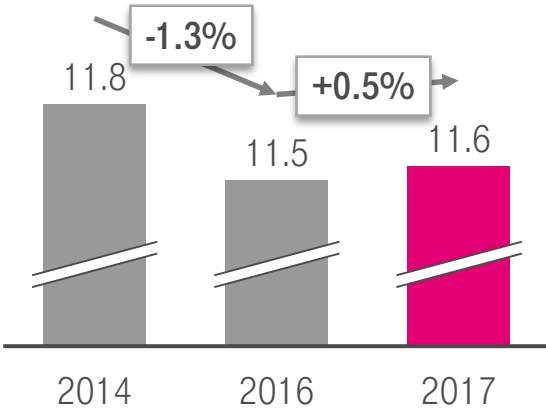
Germany revenue

Excl. DFMG,
€ bn



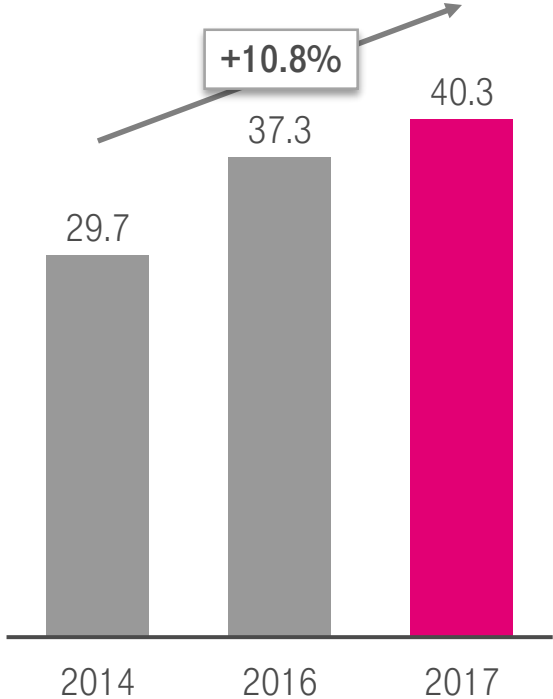
Europe revenue

Organic,
€ bn



TMUS revenue

\$ bn



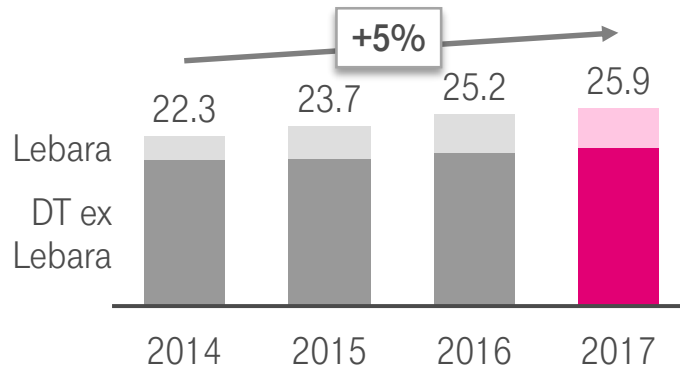
CAGR

...SUPPORTED BY CONTRACT CUSTOMER GROWTH

Germany



Mobile postpaid customers, mn

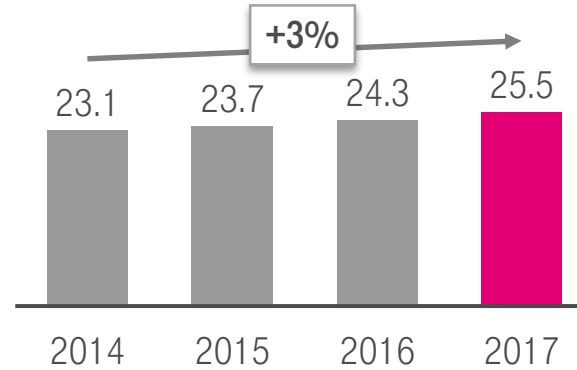


Customer growth in line w/fair share

Europe



Mobile postpaid customers (excl TMNL), mn

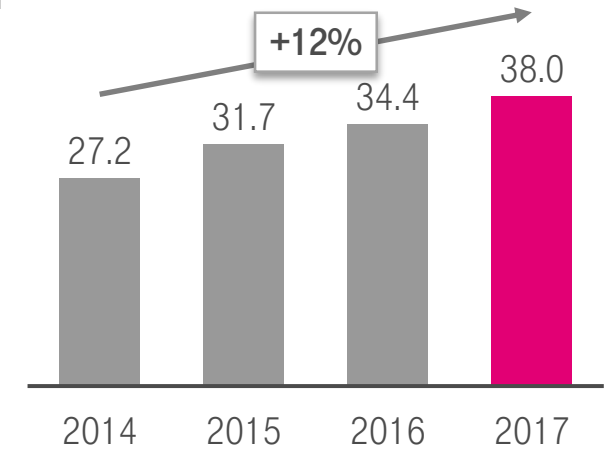


Customer growth in line w/fair share since 2017

TMUS



Mobile postpaid customers, mn



Customer growth well above fair share



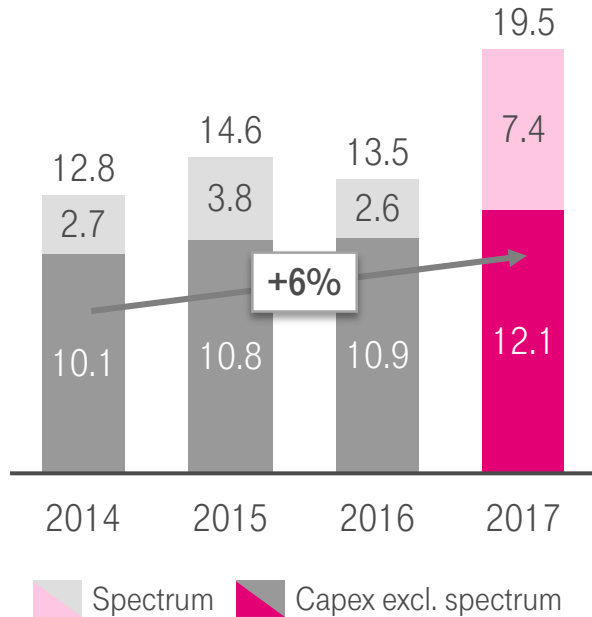
'FRONT BOOK ≈ BACK BOOK' REDUCING RISK

CAGR

INVEST FOR SUSTAINED GROWTH MOMENTUM

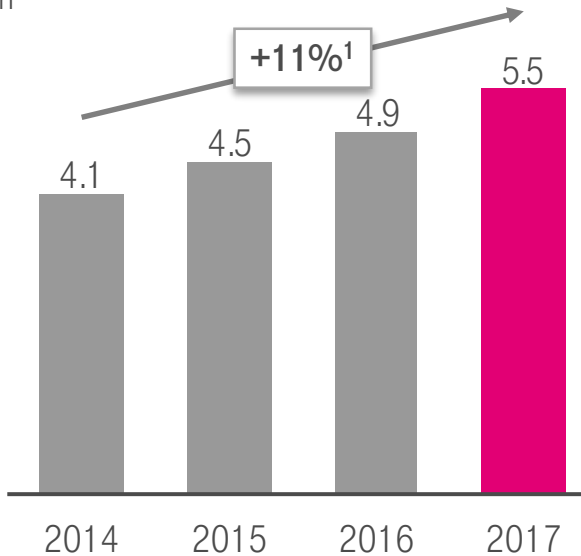
We heavily invested in the past...

Group Cash Capex¹,
€ bn



...while delivering strongly on FCF...

Group FCF²,
€ bn



...and creating the basis for future growth



Germany

- 94% LTE Pop coverage (2017)
- ≈ 80% HH vectoring coverage (2019e)³



Europe

- 94% LTE Pop coverage (2017)
- 8/11 NatCos with “Best in Test” network



TMUS

- Leading low band spectrum position
- LTE rollout to > 320 mn Pop

Others

- Innovation (e.g. Edge Computing, 5G)
- TSI: IoT & Security scale-up

CAGR

¹ Based on constant exchange rates (Average exchange rate 2017 of €1 = US\$1.13)

² Before dividend payments & spectrum invest

³ Delayed due to long regulatory process

WINNING MENTALITY: “BRING ME AWARDS”

Network



Customer Service & Satisfaction



Brand

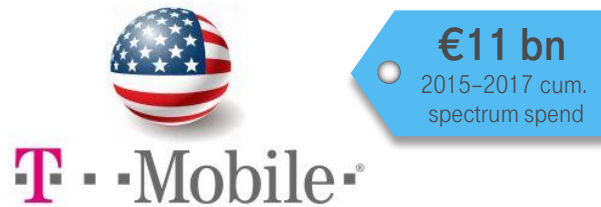


Products & Company



PORTFOLIO: DISCIPLINED CAPITAL ALLOCATION

Invest in footprint



Consolidate towards FMC



Invest in innovation



Buy out minorities



Divest non-core activities



Risk situation stabilized



WE HAVE KEPT OUR PROMISES...

KEY FINANCIALS

SHAREHOLDER REMUNERATION (2015–2018)

Ambition level 2018

- Group Revenue CAGR +1–2% (2014–2018)
 - Group Adj. EBITDA CAGR +2–4% (2014–2018)
 - Group FCF CAGR \approx +10% (2014–2018)
 - Group ROCE > WACC in 2018
 - Group Cash CAPEX CAGR +1–2% (2014–2018)
 - Group Adj. OPEX decrease (2014–2018)
-
- Following FCF growth; min. DPS of €0.50 p.a.

Achievements 2017

- +4% CAGR (2014–2017)
 - +6% CAGR (2014–2017)
 - +11% CAGR (2014–2017)
 - ROCE > WACC in 2017
 - +6% CAGR (2014–2017)
 - €0.7 bn indirect cost decrease vs. 2014
-
- €0.65

Delivered/on track



¹ Compared to target of €1.8 bn

...AND HAVE LEARNED ALONG THE JOURNEY



Key learnings

- ✓ Convergence works, our customers love it
- ✓ Dialogue marketing is a must
- ✓ Network leadership pays off
- ✓ M&A is a valid lever for growth
- ✓ The last 1% is the toughest (e.g. All-IP)
- ✓ People make the difference

STRATEGY 2018 – 2021

GROUP STRATEGY

GERMANY

SYSTEMS SOLUTIONS

TECHNOLOGY & INNOVATION

T-MOBILE US

EUROPE

GROUP DEVELOPMENT

FINANCE

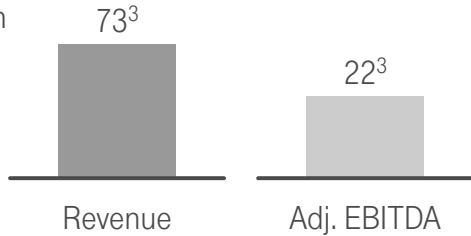
LEADING TELCO ON BOTH SIDES OF THE ATLANTIC...

Strong presence in US and Europe...

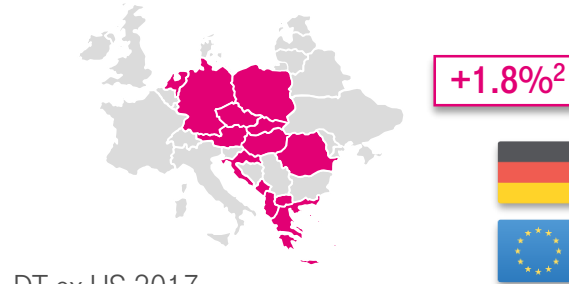
Market growth 2017 vs 2016



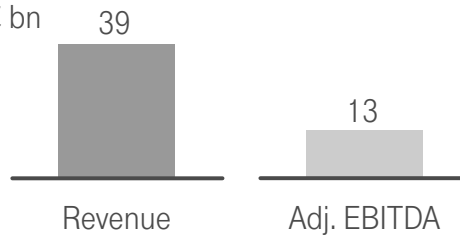
TMUS & Sprint pro forma 2017,
\$ bn



127 mn mobile customers **+6.9 mn⁴**



DT ex US 2017,
€ bn



96 mn mobile customers **+2.3 mn⁴**

19 mn broadband lines **+0.5 mn**

7 mn TV customers **+0.5 mn**

XX = 2017 vs. 2016

¹ Total mobile revenue ² Total integrated revenue ³ Pro forma revenue and adjusted EBITDA as of FY 2017; Calculated as the sum of T-Mobile US and Sprint revenue/adjusted EBITDA (as per respective company reporting)

⁴ FY 2017 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

...with significant value creation

- ✓ Presence in 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

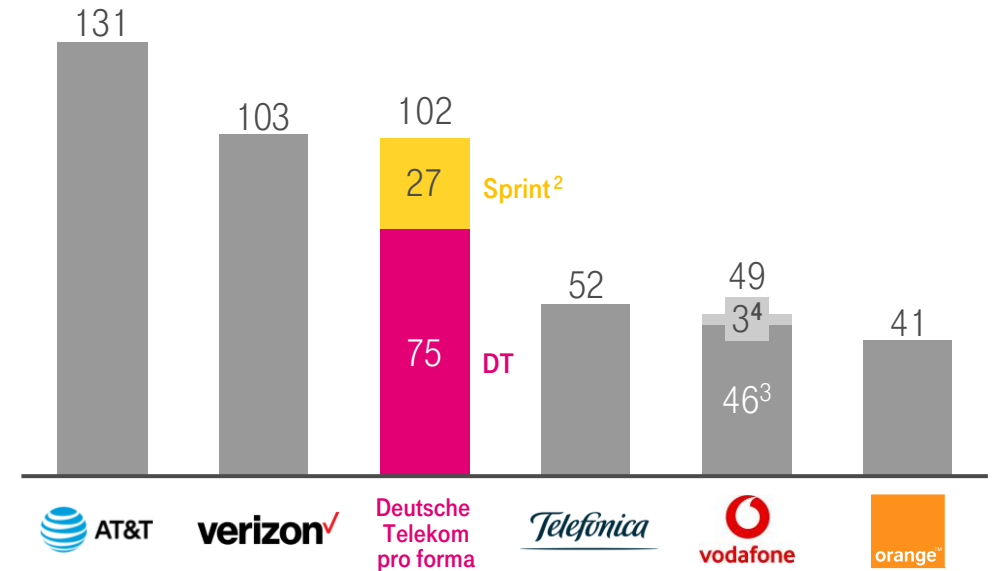
...WITH AN EVEN STRONGER POSITION POST US DEAL

Attractive TMUS/Sprint deal terms

- ✓ Unique value creation opportunity for DT shareholders
- ✓ Attractive transaction terms
- ✓ Benefitting US consumers, investments & job creation
- ✓ Governance designed for efficient integration
- ✓ Robust capital structure

DT's global position strengthened

Reported Revenue 2017¹,
€ bn



Source: Company information

¹ \$-denominated figures converted in € based on exchange rate as of April 20th, 2018 (€1 = US\$1.22745)

² Based on Sprint FY 2017 reported revenue, converted in €

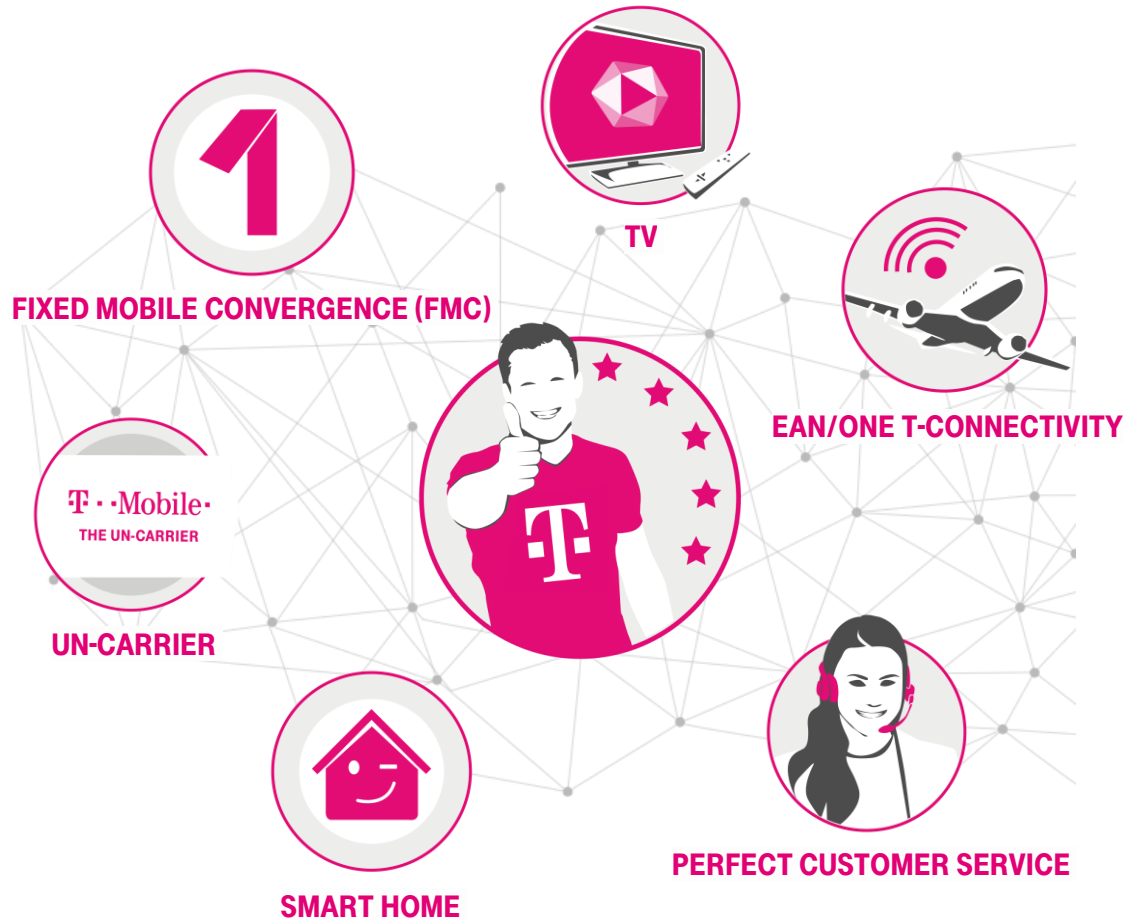
³ LTM as of Sep. 2017 and excluding Netherlands operations in H2 FY 2016/17

⁴ Additional revenue from newly acquired Liberty assets in Germany, Czech Republic, Hungary & Romania

FUTURE GROWTH IS FUELED BY THREE MAIN PILLARS



WE LEAD IN CUSTOMER EXPERIENCE AND IMPROVE CONTINUOUSLY

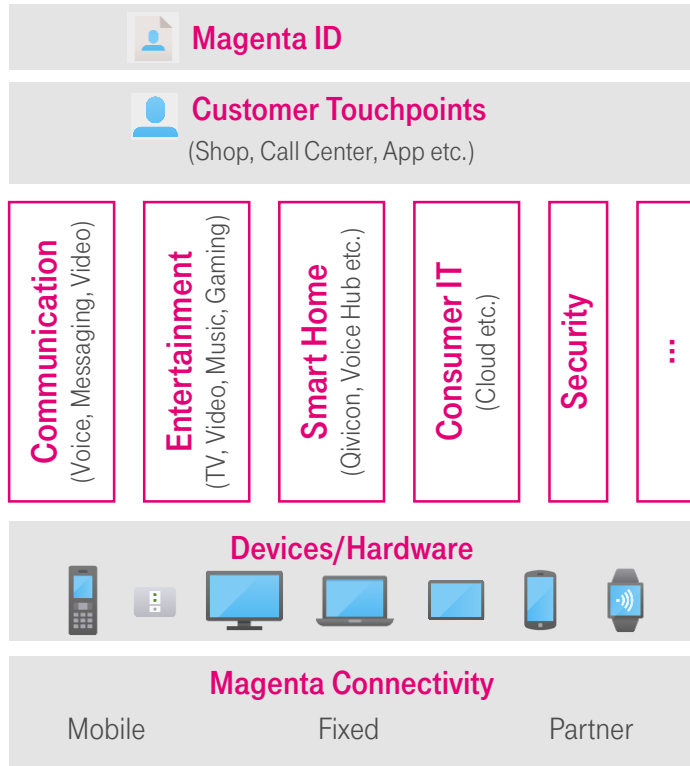


Our proof points

- ✓ We provide **one seamless T-connectivity**:
Connect App, European Aviation Network
- ✓ We offer the leading **FMC** proposition:
+1.5 mn FMC customers in our integrated footprint (FY 2017)
- ✓ We are **“The Un-Carrier”** in the US:
+11% post-paid customers in 2017
- ✓ We have made it to the living rooms with simple, modular products:
TV, Smart Home, Smart Speaker
- ✓ Our **customer service** is continuously improving:
Decreased no-shows in Germany by 33% (FY 2017)

MAGENTA 1: OUR UNIQUE CONVERGENCE OFFER

More than a tariff...



Seamless customer experience

- Magenta ID as single identifier
- Omni-channel customer journey

Seamless products & services

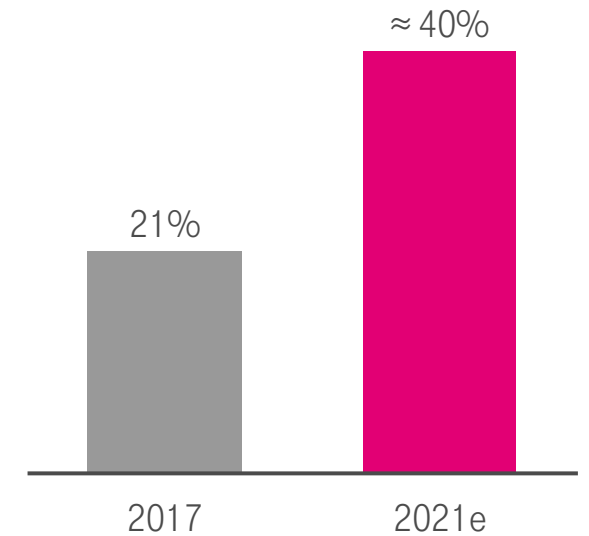
- Comprehensive portfolio positioned in the living room
- Integration across devices

Seamless connectivity

- Access agnostic
- Make, buy and partner

...and resonating with customers

FMC HH penetration in Germany and Europe (blended)
(FMC HHs/fixed broadband base)



WE STRIVE FOR PERFECT CUSTOMER SERVICE

We treat service as a key differentiator...



DER SERVICE

- ✓ Dedicated organization with > 30,000 employees for E2E responsibility of customer service
- ✓ One touch self service ability and personalized customer care with “Mein Magenta App”¹
- ✓ Predictive maintenance to fix problems before they arise



TEAM OF EXPERTS (TEX)

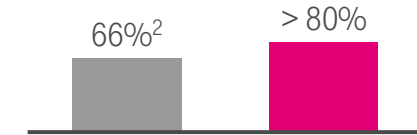
- ✓ Own P&L responsibility for dedicated teams
- ✓ Very high “Care NPS” (+9 pts. yoy 2017) at very low costs per account (-13% yoy 2017)
- ✓ Focus for 2018: global care to ensure 24/7 best customer experience

¹ Formerly MagentaSERVICE App ² Q1 2018

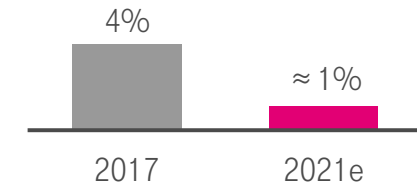
...reflected in our high ambitions



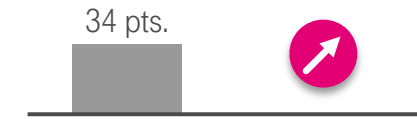
Contact resolution within 24h



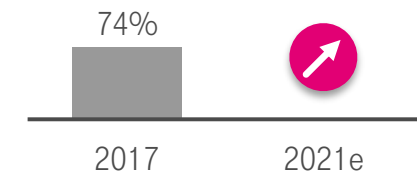
Rate of complaints



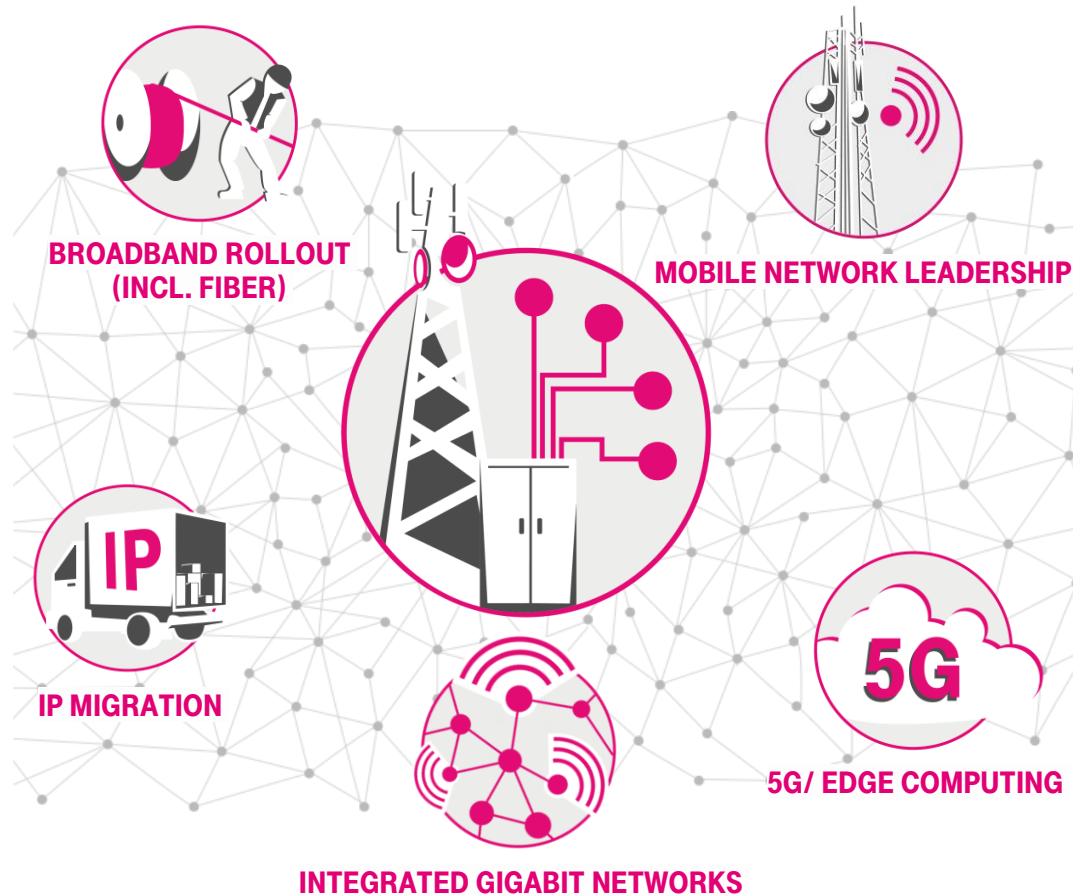
Net promoter score



Customer service satisfaction



WE ARE “DEDICATED NETWORK INVESTORS”



¹ Bandwidth ≥ 50 Mbps, delayed due to regulatory decisions

Our proof points

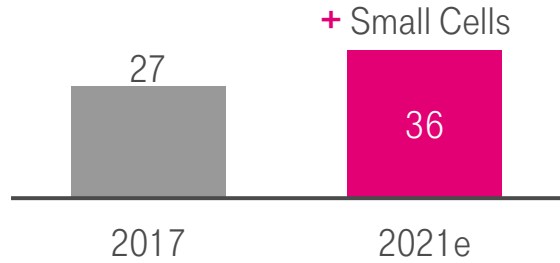
- ✓ We own extended fiber backbone in our european footprint: Key asset for **integrated Gigabit networks**
- ✓ We **roll out broadband for the masses**: ≈ 80% HH coverage with vectoring in 2019 (≈ 62% in 2018)¹
- ✓ We **push the fiber rollout**: Already more than 455,000 km fiber deployed in Germany, 240,000 km in our EU footprint
- ✓ We **enable real-time networks**: **IP migration** completed in 5 EU NatCos, 75 k BNG access nodes migrated in Germany in 2017
- ✓ We **provide leading mobile network quality**: Winner of all relevant network tests (e.g. Connect, P3, Opensignal)
- ✓ We **drive network innovation with 5G and Edge Computing**: 600 MHz rollout started in US, MobileEdgeX launched

MOBILE NETWORK LEADERSHIP EVERYWHERE

Germany



Macro cell sites,
k



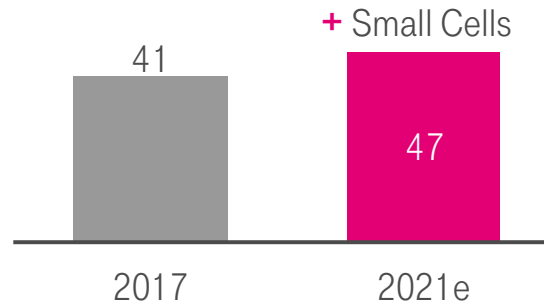
Strengthen leadership position (incl. 5G) & enable new use cases (e.g. IoT, FWA)



Europe



Macro cell sites,
k



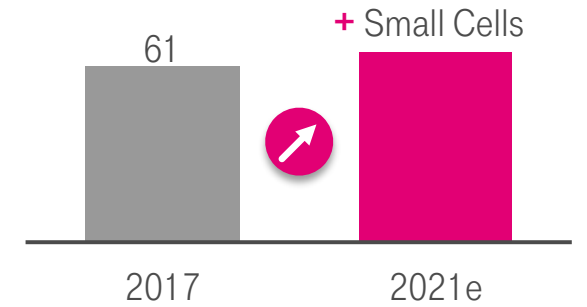
Build on strong fiber footprint to lead in 5G & maintain growth momentum



TMUS



Macro cell sites,
k

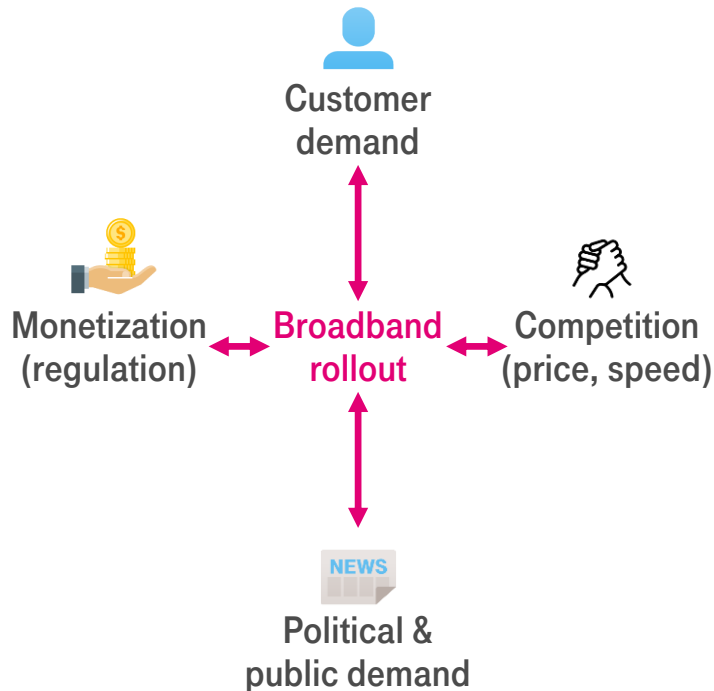


Extend network capacity & density to pave way for 5G



PUSHING FIBER ROLLOUT IN GERMANY...

In a very complex environment...



...we developed a sustainable & economically viable fiber rollout plan



High-speed networks
(50–250 Mbps)



Finalize and monetize (Super) vectoring rollout for max. high-speed coverage until end 2019e

- 80% DT infrastructure
- 95% incl. wholesale



Gigabit networks (≥ 1 Gbps)

Start FTTH rollout from 2018

- New residential areas
- Business parks
- Telekom@School

Ramp up to 2 mn HH p.a. by 2021e

- White spots (subsidized)
- B2C winback areas

... complemented by cooperation & co-invest models and supported by a sensible wholesale access model

Benefits for DT:



Defend/grow market share



Maintain high & stable investment budget



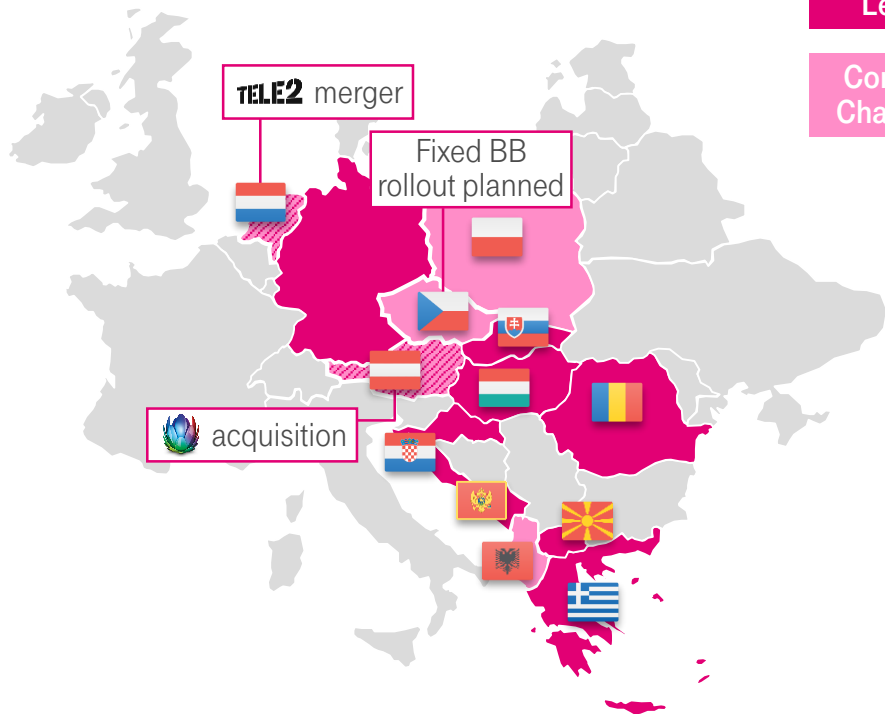
Adhere to strict FTTH/B return criteria: 7.5% IRR



Enable the Gigabit society

...AND INTEGRATING GIGABIT NETWORKS IN EUROPE

Uniquely positioned to drive FMC...

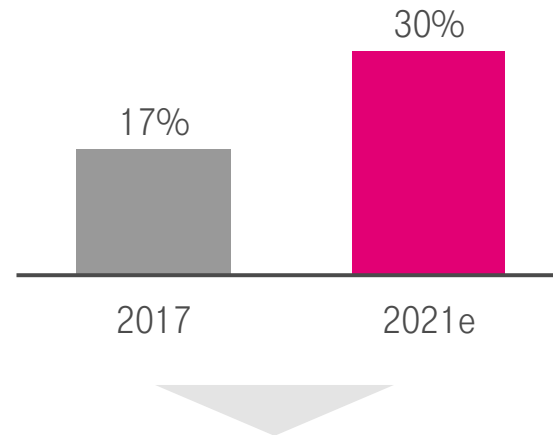


Converged Leaders

Converged Challengers

...and further drive broadband rollout

FTTH/B household coverage¹,
% of HH in GR, HU, SK, HR



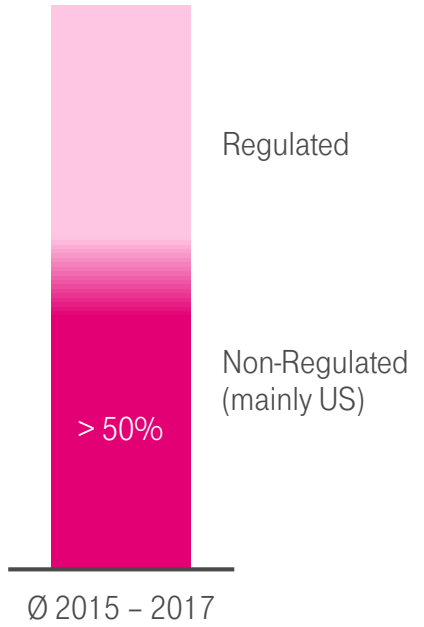
- **Triple organic FTTH/B investment** (run-rate p.a.) within stable total capex envelope in EU NatCos until 2021e¹
- **FMC proposition** to drive **penetration & mitigate back book risks** (front book ≈ back book)

¹ FTTH/B and Cable ED3.1, excluding Romania

MANAGE REGULATION



In a regulated environment...

DT Group revenue split



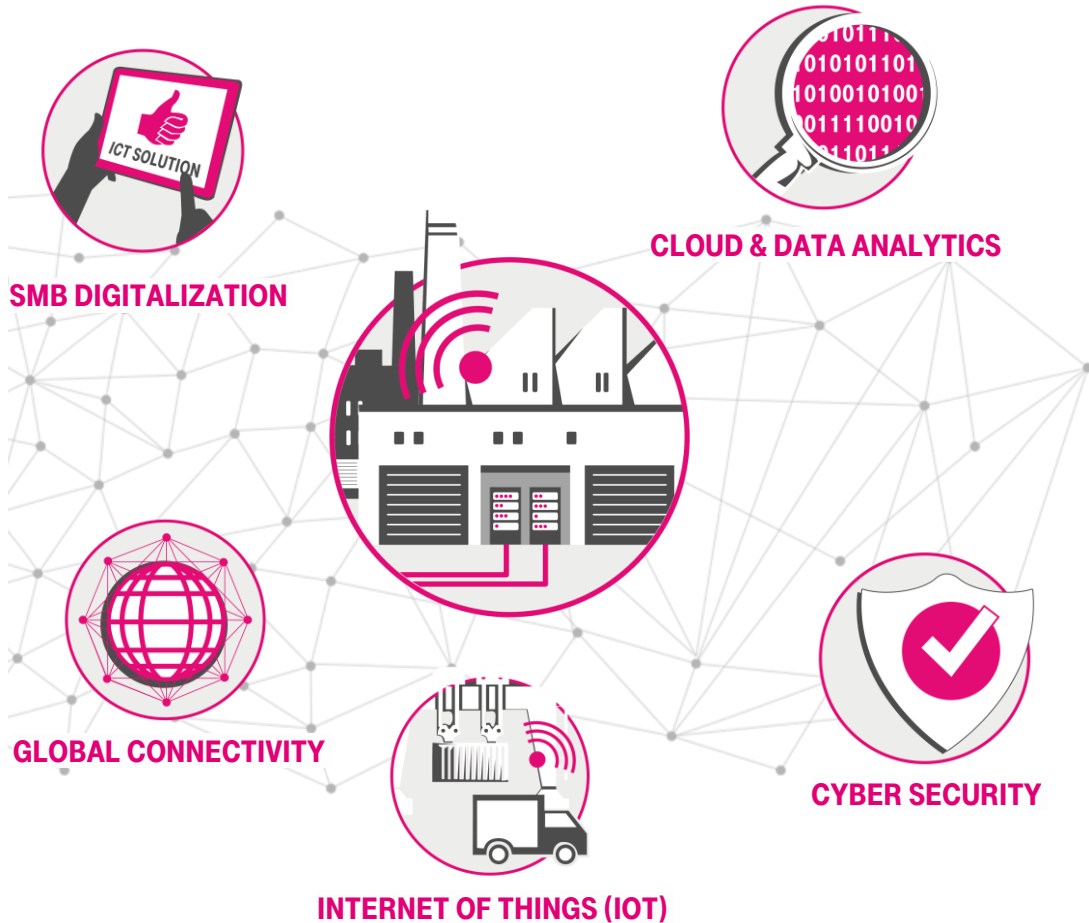
...German telecommunications policy sets the right tone

Recent developments

 German coalition agreement 2018	Fiber	<ul style="list-style-type: none"> “We create incentives via change to ex-post Open Access regulation instead of detailed ex-ante Regulation like copper” 	<ul style="list-style-type: none"> Create conditions for collaborations Provide fair framework for fiber investments
	Subsidies	<ul style="list-style-type: none"> “We want nationwide Gigabit networks until 2025, preferably with fiber into the building” “We expect €10-12 bn funding needs in this legislative period” 	<ul style="list-style-type: none"> Make sensible use of public funding
	5G	<ul style="list-style-type: none"> “We speed up densification of mobile networks and develop Germany to a leading market for 5G” 	<ul style="list-style-type: none"> Release spectrum for 5G, securing investment incentives
 EU regulation	Consolidation	<ul style="list-style-type: none"> Foster market environment for further infrastructure investment 	<ul style="list-style-type: none"> Push approval of merger in NL and AT

DT position

WE INCREASE BUSINESS PRODUCTIVITY...



Our proof points


- ✓ We build horizontal platforms & vertical solutions for the **Internet of Things**: NB-IoT network in 8 EU markets & US, IoT unit established
- ✓ We enable **E2E SMB digitalization** with secure & reliable **ICT solutions**: Existing trusted customer relationships, 20% IT/Cloud revenue growth in SMB in 2017 in Germany
- ✓ We provide leading **cyber security** solutions: German market leader with > 1,400 experts
- ✓ We enhance our **global connectivity** proposition: Germany-outbound focus, smart SD-WAN powered by ngena
- ✓ We provide platforms for secure data exchange and **analytics**: Telekom Data Intelligence Hub (DTH) launched

...WITH SECURE ICT SOLUTIONS FOR SMB DIGITALIZATION

We leverage our strengths...

 Trusted partner with strong B2B brand & customer base

 Large & efficient sales force

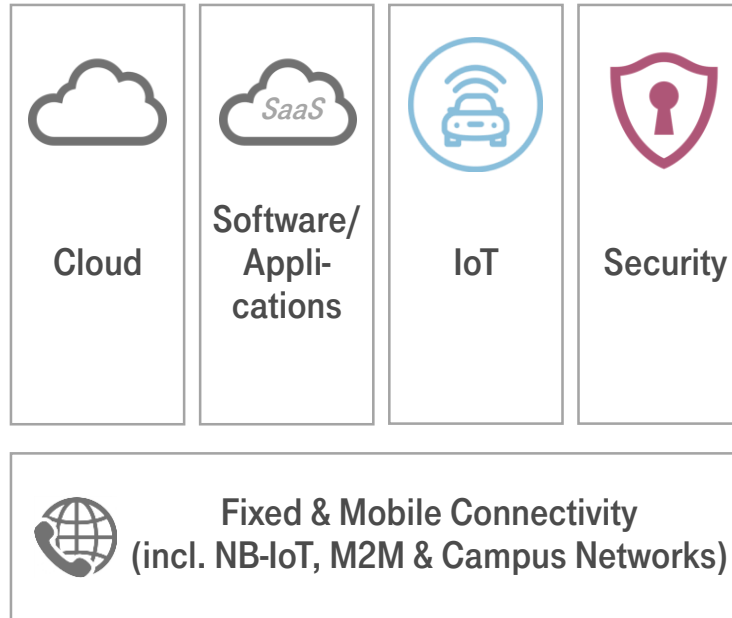
 Reputation as ICT provider (8x isg/Experton leader)

 Local partner network

CAGR

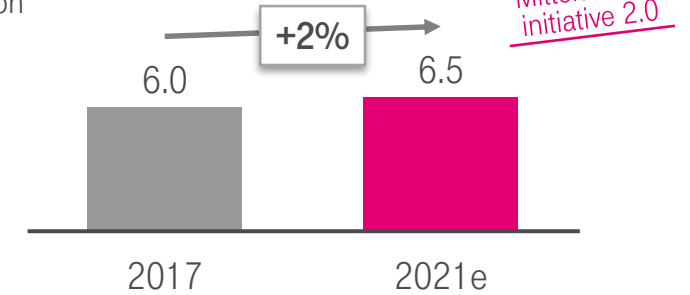
...with a strong portfolio...

Connectivity-Based Converged ICT Portfolio

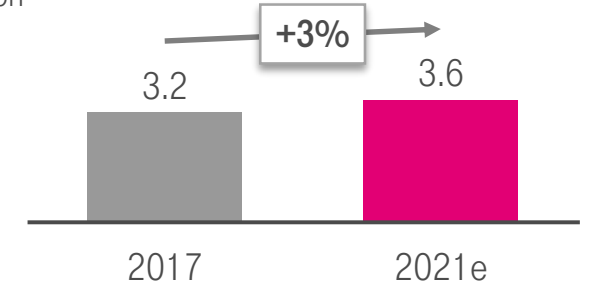


...to grow in SMB digitalization

B2B revenue Germany, € bn



B2B revenue Europe, € bn



CLEAR TURNAROUND PLAN FOR T-SYSTEMS

Preserving optionality with portfolio-based steering...



Revenues
2017

€2.2 bn

€2.1 bn

€2.5 bn

CAGR
2017-2021e



...and turnaround initiatives

- Sales revitalization
- Portfolio focus
- Delivery integration
- Overhead reduction



- ✓ Transform revenue mix towards growth portfolio
- ✓ Increase profitability (Cash contribution breaking even in 2020e)
- ✓ Maintain strategic optionality

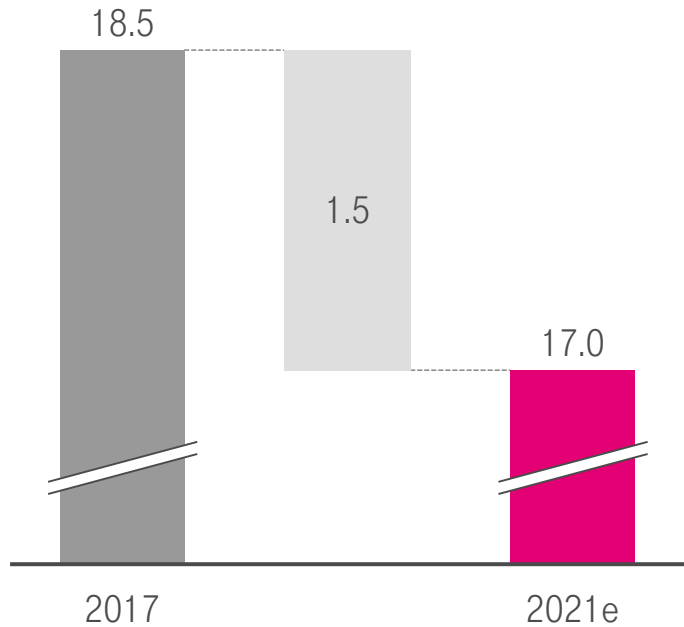
GROWTH UNDERPINNED BY VALUE TRANSFORMATION



EFFICIENCY TO FUND INVESTMENTS INTO GROWTH

Accelerated cost reduction...


Indirect Costs DT Group ex US, €bn



- Address cost savings potential **more effectively** than in the past
- Focus on **operational excellence** and **lean organizational structure** (e.g. enabled by digitalization)

...across all segments

 -€0.8 bn

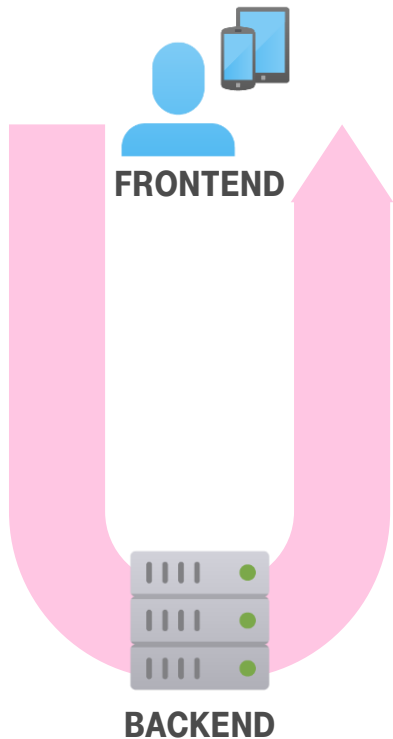
 -€0.4 bn

 -€0.1 bn

 -€0.2 bn
(incl. GROUP DEVELOPMENT)

DIGITAL TRANSFORMATION TO ADDRESS UNTAPPED POTENTIAL

We have started our E2E digitalization...



We digitalize our touchpoints:

“Mein Magenta App” in Germany¹, One App for EU

We simplify our products and services:

e.g. EU tariff reduction

We automate our core business processes:

1,500 bots handling 20 mn transactions in Germany

We exploit our data:

> 300 analytics use cases, > 50 ongoing AI projects,
> 100 experts working on AI

We transform our IT systems:

Portfolio approach in Germany, harmonized API Layer in EU

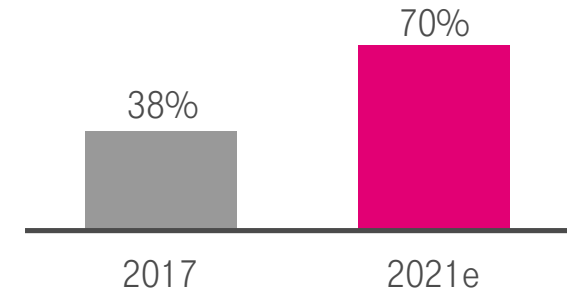
We digitalize our network for real-time operations:

IP/BNG migration, Access 4.0

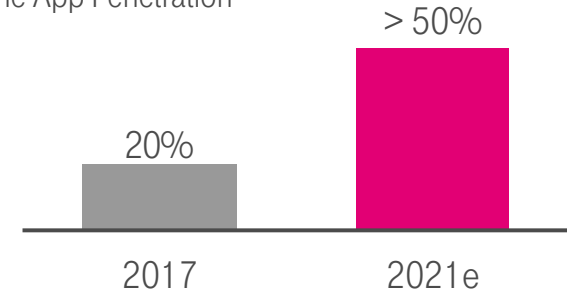
...and aim for more



Share of resolved requests in digital channels²



One App Penetration



¹ Formerly MagentaSERVICE App ² E-Service Share Interaction, year end 2017

BOLD CULTURAL TRANSFORMATION...

Strengthened the team on all levels...

New board members ...



Adel Al-Saleh
T-Systems



Srini Gopalan
Europe



Dirk Wössner
Germany

...supported by a strong international management team



Omair Khan
Data Governance



Omar Tazi
Product Innovation &
Customer Experience



Alex Choi
Research & Technology
Innovation



Campbell McClean
IT Architecture



Surya Manepalli
Operational
Excellence TSI



Eva Somorjai
Human Resource
Europe



Debanjan Banerjee
Investment Monetization
Europe

...

...to drive cultural transformation



- **Transform culture & organization** towards agile mindset (220 T³ transformation leaders participated in classes in 2017)
- **Support cross-functional collaboration** (90% of business leader placements in 2017 were cross-functional)
- **Establish new ways of working** (T&I established with new pool organization; > 10k employees enabled in “Design Thinking” in 2017)
- **Drive empowerment and entrepreneurship**

...INNOVATIVE BUSINESS & STEERING MODELS...

New asset management & investment models

New Segment
Group
Development



Deutsche Funkturm



Innovative
Spin-Outs

Comfort Charge



MOBILEEDGE X

Growth &
Financial
Investments



relayr.

ENTREPRENEURIAL VALUE CREATION

Innovative ways of working

Flexible Incentive
Models



Entrepreneurial headroom
Collective targets

Agile
Development



Iterative & incremental
Cross-functional teams

Pool
Organizations



Competence Chapters
Project-based staffing

AGILITY & ACCELERATION

...TAKING CORPORATE RESPONSIBILITY

“Lighthouse” examples...

Climate Change & Enabling Potential



Sustainable Supply Chain



Human Rights & Employee Relations



Social Engagement



Digital Ethics



...of contribution to the sustainable development goals

- **Climate:** 20% CO₂ footprint reduction by 2020e¹
 - **Renewable energy share:** Group at 41% (2017), TMUS aims at 100% by 2021e
 - **Impact:** Positive CO₂ effect enabled on customer side at 71% above DT emissions
-
- **ESG² risk assessment** integral part in purchasing process
 - 81% of **procurement volume reviewed** according to ESG² criteria (i.e. audits)
 - **Joint audit** corporation and **supplier development program**
-
- “**Code of Human Rights & Social Principles**” & “**Employee Relations Policy**”
 - Continuous human rights **due diligence** covering > 100 business units³
-
- **41%** of social engagement activities **focus on media skills & digital literacy**
 - **Telekom Foundation** with focus on STEM⁴, digital teaching and learning
 - Integration into the German labor market: **DT employs ≈ 340 refugees**
-
- **Ethics codex for responsible use of Artificial Intelligence implemented**
 - Codex defines how DT will use AI for product and service development

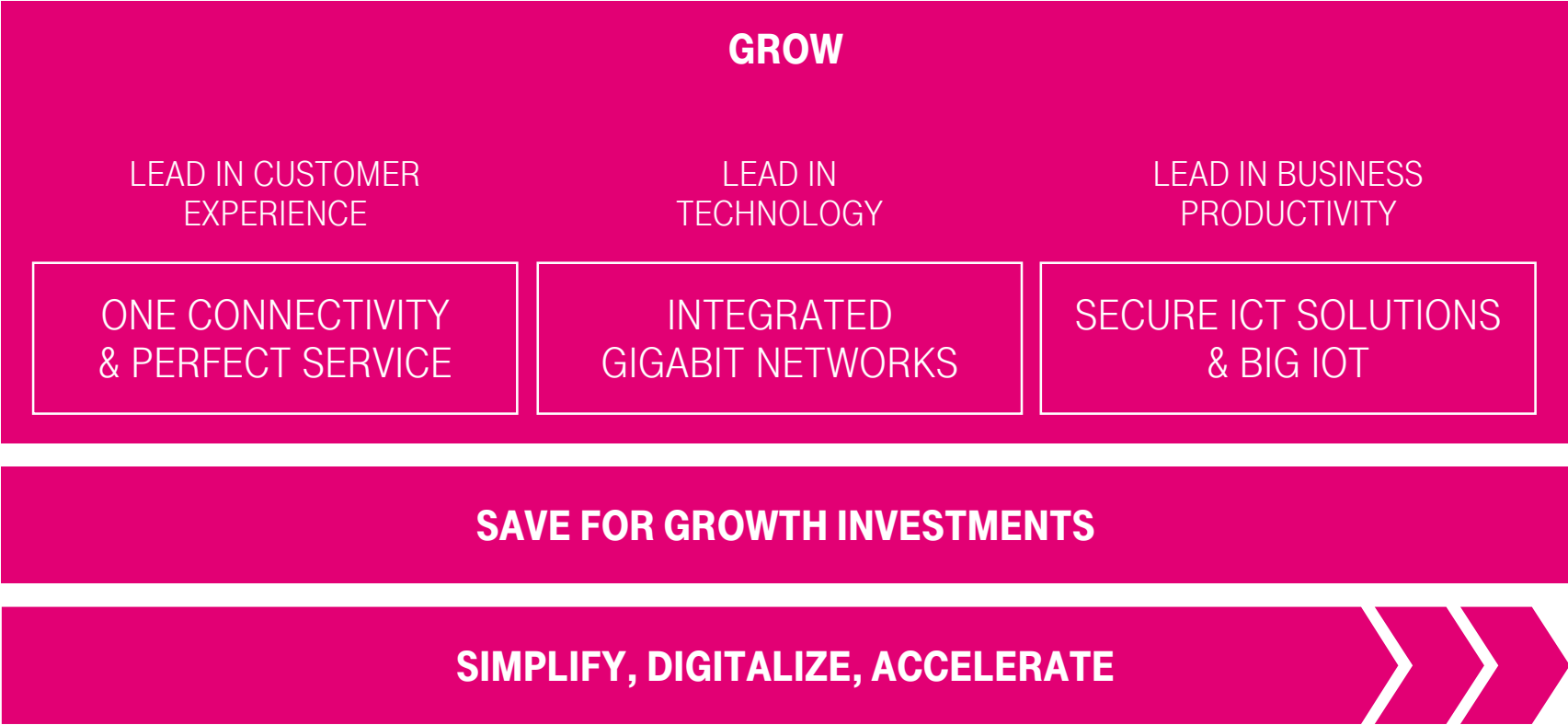
¹ Compared to base year 2008, without T-Mobile US, in t CO₂

² ESG: Environmental, Social & Governance

³ Incl. assessments of basic minimum requirements

⁴ Science, technology, engineering and mathematics

OUR AMBITION: LEADING EUROPEAN TELCO



MID TERM AMBITION LEVEL

GROUP STRATEGY

GERMANY

SYSTEMS SOLUTIONS

TECHNOLOGY & INNOVATION

T-MOBILE US

EUROPE

GROUP DEVELOPMENT

FINANCE

MID TERM AMBITION LEVEL

	Mid term ambition level ¹	Year	Implications of US deal ²
GROUP REVENUES	CAGR +1–2%	2017–2021e	Confirmed
GROUP ADJ. EBITDA	CAGR +2–4%	2017–2021e	Confirmed
GROUP FCF	CAGR ≈ +10%	2017–2021e	Slightly dilutive in 2021e & accretive in 2022e
GROUP ADJ. EPS	≈ €1.20	2021e	Slightly dilutive in 2021e & accretive in 2022e
GROUP ROCE	ROCE > WACC	2021e	Confirmed
GROUP CASH CAPEX	Ex US stable	2017–2021e	Confirmed
GROUP INDIRECT OPEX	Ex US -€1.5 bn	2017–2021e	Confirmed
SHAREHOLDER REMUNERATION POLICY (2018–2021)³	Dividend will reflect growth in adjusted EPS. Floor remains at €0.50 per share	2017–2021e	Confirmed

¹ Based on constant exchange rates (Average exchange rate 2017 of € 1 = US\$1.13) and no further changes in the scope of consolidation ² Assumption: closure date Jan. 1st, 2019

³ Subject to necessary AGM approval and board resolution. 2018 dividend target of €0.70 per share. Share buy backs to be considered, but not relevant for first 3 years in US deal scenario.

WHY DT: BEST POSITIONED FOR FUTURE GROWTH



Unique **FOOTPRINT & ASSET BASE**

- ✓ **Transatlantic presence** in worlds' leading economies
- ✓ **Converged leader** in Europe with **superior network position**



GROWTH Profile

- ✓ **95% of footprint growing** with further FMC growth potential
- ✓ Supercharging the Un-Carrier **boosts DT's financial profile** (EPS accretive from year 3)



Untapped **VALUE POTENTIAL**

- ✓ Still untapped potential from **cost transformation**
- ✓ **Accelerated digitalization** to improve CX and reduce costs



Clear **STRATEGY**

- ✓ Focus on **connectivity core & adjacent business**
- ✓ Focused **portfolio approach & capital allocation**



Best **TEAM**

- ✓ **New international leaders** with excellent track record
- ✓ **Walk the talk & winning mentality**

BOTTOM LINE: WE HAVE A PLAN

-  Accelerate FMC growth
-  Foster fiber monetization
-  Establish "Perfect Service" (Der Service)
-  Close convergence gaps in non-integrated NatCos
-  Intensify FMC & TV commercialization
-  Supercharge the Un-Carrier
-  Intensify team of experts (TEX) approach
-  Fiber rollout: Ramp up to 2 mn HH p.a. by 2021e
-  99% LTE outdoor coverage in 2020e
-  Fiber rollout: Ramp up to 0.75 mn HH p.a. by 2021e¹
-  99% LTE outdoor coverage in 2021e
-  Close remaining coverage gap
-  Accelerate rollout of low band spectrum
- T&I** 5G & IoT innovation leadership
- T&I** Complete IT transformation
-  Expand IT/TC portfolio for SME via "Mittelstands-initiative 2.0" (€6.5 bn B2B revenue in 2021e)
-  Accelerate B2B growth (€3.6 bn revenue in 2021e)
-  Gain fair share in B2B
- TSI** Grow in IoT
- TSI** Expand security portfolio & commercialization
- TSI** Establish ngena as global SD-WAN solution

¹ FTTH/B and Cable ED3.1, excluding Romania

ONE CONNECTIVITY & PERFECT SERVICE

INTEGRATED GIGABIT NETWORKS

SECURE ICT SOLUTIONS & BIG IOT

US Deal Implications

Group Revenues: CAGR +1–2% (2017–2021e) ✓

Group Adj. EBITDA: CAGR +2–4% (2017–2021e) ✓

Group Ind. Opex: Ex US -€1.5 bn (2017–2021e) ✓

Group Cash Capex: Ex US stable (2017–2021e) ✓

Group FCF: CAGR ≈ +10% (2017–2021e) ↘ 2021e ↑ 2022e

Group Adj. EPS: ≈ €1.20 (2021e) ↘ 2021e ↑ 2022e

GROWTH

SAVE FOR GROWTH INVESTMENTS

SIMPLIFY, DIGITALIZE, ACCELERATE >>>

- Simplify offerings
- Push online sales & service channels
- Drive cultural transformation
- Cut off legacy systems
- Drive E2E process automation
- Enable innovative business & steering models
- Foster data-driven decision-making

- Internal workforce 0.5
- External workforce 0.3
- Non-Headcount related Opex 0.7

XX Indirect cost savings target DT ex US 2017–2021e, € bn

GERMANY

DR. DIRK WÖSSNER

KEY MESSAGES

01

MARKET WITH STABLE GROWTH

The German telecommunications market has returned to stable growth and Telekom is uniquely positioned within this market

02

LEAD IN CUSTOMER EXPERIENCE

Our stable top-line growth focuses on four key drivers: Expanding our converged household penetration, continuing more for more and multi-brand approach in mobile, leveraging our improved broadband networks and TV proposition, and continued low churn through best-in-class service

03

LEAD IN BUSINESS PRODUCTIVITY

“Mittelstandsinitiative 2.0” will further contribute to our strong growth momentum in the B2B market with secure ICT solutions

04

LEAD IN TECHNOLOGY – FIXED

Finalizing our super-vectoring rollout and then reallocating our high budget towards fiber will yield strong broadband growth while addressing political concerns. Our proposed co-investment will ensure a fair risk reward

05

LEAD IN TECHNOLOGY – MOBILE

Leveraging our backhaul capacity and unprecedented site expansion while increasing speed and capacity with massive MIMO, SDRAN technology and enable innovative 5G services

06

VALUE TRANSFORMATION

Indirect cost reduction of €750 mn by 2021 through automation, operational excellence, and retirement. Improvements supported by consolidating management functions, flexible IT-architecture and investing into agile development skills

07

FINANCIAL OUTLOOK

Continue our growth path of > 1% in revenue, +2–2.5% in adj. EBITDA and +4–5% in cash contribution with stable Cash Capex and Special factors (Cash)

REVIEW 2014 – 2018

GROUP STRATEGY

GERMANY

SYSTEMS SOLUTIONS

TECHNOLOGY & INNOVATION

T-MOBILE US

EUROPE

GROUP DEVELOPMENT

FINANCE

SOLID DELIVERY ON KEY PROMISES

MARKET

Ambition level 2018

- #1 in FMC with **MagentaEINS**: 3 mn customers
- #1 in **Mobile** service revenue: $\approx 1\%$ ¹ CAGR
>36% market share
- #1 **Broadband**: $\approx +2\%$ CAGR
> 40%² market share
- Stable **Wholesale** revenue

Achievements 2017

- 3.6 mn customers
- #1 Mobile: $+1.0\%$ ¹ CAGR
> 36% market share
- #1 Broadband: $+1.1\%$ ³ CAGR
 $\approx 40\%$ ² market share
- $+1.2\%$ ⁴ CAGR 2014–2017

Delivered/on track



QUALITY

- **Customer loyalty** (TRI*M): ≈ 64 points

- 59 points



FINANCIALS

- Adj. **EBITDA** margin: $\approx 42\%$
(Pro Forma: $\approx 40\%$)⁵
- Growing adj. **EBITDA**: $+1-2\%$ CAGR
- Growing adj. **Cash Contribution**: $\approx +2\%$ CAGR
- **Revenue stabilization**: $+0.3\%$ ¹ CAGR

- 38.4%
- $+0.8\%$ CAGR 2014–2017
- -2.7% CAGR 2014–2017
- $+0.1\%$ ¹ CAGR 2014–2017

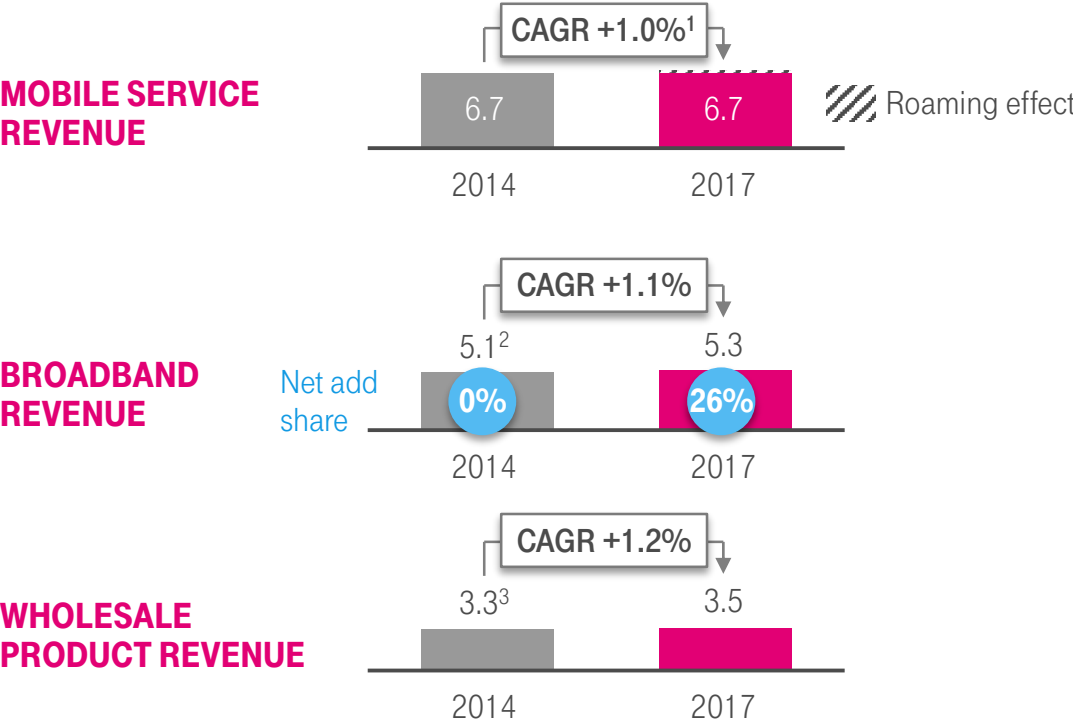


¹ Without EU roaming impact ² Access market share in 2018e ³ FY 2014 restated (supplement accesses allocated to voice only revenues) during 2015 ⁴ FY 2014 restated (€70 mn shifted from "Wholesale" to "Others") during 2015 ⁵ Excl. DFMG and VCS

GERMANY RETURNED TO GROWTH IN REVENUE & EBITDA

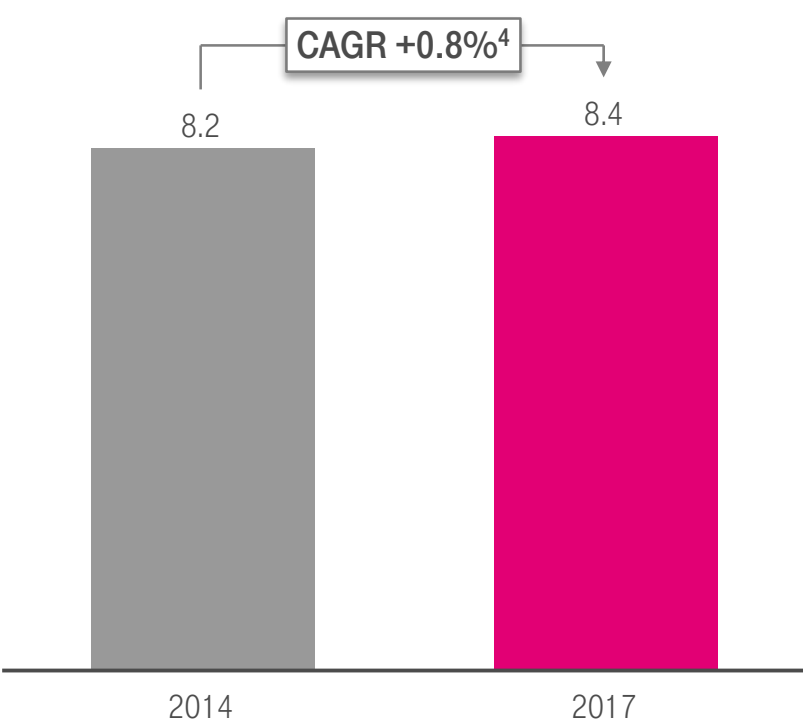
Revenue

€ bn



Adj. EBITDA

€ bn



¹ Without EU roaming impact ² FY 2014 restated (supplement accesses allocated to voice only revenues) during 2015 ³ FY 2014 restated (€70 mn shifted from "Wholesale" to "Others") during 2015 ⁴ Excl. DFMG and VCS

HEALTHY AND STABLE MARKET ENVIRONMENT ENABLES GROWTH

Market insights and trends



Stable economy with positive outlook

GDP +2.3% in 2018¹



Well segmented market.
Willingness to pay for quality & service



Stable & long-term capacity models for
fixed & mobile in place



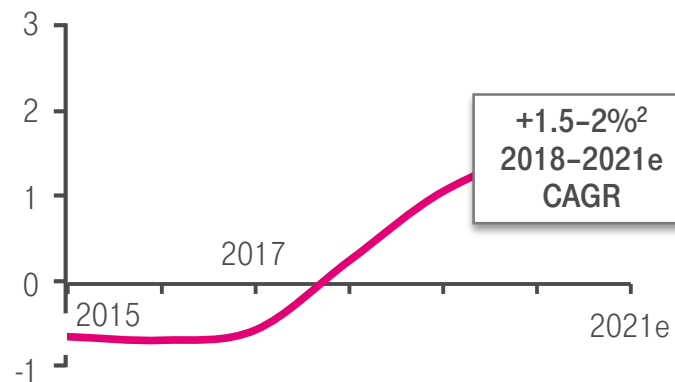
Expected improving regulatory environment

Stable IP BSA pricing until 2022,
MTR-glidepath defined until 2020

Source: ¹ BMWi estimate ² AnalysysMason/IDC ³ AnalysysMason Telco Market Aug. 2017 ⁴ Credit Suisse Research Mar. 2018

Mobile market back to growth...

Service revenue (market),
growth rate yoy, %

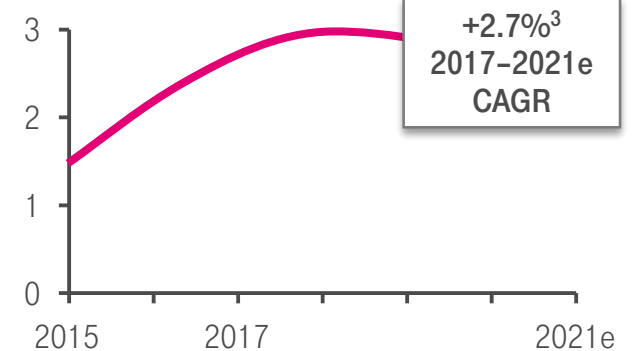


After 3 years of decline, positive
development expected

- 3-player market with capacity models for MVNOs
- Catch up in mobile usage (still low average consumption in Germany)

...and still positive broadband momentum

Broadband revenue (market),
growth rate yoy, %



Broadband- & high-speed penetration
supporting growth

- High-speed demand increases by ≈ 40% yoy on telco infrastructure
- Broadband growth due to low penetration (78% HH-penetration⁴)

WE ARE UNIQUELY POSITIONED IN THE GERMAN TELCO MARKET

#1

TELEKOM

MARKET LEADER IN
GERMANY

\$40 BN

Most valuable
telco brand in
Germany

3.6 MN

Lead in converged
customers

#1

B2B market leader
in Germany

+20 %¹

IT/cloud growth
leader in SMB

#1

Winner of most
telco service tests

18 MN

Most customers on
IP-platform

≈ **80** %

Most mobile sites
connected via fiber

95 %

Outstanding
winner of 95% of
all network tests

**UNLIMITED &
STREAMON**

#1 telco innovator
in Germany

¹ Growth 2016-2017

STRATEGY 2018 – 2021

GROUP STRATEGY

GERMANY

SYSTEMS SOLUTIONS

TECHNOLOGY & INNOVATION

T-MOBILE US

EUROPE

GROUP DEVELOPMENT

FINANCE

GERMANY CONTRIBUTING TO GROUP STRATEGY

Our strategy

GROW

LEAD IN CUSTOMER
EXPERIENCE

ONE CONNECTIVITY
& PERFECT SERVICE

LEAD IN
TECHNOLOGY

INTEGRATED
GIGABIT NETWORKS

LEAD IN BUSINESS
PRODUCTIVITY

SECURE ICT SOLUTIONS
& BIG IOT

SAVE FOR GROWTH INVESTMENTS

SIMPLIFY, DIGITALIZE, ACCELERATE

Ambition Germany


- 1 LEAD IN CUSTOMER EXPERIENCE**
Strengthen market leadership with stable top line growth in consumer market
- 2 LEAD IN BUSINESS PRODUCTIVITY**
Continue strong growth momentum in B2B with secure ICT solutions (“Mittelstandsinitiative 2.0”)
- 3 LEAD IN TECHNOLOGY**
Maintain network leadership based on demand driven network rollout within stable Capex budget
- 4 VALUE TRANSFORMATION**
Clear commitment to efficiency improvements driven by digitalization


1 LEAD IN CUSTOMER EXPERIENCE




Key growth drivers

1 CONVERGENCE
Expanding our converged household penetration with MagentaEINS

 **MOBILE**
Continuing our successful more for more multi-brand approach

 **BROADBAND/TV/WHOLESALE**
Leveraging our improved fiber network & TV proposition

 **SERVICE**
Continuing low churn through best-in-class service

1 CONVERGENCE: CONTINUE MAGENTA EINS SUCCESS STORY

More for more strategy pays off



HIGHER REVENUE PER HOUSEHOLD

+€9.00

Additional revenue per household



HIGHER CUSTOMER LOYALTY

-50%

Churn rate (mobile/fixed)



HIGHER CUSTOMER SATISFACTION

+19pts

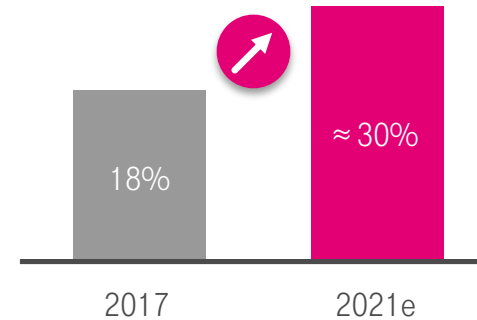
Net Promoter Score vs. consumer base¹

¹ Average of last four data points of Consumer segment NPS vs. MagentaEINS

Growing converged base with focus on value

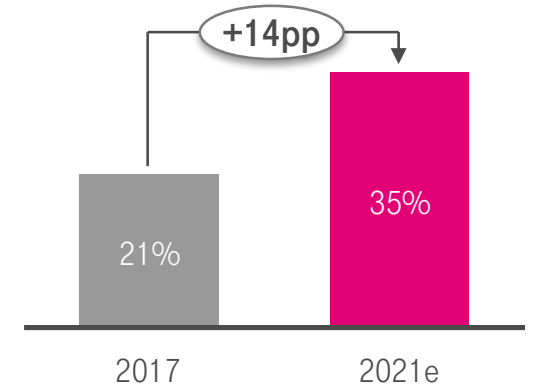
Cross-sell into base and add additional SIM cards/family offers

Share MagentaEINS households/broadband households, %



Secure high share of revenue in converged offer

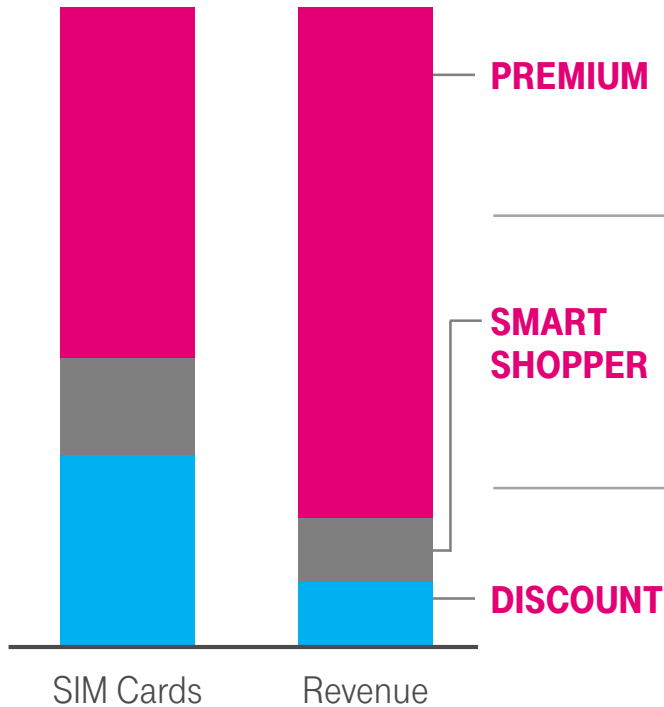
MagentaEINS revenue share, %



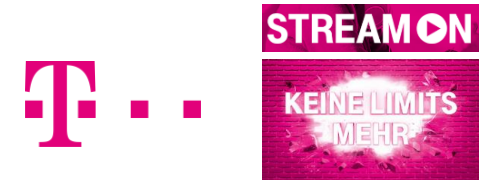
1 MOBILE: RELEVANT MARKET SEGMENTS ADDRESSED

Multi-brand strategy with clear focus on premium segment

Market value distribution¹



- Focus on defending leading position with innovative services (e.g. StreamOn, Unlimited)
- Differentiate through handset portfolio and pricing



- Aim for fair-share through fast-follower strategy with flexible “build-yourself” tariffs
- Strong digital heritage & reactive pricing strategy



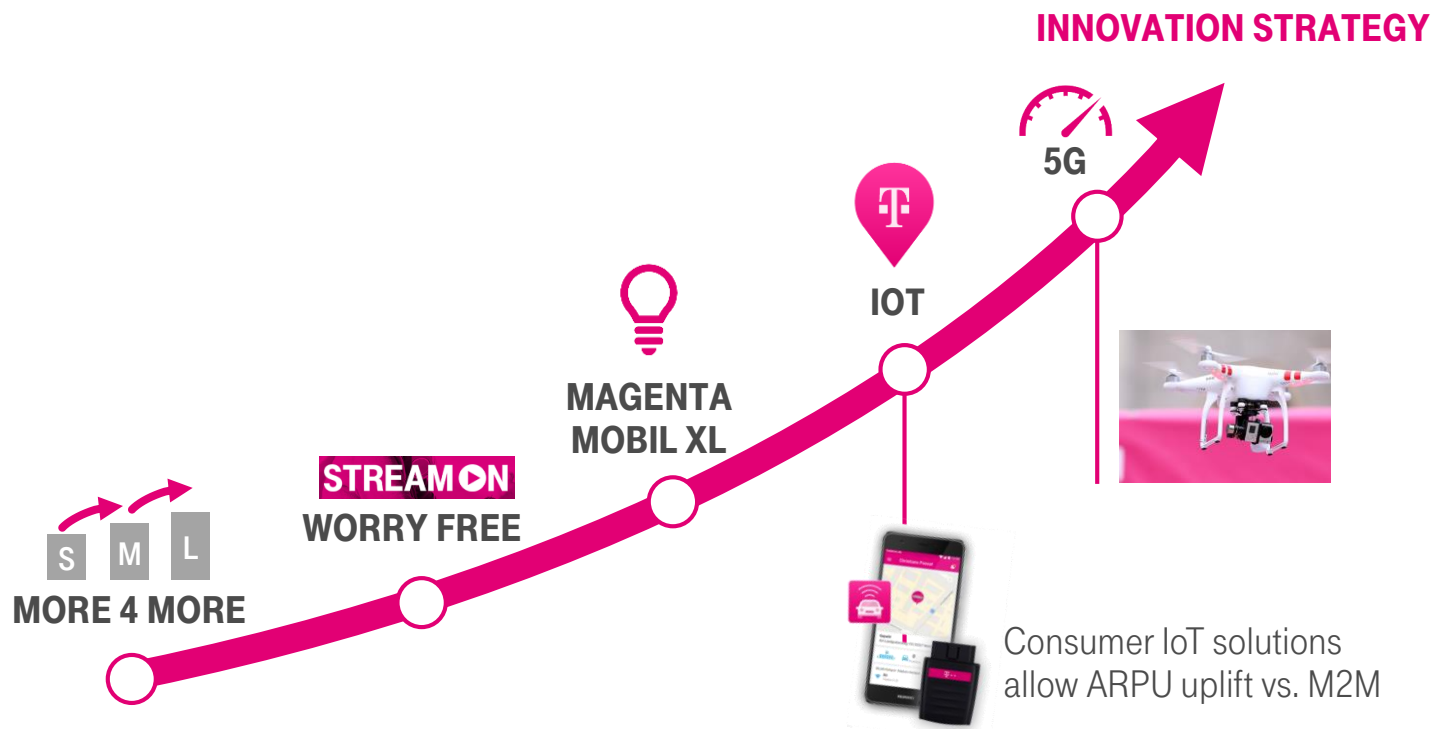
- Underindexed and focus on revenue stabilization
- Balanced channel presence through wholesale brands & retail partnerships



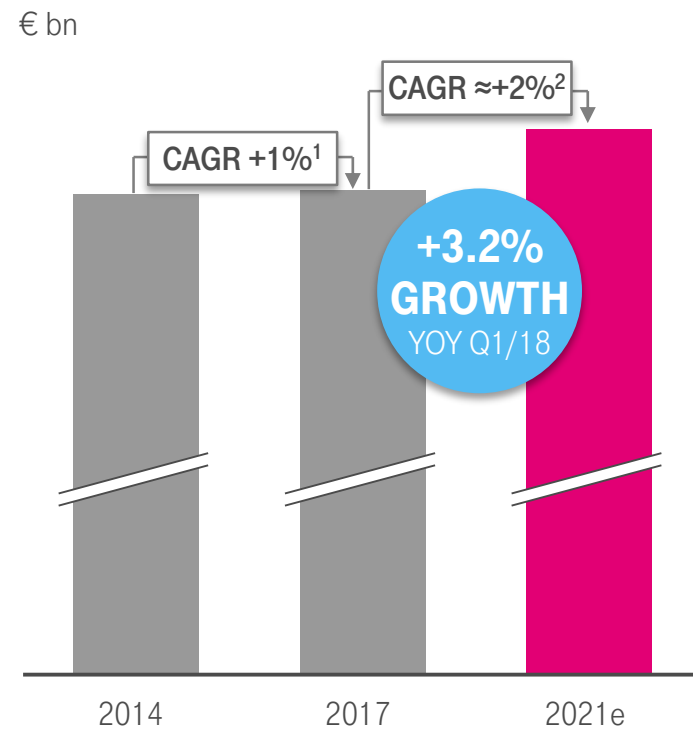
¹ Rough estimation based on internal market survey

1 MOBILE: DIFFERENTIATION WITH INNOVATION & MORE FOR MORE

Innovative more for more strategy



Mobile service revenues



¹ Without EU roaming impact ² Average growth rate adjusted for IFRS 15 impact; 2021e visually adjusted for IFRS 15

1 BROADBAND: GROWTH WITH FTTX COVERAGE & SPEED

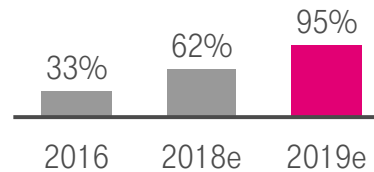
Broadband revenue growth drivers



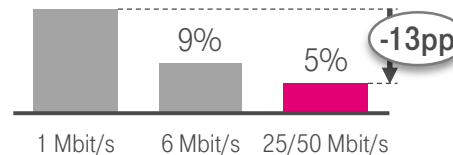
BANDWIDTH INCREASE

Higher speeds yield low churn and good gross-add momentum

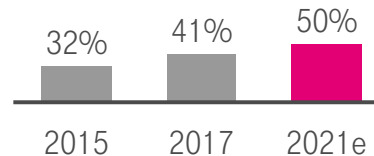
Availability of ≥50 Mbit/s



Broadband churn rate 2017, %

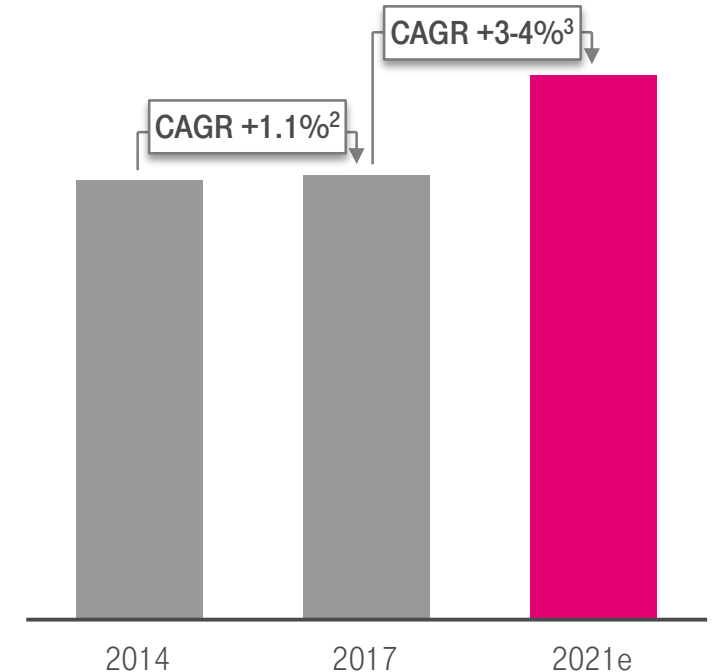


Pay-TV share, %¹



Broadband revenues

€ bn



TV GROWTH

Smart content investments & leading platform increase broadband attractiveness

¹ Customers with at least one booked paid package ² FY 2014 restated (supplement accesses allocated to voice only revenues) during 2015

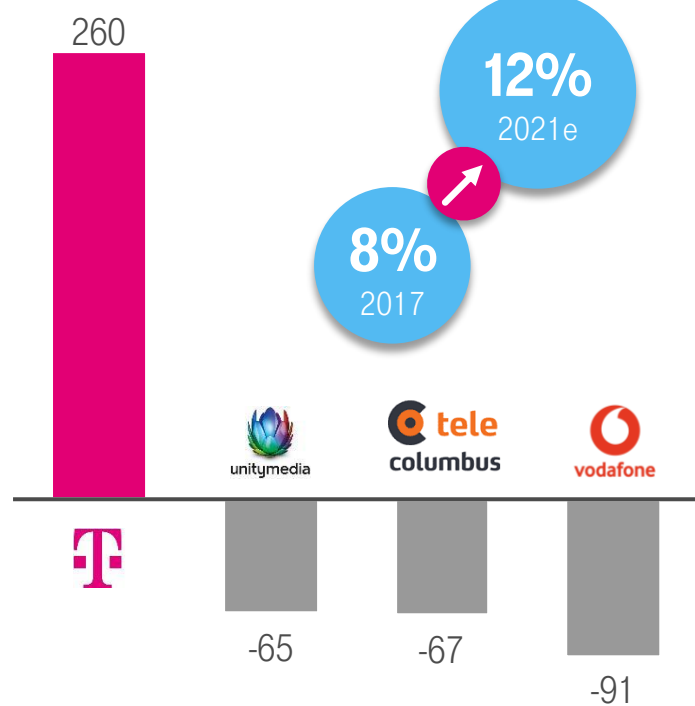
³ Including business IP products (e.g. DLAN, Company Connect); average growth rate adjusted for IFRS 15 impact; growth 2017-2021e without definition change approx. 1 pp lower

1 TV: CONTENT AGGREGATOR WITH SMART INVESTMENTS

TDG is the only growing TV operator

TV net adds FY 2017, k¹

TV market share, %



¹ TDG including Entertain IPTV and Sat, Vodafone Coax and IPTV lines, Telecolumbus incl. Primacom & Pepcom ² Since start in Oct. 2017

Our differentiators drive further growth



BEST CONTENT AGGREGATOR

- Exclusive series: 3.7 mn views²
- Smart content investments with high customer perception



BEST USER INTERFACE

- Award winning experience: Best image/audio quality
- Differentiating features: Voice control, 2nd screen, mobile app



LEAD IN SPORTS CONTENT

- Most popular sports content: Bundesliga Conference & 3. Liga
- Exclusive sports rights: BBL, Ice hockey



NEW TARGET AUDIENCE

- Focus on young audience
- New segments: Housing industry

1 WHOLESALE: DRIVING GROWTH WITH FIBER MONETIZATION

Stable Wholesale access base & ARPA growth



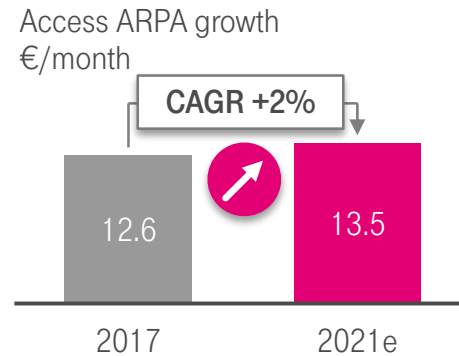
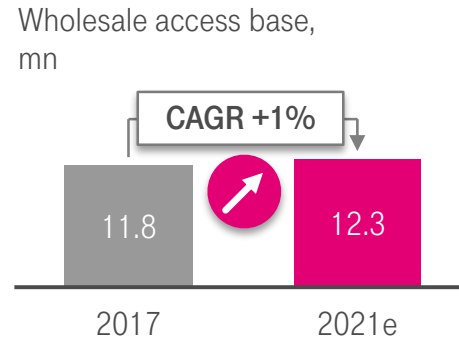
SUBSCRIBER GROWTH

- “Kontingentmodell” as reliable long-term model to provide access to our fiber infrastructure
- Low churn due to attractive wholesale platform (bandwidth)

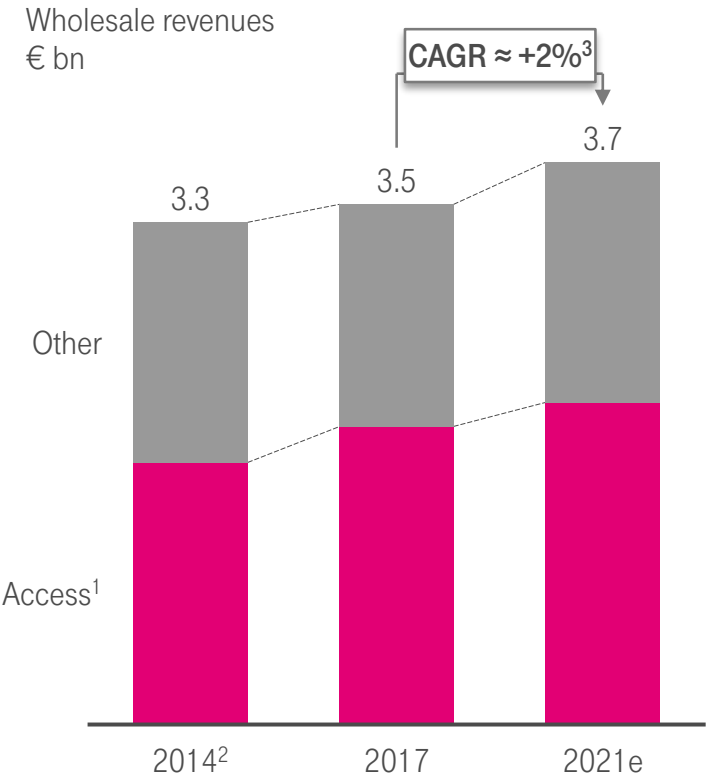


ARPA GROWTH

- ARPA increase driven by shift ULL/BSA
- Stable regulatory environment (fixed IP BSA pricing up to 2022)



Ambition



¹ Carrier customers ² FY 2014 restated (€70 mn shifted from “Wholesale” to “Others”) during 2015 ³ Average growth rate adjusted for IFRS 15 impact

1 SERVICE: TOWARDS A LEADING CUSTOMER EXPERIENCE

Leading customer experience in products and service



PROACTIVE

- **Big data analytics** for early fault detection
- **Proactive customer information** in case of critical incidents, contract changes, IP migration, etc.

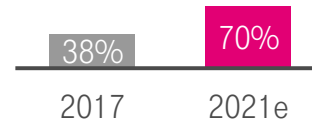
SMS/year for proactive customer interactions



FLEXIBLE & DIGITAL

- **Self-service** via Mein Magenta App for reduction of service calls (e.g. contract status & changes, invoice, data usage)
- **Self-administration** for SMB (e.g. Cloud PBX)

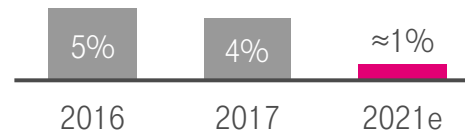
Share of resolved requests in digital channels, %¹



SIMPLE & SEAMLESS

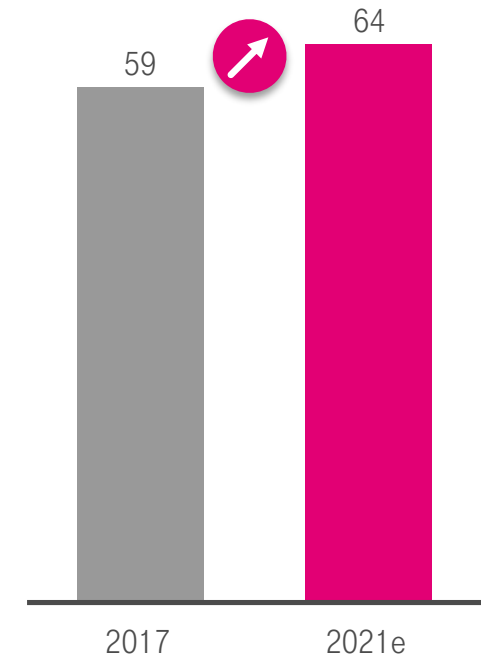
- **Simplification** of product portfolio
- **Seamless customer service** on all channels (e.g. web, hotline, shop)

Rate of complaints, %



Ambition

Customer loyalty (TRI*M), in points



¹ E-Service Share Interaction, year end 2017

2 LEAD IN BUSINESS PRODUCTIVITY



B2B growth areas



CONNECTIVITY & INFRASTRUCTURE

Mobile, fixed network, cloud IaaS and M2M



AGILE WORKPLACE

Smartphone, tablet, notebook and office software



BUSINESS APPLICATIONS

Horizontal, vertical and cloud SaaS

2 MITTELSTANDSINITIATIVE 2.0: SECURE ICT SOLUTIONS FOR SMB

B2B market leadership driven by digitalization

MITTELSTANDS-INITIATIVE
1.0
2014-2017

- **Growth in mobile & broadband revenues**
- **IT solutions:** SAP & cloud infrastructure for SMB with automatic provisioning
- **Business connectivity solutions**
- **Security:** Mobile security & firewall solutions

CAGR 2014-2017

+1% ✓

+19% ✓

+11% ✓

+17% ✓

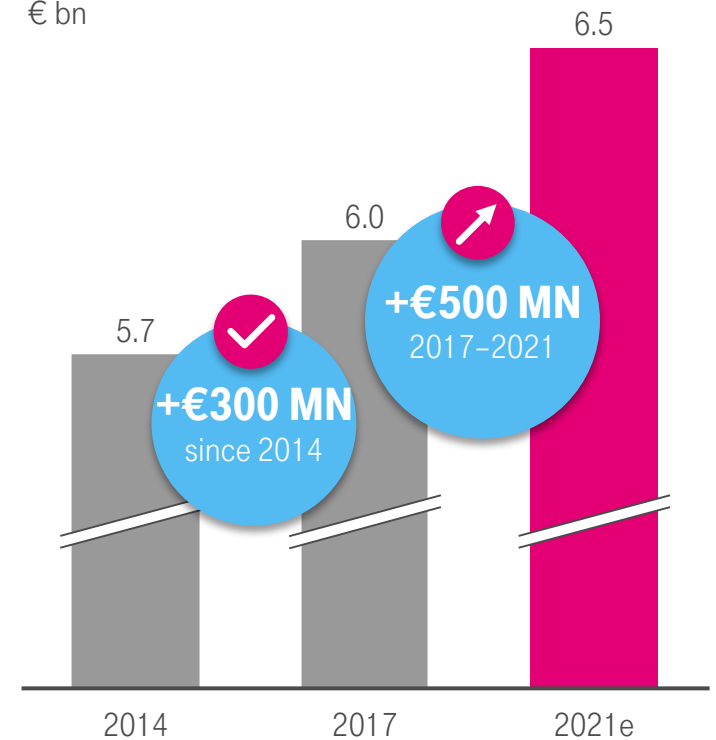
MITTELSTANDS-INITIATIVE
2.0
2018-2021

- **Further growth in mobile & broadband**
- **Connectivity & infrastructure:** M2M/IoT
- **Agile workplace:** Cloud PBX & office solutions
- **ICT solutions & business applications**



Ambition

€ bn



3 LEAD IN TECHNOLOGY



Drivers for network leadership



FIBER ROLLOUT

FTTH/B rollout with intelligent area and technology mix within stable Capex envelope



COOPERATION & CO-INVEST MODELS

Increase of coverage with intelligent cooperation models



MOBILE

Extension of leading mobile network position in reach and quality



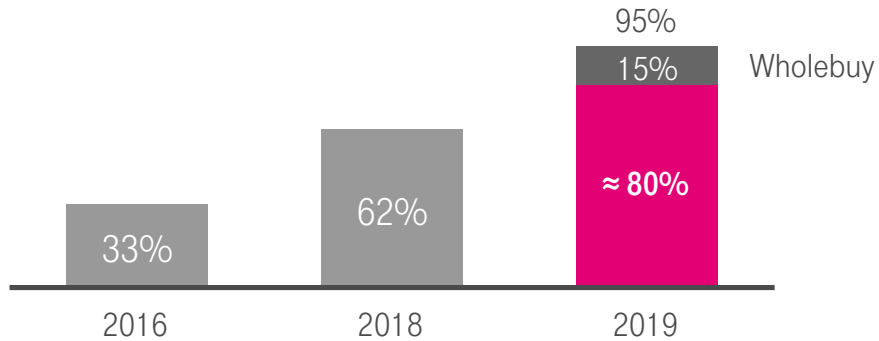
NETWORK INNOVATION

Innovation leader in 5G network technology and efficient rollout technology

3 FIBER ROLLOUT: NOT MANY WHITE SPOTS LEFT

TDG building the leading infrastructure in Germany

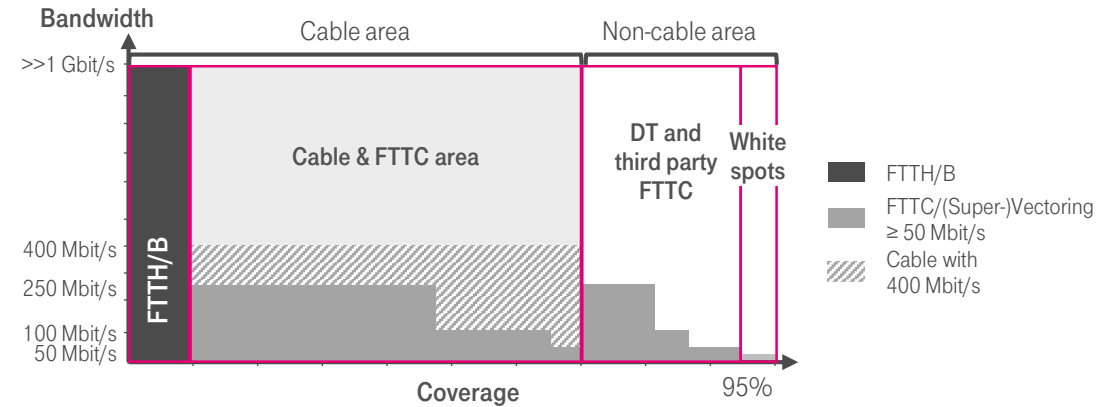
Vectoring coverage



- ✓ Reaching ≈ 80% HH coverage with vectoring in 2019 (≈ 62% in 2018)¹
- ✓ ≥100 Mbit/s in 70% of HH (in 2019)
- ✓ Introduction of Super-Vectoring (up to 250 Mbit/s)
- ✓ Wholebuy potential 15% (in 2019)

15 MN
homes connected with Super-Vectoring by end of 2018

Expected market broadband coverage end of 2019²

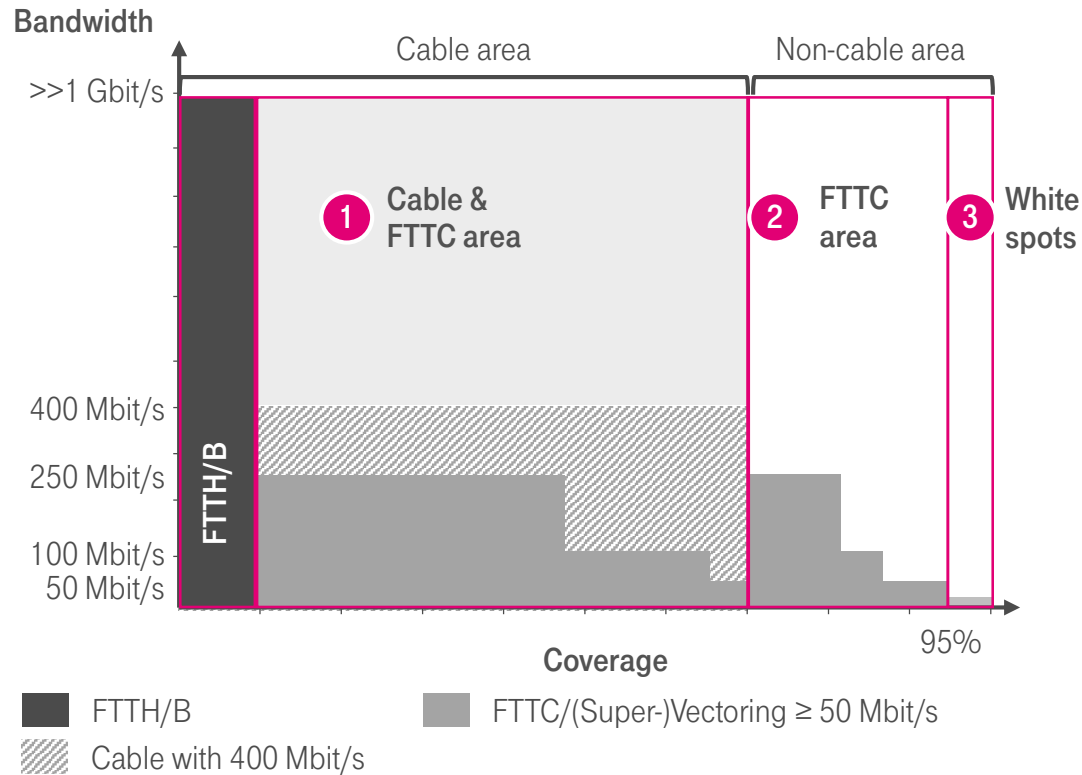


- Only 5% “white-spots” end of 2019
- 70% coverage with 1 Gbit/s by **cable** expected
- Further **subsidies** expected

¹ Bandwidth ≥50 Mbit/s, delayed due to long regulatory process ² Schematic illustration

3 FIBER ROLLOUT: SMART AREA AND TECHNOLOGY MIX

Expected German broadband coverage end of 2019¹



¹ Schematic illustration

Rollout priorities



B2B areas

Connecting 80% of businesses in business parks with fiber (by early 2020s)



1 Cable area



2 FTTC area

Areas with strong competition and winback potential for customers lost to cable/other operators



3 White spots

Subsidized rollout of areas with very low bandwidth and high customer demand



Cooperations & co-invest models

Shared investment for efficient rollout & wholebuy

3 COOPERATIONS AND CO-INVEST MODELS

Cooperation models



JOINT VENTURES

- **Joint rollout** of fiber infrastructure with **larger regional carriers** (e.g. EWE)



RENTING NETWORK ELEMENTS

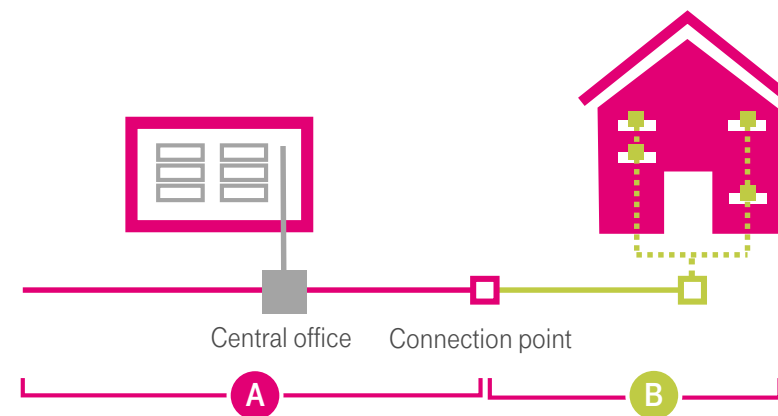
- **Renting complementary infrastructure** from regional players (e.g. municipal services)



WHOLEBUY

- **Renting infrastructure & active equipment** based on **commercial wholesale** models (market potential 15% in 2019)

Investment oriented & fair commercial models



OPEN NETWORK, BASED ON FAIR RETURN, RISK SHARING, AND RECIPROCIDY

- A** Commitment Model with **annual upfront payments** for bitstream connection fee
- B** **Investment oriented connection fee** per line charged to **retail service provider**

3 FIBER ROLLOUT: RAMPING UP TO 2 MN HOMES PER YEAR

Guardrails fiber rollout



SMART INVESTING

- Improving rollout efficiency with trenching, data driven rollout, and “FTTH factory”
- Status 2020: ≈ €1,000 per home passed¹



SMART AREA & TECHNOLOGY MIX

- Smart area mix between B2B areas, competitive areas, FTTC areas and white spots
- Efficient technology mix with FTTH, FTTB and WTTB (potential: 20–30% of homes where we have fiber available)



SMART COOPERATION & CO-INVEST

- Joint fiber rollout with regional players (e.g. EWE)
- DT will sell and buy wholesale fiber access based on fair return, risk sharing and reciprocity

MAINTAINING
STABLE CAPEX €4.2 BN
P.A.²

MINIMUM IRR
7.5%³

RAMPING UP TO
2 MN HOUSEHOLDS
P.A. BY 2021

SHARING INVESTMENT RISKS
WITH PARTNERS

¹ Incl. area & technology mix ² Stable total Cash Capex vs. 2017 ³ Internal Rate of Return for FTTB/H

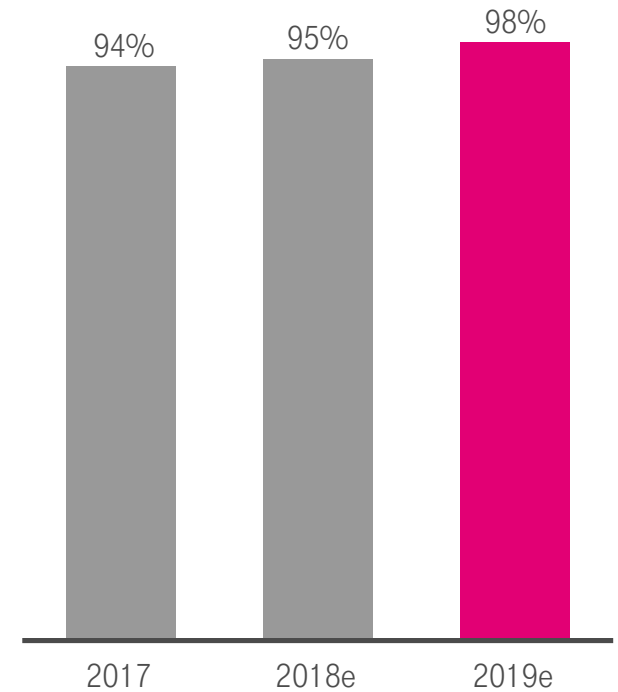
3 MOBILE: BEST NETWORK IN GERMANY



Reach of LTE network

- ✓ ≈ 80% mobile sites connected via fiber
- ✓ 27,000 mobile sites end of 2017
- ✓ Winner of all major mobile network tests

LTE Pop coverage



3 MOBILE: EXTENDING MOBILE LEADERSHIP POSITION

Key priorities



NETWORK EXPANSION

- Unprecedented site expansion (≈ 2,000 additional sites p.a.)
- Differentiation with **customer driven rollout**



QUALITY IMPROVEMENT

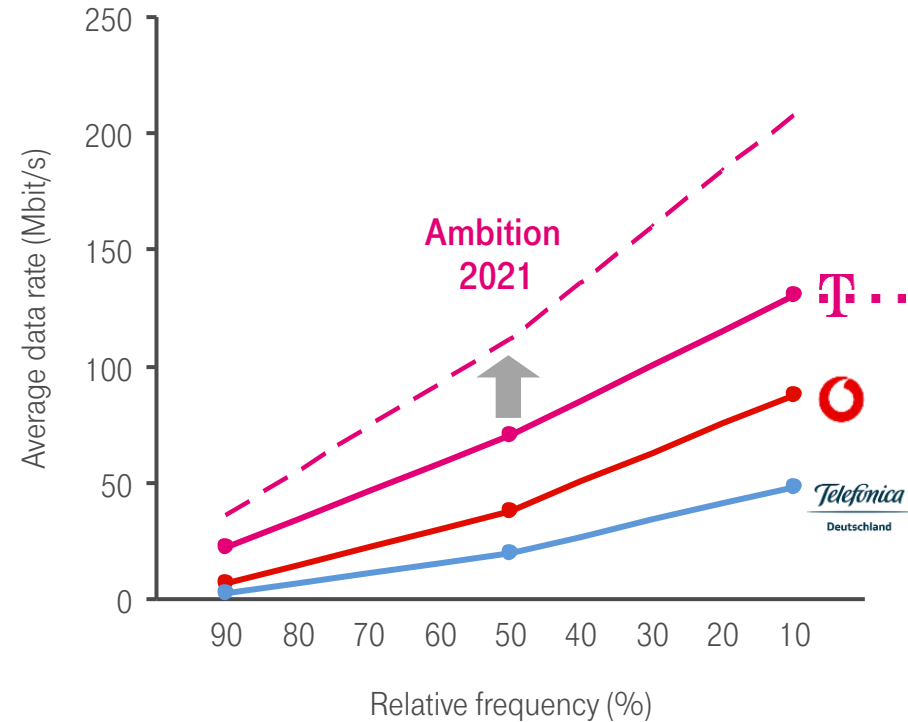
- Improve **coverage of highways & train tracks**
- Enhance **indoor coverage & quality**
- Extend lead in **fiber backhaul**



NETWORK INNOVATION

- **Top-speeds in city-centers of 1 Gbit/s**
- Increase of capacity with **massive MIMO**
- **Mobile Edge** for low latency use cases

Ambition: Best customer experience



Source: Connect Mobile Network Test 2018

3 NETWORK INNOVATION: FORERUNNER IN 5G TECHNOLOGY

5G enabling new speed and efficiency levels

1,000x HIGHER NETWORK CAPACITY

10x LOWER LATENCY

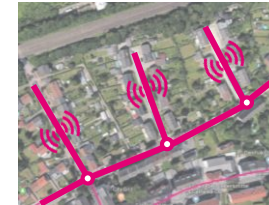
10x HIGHER SPEED
>10 Gbit/s

4x INCREASED EFFICIENCY
€/Mbit/s as efficiency factor¹

¹ Network capacity costs per incremental busy hour capacity

Pilot use cases with strong partners

WTTH/FWA
POTENTIAL



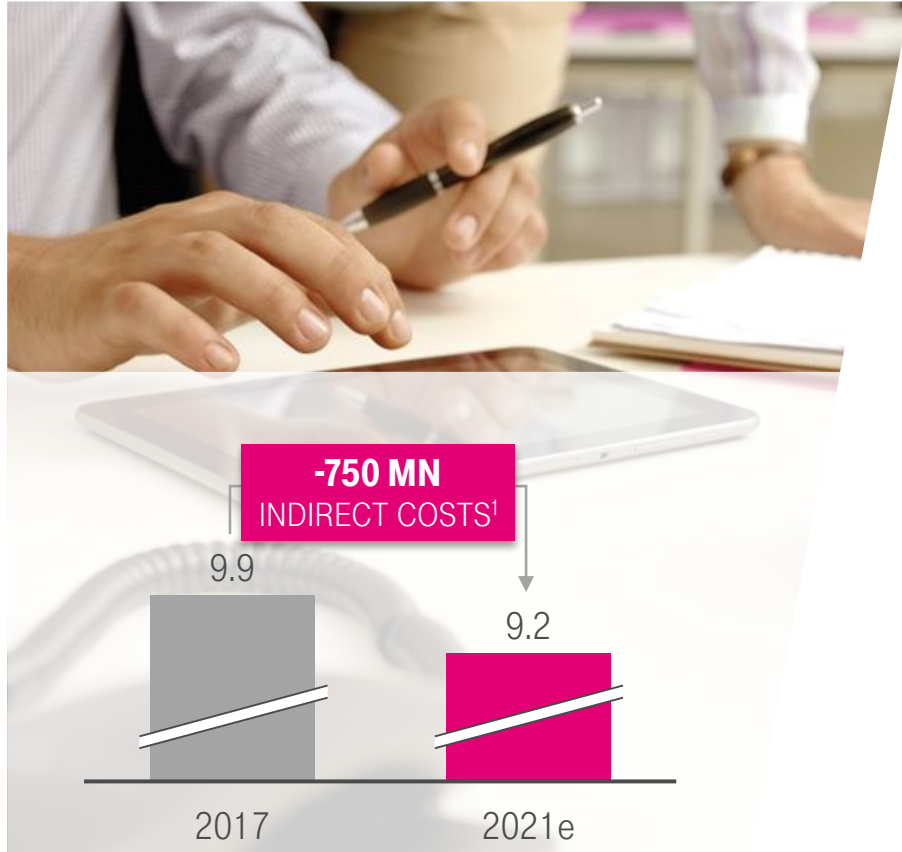
- Trials successfully completed
- Capex savings potential through synergetic rollout with FTTH

5G PILOT
CASES WITH
STRONG
PARTNERS



- Pilot cases already initiated
- Innovative solutions leveraging 5G features (e.g. drones, Augmented Reality, remote maintenance)

4 VALUE TRANSFORMATION



¹ Net cost reduction

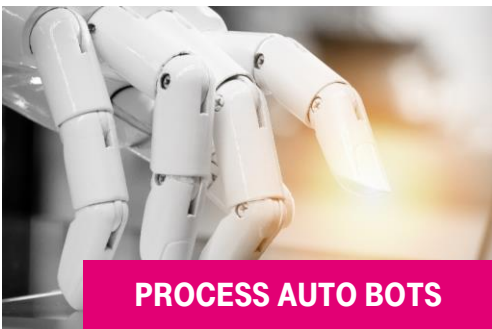
Key drivers for cost reduction

	<p>AUTOMATION Data analytics and smart processes</p>	<p>€300 MN</p>
	<p>OPERATIONAL EXCELLENCE Predictive servicing and maintenance, less complaints and process optimization</p>	<p>€250 MN</p>
	<p>PLATFORM RETIREMENT Retirement of platforms, investment in state-of-the-art infrastructure</p>	<p>€200 MN</p>
	<p>LEAN & AGILE ORGANIZATION Lean commercial and sales units, agile central functions and reduction of executive functions</p>	

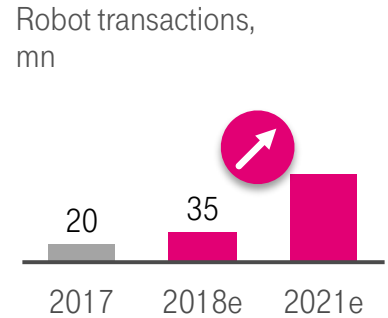
4 AUTOMATION: BOTS FOR CUSTOMER INTERACTIONS AND SIMPLIFYING PROCESSES

€300 MN Savings

Key drivers for cost reduction



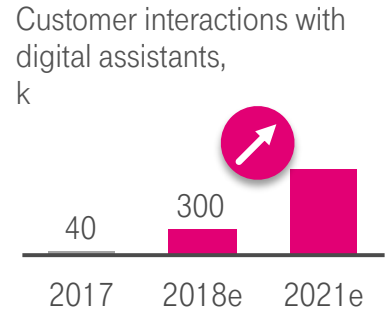
- **Agile bot development** to automatize repetitive tasks
- Significant **reduction of development time** compared to traditional IT
- **1,500 bots** implemented in 2017



Example: Field Service App



- **Chat bots** for improved experience & efficiency in customer interaction
- **AI supported chat** to improve service experience



- **E2E field service process** in a single app
- **Optimized processes** and handover in technology & service
- **Dynamic workflow** to avoid manual errors

4 OPERATIONAL EXCELLENCE: IMPROVING SERVICE PROCESSES

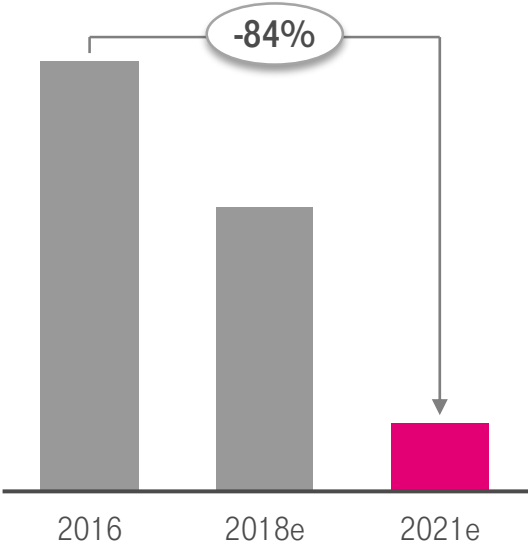
€250 MN Savings

Reduction of complaints through efficiency measures and self-service

Ambition



Customer complaints per quarter



Mein Magenta App as central contract management tool

Data analytics to solve occurring issues in advance

Training of experts to solve requests in first contact

Dedicated product teams ensure end-to-end quality

Self-Service

Reliability

Service Quality

Product Quality

4x Monthly App usage

≈99% Adherence to appointment 2021¹

>80% Contact resolution rate in 2021²

70 PTS. TRI*M Entertain TV

¹ 2017: 92% ² Q1 2018: 66%, survey based on customer SMS feedback within 24 hours

4 PLATFORM RETIREMENT: SIMPLIFICATION AND END OF LIFE

€200 MN Savings

Key drivers for cost reduction



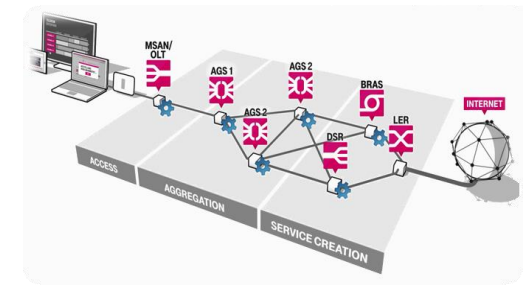
- **Standardized production model** for all access technologies
- **BNG migration and IP transformation** for mass market will be finished in 2019
- **Retirement of multiple legacy transport platforms** and closing of locations



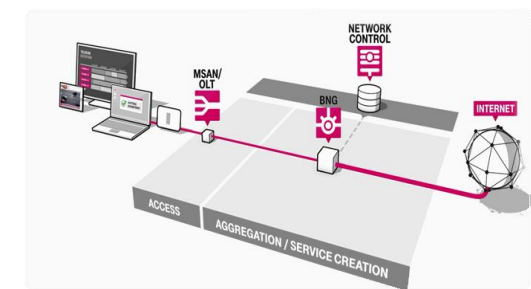
- **Micro-service architecture** and increased use of **open source technologies**
- **Decoupling of architecture** and **retirement of older IT platforms**
- **Agile methodologies** to improve delivery time

Example: BNG transformation

Legacy architecture



Today's architecture



4 LEAN AND AGILE ORGANIZATION: ACCELERATED DECISIONS AND IMPROVED COLLABORATION

Key areas of agile methods and organization



- Consolidation of **management functions** and reduction of **hierarchy** to foster accountability
- Introduction of **product-tribes** and **skill-based chapters**



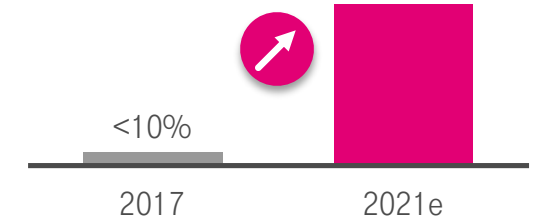
- Strong focus on **software and product development**
- Improve time to market by **agile delivery processes**
- Strong usage of **AI & big data analytics**



- **Reskilling** for future capabilities
- **Agile methodology** like scrum or design thinking as standard of collaboration
- **Agile Academy** launched in Jan 2018

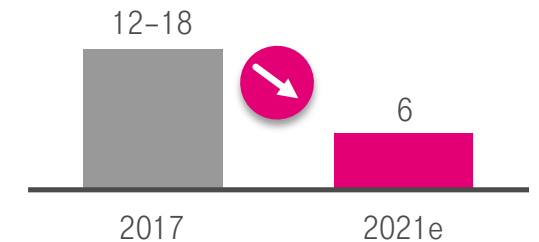
Increased agility...

Share of projects with agile/flexible delivery



... for faster time to market

Average delivery time of software projects, months



FINANCIAL OUTLOOK

GROUP STRATEGY

GERMANY

SYSTEMS SOLUTIONS

TECHNOLOGY & INNOVATION

T-MOBILE US

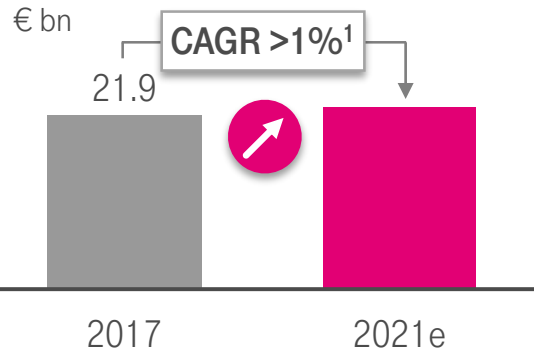
EUROPE

GROUP DEVELOPMENT

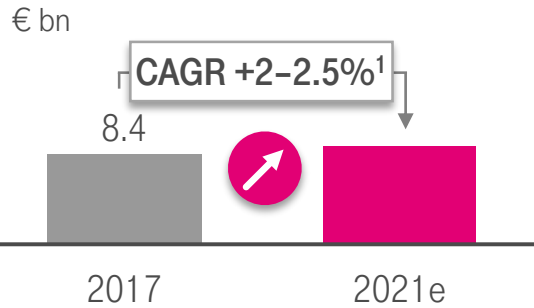
FINANCE

FINANCIAL OUTLOOK

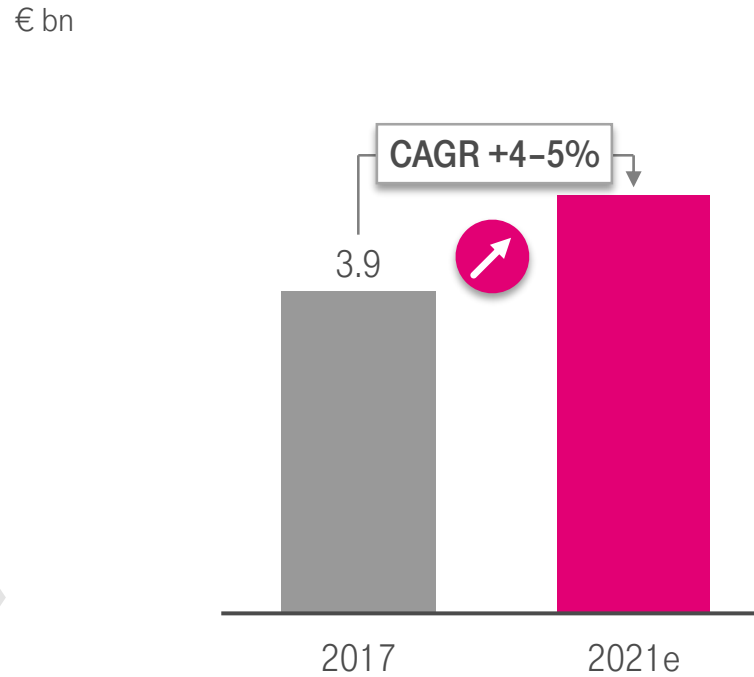
Revenue growth



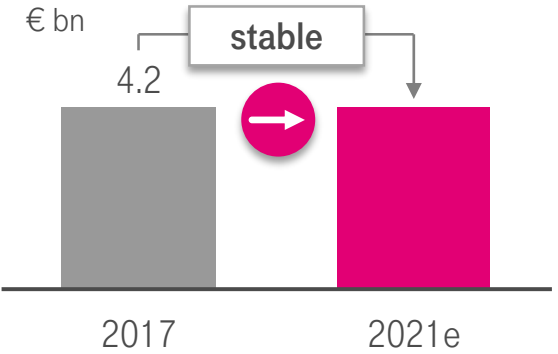
Adj. EBITDA



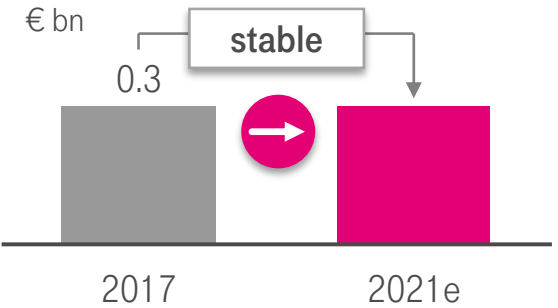
Cash Contribution²



Cash Capex



Special factors (Cash)



¹ Average growth rate not adjusted for IFRS 15 impact

² Cash Contribution = Adj. EBITDA – Cash Capex – Special factors (Cash)

MID TERM AMBITION LEVEL

GROUP STRATEGY

GERMANY

SYSTEMS SOLUTIONS

TECHNOLOGY & INNOVATION

T-MOBILE US

EUROPE

GROUP DEVELOPMENT

FINANCE

MID TERM AMBITION LEVEL

LEAD IN CUSTOMER EXPERIENCE

Mid term ambition level

Year

- #1 in **Mobile** service revenue: CAGR \approx +2%¹
- #1 **Broadband** revenue: CAGR +3–4%²
- **MagentaEINS** share of broadband households: \approx 30%

2017–2021e
2017–2021e
2021e

LEAD IN BUSINESS PRODUCTIVITY

- Growing **B2B** revenues by +€500 mn

2017–2021e

LEAD IN TECHNOLOGY

- Ramping up to **2 mn households** p.a.

by 2021e

VALUE TRANSFORMATION

- Reduction of **Indirect cost** by €750 mn (net)

2017–2021e

FINANCIALS

- Growing **Revenue**: CAGR $>$ 1%³
- Growing adj. **EBITDA**: CAGR +2–2.5%³
- Growing **Cash Contribution**⁴: CAGR +4–5%

2017–2021e
2017–2021e
2017–2021e

¹ Average growth rate adjusted for IFRS 15 impact ² Including business IP products (e.g. DLAN, Company Connect); average growth rate adjusted for IFRS 15 impact; growth 2017–2021e without definition change approx. 1 pp lower
³ Average growth rate not adjusted for IFRS 15 impact ⁴ Cash Contribution = Adj. EBITDA – Cash Capex – Special factors (Cash)

SYSTEMS SOLUTIONS

ADEL AL-SALEH

KEY MESSAGES

01

TRANSFORMATION STILL UNDER WAY

T-Systems has struggled with growth and profitability, however, since the 2015 CMD has invested heavily in transforming its portfolio (growth topics and All-IP), and de-risking legacy contracts.

02

PORTFOLIO WITH STRENGTHS AND WEAKNESSES

T-Systems portfolio consists of telecommunications (TC), classic IT, and multiple growth offerings; in most, but not all, of its offerings T-Systems has a clear right to play and proven track-record.

03

STRATEGY: EVOLVE PORTFOLIO

T-Systems strategy focuses on successful transition of the business to digitalization and growth areas, while further strengthening our TC business and managing the decline in legacy segments.

04

ACCELERATE THE TRANSFORMATION

Four transformational streams launched to address business challenges, reinvigorate sales, and substantially improve profitability.

05

FINANCIAL OUTLOOK

We are confident to grow our EBITDA 2017–2021 and generate a positive cash contribution from 2020.

REVIEW 2014 – 2018

GROUP STRATEGY

GERMANY

SYSTEMS SOLUTIONS

TECHNOLOGY & INNOVATION

T-MOBILE US

EUROPE

GROUP DEVELOPMENT

FINANCE

WHAT HAPPENED TO THE OLD PLAN?

CMD 2015

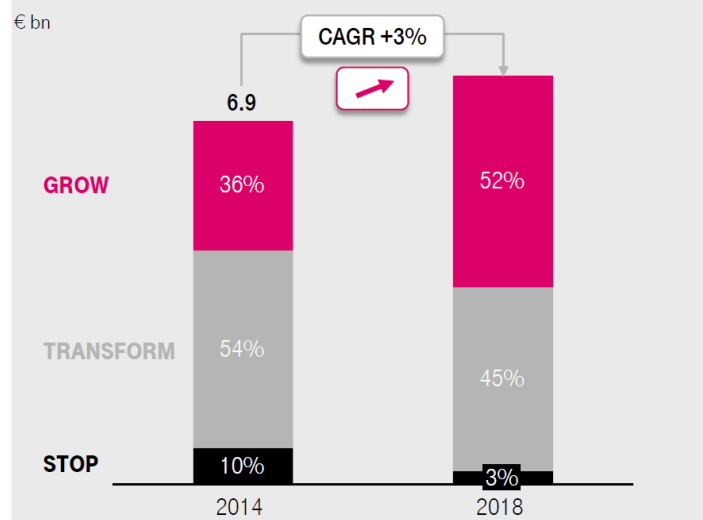
CHANGE OF REVENUE MIX AND INCREASED PROFITABILITY ARE THE KEY ELEMENTS OF TSI 2015+

TSI 2015+ TRANSFORMATION PROGRAM

T-SYSTEMS MARKET UNIT



- **Grow:** Invest in non-labor intensive, virtualized services, e.g. M2M, platform business, Dyn. Workplace, Cloud
- **Transform:** Massive reduction of production costs by increasing "Buy"-share, e.g. via partnering
- **Stop:** Discontinuation of unprofitable business with focus on countries, contracts and portfolio elements



GROUP STRATEGY COST AND PORTFOLIO TRANSFORMATION LEAD IN BUSINESS SUPERIOR PRODUCTION MODEL EUROPE GERMANY T-MOBILE USA FINANCE 16

What we delivered

- Stopped more than 20 bad contracts
- Addressed three major loss contracts
- Invested in growth areas

What went wrong

- Execution of transformation plan
- Compromise in cost reductions
- Weak portfolio management discipline
- Inefficient organization structure

CHALLENGED PERFORMANCE IN A COMPETITIVE MARKET

FINANCIALS

Ambition level 2018

- Revenue TSI > 1% CAGR (2014–2018e) expected [pro forma: CAGR > 2%]
- Adj. EBIT margin TSI around 6% (2018e) [pro forma: ≈ 7%]
- Adj. cash contribution TSI positive from 2017 [pro forma: ≈ €500 mn]

QUALITY

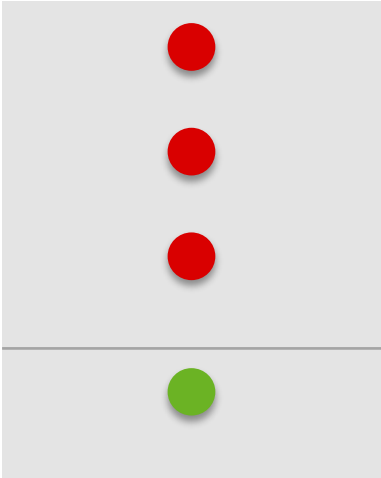
- Maintain TRI*M index above peer average at current levels of 84 points

Achievements 2017

- -1.5% CAGR (2014–2017)
- 1.7%
- €126 mn

- 88 points (+4pts)

Delivered/on track



BUSINESS CHALLENGES & FOUNDATIONS TO BUILD ON

Business challenges

REVENUE

- Impacted by classical IT erosion, not compensated by new growth areas
- Sales set-up/structure/tools and processes, capability gaps, internally focused

LOSS MAKING CONTRACTS

- Three years of abnormal loss levels
- Risk management upgraded
- Improved focus on implementation and transition periods

COST STRUCTURE

- G&A too high relative to our size
- Cost of delivery a challenge

Strong foundations to build on

MARQUE CLIENTS

NETWORK AND TELECOMMUNICATION ASSETS/CAPABILITIES

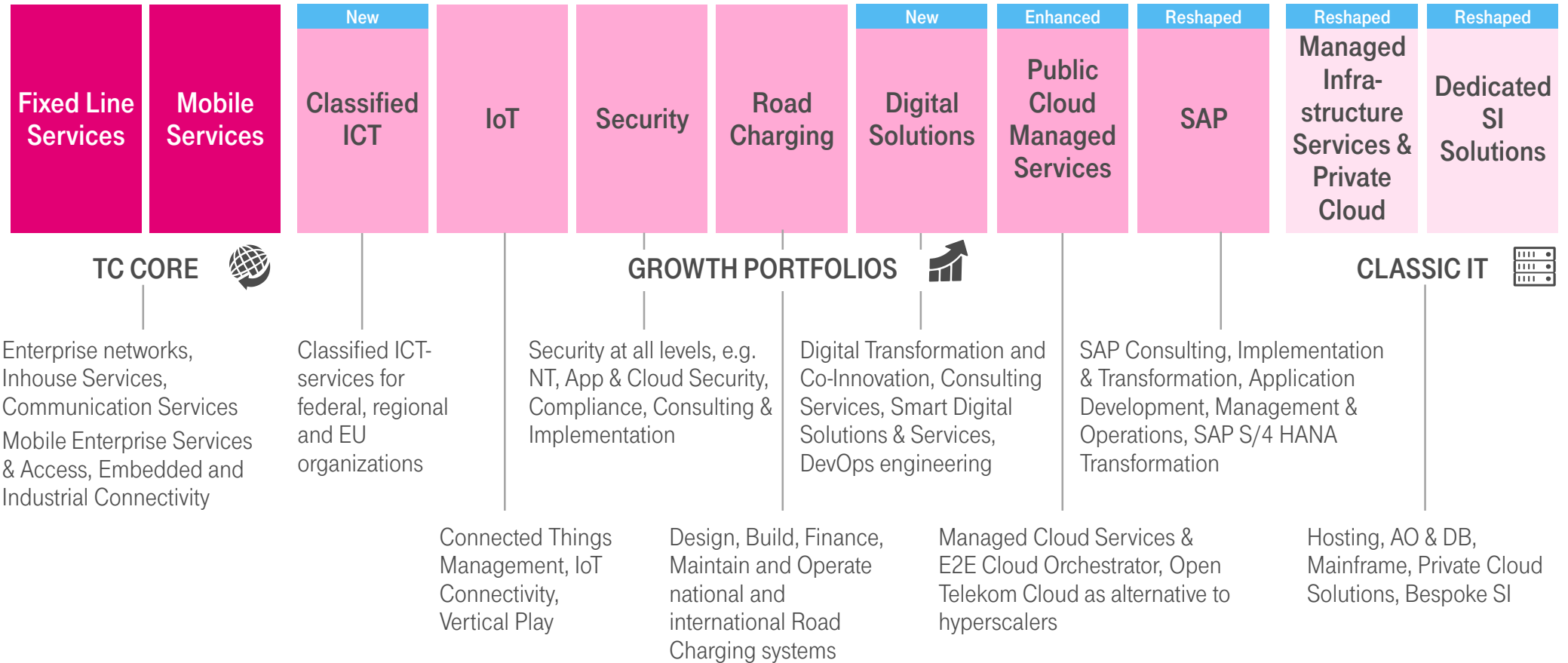
BREADTH OF PORTFOLIO

SKILLS & EXPERTISE

INVESTMENTS IN GROWTH AREAS

COMMITTED EMPLOYEES

NEW PORTFOLIO STRATEGY DEFINED



STRATEGY 2018 – 2021

GROUP STRATEGY

GERMANY

SYSTEMS SOLUTIONS

TECHNOLOGY & INNOVATION

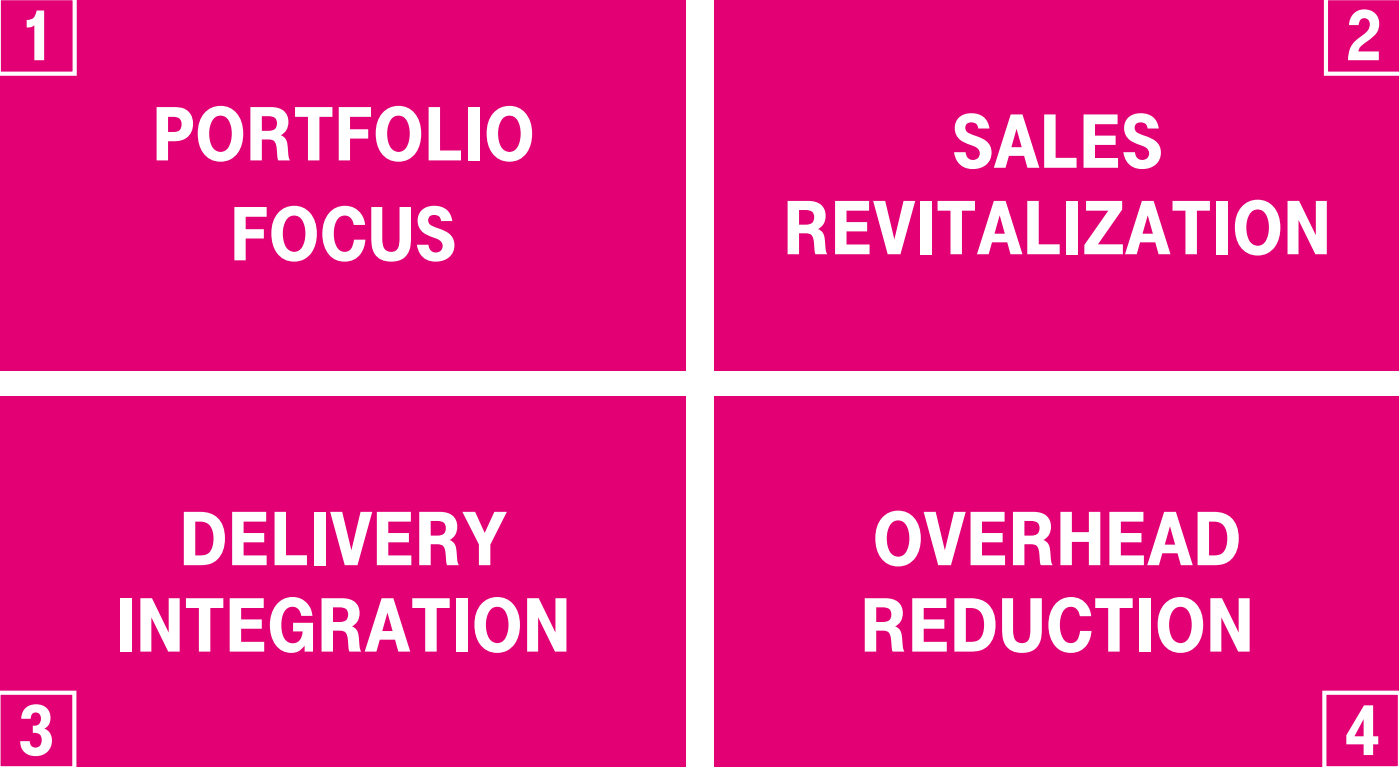
T-MOBILE US

EUROPE

GROUP DEVELOPMENT

FINANCE

FOUR TRANSFORMATIONAL INITIATIVES TO ADDRESS CHALLENGES



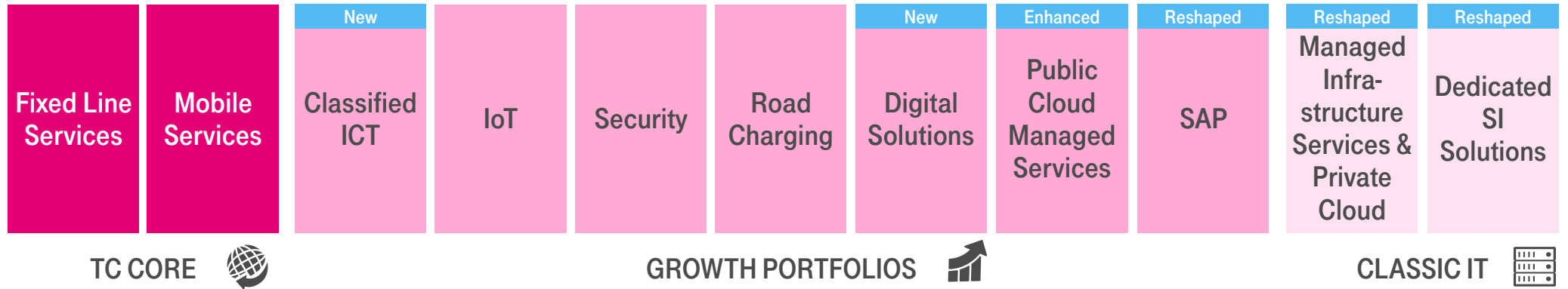
1 PORTFOLIO: SIGNIFICANT CHANGE BY PORTFOLIO MANAGEMENT

Portfolio focus

- **PORTFOLIO-ORIENTED BUSINESS MANAGEMENT**
Creation of portfolio units with full accountability and P&L responsibility
- **PORTFOLIO STRATEGY** evaluated via four lenses
- **CLEAR STRATEGY** for each offering, including invest, divest, M&A
- **MANAGEMENT SYSTEM** and measurements **in place** to support new model



1 PORTFOLIO: REVENUE EQUALLY SPLIT BETWEEN THREE CLUSTERS



Rev. 2017¹ € bn

2.2

0.4

0.3²

0.3²

0.1

0.4

0.1

0.5

2.5

Growth portfolios 2017 €2.1 bn

CAGR (2015-2017)



CAGR (2017-2021e)



¹ Revenue different from reported TSI segment view, due to further entities and intragroup charges ² DT-View

1 PORTFOLIO: INTERNET OF THINGS

Integrated platform built on our connectivity

- **Emerging multi-billion market**, growing at +20%
- DT revenue today at €0.3¹ bn, **growing > 20% p.a.**
- Platform from connectivity to big data
- 5G/NB-IoT enabling technologies
- Strategic partnerships (Azure, SAP, Software AG, vertical solutions)

Client example

European market leader in property damage restoration

- E2E condition monitoring solution for **digitalizing management**
- Easy **retrofit solution** with tailored plug & play metering-box, managed connectivity, device management & service concept
- From **idea to implementation in < 2 years**

Further customers



¹ DT-View

1 PORTFOLIO: SECURITY

Becoming leading European provider

- **Dynamic-growth market** with 8% growth
- Double-digit growth since launch, now revenue at €0.3¹ bn, **growing > 10% p.a.**
- > 1,400 security experts – German leader
- Largest security operations center

Selected Partners



¹ DT-View

Client example



World leading supplier of industrial, process and specialty gases

- **Outsourcing of worldwide Security operation center**
- **Complete level 1 & 2 monitoring** in the Security incident & event monitoring (SIEM) for all locations worldwide
- **Operation & engineering** of SIEM platform
- Customer is highly satisfied with **Telekom Security performance and customer centricity**

1 PORTFOLIO: DIGITAL SOLUTIONS

Support European enterprises on their digital journey

- **Multi-billion market** growing double digit
- **€0.4 bn revenue**, expected **growth of 10% p.a.**
- End-to-end digitalization from ideation and innovation to integration
- 4,800 digitalization experts

Client example

Large international computer manufacturer

- Order picking system based on **smart glasses**, providing warehouse pickers with all the information about the next component at the right time
- **From cloud** to data glasses to strive for **reduction of operating times**, human errors & facilitation of complex processes.

Further customers



BARMER

1 PORTFOLIO: DIGITAL SOLUTIONS



GROWTH & SUCCESS

4,000

Implemented Digital Projects 2017



EXPERTISE & COMPETENCE

4,800

Digitalization Experts



370

IoT Solution & Integration Experts



280

Data Analyst & Big Data Experts



230

Enabling Technologies Experts



620

Digital Platform & Architecture Experts



100

(Co-)Innovation & Digital Change Experts



470

Mobile and Network Solutions Experts



720

(General) Management Consultants and Digitalization Experts



830

Industry Digitalization Consultants & Experts



730

Cloud Transformation and Integration Experts



450

Agile/DevOps Experts

1 PORTFOLIO: SAP

Capitalize on SAP's market growth

- Recognized market leader in Germany
- **€0.5 bn revenue**, 1%–2% growth today, expected to grow > 5% p.a. going forward
- Lead SAP S/4 HANA transformation
- Lead SAP in public cloud
- SAP on open Telekom cloud certified

Client example

Europe's largest bus manufacturer implements SAP S/4HANA

- Migration of **SAP R/3 to SAP S/4HANA** as part of the client's business process modernization program
- Transformation follows **agile approach** based on combination of SAP's and T-Systems' best practices
- Client's benefits: **increasing speed and innovation taking proactive actions** throughout complete production process

Further customers



Volkswagen

SHELL



1 PORTFOLIO: SAP



EXPERTISE & COMPETENCE

4,000

SAP experts



6.7 MILLION

SAP users



10,000

SAP instances

Biggest single SAP system with



850,000

SAPS

Largest SAP hosting provider



600 TB

HANA database



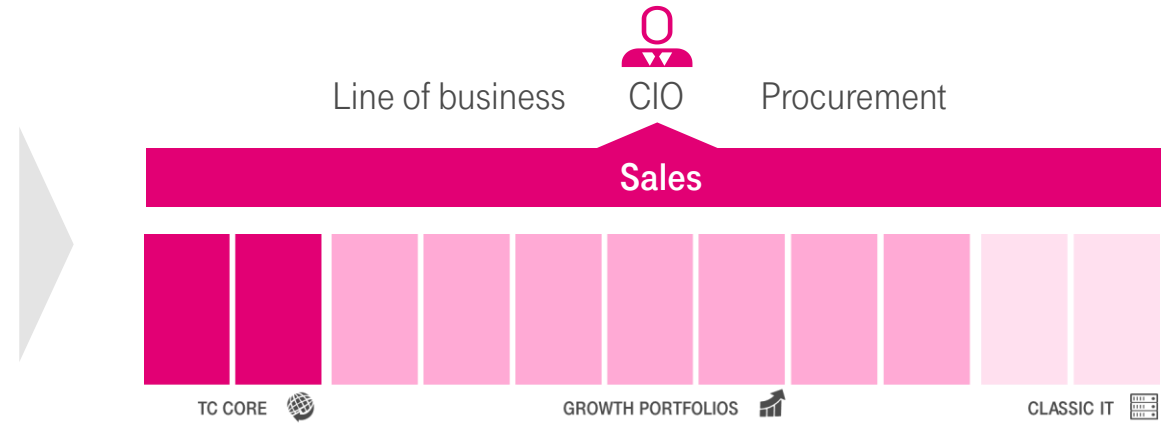
15

Global competence centres

2 SALES: HOW WE EXECUTE BETTER IN SALES

Sales revitalization

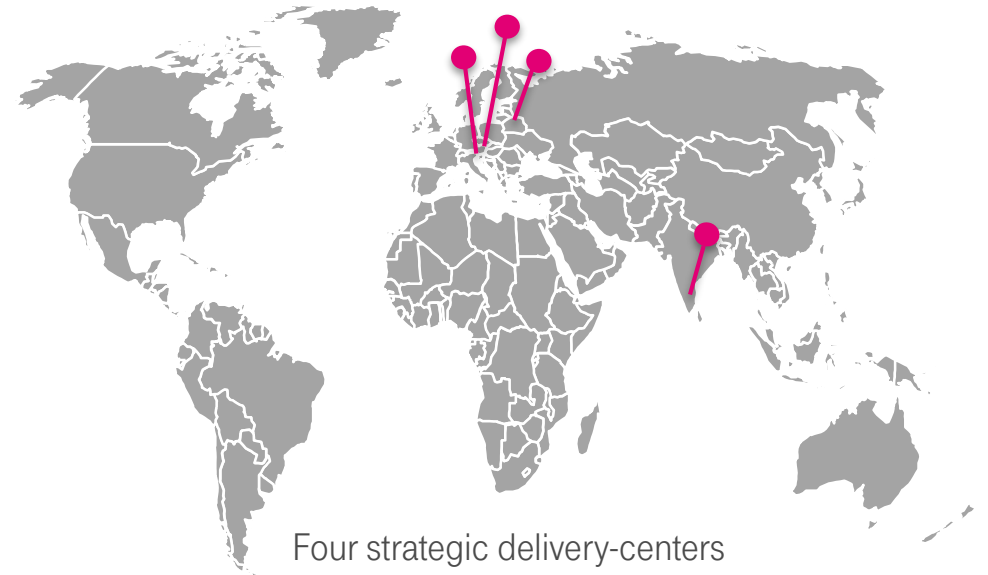
- **Integrated sales** and **go-to-market organization** – Responsible for entire portfolio, supported by portfolio sales specialists
- Return to significant signings per year **> €6 bn**
- **Drive client centricity** → Increase client facing time **+ 25%**
Structured/consistent sales management approach
- Simplify and Improve **tools and processes**



3 DELIVERY: HOW WE EXECUTE BETTER IN DELIVERY

Delivery integration

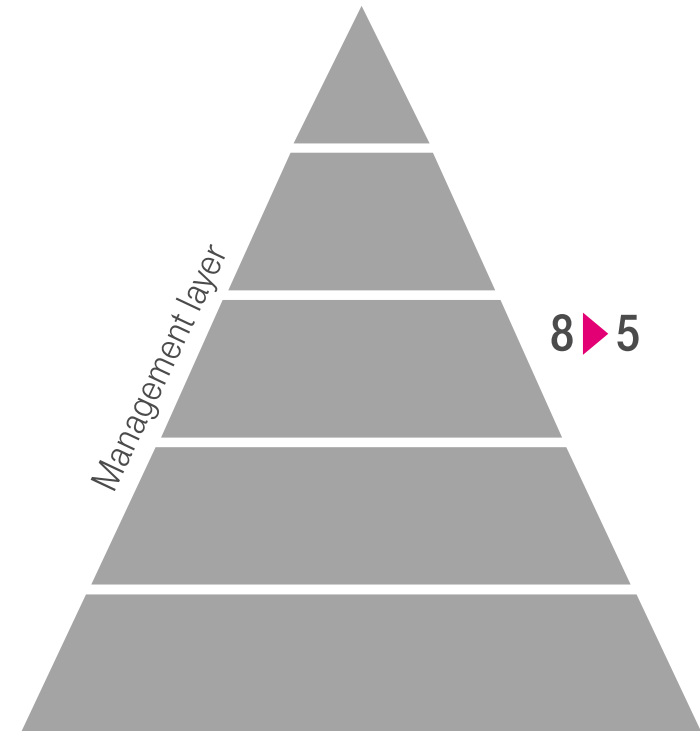
- Integrate **delivery functions within the portfolio units**, creating end to end cost transparency and clear ownership
- Cross delivery function driving **standardization, automation** and **tooling** → saving **> €100 mn**
- **Digitalizing client interfaces** and **workflows**
- **Cross delivery function** to manage and drive **right-shoring-strategy** → saving **> €100 mn**



4 OVERHEAD: LEAN OVERHEAD SUPPORTS OUR AMBITION

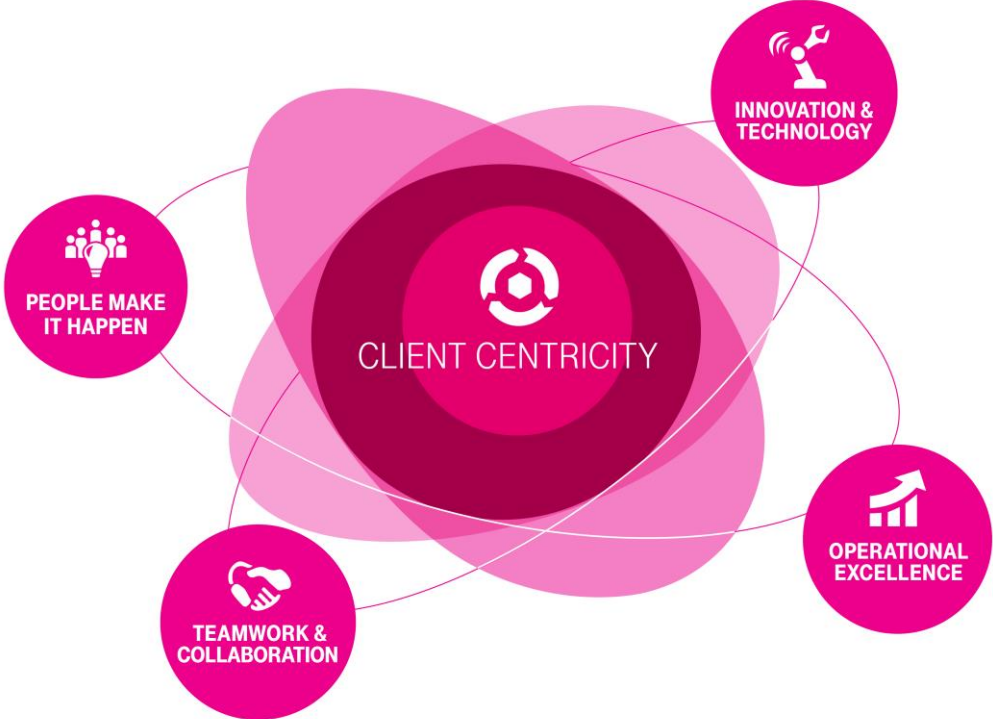
Overhead reduction

- **Simplify** central functions & general administration, processes and structure
- **Reduction of management layers**
- **Create agile organization designs**, fit for growth areas, and efficient structures for mature areas
- **Cost saving > €100 mn**



TRANSFORMATION SUPPORTED BY FIVE BUSINESS PRINCIPLES AND CHANGE MANAGEMENT PROGRAM

PORTFOLIO FOCUS	SALES REVITALIZATION
DELIVERY INTEGRATION	OVERHEAD REDUCTION



STRONG MANAGEMENT SYSTEM & CHANGE MANAGEMENT PROGRAM

LESSONS LEARNED FROM THE PAST HELP IMPROVE EXECUTION

From...

- **Revenue decline** due to sales set-up and portfolio gaps

- **Loss making contracts** burden our results

- Good conceptual work, however **not bold enough approach or execution**

- **Too little automation, offshoring and digitalization/standardization – cost disadvantages**

- **Cultural change** not explicitly targeted

To...

- **New sales** organization set-up. Strong initiative with new **spirit, client centricity and opportunity tracking**
- **Clearly defined portfolio**, focused on growth

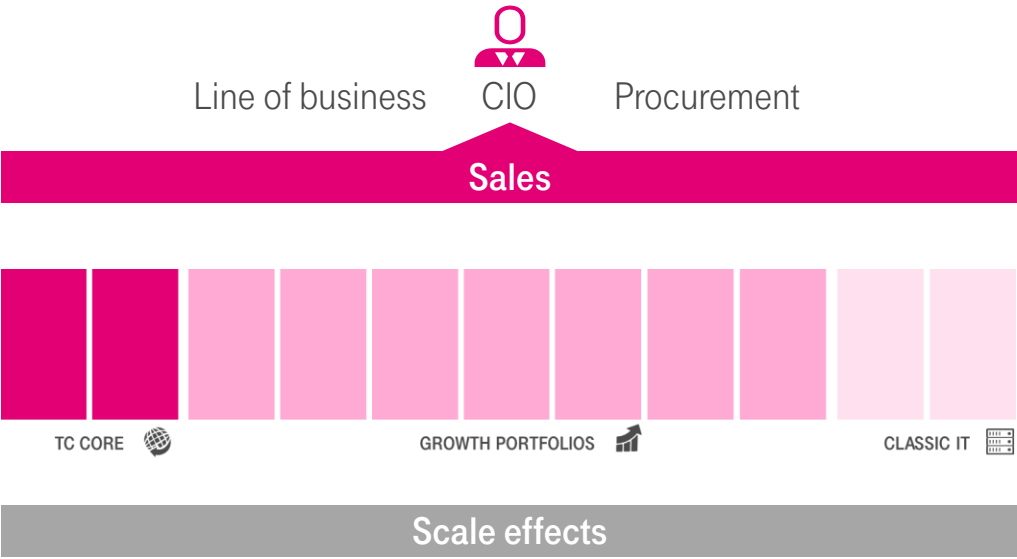
- Implemented improved **risk-management**

- **Rigorous execution** with strong management team, new skills and capabilities

- **Structured cost reduction** program and current **sense of urgency** supports **change and workforce-program**

- Strong focus on mindset with **new change management program**

T-SYSTEMS LEVERAGING FULL POTENTIAL



Integrated client approach

Growth portfolio benefits strongly from DT network ownership and IT capabilities, e.g.

- Leverage IT delivery capability and expertise in complex projects
- Leverage of client base to up-sell new solutions
- Leverage of network (5G, NB) capabilities across all growth areas
- Partnerships across portfolios (Microsoft, SAP, Cisco, Huawei)

Complementary portfolio offerings enable cross-sell and upsell, e.g.

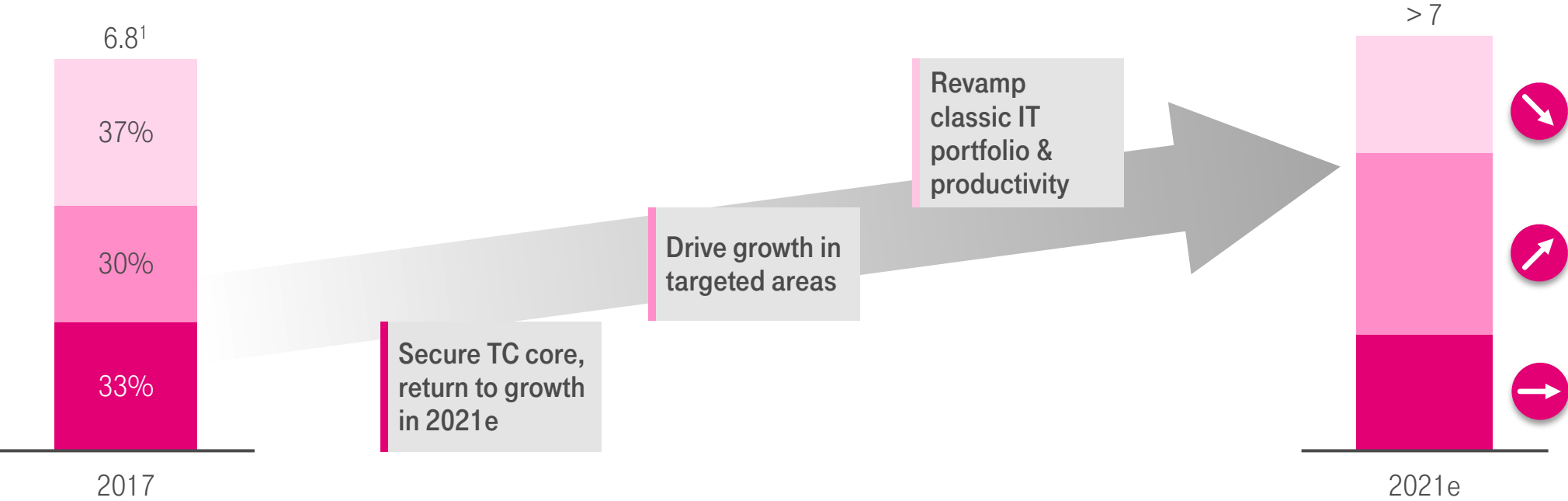
- Security as fundamental component to all offerings and contracts
- Digital solutions as tip of the arrow and integrator of TSI portfolio

Breadth of portfolio enables scale effects, e.g.

offshore-center, marketing spend, sales force size & innovation labs

STRATEGY EXECUTION TO EVOLVE OUR REVENUE MIX

New revenue mix as result of our strategy – Leveraging our core and legacy to drive growth in new areas



¹ Revenue different from reported TSI segment view, due to further entities and intragroup charges; Security and IoT DT-View

SOUND PROFITABILITY-BASIS THROUGH > €300 MN SAVINGS

Measures

- Delivery right-shoring-strategy
- Delivery standardization, automation and tooling
- Overhead reduction

Gross-savings

> €100 mn

> €100 mn

> €100 mn

> €300 MN

FINANCIAL OUTLOOK

GROUP STRATEGY

GERMANY

SYSTEMS SOLUTIONS

TECHNOLOGY & INNOVATION

T-MOBILE US

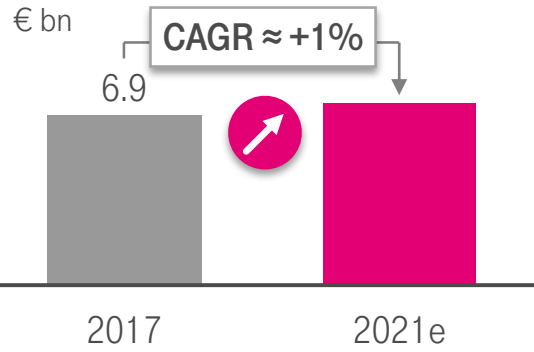
EUROPE

GROUP DEVELOPMENT

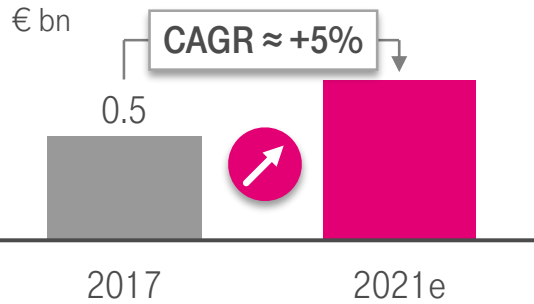
FINANCE

FINANCIAL OUTLOOK

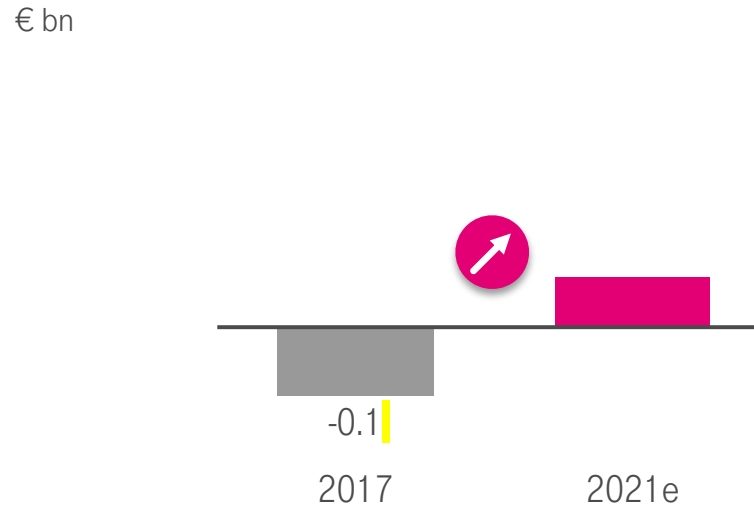
Revenue growth



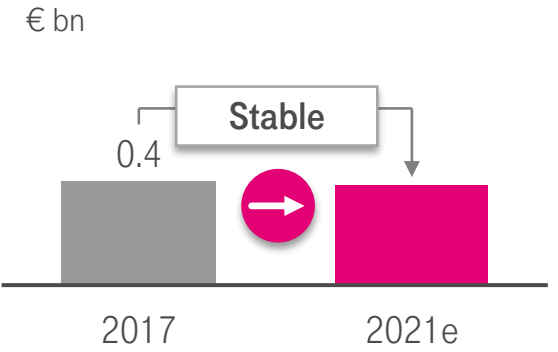
Adj. EBITDA



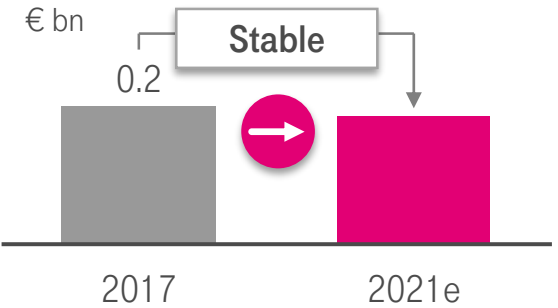
Cash Contribution¹



Cash Capex



Special factors (Cash)



¹ Cash Contribution = Adj. EBITDA - Cash Capex - Special factors (Cash)

MID TERM AMBITION LEVEL

GROUP STRATEGY

GERMANY

SYSTEMS SOLUTIONS

TECHNOLOGY & INNOVATION

T-MOBILE US

EUROPE

GROUP DEVELOPMENT

FINANCE

MID TERM AMBITION LEVEL

FINANCIALS

QUALITY

Mid term ambition level	Year
▪ Growing revenue: CAGR +1%	2017–2021e
▪ Growing adj. EBITDA: CAGR \approx +5%	2017–2021e
▪ Adj. EBITDA margin: 8–10%	2021e
▪ Cash Contribution ¹ breaking even	2020e
▪ Maintain TRI*M index above peer average at current level	Above 80 points in 2021e

¹ Cash Contribution = Adj. EBITDA – Cash Capex – Special factors (Cash)

TECHNOLOGY & INNOVATION

CLAUDIA NEMAT

KEY MESSAGES

01

SUPERIOR PRODUCTION MODEL

We are entering the final stages of our peer leading superior production model. While we have learned lessons on the way, we can broadly confirm financial and customer experience benefits.

02

LEAD IN 5G

We will leverage our superior fiber networks and modernized SRAN to lead in 5G. Within an overall stable CAPEX envelope, we will focus on:

- 1) smart capacity/speed upgrade
- 2) FWA
- 3) selected new products/solutions.

03

ACCELERATED DIGITALIZATION

Our agile approach to IT transformation will enable accelerated digitalization for better customer experience and lower cost in accordance with the superior production model.

04

LEAD IN CUSTOMER EXPERIENCE AND BUSINESS PRODUCTIVITY

To lead in customer experience and business productivity, we have market proven innovations and a compelling innovation pipeline going forward.

REVIEW 2014 – 2018

GROUP STRATEGY

GERMANY

SYSTEMS SOLUTIONS

TECHNOLOGY & INNOVATION

T-MOBILE US

EUROPE

GROUP DEVELOPMENT








FINANCE

REVIEW 2014–2018

ALL-IP TRANSFORMATION

PAN-EUROPEAN NETWORK

INTEGRATED NETWORK STRATEGY

	Ambition level 2018	Achievements 2017	Delivered
ALL-IP TRANSFORMATION	<ul style="list-style-type: none"> All integrated countries 100% IP-based 	<ul style="list-style-type: none"> Slovakia, Croatia and Hungary 100%, Greece 45% (100% in 2019¹) Germany 67% (consumer 100% in 2019, business finished in 2020) 	
PAN-EUROPEAN NETWORK	<ul style="list-style-type: none"> Backend and frontend data centers set up Geo-redundant Network Operations Centers established Services fully migrated to Pan-Net 	<ul style="list-style-type: none"> Backend data centers in Hungary and Poland in 2017, Greece in 2018. Frontend according to roll-out plan Set up in Romania and Germany Selected services migrated 	  
INTEGRATED NETWORK STRATEGY	<ul style="list-style-type: none"> LTE pop-coverage Germany & Europe: 75%–95% Germany: ≈ 80% Fixed high speed internet HH coverage ≥ 50 Mbps² Europe: ≈ 50% Fixed high speed internet HH coverage ≥ 100 Mbps 	<ul style="list-style-type: none"> Germany 94% and Europe 94% ≈ 80% HH vectoring coverage in 2019 32% 	  

¹ Intentional postponement by one year in Greece to refocus invest on access ² Depending on regulatory adjustments

SUPERIOR PRODUCTION MODEL– SUCCESSES/LESSONS LEARNED

Digital Transformation

- Our shift towards an agile approach to IT transformation with **upside on customer experience and lower cost in accordance with promised savings**

Source: CMD 2015 commitment



We confirm CMD 15 gross cost savings of €1.2 bn for early 2020ies as well as customer experience benefits

ALL IP Migration

- Peer leading IP migration
 - Scope: Simplification across all (!) layers
 - Achievements: Complete or close to completion in all major markets
- We see clear customer experience benefits and network cost savings**

PAN-European Network

- Modified approach: Focus on value creation through virtualization and cloudification
- We centralize services only when it **accelerates time to market**

Integrated Network Leadership

- Clear differentiation by integrated networks: **We create the basis for FMC commercialization**
- Superior fiber backhauling: **We have a competitive advantage for 5G experience**
- Mobile technology leadership in Germany and in 9 out of 12 European countries: **We create a better customer experience and can monetize it**

CUSTOMER BENEFITS OF ALL IP MIGRATION ARE PROVEN

Customer benefits

Precondition for plug & play

- Auto-provisioning (without filling in credentials)
- Improved customer satisfaction regarding provisioning



Fewer incidents

- 38% fewer tickets in provisioning

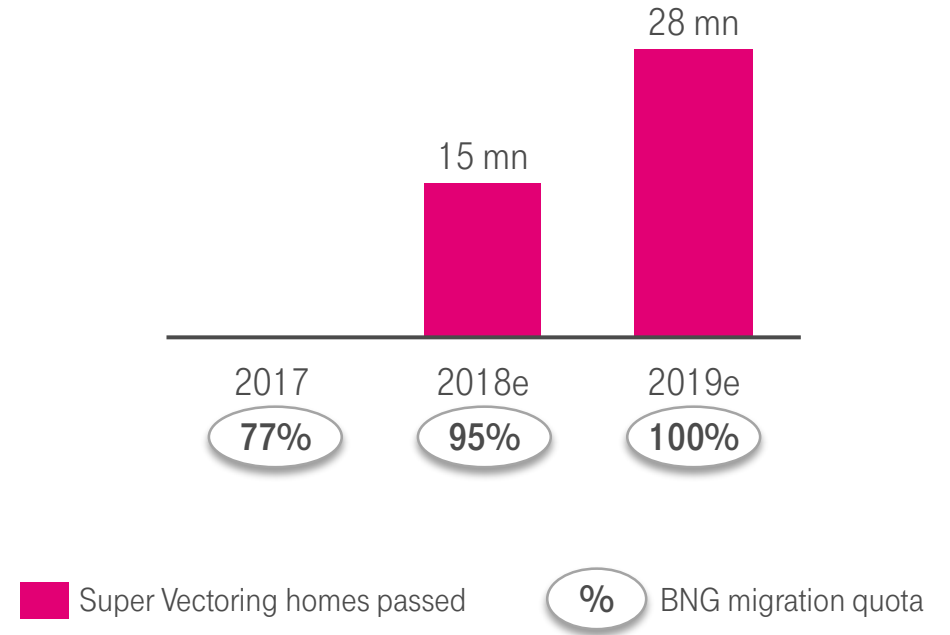
Massive speed uplift

- Simplification of aggregation network layer (BNG) as basis for product innovation
- Example: 250 Mbps Super Vectoring product



BNG migration as basis for (Super) Vectoring

of Super Vectoring homes passed/BNG migration quota



INTEGRATED NETWORK LEADERSHIP IN GERMANY AND EUROPE

Mobile network leadership for best customer experience



P3 Benchmark 2017:
Mobile technology leadership in 9 of 12 countries

Connect Test 2017

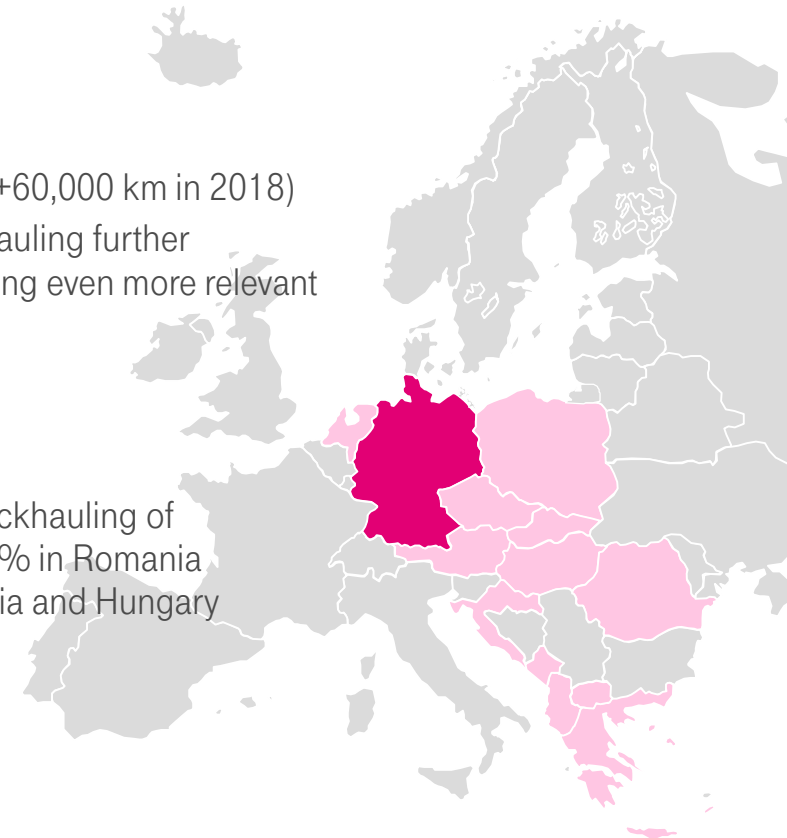
Fiber advantages – status 2017

GERMANY

- 455,000 km fiber (+60,000 km in 2018)
- ≈ 80% fiber backhauling further increasing, becoming even more relevant with 5G

EUROPE¹

- 240,000 km fiber
- Exemplary fiber backhauling of 74% in Croatia, 51% in Romania and 47% in Slovakia and Hungary



¹ w/o TM NL

STRATEGY 2018 – 2021

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TECHNOLOGY & INNOVATION

T-MOBILE US

EUROPE

GROUP DEVELOPMENT

FINANCE

TECHNOLOGY & INNOVATION AMBITION

Our strategy

GROW

LEAD IN CUSTOMER
EXPERIENCE

ONE CONNECTIVITY
& PERFECT SERVICE

LEAD IN
TECHNOLOGY

INTEGRATED
GIGABIT NETWORKS

LEAD IN BUSINESS
PRODUCTIVITY

SECURE ICT SOLUTIONS
& BIG IOT

SAVE FOR GROWTH INVESTMENTS

SIMPLIFY, DIGITALIZE, ACCELERATE

Our Technology & Innovation contribution

1 LEAD IN TECHNOLOGY

- Integrated network leadership: Fiber build out and leadership in mobile experience¹
- Smart 5G leadership

2 VALUE TRANSFORMATION

- Broadband production innovation to drive Opex and Capex efficiencies, IP-migration completion
- Agile approach towards IT transformation to accelerate digitalization

3 LEAD IN CUSTOMER EXPERIENCE AND BUSINESS PRODUCTIVITY

- Market proven innovations in B2C and B2B with compelling innovation pipeline going forward

¹ Covered in segment chapters

1 WE WILL DEPLOY 5G SMARTLY



- Enhanced mobile broadband
- Starting with areas of interest (cities, campus networks; as overlay on 4G)
- More efficient than 4G from 2021 onwards



- Gigabit speed on higher frequencies/millimeter waves
- Complement to FTTH/B in (sub-) urban areas
- Depending on topology, more cost-efficient than FTTH/B, faster time to market



- Massive IoT
- Low latency, QoS
- In selected areas of interest
- Enable new revenue streams

CAPABILITY

APPLICATION AREA

ECONOMIC RATIONALE

1 ENHANCED MOBILE BROADBAND

From today's LTE networks ...



Current frequencies

- 800 MHz/900 MHz/1800MHz/2.1 GHz/2.6 GHz

MIMO (multiple input multiple output)

- 2T2R, 4T4R or even 8T8R antenna architecture without usage of massive MIMO

Radius of cell coverage

- Radius of higher frequencies physically lower
- In a standardized environment the radius of 1.8 GHz is two times bigger compared to 3.5 GHz

... towards a broader 5G ecosystem



... will be enlarged by use of additional spectrum bands

- 700 MHz and especially 3.x GHz

... and the evolution towards massive MIMO

- Massive MIMO architecture typically 64T64R on 3.5 GHz within a practical size/dimension of the whole antenna

... lower on 3.5 GHz but optimized by beamforming and smaller cells

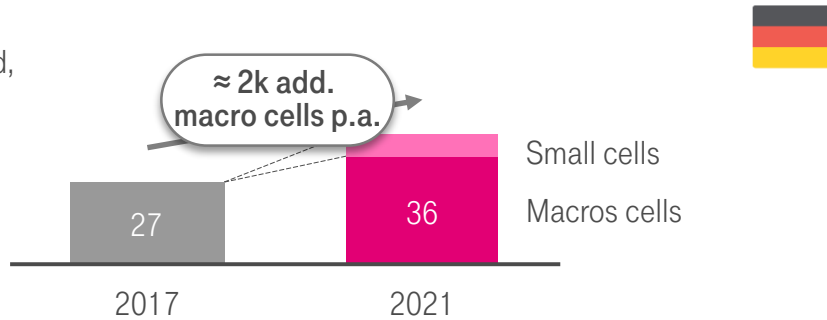
- Active antenna technology, massive MIMO and dynamic beamforming optimize coverage and minimize the impact of a reduced radius of cell coverage

1 GETTING READY FOR 5G TO LEVERAGE FUTURE EFFICIENCIES

5G readiness, e.g. cell densification until 2021

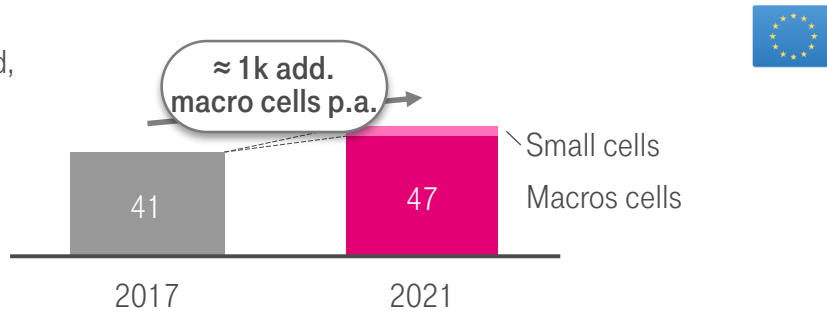
Germany

Cell sites, estimated, k



Europe

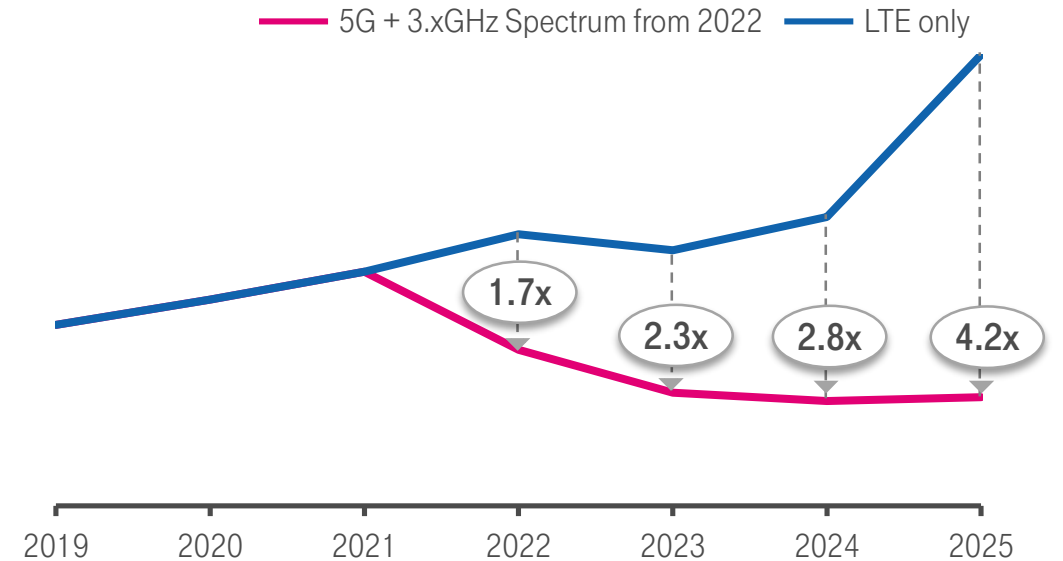
Cell sites, estimated, k



- Cell densification starts in areas of interest (cities, campus networks)
- Superior fiber backhauling and SRAN

Cost per Mbit/s for 4G/LTE only vs. with 5G overlay

€ per Mbit/s as efficiency factor¹



¹ Network capacity costs per incremental busy hour capacity, assuming annually increasing traffic demand of 45%

1 WITH 5G FWA, WE CAN PROVIDE GIGABIT SPEED FAST

We trialed FWA in different topologies of Germany ...



... with promising results

Explanation

- Millimeter wave frequencies 26 (licensed) and 60 (unlicensed) GHz
- Enables Gigabit speeds
- Number of HH depends on topology (line of sight is mandatory)
- Designed to be at least competitive with cable

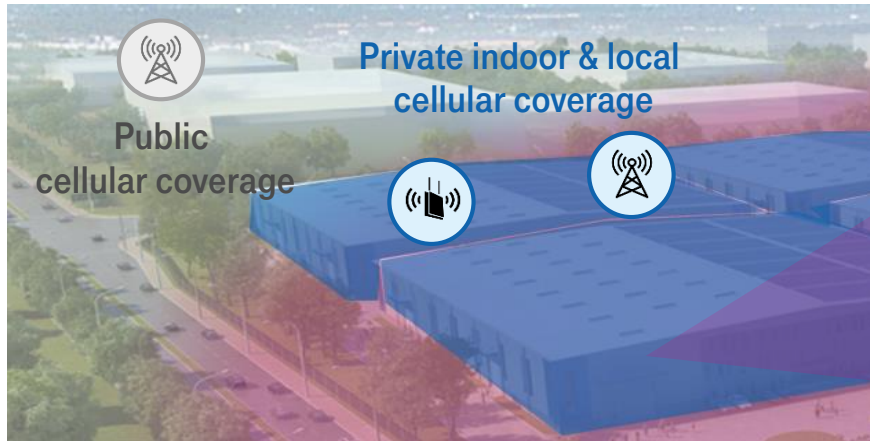
Benefits

- Initial Capex demand – 30–50% of FTTH/B. Only after 20 yrs. TCO of FTTH/B more favorable due to higher annual OPEX for FWA
- Faster time to market
- Less underground construction capacity needed
- Equipment reusable
- De-risking fiber roll-out

20–30% of HH where fiber is available in the streets

1 CAMPUS NETWORKS ARE FIRST SOLUTIONS WITH 5G/EDGE

Operator managed campus networks



“Dual Slice” Campus

- Connectivity infrastructure
- IoT device management
- Starting now with 4G



Autonomous factory

- Tailored network configuration
- Edge cloud for low latency requirements (robot steering)

Potential 5G application areas:

(Multi-) Local

- **CAMPUS NETWORKS**
- Information augmented visions
- Immersive media, event-driven
- (Decentral) energy management

... and beyond:

- Connected drones
- Emergency health care

1 REAL TIME ECONOMY OPENS BOUNDLESS OPPORTUNITIES

2018

2019

2020

2021

2022

2023

2024

2025

2026

2027

2028

Today...

- Humans experience the internet via app or browser on certain devices
- Computing power, storage and algorithmic intelligence hosted in central data centers or on the devices (PC, smartphone, car, etc.)
- Connectivity experience differentiates via speed and coverage

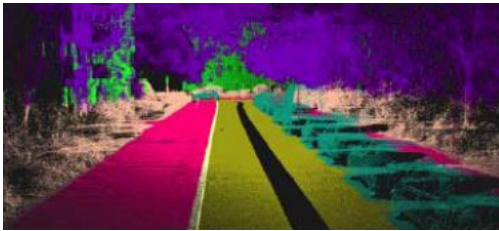
... and in the future

- ... also experience connectivity naturally according to human senses (via voice recognition, ear plugs, lenses, glasses, textiles, etc.)
- ... also in (edge) clouds deeply embedded into the networks
- ... also via low latency, precise positioning, security and massive IoT

2 BROADBAND PRODUCTION INNOVATION DRIVES EFFICIENCY

Examples

AUTOMATED FIBER ROLL-OUT PLANNING

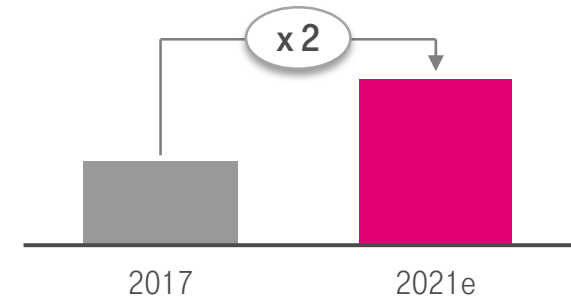


Description

- 3D surface planning put into point cloud
- Applying machine learning
- Generating automated passive infrastructure planning
- Pilot starts in Q3/2018

Impact

- Increase of planning **productivity** by **FACTOR TWO**



“ACCESS 4.0”

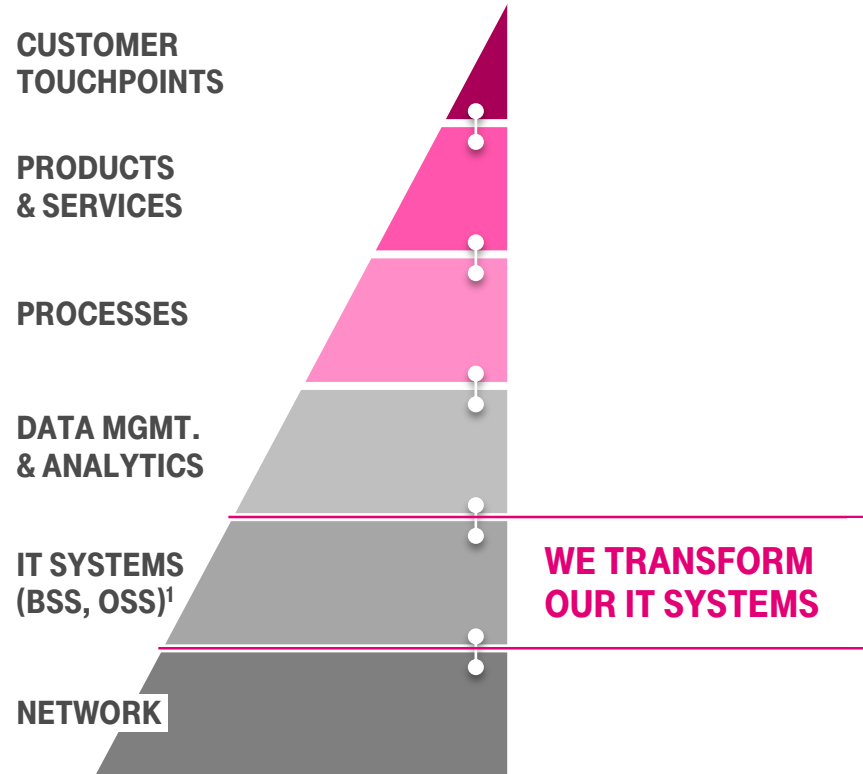


- Ongoing R&D project to split software and hardware components in wireline like OLT¹ + MSAN (“access virtualization”)
- Potential partnering discussions started

- IT will **disrupt** current ecosystem of OEMs (massively lower procurement prices)

¹ OLT = Optical line termination: the endpoint of our passive optical network, mostly located in street cabinets

2 IT TRANSFORMATION ENABLES ACCELERATED DIGITALIZATION

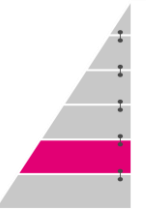


Paradigm shift in our approach towards it transformation

From		To
Big bang for BSS ¹	▶	Portfolio approach
Waterfall	▶	Agile
Traditional skills	▶	Comprehensive skill transformation

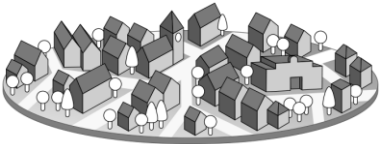
¹ BSS: Business Support System/OSS: Operations Support System

2 NEW PORTFOLIO APPROACH REDUCES TRANSFORMATION COMPLEXITY



From

Attempt to replace legacy by big bang



- Design for single purpose
- High complexity

To

Portfolio approach with strong business-IT alignment



Selective Greenfield



- Agile scrum teams for dedicated projects:
 - Fiber roll-out
 - Retail FMC
 - B2B FMC



Decoupling



- Esp. customer touch points from the business support system



Modernization



- Modernization for bulk of systems by creation of reusable (Micro-)services

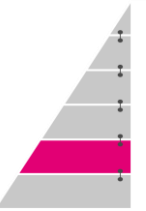
Impact

... reduced delivery time

... mitigated risk (compared to big bang)

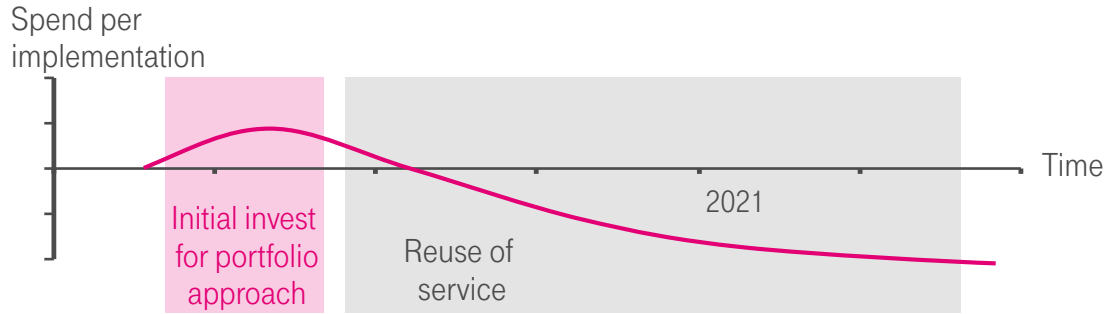
... higher reusability to reduce IT cost midterm

2 CLEAR IMPACT EXPECTED ESPECIALLY ON TIME TO MARKET

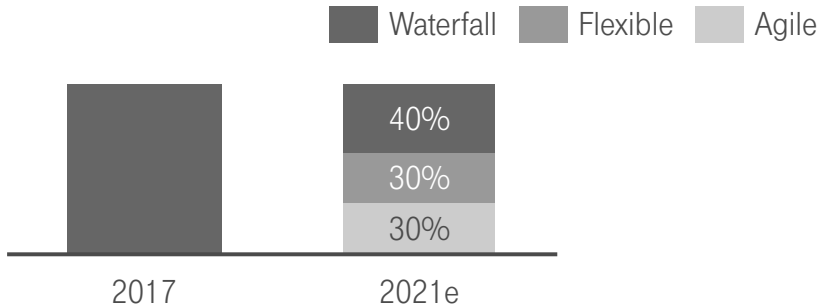


Portfolio approach with payback of 2-3 years

Initial invest for portfolio approach

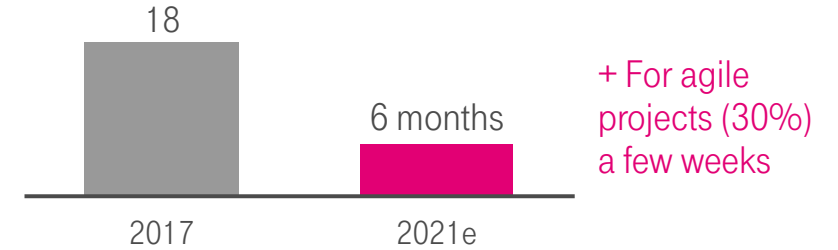


Degree of delivery modernization, % of delivery



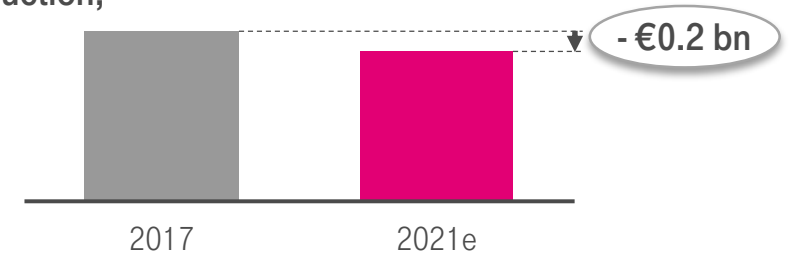
Impact of IT transformation

1 Average delivery time, month



2 Enabling process efficiencies in segments, % of delivery

3 IT spend reduction, bn €



3 LEAD IN CUSTOMER EXPERIENCE INNOVATION

Market proven

Entertain/TV

- 3.1 mn users in Germany, 4.2 mn in EU
- €2 bn revenues in Germany and EU



Hybrid router

- 370,000 users



Smart Home

- Launched in 7 countries
- 283,000 HH, 80% YoY growth in Q1 2018 in Germany



Recently launched

Connect App

- Launched in Germany, 1.4 mn users
- 3.9 (Android) and 4.3 (iOS) rating in app store



Inflight connection

- Europe's first and only solution combining LTE and satellite



To come in the future

Smart speaker

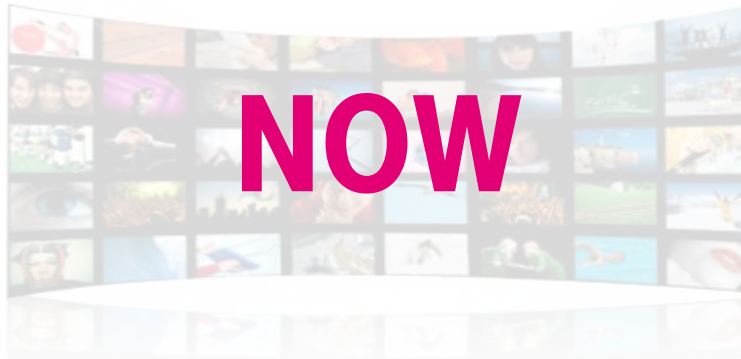
- Voice control of Telekom services
- Integration of local partners

Entertain over the top

- TV for everybody

Smart Glasses

- JV with Zeiss



3 LEAD IN BUSINESS PRODUCTIVITY INNOVATION

Market proven

NB IoT in 8 countries

- 200 projects with NB IoT applications, e.g., **predictive maintenance solution** for bridges, roads, buildings etc.



Smart City projects

- In 10 countries



Recently launched

City pass

- White label solution for digital city services
- Blockchain based



AR Maintenance

- To enhance workforce capabilities esp. in field organizations



Soon to come

Campus networks

- Leveraging 5G capabilities and edge cloud locally

Connected drones

- Starting with drone detection on LTE

Energy Management

- Piloting 5G capabilities for low voltage network steering



3 FINALLY, WE DRIVE CULTURAL TRANSFORMATION

Global excellence in Technology & Innovation, e.g.

Claudia Nemat
Lead



Walter Goldenits
Technology Germany

Alex Jinsung Choi
Research &
Technology Innovation



Omar Tazi
Prod. Innovation &
Customer Experience

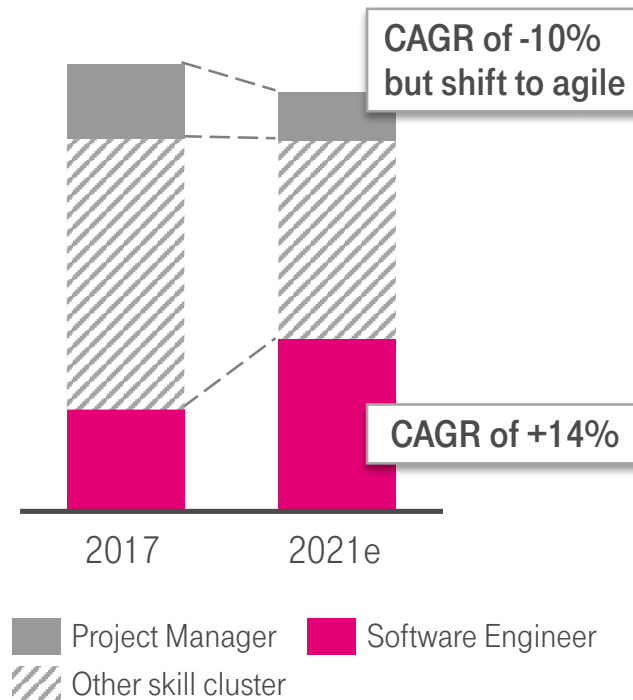
Peter Leukert
Telekom IT



Jean-Claude Geha
International
Technology & Services

Comprehensive skill transformation

Illustrative org. unit



Agile working mode

Illustrative changes

- Reduction of organizational hierarchy level in innovation functions by 44%
- 50% of all people in VTI central functions will work in tribes/squads instead of classical line organization
- Introduction of DevOps in Technology Germany

MID TERM AMBITION LEVEL

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MID TERM AMBITION LEVEL

TECHNOLOGY LEADERSHIP

Mid term ambition level

- Gigabit rollout in Germany
- Gigabit rollout in EU
- Mobile network leadership in Germany
- Mobile network leadership in EU
- 5G innovation leadership

Commitment/Year

- Ramp up to 2 mn HH p.a. by 2021
- Ramp up to 0.75 mn HH p.a. by 2021¹
- Outdoor LTE coverage 99% in 2020 and leading in customer experience
- Outdoor LTE coverage 99% in 2021 and leading in customer experience

VALUE TRANSFORMATION

- IP transformation completed
- IT transformation

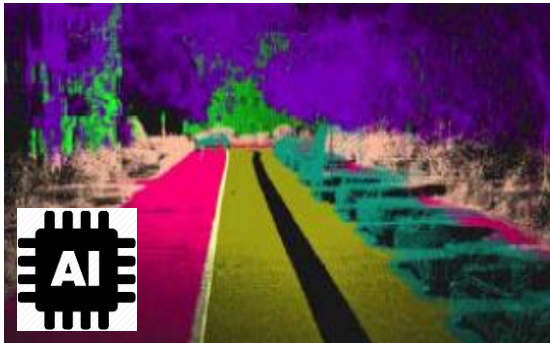
- Greece in 2019
- Germany B2C in 2019
- Germany B2B in 2020
- Delivery from 18 months today to 6 months on average in 2021
- IT spend reduction of €0.2 bn in 2021

¹ FTTH/B and Cable ED3.1, excluding Romania

DEMONSTRATOR SESSION

3 Topics presented simultaneously in Circuit Training Mode. Your individual starting point is printed on the back of your badge.

1 AUTOMATION OF FIBER ROLLOUT PLANNING



- Use of Digitalization and artificial intelligence for planning of fiber rollout
- Benefit: Efficiency, speed, accuracy

Presented by:
Walter Goldenits, CTO Germany

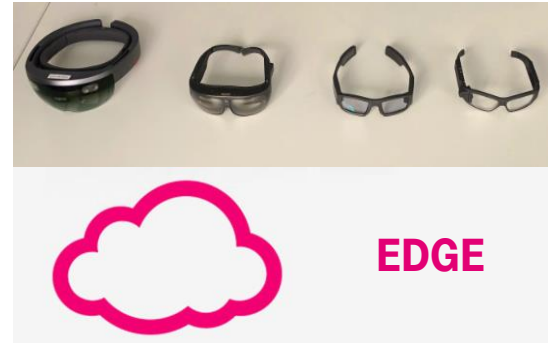
2 5G NEW RADIO + FIXED WIRELESS ACCESS



- 5G New Radio: Massive MIMO and beam forming
- Fixed Wireless Access Equipment
- Benefit: capacity and flexibility

Presented by:
Antje Williams, Executive Program Manager for 5G

3 AUGMENTED REALITY + EDGE COMPUTING



- Quality shift in rendering results with edge based vs. on-device rendering
- B2B use cases
- Benefit: Productivity, convenience

Presented by:
Alex Choi, SVP Research & Technology Innovation

Pass by on the way to the Evening Event:

TRENCHING + HORIZONTAL DIRECTIONAL DRILLING



- Trenching Machine
- Horizontal Directional Drilling Machine
- Benefit for DT: Efficiency, speed

T-MOBILE US

LEGAL DISCLAIMER

Important Additional Information

In connection with the proposed transaction, T-Mobile US, Inc. (“T-Mobile”) will file a registration statement on Form S-4, which will contain a joint consent solicitation statement of T-Mobile and Sprint Corporation (“Sprint”), that also constitutes a prospectus of T-Mobile (the “joint consent solicitation statement/prospectus”), and each party will file other documents regarding the proposed transaction with the U.S. Securities and Exchange Commission (the “SEC”). INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE JOINT CONSENT SOLICITATION STATEMENT/PROSPECTUS AND OTHER RELEVANT DOCUMENTS FILED WITH THE SEC WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. When final, a definitive copy of the joint consent solicitation statement/prospectus will be sent to T-Mobile and Sprint stockholders. Investors and security holders will be able to obtain the registration statement and the joint consent solicitation statement/prospectus free of charge from the SEC’s website or from T-Mobile or Sprint. The documents filed by T-Mobile with the SEC may be obtained free of charge at T-Mobile’s website, at www.t-mobile.com, or at the SEC’s website, at www.sec.gov. These documents may also be obtained free of charge from T-Mobile by requesting them by mail at T-Mobile US, Inc., Investor Relations, 1 Park Avenue, 14th Floor, New York, NY 10016, or by telephone at 212-358-3210. The documents filed by Sprint with the SEC may be obtained free of charge at Sprint’s website, at www.sprint.com, or at the SEC’s website, at www.sec.gov. These documents may also be obtained free of charge from Sprint by requesting them by mail at Sprint Corporation, Shareholder Relations, 6200 Sprint Parkway, Mailstop KSOPHF0302-3B679, Overland Park, Kansas 66251, or by telephone at 913-794-1091.

Participants in the Solicitation

T-Mobile and Sprint and their respective directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of consents in respect of the proposed transaction. Information about T-Mobile’s directors and executive officers is available in T-Mobile’s proxy statement dated April 26, 2018, for its 2018 Annual Meeting of Stockholders. Information about Sprint’s directors and executive officers is available in Sprint’s proxy statement dated June 19, 2017, for its 2017 Annual Meeting of Stockholders, and in Sprint’s subsequent reports on Form 8-K filed with the SEC on January 4, 2018 and January 17, 2018. Other information regarding the participants in the consent solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint consent solicitation statement/prospectus and other relevant materials to be filed with the SEC regarding the acquisition when they become available. Investors should read the joint consent solicitation statement/prospectus carefully when it becomes available before making any voting or investment decisions. You may obtain free copies of these documents from T-Mobile or Sprint as indicated above.

No Offer or Solicitation

This communication shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the U.S. Securities Act of 1933, as amended.

Cautionary Statement Regarding Forward-Looking Statements

This communication contains certain forward-looking statements concerning T-Mobile, Sprint and the proposed transaction between T-Mobile and Sprint. All statements other than statements of fact, including information concerning future results, are forward-looking statements. These forward-looking statements are generally identified by the words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “could” or similar expressions. Such forward-looking statements include, but are not limited to, statements about the benefits of the proposed transaction, including anticipated future financial and operating results, synergies, accretion and growth rates, T-Mobile’s, Sprint’s and the combined company’s plans, objectives, expectations and intentions, and the expected timing of completion of the proposed transaction. There are several factors which could cause actual plans and results to differ materially from those expressed or implied in forward-looking statements. Such factors include, but are not limited to, the failure to obtain, or delays in obtaining, required regulatory approvals, and the risk that such approvals may result in the imposition of conditions that could adversely affect the combined company or the expected benefits of the proposed transaction, or the failure to satisfy any of the other conditions to the proposed transaction on a timely basis or at all; the occurrence of events that may give rise to a right of one or both of the parties to terminate the business combination agreement; adverse effects on the market price of T-Mobile’s or Sprint’s common stock and on T-Mobile’s or Sprint’s operating results because of a failure to complete the proposed transaction in the anticipated timeframe or at all; inability to obtain the financing contemplated to be obtained in connection with the proposed transaction on the expected terms or timing or at all; the ability of T-Mobile, Sprint and the combined company to make payments on debt or to repay existing or future indebtedness when due or to comply with the covenants contained therein; adverse changes in the ratings of T-Mobile’s or Sprint’s debt securities or adverse conditions in the credit markets; negative effects of the announcement, pendency or consummation of the transaction on the market price of T-Mobile’s or Sprint’s common stock and on T-Mobile’s or Sprint’s operating results, including as a result of changes in key customer, supplier, employee or other business relationships; significant transaction costs, including financing costs, and unknown liabilities; failure to realize the expected benefits and synergies of the proposed transaction in the expected timeframes or at all; costs or difficulties related to the integration of Sprint’s network and operations into T-Mobile; the risk of litigation or regulatory actions; the inability of T-Mobile, Sprint or the combined company to retain and hire key personnel; the risk that certain contractual restrictions contained in the business combination agreement during the pendency of the proposed transaction could adversely affect T-Mobile’s or Sprint’s ability to pursue business opportunities or strategic transactions; effects of changes in the regulatory environment in which T-Mobile and Sprint operate; changes in global, political, economic, business, competitive and market conditions; changes in tax and other laws and regulations; and other risks and uncertainties detailed in T-Mobile’s Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and in its subsequent reports on Form 10-Q, including in the sections thereof captioned “Risk Factors” and “Cautionary Statement Regarding Forward-Looking Statements,” as well as in its subsequent reports on Form 8-K, all of which are filed with the SEC and available at www.sec.gov and www.t-mobile.com. Forward-looking statements are based on current expectations and assumptions, which are subject to risks and uncertainties that may cause actual results to differ materially from those expressed in or implied by such forward-looking statements. Given these risks and uncertainties, persons reading this communication are cautioned not to place undue reliance on such forward-looking statements. T-Mobile assumes no obligation to update or revise the information contained in this communication (whether as a result of new information, future events or otherwise), except as required by applicable law.

Non-GAAP

In addition to financial information prepared in accordance with U.S. GAAP, this presentation also contains adjusted financial measures that we believe provide investors and management with supplemental information relating to operating performance and trends that facilitate comparisons between periods and with respect to projected information. These adjusted financial measures are non-GAAP and should be considered in addition to, but not as a substitute for, the information prepared in accordance with U.S. GAAP. Further information relevant to the interpretation of adjusted financial measures, and reconciliations of these adjusted financial measures to the most comparable GAAP measures, may be found on T-Mobile’s website at <http://investor.t-mobile.com> in the “Quarterly Results” section



**5 YEARS
OF UN-CARRIER**

**WE CHANGED
WIRELESS
FOREVER**

2X CUSTOMER GROWTH

74M
Q1 2018

33M
2012



18.3M
Q1 2018
metroPCS

8.9M
2013

>90%

**INDUSTRY
POSTPAID
PHONE GROWTH**
LAST 5 YEARS

16.2M



T-Mobile

1.3M



verizon^v at&t Sprint COMCAST

~80%

**INDUSTRY
PREPAID
GROWTH**

LAST 5 YEARS

6.5M



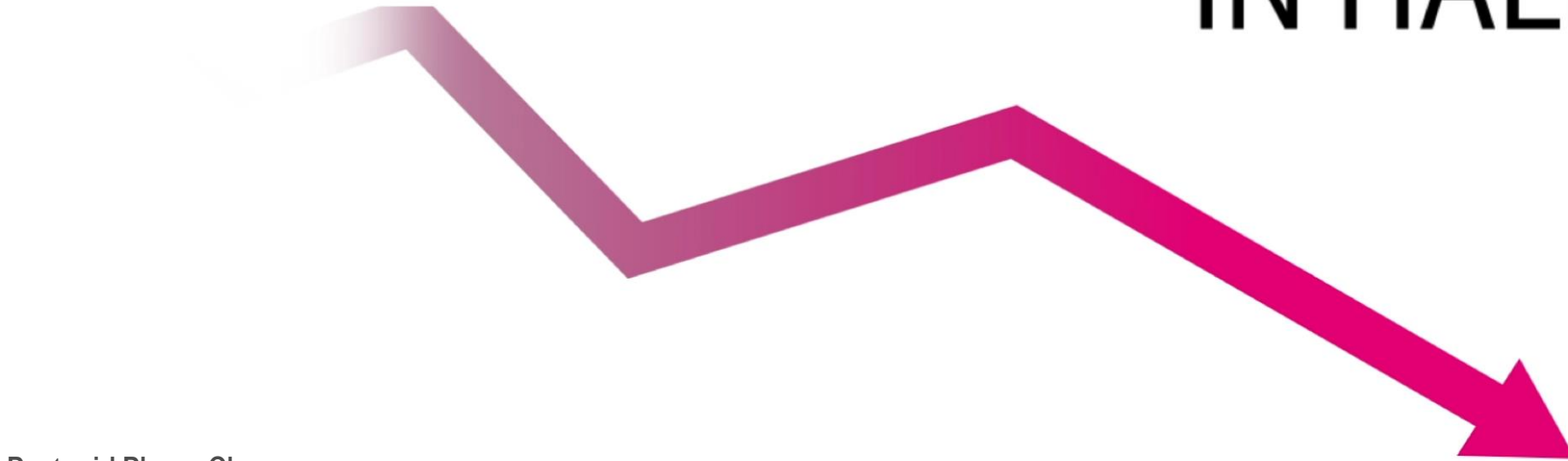
T-Mobile metroPCS.

2.0M



verizon at&t Sprint

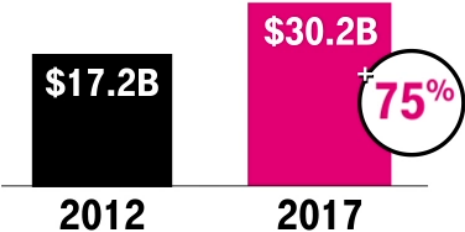
CUT ~~CHURN~~ IN HALF



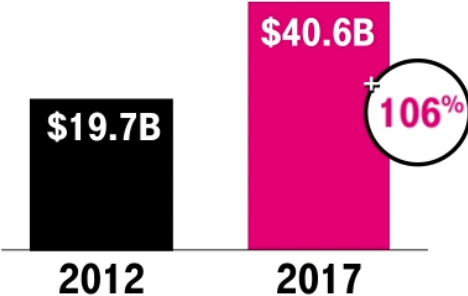
Postpaid Phone Churn

INDUSTRY LEADING FINANCIAL GROWTH

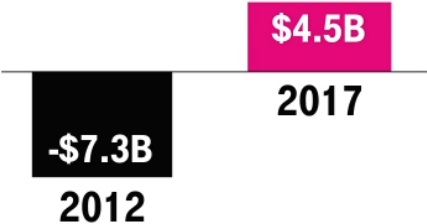
SERVICE REVENUES



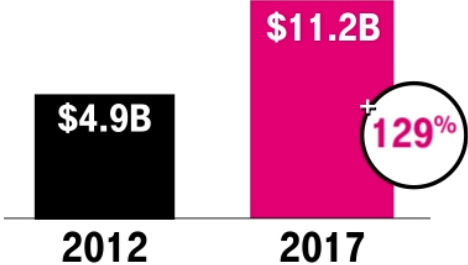
TOTAL REVENUES



NET INCOME



ADJUSTED EBITDA



Financial results as reported



322M COVERED

4G LTE coverage end of 2017

STANDALONE OUTLOOK Q1 2018

2018 GUIDANCE¹

BRANDED POSTPAID NET ADDS	2.6 – 3.3M
ADJUSTED EBITDA	\$11.4 – 11.8B
CAPEX (EXCL. CAP INTEREST)	\$4.9 – 5.3B
CF OPS CAGR FY2016 - FY2019²	7 – 12%
FREE CASH FLOW CAGR FY2016 - FY2019²	46 – 48%
FAVORABLE TAX IMPACT 2020 - 2027	\$6.5 - 7.0B

BUYBACKS

INITIAL PROGRAM (COMPLETED APRIL 2018)	\$1.5B
INCREASED PROGRAM (CONTINGENT ON TERMINATION OF BCA WITH SPRINT)	\$7.5B

TOTAL BUYBACKS \$9.0B

¹ We are not able to forecast net income on a forward looking basis without unreasonable efforts due to the high variability and difficulty in predicting certain items that affect GAAP net income including, but not limited to, income tax expense, stock based compensation expense and interest expense. Adjusted EBITDA should not be used to predict net income as the difference between the two measures is variable. In Q1 2018, we adopted the new revenue accounting standard. Including the estimated impact of such new revenue accounting standard, Adjusted EBITDA is expected to increase by an additional \$0.2 - \$0.5 billion for a total guidance range of \$11.6 - \$12.3 billion.

² In Q1 2018, the adoption of the new cash flow accounting standard resulted in a reclassification of cash flows related to the deferred purchase price from securitization transactions from operating activities to investing activities. In addition, cash flows related to debt prepayment and extinguishment costs were reclassified from operating activities to financing activities. In Q1 2018, we redefined Free Cash Flow to reflect the above changes in classification and present cash flows on a consistent basis for investor transparency. The effects of this change are applied retrospectively and are provided in the Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures table included in our Q1 2018 earnings release.

CUSTOMER EXPERIENCE OBSESSED

CUSTOMER EXPERIENCE **OBSESSED**



UN-CARRIER
EVERYWHERE



BEYOND
THE SMARTPHONE



SIMPLICITY &
DIGITALIZATION

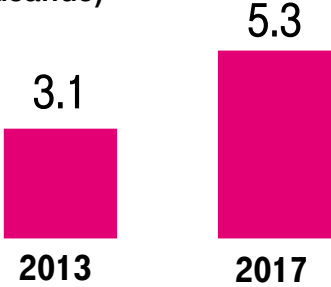
AMERICA'S BEST UNLIMITED NETWORK

UN-CARRIER EVERYWHERE: NEW GEOGRAPHIES & SEGMENTS

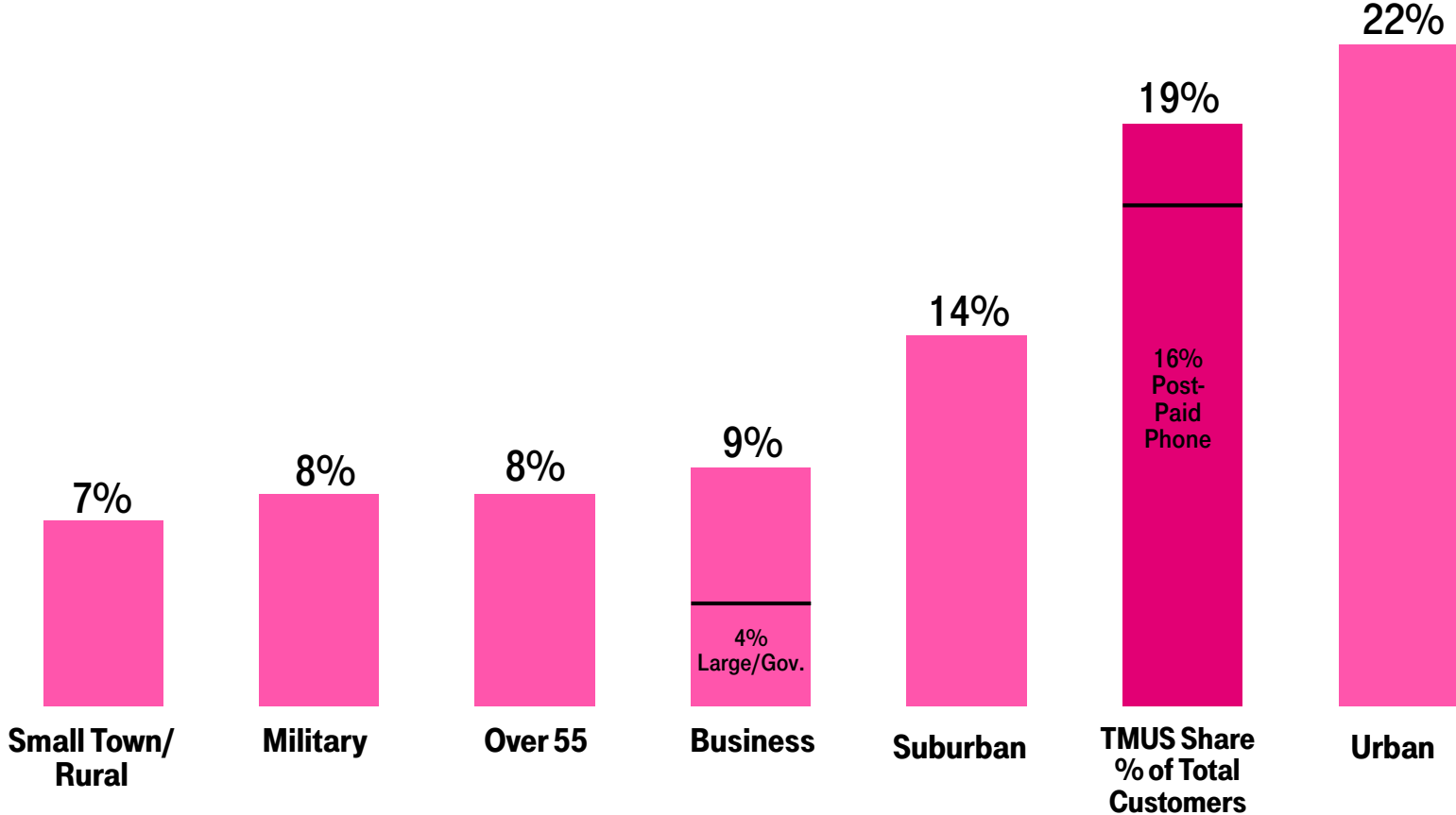
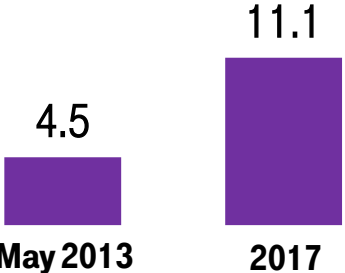
DISTRIBUTION EXPANSION Enabled by Network Expansion

PURSUIING UNDERPENETRATED SEGMENTS (% market shares by segment)

T-Mobile Retail Distribution
(in thousands)



MetroPCS Retail Distribution
(in thousands)



BEYOND THE SMARTPHONE

GROWTH OUTSIDE OF CORE WIRELESS

HOME & ENTERTAINMENT

**MUSIC
FREEDOM**



BINGE ON



NETFLIX

On Us



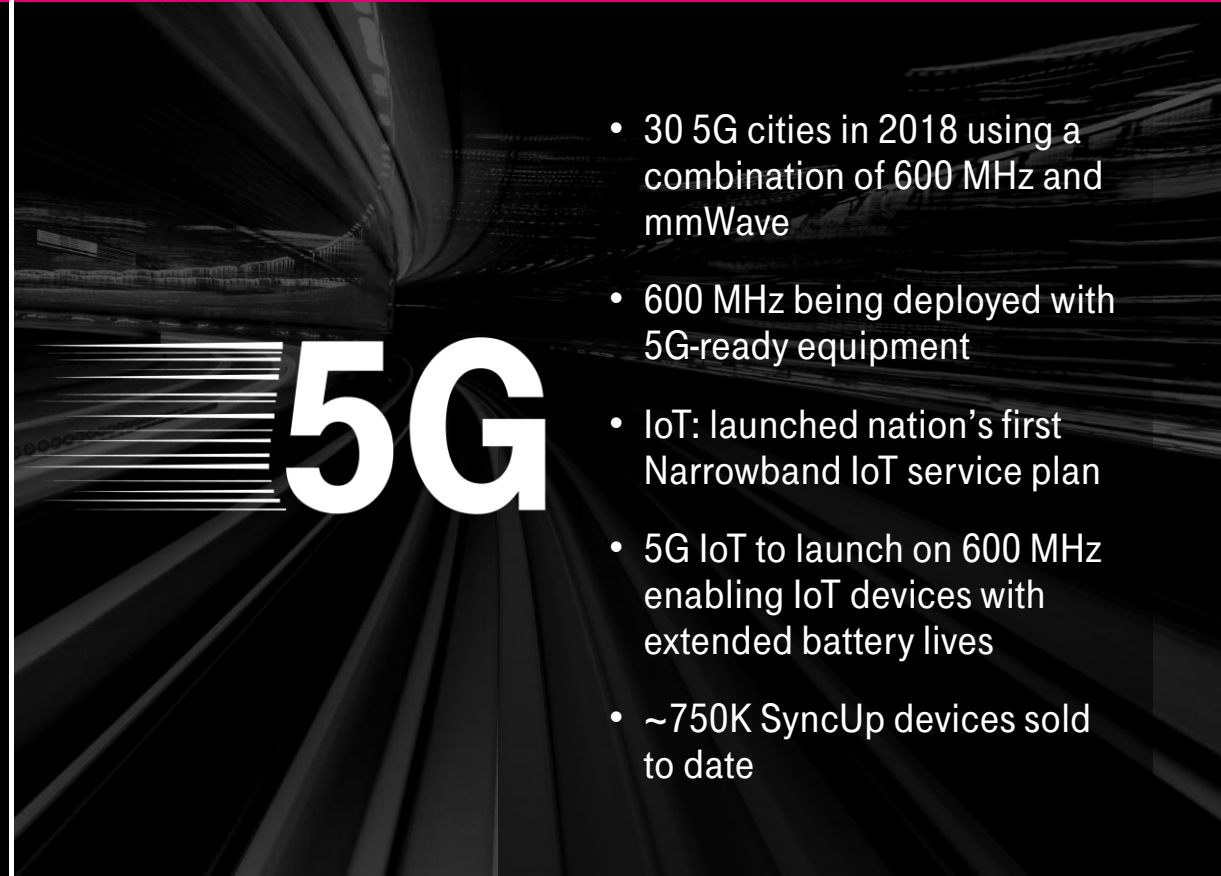
layer3^{tv}
a T-Mobile company



**What's
Next?**

- Music Freedom and BingeOn transformed mobile media consumption
- BingeOn Optimized video traffic, lowered network payload
- Exclusive partnership with Netflix launched September 2017
- Initial entry into rapidly converging media world led by seasoned team at Layer3 TV

5G & IoT



- 30 5G cities in 2018 using a combination of 600 MHz and mmWave
- 600 MHz being deployed with 5G-ready equipment
- IoT: launched nation's first Narrowband IoT service plan
- 5G IoT to launch on 600 MHz enabling IoT devices with extended battery lives
- ~750K SyncUp devices sold to date

SIMPLICITY & DIGITALIZATION DRIVE COST EFFICIENCIES

EASY TO JOIN

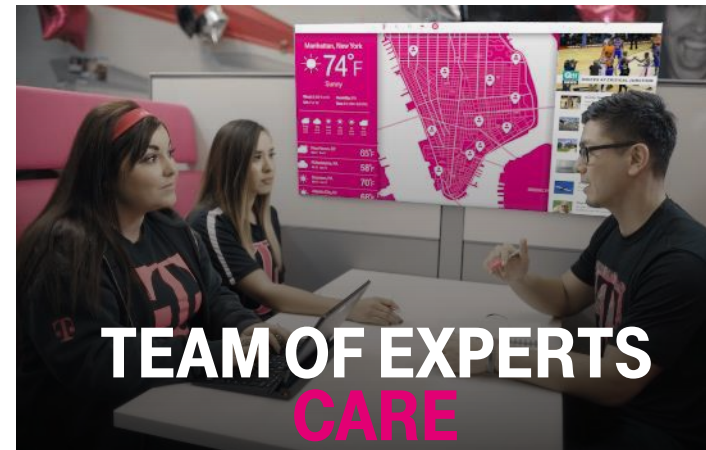


- SIDE-BY-SIDE SELLING MEANS **LESS TRANACTING, MORE SERVING** CUSTOMERS
- **SIMPLIFYING** THE SWITCHING EXPERIENCE



DRIVING SUPERIOR BILLING **TRANSPARENCY, CLARITY AND CONSISTENCY**

EASY TO SERVE



- SELF-SERVICE FUNCTIONALITY ALLOWS CUSTOMERS TO **SOLVE ISSUES ON THEIR OWN TERMS**
- DRIVING **RECORD LOW** CALLS PER ACCOUNT

> **\$1B** PROJECTED GROSS COST SAVINGS OVER
CURRENT RUN RATE¹ **OVER NEXT 3 YEARS**

¹ Run Rate defined as % of service revenue

SUPERCHARGING THE UN-CARRIER



T-Mobile® Sprint

The image features the T-Mobile and Sprint logos. The T-Mobile logo is on the left, with a lightning bolt graphic striking through the 'T' and extending across the 'Mobile' text. The Sprint logo is on the right, also with a lightning bolt graphic striking through it. The background is a gradient of yellow and orange, with a large, bright sun or light source in the center, creating a lens flare effect.

CREATING ROBUST COMPETITION IN THE 5G ERA

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 NATION'S ECONOMY

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**

JOB CREATOR FROM DAY ONE UNLOCKING ECONOMIC VALUE

- CREATING **NEW JOBS DAY ONE** WITH INVESTMENT TO EXPAND CUSTOMER SERVICE, RETAIL FOOTPRINT AND 5G BUILDOUT
- 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 **MILLIONS¹ OF U.S. JOBS AND SUBSTANTIAL ECONOMIC VALUE**

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

NEW T-MOBILE WILL DELIVER SIGNIFICANT SYNERGIES

	RUN-RATE SYNERGIES (\$BN, PRE-TAX)	COST TO ACHIEVE (\$BN) ¹	NPV OF SYNERGIES (\$BN) <i>(Net of Costs to Achieve)</i>	INTEGRATION YEARS
 <p>NETWORK SITE DECOMMISSIONING, COST TO DECOMMISSION, NETWORK INTEGRATION COSTS & CAPEX SAVINGS</p>	~\$4+	~\$10 ²	~\$26	3
 <p>SALES, SERVICE & MARKETING STORE CONSOLIDATION, INCREASED LEASE & LABOR EXPENSE, STORE REFRESH COST, ADVERTISING, CUSTOMER CARE, EQUIPMENT REVENUE & LOGISTICS</p>	~\$1+	~\$1	~\$11	3-4
 <p>BACK OFFICE IT & BILLING & FIXED G&A</p>	~\$1+	~\$4	~\$6	3-4
TOTAL	~\$6+	~\$15	~\$43+	

Note: All numbers are approximations and reflect management estimates as of date of presentation.

¹ NPV of Synergies net of Costs to Achieve, calculated assuming a discount rate of 8.0% on unlevered free cash flow. Numbers may not add due to rounding. ² Net of avoided Capital Expenditures.

POISED FOR SIGNIFICANT MARGIN EXPANSION

	2018 PRO FORMA	2018 PRO FORMA MARGINS	3-4 YEAR TARGETS	LONGER-TERM TARGETS
TOTAL REVENUE	\$75-76B	--	2-4% CAGR \$81-86B	3-5% CAGR \$95-100B
WIRELESS SERVICE REVENUE	\$53-57B	--	2-4% CAGR \$59-61B	2-4% CAGR \$67-70B
ADJUSTED EBITDA ^{1,2}	\$22-23B	40-42%	45-47% MARGIN	54-57% MARGIN
CAPITAL EXPENDITURES ³	\$10-11B	18-19%	15-20% OF SVC REV	13-15% OF SVC REV
ADJUSTED EBITDA LESS CAPITAL EXPENDITURES ^{1,4}	\$11-12B	20-21%	26-30% MARGIN	42-45% MARGIN

Note: Service Revenue and Adjusted EBITDA figures do not include the impacts of new revenue standard. All numbers are approximations and reflect management estimates of the date of presentation

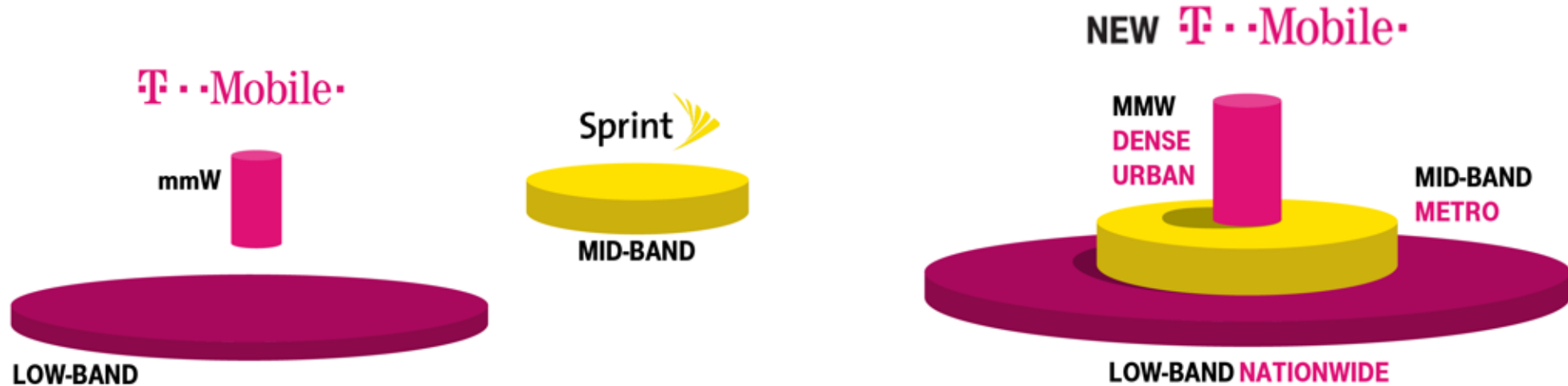
¹Adjusted EBITDA based on T-Mobile's as-reported definition which is unburdened for stock-based compensation.

²Adjusted EBITDA margins calculated based on Service Revenue.

³Capital Expenditures margins calculated based on Service Revenue.

⁴Adjusted EBITDA less Capital Expenditures calculated based on Service Revenue.

THE FIRST BROAD AND DEEP NATIONWIDE 5G NETWORK



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



UNMATCHED COMBINATION OF SPECTRUM ASSETS TO CREATE A BROAD AND DEEP NETWORK

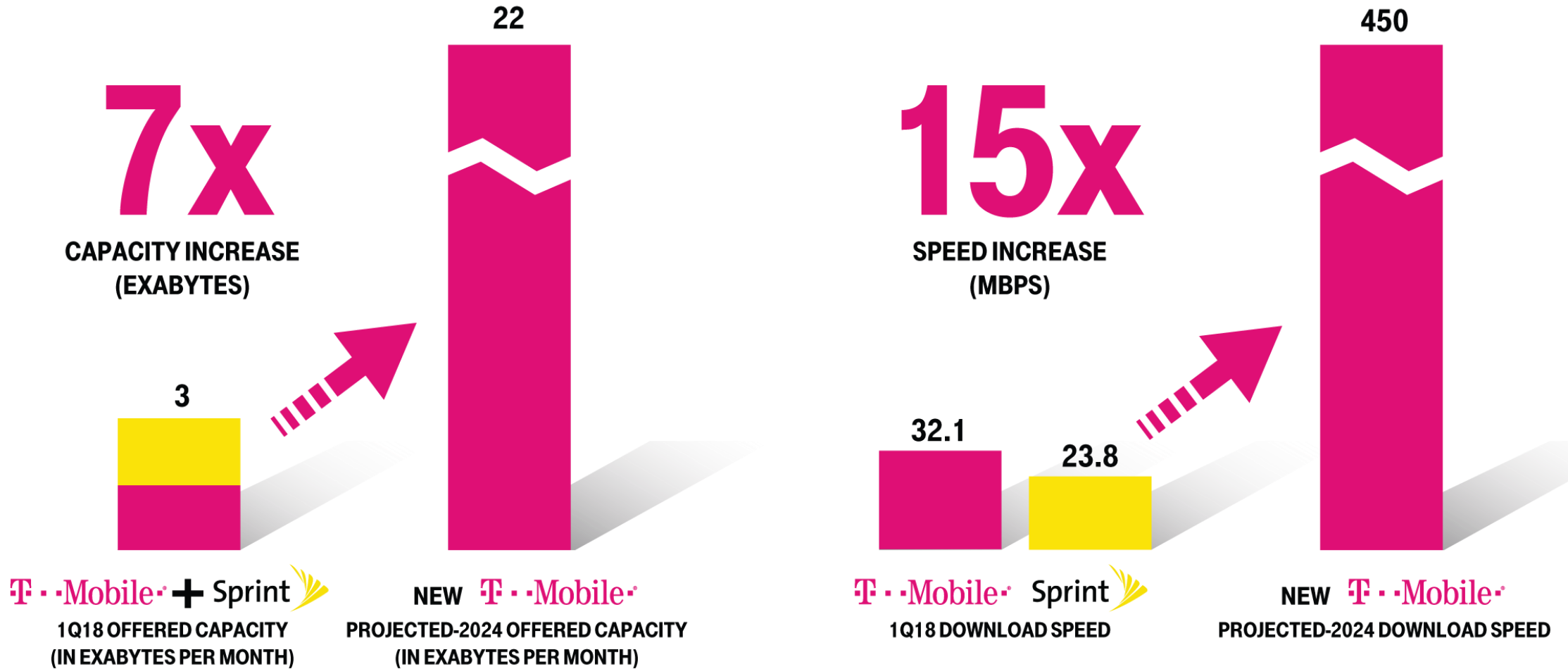


ENHANCED FINANCIAL POSITION ABOVE WHAT EITHER COMPANY COULD DO ALONE TO INVEST IN THE ROLLOUT OF 5G

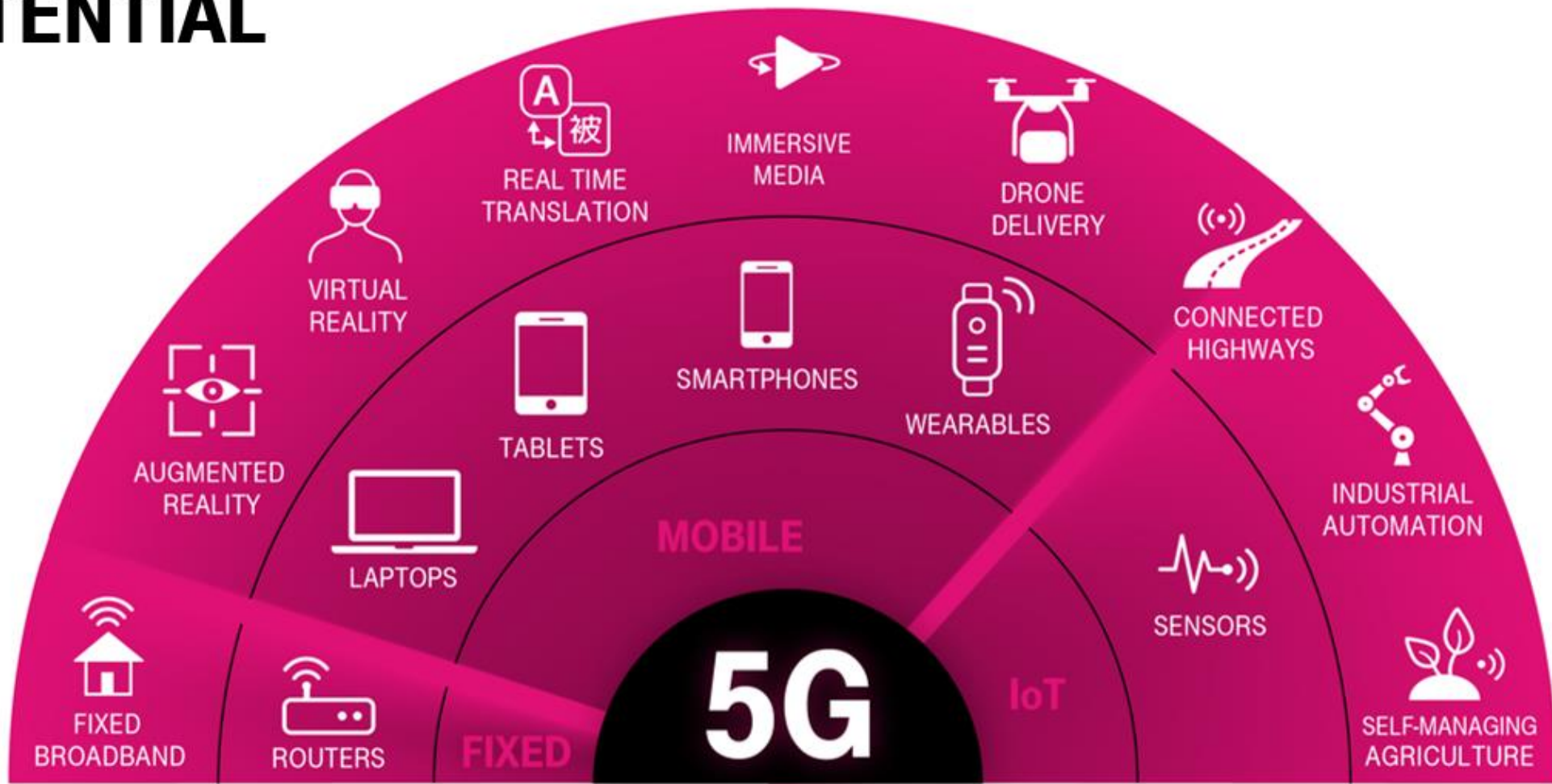


PROVEN LEADERSHIP AND PLAN TO RAPIDLY ROLL OUT ADVANCEMENTS - T-MOBILE DEPLOYED NATIONWIDE LTE TWICE AS FAST AS VERIZON AND THREE TIMES AS FAST AS AT&T

POWERFUL COMBINATION RESULTS IN REVOLUTIONARY CAPACITY & SPEED



LIMITLESS POTENTIAL





ANCHOR ON T-MOBILE NETWORK

- **FAST AND LOW RISK DELIVERY OF SYNERGIES** WHILE PROTECTING CUSTOMER EXPERIENCE
- USE **T-MOBILE AS THE ANCHOR** NETWORK AND INCREASE NETWORK DENSITY AND COVERAGE WITH SELECTED SPRINT “KEEP” SITES
- **DEPLOY 2.5 GHZ SPECTRUM** ON T-MOBILE SITES AND FULL T-MOBILE SPECTRUM PORTFOLIO ON SPRINT “KEEP” SITES
- **NEW T-MOBILE NETWORK** OF ~85K MACRO SITES AND 50K SMALL CELLS



MIGRATE CUSTOMERS

- MIGRATE SPRINT CUSTOMERS TO T-MOBILE NETWORK **WITHIN 3 YEARS** WITHOUT DEGRADING EXPERIENCE ON SPRINT’S NETWORK
- **ON DAY ONE, 20 MILLION SPRINT CUSTOMERS ALREADY HAVE COMPATIBLE HANDSETS** WITH T-MOBILE’S NETWORK
- AGGRESSIVELY **MIGRATE CDMA VOICE TO VOLTE**
- **BILLING AND BACK OFFICE SYSTEM MIGRATIONS TO OCCUR OVER TIME** MINIMIZING DISRUPTION TO DISTRIBUTION, CARE, AND OPERATIONS

NEW T-MOBILE WILL DELIVER UNPRECEDENTED NETWORK QUALITY AND CUSTOMER VALUE

- Rapid industry **convergence** and fast emerging **5G economy** creates ideal timing for unique combination
- Creates **only company** with capacity to build the first **broad** and **deep nationwide 5G network**
- Competition will extend U.S. global internet **leadership in the 5G era**
- **Supercharges** pro-consumer **Un-carrier** strategy
- Expected to create **jobs** and unlock **economic growth**
- **Compelling benefits** support rationale for **regulatory approval** in the era of 5G

T-Mobile US, Inc.

CMD 2018 Summary

- Exceeded or met aggressive goals set at Capital Markets Day 2012 & 2015
- Industry leading momentum set to continue with strong organic plan
- Incredible LTE Network transitioning to 5G using 600 MHz
- Sprint transaction enables unprecedented network quality & customer value
- New T-Mobile will create value for investors & consumers

EUROPE

SRINIVASAN GOPALAN

KEY MESSAGES

01

STRONG ASSETS PORTFOLIO DT EU

Majority of assets already converged, with a powerful brand across footprint & relevance in economies

02

BEGINNING OF TURNAROUND TO GROWTH

Markets are growing again, DT EU net adds are at fair share, and EBITDA is now growing

03

ACCELERATE GROWTH IN CONVERGENCE

Drive volume & scale up fast to reach > 50% FMC HH penetration (by 2021) with strong Magenta1 portfolio and go-to-market based on advanced HH analytics

04

LEAD TRANSITION TOWARDS GIGABIT SOCIETIES

Develop assets portfolio to fully converged, triple fiber rollout run-rate until 2021

05

BEST CUSTOMER EXPERIENCE

Strong & convincing brand promise, digital customer interaction, automated technical service, and a customer centric culture

06

LEAD IN BUSINESS PRODUCTIVITY

Leverage leading ICT position in key verticals, push Cloud & DT's Smart Cities/IoT portfolio, key partner for digitalization in VSE & SMB¹ segments

07

VALUE TRANSFORMATION

Around 10% net indirect cost reduction until 2021, driven by operational efficiency measures, simplification, digitalization, and a future-proof-organization

08

FINANCIAL OUTLOOK

Clear strategic plan for sustainable growth with a revenue CAGR of > 1% and EBITDA CAGR of +1–2% (2017–2021)

¹ VSE = very small enterprises, SMB = small and medium size businesses

REVIEW 2014 – 2018

GROUP STRATEGY

GERMANY

SYSTEMS SOLUTIONS

TECHNOLOGY & INNOVATION

T-MOBILE US

EUROPE

GROUP DEVELOPMENT

FINANCE

REVIEW

TECHNOLOGY LEADERSHIP

BEST CUSTOMER EXPERIENCE

SUPERIOR CASH PERFORMANCE

Ambition level 2018

- All-IP transformation: All integrated NatCos 100% IP-based in 2018
- Next generation accesses: 75–95% LTE pop coverage in 2018
- FTTx for ≈ 50% of households (in integrated footprint) with at least 100 Mbit/s in 2018

- Realization of customer experience initiative “eTransformation”: between 30% and 99% eService share in our NatCos in 2018
- Implementation of innovative FMC & TV experiences in 2018
- €0.6 bn pay-TV revenues in 2018
- Continuation of revenue transformation: 38% of revenues with pockets of growth in 2018 [Pro Forma: 36% of revenues with pockets of growth]

- Stable Adj. Cash Contribution ≈ +0.5% CAGR 2014–2018
- Reduction of indirect cost by €0.4 bn 2018 vs. 2014
- Op. ROCE improvement by around +2%-pts 2018 vs. 2014

Achievements 2017

- Ca. 70% in 2017
- 94% in 2017
- 32% in 2017

- 31%–95% in 2017
- Hybrid Proposition, new TV user interface rollout
- €0.48 bn in 2017
- 33% in 2017

- CAGR 2014–2017 -6.7%
- €0.24 bn 2017 vs. 2014
- -2%-pts 2017 vs. 2014

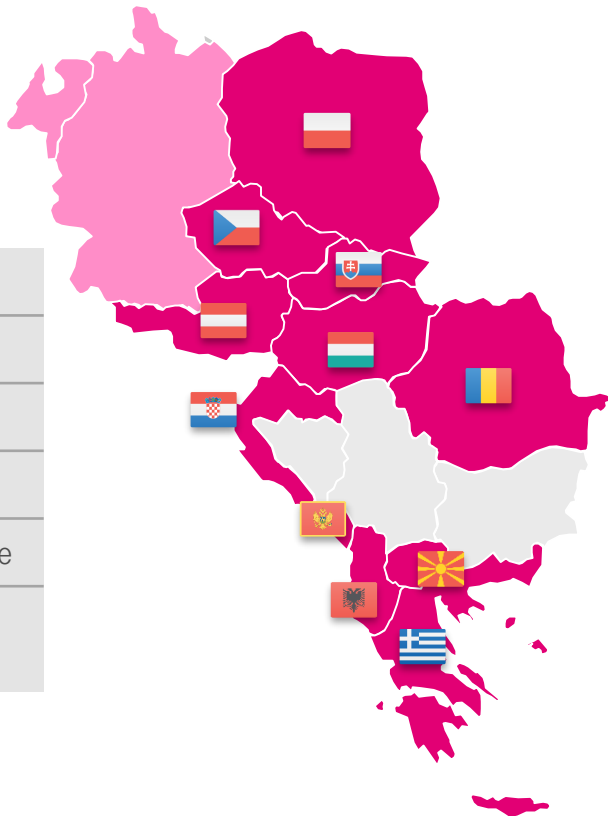
Delivered/on track



DT EUROPE IS A STRUCTURALLY ATTRACTIVE CONVERGED ASSET

DT Europe

REVENUE	€11.6 bn
ADJ. EBITDA	€3.7 bn
CASH CAPEX	€1.8 bn
PERSONNEL	47,420 FTE
POPULATION	115 mn people
GDP CAGR¹ 2017-2021	2.5%



¹ GDP CAGR average weighted by NatCos' 2017 revenue

NatCo-by-NatCo

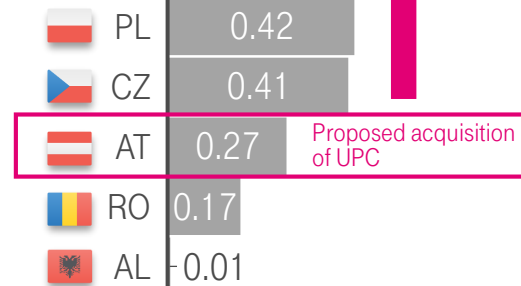
EBITDA adj.
FY 2017,
€ bn

**CONVERGED
LEADERS**



70% from
converged
leaders

**CONVERGED
CHALLENGERS**

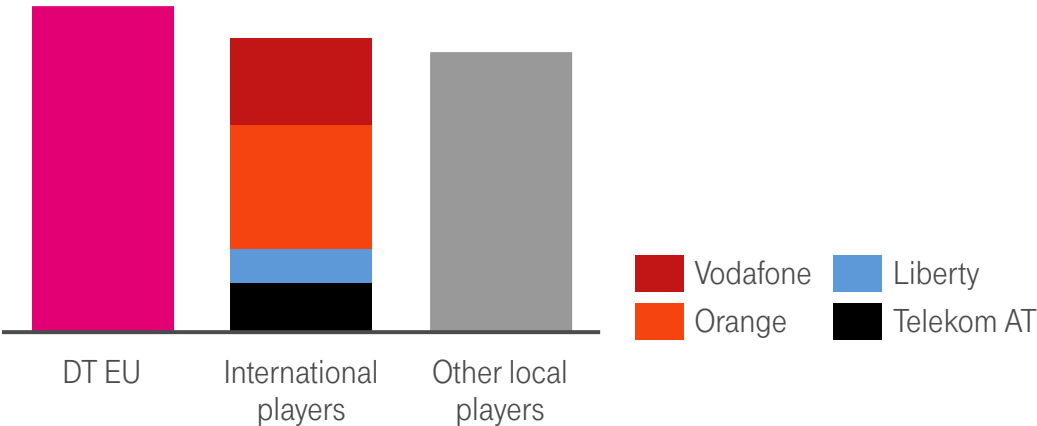


Proposed acquisition
of UPC

DT IS THE LARGEST INTERNATIONAL PLAYER IN OUR FOOTPRINT WITH SIGNIFICANT GDP IMPACT

We have scale in our markets...

Integrated revenues DT EU footprint¹

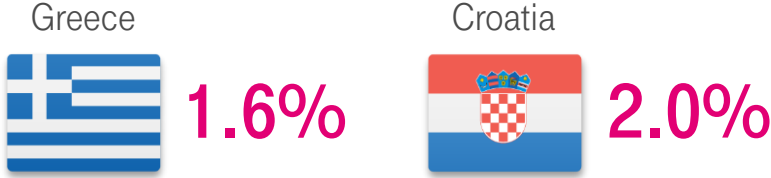


Enormous power of our brand across footprint

¹ Based on 2017 revenues

... and we have economic impact

DT local revenues, as share of GDP



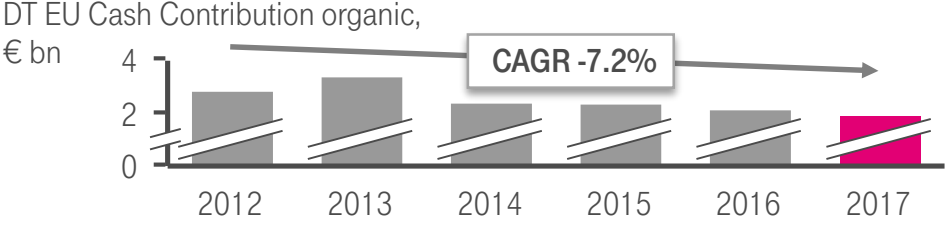
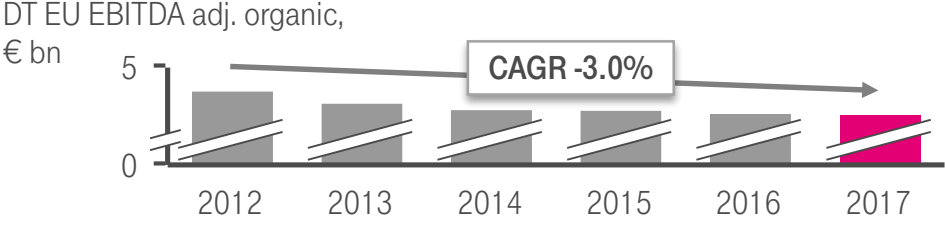
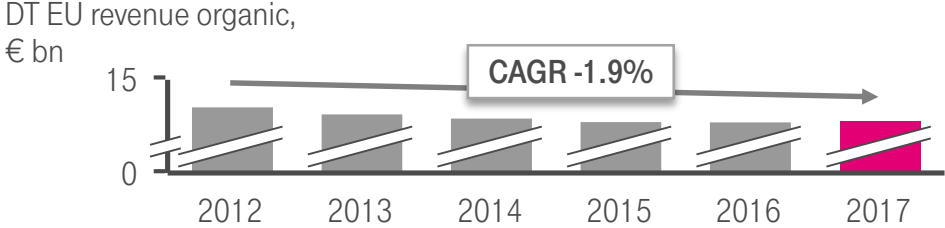
DT's position in ICT

revenues with ICT, focused on digitalizing governments, societies & enterprises

≈€1 bn

WE HAVE BEEN POORLY VALUED BECAUSE OF PAST PERFORMANCE

Reflecting historical declines...



Note: Organic development adjusted for regulation and currency effects, Cash Contribution in 2012 & 2013 only adjusted for T-Mobile Netherlands and Globul (Bulgaria). ¹ As of May 18th, 2018 based on a basket

CAGR 2012-2017

...DT Europe has been valued poorly

EBITDA multiple DT Europe

≈4.9x¹

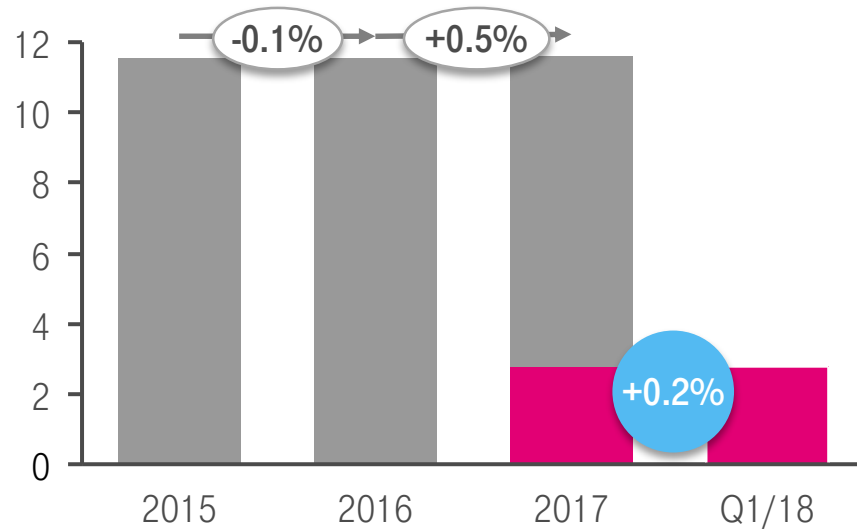
EBITDA multiple western European incumbents

6.3x

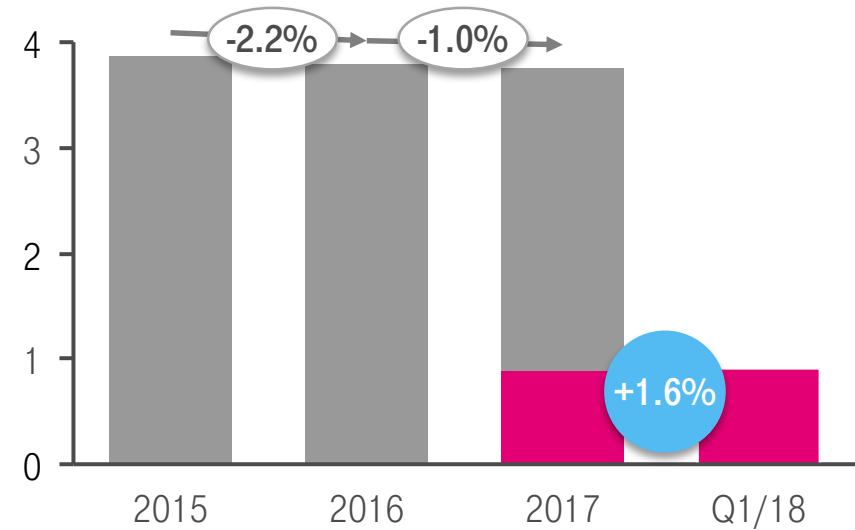
2017 HAS SEEN THE BEGINNING OF THE TURNAROUND

Back to growth again

Revenue growth, organic,
€ bn



EBITDA turnaround visible, adj. organic,
€ bn

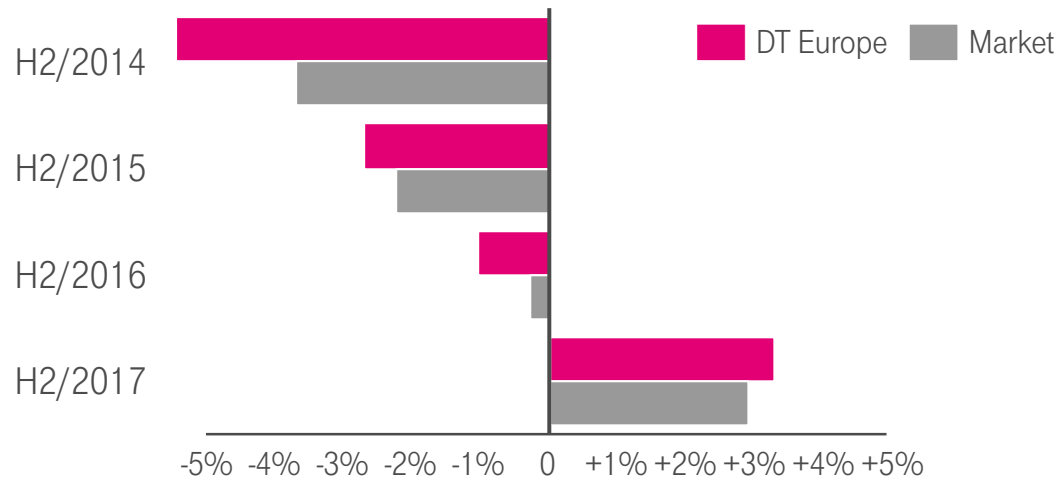


Note: Organic development adjusted for regulation and currency effects.

MOBILE MARKETS BACK TO GROWTH, DT BACK TO FAIR SHARE

Improving market environment leads to growth...

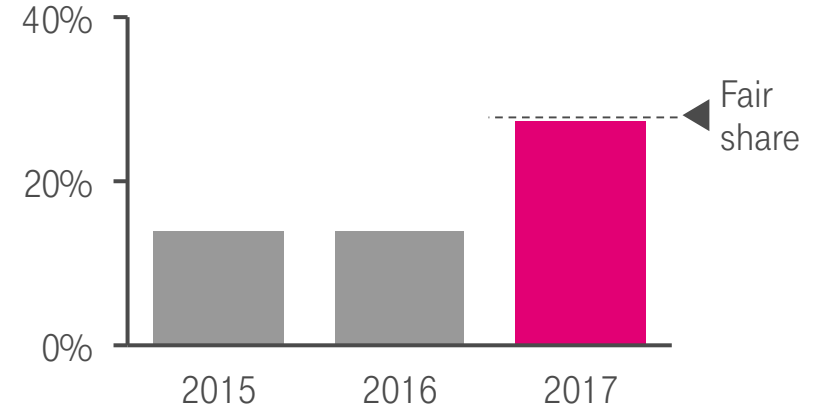
Mobile service revenue development¹,
year-over-year, per half year



¹ Source: DT analysis

...while DT has begun to leverage its quality leadership

Mobile contract net adds back on fair share level,
Mob. contract net adds market share



**BEST
MOBILE NETWORKS**

8 countries "best in P3 test"
(GR, HU, HR, SK, CZ, PL, MK, ME)

SUBSTANTIAL PROGRESS ON CONVERGENCE AND TROUBLED ASSETS

Commercial strength in FMC

Growth in B2C, 2017 vs. 2016

FMC HH	+420 k	+43%
FMC REVENUE	+€300 mn	+81%

Growth in B2B, 2017 vs. 2016

FMCC ACCOUNTS	+60 k	+38%
FMCC REVENUE	+€60 mn	+20%

Churn reduction, 2017 vs. 2016

MOBILE SUBS. CHURN	-1,850 k	-13%
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¹ Fixed-mobile-substitution

Assets strengthened

T-Mobile Austria developed towards convergence

- Proposed acquisition of UPC



Turnaround in critical NatCos

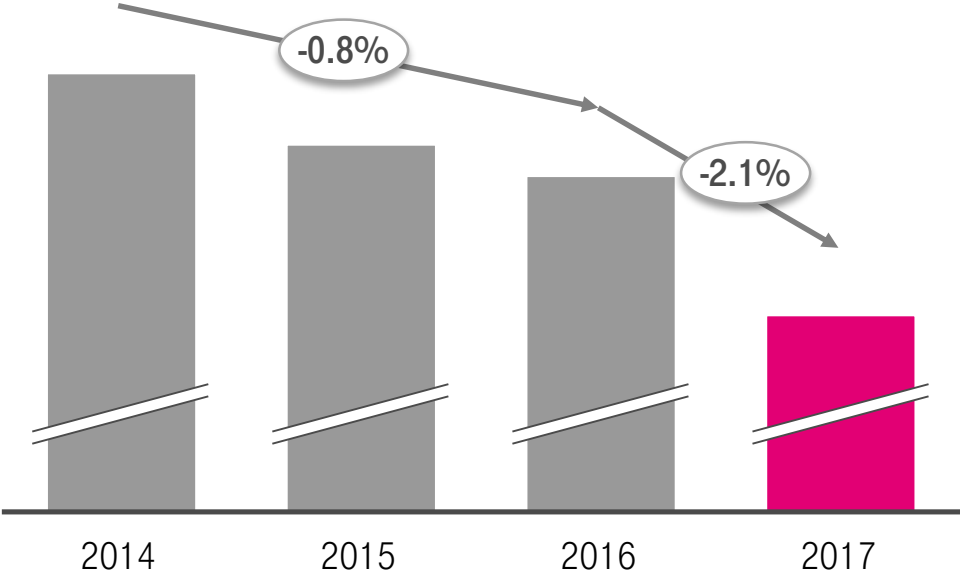
- T-Mobile Poland partnering deal with Orange, FMS¹ launched, and port-in leadership
- Telekom Romania's brand re-positioning



REACCELERATED COST SAVINGS AND MAJOR ORGANIZATIONAL CHANGES IN 2017

Reduction in indirect costs

Indirect cost, organic



Note: Organic development adjusted for regulation and currency effects. ¹ Board of management

People & structural issues improved

C-levels¹ reviewed in NatCos

Changes in last 12 months **≈50%**

EU HQ made leaner & more agile

Smaller organization **-30%**

International experts brought into HQ

New executive position holders **37%**

STRATEGY 2018 – 2021

GROUP STRATEGY

GERMANY

SYSTEMS SOLUTIONS

TECHNOLOGY & INNOVATION

T-MOBILE US

EUROPE

GROUP DEVELOPMENT

FINANCE

EUROPE IS POSITIONED TO CREATE VALUE BY LEADING IN CONVERGENCE, TECHNOLOGY, DIGITALIZATION, AND B2B

Our strategy

GROW

LEAD IN CUSTOMER EXPERIENCE

ONE CONNECTIVITY & PERFECT SERVICE

LEAD IN TECHNOLOGY

INTEGRATED GIGABIT NETWORKS

LEAD IN BUSINESS PRODUCTIVITY

SECURE ICT SOLUTIONS & BIG IOT

SAVE FOR GROWTH INVESTMENTS

SIMPLIFY, DIGITALIZE, ACCELERATE

Ambition Europe



1 LEAD IN CUSTOMER EXPERIENCE/LEAD IN TECHNOLOGY

- **Magenta1:** Drive convergence to enable value creating market structure
- **Broadband/TV:** Own the gigabit position through smartly funded fiber investments
- **Mobile:** Maintain best network and commercial momentum to exploit market growth
- **Leading service:** Differentiate with digital and seamless connectivity, enabled by agile & simplified IT

2 LEAD IN BUSINESS PRODUCTIVITY

Leverage our unique B2B position to drive growth in cloud, IoT, and Smart Cities

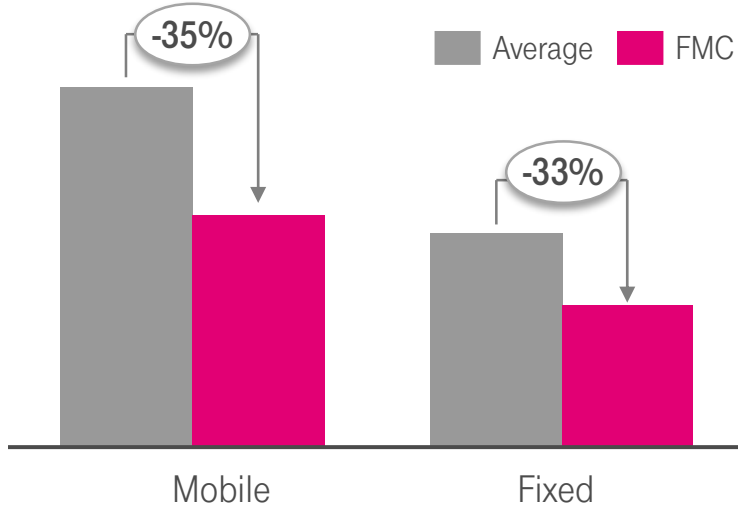
3 VALUE TRANSFORMATION

Efficiency improvement through leveraging digital opportunities and our unique scale

1 CONVERGENCE: COMMERCIAL KPIs EVIDENCE BENEFITS

FMC reduces churn

Example Greece, Q4/17



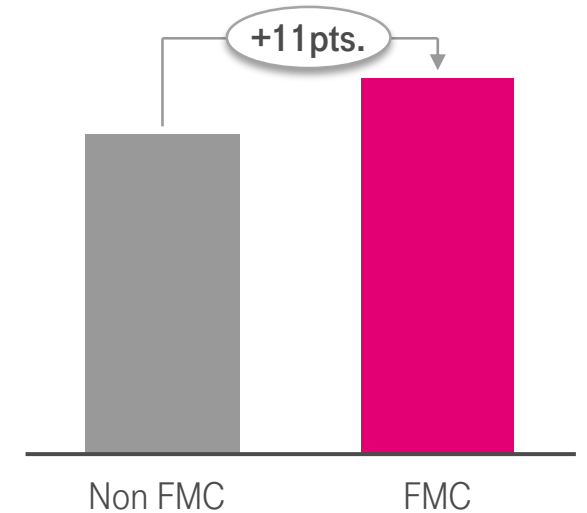
FMC increases incremental ARPHH¹

December 2017



FMC improves TRI*M

Greece, Croatia, Hungary, Slovakia, Q4/17



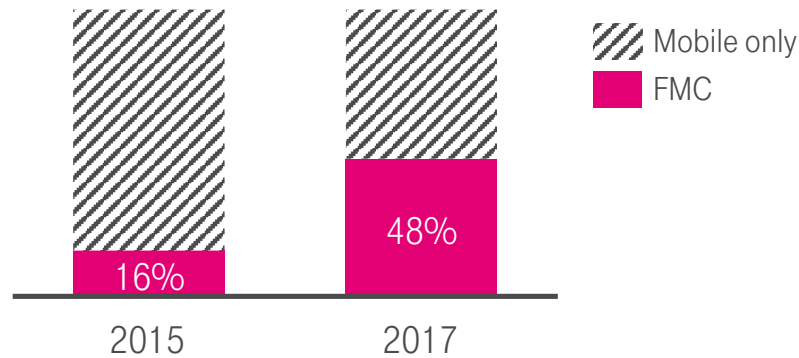
¹ Delta revenue per HH created after migration to FMC

1 CONVERGENCE: REDUCES EXPOSURE TO MARKET VOLATILITY

Focus on commercial execution in FMC: Drive volume and scale up fast – example Slovakia

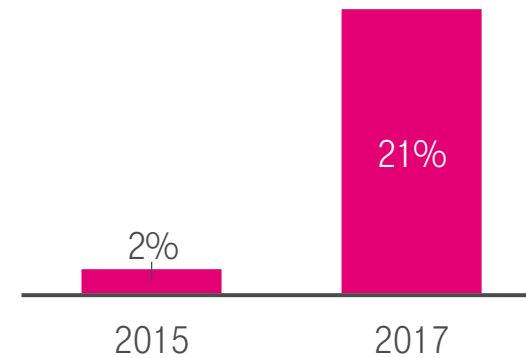


FMC gross add share,
% of total mobile B2C contract sales



Less exposure to market volatility as we leverage Europe's largest fixed base

FMC mobile contract share,
% of total mobile B2C contract base



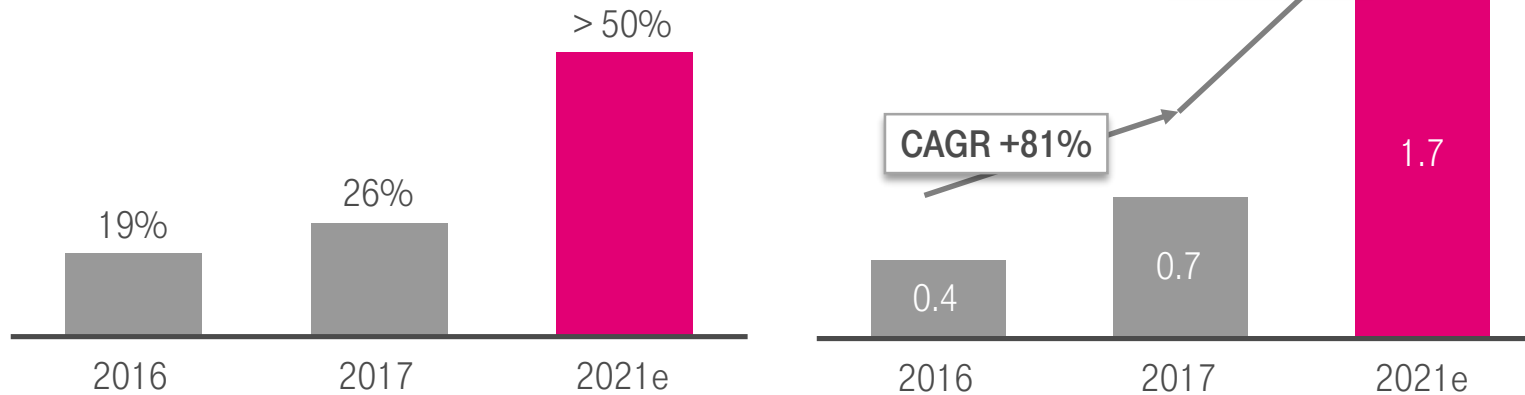
Build a more resilient portfolio with time

1 CONVERGENCE: TARGETING > 50% HOUSEHOLD PENETRATION

Focus on commercial execution in FMC: Drive volume and scale up fast

FMC household penetration
(FMC HHs/fixed broadband base)

FMC revenues,
€ bn



Numbers reflect the following NatCos: GR, HU, HR, SK, RO, MK, ME, CZ = currently converged countries

- Simple and flexible FMC offers for all HH, e.g.



Launch of new Magenta1 portfolio with strong more-for-more benefits (double data & full eligibility)

- Go-to-market using analytics/HH datamart, e.g.



Extended HH view leveraging big data and supported by "My Cosmote APP"



End-to-end below-the-line channel to be fully in operation from Q2/2018

1 NETWORKS: “CONVERGED LEADER” MARKETS WILL LEAD TRANSITION TOWARDS GIGABIT SOCIETIES

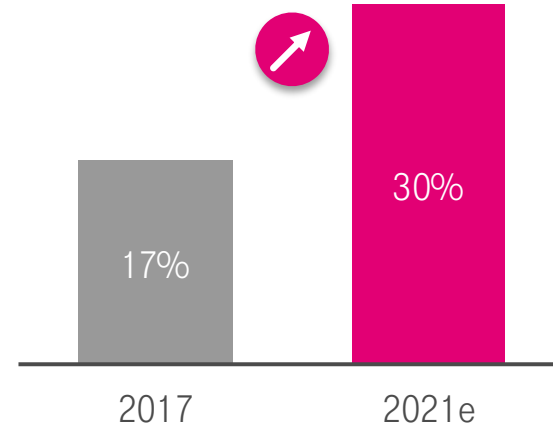
1 Compelling economics & track record

2 Societal benefits

3 Unique leverage



FTTH/B HH coverage^{1,2}



Reinforce leading fixed broadband position and/or address strong competition

¹ Including cable ED3 coverage ² Numbers include the following countries: GR/HU/SK/HR = Converged leaders

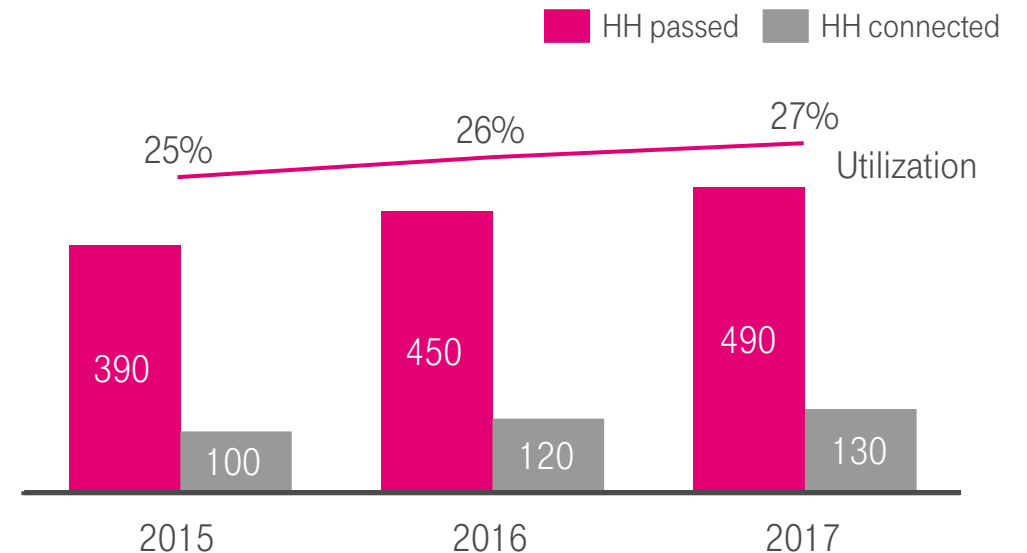
1 NETWORKS: COMPELLING FIBER ECONOMICS IN FOOTPRINT, WITH TRACK RECORD TO MONETIZE

1 Compelling economics and track record

DT EU fiber economics

- < €300 per home passed for 25–50% of footprint
- FTTH ARPU ranges from €20 to €25¹
- 7–12 years payback even in case of copper overbuild

Fiber utilization on profitable level and improving, example Slovakia, k



¹ Based on analysis from Croatia, Hungary, Slovakia

1 NETWORKS: PARTNERING WITH LOCAL GOVERNMENTS

2 Societal benefits

CONNECTING EUROPE BROADBAND FUND



EU has invested €2.5 bn for broadband rollout and connectivity through structural funds from 2007–2013, [...] and in 2014–2020 member states have approved €6 bn.

(Jan Dröge, The European Broadband Competence Offices)

SUPER FAST INTERNET PROGRAM



...worth HUF60–70 bn, e.g., to provide BB Internet access to all educational institutions (≈ HUF13 bn), funded with domestic budget and by EU.

(Tamas Deutsch, Digital Commissioner)

DT'S FIBER ROLLOUT COMMITMENT



This investment is a vote of confidence in the Greek economy and at the same time an important step for its digital transformation.

(Alexis Tsipras, Prime Minister)

3 Unique leverage

Strong synergies with mobile

- Improved economics with FMC: +€9–15 ARPHH increase until 2017
- Synergies in fiber backhaul

Experienced in fiber rollout & monetization

- 1.5 mn HHs passed with fiber in 2016 & 2017, and 0.33 mn HHs connected
- 0.42 mn fixed broadband net adds 2016 & 2017

1 NETWORKS: TAILORED STRATEGIES FOR OUR “CONVERGED CHALLENGER” MARKETS

Strategies for converged challengers

	AUSTRIA 	CZECH 	POLAND 
M&A	Proposed UPC deal 	opportunistic 	opportunistic 
WHOLEBUY		Cetin 	Orange letter of intent 
OWN BUILD			
FWA/FMS¹ (FIXED)			

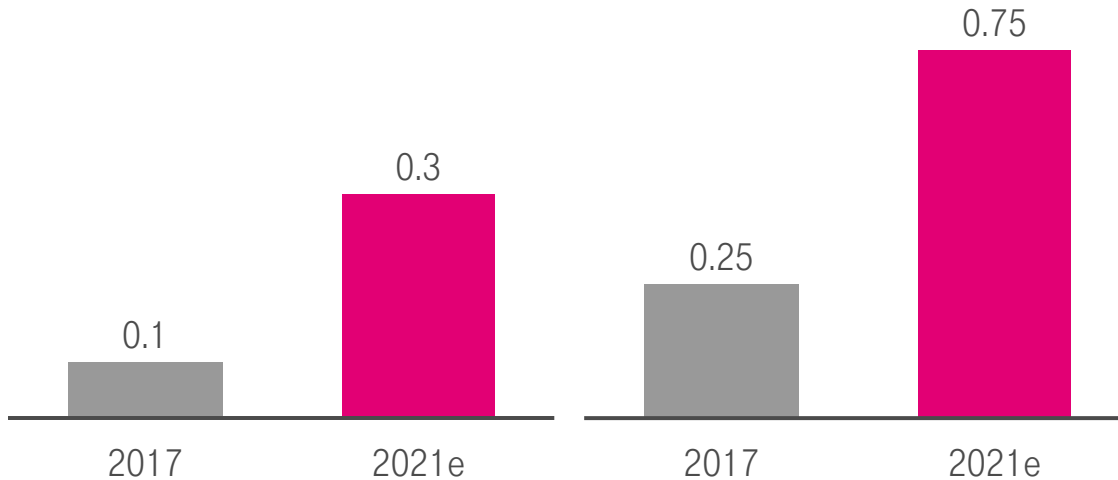
¹ Fixed wireless access/fixed mobile substitution

1 NETWORKS: SMART FUNDING TO TRIPLE FIBER RUN-RATE WITHIN STABLE CAPEX ENVELOPE

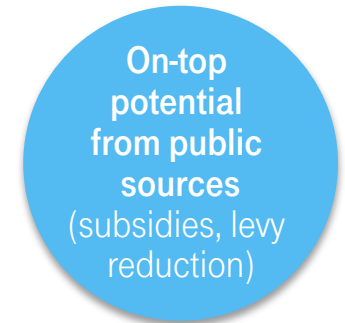
Fundable opportunities

Organic FTTH/B investments¹
run-rate in € bn p.a.

Organic incremental households passed¹
run-rate in mn p.a.



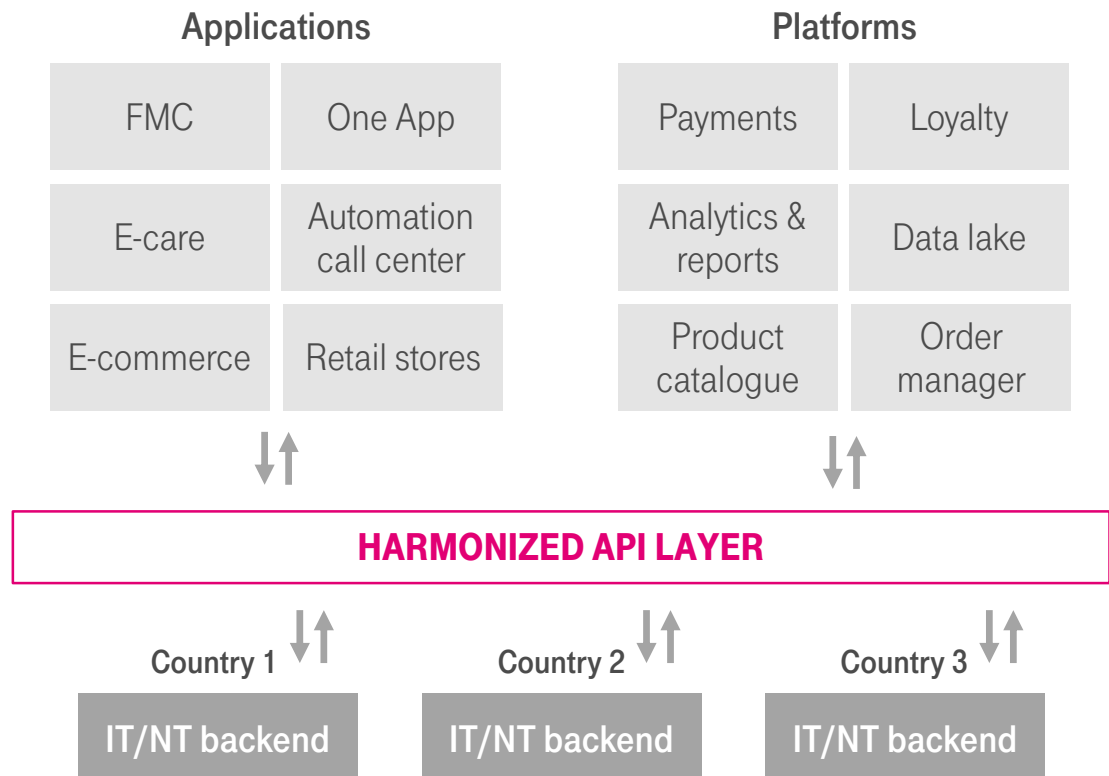
- Reprioritization within fixed
- Mobile Capex optimization (e.g. advanced analytics)
- IT Capex optimization (e.g. agile approach)



¹ FTTH/B and Cable ED3, organic build out in our currently converged countries, excluding Romania (GR, HU, HR, SK, MK, ME, CZ),

1 SERVICE: REINVENTING OPERATIONS WITH SIMPLIFIED & AGILE IT

Moving to harmonized API¹ layer across NatCos



¹ Application programming interface

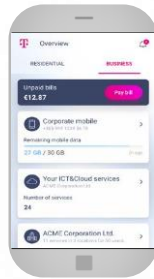
New way of working

- Growing off-shore development capability
- Agile, simplified, open source development reutilizing the harmonized API layer
- Scalable cloud based infrastructure
- Enabler for big data analytics to drive, e.g. customer led fiber rollout

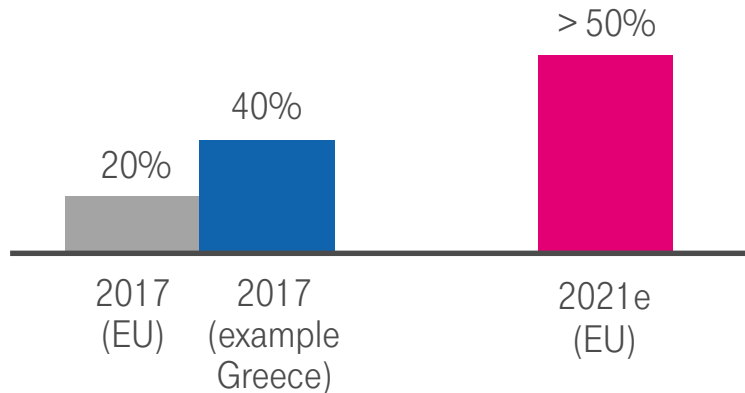
1 SERVICE: CONVERGENCE THROUGH SEAMLESS CONNECTIVITY

Digital at the center

App as focal point for customer interaction



One App penetration



Connected everywhere



Easy to use services, in lean & fast production

- **Seamless connectivity app:**
> 20% of FMC customer base by 2021
- **New homegateway with better Wifi and SmartHome support:**
60–80% of HHs swapped by 2021



European Aviation Network completed!

- **World's first integrated satellite and air-to-ground connectivity network**

1 SERVICE: TARGETING NUMBER 1 OR 2 IN TRI*M IN ALL OUR MARKETS – GREECE IS LEADING THE WAY

Cosmote Greece succeeds in stable #1 position in customer satisfaction TRI*M index



Key customer satisfaction drivers being addressed

Strong BRAND

- “One world better for all” new brand promise

Innovative CUSTOMER CARE

- **UFixit app:** innovative digital care based on devices as interactive service tools with video communication

Digital CHANNELS

- **App** penetration already at 40%

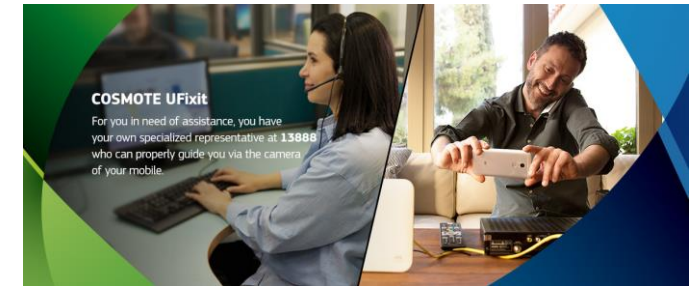
Excellent TECHNICAL SERVICE

- **Technical service transformation:** > 60% of outages automatically detected & dispatched in 2018

Customer centric CULTURE

- **Customer experience training:** > 1,000 managers participating in “one day at first line”; 280 Customer Experience Ambassadors

“ COSMOTE is an active part of Greek society and takes on a bigger role towards the country and the Greeks, by connecting our products and services with a bigger goal. ”



2 B2B: CONVERGENCE AND CLOUD DRIVE GROWTH

B2B: Growth via push of cloud and aggressive increase of 2 & 3 leg penetration

Sales push in VSE and SMB

- Leverage cloud business
- Big Data campaigning & horizontal bundling to drive FMCC
- New go-to-market approach for SMBs

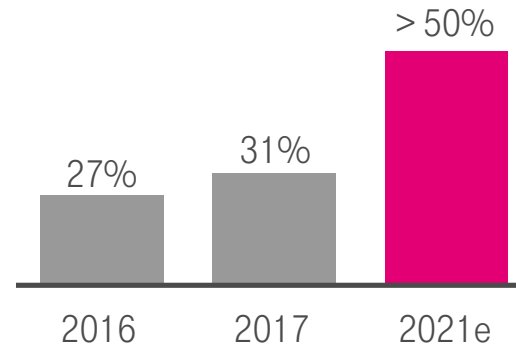


SMB vertical clusters specific bundling, e.g. for retail, hotels, ferries, food service (hotel/restaurant/coffee shop)

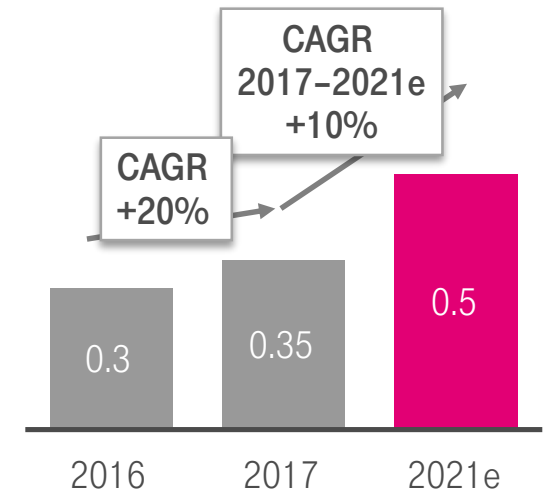


Radically simplified standard portfolio for VSE/SMB, e.g. 3 “un-carrier” rate plans each in mobile & fixed

FMCC penetration¹
(as share of VSE & SMB accounts)



FMCC revenues¹,
€ bn



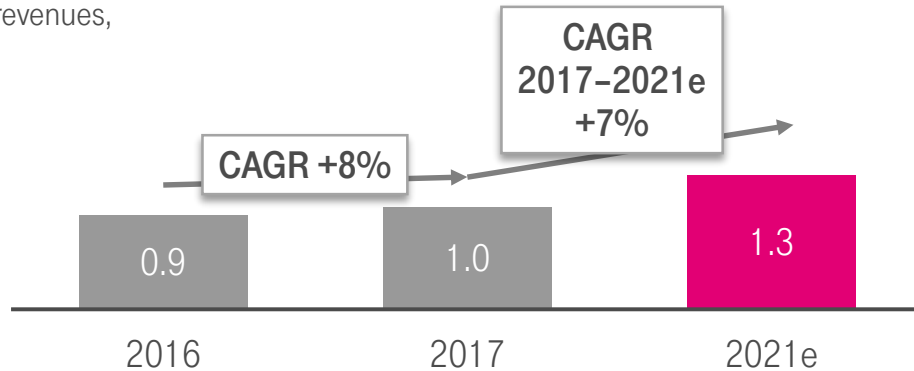
Note: VSE = very small enterprises, SMB = small and medium size businesses. ¹ FMCC: Fixed Mobile Cloud Convergence (B2B Convergence Product)

2 B2B: LEVERAGING ICT STRENGTH FOR SMART CITY / IOT

Leverage position in ICT & further grow cloud

- **Hybrid cloud:** Expansion of “IT as a Service” with Azure services
- **Win with strategic partners** across DT-EU footprint, e.g. Cisco ROSE, SAP, Microsoft (O365)
- **Focus on Verticals**
 - Country digitalization in CZ, HR, MK, ME
 - Finance & Insurance in HU, PL, GR

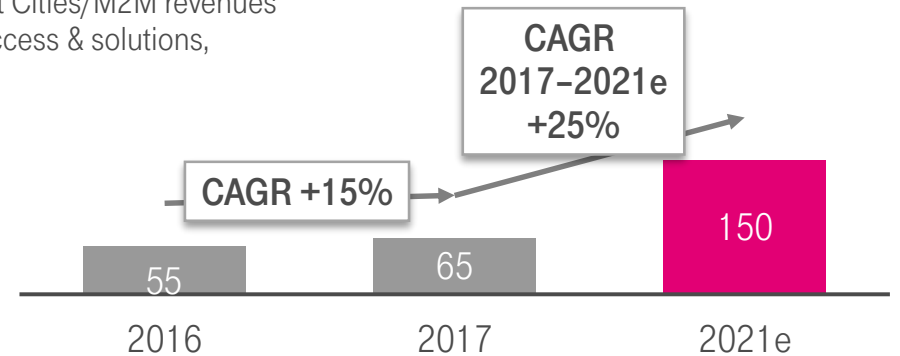
ICT revenues,
€ bn



Push of Smart Cities/IoT portfolio

- **Focus on key city verticals** such as Smart Lighting, Smart Parking, Wifi for public services, Smart Waste Management, electronic vehicles chargers, e.g.:
 - World’s 1st NBloT connected street lights in Patras, GR
 - 1st Smart Street in Dubrovnik, HR

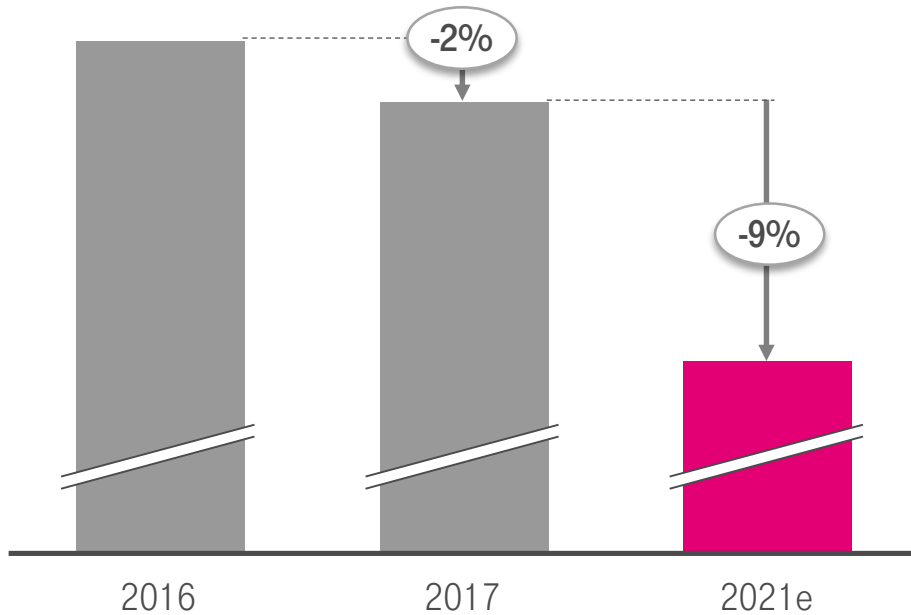
Smart Cities/M2M revenues
IoT access & solutions,
€ mn



3 VALUE TRANSFORMATION: €0.4 BN LOWER INDIRECT COSTS 2021

Short-term value transformation mainly from efficiency in current operating model, digitalization impact in 2019+

Indirect cost, organic



Note: Organic development adjusted for regulation and currency effects.

Operational efficiency, e.g.

- Consolidation and retirement NT & IT
- Back-office elimination

≈ €120 mn

A Simplified operations

- Simplified products
- Simplified IT
- Simplified processes

≈ €50 mn

B Digital customer interaction

- One App, centrally developed
- Radical shift to online sales
- Serving SMBs via FMCC portal

≈ €90 mn

C Future-proof organization

- Leaner structure
- Culture, experts, skills

≈ €100 mn

A RADICAL SIMPLIFICATION IS A KEY ENABLER

Commercial propositions

- Address tariffs, security vulnerability assessment and business rules
- Delineate segment overlaps
- Remove high customer impact rules (eg. closed-user-groups)

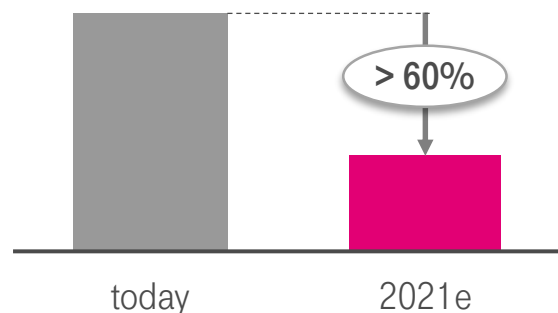
Processes

- Digital first
- Unify delivery model across channels and segments
- Review risk management

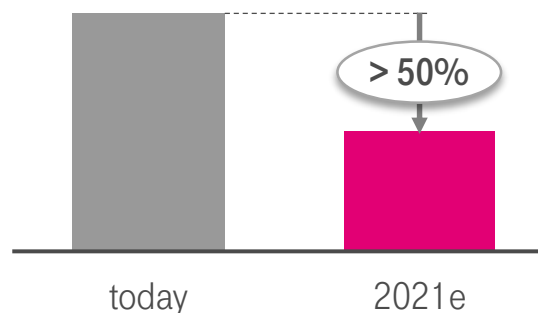
IT/platforms

- De-customize applications
- Simplify user interface
- Simplify architecture
- Decommission applications

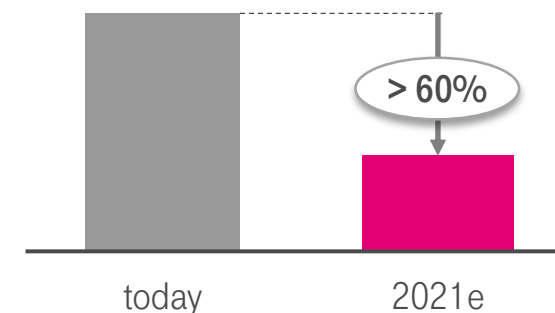
tariffs



process variations



lines of custom CRM code



B SCALING UP CUSTOMER FACING DIGITAL TOUCHPOINTS

B2C: Digital customer self-service

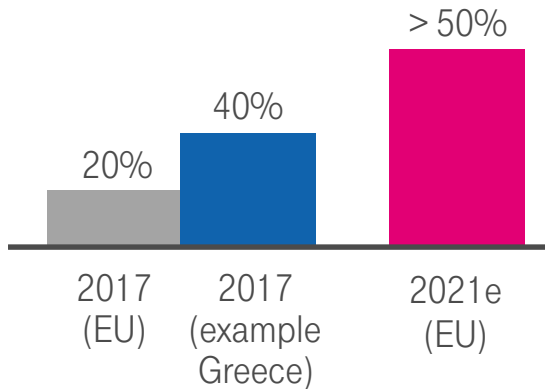
Digitalization of customer interface

- Smartphone service app as direct link to customers
- Centrally developed, with standardized API

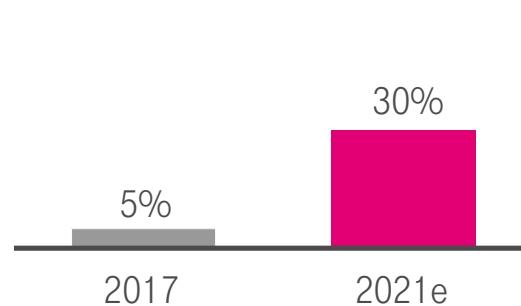
Upscaling of E-Commerce

- Customer contact digital end-to-end with zero-touch self-service
- Intuitive self-administration

One App penetration



Pure online sales share



B2B: Digitalization partner for SMBs

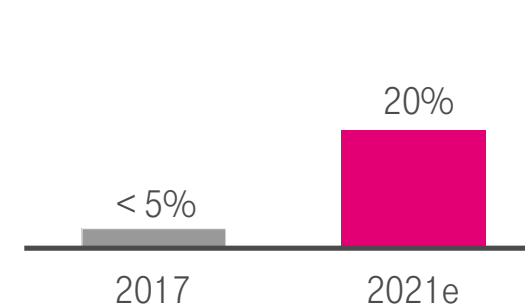
One digital cockpit “FMCC* Portal”

- Easy-to-use customer touchpoint for all Telco and ICT services

Upscaling of cloud services

- Sales initiatives pushing XaaS, e.g. Office 365

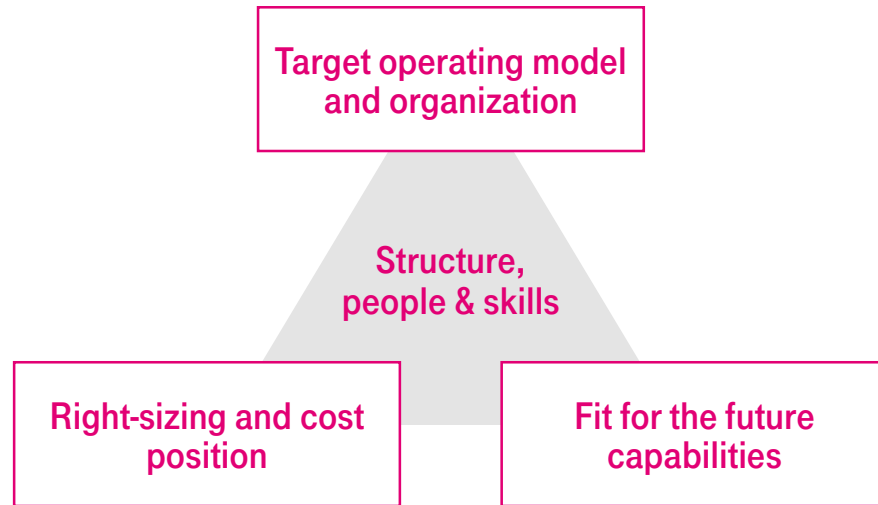
FMCC portal share @ SMBs



OPPORTUNITY FOR CROSS BORDER SYNERGIES

Establish an organization with the right structure, people & skills

Future-proof organization

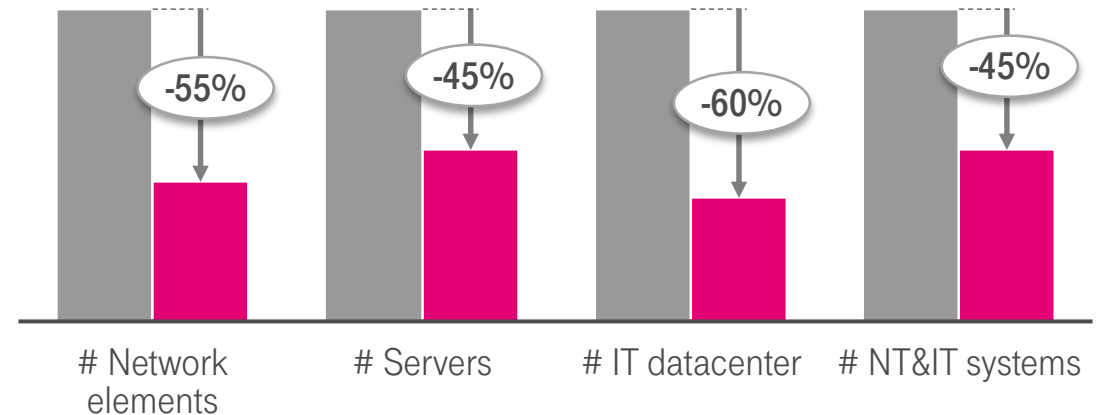


Learn from CZ and SK merger



Ind. cost savings 2021 vs. 2017 \approx €50 mn

Technology transformation element is €30–35 mn



FINANCIAL OUTLOOK

GROUP STRATEGY

GERMANY

SYSTEMS SOLUTIONS

TECHNOLOGY & INNOVATION

T-MOBILE US

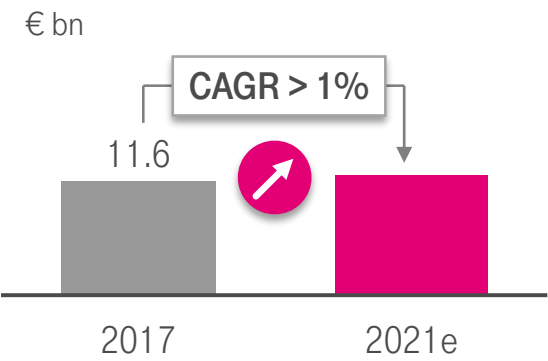
EUROPE

GROUP DEVELOPMENT

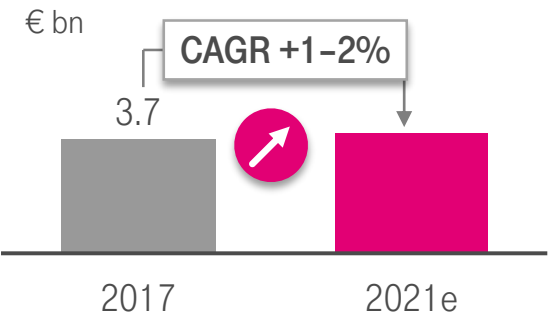
FINANCE

FINANCIAL OUTLOOK

Revenue growth¹

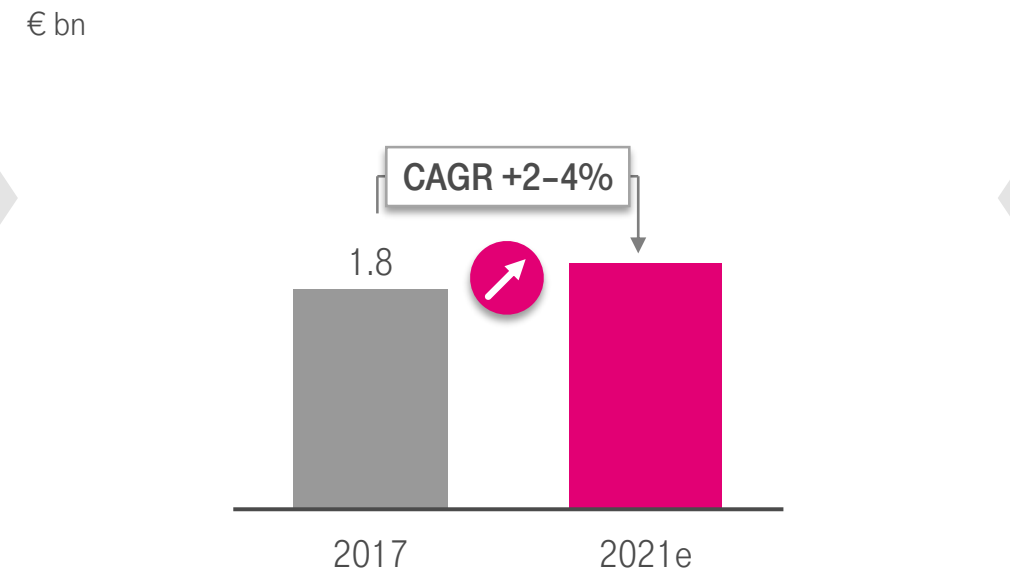


Adj. EBITDA

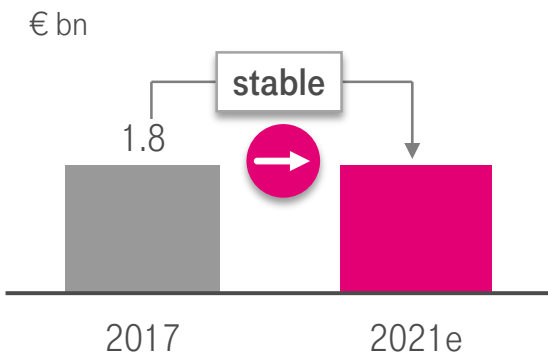


¹ Without EU roaming impact ² Cash Contribution = Adj. EBITDA - Cash Capex - Special factors (Cash)

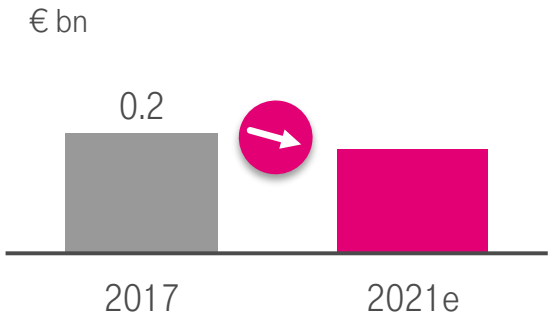
Cash Contribution²



Cash Capex



Special factors (Cash)



MID TERM AMBITION LEVEL

GROUP STRATEGY

GERMANY

SYSTEMS SOLUTIONS

TECHNOLOGY & INNOVATION

T-MOBILE US

EUROPE

GROUP DEVELOPMENT

FINANCE

MID TERM AMBITION LEVEL

	Mid term ambition level	Year
B2C GROWTH DRIVERS	<ul style="list-style-type: none"> +25% CAGR FMC revenue (€1.7 bn 2021) > 50% One-App-penetration, 30% pure online sales share Lead in TRI*M: #1/#2 in all markets 	2017-2021e 2021e 2021e
B2B GROWTH DRIVERS	<ul style="list-style-type: none"> +10% CAGR FMCC revenue (€0.5 bn 2021) 20% FMCC portal share +7% CAGR B2B/ICT revenue (€1.3 bn 2021) 	2017-2021e 2021e 2017-2021e
PROFITABLE MID-TERM GROWTH	<ul style="list-style-type: none"> Revenue growth > 1% CAGR EBITDA growth +1-2% CAGR Indirect cost reduction by €0.4 bn Cash Contribution¹ +2-4% CAGR 	2017-2021e 2017-2021e 2017-2021e 2017-2021e

¹ Cash Contribution = Adj. EBITDA - Cash Capex - Special factors (Cash)

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

GROUP STRATEGY

GERMANY

SYSTEMS SOLUTIONS

TECHNOLOGY & INNOVATION

T-MOBILE US

EUROPE

GROUP DEVELOPMENT

FINANCE

OUR MISSION: PROTECT AND GROW DT SHAREHOLDER VALUE

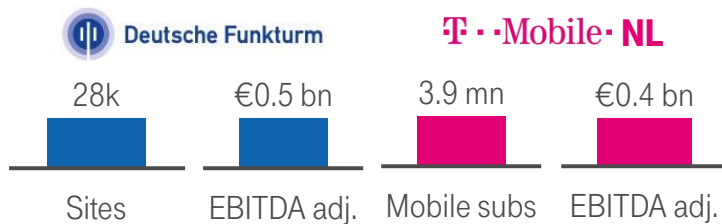
Investment management

Investment controlling of our **public investments...**

T-Mobile US¹



...Active management of **dedicated DT assets**



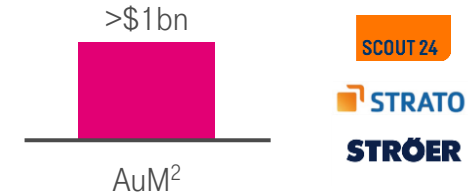
M&A + Portfolio management

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

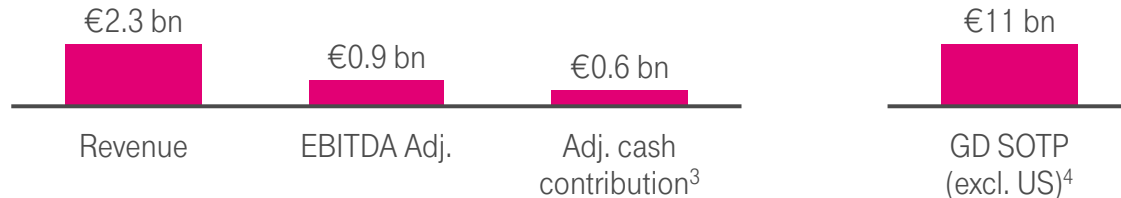


DT Capital partners

- 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

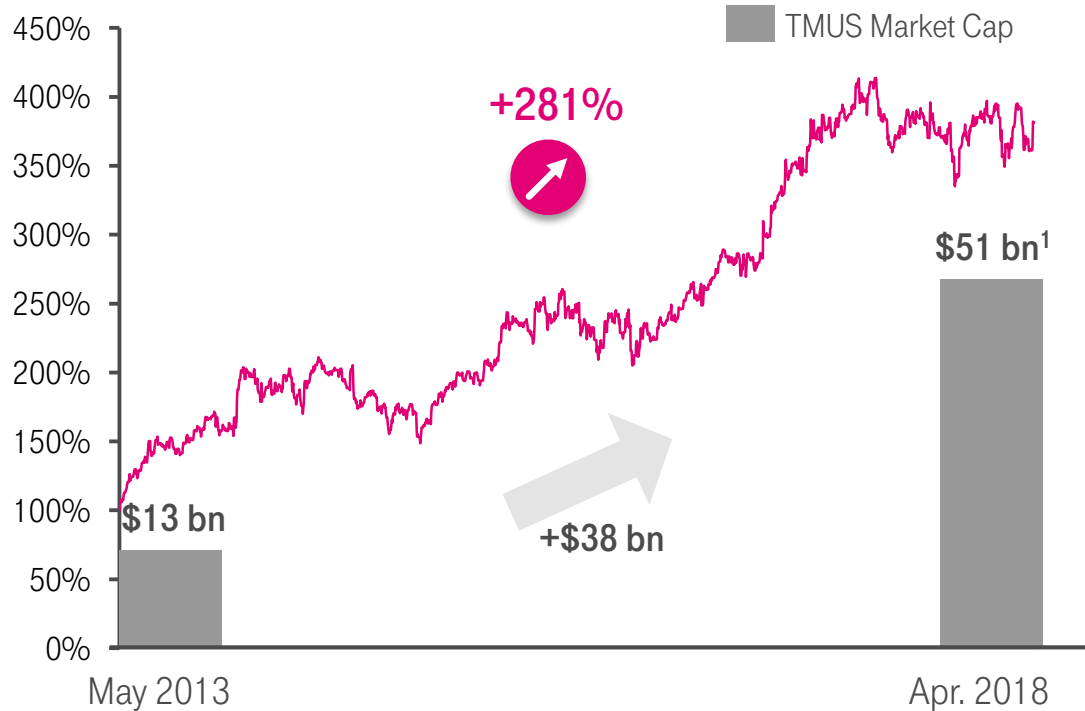


Note: all figures refer to 2017 Actual

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

STRONG TRACK RECORD IN PORTFOLIO MANAGEMENT

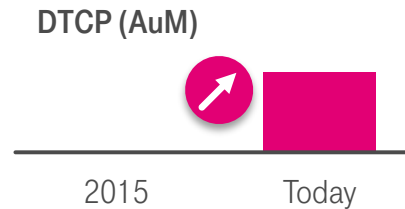
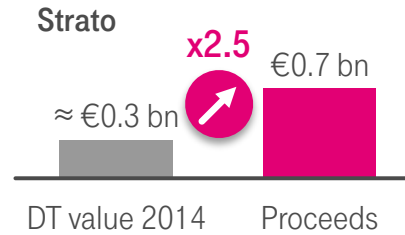
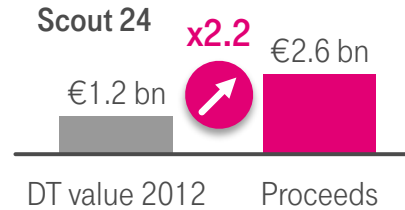
TMUS share price since Metro PCS merger



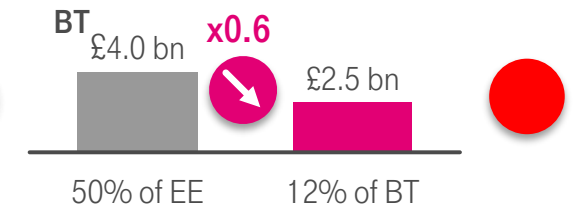
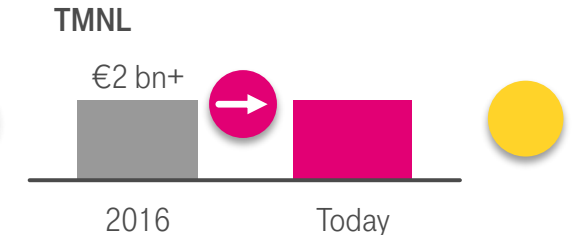
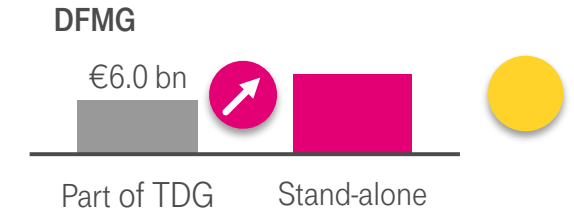
¹ DT share of 63% = \$32 bn

Value creation elsewhere

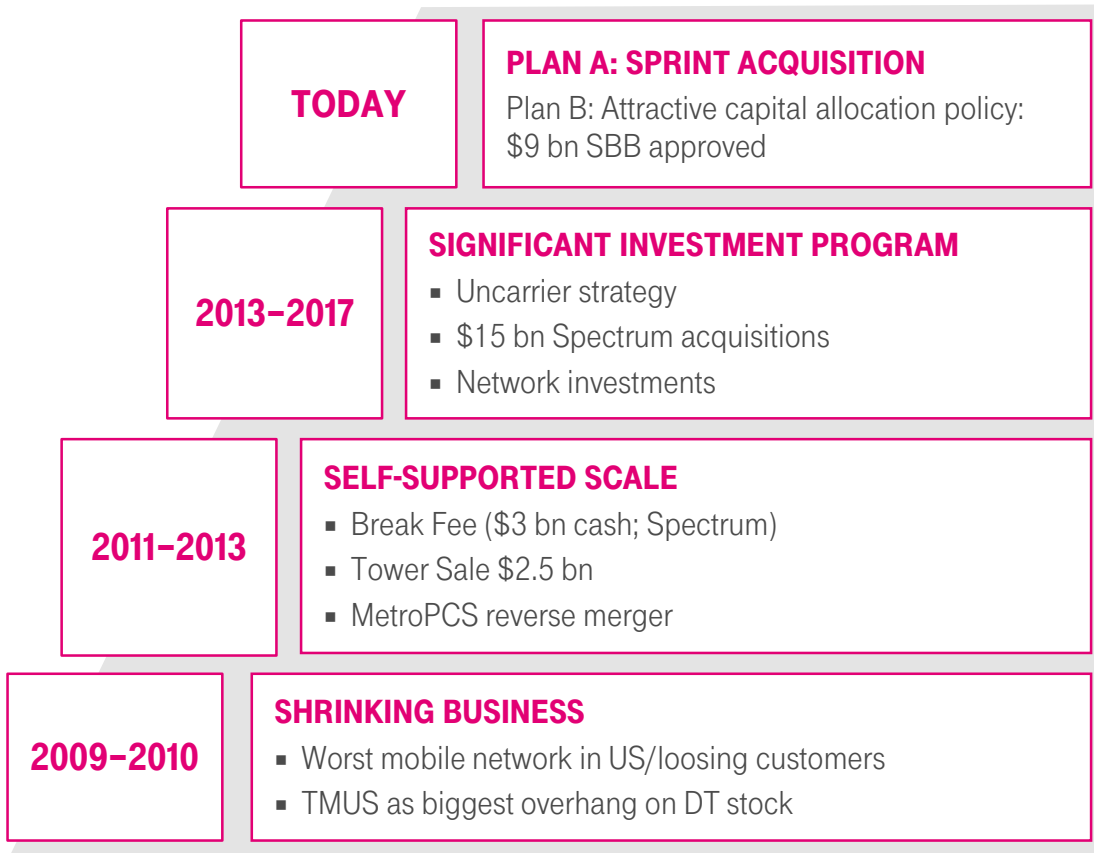
DONE



WORK IN PROGRESS



TMUS: A STORY OF SIGNIFICANT VALUE CREATION



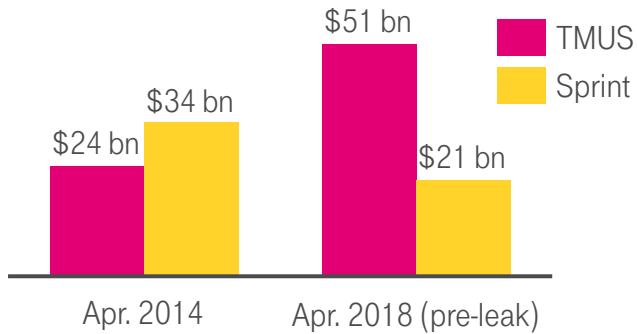
Sprint transaction meets our key objectives

- 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)

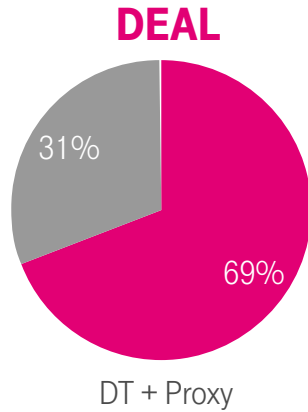
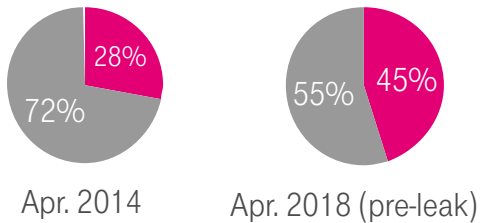
TMUS: SUPERCHARGING THE UNCARRIER

Improved relative position

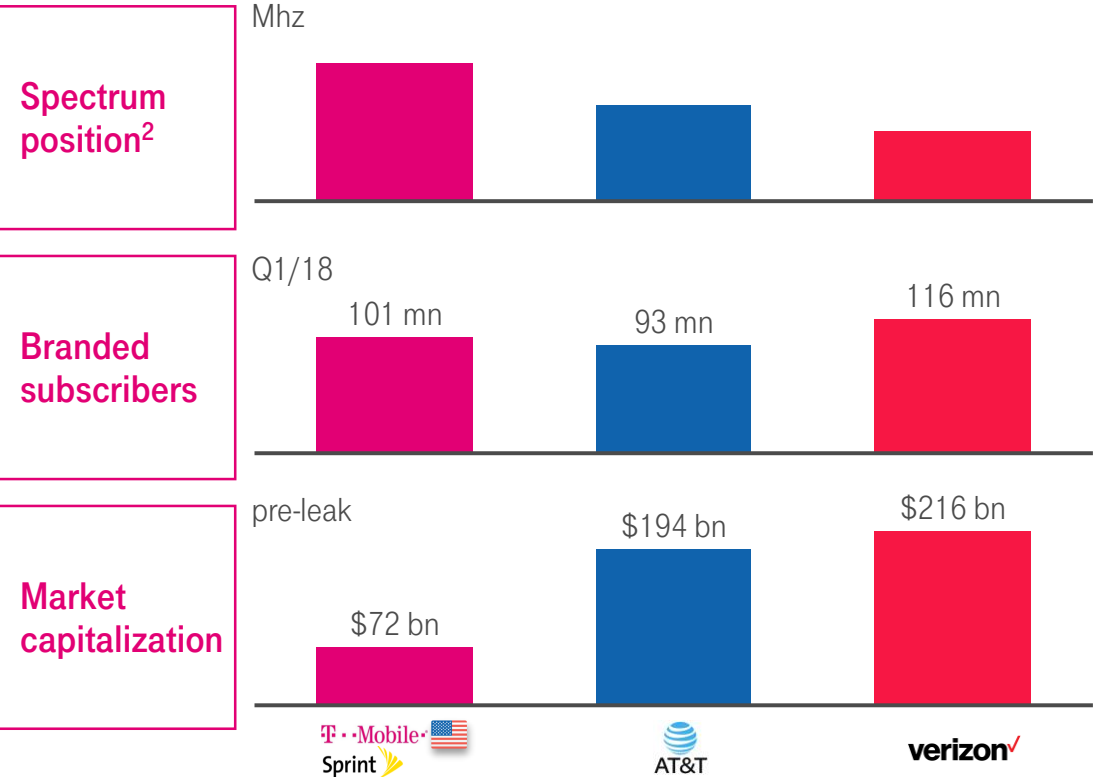
Market Caps¹



DT ownership NewCo



From sub-scale to long-term sustainable competitor



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 ²Microwave 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**



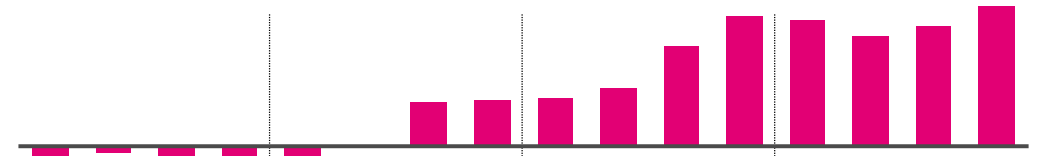
€35 **Attacking the Duopoly** with Unlimited/Family plan

¹ Non-customer-facing staff ² Adjusted for MTR (Mobile Termination Rate) and roam-like-home impact

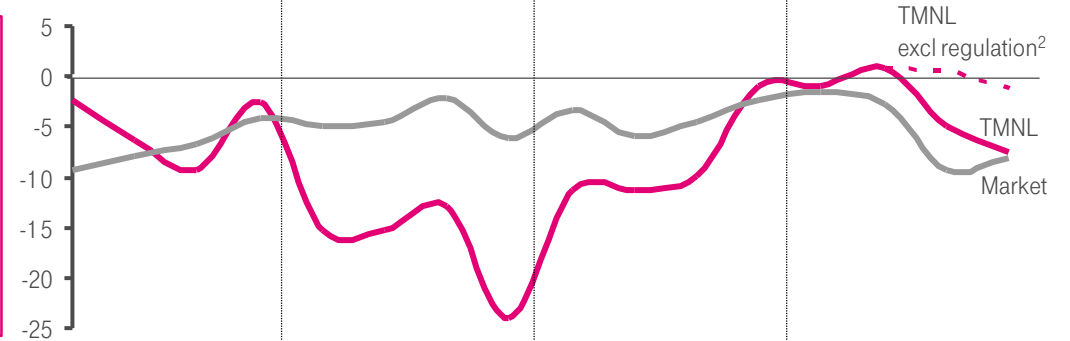
Stabilization despite regulatory headwinds



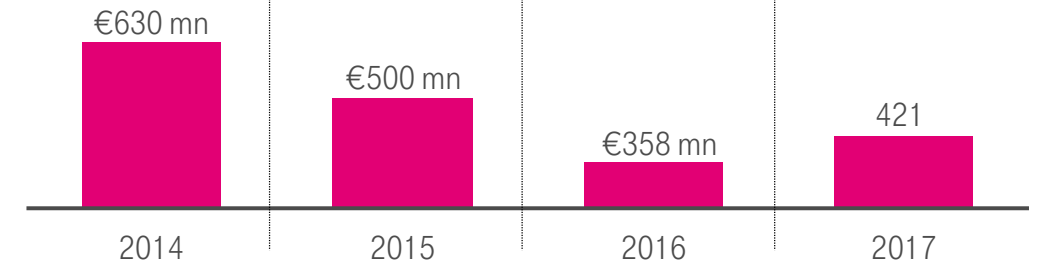
Quarterly Net Adds



Service Revenue YoY Change (%)



EBITDA adj.

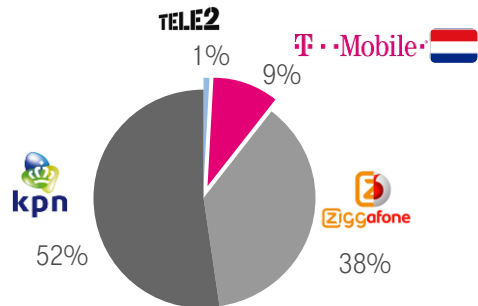


TMNL: DUTCH MARKET NEEDS LONG-TERM VIABLE MAVERICK

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



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 German tower operator



Structural growth opportunity in Germany



Best-in-class sites portfolio



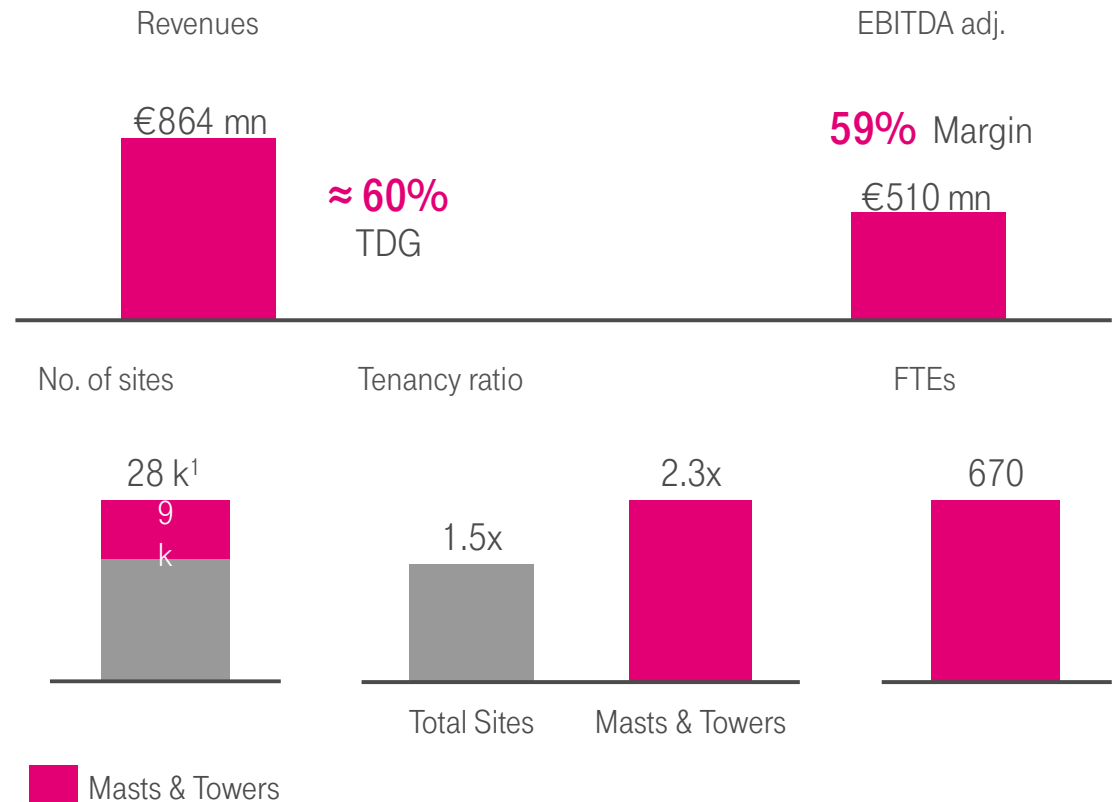
Comprehensive & state-of-the-art IT



Significant optimization potential and growth upside

¹ Including c. 3k resell sites; partially (but not solely) rented by TDG

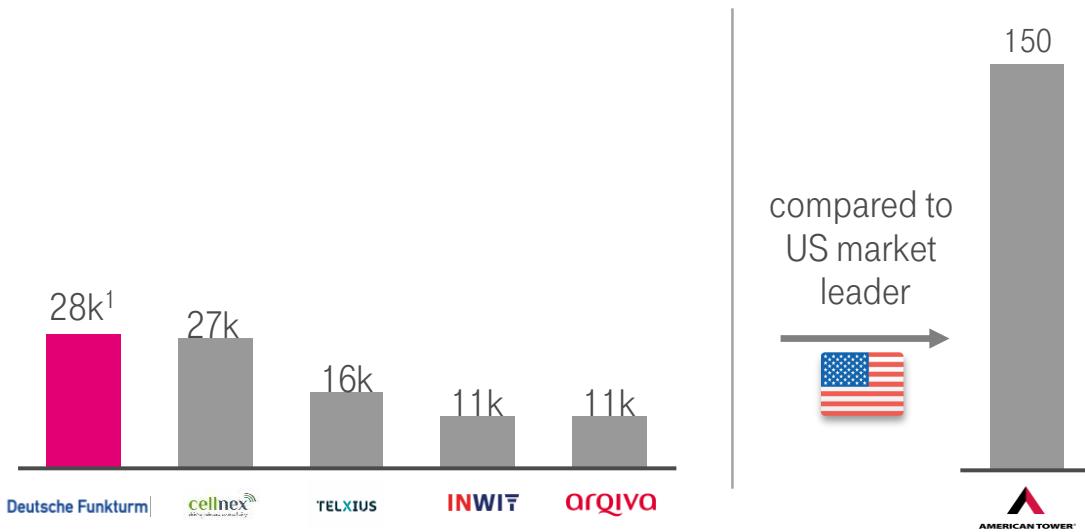
Key facts 2017A



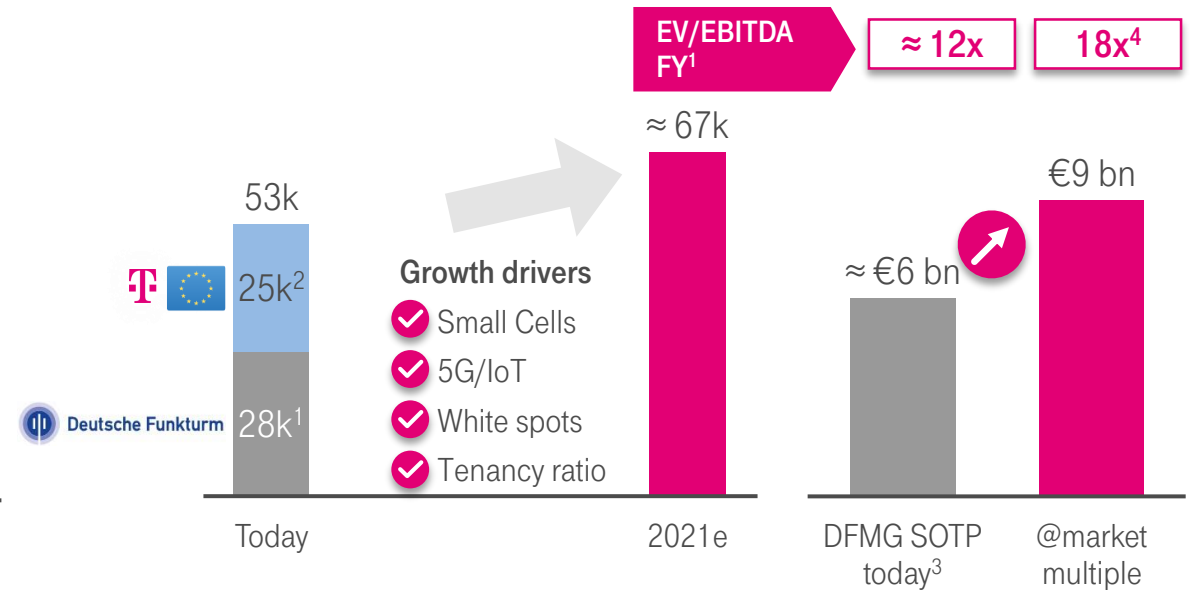
DFMG: OPERATES IN A VERY ATTRACTIVE MARKET

European TowerCo industry still fragmented

Number of sites



DT/DFMG with high growth and value upside



Structural value drivers



Mobile Data traffic growth

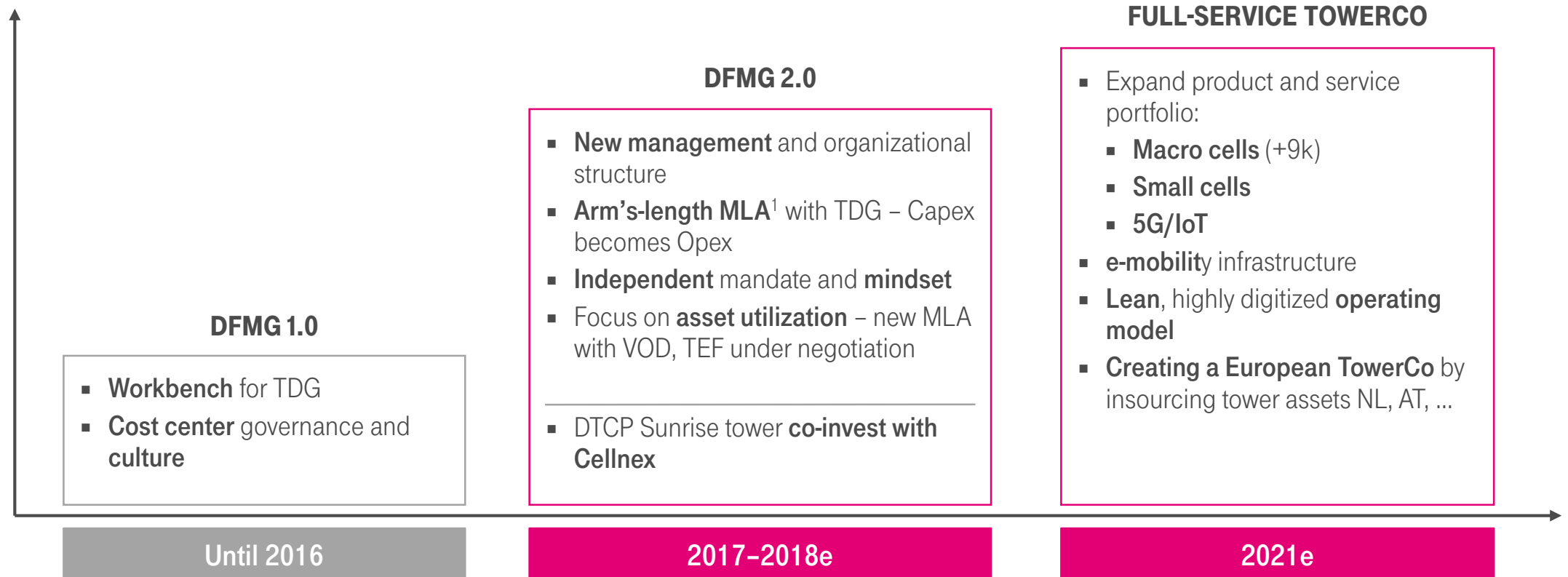


5G Small cells



No regulation

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



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
-    

FINANCIAL OUTLOOK

GROUP STRATEGY

GERMANY

SYSTEMS SOLUTIONS

TECHNOLOGY & INNOVATION

T-MOBILE US

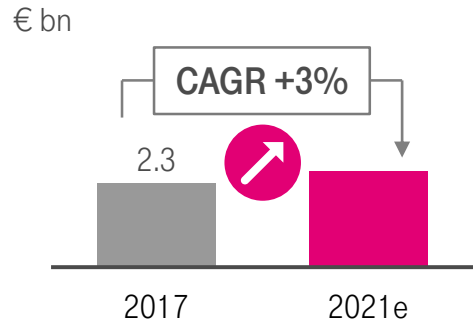
EUROPE

GROUP DEVELOPMENT

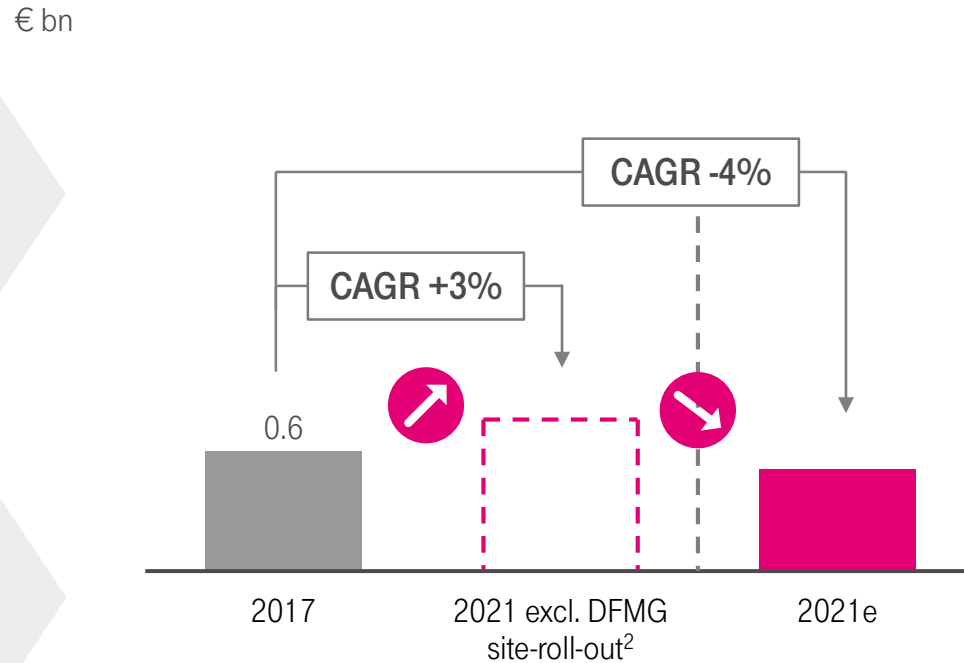
FINANCE

FINANCIAL OUTLOOK GROUP DEVELOPMENT

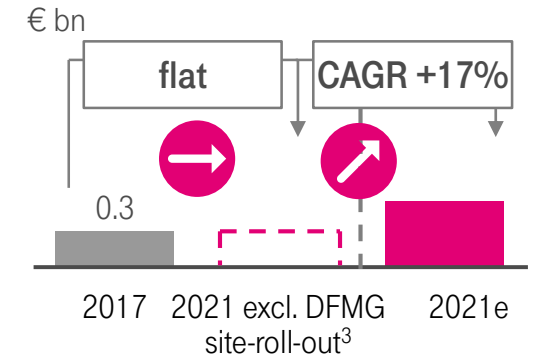
Revenues



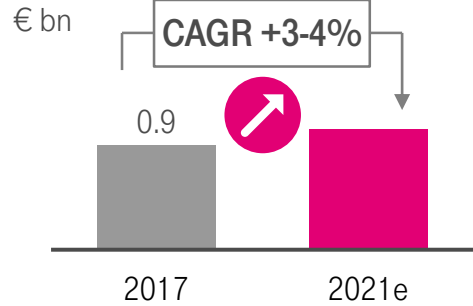
Cash Contribution¹



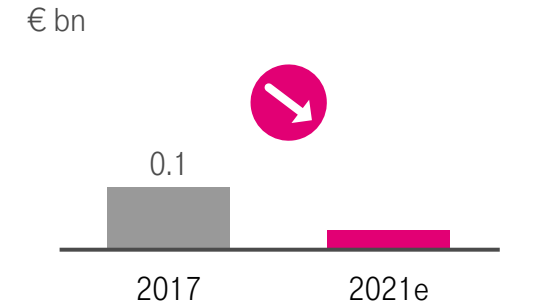
Cash Capex



Adj. EBITDA



Special factors (Cash)



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

MIDTERM AMBITION LEVEL

GROUP STRATEGY

GERMANY

SYSTEMS SOLUTIONS

TECHNOLOGY & INNOVATION

T-MOBILE US

EUROPE

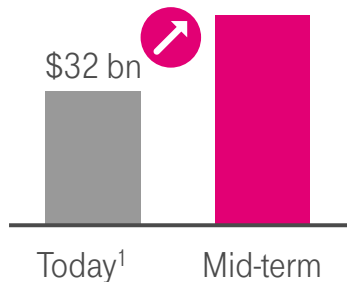
GROUP DEVELOPMENT

FINANCE

WE DRIVE ASSET VALUES



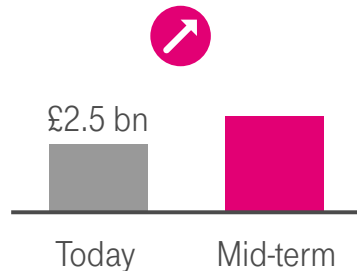
- Secure deal approval to tap US\$43+ bn synergy upside
- Attractive stand-alone prospects and capital allocation policy as plan B



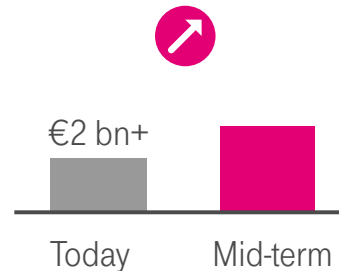
¹ DT share in TMUS market cap (May, 15th)



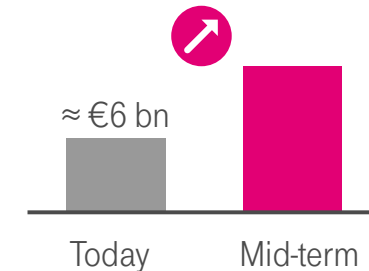
- FMC market leader in second largest EU economy
- Trades at significant discount to market



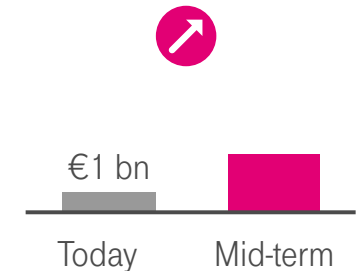
- Continued turnaround & transformation to lowest structural costs
- Secure T2 deal approval to establish long term viable maverick



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



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



FINANCE

THOMAS DANNENFELDT, CFO

KEY MESSAGES

01

LEADING GROWTH IN KEY FINANCIAL METRICS

We expect growth for all our businesses driven by both better revenue momentum, and increased cost reductions. Ex US EBITDA growth to average 2–3% through 2021

02

DELIVER COST TARGETS

Our cost targets are based on AI-IP, automation, and greater agility. Headcount reductions in the German footprint are largely secured through active measures and demographics

03

STABLE HIGH EX US INVEST

We invest to make our growth sustainable in the longer term. Ex US capex to peak in 2018

04

DEBT POLICY UNCHANGED

We maintain undisputed access to credit markets

05

SHAREHOLDERS RETURNS

For 2018 we propose a dividend of €0.70. From 2018 the dividend will reflect growth in adjusted EPS. We will consider buybacks of DT and TMUS stock if excess cash is available

06

EXECUTE US TRANSACTION

Huge value creation opportunity. We supercharge DT's growth profile. Expected accretive after 3 years

REVIEW 2014 – 2018

GROUP STRATEGY

GERMANY

SYSTEMS SOLUTIONS

TECHNOLOGY & INNOVATION

T-MOBILE US

EUROPE

GROUP DEVELOPMENT

FINANCE

FINANCE STRATEGY ACHIEVEMENTS 2014–2018

II Equity

Reliable shareholder remuneration policy

- DIVIDEND¹
 - Following FCF growth 
 - Floor at €0.50 per share 
 - Attractive option: Dividend in kind 

Strategy leading European telco

INTEGRATED
IP NETWORKS

BEST
CUSTOMER
EXPERIENCE

WIN WITH
PARTNERS

LEAD IN
BUSINESS

I ROCE > WACC

- 1 INFRASTRUCTURE TRANSFORMATION
Support fast IP migration and transform network infrastructure 
- 2 COST TRANSFORMATION
Reduce indirect cost 
- 3 PORTFOLIO MANAGEMENT
Deliver on preferred business model (integrated + B2C/B2B) and value generation 
- 4 RISK MANAGEMENT
Maintain low risk country portfolio 

III Debt

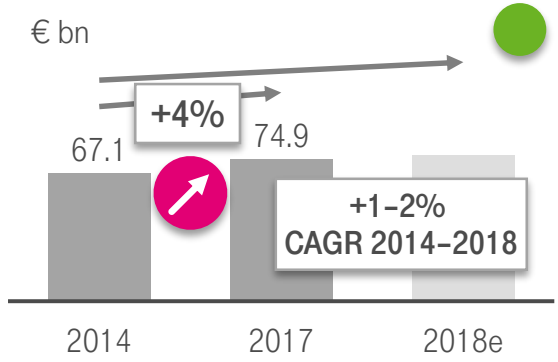
Undisputed access to debt capital markets

- RATING A-/BBB 
- NET DEBT/ADJ. EBITDA 2–2.5x 
- EQUITY RATIO 25–35% 
- LIQUIDITY RESERVE covers maturities of coming 24 months 

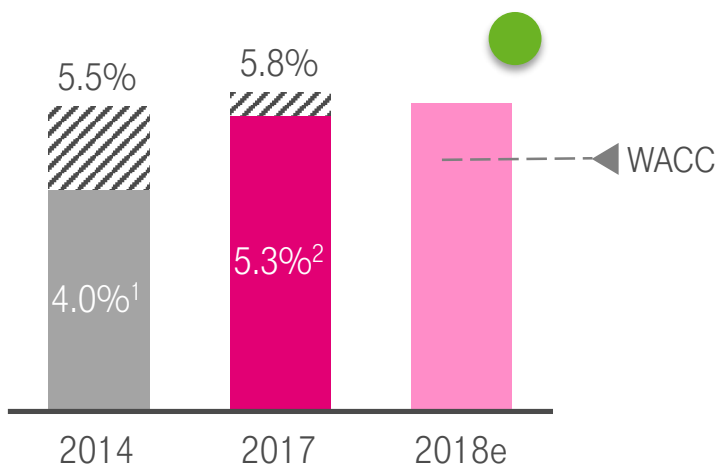
¹ Subject to necessary AGM approval and board resolution

DELIVERING VALUE...

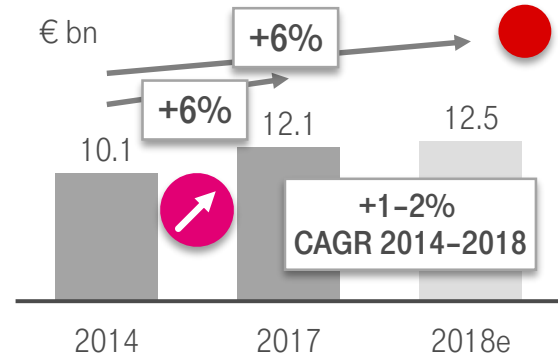
Revenue



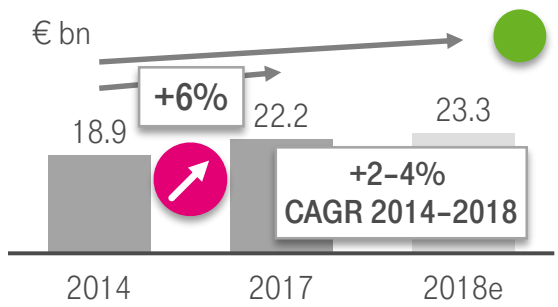
ROCE > WACC



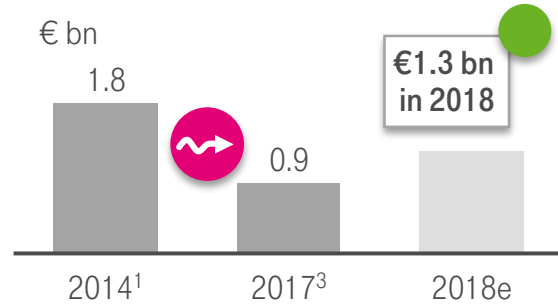
Cash Capex



Adj. EBITDA



Special factors (EBITDA)

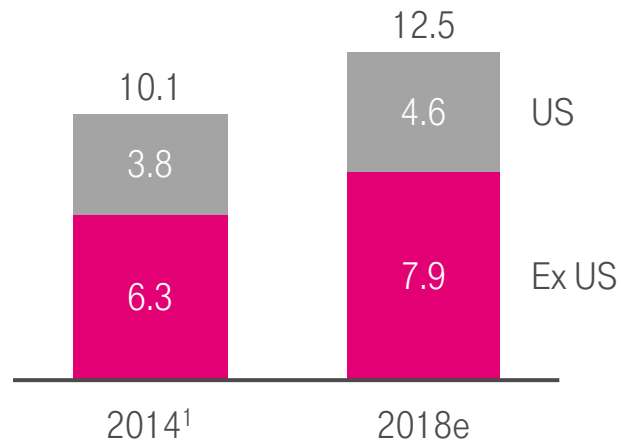


¹ Excl. effects from 70% Scout disposal and Verizon 4.0 spectrum ² Excl. effects from reversal of US spectrum impairment, Strato disposal, 9% Scout disposal, BT compensation payment, Impairment T-Systems and Impairment Poland/Romania
³ Excl. effects from reversal of US spectrum impairment, Strato disposal, 9% Scout disposal and BT compensation payment.
 All figures based on a constant exchange rate of €1 = US\$1.13 (except ROCE); Revenue and EBITDA adj. figures are corrected for handset-lease

...WHILE INVESTING INTO FUTURE GROWTH

Cash Capex

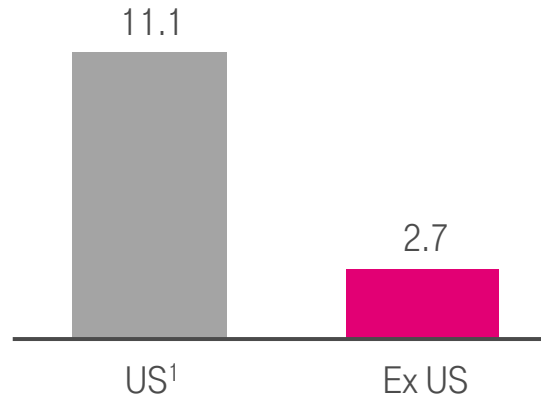
€ bn



- US & Europe: Investments in mobile network leadership
- Ex US: Investments in fiber deployments and IP migration

Spectrum

2015–2017 cumulative spend, € bn



- TMUS now has 40 MHz low-band
- US spectrum is a lifetime asset

Further investments...

...in customer growth



- Growth leader in US mobile and ex US mobile
- Low-band roll-out of ≈ €0.3 bn in 2018

...in transformation



- ≈ €0.4 bn IP migration opex in 2018

...in innovation, e.g.



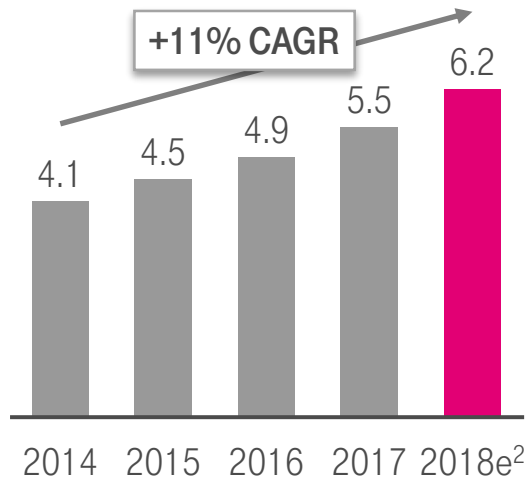
- IoT €0.1 bn
- Layer 3 TV €0.1 bn

¹ Based on a constant exchange rate of €1 = US\$1.13

DELIVERING FREE CASH FLOW AND DIVIDEND GROWTH

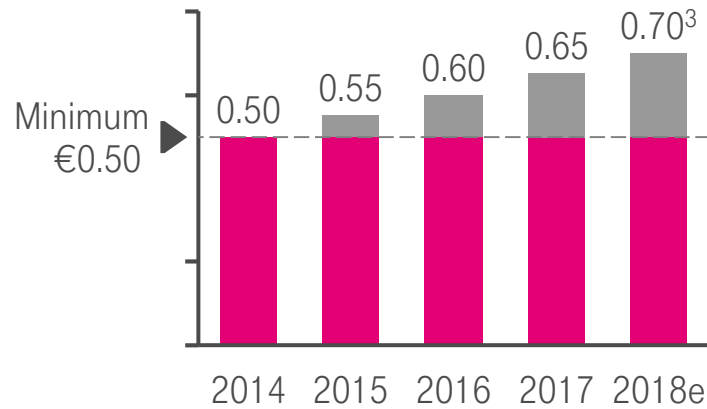
Free Cash Flow DT group¹

€ bn



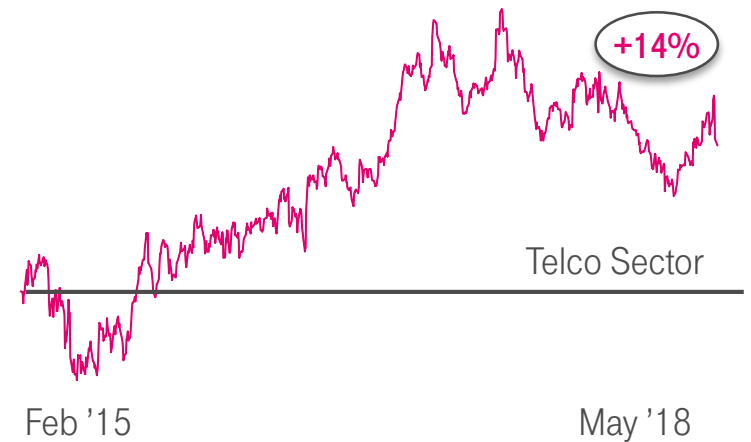
Dividends following FCF growth

€



Relative TSR since last CMD

%



¹ Before spectrum investment

² Based on a constant exchange rate of €1 = US\$1.13

³ Subject to necessary AGM approval and board resolution

CMD 2015 COMMITMENTS: WELL ACHIEVED

KEY FINANCIALS

SHAREHOLDER REMUNERATION (2015-2018)

Ambition level 2018	Achievements 2017	Delivered/on track
<ul style="list-style-type: none"> Group Revenue CAGR +1-2% (2014-2018) Group Adj. EBITDA CAGR +2-4% (2014-2018) Group FCF CAGR ≈ +10% (2014-2018) Group ROCE > WACC in 2018 Group Cash CAPEX CAGR +1-2% (2014-2018) Group Adj. OPEX decrease (2014-2018) 	<ul style="list-style-type: none"> +4% CAGR (2014-2017) +6% CAGR (2014-2017) +11% CAGR (2014-2017) ROCE > WACC in 2017 +6% CAGR (2014-2017) €0.7 bn indirect cost decrease vs. 2014 	<ul style="list-style-type: none">      
<ul style="list-style-type: none"> Following FCF growth; min. DPS of €0.50 p.a. 	<ul style="list-style-type: none"> €0.65 	<ul style="list-style-type: none"> 

¹ Compared to target of €1.8 bn

STRATEGY 2018 – 2021

GROUP STRATEGY

GERMANY

SYSTEMS SOLUTIONS

TECHNOLOGY & INNOVATION

T-MOBILE US

EUROPE

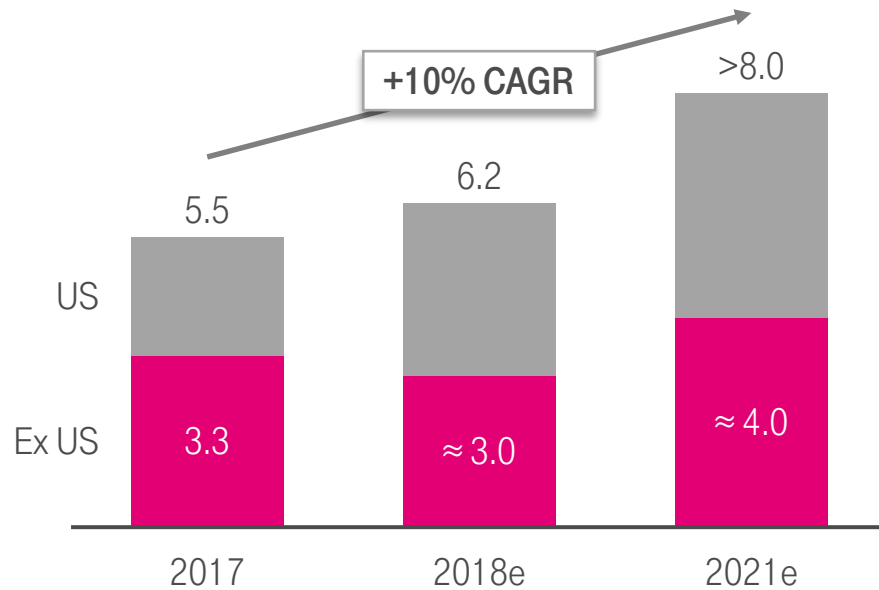
GROUP DEVELOPMENT

FINANCE

10% FCF GROWTH TO CONTINUE, DRIVEN BY BOTH US AND EX US

DT FCF in non US deal scenario

€ bn



- Adj. EBITDA growth
- Improving balance sheet
- Ongoing tax benefits
- Adj. EBITDA growth
- Stable Cash Capex (2021 vs. 2017)
- Declining Special factors

**2014-2021
FCF CAGR
of 10%**

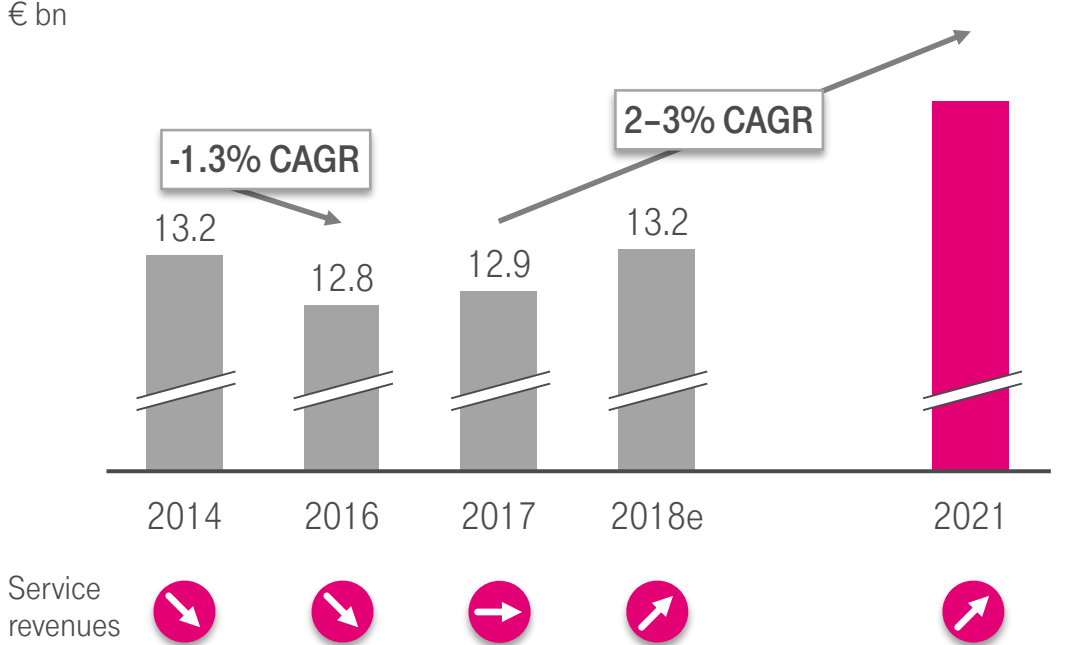
EX US EBITDA HAS TURNED AROUND AND IS GROWING

	Guidance	2017	2018	2019	2020	2021
Germany	2-2.5%	✓	✓	✓	✓	✓
Europe	1-2%		✓	✓	✓	✓
GD	≈ 3-4%		(✓) ¹	✓	✓	✓
TSI	≈ 5%			✓	✓	✓
DT ex US	≈ 2-3%	✓	✓	✓	✓	✓

✓ EBITDA growth

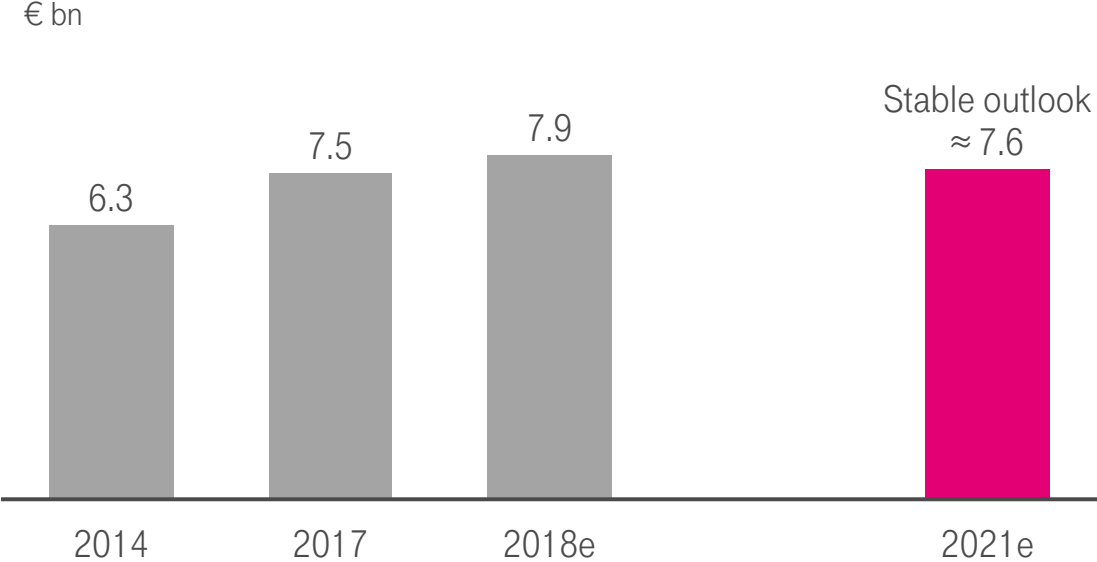
¹ Pre-accounting effects ² Pro forma figures, adjusted for M&A

Ex US EBITDA²



OUR EX US CAPEX PEAKS IN 2018

Cash Capex ex US



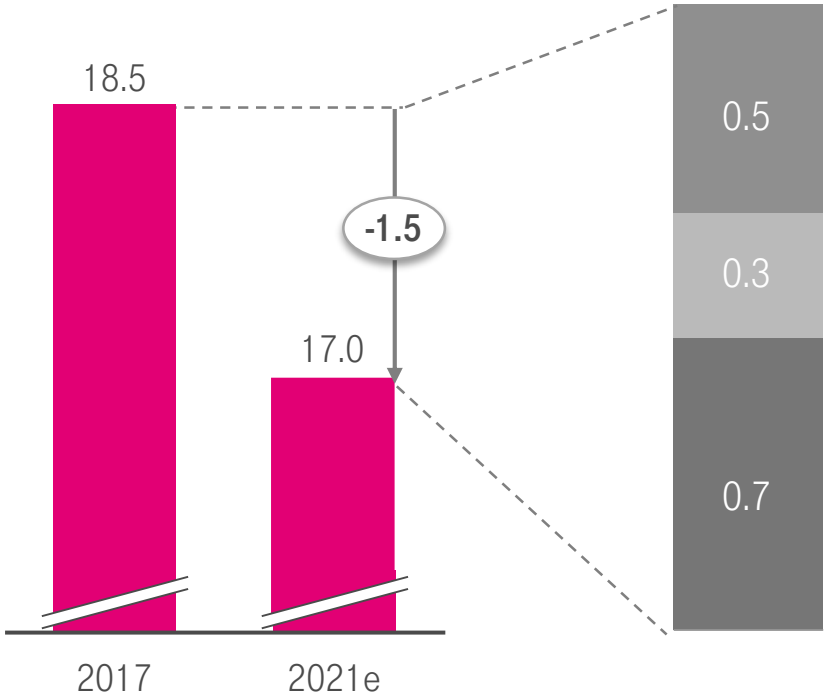
Drivers

- Invest in fiber/IP migration
- TSI with ca. 0.2 bn one-off spends in 2018
- 2018 vs. 2017 increase also reflects greater tower spend (€0.1 bn)

TARGETING €1.5 BN OF NET INDIRECT COST REDUCTIONS EX US

Net indirect cost reduction & composition of savings

€ bn (ex US)



Internal Workforce Costs by automation & operational excellence: gross reduction of ≈ 13 k FTEs already secured by YE 2018

External Workforce Costs by automation & operational excellence: high flexibility due to total base of 10k FTEs German labour force

- Non-Headcount OPEX, e.g.¹**
- ≈ €0.2–0.3 bn real estate
 - ≈ €0.3 bn platform retirements
 - ≈ €0.1–0.2 bn shared services savings
 - ≈ €0.2 bn procurement improvements

¹ Gross savings

Across all segments

DEUTSCHLAND -€0.8 bn

EUROPE -€0.4 bn

T-Mobile Systems -€0.1 bn

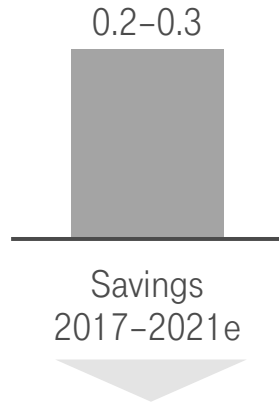
GHS -€0.2 bn

(incl. GROUP DEVELOPMENT)

GHS TO SUPPORT SEGMENT COST SAVINGS

Lower real estate cost¹

€ bn



Savings enabled by desk sharing, standardization & modularization:

- Reduce vacancies by 50%
- 20% less office & technical space
- Reduced facility management costs

Efficient shared services¹

€ bn



€0.1 bn savings already delivered since CMD 2015, further measures planned, e.g.:

- Near Shoring and reducing locations (95 to 5)
- Further reduce demand & OPEX by > €0.1 bn through simplification & automation
- Standardization level of one.ERP > 85%

Reducing purchasing costs¹

€ bn



Innovative sourcing approaches will reduce external spend supported by BuyIn:

- Optimize technology maintenance costs by 10% through stronger harmonization
- Apply new commercial model to reduce media spend by > 10%
- Up to 20% reduction of rates for Data Center facilities

¹ Gross savings

CENTRAL PROGRAM (FIT4FUTURE) IMPROVES CUSTOMER EXPERIENCE AND SUPPORTS COST SAVINGS

Approach

- Group-wide program**
- Driven by all Board members personally
 - Leveraging cross-segment experience and capacity
 - Focus on implementation

Goals & benefits

 **PUSH CUSTOMER EXPERIENCE**

 **REDUCE INDIRECT COSTS BY €1.5 BN**



Key levers supporting segment initiatives

SIMPLIFY

DIGITALIZE



OPERATIONAL EXCELLENCE
Smart & lean processes accelerated with robotic process automation



PRODUCT SIMPLIFICATION
Simple products, smart customer processes & next generation IT



AGILE & FUTURE-PROOF ORGANIZATION
Simplified & reduced overhead structure



DIGITAL CUSTOMER TOUCHPOINTS
One user-friendly app & web interface centrally developed for all customer interactions



ZERO DEFECT SERVICE
Predictive servicing and maintenance



DATA-DRIVEN NETWORK ROLLOUT
Return maximizing network rollout based on big data & artificial intelligence

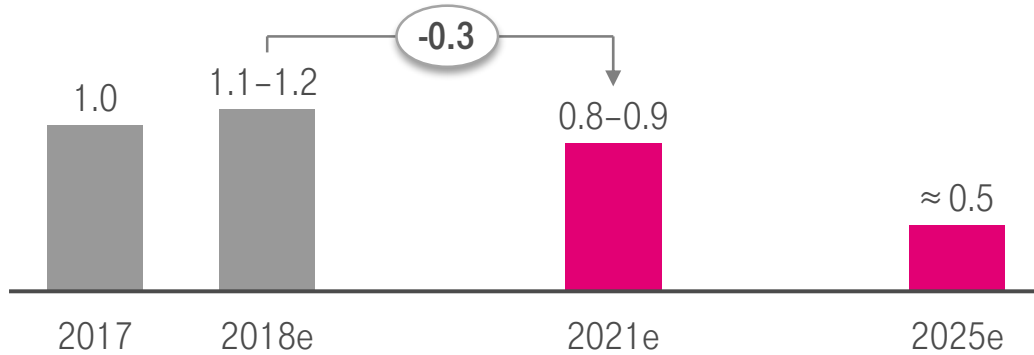


ADVANCED ANALYTICS & DATA GOVERNANCE
Next level analytics skills, data architecture & governance to leverage scalability

DEMOGRAPHICS TO INCREASINGLY SUPPORT COST SAVINGS

Personnel Special Factors (Cash) ex US

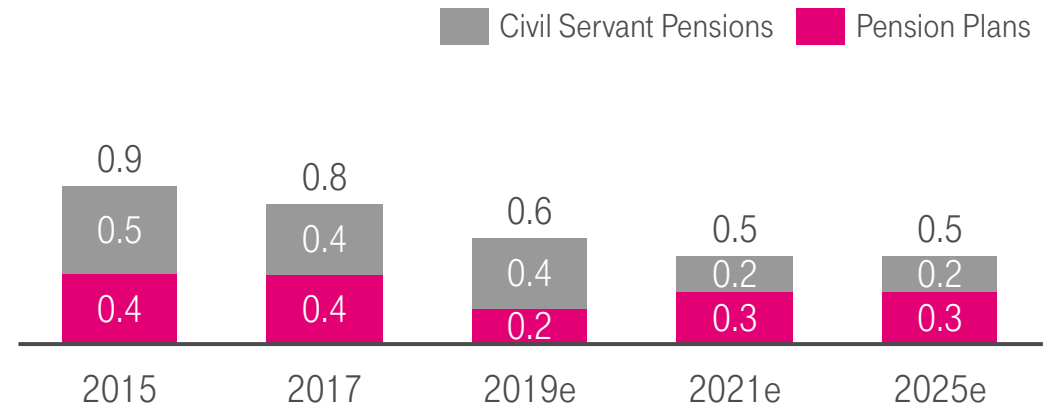
€ bn



- ≈ 10 k FTEs off payroll 2020–2025 already secured
- Natural attrition region Germany from 1% in early 2020s up to 4% Eo2020s

Pension cash-outs ex US decreasing

€ bn

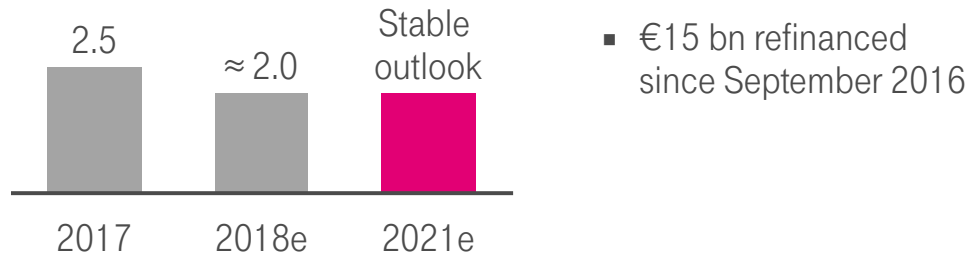


- Payments for the civil servant pensions to decrease over time
- No volatility expected as number of civil servants is decreasing (no new hires) and contribution is fixed

STABLE INTEREST COSTS AND REDUCED TAX RATE PAY INTO 20% ADJ. EPS GROWTH

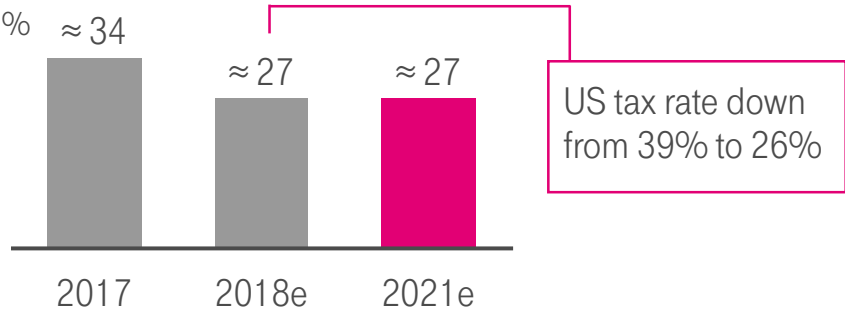
Interest costs¹

€ bn



Group tax rate

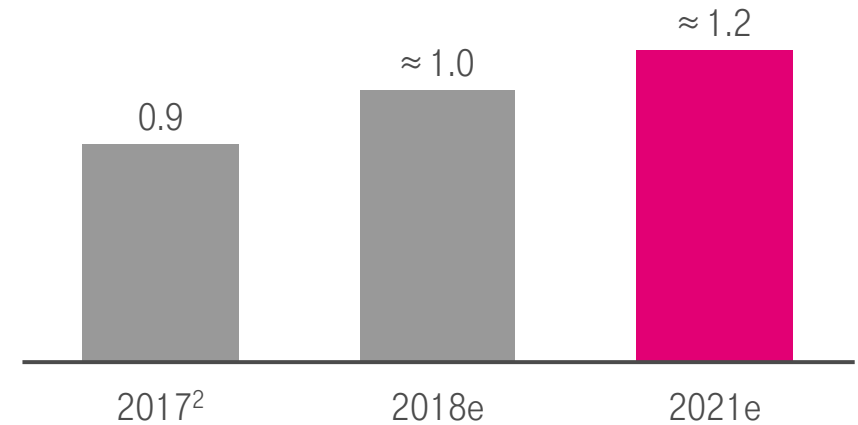
%



¹ Cash ² Reported: €1.28 due to US tax gain

Adjusted EPS

€



- Unadjusted EPS to exceed €1 by 2021
- Lower growth vs. FCF reflects (US) minorities
- Share purchases potentially accretive

DEBT – DT REMAINS ANCHOR OF STABILITY

Stable rating

BBB+
Baa1
BBB+

2009



2017

Solid country profile

EBITDA generated in countries rated:

85% of EBITDA AAA/AA+



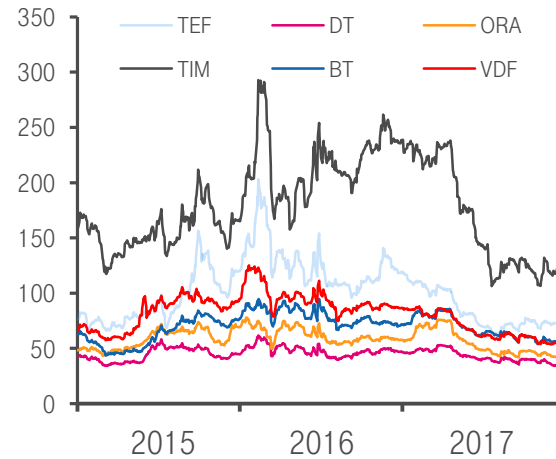
5% of EBITDA AA up to BBB-



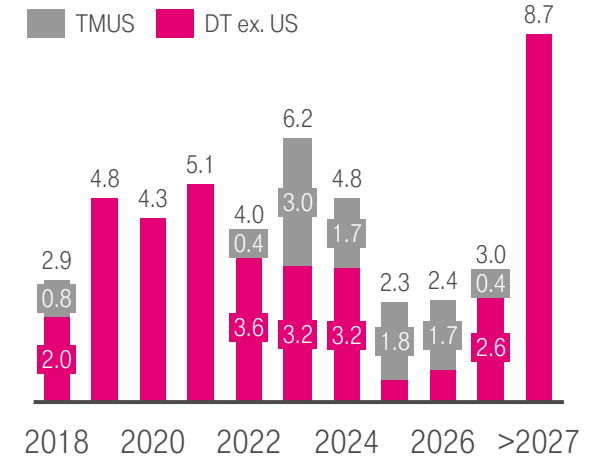
10% of EBITDA BB+ or below



Low CDS (5Y)



Balanced maturity profile



Debt policy remains unchanged

Undisputed access to debt capital markets

Rating: A-/BBB Net debt/adj. EBITDA: 2.0–2.5x

Equity ratio: 25–35% Liquidity reserve: covers maturities of next 24 months

OVERVIEW FINANCIAL STRATEGY

II Equity

Reliable shareholder remuneration policy

- DIVIDEND¹
 - €0.70 in 2018 (paid in 2019)
 - Thereafter, dividend will reflect growth in adjusted EPS⁴
 - Floor remains at €0.50 per share
- BUY BACKS²
 - To be considered
 - DTAG shares or TMUS stake increase

Leading European Telco – ROCE > WACC



III Debt

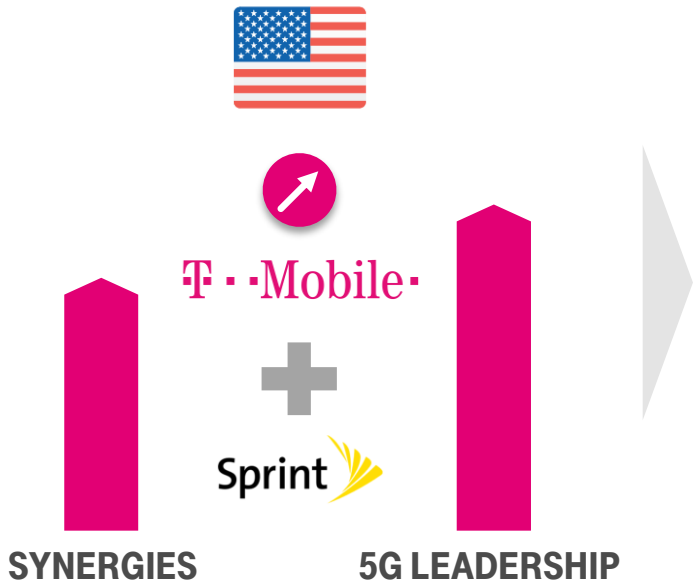
Undisputed access to debt capital markets

- RATING A-/BBB
- NET DEBT/ADJ. EBITDA³ 2–2.5x
- EQUITY RATIO 25–35%
- LIQUIDITY RESERVE covers maturities of coming 24 months

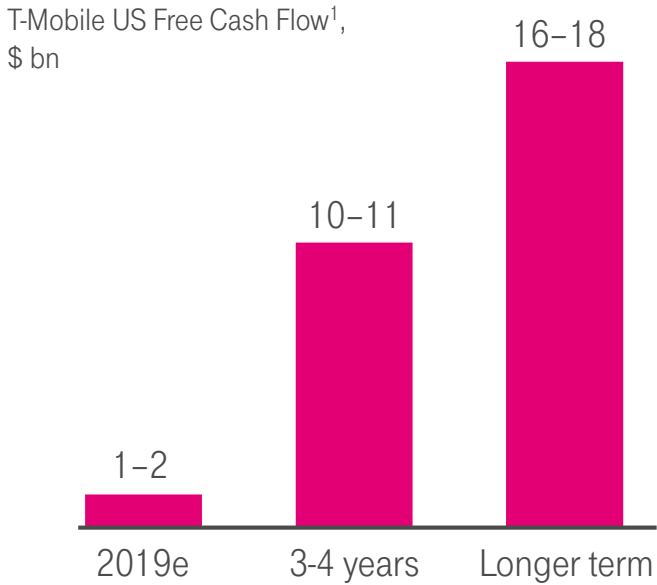
¹ Subject to necessary AGM approval and board resolution ² Not relevant for first 3 years in US deal scenario ³ Only a short departure from comfort zone in US deal scenario ⁴ Adj. EPS 2018 as starting point

BOOSTING DEUTSCHE TELEKOM'S FINANCIAL PROFILE...

Supercharging the Un-Carrier



Accelerated T-Mobile US Free Cash Flow growth



Boosting Deutsche Telekom's financial profile²

EPS accretive from year 3 for Deutsche Telekom

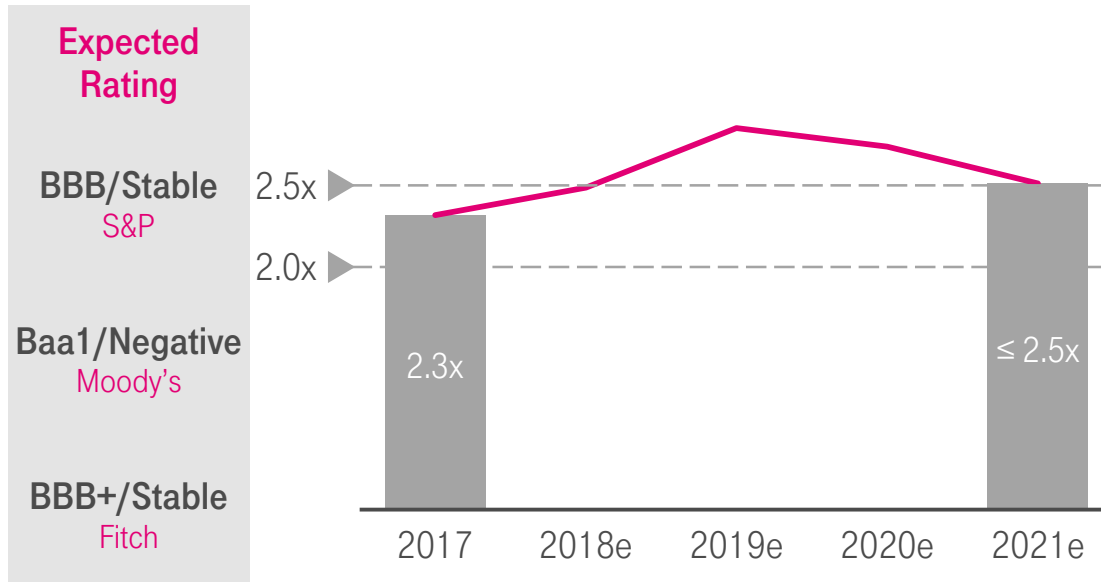
Deutsche Telekom ex-U.S. investment and growth unaffected

¹ Defined as Cash Flow from Operations less Capital Expenditures ² Assumption: closure date Jan. 1st, 2019

...BASED ON A ROBUST FINANCIAL FRAMEWORK

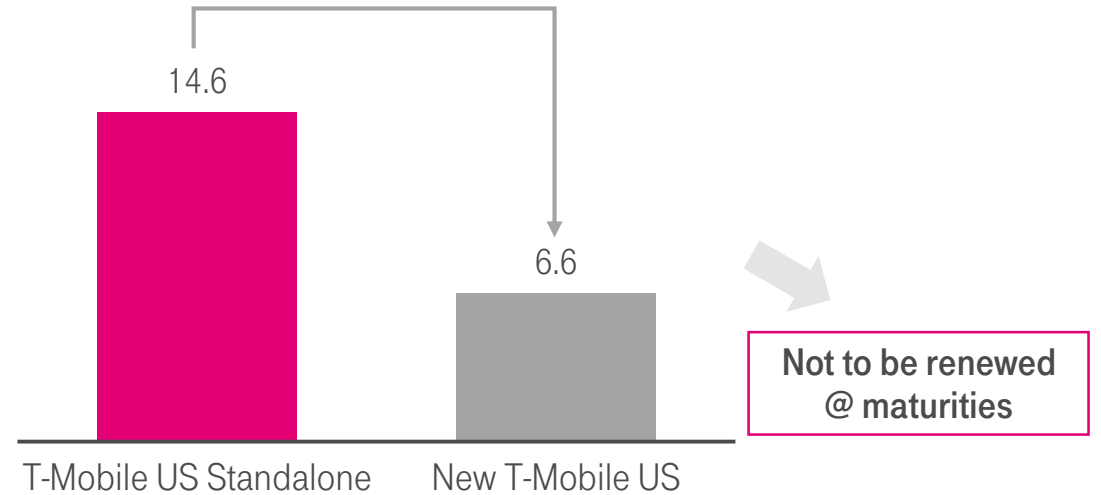
Only a short departure from our "Comfort zone"

Deutsche Telekom Group Net Debt/Adj. EBITDA



Phasing out parental funding

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



T-MOBILE US STRICTLY STANDALONE FUNDING GOING FORWARD

FINANCIAL OUTLOOK

GROUP STRATEGY

GERMANY

SYSTEMS SOLUTIONS

TECHNOLOGY & INNOVATION

T-MOBILE US

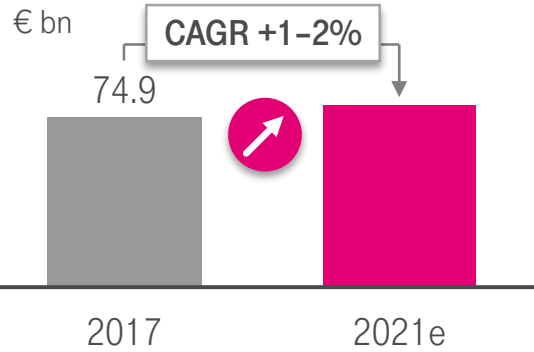
EUROPE

GROUP DEVELOPMENT

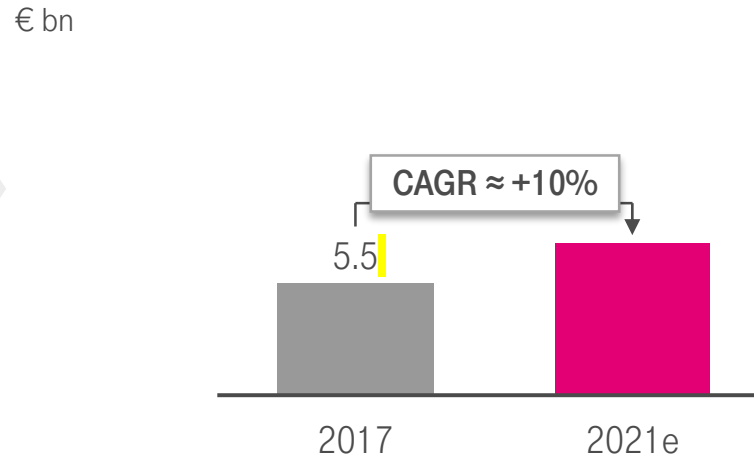
FINANCE

FINANCIAL OUTLOOK

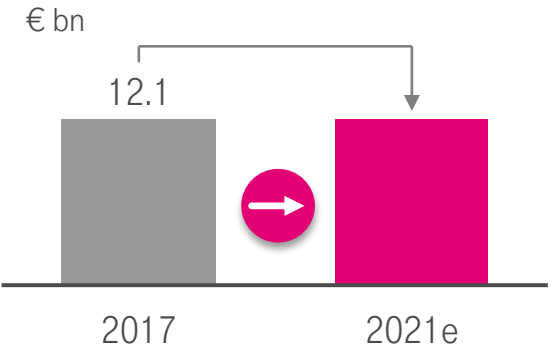
Revenue growth



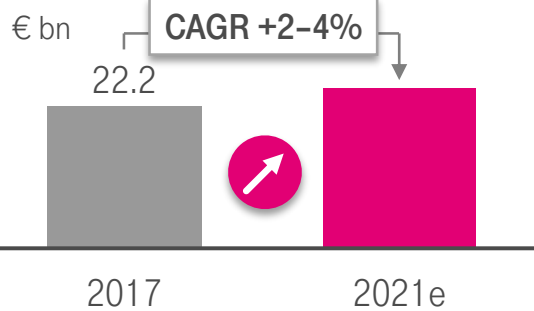
Free Cash Flow¹



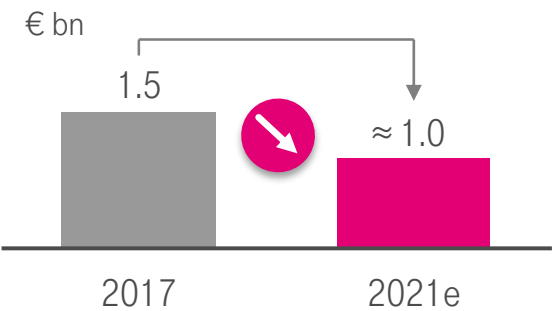
Cash Capex²



Adj. EBITDA



Special factors (Cash)



¹ Free Cash Flow before dividend payments and spectrum payments

² Cash Capex ex US expected to be stable

MID TERM AMBITION LEVEL

GROUP STRATEGY

GERMANY

SYSTEMS SOLUTIONS

TECHNOLOGY & INNOVATION

T-MOBILE US

EUROPE

GROUP DEVELOPMENT

FINANCE

MID TERM AMBITION LEVEL

	Mid term ambition level ¹	Year	Implications of US deal ²
GROUP REVENUES	CAGR +1–2%	2017–2021e	Confirmed
GROUP ADJ. EBITDA	CAGR +2–4%	2017–2021e	Confirmed
GROUP FCF	CAGR ≈ +10%	2017–2021e	Slightly dilutive in 2021e & accretive in 2022e
GROUP ADJ. EPS	≈ €1.20	2021e	Slightly dilutive in 2021e & accretive in 2022e
GROUP ROCE	ROCE > WACC	2021e	Confirmed
GROUP CASH CAPEX	Ex US stable	2017–2021e	Confirmed
GROUP INDIRECT OPEX	Ex US –€1.5 bn	2017–2021e	Confirmed
SHAREHOLDER REMUNERATION POLICY (2018–2021)³	Dividend will reflect growth in adjusted EPS. Floor remains at €0.50 per share	2017–2021e	Confirmed

¹ Based on constant exchange rates (Average exchange rate 2017 of € 1 = US\$1.13) and no further changes in the scope of consolidation ² Assumption: closure date Jan. 1st, 2019

³ Subject to necessary AGM approval and board resolution. 2018 dividend target of €0.70 per share. Share buy backs to be considered, but not relevant for first 3 years in US deal scenario.