



# CAPITAL MARKETS DAY 2021

Bonn, May 20<sup>th</sup>/21<sup>st</sup>

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# Capital Markets Day 2021

## Agenda

Thursday, May 20<sup>th</sup>

	<b>Group Strategy</b> (incl. Q&A)	<b>T. Höttges,</b> CEO	5
	<b>Germany</b> (incl. Q&A)	<b>S. Gopalan,</b> Board Member for Germany	45
	<b>Europe</b> (incl. Q&A)	<b>D. Leroy,</b> Board Member for Europe	79
	<b>T-Mobile US</b> (incl. Q&A)	<b>M. Sievert,</b> CEO TMUS	115

Friday, May 21<sup>st</sup>

	<b>Technology &amp; Innovation</b> (incl. Q&A)	<b>C. Nemat,</b> Board Member for Technology & Innovation	171
	<b>Systems Solutions</b> (incl. Q&A)	<b>A. Al-Saleh,</b> Board Member for T-Systems	193
	<b>Group Development</b>	<b>T. Langheim,</b> Board member for USA and Group Development	213
	<b>Finance</b>	<b>C. Illek,</b> CFO	237



Recordings available on YouTube  
[www.telekom.com/cmd21](http://www.telekom.com/cmd21)



# Group Strategy

Tim Höttges

# Key messages

01

## Delivery

We have delivered on our promises from last CMD & will do so again

02

## Growth

We will continue growing all relevant financials (Revenue, adj. EBITDA AL, FCF AL, ROCE, adj. EPS) ... at low risk (execution strength, AAA markets)

03

## Network leadership

We remain dedicated network investors & will efficiently underpin our leading 5G & Fiber position... our investments are self-funded

04

## US majority

We will take the path to US majority... at attractive conditions & leveraging TMUS shareholder returns

05

## Efficiency

We digitalize the full stack end-to-end to support bottom-line growth via higher efficiency & to enable future-proof operations

06

## Shareholders

We guarantee attractive shareholder returns with dividends being 40–60% of adj. EPS, our dividend floor remains at €60 c minimum

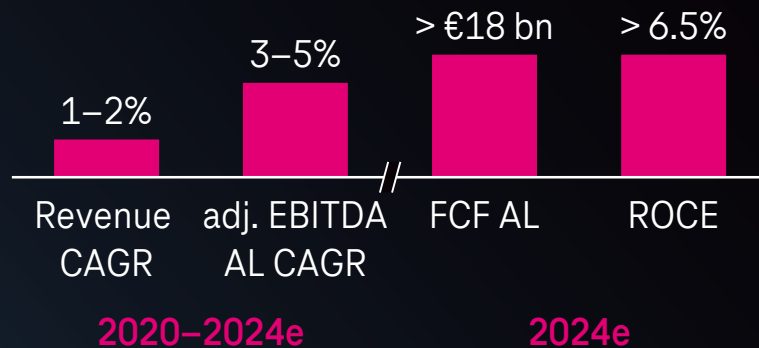
# Accelerating our path to value creation

## ORGANIC GROWTH

- Our **flywheel** works
- Proven **execution**



### DT group ambitions



## CAPITAL ALLOCATION/PORTFOLIO



Invest in “leading” Fiber & 5G networks... and **monetize**



Focus on structurally **healthy markets** only



Secure **US majority** (> 50%)



**Deleverage & return to corridor** in 2024



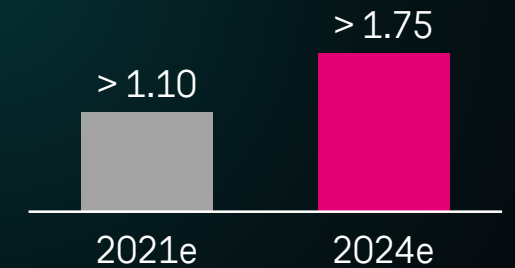
**Strategic reviews** for TMNL & Towers



## SHAREHOLDER VALUE

### Adj. EPS

€/share



### Dividends

**40-60%**

of adj. EPS, with **minimum of €60 c**

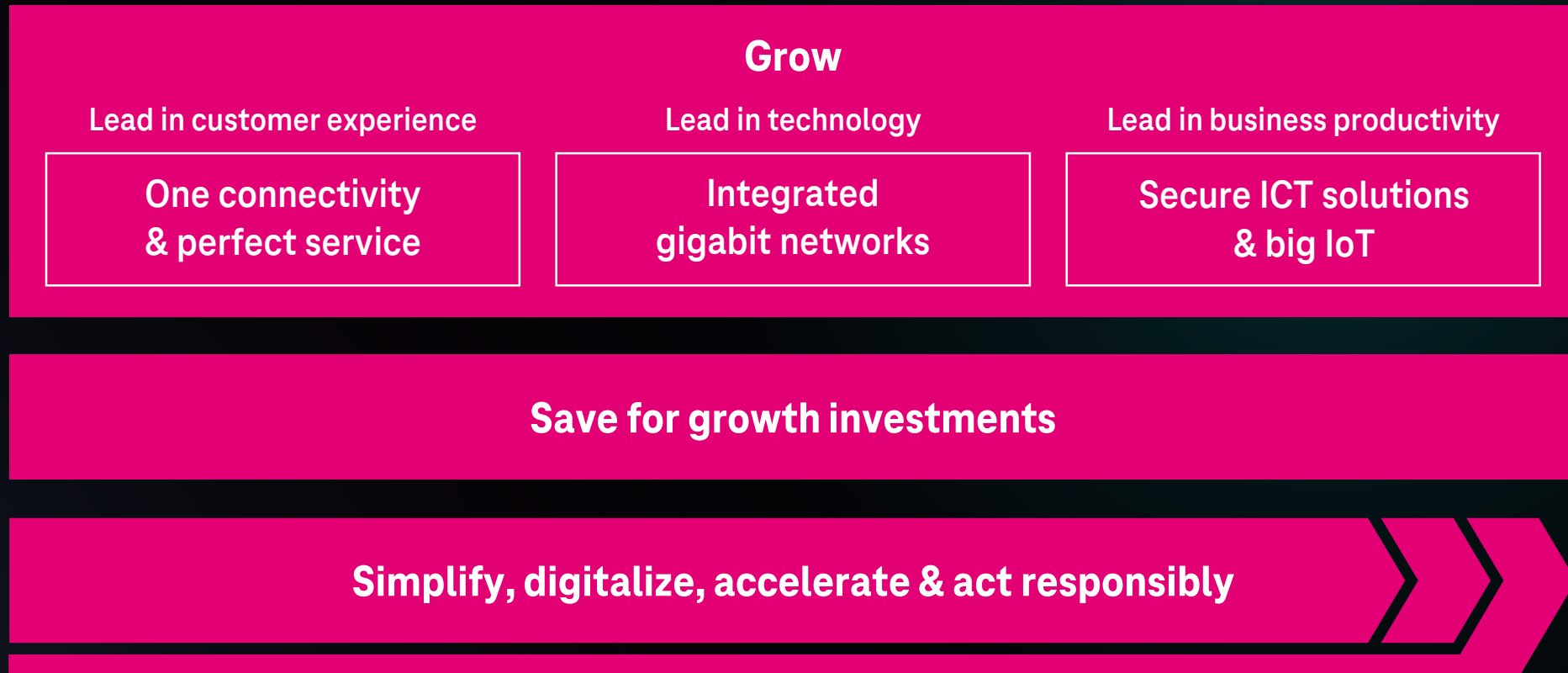


# Review 2017–2021





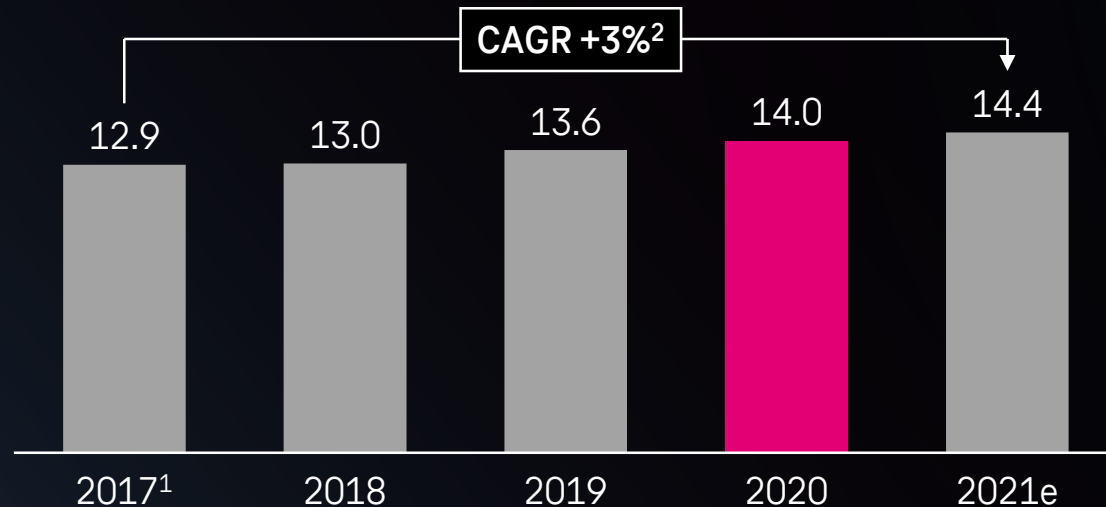
# A strategy is a strategy is a strategy



# We grow on both sides of the Atlantic

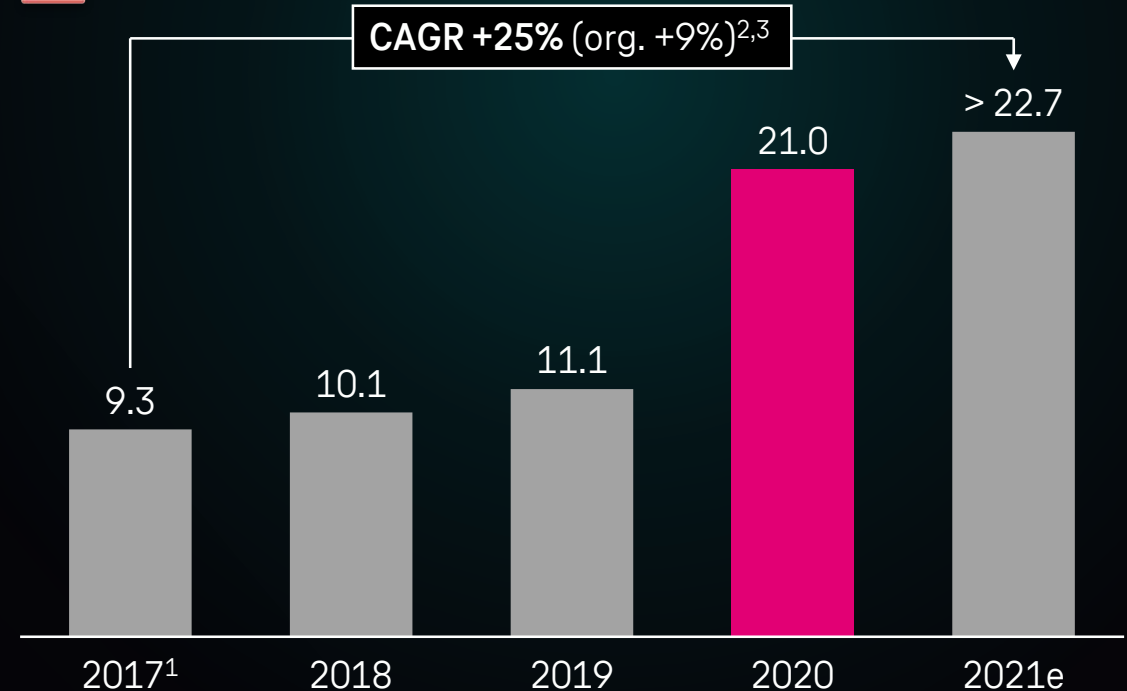
## DT ex. US

Adj. EBITDA AL, € bn



## T-Mobile US

Adj. EBITDA AL, € bn



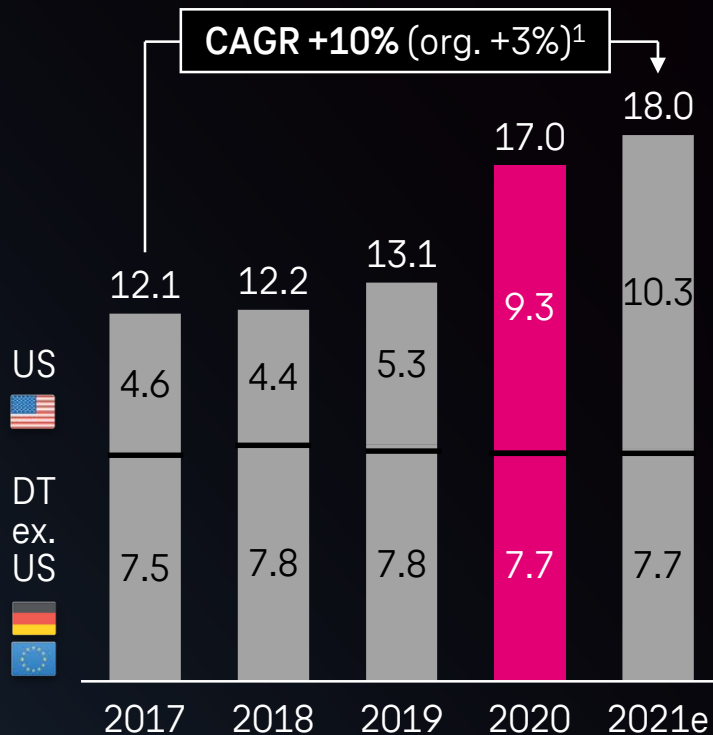
<sup>1</sup> On pre IFRS 16 base    <sup>2</sup> CAGR based on annual growth rates on a like-for-like basis    <sup>3</sup> 25% inorganic CAGR incl. Sprint; 9% organic CAGR w/o Sprint; corrected for handset leases "Core EBITDA"



# We invest a lot for a sustained growth momentum

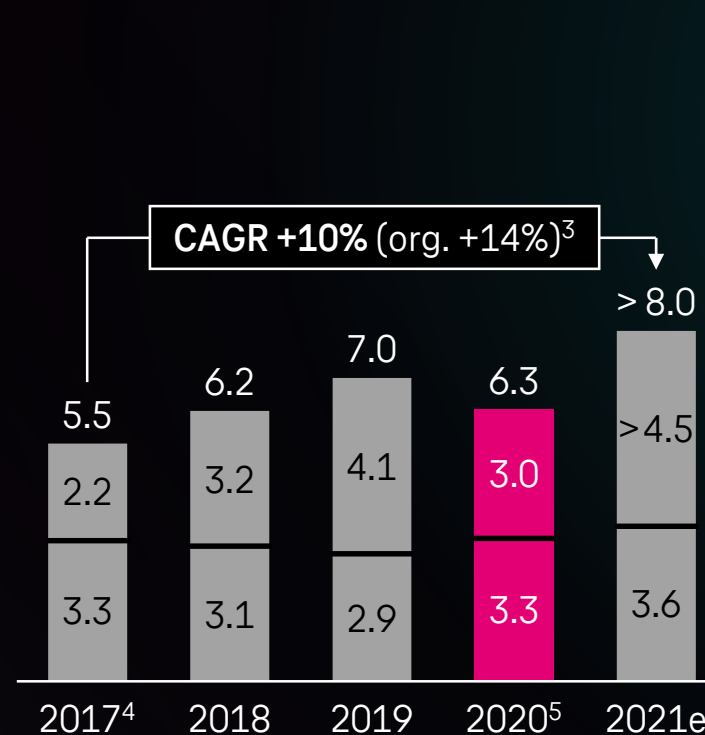
## High investments...

Group Cash Capex excl. Spectrum, € bn



## ... while delivering on FCF...

Group FCF AL², € bn



## ... and creating the baseline for future growth

### GER (YE 2020)



- 99% LTE HH cov., 67% 5G PoP cov.
- 82.5% FTTC HH cov.

### EU (YE 2020)



- 98% LTE PoP cov., 43%/29% 5G PoP cov. in GR/AT
- > 4 mn FTTH/B HH cov. in GR, HU, SK & HR

### TMUS (YE 2020)



- Leading spectrum position
- > 99% LTE PoP cov., 5G cov.<sup>6</sup> > 280 mn people

<sup>1</sup> 10% inorganic CAGR; 3% organic CAGR based on annual growth rates on a like-for-like basis; DT ex. US 2017 organic: €7.6 bn <sup>2</sup> Before dividend payments & spectrum invest, in 2020 also before Payer Swap & Zero Bond  
<sup>3</sup> 10% inorganic CAGR; 14% organic CAGR based on annual growth rates on a like-for-like basis <sup>4</sup> On pre IFRS 16 base <sup>5</sup> Decline due to merger related cash payments <sup>6</sup> Extended 5G coverage

# Outinvest pays off: We are gaining customers across footprint

**GER**  
Mobile postpaid customers  
CAGR 2017–2020



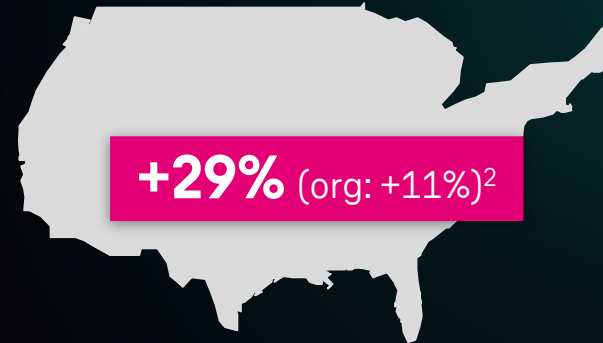
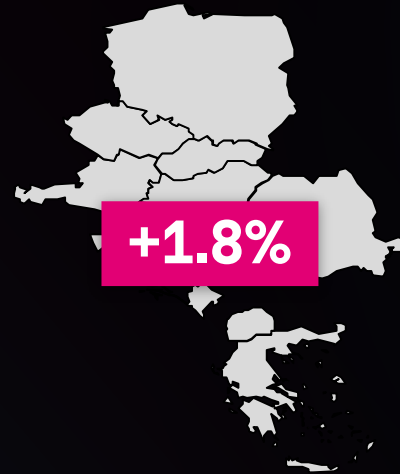
**EU**  
Mobile postpaid customers  
CAGR 2017–2020



**US**  
Mobile postpaid customers  
CAGR 2017–2020



**NL**  
Mobile postpaid customers  
CAGR 2017–2020



**MARKET LEADER**

**MOBILE ATTACKER**

<sup>1</sup> Excl. Lebara    <sup>2</sup> 29% inorganic CAGR incl. Sprint; 11% organic CAGR w/o Sprint    <sup>3</sup> 25% inorganic CAGR; 7% CAGR incl. Tele2 & excl. SIMPEL + excl. consolidation impacts



# US: Deal closed, new #2 created & delivered best performance ever

## The “new T-Mobile US”: Baseline for leadership set



**> 102 mn**  
Branded  
customers<sup>1</sup>

**\$167.4 bn**  
Market cap  
YE 2020<sup>2</sup>

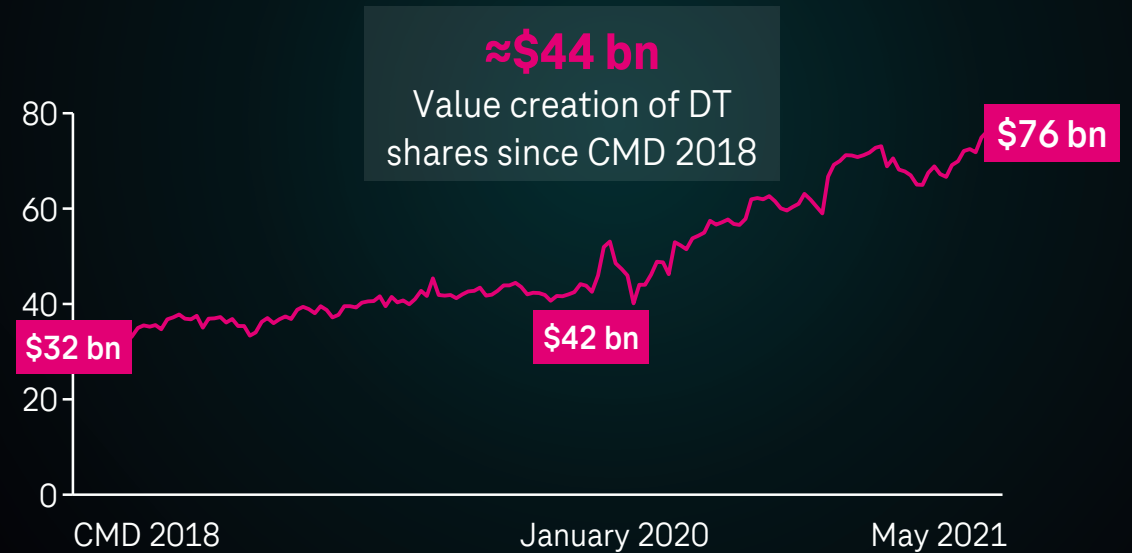
**\$68.4 bn**  
Revenues  
2020<sup>3</sup>

**292 MHz**  
mid-band  
spectrum<sup>4</sup>

<sup>1</sup> YE 2020   <sup>2</sup> May 14<sup>th</sup>, 2021   <sup>3</sup> FY 2020   <sup>4</sup> Current mid-band holdings after clearance, 2024+

## Value creation & deal cornerstones

Market value of DT share in TMUS, \$ bn<sup>2</sup>



**> 43%**  
DT ownership in  
T-Mobile US<sup>1</sup>

**101.5 mn shares**  
Path to majority negotiated,  
option for additional shares

# Cleaned the garage, created new growth & kept discipline!



**CLEANED THE  
GARAGE**

- Divested RO fixed line asset (€268 mn)
- Divested Telekom ALB (€50 mn)
- Toll Collect €9.6 bn arbitration risk, DT to pay €550 mn



**CREATED  
NEW GROWTH**

- FMC merger AT (+93% FMC HH<sup>1</sup>) & NL (+250% Broadband net adds<sup>2</sup>)
- Turn-around NL (+62% market share<sup>2</sup>), now #1 mobile
- Towers separated (DFMG, AT, NL) & actively managed (NL: €650 mn realized)



**KEPT DISCIPLINE:  
WE SAID "NO" TO...**

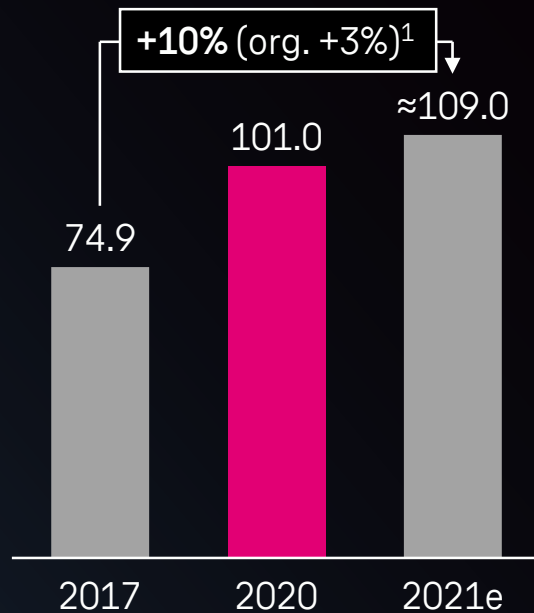
- ... off-footprint acquisitions
- ... expensive premium content deals
- ... big adjacency acquisitions

<sup>1</sup>2019 vs. 2020    <sup>2</sup>2017–2020

# Consequently, we grow on all levels & outperform peers...

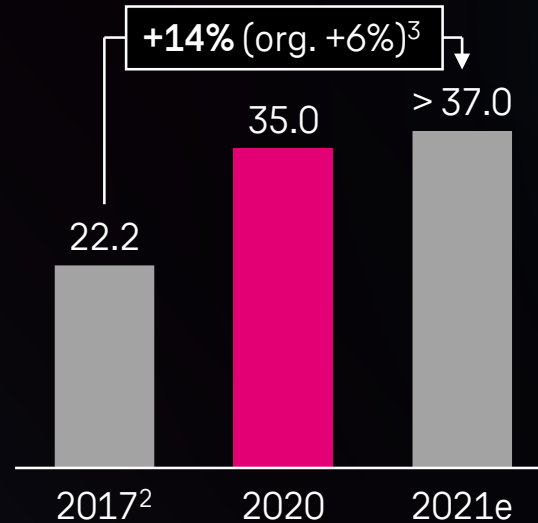
## Revenue

€ bn



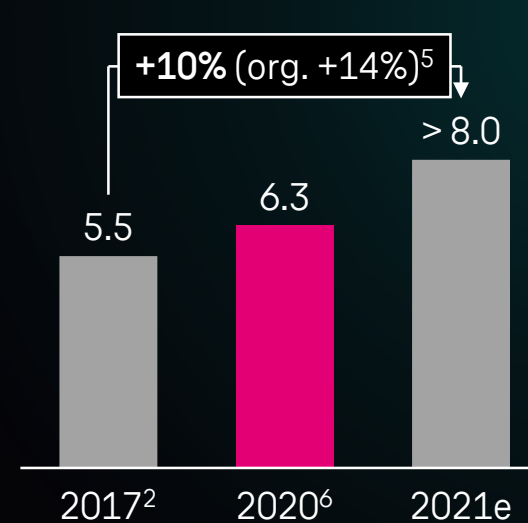
## Adj. EBITDA AL

€ bn



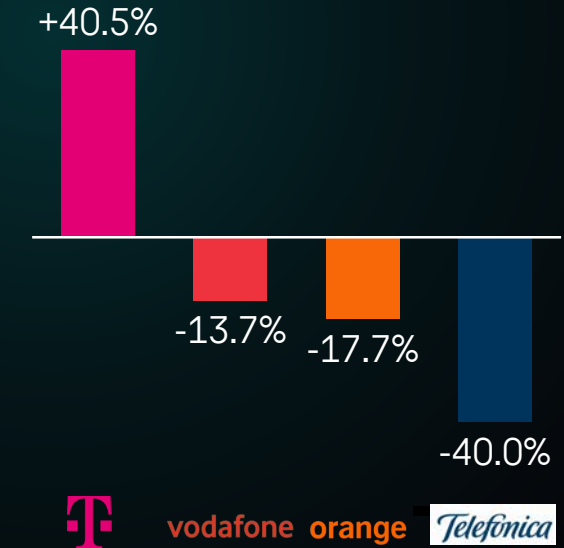
## FCF AL<sup>4</sup>

€ bn



## TSR<sup>7</sup>

May 23<sup>rd</sup>, 2018–May 14<sup>th</sup>, 2021



<sup>1</sup> 10% inorganic CAGR; 3% organic CAGR based on annual growth rates on a like-for-like basis

<sup>2</sup> On pre IFRS 16 base

<sup>3</sup> 14% inorganic CAGR; 6% organic CAGR based on annual growth rates on a like-for-like basis; Corrected for handset leases "Core EBITDA"

<sup>4</sup> Before dividend payments & spectrum invest, in 2020 also before Payer Swap & Zero Bond

<sup>5</sup> 10% inorganic CAGR; 14% organic CAGR based on annual growth rates on a like-for-like basis

<sup>6</sup> Decline due to merger related cash payments <sup>7</sup> Source: FactSet



# ... and make cultural change happen – now stronger than ever



> **30%** of our employees work in an agile environment, > **300 Product Owners & Scrum Masters** in GER<sup>1</sup>



8 BoM members, **4 nationalities**, > **30% women's quota** on BoM<sup>1</sup>



**#Hot Topics:** Sustainability, Tech for Good, No Hate

**#All Channels:**



**85%** of our employees are **proud to be "T"**, we can count on **200 Telekom Ambassadors**<sup>1</sup>

<sup>1</sup> YE 2020



# CMD 2018 commitments: Strong delivery

	Ambition 2017–2021e	Achievements 2020 <sup>1</sup>	2017–2021e <sup>3</sup>	Merger impact
Revenue CAGR	▪ 1–2%	▪ 3.0%	●	
Adj. EBITDA (AL) CAGR	▪ 2–4%	▪ 6.4%/7.7% <sup>2</sup>	●	
Adj. EBITDA (AL) CAGR (ex US)	▪ 2–3%	▪ 3.3%	●	
FCF (AL) CAGR	▪ ≈10%; 2021: > €8 bn	▪ 9.6%	●	▪ Dilutive
FCF (AL) (ex US)	▪ 2021: ≈€4 bn	▪ €3.3 bn	●	▪ Dilutive
Adj. EPS	▪ 2021: ≈€1.2	▪ €1.2 (€1.05 ex SB options)	●	▪ Dilutive
ROCE	▪ ROCE > WACC	▪ 4.6% > WACC	●	▪ (Dilutive)
Cash Capex (ex US)	▪ Stable	▪ Stable	●	
Adj. indirect cost (AL) (ex US)	▪ €1.5 bn (net savings)	▪ €1.4 bn	●	
Dividend	▪ To reflect growth in adj. EPS; €50 c floor	▪ €60 c in 2020	●	▪ (Dilutive)

<sup>1</sup> On a like-for-like basis, actual results 2017–2020, or respectively actuals 2020    <sup>2</sup> Corrected for handset leases “Core EBITDA”    <sup>3</sup> Merger impact taken into consideration

# Telco vision 2030



Let's imagine our world...



... in 2030



# Paradigm shifts ahead – our telco vision 2030

## 01 B2C: From connectivity to customer experience

Connectivity everywhere: Massive devices as real-time data sources

New form of connectivity: Embedded & context-aware QoS

**Embedded Connectivity**  
 Always best connected with Telekom  
 Buy it & use it ... integrated, secure connectivity – modular & off-the-shelf

**Dynamic & context-aware**

Consumer IoT: QoS: Low power  
 Mobile gaming: QoS: Low latency  
 8K conference: QoS: High bandwidth

5G network slice      Home network slice

Source: Statista      \*YE 2020

GROUP STRATEGY | GERMANY | EUROPE | T-MOBILE US | TECHNOLOGY & INNOVATION | SYSTEMS SOLUTIONS | GROUP DEVELOPMENT | FINANCE 18

## 02 B2B: From dedicated to software-driven enterprise solutions

**FROM**

Communication: VOICE  
 Security: Central enterprise firewalls  
 Mobile connectivity: Mobile best effort data connectivity

**TO**

Enterprise Communications & Collaboration (ECC) solutions integrated into office suites  
 Context-specific app security (zero-trust network, secure access service edge)  
 Secure, dedicated network slices

One-stop-shop/ Global connectivity offerings

GROUP STRATEGY | GERMANY | EUROPE | T-MOBILE US | TECHNOLOGY & INNOVATION | SYSTEMS SOLUTIONS | GROUP DEVELOPMENT | FINANCE 19

## 03 From ESG as hygiene factor to ESG as differentiator

ESG has become a social norm

Consumer behavior driven by social & environmental consciousness

ESG industry standards defined by politics & NGOs

Impact on industry on all levels

- ESG compliance driving shareholder value
- CO<sub>2</sub> Low-carbon economy
- €/MWh Green energy & CO<sub>2</sub> offsetting
- TCFD Executive pay & fin. reporting linked to ESG
- x7.1 Enabling of CO<sub>2</sub> reduction as differentiator\*

\*DT in GER in 2020: 7.1, figure exemplary for enablement factor as differentiator

GROUP STRATEGY | GERMANY | EUROPE | T-MOBILE US | TECHNOLOGY & INNOVATION | SYSTEMS SOLUTIONS | GROUP DEVELOPMENT | FINANCE 20

## 04 From monolithic incumbent to orchestrator – network of networks

FIXED      MOBILE

Services & Products: Telco Playing Field  
 Cisco, Apple, Communication Service Providers, Facebook, WhatsApp

Software Integration Layer: Network Orchestrators  
 TRUPHONE

Physical Infrastructure: (Multi-)Regional FiberCos, Local FiberCos, Alternative Networks, Campus Networks, City NW/ Neutral Host, IoT Specialists

GROUP STRATEGY | GERMANY | EUROPE | T-MOBILE US | TECHNOLOGY & INNOVATION | SYSTEMS SOLUTIONS | GROUP DEVELOPMENT | FINANCE 21

## 05 From vertical silos to Telco-as-a-platform – cloud-native, API-based

Digital-first customer experience & service operations

B2C, B2B & B2B2C customer journeys

Telco as a platform: Scalable software integration layer

- Unified data & analytics engine
- Network/multi-domain orchestration
- Product/service development
- Embedded security
- Platform-based services

Telco & partner networks, services & capabilities via microservices & APIs

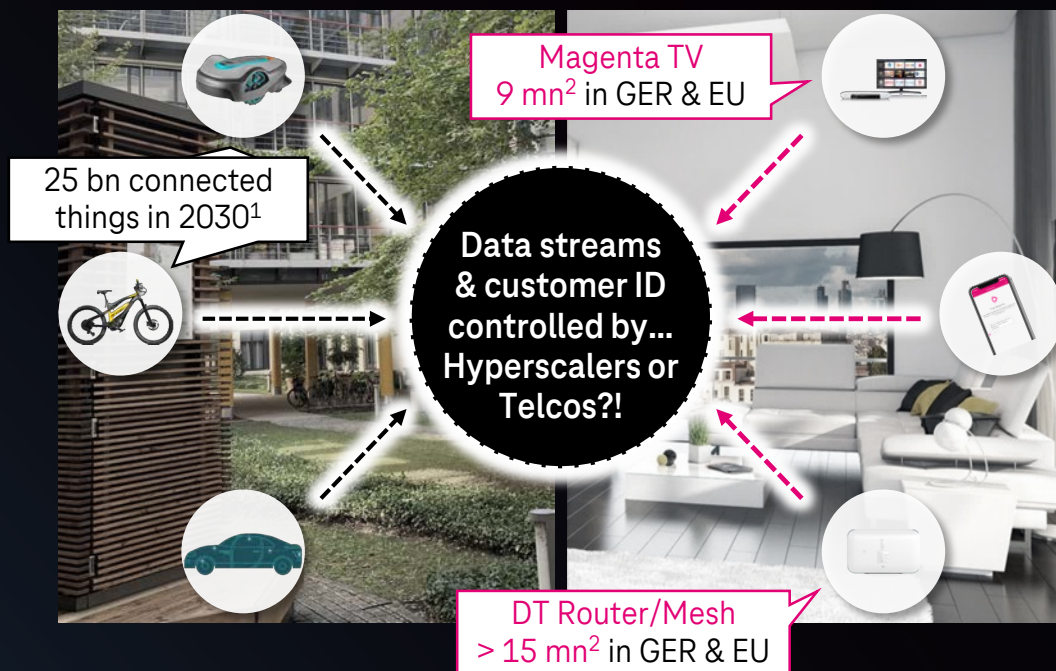
Harmonised business logic and APIs

DT service 1, DT service 2, DT service 3, DT service ..., Telco service 1, Telco service 2, Telco service ..., Partner service 1, Partner service 2, Partner service 3, Partner service 4, Partner service ...

GROUP STRATEGY | GERMANY | EUROPE | T-MOBILE US | TECHNOLOGY & INNOVATION | SYSTEMS SOLUTIONS | GROUP DEVELOPMENT | FINANCE 22

# From connectivity to customer experience

## Connectivity everywhere: Massive devices as real-time data sources



<sup>1</sup>Source: Statista <sup>2</sup>YE 2020

## New form of connectivity: Embedded & context-aware QoS

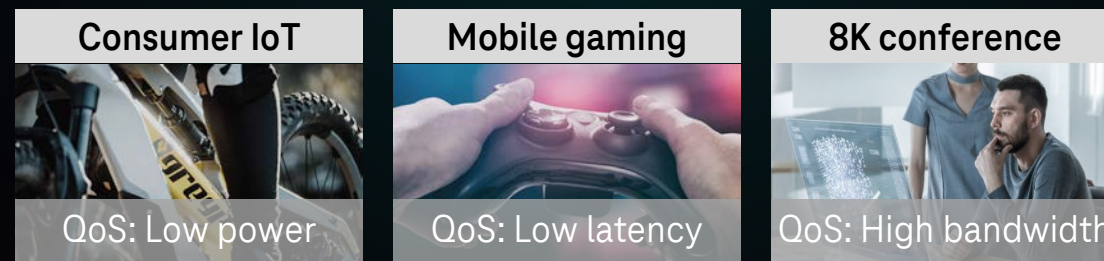


### Embedded connectivity

Always best connected with Telekom  
Buy it & use it... integrated, secure connectivity – modular & off-the-shelf



### Dynamic & context-aware



5G network slice

Home network slice



# From dedicated to software-driven enterprise solutions

FROM

## Communication



VOICE

Voice, data and messaging services



## Security



Central enterprise firewalls



## Mobile connectivity



Mobile best effort data connectivity



TO



Enterprise Communications & Collaboration (ECC) solutions integrated into office suites



Context-specific app security (zero-trust network, secure access service edge)



Secure, dedicated network slices

One-stop-shop; Global connectivity offerings



# From ESG as hygiene factor to ESG as differentiator

## ESG has become a social norm

Consumer behavior driven by social & environmental consciousness



ESG industry standards defined by politics & NGOs



## Impact on industry on all levels



ESG compliance driving shareholder value



Low-carbon economy



Green energy & CO<sub>2</sub> offsetting



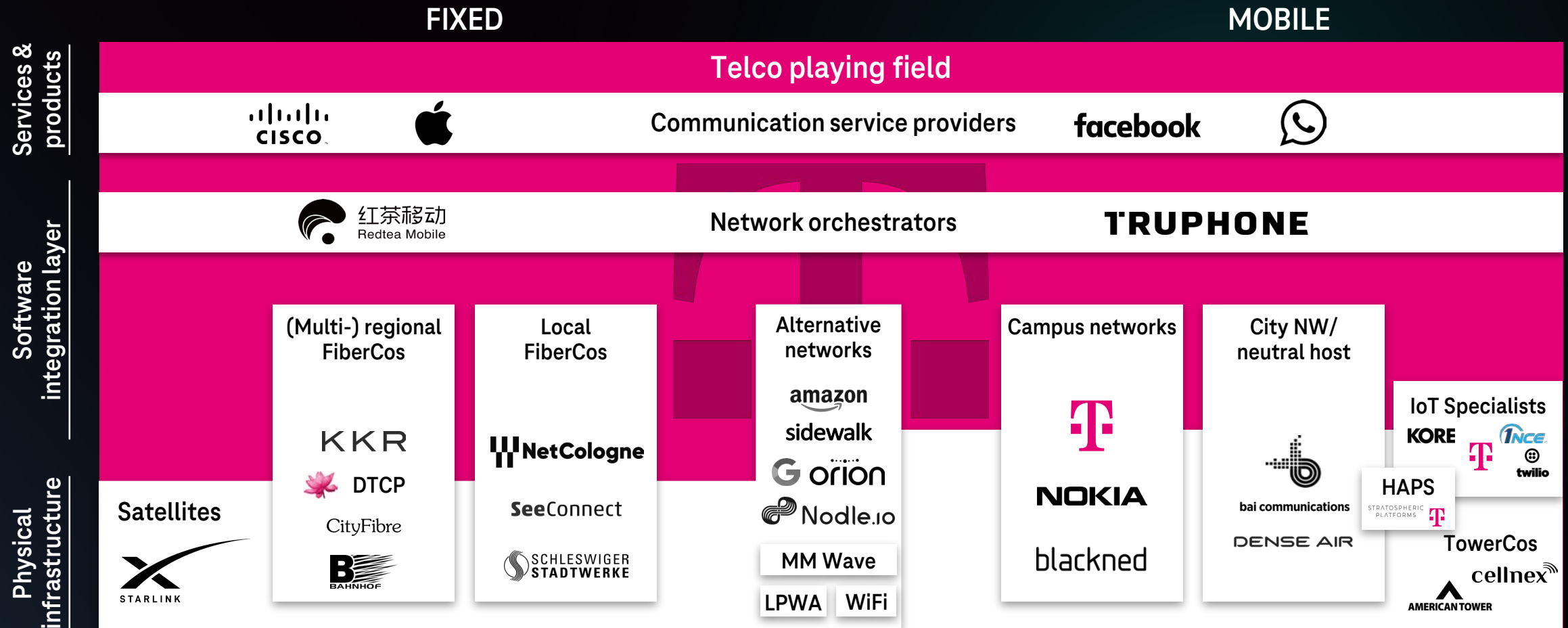
Executive pay & fin. reporting linked to ESG

x7.1

Enabling of CO<sub>2</sub> reduction as differentiator<sup>1</sup>

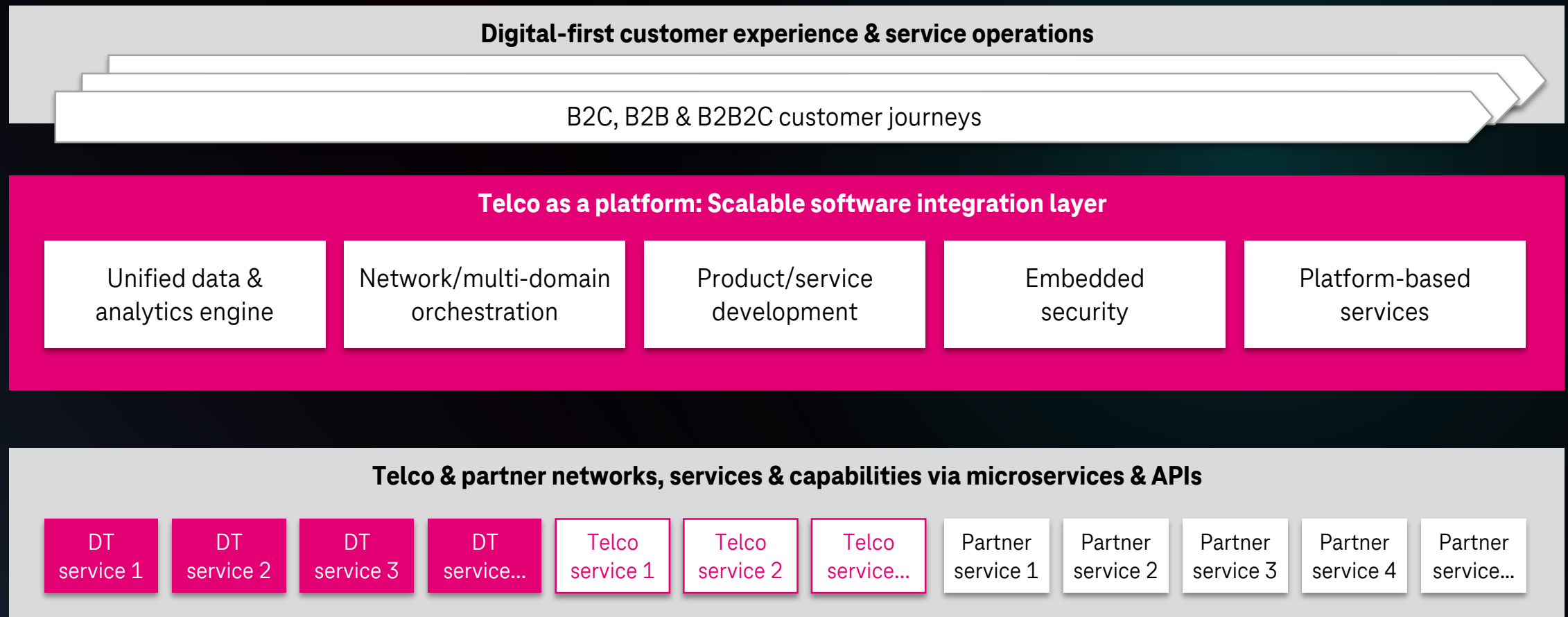
<sup>1</sup>DT in GER in 2020: 7.1, figure exemplary for enablement factor as differentiator

# From monolithic incumbent to orchestrator – network of networks





# From vertical silos to Telco-as-a-platform – cloud-native, API-based



Harmonized business logics and APIs

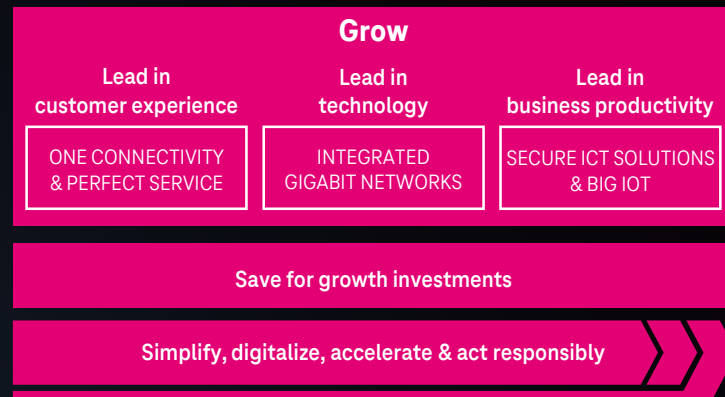
# Strategy 2021–2024



# These paradigm shifts drive our strategy evolution

## What is right, stays right

A strategy is a strategy...  
is a strategy!



## Paradigm shifts ahead – telco vision 2030

- 01 B2C** From connectivity to customer experience
- 02 B2B** From dedicated to software-driven enterprise solutions
- 03 People, society & environment** From ESG as hygiene factor to ESG as differentiator
- 04 Networks** From monolithic incumbent to network orchestrator
- 05 Digitalization** From vertical silos to Telco-as-a-platform – cloud-native, API-based

## Future growth levers: 2021–2024

- Grow by turning customers into fans
- Become digital enabler
- #GreenMagenta, #GoodMagenta
- Build, orchestrate & differentiate
- Digitalize, digitalize, digitalize ... the full stack





# Loyalty drives better monetization





**B2C/PRIVATE CUSTOMERS**

## OUR PROOF POINTS

- ✓ **Leading in FMC** 

FMC penetration<sup>1</sup> in Broadband base – GER: ≈26% & EU: 51.1%
- ✓ **Un-carrier in the US, new #2** 

81.4 mn branded postpaid customers, +5.5 mn net adds yoy<sup>1</sup>
- ✓ **Present in Europe's living rooms, entered in US** 

GER & EU: 9 mn TV customers<sup>2</sup>,  
US: Broadband offer for homes started
- ✓ **Best service = lead in customer satisfaction** 

All-time high TRI\*M in GER (64 pts)<sup>2</sup> + EU (69 pts)<sup>2</sup> & NPS in US (79%)<sup>2</sup>

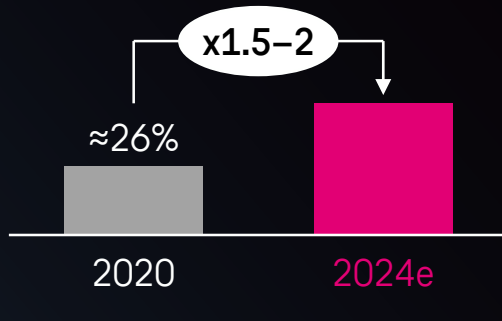
<sup>1</sup> 2019 vs. 2020    <sup>2</sup> YE 2020



# Grow by turning customers into fans

## LEAD IN FMC EXPERIENCE

GER FMC penetration in Broadband customer base



- **Best connectivity** experience
- **Seamless** interplay
- Innovations **beyond core**

## BEST MOBILE EXPERIENCE

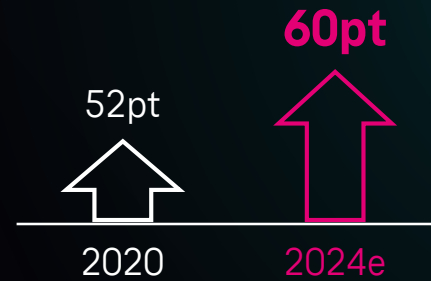
TMUS postpaid & home Broadband customer ambitions

**Ambitions:**  
Industry leading growth in branded postpaid customers incl. 7-8 mn home Broadband customers (by 2025)

- **Best 5G network**
- Fixed-Wireless-Access

## DIFFERENTIATED SERVICE

GER first contact resolution rate



- **Personalized**, offline & digital
- **1<sup>st</sup> time right**
- **“Heimvernetzung”**

## AMBITION 2024e

≈10 mn FMC households



Industry leading growth in branded postpaid customers



Extend all-time-high customer satisfaction








Rejuvenate brand & raise digital optimism



# Trusted B2B partner for connectivity & digitalization



## OUR PROOF POINTS

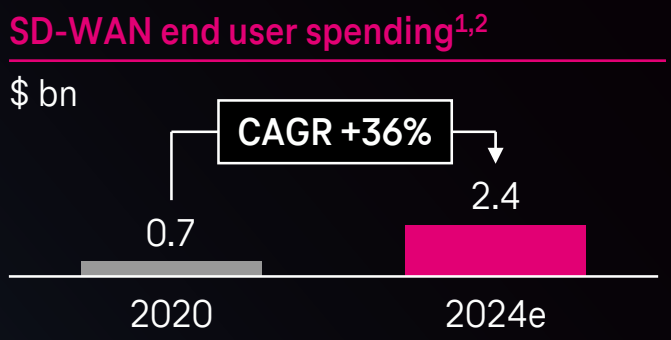
- ✓ **GER B2B with unique market position**   
 Market leader in TC
- ✓ **GER B2B leading in customer satisfaction**   
 TRI\*M at all-time high (77 pts), DT preferred TC brand
- ✓ **T-Mobile for Business catching up in B2B**   
 Double-digit service rev growth yoy, serving 75% of Fortune 500
- ✓ **TSI leading IT Service provider...**   
 #1 in GER & #2 in DACH with 4% growth in growth offerings<sup>1</sup>
- ✓ **... with outstanding customer satisfaction**   
 TRI\*M of 89 pts and brand personality rating of 79<sup>2</sup>

<sup>1</sup> 2017–2020 <sup>3</sup> YE2020

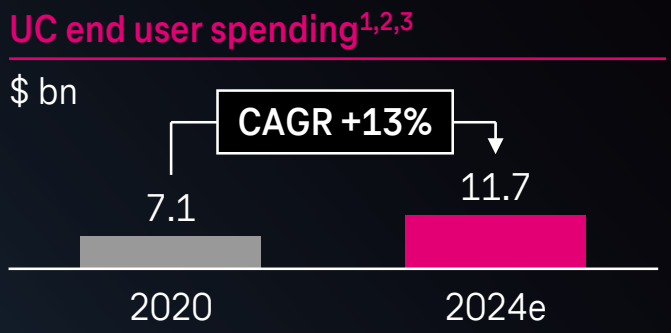


# Leading B2B telco in Europe & digital enabler across footprint

## WAN SHIFTS TO THE CLOUD



## ECC WITH TAILWIND



### Enterprise networks

Manage value of customer base & create next gen portfolio (SDx, ECC, 5G Campus, ...)

---

### IoT & security

Beyond core: Leverage best networks & global footprint to scale growth topics

---

### Cloud & Digital

Secure multi-cloud & digital environments with strong industry orientation & sovereignty at the core

## AMBITION 2024e

- ≈+2% B2B revenue CAGR
- ≈x2 B2B market share
- x2 IoT revenue<sup>4</sup> (to €0.6 bn)
- > +50% Public cloud revenue<sup>5</sup> (to €0.5 bn)

<sup>1</sup> In Europe <sup>2</sup> Source: Gartner <sup>3</sup> UC = Unified Communications, significant share of ECC (Enterprise Communications & Collaboration) <sup>4</sup> DT Group external, GER w/o Smart City <sup>5</sup> DT Group internal/external

# Leading European telco also means responsibility!





# DT = we care for our society and our environment...



## OUR PROOF POINTS

- ✓ **Caring for our climate...** 🇩🇪 🇪🇺 🇺🇸  
 Green networks<sup>1</sup>, long-term agreements with wind/solar parks<sup>2</sup>
- ✓ **... and for more resource efficiency** 🇹  
 > 2 mn<sup>3</sup> devices recycled, sustainable packaging T-branded devices
- ✓ **Delivered for society & employees in the pandemic** 🇹  
 +27 mn downloads CoronaWarnApp, kept customers connected
- ✓ **BoM with ESG-based incentive schemes** 🇹  
 2010: ROCE, adj. EPS, customer & employee satisfaction in BoM LTI  
 2021: Energy & CO<sub>2</sub> in BoM STI

<sup>1</sup> 100% renewable energy: Achieved 2020 for DT Group in GER (TDG, GHS, TSI), Magyar Telekom (HU), OTE (GR), T-Mobile Netherlands (NL), T-Mobile Austria (AT), 2021 worldwide

<sup>2</sup> TMUS & GER <sup>3</sup> Devices recycled since November 2019

# ... and for our employees



## OUR PROOF POINTS

- ✓ **Future oriented skill management** T  
 > 1,100<sup>1</sup> new skill profiles with focus on IT skills
- ✓ **Passionate employees and living culture** T  
 New corporate identity (#WEWILLNOTSTOP); 85%<sup>2</sup> brand identity
- ✓ **Cutting edge in digital learning** T  
 2.1 mn digi learning hrs., high digi learning quota & satisfaction<sup>3</sup>
- ✓ **Best place to work & grow** T  
 Employee satisfaction (+8pp yoy)<sup>4</sup>, ranked “Best Place to Work”<sup>5</sup>
- ✓ **International & diverse leadership team** T  
 8 BoM members, 4 nationalities, > 30% women’s quota

<sup>1</sup> 2019 & 2020, excl. US <sup>2</sup> in 2020, excl. US <sup>3</sup> 11/2020 (vs. 11/2019): Digital learning hours 2.1 mn (vs. 1.8 mn), digital learning quota 68% (vs. 46%), user satisfaction 85% (vs. 79%), excl. US

<sup>4</sup> 2019 vs. 2020, excl. US <sup>5</sup> TMUS 3<sup>rd</sup> year ranked on Glassdoor as “Best Place to Work”; ranked #42 in “Fortune 100 Best Companies to Work For 2020”

# #GreenMagenta, #GoodMagenta... driving ESG to next level

## AMBITION NEXT YEARS

# 100%

Electricity from renewables  
for DT Group in 2021

New

# 0%

Scope 1+2: Net Zero **own** emissions 2025<sup>1</sup>  
Scope 3: Net Zero emissions **value chain** 2040<sup>2</sup>



Increase in energy efficiency  
during network growth



Maintain **all-time-high**  
in **employee satisfaction**

## ESG incentives

Since 2010: ESG-based LTI for BoM  
(customer & employee satisfaction, ...)

Since 2021: Energy & CO<sub>2</sub> in  
BoM STI; **next: ESG STI beyond BoM**

New



<sup>1</sup> Net Zero for Scope 1+2 (emissions from own activities & from purchased energy)    <sup>2</sup> Zero value chain emissions incl Scope 3 (emission from upstream & downstream activities)

# Leadership extended; baseline set to become even better



## OUR PROOF POINTS

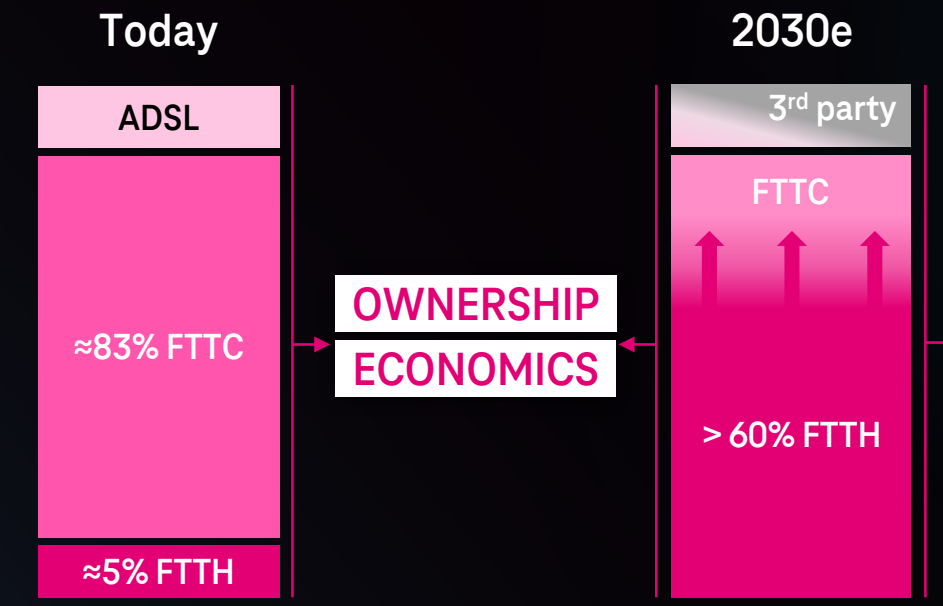
- ✓ **Leading in 5G** 🇩🇪 🇪🇺 🇺🇸  
 US (85/32%<sup>1,2</sup>), GER (67%<sup>2</sup>), EU (spectrum share 30–41%<sup>2</sup>), NL (91%<sup>2</sup>)
- ✓ **Strong monetization of Broadband network** 🇩🇪 🇪🇺  
 GER (Broadband net add share > 50%<sup>3</sup>) & EU (+4.2% fixed Broadband<sup>3</sup>)
- ✓ **Successfully ramping-up Fiber rollout** 🇩🇪 🇪🇺  
 GER (+0.6 mn<sup>4</sup>) & EU<sup>5</sup> (+0.9 mn<sup>4</sup>), < €1,000 cost/home passed<sup>6</sup>
- ✓ **Shaped investment-friendly environment** 🇩🇪 🇪🇺  
 #Nebenkostenprivileg #Fixedlineregulation

<sup>1</sup> 600 MHz/2.5GHz <sup>2</sup> Coverage at YE 2020 <sup>3</sup> FY 2020 <sup>4</sup> 2020 vs. 2019, homes passed <sup>5</sup> NatCos: AT, CZ, GR, HR, HU, ME, MK, SK <sup>6</sup> GER

# Build, orchestrate & differentiate... #1 in Fiber & 5G

## Fiber ambition

GER HH coverage



OWNERSHIP  
ECONOMICS

MONETIZATION VIA  
DIFFERENTIATION

GER retail market share

≈39%

≥ 40%



## AMBITION 2024e

x4

Fiber HH up to 2.5 mn p.a.



+0.2 mn

Fiber HH<sup>1</sup> to 1.1 mn p.a.



Bring 5G to the masses

97%

5G PoP coverage



> 75%

5G PoP coverage



≈97%

5G coverage (already 2022e)<sup>2</sup>



Source: Capital IQ, Ericsson <sup>1</sup> NatCos in AT, CZ, GR, HR, HU, ME, MK, SK <sup>2</sup> 600 MHz, 90% for 2.5 GHz in 2023e



# We are taking digitalization seriously



## OUR PROOF POINTS



- ✓ **Strong digital reach**  
App penetration 56%<sup>1</sup> in GER & 62%<sup>1</sup> in EU
- ✓ **IP migration completed, seeing the benefits**  
42%<sup>1</sup> remote provisioning share in GER
- ✓ **Reduced time to market<sup>2</sup>**  
From ≈18 to 3.5 months in GER & to 1.7 months in EU
- ✓ **Scaling RPA for automation**  
Largest bot farm in Europe with > 3,000 bots<sup>1</sup> live

<sup>1</sup>YE 2020    <sup>2</sup>YE 2017 vs. YE 2020

# Digitalize, digitalize, digitalize... the full stack

- Boost eSales & **digital reach**
- **Service automation** & remote provisioning
- **Predictive & proactive** maintenance

## CUSTOMERS & FRONTLINE



## NETWORK & IT

- Open RAN & **cloudification**
- **Agile, cloud-native** IT (#time-to-market)

## OPERATIONS

- Scale **RPA & AI...**
- ... to boost **internal efficiency** (+€300 mn EBITDA AL impact by 2024e)

## AMBITION 2024e

**30%** eSales share



**25–30%** eSales share



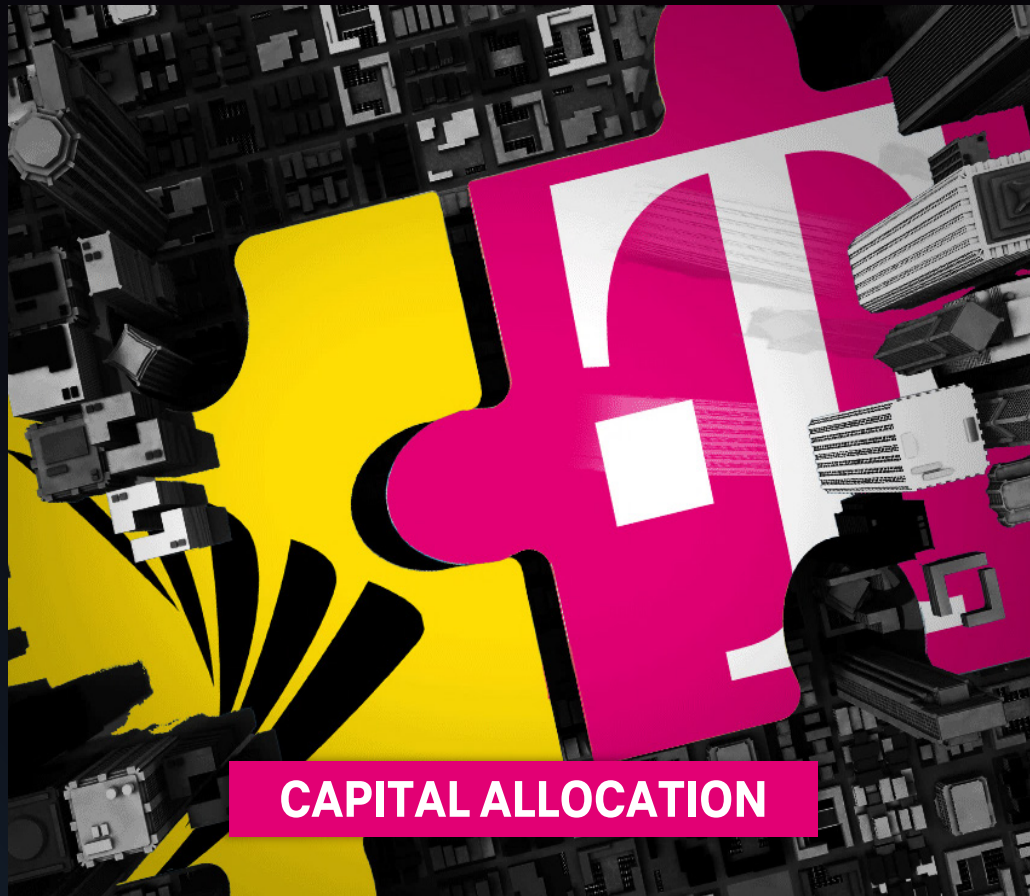
**2.0** Months time-to-market




**1.0** Month time-to-market





# Superior portfolio: High ROCE, strong execution track record





## OUR PROOF POINTS

- ✓ **Superior & resilient portfolio** 

Organic EBITDA AL growth in DT ex. US (3%<sup>1</sup>)
- ✓ **US deal = Most value-creating telco merger** 

New #2 player, synergies ahead of time, new mgt. onboarded
- ✓ **New growth stories, value destruction resolved** 

AT & NL FMC merger, NL Tower Merger + DIV, RO fixed-line sold
- ✓ **Consciously said “NO” to various opportunities** 

3x Sprint M&A rejected, no invest in premium content rights
- ✓ **Successful investment vehicle established** 

DT Capital Partners with over > \$1 bn AuM

<sup>1</sup>YE 2019 vs. YE 2020





# We leverage our unique portfolio & generate synergies across group

## TRANSLANTIC LEADERSHIP

Leverage weight across AAA markets in Western hemisphere

## BUILD ONCE AND SCALE

Generate synergies & scale innovation across footprint

## REPEATABLE PLAYBOOK

Leverage best practices across footprint




## AMBITION 2024e

**+50%** ROCE in region GER 

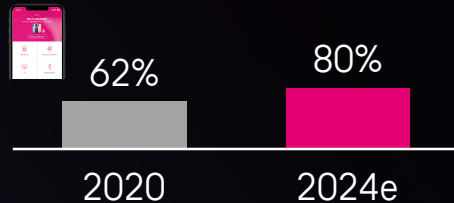
**≈x2** B2B market share accelerated by B2B learnings in Europe 

**SCALE** OneApp 

### DT market position

#1 in Europe    
 #1 US soon to be 

### EU OneApp Penetration





### Mobile customers<sup>1</sup>

 **+29%<sup>2</sup>**  
 org. +11%

 **+25%<sup>3</sup>**

### FMC HH<sup>1</sup>

 **+6.5%**

**75%** of router base with own DT OS  

<sup>1</sup> CAGR 2017–2020    <sup>2</sup> 29% inorganic CAGR incl. Sprint; 11% organic CAGR w/o Sprint    <sup>3</sup> 25% inorganic CAGR; 7% CAGR incl. Tele2 & excl. SIMPEL + excl. consolidation impacts

# Midterm ambition level



# Midterm ambition level

	Midterm ambition level <sup>1</sup>	Year
Revenues	<ul style="list-style-type: none"> <li>Group: CAGR +1–2%</li> </ul>	<ul style="list-style-type: none"> <li>2020–2024e</li> </ul>
Total service revenues	<ul style="list-style-type: none"> <li>Group: CAGR +3–4%</li> </ul>	<ul style="list-style-type: none"> <li>2020–2024e</li> </ul>
Adj. EBITDA AL	<ul style="list-style-type: none"> <li>Group: CAGR +3–5%</li> <li>Ex US: CAGR +2–3%</li> </ul>	<ul style="list-style-type: none"> <li>2020–2024e</li> <li>2020–2024e</li> </ul>
Adj. Core EBITDA AL	<ul style="list-style-type: none"> <li>Group: CAGR +5–6%</li> </ul>	<ul style="list-style-type: none"> <li>2020–2024e</li> </ul>
FCF AL	<ul style="list-style-type: none"> <li>Group: &gt; €18 bn</li> <li>Ex US: €4 bn</li> </ul>	<ul style="list-style-type: none"> <li>2024e</li> <li>2024e</li> </ul>
Adj. EPS	<ul style="list-style-type: none"> <li>&gt; €1.75</li> </ul>	<ul style="list-style-type: none"> <li>2024e</li> </ul>
ROCE	<ul style="list-style-type: none"> <li>&gt; 6.5%</li> </ul>	<ul style="list-style-type: none"> <li>2024e</li> </ul>
Cash Capex	<ul style="list-style-type: none"> <li>Ex US: ≈€8.2 bn</li> </ul>	<ul style="list-style-type: none"> <li>2024e</li> </ul>
Adj. indirect cost AL	<ul style="list-style-type: none"> <li>Ex US: -€1.2 bn (net savings)</li> </ul>	<ul style="list-style-type: none"> <li>2020–2024e</li> </ul>
Shareholder remuneration policy <sup>2</sup>	<ul style="list-style-type: none"> <li>Adj. EPS payout ratio 40–60%, Floor €60 c</li> </ul>	<ul style="list-style-type: none"> <li>2021–2024e</li> </ul>

<sup>1</sup> Based on constant exchange rates (average exchange rate 2020 of €1 = US\$1.14) and no further changes in the scope of consolidation    <sup>2</sup> Subject to necessary AGM approval and Board resolution



# Germany

Srini Gopalan

# Key messages

01

## Undisputed market leader

We have delivered, despite a tough IP migration and Covid-19 headwinds. The tailwinds we have created will contribute significantly to growth going forward

02

## Accelerating infrastructure

By 2024 we will have  $\approx 10$  mn Fiber homes passed and  $\approx 97\%$  5G coverage. We are quite progressed in sourcing external funding to further enhance our build

03

## Accelerating B2C growth

Convergence and monetizing our base will drive consumer loyalty and revenue growth

04

## Accelerating B2B growth

A rapidly digitalizing economy and our unique position in it will drive B2B revenue growth

05

## Accelerating digitalization

Full stack digitalization will drive a step change in Cost efficiency

06

## Accelerating EBITDA & ROCE

We will self-fund our investments through accelerating EBITDA growth to  $+2.5\text{--}3\%$ <sup>1</sup> and Capex efficiency. ROCE will grow to significantly  $> \text{WACC}$

<sup>1</sup> CAGR 2020–2024e

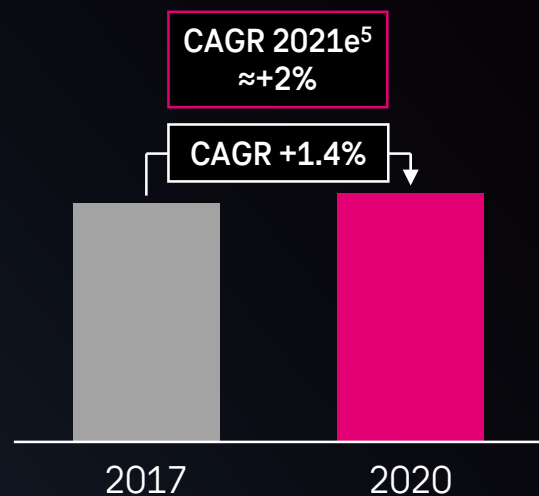
# Review 2017–2021



# We have delivered, despite IP migration and Covid-19 headwinds

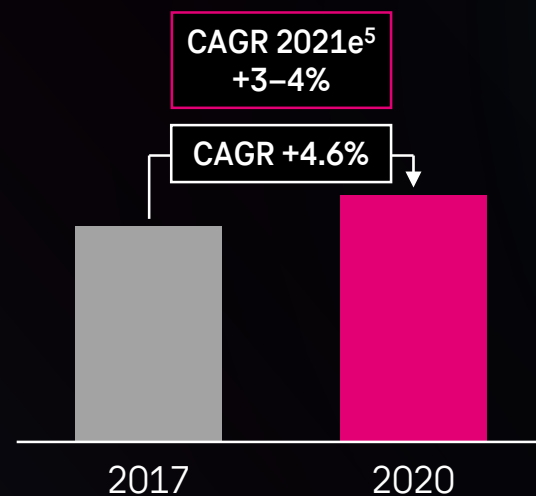
## Mobile service revenue<sup>1</sup>

€ bn



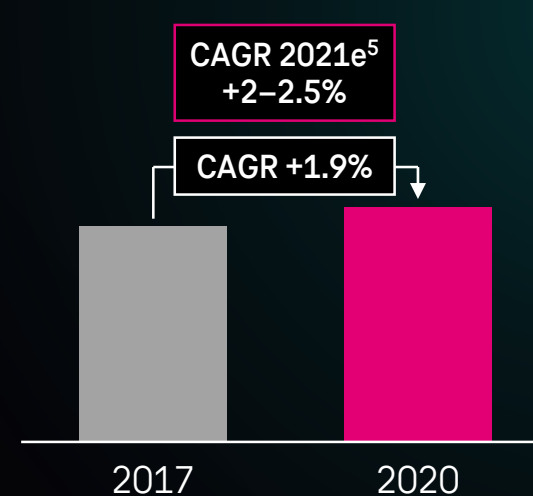
## Broadband revenue<sup>2</sup>

€ bn



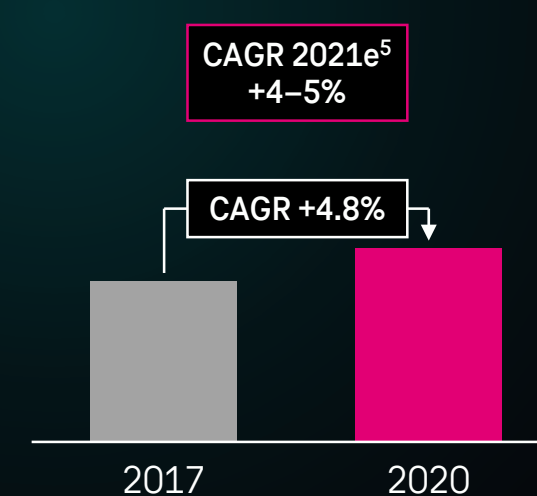
## Adj. EBITDA (AL)<sup>3</sup>

€ bn



## Cash contribution (AL)<sup>4</sup>

€ bn



<sup>1</sup> CAGR adjusted for IFRS 15 impact    <sup>2</sup> Including business IP products (e.g. DLAN, Company Connect); CAGR adjusted for IFRS 15 impact; growth 2017-2021e without definition change approx. 1pp lower  
<sup>3</sup> CAGR not adjusted for IFRS 15 impact    <sup>4</sup> Cash contribution (AL) = Adj. EBITDA (AL) - Cash Capex - Special factors (Cash)    <sup>5</sup> Ambition level 2017-2021e



# IP migration headwinds are becoming tailwinds



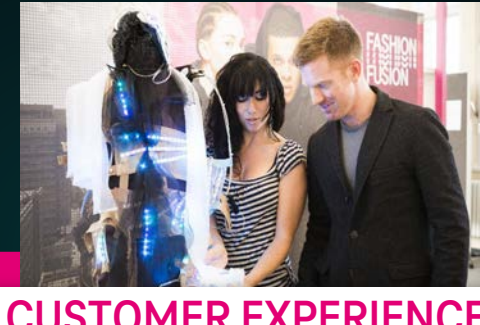
MIGRATION COSTS



FORCED CHURN



GROSS SAVINGS



CUSTOMER EXPERIENCE

2017 • from headwind • 2020 • to tailwind • tomorrow

## PROOF POINTS



> 60%  
Line losses  
reduced



> 30%  
Amount of installations  
decreased



-0.5%  
Revenue drag  
disappears

Note: comparison of yearly average 2017–2019 vs. 2020



# Our track record on operational execution has been strong

Undisputed  
market leader  
in Germany

# #1



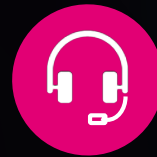
**Record high**  
First contact  
resolution rate  
+22pp



**Accelerated**  
Time2market  
-15 months



**Record high**  
customer  
satisfaction  
+7 pts in TRI\*M



**Significantly reduced**  
Complaints  
-66%



**Increased**  
IT stability  
almost doubled



**Record low**  
Churn  
in fixed and  
mobile

## Winner of all relevant tests in service, network & brand



Note: Number referring to development 2017–2020



GROUP STRATEGY

GERMANY

EUROPE

T-MOBILE US

TECHNOLOGY & INNOVATION

SYSTEMS SOLUTIONS

GROUP DEVELOPMENT

FINANCE

50

# CMD 2018 commitments: We delivered!

	Ambition level 2017–2021e	Achievements 2020 <sup>6</sup>	2017–2021e
<b>Lead in customer experience</b>	<ul style="list-style-type: none"> <li>#1 in Mobile service revenue: CAGR ≈+2%<sup>1</sup></li> <li>#1 Broadband revenue: CAGR +3–4%<sup>2</sup></li> <li>MagentaEINS share of Broadband households: ≈30%</li> </ul>	<ul style="list-style-type: none"> <li>+1.4% (+2.2% excl. Covid-19)</li> <li>+4.6%</li> <li>≈26%</li> </ul>	<ul style="list-style-type: none"> <li>●</li> <li>●</li> <li>●</li> </ul>
<b>Lead in business productivity</b>	<ul style="list-style-type: none"> <li>B2B revenue growth by +€500 mn</li> </ul>	<ul style="list-style-type: none"> <li>+€110 mn (+€350 mn excl. Covid-19)</li> </ul>	<ul style="list-style-type: none"> <li>●</li> </ul>
<b>Lead in technology</b>	<ul style="list-style-type: none"> <li>Ramping up to 2 mn households p.a.</li> </ul>	<ul style="list-style-type: none"> <li>ca. 1.2 mn households in 2021e</li> </ul>	<ul style="list-style-type: none"> <li>●</li> </ul>
<b>Value transformation</b>	<ul style="list-style-type: none"> <li>Reduction of adj. indirect cost (AL)<sup>3</sup> by €1 bn</li> </ul>	<ul style="list-style-type: none"> <li>€1 bn (2021e)</li> </ul>	<ul style="list-style-type: none"> <li>●</li> </ul>
<b>Financials</b>	<ul style="list-style-type: none"> <li>Revenue growth: CAGR &gt; 1%<sup>4</sup></li> <li>Adj. EBITDA (AL) growth: CAGR +2–2.5%<sup>4</sup></li> <li>Cash contribution (AL)<sup>5</sup> growth: CAGR +4–5%</li> </ul>	<ul style="list-style-type: none"> <li>0.0% (+0.4% excl. Covid-19)</li> <li>+1.9%</li> <li>+4.8%</li> </ul>	<ul style="list-style-type: none"> <li>●</li> <li>●</li> <li>●</li> </ul>

<sup>1</sup> CAGR adjusted for IFRS 15 impact    <sup>2</sup> Including business IP products (e.g. DLAN, Company Connect); CAGR adjusted for IFRS 15 impact; growth 2017–2021e without definition change approx. 1pp lower

<sup>3</sup> Germany incl. GHS, 2017–2021e    <sup>4</sup> CAGR not adjusted for IFRS 15 impact    <sup>5</sup> Cash contribution (AL) = Adj. EBITDA (AL) – Cash Capex – Special factors (Cash)

<sup>6</sup> Actual results 2017–2020, or respectively actuals 2020

# Strategy 2021–2024



# Our growth levers



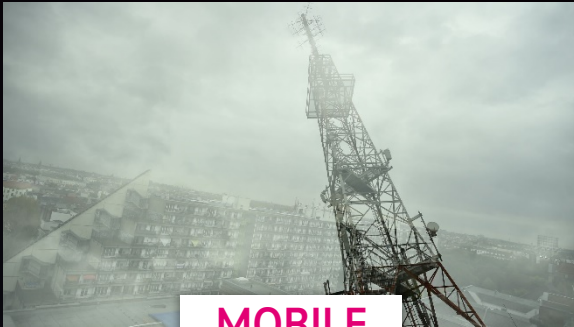
## FROM

<b>01 Networks</b>	Leadership in FTTC and 4G
<b>02 B2C</b>	Product leadership
<b>03 B2B</b>	Market leading one-stop-shop
<b>04 Digitalization</b>	Digital initiatives
<b>05 People, society &amp; environment</b>	Good corporate citizen
<b>06 Outcome</b>	18 quarters of EBITDA growth

## TO

Leadership in gigabit networks with FTTH and 5G
Loyalty driven growth
Software-driven digitalization
Scale digitalization along the entire value chain
ESG as differentiator
Accelerating EBITDA and ROCE growth

# We are undisputed network leaders



**MOBILE**



**FIXED**

**5G**

**80%** coverage



**32,500** mobile sites



**70 Mbps** average mobile speed



**83%** Fiber coverage



**> 600,000 km** Fiber



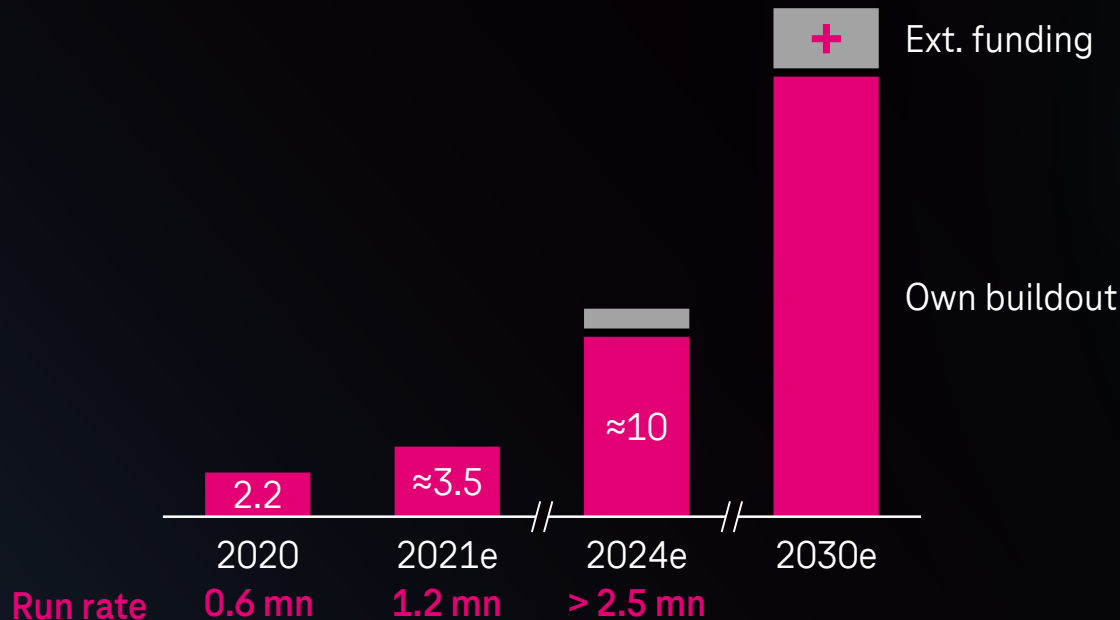
**> 40 Mbps** average upload speed<sup>1</sup>

Note: Figures per Q1/2021 <sup>1</sup> With Supervectoring

# We will build a future-proof Fiber network for Germany

## Our FTTH rollout in Germany

Homes passed, mn



Germany covered with FTTH by 2030

## OUR STRATEGY

### Build speed consistent with pace of demand growth

- Vectoring outperforming competition
- Focus on areas of greatest bandwidth needs
- Clear DT leadership in “terminal” year

### Execution leadership

- Regional structure with 13,000 employees
- Building at a pace of > 2.5 mn households p.a.

### Flexibility and agility

- Self-funded rollout
- External funding in addition
- Restrict “cherrypicking”

# We are de-averaging our build to keep pace with demand

## Focus on attractive municipalities

- Public support, market share, build costs
- Target housing associations
- Benefit from abolishment of rental cost privilege

≈55%<sup>1</sup>

e.g. Berlin, Düsseldorf, Hamburg

## Choose best approach

- Collaborations with local partners
- Wholebuy
- Overbuild

≈15%<sup>1</sup>

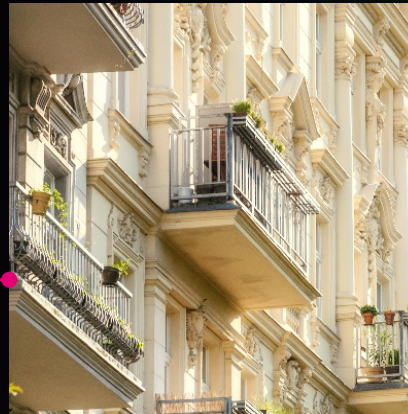
e.g. collaboration Glasfaser Nordwest

DT Fiber footprint

Yes



No



Yes

No

## Progressively build out

- Counteract cherry-picking
- Leverage subsidies (from 2023ff)

≈20%<sup>1</sup>

e.g. Bad Salzungen, Freiberg, Ilmenau

## Participate in subsidized deployments

- Participation in 80% of subsidy tenders

≈10%<sup>1</sup>

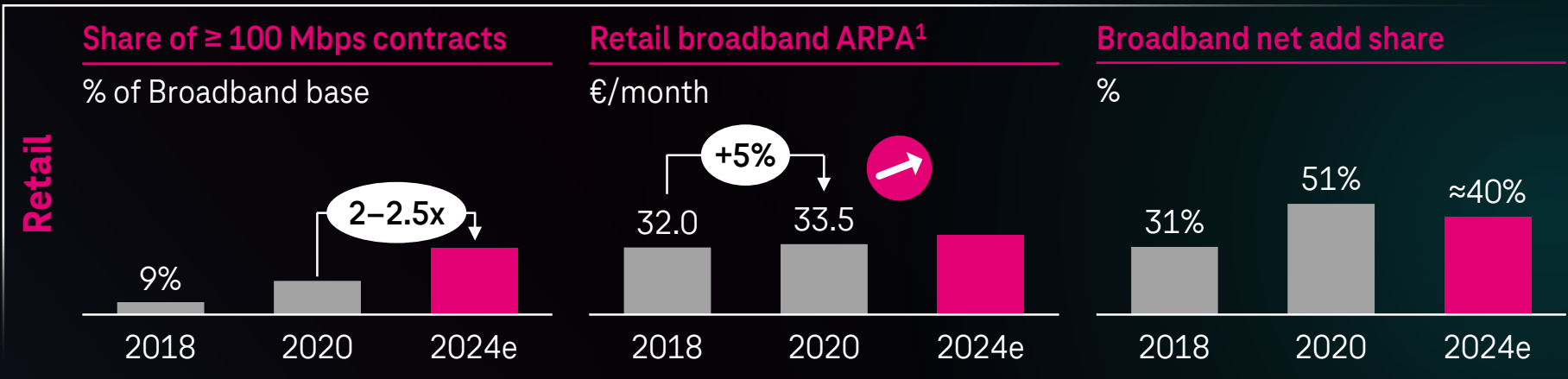
e.g. Oschatz, Grimmen, Wolfschlugen

Third party infrastructure (Coax, FTTH, FTTC)

<sup>1</sup> Share of households in Germany

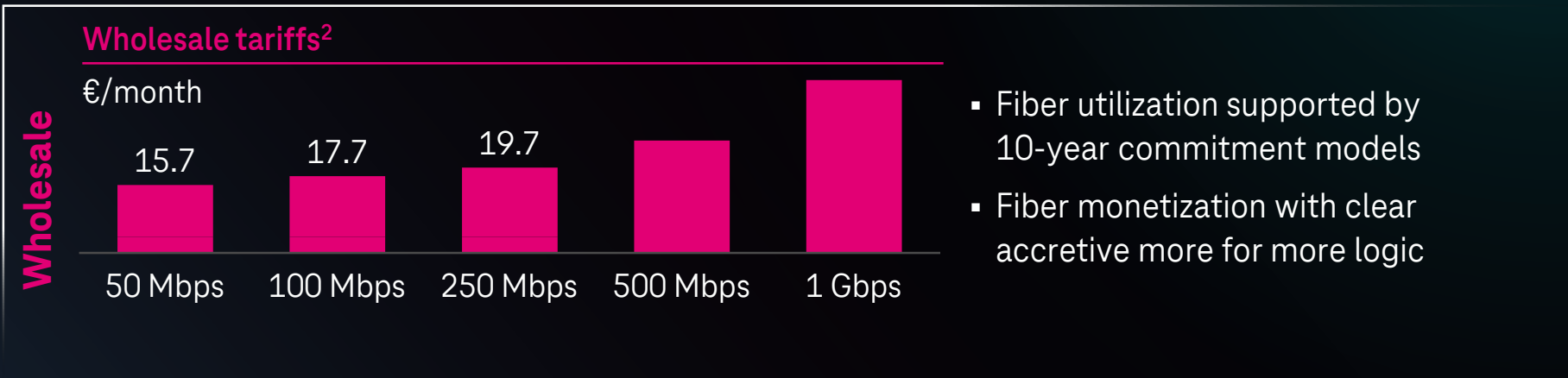


# Leveraging our retail and wholesale customer base will drive ARPA and Fiber utilization



## AMBITION 2024e

Broadband revenue: CAGR > 4%



Wholesale access revenue: stable

<sup>1</sup> B2C only, 2018 and 2020 Q4 figures    <sup>2</sup> Calculatory fees for Layer2 bitstream access incl. upfront investment (as calculated by the BNetzA)

# We are systematically driving Capex efficiency

## Improving our rollout efficiency



### Scale advantage

- “Fiber Factory” with 13,000 employees for large-scale rollout
- Faster rollout with standardized processes



### Digitalization of planning process

- Digital planning tools
- Leverage of VR technology (e.g. “T-Cars”)



### Long term vendor relationships

- Long-term relationships with large vendors
- Turnkey models to leverage external partners



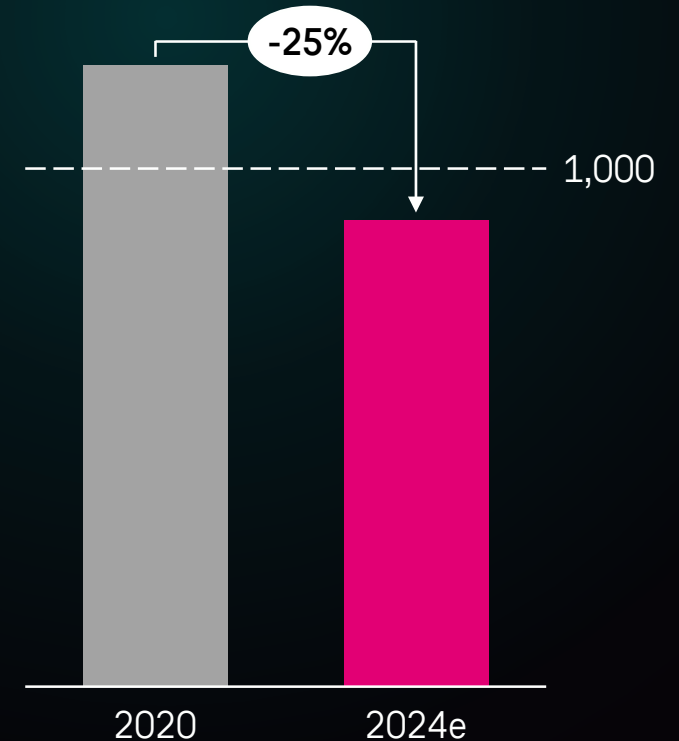
### Improved local rollout conditions

- New rollout techniques (e.g. micro-trenching, digital approval processes) and approaches (e.g. poles, reduced depth)
- Highest buildout costs in Europe due to building restrictions

## AMBITION 2024e

### FTTH unit cost

€/home passed



# We will accelerate our 5G leadership



## Best coverage & speed

- Most spectrum deployed & most dense mobile network
- Lead in 3.6 GHz buildout
- > 75% Fiber backhaul & superior active equipment



## Efficient deployment

- Shut down 3G & prepare frequencies for 5G refarming
- Leverage big data and geo-spatial analytics for optimized network densification
- Add small cells into deployment mix



## Monetize infrastructure

- Defend fair market share
- Upselling base to 5G/Magenta brand & remain committed to more-for-more
- Grow in IoT/Campus networks: potential of low triple digit millions by 2024e



## AMBITION 2024e

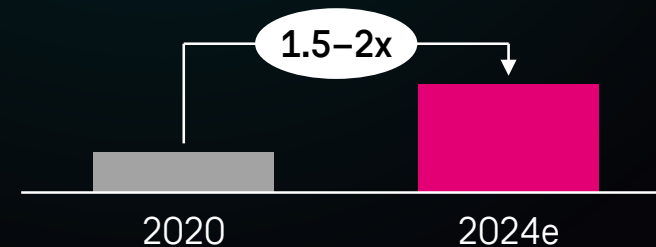
### Average mobile speed

Mbps



### B2C share of L/XL customers

%



# We have been leading in product, brand and service experience



## OUR PROOF POINTS

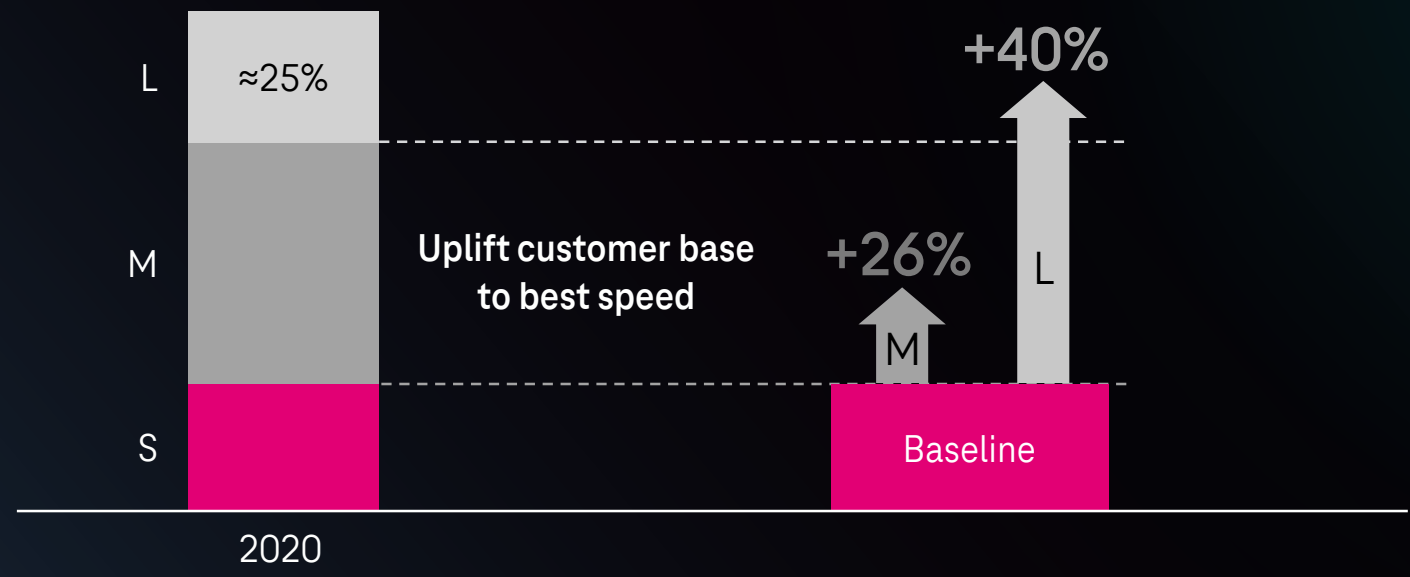
- ✓ **Undisputed market leadership**  
Multibrand-strategy > 26 mn Mobile customers;  
> 11.6 mn Broadband customers; > 3.7 mn TV customers
- ✓ **FMC leadership**  
Integrated customers > 5 mn MagentaEINS
- ✓ **Best customer experience**  
All time high in TRI\*M and increased on-time delivery by 4pp  
(2017–2020)
- ✓ **Accelerated self-service and automation**  
30% shifted calls to digital, app usage of 56%
- ✓ **Brand achievement**  
89% of our customers acknowledge the high quality of our services

# Upgrading our existing customers to the best product is at the heart of loyalty driven growth

## Our strategy

Broadband customer share

Customer satisfaction  
Average increase in TRI\*M

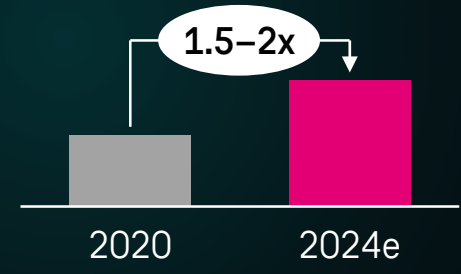


## AMBITION 2024e

### Upsell Mobile customers



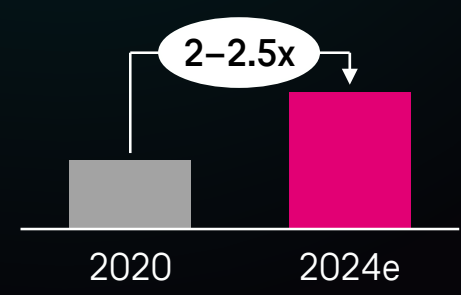
Share of customers in L/XL tariffs



### Upsell Broadband customers



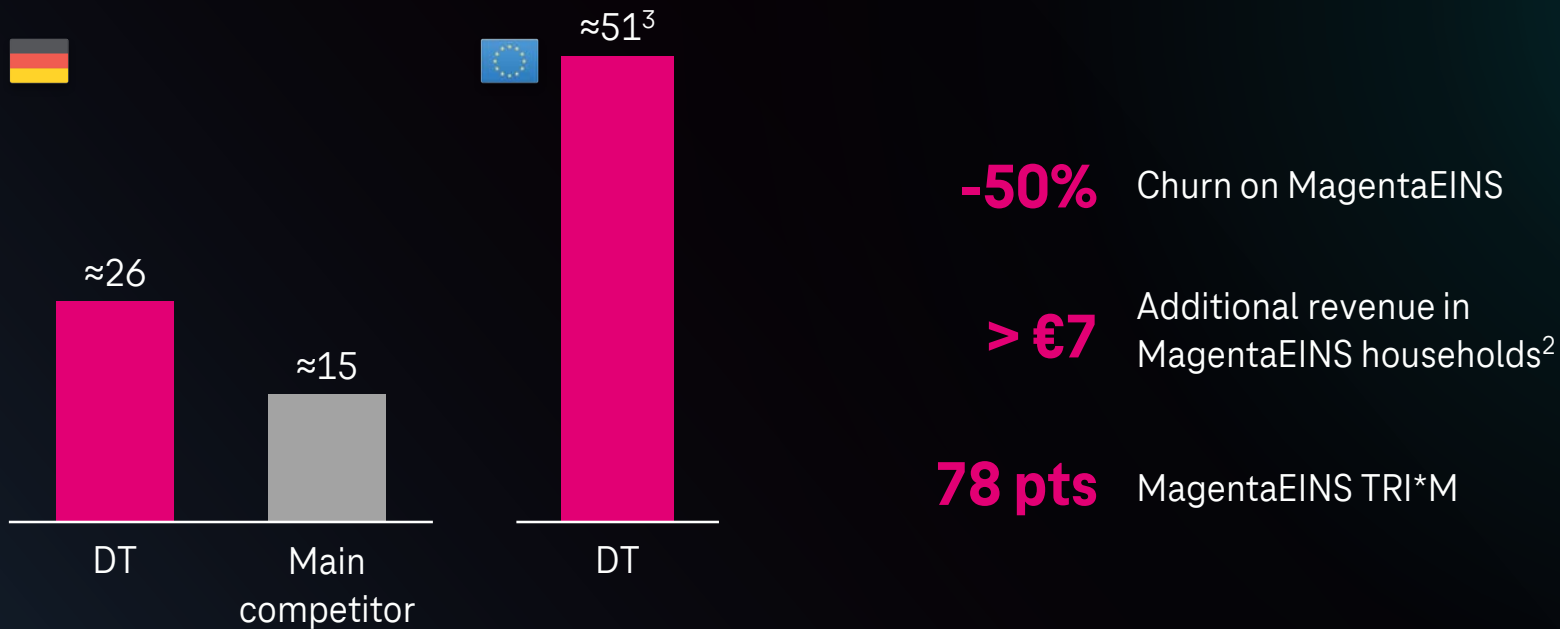
Share of customers with ≥ 100 Mbps



# Accelerating MagentaEINS will scale loyalty driven growth and improve market structure

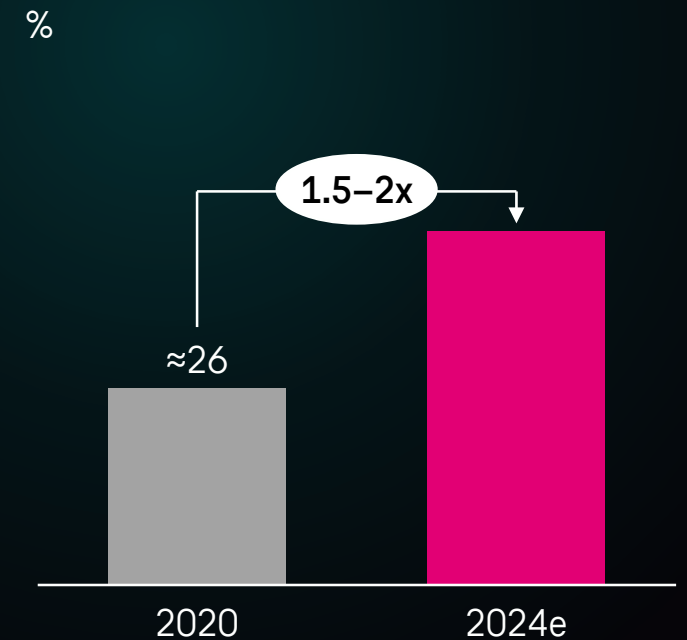
## Our strategy

Percentage of Broadband households with FMC bundles, %<sup>1</sup>



## AMBITION 2024e

Percentage of Broadband households with FMC bundles



<sup>1</sup> Status 2020    <sup>2</sup> Compared to non-convergent households    <sup>3</sup> End of 2020 in AT, CZ, GR, HR, HU, ME, MK, PL, SK

# Our converged household experience will be hard to replicate



Seamlessly connected and easily managed products

## Integrated experience

Three icons in boxes representing: Digital interface (a smartphone with a checkmark), HomeOS (a house with a Wi-Fi signal), and Security (a padlock with a checkmark).

The best TV experience and content in one place

## Best TV product

A collection of award logos and streaming service logos. Awards include 'connect TESTSIEGER IPTV-TEST Telekom April 2020', 'CHIP Testsieger Neukunden-Meiste 2021 TV- und VoD-Anbieter Magenta TV', and 'CHIP 12/2020 Unabhängige Testsieger 10/16'. Streaming services shown include TV NOW, Apple tv, prime video, NETFLIX, Disney+, sky, androidtv, and DAZN.

Best-in-class network and the fastest WIFI in all corners

## Best network



# Our market leadership in business is based on strong pillars

Trusted partner for connectivity and digitalization

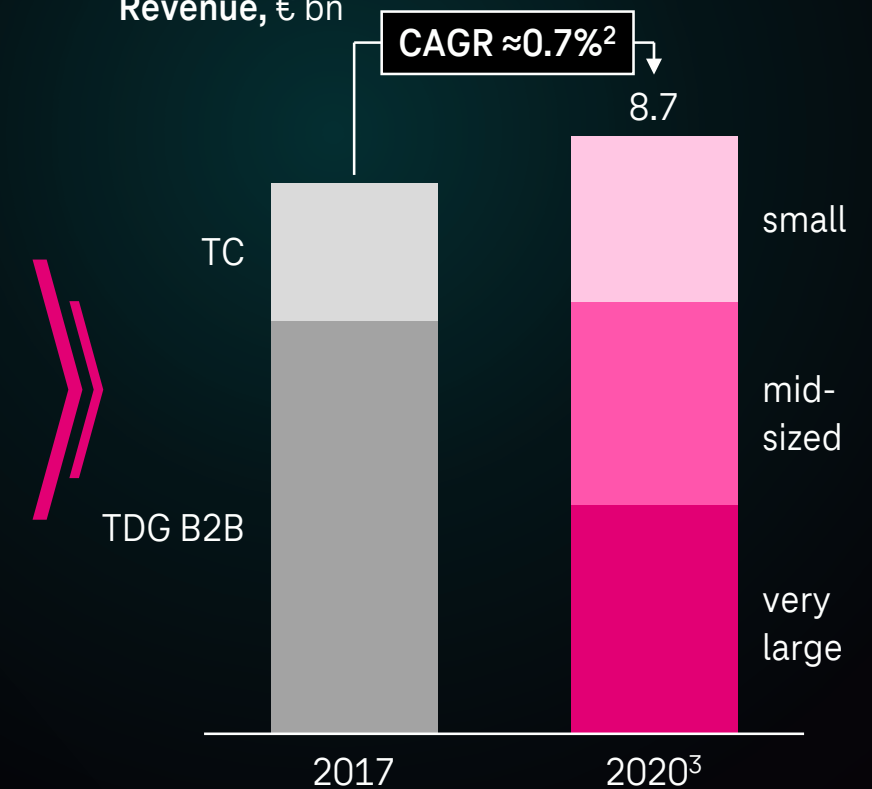
## Strong track record

<b>Market leadership</b> 	<b>Best services</b> 	<b>Strong partners</b> 	<b>Customer satisfaction (TRI*M) B2B</b> <b>77 pts<sup>1</sup></b>
<b>IT/cloud growth</b> 	<b>Mobile M4M</b> 	<b>Hosted PBx</b> 	<b>IT revenue growth</b> <b>+13%</b> 2017–2020

## Strong headwinds

<b>Managing TC integration</b> 	<b>Leveraging IP migration</b> 	<b>Covid-19 impact in roaming</b> 	<b>Revenue impact due to Covid-19</b> <b>€240 mn</b>
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Revenue, € bn



<sup>1</sup> Incl. TC integration    <sup>2</sup> Ex 2020 Covid-19 impact of approx. €0.2 bn would have been CAGR ≈ 1.6%    <sup>3</sup> As reported; before IoT GmbH integration



# Customer example for ecosystem



# We are very well positioned to benefit from the digitalization of the economy and our customers

## GROWTH DRIVERS

Acceleration of digitalization in SME/public & adoption of digital products  
e.g. IoT, Campus networks and SDx

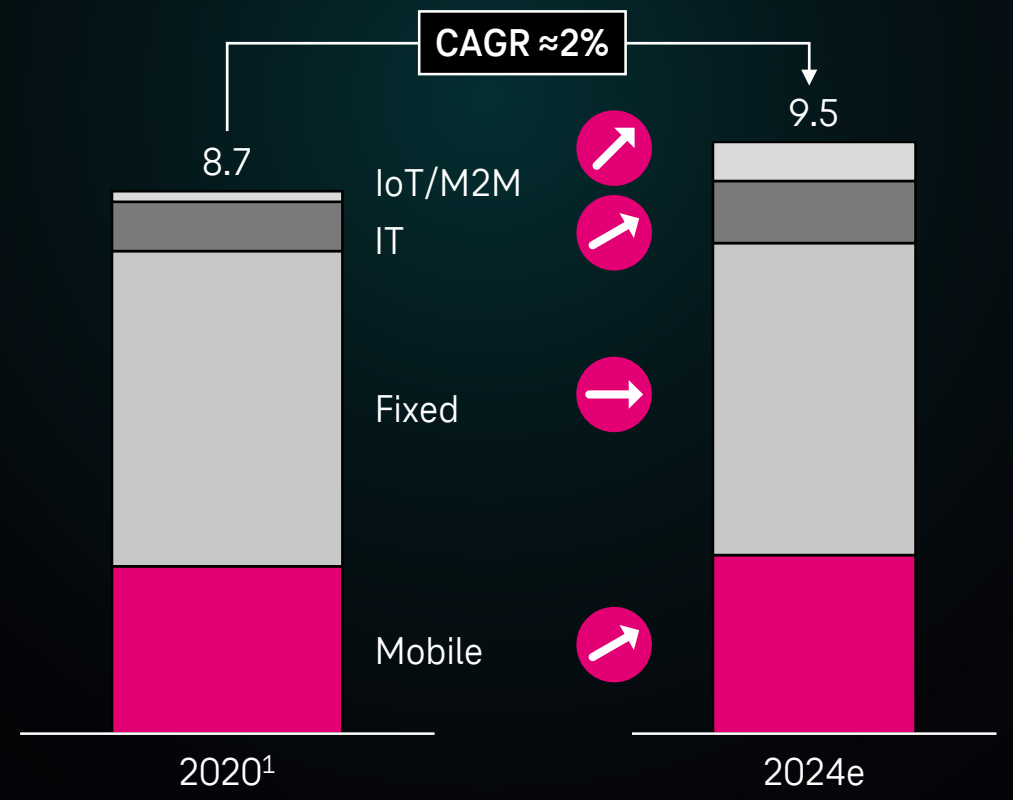
Headwinds of IP migration become tailwinds; roaming recovery

Go to market benefits of TC integration



TDG B2B revenue

€ bn



<sup>1</sup> Organic; after IoT GmbH integration



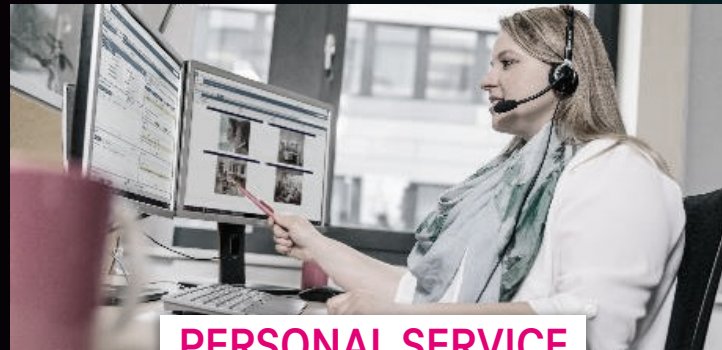
# We will combine the best of digitalization and human expertise

## AMBITION 2024e



**DIGITAL SERVICE**

Boost digitalization for all frontline agents with **MagentaView** by 2022



**PERSONAL SERVICE**

Push **omni-channel** & up-skill all **frontline people for sales and service** by 2022

**60%**

First contact resolution (+8pp vs. 2020)

**> €200 mn**

Savings through automated transactions

**69 pts**

Customer satisfaction (TRI\*M) TDG



Leading bot farm in the European telco industry

**> 3,000 Bots**



Integrated sales & service

to serve our customers out of one hand

# We are digitalizing the full stack

## AMBITION 2024e

Digital-first customer experience & service ops

B2C, B2B & B2B2C customer journeys

### Remote provisioning

Remote check and support in the deployment of complex solutions by our experts



**+17pp**

Share of chat interactions

Telco as a platform: scalable software integration layer

Product & service orchestration

Network orchestration

Security

Unified data & analytics engine

### Predictive maintenance

360-degree view of the entire home network, devices and setup, as well as predictive optimizations and customer support



**≥ 55%**

First time right/fault repair

Assets and capabilities via microservices

### Cloud-based workloads

Fully automated network services in cloudified production (TV, Voice, Data)



**67%**

Cloudified workload

Network production: disaggregation & automation

Fixed access

Mobile access

### Value based network rollout

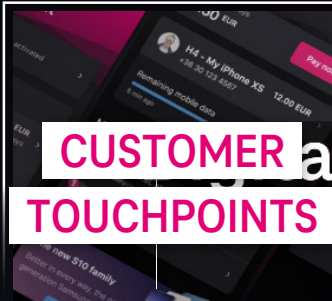
Data-based and automatized rollout decisions enable efficiency



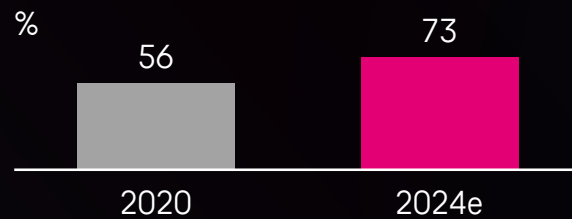
**-75%**

Faster structural planning/hours

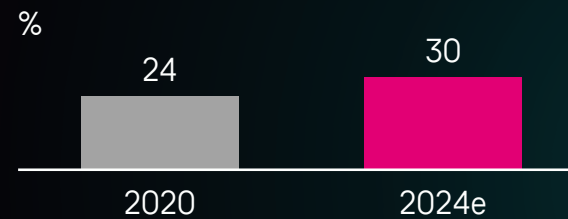
# Full stack digitalization leads to significant benefits



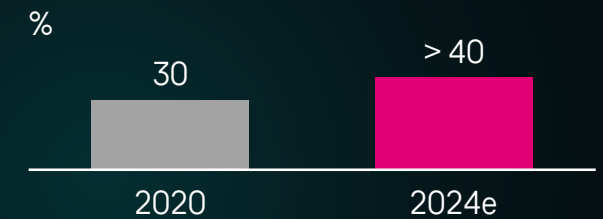
## App penetration



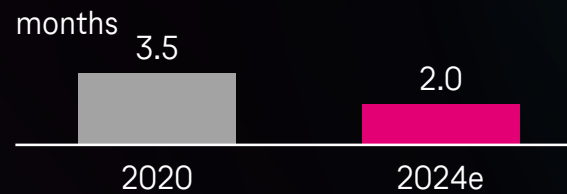
## E-sales share



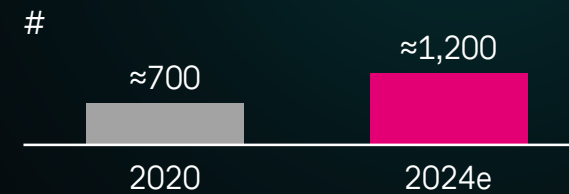
## Share of calls shifted to digital



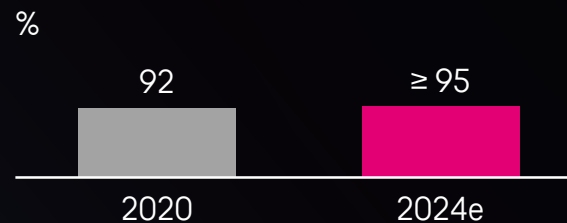
## IT time-to-market



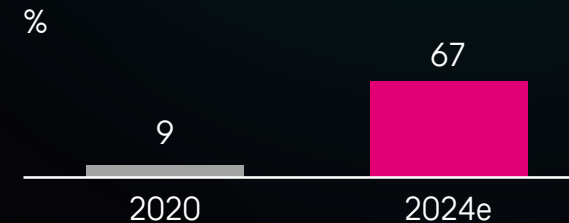
## Releases/month



## First-time right in provisioning



## Cloudified workloads



# Digitalization is at the heart of driving significant cost reductions

Substantially cost reduction by digitalization and restructuring

## AMBITION 2024e

**€0.7 bn** Indirect cost savings<sup>1</sup>



**FULL STACK  
DIGITALIZATION**

New Age-IT, standardized  
and **de-coupled**  
IT-architecture



**NEW WAYS OF  
WORKING**

**Agile delivery** and  
**reskilling** leading to  
**leaner** organization



**FUTURE OF  
REAL ESTATE**

**Optimization** of real  
estate



Take out redundancies  
in overhead functions

**50%**

Reduction of office spaces  
by 300k square meters

<sup>1</sup> Germany incl. GHS, 2020–2024e

# We are proud of being a responsible employer and part of society



## OUR PROOF POINTS

- ✓ **We build networks that are inclusive**  
We have connected > 36 mn households with Fiber and kept field service connected to our customers (“keep Germany connected”)
- ✓ **We stand up and offer specials during Covid-19**  
Workplace solutions for SME, content offers for families
- ✓ **We help society when there is need**  
Provided devices for schools, hospitals and nursing homes
- ✓ **We care for our employees**  
We enabled new and flexible working conditions

# We will raise the bar on ESG

Our strategic levers address all aspects of people's lives



**DIGITAL  
@SCHOOL**

Boost digitalization for **schools** with Fiber connectivity, home schooling offers & young data tariffs



**REGIONAL  
APPROACH**

**Network build** focused on maximum participation & inclusion



**ENVIRONMENT**

100% use of **renewable electricity** since 2020 and sustainable devices and IoT offer

## AMBITION 2024e

**≈7,000** Connected schools with FTTH & digital education



Increase in energy efficiency



Continue to drive employee satisfaction



# We have a clear path to accelerate EBITDA growth

**2017–2020**

**CAGR +1.9%**

- **Mobile and fixed growth** by product and network leadership
- Strong market position drives B2B
- Discipline in management of indirect costs

---

- Drag from **IP migration**: cost & revenue impact on consumer and business
- **Line losses in single play**

**2020–2024e**

**CAGR +2.5–3%**

- **B2C growth** driven by focusing on an increasingly converged and loyal base
- **B2B growth** driven by a digitalizing economy
- **Indirect cost reduction** driven by digitalization
- Tailwind from **completed IP migration**

Note: EBITDA = Adj. EBITDA AL

# EBITDA growth and disciplined asset management will ensure ROCE growth > WACC

## Sustainable NOPAT growth

### Revenue Growth ≥ 1%<sup>1</sup>

- Growing demand for broadband
- Digitalization of businesses
- Tailwinds from IP migration

### IDC savings ≈€0.7 bn<sup>2</sup>

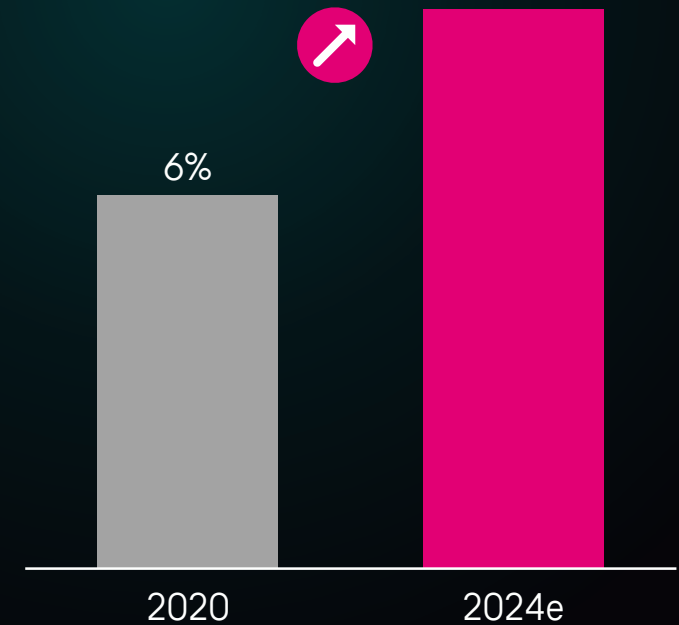
- Efficiencies driven by digitalization
- Changing the way we work
- Overhead reduction

## Disciplined asset management

- Retirement of legacy systems
- Mobile network sharing
- 3G retirement
- Capex efficiencies
- Fiber joint ventures

## AMBITION 2024e

ROCE<sup>2</sup>



Note: EBITDA = Adj. EBITDA AL <sup>1</sup> CAGR 2020–2024e <sup>2</sup> Germany incl. GHS, 2020–2024e

# Midterm ambition level



# Midterm ambition level

	Midterm ambition level	Year
<b>Service revenue</b>	<ul style="list-style-type: none"> <li>▪ Mobile service revenue: CAGR +1–2%<sup>1</sup></li> <li>▪ Broadband revenue: CAGR &gt; 4%</li> <li>▪ Wholesale access revenue: stable</li> <li>▪ Total service revenue: CAGR ≥ 1%</li> </ul>	<ul style="list-style-type: none"> <li>▪ 2020–2024e</li> <li>▪ 2020–2024e</li> <li>▪ 2020–2024e</li> <li>▪ 2020–2024e</li> </ul>
<b>Drivers</b>	<ul style="list-style-type: none"> <li>▪ FTTH homes passed: ≈10 mn</li> <li>▪ 5G coverage: ≈97%</li> <li>▪ Adj. indirect costs AL<sup>2</sup>: Reduction by €0.7 bn</li> </ul>	<ul style="list-style-type: none"> <li>▪ 2024e</li> <li>▪ 2024e</li> <li>▪ 2020–2024e</li> </ul>
<b>Financials</b>	<ul style="list-style-type: none"> <li>▪ Revenue: CAGR ≥ 1%</li> <li>▪ Adj. EBITDA AL: CAGR +2.5–3%</li> <li>▪ Cash Capex: ≈€0.5 bn higher</li> </ul>	<ul style="list-style-type: none"> <li>▪ 2020–2024e</li> <li>▪ 2020–2024e</li> <li>▪ 2020–2024e</li> </ul>

<sup>1</sup> Incl. MTR regulatory effects    <sup>2</sup> Germany incl. GHS

# How we turn customers into fans





# Europe

Dominique Leroy

# Key messages

## 01 Leading European and fastest growing large-scale telco

EBITDA continuously growing > 2%<sup>1</sup> driven by increasing Service revenues & cost discipline, operating in attractive markets

## 02 Accelerating with customer centricity & digital

- **B2C:** Best CX, further scaling FMC & increasing HH value
- **B2B:** Profitable growth by driving clients' digitalization
- **People & Society:** Customer centric culture & organization, thriving for a positive impact on society
- **Network:** Super fast Fiber & 5G rollout for best user experience
- **Digital:** Further scaling common digital solutions across Europe

## 03 Stronger as a region

Leveraging synergies and digitalization, scaling common products & best practices across Europe

## 04 Significant contributor to DT's equity value

Continue sustainable growth with EBITDA AL CAGR +1.5–2.5%<sup>2</sup> & ROCE > WACC

<sup>1</sup> CAGR 2017–2020 Adj. EBITDA (AL)    <sup>2</sup> CAGR 2020–2024e Adj. EBITDA AL



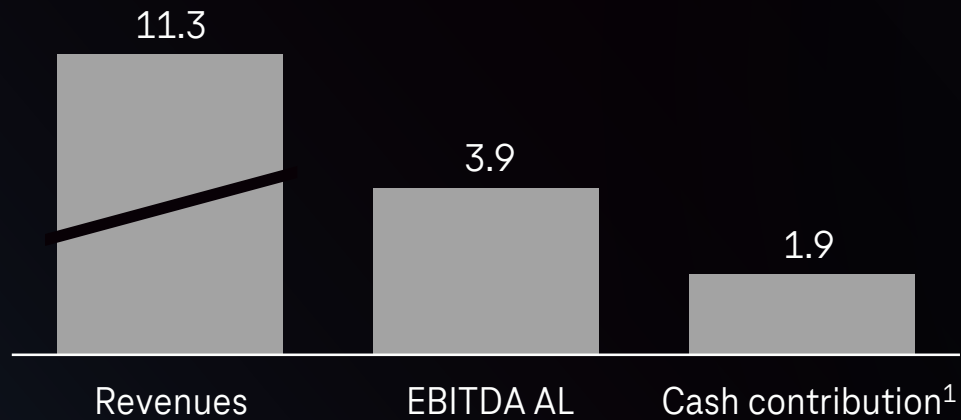
# Review 2017–2021



# Leading and fastest growing, large European telco

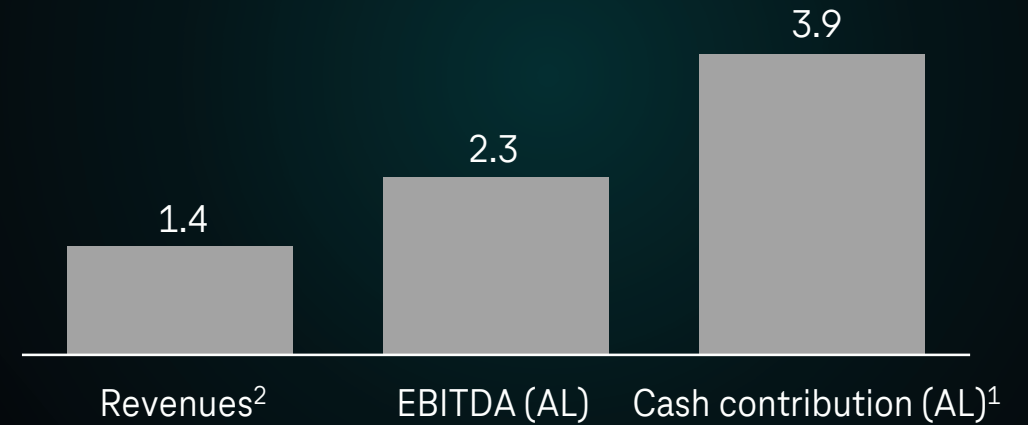
## 2020 financials

€ bn



## 2017–2020 growth

CAGR, %



7<sup>th</sup> largest EU telco, bigger than, e.g., Iliad, Telia or KPN

In 2020 Europe's fastest growing major telco

Note: EBITDA = Adj. EBITDA AL <sup>1</sup> Cash Contribution (AL) = Adj. EBITDA (AL) – Cash Capex – Special factors (Cash) <sup>2</sup> Excl. Visitor/Roaming impact



# Operating in healthy markets with further growth opportunities

## Growing economies

**+3.7%**  
GDP growth<sup>1</sup>

**+3.5%**  
Consumer spend on telco services<sup>1</sup>

## Healthy markets

**2x** | **6x** | **2x**  
2 MNOs | 3 MNOs | 4 MNOs  
Number of full MNOs per market

**€0.05–0.23**  
**per MHz & PoP.<sup>2</sup>**  
Spectrum prices 5G auctions

## Imminent growth potential in digital

**9 countries**  
**< median**  
Countries' DESI<sup>3</sup> position in Europe

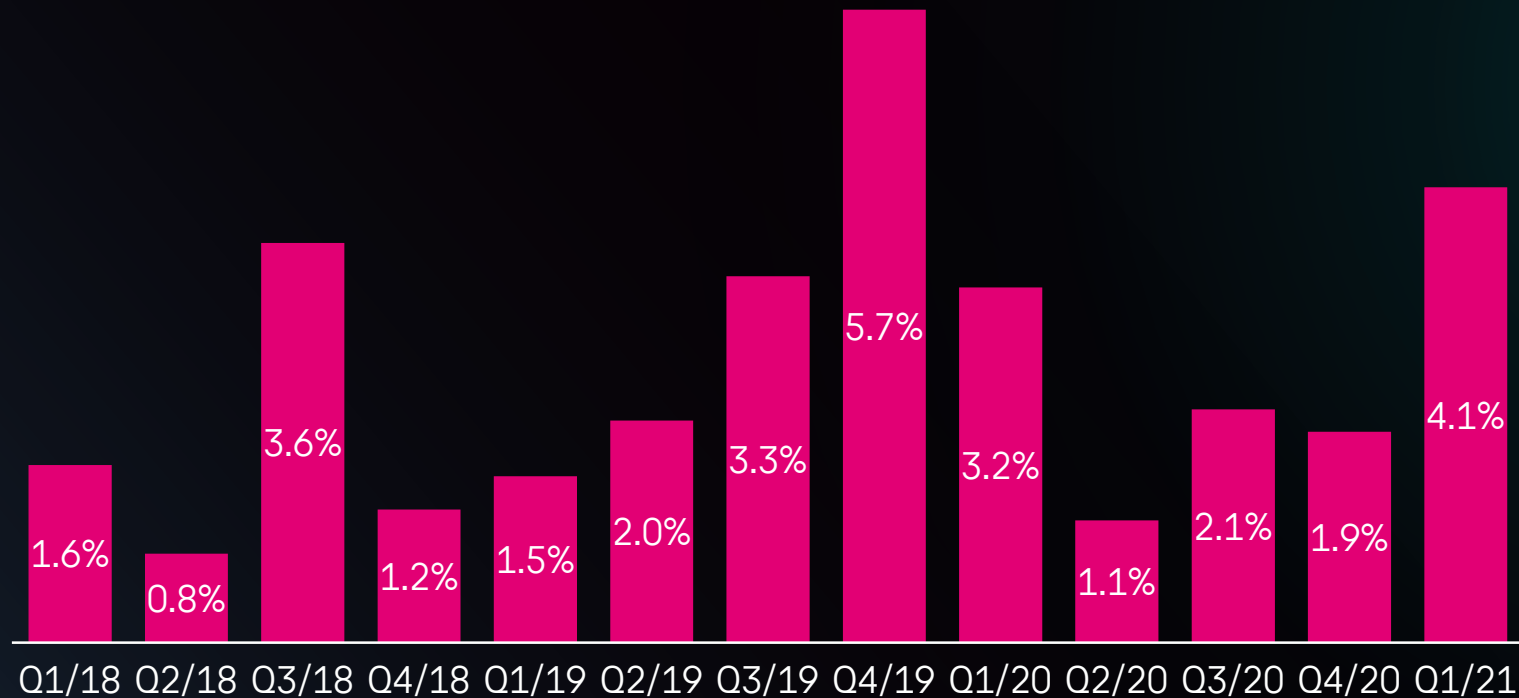
**Up to €20 bn**  
**Σ 2021–2027**  
EU funds for digitalization

<sup>1</sup> CAGR 2019–2025e; source: Euromonitor    <sup>2</sup> Auctions 2020 & 2021, in GR €0.05, CZ €0.09, AT €0.10, HU €0.10 & 0.22, SK €0.23    <sup>3</sup> DESI = Digital Economy & Society Index 2020

# Growing in organic EBITDA for 13 consecutive quarters

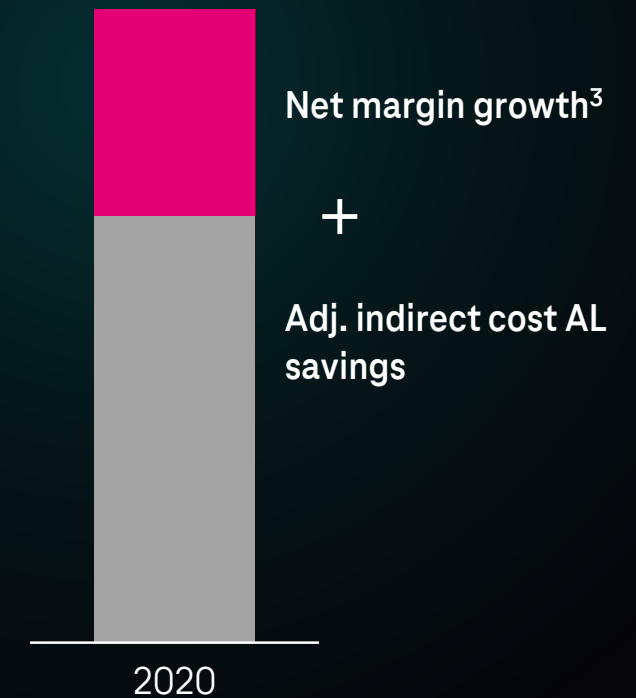
## Adj. EBITDA AL organic development<sup>1,2</sup>

% yoy



## Adj. EBITDA AL growth fueled by...

% yoy



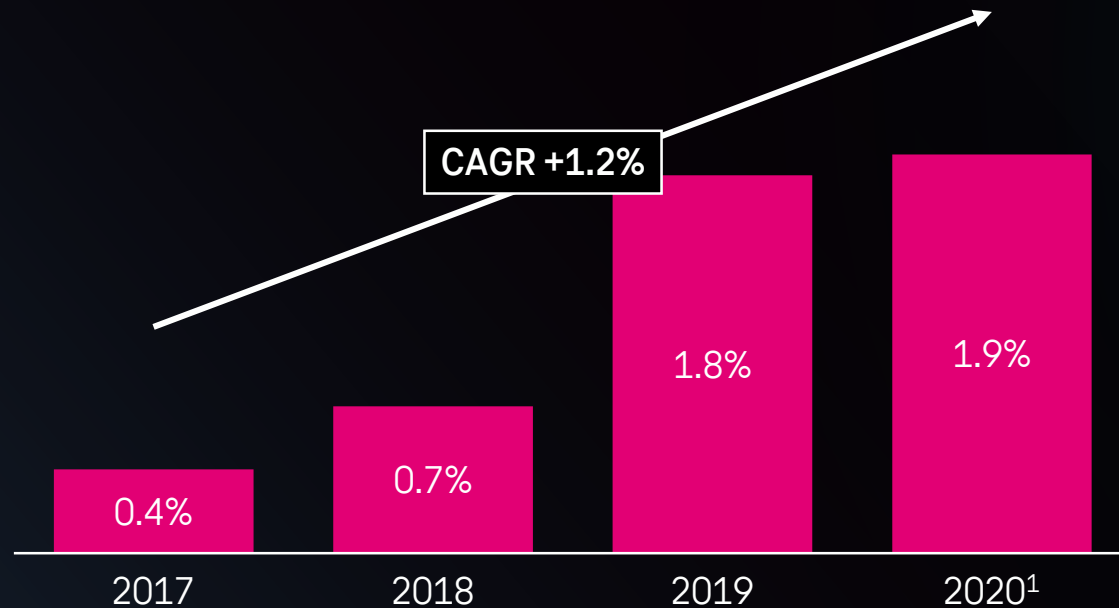
<sup>1</sup> 2018 Adj. EBITDA (on pre IFRS 16 base)   <sup>2</sup> 2018–2019 before DTGC restatement   <sup>3</sup> Excl. Visitor/Roaming impact



# Our Service revenue benefits from successful FMC propositions and More-for-More

Total service revenue growth in line with the markets...

Organic Total service revenue development, % yoy



Driven by...

## Value creation

More-for-More tariff upgrades, rolled out across NatCos and customers migrating to FMC propositions along up- & cross-sell paths

## Volume increase

Mobile contract subscribers increased by 2.5 mn (2017–2020)  
Broadband subscribers increased by 0.8 mn<sup>2</sup> (2017–2020)

<sup>1</sup> Excl. Visitor/Roaming revenue    <sup>2</sup> Excl. UPC acquisition in AT

# €320 mn net indirect cost reduction already by 2020, via continuous transformation

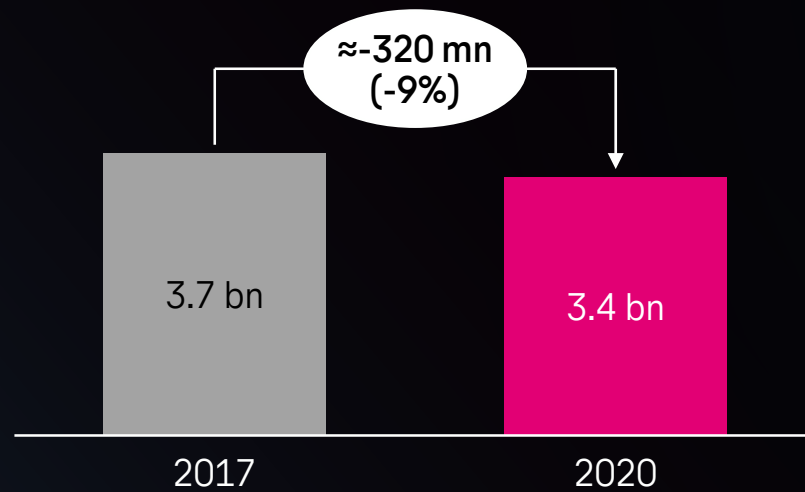
Rightsizing the organization, esp. HQ & central business functions

Outsourcing of non-core activities

Simplification of internal processes with digital

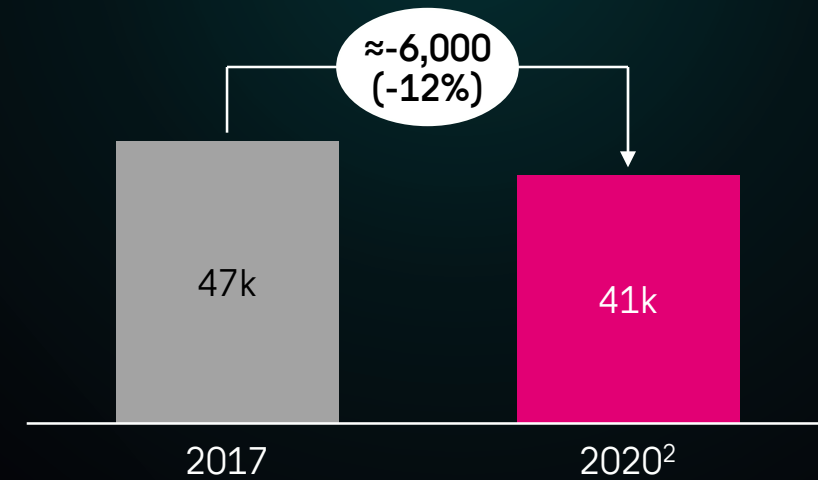
## Adj. indirect cost AL (organic)

€



## Total workforce

# FTEs<sup>1</sup>



Share of Net revenue

32%

30%

<sup>1</sup> Excl. Albania <sup>2</sup> Incl. UPC Austria



# Fiber rollout heavily accelerated

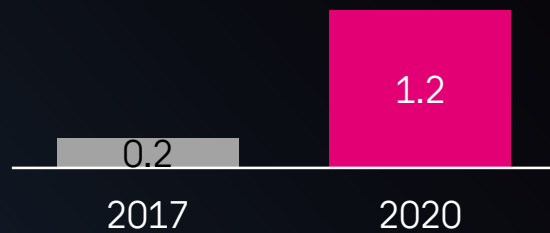
Fiber rollout more than tripled at stable CAPEX

With improved Fiber utilization

## 5x Rollout run rate

Organic incremental HHs passed<sup>1</sup>

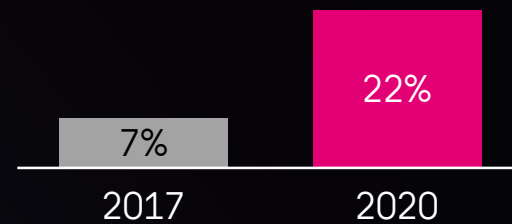
mn



## 3x HH coverage

Fiber HHs coverage<sup>1,2</sup>

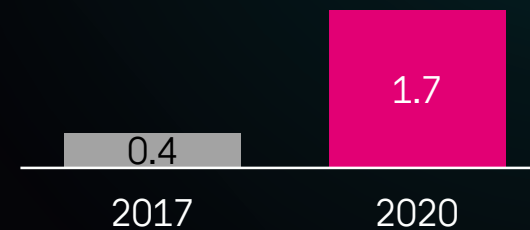
%



## 4x HH connected

Fiber HHs connected<sup>1</sup>

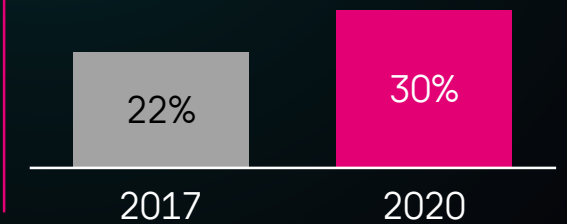
mn



## ↑ Fiber utilization

HHs connected<sup>1</sup>

as % of passed



Financed via internal prioritization

<sup>1</sup> FTTH/B & Docsis 3.1 (1 Gbps) in AT, CZ, GR, HR, HU, ME, MK, SK    <sup>2</sup> FTTH/B & Docsis 3.1 (1 Gbps) as % of HHs

# CMD 2018 commitments: Delivered

	Ambition 2017–2021e	Achievements 2020 <sup>3</sup>	2017–2021e
<b>B2C growth drivers</b>	<ul style="list-style-type: none"> <li>FMC revenue (€1.7 bn 2021)<sup>1</sup>: CAGR +25%</li> <li>&gt; 50% App penetration, 30% pure online sales</li> <li>Lead in TRI*M: #1/#2 in all markets</li> </ul>	<ul style="list-style-type: none"> <li>+42% (€1.7 bn)<sup>4</sup></li> <li>62% App penetration, 29% mobile online sales<sup>5</sup></li> <li>B2C: 9/10 NatCos are #1 or #2 in Q4</li> </ul>	<ul style="list-style-type: none"> <li>●</li> <li>●</li> <li>●</li> </ul>
<b>B2B growth drivers</b>	<ul style="list-style-type: none"> <li>FMCC revenue (€0.5 bn 2021): CAGR +10%</li> <li>20% FMCC portal share</li> <li>B2B/ICT revenue: CAGR +7%</li> </ul>	<ul style="list-style-type: none"> <li>+27% (€0.69 bn)</li> <li>31% B2B self-service penetration</li> <li>+7.4%</li> </ul>	<ul style="list-style-type: none"> <li>●</li> <li>●</li> <li>●</li> </ul>
<b>Profitable midterm growth</b>	<ul style="list-style-type: none"> <li>Revenue growth: CAGR &gt; 1%</li> <li>Adj. EBITDA (AL) growth: CAGR +1–2%</li> <li>Adj. indirect cost (AL) reduction by €0.4 bn</li> <li>Cash contribution (AL)<sup>2</sup>: CAGR +2–4%</li> </ul>	<ul style="list-style-type: none"> <li>+0.9% (+1.4% excl. Covid-19)<sup>6</sup></li> <li>+2.3%</li> <li>€0.32 bn</li> <li>+3.9%</li> </ul>	<ul style="list-style-type: none"> <li>●</li> <li>●</li> <li>●</li> <li>●</li> </ul>

<sup>1</sup> NatCos: CZ, GR, HR, HU, ME, MK, RO, SK <sup>2</sup> Cash contribution (AL) = Adj. EBITDA (AL) – Cash Capex – Special factors (Cash) <sup>3</sup>Actual results 2017–2020, or respectively actuals 2020

<sup>4</sup> NatCos: AT, CZ, GR, HR, HU, ME, MK, PL, SK. Achievements 2020 EU8: CAGR +37% (€1.7 bn) <sup>5</sup> Online channels share of gross adds, tariff changes, contract prolongations and paid add-ons for mobile contract customers

<sup>6</sup> Visitor/Roaming impact



# Strategy 2021–2024



# We will move from good to great

## FROM

Turning around to sustainable profitable growth

Improving customer experience

Strengthening assets, esp. towards convergence

Moving to digital channels with centrally developed OneApp

Rightsizing the organization & increasing efficiency

Strengthening of NatCos' functional brand promises



## TO

Fast growing customer centric & digital telco

Winning the hearts & minds of our customer

Truly converged FMC player in every market

Scaled digital solutions and network cloudification

Fully digital, agile, lean & customer centric organization

“Love brand”

# We won't stop... until we have won the HEARTS & MINDS of our customers

## Future growth levers: 2021–2024



01 B2C

Customized value propositions & simple customer journeys

02 B2B

Address clients with segment specific solutions & experience

03 People, society  
& environment

Employee engagement, digital inclusion, care for our planet

04 Networks

Accelerated gigabit network rollout for best usage experience

05 Digitalization

Scaled digital solutions across the footprint, cloudified network

06 Capital  
allocation

Leverage power of the region, invest into future growth drivers

# Strong commercial momentum in all product categories



**B2C/PRIVATE CUSTOMERS**

## OUR PROOF POINTS

- ✓ **FMC scaled up**  
 51.1% FMC penetration in Broadband base with 2.7 mn FMC HHs<sup>1</sup>
- ✓ **Value play with More-for-More**  
 Mobile ARPU stabilized with More-for-More tariff upgrades
- ✓ **Strong net adds performance in all categories**  
 +2.6% Mobile contract, +4.2% Fixed broadband, +19.5% FMC HHs, +2.3% TV<sup>2</sup>
- ✓ **Strong TV customer base**  
 5.1 mn TV customers
- ✓ **#1/#2 in customer satisfaction in all NatCos**  
 All-time high TRI\*M in EU (69 pts<sup>1</sup>)

<sup>1</sup> By end of 2020 in AT, CZ, GR, HR, HU, ME, MK, PL, SK    <sup>2</sup> Customer base end of 2020 vs. end of 2019

# Upgrade FMC propositions and capture under-served segments

Addressing customers' needs in an increasing segmented way & with sharpened propositions



**FURTHER SCALE FMC  
IN ALL MARKETS**

Increase **Fiber** penetration and upgrade **in-home Broadband connectivity**



**DRIVE HH VALUE BY  
UP- & CROSS-SELL**

Push **multi-SIMs** into **HHs/families**, best **content aggregation** for **TV & beyond**, best user experience **CPEs**



**ENSURE FULL  
MARKETS COVERAGE**

Address under-served segments with **youth propositions**. Defend with **2<sup>nd</sup> brands** for **smart shoppers**

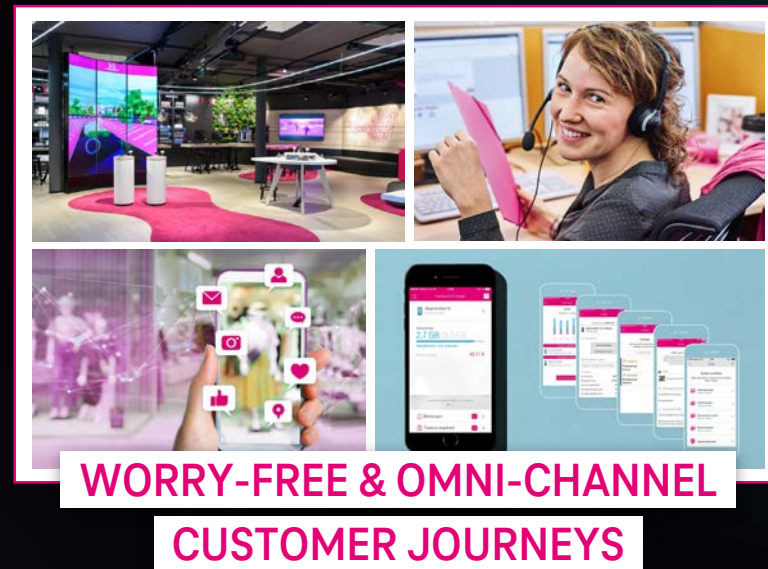
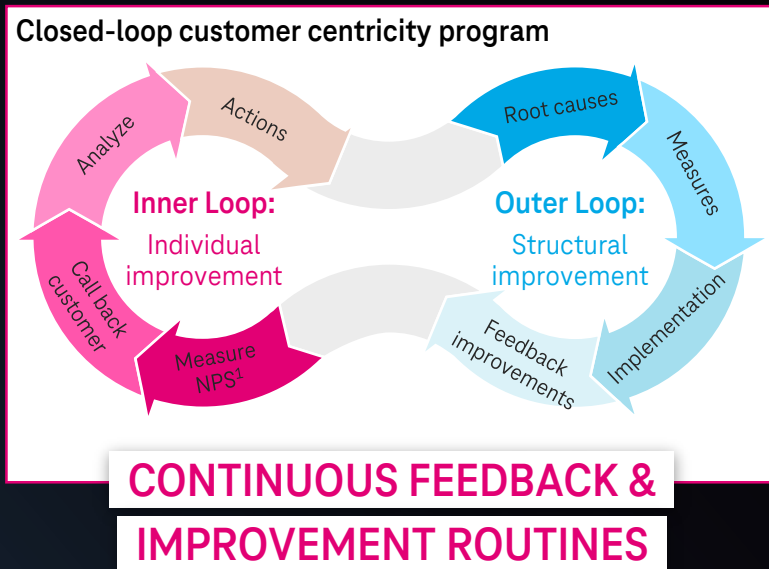
# Becoming the undisputed #1 in customer experience

Bring customer centricity to the next level



**AMBITION 2024e**

**#1 in TRI\*M  
in every country  
to reduce churn**



# Build superior “love brand” experience with impact on society

Creating emotions and connecting with our customers & society in a unique manner

**AMBITION 2024e**



**Brand preference  
≥ Market share in  
every country**

**CONVEYING DIGITAL  
OPTIMISM**

We won't stop...  
until we have connected  
everyone to the  
opportunities of now

**PEOPLE AS  
BRAND AMBASSADORS**

Employees & customers as  
passionate advocates

**WINNING PEOPLE'S  
HEARTS & MINDS**

Creating emotions and  
making people's life better

# Further grow our €6.6 bn<sup>1</sup> business in B2C

Fueled FMC growth and value increase with up- & cross-sell

✓ Net adds at fair share

> 4 Avg. #RGUs per HH – and revenue per HH to increase

↗ Value market share growth

> 10% FMC revenue CAGR 2020–2024e

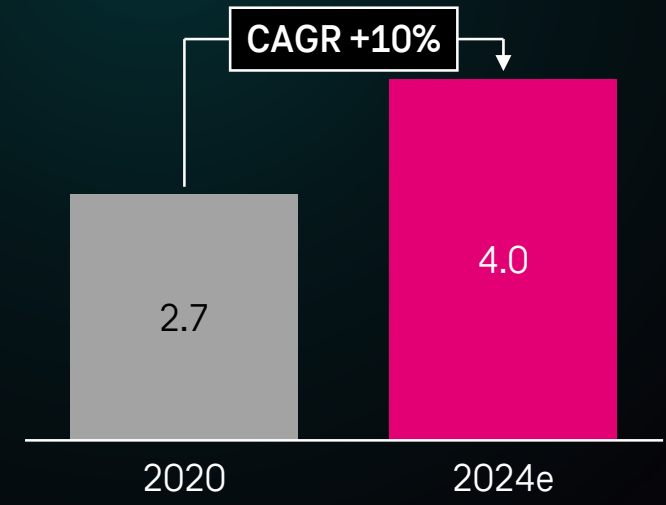
+1–2% Net margin growth

towards 50% FMC B2C revenue share in full-FMC countries

## AMBITION 2024e

FMC households<sup>2</sup>

mn



<sup>1</sup> B2C revenue in 2020    <sup>2</sup> In AT, CZ, GR, HR, HU, ME, MK, PL, SK





# We established ourselves as trusted partner for small to large businesses and public sector



## OUR PROOF POINTS

- Integrated ICT player**

€1.1 bn revenues, continuously growing with 7% (CAGR 2017–2020)
- Profitable growth in B2B**

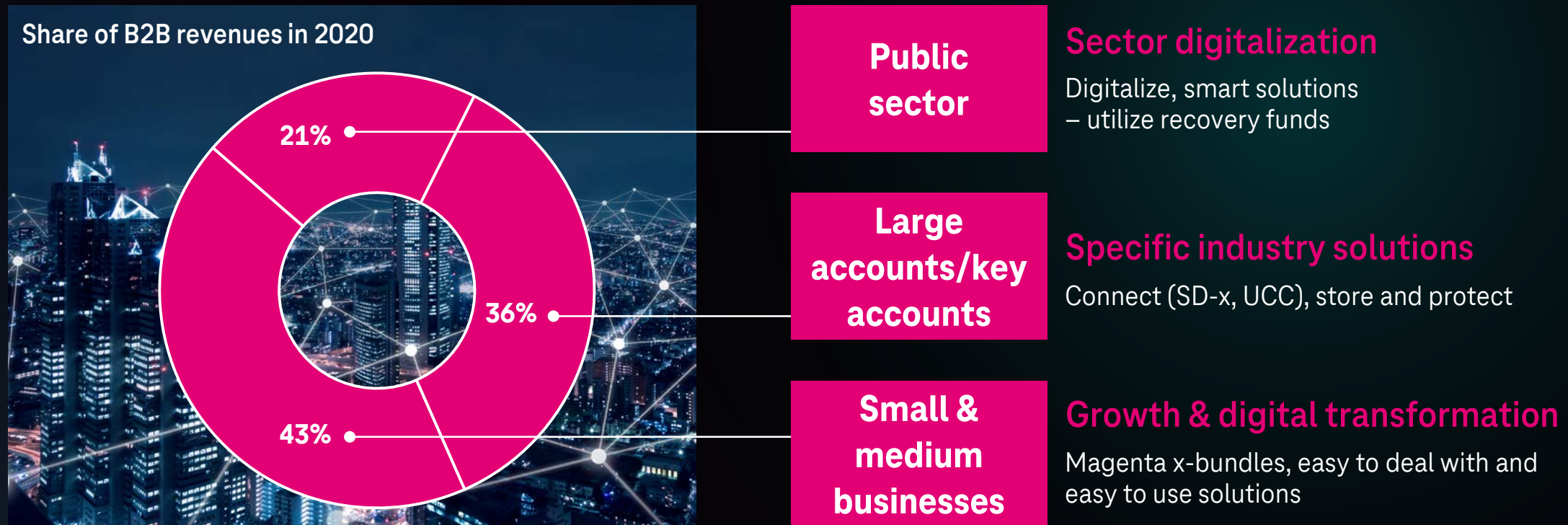
Yearly B2B net margin growth by 2% (CAGR 2017–2020)
- Scaled Cloud propositions via partnerships**

Cloud offerings via Microsoft Acceleration Center went live in August 2019, generating €92 mn revenues in 2020 already
- Partner in digitalizing cities**

Smart City revenue doubled with smart lightning, parking, traffic management – launched in most countries

# Leading customer centric partner for digitalization of B2B clients

Further scale our €3.3 bn business<sup>1</sup> in B2B with relevant, segment specific value propositions



<sup>1</sup> B2B revenue in 2020

# Fuel profitable growth in B2B

## Manage B2B for profit

**€300 mn** B2B revenue growth<sup>1</sup>



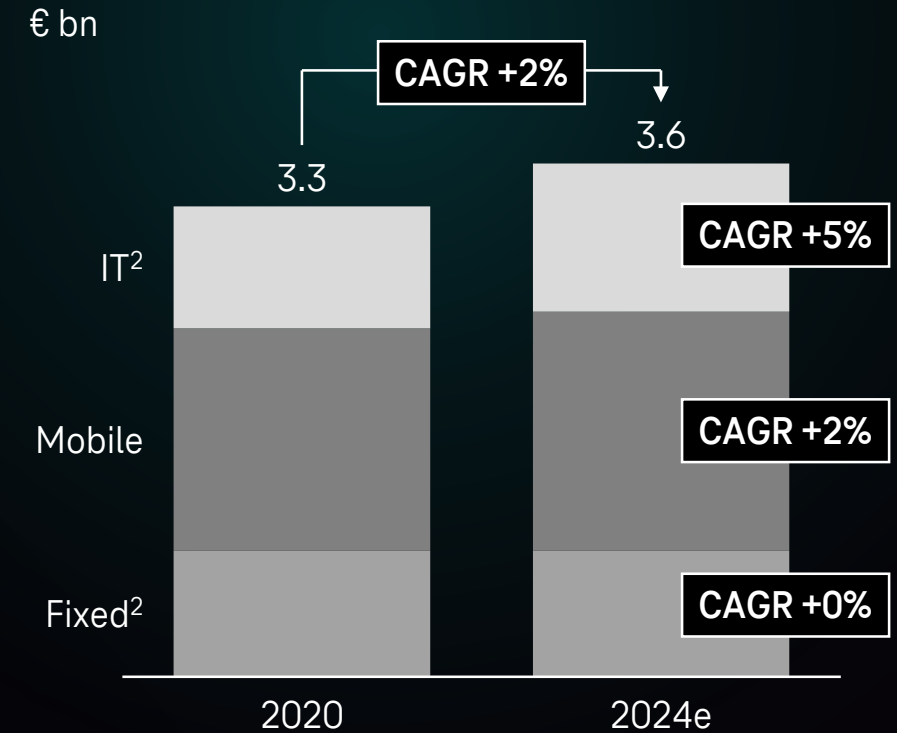
Grasp B2B opportunities in AT, CZ and PL



**≈2%** Net margin growth in SMBs & large enterprises

## AMBITION 2024e

### B2B revenues



<sup>1</sup> Versus 2020    <sup>2</sup> IT = System Solutions, fixed including data communication

# Attracting top talents and caring for our people

Highly engaged employees with enthusiasm for best customer experience


**EU**  **People & Leadership**


**CUSTOMER  
CENTRIC CULTURE &  
ORGANIZATION**

**ATTRACTION,  
DIVERSIFICATION,  
DIGITAL TALENTS**

**AGILE, LEAN  
ORGANIZATION**

## AMBITION 2024e

 Employee satisfaction

 Employee engagement

**TOP  
5-10** In employer ranking

# And having a positive impact on society

## Making people's life better



**DIGITAL  
INCLUSION**






“A clear impact to our communities and help younger generations as well as the elderly to take part in digital opportunities”



**CARING FOR  
OUR PLANET**

“Lower energy consumption/carbon emission & increase in resource efficiency as top priorities for DT EU and all our stakeholders”

## AMBITION 2024e

-  100% electricity from renewable sources (2021)
-  Circularity contribution: Refurbishment & recycling (devices), reduce waste
-  Coding and STEM education for younger generation and helping the elderly on “digital”
-  Teaching right usage of digital technology
-  Enabling digital schools

# Super fast broadband network rollout

## Networks

### Mobile coverage

(population)

LTE

98%

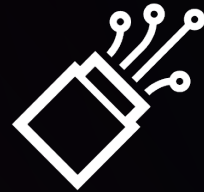


### Fiber coverage<sup>1</sup>





(households)

Fiber

22%



## OUR PROOF POINTS

- 
**Step-change in accelerating Fiber rollout**  
 Fiber rollout p.a. x5, reaching 22% coverage with 30% utilization<sup>1</sup>
- 
**Best mobile network**  
 98% LTE coverage – 5G launched in most countries<sup>2</sup>
- 
**Convergence play in all markets**  
 Fast own rollout plus wholebuy & infrastructure sharing
- 
**Strong 5G spectrum positions in all mid- and C-bands**  
 Successful spectrum acquisitions with spectrum share 30–41%<sup>3</sup>

<sup>1</sup> In AT, CZ, GR, HR, HU, ME, MK, SK until end of 2020    <sup>2</sup> In AT, CZ, GR, HR, HU, PL, SK until end of 2020    <sup>3</sup> HU 41% & 31%, AT 37%, CZ 31%, SK 30%, GR 37% in auctions 2020 & Q1/2021

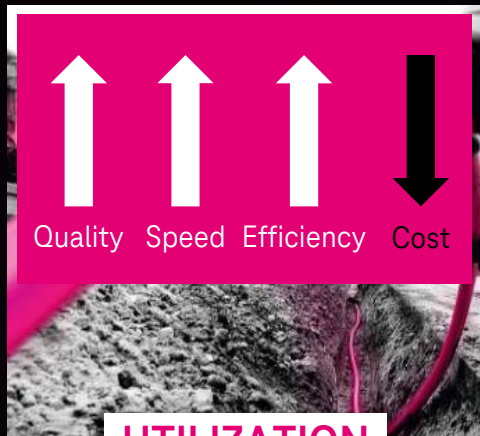
# Undisputed Fiber leader – and we will continue to invest

Gigabit access at affordable prices with best in-home user experience



**SUPER FAST  
OWN ROLLOUT**

Prioritization within **stable Capex**, leveraging **EU funds**



**UTILIZATION  
& PAYBACK**

Rollout **cost below €400** per HH passed<sup>1</sup>, further **utilization increase** via FMC household deep-sell & segments extension, providing **payback periods of 10–14 years**



**COMPLEMENTED  
WITH PARTNERING**

Fiber coverage via **infrastructure sharing** and **wholebuy (additional 4 mn Fiber accesses in PL & CZ)**



## AMBITION 2024e

**40%** Fiber HHs 1 Gbps coverage<sup>2</sup>  
**≈10 mn HH**

**33%** Fiber utilization 1 Gbps  
**> 3 mn HH**

<sup>1</sup> Based on 2020 reported values (fiber rollout & Capex) including households passed street    <sup>2</sup> FTTH/B & Docsis 3.1 (1 Gbps) in AT, CZ, GR, HR, HU, ME, MK, SK

# Best mobile network

Mobile network with significant 5G population coverage, capable of speeds faster than 1 Gbps



## Strong 5G spectrum position

Rapid 5G coverage increase, leverage mix of 5G New Radio & Standalone/New Core, to cover all areas from urban to rural

## Accelerated network modernization & upgrade

Site upgrades & refarming for 5G, Fiber network integration, 3G retirement, demand driven capacity rollout

## Investment optimization

Applying the right technology mix, partnerships to complement rollout in white spots, Open RAN

## AMBITION 2024e

**> 75%** 5G population coverage<sup>1</sup>, further scaling to 98%

**3G retirement** In all countries



ARPU/ARPA increase in B2C & B2B via More-for-More, FMS, M2M/IoT, Campus Networks, etc.

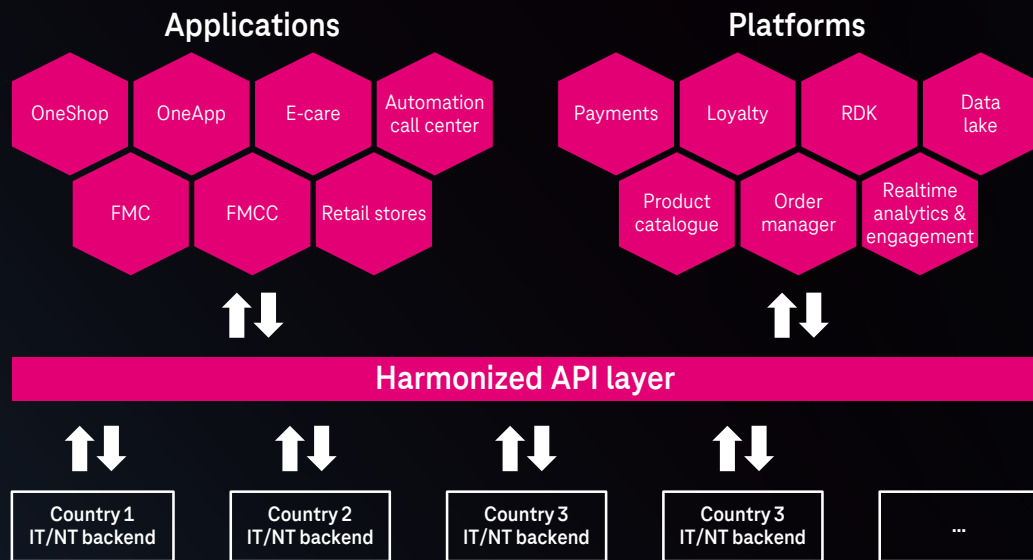
<sup>1</sup> In AT, CZ, GR, HR, HU, ME, MK, PL, SK



# We created leading digital platforms

## Digitalization & Efficiency

Moving to harmonized API<sup>1</sup> layer across NatCos



## OUR PROOF POINTS

- ✓ **Central development, local rollout across footprint**  
 Centrally developed OneApp with harmonized API<sup>1</sup> live in all NatCos
- ✓ **Large scale customer reach via OneApp**  
 > 60% of smartphone users use the OneApp each month
- ✓ **Personalization & campaigning via OneApp**  
 Best tariff proposal based on usage profile via the app
- ✓ **Self-care & self-administration via OneApp**  
 Error reporting, tariff migration & prolongation, bill payment, etc.
- ✓ **Monetizing the OneApp**  
 -10% non-sales calls, €1.2 bn payments & top-ups, 300k tariff changes & contract prolongations

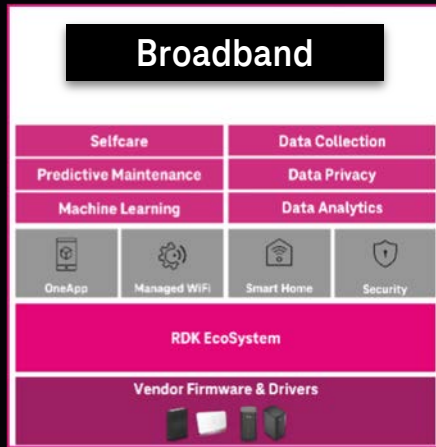
<sup>1</sup> Application Programming Interface

# Video



# Further scaling common digital solutions across Europe

Making digital the preferred way dealing with us



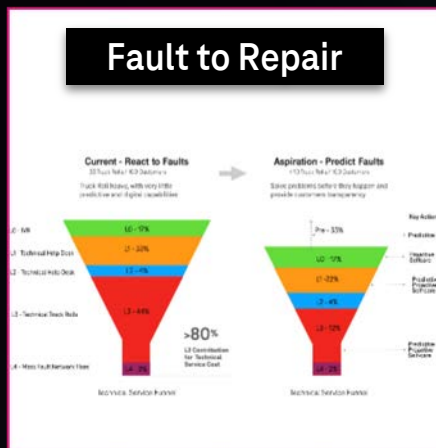
## AMBITION 2024e

**-5-10% p.a.** Non-sales customer care calls

Ultimate digital in-home Broadband experience

**-15%** Truck rolls<sup>1</sup>

Best user interface for TV content discovery



**30%** Transactions share on app

**≥ 95%** 1<sup>st</sup> time right in provisioning

Centrally aided customer journeys – no field trips

<sup>1</sup> Customer initiated field trips to fix service issues



# Modernized NT and IT towards cloud & digitally enabled platforms

Substantially reducing Gigabit production costs in NT & IT



## MODERNIZATION

Clean up of legacy elements NT/IT, accelerate **copper to Fiber** migration, **field force optimization**



## SIMPLIFICATION

Simplify service chain architecture & reduce legacy features, **clean up portfolio** & business rules, automation



## CLOUDIFICATION

Cloudified 5G production with common target architecture, shift voice & data loads on a **cloud infrastructure**

## AMBITION 2024e

**42%** of workloads in network cloudified

**€300 mn** Indirect cost reduction<sup>1</sup>

**One** common CaaS product as a multi-cloud proposition

**4** NatCos with 5G SA (standalone) core

<sup>1</sup> Adj. indirect cost, 2020–2024e

# Capital allocation strategy paid off – portfolio strengthened

## Further converged portfolio with inorganic moves & partnerships

### Austria

UPC merger: EBITDA margin from 34% to > 40%<sup>1</sup> via strong synergies & implementation

32% HH  
Gigabit coverage



### Poland

Several wholebuy deals done, further in negotiation

26% HH  
Gigabit coverage



### Czech

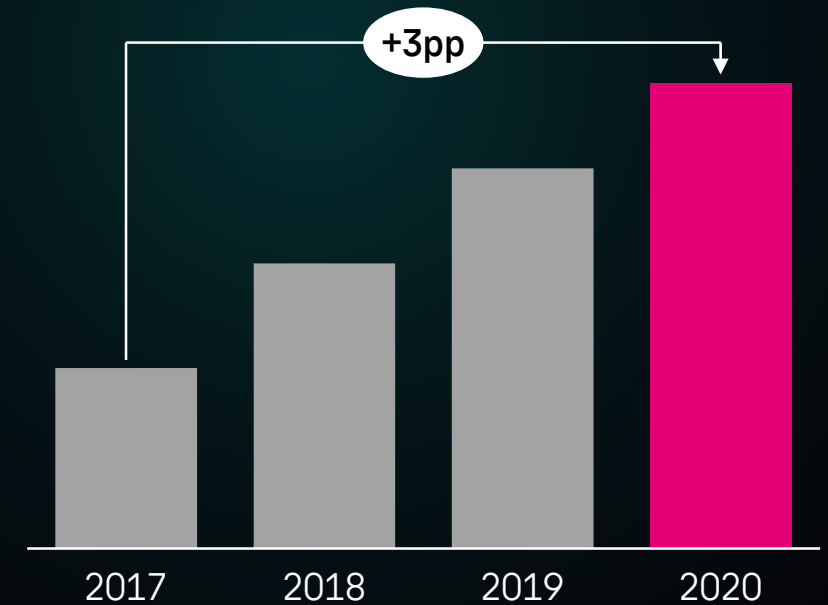
Own FTTH rollout, CETIN partnership & smaller M&A deals

4% HH  
Gigabit coverage



CETIN co-rollout partnership signed: Add. 11% coverage planned for next 7 years

## ROCE continuously increased



## Streamlined portfolio

### Romania

Fixed sold, mobile lean challenger being realized



### Albania

sold



<sup>1</sup> From 2018 to 2021e incl. towers like-for-like

# Stronger as a region – we are more than the sum of the parts

## Leveraging synergies across DT group



Strategic co-creation & best practice sharing

Team of digital experts

300+ developers in Global Development Center India

Common IT & data model across NatCos

Core product capabilities inhouse

Data analytics skills

Harmonized service chains on cloud architecture

## AMBITION 2024e

- ✓ Developed only once & moved across footprint
- ✓ Repeatable playbooks, e.g., for FMC and Home OS – to scale up fast & successfully
- ✓ Scaling common digital solutions across Europe
- ✓ Fast and efficient in execution & go-to-market

# Segment EU is a strong contributor to DT's equity value

## Strong execution

- Customer growth
- Cost reduction track record
- Highly digital

## Attractive portfolio

- Service revenue growth fixed & mobile
- Diversification, offsetting country risks

## Well invested

- High & growing Gigabit coverage
- 1 mn FTTH build per year
- Good spectrum position/network leadership



## Growing adj. EBITDA AL (organic)

- 13 quarters in a row
- 2020–2024e guidance +1.5–2.5% CAGR



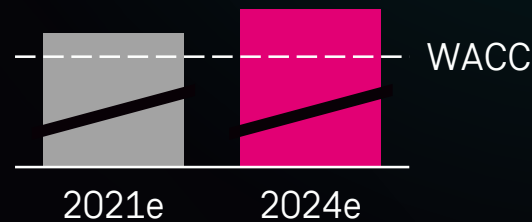
## High cash generation

- Cash conversion<sup>1</sup> growing from 48% in 2020 to 57% in 2024e
- Cash Capex stable 2020–2024e



## Earning cost of capital

- ROCE > WACC



<sup>1</sup> [Adj. EBITDA AL – Cash Capex – Special factors (Cash)] / Adj. EBITDA AL

# Midterm ambition level



# Midterm ambition level

	Midterm ambition level	Year
<b>Customer centricity</b>	▪ Customer satisfaction: #1 in TRI*M in all markets & brand preference $\geq$ market share in all countries	▪ 2024e
	▪ Employer ranking: TOP 5–10 in employer ranking in all countries	▪ 2024e
	▪ 5G coverage: > 75%	▪ 2024e
	▪ Fiber coverage: 40%, Fiber connections: > 3 mn	▪ 2024e
<b>Financials</b>	▪ Revenue growth: CAGR <sup>1</sup> > 1%	▪ 2020–2024e
	▪ Adj. EBITDA AL growth: CAGR +1.5–2.5%	▪ 2020–2024e
	▪ Adj. indirect cost AL: Reduction by €0.3 bn	▪ 2020–2024e
	▪ Cash Capex stable	▪ 2020–2024e
	▪ ROCE further increasing, ROCE > WACC	▪ 2021–2024e

<sup>1</sup> Adjusted for MTR



# T-Mobile US

Mike Sievert

# Cautionary Statement

This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact, including information concerning T-Mobile US, Inc.'s future results of operations, are forward-looking statements. These forward-looking statements are generally identified by the words "anticipate," "believe," "estimate," "expect," "intend," "may," "could" or similar expressions. Forward-looking statements are based on current expectations and assumptions, which are subject to risks and uncertainties and may cause actual results to differ materially from the forward-looking statements. Important factors that could affect future results and cause those results to differ materially from those expressed in the forward-looking statements include, among others, the following: natural disasters, public health crises, including the COVID-19 pandemic (the "Pandemic"), terrorist attacks or similar incidents; adverse economic, political or market conditions in the U.S. and international markets, including those caused by the Pandemic; competition, industry consolidation and changes in the market condition for wireless services; data loss or other security breaches; the scarcity and cost of additional wireless spectrum, and regulations relating to spectrum use; our inability to retain or motivate key personnel, hire qualified personnel or maintain our corporate culture; our inability to take advantage of technological developments on a timely basis; system failures and business disruptions, allowing for unauthorized use of or interference with our network and other systems; the impacts of the actions we have taken and conditions we have agreed to in connection with the regulatory proceedings and approvals of the Transactions (as defined below), including the acquisition by DISH Network Corporation ("DISH") of the prepaid wireless business operated under the Boost Mobile and Sprint prepaid brands (excluding the Assurance brand Lifeline customers and the prepaid wireless customers of Shenandoah Personal Communications Company LLC ("Shentel") and Swiftel Communications, Inc.), including customer accounts, inventory, contracts, intellectual property and certain other specified assets (the "Prepaid Business"), and the assumption of certain related liabilities (the "Prepaid Transaction"), the complaint and proposed final judgment (the "Consent Decree") agreed to by us, Deutsche Telekom AG ("DT"), Sprint Corporation ("Sprint"), SoftBank Group Corp. ("SoftBank") and DISH with the U.S. District Court for the District of Columbia, which was approved by the Court on April 1, 2020, the proposed commitments filed with the Secretary of the Federal Communications Commission ("FCC"), which we announced on May 20, 2019, certain national security commitments and undertakings, and any other commitments or undertakings entered into including but not limited to those we have made to certain states and nongovernmental organizations (collectively, the "Government Commitments"), and the challenges in satisfying the Government Commitments in the required time frames and the significant cumulative cost incurred in tracking, monitoring and complying with them; our inability to manage the ongoing commercial and transition services arrangements that we entered into with DISH in connection with the Prepaid Transaction, which we completed on July 1, 2020 (collectively, the "Divestiture Transaction"), and known or unknown liabilities arising in connection therewith; the effects of any future acquisition, investment, or merger involving us; any disruption or failure of our third parties (including key suppliers) to provide products or services for the operation of our business; the occurrence of high fraud rates or volumes related to device financing, customer payment cards, third-party dealers, employees, subscriptions, identities or account takeover fraud; our substantial level of indebtedness and our inability to service our debt obligations in accordance with their terms or to comply with the restrictive covenants contained therein; adverse changes in the ratings of our debt securities or adverse conditions in the credit markets; the risk of future material weaknesses we may identify while we work to integrate and align policies, principles and practices of the two companies following the Merger (as defined below), or any other failure by us to maintain effective internal controls, and the resulting significant costs and reputational damage; any changes in regulations or in the regulatory framework under which we operate; laws and regulations relating to the handling of privacy and data protection; unfavorable outcomes of existing or future legal proceedings; our offering of regulated financial services products and exposure to a wide variety of state and federal regulations; new or amended tax laws or regulations or administrative interpretations and judicial decisions affecting the scope or application of tax laws or regulations; the possibility that we may be unable to renew our spectrum leases on attractive terms or the possible revocation of our existing licenses in the event that we violate applicable laws; interests of our significant stockholders that may differ from the interests of other stockholders; future sales of our common stock by DT and SoftBank and our inability to attract additional equity financing outside the United States due to foreign ownership limitations by the FCC; the volatility of our stock price and our lack of plan to pay cash dividends in the foreseeable future; failure to realize the expected benefits and synergies of the merger (the "Merger") with Sprint, pursuant to the Business Combination Agreement with Sprint and the other parties named therein (as amended, the "Business Combination Agreement") and the other transactions contemplated by the Business Combination Agreement (collectively, the "Transactions") in the expected timeframes or in the amounts anticipated; any delay and costs of, or difficulties in, integrating our business and Sprint's business and operations, and unexpected additional operating costs, customer loss and business disruption, including maintaining relationships with employees, customers, suppliers or vendors; unanticipated difficulties, disruption, or significant delays in our long-term strategy to migrate Sprint's legacy customers onto T-Mobile's existing billing platforms; and changes to existing or the issuance of new accounting standards by the Financial Accounting Standards Board or other regulatory agencies. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law.

This presentation also includes non-GAAP financial measures such as Adjusted EBITDA, Core Adjusted EBITDA, and free cash flow. The non-GAAP financial measures should be considered in addition to, but not as a substitute for, the information provided in accordance with GAAP. Reconciliations for the non-GAAP financial measures to the most directly comparable GAAP financial measures are provided at the end of this presentation. T-Mobile is 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 and Core Adjusted EBITDA should not be used to predict Net income as the differences between the two measures and Net income are variable.



Fastest: According to Opensignal Awards based on average speeds (USA: 5G User Experience Report Jan 2021). Most Reliable: According to independent third party umlaut from crowdsourced user experience data (Sept 2020 to Feb 2021). See 5G device, coverage, & access details at T-Mobile.com.



**MISSION**

**BEST IN THE WORLD**  
**AT CONNECTING CUSTOMERS TO THEIR WORLD**



# BEST NETWORK BEST VALUE





**IN CUSTOMER CHOICE  
IN CUSTOMERS' HEARTS**



# STRATEGIC PILLARS

## Product Leadership

Build the World's  
Best 5G Network

## Value Leadership

Unlock the Value Potential  
of Synergies and Scale

## Experience Leadership

Deliver the Best  
Experience from the  
Best Team

# OUR AMBITIONS ARE SIMPLE AND CLEAR

## Industry-Leading Growth

Expand addressable markets and grow customer relationships

## Deliver Substantial Enterprise Value

Faster and bigger synergies while transforming the business

## Position for Long-Term Success

Sustain 5G leadership, strong brand, and best customer experiences



# BUILDING THE BEST 5G NETWORK



MARKET EXPANSION

SIGNIFICANTLY EXPANDING T-MOBILE'S  
ADDRESSABLE MARKET

Smaller Markets & Rural

**50M**  
US Households

Current Share **Low-Teens**

Expect to Increase  
to nearly **20%** in 5 years



# HUNDREDS OF NEW STORES

A large, illuminated sign for T-Mobile is mounted on the exterior wall of a store. The sign features the T-Mobile logo, which consists of a white 'T' inside a pink square, followed by the word 'Mobile' in a white, serif font. The sign is set against a pink background.

T-Mobile





# HOMETOWN EXPERTS



MARKET EXPANSION

SIGNIFICANTLY EXPANDING T-MOBILE'S  
ADDRESSABLE MARKET

T-Mobile for Business

**50M** And  
Growing

Corporate Liable Lines

Current Share <10%

Expect to Increase  
to nearly 20% in 5 years



# WFX

**Enterprise Unlimited Plans • Home Office Internet • Collaborate**

 **T-MOBILE  
FOR BUSINESS**



MARKET EXPANSION

SIGNIFICANTLY EXPANDING T-MOBILE'S  
ADDRESSABLE MARKET

Home Broadband

**\$90B** And  
Growing

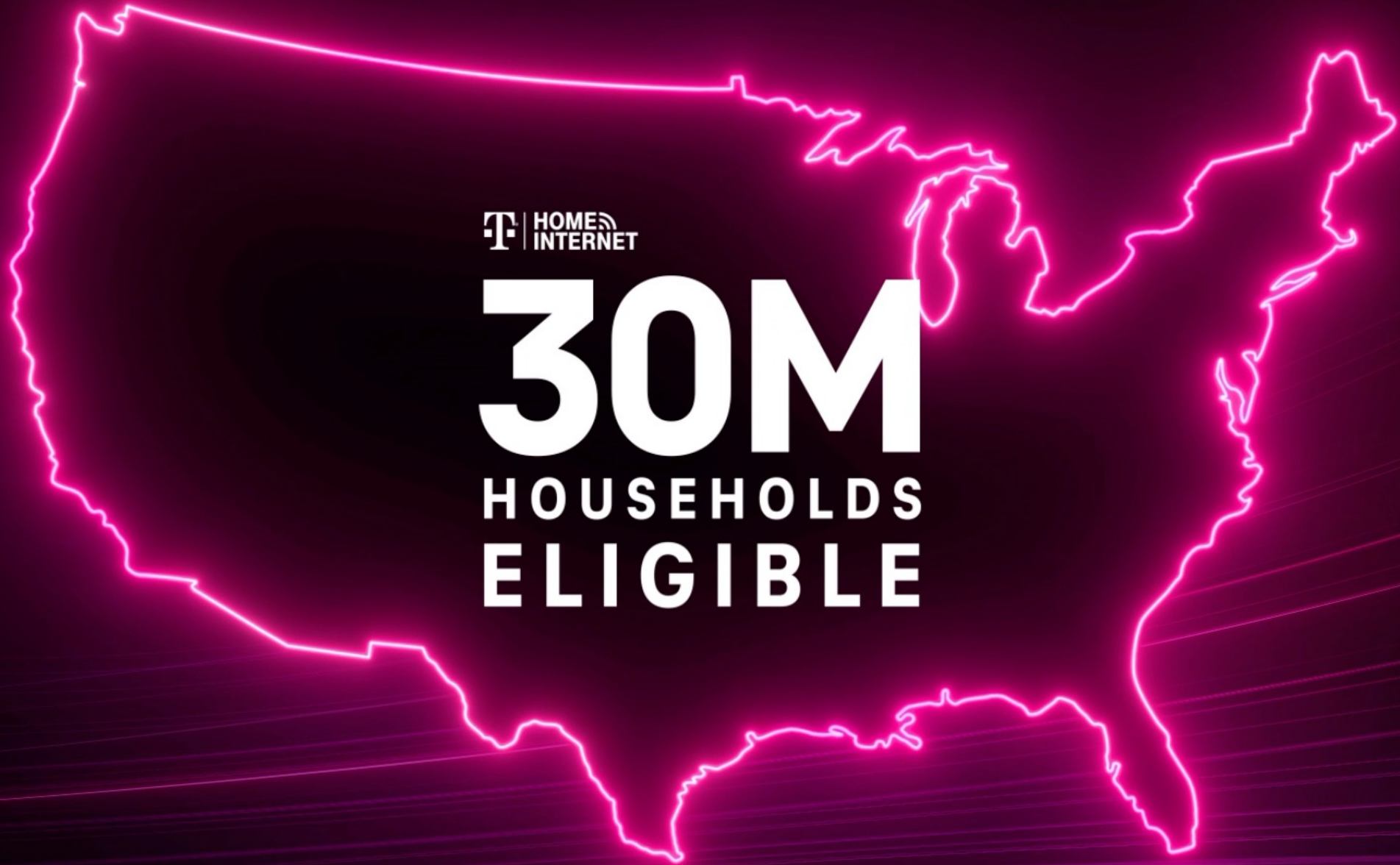
Annual Industry Revenues

Expect **7-8M**  
Customers in 5 years





# T | HOME INTERNET



T HOME INTERNET

**30M**  
**HOUSEHOLDS**  
**ELIGIBLE**



# INTRODUCING **Magenta MAX** OUR BEST PLAN EVER



**UNLIMITED**  
**PREMIUM DATA**  
+  
**40GB**  
**MOBILE HOTSPOT**  
+  
**UNLIMITED**  
**4K STREAMING**  
+  
**NETFLIX ON US**  
**NOW FOR SINGLE LINES**  
**AND FAMILY PLANS**



# DEEPENING CUSTOMER RELATIONSHIPS

A woman with curly hair is sitting on a grey outdoor sofa, smiling as she uses a bright pink tablet. She is wearing a white lace-trimmed cardigan over a light blue top. In the foreground, the legs of another person wearing blue jeans and white sneakers are visible, along with a woven hat. The background shows a wooden deck and a pair of white sandals.



MARKET EXPANSION

NETWORK QUALITY EXPANDS  
CUSTOMER REACH AND RELATIONSHIPS

# BEST Experiences

---

**Best** network, **Best** value and  
**Best** care will deliver even higher  
**customer lifetime value**



# OUR AMBITIONS ARE SIMPLE AND CLEAR

## Industry-Leading Growth

Expand addressable markets and grow customer relationships

## Deliver Substantial Enterprise Value

Faster and bigger synergies while transforming the business

## Position for Long-Term Success

Sustain 5G leadership, strong brand, and best customer experiences



# MAKING AN IMPACT

# THE UN-CARRIER WAY





MAKING AN IMPACT THE UN-CARRIER WAY

# **T** PROJECT 10MILLION WORKING TO CONNECT EVERY STUDENT

**\$10.7B** Initiative with an ambitious goal:

**To eradicate the  
national homework gap**





# EQUITY IN ACTION



# T-MOBILE IS UNIQUELY POSITIONED FOR DURABLE 5G LEADERSHIP

**Massive momentum**  
on deployment delivering 5G  
advantage

**Network build** fueled via  
synergies from network  
integration

**Meaningful spectrum advantage**  
in quality and depth of mid-band  
post C-Band auction

**Network advantage**  
fully funded with  
business plan

**Leading on 5G innovation**  
with the most advanced  
network



# T-MOBILE IS UNIQUELY POSITIONED FOR DURABLE 5G LEADERSHIP

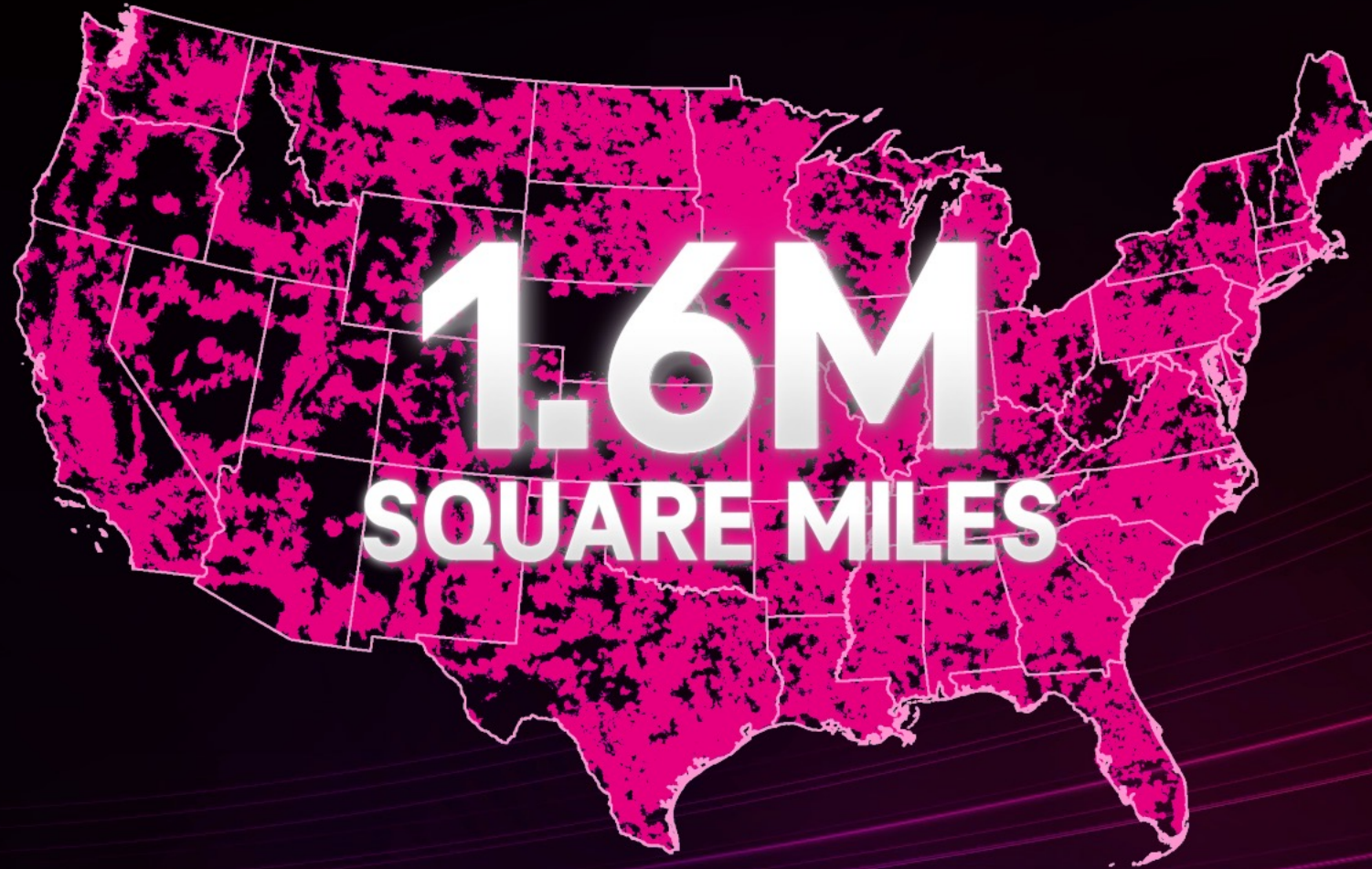


**Massive momentum**  
on deployment delivering 5G  
advantage



An aerial photograph of a suburban neighborhood during the day. The houses are outlined with a bright yellow glow, making them stand out against the green lawns and trees. The text '295M' is superimposed in large, bold, white letters, and 'PEOPLE COVERED' is written below it in a smaller, bold, white font. The background shows a mix of residential streets, green fields, and some commercial buildings in the distance.

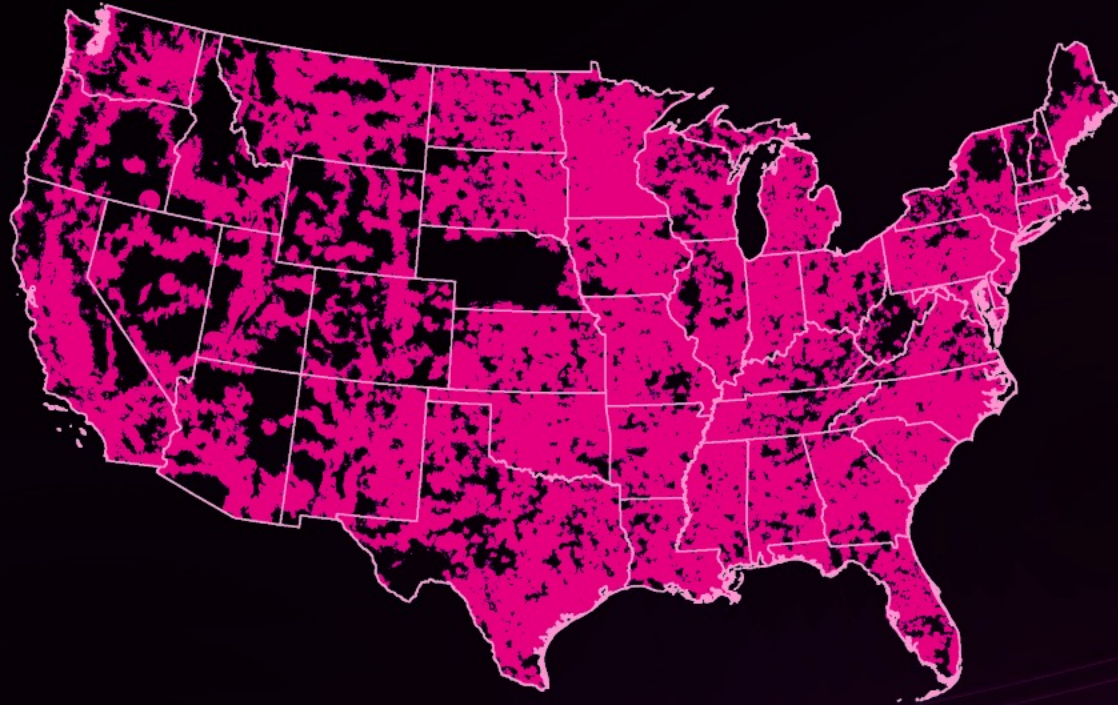
**295M**  
**PEOPLE COVERED**



## T-Mobile's 5G Coverage



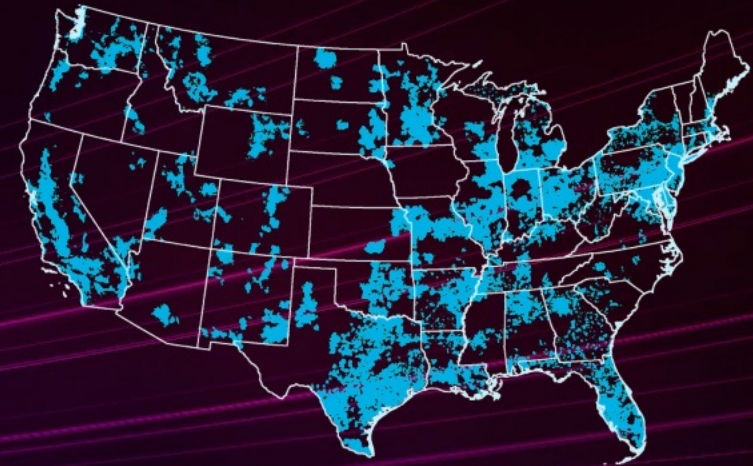




**T-Mobile's  
5G COVERAGE**



**4X Verizon's  
5G COVERAGE**



**2X AT&T's  
5G COVERAGE**

Capable device required. Some uses may require certain plan or feature: see [T-Mobile.com](https://www.t-mobile.com).

# MASSIVE MOMENTUM ON NETWORK DEPLOYMENT

EXTENDED  
RANGE **5G**

Over **300M** people  
covered by the  
end of 2021

**97%** of Americans  
covered by the  
end of 2022

Bringing **5G** to  
every corner of  
this country

**Unprecedented Pace and Efficiency** Creates Material Competitive Advantage

**140M**

**COVERED BY ULTRA-CAPACITY 5G**

**TODAY**

# MASSIVE MOMENTUM ON NETWORK DEPLOYMENT

## EXTENDED RANGE 5G

Over **300M** people covered by the end of 2021

**97%** of Americans covered by the end of 2022

Bringing **5G** to every corner of this country

## ULTRA CAPACITY 5G

Mid-Band and Millimeter Wave

**200M** people covered by the end of 2021

Over **250M** covered by the end of 2022

**90%** of Americans covered by the end of 2023

**Unprecedented Pace and Efficiency** Creates Material Competitive Advantage

# 5G DOWNLOAD SPEED

**T-Mobile**  
**23%**  
Download Speed Increase  
Since January 2021 Report

**50%**  
Faster than Verizon

**30%**  
Faster than AT&T





**T**

**THE LEADER IN 5G**  
**LARGEST. FASTEST. MOST RELIABLE.**  
ACCORDING TO UMLAUT

Fastest: According to Opensignal Awards based on average speeds (USA: 5G User Experience Report Jan 2021). Most Reliable: According to independent third party umlaut from crowdsourced user experience data (Sept 2020 to Feb 2021). See 5G device, coverage, & access details at T-Mobile.com.

# T-MOBILE IS UNIQUELY POSITIONED FOR DURABLE 5G LEADERSHIP



**Network build** fueled via  
synergies from network  
integration



# T-MOBILE IS UNIQUELY POSITIONED FOR DURABLE 5G LEADERSHIP



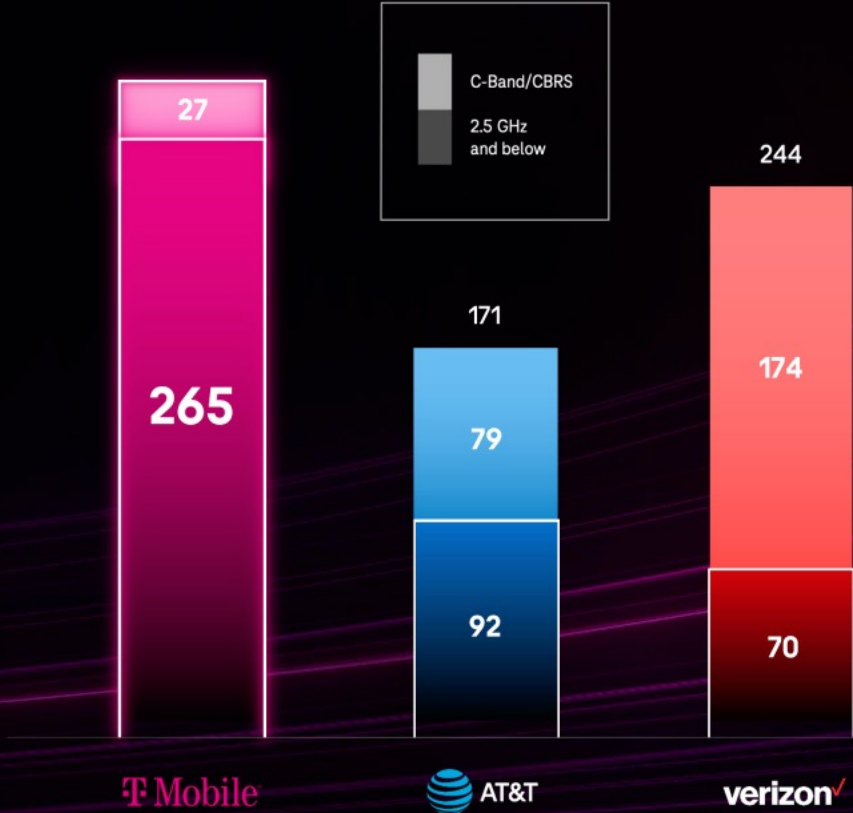
**Meaningful spectrum advantage**  
in quality and depth of mid-band  
post C-Band auction





# POSITIONED TO MAINTAIN 5G LEADERSHIP FOR THE 5G ERA

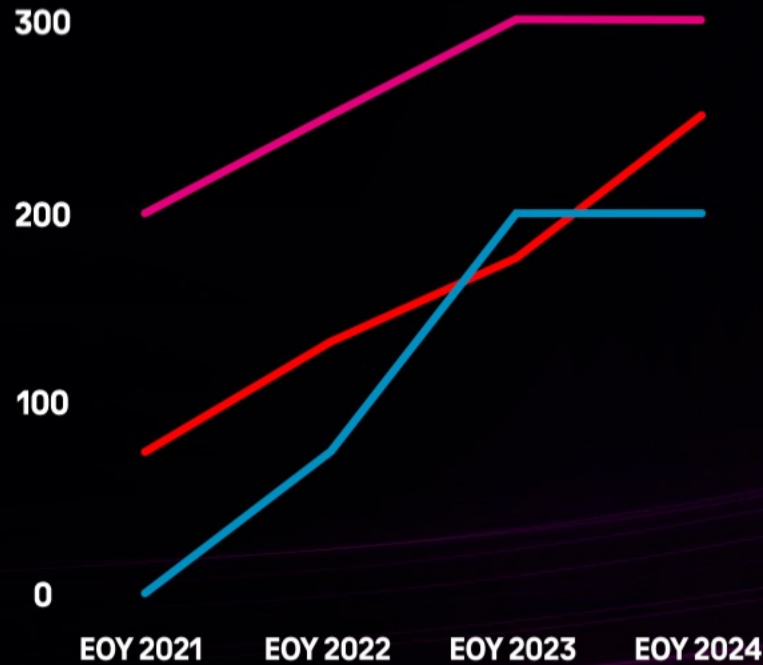
## Current Mid-Band Holdings after Clearance, 2024+



# POSITIONED TO LEAD IN 5G FOR FORESEEABLE FUTURE

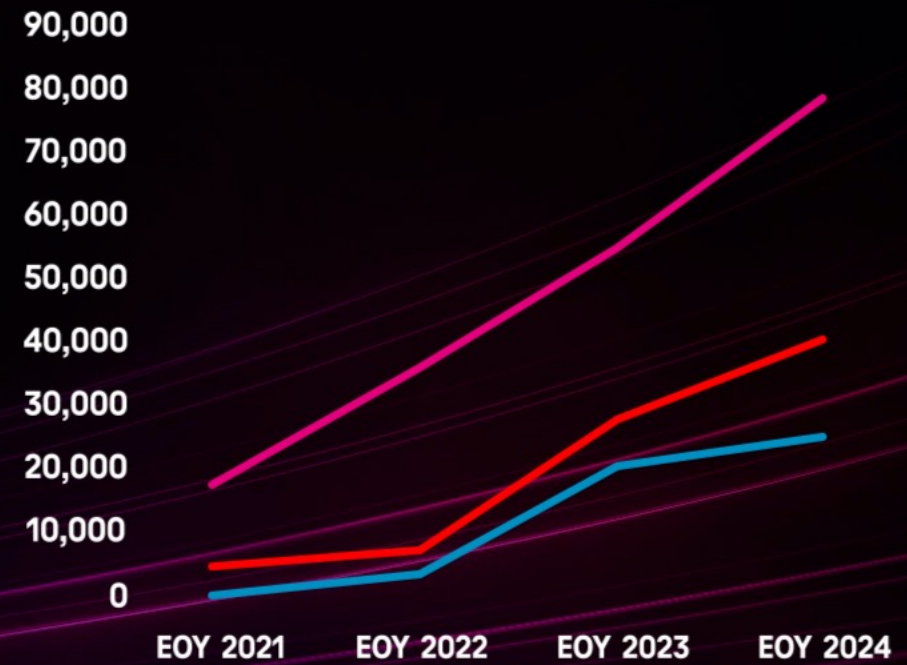
## Mid Band 5G deployment - Covered Pops

5G Mid-band Covered Pops (M)



## 5G Mid Band Mhz Pops Covered

MHz Pops (MHz x M)



New Street Research Publication, April 2021

Updated based on AT&T announcement, 5/17/2021

Based on TMUS estimates of available spectrum

# T-MOBILE IS UNIQUELY POSITIONED FOR DURABLE 5G LEADERSHIP



**Network advantage**  
fully funded with  
business plan



# T-MOBILE IS UNIQUELY POSITIONED FOR DURABLE 5G LEADERSHIP



**Leading on 5G innovation**  
with the most advanced  
network



# T-MOBILE IS UNIQUELY POSITIONED FOR DURABLE 5G LEADERSHIP

**Massive momentum**  
on deployment delivering 5G  
advantage

**Network build** fueled via  
synergies from network  
integration

**Meaningful spectrum advantage**  
in quality and depth of mid-band  
post C-Band auction

**Network advantage**  
fully funded with  
business plan

**Leading on 5G innovation**  
with the most advanced  
network



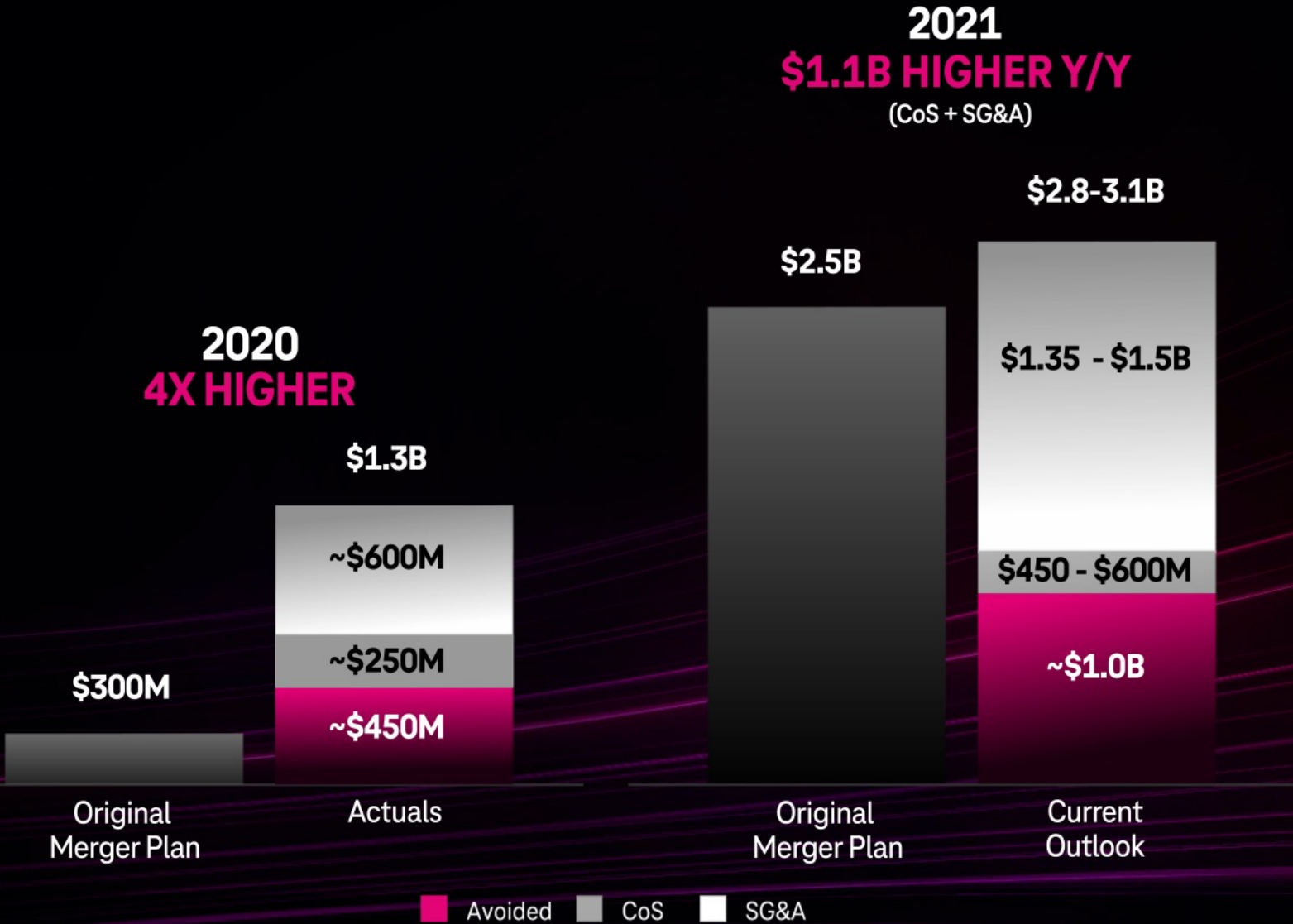
# DELIVERING SYNERGIES BIGGER AND FASTER

2020  
4X HIGHER

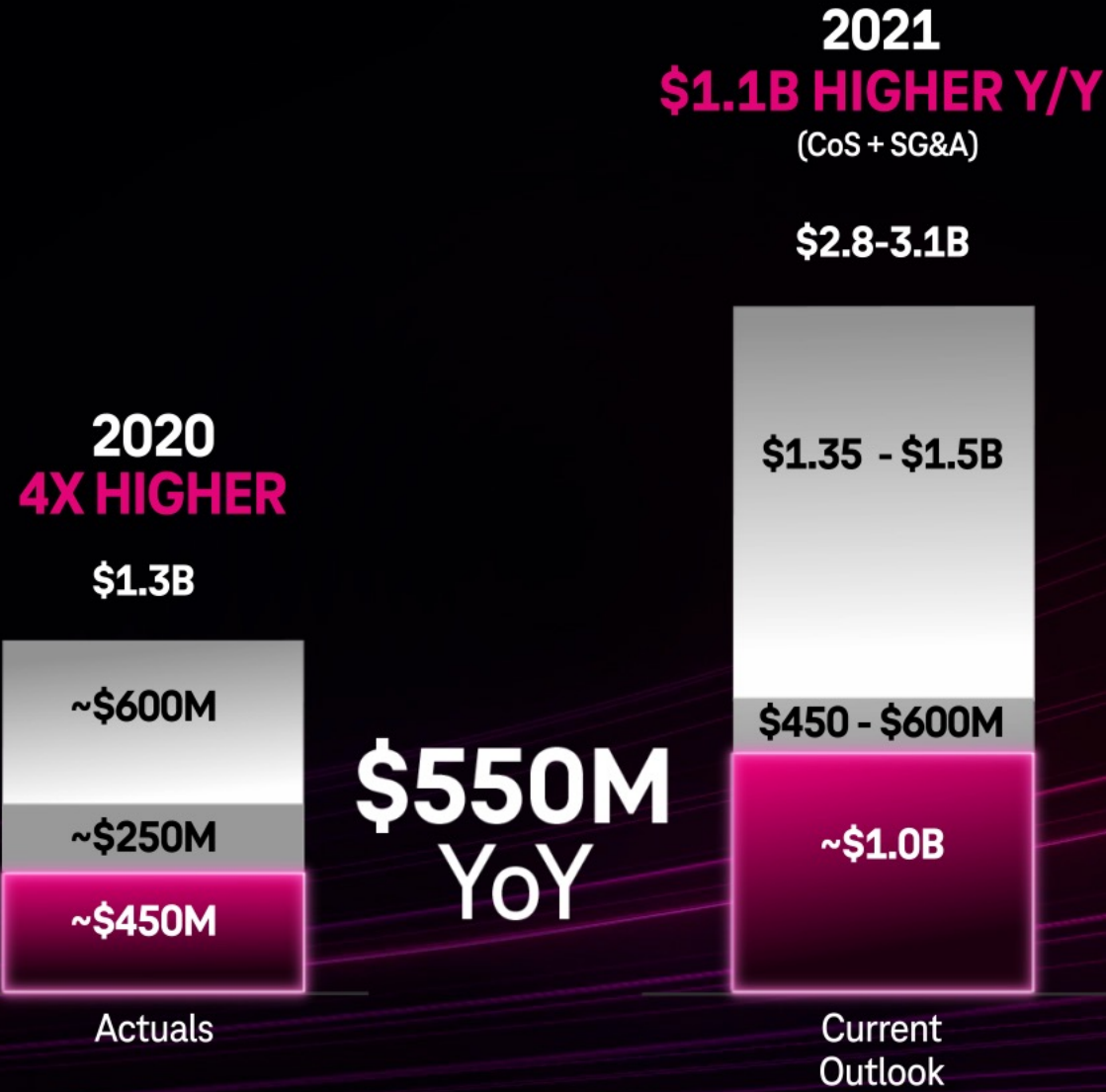


■ Avoided ■ CoS ■ SG&A

# DELIVERING SYNERGIES BIGGER AND FASTER



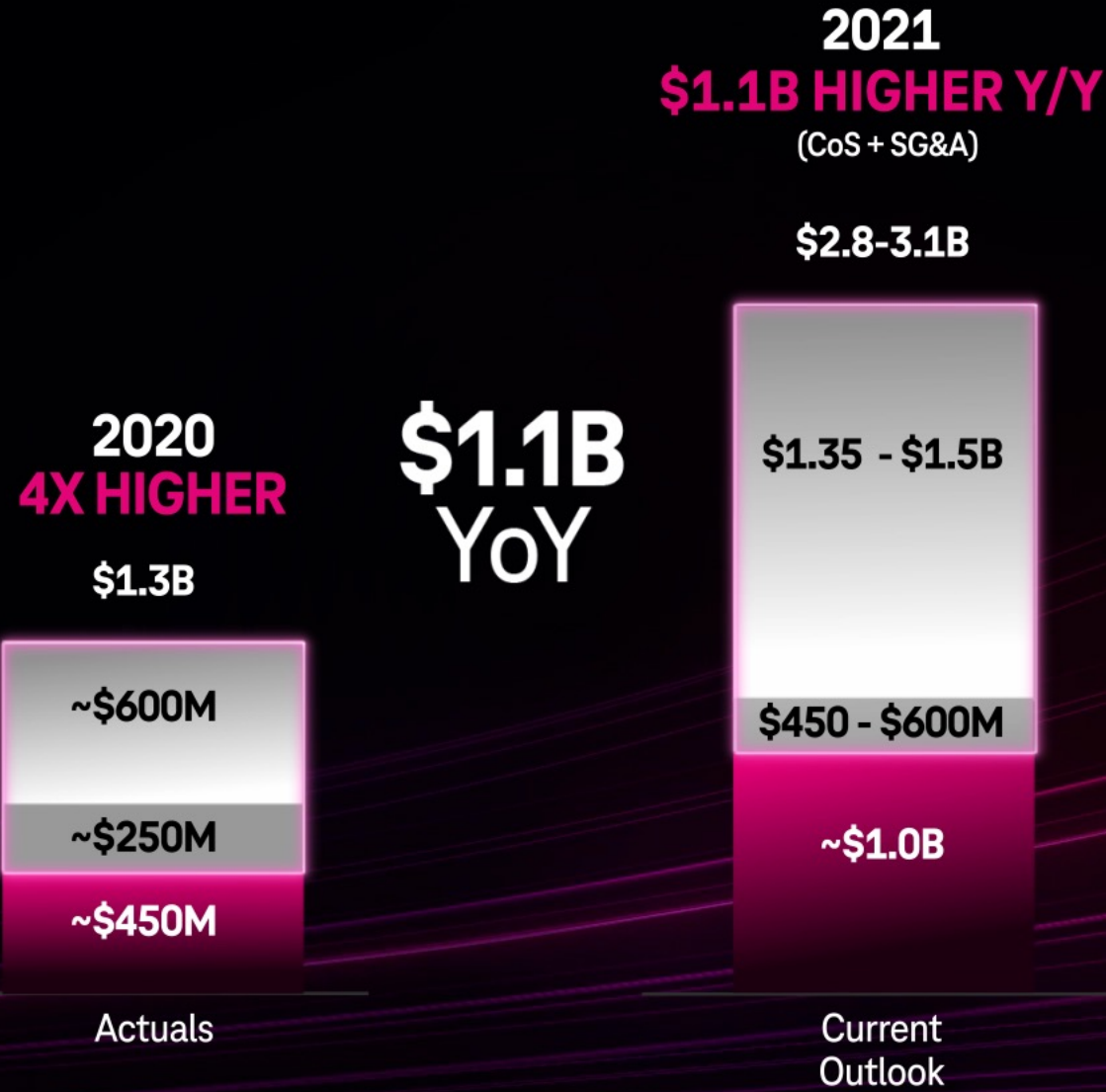
# DELIVERING SYNERGIES BIGGER AND FASTER



■ Avoided ■ CoS ■ SG&A



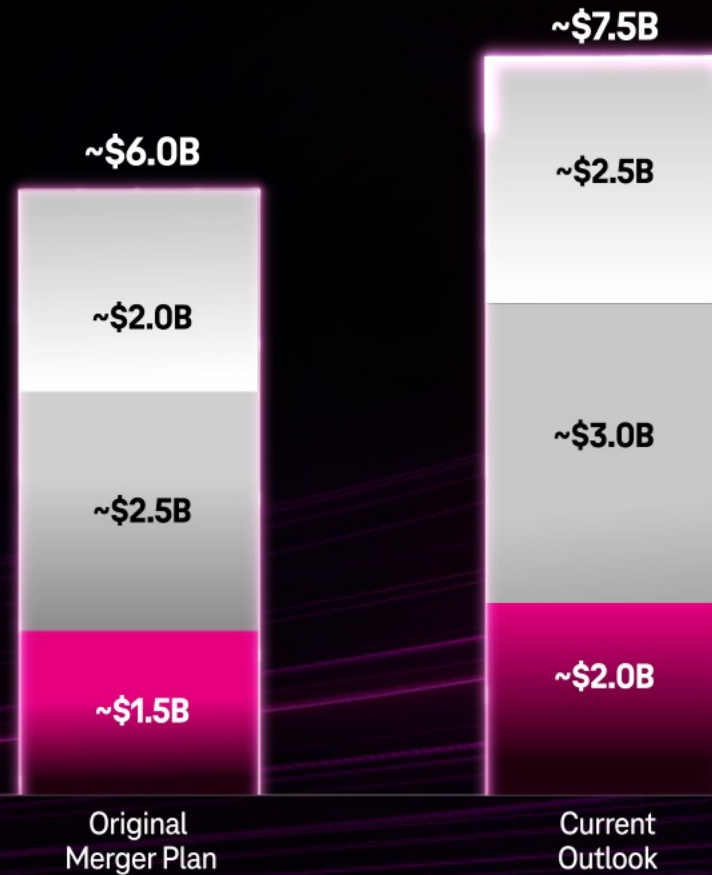
# DELIVERING SYNERGIES BIGGER AND FASTER



■ Avoided ■ CoS ■ SG&A

# DELIVERING 25% MORE RUN RATE SYNERGIES

Run Rate  
**HIGHER by 25%**

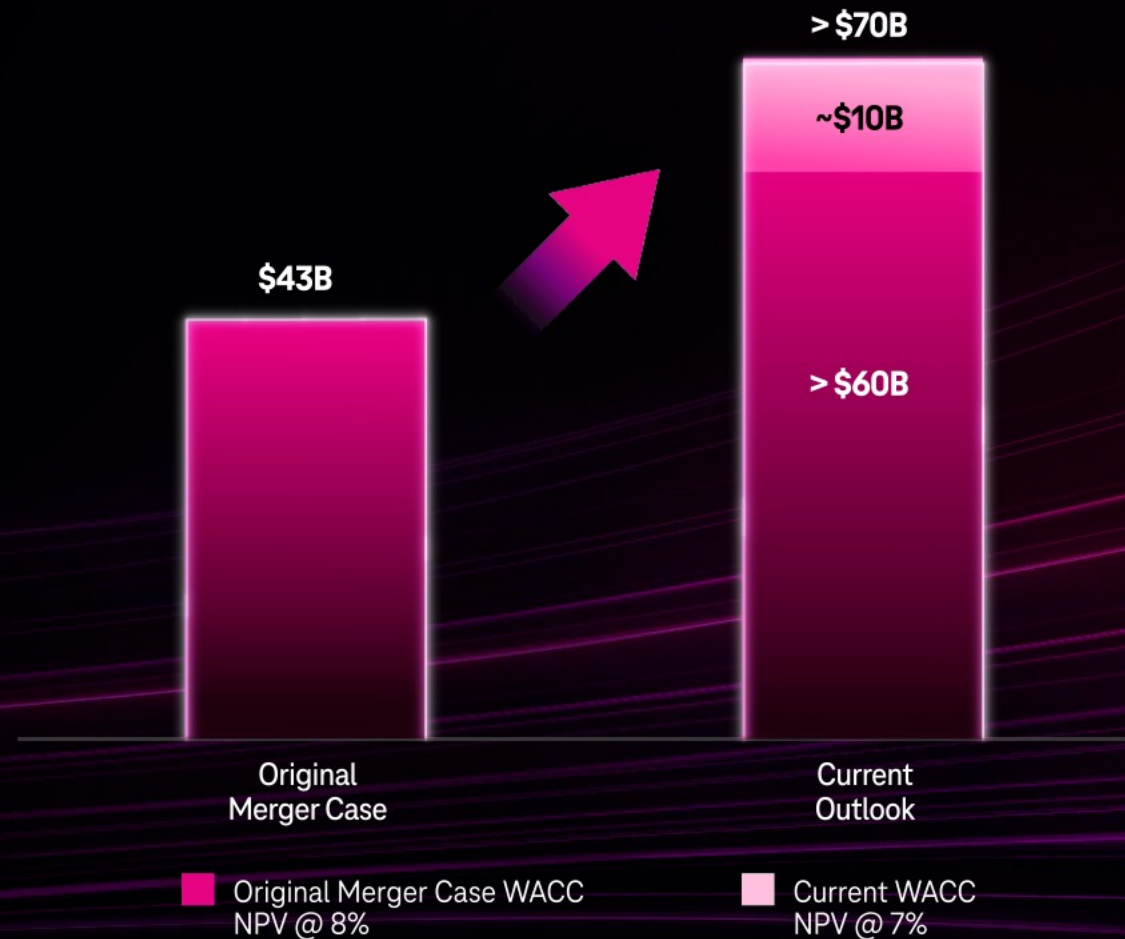


■ Avoided ■ CoS ■ SG&A

# BIGGER AND FASTER SYNERGY REALIZATION UNLOCKS INCREMENTAL SHAREHOLDER VALUE

NPV of Synergies  
**HIGHER** by >60%

at current WACC

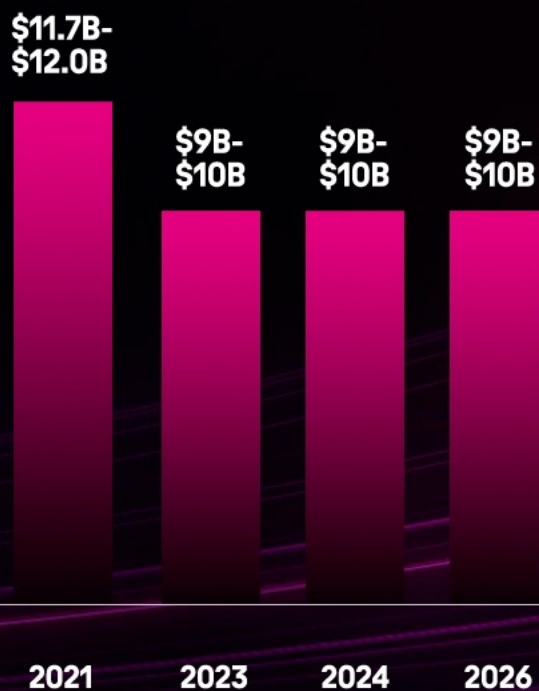


# NOW EXPECTED TO DELIVER FINANCIAL RESULTS THAT EXCEED BOTH THE ORIGINAL 3-4-YEAR AND LONGER-TERM TARGETS

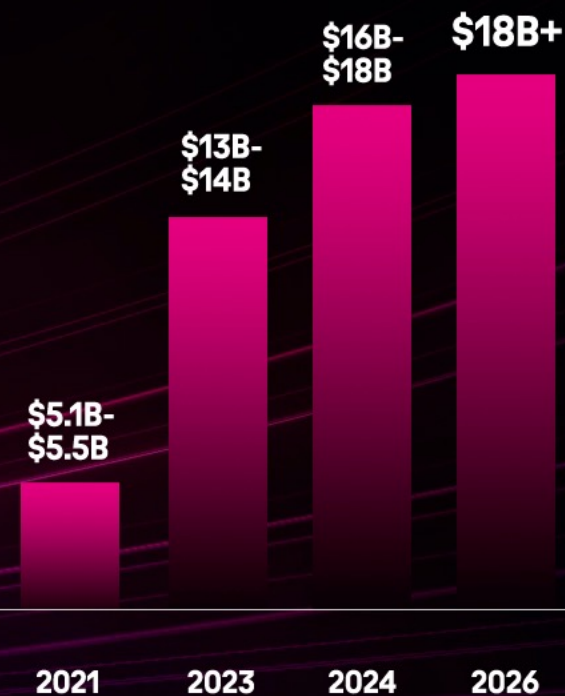
## Core Adjusted EBITDA<sup>1</sup>



## Capital Expenditures



## Free Cash Flow



<sup>1</sup>T-Mobile is 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. Core Adjusted EBITDA should not be used to predict Net income as the difference between it and Net income is variable.

# BALANCE SHEET STRENGTH AND INCREASED FREE CASH FLOW CREATING SHAREHOLDER RETURN OPPORTUNITY

## Capital Allocation

### Invest

to complete integration and 5G network build while funding growth

### De-lever

to mid-2x Core Adjusted EBITDA leverage ratio

Potential for massive shareholder returns of up to

# \$60B

cumulative 2023 through 2025

shareholder return potential continues beyond 2025

T Mobile™

# THE UN-CARRIER



**T-MOBILE US, INC.**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO GAAP FINANCIAL MEASURES**  
**(UNAUDITED)**

This presentation includes non-GAAP financial measures. The non-GAAP financial measures should be considered in addition to, but not as a substitute for, the information provided in accordance with GAAP. Reconciliations for the non-GAAP financial measures to the most directly comparable GAAP financial measures are provided below. T-Mobile is 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 and Core Adjusted EBITDA should not be used to predict Net income as the difference between those measures and Net income is variable.

The following table includes the impact of the Sprint Merger on a prospective basis from the close date of April 1, 2020. Historical results have not been restated and reflect standalone T-Mobile.

Adjusted EBITDA and Core Adjusted EBITDA are reconciled to Net income as follows:

(in millions)	Quarter				
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
<b>Net income</b>	\$951	\$110	\$1,253	\$ 750	\$933
<b>Adjustments:</b>					
Income from discontinued operations, net of tax	-	(320)	-	-	-
<b>Income from continuing operations</b>	951	(210)	1,253	750	933
Interest expense	185	776	765	757	792
Interest expense to affiliates	99	63	44	41	46
Interest income	(12)	(6)	(3)	(8)	(3)
Other (income) expense, net	10	195	99	101	125
Income tax expense	306	2	407	71	246
<b>Operating income</b>	1,539	820	2,565	1,712	2,139
Depreciation and amortization	1,718	4,064	4,150	4,219	4,289
Operating income from discontinued operations <sup>(1)</sup>	-	432	-	-	-
Stock-based compensation <sup>(2)</sup>	123	139	125	129	130
Merger-related costs	143	798	288	686	298
COVID-19-related costs <sup>(3)</sup>	117	341	-	-	-
Impairment expense	-	418	-	-	-
Other, net <sup>(4)</sup>	25	5	1	-	49
Adjusted EBITDA	3,665	7,017	7,129	6,746	6,905
Lease revenues	(165)	(1,421)	(1,350)	(1,245)	(1,041)
Core Adjusted EBITDA	\$3,500	\$5,596	\$5,779	\$5,501	\$5,864

1. Following the Prepaid Transaction (as defined below), starting on July 1, 2020, we provide MVNO services to DISH. We have included the operating income from discontinued operations in our determination of the Adjusted EBITDA to reflect contributions of the Prepaid Business that has been replaced by the MVNO Agreement beginning on July 1, 2020 in order to enable management, analysts and investors to better assess ongoing operating performance and trends.
2. Stock-based compensation includes payroll tax impacts and may not agree to stock-based compensation expense in the Condensed Consolidated Financial Statements. Additionally, certain stock-based compensation expenses associated with the Transactions have been included in Merger-related costs.
3. Supplemental employee payroll, third-party commissions and cleaning-related COVID-19 costs were not significant for Q3 and Q4 2020 and Q1 2021.
4. Other, net may not agree to the Condensed Consolidated Statements of Comprehensive Income primarily due to certain non-routine operating activities, such as other special items that would not be expected to reoccur or are not reflective of T-Mobile's ongoing operating performance, and are therefore excluded in Adjusted EBITDA and Core Adjusted EBITDA.

**T-MOBILE US, INC.**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO GAAP FINANCIAL MEASURES**  
**(UNAUDITED)**

Free Cash Flow and Free Cash Flow, excluding gross payments for the settlement of interest rate swaps, are calculated as follows:

(in millions)	Quarter				
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Net cash provided by operating activities	\$1,617	\$777	\$2,772	\$3,474	\$3,661
Cash purchases of property and equipment	(1,753)	(2,257)	(3,217)	(3,807)	(3,183)
Proceeds related to beneficial interests in securitization transactions	868	602	855	809	891
Cash payments for debt prepayment or debt extinguishment costs	-	(24)	(58)	-	(65)
Free Cash Flow	732	(902)	352	476	1,304
Gross cash paid for the settlement of interest rate swaps	-	2,343	-	-	-
Free Cash Flow, excluding gross payments for the settlement of interest rate swaps	\$732	\$1,441	\$352	\$476	\$1,304

Our current guidance range for Free Cash Flow is calculated as follows:

(in millions)	FY 2021	
	Current Guidance Range	
Net cash provided by operating activities	\$13,200	\$13,600
Cash purchases of property and equipment	(11,700)	(12,000)
Proceeds related to beneficial interests in securitization transactions <sup>(1)</sup>	3,700	3,900
Cash payments for debt prepayment or debt extinguishment costs	(100)	-
Free Cash Flow	\$5,100	\$5,500

1. Free Cash Flow guidance does not assume any material net cash inflows from securitization in 2021.





**T-MOBILE US, INC.**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO GAAP FINANCIAL MEASURES**  
**(UNAUDITED)**

Our Free Cash Flow for the year ended December 31, 2020 and current guidance ranges for Free Cash Flow are reconciled to Net cash provided by operating activities as follows:

(in millions)	Historic FY 2020	Current FY 2021		Mid-Term 2023		Mid-Term 2024		Cumulative 2020 - 2025 <sup>(1)</sup>		Long-Term 2026 <sup>(2)</sup>
Net cash provided by operating activities	\$8,640	\$13,200	\$13,600	\$18,300	\$20,100	\$21,300	\$24,100	\$103,900	\$106,800	\$23,700
Cash purchases of property and equipment	(11,034)	(11,700)	(12,000)	(9,000)	(10,000)	(9,000)	(10,000)	(62,000)	(66,000)	(9,500)
Proceeds related to beneficial interests in securitization transactions <sup>(3)</sup>	3,134	3,700	3,900	3,700	3,900	3,700	3,900	21,000	22,000	3,800
Cash payments for debt prepayment or debt extinguishment costs	(82)	(100)	-	-	-	-	-	(200)	(100)	-
Free Cash Flow	658	5,100	5,500	13,000	14,000	16,000	18,000	62,700		18,000
Gross cash paid for the settlement of interest rate swaps	2,343	-	-	-	-	-	-	2,300		-
Free Cash Flow, excluding gross payments for the settlement of interest rate swaps	\$3,001	\$5,100	\$5,100	\$13,000	\$14,000	\$16,000	\$18,000	\$65,000		\$18,000

1. 6-year period starting with the year when the merger closed, which was 2020. Thus, this guidance includes actual Free Cash Flow for the year ended December 31, 2020 and five additional years of guidance.
2. The mid-point of the guidance range is used for purposes of this reconciliation.
3. Free Cash Flow guidance does not assume any material net cash inflows from securitization.

Our previous guidance ranges for Free Cash Flow as of April 2018 were as follows:

(in millions)	Mid-Term 3 to 4 Years		Cumulative 6 years <sup>(1)</sup>	Long-Term 7 to 8 Years	
Free Cash Flow	\$10,000	\$11,000	\$55,000	\$16,000	\$18,000

1. 16-year period starting with the year when the merger was expected to close, which was 2019.

This guidance was prepared based on internal forecasts and models prior to the Company's adoption of ASU 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments" which impacted the presentation of (1) cash flows related to beneficial interests in securitization transactions resulting in a reclassification of cash inflows from Operating activities to Investing activities and (2) cash payments for debt prepayment or debt extinguishment costs resulting in a reclassification of cash outflows from Operating activities to Financing activities. As a result, at the time the guidance was publicly released in April 2018, T-Mobile was not able to forecast GAAP Net cash provided by operating activities on a forward-looking basis without unreasonable efforts due to the Company's adoption of ASU 2016-15 on January 1, 2018.





# Technology & Innovation

Claudia Nemat

# Key messages

## Review

We delivered our CMD 2018 promises including the DT 'Superior Production Model' (All IP Migration, Agile IT Transformation, Integrated Network Leadership).

Going forward, we evolve to an experience-obsessed tech player:

**01** **Automation, cloudification & disaggregation**  
We will move towards a high degree of automation. Hyperscaler-like, yet telco-grade

**02** **Digitalization & SW/data capabilities**  
We will continue digitalizing the full stack and continue to enhance the software/data capabilities of our employees

**03** **Continued network leadership**  
Our integrated network leadership will continue to deliver clear business benefits

**04** **Green – Energy efficiency**  
To support DT's ambitious climate targets, we will double energy efficiency in network production

**05** **Experience obsession**  
Experience-obsessed, focused innovation and new products will leverage our superior networks

# Review 2017–2021



# IP Migration with customer experience and cost benefits

Superior Production Model 1/3 – All IP Migration 100% at DT, with radically simplified BNG architecture in GER



All numbers YE 2020



# IT Transformation with huge impact on speed, stability and cost

## Superior Production Model 2/3 – Agile IT Transformation

### 2017

- ! Time-to-market: **18 months**
- ! Share of flexible delivery: **0%**
- ! Share of agile working: **< 5%**
- ! Improvable IT stability
- ! IT spend above benchmark-level
- ! Tightly coupled **legacy** IT

Example GER



### YE 2020: Industry leading IT

- Time-to-market: **3.5 months** ✓✓
- Share of flexible delivery: **70.5%** ✓
- Share of agile working: **80%** ✓
- Operational stability almost doubled<sup>1</sup> ✓
- Reduced IT spend<sup>2</sup>: **-€0.2 bn** ✓
- IT **modernization**, decoupling and selective greenfields ✓

Example GER

+

Secure operations & Resilience during Covid-19





<sup>1</sup> Index for business impact from 252 (2017) to 132 (2020)    <sup>2</sup> YE 2017 vs. plan for YE 2021e







# Integrated Network Leadership with clear competitive advantage

## Superior Production Model 3/3 – Integrated Network Leadership

### Integrated network leadership


 Best in mobile  
 Connect Test (01/2021)
 

 Best in 5G  
 Chip Test (01/2021)
 
 Network quality perception  
**+23pp**  
 vs. best competitor<sup>1</sup>


 T-Mobile  
 Netherlands
 

 World's best mobile network  
 Umlaut (10/2020)
 
**#1** in **8/10** markets  
 based on network TRI\*M<sup>2</sup>

### Mobile network leadership



 Winner 5G & LTE  
 (01/2021)
 
 TMUS delivering  
 5G leadership (02/2021)
 
 Perception as “the 5G company”  
**+120%**  
 since Q3/2019

Our clear competitive advantage



Brand worth  
**> \$50 bn**



**#1** in DAX30  
 reputational ranking<sup>3</sup>









<sup>1</sup> Source of data: Kantar Image and Advertisement Monitor for German footprint (2020), % of participants that attribute statements to a brand

<sup>2</sup> AT, CZ, GR, HR, HU, ME, MK, NL, PL, SK (2020)

<sup>3</sup> Dr. Doebelin Society for Economic Research 2021



# CMD 2018 commitments: We delivered!

	Ambition level	Achievements 2020	2017–2021e
<b>Technology leadership</b>	<ul style="list-style-type: none"> <li>Gigabit rollout                             <ul style="list-style-type: none"> <li>Ramping up to 2 mn HH p.a. in GER by 2021e</li> <li>0.75 mn HH p.a. in EU<sup>1</sup> by 2021e</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>approx. 1.2 mn HH in 2021e (0.5 mn in Q4)</li> <li>1.4 mn HH in 2021e</li> </ul>	 
	<ul style="list-style-type: none"> <li>Mobile network leadership &amp; leading in CX                             <ul style="list-style-type: none"> <li>99% outdoor LTE coverage in GER by 2020</li> <li>99% outdoor LTE coverage in EU by 2021e</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>99% in 2020</li> <li>98% in 2021e</li> </ul>	 
	<ul style="list-style-type: none"> <li>5G innovation leadership</li> </ul>	<ul style="list-style-type: none"> <li>First European 5G network in Austria (2019), DSS pioneer (2020), Connect 5G Innovation Award (2021)</li> </ul>	
<b>Value transformation</b>	<ul style="list-style-type: none"> <li>IT spend reduction of €0.2 bn in 2021e</li> </ul>	<ul style="list-style-type: none"> <li>€0.2 bn reduction achieved by 2021e</li> </ul>	
	<ul style="list-style-type: none"> <li>IT delivery time down to 6 months in 2021e</li> </ul>	<ul style="list-style-type: none"> <li>Down to 3.5 months already in 2020</li> </ul>	
	<ul style="list-style-type: none"> <li>IP migration completed in 2020</li> </ul>	<ul style="list-style-type: none"> <li>Completed across the entire footprint in 2020</li> </ul>	

<sup>1</sup> FTTH/B & Docsis 3.1; AT, CZ, GR, HR, HU, ME, MK, PL, SK (excl. RO & PL)

# Strategy 2021–2024



# We evolve towards an experience-obsessed tech player

**FROM** a reliable network builder & operator

## Superior Production Model

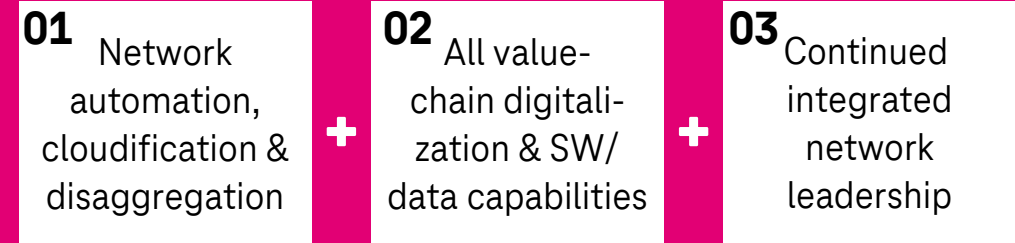


## Capabilities built so far

- ✓ Global skill-based organization implemented
- ✓ DevOps in place in NT & IT
- ✓ First successes in radical automation, disaggregation & software integration

**TO** an experience-obsessed tech player

## Tech player



## 04 Green

Path to carbon neutrality<sup>1</sup> – Energy efficient

## 05 Experience-obsessed

Best connectivity experience	Seamless interplay at home	Beyond the core
------------------------------	----------------------------	-----------------

<sup>1</sup> CO<sub>2</sub> neutral scope 1&2 in 2025, scope 3 in 2040, addressed in RfPs with high priority

# Network automation proven and ready to scale

## PROVEN

Hyperscaler like & telco grade voice operations

- 18** months from idea to product
- 90** days from SW to rollout
- 14** day bug fix
- Many** nightshifts required

in GER (2021)

We are live with 1 mn customers

Voice production platform

- Fully automated
- Open
- Multi-vendor
- Cloudified

## SCALING



**All voice customers**  
on one automation platform by 2024e



At least  
**50% of data customers**  
on one platform by 2024e

# Automated network planning proven and ready to scale

## PROVEN

### AI driven FTTH rollout planning

25

- Manual processes
- Complex hand-overs with municipalities



5 days average planning time

- Fully automated, AI based planning processes
- Digitized municipal applications

in GER (2021)

### Deployed for 75% of new areas

Reduction of working hours by up to 75% in structural planning



## SCALING



Contributes to **-25% unit cost** vs. 2020 by 2024e<sup>1</sup>



Enables ramping **> 2.5 mn** HH p.a. to achieve **10 mn** FTTH HH passed until 2024e

<sup>1</sup> Planning effort is one out of many factors reducing unit costs

# Network disaggregation will increase choice and efficiency

## PROVEN

### Mobile access – “ORAN”

Cornerstones laid down by

- OTIC test and integration lab (Europe’s 1<sup>st</sup>)
- Open fronthaul requirements binding in RfPs

Implementation with **ORAN town** in real network

### Fixed access – “Access 4.0”

- Evolving BNG
- Edge-cloud based fixed broadband access live and in production (World’s 1<sup>st</sup>)

### Capabilities built so far

**350** experts for  
NW integration,  
NW operations &  
NW management

**20** agile squads

**New** way of working

## SCALING



Diverse ecosystem with increasing  
competition leading to more  
choice and efficiency

e.g. **10–20%**  
efficiency in RAN as planned by 2024e

Example GER

# Digitalization capabilities proven and ready to scale

Two examples...

## PROVEN

### Easy Fiber ordering (Gigabit Geschäftssystem)

Cloud-based, fully digital platform to order, provision and configure Fiber products instantly and in any channel

7 cumbersome » 2 Delightful customer interactions

### Award-winning bot (Frag Magenta)

Digital assistant for personalized 24/7 service automation



Few bot interactions » > 2mn Issues already solved  
37% Solution quota

## SCALING



**Complete Fiber rollout**  
channeled and processed via the platform  
by 2022



Leveraging  
**AI in all customer service interactions**  
by 2025

# We accelerate digitalization with future-proof IT

## YE 2020: Industry leading IT

Example GER

- ✓ Time-to-market: **3.5 months**
- ✓ Share of flexible delivery: **70.5%**
- ✓ Share of agile working: **80%**
- ✓ Operational stability almost doubled
- ✓ IT modernization, decoupling and selective greenfields
- ✓ IT spend reduced<sup>2</sup> by **€0.2 bn**
- ✓ Share of cloudified production: **8% in IT**

## 2024e: World class IT

Example GER

- Time-to-market: **2 months**
- Share of flexible delivery: **80%**
- Share of agile working: **100%**
- Further improved IT stability<sup>1</sup>
- Massive increase of microservices & APIs
- IT spend further reduced<sup>3</sup> by **> €0.2 bn**
- Share of cloudified production: **80% in IT** ≈55% in NT<sup>4</sup>

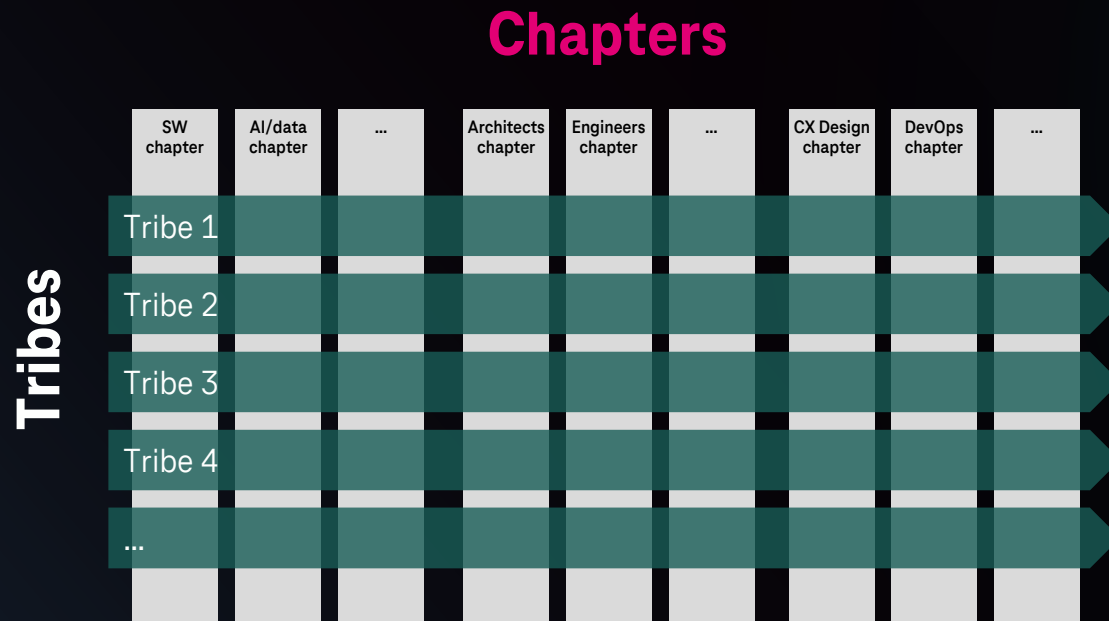
NEW

<sup>1</sup> Index for Business impact should be < 100 by 2024e   <sup>2</sup> YE 2017 vs. YE 2021e   <sup>3</sup> YE 2020 vs. YE 2024e   <sup>4</sup> In core network; GER: 67% & EU: 42% in 2024e



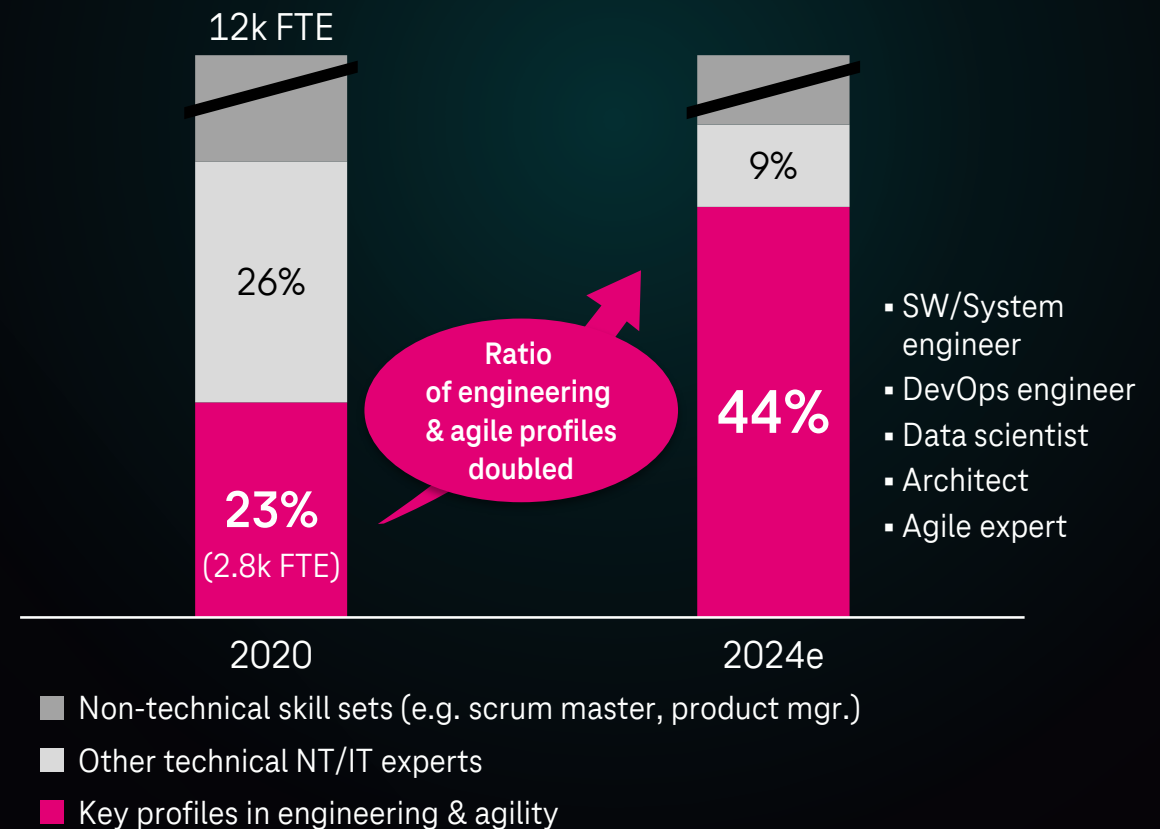
# We are driving skill and cultural transformation

## Modern chapter tribe setup in board area Technology & Innovation



## Scale proven skill transformation in tech & innovation area

Quota of relevant skills, %



# We will remain the network experience leader

Q1 2021

## 5G Leadership in GER, EU<sup>1</sup> & US

based on superior (PoP) coverage



80% PoP coverage



18% PoP coverage



90% PoP coverage

## Commitment to Fiber in GER<sup>2</sup> & EU<sup>3</sup>

2.3 mn HH

6.1 mn HH

## Toolbox of best combinations (own & orchestrated)

≈500k customers on 4G hybrid solution +  
customer trial for 4G/5G indoor repeater<sup>4</sup>

≈200k customers on 4G hybrid solution

2024e



≈97% PoP coverage

10 mn HH



> 75% PoP coverage

≈10 mn HH



97% PoP coverage (2022e)

- Leverage 5G for superior seamless performance in- and outdoors

## Hybrid routers & indoor repeater

- Orchestrate best customer experience across own- and third-party networks where required<sup>5</sup>

<sup>1</sup> AT, CZ, GR, HR, HU, ME, MK, NL, PL, SK (excl. RO) <sup>2</sup> Incl. cooperation <sup>3</sup> AT, CZ, GR, HR, HU, ME, MK, NL, SK (excl. RO & PL); FTTH/B & Docsis 3.1

<sup>4</sup> Tech-JV with SKT from South Korea

<sup>5</sup> E.g. broadband satellite for IoT and rural coverage & mmWave FWA for selected broadband use cases

# We are convinced by the comprehensive benefits of 5G

## Higher Capex efficiency

-40% Capex per Mbps for top speeds by 2024e

## 3G Shutdown

in combination with 5G increasing energy efficiency

## Fixed wireless access

mainly in US and partially in EU



## 5G Leadership in GER, EU & US

## Up & cross selling in B2C

e.g. grow number of German customers on L/XL tariffs by factor 1.5–2.0x by 2024e

## B2B differentiation

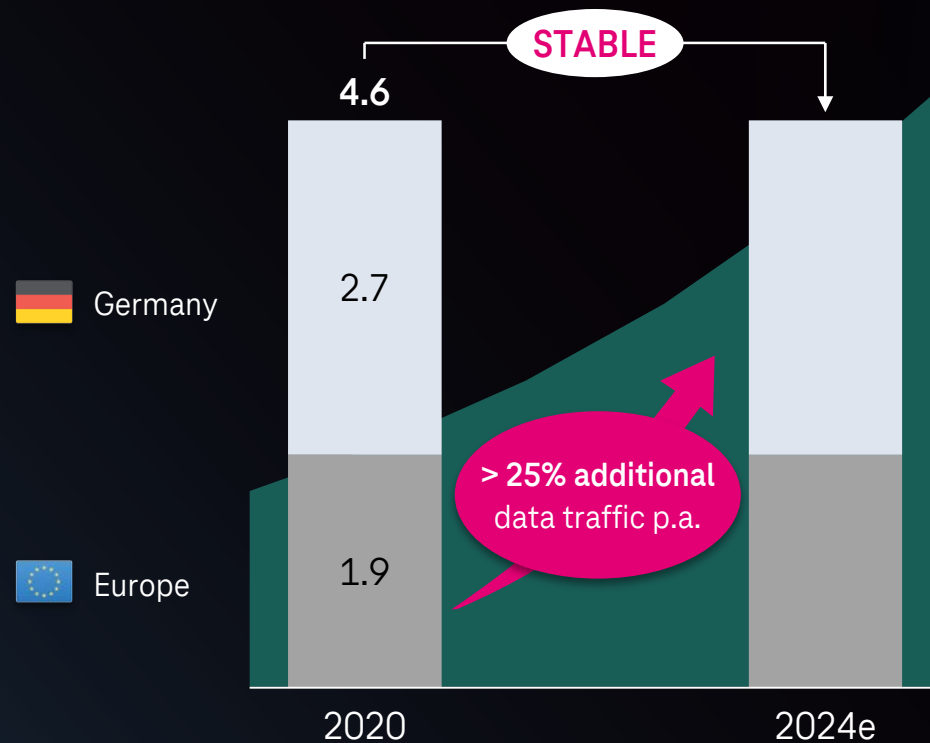
Industrial connectivity, edge cloud, IoT & new 5G SA core with QoS and slicing

Cumulating in **campus networks**: > €100 mn revenue until 2024e

# We will double energy efficiency to offset volume explosion

## Long-term stable energy consumption...

Energy consumption per region, mn MWh



## ... with efficiency levers offsetting volume increases

- We will retire legacy platforms<sup>1</sup> to counterbalance other trends such as rise in data traffic, network densification & rollout of more active network components
- In addition, efficiency from...
  - Network measures, including site sharing & AI steering
  - Copper to Fiber migration
  - Energy efficient data centers, on- and nearshore
  - In addition, innovation in packaging, materials, and decentral energy production



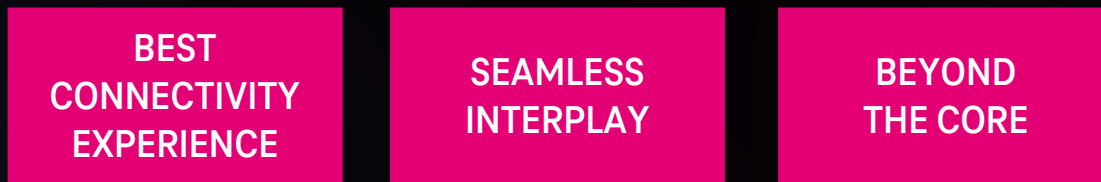
**Double overall energy efficiency**  
by 2024e

<sup>1</sup> Like PSTN or SDH

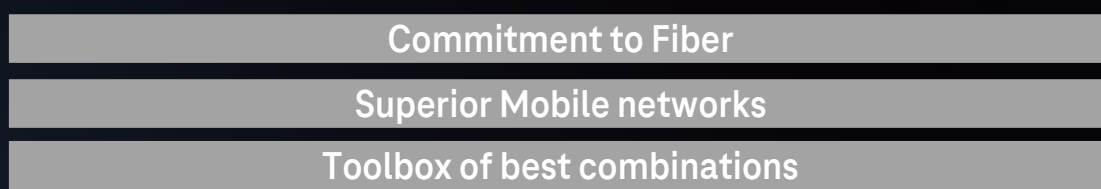
# Delightful home experiences built on best networks

## Products & Innovation

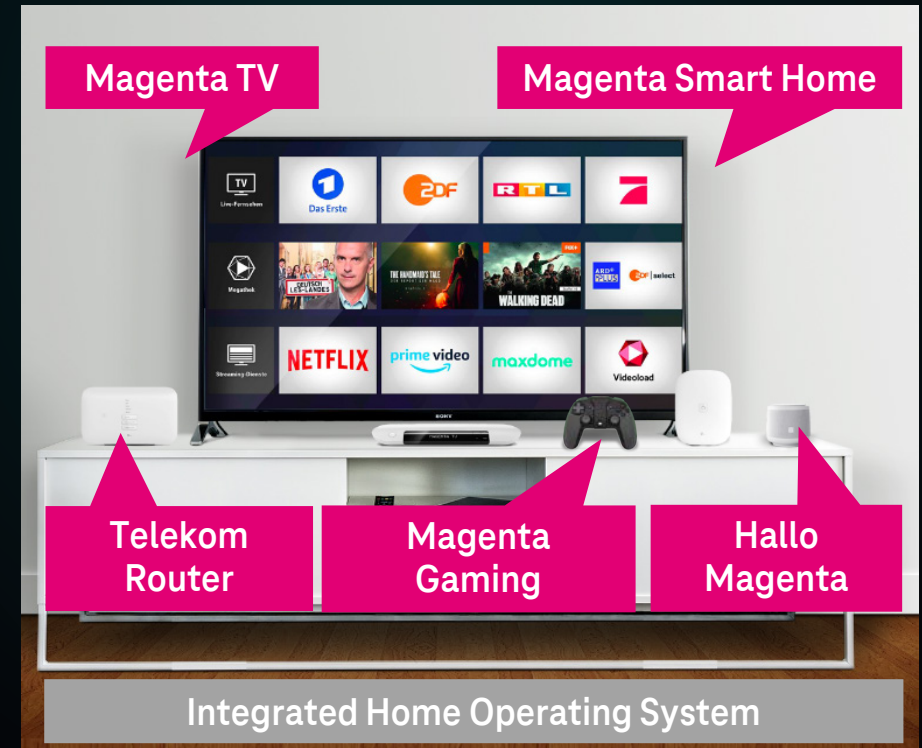
### 3 Experiences



### 3 Enablers



## Unprecedented “Magenta Moments”



# We scale experience innovation across our footprint

## Customer expectations

### BEST CONNECTIVITY EXPERIENCE

Stable & fast connection everywhere at home  
– like at the curb

### SEAMLESS INTERPLAY

Simple & seamless onboarding, upgrading and operating of new devices  
– OTT like

### BEYOND THE CORE

Home experiences with friends and family  
– all voice enabled

## PROVEN

**> 1 mn routers with automated self-installation**  
based on a new RouterOS logic with decoupled HW & SW, and massive leverage of data for CX optimization, and predictive maintenance

**New HomeOS (API-first orchestration layer) launched** e.g. with **200k engaged customers on Smart Home in 2021e**

**> 100k smart speakers sold, plus nearly 100k users via TV app/remote control in 2021e**

## SCALING



**75% of DT router base**  
by 2024e



**90% of DT customer base**  
enabled by 2024e



**All DT services voice enabled** by 2024e

# Midterm ambition level



# Midterm ambition level

	Midterm ambition level	Year
<b>Technology leadership</b>	▪ Commitment to Fiber rollout	
	▪ GER: 10 mn HH passed	▪ 2024e
	▪ EU: ≈10 mn HH passed	▪ 2024e <sup>1</sup>
	▪ 5G PoP coverage & network leadership	
	▪ GER: ≈97%	▪ 2024e
	▪ EU: > 75%	▪ 2024e
	▪ Further enhancing 5G innovation leadership & consumer experience	▪ 2024e <sup>2</sup>
<b>Value transformation</b>	▪ IT spend reduction: > €0.2 bn	▪ 2020–2024e
	▪ Time-to-market: 2.0 months	▪ 2024e
	▪ Agile share of development: 100%	▪ 2024e
	▪ Increase degree of cloudified production	
	▪ NT: GER 67%; EU 42%	▪ 2024e
	▪ IT: 80%	▪ 2024e
	▪ Adj. indirect cost AL reduction (GER/GHS): €0.7 bn	▪ 2020–2024e
	▪ Technology energy consumption (GER & EU): stable	▪ 2020–2024e

<sup>1</sup> AT, CZ, GR, HR, HU, ME, MK, SK (excl. RO & PL; FTTH/B & Docsis 3.1)    <sup>2</sup> AT, CZ, GR, HR, HU, ME, MK, PL, SK (excl. RO)



# Systems Solutions

Adel Al-Saleh



# Key messages

01

## T-Systems' transformation is progressing

2018 transformation program has shown progress with EBITDA acceleration in 2019. Clean-up of portfolio resulted in T-Systems as a focused IT services company

02

## Covid-19 with severe impact on business in 2020

Covid-19 crisis impacted T-Systems' core client base, as a result delayed our transformation. Nonetheless, we have managed the crisis above industry average

03

## Strategy: Leading European IT service provider

Going forward we have a clear strategy. We focus on DACH and selected countries, leading with secure cloud and digital solutions and stronger industry orientation

04

## Accelerate profitability and competitiveness

Transformation program re-energized end of 2020, opportunity for value creation is clear going forward

05

## Financial outlook

We are confident growing adj. EBITDA AL by > 5% CAGR 2020–2024e and generate positive Cash contribution in the planning period

# Review 2017–2021



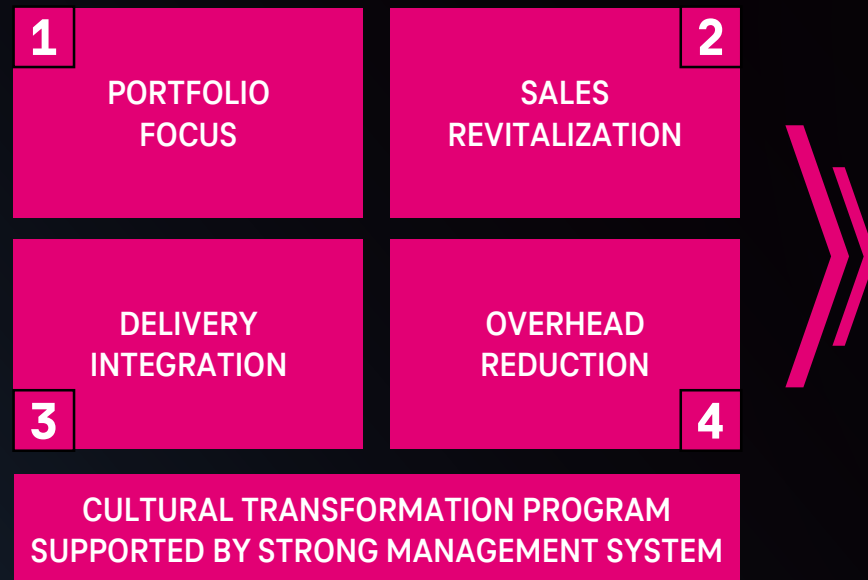
# T-Systems' transformation path



# T-Systems' 2017–2020 transformation recap



## Execution of 4-pillars, addressing fundamental business challenges



- 1**
  - Portfolio-oriented business model (Portfolio P&L steering)
  - Strategic portfolio decisions: Exit of End-User-Services, Malaysia and South Africa. New mainframe structure, transfer of connectivity business to Telekom Deutschland
  - Focused T-Systems' portfolio on cloud and digital services

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- 2**
  - Integrated go-to-market
  - New positioning in the market launched with strong traction
  - Modernized and digitized sales (Salesforce)

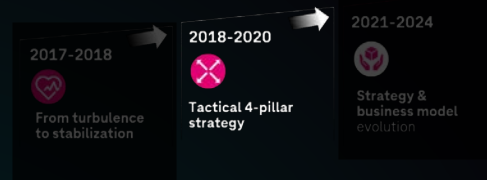
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- 3**
  - Clear delivery strategy to scale and drive efficiency (with ServiceNow)
  - 4 strategic delivery centers, build-up of > 2,000 FTE in India
  - On-shore to nearshore/off-shore ratio shift from 20% to 30%

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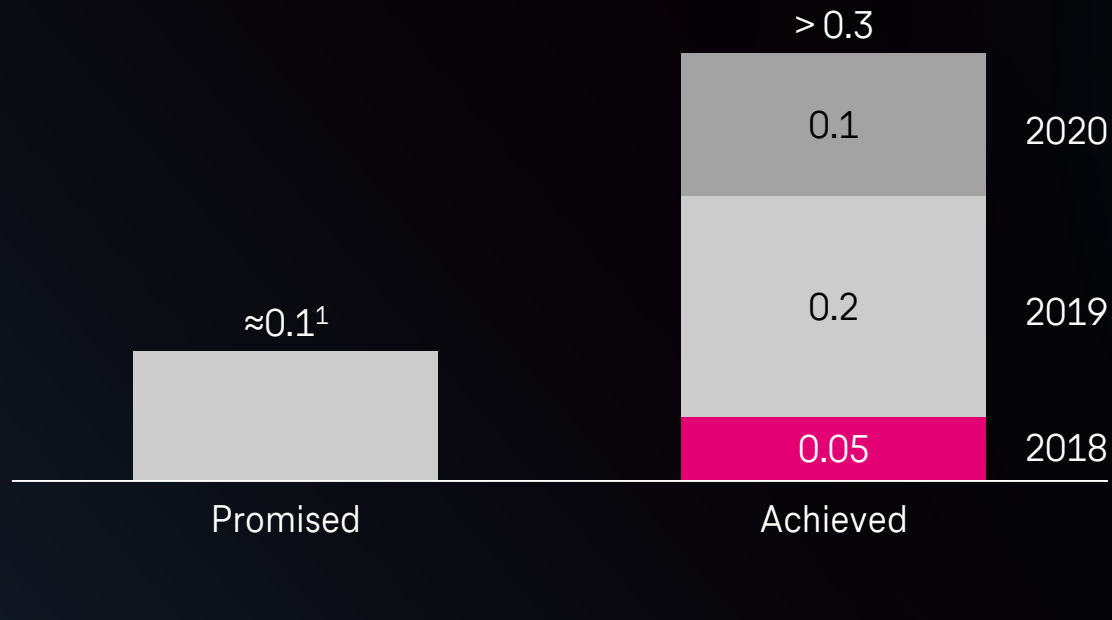
- 4**
  - Removal of 4 layers of management and 45% executives
  - Overhead (40% finance and 30% HR) reductions
  - ≈1,600 FTE net reduction in Germany (> 10%)
  - Agile organizational structure (1,500 to 500 org units)
  - Overall > €0.3 bn net (10%) indirect cost reductions executed (t/o 60% in Germany)

# Cost transformation



**Net indirect costs going down by > €0.3 bn**

Net savings 2017–2020, € bn



Thereof cost savings in Germany: 60%

**Integrated sales**

Efficiency gain through new sales collaboration model and modernized tools (10% of total savings)

**Delivery integration**

Efficiency gain through shoring and automation driving standardization and tooling (40% of total savings)

**Overhead reduction**

Efficiency gain through removal of management layers and executives, streamlined x-functions and increased mobile working (50% of total savings)

**Headcount reduction**

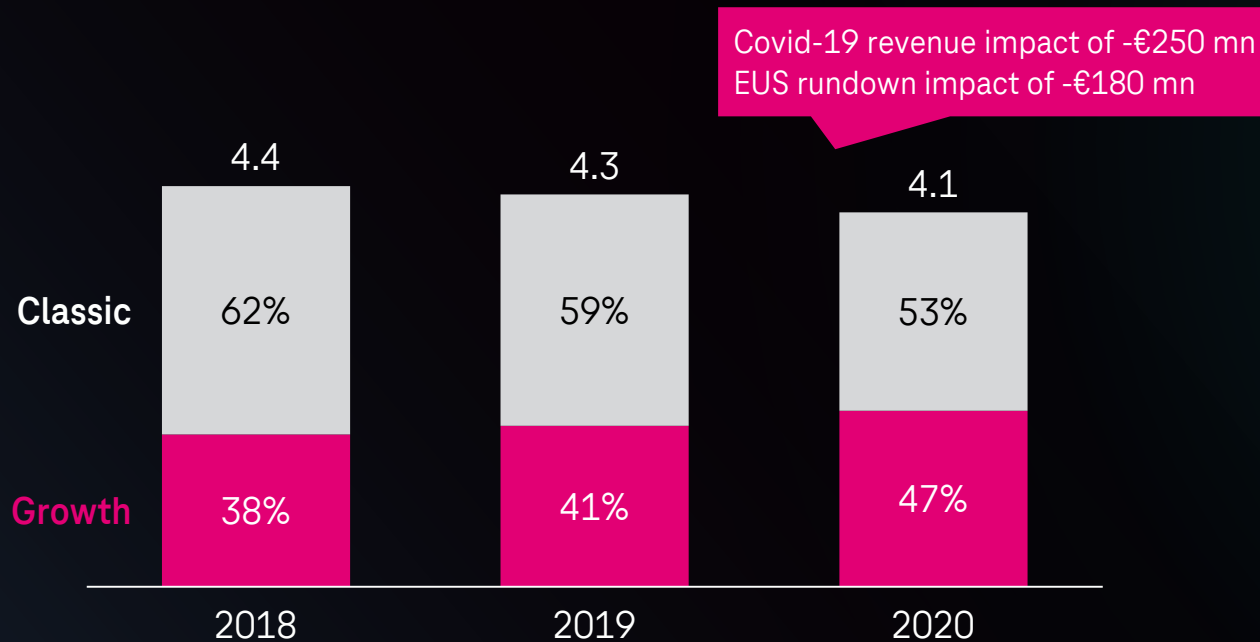
≈1,600 FTE net reduction in Germany (> 10%)  
≈4% headcount reduction globally

<sup>1</sup> 2017–2021

# Revenue performance and shift



Revenue shift 2017–2020 into growth areas visible. However, growth burdened by Covid-19



**Classic**  
**(-9%<sup>2</sup>)**



**Growth**  
**(+4%<sup>2</sup>)**

- Managed infrastructure services & private cloud: -8% (-4% w/o End-user-services (EUS))
- Public cloud: +32%
- Security: +15%
- Digital solutions: -2% (Covid-19)
- SAP: -5% (Covid-19)
- Road charging: -2% (Regulation/Covid-19)

Actual performance -2%<sup>1</sup> (-1% w/o End-user services (EUS)):

<sup>1</sup> CAGR 2017–2020    <sup>2</sup> CAGR 2018–2020

# CMD 2018 commitments: Cost reduction delivered, revenue off track

	Ambition 2017-2021e	Achievements 2020 <sup>5</sup>	2017–2021e
<b>Financial performance indicators</b>	▪ Revenue growth <sup>1</sup> ≈1%	▪ -2%	
	▪ Adj. EBITDA (AL) growth <sup>1</sup> ≈5%	▪ 0%	 <sup>6</sup>
	▪ Capex <sup>2</sup> stable	▪ Decrease	
	▪ Special factors <sup>2</sup> stable	▪ Stable	
	▪ Cash contribution (AL) <sup>3</sup> break even 2020	▪ Achieved in 2020 before carve out	
	▪ Adj. indirect cost (AL) reduction <sup>2</sup> of €0.1 bn	▪ €0.3 bn	
<b>Further key performance indicators</b>	▪ Adj. EBITDA (AL) margin <sup>4</sup> 8–10%	▪ 6%	
	▪ TRI*M <sup>4</sup> > 80 pts	▪ 89 pts	

<sup>1</sup> CAGR 2017–2021   <sup>2</sup> 2017–2021   <sup>3</sup> Cash contribution (AL) = Adj. EBITDA (AL) – Cash Capex – Special factors (Cash)   <sup>4</sup> In 2021   <sup>5</sup> Actual results 2017–2020, or respectively actuals 2020

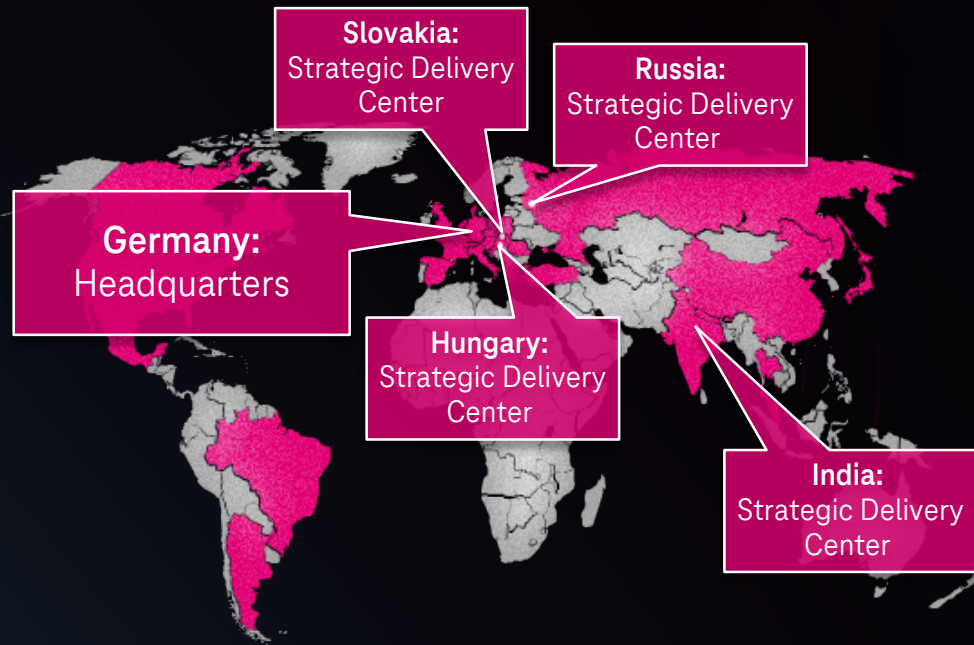
<sup>6</sup> Normalized for COVID-19 and portfolio adjustments



# Strategy 2021–2024



# T-Systems is a focused IT services player with global delivery capabilities



- ADVISORY
- CLOUD & INFRASTRUCTURE
- DIGITAL SERVICES
- SECURITY

**#1**  
IT Service provider in Germany

**#2**  
IT Service provider in DACH

**DAX30**  
Provider

**8**  
Security operation centers (SOCs) globally

**~581**  
**Petabytes**  
Storage

**16**  
Data centers

**~90,000**  
Servers

**20**  
Countries

**28,098**  
Employees (FTE)



# T-Systems is at the center of market IT growth opportunities



Market observations 	Geopolitical dynamics 	T-Systems' right to play 
---	---	--

Technology relevance in business is clear and increasing

Flexible, adaptable and scalable technology driving cloud growth

Covid-19 crisis accelerating digitalization

Security, data privacy are critical foundations


European IT services to grow at 4–5%


10% of digitalization potential captured so far in Germany


European, sovereign sentiment is growing as an alternative to hyperscalers


Data protectionism driving new regulations

Economic stimulus packages accelerate Covid-19 recovery

 **#1 German IT player with strong European footprint (#2 in DACH)**

 **Proven market leader in cloud & infrastructure, SAP, digital and security**

 **Industry expertise and leadership, esp. in automotive, public sector and health**

 **Long standing, trusted client relationships – with TRI\*M of 89 in 2020 and brand personality rating of 79**

Sources: BofA February 2021, Global CIO Survey // PAC Mkt Rankings 2020, GBM-MCM – Marketing Communications Strategy & Media | IBT | December 2020: (#1 in DACH for automotive and public sector, become a top-3 player in Europe for public transport – #2 for public transport and #3 in selected German healthcare payors and EU sovereign health cloud)



# Video



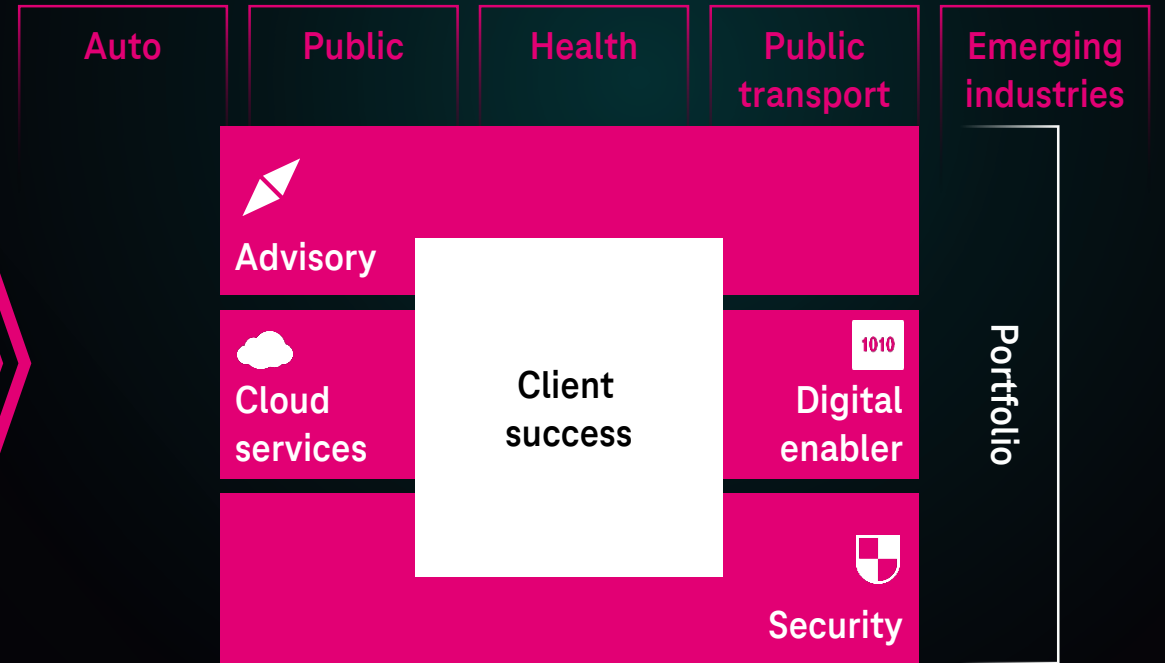
**#peoplemakeithappen**  
Voices of our customers

# Leading European vertical full-service player



We will focus on select industries with vertical solution while providing compelling portfolio relevant to many industries

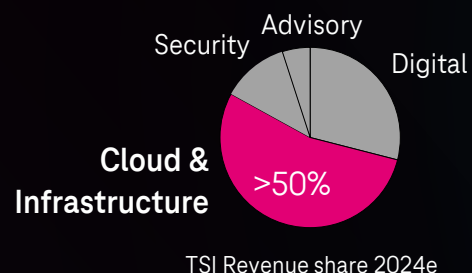
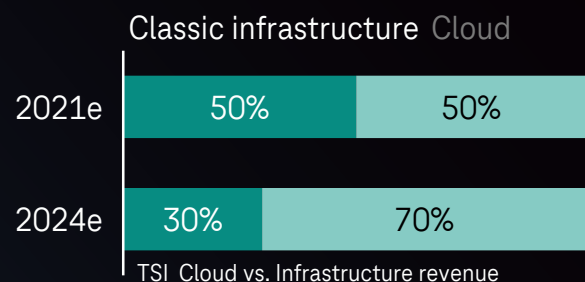
- #1 IT Service provider in DACH, plus selected countries as core markets with ability to deliver globally
- Lead in 3–5 industries with focused vertical offerings – along with compelling horizontal portfolio for all industries
- Expand into €1 bn–€5 bn revenue customer segment while growing existing client base
- Strong “local” partner on eye-level for our clients on their digital transformation journey
- Sovereignty and security at the core of our proposition



# 1. Integrated cloud services

## Dynamics

## How we execute

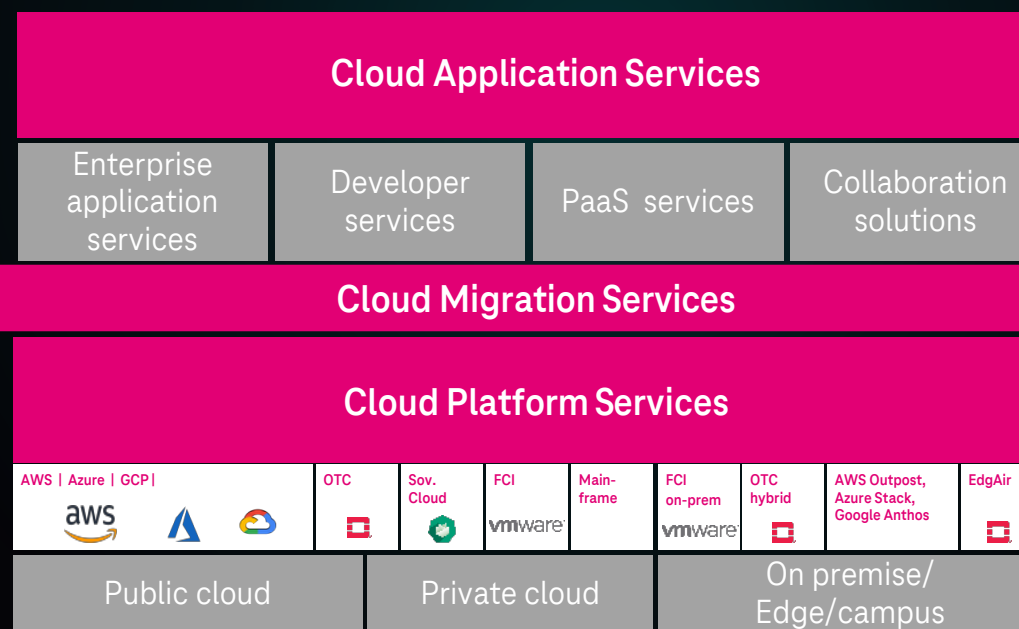


Public cloud is the focus of our clients and a fast-growing market

Hybrid multi-cloud is and will be dominant, with sovereignty being a major trend

TSI leading in industry specific cloud solutions (Automotive-Cloud, Health-Cloud, sovereign cloud)

Proven public cloud transformation with clients like Deutsche Telekom, Heineken, DPDHL, Shell, SBB

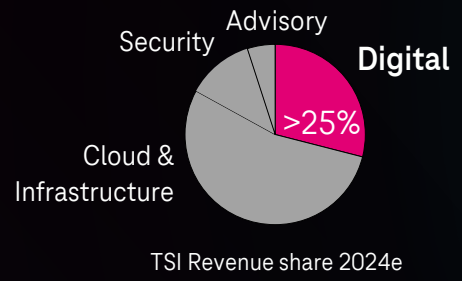
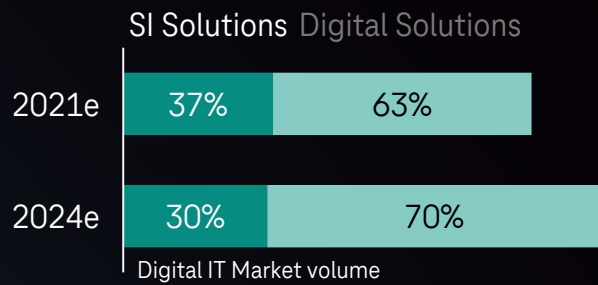


**Growth projection public cloud > 10% CAGR until 2024e**  
**Growth projection classic infrastructure services > -5%**

# 2. Digital enabler



## Dynamics How we execute



Digitalization will continue to be a top priority across all industries. Fragmented and attractive market

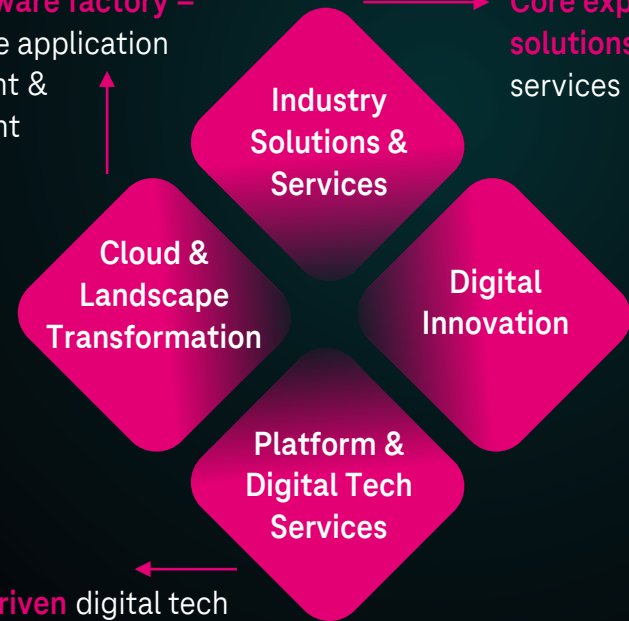
**T-Systems' 7,000+ experts in key technologies and digitalization skills**

**Proven client digitalization projects:**

- Corona-Warn-App
- Data analytics for European Central Bank
- Vaccination digitalization across EU
- Global Connected-Car-Platform

**Global software factory –**  
Cloud native application development & management

**Core expertise in industry solutions,** processes & services in our verticals



**Global strength in digital innovation** with expertise and assets in AI, Data, IoT, Blockchain, Digital Twin, XR and others

**Standard-driven** digital tech services on leading cloud platforms, e.g., Data Intelligence Hub, sovereign/federated cloud strategy & 5G campus edge

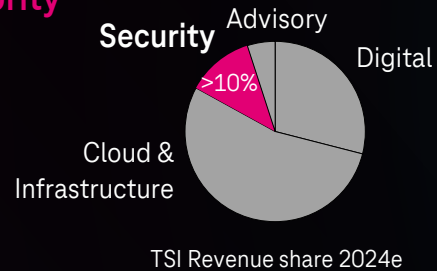
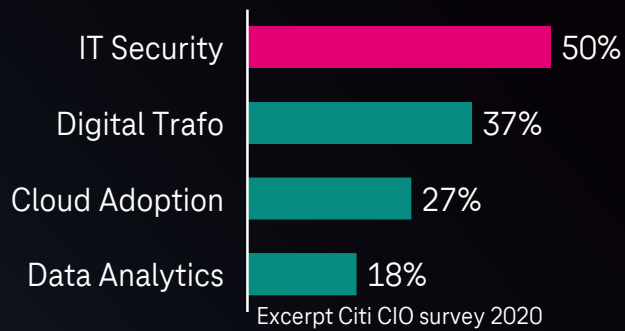
**Growth projection digital 2% CAGR until 2024e**



# 3. Embedded security



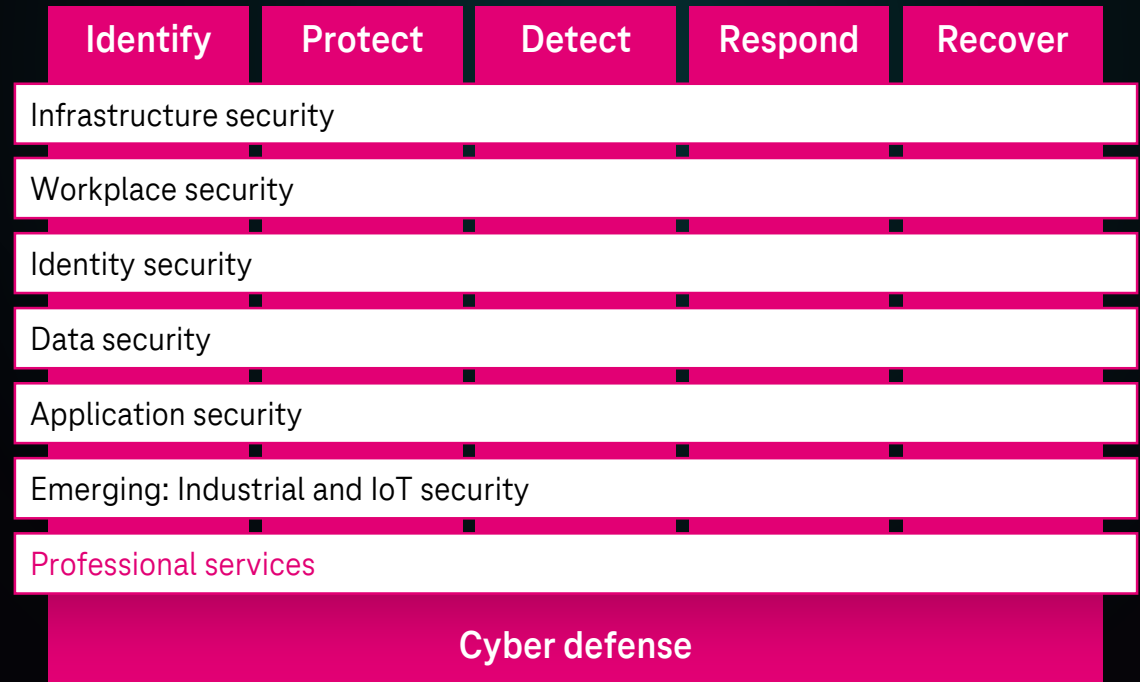
## Security remains top CIO investment priority



Security is the backbone for digitalization with unique approach embedding security into offerings

New security solutions for AI-based technologies, machine learning, automation

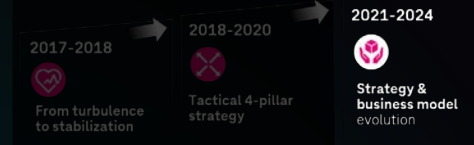
T-Systems with 8 strategically located Security Operating Centers with over 2000 experts



**Growth projection security > 6% CAGR until 2024e**







# Accelerating our transformation into profitability.

## 5 levers to realize next step in gross savings potentials until 2024e

### 01 Delivery model



- Shoring quota from 30% to 35%
- Automation degree +16pp, operational excellence

### 02 Business process standardization



- Portfolio, delivery & IT standardization
- Rundown of 15/46 tools by end of 2024e

### 03 Lean overhead/sales costs



- Reduce Sellex
- Further reduce G&A costs and executives

### 04 We.work.new



- Leverage new ways of working:  
Reduce real estate in Germany by 50%

### 05 PU-specific topics



- Specific cost measures, e.g., platform & data center consolidation


**€0.2 bn**  
net savings<sup>1</sup>


<sup>1</sup> 2020–2024e


# Our Strategy

## Our Vision

Most reliable IT service provider with best technology and industry expertise


 Data sovereignty


 Innovation with an open partner ecosystem


 Secure operational excellence

## Our Mission

We enable organizations to reach full potential through digitalization

Learning & relentless improvements 

#peoplemakeithappen  
Agility and T-Mindset 

Sustainability & diversity 



Leading in DACH

Differentiated industry solutions

Compelling horizontal solutions for all industries

# Midterm ambition level

# Midterm ambition level

	Midterm ambition level	Year
Revenue CAGR	▪ slight growth	▪ 2020–2024e
Adj. EBITDA AL CAGR	▪ > 5%	▪ 2020–2024e
Adj. EBITDA AL margin	▪ 9%	▪ 2024e
Adj. indirect cost AL reduction	▪ €0.2 bn	▪ 2020–2024e
Cash Capex	▪ stable	▪ 2020–2024e
Cash contribution AL <sup>1</sup>	▪ Break-even	▪ 2023e

<sup>1</sup> Cash contribution AL = Adj. EBITDA AL – Cash Capex – Special factors (Cash)

# Group Development

Thorsten Langheim

# Key messages

**01 Superior portfolio**  
Leading EU Telco plus best US MNO  
boosted by massive synergies

**02 Successful portfolio management**  
Track Record: Strato, Scout, TMUS, TMNL, Towers,  
FMC<sup>1</sup>

**03 No dogma**  
Focus on what drives value: TMUS, divest-to-invest,  
FMC<sup>1</sup> deals

**04 Long-term perspective**  
US took 10 years, TMNL 5 years, said  
“no” to several tower deals below 20x

**05 Strategic optionality**  
Strategic review: Towers/TMNL,  
additional tower Carve-outs (CZ/SK)

<sup>1</sup> Fixed-Mobile Convergence

# Review 2017–2021



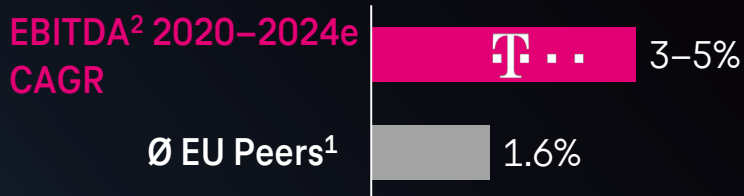
# DT – We are different: We grow, create value and have strategic optionality

## Long-term value creator

DT has outperformed in the past...



...and will continue to outperform in the future



## Our approach



Unique portfolio approach:  
Divest to invest/turnarounds/  
optionality



Keep freedom to act:  
Transact/wait/shift capital  
between assets



Strong principles,  
but no dogma

## What's next?



We are #2, aim at #1...  
DT has lots of options

- Control
- Return of cash



Created one of the best MNOs  
in Europe

- Overachieve synergies
- **Strategic review**



1<sup>st</sup> to carve out towers, but...  
right to wait: Kingmaker asset

- Carve-out of further tower assets
- **Full transaction flexibility**

Source: Broker estimates (Capital IQ), TSR is Total Shareholder Return as of May 14<sup>th</sup>, 2021

<sup>1</sup> Consensus Capital IQ, May 14<sup>th</sup>, 2021; EU peers include BT, Orange, Telefonica, TIM, KPN, Swisscom, Telia, Telekom Austria <sup>2</sup> Adj. EBITDA AL

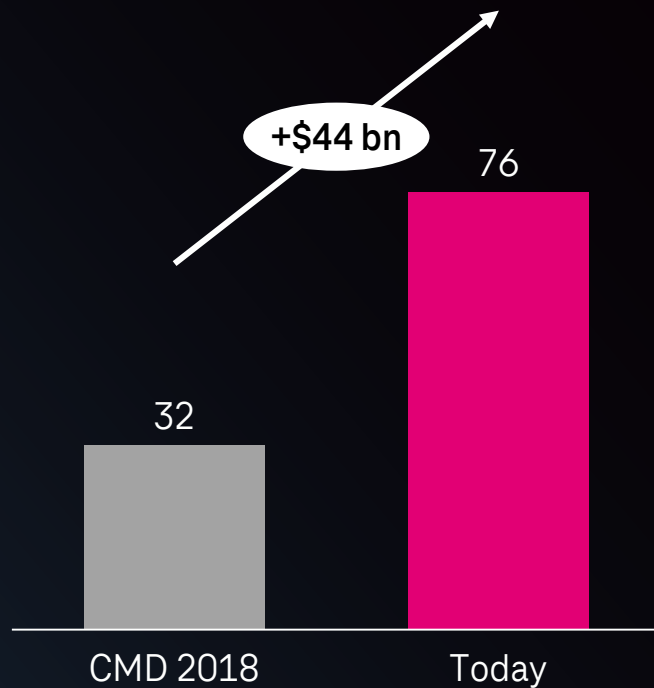




# Group Development – Significant value created since last CMD

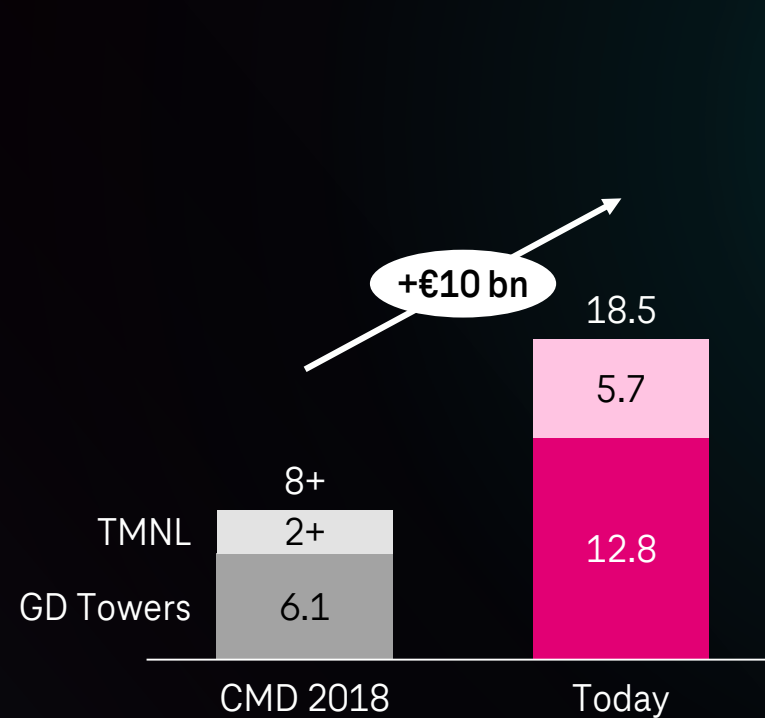
## TMUS: Monumental deal

DT stake in TMUS market cap<sup>1</sup>, \$ bn

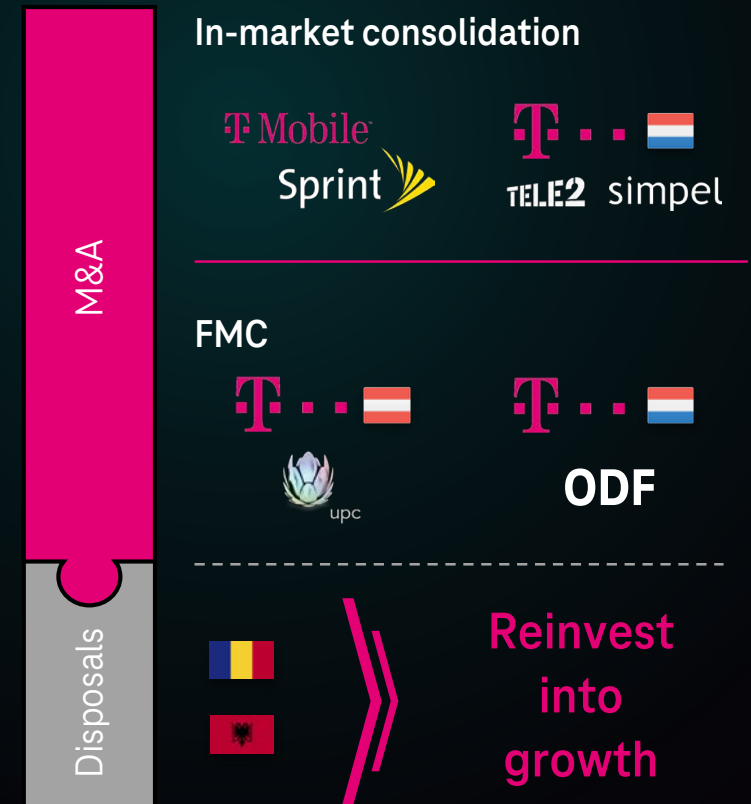


## Active management of dedicated DT assets

SOTP value of GD assets<sup>2</sup>, € bn



## Value accretive portfolio management



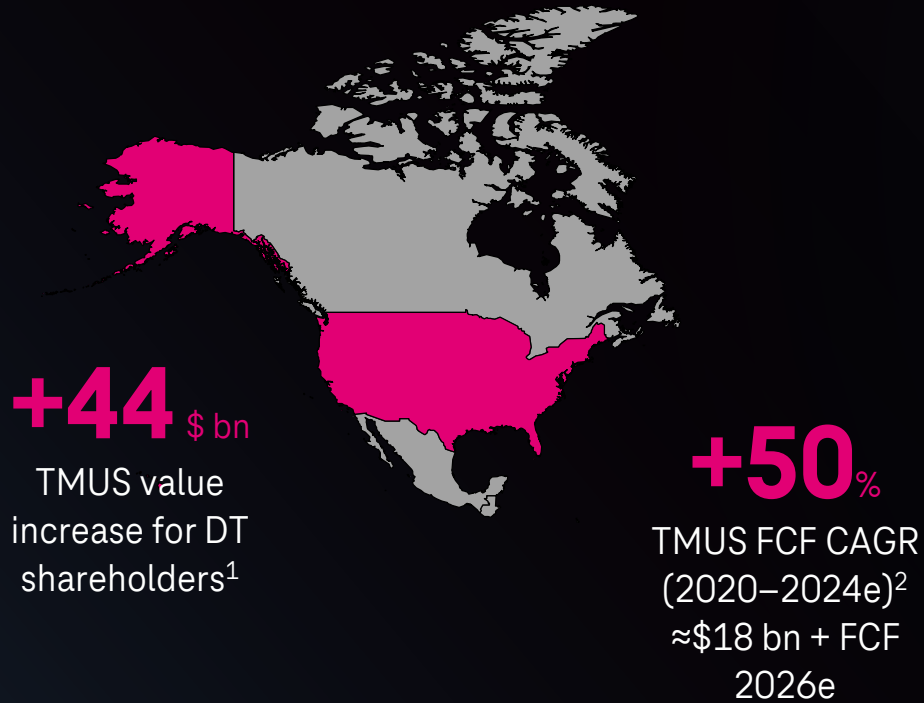
<sup>1</sup> Source: Capital IQ, "Today" = May 14<sup>th</sup>, 2021 <sup>2</sup> SOTP (sum-of-the-parts) based on broker consensus 100% EV adj. for Simpel acquisition price and NL/AT Towers



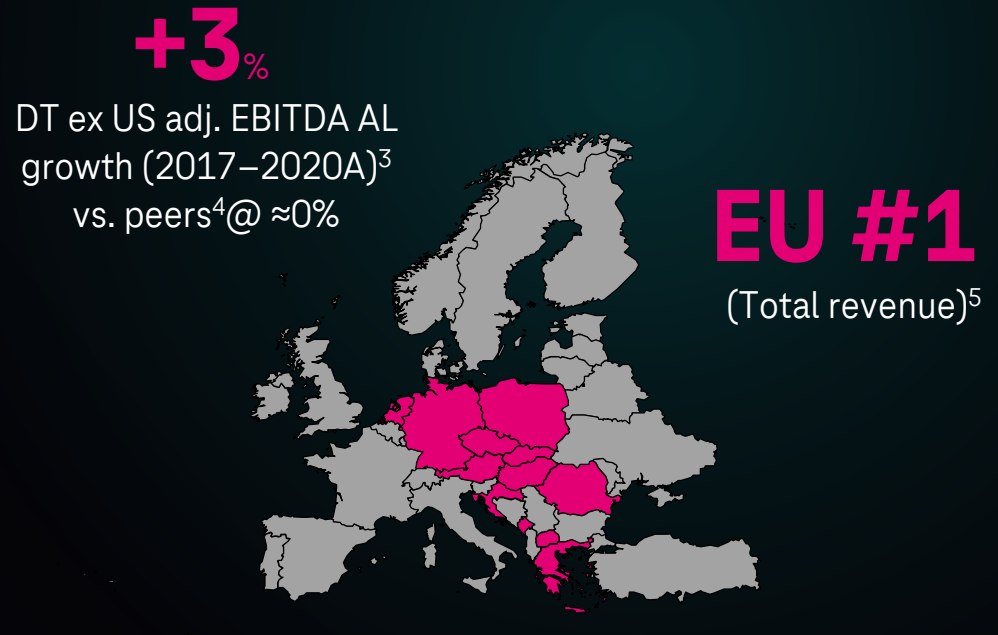
# DT has built one of the best portfolios in the telco industry



## Massive value creation



## Best European telco portfolio








<sup>1</sup> Change in value of DT stake in TMUS' market cap since CMD 2018 <sup>2</sup> TMUS consensus, February 2021; 2026 Guidance per TMUS Analyst Day 2021 <sup>3</sup> Adj. EBITDA AL (CAGR, organic)

<sup>4</sup> European peers include BT, Orange (ex. Africa), Telefonica (ex LatAm), TIM (domestic), KPN, Swisscom, Telia, Telekom Austria; organic growth <sup>5</sup> Revenue leader in 10/12 European markets, based on company reportings



# CMD 2018 commitments: Ambition mostly delivered

	Ambition 2017–2021e	Achievements 2020 <sup>1</sup>	2017–2021e <sup>1</sup>
Revenue <sup>2</sup> CAGR	+3%	+2%	
Adj. EBITDA (AL) CAGR	+3–4%	+6%	
Cash Capex CAGR <sup>3</sup> – moderate growth	+17%	+7%	
Cash contribution (AL) <sup>4</sup> CAGR	-4%	+6%	
Expand portfolio: Macro cells	+9k	+5k	

<sup>1</sup> On a like-for-like basis; Actual results 2017–2020, or respectively actuals 2020 <sup>2</sup> Revenue adjusted for regulation, IFRS 15 and handset subsidy regulation <sup>3</sup> w/o Spectrum

<sup>4</sup> Cash contribution (AL) = Adj. EBITDA (AL) – Cash Capex – Special factors (Cash); incl. TDG rollout

# Deep Dives



**TMUS**



**TMNL**

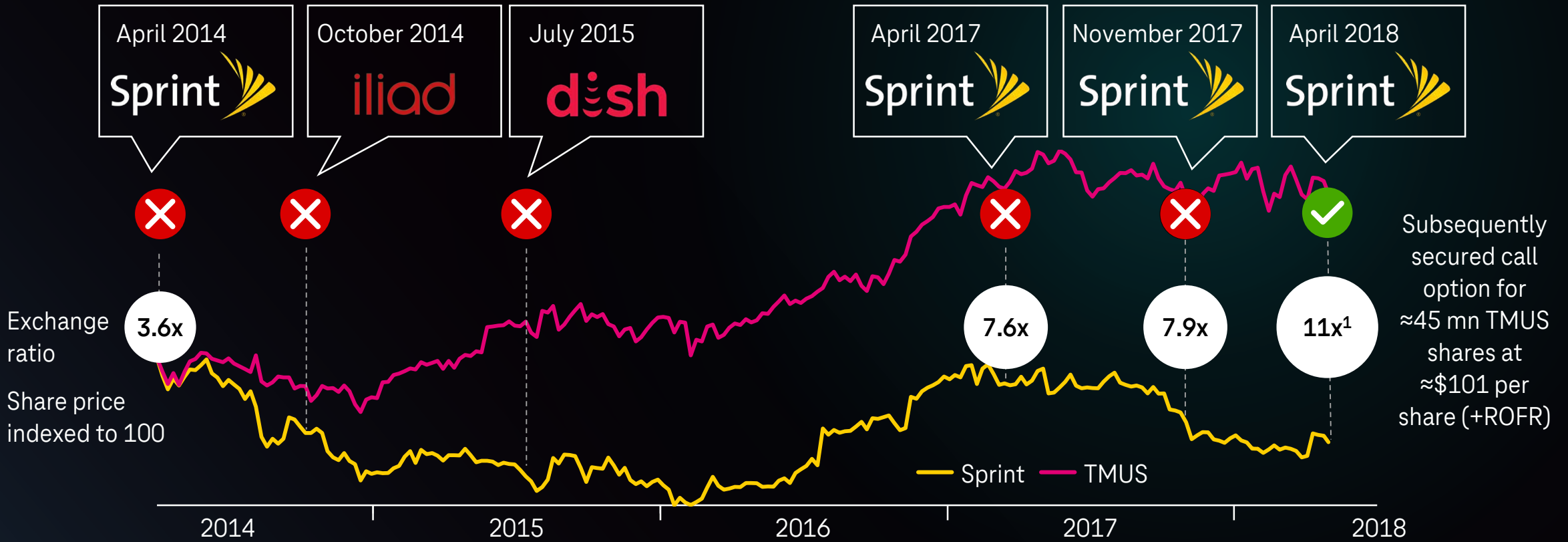


**TOWERS**



**DTCP**

# USA – We were patient and said “no” many times








Source: Capital IQ <sup>1</sup> Subject to true-up



# 12 months on since closing – a great start...

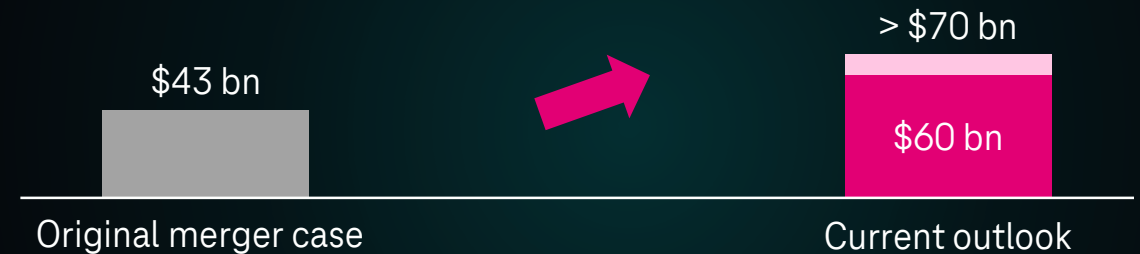


## TMUS/Sprint merger ahead of plan since closing April 2020

-  Conducted successful management succession
-  Renegotiated exchange ratio, plus valuable SB call option<sup>1</sup>
-  Spectrum leader, synergies & FCF upgraded despite COVID-19
-  Up to \$60 bn shareholder returns announced, > 7x DT divi<sup>2</sup>
-  Target price \$162 vs. \$102 (April 2020)<sup>3</sup>

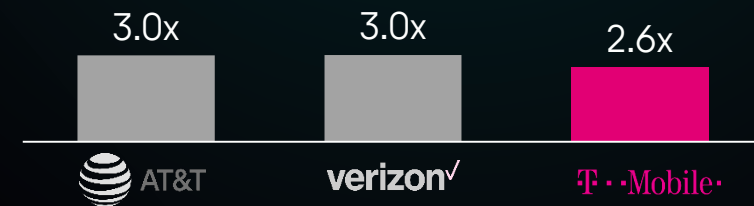
## Upgrade to deal synergies

NPV synergies, \$ bn<sup>4</sup>



## Best US MNO balance sheet

Consensus leverage 2021e<sup>5</sup>



<sup>1</sup> 56.6 mn floating options plus 44.9 mn call options at c.\$101 per share

<sup>2</sup> Calculated as \$60 bn x 43.3% divided by assumed USD fx rate of 1.20 = €22 bn divided by DT annual dividend of €2.8 bn

<sup>3</sup> Source: Capital IQ, May 14<sup>th</sup>, 2021

<sup>4</sup> TMUS Investor Day presentation (March 2021), original merger case Synergy NPV using 8% discount rate, current outlook \$70 bn @7% and \$60 bn @8%

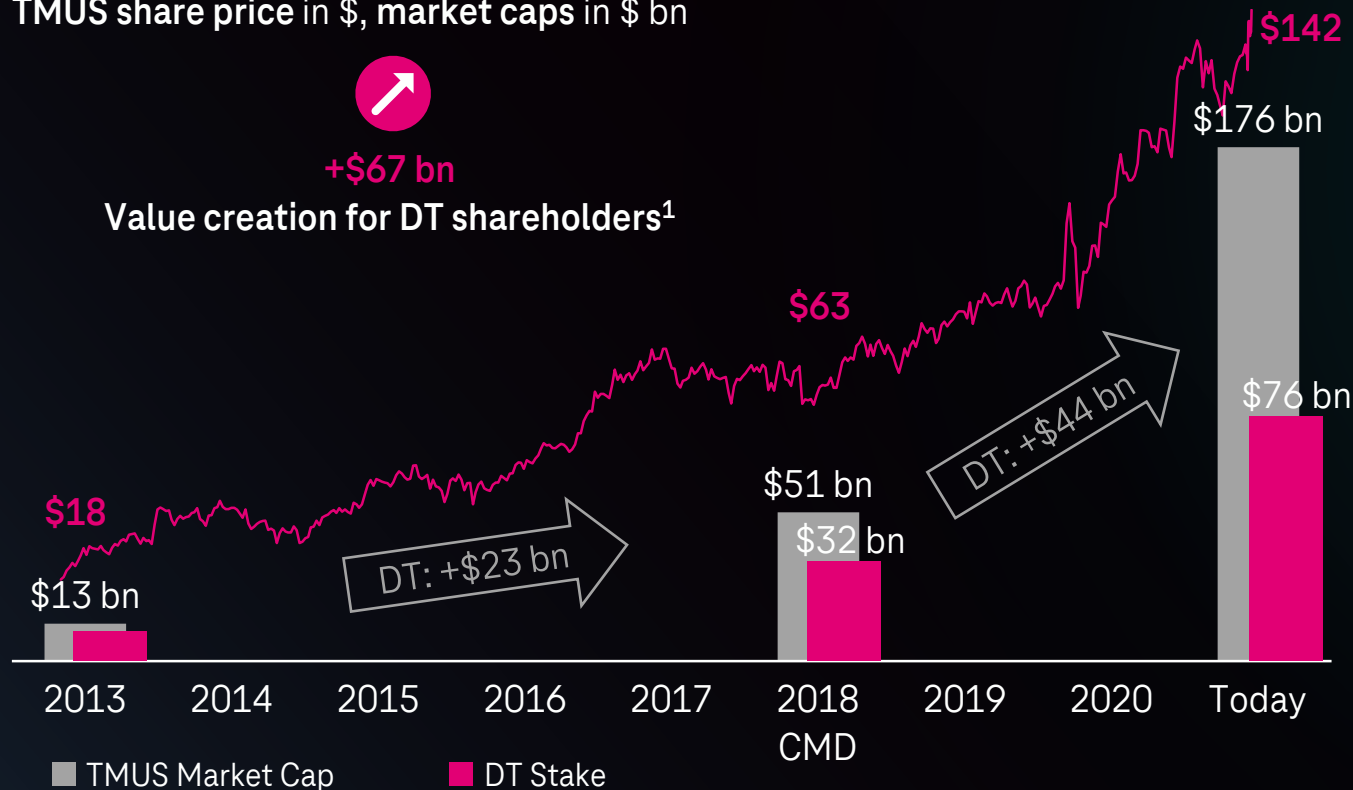
<sup>5</sup> Source: Capital IQ, May 14<sup>th</sup>, 2021

# TMUS unprecedented value creation track record



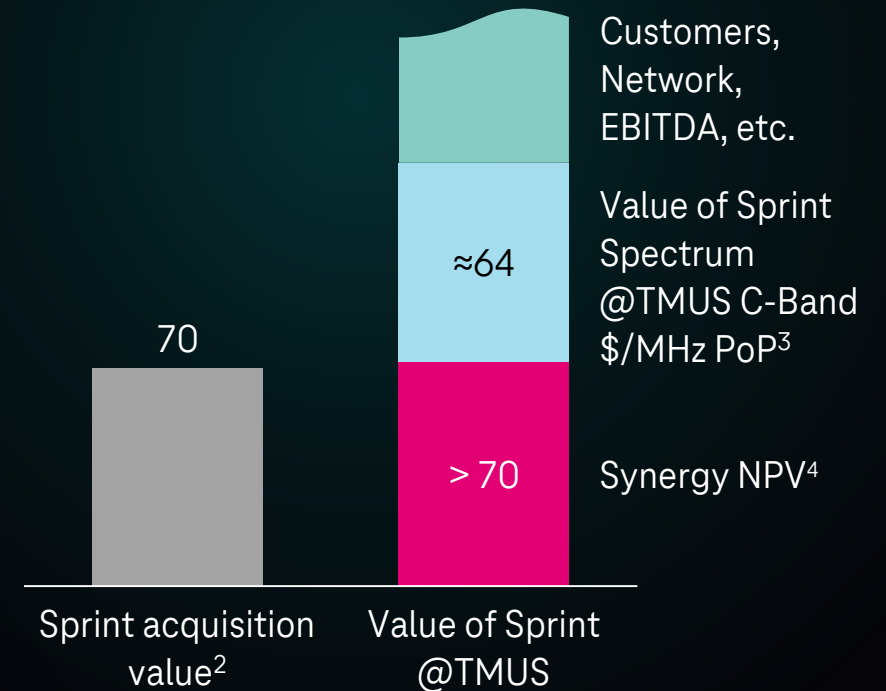
## Unparalleled Value Creation Track Record: +700% since IPO

TMUS share price in \$, market caps in \$ bn



## Acquisition of Sprint

\$ bn



Source: Capital IQ, May 14<sup>th</sup>, 2021 <sup>1</sup> Since Metro PCS merger; based on 538.6 mn TMUS shares owned by DT and respective spot fx rates <sup>2</sup> EV based on TMUS Share Price of \$83.9 as of March 31<sup>st</sup>, 2020, Sprint FDSO of 4,173, final exchange ratio of 0.10256 and a total Sprint net debt of \$34.2 bn <sup>3</sup> Based on 171 MHz Sprint spectrum holding @ implied \$/ MHz-PoP of \$1.13 based on TMUS 2021 C-Band auction gross proceeds of \$9.3 bn (excl. relocation costs) <sup>4</sup> TMUS Investor Day presentation (March 2021), original merger case Synergy NPV using 8% discount rate, current outlook \$70 bn @7% and \$60 bn @8%

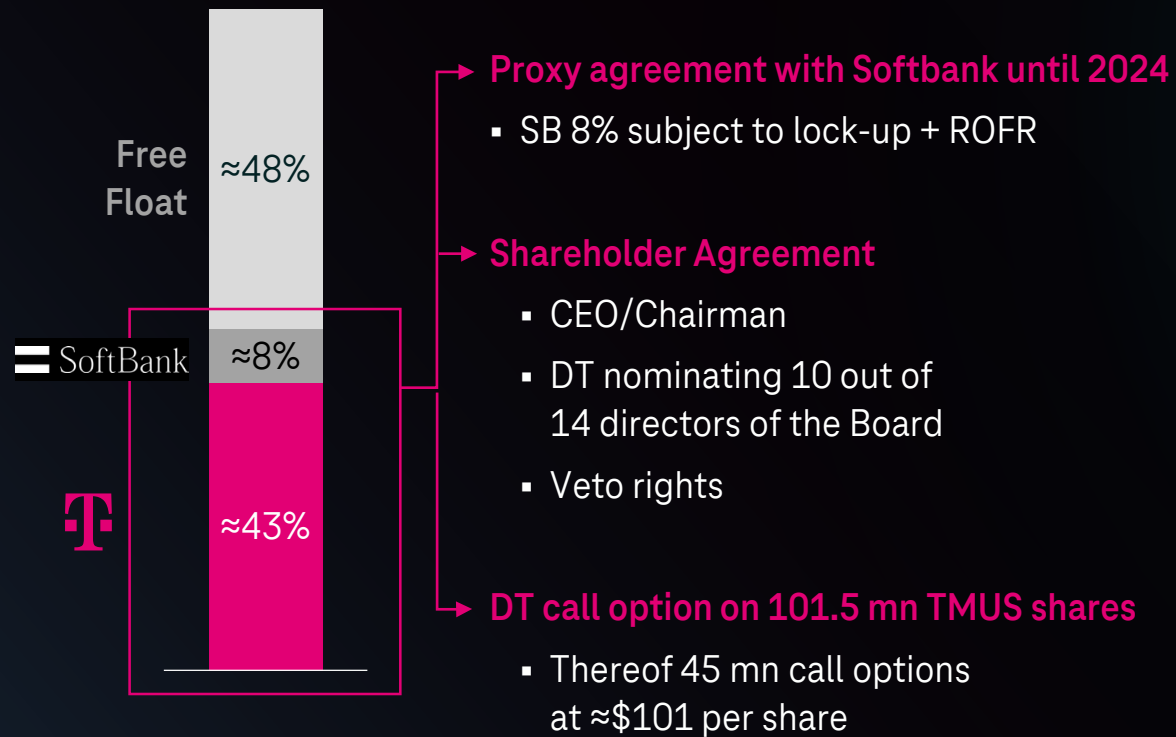


# TMUS – The way forward



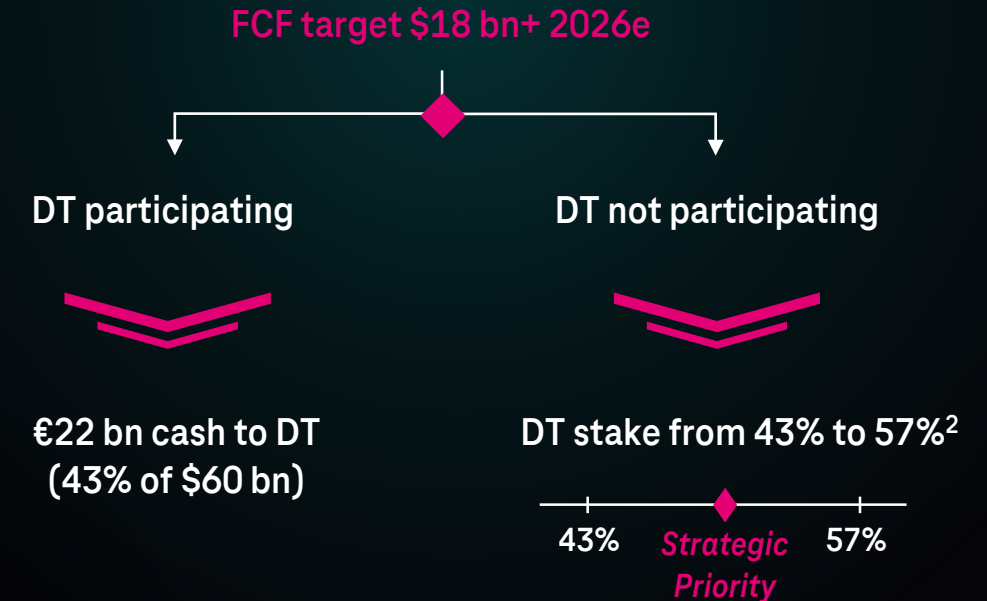
## DT as Controlling Shareholder

### TMUS Shareholder Structure, %



## TMUS plan provides potential for up to \$60 bn of SBB 2023–2025<sup>1</sup>

### Illustrative share buyback volume of \$60 bn 2023–2025



<sup>1</sup> This example is purely illustrative, any share buyback at the discretion of TMUS Board subject to other capital allocation options – no decision has been taken <sup>2</sup> Illustrative calculation assuming average TMUS share price over share buyback program at \$162 (target price per Capital IQ, per May 14th, 2021), repurchase of ≈370 mn shares. TMUS shares outstanding 1,249 mn as per December 2020, estimated at 1,313 mn (incl. true up) as per December 2022. DT stake in TMUS 539 mn shares (excl. proxy agreement), assumed USD fx rate of 1.20





# From falling knife to successful turnaround to one of the best MNOs in Europe



## Value creation

- Superior execution: 15% EBITDA (AL) CAGR 2018–2020<sup>1</sup>
- The #1 mobile Un-carrier in the Netherlands

34% → 39%

Organic mobile market share increase since CMD 2018<sup>2</sup>



World's best mobile network<sup>3</sup>

- Track record of value accretive M&A

**TELE2**

Merger

**simpel**

Acquisition

**thuis**

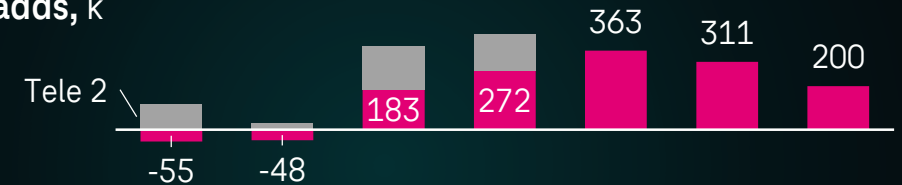
Acquisition

**TOWER**

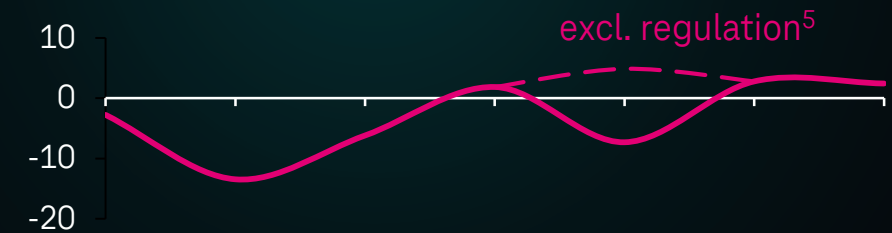
Carve-out & sale

## TMNL back to sustainable growth trajectory

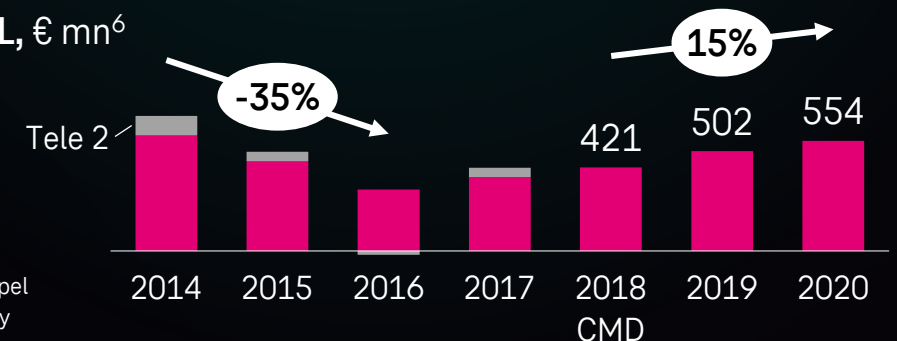
### Contract net adds, k



### MSR, % yoy<sup>4</sup>



### Adj. EBITDA AL, € mn<sup>6</sup>



Source: Company Reports <sup>1</sup>Organic <sup>2</sup>Mobile contract subscriber market share December 2017 vs. December 2020, PF for Tele2 and Simpel  
<sup>3</sup>Based on P3 score <sup>4</sup>2014–2017 simple sum of TMNL and Tele 2, not pro-forma <sup>5</sup>Regulation: Roam like Home, IFRS 15 & handset subsidy regulation, MTR regulation <sup>6</sup>2014–2017 approximated for TMNL + Tele 2

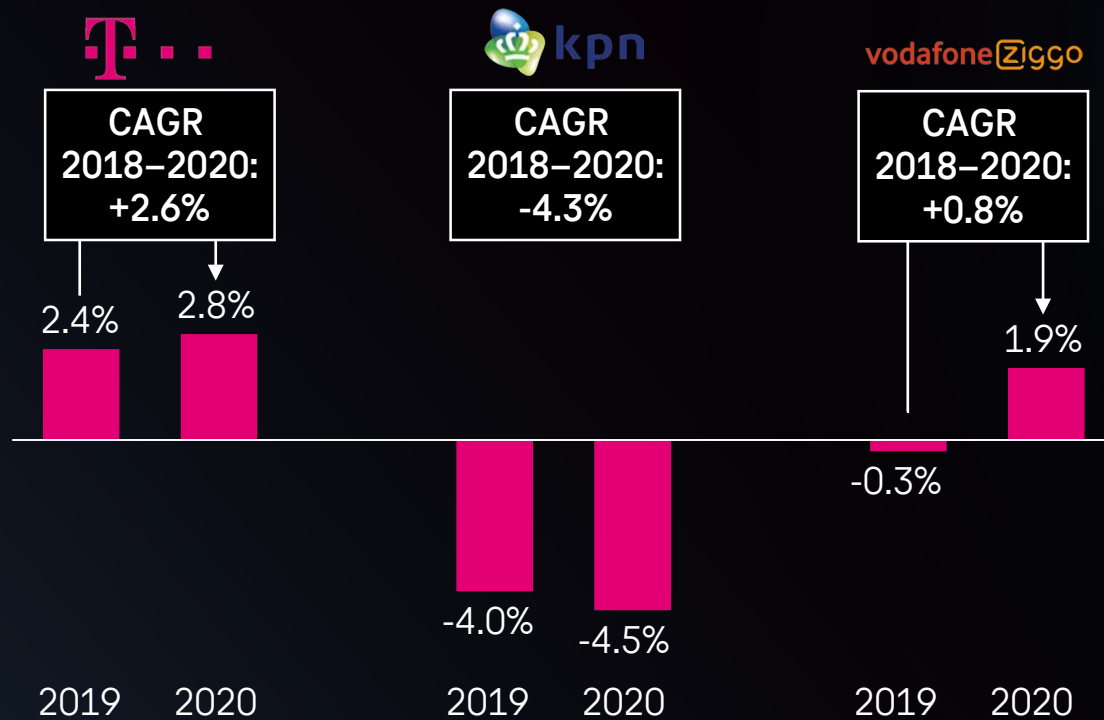


# One of the best EU telco operators – our “crown jewel”



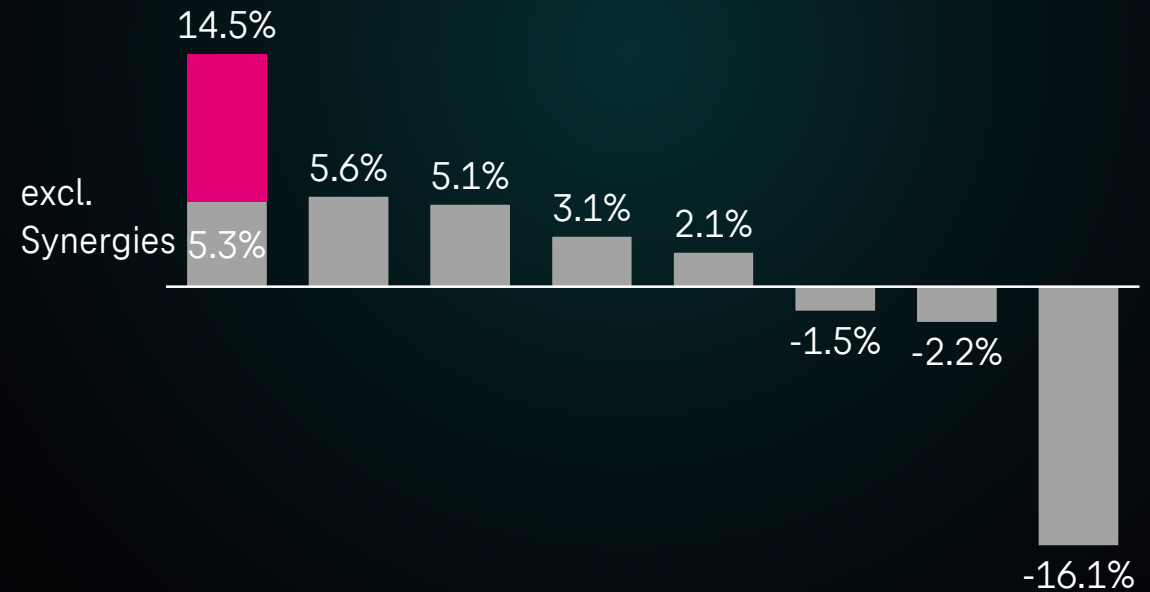
## Stronger top line growth than local competition...

Total service revenue development, % yoy org



## ...and fastest growing EBITDA AL in Europe...

Adj. EBITDA AL CAGR 2018-2020, %



Source: Company Reports Note TMNL: Adjusted for the acquisition of Simpel in December 2020

Note DNA: In 2020, IFRS 16 impacts kept on the same level as 2019

Note Sunrise: Q4 2020 figures estimated. In 2020 IFRS 16 impacts kept on the same level as 2019

Note Telefonica: In 2020 IFRS 16 impacts are estimated

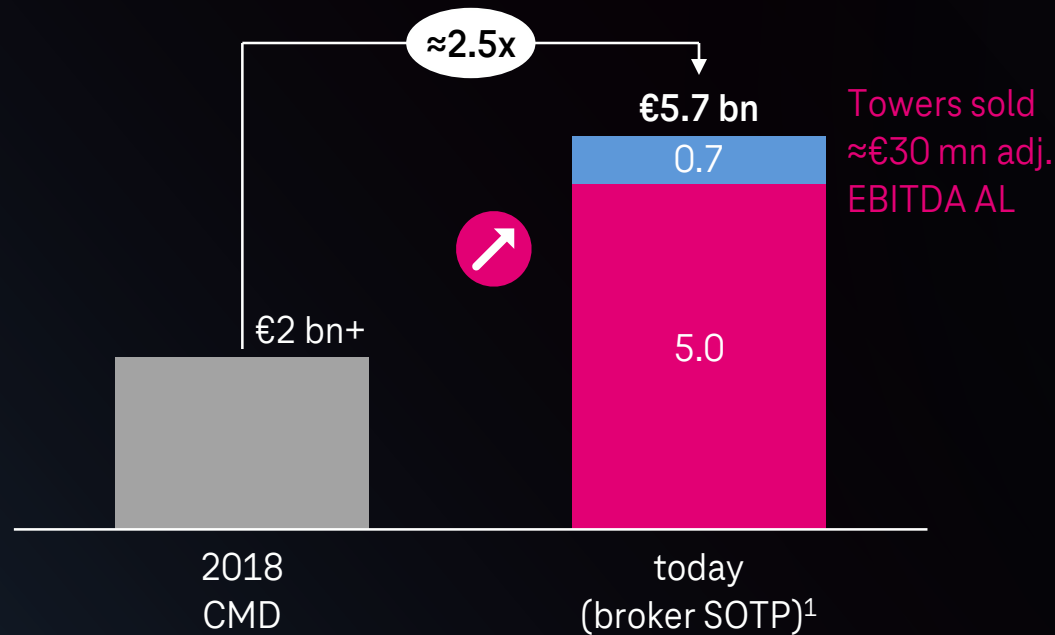


# TMNL Value Creation



## SOTP Value

EV, € bn



## Future strategic initiatives

- Accelerate monetization of world-leading mobile network and nationwide 5G
- Accelerate pivot to FMC to boost growth outlook
- Overdeliver on Tele2 and Simpel integration synergies
- Materially improve fixed access economics

Strategic review of TMNL initiated

Source: Brokers <sup>1</sup> SOTP based on broker consensus 100% EV adj. for Simpel acquisition price and NL/AT Towers

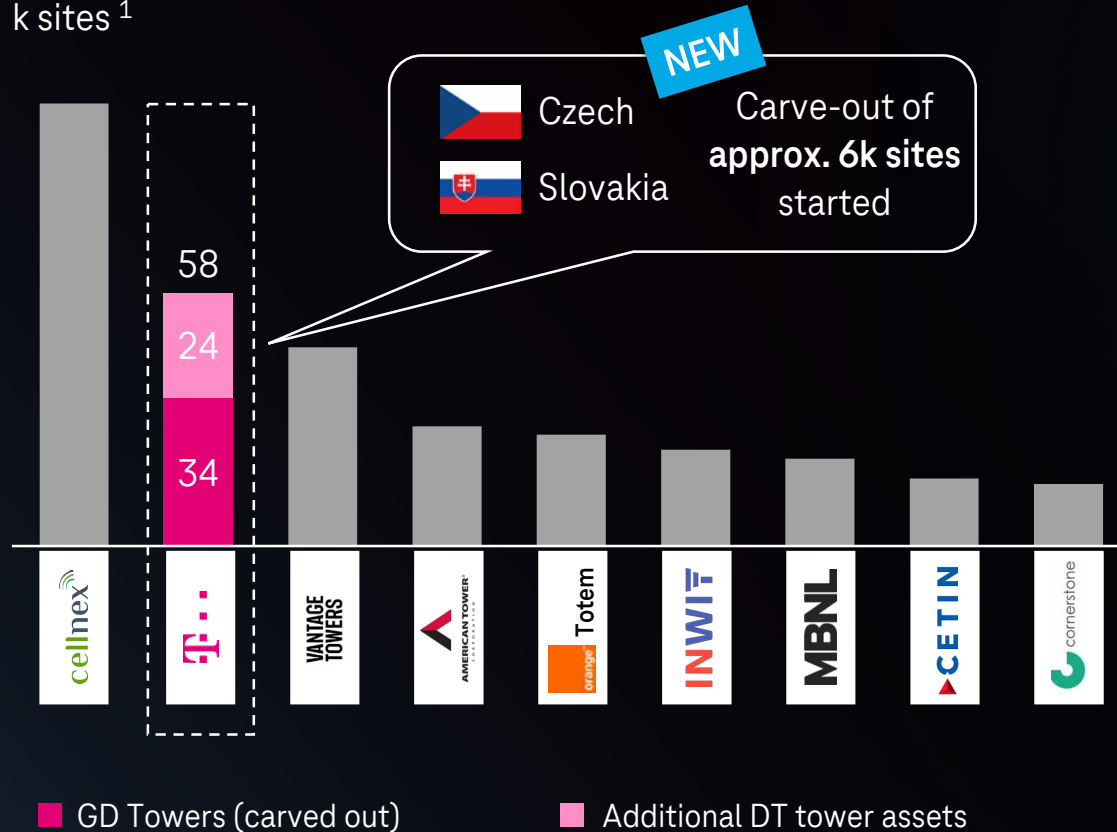


# GD Towers: Kingmaker asset in the European infra market



## DT tower portfolio – GD Towers anchored around Germany

k sites <sup>1</sup>



## Unique premium-quality assets

- #1 in Germany – scale and asset quality
- Tier #1 mobile operators as anchor tenants
- Fully independent since 2017, transaction readiness
- Strong value creation
- Kingmaker asset – strategic optionality for European infrastructure market consolidation

Source: TowerXchange, Companies Investor Relations; Broker Research; Vantage figures excl. INWIT and Cornerstone <sup>1</sup> Based on the number of owned sites



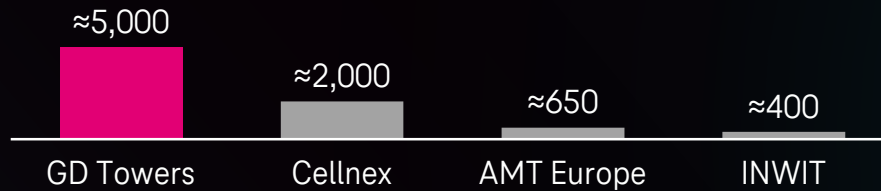


# Industry-leading tower operations with promising growth outlook

## GD Towers: Strong operational track record

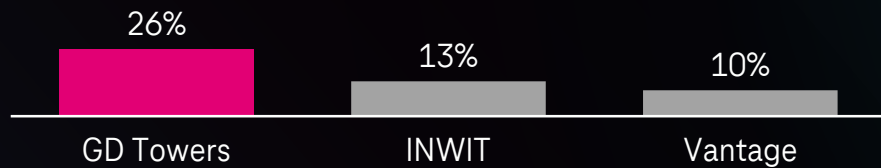
2017–2020 organic sites add<sup>1</sup>

Largest build-to-suit program delivered



3<sup>rd</sup> party revenue share in FY 2020<sup>2</sup>

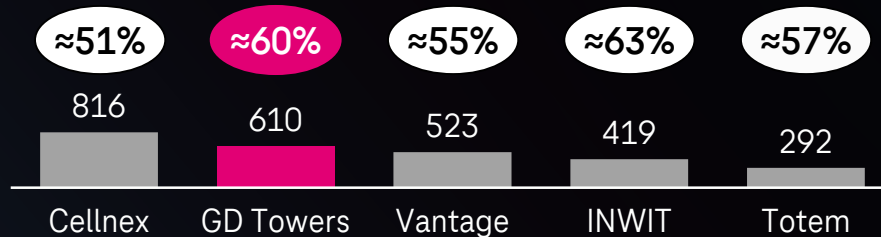
Market-leading 3<sup>rd</sup> party share of revenues



Adj. EBITDA AL in FY 2020, € mn

% Adj. EBITDA AL margin

Industry-leading margins



## Large-scale commitments cement future financial prospects

≈4k new sites

to be commercially built until 2024

≈2k new white spot sites

In Germany and Austria to fulfil license obligations

> 15k site upgrades

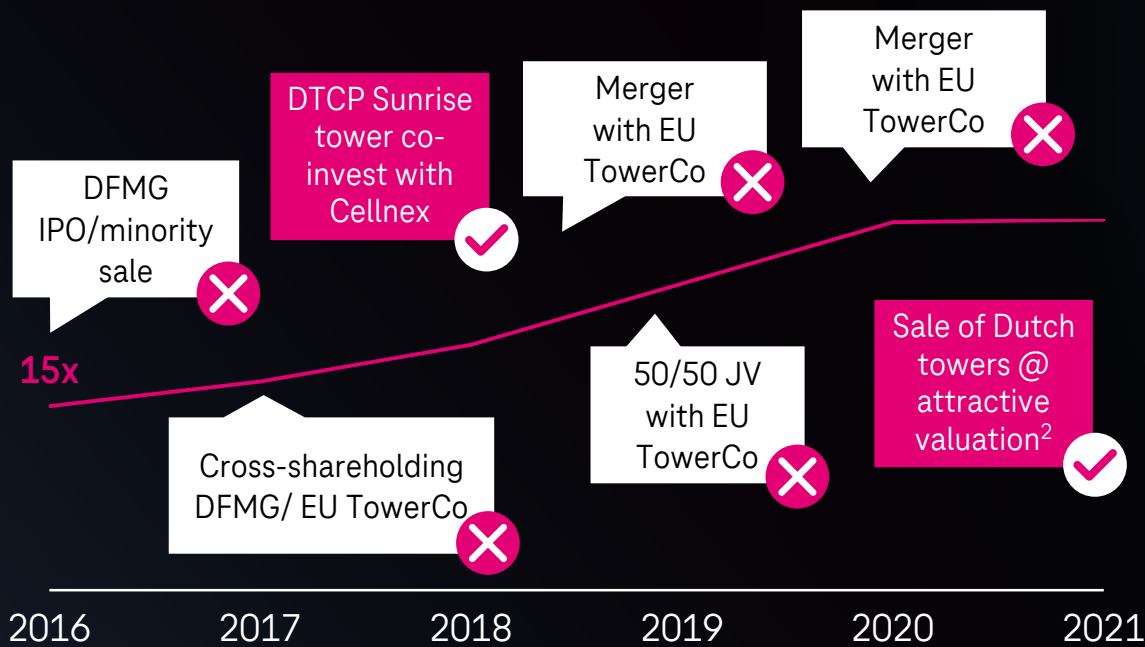
Source: Company Investor Relations; All figures presented are pro forma <sup>1</sup> Excl. small cells; AMT Europe incl. distributed antenna systems <sup>2</sup> Only captive or part-captive TowerCos presented

# Patience rewarded – 2x increase in value with further upside

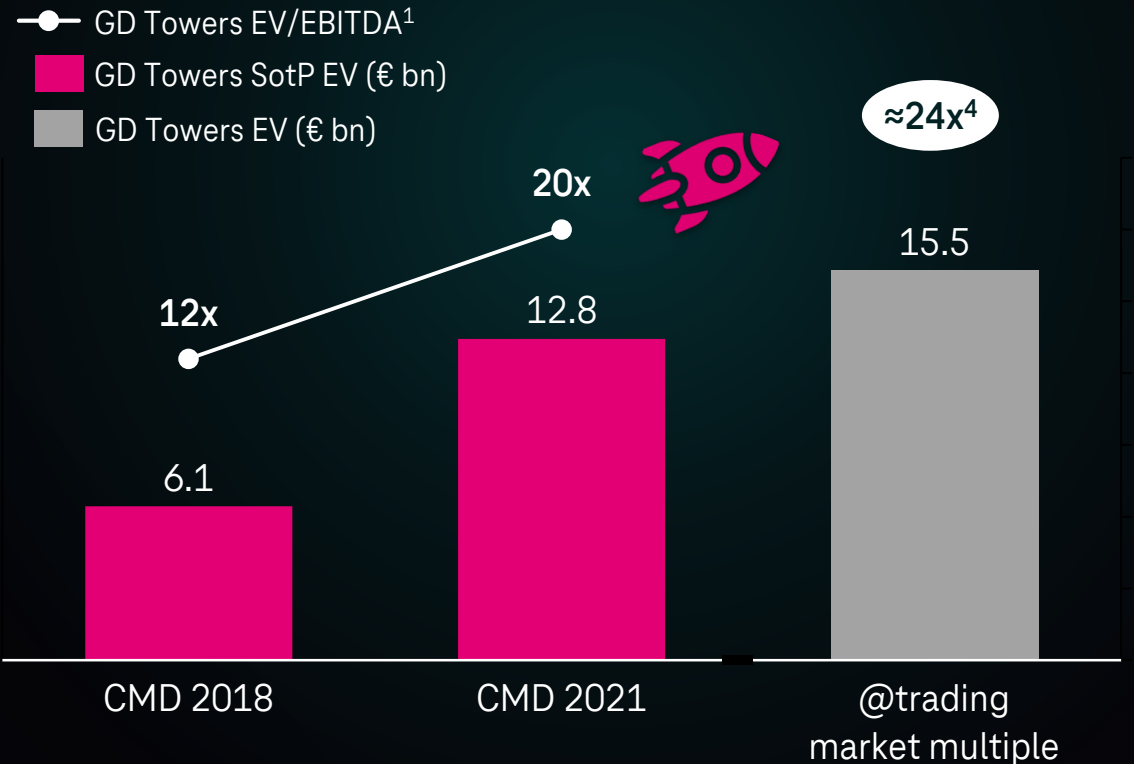


## Several tower transaction opportunities assessed since 2016

EV/EBITDA<sup>1</sup> transaction multiples



## Two-fold increase in GD Towers value – further upside potential<sup>3</sup>

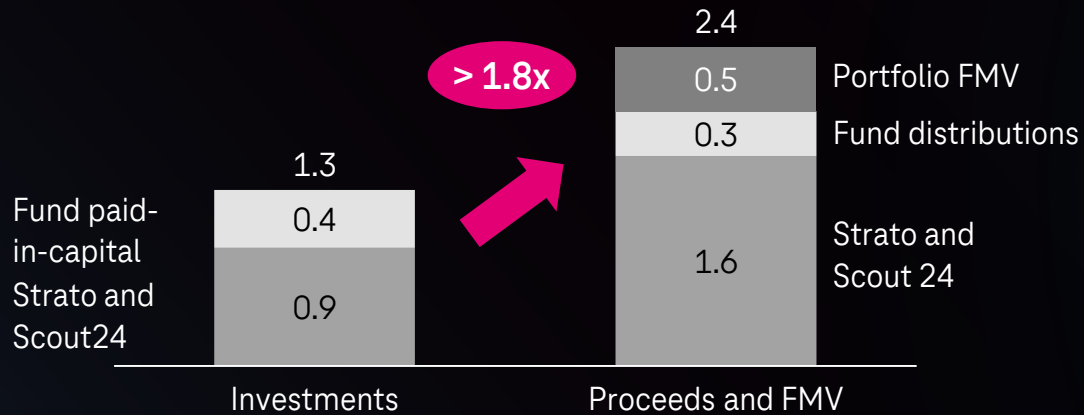


Source: Capital-IQ, Equity Research <sup>1</sup> LTM Adj EBITDA AL <sup>2</sup> EV/EBITDA multiple undisclosed; premium valuation in comparison to Vantage IPO EV/EBITDA <sup>3</sup> SOTP valuation figures only available as of 2018; 2021 adjusted for NL/AT <sup>4</sup> Based on weighted average of Vantage, INWIT and Cellnex EV/EBITDA

# DTCP: Leading European investment platform




## Significant financial returns since 2015<sup>1</sup>




## Proven and successful strategy with high profile exits

Fund	Fund size <sup>2</sup>	MOIC <sup>3</sup>	IRR <sup>4</sup>
Growth Fund I	<b>\$140 mn</b>	<b>2.5x</b>	<b>38%</b>
Growth Fund II	<b>\$350 mn</b>	<b>2.7x</b>	<b>45%</b>
Infra Fund I	<b>€200 mn</b>	<b>2.2x</b>	<b>22%</b>


## Dedicated Portfolio Development Team driving value for DT



10+ new logo wins with TSI with TCV of > €20 mn



Signed first joint customer Aldi Nord with 10k devices




Achieved deployment as part of the Access 4.0 initiative

**38**  
partner-  
ships


Total revenue by DT through joint go-to-market<sup>5</sup>

**> €570 mn**

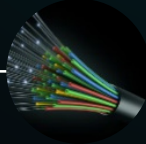
## Digital Infrastructure: Investing for a connected society




**Towers**




SUNRISE  
SWISS TOWERS AG




**Fiber**



COMMUNITY FIBRE  
OPEN DUTCH FIBER



**Data centers**



**DIV**  
Evolution to independent digital infrastructure strategy

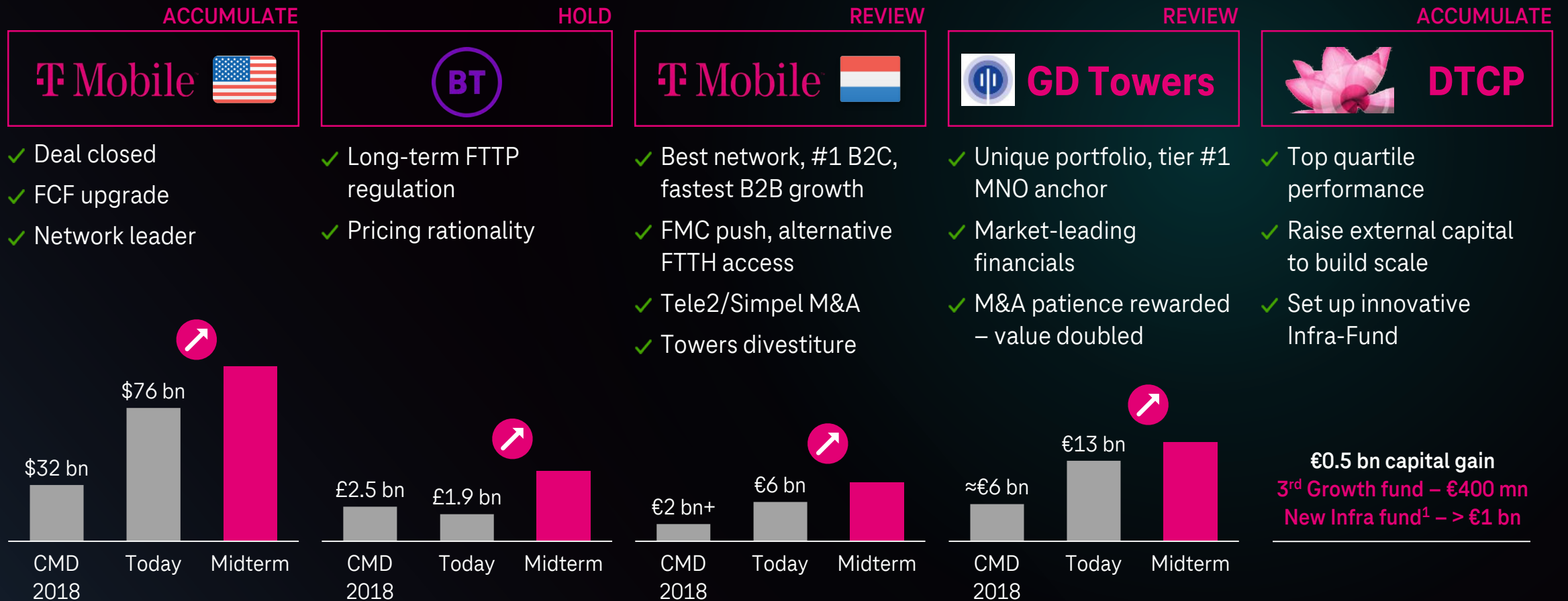
<sup>1</sup> Includes proceeds from Lauderdale fund secondary sale, excludes strategic investment funds (TIP, DTVF) <sup>2</sup> Committed capital; for GF II: includes third-party capital  
<sup>3</sup> MOIC on realized exits <sup>4</sup> Gross IRR as of Q1 2021 <sup>5</sup> Cumulative contract values since 2017, US\$/€ at 0.84

# Midterm ambition level





# We drive and strive to improve asset values



Source Capital IQ, May 14<sup>th</sup>, 2021 <sup>1</sup> Managed by Digital Transformation Capital Partners



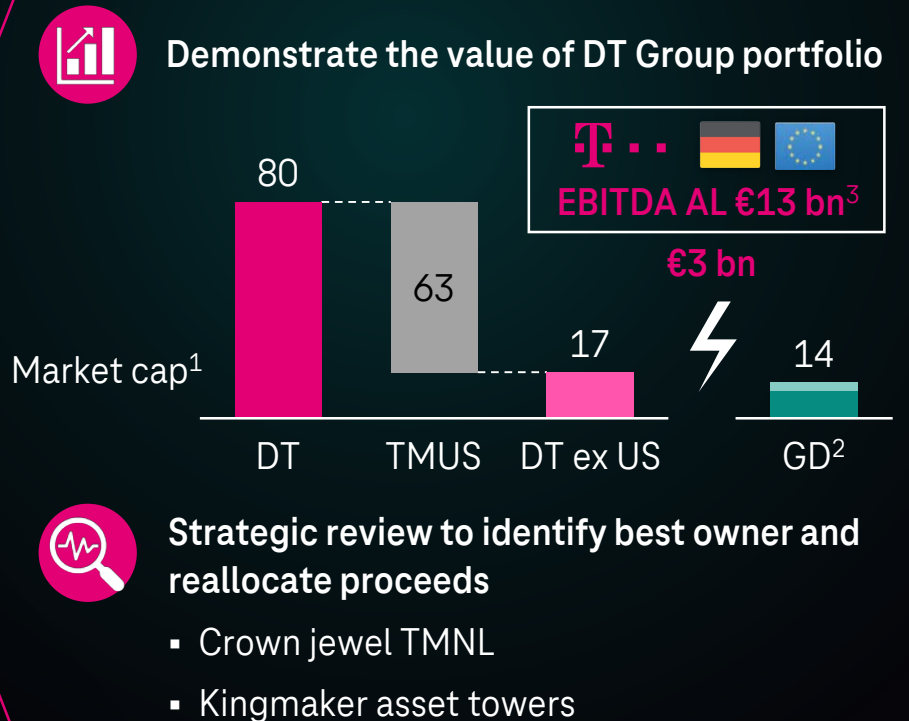
# Delivering shareholder value

## Capital allocation priorities

- 1 TMUS ownership > 50%
- 2 Network leader on both sides of the Atlantic
- 3 De-lever  $\leq 2.75x$
- 4 Attractive & affordable dividend
- 5 Maximize value of portfolio assets  
Next: Strategic review of TMNL and Towers

MAXIMISE  
SHAREHOLDER  
VALUE

## What comes next



<sup>1</sup> Source: Capital IQ, May 14<sup>th</sup>, 2021; EUR/USD fx rate of 1.21; <sup>2</sup> Calculated by deducting assumed fair share of Group Net Debt (2.78x multiplied by 2020 EBITDA adj.) from Consensus SoP for TMNL & GD Towers; TMNL market cap incl. DT-owned share of 75% plus shareholder loan of €1.2 bn; <sup>3</sup> Incl. Adj. EBITDA AL per 2020 for segments Germany, Europe, T-Systems and GHS

# Midterm ambition level

	Midterm ambition level	Year
TMNL	▪ # Consumer fixed households: ≈0.9 mn	▪ 2024e
	▪ FMC penetration of branded T-Mobile customer base: > 40%	▪ 2024e
	▪ Digital channel share of customer transactions: > 50%	▪ 2024e
GD Towers	▪ # New sites: number of new builds: ≈6k	▪ Cum 2021–2024e
	▪ # Extensions: amount of site extensions: > 15k	▪ Cum 2021–2024e
	▪ Growth in rec. 3 <sup>rd</sup> party business – DT external revenue: CAGR > 3%	▪ 2020–2024e
	▪ Site based Opex AL/site efficiency: Decrease vs. 2020	▪ 2024e
Financials	▪ Revenue: CAGR > 2% <sup>1</sup>	▪ 2020–2024e
	▪ Adj. EBITDA AL: CAGR > 4%	▪ 2020–2024e
	▪ Cash contribution AL <sup>2</sup> : CAGR > 6%	▪ 2020–2024e

<sup>1</sup> Revenue w/o regulatory impacts <sup>2</sup> Cash contribution AL = Adj. EBITDA AL – Cash Capex – Special factors (Cash)



# Finance

Christian Illek

# Key messages

01

## Delivery

We delivered on what we promised at the last CMD, and will do so again

02

## Growth

We will deliver strong growth in all key metrics (Revenue, Adj. EBITDA AL, FCF AL, adj. EPS, ROCE)

03

## Costs

Our earnings growth is supported by €1.2 bn adj. indirect cost AL savings (ex US) and merger benefits (US)

04

## Leverage

We will be back in our comfort zone of 2.25x–2.75x by end of 2024

05

## Shareholders

€60 c delivered through peak investment period. Going forward, we are moving to 40–60% payout ratio of adj. EPS while retaining €60 c minimum

06

## Bondholders

We are very well funded, and remain committed to unrestricted access to credit markets

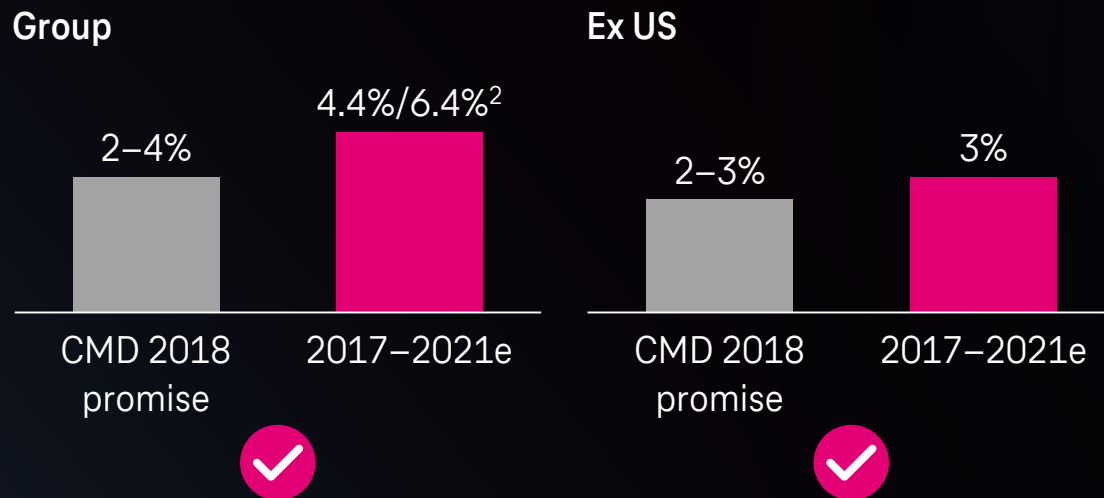
# Review 2017–2021



# EBITDA growth and cost savings better, Capex in line

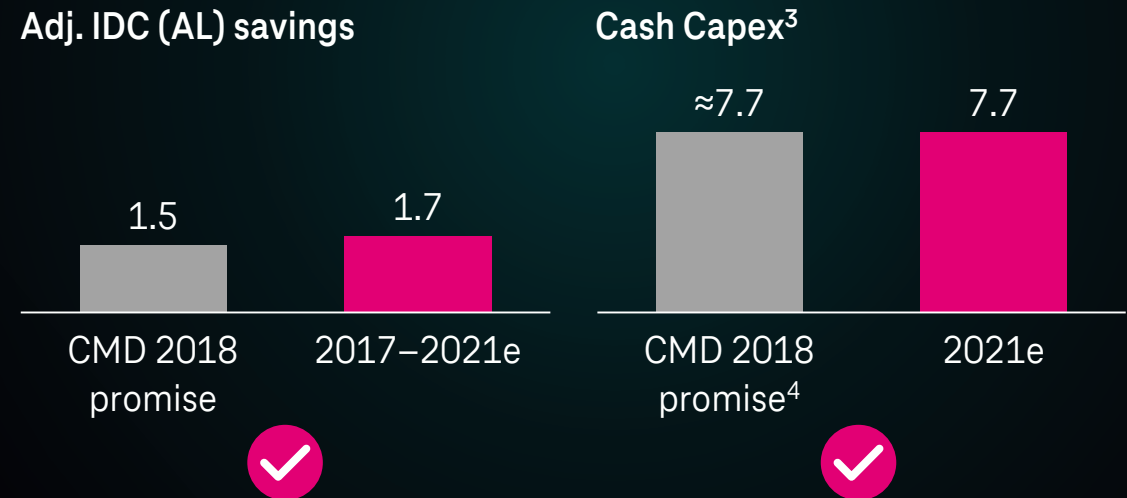
## Adj. EBITDA (AL) growth

CAGR<sup>1</sup>, %



## Adj. indirect cost (AL) and Cash Capex ex US

€ bn



- Ex US EBITDA AL growth 14 quarters in a row
- Strong contribution from all segments
- Promise kept in each year

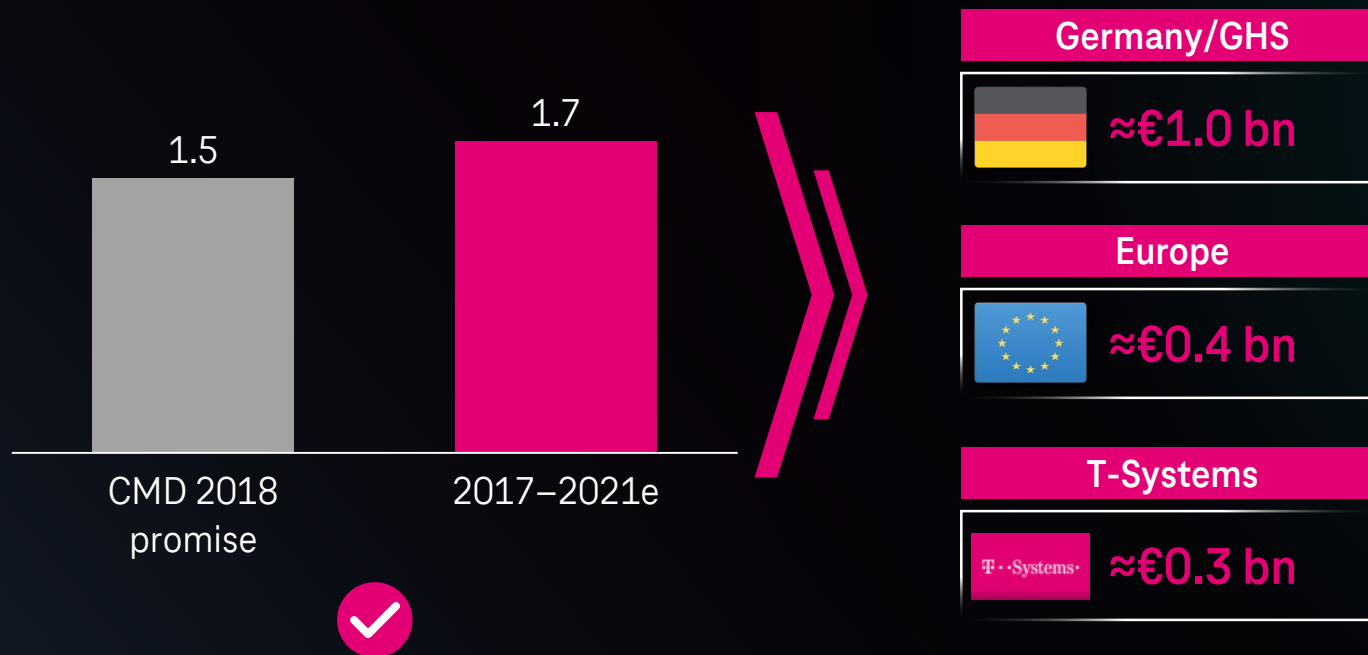
<sup>1</sup> CAGR based on annual growth rates on a like-for-like basis   <sup>2</sup> Corrected for handset leases "Core EBITDA"   <sup>3</sup> Excl. Spectrum   <sup>4</sup> On a like-for-like basis



# Indirect cost savings target will be overachieved

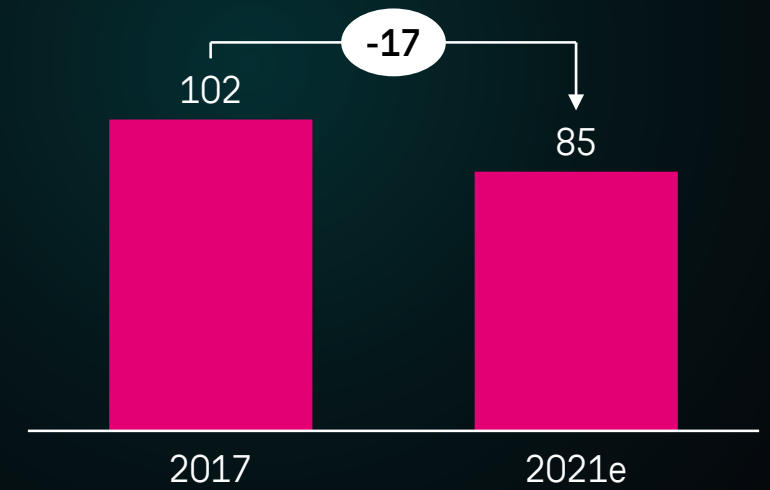
Adj. indirect cost (AL) net savings ex US

€ bn



FTE in region Germany

thousands



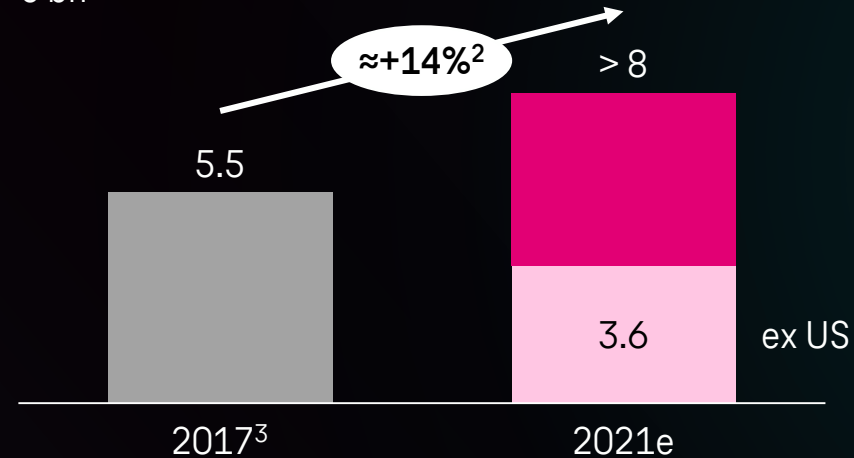
# FCF and EPS at the upper end of merger scenario

## CMD 2018 promise

- FCF (AL) > €8 bn in 2021, ex merger (CAGR +10%)
- Adj. EPS ≈€1.20 in 2021, ex merger
- Merger to dilute for up to 3 years

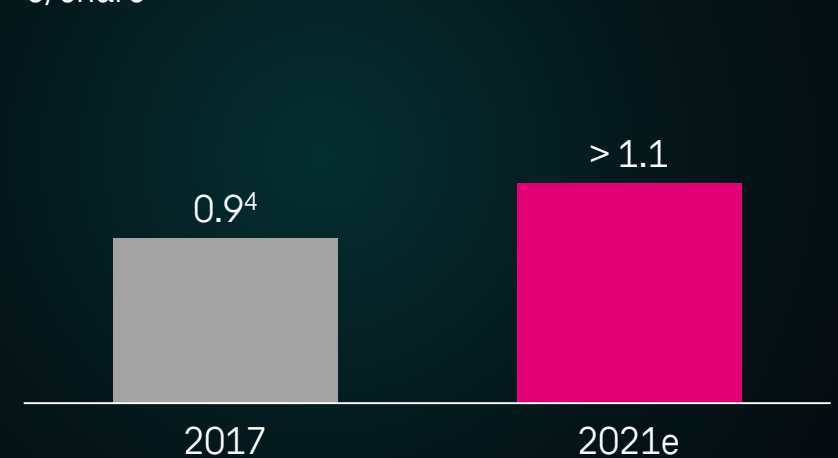
## FCF (AL)<sup>1</sup>

€ bn



## Adj. EPS

€/share



- Ex US FCF shortfall (€0.4 bn) can be explained with non-operational effects

- FCF (AL): \$2.5–3 bn merger related OPEX in 2021

<sup>1</sup> Before dividend payments and spectrum invest <sup>2</sup> CAGR based on annual growth rates on a like-for-like basis <sup>3</sup> On pre IFRS 16 base <sup>4</sup> Excl. US tax reform effect (≈€35 c)

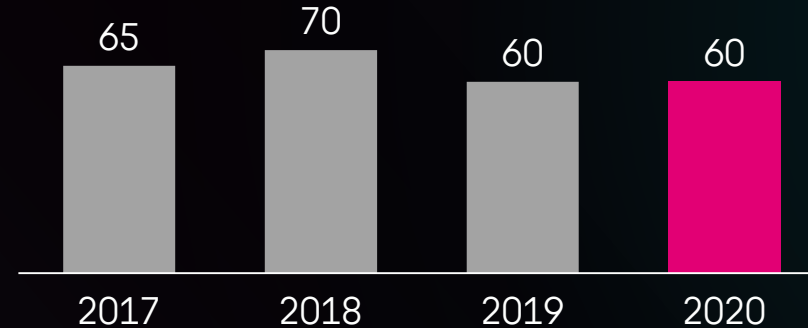
# Operational performance and reliable dividend lead to clear TSR outperformance

## CMD 2018 promise

- Dividend to reflect growth in adj. EPS
- Minimum €50 c

## Delivery

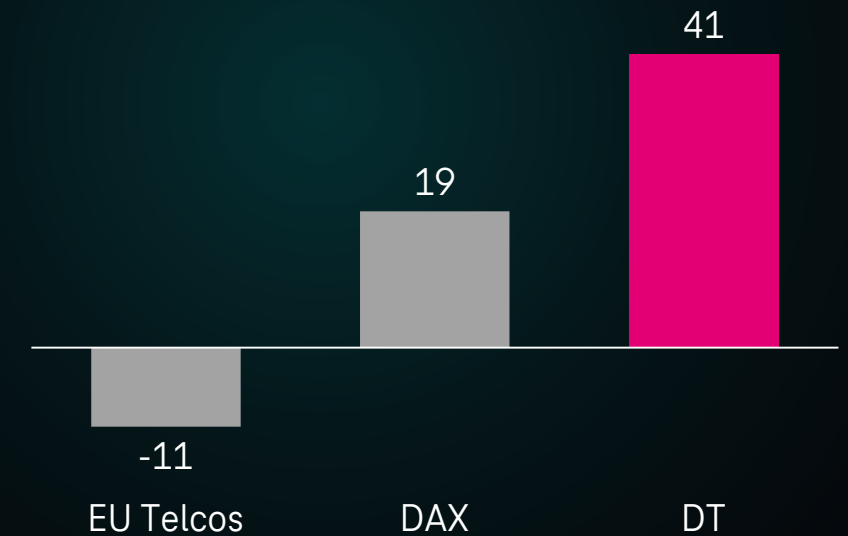
Dividend, € cent/share



- In 2019: €60 c as new minimum

## Market view

Total Shareholder Return since CMD 2018<sup>1</sup>, %



<sup>1</sup> Source: FactSet, as per May 14<sup>th</sup>, 2021

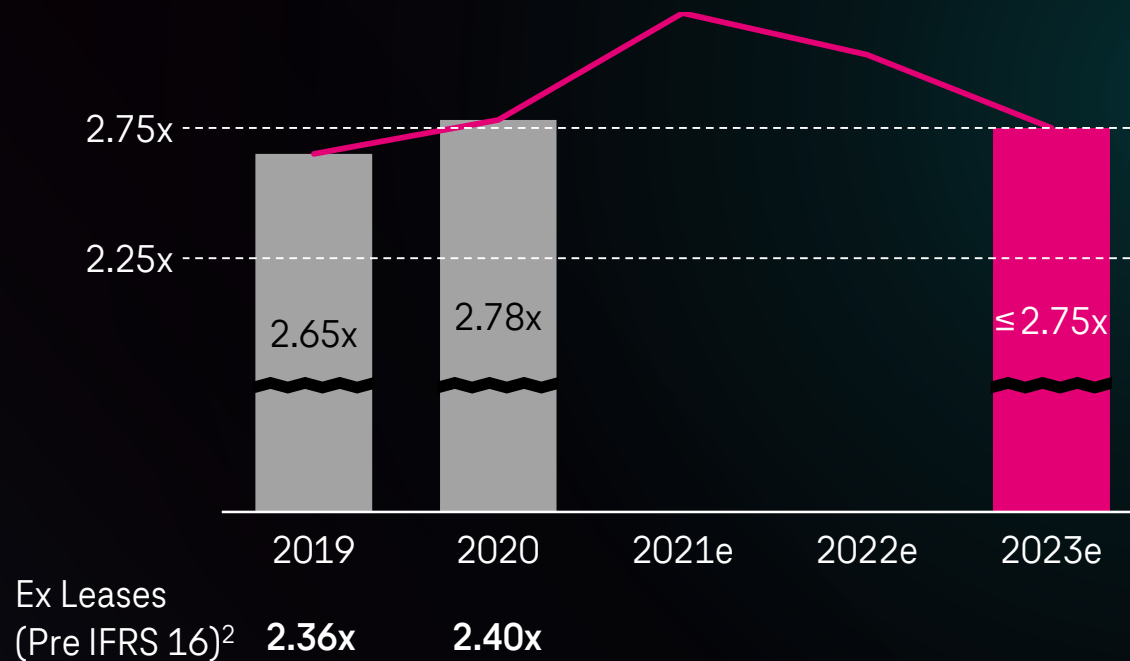
# Leverage ratio in line with expectations

## CMD 2018 promise

- Back into **comfort zone** **3 years** after merger close
- Rating of **A-/BBB**
- Leverage ratio (pre IFRS 16) of **2.0–2.5x**

## Leverage outlook<sup>1</sup>

### Net debt to Adj. EBITDA



## Impacted by

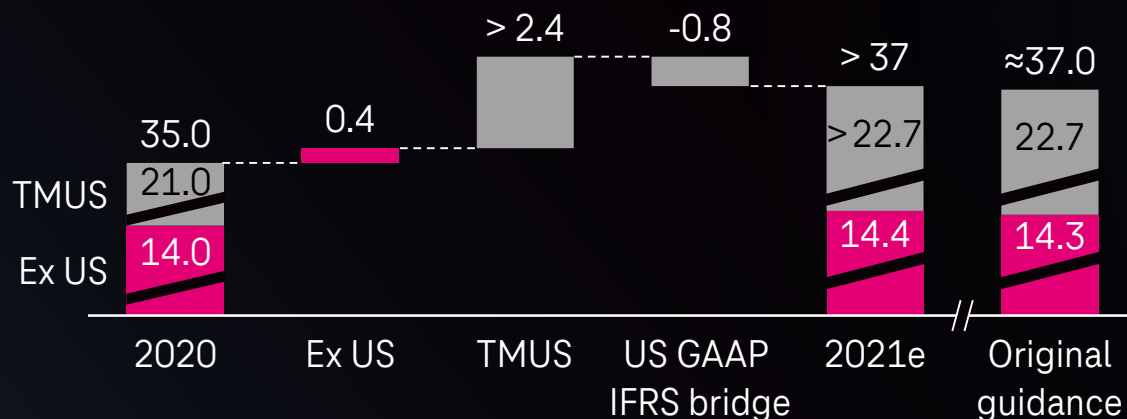
- Introduction of IFRS 16 led to adjusted leverage corridor: 2.25x–2.75x
- Merger closing delayed to April 1<sup>st</sup>, 2020
- Despite headwinds (ATC deal, C-Band auction) returning back into comfort zone still feasible by end of 2023

<sup>1</sup> Prior to TMUS share buyback <sup>2</sup> Net debt w/o lease liabilities to Adj. EBITDA AL

# Updated guidance 2021 reflects improved Q1 outlook for TMUS and DT ex US

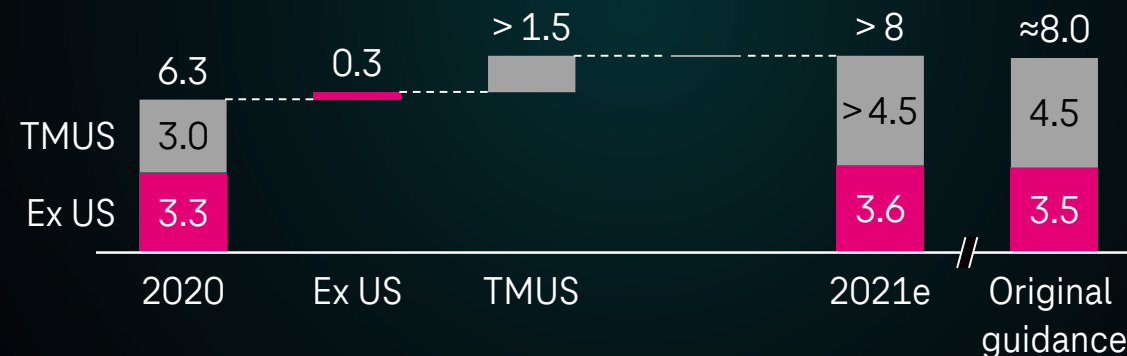
## Adj. EBITDA AL

€ bn<sup>1</sup>



## FCF AL<sup>2</sup>

€ bn<sup>1</sup>



- TMUS EBITDA included at midpoint of US GAAP guidance of \$26.5 bn to \$27.1 bn, adjusted for estimated bridge of €0.8 bn.

- US FCF included at midpoint of US GAAP guidance of \$5.1 bn to \$5.5 bn.

<sup>1</sup> Based on constant exchange rates (average exchange rate 2020 of €1 = US\$1.14) <sup>2</sup> Before dividend payments and spectrum invest, in 2020 also before Payer Swap & Zero Bond

# CMD 2018 commitments: Strong delivery

	Ambition 2017-2021e	Achievements 2020 <sup>1</sup>	2017-2021e <sup>3</sup>	Merger Impact
Revenue CAGR	▪ 1-2%	▪ 3.0%	●	
Adj. EBITDA (AL) CAGR	▪ 2-4%	▪ 6.4%/7.7% <sup>2</sup>	●	
Adj. EBITDA (AL) CAGR (ex US)	▪ 2-3%	▪ 3.3%	●	
FCF (AL) CAGR	▪ ≈10%; 2021: > €8 bn	▪ 9.6%	●	▪ Dilutive
FCF (AL) (ex US)	▪ 2021: ≈€4 bn	▪ €3.3 bn	●	▪ Dilutive
Adj. EPS	▪ 2021: ≈€1.2	▪ €1.2 (€1.05 ex SB options)	●	▪ Dilutive
ROCE	▪ ROCE > WACC	▪ 4.6% > WACC	●	▪ (Dilutive)
Cash Capex (ex US)	▪ Stable	▪ Stable	●	
Adj. indirect cost (AL) (ex US)	▪ €1.5 bn (net savings)	▪ €1.4 bn	●	
Dividend	▪ To reflect growth in adj. EPS; €50 c floor	▪ €60 c in 2020	●	▪ (Dilutive)

<sup>1</sup> On a like-for-like basis, actual results 2017-2020, or respectively actuals 2020 <sup>2</sup> Corrected for handset leases "Core EBITDA" <sup>3</sup> Merger impact taken into consideration

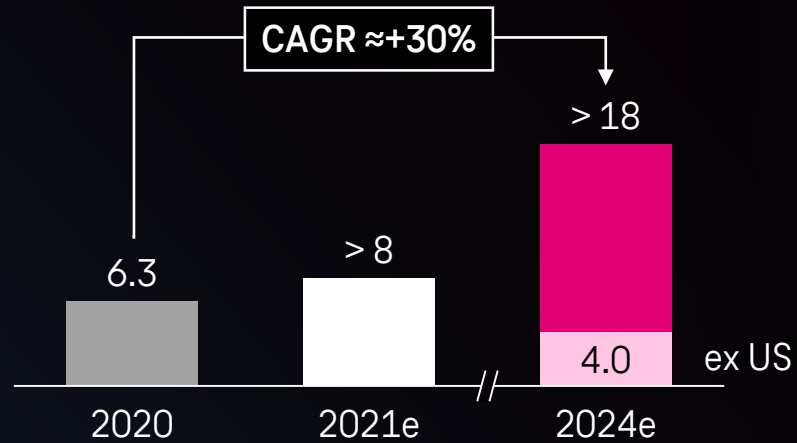
# Strategy 2021–2024



# We will strongly grow the bottom line

## FCF AL<sup>1</sup>

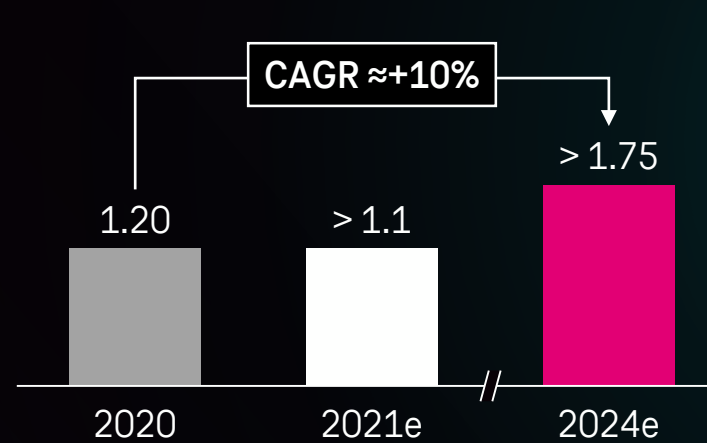
€ bn<sup>2</sup>



- US merger integration as main driver

## Adj. EPS

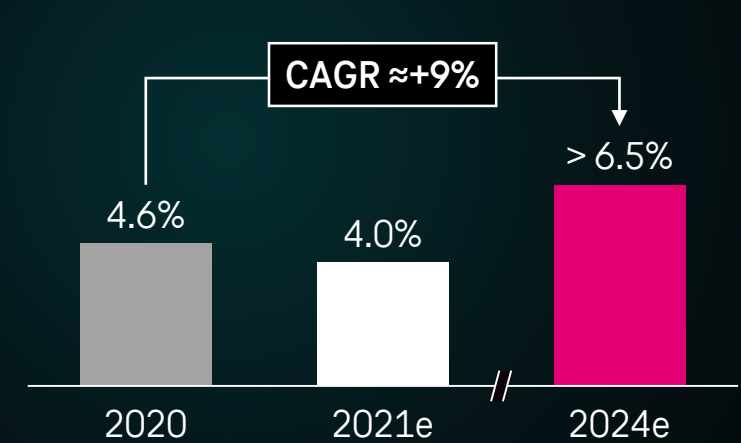
€/share<sup>2</sup>



- Steady growth from 2021 onwards

## ROCE

%<sup>2</sup>



- ROCE growth on both sides of the Atlantic

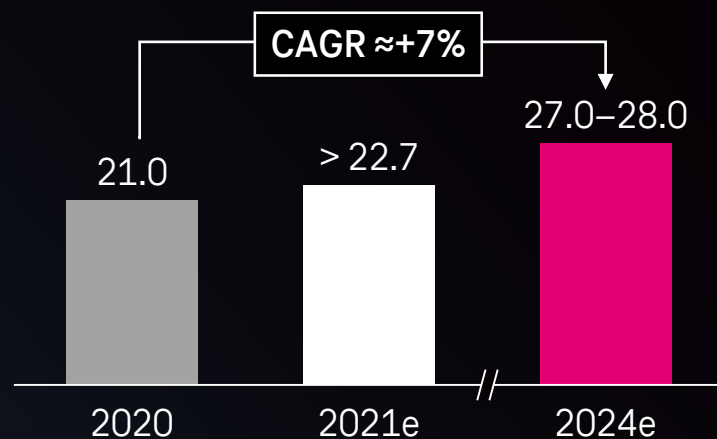
<sup>1</sup> Before dividend payments and spectrum invest, in 2020 also before Payer Swap & Zero Bond <sup>2</sup> Based on constant exchange rates (average exchange rate 2020 of €1 = US\$1.14)



# TMUS with strong EBITDA and FCF growth

## Adj. EBITDA AL

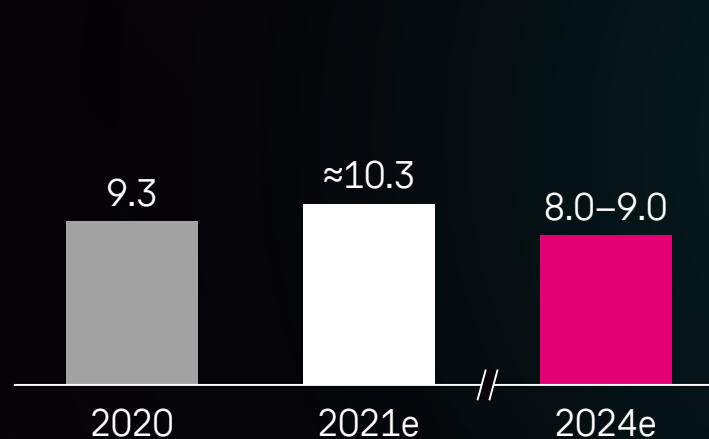
€ bn<sup>1</sup>



- Core EBITDA CAGR 2020–2024: ≈10%

## Cash Capex<sup>2</sup>

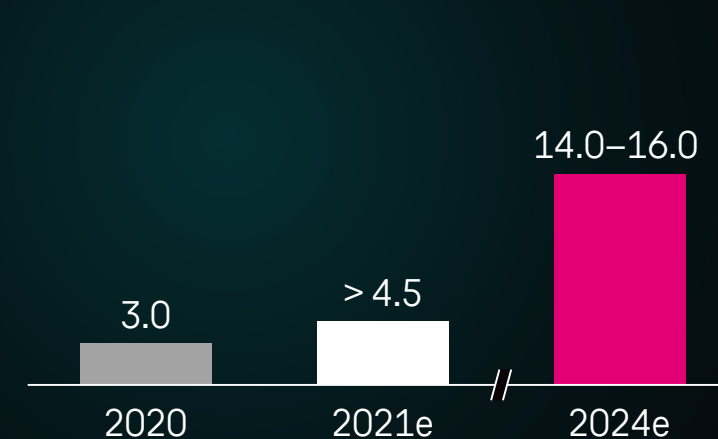
€ bn<sup>1</sup>



- Integration spend peak in 2021
- Network migration to be finalized by mid 2022

## FCF AL<sup>3</sup>

€ bn<sup>1</sup>



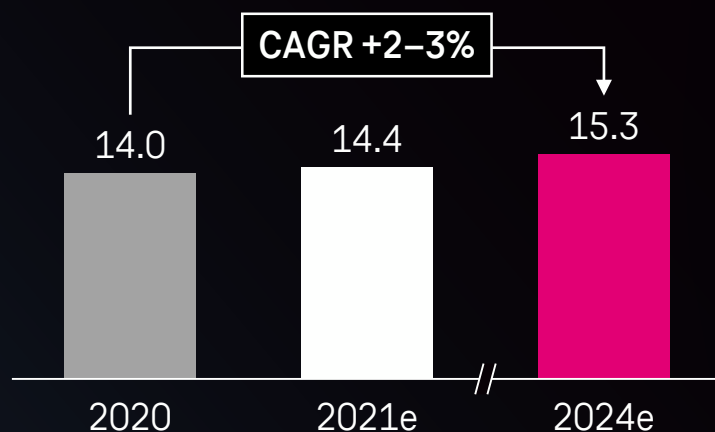
- FCF growth accelerates once network buildout is finalized

<sup>1</sup> Based on constant exchange rates (average exchange rate 2020 of €1 = US\$1.14) <sup>2</sup> Excl. Spectrum <sup>3</sup> Before dividend payments and spectrum invest, in 2020 also before Payer Swap & Zero Bond

# Ex US EBITDA growth funds both accelerated Fiber build-out and FCF growth

## Adj. EBITDA AL

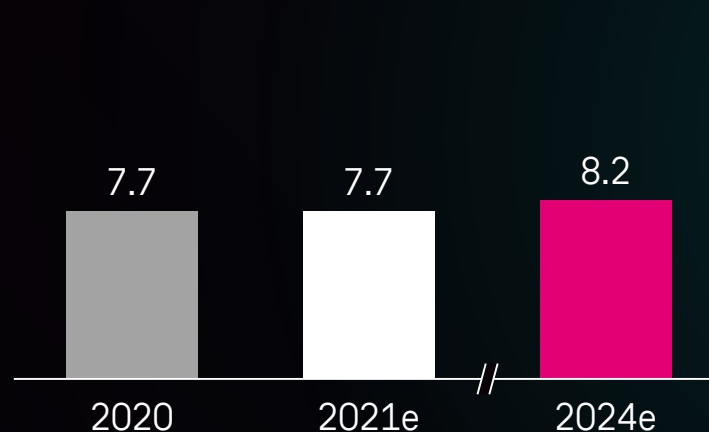
€ bn



- EBITDA growth due to net margin growth and indirect cost reduction

## Cash Capex<sup>1</sup>

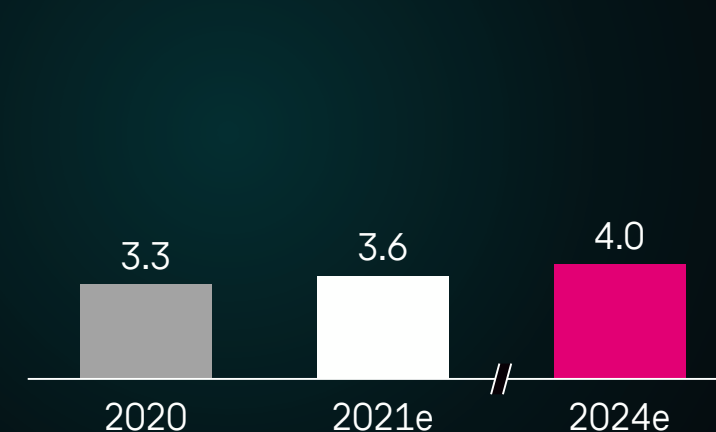
€ bn



- Increased Capex umbrella to achieve 2.5 mn HH run rate in German Fiber build out

## FCF AL<sup>2</sup>













€ bn



- Driven by growing OpCF
- Other drivers<sup>3</sup> steady and overall, broadly net neutral in 2021-2024

<sup>1</sup> Excl. Spectrum <sup>2</sup> Before dividend payments and spectrum invest, in 2020 also before Payer Swap & Zero Bond <sup>3</sup> SF cash, asset sales, interest, taxes, working capital

# Ex US EBITDA growth massively supported by digitalization efforts

	Digi KPIs	2020	2024e
Digital touchpoints	App penetration 	56% / 62%	73% / 80%
	eSales share (all channels) <sup>1</sup> 	24% / 13%	30% / 25–30%
	Share of calls shifted to digital 	30%	> 40%
	Non-sales contacts 	baseline	-25%
	Share of chat interactions 	12%	29%
Broadband experience	First time right in provisioning 	92% / 92%	≥ 95% / ≥ 95%
	First time right in fault repair 	53.7%	≥ 55%
	Reactive truck rolls (per 100 customers) 	34	< 29
Network & IT	Share of cloudified workloads (in core NW) 	9% / 7%	67% / 42%
	Time-to-market (months) 	3.5 / 1.7	2.0 / 1.0
	Releases (per month) 	≈700 / 190	≈1,200 / 500
X-functional	Share of digital experts 	13%	17%

**EBITDA AL impact: > €300 mn**

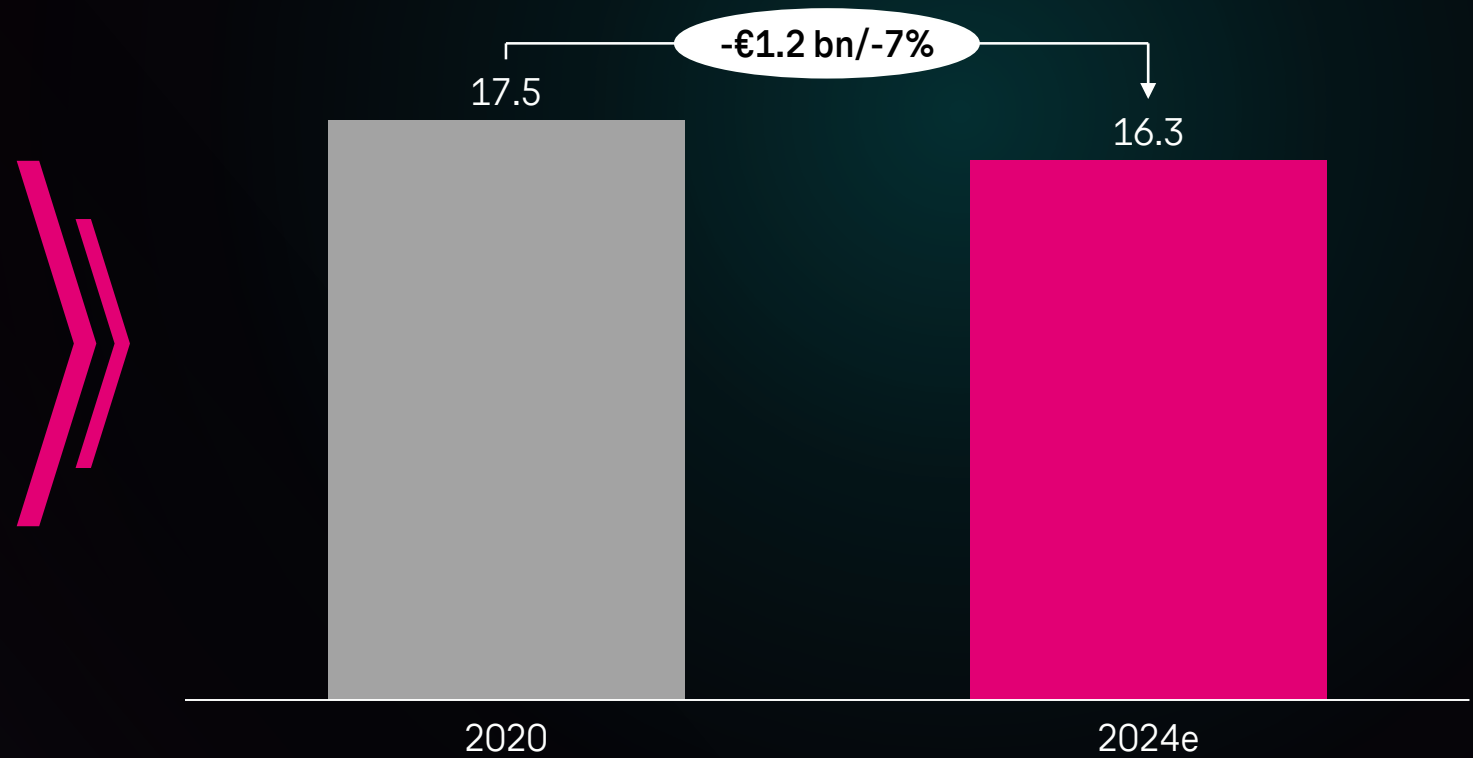
<sup>1</sup> Includes Fixed line and Mobile postpaid

# EBITDA growth supported by €1.2 bn adj. IDC AL net savings



2020–2024e adj. indirect cost AL ex US

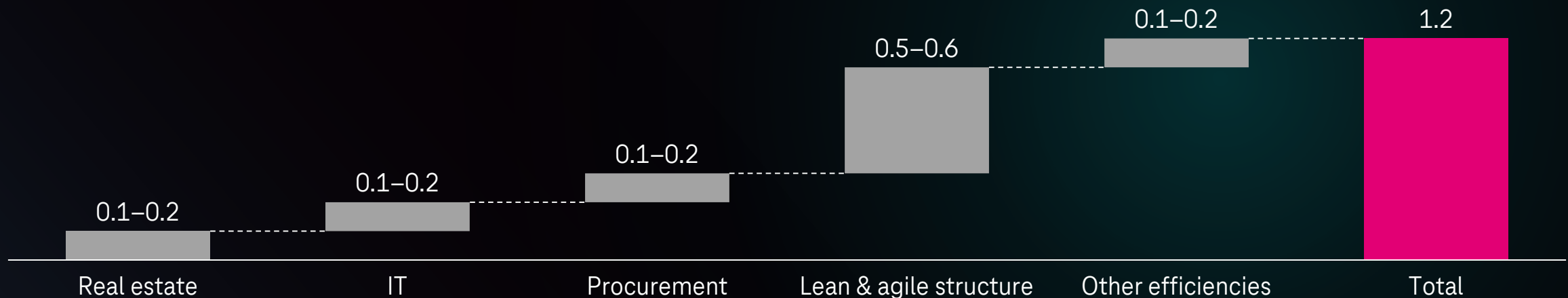
€ bn



# Cost reductions from multiple levers

Incremental adj. indirect cost AL savings ex US (2020–2024e)

€ bn



- Rightsizing office space

- New optimization opportunities

- Value-chain digitalization

- Cloudification & automation

- Leveraging scale through BuyIn

- Smart sourcing & spend analytics supported by AI

- Future oriented skill management

- Transformation towards softwarized telco & full automation of operational tasks

- Energy optimization

- Discretionary spend (travel, consulting)

# Financial strategy remains intact

## Equity

- **Dividend:** Evolved  
Dividend policy based on adj. EPS payout ratio
- **Share buybacks:**  
To be taken into consideration

Reliable shareholder remuneration policy

## Leading European Telco: ROCE > WACC

### 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 & act responsibly

## Debt

- **Net debt/Adj. EBITDA:**  
2.25x–2.75x
- **Equity ratio:**  
25–35%
- **Liquidity reserve:**  
Covers maturities of next 24 months

Undisputed access to debt capital markets

# Dividend policy further evolved towards adj. EPS payout ratio

## Dividend

### CMD 2018

- Dividend reflects growth in adjusted EPS<sup>1</sup>
- Floor at €0.50/share<sup>2</sup>



### CMD 2021

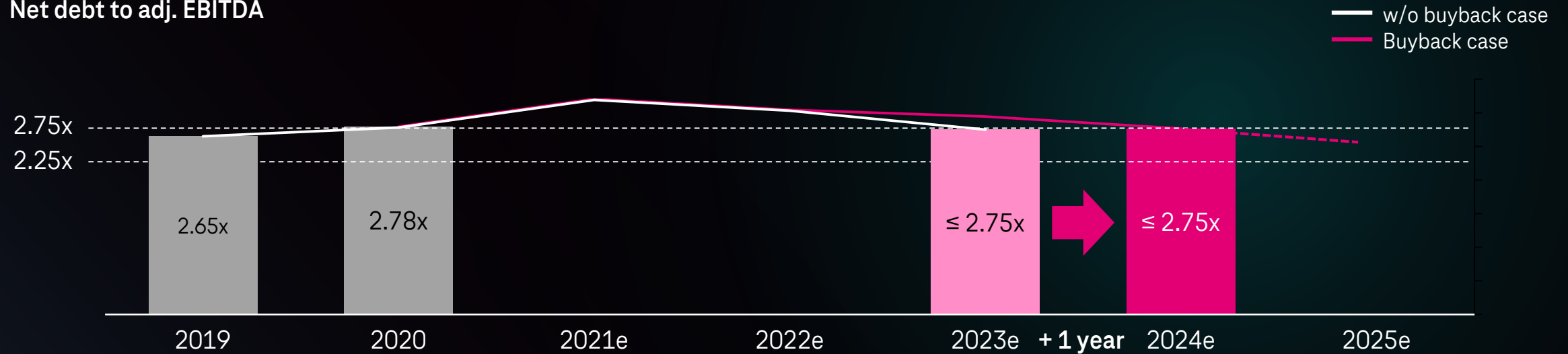
- Dividend remains based on adjusted EPS
- Payout ratio of **40–60%**
- Floor at **€0.60**/share

<sup>1</sup> Adjusted earnings per share 2019 as starting point    <sup>2</sup> Changed in Q3 2019 to €0.60/share

# TMUS buybacks and securing US majority will postpone our return into the comfort zone until end of 2024

## Buyback case

Net debt to adj. EBITDA



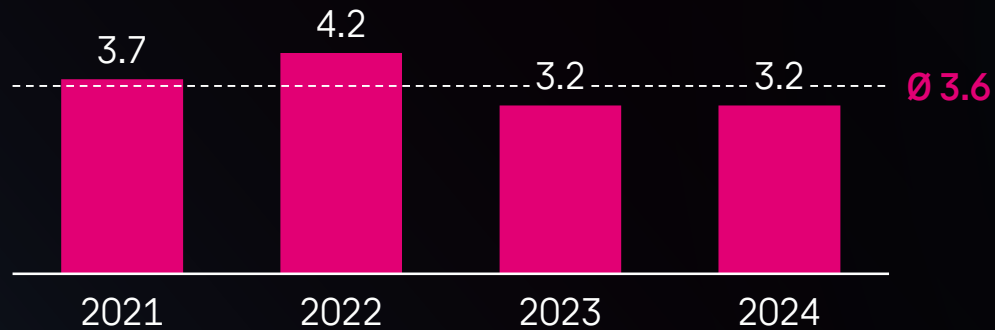
Leverage policy remains unchanged: 2.25x–2.75x



# Well balanced maturity profile with strong liquidity reserve

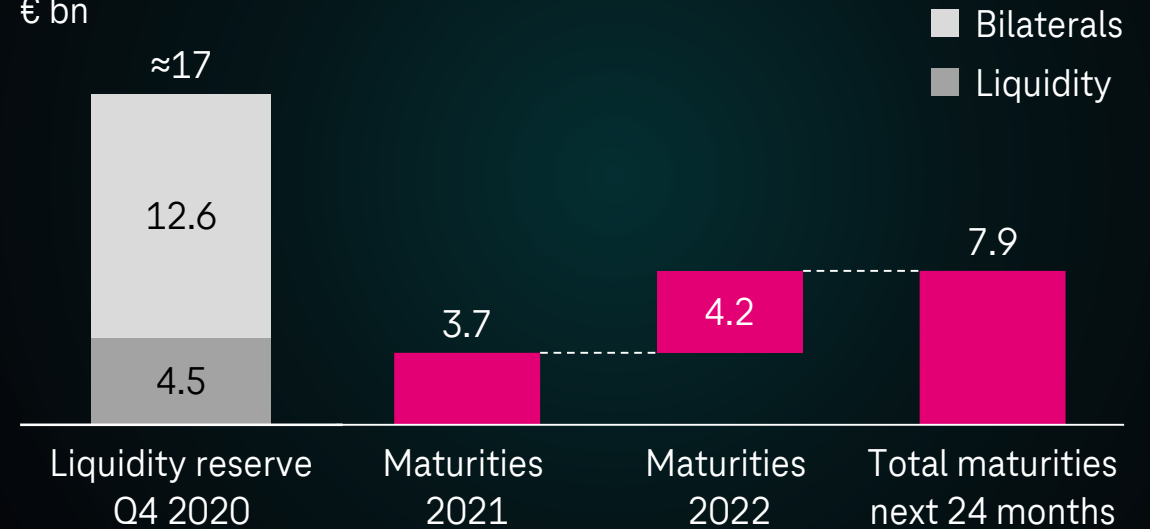
DT (ex US) bonds maturing

€ bn



Ex US liquidity position

€ bn



- Additional \$4.75 bn of outstanding TMUS shareholder loans (repaid by 2028 at the latest)
- Well balanced maturity profile will carry on beyond 2024
- Strong liquidity reserve with ≈€14–15 bn in the next years

# ESG: Our contribution from Finance

## Sustainable Finance Approach

### Sustainable Finance

- ESG will have a stronger **impact on our procurement decisions** (Sustainable procurement strategy)
- Option of **sustainability-linked bonds** has become part of our bond framework
- Highly transparent **corporate responsibility reporting** and **impact measurement**
- First steps in the **implementation of TCFD and SASB standards**
- DT Pension fund and DT trust geared towards **ESG investing**



Risk Rating 16.8 (Low ESG risk),  
Telco sector #8 (out of 212)



Score 89% (#1 = 91%),  
Telco sector #5 (out of 78)



Score B, Sector #3 (DT Group)



Reporting Rate 98%,  
Telco sector #3 (out of 40)



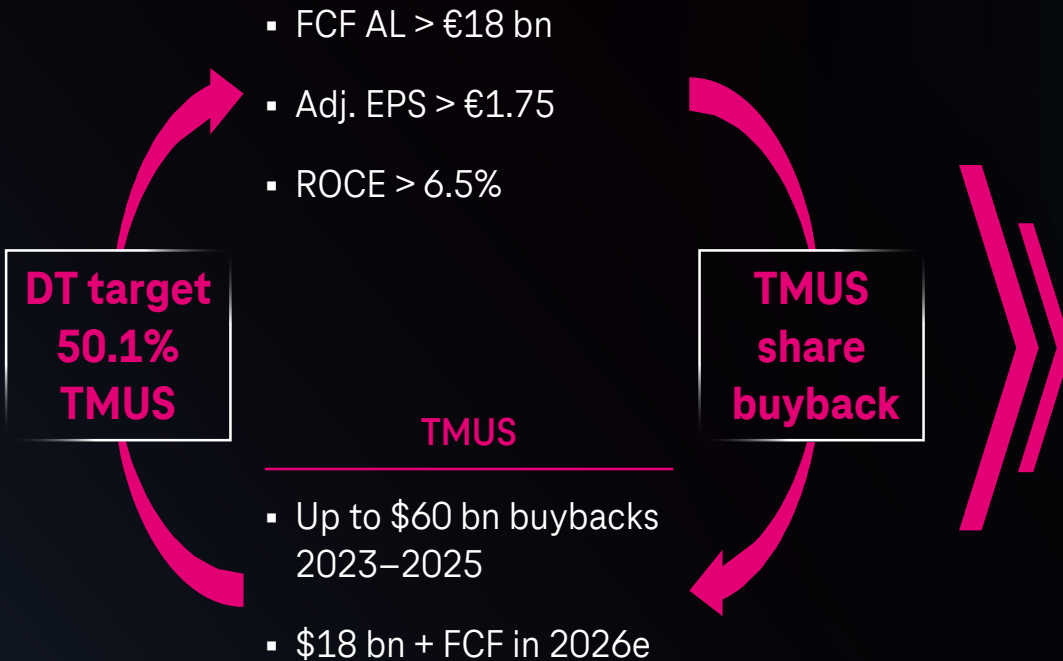
Climate "A" list (A = top 7%),  
Supplier "A" list (A = top 7%)

### ESG Ratings<sup>1</sup>

<sup>1</sup> Data as per May 14<sup>th</sup>, 2021

# Financial strategy remains attractive and reliable

## Group 2024e



## Equity

- Dividend remains based on adjusted EPS
- Payout ratio of 40–60%
- Floor at €0.60/share

## Debt

- Rating corridor remains unchanged: 2.25x–2.75x
- Rating bands remains unchanged: A- to BBB
- Back in comfort zone by end of 2024
- Liquidity: Covers maturities of next 24 months

# Midterm ambition level



# Midterm ambition level

	Midterm ambition level <sup>1</sup>	Year
Revenues	<ul style="list-style-type: none"> <li>▪ Group: CAGR +1–2%</li> </ul>	<ul style="list-style-type: none"> <li>▪ 2020–2024e</li> </ul>
Total service revenues	<ul style="list-style-type: none"> <li>▪ Group: CAGR +3–4%</li> </ul>	<ul style="list-style-type: none"> <li>▪ 2020–2024e</li> </ul>
Adj. EBITDA AL	<ul style="list-style-type: none"> <li>▪ Group: CAGR +3–5%</li> <li>▪ Ex US: CAGR +2–3%</li> </ul>	<ul style="list-style-type: none"> <li>▪ 2020–2024e</li> <li>▪ 2020–2024e</li> </ul>
Adj. Core EBITDA AL	<ul style="list-style-type: none"> <li>▪ Group: CAGR +5–6%</li> </ul>	<ul style="list-style-type: none"> <li>▪ 2020–2024e</li> </ul>
FCF AL	<ul style="list-style-type: none"> <li>▪ Group: &gt; €18 bn</li> <li>▪ Ex US: €4 bn</li> </ul>	<ul style="list-style-type: none"> <li>▪ 2024e</li> <li>▪ 2024e</li> </ul>
Adj. EPS	<ul style="list-style-type: none"> <li>▪ &gt; €1.75</li> </ul>	<ul style="list-style-type: none"> <li>▪ 2024e</li> </ul>
ROCE	<ul style="list-style-type: none"> <li>▪ &gt; 6.5%</li> </ul>	<ul style="list-style-type: none"> <li>▪ 2024e</li> </ul>
Cash Capex	<ul style="list-style-type: none"> <li>▪ Ex US: ≈€8.2 bn</li> </ul>	<ul style="list-style-type: none"> <li>▪ 2024e</li> </ul>
Adj. indirect cost AL	<ul style="list-style-type: none"> <li>▪ Ex US: -€1.2 bn (net savings)</li> </ul>	<ul style="list-style-type: none"> <li>▪ 2020–2024e</li> </ul>
Shareholder remuneration policy <sup>2</sup>	<ul style="list-style-type: none"> <li>▪ Adj. EPS payout ratio 40–60%, Floor €60 c</li> </ul>	<ul style="list-style-type: none"> <li>▪ 2021–2024e</li> </ul>

<sup>1</sup> Based on constant exchange rates (average exchange rate 2020 of €1 = US\$1.14) and no further changes in the scope of consolidation    <sup>2</sup> Subject to necessary AGM approval and Board resolution