

# Q3/12 – Results Presentation. Deutsche Telekom.

November 8, 2012

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# Safe Harbor Statement.

## Additional Information and Where to Find It

This document also relates to a proposed transaction between MetroPCS Communications, Inc. ("MetroPCS") and Deutsche Telekom AG ("Deutsche Telekom") in connection with T-Mobile USA, Inc. ("T-Mobile"). The proposed transaction will become the subject of a proxy statement to be filed by MetroPCS with the Securities and Exchange Commission (the "SEC"). This document is not a substitute for the proxy statement or any other document that MetroPCS may file with the SEC or send to its stockholders in connection with the proposed transaction. MetroPCS' investors and security holders are urged to read the proxy statement (including all amendments and supplements thereto) and all other relevant documents regarding the proposed transaction filed with the SEC or sent to MetroPCS' stockholders as they become available, because they will contain important information about the proposed transaction. All documents, when filed, will be available free of charge at the SEC's website ([www.sec.gov](http://www.sec.gov)). You may also obtain these documents by contacting MetroPCS' Investor Relations department at +1 (214) 570-4641, or via e-mail at [investor\\_relations@metropcs.com](mailto:investor_relations@metropcs.com). This communication does not constitute a solicitation of any vote or approval.

## Participants in the Solicitation

MetroPCS and its directors and executive officers will be deemed to be participants in any solicitation of proxies in connection with the proposed transaction, and Deutsche Telekom and its directors and executive officers may be deemed to be participants in such solicitation. Information about MetroPCS' directors and executive officers is available in MetroPCS' proxy statement dated April 16, 2012, for its 2012 Annual Meeting of Stockholders. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement and other relevant materials to be filed with the SEC regarding the proposed transaction when they become available. Investors should read the proxy statement carefully when it becomes available before making any voting or investment decisions.

## Cautionary Statement Regarding Forward-Looking Statements

This document includes "forward-looking statements" for the purpose of the "safe harbor" provisions within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Any statements made in this document that are not statements of historical fact, including statements about our beliefs, opinions, projections, and expectations, are forward-looking statements and should be evaluated as such. These forward-looking statements often include words such as "anticipate," "expect," "suggests," "plan," "believe," "intend," "estimates," "targets," "views," "projects," "should," "would," "could," "may," "become," "forecast," and other similar expressions.

All forward-looking statements involve significant risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements, many of which are generally outside the control of MetroPCS, Deutsche Telekom, and T-Mobile and are difficult to predict. Examples of such risks and uncertainties include, but are not limited to, the possibility that the proposed transaction is delayed or does not close, including due to the failure to receive the required MetroPCS stockholder approvals or required regulatory approvals, the taking of governmental action (including the passage of legislation) to block the transaction, the failure to satisfy other closing conditions, the possibility that the expected synergies will not be realized, or will not be realized within the expected time period, the significant capital commitments of MetroPCS and T-Mobile, global economic conditions, disruptions to the credit and financial markets, fluctuations in exchange rates, competitive actions taken by other companies, natural disasters, difficulties in integrating the two companies, disruption from the transaction making it more difficult to maintain business and operational relationships, possible disruptions or intrusions of MetroPCS' or T-Mobile's network, billing, operational support, and customer care systems which may limit or disrupt their ability to provide service, actions taken or conditions imposed by governmental or other regulatory authorities, and the exposure to litigation. Additional factors that could cause results to differ materially from those described in the forward-looking statements can be found in the MetroPCS' 2011 Annual Report on Form 10-K and Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, and other filings with the SEC available at the SEC's website ([www.sec.gov](http://www.sec.gov)).

The forward-looking statements speak only as to the date made, are based on current assumptions and expectations, and are subject to the factors above, among others, and involve risks, uncertainties and assumptions, many of which are beyond our ability to control or ability to predict. Neither MetroPCS' investors and security holders nor any other person should place undue reliance on these forward-looking statements. Neither MetroPCS, Deutsche Telekom, nor any other party undertake any duty to update any forward-looking statement to reflect events after the date of this document, except as required by law.



Agenda.  
Deutsche Telekom Results Presentation.



**René Obermann**  
CEO



**Timotheus Höttges**  
CFO



# Q3 2012: We continue to deliver.

<b>Group</b>	<ul style="list-style-type: none"><li>▪ <b>Solid 3<sup>rd</sup> quarter financials, full-year guidance re-iterated:</b><ul style="list-style-type: none"><li>▪ Stable group revenue of €14.7 billion (-0.1%), supported by currency</li><li>▪ Adj. EBITDA of €4.8 billion (-2.6%) – as announced with higher commercial expenses</li><li>▪ Q1-Q3 FCF<sup>1</sup> at €5.1 billion (+13.2%) – on track to achieve guidance of around 6 billion for full year</li></ul></li></ul>
<b>Germany</b>	<ul style="list-style-type: none"><li>▪ <b>Mobile service revenues with better trends:</b><ul style="list-style-type: none"><li>▪ Mobile service revenue trends improved from -1.8% in Q1 over -1.0% in Q2 to -0.5% yoy in Q3</li><li>▪ Revenue -1.3%. Adj. EBITDA and margin slightly below last year due to more commercial expenses</li><li>▪ Line losses of 284k, 12% below last year, solid net adds in Entertain (76k), VDSL with 83k net adds. Q3 with highest intake of mobile contract net adds (555k) this year, thereof 171k with own brand</li></ul></li></ul>
<b>Europe</b>	<ul style="list-style-type: none"><li>▪ <b>3<sup>rd</sup> quarter: delivering solid financials in a difficult economic environment</b><ul style="list-style-type: none"><li>▪ Year-to-date organic revenue development (-3.3%) with significant improvement compared to last year (-6.2%)</li><li>▪ Organic revenue development in Q3 with -5.2% yoy mainly impacted by regulation and taxes</li><li>▪ Ongoing growth in key customer KPIs: net adds broadband (53k), TV (68k) and mobile contract (251k)</li><li>▪ €135 million adj. net opex reduction in Q3 leads to strong adj. EBITDA margin of 36.3%, adj. cash capex reduced by 12% to protect cash flow</li></ul></li></ul>
<b>US</b>	<ul style="list-style-type: none"><li>▪ <b>MetroPCS transaction to deliver synergies and strengthen business with improved LTE position</b><ul style="list-style-type: none"><li>▪ Total revenues up 6.3% to €3.9 billion due to currency, in US\$ revenue declined 5.9% to US\$ 4.9 billion</li><li>▪ Adj. EBITDA impacted by increase in commercial expenses – branded contract gross adds increased 17% sequentially</li><li>▪ Customer base growing by 160k – driven by strong branded no contract net adds of 365k, branded contract churn down yoy by 30bps</li></ul></li></ul>



1) Before dividend payments, break-up fee, PTC settlement, AT&T deal related payments, and spectrum investments

## Q3/12 Key financials: revenue stable, strong adj. EBITDA and free cash flow net income impacted by impairment in the US.

€ million	Q3/11	Q3/12	change	9M/11	9M/12	change
Revenue	14,670	14,651	-0.1%	43,742	43,462	-0.6%
Adj. EBITDA	4,907	4,777	-2.6%	14,074	13,951	-0.9%
Adj. net profit <sup>3</sup>	1,291	926	-28.3%	2,943	2,326	-21.0%
Net profit	1,069	-6,900	n.a.	1,897	-6,048	n.a.
Adj. EPS (in €)	0.30	0.21	-26.7%	0.68	0.54	-20.6%
EPS (in €)	0.25	-1.61	n.a.	0.44	-1.41	n.a.
Free cash flow <sup>1</sup>	1,706	2,344	37.4%	4,534	5,134	13.2%
Cash capex <sup>2</sup>	2,114	1,910	-9.6%	6,113	5,664	-7.3%



1) Before dividend payments, break-up fee, PTC settlement, AT&T deal related payments, and spectrum investments  
 2) Adjusted for spectrum investments: €63 million in 9M/11 and Q3/11; €329 million in 9M/12; €288 million in Q3/12

3) Q3/12 figure include D&A from the US which was not included in Q3 last year

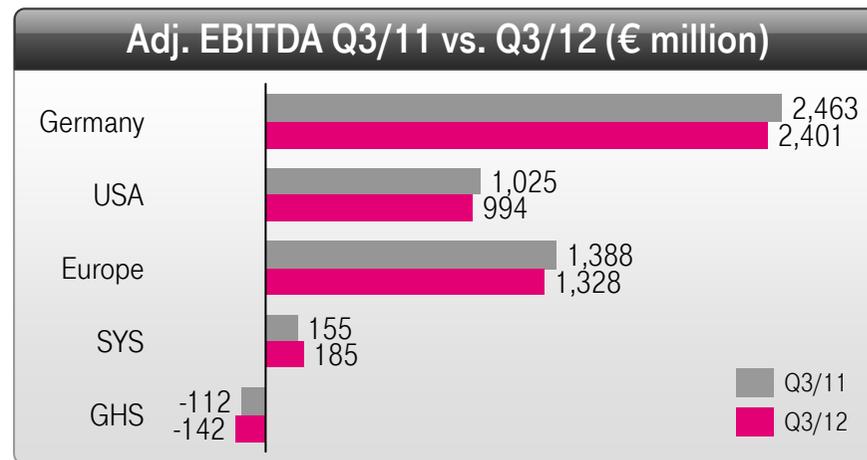
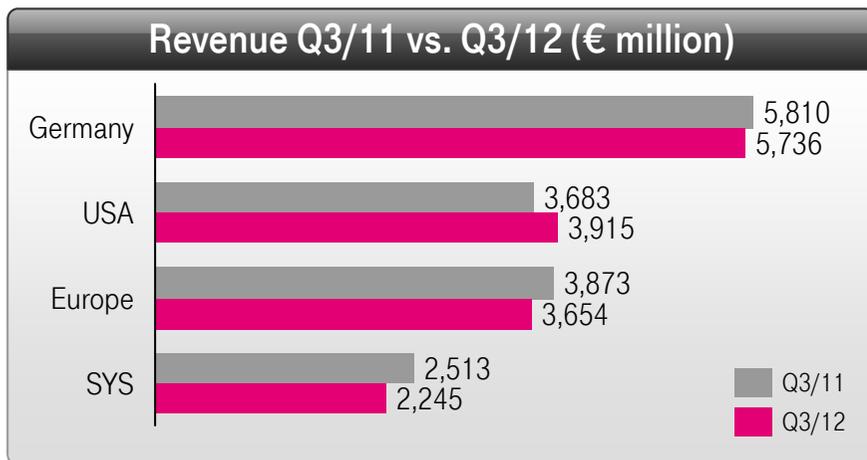
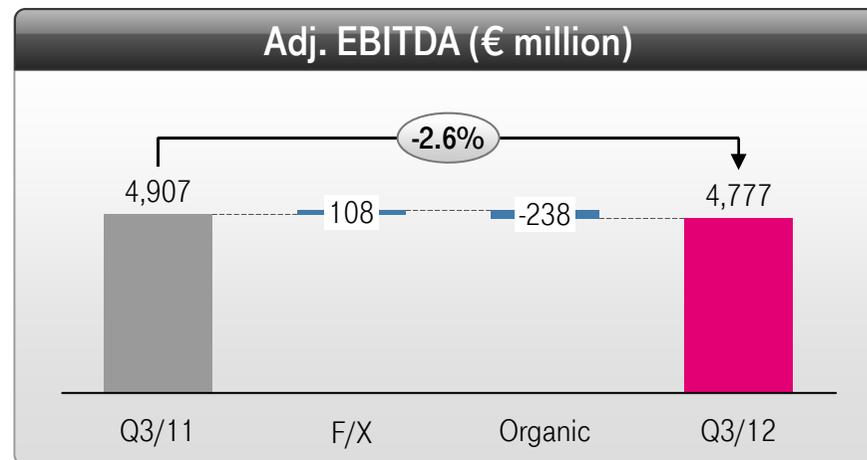
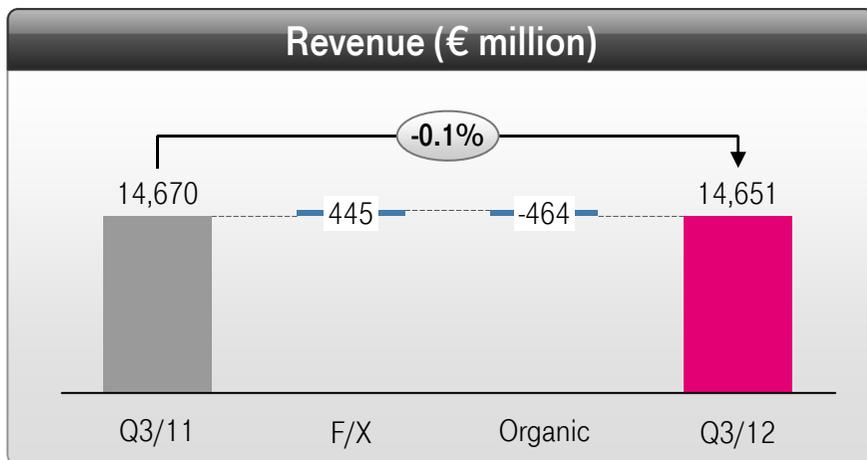
# Combination with MetroPCS: create the value leader in wireless.

<b>Strengthens DT's strategic position in attractive U.S. market</b>	<ul style="list-style-type: none"><li>▪ Strengthened spectrum position to roll out 4G LTE</li><li>▪ NewCo with attractive growth profile with projected 3-5% 5-year revenue CAGR, 7-10% EBITDA CAGR, and 15-20% free cash flow CAGR</li></ul>
<b>Straightforward network migration</b>	<ul style="list-style-type: none"><li>▪ Early synergy delivery through early migration to single network</li><li>▪ Resulting in US\$ 5-6 billion network synergies alone (out of US\$ 6-7 billion total)<sup>1</sup></li><li>▪ MetroPCS enables deeper LTE spectrum (20x20 MHz) in top areas such as NY, LA, and Dallas.</li></ul>
<b>Compelling value opportunity</b>	<ul style="list-style-type: none"><li>▪ Total projected cost synergies with NPV of US\$ 6 -7 billion<sup>1</sup></li><li>▪ Strongly enhances asset value compared to SOTP valuations without deploying more capital</li></ul>
<b>Increased financial flexibility</b>	<ul style="list-style-type: none"><li>▪ NewCo will be publicly listed entity; equivalent to an accelerated IPO with synergies</li><li>▪ Creates path towards self-funding platform in the U.S. with direct access to capital markets</li></ul>

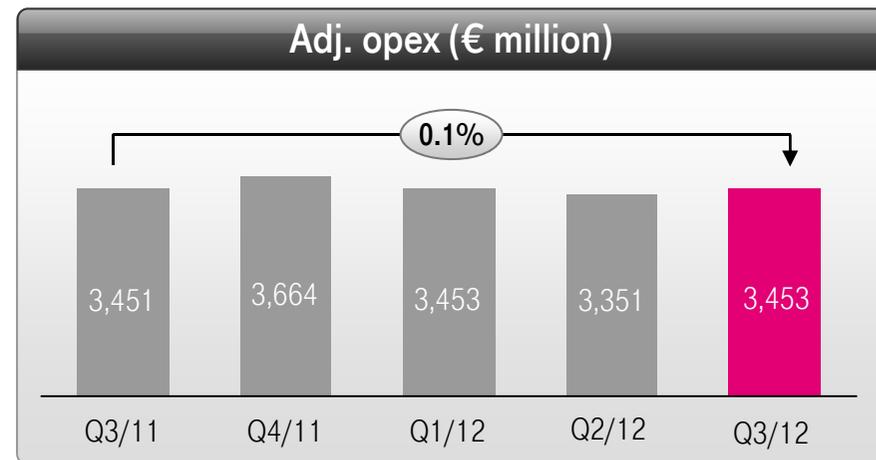
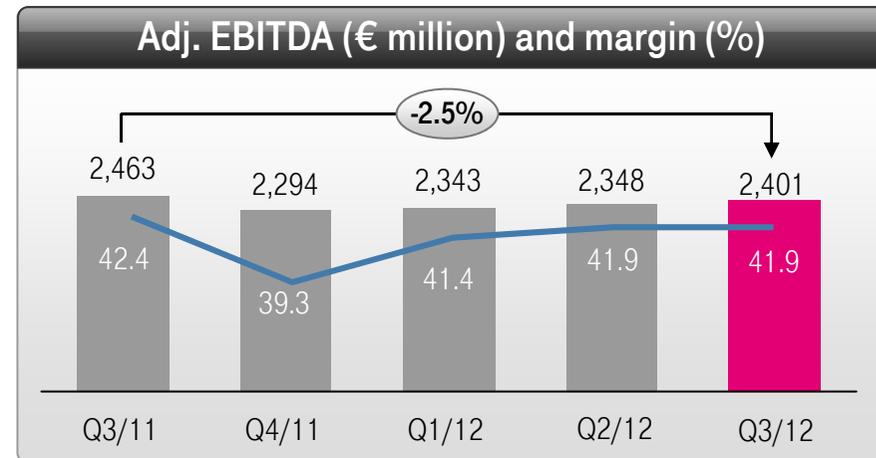
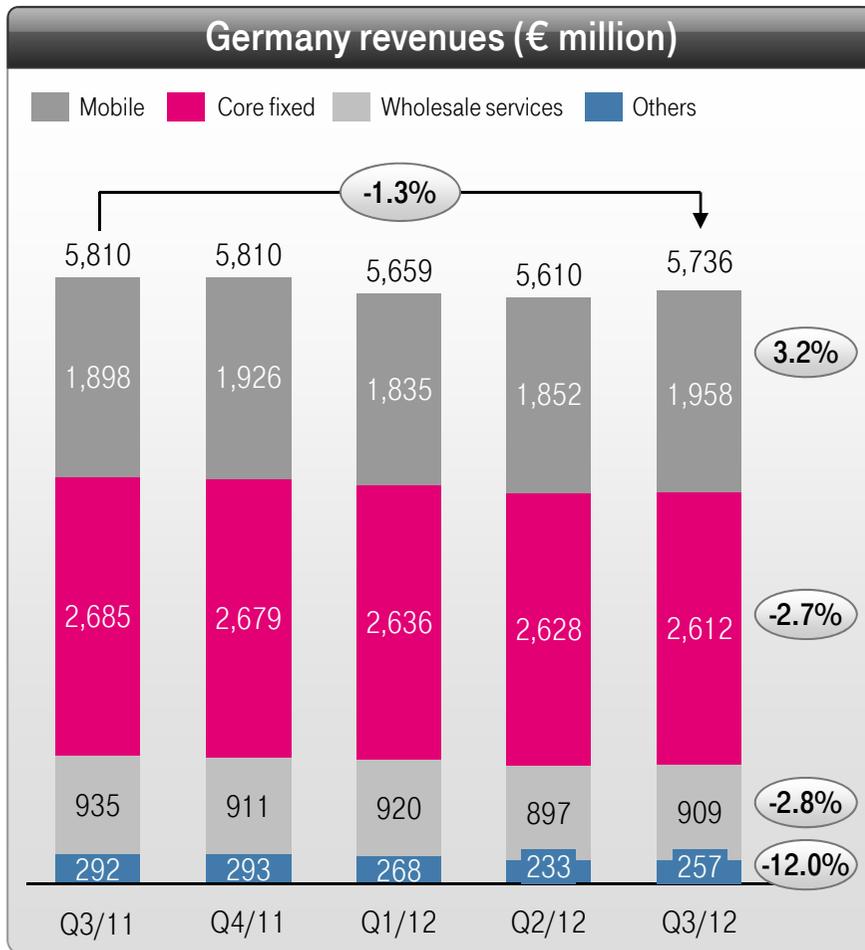


1) NPV calculated with 9% discount rate and 38% tax rate

# Q3/12 Overview.

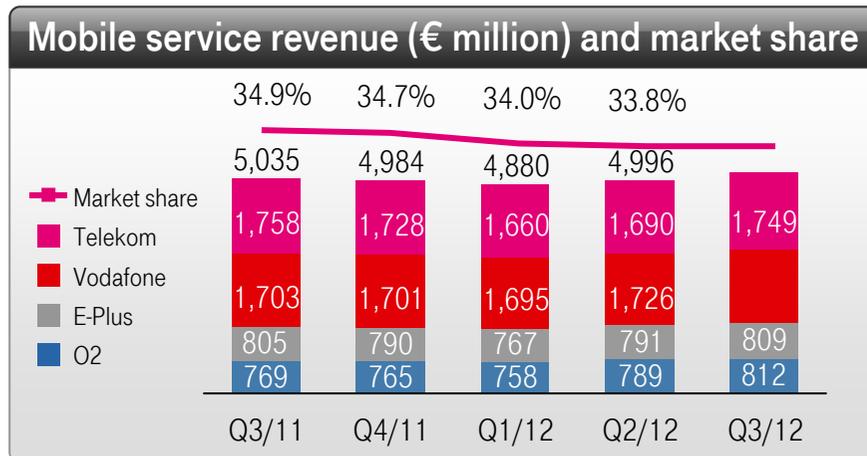
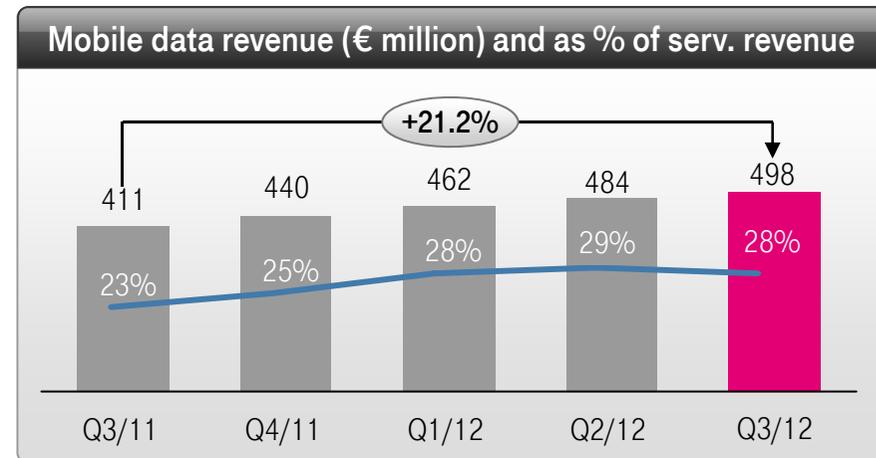
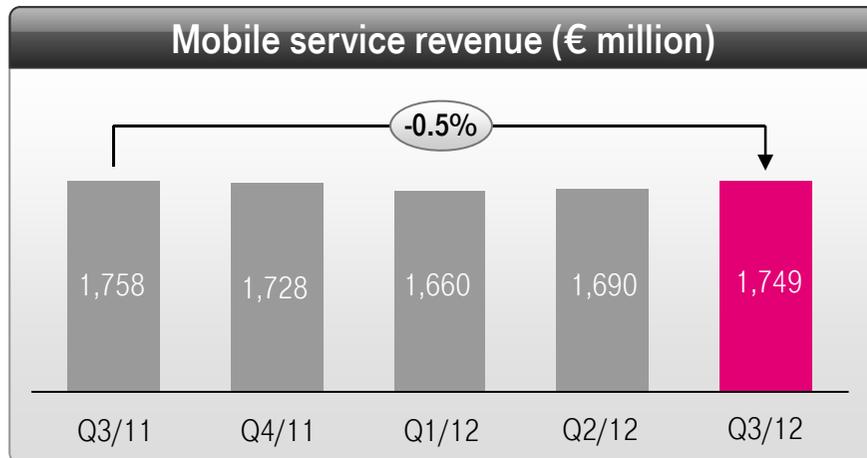


Germany: improved revenue trends in mobile, margin and opex influenced by around €100 million more market investment mainly in mobile.



Since January 1, 2012, Deutsche Telekom has pooled the tasks and functions of the Digital Services business, as well as the Internet service provider STRATO, as the Digital Business Unit (DBU) under the GHS segment. As of July 1, 2012, Deutsche Telekom reorganized the Group's IT structure and pooled all internal IT units from the Germany and Systems Solutions operating segments as well as Group Headquarters & Shared Services into the new Telekom IT unit within the Systems Solutions operating segment. The prior-year figures have been adjusted for better comparability.

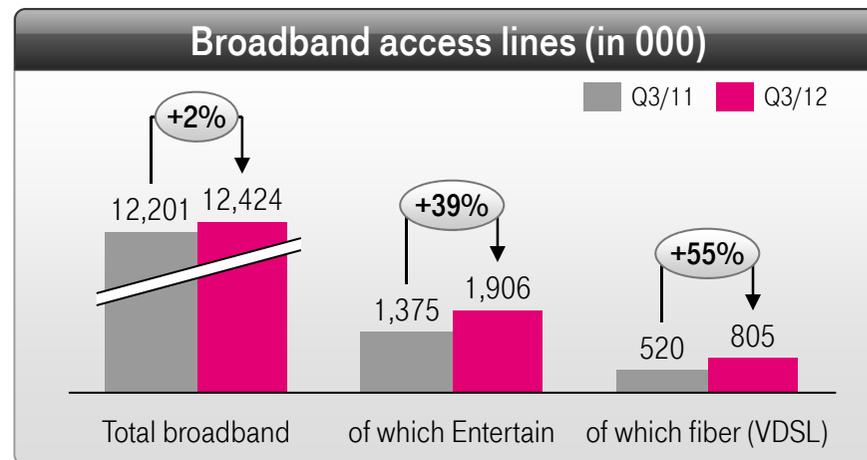
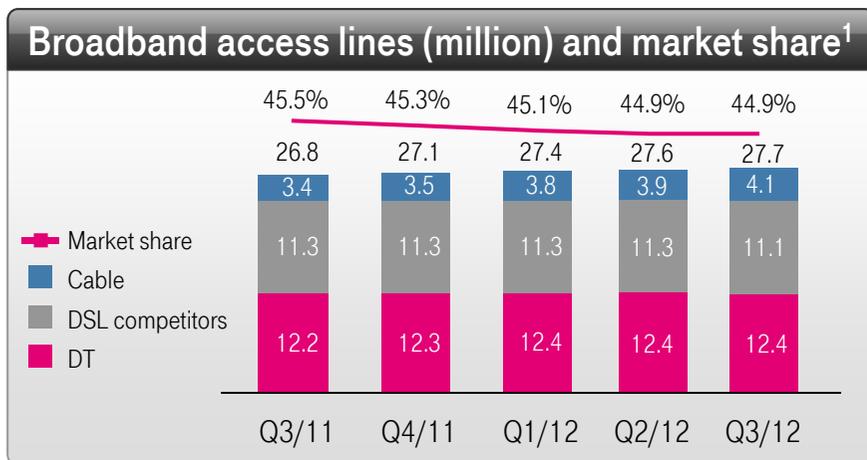
# Germany – Mobile: continued improvement in service revenue trends.



- Mobile contract net adds of 555k, thereof 171k with own brands
- Smartphone sales in Q3: 1,022k smartphones, of which 322k iPhones
- LTE:
  - network roll-out continues at high speed
  - iPhone 5 quasi exclusive on LTE
  - LTE speed option (100 Mbit/s) introduced as of September
  - “Connect” and “Chip” network tests won for the 3<sup>rd</sup> consecutive year



# Germany – fixed: fiber and Entertain upsale strategy protects ARPA.

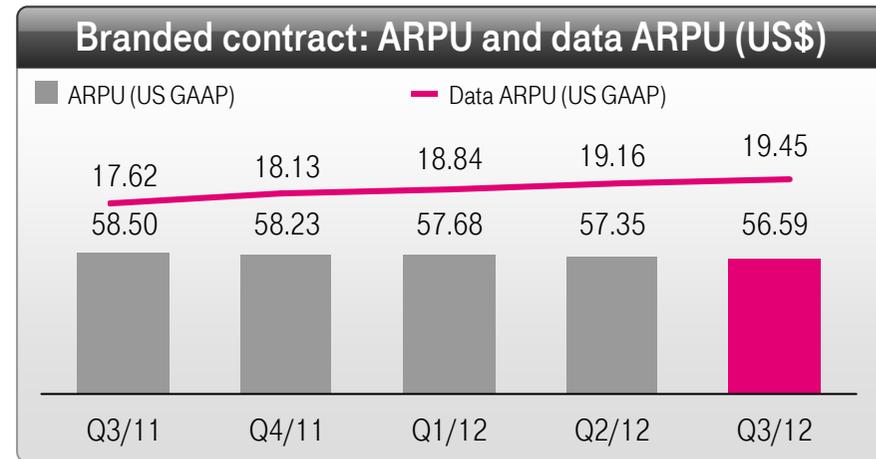
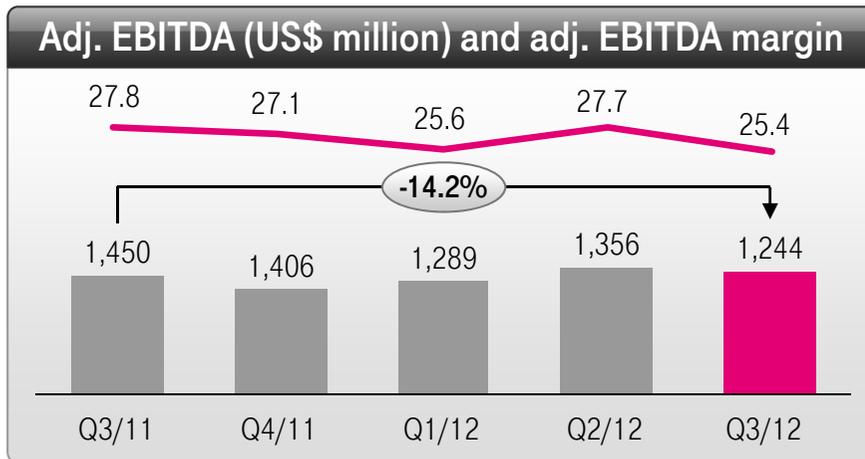
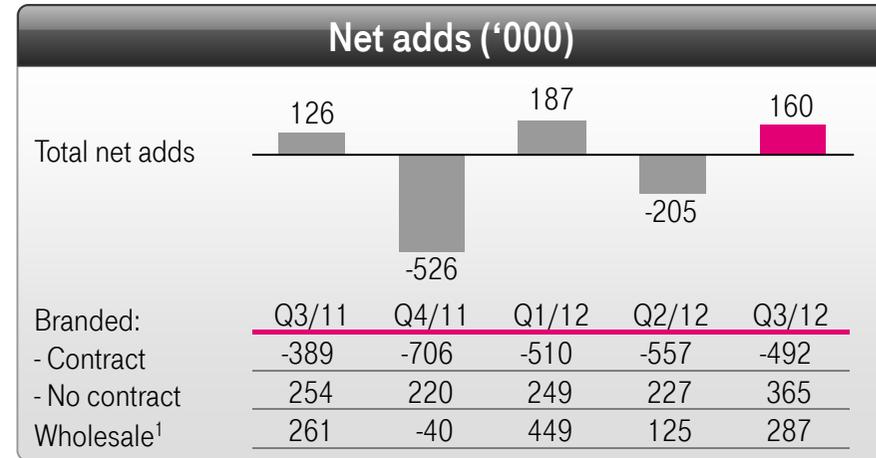
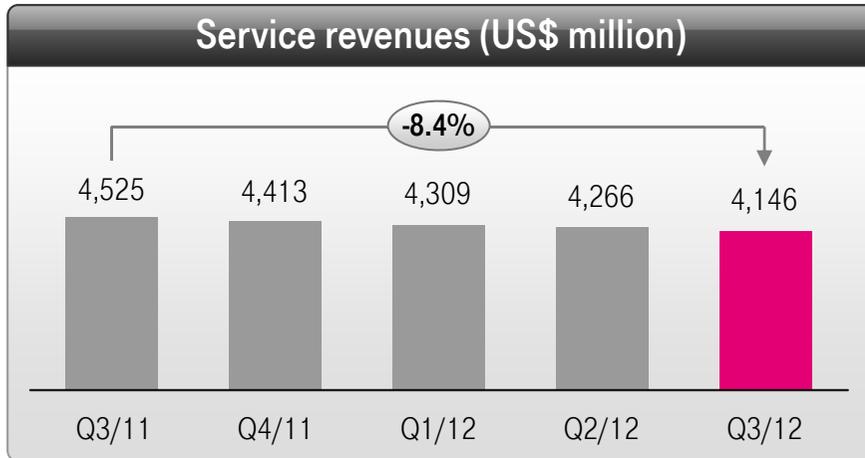


- Line losses 12% below last year: 284k in Q3 (323k in Q3/11)
- Broadband customers +2% yoy: 12,424k total, 9k net adds in Q3
- Entertain customers +39% yoy: 1,906k total, 76k net adds in Q3
- Retail fiber customers (VDSL) +55% yoy: 805k total, 83k net adds in Q3
- Upsale increases ARPA slightly to €25.8 (+ €0.3)



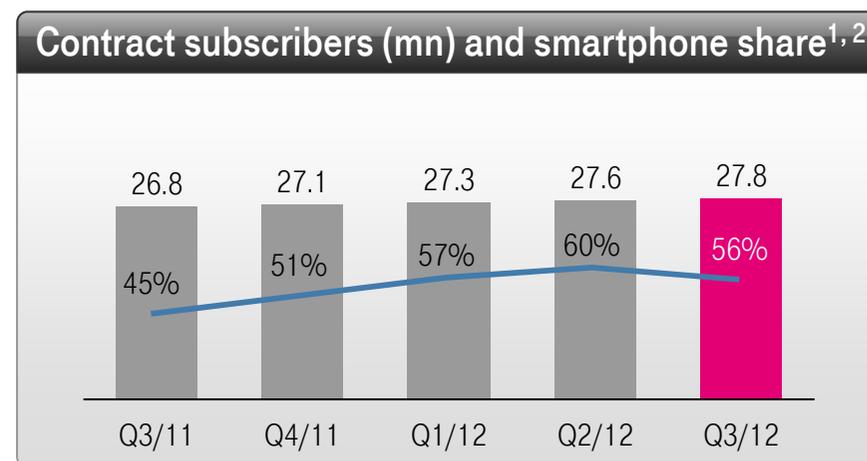
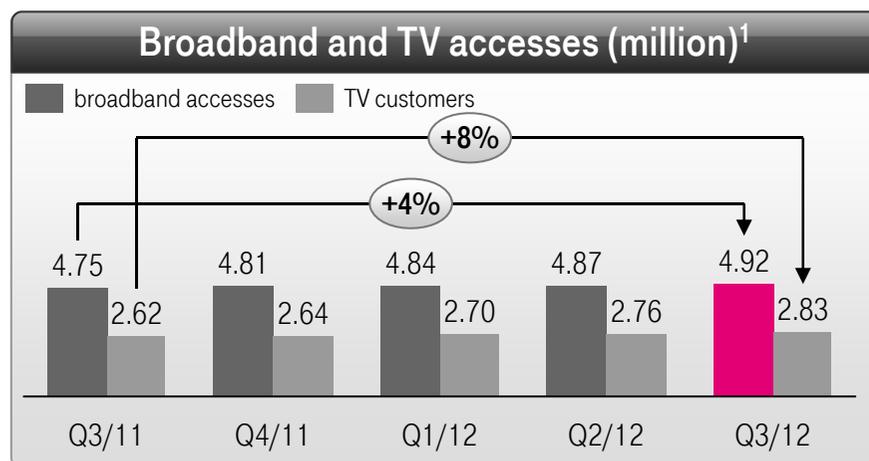
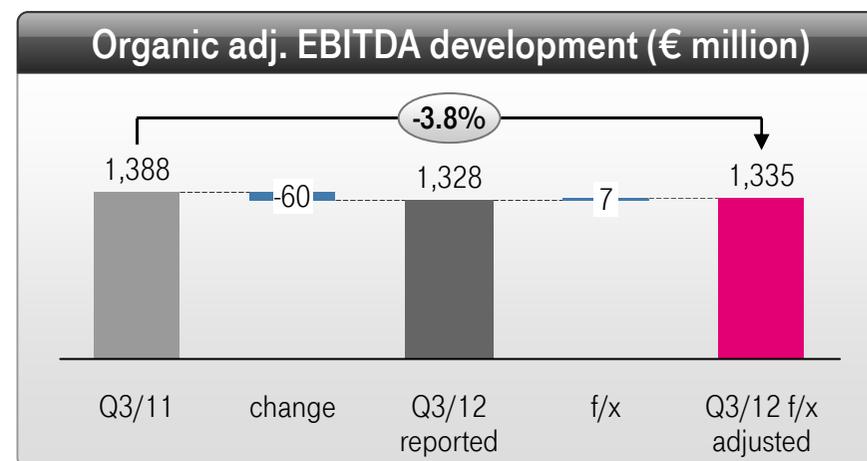
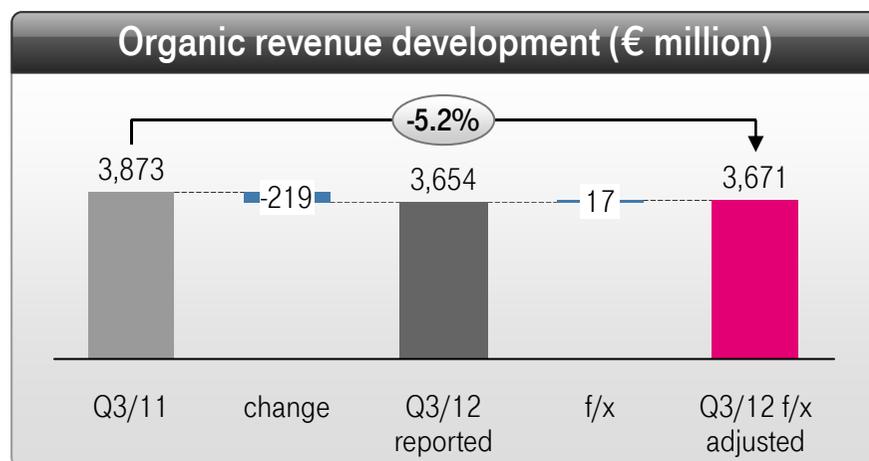
1) Company estimates; rounded figures; incl. reseller (competitor resale and resale)

# US: very strong branded no contract net adds – branded contract ARPU & service revenues impacted by transition to Value plans.



1) Wholesale includes MVNO and machine-to-machine (M2M). Amounts may not add up due to rounding.

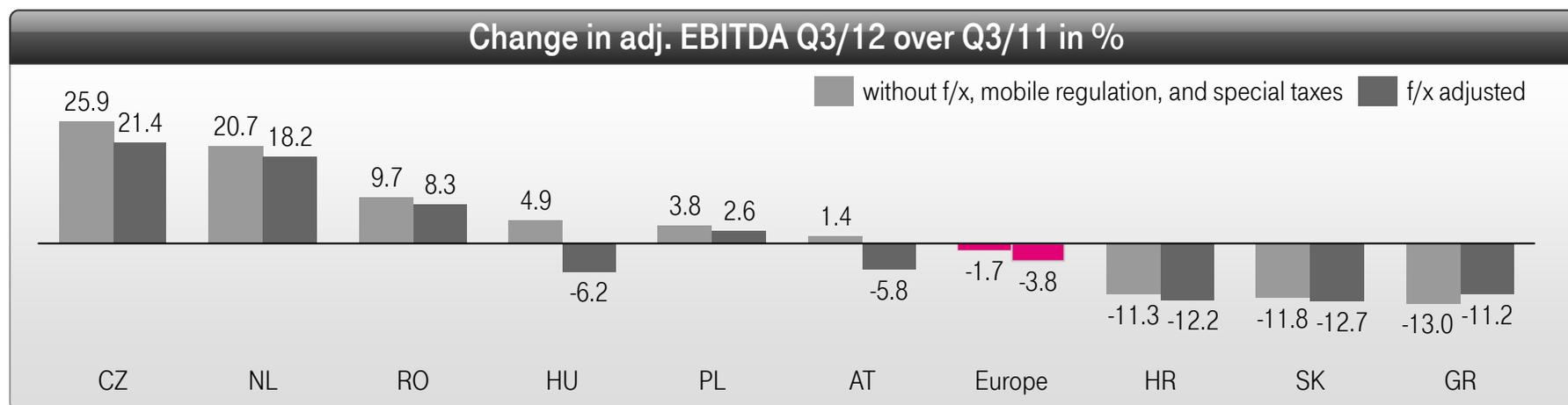
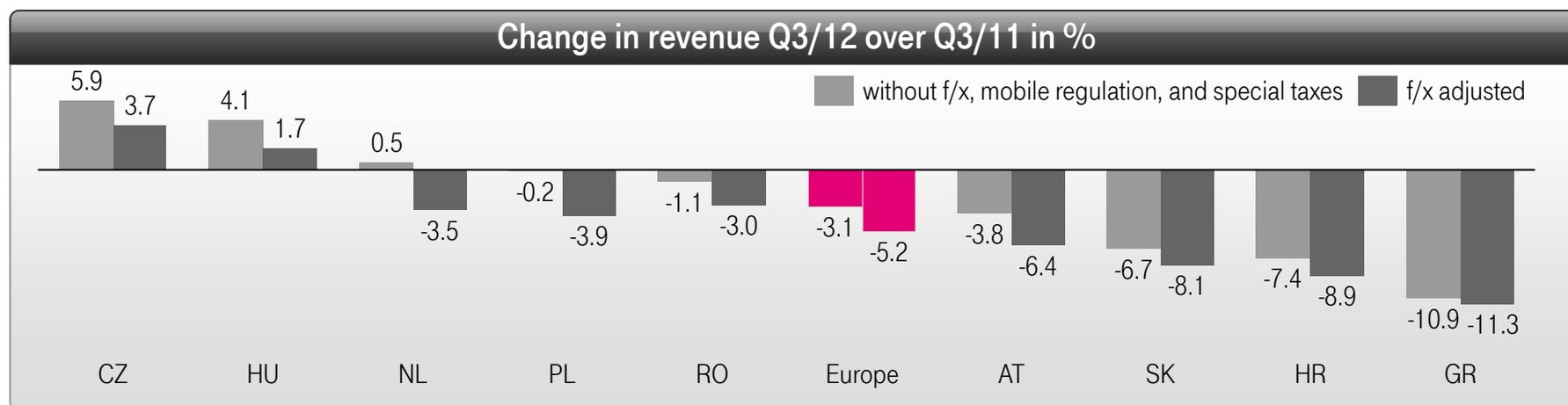
# Europe: impacted by economy, regulation, and special taxes.



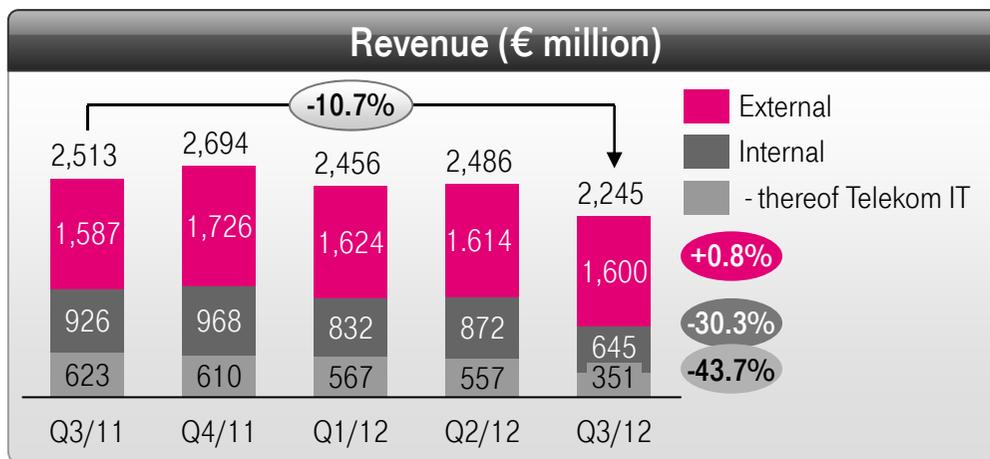
1) Incl. business customers shifted to T-Systems in Hungary as of January 1, 2011

2) Historic figures adjusted due to incorporation of data from Cosmote Greece. Percentage of smartphones in dispatched devices (excl. Slovakia, Romania, Bulgaria, Montenegro, and Macedonia).

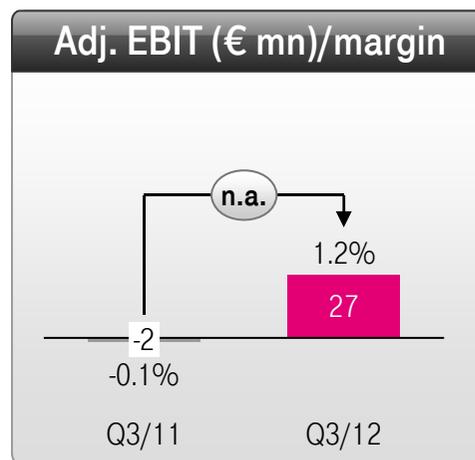
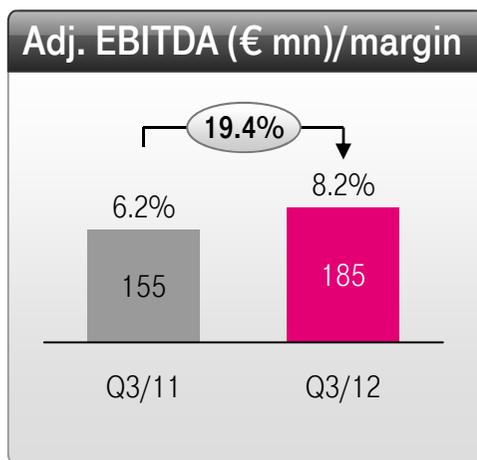
# Europe: overview of revenue and adj. EBITDA development.



# Systems Solutions: revenue driven by Telekom IT – profitability progress.



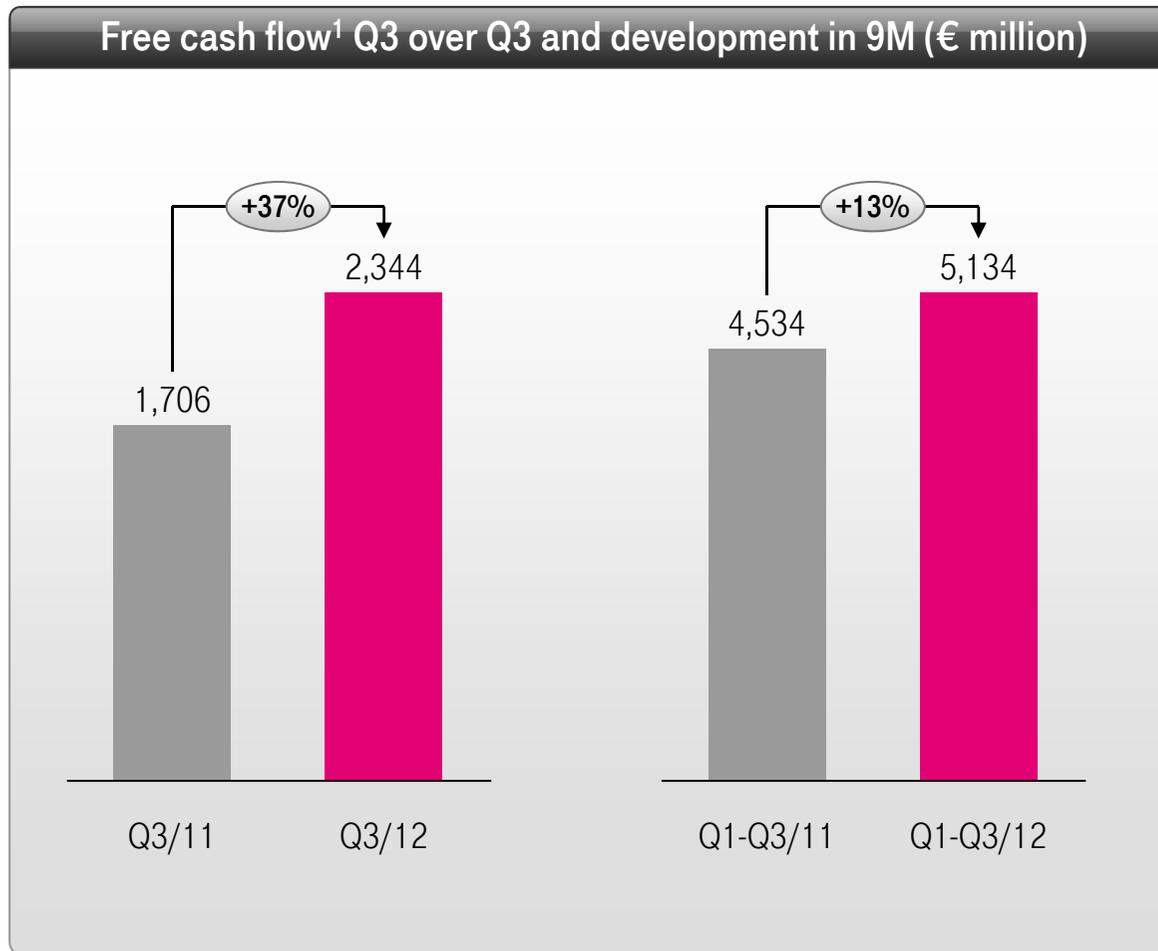
- Deal highlights in Q3/12
  - Catalan government, Clariant, BP
- External revenue up by 0.8% to €1,600 million
- Revenue down by 10.7% to €2,245 million due to lower internal revenues (-30.3%) driven by Telekom IT (-43.7% yoy) related to seasonal effects, uptake in Q4 expected
- Revenue reduction at Telekom IT intended in order to optimize groups IT costs



- Adj. EBITDA at €185 million with a margin of 8.2%
  - Thereof €24 million from Telekom IT
- Adj. EBIT at €27 million with a margin of 1.2%, after uncoupling the internal, national IT business (Telekom IT)
- Successful gross cost savings of €203 million in Q3/12



Free cash flow: €5.1 billion in first 9 months – guidance of around €6 billion for full year confirmed.

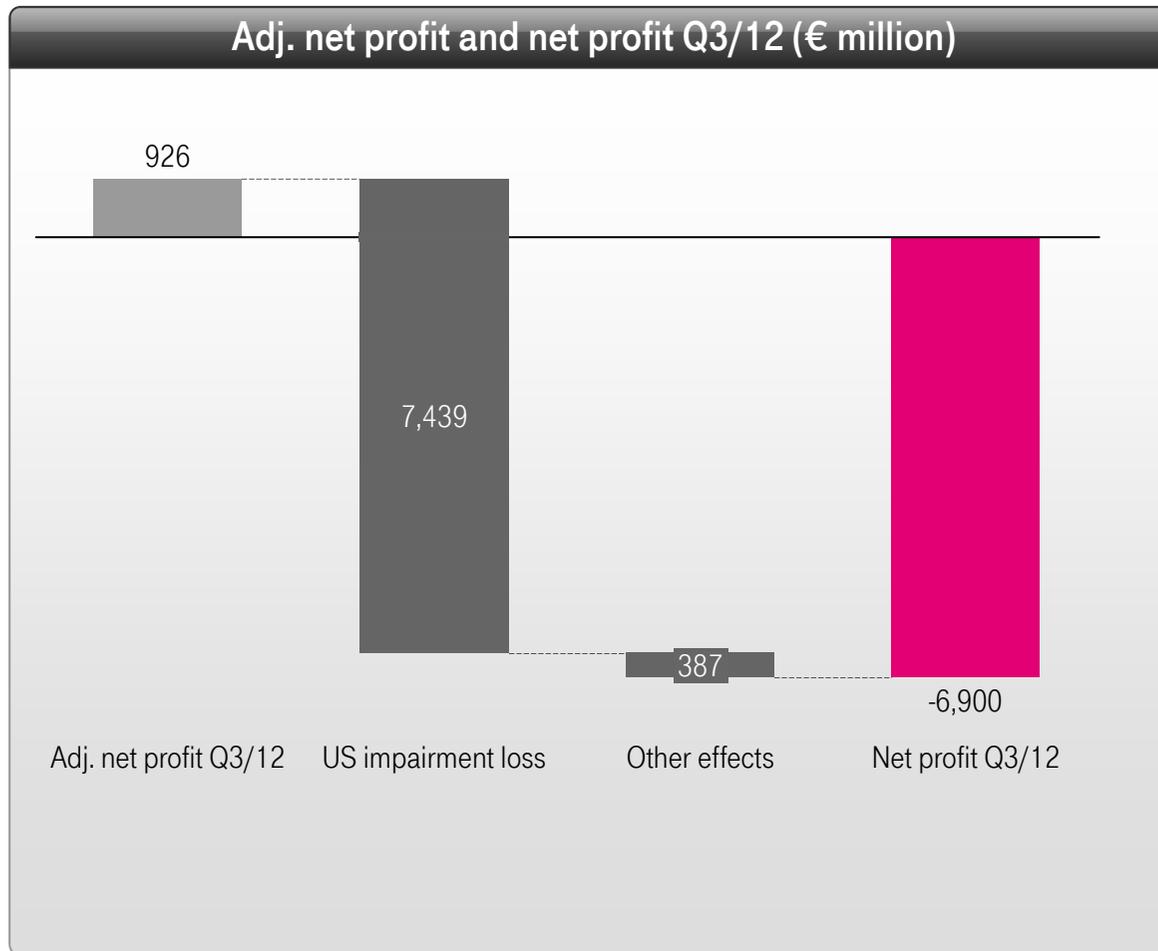


- Free cash flow in Q3 benefited from €0.3 billion of less interest payments and €0.2 billion lower capex
- Investments are expected to increase in Q4
- Guidance of around €6 billion for full year unchanged



1) Before dividend payments, break-up fee, PTC settlement, AT&T deal related payments, and spectrum investments

# Net profit in Q3/12 impacted by impairment loss in the US.



- Net profit predominantly impacted by impairment loss in the US following the announcement of the merger agreement with MetroPCS
- The write down is a result of IFRS standard rules that demanded an impairment test as a result of the agreement with PCS.
- Due to the IFRS rules this technical evaluation had to be based upon the PCS share price before the announcement



## Balance sheet ratios: net debt and net debt over EBITDA ratio improved – impairment in the US impacting equity and gearing.

in € billion	30/09/2011	31/12/2011	31/03/2012	30/06/2012	30/09/2012
<b>Balance sheet total</b>	<b>124.6</b>	<b>122.5</b>	<b>120.5</b>	<b>121.1</b>	<b>108.2</b>
Shareholders' equity	40.7	39.9	39.8	37.6	30.3
Net debt	43.4	40.1	38.6	41.0	39.0
Net debt/adj. EBITDA <sup>1</sup>	2.3	2.1	2.1	2.2	2.1
Gearing	1.1x	1.0x	1.0x	1.1x	1.3x
<b>Equity ratio</b>	<b>32.7%</b>	<b>32.6%</b>	<b>33.0%</b>	<b>31.1%</b>	<b>28.0%</b>

### Comfort zone ratios

2 - 2.5x Net debt/adj. EBITDA	✓
25 - 35% Equity ratio	✓
Gearing: 0.8 to 1.2	⚠
Liquidity reserve covers redemption of the next 24 months	✓

### Current Rating

Fitch:	<b>BBB+</b> stable outlook	✓
Moody's:	<b>Baa1</b> stable outlook	✓
S&P:	<b>BBB+</b> stable outlook	✓
R&I:	<b>A</b> stable outlook	✓



1) Ratios for the interim quarters calculated on the basis of previous 4 quarters

# Q&A.



**René Obermann**  
CEO



**Timotheus Höttges**  
CFO



Thank you for your attention!

