



# **DEUTSCHE TELEKOM CAPITAL MARKETS DAY 2015**

Bonn, February 26/27, 2015



**LIFE IS FOR SHARING.**

# SAFE HARBOR STATEMENT

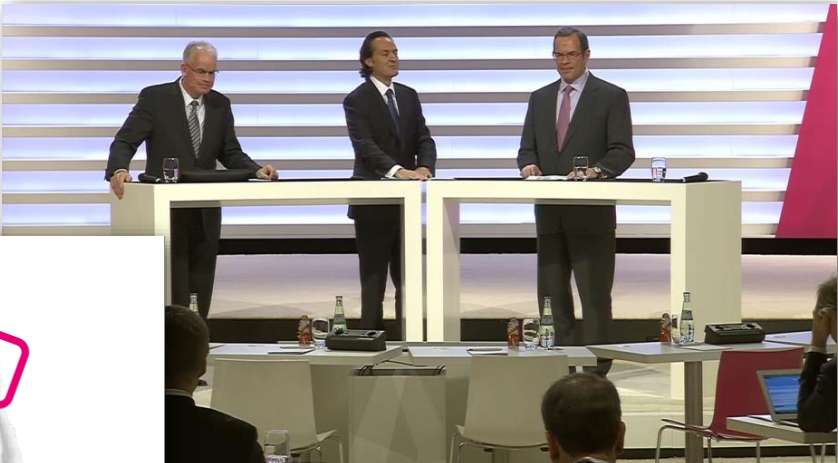
This presentation contains “forward-looking” statements within the meaning of the U.S. federal securities laws. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Any statements made herein that are not statements of historical fact, including statements about T-Mobile US, Inc.'s plans, outlook, beliefs, opinions, projections, guidance, strategy, integration of MetroPCS, expected network modernization and other advancements, are forward-looking statements. Generally, forward-looking statements may be identified by words such as “anticipate,” “expect,” “suggests,” “plan,” “project,” “believe,” “intend,” “estimates,” “targets,” “views,” “may,” “will,” “forecast,” and other similar expressions. The forward-looking statements speak only as of the date made, are based on current assumptions and expectations, and involve a number of risks and uncertainties. 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: our ability to compete in the highly competitive U.S. wireless telecommunications industry; adverse conditions in the U.S. and international economies and markets; significant capital commitments and the capital expenditures required to effect our business plan; our ability to adapt to future changes in technology, enhance existing offerings, and introduce new offerings to address customers' changing demands; changes in legal and regulatory requirements, including any change or increase in restrictions on our ability to operate our network; our ability to successfully maintain and improve our network, and the possibility of incurring additional costs in doing so; major equipment failures; severe weather conditions or other force majeure events; and other risks described in our filings with the Securities and Exchange Commission, including those described in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 19, 2015. You should not place undue reliance on these forward-looking statements. We do not undertake to update forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

As required by SEC rules, we have provided a reconciliation of the non-GAAP financial measures included in this presentation to the most directly comparable GAAP measures in materials on our website at <http://investor.t-mobile.com>.



# T-MOBILE US

# CAPITAL MARKETS DAY 2012



... BECOMING THE UN-CARRIER IN 2013.

REDACTED

2013 BRAND RE-LAUNCH

- DISRUPTIVE NEW [REDACTED]
- VALUE PLANS ENABLE [REDACTED]
- DEVICES PLAY A KEY ROLE, WITH [REDACTED]
- A FOUNDATION FOR PROFITABLE GROWTH, DR [REDACTED] TRY XXXX.
- BROUGHT TO LIFE WITH A NEW CAMPAIGN THAT [REDACTED].

We are going after issues that frustrate consumers in this industry, differentiating our service, and returning to profitable growth

LIFE IS FOR SHARING. 28

# KEY MESSAGES

## Un-carrier

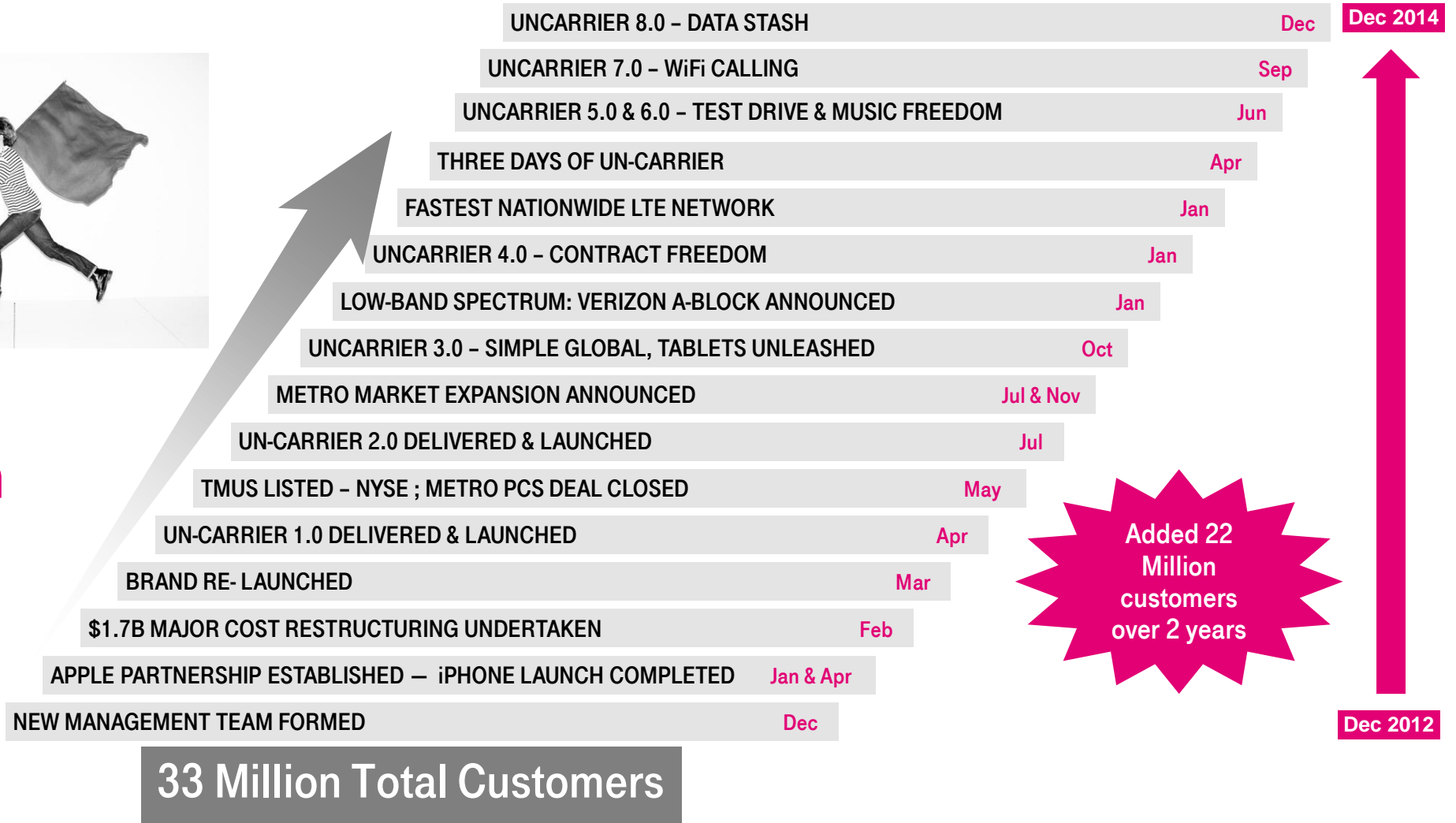
- ▶ **The Un-carrier revolution continues! 2014 was the best customer growth year in T-Mobile US history.** 4.0 million branded postpaid phone nets – captured virtually all of industry growth; 55M total customers year-end
- ▶ **We are the leader in prepaid** with over 16.3 million customers, adding 1.2 million customers for the full year 2014, again the most in the industry. 55 MetroPCS markets, up from 15
- ▶ **Strong execution of MetroPCS integration**, expected almost 2 years ahead of original schedule – Synergies expected to be \$9–10 billion NPV, up from original \$6–7 billion
- ▶ **Our customer growth translating into strong financial performance.** Service revenue growth 9% YoY, Adj. EBITDA 6.0% YoY in 2014. Significant Step-Up in Adj EBITDA in 2015 – approx. 25% YoY increase
- ▶ **We will level the network coverage playing field in 2015** by expanding our blazing fast 4G LTE network to 300M POPs, up from 0 in Q1 2013. Plan on covering more than 150 markets with wideband LTE

# PATH TO GROWTH AS UN-CARRIER

**55 Million Total Customers !**



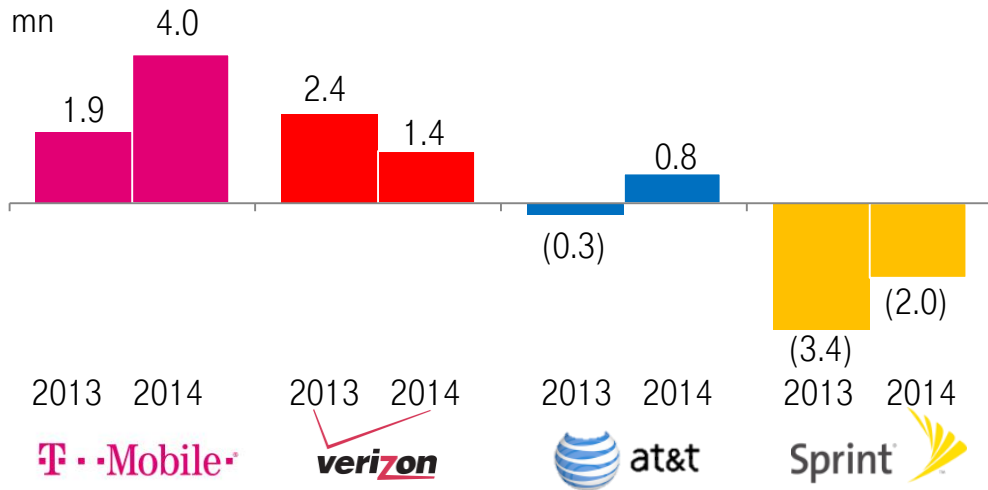
## Path to Growth



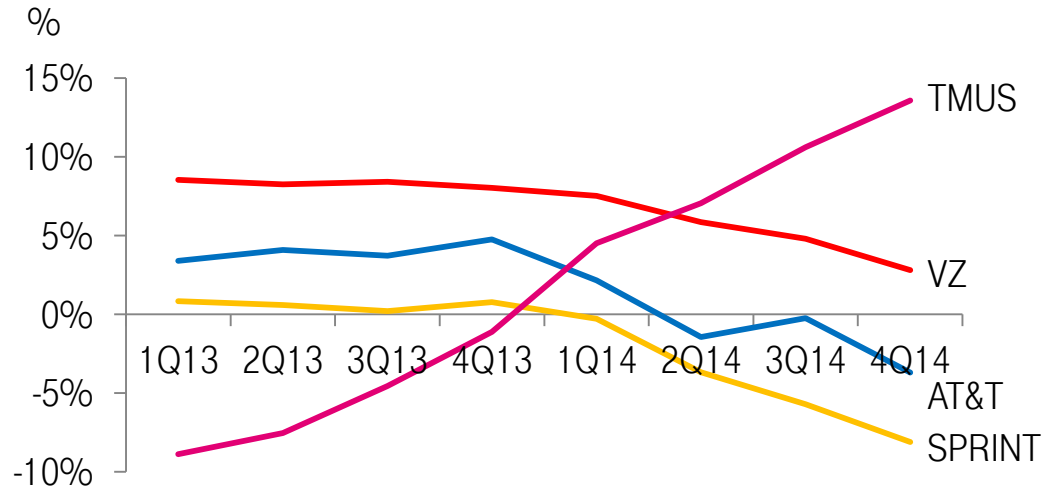
# RECORD CUSTOMER GROWTH FUELS INDUSTRY LEADING SERVICE REVENUE GROWTH...

- Over 12.7 million total net adds since the Un-carrier revolution began – 8.3 million total net adds in 2014
- Nearly 6.0 million branded postpaid phone net adds since the launch of the Un-Carrier revolution
- Over 4.0 million branded postpaid phone net adds in 2014 alone, virtually all of market growth
- Positive Porting ratio every week of the year in 2014; 2.15 postpaid porting ratio for the entire year
- Over 1.6 million branded prepaid net adds – largest facilities based prepaid wireless carrier in the US
- Industry-leading service revenue growth – 9.0% YoY in 2014 and 13.6% YoY in 4Q14

**Total Postpaid Phone Net Additions (2013 & 2014)**



**Service Revenue YoY Growth (2013 & 2014)**

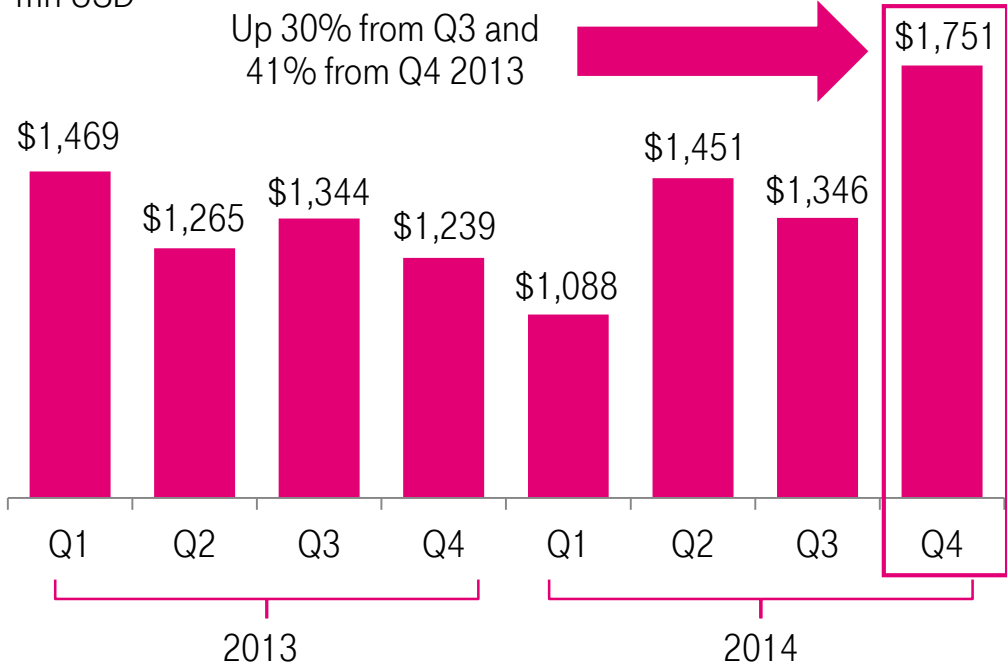


Source: Goldman Sachs Global Investment Research

# ...LEADING TO ADJUSTED EBITDA GROWTH AND STRONG ABPU TRENDS

## Adjusted EBITDA

mn USD

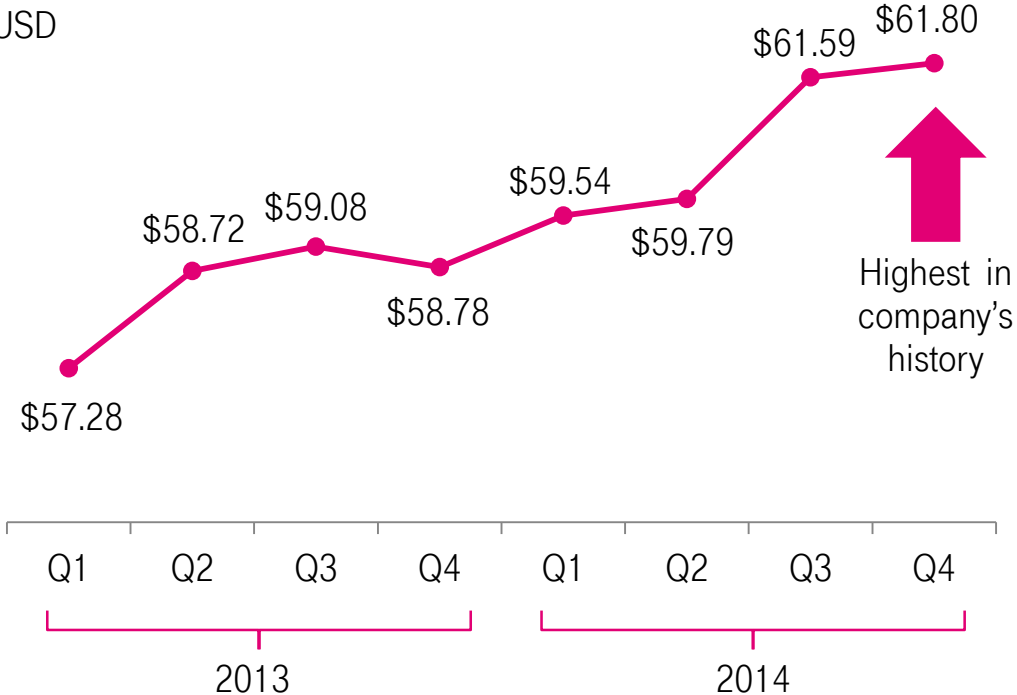


Achieved \$5.64B FY EBITDA in 2014, meeting guidance even with the higher subscriber growth

Note: Adjusted EBITDA presented as pro-forma for Q1 & Q2 2013

## Branded Postpaid Average Billings Per User (ABPU)

USD



Average revenue per account was \$108.95 in 2014, indicating a shift in business from single to multi-line acquisition





# STRATEGY 2015–2016

# 1. Un-carrier

## 2. SALES & SERVICE EXPERIENCE

Superior Sales and Customer Experience

## 3. NETWORK FOUNDATION

Solid Network Foundation and Spectrum Position

## 4. LEAN BUSINESS MODEL

Lean Cost Structure and full capture of MetroPCS Integration Synergies

# UN-CARRIER

## DRIVING INNOVATION IN THE WIRELESS INDUSTRY

- ➔ Re-write the rules on behalf of the consumer
- ➔ Provide revolutionary value
- ➔ Be simple & transparent



# UN-CARRIER: IT'S ALL ABOUT CHANGING WIRELESS FOR THE BETTER



Un-carrier 1.0

Simple Choice Service Plans W/No Contracts



Un-carrier 2.0

Easy Upgrades & No-Contract Family Plans



Un-carrier 3.0

Make The World Your Network At No Extra Charge

FREEDOM



Un-carrier 4.0

Contract Freedom  
T-Mobile Will Pay Your ETF Up To \$350



Un-carrier 5.0

Test Drive The Network  
Free iPhone Trials



Un-carrier 6.0

Music Freedom  
No Limits On Music Streaming



Un-carrier 7.0

WiFi Calling  
Now Every WiFi Connection Works Like A T-Mobile Tower



Un-carrier 8.0

Data Stash  
Free 10GB Gift of Data  
Don't Lose What You Don't Use

## CONSUMER REVOLUTION

# 1. Un-carrier

## 2. SALES & SERVICE EXPERIENCE

## 3. NETWORK FOUNDATION

## 4. LEAN BUSINESS MODEL

- Delight customers with award-winning, innovative service
- Transform the customer experience to support the Un-Carrier movement

# 1. Un-carrier

## 2. SALES & SERVICE EXPERIENCE

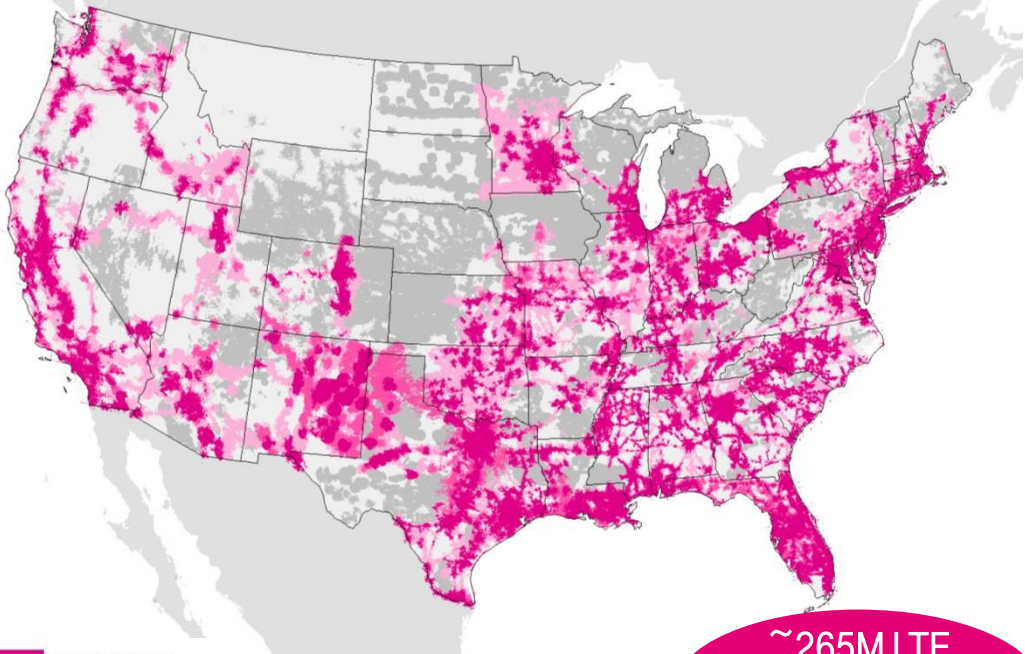
## 3. NETWORK FOUNDATION

## 4. LEAN BUSINESS MODEL

- Level the competitive playing field from a coverage perspective
- Provide fast speed despite explosive data usage growth, by leveraging robust position in mid-band
- Achieve results while keeping costs under control
- Continue leadership in network innovation (e.g. VoLTE, WiFi calling, LAA)

# LEVEL THE COMPETITIVE PLAYING FIELD FROM A COVERAGE PERSPECTIVE

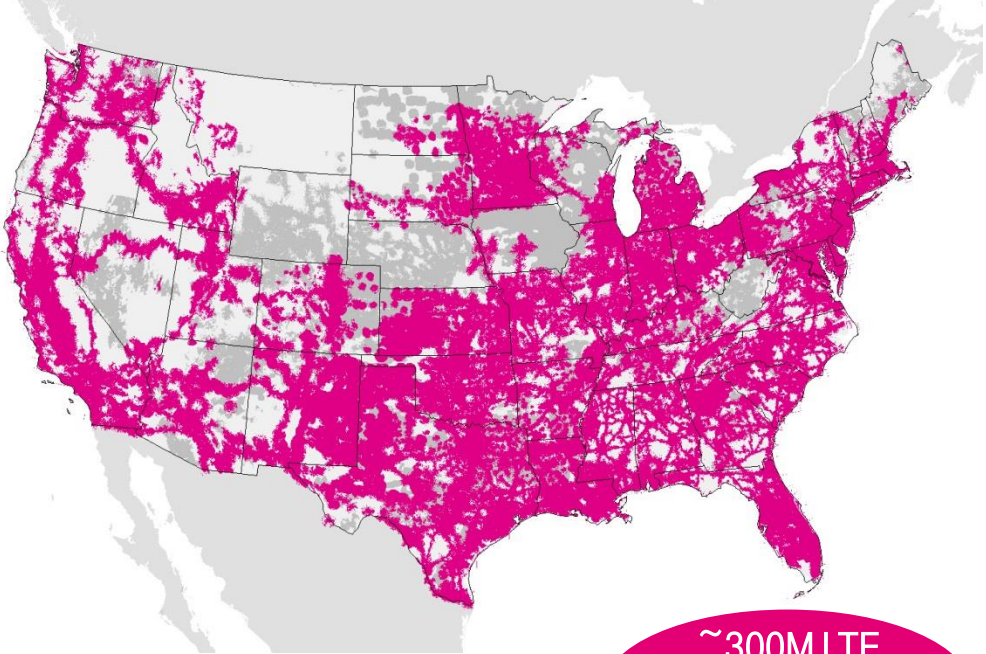
End of 2014 LTE Coverage



~265M LTE covered pops, 0.6 M sq.miles

- LTE EOY 2014
- HSPA
- GSM
- Partner Coverage

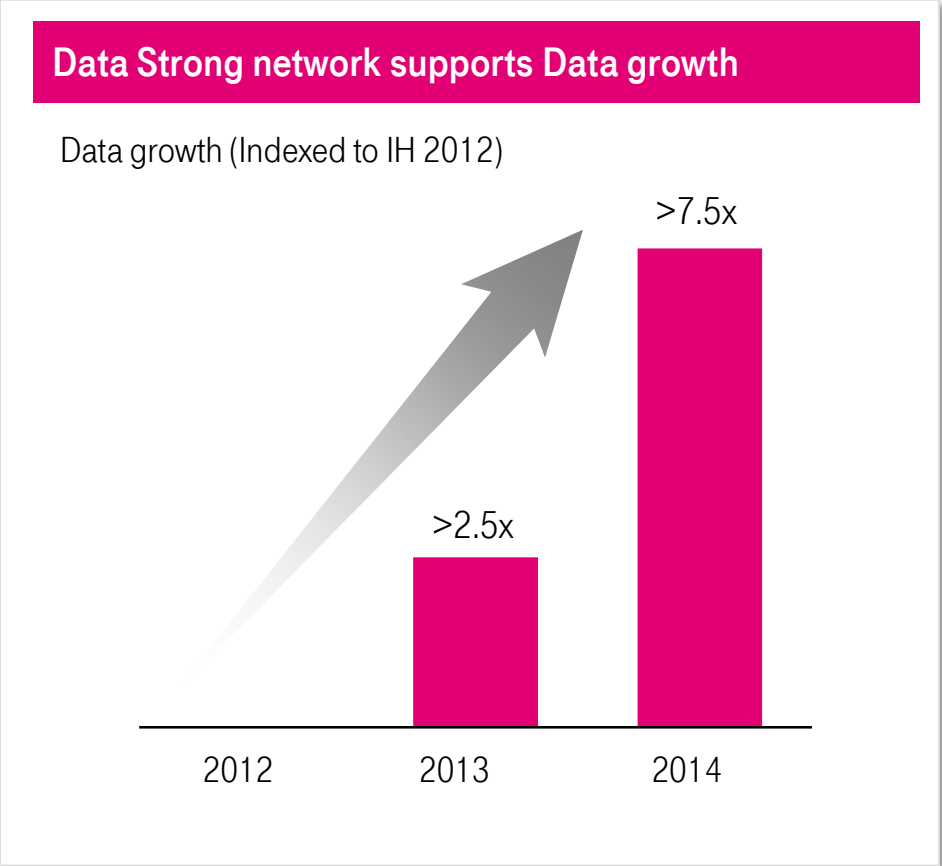
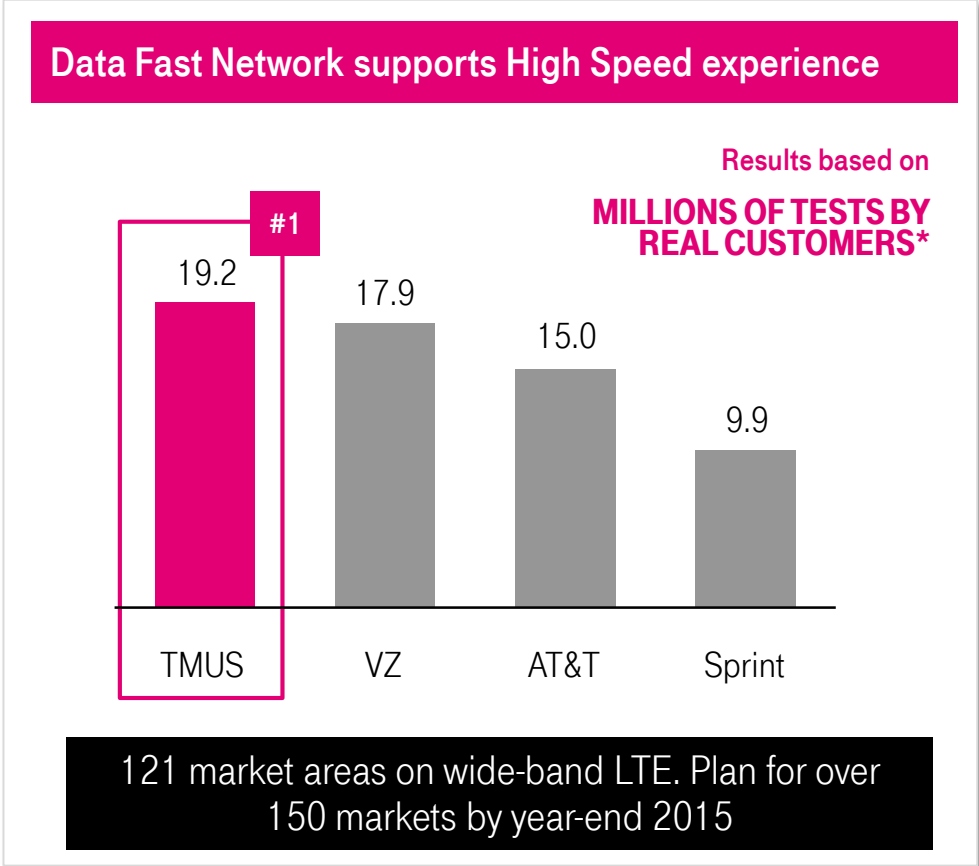
End of 2015 LTE Coverage



~300M LTE covered pops, 1.6 M sq. miles

- LTE EOY 2014
- Partner Coverage

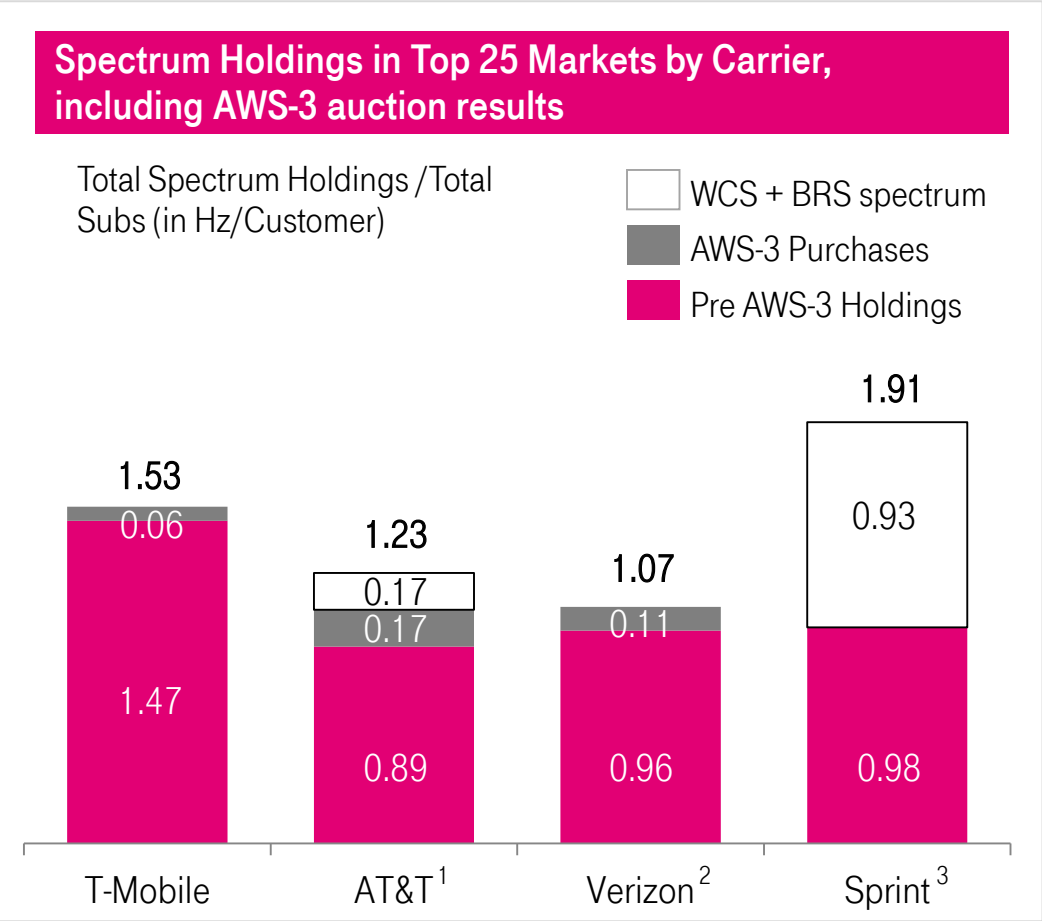
# PROVIDE INDUSTRY-LEADING FAST SERVICE EVEN IN AN ENVIRONMENT OF EXPLOSIVE DATA GROWTH



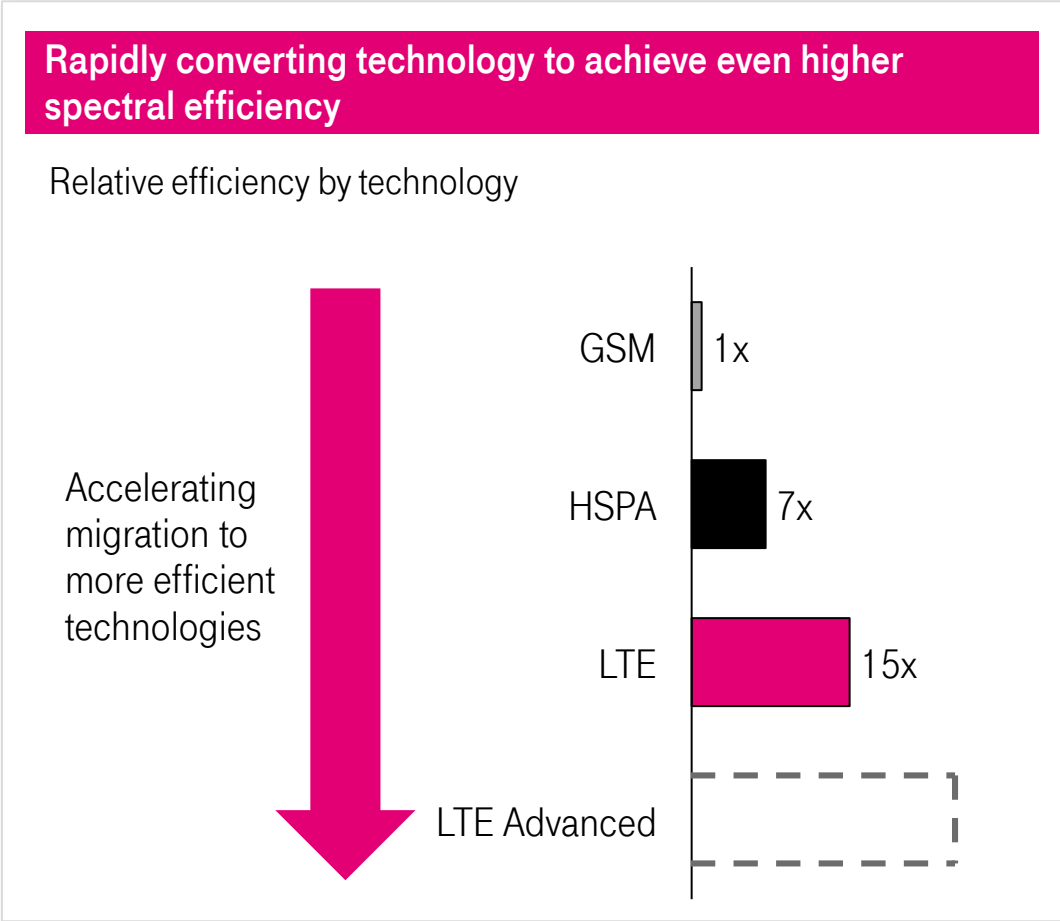
\*Based on T-Mobile's analysis of crowd-sourced 4G LTE download speeds








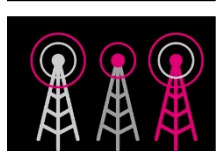
# SPECTRUM POSITION PROVIDES RUNWAY FOR CONTINUED GROWTH



Source: T-Mobile Analysis <sup>1</sup> AT&T pre AWS-3 holdings exclude WCS holdings, <sup>2</sup> Verizon customers are retail only, and <sup>3</sup> Sprint pre AWS-3 holdings exclude BRS and EBS holdings



# CONTINUING TO BE A LEADER IN NETWORK INNOVATION

|  |   |
|--|---|
|  <b>VoLTE</b> | First to launch VoLTE   |
|               | First to unleash WiFi calling worldwide with Un-Carrier 7.0               |
|  <b>iOS8</b>  | First and only carrier to support WiFi calling with VoLTE handoff on iOS8 |
|               | First to HD Voice and first to launch nationwide                          |
|              | First to launch free in-flight messaging                                  |
|             | First to trial deployment of LTE over Unlicensed Spectrum (LAA)           |

# 1. Un-carrier

## 2. SALES & SERVICE EXPERIENCE

## 3. NETWORK FOUNDATION

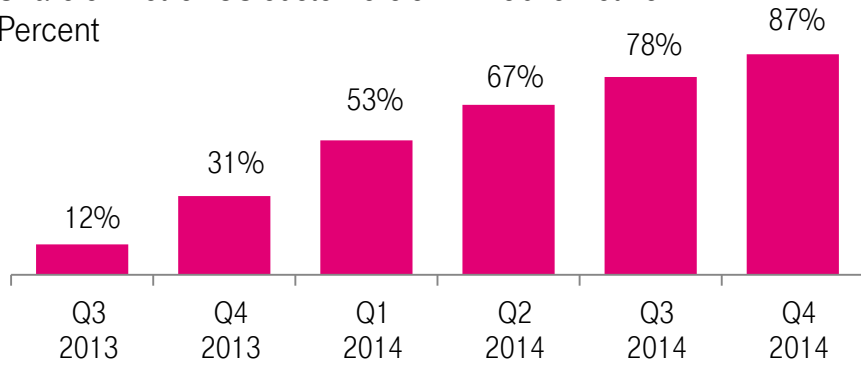
## 4. LEAN BUSINESS MODEL

- MetroPCS integration tracking well ahead of original integration plan. Run-rate cost synergies from merger being realized ahead of schedule
- Continuing organic cost transformation and re-investing in growth

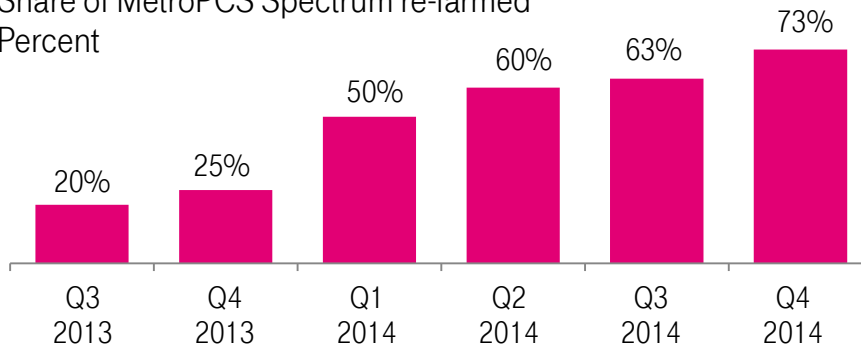
# TRACKING WELL AHEAD OF ORIGINAL METROPCS INTEGRATION PLAN

## MetroPCS Integration Ahead of Plan

Share of MetroPCS customers on T-Mobile Network  
Percent



Share of MetroPCS Spectrum re-farmed  
Percent



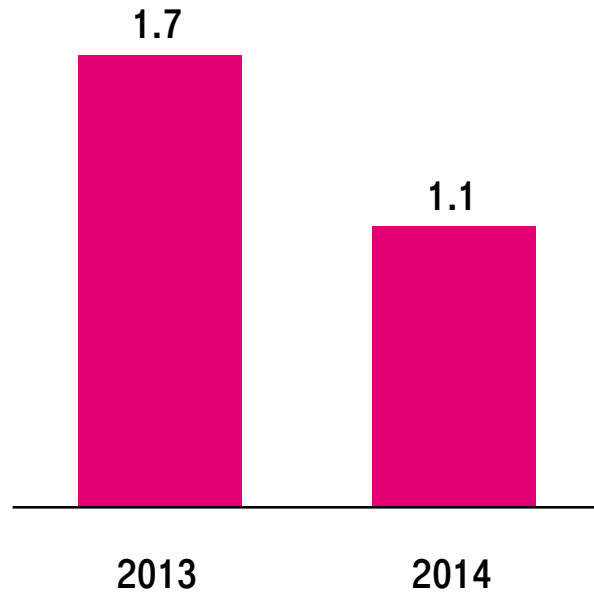
## Synergies Realized Ahead of Plan

- Expect after tax NPV of synergies \$9-\$10 billion – \$3 billion higher than original plan of \$6 - \$7 billion
- TMUS expected to hit synergy run-rate of at least \$1.5 billion one year earlier – 2016 vs. original plan of 2017
- One-time costs expected to be \$750-\$1,050 million lower – \$600-\$750 million lower for network, \$150-\$300 million lower for non-network
- Network one-time costs pulled forward to accelerate CDMA shutdown to end of 2015 – enabling earlier synergy capture

# CONTINUING ORGANIC TRANSFORMATION

## Impact of Cost Programs

\$ Billions



## Key Cost Transformation Actions in 2013/14

- ✓ Optimize handset lifecycle and remorse management
- ✓ Improve operational and back office efficiencies
- ✓ Reduce network costs
- ✓ Business optimization
- ✓ Tighten policies on discretionary spend
- ✓ Focus investment in systems and tools to reduce re-work



# 2015 GUIDANCE

# STRONG OUTLOOK FOR 2015

## BRANDED POSTPAID NET ADDS (M) 2.2-3.2

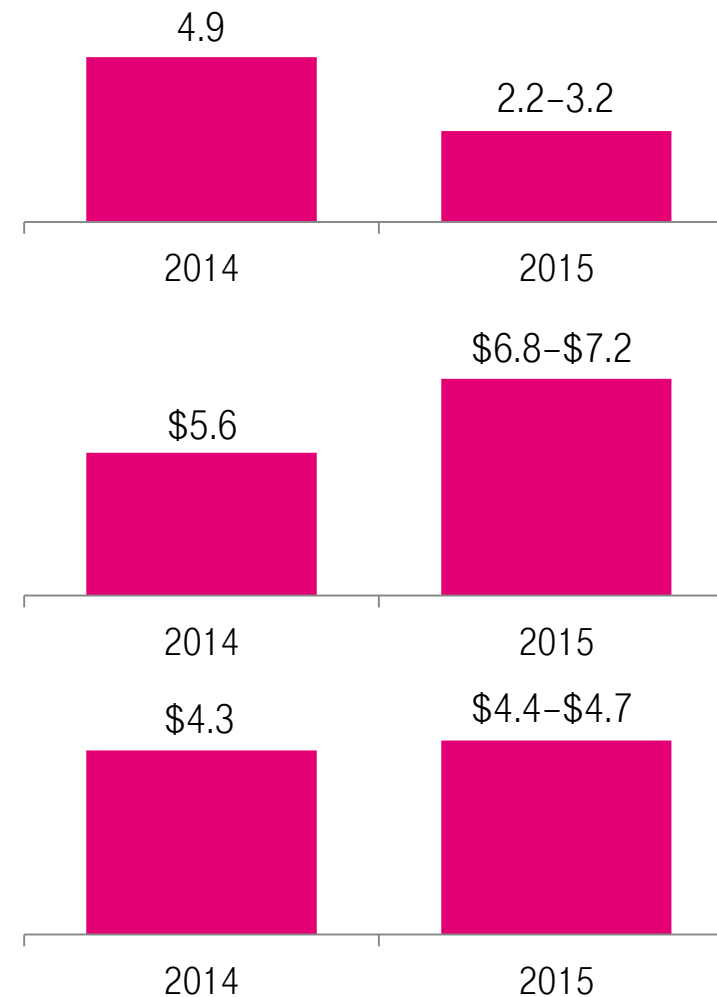
- Continue strong momentum from 2014
- Big push in 1Q15: Un-carrier 8.0 – Data Stash

## ADJUSTED EBITDA (\$ B) \$6.8-\$7.2

- Aim to grow approximately 25% at the mid-point
- Realizing the benefits of scale
- Execution of MetroPCS synergies

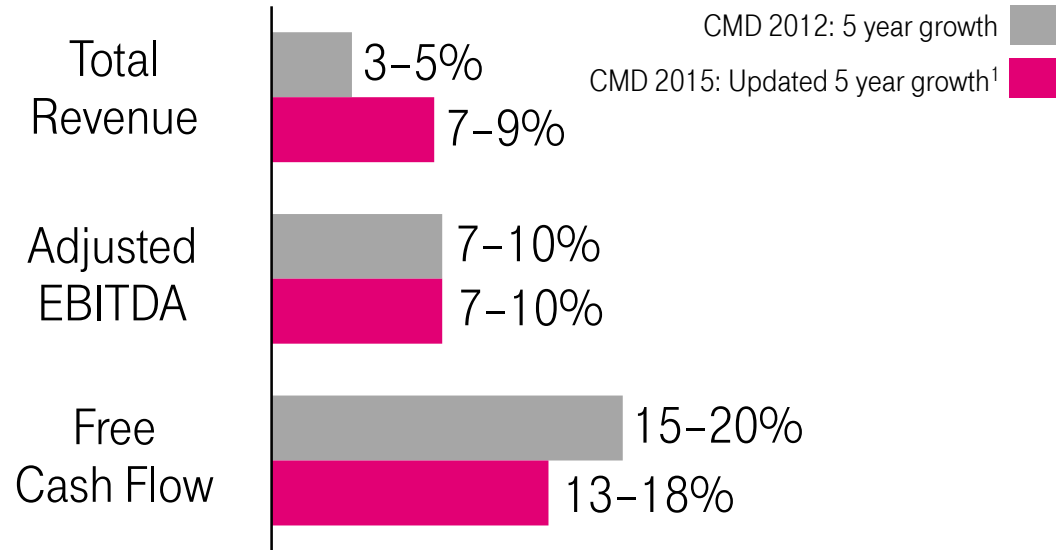
## CASH CAPEX (\$ B) \$4.4-\$4.7

- Level the playing field – 300M 4G LTE POPs by YE
- Rollout of 700 MHz A-Block spectrum
- Maintain the fastest 4G LTE network in the US



# 2X REVENUE CAGR TO CREATE SIGNIFICANT LONG-TERM VALUE

## 2012-2017 FINANCIAL GROWTH (% CAGR)



- Significant outperformance of initial postpaid customer growth expectations drives revenue upside two times the original plan
- EBITDA growth outlook maintained even with higher customer growth
- Free cash flow growth reflects higher success-based capital expenditures

## 2017 TARGET PROFITABILITY (% OF SERVICE REVENUE)



- Adjusted EBITDA margin in 2017 lowered slightly due to higher customer growth profile

<sup>1</sup> Updated view based on 2012-2014 actuals and 2015-2017 projections    <sup>2</sup> Free Cash Flow defined as Adj. EBITDA less Cash Capital Expenditures