



# T-Mobile US Q3 2013

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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>.

# Agenda

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**Operating highlights and  
key initiatives**

**John Legere, *President and CEO***

**Financial results**

**Braxton Carter, *CFO***

**Q&A**

# Operating highlights and key initiatives



**John Legere**  
*President and CEO*

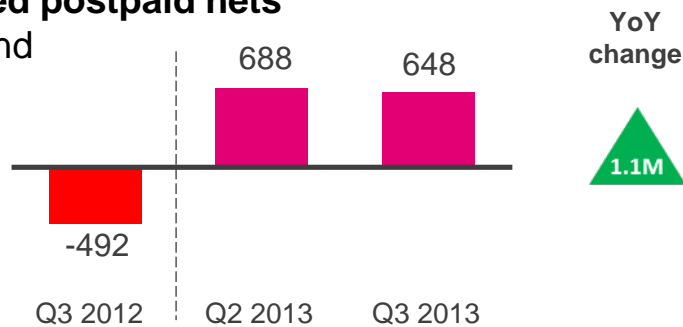
# Q3 2013 operating highlights

- More than 1.0 million net customer additions – 2<sup>nd</sup> quarter in a row
- Led US wireless industry with 643,000 branded postpaid phone net adds
- Continued low branded postpaid churn of 1.7%, down 60 bps YoY
- Un-carrier – successful execution of major strategic initiatives:
  - Accelerated network modernization and 4G LTE deployment – 203M POPs
  - Un-carrier 1.0, 2.0 & 3.0 successfully launched
  - Complete and competitive device lineup – launch of iPhone 5s & 5c and iPad
  - Significant cost structure improvements enabling profitable reinvestment
  - Accelerated integration and doubling market presence of MetroPCS

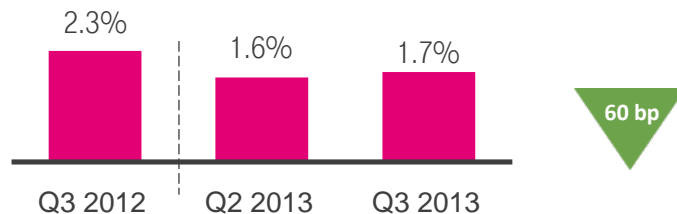
# Sustained postpaid growth – improving quality

## Branded postpaid nets

thousand

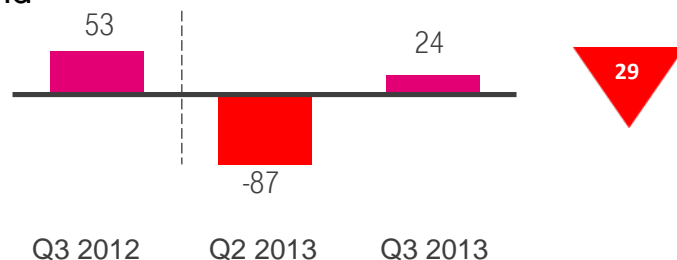


## Branded postpaid churn



## Branded prepaid nets

thousand



## 648k branded postpaid net adds

- 643k branded postpaid phone net adds
  - Led industry for 2<sup>nd</sup> quarter in a row
- +64% YoY and +8% QoQ gross adds
- 1.137 million branded postpaid net adds YTD
- 1.7% postpaid churn, down 60 bps YoY

## Branded Prepaid returns to growth

- Ongoing prepaid to postpaid migrations

## Strong smartphone sales:

- 5.6M smartphones sold – 88% of total units

## Improving customer quality

- Bad debt expenses decreased 32% YoY
- EIP receivables: 53% Prime vs. 43% at 4Q12
- Average application credit score: up 31% YoY

Note: All figures are pro forma combined results.

# Strong customer momentum across the board



## Strong total branded growth

- Successful Un-carrier strategy

## Sustained growth in wholesale

- 344k MVNO, up 189% YoY, up 8% QoQ
- 35% prepaid SOGA incl. MVNO

## More than 1.0 million total net adds

- 2<sup>nd</sup> quarter in a row of >1M net adds

Note: All figures are pro forma combined results.

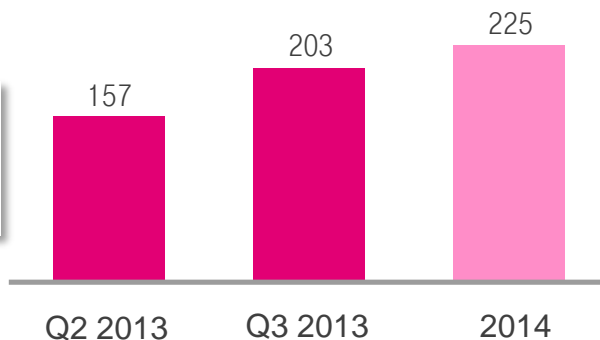
<sup>1</sup> Includes MVNO and M2M

# Nationwide 4G LTE coverage

## 4G LTE network

Covered POPs (million)

Already surpassed FY13 goal of 200M



### 4G LTE rollout and modernization

- 203M 4G LTE POPs in 254 metro areas
- Met 200M POPs goal one quarter early
- Live 4G LTE in 94 of Top 100 metro areas
- Fastest network: 10 of Top 20 metro areas<sup>1</sup>

### Solid 4G HSPA+ network

- 229 million POPs on AWS spectrum
- 203 million POPs on 1900 MHz spectrum

### Improving spectrum position

- US Cellular spectrum acquisition closed
- 10+10 MHz 4G LTE in 40 of Top 50 metro areas by YE 2013
- On path to 20+20 MHz 4G LTE in 90% of Top 25 markets

<sup>1</sup> Based on over 1.8 million real consumer experiences from third party crowd sourced data.



# MetroPCS integration ahead of plan

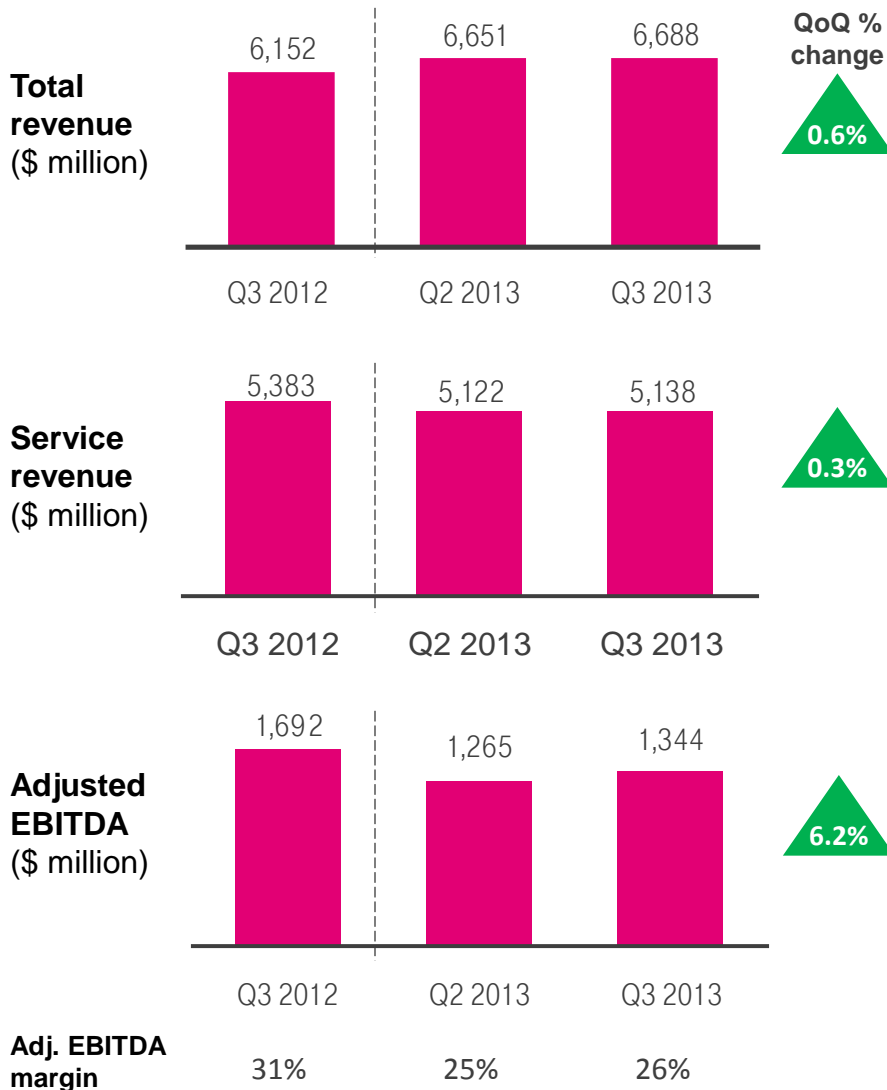
- 4G LTE spectrum covering approximately 15% of MetroPCS' network POPs will be re-farmed by the end of 2013
- MetroPCS customers w/ TMUS-compatible handsets: >1.5M
- 15 new markets with >1,300 distribution points by end of Q3
  - 15 additional new markets will be launched on November 21
- Synergies, May to December 2013:
  - Network capex synergies on track to beat plan by \$200-250M
  - Opex synergies on track to beat plan by \$50-100M
- One-time integration expenses, May to December 2013:
  - Integration expenses (mostly capex) on track to beat plan by \$100-125M

# Financial results



**Braxton Carter**  
*CFO*

# Adj. EBITDA margin up quarter-over-quarter



## 9% YoY growth in total revenues

- \$1B of equipment sales revenue financed on EIP vs. \$811M in Q2 2013 and \$235M in Q3 2012

## Service revenue growing QoQ in Q3

- Significant customer growth offsetting migrations to Simple Choice/Value plans
- 2<sup>nd</sup> quarter of QoQ growth

## Investing in sustainable profitable growth

- Margin up QoQ despite 8% QoQ growth in branded postpaid gross adds
- Upgrade rate of 9% vs. 10% in Q2 2013 and 6% in Q3 2012

Note: All figures are pro forma combined results

# Rapid migration to Simple Choice driving ARPU



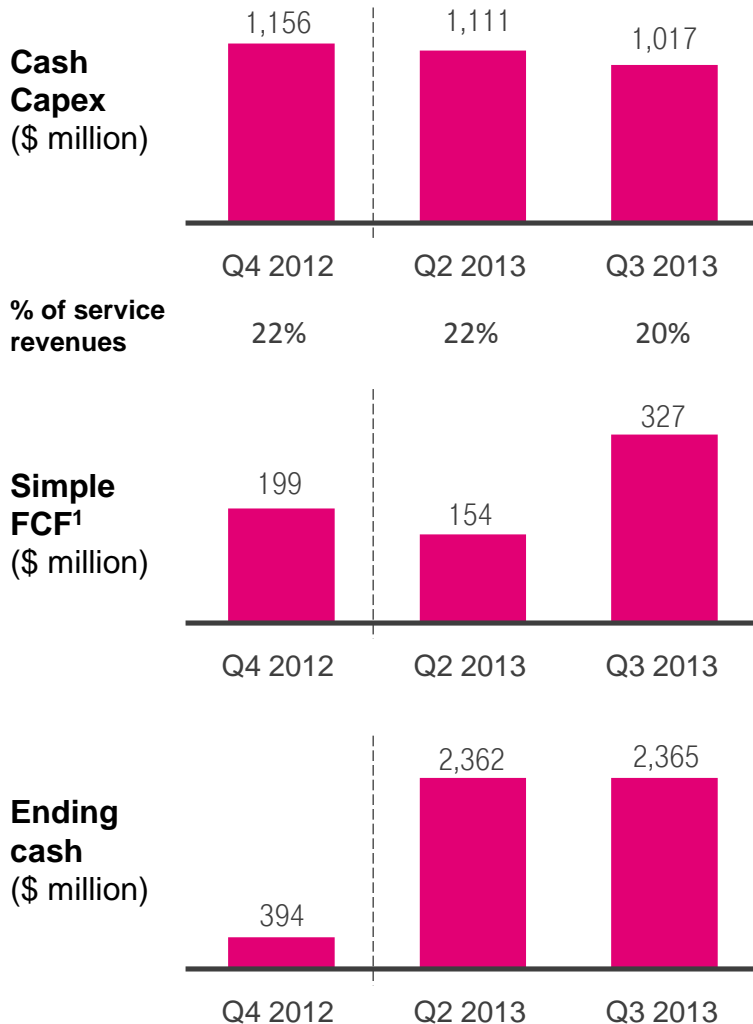
## ARPU decline from ongoing rapid take-up of Simple Choice/Value plans

- Ongoing conversion of Classic to Simple Choice/Value Plans offset by increased data attach
- Simple Choice/Value plans 61% of postpaid base vs. 50% in Q2 2013, 36% in Q1 2013, and 23% in Q3 2012
- Stabilization/growth in ARPU expected in H2 2014

## Branded prepaid ARPU up YoY

Note: All figures are pro forma combined results

# Strong cash position



## Significant investment in network modernization

- Accelerated rollout of 4G LTE
- 203M POPs in 254 metro areas
- \$4.5 billion cash capex in LTM

## Focus on FCF generation

- Total installment receivables, net of allowances for credit losses, up \$0.6B in Q3 2013, \$0.5B in Q2 2013, and \$0.1B in Q1 2013

## Strong cash position and in-line leverage with expectations

- \$2.4 billion ending cash
- \$15.8 billion net debt excl. towers
- 2.9x LTM pro forma combined adj. EBITDA excl. towers

Note: All figures, except ending cash, for Q4 2012 and Q2 2013 are pro forma combined results. Ending cash amounts are TMUS reported results, not pro forma combined.

<sup>1</sup> Simple FCF is Adj. EBITDA less cash capex.

# Guidance for 2013

## 2013 Outlook Guidance

<b>Adjusted EBITDA pro forma combined (\$ billion)<sup>1</sup></b>	<b>5.2 – 5.4</b>	<b>reaffirmed</b>
<b>Cash capex pro forma combined (\$ billion)<sup>1</sup></b>	<b>4.2 – 4.4</b>	<b>reaffirmed</b>
<b>Branded postpaid net adds (million)</b>	<b>1.6 – 1.8</b>	<b>increased from 1.0 – 1.2</b>
<b>Penetration of Simple Choice/Value plans in branded postpaid base</b>	<b>65% – 75%</b>	<b>increased from 60%–70%</b>

<sup>1</sup> Pro forma combined includes MetroPCS results for the full year.

# Recap highlights

- Un-carrier 1.0, 2.0 & 3.0 – significant improvement in customer momentum
  - 643k branded postpaid phone net adds – leading the industry again in Q3
  - 64% YoY and 8% QoQ increase in branded postpaid gross adds
  - 1.7% branded postpaid churn – down 60 bps YoY
- Nationwide 4G LTE footprint
  - 4G LTE covering 203 million POPs in 254 metro areas
  - 10+10 MHz 4G LTE in 40 of Top 50 metro areas by YE13
- MetroPCS integration and expansion proceeding ahead of plan
  - Expanding MetroPCS brand into 15 additional markets on November 21
- Strong cash position with \$2.4 billion ending cash
- Stay tuned for further Un-carrier innovations