

DEUTSCHE TELEKOM
INTERIM GROUP REPORT
JANUARY 1 TO MARCH 31, 2017



LIFE IS FOR SHARING.

SELECTED FINANCIAL DATA OF THE GROUP

millions of €

| | Q1 2017 | Q1 2016 | Change % | FY 2016 |
|---|---------|---------|----------|----------|
| REVENUE AND EARNINGS | | | | |
| Net revenue | 18,646 | 17,630 | 5.8 % | 73,095 |
| Of which: domestic % | 32.7 | 34.5 | | 33.7 |
| Of which: international % | 67.3 | 65.5 | | 66.3 |
| Profit from operations (EBIT) | 2,771 | 4,525 | (38.8) % | 9,164 |
| Net profit (loss) | 747 | 3,125 | (76.1) % | 2,675 |
| Net profit (loss) (adjusted for special factors) | 939 | 1,047 | (10.3) % | 4,114 |
| EBITDA | 5,963 | 7,667 | (22.2) % | 22,544 |
| EBITDA (adjusted for special factors) | 5,550 | 5,163 | 7.5 % | 21,420 |
| EBITDA margin (adjusted for special factors) % | 29.8 | 29.3 | | 29.3 |
| Earnings per share basic/diluted € | 0.16 | 0.68 | (76.5) % | 0.58 |
| STATEMENT OF FINANCIAL POSITION | | | | |
| Total assets | 148,624 | 143,605 | 3.5 % | 148,485 |
| Shareholders' equity | 39,818 | 38,444 | 3.6 % | 38,845 |
| Equity ratio % | 26.8 | 26.8 | | 26.2 |
| Net debt | 49,963 | 47,603 | 5.0 % | 49,959 |
| CASH FLOWS | | | | |
| Net cash from operating activities | 4,355 | 3,496 | 24.6 % | 15,533 |
| Cash capex | (3,280) | (3,896) | 15.8 % | (13,640) |
| Free cash flow (before dividend payments and spectrum investment) | 1,228 | 822 | 49.4 % | 4,939 |
| Net cash used in investing activities | (3,491) | (3,738) | 6.6 % | (13,608) |
| Net cash from (used in) financing activities | 980 | 828 | 18.4 % | (1,322) |

NUMBER OF FIXED-NETWORK AND MOBILE CUSTOMERS

millions

| | Mar. 31, 2017 | Dec. 31, 2016 | Change Mar. 31, 2017/ Dec. 31, 2016 % | Mar. 31, 2016 | Change Mar. 31, 2017/ Mar. 31, 2016 % |
|------------------------------|---------------|---------------|--|---------------|--|
| Mobile customers | 165.8 | 165.0 | 0.5 % | 158.4 | 4.7 % |
| Fixed-network lines | 28.3 | 28.5 | (0.7) % | 28.8 | (1.7) % |
| Broadband lines ^a | 18.6 | 18.5 | 0.5 % | 18.0 | 3.3 % |

^a Excluding wholesale.

The key parameters used by Deutsche Telekom are defined in the section "Management of the Group" (2016 Annual Report, page 31 et seq.).

The figures shown in this report were rounded in accordance with standard business rounding principles. As a result, the total indicated may not be equal to the precise sum of the individual figures.

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TO OUR SHAREHOLDERS

DEUTSCHE TELEKOM AT A GLANCE

NET REVENUE

- Growth trend continued: Net revenue grew by EUR 1.0 billion to EUR 18.6 billion – increase of 5.8 percent.
- Our United States operating segment remained the Group's growth driver with revenue increasing by 14.9 percent.
- Revenue also increased slightly, by 0.7 percent, in our Europe operating segment, while our Germany operating segment saw revenue remain stable with an increase of 0.2 percent. In our Systems Solutions operating segment, revenue decreased by 8.3 percent.
- On a comparable basis, i.e., excluding exchange rate effects and effects from changes in the composition of the Group, net revenue increased by 3.9 percent.

ADJUSTED EBITDA

- Adjusted EBITDA grew by 7.5 percent to EUR 5.6 billion.
- Due to the ongoing success of T-Mobile US, we generated an increase in adjusted EBITDA of 25.1 percent in the United States operating segment.
- Adjusted EBITDA in our Germany operating segment grew slightly, whereas our Systems Solutions and Europe operating segments recorded a decline.
- At 29.8 percent, the Group's adjusted EBITDA margin increased slightly against the prior-year level of 29.3 percent. The EBITDA margin was 38.4 percent in Germany and 32.0 percent in Europe.

EBIT

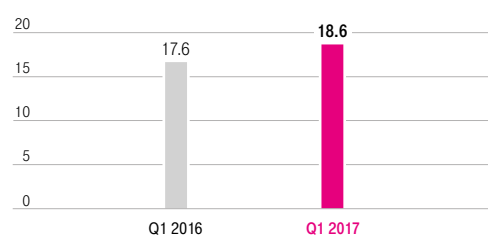
- EBIT decreased from EUR 4.5 billion to EUR 2.8 billion.
- In the reporting period, EBIT included positive net special factors of EUR 0.4 billion, mainly attributable to the sale of Strato (EUR 0.5 billion). The prior-year period had profited from higher positive special factors, primarily from the sale of our stake in the EE joint venture (EUR 2.5 billion) and from transactions for the exchange of spectrum licenses in the United States (EUR 0.4 billion).
- Depreciation, amortization and impairment losses amounted to EUR 3.2 billion, slightly above the figure in the prior-year period, largely due to the ongoing 4G/LTE network build-out at T-Mobile US.

NET PROFIT

- Net profit decreased by EUR 2.4 billion to EUR 0.7 billion as a result of the aforementioned effects.
- Our loss from financial activities increased by EUR 1.8 billion, primarily as a result of negative remeasurement effects from the exercise and subsequent measurement of embedded derivatives in T-Mobile US bonds and the EUR 0.7 billion impairment of our financial stake in BT, which was recognized in profit and loss.
- The tax benefit amounted to EUR 0.1 billion, while in the prior-year period there had been a tax expense of EUR 0.9 billion. Profit attributable to non-controlling interests decreased by EUR 0.2 billion.

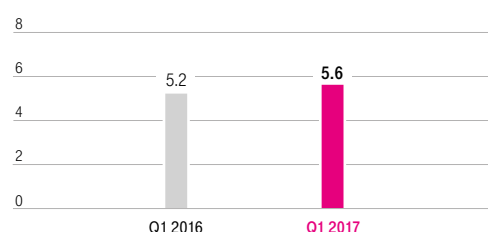
Net revenue

billions of €



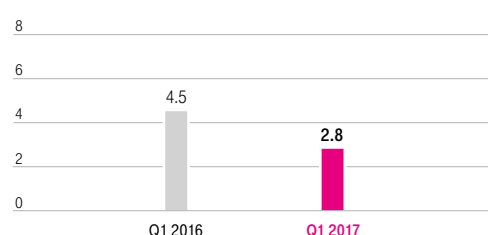
Adjusted EBITDA

billions of €



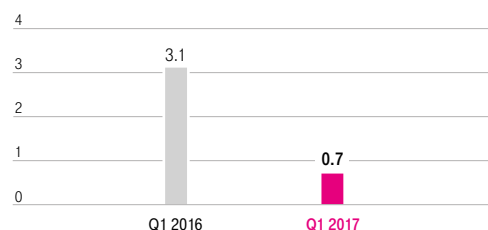
EBIT

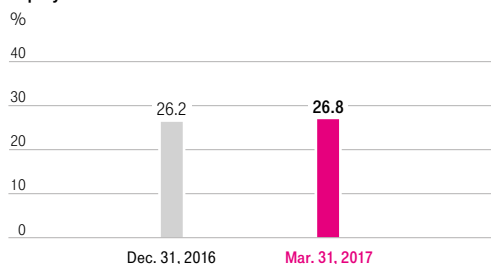
billions of €



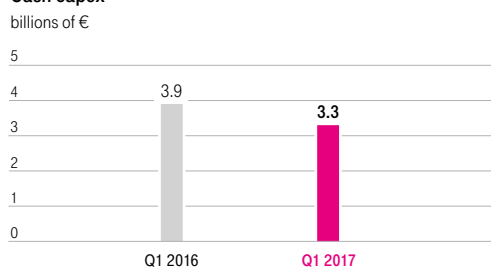
Net profit

billions of €



Equity ratio**EQUITY RATIO**

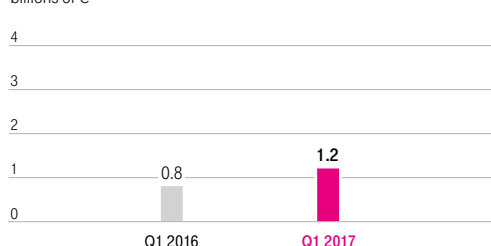
- The equity ratio increased by 0.6 percentage points to 26.8 percent.
- Total assets grew by a marginal EUR 0.1 billion compared with the end of 2016.
- Shareholders' equity increased by EUR 1.0 billion compared with December 31, 2016 to EUR 39.8 billion. Profit after taxes of EUR 0.8 billion had an increasing effect.

Cash capex**CASH CAPEX**

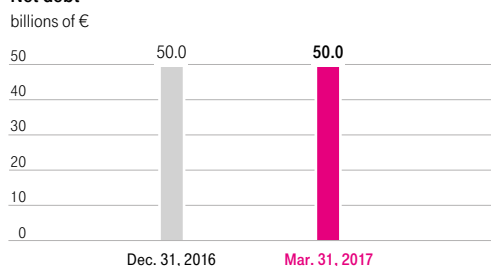
- Cash capex (including spectrum investment) decreased by EUR 0.6 billion to EUR 3.3 billion.
- In the prior-year period, mobile spectrum licenses were acquired for a total of EUR 1.1 billion, primarily in the United States and Europe operating segments.
- Excluding the effects of spectrum acquisitions, cash capex increased by EUR 0.4 billion primarily in the United States and Germany operating segments. In both cases, this was due to investments we have made in the build-out and modernization of our networks.

Free cash flow

(before dividend payments and spectrum investment)

**FREE CASH FLOW (BEFORE DIVIDEND PAYMENTS AND SPECTRUM INVESTMENT)**

- Free cash flow was up by EUR 0.4 billion to EUR 1.2 billion.
- The year-on-year increase of EUR 0.9 billion in net cash from operating activities, which profited mainly from the positive business development of the United States operating segment, had an increasing effect.
- The year-on-year increase of EUR 0.4 billion in cash capex (before spectrum investment) reduced free cash flow.

Net debt**NET DEBT**

- Net debt remained stable compared with the end of 2016.
- The positive effect of free cash flow (EUR 1.2 billion) was partially offset by effects from embedded derivatives at T-Mobile US and the increase in liabilities from finance leases.

HIGHLIGHTS IN THE FIRST QUARTER OF 2017

BOARD OF MANAGEMENT

As of January 1, 2017, the Deutsche Telekom AG Group Board of Management was extended to include the additional Board department Technology and Innovation, headed by Claudia Nemat. Srinivasan (Srini) Gopalan joined the Board of Management as of January 1, 2017 as the member responsible for Europe. The Supervisory Board of Deutsche Telekom AG approved this decision in its meeting on June 30, 2016. The number of Board of Management members has thus been increased from seven to eight.

CORPORATE TRANSACTIONS

We completed the sale of our hosting service provider **Strato** to United Internet for a purchase price of EUR 0.6 billion effective midnight March 31, 2017, following approval from the responsible authorities.

BOND ISSUANCES

At the start of January 2017, we issued U.S. dollar bonds with a total volume of USD 3.5 billion. We also placed euro bonds of EUR 3.5 billion in January 2017 under our debt issuance program. All bonds were issued by Deutsche Telekom International Finance B.V. with the guarantee of Deutsche Telekom AG.

In March 2017, T-Mobile US placed high-yield notes with a total volume of USD 1.5 billion in a public offering.

The issuances form part of our general corporate financing and did not increase the level of our net debt.

FINANCING RELATIONSHIP WITH T-MOBILE US

In order to optimize the financing terms and conditions for our subsidiary T-Mobile US and thus also those for the Group, on January 25, 2017 we provided T-Mobile US with secured loans totaling USD 4 billion, which were paid out to T-Mobile US on January 31, 2017. T-Mobile US used around USD 2 billion of this to repay a secured loan prematurely to third parties.

In March 2017, T-Mobile US contracted intragroup bonds with Deutsche Telekom AG for a total of USD 3.5 billion. Of this amount, USD 2.5 billion was used for early repayment of bonds held by Deutsche Telekom AG. The intragroup bonds were paid out in the amount of USD 3.0 billion in April; the remainder will be paid out in September.

In the first quarter of 2017, T-Mobile US prematurely canceled USD 8.25 billion in senior notes held by external investors. USD 1.5 billion was repaid by the beginning of March, and the remainder was repaid by the end of April.

INVESTMENTS IN NETWORKS

Project launch of "LTE everywhere." In March 2017, we launched a further step in the network build-out with the large-scale roll-out of LTE 900 in Germany. This frequency range is especially suited to carrying the mobile signal deeper into buildings and homes. At the same time, this frequency will enable us to offer LTE by the end of 2019 everywhere where mobile telephony is already possible today. In addition, we are fitting out every cell site in Germany with RAN (Single Radio Access Network) technology. The conversion of the technology and the use of LTE 900 are additional elements with which we are preparing our network for 5G, the communications standard of the future.

Network build-out for Narrowband IoT in eight countries. In moving towards 5G, we have cleared the way for the Internet of Things with narrowband radio technology (Narrowband IoT). The network is being upgraded to support sensors used for various purposes, for instance, to display vacant parking spaces or to indicate how full the local trash cans are. We will be starting to roll out the network technology required for these narrowband applications in the next few weeks in Germany and the Netherlands. In Greece, Poland, Hungary, Austria, Slovakia and Croatia, we plan to extend the already existing Narrowband IoT network coverage to more cities over the course of the coming year.

Fiber-optic build-out campaign for 100 business parks. We will be launching a special program in Germany to support business parks in the first half of 2017. In an initial step, 100 business parks in Germany will be connected to the fiber-optic network, giving SMEs in these business parks access to high-speed broadband connections. In technological terms, the upgrade will be implemented either using vectoring and FTTC or FTTH.

PARTNERSHIPS

Partnership between BT and T-Systems improves global reach for international customers. At the start of March, BT and T-Systems announced a partnership that will enable T-Systems to access countless BT network services in the future to connect the sites of their customers around the world. Going forward, T-Systems and BT will be able to connect their networks with each other to even better meet the needs of individual customers. T-Systems will thus increase its international reach in the future by more than 60 percent and be able to offer its international customers around the world seamless connectivity of global network services such as MPLS (Multi Protocol Label Switching).

NEW PRODUCTS, RATE PLANS, AND SERVICES

“Feel connected all over Europe” was our motto at the 2017 Mobile World Congress in Barcelona. This year, our trade fair booth focused on the future communications standard 5G. We demonstrated augmented reality and robotic applications to show that 5G is much more than just high-speed Internet. In addition, we provided a glimpse of the connected Europe of the future, showcasing augmented reality and position tracking using a Carrera model racecourse, including smart parking and predictive maintenance solutions for the Internet of Things, and giving a hands-on experience of the secure Europe-wide Pan-Net.

At CeBIT, we set the tone with “Digitization. Simply. Make it happen.” At our trade fair booth, we demonstrated specific success stories and solutions for new digital business models and secure networks centering around the key trends, i.e., the Internet of Things (IoT), drones, 5G, cloud services, virtual reality, smart city, and everything from the new world of artificial intelligence. In addition, we unveiled new IoT starter kits for companies and demonstrated the opportunities of Narrowband IoT, the new network for IoT mass applications, which will go live in Germany in the second quarter of 2017.

IoT solution – Maintenance 2.0. We are bringing to market new IoT bundles for easy entry to the Internet of Things. The new bundles offer predictive

maintenance with 360° service. They let companies put their own predictive maintenance packages together for their specific needs. In addition to the hardware, these end-to-end solutions also include connectivity over the mobile network. Data is stored, processed, analyzed and graphically edited in a highly-secure German data center. The individual IoT bundles support automated maintenance processes, from analysis of damage and wear and tear to initiating a visit by a service technician.

In January 2017, T-Mobile US introduced **Un-carrier Next**, where monthly wireless service fees and sales taxes are included in the advertised monthly recurring charge for T-Mobile ONE. T-Mobile US also unveiled Kickback on T-Mobile ONE, where participating customers who use 2 GB or less of data in a month, will get up to a USD 10 credit on their next month's bill per qualifying line. In addition, the Un-contract for T-Mobile ONE with the first-ever price guarantee on an unlimited 4G LTE plan was introduced which allows current T-Mobile ONE customers to keep their price for service until they decide to change it.

AWARDS

The illustration below shows the main awards received in the first quarter of 2017. For details on more awards, please go to www.telekom.com/media.

Major awards in the first quarter of 2017



INTERIM GROUP MANAGEMENT REPORT

GROUP STRUCTURE, STRATEGY, AND MANAGEMENT

With regard to our **Group structure, strategy, and management**, please refer to the notes in the 2016 combined management report (2016 Annual Report, page 26 et seq.). The following changes were recorded as of the start of the year from the Group's point of view:

We have created the new Board of Management department **Technology and Innovation**, in which we have pooled our Group's overarching network, innovation, and IT tasks. This resulted in the following organizational changes: The Innovations, Telekom IT, and Technology units of our Germany, Europe, and Systems Solutions operating segments have been transferred into a separate Board department within the Group Headquarters & Group Services segment. Comparative figures have been adjusted retrospectively.

Since January 1, 2017, we have reported on the new **Group Development** operating segment. Group Development actively manages and increases the value of selected subsidiaries and equity investments of the Group. The following units and subsidiaries have been included: T-Mobile Netherlands (previously in the Europe operating segment), Deutsche Funkturm (DFMG, previously in the Germany operating segment), as well as Deutsche Telekom Capital Partners (DTCP) and the stakes in BT plc, Scout24 AG, Ströer SE & Co. KGaA, and Strato AG, which was sold as of March 31, 2017, (previously in the Group Headquarters & Group Services segment). The Group functions of Mergers & Acquisitions and Strategic Portfolio Management have also been assigned to Group Development. Comparative figures have been adjusted retrospectively.

For more information, please refer to the disclosures under segment reporting in the interim consolidated financial statements, pages 40 and 41.

THE ECONOMIC ENVIRONMENT

This section provides additional information on and explains recent changes to the economic situation as described in the combined management report for the 2016 financial year, focusing on macroeconomic developments in the first three months of 2017, the outlook, the currently prevailing economic risks, the telecommunications market, and the regulatory environment. The overall economic outlook is subject to the precondition that there are no major unexpected occurrences in the forecast period.

MACROECONOMIC DEVELOPMENT

The global economy continued its recovery in the first quarter of 2017. In its April 2017 forecast, the International Monetary Fund (IMF) estimates that in 2017 gross domestic product (GDP) will increase by 4.5 percent in the emerging and developing countries and by 2.0 percent in the industrialized countries. Economic growth rates in our business areas remained largely positive in the first quarter of 2017. The economies continued to profit from rising domestic consumption and stable exports. The Greek economy is still undergoing major changes, with the development of GDP remaining very volatile.

OUTLOOK

As market conditions currently stand, we expect economic development in our core markets to remain stable.

OVERALL ECONOMIC RISKS

It is clear from the economic and political developments of the last few months that uncertainties have grown for the development of the global economy and for our footprint countries. Forecasts of future economic development have become uncertain and currently vary very widely. Upcoming elections in Europe and/or nationalist trends could cause further countries to try and exit the European Union. Increasing levels of protectionist measures that could have long-term detrimental effects on global trade cannot be ruled out. Furthermore, political crises nationally or regionally could also have a negative impact on the economies of the countries in which we operate.

REGULATION

Federal Network Agency consultation on the FTTH/B roll-out. On March 14, 2017, the Federal Network Agency began a public consultation process on proposals for how regulatory support could be provided to accelerate the roll-out of fiber-optic networks (FTTH/B). The purpose of the consultation is to involve the market players in the discussion about the regulatory approach to the fiber-optic networks to be rolled out at an early stage. All market players have been asked to respond to the consultation paper by April 26, 2017. Once the requested feedback has been collected, the next step will be to develop a target-oriented procedure.

Further vectoring roll-out agreed. The Federal Network Agency is currently reviewing the specific conditions required for nearshore vectoring by way of a reference offer procedure. This review is expected to be concluded by mid-2017. A parallel rate approval process has also been underway at the Federal Network Agency since the end of March 2017 to set the rates for a nearshore ULL substitute product. This process is also expected to be concluded by mid-2017. For more information, please refer to the notes in the 2016 combined management report (2016 Annual Report, page 35 et seq.).

Regulation of termination rates. The EU Commission has expressed doubts about the draft decision of the Federal Network Agency, such that a final rate ruling is not expected until mid-2017. For more information, please refer to the notes in the 2016 combined management report (2016 Annual Report, page 35 et seq.).

AWARDING OF FREQUENCIES

The following table provides an overview of the main spectrum awards and auctions as well as license extensions at our international subsidiaries. It also indicates spectrum to be awarded in the near future in various countries.

Main spectrum awards

| | Start of award procedure | End of award procedure | Frequency ranges (MHz) | Award process | Acquired spectrum (MHz) | Spectrum investment |
|----------------|--------------------------|------------------------|------------------------|--|---|-------------------------------|
| Albania | Q3 2017 | Q4 2017 | 800 | Sealed bid ^a or auction | tbd | tbd |
| Greece | Q3 2017 | Q4 2017 | 1,800/2,100 | Details tbd | tbd | tbd |
| Macedonia | Q2 2017 | Q3 2017 | 900/1,800 | Sealed bid ^a or auction | tbd | tbd |
| Austria | Q3 2017 | Q4 2017 | 3,500/3,700 | Auction (CCA ^b) (expected) | tbd | tbd |
| Poland | Q2 2017 | Q3 2017 | 3,700 | Sealed bid | tbd | tbd |
| Slovakia | Q2 2017 | Q3 2017 | 1,800/3,700 | Auction (SMRA ^c) | tbd | tbd |
| Czech Republic | Q2 2017 | Q3 2017 | 3,700 | Auction (SMRA ^c) | tbd | tbd |
| Czech Republic | Q3 2017 | Q4 2017 | 900/1,800 | Extension of licenses (expected) | tbd | tbd |
| United States | Q3 2016 | Q2 2017 ^e | 600 | Incentive auction ^d | Regional licenses; mostly 2x20 MHz ^e | USD 7.99 billion ^e |

^a Submission of an individual bid in a sealed envelope, in some cases sequential, in several awards.

^b Combinatorial Clock Auction, three-stage, multi-round auction for spectrum from all frequency ranges.

^c Simultaneous electronic multi-round auction with ascending, parallel bids for all ranges.

^d Quantity and prices of spectrum to be traded depends on spectrum surrendered by radio broadcasters.

^e Results announced on April 13, 2017. For more information, please refer to the "Events after the reporting period" in the interim consolidated financial statements, page 48.

DEVELOPMENT OF BUSINESS IN THE GROUP

RESULTS OF OPERATIONS OF THE GROUP

NET REVENUE

In the first three months of the 2017 financial year, we generated net revenue of EUR 18.6 billion, a substantial increase of EUR 1.0 billion or 5.8 percent compared with the same period in the prior year. The business development of our United States operating segment contributed substantially to this positive trend: T-Mobile US' successful Un-carrier initiatives gave a strong boost to the number of new customers and thus also to service revenues. Terminal equipment revenue also grew. On the one hand, this was due to an increase in the number of devices sold. On the other hand, it was attributable to higher average revenue per handset sold as a result of the focus on offering terminal equipment under an installment plan. In our German home market, revenue was stable. This development was mainly positively influenced by non-contract terminal equipment revenue in the mobile business. The revenue trend in the fixed-network business had a reducing effect. In our Europe operating segment, revenue was up slightly by 0.7 percent compared with the first quarter of 2016. Revenue development in our strategic growth areas and an increase in terminal equipment revenue had a positive effect. By contrast, lower roaming charges in most of the countries in which the national compa-

nies of our operating segment operate and ongoing intense competition in the telecommunications footprint markets put further pressure on revenue. In the Systems Solutions operating segment, revenue decreased by 8.3 percent against the prior-year period. This decline was primarily attributable to the completion in the first quarter of 2016 of the set-up phase for the toll collection system in Belgium. In general, the downward price trend in ICT business had a negative effect on net revenue. Revenue in our Group Development operating segment grew by 3.5 percent in the first quarter of 2017 compared with the prior-year quarter, a trend resulting from the positive revenue development at T-Mobile Netherlands.

Excluding the positive exchange rate effects of EUR 0.3 billion in total – in particular from the translation of U.S. dollars into euros – revenue increased by EUR 0.7 billion or 3.9 percent. For details on the revenue trends in our Germany, United States, Europe, Systems Solutions, and Group Development operating segments as well as in the Group Headquarters & Group Services segment, please refer to the section "Development of business in the operating segments," page 15 et seq.

Contribution of the segments to net revenue

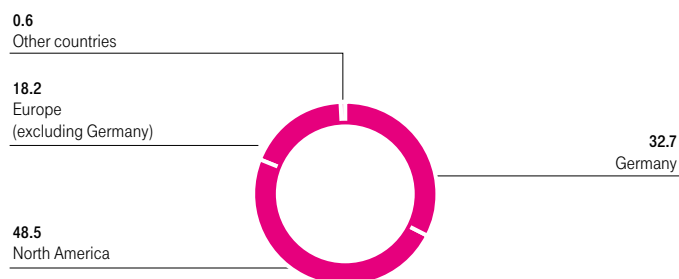
millions of €

| | Q1 2017 | Q1 2016 | Change | Change % | FY 2016 |
|--|---------------|---------------|--------------|--------------|---------------|
| NET REVENUE | 18,646 | 17,630 | 1,016 | 5.8 % | 73,095 |
| Germany ^a | 5,397 | 5,385 | 12 | 0.2 % | 21,774 |
| United States | 8,982 | 7,816 | 1,166 | 14.9 % | 33,738 |
| Europe ^a | 2,781 | 2,763 | 18 | 0.7 % | 11,454 |
| Systems Solutions ^a | 1,704 | 1,859 | (155) | (8.3) % | 6,993 |
| Group Development ^a | 595 | 575 | 20 | 3.5 % | 2,347 |
| Group Headquarters & Group Services ^a | 737 | 781 | (44) | (5.6) % | 3,467 |
| Intersegment revenue | (1,549) | (1,549) | 0 | 0.0 % | (6,678) |

^a Since January 1, 2017, we have reported on the Group Development operating segment and within the Group Headquarters & Group Services segment on the Board of Management department Technology and Innovation. Comparative figures have been adjusted retrospectively. For more information, please refer to the section "Group structure, strategy, and management," page 8, and the disclosures under segment reporting in the interim consolidated financial statements, pages 40 and 41.

Breakdown of revenue by regions

%



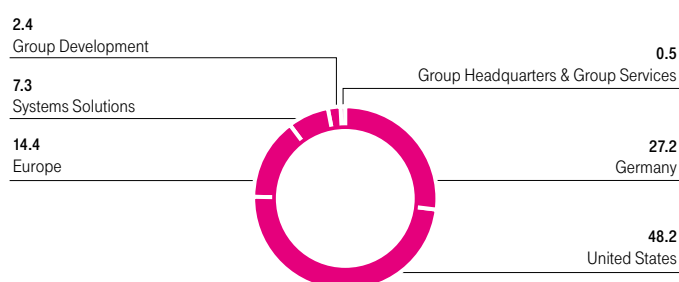
At 48.2 percent, our United States operating segment again provided the largest contribution to net revenue of the Group. This was an increase of 3.9 percentage points compared with the prior-year period, due in particular to ongoing strong customer additions. The proportion of net revenue generated internationally increased year-on-year, from 65.5 percent to 67.3 percent.

EBITDA, ADJUSTED EBITDA

Excluding special factors, adjusted EBITDA increased year-on-year by EUR 0.4 billion or 7.5 percent to EUR 5.6 billion in the first quarter of 2017. This development was primarily driven by our United States operating segment, which recorded an increase in its adjusted EBITDA contribution of EUR 0.5 billion, mainly as a result of the continued success of the Un-carrier initiatives. In the first quarter of 2017, EBITDA adjusted for special factors in our Germany operating segment increased slightly, driven mainly by efficiency enhancement in all functions while the revenue trend remained stable. Adjusted EBITDA in our Europe operating segment decreased due to factors including higher direct costs resulting from a rise in interconnection costs and increased market investment expenditure. Adjusted EBITDA in our Systems Solutions operating segment was also down. In the previous year, this segment had benefited from a positive one-time effect. The positive revenue development at T-Mobile Netherlands increased the adjusted EBITDA of our Group Development operating segment. Excluding the positive exchange rate effects totaling EUR 0.1 billion – in particular from the translation of U.S. dollars into euros – adjusted EBITDA increased by EUR 0.3 billion or 6.1 percent.

Contribution of the segments to net revenue ^a

%



^a For more information on net revenue, please refer to the disclosures under segment reporting in the interim consolidated financial statements, pages 40 and 41.

Our EBITDA decreased year-on-year by EUR 1.7 billion to EUR 6.0 billion. The decline was mainly due to the positive special factor included in the prior-period figure, i.e., the income from the sale in early 2016 of our stake in the EE joint venture amounting to EUR 2.5 billion. In addition, income of EUR 0.4 billion was generated from an exchange of spectrum licenses between T-Mobile US and a competitor in March 2016. Positive net special factors amounted to EUR 0.4 billion in the first quarter of 2017. These primarily related to income from divestitures of EUR 0.5 billion in connection with

the sale of Strato completed effective midnight March 31, 2017. Expenses incurred in connection with staff-related measures and non-staff-related restructuring expenses amounted to EUR 0.1 billion, EUR 0.2 billion lower than the expenses reported in the prior-year period. For detailed information on the development of EBITDA/adjusted EBITDA in our segments, please refer to the section "Development of business in the operating segments," page 15 et seq.

Contribution of the segments to adjusted Group EBITDA

millions of €

| | Q1 2017 | Q1 2016 | Change | Change % | FY 2016 |
|---|--------------|--------------|------------|-------------|---------------|
| EBITDA (ADJUSTED FOR SPECIAL FACTORS) IN THE GROUP | 5,550 | 5,163 | 387 | 7.5% | 21,420 |
| Germany ^a | 2,070 | 2,052 | 18 | 0.9% | 8,237 |
| United States | 2,386 | 1,908 | 478 | 25.1% | 8,561 |
| Europe ^a | 889 | 931 | (42) | (4.5)% | 3,866 |
| Systems Solutions ^a | 96 | 196 | (100) | (51.0)% | 530 |
| Group Development ^a | 238 | 223 | 15 | 6.7% | 943 |
| Group Headquarters & Group Services ^a | (128) | (147) | 19 | 12.9% | (670) |
| Reconciliation | (1) | – | (1) | n. a. | (47) |

^a Since January 1, 2017, we have reported on the Group Development operating segment and within the Group Headquarters & Group Services segment on the Board of Management department Technology and Innovation. Comparative figures have been adjusted retrospectively. For more information, please refer to the section "Group structure, strategy, and management," page 8, and the disclosures under segment reporting in the interim consolidated financial statements, pages 40 and 41.

EBIT

Group EBIT stood at EUR 2.8 billion, down EUR 1.8 billion against the prior-year period. This change is mainly due to the effects described under EBITDA. Depreciation, amortization and impairment losses were slightly higher than in the prior-year period and related primarily to the continued build-out of the 4G/LTE network in our United States operating segment. Depreciation in connection with the terminal equipment leased as part of the JUMP! On Demand program was lower.

PROFIT BEFORE INCOME TAXES

Profit before income taxes decreased substantially year-on-year by EUR 3.6 billion to EUR 0.7 billion. In addition to the aforementioned effects, the loss from financial activities increased by EUR 1.8 billion. This development was attributable in particular to negative remeasurement effects from the exercise and subsequent measurement of embedded derivatives in T-Mobile US bonds – mainly relating to the early repayment of external financial liabilities – and the EUR 0.7 billion impairment of our financial stake in BT, which was recognized in profit and loss as of March 31, 2017. In the prior-year period, other financial income/expense included a final dividend totaling EUR 0.2 billion in connection with the sale of our stake in the EE joint venture.

NET PROFIT

Net profit decreased year-on-year by EUR 2.4 billion to EUR 0.7 billion. In the first quarter of 2017, we reported a tax benefit of EUR 0.1 billion after a tax expense amounting to EUR 0.9 billion the prior-year period. For further information, please refer to the interim consolidated financial statements, page 39. Profit attributable to non-controlling interests declined compared with the prior-year period by EUR 0.2 billion. In our United States operating segment, the decrease in profit attributable to non-controlling interests was driven in particular by the aforementioned remeasurement effect in profit/loss from financial activities.

Number of employees (at the reporting date)

| | Mar. 31, 2017 | Dec. 31, 2016 |
|--|----------------|----------------|
| Germany ^a | 64,973 | 65,452 |
| United States | 42,925 | 44,820 |
| Europe ^a | 47,378 | 46,808 |
| Systems Solutions ^a | 37,839 | 37,472 |
| Group Development ^a | 2,549 | 2,572 |
| Group Headquarters & Group Services ^a | 20,884 | 21,216 |
| NUMBER OF EMPLOYEES IN THE GROUP | 216,548 | 218,341 |
| Of which: civil servants (in Germany, with an active service relationship) | 15,871 | 15,999 |

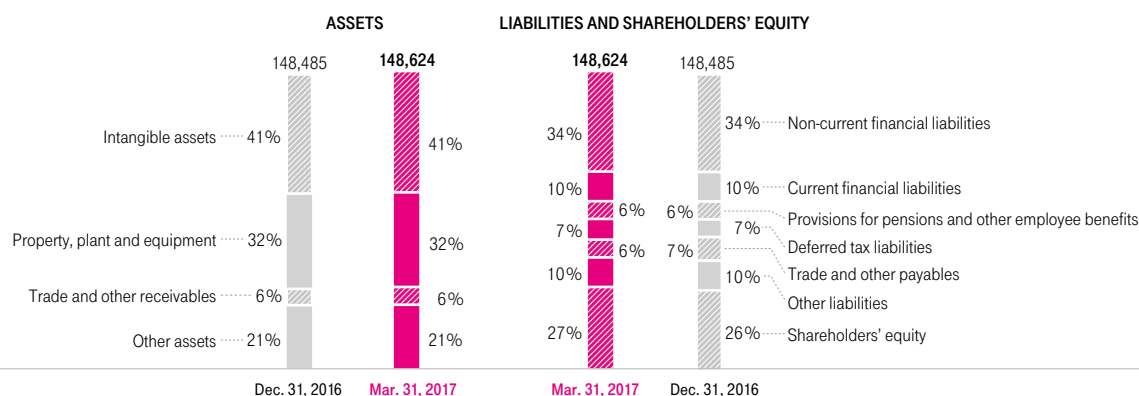
^a Since January 1, 2017, we have reported on the Group Development operating segment and within the Group Headquarters & Group Services segment on the Board of Management department Technology and Innovation. Comparative figures have been adjusted retrospectively. For more information, please refer to the section "Group structure, strategy, and management," page 8, and the disclosures under segment reporting in the interim consolidated financial statements, pages 40 and 41.

The Group's headcount decreased by 0.8 percent compared with the end of 2016. Measures to enhance efficiency, a slowdown in recruitment in the operating units, and the use of socially responsible instruments reduced the headcount in the Germany operating segment by 0.7 percent in the first quarter. The total number of employees in our United States operating segment decreased by 4.2 percent at March 31, 2017 compared to December 31, 2016, due to a decrease in customer acquisition and customer support employees. In our Europe operating segment, the number of employees increased by 1.2 percent, with the largest increases in Slovakia and Greece. Headcount in our Systems Solutions operating segment rose by 1.0 percent, largely due to the integration of Telekom Security staff. The number of employees in the Group Development segment decreased by 0.9 percent. This decrease was mainly driven by a successful and ongoing cost-cutting program at T-Mobile Netherlands. The number of employees in the Group Headquarters & Group Services segment was down 1.6 percent compared with the end of 2016, mainly due to the Group-wide bundling of the Telekom Security unit under our Systems Solutions operating segment. In the wake of the reorganization, this decrease was offset by the headcount increase in our Board of Management department Technology and Innovation.

FINANCIAL POSITION OF THE GROUP

Structure of the consolidated statement of financial position

millions of €



Total assets amounted to EUR 148.6 billion, up only slightly against December 31, 2016.

The total carrying amounts of **intangible assets** and **property, plant and equipment** were slightly lower than in the prior year. Additions in the first quarter of 2017 were mainly for investments in network modernization in the United States operating segment, and in broadband/fiber-optic build-out in the Germany operating segment, while depreciation and amortization were slightly higher than in the prior-year period. In the **other assets** item, the main decrease relative to December 31, 2016 was in other financial assets. The main factor in this decline was the impairment of EUR 0.7 billion of our stock exchange-traded financial stake in BT recognized in profit and loss as of March 31, 2017. The exercise in the first quarter of 2017 of our right of premature cancellation of bonds issued by T-Mobile US also reduced the carrying amount of assets. The purchase price receivable from completion of the sale of Strato effective midnight March 31, 2017 increased other financial assets. The rise in cash and cash equivalents increased other assets.

There was an overall increase of EUR 0.6 billion in current and non-current **financial liabilities** compared with the end of 2016. This was mainly attributable to the following transactions: At the start of January 2017, we issued U.S. dollar bonds with a total volume of USD 3.5 billion. We also placed euro bonds of EUR 3.5 billion in January 2017 under our debt issuance program.

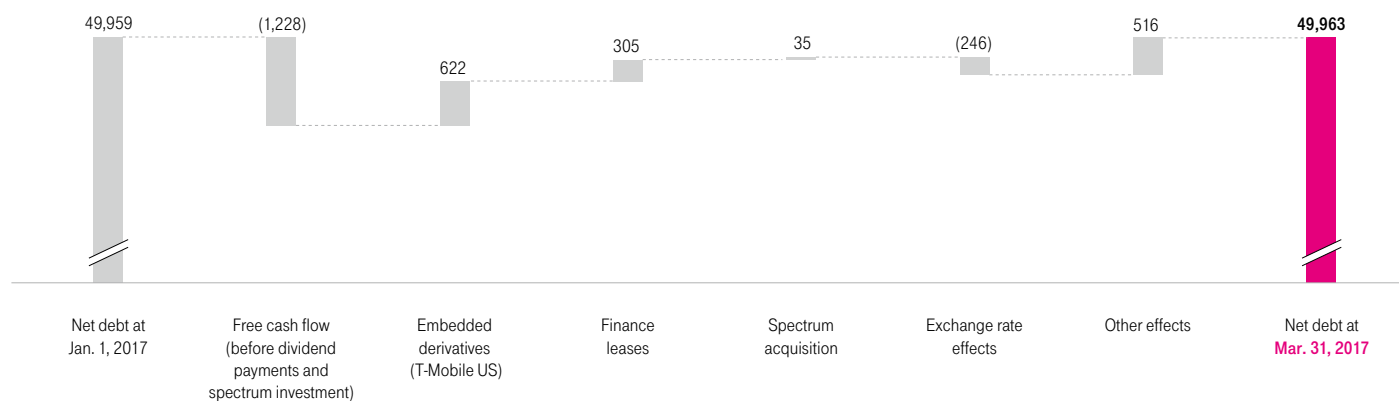
Both bonds were issued by Deutsche Telekom International Finance B.V. with the guarantee of Deutsche Telekom AG. In March 2017, T-Mobile US placed high-yield notes with a total volume of USD 1.5 billion in a public offering. In the first quarter of 2017, T-Mobile US prematurely canceled senior notes with a total volume of USD 8.25 billion; USD 1.5 billion was repaid by the beginning of March 2017, and the remainder by the end of April 2017. Further, T-Mobile US prematurely repaid a secured loan in the amount of USD 2 billion in February 2017. **Provisions for pensions and other employee benefits** decreased by EUR 0.2 billion, mainly due to interest rate adjustments that resulted in an actuarial gain of EUR 0.1 billion recognized under other comprehensive income. **Trade and other payables** decreased by EUR 1.5 billion, the main factor being the reduction in liabilities in our United States, Europe, and Germany operating segments.

Shareholders' equity increased by EUR 1.0 billion compared with December 31, 2016. The key factors in this increase were the profit of EUR 0.8 billion, the gain of EUR 0.1 billion from the measurement of hedging instruments that was recognized directly in equity, and the gain of EUR 0.1 billion from the remeasurement of defined benefit plans. Currency translation effects of EUR 0.1 billion had a decreasing effect.

For further information on the statement of financial position, please refer to the interim consolidated financial statements, page 36 et seq.

Changes in net debt

millions of €



Other effects of EUR 0.5 billion include, among other factors, financing options under which the payments for trade payables become due at a later point in time by involving banks in the process, and liabilities for the acquisition of broadcasting rights. For more information on net debt, please refer to the disclosures on the reconciliation of the pro forma figures in the section "Additional information," page 51 et seq.

Free cash flow (before dividend payments and spectrum investment)

millions of €

| | Q1 2017 | Q1 2016 | Change | Change % | FY 2016 |
|---|--------------|--------------|------------|--------------|---------------|
| CASH GENERATED FROM OPERATIONS | 5,280 | 4,497 | 783 | 17.4% | 18,116 |
| Interest received (paid) | (926) | (1,001) | 75 | 7.5% | (2,583) |
| NET CASH FROM OPERATING ACTIVITIES | 4,355 | 3,496 | 859 | 24.6% | 15,533 |
| Cash outflows for investments in intangible assets (excluding goodwill and before spectrum investment) and property, plant and equipment (CASH CAPEX) | (3,245) | (2,831) | (414) | (14.6)% | (10,958) |
| Proceeds from disposal of intangible assets (excluding goodwill) and property, plant and equipment | 118 | 157 | (39) | (24.8)% | 364 |
| FREE CASH FLOW (BEFORE DIVIDEND PAYMENTS AND SPECTRUM INVESTMENT) | 1,228 | 822 | 406 | 49.4% | 4,939 |

Free cash flow. Free cash flow in the Group before dividend payments and spectrum investment increased by EUR 0.4 billion against the prior-year period to EUR 1.2 billion. Net cash from operating activities increased by EUR 0.9 billion. Cash outflows for investments in intangible assets (excluding goodwill and before spectrum investment) and property, plant and equipment also increased by EUR 0.4 billion.

The increase in net cash from operating activities was mainly attributable to the positive business development of the United States operating segment. The positive effects of factoring agreements on net cash from operating activities were EUR 0.3 billion lower than in the prior-year period. This mainly relates to factoring agreements in the Germany and Systems Solutions operating segments. The dividend payment received from BT amounted to EUR 0.1 billion, while in the prior-year period, the EE joint venture remitted a dividend payment totaling EUR 0.2 billion. Both a year-on-year decrease of EUR 0.1 billion in cash outflows for income taxes and a reduction of EUR 0.1 billion in net interest payments had a positive impact.

The EUR 0.4 billion increase in cash capex compared with the prior-year -period primarily related to the United States and Germany operating segments. In each case, the cash outflows were for investments in network build-out and network modernization.

For further information on the statement of cash flows, please refer to the interim consolidated financial statements, pages 39 and 40.

DEVELOPMENT OF BUSINESS IN THE OPERATING SEGMENTS

GERMANY

For information on changes in the organizational structure, please refer to the section "Group structure, strategy, and management," page 8, and the disclosures under segment reporting in the interim consolidated financial statements, pages 40 and 41. Comparative figures have been adjusted retrospectively.

CUSTOMER DEVELOPMENT

thousands

| | Mar. 31, 2017 | Dec. 31, 2016 | Change Mar. 31, 2017/ Dec. 31, 2016 % | Mar. 31, 2016 | Change Mar. 31, 2017/ Mar. 31, 2016 % |
|-------------------------------------|---------------|---------------|--|---------------|--|
| TOTAL | | | | | |
| Mobile customers ^a | 42,114 | 41,849 | 0.6 % | 40,643 | 3.6 % |
| Contract customers | 25,270 | 25,219 | 0.2 % | 23,940 | 5.6 % |
| Prepay customers | 16,844 | 16,630 | 1.3 % | 16,703 | 0.8 % |
| Fixed-network lines | 19,648 | 19,786 | (0.7) % | 20,093 | (2.2) % |
| Of which: retail IP-based | 9,801 | 9,042 | 8.4 % | 7,470 | 31.2 % |
| Broadband lines | 12,989 | 12,922 | 0.5 % | 12,706 | 2.2 % |
| Of which: optical fiber | 4,693 | 4,250 | 10.4 % | 3,286 | 42.8 % |
| Television (IPTV, satellite) | 2,955 | 2,879 | 2.6 % | 2,736 | 8.0 % |
| Unbundled local loop lines (ULLs) | 6,952 | 7,195 | (3.4) % | 7,867 | (11.6) % |
| Wholesale unbundled lines | 4,554 | 4,212 | 8.1 % | 3,319 | 37.2 % |
| Of which: optical fiber | 2,887 | 2,555 | 13.0 % | 1,741 | 65.8 % |
| Wholesale bundled lines | 148 | 165 | (10.3) % | 206 | (28.2) % |
| OF WHICH: CONSUMERS | | | | | |
| Mobile customers | 28,937 | 29,225 | (1.0) % | 28,856 | 0.3 % |
| Contract customers | 18,474 | 18,476 | 0.0 % | 17,453 | 5.8 % |
| Prepay customers | 10,463 | 10,749 | (2.7) % | 11,403 | (8.2) % |
| Fixed-network lines | 15,466 | 15,550 | (0.5) % | 15,790 | (2.1) % |
| Of which: retail IP-based | 8,320 | 7,722 | 7.7 % | 6,521 | 27.6 % |
| Broadband lines | 10,497 | 10,438 | 0.6 % | 10,257 | 2.3 % |
| Of which: optical fiber | 4,023 | 3,657 | 10.0 % | 2,841 | 41.6 % |
| Television (IPTV, satellite) | 2,756 | 2,686 | 2.6 % | 2,546 | 8.2 % |
| OF WHICH: BUSINESS CUSTOMERS | | | | | |
| Mobile customers ^a | 13,177 | 12,624 | 4.4 % | 11,787 | 11.8 % |
| Contract customers | 6,796 | 6,744 | 0.8 % | 6,487 | 4.8 % |
| Prepay customers (M2M) | 6,381 | 5,880 | 8.5 % | 5,300 | 20.4 % |
| Fixed-network lines | 3,210 | 3,255 | (1.4) % | 3,311 | (3.1) % |
| Of which: retail IP-based | 1,381 | 1,234 | 11.9 % | 897 | 54.0 % |
| Broadband lines | 2,105 | 2,101 | 0.2 % | 2,093 | 0.6 % |
| Of which: optical fiber | 648 | 575 | 12.7 % | 435 | 49.0 % |
| Television (IPTV, satellite) | 199 | 192 | 3.6 % | 189 | 5.3 % |

^a As of January 1, 2017, reporting of contract customers in business customer operations excludes test cards (minus 41 thousand). In addition, there was a one-time effect in business customer operations from a change in the way prepay customers were reported (plus 180 thousand). Prior-year figures have not been adjusted.

Total

In Germany we continue to be market leader both in terms of fixed-network and mobile revenues. This success is attributable to our high-performance networks. So far, we have won 3.2 million customers for our integrated product, MagentaEins, comprising fixed-network and mobile components.

In mobile communications, we won another 126 thousand customers overall in the first quarter of 2017. The vast majority of this growth was in prepaid. Thanks to strong demand for mobile rate plans with integrated data volumes, contract customer business also increased slightly.

By the end of the first quarter of 2017, we had already migrated 14.0 million retail and wholesale lines to IP, which corresponds to a migration rate of 57 percent.

We continue to see strong demand for our fiber-optic products. As of the end of the first quarter of 2017, the number of lines had increased to 7.6 million overall. In other words, we connected 775 thousand households to our fiber-optic network in Germany over the last three months. With the progress in fiber-optic roll-out and innovative vectoring technology, we also successfully drove forward the marketing of higher bandwidths. With our contingent model, we create incentives for the migration from traditional wholesale products – such as bundled wholesale lines or unbundled local loop lines (ULLs) – to higher-quality fiber-optic wholesale lines.

Mobile communications

Since the end of 2016, we have won a total of 92 thousand new contract customers. In our branded contract customer business, we recorded 148 thousand customer additions under the “Telekom” and “congstar” brands. At Telekom Deutschland Multibrand GmbH and the contract customer reseller business, we recorded an overall decrease of 57 thousand customers. The number of prepaid customers increased by 34 thousand.

Fixed network

Due to the persistently challenging development in the fixed-network market, primarily owing to aggressive pricing offers of competitors, we are pursuing new paths in marketing focusing on integrated offers and on TV and fiber-optic lines. As a result, the number of broadband lines increased by 67 thousand in the first quarter of 2017 compared with the end of 2016 and the number of TV customers by 76 thousand. In the traditional fixed network, the number of lines decreased by 138 thousand.

Our MagentaZuhause rate plans offer a comprehensive product portfolio for the fixed network based on IP technology and rate plan-specific bandwidths. MagentaZuhause Hybrid bundles fixed-network and mobile technology in a single router. To date, 320 thousand customers – primarily in rural areas – have selected this innovative rate plan.

We have also connected a total of 183 thousand apartments to our network through our partnerships in the housing sector.

Consumers

The number of mobile customers at the end of the first quarter of 2017 totaled 28.9 million; a decrease of 1.0 percent compared with the end of 2016. This decline was driven by the 2.7-percent decrease in the number of prepaid customers, since a number of customers switched to our mobile contracts, such as the cost-effective congstar rate plans. Accordingly, we recorded customer growth of 4.4 percent under the congstar brand, while the trend for branded contract customers remained stable.

In the fixed-network market, competition remains intense. We migrated 0.6 million fixed-network customers to IP-based lines and won another 70 thousand TV customers in the first quarter of 2017. Of the 10.5 million broadband lines, 4.0 million customers use fiber-optic lines, an increase of 10 percent in the first quarter alone.

Business customers

The positive trend in business customer operations continued: Since the beginning of 2017, we have recorded 414 thousand mobile customer additions; 321 thousand of these in the M2M segment due to increased use of SIM cards, in particular in the automotive and logistics industries. In mobile Internet, customers are increasingly opting for plans with more bandwidth, in conjunction with higher-quality terminal equipment. As a result, we recorded an increase of 93 thousand high-value contract customers. The number of customers with fixed-network lines declined by 1.4 percent compared with the end of 2016. The number of broadband lines remained stable at 2.1 million, with the number of fiber-optic lines increasing by 12.7 percent compared with the end of 2016.

There was also a positive trend in demand for cloud products, where we recorded year-on-year revenue growth of 12.5 percent. This growth was primarily attributable to IT-based cloud solutions, while the trend for our DeutschlandLAN product range remained stable.

Wholesale

At the end of the first quarter of 2017, fiber-optic lines accounted for 24.8 percent of all lines – 2.7 percentage points higher than at year-end. The strong growth in our wholesale unbundled lines by 342 thousand or 8.1 percent compared with the end of 2016 was primarily attributable to the strong demand for our contingent model. By contrast, the number of bundled wholesale lines decreased slightly by 17 thousand. This trend is likely to continue for the next few years due to the fact that our competitors are switching from bundled to unbundled wholesale products with more bandwidth, or to their own infrastructure. The number of unbundled local loop lines decreased by 243 thousand or 3.4 percent compared with the end of the prior year. This is due first to the move to higher-quality fiber-optic wholesale lines, and second to retail customers switching to cable operators. In addition, wholesale customers are migrating their retail customers to their own fiber-optic lines. The total number of wholesale lines rose to 11.7 million by the end of March 2017.

DEVELOPMENT OF OPERATIONS

millions of €

| | Q1 2017 | Q1 2016 | Change | Change% | FY 2016 |
|--|---------|---------|--------|---------|---------|
| TOTAL REVENUE | 5,397 | 5,385 | 12 | 0.2% | 21,774 |
| Consumers | 2,918 | 2,922 | (4) | (0.1)% | 11,739 |
| Business Customers | 1,465 | 1,447 | 18 | 1.2% | 5,923 |
| Wholesale | 926 | 930 | (4) | (0.4)% | 3,742 |
| Other | 88 | 86 | 2 | 2.3% | 370 |
| Profit from operations (EBIT) | 1,086 | 973 | 113 | 11.6% | 3,624 |
| EBIT margin % | 20.1 | 18.1 | | | 16.6 |
| Depreciation, amortization and impairment losses | (935) | (921) | (14) | (1.5)% | (3,703) |
| EBITDA | 2,021 | 1,894 | 127 | 6.7% | 7,327 |
| Special factors affecting EBITDA | (49) | (158) | 109 | 69.0% | (910) |
| EBITDA (ADJUSTED FOR SPECIAL FACTORS) | 2,070 | 2,052 | 18 | 0.9% | 8,237 |
| EBITDA margin (adjusted for special factors) % | 38.4 | 38.1 | | | 37.8 |
| CASH CAPEX | (1,005) | (873) | (132) | (15.1)% | (4,031) |

Total revenue

Total revenue remained stable compared with the prior-year quarter. This development was driven mainly by non-contract terminal equipment revenue in mobile business, which grew by 15.4 percent. Increased IT and broadband revenues had a positive impact on fixed-network revenue. This was not quite sufficient to completely offset the 0.8-percent decline in fixed-network revenue compared with the same quarter in the prior year.

Revenue from **Consumers** remained stable compared with the prior-year quarter. Volume-related revenue decreases continued to drive the traditional fixed-network business. By contrast, revenue from broadband business increased by 1.7 percent. In mobile communications, revenue increased by 0.6 percent, primarily due to successful terminal equipment sales. Mobile service revenues decreased by 2.6 percent compared with the prior-year level. The increase in service revenues under the congstar brand did not completely offset the decline in revenues from prepaid business and from branded contract customers, due primarily to regulatory effects.

Revenue from **Business Customers** increased by 1.2 percent, with mobile revenues increasing by 3.7 percent and service revenues by 2.7 percent compared with the same quarter in the prior year. In the fixed network, a decline was recorded in traditional voice telephony, due largely to the increasing number of customers moving to flat-rate plans. By contrast, IT revenues increased by 14.0 percent.

Wholesale revenue remained stable in the first quarter of 2017, or, excluding regulatory price effects (from December 1, 2016), recorded a positive trend year-on-year, primarily due to higher revenue from unbundled lines, mainly as a result of the contingent model.

EBITDA, adjusted EBITDA

EBITDA amounted to EUR 2.0 billion in the first quarter of the reporting year, an increase of 6.7 percent against the prior-year quarter, due mainly to lower special factors for expenses in connection with our staff restructuring. At EUR 2.1 billion, EBITDA adjusted for special factors increased slightly by 0.9 percent year-on-year in the first quarter of 2017, driven mainly by efficiency enhancement measures in all functions while the revenue trend remained stable. Our adjusted EBITDA margin increased to 38.4 percent (prior-year quarter: 38.1 percent).

EBIT

Profit from operations increased by 11.6 percent year-on-year to EUR 1.1 billion. The slight increase in depreciation, amortization and impairment losses was offset by the higher level of EBITDA.

Cash capex

Cash capex increased by 15.1 percent compared with the prior-year quarter. We again made significant investments in the broadband and fiber-optic roll-out, our IP transformation, and our mobile infrastructure as part of our integrated network strategy.

UNITED STATES

CUSTOMER DEVELOPMENT

thousands

| | Mar. 31, 2017 | Dec. 31, 2016 | Change Mar. 31, 2017/ Dec. 31, 2016 % | Mar. 31, 2016 | Change Mar. 31, 2017/ Mar. 31, 2016 % |
|----------------------------------|---------------|---------------|--|---------------|--|
| UNITED STATES | | | | | |
| Mobile customers | 72,597 | 71,455 | 1.6 % | 65,503 | 10.8 % |
| Branded customers ^a | 55,540 | 54,240 | 2.4 % | 51,174 | 8.5 % |
| Branded postpaid ^a | 35,341 | 34,427 | 2.7 % | 32,736 | 8.0 % |
| Branded prepay ^a | 20,199 | 19,813 | 1.9 % | 18,438 | 9.6 % |
| Wholesale customers ^a | 17,057 | 17,215 | (0.9) % | 14,329 | 19.0 % |

^a On September 1, 2016 T-Mobile US sold its marketing and distribution rights to certain of T-Mobile US' existing co-branded customers to a current wholesale partner for nominal consideration (the MVNO Transaction). Upon the sale, the transaction resulted in a transfer of 1,365 thousand branded postpaid customers and 326 thousand branded prepay customers to wholesale customers. Prospectively from September 1, 2016, net customer additions for these customers are included within wholesale customers.

At March 31, 2017, the United States operating segment (T-Mobile US) had 72.6 million customers compared to 71.5 million customers at December 31, 2016. Net customer additions were 1.1 million for the three months ended March 31, 2017, compared to 2.2 million net customer additions for the three months ended March 31, 2016 due to the factors described below.

Branded customers. Branded postpaid net customer additions were 914 thousand for the three months ended March 31, 2017, compared to 1,041 thousand branded postpaid net customer additions for the three months ended March 31, 2016. Branded postpaid net customer additions for the three months ended March 31, 2017 were lower compared to the three months ended March 31, 2016, primarily due to increased competitive activity, the absence of iconic device launches, and a delayed tax refund season partially offset by a lower branded postpaid churn rate.

Branded prepay net customer additions were 386 thousand for the three months ended March 31, 2017, compared to 807 thousand branded prepay net customer additions for the three months ended March 31, 2016. The decrease was due primarily to the optimization of T-Mobile US' third-party distribution channels including de-emphasis of T-Mobile US' legacy prepay products, a delayed tax refund season, higher MetroPCS deactivations resulting from churn on a growing customer base and increased competitive activity. The decrease was partially offset by higher MetroPCS gross customer additions.

Wholesale customers. Wholesale net customer losses were 158 thousand for the three months ended March 31, 2017, compared to wholesale net customer additions of 373 thousand for the three months ended March 31, 2016. The decrease was due primarily to higher MVNO deactivations as a result of T-Mobile US' MVNO partners deemphasizing Lifeline in favor of higher average revenue per user customer categories. Although wholesale customers are expected to be negative as a result of the de-emphasis of Lifeline, T-Mobile US expects growth in total wholesale revenue and margin.

DEVELOPMENT OF OPERATIONS

millions of €

| | Q1 2017 | Q1 2016 | Change | Change% | FY 2016 |
|--|---------|---------|--------|---------|---------|
| TOTAL REVENUE | 8,982 | 7,816 | 1,166 | 14.9% | 33,738 |
| Profit from operations (EBIT) | 1,003 | 956 | 47 | 4.9% | 3,685 |
| EBIT margin % | 11.2 | 12.2 | | | 10.9 |
| Depreciation, amortization and impairment losses | (1,387) | (1,312) | (75) | (5.7)% | (5,282) |
| EBITDA | 2,390 | 2,268 | 122 | 5.4% | 8,967 |
| Special factors affecting EBITDA | 4 | 360 | (356) | (98.9)% | 406 |
| EBITDA (ADJUSTED FOR SPECIAL FACTORS) | 2,386 | 1,908 | 478 | 25.1% | 8,561 |
| EBITDA margin (adjusted for special factors) % | 26.6 | 24.4 | | | 25.4 |
| CASH CAPEX | (1,442) | (1,756) | 314 | 17.9% | (5,855) |

Total revenue

Total revenue for the United States operating segment of EUR 9.0 billion in the first quarter of 2017 increased by 14.9 percent compared to EUR 7.8 billion in the first quarter of 2016. In U.S. dollars, T-Mobile US' total revenues increased by 10.9 percent year-on-year due primarily to service revenue growth resulting from increases in T-Mobile US' average branded customer base from strong customer response to T-Mobile US' Un-carrier initiatives, expansion into new markets, and success of the MetroPCS brand. Additionally, equipment revenues increased due primarily to an increase in the number of devices sold and a higher average revenue per device sold due to T-Mobile US' continued focus on equipment installment plan sales.

EBITDA, adjusted EBITDA, adjusted EBITDA margin

Adjusted EBITDA increased by 25.1 percent to EUR 2.4 billion in the first quarter of 2017, compared to EUR 1.9 billion in the first quarter of 2016. In U.S. dollars, adjusted EBITDA increased by 20.7 percent in the first quarter of 2017, compared to the first quarter of 2016. Adjusted EBITDA increased due primarily to an increase in branded postpaid and prepay service revenues resulting from strong customer response to T-Mobile US' Un-carrier initiatives, the ongoing success of promotional activities, and success of the MetroPCS brand, partially offset by higher employee-related costs, higher commissions, higher promotional costs, and higher losses on equipment. Adjusted EBITDA margin increased to 26.6 percent in the first quarter of 2017, compared to 24.4 percent in the first quarter of 2016 due to the factors described above.

Adjusted EBITDA in the first quarter 2017 excludes EUR 4.3 million special factors primarily related to costs relating to the decommissioning of the MetroPCS CDMA network, compared to EUR 0.4 billion special factors primarily related to non-cash gains from a spectrum license transaction with AT&T, partially offset by costs relating to the decommissioning of the MetroPCS CDMA network and stock-based compensation costs in the first quarter of 2016. Overall, EBITDA increased to EUR 2.4 billion in the first quarter of 2017, compared to EUR 2.3 billion in the first quarter of 2016, due to the factors described above, including the impact of special factors.

EBIT

EBIT was EUR 1.0 billion in the first quarter of 2017 and 2016, including a slight increase of EUR 47 million in the first quarter of 2017 compared to the first quarter of 2016. This was driven by higher EBITDA. The increase was partially offset by higher depreciation expense from the continued build-out of T-Mobile US' 4G/LTE network, partially offset by a decrease from devices leased under T-Mobile US' JUMP! On Demand program.

Cash capex

Cash capex decreased to EUR 1.4 billion in the first quarter of 2017, compared to EUR 1.8 billion in the first quarter of 2016, due primarily to EUR 0.6 billion of spectrum licenses acquired in the first quarter of 2016, compared with EUR 33 million of spectrum licenses acquired in the first quarter of 2017.

EUROPE

CUSTOMER DEVELOPMENT

For information on changes in the organizational structure, please refer to the section "Group structure, strategy, and management," page 8, and the disclosures under segment reporting in the interim consolidated financial statements, pages 40 and 41. Comparative figures have been adjusted retrospectively.

thousands

| | | Mar. 31, 2017 | Dec. 31, 2016 | Change Mar. 31, 2017/ Dec. 31, 2016 % | Mar. 31, 2016 | Change Mar. 31, 2017/ Mar. 31, 2016 % |
|---------------------------|--|---------------|---------------|--|---------------|--|
| EUROPE, TOTAL | Mobile customers | 47,348 | 47,952 | (1.3)% | 48,540 | (2.5)% |
| | Contract customers | 24,482 | 24,315 | 0.7% | 23,719 | 3.2% |
| | Prepay customers | 22,866 | 23,637 | (3.3)% | 24,821 | (7.9)% |
| | Fixed-network lines | 8,486 | 8,531 | (0.5)% | 8,687 | (2.3)% |
| | Of which: IP-based | 5,190 | 5,016 | 3.5% | 4,261 | 21.8% |
| | Retail broadband lines | 5,444 | 5,393 | 0.9% | 5,254 | 3.6% |
| | Television (IPTV, satellite, cable) | 4,100 | 4,049 | 1.3% | 3,922 | 4.5% |
| | Unbundled local loop lines (ULLs)/ wholesale PSTN | 2,269 | 2,259 | 0.4% | 2,242 | 1.2% |
| | Wholesale bundled lines | 126 | 123 | 2.4% | 122 | 3.3% |
| | Wholesale unbundled lines | 250 | 247 | 1.2% | 215 | 16.3% |
| GREECE | Mobile customers | 7,733 | 7,725 | 0.1% | 7,477 | 3.4% |
| | Fixed-network lines | 2,547 | 2,564 | (0.7)% | 2,583 | (1.4)% |
| | Broadband lines | 1,708 | 1,682 | 1.5% | 1,574 | 8.5% |
| ROMANIA | Mobile customers | 5,428 | 5,722 | (5.1)% | 5,934 | (8.5)% |
| | Fixed-network lines | 1,937 | 1,969 | (1.6)% | 2,055 | (5.7)% |
| | Broadband lines | 1,186 | 1,194 | (0.7)% | 1,204 | (1.5)% |
| HUNGARY | Mobile customers | 5,304 | 5,332 | (0.5)% | 5,372 | (1.3)% |
| | Fixed-network lines | 1,630 | 1,629 | 0.1% | 1,659 | (1.7)% |
| | Broadband lines | 1,053 | 1,040 | 1.3% | 1,028 | 2.4% |
| POLAND | Mobile customers | 10,229 | 10,634 | (3.8)% | 11,821 | (13.5)% |
| | Fixed-network lines | 33 | 20 | 65.0% | 18 | 83.3% |
| | Broadband lines | 20 | 16 | 25.0% | 17 | 17.6% |
| CZECH REPUBLIC | Mobile customers | 6,097 | 6,049 | 0.8% | 6,024 | 1.2% |
| | Fixed-network lines | 143 | 140 | 2.1% | 141 | 1.4% |
| | Broadband lines | 136 | 134 | 1.5% | 133 | 2.3% |
| CROATIA | Mobile customers | 2,210 | 2,234 | (1.1)% | 2,206 | 0.2% |
| | Fixed-network lines | 992 | 1,001 | (0.9)% | 1,012 | (2.0)% |
| | Broadband lines | 795 | 783 | 1.5% | 749 | 6.1% |
| SLOVAKIA | Mobile customers | 2,230 | 2,225 | 0.2% | 2,231 | 0.0% |
| | Fixed-network lines | 854 | 850 | 0.5% | 851 | 0.4% |
| | Broadband lines | 649 | 638 | 1.7% | 609 | 6.6% |
| AUSTRIA | Mobile customers | 4,713 | 4,594 | 2.6% | 4,221 | 11.7% |
| OTHER ^a | Mobile customers | 3,404 | 3,438 | (1.0)% | 3,255 | 4.6% |
| | Fixed-network lines | 351 | 358 | (2.0)% | 367 | (4.4)% |
| | Broadband lines | 276 | 279 | (1.1)% | 283 | (2.5)% |

^a Other: national companies of Albania, the F.Y.R.O. Macedonia, and Montenegro, as well as the lines of the GTS Central Europe group in Romania.

Total

The market environment in which our European national companies operate remained challenging and intensely competitive in the first quarter of 2017. Thanks to our convergent product portfolio MagentaOne, however, we successfully faced these challenges: As of March 31, 2017, the number of FMC customers in our portfolio had risen by around 18.9 percent. Our TV business has established itself as a consistent revenue-growth driver. In the mobile communications business, we recorded an increase in the number of high-value contract customers to 24.5 million. This compensated in part for the losses in prepay business. In the fixed network, we are systematically driving forward the roll-out of fast, fiber-optic lines (FTTH, FTTB, and FTTC). As part of our pan-European network strategy, we also increased the number of IP lines – primarily thanks to the migration from traditional PSTN lines to IP technology.

Mobile communications

At the end of the first quarter of 2017, we had a total mobile customer base of 47.3 million – down by a slight 1.3 percent compared with the end of 2016. This decline was due to the loss of customers in prepay business, where the competitive environment remained challenging. Another factor in this decrease was the prepay registration regulations implemented in Poland by the local regulatory authorities by the end of January 2017. The positive trend in high-value contract customer business partially made up for this. Here the number of customers increased by around 167 thousand. Year-on-year, the customer base even grew by 3.2 percent. We thus continued building on the growth trend of the last few quarters. At the end of the first quarter of 2017, contract customers accounted for 51.7 percent of the total customer base. Our customers benefited from the systematic build-out of our mobile networks with 4G/LTE technology, enjoying better network coverage with fast mobile broadband. As of March 31, 2017, we already covered 89 percent of the population in the countries of our operating segment with LTE, thus reaching more than 116 million people in total. Not only the high level of data volumes used, but also the sales figures for mobile terminal equipment prove that our customers

actually use these high bandwidths, with smartphones accounting for an even higher proportion of all devices sold in the first quarter of 2017 – 82 percent – compared with the prior year.

Fixed network

Our TV and entertainment services provided positive impulses in the first quarter of 2017. The number of TV customers grew by 1.3 percent to 4.1 million compared with the end of 2016, with the majority of the net customer additions – 51 thousand – at our national companies in Slovakia and Hungary.

Our convergence product portfolio, MagentaOne, is available to our customers in all of our integrated countries. By the end of the first quarter of 2017, we had already gained more than 1.7 million FMC customers in total, with demand rising steadily in Greece in particular. We have also been increasingly successful in marketing our MagentaOne Business product to business customers. A simplified and standardized network based on IP technology provides the technical underpinnings of FMC products. Overall, we have already converted five of our national companies to IP technology. Following a 3.5-percent increase relative to December 2016, we now have a portfolio of 5.2 million IP-based lines, which account for around 61.2 percent of all fixed-network lines. As of March 31, 2017, the number of fixed-network lines in our Europe operating segment was virtually unchanged at 8.5 million.

The number of retail broadband lines grew by a slight 0.9 percent in the first quarter of 2017 to reach a total of 5.4 million. Fiber-optic-based lines accounted for the majority of net customer additions, growing considerably faster than DSL business. Romania and Hungary were the main drivers of this growth. We continued to increase our overall fiber-optic coverage, with our national companies reaching 26 percent of households as of the reporting date.

DEVELOPMENT OF OPERATIONS

millions of €

| | Q1 2017 | Q1 2016 | Change | Change% | FY 2016 |
|--|---------|---------|--------|---------|---------|
| TOTAL REVENUE | 2,781 | 2,763 | 18 | 0.7% | 11,454 |
| Greece | 690 | 685 | 5 | 0.7% | 2,883 |
| Romania | 230 | 234 | (4) | (1.7)% | 985 |
| Hungary | 415 | 403 | 12 | 3.0% | 1,673 |
| Poland | 364 | 378 | (14) | (3.7)% | 1,488 |
| Czech Republic | 237 | 229 | 8 | 3.5% | 959 |
| Croatia | 224 | 220 | 4 | 1.8% | 925 |
| Slovakia | 183 | 187 | (4) | (2.1)% | 766 |
| Austria | 228 | 208 | 20 | 9.6% | 855 |
| Other ^a | 260 | 272 | (12) | (4.4)% | 1,132 |
| Profit from operations (EBIT) | 324 | 335 | (11) | (3.3)% | 1,184 |
| EBIT margin % | 11.7 | 12.1 | | | 10.3 |
| Depreciation, amortization and impairment losses | (553) | (574) | 21 | 3.7% | (2,589) |
| EBITDA | 877 | 909 | (32) | (3.5)% | 3,773 |
| Special factors affecting EBITDA | (12) | (22) | 10 | 45.5% | (93) |
| EBITDA (ADJUSTED FOR SPECIAL FACTORS) | 889 | 931 | (42) | (4.5)% | 3,866 |
| Greece | 266 | 266 | 0 | 0.0% | 1,120 |
| Romania | 37 | 39 | (2) | (5.1)% | 175 |
| Hungary | 109 | 126 | (17) | (13.5)% | 539 |
| Poland | 100 | 120 | (20) | (16.7)% | 482 |
| Czech Republic | 100 | 98 | 2 | 2.0% | 400 |
| Croatia | 84 | 82 | 2 | 2.4% | 374 |
| Slovakia | 77 | 78 | (1) | (1.3)% | 302 |
| Austria | 89 | 69 | 20 | 29.0% | 258 |
| Other ^a | 28 | 53 | (25) | (47.2)% | 215 |
| EBITDA margin (adjusted for special factors) % | 32.0 | 33.7 | | | 33.8 |
| CASH CAPEX | (475) | (940) | 465 | 49.5% | (2,600) |

The contributions of the national companies correspond to their respective unconsolidated financial statements and do not take consolidation effects at operating segment level into account.

^a Other: national companies of Albania, the F.Y.R.O. Macedonia, and Montenegro, as well as ICSS (International Carrier Sales & Solutions), the ICSS business of the local business units, GTS Central Europe group in Romania, and Europe Headquarters.

Total revenue

Our Europe operating segment generated total revenue of EUR 2.8 billion in the first quarter of 2017, a slight year-on-year increase of 0.7 percent. In organic terms, i.e., assuming constant exchange rates, revenue was on a par with the prior-year figure.

Our national companies increased their revenues from strategic growth areas by a substantial 7.0 percent in the first quarter of 2017, and growth areas accounted for around 31.9 percent of total segment revenue. Revenue from mobile data business increased substantially – by 14.6 percent year-on-year to EUR 372 million – with all the countries in our operating segment making a contribution, in particular Poland, Greece, and Austria. Thanks to our inno-

vative TV and program management, TV business continued on its uptrend of recent quarters, with TV revenue rising by 7.3 percent to EUR 123 million in the first quarter of 2017.

We also posted revenue growth in terminal equipment sales. Wholesale business also contributed to revenue growth at segment level. This growth helped us counteract the decline in revenues from voice telephony, for instance, and from visitors (i.e., revenues from third parties for roaming in our home network). In the first quarter of 2017, our B2B/ICT business customer operations achieved stable revenues year-on-year by continuing the shift from traditional core business to key growth areas.

From a country perspective, the decline in business in Poland in the first quarter of 2017 was the biggest negative factor influencing organic revenue growth. Lower service revenues due to factors including a decrease in the number of active prepay customers were offset only in part by higher revenue from terminal equipment sales. At segment level, lower roaming charges in most of the countries in our operating segment and intense competition in telecommunications markets also had a negative impact on our organic revenues.

EBITDA, adjusted EBITDA

Our Europe operating segment generated adjusted EBITDA of EUR 889 million in the first quarter of 2017, a year-on-year decrease of 4.5 percent. In organic terms, i.e., assuming constant exchange rates, and due to an internal reallocation to the new Board of Management department Technology and Innovation, adjusted EBITDA declined by 1.8 percent. Higher direct costs – especially interconnection costs and market investments – impacted on the EBITDA trend at segment level.

From a country perspective, developments at our national companies in Poland and Hungary were the main factors negatively affecting adjusted EBITDA, while the contribution from our national company in Austria had an offsetting effect.

EBITDA decreased by 3.5 percent year-on-year to EUR 877 million, with special factors having no material effect.

In addition, EBITDA was negatively influenced by a number of regulatory decisions, special taxes that were introduced in the prior year, and a tax on broadband Internet access introduced in Greece in January 2017 as part of a further package of economic measures.

Development of operations in selected countries

Greece. In Greece, revenue was up slightly year-on-year, rising to EUR 690 million in the first quarter of 2017. The positive revenue trend for fixed-network business offset the slight decline in mobile business, and was supported, in particular, by wholesale operations. Sound growth rates for our FMC product CosmoteOne also lifted the number of DSL lines, which in turn increased broadband business revenue. Overall, we more than offset the negative effects from the decline in voice telephony. Revenue from mobile business was down 2.4 percent year-on-year. The price- and volume-driven decline in revenue from voice telephony in particular had a negative impact on service revenues. Rising revenues from mobile data services – attributable, among other factors, to higher data volumes – had a positive effect on service revenues. Performance at our B2B/ICT business customer operations was down year-on-year.

In Greece, adjusted EBITDA remained stable in the first quarter of 2017 at EUR 266 million, with savings in indirect costs and higher revenue compensating for higher interconnection costs.

Hungary. In Hungary, first-quarter revenue grew by 3.0 percent year-on-year to reach EUR 415 million. In organic terms, i.e., assuming constant exchange rates, revenue increased by 2.0 percent. Mobile business, where revenue from terminal equipment sales increased, was the main growth driver. Service revenue, on the other hand, remained on a par with the prior-year period, due to the following contrasting factors: The partly price- and partly volume-driven decline in voice revenue was offset by higher revenue from mobile data services, which was up by 12.7 percent year-on-year. Our high-speed, high-reach mobile data network also had a positive effect on this trend. Fixed-network business posted moderate revenue growth as well, with higher revenue coming from B2B/ICT business customer operations and from TV and terminal equipment business. Our MagentaOne FMC product also contributed to this trend, in both the consumer and business customer segments.

Adjusted EBITDA decreased by 13.5 percent year-on-year to EUR 109 million. In organic terms, it decreased by 14.2 percent. The increase in direct costs (especially due to higher expenses for marketing and TV content) were only partially compensated for by savings in indirect costs. In addition, a positive one-time effect recognized in the prior-year period impacted on the adjusted EBITDA trend in the first quarter of 2017.

Austria. Our national company in Austria generated revenue of EUR 228 million in the first quarter of 2017, up 9.6 percent year-on-year. Among other factors, this was attributable to the mobile data business which saw a further rise in volume and accounted for a share of total revenue of 29.8 percent. Higher visitor revenues and a one-time effect also positively influenced the revenue. Overall, these positive revenue effects more than offset the decrease in revenue from text messaging services and from sales of mobile terminal equipment.

The revenue trend is also evident in the substantial increase in adjusted EBITDA, which amounted to EUR 89 million in the first quarter of 2017.

EBIT

EBIT in our Europe operating segment decreased by 3.3 percent in the first quarter of 2017 to EUR 324 million. This decline was due to the decline in EBITDA. Lower depreciation, amortization and impairment losses had a positive effect on EBIT.

Cash capex

In the first quarter of 2017, the Europe operating segment reported cash capex of EUR 475 million, a decline of EUR 465 million. This year-on-year difference was primarily due to the acquisition of mobile spectrum in Poland that was made in the prior-year quarter.

SYSTEMS SOLUTIONS

SELECTED KPIs

For information on changes in the organizational structure, please refer to the section "Group structure, strategy, and management," page 8, and the disclosures under segment reporting in the interim consolidated financial statements, pages 40 and 41. Comparative financial KPIs and order entry figures have been adjusted retrospectively.

| | | Mar. 31, 2017 | Dec. 31, 2016 | Change Mar. 31, 2017/ Dec. 31, 2016 % | Mar. 31, 2016 | Change Mar. 31, 2017/ Mar. 31, 2016 % |
|---|---------------|---------------|---------------|--|---------------|--|
| ORDER ENTRY | millions of € | 1,274 | 6,851 | n. a. | 1,556 | (18.1) % |
| COMPUTING & DESKTOP SERVICES | | | | | | |
| Number of servers managed and serviced | units | 64,262 | 74,336 | (13.6) % | 63,255 | 1.6 % |
| Number of workstations managed and serviced | millions | 1.81 | 1.77 | 2.3 % | 1.67 | 8.4 % |
| SYSTEMS INTEGRATION | | | | | | |
| Hours billed | millions | 1.8 | 7.1 | n. a. | 1.7 | 5.9 % |
| Utilization rate | % | 82.5 | 83.3 | (0.8) % p | 82.1 | 0.4 % p |

Development of business

In the first quarter of 2017, our Systems Solutions operating segment recorded a year-on-year decline, primarily on account of the positive effect contained in the prior-year period from the completion of the set-up phase of our corporate customer project to set up and operate an electronic toll collection system in Belgium.

We again successfully concluded new deals in the first quarter of 2017. We did not, however, reach the level of the comparative quarter. The prior-year figure included a number of major deals that could not be repeated in the reporting period. By contrast, the cloud, one of our strategic growth areas, performed well compared with the first quarter of 2016, growing by 3.5 percent. A key component in the expansion of our cloud business remains strategic partnerships. This means we offer our partners' services from our data centers in Germany. The aspects of security and high availability play a key role for T-Systems and our customers. The Telekom Security unit, which has got off to a successful start, is an important cornerstone of our growth strategy to develop digital innovation areas. We continue to offer the main pillars of the digital transformation with our solutions for the Internet of Things and for the cloud – along with the corresponding security solutions. Telekom Security plans to lead the European market in cyber security.

To meet market requirements, we are continuously modernizing and consolidating our ICT resources and investing in innovation areas. Thus the number of servers managed and serviced increased by 1.6 percent compared with the first quarter of 2016. Compared with the figure at December 31, 2016, the number of servers managed and serviced declined by 13.6 percent as a result of the transfer of Telekom IT out of the Systems Solutions operating segment. At the data centers, technical advances made it possible to set up ever larger and higher-performance units, which had a positive impact on our cost efficiency. The number of workstations managed and serviced increased by 8.4 percent compared with the first quarter of 2016.

DEVELOPMENT OF OPERATIONS

millions of €

| | Q1 2017 | Q1 2016 | Change | Change% | FY 2016 |
|--|---------|---------|--------|---------|---------|
| TOTAL REVENUE | 1,704 | 1,859 | (155) | (8.3)% | 6,993 |
| External revenue | 1,369 | 1,545 | (176) | (11.4)% | 5,678 |
| Profit (loss) from operations (EBIT) | (37) | 51 | (88) | n. a. | (150) |
| Special factors affecting EBIT | (35) | (49) | 14 | 28.6% | (276) |
| EBIT (adjusted for special factors) | (2) | 100 | (102) | n. a. | 126 |
| EBIT margin (adjusted for special factors) % | (0.1) | 5.4 | | | 1.8 |
| Depreciation, amortization and impairment losses | (98) | (96) | (2) | (2.1)% | (428) |
| EBITDA | 61 | 147 | (86) | (58.5)% | 278 |
| Special factors affecting EBITDA | (35) | (49) | 14 | 28.6% | (252) |
| EBITDA (ADJUSTED FOR SPECIAL FACTORS) | 96 | 196 | (100) | (51.0)% | 530 |
| EBITDA margin (adjusted for special factors) % | 5.6 | 10.5 | | | 7.6 |
| CASH CAPEX | (86) | (78) | (8) | (10.3)% | (402) |

Total revenue

Total revenue in our Systems Solutions operating segment in the first quarter of 2017 amounted to EUR 1.7 billion, a year-on-year decrease of 8.3 percent. This decline was primarily attributable to the completion in the first quarter of 2016 of the set-up phase for the toll collection system in Belgium as well as the general downward price trend in ICT business. International revenue decreased on account of this development. In Germany, there was a slight positive effect on revenue as a result of revenue generated within the Group by the newly launched Telekom Security.

EBITDA, adjusted EBITDA

In the first quarter of 2017, adjusted EBITDA declined by EUR 100 million to EUR 96 million, mainly due to the positive billing effect in the first quarter of 2016 after the completion of the set-up phase of the toll collection system in Belgium.

EBITDA in our Systems Solutions operating segment decreased by EUR 86 million compared with the prior-year period to EUR 61 million, mainly due to the one-time effect described under adjusted EBITDA. This one-time effect was partially offset by a EUR 14 million decrease in special factors attributable to the fact that expenses for restructuring measures had been higher in the prior year.

EBIT, adjusted EBIT

Adjusted EBIT in our Systems Solutions operating segment decreased by EUR 102 million compared with the first quarter of 2016, and was thus slightly negative. This was due in particular to the one-time effect in the prior year described under EBITDA. Depreciation, amortization and impairment losses were at the same level as in the prior year.

The adjusted EBIT margin of our Systems Solutions operating segment therefore also decreased to minus 0.1 percent.

Cash capex

Cash capex in the Systems Solutions operating segment stood at EUR 86 million in the reporting period, a year-on-year increase of 10.3 percent. Our investments are associated with the advancing digitization of enterprises. For this reason, we are investing in growth areas and in digital innovation areas, such as digital transformation and the Internet of Things, cloud computing, and cyber security. The continued expansion of the European toll collection system also increases the need for investment.

GROUP DEVELOPMENT

Since January 1, 2017, we have reported on the new **Group Development** operating segment. Group Development actively manages and increases the value of selected subsidiaries and equity investments of the Group. The following units and subsidiaries have been included: T-Mobile Netherlands (previously in the Europe operating segment), Deutsche Funkturm (DFMG, previously in the Germany operating segment), as well as Deutsche Telekom Capital Partners (DTCP) and the stakes in BT plc, Scout24 AG, Ströer SE & Co. KGaA, and Strato, which was sold as of March 31, 2017, (previously

in the Group Headquarters & Group Services segment). The Group functions of Mergers & Acquisitions and Strategic Portfolio Management have also been assigned to Group Development. For more information on changes in the organizational structure, please refer to the notes in the section "Group structure, strategy, and management," page 8, and the disclosures under segment reporting in the interim consolidated financial statements, pages 40 and 41. Comparative figures have been adjusted retrospectively.

CUSTOMER DEVELOPMENT

| | | thousands | | | | | |
|-------------|---------------------|-----------|---------------|---------------|--|---------------|--|
| | | | Mar. 31, 2017 | Dec. 31, 2016 | Change Mar. 31, 2017/ Dec. 31, 2016 % | Mar. 31, 2016 | Change Mar. 31, 2017/ Mar. 31, 2016 % |
| NETHERLANDS | Mobile customers | | 3,789 | 3,746 | 1.1 % | 3,668 | 3.3 % |
| | Fixed-network lines | | 176 | 164 | 7.3 % | – | n. a. |
| | Broadband lines | | 176 | 164 | 7.3 % | – | n. a. |

In the first quarter of 2017, T-Mobile Netherlands recorded net customer additions in both mobile communications and the fixed-network business thanks to repositioning itself on the market. The fixed-network consumer business acquired from Vodafone at the end of 2016 also generated customer growth of 7.3 percent in the first quarter of 2017.

DEVELOPMENT OF OPERATIONS

| | | millions of € | | | | | |
|--|--|---------------|---------|---------|---------|----------|---------|
| | | | Q1 2017 | Q1 2016 | Change | Change % | FY 2016 |
| TOTAL REVENUE | | | 595 | 575 | 20 | 3.5 % | 2,347 |
| Netherlands | | | 341 | 324 | 17 | 5.2 % | 1,331 |
| Profit from operations (EBIT) | | | 686 | 2,640 | (1,954) | (74.0) % | 2,730 |
| EBIT margin | | % | n. a. | n. a. | | | n. a. |
| Depreciation, amortization and impairment losses | | | (71) | (90) | 19 | 21.1 % | (760) |
| EBITDA | | | 758 | 2,730 | (1,972) | (72.2) % | 3,490 |
| Special factors affecting EBITDA | | | 519 | 2,506 | (1,987) | (79.3) % | 2,547 |
| EBITDA (ADJUSTED FOR SPECIAL FACTORS) | | | 238 | 223 | 15 | 6.7 % | 943 |
| Netherlands | | | 110 | 88 | 22 | 25.0 % | 358 |
| EBITDA margin (adjusted for special factors) | | % | 40.0 | 38.8 | | | 40.2 |
| CASH CAPEX | | | (81) | (93) | 12 | 12.9 % | (271) |

Total revenue

Total revenue in our Group Development operating segment in the first quarter of 2017 increased by 3.5 percent year-on-year, largely due to the positive revenue development at T-Mobile Netherlands. Revenue at DFMG remained unchanged against the prior-year quarter.

EBITDA, adjusted EBITDA

EBITDA decreased year-on-year by EUR 2.0 billion to EUR 0.8 billion. As part of the ongoing analysis of our portfolio of shareholdings with a focus on adequate development of the companies, we sold Strato effective March 31, 2017. The divestiture resulted in income recognized as special factors of around EUR 0.5 billion. The figure for the first quarter of the prior year included special factors of EUR 2.5 billion from the sale of our stake in the EE joint venture.

Adjusted EBITDA in the Group Development operating segment increased by EUR 15 million year-on-year in the reporting period, driven mainly by EBITDA growth at T-Mobile Netherlands. Adjusted EBITDA at T-Mobile Netherlands increased by 25.0 percent compared with the prior-year period, primarily due to the successful implementation of cost-cutting programs and a higher proportion of SIM-only contracts or contracts with separate handset contracts. The trend towards a larger share of these types of contracts is expected to continue in the financial year on account of new consumer credit regulations in the Netherlands. In the first quarter of 2017, DFMG recorded one-time

effects compared with the prior-year period, which had a negative impact on EBITDA, arising in part from the recognition of provisions on account of restoration obligations.

EBIT

EBIT decreased by EUR 2.0 billion compared with the first quarter of 2016 to EUR 0.7 billion, due to the effects described under EBITDA. Depreciation, amortization and impairment losses were down slightly on the prior-year period.

Cash capex

Cash capex in our Group Development segment decreased by 12.9 percent year-on-year in the first quarter of 2017, primarily at T-Mobile Netherlands.

For information on the effects of our equity investments on **profit/loss from financial activities**, please refer to the section "Development of business in the Group," page 9 et seq.

GROUP HEADQUARTERS & GROUP SERVICES

For information on changes in the organizational structure, please refer to the section "Group structure, strategy, and management," page 8, and the disclosures under segment reporting in the interim consolidated financial statements, pages 40 and 41. Comparative figures have been adjusted retrospectively.

DEVELOPMENT OF OPERATIONS

millions of €

| | Q1 2017 | Q1 2016 | Change | Change% | FY 2016 |
|--|---------|---------|--------|---------|---------|
| TOTAL REVENUE | 737 | 781 | (44) | (5.6)% | 3,467 |
| Loss from operations (EBIT) | (292) | (430) | 138 | 32.1% | (1,919) |
| Depreciation, amortization and impairment losses | (148) | (150) | 2 | 1.3% | (676) |
| EBITDA | (144) | (280) | 136 | 48.6% | (1,243) |
| Special factors affecting EBITDA | (16) | (133) | 117 | 88.0% | (574) |
| EBITDA (ADJUSTED FOR SPECIAL FACTORS) | (128) | (147) | 19 | 12.9% | (670) |
| CASH CAPEX | (242) | (227) | (15) | (6.6)% | (936) |

Total revenue

Total revenue in our Group Headquarters & Group Services segment in the first quarter of 2017 decreased by 5.6 percent year-on-year. This decline was mainly due to the fact that the cost of intragroup development services newly commissioned from Telekom IT in Germany is no longer charged internally. An additional factor was lower intragroup revenue from land and buildings, which was essentially due to the ongoing optimized use of space, as well as a decline in revenue at Telekom Training. Structural refinements at our Multi-Shared Service Center had a positive effect on revenue.

EBITDA, adjusted EBITDA

Adjusted EBITDA in the Group Headquarters & Group Services segment improved by EUR 19 million year-on-year in the reporting period. This improvement was mainly due to the establishment of our Board of Management department Technology and Innovation and to reduced operating costs at Group Services. By contrast, lower revenue from land and buildings had a negative impact on adjusted EBITDA.

Overall, special factors negatively affecting EBITDA – in particular staff-related measures – totaled EUR 16 million in the reporting period and EUR 133 million in the prior-year period.

EBIT

The year-on-year increase of EUR 138 million in EBIT was mainly due to the improved EBITDA figure. Depreciation, amortization and impairment losses were at the same level as in the prior year.

Cash capex

Cash capex increased by EUR 15 million year-on-year, mainly owing to the purchase of more vehicles.

EVENTS AFTER THE REPORTING PERIOD (MARCH 31, 2017)

For information on events after the reporting period, please refer to “Events after the reporting period” in the interim consolidated financial statements, page 48.

FORECAST

The statements in this section reflect the current views of our management. To date, there is no evidence that the forecasts published in the 2016 combined management report have significantly changed (2016 Annual Report, page 87 et seq.). Accordingly, the statements made therein remain valid. For additional information and recent changes in the economic situation, please refer to the section “The economic environment” in this interim Group management report. Readers are also referred to the Disclaimer at the end of this report.

RISKS AND OPPORTUNITIES

This section provides important additional information and explains recent changes in the risks and opportunities as described in the combined management report for the 2016 financial year (2016 Annual Report, page 97 et seq.). Readers are also referred to the Disclaimer at the end of this report.

LITIGATION

Toll Collect arbitration proceedings. In the Toll Collect arbitration proceedings another hearing took place in March 2017. The shareholders Deutsche Telekom AG and Daimler Financial Services AG have also asserted counterclaims based on breaches of duties by the Federal Republic of Germany in relation to the delay in the start of toll collection.

ASSESSMENT OF THE AGGREGATE RISK POSITION

At the time of preparing this report, neither our risk management system nor our management could identify any material risks to the continued existence of Deutsche Telekom AG or a significant Group company as a going concern.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

millions of €

| | Mar. 31, 2017 | Dec. 31, 2016 | Change | Change% | Mar. 31, 2016 |
|---|----------------|----------------|--------------|---------------|----------------|
| ASSETS | | | | | |
| CURRENT ASSETS | 27,663 | 26,638 | 1,025 | 3.8% | 25,453 |
| Cash and cash equivalents | 9,542 | 7,747 | 1,795 | 23.2% | 7,332 |
| Trade and other receivables | 9,093 | 9,362 | (269) | (2.9)% | 8,894 |
| Current recoverable income taxes | 192 | 218 | (26) | (11.9)% | 136 |
| Other financial assets | 4,907 | 5,713 | (806) | (14.1)% | 4,829 |
| Inventories | 1,646 | 1,629 | 17 | 1.0% | 1,998 |
| Other assets | 2,136 | 1,597 | 539 | 33.8% | 1,855 |
| Non-current assets and disposal groups held for sale | 148 | 372 | (224) | (60.2)% | 409 |
| NON-CURRENT ASSETS | 120,961 | 121,847 | (886) | (0.7)% | 118,152 |
| Intangible assets | 60,269 | 60,599 | (330) | (0.5)% | 57,384 |
| Property, plant and equipment | 46,788 | 46,758 | 30 | 0.1% | 44,442 |
| Investments accounted for using the equity method | 722 | 725 | (3) | (0.4)% | 811 |
| Other financial assets | 6,971 | 7,886 | (915) | (11.6)% | 9,877 |
| Deferred tax assets | 5,477 | 5,210 | 267 | 5.1% | 5,119 |
| Other assets | 733 | 669 | 64 | 9.6% | 519 |
| TOTAL ASSETS | 148,624 | 148,485 | 139 | 0.1% | 143,605 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| CURRENT LIABILITIES | 32,375 | 33,126 | (751) | (2.3)% | 32,211 |
| Financial liabilities | 14,871 | 14,422 | 449 | 3.1% | 13,876 |
| Trade and other payables | 8,983 | 10,441 | (1,458) | (14.0)% | 9,867 |
| Income tax liabilities | 238 | 222 | 16 | 7.2% | 260 |
| Other provisions | 3,076 | 3,068 | 8 | 0.3% | 3,227 |
| Other liabilities | 5,075 | 4,779 | 296 | 6.2% | 4,981 |
| Liabilities directly associated with non-current assets and disposal groups held for sale | 133 | 194 | (61) | (31.4)% | - |
| NON-CURRENT LIABILITIES | 76,431 | 76,514 | (83) | (0.1)% | 72,950 |
| Financial liabilities | 50,402 | 50,228 | 174 | 0.3% | 48,185 |
| Provisions for pensions and other employee benefits | 8,293 | 8,451 | (158) | (1.9)% | 8,369 |
| Other provisions | 3,285 | 3,320 | (35) | (1.1)% | 3,027 |
| Deferred tax liabilities | 10,025 | 10,007 | 18 | 0.2% | 9,342 |
| Other liabilities | 4,427 | 4,508 | (81) | (1.8)% | 4,027 |
| LIABILITIES | 108,806 | 109,640 | (834) | (0.8)% | 105,161 |
| SHAREHOLDERS' EQUITY | 39,818 | 38,845 | 973 | 2.5% | 38,444 |
| Issued capital | 11,973 | 11,973 | - | - | 11,793 |
| Treasury shares | (50) | (50) | - | - | (51) |
| | 11,923 | 11,923 | - | - | 11,742 |
| Capital reserves | 53,349 | 53,356 | (7) | (0.0)% | 52,399 |
| Retained earnings including carryforwards | (35,971) | (38,727) | 2,756 | 7.1% | (36,187) |
| Total other comprehensive income | 145 | 78 | 67 | 85.9% | (1,470) |
| Net profit (loss) | 747 | 2,675 | (1,928) | (72.1)% | 3,125 |
| ISSUED CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT | 30,193 | 29,305 | 888 | 3.0% | 29,609 |
| Non-controlling interests | 9,625 | 9,540 | 85 | 0.9% | 8,835 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 148,624 | 148,485 | 139 | 0.1% | 143,605 |

CONSOLIDATED INCOME STATEMENT

millions of €

| | Q1 2017 | Q1 2016 | Change | Change% | FY 2016 |
|---|----------------|---------------|----------------|----------------|----------------|
| NET REVENUE | 18,646 | 17,630 | 1,016 | 5.8% | 73,095 |
| Other operating income | 770 | 3,179 | (2,409) | (75.8)% | 4,180 |
| Changes in inventories | 40 | 12 | 28 | n.a. | (12) |
| Own capitalized costs | 542 | 480 | 62 | 12.9% | 2,112 |
| Goods and services purchased | (9,312) | (8,663) | (649) | (7.5)% | (37,084) |
| Personnel costs | (3,964) | (4,062) | 98 | 2.4% | (16,463) |
| Other operating expenses | (761) | (909) | 148 | 16.3% | (3,284) |
| Depreciation, amortization and impairment losses | (3,191) | (3,142) | (49) | (1.6)% | (13,380) |
| PROFIT FROM OPERATIONS (EBIT) | 2,771 | 4,525 | (1,754) | (38.8)% | 9,164 |
| Finance costs | (637) | (633) | (4) | (0.6)% | (2,492) |
| Interest income | 75 | 62 | 13 | 21.0% | 223 |
| Interest expense | (713) | (695) | (18) | (2.6)% | (2,715) |
| Share of profit (loss) of associates and joint ventures accounted for using the equity method | 4 | 2 | 2 | 100.0% | (53) |
| Other financial income (expense) | (1,406) | 417 | (1,823) | n.a. | (2,072) |
| PROFIT (LOSS) FROM FINANCIAL ACTIVITIES | (2,040) | (214) | (1,826) | n.a. | (4,617) |
| PROFIT BEFORE INCOME TAXES | 731 | 4,311 | (3,580) | (83.0)% | 4,547 |
| Income taxes | 78 | (934) | 1,012 | n.a. | (1,443) |
| PROFIT (LOSS) | 809 | 3,377 | (2,568) | (76.0)% | 3,104 |
| PROFIT (LOSS) ATTRIBUTABLE TO | | | | | |
| Owners of the parent (net profit (loss)) | 747 | 3,125 | (2,378) | (76.1)% | 2,675 |
| Non-controlling interests | 62 | 252 | (190) | (75.4)% | 429 |

EARNINGS PER SHARE

| | Q1 2017 | Q1 2016 | Change | Change% | FY 2016 |
|--|-------------|-------------|---------------|----------------|-------------|
| Profit (loss) attributable to the owners of the parent (net profit (loss)) | 747 | 3,125 | (2,378) | (76.1)% | 2,675 |
| Weighted average number of ordinary shares (basic/diluted) | 4,657 | 4,587 | 70 | 1.5% | 4,625 |
| EARNINGS PER SHARE BASIC/DILUTED | 0.16 | 0.68 | (0.52) | (76.5)% | 0.58 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

millions of €

| | Q1 2017 | Q1 2016 | Change | FY 2016 |
|--|------------|----------------|----------------|----------------|
| PROFIT (LOSS) | 809 | 3,377 | (2,568) | 3,104 |
| Items not reclassified to the income statement retrospectively | | | | |
| Gain (loss) from the remeasurement of defined benefit plans | 119 | (638) | 757 | (660) |
| Share of profit (loss) of investments accounted for using the equity method | 0 | 0 | 0 | 0 |
| Income taxes relating to components of other comprehensive income | (38) | 196 | (234) | 205 |
| | 81 | (442) | 523 | (455) |
| Items reclassified to the income statement retrospectively, if certain reasons are given | | | | |
| Exchange differences on translating foreign operations | | | | |
| Recognition of other comprehensive income in income statement | 0 | (948) | 948 | (948) |
| Change in other comprehensive income (not recognized in income statement) | (78) | (1,182) | 1,104 | 395 |
| Available-for-sale financial assets | | | | |
| Recognition of other comprehensive income in income statement | 1 | (1) | 2 | 2,282 |
| Change in other comprehensive income (not recognized in income statement) | (1) | (459) | 458 | (2,323) |
| Gains (losses) from hedging instruments | | | | |
| Recognition of other comprehensive income in income statement | 61 | 244 | (183) | 328 |
| Change in other comprehensive income (not recognized in income statement) | 57 | (409) | 466 | (457) |
| Share of profit (loss) of investments accounted for using the equity method | | | | |
| Recognition of other comprehensive income in income statement | 0 | 7 | (7) | 7 |
| Change in other comprehensive income (not recognized in income statement) | (1) | 1 | (2) | 1 |
| Income taxes relating to components of other comprehensive income | (37) | 53 | (90) | 39 |
| | 2 | (2,694) | 2,696 | (676) |
| OTHER COMPREHENSIVE INCOME | 83 | (3,136) | 3,219 | (1,131) |
| TOTAL COMPREHENSIVE INCOME | 892 | 241 | 651 | 1,973 |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO | | | | |
| Owners of the parent | 900 | 223 | 677 | 1,306 |
| Non-controlling interests | (8) | 18 | (26) | 667 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

millions of €

| | Issued capital and reserves attributable to owners of the parent | | | | |
|---|--|-----------------|------------------|---|-------------------|
| | Equity contributed | | | Consolidated shareholders' equity generated | |
| | Issued capital | Treasury shares | Capital reserves | Retained earnings incl. carryforwards | Net profit (loss) |
| BALANCE AT JANUARY 1, 2016 | 11,793 | (51) | 52,412 | (38,969) | 3,254 |
| Changes in the composition of the Group | | | | | |
| Transactions with owners | | | (47) | | |
| Unappropriated profit (loss) carried forward | | | | 3,254 | (3,254) |
| Dividends | | | | | |
| Capital increase at Deutsche Telekom AG | | | | | |
| Capital increase from share-based payment | | | 34 | | |
| Share buy-back/shares held in a trust deposit | | | | | |
| Profit (loss) | | | | | 3,125 |
| Other comprehensive income | | | | (437) | |
| TOTAL COMPREHENSIVE INCOME | | | | | |
| Transfer to retained earnings | | | | (35) | |
| BALANCE AT MARCH 31, 2016 | 11,793 | (51) | 52,399 | (36,187) | 3,125 |
| BALANCE AT JANUARY 1, 2017 | 11,973 | (50) | 53,356 | (38,727) | 2,675 |
| Changes in the composition of the Group | | | | | |
| Transactions with owners | | | (51) | | |
| Unappropriated profit (loss) carried forward | | | | 2,675 | (2,675) |
| Dividends | | | | | |
| Capital increase at Deutsche Telekom AG | | | | | |
| Capital increase from share-based payment | | | 44 | | |
| Share buy-back/shares held in a trust deposit | | | | | |
| Profit (loss) | | | | | 747 |
| Other comprehensive income | | | | 81 | |
| TOTAL COMPREHENSIVE INCOME | | | | | |
| Transfer to retained earnings | | | | | |
| BALANCE AT MARCH 31, 2017 | 11,973 | (50) | 53,349 | (35,971) | 747 |

| Issued capital and reserves attributable to owners of the parent | | | | | | | Total | Non-controlling interests | Total shareholders' equity |
|--|-----------------------------------|---------------------|-------------------------------------|---------------------|---|-------|---------|---------------------------|----------------------------|
| Total other comprehensive income | | | | | | | | | |
| | Translation of foreign operations | Revaluation surplus | Available-for-sale financial assets | Hedging instruments | Investments accounted for using the equity method | Taxes | | | |
| | 427 | (62) | 110 | 738 | (17) | (235) | 29,400 | 8,750 | 38,150 |
| | | | | | | | - | - | - |
| | (1) | | | | | | (48) | 49 | 1 |
| | | | | | | | 0 | - | 0 |
| | | | | | | | - | - | - |
| | | | | | | | - | - | - |
| | | | | | | | 34 | 18 | 52 |
| | | | | | | | - | - | - |
| | | | | | | | | | |
| | | | | | | | 3,125 | 252 | 3,377 |
| | (1,901) | | (460) | (165) | 8 | 53 | (2,902) | (234) | (3,136) |
| | | | | | | | 223 | 18 | 241 |
| | | | | | 35 | | 0 | - | 0 |
| | (1,475) | (62) | (350) | 573 | 26 | (182) | 29,609 | 8,835 | 38,444 |
| | (371) | (60) | 69 | 609 | 27 | (196) | 29,305 | 9,540 | 38,845 |
| | | | | | | | - | - | - |
| | (5) | | | | | | (56) | 70 | 14 |
| | | | | | | | 0 | - | 0 |
| | | | | | | | - | - | - |
| | | | | | | | - | - | - |
| | | | | | | | 44 | 23 | 67 |
| | | | | | | | - | - | - |
| | | | | | | | | | |
| | | | | | | | 747 | 62 | 809 |
| | (8) | | | 118 | (1) | (37) | 153 | (70) | 83 |
| | | | | | | | 900 | (8) | 892 |
| | | | | | | | | | |
| | | | | | | | - | - | - |
| | (384) | (60) | 69 | 727 | 26 | (233) | 30,193 | 9,625 | 39,818 |

CONSOLIDATED STATEMENT OF CASH FLOWS

millions of €

| | Q1 2017 | Q1 2016 | FY 2016 |
|--|----------------|----------------|-----------------|
| PROFIT BEFORE INCOME TAXES | 731 | 4,311 | 4,547 |
| Depreciation, amortization and impairment losses | 3,191 | 3,142 | 13,380 |
| (Profit) loss from financial activities | 2,040 | 214 | 4,617 |
| (Profit) loss on the disposal of fully consolidated subsidiaries | (519) | (6) | (7) |
| (Income) loss from the sale of stakes accounted for using the equity method | 0 | (2,507) | (2,591) |
| Other non-cash transactions | 119 | 91 | 316 |
| (Gain) loss from the disposal of intangible assets and property, plant and equipment | (33) | (410) | (495) |
| Change in assets carried as working capital | 358 | (417) | (1,000) |
| Change in provisions | (70) | (92) | (234) |
| Change in other liabilities carried as working capital | (531) | 128 | (510) |
| Income taxes received (paid) | (80) | (132) | (527) |
| Dividends received | 75 | 175 | 331 |
| Net payments from entering into, canceling or changing the terms and conditions of interest rate derivatives | 0 | 0 | 289 |
| CASH GENERATED FROM OPERATIONS | 5,280 | 4,497 | 18,116 |
| Interest paid | (1,171) | (1,167) | (3,488) |
| Interest received | 245 | 166 | 905 |
| NET CASH FROM OPERATING ACTIVITIES | 4,355 | 3,496 | 15,533 |
| Cash outflows for investments in | | | |
| Intangible assets | (732) | (1,707) | (5,603) |
| Property, plant and equipment | (2,548) | (2,189) | (8,037) |
| Non-current financial assets | (77) | (310) | (483) |
| Payments to acquire control of subsidiaries and associates | (4) | 1 | (2) |
| Proceeds from disposal of | | | |
| Intangible assets | 14 | 0 | 1 |
| Property, plant and equipment | 104 | 157 | 363 |
| Non-current financial assets | 19 | 43 | 335 |
| Proceeds from the loss of control of subsidiaries and associates | (4) | 11 | 4 |
| Net change in short-term investments and marketable securities and receivables | (262) | 262 | (186) |
| Other | (1) | (6) | - |
| NET CASH USED IN INVESTING ACTIVITIES | (3,491) | (3,738) | (13,608) |
| Proceeds from issue of current financial liabilities | 1,509 | 7,897 | 26,187 |
| Repayment of current financial liabilities | (8,395) | (11,401) | (34,951) |
| Proceeds from issue of non-current financial liabilities | 8,148 | 4,459 | 9,520 |
| Repayment of non-current financial liabilities | (10) | 0 | (20) |
| Dividends (including to non-controlling interests) | (1) | (9) | (1,596) |
| Repayment of lease liabilities | (196) | (76) | (374) |
| Cash inflows from transactions with non-controlling entities | 14 | 1 | 26 |
| Cash outflows from transactions with non-controlling entities | (88) | (43) | (114) |
| Other | - | - | - |
| NET CASH FROM (USED IN) FINANCING ACTIVITIES | 980 | 828 | (1,322) |
| Effect of exchange rate changes on cash and cash equivalents | (39) | (151) | 250 |
| Changes in cash and cash equivalents associated with non-current assets and disposal groups held for sale | (10) | - | (3) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 1,795 | 435 | 850 |
| CASH AND CASH EQUIVALENTS, AT THE BEGINNING OF THE PERIOD | 7,747 | 6,897 | 6,897 |
| CASH AND CASH EQUIVALENTS, AT THE END OF THE PERIOD | 9,542 | 7,332 | 7,747 |

SIGNIFICANT EVENTS AND TRANSACTIONS

ACCOUNTING POLICIES

In accordance with the amended § 51a (6) of the FwB Exchange Rules, Deutsche Telekom AG voluntarily publishes a quarterly financial report that comprises interim consolidated financial statements and an interim Group management report. The interim consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable to interim financial reporting as adopted by the EU. The interim management report for the Group was prepared in accordance with the WpHG.

STATEMENT OF COMPLIANCE

The interim consolidated financial statements for the period ended March 31, 2017 have been prepared voluntarily in compliance with International Accounting Standard (IAS) 34. As permitted by IAS 34, it has been decided

to publish a condensed version compared to the consolidated financial statements at December 31, 2016. All IFRSs applied by Deutsche Telekom have been adopted by the European Commission for use within the EU.

In the opinion of the Board of Management, the reviewed quarterly financial report includes all standard adjustments to be applied on an ongoing basis that are required to give a true and fair view of the results of operations and financial position of the Group. Please refer to the notes to the consolidated financial statements as of December 31, 2016 for the accounting policies applied for the Group's financial reporting (2016 Annual Report, page 133 et seq.).

INITIAL APPLICATION OF NEW STANDARDS AND INTERPRETATIONS AS WELL AS AMENDMENTS TO STANDARDS AND INTERPRETATIONS IN THE REPORTING PERIOD RELEVANT FOR THE 2017 FINANCIAL YEAR

| Pronouncement | Title | To be applied by Deutsche Telekom from | Changes | Impact on the presentation of Deutsche Telekom's results of operations and financial position |
|-----------------------------|--|---|---|---|
| Amendments to IAS 7 | Disclosure Initiative | January 1, 2017 ^a | This pronouncement requires that entities provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. | No material impact. |
| Amendments to IAS 12 | Recognition of Deferred Tax Assets for Unrealized Losses | January 1, 2017 ^a | Clarification of the accounting for deferred tax assets for unrealized losses on debt instruments that are classified as available-for-sale financial assets. | No material impact. |
| Annual Improvements Project | Annual Improvements to IFRSs 2014-2016 Cycle | January 1, 2017 (only for IFRS 12) ^a | Clarification of many published standards. | No material impact. |

^a Not yet endorsed by the EU; the date of first-time adoption scheduled by the IASB is assumed for the time being as the likely date of first-time adoption.

For more information on standards, interpretations, and amendments that have been issued but not yet applied, as well as disclosures on the recognition and measurement of items in the statement of financial position and discretionary decisions and estimation uncertainties, please refer to the section "Summary of accounting policies" in the notes to the consolidated financial statements on page 133 et seq. of the 2016 Annual Report.

CHANGES IN ACCOUNTING POLICIES AND CHANGES IN THE REPORTING STRUCTURE

Since January 1, 2017, the newly established Board of Management department **Technology and Innovation**, which comprises the Innovations, Telekom IT, and Technology units formerly assigned to the Germany, Europe, and Systems Solutions operating segments, has been reported on in the Group Headquarters & Group Services segment. Comparative figures have been adjusted retrospectively in segment reporting.

Since January 1, 2017, Deutsche Telekom has also reported on the Group Development operating segment, which actively manages and increases the value of selected subsidiaries and equity investments of the Group. The following units and subsidiaries have been included: T-Mobile Netherlands (previously in the Europe operating segment), Deutsche Funkturm (DFMG, previously in the Germany operating segment), as well as Deutsche Telekom Capital Partners (DTCP) and the stakes in BT plc, Scout24 AG, Ströer SE & Co. KGaA, and Strato AG, which was sold effective midnight March 31, 2017, (previously in the Group Headquarters & Group Services segment). The Group functions of Mergers & Acquisitions and Strategic Portfolio Management have also been assigned to Group Development. Comparative figures have been adjusted retrospectively in segment reporting.

CHANGES IN THE COMPOSITION OF THE GROUP, TRANSACTIONS WITH OWNERS, AND OTHER TRANSACTIONS

Sale of Strato AG

In December 2016, Deutsche Telekom reached an agreement with United Internet AG on the sale of hosting service provider Strato. The sale is in line with the strategy of selling off or finding partners for business areas that cannot be developed adequately within the Deutsche Telekom Group and, in doing so, potentially increasing their value. The sale was completed at a purchase price of EUR 0.6 billion effective midnight March 31, 2017 after approval was given by the Federal Cartel Office (Bundeskartellamt). The transaction generated income of EUR 0.5 billion.

VOLUNTARY PRESENTATION OF THE QUANTITATIVE EFFECTS ON THE COMPOSITION OF THE GROUP

Deutsche Telekom acquired and disposed of entities in the current and prior financial years. This imposes certain limits on the comparability of the interim consolidated financial statements and the disclosures under segment reporting.

The presented effects in the Group Development operating segment result from the acquisition of the fixed-network consumer business from Vodafone in the Netherlands as of December 16, 2016.

The following table shows the effect of changes in the composition of the Group on the consolidated income statement and segment reporting of the comparative period.

| millions of € | | | | | | | | | | |
|---|------------------|--------------|----------|------------------|----------|----------------------|---------------------------|---|---------------------|------------------------------|
| | Total Q1 2017 | Q1 2016 | | | | | | | | Organic change Q1 2017 |
| | | Total | Germany | United States | Europe | Systems Solutions | Group Develop- ment | Group Head- quarters & Group Services | Reconcili- ation | Pro forma ^a |
| Net revenue | 18,646 | 17,630 | | | | | 21 | (4) | | 17,647 |
| Other operating income | 770 | 3,179 | | | | | 0 | (1) | | 3,178 |
| Changes in inventories | 40 | 12 | | | | | 0 | 0 | | 12 |
| Own capitalized costs | 542 | 480 | | | | | 0 | 0 | | 480 |
| Goods and services purchased | (9,312) | (8,663) | | | | | (21) | 4 | | (8,680) |
| Personnel costs | (3,964) | (4,062) | | | | | (2) | 0 | | (4,064) |
| Other operating expenses | (761) | (909) | | | | | (4) | 0 | | (913) |
| Depreciation, amortization and impairment losses | (3,191) | (3,142) | | | | | 0 | 1 | | (3,141) |
| PROFIT (LOSS) FROM OPERATIONS (EBIT) | 2,771 | 4,525 | 0 | 0 | 0 | 0 | (6) | 0 | 0 | 4,519 |
| Finance costs | (637) | (633) | | | | | 0 | 0 | | (633) |
| Share of profit (loss) of associates and joint ventures accounted for using the equity method | 4 | 2 | | | | | 0 | 0 | | 2 |
| Other financial income (expense) | (1,406) | 417 | | | | | 0 | 0 | | 417 |
| PROFIT (LOSS) FROM FINANCIAL ACTIVITIES | (2,040) | (214) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (214) |
| PROFIT (LOSS) BEFORE INCOME TAXES | 731 | 4,311 | 0 | 0 | 0 | 0 | (6) | 0 | 0 | 4,305 |
| Income taxes | 78 | (934) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (934) |
| PROFIT (LOSS) | 809 | 3,377 | 0 | 0 | 0 | 0 | (6) | 0 | 0 | 3,371 |

^a Based on the composition of the Group in the current reporting period.

SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TRADE AND OTHER RECEIVABLES

Trade and other receivables decreased by EUR 0.3 billion to EUR 9.1 billion. Receivables in the United States operating segment declined by EUR 0.2 billion, EUR 0.1 billion of which were attributable to exchange rate effects from the translation of U.S. dollars to euros.

INVENTORIES

At EUR 1.6 billion, inventories remained almost stable compared with December 31, 2016. A reduced inventory of terminal equipment at T-Mobile US (in particular higher-priced smartphones) as of the reporting date and negative exchange rate effects from the translation of U.S. dollars to euros was offset by an increase in inventories in the other operating segments.

NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE

The decrease in the carrying amount of the non-current assets and disposal groups held for sale of EUR 0.2 billion to EUR 0.1 billion was due to the following effects. Firstly, the sale of Strato AG completed effective midnight March 31, 2017 reduced the carrying amount by EUR 0.1 billion. In addition, the transaction between T-Mobile US and a competitor in March 2017 on the exchange of spectrum licenses also reduced the carrying amount by EUR 0.1 billion.

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets decreased by EUR 0.3 billion to EUR 60.3 billion. Additions totaling EUR 1.0 billion had an increasing effect on the carrying amount. This includes additions at T-Mobile US, largely in connection with investments in network software and the transaction completed in March 2017 with a competitor for the exchange of spectrum licenses. Amortization in the amount of EUR 1.0 billion and negative exchange rate effects of EUR 0.3 billion, primarily from the translation of U.S. dollars into euros, reduced the carrying amount.

Property, plant and equipment remained unchanged compared with December 31, 2016 at EUR 46.8 billion. Additions of EUR 2.6 billion primarily in the United States and Germany operating segments increased the carrying amount. These included in particular investments in connection with the modernization of the T-Mobile US 4G/LTE network and the broadband/fiber-optic build-out in the Germany operating segment. Moreover, EUR 0.2 billion were attributable to capitalized higher-priced mobile devices. These relate to the JUMP! On Demand business model introduced at T-Mobile US under which customers no longer purchase the device but lease it. By contrast, negative exchange rate effects, primarily from the translation of U.S. dollars into euros, reduced the carrying amount by EUR 0.2 billion. Depreciation charges of EUR 2.1 billion had a decreasing effect on the carrying amount, as did disposals of EUR 0.3 billion.

OTHER FINANCIAL ASSETS

Other financial assets decreased by EUR 1.7 billion compared with December 31, 2016 to EUR 11.9 billion. This is largely due to the EUR 0.7 billion impairment of the stock exchange-traded financial stake in BT recognized in profit and loss as of March 31, 2017. The exercise and subsequent measurement of options embedded in bonds issued by T-Mobile US (termination rights) reduced the carrying amount by EUR 0.4 billion. The sale of Strato AG completed effective midnight March 31, 2017 resulted in a purchase price receivable of EUR 0.6 billion.

TRADE AND OTHER PAYABLES

Trade and other payables decreased by EUR 1.5 billion to EUR 9.0 billion. This decrease was attributable to the reduction in the portfolio of liabilities in the United States, Europe, and Germany operating segments. Exchange rate effects from the translation of U.S. dollars to euros had a negative impact totaling EUR 0.1 billion.

FINANCIAL LIABILITIES

Financial liabilities increased by EUR 0.6 billion to a total of EUR 65.3 billion compared with the end of 2016.

In January 2017, Deutsche Telekom placed U.S. dollar bonds with a volume of USD 3.5 billion (around EUR 3.3 billion) with institutional investors. These comprised a 3-year variable-interest bond with a volume of USD 0.400 billion and a mark-up of 58 basis points above the 3-month USD Libor; a 3-year fixed-interest bond with a volume of USD 0.850 billion and a coupon of 2.225 percent; a 5-year bond with a volume of USD 1.0 billion and a coupon of 2.820 percent; and a 10-year bond with a volume of USD 1.250 billion and a coupon of 3.600 percent. The bonds were issued by Deutsche Telekom International Finance B.V. and guaranteed by Deutsche Telekom AG. Under its debt issuance program, Deutsche Telekom International Finance B.V. additionally placed euro bonds with a volume of EUR 3.5 billion guaranteed by Deutsche Telekom with institutional investors in January 2017. The bonds comprised a 4 $\frac{3}{4}$ -year fixed-interest bond with a volume of EUR 1.0 billion and a coupon of 0.375 percent; a 7-year fixed-interest bond with a volume of EUR 1.25 billion and a coupon of 0.875 percent; and a 10-year bond with a volume of EUR 1.25 billion and a fixed coupon of 1.375 percent.

In January 2017, T-Mobile US prematurely canceled senior notes with a volume of USD 1.0 billion (around EUR 0.9 billion) and an interest rate of 6.625 percent. The notes were repaid on February 10, 2017 at a price of 102.208 percent of their nominal value (plus interest accrued). In addition, in February 2017, T-Mobile US prematurely canceled senior notes with a volume of USD 0.500 billion (around EUR 0.5 billion) and an interest rate of 5.250 percent. The notes were repaid on March 6, 2017 at a price of 101.313 percent of their nominal value (plus interest accrued).

Further, T-Mobile US prematurely repaid a secured external loan in the amount of USD 2 billion (around EUR 1.9 billion) in February 2017.

In March 2017, T-Mobile US placed high-yield notes with an aggregate volume of USD 1.5 billion (around EUR 1.4 billion) in a public offering in three tranches of USD 500 million each (at 4.0 percent due in 2022, at 5.125 percent and due in 2025, and at 5.375 percent and due in 2027). These notes replace higher-interest bonds that T-Mobile US prematurely repaid.

In the first quarter of 2017, a euro bond amounting to EUR 2.0 billion was repaid along with a U.S. dollar bond totaling USD 1.0 billion (around EUR 0.9 billion), a bond in Australian dollars amounting to AUD 0.1 billion (around EUR 0.1 billion), and commercial paper in the amount of EUR 0.6 billion (net).

The decrease in liabilities to banks of EUR 0.1 billion also reduced the carrying amount of the financial liabilities.

The following table shows the composition and maturity structure of financial liabilities as of March 31, 2017:

| millions of € | | | | |
|---|---------------|-------------------|-------------------|---------------|
| | Mar. 31, 2017 | Due within 1 year | Due > 1 ≤ 5 years | Due > 5 years |
| Bonds and other securitized liabilities | 52,791 | 8,778 | 14,765 | 29,248 |
| Liabilities to banks | 4,030 | 1,317 | 1,991 | 722 |
| Finance lease liabilities | 2,633 | 617 | 1,352 | 664 |
| Liabilities to non-banks from promissory notes | 543 | 35 | 257 | 251 |
| Liabilities with the right of creditors to priority repayment in the event of default | - | - | - | - |
| Other interest-bearing liabilities | 1,852 | 1,279 | 396 | 177 |
| Other non-interest-bearing liabilities | 1,597 | 1,463 | 131 | 3 |
| Derivative financial liabilities | 1,827 | 1,382 | 253 | 192 |
| FINANCIAL LIABILITIES | 65,273 | 14,871 | 19,145 | 31,257 |

PROVISIONS FOR PENSIONS AND OTHER EMPLOYEE BENEFITS

Provisions for pensions and other employee benefits decreased by EUR 0.2 billion to EUR 8.3 billion, mainly due to interest rate adjustments which resulted in an actuarial gain of EUR 0.1 billion to be recognized directly in equity.

SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT

OTHER OPERATING INCOME

| millions of € | | |
|--|------------|--------------|
| | Q1 2017 | Q1 2016 |
| Income from the disposal of non-current assets | 67 | 458 |
| Income from insurance compensation | 17 | 13 |
| Income from reimbursements | 53 | 51 |
| Income from ancillary services | 7 | 7 |
| Miscellaneous other operating income | 626 | 2,650 |
| Of which: income from divestitures and from the sale of stakes accounted for using the equity method | 519 | 2,513 |
| | 770 | 3,179 |

Income from the disposal of non-current assets decreased by EUR 0.4 billion compared with the prior-year period. This was attributable to income recognized in the prior-year period of EUR 0.4 billion from a transaction for the exchange of spectrum licenses between T-Mobile US and a competitor that was completed in March 2016. Miscellaneous other operating income decreased year-on-year by EUR 2.0 billion to a total of EUR 0.6 billion. In the reporting period, this mainly included income from the divestiture of Strato amounting to EUR 0.5 billion. In the prior-year period, income from the sale of stakes accounted for using the equity method included EUR 2.5 billion resulting from the sale of the stake in the EE joint venture. Around EUR 0.9 billion of this amount resulted from effects recognized directly in equity in previous years.

OTHER OPERATING EXPENSES

| millions of € | | |
|--|--------------|--------------|
| | Q1 2017 | Q1 2016 |
| Legal and audit fees | (51) | (45) |
| Losses from asset disposals | (34) | (47) |
| Expenses from measurement of receivables | (189) | (204) |
| Other taxes | (137) | (142) |
| Cash and guarantee transaction costs | (82) | (74) |
| Insurance expenses | (21) | (21) |
| Miscellaneous other operating expenses | (247) | (376) |
| | (761) | (909) |

Miscellaneous other operating expenses include a large number of individual items accounting for marginal amounts.

DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

Depreciation, amortization and impairment losses increased slightly year-on-year from EUR 3.1 billion to EUR 3.2 billion. This increase related primarily to the build-out of the 4G/LTE network in the United States operating segment. This was partially offset by depreciation in connection with the terminal equipment leased as part of the JUMP! On Demand program.

PROFIT/LOSS FROM FINANCIAL ACTIVITIES

Other financial income/expense deteriorated in the first quarter of 2017, mainly due to the following effects: the exercise and subsequent measurement of options embedded in bonds issued by T-Mobile US (termination rights) in the amount of EUR 0.4 billion, the subsequent measurement of derivatives embedded in the Mandatory Convertible Preferred Stock of T-Mobile US in the amount of EUR 0.2 billion, and the impairment of the financial stake in BT, which was recognized in profit and loss in the amount of EUR 0.7 billion. This impairment comprises both the share price effect and the exchange rate effect. For more information, please refer to the disclosures on financial instruments, page 42 et seq. In the prior-year period, other financial income/expense included a final dividend totaling EUR 0.2 billion in connection with the sale of the stake in the EE joint venture.

INCOME TAXES

A tax benefit of EUR 0.1 billion was recorded in the first quarter of 2017, which resulted in particular from the recognition of deferred taxes on federal loss carryforwards in the United States amounting to EUR 0.2 billion. In addition, taxes for previous years were reduced in Germany by a comparable amount.

In the prior-year period, a tax expense of EUR 0.9 billion was recorded, with the difference being a result of a higher profit before income taxes.

OTHER DISCLOSURES

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Net cash from operating activities

Net cash from operating activities increased by EUR 0.9 billion year-on-year to EUR 4.4 billion, mainly as a result of the positive business development of the United States operating segment. Factoring agreements resulted in positive effects of EUR 0.4 billion on net cash from operating activities in the reporting period. This mainly relates to factoring agreements in the Germany and Systems Solutions operating segments. The effect from factoring agreements in the prior-year period totaled EUR 0.7 billion. The dividend payment received from BT amounted to EUR 0.1 billion, while in the prior-year period, the EE joint venture remitted a dividend payment totaling EUR 0.2 billion. Both a year-on-year decrease of EUR 0.1 billion in cash outflows for income taxes and a reduction of EUR 0.1 billion in net interest payments had a positive impact.

Net cash used in investing activities

millions of €

| | Q1 2017 | Q1 2016 |
|--|----------------|----------------|
| Cash capex | | |
| Germany operating segment | (1,005) | (873) |
| United States operating segment | (1,442) | (1,756) |
| Europe operating segment | (475) | (940) |
| Systems Solutions operating segment | (86) | (78) |
| Group Development operating segment | (81) | (93) |
| Group Headquarters & Group Services | (242) | (227) |
| Reconciliation | 51 | 71 |
| | (3,280) | (3,896) |
| Net cash flows for collateral deposited for hedging transactions | (334) | (21) |
| Proceeds from the disposal of property, plant and equipment, and intangible assets | 118 | 157 |
| Allocation under contractual trust agreement (CTA) on pension commitments | - | (250) |
| Acquisition/sale of government bonds, net | 5 | 200 |
| Other | - | 72 |
| | (3,491) | (3,738) |

Cash capex decreased by EUR 0.6 billion to EUR 3.3 billion. In the reporting period, mobile spectrum licenses were acquired for total cash of EUR 35 million, primarily in the United States operating segment. In the prior-year period, the United States and Europe operating segments had acquired mobile spectrum licenses for EUR 1.1 billion. Excluding spectrum investments, cash capex increased by EUR 0.4 billion year-on-year, in particular in connection with the network modernization, including the build-out of the 4G/LTE network, in the United States operating segment and the broadband/fiber-optic build-out in the Germany operating segment.

Net cash from financing activities

millions of €

| | Q1 2017 | Q1 2016 |
|--|-------------|-------------|
| Repayment of bonds | (4,424) | (886) |
| Dividends (including to non-controlling interests) | (1) | (9) |
| Repayment of financial liabilities from financed capex and opex | - | (91) |
| Repayment of EIB loans | (57) | - |
| Net cash flows for collateral deposited for hedging transactions | 208 | (88) |
| Repayment of lease liabilities | (196) | (76) |
| Repayment of financial liabilities for media broadcasting rights | (62) | (58) |
| Cash deposits from the EE joint venture, net | - | (220) |
| Cash flows from continuing involvement factoring, net | (5) | 5 |
| Promissory notes, net | - | (336) |
| Secured loans | (1,863) | - |
| Issuance of bonds | 8,148 | 4,459 |
| Commercial paper, net | (572) | (1,556) |
| Cash inflows from transactions with non-controlling entities | | |
| T-Mobile US stock options | 14 | 1 |
| | 14 | 1 |
| Cash outflows from transactions with non-controlling entities | | |
| T-Mobile US share buy-back | (87) | (42) |
| Other | (1) | (1) |
| | (88) | (43) |
| Other | (122) | (274) |
| | 980 | 828 |

Non-cash transactions in the consolidated statement of cash flows

In the first quarter of 2017, Deutsche Telekom chose financing options totaling EUR 0.3 billion under which the payments for trade payables from operating and investing activities primarily become due at a later point in time by involving banks in the process (Q1 2016: EUR 0.2 billion). These payables are then shown under financial liabilities in the statement of financial position. As soon as the payments have been made, they are disclosed under net cash from/used in financing activities.

In the first quarter of 2017, Deutsche Telekom leased network equipment (classified as a finance lease) for a total of EUR 0.3 billion (Q1 2016: EUR 0.1 billion). The finance lease is then also shown under financial liabilities in the statement of financial position. Future repayments of the liabilities will be recognized in net cash from/used in financing activities.

Consideration for the acquisition of broadcasting rights will be paid by Deutsche Telekom in accordance with the terms of the contract on the date of its conclusion or spread over the term of the contract. Financial liabilities of EUR 0.1 billion were recognized in the first quarter of 2017 for future consideration for acquired broadcasting rights (Q1 2016: EUR 0.1 billion). As soon as the payments have been made, they are disclosed under net cash from/used in financing activities.

In the United States operating segment, mobile devices amounting to EUR 0.2 billion were recognized under property, plant and equipment in the reporting period (Q1 2016: EUR 0.7 billion). These relate to the JUMP! On Demand business model introduced at T-Mobile US in 2015 under which customers no longer purchase the device but lease it. The payments are presented under net cash from operating activities.

In the United States operating segment, the exchange of spectrum licenses between T-Mobile US and a competitor agreed in the third quarter of 2016 was completed in March 2017 and spectrum licenses with a value of EUR 0.1 billion were acquired in a non-cash transaction.

SEGMENT REPORTING

The table on the following page gives an overall summary of Deutsche Telekom's operating segments and the Group Headquarters & Group Services segment for the first quarters of 2017 and 2016.

Deutsche Telekom created the new Board of Management department Technology and Innovation, in which it has pooled the Group's overarching network, innovation, and IT tasks. This resulted in the following organizational changes: The Innovations, Telekom IT, and Technology units of the Germany, Europe, and Systems Solutions operating segments have been transferred into a separate Board department within the Group Headquarters & Group Services segment.

Since January 1, 2017, Deutsche Telekom has reported on the Group Development operating segment. Group Development actively manages and increases the value of selected subsidiaries and equity investments of the Group. The following units and subsidiaries have been included: T-Mobile Netherlands (previously in the Europe operating segment), Deutsche Funkturm (DFMG, previously in the Germany operating segment), as well as Deutsche Telekom Capital Partners (DTCP) and the stakes in BT plc, Scout24 AG, Ströer SE & Co. KGaA, and Strato, which was sold effective midnight March 31, 2017, (previously in the Group Headquarters & Group Services segment). The Group functions of Mergers & Acquisitions and Strategic Portfolio Management have also been assigned to Group Development.

Comparative figures have been adjusted retrospectively in segment reporting.

For details on the development of operations in the operating segments and the Group Headquarters & Group Services segment, please refer to the section "Development of business in the operating segments" in the interim Group management report, page 15 et seq.

Segment information in the first quarter

millions of €

| | | Net revenue | Intersegment revenue | Total revenue | Profit (loss) from operations (EBIT) | Depreciation and amortization | Impairment losses | Segment assets ^a | Segment liabilities ^a | Investments accounted for using the equity method ^a |
|-------------------------------------|---------|----------------|-------------------------|------------------|---|-------------------------------------|----------------------|--------------------------------|-------------------------------------|--|
| Germany | Q1 2017 | 5,069 | 328 | 5,397 | 1,086 | (935) | 0 | 31,560 | 25,094 | 19 |
| | Q1 2016 | 5,062 | 323 | 5,385 | 973 | (913) | (8) | 32,017 | 25,594 | 20 |
| United States | Q1 2017 | 8,982 | - | 8,982 | 1,003 | (1,387) | 0 | 69,456 | 50,975 | 213 |
| | Q1 2016 | 7,816 | 0 | 7,816 | 956 | (1,312) | 0 | 68,349 | 49,791 | 216 |
| Europe | Q1 2017 | 2,695 | 86 | 2,781 | 324 | (552) | (1) | 26,361 | 10,462 | 61 |
| | Q1 2016 | 2,695 | 68 | 2,763 | 335 | (574) | 0 | 26,600 | 10,991 | 59 |
| Systems Solutions | Q1 2017 | 1,369 | 335 | 1,704 | (37) | (98) | 0 | 7,586 | 5,273 | 22 |
| | Q1 2016 | 1,545 | 314 | 1,859 | 51 | (96) | 0 | 7,462 | 5,243 | 21 |
| Group Development | Q1 2017 | 444 | 151 | 595 | 686 | (71) | 0 | 11,177 | 2,735 | 395 |
| | Q1 2016 | 430 | 146 | 575 | 2,640 | (90) | 0 | 11,221 | 2,417 | 397 |
| Group Headquarters & Group Services | Q1 2017 | 88 | 649 | 737 | (292) | (147) | (1) | 41,122 | 53,016 | 11 |
| | Q1 2016 | 84 | 698 | 781 | (430) | (149) | (1) | 37,702 | 50,483 | 12 |
| TOTAL | Q1 2017 | 18,646 | 1,549 | 20,196 | 2,770 | (3,190) | (2) | 187,262 | 147,555 | 721 |
| | Q1 2016 | 17,630 | 1,549 | 19,179 | 4,525 | (3,134) | (9) | 183,351 | 144,519 | 725 |
| Reconciliation | Q1 2017 | - | (1,549) | (1,549) | 1 | 1 | - | (38,638) | (38,749) | 1 |
| | Q1 2016 | - | (1,549) | (1,549) | - | 1 | - | (34,866) | (34,879) | - |
| GROUP | Q1 2017 | 18,646 | - | 18,646 | 2,771 | (3,189) | (2) | 148,624 | 108,806 | 722 |
| | Q1 2016 | 17,630 | - | 17,630 | 4,525 | (3,133) | (9) | 148,485 | 109,640 | 725 |

^a Figures relate to the reporting dates of March 31, 2017 and December 31, 2016, respectively.**CONTINGENT LIABILITIES**

This section provides additional information and explains recent changes in the contingent liabilities as described in the consolidated financial statements for the 2016 financial year.

Toll Collect arbitration proceedings. In the Toll Collect arbitration proceedings another hearing took place in March 2017. The shareholders Deutsche Telekom AG and Daimler Financial Services AG have also asserted counterclaims based on breaches of duties by the Federal Republic of Germany in relation to the delay in the start of toll collection.

FUTURE OBLIGATIONS FROM OPERATING LEASES AND OTHER FINANCIAL OBLIGATIONS

The following table provides an overview of Deutsche Telekom's obligations from operating leases and other financial obligations as of March 31, 2017:

millions of €

| | Mar. 31, 2017 |
|--|---------------|
| Future obligations from operating leases | 16,827 |
| Purchase commitments regarding property, plant and equipment | 2,877 |
| Purchase commitments regarding intangible assets | 495 |
| Firm purchase commitments for inventories | 2,309 |
| Other purchase commitments and similar obligations | 13,488 |
| Payment obligations to the Civil Service Pension Fund | 3,110 |
| Purchase commitments for interests in other companies | 6 |
| Miscellaneous other obligations | 9 |
| | 39,121 |

DISCLOSURES ON FINANCIAL INSTRUMENTS

Carrying amounts, amounts recognized, and fair values by class and measurement category

millions of €

| | | Amounts recognized in the statement of financial position in accordance with IAS 39 | | | | | |
|---|--|---|----------------|------|---------------------------------------|---|--|
| | Category in accordance with IAS 39 | Carrying amounts Mar. 31, 2017 | Amortized cost | Cost | Fair value recognized in equity | Fair value recognized in profit or loss | |
| ASSETS | | | | | | | |
| Cash and cash equivalents | LaR | 9,542 | 9,542 | | | | |
| Trade receivables | LaR | 8,873 | 8,873 | | | | |
| Originated loans and receivables | LaR/n. a. | 5,389 | 5,215 | | | | |
| Of which: collateral paid | LaR | 323 | 323 | | | | |
| Other non-derivative financial assets | | | | | | | |
| Held-to-maturity investments | HtM | 5 | 5 | | | | |
| Available-for-sale financial assets | AFS | 4,913 | | 160 | 4,753 | | |
| Derivative financial assets | | | | | | | |
| Derivatives without a hedging relationship | FAHFT | 1,099 | | | | 1,099 | |
| Of which: termination rights embedded in bonds issued | FAHFT | 475 | | | | 475 | |
| Derivatives with a hedging relationship | n. a. | 471 | | | 310 | 161 | |
| LIABILITIES | | | | | | | |
| Trade payables | FLAC | 8,938 | 8,938 | | | | |
| Bonds and other securitized liabilities | FLAC | 52,791 | 52,791 | | | | |
| Liabilities to banks | FLAC | 4,030 | 4,030 | | | | |
| Liabilities to non-banks from promissory notes | FLAC | 543 | 543 | | | | |
| Liabilities with the right of creditors to priority repayment in the event of default | FLAC | – | – | | | | |
| Other interest-bearing liabilities | FLAC | 1,852 | 1,852 | | | | |
| Of which: collateral received | FLAC | 583 | 583 | | | | |
| Other non-interest-bearing liabilities | FLAC | 1,597 | 1,597 | | | | |
| Finance lease liabilities | n. a. | 2,633 | | | | | |
| Derivative financial liabilities | | | | | | | |
| Derivatives without a hedging relationship | FLHFT | 1,647 | | | | 1,647 | |
| Of which: conversion rights embedded in Mandatory Convertible Preferred Stock | FLHFT | 1,019 | | | | 1,019 | |
| Of which: options granted to third parties for the purchase of shares in subsidiaries | FLHFT | – | | | | – | |
| Of which: energy forward agreement embedded in renewable energy purchase agreement | FLHFT | 4 | | | | 4 | |
| Derivatives with a hedging relationship | n. a. | 180 | | | 15 | 165 | |
| Derivative financial liabilities directly associated with non-current assets and disposal groups held for sale | FLHFT | 50 | | | | 50 | |
| Of which: aggregated by category in accordance with IAS 39 | | | | | | | |
| Loans and receivables | LaR | 23,630 | 23,630 | | | | |
| Held-to-maturity investments | HtM | 5 | 5 | | | | |
| Available-for-sale financial assets | AFS | 4,913 | | 160 | 4,753 | | |
| Financial assets held for trading | FAHFT | 1,099 | | | | 1,099 | |
| Financial liabilities measured at amortized cost | FLAC | 69,751 | 69,751 | | | | |
| Financial liabilities held for trading | FLHFT | 1,697 | | | | 1,697 | |

^a The exemption provisions under IFRS 7.29a were applied for information on specific fair values.

Trade receivables include receivables amounting to EUR 1.5 billion (December 31, 2016: EUR 1.5 billion) due in more than one year. The fair value generally equates to the carrying amount.

| Amounts recognized in the statement of financial position in accordance with IAS 17 | Fair value Mar. 31, 2017 ^a | Amounts recognized in the statement of financial position in accordance with IAS 39 | | | | | | Amounts recognized in the statement of financial position in accordance with IAS 17 | Fair value Dec. 31, 2016 ^a |
|--|--|---|--------------------------------------|----------------|------|---------------------------------------|---|--|--|
| | | Category in accordance with IAS 39 | Carrying amounts Dec. 31, 2016 | Amortized cost | Cost | Fair value recognized in equity | Fair value recognized in profit or loss | | |
| | - | LaR | 7,747 | 7,747 | | | | | - |
| | - | LaR | 9,179 | 9,179 | | | | | - |
| 174 | 5,425 | LaR/n.a. | 5,664 | 5,482 | | | | 182 | 5,701 |
| | - | LaR | 235 | 235 | | | | | - |
| | - | HtM | 8 | 8 | | | | | - |
| | 4,753 | AtS | 5,548 | | 126 | 5,422 | | | 5,422 |
| | 1,099 | FAHfT | 1,881 | | | | 1,881 | | 1,881 |
| | 475 | FAHfT | 915 | | | | 915 | | 915 |
| | 471 | n.a. | 498 | | | 268 | 230 | | 498 |
| | - | FLAC | 10,388 | 10,388 | | | | | - |
| | 58,175 | FLAC | 50,090 | 50,090 | | | | | 55,547 |
| | 4,114 | FLAC | 4,097 | 4,097 | | | | | 4,186 |
| | 663 | FLAC | 535 | 535 | | | | | 662 |
| | - | FLAC | 1,866 | 1,866 | | | | | 1,921 |
| | 1,885 | FLAC | 1,823 | 1,823 | | | | | 1,859 |
| | - | FLAC | 829 | 829 | | | | | - |
| | - | FLAC | 1,958 | 1,958 | | | | | - |
| 2,633 | 2,901 | n.a. | 2,547 | | | | | 2,547 | 2,852 |
| | 1,647 | FLHfT | 1,607 | | | | 1,607 | | 1,607 |
| | 1,019 | FLHfT | 837 | | | | 837 | | 837 |
| | - | FLHfT | - | | | | | | - |
| | 4 | FLHfT | - | | | | | | - |
| | 180 | n.a. | 127 | | | 48 | 79 | | 127 |
| | 50 | FLHfT | 50 | | | | 50 | | 50 |
| | 5,251 | LaR | 22,408 | 22,408 | | | | | 5,519 |
| | - | HtM | 8 | 8 | | | | | - |
| | 4,753 | AtS | 5,548 | | 126 | 5,422 | | | 5,422 |
| | 1,099 | FAHfT | 1,881 | | | | 1,881 | | 1,881 |
| | 64,837 | FLAC | 70,757 | 70,757 | | | | | 64,175 |
| | 1,697 | FLHfT | 1,657 | | | | 1,657 | | 1,657 |

Financial instruments measured at fair value

millions of €

| | Mar. 31, 2017 | | | | Dec. 31, 2016 | | | |
|--|---------------|---------|---------|-------|---------------|---------|---------|-------|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| ASSETS | | | | | | | | |
| Available-for-sale financial assets (AFS) | 4,530 | | 223 | 4,753 | 5,212 | | 210 | 5,422 |
| Financial assets held for trading (FAHFT) | | 624 | 475 | 1,099 | | 966 | 915 | 1,881 |
| Derivative financial assets with a hedging relationship | | 471 | | 471 | | 498 | | 498 |
| LIABILITIES | | | | | | | | |
| Financial liabilities held for trading (FLHFT) | | 624 | 1,073 | 1,697 | | 770 | 887 | 1,657 |
| Derivative financial liabilities with a hedging relationship | | 180 | | 180 | | 127 | | 127 |

Of the available-for-sale financial assets (AFS) presented under other non-derivative financial assets, the instruments presented in the different levels constitute separate classes of financial instruments. In each case, the fair values of the total volume of instruments recognized as Level 1 are the price quotations at the reporting date. The total volume of instruments recognized as Level 1 amounting to EUR 4,530 million (December 31, 2016: EUR 5,212 million) comprises a strategic financial stake of 12 percent in BT with a carrying amount equivalent to around EUR 4.4 billion. Following recognition in profit and loss of the impairment of the financial stake as of December 31, 2016, the fair value of the investment as of March 31, 2017 declined by a further amount equivalent to around EUR 0.7 billion. This decrease comprises both

a share price effect and an exchange rate effect and was expensed in full in the consolidated income statement. The financial stake will continue to be measured at the current share value translated into euros. Future decreases in value would have to be expensed in full (i.e., share price effect and exchange rate effect) directly in the consolidated income statement. Future increases in value would have to be recognized in full directly in equity (other comprehensive income).

Development of the carrying amounts of the financial assets and financial liabilities assigned to Level 3

millions of €

| | Available-for-sale financial assets (AFS) | Financial assets held for trading (FAHFT): early redemption options embedded in bonds | Financial liabilities held for trading (FLHFT): conversion rights embedded in Mandatory Convertible Preferred Stock | Financial liabilities held for trading (FLHFT): energy forward agree- ment embedded in rene- wable energy purchase agreement |
|--|---|---|---|--|
| Carrying amount as of January 1, 2017 | 210 | 915 | (837) | - |
| Additions (including first-time categorization as Level 3) | 20 | 16 | - | 0 |
| Value decreases recognized in profit/loss (including losses on disposal) | 0 | (155) | (193) | (4) |
| Value increases recognized in profit/loss (including gains on disposal) | 0 | 12 | - | - |
| Value decreases recognized directly in equity | (3) | - | - | - |
| Value increases recognized directly in equity | - | - | - | - |
| Disposals | (4) | (301) | - | - |
| Currency translation effects recognized directly in equity | - | (12) | 11 | - |
| CARRYING AMOUNT AS OF MARCH 31, 2017 | 223 | 475 | (1,019) | (4) |

The available-for-sale financial assets assigned to Level 3 that are carried under other non-derivative financial assets are equity investments with a carrying amount of EUR 223 million measured using the best information available at the reporting date. As a rule, Deutsche Telekom considers transactions involving shares in those companies to have the greatest relevance. Transactions involving shares in comparable companies are also considered. The closeness of the transaction in question to the reporting date and the question of whether the transaction was at arm's length are relevant for the decision on which information will ultimately be used for the measurement. Furthermore, the degree of similarity between the object being measured and comparable companies must be taken into consideration. Based on Deutsche Telekom's own assessment, the fair values of the equity investments at the reporting date could be determined with sufficient reliability. In the case of investments with a carrying amount of EUR 98 million, transactions involving shares in these companies took place at arm's length sufficiently close to the reporting date, which is why the share prices agreed in the transactions were to be used without adjustment for the measurement as of March 31, 2017. In the case of investments with a carrying amount of EUR 84 million, although the last arm's length transactions relating to shares in these companies took place some time ago, based on the analysis of operational development (in particular revenue, EBIT, and liquidity), the previous carrying amount nevertheless corresponds to the fair value and, due to limited comparability, is preferable to measurement on the basis of transactions executed more recently relating to shares in comparable companies. In the case of investments with a carrying amount of EUR 41 million, for which the last arm's length transactions relating to shares in these companies took place some time ago, measurement executed more recently relating to shares in comparable companies provides the most reliable representation of the fair values. Here, multiples to the reference variable of net revenue (ranging between 1.40 and 5.56) were taken, using the respective median. In certain cases, due to specific circumstances, valuation discounts need to be applied to the respective multiples. If the value of the respective 2/3-quantile (1/3-quantile) had been used as a multiple with no change in the reference variables, the fair value of the investments at the reporting date would have been EUR 2 million higher (EUR 7 million lower). If the reference variables had been 10 percent higher (lower) with no change in the multiples, the fair value of the investments at the reporting date would have been EUR 2 million higher (EUR 2 million lower). In the reporting period, net expense of less than EUR 1 million was recognized in other financial income/expense for unrealized losses for the investments in the portfolio at the reporting date. Please refer to the table on the previous page for the development of the carrying amounts in the reporting period. No plans existed as of the reporting date to sell these investments.

The listed bonds and other securitized liabilities are assigned to Level 1 or Level 2 on the basis of the amount of the trading volume for the relevant instrument. As a rule, issues denominated in euros or U.S. dollars with relatively large nominal amounts are to be classified as Level 1, the rest as Level 2. The fair values of the instruments assigned to Level 1 equal the nominal amounts multiplied by the price quotations at the reporting date. The fair values of the instruments assigned to Level 2 are calculated as the present values of the payments associated with the debts, based on the applicable yield curve and Deutsche Telekom's credit spread curve for specific currencies.

The fair values of liabilities to banks, liabilities to non-banks from promissory notes, other interest-bearing liabilities, and finance lease liabilities are calculated as the present values of the payments associated with the debts, based on the applicable yield curve and Deutsche Telekom's credit spread curve for specific currencies.

Since there are no market prices available for the derivative financial instruments in the portfolio assigned to Level 2 due to the fact that they are not listed on the market, the fair values are calculated using standard financial valuation models, based entirely on observable inputs. The fair value of derivatives is the value that Deutsche Telekom would receive or have to pay if the financial instrument were transferred at the reporting date. Interest rates of contractual partners relevant as of the reporting date are used in this respect. The middle rates applicable as of the reporting date are used as exchange rates. In the case of interest-bearing derivatives, a distinction is made between the clean price and the dirty price. In contrast to the clean price, the dirty price also includes the interest accrued. The fair values carried correspond to the full fair value or the dirty price.

The financial assets held for trading assigned to Level 3 that are carried under other derivative financial assets relate to options embedded in bonds issued by T-Mobile US with a carrying amount of EUR 475 million when translated into euros. The options, which can be exercised by T-Mobile US at any time, allow early redemption of the bonds at fixed exercise prices. Observable market prices are available routinely and also at the reporting date for the bonds as entire instruments, but not for the options embedded therein. The termination rights were measured using an option pricing model. Historical interest rate volatilities of bonds issued by T-Mobile US and comparable issuers are used for the measurement because these provide a more reliable estimate for these unobservable inputs at the reporting date than current market interest rate volatilities. The absolute figure used for the interest rate volatility at the current reporting date was between 1.8 and 2.5 percent. The spread curve, which is also unobservable, was derived on the basis of current market prices of bonds issued by T-Mobile US and debt instruments of comparable issuers. The spreads used at the current reporting date were between 1.7 and 3.5 percent for the maturities of the bonds and between 1.2 and 1.4 percent for shorter terms. In our opinion, 10 percent constituted the best estimate for the mean reversion, another unobservable input. If 10 percent higher (lower) interest rate volatilities in absolute terms had been used for the measurement at the reporting date, with otherwise unchanged parameters, the fair value of the options from T-Mobile US' perspective would have been EUR 50 million higher (EUR 52 million lower) when translated into euros. If spreads of 100 basis points higher (lower) had been used for the measurement at the reporting date, with otherwise unchanged parameters, the fair value of the options from T-Mobile US' perspective would have been EUR 168 million lower (EUR 221 million higher) when translated into euros. If a mean reversion of 100 basis points higher (lower) had been used for the measurement at the reporting date, with otherwise unchanged parameters, the fair value of the options from T-Mobile US' perspective would have been EUR 18 million lower (EUR 12 million higher) when translated into euros. In the reporting period, net income of EUR 8 million when translated into euros was recognized under the Level 3 measurement in other financial income/expense for unrealized gains for the options in the portfolio at the reporting date. The value of the options

still in the portfolio at the reporting date did not change materially from the prior period because the amount of the parameters relevant for measurement as of the reporting date did not change materially compared with the previous reporting date. In the reporting period, several options were exercised and the relevant bonds canceled prematurely. At the time of termination, the options and their total carrying amount translated into euros (EUR 301 million) were expensed and derecognized. Please refer to the table on page 44 for the development of the carrying amounts in the reporting period. The impairments recognized in profit and loss in the reporting period resulted mainly from the final measurement of the options disposed of in the reporting period immediately prior to their derecognition, because at this time, the interest rates and historical absolute interest rate volatilities that are relevant for measurement deviated accordingly from those at the last reporting date. Due to its distinctiveness, this instrument constitutes a separate class of financial instruments.

The financial liabilities held for trading assigned to Level 3 that are presented under derivative financial liabilities with a carrying amount of EUR 1,019 million when translated into euros relate to stock options embedded in the Mandatory Convertible Preferred Stock issued by T-Mobile US. The Mandatory Convertible Preferred Stock will be converted into a variable number of shares of T-Mobile US on the maturity date in 2017 and, in accordance with IFRS, is disclosed as debt rather than equity. The entire instrument is split into a debt instrument (bond) measured at amortized cost and an embedded derivative measured at fair value through profit or loss. In addition to conversion on the maturity date, this derivative also includes the early conversion rights granted to investors. An observable market price is available regularly and at the reporting date for the Mandatory Convertible Preferred Stock as an entire instrument, but not for the options embedded therein. The conversion rights are measured using an option pricing model. The market price of the entire instrument and its individual components is largely dependent on T-Mobile US' share price performance and the market interest rates. If the share price of T-Mobile US had been 10 percent higher (lower) at the reporting date, with otherwise unchanged parameters, the fair value of the options from T-Mobile US' perspective would have been EUR 197 million lower (EUR 196 million higher) when translated into euros. If a market interest rate of 100 basis points higher (lower) had been used for the measurement at the reporting date, with otherwise unchanged parameters, the fair value of the options from T-Mobile US' perspective would have been EUR 7 million lower (EUR 7 million higher) when translated into euros. In the reporting period, a net expense of EUR 193 million when translated into euros was recognized in other financial income/expense for unrealized losses for the options in the portfolio at the reporting date. Please refer to the table on page 44 for the development of the carrying amount in the reporting period. The change in the market price in the reporting period is largely attributable to the rise in T-Mobile US' share price. Due to its distinctiveness, this instrument constitutes a separate class of financial instruments.

With a carrying amount of EUR 4 million when translated into euros, the financial liabilities held for trading assigned to Level 3 that are carried under derivative financial liabilities relate to an energy forward agreement embedded in a renewable energy purchase agreement entered into by T-Mobile US. The renewable energy purchase agreement consists of two components, namely the energy forward agreement and the acquisition of renewable energy certificates by T-Mobile US. The agreement was entered into with an energy-generating facility in 2017. Its term will run for twelve years from commencement of commercial operation, which is expected at the end of 2017. The settlement period of the energy forward agreement, which is accounted for separately as a derivative, also starts when the facility begins commercial operation. Under the energy forward agreement, T-Mobile US receives variable amounts based on the facility's actual energy output and then current energy prices, and pays fixed amounts per unit of energy generated throughout the term of the contract. The energy forward agreement is measured using a valuation model because no observable market prices are available. The value of the derivative is materially influenced by the facility's future energy output, for which T-Mobile US estimated a value of 625.5 gigawatt hours per year at the reporting date. The value of the derivative is also materially influenced by future energy prices, which are not observable for the period beyond five years. Further, the value of the derivative is materially influenced by the future prices for renewable energy certificates, which are also not observable. For the unobservable portion of the term, T-Mobile US used on-peak energy prices between EUR 22.51 and EUR 38.93 when translated into euros and off-peak prices between EUR 17.11 and EUR 30.64 when translated into euros. An off-peak/on-peak ratio of 57 percent was used. If 10 percent higher (lower) future energy prices had been used for the measurement at the reporting date, with otherwise unchanged parameters, the fair value of the derivative from T-Mobile US' perspective would have been EUR 14 million higher (EUR 14 million lower) when translated into euros. If a 5 percent higher (lower) future energy output had been used for the measurement at the reporting date, with otherwise unchanged parameters, the fair value of the derivative from T-Mobile US' perspective would have been EUR 4 million higher (EUR 4 million lower) when translated into euros. If the future prices for renewable energy certificates had been doubled for the measurement at the reporting date, with otherwise unchanged parameters, the fair value of the derivative from T-Mobile US' perspective would have been EUR 3 million higher when translated into euros. If the future prices for renewable energy certificates had been set to zero for the measurement at the reporting date, with otherwise unchanged parameters, the fair value of the derivative from T-Mobile US' perspective would have been EUR 3 million lower when translated into euros. In the reporting period, a net loss of EUR 4 million when translated into euros was recognized under the Level 3 measurement in other operating expenses for unrealized losses for the derivative. Please refer to the table on page 44 for the development of the carrying amounts in the reporting period. The change in value occurring in the reporting period is mainly attributable to a decrease in observable and in unobservable energy prices. Due to its

distinctiveness, this instrument constitutes a separate class of financial instruments. The measurement of the derivative on initial recognition resulted in a positive value from T-Mobile US' perspective of EUR 45 million when translated into euros. In the view of T-Mobile US, the contract was entered into at current market conditions, and the most appropriate parameters for the unobservable inputs were used for measurement purposes. The transaction price at inception was zero. Since the unobservable inputs have a material influence on the measurement of the derivative, the amount resulting from initial measurement was not carried on initial recognition. Instead, this amount is amortized in profit or loss on a straight-line basis over the period of commercial energy generation (EUR 4 million per year when translated into euros). This amortization adjusts the effects from measuring the derivative on an ongoing basis using the valuation model and updated parameters. All amounts from the measurement of the derivative are presented in net terms in the statement of financial position (other derivative financial assets/liabilities) and in the income statement (other operating income/expenses). The difference yet to be amortized in the income statement developed as follows during the reporting period:

Energy forward agreement: development of the measurement amount on initial recognition not yet amortized
millions of €

| | |
|--|-----------|
| Measurement amount on initial recognition on January 31, 2017 | 45 |
| Measurement amount amortized in profit or loss in the current reporting period | - |
| MEASUREMENT AMOUNT NOT AMORTIZED AS OF MARCH 31, 2017 | 45 |

The financial liabilities assigned to Level 3 include derivative financial liabilities with a carrying amount of EUR 50 million resulting from an option granted to third parties in the 2015 financial year for the purchase of shares in a subsidiary of Deutsche Telekom. The term ends in 2017 and no notable fluctuations in value are expected in future. Due to its distinctiveness, this instrument constitutes a separate class of financial instruments. It is reported in derivative financial liabilities directly associated with non-current assets and disposal groups held for sale.

Disclosures on credit risk. In line with the contractual provisions, in the event of insolvency all derivatives with a positive or negative fair value that exist with the respective counterparty are offset against each other, leaving a net receivable or liability. The net amounts are normally recalculated every bank working day and corresponding cash collateral is then exchanged. When the netting of the positive and negative fair values of all derivatives was positive from Deutsche Telekom's perspective, Deutsche Telekom received unrestricted cash collateral from counterparties pursuant to collateral contracts in the amount of EUR 583 million (December 31, 2016: EUR 829 million). The credit risk was thus reduced by EUR 582 million (December 31, 2016:

EUR 781 million) because on the reporting date the collateral received is offset by corresponding net derivative positions in this amount. On the basis of these contracts, derivatives with a positive fair value and a total carrying amount of EUR 1,095 million as of the reporting date (December 31, 2016: EUR 1,464 million) had a maximum credit risk of EUR 66 million (December 31, 2016: EUR 11 million) as of March 31, 2017. There is no danger of default on embedded derivatives held. For information on the amount not yet amortized from initial measurement of the energy forward agreement, please refer to the aforementioned explanation. When the netting of the positive and negative fair values of all derivatives was negative from Deutsche Telekom's perspective, Deutsche Telekom provided cash collateral in the amount of EUR 323 million (December 31, 2016: EUR 235 million) to counterparties pursuant to collateral contracts. The net amounts are normally recalculated every bank working day and offset against each other. The cash collateral paid is offset by corresponding net derivative positions of EUR 321 million at the reporting date (December 31, 2016: EUR 209 million), which is why it was not exposed to any credit risks in this amount. The collateral paid is reported under originated loans and receivables within other financial assets. On account of its close connection to the corresponding derivatives, the collateral paid constitutes a separate class of financial assets. Likewise, the collateral received, which is reported under financial liabilities, constitutes a separate class of financial liabilities on account of its connection to the corresponding derivatives. No other significant agreements reducing the maximum exposure to the credit risks of financial assets existed. The maximum exposure to credit risk of the other financial assets thus corresponds to their carrying amounts.

SERVICE CONCESSION ARRANGEMENTS

Satellit NV, Machelen, Belgium, signed a contractual arrangement with Viapass on July 25, 2014, the public agency responsible for toll collection in Belgium, for the set-up, operation, and financing of an electronic toll collection system. Following Viapass' acceptance of the system on March 30, 2016, the set-up phase was completed on March 31, 2016. As a result, income of EUR 0.1 billion from the construction contract was recognized in the prior-year period as of March 31, 2016. With the operation phase having started on April 1, 2016, the separate fees for operation and maintenance services will in the future be recognized as revenue in the respective periods in accordance with the provisions of IAS 18. Net revenue of EUR 18 million was recorded in the first quarter of 2017.

RELATED-PARTY DISCLOSURES

There were no significant changes at March 31, 2017 to the related-party disclosures reported in the consolidated financial statements as of December 31, 2016.

EXECUTIVE BODIES**Changes in the composition of the Board of Management**

At its meeting on June 30, 2016, the Supervisory Board of Deutsche Telekom AG resolved to extend the Group Board of Management by setting up a new Board department Technology and Innovation. The new department is headed by Claudia Nemat effective January 1, 2017, who was previously responsible for the Europe and Technology department.

At its meeting on June 30, 2016, the Supervisory Board of Deutsche Telekom AG also appointed Srini Gopalan as Board member responsible for Europe effective January 1, 2017.

EVENTS AFTER THE REPORTING PERIOD (MARCH 31, 2017)

Acquisition of spectrum licenses. On April 13, 2017, the U.S. Federal Communications Commission (FCC) announced the results of the spectrum auction started in 2016. T-Mobile US took part in the auction and acquired a total of 1,525 licenses for 600 MHz spectrum – 31 MHz on average nationwide – for a purchase price of USD 7.99 billion. The cash deposit of USD 2.2 billion put down with the FCC at the start of the auction in June 2016 and recognized under other financial assets as of March 31, 2017 is sufficient to cover the resulting advance payment obligation on April 27, 2017. The residual price of USD 5.8 billion is to be paid by May 11, 2017.

Exchange of spectrum licenses. In April 2017, T-Mobile US signed an agreement with a third party to exchange spectrum licenses. Subject to approval by the regulatory authorities, and provided other customary requirements for such a transaction are met, the transaction is expected to be completed in the second half of 2017.

Early repayment of senior notes by T-Mobile US. In April 2017, T-Mobile US prematurely repaid senior notes issued in five tranches with a total volume of USD 6.75 billion and interest rates of between 6.250 and 6.731 percent. A senior note in the amount of USD 1.75 billion was settled on April 3, 2017 at a price of 103.125 percent of the nominal value (plus interest accrued). The other senior notes with an aggregate volume of USD 5.0 billion were repaid on April 28, 2017 at prices between 100.000 percent of the nominal value (plus accrued interest) and 103.366 percent of the nominal value (plus accrued interest).

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim Group management report

includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Bonn, May 11, 2017

Deutsche Telekom AG
Board of Management

Timotheus Höttges

Reinhard Clemens

Niek Jan van Damme

Thomas Dannenfeldt

Srini Gopalan

Dr. Christian P. Illek

Dr. Thomas Kremer

Claudia Nemat

REVIEW REPORT

To Deutsche Telekom AG, Bonn

We have reviewed the condensed consolidated interim financial statements – comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, and selected explanatory notes – and the interim Group management report of Deutsche Telekom AG, Bonn, for the period from January 1 to March 31, 2017, which are part of the quarterly financial report pursuant to § 37w of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). The preparation of the condensed consolidated interim financial statements in accordance with the IFRSs applicable to the interim financial reporting as adopted by the EU and to the interim Group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent company's board of management. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim Group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim Group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standards on Review Engagements, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU and that the interim Group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU nor that the interim Group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Frankfurt/Main, May 11, 2017

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Peter Bartels
Wirtschaftsprüfer

Thomas Tandetzki
Wirtschaftsprüfer

ADDITIONAL INFORMATION

RECONCILIATION OF PRO FORMA FIGURES

SPECIAL FACTORS

The following table presents a reconciliation of EBITDA, EBIT, and net profit/loss to the respective figures adjusted for special factors. Reconciliations are

presented for the reporting period, the prior-year period, and the full 2016 financial year:

millions of €

| | EBITDA Q1 2017 | EBIT Q1 2017 | EBITDA Q1 2016 | EBIT Q1 2016 | EBITDA FY 2016 | EBIT FY 2016 |
|---|-------------------|-----------------|-------------------|-----------------|-------------------|-----------------|
| EBITDA/EBIT | 5,963 | 2,771 | 7,667 | 4,525 | 22,544 | 9,164 |
| GERMANY | (49) | (49) | (158) | (158) | (910) | (910) |
| Staff-related measures | (37) | (37) | (144) | (144) | (854) | (854) |
| Non-staff-related restructuring | (7) | (7) | (14) | (14) | (38) | (38) |
| Effects of deconsolidations, disposals and acquisitions | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | (5) | (5) | 0 | 0 | (18) | (18) |
| UNITED STATES | 4 | 4 | 360 | 360 | 406 | 406 |
| Staff-related measures | (1) | (1) | (7) | (7) | (11) | (11) |
| Non-staff-related restructuring | 0 | 0 | 0 | 0 | 0 | 0 |
| Effects of deconsolidations, disposals and acquisitions | 0 | 0 | 367 | 367 | 417 | 417 |
| Impairment losses | - | 0 | - | 0 | - | 0 |
| Other | 5 | 5 | 0 | 0 | 0 | 0 |
| EUROPE | (12) | (12) | (22) | (22) | (93) | (277) |
| Staff-related measures | (11) | (11) | (28) | (28) | (100) | (100) |
| Non-staff-related restructuring | 0 | 0 | (1) | (1) | (4) | (4) |
| Effects of deconsolidations, disposals and acquisitions | 0 | 0 | 7 | 7 | 25 | 25 |
| Impairment losses | - | 0 | - | 0 | - | (184) |
| Other | 0 | 0 | 0 | 0 | (14) | (14) |
| SYSTEMS SOLUTIONS | (35) | (35) | (49) | (49) | (252) | (276) |
| Staff-related measures | (14) | (14) | (24) | (24) | (136) | (136) |
| Non-staff-related restructuring | 0 | 0 | (2) | (2) | (5) | (5) |
| Effects of deconsolidations, disposals and acquisitions | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment losses | - | 0 | - | 0 | - | 0 |
| Other | (21) | (21) | (24) | (24) | (111) | (135) |
| GROUP DEVELOPMENT | 519 | 519 | 2,506 | 2,506 | 2,547 | 2,132 |
| Staff-related measures | 5 | 5 | 0 | 0 | (35) | (35) |
| Non-staff-related restructuring | (2) | (2) | 0 | 0 | (3) | (3) |
| Effects of deconsolidations, disposals and acquisitions | 516 | 516 | 2,507 | 2,507 | 2,585 | 2,585 |
| Impairment losses | - | 0 | - | 0 | - | (415) |
| Other | 0 | 0 | 0 | 0 | 0 | 0 |
| GROUP HEADQUARTERS & GROUP SERVICES | (16) | (16) | (133) | (133) | (574) | (574) |
| Staff-related measures | (19) | (19) | (46) | (46) | (502) | (502) |
| Non-staff-related restructuring | (2) | (2) | (17) | (17) | (31) | (31) |
| Effects of deconsolidations, disposals and acquisitions | 6 | 6 | (49) | (49) | (11) | (11) |
| Impairment losses | - | 0 | - | 0 | - | 0 |
| Other | (1) | (1) | (21) | (21) | (29) | (29) |
| GROUP RECONCILIATION | 1 | 1 | 0 | 0 | (1) | (1) |
| Staff-related measures | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-staff-related restructuring | 0 | 0 | 0 | 0 | 0 | 0 |
| Effects of deconsolidations, disposals and acquisitions | 0 | 0 | 0 | 0 | (1) | (1) |
| Other | 1 | 1 | 0 | 0 | 0 | 0 |
| TOTAL SPECIAL FACTORS | 412 | 412 | 2,504 | 2,504 | 1,124 | 501 |
| EBITDA/EBIT (ADJUSTED FOR SPECIAL FACTORS) | 5,550 | 2,359 | 5,163 | 2,021 | 21,420 | 8,663 |
| Profit (loss) from financial activities (adjusted for special factors) | | (1,355) | | (215) | | (2,323) |
| PROFIT (LOSS) BEFORE INCOME TAXES (ADJUSTED FOR SPECIAL FACTORS) | | 1,004 | | 1,806 | | 6,340 |
| Income taxes (adjusted for special factors) | | 0 | | (582) | | (1,858) |
| PROFIT (LOSS) (ADJUSTED FOR SPECIAL FACTORS) | | 1,004 | | 1,224 | | 4,482 |
| PROFIT (LOSS) (ADJUSTED FOR SPECIAL FACTORS) ATTRIBUTABLE TO | | | | | | |
| Owners of the parent (net profit (loss)) (adjusted for special factors) | | 939 | | 1,047 | | 4,114 |
| Non-controlling interests (adjusted for special factors) | | 64 | | 177 | | 368 |

GROSS AND NET DEBT

Deutsche Telekom considers net debt to be an important performance indicator for investors, analysts, and rating agencies.

millions of €

| | Mar. 31, 2017 | Dec. 31, 2016 | Change | Change % | Mar. 31, 2016 |
|---|---------------|---------------|------------|--------------|---------------|
| Financial liabilities (current) | 14,871 | 14,422 | 449 | 3.1 % | 13,876 |
| Financial liabilities (non-current) | 50,402 | 50,228 | 174 | 0.3 % | 48,185 |
| FINANCIAL LIABILITIES | 65,273 | 64,650 | 623 | 1.0 % | 62,061 |
| Accrued interest | (690) | (955) | 265 | 27.7 % | (696) |
| Other | (932) | (1,029) | 97 | 9.4 % | (832) |
| GROSS DEBT | 63,651 | 62,666 | 985 | 1.6 % | 60,533 |
| Cash and cash equivalents | 9,542 | 7,747 | 1,795 | 23.2 % | 7,332 |
| Available-for-sale financial assets/ financial assets held for trading | 7 | 10 | (3) | (30.0) % | 2,666 |
| Derivative financial assets | 1,570 | 2,379 | (809) | (34.0) % | 2,654 |
| Other financial assets | 2,569 | 2,571 | (2) | (0.1) % | 278 |
| NET DEBT | 49,963 | 49,959 | 4 | 0.0 % | 47,603 |

RECONCILIATION FOR THE CHANGE IN DISCLOSURE OF KEY FIGURES FOR THE PRIOR-YEAR COMPARATIVE PERIOD IN THE FIRST QUARTER OF 2017

millions of €

| | Total revenue | Profit (loss) from operations (EBIT) | EBITDA | Adjusted EBITDA | Depreciation and amortization | Impairment losses | Segment assets ^a | Segment liabilities ^a |
|---|------------------|---|--------------|--------------------|-------------------------------------|----------------------|--------------------------------|-------------------------------------|
| Q1 2016/MARCH 31, 2016 | | | | | | | | |
| PRESENTATION AS OF MARCH 31, 2016 - AS REPORTED | | | | | | | | |
| Germany | 5,452 | 1,074 | 2,022 | 2,180 | (940) | (8) | 33,353 | 26,423 |
| United States | 7,816 | 956 | 2,268 | 1,908 | (1,312) | - | 68,349 | 49,791 |
| Europe | 3,080 | 326 | 962 | 986 | (636) | - | 30,778 | 12,519 |
| Systems Solutions | 2,045 | 30 | 146 | 206 | (116) | - | 9,031 | 6,073 |
| Group Development | - | - | - | - | - | - | - | - |
| Group Headquarters & Group Services | 513 | 2,139 | 2,269 | (117) | (129) | (1) | 42,628 | 50,502 |
| TOTAL | 18,906 | 4,525 | 7,667 | 5,163 | (3,133) | (9) | 184,139 | 145,308 |
| Reconciliation | (1,276) | - | - | - | - | - | (35,654) | (35,668) |
| GROUP | 17,630 | 4,525 | 7,667 | 5,163 | (3,133) | (9) | 148,485 | 109,640 |
| Q1 2016/MARCH 31, 2016 | | | | | | | | |
| +/- CHANGE IN DISCLOSURE: TECHNOLOGY AND INNOVATION BOARD DEPARTMENT AND GROUP DEVELOPMENT OPERATING SEGMENT | | | | | | | | |
| Germany | (67) | (101) | (128) | (128) | 27 | - | (1,336) | (829) |
| United States | - | - | - | - | - | - | - | - |
| Europe | (317) | 9 | (53) | (55) | 62 | - | (4,178) | (1,528) |
| Systems Solutions | (186) | 21 | 1 | (10) | 20 | - | (1,569) | (830) |
| Group Development | 575 | 2,640 | 2,730 | 223 | (90) | - | 11,221 | 2,417 |
| Group Headquarters & Group Services | 268 | (2,569) | (2,549) | (30) | (20) | - | (4,926) | (19) |
| TOTAL | 273 | - | 1 | - | (1) | - | (788) | (789) |
| Reconciliation | (273) | - | (1) | - | 1 | - | 788 | 789 |
| GROUP | - | - | - | - | - | - | - | - |
| Q1 2016/MARCH 31, 2016 | | | | | | | | |
| = PRESENTATION AS OF MARCH 31, 2017 | | | | | | | | |
| Germany | 5,385 | 973 | 1,894 | 2,052 | (913) | (8) | 32,017 | 25,594 |
| United States | 7,816 | 956 | 2,268 | 1,908 | (1,312) | - | 68,349 | 49,791 |
| Europe | 2,763 | 335 | 909 | 931 | (574) | - | 26,600 | 10,991 |
| Systems Solutions | 1,859 | 51 | 147 | 196 | (96) | - | 7,462 | 5,243 |
| Group Development | 575 | 2,640 | 2,730 | 223 | (90) | - | 11,221 | 2,417 |
| Group Headquarters & Group Services | 781 | (430) | (280) | (147) | (149) | (1) | 37,702 | 50,483 |
| TOTAL | 19,179 | 4,525 | 7,668 | 5,163 | (3,134) | (9) | 183,351 | 144,519 |
| Reconciliation | (1,549) | - | (1) | - | 1 | - | (34,866) | (34,879) |
| GROUP | 17,630 | 4,525 | 7,667 | 5,163 | (3,133) | (9) | 148,485 | 109,640 |

^a Figures relate to the reporting date December 31, 2016.

GLOSSARY

For definitions, please refer to the 2016 Annual Report and the glossary therein (page 228 et seq.).

DISCLAIMER

This Report (particularly the section "Forecast") contains forward-looking statements that reflect the current views of Deutsche Telekom's management with respect to future events. They are generally identified by the words "expect," "anticipate," "believe," "intend," "estimate," "aim," "goal," "plan," "will," "seek," "outlook," or similar expressions and include generally any information that relates to expectations or targets for revenue, adjusted EBITDA, or other performance measures.

Forward-looking statements are based on current plans, estimates, and projections. You should consider them with caution. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond Deutsche Telekom's control. They include, for instance, the progress of Deutsche Telekom's workforce reduction initiative and the impact of other significant strategic or business initiatives, including acquisitions, dispositions, and business combinations. In addition, movements in exchange rates and interest rates, regulatory rulings, stronger than expected competition, technological change, litigation, and regulatory developments, among other factors, may have a material adverse effect on costs and revenue development.

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In addition to figures prepared in accordance with IFRS, Deutsche Telekom presents alternative performance measures, e.g., EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted EBIT, adjusted EBIT margin, adjusted net profit/loss, free cash flow, gross debt, and net debt. These measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Alternative performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways. For additional information on alternative performance measures, please refer to the section "Management of the Group," page 31 et seq. of the 2016 Annual Report, as well as the Deutsche Telekom website (<https://www.telekom.com/alternative-performance-measures>) under "Investor Relations."

The figures shown in this report were rounded in accordance with standard business rounding principles. As a result, the total indicated may not be equal to the precise sum of the individual figures.

FINANCIAL CALENDAR^a

| May 11, 2017 | May 31, 2017 | June 28, 2017 | August 3, 2017 |
|--|---------------------------------------|--|---|
| Publication of the Interim Group Report as of March 31, 2017 | 2017 shareholders' meeting (Cologne) | Dividend payment ^b | Publication of the Interim Group Report as of June 30, 2017 |
| November 9, 2017 | February 22, 2018 | May 9, 2018 | |
| Publication of the Interim Group Report as of September 30, 2017 | Publication of the 2017 Annual Report | Publication of the Interim Group Report as of March 31, 2018 | |

^a For more dates, an updated schedule, and information on webcasts, please go to www.telekom.com.

^b Deutsche Telekom is again considering offering the option of paying the dividend either in cash or in the form of shares. The cash dividend is expected to be paid out on June 28, 2017, subject to approval by the relevant bodies and the fulfillment of other legal provisions.

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This Interim Group Report can be downloaded from the Investor Relations site on the Internet at:
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Our Annual Report is available online at:
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www.telekom.com/annualreport

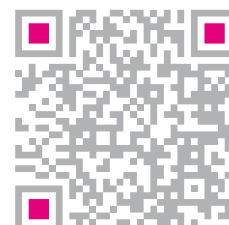
The English version of the Interim Group Report for January 1 to March 31, 2017 is a translation of the German version of the Interim Group Report. The German version is legally binding.

This Interim Group Report is a publication of Deutsche Telekom AG.

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MEDIA INFORMATION

Bonn, May 11, 2017

U.S. operations pay off for Deutsche Telekom

- Group performance in first quarter of 2017 follows on seamlessly from success of the previous year
- CEO Tim Höttges: "Our investments in the United States have paid off."
- Net revenue of the Group up 5.8 percent to 18.6 billion euros
- Adjusted EBITDA up 7.5 percent to 5.6 billion euros
- Free cash flow up 50 percent to 1.2 billion euros
- Positive revenue and earnings trends in Europe
- As expected, substantial decline in net profit to 0.7 billion euros after impact of book gain from EE transaction in the prior-year quarter
- Group reconfirms full-year forecast

Deutsche Telekom remains on a growth trajectory – particularly due to its operations in the United States, but also because of its success in the German market. The Group's first-quarter figures are a continuation of the recent positive trend, with substantial growth in customer numbers and increases in all key financial performance indicators. Net revenue grew by 5.8 percent compared with the prior-year quarter to reach 18.6 billion euros. At the same time, adjusted EBITDA rose 7.5 percent to 5.6 billion euros.

"The positive trends remain unbroken: We are growing in the United States and have recently returned to growth in Germany," said Tim Höttges, CEO of Deutsche Telekom. "We got off to a good start in 2017. And, after a glance across the Atlantic, I can only say that our investments in the United States have paid off."

In line with its plans, the Group once again increased its capital spending, particularly on networks on both sides of the Atlantic. Cash capex (excluding expenses for mobile spectrum) reached 3.2 billion euros in the first three months of the year, up 14.6 percent year-on-year. Free cash flow was extremely positive, rising 49.4 percent to 1.2 billion euros.

In the first quarter of 2016, the book gain of 2.5 billion euros from the sale of shares in EE, a UK-based mobile communications company, to BT Group had had a positive impact on the Group's net profit. As there was no comparable positive impact in the reporting period, net profit declined, as expected, by a substantial amount – coming in at 0.7 billion euros.

Adjusted net profit decreased by 10.3 percent to 0.9 billion euros, mainly due to expenses incurred to restructure the financing of T-Mobile US in the first quarter of 2017. The dividend from EE, which was paid for the last time a year ago, and income from the remeasurement of derivatives had had a positive impact on net profit in the corresponding prior-year quarter. In operational terms, net profit developed very positively in the first quarter of 2017.

The Group reconfirmed its full-year forecast. Assuming constant exchange rates, Deutsche Telekom expects to report adjusted EBITDA of around 22.2 billion euros and free cash flow of 5.5 billion euros for the 2017 full year.

Germany – Telekom continues to set records for fiber-optic roll-out

In the first quarter of 2017, Telekom continued to actively expand broadband business in its home market. The number of fiber-optic lines (FTTH/FTTC/vectoring) used by customers increased by 775,000 in the first three months of the financial year, the strongest quarterly increase in fiber-optic sales to date. Telekom's retail sales channels were instrumental in achieving this growth, accounting for 433,000 fiber-optic lines or well over half of the



overall volume. That represents a new record for this sales channel. Compared with the first quarter of 2016, the number of fiber-optic lines rose by 2.6 million or 51 percent.

At the end of the first quarter of 2017, Telekom had some 3.2 million customers in Germany using one of the MagentaEINS rate plans, which allow them to combine fixed-network and mobile services as they choose. Entertain remains the only Internet-based television platform (IPTV) in Germany that is posting growth. At the end of the first quarter of 2017, just under three million Telekom customers made use of this product. During the reporting period, the number of Entertain customers grew by 76,000, a substantially stronger increase than in the preceding quarters.

Telekom continued to consolidate its leadership position in the German mobile communications market. Although overall market volume declined by around 1.2 percent, Telekom's mobile revenue decreased by only 0.8 percent. Adjusted for the effects of the new regulations on roaming and termination rates, revenue would actually have increased by 1.4 percent. The company recorded significant growth in data volumes in Germany, which increased by 63 percent compared with the first quarter of 2016.

In the first quarter of 2017, Telekom recorded revenue of 5.4 billion euros in Germany, up 0.2 percent year-on-year. Adjusted EBITDA came to 2.1 billion euros, 0.9 percent higher than in the prior-year quarter.

USA – High-value growth continues

The T-Mobile US success story continues in 2017. Its first-quarter figures demonstrate that not even new products launched by competitors could slow the company's pace of growth. T-Mobile US added 1.1 million new customers in the first quarter of 2017. In fact, the company gained more than a million new

customers in each of the last 16 quarters to reach a customer base of 72.6 million at the end of the reporting quarter. The increase in branded postpaid customers amounted to 0.9 million, while some of the company's competitors had to post – in some cases substantial – declines in customer numbers.

The high value of T-Mobile US' customer additions is underscored by the growth in monthly average revenue per user (ARPU), which reached 47.53 U.S. dollars for branded postpaid telephony customers in the first quarter of 2017. That was a rise of 2.9 percent on the previous year. The ARPU trend for the company's branded prepay customers was also remarkable, with the corresponding figure of 38.52 U.S. dollars up 2.5 percent year-on-year.

Logically, this customer growth is having an increasingly positive impact on the company's financial KPIs: Last year, T-Mobile US was the only company among the four nationwide mobile network operators to increase its service revenues. In the first quarter of 2017, T-Mobile US posted a further year-on-year increase (11.6 percent) to reach 7.2 billion U.S. dollars in service revenues. At the same time, adjusted EBITDA increased by 20.7 percent to 2.5 billion U.S. dollars.

Europe – Growth in customer numbers

At Deutsche Telekom's European subsidiaries, the trend in rising customer numbers that began last year continued in the first quarter of 2017. The national companies added 130,000 new customers thanks to products bundling fixed-network and mobile communications. The number of broadband lines rose by 51,000, while the number of mobile contract customers grew by 167,000. In this context, it should not be forgotten that business in the Netherlands, which recently recorded substantial growth, has been reassigned to the Group Development segment. That means that the Europe operating

segment's aggregate customer-growth figure was achieved by a smaller number of national companies.

Revenue and earnings trends in the Europe operating segment, which Srinivasa Gopalan has been responsible for at Board level since the start of the year, have improved. In organic terms – i.e., excluding the effects of changes in exchange rates and in the composition of the Group – revenues rose by a slight 0.2 percent to reach 2.8 billion euros. The positive trend in key growth areas such as mobile data and smart home could not fully compensate for the decline in traditional telecommunications business. Key growth areas already account for 32 percent of total revenue in the Europe operating segment.

In organic terms, adjusted EBITDA declined by 1.8 percent to 0.9 billion euros, a considerably smaller decrease than in the preceding quarters. Lower indirect costs were one factor in this positive trend.

Systems Solutions – Stable performance after adjustment for toll-collection effect in 2016

Order entry at T-Systems totaled 1.3 billion euros in the first quarter of 2017, down 18.1 percent year-on-year. The main reason for the lower volume was the fact that no big deals were closed in the reporting quarter of a comparable size to the two contract renewals signed in the prior-year quarter.

The successful conclusion of the pilot phase of the Belgian toll collection project had a significant impact on last year's revenue and earnings, as explained in the first quarter of 2016. Year-on-year, this has produced a negative effect of 167 million euros in revenue and 105 million euros in adjusted EBITDA. Revenue in the first quarter of 2017 declined to 1.7 billion euros and adjusted EBITDA to 96 million. Adjusted for the effects of the toll collection contract in Belgium, both indicators developed stably.

Changes in the Group structure

A new Board of Management department entitled Technology and Innovation was created, which pools Deutsche Telekom's overarching network, innovation, and IT activities. This resulted in the following organizational changes: The Innovations, Telekom IT and Technology units of the Germany, Europe, and Systems Solutions operating segments have been transferred to a separate Board department. Technology and Innovation is not a separate reporting segment; instead, since January 1, 2017, it has been reported on as part of the Group Headquarters & Group Services segment. Comparative figures have been adjusted retrospectively.

In addition, the Company has reported on the Group Development operating segment since January 1, 2017. Group Development actively manages and increases the value of selected subsidiaries and equity investments of the Group. The following units and subsidiaries have been included: T-Mobile Netherlands (previously in the Europe operating segment), Deutsche Funkturm GmbH (DFMG, previously in the Germany operating segment), as well as Deutsche Telekom Capital Partners (DTCP) and the stakes in BT plc, Scout24 AG, Ströer SE & Co. KGaA, and Strato, which was sold as of March 31, 2017, (previously in the Group Headquarters & Group Services segment). Here, too, the comparative figures have been adjusted retrospectively.

The Deutsche Telekom Group at a glance:

| | Q1 2017 millions of € | Q1 2016 millions of € | Change % | FY 2016 millions of € |
|--|-----------------------------|-----------------------------|-------------|-----------------------------|
| Revenue | 18,646 | 17,630 | 5.8 | 73,095 |
| Proportion generated internationally (%) | 67.3 | 65.5 | 1.8p | 66.3 |
| EBITDA | 5,963 | 7,667 | (22.2) | 22,544 |
| Adjusted EBITDA | 5,550 | 5,163 | 7.5 | 21,420 |
| Net profit | 747 | 3,125 | (76.1) | 2,675 |
| Adjusted net profit | 939 | 1,047 | (10.3) | 4,114 |
| Free cash flow ^a | 1,228 | 822 | 49.4 | 4,939 |
| Cash capex ^b | 3,280 | 3,896 | (15.8) | 13,640 |
| Cash capex ^b (before spectrum) | 3,245 | 2,831 | 14.6 | 10,958 |
| Net debt | 49,963 | 47,603 | 5.0 | 49,959 |
| Number of employees ^c | 216,548 | 223,320 | (3.0) | 218,341 |

Comments on the table:

a Before dividend payments and spectrum investment.

b Cash outflows for investments in property, plant and equipment, and intangible assets (excluding goodwill).

c At the reporting date.

Operating segments:

| | Q1 2017 millions of € | Q1 2016 millions of € | Change % | FY 2016 millions of € |
|----------------------------------|-----------------------------|-----------------------------|-------------|-----------------------------|
| Germany | | | | |
| Total revenue | 5,397 | 5,385 | 0.2 | 21,774 |
| EBITDA | 2,021 | 1,894 | 6.7 | 7,327 |
| Adjusted EBITDA | 2,070 | 2,052 | 0.9 | 8,237 |
| Number of employees ^a | 64,973 | 68,506 | (5.2) | 65,452 |
| United States | | | | |
| Total revenue | 8,982 | 7,816 | 14.9 | 33,738 |
| EBITDA | 2,390 | 2,268 | 5.4 | 8,967 |
| Adjusted EBITDA | 2,386 | 1,908 | 25.1 | 8,561 |
| Europe | | | | |
| Total revenue | 2,781 | 2,763 | 0.7 | 11,454 |
| EBITDA | 877 | 909 | (3.5) | 3,773 |
| Adjusted EBITDA | 889 | 931 | (4.5) | 3,866 |
| Systems Solutions | | | | |
| Order entry | 1,274 | 1,556 | (18.1) | 6,851 |
| Total revenue | 1,704 | 1,859 | (8.3) | 6,993 |
| Adjusted EBIT margin (%) | (0.1) | 5.4 | (5.5p) | 1.8 |
| EBITDA | 61 | 147 | (58.5) | 278 |
| Adjusted EBITDA | 96 | 196 | (51.0) | 530 |

Comments on the table:

a At the reporting date.

Development of customer numbers

Operating segments: development of customer numbers in the first quarter of 2017

| | Mar. 31, 2017 thousands | Dec. 31, 2016 thousands | Change thousands | Change % |
|-------------------------------------|----------------------------|----------------------------|---------------------|-------------|
| Germany | | | | |
| Mobile customers | 42,114 | 41,849 | 265 | 0.6 |
| Of which contract customers | 25,270 | 25,219 | 51 | 0.2 |
| Fixed-network lines | 19,648 | 19,786 | (138) | (0.7) |
| Of which retail IP-based | 9,801 | 9,042 | 759 | 8.4 |
| Broadband lines | 12,989 | 12,922 | 67 | 0.5 |
| Of which optical fiber ^a | 4,693 | 4,250 | 443 | 10.4 |
| Television (IPTV, satellite) | 2,955 | 2,879 | 76 | 2.6 |
| Unbundled local loop lines (ULLs) | 6,952 | 7,195 | (243) | (3.4) |
| United States | | | | |
| Mobile customers | 72,597 | 71,455 | 1,142 | 1.6 |
| Of which branded postpaid customers | 35,341 | 34,427 | 914 | 2.7 |
| Of which branded prepaid customers | 20,199 | 19,813 | 386 | 1.9 |
| Europe | | | | |
| Mobile customers | 47,348 | 47,952 | (604) | (1.3) |
| Of which contract customers | 24,482 | 24,315 | 167 | 0.7 |
| Fixed-network lines | 8,486 | 8,531 | (45) | (0.5) |
| Of which IP-based | 5,190 | 5,016 | 174 | 3.5 |
| Retail broadband lines | 5,444 | 5,393 | 51 | 0.9 |
| Television (IPTV, satellite, cable) | 4,100 | 4,049 | 51 | 1.3 |

Comments on the table:

a Sum of all FTTx access lines (e.g., FTTC/VDSL, vectoring, and FTTH).

Operating segments: development of customer numbers in year-on-year comparison

| | Mar. 31, 2017 thousands | Mar. 31, 2016 thousands | Change thousands | Change % |
|-------------------------------------|----------------------------|----------------------------|---------------------|-------------|
| Germany | | | | |
| Mobile customers | 42,114 | 40,643 | 1,471 | 3.6 |
| Of which contract customers | 25,270 | 23,940 | 1,330 | 5.6 |
| Fixed-network lines | 19,648 | 20,093 | (445) | (2.2) |
| Of which retail IP-based | 9,801 | 7,470 | 2,331 | 31.2 |
| Broadband lines | 12,989 | 12,706 | 283 | 2.2 |
| Of which optical fiber ^a | 4,693 | 3,286 | 1,407 | 42.8 |
| Television (IPTV, satellite) | 2,955 | 2,736 | 219 | 8.0 |
| Unbundled local loop lines (ULLs) | 6,952 | 7,867 | (915) | (11.6) |
| United States | | | | |
| Mobile customers | 72,597 | 65,503 | 7,094 | 10.8 |
| Of which branded postpaid customers | 35,341 | 32,736 | 2,605 | 8.0 |
| Of which branded prepay customers | 20,199 | 18,438 | 1,761 | 9.6 |
| Europe | | | | |
| Mobile customers | 47,348 | 48,540 | (1,192) | (2.5) |
| Of which contract customers | 24,482 | 23,719 | 763 | 3.2 |
| Fixed-network lines | 8,486 | 8,687 | (201) | (2.3) |
| Of which IP-based | 5,190 | 4,261 | 929 | 21.8 |
| Retail broadband lines | 5,444 | 5,254 | 190 | 3.6 |
| Television (IPTV, satellite, cable) | 4,100 | 3,922 | 178 | 4.5 |

Comments on the table:

a Sum of all FTTx access lines (e.g., FTTC/VDSL, vectoring, and FTTH).

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DEUTSCHE TELEKOM

Q1/2017 RESULTS



LIFE IS FOR SHARING.

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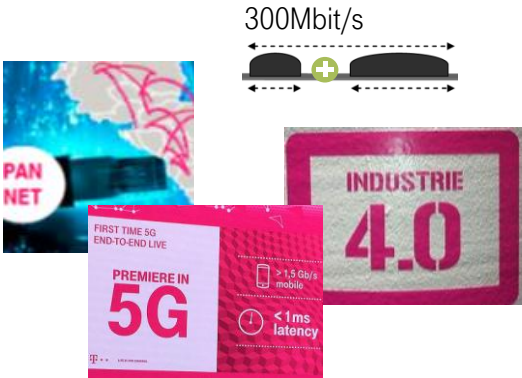
In addition to figures prepared in accordance with IFRS, Deutsche Telekom also presents alternative performance measures, including, among others, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted EBIT, adjusted net income, free cash flow, gross debt and net debt. These alternative performance measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Alternative performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways.

REVIEW Q1/17

Q1/2017 HIGHLIGHTS: INVESTMENTS, CUSTOMERS AND RESULTS

Investments and innovations (Q1/17)

- Outstanding result in the US low band spectrum auction. 31 MHz nationwide
- Launch of LTE on 900 MHz in Germany
- Announcement of program to connect 100 industrial zones in Germany with FTTH/B
- Cash capex +15% to €3.2 billion



Customers (Q1/17)

- Demand for Fiber in Germany unabated
 - 7.6 million German homes with fiber (+51% yoy)
 - New record 775k net adds
- Another quarter of strong US growth
 - 1.1 million net adds



Financial results (Q1/17)

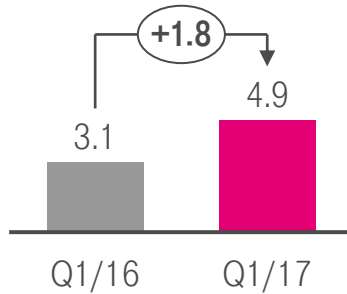
- Strong growth continues
 - Revenue up 5.8% yoy
 - Adj. EBITDA up 7.5% yoy
 - FCF up 49.4% yoy
- Net debt/Adj. EBITDA at 2.3x
- Guidance confirmed



CUSTOMERS: STRONG MOMENTUM. RECORD NEW FIBER SUBS

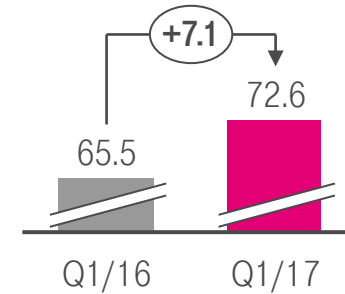
MagentaEINS (Germany + EU)¹

mn



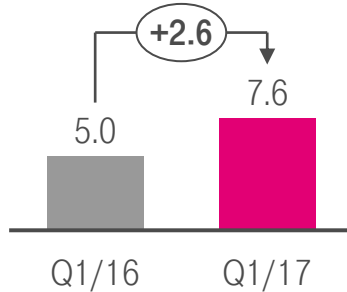
US Mobile

mn



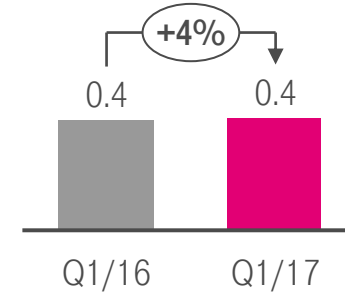
Fiber in Germany

mn



Cloud revenues

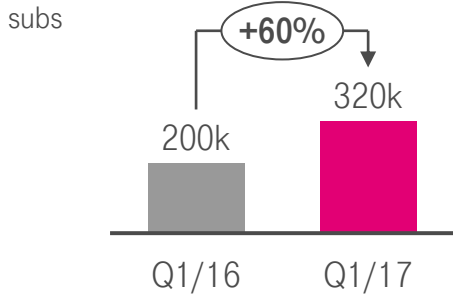
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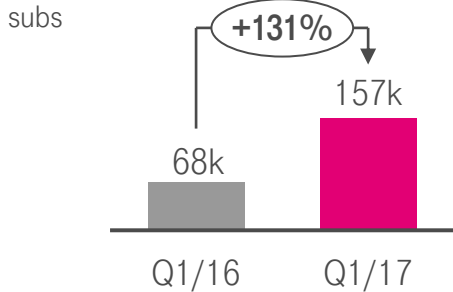
1) FMC RGUs may also appear under other brand name outside of Germany

INNOVATIONS: FOCUS ON CUSTOMER EXPERIENCE

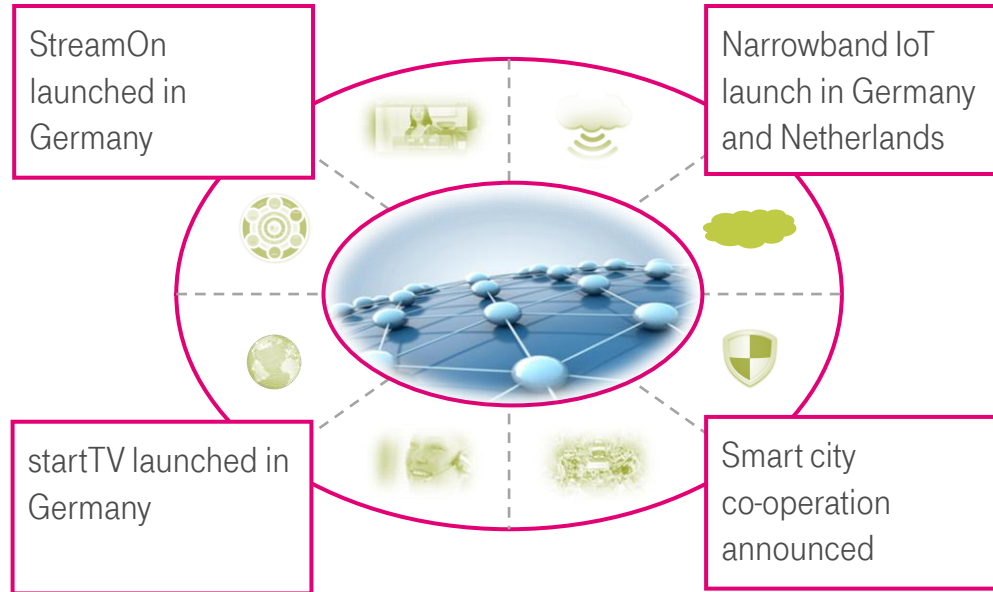
Hybrid Access¹



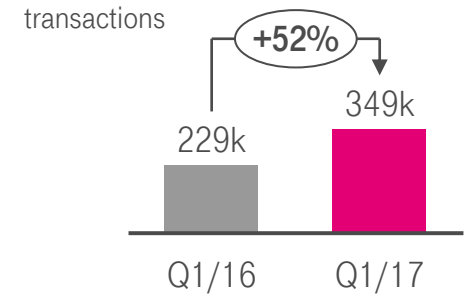
Smart Home²



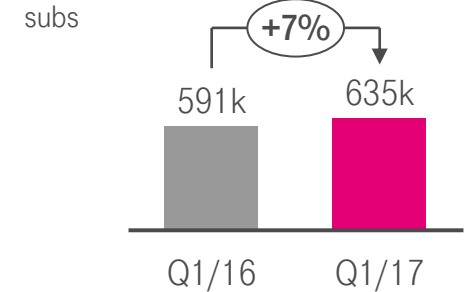
Innovation/Network



Service App



IT-Support³



1) +5€ per customer/month 2) +10€ per customer/month 3) +8€ per customer/month

FINANCIALS AND GUIDANCE 2017: GUIDANCE RE-ITERATED

€ bn

| | Revenue | Adj. EBITDA | FCF |
|-------------------------------|----------|-----------------------------|---------------|
| 2014 – 2018 CAGR ¹ | +1 – 2% | +2 – 4% | ≈+10% |
| 2017 Guidance (\$/€: 1.11) | Increase | Around 22.2 bn ² | Around 5.5 bn |
| Q1/2017 performance | +5.8% | +7.5% | +49.4% |

1) 14-18 CAGRs as per CMD 2015 guidance 2) Of which handset lease and data stash \$0.8 to 0.9 billion



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REVIEW Q1/17

Q1/2017: FINANCIAL HIGHLIGHTS

€ mn

| | Q1 | | | FY | | |
|-----------------------------|--------|--------|--------|--------|--------|--------|
| | 2016 | 2017 | Change | 2015 | 2016 | Change |
| Revenue | 17,630 | 18,646 | +5.8% | 69,228 | 73,095 | +5.6% |
| Adj. EBITDA | 5,163 | 5,550 | +7.5% | 19,908 | 21,420 | +7.6% |
| Adj. Net profit | 1,047 | 939 | -10.3% | 4,113 | 4,114 | 0.0% |
| Net profit | 3,125 | 747 | -76.1% | 3,254 | 2,675 | -17.8% |
| Adj. EPS (in €) | 0.23 | 0.20 | -13.0% | 0.90 | 0.89 | -1.1% |
| EPS (in €) | 0.68 | 0.16 | -76.5% | 0.71 | 0.58 | -18.3% |
| Free cash flow ¹ | 822 | 1,228 | +49.4% | 4,546 | 4,939 | +8.6% |
| Cash capex ² | 2,831 | 3,245 | +14.6% | 10,818 | 10,958 | +1.3% |
| Net debt | 47,603 | 49,963 | +5.0% | 47,570 | 49,959 | +5.0% |

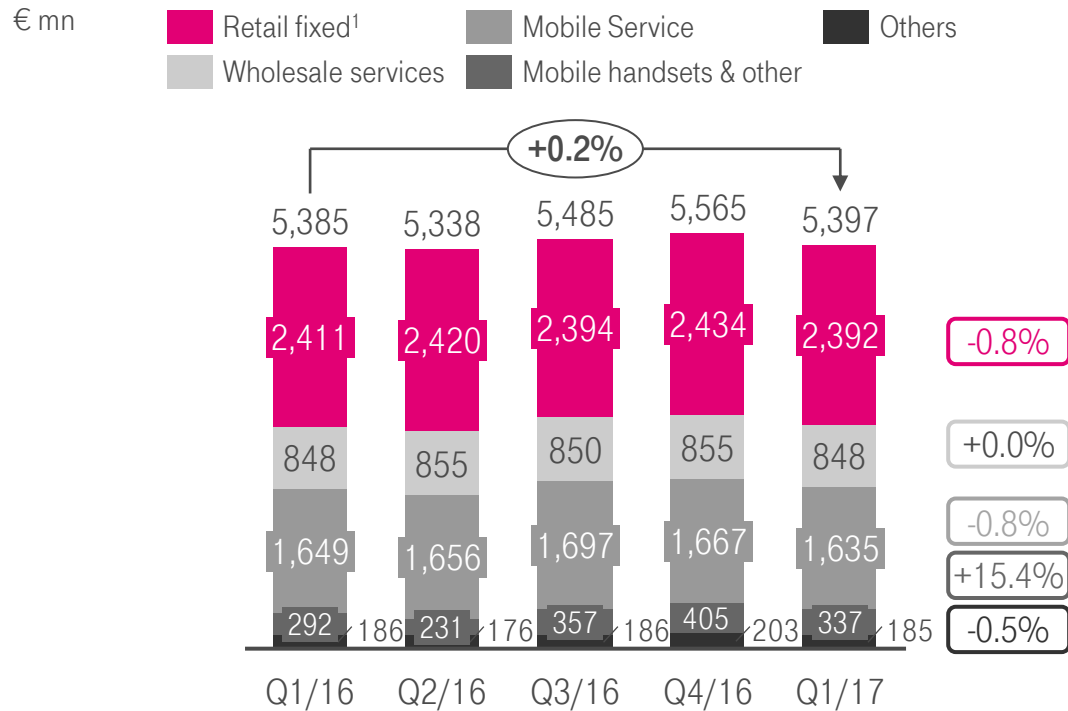
1) Free cash flow before dividend payments and spectrum investment 2) Excl. Spectrum: Q1/16: € 1,065 million; Q1/17: € 35 million; FY/15: € 3,795 million; FY/16: € 2,682 million



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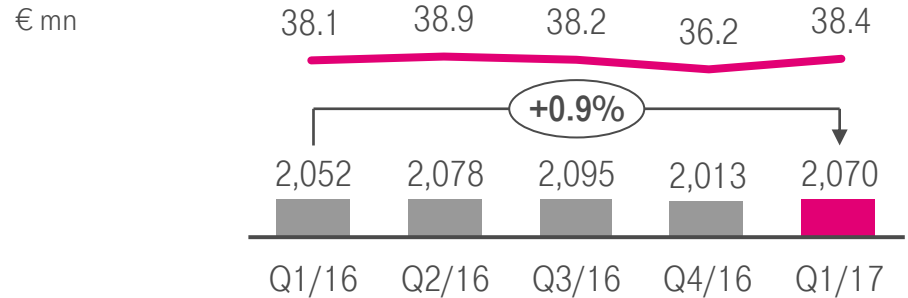
GERMANY: GROWING ADJUSTED EBITDA

Revenue reported

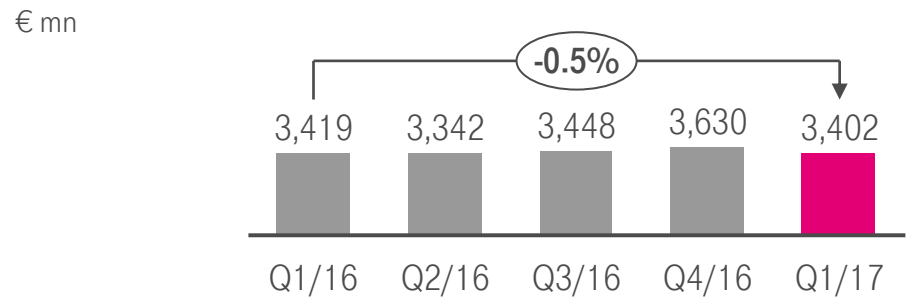


1) Fixed network core business

Adj. EBITDA and margin (in %)

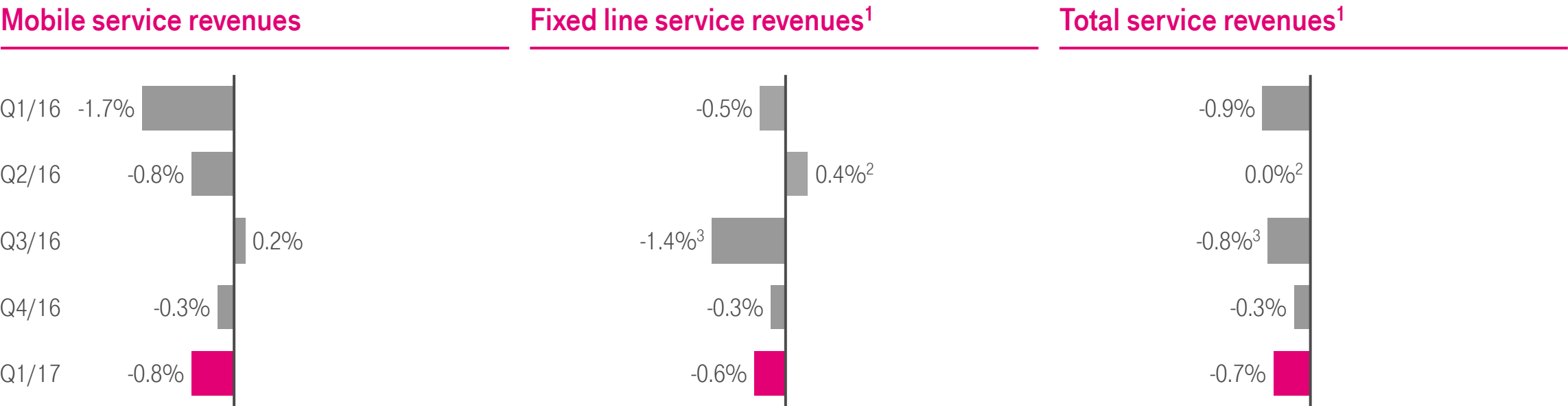


Adj. OPEX



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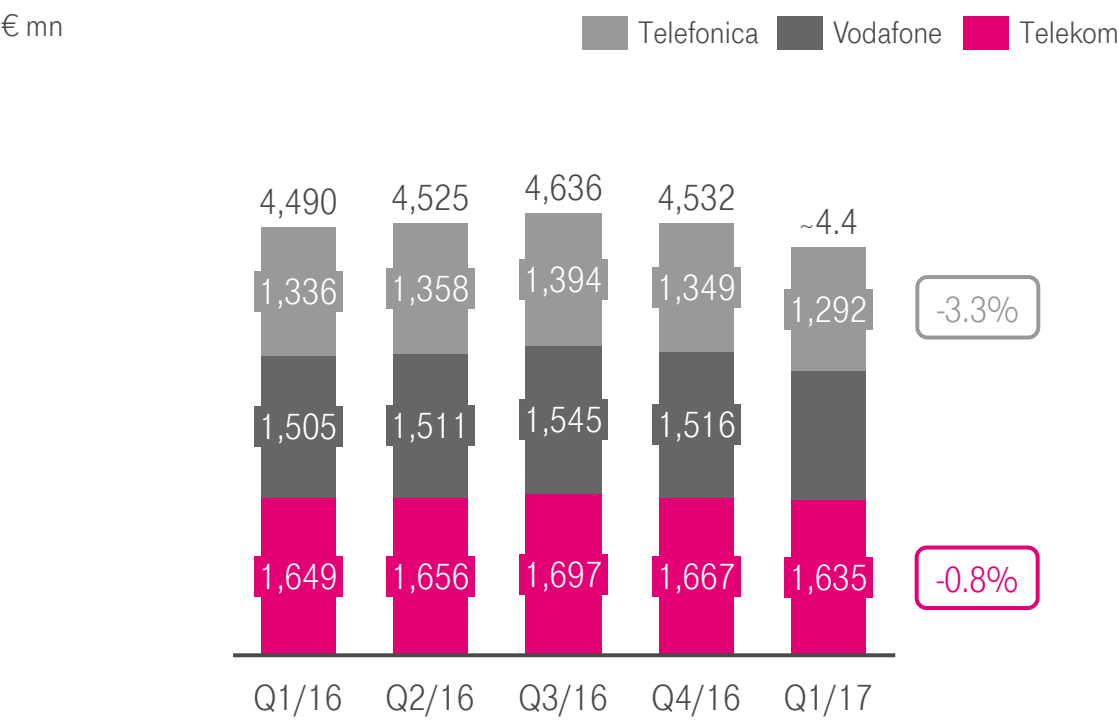
GERMANY: UNDERLYING TOTAL SERVICE REVENUES STABLE



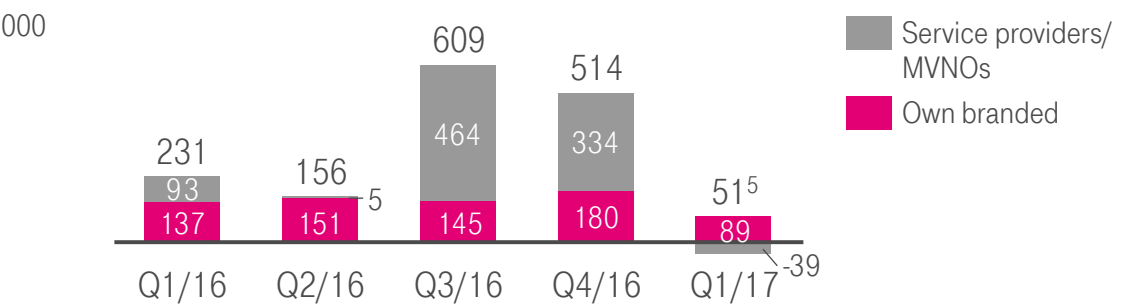
1) Total service revenues is a sum of fixed line and mobile service revenues. We define fixed line service revenues as fixed network core business revenues less fixed hardware revenues plus wholesale services fixed network revenues. From Q2/16 onwards we classify CPEs recurring rent revenues as fixed service revenues, and thus also part of total service revenues. Without this reclassification fixed line service revenue growth rate would be -0.9% in Q1/17, whereas TSR growth rate would be -0.9% in Q1/17. Old growth rates have not been restated 2) Revenue in Q2/16 impacted by a negative special factor related to a settlement agreement. Adjusted growth rate at +0.7% for fixed service revenues under definition in Q2/16 (see 1), respectively +0.2% for total service revenues under definition in Q2/16 (see 1) 3) Revenue in Q3/15 impacted by a positive one-off effect in wholesale. Adjusted for this effect fixed line service revenue trend would have been -0.6%, total service revenue trend in Q3/16 would have been -0.3%

GERMANY MOBILE: STEADY COMMERCIAL MOMENTUM

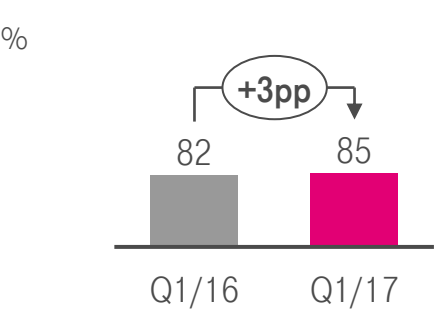
German mobile market service revenue¹



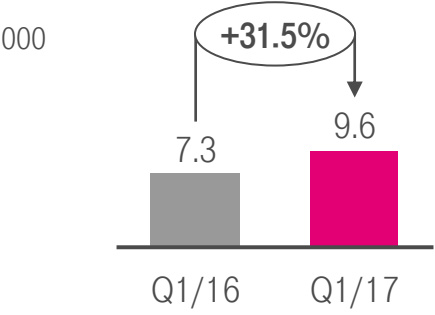
Contract net adds²



Smartphone penetration³



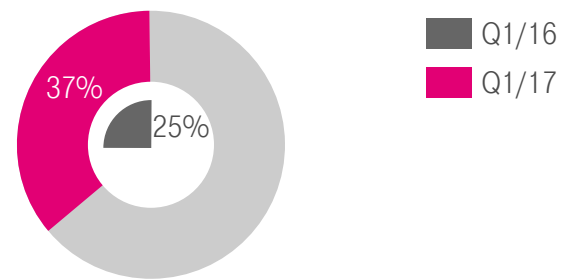
LTE customers⁴



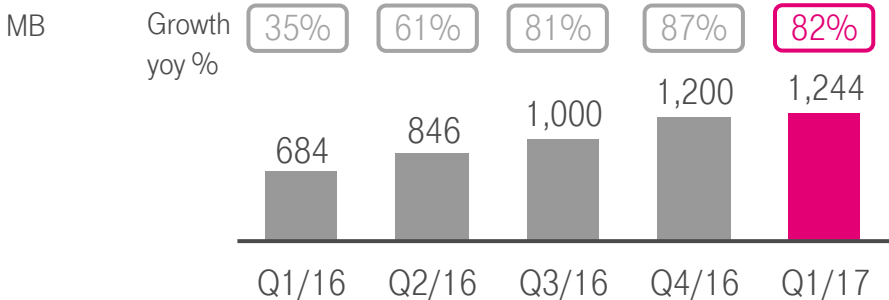
1) Management estimate 2) Figures may not add up due to rounding 3) Of own branded retail customers 4) Own customers using a LTE-device and tariff plan including LTE 5) Contract net adds under own brand impacted by disconnections (minus 41k)

GERMANY: STRONG PROGRESS WITH CONVERGENCE

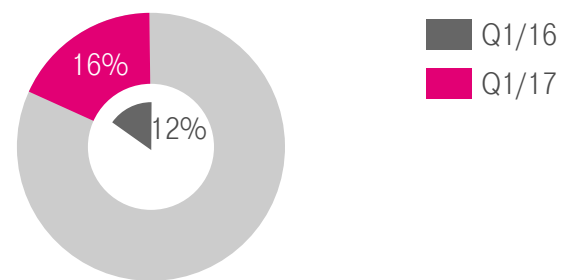
Mobile contract customers in MagentaEINS bundles¹



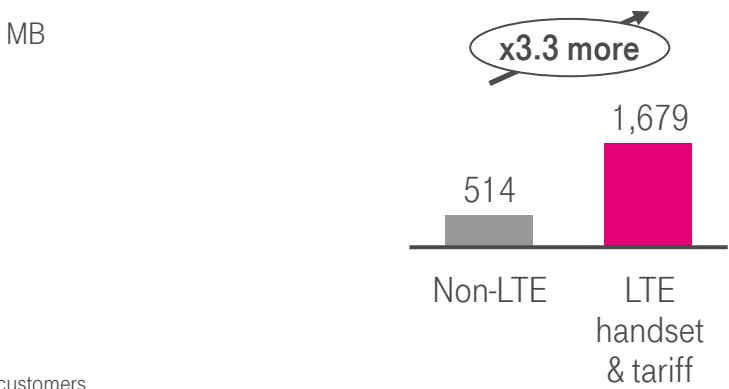
Average Consumer Data Usage³



Households in MagentaEINS bundles²



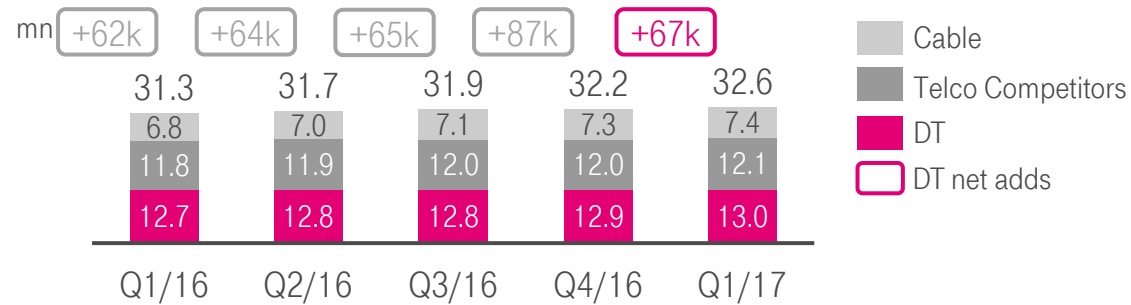
Average LTE usage uplift³



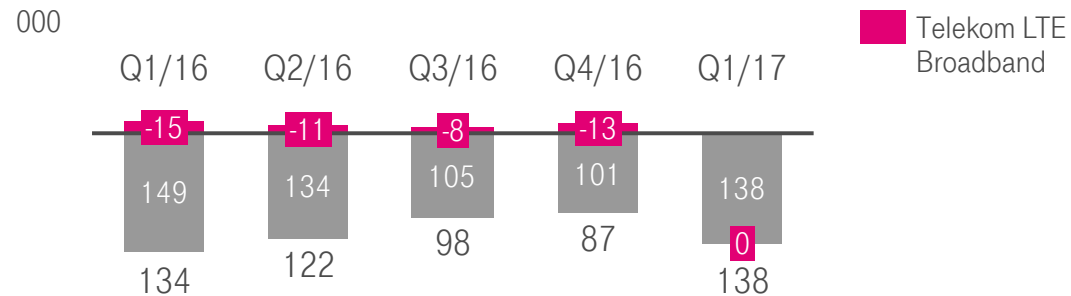
1) as % of B2C T-branded contract customers 2) as % of B2C broadband access lines 3) per month of B2C T-branded contract customers

GERMANY FIXED: 50% GROWTH IN FIBER CUSTOMERS

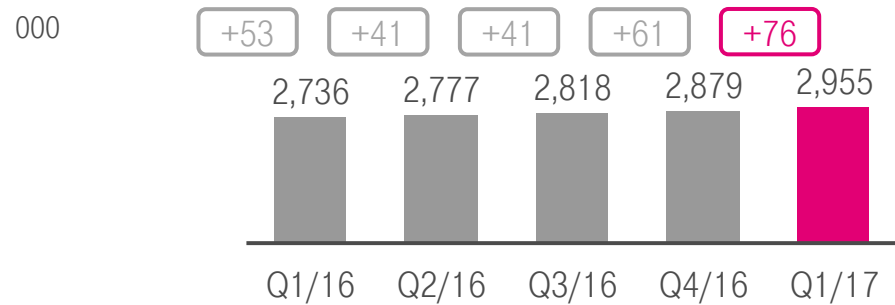
German broadband market¹



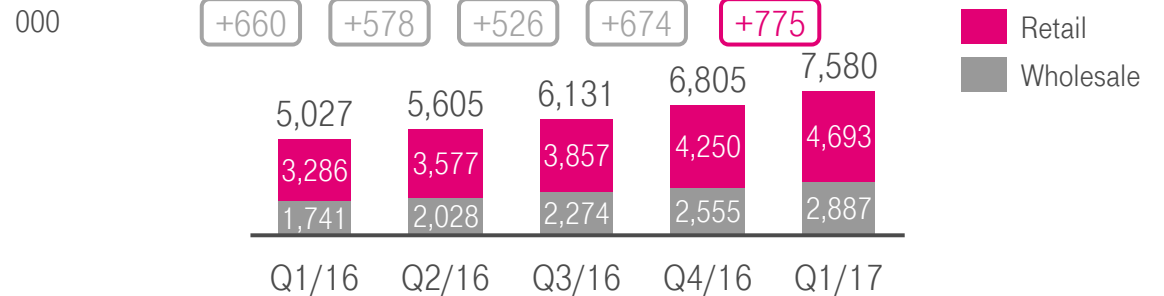
Line losses



Entertain customers



Fiber customers²



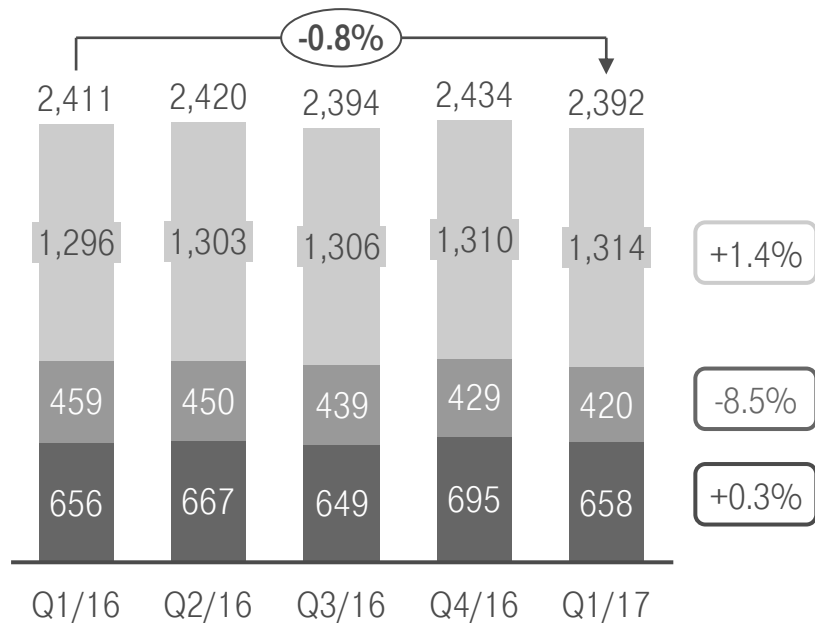
1) Based on management estimates 2) Sum of all FTTx accesses (e.g. FTTC/VDSL, Vectoring and FTTH)

GERMANY FIXED: FIXED RETAIL MOMENTUM STABILIZING

Fixed network revenues retail

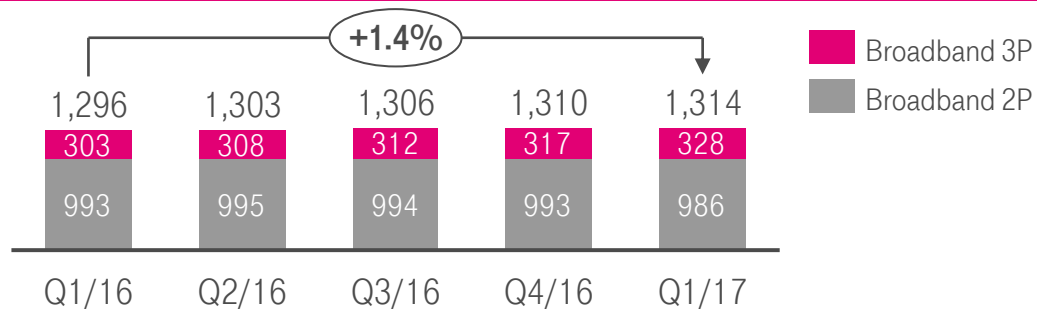
€ mn

■ Broadband revenues ■ Single play revenues ■ Other revenues



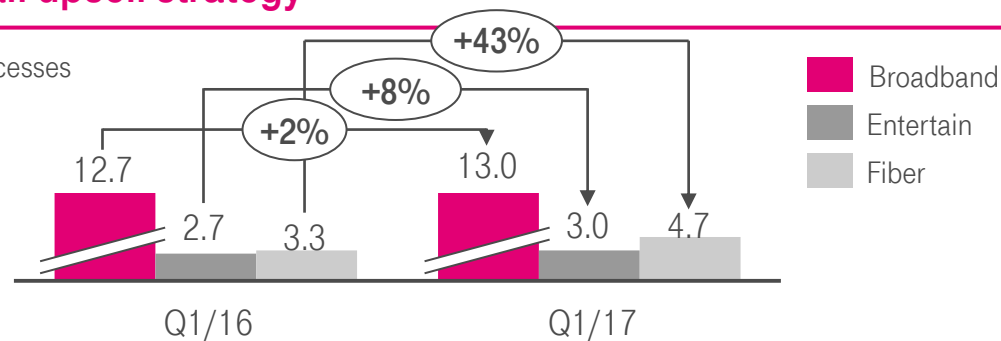
Broadband revenues

€ mn



Retail upsell strategy¹

mn accesses



1) Percentages calculated on exact figures

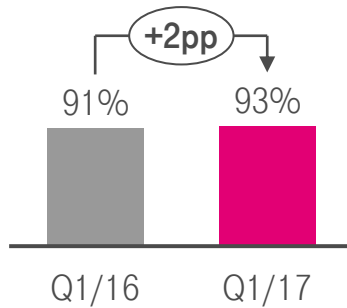


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GERMANY: NETWORK TRANSFORMATION ON TRACK

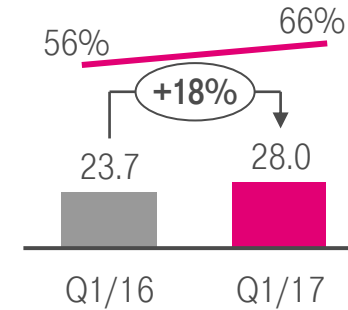
INS – Status LTE rollout

POP
Coverage in %¹



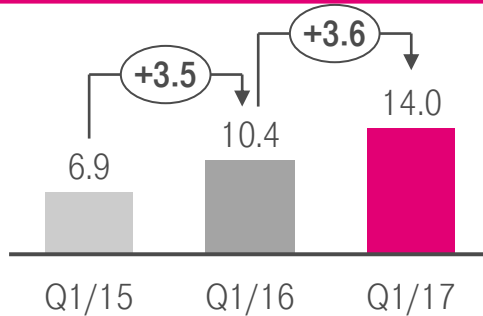
INS – Status fiber rollout²

Coverage in % and
millions of households



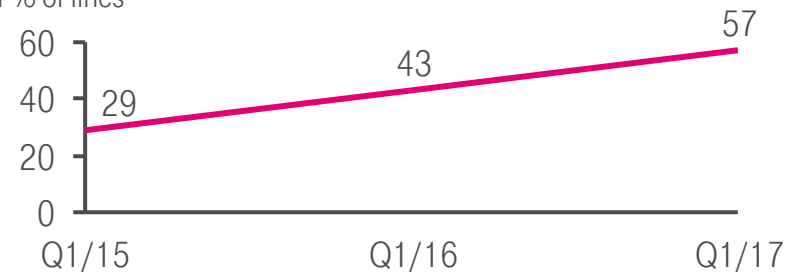
Status IP accesses (retail & wholesale)

mn



Status IP accesses (retail & wholesale)

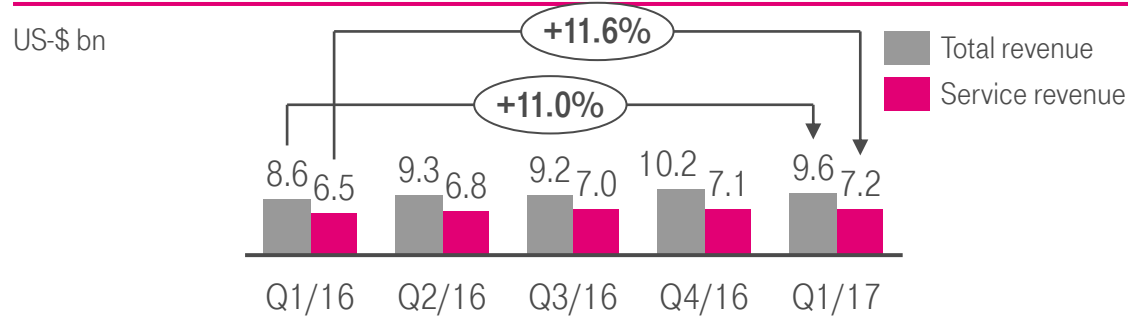
in % of lines



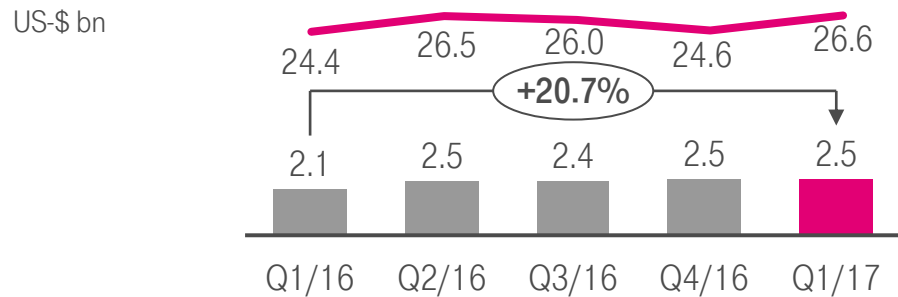
1) Outdoor coverage 2) In % of households within fixed network coverage in Germany

TMUS: CONTINUED INDUSTRY LEADING GROWTH

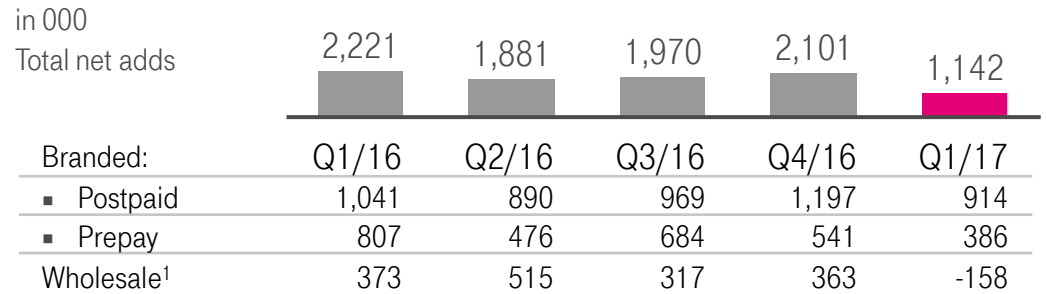
Revenue and service revenue



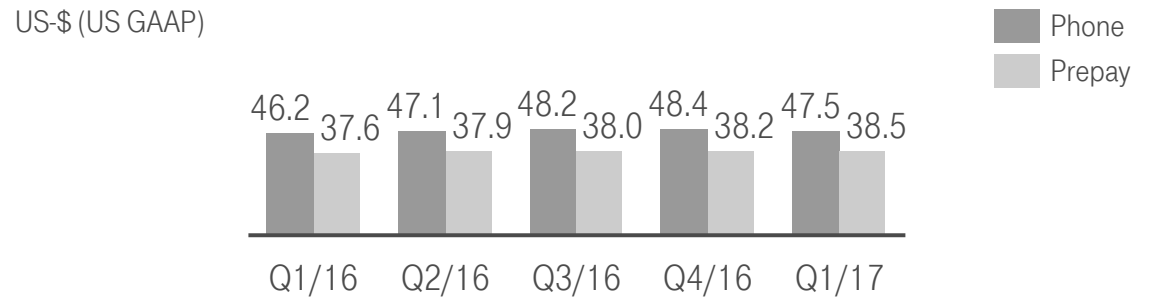
Adj. EBITDA and margin (in %)



Net adds



Branded customers: Postpaid phone and prepay ARPU



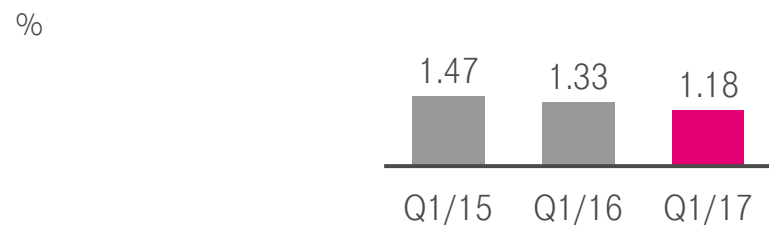
1) Wholesale includes MVNO and machine-to-machine (M2M). Amounts may not add up due to rounding.



LIFE IS FOR SHARING.

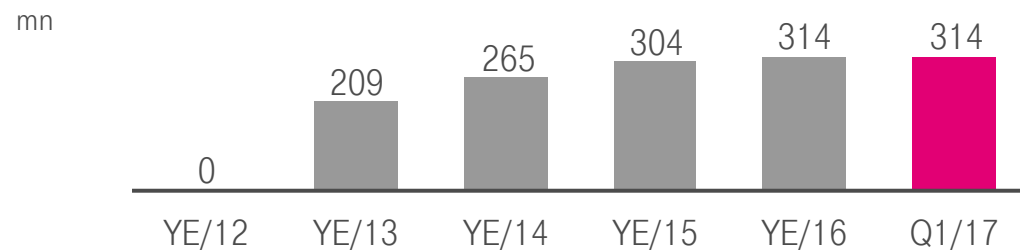
TMUS: EXECUTING ON KEY DRIVERS

Branded postpaid phone churn



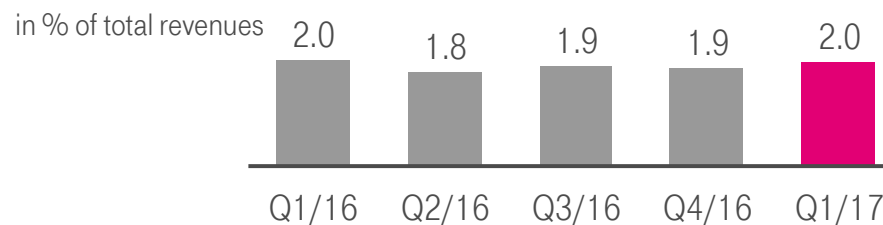
- Branded postpaid phone churn on record-low

LTE covered POPs



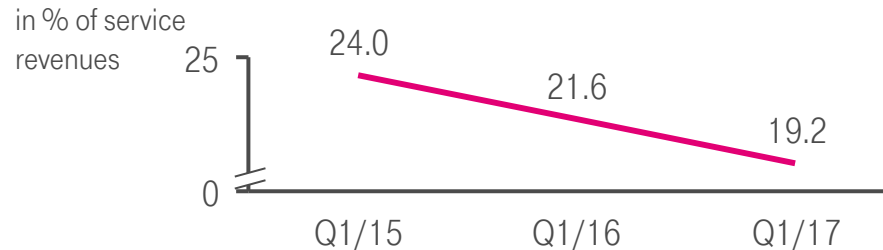
- A-block update: Deployed in 269 million POPs across 530 market areas (spectrum covers approx. 84% of US POPs or 272M people). Full build out expected end of 2017.

Bad debt expenses & losses from sale of receivables



- Receivables classified as prime remain flat at 53% (adj. for EIP receivables sold)

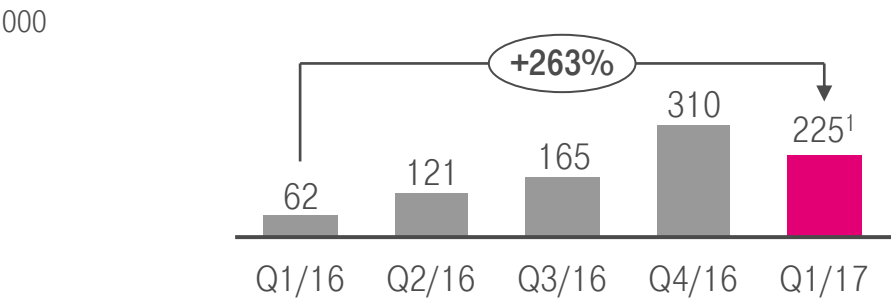
Cost of service



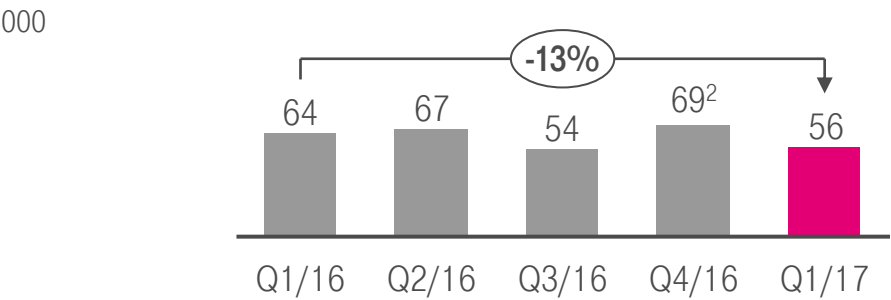
- MetroPCS synergies, growing scale and cost reductions outweigh network expansion costs

EUROPE: POSITIVE COMMERCIAL MOMENTUM

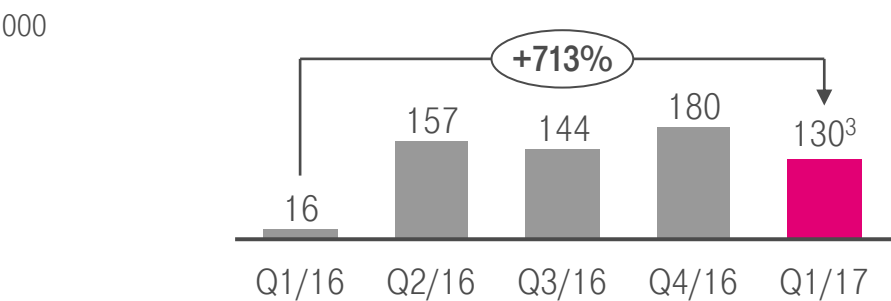
Contract Net Adds



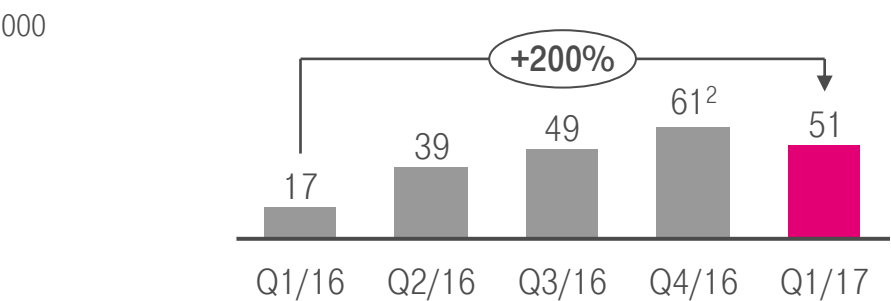
BB Net Adds



FMC Net Adds



TV Net Adds

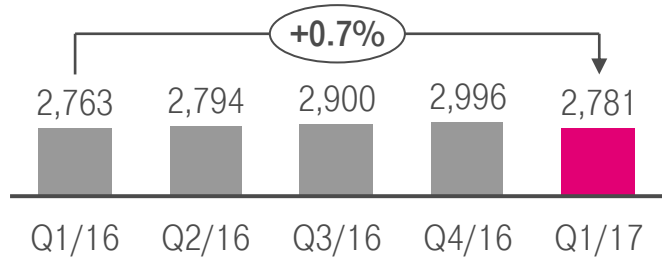


1) Organic view adjusted for re-classifications in Austria and Slovakia. Change in customer base is 167k. 2) Organic view: adjusted for 19k re-classifications in Hungary. Change in base is 50k. Q4 TV net adds adjusted for 22k re-classifications in Hungary. Change in base is 39k. 3) organic view: adjusted for 137k re-classifications in Greece. Change in base is 267k.

EUROPE: FINANCIALS ON TRACK

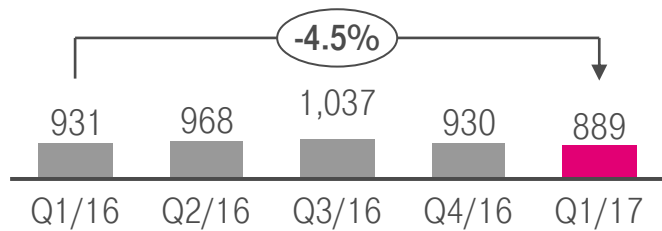
Revenue

€ mn



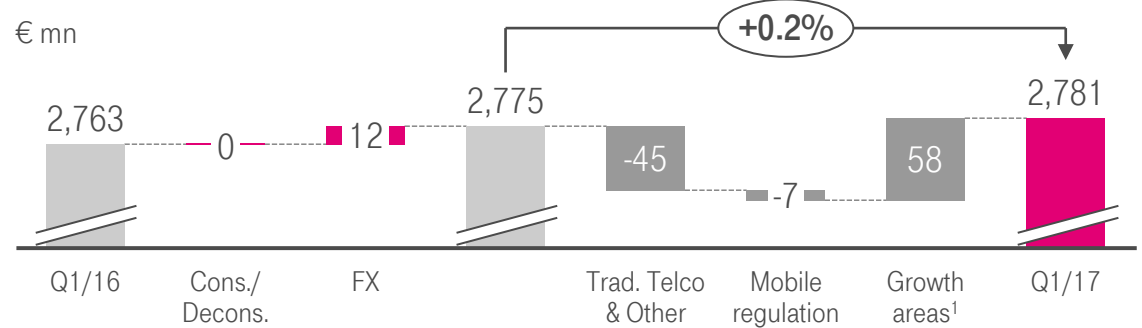
Adj. EBITDA

€ mn



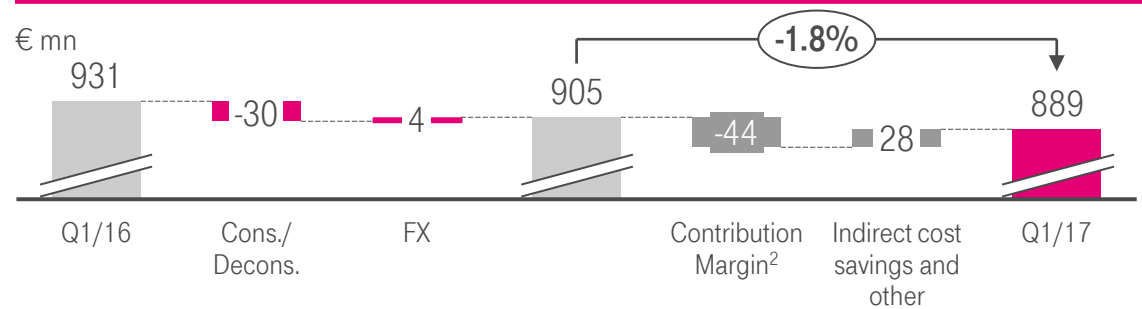
Organic revenue development

€ mn



Organic adj. EBITDA development

€ mn

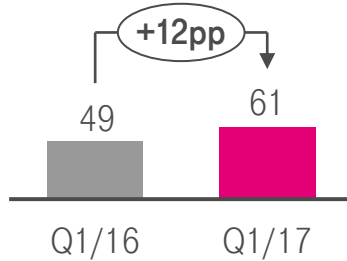


1) Mobile Data, Pay TV & fixed broadband, B2B/ICT, adjacent industries (online consumer services, energy and other) 2) Total Revenues – Direct Cost

EUROPE: ONGOING INVESTMENTS IN NETWORK LEADERSHIP

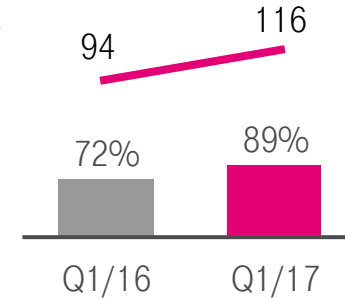
IP migration

IP share of fixed network access lines
%



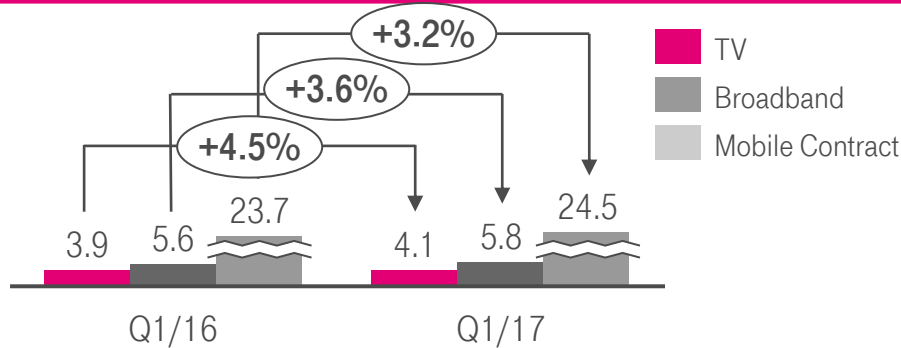
LTE rollout

LTE outdoor pop coverage
mn and %



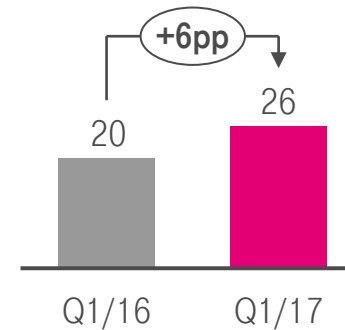
Customer base¹

mn



Fiber rollout¹

Fiber household coverage
%

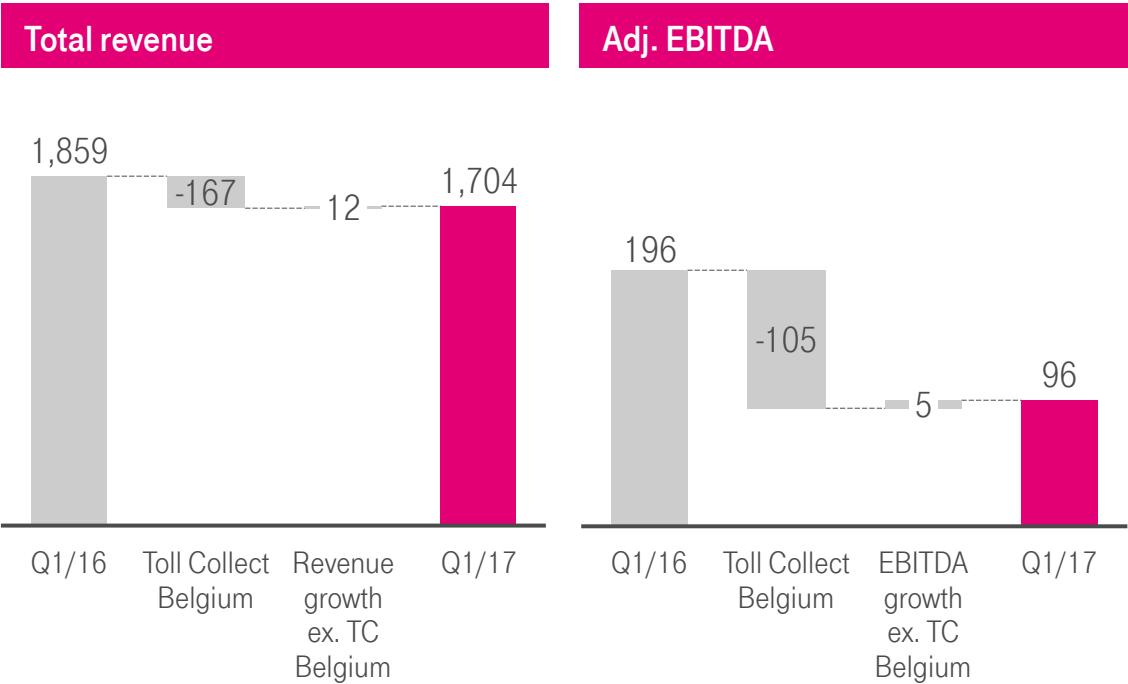


¹) ≥ 100Mbit/s"-coverage: FTTH, FTTB, FTTC (with Vectoring), cable/ED3. Broadband also incl. wholesale customers

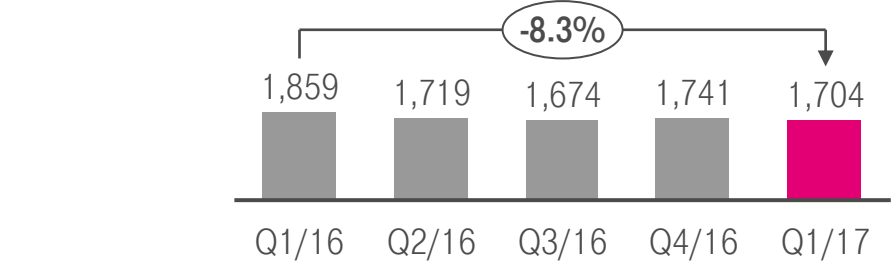
SYSTEMS SOLUTIONS: YOY COMPARISON IMPACTED BY Q1/2016 ONE OFF

T-Systems financials

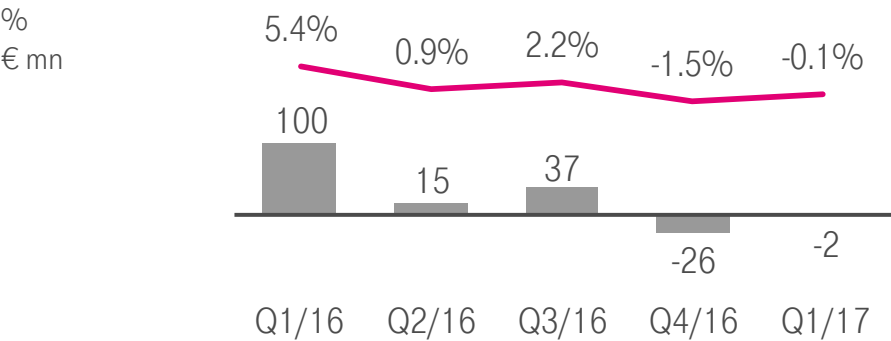
€ mn



Revenue in € million



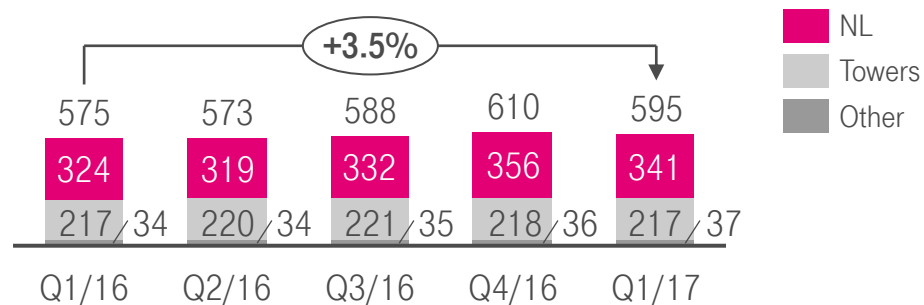
Adj. EBIT and margin



GROUP DEVELOPMENT: DUTCH BUSINESS WITH STRONG PERFORMANCE IN Q1

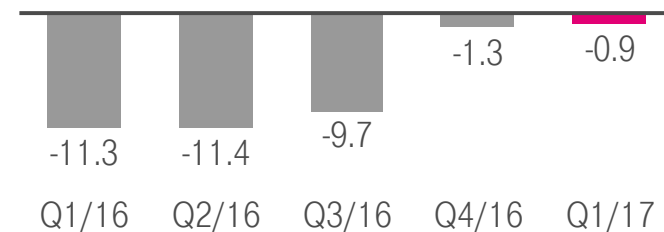
Revenue

€ mn



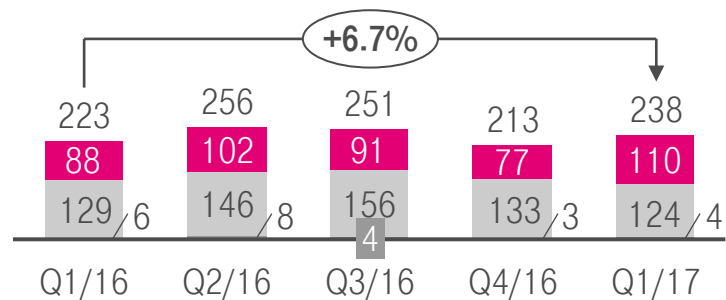
Mobile service revenue trend yoy (NL)

%



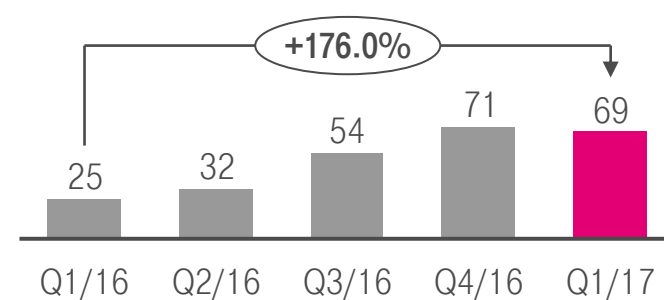
Adj. EBITDA

€ mn



Contract net adds (NL)

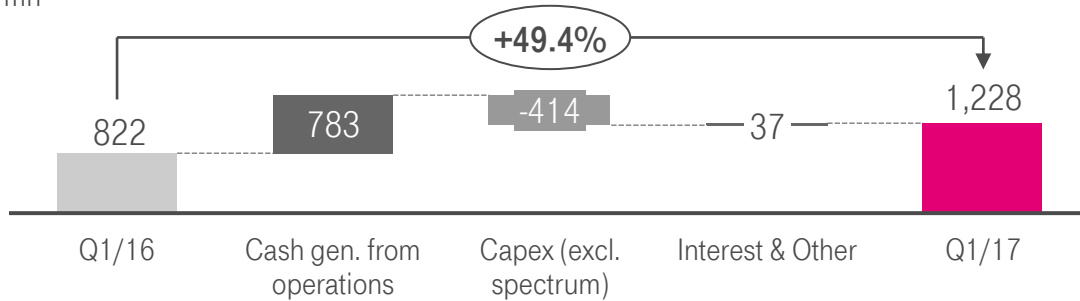
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FINANCIALS: FCF, NET DEBT AND NET INCOME

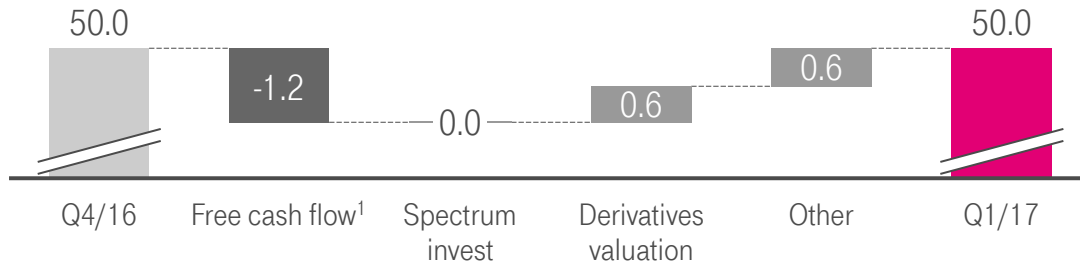
Free cash flow ¹

€ mn



Net debt development

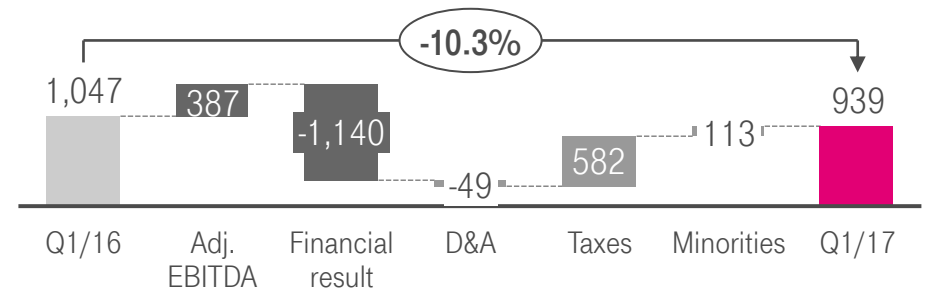
€ bn



1) Free cash flow before dividend payments and excl. Spectrum: Q1/16: € 1,065 million; Q1/17: € 35 million

Adj. net income

€ mn



FINANCIALS: BALANCE SHEET RATIOS IN TARGET CORRIDOR

€ bn

| | 31/03/2016 | 30/06/2016 | 30/09/2016 | 31/12/2016 | 31/03/2017 |
|-----------------------------------|------------|------------|------------|------------|------------|
| Balance sheet total | 143.6 | 143.5 | 143.1 | 148.5 | 148.6 |
| Shareholders' equity | 38.4 | 37.0 | 37.6 | 38.8 | 39.8 |
| Net debt | 47.6 | 48.7 | 48.5 | 50.0 | 50.0 |
| Net debt/adj. EBITDA ¹ | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 |
| Equity ratio | 26.8% | 25.8% | 26.3% | 26.2% | 26.8% |

Comfort zone ratios

| | |
|---|---|
| Rating: A-/BBB | ● |
| 2 – 2.5x net debt/Adj. EBITDA | ● |
| 25 – 35% equity ratio | ● |
| Liquidity reserve covers redemption of the next 24 months | ● |

Current rating

| | | |
|----------|-------------|----------------|
| Fitch: | BBB+ | stable outlook |
| Moody's: | Baa1 | stable outlook |
| S&P: | BBB+ | stable outlook |

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



LIFE IS FOR SHARING.

EXECUTING OUR STRATEGY

- 1** Leading European Telco:
Integrated market leader with superior margins and returns.
- 2** We strengthen our differentiation by best customer experience and by continuously investing into leading access networks and our transformation programs.
- 3** We transform towards a lean and highly agile IP production.
- 4** We are self-funding DT's transformation by disciplined cost management.
- 5** We will grow in all relevant financial KPI's (ROCE, Revenue, EBITDA, FCF).
- 6** Our shareholders will participate with growth of dividends following FCF growth and our prudent debt policy remains unchanged.



CONFERENCE CALL WITH Q&A SESSION

The conference call will be held on **May 11 at 2:00 PM CET, 1:00 PM GMT, 8 AM ET.**

DT Participants: **Tim Höttges** (CEO), **Thomas Dannenfeldt** (CFO), **Hannes Wittig** (Head of IR)

Webcast

- The **link to the webcast** will be provided here 20 minutes before the call starts: www.telekom.com/17Q1
- To ask a question, **just type your question into the box below the stream.**
- We webcast in **HD Voice Quality**
- The **recording will be uploaded to YouTube** after the call.

Dial-in

| | | | |
|-------|------------------|---|----------------|
| DE | 0800 9656288 | + | code 69447490# |
| UK | 0800 0515931 | + | code 69447490# |
| US | +1 866 7192729 | + | code 69447490# |
| Other | +49 69 271340801 | + | code 69447490# |

To **ask a questions**, please press “**star one**” on your touchtone telephone. Your name will be announced when it’s your turn to ask a question. Should you require to **cancel your question**, please press “**star two**”.



FURTHER QUESTIONS

PLEASE CONTACT THE IR DEPARTMENT

Investor Relations Contact details

Phone +49 228 181 – 8 88 80

E-Mail investor.relations@telekom.de

Contact details for all
IR representatives:

www.telekom.com/ircontacts



IR Webpage

www.telekom.com/investors



IR Twitter Account

www.twitter.com/DT_IR



IR YouTube Channel

http://www.telekom.com/youtube_ir



APPENDIX

OUR STRATEGY

LEADING EUROPEAN TELCO

**INTEGRATED
IP NETWORKS**

**BEST
CUSTOMER
EXPERIENCE**

**WIN WITH
PARTNERS**

**LEAD IN
BUSINESS**

TRANSFORM PORTFOLIO

EVOLVE FINANCIAL TARGETS & EFFICIENCY

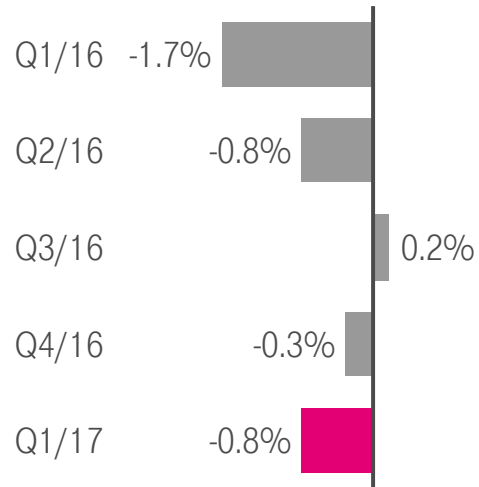
ENCOURAGE LEADERSHIP & PERFORMANCE DEVELOPMENT



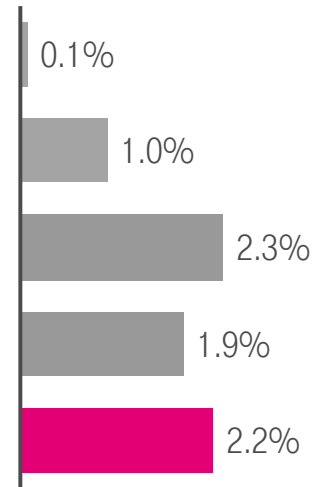
LIFE IS FOR SHARING.

GERMANY MOBILE: SERVICE REVENUES

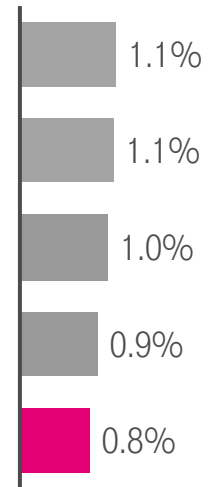
Reported mobile service revenues



Impact of mobile regulation¹



Impact of convergent offers²



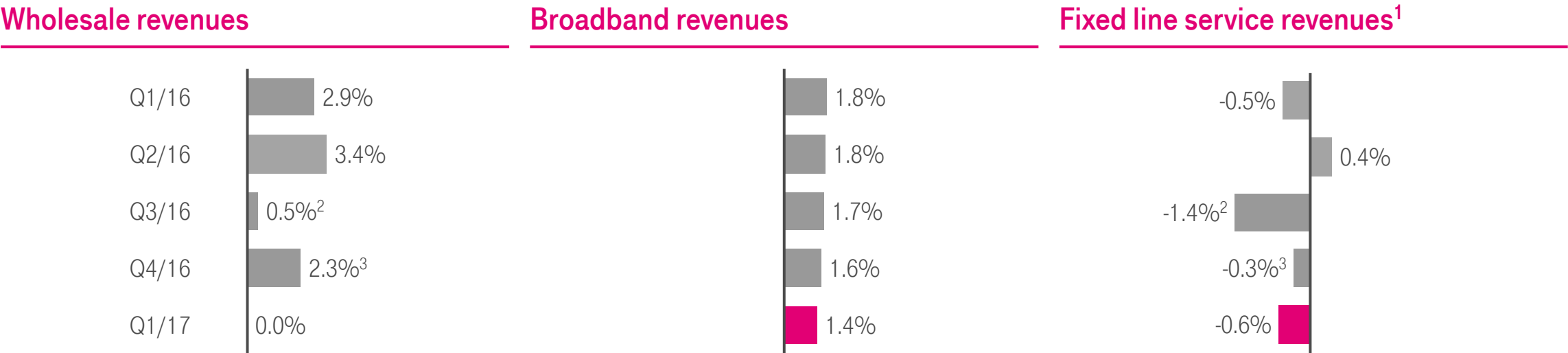
Medium term guidance (2014 – 2018 CAGR): Re-iterated

≈ +1% (without EU roaming impact)

1) Impact of MTR and EU Roaming regulation 2) Impact of MagentaEINS and Telekom LTE broadband

GERMAN FIXED: SERVICE REVENUES

Growth rates YOY



Medium term guidance (2014 – 2018 CAGR): Re-iterated



1) Fixed network core business revenues less fixed hardware revenues plus wholesale services fixed network revenues. From Q2/16 onwards we classify CPEs recurring rent revenues as fixed service revenues. Without this reclassification fixed line service revenue growth rate would be -0.9% in Q1/17. Prior quarters growth rates have not been restated. 2) Revenue in Q2/16 impacted by a negative special factor related to a settlement agreement. Adjusted growth rate at +4.6% for wholesale, respectively +0.7% for fixed service revenues under definition in Q2/16 (see 1) 3) Revenue in Q3/15 impacted by a positive one-off effect in wholesale. Adjusted for this effect wholesale revenue trend would have been +3.5%, fixed line service revenue trend in Q3/16 would have been -0.6%

THANK YOU!

BACKUP Q1 2017

DEUTSCHE TELEKOM



Check out our IR website www.telekom.com/investor-relations for:

- This backup in .pdf and excel-format
- The IR calendar
- Detailed information for debt investors
- Shareholder structure
- Corporate governance

For further information on the business units please refer to:

www.telekom.com
www.telekom.de
www.t-mobile.com
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We have created the new Board of Management department Technology and Innovation, in which we have pooled our Group's overarching network, innovation, and IT tasks. This resulted in the following organizational changes: The Innovations, Telekom IT, and Technology units of our Germany, Europe, and Systems Solutions operating segments have been transferred into a separate Board department within Group Headquarters & Group Services. Comparative figures have been adjusted retrospectively.

Since January 1, 2017, we have reported on the new Group Development operating segment. Group Development actively manages and increases the value of selected subsidiaries and equity investments of the Group. The following units and subsidiaries have been included: T-Mobile Netherlands (previously in the Europe operating segment), Deutsche Funkturm (DFMG, previously in the Germany operating segment), as well as Deutsche Telekom Capital Partners (DTCP), and the stakes in BT plc, Scout24 AG, Ströer SE & Co. KGaA, and Strato AG, which was sold as of March 31, 2017, (previously in the Group Headquarters & Group Services segment). The Group functions of Mergers & Acquisitions and Strategic Portfolio Management have also been assigned to Group Development. Comparative figures have been adjusted retrospectively.

The figures shown in this report were rounded in accordance with standard business rounding principles. As a result, the total indicated may not be equal to the precise sum of the individual figures.



LIFE IS FOR SHARING.

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GROUP

AT A GLANCE

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|--|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-------------|
| GROUP | | 17.630 | 17.817 | 18.105 | 19.543 | 73.095 | 18.646 | 5,8 |
| Germany | | 5.385 | 5.338 | 5.485 | 5.565 | 21.774 | 5.397 | 0,2 |
| United States | | 7.816 | 8.196 | 8.281 | 9.445 | 33.738 | 8.982 | 14,9 |
| Europe | | 2.763 | 2.794 | 2.900 | 2.996 | 11.454 | 2.781 | 0,7 |
| Systems Solutions | | 1.859 | 1.719 | 1.674 | 1.741 | 6.993 | 1.704 | (8,3) |
| Group Development | | 575 | 573 | 588 | 610 | 2.347 | 595 | 3,5 |
| Group Headquarters & Group Services | | 781 | 910 | 846 | 929 | 3.467 | 737 | (5,6) |
| Reconciliation | | (1.549) | (1.713) | (1.670) | (1.742) | (6.678) | (1.550) | (0,1) |
| NET REVENUE | | | | | | | | |
| Germany | | 5.062 | 5.000 | 5.134 | 5.210 | 20.405 | 5.069 | 0,1 |
| United States | | 7.816 | 8.195 | 8.282 | 9.443 | 33.736 | 8.982 | 14,9 |
| Europe | | 2.695 | 2.704 | 2.812 | 2.900 | 11.111 | 2.695 | 0,0 |
| Systems Solutions | | 1.545 | 1.402 | 1.349 | 1.382 | 5.678 | 1.369 | (11,4) |
| Group Development | | 430 | 423 | 434 | 458 | 1.744 | 444 | 3,3 |
| Group Headquarters & Group Services | | 84 | 92 | 96 | 150 | 421 | 88 | 4,8 |
| GROUP | | 17.630 | 17.817 | 18.105 | 19.543 | 73.095 | 18.646 | 5,8 |
| EBITDA (ADJUSTED FOR SPECIAL FACTORS) | | | | | | | | |
| Germany | | 2.052 | 2.078 | 2.095 | 2.013 | 8.237 | 2.070 | 0,9 |
| United States | | 1.908 | 2.172 | 2.156 | 2.325 | 8.561 | 2.386 | 25,1 |
| Europe | | 931 | 968 | 1.037 | 930 | 3.866 | 889 | (4,5) |
| Systems Solutions | | 196 | 111 | 139 | 84 | 530 | 96 | (51,0) |
| Group Development | | 223 | 256 | 251 | 213 | 943 | 238 | 6,7 |
| Group Headquarters & Group Services | | (147) | (89) | (141) | (293) | (670) | (128) | 12,9 |
| Reconciliation | | 0 | (39) | (2) | (7) | (47) | (1) | n.a. |
| GROUP | | 5.163 | 5.457 | 5.535 | 5.265 | 21.420 | 5.550 | 7,5 |
| Proportional EBITDA | | 4.173 | 4.384 | 4.425 | 4.114 | 17.096 | 4.414 | 5,8 |

GROUP

AT A GLANCE II

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|--|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| EBITDA MARGIN (ADJUSTED FOR SPECIAL FACTORS) (EBITDA / TOTAL REVENUE) | | | | | | | | |
| Germany | | 38,1 | 38,9 | 38,2 | 36,2 | 37,8 | 38,4 | 0,3p |
| United States | | 24,4 | 26,5 | 26,0 | 24,6 | 25,4 | 26,6 | 2,2p |
| Europe | | 33,7 | 34,6 | 35,8 | 31,0 | 33,8 | 32,0 | (1,7p) |
| Systems Solutions | | 10,5 | 6,5 | 8,3 | 4,8 | 7,6 | 5,6 | (4,9p) |
| Group Development | | 38,8 | 44,7 | 42,7 | 34,9 | 40,2 | 40,0 | 1,2p |
| Group Headquarters & Group Services | | (18,8) | (9,8) | (16,7) | (31,5) | (19,3) | (17,4) | 1,4p |
| GROUP | | 29,3 | 30,6 | 30,6 | 26,9 | 29,3 | 29,8 | 0,5p |
| CASH CAPEX | | | | | | | | |
| Germany | | 873 | 885 | 1.045 | 1.228 | 4.031 | 1.005 | 15,1 |
| United States | | 1.756 | 1.251 | 1.671 | 1.177 | 5.855 | 1.442 | (17,9) |
| Europe | | 940 | 371 | 876 | 413 | 2.600 | 475 | (49,5) |
| Systems Solutions | | 78 | 96 | 85 | 143 | 402 | 86 | 10,3 |
| Group Development | | 93 | 40 | 69 | 69 | 271 | 81 | (12,9) |
| Group Headquarters & Group Services | | 227 | 207 | 222 | 279 | 936 | 242 | 6,6 |
| Reconciliation | | (71) | (147) | (83) | (152) | (455) | (51) | 28,2 |
| GROUP | | 3.896 | 2.703 | 3.885 | 3.156 | 13.640 | 3.280 | (15,8) |
| - thereof spectrum investment | | 1.065 | 39 | 1.146 | 432 | 2.682 | 35 | (96,7) |
| NET PROFIT (LOSS) | | | | | | | | |
| adjusted for special factors | | 1.047 | 1.054 | 1.040 | 973 | 4.114 | 939 | (10,3) |
| as reported | | 3.125 | 621 | 1.053 | (2.124) | 2.675 | 747 | (76,1) |
| FREE CASH FLOW (BEFORE DIVIDEND PAYMENTS AND SPECTRUM INVESTMENT) | | 822 | 1.320 | 1.904 | 893 | 4.939 | 1.228 | 49,4 |
| Proportional free cash flow | | 837 | 1.104 | 1.607 | 391 | 3.939 | 1.139 | 36,1 |
| NET DEBT | | 47.603 | 48.692 | 48.484 | 49.959 | 49.959 | 49.963 | 5,0 |

DT GROUP

EXCELLENT MARKET POSITION¹

| | Note | Q1 2016 (⁰⁰⁰) | Q2 2016 (⁰⁰⁰) | Q3 2016 (⁰⁰⁰) | Q4 2016 (⁰⁰⁰) | Q1 2017 (⁰⁰⁰) | Change compared to prior quarter | | Change compared to prior year | |
|---|----------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|-------------------------------------|--------------|----------------------------------|--------------|
| | | | | | | | abs. | % | abs. | % |
| BROADBAND RETAIL LINES (END OF PERIOD) | 2 | 17.960 | 18.077 | 18.187 | 18.479 | 18.609 | 130 | 0,7 | 649 | 3,6 |
| Germany | | 12.706 | 12.770 | 12.835 | 12.922 | 12.989 | 67 | 0,5 | 283 | 2,2 |
| Europe | | 5.254 | 5.307 | 5.352 | 5.393 | 5.444 | 51 | 0,9 | 190 | 3,6 |
| Greece | | 1.541 | 1.573 | 1.603 | 1.633 | 1.653 | 20 | 1,2 | 112 | 7,3 |
| Romania | | 1.204 | 1.204 | 1.198 | 1.194 | 1.186 | (8) | (0,7) | (18) | (1,5) |
| Hungary | | 996 | 1.003 | 1.014 | 1.011 | 1.026 | 15 | 1,5 | 30 | 3,0 |
| Poland | | 10 | 10 | 10 | 10 | 20 | 10 | 100,0 | 10 | 100,0 |
| Czech Republic | | 131 | 131 | 130 | 132 | 133 | 1 | 0,8 | 2 | 1,5 |
| Croatia | | 634 | 639 | 642 | 649 | 653 | 4 | 0,6 | 19 | 3,0 |
| Slovakia | | 481 | 489 | 496 | 509 | 523 | 14 | 2,8 | 42 | 8,7 |
| other | | 256 | 258 | 258 | 254 | 250 | (4) | (1,6) | (6) | (2,3) |
| Group Development | | 0 | 0 | 0 | 164 | 176 | 12 | 7,3 | 176 | n.a. |
| Netherlands | 4 | 0 | 0 | 0 | 164 | 176 | 12 | 7,3 | 176 | n.a. |
| FIXED NETWORK LINES (END OF PERIOD) | 3 | 28.780 | 28.610 | 28.472 | 28.481 | 28.310 | (171) | (0,6) | (470) | (1,6) |
| Germany | | 20.093 | 19.971 | 19.873 | 19.786 | 19.648 | (138) | (0,7) | (445) | (2,2) |
| Europe | | 8.687 | 8.639 | 8.599 | 8.531 | 8.486 | (45) | (0,5) | (201) | (2,3) |
| Greece | | 2.583 | 2.576 | 2.569 | 2.564 | 2.547 | (17) | (0,7) | (36) | (1,4) |
| Romania | | 2.055 | 2.029 | 1.998 | 1.969 | 1.937 | (32) | (1,6) | (118) | (5,7) |
| Hungary | | 1.659 | 1.655 | 1.650 | 1.629 | 1.630 | 1 | 0,1 | (29) | (1,7) |
| Poland | | 18 | 18 | 20 | 20 | 33 | 13 | 65,0 | 15 | 83,3 |
| Czech Republic | | 141 | 140 | 147 | 140 | 143 | 3 | 2,1 | 2 | 1,4 |
| Croatia | | 1.012 | 1.009 | 1.004 | 1.001 | 992 | (9) | (0,9) | (20) | (2,0) |
| Slovakia | | 851 | 848 | 847 | 850 | 854 | 4 | 0,5 | 3 | 0,4 |
| other | | 367 | 365 | 364 | 358 | 351 | (7) | (2,0) | (16) | (4,4) |
| Group Development | | 0 | 0 | 0 | 164 | 176 | 12 | 7,3 | 176 | n.a. |
| Netherlands | 4 | 0 | 0 | 0 | 164 | 176 | 12 | 7,3 | 176 | n.a. |
| MOBILE SUBSCRIBERS (END OF PERIOD) | | 158.354 | 160.735 | 163.026 | 165.003 | 165.848 | 846 | 0,5 | 7.494 | 4,7 |
| Germany | | 40.643 | 41.138 | 41.461 | 41.849 | 42.114 | 265 | 0,6 | 1.471 | 3,6 |
| United States | | 65.503 | 67.384 | 69.354 | 71.455 | 72.597 | 1.142 | 1,6 | 7.094 | 10,8 |
| Europe | | 48.540 | 48.542 | 48.508 | 47.952 | 47.348 | (604) | (1,3) | (1.192) | (2,5) |
| Greece | | 7.477 | 7.610 | 7.666 | 7.725 | 7.733 | 8 | 0,1 | 256 | 3,4 |
| Romania | | 5.934 | 5.909 | 5.869 | 5.722 | 5.428 | (294) | (5,1) | (506) | (8,5) |
| Hungary | | 5.372 | 5.344 | 5.301 | 5.332 | 5.304 | (28) | (0,5) | (68) | (1,3) |
| Poland | | 11.821 | 11.635 | 11.221 | 10.634 | 10.229 | (405) | (3,8) | (1.592) | (13,5) |
| Czech Republic | | 6.024 | 6.008 | 6.002 | 6.049 | 6.097 | 48 | 0,8 | 73 | 1,2 |
| Croatia | | 2.206 | 2.246 | 2.332 | 2.234 | 2.210 | (24) | (1,1) | 4 | 0,2 |
| Slovakia | | 2.231 | 2.227 | 2.226 | 2.225 | 2.230 | 5 | 0,2 | (1) | (0,0) |
| Austria | | 4.221 | 4.275 | 4.365 | 4.594 | 4.713 | 119 | 2,6 | 492 | 11,7 |
| other | | 3.255 | 3.287 | 3.525 | 3.438 | 3.404 | (34) | (1,0) | 149 | 4,6 |
| Group Development | | 3.668 | 3.671 | 3.703 | 3.746 | 3.789 | 43 | 1,1 | 121 | 3,3 |
| Netherlands | | 3.668 | 3.671 | 3.703 | 3.746 | 3.789 | 43 | 1,1 | 121 | 3,3 |

¹ Figures rounded to the nearest million. The total is calculated on the basis of precise numbers. Percentages calculated on the basis of figures shown.

² Broadband lines in operation excluding lines for internal use and public telecommunications; including IP-based access lines and wholesale services. Including BB via cable in Hungary.

³ Fixed network lines in operation excluding lines for internal use and public telecommunications.

⁴ In the fourth quarter of 2016, the number of fixed-network and broadband lines in the Netherlands grew as a result of the acquisition of Vodafone's fixed-network consumer business.

NOTES

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DT CONSOLIDATED INCOME STATEMENT

ADJUSTED FOR SPECIAL FACTORS

| | | Q1 2016 € | Q2 2016 € | Q3 2016 € | Q4 2016 € | FY 2016 € | Q1 2017 € | Change % |
|---|------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|
| | Note | | | | | | | |
| NET REVENUE | | 17.630 | 17.827 | 18.105 | 19.543 | 73.105 | 18.646 | 5,8 |
| Other operating income | | 268 | 203 | 282 | 280 | 1.033 | 251 | (6,3) |
| Changes in inventories | | 12 | (6) | 1 | (19) | (12) | 40 | n.a. |
| Own capitalized costs | | 481 | 518 | 531 | 581 | 2.111 | 542 | 12,7 |
| Goods and services purchased | | (8.587) | (8.683) | (8.933) | (10.660) | (36.863) | (9.284) | (8,1) |
| Personnel costs | | (3.813) | (3.702) | (3.578) | (3.731) | (14.824) | (3.887) | (1,9) |
| Other operating expenses | | (828) | (700) | (873) | (729) | (3.130) | (758) | 8,5 |
| Depreciation, amortization, and impairment losses | | (3.142) | (3.151) | (3.163) | (3.301) | (12.757) | (3.191) | (1,6) |
| PROFIT (LOSS) FROM OPERATIONS (EBIT) | | 2.021 | 2.306 | 2.372 | 1.964 | 8.663 | 2.359 | 16,7 |
| EBIT margin (EBIT / net revenue) | % | 11,5 | 12,9 | 13,1 | 10,0 | 11,9 | 12,7 | 1,2p |
| Profit (loss) from financial activities | | (215) | (746) | (531) | (831) | (2.323) | (1.355) | n.a. |
| of which: finance costs | | (634) | (653) | (647) | (562) | (2.496) | (638) | (0,6) |
| PROFIT (LOSS) BEFORE INCOME TAXES (EBT) | | 1.806 | 1.560 | 1.841 | 1.133 | 6.340 | 1.004 | (44,4) |
| Income taxes | | (582) | (424) | (639) | (213) | (1.858) | 0 | n.a. |
| PROFIT (LOSS) | | 1.224 | 1.136 | 1.202 | 920 | 4.482 | 1.004 | (18,0) |
| Profit (loss) attributable to non-controlling interests | | 177 | 82 | 162 | (53) | 368 | 64 | (63,8) |
| NET PROFIT (LOSS) | | 1.047 | 1.054 | 1.040 | 973 | 4.114 | 939 | (10,3) |

GROUP

EBITDA RECONCILIATION

| | Note | Q1 2016 € | Q2 2016 € | Q3 2016 € | Q4 2016 € | FY 2016 € | Q1 2017 € | Change % |
|--|------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|
| NET REVENUE | | 17.630 | 17.817 | 18.105 | 19.543 | 73.095 | 18.646 | 5,8 |
| NET PROFIT (LOSS) | | 3.125 | 621 | 1.053 | (2.124) | 2.675 | 747 | (76,1) |
| + Profit (loss) attributable to non-controlling interests | | 252 | 65 | 169 | (57) | 429 | 62 | (75,4) |
| = Profit (loss) | | 3.377 | 686 | 1.222 | (2.181) | 3.104 | 809 | (76,0) |
| - Income taxes | | (934) | (114) | (394) | (1) | (1.443) | 78 | n.a. |
| = Profit (loss) before income taxes = EBT | | 4.311 | 800 | 1.616 | (2.180) | 4.547 | 731 | (83,0) |
| - Profit (loss) from financial activities | | (214) | (746) | (540) | (3.117) | (4.617) | (2.040) | n.a. |
| PROFIT (LOSS) FROM OPERATIONS (EBIT) | | 4.525 | 1.546 | 2.156 | 937 | 9.164 | 2.771 | (38,8) |
| - Depreciation, amortization and impairment losses | | (3.142) | (3.151) | (3.178) | (3.909) | (13.380) | (3.191) | (1,6) |
| = EBITDA | | 7.667 | 4.697 | 5.334 | 4.846 | 22.544 | 5.963 | (22,2) |
| EBITDA margin (EBITDA/net revenue) | % | 43,5 | 26,4 | 29,5 | 24,8 | 30,8 | 32,0 | (11,5p) |
| - Special factors affecting EBITDA | | 2.504 | (760) | (201) | (419) | 1.124 | 412 | (83,5) |
| = EBITDA ADJUSTED FOR SPECIAL FACTORS | | 5.163 | 5.457 | 5.535 | 5.265 | 21.420 | 5.550 | 7,5 |
| EBITDA margin (adjusted for special factors) (EBITDA / net revenue) | % | 29,3 | 30,6 | 30,6 | 26,9 | 29,3 | 29,8 | 0,5p |

DT CONSOLIDATED INCOME STATEMENT

AS REPORTED

| | Note | Q1 2016 € | Q2 2016 € | Q3 2016 € | Q4 2016 € | FY 2016 € | Q1 2017 € | Change % |
|---|------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|
| NET REVENUE | | 17.630 | 17.817 | 18.105 | 19.543 | 73.095 | 18.646 | 5,8 |
| Other operating income | | 3.179 | 258 | 386 | 357 | 4.180 | 770 | (75,8) |
| Changes in inventories | | 12 | (6) | 1 | (19) | (12) | 40 | n.a. |
| Own capitalized costs | | 480 | 518 | 532 | 582 | 2.112 | 542 | 12,9 |
| Goods and services purchased | | (8.663) | (8.764) | (8.975) | (10.682) | (37.084) | (9.312) | (7,5) |
| Personnel costs | | (4.062) | (4.365) | (3.836) | (4.200) | (16.463) | (3.964) | 2,4 |
| Other operating expenses | | (909) | (761) | (879) | (735) | (3.284) | (761) | 16,3 |
| Depreciation, amortization, and impairment losses | | (3.142) | (3.151) | (3.178) | (3.909) | (13.380) | (3.191) | (1,6) |
| PROFIT (LOSS) FROM OPERATIONS (EBIT) | | 4.525 | 1.546 | 2.156 | 937 | 9.164 | 2.771 | (38,8) |
| EBIT margin (EBIT / net revenue) | % | 25,7 | 8,7 | 11,9 | 4,8 | 12,5 | 14,9 | (10,8p) |
| Profit (loss) from financial activities | | (214) | (746) | (540) | (3.117) | (4.617) | (2.040) | n.a. |
| of which: finance costs | | (633) | (652) | (646) | (561) | (2.492) | (637) | (0,6) |
| PROFIT (LOSS) BEFORE INCOME TAXES (EBT) | | 4.311 | 800 | 1.616 | (2.180) | 4.547 | 731 | (83,0) |
| Income taxes | | (934) | (114) | (394) | (1) | (1.443) | 78 | n.a. |
| PROFIT (LOSS) | | 3.377 | 686 | 1.222 | (2.181) | 3.104 | 809 | (76,0) |
| Profit (loss) attributable to non-controlling interests | | 252 | 65 | 169 | (57) | 429 | 62 | (75,4) |
| NET PROFIT (LOSS) | | 3.125 | 621 | 1.053 | (2.124) | 2.675 | 747 | (76,1) |

GROUP

SPECIAL FACTORS IN THE CONSOLIDATED INCOME STATEMENT

| | Note | Q1 2016 € | Q2 2016 € | Q3 2016 € | Q4 2016 € | FY 2016 € | Q1 2017 € |
|---|----------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| NET REVENUE | | 0 | (10) | 0 | 0 | (10) | 0 |
| Other operating income | 1 | 2.911 | 55 | 104 | 77 | 3.147 | 519 |
| Changes in inventories | | 0 | 0 | 0 | 0 | 0 | 0 |
| Own capitalized costs | | (1) | 0 | 1 | 1 | 1 | 0 |
| Goods and services purchased | | (76) | (81) | (42) | (22) | (221) | (28) |
| Personnel costs | | (249) | (663) | (258) | (469) | (1.639) | (77) |
| Other operating expenses | | (81) | (61) | (6) | (6) | (154) | (2) |
| Depreciation, amortization, and impairment losses | | 0 | 0 | (15) | (608) | (623) | 0 |
| PROFIT (LOSS) FROM OPERATIONS (EBIT) | 1 | 2.504 | (760) | (216) | (1.027) | 501 | 412 |
| Profit (loss) from financial activities | | 1 | 0 | (9) | (2.286) | (2.294) | (685) |
| PROFIT (LOSS) BEFORE INCOME TAXES (EBT) | 1 | 2.505 | (760) | (225) | (3.313) | (1.793) | (272) |
| Income taxes | | (352) | 310 | 245 | 212 | 415 | 78 |
| PROFIT (LOSS) | | 2.153 | (450) | 20 | (3.101) | (1.378) | (195) |
| Profit (loss) attributable to non-controlling interests | | 75 | (17) | 7 | (4) | 61 | (2) |
| NET PROFIT (LOSS) | | 2.078 | (433) | 13 | (3.097) | (1.439) | (193) |

1 Q1/2016: sale of stake in the EE joint venture. Q1/2017: sale of Strato

GROUP

DETAILS ON SPECIAL FACTORS I

| | Note | Q1 2016 € | Q2 2016 € | Q3 2016 € | Q4 2016 € | FY 2016 € | Q1 2017 € | Change % |
|---|----------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|
| EFFECT ON OPERATING EXPENSES | | (407) | (805) | (305) | (496) | (2.013) | (107) | 73,7 |
| of which: expenses / income for early retirement (civil servants) | | (138) | (564) | (125) | (309) | (1.136) | 5 | n.a. |
| of which: expenses for severance payments | | (59) | (57) | (83) | (95) | (294) | (35) | 40,7 |
| of which: expenses / income for partial retirement | | (48) | (43) | (47) | (51) | (189) | (46) | 4,2 |
| of which: expenses for other personnel restructuring charges | | (3) | 1 | (3) | (7) | (12) | (1) | 66,7 |
| of which: Vivento transfer payments | | (1) | 0 | 0 | (6) | (7) | 0 | n.a. |
| of which: restructuring charges | | (34) | (29) | (9) | (9) | (81) | (12) | 64,7 |
| of which: expenses due to de-consolidations and other asset sales | | (79) | (66) | 4 | 38 | (103) | 8 | n.a. |
| of which: others | | (45) | (47) | (42) | (57) | (191) | (26) | 42,2 |
| EFFECT ON OTHER OPERATING INCOME | | 2.911 | 55 | 104 | 77 | 3.147 | 519 | (82,2) |
| of which: income due to asset sales | | 2.911 | 54 | 104 | 49 | 3.118 | 519 | (82,2) |
| of which: others | | 0 | 1 | 0 | 28 | 29 | 0 | n.a. |
| EFFECT ON REVENUE | | 0 | (10) | 0 | 0 | (10) | 0 | n.a. |
| EFFECT ON EBITDA | 1 | 2.504 | (760) | (201) | (419) | 1.124 | 412 | (83,5) |
| DEPRECIATION, AMORTIZATION AND IMPAIRMENT | | 0 | 0 | (15) | (608) | (623) | 0 | n.a. |
| of which: restructuring charges | | 0 | 0 | 0 | 0 | 0 | 0 | n.a. |
| of which: expenses due to consolidations and other asset sales | | 0 | 0 | 0 | 0 | 0 | 0 | n.a. |
| of which: others | | 0 | 0 | 1 | (1) | 0 | 0 | n.a. |
| EFFECT ON PROFIT FROM OPERATIONS = EBIT | 1 | 2.504 | (760) | (216) | (1.027) | 501 | 412 | (83,5) |

1 Q1/2016: sale of stake in the EE joint venture. Q1/2017: sale of Strato

GROUP

DETAILS ON SPECIAL FACTORS II

| | Note | Q1 2016 € | Q2 2016 € | Q3 2016 € | Q4 2016 € | FY 2016 € | Q1 2017 € | Change % |
|---|----------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------|
| EFFECT ON PROFIT (LOSS) FROM FINANCIAL ACTIVITIES | | 1 | 0 | (9) | (2.286) | (2.294) | (685) | n.a. |
| EFFECT ON PROFIT (LOSS) BEFORE INCOME TAXES | | 2.505 | (760) | (225) | (3.313) | (1.793) | (272) | n.a. |
| EFFECT ON TAXES | | (352) | 310 | 245 | 212 | 415 | 78 | n.a. |
| Tax effect of special factors within EBIT | | 16 | 316 | 84 | 132 | 548 | 28 | 75,0 |
| Tax effect of special factors on profit (loss) from financial activities | | (368) | (6) | 161 | 80 | (133) | 50 | n.a. |
| Other tax effects | | 0 | 0 | 0 | 0 | 0 | 0 | n.a. |
| EFFECT ON PROFIT (LOSS) ATTRIBUTABLE TO NON- CONTROLLING INTERESTS | | 75 | (17) | 7 | (4) | 61 | (2) | n.a. |
| EFFECT ON NET PROFIT (LOSS) | 1 | 2.078 | (433) | 13 | (3.097) | (1.439) | (193) | n.a. |

1 Q1/2016: sale of stake in the EE joint venture. Q1/2017: sale of Strato

CHANGE IN THE COMPOSITION OF THE GROUP IN THE CURRENT YEAR¹

| | REPORTED NUMBERS | PLUS ACQUISITION EFFECTS | | | | | | | MINUS DECONSOLIDATION EFFECTS | | | | | | | TOTAL EFFECT | PRO FORMA | REPORTED NUMBERS | ORGANIC CHANGE |
|---|--------------------------|-----------------------------|------------------------|---------------------------------|-----------------------|-------------------------------------|------------------------------------|----------------------|----------------------------------|--------------------------|---------------------------------|-----------------------|------------------------------------|---------------------------------------|----------------------|-----------------|--------------------------|--------------------------|-------------------|
| | 2016 millions of € | Total millions of € | Germany millions of | United States millions of | Europe millions of | Group Development millions of | System Solutions millions of | GHS millions of € | Total millions of | Germany millions of € | United States millions of | Europe millions of | System Solutions millions of | Group Development millions of € | GHS millions of € | | 2016 millions of € | 2017 millions of € | % |
| NET REVENUE | 17.630 | 21 | 0 | 0 | 0 | 21 | 0 | 0 | 4 | 0 | 0 | 0 | 0 | 0 | 4 | 17 | 17.647 | 18.646 | 5,7 |
| PROFIT (LOSS) FROM OPERATIONS = EBIT | 4.525 | (6) | 0 | 0 | 0 | (6) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (6) | 4.519 | 2.771 | (38,7) |
| Profit (loss) from financial activities | (214) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (214) | (2.040) | n.a. |
| of which finance costs | (633) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (633) | (637) | 0,6 |
| PROFIT (LOSS) BEFORE INCOME TAXES = EBT | 4.311 | (6) | 0 | 0 | 0 | (6) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (6) | 4.305 | 731 | (83,0) |
| Income taxes | (934) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (934) | 78 | n.a. |
| PROFIT (LOSS) | 3.377 | (6) | 0 | 0 | 0 | (6) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (6) | 3.371 | 809 | (76,0) |

¹ Since 2015, the prior-year figure has been adjusted to ensure comparability. The prior-year comparative is increased to account for any new acquisitions. Analogously, divestitures reduce the prior-year figure.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

| | | Mar. 31 | Jun. 30 | Sep. 30 | Dec. 31 | Mar. 31 | Change | Change |
|--|------|----------------|----------------|----------------|----------------|----------------|---------------|-------------|
| | | 2016 | 2016 | 2016 | 2016 | 2017 | compared to | compared to |
| | Note | millions of € | millions of € | millions of € | millions of € | millions of € | prior quarter | prior year |
| | | | | | | | % | % |
| CURRENT ASSETS | | 25.453 | 24.518 | 23.891 | 26.638 | 27.663 | 3,8 | 8,7 |
| Cash and cash equivalents | | 7.332 | 7.207 | 7.527 | 7.747 | 9.542 | 23,2 | 30,1 |
| Trade and other receivables | | 8.894 | 8.825 | 8.607 | 9.362 | 9.093 | (2,9) | 2,2 |
| Current recoverable income taxes | | 136 | 159 | 105 | 218 | 192 | (11,9) | 41,2 |
| Other financial assets | | 4.829 | 4.172 | 4.194 | 5.713 | 4.907 | (14,1) | 1,6 |
| Inventories | | 1.998 | 1.890 | 1.599 | 1.629 | 1.646 | 1,0 | (17,6) |
| Current and non-current assets and disposal groups held for sale | | 409 | 463 | 250 | 372 | 148 | (60,2) | (63,8) |
| Other assets | | 1.855 | 1.802 | 1.609 | 1.597 | 2.136 | 33,8 | 15,1 |
| NON-CURRENT ASSETS | | 118.152 | 118.948 | 119.226 | 121.847 | 120.961 | (0,7) | 2,4 |
| Intangible assets | | 57.384 | 58.269 | 58.951 | 60.599 | 60.269 | (0,5) | 5,0 |
| Property, plant and equipment | | 44.442 | 44.901 | 45.148 | 46.758 | 46.788 | 0,1 | 5,3 |
| Investments accounted for using the equity method | | 811 | 782 | 782 | 725 | 722 | (0,4) | (11,0) |
| Other financial assets | | 9.877 | 9.218 | 8.583 | 7.886 | 6.971 | (11,6) | (29,4) |
| Deferred tax assets | | 5.119 | 5.208 | 5.136 | 5.210 | 5.477 | 5,1 | 7,0 |
| Other assets | | 519 | 570 | 626 | 669 | 733 | 9,6 | 41,2 |
| TOTAL ASSETS | | 143.605 | 143.466 | 143.117 | 148.485 | 148.624 | 0,1 | 3,5 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | Mar. 31 | Jun. 30 | Sep. 30 | Dec. 31 | Mar. 31 | Change | Change |
|---|------|----------------|----------------|----------------|----------------|----------------|---------------|-------------|
| | | 2016 | 2016 | 2016 | 2016 | 2017 | compared to | compared to |
| | Note | millions of € | millions of € | millions of € | millions of € | millions of € | prior quarter | prior year |
| | | | | | | | % | % |
| LIABILITIES | | 105.161 | 106.498 | 105.496 | 109.640 | 108.806 | (0,8) | 3,5 |
| CURRENT LIABILITIES | | 32.211 | 30.286 | 26.010 | 33.126 | 32.375 | (2,3) | 0,5 |
| Financial liabilities | | 13.876 | 12.570 | 8.959 | 14.422 | 14.871 | 3,1 | 7,2 |
| Trade and other payables | | 9.867 | 9.442 | 8.893 | 10.441 | 8.983 | (14,0) | (9,0) |
| Income tax liabilities | | 260 | 203 | 247 | 222 | 238 | 7,2 | (8,5) |
| Other provisions | | 3.227 | 2.852 | 2.850 | 3.068 | 3.076 | 0,3 | (4,7) |
| Liabilities directly associated with non-current assets and disposal groups held for sale | | 0 | 90 | 99 | 194 | 133 | (31,4) | n.a. |
| Other liabilities | | 4.981 | 5.129 | 4.962 | 4.779 | 5.075 | 6,2 | 1,9 |
| NON-CURRENT LIABILITIES | | 72.950 | 76.212 | 79.486 | 76.514 | 76.431 | (0,1) | 4,8 |
| Financial liabilities | | 48.185 | 50.361 | 53.349 | 50.228 | 50.402 | 0,3 | 4,6 |
| Provisions for pensions and other employee benefits | | 8.369 | 8.818 | 9.091 | 8.451 | 8.293 | (1,9) | (0,9) |
| Other provisions | | 3.027 | 3.155 | 3.189 | 3.320 | 3.285 | (1,1) | 8,5 |
| Deferred tax liabilities | | 9.342 | 9.529 | 9.514 | 10.007 | 10.025 | 0,2 | 7,3 |
| Other liabilities | | 4.027 | 4.349 | 4.343 | 4.508 | 4.427 | (1,8) | 9,9 |
| SHAREHOLDERS' EQUITY | | 38.444 | 36.968 | 37.621 | 38.845 | 39.818 | 2,5 | 3,6 |
| Issued capital | | 11.793 | 11.973 | 11.973 | 11.973 | 11.973 | 0,0 | 1,5 |
| Capital reserves | | 52.399 | 53.288 | 53.348 | 53.356 | 53.349 | (0,0) | 1,8 |
| Retained earnings incl. carryforwards | | (36.187) | (39.007) | (39.174) | (38.727) | (35.971) | 7,1 | 0,6 |
| Total other comprehensive income | | (1.470) | (1.958) | (2.459) | 78 | 145 | 85,9 | n.a. |
| Net profit (loss) | | 3.125 | 3.746 | 4.799 | 2.675 | 747 | (72,1) | (76,1) |
| Treasury shares | | (51) | (50) | (50) | (50) | (50) | 0,0 | 2,0 |
| Non-controlling interests | | 8.835 | 8.976 | 9.184 | 9.540 | 9.625 | 0,9 | 8,9 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 143.605 | 143.466 | 143.117 | 148.485 | 148.624 | 0,1 | 3,5 |

DT GROUP

PROVISIONS FOR PENSIONS

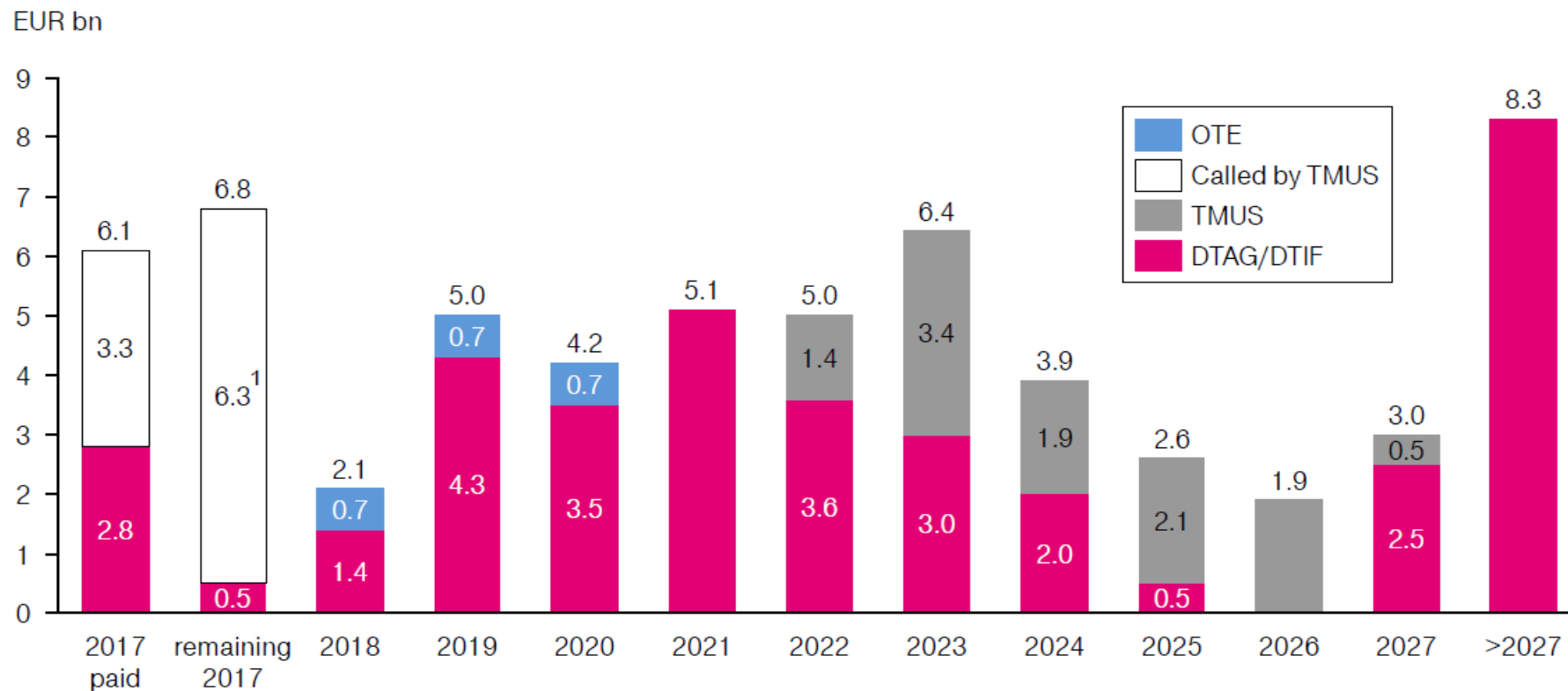
| | | 2016 millions of € | 2015 millions of € | 2014 millions of € | 2013 millions of € | 2012 millions of € |
|--|----------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| FROM DEFINED BENEFIT OBLIGATION TO PROVISION IN BALANCE SHEET | | | | | | |
| Present value of obligation (DBO) | 1 | 11.427 | 10.753 | 10.940 | 8.965 | 8.973 |
| Plan assets | | (2.990) | (2.744) | (2.498) | (1.973) | (1.680) |
| Others | | 14 | 19 | 23 | 14 | 19 |
| Provision in balance sheet | | 8.451 | 8.028 | 8.465 | 7.006 | 7.312 |
| PENSION COSTS INCLUDED IN P&L (INCLUDED EXPECTED RETURN ON PLAN ASSETS) | | | | | | |
| | | 396 | 442 | 445 | 388 | 511 |
| thereof included in EBITDA | | 230 | 285 | 220 | 160 | 197 |
| thereof included in financial result | | 166 | 157 | 225 | 228 | 313 |
| CASH PAYMENTS FOR PENSIONS | | | | | | |
| 1) funding of plan assets by DT (investment in financial assets) | | 264 | 276 | 266 | 269 | 768 |
| 2) benefits paid through plan assets | 2 | 32 | 31 | 30 | 42 | 45 |
| 3) benefits paid through provision (included in cash flow from operations) | | 375 | 386 | 298 | 366 | 375 |
| cash payments included in cash flow statement = 1) + 3) | | 639 | 662 | 564 | 635 | 1.143 |
| cash payments included in free cash flow = 3) | | 375 | 386 | 298 | 366 | 375 |
| CHANGE IN THE PRESENT VALUE OF THE OBLIGATION (EXAMPLE 2015) | | | | | | |
| End of 2015 | | 10.753 | | | | |
| pension costs included in P&L | | 451 | | | | |
| benefits paid | | (375) | | | | |
| actuarial losses/gains | 3 | 698 | | | | |
| F/X | | (24) | | | | |
| Others | | (76) | | | | |
| End of 2016 | | 11.427 | | | | |

1 Increase in obligation mainly due to a change in the discount rate.

2 The sum of payments through plan assets and the benefit paid through provisions equal the "benefits paid" in "Change in the present value of the obligation".

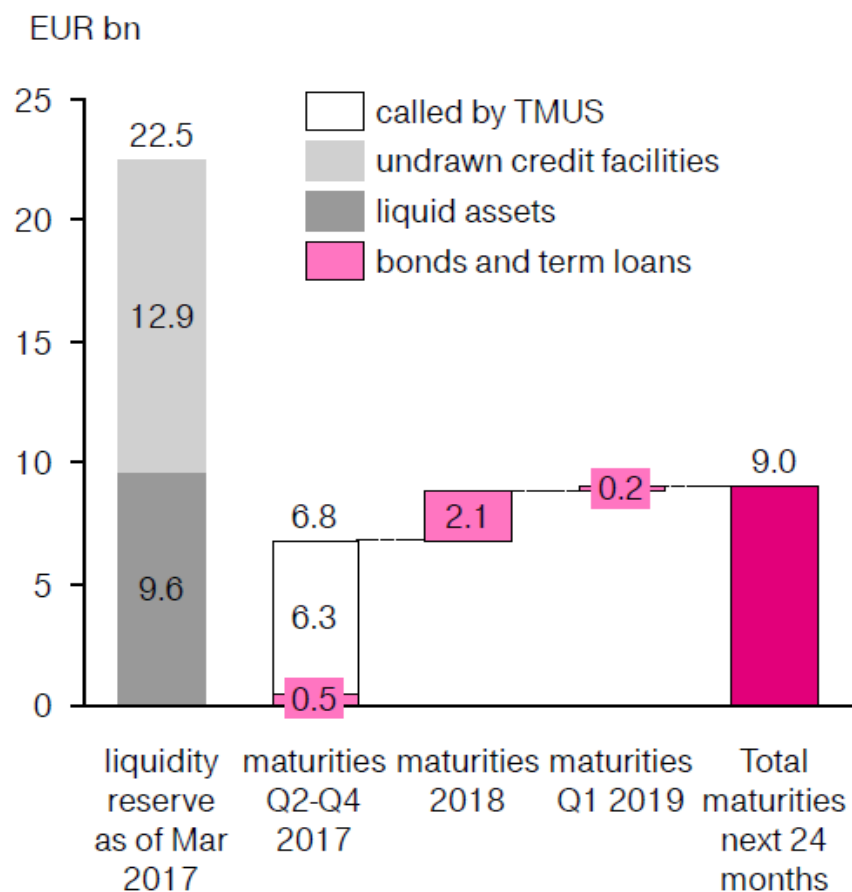
3 Actuarial losses/gains are via other comprehensive income directly billed vs. equity.

WELL-BALANCED MATURITY PROFILE AS OF MARCH 31, 2017



¹settled in April 2017

STRONG LIQUIDITY PROFILE AS OF MARCH 31, 2017



- EUR 12.9 bn firm bilateral lines available
 - unconditionally committed
 - no MAC clauses
 - diversified: 22 banks
 - 3 year tenor, staggered maturities
- CPs outstanding EUR 0.0 bn
- residual amount EUR 12.9 bn
- Maturities of next 24 months covered

DT/TMUS FUNDING - CREDIT POSITIVE FOR DT

DT's funding support as of March 31st 2017

- USD 5.6bn unsecured HY bonds (disbursed)
- USD 4.0bn unsecured HY bond purchase commitment (to be disbursed in May 2017)
- USD 2.5bn Revolving Credit Facility, thereof 1.5bn secured (undrawn)
- USD 4.0bn secured term loan (disbursed)
- USD 1.0bn unsecured HY bond purchase commitment (to be disbursed 50/50% in April and September 2017)

USD 17.1bn total inter-company financing, thereof 5.5bn secured

Positive credit implications

- Results in significant interest costs savings
- DT in preferential creditor position due to large portion of secured financing
- Eliminates structural subordination issues with rating agencies

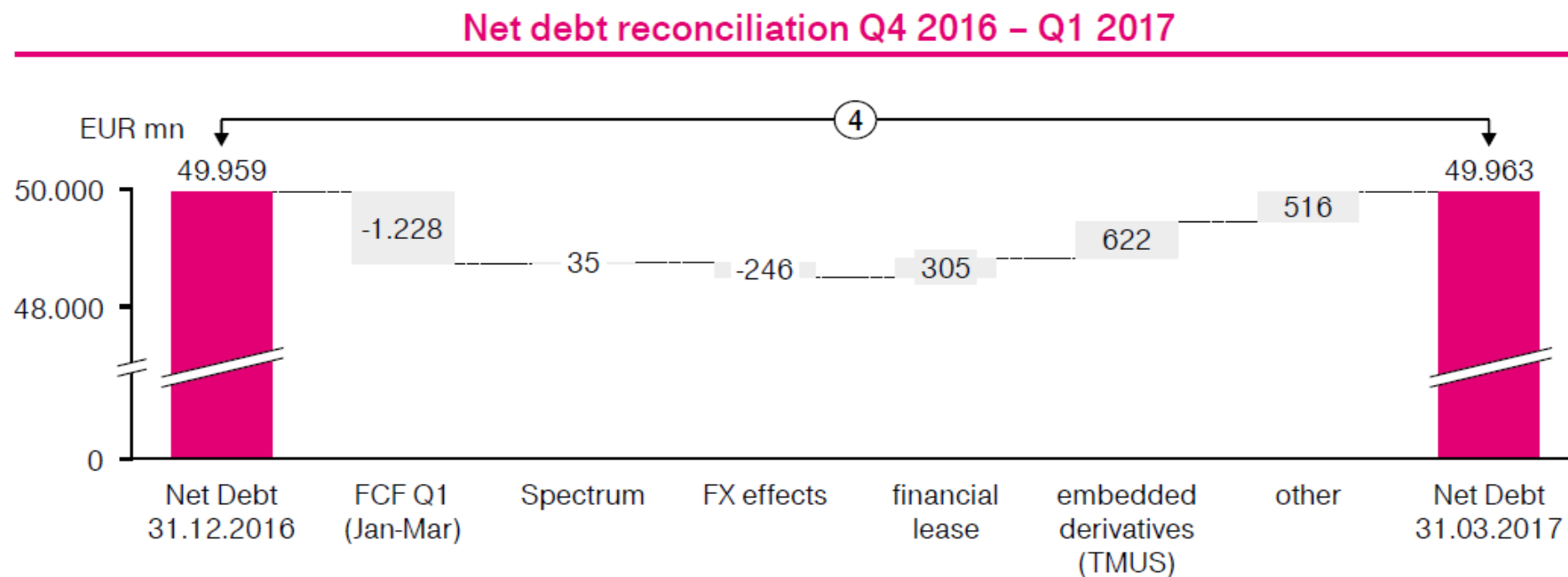
GROUP

NET DEBT

| | Note | Mar. 31, 2016 millions of € | Jun. 30, 2016 millions of € | Sep. 30, 2016 millions of € | Dec. 31, 2016 millions of € | Mar. 31, 2017 millions of € | Change compared to prior quarter % | Change compared to prior year % |
|--|------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---|--|
| Bonds | | 48.677 | 49.707 | 49.014 | 50.090 | 52.791 | 5,4 | 8,5 |
| Other financial liabilities | | 11.856 | 11.112 | 11.673 | 12.576 | 10.860 | (13,6) | (8,4) |
| GROSS DEBT | | 60.533 | 60.819 | 60.687 | 62.666 | 63.651 | 1,6 | 5,2 |
| Cash and cash equivalents | | 7.332 | 7.207 | 7.527 | 7.747 | 9.542 | 23,2 | 30,1 |
| Available-for-sale/held-for-trading financial assets | | 2.666 | 99 | 99 | 10 | 7 | (30,0) | n.a. |
| Other financial assets | | 2.932 | 4.821 | 4.577 | 4.950 | 4.139 | (16,4) | 41,2 |
| NET DEBT | | 47.603 | 48.692 | 48.484 | 49.959 | 49.963 | 0,0 | 5,0 |

GROUP

Net Debt Development Q1 2017



DT GROUP

CASH CAPEX

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|-------------------------------------|----------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| CASH CAPEX | | | | | | | | |
| Germany | | 873 | 885 | 1.045 | 1.228 | 4.031 | 1.005 | 15,1 |
| United States | | 1.756 | 1.251 | 1.671 | 1.177 | 5.855 | 1.442 | (17,9) |
| Europe | | 940 | 371 | 876 | 413 | 2.600 | 475 | (49,5) |
| Systems Solutions | | 78 | 96 | 85 | 143 | 402 | 86 | 10,3 |
| Group Development | | 93 | 40 | 69 | 69 | 271 | 81 | (12,9) |
| Group Headquarters & Group Services | | 227 | 207 | 222 | 279 | 936 | 242 | 6,6 |
| Reconciliation | | (71) | (147) | (84) | (153) | (455) | (51) | (28,2) |
| GROUP | 1 | 3.896 | 2.703 | 3.885 | 3.156 | 13.640 | 3.280 | (15,8) |
| - thereof spectrum investment | | 1.065 | 39 | 1.146 | 432 | 2.682 | 35 | (96,7) |

1 Amounts of payouts for property, plant and equipment and intangible assets excluding goodwill.

DT GROUP

FREE CASH FLOW

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|---|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| Net profit (loss) | | 3.125 | 621 | 1.053 | (2.124) | 2.675 | 747 | (76,1) |
| Profit (loss) attributable to non-controlling interests | | 252 | 65 | 169 | (57) | 429 | 62 | (75,4) |
| PROFIT (LOSS) AFTER INCOME TAXES | | 3.377 | 686 | 1.222 | (2.181) | 3.104 | 809 | (76,0) |
| Depreciation, amortization and impairment losses | | 3.142 | 3.151 | 3.178 | 3.909 | 13.380 | 3.191 | 1,6 |
| Income tax expense/(benefit) | | 934 | 114 | 394 | 1 | 1.443 | (78) | n.a. |
| Interest (income) and interest expenses | | 633 | 652 | 646 | 561 | 2.492 | 637 | 0,6 |
| Other financial (income) expense | | (417) | 93 | (107) | 2.503 | 2.072 | 1.406 | n.a. |
| Share of (profit) loss of associates and joint ventures accounted for using the equity method | | (2) | 1 | 1 | 53 | 53 | (4) | (100,0) |
| (Profit) loss on the disposal of fully consolidated subsidiaries | | (6) | (1) | 0 | 0 | (7) | (519) | n.a. |
| (Income) loss from the sale of stakes accounted for using the equity method (EE) | | (2.507) | (55) | 12 | (41) | (2.591) | 0 | n.a. |
| Other non-cash transactions | | 91 | 73 | 94 | 58 | 316 | 119 | 30,8 |
| (Gain) loss from the disposal of intangible assets and property, plant and equipment | | (410) | 11 | (108) | 12 | (495) | (33) | 92,0 |
| Change in assets carried as working capital | | (417) | 251 | 410 | (1.244) | (1.000) | 358 | n.a. |
| Change in provisions | | (92) | (302) | (14) | 174 | (234) | (70) | 23,9 |
| Change in other liabilities carried as working capital | | 128 | (320) | (580) | 262 | (510) | (531) | n.a. |
| Income taxes received (paid) | | (132) | (135) | (113) | (147) | (527) | (80) | 39,4 |
| Dividends received | | 175 | 5 | 150 | 1 | 331 | 75 | (57,1) |
| Net payments from entering into or canceling interest rate swaps | | 0 | 289 | 0 | 0 | 289 | 0 | n.a. |
| CASH GENERATED FROM OPERATIONS | | 4.497 | 4.513 | 5.185 | 3.921 | 18.116 | 5.280 | 17,4 |
| Interest received (paid) | | (1.001) | (582) | (628) | (372) | (2.583) | (926) | 7,5 |
| NET CASH FROM OPERATING ACTIVITIES | | 3.496 | 3.931 | 4.557 | 3.549 | 15.533 | 4.355 | 24,6 |
| Cash outflows for investments in (proceeds from disposal of) | | (2.674) | (2.611) | (2.653) | (2.656) | (10.594) | (3.127) | (16,9) |
| Intangible assets | | (1.707) | (824) | (1.862) | (1.209) | (5.602) | (718) | 57,9 |
| Property, plant and equipment | | (2.032) | (1.826) | (1.937) | (1.879) | (7.674) | (2.444) | (20,3) |
| Spectrum investment | | 1.065 | 39 | 1.146 | 432 | 2.682 | 35 | (96,7) |
| FREE CASH FLOW (BEFORE DIVIDEND PAYMENTS AND SPECTRUM) | | 822 | 1.320 | 1.904 | 893 | 4.939 | 1.228 | 49,4 |

DT GROUP

PERSONNEL

| AT REPORTING DATE | Note | Mar. 31 2016 | Jun. 30 2016 | Sep. 30 2016 | Dec. 31 2016 | Mar. 31 2017 | Change compared to prior quarter | | Change compared to prior year | |
|--|------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------------------------|--------------|----------------------------------|--------------|
| | | | | | | | abs. | % | abs. | % |
| Germany | | 68.506 | 67.594 | 66.677 | 65.452 | 64.973 | (479) | (0,7) | (3.533) | (5,2) |
| United States | | 43.445 | 43.541 | 44.148 | 44.820 | 42.925 | (1.895) | (4,2) | (520) | (1,2) |
| Europe | | 47.915 | 47.224 | 46.576 | 46.808 | 47.378 | 570 | 1,2 | (537) | (1,1) |
| Systems Solutions | | 37.420 | 37.191 | 37.342 | 37.472 | 37.839 | 367 | 1,0 | 419 | 1,1 |
| Group Development | | 2.763 | 2.734 | 2.708 | 2.572 | 2.549 | (23) | (0,9) | (214) | (7,7) |
| Group Headquarters & Group Services | | 23.272 | 22.536 | 21.804 | 21.216 | 20.884 | (332) | (1,6) | (2.388) | (10,3) |
| GROUP | | 223.320 | 220.821 | 219.254 | 218.341 | 216.548 | (1.793) | (0,8) | (6.772) | (3,0) |
| of which: Domestic | | 110.063 | 108.266 | 106.620 | 104.662 | 104.231 | (431) | (0,4) | (5.832) | (5,3) |
| of which: Civil servants (in Germany, with an active service relationship) | | 18.810 | 17.789 | 16.656 | 15.999 | 15.871 | (128) | (0,8) | (2.939) | (15,6) |
| of which: International | | 113.258 | 112.555 | 112.634 | 113.679 | 112.317 | (1.362) | (1,2) | (941) | (0,8) |

| AVERAGE | Note | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | Q1 2017 | Change compared to prior year | |
|--|------|----------------|----------------|----------------|----------------|----------------|----------------------------------|--------------|
| | | | | | | | | |
| Germany | | 68.614 | 67.680 | 66.800 | 66.009 | 65.040 | (3.574) | (5,2) |
| United States | | 43.333 | 43.319 | 43.883 | 44.262 | 43.497 | 164 | 0,4 |
| Europe | | 48.140 | 47.475 | 46.500 | 46.766 | 47.130 | (1.010) | (2,1) |
| Systems Solutions | | 37.397 | 37.213 | 37.234 | 37.404 | 37.840 | 443 | 1,2 |
| Group Development | | 2.758 | 2.749 | 2.713 | 2.594 | 2.599 | (159) | (5,8) |
| Group Headquarters & Group Services | | 23.171 | 22.842 | 21.899 | 21.576 | 20.920 | (2.251) | (9,7) |
| GROUP | | 223.413 | 221.278 | 219.029 | 218.610 | 217.026 | (6.387) | (2,9) |
| of which: Domestic | | 110.076 | 108.703 | 106.785 | 105.607 | 104.342 | (5.734) | (5,2) |
| of which: Civil servants (in Germany, with an active service relationship) | | 18.617 | 18.122 | 16.788 | 16.361 | 15.906 | (2.711) | (14,6) |
| of which: International | | 113.337 | 112.575 | 112.244 | 113.003 | 112.684 | (653) | (0,6) |

EXCHANGE RATES

AVERAGE

| | Q1 2016 1 € | Q2 2016 1 € | Q3 2016 1 € | Q4 2016 1 € | FY 2016 1 € | Q1 2017 1 € |
|-------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| US Dollar (USD) | 1,10248 | 1,12935 | 1,11651 | 1,07782 | 1,10662 | 1,06469 |
| British pound (GBP) | 0,77064 | 0,78663 | 0,84983 | 0,86825 | 0,81965 | 0,86005 |
| Czech korunas (CZK) | 27,03853 | 27,03886 | 27,02924 | 27,02775 | 27,03349 | 27,02065 |
| Croatian kunas (HRK) | 7,61730 | 7,50410 | 7,49342 | 7,52327 | 7,53365 | 7,46718 |
| Hungarian forints (HUF) | 311,96814 | 313,28402 | 310,99477 | 309,38976 | 311,39281 | 309,09362 |
| Macedonian Denar (MKD) | 61,58257 | 61,61680 | 61,59835 | 61,57615 | 61,59350 | 61,56872 |
| Polish Zloty (PLN) | 4,36466 | 4,37031 | 4,33814 | 4,38094 | 4,36308 | 4,32077 |
| Romanian leu (RON) | 4,49187 | 4,49802 | 4,46495 | 4,50832 | 4,49035 | 4,52137 |

END OF PERIOD

| | Mar. 31 2016 1 € | Jun. 30 2016 1 € | Sep. 30 2016 1 € | Dec. 31 2016 1 € | Mar. 31 2017 1 € |
|-------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| US Dollar (USD) | 1,13880 | 1,11055 | 1,11640 | 1,05405 | 1,06830 |
| British pound (GBP) | 0,79120 | 0,82775 | 0,86160 | 0,85515 | 0,85580 |
| Czech korunas (CZK) | 27,05150 | 27,13050 | 27,02150 | 27,01943 | 27,02700 |
| Croatian kunas (HRK) | 7,52650 | 7,52885 | 7,52305 | 7,55583 | 7,43710 |
| Hungarian forints (HUF) | 313,94500 | 317,04500 | 309,86000 | 309,96987 | 307,89500 |
| Macedonian Denar (MKD) | 61,59500 | 61,58500 | 61,58000 | 61,57000 | 61,57000 |
| Polish Zloty (PLN) | 4,25760 | 4,43565 | 4,31830 | 4,41368 | 4,22070 |
| Romanian leu (RON) | 4,47140 | 4,52390 | 4,45380 | 4,54055 | 4,55275 |

Please note: the above quarterly and yearly average exchange rates are given as an indication only.

NOTES

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FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|--|----------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|--------------|
| TOTAL REVENUE | 1 | 5.385 | 5.348 | 5.485 | 5.565 | 21.784 | 5.397 | 0,2 |
| NET REVENUE | 1 | 5.062 | 5.010 | 5.134 | 5.210 | 20.415 | 5.069 | 0,1 |
| EBITDA | | 2.052 | 2.078 | 2.095 | 2.013 | 8.237 | 2.070 | 0,9 |
| EBITDA margin (EBITDA / total revenue) | % | 38,1 | 38,9 | 38,2 | 36,2 | 37,8 | 38,4 | 0,3p |
| Depreciation, amortization and impairment losses | | (921) | (934) | (912) | (937) | (3.703) | (935) | (1,5) |
| Profit (loss) from operations = EBIT | | 1.131 | 1.144 | 1.183 | 1.076 | 4.534 | 1.135 | 0,4 |
| CASH CAPEX | | 873 | 885 | 1.045 | 1.228 | 4.031 | 1.005 | 15,1 |
| CASH CONTRIBUTION | | 1.179 | 1.193 | 1.050 | 785 | 4.206 | 1.065 | (9,7) |

FINANCIALS (AS REPORTED)

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|--|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|--------------|
| TOTAL REVENUE | | 5.385 | 5.338 | 5.485 | 5.565 | 21.774 | 5.397 | 0,2 |
| NET REVENUE | | 5.062 | 5.000 | 5.134 | 5.210 | 20.405 | 5.069 | 0,1 |
| EBITDA | | 1.894 | 1.699 | 1.972 | 1.763 | 7.327 | 2.021 | 6,7 |
| EBITDA margin (EBITDA / total revenue) | % | 35,2 | 31,8 | 36,0 | 31,7 | 33,7 | 37,4 | 2,2p |
| Depreciation, amortization and impairment losses | | (921) | (934) | (912) | (937) | (3.703) | (935) | (1,5) |
| Profit (loss) from operations = EBIT | | 973 | 765 | 1.060 | 826 | 3.624 | 1.086 | 11,6 |
| CASH CAPEX | | 873 | 885 | 1.045 | 1.228 | 4.031 | 1.005 | 15,1 |
| CASH CONTRIBUTION | | 1.021 | 814 | 927 | 535 | 3.296 | 1.016 | (0,5) |

1 Q2/16 Special factors related to settlement agreements.

GERMANY

EBITDA RECONCILIATION

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|---|----------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-------------|
| TOTAL REVENUE | | 5.385 | 5.338 | 5.485 | 5.565 | 21.774 | 5.397 | 0,2 |
| TOTAL REVENUE (ADJUSTED FOR SPECIAL FACTORS) | 1 | 5.385 | 5.348 | 5.485 | 5.565 | 21.784 | 5.397 | 0,2 |
| Profit (loss) from operations = EBIT | | 973 | 765 | 1.060 | 826 | 3.624 | 1.086 | 11,6 |
| - Depreciation, amortization and impairment losses | | (921) | (934) | (912) | (937) | (3.703) | (935) | (1,5) |
| = EBITDA | | 1.894 | 1.699 | 1.972 | 1.763 | 7.327 | 2.021 | 6,7 |
| EBITDA margin | % | 35,2 | 31,8 | 36,0 | 31,7 | 33,7 | 37,4 | 2,2p |
| - Special factors affecting EBITDA | | (158) | (379) | (123) | (250) | (910) | (49) | 69,0 |
| = EBITDA (ADJUSTED FOR SPECIAL FACTORS) | | 2.052 | 2.078 | 2.095 | 2.013 | 8.237 | 2.070 | 0,9 |
| EBITDA margin (adjusted for special factors) | % | 38,1 | 38,9 | 38,2 | 36,2 | 37,8 | 38,4 | 0,3p |

SPECIAL FACTORS

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|--|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-------------|
| EFFECTS ON EBITDA | | (158) | (379) | (123) | (250) | (910) | (49) | 69,0 |
| - of which personnel | | (144) | (355) | (117) | (238) | (854) | (37) | 74,3 |
| - of which other | | (14) | (24) | (6) | (12) | (56) | (12) | 14,3 |
| EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT | | (158) | (379) | (123) | (250) | (910) | (49) | 69,0 |
| - of which personnel | | (144) | (355) | (117) | (238) | (854) | (37) | 74,3 |
| - of which other | | (14) | (24) | (6) | (12) | (56) | (12) | 14,3 |

1 Q2/16 Special factors related to settlement agreements.

GERMANY

OPERATIONALS

| | | | Q1 | Q2 | Q3 | Q4 | Q1 | Change |
|----------------------|--------|-----|--------|--------|--------|--------|--------|--------|
| | Note | | 2016 | 2016 | 2016 | 2016 | 2017 | % |
| GERMANY | | | | | | | | |
| ACCESS LINES | | | | | | | | |
| Fixed network | ('000) | 1 | 20.093 | 19.971 | 19.873 | 19.786 | 19.648 | (2,2) |
| retail IP-based | ('000) | 1 | 7.470 | 7.958 | 8.435 | 9.042 | 9.801 | 31,2 |
| Broadband | ('000) | 1 | 12.706 | 12.770 | 12.835 | 12.922 | 12.989 | 2,2 |
| Fiber | ('000) | 1,2 | 3.286 | 3.577 | 3.857 | 4.250 | 4.693 | 42,8 |
| TV (incl. IPTV, SAT) | ('000) | 1 | 2.736 | 2.777 | 2.818 | 2.879 | 2.955 | 8,0 |
| ULLs | ('000) | 1 | 7.867 | 7.648 | 7.431 | 7.195 | 6.952 | (11,6) |
| Wholesale bundled | ('000) | 1 | 206 | 192 | 179 | 165 | 148 | (28,2) |
| Wholesale unbundled | ('000) | 1 | 3.319 | 3.621 | 3.905 | 4.212 | 4.554 | 37,2 |
| Fiber | ('000) | | 1.741 | 2.028 | 2.274 | 2.555 | 2.887 | 65,8 |
| MOBILE CUSTOMERS | | 3 | | | | | | |
| Total | ('000) | | 40.643 | 41.138 | 41.461 | 41.849 | 42.114 | 3,6 |
| - contract | ('000) | | 23.940 | 24.096 | 24.705 | 25.219 | 25.270 | 5,6 |
| - prepaid | ('000) | | 16.703 | 17.042 | 16.756 | 16.630 | 16.844 | 0,8 |

1 Figures do not add up.

2 Sum of all FTTx accesses (e.g. FTTC/VDSL, Vectoring and FTTH).

3 As of 1 January 2017 business customers are effected by two adjustments. At contract, customers are now shown without test cards (minus 41k) and at prepaid, there has been a system integration (plus 180k). Prior year figures have not been adjusted accordingly.

GERMANY

REVENUE SPLIT - PRODUCTS

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|--|----------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|--------------|
| GERMANY | | 5.385 | 5.338 | 5.485 | 5.565 | 21.774 | 5.397 | 0,2 |
| FIXED NETWORK CORE BUSINESS | | 2.411 | 2.420 | 2.394 | 2.434 | 9.659 | 2.392 | (0,8) |
| of which Fixed Revenues | | 1.755 | 1.753 | 1.745 | 1.739 | 6.992 | 1.734 | (1,2) |
| Voice only revenues | | 459 | 450 | 439 | 429 | 1.776 | 420 | (8,5) |
| Broadband revenues | | 993 | 995 | 994 | 993 | 3.976 | 986 | (0,7) |
| TV revenues | | 303 | 308 | 312 | 317 | 1.240 | 328 | 8,3 |
| of which Variable Revenues | | 226 | 225 | 216 | 213 | 880 | 198 | (12,4) |
| of which Revenues from add-on options | | 51 | 49 | 48 | 48 | 196 | 46 | (9,8) |
| thereof revenues from voice centric options | | 17 | 16 | 15 | 14 | 62 | 14 | (17,6) |
| thereof revenues from broadband centric options | | 17 | 17 | 16 | 16 | 66 | 16 | (5,9) |
| thereof revenues from TV centric options | | 17 | 17 | 17 | 17 | 68 | 17 | 0,0 |
| of which Revenues from devices (fixed line) | | 117 | 115 | 121 | 124 | 478 | 127 | 8,5 |
| thereof revenues from sale of devices and accessories (Fixed line) | | 32 | 29 | 33 | 33 | 127 | 32 | 0,0 |
| MOBILE COMMUNICATIONS | | 1.941 | 1.887 | 2.054 | 2.072 | 7.955 | 1.972 | 1,6 |
| of which Service Revenues | | 1.649 | 1.656 | 1.697 | 1.667 | 6.669 | 1.635 | (0,8) |
| WHOLESALE SERVICES FIXED NETWORK | 1 | 848 | 855 | 850 | 855 | 3.407 | 848 | 0,0 |
| of which access full ULL | | 265 | 258 | 246 | 238 | 1.007 | 231 | (12,8) |
| of which bundled and unbundled access line | | 199 | 239 | 226 | 239 | 903 | 257 | 29,1 |
| ONLINE CONSUMER SERVICES | | 0 | 0 | 0 | 0 | 0 | 0 | n.a. |
| VALUE-ADDED SERVICES | | 53 | 50 | 49 | 52 | 205 | 49 | (7,5) |
| OTHERS | 1 | 133 | 126 | 137 | 151 | 546 | 136 | 2,3 |

REVENUE SPLIT - SEGMENTS

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|--------------------|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-------------|
| GERMANY | | 5.385 | 5.338 | 5.485 | 5.565 | 21.774 | 5.397 | 0,2 |
| Consumer | | 2.922 | 2.863 | 2.967 | 2.988 | 11.739 | 2.918 | (0,1) |
| Business customers | | 1.447 | 1.451 | 1.489 | 1.537 | 5.923 | 1.465 | 1,2 |
| Wholesale | 1 | 930 | 941 | 933 | 938 | 3.742 | 926 | (0,4) |
| Others | 1 | 86 | 83 | 96 | 102 | 370 | 88 | 2,3 |

1 Revenues Q2/16 not adjusted for special factors related to settlement agreements.

GERMANY

MOBILE COMMUNICATIONS KPIS

| | Note | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | FY 2016 | Q1 2017 | Change % |
|----------------------------------|--------------|------------|------------|------------|------------|------------|------------|---------------|
| AVERAGE MONTHLY CHURN | (%) | 1,6 | 1,4 | 1,6 | 1,7 | 1,6 | 1,7 | 0,1p |
| - contract | (%) | 1,5 | 1,7 | 1,4 | 1,6 | 1,6 | 1,9 | 0,4p |
| SAC PER GROSS ADD | (€) | 82 | 76 | 73 | 81 | 78 | 73 | (11,0) |
| - contract | (€) | 124 | 109 | 96 | 112 | 110 | 97 | (21,8) |
| - prepaid | (€) | 14 | 13 | 17 | 14 | 15 | 26 | 85,7 |
| SRC PER RETAINED CUSTOMER | (€) | 252 | 302 | 238 | 275 | 266 | 254 | 0,8 |
| ARPU | (€) | 14 | 14 | 14 | 13 | 14 | 13 | (7,1) |
| - contract | (€) | 21 | 21 | 21 | 20 | 21 | 20 | (4,8) |
| - prepaid | (€) | 3 | 3 | 3 | 3 | 3 | 3 | 0,0 |
| MOU PER CUSTOMER | (min) | 88 | 90 | 89 | 88 | 89 | 89 | (20,5) |
| - contract | (min) | 138 | 141 | 140 | 137 | 139 | 138 | (25,5) |

GERMANY

Magenta Mobil

| Magenta Mobil PLANS IN € | S | M | L | L Plus |
|-------------------------------------|-----------|----------------|------------------------|------------------------|
| Monthly charge (without handset) | 34.95 | 44.95 | 54.95 | 79.95 |
| Monthly charge (with handset) | 44.95 | 54.95 | 64.95 | --- |
| Monthly charge (with top handset) | 54.95 | 64.95 | 74.95 | 99.95 |
| Voice and SMS ¹ | flat | flat | flat | flat |
| Data | flat | flat | flat | flat |
| - Data Speed (download) | max | max | max | max |
| - Data Speed (upload) | max | max | max | max |
| - Data Volume until speed step down | 1 GB | 3 GB | 6 GB | 10 GB |
| - Data Network | 3G/LTE | 3G/LTE | 3G/LTE | 3G/LTE |
| Streaming | --- | StreamOn Music | StreamOn Music & Video | StreamOn Music & Video |
| VoIP | free | free | free | free |
| Tethering | free | free | free | free |
| MMS all net | 0.39 | 0.39 | 0.39 | 0.39 |
| International Calls (minutes) | --- | --- | --- | 100 |
| International SMS (pieces) | --- | --- | --- | 100 |
| HotSpot Flatrate | free | free | free | free |
| MultiSim | --- | --- | --- | free ² |
| Roaming Voice, SMS and Data | free (EU) | free (EU) | free (EU) | free (EU) |
| Fixed line number | --- | --- | --- | free |
| Activation fee | 29.95 | 29.95 | 29.95 | 29.95 |
| Duration of contract | 24 months | 24 months | 24 months | 24 months |

1 voice and sms within all german networks (mobile and fixed network).

2 up to two MultiSIM bookable.

GERMANY

Magenta Mobil Premium

| Premium PLANS IN € | L PREMIUM | L Plus PREMIUM | XL PREMIUM |
|--|------------------------|------------------------|-------------------|
| Monthly charge (with top handset) | 84.95 | 109.95 | 199.95 |
| handset upgrade period | 12 months | 12 months | 12 months |
| Voice and SMS ¹ | flat | flat | flat |
| Data | flat | flat | flat |
| - Data Speed (download) | max | max | max |
| - Data Speed (upload) | max | max | max |
| - Data Volume until speed step down | 6 GB | 10 GB | flat |
| - Data Network | 3G/LTE | 3G/LTE | 3G/LTE |
| Streaming | StreamOn Music & Video | StreamOn Music & Video | n.r. |
| VoIP | free | free | free |
| Tethering | free | free | free |
| MMS all net | 0.39 | 0.39 | 0.39 |
| International Calls (minutes) ² | — | 100 | flat |
| International SMS (pieces) | — | 100 | flat |
| HotSpot Flatrate | free | free | free |
| MultiSim | — | free ³ | free ³ |
| Roaming Voice, SMS and Data | free (EU) | free (EU) | free (EU Plus) |
| Fixed line number | — | free | — |
| Activation fee | 29.95 | 29.95 | 29.95 |
| Duration of contract | 24 months | 24 months | 24 months |

¹ voice and sms within all german networks (mobile and fixed network).

² EU and Country Group 2

³ up to two MultiSIM bookable.

⁴ incl. 50 MB.

GERMANY

Mobile Options

| StreamOn | StreamOn Music | StreamOn Music & Video | MagentaEINS StreamOn Music & Video Max |
|-------------------------------------|--|--|---|
| Monthly charge | 0 | 0 | 0 |
| Description | Music Streaming zero-rating for connected partners | Music & Video Streaming zero-rating for connected partners, mobile optimized | Music & Video Streaming zero-rating for connected partners, high resolution |
| Booking restrictions | Starting with MagentaMobil M /MagentaMobil M Friends / FamilyCard M | Starting with MagentaMobil L /MagentaMobil L Friends / FamilyCard L | Only MagentaEINS: Starting with MagentaMobil M /MagentaMobil M Friends / FamilyCard M |
| INTERNATIONAL OPTIONS IN € | ALL INCLUSIVE (ROAMING) | INTERNATIONAL 100 or 400 | INTERNATIONAL SMS 100 |
| Monthly charge | 5.00 | 9.95 or 29.95 | 9.95 |
| Description | Use your flat (voice, SMS & data) tarif in Europe | 100 or 400 min. mobile and fixed Network to european countries. | 100 SMS to EU |
| VOICE OPTIONS IN € | FAMILY | FIXED LINE NUMBER | |
| Monthly charge | 4.95 | 4.95 | |
| Description | free calls between 4 mobil numbers (onnet) and to one fixed line number. | fixed line number and call forwarding from this number. | |
| ADDITIONAL DATA VOLUME OPTIONS IN € | Data S | Data M | Data L |
| Monthly charge | 9.95 | 14.95 | 24.95 |
| Additional Data Volume (per month) | 1 GB | 2GB | 5GB |
| OTHER OPTIONS IN € | MULTISIM | DayFlat unlimited | |
| Monthly charge | 4.95 | 4.95 | |
| Description | up to two MultiSIM bookable. | Data Full Flat for 24h | |
| ADDITIONAL DATA PACKAGES IN € | MultiData S | MultiData M | MultiData L |
| Monthly charge | 10€ | 15€ | 25€ |
| Additional Data Volume (per month) | 1 GB | 2GB | 5GB |
| Description | up to two MultiSIM bookable | up to two MultiSIM bookable | up to two MultiSIM bookable |

GERMANY

DOUBLE PLAY VIA WIRELESS (CALL & SURF VIA FUNK)

| DOUBLE PLAY VIA WIRELESS ¹ IN € | S | M | L |
|--|--|--------------------|--------------------|
| Monthly Charge ² | 34.95 ³ | 39.95 ⁴ | 49.95 ⁵ |
| Data Speed (Mbit/s) | 16 Mbit/s | 50 Mbit/s | 100 Mbit/s |
| Data Volume until Speed Step Down (SSD) | 10 GB | 15 GB | 30 GB |
| Voice minutes | € Cent/Minute | | |
| fixed net national | flat | | |
| international | from 2.9 | | |
| fixed to mobile | 19.0 | | |
| Options | | | |
| Speed On | €14.95 per 10GB | €14.95 per 15GB | €14.95 per 30GB |
| fixed to mobile | 12.9 cents/minute, minimum charge €4 per month | | |
| mobile flat | to Telekom Mobile €14.95 per month | | |
| CountryFlat 1 | €3.95 per month | | |
| CountryFlat 2 | €14.95 per month | | |
| Mail & Cloud M | €4.95 per month | | |
| Security Package M | €3.95 per month | | |

1 Standard-PSTN; Universal-PSTN + €4

2 without terminal equipment. Monthly rent for Router €4.95

3 Promotional price. Regular price €39.95

4 Promotional price. Regular price €49.95

5 Promotional price. Regular price €69.95

For general conditions and further details, please see www.telekom.de. All prices in € including VAT.

GERMANY

MAGENTA ZUHAUSE

| MAGENTA ZUHAUSE IN € | ZUHAUSE XS ¹ | ZUHAUSE S ¹ | ZUHAUSE M ¹ | ZUHAUSE L ¹ |
|----------------------------|---|--|---|---|
| | 29.95 | 34.95 ² | 39.95 ² | 44.95 ² |
| | 16 Mbit/s bandwidth flat rate Internet usage | 16 Mbit/s bandwidth, flat rate Internet usage flat rate voice usage | 50 Mbit/s bandwidth flat rate Internet usage flat rate voice usage | 100 Mbit/s bandwidth ⁵ flat rate Internet usage flat rate voice usage |
| ENTERTAIN | | | | |
| START TV | — | | 2.00 ³ | |
| ENTERTAIN TV | — | | 10.00 ^{3,4} | |
| ENTERTAIN COMFORT SAT | — | | 10.00 ^{3,4} | |
| ENTERTAIN TV PLUS | — | | 15.00 ^{3,4} | |
| ENTERTAIN SAT | — | 5.00 ² | | — |
| CITY, DLD | | | CENT/MINUTE | |
| Peak/Off peak | 2.9 ct | | 0 ct | |
| international | | | from 2.9 ct | |
| fixed to mobile | | | 19.0 ct | |
| CALLING PLANS | | | | |
| fixed to mobile | | | 12.9 ct/minute, 4.00 monthly minimum charge | |
| fixed to T-Mobile flatrate | | | 14.95 | |
| fixed to mobile flatrate | | | 19.95 | |
| CountryFlat 1 | | | 3.94 | |
| CountryFlat 2 | | | 14.95 | |
| Set-up | | | 69.95 (non-recurring charge) | |

1 IP-Access incl. 2 voice channels and 3 telephone no.

2 Promotional price for new broadband customers: -€15.00/-€20.00/-€25.00 for the first 12 months (ZUHAUSE S/M/L); -€5.00 for the first 12 months in combination with Entertain Sat

3 Additional (footnote 2) promotional price for new broadband customers: -€5.00 for the first 24 months (ZUHAUSE S) / ongoing (ZUHAUSE M&L); Start TV for free for the first 12 months

4 Promotional price for upgraders from Double Play tariffs: -€5.00 for the first 24 months

5 SPEED OPTION XL: Also available with 200 Mbit/s for +€5.00

All prices in € including VAT; excl. terminal equipment.

All prices are charged on a monthly basis if not identified separately (usage prices excluded)

For general conditions and further details, please see www.telekom.de

GERMANY

MAGENTA ZUHAUSE HYBRID

| MAGENTA ZUHAUSE HYBRID IN € | ZUHAUSE S ¹ HYBRID | ZUHAUSE M ¹ HYBRID | ZUHAUSE L ¹ HYBRID |
|-----------------------------|--|---|--|
| | 34.95 ² | 39.95 ² | 44.95 ² |
| | 16 Mbit/s bandwidth + Hybrid LTE-Boost (up to 16 Mbit/s), flat rate Internet usage flat rate voice usage | 50 Mbit/s bandwidth ³ + Hybrid LTE-Boost (up to 50 Mbit/s), flat rate Internet usage flat rate voice usage | 100 Mbit/s bandwidth + Hybrid LTE-Boost (up to 100 Mbit/s), flat rate Internet usage flat rate voice usage |
| ENTERTAIN | | | |
| ENTERTAIN TV | | 10.00 ^{4,5} | |
| ENTERTAIN TV PLUS | | 15.00 ^{4,5} | |
| CITY, DLD | | CENT/MINUTE | |
| national | | 0 ct | |
| international | | from 2.9 ct | |
| fixed to mobile | | 19.0 ct | |
| CALLING PLANS | | | |
| fixed to mobile | | 12.9 ct/minute, 4.00 monthly minimum | |
| fixed to T-Mobile flatrate | | 14.95 | |
| fixed to mobile flatrate | | 19.95 | |
| CountryFlat 1 | | 3.94 | |
| CountryFlat 2 | | 14.95 | |
| Set-up | | 69.95 (non-recurring charge) | |

1 IP-Access incl. 2 voice channels and 3 telephone no.

2 Promotional price for new broadband customers: -€15.00/-€20.00/-€25.00 for the first 12 months (ZUHAUSE S/M/L Hybrid)

3 16 Mbit/s DSL-bandwidth in non-VDSL-areas (ZUHAUSE M Hybrid (2))

4 Additional (footnote 2) promotional price for new broadband customers: -€5.00 for the first 24 months (ZUHAUSE S Hybrid) / ongoing (ZUHAUSE M&L Hybrid)

5 Promotional price for upgraders from Double Play tariffs: -€5.00 for the first 24 months

All prices excl. terminal equipment; Speedport Hybrid required (rental price per month: 9.95€, purchase price 399.99€)

All prices in € including VAT; excl. terminal equipment.

All prices are charged on a monthly basis if not identified separately (usage prices excluded)

For general conditions and further details, please see www.telekom.de

GERMANY

SINGLE PLAY

| SINGLE PLAY IN € | CALL START ¹ | CALL BASIC ^{1,2} | CALL COMFORT ¹ |
|----------------------------|-------------------------------------|--|---|
| | 20.95 | 20.95 | 30.95 |
| | Standard, voice usage per minute | Standard, voice usage per minute, up to 120 minutes included within Germany | Standard, voice flat rate within Germany |
| CITY, CDL | € CENT/MINUTE | | |
| Peak/Off peak | 2.9 | | flat |
| international | | from 2.9 | |
| fixed to mobile | | 19.0 | |
| CALLING PLANS | | | |
| CountryFlat 1 | | € 3.94 per month | |
| CountryFlat 2 | | €14.95 per month | |
| fixed to mobile | | 12.9 cents/minute, minimum charge €4 per month | |
| fixed to T-Mobile flatrate | | €14.95 per month | |
| fixed to mobile flatrate | | €19.95 per month | |
| Set-up | | 69.95 (non-recurring charge) | |

1 Standard; Universal + €8

2 Universal up to 240 Min included

For general conditions and further details, please see www.telekom.de.

All prices in € including VAT.

GERMANY

MAGENTA EINS

Valid from 19th of April 2017

| MAGENTA EINS ¹ IN € | MagentaEINS S | MagentaEINS M | MagentaEINS L |
|---|--|--|--|
| Monthly charge | 39.90 ² | 59.85 ² | 74.85 ² |
| Fixed Line | Flatrate from fixed line to all national networks, including calls to all mobile networks. Internet Flat up to 16 Mbit/s download speed. | Flatrate from fixed line to all national networks, including calls to all mobile networks. Internet Flat up to 50 Mbit/s download speed. | Flatrate from fixed line to all national networks, including calls to all mobile networks. Internet Flat up to 100 Mbit/s download speed. |
| Mobile | Unlimited SMS and calls from mobile into all national networks in Germany. 1 GB Internet flat with LTE Max until speed step down. Hotspot Flat and abroad option All Inclusive included. | Unlimited SMS and calls from mobile into all national networks in Germany. 3 GB Internet flat with LTE Max until speed step down. Hotspot Flat and abroad option All Inclusive included. | Unlimited SMS and calls from mobile into all national networks in Germany. 6 GB Internet flat with LTE Max until speed step down. Hotspot Flat and abroad option All Inclusive included. |
| TV | "EntertainTV mobil" included without extra charge. | EntertainTV incl. HD Receiver 500 GB Memory, including more than 20 channels in HD quality. "EntertainTV mobil" included without extra charge. | EntertainTV Plus incl. HD Receiver 500 GB Memory, including more than 45 channels in HD quality. "EntertainTV mobil" included without extra charge. |
| MagentaEINS StreamOn Music&Video Max Set-up | | Music &Video Streaming zero-rating for connected partners, high resolution | Music &Video Streaming zero-rating for connected partners, high resolution |
| Duration of contract | Service fee of 69,95€ for new fixed line & 29,95€ for new mobile contract. | | |
| Handsets, options, calling plans, etc. | 24 months for new costumers; duration depends otherwise on fixed network and/or on mobile network contract conditions | | |
| | Available based on comparable mobile and fixed line stand-alone offers. | | |

1 Booking Prerequisites: only available as IP-Tariff; Mobile tariff with monthly charge ≥ €29.95; Identical adress for fixed and mobile contracts.

2 Promotional price in the first 12 months for new customers; Regular price € 59.90 (S), €84.85 (M) and €104,85 (L). Prices might vary in online channel due to special online discounts.

3 Price for international calls depend of fixed-network and/or mobile-network contract. Otherwise from 2.9 cent/min. (fixed line) and from 69 cent/min. (mobile)

More MagentaEINS convergent Bundles including existing customers' tariffs available.

For general terms & conditions and further details, please visit: www.telekom.de. All prices in € and include VAT.

FIXED NETWORK

OVERVIEW DOM. INTERCONNECTION TARIFFS (EXCL. VAT)

| TERMINATION FEES IN CENT/MIN. | PEAK (9:00-18:00), OLD | PEAK (9:00-18:00), NEW ¹ | OFF-PEAK (18:00-9:00), OLD | OFF-PEAK (18:00-9:00), NEW ¹ |
|---|---------------------------|--|-------------------------------|--|
| Local | 0.24 | 0.10 | 0.24 | 0.10 |
| Single transit | 0.26 | 0.10 | 0.26 | 0.10 |
| Double transit national | 0.26 | 0.10 | 0.26 | 0.10 |
| ORIGINATION FEES IN CENT/MIN. | PEAK (9:00-18:00), OLD | PEAK (9:00-18:00), NEW ¹ | OFF-PEAK (18:00-9:00), OLD | OFF-PEAK (18:00-9:00), NEW ¹ |
| Local | 0.24 | 0.23 | 0.24 | 0.23 |
| Single transit | 0.35 | 0.23 | 0.35 | 0.23 |
| Double transit national | 0.41 | 0.23 | 0.41 | 0.23 |
| FULLY UNBUNDLED ("ULL") | OLD | | NEW | |
| One time fee | 29.78 ² | | 27.11 ³ | |
| Monthly fee | 10.19 ⁴ | | 10.02 ⁵ | |
| PARTIALLY UNBUNDLED ("LINE SHARING") | OLD | | NEW | |
| One time fee | 34.13 ¹¹ | | 34.23 ¹² | |
| Monthly fee | 1.68 ⁶ | | 1.78 ⁷ | |
| IP-BSA ADSL SHARED (CLASSIC) | OLD | | NEW | |
| One time fee | — | | 44.87 ^{8,9} | |
| Monthly fee | — | | 8.12 ^{8,9} | |
| IP-BSA ADSL STAND ALONE (CLASSIC) | OLD | | NEW | |
| One time fee | — | | 47.68 ^{8,9} | |
| Monthly fee | — | | 18.20 ^{8,9} | |
| IP-BSA VDSL (until 50 Mbit/s) ¹⁰ STAND ALONE (CLASSIC) | OLD (IN €) | | NEW (IN €) | |
| One time fee | — | | 46.43 ^{8,9} | |
| Monthly fee | — | | 25.32 ^{8,9} | |

1 Prices are valid from Jan. 01, 2017 to Dec. 31, 2018.

2 Depending on complexity – valid to Sep. 30, 2016.

3 Depending on complexity – valid to Sep. 30, 2018.

4 Twisted pair copper access line valid to Jun. 30, 2016.

5 Twisted pair copper access line valid to Jun. 30, 2019.

6 valid to Jun. 30, 2014.

7 valid from Jul. 01, 2014.

8 Since Dec. 01, 2010 these prices are ex post.

9 No price changes since Jul. 01, 2011.

10 Monthly fee for VDSL Vectoring (over 50 to 100

Mbit/s): 29.52 €. Launch Aug. 01, 2014.

11 Depending on complexity – valid to Jun. 30, 2014.

12 Depending on complexity – valid from Jul. 01, 2014.

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FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|--|----------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-------------|
| TOTAL REVENUE | | 7.816 | 8.196 | 8.281 | 9.445 | 33.738 | 8.982 | 14,9 |
| NET REVENUE | | 7.816 | 8.195 | 8.282 | 9.443 | 33.736 | 8.982 | 14,9 |
| EBITDA | 1 | 1.908 | 2.172 | 2.156 | 2.325 | 8.561 | 2.386 | 25,1 |
| EBITDA margin (EBITDA / total revenues) | % | 24,4 | 26,5 | 26,0 | 24,6 | 25,4 | 26,6 | 2,2p |
| Depreciation, amortization and impairment losses | | (1.312) | (1.302) | (1.315) | (1.353) | (5.282) | (1.387) | (5,7) |
| Profit (loss) from operations = EBIT | | 596 | 870 | 841 | 972 | 3.279 | 999 | 67,6 |
| CASH CAPEX | 2 | 1.200 | 1.211 | 1.042 | 746 | 4.199 | 1.409 | 17,4 |
| CASH CONTRIBUTION | 2 | 708 | 961 | 1.114 | 1.579 | 4.362 | 977 | 38,0 |

FINANCIALS (AS REPORTED)

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|--|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| TOTAL REVENUE | | 7.816 | 8.196 | 8.281 | 9.445 | 33.738 | 8.982 | 14,9 |
| NET REVENUE | | 7.816 | 8.195 | 8.282 | 9.443 | 33.736 | 8.982 | 14,9 |
| EBITDA | | 2.268 | 2.123 | 2.241 | 2.335 | 8.967 | 2.390 | 5,4 |
| EBITDA margin (EBITDA / total revenue) | % | 29,0 | 25,9 | 27,1 | 24,7 | 26,6 | 26,6 | (2,4p) |
| Depreciation, amortization and impairment losses | | (1.312) | (1.302) | (1.315) | (1.353) | (5.282) | (1.387) | (5,7) |
| Profit (loss) from operations = EBIT | | 956 | 821 | 926 | 982 | 3.685 | 1.003 | 4,9 |
| CASH CAPEX | | 1.756 | 1.251 | 1.671 | 1.177 | 5.855 | 1.442 | (17,9) |
| CASH CONTRIBUTION | | 512 | 872 | 570 | 1.158 | 3.112 | 948 | 85,2 |

1 Excluding special factors affecting EBITDA of EUR (360mn) in Q1/16, EUR 49mn in Q2/16, EUR (85mn) in Q3/16, EUR (10mn) in Q4/16 and EUR (4mn) in Q1/17.

2 Adjusted by excluding spectrum purchases of EUR 556mn in Q1/16, EUR 40mn in Q2/16, EUR 629mn in Q3/16, EUR 431mn in Q4/16 and EUR 33mn in Q1/17.

UNITED STATES

EBITDA RECONCILIATION

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|--|----------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-------------|
| TOTAL REVENUE | | 7.816 | 8.196 | 8.281 | 9.445 | 33.738 | 8.982 | 14,9 |
| Profit (loss) from operations = EBIT | | 956 | 821 | 926 | 982 | 3.685 | 1.003 | 4,9 |
| - Depreciation, amortization and impairment losses | | (1.312) | (1.302) | (1.315) | (1.353) | (5.282) | (1.387) | (5,7) |
| = EBITDA | | 2.268 | 2.123 | 2.241 | 2.335 | 8.967 | 2.390 | 5,4 |
| EBITDA margin % | % | 29,0 | 25,9 | 27,1 | 24,7 | 26,6 | 26,6 | (2,4p) |
| - Special factors affecting EBITDA | | 360 | (49) | 85 | 10 | 406 | 4 | (98,9) |
| = EBITDA ADJUSTED FOR SPECIAL FACTORS | 1 | 1.908 | 2.172 | 2.156 | 2.325 | 8.561 | 2.386 | 25,1 |
| EBITDA margin (adjusted for special factors) % | % | 24,4 | 26,5 | 26,0 | 24,6 | 25,4 | 26,6 | 2,2p |

SPECIAL FACTORS

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € |
|--|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| EFFECTS ON EBITDA | | 360 | (49) | 85 | 10 | 406 | 4 |
| - of which personnel | | (7) | (2) | (1) | (1) | (11) | (1) |
| - of which other | | 367 | (47) | 86 | 11 | 417 | 5 |
| EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT | | 360 | (49) | 85 | 10 | 406 | 4 |
| - of which personnel | | (7) | (2) | (1) | (1) | (11) | (1) |
| - of which other | | 367 | (47) | 86 | 11 | 417 | 5 |

1 Excluding special factors affecting EBITDA of EUR (360mn) in Q1/16, EUR 49mn in Q2/16, EUR (85mn) in Q3/16, EUR (10mn) in Q4/16 and EUR (4mn) in Q1/17.

UNITED STATES⁴

OPERATIONAL

| | Note | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | FY 2016 | Q1 2017 | Change % |
|---|-------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| CUSTOMERS (END OF PERIOD) | ('000) | 65.503 | 67.384 | 69.354 | 71.455 | 71.455 | 72.597 | 10,8 |
| Branded postpaid | ('000) | 32.736 | 33.626 | 33.230 | 34.427 | 34.427 | 35.341 | 8,0 |
| Branded prepay | ('000) | 18.438 | 18.914 | 19.272 | 19.813 | 19.813 | 20.199 | 9,6 |
| - BRANDED | ('000) | 51.174 | 52.540 | 52.502 | 54.240 | 54.240 | 55.540 | 8,5 |
| - WHOLESALE | ('000) | 14.329 | 14.844 | 16.852 | 17.215 | 17.215 | 17.057 | 19,0 |
| NET ADDS | ('000) | 2.221 | 1.881 | 1.970 | 2.101 | 8.173 | 1.142 | (48,6) |
| Branded postpaid | ('000) | 1.041 | 890 | 969 | 1.197 | 4.097 | 914 | (12,2) |
| Branded prepay | ('000) | 807 | 476 | 684 | 541 | 2.508 | 386 | (52,2) |
| - BRANDED | ('000) | 1.848 | 1.366 | 1.653 | 1.738 | 6.605 | 1.300 | (29,7) |
| - WHOLESALE | ('000) | 373 | 515 | 317 | 363 | 1.568 | (158) | n.a. |
| AVERAGE MONTHLY CHURN | (%) | 3,0 | 3,0 | 3,2 | 3,3 | 3,1 | 3,1 | 0,1 |
| - Branded postpaid | (%) | 1,5 | 1,4 | 1,5 | 1,5 | 1,5 | 1,4 | (0,1) |
| - Branded prepay | (%) | 3,8 | 3,9 | 3,8 | 3,9 | 3,9 | 4,0 | 0,2 |
| TOTAL REVENUES | (€ million) | 7.816 | 8.196 | 8.281 | 9.445 | 33.738 | 8.982 | 14,9 |
| Service revenue | (€ million) | 1 | 5.870 | 5.982 | 6.602 | 24.712 | 6.783 | 15,6 |
| EBITDA (ADJUSTED FOR SPECIAL FACTORS) | (€ million) | 2 | 1.908 | 2.172 | 2.325 | 8.561 | 2.386 | 25,1 |
| EBITDA margin (adjusted for special factors) | | | | | | | | |
| (EBITDA / total revenue) | (%) | 24,4 | 26,5 | 26,0 | 24,6 | 25,4 | 26,6 | 2,2p |
| EBITDA margin (adjusted for special factors) | | | | | | | | |
| (EBITDA / service revenue) | (%) | 32,5 | 36,3 | 34,5 | 35,2 | 34,6 | 35,2 | 2,7p |
| BLENDED ARPU | (€) | 30 | 30 | 31 | 31 | 31 | 32 | 6,7 |
| - Branded postpaid | (€) | 40 | 39 | 40 | 42 | 40 | 42 | 5,0 |
| - Branded prepay | (€) | 34 | 33 | 34 | 35 | 34 | 36 | 5,9 |
| NON-VOICE % OF ARPU | (%) | 58 | 59 | 58 | 59 | 58 | 61 | 3,0p |
| CASH CAPEX | (€ million) | 1.756 | 1.251 | 1.671 | 1.177 | 5.855 | 1.442 | (17,9) |
| CASH CAPEX (ADJUSTED FOR SPECIAL FACTORS) | (€ million) | 3 | 1.200 | 1.211 | 1.042 | 4.199 | 1.409 | 17,4 |
| CASH CONTRIBUTION (ADJUSTED FOR SPECIAL FACTORS) | (€ million) | 3 | 708 | 961 | 1.114 | 4.362 | 977 | 38,0 |

Note: T-Mobile's historical metrics have changed to conform with the current branded customer presentation. Branded customer metrics revenues exclude machine-to-machine, MVNO, third party roaming and third party one-time fees. Certain historical customer numbers may not tie to historical reports due to rounding.

1 Includes revenues from providing recurring wireless, customer roaming and handset insurance services.

2 Excluding special factors affecting EBITDA of EUR (360mn) in Q1/16, EUR 49mn in Q2/16, EUR (85mn) in Q3/16, EUR (10mn) in Q4/16 and EUR (4mn) in Q1/17.

3 Adjusted by excluding spectrum purchases of EUR 556mn in Q1/16, EUR 40mn in Q2/16, EUR 629mn in Q3/16, EUR 431mn in Q4/16 and EUR 33mn in Q1/17.

4 On September 1, 2016 T-Mobile US sold its marketing rights to certain of T-Mobile US' existing co-branded customers to a current wholesale partner for a nominal consideration (the Wholesale Transaction).

Upon the sale, the transaction resulted in a transfer of 1,365 thousand branded postpaid customers and 326 thousand branded prepay customers to wholesale customers. Prospectively from September 1, 2016, net customer additions for these customers are included within wholesale customers. Ending customers as of September 30, 2016 reflect the transfer in connection with the transaction.

For plan details see:

<https://prepaid-phones.t-mobile.com/simple-choice-prepaid-plans>

<https://prepaid-phones.t-mobile.com/prepaid-monthly-plans>

<https://explore.t-mobile.com/t-mobile-one>

<https://www.metropcs.com/shop/plans>

UNITED STATES⁴

OPERATIONAL IN US-\$

| | Note | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | FY 2016 | Q1 2017 | Change % |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| CUSTOMERS (END OF PERIOD) | ('000) | 65.503 | 67.384 | 69.354 | 71.455 | 71.455 | 72.597 | 10,8 |
| Branded postpaid | ('000) | 32.736 | 33.626 | 33.230 | 34.427 | 34.427 | 35.341 | 8,0 |
| Branded prepay | ('000) | 18.438 | 18.914 | 19.272 | 19.813 | 19.813 | 20.199 | 9,6 |
| - BRANDED | ('000) | 51.174 | 52.540 | 52.502 | 54.240 | 54.240 | 55.540 | 8,5 |
| - WHOLESALE | ('000) | 14.329 | 14.844 | 16.852 | 17.215 | 17.215 | 17.057 | 19,0 |
| NET ADDS | ('000) | 2.221 | 1.881 | 1.970 | 2.101 | 8.173 | 1.142 | (48,6) |
| Branded postpaid | ('000) | 1.041 | 890 | 969 | 1.197 | 4.097 | 914 | (12,2) |
| Branded prepay | ('000) | 807 | 476 | 684 | 541 | 2.508 | 386 | (52,2) |
| - BRANDED | ('000) | 1.848 | 1.366 | 1.653 | 1.738 | 6.605 | 1.300 | (29,7) |
| - WHOLESALE | ('000) | 373 | 515 | 317 | 363 | 1.568 | (158) | n.a. |
| AVERAGE MONTHLY CHURN | (%) | 3,0 | 3,0 | 3,2 | 3,3 | 3,1 | 3,1 | 0,1 |
| - Branded postpaid | (%) | 1,5 | 1,4 | 1,5 | 1,5 | 1,5 | 1,4 | (0,1) |
| - Branded prepay | (%) | 3,8 | 3,9 | 3,8 | 3,9 | 3,9 | 4,0 | 0,2 |
| TOTAL REVENUES | (USD million) | 8.619 | 9.256 | 9.244 | 10.175 | 37.294 | 9.563 | 11,0 |
| Service revenue | (USD million) | 1 | 6.472 | 6.756 | 6.985 | 27.328 | 7.221 | 11,6 |
| EBITDA (ADJUSTED FOR SPECIAL FACTORS) | (USD million) | 2 | 2.104 | 2.453 | 2.502 | 9.465 | 2.540 | 20,7 |
| EBITDA margin (adjusted for special factors) | | | | | | | | |
| (EBITDA / total revenue) | (%) | 24,4 | 26,5 | 26,0 | 24,6 | 25,4 | 26,6 | 2,2p |
| EBITDA margin (adjusted for special factors) | | | | | | | | |
| (EBITDA / service revenue) | (%) | 32,5 | 36,3 | 34,4 | 35,2 | 34,6 | 35,2 | 2,7p |
| BLENDED ARPU | (USD) | 34 | 34 | 34 | 34 | 34 | 34 | 0,0 |
| - Branded postpaid | (USD) | 44 | 44 | 45 | 45 | 44 | 45 | 2,3 |
| - Branded prepay | (USD) | 37 | 37 | 38 | 38 | 38 | 38 | 2,7 |
| NON-VOICE % OF ARPU | (%) | 58 | 59 | 58 | 59 | 58 | 61 | 3,0p |
| CASH CAPEX | (USD million) | 1.933 | 1.413 | 1.867 | 1.275 | 6.488 | 1.534 | (20,6) |
| CASH CAPEX (ADJUSTED FOR SPECIAL FACTORS) | (USD million) | 3 | 1.322 | 1.368 | 1.161 | 4.663 | 1.498 | 13,3 |
| CASH CONTRIBUTION (ADJUSTED FOR SPECIAL FACTORS) | (USD million) | 3 | 782 | 1.085 | 1.245 | 4.802 | 1.042 | 33,2 |

Note: T-Mobile's historical metrics have changed to conform with the current branded customer presentation. Branded customer metrics revenues exclude machine-to-machine, MVNO, third party roaming and third party one-time fees. Certain historical customer numbers may not tie to historical reports due to rounding.

1 Includes revenues from providing recurring wireless, customer roaming and handset insurance services.

2 Excluding special factors affecting EBITDA of USD (400mn) in Q1/16, USD 56mn in Q2/16, USD (96mn) in Q3/16, USD (11 mn) in Q4/16 and USD (5mn) in Q1/17.

3 Adjusted by excluding spectrum purchases of USD 611 mn in Q1/16, USD 45mn in Q2/16, USD 706mn in Q3/16, USD 463mn in Q4/16 and USD 36mn in Q1/17.

4 On September 1, 2016 T-Mobile US sold its marketing rights to certain of T-Mobile US' existing co-branded customers to a current wholesale partner for a nominal consideration (the Wholesale Transaction).

Upon the sale, the transaction resulted in a transfer of 1,365 thousand branded postpaid customers and 326 thousand branded prepay customers to wholesale customers. Prospectively from September 1, 2016, net customer additions for these customers are included within wholesale customers. Ending customers as of September 30, 2016 reflect the transfer in connection with the transaction.

For US-GAAP numbers please visit investor.t-mobile.com to download the corresponding T-Mobile US earnings release.

For plan details see:

<https://prepaid-phones.t-mobile.com/simple-choice-prepaid-plans>

<https://prepaid-phones.t-mobile.com/prepaid-monthly-plans>

<https://explore.t-mobile.com/t-mobile-one>

<https://www.metropcs.com/shop/plans>

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EUROPE

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|--|----------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| TOTAL REVENUE | | 2.763 | 2.794 | 2.900 | 2.996 | 11.454 | 2.781 | 0,7 |
| NET REVENUE | | 2.695 | 2.704 | 2.812 | 2.900 | 11.111 | 2.695 | 0,0 |
| EBITDA | 1 | 931 | 968 | 1.037 | 930 | 3.866 | 889 | (4,5) |
| EBITDA margin (EBITDA / total revenue) | % | 33,7 | 34,6 | 35,8 | 31,0 | 33,8 | 32,0 | (1,7p) |
| Depreciation, amortization and impairment losses | | (574) | (581) | (591) | (659) | (2.405) | (553) | 3,7 |
| Profit (loss) from operations = EBIT | 2 | 358 | 387 | 446 | 271 | 1.461 | 336 | (6,1) |
| CASH CAPEX | 3 | 455 | 372 | 360 | 411 | 1.598 | 473 | 4,0 |
| CASH CONTRIBUTION | | 476 | 596 | 677 | 519 | 2.268 | 416 | (12,6) |

FINANCIALS (AS REPORTED)

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|--|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| TOTAL REVENUE | | 2.763 | 2.794 | 2.900 | 2.996 | 11.454 | 2.781 | 0,7 |
| NET REVENUE | | 2.695 | 2.704 | 2.812 | 2.900 | 11.111 | 2.695 | 0,0 |
| EBITDA | | 909 | 955 | 1.015 | 894 | 3.773 | 877 | (3,5) |
| EBITDA margin (EBITDA / total revenue) | % | 32,9 | 34,2 | 35,0 | 29,8 | 32,9 | 31,5 | (1,4p) |
| Depreciation, amortization and impairment losses | | (574) | (581) | (591) | (843) | (2.589) | (553) | 3,7 |
| Profit (loss) from operations = EBIT | | 335 | 373 | 424 | 51 | 1.184 | 324 | (3,3) |
| CASH CAPEX | | 940 | 371 | 876 | 413 | 2.600 | 475 | (49,5) |
| CASH CONTRIBUTION | | (31) | 584 | 139 | 481 | 1.173 | 402 | n.a. |

1 Special factors affecting EBITDA: EUR 22mn in Q1/16, EUR 13mn in Q2/16, EUR 22mn in Q3/16, EUR 36mn in Q4/16 and EUR 12mn in Q1/17.

2 Special factors affecting EBIT: EUR 22mn in Q1/16 (thereof EUR 22mn resulting from EBITDA), EUR 13mn in Q2/16 (thereof EUR 13mn resulting from EBITDA), EUR 22mn in Q3/16 (thereof EUR 22mn resulting from EBITDA), 220mn in Q4/16 (thereof 36mn resulting from EBITDA) and EUR 12mn in Q1/17 (thereof EUR 12mn resulting from EBITDA).

3 EUR 485mn in Poland in Q1/16, EUR -1mn in Poland in Q2/16, EUR 462mn in Poland in Q3/16, EUR 27mn in Czech Republic in Q3/16, EUR 27mn in Montenegro in Q3/16, EUR 1mn in Poland in Q4/16, EUR 1mn in Greece in Q4/16, EUR 1mn in Montenegro in Q4/16 and EUR 2mn in Greece in Q1/17.

EUROPE

EBITDA RECONCILIATION

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|---|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|--------------|
| TOTAL REVENUE | | 2.763 | 2.794 | 2.900 | 2.996 | 11.454 | 2.781 | 0,7 |
| TOTAL REVENUE (ADJUSTED FOR SPECIAL FACTORS) | | 2.763 | 2.794 | 2.900 | 2.996 | 11.454 | 2.781 | 0,7 |
| Profit (loss) from operations = EBIT | | 335 | 373 | 424 | 51 | 1.184 | 324 | (3,3) |
| - Depreciation, amortization and impairment losses | | (574) | (581) | (591) | (843) | (2.589) | (553) | 3,7 |
| = EBITDA | | 909 | 955 | 1.015 | 894 | 3.773 | 877 | (3,5) |
| EBITDA margin | % | 32,9 | 34,2 | 35,0 | 29,8 | 32,9 | 31,5 | (1,4p) |
| - Special factors affecting EBITDA | | (22) | (13) | (22) | (36) | (93) | (12) | 45,5 |
| = EBITDA (ADJUSTED FOR SPECIAL FACTORS) | | 931 | 968 | 1.037 | 930 | 3.866 | 889 | (4,5) |
| EBITDA margin (adjusted for special factors) | % | 33,7 | 34,6 | 35,8 | 31,0 | 33,8 | 32,0 | (1,7p) |

SPECIAL FACTORS

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|--|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-------------|
| EFFECTS ON EBITDA | | (22) | (13) | (22) | (36) | (93) | (12) | 45,5 |
| - of which personnel | | (28) | (12) | (39) | (21) | (100) | (11) | 60,7 |
| - of which other | | 6 | (1) | 18 | (15) | 7 | 0 | (100,0) |
| EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT | | (22) | (13) | (22) | (220) | (277) | (12) | 45,5 |
| - of which personnel | | (28) | (12) | (39) | (21) | (100) | (11) | 60,7 |
| - of which other | | 6 | (1) | 18 | (199) | (177) | 0 | (100,0) |

GREECE

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|---|----------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| TOTAL REVENUE | | 685 | 702 | 745 | 752 | 2.883 | 690 | 0,7 |
| - of which Fixed network | | 449 | 459 | 479 | 503 | 1.890 | 471 | 4,9 |
| - of which Mobile communications | | 277 | 291 | 319 | 307 | 1.194 | 274 | (1,1) |
| EBITDA | 1 | 266 | 268 | 300 | 286 | 1.120 | 266 | 0,0 |
| - of which Fixed network | | 165 | 163 | 176 | 172 | 676 | 171 | 3,6 |
| - of which Mobile communications | | 92 | 97 | 114 | 100 | 403 | 87 | (5,4) |
| EBITDA MARGIN (EBITDA / TOTAL REVENUE) | % | 38,8 | 38,2 | 40,3 | 38,0 | 38,8 | 38,6 | (0,2p) |
| - of which Fixed network | % | 36,7 | 35,5 | 36,7 | 34,2 | 35,8 | 36,3 | (0,4p) |
| - of which Mobile communications | % | 33,2 | 33,3 | 35,7 | 32,6 | 33,8 | 31,8 | (1,4p) |
| CASH CAPEX (AS REPORTED) | | 87 | 99 | 94 | 95 | 375 | 102 | 17,2 |
| - of which Fixed network | | 56 | 50 | 62 | 53 | 221 | 64 | 14,3 |
| - of which Mobile communications | | 31 | 47 | 28 | 37 | 142 | 38 | 22,6 |
| CASH CONTRIBUTION | | 179 | 169 | 206 | 191 | 745 | 164 | (8,4) |
| - of which Fixed network | | 109 | 113 | 114 | 119 | 455 | 107 | (1,8) |
| - of which Mobile communications | | 61 | 50 | 86 | 63 | 261 | 49 | (19,7) |

1 Special factors affecting EBITDA: EUR 4mn in Q1/16 EUR 1mn in Q2/16, EUR 17mn in Q3/16, EUR 7mn in Q4/16 and EUR 2mn in Q1/17.

GREECE

OPERATIONALS

| | Note | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | FY 2016 | Q1 2017 | Change % |
|--|------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| FIXED NETWORK (END OF PERIOD) | | | | | | | | |
| Fixed network Access Lines ('000) | | 2.583 | 2.576 | 2.569 | 2.564 | 2.564 | 2.547 | (1,4) |
| - IP ('000) | | 166 | 302 | 437 | 607 | 607 | 759 | n.a. |
| Broadband Access Lines Retail ('000) | | 1.541 | 1.573 | 1.603 | 1.633 | 1.633 | 1.653 | 7,3 |
| TV (IPTV, SAT, Cable) ('000) | | 456 | 457 | 476 | 497 | 497 | 499 | 9,4 |
| Wholesale Bundled Access Lines ('000) | | 32 | 38 | 43 | 49 | 49 | 56 | 75,0 |
| ULLs/Wholesale PSTN ('000) | | 2.062 | 2.063 | 2.061 | 2.091 | 2.091 | 2.108 | 2,2 |
| Wholesale Unbundled Access Lines ('000) | | 0 | 0 | 0 | 0 | 0 | 0 | n.a. |
| MOBILE COMMUNICATIONS (END OF PERIOD) | | | | | | | | |
| Service revenue (€) | | 222 | 234 | 258 | 230 | 944 | 218 | (1,8) |
| CUSTOMERS ('000) | | 7.477 | 7.610 | 7.666 | 7.725 | 7.725 | 7.733 | 3,4 |
| - contract ('000) | | 2.231 | 2.226 | 2.225 | 2.218 | 2.218 | 2.226 | (0,2) |
| - prepaid ('000) | | 5.245 | 5.384 | 5.442 | 5.507 | 5.507 | 5.507 | 5,0 |
| NET ADDS ('000) | | 77 | 133 | 56 | 58 | 326 | 8 | (89,6) |
| - contract ('000) | | (18) | (5) | (2) | (6) | (31) | 8 | n.a. |
| - prepaid ('000) | | 96 | 138 | 58 | 65 | 357 | 0 | (100,0) |
| AVERAGE MONTHLY CHURN (%) | | 1,6 | 1,6 | 2,0 | 1,8 | 1,7 | 1,7 | 0,1p |
| - contract (%) | | 1,5 | 1,4 | 1,3 | 1,4 | 1,4 | 1,2 | (0,3p) |
| SAC PER GROSS ADD € | | 12 | 12 | 10 | 11 | 11 | 15 | 25,0 |
| - contract € | | 66 | 62 | 61 | 63 | 63 | 73 | 10,6 |
| - prepaid € | | 2 | 2 | 2 | 2 | 2 | 4 | 100,0 |
| SRC PER RETAINED CUSTOMER € | | 40 | 36 | 39 | 42 | 39 | 43 | 7,5 |
| ARPU € | | 10 | 10 | 11 | 10 | 10 | 9 | (10,0) |
| - contract € | | 23 | 25 | 27 | 24 | 25 | 23 | 0,0 |
| - prepaid € | | 4 | 4 | 5 | 4 | 4 | 4 | 0,0 |
| NON-VOICE % OF ARPU (%) | | 29 | 29 | 32 | 31 | 30 | 33 | 4p |
| MOU PER CUSTOMER (min) | | 270 | 282 | 278 | 273 | 276 | 263 | (2,6) |
| - contract (min) | | 423 | 452 | 451 | 441 | 442 | 421 | (0,5) |

ROMANIA

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|---|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| TOTAL REVENUE | | 234 | 242 | 242 | 267 | 985 | 230 | (1,7) |
| PRODUCT VIEW | | 234 | 242 | 242 | 267 | 985 | 230 | (1,7) |
| - Fixed network | | 127 | 135 | 136 | 159 | 557 | 127 | 0,0 |
| - Mobile communications | | 107 | 107 | 107 | 108 | 428 | 104 | (2,8) |
| SEGMENT VIEW | | 234 | 242 | 242 | 267 | 985 | 230 | (1,7) |
| - of which Consumer | | 154 | 152 | 152 | 152 | 608 | 144 | (6,5) |
| - of which Business | | 51 | 56 | 54 | 81 | 240 | 49 | (3,9) |
| EBITDA | 1 | 39 | 37 | 53 | 46 | 175 | 37 | (5,1) |
| EBITDA MARGIN (EBITDA / TOTAL REVENUE) | % | 16,7 | 15,3 | 21,9 | 17,2 | 17,8 | 16,1 | (0,6p) |
| CASH CAPEX (AS REPORTED) | | 33 | 29 | 30 | 24 | 117 | 48 | 45,5 |
| CASH CONTRIBUTION | | 6 | 8 | 23 | 22 | 58 | (11) | n.a. |

1 Special factors affecting EBITDA: EUR 5mn in Q2/16 and EUR 1mn in Q3/16.

ROMANIA

OPERATIONALS

| | Note | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | FY 2016 | Q1 2017 | Change % |
|--|------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| FIXED NETWORK (END OF PERIOD) | | | | | | | | |
| Fixed network Access Lines ('000) | | 2.055 | 2.029 | 1.998 | 1.969 | 1.969 | 1.937 | (5,7) |
| - IP ('000) | | 409 | 437 | 467 | 493 | 493 | 520 | 27,1 |
| Broadband Access Lines Retail ('000) | | 1.204 | 1.204 | 1.198 | 1.194 | 1.194 | 1.186 | (1,5) |
| TV (IPTV, SAT, Cable) ('000) | | 1.449 | 1.461 | 1.461 | 1.464 | 1.464 | 1.457 | 0,6 |
| Wholesale Bundled Access Lines ('000) | | 0 | 0 | 0 | 0 | 0 | 0 | n.a. |
| ULLs/Wholesale PSTN ('000) | | 0 | 0 | 0 | 0 | 0 | 0 | n.a. |
| Wholesale Unbundled Access Lines ('000) | | 0 | 0 | 0 | 0 | 0 | 0 | n.a. |
| MOBILE COMMUNICATIONS (END OF PERIOD) | | | | | | | | |
| Service revenue (€) | | 81 | 81 | 83 | 80 | 326 | 78 | (3,7) |
| CUSTOMERS ('000) | | 5.934 | 5.909 | 5.869 | 5.722 | 5.722 | 5.428 | (8,5) |
| - contract ('000) | | 1.923 | 1.956 | 1.966 | 2.007 | 2.007 | 2.024 | 5,3 |
| - prepaid ('000) | | 4.011 | 3.953 | 3.903 | 3.715 | 3.715 | 3.403 | (15,2) |
| NET ADDS ('000) | | (58) | (25) | (40) | (147) | (270) | (294) | n.a. |
| - contract ('000) | | 30 | 33 | 10 | 41 | 114 | 17 | (43,3) |
| - prepaid ('000) | | (88) | (58) | (50) | (188) | (384) | (312) | n.a. |
| AVERAGE MONTHLY CHURN (%) | | 3,4 | 3,1 | 3,1 | 3,3 | 3,3 | 3,7 | 0,3p |
| - contract (%) | | 1,7 | 1,5 | 1,5 | 1,6 | 1,6 | 1,8 | 0,1p |
| SAC PER GROSS ADD € | | 11 | 8 | 6 | 10 | 9 | 10 | (9,1) |
| - contract € | | 43 | 35 | 27 | 34 | 35 | 27 | (37,2) |
| - prepaid € | | 1 | 0 | 1 | 1 | 1 | 1 | 0,0 |
| SRC PER RETAINED CUSTOMER € | | 13 | 20 | 22 | 11 | 16 | 12 | (7,7) |
| ARPU € | | 5 | 5 | 5 | 5 | 5 | 5 | 0,0 |
| - contract € | | 9 | 9 | 9 | 9 | 9 | 8 | (11,1) |
| - prepaid € | | 3 | 3 | 3 | 2 | 3 | 3 | 0,0 |
| NON-VOICE % OF ARPU (%) | | 29 | 29 | 30 | 31 | 30 | 31 | 2p |
| MOU PER CUSTOMER (min) | | 303 | 292 | 281 | 284 | 290 | 286 | (5,6) |
| - contract (min) | | 434 | 428 | 409 | 415 | 421 | 402 | (7,4) |

HUNGARY

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|---|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| TOTAL REVENUE | | 403 | 408 | 415 | 447 | 1.673 | 415 | 3,0 |
| PRODUCT VIEW | | 403 | 408 | 415 | 447 | 1.673 | 415 | 3,0 |
| - Fixed network | | 195 | 187 | 187 | 217 | 787 | 198 | 1,5 |
| - Mobile communications | | 209 | 220 | 227 | 229 | 885 | 217 | 3,8 |
| SEGMENT VIEW | | 403 | 408 | 415 | 447 | 1.673 | 415 | 3,0 |
| - of which Consumer | | 227 | 235 | 238 | 247 | 948 | 239 | 5,3 |
| - of which Business | | 139 | 134 | 138 | 166 | 577 | 143 | 2,9 |
| EBITDA | 1 | 126 | 144 | 145 | 124 | 539 | 109 | (13,5) |
| EBITDA MARGIN (EBITDA / TOTAL REVENUE) | % | 31,3 | 35,3 | 34,9 | 27,7 | 32,2 | 26,3 | (5,0p) |
| CASH CAPEX (AS REPORTED) | | 71 | 66 | 61 | 81 | 279 | 69 | (2,8) |
| CASH CONTRIBUTION | | 55 | 78 | 84 | 43 | 260 | 40 | (27,3) |

1 Special factors affecting EBITDA: EUR -6mn in Q1/16, EUR 3mn in Q4/16 and EUR 2mn in Q1/17.

HUNGARY

OPERATIONALS¹

| | Note | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | FY 2016 | Q1 2017 | Change % |
|--|------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| FIXED NETWORK (END OF PERIOD) | | | | | | | | |
| Fixed network Access Lines ('000) | | 1.659 | 1.655 | 1.650 | 1.629 | 1.629 | 1.630 | (1,7) |
| - IP ('000) | | 1.331 | 1.428 | 1.506 | 1.583 | 1.583 | 1.587 | 19,2 |
| Broadband Access Lines Retail ('000) | 1 | 996 | 1.003 | 1.014 | 1.011 | 1.011 | 1.026 | 3,0 |
| TV (IPTV, SAT, Cable) ('000) | 1 | 964 | 971 | 979 | 969 | 969 | 985 | 2,2 |
| Wholesale Bundled Access Lines ('000) | | 15 | 16 | 15 | 14 | 14 | 13 | (13,3) |
| ULLs/Wholesale PSTN ('000) | | 9 | 9 | 8 | 7 | 7 | 6 | (33,3) |
| Wholesale Unbundled Access Lines ('000) | | 13 | 12 | 12 | 12 | 12 | 11 | (15,4) |
| MOBILE COMMUNICATIONS (END OF PERIOD) | | | | | | | | |
| Service revenue (€) | | 173 | 176 | 179 | 177 | 706 | 175 | 1,2 |
| CUSTOMERS ('000) | | 5.372 | 5.344 | 5.301 | 5.332 | 5.332 | 5.304 | (1,3) |
| - contract ('000) | | 3.100 | 3.110 | 3.122 | 3.155 | 3.155 | 3.188 | 2,8 |
| - prepaid ('000) | | 2.271 | 2.234 | 2.179 | 2.177 | 2.177 | 2.116 | (6,8) |
| NET ADDS ('000) | | (132) | (27) | (43) | 31 | (172) | (28) | 78,8 |
| - contract ('000) | | (2) | 10 | 12 | 33 | 52 | 33 | n.a. |
| - prepaid ('000) | | (130) | (37) | (55) | (2) | (224) | (61) | 53,1 |
| AVERAGE MONTHLY CHURN (%) | | 1,8 | 1,4 | 1,6 | 1,3 | 1,6 | 1,3 | (0,5p) |
| - contract (%) | | 1,0 | 0,8 | 0,8 | 0,8 | 0,8 | 0,7 | (0,3p) |
| SAC PER GROSS ADD € | | 19 | 20 | 18 | 21 | 19 | 25 | 31,6 |
| - contract € | | 40 | 45 | 44 | 46 | 44 | 44 | 10,0 |
| - prepaid € | | 3 | 6 | 5 | 6 | 5 | 5 | 66,7 |
| SRC PER RETAINED CUSTOMER € | | 55 | 56 | 57 | 64 | 59 | 68 | 23,6 |
| ARPU € | | 11 | 11 | 11 | 11 | 11 | 11 | 0,0 |
| - contract € | | 16 | 16 | 16 | 16 | 16 | 16 | 0,0 |
| - prepaid € | | 3 | 4 | 4 | 4 | 4 | 3 | 0,0 |
| NON-VOICE % OF ARPU (%) | | 33 | 33 | 34 | 35 | 34 | 36 | 3p |
| MOU PER CUSTOMER (min) | | 186 | 201 | 199 | 200 | 197 | 201 | 8,1 |
| - contract (min) | | 288 | 309 | 298 | 304 | 300 | 300 | 4,2 |

1 The Q4/17 numbers are including 19k disconnections in BB and 22k disconnections in TV.

POLAND

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|---|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| TOTAL REVENUE | | 378 | 344 | 373 | 394 | 1.488 | 364 | (3,7) |
| PRODUCT VIEW | | 378 | 344 | 373 | 394 | 1.488 | 364 | (3,7) |
| - Fixed network | | 23 | 24 | 25 | 25 | 99 | 25 | 8,7 |
| - Mobile communications | | 354 | 319 | 347 | 368 | 1.388 | 339 | (4,2) |
| SEGMENT VIEW | | 378 | 344 | 373 | 394 | 1.488 | 364 | (3,7) |
| - of which Consumer | | 196 | 197 | 201 | 217 | 812 | 206 | 5,1 |
| - of which Business | | 124 | 126 | 129 | 138 | 516 | 122 | (1,6) |
| EBITDA | 1 | 120 | 100 | 125 | 136 | 482 | 100 | (16,7) |
| EBITDA MARGIN (EBITDA / TOTAL REVENUE) | % | 31,7 | 29,1 | 33,5 | 34,5 | 32,4 | 27,5 | (4,2p) |
| CASH CAPEX (AS REPORTED) | | 546 | 34 | 493 | 70 | 1.143 | 76 | (86,1) |
| CASH CONTRIBUTION | | (426) | 66 | (368) | 66 | (661) | 24 | n.a. |

1 Special factors affecting EBITDA: EUR 14mn in Q1/16, EUR 1mn in Q3/16, EUR 4mn in Q4/16 and EUR 1mn in Q1/17.

POLAND

OPERATIONALS^{1,2}

| | Note | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | FY 2016 | Q1 2017 | Change % |
|--|------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|
| FIXED NETWORK (END OF PERIOD) | | | | | | | | |
| Fixed network Access Lines ('000) | 2 | 18 | 18 | 20 | 20 | 20 | 33 | 83,3 |
| - IP ('000) | | 2 | 2 | 2 | 2 | 2 | 2 | 0,0 |
| Broadband Access Lines Retail ('000) | 2 | 10 | 10 | 10 | 10 | 10 | 20 | 100,0 |
| TV (IPTV, SAT, Cable) ('000) | | 0 | 0 | 0 | 0 | 0 | 0 | n.a. |
| Wholesale Bundled Access Lines ('000) | | 0 | 0 | 0 | 0 | 0 | 0 | n.a. |
| ULLs/Wholesale PSTN ('000) | | 0 | 0 | 0 | 0 | 0 | 0 | n.a. |
| Wholesale Unbundled Access Lines ('000) | | 6 | 5 | 5 | 5 | 5 | 0 | (100,0) |
| MOBILE COMMUNICATIONS (END OF PERIOD) | | | | | | | | |
| Service revenue (€) | | 244 | 220 | 235 | 246 | 945 | 217 | (11,1) |
| CUSTOMERS ('000) | | 11.821 | 11.635 | 11.221 | 10.634 | 10.634 | 10.229 | (13,5) |
| - contract ('000) | | 6.518 | 6.516 | 6.541 | 6.612 | 6.612 | 6.696 | 2,7 |
| - prepaid ('000) | 1 | 5.303 | 5.119 | 4.680 | 4.022 | 4.022 | 3.533 | (33,4) |
| NET ADDS ('000) | | (235) | (186) | (414) | (587) | (1.422) | (405) | (72,3) |
| - contract ('000) | | (50) | (3) | 25 | 70 | 43 | 84 | n.a. |
| - prepaid ('000) | | (184) | (183) | (440) | (657) | (1.465) | (489) | n.a. |
| AVERAGE MONTHLY CHURN (%) | | 3,4 | 3,3 | 3,2 | 3,4 | 3,3 | 3,2 | (0,2p) |
| - contract (%) | | 1,2 | 1,1 | 1,2 | 1,4 | 1,2 | 1,3 | 0,1p |
| SAC PER GROSS ADD € | | 7 | 6 | 6 | 10 | 7 | 7 | 0,0 |
| - contract € | | 31 | 27 | 16 | 15 | 21 | 12 | (61,3) |
| - prepaid € | | 2 | 1 | 1 | 4 | 2 | 2 | 0,0 |
| SRC PER RETAINED CUSTOMER € | | 1 | 0 | (1) | 13 | 4 | (3) | n.a. |
| ARPU € | | 7 | 6 | 7 | 8 | 7 | 7 | 0,0 |
| - contract € | | 10 | 9 | 10 | 11 | 10 | 10 | 0,0 |
| - prepaid € | | 2 | 2 | 2 | 2 | 2 | 2 | 0,0 |
| NON-VOICE % OF ARPU (%) | | 39 | 46 | 42 | 42 | 42 | 47 | 8p |
| MOU PER CUSTOMER (min) | | 204 | 213 | 215 | 232 | 216 | 246 | 20,6 |
| - contract (min) | | 325 | 334 | 327 | 338 | 331 | 340 | 4,6 |

1 In Q1/17 the number of prepaid customers has been influenced by the Prepaid Registration which ended in January 2017.

2 From Q1/17 reporting has been amended to cover additional local GTS accesses.

CZECH REPUBLIC

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|---|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| TOTAL REVENUE | | 229 | 234 | 239 | 258 | 959 | 237 | 3,5 |
| PRODUCT VIEW | | 229 | 234 | 239 | 258 | 959 | 237 | 3,5 |
| - Fixed network | | 51 | 51 | 52 | 66 | 220 | 54 | 5,9 |
| - Mobile communications | | 178 | 182 | 187 | 192 | 739 | 182 | 2,2 |
| SEGMENT VIEW | | 229 | 234 | 239 | 258 | 959 | 237 | 3,5 |
| - of which Consumer | | 113 | 117 | 120 | 124 | 474 | 117 | 3,5 |
| - of which Business | | 103 | 105 | 106 | 119 | 433 | 104 | 1,0 |
| EBITDA | 1 | 98 | 100 | 103 | 98 | 400 | 100 | 2,0 |
| EBITDA MARGIN (EBITDA / TOTAL REVENUE) | % | 42,8 | 42,7 | 43,1 | 38,0 | 41,7 | 42,2 | (0,6p) |
| CASH CAPEX (AS REPORTED) | | 42 | 42 | 51 | 26 | 160 | 37 | (11,9) |
| CASH CONTRIBUTION | | 56 | 58 | 52 | 72 | 240 | 63 | 12,5 |

1 Special factors affecting EBITDA: EUR 1mn in Q3/16, EUR 2mn in Q4/16 and EUR 1mn in Q1/17.

CZECH REPUBLIC

OPERATIONALS

| | Note | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | FY 2016 | Q1 2017 | Change % |
|--|------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| FIXED NETWORK (END OF PERIOD) | | | | | | | | |
| Fixed network Access Lines ('000) | | 141 | 140 | 147 | 140 | 140 | 143 | 1,4 |
| - IP ('000) | | 125 | 125 | 132 | 126 | 126 | 130 | 4,0 |
| Broadband Access Lines Retail ('000) | | 131 | 131 | 130 | 132 | 132 | 133 | 1,5 |
| TV (IPTV, SAT, Cable) ('000) | | 2 | 6 | 16 | 12 | 12 | 15 | n.a. |
| Wholesale Bundled Access Lines ('000) | | 0 | 0 | 0 | 0 | 0 | 0 | n.a. |
| ULLs/Wholesale PSTN ('000) | | 7 | 6 | 6 | 6 | 6 | 6 | (14,3) |
| Wholesale Unbundled Access Lines ('000) | | 2 | 2 | 2 | 2 | 2 | 2 | 0,0 |
| MOBILE COMMUNICATIONS (END OF PERIOD) | | | | | | | | |
| Service revenue (€) | | 165 | 169 | 173 | 171 | 678 | 169 | 2,4 |
| CUSTOMERS ('000) | | 6.024 | 6.008 | 6.002 | 6.049 | 6.049 | 6.097 | 1,2 |
| - contract ('000) | | 3.628 | 3.623 | 3.646 | 3.687 | 3.687 | 3.736 | 3,0 |
| - prepaid ('000) | | 2.396 | 2.385 | 2.356 | 2.362 | 2.362 | 2.361 | (1,5) |
| NET ADDS ('000) | | 5 | (16) | (5) | 46 | 30 | 48 | n.a. |
| - contract ('000) | | 31 | (5) | 23 | 40 | 90 | 49 | 58,1 |
| - prepaid ('000) | | (26) | (11) | (29) | 6 | (60) | (1) | 96,2 |
| AVERAGE MONTHLY CHURN (%) | | 1,3 | 1,4 | 1,4 | 1,3 | 1,4 | 1,2 | (0,1p) |
| - contract (%) | | 0,5 | 0,6 | 0,5 | 0,5 | 0,5 | 0,5 | 0,0p |
| SAC PER GROSS ADD € | | 21 | 23 | 18 | 25 | 22 | 21 | 0,0 |
| - contract € | | 49 | 54 | 48 | 58 | 52 | 49 | 0,0 |
| - prepaid € | | 4 | 3 | 3 | 5 | 4 | 2 | (50,0) |
| SRC PER RETAINED CUSTOMER € | | 12 | 14 | 15 | 17 | 14 | 19 | 58,3 |
| ARPU € | | 9 | 9 | 10 | 9 | 9 | 9 | 0,0 |
| - contract € | | 13 | 13 | 14 | 13 | 13 | 13 | 0,0 |
| - prepaid € | | 3 | 3 | 4 | 4 | 3 | 3 | 0,0 |
| NON-VOICE % OF ARPU (%) | | 48 | 47 | 49 | 49 | 48 | 50 | 2p |
| MOU PER CUSTOMER (min) | | 155 | 161 | 152 | 158 | 157 | 158 | 1,9 |
| - contract (min) | | 231 | 238 | 222 | 230 | 231 | 230 | (0,4) |

CROATIA

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|---|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| TOTAL REVENUE | | 220 | 230 | 238 | 237 | 925 | 224 | 1,8 |
| PRODUCT VIEW | | 220 | 230 | 238 | 237 | 925 | 224 | 1,8 |
| - Fixed network | | 133 | 137 | 135 | 144 | 551 | 133 | 0,0 |
| - Mobile communications | | 86 | 93 | 102 | 93 | 374 | 90 | 4,7 |
| SEGMENT VIEW | | 220 | 230 | 238 | 237 | 925 | 224 | 1,8 |
| - of which Consumer | | 116 | 120 | 125 | 126 | 488 | 120 | 3,4 |
| - of which Business | | 70 | 72 | 67 | 88 | 297 | 70 | 0,0 |
| EBITDA | 1 | 82 | 95 | 103 | 94 | 374 | 84 | 2,4 |
| EBITDA MARGIN (EBITDA / TOTAL REVENUE) | % | 37,3 | 41,3 | 43,3 | 39,7 | 40,4 | 37,5 | 0,2p |
| CASH CAPEX (AS REPORTED) | | 52 | 39 | 35 | 28 | 155 | 34 | (34,6) |
| CASH CONTRIBUTION | | 30 | 56 | 68 | 66 | 219 | 50 | 66,7 |

1 Special factors affecting EBITDA: EUR 8mn in Q1/16, EUR 3mn in Q4/16 and EUR 4mn in Q1/17.

CROATIA

OPERATIONALS

| | Note | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | FY 2016 | Q1 2017 | Change % |
|--|------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| FIXED NETWORK (END OF PERIOD) | | | | | | | | |
| Fixed network Access Lines ('000) | | 1.012 | 1.009 | 1.004 | 1.001 | 1.001 | 992 | (2,0) |
| - IP ('000) | | 1.012 | 1.008 | 1.004 | 1.000 | 1.000 | 991 | (2,1) |
| Broadband Access Lines Retail ('000) | | 634 | 639 | 642 | 649 | 649 | 653 | 3,0 |
| TV (IPTV, SAT, Cable) ('000) | | 387 | 391 | 394 | 401 | 401 | 408 | 5,4 |
| Wholesale Bundled Access Lines ('000) | | 34 | 30 | 25 | 21 | 21 | 17 | (50,0) |
| ULLs/Wholesale PSTN ('000) | | 156 | 153 | 151 | 148 | 148 | 144 | (7,7) |
| Wholesale Unbundled Access Lines ('000) | | 81 | 93 | 104 | 113 | 113 | 124 | 53,1 |
| MOBILE COMMUNICATIONS (END OF PERIOD) | | | | | | | | |
| Service revenue (€) | | 66 | 72 | 83 | 71 | 292 | 69 | 4,5 |
| CUSTOMERS ('000) | | 2.206 | 2.246 | 2.332 | 2.234 | 2.234 | 2.210 | 0,2 |
| - contract ('000) | | 1.119 | 1.128 | 1.130 | 1.159 | 1.159 | 1.165 | 4,1 |
| - prepaid ('000) | | 1.087 | 1.119 | 1.202 | 1.075 | 1.075 | 1.045 | (3,9) |
| NET ADDS ('000) | | (27) | 40 | 86 | (98) | 2 | (24) | 11,1 |
| - contract ('000) | | 0 | 8 | 2 | 29 | 40 | 6 | n.a. |
| - prepaid ('000) | | (27) | 32 | 84 | (127) | (38) | (30) | (11,1) |
| AVERAGE MONTHLY CHURN (%) | | 2,6 | 2,2 | 2,4 | 3,9 | 2,8 | 2,6 | 0,0p |
| - contract (%) | | 1,1 | 1,1 | 1,1 | 1,1 | 1,1 | 1,2 | 0,1p |
| SAC PER GROSS ADD € | | 13 | 14 | 11 | 19 | 14 | 20 | 53,8 |
| - contract € | | 52 | 51 | 64 | 56 | 56 | 66 | 26,9 |
| - prepaid € | | 2 | 2 | 2 | 2 | 2 | 2 | 0,0 |
| SRC PER RETAINED CUSTOMER € | | 69 | 49 | 54 | 51 | 56 | 53 | (23,2) |
| ARPU € | | 10 | 11 | 12 | 10 | 11 | 10 | 0,0 |
| - contract € | | 15 | 16 | 18 | 15 | 16 | 15 | 0,0 |
| - prepaid € | | 5 | 6 | 6 | 5 | 6 | 5 | 0,0 |
| NON-VOICE % OF ARPU (%) | | 49 | 49 | 49 | 50 | 49 | 50 | 1p |
| MOU PER CUSTOMER (min) | | 196 | 214 | 208 | 207 | 206 | 209 | 6,6 |
| - contract (min) | | 260 | 285 | 282 | 276 | 276 | 270 | 3,8 |

SLOVAKIA

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|---|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| TOTAL REVENUE | | 187 | 186 | 191 | 202 | 766 | 183 | (2,1) |
| PRODUCT VIEW | | 187 | 186 | 191 | 202 | 766 | 183 | (2,1) |
| - Fixed network | | 96 | 95 | 98 | 108 | 398 | 90 | (6,3) |
| - Mobile communications | | 91 | 90 | 93 | 93 | 368 | 93 | 2,2 |
| SEGMENT VIEW | | 187 | 186 | 191 | 202 | 766 | 183 | (2,1) |
| - of which Consumer | | 119 | 118 | 120 | 122 | 480 | 98 | (17,6) |
| - of which Business | | 47 | 45 | 45 | 59 | 195 | 69 | 46,8 |
| EBITDA | 1 | 78 | 79 | 83 | 62 | 302 | 77 | (1,3) |
| EBITDA MARGIN (EBITDA / TOTAL REVENUE) | % | 41,7 | 42,5 | 43,5 | 30,7 | 39,4 | 42,1 | 0,4p |
| CASH CAPEX (AS REPORTED) | | 43 | 43 | 20 | 25 | 119 | 37 | (14,0) |
| CASH CONTRIBUTION | | 35 | 35 | 59 | 37 | 183 | 40 | 14,3 |

1 Special factors affecting EBITDA: EUR 28mn in Q4/16.

SLOVAKIA

OPERATIONALS

| | Note | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | FY 2016 | Q1 2017 | Change % |
|--|------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| FIXED NETWORK (END OF PERIOD) | | | | | | | | |
| Fixed network Access Lines ('000) | | 851 | 848 | 847 | 850 | 850 | 854 | 0,4 |
| - IP ('000) | | 851 | 848 | 847 | 850 | 850 | 854 | 0,4 |
| Broadband Access Lines Retail ('000) | | 481 | 489 | 496 | 509 | 509 | 523 | 8,7 |
| TV (IPTV, SAT, Cable) ('000) | | 500 | 509 | 517 | 538 | 538 | 564 | 12,8 |
| Wholesale Bundled Access Lines ('000) | | 16 | 16 | 16 | 15 | 15 | 15 | (6,3) |
| Wholesale Unbundled Access Lines ('000) | | 112 | 113 | 113 | 113 | 113 | 111 | (0,9) |
| MOBILE COMMUNICATIONS (END OF PERIOD) | | | | | | | | |
| Service revenue (€) | | 82 | 80 | 83 | 82 | 327 | 83 | 1,2 |
| CUSTOMERS ('000) | | 2.231 | 2.227 | 2.226 | 2.225 | 2.225 | 2.230 | (0,0) |
| - contract ('000) | | 1.462 | 1.463 | 1.467 | 1.478 | 1.478 | 1.398 | (4,4) |
| - prepaid ('000) | | 770 | 763 | 759 | 747 | 747 | 832 | 8,1 |
| NET ADDS ('000) | | (4) | (4) | 0 | (1) | (10) | 5 | n.a. |
| - contract ('000) | | 8 | 2 | 4 | 11 | 24 | (80) | n.a. |
| - prepaid ('000) | | (12) | (6) | (4) | (12) | (35) | 85 | n.a. |
| AVERAGE MONTHLY CHURN (%) | | 1,4 | 1,2 | 1,2 | 1,4 | 1,3 | 1,4 | 0,0p |
| - contract (%) | | 0,9 | 0,8 | 0,8 | 1,0 | 0,9 | 2,8 | 1,9p |
| SAC PER GROSS ADD € | | 44 | 48 | 46 | 66 | 51 | 45 | 2,3 |
| - contract € | | 80 | 93 | 90 | 113 | 95 | 98 | 22,5 |
| - prepaid € | | 3 | 4 | 3 | 3 | 3 | 2 | (33,3) |
| SRC PER RETAINED CUSTOMER € | | 132 | 133 | 118 | 174 | 143 | 133 | 0,8 |
| ARPU € | | 12 | 12 | 12 | 12 | 12 | 12 | 0,0 |
| - contract € | | 17 | 17 | 17 | 17 | 17 | 17 | 0,0 |
| - prepaid € | | 3 | 3 | 3 | 3 | 3 | 3 | 0,0 |
| NON-VOICE % OF ARPU (%) | | 40 | 39 | 41 | 41 | 40 | 42 | 2p |
| MOU PER CUSTOMER (min) | | 171 | 179 | 171 | 180 | 175 | 115 | (32,7) |
| - contract (min) | | 238 | 249 | 236 | 247 | 242 | 158 | (33,6) |

AUSTRIA

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

| | Note | Q1 2016 € | Q2 2016 € | Q3 2016 € | Q4 2016 € | FY 2016 € | Q1 2017 € | Change % |
|---|----------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------|
| TOTAL REVENUE | | 208 | 208 | 219 | 220 | 855 | 228 | 9,6 |
| - of which Consumer | | 154 | 155 | 158 | 163 | 630 | 161 | 4,5 |
| - of which Business | | 43 | 45 | 47 | 50 | 184 | 39 | (9,3) |
| EBITDA | 2 | 69 | 70 | 79 | 41 | 258 | 89 | 29,0 |
| EBITDA MARGIN (EBITDA / TOTAL REVENUE) | % | 33,2 | 33,7 | 36,1 | 18,6 | 30,2 | 39,0 | 5,8p |
| CASH CAPEX (AS REPORTED) | | 40 | 24 | 32 | 43 | 139 | 45 | 12,5 |
| CASH CONTRIBUTION | | 29 | 46 | 47 | (2) | 119 | 44 | 51,7 |

OPERATIONALS

| | Note | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | FY 2016 | Q1 2017 | Change % |
|--|----------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| MOBILE COMMUNICATIONS (END OF PERIOD) | | | | | | | | |
| Service revenue (€) | | 178 | 179 | 189 | 186 | 732 | 200 | 12,4 |
| CUSTOMERS ('000) | | 4.221 | 4.275 | 4.365 | 4.594 | 4.594 | 4.713 | 11,7 |
| - contract ('000) | | 3.001 | 3.057 | 3.120 | 3.175 | 3.175 | 3.195 | 6,5 |
| - prepaid ('000) | | 1.220 | 1.218 | 1.244 | 1.418 | 1.418 | 1.518 | 24,4 |
| NET ADDS ('000) | | 13 | 54 | 90 | 229 | 386 | 102 | n.a. |
| - contract ('000) | | 42 | 56 | 64 | 55 | 216 | 2 | (95,2) |
| - prepaid ('000) | | (29) | (2) | 26 | 174 | 169 | 100 | n.a. |
| AVERAGE MONTHLY CHURN (%) | | 2,7 | 2,7 | 2,8 | 2,5 | 2,7 | 2,4 | (0,3p) |
| - contract (%) | | 2,4 | 2,4 | 2,7 | 2,2 | 2,4 | 2,7 | 0,3p |
| SAC PER GROSS ADD € | | 27 | 24 | 25 | 35 | 28 | 21 | (22,2) |
| - contract € | | 35 | 32 | 33 | 71 | 42 | 33 | (5,7) |
| - prepaid € | | 4 | 4 | 3 | 2 | 3 | 3 | (25,0) |
| SRC PER RETAINED CUSTOMER € | | 102 | 107 | 113 | 156 | 122 | 113 | 10,8 |
| ARPU € | 1 | 14 | 14 | 15 | 14 | 14 | 14 | 0,0 |
| - contract € | | 18 | 18 | 19 | 18 | 18 | 20 | 11,1 |
| - prepaid € | | 4 | 4 | 4 | 4 | 4 | 3 | (25,0) |
| NON-VOICE % OF ARPU (%) | | 45 | 45 | 46 | 46 | 46 | 42 | (3p) |
| MOU PER CUSTOMER (min) | | 193 | 192 | 179 | 181 | 186 | 174 | (9,8) |
| - contract (min) | | 222 | 219 | 203 | 211 | 214 | 205 | (7,7) |

1 Effect in Q1/16: Impacted by reclassification of M2M customers.

2 Special factors affecting EBITDA: EUR -15mn in Q4/16.

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SYSTEMS SOLUTIONS

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|--|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| TOTAL REVENUE | | 1.859 | 1.719 | 1.674 | 1.741 | 6.993 | 1.704 | (8,3) |
| International Revenue | | 657 | 501 | 487 | 499 | 2.143 | 482 | (26,6) |
| NET REVENUE | | 1.545 | 1.402 | 1.349 | 1.382 | 5.678 | 1.369 | (11,4) |
| EBITDA | | 196 | 111 | 139 | 84 | 530 | 96 | (51,0) |
| EBITDA margin (EBITDA / total revenue) | % | 10,5 | 6,5 | 8,3 | 4,8 | 7,6 | 5,6 | (4,9p) |
| Depreciation, amortization and impairment losses | | (96) | (95) | (102) | (110) | (404) | (98) | (2,1) |
| Profit (loss) from operations = EBIT | | 100 | 15 | 37 | (26) | 126 | (2) | n.a. |
| EBIT MARGIN | % | 5,4 | 0,9 | 2,2 | (1,5) | 1,8 | (0,1) | (5,5p) |
| CASH CAPEX | | 78 | 96 | 85 | 143 | 402 | 86 | 10,3 |
| CASH CONTRIBUTION | | 118 | 15 | 54 | (59) | 128 | 10 | (91,5) |
| ORDER ENTRY | | 1.556 | 1.496 | 1.303 | 2.495 | 6.851 | 1.274 | (18,1) |

FINANCIALS (AS REPORTED)

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|--|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| TOTAL REVENUE | | 1.859 | 1.719 | 1.674 | 1.741 | 6.993 | 1.704 | (8,3) |
| NET REVENUE | | 1.545 | 1.402 | 1.349 | 1.382 | 5.678 | 1.369 | (11,4) |
| EBITDA | | 147 | 33 | 87 | 11 | 278 | 61 | (58,5) |
| EBITDA margin (EBITDA / total revenue) | % | 7,9 | 1,9 | 5,2 | 0,6 | 4,0 | 3,6 | (4,3p) |
| Depreciation, amortization and impairment losses | | (96) | (95) | (118) | (119) | (428) | (98) | (2,1) |
| Profit (loss) from operations = EBIT | | 51 | (62) | (31) | (108) | (150) | (37) | n.a. |
| CASH CAPEX | | 78 | 96 | 85 | 143 | 402 | 86 | 10,3 |
| CASH CONTRIBUTION | | 69 | (63) | 2 | (132) | (124) | (25) | n.a. |

SYSTEMS SOLUTIONS

EBITDA RECONCILIATION

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|--|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| TOTAL REVENUE | | 1.859 | 1.719 | 1.674 | 1.741 | 6.993 | 1.704 | (8,3) |
| Profit (loss) from operations = EBIT | | 51 | (62) | (31) | (108) | (150) | (37) | n.a. |
| - Depreciation, amortization and impairment losses | | (96) | (95) | (118) | (119) | (428) | (98) | (2,1) |
| = EBITDA | | 147 | 33 | 87 | 11 | 278 | 61 | (58,5) |
| EBITDA margin | % | 7,9 | 1,9 | 5,2 | 0,6 | 4,0 | 3,6 | (4,3p) |
| - Special factors affecting EBITDA | | (49) | (77) | (52) | (73) | (252) | (35) | 28,6 |
| = EBITDA (ADJUSTED FOR SPECIAL FACTORS) | | 196 | 111 | 139 | 84 | 530 | 96 | (51,0) |
| EBITDA margin (adjusted for special factors) | % | 10,5 | 6,5 | 8,3 | 4,8 | 7,6 | 5,6 | (4,9p) |

SPECIAL FACTORS

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|--|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-------------|
| EFFECTS ON EBITDA | | (49) | (77) | (52) | (73) | (252) | (35) | 28,6 |
| - of which personnel | | (24) | (50) | (25) | (37) | (136) | (14) | 41,7 |
| - of which other | | (26) | (27) | (27) | (36) | (116) | (21) | 19,2 |
| EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT | | (49) | (77) | (67) | (82) | (276) | (35) | 28,6 |
| - of which personnel | | (24) | (50) | (25) | (37) | (136) | (14) | 41,7 |
| - of which other | | (26) | (27) | (43) | (45) | (140) | (21) | 19,2 |

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GROUP DEVELOPMENT

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|--|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-------------|
| TOTAL REVENUE | | 575 | 573 | 588 | 610 | 2.347 | 595 | 3,5 |
| Netherlands | | 324 | 319 | 332 | 356 | 1.331 | 341 | 5,2 |
| DFMG | | 217 | 220 | 221 | 218 | 876 | 217 | 0,0 |
| Other | | 34 | 34 | 35 | 36 | 140 | 37 | 8,8 |
| EBITDA | | 223 | 256 | 251 | 213 | 943 | 238 | 6,7 |
| Netherlands | | 88 | 102 | 91 | 77 | 358 | 110 | 25,0 |
| DFMG | | 129 | 146 | 156 | 133 | 563 | 124 | (3,9) |
| Other | | 6 | 8 | 4 | 3 | 22 | 4 | (33,3) |
| EBITDA margin (EBITDA / total revenue) | % | 38,8 | 44,7 | 42,7 | 34,9 | 40,2 | 40,0 | 1,2p |
| Depreciation, amortization and impairment losses | | (90) | (87) | (85) | (83) | (345) | (71) | 21,1 |
| Profit (loss) from operations = EBIT | | 134 | 168 | 167 | 130 | 598 | 167 | 24,6 |
| CASH CAPEX | | 69 | 40 | 69 | 69 | 247 | 81 | 17,4 |
| CASH CONTRIBUTION | | 154 | 216 | 182 | 144 | 696 | 157 | 1,9 |

FINANCIALS (AS REPORTED)

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|--|----------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| TOTAL REVENUE | | 575 | 573 | 588 | 610 | 2.347 | 595 | 3,5 |
| NET REVENUE | | 430 | 423 | 433 | 458 | 1.744 | 444 | 3,3 |
| EBITDA | 1 | 2.730 | 305 | 239 | 217 | 3.490 | 758 | (72,2) |
| Depreciation, amortization and impairment losses | | (90) | (87) | (85) | (498) | (760) | (71) | 21,1 |
| Profit (loss) from operations = EBIT | | 2.640 | 217 | 154 | (281) | 2.730 | 686 | (74,0) |
| CASH CAPEX | | 93 | 40 | 69 | 69 | 271 | 81 | (12,9) |
| CASH CONTRIBUTION | | 2.637 | 265 | 170 | 148 | 3.219 | 677 | (74,3) |

1 Q1/2017: Income from the sale of stake in Strato AG.

GROUP DEVELOPMENT

EBITDA RECONCILIATION

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|--|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| TOTAL REVENUE | | 575 | 573 | 588 | 610 | 2.347 | 595 | 3,5 |
| Profit (loss) from operations = EBIT | | 2.640 | 217 | 154 | (281) | 2.730 | 686 | (74,0) |
| - Depreciation, amortization and impairment losses | | (90) | (87) | (85) | (498) | (760) | (71) | 21,1 |
| = EBITDA | | 2.730 | 305 | 239 | 217 | 3.490 | 758 | (72,2) |
| EBITDA margin | % | n.a. | 53,2 | 40,6 | 35,6 | n.a. | n.a. | n.a. |
| - Special factors affecting EBITDA | | 2.506 | 49 | (12) | 4 | 2.547 | 519 | (79,3) |
| = EBITDA (ADJUSTED FOR SPECIAL FACTORS) | | 223 | 256 | 251 | 213 | 943 | 238 | 6,7 |
| EBITDA margin (adjusted for special factors) | % | 38,8 | 44,7 | 42,7 | 34,9 | 40,2 | 40,0 | 1,2p |

SPECIAL FACTORS¹

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|--|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| EFFECTS ON EBITDA | | 2.506 | 49 | (12) | 4 | 2.547 | 519 | (79,3) |
| - of which personnel | | 0 | (6) | (1) | (28) | (35) | 5 | n.a. |
| - of which other | | 2.507 | 55 | (12) | 32 | 2.582 | 514 | (79,5) |
| EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT | | 2.506 | 49 | (12) | (411) | 2.132 | 519 | (79,3) |
| - of which personnel | | 0 | (6) | (1) | (28) | (35) | 5 | n.a. |
| - of which other | | 2.507 | 55 | (12) | (383) | 2.167 | 514 | (79,5) |

¹ Q1/2017: Income from the sale of stake in Strato AG.

NETHERLANDS

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|---|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------|
| TOTAL REVENUE | | 324 | 319 | 332 | 356 | 1.331 | 341 | 5,2 |
| PRODUCT VIEW | | 324 | 319 | 332 | 356 | 1.331 | 341 | 5,2 |
| - Fixed network | | 0 | 0 | 0 | 4 | 4 | 21 | n.a. |
| - Mobile communications | | 324 | 319 | 332 | 353 | 1.327 | 320 | (1,2) |
| SEGMENT VIEW | | 324 | 319 | 332 | 356 | 1.331 | 341 | 5,2 |
| - of which Consumer | | 228 | 222 | 232 | 247 | 929 | 228 | 0,0 |
| - of which Business | | 60 | 58 | 62 | 66 | 247 | 63 | 5,0 |
| EBITDA | | 88 | 102 | 91 | 77 | 358 | 110 | 25,0 |
| EBITDA MARGIN (EBITDA / TOTAL REVENUE) | % | 27,2 | 32,0 | 27,4 | 21,6 | 26,9 | 32,3 | 5,1p |
| CASH CAPEX (AS REPORTED) | | 54 | 13 | 27 | 29 | 123 | 41 | (24,1) |
| CASH CONTRIBUTION | | 34 | 89 | 64 | 48 | 235 | 69 | n.a. |

NETHERLANDS

OPERATIONALS

| | Note | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | FY 2016 | Q1 2017 | Change % |
|--|---------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| FIXED NETWORK (END OF PERIOD) | | | | | | | | |
| Fixed network Access Lines | ('000) | 0 | 0 | 0 | 164 | 164 | 176 | n.a. |
| - IP | ('000) | 0 | 0 | 0 | 164 | 164 | 176 | n.a. |
| Broadband Access Lines Retail | ('000) | 0 | 0 | 0 | 164 | 164 | 176 | n.a. |
| TV (IPTV, SAT, Cable) | ('000) | 0 | 0 | 0 | 0 | 0 | 0 | n.a. |
| Wholesale Bundled Access Lines | ('000) | 0 | 0 | 0 | 0 | 0 | 0 | n.a. |
| ULLs/Wholesale PSTN | ('000) | 0 | 0 | 0 | 0 | 0 | 0 | n.a. |
| Wholesale Unbundled Access Lines | ('000) | 0 | 0 | 0 | 0 | 0 | 0 | n.a. |
| MOBILE COMMUNICATIONS (END OF PERIOD) | | | | | | | | |
| Service revenue | (€ million) | 228 | 226 | 232 | 230 | 916 | 226 | (0,9) |
| CUSTOMERS | ('000) | 3.668 | 3.671 | 3.703 | 3.746 | 3.746 | 3.789 | 3,3 |
| - contract | ('000) | 2.825 | 2.857 | 2.911 | 2.982 | 2.982 | 3.051 | 8,0 |
| - prepaid | ('000) | 843 | 814 | 792 | 764 | 764 | 738 | (12,5) |
| NET ADDS | ('000) | (9) | 3 | 31 | 44 | 69 | 43 | n.a. |
| - contract | ('000) | 25 | 32 | 54 | 71 | 183 | 69 | n.a. |
| - prepaid | ('000) | (34) | (29) | (23) | (27) | (114) | (26) | (23,5) |
| AVERAGE MONTHLY CHURN | (%) | 1,5 | 1,4 | 1,4 | 1,3 | 1,4 | 1,3 | (0,2p) |
| - contract | (%) | 1,2 | 1,0 | 1,1 | 1,1 | 1,1 | 1,0 | (0,2p) |
| SAC PER GROSS ADD | € 1 | 111 | 98 | 110 | 175 | 126 | 79 | (28,8) |
| - contract | € | 130 | 115 | 135 | 196 | 148 | 92 | (29,2) |
| - prepaid | € | 18 | 14 | 11 | 16 | 15 | (1) | n.a. |
| SRC PER RETAINED CUSTOMER | € 1 | 121 | 104 | 92 | 181 | 126 | 56 | (53,7) |
| ARPU | € | 21 | 21 | 21 | 21 | 21 | 20 | (4,8) |
| - contract | € | 26 | 25 | 26 | 25 | 25 | 24 | (7,7) |
| - prepaid | € | 4 | 4 | 4 | 4 | 4 | 4 | 0,0 |
| NON-VOICE % OF ARPU | (%) | 61 | 62 | 64 | 60 | 61 | 56 | (5p) |
| MOU PER CUSTOMER | (min) | 180 | 189 | 178 | 191 | 184 | 181 | 0,5 |
| - contract | (min) | 226 | 233 | 218 | 233 | 228 | 217 | (4,0) |

1 Q1/2017: The Subscriber Acquisition Costs per Gross Add and Subscriber Retention Cost per Retained Subscriber show a sharp decline. This reflects the changes in customer protection law.

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GROUP HEADQUARTERS & GROUP SERVICES

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|--|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|--------------|
| TOTAL REVENUE | | 781 | 910 | 846 | 929 | 3.467 | 737 | (5,6) |
| NET REVENUE | | 84 | 92 | 96 | 150 | 421 | 88 | 4,8 |
| EBITDA | | (147) | (89) | (141) | (293) | (670) | (128) | 12,9 |
| EBITDA margin (EBITDA / total revenue) | % | (18,8) | (9,8) | (16,7) | (31,5) | (19,3) | (17,4) | 1,4p |
| Depreciation, amortization and impairment losses | | (150) | (192) | (158) | (176) | (676) | (148) | 1,3 |
| Profit (loss) from operations = EBIT | | (298) | (281) | (298) | (469) | (1.346) | (276) | 7,4 |
| CASH CAPEX | | 227 | 207 | 222 | 279 | 936 | 242 | 6,6 |
| CASH CONTRIBUTION | | (374) | (296) | (363) | (572) | (1.606) | (370) | 1,1 |

FINANCIALS (AS REPORTED)

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|--|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|--------------|
| TOTAL REVENUE | | 781 | 910 | 846 | 929 | 3.467 | 737 | (5,6) |
| NET REVENUE | | 84 | 92 | 96 | 150 | 421 | 88 | 4,8 |
| EBITDA | | (280) | (379) | (219) | (365) | (1.243) | (144) | 48,6 |
| EBITDA margin (EBITDA / total revenue) | % | (35,9) | (41,6) | (25,9) | (39,3) | (35,9) | (19,5) | 16,4p |
| Depreciation, amortization and impairment losses | | (150) | (192) | (158) | (176) | (676) | (148) | 1,3 |
| Profit (loss) from operations = EBIT | | (430) | (571) | (376) | (542) | (1.919) | (292) | 32,1 |
| CASH CAPEX | | 227 | 207 | 222 | 279 | 936 | 242 | 6,6 |
| CASH CONTRIBUTION | | (507) | (586) | (441) | (644) | (2.179) | (386) | 23,9 |

GROUP HEADQUARTERS & GROUP SERVICES

EBITDA RECONCILIATION

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|--|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|--------------|
| TOTAL REVENUE | | 781 | 910 | 846 | 929 | 3.467 | 737 | (5,6) |
| Profit (loss) from operations = EBIT | | (430) | (571) | (376) | (542) | (1.919) | (292) | 32,1 |
| - Depreciation, amortization and impairment losses | | (150) | (192) | (158) | (176) | (676) | (148) | 1,3 |
| = EBITDA | | (280) | (379) | (219) | (365) | (1.243) | (144) | 48,6 |
| EBITDA margin | % | (35,9) | (41,6) | (25,9) | (39,3) | (35,9) | (19,5) | 16,4p |
| - Special factors affecting EBITDA | | (133) | (290) | (78) | (72) | (574) | (16) | 88,0 |
| = EBITDA (ADJUSTED FOR SPECIAL FACTORS) | | (147) | (89) | (141) | (293) | (670) | (128) | 12,9 |
| EBITDA margin (adjusted for special factors) | % | (18,8) | (9,8) | (16,7) | (31,5) | (19,3) | (17,4) | 1,4p |

SPECIAL FACTORS

| | Note | Q1 2016 millions of € | Q2 2016 millions of € | Q3 2016 millions of € | Q4 2016 millions of € | FY 2016 millions of € | Q1 2017 millions of € | Change % |
|--|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-------------|
| EFFECTS ON EBITDA | | (133) | (290) | (78) | (72) | (574) | (16) | 88,0 |
| - of which personnel | | (46) | (238) | (75) | (144) | (502) | (19) | 58,7 |
| - of which other | | (87) | (52) | (3) | 71 | (71) | 3 | n.a. |
| EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT | | (133) | (290) | (78) | (72) | (574) | (16) | 88,0 |
| - of which personnel | | (46) | (238) | (75) | (144) | (502) | (19) | 58,7 |
| - of which other | | (87) | (52) | (3) | 71 | (71) | 3 | n.a. |

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GLOSSARY AND DISCLAIMER

| | |
|---|---|
| In addition to financial information presented in accordance with IFRS, this presentation contains non-GAAP financial measures, | |
| such as ... | which is defined as ... |
| EBIT | Abbreviation for EARNINGS BEFORE INTEREST AND TAXES. EBIT is equivalent to the P&L-line "Profit from operations". |
| Adj. EBIT | EBIT adjusted for special factors. |
| EBT | Abbreviation for EARNINGS BEFORE TAXES. EBT is equivalent to the P&L-line "Profit before income taxes". |
| Adj. EBT | EBT adjusted for special factors. |
| EBITDA | Abbreviation for EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION. EBITDA is equivalent to EBIT before Depreciation and Amortization. Depreciation and Amortization is not a line in the P&L but provided in the notes as "Other disclosures". |
| Adj. EBITDA | EBITDA adjusted for special factors. |
| Adj. Net profit/loss | Net profit/loss adjusted for special factors. |
| Special factors | Special factors impair the comparability of the results with previous periods. Details on the special factors are given for the group and each operating segment. |
| Cash capex | Cash outflows for investments in intangible assets (excluding goodwill) and property, plant and equipment. |
| Cash contribution | EBITDA minus capex. |
| Free cash flow | Net cash from operating activities minus net cash outflows for investments in intangible assets (excluding goodwill) and property, plant and equipment. |
| Gross debt | Gross debt includes not only bonds and liabilities to banks, but also liabilities to non-banks from promissory notes, lease liabilities, liabilities arising from ABS transactions (capital market liabilities), liabilities from derivatives and cash collateral. |
| Net debt | Net debt is calculated by deducting cash and cash equivalents as well as financial assets classified as held for trading and available for sale (due \leq 1 year). In addition, receivables from derivatives and other financial assets are deducted from gross debt. |
| n.a. | not applicable |
| n.m. | not meaningful |
| ARPU | Abbreviation for AVERAGE REVENUE PER USER. Calculation: Service fee, as well as voice, non voice, roaming and visitor revenues, divided by the average number of customers in the period. Visitor revenues are allocated exclusively to contract customers. |
| SAC | Abbreviation for SUBSCRIBER ACQUISITION COSTS. Calculation: Customer acquisition costs divided by the number of gross customers added during the respective period. |

The figures in this presentation are unaudited. These and the other non-GAAP financial measures used by Deutsche Telekom are derived from our IFRS financial information but do not comply with IFRS and should not be viewed as a substitute for our IFRS figures.