

SELECTED FINANCIAL DATA OF THE GROUP

millions of €

		Q1 2020	Q1 2019	Change %	FY 2019
REVENUE AND EARNINGS					
Net revenue		19,943	19,488	2.3	80,531
Of which: domestic	%	30.3	31.0		30.5
Of which: international	%	69.7	69.0		69.5
Profit from operations (EBIT)		2,511	2,258	11.2	9,457
Net profit (loss)		916	900	1.8	3,867
Net profit (loss) (adjusted for special factors)		1,284	1,183	8.5	4,948
EBITDA		6,940	6,461	7.4	27,120
EBITDA AL		5,921	5,500	7.7	23,143
EBITDA (adjusted for special factors)		7,563	6,901	9.6	28,708
EBITDA AL (adjusted for special factors)		6,544	5,940	10.2	24,731
EBITDA AL margin (adjusted for special factors)	%	32.8	30.5		30.7
Earnings per share (basic/diluted)	€	0.19	0.19	0.0	0.82
Adjusted earnings per share (basic/diluted)	€	0.27	0.25	8.0	1.04
STATEMENT OF FINANCIAL POSITION					
Total assets		173,646	165,472	4.9	170,672
Shareholders' equity		45,878	42,762	7.3	46,231
Equity ratio	%	26.4	25.8		27.1
Net debt		77,394	71,876	7.7	76,031
CASH FLOWS					
Net cash from operating activities		3,960	6,009	(34.1)	23,074
Cash capex		(3,570)	(3,827)	6.7	(14,357)
Cash capex (before spectrum investment)		(3,353)	(3,682)	8.9	(13,118)
Free cash flow (before dividend payments and spectrum investment) ^a		2,294	2,370	(3.2)	10,133
Free cash flow AL (before dividend payments and spectrum investment) ^a		1,287	1,557	(17.3)	7,013
Net cash used in investing activities		(2,706)	(3,597)	24.8	(14,230)
Net cash (used in) from financing activities		(2,562)	27	n.a.	(7,141)

^a Before interest payments for zero-coupon bonds.

		Mar. 31, 2020	Dec. 31, 2019	Change Mar. 31, 2020/ Dec. 31, 2019 %	Mar. 31, 2019	Change Mar. 31, 2020/ Mar. 31, 2019 %
FIXED-NETWORK AND MOBILE CUSTOMERS						
Mobile customers ^a		185.5	184.0	0.8	179.1	3.6
Fixed-network lines		27.4	27.5	(0.5)	28.0	(2.1)
Broadband customers ^b		21.2	21.0	0.9	20.6	2.9

^a Including T-Mobile US wholesale customers.

^b Excluding wholesale.

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.

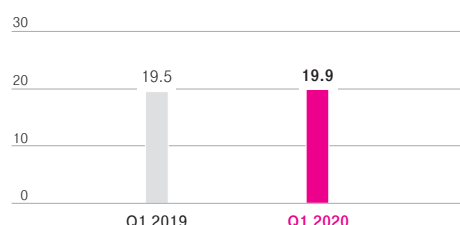
The IFRS 16 "Leases" accounting standard has been applied since the 2019 financial year. This led to a change in the definition of some of our financial performance indicators: Our operational performance is now measured on the basis of "EBITDA after leases" (EBITDA AL) (previously EBITDA). The "free cash flow" performance indicator was replaced by "free cash flow after leases" (free cash flow AL). The key parameters used by Deutsche Telekom are defined in the sections "[Management of the Group](#)" and "[Summary of accounting policies](#)."

TO OUR SHAREHOLDERS

DEUTSCHE TELEKOM AT A GLANCE

Net revenue

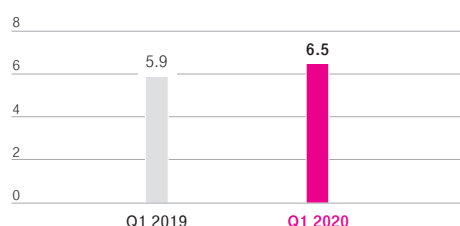
billions of €



EBITDA AL

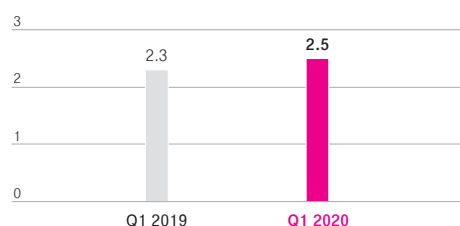
(adjusted for special factors)

billions of €



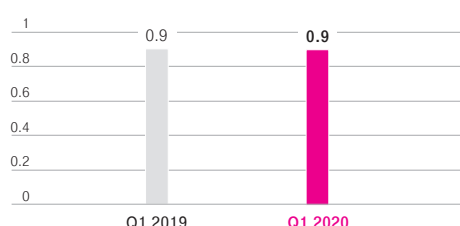
EBIT

billions of €



Net profit

billions of €



NET REVENUE

- Net revenue increased by 2.3 percent to EUR 19.9 billion. Excluding exchange rate effects, net revenue increased by EUR 0.2 billion or 1.1 percent.
- Our United States operating segment recorded revenue growth of 3.7 percent. On a U.S. dollar basis, revenue increased slightly by 0.7 percent, due on the one hand to our ongoing success in the United States, and on the other to declines in terminal equipment revenue as a result of the impact of the coronavirus pandemic.
- Our Germany operating segment recorded a slight increase in revenue of 0.9 percent and revenue in our Europe operating segment also edged up by 0.4 percent.
- Revenue growth of 3.8 percent at our Group Development operating segment was attributable to operational growth at T-Mobile Netherlands and DFMG.

EBITDA AL

(ADJUSTED FOR SPECIAL FACTORS)

- Adjusted EBITDA AL rose by 10.2 percent to EUR 6.5 billion, with contributions from all operating segments. Excluding exchange rate effects, our adjusted EBITDA AL increased by EUR 0.5 billion or 9.0 percent.
- Adjusted EBITDA AL in our United States operating segment increased by 18.0 percent. In U.S. dollars, this constituted growth of 14.5 percent in our U.S. operations.
- Our Germany operating segment recorded an increase in adjusted EBITDA AL of 2.7 percent and our Europe operating segment an increase of 1.9 percent. Substantial increases in adjusted EBITDA AL were likewise recorded by the Systems Solutions and Group Development operating segments – the latter also due to positive synergies from the acquisition of Tele2 Netherlands.
- At 32.8 percent, the Group's adjusted EBITDA AL margin increased by 2.3 percentage points against the prior-year level. The adjusted EBITDA AL margin was 40.0 percent in Germany, 33.2 percent in Europe, and 31.1 percent in the United States.

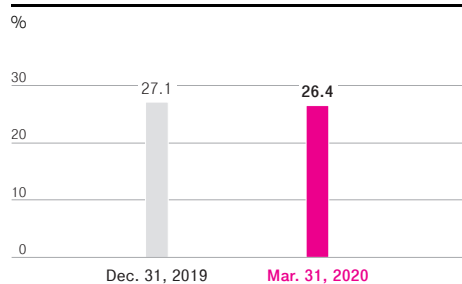
EBIT

- EBIT increased from EUR 2.3 billion to EUR 2.5 billion.
- EBITDA AL was negatively affected by special factors of EUR 0.6 billion compared to expenses of EUR 0.4 billion in the prior-year period. Expenses incurred in connection with staff-related measures were up slightly on the prior-year period. In connection with the coronavirus pandemic, expenses of EUR 0.1 billion were classified as special factors in the United States operating segment. As in the first quarter of the prior year, expenses of EUR 0.1 billion incurred in connection with the approval process for the business combination with Sprint were recorded.
- At EUR 4.4 billion, depreciation, amortization and impairment losses were EUR 0.2 billion higher than in the prior-year period, due to the consistently high level of investment over the last few years.

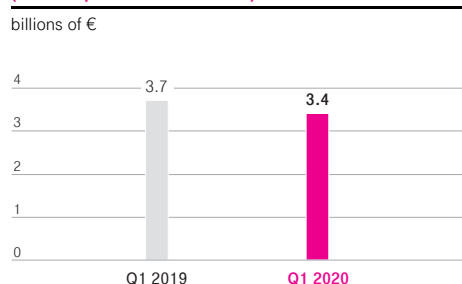
NET PROFIT

- Net profit is stable at EUR 0.9 billion.
- Our loss from financial activities increased by EUR 0.6 billion to EUR 1.0 billion, mainly due to negative measurement effects from embedded derivatives at T-Mobile US.
- At EUR 0.5 billion, the tax expense was the same as in the prior-year period.
- Profit attributable to non-controlling interests decreased year-on-year by EUR 0.2 billion to EUR 0.2 billion.
- Adjusted earnings per share increased slightly to EUR 0.27 from EUR 0.25 in the prior-year period.

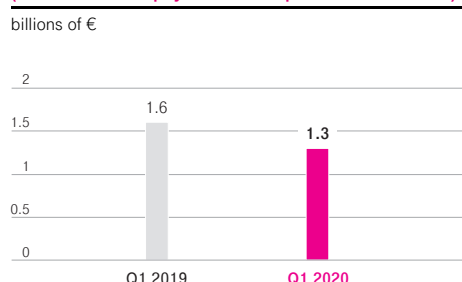
Equity ratio



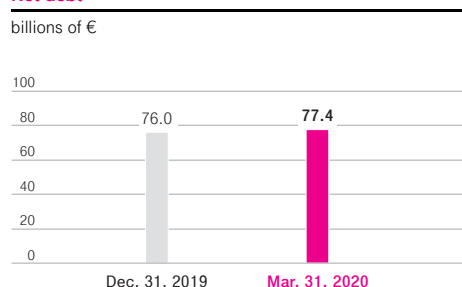
Cash capex (before spectrum investment)



Free cash flow AL (before dividend payments and spectrum investment)^a



Net debt



^a Before interest payments for zero-coupon bonds.

EQUITY RATIO

- The decrease in the equity ratio from 27.1 percent at year-end 2019 to 26.4 percent mainly results from the increase of EUR 3.0 billion or 1.7 percent in total assets/total liabilities and shareholders' equity.
- Shareholders' equity decreased from EUR 46.2 billion as of December 31, 2019 to EUR 45.9 billion. The carrying amount was reduced by the remeasurement of defined benefit plans (EUR 1.0 billion) and by actuarial losses from hedging instruments (EUR 0.9 billion), mainly in connection with forward-payer swaps concluded for borrowings at T-Mobile US.
- In particular, profit after taxes (EUR 1.1 billion), currency translation effects recognized directly in equity (EUR 0.2 billion), income taxes relating to components of other comprehensive income (EUR 0.2 billion), and capital increases from share-based payment (EUR 0.1 billion) had an increasing effect.

CASH CAPEX (BEFORE SPECTRUM INVESTMENT)

- Cash capex (before spectrum investment) decreased by EUR 0.3 billion to EUR 3.4 billion, mainly due to the very high level of investment in the United States operating segment in the prior-year period.
- Cash capex (including spectrum investment) decreased from EUR 3.8 billion to EUR 3.6 billion. In the United States operating segment, an advance payment of EUR 0.2 billion was made in the reporting period for the acquisition of FCC mobile licenses in connection with the auction of mobile licenses which ended in March 2020. The prior-year figure included EUR 0.1 billion for the acquisition of mobile spectrum licenses, also primarily for the United States operating segment.

FREE CASH FLOW AL (BEFORE DIVIDEND PAYMENTS AND SPECTRUM INVESTMENT)^a

- Free cash flow AL decreased by EUR 0.3 billion to EUR 1.3 billion.
- Excluding interest payments for zero-coupon bonds made in the first quarter of 2020, net cash from operating activities decreased by EUR 0.4 billion. Our contractual termination of a revolving factoring agreement in the Germany operating segment in particular had a negative impact. The continuing strong performance of the operating segments had an increasing effect on net cash from operating activities.
- The year-on-year decrease of EUR 0.3 billion in cash capex (before spectrum investment) enhanced free cash flow.
- The EUR 0.2 billion increase in repayments of lease liabilities – in particular for leases in the United States operating segment – had a negative effect.

NET DEBT

- Net debt increased by EUR 1.4 billion to EUR 77.4 billion compared with the end of 2019.
- The main factors in this increase were measurement effects from forward-payer swaps for borrowings at T-Mobile US (EUR 1.0 billion), the acquisition of spectrum (EUR 0.2 billion), and exchange rate effects (EUR 0.7 billion).
- The main factor reducing net debt was free cash AL flow of EUR 1.3 billion.

For further information, please refer to the section "Development of business in the Group."

HIGHLIGHTS IN THE FIRST QUARTER OF 2020

Coronavirus pandemic. The introduction of measures to contain the global spread of the novel coronavirus (Covid-19) also has manifold implications for our Group activities. One example in this context is the cancellation of major trade fairs including the 2020 Mobile World Congress in Barcelona. In addition, Deutsche Telekom has rescheduled its shareholders' meeting from the original date of March 26, 2020 to the new date of June 19, 2020. The meeting will be held in the form of a virtual shareholders' meeting as permitted under the new regulations which entered into force on March 28, 2020. We also took immediate steps to protect our customers and employees by temporarily closing our shops and setting up home working for our 16,000 service center employees in Germany. Our customers were predominantly being cared for via hotlines, online channels, and on social media. In areas where the pandemic orders of individual federal states have allowed for it, we have re-opened our shops in compliance with strict security and hygiene controls. All precautions to ensure the security and stability of our networks have been taken. In parallel, we have increased the standard data volumes included in our mobile rate plans, and provide a range of completely free services to help support digital living and learning in businesses, in schools, and at home. Nevertheless, there is currently a great deal of uncertainty regarding the extent to which our business activities could be affected overall by the coronavirus pandemic. At the current point in time, our most recent published forecasts remain valid.

CORPORATE TRANSACTIONS

Business combination of T-Mobile US and Sprint. T-Mobile US and Sprint combined their two businesses effective April 1, 2020 to form the all-new, larger T-Mobile US. The transaction had previously worked its way through various approval processes involving numerous national and regional courts and authorities in the United States. This merger is the culmination of Deutsche Telekom's successful strategy for its U.S. operations. With market capitalization of around USD 110 billion (based on the T-Mobile US and Sprint share prices on March 31, 2020), and a comprehensive mobile spectrum portfolio, the new T-Mobile US will continue to build on its successful Un-carrier strategy and forge ahead with the 5G network build-out. The decision to apply a capital-preserving all-stock transaction structure eliminates the need for any capital to flow from Deutsche Telekom to T-Mobile US. Following the completion of the transaction, Deutsche Telekom holds around 43.6 percent of the shares in T-Mobile US. However, under a proxy agreement reached with Softbank, Deutsche Telekom controls a majority of the voting power of around 68.3 percent of shares in the new T-Mobile US.

For further information on the transaction, please refer to the sections ["Group organization, strategy, and management"](#) and ["Changes in the composition of the Group"](#) in the interim consolidated financial statements.

BOARD OF MANAGEMENT

Since January 1, 2020, Birgit Bohle has headed up the extended Human Resources and Legal Affairs Board of Management department, which now includes the Data Privacy, Legal Affairs, and Compliance units. Furthermore, also since January 1, 2020, the Board of Management member responsible for Finance, Dr. Christian P. Illek, has additionally become responsible for the Risk Management and Internal Audit units, and the Board of Management member responsible for Technology and Innovation, Claudia Nemat, has also assumed responsibility for the Security unit. Dr. Thomas Kremer, the former Board of Management member for Data Privacy, Legal Affairs and Compliance, left the Group for reasons of age effective March 31, 2020. Deutsche Telekom AG thus had eight Board of Management departments as of April 1, 2020.

Dirk Wössner, Board of Management member for Germany, has notified the General Committee of the Supervisory Board of Deutsche Telekom AG that he does not intend to extend his service contract beyond its expiration date of December 31, 2020. The General Committee has already begun the search for a successor on the basis of a structured succession management process.

EMPLOYEES

Collective agreement in place. Trade union ver.di and Deutsche Telekom have agreed the terms of a new collective agreement. The agreement applies Germany-wide and covers some 60,000 non-civil servants, trainees, and students on cooperative degree courses at Telekom Deutschland, Group Headquarters, and DT IT. It primarily consists of a two-stage salary increase for those employees covered by the collective agreement: by 2.6 percent to 3.0 percent effective July 1, 2020, and by a further 2.0 percent effective July 1, 2021. Protection against compulsory redundancy has been extended by a further three years from the end of 2020 to December 31, 2023. The collective agreement will run for 24 months from April 1, 2020 through March 31, 2022.

CORPORATE RESPONSIBILITY

"We care for our planet." We have expanded the focus of our Group strategy to include the additional aspects of responsibility, climate protection, and resource conservation. A first milestone has already been reached: Since January 1, 2020, customers in Germany surf in the "green network," meaning that Deutsche Telekom's power needs in Germany are met by electricity from 100 percent renewable sources. By 2021, all electrical power for the Group will come from renewable energy sources. Our "We care for our planet" program includes further specific initiatives that aim to protect the climate and conserve resources, such as climate neutrality.

For more details, please refer to our [media information](#).

Get Charge. Deutsche Telekom is one of Saxony's largest operators of fast-charging stations, with 37 locations state-wide. For example, we supply Leipzig with an ultra-high-powered charging network for electric vehicles. E-car drivers can plug in at one of seven fast charger points across the city and pick up enough charge for around 100 kilometers in just ten minutes. These charging stations within the Leipzig city limits are among the fastest charger points in Germany.

INVESTMENTS IN NETWORKS

Our network speaks IP. The migration of German consumer fixed-network lines to the Internet Protocol (IP) is now complete. We were able to carry out a hot migration of lines from the old technology to the new technical platform. A total of around 25 million fixed-network customers are now using the network of the future. That's 99 percent of all customers. The few remaining customers will be migrated to IP by the end of 2020. With IP, our customers enjoy voice telephony, high bandwidths of up to 100 Mbit/s and more, and much simpler installation processes. By the end of March 2020, the share of IP-based lines in Europe already accounted for 91.8 percent of all our fixed-network lines.

"Hunting down dead zones." The 50 winners of our "Wir jagen Funklöcher" (hunting down dead zones) initiative have been selected. New LTE cell towers went live in the first two municipalities in mid-April 2020 and all 50 dead zones are to be closed by the end of 2020. Due to the huge popularity of this initiative, we announced a further 50 winners in April 2020 and plan to begin construction before the end of this year.

New LTE cell sites in operation. In the first three months of 2020, we added 208 new LTE cell sites to our network in Germany. 534 cell sites have been upgraded with additional LTE antennas. These steps have both increased network capacity and extended coverage in rural areas. Our LTE network reaches 98.2 percent of the population. In addition, we plan to use extension options to increase mobile capacities for our customers at over 10,000 more sites. Our major build-out activities also include more 5G for Germany: The new standard is set to go live in 14 additional cities this year in pursuit of our goal to roll out 5G to at least 20 of the largest German cities by the end of 2020.

5G network build-out stepped up in our subsidiaries. T-Mobile US successfully bid on spectrum in the 37, 39, and 47 GHz bands at the U.S. auction, receiving the corresponding 5G licenses in April 2020. More than 200 million people in over 5,000 towns, cities, and municipalities across the United States are now reached by T-Mobile US' nationwide 5G network. COSMOTE in Greece is working to progressively upgrade its mobile network and will partner up with Ericsson to get the network 5G ready. T-Mobile Polska is also focusing on the build-out of 5G infrastructure, with 800 base stations in Warsaw ready and waiting to offer 5G services to customers. The 5G network is set to include 1,600 base stations in five Polish cities by the end of the first half of 2020. At the 5G auction in Hungary, Magyar Telekom was able to secure the usage rights for its preferred frequency blocks in the 700, 2,100, and 3,400 to 3,800 MHz bands, establishing the basis for offering commercial 5G services from the beginning of April 2020. Meanwhile, Magenta Telekom is making 5G infrastructure available in Vienna for the first 5G applications. Magenta Telekom has upgraded 11 base stations in the Austrian capital and delivers 5G to parts of seven of the city's districts. To date, the 5G network across Austria comprises 58 antennas in 31 municipalities with new base stations being added continually.

Fast internet for Germany. At the end of March 2020, 32.4 million households in our network were able to subscribe to a rate plan with up to 100 megabits per second (Mbit/s) or higher, and 22.9 million households can purchase a rate plan with speeds of up to 250 Mbit/s or higher. The number of households connected by pure fiber-optic lines (FTTH/FTTB) increased by 127 thousand compared with the end of 2019 and now stands at around 1.7 million. These lines enable speeds of up to one gigabit per second. Since the start of 2020, 1.3 million households have benefited from Deutsche Telekom's broadband build-out.

COOPERATIONS AND PARTNERSHIPS

Stake in Glasfaser Nordwest. Together with EWE, Telekom Deutschland is a partner in the Glasfaser Nordwest joint venture. The joint venture, with its head office in Oldenburg, Lower Saxony, aims to provide up to 1.5 million households and business locations across the region with fiber-optic infrastructure. Glasfaser Nordwest will supply the infrastructure required to bring these high speeds to urban and rural areas, and is committed to the rapid large-scale build-out of optical fiber to North-Western Germany.

For more details, please refer to our [media information](#).

"Made in Europe" data analytics for the European Central Bank. The European Central Bank (ECB) has commissioned T-Systems to build and set up a new enterprise analytics platform. To implement the data and data-centricity elements of its business strategy and to achieve greater technology integration, the ECB plans to move to a new analytics platform called SPACE that will significantly expedite data analytics. T-Systems, together with its partners Cloudera and Ultra Tendency, will build and operate the new SPACE platform as part of a five-year contract. Alongside operation and maintenance, the partners will also provide training and support for the ECB.

For more details, please refer to our [media information](#).

Innovations in the cloud. Google Cloud and T-Systems have announced a strategic partnership. The two companies will deliver joint solutions and managed services to help enterprise customers digitally transform with the cloud. T-Systems will provide consulting services, migration support, and managed services to enterprise customers, leveraging Google Cloud capabilities.

For more details, please refer to our [media information](#).

First end-to-end 5G transmission. Deutsche Telekom, Ericsson, Nokia, and Qualcomm have together accomplished the world's first end-to-end data transmission in two network slices on a multi-vendor platform. The results obtained in a lab environment validate the feasibility of 5G network slicing, primarily for customized enterprise solutions.

For more details, please refer to our [media information](#).

New campus network in Leipzig. Deutsche Telekom has put a campus network into operation for the BMW Group Leipzig plant. This campus network, which is the fourth of its kind we have provided for a European customer, consists of a private mobile network that is exclusively available to the BMW Group's plant. In the future, various applications in production can be controlled and monitored via this network. In addition to the private campus network, the public network will transmit the same signal strength for suppliers and customers – a combination of networks known as a dual-slice solution. Technology partner Ericsson is the network equipment provider for this project. Together with Ericsson, we are already working on our next-generation campus networks. Developments include a 5G dual-slice solution that can also integrate the spectrum assigned to industry, as well as private 5G networks without connection to the public network.

For more details, please refer to our [media information](#).

Expansion of the IoT Solution Optimizer partner network. Our new partner, mobile operator Telia Company, will offer the IoT Solution Optimizer in Scandinavia and in the Baltic countries under their own brand. Suppliers like Qualcomm and Nordic Semiconductor make the service even more attractive. The IoT Solution Optimizer is designed for companies that want a quick and easy way to get started with the Internet of Things (IoT). In just a few clicks, the online tool creates a "virtual twin" of the hardware solution. Users can model their own custom design using a wide range of elements from the ecosystem's technology suppliers. The IoT Solution Optimizer enables companies to cost-effectively deploy reliable, battery-powered mobile IoT solutions for a host of industries.

For more details, please refer to our [media information](#).

PRODUCTS, RATE PLANS, AND SERVICES

MagentaTV – more content in the Megathek media library. The brand-new MagentaTV spring highlights have been announced, with the new drama series A Million Little Things and the second season of Manhunt – Deadly Games airing in March 2020. The kids' shows from Nickelodeon are some of the most-viewed content in our Megathek media library. For this reason, we have added even more shows to Nick+ in a new deal with our partner. We are also the exclusive release partner in Germany for the new Disney+ streaming service, which has proved incredibly popular among our customers since its launch on March 24, 2020. Furthermore, MagentaTV customers enjoy exclusive TV content including the crime thriller series A Confession and film comedy Ronny & Klaid. Filming has also started on our original production entitled Wild Republic, which will have its world premiere exclusively on MagentaTV at the end of 2020. All media library content is available to MagentaTV customers ad-free and at no extra cost.

New MagentaTV stick. Following successful beta testing, our new MagentaTV stick is now available to buy. This powerful streaming technology enables customers to watch MagentaTV and other streaming services such as Disney+, Netflix, Amazon Prime Video, and YouTube on any TV with an HDMI port – via a Wi-Fi connection from any internet provider. In Austria, MagentaTV was added to Apple TV in early March, which means Magenta TV customers there can now watch the whole range of programs on even more devices than before.

Speed Home WiFi – intelligent home-networking solution. We have added three new Wi-Fi packages to our mesh Wi-Fi solutions that ensure customers can enjoy Wi-Fi with the required signal strength at home. The solutions are based on modern mesh technology that creates a separate network rather than simply repeating the Wi-Fi signal. Our Speed Home WiFi router boosts the Wi-Fi signal to ensure it even carries through thick walls, reinforced concrete, and under-floor heating. It delivers a stable, dropout-free Wi-Fi signal throughout the home. Service is the second key element of our Wi-Fi packages, which all include telephone support and on-site assistance if required.

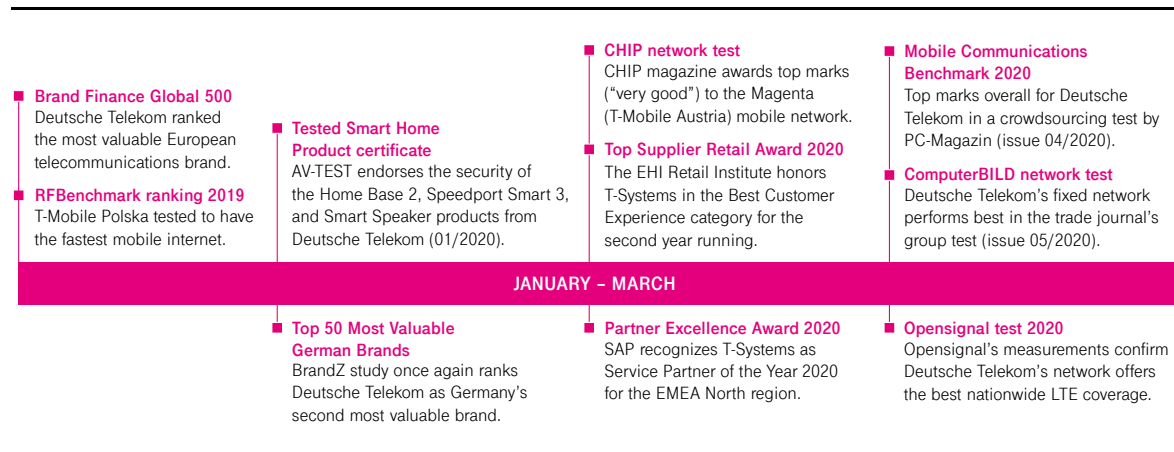
Supercomputing power from the Open Telekom Cloud. The High Performance Computing Center Stuttgart (HLRS) began operating its new Hawk supercomputer in February 2020. HLRS claims it is among the fastest supercomputers worldwide and the fastest general purpose system for scientific and industrial computing in Europe. T-Systems customers can use it via the Deutsche Telekom Public Cloud and to the same scalable extent as other cloud resources.

For more details, please refer to our [media information](#).

New MagentaMobil prepaid offerings. At the start of 2020 we launched a range of new prepaid plans and answered our customers' requests by making 5G available to prepaid customers. 5G is now available as an add-on option starting from the M rate plan. Customers must have a 5G-ready device and can activate the add-on options quickly and conveniently using the MeinMagenta app. We also upped the level of data included in our M and L rate plans as well as adding more free call minutes to other German networks. Prepaid customers seeking complete independence can use the new Max plan, which offers unlimited 5G/LTE data and unlimited text messages and calls to all German networks. As the first provider to offer a prepaid rate plan with unlimited data, this step is a testimony to our standing as an innovation leader.

AWARDS

The illustration below shows the main awards received in the first quarter of 2020.



For more information on the aforementioned highlights in the first quarter of 2020, please refer to www.telekom.com/en/media/media-information