

SELECTED FINANCIAL DATA OF THE GROUP

millions of €

	Q2 2019	Q2 2018	Change %	H1 2019	H1 2018	Change %	FY 2018
REVENUE AND EARNINGS							
Net revenue	19,664	18,367	7.1	39,152	36,291	7.9	75,656
Of which: domestic	31.0	32.4		31.0	32.9		32.2
Of which: international	69.0	67.6		69.0	67.1		67.8
Profit from operations (EBIT)	2,350	2,352	(0.1)	4,608	4,523	1.9	8,001
Net profit (loss)	944	495	90.7	1,845	1,487	24.1	2,166
Net profit (loss) (adjusted for special factors)	1,329	1,238	7.4	2,512	2,428	3.5	4,545
EBITDA	6,701	5,556	20.6	13,162	10,825	21.6	21,836
EBITDA AL	5,721	5,494	4.1	11,221	10,701	4.9	21,577
EBITDA (adjusted for special factors)	7,263	5,928	22.5	14,164	11,477	23.4	23,333
EBITDA AL (adjusted for special factors)	6,283	5,866	7.1	12,223	11,353	7.7	23,074
EBITDA AL margin (adjusted for special factors)	32.0	31.9		31.2	31.3		30.5
Earnings per share basic/diluted	€ 0.20	€ 0.10	100.0	€ 0.39	€ 0.31	25.8	€ 0.46
Adjusted earnings per share basic/diluted	€ 0.28	€ 0.26	7.7	€ 0.53	€ 0.51	3.9	€ 0.96
STATEMENT OF FINANCIAL POSITION							
Total assets				164,214	139,749	17.5	145,375
Shareholders' equity				42,690	41,403	3.1	43,437
Equity ratio	%			26.0	29.6		29.9
Net debt				75,709	54,772	38.2	55,425
CASH FLOWS							
Net cash from operating activities	5,598	4,392	27.5	11,607	8,689	33.6	17,948
Cash capex	(4,199)	(3,094)	(35.7)	(8,027)	(6,234)	(28.8)	(12,492)
Cash capex (before spectrum investment)	(3,324)	(3,021)	(10.0)	(7,006)	(6,097)	(14.9)	(12,223)
Free cash flow (before dividend payments and spectrum investment)	2,312	1,514	52.7	4,682	2,896	61.7	6,250
Free cash flow AL (before dividend payments and spectrum investment)	1,546	1,467	5.4	3,103	2,785	11.4	6,051
Net cash used in investing activities	(3,754)	(2,589)	(45.0)	(7,350)	(6,233)	(17.9)	(14,297)
Net cash used in financing activities	(4,086)	(2,499)	(63.5)	(4,058)	(2,794)	(45.2)	(3,259)

millions

	June 30, 2019	Dec. 31, 2018	Change June 30, 2019/ Dec. 31, 2018 %	June 30, 2018	Change June 30, 2019/ June 30, 2018 %
FIXED-NETWORK AND MOBILE CUSTOMERS					
Mobile customers	179.8	178.4	0.8	172.5	4.2
Fixed-network lines	27.8	27.9	(0.3)	27.6	0.7
Broadband customers ^a	20.8	20.2	2.9	19.3	7.8

^a 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.

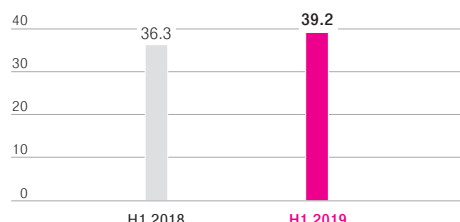
The new IFRS 16 "Leases" accounting standard has been applied since January 1, 2019. This led to a change in the definition of some of our financial performance indicators. Prior-year figures have not been adjusted; however, for the redefined key performance indicators we show prior-year comparatives calculated on a pro-forma basis. The key parameters used by Deutsche Telekom are defined in the section "Management of the Group" of the 2018 Annual Report, and in the Interim Group management report in the section "Group organization, strategy, and management." For more information on the new IFRS 16 accounting standard, please refer to the section "Accounting policies" in the interim consolidated financial statements.

TO OUR SHAREHOLDERS

DEUTSCHE TELEKOM AT A GLANCE

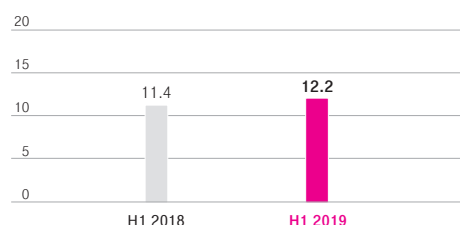
Net revenue

billions of €



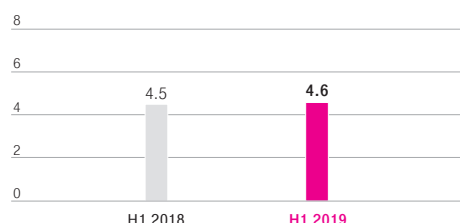
Adjusted EBITDA AL^a

billions of €



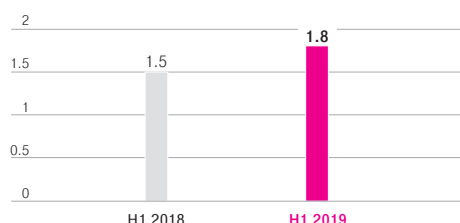
EBIT

billions of €



Net profit

billions of €



NET REVENUE

- Net revenue increased by 7.9 percent to EUR 39.2 billion. On a like-for-like basis, i.e., excluding exchange rate effects and effects of changes in the composition of the Group, net revenue increased by EUR 1.2 billion or 3.2 percent.
- Our United States operating segment posted an increase in revenue of 13.9 percent; also in U.S. dollars, the continuing success of our U.S. operations was evident in revenue growth of 6.0 percent.
- Our Europe operating segment recorded an increase in revenue of 2.8 percent and revenue in our Germany operating segment also edged up by 0.9 percent.
- The inclusion of Tele2 Netherlands made a substantial contribution to the increase in revenue in our Group Development operating segment.

ADJUSTED EBITDA AL^a

- Adjusted EBITDA AL rose by 7.7 percent to EUR 12.2 billion, with contributions from all operating segments. Adjusted for exchange rate effects and the slightly positive effects of changes in the composition of the Group, adjusted EBITDA AL rose by EUR 0.4 billion or 3.7 percent.
- Adjusted EBITDA AL for our United States operating segment increased by 13.7 percent. In U.S. dollars, this constituted growth of 6.1 percent in our U.S. operations.
- Our Europe operating segment recorded an increase in adjusted EBITDA AL of 5.6 percent and our Germany operating segment an increase of 2.4 percent. Substantial increases in adjusted EBITDA AL were likewise recorded by the System Solutions and Group Development operating segments – the latter also due to earnings contributed by the acquiree Tele2 Netherlands.
- At 31.2 percent, the Group's adjusted EBITDA AL margin remained virtually at the prior-year level. The adjusted EBITDA AL margin was 39.7 percent in Germany, 33.0 percent in Europe, and 28.3 percent in the United States.

EBIT

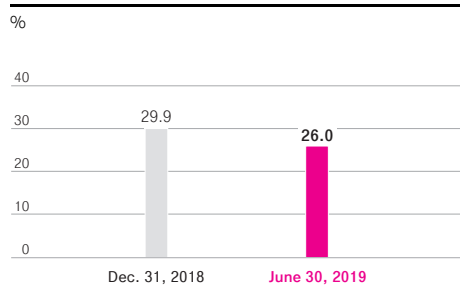
- EBIT increased by EUR 0.1 billion to EUR 4.6 billion.
- Special factors in connection with staff-related measures remained at the prior-year level, reducing EBIT by EUR 0.6 billion, while additional special factors of EUR 0.3 billion, in particular in connection with the approval process for the business combination with Sprint, also had a negative effect in the reporting period.
- At EUR 8.6 billion, depreciation, amortization and impairment losses were EUR 2.3 billion higher than in the prior-year period. This substantial increase is primarily attributable to the depreciation charge for right-of-use assets required to be recognized as a result of the application of IFRS 16. Depreciation of property, plant and equipment and amortization of intangible assets were EUR 0.5 billion higher than in the prior-year period, which had contained depreciation, amortization and impairment losses on finance lease assets.

NET PROFIT

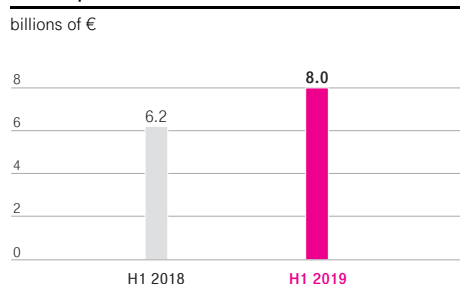
- Net profit increased from EUR 1.5 billion to EUR 1.8 billion.
- Our loss from financial activities decreased from EUR -1.6 billion in the prior-year period to EUR -0.9 billion. Finance costs that were higher due to the application of IFRS 16 were compensated by positive measurement effects from embedded derivatives at T-Mobile US. The prior year had also contained a negative effect of EUR 0.6 billion in connection with a settlement agreed in the Toll Collect arbitration proceedings.
- At EUR 1.0 billion, the tax expense was up slightly from EUR 0.9 billion in the prior-year period.
- Profit attributable to non-controlling interests increased year-on-year by EUR 0.3 billion to EUR 0.9 billion.
- Adjusted earnings per share increased to EUR 0.53 from EUR 0.51 in the first half of 2018.

^a The new IFRS 16 "Leases" accounting standard has been applied since January 1, 2019. This led to a change in the definition of some of our financial performance indicators. Prior-year figures have not been adjusted; however, for the redefined key performance indicators we show prior-year comparatives calculated on a pro-forma basis.

Equity ratio

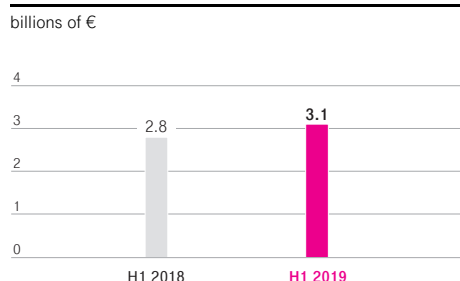


Cash capex

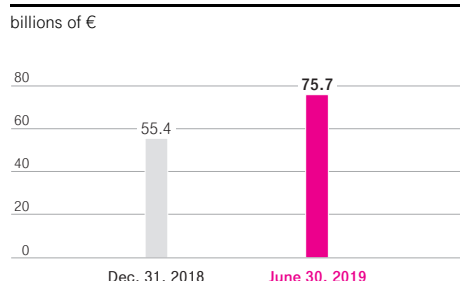


Free cash flow AL^a

(before dividend payments and spectrum investment)



Net debt



EQUITY RATIO

- The decrease in the equity ratio from 29.9 percent at year-end 2018 to 26.0 percent mainly results from the increase of 13.0 percent in total assets/total liabilities and shareholders' equity. A key driver of this increase was the application of IFRS 16 and the resulting capitalization of right-of-use assets and recognition of lease liabilities.
- Shareholders' equity decreased from EUR 43.4 billion as of December 31, 2018 to EUR 42.7 billion. Factors in this decrease included dividend payments (including to non-controlling interests) of EUR 3.6 billion, the remeasurement of defined benefit pension plans accounting for EUR 0.8 billion, and effects from hedging instruments in the amount of EUR 0.7 billion.
- The profit of EUR 2.7 billion, the acquisition of Tele2 Netherlands totaling EUR 0.7 billion, and an effect of EUR 0.3 billion recognized directly in equity related to the transition to IFRS 16 had an increasing effect. Currency translation effects recognized directly in equity increased shareholders' equity by EUR 0.2 billion.

CASH CAPEX

- Cash capex (including spectrum investment) increased by EUR 1.8 billion to EUR 8.0 billion.
- In the reporting period, mobile spectrum licenses were acquired for EUR 1.0 billion, mainly in the United States operating segment, compared with cash outflows in the prior-year period of EUR 0.1 billion, also primarily in the United States.
- Excluding the effects from the acquisition of spectrum, the increase in cash capex of EUR 0.9 billion is attributable in particular to the United States operating segment, mainly due to the accelerated infrastructure build-out for the 600 MHz spectrum, which also lays the groundwork for 5G. In the other operating segments, investments in building out and upgrading our networks remained at a sustained high level.

FREE CASH FLOW AL^a

(BEFORE DIVIDEND PAYMENTS AND SPECTRUM INVESTMENT)

- Free cash flow AL was up by EUR 0.3 billion to EUR 3.1 billion.
- The increase was attributable to the positive development of net cash from operating activities, which benefited in particular from the strong performance of our operating segments, especially in the United States.
- The year-on-year increase of EUR 0.9 billion in cash capex (excluding spectrum investment) had a negative impact on free cash flow.

NET DEBT

- Net debt increased by EUR 20.3 billion to EUR 75.7 billion compared with the end of 2018.
- The recognition of lease liabilities in connection with the application of IFRS 16 raised net debt by EUR 15.6 billion.
- Further factors in this increase included the dividend payments – including to non-controlling interests – (EUR 3.4 billion), additions to liabilities in connection with leases (EUR 2.9 billion), the acquisition of spectrum (EUR 1.0 billion), and the acquisition of Tele2 Netherlands (EUR 0.4 billion).
- The main factor reducing net debt was free cash flow of EUR 4.7 billion.

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For a more detailed explanation, please refer to the section "[Development of business in the Group.](#)"

HIGHLIGHTS IN THE SECOND QUARTER OF 2019

INVESTMENTS IN NETWORKS

5G spectrum won at German auction. We won four frequency blocks in the 2 GHz band and nine lots in the 3.6 GHz band worth a total of EUR 2.17 billion. We therefore acquired the spectrum we need for the planned network build-out. With the auction now over, we have filed an application with the Federal Network Agency on using the spectrum to begin building out our 5G network across Germany. The first 5G antennas are already transmitting in test areas in Berlin, Darmstadt, and the Port of Hamburg. We already operate 150 5G antennas throughout Europe. In Germany, more than 80 percent of existing antennas have already been upgraded to make them 5G-ready – we plan to install around 300 5G antennas at over 100 sites by the end of 2019. For more details, please refer to our [media information](#).

5G spectrum secured in the United States. The Federal Communications Commission (FCC) has auctioned licenses for the use of millimeter wave (mmWave) spectrum for 5G. Over the course of the two auctions for 28 GHz and 24 GHz spectrum, T-Mobile US paid USD 842.5 million for a total of 367 MHz, thus securing itself a solid mmWave holding in preparation for 5G. Using the acquired spectrum, the first 5G cell sites were activated in six cities at the end of June 2019.

Fast internet for millions. Every month, we upgrade around one million lines in Germany to offer increased speeds of up to 250 Mbit/s. The number of lines with speeds of up to 250 Mbit/s has grown to its current total of nearly 22.5 million. Our goal is to provide fast internet lines to as many people as possible in rural and urban areas alike. One of the largest fiber-optic build-out projects in Germany is now underway in the district of Rostock: More than 44,000 households, 6,100 businesses, and 573 local government buildings, schools, fire departments, local authorities, and institutions in over 70 municipalities will receive one of our fiber-optic lines. With more than 7,200 kilometers of fiber-optic cable, over 1,100 kilometers of civil engineering works, and almost 850 new fiber distribution cabinets, we intend to bring higher bandwidths to this area alone by mid-2021. From the flatlands of the north to the mountains of the south: In June 2019 we connected the village of Balderschwang, known for having the highest town center in Germany, to our fiber-optic network. For more details, please refer to our [media information](#).

New LTE cell sites in operation. Our LTE network is growing fast: We continued our network densification and expansion efforts in Germany, putting over 300 new LTE cell sites into operation in April and May 2019 alone. Around 51,000 households can now access our LTE network for the first time. These expansion activities are also essential for the future 5G standard: LTE will remain the basis for the ongoing development of the mobile network for many years to come. It also enables us to provide our customers with the best possible network – anywhere and anytime. We plan to raise the number of cell sites in Germany from 29,000 currently to around 36,000 in 2021. The share of population served with LTE is scheduled to increase to over 98 percent in 2019. For more details, please refer to our [media information](#).

IoT network for Germany – IoT roaming in Europe. A dedicated mobile communications network for the Internet of Things (IoT) is now available nationwide in Germany. The machine and sensor network facilitates digitalization for businesses in a wide range of industries. It covers 90 percent of Germany and thus over 90 percent of the population. The project is scheduled for completion by the end of 2019. We are also introducing NarrowBand-IoT (NB-IoT) roaming in Europe to meet a key customer need: the ability to scale their mobile IoT offerings internationally. As a first step, the national companies in Germany, Austria, the Netherlands, Hungary, Slovakia, and the Czech Republic support roaming among each other. Other countries will follow. Nine European subsidiaries and the United States have introduced NB-IoT so far. Our NB-IoT networks are already up and running in several cities across the Czech Republic, Poland, Hungary, Croatia, and Greece. Nationwide rollout in these markets is scheduled for completion by the end of 2019. For more details, please refer to our [media information](#).

INNOVATIONS AND PARTNERSHIPS

Gigabit project in the Stuttgart region. The company Gigabit Region Stuttgart GmbH signed a cooperation agreement with us at the end of May 2019. Under the Gigabit project, the partners will focus on building out the ultra-fast fiber-optic network. One of the region's aims is to provide all enterprises with high-speed internet access over optical fiber by 2025. Through 2030 the plan is also for 90 percent of households to benefit from the build-out. We also envisage the rapid rollout of a powerful 5G network. The agreement is unprecedented anywhere in Germany on this scale. The rollout area currently covers 174 municipalities in the Stuttgart area as well as in the five neighboring rural districts. To digitalize Germany, we are increasingly embracing collaboration models. In addition to partnering with the energy and telecommunications company EWE on the creation of the joint venture Glasfaser NordWest, over the past few months we signed joint initiatives with the Saarland utility company VSE NET and with Telefónica. For more details, please refer to our [media information](#).

5G partnership with SK Telecom. Together with SK Telecom we plan to develop 5G network technology and innovative 5G platforms and applications. The primary focus will be on in-house technology for the new mobile communications standard. SK Telecom is one of a number of investors from outside the Group putting capital in the new Venture and Growth Fund II set up by DTCP.

Making drones more secure and efficient. We are working with DFS Deutsche Flugsicherung GmbH on a new technology that uses the mobile network to track unmanned aircraft systems (UAS). The joint venture Droniq GmbH is providing a drone tracking platform that will enable drone flights beyond the operator's line of sight in the future. Droniq will initially focus on the German market, before gradually expanding into other European countries. Droniq's primary target market is commercial drone pilots in the infrastructure, surveying, and agricultural sectors who want to fly drones beyond their line of sight – as well as the police, the fire and rescue services, and users from the general aviation field.

Digital X – analog exchange of ideas on digital innovation. As the digital revolution begins to take hold, the Digital X series of events focuses on exchanging ideas and networking. It is the largest cross-industry digitalization initiative in Europe. We are just one of several leading companies of the digital age involved in the initiative. It began its tour across Germany in April 2019 and is making the digital identity of six German regions into something to be experienced. The big finale of Digital X 2019 will take place in Cologne on October 29 and 30. Companies and decision-makers from all over Germany will assemble there to take part. For more details, please refer to our [media information](#).

Municipal Advisory Board on digitalization. In May 2019, we convened the first meeting of the new Municipal Advisory Board in Berlin. The board, comprising 14 members from local communities and associations, will consult on issues relating to the broadband build-out, 5G, and other digitalization topics. This marks the successful implementation of a key action point from our eight-point program for the 5G rollout. One of the board's central goals is to accelerate the pace of digitalization across Germany. The Municipal Advisory Board provides the framework for direct dialog between the municipalities and Deutsche Telekom. In the future, it will be a platform for discussing ideas, interests, and expectations and for finding a rapid resolution to certain issues. The board may also invite outside experts to attend individual meetings as guests. For more details, please refer to our [media information](#).

Hannover Messe: drones, smart glasses, and smart displays. At Hannover Messe in early April 2019, we showed how “industrial intelligence” can help make planning, production, and logistics more efficient. Large manufacturers and SMEs alike found products and solutions for the smart factory at our booth. Examples included campus networks, 5G, drones, edge computing, smart glasses, smart displays, and artificial intelligence. We also premiered a raft of technical innovations for the digital economy. For more details, please refer to our [media information](#).

Internet of Things: SAP and T-Systems connect their clouds. SAP and T-Systems are linking up their cloud-based platforms for smart devices and sensors. This will enable customers to seamlessly integrate their IoT data into SAP systems. A logistics solution is the first of these offerings. The telematics module not only pinpoints the location of goods via GPS, but can also track their speed and temperature. What is more, businesses now have the freedom to choose the ideal cloud-based SAP solutions for them. T-Systems is the first digital service provider to put SAP into all cloud environments, whether they be private, public, hybrid, or multi-cloud arrangements. This approach is one of the ways in which T-Systems is pressing on with its “cloud first” strategy for the digital transformation in business. The offering covers all clouds certified by SAP. For more details, please refer to our [media information](#).

Climate protection target supports Paris Agreement. One of our climate protection targets is to use electricity solely from renewable energy sources by 2021. By 2030, we plan to reduce CO₂ emissions by 90 percent compared with 2017 (Scope 1 and 2). Also by 2030, we want to lower the emissions generated by the production and use of our products and customer solutions by 25 percent (Scope 3). These targets were presented to the Science-Based Targets initiative (SBTi) for review. The SBTi is an independent body of experts that evaluates the effectiveness of climate protection goals set by companies. They examine whether the targets comply with science-based standards and thus contribute to limiting global warming to below 2°C. The result of the evaluation is gratifying: SBTi approved our new targets after a thorough review. The SBTi has now recognized the climate goals of more than 200 companies worldwide as being science-based. As such, these companies are making a valid contribution to the 2016 Paris Agreement. In Germany, Deutsche Telekom is only the third DAX company to have been validated by the SBTi. Assuming responsibility for a low-carbon society has been one of the three fields of action of Deutsche Telekom's corporate responsibility strategy since 2008. The Group formulated its first climate protection target back in 1995 and has been firmly committed to climate protection ever since. For more details, please refer to our [media information](#).

BRAND AND PRODUCTS

Moving with Magenta Telekom into Austria's digital future.

T-Mobile Austria and UPC Austria have merged to form Magenta Telekom. Since the acquisition of UPC Austria in 2018, our Austrian subsidiary has bundled its offerings under the Magenta product brand while retaining the familiar "T" logo as its company brand. Customers continue to enjoy the best network quality. The new branding clearly marks a fresh start for the company – the Magenta brand will be far more prominent in communication than it is in other markets. With the bundling of its mobile and fixed-network products, Magenta Telekom is following our Group strategy. For more details, please refer to our [media information](#).

Innovative solutions for business customers. In May 2019, we launched an innovative data protection package together with our partner DataGuard: From corporate groups to SMEs without in-house data

privacy officers, businesses can now reliably and cost-effectively comply with the European General Data Protection Regulation (GDPR). We also added managed services to our portfolio of products for Office 365 and Microsoft 365 from the cloud (e.g., with the Premium Support+ Hotline or Mobile Access) to make it even easier for our customers to administrate and deploy their digital operational processes, the cloud, and the necessary IT solutions securely, conveniently, and efficiently.

For further information, please refer to the Media section on our website at: www.telekom.com/en/media/media-information.

AWARDS

The illustration below shows the main awards received in the second quarter of 2019. For details on more awards, please go to www.telekom.com/media.

Major awards in the second quarter of 2019

