

SELECTED FINANCIAL DATA OF THE GROUP

millions of €

	Q2 2020	Q2 2019	Change %	H1 2020	H1 2019	Change %	FY 2019
REVENUE AND EARNINGS							
Net revenue	27,041	19,664	37.5	46,984	39,152	20.0	80,531
Of which: domestic	22.5	31.0		25.8	31.0		30.5
Of which: international	77.5	69.0		74.2	69.0		69.5
Profit from operations (EBIT)	3,087	2,350	31.4	5,597	4,608	21.5	9,457
Net profit (loss)	754	944	(20.1)	1,670	1,845	(9.5)	3,867
Net profit (loss) (adjusted for special factors)	1,278	1,329	(3.8)	2,562	2,512	2.0	4,948
EBITDA	10,026	6,701	49.6	16,966	13,162	28.9	27,120
EBITDA AL	8,585	5,721	50.1	14,505	11,221	29.3	23,143
EBITDA (adjusted for special factors)	11,271	7,263	55.2	18,834	14,164	33.0	28,708
EBITDA AL (adjusted for special factors)	9,829	6,283	56.4	16,373	12,223	34.0	24,731
EBITDA AL margin (adjusted for special factors)	36.3	32.0		34.8	31.2		30.7
Earnings per share (basic/diluted)	€ 0.16	0.20	(20.0)	0.35	0.39	(10.3)	0.82
Adjusted earnings per share (basic/diluted)	€ 0.27	0.28	(3.6)	0.54	0.53	1.9	1.04
STATEMENT OF FINANCIAL POSITION							
Total assets				269,971	164,214	64.4	170,672
Shareholders' equity				73,502	42,690	72.2	46,231
Equity ratio	%			27.2	26.0		27.1
Net debt				120,897	75,709	59.7	76,031
CASH FLOWS							
Net cash from operating activities	5,148	5,598	(8.0)	9,107	11,607	(21.5)	23,074
Cash capex	(4,547)	(4,199)	(8.3)	(8,117)	(8,027)	(1.1)	(14,357)
Cash capex (before spectrum investment)	(3,669)	(3,324)	(10.4)	(7,022)	(7,006)	(0.2)	(13,118)
Free cash flow (before dividend payments and spectrum investment) ^{a, b}	3,677	2,312	59.0	5,970	4,682	27.5	10,133
Free cash flow AL (before dividend payments and spectrum investment) ^{a, b}	2,425	1,546	56.9	3,712	3,103	19.6	7,013
Net cash used in investing activities	(8,548)	(3,754)	n.a.	(11,254)	(7,350)	(53.1)	(14,230)
Net cash from (used in) financing activities	13,797	(4,086)	n.a.	11,234	(4,058)	n.a.	(7,141)

^a Before interest payments for zero-coupon bonds.

^b Before repayment of forward-payer swaps at T-Mobile US.

millions

	June 30, 2020	Dec. 31, 2019	Change June 30, 2020/ Dec. 31, 2019 %	June 30, 2019	Change June 30, 2020/ June 30, 2019 %
FIXED-NETWORK AND MOBILE CUSTOMERS					
Mobile customers ^a	235.8	184.0	28.1	179.8	31.1
Fixed-network lines	27.3	27.5	(0.9)	27.9	(2.2)
Broadband customers ^b	21.3	21.0	1.4	20.7	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.

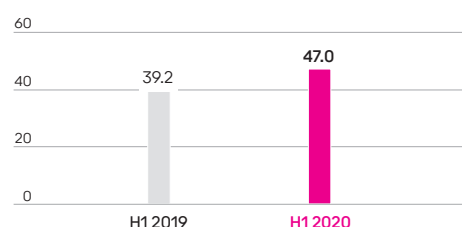
The IFRS 16 "Leases" accounting standard has been applied since the 2019 financial year. This led to a change in the definition of some of our financial performance indicators: Our operational performance is now measured on the basis of "EBITDA after leases" (EBITDA AL) (previously EBITDA). The "free 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

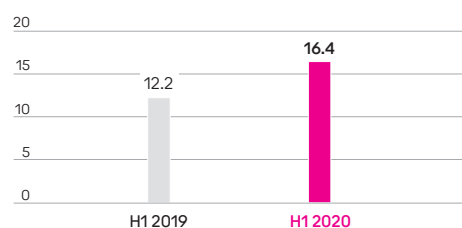
billions of €



EBITDA AL

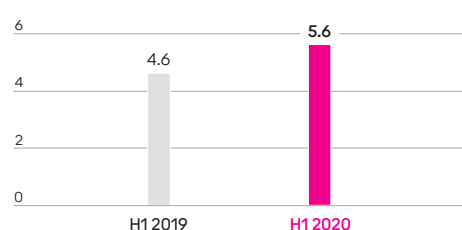
(adjusted for special factors)

billions of €



EBIT

billions of €



NET REVENUE

- Net revenue increased by 20.0 percent to EUR 47.0 billion. Excluding the acquisition of Sprint and adjusted for exchange rate effects, revenue grew by EUR 0.1 billion or 0.1 percent.
- Including the revenue contributions from the acquired entity Sprint and including exchange rate differences, our United States operating segment posted an increase in revenue of 39.9 percent. In organic terms, revenue was on a par with the prior year.
- Despite the deteriorated economic situation in consequence of the coronavirus pandemic, our Germany operating segment posted an increase in revenue of 1.0 percent. In organic terms, revenues in our Europe operating segment stabilized at the prior-year level, while reported revenue was down by 2.1 percent.
- Revenue in our Systems Solutions operating segment decreased year-on-year by 1.8 percent due primarily to the contraction of the IT market induced by the coronavirus pandemic.
- Revenue growth of 4.4 percent at our Group Development operating segment was mainly attributable to growth at T-Mobile Netherlands and DFMG.

EBITDA AL

(ADJUSTED FOR SPECIAL FACTORS)

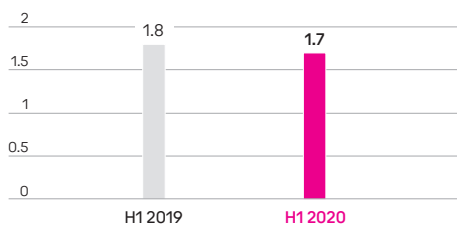
- Adjusted EBITDA AL grew by 34 percent to EUR 16.4 billion. All operating segments – with the exclusion of Systems Solutions, which posted a decline in adjusted EBITDA AL of 9.1 percent, partly driven by the coronavirus pandemic – contributed to this increase. Excluding exchange rate effects and changes in the composition of the Group, our adjusted EBITDA AL increased by EUR 1.3 billion or 8.6 percent.
- Adjusted EBITDA AL rose sharply by 70.5 percent in our United States operating segment as a result of the acquisition of Sprint and, in particular, the growth in service and terminal equipment revenues. These positive effects were largely offset by higher operating expenses, primarily in connection with the Sprint acquisition.
- Our Germany operating segment recorded an increase in adjusted EBITDA AL of 2.8 percent and our Europe operating segment a slight increase of 0.2 percent. Adjusted EBITDA AL also grew substantially in our Group Development operating segment, by 9.1 percent.
- At 34.8 percent, the Group's adjusted EBITDA AL margin increased by 3.6 percentage points against the prior-year level. The adjusted EBITDA AL margin was 40.4 percent in Germany, 33.8 percent in Europe, and 34.5 percent in the United States.

EBIT

- EBIT increased by EUR 1.0 billion year-on-year to EUR 5.6 billion, as a result of the effects described under adjusted EBITDA AL.
- EBITDA AL was negatively affected by special factors of EUR 1.9 billion compared to expenses of EUR 1.0 billion in the prior-year period. Expenses of EUR 0.8 billion were recorded in connection with the business combination of T-Mobile US and Sprint; this contrasted with expenses of EUR 0.3 billion in the prior-year period. Further expenses of EUR 0.4 billion in connection with the coronavirus pandemic were classified as special factors in the United States operating segment.
- Depreciation and amortization were EUR 2.8 billion higher than in the prior-year period due in particular to the acquisition of Sprint.

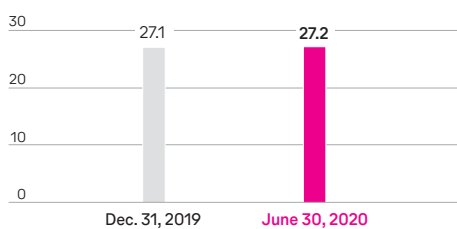
Net profit

billions of €



Equity ratio

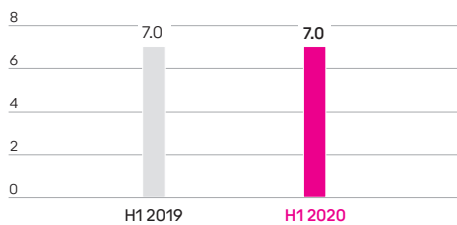
%



Cash capex

(before spectrum investment)

billions of €



NET PROFIT

- Net profit decreased by EUR 0.1 billion to EUR 1.7 billion.
- Loss from financial activities increased by EUR 1.3 billion to EUR 2.2 billion, largely in connection with an increase in finance costs of EUR 0.8 billion from the transfer of Sprint's financial liabilities and the restructuring activities and measures to increase the financing volume begun in the context of the business combination. Finance costs were further negatively impacted by provisioning fees in the amount of EUR 0.3 billion for a short-term bridge loan facility. Gains from financial instruments decreased by EUR 0.3 billion to become losses of EUR 0.1 billion.
- At EUR 1.0 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 0.1 billion to EUR 0.7 billion.
- Adjusted earnings per share increased slightly to EUR 0.54 from EUR 0.53 in the prior-year period.

EQUITY RATIO

- At 27.3 percent, the equity ratio remained stable at the end of the first half of 2020: Total assets/total liabilities and shareholders' equity increased by EUR 99.3 billion to EUR 270.0 billion, and shareholders' equity by EUR 27.2 billion to EUR 73.5 billion.
- Shareholders' equity increased by EUR 30.7 billion in connection with the business combination of T-Mobile US and Sprint. Profit after taxes (EUR 2.4 billion), income taxes relating to components of other comprehensive income (EUR 0.3 billion), and capital increases from share-based payment (EUR 0.2 billion) also had an increasing effect.
- The carrying amount was reduced by dividend payments to shareholders (EUR 2.8 billion) and other shareholders of subsidiaries (EUR 0.2 billion), the remeasurement of defined benefit plans (EUR 1.4 billion), currency translation effects recognized directly in equity (EUR 1.0 billion), and actuarial losses from hedging instruments (EUR 1.0 billion) – mainly in connection with forward-payer swaps concluded for borrowings at T-Mobile US which were terminated prematurely in April 2020.

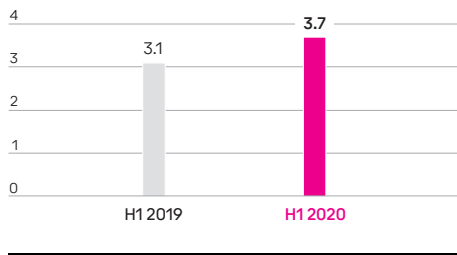
CASH CAPEX

(BEFORE SPECTRUM INVESTMENT)

- Cash capex (before spectrum investment) amounted to EUR 7.0 billion, on a par with the level in the prior-year period. We continue to invest in our European fiber-optic network and are forging ahead with the build-out of mobile infrastructure including the fifth-generation mobile communications standard, 5G. In the United States operating segment, cash capex increased as a result of the inclusion of Sprint and as a result of the continued build-out of the 5G network.
- Cash capex (including spectrum investment) increased by EUR 0.1 billion to EUR 8.1 billion. In the United States operating segment, FCC mobile licenses were acquired for a total of EUR 0.9 billion and in the Europe operating segment, mobile spectrum licenses were acquired for a total of EUR 0.2 billion in the reporting period. The prior-year figure included EUR 1.0 billion for the acquisition of mobile spectrum licenses, which primarily related to the United States operating segment.

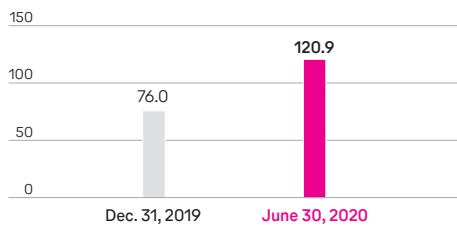
Free cash flow AL
(before dividend payments and spectrum investment)^{a, b}

billions of €



Net debt

billions of €



FREE CASH FLOW AL
(BEFORE DIVIDEND PAYMENTS AND SPECTRUM INVESTMENT)^{a, b}

- Free cash flow AL was up by EUR 0.6 billion to EUR 3.7 billion.
- Excluding interest payments for zero-coupon bonds and the premature repayment of forward-payer swaps in the United States operating segment, net cash from operating activities increased by EUR 1.3 billion. This was attributable in particular to the continuing positive performance of the operating segments, especially in the United States, which now includes Sprint.
- The increase was partially offset in particular by higher interest payments, mainly due to the transfer of Sprint's financial liabilities, and restructuring activities and measures to increase the financing volume begun in the same context. Our contractual termination of a revolving factoring agreement in the Germany operating segment, and higher repayments of lease liabilities primarily in the United States operating segment, also had a negative effect.

NET DEBT

- Net debt increased by EUR 44.9 billion to EUR 120.9 billion compared with the end of 2019.
- The main factor in this increase was the transfer of financial liabilities in connection with the business combination with Sprint (EUR 44.1 billion). Other factors with an increasing effect were dividend payments (EUR 2.9 billion), including to subsidiaries, forward-payer swaps concluded for borrowings at T-Mobile US (EUR 1.1 billion), and the acquisition of spectrum (EUR 1.1 billion).
- Free cash flow (EUR 6.0 billion) and exchange rate effects (EUR 1.0 billion) in particular reduced net debt.

^a Before interest payments for zero-coupon bonds.

^b Before repayment of forward-payer swaps at T-Mobile US.

For further information, please refer to the section "[Development of business in the Group.](#)"

HIGHLIGHTS IN THE SECOND QUARTER OF 2020

BUSINESS AND OTHER 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 130 billion (based on the share price on June 30, 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.

In the course of the business combination, a number of refinancing measures were implemented in the second quarter of 2020. On April 1, 2020, T-Mobile US raised a new term loan of USD 4 billion. Senior secured notes, issued on April 9, 2020 for a total of USD 19 billion, with terms of between 5 and 30 years and bearing interest of between 3.500 and 4.500 percent, were used to repay a short-term bridge loan facility. Moreover, T-Mobile US issued senior secured notes on June 24, 2020 for a total of USD 4 billion with terms of between 6 and 11 years and bearing interest of between 1.500 and 2.550 percent.

On June 22, 2020, Deutsche Telekom received call options from SoftBank to buy around 101 million T-Mobile US shares, thus securing itself long-term access to the majority shareholding in T-Mobile US. In return, we granted SoftBank the option to immediately sell around 198 million shares. T-Mobile US profits from a transaction fee of USD 0.3 billion (around EUR 0.3 billion), which it has already received.

As of July 1, 2020, we duly met a major prerequisite of the U.S. authorities for approving the merger: the divestiture of Sprint’s prepaid business to DISH Network Corp. We also confirmed the conclusion of an agreement to sell spectrum to DISH.

For further information on the business combination of T-Mobile US and Sprint, please refer to the sections [“Group organization, strategy, and management,”](#) [“Forecast,”](#) and [“Significant events and transactions”](#) in the interim consolidated financial statements.

Early repayment of euro and USD bonds. As part of our Group-wide liabilities management, effective April 15, 2020, EUR 0.8 billion of three euro bonds of Deutsche Telekom International Finance B.V. were bought back and thus repaid prematurely. In addition, effective May 26, 2020, USD 1.4 billion (EUR 1.3 billion) of bonds with a volume of USD 2 billion of Deutsche Telekom International Finance B.V. were bought back and repaid prematurely.

CORONAVIRUS PANDEMIC

The introduction of measures to contain the global spread of coronavirus (Covid-19) has manifold implications for our Group activities. For example, major trade fairs, which we support as partners, such as Digital X (Digital Edition) and Hannover Messe (Accelerate Digital Now) became virtual events. Deutsche Telekom also elected to hold its shareholder’s meeting online on June 19, 2020 as permitted under the new regulations which entered into force on March 28, 2020.

We are deeply conscious of our responsibility to society and stand by our commitment. Our service continues to run smoothly and reliably despite many employees having to transition to home working at short notice. Our business sites and the Telekom Shops have re-opened with strict safety and hygiene precautions in place. We are reaping the benefits of our high investments over the last few years: Our networks are the digital lifeline for the economy and society and are more than capable of handling significantly higher loads. Voice calls rose in both the mobile and fixed networks. Home working drove up demand for web conferencing, video calls, video consulting hours, online shopping, and other similar applications. Classic TV, TV streaming services, and gaming products were also extremely popular. We are helping our business customers through the crisis. For example, when lockdown measures were imposed in March 2020 we quickly added offerings to support home working needs, such as Microsoft 365 with Teams or Webex Meetings from Cisco. Once the school closures were announced we offered ad hoc assistance for online teaching in the form of free trials of cloud-based web conferencing tools.

After just 55 days of development and testing, we launched the coronavirus tracing app (Corona-Warn-App) in close collaboration with SAP and other partners on behalf of the German government. The app has been downloaded more than 14 million times between June 16, 2020 and the end of the second quarter of 2020, and is now available EU-wide. Together, the development partners digitalized the tracing process that is needed to successfully break chains of infection and help contain the coronavirus pandemic: From a potential infection to warning the people who may have had contact with the virus, from the smartphone to the lab.

The coronavirus pandemic affected revenues and the results of operations in several of our business areas. For example, retail roaming and mobile terminal equipment business declined across Europe, while fixed-network telephony increased. We also experienced delays in implementing projects in the low-margin ICT business. So far, these contrasting fluctuations have had a minimal impact on adjusted EBITDA AL outside the United States and, at this time, we can report only very minor repercussions with respect to payment defaults and customer numbers.

For further information on how the coronavirus pandemic is affecting our business, please refer to the sections [“Development of business in the Group,”](#) [“Forecast,”](#) and [“Risks and opportunities.”](#)

BOARD OF MANAGEMENT

At the start of this year Dr. Dirk Wössner, the Board of Management member for Germany, notified 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. On June 18, 2020 the Supervisory Board of Deutsche Telekom AG appointed the current Board member for Europe, Srin Gopalan, as the new Board member for Germany effective November 1, 2020. Dr. Wössner will resign from his position effective midnight on October 31, 2020. The Supervisory Board has begun the search for a successor to head up the Europe Board department on the basis of a structured succession management process.

INVESTMENTS IN NETWORKS

Spectrum auction at T-Mobile US. At the auction of mobile licenses that ended in March 2020, T-Mobile US acquired licenses in the 37 GHz, 39 GHz, and 47 GHz bands for a total value of USD 873 million. This additional spectrum will be used to further improve the company's 5G spectrum position in the United States. By March 31, 2020, advance payments of USD 175 million had been made. The remaining amount was transferred on April 8, 2020, at which point the licenses were officially assigned and they have been available for commercial use since that date.

Launch of our 5G initiative in Germany. As of mid-July, our 5G network with around 30,000 antennas already reaches some 40 million people across Germany. With innovative technologies, smart spectrum deployment, tailored rate plans, and new 5G smartphones, we are making it easy for our customers to enter the age of 5G. Our next goal is to bring 5G to around two thirds of the population in Germany.

International 5G rollout in full swing. T-Mobile US has expanded its 5G footprint to include Alaska on the basis of a roaming partnership with General Communication Inc. (GCI), making T-Mobile US the United States' only mobile provider to offer 5G in all 50 U.S. states. Extending over one million square miles and covering more than 7,500 towns and cities, T-Mobile US' nationwide 5G network is the largest U.S. American network reaching more than 250 million people.

Magyar Telekom's intensive efforts to build out its network in recent years have improved Hungary's standing in the European Commission's latest Digital Economy and Society Index: Our fixed network in Hungary offers gigabit bandwidth at more than 2 million end points, which translates to a reach of some 40 percent of households and businesses nationwide. Our commercial 5G service in Hungary is already up and running.

The launch of the 5G network in Poland at the start of June 2020 along with new tailored rate plans brought unlimited gigabytes, conversation, and text messaging to customers of T-Mobile Polska. With 1,600 base stations in operation at the end of June, T-Mobile Polska's 5G network reaches up to 6 million people in 46 towns and cities across Poland.

LTE network covers over 98 percent of all households in Germany. We are one step closer to our goal of providing seamless mobile coverage nationwide. At the same time however, ensuring full coverage along transportation routes is proving a challenge for all of the network operators. A total of 850 LTE sites have either been built from scratch or upgraded with LTE antennas since the start of 2020. In the footprint countries of our Europe operating segment, we covered 97.3 percent of the population – around 107 million people – with LTE as of June 30, 2020.

Broadband build-out in Europe. Since the start of the year, some 2.5 million households in Germany have gained from Deutsche Telekom's broadband build-out. In the second quarter of 2020 alone, we increased internet speeds for around 1.2 million households. 32.8 million households can subscribe to a rate plan with up to 100 megabits per second (Mbit/s), and 23.9 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 over 104 thousand in the second quarter of 2020 and now stands at 1.8 million. These lines enable speeds of up to one gigabit per second.

In Greece, too, we are making good progress with our network build-out: In June 2020, a further 180,000 households and businesses were given access to our FTTH infrastructure with speeds of 100 and 200 Mbit/s via COSMOTE Fibre. Since the start of the year, 30,000 new FTTH lines have been added to the network, which corresponds to an increase of 20 percent compared with the end of 2019.

Our national companies in Hungary and Slovakia are redoubling their efforts to build out broadband with state-of-the-art fiber-optic-based lines.

Hunting down further dead zones. Already in April 2020 we doubled the number of municipalities set to be connected to the LTE network as part of our "Hunting down dead zones" campaign. Then in June 2020 we announced a further 180 candidates to be added to our 2021/2022 LTE build-out program. While we originally conceived the campaign for 50 municipalities, its huge success and popularity across Germany prompted us to expand the number of masts being built under the program to over 300 – six times the original figure. The first masts are already in operation. Before the end of this year we plan to start building out the network to the winning municipalities we announced in April 2020.

COOPERATIONS AND PARTNERSHIPS

Major Swiss deal for T-Systems. T-Systems has won a major deal to provide application development and operation services for the Swiss Federal Railways (SBB). The contract, worth around EUR 170 million, has a basic term of five years with options to extend for a maximum of five additional years. T-Systems' subsidiary Multimedia Solutions will develop and operate software for SBB including web and cloud applications, mobile apps, and geographical information systems.

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

Roaming becomes reality in the European IoT network. We currently offer NarrowBand IoT (NB-IoT) roaming in nine of our footprint markets. In pursuit of our plans to offer roaming in the IoT network (Internet of Things) across large swaths of Europe, we signed roaming agreements with Swisscom, Telia Company, and Vodafone. This brings mobile roaming services for the machine and sensor network to a further nine European countries. These steps to expand our partner network address rising customer demand for international coverage.

First private 5G network in Aachen. Together with Ericsson we switched on the first private 5G network at the Center Connected Industry (CCI) on the RWTH Aachen University campus in April 2020. The partners are working with other CCI members on new solutions for the factory of the future.

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

Managed network services for partners. We are further strengthening our collaboration with Microsoft for public cloud services: As one of the newest partners in Europe, we now offer managed network services for Microsoft Azure and managed services in the areas of cloud connectivity and cloud security. At the same time, we joined the Azure Networking Managed Service Provider (MSP) partner program. T-Systems is also now a member of the Managed Service Provider partner program from Amazon Web Services (AWS).

PRODUCTS, RATE PLANS, AND SERVICES

Hallo Magenta: Smart Speaker Mini. We followed up on the success of our first Smart Speaker with a new, smaller version. Like its bigger sibling, the Smart Speaker Mini complies with European data privacy guidelines and also meets our own strict privacy standards. It offers the same functions as the larger version in a unit that is around half the size.

fraenk – our new mobile app. fraenk is the new member of our Magenta family of offerings created specifically for price-conscious and digitally savvy mobile customers. The rate plan comes with 4 GB of data with LTE 25 plus telephony and text message flat rates in all German networks for around EUR 10/month. Users subscribe to and manage the fraenk rate plan exclusively via the app. fraenk can be canceled at any time with a month's notice and subscribers can port their mobile phone number.

A faster way to buy new prepaid cards. Since summer 2020 we have been making the authentication process for prepaid cards sold in stores much easier. Our retail partners use a new and faster certified process to verify the buyer's identity. In-store electronic card readers read the personal data stored on their ID card or electronic residence permit. The new method is more secure and saves time. In-store data readouts must be authorized by the Federal Office of Administration (Bundesverwaltungsamt). Telekom Deutschland is the first mobile communications provider to obtain this authorization.

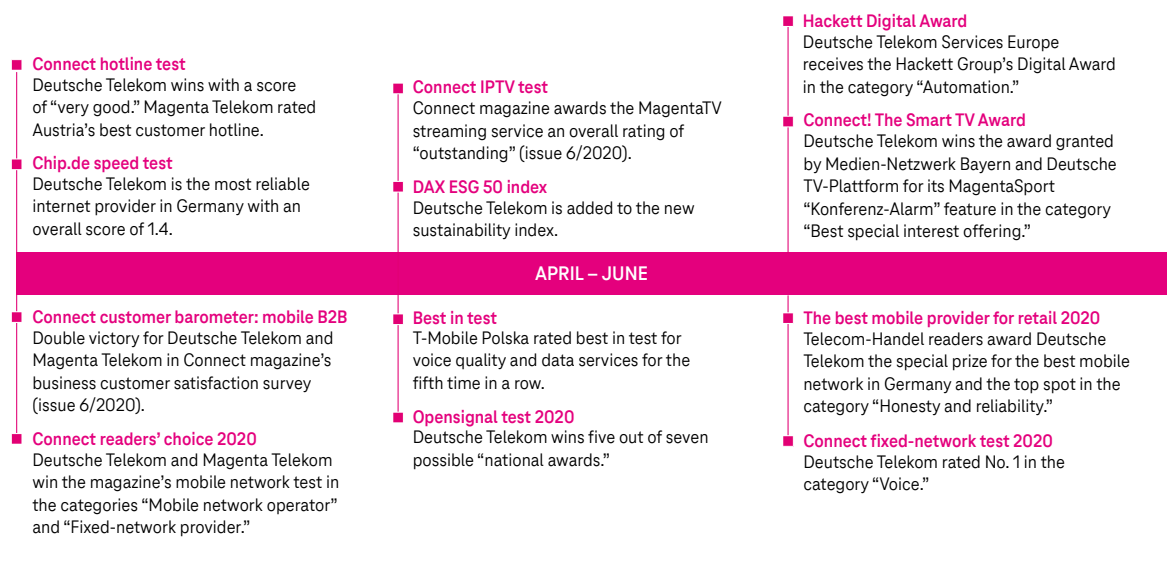
New and exclusive content in the MagentaTV Megathek. In June 2020 MagentaTV exclusively presented the second season of the thriller Banking District and released the world premiere of Swarm Intelligence. In May 2020 we showed two streaming premieres in Germany: the second season of My Brilliant Friend and the third season of crime drama series Rocco Schiavone. We also added SCROLLER TV, a digital learning format for children of elementary school age, to our #TAKEPART entertainment offering in April 2020.

Broader cybersecurity portfolio. We launched a raft of new offerings as part of our security portfolio: Together with WatchGuard, we developed Business Network Protect Complete to offer comprehensive cybersecurity for smaller businesses. The solution uses a Wi-Fi router and firewall combined in one unit. As of mid-April 2020, we also offer the new Magenta Security Shield package with integrated cyber defense for large corporations and SMEs.

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

AWARDS

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



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