

SELECTED FINANCIAL DATA OF THE GROUP

millions of €

	Q3 2019	Q3 2018	Change %	Q1-Q3 2019	Q1-Q3 2018	Change %	FY 2018
REVENUE AND EARNINGS							
Net revenue	20,017	19,104	4.8	59,169	55,395	6.8	75,656
Of which: domestic	% 30.1	31.9		30.7	32.5		32.2
Of which: international	% 69.9	68.1		69.3	67.5		67.8
Profit (loss) from operations (EBIT)	3,058	2,530	20.9	7,665	7,053	8.7	8,001
Net profit (loss)	1,368	1,110	23.2	3,213	2,597	23.7	2,166
Net profit (loss) (adjusted for special factors)	1,420	1,321	7.5	3,932	3,749	4.9	4,545
EBITDA	7,314	5,874	24.5	20,476	16,699	22.6	21,836
EBITDA AL	6,302	5,815	8.4	17,523	16,516	6.1	21,577
EBITDA (adjusted for special factors)	7,490	6,207	20.7	21,654	17,684	22.4	23,333
EBITDA AL (adjusted for special factors)	6,478	6,148	5.4	18,701	17,501	6.9	23,074
EBITDA AL margin (adjusted for special factors)	% 32.4	32.2		31.6	31.6		30.5
Earnings per share basic/diluted	€ 0.29	0.23	26.1	0.68	0.55	23.6	0.46
Adjusted earnings per share basic/diluted	€ 0.30	0.28	7.1	0.83	0.79	5.1	0.96
STATEMENT OF FINANCIAL POSITION							
Total assets				174,327	142,260	22.5	145,375
Shareholders' equity				45,137	43,481	3.8	43,437
Equity ratio	%			25.9	30.6		29.9
Net debt				78,807	55,473	42.1	55,425
CASH FLOWS							
Net cash from operating activities	5,924	4,853	22.1	17,531	13,542	29.5	17,948
Cash capex	(3,180)	(3,117)	(2.0)	(11,206)	(9,351)	(19.8)	(12,492)
Cash capex (before spectrum investment)	(3,037)	(3,047)	0.3	(10,043)	(9,143)	(9.8)	(12,223)
Free cash flow (before dividend payments and spectrum investment)	2,913	1,883	54.7	7,596	4,779	58.9	6,250
Free cash flow AL (before dividend payments and spectrum investment)	2,147	1,828	17.5	5,250	4,613	13.8	6,051
Net cash used in investing activities	(2,886)	(5,422)	46.8	(10,236)	(11,655)	12.2	(14,297)
Net cash used in financing activities	(505)	(145)	n.a.	(4,563)	(2,939)	(55.3)	(3,259)

	Sept. 30, 2019	Dec. 31, 2018	Change Sept. 30, 2019/ Dec. 31, 2018 %	Sept. 30, 2018	Change Sept. 30, 2019/ Sept. 30, 2018 %
FIXED-NETWORK AND MOBILE CUSTOMERS					
Mobile customers	181.8	178.4	1.9	175.3	3.7
Fixed-network lines	27.6	27.8	(0.7)	28.0	(1.4)
Broadband customers ^a	20.9	20.2	3.4	20.0	4.5

^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.

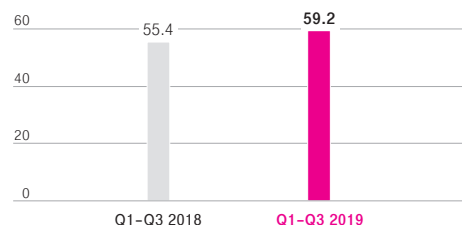
The new IFRS 16 "Leases" accounting standard has been applied since January 1, 2019. This led to a change in the definition of some of our financial performance indicators. Prior-year figures have not been adjusted; however, for the redefined key performance indicators we show prior-year comparatives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

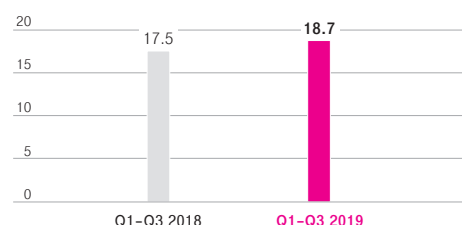
Net revenue

billions of €



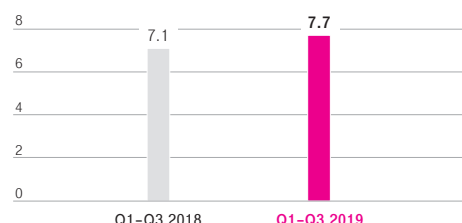
Adjusted EBITDA AL^a

billions of €



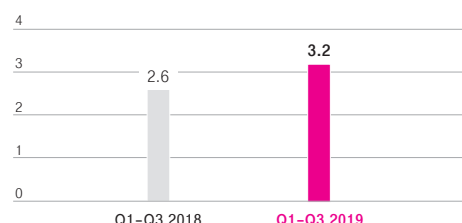
EBIT

billions of €



Net profit

billions of €



NET REVENUE

- Net revenue increased by 6.8 percent to EUR 59.2 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 1.5 billion or 2.7 percent.
- Our United States operating segment posted an increase in revenue of 11.8 percent; also in U.S. dollars, the continuing success of our U.S. operations was evident in revenue growth of 5.2 percent.
- Our Europe operating segment recorded an increase in revenue of 2.2 percent and revenue in our Germany operating segment also edged up by 0.8 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 6.9 percent to EUR 18.7 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 0.6 billion or 3.5 percent.
- Adjusted EBITDA AL for our United States operating segment increased by 11.6 percent. In U.S. dollars, this constituted growth of 5.0 percent in our U.S. operations.
- Our Europe operating segment recorded an increase in adjusted EBITDA AL of 5.0 percent and our Germany operating segment an increase of 2.4 percent. Substantial increases in adjusted EBITDA AL were likewise recorded by the Systems Solutions and Group Development operating segments – the latter also due to earnings contributed by the acquiree Tele2 Netherlands.
- At 31.6 percent, the Group's adjusted EBITDA AL margin remained at the prior-year level. The adjusted EBITDA AL margin was 40.2 percent in Germany, 33.8 percent in Europe, and 28.4 percent in the United States.

EBIT

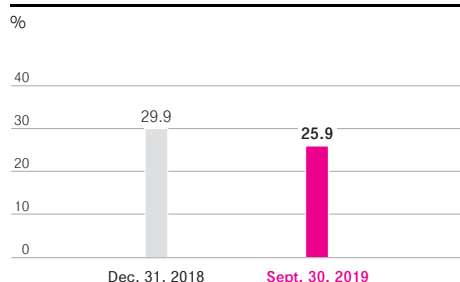
- EBIT increased by EUR 0.6 billion to EUR 7.7 billion.
- Special factors in connection with staff-related measures decreased slightly against the prior-year level to EUR 0.7 billion, while additional special factors of EUR 0.4 billion, in particular in connection with the approval process for the business combination with Sprint, had a negative effect in the reporting period.
- At EUR 12.8 billion, depreciation, amortization and impairment losses were EUR 3.2 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

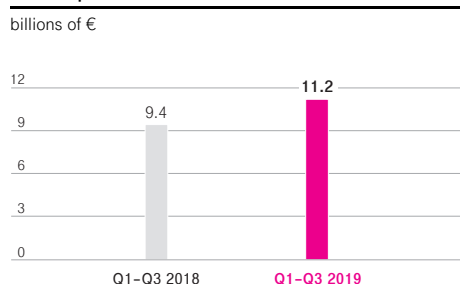
- Net profit increased from EUR 2.6 billion to EUR 3.2 billion.
- Our loss from financial activities decreased from EUR 2.1 billion in the prior-year period to EUR 1.5 billion. Finance costs that were higher due to the application of IFRS 16 were compensated by positive measurement effects from embedded 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 1.7 billion, the tax expense was up from EUR 1.4 billion in the prior-year period.
- Profit attributable to non-controlling interests increased year-on-year by EUR 0.4 billion to EUR 1.3 billion.
- Adjusted earnings per share increased to EUR 0.83 from EUR 0.79 in the prior-year period.

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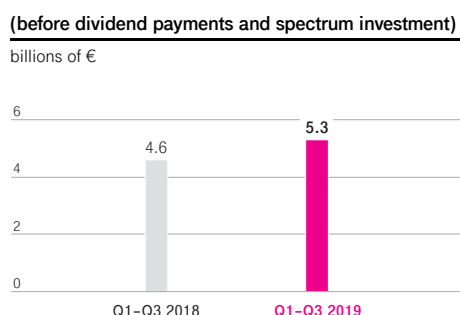
Equity ratio



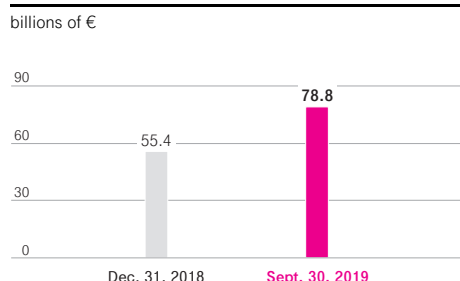
Cash capex



Free cash flow AL^a



Net debt



EQUITY RATIO

- The decrease in the equity ratio from 29.9 percent at year-end 2018 to 25.9 percent mainly results from the increase of 19.9 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 increased from EUR 43.4 billion as of December 31, 2018 to EUR 45.1 billion. In particular, the profit of EUR 4.5 billion, the acquisition of Tele2 Netherlands totaling EUR 0.7 billion, and income taxes relating to components of other comprehensive income of EUR 0.6 billion had an increasing effect. In addition, currency translation effects recognized directly in equity increased shareholders' equity by EUR 1.2 billion.
- Factors in this decrease included dividend payments (including to other shareholders of subsidiaries) of EUR 3.6 billion, the remeasurement of defined benefit pension plans accounting for EUR 1.5 billion, and effects from hedging instruments in the amount of EUR 1.0 billion.

CASH CAPEX

- Cash capex (including spectrum investment) increased from EUR 9.4 billion to EUR 11.2 billion.
- In the reporting period, payments were made for mobile spectrum licenses in the amount of EUR 1.2 billion, especially in the United States operating segment. Annual installments through 2030 were agreed for the spectrum licenses worth EUR 2.2 billion acquired in Germany in 2019; EUR 0.1 billion was paid in the reporting period. In the comparative period, payments were made for mobile spectrum licenses in the amount of EUR 0.2 billion, again 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, and mainly relates 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 from EUR 4.6 billion to EUR 5.3 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 23.4 billion to EUR 78.8 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 in particular the dividend payments – including to other shareholders of subsidiaries – (EUR 3.6 billion), additions to liabilities in connection with leases (EUR 4.5 billion), the acquisition of spectrum (EUR 3.2 billion), exchange rate effects (EUR 1.7 billion), and the acquisition of Tele2 Netherlands (EUR 0.4 billion).
- The main factor reducing net debt was free cash flow of EUR 7.6 billion.

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

HIGHLIGHTS IN THE THIRD QUARTER OF 2019

T-Mobile US added to the S&P 500 Index. T-Mobile US was added to the S&P 500 Index and to the S&P 500 GICS (Global Industry Classification Standard) Wireless Telecommunication Services Sub-Industry index effective prior to the open of trading on July 15, 2019.

Realignment of business-to-business telecommunications services.

Consistent with our efforts to implement our Group strategy pillar "Lead in business productivity," we plan to set up a new integrated unit for business-to-business telecommunications services within Telekom Deutschland in 2020. This new unit will comprise both the existing Business Customers unit from Telekom Deutschland and the portfolio units TC Services and Classified ICT from T-Systems. To enhance its agility on the market, T-Systems also plans to spin off the business units Security and IoT (Internet of Things) into two independent legal entities (limited liability companies under German law (GmbHs)). Both companies will continue to be part of T-Systems. No additional staff reductions are planned as part of this step.

Broadcast rights for UEFA EURO 2024. We have secured the broadcast rights in Germany for the UEFA European Championship 2024. The agreement with European soccer association UEFA covers the exclusive exploitation rights for all 51 matches. This means we can offer all UEFA EURO 2024 games on our TV and streaming platforms. The matches of the German national team and other games will be broadcast free-to-air, as will the semi-finals and the final.

INVESTMENTS IN NETWORKS

5G goes live in five cities. Our 5G network is now operational in five German cities – Berlin, Bonn, Cologne, Darmstadt, and Munich. A total of 129 5G antennas were up and running as of September 2019, delivering bandwidths of 1 Gbit/s and over. Some 66 antennas in Berlin's Mitte district form the largest coherent 5G coverage area in Germany, covering around six square kilometers. We are gradually expanding our 5G network clusters in these five cities so that larger areas can be served and not just isolated spots around individual antennas. The aim is to provide maximum coverage so customers can enjoy the best network. Hamburg and Leipzig are also to benefit from 5G by the end of 2019. In total, there are plans to install more than 300 antennas in Germany by the end of the year. Our efforts to roll out 5G and innovate in this field are also going well in the United States and our European subsidiaries. In Austria, for example, we made the first ever video call using 5G, while in Croatia a drone has transmitted video footage over a 5G network. For more details, please refer to our [media information](#).

30 million households connected to the high-speed network. We are building fast internet for millions of people. In September 2019 alone, we increased speeds to up to 250 Mbit/s for over 700,000 lines. The number of lines with speeds of up to 250 Mbit/s has grown to its current total of almost 25 million. The total number of households with the option to choose rate plans offering up to 100 Mbit/s or faster has now risen to 30 million.

Fiber-optic lines for the Oder-Spree district. Over the coming three years, some 42 million euros of public funding will be invested in building out broadband coverage in the district of Oder-Spree. Fiber-optic lines will be laid district-wide for around 8,000 households, almost 200 businesses – primarily on business parks – and 68 schools and educational institutions. The corresponding agreement was signed on September 26, 2019. We were awarded the contract for this project following a Europe-wide request for proposals. The new lines will offer speeds of up to 1 Gbit/s and are capable of handling all kinds of digital applications. We plan to lay more than 2,800 km of fiber-optic cable and install about 400 new distribution cabinets.

"Hunting down dead zones." A new initiative called "Wir jagen Funklöcher" (hunting down dead zones) aims to close 50 gaps in mobile coverage across Germany. Municipalities can get actively involved as partners in our campaign to expand the mobile network. The campaign calls on municipalities, policy-makers, citizens, and local businesses to take the initiative. It is open to all municipalities with a dead spot in LTE coverage. All we ask for is either a rooftop location suitable for an antenna or an open space for a mast. In return, we build and operate a state-of-the-art LTE site. "Wir jagen Funklöcher" complements our existing cell site program, under which we install around 2,000 antennas each year. Furthermore, in the months of June to August alone, we added almost 4,500 new LTE antennas to the network across Germany, bringing LTE network coverage to 97.9 percent of the population.

INNOVATIONS AND PARTNERSHIPS

"we care" is making sustainability visible for customers. We take our responsibility for a more sustainable future seriously. To be even more transparent, we are launching our "we care" sustainability label to offer guidance and make purchasing decisions easier – particularly helping customers who place a high value on sustainability. It will feature in descriptions of selected Deutsche Telekom products, services, projects, and initiatives. The label has two categories: The "digital participation" (digitale Teilhabe) symbol highlights a positive contribution toward solving social challenges in the digital world. The "we care" symbol relates to the environment, covering products, services, and initiatives that contribute, for example, toward climate protection and responsible use of resources. For more details, please refer to our [media information](#).

#DABEI ensures Germany can #TAKEPART. Our booth at this year's IFA in September in Berlin was built around our three-pronged approach of "Best networks, best products, best service" and revealed an abundance of innovations – from the launch of 5G to the smart speaker. The #DABEI FESTIVAL showcased our company as a responsible partner with its finger on the pulse of an increasingly digital society. In addition to interactive performances centering on 5G, the fiber-optic roll-out, and Magenta products and services, we also offered workshops with experts and pros on coding, gaming, upcycling, and more.

Telekom and Ericsson: new campus networks for industry. Campus networks are in high demand in the industrial sector. State-of-the-art mobile communications technology can be used to enhance – or even replace entirely – existing Wi-Fi networks. It offers greater capacities, low latency, and keeps data traffic more secure. We announced a strategic partnership with Ericsson to jointly provide enterprise customers with answers to the growing market for smart industrial solutions and help them revolutionize their on-site infrastructure. From wireless industrial robots to fully networked value chains, we make it simple for businesses to begin using next-generation transmission technology. We offer a wide range of LTE- and 5G-based campus solutions. Production plants, logistics centers, airports, and ports are the first users to benefit from the innovative new portfolio. For more details, please refer to our [media information](#).

Climate-neutral cell site. This year, we launched a unique project worldwide in the town of Dettelbach. For the first time ever, a cell site is powered permanently by a bio-methanol fuel cell. The fuel cell is not only more efficient and much easier to maintain than a combustion engine, but is also carbon-neutral since it runs on bio-methanol, as well as being silent, and vibration-free. Fuel cells make it possible for cell sites without mains power to operate around the clock. This project helps us to meet our climate goal of reducing CO₂ emissions by 90 percent by 2030. To achieve this goal we intend to transition to 100 percent renewable electricity throughout the Group from 2021.

"5Germany": talking 5G with the business community. Shaping the digital future actively together with 5G: This was the motto of our user conference "5Germany" organized by Handelsblatt and Deutsche Telekom in late September 2019. Numerous board members of large and medium-sized companies joined government representatives at the event in Berlin. Together with them, we discussed specific industrial requirements for 5G. The goal is for network operators, industry, and policy-makers to work shoulder to shoulder on the 5G rollout. For more details, please refer to our [media information](#).

Audi, Ingolstadt, and Telekom cooperate on 5G. We plan to enter into a pioneering 5G technology partnership together with the city of Ingolstadt and Audi. The goal is to use the new 5G technology to make urban mobility safer, more digital, and more sustainable. The memorandum of understanding is the basis for a planned cooperation to develop a digital transport infrastructure that, in the long term, aims to offer people greater road safety, better traffic flows, and digital real-time services. The city of Ingolstadt plans to comprehensively support Deutsche Telekom's construction work and expansion of the mobile communications infrastructure, thus supporting application-oriented developments and more in the mobility sector. In addition to Audi, other industrial companies will be able to use the local 5G infrastructure. For more details, please refer to our [media information](#).

Mobile banking service in Croatia. Hrvatski Telekom and Zagrebačka banka in August 2019 introduced Telekom Bankarstvo – a complete mobile banking service – mobile application, checking account, foreign currency account, free transactions, internet banking, and other bank services such as cash and housing loans and savings – of Zagrebačka banka in cooperation with Hrvatski Telekom, which is also the first such cooperation in the Croatian market. The service is available to smartphone users, while special benefits will be available to Hrvatski Telekom users.

BRAND AND PRODUCTS

MagentaMobil 2019: even more data and 5G included. Our new MagentaMobil rate plans offer even more surfing fun on the best network (connect 1/2019). Launched at the beginning of September 2019, all plans have been topped up with StreamOn flat rates and an additional data allowance, and are ready for the 5G era. The data allowance on the MagentaMobil S plan goes up from 2.5 to 6 gigabytes (GB), on the MagentaMobil M plan it is up from 5 to 12 GB, and the allowance on the MagentaMobil L plan is increasing from 10 to 24 GB. Data is still unlimited on the MagentaMobil XL rate plan. On top of all that, all mobile customers will in future benefit from StreamOn. Furthermore, data allowances under the new Business Mobil rate plans are more than doubling and are also 5G-ready. For more details, please refer to our [media information](#).

Order today, connected tomorrow: New Telekom rate plans for IoT.

We offer full-service rate plans for the Internet of Things (IoT). Our Business Smart Connect packages cover a range of all-inclusive services. The pre-activated SIM cards can be used immediately in sensors, trackers, and other IoT devices. The package also includes a service portal to manage the cards. Cards can be used in 28 countries of the European Union. We are the first company to also offer roaming on the NB-IoT networks of our national companies. These are currently Austria, the Netherlands, Hungary, Slovakia, the Czech Republic, and Greece. For more details, please refer to our [media information](#).

Fully comprehensive service for the home network: WLAN Paket plus.

We are expanding our home networking product portfolio with WLAN Paket plus. The package includes two Speed Home Wi-Fi units that use mesh Wi-Fi technology to beam a wireless signal throughout the entire house. Also included is the Deutsche Telekom Wi-Fi promise: A fully comprehensive service for all questions relating to home networking, with experts on hand to help set up and optimize Wi-Fi either over the phone or via remote access. They ensure optimum reception, advise on where best to place the Speed Home Wi-Fi units, and help get them connected. If telephone support is not enough, a Wi-Fi expert will make

an on-site visit, if necessary. For more details, please refer to our [media information](#).

Hallo Magenta – the first smart speaker made in Europe. Our Smart Speaker was launched on the market in September 2019. It is now possible to simply use voice commands to operate MagentaTV, Magenta SmartHome, and telephone services. Using voice commands to adjust the lighting or temperature at home to the right mood is no problem, either. The Smart Speaker even makes phoning a hands-free activity. Voice dialing allows users to make a call from their fixed-network line without any additional equipment. The Smart Speakers offer the highest level of data security – data is processed exclusively in compliance with our high European data protection standards. For more details, please refer to our [media information](#).

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 third quarter of 2019. For details on more awards, please go to www.telekom.com/media.

Major awards in the third quarter of 2019

