

DISCLAIMER

This presentation contains forward-looking statements that reflect the current views of Deutsche Telekom management with respect to future events. These forward-looking statements include statements with regard to the expected development of revenue, earnings, profits from operations, depreciation and amortization, cash flows and personnel-related measures. You should consider them with caution. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond Deutsche Telekom's control. Among the factors that might influence our ability to achieve our objectives are the progress of our workforce reduction initiative and other cost-saving measures, and the impact of other significant strategic, labor or business initiatives, including acquisitions, dispositions and business combinations, and our network upgrade and expansion initiatives. In addition, stronger than expected competition, technological change, legal proceedings and regulatory developments, among other factors, may have a material adverse effect on our costs and revenue development. Further, the economic downturn in our markets, and changes in interest and currency exchange rates, may also have an impact on our business development and the availability of financing on favorable conditions. Changes to our expectations concerning future cash flows may lead to impairment write downs of assets carried at historical cost, which may materially affect our results at the group and operating segment levels. If these or other risks and uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, our actual performance may materially differ from the performance expressed or implied by forward-looking statements. We can offer no assurance that our estimates or expectations will be achieved. Without prejudice to existing obligations under capital market law, we do not assume any obligation to update forward-looking statements to take new information or future events into account or otherwise.

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

REVIEW Q1/16

OUR STRATEGY

LEADING EUROPEAN TELCO

**INTEGRATED
IP NETWORKS**

**BEST
CUSTOMER
EXPERIENCE**

**WIN WITH
PARTNERS**

**LEAD IN
BUSINESS**

TRANSFORM PORTFOLIO

EVOLVE FINANCIAL TARGETS & EFFICIENCY

ENCOURAGE LEADERSHIP & PERFORMANCE DEVELOPMENT



LIFE IS FOR SHARING.

LEADING EUROPEAN TELCO: ONGOING EXECUTION – GUIDANCE RE-ITERATED

Customers

- Record demand for Fiber
 - 5 million German homes on fiber
 - 660k net adds in Q1 alone
- Growth in the US continues
 - 2.2 million net adds
 - 14% service revenue growth



Investments and innovation

- Further strengthening of spectrum position in the US and Europe
- Ongoing investments into networks and transformation
- Innovative offers launched



Financial results

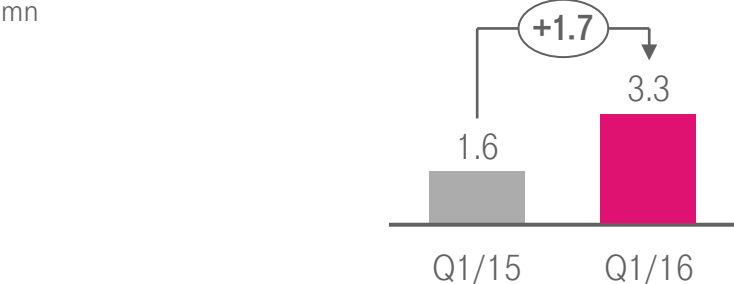
- Strong growth continues
 - Revenue up 4.7% yoy
 - Comparable¹ adj. EBITDA up 6.5%
 - Comparable¹ FCF up 10.6%
- Net debt/Adj. EBITDA at 2.3x



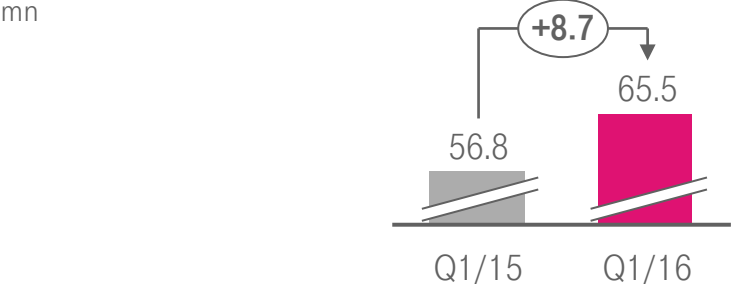
1) Adjusted for handset lease/data stash (adj. EBITDA) and EE dividend (FCF)

CUSTOMERS: STRONG MOMENTUM WITH CUSTOMERS

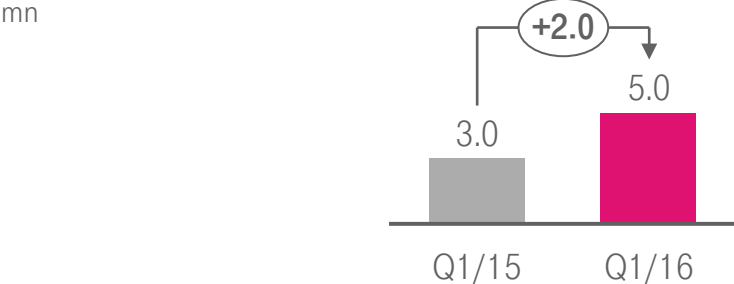
Magenta Eins (Germany + EU)¹



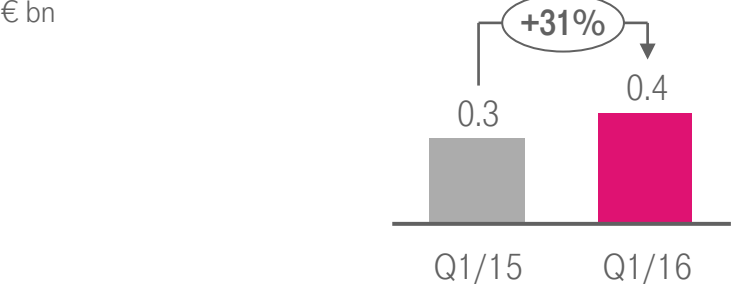
US Mobile



Fiber in Germany



Cloud revenues



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

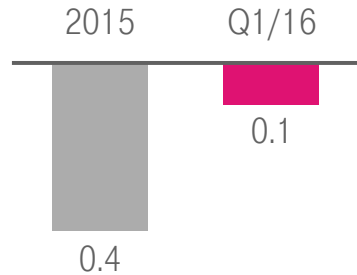
Q1 2016: HIGHLIGHTS

Innovation/Best networks



Efficiency

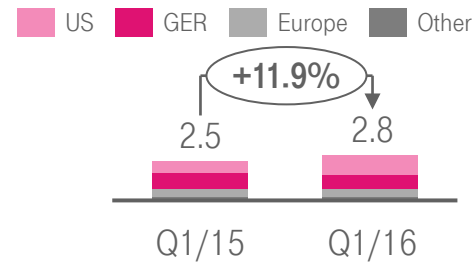
Indirect costs (Excl. US) in billion €



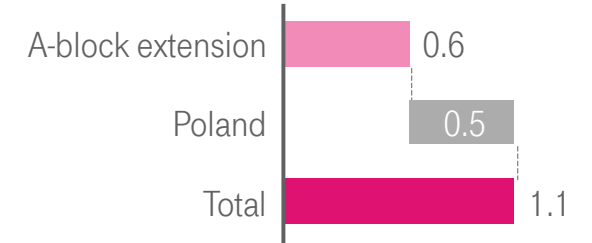
- Ongoing efficiency improvements in line with target run rate

Investments (€ bn)

Cash Capex (excl. Spectrum)



Spectrum spend



Funding/Portfolio

Funding

- 2016 maturities covered (€ 4.5 billion raised in Q1)
- Revised approach to TMUS self funding
 - \$ 4 billion note purchase agreements with TMUS
 - Case by case logic – no read-across to other pillars of TM US strategy or spectrum auction

Portfolio

- M&A policy re-iterated

FINANCIALS AND GUIDANCE 2016: STRONG MOMENTUM CONTINUES, GUIDANCE RE-ITERATED

€ bn

	<u>Revenue</u>	<u>Adj. EBITDA</u>	<u>FCF</u>
2016 Guidance (\$/€: 1.11)	Increase	Around 21.2 bn ²	Around 4.9 bn
14-18 CAGR ¹	+1-2%	+2-4%	≈+10%
Q1 2016 performance	+4.7%	+12.9% (6.5%) ³	-5.0% (+10.6%) ³

1) 14-18 CAGRs as per CMD 2015 guidance 2) Of which handset lease and data stash \$0.7 billion 3) In Brackets: Adj. EBITDA adjusted for handset lease. FCF adjusted for dividend impact EE.



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REVIEW Q1/16

Q1/2016: FINANCIAL HIGHLIGHTS

€ mn

	Q1			FY		
	2015	2016	Change	2014	2015	Change
Revenue	16,842	17,630	+4.7%	62,658	69,228	+10.5%
Adj. EBITDA	4,574	5,163	+12.9%	17,569	19,908	+13.3%
Adj. Net profit	1,036	1,047	+1.1%	2,422	4,113	+69.8%
Net profit	787	3,125	+297.1%	2,924	3,254	+11.3%
Adj. EPS (in €)	0.23	0.23	0.0%	0.54	0.90	+66.7%
EPS (in €)	0.17	0.68	+300.0%	0.65	0.71	+9.2%
Free cash flow ¹	865	822	-5.0%	4,140	4,546	+9.8%
Cash capex ²	2,530	2,831	+11.9%	9,534	10,818	+13.5%
Net debt	46,310	47,603	+2.8%	42,500	47,570	+11.9%

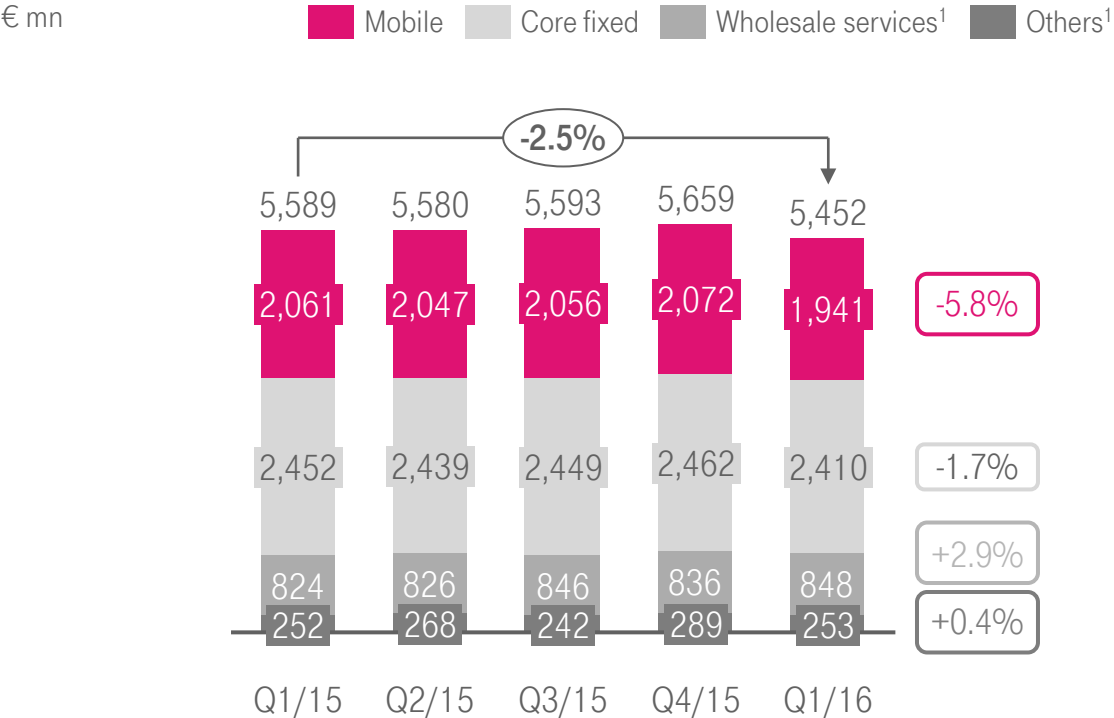
1) Free cash flow before dividend payments and spectrum investment 2) Excl. Spectrum: Q1/15: € 1,899 million; Q1/16: € 1,065 million; FY/14: € 2,310 million; FY/15: € 3,795 million



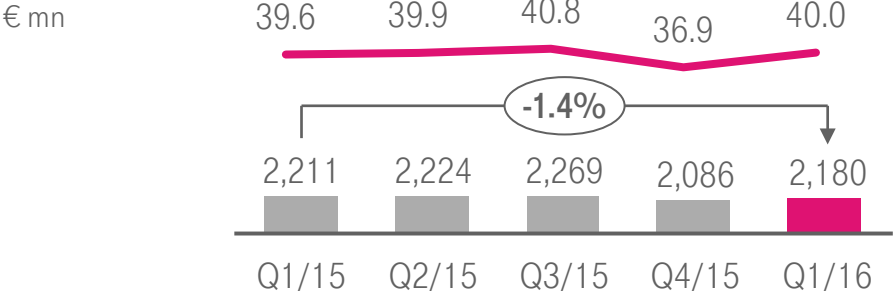
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GERMANY: REVENUES IMPACTED BY LOWER HANDSET SALES. EBITDA ON TRACK

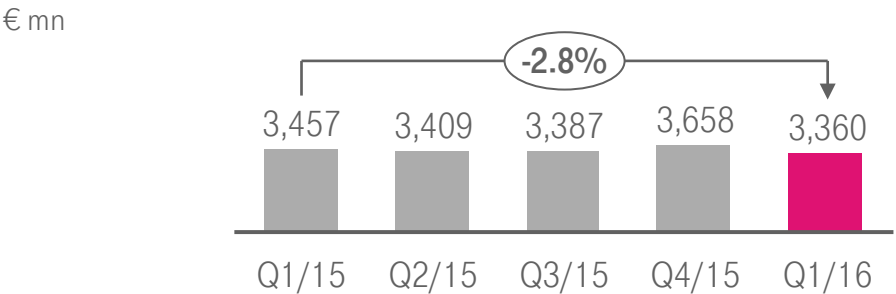
Revenue reported



Adj. EBITDA and margin (in %)



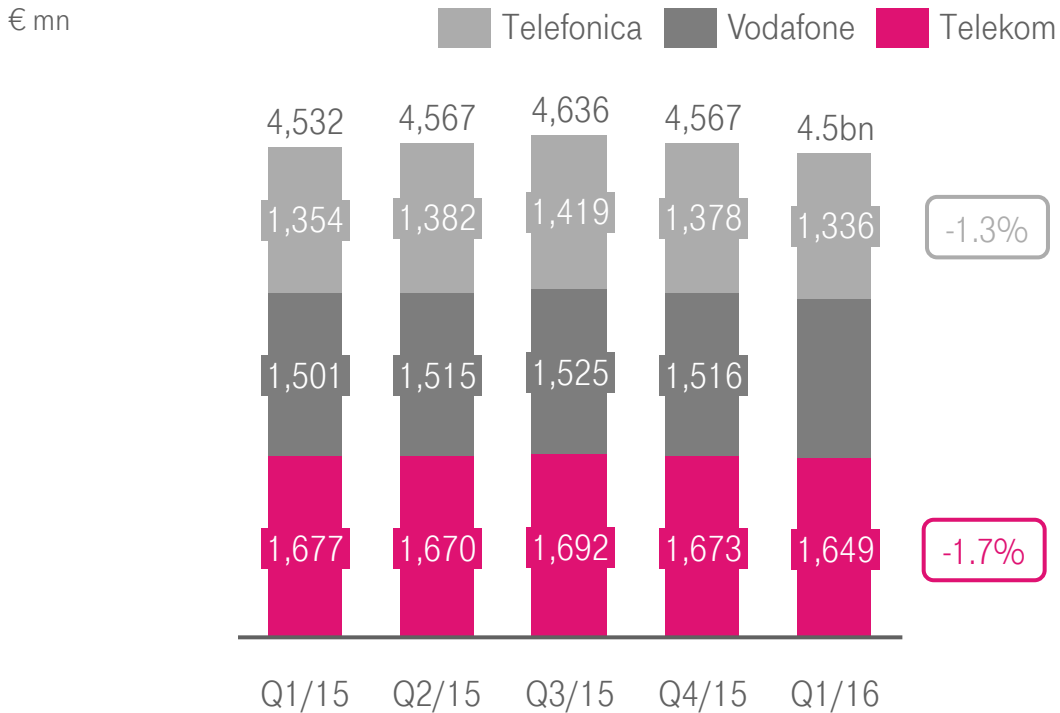
Adj. OPEX



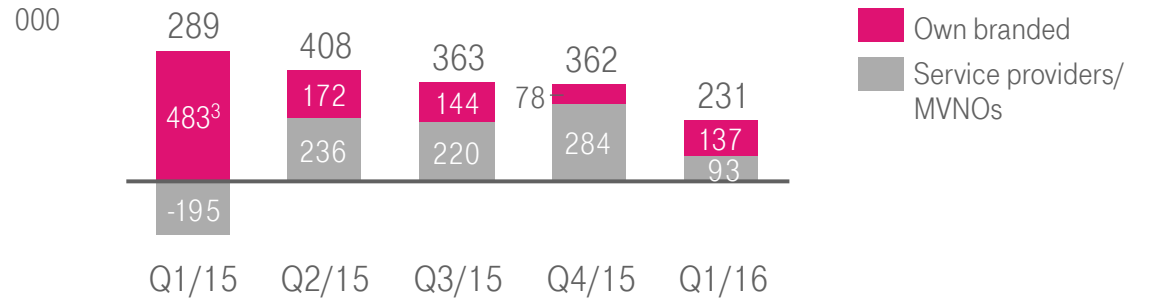
1) Figures 2015 have been restated . Approx. 80 million € shifted from wholesale to others

GERMANY MOBILE: STEADY MOMENTUM WITH CUSTOMERS

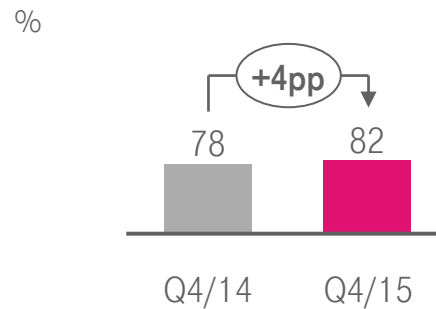
German mobile market service revenue¹



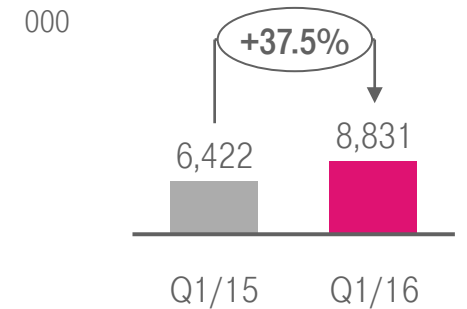
Contract Net adds²



Smartphone penetration⁴



LTE customers⁵



1) Management estimate including LTE

2) Figures may not add up due to rounding

3) Q1/15 impacted by re-classification of 288k customers from service providers to own branded

4) Of own branded retail customers

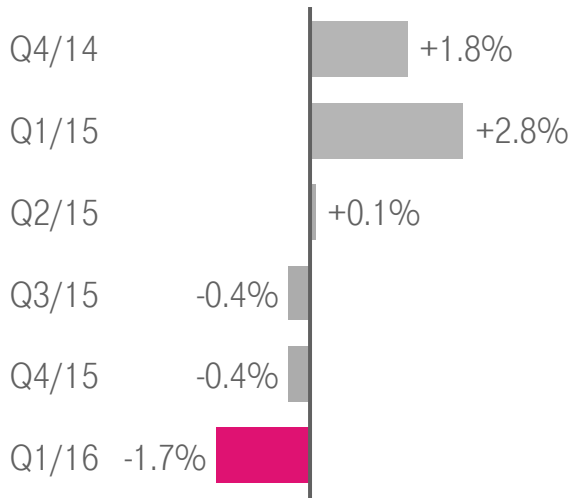
5) Customers using a LTE-device and tariff plan



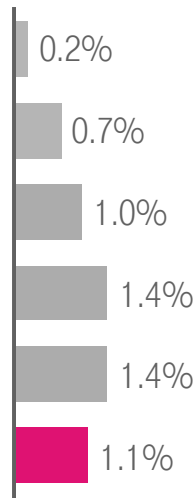
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GERMAN MOBILE SERVICE REVENUES: A TOUGH COMP BUT NO FUNDAMENTAL CHANGE

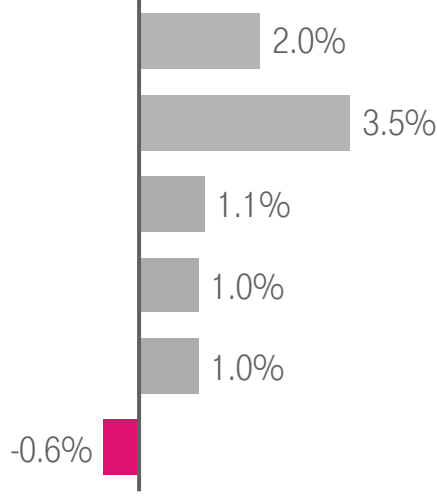
Reported mobile service revenues



Impact of convergence products¹



Underlying growth



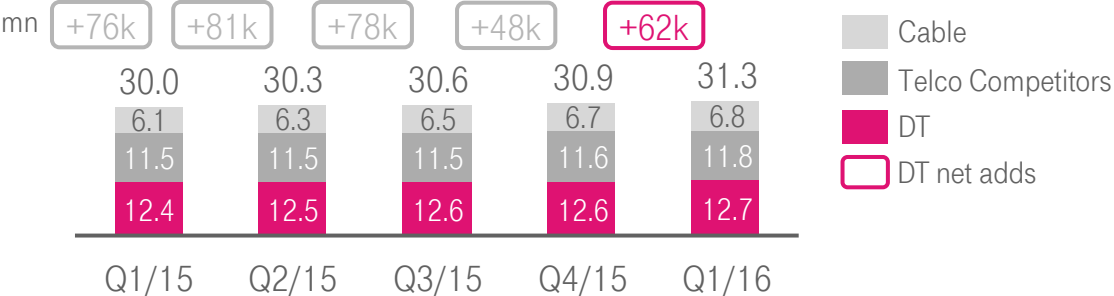
Medium term guidance (2014–2018 CAGR): Re-iterated

≈ +1% (without EU roaming impact)

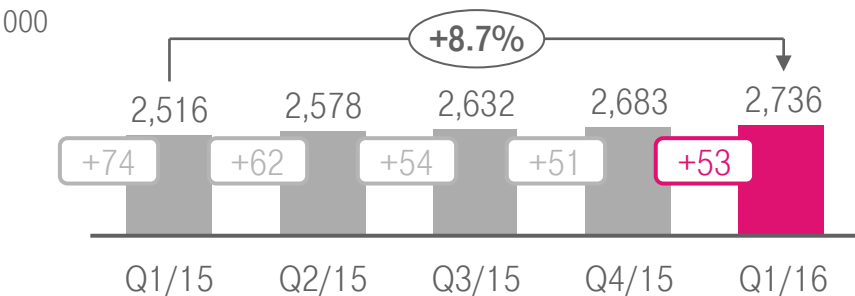
1) Impact of MagentaEINS and Telekom LTE broadband

GERMANY FIXED: INVESTMENTS IN INFRASTRUCTURE DRIVE FIBER GROWTH

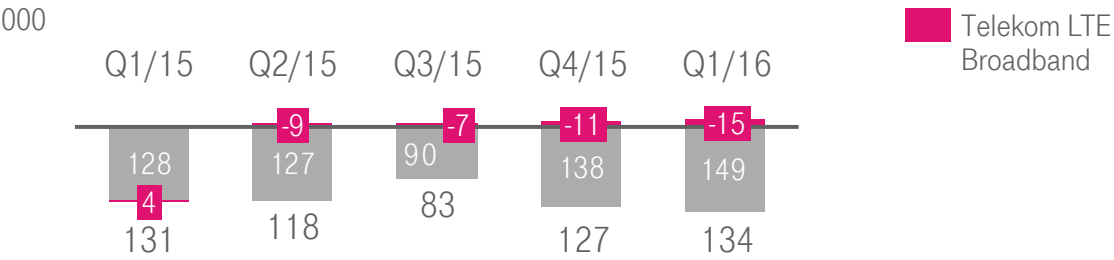
German broadband market¹



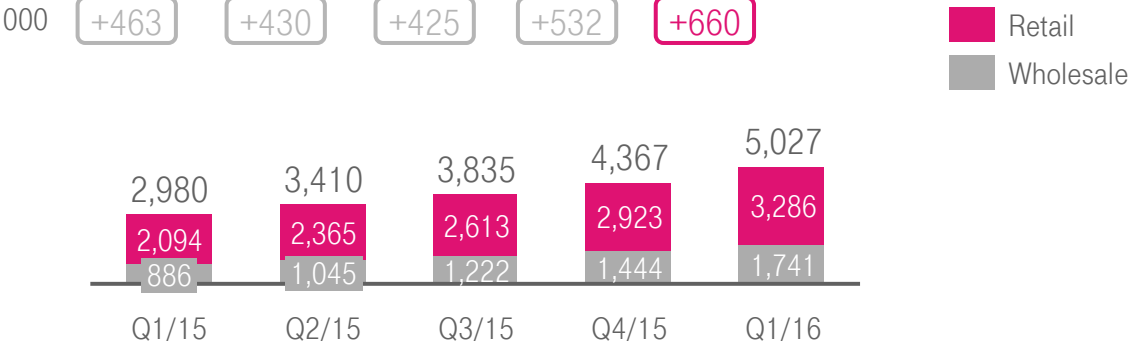
Entertain customers



Line losses



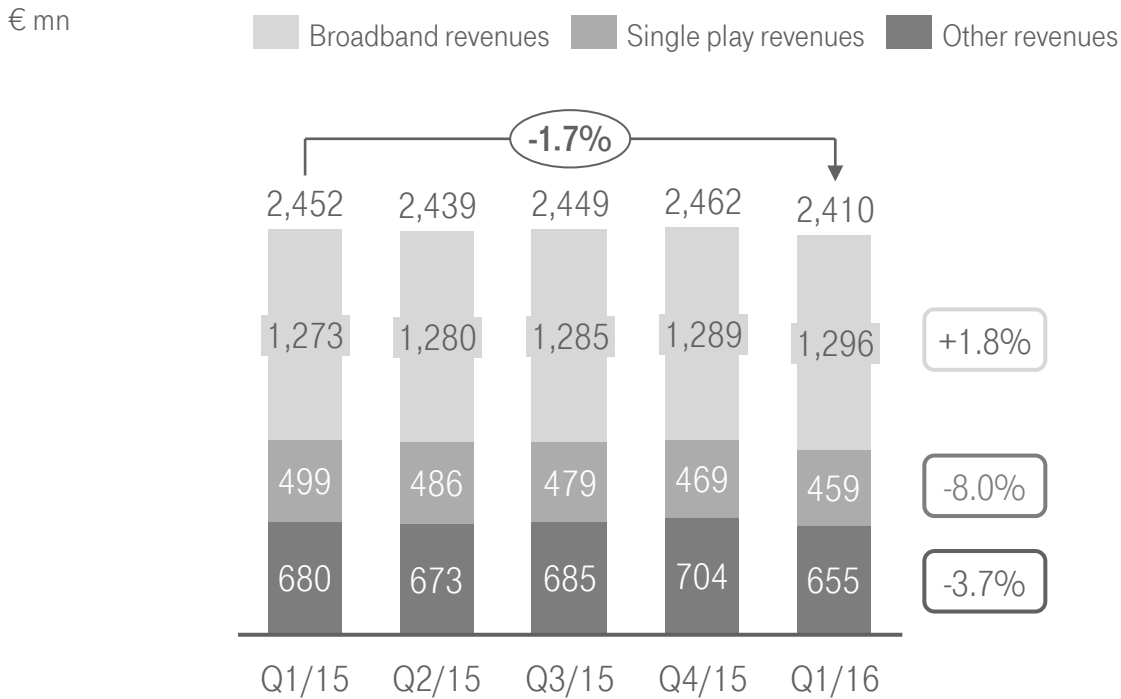
Fiber customers²



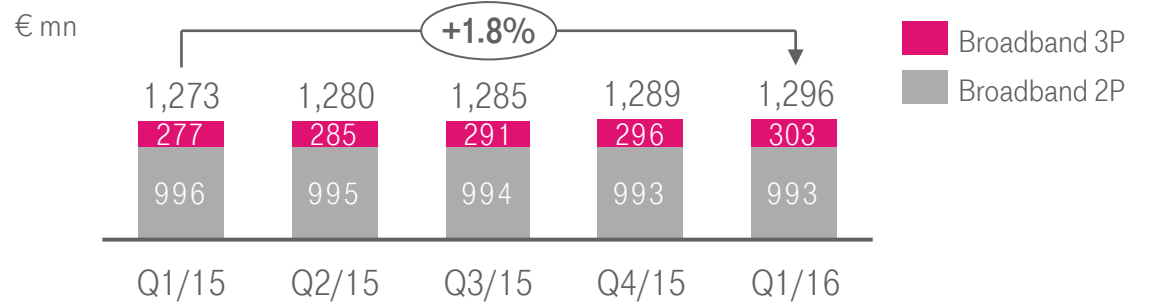
1) Based on management estimates 2) Sum of all FTTx accesses (e.g. FTTC/VDSL, Vectoring and FTTH)

GERMANY FIXED: OUR UPSELL STRATEGY IS WORKING

Fixed network revenues (core fixed)

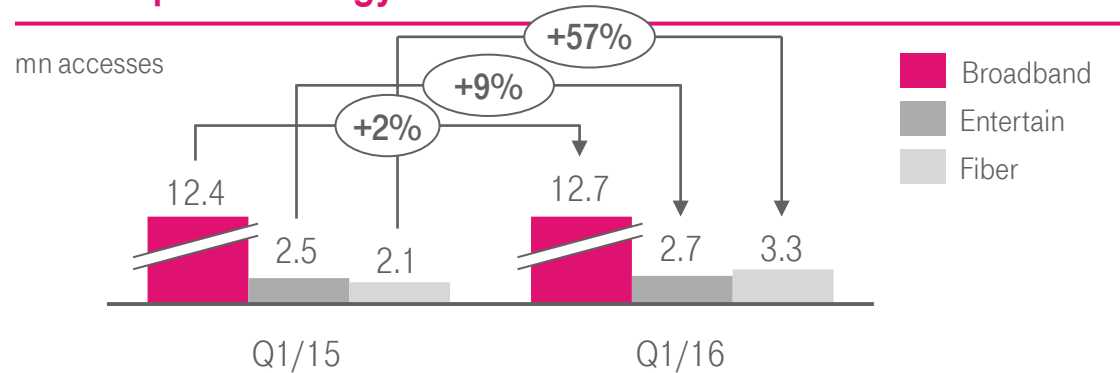


Broadband revenues



Retail upsell strategy

% calculated on exact numbers

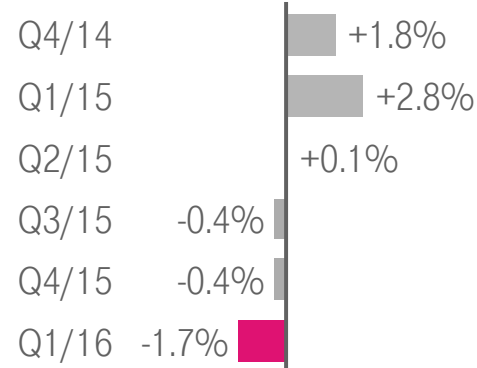


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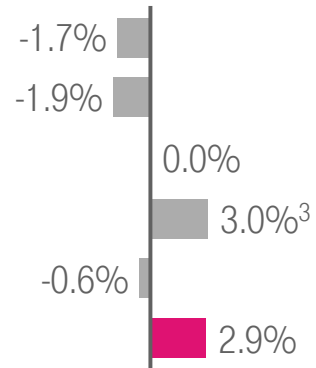
GERMAN TOTAL SERVICE REVENUES: WE ARE FUNDAMENTALLY ON TRACK

Growth rates YOY

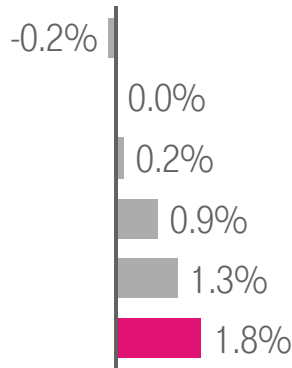
Mobile service revs



Wholesale revs²



Broadband revs²



Total service revs



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

≈ +1%¹

+0.0%

+2.0%

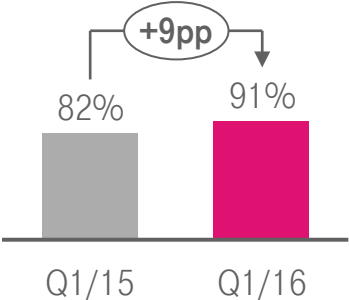
+0.3%^{1,4}

1) Without EU roaming impact 2) Percentage changes for Q4 2014 - Q4 2015 not restated
 3) Revenue in Q3/15 benefitted from special factor related to settlement agreements concerning charged fees from previous years. Adjusted growth rate at 0.0% for wholesale, respectively -1.1% for total service revenues 4) CAGR for total revenues

GERMANY: NETWORK ROLL-OUT AND TRANSFORMATION CONTINUE

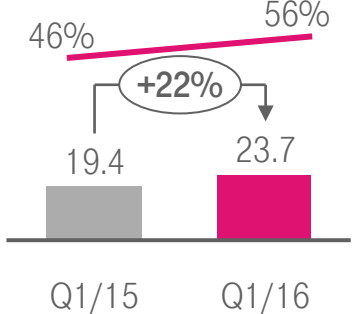
INS - Status LTE rollout

POP
Coverage in %¹



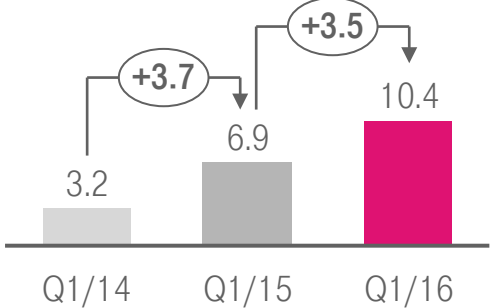
INS - Status fiber rollout²

Coverage in % and millions of households



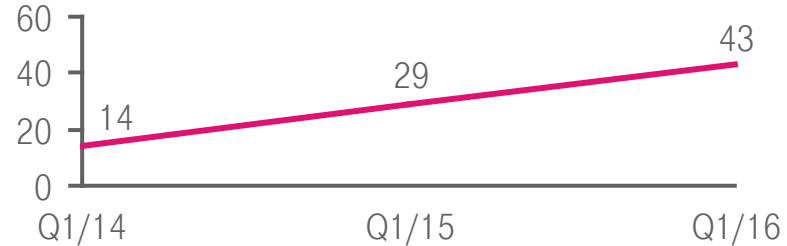
Status IP accesses (retail & wholesale)

mn



Status IP accesses (retail & wholesale)

in % of lines

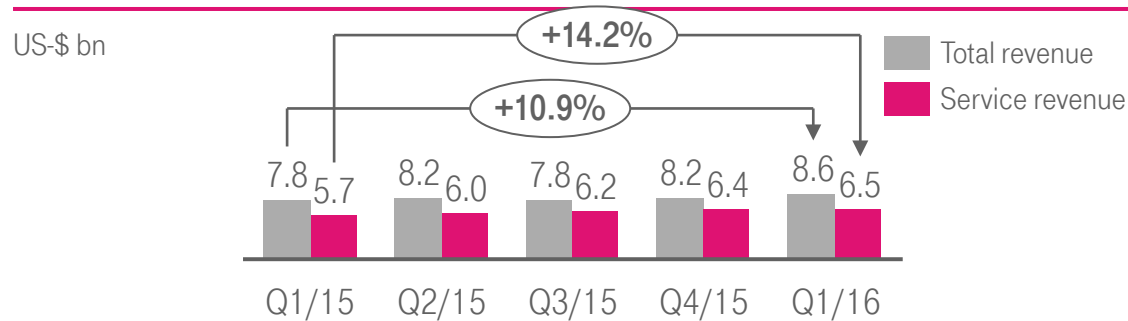


Target:
100% of lines
by 2018!

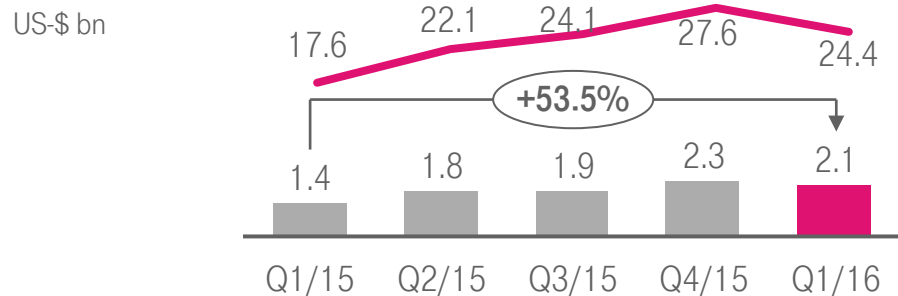
1) Outdoor coverage 2) In % of households within fixed network coverage in Germany

TMUS: STRONG GROWTH IN ALL KEY METRICS

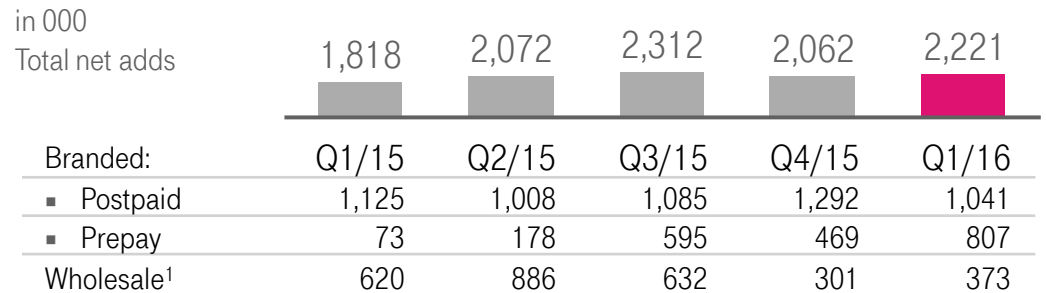
Revenue and service revenue



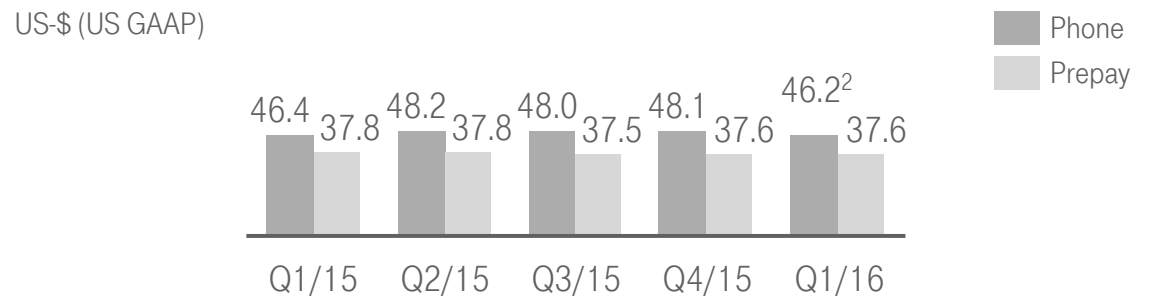
Adj. EBITDA and margin (in %)



Net adds



Branded customers: Postpaid phone and prepay ARPU



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

2) Excl. data stash effect postpaid phone ARPU increased 0.3% QoQ and decreased 0.2% yoy

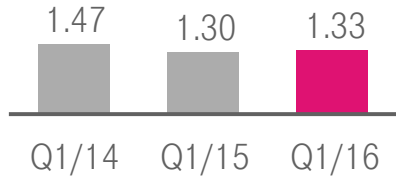


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FOCUS ON TMUS: IMPORTANT DRIVERS KEEP TRENDING WELL

Branded postpaid phone churn

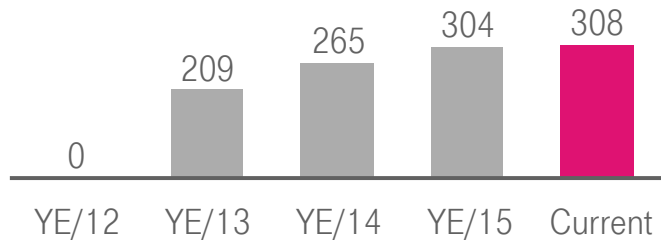
%



- Churn remains on low level, despite more intense competition

LTE covered POPs

mn



- A-block update: Deployed in more than 340 market areas (spectrum covers approx. 80% of US POPs or 258M people)

Bad debt expenses & losses from sale of receivables

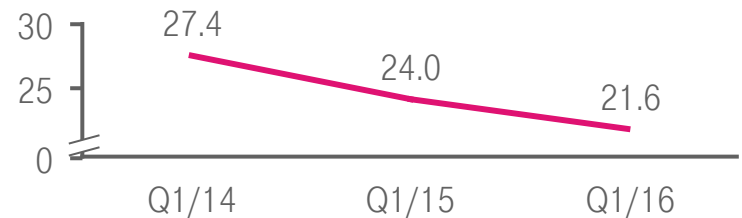
in % of total revenues



- Receivables classified as prime unchanged at 52% (incl EIP receivables sold)

Cost of service

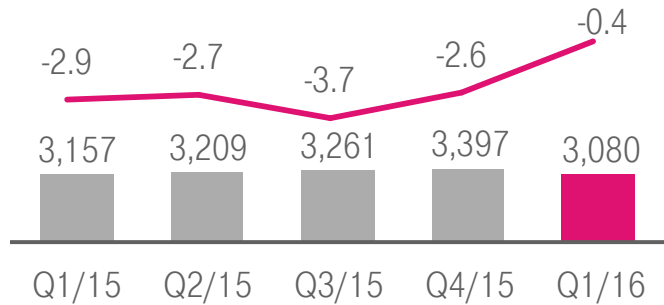
in % of service revenues



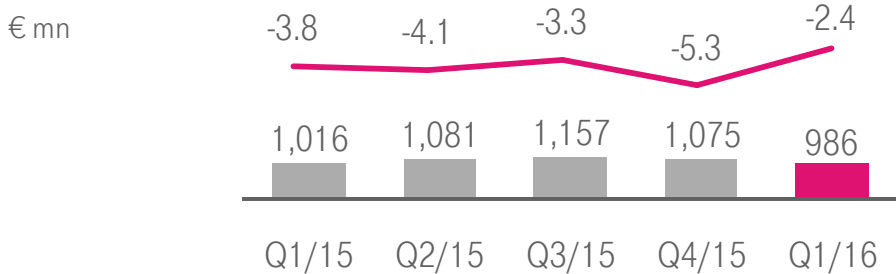
- MetroPCS synergies and growing scale outweigh network expansion costs

EUROPE: TREND TOWARDS STABILIZATION CONTINUES

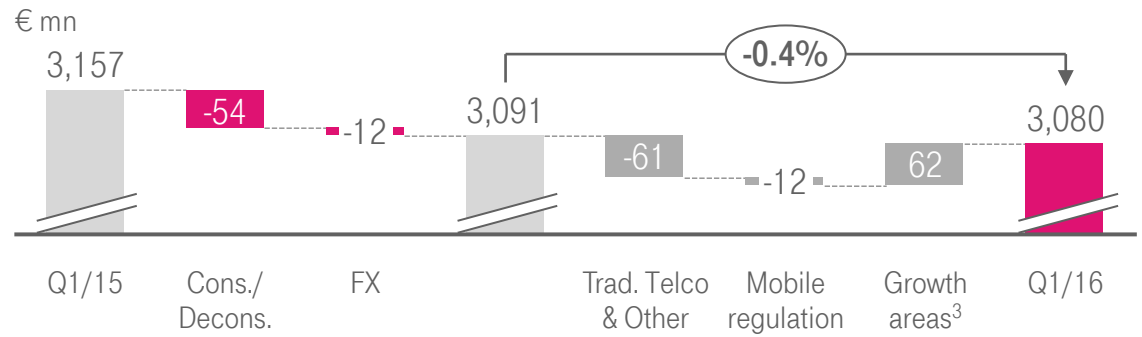
Revenue as reported in € mn and organic change yoy in %^{1,2}



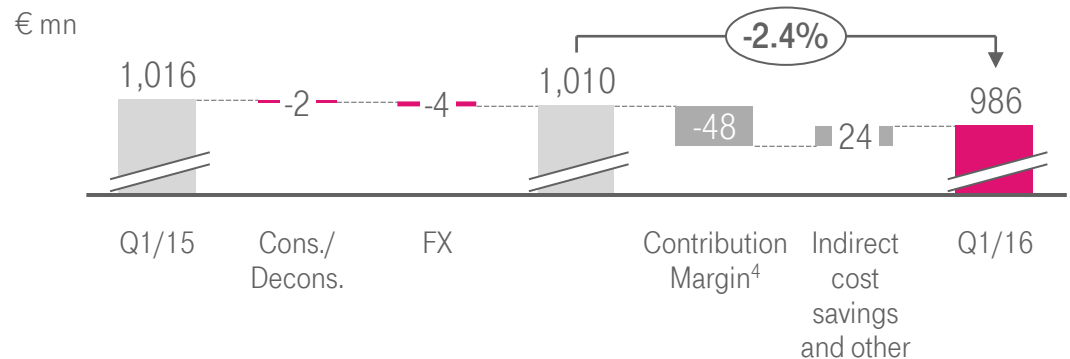
Adj. EBITDA as reported and organic change yoy in %^{1,2}



Organic revenue development



Organic adj. EBITDA development



1) %-change figures as previously disclosed. No adjusted for restatement.

2) The Business Customers unit of Magyar Telekom, our company in Hungary, which was previously organizationally assigned to Systems Solutions was consolidated in the Europe operating segment as of January 1, 2016. 2015 figures have been restated.

3) Mobile Data, Pay TV & fixed broadband, B2B/ICT, adjacent industries (online consumer services, energy and other) 4) Total Revenues – Direct Cost

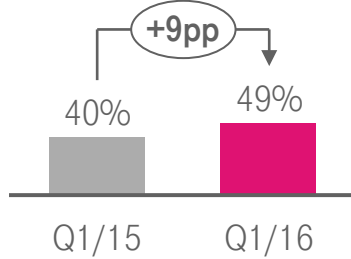


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EUROPE: IP MIGRATION AND LTE LEADERSHIP

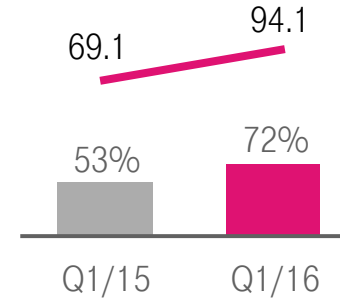
IP migration

IP share of fixed network access lines



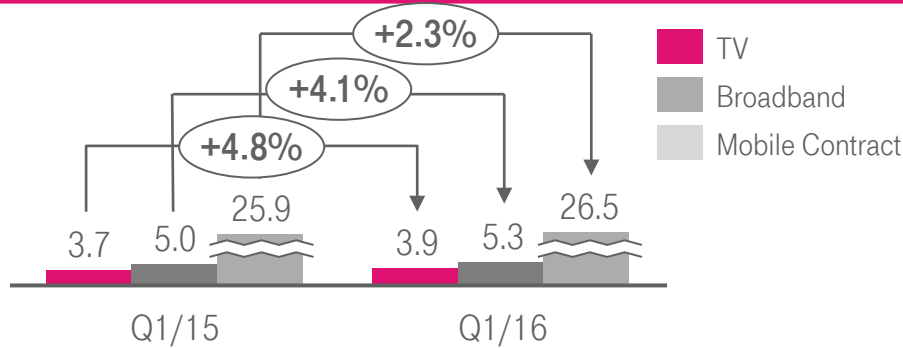
LTE rollout

LTE outdoor pop coverage
mn and %



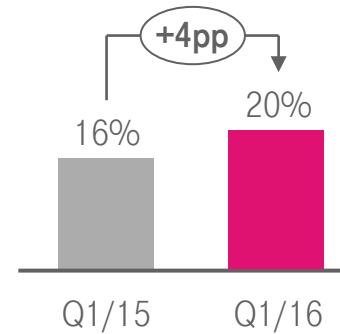
Customer base¹

mn



Fiber rollout¹

Fiber household coverage

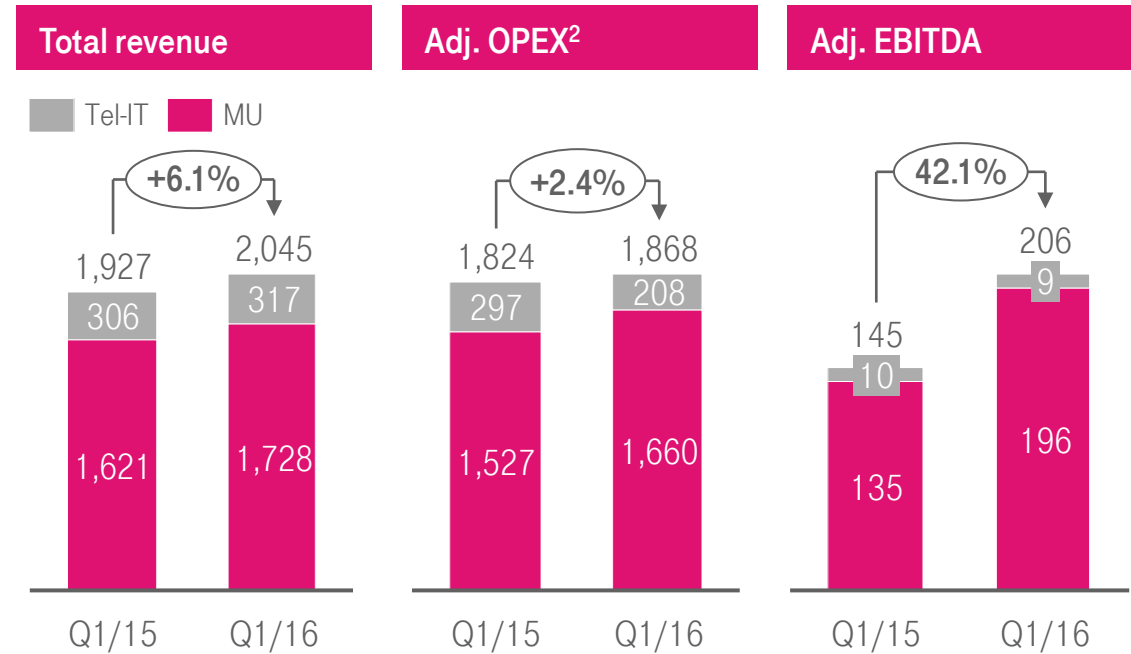


1) ≥ 100Mbit/s²-coverage: FTTH, FTTB, FTTC (with Vectoring), cable/ED3

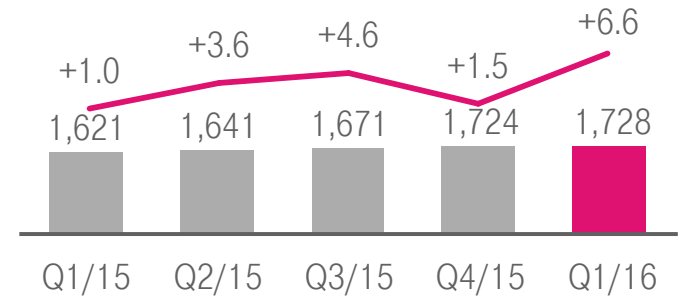
SYSTEMS SOLUTIONS: TRANSFORMATION MAKING PROGRESS

T-Systems Financials¹

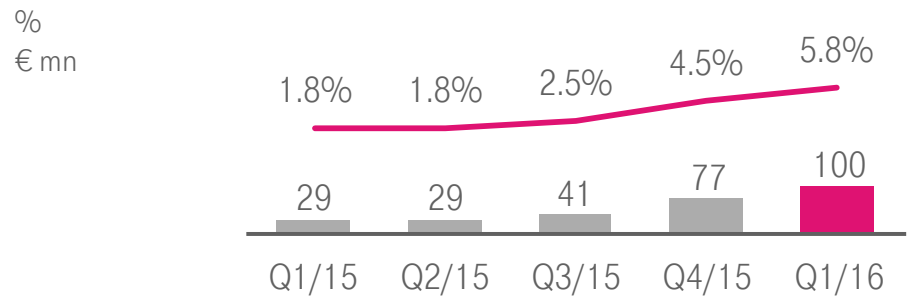
€ mn



Revenue Market Unit in € million and change yoy in %³



Adj. EBIT and margin Market Unit



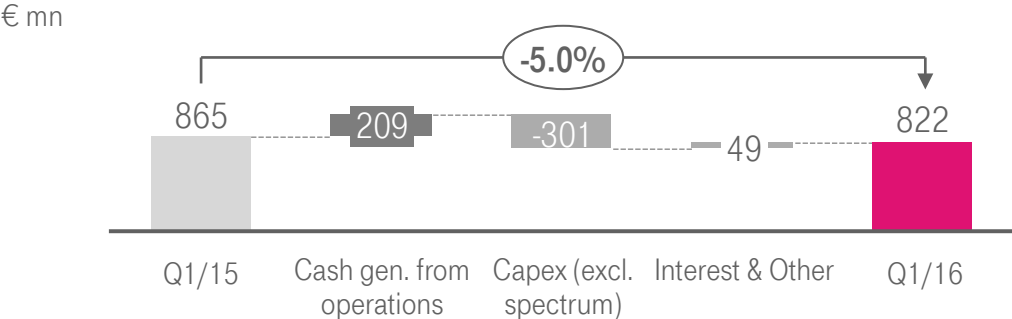
1) Trends in Q1 positively impacted by completion toll system Belgium 2) Figures may not add up due to rounding/elimination 3) %-change figures as previously disclosed. Not adjusted for restatement.



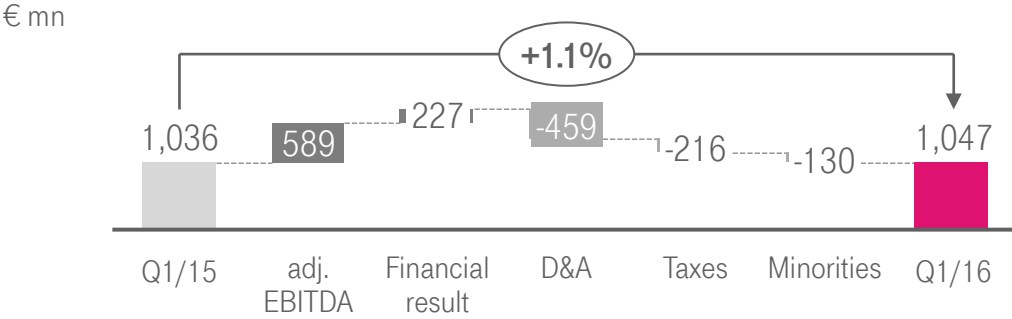
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FINANCIALS: FCF, NET DEBT AND NET INCOME

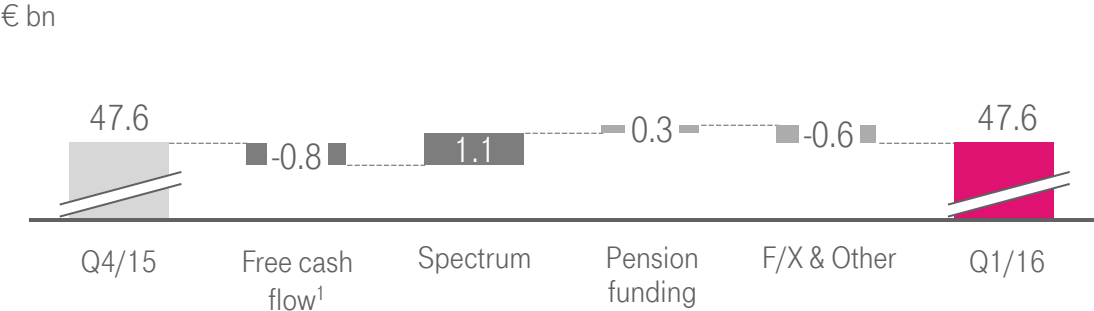
Free cash flow Q1/16¹



Adj. net income Q1/16



Net debt development Q1/16



1) Free cash flow before dividend payments and spectrum investment (Q1/15: € 1,899 million; Q1/16: € 1,065 million)

FINANCIALS: BALANCE SHEET RATIOS IN TARGET CORRIDOR

€ bn

	31/03/2015	30/06/2015	30/09/2015	31/12/2015	31/03/2016
Balance sheet total	137.5	135.0	135.2	143.9	143.6
Shareholders' equity	37.0	36.0	36.5	38.2	38.4
Net debt	46.3	48.8	47.9	47.6	47.6
Net debt/adj. EBITDA ¹	2.6	2.6	2.5	2.4	2.3
Equity ratio	26.9%	26.6%	27.0%	26.5%	26.8%

Comfort zone ratios

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

Current rating

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

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

EXECUTING OUR STRATEGY

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



CONFERENCE CALL WITH Q&A SESSION

The conference call will be held on **May 4 at 2:00 PM CET, 1:00 PM GMT, 8 AM ET.**

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

Webcast

- The **link to the webcast** will be provided here 20 minutes before the call starts: www.telekom.com/16Q1
- To ask a question, **just type your question into the box below the stream.**
- We webcast in **HD Voice Quality**
- The **recording will be uploaded to YouTube** after the call.

Dial-in

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

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



FURTHER QUESTIONS

PLEASE CONTACT THE IR DEPARTMENT

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IR webpage

www.telekom.com/investors



IR twitter account

www.twitter.com/DT_IR



IR youtube playlist

www.youtube.com/deutschetelekom



LIFE IS FOR SHARING.

THANK YOU!

JANUARY 1 TO MARCH 31, 2016

INTERIM GROUP REPORT



LIFE IS FOR SHARING.

SELECTED FINANCIAL DATA OF THE GROUP

millions of €

	Q1 2016	Q1 2015	Change %	FY 2015
REVENUE AND EARNINGS				
Net revenue	17,630	16,842	4.7%	69,228
Of which: domestic	34.5	37.0		36.2
Of which: international	65.5	63.0		63.8
Profit from operations (EBIT)	4,525	1,466	n. a.	7,028
Net profit (loss)	3,125	787	n. a.	3,254
Net profit (loss) (adjusted for special factors)	1,047	1,036	1.1%	4,113
EBITDA	7,667	4,160	84.3%	18,388
EBITDA (adjusted for special factors)	5,163	4,574	12.9%	19,908
EBITDA margin (adjusted for special factors)	29.3	27.2		28.8
Earnings per share basic/diluted	€ 0.68	0.17	n. a.	0.71
STATEMENT OF FINANCIAL POSITION				
Total assets	143,605	137,461	4.5%	143,920
Shareholders' equity	38,444	36,996	3.9%	38,150
Equity ratio	26.8	26.9		26.5
Net debt	47,603	46,310	2.8%	47,570
CASH FLOWS				
Net cash from operating activities	3,496	3,308	5.7%	14,997
Cash capex	(3,896)	(4,429)	12.0%	(14,613)
Free cash flow (before dividend payments and spectrum investment)	822	865	(5.0)%	4,546
Net cash used in investing activities	(3,738)	(2,937)	(27.3)%	(15,015)
Net cash from (used in) financing activities	828	(3,136)	n. a.	(876)

NUMBER OF FIXED-NETWORK AND MOBILE CUSTOMERS

millions

	Mar. 31, 2016	Dec. 31, 2015	Change Mar. 31, 2016/ Dec. 31, 2015 %	Mar. 31, 2015	Change Mar. 31, 2016/ Mar. 31, 2015 %
Mobile customers	158.4	156.4	1.3%	152.4	3.9%
Fixed-network lines	28.8	29.0	(0.7)%	29.5	(2.4)%
Broadband lines ^a	18.0	17.8	1.1%	17.5	2.9%

^a Excluding wholesale.

The key parameters used by Deutsche Telekom are defined in the glossary of the 2015 Annual Report (page 251 et seq.).

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TO OUR SHAREHOLDERS

DEVELOPMENTS IN THE GROUP

NET REVENUE

- We continued on our course of growth: In the first three months of the year, net revenue increased by EUR 0.8 billion to EUR 17.6 billion, an increase of 4.7 percent. This development was primarily driven by our United States operating segment, which grew by 13.2 percent compared with the prior-year quarter.
- Our Systems Solutions operating segment recorded revenue growth of 6.1 percent.
- In our home market of Germany, we saw a decrease of 2.5 percent, mainly due to lower terminal equipment sales and a slight decline in service revenues.
- Revenue in our Europe operating segment was down 2.4 percent compared with the prior-year period owing to regulation and competition.
- On a like-for-like basis, too, i.e., excluding exchange rate effects and effects from changes in the composition of the Group, net revenue increased by EUR 0.8 billion.

ADJUSTED EBITDA

- Adjusted EBITDA also grew substantially by EUR 0.6 billion or 12.9 percent.
- The biggest driver of this development was our United States operating segment, which recorded an increase of EUR 0.7 billion, mainly as a result of the continued success of the Un-carrier initiatives. The adjusted EBITDA margin improved from 17.7 to 24.4 percent.
- At 29.3 percent, the Group's adjusted EBITDA margin increased against the prior-year level of 27.2 percent. The operating segments with the strongest margins are still Germany with 40.0 percent and Europe with 32.0 percent.

EBIT

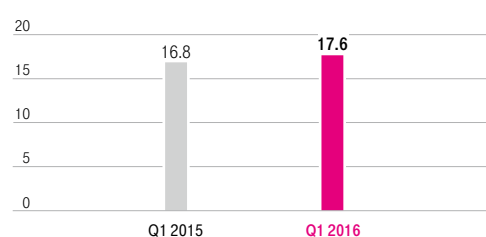
- EBIT increased substantially from EUR 1.5 billion to EUR 4.5 billion.
- The trend in the first quarter of 2016 was driven by two positive special factors: Income of some EUR 2.5 billion from the completed sale of our stake in the EE joint venture; and income of EUR 0.4 billion from an exchange of spectrum licenses between T-Mobile US and AT&T completed in March 2016.
- EBIT also benefited from the positive business performance of our United States operating segment.
- By contrast depreciation, amortization and impairment losses increased by EUR 0.4 billion year-on-year as a result of the continued 4G/LTE network roll-out and the launch of the JUMP! On Demand program in our United States operating segment in June 2015.

NET PROFIT

- Net profit also increased substantially by EUR 2.3 billion to EUR 3.1 billion as a result of the aforementioned effects.
- Loss from financial activities improved by EUR 0.2 billion, mainly as a result of remeasurement effects from the subsequent measurement of embedded derivatives on T-Mobile US bonds.
- Due to a higher profit before income taxes, tax expense increased year-on-year by EUR 0.7 billion.

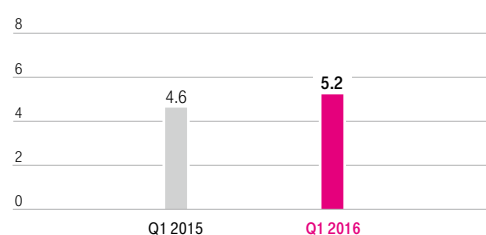
Net revenue

billions of €



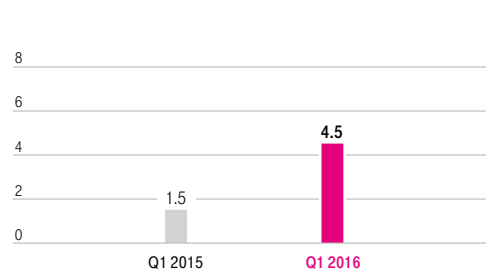
Adjusted EBITDA

billions of €



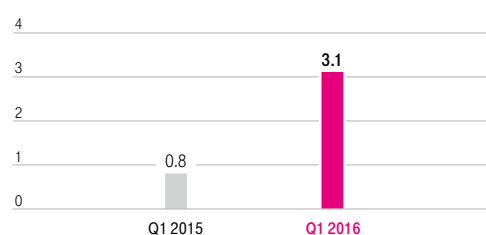
EBIT

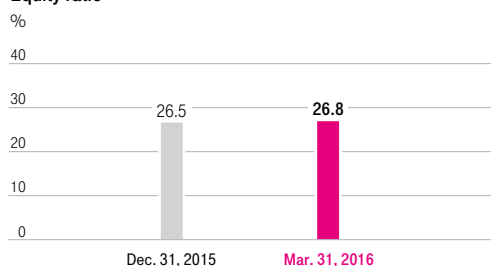
billions of €



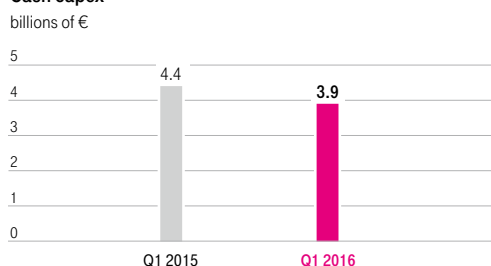
Net profit

billions of €

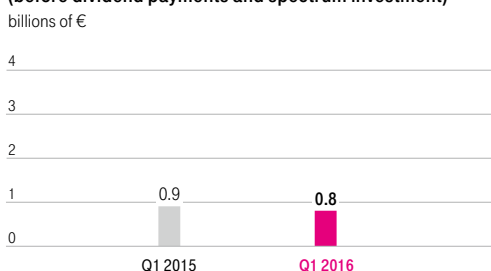


Equity ratio**EQUITY RATIO**

- The equity ratio increased by 0.3 percentage points to 26.8 percent.
- Total assets decreased only slightly by EUR 0.3 billion compared with the end of 2015 to EUR 143.6 billion.
- Shareholders' equity increased by EUR 0.3 billion compared with December 31, 2015 to EUR 38.4 billion primarily due to profit after taxes of EUR 3.4 billion. This was offset primarily by currency translation effects recognized directly in equity (EUR 2.1 billion), losses from the remeasurement of available-for-sale financial assets (EUR 0.5 billion) and the recognition of actuarial losses (after taxes) (EUR 0.4 billion).

Cash capex**CASH CAPEX**

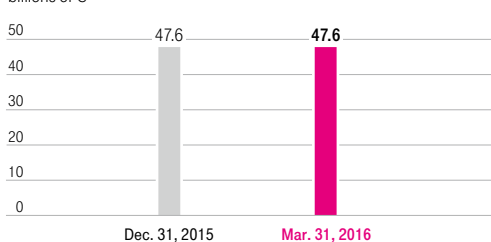
- Cash capex (including spectrum investment) decreased by EUR 0.5 billion to EUR 3.9 billion.
- In the reporting period, mobile spectrum licenses were acquired for a total of EUR 1.1 billion, primarily in the United States and Europe operating segments. In the prior-year period, the United States and Europe operating segments had acquired mobile spectrum licenses for EUR 1.9 billion.
- Adjusted for the effects of spectrum acquisitions, cash capex increased by EUR 0.3 billion, primarily in the United States operating segment in connection with investments in the network modernization, including the roll-out of the 4G/LTE network.

Free cash flow**(before dividend payments and spectrum investment)****FREE CASH FLOW (BEFORE DIVIDEND PAYMENTS AND SPECTRUM INVESTMENT)**

- Free cash flow decreased only slightly to EUR 0.8 billion.
- The year-on-year increase of EUR 0.2 billion in net cash from operating activities, driven mainly by the positive business development of the United States operating segment, had a positive effect.
- The year-on-year increase of EUR 0.3 billion in cash capex (before spectrum investment) and the EUR 0.1 billion lower dividend payment from the EE joint venture reduced free cash flow.

Net debt

billions of €

**NET DEBT**

- Net debt remained unchanged compared with the end of 2015, at EUR 47.6 billion.
- The acquisition of mobile spectrum (EUR 1.1 billion) and payments to external pension funds (allocation under contractual trust agreement: EUR 0.3 billion) increased net debt.
- Free cash flow (EUR 0.8 billion) and exchange rate effects (EUR 0.7 billion) reduced net debt.

For a more detailed explanation, please refer to the section "Development of business in the Group," page 12 et seq.

DEUTSCHE TELEKOM AT A GLANCE

Deutsche Telekom remained on a course of growth in the first three months of the 2016 financial year. Net revenue in the Group increased by 4.7 percent to EUR 17.6 billion, once again driven mainly by the strong U.S. business, which increased by 13.2 percent thanks to consistently strong customer growth. In the Germany operating segment, a decrease in terminal equipment revenue and a slight decline in service revenues led to revenue losses of 2.5 percent, while in the Europe operating segment, revenue trends improved slightly, although continuing to decline overall. In the Systems Solutions operating segment, revenue increased significantly by some 6.1 percent, mainly due to the completion of the set-up phase of the toll collection system in Belgium.

This revenue increase was also the basis for the growth in adjusted EBITDA, which rose by 12.9 percent to EUR 5.2 billion. The growth in the United States of EUR 0.7 billion was another key driver. Excluding the United States operating segment, net adjusted EBITDA declined by some EUR 0.1 billion overall, mainly due to the decline in earnings generated by the Group Headquarters & Group Services segment, which had benefited from a one-time effect in the prior-year quarter.

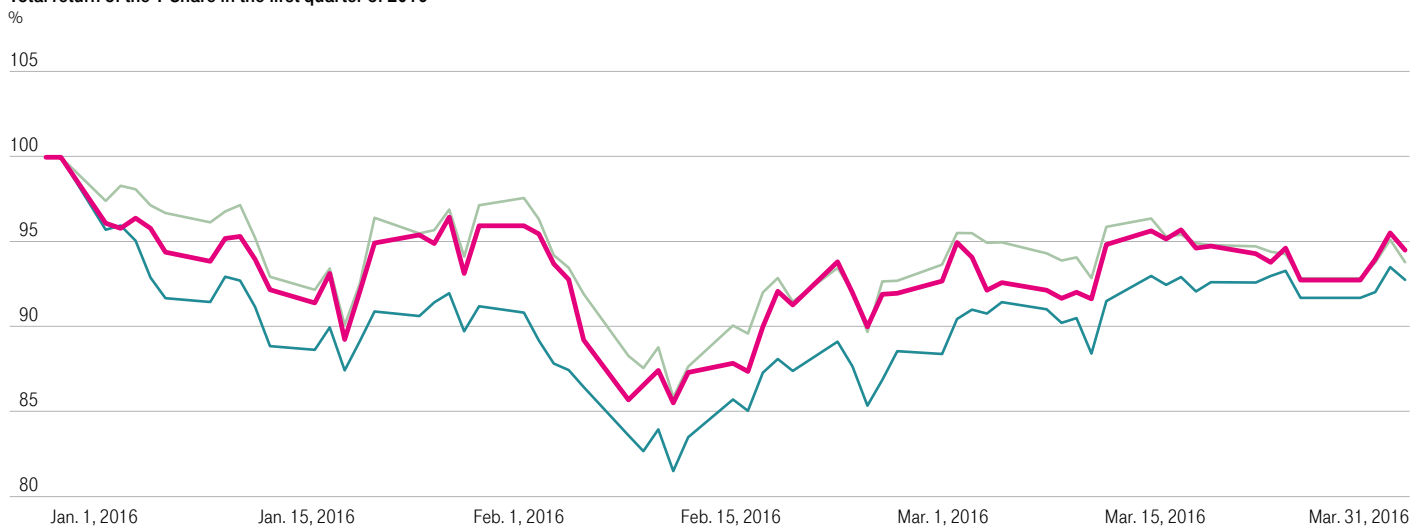
In terms of cash outflows for investments in intangible assets and property, plant and equipment – cash capex – we continue to differentiate ourselves through high network quality. Although at first glance, cash capex decreased from EUR 4.4 billion to EUR 3.9 billion, this decrease was entirely attributable to lower payments for the acquisition of mobile spectrum licenses: While EUR 1.9 billion was paid in the prior-year quarter, the payments totaled EUR 1.1 billion in the first quarter of 2016. Excluding the effects from spectrum acquisitions, cash capex increased by around EUR 0.3 billion. This increase is mainly attributable to investments in the mobile network in the United States.

In the first quarter of 2016, EBIT and net profit benefited from two special factors: Firstly, non-cash income of EUR 2.5 billion from the sale of our stake in the EE joint venture to BT and, secondly, the book gain of EUR 0.4 billion from the exchange of spectrum licenses in the United States. As a result, EBIT increased substantially from EUR 1.5 billion to EUR 4.5 billion, while net profit increased by EUR 2.3 billion to EUR 3.1 billion. Adjusted for special factors, net profit remained stable at some EUR 1.0 billion.

In light of the business development in the first three months of financial year 2016, we can confirm our guidance for the full year.

THE T-SHARE

Total return of the T-Share in the first quarter of 2016



■ Total return of the T-Share (dividend reinvested) ■ DAX 30 ■ Dow Jones Europe STOXX 600 Telecommunications®

T-Share performance

		Q1 2016	Q1 2015	FY 2015
XETRA CLOSING PRICES				
Share price on the last trading day	€	15.78	17.05	16.69
Year high	€	16.69	17.32	17.60
Year low	€	14.27	12.63	12.63
WEIGHTING OF THE T-SHARE IN MAJOR STOCK INDEXES				
DAX 30	%	6.0	5.4	5.9
Dow Jones Euro STOXX 50 [®]	%	2.5	2.2	2.5
Dow Jones Europe STOXX 600 Telecommunications [®]	%	14.2	13.9	14.4
Market capitalization	billions of €	72.7	77.3	76.9
Number of shares issued	millions	4,607	4,536	4,607

Historical performance of the T-Share as of March 31, 2016

	Since the beginning of the year	1 year	3 years	5 years
Total return of the T-Share (dividend reinvested)	(5.5)	(4.6)	120.6	93.9
DAX 30	(7.2)	(16.7)	27.8	41.5
Dow Jones Europe STOXX 600 Telecommunications [®]	(6.2)	(8.2)	52.4	47.5

The international stock exchanges got off to a far from promising start to 2016. By mid-February, all the key stock market indexes had fallen significantly, at peak by as much as 15 percent. This was due to the global economic situation, which remains critical – especially the situation in China – as well as the ongoing weakness in the oil price. Both the DAX 30 and the Dow Jones Euro STOXX 50[®] lost more than 7 percent below the line in the first quarter of 2016, while the Nikkei dropped by as much as 11 percent. Only the Dow Jones recorded a slight increase of 2.2 percent.

The telecommunications market in Europe was unable to escape this trend, recording a similar decline of 6.2 percent.

The Deutsche Telekom share also followed suit, but fell less sharply than the sector, decreasing by 5.5 percent on a total return basis.

HIGHLIGHTS IN THE FIRST QUARTER OF 2016**CORPORATE TRANSACTIONS**

Sale of our EE joint venture. After the British Competition and Markets Authority (CMA) had approved the sale of the EE joint venture to the UK company BT unconditionally and without remedies in January 2016, we and the French telecommunications provider Orange consummated the transaction on January 29, 2016 at a purchase price of GBP 13.2 billion. In return for our stake in the EE joint venture, we received a financial stake of 12.0 percent in BT and a cash payment of GBP 25.7 million. The sale generated income of approximately EUR 2.5 billion; around EUR 0.9 billion of this amount resulted from effects recognized directly in equity in prior years. In addition, on January 25, 2016, the shareholders received a final dividend totaling GBP 0.3 billion from the EE joint venture, in which we participated with the capital share we had at that date of 50 percent.

BOND ISSUANCES

On March 23, 2016, Deutsche Telekom International Finance B.V. with the guarantee of Deutsche Telekom AG issued a Eurobond of EUR 4.5 billion in three tranches: a four-year variable-interest tranche with a volume of EUR 1.25 billion and a mark-up of 35 basis points above the 3-month EURIBOR; a seven-year fixed-interest tranche with a volume of EUR 1.75 billion and a coupon of 0.625 percent; and a 12-year tranche with a volume of EUR 1.5 billion and a fixed coupon of 1.5 percent. The issuance forms part of our general corporate financing. It did not increase the level of our net debt.

INVESTMENTS IN NETWORKS AND SPECTRUM

Acquisition and exchange of mobile spectrum licenses in the United States. In January 2016, T-Mobile US acquired spectrum licenses covering nearly 20 million people in seven major metropolitan markets for approximately EUR 0.5 billion. In addition, T-Mobile US entered into agreements with third parties in January 2016 for the exchange and acquisition of spectrum licenses covering approximately 48 million people, for around EUR 0.6 billion. In the first quarter of 2016, spectrum licenses to be exchanged in the value of EUR 0.3 billion were therefore reclassified to non-current assets and disposal groups held for sale. A non-cash gain is expected to be recognized upon closing of the exchange transaction, which is expected to occur in mid-2016, subject to regulatory approval and other customary closing conditions. In March 2016, T-Mobile US and AT&T completed the exchange of spectrum licenses agreed in the third quarter of 2015, giving rise to a non-cash gain of EUR 0.4 billion.

Acquisition of mobile spectrum in Poland. At the spectrum auction in Poland which ended in October 2015, T-Mobile Polska was the highest bidder, acquiring spectrum of some EUR 0.5 billion, which was paid at the beginning of February 2016. We are also in negotiations with the Polish regulatory authority UKE to accept additional spectrum amounting to around EUR 0.5 billion. This was offered to T-Mobile Polska by UKE after the highest bidder had declined to accept the spectrum. In accordance with the rules of the auction, T-Mobile Polska was offered the spectrum for purchase as the second highest bidder. T-Mobile Polska submitted an application for the allocation of this spectrum block on February 8, 2016. The reassignment of the frequencies is still being clarified. The final assignment is expected to be completed by the end of the second quarter of 2016.

PARTNERSHIPS

Exclusive partnership with i.am+. At the Mobile World Congress in Barcelona, we announced our long-term partnership with the innovation company i.am+, founded by entrepreneur and musician will.i.am. The collaboration focuses on the exclusive marketing of the product “dial” – a watch and smartphone in one, which is distinctive from other wearables that have been marketed to date thanks to a large number of innovative applications. It is operated with the sophisticated voice control AneedA. Apart from delivering music and information, it has a personal artificial intelligence. “dial” will be made available in the first Deutsche Telekom footprint markets in Europe in the course of the year. We have also invested in the innovation company i.am+ through Telekom Innovation Pool, our strategic investment fund.

Innovative technology partnership agreed with SK Telecom. At the end of February 2016, we entered into a strategic partnership with South Korea's largest telecommunications company, SK Telecom, with the shared aim of further expanding our own market-, customer-, and technology-specific performance potential as industry leaders, so as to create additional benefits for customers. We plan a close collaboration in the areas of services, the Internet of Things (IoT), and the related research fields. We also agreed as part of the collaboration to market SK Telecom's innovative Pico projector, first in Germany, then throughout Europe in the second quarter of 2016. In return, SK Telecom plans to launch our In-Car WiFi solution on the South Korean market.

Sales partnership entered into with Akamai. At CeBIT, we signed an extensive partner agreement with Akamai, the world's leading provider of content delivery network (CDN) services. This will allow us to further expand our international offering for corporate customers and to offer Akamai's entire solution portfolio. Akamai's services accelerate websites and cloud applications on devices and ensure that digital content is available quickly, reliably and securely. The partnership with Akamai is in line with our strategy of further expanding our leading market position with business customers.

INNOVATIONS

Records in 5G demonstrations. In a world first, at the Mobile World Congress in Barcelona, we showcased a complete end-to-end 5G system. We measured a latency of less than a millisecond. That is a technical record and a major step towards achieving genuine real-time applications such as self-driving cars or remote medical surgery. We were also able to demonstrate our technological lead in terms of bandwidths: Together with partners, we increased the data speed on a mobile connection to a smartphone prototype to more than 1.5 Gbit/s. In the future, such data rates will primarily be needed for applications with high-resolution images or films. A few days before the Mobile World Congress, our innovation laboratory, 5G:haus – established in March 2015 together with leading industry partners to develop and standardize new technologies – and our partner Huawei achieved a data transmission record: In a live experiment with millimeter wave technology, multi-user connection rates of up to 70 Gbit/s were achieved.

Fiber-optic speed achieved with copper. In cooperation with Nokia, we showed in laboratory conditions how data transmission speeds of more than 10 Gbit/s can be achieved on copper cable using the new ultra-broadband access technology XG-FAST. XG-FAST uses the last section of the existing copper network to achieve transmission speeds similar to that of optical fiber. The technology is still in the early stages of development, but shows that other new possibilities are opening up for providing high transmission rates.

NEW DEALS WITH CORPORATE CUSTOMERS

T-Systems will continue to operate the mainframe platform for a car manufacturer for another five years. Together with this car manufacturer, we will drive forward digitization in the automotive industry, modernize the related platforms, and make them more flexible. In addition to traditional IT business, we will also work together in the future on the topic of the connected car.

NEW PRODUCTS AND RATE PLANS

At the start of this year's CeBIT, we unveiled our **Open Telekom Cloud**. Our public cloud offering is a secure, online solution for business customers to purchase infrastructure, software and applications as required, in addition to tailored private cloud solutions, at reasonable prices. The hardware and the solution concept will be operated by our technology partner Huawei. Our networks ensure reliable availability and our certified German cloud data centers provided by T-Systems enable the highest possible quality and security. The Open Telekom Cloud is a core component in the expansion of our cloud ecosystem.

We also presented new products for **security solutions** at CeBIT: With Internet Protect Pro, we offer business customers complete, one-source protection against threats from cyberspace. Internet Protect Pro is offered from the Deutsche Telekom cloud in cooperation with the U.S. Internet security specialist Zscaler and provides real-time protection against malicious codes, cyber attacks, and data theft. With Mobile Protect Pro, we offer companies all-round protection for mobile devices like smartphones and tablets.

The solution, which was developed by Zimperum, the leading provider of mobile communications security products, is based among other things on machine-learning algorithms that can identify even previously unknown risks. These two security products are the first solutions to come out of our new Telekom Security unit, where we have pooled all of the Group's security units.

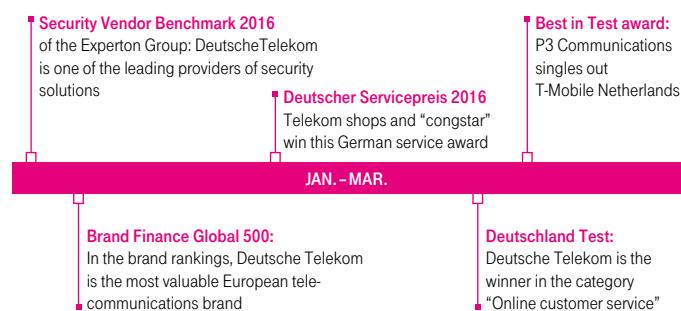
MagentaOne has been available to consumers in all our European integrated markets since March 2016: Following Slovakia, Romania, Hungary, the F.Y.R.O. Macedonia, Greece, and Montenegro, now Croatia has signed up to the concept of the convergent product portfolio. This international marketing concept has been adapted to the respective local market and its requirements and makes the Internet, telephony, and entertainment accessible anytime, anywhere, and on any device.

The new **MagentaMobil Happy** rate plans provide our MagentaEins customers in Germany with a new top smartphone or tablet every 12 months in return for a monthly charge. Happy, which has been available since March 2016, marked the launch of MagentaEins 5.0, adding another attractive offer to our MagentaEins portfolio. As of mid-April 2016, we also offer our new **MagentaMobil** rate plans for consumers and business customers. The MagentaMobil rate plans S, M, and L offer even more features: In addition to increasing the high-speed data volumes, the rate plans include an integrated HotSpot flat rate and a free-of-charge EU roaming package for calls, text messages, and mobile data usage in European countries outside of Germany.

AWARDS

The illustration below shows the main awards received in the first quarter of 2016. For details on more awards, please go to www.telekom.com/media.

Major awards in the first quarter of 2016



INTERIM GROUP MANAGEMENT REPORT

GROUP STRUCTURE, STRATEGY, AND MANAGEMENT

With regard to our **Group structure, strategy, and management**, please refer to the notes in the 2015 combined management report (2015 Annual Report, page 58 et seq.). No significant changes were recorded in this area from the Group's point of view.

Business customer operations at Magyar Telekom in Hungary, which had previously been organizationally assigned to the Systems Solutions operating segment, have been bundled and reported under the Europe operating segment since January 1, 2016. Magyar Telekom's business customer operations consist of a unit in Hungary that mainly provides ICT services for business and corporate customers. The operations were bundled to improve the way in which the company can be managed. Comparative figures have been adjusted retrospectively.

For more information, please refer to the disclosures under segment reporting in the interim consolidated financial statements (pages 44 and 45).

THE ECONOMIC ENVIRONMENT

This section provides additional information on and explains recent changes to the economic situation as described in the combined management report for the 2015 financial year, focusing on macroeconomic developments in the first three months of 2016, the outlook, the currently prevailing economic risks, the telecommunications market, and the regulatory environment. The overall economic outlook is subject to the precondition that there are no major unexpected occurrences in the forecast period.

MACROECONOMIC DEVELOPMENT

The global economy slowed slightly year-on-year in the first quarter of 2016. In April 2016, the International Monetary Fund (IMF) revised downwards slightly its growth forecast for global economic development for 2016 and 2017. This restrained growth is primarily attributable to weak economic development in the emerging economies. According to the adjusted IMF forecasts, emerging and developing economies will grow by 4.1 percent in 2016, industrial countries by 1.9 percent.

In our core markets, economic growth rates recorded largely positive trends in the first quarter of 2016. Gross domestic product (GDP) in Germany grew by 1.4 percent compared with the prior-year quarter, supported primarily by private consumption. Unemployment also remained low at an average 6.2 percent. The U.S. economy grew by 2.2 percent in the first quarter of 2016 as it continued to profit from a robust labor market, with unemployment standing at 4.9 percent in the first three months of the year. Almost all countries of our Europe operating segment recorded positive trends in GDP growth and employment at the start of 2016. The economies profited mainly

from rising domestic consumption and low energy prices. Greece continues to experience difficulties in emulating the growth seen in Europe as a whole.

OUTLOOK

We continue to expect a stable economic trend in our core markets. In Germany, the United States, and the countries of our Europe operating segment – with the exception of Greece – macroeconomic growth is robust, bolstered primarily by the positive trends in consumer spending and low oil and energy prices. The Greek economy is expected to begin its recovery in 2017.

OVERALL ECONOMIC RISKS

It is clear from the economic and political developments of the last few months that uncertainties have grown for the development of the global economy and for our footprint countries. Geopolitical crises, resulting for example from the increased terror threat or large numbers of refugees can have an adverse effect on the economies of the countries in which we operate. In addition, persistent economic weakness, especially in the emerging economies, could negatively impact on global trade and thus the markets of our operating segments. The ongoing discussion about possible exits from the European Union can also negatively affect economic development in Europe. The political and economic situation in Greece has essentially stabilized. However, risk factors remain, such as the marginal parliamentary majority of the governing coalition and potentially growing resistance to austerity measures, which could jeopardize negotiations with international creditors. As such, a renewed escalation towards crisis in the political situation cannot be entirely ruled out.

TELECOMMUNICATIONS MARKET

Consolidation pressure remains high in the European telecommunications industry, primarily as a result of declining revenues due to growing competition. At the same time, high investments are needed for the network build-out, for innovation, and the acquisition of spectrum. In light of this, the failed consolidation plan in Denmark has given rise to uncertainty in the industry: Back in September 2015, Telenor and TeliaSonera canceled their merger plans after the companies were unable to agree suitable terms with the EU Commission. It still remains to be seen what signal effect this decision will have on current and future consolidation plans in the European Union. The British Competition and Markets Authority approved the acquisition of EE by BT unconditionally and without remedies in January 2016. On the other hand, the EU Commission is still reviewing the planned merger between Hutchison and Telefónica in the United Kingdom and approved the merger of Liberty Global and BASE in Belgium only under strict conditions. Moves towards consolidation can also be seen in other countries: For example, Vodafone and Liberty Global are planning to merge their operations in the Netherlands and, in Italy, Hutchison and VimpelCom want to join forces.

European General Data Protection Regulation. Part of the digital single market strategy is the reform of data protection through the General Data

Protection Regulation negotiated between the European Commission, the EU Council, and the European Parliament in December 2015. Following its adoption in the European Parliament on April 14, 2016, the Regulation will enter into force 20 days after its publication in the EU's official journal between May and June 2016 and will be applicable in 2018 after a transition period of two years. The new data protection law closes a large gap in the regulation of service providers outside of the EU and imposes the same rules for all market players operating in the EU. The Regulation assures Europe of a high level of data protection and, at the same time, will pave the way for new digital business models. The General Data Protection Regulation applies directly in the member states and does not need to be transposed into national law. Contrary or redundant German law must be repealed by way of a specific act (Rechtsbereinigungsgesetz). Since the Bundestag election is due in 2017, a draft bill is expected to be submitted as early as in the second half of 2016.

Safe Harbor. Following the judgment of the European Court of Justice (ECJ) dated October 6, 2015, declaring the European Commission's Safe Harbor Decision to be void, the Commission put forward a successor agreement (EU-U.S. Privacy Shield) at the beginning of February 2016. As in the case of the former Safe Harbor Agreement, the Privacy Shield is intended to enable personal data of EU citizens to be transmitted to and processed in the United States. However, considerable doubts remain about whether the deficiencies identified in the judgment (for example, inadequate protection of personal data in the United States, insufficient protection from unrestricted access by U.S. security agencies, no guarantee of effective legal protection) have been rectified. Consequently, in an official statement on April 13, 2016, the Article 29 Working Party, comprising representatives from national data protection authorities in Europe, recommended further improvements. These relate primarily to the further restriction of criteria for mass surveillance, clear guarantees, powers for the new Ombudsperson to be set up, and access to the U.S. courts for EU citizens. Furthermore, the agreement is to be reviewed when the EU General Data Protection Regulation enters into force in two years. The alternative transfer methods (binding corporate rules, standard contractual clauses) are to remain valid for the time being. The EU Commission currently plans to ratify the agreement in June 2016. However, this will depend on whether all EU member states first approve the draft.

IT security legislation. Within the scope of the German IT Security Act (IT-Sicherheitsgesetz – IT-SiG), a draft ordinance (KRITIS VO) was drawn up in the first quarter of 2016, which sets out the criteria that enable operators of critical infrastructure (KRITIS) from the information technology and telecommunications, water, energy, and food sectors to identify whether they are subject to the provisions of the IT-SiG. The ordinance is expected to enter into force in May 2016.

Final approval of the EU Network and Information Security Directive is expected for the second quarter of 2016, following which, in addition to the provisions of the IT-SiG, online marketplaces, search engine operators, and cloud service providers must ensure compliance with minimum requirements for the security of their infrastructure and to report incidents. This may give rise to a need for the German legislature to amend the IT-SiG accordingly. It remains to be seen whether such an amendment would also remedy the previous deficiency of the IT-SiG regarding the non-consideration of hardware and software vendors.

REGULATION

Application for further vectoring roll-out. On April 7, 2016, the Federal Network Agency notified the EU Commission in Brussels of a draft decision regarding our application for vectoring roll-out. As in the previous draft consultation, this will grant us largely exclusive rights to roll out vectoring near local exchanges. However, in contrast to the first draft decision, competitors will be able to roll out vectoring in areas near local exchanges. The European Commission has until mid-May 2016 to comment on the draft. Provided the Commission does not express any serious concerns, the regulatory process is expected to be completed in the second quarter of 2016. However, the regulatory requirements for actual implementation will not be met until the reference offer has been adjusted, which is expected to be completed in the fourth quarter of 2016.

On October 28, 2015, the Federal Network Agency issued the **regulatory order for the bitstream market**. In addition to the current ex-post regulation for Layer 3 bitstream access products (BSA), this order requires an ex-ante license for Layer 2 bitstream access products, although it does not require cost-based regulation of charges. The Federal Network Agency also regulates the offer terms and conditions for Layer 2 bitstream access products in a "reference offer procedure." It issued a provisional ruling in this regard at the start of April 2016. A final decision is expected in June 2016. In the first quarter of 2016, we submitted a rates proposal for the new Layer 2 BSA to the Federal Network Agency. The main rates applied for were the monthly charges for a VDSL end customer line and for the handover points on the Broadband Network Gateway (BNG). A preliminary decision in the rates approval proceedings is expected in the middle of the second quarter of 2016. This will then be followed by national and EU consultations, such that final approval of the rates can be expected as of July 1, 2016.

Federal Network Agency proceedings on MagentaZuhause Hybrid. Since the start of 2015, we have been offering MagentaZuhause Hybrid rate plans to retail customers that combine fixed-network capacities (DSL) with mobile communications (LTE) in a single access product on the basis of innovative network technology. In 2015, the Federal Network Agency already rejected an application by 1&1 Telecom GmbH for us to provide a corresponding wholesale product. In January 2016, the Federal Network Agency began preliminary investigations in relation to the prices of MagentaZuhause Hybrid due to accusations made by 1&1, NetCologne and M-net that the prices were allegedly too low. However, since the Agency found no basis for objection, these investigations were discontinued on March 10, 2016.

Applications for ULL monthly charges. On February 5, 2016, we submitted rate applications for monthly charges for unbundled local loop lines (ULLs) and for passive infrastructure access products. On April 20, 2016, the Federal Network Agency published its draft consultations for the rate rulings, under which the charges for the most important option, access to unbundled local loop lines up to the main distribution frame, will be reduced by 1.7 percent from EUR 10.19/month to EUR 10.02/month. The drafts will first be put out for consultation at national and then at international level. Provided the European Commission does not express any serious concerns, we expect the final ruling at the end of June 2016. The new rates will apply from July 1, 2016.

Additional special taxes affecting our international subsidiaries. In addition to the already known special taxes, e.g., in Greece, Hungary, Romania, and Croatia, a tax on mobile masts was discussed in Austria, but was ultimately rejected.

AWARDING OF FREQUENCIES

The table below provides an overview of the main spectrum awards and auctions as well as license extensions in 2016 in Germany and at our international subsidiaries. It also indicates spectrum to be awarded in the near future in various countries.

Main spectrum awards

	Start of award	End of award	Frequency ranges (MHz)	Award process	Acquired spectrum (MHz)	Spectrum investment
Albania	Q3/2016	Q4/2016	3,500/3,700	Sealed bid ^a Sequential	tbd	tbd
Greece	Q3/2016	Q4/2016	1,800	Details tbd	tbd	tbd
United Kingdom	Q3/2016	Q4/2016	2,300/3,500	Auction (SMRA ^b) (expected)	tbd	tbd
Montenegro	Q2/2016	Q3/2016	800/900/ 1,800/2,100/2,600	Auction (CCA ^c) License extended until 2020	tbd	tbd
Netherlands	Q2/2014	Q1/2016	2,100	Auction (SMRA ^b)/ Sealed bid ^a	2x20	€ 24 million
Poland	Q1/2015	Q2/2016	800/2,600	Auction (SMRA ^b)	2x5/2x15	PLN 2.1 billion (around € 0.5 billion ^d)
Slovakia	Q2/2016	Q3/2016	1,800	Auction (SMRA ^b)	tbd	tbd
Czech Republic	Q2/2016	Q3/2016	1,800/2,600	Auction (SMRA ^b)	tbd	tbd
Czech Republic	Q3/2016	Q4/2016	3,700	Auction (SMRA ^b) (expected)	tbd	tbd
Hungary	Q2/2016	Q2/2016	3,500/3,700	Sealed bid ^a	tbd	tbd
United States	Q2/2016	Q3/2016	600	Incentive auction ^e	tbd	tbd

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

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

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

^d Total of final bids. Possible acquisition of an additional frequency block still being clarified. Allocation of spectrum expected for Q2 2016.

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

DEVELOPMENT OF BUSINESS IN THE GROUP

RESULTS OF OPERATIONS OF THE GROUP

NET REVENUE

In the first three months of the 2016 financial year, we generated net revenue of EUR 17.6 billion, an increase of EUR 0.8 billion or 4.7 percent compared with the same period in the prior year. The business development of our United States operating segment contributed substantially to this positive trend: T-Mobile US' successful Un-carrier initiatives gave a strong boost to the number of new customers and thus also to service revenues. By contrast, terminal equipment revenue was adversely affected. In connection with the JUMP! On Demand business model introduced by T-Mobile US in June 2015, customers are increasingly choosing to lease high-value terminal equipment. In our home market of Germany, revenue declined by 2.5 percent. This is primarily attributable to lower terminal equipment sales as well as a slight decline in mobile service revenues. In our Europe operating segment, we recorded a revenue decline of 2.4 percent. Decisions by regulatory authorities continued to impact on the development of our revenue. In addition, revenue

continued to come under pressure from persistently intense competition in the telecommunications markets in our national companies. Revenue in our Systems Solutions operating segment was up 6.1 percent compared with the prior-year quarter, primarily due to the completion of the set-up phase of the toll collection system in Belgium. In our Group Headquarters & Group Services segment, revenue declined year-on-year, mainly on account of revenue lost in connection with the sale of our online platform t-online.de and our digital marketing company InteractiveMedia in November 2015 and the realignment of the Group Innovation⁺ unit.

Excluding the positive exchange rate effects of EUR 0.1 billion in total – in particular from the translation of U.S. dollars into euros – and negative effects of changes in the composition of the Group of EUR 0.1 billion, revenue increased by EUR 0.8 billion or 4.5 percent. For details on the revenue trends in our Germany, United States, Europe, and Systems Solutions operating segments as well as in the Group Headquarters & Group Services segment, please refer to the section "Development of business in the operating segments," page 17 et seq.

Contribution of the segments to net revenue

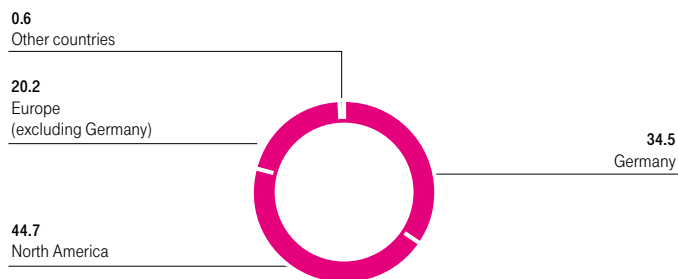
millions of €

	Q1 2016	Q1 2015	Change	Change %	FY 2015
NET REVENUE	17,630	16,842	788	4.7%	69,228
Germany	5,452	5,589	(137)	(2.5)%	22,421
United States	7,816	6,905	911	13.2%	28,925
Europe ^a	3,080	3,157	(77)	(2.4)%	13,024
Systems Solutions ^a	2,045	1,927	118	6.1%	8,194
Group Headquarters & Group Services	513	565	(52)	(9.2)%	2,275
Intersegment revenue	(1,276)	(1,301)	25	1.9%	(5,611)

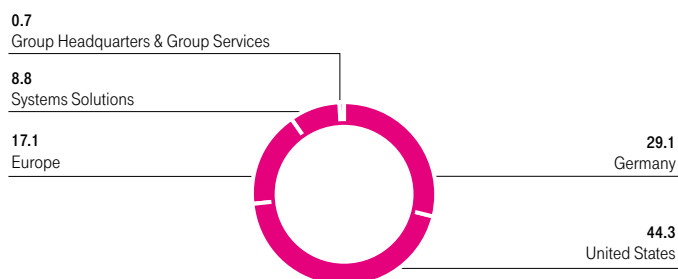
^a Business customer operations at Magyar Telekom in Hungary, which had previously been organizationally assigned to the Systems Solutions operating segment, have been bundled and reported under the Europe operating segment since January 1, 2016. Comparative figures have been adjusted retrospectively. For more information, please refer to the disclosures under segment reporting in the interim consolidated financial statements, pages 44 and 45.

Breakdown of revenue by regions

%

**Contribution of the segments to net revenue^a**

%



^a For more information on net revenue, please refer to the disclosures under segment reporting in the interim consolidated financial statements, pages 44 and 45.

At 44.3 percent, our United States operating segment again provided the largest contribution to net revenue of the Group. This was an increase of 3.3 percentage points compared with the prior-year period, due in particular to ongoing strong customer additions. By contrast, the contribution by our Germany and Europe operating segments and the Group Headquarters & Group Services segment decreased. The contribution of our Systems Solutions operating segment remained stable at 8.8 percent. The proportion of net revenue generated internationally rose from 63.0 percent in the prior-year period to 65.5 percent.

EBITDA, ADJUSTED EBITDA

Excluding special factors, adjusted EBITDA increased year-on-year by EUR 0.6 billion to EUR 5.2 billion in the first quarter of 2016. This development was primarily driven by our United States operating segment, which recorded an increase in its adjusted EBITDA contribution of EUR 0.7 billion, mainly as a result of the continued success of the Un-carrier initiatives. The revenue effects from JUMP! On Demand also contributed to the increase in adjusted EBITDA as the related costs were depreciated over the lease term and thus were excluded from adjusted EBITDA. Exchange rate effects and effects from changes in the composition of the Group had only a minor impact on the development of adjusted EBITDA.

EBITDA increased substantially by EUR 3.5 billion year-on-year to EUR 7.7 billion; this included positive net special factors of EUR 2.5 billion, relating primarily to income of some EUR 2.5 billion from the sale of our stake in the EE joint venture on January 29, 2016. Income of EUR 0.4 billion was generated from an exchange of spectrum licenses between T-Mobile US and AT&T in March 2016. At EUR 0.3 billion in total, expenses in connection with staff-related measures and non-staff-related restructuring expenses remained at the prior-year level. For detailed information on the development of EBITDA/adjusted EBITDA in our segments, please refer to the section "Development of business in the operating segments," page 17 et seq.

Contribution of the segments to adjusted Group EBITDA

millions of €

	Q1 2016	Q1 2015	Change	Change %	FY 2015
EBITDA (ADJUSTED FOR SPECIAL FACTORS) IN THE GROUP	5,163	4,574	589	12.9 %	19,908
Germany	2,180	2,211	(31)	(1.4) %	8,790
United States	1,908	1,225	683	55.8 %	6,654
Europe ^a	986	1,016	(30)	(3.0) %	4,329
Systems Solutions ^a	206	145	61	42.1 %	740
Group Headquarters & Group Services	(117)	(22)	(95)	n. a.	(552)
Reconciliation	-	(1)	1	n. a.	(53)

^a Business customer operations at Magyar Telekom in Hungary, which had previously been organizationally assigned to the Systems Solutions operating segment, have been bundled and reported under the Europe operating segment since January 1, 2016. Comparative figures have been adjusted retrospectively. For more information, please refer to the disclosures under segment reporting in the interim consolidated financial statements, pages 44 and 45.

EBIT

Group EBIT stood at EUR 4.5 billion, up EUR 3.1 billion against the prior-year period. This increase is due to the positive effects described under EBITDA, as well as an increase of EUR 0.4 billion in depreciation and amortization compared with the prior-year quarter, attributable to the build-out of the 4G/LTE network and the launch of the JUMP! On Demand program in our United States operating segment in June 2015.

PROFIT BEFORE INCOME TAXES

Profit before income taxes also increased substantially year-on-year by EUR 3.3 billion to EUR 4.3 billion. In addition to the aforementioned effects, the reason for this increase is the EUR 0.2 billion improvement in the loss from financial activities, mainly due to remeasurement effects resulting from the subsequent measurement of embedded derivatives on T-Mobile US bonds. On January 25, 2016, we received a final dividend of around EUR 0.2 billion in connection with the sale of our stake in the EE joint venture; in the prior-year quarter we recognized a dividend payment of EUR 0.3 billion.

NET PROFIT

Net profit increased by EUR 2.3 billion to EUR 3.1 billion. The tax expense for the current financial year amounted to EUR 0.9 billion, up EUR 0.7 billion compared with the same period in the prior year. For further information, please refer to the interim consolidated financial statements, page 43. Profit attributable to non-controlling interests increased compared with the prior-year period by EUR 0.3 billion. In our United States operating segment, the increase in profit attributable to non-controlling interests was driven by the positive business performance as well as in particular by the aforementioned remeasurement effect in profit/loss from financial activities.

Number of employees (at the reporting date)

	Mar. 31, 2016	Dec. 31, 2015
Germany	69,217	68,638
United States	43,445	44,229
Europe ^a	50,098	51,125
Systems Solutions ^a	43,940	44,504
Group Headquarters & Group Services	16,621	16,747
NUMBER OF EMPLOYEES IN THE GROUP	223,320	225,243
Of which: civil servants (in Germany, with an active service relationship) ^b	18,810	18,483

^a Business customer operations at Magyar Telekom in Hungary, which had previously been organizationally assigned to the Systems Solutions operating segment, have been bundled and reported under the Europe operating segment since January 1, 2016. Comparative figures have been adjusted retrospectively. For more information, please refer to the disclosures under segment reporting in the interim consolidated financial statements, pages 44 and 45.

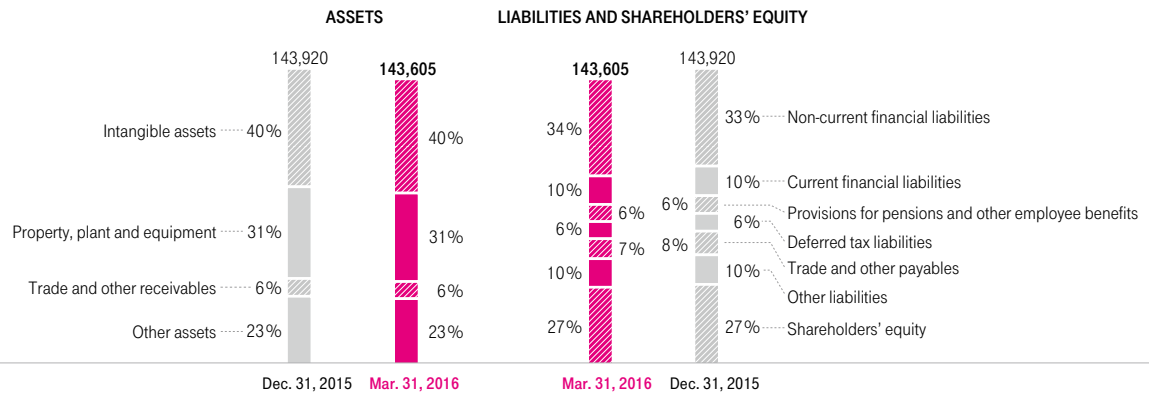
^b Includes employees returning from deconsolidated Group companies.

The Group's headcount decreased by 0.9 percent compared with the end of 2015. The headcount in the Germany operating segment increased slightly by 0.8 percent, mainly due to the relocation of 480 employees from the Systems Solutions operating segment to the Germany operating segment. This effect more than offset the staff cuts. The total number of employees in our United States operating segment fell by 1.8 percent. However, the reduction in the number of staff employed for customer acquisition was partially offset by the increase in employees for the network build-out and administrative employees. In our Europe operating segment, staff levels decreased by 2.0 percent compared with December 31, 2015, mainly due to efficiency enhancement measures in several countries of our operating segment. The headcount in our Systems Solutions operating segment declined by 1.3 percent, largely due to staff restructuring measures in Germany and abroad, and the relocation of 480 employees to the Germany operating segment. The number of employees in the Group Headquarters & Group Services segment was down slightly by 0.8 percent compared with the end of 2015, mainly due to the continued staff restructuring.

FINANCIAL POSITION OF THE GROUP

Structure of the consolidated statement of financial position

millions of €



Total assets amounted to EUR 143.6 billion, down only slightly against December 31, 2015.

Intangible assets increased by EUR 0.4 billion to EUR 57.4 billion, mainly due to additions totaling EUR 3.0 billion. This includes among other factors EUR 1.1 billion for the purchase of spectrum licenses by T-Mobile US, in particular from the exchange of spectrum licenses with AT&T that was completed in March 2016. Furthermore, there were additions from the acquisition of spectrum licenses by T-Mobile US in January 2016 for around EUR 0.5 billion and by T-Mobile Polska for around EUR 0.5 billion. Negative exchange rate effects, primarily from the translation of U.S. dollars into euros, reduced the carrying amount by EUR 1.3 billion. Amortization of EUR 1.0 billion as well as the reclassification of assets worth EUR 0.3 billion to non-current assets and disposal groups held for sale also lowered the carrying amount.

Property, plant and equipment decreased by EUR 0.2 billion compared with December 31, 2015 to EUR 44.4 billion. Additions of EUR 2.8 billion primarily in the United States and Germany operating segments increased the carrying amount. This also included EUR 0.7 billion of capitalized higher-priced mobile devices. These relate to the business model JUMP! On Demand introduced at T-Mobile US in June 2015 under which customers no longer purchase the device but lease it. By contrast, exchange rate effects, primarily from the translation of U.S. dollars into euros, reduced the carrying amount by EUR 0.6 billion. Depreciation charges of EUR 2.1 billion had a decreasing effect on the carrying amount, as did disposals of EUR 0.2 billion.

Trade and other receivables decreased by EUR 0.3 billion to EUR 8.9 billion. The business model JUMP! On Demand introduced at T-Mobile US in June 2015, reduced receivables: Under this model, trade receivables no longer include the receivable from the sale of the device when a contract is concluded with a customer, but only the monthly lease installment for the device. Exchange rate effects, mainly from the translation of U.S. dollars into euros, likewise had a reducing effect. Factoring agreements concluded in the reporting period concerning monthly revolving sales of current trade receivables also resulted in a reduction in receivables.

As of March 31, 2016, **other assets** included the following significant effects: The decrease of EUR 6.5 billion in the carrying amounts of **assets and disposal groups held for sale** to EUR 0.4 billion mainly resulted from the sale of our stake in the EE joint venture, which was completed on January 29, 2016 and reduced the carrying amount by EUR 5.8 billion. In addition, in March 2016, a transaction was concluded between T-Mobile US and AT&T for the exchange of mobile spectrum licenses. This also lowered the carrying amount by EUR 0.7 billion. By contrast, a transaction agreed between T-Mobile US and Sprint in the first quarter of 2016 for the exchange of spectrum licenses increased the carrying amount by EUR 0.3 billion. Current and non-current **other financial assets** increased by EUR 5.4 billion compared with December 31, 2015 to EUR 14.7 billion. In return for our stake in the EE joint venture, we received a cash payment as well as a financial stake of 12.0 percent in BT. This addition increased the carrying amount by EUR 7.4 billion. The subsequent measurement of this exchange-traded financial stake resulted in a carrying amount as of March 31, 2016 of EUR 6.7 billion. **Inventories** increased by EUR 0.2 billion, mainly due to increased stock levels of terminal equipment. This was attributable in part to the market launch of higher-priced smartphones at T-Mobile US in the first quarter of 2016.

Our current and non-current **financial liabilities** decreased by EUR 0.3 billion compared with the end of 2015 to EUR 62.1 billion in total. On March 23, 2016, Deutsche Telekom International Finance B.V. with the guarantee of Deutsche Telekom AG issued a Eurobond of EUR 4.5 billion in three tranches under our debt issuance program: a four-year variable-interest tranche with a volume of EUR 1.25 billion and a mark-up of 35 basis points above the 3-month EURIBOR, a seven-year fixed-interest tranche with a volume of EUR 1.75 billion and a coupon of 0.625 percent, and a 12-year tranche with a volume of EUR 1.5 billion and a fixed coupon of 1.5 percent. Repayments of a U.S. dollar bond in the amount of USD 1.0 billion (around EUR 0.9 billion), commercial paper in the amount of EUR 1.6 billion, and promissory notes in the amount of EUR 0.4 billion in the first quarter of 2016 had an offsetting effect. In addition, exchange rate effects from the translation of U.S. dollars into euros reduced financial liabilities by around EUR 1.3 billion. For the other main effects on financial liabilities, please refer to net cash from/used in financing activities on pages 43 and 44 of the interim consolidated financial statements.

On March 6, 2016, Deutsche Telekom AG issued an irrevocable and temporary loan commitment to T-Mobile US for USD 2 billion (approximately EUR 1.8 billion) with no effect on financial liabilities. Under this commitment, Deutsche Telekom AG undertakes to purchase Senior Notes from T-Mobile US for a nominal value of USD 2 billion at a fixed-interest rate of 5.3 percent p. a. with a term running until March 15, 2021. T-Mobile US was granted the right to make use of this loan commitment up to December 7, 2016.

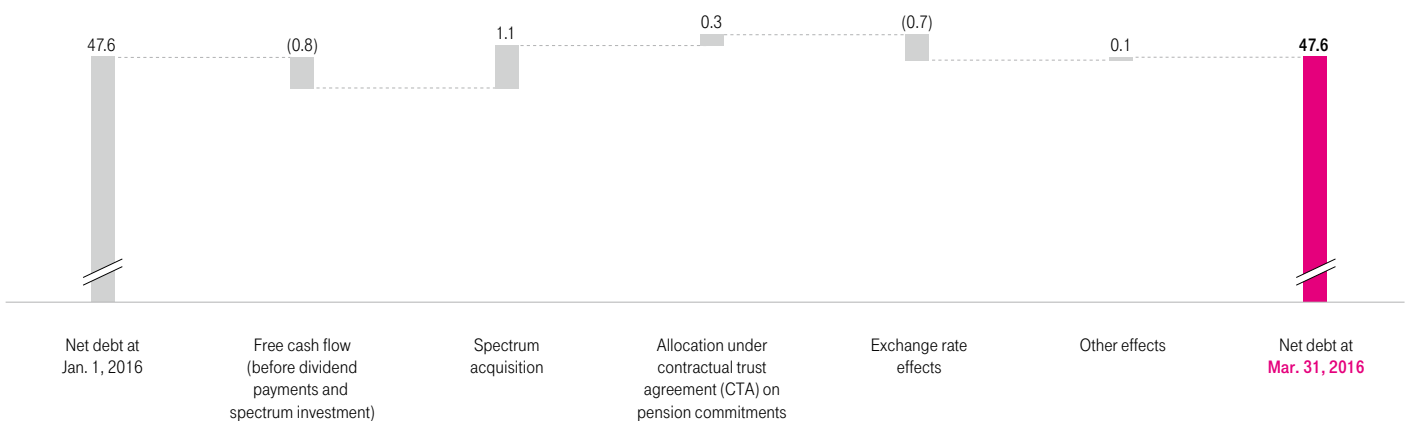
The EUR 0.3 billion increase in **provisions for pensions and other employee benefits** to EUR 8.4 billion was mainly due to interest rate adjustments which resulted in an actuarial loss to be recognized directly in equity of EUR 0.6 billion (before taxes). An increase in the plan assets by EUR 0.3 billion in Germany in the first quarter of 2016 (allocation under contractual trust agreement) reduced the provisions for pensions and other employee benefits.

Trade and other payables decreased by EUR 1.2 billion compared with the end of 2015 to EUR 9.9 billion. Apart from the reduction in the portfolio of liabilities at the national companies in our Europe and Germany operating segments, this decrease is attributable to exchange rate effects from the translation of U.S. dollars into euros.

Shareholders' equity increased by EUR 0.3 billion compared with December 31, 2015 to EUR 38.4 billion, primarily due to profit after taxes of EUR 3.4 billion. This profit was partially offset by currency translation effects recognized directly in equity of EUR 2.1 billion. As a result of the consummation of the sale of our stake in the EE joint venture on January 29, 2016, the gains of EUR 0.9 billion from the translation of pounds sterling into euros that had until this date been disclosed in shareholders' equity were reclassified through profit or loss to the consolidated income statement. Shareholders' equity was also reduced by losses of EUR 0.5 billion from the remeasurement of available-for-sale financial assets due to the subsequent measurement of our financial stake in BT, and EUR 0.4 billion from the recognition of actuarial losses (after taxes). The measurement of hedging instruments directly in equity resulted in a loss of EUR 0.2 billion.

Changes in net debt

billions of €



Other effects of EUR 0.1 billion include, among other factors, financing options under which the payments for trade payables become due at a later point in time by involving banks in the process. These payables are now shown under financial liabilities in the statement of financial position. For more information on net debt, please refer to the disclosures on the reconciliation of the pro forma figures in the section "Additional information," page 54 et seq.

Free cash flow (before dividend payments and spectrum investment)

millions of €

	Q1 2016	Q1 2015	Change	Change %	FY 2015
CASH GENERATED FROM OPERATIONS	4,497	4,288	209	4.9%	17,496
Interest received (paid)	(1,001)	(980)	(21)	(2.1)%	(2,499)
NET CASH FROM OPERATING ACTIVITIES	3,496	3,308	188	5.7%	14,997
Cash outflows for investments in intangible assets (excluding goodwill and before spectrum investment) and property, plant and equipment (CASH CAPEX)	(2,831)	(2,530)	(301)	(11.9)%	(10,818)
Proceeds from disposal of intangible assets (excluding goodwill) and property, plant and equipment	157	87	70	80.5%	367
FREE CASH FLOW (BEFORE DIVIDEND PAYMENTS AND SPECTRUM INVESTMENT)	822	865	(43)	(5.0)%	4,546

Free cash flow. Free cash flow in the Group before dividend payments and spectrum investment decreased only slightly against the prior-year period to EUR 0.8 billion. On the one hand, net cash from operating activities increased by EUR 0.2 billion. On the other hand, cash outflows for investments in intangible assets (excluding goodwill and before spectrum investment) and property, plant and equipment also increased by EUR 0.3 billion.

The increase in net cash from operating activities was mainly attributable to the positive business development of the United States operating segment. During the reporting period, factoring agreements were concluded concerning monthly revolving sales of trade receivables. Compared with the prior-year period, factoring agreements resulted in positive effects of EUR 0.2 billion on net cash from operating activities in the first quarter of 2016.

This mainly relates to factoring agreements in the Germany operating segment. The lower dividend payment received from the former EE joint venture decreased net cash from operating activities year-on-year by EUR 0.1 billion.

The increase in cash capex (excluding goodwill and before spectrum investment) compared with the prior-year period was mainly attributable to the United States operating segment in connection with the network modernization, including the roll-out of the 4G/LTE network.

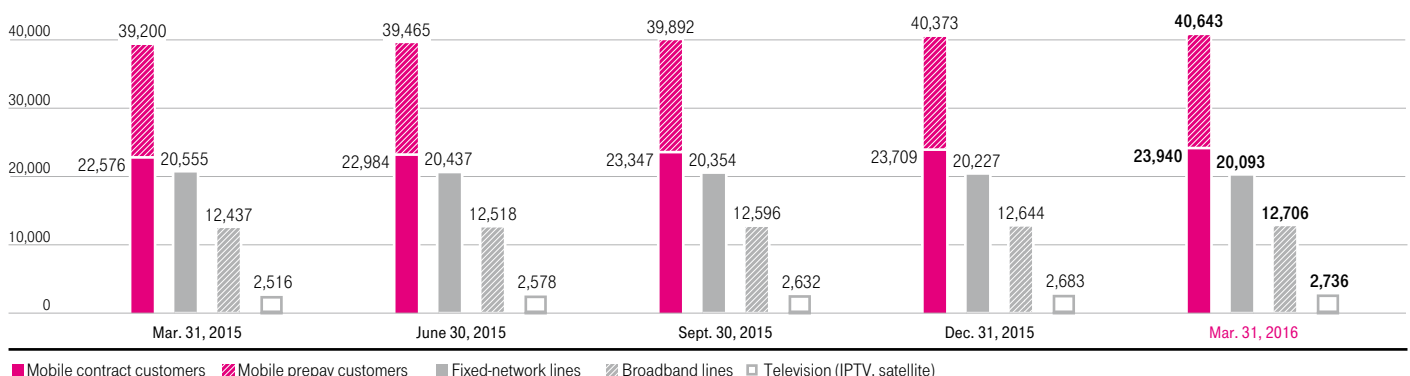
For further information on the statement of cash flows, please refer to the interim consolidated financial statements, pages 43 and 44.

DEVELOPMENT OF BUSINESS IN THE OPERATING SEGMENTS

GERMANY

CUSTOMER DEVELOPMENT

thousands



thousands

	Mar. 31, 2016	Dec. 31, 2015	Change Mar. 31, 2016/ Dec. 31, 2015 %	Mar. 31, 2015	Change Mar. 31, 2016/ Mar. 31, 2015 %
TOTAL					
Mobile customers	40,643	40,373	0.7%	39,200	3.7%
Contract customers	23,940	23,709	1.0%	22,576	6.0%
Prepay customers	16,703	16,665	0.2%	16,624	0.5%
Fixed-network lines	20,093	20,227	(0.7)%	20,555	(2.2)%
Of which: retail IP-based	7,470	6,887	8.5%	5,120	45.9%
Broadband lines	12,706	12,644	0.5%	12,437	2.2%
Of which: optical fiber	3,286	2,923	12.4%	2,094	56.9%
Television (IPTV, satellite)	2,736	2,683	2.0%	2,516	8.7%
Unbundled local loop lines (ULLs)	7,867	8,050	(2.3)%	8,619	(8.7)%
Wholesale unbundled lines	3,319	3,015	10.1%	2,353	41.1%
Of which: optical fiber	1,741	1,444	20.6%	886	96.5%
Wholesale bundled lines	206	227	(9.3)%	287	(28.2)%
OF WHICH: CONSUMERS					
Mobile customers	28,856	29,016	(0.6)%	28,945	(0.3)%
Contract customers	17,453	17,297	0.9%	16,303	7.1%
Prepay customers	11,403	11,719	(2.7)%	12,642	(9.8)%
Fixed-network lines	15,790	15,900	(0.7)%	16,158	(2.3)%
Of which: retail IP-based	6,521	6,076	7.3%	4,610	41.5%
Broadband lines	10,257	10,209	0.5%	10,012	2.4%
Of which: optical fiber	2,841	2,530	12.3%	1,806	57.3%
Television (IPTV, satellite)	2,546	2,492	2.2%	2,326	9.5%
OF WHICH: BUSINESS CUSTOMERS					
Mobile customers	11,787	11,358	3.8%	10,256	14.9%
Contract customers	6,487	6,412	1.2%	6,273	3.4%
Prepay customers (M2M)	5,300	4,946	7.2%	3,982	33.1%
Fixed-network lines	3,311	3,339	(0.8)%	3,375	(1.9)%
Of which: retail IP-based	897	773	16.0%	482	86.1%
Broadband lines	2,093	2,093	0.0%	2,090	0.1%
Of which: optical fiber	435	385	13.0%	283	53.7%
Television (IPTV, satellite)	189	190	(0.5)%	188	0.5%

Total

In Germany, we remain market leader, both in the fixed-network and mobile businesses. This success is attributable to our high-performance networks. We offer best customer experience with multi-award-winning network quality – in the fixed network and in mobile communications – and with a broad product portfolio.

So far, we have won 2.2 million customers for our first integrated product, MagentaEins, comprising fixed-network and mobile components.

In mobile communications, we won another 270 thousand customers overall in the first quarter of 2016. Thanks to high demand for mobile rate plans with integrated data volumes, there was a positive development in the mobile contract customer base.

With our “network of the future,” we provide state-of-the-art connection technology. By the end of 2018, we want to convert our entire network to IP technology. By the end of the first quarter of 2016, we had migrated 10.4 million retail and wholesale lines to IP, which corresponds to a migration rate of 43 percent.

We continued to record strong demand for our fiber-optic products: The number of these lines rose by 660 thousand in the first quarter of 2016 to a total of 5.0 million. Thus in the last twelve months, we have connected 2 million German households with optical fiber. With the progress in fiber-optic roll-out and innovative vectoring technology, we successfully drove forward the marketing of substantially higher bandwidths – and will continue to do so more and more in the future. With our contingent model and its future refinement, we are creating incentives for the migration from traditional wholesale products – such as bundled wholesale lines or unbundled local loop lines (ULLs) – to higher-quality fiber-optic wholesale lines.

Mobile communications

We are generating momentum with our excellent network quality and our broad product portfolio for high-value contract customers. Since the end of 2015, we have won a total of 231 thousand new contract customers. In our branded contract customer business, we recorded 138 thousand additions under the Deutsche Telekom and “congstar” brands. The reseller business (service providers) recorded 93 thousand net additions. The number of prepaid customers increased by 38 thousand since the end of 2015, with the growth in business customers compensating for the reduction in the number of consumers.

Smartphones accounted for 93.3 percent of mobile devices sold. They were primarily Android and iOS devices (iPhones), with high-priced devices in particular demand.

Fixed network

Due to the persistently challenging development in the fixed-network market, primarily owing to aggressive pricing offers of competitors, we are pursuing new paths in marketing. Our focus here is on integrated offers as well as TV and fiber-optic lines. The success bears us out: The number of broadband lines increased by 62 thousand compared with the end of the prior year. In total, 21.5 percent of our broadband customers are TV customers: In the first quarter of 2016 alone, we won 53 thousand new TV customers. In the traditional fixed network, the number of lines decreased by 134 thousand. In terms of line losses per quarter, the overall trend is stable.

Our MagentaZuhause rate plans offer a comprehensive product portfolio for the fixed network based on IP technology and rate plan-specific bandwidths. MagentaZuhause Hybrid bundles fixed-network and mobile technology in a single router. Since we launched this innovative product Germany-wide in March 2015, we have won 200 thousand customers, primarily in rural areas.

We have also connected around 157 thousand apartments to our network through our partnerships in the housing sector.

Consumers

In the first quarter of 2016, the number of mobile customers decreased by 0.6 percent against the prior-year level. The number of prepaid customers decreased by 316 thousand, with some customers switching to our mobile contracts, for example to our cost-effective “congstar” rate plans. However, we added 156 thousand contract customers, with 62 thousand of these net additions under the Telekom and “congstar” brands. The high acceptance of our MagentaMobil rate plans and the AllnetFlat rate plans at “congstar” in particular resulted in this contract customer growth. Reseller business (service providers) increased by 93 thousand from the start of the year.

In the fixed-network market, price and competitive pressure remain high. Nevertheless, we succeeded in keeping line losses at the same level as in the prior-year quarter. We migrated 445 thousand customers to IP-based lines in the first quarter of 2016. We won 54 thousand new television customers compared with the end of 2015. Of the 10.3 million broadband lines, around 2.8 million customers use fiber-optic lines – an increase of 311 thousand in the first quarter of 2016 alone.

Business Customers

The positive trend in the Business Customers segment from the prior year continued: Since the beginning of the year, we have recorded 429 thousand mobile customer additions, 75 thousand of whom were high-value contract customers. In mobile Internet, customers are increasingly opting for plans with more bandwidth, in conjunction with higher-quality terminal equipment. We added 354 thousand new M2M SIM cards in a very aggressively priced market. This growth was due to the increased use of SIM cards, especially in the automotive and logistics industries. The number of fixed-network lines remained stable compared with the end of 2015 at 3.3 million. At 2.1 million, broadband lines also remained at the same level as at the end of 2015, with the number of fiber-optic lines increasing by 13.0 percent.

There was a positive trend in demand for IT cloud products, where we recorded revenue growth of 39 percent. We also recorded growth in new IP-based products from our DeutschlandLAN product range, such as IP Start and IP Voice/Data.

Wholesale

At the end of the first quarter of 2016, fiber-optic lines accounted for 15.3 percent of all lines – 2.5 percentage points higher than at the end of 2015. The strong growth in our wholesale unbundled lines by 304 thousand or 10.1 percent compared with the end of 2015 was primarily attributable to the strong demand for our contingent model. By contrast, the number of bundled wholesale lines decreased by 21 thousand. This trend is likely to continue for the next few years due to the fact that our competitors are switching from bundled to unbundled wholesale products with more bandwidth, or to their own infrastructure. The number of unbundled local loop lines decreased by 183 thousand or 2.3 percent compared with year-end 2015. This is due first to the move to higher-quality fiber-optic wholesale lines, and second to retail customers switching to cable operators. In addition, wholesale customers are migrating their retail customers to their own fiber-optic lines and in some cases also to mobile-based lines. The total number of lines in the wholesale sector increased slightly compared with the end of 2015 to 11.4 million.

DEVELOPMENT OF OPERATIONS

millions of €

	Q1 2016	Q1 2015	Change	Change %	FY 2015
TOTAL REVENUE	5,452	5,589	(137)	(2.5)%	22,421
Consumers	2,922	3,037	(115)	(3.8)%	12,146
Business Customers	1,447	1,484	(37)	(2.5)%	5,942
Wholesale	933	912	21	2.3%	3,685
Other	150	156	(6)	(3.8)%	648
Profit from operations (EBIT)	1,074	1,190	(116)	(9.7)%	4,490
EBIT margin %	19.7	21.3			20.0
Depreciation, amortization and impairment losses	(948)	(935)	(13)	(1.4)%	(3,755)
EBITDA	2,022	2,125	(103)	(4.8)%	8,245
Special factors affecting EBITDA	(158)	(86)	(72)	(83.7)%	(545)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	2,180	2,211	(31)	(1.4)%	8,790
EBITDA margin (adjusted for special factors) %	40.0	39.6			39.2
CASH CAPEX	(908)	(949)	41	4.3%	(5,609)

The Value-Added Services segment was dissolved as of January 1, 2016, and the revenue allocated to Consumers, Business Customers, and Other. Prior-year figures have been adjusted accordingly.

Total revenue

Revenue decreased by 2.5 percent compared with the prior-year quarter. This development was mainly driven by non-contract terminal equipment revenue in mobile business; revenue from mobile business decreased by 5.8 percent. Excluding this effect, revenue declined by 1.3 percent year-on-year. Increased TV and IT revenues had a positive impact on fixed-network revenue development. However, this was not sufficient to completely offset declines in other areas. As a result, revenue in the fixed-network business decreased by 1.0 percent.

Revenue from **Consumers** decreased by 3.8 percent year-on-year. Volume- and price-related revenue decreases continued to dominate traditional fixed-network business, which declined by 2.3 percent, mainly due to lower variable charges and voice revenue. By contrast, revenue from broadband business increased by 1.6 percent. Mobile revenues decreased by 6.3 percent, driven mainly by the decline in terminal equipment business. Our mobile service revenues declined only slightly against the prior-year quarter by 0.3 percent, with the increase in service revenues under the "congstar" brand almost offsetting the decline in revenue from prepay business.

Revenue from **Business Customers** decreased by 2.5 percent, mainly due to falling mobile revenues, which were down 4.9 percent. This decrease was primarily driven by service revenues. The decline in fixed-network revenue from traditional voice telephony could not be fully offset by the positive trend in IT revenues.

Wholesale revenue was up 2.3 percent on the prior-year level, primarily due to higher revenue from unbundled lines, mainly as a result of the contingent model.

EBITDA, adjusted EBITDA

EBITDA adjusted for special factors decreased by 1.4 percent year-on-year in the first quarter of 2016 to EUR 2.2 billion, mainly due to lower revenue. With an adjusted EBITDA margin of 40.0 percent, we are at our expected target level. EBITDA amounted to EUR 2.0 billion in the reporting period, a decline of 4.8 percent against the prior-year quarter, due in particular to higher special factors for expenses in connection with our staff restructuring.

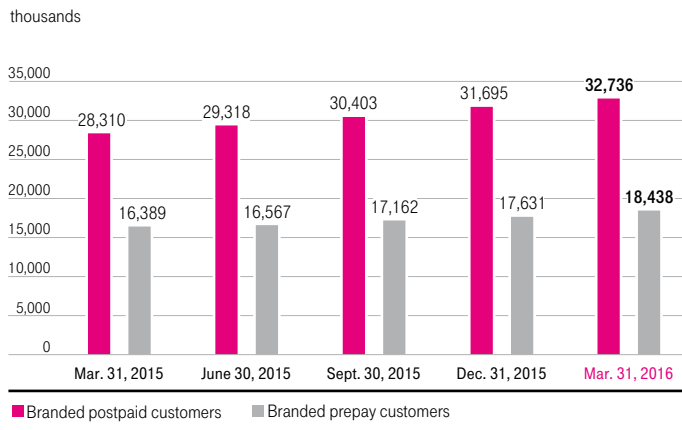
EBIT

Profit from operations decreased by 9.7 percent year-on-year to EUR 1.1 billion. This was mainly attributable to higher expenses incurred in connection with staff-related measures. EBIT was also reduced by a slight increase in depreciation, amortization and impairment losses.

Cash capex

Cash capex decreased year-on-year to EUR 0.9 billion in the reporting period due to seasonal effects. During the first quarter of 2016, we again made significant investments in the vectoring and fiber-optic cable roll-out, our IP transformation, and our LTE infrastructure as part of our integrated network strategy.

UNITED STATES CUSTOMER DEVELOPMENT



thousands

	Mar. 31, 2016	Dec. 31, 2015	Change Mar. 31, 2016/ Dec. 31, 2015 %	Mar. 31, 2015	Change Mar. 31, 2016/ Mar. 31, 2015 %
UNITED STATES					
Mobile customers	65,503	63,282	3.5%	56,836	15.2%
Branded customers	51,174	49,326	3.7%	44,699	14.5%
Branded postpaid	32,736	31,695	3.3%	28,310	15.6%
Branded prepay	18,438	17,631	4.6%	16,389	12.5%
Wholesale customers	14,329	13,956	2.7%	12,137	18.1%

At March 31, 2016, the United States operating segment (T-Mobile US) had 65.5 million customers compared to 63.3 million customers at December 31, 2015. Net customer additions were 2.2 million for the three months ended March 31, 2016, an increase from 1.8 million net customer additions for the three months ended March 31, 2015 due to the factors described below.

Branded customers. Branded postpaid net customer additions were 1,041 thousand for the three months ended March 31, 2016, compared to 1,125 thousand branded postpaid net customer additions for the three months ended March 31, 2015. Branded postpaid net customer additions remained strong for the three months ended March 31, 2016 driven by positive customer response to T-Mobile US' Un-carrier initiatives such as JUMP! On Demand, ongoing network improvements and promotional activities. Branded postpaid net customer additions for the three months ended March 31, 2016 were lower compared to the three months ended March 31, 2015, primarily attributable to higher deactivations resulting from a relatively consistent rate of branded postpaid churn being applied to a growing branded postpaid customer base and ongoing competitive activity. The decrease was partially offset by higher branded postpaid gross customer additions.

Branded prepay net customer additions were 807 thousand for the three months ended March 31, 2016, compared to 73 thousand branded prepay net customer additions for the three months ended March 31, 2015. The increase was primarily attributable to higher gross customer additions driven by the success of promotional activities and continued growth in new markets.

Wholesale customers. Wholesale net customer additions were 373 thousand for the three months ended March 31, 2016, compared to wholesale net customer additions of 620 thousand for the three months ended March 31, 2015. The decrease was primarily attributable to higher MVNO deactivations, partially offset by MVNO gross customer additions.

DEVELOPMENT OF OPERATIONS

millions of €

	Q1 2016	Q1 2015	Change	Change %	FY 2015
TOTAL REVENUE	7,816	6,905	911	13.2%	28,925
Profit from operations (EBIT)	956	273	683	n.a.	2,454
EBIT margin %	12.2	4.0			8.5
Depreciation, amortization and impairment losses	(1,312)	(838)	(474)	(56.6)%	(3,775)
EBITDA	2,268	1,111	1,157	n.a.	6,229
Special factors affecting EBITDA	360	(114)	474	n.a.	(425)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	1,908	1,225	683	55.8%	6,654
EBITDA margin (adjusted for special factors) %	24.4	17.7			23.0
CASH CAPEX	(1,756)	(2,729)	973	35.7%	(6,381)

Total revenue

Total revenue for the United States operating segment of EUR 7.8 billion in the first quarter of 2016 increased by 13.2 percent compared to EUR 6.9 billion in the first quarter of 2015. In U.S. dollars, T-Mobile US' total revenues increased by 10.9 percent year-on-year due primarily to service revenue growth resulting from increases in the customer base from the strong customer response to T-Mobile US' Un-carrier initiatives, the success of promotional activities and continued growth in new markets. Equipment revenues decreased due primarily to a decline in the number of devices sold and a lower average revenue per device sold under T-Mobile US' equipment installment plan program. This decrease was partially offset by higher lease revenues resulting from an increase in the number of devices leased under the JUMP! On Demand program, as well as a greater proportion of high-end devices being leased under the JUMP! On Demand program. With JUMP! On Demand, revenues associated with leased devices are recognized over the term of the lease rather than when the device is delivered to the customer.

EBITDA, adjusted EBITDA, adjusted EBITDA margin

Adjusted EBITDA increased by 55.8 percent to EUR 1.9 billion in the first quarter of 2016, compared to EUR 1.2 billion in the first quarter of 2015. In U.S. dollars, adjusted EBITDA increased by 53.5 percent in the first quarter of 2016, compared to the first quarter of 2015. Adjusted EBITDA was positively impacted by increased branded postpaid and prepay service revenues resulting from strong customer response to T-Mobile US' Un-carrier initiatives and ongoing success of promotional activities. Lower losses on equipment sales due primarily to the impact of customers shifting to leasing devices with JUMP! On Demand also contributed to the increase in adjusted EBITDA as the related handset costs are capitalized and depreciated over the lease term and are excluded from adjusted EBITDA. Additionally, focused cost control and synergies realized from the decommissioning of the MetroPCS CDMA network contributed to the adjusted EBITDA increase during the first

quarter of 2016. These effects were partially offset by higher commissions from growth in T-Mobile US' branded gross customer additions and higher employee-related costs to support T-Mobile US' growing total customer base. The adjusted EBITDA margin increased to 24.4 percent in the first quarter of 2016, compared to 17.7 percent in the first quarter of 2015 due to the factors described above.

Adjusted EBITDA in the first quarter of 2016 excludes EUR 0.4 billion special factors primarily related to a non-cash gain from a spectrum license transaction with AT&T, partially offset by costs relating to the decommissioning of the MetroPCS CDMA network and stock-based compensation costs. Overall, EBITDA increased to EUR 2.3 billion in the first quarter of 2016, compared to EUR 1.1 billion in the first quarter of 2015 due to the factors described above, including the impact of special factors.

EBIT

EBIT increased to EUR 956 million in the first quarter of 2016, compared to EUR 273 million in the first quarter of 2015. This was driven by higher adjusted EBITDA, partially offset by higher depreciation expense. Depreciation related to devices leased under T-Mobile US' JUMP! On Demand program launched in the second quarter of 2015, as well as an increase from the build-out of T-Mobile US' 4G/LTE network, resulted in increased depreciation expense in the first quarter of 2016.

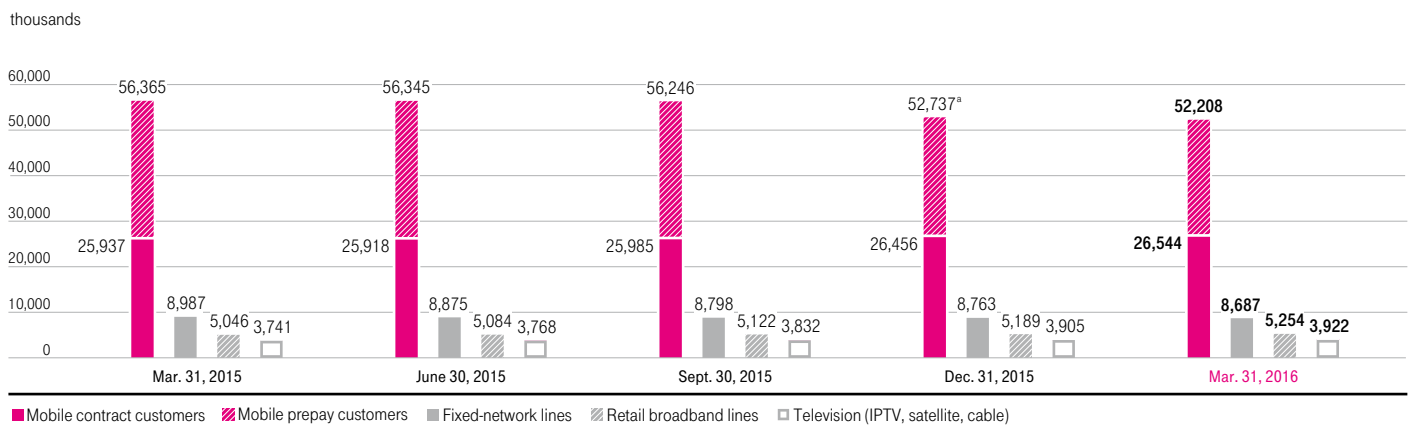
Cash capex

Cash capex decreased to EUR 1.8 billion in the first quarter of 2016, compared to EUR 2.7 billion in the first quarter of 2015, primarily to EUR 1.9 billion of spectrum licenses acquired through the U.S. FCC auction in January 2015 offset by payments of EUR 0.6 billion for the acquisition of spectrum licenses during the first quarter of 2016 as T-Mobile US continues to invest in network capex for the build-out of the 4G/LTE network.

EUROPE

CUSTOMER DEVELOPMENT

Business customer operations at Magyar Telekom in Hungary, which had previously been organizationally assigned to the Systems Solutions operating segment, have been bundled and reported under the Europe operating segment since January 1, 2016. Comparative figures have been adjusted retrospectively. For more information, please refer to the disclosures under segment reporting in the interim consolidated financial statements (pages 44 and 45).



^a In the fourth quarter of 2015, the number of mobile customers in Poland decreased by 3,838 thousand in connection with the deactivation of inactive prepaid SIM cards.

thousands

		Mar. 31, 2016	Dec. 31, 2015	Change Mar. 31, 2016/ Dec. 31, 2015 %	Mar. 31, 2015	Change Mar. 31, 2016/ Mar. 31, 2015 %
EUROPE, TOTAL ^a	Mobile customers	52,208	52,737	(1.0)%	56,365	(7.4)%
	Fixed-network lines	8,687	8,763	(0.9)%	8,987	(3.3)%
	Of which: IP-based	4,261	4,132	3.1%	3,626	17.5%
	Retail broadband lines	5,254	5,189	1.3%	5,046	4.1%
	Television (IPTV, satellite, cable)	3,922	3,905	0.4%	3,741	4.8%
	Unbundled local loop lines (ULLs)/ wholesale PSTN	2,242	2,239	0.1%	2,279	(1.6)%
	Wholesale bundled lines	122	121	0.8%	136	(10.3)%
	Wholesale unbundled lines	215	199	8.0%	156	37.8%
GREECE	Mobile customers	7,477	7,399	1.1%	7,308	2.3%
	Fixed-network lines	2,583	2,586	(0.1)%	2,599	(0.6)%
	Broadband lines	1,574	1,531	2.8%	1,413	11.4%
ROMANIA	Mobile customers	5,934	5,992	(1.0)%	6,008	(1.2)%
	Fixed-network lines	2,055	2,091	(1.7)%	2,189	(6.1)%
	Broadband lines	1,204	1,186	1.5%	1,192	1.0%
HUNGARY	Mobile customers	5,372	5,504	(2.4)%	5,463	(1.7)%
	Fixed-network lines	1,659	1,674	(0.9)%	1,710	(3.0)%
	Broadband lines	1,028	1,023	0.5%	990	3.8%
POLAND ^a	Mobile customers	11,821	12,056	(1.9)%	15,794	(25.2)%
	Fixed-network lines	18	18	0.0%	12	50.0%
	Broadband lines	17	15	13.3%	11	54.5%
CZECH REPUBLIC	Mobile customers	6,024	6,019	0.1%	5,993	0.5%
	Fixed-network lines	141	154	(8.4)%	155	(9.0)%
	Broadband lines	133	134	(0.7)%	145	(8.3)%
CROATIA	Mobile customers	2,206	2,233	(1.2)%	2,214	(0.4)%
	Fixed-network lines	1,012	1,004	0.8%	1,052	(3.8)%
	Broadband lines	749	741	1.1%	726	3.2%
NETHERLANDS	Mobile customers	3,668	3,677	(0.2)%	3,830	(4.2)%
SLOVAKIA	Mobile customers	2,231	2,235	(0.2)%	2,202	1.3%
	Fixed-network lines	851	855	(0.5)%	875	(2.7)%
	Broadband lines	609	599	1.7%	570	6.8%
AUSTRIA	Mobile customers	4,221	4,323	(2.4)%	3,956	6.7%
OTHER ^b	Mobile customers	3,255	3,299	(1.3)%	3,596	(9.5)%
	Fixed-network lines	367	381	(3.7)%	395	(7.1)%
	Broadband lines	283	285	(0.7)%	293	(3.4)%

^a In the fourth quarter of 2015, the number of mobile customers in Poland decreased by 3,838 thousand in connection with the deactivation of inactive prepaid SIM cards.

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

Total

The national companies of our Europe operating segment once again had to face the challenge of a highly competitive market environment in the first quarter of 2016. We successfully introduced our convergence brand MagentaOne in seven countries where our subsidiaries pursue an integrated business model. By March 31, 2016, we had already won more than 1.0 million FMC customers – an increase of 13.9 percent in the first quarter of 2016 alone. One key success factor of our convergent product portfolio is the joint marketing of fixed network and mobile communications for a seamless telecommunications experience. TV business also performed well on the market. The key to this successful marketing is on the one hand, the wide variety of our TV services and, on the other, the provision of high bandwidths, which we achieve through a mix of technologies depending on the telecommunications infrastructure available in each country of our operating segment. For this reason, we are systematically driving forward the roll-out of fast, fiber-optic lines (FTTH,

FTTB and FTTC) in the fixed network. In mobile communications, we can already offer our customers in many countries transmission rates of up to 300 Mbit/s and sometimes even higher via LTE Advanced/4G+. As part of our pan-European network strategy, we also increased the number of IP lines – primarily thanks to the successful migration from traditional PSTN lines to IP technology.

We also aim to be the best integrated provider for our customers with regard to connecting machines worldwide. In machine-to-machine (M2M) communications, we are expanding our mobile and fixed-network product portfolio along the value chain offering customer-oriented solution components. In the process, we benefit from the solutions and integration expertise of T-Systems, a strong partner network, and the commencing implementation of our Smart Cities strategy.

Mobile communications

Mobile telephony and data services. In the first quarter of 2016, we had 52.2 million mobile customers in total. This slight decline of 1.0 percent compared with the end of 2015 is mainly due to losses in prepay customers, driven primarily by intense competition in the prepay business in our European mobile markets due in particular to aggressive MVNO pricing. As a result of our strategy of focusing on high-value contract customers, there was a positive trend in this business, with the number of customers increasing slightly compared with the end of 2015 to 26.5 million. Many of our national companies contributed to this result, especially Austria, Romania, and the Netherlands. At the end of the first quarter of 2016, contract customers accounted for 50.8 percent of the total customer base.

This success is attributable to our high-performance networks. We are positioning ourselves in the relevant markets as a quality provider with the best service – and in many countries also as the provider with the best mobile network. This was demonstrated to impressive effect, for example, by the Best in Test award from P3 Communications for our national company in the Netherlands in the first quarter of 2016. Part of our network strategy is to continue rolling out 4G/LTE technology in our mobile networks in all countries of our operating segment, so as to increase transmission rates. Thanks to our investments in our 4G/LTE network, our customers enjoy better network coverage with fast mobile broadband. As of the end of the first quarter of 2016, we already covered 72 percent of the population in the countries of our operating segment with LTE, thus reaching more than 94 million people in total. By 2018, we want to achieve total network coverage of between 75 and 95 percent. Not only the high level of data consumption, but also the sales figures for mobile devices prove that our customers actually use these high bandwidths, with 80 percent of all devices sold being smartphones.

Fixed network

Telephony, Internet, and television. Our TV and entertainment offerings have evolved into an important pillar of the consumer business, which is why we continuously invest in improving our entertainment services. This entails, on the one hand, a portfolio with an impressive selection of film, sports and television rights. However, we are also working hard on providing services that our customers can use in high quality – anywhere and on all devices. The number of TV customers increased slightly by 0.4 percent in the first quarter of 2016 to 3.9 million. Compared with the prior-year quarter this increase was as much as 4.8 percent. The majority of the 181 thousand net additions were customers in Greece, Romania, Hungary, and Slovakia.

As an integrated telecommunications provider, we want to drive forward the convergence of fixed-network and mobile technology (FMC) and are offering the concept of the convergence brand MagentaOne to customers in all our integrated countries with great success. As of March 31, 2016, we had won more than 1.0 million FMC customers, an increase of 13.9 percent. Greece and Romania in particular contributed to this growth. While our initial focus was only on the consumer segment, we are now also extending the MagentaOne offering to the business customer segment. We already offer MagentaOne Business to our business customers in Romania, the F.Y.R.O. Macedonia, and Croatia, and COSMOTE Business One to our business customers in Greece. The technical basis for FMC products is a simplified and standardized network; this requires the national companies with a fixed-network architecture to migrate to IP technology. At segment level, IP-based lines accounted for 49.1 percent of all lines. As of March 31, 2016, we recorded 4.3 million IP-based lines – an increase of 3.1 percent compared with the end of 2015. The successful completion of IP migration in Slovakia and the F.Y.R.O. Macedonia in 2014 was followed by Montenegro and Croatia in 2015. For the current financial year, we plan to complete the IP migration in Hungary. As of the end of the reporting period, 8.7 million customers in our Europe operating segment were using a fixed-network line, 0.9 percent fewer than as of December 31, 2015. The main reason for this decline is line losses in traditional telephony (PSTN).

The number of retail broadband lines continued to grow apace, increasing by 1.3 percent to 5.3 million, and by as much as 4.1 percent compared with the prior-year quarter. This increase was mainly driven by DSL business, especially in Greece, where VDSL technology is enjoying dynamic growth. But the number of DSL-based broadband lines also grew in Romania, Hungary, and Slovakia. Household coverage with optical fiber reached 20 percent in the respective national companies at the reporting date, compared with 19 percent at the end of 2015. By 2018, we want 50 percent of households in our integrated national companies to have access to FTTx, i.e., transmission rates of up to 100 Mbit/s.

DEVELOPMENT OF OPERATIONS

millions of €

	Q1 2016	Q1 2015	Change	Change %	FY 2015
TOTAL REVENUE	3,080	3,157	(77)	(2.4)%	13,024
Greece	685	692	(7)	(1.0)%	2,878
Romania	234	241	(7)	(2.9)%	984
Hungary	403	445	(42)	(9.4)%	1,848
Poland	378	382	(4)	(1.0)%	1,544
Czech Republic	229	226	3	1.3%	958
Croatia	220	211	9	4.3%	909
Netherlands	324	346	(22)	(6.4)%	1,394
Slovakia	187	187	0	0.0%	783
Austria	208	197	11	5.6%	829
Other ^a	270	279	(9)	(3.2)%	1,136
Profit from operations (EBIT)	326	326	0	0.0%	1,476
EBIT margin %	10.6	10.3			11.3
Depreciation, amortization and impairment losses	(636)	(636)	0	0.0%	(2,632)
EBITDA	962	962	0	0.0%	4,108
Special factors affecting EBITDA	(24)	(54)	30	55.6%	(221)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	986	1,016	(30)	(3.0)%	4,329
Greece	267	263	4	1.5%	1,118
Romania	38	55	(17)	(30.9)%	205
Hungary	126	115	11	9.6%	526
Poland	120	130	(10)	(7.7)%	580
Czech Republic	99	89	10	11.2%	390
Croatia	82	81	1	1.2%	367
Netherlands	88	133	(45)	(33.8)%	500
Slovakia	78	73	5	6.8%	296
Austria	69	65	4	6.2%	259
Other ^a	20	13	7	53.8%	88
EBITDA margin (adjusted for special factors) %	32.0	32.2			33.2
CASH CAPEX	(1,009)	(498)	(511)	n. a.	(1,667)

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

^a Other: national companies of Albania, the F.Y.R.O. Macedonia, and Montenegro, as well as ICSS (International Carrier Sales & Solutions), the ICSS/GNF business of the local business units, GNF (Global Network Factory), GTS Central Europe group in Romania, Europe Headquarters, Group Technology, and Pan-Net.

Total revenue

Our Europe operating segment generated total revenue of EUR 3.1 billion in the first quarter of 2016, a year-on-year decrease of 2.4 percent. In organic terms, i.e., excluding the spin-off of the energy resale business in Hungary as of January 1, 2016 and assuming constant exchange rates, segment revenue remained more or less stable (down 0.4 percent). Excluding the development of business in the Netherlands, organic revenue in the Europe operating segment would in fact have increased slightly (up 0.4 percent).

Decisions by regulatory authorities continued to impact on the development of our revenue. For example, reduced mobile termination rates in Hungary resulted in the decrease in organic revenue. In addition, revenue continued to come under pressure from persistently intense competition in the telecommunications markets in our national companies. Wholesale business remained almost stable.

Since our national companies continue to focus successfully on strategic growth areas, we partially compensated the negative revenue effects at segment level with a revenue increase of 6.5 percent generated in these business areas. Thus the growth areas accounted for 30.4 percent of segment revenue.

Revenue from mobile data business increased by 6.3 percent compared with the prior-year quarter to EUR 26 million. Most countries of our operating segment made a contribution to this growth, especially the Czech Republic, Austria, and Greece. The largest share of revenue from mobile data business was attributable to consumers. Attractive rate plans combined with a broad portfolio of terminal equipment resulted in a substantial increase in the usage of data services, especially by contract customers. Thanks to innovative TV and program management, the TV business continued its upward trend of the past few quarters: As of the end of the first quarter of 2016, TV revenue increased by 11.2 percent and accounted for some 20 percent of the revenue generated in the growth areas. The B2B/ICT business with business customers also recorded year-on-year growth in revenue in the first quarter of the year, thanks to the expanded product and service portfolio, as well as to the acquisition of the GTS Central Europe group in 2014. Business with cloud services contributed too, by again growing significantly in an intensely competitive market. In addition to the growth areas, revenues from sales of mobile devices increased by 4.1 percent.

In terms of organic segment revenue by country, business in the Netherlands was hit hardest by absolute revenue declines in the first quarter of 2016, mainly due to price-driven decreases in voice telephony. Slight growth in sales of mobile terminal equipment had only a partially offsetting effect. Romania also recorded revenue losses in its declining fixed-network business, primarily due to lower revenue from voice telephony and the B2B/ICT business, which was only partially offset by growth in the mobile business. Higher revenue contributions from Hungary, Austria, and Poland in particular had a positive impact on organic segment revenue.

EBITDA, adjusted EBITDA

Our Europe operating segment generated adjusted EBITDA of EUR 986 million in the first quarter of 2016, a year-on-year decrease of 3.0 percent. In organic terms, i.e., excluding the spin-off of the energy resale business in Hungary as of January 1, 2016 and assuming constant exchange rates, adjusted EBITDA decreased by 2.4 percent. Excluding the development of business in the Netherlands, organic adjusted EBITDA in the Europe operating segment would in fact have increased by 2.4 percent.

Adjusted EBITDA was impacted, on the one hand, by the overall decrease in revenue at segment level and, on the other, by the increase in direct costs, partly due to higher market investments. Changes in legislation, taxes and duties, national austerity programs, and regulatory decisions put additional pressure on our earnings. We were only partially able to offset these negative effects by reducing indirect costs. Savings in personnel costs in particular made a positive contribution.

Considering adjusted EBITDA by country, the decline was mainly attributable to the Netherlands, Romania, and the Greek mobile operations. By contrast, the adjusted EBITDA generated in Hungary and the Czech Republic in particular, as well as in the fixed-network business in Greece, increased.

At EUR 962 million, EBITDA remained at the prior-year level, thanks to two offsetting effects. In the prior-year quarter, EBITDA had been affected by higher negative special factors, mainly due to the expense to settle a claim for damages against Slovak Telekom. This effect was offset by the decrease in adjusted EBITDA in the first quarter of 2016.

Development of operations in selected countries

With the aim of becoming the leading European telecommunications provider, we are pursuing the strategy of developing the majority of our national companies into integrated all-IP players that provide the best customer experience – regardless of their respective market position. To this end, we are establishing a production model with the help of a pan-European, fully IP-based network infrastructure, the best network access, and optimized processes and customer interfaces. Most of our national companies already operate in both fixed-network and mobile communications in their respective markets. We present the following three national companies by way of example:

Greece. Revenue in Greece decreased slightly by 1.0 percent year-on-year to EUR 685 million. The still strained economic situation and the intensely competitive environment had a negative impact on mobile revenue overall: Revenues generated from voice telephony also declined as a result of restrained use of voice services. Revenue from sales of mobile terminal equipment decreased as well. This is contrasted by the positive trend in the data business, which recorded double-digit growth thanks to much higher data usage.

The revenue increase in the fixed-network business – largely driven by the TV business – partially offset the decline in revenue from the mobile business. The TV business increased significantly compared to the prior-year quarter, with revenue growth of more than 50 percent as a result of particularly high demand (some 90 thousand net additions year-on-year) for our offering, with its wide variety of TV services and TV content. The successful launch of the FMC product CosmoteOne also contributed to this growth. We also recorded brisk customer growth with a positive effect on our broadband revenue in connection with the roll-out of broadband lines based on DSL technology. The B2B/ICT business with business customers also made a positive contribution. Overall, we managed to offset the decline in revenue from voice telephony.

In the first quarter of 2016, adjusted EBITDA in Greece stood at EUR 267 million, up 1.5 percent against the prior-year period. The overall decrease in revenue was compensated in full by savings in both direct and indirect costs. Savings in indirect costs mainly relate to lower personnel costs. EBITDA was also affected – to a smaller extent – by special factors, primarily in connection with expenses for staff-related measures.

Hungary. In Hungary, revenue decreased by 9.4 percent compared with the first quarter of the prior year to EUR 403 million; excluding the spin-off of the energy resale business and assuming constant exchange rates, we even recorded an organic increase in revenue of 4.1 percent. This growth is largely attributable to the positive trend in fixed-network business, especially due to the increase in revenue from broadband and TV business. Broadband and TV business accounted for 48 percent of total fixed-network revenue in the first quarter of 2016. In line with our strategy of rolling out a pan-European network in our integrated national companies, we stepped up our marketing of IP-based broadband lines in order to migrate entirely to IP by the end of the year as planned. Accordingly, the number of broadband lines increased compared with the prior-year quarter. Our TV business also profited from this, attracting customers with its innovative services across all screens. Furthermore, the successful start of MagentaOne last year made a positive contribution. The B2B/ICT business with business customers also substantially contributed to revenue, enabling us to more than offset the overall decline in voice revenue in traditional telephony.

In mobile business, service revenues in particular decreased compared with the prior-year period, due entirely to lower termination charges as a result of mobile regulation. The positive trend in business with mobile data revenue continued in the first quarter of 2016 with an increase of 10.7 percent. This positive development is, among other factors, the result of our high-speed mobile network and the huge reach. Furthermore, we successfully marketed innovative products, which is reflected both in usage behavior and by the fact that smartphones accounted for a high proportion of all terminal devices sold. This can also be seen in terminal equipment sales.

Adjusted EBITDA amounted to EUR 126 million in the first quarter of 2016, representing a year-on-year increase of 9.6 percent. In organic terms, adjusted EBITDA grew by as much as 12.5 percent.

Austria. In Austria, we generated revenue of EUR 208 million in the first quarter of 2016, up 5.6 percent compared with the same quarter of the prior year. This increase is largely attributable to higher revenue from mobile data business. Thanks to continued strong growth in the number of contract customers, the proportion of total revenues accounted for by data revenue also increased. In addition, slightly higher revenue from voice telephony made a positive contribution to revenue. This increase was mainly due to the successful launch of the new rate plan model last year, as well as to sustained high demand for smartphones. Both factors resulted in a sharp increase in the usage of data services. These overall positive effects offset the slightly lower revenues from SMS business. In addition, business with the sale of mobile terminal equipment made a positive contribution to revenue performance.

Adjusted EBITDA rose by 6.2 percent year-on-year in the first quarter of 2016 to EUR 69 million, mainly due to increased revenue. This offset the increased market investments in terms of direct costs. Indirect costs were at the same level as in the prior year.

EBIT

At EUR 326 million, EBIT in our Europe operating segment remained at the prior-year level in the first quarter of 2016, as did depreciation and amortization.

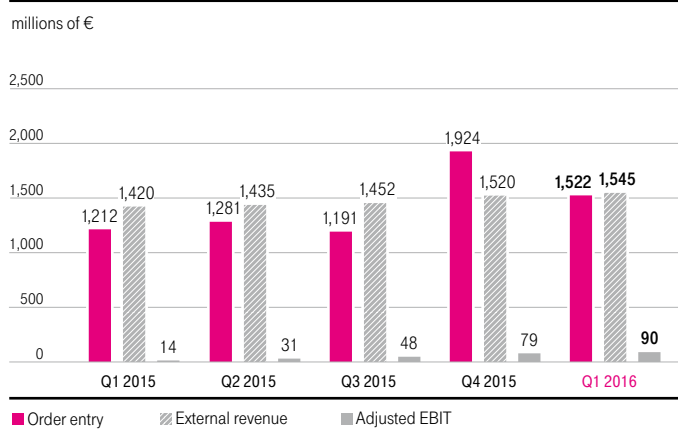
Cash capex

In the first quarter of 2016, our Europe operating segment reported cash capex of EUR 1.0 billion. This increase of EUR 511 million compared with the prior-year quarter was primarily due to the acquisition of mobile spectrum in Poland and the frequency extension in the Netherlands in the first quarter of 2016.

SYSTEMS SOLUTIONS

SELECTED KPIS

Business customer operations at Magyar Telekom in Hungary, which had previously been organizationally assigned to the Systems Solutions operating segment, have been bundled and reported under the Europe operating segment since January 1, 2016. Comparative figures have been adjusted retrospectively. For more information, please refer to the disclosures under segment reporting in the interim consolidated financial statements (pages 44 and 45).



	Mar. 31, 2016	Dec. 31, 2015	Change Mar. 31, 2016/ Dec. 31, 2015 %	Mar. 31, 2015	Change Mar. 31, 2016/ Mar. 31, 2015 %
ORDER ENTRY (millions of €)	1,522	5,608	n. a.	1,212	25.6%
COMPUTING & DESKTOP SERVICES					
Number of servers managed and serviced (units)	63,255	62,590	1.1%	61,406	3.0%
Number of workstations managed and serviced (millions)	1.67	1.71	(2.3)%	1.62	3.1%
SYSTEMS INTEGRATION					
Hours billed (millions)	1.7	5.3	n. a.	1.4	21.4%
Utilization rate (%)	82.1	82.9	(0.8)% p	81.7	0.4% p

Development of business

In the first quarter of 2016, our Systems Solutions operating segment performed well compared with the prior-year period, with the Market Unit also profiting from the completion of the set-up phase in connection with our corporate customer project to set up and operate an electronic toll collection system in Belgium. Strengthened by the realignment, our standard solutions from the growth area of cloud computing in particular won out over the competition and its aggressive pricing. As a result, order entry increased by 25.6 percent year-on-year. Another key component in the expansion of our cloud business is strategic partnerships. This means we offer our partners' services from our data centers in Germany in order to meet our customers' needs.

The aspects of security and high availability play a key role for T-Systems and our customers.

To meet the requirements from the new deals, we are continuously modernizing and consolidating our ICT resources. Against this background, the number of servers managed and serviced increased by 3.0 percent compared with the first quarter of 2015. At the data centers, technical advances made it possible to set up ever larger and higher-performance units, which had a positive impact on our cost efficiency. The number of workstations managed and serviced increased by 3.1 percent compared with the first quarter of 2015.

DEVELOPMENT OF OPERATIONS

millions of €

	Q1 2016	Q1 2015	Change	Change %	FY 2015
TOTAL REVENUE	2,045	1,927	118	6.1%	8,194
Profit (loss) from operations (EBIT)	30	(70)	100	n. a.	(541)
Special factors affecting EBIT	(60)	(84)	24	28.6%	(713)
EBIT (adjusted for special factors)	90	14	76	n. a.	172
EBIT margin (adjusted for special factors) %	4.4	0.7			2.1
Depreciation, amortization and impairment losses	(116)	(141)	25	17.7%	(634)
EBITDA	146	71	75	n. a.	93
Special factors affecting EBITDA	(60)	(74)	14	18.9%	(647)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	206	145	61	42.1%	740
EBITDA margin (adjusted for special factors) %	10.1	7.5			9.0
CASH CAPEX	(237)	(248)	11	4.4%	(1,151)

Total revenue

Total revenue in our Systems Solutions operating segment in the first quarter of 2016 amounted to EUR 2.0 billion, a year-on-year increase of 6.1 percent.

Revenue of the Market Unit, i.e., essentially business with external customers, was up 6.6 percent compared with the first quarter of 2015 to EUR 1.7 billion; with international revenue in particular increasing by 17.5 percent. This was mainly due to the completion of the set-up phase for the toll collection system in Belgium. There was also a positive trend in revenue from new contracts, especially in cloud business. By contrast, the general downward price trend in ICT business and exchange rate effects had a negative impact on the Market Unit's revenue.

In the Telekom IT business unit, which mainly pools the Group's domestic internal IT activities, revenue was up 3.6 percent against the prior-year quarter, to EUR 317 million, on account of final settlement within the Group. Telekom IT's revenue is expected to decrease below the prior-year level over the course of the year due to planned further IT cost savings by the Group.

EBITDA, adjusted EBITDA

Adjusted EBITDA in our Systems Solutions operating segment increased by EUR 61 million or 42.1 percent in the first quarter of 2016, due to a substantially higher contribution from the Market Unit, which was up 45.2 percent. The increase in the Market Unit's earnings was primarily attributable to the completion in the reporting period of the set-up phase for the toll collection system in Belgium. Adjusted EBITDA at Telekom IT was down slightly year-on-year. The adjusted EBITDA margin of our Systems Solutions operating segment increased from 7.5 percent in the prior-year period to 10.1 percent.

EBITDA also increased by EUR 75 million compared with the prior-year period to EUR 146 million, mainly due to the effects described under adjusted EBITDA and to a EUR 14 million decrease in special factors, primarily due to restructuring programs.

EBIT, adjusted EBIT

Adjusted EBIT increased by EUR 76 million compared with the prior-year period, due in particular to the one-time effect in the Market Unit described under EBITDA. As a result, the adjusted EBIT margin rose from 0.7 percent in the first quarter of 2015 to 4.4 percent. Decreases in depreciation and amortization due to the migration of IT platforms also impacted positively on adjusted EBIT.

Cash capex

Cash capex stood at EUR 237 million in the reporting period. Our level of investment remains high and is attributable to the increasing advancement of the digitization of enterprises. For this reason, we will invest in growth areas

such as connected car and healthcare, as well as in cutting-edge digital innovation areas like cloud computing and cyber security. Enhanced efficiency, for example as a result of the standardization of the ICT platforms and the consolidation of data centers, had an offsetting effect.

GROUP HEADQUARTERS & GROUP SERVICES

Group Headquarters & Group Services comprises all Group units that cannot be allocated directly to one of the operating segments. For more information, please refer to the section "Group structure" in the 2015 Annual Report, page 58 et seq.

millions of €					
	Q1 2016	Q1 2015	Change	Change %	FY 2015
TOTAL REVENUE	513	565	(52)	(9.2)%	2,275
Profit (loss) from operations (EBIT)	2,139	(252)	2,391	n. a.	(860)
Depreciation, amortization and impairment losses	(130)	(144)	14	9.7%	(627)
EBITDA	2,269	(108)	2,377	n. a.	(233)
Special factors affecting EBITDA	2,386	(86)	2,472	n. a.	319
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	(117)	(22)	(95)	n. a.	(552)
CASH CAPEX	(60)	(96)	36	37.5%	(342)

Total revenue

Total revenue in our Group Headquarters & Group Services segment in the first quarter of 2016 decreased by 9.2 percent year-on-year, mainly due to revenue lost in connection with the sale of our online platform t-online.de and our digital marketing company InteractiveMedia in November 2015 as well as the realignment of the Group Innovation⁺ unit. In addition, intragroup revenue decreased due to the continued efforts to optimize the use of land and buildings.

EBITDA, adjusted EBITDA

Adjusted EBITDA in the Group Headquarters & Group Services segment decreased by EUR 95 million year-on-year in the reporting period, mainly due to income of EUR 175 million recorded in the first quarter of 2015 in connection with an agreement to settle a complaints procedure under anti-trust law. Excluding this one-time effect, adjusted EBITDA was up EUR 80 million against the first quarter of 2015, mainly due to higher income from real estate sales and lower personnel costs as a result of the continued staff restructuring at Vivento. Additional positive effects on adjusted EBITDA resulted from the realignment of the Group Innovation⁺ unit. The loss of contributions in connection with the sale of t-online.de and InteractiveMedia as well as the continued efforts to optimize the use of land and buildings had a negative impact in the first quarter of 2016.

Overall, positive special factors of EUR 2.4 billion affected EBITDA in the first quarter of 2016. These factors resulted primarily from the sale of our EE joint venture to the UK company BT, which was completed on January 29, 2016. We generated income of some EUR 2.5 billion from this sale. Expenses – in particular for staff-related measures – remained on a par with the prior-year level at around EUR 0.1 billion.

EBIT

The year-on-year increase in EBIT by EUR 2.4 billion is primarily attributable to income from the disposal of our EE joint venture in the reporting period. Depreciation, amortization and impairment losses were down EUR 14 million on the prior-year level.

Cash capex

Cash capex decreased year-on-year by EUR 36 million, largely due to the purchase of fewer vehicles and licenses.

EVENTS AFTER THE REPORTING PERIOD (MARCH 31, 2016)

For information on the draft decision of which the Federal Network Agency notified Brussels on April 7, 2016 regarding the **regulation of vectoring near local exchanges** and the Federal Network Agency's draft consultation published on April 20, 2016 regarding the **ULL monthly charges**, please refer to the section "The economic environment," page 10 et seq.

For information on developments in the legal proceedings regarding the **claim for compensation against OTE** and the concluded **claims for damages concerning the provision of subscriber data**, please refer to the section "Risks and opportunities," pages 31 and 32.

Collective agreements for Group Headquarters and Telekom Deutschland. On April 13, 2016, Deutsche Telekom and the ver.di union agreed the terms for a collective agreement for Group Headquarters and Telekom Deutschland. The new collective agreement provides for salaries to increase with retroactive effect by 2.2 percent as of April 1, 2016 and by a further 2.1 percent as of April 1, 2017. Lower salary bands increased at the higher rate of 2.6 percent as of April 1, 2016. The new agreement takes effect on February 1, 2016 and runs for two years.

Placement of shares in Scout24 AG. On April 14, 2016, we placed approximately 2.6 million shares in Scout24 AG in an accelerated book-building process at a price of EUR 30.00 per placed share. The settlement of the sale took place on April 18, 2016. We received gross proceeds of about EUR 79 million. Following the sale, we continue to hold approximately 11.8 million shares, representing approximately 10.9 percent of the total number of shares of Scout24 AG. Due to the continued significant influence on Scout24 AG's finance and operations, the remaining stake in this company continues to be included in the consolidated financial statements using the equity method and is still part of the Group Headquarters & Group Services segment.

Financing activities. On April 1, 2016, T-Mobile US issued **Senior Notes** with a total volume of USD 1.0 billion. The company expects to use the net proceeds from this offering for the purchase of 700 MHz A-block spectrum and other spectrum purchases. On April 12, 2016, Deutsche Telekom International Finance B.V. with the guarantee of Deutsche Telekom AG issued a **Eurobond** of EUR 0.5 billion under our debt issuance program. The issuance forms part of the Company's general corporate financing. In April 2016, Deutsche Telekom AG issued irrevocable and temporary **loan commitments** to T-Mobile US for another up to USD 2.0 billion with no effect on financial liabilities.

FORECAST

The statements in this section reflect the current views of our management. To date, there is no evidence that the forecasts published in the 2015 combined management report have significantly changed (2015 Annual Report, page 116 et seq.). Accordingly, the statements made therein remain valid. For additional information and recent changes in the economic situation, please refer to the section "The economic environment" in this interim Group management report. Readers are also referred to the Disclaimer at the end of this report.

RISKS AND OPPORTUNITIES

This section provides important additional information and explains recent changes in the risks and opportunities as described in the combined management report for the 2015 financial year (2015 Annual Report, page 125 et seq.). Readers are also referred to the Disclaimer at the end of this report.

LITIGATION

Monthly charges for the unbundled local loop. The new rulings issued and the withdrawal of claims following the implementation of settlement agreements with (former) complainants (see "Regulation," page 32) result in deeming the remaining risk from the proceedings concerning the ULL monthly and one-time charges to be low. As a result, we will not report about the proceedings which are still pending in the future.

Claim for damages in Malaysia after legal final arbitration ruling. Celcom Malaysia Berhad (Celcom) and Technology Resources Industries Berhad are pursuing actions with the state courts in Kuala Lumpur, Malaysia, against eleven defendants in total, including DeTeAsia Holding GmbH (DTAH), a subsidiary of Deutsche Telekom AG. The complainants are demanding damages and compensation of USD 232 million plus interest. DTAH had enforced this amount against Celcom in 2005 on the basis of a final ruling in its favor. The first instance proceedings are scheduled for October 2016. It is not yet possible to estimate the potential financial impact with sufficient certainty.

Claim for compensation against OTE. In the legal action that Lannet Communications S. A. took against OTE claiming compensation for damages amounting to around EUR 176 million plus interest, the relevant court in Athens ruled in favor of OTE on April 8, 2016, and requested that the claimant withdraw its claim.

PROCEEDINGS CONCLUDED IN 2016

Claims for damages concerning the provision of subscriber data. In 2005, telegate AG filed a claim against Deutsche Telekom AG for damages of approximately EUR 86 million plus interest. telegate AG alleged that Deutsche Telekom AG charged excessive prices for the provision of subscriber data between 1997 and 1999. Also in 2005, Dr. Harisch, founder of telegate AG, filed a claim against Deutsche Telekom AG for damages of most recently around EUR 612 million plus interest. After both Dr. Harisch and telegate AG lost their cases in the courts of first and second instance, the complaint filed by Dr. Harisch against the non-allowance of appeal was dismissed by the Federal Court of Justice in April 2015. The Federal Court of Justice has now also dismissed the complaint by telegate AG against non-allowance of appeal in a ruling dated April 12, 2016. Thus both claims have now been dismissed with final and binding effect and the proceedings are at an end.

REGULATION

Consumer protection. In February 2014, the Federal Network Agency had presented a draft regulation designed to achieve more transparency and greater cost control in telecommunications services. The draft regulation is expected to be adopted by the end of the second quarter of 2016 following agreement with the relevant ministries. Back in September 2015, the Federal Network Agency launched its measuring system that enables consumers to measure the bandwidths available on their fixed-network and mobile lines. A report on the line bandwidths achieved throughout Germany is expected to be published in May 2016. The regulation will enter into force after a six-month transposition period. An extended transposition period of twelve months is envisaged for individual rules.

Retrospective new ruling on rate approvals. The settlement agreements concluded in 2015 with complainants concerning the ULL one-time charges, in which the originally approved charges were agreed and the contractual parties undertook to withdraw pending claims, were implemented in full by April 2016. On this basis, we submitted corresponding rate applications to the Federal Network Agency on September 23, 2015 and November 30, 2015, which were approved on November 5, 2015 and February 1, 2016. Thus the past ULL one-time charges in the amount of the original approval have now become legal and binding for almost the entire market.

Awarding of frequencies. With regard to risks and opportunities in relation to spectrum regulation, particular note should be made of the proceedings currently in preparation or in planning in some countries for the awarding of spectrum. The allocations mainly relate to the auctioning of spectrum in the 0.8 GHz, 1.8 GHz, 2.6 GHz, and 3.5 GHz ranges. Award procedures are currently being prepared in Greece, the United Kingdom, Montenegro, the Czech Republic, Hungary, and Slovakia, which are expected to be held by the end of 2016. In addition, the Incentive Auction has begun in the United States to reallocate former broadcast spectrum to mobile communications usage. The first phase is aimed at broadcasters, while the second phase later in the year will focus on the sale of surrendered spectrum to interested mobile companies.

On October 27, 2015, the EU parliament and the European Council adopted the EU Regulation concerning the single market for electronic communications, which contains provisions on net neutrality, international roaming, and obligations to provide information.

- **Net neutrality.** The Body of European Regulators for Electronic Communications (BEREC) is currently working on guidelines for implementing the regulation on net neutrality. An initial consultation on these guidelines has been announced for the start of June 2016 and publication for the end of August 2016.
- **International roaming.** In the first quarter of 2016, the European Commission completed a consultation on further measures to abolish roaming surcharges. The Commission is expected to publish a legislative proposal for the further regulation of wholesale roaming charges by June 15, 2016 at the latest, which is set to be adopted by the middle of 2017. Depending on the content of this proposal, revenue risks may arise for us and our subsidiaries, among other things from the misuse of the international roaming mechanism to circumvent national terms and conditions.

On March 15, 2016, the European Commission launched a public consultation to evaluate the **termination rate recommendation** dated May 7, 2009, with a deadline of June 7, 2016. This consultation is intended, on the one hand, to examine the effects of the "pure LRIC cost standard" introduced with the previous termination rate recommendation, and, on the other, to ask questions about the future regulatory measures. Future regulatory measures entail both risks and opportunities. Risks result from the related future rate reductions, while the opportunities relate to the fact that the Commission could deregulate the termination market.

ASSESSMENT OF THE AGGREGATE RISK POSITION

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

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

millions of €

	Mar. 31, 2016	Dec. 31, 2015	Change	Change %	Mar. 31, 2015
ASSETS					
CURRENT ASSETS	25,453	32,184	(6,731)	(20.9)%	28,549
Cash and cash equivalents	7,332	6,897	435	6.3%	5,100
Trade and other receivables	8,894	9,238	(344)	(3.7)%	10,696
Current recoverable income taxes	136	129	7	5.4%	125
Other financial assets	4,829	5,805	(976)	(16.8)%	2,702
Inventories	1,998	1,847	151	8.2%	1,841
Other assets	1,855	1,346	509	37.8%	1,826
Non-current assets and disposal groups held for sale	409	6,922	(6,513)	(94.1)%	6,259
NON-CURRENT ASSETS	118,152	111,736	6,416	5.7%	108,912
Intangible assets	57,384	57,025	359	0.6%	56,791
Property, plant and equipment	44,442	44,637	(195)	(0.4)%	41,221
Investments accounted for using the equity method	811	822	(11)	(1.3)%	652
Other financial assets	9,877	3,530	6,347	n.a.	3,759
Deferred tax assets	5,119	5,248	(129)	(2.5)%	6,142
Other assets	519	474	45	9.5%	347
TOTAL ASSETS	143,605	143,920	(315)	(0.2)%	137,461
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES	32,211	33,548	(1,337)	(4.0)%	28,357
Financial liabilities	13,876	14,439	(563)	(3.9)%	10,116
Trade and other payables	9,867	11,090	(1,223)	(11.0)%	9,542
Income tax liabilities	260	197	63	32.0%	278
Other provisions	3,227	3,367	(140)	(4.2)%	3,605
Other liabilities	4,981	4,451	530	11.9%	4,816
Liabilities directly associated with non-current assets and disposal groups held for sale	-	4	(4)	n.a.	-
NON-CURRENT LIABILITIES	72,950	72,222	728	1.0%	72,108
Financial liabilities	48,185	47,941	244	0.5%	47,004
Provisions for pensions and other employee benefits	8,369	8,028	341	4.2%	9,213
Other provisions	3,027	2,978	49	1.6%	2,536
Deferred tax liabilities	9,342	9,205	137	1.5%	9,236
Other liabilities	4,027	4,070	(43)	(1.1)%	4,119
LIABILITIES	105,161	105,770	(609)	(0.6)%	100,465
SHAREHOLDERS' EQUITY	38,444	38,150	294	0.8%	36,996
Issued capital	11,793	11,793	0	0.0%	11,611
Treasury shares	(51)	(51)	0	0.0%	(53)
	11,742	11,742	0	0.0%	11,558
Capital reserves	52,399	52,412	(13)	0.0%	51,796
Retained earnings including carryforwards	(36,187)	(38,969)	2,782	7.1%	(37,385)
Total other comprehensive income	(1,470)	(178)	(1,292)	n.a.	(235)
Total other comprehensive income directly associated with non-current assets and disposal groups held for sale	-	1,139	(1,139)	n.a.	1,201
Net profit (loss)	3,125	3,254	(129)	(4.0)%	787
ISSUED CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT	29,609	29,400	209	0.7%	27,722
Non-controlling interests	8,835	8,750	85	1.0%	9,274
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	143,605	143,920	(315)	(0.2)%	137,461

CONSOLIDATED INCOME STATEMENT

millions of €

	Q1 2016	Q1 2015	Change	Change %	FY 2015
NET REVENUE	17,630	16,842	788	4.7%	69,228
Other operating income	3,179	397	2,782	n. a.	2,008
Changes in inventories	12	5	7	n. a.	(11)
Own capitalized costs	480	501	(21)	(4.2)%	2,041
Goods and services purchased	(8,663)	(8,907)	244	2.7%	(35,706)
Personnel costs	(4,062)	(3,870)	(192)	(5.0)%	(15,856)
Other operating expenses	(909)	(808)	(101)	(12.5)%	(3,316)
Depreciation, amortization and impairment losses	(3,142)	(2,694)	(448)	(16.6)%	(11,360)
PROFIT FROM OPERATIONS	4,525	1,466	3,059	n. a.	7,028
Finance costs	(633)	(600)	(33)	(5.5)%	(2,363)
Interest income	62	65	(3)	(4.6)%	246
Interest expense	(695)	(665)	(30)	(4.5)%	(2,609)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	2	(2)	4	n. a.	24
Other financial income (expense)	417	159	258	n. a.	89
PROFIT (LOSS) FROM FINANCIAL ACTIVITIES	(214)	(443)	229	51.7%	(2,250)
PROFIT BEFORE INCOME TAXES	4,311	1,023	3,288	n. a.	4,778
Income taxes	(934)	(234)	(700)	n. a.	(1,276)
PROFIT (LOSS)	3,377	789	2,588	n. a.	3,502
PROFIT (LOSS) ATTRIBUTABLE TO					
Owners of the parent (net profit (loss))	3,125	787	2,338	n. a.	3,254
Non-controlling interests	252	2	250	n. a.	248

EARNINGS PER SHARE

	Q1 2016	Q1 2015	Change	Change %	FY 2015
Profit (loss) attributable to the owners of the parent (net profit (loss))	3,125	787	2,338	n. a.	3,254
Weighted average number of ordinary shares (basic/diluted)	4,587	4,515	72	1.6%	4,553
EARNINGS PER SHARE BASIC/DILUTED	0.68	0.17	0.51	n. a.	0.71

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

millions of €

	Q1 2016	Q1 2015	Change	FY 2015
PROFIT (LOSS)	3,377	789	2,588	3,502
Items not reclassified to the income statement retrospectively				
Gain (loss) from the remeasurement of defined benefit plans	(638)	(766)	128	230
Share of profit (loss) of investments accounted for using the equity method	0	0	0	0
Income taxes relating to components of other comprehensive income	196	233	(37)	(60)
	(442)	(533)	91	170
Items reclassified to the income statement retrospectively, if certain reasons are given				
Exchange differences on translating foreign operations				
Recognition of other comprehensive income in income statement	(948)	4	(952)	4
Change in other comprehensive income (not recognized in income statement)	(1,182)	2,460	(3,642)	2,000
Available-for-sale financial assets				
Recognition of other comprehensive income in income statement	(1)	2	(3)	0
Change in other comprehensive income (not recognized in income statement)	(459)	5	(464)	31
Gains (losses) from hedging instruments				
Recognition of other comprehensive income in income statement	244	(404)	648	(255)
Change in other comprehensive income (not recognized in income statement)	(409)	605	(1,014)	653
Share of profit (loss) of investments accounted for using the equity method				
Recognition of other comprehensive income in income statement	7	0	7	0
Change in other comprehensive income (not recognized in income statement)	1	3	(2)	25
Income taxes relating to components of other comprehensive income	53	(61)	114	(127)
	(2,694)	2,614	(5,308)	2,331
OTHER COMPREHENSIVE INCOME	(3,136)	2,081	(5,217)	2,501
TOTAL COMPREHENSIVE INCOME	241	2,870	(2,629)	6,003
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO				
Owners of the parent	223	2,270	(2,047)	5,221
Non-controlling interests	18	600	(582)	782

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

millions of €

	Issued capital and reserves attributable to owners of the parent				
	Equity contributed			Consolidated shareholders' equity generated	
	Issued capital	Treasury shares	Capital reserves	Retained earnings incl. carryforwards	Net profit (loss)
BALANCE AT JANUARY 1, 2015	11,611	(53)	51,778	(39,783)	2,924
Changes in the composition of the Group					
Transactions with owners			(22)		
Unappropriated profit (loss) carried forward				2,924	(2,924)
Dividends					
Capital increase from share-based payment			40		
Profit (loss)					787
Other comprehensive income				(526)	
TOTAL COMPREHENSIVE INCOME					
Transfer to retained earnings					
BALANCE AT MARCH 31, 2015	11,611	(53)	51,796	(37,385)	787
BALANCE AT JANUARY 1, 2016	11,793	(51)	52,412	(38,969)	3,254
Changes in the composition of the Group					
Transactions with owners			(47)		
Unappropriated profit (loss) carried forward				3,254	(3,254)
Dividends					
Capital increase from share-based payment			34		
Share buy-back/shares held in a trust deposit					
Profit (loss)					3,125
Other comprehensive income				(437)	
TOTAL COMPREHENSIVE INCOME					
Transfer to retained earnings				(35)	
BALANCE AT MARCH 31, 2016	11,793	(51)	52,399	(36,187)	3,125

Issued capital and reserves attributable to owners of the parent							Total	Non-controlling interests	Total shareholders' equity
Total other comprehensive income									
Translation of foreign operations	Revaluation surplus	Available-for-sale financial assets	Hedging instruments	Investments accounted for using the equity method	Taxes				
(1,247)	(62)	79	340	(42)	(108)	25,437	8,629	34,066	
						0		0	
(3)						(25)	40	15	
						0		0	
						0	(15)	(15)	
						40	20	60	
						787	2	789	
1,860	2	6	201	1	(61)	1,483	598	2,081	
						2,270	600	2,870	
						0		0	
610	(60)	85	541	(41)	(169)	27,722	9,274	36,996	
427	(62)	110	738	(17)	(235)	29,400	8,750	38,150	
						0		0	
(1)						(48)	49	1	
						0		0	
						0		0	
						34	18	52	
						0		0	
						3,125	252	3,377	
(1,901)		(460)	(165)	8	53	(2,902)	(234)	(3,136)	
						223	18	241	
						0		0	
				35		0		0	
(1,475)	(62)	(350)	573	26	(182)	29,609	8,835	38,444	

CONSOLIDATED STATEMENT OF CASH FLOWS

millions of €

	Q1 2016	Q1 2015	FY 2015
PROFIT BEFORE INCOME TAXES	4,311	1,023	4,778
Depreciation, amortization and impairment losses	3,142	2,694	11,360
(Profit) loss from financial activities	214	443	2,250
(Profit) loss on the disposal of fully consolidated subsidiaries	(6)	-	(583)
(Income) loss from the sale of stakes accounted for using the equity method	(2,507)	-	-
Other non-cash transactions	91	59	243
(Gain) loss from the disposal of intangible assets and property, plant and equipment	(410)	10	(87)
Change in assets carried as working capital	(417)	(258)	(1,438)
Change in provisions	(92)	46	112
Change in other liabilities carried as working capital	128	78	878
Income taxes received (paid)	(132)	(136)	(695)
Dividends received	175	279	578
Net payments from entering into, canceling or changing the terms and conditions of interest rate derivatives	0	50	100
CASH GENERATED FROM OPERATIONS	4,497	4,288	17,496
Interest paid	(1,167)	(1,180)	(3,464)
Interest received	166	200	965
NET CASH FROM OPERATING ACTIVITIES	3,496	3,308	14,997
Cash outflows for investments in			
Intangible assets	(1,707)	(2,440)	(6,446)
Property, plant and equipment	(2,189)	(1,989)	(8,167)
Non-current financial assets	(310)	(61)	(493)
Payments to acquire control of subsidiaries and associates	1	(8)	(28)
Proceeds from disposal of			
Intangible assets	0	0	4
Property, plant and equipment	157	87	363
Non-current financial assets	43	9	446
Proceeds from the loss of control of subsidiaries and associates	11	(1)	(58)
Net change in short-term investments and marketable securities and receivables	262	1,468	(638)
Other	(6)	(2)	2
NET CASH USED IN INVESTING ACTIVITIES	(3,738)	(2,937)	(15,015)
Proceeds from issue of current financial liabilities	7,897	2,734	33,490
Repayment of current financial liabilities	(11,401)	(6,271)	(36,944)
Proceeds from issue of non-current financial liabilities	4,459	599	5,247
Repayment of non-current financial liabilities	0	(140)	(207)
Dividends (including to non-controlling interests)	(9)	-	(1,256)
Repayment of lease liabilities	(76)	(53)	(224)
Deutsche Telekom AG share buy-back	-	-	(15)
Sale of Deutsche Telekom AG treasury shares	-	-	31
Cash inflows from transactions with non-controlling entities	1	19	43
Cash outflows from transactions with non-controlling entities	(43)	(25)	(1,041)
Other	-	1	-
NET CASH FROM (USED IN) FINANCING ACTIVITIES	828	(3,136)	(876)
Effect of exchange rate changes on cash and cash equivalents	(151)	341	267
Changes in cash and cash equivalents associated with non-current assets and disposal groups held for sale	-	1	1
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	435	(2,423)	(626)
CASH AND CASH EQUIVALENTS, AT THE BEGINNING OF THE PERIOD	6,897	7,523	7,523
CASH AND CASH EQUIVALENTS, AT THE END OF THE PERIOD	7,332	5,100	6,897

SIGNIFICANT EVENTS AND TRANSACTIONS

ACCOUNTING POLICIES

The entry into force of the German Act Implementing the European Directive amending the Transparency Directive (Gesetz zur Umsetzung der europäischen Transparenzrichtlinie-Änderungsrichtlinie) on November 26, 2015 resulted in the deletion of the legal requirements governing the preparation and publication of quarterly statements and quarterly financial reports that were previously set out in § 37x of the old version of the German Securities Trading Act (WpHG). However, the Frankfurter Wertpapierbörse (Frankfurt stock exchange) still mandates quarterly financial reporting for the companies listed in the Prime Standard, though following the amendment of its exchange rules with effect from November 26, 2015 only in the form of a quarterly statement (§ 51a (1) of the Exchange Rules for the Frankfurter Wertpapierbörse (FWB) as amended). Yet, the obligation to publish a quarterly statement does not apply if the company voluntarily prepares a quarterly financial report in accordance with § 37w WpHG (§ 51a (6) of the FWB Exchange Rules as amended). In accordance with the amended § 51a (6) of the FWB Exchange Rules, Deutsche Telekom AG continues to voluntarily prepare a quarterly financial report that still comprises interim consolidated financial statements and an interim Group management report. The interim consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable to interim financial reporting as adopted by the EU. The interim management report for the Group was prepared in accordance with the WpHG.

STATEMENT OF COMPLIANCE

The interim consolidated financial statements for the period ended March 31, 2016 have been prepared voluntarily in compliance with International Accounting Standard (IAS) 34. As permitted by IAS 34, it has been decided to publish a condensed version compared to the consolidated financial statements at December 31, 2015. All IFRSs applied by Deutsche Telekom have been adopted by the European Commission for use within the EU.

In the opinion of the Board of Management, the reviewed quarterly financial report includes all standard adjustments to be applied on an ongoing basis that are required to give a true and fair view of the results of operations and financial position of the Group. Please refer to the notes to the consolidated financial statements as of December 31, 2015 for the accounting policies applied for the Group's financial reporting (2015 Annual Report, page 161 et seq.).

INITIAL APPLICATION OF NEW STANDARDS AND INTERPRETATIONS AS WELL AS AMENDMENTS TO STANDARDS AND INTERPRETATIONS IN THE REPORTING PERIOD RELEVANT FOR THE 2016 FINANCIAL YEAR

Pronouncement	Title	To be applied by Deutsche Telekom	Expected amendments	Expected impact on the presentation of Deutsche Telekom's results of operations, financial position, or cash flows
Amendments to IAS 1	Disclosure Initiative	January 1, 2016	The amendments will allow disclosures in the financial statements to be simplified, with a focus on materiality.	No material impact.
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization	January 1, 2016	A revenue-based depreciation method for property, plant and equipment is not permissible, whereas for intangible assets there is only a rebuttable assumption that such a method is not appropriate.	No material impact.
Amendments to IAS 16 and IAS 41	Bearer Plants	January 1, 2016		No relevance for Deutsche Telekom.
Amendments to IAS 19	Defined Benefit Plans – Employee Contributions	January 1, 2016	The objective of the amendments is to simplify the accounting for contributions from employees or third parties to a defined benefit plan. The simplified accounting permits such contributions to be recognized as a reduction in the current service cost in the period in which the related service is rendered if the amounts of the contributions are independent of the number of years of service.	No material impact.
Amendments to IAS 27	Equity Method in Separate Financial Statements	January 1, 2016		No relevance for Deutsche Telekom.
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	January 1, 2016	When an interest in a joint operation in which the activity constitutes a business as defined in IFRS 3, is acquired, all of the principles on business combinations accounting in IFRS 3 and other IFRSs are to be applied, except for those principles that conflict with the guidance in IFRS 11.	Since the amendments concern only future transactions, it is not possible to forecast their impact on the presentation of Deutsche Telekom's results of operations or financial position.
Annual Improvements Project	Annual Improvements to IFRSs 2010–2012 Cycle	January 1, 2016	Clarification of many published standards.	No material impact.
Annual Improvements Project	Annual Improvements to IFRSs 2012–2014 Cycle	January 1, 2016	Clarification of many published standards.	No material impact.

For more information on standards, interpretations, and amendments that have been issued but not yet applied, as well as disclosures on the recognition and measurement of items in the statement of financial position and discretionary decisions and estimation uncertainties, please refer to the section "Summary of accounting policies" in the notes to the consolidated financial statements on page 161 et seq. of the 2015 Annual Report.

CHANGES IN ACCOUNTING POLICIES AND CHANGES IN THE REPORTING STRUCTURE

To harmonize Deutsche Telekom's internal management structure, the presentation of the consolidated income statement was changed from the cost-of-sales method to the performance-related total cost method as of January 1, 2016. The change to the total cost method is a voluntary change in accounting policy within the meaning of IAS 8.14b. To ensure comparability with prior year periods, the corresponding figures were adjusted retrospectively.

Business customer operations at Magyar Telekom in Hungary, which had previously been organizationally assigned to the Systems Solutions operating segment, have been bundled and reported under the Europe operating segment since January 1, 2016. Magyar Telekom's business customer operations consist of a unit in Hungary that mainly provides ICT services for business and corporate customers. The operations were bundled to improve the way in which the company can be managed. Comparative figures have been adjusted retrospectively.

CHANGES IN THE COMPOSITION OF THE GROUP AND TRANSACTIONS WITH OWNERS

Sale of the EE joint venture

After the British Competition and Markets Authority (CMA) had approved the sale of the EE joint venture to the UK company BT unconditionally and without remedies in January 2016, Deutsche Telekom AG and the French telecommu-

nications provider Orange consummated the transaction on January 29, 2016 at a purchase price of GBP 13.2 billion. In return for its stake in the EE joint venture, Deutsche Telekom AG received a financial stake of 12.0 percent in BT and a cash payment of GBP 25.7 million. The sale generated income of approximately EUR 2.5 billion. Around EUR 0.9 billion of this amount resulted from effects recognized directly in equity in prior years. In addition, on January 25, 2016, the shareholders received a final dividend totaling GBP 0.3 billion from the EE joint venture, in which Deutsche Telekom AG participated with its capital share at that date of 50 percent. The financial stake in BT received in connection with this transaction is disclosed as available-for-sale financial assets under other financial assets. The financial stake is measured at fair value directly in equity. For more information, please refer to "Other financial assets" in the section "Selected notes to the consolidated statement of financial position," page 41.

PRESENTATION OF THE QUANTITATIVE EFFECTS ON THE COMPOSITION OF THE GROUP IN THE FIRST QUARTER OF 2016

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

The presented effects in the Europe operating segment result from the spin-off of the energy resale business in Hungary as of January 1, 2016.

The presented effects in the Group Headquarters & Group Services segment resulted from the sale of the online platform t-online.de and the digital marketing company InteractiveMedia in the fourth quarter of 2015.

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

	Total Q1 2016	Q1 2015							Organic change Q1 2016
		Total	Germany	United States	Europe	Systems Solutions	Group Headquarters & Group Services	Reconcili- ation	
Net revenue	17,630	16,842			(54)		(25)	16,763	867
Other operating income	3,179	397			0		0	397	2,782
Changes in inventories	12	5			0		0	5	7
Own capitalized costs	480	501			0		0	501	(21)
Goods and services purchased	(8,663)	(8,907)			51		2	(8,854)	191
Personnel costs	(4,062)	(3,870)			0		9	(3,861)	(201)
Other operating expenses	(909)	(808)			0		6	(802)	(107)
Depreciation, amortization and impairment losses	(3,142)	(2,694)			0		1	(2,693)	(449)
PROFIT (LOSS) FROM OPERATIONS	4,525	1,466	0	0	(3)	0	(7)	1,456	3,069
Finance costs	(633)	(600)			0		0	(600)	(33)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	2	(2)			0		0	(2)	4
Other financial income (expense)	417	159			0		0	159	258
PROFIT (LOSS) FROM FINANCIAL ACTIVITIES	(214)	(443)	0	0	0	0	0	(443)	229
PROFIT (LOSS) BEFORE INCOME TAXES	4,311	1,023	0	0	(3)	0	(7)	1,013	3,298
Income taxes	(934)	(234)			0		0	(234)	(700)
PROFIT (LOSS)	3,377	789	0	0	(3)	0	(7)	779	2,598

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

SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TRADE AND OTHER RECEIVABLES

Trade and other receivables decreased by EUR 0.3 billion to EUR 8.9 billion. Factoring agreements concluded in the reporting period concerning monthly revolving sales of current trade receivables resulted in a reduction in receivables. The JUMP! On Demand business model introduced at T-Mobile US in June 2015 also had a reducing effect. Under this model, trade receivables no longer include the receivable from the sale of the device when a contract is concluded with a customer, but only the monthly lease installment for the device. Exchange rate effects, mainly from the translation of U.S. dollars into euros, likewise had a reducing effect.

NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE

The decrease in the carrying amounts of the non-current assets and disposal groups held for sale of EUR 6.5 billion to EUR 0.4 billion is largely due to two effects. Firstly, the sale consummated on January 29, 2016 of the stake in the EE joint venture, which has been reclassified since December 2014, reduced the net carrying amount by EUR 5.8 billion. Secondly, the transaction agreed in the third quarter of 2015 for the exchange of spectrum licenses between T-Mobile US and AT&T with the aim of improving the mobile network coverage of T-Mobile US was completed in March 2016. This transaction reduced the net carrying amount by EUR 0.7 billion. A transaction agreed with Sprint in the first quarter of 2016 for the exchange of spectrum licenses, also aimed at improving the mobile network coverage of T-Mobile US, had an increasing effect on the carrying amount of EUR 0.3 billion.

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets increased by EUR 0.4 billion to EUR 57.4 billion, mainly due to additions totaling EUR 3.0 billion. This includes among other factors EUR 1.1 billion for the purchase of spectrum licenses by T-Mobile US, in particular from the exchange of spectrum licenses with AT&T that was completed in March 2016. Furthermore, there were additions from the acquisition of spectrum licenses by T-Mobile US in January 2016 for around EUR 0.5 billion and by T-Mobile Polska for around EUR 0.5 billion. Negative exchange rate effects, primarily from the translation of U.S. dollars into euros, reduced the carrying amount by EUR 1.3 billion. Amortization of EUR 1.0 billion as well as the reclassification of assets worth EUR 0.3 billion to non-current assets and disposal groups held for sale also lowered the carrying amount.

Property, plant and equipment decreased by EUR 0.2 billion compared with December 31, 2015 to EUR 44.4 billion. Additions of EUR 2.8 billion primarily in the United States and Germany operating segments increased the carrying amount. This also included EUR 0.7 billion of capitalized higher-priced mobile devices. These relate to the business model JUMP! On Demand introduced at T-Mobile US in June 2015 under which customers no longer purchase the device but lease it. By contrast, exchange rate effects, primarily from the translation of U.S. dollars into euros, reduced the carrying amount by EUR 0.6 billion. Depreciation charges of EUR 2.1 billion had a decreasing effect on the carrying amount, as did disposals of EUR 0.2 billion.

OTHER FINANCIAL ASSETS

Other financial assets increased by EUR 5.4 billion compared with December 31, 2015 to EUR 14.7 billion. The increase is mainly attributable to the addition of EUR 7.4 billion in connection with the 12.0 percent financial stake in the form of shares in BT resulting from the sale of the stake in the EE joint venture that was consummated on January 29, 2016. The carrying amount of EUR 6.7 billion as of March 31, 2016 resulted from the subsequent measurement of this exchange-traded financial stake that is measured at fair value directly in equity and classified as an available-for-sale financial asset.

TRADE AND OTHER PAYABLES

Trade and other payables decreased by EUR 1.2 billion compared with the end of 2015 to EUR 9.9 billion. Apart from the reduction in the portfolio of liabilities at the national companies in the Europe and Germany operating segments, this decrease is attributable to exchange rate effects from the translation of U.S. dollars into euros.

FINANCIAL LIABILITIES

Financial liabilities decreased by EUR 0.3 billion compared with the end of 2015 to a total of EUR 62.1 billion.

On March 23, 2016, Deutsche Telekom International Finance B.V. with the guarantee of Deutsche Telekom AG issued a Eurobond of EUR 4.5 billion in three tranches under a debt issuance program: a four-year variable-interest tranche with a volume of EUR 1.25 billion and a mark-up of 35 basis points above the 3-month EURIBOR, a seven-year fixed-interest tranche with a volume of EUR 1.75 billion and a coupon of 0.625 percent, and a 12-year tranche with a volume of EUR 1.5 billion and a fixed coupon of 1.5 percent.

In the first quarter of 2016, a U.S. dollar bond was repaid in the amount of USD 1.0 billion (around EUR 0.9 billion), commercial paper in the amount of EUR 1.6 billion, and promissory notes in the amount of EUR 0.4 billion. In addition, exchange rate effects from the translation of U.S. dollars into euros reduced financial liabilities by around EUR 1.3 billion.

The following table shows the composition and maturity structure of financial liabilities as of March 31, 2016:

millions of €				
	Mar. 31, 2016	Due within 1 year	Due >1 ≤ 5 years	Due > 5 years
Bonds and other securitized liabilities	48,677	7,955	13,669	27,053
Liabilities to banks	3,933	1,617	1,467	849
Finance lease liabilities	1,951	333	907	711
Liabilities to non-banks from promissory notes	628	112	229	287
Liabilities with the right of creditors to priority repayment in the event of default	1,739	18	70	1,651
Other interest-bearing liabilities	2,939	2,260	497	182
Other non-interest-bearing liabilities	1,473	1,393	78	2
Derivative financial liabilities	721	188	222	311
FINANCIAL LIABILITIES	62,061	13,876	17,139	31,046

PROVISIONS FOR PENSIONS AND OTHER EMPLOYEE BENEFITS

Provisions for pensions and other employee benefits increased by EUR 0.3 billion to EUR 8.4 billion, mainly due to interest rate adjustments which resulted in an actuarial loss of EUR 0.6 billion to be recognized directly in equity. An increase in the plan assets by EUR 0.3 billion in Germany in the first quarter of 2016 (allocation under contractual trust agreement) reduced the provisions for pensions and other employee benefits.

Deutsche Telekom reduced the yield on the capital accounts in its company pension plan in Germany from an annual 3.75 percent to 3.50 percent by changing the plan. The objective of the change is to achieve a standard Group-wide market return on the contributions to the capital account using a capital market-based interest rate. As interest rates had fallen sharply, the return was no longer in line with the market. The change in the interest rate will be applied prospectively and will result in an insignificant positive one-time effect in the 2016 consolidated income statement.

SHAREHOLDERS' EQUITY

As a result of the consummation of the sale of the EE joint venture on January 29, 2016, the gain of EUR 0.9 billion from the translation of pounds sterling into euros that had until this date been disclosed in shareholders' equity under other comprehensive income were reclassified through profit or loss to the consolidated income statement and disclosed under other operating income. The losses from the remeasurement of available-for-sale financial assets resulted from the subsequent measurement of the financial stake in BT.

SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT OTHER OPERATING INCOME

millions of €		
	Q1 2016	Q1 2015
Income from the disposal of non-current assets	458	18
Income from insurance compensation	13	13
Income from reimbursements	8	71
Income from ancillary services	7	11
Miscellaneous other operating income	2,693	284
Of which: income from divestitures and from the sale of stakes accounted for using the equity method	2,513	-
	3,179	397

Income from the disposal of non-current assets increased by EUR 0.4 billion compared with the first quarter of 2015. This is attributable to the income from a transaction for the exchange of spectrum licenses between T-Mobile US and AT&T that was completed in March 2016. Miscellaneous other operating income increased year-on-year by EUR 2.4 billion to a total of EUR 2.7 billion. One of the main items driving this increase was income from divestitures and from the sale of stakes accounted for using the equity method of EUR 2.5 billion resulting from the sale of the stake in the EE joint venture. Around EUR 0.9 billion of this amount resulted from effects recognized directly in equity in previous years. In the prior-year period, miscellaneous other operating income had included income of EUR 175 million from an agreement to settle a complaints procedure under anti-trust law.

OTHER OPERATING EXPENSES

millions of €

	Q1 2016	Q1 2015
Legal and audit fees	(45)	(30)
Losses from asset disposals	(47)	(28)
Losses from divestitures	-	(1)
Income (expense) from measurement of receivables	(204)	(200)
Other taxes	(142)	(97)
Miscellaneous other operating expenses	(471)	(452)
	(909)	(808)

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

DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

Depreciation, amortization and impairment losses increased by EUR 0.4 billion year-on-year to EUR 3.1 billion. This increase was attributable to the build-out of the 4G/LTE network and the launch of the JUMP! On Demand program in the United States operating segment in June 2015. Together these led to a higher depreciation and amortization base.

PROFIT/LOSS FROM FINANCIAL ACTIVITIES

Other financial income improved year-on-year mainly due to remeasurement effects resulting from the subsequent measurement of embedded derivatives included in the Mandatory Convertible Preferred Stocks of T-Mobile US and from the subsequent measurement of embedded options in bonds issued by T-Mobile US. Other financial income includes a final dividend payment of EUR 0.2 billion from the EE joint venture received on January 25, 2016. In the prior-year quarter, a dividend payment of EUR 0.3 billion had been recognized as income under this item.

INCOME TAXES

A tax expense of EUR 0.9 billion was recorded in the first quarter of 2016. The comparatively low tax ratio is in particular due to the fact that the sale of the stake in the EE joint venture is tax-free. The tax expense increased year-on-year by EUR 0.7 billion primarily as a result of a higher profit before income tax.

OTHER DISCLOSURES**NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS****Net cash from operating activities**

Net cash from operating activities increased by EUR 0.2 billion year-on-year to EUR 3.5 billion, mainly as a result of the positive business development of the United States operating segment. During the reporting period, factoring agreements were concluded concerning monthly revolving sales of trade receivables. Factoring agreements resulted in positive effects of EUR 0.7 billion on net cash from operating activities in the reporting period. This mainly relates to factoring agreements in the Germany operating segment. The effect from factoring agreements in the prior-year period totaled EUR 0.5 billion. The lower dividend payment received from the former EE joint venture decreased net cash from operating activities year-on-year by EUR 0.1 billion.

Net cash used in investing activities

millions of €

	Q1 2016	Q1 2015
Cash capex		
Germany operating segment	(908)	(949)
United States operating segment	(1,756)	(2,729)
Europe operating segment	(1,009)	(498)
Systems Solutions operating segment	(237)	(248)
Group Headquarters & Group Services	(60)	(96)
Reconciliation	74	91
	(3,896)	(4,429)
Net cash flows for collateral deposited for hedging transactions	(21)	1,340
Proceeds from the disposal of property, plant and equipment	157	87
Allocation under contractual trust agreement (CTA) on pension commitments	(250)	-
Acquisition/sale of government bonds, net	200	70
Other	72	(5)
	(3,738)	(2,937)

Cash capex decreased by EUR 0.5 billion to EUR 3.9 billion. In the reporting period, mobile spectrum licenses were acquired for a total of EUR 1.1 billion, primarily in the United States and Europe operating segments. In the prior-year period, the United States and Europe operating segments had acquired mobile spectrum licenses for EUR 1.9 billion. In addition, cash capex increased primarily in the United States operating segment in connection with the network modernization, including the 4G/LTE network roll-out.

Net cash from/used in financing activities

millions of €	Q1 2016	Q1 2015
Repayment of bonds	(886)	(2,274)
Dividends (including to non-controlling interests)	(9)	-
Repayment of financial liabilities from financed capex and opex	(91)	(241)
Repayment of EIB loans	-	(412)
Net cash flows for collateral deposited for hedging transactions	(88)	20
Repayment of lease liabilities	(76)	(53)
Repayment of financial liabilities for media broadcasting rights	(58)	(43)
Cash deposits from the EE joint venture, net	(220)	(199)
Deutsche Telekom AG share buy-back	-	-
Cash flows from continuing involvement factoring (net)	5	39
Sale of Deutsche Telekom AG treasury shares	-	-
Loans taken out with the EIB	-	599
Promissory notes, net	(336)	-
Issuance of bonds	4,459	-
Commercial paper, net	(1,556)	(303)
Cash inflows from transactions with non-controlling entities		
T-Mobile US capital increase	-	-
T-Mobile US stock options	1	19
	1	19
Cash outflows from transactions with non-controlling entities		
T-Mobile US share buy-back	(42)	(25)
Other	(1)	-
	(43)	(25)
Other	(274)	(263)
	828	(3,136)

Non-cash transactions in the consolidated statement of cash flows

In the first quarter of 2016, Deutsche Telekom chose financing options totaling EUR 0.2 billion under which the payments for trade payables from operating and investing activities primarily become due at a later point in time by involving banks in the process (Q1 2015: EUR 0.6 billion). These payables are now shown under financial liabilities in the statement of financial position. As soon as the payments have been made, they are disclosed under net cash from/used in financing activities.

In the first quarter of 2016, Deutsche Telekom leased network equipment for a total of EUR 0.1 billion (Q1 2015: EUR 0.1 billion), which is classified as a finance lease. The finance lease is shown under financial liabilities in the statement of financial position. Future repayments of the liabilities will be recognized in net cash from/used in financing activities.

Consideration for the acquisition of broadcasting rights will be paid by Deutsche Telekom in accordance with the terms of the contract on its conclusion or spread over the term of the contract. Financial liabilities of EUR 0.1 billion were recognized in the first quarter of 2016 for future consideration for acquired broadcasting rights (Q1 2015: EUR 0.1 billion). As soon as the payments have been made, they are disclosed under net cash from/used in financing activities.

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

In the United States operating segment, the exchange of spectrum licenses between T-Mobile US and AT&T agreed in the third quarter of 2015 was completed in March 2016 and spectrum licenses with a value of EUR 1.1 billion were acquired in a non-cash transaction.

From the sale of the EE joint venture to the UK company BT, which was consummated on January 29, 2016, Deutsche Telekom received the purchase price of GBP 13.2 billion for its stake in the form of a financial stake of 12.0 percent in BT and a cash payment of GBP 25.7 million.

SEGMENT REPORTING

The following table gives an overall summary of Deutsche Telekom's operating segments and the Group Headquarters & Group Services segment for the first quarters of 2016 and 2015.

Business customer operations at Magyar Telekom in Hungary, which had previously been organizationally assigned to the Systems Solutions operating segment, have been bundled and reported under the Europe operating segment since January 1, 2016. Magyar Telekom's business customer operations consist of a unit in Hungary that mainly provides ICT services for business and corporate customers. The operations were bundled to improve the way in which the company can be managed. Comparative figures have been adjusted retrospectively.

The measurement principles for Deutsche Telekom's segment reporting structure are primarily based on the IFRSs adopted in the consolidated financial statements. Deutsche Telekom evaluates the segments' performance based on revenue and profit or loss from operations (EBIT), among other factors. Revenue generated and goods and services exchanged between segments are calculated on the basis of market prices. As a rule, services provided by Telekom IT are charged at cost. Development services commissioned after January 1, 2016 are not charged but capitalized at segment level in accordance with the internal control logic.

For details on the development of operations in the operating segments and the Group Headquarters & Group Services segment, please refer to the section "Development of business in the operating segments" in the interim Group management report, page 17 et seq.

Segment information in the first quarter

millions of €

		Net revenue	Intersegment revenue	Total revenue	Profit (loss) from operations (EBIT)	Depreciation and amortization	Impairment losses	Segment assets ^a	Segment liabilities ^a	Investments accounted for using the equity method ^a
Germany	Q1 2016	5,136	316	5,452	1,074	(940)	(8)	32,745	25,774	20
	Q1 2015	5,265	324	5,589	1,190	(935)	0	33,552	26,270	20
United States	Q1 2016	7,816	0	7,816	956	(1,312)	0	60,579	44,203	205
	Q1 2015	6,904	1	6,905	273	(838)	0	62,534	46,087	215
Europe	Q1 2016	3,018	62	3,080	326	(636)	0	30,785	12,641	62
	Q1 2015	3,098	59	3,157	326	(635)	(1)	30,437	12,543	61
Systems Solutions	Q1 2016	1,545	500	2,045	30	(116)	0	9,094	6,229	18
	Q1 2015	1,420	507	1,927	(70)	(141)	0	8,701	5,870	21
Group Headquarters & Group Services	Q1 2016	115	398	513	2,139	(129)	(1)	46,476	52,022	507
	Q1 2015	155	410	565	(252)	(135)	(9)	44,532	50,830	504
TOTAL	Q1 2016	17,630	1,276	18,906	4,525	(3,133)	(9)	179,679	140,869	812
	Q1 2015	16,842	1,301	18,143	1,467	(2,684)	(10)	179,756	141,600	821
Reconciliation	Q1 2016	-	(1,276)	(1,276)	-	-	-	(36,074)	(35,708)	(1)
	Q1 2015	-	(1,301)	(1,301)	(1)	-	-	(35,836)	(35,830)	1
GROUP	Q1 2016	17,630	-	17,630	4,525	(3,133)	(9)	143,605	105,161	811
	Q1 2015	16,842	-	16,842	1,466	(2,684)	(10)	143,920	105,770	822

^a Figures relate to the reporting dates of March 31, 2016 and December 31, 2015, respectively.

CONTINGENT LIABILITIES

This section provides additional information and explains recent changes in the contingent liabilities as described in the consolidated financial statements for the 2015 financial year.

Claim for damages in Malaysia after legal final arbitration ruling. Celcom Malaysia Berhad (Celcom) and Technology Resources Industries Berhad are pursuing actions with the state courts in Kuala Lumpur, Malaysia, against eleven defendants in total, including DeTeAsia Holding GmbH (DTAH), a subsidiary of Deutsche Telekom AG. The complainants are demanding damages and compensation of USD 232 million plus interest. DTAH had enforced this amount against Celcom in 2005 on the basis of a final ruling in its favor. The first instance proceedings are scheduled for October 2016. It is not yet possible to estimate the potential financial impact with sufficient certainty.

Claim for compensation against OTE. In the legal action that Lannet Communications S. A. took against OTE claiming compensation for damages amounting to around EUR 176 million plus interest, the relevant court in Athens ruled in favor of OTE on April 8, 2016, and requested that the claimant withdraw its claim.

FUTURE OBLIGATIONS FROM OPERATING LEASES AND OTHER FINANCIAL OBLIGATIONS

The following table provides an overview of Deutsche Telekom's obligations from operating leases and other financial obligations as of March 31, 2016:

millions of €

	Mar. 31, 2016
Future obligations from operating leases	20,749
Purchase commitments regarding property, plant and equipment	2,017
Purchase commitments regarding intangible assets	1,283
Firm purchase commitments for inventories	3,002
Other purchase commitments and similar obligations	12,505
Payment obligations to the Civil Service Pension Fund	3,855
Purchase commitments for interests in other companies	1
Miscellaneous other obligations	41
	43,453

DISCLOSURES ON FINANCIAL INSTRUMENTS

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

millions of €

	Category in accordance with IAS 39	Carrying amounts Mar. 31, 2016	Amounts recognized in the statement of financial position in accordance with IAS 39			
			Amortized cost	Cost	Fair value recognized in equity	Fair value recognized in profit or loss
ASSETS						
Cash and cash equivalents	LaR	7,332	7,332			
Trade receivables	LaR	8,653	8,653			
Originated loans and receivables	LaR/n. a.	2,237	2,037			
Of which: collateral paid	LaR	74	74			
Other non-derivative financial assets						
Held-to-maturity investments	HtM	6	6			
Available-for-sale financial assets	AfS	9,809		153	9,656	
Derivative financial assets						
Derivatives without a hedging relationship	FAHFT	1,651				1,651
Of which: termination rights embedded in bonds issued	FAHFT	684				684
Derivatives with a hedging relationship	n. a.	1,003			485	518
LIABILITIES						
Trade payables	FLAC	9,815	9,815			
Bonds and other securitized liabilities	FLAC	48,677	48,677			
Liabilities to banks	FLAC	3,933	3,933			
Liabilities to non-banks from promissory notes	FLAC	628	628			
Liabilities with the right of creditors to priority repayment in the event of default	FLAC	1,739	1,739			
Other interest-bearing liabilities	FLAC	2,939	2,939			
Of which: collateral received	FLAC	1,721	1,721			
Other non-interest-bearing liabilities	FLAC	1,473	1,473			
Finance lease liabilities	n. a.	1,951				
Derivative financial liabilities						
Derivatives without a hedging relationship	FLHFT	640				640
Of which: conversion rights embedded in Mandatory Convertible Preferred Stock	FLHFT	251				251
Of which: options granted to third parties for the purchase of shares in subsidiaries	FLHFT	37				37
Derivatives with a hedging relationship	n. a.	81			67	14
Of which: aggregated by category in accordance with IAS 39						
Loans and receivables	LaR	18,022	18,022			
Held-to-maturity investments	HtM	6	6			
Available-for-sale financial assets	AfS	9,809		153	9,656	
Financial assets held for trading	FAHFT	1,651				1,651
Financial liabilities measured at amortized cost	FLAC	69,204	69,204			
Financial liabilities held for trading	FLHFT	640				640

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

Trade receivables include receivables amounting to EUR 1.3 billion (December 31, 2015: EUR 1.0 billion) due in more than one year. The fair value generally equates to the carrying amount. The available-for-sale financial assets measured at cost relate to equity instruments for which there is no quoted market price in an active market and the fair value of which cannot be reliably measured.

Amounts recognized in the statement of financial position in accordance with IAS 17	Fair value Mar. 31, 2016 ^a	Amounts recognized in the statement of financial position in accordance with IAS 39					Amounts recognized in the statement of financial position in accordance with IAS 17	Fair value Dec. 31, 2015 ^a
		Category in accordance with IAS 39	Carrying amounts Dec. 31, 2015	Amortized cost	Cost	Fair value recognized in equity		
	-	LaR	6,897	6,897				-
	-	LaR	8,752	8,752				-
200	2,279	LaR/n.a.	3,283	3,076			207	3,318
	-	LaR	98	98				-
	-	HtM	10	10				-
	9,656	AFS	3,354		156	3,198		3,198
	1,651	FAHfT	1,526				1,526	1,526
	684	FAHfT	390				390	390
	1,003	n.a.	1,160			870	290	1,160
	-	FLAC	11,037	11,037				-
	54,093	FLAC	47,766	47,766				52,194
	4,024	FLAC	4,190	4,190				4,247
	758	FLAC	934	934				1,069
	1,785	FLAC	1,822	1,822				1,830
	2,976	FLAC	3,009	3,009				3,059
	-	FLAC	1,740	1,740				-
	-	FLAC	1,798	1,798				-
1,951	2,290	n.a.	1,927				1,927	2,166
	640	FLHfT	817				817	817
	251	FLHfT	298				298	298
	37	FLHfT	39				39	39
	81	n.a.	117			107	10	117
	2,279	LaR	18,725	18,725				3,111
	-	HtM	10	10				-
	9,656	AFS	3,354		156	3,198		3,198
	1,651	FAHfT	1,526				1,526	1,526
	63,636	FLAC	70,556	70,556				62,399
	640	FLHfT	817				817	817

Financial instruments measured at fair value

millions of €

	Mar. 31, 2016				Dec. 31, 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
ASSETS								
Available-for-sale financial assets (AFS)	9,385		271	9,656	2,931		267	3,198
Financial assets held for trading (FAHfT)		967	684	1,651		1,136	390	1,526
Derivative financial assets with a hedging relationship		1,003		1,003		1,160		1,160
LIABILITIES								
Financial liabilities held for trading (FLHfT)		352	288	640		480	337	817
Derivative financial liabilities with a hedging relationship		81		81		117		117

Of the available-for-sale financial assets (AFS) presented under other non-derivative financial assets, the instruments presented in the different levels constitute separate classes of financial instruments. The total volume of instruments recognized as Level 1 amounting to EUR 9,385 million (December 31, 2015: EUR 2,931 million) comprises two separate classes of financial instruments. The first comprises listed debt securities, most of which are short-term U.S. government bonds, with a carrying amount equivalent to around EUR 2.7 billion. The second is a strategic financial stake of 12 percent in BT, received in the reporting period, with a carrying amount equivalent to around EUR 6.7 billion. In each case, the fair values of the total volume of instruments recognized as Level 1 are the price quotations at the reporting date.

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

millions of €

	Available-for-sale financial assets (AFS)	Financial assets held for trading (FAHfT): Early redemption options embedded in bonds	Financial liabilities held for trading (FLHfT): Conversion rights embedded in Mandatory Convertible Preferred Stock
Carrying amount as of January 1, 2016	267	390	(298)
Additions (including first-time categorization as Level 3)	4	-	-
Value decreases recognized in profit/loss	0	(3)	-
Value increases recognized in profit/loss	-	322	35
Value decreases recognized directly in equity	0	-	-
Value increases recognized directly in equity	0	-	-
Disposals	0	-	-
Currency translation effects recognized directly in equity	-	(25)	12
CARRYING AMOUNT AS OF MARCH 31, 2016	271	684	(251)

The available-for-sale financial assets assigned to Level 3 that are carried under other non-derivative financial assets are equity investments with a carrying amount of EUR 271 million measured using the best information available at the reporting date. As a rule, Deutsche Telekom considers executed transactions involving shares in those companies to have the greatest relevance. Executed transactions involving shares in comparable companies are also considered. The closeness of the transaction in question to the reporting date and the question of whether the transaction was at arm's length are relevant for the decision on which information will ultimately be used for the measurement. Furthermore, the degree of similarity between the object being measured and comparable companies must be taken into consideration. Based on Deutsche Telekom's own assessment, the fair values of the equity investments at the reporting date could be determined with sufficient reliability. In the case of investments with a carrying amount of EUR 109 million, transactions involving shares in these companies took place at arm's length sufficiently close to the reporting date, which is why the share prices agreed in the transactions were to be used without adjustment for the measurement as of March 31, 2016. In the case of investments with a carrying amount of EUR 140 million, although the last arm's length transactions relating to shares in these companies took place some time ago, based on the analysis of operational development (in particular revenue, EBIT and liquidity), the previous carrying amount nevertheless corresponds to the fair value and, due to limited comparability, is preferable to measurement on the basis of transactions executed more recently relating to shares in comparable companies. In the case of investments with a carrying amount of EUR 22 million, for which the last arm's length transactions relating to shares in these companies took place some time ago, measurement on the basis of transactions executed more recently relating to shares in comparable companies provides the most reliable representation of the fair values. Here, multiples to the reference variable of net revenue (ranging between 1.40 and 5.56) were used, taking the respective median. In certain cases, due to specific circumstances, valuation discounts need to be applied to the respective multiples. If the value of the respective 2/3-quantile (1/3-quantile) had been used as a multiple with no change in the reference variables, the fair value of the investments at the reporting date would have been EUR 2 million higher (EUR 7 million lower). If the reference variables had been 10 percent higher (lower) with no change in the multiples, the fair value of the investments at the reporting date would have been EUR 2 million higher (EUR 2 million lower). In the reporting period, net expense of less than EUR 1 million was recognized in other financial income/expense for unrealized losses for the investments in the portfolio at the reporting date. Please refer to the table on the left for the development of the carrying amounts in the reporting period. No plans existed as of the reporting date to sell these investments.

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

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

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

The financial assets held for trading assigned to Level 3 that are carried under other derivative financial assets relate to options embedded in bonds issued by T-Mobile US with a carrying amount of EUR 684 million when translated into euros. The options, which can be exercised by T-Mobile US at any time, allow early redemption of the bonds at fixed exercise prices. Observable market prices are available routinely and also at the reporting date for the bonds as entire instruments, but not for the options embedded therein. The termination rights were measured using an option pricing model. Historical interest rate volatilities of bonds issued by T-Mobile US and comparable issuers are used for the measurement because these provide a more reliable estimate for these unobservable inputs at the reporting date than current market interest rate volatilities. The absolute figure used for the interest rate volatility at the current reporting date was between 2.4 and 3.0 percent. The spread curve, which is also unobservable, was derived on the basis of current market prices of bonds issued by T-Mobile US and debt instruments of comparable issuers. The spreads used at the current reporting date were between 3.4 and 4.9 percent for the maturities of the bonds and between 2.3 and 3.0 percent for shorter terms. In our opinion, 10 percent constituted the best estimate for the mean reversion, another unobservable input. If 10 percent higher (lower) interest rate volatilities in absolute terms had been used for the measurement at the reporting date, with otherwise unchanged parameters, the fair value of the options from T-Mobile US' perspective would have been EUR 81 million higher (EUR 76 million lower) when translated into euros. If spreads of 100 basis points higher (lower) had been used for the measurement at the reporting date, with otherwise unchanged parameters, the fair value of the options

from T-Mobile US' perspective would have been EUR 210 million lower (EUR 298 million higher) when translated into euros. If a mean reversion of 100 basis points higher (lower) had been used for the measurement at the reporting date, with otherwise unchanged parameters, the fair value of the options from T-Mobile US' perspective would have been EUR 17 million lower (EUR 20 million higher) when translated into euros. In the reporting period, net income of EUR 319 million when translated into euros was recognized under the Level 3 measurement in other financial income/expense for unrealized gains for the options in the portfolio at the reporting date. Please refer to the table on page 48 for the development of the carrying amounts in the reporting period. The value increases recognized in profit or loss in the reporting period are mainly attributable to lower interest rates and a historically higher absolute interest rate volatility. Due to its distinctiveness, this instrument constitutes a separate class of financial instruments.

The financial liabilities held for trading assigned to Level 3 that are presented under financial liabilities with a carrying amount of EUR 251 million when translated into euros relate to stock options embedded in the Mandatory Convertible Preferred Stock issued by T-Mobile US. The Mandatory Convertible Preferred Stock will be converted into a variable number of shares of T-Mobile US on the maturity date in 2017 and, in accordance with IFRS, is accounted for as debt rather than equity. The entire instrument is split into a debt instrument (bond) measured at amortized cost and an embedded derivative measured at fair value through profit or loss. In addition to conversion on the maturity date, this derivative also includes the early conversion rights granted to investors. An observable market price is available regularly and at the reporting date for the Mandatory Convertible Preferred Stock as an entire instrument, but not for the options embedded therein. The conversion rights are measured using an option pricing model. The market price of the entire instrument and its individual components is largely dependent on T-Mobile US' share price performance and the market interest rates. If the share price of T-Mobile US had been 10 percent higher (lower) at the reporting date, with otherwise unchanged parameters, the fair value of the options from T-Mobile US' perspective would have been EUR 102 million lower (EUR 97 million higher) when translated into euros. If a market interest rate of 100 basis points higher (lower) had been used for the measurement at the reporting date, with otherwise unchanged parameters, the fair value of the options from T-Mobile US' perspective would have been EUR 13 million lower (EUR 10 million higher) when translated into euros. In the reporting period, net income of EUR 35 million when translated into euros was recognized in other financial income/expense for unrealized gains for the options in the portfolio at the reporting date. Please refer to the table on page 48 for the development of the carrying amount in the reporting period. The change in the market price in the reporting period is largely attributable to the decrease in T-Mobile US' share price. Due to its distinctiveness, this instrument constitutes a separate class of financial instruments.

The financial liabilities assigned to Level 3 include derivative financial liabilities with a carrying amount of EUR 37 million resulting from an option granted to third parties in the 2015 financial year for the purchase of shares in a subsidiary of Deutsche Telekom. The term ends in 2017 and no notable fluctuations in value are expected in future. Due to its distinctiveness, this instrument constitutes a separate class of financial instruments.

Disclosures on credit risk. In line with the contractual provisions, in the event of insolvency all derivatives with a positive or negative fair value that exist with the respective counterparty are offset against each other, leaving a net receivable or liability. The net amounts are normally recalculated every bank working day and offset against each other. When the netting of the positive and negative fair values of all derivatives was positive from Deutsche Telekom's perspective, Deutsche Telekom received unrestricted cash collateral from counterparties pursuant to collateral contracts in the amount of EUR 1,721 million (December 31, 2015: EUR 1,740 million). The credit risk was thus reduced by EUR 1,582 million because on the reporting date the collateral received is offset by corresponding net derivative positions in this amount. On the basis of these contracts, derivatives with a positive fair value and a total carrying amount of EUR 1,970 million as of the reporting date (December 31, 2015: EUR 2,296 million) had a maximum credit risk of EUR 25 million (December 31, 2015: EUR 79 million) as of March 31, 2016. There is no danger of default on embedded derivatives held. When the netting of the positive and negative fair values of all derivatives was negative from Deutsche Telekom's perspective, Deutsche Telekom provided cash collateral in the amount of EUR 74 million (December 31, 2015: EUR 98 million) to counterparties pursuant to collateral agreements. The net amounts are normally recalculated every bank working day and offset against each other. The cash collateral paid is offset by corresponding net derivative positions of EUR 67 million at the reporting date, which is why it was not exposed to any credit risks in this amount. The collateral paid is reported under originated loans and receivables within other financial assets. On account of its close connection to the corresponding derivatives, the collateral paid constitutes a separate class of financial assets. Likewise, the collateral received, which is reported under financial liabilities, constitutes a separate class of financial liabilities on account of its connection to the corresponding derivatives. No other significant agreements reducing the maximum exposure to the credit risks of financial assets existed. The maximum exposure to credit risk of the other financial assets thus corresponds to their carrying amounts.

SERVICE CONCESSION ARRANGEMENTS

Satellit NV, Machelen, Belgium, signed a contractual arrangement with Viapass on July 25, 2014, the public agency responsible for toll collection in Belgium, for the set-up, operation, and financing of an electronic toll collection system. Following Viapass' acceptance of the system on March 30, 2016, the set-up phase was completed on March 31, 2016. As a result, income of EUR 0.1 billion was recognized from the construction contract as of the reporting date. Trade receivables amounted to EUR 0.5 billion. Total expenses of EUR 0.4 billion were associated with the construction contract for the system. With the operation phase having started on April 1, 2016, the separate fees for operation and maintenance services will in the future be recognized as revenue in the respective periods in accordance with the provisions of IAS 18.

RELATED-PARTY DISCLOSURES

There were no significant changes at March 31, 2016 to the related-party disclosures reported in the consolidated financial statements as of December 31, 2015, with the exception of the matters described in the following.

Since the consummation of the sale on January 29, 2016, the EE joint venture is no longer a related party of Deutsche Telekom AG. At the December 31, 2015 reporting date, there were loan commitments of EUR 0.3 billion. The arrangement concerning the loan commitments allowed for unilateral termination by Deutsche Telekom with immediate effect upon consummation of the sale. At the closing date of the transaction, Deutsche Telekom AG exercised this termination right. As result, obligations from the loan commitment no longer exist. Loan guarantees and guarantee statements of EUR 0.9 billion given to external contracting parties of the EE joint venture existed as of December 31, 2015. These are currently being adapted to the new circumstances.

Net funds of EUR 0.2 billion that had been invested by the EE joint venture were repaid to the company by Deutsche Telekom upon consummation of the sale on January 29, 2016.

EXECUTIVE BODIES

Changes in the composition of the Supervisory Board

Waltraud Litzberger resigned her position effective midnight December 31, 2015. Nicole Koch was court-appointed to the Supervisory Board effective January 1, 2016.

EVENTS AFTER THE REPORTING PERIOD (MARCH 31, 2016)

For more information on developments in the **compensation claim against OTE**, please refer to “Contingent liabilities,” page 45.

Collective agreements for Group Headquarters and Telekom Deutschland.

On April 13, 2016, Deutsche Telekom and the ver.di union agreed the terms for a collective agreement for Group Headquarters and Telekom Deutschland. The new collective agreement provides for salaries to increase with retroactive effect by 2.2 percent as of April 1, 2016 and by a further 2.1 percent as of April 1, 2017. Lower salary bands increased at the higher rate of 2.6 percent as of April 1, 2016. The new agreement takes effect on February 1, 2016 and runs for two years.

Placement of shares in Scout24 AG. On April 14, 2016, Deutsche Telekom AG placed approximately 2.6 million shares in Scout24 AG in an accelerated book-building process at a price of EUR 30.00 per placed share. The settlement of the sale took place on April 18, 2016. Deutsche Telekom AG received gross proceeds of around EUR 79 million. Following the sale, Deutsche Telekom AG continues to hold approximately 11.8 million shares, representing around 10.9 percent of the total number of shares of Scout24 AG. Due to the continued significant influence on Scout24 AG's finance and operations, the remaining stake in this company continues to be included in the consolidated financial statements using the equity method and is still part of the Group Headquarters & Group Services segment.

Financing activities. On April 1, 2016, T-Mobile US issued **Senior Notes** with a total volume of USD 1.0 billion. The company expects to use the net proceeds from this offering for the purchase of 700 MHz A-block spectrum and other spectrum purchases. On April 12, 2016, Deutsche Telekom International Finance B.V. with the guarantee of Deutsche Telekom AG issued a **Eurobond** of EUR 0.5 billion under a debt issuance program. The issuance forms part of the Company's general corporate financing. In April 2016, Deutsche Telekom AG issued irrevocable and temporary **loan commitments** to T-Mobile US for another up to USD 2.0 billion with no effect on financial liabilities.

RESPONSIBILITY STATEMENT

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

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

Bonn, May 4, 2016

Deutsche Telekom AG
Board of Management

Timotheus Höttges

Reinhard Clemens

Niek Jan van Damme

Thomas Dannenfeldt

Dr. Christian P. Illek

Dr. Thomas Kremer

Claudia Nemat

REVIEW REPORT

To Deutsche Telekom AG, Bonn

We have reviewed the condensed consolidated interim financial statements – comprising the statement of financial position, the income statement and statement of comprehensive income, the statement of changes in equity, the statement of cash flows, and selected explanatory notes – and the interim Group management report of Deutsche Telekom AG, Bonn, for the period from January 1 to March 31, 2016, which are part of the quarterly financial report pursuant to § 37w of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). The preparation of the condensed consolidated interim financial statements in accordance with the IFRSs applicable to the interim financial reporting as adopted by the EU and to the interim Group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent company's board of management. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim Group management report based on our review.

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

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

Frankfurt/Main, May 4, 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Harald Kayser
Wirtschaftsprüfer

Thomas Tandetzki
Wirtschaftsprüfer

ADDITIONAL INFORMATION

RECONCILIATION OF PRO FORMA FIGURES

SPECIAL FACTORS

The following table presents a reconciliation of EBITDA, EBIT, and net profit/loss to the respective figures adjusted for special factors. Reconciliations are presented for the reporting period, the prior-year period, and the full 2015 financial year:

	EBITDA Q1 2016	EBIT Q1 2016	EBITDA Q1 2015	EBIT Q1 2015	EBITDA FY 2015	EBIT FY 2015
EBITDA/EBIT	7,667	4,525	4,160	1,466	18,388	7,028
GERMANY	(158)	(158)	(86)	(86)	(545)	(545)
Staff-related measures	(144)	(144)	(61)	(61)	(402)	(402)
Non-staff-related restructuring	(14)	(14)	(14)	(14)	(21)	(21)
Effects of deconsolidations, disposals and acquisitions	0	0	0	0	0	0
Other	0	0	(11)	(11)	(122)	(122)
UNITED STATES	360	360	(114)	(114)	(425)	(425)
Staff-related measures	(7)	(7)	(22)	(22)	(50)	(50)
Non-staff-related restructuring	0	0	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	367	367	(95)	(95)	(382)	(382)
Impairment losses	-	0	-	0	-	0
Other	0	0	3	3	7	7
EUROPE	(24)	(24)	(54)	(54)	(221)	(264)
Staff-related measures	(29)	(29)	(22)	(22)	(177)	(177)
Non-staff-related restructuring	(1)	(1)	(2)	(2)	(14)	(14)
Effects of deconsolidations, disposals and acquisitions	6	6	0	0	31	31
Impairment losses	-	0	-	0	-	(43)
Other	0	0	(30)	(30)	(61)	(61)
SYSTEMS SOLUTIONS	(60)	(60)	(74)	(84)	(647)	(713)
Staff-related measures	(33)	(33)	(34)	(34)	(367)	(367)
Non-staff-related restructuring	(3)	(3)	(31)	(34)	(259)	(263)
Effects of deconsolidations, disposals and acquisitions	0	0	(6)	(6)	(4)	(4)
Other	(24)	(24)	(3)	(10)	(17)	(79)
GROUP HEADQUARTERS & GROUP SERVICES	2,386	2,386	(86)	(86)	319	303
Staff-related measures	(35)	(35)	(33)	(33)	(213)	(213)
Non-staff-related restructuring	(16)	(16)	(32)	(32)	(48)	(48)
Effects of deconsolidations, disposals and acquisitions	2,458	2,458	(19)	(19)	574	574
Impairment losses	-	0	-	-	-	0
Other	(21)	(21)	(2)	(2)	6	(10)
GROUP RECONCILIATION	0	0	0	0	(1)	(1)
Staff-related measures	0	0	0	0	(1)	(1)
Non-staff-related restructuring	0	0	0	0	(1)	(1)
Effects of deconsolidations, disposals and acquisitions	0	0	0	0	1	1
Other	0	0	0	0	0	0
TOTAL SPECIAL FACTORS	2,504	2,504	(414)	(424)	(1,520)	(1,645)
EBITDA/EBIT (ADJUSTED FOR SPECIAL FACTORS)	5,163	2,021	4,574	1,890	19,908	8,673
Profit (loss) from financial activities (adjusted for special factors)		(215)		(441)		(2,233)
PROFIT (LOSS) BEFORE INCOME TAXES (ADJUSTED FOR SPECIAL FACTORS)		1,806		1,449		6,440
Income taxes (adjusted for special factors)		(582)		(366)		(1,927)
PROFIT (LOSS) (ADJUSTED FOR SPECIAL FACTORS)		1,224		1,083		4,513
PROFIT (LOSS) (ADJUSTED FOR SPECIAL FACTORS) ATTRIBUTABLE TO						
Owners of the parent (net profit (loss)) (adjusted for special factors)		1,047		1,036		4,113
Non-controlling interests (adjusted for special factors)		177		47		400

GROSS AND NET DEBT

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

millions of €

	Mar. 31, 2016	Dec. 31, 2015	Change	Change %	Mar. 31, 2015
Financial liabilities (current)	13,876	14,439	(563)	(3.9)%	10,116
Financial liabilities (non-current)	48,185	47,941	244	0.5%	47,004
FINANCIAL LIABILITIES	62,061	62,380	(319)	(0.5)%	57,120
Accrued interest	(696)	(1,014)	318	31.4%	(876)
Other	(832)	(857)	25	2.9%	(847)
GROSS DEBT	60,533	60,509	24	0.0%	55,397
Cash and cash equivalents	7,332	6,897	435	6.3%	5,100
Available-for-sale financial assets/ financial assets held for trading	2,666	2,877	(211)	(7.3)%	219
Derivative financial assets	2,654	2,686	(32)	(1.2)%	2,820
Other financial assets	278	479	(201)	(42.0)%	948
NET DEBT	47,603	47,570	33	0.1%	46,310

RECONCILIATION FOR THE CHANGE IN DISCLOSURE OF KEY FIGURES FOR THE PRIOR-YEAR COMPARATIVE PERIOD IN THE FIRST QUARTER OF 2016

millions of €								
	Total revenue	Profit (loss) from operations (EBIT)	EBITDA	Adjusted EBITDA	Depreciation and amortization	Impairment losses	Segment assets ^a	Segment liabilities ^a
Q1 2015/MARCH 31, 2015								
PRESENTATION AS OF MARCH 31, 2015 – AS REPORTED								
Germany	5,589	1,190	2,125	2,211	(935)	-	33,552	26,270
United States	6,905	273	1,111	1,225	(838)	-	62,534	46,087
Europe	3,106	320	953	1,008	(632)	(1)	30,296	12,595
Systems Solutions	2,001	(65)	80	154	(145)	-	9,067	6,043
Group Headquarters & Group Services	565	(252)	(108)	(22)	(135)	(9)	44,532	50,830
TOTAL	18,166	1,466	4,161	4,576	(2,685)	(10)	179,981	141,825
Reconciliation	(1,324)	-	(1)	(2)	1	-	(36,061)	(36,055)
GROUP	16,842	1,466	4,160	4,574	(2,684)	(10)	143,920	105,770
Q1 2015/MARCH 31, 2015								
+/- CHANGE IN DISCLOSURE OF MAGYAR TELEKOM								
AS OF JANUARY 1, 2015								
Germany	-	-	-	-	-	-	-	-
United States	-	-	-	-	-	-	-	-
Europe	51	6	9	8	(3)	-	141	(52)
Systems Solutions	(74)	(5)	(9)	(9)	4	-	(366)	(173)
Group Headquarters & Group Services	-	-	-	-	-	-	-	-
TOTAL	(23)	1	-	(1)	1	-	(225)	(225)
Reconciliation	23	(1)	-	1	(1)	-	225	225
GROUP	-	-	-	-	-	-	-	-
Q1 2015/MARCH 31, 2015								
= PRESENTATION AS OF MARCH 31, 2016								
Germany	5,589	1,190	2,125	2,211	(935)	-	33,552	26,270
United States	6,905	273	1,111	1,225	(838)	-	62,534	46,087
Europe	3,157	326	962	1,016	(635)	(1)	30,437	12,543
Systems Solutions	1,927	(70)	71	145	(141)	-	8,701	5,870
Group Headquarters & Group Services	565	(252)	(108)	(22)	(135)	(9)	44,532	50,830
TOTAL	18,143	1,467	4,161	4,575	(2,684)	(10)	179,756	141,600
Reconciliation	(1,301)	(1)	(1)	(1)	-	-	(35,836)	(35,830)
GROUP	16,842	1,466	4,160	4,574	(2,684)	(10)	143,920	105,770

^a Figures relate to the reporting date December 31, 2015.

GLOSSARY

For definitions, please refer to the 2015 Annual Report and the glossary therein (page 251 et seq.).

DISCLAIMER

This Report (particularly the section “Forecast”) contains forward-looking statements that reflect the current views of Deutsche Telekom’s management with respect to future events. They are generally identified by the words “expect,” “anticipate,” “believe,” “intend,” “estimate,” “aim,” “goal,” “plan,” “will,” “seek,” “outlook,” or similar expressions and include generally any information that relates to expectations or targets for revenue, adjusted EBITDA, or other performance measures. Forward-looking statements are based on current plans, estimates, and projections. You should consider them with caution.

Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond Deutsche Telekom’s control. They include, for instance, the progress of Deutsche Telekom’s workforce reduction initiative and the impact of other significant strategic or business initiatives, including acquisitions, dispositions, and business combinations. In addition, movements in exchange rates and interest rates, regulatory rulings, stronger than expected competition, technological change, litigation, and regulatory developments, among other factors, may have a material

adverse effect on costs and revenue development. If these or other risks and uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, Deutsche Telekom’s actual results may be materially different from those expressed or implied by such statements. Deutsche Telekom can offer no assurance that its expectations or targets will be achieved. Without prejudice to existing obligations under capital market law, Deutsche Telekom does not assume any obligation to update forward-looking statements to account for new information or future events or any other aspects.

In addition to figures prepared in accordance with IFRS, Deutsche Telekom presents non-GAAP financial performance measures, e.g., EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted EBIT, adjusted EBIT margin, adjusted net profit/loss, free cash flow, gross debt, and net debt. These non-GAAP measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Non-GAAP financial performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways.

FINANCIAL CALENDAR^a

May 4, 2016	May 25, 2016	June 22, 2016	August 11, 2016
Publication of the Interim Group Report as of March 31, 2016	2016 Shareholders' meeting	Dividend payment ^b	Publication of the Interim Group Report as of June 30, 2016
November 10, 2016	March 2, 2017	May 11, 2017	
Publication of the Interim Group Report as of September 30, 2016	Publication of the 2016 Annual Report	Publication of the Interim Group Report as of March 31, 2017	

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

^b Deutsche Telekom is again considering offering the option of paying the dividend either in cash or in the form of shares. The cash dividend is expected to be paid out on June 22, 2016. Subject to approval by the relevant bodies and the fulfillment of other legal requirements.

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This Interim Group Report can be downloaded from the Investor Relations site on the Internet at: www.telekom.com/investor-relations

Our Annual Report is available online at:
www.telekom.com/geschaeftsbericht2015
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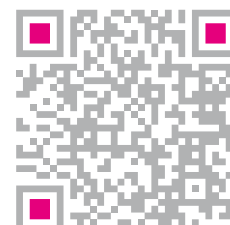
The English version of the Interim Group Report for January 1 to March 31, 2016 is a translation of the German version of the Interim Group Report. The German version is legally binding.

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

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MEDIA INFORMATION

Bonn, May 4, 2016

Deutsche Telekom invests for customers and in broadband in Germany

- Five million fiber-optic lines (VDSL/vectoring and FTTH) installed for branded customers and competitors in Germany
- Capital expenditure (excluding spectrum) up 11.9 percent to 2.8 billion euros in the first quarter
- Revenue up 4.7 percent to 17.6 billion euros
- Adjusted EBITDA up 12.9 percent to 5.2 billion euros
- Net profit quadrupled to 3.1 billion euros
- Positive effect on earnings of 2.5 billion euros from sale of stake in EE joint venture

The gigabit society needs a high-performance, integrated network. Deutsche Telekom is gradually laying the foundation for this. In the first quarter of 2016, for example, the Group passed the mark of five million fiber-optic lines (VDSL/vectoring and FTTH) in Germany. "We are rapidly bringing Germany into the high-speed age," said CEO Timotheus Höttges, pointing to record growth of 660,000 new fiber-optic lines in the first quarter of 2016 alone. "Our integrated 5G network of tomorrow with low latencies and high bandwidths is opening up the digital future to Europe. We have a clear timetable on our way toward the gigabit society. Our next goal is the federal government's broadband target for 2018. We are also taking our competitors along with us on this road," stressed Höttges. Of the five million lines, more than 1.7 million are leased by competitors and marketed under their own brands. With its role at the forefront



of the next-generation 5G mobile communications standard, Deutsche Telekom is on track to maintain its network leadership into the future as well.

This means that Deutsche Telekom is continuing on its path to becoming Europe's leading telecommunications company in this area too. The Group invested 2.8 billion euros (excluding mobile spectrum expenses) worldwide in the core elements of integrated networks on the basis of IP and best customer experience in the first quarter, 11.9 percent more than in the same period of the prior year. This paid off with positive trends in customer numbers and consequently in revenue and earnings growth. Net revenue increased by 4.7 percent to 17.6 billion euros. Adjusted EBITDA climbed by 12.9 percent to 5.2 billion euros. As a result of the higher cash capex, depreciation of property, plant, and equipment also increased substantially such that, below the line, adjusted net profit rose by 1.1 percent to 1.0 billion euros.

By contrast, reported net profit quadrupled to 3.1 billion euros. This increase was mainly driven by the sale of Deutsche Telekom's stake in the EE joint venture to the British company BT, which contributed earnings of 2.5 billion euros. The increase in cash capex resulted in a moderate decline in free cash flow by 5 percent to 0.8 billion euros.

The Group confirmed both its guidance for the financial targets for 2016 and its medium-term outlook for 2014 to 2018.

Record growth in fiber-optic lines in Germany

Cash capex in the Germany segment stood at 0.9 billion euros in the first quarter, down 4.3 percent year-on-year due to a decrease in construction activity compared to the prior-year quarter, caused by higher levels of precipitation. For the full year 2016, Telekom Deutschland plans to further increase cash capex against the 4.0 billion euros of the previous year. Under



the integrated network strategy, fiber-optic coverage increased by another 4 million households year-on-year as of the end of the first quarter of 2016, to a total of 23.7 million. The LTE network reached population coverage of 91 percent compared with 82 percent a year earlier. Another 3.5 million lines of branded customers and leased by competitors were converted to IP technology.

In the Germany business, the growth in fiber-optic lines in the first quarter was outstanding at 660,000. Of these new lines, 363,000 related to branded customers and 297,000 to wholesale business, the vast majority under the contingent model. Thus, competitors increased their demand for Deutsche Telekom's fiber-optic lines by more than three quarters compared with the first three months of 2015.

Due to the strong demand for fiber-optic lines, the number of branded broadband customers grew considerably by a net 62,000 in the quarter. Combined with another 53,000 new customers for Entertain, this contributed to increasing overall broadband revenue in the Germany segment by 1.8 percent. Thus, the positive revenue trend of the last few quarters continued to accelerate in this area. The high demand from competitors for fiber-optic lines increased wholesale revenue by 2.9 percent in the first quarter.

In mobile communications, Deutsche Telekom maintained its market lead in service revenues. 231,000 new contract customers is a decline against the prior-year quarter, which however was positively affected by reclassifications in connection with the new Multibrand unit. Of the 1.7 percent decline in mobile service revenues, discounts in connection with MagentaEINS accounted for a good percentage point. Increased competitive pressure in the business customer market is depressing revenues across the entire sector. Nevertheless, taking this factor into account, the service revenues performed somewhat better than the overall market.



Segment revenue fell by 2.5 percent overall, to 5.5 billion euros. Half of this decrease is attributable to the reduction in the low-margin distribution business with mobile devices. Adjusted EBITDA decreased by 1.4 percent to 2.2 billion euros.

T-Mobile US leading in U.S. mobile communications

T-Mobile US continued its success story of the last three years for another quarter. With 2.2 million new customers, more than half of them branded postpaid customers, the company further consolidated its position as number three in the U.S. market. After four quarters in succession with more than two million new customers, T-Mobile US now has around 65.5 million subscribers.

This strong trend means that T-Mobile US remains at the forefront of the industry in terms of financial growth. Total revenue increased by 10.9 percent to 8.6 billion U.S. dollars, with service revenues rising by 14.2 percent to 6.5 billion U.S. dollars.

T-Mobile US' contribution to the Group's adjusted EBITDA rose to 2.1 billion U.S. dollars, up 53.5 percent compared with the same period in 2015. This contribution includes a positive net amount of around 0.2 billion U.S. dollars from the terminal equipment leasing offer, as well as from Data Stash, the offer of carrying over unused data volumes to the next month.

For the full year 2016, a further contribution to the Group's adjusted EBITDA of around 9.1 billion U.S. dollars is expected. As a special factor, the effect of 0.6 billion U.S. dollars recognized in the accounting of T-Mobile US from a spectrum transaction in the first quarter of 2016 was not taken into account in the adjusted EBITDA guidance at Group level.



After a strong start to the year, T-Mobile US revised upwards its expectations for customer growth. Building on an increase in the number of branded postpaid customers of 1.04 million in the first quarter, the guidance for 2016 is now for growth of 3.2 to 3.6 million customers. Previously, the target corridor was between 2.4 and 3.4 million.

Europe continues trend of stabilization

The Europe segment also continued the advance of its network roll-out, focusing on the transformation of networks to a consistent IP standard. 50 percent of the lines in Deutsche Telekom's footprint countries have now been converted. In 2016, Hungary is to become the fifth country to complete the transformation.

The product packages in the MagentaONE portfolio have now been introduced in all countries that offer consumers integrated products. The success of these offers can be seen from a further increase of 14 percent to more than one million customers with convergence products. The overall positive trend in customer numbers is down to attractive rate plans as well as the continued network roll-out to an additional 850,000 households in fiber-optic coverage and some 25 million inhabitants in the LTE networks compared with the prior-year period. As a result, the number of mobile contract customers increased by 2.3 percent and the number of broadband and TV customers increased by 4.1 percent and 4.8 percent respectively, year-on-year.

The revenue trend of the Europe operating segment improved further on a like-for-like basis. The decrease in reported income by 77 million euros or 2.4 percent to 3.1 billion euros related to a deconsolidation effect of 66 million euros and exchange rate effects. Adjusted EBITDA declined by 3.0 percent, and in organic terms by 2.4 percent.



T-Systems profits from cloud and toll deal

Business for the T-Systems Market Unit in the first quarter was dominated by two main factors: A 24-percent increase in revenue from cloud services, and the contract to set up a toll collection system in Belgium. Together with new orders in cloud business, among others, this contract contributed 6.6 percent of the Market Unit's revenue growth.

Due to the Belgian contract, contributing earnings of some 0.1 billion euros, the adjusted segment EBITDA grew considerably by 42.1 percent.

Business at the new Telekom Security unit, which is currently being set up, also showed encouraging development. Telekom's ambition with this unit is to make the solutions for digitization and Industry 4.0 not only as simple, but also as secure as possible.

The Deutsche Telekom Group at a glance:

	Q 1 2016 millions of €	Q 1 2015 millions of €	Change %	FY 2015 millions of €
Revenue	17,630	16,842	4.7	69,228
Proportion generated internationally in %	65.5	63.0	2.5p	63.8
EBITDA	7,667	4,160	84.3	18,388
Adjusted EBITDA	5,163	4,574	12.9	19,908
Net profit	3,125	787	n.a.	3,254
Adjusted net profit	1,047	1,036	1.1	4,113
Free cash flow ^a	822	865	(5.0)	4,546
Cash capex ^b	3,896	4,429	(12.0)	14,613
Cash capex ^b (before spectrum)	2,831	2,530	11.9	10,818
Net debt	47,603	46,310	2.8	47,570
Number of employees ^c	223,320	227,184	(1.7)	225,243

Comments on the table:

a Before dividend payments and spectrum investment.

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

c At reporting date.

Operating segments:

	Q 1 2016 millions of €	Q 1 2015 millions of €	Change %	FY 2015 millions of €
Germany				
Total revenue	5,452	5,589	(2.5)	22,421
EBITDA	2,022	2,125	(4.8)	8,245
Adjusted EBITDA	2,180	2,211	(1.4)	8,790
Number of employees ^a	69,217	69,404	(0.3)	68,638
United States				
Total revenue	7,816	6,905	13.2	28,925
EBITDA	2,268	1,111	n.a.	6,229
Adjusted EBITDA	1,908	1,225	55.8	6,654
Europe				
Total revenue	3,080	3,157	(2.4)	13,024
EBITDA	962	962	0.0	4,108
Adjusted EBITDA	986	1,016	(3.0)	4,329
Systems Solutions				
Order entry	1,522	1,212	25.6	5,608
Total revenue	2,045	1,927	6.1	8,194
Of which Market Unit	1,728	1,621	6.6	6,657
Adjusted EBIT margin (%)	4.4	0.7	3.7p	2.1
Adj. EBIT margin, Market Unit (%)	5.8	1.8	4.0p	2.6
EBITDA	146	71	n.a.	93
Adjusted EBITDA	206	145	42.1	740

Comments on the table:

Business customer operations at Magyar Telekom in Hungary, which had previously been organizationally assigned to the Systems Solutions operating segment, have been bundled and reported under the Europe operating segment since January 1, 2016. Comparative figures have been adjusted retrospectively.

a At reporting date.



Development of customer numbers

Operating segments: Development of customer numbers in the first quarter of 2016

	Mar. 31, 2016 thousands	Dec. 31, 2015 thousands	Change thousands	Change %
Germany				
Mobile customers	40,643	40,373	270	0.7
Of which contract customers	23,940	23,709	231	1.0
Fixed-network lines	20,093	20,227	(134)	(0.7)
Of which retail IP-based	7,470	6,887	583	8.5
Broadband lines	12,706	12,644	62	0.5
Of which optical fiber ^a	3,286	2,923	363	12.4
Television (IPTV, satellite)	2,736	2,683	53	2.0
Unbundled local loop lines (ULLs)	7,867	8,050	(183)	(2.3)
United States				
Mobile customers	65,503	63,282	2,221	3.5
Of which branded postpaid customers	32,736	31,695	1,041	3.3
Of which branded prepay customers	18,438	17,631	807	4.6
Europe				
Mobile customers	52,208	52,737	(529)	(1.0)
Of which contract customers	26,544	26,456	88	0.3
Fixed-network lines	8,687	8,763	(76)	(0.9)
Of which IP-based	4,261	4,132	129	3.1
Retail broadband lines	5,254	5,189	65	1.3
Television (IPTV, satellite, cable)	3,922	3,905	17	0.4

Comments on the table:

Business customer operations at Magyar Telekom in Hungary, which had previously been organizationally assigned to the Systems Solutions operating segment, have been bundled and reported under the Europe operating segment since January 1, 2016. Comparative figures have been adjusted retrospectively.

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



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

	Mar. 31, 2016 thousands	Mar. 31, 2015 thousands	Change thousands	Change %
Germany				
Mobile customers	40,643	39,200	1,443	3.7
Of which contract customers	23,940	22,576	1,364	6.0
Fixed-network lines	20,093	20,555	(462)	(2.2)
Of which retail IP-based	7,470	5,120	2,350	45.9
Broadband lines	12,706	12,437	269	2.2
Of which optical fiber ^a	3,286	2,094	1,192	56.9
Television (IPTV, satellite)	2,736	2,516	220	8.7
Unbundled local loop lines (ULLs)	7,867	8,619	(752)	(8.7)
United States				
Mobile customers	65,503	56,836	8,667	15.2
Of which branded postpaid customers	32,736	28,310	4,426	15.6
Of which branded prepay customers	18,438	16,389	2,049	12.5
Europe				
Mobile customers	52,208	56,365	(4,157)	(7.4)
Of which contract customers	26,544	25,937	607	2.3
Fixed-network lines	8,687	8,987	(300)	(3.3)
Of which IP-based	4,261	3,626	635	17.5
Retail broadband lines	5,254	5,046	208	4.1
Television (IPTV, satellite, cable)	3,922	3,741	181	4.8

Comments on the table:

Business customer operations at Magyar Telekom in Hungary, which had previously been organizationally assigned to the Systems Solutions operating segment, have been bundled and reported under the Europe operating segment since January 1, 2016. Comparative figures have been adjusted retrospectively.

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

This media information contains forward-looking statements that reflect the current views of Deutsche Telekom management with respect to future events. These forward-looking statements include statements with regard to the expected development of revenue, earnings, profits from operations, depreciation and amortization, cash flows, and personnel-related measures. They should therefore be considered with caution. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond Deutsche Telekom's control. Among the factors that might influence our ability to achieve our objectives are the progress of our staff restructuring initiatives and other cost-saving measures, and the impact of other significant strategic, labor, or business initiatives, including acquisitions, dispositions, business combinations, and our network upgrade and build-out initiatives. In addition, stronger than expected competition, technological change, legal proceedings, and regulatory developments, among other factors, may have a material adverse effect on our costs and revenue development. Further, the economic downturn in our markets, and changes in interest and currency exchange rates, may also have an impact on our business development and the availability of financing on favorable conditions. Changes to our expectations concerning future cash flows may lead to impairment write downs of assets carried at historical cost, which may materially affect our results at the Group and operating segment levels. If these or other risks and uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, our actual performance may materially differ from the performance expressed or implied by forward-looking statements. We can offer no assurance that our estimates or expectations will be achieved. Without prejudice to existing obligations under capital market law, we do not assume any obligation to update forward-looking statements to take new information or future events into account or otherwise.

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



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GROUP

AT A GLANCE¹

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
GROUP		16.842	17.428	17.099	17.859	69.228	17.630	4,7
Germany		5.589	5.580	5.593	5.659	22.421	5.452	(2,5)
United States		6.905	7.443	7.059	7.518	28.925	7.816	13,2
Europe		3.157	3.209	3.261	3.397	13.024	3.080	(2,4)
Systems Solutions		1.927	2.073	2.031	2.163	8.194	2.045	6,1
Group Headquarters & Group Services		565	584	555	571	2.275	513	(9,2)
Reconciliation		(1.301)	(1.461)	(1.400)	(1.449)	(5.611)	(1.276)	1,9
NET REVENUE								
Germany		5.265	5.235	5.248	5.321	21.069	5.136	(2,5)
United States		6.904	7.444	7.058	7.518	28.924	7.816	13,2
Europe		3.098	3.150	3.200	3.334	12.782	3.018	(2,6)
Systems Solutions		1.420	1.435	1.452	1.520	5.827	1.545	8,8
Group Headquarters & Group Services		155	164	141	166	626	115	(25,8)
GROUP		16.842	17.428	17.099	17.859	69.228	17.630	4,7
EBITDA (ADJUSTED FOR SPECIAL FACTORS)								
Germany		2.211	2.224	2.269	2.086	8.790	2.180	(1,4)
United States		1.225	1.652	1.702	2.075	6.654	1.908	55,8
Europe		1.016	1.081	1.157	1.075	4.329	986	(3,0)
Systems Solutions		145	203	176	216	740	206	42,1
Group Headquarters & Group Services		(22)	(76)	(133)	(321)	(552)	(117)	n.a.
Reconciliation		(1)	(58)	(6)	12	(53)	0	n.a.
GROUP		4.574	5.026	5.165	5.143	19.908	5.163	12,9
Proportional EBITDA		3.820	4.173	4.236	4.088	16.317	4.173	9,2

¹ Business customer operations at Magyar Telekom in Hungary, which had previously been organizationally assigned to the Systems Solutions operating segment, have been bundled and reported under the Europe operating segment since January 1, 2016. Comparative figures have been adjusted retrospectively.

GROUP

AT A GLANCE II¹

		Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
EBITDA MARGIN (ADJUSTED FOR SPECIAL FACTORS) (EBITDA / TOTAL REVENUE)	%							
Germany	%	39,6	39,9	40,8	36,9	39,2	40,0	0,4p
United States	%	17,7	22,1	24,1	27,6	23,0	24,4	6,7p
Europe	%	32,2	33,7	35,5	31,6	33,2	32,0	(0,2p)
Systems Solutions	%	7,5	9,8	8,7	10,0	9,0	10,1	2,6p
Group Headquarters & Group Services	%	(3,9)	(13,0)	(24,0)	(56,2)	(24,3)	(22,8)	(18,9p)
GROUP	%	27,2	28,8	30,2	28,8	28,8	29,3	2,1p
CASH CAPEX								
Germany		949	2.622	1.073	965	5.609	908	(4,3)
United States		2.729	1.230	1.103	1.319	6.381	1.756	(35,7)
Europe		498	303	403	463	1.667	1.009	n.a.
Systems Solutions		248	276	282	345	1.151	237	(4,4)
Group Headquarters & Group Services		96	65	69	112	342	60	(37,5)
Reconciliation		(91)	(166)	(117)	(163)	(537)	(74)	18,7
GROUP		4.429	4.330	2.813	3.041	14.614	3.896	(12,0)
- thereof spectrum investment		1.899	1.755	115	26	3.795	1.065	(43,9)
NET PROFIT (LOSS)								
adjusted for special factors		1.036	1.078	1.040	959	4.113	1.047	1,1
as reported		787	712	809	946	3.254	3.125	n.a.
FREE CASH FLOW (BEFORE DIVIDEND PAYMENTS AND SPECTRUM INVESTMENT)		865	1.376	1.307	998	4.546	822	(5,0)
Proportional free cash flow		869	1.228	1.092	442	3.631	837	(3,7)
NET DEBT		46.310	48.835	47.868	47.570	47.570	47.603	2,8

¹ Business customer operations at Magyar Telekom in Hungary, which had previously been organizationally assigned to the Systems Solutions operating segment, have been bundled and reported under the Europe operating segment since January 1, 2016. Comparative figures have been adjusted retrospectively.

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DT GROUP

EXCELLENT MARKET POSITION¹

	Note	Q1	Q2	Q3	Q4	Q1	Change compared to		Change compared to	
		2015	2015	2015	2015	2016	prior quarter		prior year	
		('000)	('000)	('000)	('000)	('000)	abs.	%	abs.	%
BROADBAND RETAIL LINES (END OF PERIOD)	2,3	17.483	17.602	17.718	17.833	17.960	127	0,7	477	2,7
Germany		12.437	12.518	12.596	12.644	12.706	62	0,5	269	2,2
Europe		5.046	5.084	5.122	5.189	5.254	65	1,3	208	4,1
Greece		1.392	1.426	1.457	1.505	1.541	36	2,4	149	10,7
Romania		1.192	1.186	1.181	1.186	1.204	18	1,5	12	1,0
Hungary		949	956	975	988	996	8	0,8	47	5,0
Poland		6	9	8	10	10	0	n.a.	4	66,7
Czech Republic		143	141	136	132	131	(1)	(0,8)	(12)	(8,4)
Croatia		644	642	638	636	634	(2)	(0,3)	(10)	(1,6)
Slovakia		454	459	465	473	481	8	1,7	27	5,9
other		266	264	262	258	256	(2)	(0,8)	(10)	(3,8)
FIXED NETWORK LINES (END OF PERIOD)	3,4	29.542	29.312	29.152	28.990	28.780	(210)	(0,7)	(762)	(2,6)
Germany		20.555	20.437	20.354	20.227	20.093	(134)	(0,7)	(462)	(2,2)
Europe		8.987	8.875	8.798	8.763	8.687	(76)	(0,9)	(300)	(3,3)
Greece		2.599	2.591	2.577	2.586	2.583	(3)	(0,1)	(16)	(0,6)
Romania		2.189	2.153	2.117	2.091	2.055	(36)	(1,7)	(134)	(6,1)
Hungary		1.710	1.671	1.677	1.674	1.659	(15)	(0,9)	(51)	(3,0)
Poland		12	18	17	18	18	0	n.a.	6	50,0
Czech Republic		155	152	147	154	141	(13)	(8,4)	(14)	(9,0)
Croatia		1.052	1.038	1.020	1.004	1.012	8	0,8	(40)	(3,8)
Slovakia		875	864	858	855	851	(4)	(0,5)	(24)	(2,7)
other		395	389	385	381	367	(14)	(3,7)	(28)	(7,1)
MOBILE SUBSCRIBERS (END OF PERIOD)	3	152.401	154.718	157.358	156.392	158.354	1.962	1,3	5.953	3,9
Germany		39.200	39.465	39.892	40.373	40.643	270	0,7	1.443	3,7
United States		56.836	58.908	61.220	63.282	65.503	2.221	3,5	8.667	15,2
Europe		56.365	56.345	56.246	52.737	52.208	(529)	(1,0)	(4.157)	(7,4)
Greece		7.308	7.387	7.428	7.399	7.477	78	1,1	169	2,3
Romania		6.008	6.015	5.905	5.992	5.934	(58)	(1,0)	(74)	(1,2)
Hungary		5.463	5.476	5.482	5.504	5.372	(132)	(2,4)	(91)	(1,7)
Poland		15.794	15.827	15.696	12.056	11.821	(235)	(1,9)	(3.973)	(25,2)
Czech Republic		5.993	5.996	5.981	6.019	6.024	5	0,1	31	0,5
Croatia		2.214	2.241	2.323	2.233	2.206	(27)	(1,2)	(8)	(0,4)
Netherlands		3.830	3.689	3.686	3.677	3.668	(9)	(0,2)	(162)	(4,2)
Slovakia		2.202	2.196	2.204	2.235	2.231	(4)	(0,2)	29	1,3
Austria		3.956	3.934	3.962	4.323	4.221	(102)	(2,4)	265	6,7
other		3.595	3.585	3.579	3.299	3.255	(44)	(1,3)	(340)	(9,5)

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

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

3 Business customer operations at Magyar Telekom in Hungary, which had previously been organizationally assigned to the Systems Solutions operating segment, have been bundled and reported under the Europe operating segment since January 1, 2016. Comparative figures have been adjusted retrospectively. .

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

DT CONSOLIDATED INCOME STATEMENT

ADJUSTED FOR SPECIAL FACTORS

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
NET REVENUE		16.842	17.464	17.075	17.860	69.241	17.630	4,7
Other operating income		397	301	233	459	1.390	268	(32,5)
Changes in inventories		5	3	1	(20)	(11)	12	n.a.
Own capitalized costs		497	463	515	561	2.036	481	(3,2)
Goods and services purchased		(8.730)	(8.795)	(8.279)	(9.206)	(35.010)	(8.587)	1,6
Personnel costs		(3.696)	(3.699)	(3.610)	(3.642)	(14.647)	(3.813)	(3,2)
Other operating expenses		(742)	(710)	(770)	(869)	(3.091)	(828)	(11,6)
Depreciation, amortization, and impairment losses		(2.683)	(2.680)	(2.775)	(3.097)	(11.235)	(3.142)	(17,1)
PROFIT (LOSS) FROM OPERATIONS (EBIT)		1.890	2.347	2.390	2.046	8.673	2.021	6,9
EBIT margin (EBIT / net revenue)	%	11,2	13,4	14,0	11,5	12,5	11,5	0,3p
Profit (loss) from financial activities		(441)	(749)	(656)	(387)	(2.233)	(215)	51,2
of which: finance costs		(600)	(579)	(580)	(608)	(2.367)	(634)	(5,7)
PROFIT (LOSS) BEFORE INCOME TAXES (EBT)		1.449	1.598	1.734	1.659	6.440	1.806	24,6
Income taxes		(366)	(444)	(572)	(545)	(1.927)	(582)	(59,0)
PROFIT (LOSS)		1.083	1.154	1.162	1.114	4.513	1.224	13,0
Profit (loss) attributable to non-controlling interests		47	76	122	155	400	177	n.a.
NET PROFIT (LOSS)		1.036	1.078	1.040	959	4.113	1.047	1,1

GROUP

EBITDA RECONCILIATION

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
NET REVENUE		16.842	17.428	17.099	17.859	69.228	17.630	4,7
NET PROFIT (LOSS)		787	712	809	946	3.254	3.125	n.a.
+ Profit (loss) attributable to non-controlling interests		2	47	59	140	248	252	n.a.
= Profit (loss)		789	759	868	1.086	3.502	3.377	n.a.
- Income taxes		(234)	(283)	(260)	(499)	(1.276)	(934)	n.a.
= Profit (loss) before income taxes = EBT		1.023	1.042	1.128	1.585	4.778	4.311	n.a.
- Profit (loss) from financial activities		(443)	(764)	(657)	(386)	(2.250)	(214)	51,7
PROFIT (LOSS) FROM OPERATIONS (EBIT)		1.466	1.806	1.785	1.971	7.028	4.525	n.a.
- Depreciation, amortization and impairment losses		(2.694)	(2.728)	(2.796)	(3.142)	(11.360)	(3.142)	(16,6)
= EBITDA		4.160	4.534	4.581	5.113	18.388	7.667	84,3
EBITDA margin (EBITDA/net revenue)	%	24,7	26,0	26,8	28,6	26,6	43,5	18,8p
- Special factors affecting EBITDA		(414)	(492)	(584)	(30)	(1.520)	2.504	n.a.
= EBITDA ADJUSTED FOR SPECIAL FACTORS		4.574	5.026	5.165	5.143	19.908	5.163	12,9
EBITDA margin (adjusted for special factors) (EBITDA / net revenue)	%	27,2	28,8	30,2	28,8	28,8	29,3	2,1p

DT CONSOLIDATED INCOME STATEMENT AS REPORTED

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
NET REVENUE		16.842	17.428	17.099	17.859	69.228	17.630	4,7
Other operating income		397	337	233	1.041	2.008	3.179	n.a.
Changes in inventories		5	3	1	(20)	(11)	12	n.a.
Own capitalized costs		501	464	515	561	2.041	480	(4,2)
Goods and services purchased		(8.907)	(8.869)	(8.624)	(9.306)	(35.706)	(8.663)	2,7
Personnel costs		(3.870)	(4.064)	(3.857)	(4.065)	(15.856)	(4.062)	(5,0)
Other operating expenses		(808)	(765)	(786)	(957)	(3.316)	(909)	(12,5)
Depreciation, amortization, and impairment losses		(2.694)	(2.728)	(2.796)	(3.142)	(11.360)	(3.142)	(16,6)
PROFIT (LOSS) FROM OPERATIONS (EBIT)		1.466	1.806	1.785	1.971	7.028	4.525	n.a.
EBIT margin (EBIT / net revenue)	%	8,7	10,4	10,4	11,0	10,2	25,7	17,0p
Profit (loss) from financial activities		(443)	(764)	(657)	(386)	(2.250)	(214)	51,7
of which: finance costs		(600)	(577)	(579)	(607)	(2.363)	(633)	(5,5)
PROFIT (LOSS) BEFORE INCOME TAXES (EBT)		1.023	1.042	1.128	1.585	4.778	4.311	n.a.
Income taxes		(234)	(283)	(260)	(499)	(1.276)	(934)	n.a.
PROFIT (LOSS)		789	759	868	1.086	3.502	3.377	n.a.
Profit (loss) attributable to non-controlling interests		2	47	59	140	248	252	n.a.
NET PROFIT (LOSS)		787	712	809	946	3.254	3.125	n.a.

GROUP

SPECIAL FACTORS IN THE CONSOLIDATED INCOME STATEMENT

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €
NET REVENUE		0	(36)	24	(1)	(13)	0
Other operating income	1	0	36	0	582	618	2.911
Changes in inventories		0	0	0	0	0	0
Own capitalized costs		4	1	0	0	5	(1)
Goods and services purchased		(177)	(74)	(345)	(100)	(696)	(76)
Personnel costs		(173)	(365)	(248)	(423)	(1.209)	(249)
Other operating expenses		(67)	(55)	(15)	(88)	(225)	(81)
Depreciation, amortization, and impairment losses		(11)	(48)	(21)	(45)	(125)	0
PROFIT (LOSS) FROM OPERATIONS (EBIT)	1	(424)	(541)	(605)	(75)	(1.645)	2.504
Profit (loss) from financial activities		(2)	(15)	(1)	1	(17)	1
PROFIT (LOSS) BEFORE INCOME TAXES (EBT)	1	(426)	(556)	(606)	(74)	(1.662)	2.505
Income taxes		132	161	312	46	651	(352)
PROFIT (LOSS)		(294)	(395)	(294)	(28)	(1.011)	2.153
Profit (loss) attributable to non-controlling interests		(45)	(29)	(63)	(15)	(152)	75
NET PROFIT (LOSS)		(249)	(366)	(231)	(13)	(859)	2.078

1 Income from divestitures relating to the deconsolidation of the Scout24 group.

GROUP

DETAILS ON SPECIAL FACTORS I

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
EFFECT ON OPERATING EXPENSES		(67)	(55)	(15)	(88)	(225)	(81)	(20,9)
of which: expenses / income for early retirement (civil servants)		0	0	0	0	0	0	n.a.
of which: expenses for severance payments		0	0	0	0	0	0	n.a.
of which: expenses / income for partial retirement		0	0	0	0	0	0	n.a.
of which: expenses for other personnel restructuring charges		0	0	0	0	0	0	n.a.
of which: Vivento transfer payments		0	0	0	0	0	0	n.a.
of which: restructuring charges		(9)	(68)	(26)	(17)	(120)	(3)	66,7
of which: expenses due to de-consolidations and other asset sales		(25)	17	(19)	(25)	(52)	(58)	n.a.
of which: others		(35)	(2)	30	(47)	(54)	(20)	42,9
EFFECT ON OTHER OPERATING INCOME		0	36	0	582	618	2.911	n.a.
of which: income due to asset sales		0	36	0	582	618	2.911	n.a.
of which: others		0	0	0	0	0	0	n.a.
EFFECT ON REVENUE		0	(36)	24	(1)	(13)	0	n.a.
EFFECT ON PROFIT FROM OPERATIONS = EBIT	1	(424)	(541)	(605)	(75)	(1.645)	2.504	n.a.
DEPRECIATION, AMORTIZATION AND IMPAIRMENT								
LOSSES		(10)	(49)	(21)	(45)	(125)	0	n.a.
of which: restructuring charges		(3)	0	(1)	1	(3)	0	n.a.
of which: expenses due to consolidations and other asset sales		0	0	0	0	0	0	n.a.
of which: others		(7)	(49)	(20)	(46)	(122)	0	n.a.
EFFECT ON EBITDA	1	(414)	(492)	(584)	(30)	(1.520)	2.504	n.a.

1 Income from divestitures relating to the deconsolidation of the Scout24 group.

GROUP

DETAILS ON SPECIAL FACTORS II

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
EFFECT ON PROFIT (LOSS) FROM FINANCIAL ACTIVITIES		(1)	(16)	(1)	1	(17)	1	n.a.
EFFECT ON PROFIT (LOSS) BEFORE INCOME TAXES		(426)	(556)	(606)	(74)	(1.662)	2.505	n.a.
EFFECT ON TAXES		132	161	312	46	651	(352)	n.a.
Tax effect of special factors within EBIT		68	126	122	130	446	16	(76,5)
Tax effect of special factors on profit (loss) from financial activities		64	35	190	(84)	205	(368)	n.a.
Other tax effects		0	0	0	0	0	0	n.a.
EFFECT ON PROFIT (LOSS) ATTRIBUTABLE TO NON- CONTROLLING INTERESTS		(45)	(29)	(63)	(15)	(152)	75	n.a.
EFFECT ON NET PROFIT (LOSS)	1	(249)	(366)	(231)	(13)	(859)	2.078	n.a.

1 Income from divestitures relating to the deconsolidation of the Scout24 group.

CHANGE IN THE COMPOSITION OF THE GROUP IN THE CURRENT YEAR

	Note	REPORTED	PLUS					MINUS					TOTAL	PRO	REPORTED	ORGANIC		
		NUMBERS	ACQUISITION EFFECTS					DECONSOLIDATION EFFECTS					EFFECT	FORMA	NUMBERS	CHANGE		
		Q1 2015 millions of	Total millions of €	Germany millions of €	United States millions of €	Europe millions of €	System Solutions millions of €	GHS millions of €	Total millions of €	Germany millions of €	United States millions of €	Europe millions of €	System Solutions millions of €	GHS millions of €		Q1 2015 millions of	Q1 2016 millions of	%
NET REVENUE		16.842	0	0	0	0	0	79	0	0	54	0	25	(79)	16.763	17.630	5,2	
PROFIT (LOSS) FROM OPERATIONS = EBIT		1.466	0	0	0	0	0	10	0	0	3	0	7	(10)	1.456	4.525	n.a.	
Profit (loss) from financial activities		(443)	0	0	0	0	0	0	0	0	0	0	0	0	(443)	(214)	51,7	
of which finance costs		(600)	0	0	0	0	0	0	0	0	0	0	0	0	(600)	(633)	(5,5)	
PROFIT (LOSS) BEFORE INCOME TAXES = EBT		1.023	0	0	0	0	0	10	0	0	3	0	7	(10)	1.013	4.311	n.a.	
Income taxes		(234)	0	0	0	0	0	0	0	0	0	0	0	0	(234)	(934)	n.a.	
PROFIT (LOSS)		789	0	0	0	0	0	10	0	0	3	0	7	(10)	779	3.377	n.a.	

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

		Mar. 31	Jun. 30	Sep. 30	Dec. 31	Mar. 31	Change	Change
		2015	2015	2015	2015	2016	compared to	compared to
	Note	millions of €	millions of €	millions of €	millions of €	millions of €	prior quarter	prior year
							%	%
CURRENT ASSETS		28.549	27.325	27.747	32.184	25.453	(20,9)	(10,8)
Cash and cash equivalents		5.100	4.694	4.510	6.897	7.332	6,3	43,8
Trade and other receivables		10.696	10.600	10.289	9.238	8.894	(3,7)	(16,8)
Current recoverable income taxes		125	143	117	129	136	5,4	8,8
Other financial assets		2.702	2.109	2.386	5.805	4.829	(16,8)	78,7
Inventories		1.841	1.690	1.775	1.847	1.998	8,2	8,5
Current and non-current assets and disposal groups held for sale		6.259	6.458	7.209	6.922	409	(94,1)	(93,5)
Other assets		1.826	1.631	1.461	1.346	1.855	37,8	1,6
NON-CURRENT ASSETS		108.912	107.653	107.482	111.736	118.152	5,7	8,5
Intangible assets		56.791	57.165	56.049	57.025	57.384	0,6	1,0
Property, plant and equipment		41.221	41.027	42.173	44.637	44.442	(0,4)	7,8
Investments accounted for using the equity method		652	534	424	822	811	(1,3)	24,4
Other financial assets		3.759	3.046	3.097	3.530	9.877	n.a.	n.a.
Deferred tax assets		6.142	5.507	5.315	5.248	5.119	(2,5)	(16,7)
Other assets		347	374	424	474	519	9,5	49,6
TOTAL ASSETS		137.461	134.978	135.229	143.920	143.605	(0,2)	4,5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

LIABILITIES AND SHAREHOLDERS' EQUITY

		Mar. 31	Jun. 30	Sep. 30	Dec. 31	Mar. 31	Change	Change
		2015	2015	2015	2015	2016	compared to	compared to
	Note	millions of €	millions of €	millions of €	millions of €	millions of €	prior quarter	prior year
							%	%
LIABILITIES		100.465	99.017	98.721	105.770	105.161	(0,6)	4,7
CURRENT LIABILITIES		28.357	32.603	31.734	33.548	32.211	(4,0)	13,6
Financial liabilities		10.116	15.152	13.685	14.439	13.876	(3,9)	37,2
Trade and other payables		9.542	9.158	9.846	11.090	9.867	(11,0)	3,4
Income tax liabilities		278	302	230	197	260	32,0	(6,5)
Other provisions		3.605	3.150	3.180	3.367	3.227	(4,2)	(10,5)
Liabilities directly associated with non-current assets and disposal groups held for sale		0	10	42	4	0	n.a.	n.a.
Other liabilities		4.816	4.831	4.751	4.451	4.981	11,9	3,4
NON-CURRENT LIABILITIES		72.108	66.414	66.987	72.222	72.950	1,0	1,2
Financial liabilities		47.004	43.093	43.402	47.941	48.185	0,5	2,5
Provisions for pensions and other employee benefits		9.213	8.033	8.281	8.028	8.369	4,2	(9,2)
Other provisions		2.536	2.339	2.518	2.978	3.027	1,6	19,4
Deferred tax liabilities		9.236	8.913	8.787	9.205	9.342	1,5	1,1
Other liabilities		4.119	4.036	3.999	4.070	4.027	(1,1)	(2,2)
SHAREHOLDERS' EQUITY		36.996	35.961	36.508	38.150	38.444	0,8	3,9
Issued capital		11.611	11.793	11.793	11.793	11.793	n.a.	1,6
Capital reserves		51.796	52.361	52.408	52.412	52.399	n.a.	1,2
Retained earnings incl. carryforwards		(37.385)	(38.827)	(38.986)	(38.969)	(36.187)	7,1	3,2
Total other comprehensive income		(235)	(491)	(506)	(178)	(1.470)	n.a.	n.a.
Total other comprehensive income directly associated with non-current assets and disposable groups held for sale		1.201	1.337	1.109	1.139	0	n.a.	n.a.
Net profit (loss)		787	1.499	2.308	3.254	3.125	(4,0)	n.a.
Treasury shares		(53)	(53)	(53)	(51)	(51)	n.a.	3,8
Non-controlling interests		9.274	8.342	8.435	8.750	8.835	1,0	(4,7)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		137.461	134.978	135.229	143.920	143.605	(0,2)	4,5

DT GROUP

PROVISIONS FOR PENSIONS

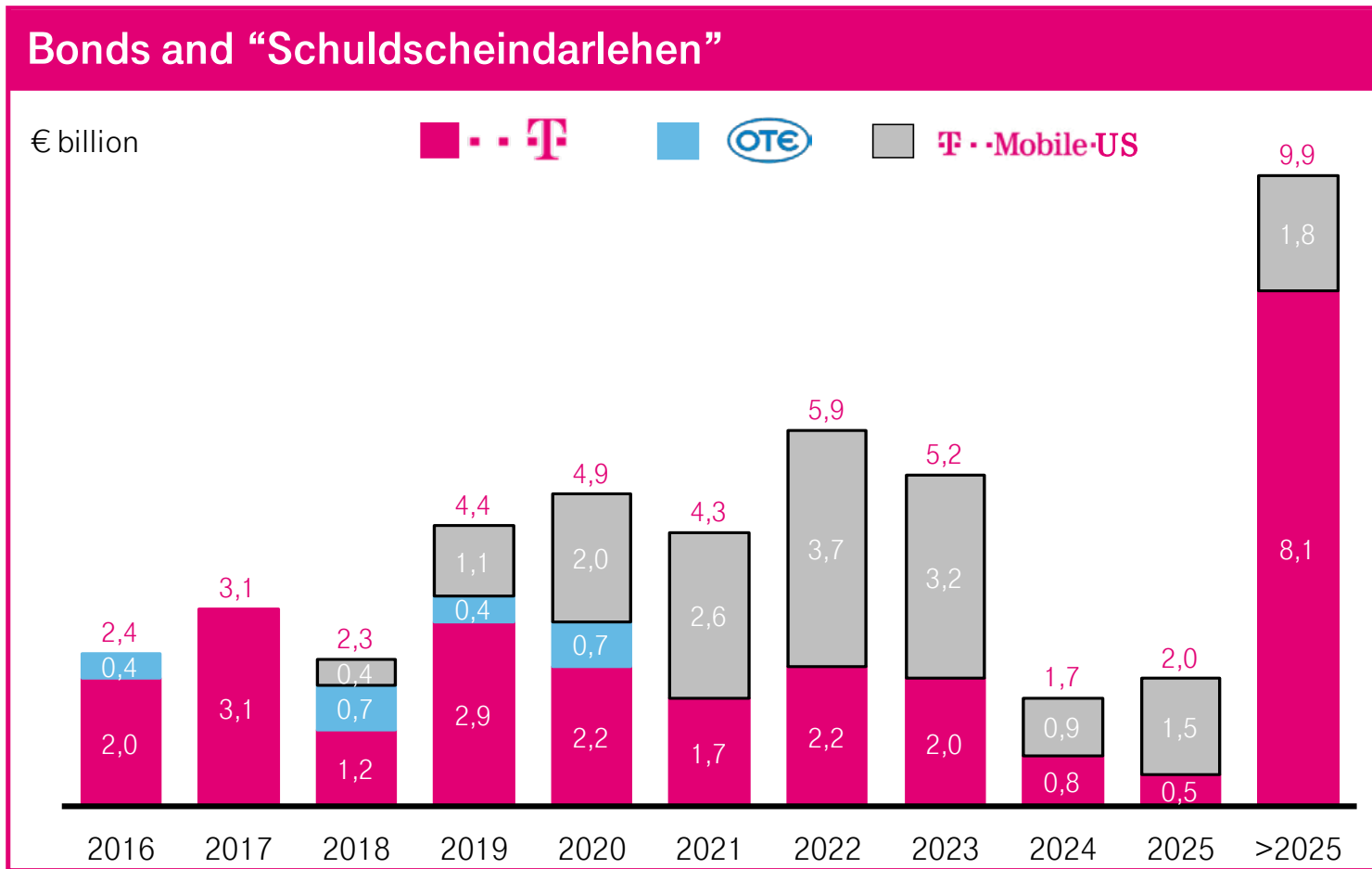
		2015 millions of €	2014 millions of €	2013 millions of €	2012 millions of €	2011 millions of €
FROM DEFINED BENEFIT OBLIGATION TO PROVISION IN BALANCE SHEET						
Present value of obligation (DBO)	1	10.753	10.940	8.965	8.973	6.966
Plan assets		(2.744)	(2.498)	(1.973)	(1.680)	(860)
Others		19	23	14	19	18
Provision in balance sheet		8.028	8.465	7.006	7.312	6.124
PENSION COSTS INCLUDED IN P&L (INCLUDED EXPECTED RETURN ON PLAN ASSETS)						
		442	445	388	511	530
thereof included in EBITDA		285	220	160	197	199
thereof included in financial result		157	225	228	313	314
CASH PAYMENTS FOR PENSIONS						
1) funding of plan assets by DT (investment in financial assets)		276	266	269	768	267
2) benefits paid through plan assets	2	31	30	42	45	52
3) benefits paid through provision (included in cash flow from operations)		386	298	366	375	367
cash payments included in cash flow statement = 1) + 3)		662	564	635	1.143	634
cash payments included in free cash flow = 3)		386	298	366	375	367
CHANGE IN THE PRESENT VALUE OF THE OBLIGATION (EXAMPLE 2015)						
End of 2014		10.940				
pension costs included in P&L		492				
benefits paid		(386)				
actuarial losses/gains	3	(312)				
F/X		33				
Others		(14)				
End of 2015		10.753				

1 Increase in obligation in 2012 mainly due to a change in the discount rate.

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

3 Actuarial losses/gains are via other comprehensive income directly billed vs. equity. Cumulative amount recorded in equity 2014: loss of 3.731 million €.

MATURITY PROFILE AS OF MARCH 31, 2016



LIQUIDITY RESERVE AS OF MARCH 31, 2016

€ billion

68,7 Total line availability

21,1

Liquidity reserve

Unused bank lines:	€	11,0 bn
Other liquid assets:	€	10,1 bn

47,6

Net-debt

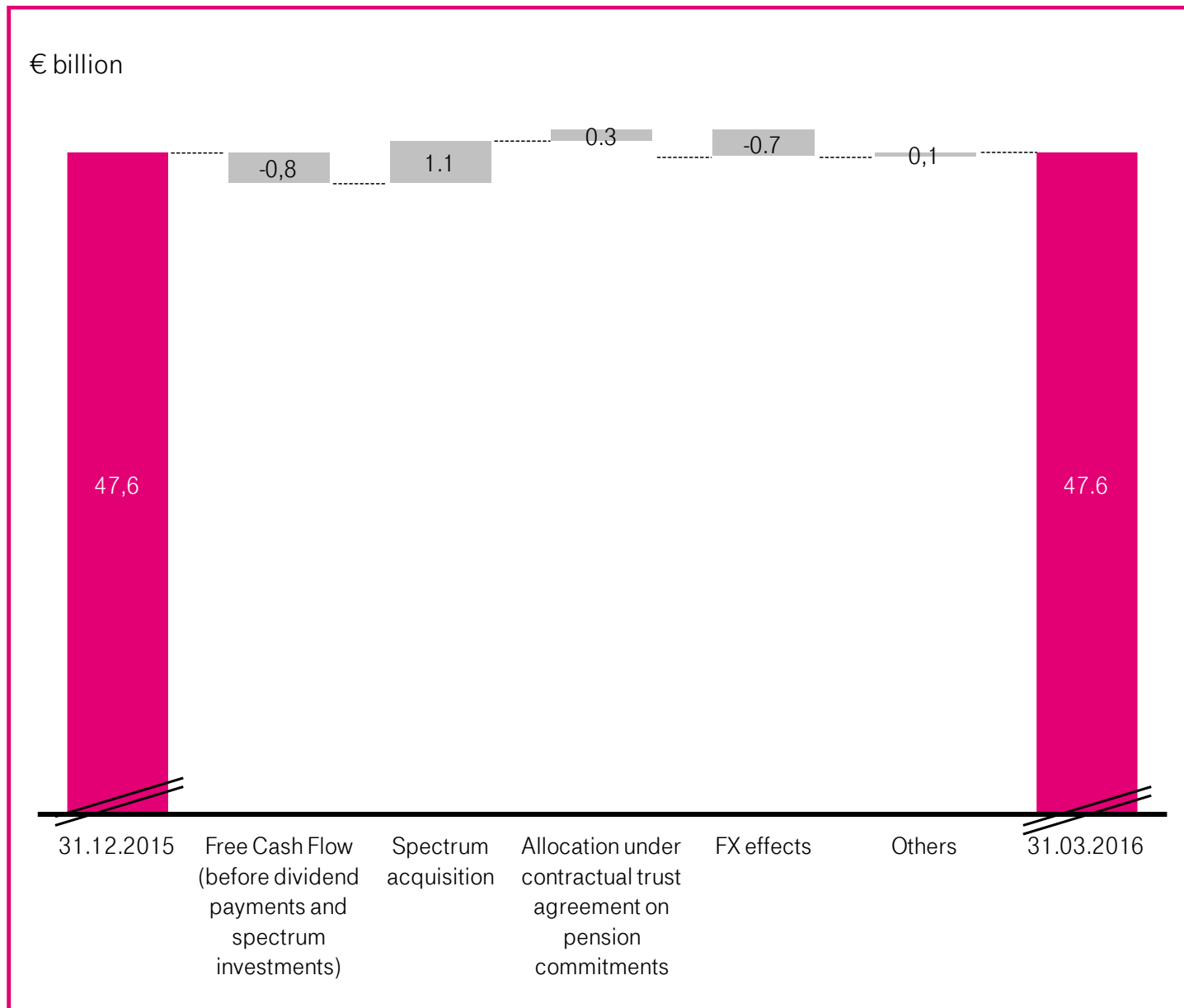
Gross debt	€	60,5 bn
Bonds:	€	48,7 bn
Other financial liabilities:	€	11,8 bn
Liquid financial assets	€	12,9 bn
Cash & equivalents:	€	7,3 bn
Available-for-sale/held-for-trading financial assets:	€	2,7 bn
Other financial assets:	€	2,9 bn

Numbers rounded

GROUP NET DEBT

	Note	Mar. 31, 2015 millions of €	Jun. 30, 2015 millions of €	Sep. 30, 2015 millions of €	Dec. 31, 2015 millions of €	Mar. 31, 2016 millions of €	Change compared to prior quarter %	Change compared to prior year %
Bonds		44.909	45.665	45.136	47.766	48.677	1,9	8,4
Other financial liabilities		10.488	10.861	10.297	12.743	11.856	(7,0)	13,0
GROSS DEBT		55.397	56.526	55.433	60.509	60.533	n.a.	9,3
Cash and cash equivalents		5.100	4.694	4.510	6.897	7.332	6,3	43,8
Available-for-sale/held-for-trading financial assets		219	215	124	2.877	2.666	(7,3)	n.a.
Other financial assets		3.768	2.782	2.931	3.165	2.932	(7,4)	(22,2)
NET DEBT		46.310	48.835	47.868	47.570	47.603	0,1	2,8

NET DEBT DEVELOPMENT Q1 2016



Numbers rounded

DT GROUP

CASH CAPEX¹

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
CASH CAPEX								
Germany		949	2.622	1.073	965	5.609	908	(4,3)
United States		2.729	1.230	1.103	1.319	6.381	1.756	(35,7)
Europe		498	303	403	463	1.667	1.009	n.a.
Systems Solutions		248	276	282	345	1.151	237	(4,4)
Group Headquarters & Group Services		96	65	69	112	342	60	(37,5)
Reconciliation		(91)	(166)	(117)	(163)	(537)	(74)	18,7
GROUP	2	4.429	4.330	2.813	3.041	14.613	3.896	(12,0)
- thereof spectrum investment		1.899	1.755	115	26	3.795	1.065	(43,9)

1 Business customer operations at Magyar Telekom in Hungary, which had previously been organizationally assigned to the Systems Solutions operating segment, have been bundled and reported under the Europe operating segment since January 1, 2016. Comparative figures have been adjusted retrospectively.

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

DT GROUP

FREE CASH FLOW

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
Net profit (loss)		787	712	809	946	3.254	3.125	n.a.
Profit (loss) attributable to non-controlling interests		2	47	59	140	248	252	n.a.
PROFIT (LOSS) AFTER INCOME TAXES		789	759	868	1.086	3.502	3.377	n.a.
Depreciation, amortization and impairment losses		2.694	2.728	2.796	3.142	11.360	3.142	16,6
Income tax expense/(benefit)		234	283	260	499	1.276	934	n.a.
Interest (income) and interest expenses		600	577	579	607	2.363	633	5,5
Other financial (income) expense		(159)	200	60	(190)	(89)	(417)	n.a.
Share of (profit) loss of associates and joint ventures accounted for using the equity method		2	(13)	18	(31)	(24)	(2)	n.a.
(Profit) loss on the disposal of fully consolidated subsidiaries		0	1	0	(584)	(583)	(6)	n.a.
(Income) loss from the sale of stakes accounted for using the equity method (EE)		0	0	0	0	0	(2.507)	n.a.
Other non-cash transactions		59	57	41	86	243	91	54,2
(Gain) loss from the disposal of intangible assets and property, plant and equipment		10	(35)	48	(110)	(87)	(410)	n.a.
Change in assets carried as working capital		(258)	340	(787)	(733)	(1.438)	(417)	(61,6)
Change in provisions		46	(422)	252	236	112	(92)	n.a.
Change in other liabilities carried as working capital		78	(52)	445	407	878	128	64,1
Income taxes received (paid)		(136)	(164)	(187)	(208)	(695)	(132)	2,9
Dividends received		279	211	86	2	578	175	(37,3)
Net payments from entering into or canceling interest rate swaps		50	51	0	(1)	100	0	n.a.
CASH GENERATED FROM OPERATIONS		4.288	4.521	4.479	4.208	17.496	4.497	4,9
Interest received (paid)		(980)	(650)	(533)	(336)	(2.499)	(1.001)	(2,1)
NET CASH FROM OPERATING ACTIVITIES		3.308	3.871	3.946	3.872	14.997	3.496	5,7
Cash outflows for investments in (proceeds from disposal of)		(2.443)	(2.496)	(2.638)	(2.874)	(10.451)	(2.674)	(9,5)
Intangible assets		(2.440)	(2.393)	(758)	(851)	(6.442)	(1.707)	30,0
Property, plant and equipment		(1.902)	(1.858)	(1.995)	(2.049)	(7.804)	(2.032)	(6,8)
Spectrum investment		1.899	1.755	115	26	3.795	1.065	(43,9)
FREE CASH FLOW (BEFORE DIVIDEND PAYMENTS AND SPECTRUM)		865	1.375	1.308	998	4.546	822	(5,0)

DT GROUP

PERSONNEL^{1,2}

AT REPORTING DATE	Note	Mar. 31	Jun. 30	Sep. 30	Dec. 31	Mar. 31 2016	Change compared to		Change compared to	
		2015	2015	2015	2015		prior quarter		prior year	
							abs.	%	abs.	%
Germany		69.404	69.607	69.663	68.638	69.217	579	0,8	(187)	(0,3)
United States		40.492	41.212	42.600	44.229	43.445	(784)	(1,8)	2.953	7,3
Europe		53.044	52.029	51.592	51.125	50.098	(1.027)	(2,0)	(2.946)	(5,6)
Systems Solutions		45.317	44.910	44.784	44.504	43.940	(564)	(1,3)	(1.377)	(3,0)
Group Headquarters & Group Services		18.927	17.839	17.686	16.747	16.621	(126)	(0,8)	(2.306)	(12,2)
GROUP		227.184	225.596	226.325	225.243	223.320	(1.923)	(0,9)	(3.864)	(1,7)
of which: Domestic		114.455	113.336	112.966	110.354	110.063	(291)	(0,3)	(4.392)	(3,8)
of which: Civil servants (in Germany, with an active service relationship)		19.765	19.077	18.864	18.483	18.810	327	1,8	(955)	(4,8)
of which: International		112.729	112.260	113.358	114.888	113.258	(1.630)	(1,4)	529	0,5

AVERAGE	Note	Q1	Q2	Q3	Q4	Q1 2016	Change compared to	
		2015	2015	2015	2015		prior year	
							abs.	%
Germany		69.557	69.493	69.635	69.076	69.323	(234)	(0,3)
United States		40.091	40.875	42.143	43.569	43.333	3.242	8,1
Europe		53.170	52.585	51.661	51.190	50.336	(2.834)	(5,3)
Systems Solutions		45.473	45.034	44.820	44.750	43.946	(1.527)	(3,4)
Group Headquarters & Group Services		19.179	18.076	17.754	17.198	16.476	(2.703)	(14,1)
GROUP		227.470	226.063	226.012	225.782	223.413	(4.057)	(1,8)
of which: Domestic		114.819	113.598	113.109	111.580	110.076	(4.743)	(4,1)
of which: Civil servants (in Germany, with an active service relationship)		19.821	19.267	18.928	18.701	18.617	(1.204)	(6,1)
of which: International		112.651	112.464	112.903	114.203	113.337	686	0,6

1 Business customer operations at Magyar Telekom in Hungary, which had previously been organizationally assigned to the Systems Solutions operating segment, have been bundled and reported under the Europe operating segment since January 1, 2016. Comparative figures have been adjusted retrospectively.

2 Includes employees returning from deconsolidated Group companies.

EXCHANGE RATES

AVERAGE

	Q1 2015 1 €	Q2 2015 1 €	Q3 2015 1 €	Q4 2015 1 €	FY 2015 1 €	Q1 2016 1 €
US Dollar (USD)	1,12694	1,10453	1,11206	1,09521	1,10967	1,10248
British pound (GBP)	0,74376	0,72106	0,71754	0,72171	0,72591	0,77064
Czech korunas (CZK)	27,62877	27,37499	27,07578	27,05734	27,27801	27,03853
Croatian kunas (HRK)	7,68189	7,57409	7,57788	7,62206	7,61394	7,61730
Hungarian forints (HUF)	309,00141	306,00116	312,09698	312,53431	310,01097	311,96814
Macedonian Denar (MKD)	61,42403	61,50774	61,56973	61,54730	61,51347	61,58257
Polish Zloty (PLN)	4,19470	4,08732	4,18854	4,26394	4,18549	4,36466
Romanian leu (RON)	4,45108	4,44404	4,42840	4,45580	4,44467	4,49187

END OF PERIOD

	Mar. 31 2015 1 €	Jun. 30 2015 1 €	Sep. 30 2015 1 €	Dec. 31 2015 1 €	Mar. 31 2016 1 €
US Dollar (USD)	1,07510	1,11760	1,12083	1,08910	1,13880
British pound (GBP)	0,72681	0,71111	0,73792	0,73432	0,79120
Czech korunas (CZK)	27,53495	27,24988	27,18032	27,02223	27,05150
Croatian kunas (HRK)	7,64417	7,59709	7,64050	7,64104	7,52650
Hungarian forints (HUF)	299,78950	315,19338	313,21595	315,31297	313,94500
Macedonian Denar (MKD)	61,57000	61,57000	61,60000	61,57500	61,59500
Polish Zloty (PLN)	4,08963	4,19104	4,23687	4,26510	4,25760
Romanian leu (RON)	4,41105	4,47249	4,41564	4,52260	4,47140

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

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FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
TOTAL REVENUE	1	5.589	5.580	5.568	5.659	22.396	5.452	(2,5)
NET REVENUE	1	5.265	5.235	5.223	5.321	21.044	5.136	(2,5)
EBITDA		2.211	2.224	2.269	2.086	8.790	2.180	(1,4)
EBITDA margin (EBITDA / total revenue)	%	39,6	39,9	40,8	36,9	39,2	40,0	0,4p
Depreciation, amortization and impairment losses		(935)	(946)	(919)	(955)	(3.755)	(948)	(1,4)
Profit (loss) from operations = EBIT		1.276	1.278	1.350	1.131	5.035	1.232	(3,4)
CASH CAPEX	2	949	1.055	1.073	965	4.042	908	(4,3)
CASH CONTRIBUTION		1.262	1.169	1.196	1.121	4.748	1.272	0,8

FINANCIALS (AS REPORTED)

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
TOTAL REVENUE		5.589	5.580	5.593	5.659	22.421	5.452	(2,5)
NET REVENUE		5.265	5.235	5.248	5.321	21.069	5.136	(2,5)
EBITDA		2.125	2.102	2.146	1.872	8.245	2.022	(4,8)
EBITDA margin (EBITDA / total revenue)	%	38,0	37,7	38,4	33,1	36,8	37,1	(0,9p)
Depreciation, amortization and impairment losses		(935)	(946)	(919)	(955)	(3.755)	(948)	(1,4)
Profit (loss) from operations = EBIT		1.190	1.156	1.227	917	4.490	1.074	(9,7)
CASH CAPEX		949	2.622	1.073	965	5.609	908	(4,3)
CASH CONTRIBUTION		1.176	(520)	1.073	907	2.636	1.114	(5,3)

1 Q3/15 Special factors related to settlement agreements concerning charged fees for previous years.

2 Excluding payments for spectrum licences: EUR 1,6 bn in Q2/15.

GERMANY

EBITDA RECONCILIATION

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
TOTAL REVENUE		5.589	5.580	5.593	5.659	22.421	5.452	(2,5)
TOTAL REVENUE (ADJUSTED FOR SPECIAL FACTORS)	1	5.589	5.580	5.568	5.659	22.396	5.452	(2,5)
Profit (loss) from operations = EBIT		1.190	1.156	1.227	917	4.490	1.074	(9,7)
- Depreciation, amortization and impairment losses		(935)	(946)	(919)	(955)	(3.755)	(948)	(1,4)
= EBITDA		2.125	2.102	2.146	1.872	8.245	2.022	(4,8)
EBITDA margin	%	38,0	37,7	38,4	33,1	36,8	37,1	(0,9p)
- Special factors affecting EBITDA		(86)	(122)	(123)	(214)	(545)	(158)	(83,7)
= EBITDA (ADJUSTED FOR SPECIAL FACTORS)		2.211	2.224	2.269	2.086	8.790	2.180	(1,4)
EBITDA margin (adjusted for special factors)	%	39,6	39,9	40,8	36,9	39,2	40,0	0,4p

SPECIAL FACTORS

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
EFFECTS ON EBITDA		(86)	(122)	(123)	(214)	(545)	(158)	(83,7)
- of which personnel		(61)	(92)	(89)	(160)	(402)	(144)	n.a.
- of which other		(25)	(30)	(34)	(54)	(143)	(14)	44,0
EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT		(86)	(122)	(123)	(214)	(545)	(158)	(83,7)
- of which personnel		(61)	(92)	(89)	(160)	(402)	(144)	n.a.
- of which other		(25)	(30)	(34)	(54)	(143)	(14)	44,0

1 Q3/15 Special factors related to settlement agreements concerning charged fees for previous years.

GERMANY OPERATIONALS

	Note	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Change %	
GERMANY								
ACCESS LINES								
Fixed network	('000)	1	20.555	20.437	20.354	20.227	20.093	(2,2)
retail IP-based	('000)	1	5.120	5.763	6.354	6.887	7.470	45,9
Broadband	('000)	1	12.437	12.518	12.596	12.644	12.706	2,2
Fiber	('000)	1,2	2.094	2.365	2.613	2.923	3.286	56,9
TV (incl. IPTV, SAT)	('000)	1	2.516	2.578	2.632	2.683	2.736	8,7
ULLs	('000)	1	8.619	8.432	8.231	8.050	7.867	(8,7)
Wholesale bundled	('000)	1	287	268	246	227	206	(28,2)
Wholesale unbundled	('000)	1	2.353	2.541	2.752	3.015	3.319	41,1
Fiber	('000)		886	1.045	1.222	1.444	1.741	96,5
MOBILE CUSTOMERS								
Total	('000)		39.200	39.465	39.892	40.373	40.643	3,7
- contract	('000)		22.576	22.984	23.347	23.709	23.940	6,0
- prepaid	('000)		16.624	16.482	16.545	16.665	16.703	0,5

CONSUMER OPERATIONALS

	Note	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Change %	
GERMANY								
ACCESS LINES								
Fixed network	('000)	1	16.158	16.068	16.003	15.900	15.790	(2,3)
retail IP-based	('000)	1	4.610	5.161	5.653	6.076	6.521	41,5
Broadband	('000)	1	10.012	10.093	10.162	10.209	10.257	2,4
Fiber	('000)	1,2	1.806	2.046	2.262	2.530	2.841	57,3
TV (incl. IPTV, SAT)	('000)	1	2.326	2.387	2.441	2.492	2.546	9,5
MOBILE CUSTOMERS								
Total	('000)		28.945	28.845	28.870	29.016	28.856	(0,3)
- contract	('000)		16.303	16.625	16.933	17.297	17.453	7,1
- prepaid	('000)		12.642	12.219	11.937	11.719	11.403	(9,8)

BUSINESS OPERATIONALS

	Note	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Change %	
GERMANY								
ACCESS LINES								
Fixed network	('000)	1	3.375	3.352	3.340	3.339	3.311	(1,9)
retail IP-based	('000)	1	482	572	667	773	897	86,1
Broadband	('000)	1	2.090	2.088	2.092	2.093	2.093	0,1
Fiber	('000)	1,2	283	312	343	385	435	53,7
TV (incl. IPTV, SAT)	('000)	1	188	189	189	190	189	0,5
MOBILE CUSTOMERS								
Total	('000)		10.256	10.620	11.022	11.358	11.787	14,9
- contract	('000)		6.273	6.358	6.414	6.412	6.487	3,4
- prepaid	('000)		3.982	4.262	4.608	4.946	5.300	33,1

1 Figures do not add up.

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

GERMANY

REVENUE SPLIT - PRODUCTS

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
GERMANY	1	5.589	5.580	5.593	5.659	22.421	5.452	(2,5)
FIXED NETWORK CORE BUSINESS		2.452	2.439	2.449	2.462	9.802	2.410	(1,7)
of which Fixed Revenues		1.772	1.766	1.764	1.758	7.060	1.755	(1,0)
Voice only revenues		499	486	479	469	1.933	459	(8,0)
Broadband revenues		996	995	994	993	3.978	993	(0,3)
TV revenues		277	285	291	296	1.149	303	9,4
of which Variable Revenues		258	251	253	247	1.009	226	(12,4)
of which Revenues from add-on options		53	50	52	51	206	51	(3,8)
thereof revenues from voice centric options		19	17	18	16	70	17	(10,5)
thereof revenues from broadband centric options		17	17	18	17	69	17	0,0
thereof revenues from TV centric options		17	16	17	17	67	17	0,0
MOBILE COMMUNICATIONS		2.061	2.047	2.056	2.072	8.236	1.941	(5,8)
of which Service Revenues		1.677	1.670	1.692	1.673	6.712	1.649	(1,7)
thereof Data Revenues		761	772	776	774	3.083	789	3,7
WHOLESALE SERVICES FIXED NETWORK	1,2	824	826	846	836	3.332	848	2,9
of which access full ULL	1	294	283	302	269	1.148	265	(9,9)
of which bundled and unbundled access line		149	154	157	188	648	199	33,6
ONLINE CONSUMER SERVICES		0	0	0	0	0	0	n.a.
VALUE-ADDED SERVICES		60	56	54	57	227	53	(11,7)
OTHERS	2	192	212	188	232	824	200	4,2

REVENUE SPLIT - SEGMENTS

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
GERMANY	1,3	5.589	5.580	5.593	5.659	22.421	5.452	(2,5)
Consumer		3.037	3.047	3.028	3.034	12.146	2.922	(3,8)
Business customers		1.484	1.462	1.486	1.510	5.942	1.447	(2,5)
Wholesale	1,2	912	914	934	925	3.685	933	2,3
Others	2	156	157	145	190	648	150	(3,8)

1 Revenues Q3/15 not adjusted for special factors related to segment agreements concerning charged fees for previous years.

2 Figures 2015 are restated; approximately 80 million are shifted from "wholesale" category to "others".

3 As of 2016 the segment "Value-Added Services" has been discontinued. The relevant revenues have been allocated to the segments Consumer, Business and Other. Figures 2015 have been restated accordingly.

GERMANY

MOBILE COMMUNICATIONS KPIS

	Note	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Change %
AVERAGE MONTHLY CHURN	(%)	1,7	1,7	1,8	1,8	1,7	1,6	(0,1p)
- contract	(%)	1,5	1,5	1,9	1,8	1,7	1,5	0,0p
SAC PER GROSS ADD	(€)	70	66	56	81	68	82	17,1
- contract	(€)	103	93	82	122	100	124	20,4
- prepaid	(€)	11	12	9	7	10	14	27,3
SRC PER RETAINED CUSTOMER	(€)	246	248	231	276	251	252	2,4
ARPU	(€)	14	14	14	14	14	14	0,0
- contract	(€)	23	22	22	22	22	21	(8,7)
- prepaid	(€)	3	3	3	3	3	3	0,0
NON-VOICE % OF ARPU	(%)	51	52	52	52	53	52	1p
MOU PER CUSTOMER	(min)	86	88	89	89	88	88	2,3
- contract	(min)	137	139	140	140	139	138	0,7

CONSUMER - KPIS

	Note	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Change %
AVERAGE MONTHLY CHURN	(%)	2,0	2,0	2,2	2,1	2,1	0,0	(2,0p)
- contract	(%)	1,8	1,8	2,2	2,1	2,0	0,0	(1,8p)
SAC PER GROSS ADD	(€)	74	69	56	80	69	90	21,6
- contract	(€)	97	85	70	107	90	116	19,6
- prepaid	(€)	17	20	15	11	15	25	47,1
SRC PER RETAINED CUSTOMER	(€)	252	280	257	301	272	0	(100,0)
ARPU	(€)	13	13	13	13	13	13	0,0
- contract	(€)	20	20	20	19	20	19	(5,0)
- prepaid	(€)	3	4	4	3	4	3	0,0
NON-VOICE % OF ARPU	(%)	51	51	51	51	53	52	1p
MOU PER CUSTOMER	(min)	88	91	94	95	92	95	8,0
- contract	(min)	131	134	136	135	134	133	1,5

BUSINESS CONSUMER - KPIS

	Note	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Change %
AVERAGE MONTHLY CHURN	(%)	0,7	0,7	0,6	0,8	0,7	0,0	(0,7p)
- contract	(%)	0,7	0,7	0,9	1,2	0,8	0,0	(0,7p)
SAC PER GROSS ADD	(€)	57	55	58	82	64	60	5,6
- contract	(€)	132	136	160	223	164	163	23,5
- prepaid	(€)	2	2	1	1	2	2	0,0
SRC PER RETAINED CUSTOMER	(€)	234	199	189	235	214	0	(100,0)
ARPU	(€)	19	18	17	17	18	16	(15,8)
- contract	(€)	30	29	28	28	29	28	(6,7)
- prepaid	(€)	1	1	1	1	1	1	0,0
NON-VOICE % OF ARPU	(%)	52	54	52	53	53	52	2p
MOU PER CUSTOMER	(min)	115	112	111	110	112	106	(7,8)
- contract	(min)	185	184	187	192	187	190	2,7

GERMANY

MAGENTA MOBIL

MAGENTA MOBIL PLANS IN €	S	M	L	L Plus
Monthly charge (without handset)	34.95	44.95	54.95	79.95
Monthly charge (with handset)	44.95	54.95	64.95	—
Monthly charge (with top handset)	54.95	64.95	74.95	99.95
Voice and SMS ¹	flat	flat	flat	flat
Data	flat	flat	flat	flat
- Data Speed (download)	up to 150 Mbit/s	up to 150 Mbit/s	max	max
- Data Speed (upload)	up to 25 Mbit/s	up to 25 Mbit/s	max	max
- Data Volume until speed step down	1 GB	3 GB	6 GB	10 GB
- Data Network	3G/LTE	3G/LTE	3G/LTE	3G/LTE
VoIP	free	free	free	free
Tethering	free	free	free	free
MMS all net	0.39	0.39	0.39	0.39
International Calls (minutes)	—	—	—	100
International SMS (pieces)	—	—	—	100
HotSpot Flatrate	free	free	free	free
MultiSim	—	—	—	free ²
Roaming Voice, SMS and Data	free (EU)	free (EU)	free (EU)	free (EU)
Fixed line number	—	—	—	free
Activation fee	29.95	29.95	29.95	29.95
Duration of contract	24 months	24 months	24 months	24 months

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

² up to two MultiSIM bookable.

GERMANY

MAGENTA MOBIL PREMIUM

PREMIUM PLANS IN €	L PREMIUM	L Plus PREMIUM	Complete PREMIUM
Monthly charge (with top handset)	84.95	109.95	149.95
handset upgrade period	12 months	12 months	12 months
Voice and SMS ¹	flat	flat	flat
Data	flat	flat	flat
- Data Speed (download)	max	max	max
- Data Speed (upload)	max	max	max
- Data Volume until speed step down	6 GB	10 GB	30 GB
- Data Network	3G/LTE	3G/LTE	3G/LTE
VoIP	free	free	free
Tethering	free	free	free
MMS all net	0.39	0.39	0.39
International Calls (minutes) ²	—	100	1.000
International SMS (pieces)	—	100	—
HotSpot Flatrate	free	free	free
MultiSim	—	free ³	free ³
Roaming Voice, SMS and Data	free (EU)	free (EU)	250 minutes; 1.000 SMS; 16xTravel & Surf WeekPass ⁴
Fixed line number	—	free	—
Activation fee	29.95	29.95	29.95
Duration of contract	24 months	24 months	24 months

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

² EU and Country Group 2

³ up to two MultiSIM bookable.

⁴ incl. 50 MB.

GERMANY

MOBILE OPTIONS

INTERNATIONAL OPTIONS IN €	ALL INCLUSIVE (ROAMING)	INTERNATIONAL 100 or 400	INTERNATIONAL SMS 100
Monthly charge	5.00	9.95 or 29.95	9.95
Description	Use your flat (voice, SMS & data) tarif in Europe	100 or 400 min. mobile and fixed Network to european countries.	100 SMS to EU
VOICE OPTIONS IN €	FAMILY	FIXED LINE NUMBER	
Monthly charge	4.95	4.95	
Description	free calls between 4 mobil numbers (onnet) and to one fixed line number.	fixed line number and call forwarding from this number.	
ADDITIONAL DATA VOLUME OPTIONS IN €	Data S	Data M	Data L
Monthly charge	9.95	14.95	24.95
Additional Data Volume (per month)	1 GB	2GB	5GB
OTHER OPTIONS IN €	MULTISIM	SPEED LTE MAX	
Monthly charge	4.95	5.00	
Description	up to two MultiSIM bookable.	max. LTE Speed	
ADDITIONAL DATA PACKAGES IN €	MultiData S	MultiData M	MultiData L
Monthly charge	10€	15€	25€
Additional Data Volume (per month)	1 GB	2GB	5GB
Description	up to two MultiSIM bookable	up to two MultiSIM bookable	up to two MultiSIM bookable

GERMANY

DOUBLE PLAY VIA WIRELESS (CALL & SURF VIA FUNK)

DOUBLE PLAY VIA WIRELESS¹ IN €	S	M	L
Monthly Charge ²	34.95 ³	39.95 ⁴	49.95 ⁵
Data Speed (Mbit/s)	16 Mbit/s	50 Mbit/s	100 Mbit/s
Data Volume until Speed Step Down (SSD)	10 GB	15 GB	30 GB
Voice minutes	€ Cent/Minute		
fixed net national	flat		
international	from 2.9		
fixed to mobile	19.0		
Options			
Speed On	€14.95 per 10GB	€14.95 per 15GB	€14.95 per 30GB
fixed to mobile	12.9 cents/minute, minimum charge €4 per month		
mobile flat	to Telekom Mobile €14.95 per month		
CountryFlat 1	€3.95 per month		
CountryFlat 2	€14.95 per month		
Mail & Cloud M	€4.95 per month		
Security Package M	€3.95 per month		

1 Standard-PSTN; Universal-PSTN + €4

2 without terminal equipment. Monthly rent for Router €4.95

3 Promotional price. Regular price €39.95

4 Promotional price. Regular price €49.95

5 Promotional price. Regular price €69.95

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

GERMANY

MAGENTA ZUHAUSE

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

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

2 Promotional price for new broadband customers: -€5.00 for the first 12 months

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

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

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

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

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

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

GERMANY

MAGENTA ZUHAUSE HYBRID

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

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

2 Promotional price for new broadband customers: -€5.00 for the first 12 months

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

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

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

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

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

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

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

GERMANY

SINGLE PLAY

SINGLE PLAY IN €	CALL START ¹	CALL BASIC ^{1,2}	CALL COMFORT ¹
	17.95	19.95	29.95
	Standard-PSTN, voice usage per minute	Standard-PSTN, voice usage per minute, up to 120 minutes included within Germany	Standard-PSTN, voice flat rate within Germany
CITY, CDL	€ CENT/MINUTE		
Peak/Off peak	2.9		flat
international		from 2.9	
fixed to mobile		19.0	
CALLING PLANS			
CountryFlat 1		€ 3.94 per month	
CountryFlat 2		€14.95 per month	
fixed to mobile		12.9 cents/minute, minimum charge €4 per month	
fixed to T-Mobile flatrate		€14.95 per month	
Set-up		One off charge PSTN €69.95	

1 Standard-PSTN; Universal-PSTN + €8

2 Universal-PSTN up to 240 Min included

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

All prices in € including VAT.

GERMANY

MAGENTA EINS

Valid from May
2016

MAGENTA EINS ¹ IN €	MagentaEINS S	MagentaEINS M	MagentaEINS L
Monthly charge	54.90 ²	84.85 ²	99.85 ²
Fixed Line	Flatrate from fixed line to all national networks, including calls to all mobile networks. Internet Flat up to 16 Mbit/s download speed.	Flatrate from fixed line to all national networks, including calls to all mobile networks. Internet Flat up to 50 Mbit/s download speed.	Flatrate from fixed line to all national networks, including calls to all mobile networks. Internet Flat up to 100 Mbit/s download speed.
Mobile	Unlimited SMS and calls from mobile into all national networks in Germany. 1 GB Internet flat with LTE Max until speed step down. Hotspot Flat and abroad option All Inclusive included.	Unlimited SMS and calls from mobile into all national networks in Germany. 3 GB Internet flat with LTE Max until speed step down. Hotspot Flat and abroad option All Inclusive included.	Unlimited SMS and calls from mobile into all national networks in Germany. 6 GB Internet flat with LTE Max until speed step down. Hotspot Flat and abroad option All Inclusive included.
TV		EntertainTV Plus incl. HD Receiver 500 GB Memory, including 47 channels in HD quality.	EntertainTV Plus incl. HD Receiver 500 GB Memory, including 47 channels in HD quality.
Set-up	Service fee of 69,95€ for new fixed line & 29,95€ for new mobile contract.		
Duration of contract	24 months for new costumers; duration depends otherwise on fixed network and/or on mobile network contract conditions		
Handsets, options, calling plans, etc.	Available based on comparable mobile and fixed line stand-alone offers.		

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

2 Promotional price in the first 12 months for new customers; Regular price € 59.90 (S), €89.85 (M) and €104,85 (L).

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

More MagentaEINS convergent Bundles including existing customers' tariffs available.

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

FIXED NETWORK

OVERVIEW DOM. INTERCONNECTION TARIFFS (EXCL. VAT)

TERMINATION FEES IN CENT/MIN.	PEAK (9:00-18:00), OLD	PEAK (9:00-18:00), NEW	OFF-PEAK (18:00-9:00), OLD	OFF-PEAK (18:00-9:00), NEW
Local	0.36	0.24 ¹	0.25	0.24 ¹
Single transit	0.40	0.26 ¹	0.28	0.26 ¹
Double transit national	0.40	0.26 ¹	0.28	0.26 ¹
ORIGINATION FEES IN CENT/MIN.	PEAK (9:00-18:00), OLD	PEAK (9:00-18:00), NEW ¹	OFF-PEAK (18:00-9:00), OLD	OFF-PEAK (18:00-9:00), NEW ¹
Local	0.36	0.24	0.25	0.24
Single transit	0.52	0.35	0.36	0.35
Double transit national	0.61	0.41	0.43	0.41
FULLY UNBUNDLED ("ULL")	OLD		NEW	
One time fee	31.01 ²		29.78 ³	
Monthly fee	10.08 ⁴		10.19 ⁵	
PARTIALLY UNBUNDLED ("LINE SHARING")	OLD		NEW	
One time fee	34.13 ²		34.23 ³	
Monthly fee	1.68 ⁶		1.78 ⁷	
IP-BSA ADSL SHARED (CLASSIC)	OLD		NEW	
One time fee	--		44.87 ^{8,9}	
Monthly fee	--		8.12 ^{8,9}	
IP-BSA ADSL STAND ALONE (CLASSIC)	OLD		NEW	
One time fee	--		47.68 ^{8,9}	
Monthly fee	--		18.20 ^{8,9}	
IP-BSA VDSL (until 50 Mbit/s) ¹⁰ STAND ALONE (CLASSIC)	OLD (IN €)		NEW (IN €)	
One time fee	--		46.43 ^{8,9}	
Monthly fee	--		25.32 ^{8,9}	

1 Prices are valid from Dec. 01, 2014 to Dec. 31, 2016.

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

3 Depending on complexity - valid to Sep. 30, 2016.

4 Twisted pair copper access line valid to Jun. 30, 2013.

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

6 valid to Jun. 30, 2014.

7 valid to Sep. 30, 2016.

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

9 No price changes since Jul. 01, 2011.

10 Monthly fee for VDSL Vectoring (over 50 to 100 Mbit/s) : 29.52 €. Launch Aug. 01, 2014.

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UNITED STATES

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
TOTAL REVENUE	1	6.905	7.479	7.060	7.519	28.963	7.816	13,2
NET REVENUE	1	6.904	7.479	7.060	7.518	28.961	7.816	13,2
EBITDA	2	1.225	1.652	1.702	2.075	6.654	1.908	55,8
EBITDA margin (EBITDA / total revenues)	%	17,7	22,1	24,1	27,6	23,0	24,4	6,7p
Depreciation, amortization and impairment losses		(838)	(853)	(931)	(1.153)	(3.775)	(1.312)	(56,6)
Profit (loss) from operations = EBIT		387	799	771	922	2.879	596	54,0
CASH CAPEX	3	845	996	1.044	1.297	4.182	1.200	42,0
CASH CONTRIBUTION	3	380	656	658	778	2.472	708	86,3

FINANCIALS (AS REPORTED)

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
TOTAL REVENUE		6.905	7.443	7.059	7.518	28.925	7.816	13,2
NET REVENUE		6.904	7.443	7.059	7.518	28.924	7.816	13,2
EBITDA		1.111	1.581	1.468	2.069	6.229	2.268	n.a.
EBITDA margin (EBITDA / total revenue)	%	16,1	21,2	20,8	27,5	21,5	29,0	12,9p
Depreciation, amortization and impairment losses		(838)	(853)	(931)	(1.153)	(3.775)	(1.312)	(56,6)
Profit (loss) from operations = EBIT		273	728	537	916	2.454	956	n.a.
CASH CAPEX		2.729	1.230	1.103	1.319	6.381	1.756	(35,7)
CASH CONTRIBUTION		(1.618)	351	365	750	(152)	512	n.a.

1 Excluding special factors affecting revenue of EUR 36mn in Q2/15 and EUR 1mn in Q3/15.

2 Excluding special factors affecting EBITDA of EUR 114mn in Q1/15, EUR 71mn in Q2/15, EUR 234mn in Q3/15, EUR 6mn in Q4/15, and EUR (360mn) in Q1/16.

3 Excluding spectrum purchases of EUR 1.884mn in Q1/15, EUR 234mn in Q2/15, EUR 59mn in Q3/15, EUR 22mn in Q4/15, and EUR 556mn in Q1/16.

UNITED STATES

EBITDA RECONCILIATION

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
TOTAL REVENUE		6.905	7.443	7.059	7.518	28.925	7.816	13,2
Profit (loss) from operations = EBIT		273	728	537	916	2.454	956	n.a.
- Depreciation, amortization and impairment losses		(838)	(853)	(931)	(1.153)	(3.775)	(1.312)	(56,6)
= EBITDA		1.111	1.581	1.468	2.069	6.229	2.268	n.a.
EBITDA margin	%	16,1	21,2	20,8	27,5	21,5	29,0	12,9p
- Special factors affecting EBITDA		(114)	(71)	(234)	(6)	(425)	360	n.a.
= EBITDA ADJUSTED FOR SPECIAL FACTORS	1	1.225	1.652	1.702	2.075	6.654	1.908	55,8
EBITDA margin (adjusted for special factors)	%	17,7	22,1	24,1	27,6	23,0	24,4	6,7p

SPECIAL FACTORS

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €
EFFECTS ON EBITDA		(114)	(71)	(234)	(6)	(425)	360
- of which personnel		(22)	(20)	(4)	(4)	(50)	(7)
- of which other		(92)	(51)	(230)	(2)	(375)	367
EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT		(114)	(71)	(234)	(6)	(425)	360
- of which personnel		(22)	(20)	(4)	(4)	(50)	(7)
- of which other		(92)	(51)	(230)	(2)	(375)	367

1 Excluding special factors affecting EBITDA of EUR 114mn in Q1/15, EUR 71mn in Q2/15, EUR 234mn in Q3/15, EUR 6mn in Q4/15, and EUR (360mn) in Q1/16.

UNITED STATES OPERATIONAL

	Note	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Change %	
CUSTOMERS (END OF PERIOD)	('000)	56.836	58.908	61.220	63.282	63.282	65.503	15,2	
- Branded postpaid	('000)	28.310	29.318	30.403	31.695	31.695	32.736	15,6	
- Branded prepay	('000)	16.389	16.567	17.162	17.631	17.631	18.438	12,5	
- BRANDED	('000)	44.699	45.885	47.565	49.326	49.326	51.174	14,5	
- WHOLESALE	('000)	12.137	13.023	13.655	13.956	13.956	14.329	18,1	
NET ADDS	('000)	1.818	2.072	2.312	2.062	8.264	2.221	22,2	
- Branded postpaid	('000)	1.125	1.008	1.085	1.292	4.510	1.041	(7,5)	
- Branded prepay	('000)	73	178	595	469	1.315	807	n.a.	
- BRANDED	('000)	1.198	1.186	1.680	1.761	5.825	1.848	54,3	
- WHOLESALE	('000)	620	886	632	301	2.439	373	(39,8)	
AVERAGE MONTHLY CHURN	(%)	3,3	3,4	3,5	3,5	3,4	3,0	(0,3p)	
- Branded postpaid	(%)	1,5	1,5	1,6	1,6	1,5	1,5	0,0p	
- Branded prepay	(%)	4,6	4,9	4,1	4,1	4,5	3,8	(0,8p)	
TOTAL REVENUES	(€ million)	6.905	7.443	7.059	7.518	28.925	7.816	13,2	
Service revenue	(€ million)	1	5.037	5.436	5.553	5.880	21.906	5.870	16,5
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	(€ million)	2	1.225	1.652	1.702	2.075	6.654	1.908	55,8
EBITDA margin (adjusted for special factors) (EBITDA / total revenue)	(%)		17,7	22,1	24,1	27,6	23,0	24,4	6,7p
EBITDA margin (adjusted for special factors) (EBITDA / service revenue)	(%)		24,3	30,4	30,7	35,3	30,4	32,5	8,2p
BLENDED ARPU	(€)	30	31	31	32	31	30	0,0	
- Branded postpaid	(€)	40	41	41	42	41	40	0,0	
- Branded prepay	(€)	33	34	33	34	34	34	3,0	
NON-VOICE % OF ARPU	(%)	55	56	57	58	56	58,1	3,1p	
CASH CAPEX	(€ million)	2.729	1.230	1.103	1.319	6.381	1.756	(35,7)	
CASH CAPEX (ADJUSTED FOR SPECIAL FACTORS)	(€ million)	3	845	996	1.044	4.182	1.200	42,0	
CASH CONTRIBUTION (ADJUSTED FOR SPECIAL FACTORS)	(€ million)	3	380	656	658	2.472	708	86,3	

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

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

2 Excluding special factors affecting EBITDA of EUR 114mn in Q1/15, EUR 71mn in Q2/15, EUR 234mn in Q3/15, EUR 6mn in Q4/15, and EUR (360mn) in Q1/16.

3 Excluding spectrum purchases of EUR 1.884mn in Q1/15, EUR 234mn in Q2/15, EUR 59mn in Q3/15, EUR 22mn in Q4/15, and EUR 556mn in Q1/16.

UNITED STATES

OPERATIONAL IN US-\$

	Note	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Change %	
CUSTOMERS (END OF PERIOD)	('000)	56.836	58.908	61.220	63.282	63.282	65.503	15,2	
- Branded postpaid	('000)	28.310	29.318	30.403	31.695	31.695	32.736	15,6	
- Branded prepay	('000)	16.389	16.567	17.162	17.631	17.631	18.438	12,5	
- BRANDED	('000)	44.699	45.885	47.565	49.326	49.326	51.174	14,5	
- WHOLESALE	('000)	12.137	13.023	13.655	13.956	13.956	14.329	18,1	
NET ADDS	('000)	1.818	2.072	2.312	2.062	8.264	2.221	22,2	
- Branded postpaid	('000)	1.125	1.008	1.085	1.292	4.510	1.041	(7,5)	
- Branded prepay	('000)	73	178	595	469	1.315	807	n.a.	
- BRANDED	('000)	1.198	1.186	1.680	1.761	5.825	1.848	54,3	
- WHOLESALE	('000)	620	886	632	301	2.439	373	(39,8)	
AVERAGE MONTHLY CHURN	(%)	3,3	3,4	3,5	3,5	3,4	3,0	(0,3p)	
- Branded postpaid	(%)	1,5	1,5	1,6	1,6	1,5	1,5	0,0p	
- Branded prepay	(%)	4,6	4,9	4,1	4,1	4,5	3,8	(0,8p)	
TOTAL REVENUES	(USD million)	7.774	8.219	7.849	8.227	32.069	8.619	10,9	
Service revenue	(USD million)	1	5.668	6.004	6.177	6.433	24.282	6.472	14,2
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	(USD million)	2	1.371	1.823	1.893	2.268	7.355	2.104	53,5
EBITDA margin (adjusted for special factors) (EBITDA / total revenue)	(%)		17,6	22,1	24,1	27,6	22,9	24,4	6,8p
EBITDA margin (adjusted for special factors) (EBITDA / service revenue)	(%)		24,2	30,4	30,6	35,3	30,3	32,5	8,3p
BLENDED ARPU	(USD)	34	35	34	35	34	34	0,0	
- Branded postpaid	(USD)	45	46	45	46	45	44	(2,2)	
- Branded prepay	(USD)	37	37	37	37	37	37	0,0	
NON-VOICE % OF ARPU	(%)	55	56	57	58	56	58	3,0p	
CASH CAPEX	(USD million)	3.114	1.350	1.224	1.453	7.141	1.933	(39,9)	
CASH CAPEX (ADJUSTED FOR SPECIAL FACTORS)	(USD million)	3	966	1.096	1.157	4.647	1.322	36,9	
CASH CONTRIBUTION (ADJUSTED FOR SPECIAL FACTORS)	(USD million)	3	405	727	736	2.708	782	93,1	

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

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

2 Excluding special factors affecting EBITDA of USD 132mn in Q1/15, USD 78mn in Q2/15, USD 259mn in Q3/15, USD 6mn in Q4/15, and USD 400mn in Q1/16.

3 Excluding spectrum purchases of USD 2.148mn in Q1/15, USD 254mn in Q2/15, USD 67mn in Q3/15, USD 25mn in Q4/15, and USD 611mn in Q1/16.

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

UNITED STATES

T-MOBILE USA

SIMPLE CHOICE PLAN^{1,2,3,5,6,7,8,9,10,11,12, 13}

PRICING⁸

Unlimited Talk, Text and Web with up to 2GB of full speed data ^{4,5}	\$50.00
Unlimited Talk, Text and Web with up to 6GB of full speed data ⁴	\$65.00
Unlimited Talk, Text and Web with up to 10GB of full speed data ⁴	\$80.00
Unlimited Talk, Text and Unlimited Nationwide 4G LTE data (unlimited full speed data)	\$95.00

1 Text plans include unlimited nationwide text, picture and video messaging. As of Mar. 23, 2014 international texting from the US to virtually anywhere, at no extra charge.

2 Web plans include overage-free data with nationwide Web and e-mail access. Full speeds available up to monthly allotment, then slowed to up to 2G speeds for rest of billing cycle. All unlimited data plans are unlimited while on T-Mobile's network.

3 On-network and domestic roaming data allotments differ: 2 GB full-speed plan, 6 GB, 10 GB and unlimited 4G LTE full-speed plans with 6 GB through 22 GB Smartphone Mobile HotSpot features include 200 MB roaming.

4 Customers may choose to add more full speed data in increments of 4 GB/each \$15 more per month per line, up to 10 GB of full-speed data; and unlimited 4G LTE with 14 GB through 22 GB of Smartphone Mobile HotSpot

8 All prices reflect monthly recurring charges; taxes and fees additional. Credit approval, \$20 SIM starter kit and deposit may be required. Web plans provide access to data; capable device required to achieve 4G LTE speeds.

9 All postpaid Simple Choice plan options include unlimited (2G) data and text while in over 140 countries and destinations at no extra charge.

10 All postpaid Simple Choice plan options include free data for music streaming on select music stations

11 6-10GB postpaid Simple Choice plan options include Data Stash, the ability to carry forward unused high speed data for up to a year, up to 20GB.

5 Includes up to 2GB of full speed data at no additional charge.

6 All plan options include Smartphone Mobile HotSpot capability that share the same full speed data allotment of their data plan except for the Unlimited Nationwide 4G LTE plan which includes up to 14 GB of Smartphone Mobile HotSpot full speed data usage, then slowed to 2G speeds for balance of service period. Customers may purchase additional capped Smartphone Mobile HotSpot data usage for the Unlimited Nationwide 4G LTE Data plan in 4GB increments for \$15 each up to 22GB. Use of connected devices subject to T-Mobile's Terms and Conditions. Must use device manufacturer or T-Mobile feature.

7 No limits or overages while on T-Mobile's network. No annual service contract required.

12 All postpaid Simple Choice plan options include unlimited talk, text and data in Mexico and Canada just like in the U.S.

13 All postpaid Simple Choice plan options include Binge On, which optimizes video content to 480p. All new dataplans with 6GB or more include unlimited video streaming from participating video services (62 partners as of 4/5/2016) not counting against the data limit.

UNITED STATES

T-MOBILE USA

SIMPLE CHOICE PLAN^{1,2,3,4,5,6,7,8,9,10,12,13}

INCLUDED FEATURES PER LINE

Unlimited Talk, Text and Web with up to 2GB of full speed data (first 2 lines)

Unlimited Talk, Text and Web with up to 2GB of full speed data (third, fourth, fifth and up to 12 lines)

PRICING⁷

\$80.00 for first 2 lines

\$10.00 per line

DATA PLAN ADD-ON TO SIMPLE CHOICE MULTI-LINE^{2,3,5,6,7}

Add more full speed data in increments of 4GB, up to 10 GB of data (each line)

Unlimited Nationwide 4G LTE data (unlimited full speed data)

PRICING^{7,14}

\$15.00 (more per line per 4 GB)

\$45.00 (more per line)

1 Text plans include unlimited nationwide text, picture and video messaging. As of Mar. 23, 2014 international texting from the US to virtually anywhere, at no extra charge.

2 Web plans include overage-free data with nationwide Web and e-mail access. Full speeds available up to monthly allotment, then slowed to up to 2G speeds for rest of billing cycle. All unlimited data plans are unlimited while on T-Mobile's network.

3 On-network and domestic roaming data allotments differ: 2 GB full-speed plan, 6 GB, 10 GB and unlimited 4G LTE full-speed plans with 6 GB through 22 GB Smartphone Mobile HotSpot features include 200 MB roaming.

4 Includes up to 2GB of full speed data at no additional charge.

8 All postpaid Simple Choice plan options include unlimited (2G) data and text while in over 140 countries and destinations at no extra charge per line.

9 All postpaid Simple Choice plan options include free data for music streaming on select music stations

10 6-10GB postpaid Simple Choice plan options include Data Stash, the ability to carry forward unused high speed data for up to a year, up to 20GB.

5 All plan options include Smartphone Mobile HotSpot capability that share the same full speed data allotment of their data plan except for the Unlimited Nationwide 4G LTE plan which includes up to 14 GB of Smartphone Mobile HotSpot full speed data usage, then slowed to 2G speeds for balance of service period. Customers may purchase additional capped Smartphone Mobile HotSpot data usage for the Unlimited Nationwide 4G LTE Data plan in 4GB increments for \$15 each up to 22GB. Use of connected devices subject to T-Mobile's Terms and Conditions. Must use device manufacturer or T-Mobile feature.

6 No limits or overages while on T-Mobile's network. No annual service contract required.

7 All prices reflect monthly recurring charges; taxes and fees additional. Credit approval, \$20 SIM starter kit and deposit may be required. Web plans provide access to data; capable device required to achieve 4G LTE speeds.

12 All postpaid Simple Choice plan options include unlimited talk, text and data in Mexico and Canada just like in the U.S.

13 All postpaid All Simple Choice plan options include Binge On, which optimizes video content to 480p. All new dataplans with 6GB or more include unlimited video streaming from participating video services (62 partners as of 4/5/2016) not counting against the data limit.

14 Family Match applies when all lines in the account start with the same additional data, 6GB, 10GB or unlimited 4G LTE; the price is \$10 more per line per 4GB increments

UNITED STATES

T-MOBILE USA

SIMPLE CHOICE PLAN (PAY IN ADVANCE)^{1,2,3,4,5,6,7,8,11,13,14,15}

PRICING¹¹

Unlimited Talk, Text and Web with up to 2GB of full speed data	\$50.00
Unlimited Talk, Text and Web with up to 6GB of full speed data	\$65.00
Unlimited Talk, Text and Web with up to 10GB of full speed data	\$80.00
Unlimited Talk, Text and Unlimited Nationwide 4G LTE data (unlimited full speed data)	\$95.00

1 No annual contract required.

2 Text plans include unlimited nationwide text, picture and video messaging. As of Apr. 26, 2014 international texting from the US to virtually anywhere. at no extra charge.

3 Web plans include overage-free data with nationwide Web and e-mail access. Full speed, 4G LTE data available up to monthly allotment, then slowed to 2G speeds for balance of service period. All unlimited data plans are unlimited while on T-Mobile's network.

4 Features available through the 30th day.

5 These plan options include Smartphone Mobile HotSpot (tethering) capability that share the same full speed data allotment of their data plan except for the Unlimited Nationwide 4G LTE plan which includes up to 14 GB of Smartphone Mobile HotSpot full speed data usage, then slowed to 2G speeds for balance of service period. Use of connected devices subject to T-Mobile's Terms and Conditions. Must use device manufacturer or T-Mobile feature.

14 Pay in Advance Simple Choice plan options include unlimited talk, text and data in Mexico and Canada just like in the U.S.

15 All Pay in Advance Simple Choice plan options include Binge On, which optimizes video content to 480p. All new dataplans with 6GB or more include unlimited video streaming from participating video services (62 partners as of 4/5/2016) not counting against the data limit.

6 No limits or overages while on T-Mobile's network.

7 For No Annual contract plans \$50 and up and that include unlimited data. Not available for Pay As You Go plans.

8 On-network and domestic roaming data allotments differ: 2 GB full-speed plan; 6 GB, 10 GB and unlimited 4G LTE full-speed plans with 6 GB through 14 GB Smartphone Mobile HotSpot features include 200 MB roaming.

13 All Pay in Advance Simple Choice plan options include free data for music streaming on select music stations

ADDITIONAL ADD-ON PAY IN ADVANCE PLANS \$50/MONTH OR HIGHER

TALK/TEXT¹¹

Stateside International Talk with Mobile ⁹	\$15.00
Stateside International Talk ¹⁰	\$10.00

9 Unlimited calling to mobile numbers in 30+ countries and unlimited calling to landlines in 70+ countries. Plus, get 1000 mobile-to-mobile minutes to Mexico (Overage extra (if available funds for Pay In Advance); \$0.04/minute), unlimited texting to 200+ countries, and discounted calling rates to the rest of the world.

10 Unlimited calls to landlines in 70+ countries and unlimited texting to 200+ countries. Plus, call mobile numbers in 100+ countries for just \$0.20/minute and get discounted calling rates to the rest of the world.

11 All prices reflect monthly charges. \$20 SIM starter kit may be required. Capable device required to achieve 4G LTE speeds.

UNITED STATES

T-MOBILE USA

SIMPLY PREPAID PLAN (PREPAID) ^{1,2,3,4,5,6,7,8,9, 10, 11, 12}	PRICING ¹²
Unlimited Talk and Text	\$25.00
Unlimited Talk, Text and Web with up to 3GB of 4G LTE	\$40.00
Unlimited Talk, Text and Web with up to 5GB of 4G LTE	\$50.00
Unlimited Talk, Text and Web with up to 10GB of 4G LTE	\$60.00

1 No annual contract required.

2 Text plans include unlimited nationwide text, picture and video messaging and international text.

3 Web plans include overage-free data with nationwide Web and e-mail access. All plans have 4G LTE data available up to monthly allotment, then slowed to 2G speeds for balance of service period. All

unlimited data plans are unlimited while on T-Mobile's network

4 Features available through the 30th day.

6 No limits or overages while on T-Mobile's network.

7 Includes access to BlackBerry email, BlackBerry Messenger, and BlackBerry App World for your BlackBerry device, for \$0 per month. For No Annual contract plans \$40 and up and that include unlimited data. Not available for Pay As You Go plans.

8 Roaming and on-network data allotments differ; 1GB includes 10 MB roaming; 3GB includes 50MB roaming. 5GB+ includes 100 MB roaming.

ADDITIONAL ADD-ONS FOR ALL PREPAID PLANS⁹	COST ¹⁰
Stateside International Talk with Mobile ¹¹	\$15.00
Stateside International Talk ¹²	\$10.00
Mexico + Canada Unlimited ¹⁴	\$5.00

9 Applicable on all monthly prepaid plans, not applicable on Pay As You Go plans.

10 All prices reflect monthly charges. \$20 SIM starter kit may be required. Capable device required to achieve 4G LTE speeds.

11 Unlimited calling to mobile numbers in 30+ countries and unlimited calling to landlines in 70+ countries. Plus, get discounted calling rates to the rest of the world.

12 Unlimited calls to landlines in 70+ countries. Plus, call mobile numbers in 100+ countries for just \$0.20/minute and get discounted calling rates to the rest of the world.

14 Get unlimited calling to and from the U.S. to any number, including mobile phones, in Mexico and Canada. And when you travel throughout the U.S., Mexico, & Canada your phone works the same with 4G LTE data and unlimited calling and texting. To top it off, this service includes unlimited texting from the U.S., Mexico, and Canada to virtually anywhere.

ALSO AVAILABLE	PRICING
Pay As You Go ¹⁴	\$3.00

Add-Ons (optional):

1-Wk Data Pass - up to 1GB of 4G LTE data	\$10.00
1-Day Data Pass - up to 500MB of 4G LTE data	\$5.00
1-Wk Pass - Unlimited Talk & Text	\$10.00

14 Includes 30 minutes or messages. Additional minutes available for 10 cents per minute or message.

UNITED STATES

T-MOBILE USA

SIMPLE CHOICE VALUE ^{1,2,3,4,5,6,7,8,9,10,11,12}	PRICING ¹	HOTSPOT ACCESS ³
MOBILE INTERNET PLANS		
Unlimited, Overage-Free Mobile Internet 2 GB	\$20.00	Included
Unlimited, Overage-Free Mobile Internet 6 GB	\$35.00	Included
Unlimited, Overage-Free Mobile Internet 10 GB	\$50.00	Included
Unlimited, Overage-Free Mobile Internet 14 GB	\$65.00	Included
Unlimited, Overage-Free Mobile Internet 18 GB	\$80.00	Included
Unlimited, Overage-Free Mobile Internet 22 GB	\$95.00	Included

1 Prices reflect monthly recurring charges; taxes and fees additional. Credit approval, \$20 SIM starter kit and deposit may be required.

2 \$10 discount available when added to a postpaid voice line of service with T-Mobile on the same account.

3 All plan options include Smartphone Mobile HotSpot capability that share the same full speed data allotment of their data plan. Plan data allotment applies.

Use of connected devices subject to T-Mobile's Terms and Conditions. Must use device manufacturer or T-Mobile feature.

4 No overage charges. After data allotment used, speeds slowed to up to 2G speeds for rest of billing cycle.

5 Customers may choose to add more full speed data in increments of 4 GB/each \$15 more per month per line, up to 22 GB of data. Or purchase an On Demand

Mobile Internet (full speed data) Pass by day or week increments. (See On Demand Mobile Internet Passes (Postpaid) below).

6 On-network and domestic roaming data allotments differ: 1 GB through 22 GB full-speed plans include 200 MB roaming.

7 All monthly postpaid Simple Choice plan options include unlimited (2G).

8 All postpaid Simple Choice plan options include free data for music streaming on select music stations

9 6-22GB postpaid Simple Choice plan options include Data Stash, the ability to carry forward unused high speed data for up to a year, up to 20GB.

10 Mobile Internet Simple Choice plan options include unlimited (2G) data and text while in over 140 countries and destinations at no extra charge per line.

11 Mobile Internet Simple Choice plan options include unlimited talk, text and data in Mexico and Canada just like in the U.S.

12 All postpaid Mobile Internet Simple Choice plan options include Binge On, which optimizes video content to 480p. All new dataplans with 6GB or more include unlimited video streaming from participating video services (62 partners as of 4/5/2016) not counting against the data limit.

ON DEMAND MOBILE INTERNET PASSES (Postpaid) ^{1,2,3,4}	PRICING ¹	HOTSPOT ACCESS ³
Unlimited, Overage-Free Mobile Internet 500 MB data (use for 1 days)	\$5.00	Included
Unlimited, Overage-Free Mobile Internet 1 GB data (use for 7 days)	\$10.00	Included

1 Credit approval, \$20 SIM starter kit and deposit may be required.

2 No overage charges. After data allotment used, speeds slowed to up to 2G speeds for rest of billing cycle.

3 All plan options include Smartphone Mobile HotSpot capability that share the same full speed data allotment of their data plan Plan data allotment applies.

Use of connected devices subject to T-Mobile's Terms and Conditions. Must use device manufacturer or T-Mobile feature.

4 Mobile Internet On Demand passes include unlimited data in Mexico and Canada just like in the U.S. when added on top of Simple Choice plan options

PAY IN ADVANCE - (SINGLE USE) DATA PASSES ^{1,2,3}	PRICING ¹	HOTSPOT ACCESS
Unlimited, Overage-Free 500 MB data (use for 1 day)	\$5.00	Not Included
Unlimited, Overage-Free 1 GB data (use for 7 days)	\$10.00	Not Included
Unlimited, Overage-Free 3 GB data (use for 30 days)	\$30.00	Not Included

1 \$20 SIM starter kit may be required. Service available for time period and/or usage amount provided by Pass. For time period, a day is 12:00 a.m. to

11:59 p.m., based on time zone associated with account phone number. Usage rounded up to the nearest MB.

2 No overage charges. After data allotment used, speeds slowed to up to 2G speeds for rest of billing cycle.

3 No domestic roaming. Pay in Advance Simple Choice single-use plan options include unlimited data in Mexico and Canada just like in the U.S.

PAY IN ADVANCE - MONTHLY RECURRING (AUTO-RENEW) PASSES ^{1,2,3}	PRICING ¹	HOTSPOT ACCESS
Unlimited, Overage-Free Mobile Internet 2 GB	\$20.00	Not Included
Unlimited, Overage-Free Mobile Internet 6 GB	\$35.00	Not Included
Unlimited, Overage-Free Mobile Internet 10 GB	\$50.00	Not Included
Unlimited, Overage-Free Mobile Internet 14 GB	\$65.00	Not Included
Unlimited, Overage-Free Mobile Internet 18 GB	\$80.00	Not Included
Unlimited, Overage-Free Mobile Internet 22 GB	\$95.00	Not Included

1 Prices reflect monthly recurring charges. \$20 SIM starter kit and deposit may be required.

2 No overage charges. After data allotment used, speeds slowed to up to 2G speeds for rest of billing cycle.

3 On-network, Domestic data only. No roaming.

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EUROPE

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)¹

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
TOTAL REVENUE		3.157	3.209	3.261	3.397	13.024	3.080	(2,4)
International Revenue		3.028	3.086	3.119	3.263	12.495	2.948	(2,6)
NET REVENUE		3.098	3.150	3.200	3.334	12.782	3.018	(2,6)
EBITDA	2	1.016	1.081	1.157	1.075	4.329	986	(3,0)
EBITDA margin (EBITDA / total revenue)	%	32,2	33,7	35,5	31,6	33,2	32,0	(0,2p)
Depreciation, amortization and impairment losses		(636)	(627)	(640)	(686)	(2.589)	(636)	0,0
Profit (loss) from operations = EBIT	3	380	454	517	389	1.740	350	(7,9)
CASH CAPEX	4	482	294	402	460	1.638	500	3,7
CASH CONTRIBUTION		534	787	755	615	2.691	486	(9,0)

FINANCIALS (AS REPORTED)

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
TOTAL REVENUE		3.157	3.209	3.261	3.397	13.024	3.080	(2,4)
NET REVENUE		3.098	3.150	3.200	3.334	12.782	3.018	(2,6)
EBITDA		962	1.017	1.107	1.022	4.108	962	0,0
EBITDA margin (EBITDA / total revenue)	%	30,5	31,7	33,9	30,1	31,5	31,2	0,7p
Depreciation, amortization and impairment losses		(636)	(626)	(641)	(729)	(2.632)	(636)	0,0
Profit (loss) from operations = EBIT		326	391	466	293	1.476	326	0,0
CASH CAPEX		498	303	403	463	1.667	1.009	n.a.
CASH CONTRIBUTION		464	714	704	559	2.441	(47)	n.a.

¹ Business customer operations at Magyar Telekom in Hungary, which had previously been organizationally assigned to the Systems Solutions operating segment, have been bundled and reported under the Europe operating segment since January 1, 2016. Comparative figures have been adjusted retrospectively.

² Special factors affecting EBITDA: EUR 55mn in Q1/15, EUR 62mn in Q2/15, EUR 51mn in Q3/15, EUR 51mn in Q4/15 and EUR 24mn in Q1/16.

³ Special factors affecting EBIT: EUR 55mn in Q1/15 (thereof EUR 55mn resulting from EBITDA), EUR 62mn in Q2/15 (thereof EUR 62mn resulting from EBITDA), EUR 51mn in Q3/15 (thereof EUR 51mn resulting from EBITDA), EUR 94mn in Q4/15 (thereof EUR 51mn resulting from EBITDA) and EUR 24mn in Q1/16 (thereof EUR 24mn resulting from EBITDA).

⁴ Excluding payments for spectrum licences: EUR 1mn in Q1/15 in Austria, EUR 15mn in Q1/15 in Albania, EUR 9mn in Q2/15 in Albania, EUR 1mn in Q3/15 in Austria, EUR 3mn in Q4/15 in Poland, EUR 484mn in Poland in Q1/16 and EUR 23mn in Netherlands in Q1/16.

EUROPE

EBITDA RECONCILIATION¹

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
TOTAL REVENUE		3.157	3.209	3.261	3.397	13.024	3.080	(2,4)
TOTAL REVENUE (ADJUSTED FOR SPECIAL FACTORS)		3.157	3.209	3.261	3.397	13.024	3.080	(2,4)
Profit (loss) from operations = EBIT		326	391	466	293	1.476	326	0,0
- Depreciation, amortization and impairment losses		(636)	(626)	(641)	(729)	(2.632)	(636)	0,0
= EBITDA		962	1.017	1.107	1.022	4.108	962	0,0
EBITDA margin	%	30,5	31,7	33,9	30,1	31,5	31,2	0,7p
- Special factors affecting EBITDA		(54)	(64)	(50)	(53)	(221)	(24)	55,6
= EBITDA (ADJUSTED FOR SPECIAL FACTORS)		1.016	1.081	1.157	1.075	4.329	986	(3,0)
EBITDA margin (adjusted for special factors)	%	32,2	33,7	35,5	31,6	33,2	32,0	(0,2p)

SPECIAL FACTORS

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
EFFECTS ON EBITDA		(54)	(64)	(50)	(53)	(221)	(24)	55,6
- of which personnel		(22)	(97)	(34)	(24)	(177)	(29)	(31,8)
- of which other		(32)	33	(16)	(29)	(44)	5	n.a.
EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT		(54)	(63)	(51)	(96)	(264)	(24)	55,6
- of which personnel		(22)	(97)	(34)	(24)	(177)	(29)	(31,8)
- of which other		(32)	34	(17)	(72)	(87)	5	n.a.

¹ Business customer operations at Magyar Telekom in Hungary, which had previously been organizationally assigned to the Systems Solutions operating segment, have been bundled and reported under the Europe operating segment since January 1, 2016. Comparative figures have been adjusted retrospectively.

EUROPE CUSTOMER SUMMARY

	Note	Q1 2015 (‘000)	Q2 2015 (‘000)	Q3 2015 (‘000)	Q4 2015 (‘000)	Q1 2016 (‘000)	Change %
GREECE							
- Fixed network Access Lines		2.599	2.591	2.577	2.586	2.583	(0,6)
- Broadband Access Lines		1.413	1.448	1.480	1.531	1.574	11,4
- Mobile Customers		7.308	7.387	7.428	7.399	7.477	2,3
ROMANIA							
- Fixed network Access Lines		2.189	2.153	2.117	2.091	2.055	(6,1)
- Broadband Access Lines		1.192	1.186	1.181	1.186	1.204	1,0
- Mobile Customers		6.008	6.015	5.905	5.992	5.934	(1,2)
HUNGARY							
	1						
- Fixed network Access Lines	2	1.710	1.671	1.677	1.674	1.659	(3,0)
- Broadband Access Lines	2	990	1.000	1.010	1.023	1.028	3,8
- Mobile Customers		5.463	5.476	5.482	5.504	5.372	(1,7)
POLAND							
- Fixed network Access Lines	2	12	18	17	18	18	50,0
- Broadband Access Lines	2	11	13	13	15	17	54,5
- Mobile Customers	3	15.794	15.827	15.696	12.056	11.821	(25,2)
CZECH REPUBLIC							
- Fixed network Access Lines	2	155	152	147	154	141	(9,0)
- Broadband Access Lines	2	145	143	138	134	133	(8,3)
- Mobile Customers		5.993	5.996	5.981	6.019	6.024	0,5
CROATIA							
- Fixed network Access Lines		1.052	1.038	1.020	1.004	1.012	(3,8)
- Broadband Access Lines		726	733	733	741	749	3,2
- Mobile Customers		2.214	2.241	2.323	2.233	2.206	(0,4)
NETHERLANDS							
- Mobile Customers		3.830	3.689	3.686	3.677	3.668	(4,2)
SLOVAKIA							
- Fixed network Access Lines		875	864	858	855	851	(2,7)
- Broadband Access Lines		570	578	587	599	609	6,8
- Mobile Customers		2.202	2.196	2.204	2.235	2.231	1,3
AUSTRIA							
- Mobile Customers		3.956	3.934	3.962	4.323	4.221	6,7
OTHER							
- Fixed network Access Lines	2	395	389	385	381	367	(7,1)
- Broadband Access Lines	2	293	291	289	285	283	(3,4)
- Mobile Customers		3.596	3.585	3.579	3.299	3.255	(9,5)
TOTAL							
	1						
- Fixed network Access Lines		8.987	8.875	8.798	8.763	8.687	(3,3)
- IP		3.626	3.805	3.973	4.132	4.261	17,5
- Broadband Access Lines Retail		5.046	5.084	5.122	5.189	5.254	4,1
- Wholesale Bundled Access Lines		136	126	121	121	122	(10,3)
- Wholesale Unbundled Access Lines		156	167	181	199	215	37,8
- TV (IPTV, SAT, Cable)		3.741	3.768	3.832	3.904	3.922	4,8
- Mobile Customers		56.365	56.345	56.246	52.737	52.208	(7,4)

1 Business customer operations at Magyar Telekom in Hungary, which had previously been organizationally assigned to the Systems Solutions operating segment, have been bundled and reported under the Europe operating segment since January 1, 2016. Comparative figures have been adjusted retrospectively.

2 From January 2015 parts of the GTS Group were integrated into Czech Republic and Poland. From April 2015 parts were integrated into Hungary.

3 In the fourth quarter of 2015, the number of mobile customers in Poland decreased by 3 838 thousand in connection with the deactivation of inactive prepaid SIM cards.

GREECE

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
TOTAL REVENUE		692	704	721	761	2.878	685	(1,0)
- of which Fixed network		441	448	446	498	1.833	449	1,8
- of which Mobile communications		294	303	319	312	1.228	277	(5,8)
EBITDA	1	263	267	297	291	1.118	267	1,5
- of which Fixed network		153	147	162	177	639	165	7,8
- of which Mobile communications		100	110	127	101	438	92	(8,0)
EBITDA MARGIN (EBITDA / TOTAL REVENUE)	%	38,0	37,9	41,2	38,2	38,8	39,0	1,0p
- of which Fixed network	%	34,7	32,8	36,3	35,5	34,9	36,7	2,0p
- of which Mobile communications	%	34,0	36,3	39,8	32,4	35,7	33,2	(0,8p)
CASH CAPEX (AS REPORTED)		85	44	88	94	311	87	2,4
- of which Fixed network		37	29	45	43	154	55	48,6
- of which Mobile communications		48	14	41	46	149	31	(35,4)
CASH CONTRIBUTION		178	223	209	197	807	180	1,1
- of which Fixed network		116	118	117	134	485	110	(5,2)
- of which Mobile communications		52	97	85	55	289	61	17,3

1 Special factors affecting EBITDA: EUR 8mn in Q1/15, EUR 45mn in Q2/15, EUR 1mn in Q3/15, EUR 21mn in Q4/15 and EUR 4mn in Q1/16.

GREECE OPERATIONALS

	Note	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Change %
FIXED NETWORK (END OF PERIOD)								
Fixed network Access Lines	('000)	2.599	2.591	2.577	2.586	2.586	2.583	(0,6)
- IP	('000)	16	20	36	78	78	166	n.a.
Broadband Access Lines Retail	('000)	1.392	1.426	1.457	1.505	1.505	1.541	10,7
TV (IPTV, SAT, Cable)	('000)	367	378	412	445	445	456	24,3
Wholesale Bundled Access Lines	('000)	21	21	23	26	26	32	52,4
ULLs/Wholesale PSTN	('000)	2.059	2.057	2.055	2.057	2.057	2.062	0,1
Wholesale Unbundled Access Lines	('000)	0	0	0	0	0	0	n.a.
MOBILE COMMUNICATIONS (END OF PERIOD)								
Service revenue	(€ million)	229	243	261	237	970	222	(3,1)
CUSTOMERS	('000)	7.308	7.387	7.428	7.399	7.399	7.477	2,3
- contract	('000)	2.260	2.289	2.283	2.250	2.250	2.231	(1,3)
- prepaid	('000)	5.049	5.097	5.144	5.150	5.150	5.245	3,9
NET ADDS	('000)	28	78	41	(28)	119	77	n.a.
- contract	('000)	33	30	(6)	(34)	23	(18)	n.a.
- prepaid	('000)	(4)	49	47	6	97	96	n.a.
AVERAGE MONTHLY CHURN	(%)	1,5	1,5	1,7	1,7	1,6	1,6	0,1p
- contract	(%)	1,2	1,2	1,1	1,8	1,3	1,5	0,3p
SAC PER GROSS ADD	(€)	16	18	10	13	14	12	(25,0)
- contract	(€)	53	63	66	59	60	66	24,5
- prepaid	(€)	1	2	2	2	2	2	100,0
SRC PER RETAINED CUSTOMER	(€)	39	40	45	42	41	40	2,6
ARPU	(€)	10	11	12	11	11	10	0,0
- contract	(€)	24	25	27	24	25	23	(4,2)
- prepaid	(€)	4	5	5	5	5	4	0,0
NON-VOICE % OF ARPU	(%)	27	27	31	28	28	29	2p
MOU PER CUSTOMER	(min)	282	299	288	284	288	270	(4,3)
- contract	(min)	419	444	420	439	430	423	1,0

ROMANIA

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)¹

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
TOTAL REVENUE		241	241	239	263	984	234	(2,9)
PRODUCT VIEW		241	241	239	263	984	234	(2,9)
- Fixed network		140	142	132	148	562	127	(9,3)
- Mobile communications		101	99	107	115	422	107	5,9
SEGMENT VIEW		241	241	239	263	984	234	(2,9)
- of which Consumer		160	153	157	165	635	153	(4,4)
- of which Business		54	54	53	69	230	50	(7,4)
EBITDA	2	55	49	48	53	205	38	(30,9)
EBITDA MARGIN (EBITDA / TOTAL REVENUE)	%	22,8	20,3	20,1	20,2	20,8	16,2	(6,6p)
CASH CAPEX (AS REPORTED)		49	32	28	23	132	33	(32,7)
CASH CONTRIBUTION		6	17	20	30	73	5	(16,7)

1 Since our subsidiary in Romania offers convergent Fixed and Mobile products, from Q3/15 onwards it is shown as integrated company. For better comparability figures for prior periods have been adjusted.

2 Special factors affecting EBITDA: EUR 2mn in Q2/15, EUR 13mn in Q3/15 and EUR 3mn in Q4/15.

ROMANIA OPERATIONALS

	Note	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Change %
FIXED NETWORK (END OF PERIOD)								
Fixed network Access Lines	('000)	2.189	2.153	2.117	2.091	2.091	2.055	(6,1)
- IP	('000)	316	341	362	392	392	409	29,4
Broadband Access Lines Retail	('000)	1.192	1.186	1.181	1.186	1.186	1.204	1,0
TV (IPTV, SAT, Cable)	('000)	1.414	1.421	1.432	1.452	1.452	1.449	2,5
Wholesale Bundled Access Lines	('000)	0	0	0	0	0	0	n.a.
ULLs/Wholesale PSTN	('000)	0	0	0	0	0	0	n.a.
Wholesale Unbundled Access Lines	('000)	0	0	0	0	0	0	n.a.
MOBILE COMMUNICATIONS (END OF PERIOD)								
Service revenue	(€ million)	80	79	83	83	325	81	1,3
CUSTOMERS	('000)	6.008	6.015	5.905	5.992	5.992	5.934	(1,2)
- contract	('000)	1.751	1.794	1.846	1.893	1.893	1.923	9,8
- prepaid	('000)	4.257	4.221	4.060	4.099	4.099	4.011	(5,8)
NET ADDS	('000)	(40)	7	(109)	87	(55)	(58)	(45,0)
- contract	('000)	61	43	52	47	203	30	(50,8)
- prepaid	('000)	(100)	(36)	(161)	39	(258)	(88)	12,0
AVERAGE MONTHLY CHURN	(%)	2,8	2,8	3,3	3,1	3,0	3,4	0,6p
- contract	(%)	1,0	1,3	1,2	1,7	1,3	1,7	0,7p
SAC PER GROSS ADD	(€)	11	13	17	14	14	11	0,0
- contract	(€)	41	57	63	53	54	43	4,9
- prepaid	(€)	1	1	1	2	1	1	0,0
SRC PER RETAINED CUSTOMER	(€)	8	7	11	10	9	13	62,5
ARPU	(€)	4	5	5	5	5	5	25,0
- contract	(€)	9	9	9	9	9	9	0,0
- prepaid	(€)	3	3	3	3	3	3	0,0
NON-VOICE % OF ARPU	(%)	27	24	27	27	26	29	2p
MOU PER CUSTOMER	(min)	297	299	289	297	295	303	2,0
- contract	(min)	455	454	435	440	446	434	(4,6)

HUNGARY

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)¹

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
TOTAL REVENUE	2	445	453	432	518	1.848	403	(9,4)
PRODUCT VIEW		445	453	432	518	1.848	403	(9,4)
- Fixed network	3	228	234	219	292	973	194	(14,9)
- Mobile communications		217	219	213	226	875	209	(3,7)
SEGMENT VIEW		445	453	432	518	1.848	403	(9,4)
- of which Consumer		233	234	230	245	942	227	(2,6)
- of which Business		136	155	141	199	631	139	2,2
EBITDA	2,4	115	145	142	124	526	126	9,6
EBITDA MARGIN (EBITDA / TOTAL REVENUE)	%	25,8	32,0	32,9	23,9	28,5	31,3	5,5p
CASH CAPEX (AS REPORTED)		63	52	63	93	271	71	12,7
CASH CONTRIBUTION		52	93	79	31	255	55	5,8

¹Business customer operations at Magyar Telekom in Hungary, which had previously been organizationally assigned to the Systems Solutions operating segment, have been bundled and reported under the Europe operating segment since January 1, 2016. Comparative figures have been adjusted retrospectively.

² From April 2015 parts of the GTS Central Europe Group were integrated into Hungary.

³ Fixed Network include Total revenue of HU GHS.

⁴ Special factors affecting EBITDA: EUR 1mn in Q1/15, EUR 1mn in Q2/15, EUR 13mn in Q3/15, EUR 5mn in Q4/15 and EUR -7mn in Q1/16.

HUNGARY

OPERATIONALS¹

	Note	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Change %
FIXED NETWORK (END OF PERIOD)	2							
Fixed network Access Lines ('000)		1.710	1.671	1.677	1.674	1.674	1.659	(3,0)
- IP ('000)		1.040	1.136	1.207	1.286	1.286	1.331	28,0
Broadband Access Lines Retail ('000)		949	956	975	988	988	996	5,0
TV (IPTV, SAT, Cable) ('000)		934	939	949	961	961	964	3,2
Wholesale Bundled Access Lines ('000)		27	18	17	17	17	15	(44,4)
ULLs/Wholesale PSTN ('000)		11	11	10	10	10	9	(18,2)
Wholesale Unbundled Access Lines ('000)		13	12	12	12	12	13	0,0
MOBILE COMMUNICATIONS (END OF PERIOD)								
Service revenue (€ million)		184	178	181	178	721	173	(6,0)
CUSTOMERS ('000)		5.463	5.476	5.482	5.504	5.504	5.372	(1,7)
- contract ('000)		3.009	3.055	3.069	3.103	3.103	3.100	3,0
- prepaid ('000)		2.454	2.421	2.414	2.401	2.401	2.271	(7,5)
NET ADDS ('000)		(15)	13	6	22	26	(132)	n.a.
- contract ('000)		12	46	13	34	106	(2)	n.a.
- prepaid ('000)		(27)	(33)	(7)	(13)	(80)	(130)	n.a.
AVERAGE MONTHLY CHURN (%)		1,5	1,4	1,6	1,2	1,4	1,8	0,3p
- contract (%)		1,0	0,8	0,9	0,8	0,9	1,0	0,0p
SAC PER GROSS ADD (€)		18	19	14	24	19	19	5,6
- contract (€)		38	30	42	53	40	40	5,3
- prepaid (€)		6	10	3	4	5	3	(50,0)
SRC PER RETAINED CUSTOMER (€)		52	54	47	66	55	55	5,8
ARPU (€)		11	11	11	11	11	11	0,0
- contract (€)		17	17	17	17	17	16	(5,9)
- prepaid (€)		4	4	4	4	4	3	(25,0)
NON-VOICE % OF ARPU (%)		25	27	28	28	27	33	8p
MOU PER CUSTOMER (min)		179	186	187	187	185	186	3,9
- contract (min)		282	291	290	289	288	288	2,1

1 Business customer operations at Magyar Telekom in Hungary, which had previously been organizationally assigned to the Systems Solutions operating segment, have been bundled and reported under the Europe operating segment since January 1, 2016. Comparative figures have been adjusted retrospectively.

2 From April 2015 parts of the GTS Central Europe Group were integrated into Hungary.

POLAND

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
TOTAL REVENUE	1	382	385	391	386	1.544	378	(1,0)
PRODUCT VIEW		382	385	391	386	1.544	378	(1,0)
- Fixed network		23	29	26	23	101	24	4,3
- Mobile communications		358	358	365	362	1.443	354	(1,1)
SEGMENT VIEW		382	385	391	386	1.544	378	(1,0)
- of which Consumer		220	217	216	215	868	196	(10,9)
- of which Business		136	136	132	132	536	124	(8,8)
EBITDA	1,2	130	145	164	141	580	120	(7,7)
EBITDA MARGIN (EBITDA / TOTAL REVENUE)	%	34,0	37,7	41,9	36,5	37,6	31,7	(2,3p)
CASH CAPEX (AS REPORTED)		62	45	34	48	189	546	n.a.
CASH CONTRIBUTION		68	100	130	93	391	(426)	n.a.

1 From January 2015 parts of the GTS Central Europe Group were integrated into Poland.

2 Special factors affecting EBITDA: EUR 1mn in Q1/15, EUR 6mn in Q2/15, EUR 1mn in Q3/15, EUR 1mn in Q4/15 and EUR 14mn in Q1/16.

POLAND OPERATIONALS

	Note	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Change %
FIXED NETWORK (END OF PERIOD)	1							
Fixed network Access Lines ('000)		12	18	17	18	18	18	50,0
- IP ('000)		2	3	3	3	3	2	0,0
Broadband Access Lines Retail ('000)		6	9	8	10	10	10	66,7
TV (IPTV, SAT, Cable) ('000)		0	0	0	0	0	0	n.a.
Wholesale Bundled Access Lines ('000)		0	0	0	0	0	0	n.a.
ULLs/Wholesale PSTN ('000)		0	0	0	0	0	0	n.a.
Wholesale Unbundled Access Lines ('000)		5	4	4	5	5	6	20,0
MOBILE COMMUNICATIONS (END OF PERIOD)								
Service revenue (€ million)		256	268	267	243	1.034	244	(4,7)
CUSTOMERS ('000)		15.794	15.827	15.696	12.056	12.056	11.821	(25,2)
- contract ('000)		6.784	6.708	6.640	6.569	6.569	6.518	(3,9)
- prepaid ('000)	2	9.010	9.118	9.056	5.487	5.487	5.303	(41,1)
NET ADDS ('000)		93	32	(130)	(3.641)	(3.646)	(235)	n.a.
- contract ('000)		(39)	(76)	(68)	(71)	(254)	(50)	(28,2)
- prepaid ('000)	2	132	108	(62)	(3.569)	(3.391)	(184)	n.a.
AVERAGE MONTHLY CHURN (%)		2,0	2,1	2,6	11,0	4,3	3,4	1,4p
- contract (%)		1,1	1,1	1,1	1,2	1,1	1,2	0,1p
SAC PER GROSS ADD (€)		5	11	6	7	7	7	40,0
- contract (€)		21	65	34	35	38	31	47,6
- prepaid (€)		2	2	1	1	2	2	0,0
SRC PER RETAINED CUSTOMER (€)		0	6	12	(12)	1	1	n.a.
ARPU (€)		5	6	6	6	6	7	40,0
- contract (€)		11	11	11	10	11	10	(9,1)
- prepaid (€)		2	2	2	2	2	2	0,0
NON-VOICE % OF ARPU (%)		39	39	39	40	39	39	0p
MOU PER CUSTOMER (min)		150	154	154	172	157	204	36,0
- contract (min)		299	311	313	322	311	325	8,7

1 From January 2015 parts of the GTS Central Europe Group were integrated into Poland.

2 In the fourth quarter of 2015, the number of mobile customers in Poland decreased by 3 838 thousand in connection with the deactivation of inactive prepaid SIM cards.

CZECH REPUBLIC

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
TOTAL REVENUE	1	226	231	242	259	958	229	1,3
PRODUCT VIEW		226	231	242	259	958	229	1,3
- Fixed network		46	51	51	70	218	51	10,9
- Mobile communications		179	181	191	189	740	178	(0,6)
SEGMENT VIEW		226	231	242	259	958	229	1,3
- of which Consumer		112	117	117	118	464	113	0,9
- of which Business		99	103	107	122	431	103	4,0
EBITDA	1,2	89	96	100	105	390	99	11,2
EBITDA MARGIN (EBITDA / TOTAL REVENUE)	%	39,4	41,6	41,3	40,5	40,7	43,2	3,8p
CASH CAPEX (AS REPORTED)	3	66	(27)	29	36	104	42	(36,4)
CASH CONTRIBUTION	3	23	123	71	69	286	57	n.a.

1 From January 2015 parts of the GTS Central Europe Group were integrated into Czech Republic.

2 Special factors affecting EBITDA: EUR 1mn in Q2/15, EUR 3mn in Q4/15 and EUR 1mn in Q1/16.

3 Reported Cash Capex in Q2/15 is impacted by an adjustment of the Q1/15 Cash Capex figure.

CZECH REPUBLIC OPERATIONALS

	Note	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Change %
FIXED NETWORK (END OF PERIOD)	1							
Fixed network Access Lines	('000)	155	152	147	154	154	141	(9,0)
- IP	('000)	136	134	130	137	137	125	(8,1)
Broadband Access Lines Retail	('000)	143	141	136	132	132	131	(8,4)
TV (IPTV, SAT, Cable)	('000)	2	2	2	2	2	2	0,0
Wholesale Bundled Access Lines	('000)	0	0	0	0	0	0	n.a.
ULLs/Wholesale PSTN	('000)	8	8	7	7	7	7	(12,5)
Wholesale Unbundled Access Lines	('000)	2	2	2	2	2	2	0,0
MOBILE COMMUNICATIONS (END OF PERIOD)								
Service revenue	(€ million)	160	166	172	168	666	165	3,1
CUSTOMERS	('000)	5.993	5.996	5.981	6.019	6.019	6.024	0,5
- contract	('000)	3.519	3.532	3.556	3.597	3.597	3.628	3,1
- prepaid	('000)	2.474	2.464	2.425	2.422	2.422	2.396	(3,2)
NET ADDS	('000)	(7)	3	(16)	38	18	5	n.a.
- contract	('000)	19	13	24	41	97	31	63,2
- prepaid	('000)	(26)	(10)	(39)	(3)	(78)	(26)	0,0
AVERAGE MONTHLY CHURN	(%)	1,5	1,6	1,5	1,3	1,5	1,3	(0,2p)
- contract	(%)	0,6	0,6	0,5	0,5	0,6	0,5	(0,1p)
SAC PER GROSS ADD	(€)	21	22	24	21	22	21	0,0
- contract	(€)	47	50	57	47	50	49	4,3
- prepaid	(€)	2	2	3	3	3	4	100,0
SRC PER RETAINED CUSTOMER	(€)	9	10	12	13	11	12	33,3
ARPU	(€)	9	9	10	9	9	9	0,0
- contract	(€)	13	13	14	13	13	13	0,0
- prepaid	(€)	3	3	4	4	3	3	0,0
NON-VOICE % OF ARPU	(%)	41	45	47	47	45	48	7p
MOU PER CUSTOMER	(min)	154	158	153	157	155	155	0,6
- contract	(min)	235	240	230	234	235	231	(1,7)

1 From January 2015 parts of the GTS Central Europe Group were integrated into Czech Republic.

NETHERLANDS

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
TOTAL REVENUE		346	362	346	340	1.394	324	(6,4)
- of which Consumer		251	266	249	245	1.011	228	(9,2)
- of which Business		63	62	62	62	249	60	(4,8)
EBITDA	1	133	124	125	118	500	88	(33,8)
EBITDA MARGIN (EBITDA / TOTAL REVENUE)	%	38,4	34,3	36,1	34,7	35,9	27,2	(11,2p)
CASH CAPEX (AS REPORTED)		46	42	41	47	176	54	17,4
CASH CONTRIBUTION		87	82	84	71	324	34	(60,9)

OPERATIONALS

	Note	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Change %
MOBILE COMMUNICATIONS (END OF PERIOD)								
Service revenue	(€ million)	257	255	257	233	1.002	228	(11,3)
CUSTOMERS	('000)	3.830	3.689	3.686	3.677	3.677	3.668	(4,2)
- contract	('000)	2.836	2.751	2.775	2.800	2.800	2.825	(0,4)
- prepaid	('000) 3	994	938	910	878	878	843	(15,2)
NET ADDS	('000)	(70)	(44)	(4)	(8)	(125)	(9)	87,1
- contract	('000) 2	(12)	(85)	24	24	(48)	25	n.a.
- prepaid	('000) 2	(58)	41	(28)	(33)	(77)	(34)	41,4
AVERAGE MONTHLY CHURN	(%)	1,8	1,7	1,7	1,6	1,7	1,5	(0,3p)
- contract	(%)	1,1	1,3	1,3	1,3	1,2	1,2	0,1p
SAC PER GROSS ADD	(€)	143	124	113	93	117	111	(22,4)
- contract	(€)	206	162	143	115	151	130	(36,9)
- prepaid	(€)	19	17	19	8	16	18	(5,3)
SRC PER RETAINED CUSTOMER	(€)	113	126	95	59	98	121	7,1
ARPU	(€)	22	23	23	21	22	21	(4,5)
- contract	(€)	29	29	30	27	28	26	(10,3)
- prepaid	(€)	4	5	4	4	4	4	0,0
NON-VOICE % OF ARPU	(%)	54	58	59	60	58	61	7p
MOU PER CUSTOMER	(min)	158	168	163	175	165	180	13,9
- contract	(min)	204	212	206	221	209	226	10,8

1 Special factors affecting EBITDA: EUR 2mn in Q1/15, EUR 1mn in Q2/15, EUR 1mn in Q3/15, EUR 5mn in Q4/15 and EUR 1mn in Q1/16.

2 Q2/15 impacted by reclassification of M2M customers from postpaid to prepaid.

3 Our subsidiary in the Netherlands sold its Bleep brand and the prepaid customer relationships maintained under the brand effective Mar. 1, 2015. This decreased our customer base by 97 thousand customers up from April. Customer figures for prior periods have not been adjusted.

CROATIA

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
TOTAL REVENUE		211	222	249	227	909	220	4,3
PRODUCT VIEW		211	222	249	227	909	220	4,3
- Fixed network		129	139	146	136	550	134	3,9
- Mobile communications		81	85	103	90	359	86	6,2
SEGMENT VIEW		211	222	249	227	909	220	4,3
- of which Consumer		119	120	124	120	483	116	(2,5)
- of which Business		64	70	79	74	287	70	9,4
EBITDA	1	81	90	102	94	367	82	1,2
EBITDA MARGIN (EBITDA / TOTAL REVENUE)	%	38,4	40,5	41,0	41,4	40,4	37,3	(1,1p)
CASH CAPEX (AS REPORTED)		30	39	40	20	129	52	73,3
CASH CONTRIBUTION		51	51	62	74	238	30	(41,2)

1 Special factors affecting EBITDA: EUR 10mn in Q1/15, EUR 1mn in Q2/15, EUR 1mn in Q4/15 and EUR 8mn in Q1/16.

CROATIA OPERATIONALS

	Note	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Change %
FIXED NETWORK (END OF PERIOD)								
Fixed network Access Lines	('000)	1.052	1.038	1.020	1.004	1.004	1.012	(3,8)
- IP	('000)	897	952	1.001	1.004	1.004	1.012	12,8
Broadband Access Lines Retail	('000)	644	642	638	636	636	634	(1,6)
TV (IPTV, SAT, Cable)	('000)	390	387	385	388	388	387	(0,8)
Wholesale Bundled Access Lines	('000)	46	45	39	37	37	34	(26,1)
ULLs/Wholesale PSTN	('000)	191	173	161	159	159	156	(18,3)
Wholesale Unbundled Access Lines	('000)	36	46	56	68	68	81	n.a.
MOBILE COMMUNICATIONS (END OF PERIOD)								
Service revenue	(€ million)	65	70	82	67	284	66	1,5
CUSTOMERS	('000)	2.214	2.241	2.323	2.233	2.233	2.206	(0,4)
- contract	('000)	1.098	1.105	1.112	1.119	1.119	1.119	1,9
- prepaid	('000)	1.116	1.136	1.211	1.114	1.114	1.087	(2,6)
NET ADDS	('000)	(38)	27	83	(91)	(20)	(27)	28,9
- contract	('000)	(1)	7	7	7	20	0	100,0
- prepaid	('000)	(37)	19	76	(98)	(40)	(27)	27,0
AVERAGE MONTHLY CHURN	(%)	2,6	2,0	2,2	3,7	2,6	2,6	0,0p
- contract	(%)	1,1	0,8	1,1	1,1	1,0	1,1	0,0p
SAC PER GROSS ADD	(€)	14	12	10	16	13	13	(7,1)
- contract	(€)	49	50	53	59	53	52	6,1
- prepaid	(€)	3	2	2	3	3	2	(33,3)
SRC PER RETAINED CUSTOMER	(€)	57	74	67	57	63	69	21,1
ARPU	(€)	10	11	12	10	10	10	0,0
- contract	(€)	14	15	18	14	16	15	7,1
- prepaid	(€)	5	6	6	5	6	5	0,0
NON-VOICE % OF ARPU	(%)	45	46	49	46	47	49	4p
MOU PER CUSTOMER	(min)	187	200	198	195	195	196	4,8
- contract	(min)	248	268	269	266	263	260	4,8

SLOVAKIA

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
TOTAL REVENUE		187	185	199	212	783	187	0,0
PRODUCT VIEW		187	185	199	212	783	187	0,0
- Fixed network		96	97	107	122	422	96	0,0
- Mobile communications		91	88	92	90	361	91	0,0
SEGMENT VIEW		187	185	199	212	783	187	0,0
- of which Consumer		116	115	119	117	467	119	2,6
- of which Business		47	48	60	72	227	47	0,0
EBITDA	1	73	76	83	64	296	78	6,8
EBITDA MARGIN (EBITDA / TOTAL REVENUE)	%	39,0	41,1	41,7	30,2	37,8	41,7	2,7p
CASH CAPEX (AS REPORTED)		28	22	24	26	100	43	53,6
CASH CONTRIBUTION		45	54	59	38	196	35	(22,2)

1 Special factors affecting EBITDA: EUR 29mn in Q1/15, EUR 1mn in Q2/15, EUR 6mn in Q4/15 and EUR -2mn in Q1/16.

SLOVAKIA

OPERATIONALS

	Note	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Change %
FIXED NETWORK (END OF PERIOD)								
Fixed network Access Lines	('000)	875	864	858	855	855	851	(2,7)
- IP	('000)	875	864	858	855	855	851	(2,7)
Broadband Access Lines Retail	('000)	454	459	465	473	473	481	5,9
TV (IPTV, SAT, Cable)	('000)	474	481	489	493	493	500	5,5
Wholesale Bundled Access Lines	('000)	18	18	17	17	17	16	(11,1)
ULLs/Wholesale PSTN	('000)	0	0	0	0	0	0	n.a.
Wholesale Unbundled Access Lines	('000)	98	102	105	109	109	112	14,3
MOBILE COMMUNICATIONS (END OF PERIOD)								
Service revenue	(€ million)	80	79	84	80	323	82	2,5
CUSTOMERS	('000)	2.202	2.196	2.204	2.235	2.235	2.231	1,3
- contract	('000)	1.424	1.427	1.431	1.453	1.453	1.462	2,7
- prepaid	('000)	777	769	773	782	782	770	(0,9)
NET ADDS	('000)	(18)	(6)	9	31	15	(4)	77,8
- contract	('000)	(7)	3	4	22	22	8	n.a.
- prepaid	('000)	(11)	(9)	4	9	(7)	(12)	(9,1)
AVERAGE MONTHLY CHURN	(%)	1,3	1,1	1,0	1,1	1,1	1,4	0,1p
- contract	(%)	1,1	0,9	0,8	0,9	0,9	0,9	(0,2p)
SAC PER GROSS ADD	(€)	62	65	51	56	58	44	(29,0)
- contract	(€)	108	106	100	96	102	80	(25,9)
- prepaid	(€)	4	3	4	4	4	3	(25,0)
SRC PER RETAINED CUSTOMER	(€)	110	120	115	159	128	132	20,0
ARPU	(€)	12	12	13	12	12	12	0,0
- contract	(€)	17	17	18	17	17	17	0,0
- prepaid	(€)	3	3	3	3	3	3	0,0
NON-VOICE % OF ARPU	(%)	39	37	38	39	38	40	1p
MOU PER CUSTOMER	(min)	164	171	168	175	169	171	4,3
- contract	(min)	231	240	235	244	237	238	3,0

AUSTRIA

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
TOTAL REVENUE		197	205	207	220	829	208	5,6
- of which Consumer		150	155	154	165	624	154	2,7
- of which Business		38	42	43	44	167	43	13,2
EBITDA	1	65	66	64	64	259	69	6,2
EBITDA MARGIN (EBITDA / TOTAL REVENUE)	%	33,0	32,2	30,9	29,1	31,2	33,2	0,2p
CASH CAPEX (AS REPORTED)		30	27	33	39	129	40	33,3
CASH CONTRIBUTION		35	39	31	25	130	29	(17,1)

OPERATIONALS

	Note	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Change %	
MOBILE COMMUNICATIONS (END OF PERIOD)									
Service revenue	(€ million)	172	175	178	179	704	178	3,5	
CUSTOMERS	(‘000)	2,3	3.956	3.934	3.962	4.323	4.221	6,7	
- contract	(‘000)	2.571	2.564	2.573	2.959	2.959	3.001	16,7	
- prepaid	(‘000)	1.385	1.370	1.390	1.364	1.364	1.220	(11,9)	
NET ADDS	(‘000)	2	(64)	(22)	28	304	13	n.a.	
- contract	(‘000)	(52)	(7)	9	387	336	42	n.a.	
- prepaid	(‘000)	(12)	(14)	19	(25)	(32)	(29)	n.a.	
AVERAGE MONTHLY CHURN	(%)	1,8	1,6	1,5	2,6	1,9	2,7	0,9p	
- contract	(%)	2	1,3	0,6	0,6	2,2	1,2	2,4	1,1p
SAC PER GROSS ADD	(€)	54	53	48	22	35	27	(50,0)	
- contract	(€)	133	152	143	24	52	35	(73,7)	
- prepaid	(€)	6	4	4	7	5	4	(33,3)	
SRC PER RETAINED CUSTOMER	(€)	2	89	101	100	106	100	14,6	
ARPU	(€)	2,3	14	15	15	14	15	0,0	
- contract	(€)	20	21	21	19	20	18	(10,0)	
- prepaid	(€)	4	4	4	4	4	4	0,0	
NON-VOICE % OF ARPU	(%)	44	42	43	44	43	45	1p	
MOU PER CUSTOMER	(min)	206	203	194	192	199	193	(6,3)	
- contract	(min)	261	257	243	233	242	222	(14,9)	

1 Special factors affecting EBITDA: EUR 5mn in Q1/15 and EUR 16mn in Q3/15.

2 Effect in Q4/15: Standardization of SIM card reporting in whole segment.

Effect adjusted KPIs Q4/15: SAC per gross add 76€, SAC per gross add contract 143€, ARPU 15€, ARPU contract 21€.

Effect adjusted KPIs FY/15: SAC per gross add 58€, SAC per gross add contract 144€, ARPU 16€, ARPU contract 21€.

3 Effect in Q1/2016: impacted by reclassification of M2M customers

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SYSTEMS SOLUTIONS

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)¹

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
TOTAL REVENUE		1.927	2.073	2.031	2.163	8.194	2.045	6,1
Market Unit		1.621	1.641	1.671	1.724	6.657	1.728	6,6
Telekom IT		306	432	360	439	1.537	317	3,6
International Revenue		537	537	534	529	2.137	631	17,5
NET REVENUE		1.420	1.435	1.452	1.520	5.827	1.545	8,8
EBITDA		145	203	176	216	740	206	42,1
Market Unit		135	122	142	182	581	196	45,2
Telekom IT		10	81	34	34	159	9	(10,0)
EBITDA margin (EBITDA / total revenue)	%	7,5	9,8	8,7	10,0	9,0	10,1	2,6p
Depreciation, amortization and impairment losses		(131)	(172)	(128)	(137)	(568)	(116)	11,5
Profit (loss) from operations = EBIT		14	31	48	79	172	90	n.a.
EBIT MARGIN	%	0,7	1,5	2,4	3,7	2,1	4,4	3,7p
CASH CAPEX		248	276	282	345	1.151	237	(4,4)
CASH CONTRIBUTION		(103)	(73)	(106)	(129)	(411)	(31)	69,9
ORDER ENTRY		1.212	1.281	1.191	1.924	5.608	1.522	25,6

FINANCIALS (AS REPORTED)

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
TOTAL REVENUE		1.927	2.073	2.031	2.163	8.194	2.045	6,1
NET REVENUE		1.420	1.435	1.452	1.520	5.827	1.545	8,8
EBITDA		71	(16)	34	4	93	146	n.a.
EBITDA margin (EBITDA / total revenue)	%	3,7	(0,8)	1,7	0,2	1,1	7,1	3,4p
Depreciation, amortization and impairment losses		(141)	(221)	(133)	(139)	(634)	(116)	17,7
Profit (loss) from operations = EBIT		(70)	(237)	(99)	(135)	(541)	30	n.a.
CASH CAPEX		248	276	282	345	1.151	237	(4,4)
CASH CONTRIBUTION		(177)	(292)	(248)	(341)	(1.058)	(91)	48,6

¹ Business customer operations at Magyar Telekom in Hungary, which had previously been organizationally assigned to the Systems Solutions operating segment, have been bundled and reported under the Europe operating segment since January 1, 2016. Comparative figures have been adjusted retrospectively.

SYSTEMS SOLUTIONS

EBITDA RECONCILIATION¹

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
TOTAL REVENUE		1.927	2.073	2.031	2.163	8.194	2.045	6,1
Profit (loss) from operations = EBIT		(70)	(237)	(99)	(135)	(541)	30	n.a.
- Depreciation, amortization and impairment losses		(141)	(221)	(133)	(139)	(634)	(116)	17,7
= EBITDA		71	(16)	34	4	93	146	n.a.
EBITDA margin	%	3,7	(0,8)	1,7	0,2	1,1	7,1	3,4p
- Special factors affecting EBITDA		(74)	(219)	(142)	(212)	(647)	(60)	18,9
= EBITDA (ADJUSTED FOR SPECIAL FACTORS)		145	203	176	216	740	206	42,1
EBITDA margin (adjusted for special factors)	%	7,5	9,8	8,7	10,0	9,0	10,1	2,6p

SPECIAL FACTORS

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
EFFECTS ON EBITDA		(74)	(219)	(142)	(212)	(647)	(60)	18,9
- of which personnel		(35)	(116)	(73)	(143)	(367)	(33)	5,7
- of which other		(39)	(103)	(68)	(70)	(280)	(27)	30,8
EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT		(84)	(268)	(147)	(214)	(713)	(60)	28,6
- of which personnel		(35)	(116)	(73)	(143)	(367)	(33)	5,7
- of which other		(50)	(151)	(74)	(72)	(346)	(27)	46,0

¹ Business customer operations at Magyar Telekom in Hungary, which had previously been organizationally assigned to the Systems Solutions operating segment, have been bundled and reported under the Europe operating segment since January 1, 2016. Comparative figures have been adjusted retrospectively.

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GROUP HEADQUARTERS & GROUP SERVICES FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
TOTAL REVENUE		565	584	555	571	2.275	513	(9,2)
NET REVENUE		155	164	140	168	627	115	(25,8)
EBITDA		(22)	(76)	(133)	(321)	(552)	(117)	n.a.
EBITDA margin (EBITDA / total revenue)	%	(3,9)	(13,0)	(24,0)	(56,2)	(24,3)	(22,8)	(18,9p)
Depreciation, amortization and impairment losses		(144)	(138)	(158)	(171)	(611)	(130)	9,7
Profit (loss) from operations = EBIT		(166)	(214)	(291)	(492)	(1.163)	(247)	(48,8)
CASH CAPEX		96	65	69	112	342	60	(37,5)
CASH CONTRIBUTION		(118)	(141)	(202)	(433)	(894)	(177)	(50,0)

FINANCIALS (AS REPORTED)

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
TOTAL REVENUE		565	584	555	571	2.275	513	(9,2)
NET REVENUE		155	164	140	167	626	115	(25,8)
EBITDA		(108)	(93)	(167)	135	(233)	2.269	n.a.
EBITDA margin (EBITDA / total revenue)	%	(19,1)	(15,9)	(30,1)	23,6	(10,2)	n.a.	n.a.
Depreciation, amortization and impairment losses		(144)	(138)	(174)	(171)	(627)	(130)	9,7
Profit (loss) from operations = EBIT		(252)	(231)	(341)	(36)	(860)	2.139	n.a.
CASH CAPEX		96	65	69	112	342	60	(37,5)
CASH CONTRIBUTION		(204)	(158)	(236)	23	(575)	2.209	n.a.

GROUP HEADQUARTERS & GROUP SERVICES

EBITDA RECONCILIATION

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
TOTAL REVENUE		565	584	555	571	2.275	513	(9,2)
Profit (loss) from operations = EBIT		(252)	(231)	(341)	(36)	(860)	2.139	n.a.
- Depreciation, amortization and impairment losses		(144)	(138)	(174)	(171)	(627)	(130)	9,7
= EBITDA		(108)	(93)	(167)	135	(233)	2.269	n.a.
EBITDA margin	%	(19,1)	(15,9)	(30,1)	23,6	(10,2)	n.a.	n.a.
- Special factors affecting EBITDA		(86)	(17)	(34)	456	319	2.386	n.a.
= EBITDA (ADJUSTED FOR SPECIAL FACTORS)		(22)	(76)	(133)	(321)	(552)	(117)	n.a.
EBITDA margin (adjusted for special factors)	%	(3,9)	(13,0)	(24,0)	(56,2)	(24,3)	(22,8)	(18,9p)

SPECIAL FACTORS

	Note	Q1 2015 millions of €	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Change %
EFFECTS ON EBITDA		(86)	(17)	(34)	456	319	2.386	n.a.
- of which personnel		(33)	(41)	(46)	(93)	(213)	(35)	(6,1)
- of which other		(53)	24	12	549	532	2.421	n.a.
EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT		(86)	(17)	(50)	456	303	2.386	n.a.
- of which personnel		(33)	(41)	(46)	(93)	(213)	(35)	(6,1)
- of which other		(53)	24	(4)	549	516	2.421	n.a.

GLOSSARY AND DISCLAIMER

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

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

04-May-2016

Deutsche Telekom AG (DTE.DE)

Q1 2016 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Timotheus Höttges
Chairman-Management Board & CEO

BUSINESS HIGHLIGHTS

Opening Remarks

- Let's start with the highlights for Q1
- The strong momentum continued, the strong momentum with investments, with customers, and with earnings
- We remain well on track for our group targets, we presented to you at our Capital Markets Day last year, and we also strongly reiterate our guidance for 2016

Strategic Building Blocks

- The first slide is a quick reminder of our main strategic building blocks you might all know
- This includes our focus on integrated IP networks, our commitment to create the best customer experience, our ambitions to lead in business, and to work with partners where it makes sense

- And maybe later in the discussion, I could show you that in each of these categories, we have tangible products and measures, how we improved in these regards

Fiber Products

- Going to slide number four, I'd like to summarize Q1 highlights
- The biggest number might be the 5mm German homes which are now connected with fiber
- The demand for our fiber products remained strong and even accelerated
- We added a new record of 660,000 fiber customers in the last three months alone
- In the U.S., we gained 2.2mm subscribers this quarter and our service revenue momentum accelerated to 14%, outstanding quarter
- We continued to invest heavily in our networks and into innovation in fiber, in LTE, and in our industry-leading pan-IP network transformation

EBITDA AND FCF

- Our financial momentum remained positive, headline revenues grew by 5%; EBITDA grew by 13%; and our FCF was on track
- Without the contribution from U.S. handset leasing and data stash on EBITDA, the number was up by 6.5% year-on-year
- But if you also take into account last year's €175mm settlement with Liberty, the EBITDA grew by 10.6%
- Adjusted for the disposal of EE, FCF grew by 11%
- So our double-digit momentum continues

Customer Growth and Convergence Products

- The next page shows you some examples of the strong momentum we have seen with our customers
- I mentioned already our success with fiber in Germany where we added 2mm homes in the last 12 months and our relentless customer growth in the U.S. where we gained 9mm subscribers in the last 12 months
- We continued to see good momentum with our convergence products as well
- We now have 3.3mm converged subscriptions here in Europe, of which 2.2mm only in Germany and the track is well on its way
- In the cloud, we continued to grow at 30% year-on-year
- Maybe some of you took part in our Cloud Webinar last month
- The replay is still available on our Investor Relations website

Innovations

- Page seven summarizes a few of my highlights this quarter
- Let me start with the innovations, never lose the high end
- Last time I told you about the many innovations we presented at this year's Mobile World Congress
- You may remember our demonstration of 1 millisecond latency in the wireless network or our world record of 11-gigabit-per-second over a standard copper line
- Our next big milestone was the year's CeBIT fair where we launched a number of innovative products, including our Open Telekom Cloud and a portfolio of security solutions
- On the consumer side, we were happy to see YouTube joining the list of providers on our innovative Bing On service platform in the U.S.

ENTERTAIN TV PLUS

- And in Germany, late last week, we announced our new consumer TV platform called Entertain TV Plus, which offers exciting features such as instant restart or a seven-day replay facility for selected content
- It's not needed to program it; you are always able to watch the content you would like to see
- And our much improved video aggregation platform with sVoD partners is available on this platform as well

NETWORK DEPLOYMENT

- Our network deployment continues apace
- We now reach 56% of German homes with fiber
- Our LTE network covers 91% of the population and we now have 43% of German homes on our peer-leading all-IP infrastructure, up from 40% at the end of last year
- By the way, in LTE, if you compare Germany with the rest of Europe, with 91% of the population covered, we're well ahead, and if you go into the country-side, we have now opened up a lot of areas where we had formerly [indiscernible] (6:24) available
- We're significantly ahead of what you might find in France or in Spain or in Italy where the average coverage is around 30% to 40%
- In Europe, our networks were highly rated in recent tests

DUTCH NETWORK

- In the recent network test by P3, the company behind the connect test that many of you know, our Dutch network achieved the highest score ever awarded to any mobile operator
- In the last 12 months, P3 has awarded eight of our NatCos including those in Greece, Hungary, and in Poland the Best in Test seal; and of course, we also won the German connect test for the fifth year in a row, and as you know the T-Mobile network remains the fastest 4G network in the U.S.
- I think you see how consequent we're executing along our strategic pillars

CAPEX

- Supporting our network leadership, our CapEx grew 12% this quarter
- We also spent €1.1B on spectrum
- Of this, we spent €0.5B to boost our spectrum position in Poland while the other half was spent in the U.S. on one of the two A-block portfolios, which we talked about at the time of full-year results
- As we have mentioned earlier, the two A-block transactions will boost our low-band coverage by 68mm POPs
- The low-band spectrum will improve our service quality in the areas in which we already operate and allow us to substantially increase the area in which we commercially operate
 - It was a quiet quarter for M&A, but it was a busy quarter for funding

MATURITIES

- At the beginning of March, we raised funds worth €4.5B to cover this year's maturities
- The terms were very attractive thanks to Mr. Draghi
- T-Mobile U.S. meanwhile secured a further \$5B towards its stated funding envelope

- As you know, of this \$5B, \$4B were provided through note purchase agreements with Deutsche Telekom. \$1B were raised through a bond issuance in the public market
 - This approach marks a partial departure from our strict self-funding principle that we established a few years ago
- And I've discussed it with a lot of investors [indiscernible] (9:00) by the way
- Given the fantastic progress of T-Mobile in recent years, we feel very comfortable in taking this step, which is accretive to our shareholders
- But let me stress three important points
- First, there's no read-across to the other pillars of our stated U.S. strategy
 - We continue to look at T-Mobile as a kingmaker asset
- Second, there's also no read-across to the spectrum auction
- And thirdly, as you can see we are following a case-by-case logic

Group Financials

- Moving on to our group financials, we are very happy with our first quarter 2016 performance and we reiterate our stated guidance for 2016 as a whole
- We also reiterate the group targets that we stated at last year's Capital Markets Day
- Our headline revenue grew by almost 5%, comfortably ahead of our medium-term guidance
- The sequential slowdown this quarter is largely due to lower handset revenues in Germany and the U.S. due to the shift in the commercial model
- Despite our high investments, we were able to achieve double-digit growth in comparable cash flow and adjusted EBITDA, as I already mentioned
- Our financial metrics remain either in line or ahead, sometimes strongly ahead, of the run rates we committed at last year's Capital Markets Day

Thomas Dannenfeldt

Chief Financial Officer

FINANCIAL HIGHLIGHTS

Earnings

- My first slide shows the financial highlights for the group as a whole, and as you can see, our financial momentum remained very strong in Q1
- Headline earnings benefited from a €2.5B book gain on the sale of our stake in EE to BT
- Our adjusted earnings grew slightly although Q1, 2015 had benefited from a €175mm non-recurring item

Germany

- Let's have a look at the segments
- In Germany, our Q1 revenues were down by 2.5% mainly as a result of lower handset sales; and to a lesser extent, due to a strong prior-year comparable in mobile services
- EBITDA was down slightly year-on-year, and this reflects the tough mobile service revenue comp as well as cost saving
- For the year as a whole, we continue to expect stable EBITDA

MOBILE SERVICE REVENUES

- Our mobile service revenues declined 1.7% this quarter and we will take a closer look at this in the following slide
- We gained 231,000 contract customers and own branded customer trends remained steady
- The next slide is now – by now familiar to you
- As you can see, the drag from convergence on mobile service revenues is no longer growing, as expected
- Nevertheless, we are showing a 1.7% decline in our mobile service revenues
- The weakness this quarter is largely a reflection of the exceptional strength we showed in Q1 2015 and which we explained at that time with some unusual volatility in our large accounts
- What is important is that we do not see a change in German market fundamentals or in our online performance
- So we continue to expect 1% annual CAGR in our mobile service revenues, and we are confident that we will show a better trend next quarter

FIXED LINE MARKET

- In the fixed line market, we added 62,000 broadband customers
- This marked a sequential improvement
- For the year as a whole we expect to deliver at least as many net adds as we did last year
- We added 53,000 new TV subscribers
- As Tim has mentioned, we've now launched our new Entertain platform, which we expect to drive accelerating momentum later in the year
- Line losses ticked a bit and this is a reflection of our broadband performance
- Here, again, for the year as a whole, we expect to do at least as well as we did in 2015

FIBER GROWTH

- And now let me talk a little bit about really amazing part of the German section
- I think it was another record quarter for fiber growth
- After 532,000 net adds in Q4, we provided a further 660,000 fiber this quarter, almost 200,000 more than one year ago
 - As in the previous quarters, the majority of these customers were on our retail platform
 - Our broadband revenues continued to improve as a consequence of this
- We saw 1.8% growth in Q1, up from 1.3% in Q4
- And remember, we have seen a zero at the beginning of last year
- Looking at what we call our German service revenues, fixed and mobile, Q1 was down 0.9% after a year-on-year decline of 1.1% in the last quarter
 - This is a small sequential improvement even despite the difficult comp I mentioned in mobile

UNDERLYING TRENDS

- The big picture is that underlying trends are going in the right direction and that we see ourselves broadly on track for medium term revenue targets that we've presented at the Capital Markets Day last year
- We added more than 0.7mm German households to our final footprint and now cover 56%. 43% of access lines are already on our IP platform and we have reached, Tim mentioned, at 91% LTE coverage
- So far, so good in Germany

U.S. Business

T-MOBILE

- Let me now quickly present some highlights of our U.S. business
- T-Mobile has already presented very strong numbers last week
- Q1 was the seventh quarter in a row in which we won more than 1 mm branded postpaid customers
- We also added more than 800,000 prepaid customers
- Postpaid phone ARPU, excluding the data stash, was stable year-on-year and quarter-on-quarter
- The strong subscriber growth and stable ARPU combined to accelerating mobile service revenue growth
- Despite much higher than expected subscriber growth, reported and core EBITDA grew strongly
- As a result of the strong first quarter growth, we raised our full year branded postpaid subscriber growth guidance from 2.4mm to 3.4mm branded postpaid net adds to a new year range of 3.2mm to 3.6mm
- In the following slide, we show some of the underlying T-Mobile performance metrics

CHURN AND BAD DEBT EXPENSE RATIO

- After strong year-on-year declines in 2015, Q1 churn was marginally higher in Q1, but we still see scope for further improvement
- Our bad debt expense ratio, which we had temporarily increased, declined again as we have promised last year
- Our LTE network is now almost nationwide and due to the recent A-block deals, we now have access to low band spectrum covering almost 80% of the U.S. market
 - This is great news for our customers and will allow us to profitably serve additional markets

Europe

REVENUES AND EBITDA

- Now let's turn to Europe
- Our European performance continued to improve
- Reported revenues were down 2.4%
- But adjusted for de-consolidations and currencies, our revenues were almost stable
- Reported EBITDA was down 3% and organic EBITDA was down 2.4%, which also marks an improving trend
- I think the bigger picture remains that excluding The Netherlands; our European business would again have been stable in Q1 due to some ongoing strong performances for instance in Greece and in Austria, offsetting some weaknesses elsewhere

LTE COVERAGE

- As the next chart shows; in Europe, we now have migrated almost half of our homes to IP, up from 40% one year ago
- Our LTE coverage now stands at 72%, up almost 20% from one year ago
- And Tim has already mentioned the excellent performance of Dutch and other European networks in the independent drive tests

Systems

- Now to Systems, the Systems post strong headline revenue and EBITDA growth
- Please be aware that the performance this quarter benefited from an upfront payment related to our toll-system operation, Belgium
- Going forward, this operation will then continue on a more regular basis – contribute on a more regular basis
- We continue to expect that driven by innovative offers, such as our new Cloud initiatives, the momentum in our market unit will continue to improve

FCF

- A few words on financials, FCF was slightly down year-on-year; but adjusted for the lower dividend from EE, it would have grown just over 10%
 - This is consistent with our unchanged €4.9B FCF target for this year
- Our adjusted net income was slightly up year-on-year but as Tim has mentioned last year's result benefited from €175mm settlement that we disclosed at that time
- Hence underlying net income grew double-digit

Net Debt to Adjusted EBITDA

- The next slide shows our financial metrics and I'm pleased to say that at the end of the quarter at 2.3 times we're comfortably within our net debt to adjusted EBITDA comfort zone of 2 times to 2.5 times
- As a result of our ongoing strong EBITDA growth, we moved from slightly outside this range three quarters ago to now comfortably within that range
- Our funding situation remains very comfortable as was also evident in the success of our recent €4.5B bond issuance, Tim mentioned that

Strategy

- My final slide summarizes the strategy we've presented to you at the last Capital Markets Day and I think we consistently continue to strongly execute against these targets and we remain very confident that we will keep delivering them going forward

QUESTION AND ANSWER SECTION

Mathieu Robilliard

Barclays Capital Securities Ltd.

Q

First, the question with regards to mobile in Germany; I do appreciate obviously that the comps were tougher. If we look at the corporate segment, there seems to have been some sort of deterioration in the last quarters and certainly in Q1 and I was wondering if that was the result of renewed competitive pressure on that segment or based on price or is it that the quality gap between you and some of the other players is reducing and therefore it's harder to justify the premium, so basically if you could give us a little bit of color on that dynamic?

And second, looking at fiber, German fixed, obviously great results there both on the retail but also on the wholesale side. Is that a dynamic on the wholesale side that you think is sustainable and if you could give us a little bit of color as to pricing if that can grow in the future that'd be great? Thank you very much.

Thomas Dannenfeldt

Chief Financial Officer

A

Yeah, Mathieu, I'm going to start on the mobile in Germany. As you mentioned first of all the one impact is the comps, the other one is volatility we have in B2B anyways, it's normal kind of volatility that you have in the market; remember a year ago we mentioned that it was a positive volatility, then we mentioned in Q3 there was a lot of big customer and you have volatility by those kind of moves.

But I think there is no reason to assume that there is any market heating up. It is kind of normal course of business we see in B2B and normal course of volatility driven by large accounts win or losses we are having here.

And I'll turn over to Tim on the fiber and the fixed line.

Timotheus Höttges

Chairman-Management Board & CEO

A

Mathieu, thank you for your questions with regard to – I'm sorry, Mathieu. Thank you for the question on fiber and German fixed. Yes, I think we have seen a huge improvement and interesting-wise, the fiber products, the net additions in Q1 was outstanding. I think the highest ones we have seen for ages here in this company, 660,000 net additions in Q1 alone. This is very successful and that reflects in the new vectoring areas that we have started commercializing, we see as well the tick up of consumers and what we see as well is we see the impact on our data revenues here in the business.

On the fiber side, two-third of the total business is retail and one third of the business is wholesale. And I think this sounds like a sound mix here. Interesting, a lot of our competitors are criticizing us for deploying a copper on the last mile. But exactly these competitors are the ones who are selling our product best. The 2.9% wholesale revenue we have seen we expect is sustainable. We might even expect a slight improvement throughout the total year. Overall, we are very optimistic that we see higher uptake rates on the fixed line connectivity throughout the year.

Andrew J. Lee

Goldman Sachs International

Q

I had a follow-up question just to Timotheus on German fixed and then a question on the TMUS funding, if that's okay? On German fixed, are you seeing the fiber rollout as the key driver of German broadband penetration accelerating, that's certainly seen in other European markets, is that giving you more confidence in the German broadband revenue growth outlook or is it your content driving the uptick, any kind of color on what's driving that acceleration and driving your positive outlook?

And then on the TMUS funding, could you just talk more about what else you can do to achieve more efficient TMUS funding, would you ever look to buy in the minorities of this asset as a way to lowering finance costs? And what do you mean on your comment that you're sticking to a case-by-case logic with regard to this? Thank you.

Timotheus Höttges

Chairman-Management Board & CEO

A

I think this question is an extension to Mathieu's question here. Where is the growth coming from? Look, there are new areas where we have higher bandwidth. This is encouraging for customers.

Second, we have MagentaEINS and our commercial, the branding, the presentation, the image of the product is very well received here from the customer sides. So we have a higher footfall in the shops talking about this. What is it about and what is the advantage for me?

The third one is we have recently launched a new TV Entertain platform. By the way, it has outstanding functionalities as I mentioned. Please have a look into that one. And this is something which we expect is, in the upcoming quarters, in addition, driving the sale of it.

So it is a mixture of everything. On top of that, more demand for customers on the Internet in general, so even Germany starts digitalizing themselves. We see that as well with our Smart Home applications here, especially on the security features.

So in principle, these are the drivers for the growth we have seen and due to the fact that we have a lot of let's say areas where we still haven't sold the high bandwidth, the market potential is still quite big for us.

Thomas Dannenfeldt

Chief Financial Officer

A

On the question of the TMUS funding as we mentioned, it is a case-by-case decision for the following reasons. So it does mean we are not in principle funding or we'll fund in the future everything T-Mobile U.S. is requesting. But it's case-by-case. One reason is, obviously, we have a third of the – as the company is owned by minorities, so we need to respect the right of the minorities and do that always at arm's length perspective. That's number one.

Number two, we're trying to optimize the cost of financing on one hand, but also make sure that we keep the very good access T-Mobile U.S. has to the funding market, keep that intact. So we should always have a balance between both of them and obviously then also stay very disciplined in terms of the investments looking forward in spectrum and network.

So, that is the reason why after we agreed on the €2B in – I think it was March, yeah, it was March, when we agreed about the €2B T-Mobile U.S. – then later, a month later, went into the market and raised another €1B in the external market, as I said to keep also the access to capital markets intact for the U.S., and that's basically the philosophy behind it's a case-by-case decision.

Robert J. Grindle
Deutsche Bank AG (Broker UK)

Q

Yes, two questions. You talked about the strong growth in fiber. That's growing very strongly, particularly relative to TV customers. It does sound like you're updating your Entertain platform from a technology perspective, do you think that's sufficient or are you now feeling the urge to also update your product from a content perspective as well?

And secondly, would you kindly say a few words about the Dutch markets and your options there in light of the recent consolidation event in that market, and in your case a deal didn't go through? Many thanks.

Thomas Dannenfeldt
Chief Financial Officer

A

So I'm going to start, Robert, I'm going to start on Entertain and TV side. First of all, I think you're spot on. We have a lot of ingredients for success at hand, meaning new infrastructure with higher bandwidth, the new platform, and I guess there should be an improvement in the run rate we're showing right now. So that's number one.

And number two is, I think what we're doing already is on the content side, looking where we can add some value by adding content like we've done that on ice hockey, on smaller parts of sports business in the past already, basketball, ice hockey, those kinds of things. And it is not a big topic, but it's adding value for some segment of customers and we are always looking into opportunities where we can find another element of being more attractive to customers. But I think the key driver is having more infrastructure in hand that allows to provide a good TV service and a new platform that should be the big two drivers to increase the run rate.

Timotheus Höttges
Chairman-Management Board & CEO

A

Let me talk a second about let's say the main features of our new TV platform. I think we have seven-day replay. We have instant restart. We have total new interface. By the way, not anymore starting with the EPG, it starts with what is the hottest content on TV at that point in time. So what are people watching. We have mobile TV capabilities, including cloud recording. So wherever you are, you could watch the content you are interested in and you could easily switch your mobile content onto any screen which is connected to our platform. So there's a wide functionality, which brings the content then from your pad or from your mobile device onto a screen.

Entertain TV will be also available over hybrid. So it is not only over DSL. So over-the-top services are included into this one, and we have new partners on block there as well and so that the content is – as I always told, it's an aggregation platform.

So when you look for something, you will see where this service is available, whether this is on TV, whether it's on Video on Demand, whether it is on sVoD with partners like maxdome or with partners like Netflix. So you could see the trailer, so you have a kind of an organized funnel for all the content and you could get access to every content you are interested in.

The TV mobile functionality is €6.95 per month. It is included in the normal data volume, so it is not zero rated service here. And the product Entertain will cost the same as the old one, which is the €40.95, which you put on top of the service which you currently have.

Your question with regard to content is the same as to previous meetings. Maybe your question is with regard to Bundesliga and the ongoing auctions. First, due to the rules of the process here, we are not able to comment or to signal any kind of details here.

What I could tell you is the content, football content, is an essential building block for our TV strategy and we are the aggregator. So it is our intention to be able to stream the content with a partner or directly from our side, and this is something which we have in mind.

The conditions of the tender are released and have been approved by the Bundeskartellamt. And No Single Buyer Rule has been implemented but different than the rule in the U.K. Here in Germany, if one bidder acquires all Bundesliga live packages, an additional over-the-top package will be sold. So, this is let's say their way of designing the No Single Buyer Rule. And our goal, as I said already, is to have a fair access to the right content for our customers, but we are not dogmatic whether it will be done via purchase of content or via partnerships.

Thomas Dannenfeldt*Chief Financial Officer*

A

And to add to the second part of the question, the second question on the Dutch market; first of all, as you know, we never comment on any M&A speculation. So that's to the second part of the question about the trade deal. But the first question is about what is our – what are our options. I think KPN has been successfully driving convergence very aggressively in the marketplace and also LTE. And Tim mentioned that in his speech in the beginning, we think we've been too late in our network investments by a year roughly.

But I think the good news is now we have a very good network. You know, if you look at the LTE network today, we have seen P3 tests, the guys who are performing the tests across Europe, with the highest score ever in LTE network in the Dutch network. We know that we have from a spectrum position roughly two times the capabilities and the capacity there. So we have a very high-performing network and we have very, very good spectrum position. National 4G coverage since Q4 last year and so on, so network is in a good shape.

Nevertheless, looking at Q2 for instance last year, our net adds has been minus 85,000. Last three quarters have been around 25,000 net adds per quarter. So we improved from that minus 85,000 to plus 25,000. We restructured the tariffs, we launched February 1 T-Mobile Together, opening up the whole thing to the family. We also deemphasized split contracts which on the other hand weighs on our margins as you can see looking at the EBITDA in The Netherlands. We do pilots in terms of fixed mobile substitution for the home. We call that, I don't know my Dutch is not good enough. So the translation is "for the house", whatever it means in Dutch. Okay.

And I think the key focus now is having a good network in place, utilizing it, finding the right proposition to attract those customers who are very affine to a mobile proposition. And turning not only net adds around as it happened already in the last three quarters but also then over time, the revenues and finally also the cash contribution, the FCF.

Simon H. Weeden*Citigroup Global Markets Ltd.*

Q

Simple one I think, I am just looking at Germany again, could you contrast and compare the acceleration in voice line losses to the better performance on the broadband side, and just say if there's any price implication of seeing that coming through this quarter? Thanks.

Timotheus Höttges*Chairman-Management Board & CEO*

A

Absolutely. I think what we expect with regards to the line losses for the remainder of the year is a number where we expect should be in the vicinity of last year's numbers. Remember last year was something around 280,000 that was on the broadband side.

So the line losses and the broadband net-adds, they should be balanced; and to be straight forward here, I expect higher broadband sales throughout the year compared to Q1. Remember last year, we were almost stable; now we are up 60,000 plus but I think the run rate could be higher throughout the next quarter, that is at least my internal measures, while at the same time the line losses would be in the vicinity of what we have seen last year.

Jonathan Dann

RBC Europe Ltd. (Broker)

Q

Two questions. The first was, I think there have been quite a lot of price movements on the front book, removal of discounts recently, re-introduction of say regional discounting. Do you think there's a moment when you can put through a back book price increase, so price increase through the whole base?

And then secondly, is there any update on the process toward receiving regional subsidies for fiber rollout?

Thomas Dannenfeldt

Chief Financial Officer

A

I think first of all what happened last year is that we in several steps pulled back promotional activities in the fixed line. That's what we're basically talking here. We started in Q2 and then Q3 and finally in Q4 we pulled out the regional promotions. I think it's quite a normal type of behavior in a marketplace. That's the way you test the water, how far you can go in terms of getting prices up or removing promotional elements.

We found out the first two ones have been, two and a half ones, they have been quite accepted by the market. The last one, the regional promotions, maybe was too far to go, so what we decided to do is from, I think mid-of March on we would put them back again into the marketplace to get the run rate up, Tim mentioned that, we should see higher run rates during the course of the remainder of the year.

So, I consider that as a normal type of behavior. You test the water, you see how far you can go and then if you're too far, you move a little bit back. That's what basically happens around the regional discounts. I don't think there is a huge and big back book element in the whole game here. The churn is low, we're looking forward to a churn expectation this year, there is no expectation that there is an uptake here; and as you see, the broadband revenues are increasing by – or have increased by 1.8% in this quarter. So I think we should be good.

Jonathan Dann

RBC Europe Ltd. (Broker)

Q

Okay. Very good.

Timotheus Höttges

Chairman-Management Board & CEO

A

By the way, I think to add one sentence here to Thomas. It is our clear intention and give us some credit for more initiatives – interesting while Vodafone has followed these initiatives here – to increase the value on our mobile side and increase the value due to the heavy investments in infrastructure. And we are trying to do the same on the broadband side. One intention is to do it by up selling; the other side is it by taking out subsidies out of the initiatives. But we always said we have to balance our net add market shares towards these value assumptions.

And that is what Thomas just described. And at the end of 2015, we had reduced a lot of discounting like router promotions, regional promotions, some shortening promo periods, and other things. We have seen that this has an impact, so we have slightly rebalanced that. But in principle, what we wanted to see here is a growing German business, both on mobile and both on fixed and both on B2C and both on the B2B side. And that is what we are striving for and I hope we're going to be successful by what we bring to the market.

[Indiscernible] (41:45) Let me come to the decision on the subsidization of fixed line infrastructure. The first thing is that our intention is to build 80% of the country with fiber build outs, built on the vectoring technology, so that means up to 150 megabit but then very soon after that, following by super vectoring which is software update going to 250 megabit per second as the primary let's say step towards the gigabit society.

We do not want to have a split between the countryside and the cities because a lot of customers are sitting in the countryside and we want to cover them as well. We do not want to end like in Sweden, where you have good bandwidth in the cities but only 30% of the countryside is properly covered.

This was the intention behind the discussion with the Bundesnetzagentur and the vectoring decision which is now pending in Brussels and I hope that we get soon a feedback on that one.

For the remainder of the 20%, there is commercially for all by the way players in this market is subsidization needed. The German Federal Ministry of Transport and Infrastructure published the detail of the NGA state aid in the vicinity of €2.7B for supporting build out in these areas.

In the meanwhile, 55 regional projects have been launched and have been subsidized with a total amount of around €500mm and what we see is here the first tender will be decided now in May, June time period and it looks but positive with regards to Deutsche Telekom's role in this regard. So the money is now coming to these regions. I think this is good for customers, good for Germany, and it's the right way going forward. In principle, it's technically agnostic, so it's not only related to fiber to the building or fiber to the apartment rollout. It is agnostic to this one; it depends on the area where the RFQ or the tender has been launched.

So, we are quite comfortable that at the end of the day, with the vectoring decision and with the subsidies, which are coming to the market that Deutsche Telekom will have in the vicinity of 90% coverage with the fiber network across Germany by 2018.

Thomas Dannenfeldt

Chief Financial Officer

A

Maybe a few additions on the financial impact of those activities, I think our current assessment is that the majority of CapEx needed to make that subsidized rollout happen will occur in 2017. So it will be a smaller chunk in 2016 and smaller one in 2018 and big chunk in 2017.

Our guess is that somewhere between €700mm and €1B is the vicinity we're talking about between 2016 and 2018; so in total, as I said roughly €100mm to €200mm this year, €100mm to €200mm like this in 2018 and the remainder in 2017.

That was, obviously, not part of our guidance we've given last year on the Capital Markets Day around the CapEx because at this time there was no subsidy available. So that is additional, but I think it's important to understand the FCF guidance for this year and the 10% CAGR – growth CAGR stays intact, so there is no change on that one.

Justin B. Funnell

Credit Suisse Securities (Europe) Ltd.

Q

Two questions please, just going back to Germany again. I think we've seen the last year a bit of a competitive fight back, you said Vodafone doing Project Spring and closing some of the gap in order to, starting to build 4G, so they could start to catch up as well. I'm just wondering what you can do or what you're planning to do to stay ahead of the game in the mobile race. Obviously you've got this rural coverage, what about your speeds in the cities, are you going to start building more cell sites; are you going to roll out 2.6 gigahertz, do you think you can maintain a speed premium?

Secondly, a similar sort of question on fixed line, the United Internet somehow won the P3 connect test for fixed line last year. It appears to be due to the modems they were offering. What are you doing to win that award back again this year?

And then finally there has been a price move by Vodafone on otelo where they appear to have come down on price, it is just a 3G product but do you consider that to be a potentially disruptive move? Thank you very much.

Thomas Dannenfeldt

Chief Financial Officer

A

I think I'm going to start on the mobile side, the first question. First of all, Tim is complaining because I started to answer the question if you want to jump in, jump in come on. Okay. So the first part of the question, on the German mobile infrastructure, first of all I think we have been in a superior position on the spectrum side due to the LTE auction 2010. It was on 1.8. We used that to gain competitive advantage. Again, we have a low band advantage from last year's. So looking forward next year, there's an opportunity for us on low band to utilize the spectrum advantage we have in here, number one. Number two we have by far the highest level of backhauling by fiber and the infrastructure which plays a very important role.

And I think number three is, and you mentioned that it is not only coverage but it's also what kind of stable and good bandwidth you get within rural areas, within buildings, exactly the same storyline by the way we are pursuing in the U.S. by acquiring low band spectrum, improving there not only signal outdoor but what customers really experience.

So we are heavily and aggressively investing in those areas I mentioned. Additionally, as you know, one important driver for differentiation from our point of view is also our converged products with MagentaEINS and you know that we are doing very well on that side here.

So that's basically – keep going and aggressively investing on the mobile infrastructure in those areas plus to the converged stuff. By the way, the last measurement I have seen on bandwidth Voda vs. Deutsche Telekom in Germany, the gap was not declining. It was widening. So I think that's important to understand as well. And I think Tim, you've been so keen to answer the next question.

Timotheus Höttges

Chairman-Management Board & CEO

A

Look, we like competition and I like the next drive test with Vodafone and I like the next competition or benchmark with United Internet on the modems side. Look, if we are not number one, we have a discussion here. So I like that because it's our ambition in every category to be leading and to be number one. To give you an example, today we are quite proud to say that we have won a very big shop comparison from Connect in 250 shops here in Germany, and Deutsche Telekom is clearly number one compared to the other players.

And interesting statement was the shoppers were impressed by the enthusiasm of people about that product. So, I think we are on the right track and I promise you we will do everything to win this number one position back. And if it's router, or it's bandwidth or whatever you know, we are working on that one.

The second question was with regard to the pricing of Otello and whether this is disruptive. The first thing, what I mentioned already is that Vodafone seems to adhere to the more-for-more logic and to focus more on retail over wholesale. And I think this is the right move, how it's an infrastructure competition than rather just going on prices. I think that's the positive sentiment here.

However, recent MVNO pricing actions look quite aggressive with big data bundles already in the anti-tariff be it on Ufone smart mobile with 2 gigabit for 12 months for €7.99, and €14.99 afterwards.

So, in this smart shopper segment, there is more competition. We clearly have to state that and in the top premium segments, everything's looked good. But in the smart shopper segment, there is a dynamic. And we read the Otello data volume increase the way to stay competitive in this landscape, for us this is the area of [ph] Comstar (51:59) where we are present and competing here, and we have to look how this will impact the business over time. But this is focusing very much on the smart shopper side.

So, I hope this is answering your question. And we have a very comprehensive overview about all usage and price promotions here in the market and maybe our Investor Relations team could share that and you get an overview about the dynamic of the market quite easily.

Emmet B. Kelly

Morgan Stanley & Co. International Plc

Q

I've just got two quick ones. The first question is on the debt refinancing opportunity. I think you mentioned you re-fied €4.5 B since the beginning of the year. Could you maybe just give a quick update on what debt maturities are coming up at the Deutsche Tel AG level over the next couple of years and at what rate you believe you could refi at?

And then the second question is an area where you probably don't get many questions, it's on GHS. Just looking back over 2014 and 2015, I guess you burned about €250mm, €270mm of cash each quarter throughout 2014 and 2015. But it's a lot better in Q1 of 2016. There is only cash burn of about €160mm, €170mm. Is there a step change there now or it's just a timing question? Thank you.

Timotheus Höttges

Chairman-Management Board & CEO

A

Okay. So, let me start on the GHS question here. And by the way, I hope that the people in the GHS not have burned the money, so that they have created value for the money. Nevertheless, I think I sit on that payroll as well, but I'm kidding.

Look, I think what is very important here is that in the GHS we are driving heavy headcount reduction already over the last year but even in the next years. And so we are trying to reduce redundant structures, complexity and non-contributing elements out of this asset.

And we will have less people sitting in the vehicles of Viven to and other areas, so the placement service areas where we see further cost reductions going on, but we are reducing heavily the floor space and the rents of our locations.

And next time, you're here maybe at the headquarters, you will see that we are rebuilding the entire landscape here into open office spaces, which is significantly more efficient and will enable us to reduce rents outside of the areas.

So, it is our clear intention, and we did several benchmarks on that one and this is affecting GHS as well to reduce costs and headcount within the central headquarters and the GHS function.

Thomas Dannenfeldt

Chief Financial Officer

A

And, Emmet, on the first question on refinancing, first of all the numbers for 2017 and 2018, 2017 is around €3.5B, 2018 is around €1.2B. So, not really very much.

In terms of this year, we are done except we've agreed with T-Mobile U.S. facilities of in total \$4B, so that's €3.5B and depending on how the outcome of the auction will be, there will be some additional need for this year, but other than this, this year is done and, as I said, next year is €3.5B and €1.2B for 2017 and 2018.

Dominik Klammann

HSBC Trinkaus & Burkhardt AG (Broker)

Q

Can we get an update on BT and your discussions around potential cooperation? Thanks.

Hannes C. Wittig

Head-Investor Relations

A

Hi, Dominik, we couldn't hear you just now. Could you maybe ask the question once more?

Dominik Klammann

HSBC Trinkaus & Burkhardt AG (Broker)

Q

Can you hear me now? Hello?

Timotheus Höttges

Chairman-Management Board & CEO

A

I think I got the question. I think the question was an update on BT and how we are progressing in this regard. First, we are happy shareholder in BT and I am a happy board member of BT. So that was a nice start with this folks. We believe in the EE merger activities and the synergies here and we have seen a good quarter, I think – sorry, I cannot talk about the numbers, but about the developments which have been announced from this company.

We see multiple opportunities for mutual beneficial collaborations for instance in purchasing, in technology, and even investigation on how we could cooperate in the global services businesses. So we are talking with BT about a number of collaborations here. But, it's too early to say what are the next tangible steps we are taking. So clearly it's one thing. This is a very early stage, very early days with BT. And we know that BT is quite busy with integrating EE and there are various regulatory reviews. So don't expect something in short terms here.

Mandeep Singh

Redburn (Europe) Ltd.

Q

Two questions I have, please. First of all is similar to what Emmet was asking. I mean, how do you sort of relate this sort of ongoing heavy restructuring costs whether you look at it within GHS or Vivento or wherever they're booked, with the progress towards All-IP where you're planning to have 100% lines IP by 2018. Is that the time

horizon that we should expect the restructuring charges to peak, and then start coming down dramatically or should we think of these as a sort of ongoing feature? That's the first question.

The second question is just on the general health of the mobile market. Everyone talks about German market repair post consolidation, data monetization, rational behavior. I know you've alluded to some points and where the extra competition is, but from where we're sitting, Telefónica Deutschland is shrinking, mobile service revenue, you're shrinking mobile service revenues. We're not sure what Vodafone will print, but consensus is looking for just the correct slide of flat; and Freenet's numbers were not great. So can you help us understand why the German market is such a great market because we can't really see it in the numbers?

Thomas Dannenfeldt

Chief Financial Officer

A

Mandeep, I'm going to start on the restructuring costs. I think what last year on the Capital Markets Day, I've shown a profile of all the total restructuring costs to develop and I think one key message was they should decline and not peak towards 2018. And the second message was 2016 will be much lower level than 2015 and 2017, up.

Now what has changed in the cover of last 12 months is that German state decided to have a kind of last round of early retirement exit for civil servants. That was a decision by the government. So what we did is deviating from the message last year is we decided to use that kind of last exit opportunity to offer it to each and everyone who wants and is willing to leave based on that scheme the company.

So what basically will happen is this year we'll be a little bit higher than last year announcements. Not would impact on the cash side, but would impact on the special factors on the EBITDA side and then from there on towards 2018 we should see lower levels. Why? Because we are moving a lot of workforce into partial retirement schemes already. We are using the time of the IP migration to flexibilize the workforce, so to have external workforce, or the internal one more flexibilize towards 2018. So, I think there's no different news on the restructuring side.

Timotheus Höttges

Chairman-Management Board & CEO

A

Look, your question with regard to the mobile market, is Germany a great market or not, and look, it's big. Whether it's great is something different. But now what is Germany? I think first thing is that we have always said, it's not that we have guided the market towards significant improvements. No, we have guided the market into significant deterioration here.

What we always have said is this Moore's Law has to stop at one point in time that you build additional capacity y-over-y, invest into infrastructure for both, B2C and B2B, but at the same time, you are not able to monetize on the data. And this is to say I think an economical reasoning, which we are just trying to follow, and for this our strategy going forward was we want to differentiate and there are two areas where I am more positive than you are, where I see differentiation. I see the differentiation on the upper end.

I see it on the LTE high-bandwidth Magenta customers, MagentaMobil customers, who are willing to pay a premium for good coverage and high bandwidth. That is to say one thing what we are seeing and where we are very encouraged about.

The second differentiation what we see is on the B2B side. Yes, the B2B side was a little bit more competitive on the classical telephony side. But on the data consumption, we see an uptick here. So while we see new market opportunities which are driven from the connectivity, be it cloud services, being the combination with the security

service, being the Internet of Things services, our cloud service combined with the telecommunication services is growing by 30%. This is a very nice number in this huge segment where we have a very strong market share.

What I'm more worried about is irrational behavior of MVNOs, but even the MVNOs are not as capable as they were in the past because of the lack of good LTE services. So I very much understand the decision here from Vodafone towards United Internet. And second, this MVNO segment, and we have seen that in other markets, is yes, very competitive. But from a total service revenue market share perspective, it is not as relevant. So clearly we are more optimistic with regards to the mobile revenues going forward.

But, you're absolutely right. This market is still shrinking. It is less shrinking than in the past. And on top of that, what we should always anticipate and what we have anticipated in our numbers is that the roaming revenues are disappearing now over the next years. We have said the net impact for our European and German activities in the vicinity of €150mm then net-net we do not know the elasticity yet, the full elasticity yet. But we expect kind of value of €70mm to €80mm revenues which might go out of the business for the next 1.5 years. So that is just say our internal calculation for Deutsche Telekom but this is maybe eating, or will eat some of the revenues out of the mobile market from negative elements here.

Hannes C. Wittig

Head-Investor Relations

A

Okay. Thanks, Tim. The roaming impact that Tim has just mentioned relates to 2016 and there will be a further impact in 2017 and it's about split almost equally between Germany and Europe.

Just I think we take one or two more questions. So, one question is via email from Stéphane Beyazian and is Verizon starting to be – from Raymond James. So Verizon is starting to be vocal on 5G and wants to go early on 5G. How big do you assess the financing needs to go 5G in the U.S. and would you be ready to accelerate CapEx at the expense of group FCF?

Timotheus Höttges

Chairman-Management Board & CEO

A

By the way the 5G standardization is something which is not defined by Verizon alone. This is an industry standard which is worked out by the GSMA and other constituencies. The real 5G deployment is something where we earliest expect something in the vicinity of 2018 from a standardization perspective 2019 and maybe from an early supply, we expect South Korea and with Olympics coming first and maybe then mass market deployment something in the vicinity of 2020.

When Verizon is talking about 5G, they are not talking about real 5G. They're talking about 5G.3 or 5.4, whatever you know, software standards in their network. This is not real 5G. And this is a marketing gig, how to trying to own this category. Honestly, I would be cautious on this kind of advertising, because we made our experience.

I remember pretty well previous to the [ph] uncarter (67:22) management, we launched 4G. But at the end of the day, not being able to launch real 4G in the marketplace and the reaction of the customer was quite rude. So with fairness and with transparency, I would launch 5G the moment I have really let say a step-up function in the quality in the bandwidth and the quality of service and the latency in specific.

Hannes C. Wittig

Head-Investor Relations

A

Okay. And please be aware that of course in the U.S. we have a dense network already, because it's a high frequency network historically. We have small cells and we even have some high frequency spectrum that is suitable for 5G. So, when it comes, we'll be prepared.

Thomas Dannenfeldt

Chief Financial Officer

A

And let me just say one thing, because there was – one element of the question was related to the FCF impact, and last year I was very clear in the Capital Markets Day that we do not expect the need for additional CapEx to go away, but that our planning is based on incremental additional CapEx year-by-year. So there is a CapEx growth envelope in the U.S. anticipated.

Ulrich Rathe

Jefferies International Ltd.

Q

I'd say the Magenta tariffs under the new pricing has been running for some time. And I was wondering if you could share with us the initial sort of momentum, the traction that you are seeing?

And then particularly in that context comment maybe one of our researchers has commented today that they have seen all that upside from the higher prices actually reinvested in higher commissions, by Deutsche Telekom specifically the name Deutsche Telekom in this context and can you confirm that and if yes, is this just a temporary measure?

Thomas Dannenfeldt

Chief Financial Officer

A

I think the intention of the new tariffs with more for more concept was to address pain points of customers being the data reliance in terms of having that in an appropriate size for the customers' demand, the roaming and the Wi-Fi. And I think one of the big reasons why that basic price increase resonated well in the marketplace for the customers was because it was addressing those pain points. That's number one part of the answer.

The second part of the answer is, we always have dealer provisions. There is nothing new in this. And I think what you'd normally do is you launch a new product, you do some promotional activities to make some buzz and make that kind of hype and then obviously you also play around a little bit with promotions. So that's a kind of normal situation. There's nothing special about this one. I think the key element is as I said that it is addressing the customers' pain points and that's resonating well with the customers.

Timotheus Höttges

Chairman-Management Board & CEO

CLOSING REMARKS

- Look, this was I think from my reading, a very solid working quarter of Deutsche Telekom
- There was no fancy stuff around let's say the M&A activities
- It was very much focused internally
- What's now the main subjects for diminishment for me personally for the upcoming quarter, I think there is high attention on the U.S. auction that is one major topic
- And I think supporting the U.S. team to keep on walking and the market share was you know of what they gain something in the vicinity of 189%, so outstanding performance
- What the U.S. team is doing here, our main focus on the operations is on Germany

- I think what we have to work on is on the fixed line side to better monetize our infrastructure and we will drive the net add numbers on the fixed line side
- We will drive our new TV platform because that's a very nice upselling opportunity and we will very carefully maneuver in the mobile space where we want to create additional value as the leader here in this market environment

Europe

- My last sentence is on Europe
- We have not had any question on Europe
- But I would like to draw your attention to the development here because what we see is we had a growing revenue if you take the Netherlands out of the equation for a moment
- We talked about the Netherlands, but we have seen in all markets increasing revenues on fixed line which is a very good development and MagentaONE is paying back here
- So, a swallow doesn't make a spring

Germany

- So, let's just say we have here in Germany, but I think we see the development and you're quite encouraging and the same is true for the systems
- I think the master plan and our turnaround plan is taking improvements and signs of significant turnaround and now over some quarters, and the order entry with all the new propositions on cloud is very strong with all the digitalization moves we're seeing in the adjacent industry

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