

JANUARY 1 TO JUNE 30, 2016

INTERIM GROUP REPORT



LIFE IS FOR SHARING.

SELECTED FINANCIAL DATA OF THE GROUP

millions of €

	Q2 2016	Q2 2015	Change %	H1 2016	H1 2015	Change %	FY 2015
REVENUE AND EARNINGS							
Net revenue	17,817	17,428	2.2%	35,447	34,270	3.4%	69,228
Of which: domestic	34.0	35.8		34.3	36.4		36.2
Of which: international	66.0	64.2		65.7	63.6		63.8
Profit from operations (EBIT)	1,546	1,806	(14.4)%	6,071	3,272	85.5%	7,028
Net profit (loss)	621	712	(12.8)%	3,746	1,499	n. a.	3,254
Net profit (loss) (adjusted for special factors)	1,054	1,078	(2.2)%	2,101	2,114	(0.6)%	4,113
EBITDA	4,697	4,534	3.6%	12,364	8,694	42.2%	18,388
EBITDA (adjusted for special factors)	5,457	5,026	8.6%	10,620	9,600	10.6%	19,908
EBITDA margin (adjusted for special factors)	30.6	28.8		30.0	28.0		28.8
Earnings per share basic/diluted	€ 0.13	0.16	(18.8)%	0.81	0.33	n. a.	0.71
STATEMENT OF FINANCIAL POSITION							
Total assets				143,466	134,978	6.3%	143,920
Shareholders' equity				36,968	35,961	2.8%	38,150
Equity ratio				25.8	26.6		26.5
Net debt				48,692	48,835	(0.3)%	47,570
CASH FLOWS							
Net cash from operating activities	3,931	3,871	1.5%	7,427	7,179	3.5%	14,997
Cash capex	(2,703)	(4,330)	37.6%	(6,599)	(8,759)	24.7%	(14,613)
Free cash flow (before dividend payments and spectrum investment)	1,320	1,375	(4.0)%	2,142	2,240	(4.4)%	4,546
Net cash used in investing activities	(2,229)	(3,824)	41.7%	(5,967)	(6,761)	11.7%	(15,015)
Net cash used in financing activities	(1,940)	(394)	n. a.	(1,112)	(3,530)	68.5%	(876)

NUMBER OF FIXED-NETWORK AND MOBILE CUSTOMERS

millions

	June 30, 2016	Dec. 31, 2015	Change June 30, 2016/ Dec. 31, 2015 %	June 30, 2015	Change June 30, 2016/ June 30, 2015 %
Mobile customers	160.7	156.4	2.7%	154.7	3.9%
Fixed-network lines	28.6	29.0	(1.4)%	29.3	(2.4)%
Broadband lines ^a	18.1	17.8	1.7%	17.6	2.8%

^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 our course of growth in the first half of 2016: Net revenue increased from EUR 34.3 billion to EUR 35.4 billion – an increase of 3.4 percent.
- Our United States operating segment remained the main driver of this positive development; revenue increased by 11.6 percent compared with the prior-year period.
- In our home market of Germany, a decrease of 2.8 percent mainly resulted from lower mobile terminal equipment sales. In the Europe operating segment, revenue also decreased by 2.8 percent against the prior-year period, due to the spin-off of the energy resale business in Hungary and intense competition, especially in the Netherlands.
- On a comparable basis, too, i.e., excluding exchange rate effects and effects from changes in the composition of the Group, net revenue increased by 4.2 percent.

ADJUSTED EBITDA

- Adjusted EBITDA grew substantially by EUR 1.0 billion or 10.6 percent.
- The driving force here was our United States operating segment – the continued success of the Un-carrier initiatives increased adjusted EBITDA by EUR 1.2 billion.
- Adjusted EBITDA declined in particular in our Group Headquarters & Group Services segment, which had profited from a positive one-time effect in the first half of 2015.
- At 30.0 percent, the Group's adjusted EBITDA margin increased against the prior-year level of 28.0 percent. The operating segments with the strongest margins are still Germany with 40.5 percent and Europe with 32.7 percent.

EBIT

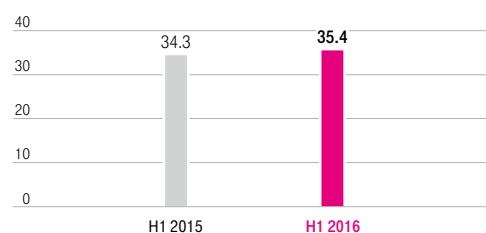
- EBIT increased substantially by EUR 2.8 billion to EUR 6.1 billion.
- On the one hand, EBIT profited in the first half of 2016 from the strong business performance of our United States operating segment and, on the other, from positive special factors, mainly from the sale of our stake in the EE joint venture completed in January 2016 (EUR 2.5 billion) and from an exchange of spectrum licenses between T-Mobile US and AT&T completed in March 2016 (EUR 0.4 billion).
- Depreciation, amortization and impairment losses increased by EUR 0.9 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 2.2 billion to EUR 3.7 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 in T-Mobile US bonds.
- Due to a higher profit before income taxes, tax expense increased year-on-year by EUR 0.5 billion.

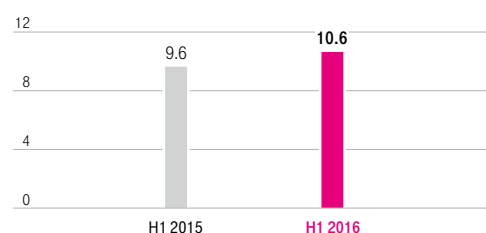
Net revenue

billions of €



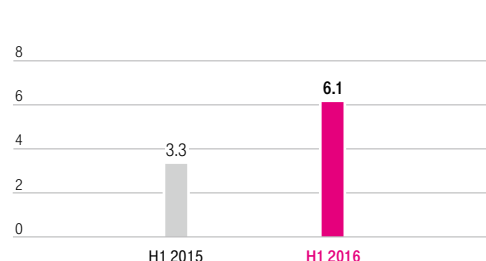
Adjusted EBITDA

billions of €



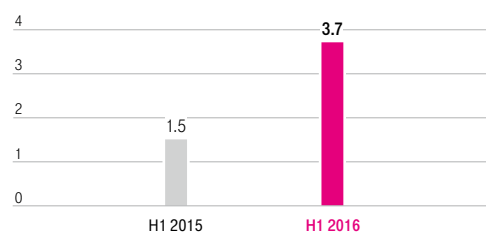
EBIT

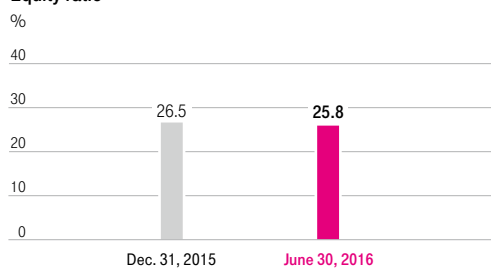
billions of €



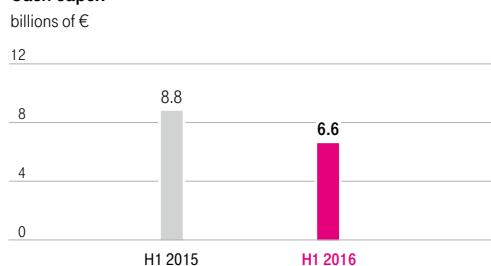
Net profit

billions of €

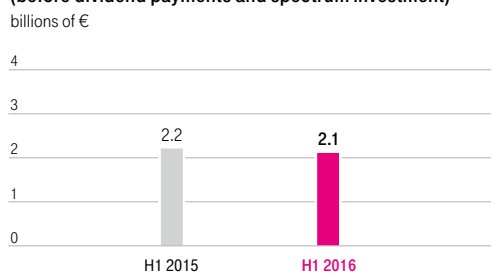


Equity ratio**EQUITY RATIO**

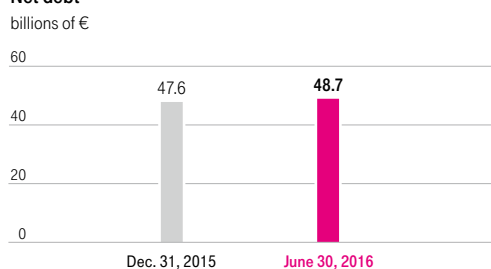
- The equity ratio decreased by 0.7 percentage points to 25.8 percent.
- Total assets decreased slightly by 0.3 percent compared with the end of 2015 to EUR 143.5 billion. Shareholders' equity decreased by EUR 1.2 billion compared with December 31, 2015 to EUR 37.0 billion.
- Profit after taxes of EUR 4.1 billion had an increasing effect.
- Shareholders' equity was reduced by dividend payments to our shareholders for the 2015 financial year (EUR 2.5 billion). The capital increase carried out to grant our shareholders the option of converting their dividend entitlements into shares increased equity by EUR 1.0 billion. The cash dividend paid out to our shareholders amounted to around EUR 1.5 billion.
- Shareholders' equity also decreased as a result of currency translation effects recognized directly in equity (EUR 1.6 billion), losses from the remeasurement of available-for-sale financial assets (EUR 1.4 billion), and the recognition of actuarial losses (after taxes) (EUR 0.7 billion).

Cash capex**CASH CAPEX**

- Cash capex (including spectrum investment) decreased by EUR 2.2 billion to EUR 6.6 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, mobile licenses were acquired for a total of EUR 3.7 billion, primarily in the United States and Germany operating segments.
- Adjusted for the effects of spectrum acquisitions, cash capex increased by EUR 0.4 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 2.1 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 0.4 billion in cash capex (before spectrum investment) and the EUR 0.2 billion lower dividend payment from the former EE joint venture reduced free cash flow.

Net debt**NET DEBT**

- Net debt increased by EUR 1.1 billion compared with the end of 2015.
- Dividend payments – including to non-controlling interests – (EUR 1.6 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 2.1 billion) and exchange rate effects (EUR 0.4 billion) reduced net debt.

For a more detailed explanation, please refer to the section "Development of business in the Group," page 13 et seq.

DEUTSCHE TELEKOM AT A GLANCE

In the first half of 2016, Deutsche Telekom remained on track to achieve its growth targets. Net revenue in the Group increased by 3.4 percent to EUR 35.4 billion, once again driven by the U.S. business, which grew by around EUR 1.7 billion or 11.6 percent. In the Germany operating segment, by contrast, revenue decreased by 2.8 percent compared with the first half of 2015, driven mainly by lower terminal equipment revenue in mobile business. Revenue in the Europe operating segment also declined by 2.8 percent, mainly due to the spin-off of the energy resale business in Hungary and weaker development in the Dutch business. In the Systems Solutions operating segment, revenue increased by 1.4 percent against the first half of 2015.

The revenue growth of around EUR 1.2 billion was the main driver of growth in adjusted EBITDA, which increased by 10.6 percent or around EUR 1.0 billion to EUR 10.6 billion. While adjusted EBITDA increased by EUR 1.2 billion in the United States operating segment, it declined in particular in the Group Headquarters & Group Services segment on account of a one-time effect the segment had benefited from in the first half of 2015.

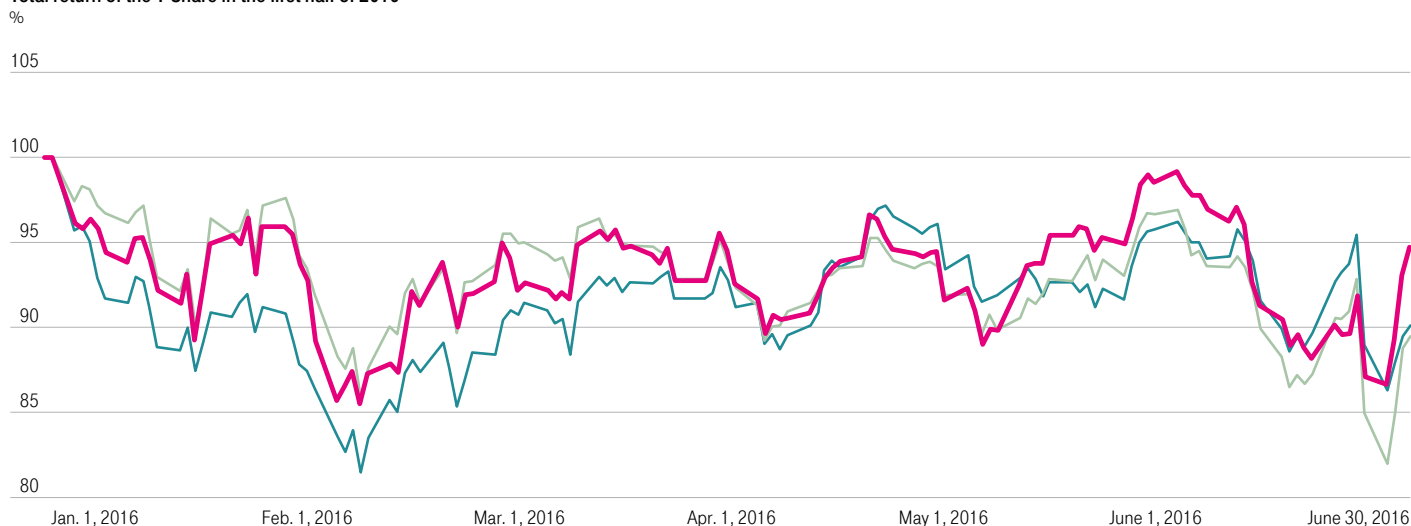
Cash outflows for investments in intangible assets and property, plant and equipment – cash capex – remained at a high level. Excluding the effects from spectrum acquisitions, cash capex increased by EUR 0.4 billion to around EUR 5.5 billion, primarily due to the continued build-out of the mobile network in the United States.

EBIT and net profit benefited from two special factors in the first half of 2016: 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 3.3 billion to EUR 6.1 billion, while net profit increased from EUR 1.5 billion to EUR 3.7 billion. Adjusted for special factors, net profit remained stable at around EUR 2.1 billion.

In view of the business development in the first half of 2016, Deutsche Telekom confirms its guidance for the full year 2016.

THE T-SHARE

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



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

T-Share performance

		H1 2016	H1 2015	FY 2015
XETRA CLOSING PRICES				
Share price on the last trading day	€	15.28	15.45	16.69
Year high	€	16.69	17.60	17.60
Year low	€	13.98	12.63	12.63
WEIGHTING OF THE T-SHARE IN MAJOR STOCK INDEXES				
DAX 30	%	6.1	5.4	5.9
Dow Jones Euro STOXX 50 [®]	%	2.6	2.2	2.5
Dow Jones Europe STOXX 600 Telecommunications [®]	%	15.1	12.4	14.4
Market capitalization	billions of €	71.5	71.2	76.9
Number of shares issued	millions	4,677	4,607	4,607

Historical performance of the T-Share as of June 30, 2016

	Since the beginning of the year	1 year	3 years	5 years
Total return of the T-Share (dividend reinvested)	(5.3)	2.3	89.0	83.0
DAX 30	(9.9)	(11.6)	21.6	31.2
Dow Jones Europe STOXX 600 Telecommunications [®]	(10.5)	(14.5)	43.8	45.2

After a weak start to 2016 for the European and Asian stock markets, there was no fundamental improvement in trends as of the end of the first half of 2016. The unclear outlook for the global economy and uncertainty about the interest rate policies of central banks going forward had an adverse impact on share price performance. The outcome of the referendum on the United Kingdom's exit from the European Union put additional pressure on the stock markets. The DAX 30 lost more than 9 percent and the Dow Jones Euro STOXX 50[®] more than 12 percent in the first half of 2016, while the Nikkei dropped by as much as 18 percent. Only the Dow Jones recorded a slight increase of around 3 percent.

Against this background, the telecommunications sector also remained under strain and fell by around 13 percent.

The Deutsche Telekom share also came under pressure – although it lost less ground than the telecommunications sector and the DAX 30, falling 5.3 percent on a total return basis.

In 2016, Deutsche Telekom once again offered its shareholders the option of converting the dividend for the 2015 financial year into shares instead of receiving it as a cash payment. The acceptance rate this year stood at almost 41 percent of dividend-bearing shares, which means this option was chosen for some 1.9 billion shares. With a subscription ratio of 26.7:1, this resulted in around 70 million new shares. The cash dividend paid out to our shareholders who did not choose this option totaled around EUR 1.5 billion.

HIGHLIGHTS IN THE SECOND QUARTER OF 2016**BOARD OF MANAGEMENT**

New Board department for Technology and Innovation. As of January 1, 2017, the Deutsche Telekom AG Group Board of Management will be extended to include the additional Board department Technology and Innovation. The new Board department will be headed by Claudia Nemat. From January 1, 2017, Srinji Gopalan will take over as the new Member of the Board of Management responsible for Europe. The Supervisory Board of Deutsche Telekom AG approved this decision in its meeting on June 30, 2016. The number of Board of Management members will thus increase from seven to eight.

EMPLOYEES

Collective agreement for Deutsche Telekom AG and Telekom Deutschland. On April 13, 2016, Deutsche Telekom and the ver.di union agreed the terms for a collective agreement for Deutsche Telekom AG, Telekom Deutschland GmbH, Deutsche Telekom Kundenservice GmbH, Deutsche Telekom Technischer Service GmbH, Deutsche Telekom Technik GmbH, and Deutsche Telekom Regional Services and Solutions GmbH. The new collective agreement provides for salaries to increase with retrospective 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.

Collective agreement for T-Systems in Germany. In the collective negotiations for T-Systems, an agreement was reached with ver.di on June 15, 2016. One of the points agreed was to increase salaries under the collective agreement by 1.0 percent, and in the lower salary bands by 1.5 percent, as of July 1, 2016, and by a further 1.5 percent as of April 1, 2017. The collective agreement takes effect retrospectively from April 1, 2016 and has a term of two years.

Under both collective agreements, compulsory redundancies will be excluded until December 31, 2018.

INVESTMENTS IN NETWORKS AND SPECTRUM

Further acquisition of mobile spectrum in Poland. In June 2016, T-Mobile Polska purchased additional mobile spectrum for around EUR 0.5 billion. This was offered to T-Mobile Polska by the Polish regulatory authority 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. The payment was made on July 4, 2016. Previously, T-Mobile Polska had acquired spectrum worth EUR 0.5 billion as the initial bidder at the spectrum auction that ended in October 2015. The payment was made in early February 2016.

Expansion of our high-security data center in Biere. Construction work to expand Europe's largest data center in Biere near Magdeburg began on schedule in June 2016. The new data center is expected to be put into operation after only two years of construction – in time to serve the increasing demand for secure and reliable cloud services and further cement T-Systems' market leadership in Europe. A triple-digit-million amount is expected to be invested in the expansion of the data center. The current cloud capacity will be increased by 150 percent.

Acquisition of mobile spectrum licenses in the United States. In May 2016, T-Mobile US entered into an agreement with a third party for the purchase of certain spectrum licenses covering approximately 11 million people in the Chicago metropolitan area for approximately USD 0.4 billion. The transaction is expected to close in the fourth quarter of 2016, subject to regulatory approval and other customary closing conditions.

PARTNERSHIPS

Volkverschlüsselung – secure e-mail for everyone. Together with the Fraunhofer Institute for Secure Information Technology SIT, we launched Volkverschlüsselung at the end of June 2016. This is user-friendly software developed by the Fraunhofer SIT, which generates a cryptographic key and configures the users' e-mail programs. The related infrastructure is being operated in our high-security data center. Volkverschlüsselung, which is free of charge, is part of an initiative we have launched together with Fraunhofer SIT to promote the widespread usage of end-to-end encryption among the general public and thus bolster the protection of electronic communications of consumers and businesses.

New e-reader launched by toline alliance. In June 2016, the toline partners – comprising leading German booksellers and us as the technology and innovation partner – launched a new e-reader on the market: the toline page. As a self-explanatory and easy-to-use entry-level device, the toline page is aimed at a new target group: less technology-savvy readers, who have not yet made the decision to buy an e-reader. Together with the premium e-readers toline vision 3 HD and toline shine 2 HD, the alliance thus offers a suitable device for all target groups – from newcomers to digital reading through to technophiles.

Alliance to drive the progress of the industrial Internet. At the 2016 Hannover Messe, where we exhibited under the motto "Digitization. Simply. Make it happen." we expanded our alliance to drive the progress of the industrial Internet. We agreed to collaborate with Huawei to open up the Internet of Things (IoT) mass market for hardware and sensor technology. We are expanding our longstanding collaboration with the German Research Center for Artificial Intelligence (DFKI) to incorporate the latest scientific and research findings into our in-house product development processes. For industrial data analysis, we intend to work with GE Digital, a subsidiary of the U.S. industrial group General Electric (GE), and use the Predix cloud platform. We want to work with GE Digital to take on digital innovations in industrial segments like production, transport, energy, or healthcare.

NEW DEALS WITH CORPORATE CUSTOMERS

At the end of May 2016, T-Systems concluded a corporate customer agreement with ITSCare, the IT service provider for the AOK health insurance fund for Baden-Württemberg, Hesse, and Rhineland-Palatinate/Saarland. This triple-digit-million, multi-year deal covers the centralized operation of the IT infrastructure with data center and network services, as well as decentralized services like service desk and workplace services. ITSCare is thereby trusting in our ICT and data privacy expertise to handle highly sensitive data.

Through our subsidiary in the Czech Republic, T-Mobile Czech Republic, we won a major contract with multinational cosmetics manufacturer **Oriflame**. In addition to ICT services, the deal also includes outsourcing the entire IT infrastructure to a hybrid cloud solution. By combining local public and private clouds, the hybrid cloud model offers the best solution for global companies: They can harness the high performance of the public cloud while sensitive business data remains on a private network.

NEW PRODUCTS, RATE PLANS, AND SERVICES

Hybrid TV in Greece. In Greece, OTE's TV customers are benefiting from a new hybrid TV service that combines the advantages of satellite TV and IPTV. By connecting the decoder to the Internet, satellite TV subscribers can use new interactive services – such as replay functions, on-demand content, or a feature allowing them to record on external data carriers. The migration of TV customers to the new hybrid platform began in April 2016; by June 2016, more than 100,000 OTE TV customers were able to use the new offer.

Entry-level solution for digitization. At the 2016 Hannover Messe, we unveiled our new Cloud of Things starter kit that provides companies with a simple entry-level digitization solution. The new product enables companies of all sizes to connect their machines, equipment, or vehicles and monitor them remotely without any costly installation. The Cloud of Things platform, which we operate in our secure data center in Germany, receives the data and makes them available to customers via an online portal.

New television experience with Entertain TV. In May 2016, we launched our new service Entertain TV. The new TV product is marked out by its new design, new highly user-friendly interface, and new elegant hardware. The new generation of television is complemented by innovative features that underline our claim to be innovation leader on the German TV market. Customers benefit among other things from unique features such as the “restart” option, which means users never again have to miss the beginning of programs that have already started. The “seven-day replay” function provides even greater freedom, allowing viewers to watch replayable programs for up to a week after their broadcast. Entertain TV combines live television, on-demand content, apps, and media libraries on one platform, and not just on television, but also on tablets and smartphones.

Personal switch advisor for new customers. Since May 2016, fixed-network customers switching to Deutsche Telekom from another provider benefit from a personal advisor for their switch. This premium service complements the service for owner builders and the moving home manager as an additional component for sustainably enhancing customer experience and improving customer retention.

Making calls with WLAN Call. Since June 2016, our mobile customers have been able to make calls on their smartphones via any WiFi (WLAN) network in Germany or abroad, and can also receive calls on the go via WiFi, with the free add-on WLAN Call. Customers just need a WLAN Call-enabled smartphone and a voice-over-LTE-enabled mobile contract. The software for this is installed in the smartphone, i.e., no additional app is required. WLAN Call is of particular benefit in places that for construction reasons do not have sufficient mobile reception, but do have WiFi, such as underground garages or basements.

Cyber security in the Internet of Things. Our new IoT solution from our MagentaSecurity portfolio offers protection against cyber attacks. With certificates from the T-Systems Trust Center, we offer a new layer of protection in which each connected piece of equipment is assigned a separate, verifiable identity. These certificates update themselves automatically. This ensures that only authorized individuals can access exactly the devices that need accessing, and that all communication partners are really who they claim to be. Customers themselves are able to determine exactly how a digital identity is set up and the level of authentication required.

Market launch of cloud services at T-Mobile Czech Republic. In June 2016, T-Mobile Czech Republic began marketing cloud services from its new virtual data center. The offers for infrastructure and platform management for cloud-based solutions are primarily aimed at medium-sized and large enterprises and the public sector.

AWARDS

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

Major awards in the second 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. Comparative figures have been adjusted retrospectively.

For more information, please refer to the disclosures under segment reporting in the interim consolidated financial statements, pages 46 and 47.

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 half 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 half of 2016. In July 2016, the International Monetary Fund (IMF) once again revised downwards slightly its growth forecast for global economic development for 2016 and 2017. This restrained growth in 2016 is primarily attributable to weak economic development in the emerging economies, whose declining demand is also holding back growth rates in industrialized nations. According to the adjusted IMF forecasts, emerging and developing economies will grow by 4.1 percent in 2016, industrial countries by 1.8 percent.

In our core markets, economic growth rates recorded largely positive trends in the second quarter of 2016. Gross domestic product (GDP) in Germany grew by 1.6 percent in the second quarter 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 1.6 percent in the second quarter of 2016. Unemployment stood at 4.8 percent in the second quarter of 2016. Almost all countries of our Europe operating segment recorded positive trends in GDP growth and unemployment ratios again in the second quarter of 2016. The economies profited mainly from rising domestic consumption and stable demand from the eurozone. The Greek economy continues to undergo major changes and is unable to benefit from the growth seen in Europe as a whole.

OUTLOOK

We continue to expect a stable economic trend in our core markets. The uncertainty arising from the aftermath of the UK referendum should only have a marginal impact on economic growth in Europe in 2016 and 2017 if the exit from the European Union proceeds in an orderly fashion. In Germany, the United States, and the countries of our Europe operating segment, macroeconomic growth is robust, bolstered primarily by the positive trends in consumer spending. The economic situation in Greece is stabilizing to a certain extent. Growth rates in the UK economy are expected to slow down more sharply in light of the uncertainty.

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. The vote of the British people to leave the European Union and the political implementation of this decision, coupled with the danger that other countries may also seek to leave the European Union, could have a negative impact on economic development in Europe in particular, and, consequently, on the global economy. 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 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 policies. 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 and technological change. At the same time, high investments are needed for the network build-out, for innovation, and the acquisition of spectrum. While the UK Competition and Markets Authority approved the acquisition of EE by BT in January 2016 unconditionally and without remedies, the merger of Liberty Global and BASE in Belgium were approved only subject to strict conditions. Furthermore, the intervention of the European Commission put a stop to consolidation projects in Denmark (Telia/Telenor) and the United Kingdom (3 & O₂). In Italy, the European Commission demanded that a fourth mobile network operator be established, thereby providing a favorable market entry for Iliad. The European Commission is currently looking into the merger of Vodafone and Liberty Global in the Netherlands. All in all, the market-shaping policy pursued by the European Commission does not take sufficient account of dynamic efficiencies and is thus creating substantial uncertainty in the industry.

European General Data Protection Regulation. The European General Data Protection Regulation will enter into force on May 25, 2018. 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).

EU-U.S. Privacy Shield. 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. The final draft of the Privacy Shield, which was adopted by the European Commission on July 11, 2016 by majority vote of the member states, includes Privacy Principles which stipulate improved data protection requirements compared with Safe Harbor, with which U.S. companies must comply if they want to be certified under the Shield. Following criticism of the first draft of the Privacy Shield, the European Commission has endeavored in a revised draft to assuage in particular the concerns expressed recently by the Article 29 Working Party, which is comprised of representatives from national data protection authorities in Europe. It cannot be ruled out that the Privacy Shield will be referred to the ECJ again, in particular with regard to the legality of the still possible mass recording of personal data by national U.S. authorities.

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 (TK-ÜberwachungsVO) entered into force on May 3, 2016. As a result, the provisions of the German Telecommunications Act (Telekommunikationsgesetz) must be tightened up for the telecommunications sector, so that state-of-the-art precautions are taken, in particular with regard to the failure safety of the networks and services. In our own interests, we took these precautions before the Act was amended however, and hence we have already satisfied the main obligations for safeguarding public security.

The European Parliament approved the EU Network and Information Security Directive on July 6, 2016, following which, in addition to the provisions of the IT-SiG, online marketplaces, search engine operators, and cloud service providers must also ensure compliance with minimum requirements for the security of their infrastructure and 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 June 21, 2016, the Federal Network Agency notified the European Commission in Brussels of a revised draft decision regarding our application for vectoring roll-out. A previous draft, which the European Commission had expressed "serious concerns" about, was withdrawn by the Federal Network Agency. The revised draft also grants us rights to extensive vectoring roll-out in the areas near local exchanges, although it does not grant us exclusivity to the degree originally planned. In its statement on July 19, 2016, the European Commission gave the green light to vectoring in the area near the local exchange. The regulatory procedure is expected to be completed in mid August 2016. In a fast-tracked decision at the end of June 2016, the Federal Network Agency extended the deadline, which now allows us also to roll-out vectoring up to October 31, 2016 if we alternatively offer competitors who will then no longer have any access to unbundled local loop lines (ULLs) at the cable distribution box in these areas, a Layer 3 bitstream access product. From November 1, 2016, a Layer 3 bitstream access (BSA) product will no longer be sufficient, instead we will have to offer a Layer 2 BSA product in these areas. However, the regulatory requirements for actual implementation will not be met until the reference offer of the Layer 2 BSA 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 BSA products, this order requires an ex-ante license for Layer 2 BSA products, although it does not require cost-based regulation of rates. The Federal Network Agency also regulates the offer terms and conditions for Layer 2 BSA 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 September 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). The preliminary decision in the rates approval proceedings was published on June 28, 2016. The Federal Network Agency has made adjustments to the amount and the price structure of the rates we have requested. The new rates have been provisionally approved until November 30, 2017. Final approval will be issued following the completion of the national and EU-wide consultation process. Provided the European Commission does not express any serious concerns, we expect final approval of the rates in the third quarter of 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 rejected an application by 1&1 Telecom GmbH for us to provide a corresponding wholesale product. In the proceedings, the Federal Network Agency granted an "innovation-related competitive advantage" of one year. As such, renewed

proceedings on the question of the wholesale obligation are to be expected in the second half of 2016. 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 closed on March 10, 2016.

Applications for ULL monthly charges. On June 29, 2016, the Federal Network Agency published its final rulings for the monthly charges for unbundled local loop lines (ULLs) and for the related necessary passive infrastructure access products, which reduce the rates for the most important option, access to unbundled local loop lines up to the main distribution frame, by 1.7 percent compared with the previously approved rate, from EUR 10.19/month to EUR 10.02/month. The rental fees for cable ducts and dark fiber were also reduced substantially. The new rates took effect as of 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, taxes of 5 percent on broadband Internet access and of 10 percent on pay TV were introduced in Greece as part of an additional package of measures.

AWARDING OF FREQUENCIES

The table below provides an overview of the main spectrum awards and auctions as well as license extensions in 2016 at our international subsidiaries and investments. 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	Q1/2016	Q2/2016	2,100/2,600	Sealed bid ^a Sequential	No acquisition	-
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	Q3/2016	Q4/2016	800/900/ 1,800/2,100/2,600	Auction (CCA ^c)	tbd	tbd
Netherlands	Q2/2014	Q1/2016	2,100	License extended until 2020	2x20	€ 24 million
Poland	Q1/2015	Q2/2016	800/2,600	Auction (SMRA ^b)/ Sealed bid ^a	2x10/2x15	Approx. PLN 4 billion (around € 1.0 billion)
Slovakia	Q2/2016	Q3/2016	1,800	Auction (SMRA ^b)	tbd	tbd
Slovakia	Q1/2016	Q2/2016	3,500	Sealed bid ^a	No acquisition	-
Czech Republic	Q2/2016	Q2/2016	1,800/2,600	Auction (SMRA ^b)	2x10 + 25	€ 27 million
Czech Republic	Q3/2016	Q4/2016	3,700	Auction (SMRA ^b) (expected)	tbd	tbd
Czech Republic	Q4/2016	Q1/2017	900/1,800	Extension of licenses (expected)	tbd	tbd
Hungary	Q2/2016	Q2/2016	3,500/3,700	Sealed bid ^a	No acquisition	-
United States	Q3/2016	Q4/2016 (expected)	600	Incentive auction ^d	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 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 six months of the 2016 financial year, we generated net revenue of EUR 35.4 billion, an increase of EUR 1.2 billion or 3.4 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. Terminal equipment revenue continued to rise: On the one hand, customers increasingly chose to lease high-value terminal equipment in connection with the JUMP! On Demand business model introduced by T-Mobile US in June 2015. On the other hand, this model resulted in a decline in revenue from the sale of terminal equipment. In our home market of Germany, revenue decreased by 2.8 percent – primarily due to lower revenue from non-contract mobile devices. In the Europe operating segment, revenue also decreased by 2.8 percent against the first half of 2015, mainly as a result of the spin-off of the energy resale business in Hungary as of January 1, 2016. In addition,

revenue continued to come under pressure from persistently intense competition in the telecommunications markets in our national companies, especially in the Netherlands. Revenue in our Systems Solutions operating segment was up 1.4 percent compared with the prior-year period, primarily due to the completion of the set-up phase of the toll collection system in Belgium in the first quarter of 2016. 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 negative exchange rate effects of EUR 0.1 billion in total – in particular from the translation of Polish zlotys and 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 1.4 billion or 4.2 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 19 et seq.

Contribution of the segments to net revenue

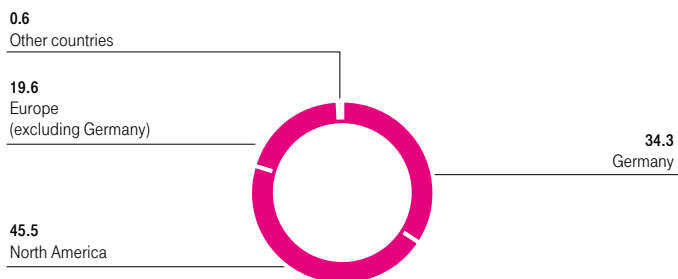
millions of €

	Q1 2016	Q2 2016	Q2 2015	Change %	H1 2016	H1 2015	Change %	FY 2015
NET REVENUE	17,630	17,817	17,428	2.2%	35,447	34,270	3.4%	69,228
Germany	5,452	5,406	5,580	(3.1)%	10,858	11,169	(2.8)%	22,421
United States	7,816	8,196	7,443	10.1%	16,012	14,348	11.6%	28,925
Europe ^a	3,080	3,106	3,209	(3.2)%	6,186	6,366	(2.8)%	13,024
Systems Solutions ^a	2,045	2,009	2,073	(3.1)%	4,054	4,000	1.4%	8,194
Group Headquarters & Group Services	513	542	584	(7.2)%	1,055	1,149	(8.2)%	2,275
Intersegment revenue	(1,276)	(1,442)	(1,461)	1.3%	(2,718)	(2,762)	1.6%	(5,611)

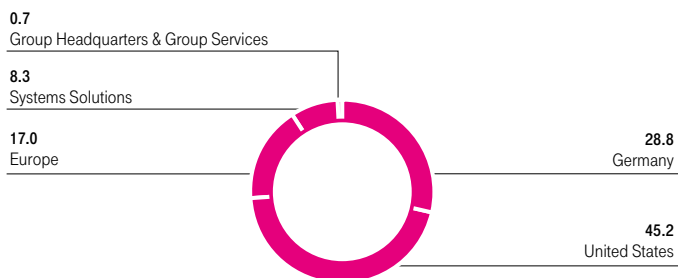
^a Business customer operations at Magyar Telekom in Hungary, which had previously been organizationally assigned to the Systems Solutions operating segment, have been bundled and reported under the Europe operating segment since January 1, 2016. Comparative figures have been adjusted retrospectively. For more information, please refer to the disclosures under segment reporting in the interim consolidated financial statements, pages 46 and 47.

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 46 and 47.

At 45.2 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 contributions by our other operating segments and the Group Headquarters & Group Services segment decreased. The proportion of net revenue generated internationally rose from 63.6 percent in the prior-year period to 65.7 percent.

EBITDA, ADJUSTED EBITDA

Excluding special factors, **adjusted EBITDA** increased year-on-year by EUR 1.0 billion to EUR 10.6 billion in the first half of 2016. This development was primarily driven by our United States operating segment, which recorded an increase in its adjusted EBITDA contribution of EUR 1.2 billion, mainly as a result of the continued success of the Un-carrier initiatives. The revenue effects from the JUMP! On Demand terminal equipment lease model 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. Adjusted EBITDA declined primarily in our Group Headquarters & Group Services segment, because it had benefited from a positive one-time effect in the first half of 2015. 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 3.7 billion year-on-year to EUR 12.4 billion; this included positive net special factors of EUR 1.7 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. The sale of approximately 2.6 million shares in Scout24 AG that was consummated on April 18, 2016 generated income of around EUR 0.1 billion. Expenses incurred in connection with staff-related measures and non-staff-related restructuring expenses amounted to EUR 1.0 billion, up EUR 0.2 billion compared with the prior-year level. Furthermore, as in the same period in the prior year, expenses from the decommissioning of the MetroPCS CDMA network had an effect of around EUR 0.1 billion. 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 19 et seq.

Contribution of the segments to adjusted Group EBITDA

millions of €

	Q1 2016	Q2 2016	Q2 2015	Change %	H1 2016	H1 2015	Change %	FY 2015
EBITDA (ADJUSTED FOR SPECIAL FACTORS) IN THE GROUP	5,163	5,457	5,026	8.6%	10,620	9,600	10.6%	19,908
Germany	2,180	2,225	2,224	0.0%	4,405	4,435	(0.7)%	8,790
United States	1,908	2,172	1,652	31.5%	4,080	2,877	41.8%	6,654
Europe ^a	986	1,038	1,081	(4.0)%	2,024	2,097	(3.5)%	4,329
Systems Solutions ^a	206	175	203	(13.8)%	381	348	9.5%	740
Group Headquarters & Group Services	(117)	(108)	(76)	(42.1)%	(225)	(98)	n. a.	(552)
Reconciliation	-	(45)	(58)	22.4%	(45)	(59)	23.7%	(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 46 and 47.

EBIT

Group EBIT stood at EUR 6.1 billion, up EUR 2.8 billion against the prior-year period. This increase is due to the positive effects described under EBITDA, as well as an increase of EUR 0.9 billion in depreciation and amortization compared with the prior-year period, 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 3.0 billion to EUR 5.1 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 at T-Mobile US. 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 period we recognized a dividend payment of EUR 0.4 billion.

NET PROFIT

Net profit increased by EUR 2.2 billion to EUR 3.7 billion. The tax expense for the current financial year amounted to EUR 1.0 billion, up EUR 0.5 billion compared with the same period in the prior year. For further information, please refer to the interim consolidated financial statements, page 45. 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)

	June 30, 2016	Dec. 31, 2015
Germany	68,300	68,638
United States	43,541	44,229
Europe ^a	49,377	51,125
Systems Solutions ^a	43,586	44,504
Group Headquarters & Group Services	16,017	16,747
NUMBER OF EMPLOYEES IN THE GROUP	220,821	225,243
Of which: civil servants (in Germany, with an active service relationship)	17,789	18,483

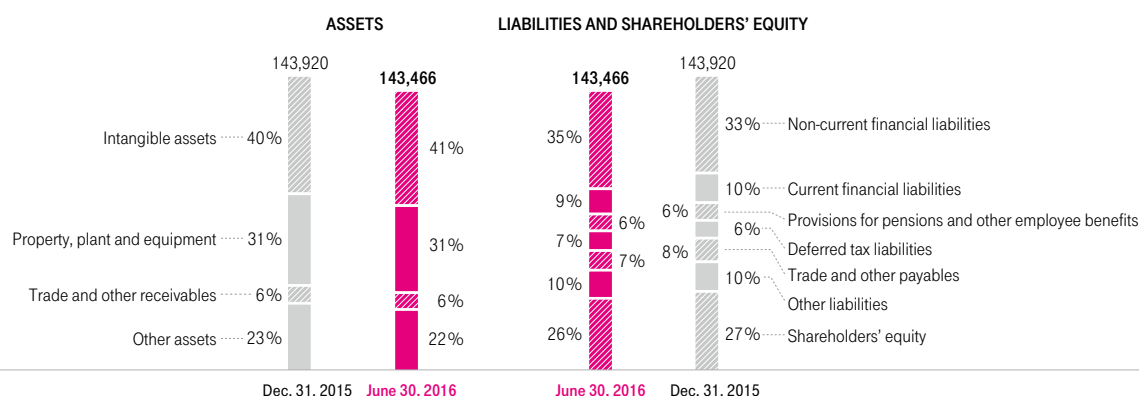
^a Business customer operations at Magyar Telekom in Hungary, which had previously been organizationally assigned to the Systems Solutions operating segment, have been bundled and reported under the Europe operating segment since January 1, 2016. Comparative figures have been adjusted retrospectively. For more information, please refer to the disclosures under segment reporting in the interim consolidated financial statements, pages 46 and 47.

The Group's headcount decreased by 2.0 percent compared with the end of 2015. The headcount in the Germany operating segment decreased slightly by 0.5 percent. Measures to enhance efficiency, a slowdown in recruitment in the operating units, and higher take-up of early retirement for civil servants reduced the headcount in the Germany operating segment by 1.2 percent. As of January 1, 2016, 480 employees in the Systems Solutions operating segment were transferred to the Germany operating segment, bringing the reported reduction to 0.5 percent. The total number of employees in our United States operating segment fell by 1.6 percent at June 30, 2016 compared to December 31, 2015, due to a decrease in customer acquisition employees, partially offset by an increase in network and administrative employees. In our Europe operating segment, staff levels decreased by 3.4 percent compared with December 31, 2015, mainly as a result of efficiency enhancement measures in the operating segment, especially in Hungary, Poland, and Croatia. The headcount in our Systems Solutions operating segment declined by 2.1 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 by 4.4 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 143.5 billion, down only slightly against December 31, 2015.

Intangible assets increased from EUR 57.0 billion to EUR 58.3 billion, mainly due to additions totaling EUR 4.2 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. Carrying amounts also increased as a result of additions to advance payments and intangible assets under development totaling EUR 1.8 billion. These payments related to capital expenditure for network software in the United States operating segment and the spectrum licenses acquired by T-Mobile Polska as the second-highest bidder in June 2016. Negative exchange rate effects, primarily from the translation of U.S. dollars into euros, reduced the carrying amount by EUR 0.7 billion. Amortization of EUR 2.0 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 increased by EUR 0.3 billion compared to December 31, 2015 to EUR 44.9 billion. Additions of EUR 5.2 billion primarily in the United States and Germany operating segments increased the carrying amount. This also included EUR 0.9 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 0.3 billion. Depreciation charges of EUR 4.3 billion had a decreasing effect on the carrying amount, as did disposals of EUR 0.3 billion.

Trade and other receivables decreased by EUR 0.4 billion to EUR 8.8 billion. Factoring agreements concluded in the reporting period concerning monthly revolving sales of trade receivables due resulted in a reduction in receivables. Exchange rate effects, mainly from the translation of U.S. dollars into euros, likewise had a reducing effect. Receivables recognized in connection with the set-up phase of the electronic toll collection system in Belgium completed in the first half of 2016 and its transition to the operating phase had an off-setting effect.

As of June 30, 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 0.5 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 this context, exchange rate effects totaling EUR 0.2 billion from the translation of pounds sterling to euros also lowered the net carrying amount compared with December 31, 2015. In addition, in March 2016, a transaction was concluded between T-Mobile US and AT&T for the exchange of 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. Overall, current and non-current **other financial assets** increased by EUR 4.1 billion compared with December 31, 2015 to EUR 13.4 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 June 30, 2016 of EUR 5.9 billion. A refundable deposit of around EUR 2.0 billion recorded at the reporting date in connection with a potential asset purchase in the United States and positive remeasurement effects of EUR 0.4 billion from embedded options in bonds issued by T-Mobile US also increased this item. U.S. government bonds with a volume of EUR 2.8 billion that fell due in the first half of 2016 reduced the carrying amount of other financial assets. The premature cancellation in June 2016 of interest rate derivatives with a fair value of EUR 0.6 billion likewise lowered the carrying amount. Accordingly, the settlement payment was presented under net cash from operating activities in the amount of EUR 0.3 billion and under net cash used in financing activities in the amount of EUR 0.3 billion.

Our current and non-current **financial liabilities** increased by EUR 0.6 billion compared with the end of 2015 to EUR 62.9 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. On April 1, 2016, T-Mobile US issued Senior Notes with a total volume of USD 1.0 billion. T-Mobile US expects to use the net proceeds from this offering for the purchase of 700 MHz A-block spectrum and other spectrum purchases. Also in April 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 the first six months of 2016, U.S. dollar bonds were repaid in the amount of USD 1.0 billion (around EUR 0.9 billion) and USD 1.25 billion (around EUR 1.1 billion), as were Eurobonds totaling EUR 0.9 billion, commercial paper in the amount of EUR 0.7 billion (net), and promissory notes in the amount of EUR 0.4 billion (net). The decrease in liabilities to banks of EUR 1.0 billion also reduced the carrying amount of the financial liabilities. In addition, exchange rate effects from the translation of U.S. dollars into euros reduced financial liabilities by around EUR 0.4 billion. For the other main effects on financial liabilities, please refer to net cash used in financing activities on pages 45 and 46 of the interim consolidated financial statements.

Deutsche Telekom AG issued an irrevocable and temporary loan commitment to T-Mobile US in March, and another in April 2016, each for up to another USD 2.0 billion (around EUR 1.8 billion) with no effect on financial liabilities.

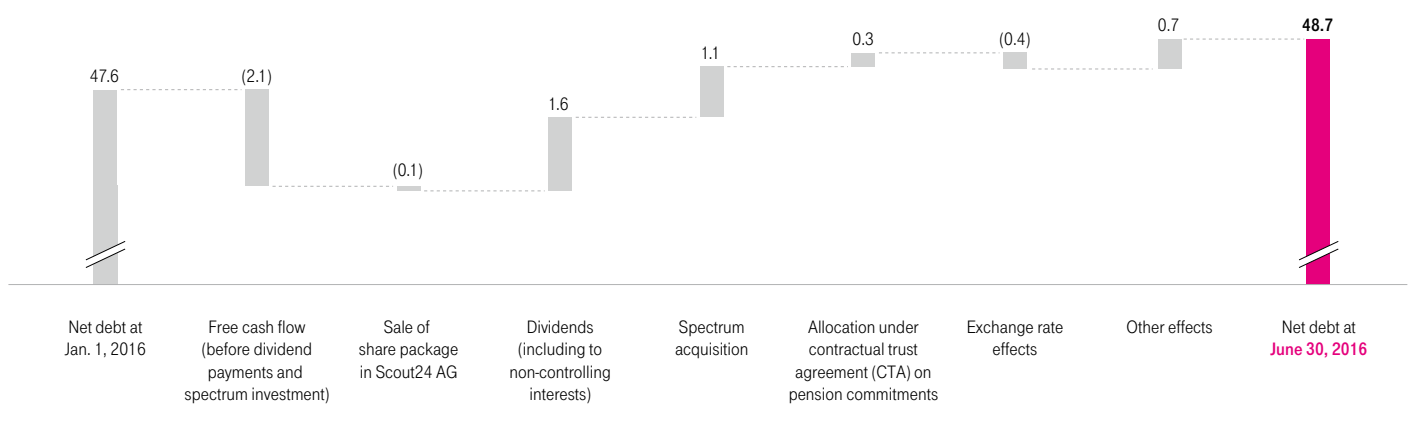
The EUR 0.8 billion increase in **provisions for pensions and other employee benefits** to EUR 8.8 billion was mainly due to interest rate adjustments which resulted in an actuarial loss to be recognized directly in equity of EUR 1.1 billion (before taxes). An increase in the plan assets by EUR 0.3 billion 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 1.6 billion compared with the end of 2015 to EUR 9.4 billion. Apart from the reduction in the portfolio of liabilities at the national companies of the Europe operating segment, in the Germany operating segment and at T-Mobile US, this decrease was also attributable to exchange rate effects from the translation of U.S. dollars into euros.

Shareholders' equity decreased by EUR 1.2 billion compared with December 31, 2015 to EUR 37.0 billion. Profit after taxes of EUR 4.1 billion had an increasing effect. This profit was partially offset by currency translation effects recognized directly in equity of EUR 1.6 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 1.4 billion from the remeasurement of available-for-sale financial assets due to the subsequent measurement of our financial stake in BT, and EUR 0.7 billion from the recognition of actuarial losses (after taxes). Dividend payments for the 2015 financial year to Deutsche Telekom AG shareholders of EUR 2.5 billion and to non-controlling interests of EUR 0.1 billion also reduced equity. This was partially offset by a capital increase of EUR 1.0 billion involving the contribution of the dividend entitlements, in connection with the option granted to our shareholders to have their dividend entitlements converted into shares.

Changes in net debt

billions of €



Other effects of EUR 0.7 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 56 et seq.

Free cash flow (before dividend payments and spectrum investment)

millions of €

	Q1 2016	Q2 2016	Q2 2015	Change %	H1 2016	H1 2015	Change %	FY 2015
CASH GENERATED FROM OPERATIONS	4,497	4,513	4,521	(0.2)%	9,010	8,809	2.3%	17,496
Interest received (paid)	(1,001)	(582)	(650)	10.5%	(1,583)	(1,630)	2.9%	(2,499)
NET CASH FROM OPERATING ACTIVITIES	3,496	3,931	3,871	1.5%	7,427	7,179	3.5%	14,997
Cash outflows for investments in intangible assets (excluding goodwill and before spectrum investment) and property, plant and equipment (CASH CAPEX)	(2,831)	(2,664)	(2,575)	(3.5)%	(5,495)	(5,105)	(7.6)%	(10,818)
Proceeds from disposal of intangible assets (excluding goodwill) and property, plant and equipment	157	53	79	(32.9)%	210	166	26.5%	367
FREE CASH FLOW (BEFORE DIVIDEND PAYMENTS AND SPECTRUM INVESTMENT)	822	1,320	1,375	(4.0)%	2,142	2,240	(4.4)%	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 2.1 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 0.4 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 0.4 billion on net cash from operating activities. This mainly relates to factoring agreements in the United States and Germany operating segments. Cash inflows resulting from the cancellation of or changes in the terms of interest rate derivatives

had a positive effect of EUR 0.2 billion compared with the prior-year period. An increase in cash outflows for staff-related restructuring and pensions of EUR 0.3 billion year-on-year had a negative impact on net cash from operating activities. In addition, a dividend payment from the former EE joint venture that was EUR 0.2 billion lower than in the previous year and a dividend of EUR 0.1 billion received from the Scout24 group in the prior year had a negative impact on net cash from operating activities.

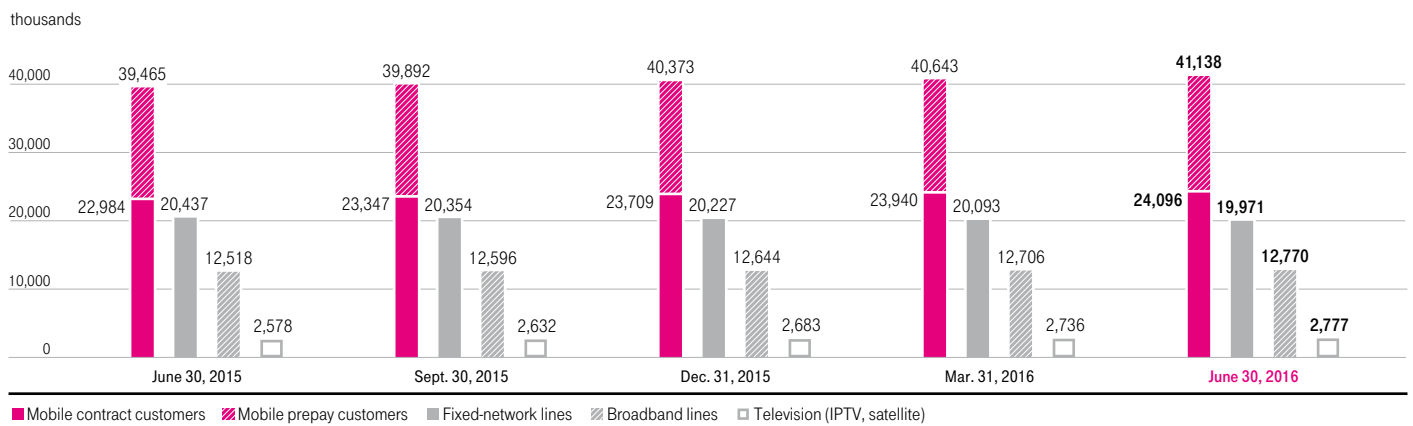
The increase in cash capex (excluding goodwill and before spectrum investment) compared with the prior-year period was mainly attributable to the United States operating segment in connection with the network modernization, including the roll-out of the 4G/LTE network.

For further information on the statement of cash flows, please refer to the interim consolidated financial statements, pages 45 and 46.

DEVELOPMENT OF BUSINESS IN THE OPERATING SEGMENTS

GERMANY

CUSTOMER DEVELOPMENT



thousands

	June 30, 2016	Mar. 31, 2016	Change June 30, 2016/ Mar. 31, 2016 %	Dec. 31, 2015	Change June 30, 2016/ Dec. 31, 2015 %	June 30, 2015	Change June 30, 2016/ June 30, 2015 %
TOTAL							
Mobile customers	41,138	40,643	1.2%	40,373	1.9%	39,465	4.2%
Contract customers	24,096	23,940	0.7%	23,709	1.6%	22,984	4.8%
Prepay customers	17,042	16,703	2.0%	16,665	2.3%	16,482	3.4%
Fixed-network lines	19,971	20,093	(0.6)%	20,227	(1.3)%	20,437	(2.3)%
Of which: retail IP-based	7,958	7,470	6.5%	6,887	15.6%	5,763	38.1%
Broadband lines	12,770	12,706	0.5%	12,644	1.0%	12,518	2.0%
Of which: optical fiber	3,577	3,286	8.9%	2,923	22.4%	2,365	51.2%
Television (IPTV, satellite)	2,777	2,736	1.5%	2,683	3.5%	2,578	7.7%
Unbundled local loop lines (ULLs)	7,648	7,867	(2.8)%	8,050	(5.0)%	8,432	(9.3)%
Wholesale unbundled lines	3,621	3,319	9.1%	3,015	20.1%	2,541	42.5%
Of which: optical fiber	2,028	1,741	16.5%	1,444	40.4%	1,045	94.1%
Wholesale bundled lines	192	206	(6.8)%	227	(15.4)%	268	(28.4)%
OF WHICH: CONSUMERS							
Mobile customers	28,996	28,856	0.5%	29,016	(0.1)%	28,845	0.5%
Contract customers	17,526	17,453	0.4%	17,297	1.3%	16,625	5.4%
Prepay customers	11,470	11,403	0.6%	11,719	(2.1)%	12,219	(6.1)%
Fixed-network lines	15,695	15,790	(0.6)%	15,900	(1.3)%	16,068	(2.3)%
Of which: retail IP-based	6,872	6,521	5.4%	6,076	13.1%	5,161	33.2%
Broadband lines	10,302	10,257	0.4%	10,209	0.9%	10,093	2.1%
Of which: optical fiber	3,080	2,841	8.4%	2,530	21.7%	2,046	50.5%
Television (IPTV, satellite)	2,585	2,546	1.5%	2,492	3.7%	2,387	8.3%
OF WHICH: BUSINESS CUSTOMERS							
Mobile customers	12,142	11,787	3.0%	11,358	6.9%	10,620	14.3%
Contract customers	6,570	6,487	1.3%	6,412	2.5%	6,358	3.3%
Prepay customers (M2M)	5,572	5,300	5.1%	4,946	12.7%	4,262	30.7%
Fixed-network lines	3,288	3,311	(0.7)%	3,339	(1.5)%	3,352	(1.9)%
Of which: retail IP-based	1,025	897	14.3%	773	32.6%	572	79.2%
Broadband lines	2,096	2,093	0.1%	2,093	0.1%	2,088	0.4%
Of which: optical fiber	484	435	11.3%	385	25.7%	312	55.1%
Television (IPTV, satellite)	190	189	0.5%	190	-	189	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 2.5 million customers for our first integrated product, MagentaEins, comprising fixed-network and mobile components.

In mobile communications, we won another 765 thousand customers overall in the first half 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 half of 2016, we had migrated 11.2 million retail and wholesale lines to IP, which corresponds to a migration rate of 47 percent.

We continued to record strong demand for our fiber-optic products: For example, the number of lines rose by almost 1.2 million in the first half of 2016 to a total of 5.6 million. Thus in the last twelve months, we have connected 2.2 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, we continue to create 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. We offer our customers the best possible mobility, with an improved service package and transparent, fair offers. Our new MagentaMobil portfolio offers our customers wide-ranging benefits: more high-speed volumes, a HotSpot flat rate, and free roaming in other EU countries.

Since the end of 2015, we have won a total of 387 thousand new contract customers. In our branded contract customer business, we recorded 261 thousand additions under the Deutsche Telekom and congstar brands. The contract customer reseller business (service providers) recorded 98 thousand net additions. The number of prepaid customers has increased by 377 thousand since the end of 2015, with the growth in business customers compensating for the reduction in the number of consumers.

Smartphones accounted for 92.0 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 focusing on integrated offers and on TV and fiber-optic lines. The success bears us out: The number of broadband lines increased by 126 thousand compared with the end of the prior year. 21.7 percent of our broadband customers are TV customers; with 94 thousand TV customer additions in the first half of 2016 alone. In the traditional fixed network, the number of lines decreased by 256 thousand.

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 233 thousand customers, primarily in rural areas.

We have also connected around 161 thousand apartments to our network through our partnerships in the housing sector.

Consumers

In the first half of 2016, the number of mobile customers remained at the prior-year level. The number of prepay customers decreased by 249 thousand, with some customers switching to our mobile contracts, for example to our cost-effective congstar rate plans. However, we added 229 thousand contract customers, with 103 thousand of these net additions under our own brands. The high acceptance of our MagentaMobil rate plans and the AllnetFlat rate plans at congstar in particular resulted in this contract customer growth. Contract customer reseller business (service providers) increased by 98 thousand from the start of the year.

In the fixed-network market, price and competitive pressure remain high. We migrated 796 thousand customers to IP-based lines in the first half of 2016. We won 93 thousand new TV customers compared with the end of 2015. Of the 10.3 million broadband lines, around 3.1 million customers use fiber-optic lines – an increase of 550 thousand in the first half 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 784 thousand mobile customer additions, 158 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 626 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 25.7 percent.

There was a positive trend in demand for IT cloud products, where we recorded revenue growth of 18.2 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 half of 2016, fiber-optic lines accounted for 17.7 percent of all lines – 4.9 percentage points higher than at the end of 2015. The strong growth in our wholesale unbundled lines by 606 thousand or 20.1 percent compared with the end of 2015 was primarily attributable to the strong demand as part of the contingent model. By contrast, the number of bundled wholesale lines decreased by 35 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 402 thousand or 5.0 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 11.5 million.

DEVELOPMENT OF OPERATIONS

millions of €

	Q1 2016	Q2 2016	Q2 2015	Change %	H1 2016	H1 2015	Change %	FY 2015
TOTAL REVENUE	5,452	5,406	5,580	(3.1)%	10,858	11,169	(2.8)%	22,421
Consumers	2,922	2,863	3,047	(6.0)%	5,785	6,084	(4.9)%	12,146
Business Customers	1,447	1,451	1,462	(0.8)%	2,898	2,946	(1.6)%	5,942
Wholesale	933	943	914	3.2%	1,876	1,826	2.7%	3,685
Other	150	149	157	(5.1)%	299	313	(4.5)%	648
Profit from operations (EBIT)	1,074	882	1,156	(23.7)%	1,956	2,346	(16.6)%	4,490
EBIT margin %	19.7	16.3	20.7		18.0	21.0		20.0
Depreciation, amortization and impairment losses	(948)	(964)	(946)	(1.9)%	(1,912)	(1,881)	(1.6)%	(3,755)
EBITDA	2,022	1,846	2,102	(12.2)%	3,868	4,227	(8.5)%	8,245
Special factors affecting EBITDA	(158)	(379)	(122)	n.a.	(537)	(208)	n.a.	(545)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	2,180	2,225	2,224	0.0%	4,405	4,435	(0.7)%	8,790
EBITDA margin (adjusted for special factors) %	40.0	41.1	39.9		40.5	39.7		39.2
CASH CAPEX	(908)	(909)	(2,622)	65.3%	(1,817)	(3,571)	49.1%	(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 2.8 percent compared with the prior-year period. This development was mainly driven by non-contract terminal equipment revenue in mobile business. Mobile business declined by 6.7 percent, due in particular to terminal equipment revenue. Increased IT revenues as well as the positive trend in wholesale and broadband had a positive impact on fixed-network revenue development. However, this was not sufficient to completely offset declines in other areas, such that revenue in the fixed-network business decreased by 1.2 percent.

Revenue from **Consumers** decreased by 4.9 percent year-on-year. Volume-related revenue decreases continued to dominate traditional fixed-network business, which declined by 2.0 percent, mainly due to lower variable charges and voice revenue. By contrast, revenue from broadband business increased by 1.7 percent. Mobile revenues decreased by 8.3 percent, driven mainly by the decline in terminal equipment business. Our mobile service revenues declined by 0.2 percent compared with the prior-year level, with the increase in service revenues under the congstar brand almost offsetting the decline in revenue from prepaid business.

Revenue from **Business Customers** decreased by 1.6 percent, mainly due to falling mobile revenues, which were down 3.5 percent. This decrease was primarily driven by service revenues. Fixed-network revenue from traditional voice telephony also declined. By contrast, there was a positive trend in IT revenues; although this was not sufficient to offset the revenue losses from other areas.

Wholesale revenue was up 2.7 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 0.7 percent year-on-year in the first half of 2016 to EUR 4.4 billion, due entirely to lower revenue, which was almost offset by efficiency enhancement measures in all functions. With an adjusted EBITDA margin of 40.5 percent, we are at our expected target level. EBITDA amounted to EUR 3.9 billion in the reporting period, a decline of 8.5 percent against the prior-year period, due mainly to higher special factors for expenses in connection with our staff restructuring. The take-up of the instrument of early retirement for civil servants in particular is substantially higher in 2016, resulting in a lower headcount overall.

EBIT

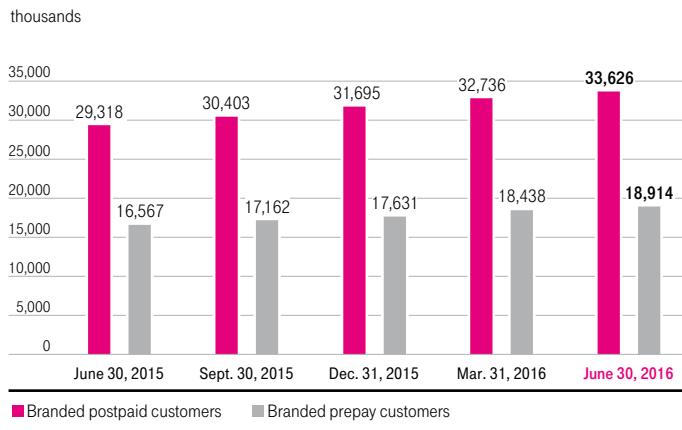
Profit from operations decreased by 16.6 percent year-on-year to EUR 2.0 billion. This was mainly attributable to higher expenses incurred in connection with staff-related measures. EBIT was also reduced by a slight increase in depreciation, amortization and impairment losses.

Cash capex

Cash capex was down EUR 1.8 billion compared with the first half of 2015, due in particular to the acquisition of spectrum at auction in June 2015. Excluding spectrum investment, cash capex was down EUR 0.2 billion year-on-year, due to purely seasonal effects.

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

	June 30, 2016	Mar. 31, 2016	Change June 30, 2016/ Mar. 31, 2016 %	Dec. 31, 2015	Change June 30, 2016/ Dec. 31, 2015 %	June 30, 2015	Change June 30, 2016/ June 30, 2015 %
UNITED STATES							
Mobile customers	67,384	65,503	2.9%	63,282	6.5%	58,908	14.4%
Branded customers	52,540	51,174	2.7%	49,326	6.5%	45,885	14.5%
Branded postpaid	33,626	32,736	2.7%	31,695	6.1%	29,318	14.7%
Branded prepay	18,914	18,438	2.6%	17,631	7.3%	16,567	14.2%
Wholesale customers	14,844	14,329	3.6%	13,956	6.4%	13,023	14.0%

At June 30, 2016, the United States operating segment (T-Mobile US) had 67.4 million customers compared to 63.3 million customers at December 31, 2015. Net customer additions were 4.1 million for the six months ended June 30, 2016, compared to 3.9 million net customer additions for the six months ended June 30, 2015 due to the factors described below.

Branded customers. Branded postpaid net customer additions were 1,931 thousand for the six months ended June 30, 2016, compared to 2,133 thousand branded postpaid net customer additions for the six months ended June 30, 2015. Branded postpaid net customer additions remained strong for the six months ended June 30, 2016 driven by strong customer response to T-Mobile US' continued Un-carrier initiatives, ongoing network improvements and promotional activities. Branded postpaid net customer additions for the six months ended June 30, 2016 were lower compared to the six months ended June 30, 2015, as a lower branded postpaid churn rate was more than offset by a growing branded postpaid customer base resulting in higher deactivations.

Branded prepay net customer additions were 1,283 thousand for the six months ended June 30, 2016, compared to 251 thousand branded prepay net customer additions for the six months ended June 30, 2015. The increase was primarily attributable to the success of the MetroPCS brand promotional activities and continued growth in new markets.

Wholesale customers. Wholesale net customer additions were 888 thousand for the six months ended June 30, 2016, compared to wholesale net customer additions of 1,506 thousand for the six months ended June 30, 2015. The decrease was primarily attributable to higher MVNO deactivations resulting from a growing customer base and lower MVNO gross customer additions.

DEVELOPMENT OF OPERATIONS

millions of €

	Q1 2016	Q2 2016	Q2 2015	Change %	H1 2016	H1 2015	Change %	FY 2015
TOTAL REVENUE	7,816	8,196	7,443	10.1 %	16,012	14,348	11.6 %	28,925
Profit from operations (EBIT)	956	821	728	12.8 %	1,777	1,001	77.5 %	2,454
EBIT margin	% 12.2	10.0	9.8		11.1	7.0		8.5
Depreciation, amortization and impairment losses	(1,312)	(1,302)	(853)	(52.6)%	(2,614)	(1,691)	(54.6)%	(3,775)
EBITDA	2,268	2,123	1,581	34.3 %	4,391	2,692	63.1 %	6,229
Special factors affecting EBITDA	360	(49)	(71)	31.0 %	311	(185)	n.a.	(425)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	1,908	2,172	1,652	31.5 %	4,080	2,877	41.8 %	6,654
EBITDA margin (adjusted for special factors)	% 24.4	26.5	22.1		25.5	20.0		23.0
CASH CAPEX	(1,756)	(1,251)	(1,230)	(1.7)%	(3,007)	(3,959)	24.0 %	(6,381)

Total revenue

Total revenue for the United States operating segment of EUR 16.0 billion in the first half of 2016 increased by 11.6 percent compared to EUR 14.3 billion in the first half of 2015. In U.S. dollars, T-Mobile US' total revenues increased by 11.8 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 increased due primarily to higher lease revenues resulting from the launch of the JUMP! On Demand program at the end of the second quarter of 2015. 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. The increase in equipment revenues was partially offset by a lower average revenue per device sold and also a decline in the number of devices sold primarily due to promotions for devices and the impact of JUMP! On Demand.

EBITDA, adjusted EBITDA, adjusted EBITDA margin

Adjusted EBITDA increased by 41.8 percent to EUR 4.1 billion in the first half of 2016, compared to EUR 2.9 billion in the first half of 2015. In U.S. dollars, adjusted EBITDA increased by 42.7 percent in the first half of 2016, compared to the first half 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 the ongoing success of promotional activities. Lower losses on equipment sales were driven by the impact of customers leasing devices with JUMP! On Demand as the related costs of leased devices 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 half of 2016. These effects were partially offset by an increase in costs to support

T-Mobile US' growing total customer base, including higher employee-related costs, higher commissions driven by an increase in T-Mobile US' branded customer additions, and higher promotional costs. The adjusted EBITDA margin increased to 25.5 percent in the first half of 2016, compared to 20.0 percent in the first half of 2015 due to the factors described above.

Adjusted EBITDA in the first half of 2016 excludes EUR 0.3 billion of 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 4.4 billion in the first half of 2016, compared to EUR 2.7 billion in the first half of 2015 due to the factors described above, including the impact of special factors.

EBIT

EBIT increased to EUR 1.8 billion in the first half of 2016, compared to EUR 1.0 billion in the first half 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 at the end of 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 half of 2016.

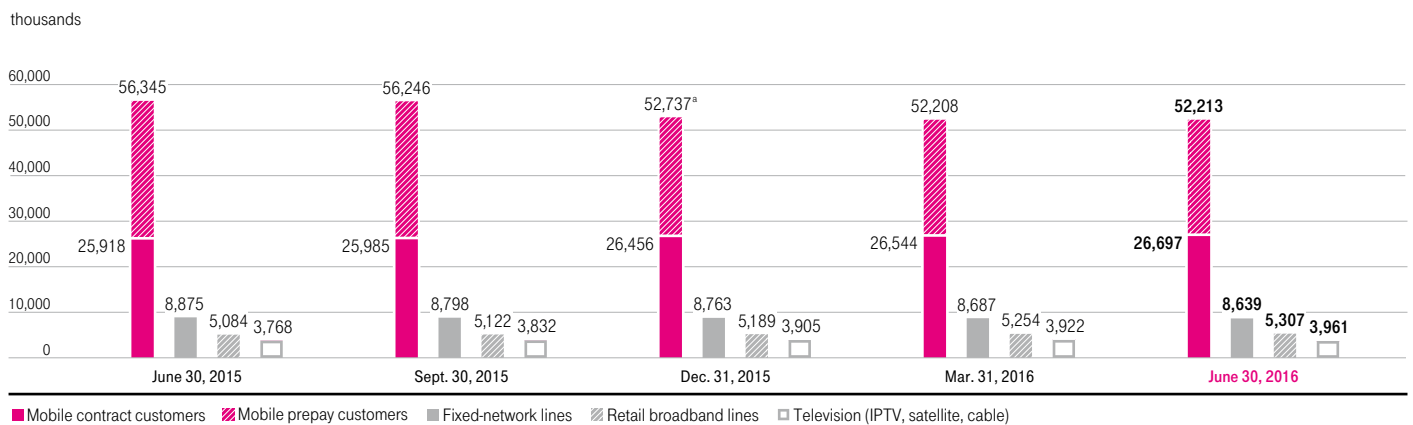
Cash capex

Cash capex decreased to EUR 3.0 billion in the first half of 2016, compared to EUR 4.0 billion in the first half of 2015, due primarily to EUR 2.1 billion of spectrum licenses acquired primarily 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 half 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 46 and 47.



^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

	June 30, 2016	Mar. 31, 2016	Change June 30, 2016/ Mar. 31, 2016 %	Dec. 31, 2015	Change June 30, 2016/ Dec. 31, 2015 %	June 30, 2015	Change June 30, 2016/ June 30, 2015 %
EUROPE, TOTAL^a							
Mobile customers	52,213	52,208	0.0%	52,737	(1.0)%	56,345	(7.3)%
Fixed-network lines	8,639	8,687	(0.6)%	8,763	(1.4)%	8,875	(2.7)%
Of which: IP-based	4,514	4,261	5.9%	4,132	9.2%	3,805	18.6%
Retail broadband lines	5,307	5,254	1.0%	5,189	2.3%	5,084	4.4%
Television (IPTV, satellite, cable)	3,961	3,922	1.0%	3,905	1.4%	3,768	5.1%
Unbundled local loop lines (ULLs)/ wholesale PSTN	2,239	2,242	(0.1)%	2,239	-	2,257	(0.8)%
Wholesale bundled lines	124	122	1.6%	121	2.5%	126	(1.6)%
Wholesale unbundled lines	227	215	5.6%	199	14.1%	167	35.9%
GREECE							
Mobile customers	7,610	7,477	1.8%	7,399	2.9%	7,387	3.0%
Fixed-network lines	2,576	2,583	(0.3)%	2,586	(0.4)%	2,591	(0.6)%
Broadband lines	1,611	1,574	2.4%	1,531	5.2%	1,448	11.3%
ROMANIA							
Mobile customers	5,909	5,934	(0.4)%	5,992	(1.4)%	6,015	(1.8)%
Fixed-network lines	2,029	2,055	(1.3)%	2,091	(3.0)%	2,153	(5.8)%
Broadband lines	1,204	1,204	-	1,186	1.5%	1,186	1.5%
HUNGARY							
Mobile customers	5,344	5,372	(0.5)%	5,504	(2.9)%	5,476	(2.4)%
Fixed-network lines	1,655	1,659	(0.2)%	1,674	(1.1)%	1,671	(1.0)%
Broadband lines	1,035	1,028	0.7%	1,023	1.2%	1,000	3.5%
POLAND^a							
Mobile customers	11,635	11,821	(1.6)%	12,056	(3.5)%	15,827	(26.5)%
Fixed-network lines	18	18	-	18	-	18	-
Broadband lines	15	17	(11.8)%	15	-	13	15.4%
CZECH REPUBLIC							
Mobile customers	6,008	6,024	(0.3)%	6,019	(0.2)%	5,996	0.2%
Fixed-network lines	140	141	(0.7)%	154	(9.1)%	152	(7.9)%
Broadband lines	133	133	-	134	(0.7)%	143	(7.0)%
CROATIA							
Mobile customers	2,246	2,206	1.8%	2,233	0.6%	2,241	0.2%
Fixed-network lines	1,009	1,012	(0.3)%	1,004	0.5%	1,038	(2.8)%
Broadband lines	762	749	1.7%	741	2.8%	733	4.0%
NETHERLANDS							
Mobile customers	3,671	3,668	0.1%	3,677	(0.2)%	3,689	(0.5)%
SLOVAKIA							
Mobile customers	2,227	2,231	(0.2)%	2,235	(0.4)%	2,196	1.4%
Fixed-network lines	848	851	(0.4)%	855	(0.8)%	864	(1.9)%
Broadband lines	618	609	1.5%	599	3.2%	578	6.9%
AUSTRIA							
Mobile customers	4,275	4,221	1.3%	4,323	(1.1)%	3,934	8.7%
OTHER^b							
Mobile customers	3,287	3,255	1.0%	3,299	(0.4)%	3,585	(8.3)%
Fixed-network lines	365	367	(0.5)%	381	(4.2)%	389	(6.2)%
Broadband lines	284	283	0.4%	285	(0.4)%	291	(2.4)%

^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 half of 2016. We completed the launch of our convergent product portfolio MagentaOne in all our integrated national companies. As of June 30, 2016, we had around 1.1 million FMC customers – 19.2 percent more than a year earlier. One key success factor of our convergent product portfolio is the joint marketing of fixed-network and mobile communications for a seamless telecommunications experience. The TV business in particular is a guarantee for success in this regard. 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 of our national companies. 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 a number of countries transmission rates of up to 375 Mbit/s 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 around the globe for our customers with regard to the Internet of Things (IoT). In machine-to-machine (M2M) communications, we offer customer-oriented solution components along the value chain. Here, 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

As of June 30, 2016, we had a total mobile customer base of 52.2 million, a slight decline of 1.0 percent compared with the end of 2015, mainly due to customer losses in the prepay segment. There is 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 slight growth in this business of 0.9 percent. The number of contract customers increased compared with year-end 2015 to 26.7 million. Many of our national companies contributed to this result, in particular Austria, the Netherlands, and Romania. At the end of the second quarter of 2016, contract customers accounted for 51.1 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 is borne out by regular independent mobile communications tests – including Best in Test from P3 Communications, which distinguished our national companies in the Netherlands, the F.Y.R.O. Macedonia, and Montenegro. Part of our network strategy is to systematically build out our mobile networks with 4G/LTE technology, to increase transmission rates in all our national companies. Thanks to investments in our 4G/LTE network, our customers enjoy better network coverage with fast mobile broadband. As of the end of the first half of 2016, we already covered 75 percent of the population in the countries of our operating segment with LTE, thus reaching more than 97 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 volumes used, but also the sales figures for mobile devices prove that our customers actually use these high bandwidths, with smartphones accounting again for a high proportion – 79 percent – of all devices sold in the first half of 2016.

Fixed network

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 TV content. However, we are also working hard on providing services that our customers can use in high quality – anywhere and on all devices. Since April of this year, our customers in Greece, for example, have been benefiting from a new hybrid TV service that combines the advantages of satellite TV and IPTV. Our customers endorse our innovations: In the first half of 2016, the number of TV customers increased slightly year-on-year by 1.4 percent to 4.0 million; compared with the first six months of 2015, the number of TV customers increased by as much as 5.1 percent. The majority of the 193 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 convergent product MagentaOne to customers in all our integrated countries with great success. As of June 30, 2016, we had won some 1.1 million FMC customers, an increase of 19.2 percent. Greece, Romania, and Croatia in particular contributed to this growth. After focusing on the consumer segment, we are now also extending the MagentaOne offering to the business customer segment: As of the second quarter of 2016, we now also offer MagentaOne Business in Slovakia and Hungary – in addition to Romania, the F.Y.R.O. Macedonia, Croatia, and 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. As of June 30, 2016, we recorded 4.5 million IP-based lines – an increase of 9.2 percent compared with the end of 2015. At segment level, IP-based lines accounted for 52.3 percent of all lines. 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. The conversion to IP technology in Hungary was already well advanced as of June 30, 2016; we expect the migration of PSTN lines to be completed by the end of the year. As of the end of the reporting period, 8.6 million customers in our Europe operating segment were using a fixed-network line, 1.4 percent fewer than at the end of 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 2.3 percent in the first half of 2016 to 5.3 million lines, up 4.4 percent compared with the prior-year period. Thanks to the high proportion of DSL technology in the last few quarters, the number of broadband lines has grown steadily. Our commitment to invest more in fiber-optic-based lines in the integrated countries of our operating segment is being well received by customers: In the first half of 2016, we generated strong double-digit growth compared with the end of 2015. Household coverage with optical fiber increased again overall, reaching 21.4 percent as of the reporting date. By 2018, we want 50 percent of households in our integrated national companies to have access to fiber-optic lines (FTTx), i.e., transmission rates of up to 100 Mbit/s.

DEVELOPMENT OF OPERATIONS

millions of €

	Q1 2016	Q2 2016	Q2 2015	Change %	H1 2016	H1 2015	Change %	FY 2015
TOTAL REVENUE	3,080	3,106	3,209	(3.2)%	6,186	6,366	(2.8)%	13,024
Greece	685	701	704	(0.4)%	1,386	1,396	(0.7)%	2,878
Romania	234	242	241	0.4%	476	482	(1.2)%	984
Hungary	403	408	453	(9.9)%	811	898	(9.7)%	1,848
Poland	378	343	385	(10.9)%	721	767	(6.0)%	1,544
Czech Republic	229	233	231	0.9%	462	457	1.1%	958
Croatia	220	230	222	3.6%	450	433	3.9%	909
Netherlands	324	319	362	(11.9)%	643	708	(9.2)%	1,394
Slovakia	187	186	185	0.5%	373	372	0.3%	783
Austria	208	208	205	1.5%	416	402	3.5%	829
Other ^a	270	293	271	8.1%	563	550	2.4%	1,136
Profit from operations (EBIT)	326	377	391	(3.6)%	703	717	(2.0)%	1,476
EBIT margin %	10.6	12.1	12.2		11.4	11.3		11.3
Depreciation, amortization and impairment losses	(636)	(639)	(626)	(2.1)%	(1,275)	(1,262)	(1.0)%	(2,632)
EBITDA	962	1,016	1,017	(0.1)%	1,978	1,979	(0.1)%	4,108
Special factors affecting EBITDA	(24)	(22)	(64)	65.6%	(46)	(118)	61.0%	(221)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	986	1,038	1,081	(4.0)%	2,024	2,097	(3.5)%	4,329
Greece	267	268	267	0.4%	535	530	0.9%	1,118
Romania	38	38	49	(22.4)%	76	104	(26.9)%	205
Hungary	126	144	145	(0.7)%	270	260	3.8%	526
Poland	120	100	145	(31.0)%	220	275	(20.0)%	580
Czech Republic	99	100	96	4.2%	199	185	7.6%	390
Croatia	82	95	90	5.6%	177	171	3.5%	367
Netherlands	88	102	124	(17.7)%	190	257	(26.1)%	500
Slovakia	78	79	76	3.9%	157	149	5.4%	296
Austria	69	70	66	6.1%	139	131	6.1%	259
Other ^a	20	42	19	n. a.	62	32	93.8%	88
EBITDA margin (adjusted for special factors) %	32.0	33.4	33.7		32.7	32.9		33.2
CASH CAPEX	(1,009)	(391)	(303)	(29.0)%	(1,400)	(801)	(74.8)%	(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 6.2 billion in the first half of 2016, a year-on-year decrease of 2.8 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 decreased only slightly by 0.8 percent. Excluding the development of business in the Netherlands, organic revenue in the Europe operating segment would in fact have increased by 0.3 percent on the prior-year level.

Decisions by regulatory authorities continued to put pressure on our organic revenue in the first half of 2016 due to reduced mobile termination rates, especially in Hungary. Intense competition on the telecommunications markets of our national companies also had a negative impact.

The decline in revenue at segment level was mitigated by the strategic growth areas, where revenue increased by 4.5 percent. Thus the growth areas accounted for 30.3 percent of segment revenue. Revenue from mobile data business increased by 5.3 percent compared with the prior-year period to

EUR 880 million. Most countries of our operating segment made a contribution to this growth, especially the Czech Republic, Austria, and Hungary. The majority of absolute revenue growth 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 our innovative TV and program management, the TV business continued its upward trend of the past few quarters: In the first half of 2016, TV revenue increased by 11.6 percent and accounted for some 28 percent of the revenue increases generated in the growth areas. The B2B/ICT business with business customers also recorded year-on-year growth in revenue in the first half 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. We are already growing faster than the market in the area of the B2B cloud, where we are profiting from the systematic exchange of cloud best practices between our national companies and the Systems Solutions segment, enabling us to better exploit growth opportunities in the local markets.

In addition to the growth areas, we recorded increases in revenue both in wholesale business and in sales of mobile terminal equipment.

Considered by country, the organic revenue trend was hit hardest by the decline in operations in the Netherlands in the first half of 2016. In particular, competition-driven price reductions, especially in consumer business, had a negative impact on service revenues. Slight increases in visitor revenues (revenues from third parties for roaming in our home network) made a positive contribution to revenue. At the end of May 2016, we launched our new marketing campaign under the name Live Forward. Our varied range of products and services is to convince our customers to make the most of the opportunities a digital lifestyle offers them.

Romania and Greece also recorded revenue losses on an organic basis. In Romania, the fixed-network business declined primarily due to lower revenue from voice telephony and the B2B/ICT business, which was only partially offset by growth in the mobile business. In Greece, the mobile business declined compared with the first six months of the prior year. The national companies in Austria, Hungary, and Croatia in particular made positive contributions to organic segment revenue, thereby almost offsetting the declines.

EBITDA, adjusted EBITDA

Our Europe operating segment generated adjusted EBITDA of EUR 2.0 billion in the first half of 2016, a year-on-year decrease of 3.5 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 2.6 percent. Excluding the development of business in the Netherlands, organic adjusted EBITDA in the Europe operating segment would in fact have increased slightly by 0.7 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 interconnection costs. Changes in legislation, e.g., taxes and duties, national austerity programs, as in Greece for example, and regulatory decisions put additional pressure on our earnings. We were only partially able to offset these negative effects by slightly reducing indirect costs.

Considering adjusted EBITDA by country, the decline was attributable to the Netherlands, Poland, 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 2.0 billion, EBITDA remained at the prior-year level, with two effects offsetting each other. In the prior-year period, EBITDA was impacted by higher negative special effects: in particular in Greece, due to expenses for staff-related measures, primarily in the fixed-network business, and Slovakia, due to the expense to settle a claim for damages against Slovak Telekom. This effect was offset by the mainly revenue-related decrease in adjusted EBITDA in the first half of 2016.

Development of operations in selected countries

With our aim of becoming the leading European telecommunications provider, the majority of our national companies are pursuing the strategy of developing 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. In Greece, revenue stood at EUR 1.4 billion, more or less on a par with the prior-year level. The still strained economic situation, the intensely competitive environment, and the new tax legislation had a negative impact on mobile revenue overall. Declining revenue in voice telephony in particular impacted negatively on service revenues. The main reason was a decline in the use of voice services. Despite strong growth in data business as a result of an increase in the data volume, the decline in voice telephony was only partially offset. Revenue from the sale of mobile terminal equipment also decreased compared with the prior-year period.

The revenue increase in the fixed-network business almost completely offset the revenue decline from mobile business. The TV business in particular proved to be a steady growth driver, with revenue increasing significantly by some 50 percent compared with the first half of 2015. The successful launch of the FMC product CosmoteOne also contributed to this growth. We continued our range of innovative TV services in the second quarter of 2016. Revenue from broadband-only business also profited from the increase in DSL lines. In addition, the business customer segment B2B/ICT made a significant positive contribution to fixed-network revenue with double-digit growth, which overall offset the negative effects from the decline in voice telephony.

In the first half of 2016, adjusted EBITDA in Greece totaled EUR 535 million, up a moderate 0.9 percent against the prior-year period, due to savings in both direct and indirect costs. The latter mainly relate to lower personnel costs.

Hungary. In Hungary, revenue decreased by 9.7 percent year-on-year to EUR 811 million. Excluding the spin-off of the energy resale business and assuming constant exchange rates, revenue increased slightly by 1.9 percent on an organic basis. 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 half of 2016. The number of broadband lines increased gradually. 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. Since June 2016, we have also been offering this service to our business customers. Thanks to these positive contributions, we more than offset the revenue declines in both traditional telephony and the business customer segment B2B/ICT.

Mobile revenues remained stable at the prior-year level. The decline in service revenues, especially in voice telephony, is due almost entirely to lower termination charges as a result of mobile regulation. The positive trend in business with mobile data revenue continued in the first half of 2016 with an increase of 9.7 percent, thus partially offsetting the revenue declines. 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 the usage behavior of our customers and by the fact that smartphones accounted for a high proportion of all terminal devices sold. This can also be seen in terminal equipment revenue.

Adjusted EBITDA increased by 3.8 percent year-on-year in the first half of 2016 to EUR 270 million. In organic terms, adjusted EBITDA grew by as much as 7.1 percent.

Austria. In Austria, we generated revenue of EUR 416 million in the first half of 2016, up 3.5 percent compared with the same six months of the prior year. This rise is largely attributable to higher revenue from mobile data business, which increased as a percentage of total revenues thanks to continued strong growth in the number of contract customers. Revenue from voice telephony remained stable compared with the prior-year period, while revenue from the SMS business decreased. In particular, the successful launch of the new rate plan model last year, as well as high demand for smartphones resulted in a sharp increase in the usage of our data services, and business with the sale of mobile terminal equipment also made a positive contribution to revenue performance.

Adjusted EBITDA increased by 6.1 percent year-on-year in the first half of 2016 to EUR 139 million. Higher revenue offset an increase in direct costs attributable to market investments. Indirect costs were down slightly on the prior-year period.

EBIT

At EUR 703 million, EBIT in our Europe operating segment decreased only slightly year-on-year in the first half of 2016. Depreciation, amortization and impairment losses increased slightly compared with the prior-year period.

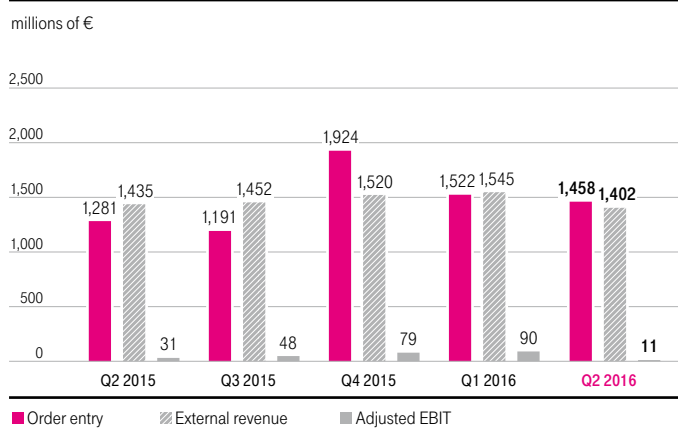
Cash capex

In the first half of 2016, our Europe operating segment reported cash capex of EUR 1.4 billion. This increase of EUR 599 million compared with the prior-year period 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 46 and 47.



	June 30, 2016	Mar. 31, 2016	Change June 30, 2016/ Mar. 31, 2016 %	Dec. 31, 2015	Change June 30, 2016/ Dec. 31, 2015 %	June 30, 2015	Change June 30, 2016/ June 30, 2015 %
ORDER ENTRY (millions of €)	2,980	1,522	n. a.	5,608	n. a.	2,493	19.5%
COMPUTING & DESKTOP SERVICES							
Number of servers managed and serviced (units)	66,002	63,255	4.3%	62,590	5.5%	61,768	6.9%
Number of workstations managed and serviced (millions)	1.73	1.67	3.6%	1.71	1.2%	1.64	5.5%
SYSTEMS INTEGRATION							
Hours billed (millions)	3.6	1.7	n. a.	5.3	n. a.	2.7	33.3%
Utilization rate (%)	83.4	82.1	1.3% p	82.9	0.5% p	82.3	1.1% p

Development of business

In the first half 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. For example, revenue from cloud computing increased by 21 percent compared with the prior-year period. 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 6.9 percent compared with the first half 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 5.5 percent compared with the first half of 2015.

DEVELOPMENT OF OPERATIONS

millions of €

	Q1 2016	Q2 2016	Q2 2015	Change %	H1 2016	H1 2015	Change %	FY 2015
TOTAL REVENUE	2,045	2,009	2,073	(3.1)%	4,054	4,000	1.4%	8,194
Profit (loss) from operations (EBIT)	30	(99)	(237)	58.2%	(69)	(307)	77.5%	(541)
Special factors affecting EBIT	(60)	(110)	(268)	59.0%	(170)	(352)	51.7%	(713)
EBIT (adjusted for special factors)	90	11	31	(64.5)%	101	45	n.a.	172
EBIT margin (adjusted for special factors) %	4.4	0.5	1.5		2.5	1.1		2.1
Depreciation, amortization and impairment losses	(116)	(164)	(221)	25.8%	(280)	(362)	22.7%	(634)
EBITDA	146	65	(16)	n.a.	211	55	n.a.	93
Special factors affecting EBITDA	(60)	(110)	(219)	49.8%	(170)	(293)	42.0%	(647)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	206	175	203	(13.8)%	381	348	9.5%	740
EBITDA margin (adjusted for special factors) %	10.1	8.7	9.8		9.4	8.7		9.0
CASH CAPEX	(237)	(260)	(276)	5.8%	(497)	(524)	5.2%	(1,151)

Total revenue

Total revenue in our Systems Solutions operating segment in the first half of 2016 amounted to EUR 4.1 billion, a year-on-year increase of 1.4 percent.

Revenue of the Market Unit, i.e., essentially business with external customers, was up 1.8 percent compared with the first half of 2015 to EUR 3.3 billion; with international revenue increasing by another 2.9 percent. This was mainly due to the completion of the set-up phase for the toll collection system in Belgium in the first quarter of 2016. 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 down 0.5 percent to EUR 0.7 billion against the prior year. 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 33 million or 9.5 percent in the first half of 2016, due to a substantially higher contribution from the Market Unit, which was up 19.5 percent. The increase in the Market Unit's earnings was primarily attributable to the completion in the first quarter of 2016 of the set-up phase for the toll collection system in Belgium. Adjusted EBITDA at Telekom IT decreased year-on-year by 18.7 percent to EUR 74 million, mainly due to the lower intragroup onward charging of costs from the licensing of the Group-wide ERP system. The adjusted EBITDA margin of our Systems Solutions operating segment increased from 8.7 percent in the prior-year period to 9.4 percent.

EBITDA also increased by EUR 156 million compared with the prior-year period to EUR 211 million, mainly due to the effects described under adjusted EBITDA and to a EUR 123 million decrease in special factors, primarily due to restructuring programs in the prior year.

EBIT, adjusted EBIT

Adjusted EBIT increased by EUR 56 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 1.1 percent in the first half of 2015 to 2.5 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 497 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 are investing 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	Q2 2016	Q2 2015	Change %	H1 2016	H1 2015	Change %	FY 2015
TOTAL REVENUE	513	542	584	(7.2)%	1,055	1,149	(8.2)%	2,275
Profit (loss) from operations (EBIT)	2,139	(436)	(231)	(88.7)%	1,703	(483)	n. a.	(860)
Depreciation, amortization and impairment losses	(130)	(129)	(138)	6.5%	(259)	(282)	8.2%	(627)
EBITDA	2,269	(307)	(93)	n. a.	1,962	(201)	n. a.	(233)
Special factors affecting EBITDA	2,386	(199)	(17)	n. a.	2,187	(103)	n. a.	319
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	(117)	(108)	(76)	(42.1)%	(225)	(98)	n. a.	(552)
CASH CAPEX	(60)	(51)	(65)	21.5%	(111)	(161)	31.1%	(342)

Total revenue

Total revenue in our Group Headquarters & Group Services segment in the first half of 2016 decreased by 8.2 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 at Group Headquarters & Group Services decreased by EUR 127 million year-on-year in the first half of 2016, 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 48 million compared with the first half of 2015, primarily due to lower personnel costs as a result of the continued staff restructuring at Vivento. Additional positive effects result from the realignment of the Group Innovation* unit and the reversal of provisions. By contrast, the adjusted EBITDA trend was negatively impacted by lower income from real estate sales and continued efforts to optimize the use of land and buildings. The loss of contributions in connection with the sale of t-online.de and InteractiveMedia and reduced income from reimbursements related to the sale of our EE joint venture to the UK company BT completed in January 2016, also had a negative impact on adjusted EBITDA in the first half of 2016.

Overall, positive special factors of EUR 2.2 billion affected EBITDA in the first half of 2016. These factors resulted primarily from the sale of our EE joint venture to the UK company BT, which was completed in January 2016. We generated income of some EUR 2.5 billion from this sale. The sale of shares in Scout24 AG in April 2016 also generated income of some EUR 0.1 billion. Expenses of around EUR 0.3 billion, especially for staff-related measures, had a negative impact on EBITDA in the reporting period. Special factors in the prior-year period consisted primarily of expenses for staff-related measures.

EBIT

The year-on-year increase in EBIT by EUR 2.2 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 23 million on the prior-year level.

Cash capex

Cash capex decreased year-on-year by EUR 50 million, due to the purchase of fewer vehicles and licenses.

EVENTS AFTER THE REPORTING PERIOD (JUNE 30, 2016)

Cash outflows for the acquisition of mobile spectrum in Poland. A payment of around EUR 0.5 billion was made on July 4, 2016 for mobile spectrum acquired by T-Mobile Polska in June 2016.

Dividend payment by BT. On July 13, 2016 the annual general meeting of BT resolved that the final dividend of GBP 0.096 per share be declared to be payable on September 5, 2016 to holders of ordinary shares registered at the close of business on August 12, 2016. Deutsche Telekom expects a dividend payment of GBP 114.8 million for its 12.0 percent financial stake in BT.

For information on the European Commission's statement of July 19, 2016 on the **regulatory procedure for vectoring in areas near local exchanges**, please refer to the section "The economic environment," page 10 et seq.

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

Toll Collect arbitration proceedings. In the Toll Collect arbitration proceedings another hearing took place in June 2016. There is no reason to adjust the provisions for risk recognized in 2014 in the statement of financial position.

Claims by partnering publishers of telephone directories. Five partnering publishers of telephone directories, whose civil actions are still pending, are now pursuing their claims in parallel through administrative court actions against the Federal Network Agency.

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 (please refer to "Regulation," page 34) 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 further about the proceedings which are still pending in the future.

Claim for damages in Malaysia despite earlier, contrary, 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, a subsidiary of Deutsche Telekom AG. The complainants are demanding damages and compensation of USD 232 million plus interest. DeTeAsia Holding GmbH 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. At present the financial impact of these proceedings cannot be assessed with sufficient certainty.

PROCEEDINGS CONCLUDED IN 2016

Claims for damages concerning the charges for 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 had 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 have thus been terminated.

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. The decision has now become final and legally binding; the proceedings have thus been terminated.

ANTI-TRUST PROCEEDINGS

Claims for damages against Slovak Telekom following the European Commission's decision to impose fines. Following the fining decision of the European Commission dated October 15, 2014, in addition to Orange Slovensko and SWAN, Slovanet has now also filed a damage action against Slovak Telekom with the civil court in Bratislava. Slovanet is claiming compensation for alleged damages of EUR 63 million plus interest. The action by Slovanet has not been formally served upon Slovak Telekom as of yet. In the proceedings against Orange Slovensko, Slovak Telekom already filed a statement of defense in January 2016 and is currently preparing its defense in the proceedings against SWAN. At present the financial impact of these proceedings cannot be assessed with sufficient certainty.

FINANCIAL RISKS

There is as yet no objective evidence of an impairment loss on Deutsche Telekom's financial stake in BT to be recognized in profit or loss. Nevertheless, we are monitoring the ongoing development of the fair value of the BT share – depending on the further development of the exchange rate and/or the share price – for signs of any impairment.

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 third 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 was published in June 2016 without much press reaction. The regulation will enter into force after a six-month transposition period. For some rules an extended transposition period of twelve months is envisaged.

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, 3.5 GHz, and 3.7 GHz ranges. Award procedures are currently being prepared in Greece, the United Kingdom, Montenegro, the Czech Republic, and Slovakia, which are expected to be held by the end of 2016. The 0.8/2.6 GHz auction launched in February 2015 in Poland came to its conclusion in June 2016. In the end, T-Mobile Polska acquired 2x10 MHz in the 0.8 GHz range and 2x15 MHz in the 2.6 GHz range. Due to complaints already filed against the auction process, a legal review of the procedure is to be expected. In the Czech Republic, T-Mobile Czech Republic was able to secure 2x10 MHz and a block of 25 MHz of spectrum in the 2.6 GHz range as additional capacity in an auction in June 2016. A decision on the extension of the rights of use for T-Mobile Czech Republic's existing 0.9/1.8 GHz spectrum is expected by the end of 2016. In addition, there are plans for the award of 3.7 GHz spectrum, which is expected by spring 2017. In the United States, the first phase of the Incentive Auction to reallocate former broadcast spectrum to mobile communications usage with a commercial target of 126 MHz and a possible price of more than USD 86 billion was completed in June 2016. This first phase of the auction was aimed at broadcasters, while the second phase T-Mobile US has prepared for, scheduled for fall 2016, will focus on the sale of released spectrum to interested mobile communications providers.

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. The public consultation on these guidelines gives rise to the risk of restrictive application of the regulation. The publication has been announced for the end of August 2016.
- **Information requirements.** In addition to the provisions on net neutrality, the BEREC guidelines published for consultation also include far-reaching provisions on obligations to provide information that significantly constrict the legal framework of the EU regulation. Under these provisions, all customers are to be able to access all information on bandwidths; the information would also have to be made available to all existing customers retrospectively. Both of these measures entail corresponding revenue risks. However, since the guidelines are not binding in law, the national implementation remains to be seen.
- **International roaming.** In the first quarter of 2016, the European Commission completed a consultation on further measures to abolish roaming surcharges and on June 15, 2016, published a legislative proposal for the further regulation of wholesale roaming charges. Under this proposal, some regulated wholesale roaming charges are to be very significantly reduced as of June 15, 2017. The draft bill is to be adopted by the European Council and Parliament by mid 2017. Changes to the current draft are possible. The reduction in regulated wholesale roaming charges gives rise to revenue risks – e.g., from the misuse of the international roaming mechanism to circumvent national terms and conditions – for us and our international subsidiaries.

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.

In Germany, the Federal Network Agency is now also planning to apply the “pure LRIC cost standard” in accordance with the termination rate recommendation of the European Commission. A corresponding draft consultation for the regulatory order for mobile termination was put out for national consultation in the second quarter of 2016 and the European Commission was notified. There are concerns that the rates approval proceedings on a “pure LRIC” basis pending in the fourth quarter of 2016 will lead to substantial rate reductions.

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 €

	June 30, 2016	Dec. 31, 2015	Change	Change %	June 30, 2015
ASSETS					
CURRENT ASSETS	24,518	32,184	(7,666)	(23.8)%	27,325
Cash and cash equivalents	7,207	6,897	310	4.5%	4,694
Trade and other receivables	8,825	9,238	(413)	(4.5)%	10,600
Current recoverable income taxes	159	129	30	23.3%	143
Other financial assets	4,172	5,805	(1,633)	(28.1)%	2,109
Inventories	1,890	1,847	43	2.3%	1,690
Other assets	1,802	1,346	456	33.9%	1,631
Non-current assets and disposal groups held for sale	463	6,922	(6,459)	(93.3)%	6,458
NON-CURRENT ASSETS	118,948	111,736	7,212	6.5%	107,653
Intangible assets	58,269	57,025	1,244	2.2%	57,165
Property, plant and equipment	44,901	44,637	264	0.6%	41,027
Investments accounted for using the equity method	782	822	(40)	(4.9)%	534
Other financial assets	9,218	3,530	5,688	n.a.	3,046
Deferred tax assets	5,208	5,248	(40)	(0.8)%	5,507
Other assets	570	474	96	20.3%	374
TOTAL ASSETS	143,466	143,920	(454)	(0.3)%	134,978
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES	30,286	33,548	(3,262)	(9.7)%	32,603
Financial liabilities	12,570	14,439	(1,869)	(12.9)%	15,152
Trade and other payables	9,442	11,090	(1,648)	(14.9)%	9,158
Income tax liabilities	203	197	6	3.0%	302
Other provisions	2,852	3,367	(515)	(15.3)%	3,150
Other liabilities	5,129	4,451	678	15.2%	4,831
Liabilities directly associated with non-current assets and disposal groups held for sale	90	4	86	n.a.	10
NON-CURRENT LIABILITIES	76,212	72,222	3,990	5.5%	66,414
Financial liabilities	50,361	47,941	2,420	5.0%	43,093
Provisions for pensions and other employee benefits	8,818	8,028	790	9.8%	8,033
Other provisions	3,155	2,978	177	5.9%	2,339
Deferred tax liabilities	9,529	9,205	324	3.5%	8,913
Other liabilities	4,349	4,070	279	6.9%	4,036
LIABILITIES	106,498	105,770	728	0.7%	99,017
SHAREHOLDERS' EQUITY	36,968	38,150	(1,182)	(3.1)%	35,961
Issued capital	11,973	11,793	180	1.5%	11,793
Treasury shares	(50)	(51)	1	2.0%	(53)
	11,923	11,742	181	1.5%	11,740
Capital reserves	53,288	52,412	876	1.7%	52,361
Retained earnings including carryforwards	(39,007)	(38,969)	(38)	(0.1)%	(38,827)
Total other comprehensive income	(1,958)	(178)	(1,780)	n.a.	(491)
Total other comprehensive income directly associated with non-current assets and disposal groups held for sale	-	1,139	(1,139)	n.a.	1,337
Net profit (loss)	3,746	3,254	492	15.1%	1,499
ISSUED CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT	27,992	29,400	(1,408)	(4.8)%	27,619
Non-controlling interests	8,976	8,750	226	2.6%	8,342
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	143,466	143,920	(454)	(0.3)%	134,978

CONSOLIDATED INCOME STATEMENT

millions of €

	Q2 2016	Q2 2015	Change %	H1 2016	H1 2015	Change %	FY 2015
NET REVENUE	17,817	17,428	2.2%	35,447	34,270	3.4%	69,228
Other operating income	258	337	(23.4)%	3,437	734	n. a.	2,008
Changes in inventories	(6)	3	n. a.	6	8	(25.0)%	(11)
Own capitalized costs	518	464	11.6%	998	965	3.4%	2,041
Goods and services purchased	(8,764)	(8,869)	1.2%	(17,427)	(17,776)	2.0%	(35,706)
Personnel costs	(4,365)	(4,064)	(7.4)%	(8,427)	(7,934)	(6.2)%	(15,856)
Other operating expenses	(761)	(765)	0.5%	(1,670)	(1,573)	(6.2)%	(3,316)
Depreciation, amortization and impairment losses	(3,151)	(2,728)	(15.5)%	(6,293)	(5,422)	(16.1)%	(11,360)
PROFIT FROM OPERATIONS	1,546	1,806	(14.4)%	6,071	3,272	85.5%	7,028
Finance costs	(652)	(577)	(13.0)%	(1,285)	(1,177)	(9.2)%	(2,363)
Interest income	48	56	(14.3)%	110	121	(9.1)%	246
Interest expense	(700)	(633)	(10.6)%	(1,395)	(1,298)	(7.5)%	(2,609)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	(1)	13	n. a.	1	11	(90.9)%	24
Other financial income (expense)	(93)	(200)	53.5%	324	(41)	n. a.	89
PROFIT (LOSS) FROM FINANCIAL ACTIVITIES	(746)	(764)	2.4%	(960)	(1,207)	20.5%	(2,250)
PROFIT BEFORE INCOME TAXES	800	1,042	(23.2)%	5,111	2,065	n. a.	4,778
Income taxes	(114)	(283)	59.7%	(1,048)	(517)	n. a.	(1,276)
PROFIT (LOSS)	686	759	(9.6)%	4,063	1,548	n. a.	3,502
PROFIT (LOSS) ATTRIBUTABLE TO							
Owners of the parent (net profit (loss))	621	712	(12.8)%	3,746	1,499	n. a.	3,254
Non-controlling interests	65	47	38.3%	317	49	n. a.	248

EARNINGS PER SHARE

	Q2 2016	Q2 2015	Change %	H1 2016	H1 2015	Change %	FY 2015
Profit (loss) attributable to the owners of the parent (net profit (loss))	621	712	(12.8)%	3,746	1,499	n. a.	3,254
Weighted average number of ordinary shares (basic/diluted)	4,597	4,525	1.6%	4,597	4,525	1.6%	4,553
EARNINGS PER SHARE BASIC/DILUTED	0.13	0.16	(18.8)%	0.81	0.33	n. a.	0.71

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

millions of €

	Q2 2016	Q2 2015	Change	H1 2016	H1 2015	Change	FY 2015
PROFIT (LOSS)	686	759	(73)	4,063	1,548	2,515	3,502
Items not reclassified to the income statement retrospectively							
Gain (loss) from the remeasurement of defined benefit plans	(440)	1,191	(1,631)	(1,078)	425	(1,503)	230
Share of profit (loss) of investments accounted for using the equity method	0	0	0	0	0	0	0
Income taxes relating to components of other comprehensive income	136	(364)	500	332	(131)	463	(60)
	(304)	827	(1,131)	(746)	294	(1,040)	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	0	0	0	(948)	4	(952)	4
Change in other comprehensive income (not recognized in income statement)	549	(607)	1,156	(633)	1,853	(2,486)	2,000
Available-for-sale financial assets							
Recognition of other comprehensive income in income statement	6	(2)	8	5	0	5	0
Change in other comprehensive income (not recognized in income statement)	(986)	(1)	(985)	(1,445)	4	(1,449)	31
Gains (losses) from hedging instruments							
Recognition of other comprehensive income in income statement	54	65	(11)	298	(339)	637	(255)
Change in other comprehensive income (not recognized in income statement)	69	47	22	(340)	652	(992)	653
Share of profit (loss) of investments accounted for using the equity method							
Recognition of other comprehensive income in income statement	0	0	0	7	0	7	0
Change in other comprehensive income (not recognized in income statement)	0	0	0	1	3	(2)	25
Income taxes relating to components of other comprehensive income	(39)	(36)	(3)	14	(97)	111	(127)
	(347)	(534)	187	(3,041)	2,080	(5,121)	2,331
OTHER COMPREHENSIVE INCOME	(651)	293	(944)	(3,787)	2,374	(6,161)	2,501
TOTAL COMPREHENSIVE INCOME	35	1,052	(1,017)	276	3,922	(3,646)	6,003
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO							
Owners of the parent	(165)	1,208	(1,373)	58	3,478	(3,420)	5,221
Non-controlling interests	200	(156)	356	218	444	(226)	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			(388)		
Unappropriated profit (loss) carried forward				2,924	(2,924)
Dividends				(2,257)	
Capital increase at Deutsche Telekom AG	182		906		
Capital increase from share-based payment			65		
Share buy-back/shares held in a trust deposit				1	
Profit (loss)					1,499
Other comprehensive income				289	
TOTAL COMPREHENSIVE INCOME					
Transfer to retained earnings				(1)	
BALANCE AT JUNE 30, 2015	11,793	(53)	52,361	(38,827)	1,499
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				(2,523)	
Capital increase at Deutsche Telekom AG	180		839		
Capital increase from share-based payment			84		
Share buy-back/shares held in a trust deposit		1		2	
Profit (loss)					3,746
Other comprehensive income				(735)	
TOTAL COMPREHENSIVE INCOME					
Transfer to retained earnings				(36)	
BALANCE AT JUNE 30, 2016	11,973	(50)	53,288	(39,007)	3,746

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
196	(1)					(193)	(667)	(860)
						0	-	0
						(2,257)	(98)	(2,355)
						1,088	-	1,088
						65	34	99
						1	-	1
						1,499	49	1,548
1,464		5	313	3	(95)	1,979	395	2,374
						3,478	444	3,922
						0	-	0
413	(62)	84	653	(39)	(203)	27,619	8,342	35,961
						0	-	0
427	(62)	110	738	(17)	(235)	29,400	8,750	38,150
						-	(2)	(2)
(2)						(49)	62	13
						0	-	0
						(2,523)	(97)	(2,620)
						1,019	0	1,019
						84	45	129
						3	-	3
						3,746	317	4,063
(1,489)		(1,443)	(42)	8	13	(3,688)	(99)	(3,787)
						58	218	276
						0	-	0
				36		0	-	0
(1,064)	(62)	(1,333)	696	27	(222)	27,992	8,976	36,968

CONSOLIDATED STATEMENT OF CASH FLOWS

millions of €

	Q2 2016	Q2 2015	H1 2016	H1 2015	FY 2015
PROFIT BEFORE INCOME TAXES	800	1,042	5,111	2,065	4,778
Depreciation, amortization and impairment losses	3,151	2,728	6,293	5,422	11,360
(Profit) loss from financial activities	746	764	960	1,207	2,250
(Profit) loss on the disposal of fully consolidated subsidiaries	(1)	1	(7)	1	(583)
(Income) loss from the sale of stakes accounted for using the equity method	(55)	-	(2,562)	-	-
Other non-cash transactions	73	57	164	116	243
(Gain) loss from the disposal of intangible assets and property, plant and equipment	11	(35)	(399)	(25)	(87)
Change in assets carried as working capital	251	340	(166)	82	(1,438)
Change in provisions	(302)	(422)	(394)	(376)	112
Change in other liabilities carried as working capital	(320)	(52)	(192)	26	878
Income taxes received (paid)	(135)	(164)	(267)	(300)	(695)
Dividends received	5	211	180	490	578
Net payments from entering into, canceling or changing the terms and conditions of interest rate derivatives	289	51	289	101	100
CASH GENERATED FROM OPERATIONS	4,513	4,521	9,010	8,809	17,496
Interest paid	(894)	(972)	(2,061)	(2,152)	(3,464)
Interest received	312	322	478	522	965
NET CASH FROM OPERATING ACTIVITIES	3,931	3,871	7,427	7,179	14,997
Cash outflows for investments in					
Intangible assets	(824)	(2,394)	(2,531)	(4,834)	(6,446)
Property, plant and equipment	(1,879)	(1,936)	(4,068)	(3,925)	(8,167)
Non-current financial assets	(43)	(52)	(353)	(113)	(493)
Payments to acquire control of subsidiaries and associates	(1)	(1)	0	(9)	(28)
Proceeds from disposal of					
Intangible assets	0	1	0	1	4
Property, plant and equipment	53	78	210	165	363
Non-current financial assets	110	27	153	36	446
Proceeds from the loss of control of subsidiaries and associates	0	(7)	11	(8)	(58)
Net change in short-term investments and marketable securities and receivables	353	460	615	1,928	(638)
Other	2	0	(4)	(2)	2
NET CASH USED IN INVESTING ACTIVITIES	(2,229)	(3,824)	(5,967)	(6,761)	(15,015)
Proceeds from issue of current financial liabilities	7,451	12,112	15,348	14,846	33,490
Repayment of current financial liabilities	(9,142)	(10,268)	(20,543)	(16,539)	(36,944)
Proceeds from issue of non-current financial liabilities	1,377	1	5,836	600	5,247
Repayment of non-current financial liabilities	0	(17)	0	(157)	(207)
Dividends (including to non-controlling interests)	(1,547)	(1,231)	(1,556)	(1,231)	(1,256)
Repayment of lease liabilities	(87)	(43)	(163)	(96)	(224)
Deutsche Telekom AG share buy-back	-	-	-	-	(15)
Sale of Deutsche Telekom AG treasury shares	-	-	-	-	31
Cash inflows from transactions with non-controlling entities	11	16	12	35	43
Cash outflows from transactions with non-controlling entities	(3)	(900)	(46)	(900)	(1,041)
Other	0	(64)	0	(88)	-
NET CASH USED IN FINANCING ACTIVITIES	(1,940)	(394)	(1,112)	(3,530)	(876)
Effect of exchange rate changes on cash and cash equivalents	113	(59)	(38)	282	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	(125)	(406)	310	(2,829)	(626)
CASH AND CASH EQUIVALENTS, AT THE BEGINNING OF THE PERIOD	7,332	5,100	6,897	7,523	7,523
CASH AND CASH EQUIVALENTS, AT THE END OF THE PERIOD	7,207	4,694	7,207	4,694	6,897

SIGNIFICANT EVENTS AND TRANSACTIONS

ACCOUNTING POLICIES

In accordance with § 37y of the Securities Trading Act (Wertpapierhandelsgesetz – WpHG) in conjunction with § 37w (2) WpHG, Deutsche Telekom AG's half-year financial report comprises interim consolidated financial statements and an interim management report for the Group as well as a responsibility statement pursuant to § 297 (2) sentence 4 and § 315 (1) sentence 6 of the German Commercial Code (Handelsgesetzbuch – HGB). 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 June 30, 2016 are 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 half-year 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	Jan. 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	Jan. 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	Jan. 1, 2016		No relevance for Deutsche Telekom.
Amendments to IAS 19	Defined Benefit Plans – Employee Contributions	Jan. 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	Jan. 1, 2016		No relevance for Deutsche Telekom.
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	Jan. 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	Jan. 1, 2016	Clarification of many published standards.	No material impact.
Annual Improvements Project	Annual Improvements to IFRSs 2012–2014 Cycle	Jan. 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. 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 telecommunications 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 former 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 43, and to "Disclosures on financial instruments" in the section "Other disclosures," page 48 et seq.

PRESENTATION OF THE QUANTITATIVE EFFECTS ON THE COMPOSITION OF THE GROUP IN THE FIRST HALF 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 resulted 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 of the comparative period.

millions of €

	Total H1 2016	H1 2015							Organic change H1 2016	
		Total	Germany	United States	Europe	Systems Solutions	Group Headquarters & Group Services	Reconcili- ation		Pro-forma ^a
Net revenue	35,447	34,270			(88)		(51)		34,131	1,316
Other operating income	3,437	734			0		(1)		733	2,704
Changes in inventories	6	8			0		0		8	(2)
Own capitalized costs	998	965			0		0		965	33
Goods and services purchased	(17,427)	(17,776)			84		5		(17,687)	260
Personnel costs	(8,427)	(7,934)			1		18		(7,915)	(512)
Other operating expenses	(1,670)	(1,573)			0		15		(1,558)	(112)
Depreciation, amortization and impairment losses	(6,293)	(5,422)			0		2		(5,420)	(873)
PROFIT (LOSS) FROM OPERATIONS	6,071	3,272	0	0	(3)	0	(12)	0	3,257	2,814
Finance costs	(1,285)	(1,177)			0		0		(1,177)	(108)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	1	11			0		0		11	(10)
Other financial income (expense)	324	(41)			0		0		(41)	365
PROFIT (LOSS) FROM FINANCIAL ACTIVITIES	(960)	(1,207)	0	0	0	0	0	0	(1,207)	247
PROFIT (LOSS) BEFORE INCOME TAXES	5,111	2,065	0	0	(3)	0	(12)	0	2,050	3,061
Income taxes	(1,048)	(517)			0		0		(517)	(531)
PROFIT (LOSS)	4,063	1,548	0	0	(3)	0	(12)	0	1,533	2,530

^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 0.4 billion to EUR 8.8 billion. Factoring agreements concluded in the reporting period concerning monthly revolving sales of trade receivables due resulted in a reduction in receivables. Exchange rate effects, mainly from the translation of U.S. dollars into euros, likewise had a reducing effect. Receivables recognized in connection with the set-up phase of the electronic toll collection system in Belgium completed in the first half of 2016 and its transition to the operating phase had an offsetting effect. For further information on the toll collection system in Belgium, please refer to "Service concession arrangements" in the section "Other disclosures," page 53.

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 0.5 billion is largely due to the following 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. In this context, exchange rate effects totaling EUR 0.2 billion from the translation of pounds sterling to euros also lowered the net carrying amount compared with December 31, 2015. 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 from EUR 57.0 billion to EUR 58.3 billion, mainly due to additions totaling EUR 4.2 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. Carrying amounts also increased as a result of additions to advance payments and intangible assets under development totaling EUR 1.8 billion. These payments related to capital expenditure for network software in the United States operating segment and the spectrum licenses acquired by T-Mobile Polska as the second-highest bidder in June 2016. Negative exchange rate effects, primarily from the translation of U.S. dollars into euros, reduced the carrying amount by EUR 0.7 billion. Amortization of EUR 2.0 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 increased by EUR 0.3 billion compared to December 31, 2015 to EUR 44.9 billion. Additions of EUR 5.2 billion primarily in the United States and Germany operating segments increased the carrying amount. This also included EUR 0.9 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 0.3 billion. Depreciation charges of EUR 4.3 billion had a decreasing effect on the carrying amount, as did disposals of EUR 0.3 billion.

OTHER FINANCIAL ASSETS

Other financial assets increased by EUR 4.1 billion compared with December 31, 2015 to EUR 13.4 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 5.9 billion as of June 30, 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. For more information, please refer to "Disclosures on financial instruments" in the section "Other disclosures," page 48 et seq. A refundable deposit of around EUR 2.0 billion recorded at the reporting date in connection with a potential asset purchase in the United States and positive remeasurement effects of EUR 0.4 billion from embedded options in bonds issued by T-Mobile US also increased this item. U.S. government bonds with a volume of EUR 2.8 billion that fell due in the first half of 2016 reduced the carrying amount of other financial assets. The premature cancellation in June 2016 of interest rate derivatives with a fair value of EUR 0.6 billion likewise lowered the carrying amount. In the consolidated statement of cash flows, payments from derivatives are reported in the same item as the associated hedged items. Accordingly, the settlement payment was presented under net cash from operating activities in the amount of EUR 0.3 billion and under net cash used in financing activities in the amount of EUR 0.3 billion.

TRADE AND OTHER PAYABLES

Trade and other payables decreased by EUR 1.6 billion compared with the end of 2015 to EUR 9.4 billion. Apart from the reduction in the portfolio of liabilities at the national companies of the Europe operating segment, in the Germany operating segment, and at T-Mobile US, this decrease was also attributable to exchange rate effects from the translation of U.S. dollars into euros.

FINANCIAL LIABILITIES

Financial liabilities increased by EUR 0.6 billion to a total of EUR 62.9 billion compared with the end of 2015.

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. On April 1, 2016, T-Mobile US issued Senior Notes with a total volume of USD 1.0 billion. T-Mobile US expects to use the net proceeds from this offering for the purchase of 700 MHz A-block spectrum and other spectrum purchases. Also in April 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 the first six months of 2016, U.S. dollar bonds were repaid in the amount of USD 1.0 billion (around EUR 0.9 billion) and USD 1.25 billion (around EUR 1.1 billion), as were Eurobonds totaling EUR 0.9 billion, commercial paper in the amount of EUR 0.7 billion (net), and promissory notes in the amount of EUR 0.4 billion (net). The decrease in liabilities to banks of EUR 1.0 billion also reduced the carrying amount of the financial liabilities.

In addition, exchange rate effects from the translation of U.S. dollars into euros reduced financial liabilities by around EUR 0.4 billion.

The following table shows the composition and maturity structure of financial liabilities as of June 30, 2016:

millions of €

	June 30, 2016	Due within 1 year	Due >1 ≤ 5 years	Due > 5 years
Bonds and other securitized liabilities	49,707	7,145	16,912	25,650
Liabilities to banks	3,196	905	1,445	846
Finance lease liabilities	2,080	381	999	700
Liabilities to non-banks from promissory notes	545	0	229	316
Liabilities with the right of creditors to priority repayment in the event of default	1,779	18	72	1,689
Other interest-bearing liabilities	2,593	1,924	471	198
Other non-interest-bearing liabilities	2,059	1,917	140	2
Derivative financial liabilities	972	280	225	467
FINANCIAL LIABILITIES	62,931	12,570	20,493	29,868

PROVISIONS FOR PENSIONS AND OTHER EMPLOYEE BENEFITS

Provisions for pensions and other employee benefits increased by EUR 0.8 billion to EUR 8.8 billion, mainly due to interest rate adjustments which resulted in an actuarial loss of EUR 1.1 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 in March 2016. 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

The resolution on the dividend payout of EUR 0.55 per share for the 2015 financial year gave shareholders the choice between payment in cash or having their dividend entitlement converted into Deutsche Telekom AG shares. In June 2016, dividend entitlements of Deutsche Telekom AG shareholders amounting to EUR 1.0 billion were contributed in the form of shares from authorized capital and thus did not have an impact on cash flows. Deutsche Telekom AG carried out an increase in issued capital of EUR 0.2 billion against contribution of dividend entitlements for this purpose in June 2016. This increased capital reserves by EUR 0.8 billion, the number of shares by 70.3 million.

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 recognized directly in equity of EUR 1.4 billion 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 €

	H1 2016	H1 2015
Income from the disposal of non-current assets	478	92
Income from insurance compensation	30	25
Income from reimbursements	108	136
Income from ancillary services	18	25
Miscellaneous other operating income	2,803	456
Of which: income from divestitures and from the sale of stakes accounted for using the equity method	2,569	-
	3,437	734

Income from the disposal of non-current assets increased by EUR 0.4 billion compared with the first half 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 2.3 billion to a total of EUR 2.8 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. Income of around EUR 0.1 billion from the sale of approximately 2.6 million shares of Scout24 AG that was consummated on April 18, 2016 also increased this item. 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 €	H1 2016	H1 2015
Legal and audit fees	(96)	(97)
Losses from asset disposals	(78)	(67)
Income (expense) from measurement of receivables	(419)	(398)
Other taxes	(238)	(202)
Miscellaneous other operating expenses	(839)	(809)
	(1,670)	(1,573)

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 0.9 billion year-on-year to EUR 6.3 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 as a result of remeasurement effects resulting from the subsequent measurement of the options (termination rights) embedded in bonds issued by T-Mobile US. In addition, effects resulting from the subsequent measurement of embedded derivatives contained in the Mandatory Convertible Preferred Stocks of T-Mobile US had a less strong negative impact. Other financial income includes a final dividend payment of EUR 0.2 billion from the former EE joint venture received on January 25, 2016. In the prior-year period, a dividend payment of EUR 0.4 billion had been recognized as income under this item.

INCOME TAXES

A tax expense of EUR 1.0 billion was recorded in the first half 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 0.5 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 7.4 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 1.0 billion on net cash from operating activities in the reporting period. This mainly relates to factoring agreements in the United States and Germany operating segments. The effect from factoring agreements in the prior-year period totaled EUR 0.6 billion. Cash inflows from the cancellation of or changes in the terms of interest rate derivatives had a positive effect of EUR 0.3 billion in the reporting period (prior-year period: EUR 0.1 billion). An increase in cash outflows for staff-related restructuring and pensions of EUR 0.3 billion year-on-year had a negative impact on net cash from operating activities. In addition, a dividend payment from the former EE joint venture that was EUR 0.2 billion lower than in the previous year and a dividend of EUR 0.1 billion received from the Scout24 group in the prior year had a negative impact on net cash from operating activities.

Net cash used in investing activities

millions of €	H1 2016	H1 2015
Cash capex		
Germany operating segment	(1,817)	(3,571)
United States operating segment	(3,007)	(3,959)
Europe operating segment	(1,400)	(801)
Systems Solutions operating segment	(497)	(524)
Group Headquarters & Group Services	(111)	(161)
Reconciliation	233	257
	(6,599)	(8,759)
Net cash flows for collateral deposited for hedging transactions	(2,246)	1,525
Proceeds from the disposal of property, plant and equipment	210	165
Allocation under contractual trust agreement (CTA) on pension commitments	(250)	-
Acquisition/sale of government bonds, net	2,775	-
Other	143	308
	(5,967)	(6,761)

Cash capex decreased by EUR 2.2 billion to EUR 6.6 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 Germany operating segments in particular had acquired mobile spectrum licenses for EUR 3.7 billion. In addition, cash capex, excluding spectrum investment, increased primarily in the United States operating segment in connection with the network modernization, including the roll-out of the 4G/LTE network.

Net cash used in financing activities

millions of €	H1 2016	H1 2015
Repayment of bonds	(2,867)	(3,764)
Dividends (including to non-controlling interests)	(1,556)	(1,231)
Repayment of financial liabilities from financed capex and opex	(213)	(467)
Repayment of EIB loans	(650)	(412)
Net cash flows for collateral deposited for hedging transactions	429	(350)
Repayment of lease liabilities	(163)	(96)
Repayment of financial liabilities for media broadcasting rights	(83)	(115)
Cash deposits from the EE joint venture, net	(220)	(220)
Deutsche Telekom AG share buy-back	-	-
Money market loans, net	(150)	740
Cash flows from continuing involvement factoring, net	8	38
Sale of Deutsche Telekom AG treasury shares	-	-
Loans taken out with the EIB	-	599
Promissory notes, net	(582)	(179)
Issuance of bonds	5,836	-
Commercial paper, net	(694)	3,156
Cash inflows from transactions with non-controlling entities		
T-Mobile US capital increase	-	-
T-Mobile US stock options	12	35
	12	35
Cash outflows from transactions with non-controlling entities		
Acquisition of the remaining shares in Slovak Telekom	-	(900)
T-Mobile US share buy-back	(45)	(87)
Other	(1)	-
	(46)	(987)
Other	(173)	(277)
	(1,112)	(3,530)

Non-cash transactions in the consolidated statement of cash flows

In June 2016, dividend entitlements of Deutsche Telekom AG shareholders in the amount of EUR 1.0 billion did not have an effect on net cash used in financing activities when fulfilled; rather, they were substituted by shares from authorized capital (please refer to "Shareholders' equity," page 44). The dividend entitlements of Deutsche Telekom AG shareholders having an effect on cash flows totaled EUR 1.5 billion. In the previous year, dividend entitlements of Deutsche Telekom AG shareholders amounting to EUR 1.1 billion did not have an impact on cash flows, while dividend entitlements of EUR 1.2 billion did have an effect on cash flows.

In the first half 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 (H1 2015: EUR 0.7 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 used in financing activities.

In the first half of 2016, Deutsche Telekom leased network equipment for a total of EUR 0.3 billion (H1 2015: EUR 0.3 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 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 half of 2016 for future consideration for acquired broadcasting rights (H1 2015: EUR 0.1 billion). As soon as the payments have been made, they are disclosed under net cash used in financing activities.

In the United States operating segment, mobile devices amounting to EUR 0.9 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 the previous year 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 table on the following page gives an overall summary of Deutsche Telekom's operating segments and the Group Headquarters & Group Services segment for the first halves 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. 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 19 et seq.

Segment information in the first half of the year

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	H1 2016	10,212	646	10,858	1,956	(1,904)	(8)	32,889	26,290	19
	H1 2015	10,500	669	11,169	2,346	(1,881)	0	33,552	26,270	20
United States	H1 2016	16,011	1	16,012	1,777	(2,614)	0	63,235	46,200	208
	H1 2015	14,348	0	14,348	1,001	(1,691)	0	62,534	46,087	215
Europe	H1 2016	6,038	148	6,186	703	(1,271)	(4)	30,319	12,217	61
	H1 2015	6,248	118	6,366	717	(1,261)	(1)	30,437	12,543	61
Systems Solutions	H1 2016	2,947	1,107	4,054	(69)	(280)	0	9,096	6,275	18
	H1 2015	2,855	1,145	4,000	(307)	(331)	(31)	8,701	5,870	21
Group Headquarters & Group Services	H1 2016	239	816	1,055	1,703	(248)	(11)	44,251	51,602	475
	H1 2015	319	830	1,149	(483)	(266)	(16)	44,532	50,830	504
TOTAL	H1 2016	35,447	2,718	38,165	6,070	(6,317)	(23)	179,790	142,584	781
	H1 2015	34,270	2,762	37,032	3,274	(5,430)	(48)	179,756	141,600	821
Reconciliation	H1 2016	-	(2,718)	(2,718)	1	48	(1)	(36,324)	(36,086)	1
	H1 2015	-	(2,762)	(2,762)	(2)	56	-	(35,836)	(35,830)	1
GROUP	H1 2016	35,447	-	35,447	6,071	(6,269)	(24)	143,466	106,498	782
	H1 2015	34,270	-	34,270	3,272	(5,374)	(48)	143,920	105,770	822

^a Figures relate to the reporting dates of June 30, 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.

Claims by partnering publishers of telephone directories. Five partnering publishers of telephone directories, whose civil actions are still pending, are now pursuing their claims in parallel through administrative court actions against the Federal Network Agency.

Claim for damages in Malaysia despite earlier, contrary, 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, a subsidiary of Deutsche Telekom AG. The complainants are demanding damages and compensation of USD 232 million plus interest. DeTeAsia Holding GmbH 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. At present the financial impact of these proceedings cannot be assessed 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. The decision has now become final and legally binding; the proceedings have thus been terminated.

Claims for damages against Slovak Telekom following the European Commission's decision to impose fines. Following the fining decision of the European Commission dated October 15, 2014, in addition to Orange Slovensko and SWAN, Slovanet has now also filed a damage action against Slovak Telekom with the civil court in Bratislava. Slovanet is claiming compensation for alleged damages of EUR 63 million plus interest. The action by Slovanet has not been formally served upon Slovak Telekom as of yet. In the proceedings against Orange Slovensko, Slovak Telekom already filed a statement of defense in January 2016 and is currently preparing its defense in the proceedings against SWAN. At present the financial impact of these proceedings cannot be assessed with sufficient certainty.

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 June 30, 2016:

	June 30, 2016
Future obligations from operating leases	21,034
Purchase commitments regarding property, plant and equipment	2,209
Purchase commitments regarding intangible assets	1,606
Firm purchase commitments for inventories	2,531
Other purchase commitments and similar obligations	12,200
Payment obligations to the Civil Service Pension Fund	4,005
Purchase commitments for interests in other companies	1
Miscellaneous other obligations	34
	43,620

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 June 30, 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	7,207	7,207			
Trade receivables	LaR	8,546	8,546			
Originated loans and receivables	LaR/n. a.	4,375	4,192			
Of which: collateral paid	LaR	109	109			
Other non-derivative financial assets						
Held-to-maturity investments	HtM	6	6			
Available-for-sale financial assets	AFS	6,497		152	6,345	
Derivative financial assets						
Derivatives without a hedging relationship	FAHFT	1,523				1,523
Of which: termination rights embedded in bonds issued	FAHFT	762				762
Derivatives with a hedging relationship	n. a.	987			487	500
LIABILITIES						
Trade payables	FLAC	9,393	9,393			
Bonds and other securitized liabilities	FLAC	49,707	49,707			
Liabilities to banks	FLAC	3,196	3,196			
Liabilities to non-banks from promissory notes	FLAC	545	545			
Liabilities with the right of creditors to priority repayment in the event of default	FLAC	1,779	1,779			
Other interest-bearing liabilities	FLAC	2,593	2,593			
Of which: collateral received	FLAC	1,475	1,475			
Other non-interest-bearing liabilities	FLAC	2,059	2,059			
Finance lease liabilities	n. a.	2,080				
Derivative financial liabilities						
Derivatives without a hedging relationship	FLHFT	916				916
Of which: conversion rights embedded in Mandatory Convertible Preferred Stock	FLHFT	395				395
Of which: options granted to third parties for the purchase of shares in subsidiaries	FLHFT	-				
Derivatives with a hedging relationship	n. a.	56			35	21
Derivative financial liabilities directly associated with non-current assets and disposal groups held for sale	FLHFT	43				43
Of which: aggregated by category in accordance with IAS 39						
Loans and receivables	LaR	19,945	19,945			
Held-to-maturity investments	HtM	6	6			
Available-for-sale financial assets	AFS	6,497		152	6,345	
Financial assets held for trading	FAHFT	1,523				1,523
Financial liabilities measured at amortized cost	FLAC	69,272	69,272			
Financial liabilities held for trading	FLHFT	959				959

^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 June 30, 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	Fair value recognized in profit or loss		
	-	LaR	6,897	6,897				-	
	-	LaR	8,752	8,752				-	
183	4,418	LaR/n.a.	3,283	3,076			207	3,318	
	-	LaR	98	98				-	
	-	HfM	10	10				-	
	6,345	AfS	3,354		156	3,198		3,198	
	1,523	FAHfT	1,526				1,526	1,526	
	762	FAHfT	390				390	390	
	987	n.a.	1,160			870	290	1,160	
	-	FLAC	11,037	11,037				-	
	55,643	FLAC	47,766	47,766				52,194	
	3,298	FLAC	4,190	4,190				4,247	
	708	FLAC	934	934				1,069	
	1,820	FLAC	1,822	1,822				1,830	
	2,629	FLAC	3,009	3,009				3,059	
	-	FLAC	1,740	1,740				-	
	-	FLAC	1,798	1,798				-	
2,080	2,429	n.a.	1,927				1,927	2,166	
	916	FLHfT	817				817	817	
	395	FLHfT	298				298	298	
	-	FLHfT	39				39	39	
	56	n.a.	117			107	10	117	
	43		-					-	
	4,235	LaR	18,725	18,725				3,111	
	-	HfM	10	10				-	
	6,345	AfS	3,354		156	3,198		3,198	
	1,523	FAHfT	1,526				1,526	1,526	
	64,098	FLAC	70,556	70,556				62,399	
	959	FLHfT	817				817	817	

Financial instruments measured at fair value

millions of €

	June 30, 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)	6,085		260	6,345	2,931		267	3,198
Financial assets held for trading (FAHFT)		761	762	1,523		1,136	390	1,526
Derivative financial assets with a hedging relationship		987		987		1,160		1,160
LIABILITIES								
Financial liabilities held for trading (FLHFT)		521	395	916		480	337	817
Derivative financial liabilities with a hedging relationship		56		56		117		117
Derivative financial liabilities directly associated with non-current assets and disposal groups held for sale			43	43				-

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 6,085 million (December 31, 2015: EUR 2,931 million) comprises two separate classes of financial instruments. The first comprises listed debt securities with a carrying amount equivalent to around EUR 0.1 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 5.9 billion. The vote in the United Kingdom at the end of June 2016 to leave the European Union and the political implementation of this vote gave rise to uncertainty and a marked increase in volatility on the international financial markets, which is currently also impacting on the fair value of the financial stake in BT. Whether these immediate reactions will be sustained is nevertheless impossible to foresee at the present time. Consequently, at the reporting date there is as yet no objective indication of a permanent impairment of the carrying amount of this investment to be recognized in profit or loss. 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)	10	34	-
Value decreases recognized in profit/loss	0	(77)	(137)
Value increases recognized in profit/loss	-	421	35
Value decreases recognized directly in equity	(1)	-	-
Value increases recognized directly in equity	2	-	-
Disposals	(18)	-	-
Currency translation effects recognized directly in equity	-	(6)	5
CARRYING AMOUNT AS OF JUNE 30, 2016	260	762	(395)

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 260 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 June 30, 2016. In the case of investments with a carrying amount of EUR 129 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 previous page 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 762 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 3.5 and 4.8 percent for the maturities of the bonds and between 2.2 and 3.1 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 87 million higher (EUR 73 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 218 million lower (EUR 300 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 16 million lower (EUR 27 million higher) when translated into euros. In the reporting period, net income of EUR 344 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 50 for the development of the carrying amounts in the reporting period. The changes in value recognized in profit or loss in the reporting period are mainly attributable to fluctuations in the interest rates and historical interest rate volatilities in absolute terms that are relevant for measurement. 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 395 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 125 million lower (EUR 123 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 12 million lower (EUR 8 million higher) when translated into euros. In the reporting period, a net expense of EUR 102 million when translated into euros was recognized in other financial income/expense for unrealized losses for the options in the portfolio at the reporting date. Please refer to the table on page 50 for the development of the carrying amount in the reporting period. The changes in value recognized in profit or loss in the reporting period are mainly due to fluctuations in the share price of T-Mobile US. 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 43 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. In the reporting period, the derivative financial liabilities were reclassified as derivative financial liabilities directly associated with non-current assets and disposal groups held for sale.

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 1,475 million (December 31, 2015: EUR 1,740 million). The credit risk was thus reduced by EUR 1,417 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 1,748 million as of the reporting date (December 31, 2015: EUR 2,296 million) had a maximum credit risk of EUR 13 million (December 31, 2015: EUR 79 million) as of June 30, 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 109 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 102 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

Satellitic 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 from the construction contract was recognized as of March 31, 2016. 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. Net revenue of EUR 0.2 billion was recorded in the first half of 2016.

RELATED-PARTY DISCLOSURES

There were no significant changes at June 30, 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 a result, obligations from the loan commitment no longer exist. The loan guarantees and guarantee statements of EUR 0.9 billion given to external contracting parties of the former EE joint venture that were disclosed as of December 31, 2015 are fully covered as of June 30, 2016 with contractual recourse claims vis-à-vis BT.

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

The Federal Republic of Germany (Federal Republic) and KfW Bankengruppe requested their dividend entitlements for the 2015 financial year relating to shares held in Deutsche Telekom AG be paid out partly in cash and partly in shares from authorized capital. In this connection, 16,491 thousand shares were transferred to the Federal Republic and 15,055 thousand shares to KfW Bankengruppe in June 2016. As of June 30, 2016, the Federal Republic held a share of 14.5 percent and KfW Bankengruppe a share of 17.5 percent in Deutsche Telekom AG.

EXECUTIVE BODIES

Changes in the composition of the Board of Management

At its meeting on June 30, 2016, the Supervisory Board of Deutsche Telekom AG resolved to extend the Group Board of Management by setting up a new Board department Technology and Innovation. The new department will be headed by Claudia Nemat effective January 1, 2017, who is currently responsible for the Europe and Technology department.

At its meeting on June 30, 2016, the Supervisory Board of Deutsche Telekom AG also appointed Srini Gopalan as Board member responsible for Europe effective January 1, 2017.

Changes in the composition of the Supervisory Board

Waltraud Litzenberger resigned her position as member of the Supervisory Board of Deutsche Telekom AG effective midnight December 31, 2015. Nicole Koch was court-appointed to the Supervisory Board of Deutsche Telekom AG effective January 1, 2016. Dr. Hubertus von Grünberg's term of office on the Supervisory Board expired at the end of the 2016 shareholders' meeting. Dr. Helga Jung was elected to the Supervisory Board by the 2016 shareholders' meeting.

EVENTS AFTER THE REPORTING PERIOD (JUNE 30, 2016)

Cash outflows for the acquisition of mobile spectrum in Poland. A payment of around EUR 0.5 billion was made on July 4, 2016 for mobile spectrum acquired by T-Mobile Polska in June 2016.

Dividend payment by BT. On July 13, 2016 the annual general meeting of BT resolved that the final dividend of GBP 0.096 per share be declared to be payable on September 5, 2016 to holders of ordinary shares registered at the close of business on August 12, 2016. Deutsche Telekom expects a dividend payment of GBP 114.8 million for its 12.0 percent financial stake in BT.

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, August 11, 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 June 30, 2016, which are part of the half-year 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, August 11, 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 H1 2016	EBIT H1 2016	EBITDA H1 2015	EBIT H1 2015	EBITDA FY 2015	EBIT FY 2015
EBITDA/EBIT	12,364	6,071	8,694	3,272	18,388	7,028
GERMANY	(537)	(537)	(208)	(208)	(545)	(545)
Staff-related measures	(499)	(499)	(153)	(153)	(402)	(402)
Non-staff-related restructuring	(25)	(25)	(50)	(50)	(112)	(112)
Effects of deconsolidations, disposals and acquisitions	0	0	0	0	0	0
Other	(13)	(13)	(5)	(5)	(31)	(31)
UNITED STATES	311	311	(185)	(185)	(425)	(425)
Staff-related measures	(9)	(9)	(42)	(42)	(50)	(50)
Non-staff-related restructuring	0	0	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	320	320	(148)	(148)	(382)	(382)
Impairment losses	-	0	-	0	-	0
Other	0	0	5	5	7	7
EUROPE	(46)	(46)	(118)	(117)	(221)	(264)
Staff-related measures	(51)	(51)	(119)	(119)	(177)	(177)
Non-staff-related restructuring	(2)	(2)	(4)	(4)	(14)	(14)
Effects of deconsolidations, disposals and acquisitions	7	7	36	36	31	31
Impairment losses	-	0	-	0	-	(43)
Other	0	0	(31)	(30)	(61)	(61)
SYSTEMS SOLUTIONS	(170)	(170)	(293)	(352)	(647)	(713)
Staff-related measures	(111)	(111)	(151)	(151)	(367)	(367)
Non-staff-related restructuring	(7)	(7)	(131)	(134)	(259)	(263)
Effects of deconsolidations, disposals and acquisitions	0	0	(6)	(6)	(4)	(4)
Other	(52)	(52)	(5)	(61)	(17)	(79)
GROUP HEADQUARTERS & GROUP SERVICES	2,187	2,187	(103)	(103)	319	303
Staff-related measures	(243)	(243)	(74)	(74)	(213)	(213)
Non-staff-related restructuring	(29)	(29)	(37)	(37)	(48)	(48)
Effects of deconsolidations, disposals and acquisitions	2,494	2,494	11	11	574	574
Impairment losses	-	0	-	0	-	0
Other	(35)	(35)	(3)	(3)	6	(10)
GROUP RECONCILIATION	(1)	(1)	1	0	(1)	(1)
Staff-related measures	0	0	0	0	(1)	(1)
Non-staff-related restructuring	0	0	1	1	0	1
Effects of deconsolidations, disposals and acquisitions	(1)	(1)	0	0	1	1
Other	0	0	0	(1)	(1)	(2)
TOTAL SPECIAL FACTORS	1,744	1,744	(906)	(965)	(1,520)	(1,645)
EBITDA/EBIT (ADJUSTED FOR SPECIAL FACTORS)	10,620	4,327	9,600	4,237	19,908	8,673
Profit (loss) from financial activities (adjusted for special factors)		(961)		(1,190)		(2,233)
PROFIT (LOSS) BEFORE INCOME TAXES (ADJUSTED FOR SPECIAL FACTORS)		3,366		3,047		6,440
Income taxes (adjusted for special factors)		(1,006)		(810)		(1,927)
PROFIT (LOSS) (ADJUSTED FOR SPECIAL FACTORS)		2,360		2,237		4,513
PROFIT (LOSS) (ADJUSTED FOR SPECIAL FACTORS) ATTRIBUTABLE TO						
Owners of the parent (net profit (loss)) (adjusted for special factors)		2,101		2,114		4,113
Non-controlling interests (adjusted for special factors)		259		123		400

GROSS AND NET DEBT

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

millions of €

	June 30, 2016	Dec. 31, 2015	Change	Change %	June 30, 2015
Financial liabilities (current)	12,570	14,439	(1,869)	(12.9)%	15,152
Financial liabilities (non-current)	50,361	47,941	2,420	5.0%	43,093
FINANCIAL LIABILITIES	62,931	62,380	551	0.9%	58,245
Accrued interest	(813)	(1,014)	201	19.8%	(853)
Other	(1,299)	(857)	(442)	(51.6)%	(866)
GROSS DEBT	60,819	60,509	310	0.5%	56,526
Cash and cash equivalents	7,207	6,897	310	4.5%	4,694
Available-for-sale financial assets/ financial assets held for trading	99	2,877	(2,778)	(96.6)%	215
Derivative financial assets	2,510	2,686	(176)	(6.6)%	2,337
Other financial assets	2,311	479	1,832	n. a.	445
NET DEBT	48,692	47,570	1,122	2.4%	48,835

**RECONCILIATION FOR THE CHANGE IN DISCLOSURE OF
KEY FIGURES FOR THE PRIOR-YEAR COMPARATIVE PERIOD
IN THE FIRST HALF 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
H1 2015/JUNE 30, 2015								
PRESENTATION AS OF JUNE 30, 2015 – AS REPORTED								
Germany	11,169	2,346	4,227	4,435	(1,881)	-	33,552	26,270
United States	14,348	1,001	2,692	2,877	(1,691)	-	62,534	46,087
Europe	6,242	705	1,960	2,077	(1,254)	(1)	30,296	12,595
Systems Solutions	4,167	(295)	75	368	(339)	(31)	9,067	6,043
Group Headquarters & Group Services	1,149	(483)	(201)	(98)	(266)	(16)	44,532	50,830
TOTAL	37,075	3,274	8,753	9,659	(5,431)	(48)	179,981	141,825
Reconciliation	(2,805)	(2)	(59)	(59)	57	-	(36,061)	(36,055)
GROUP	34,270	3,272	8,694	9,600	(5,374)	(48)	143,920	105,770
H1 2015/JUNE 30, 2015								
+/- CHANGE IN DISCLOSURE OF MAGYAR TELEKOM								
AS OF JANUARY 1, 2015								
Germany	-	-	-	-	-	-	-	-
United States	-	-	-	-	-	-	-	-
Europe	124	12	19	20	(7)	-	141	(52)
Systems Solutions	(167)	(12)	(20)	(20)	8	-	(366)	(173)
Group Headquarters & Group Services	-	-	-	-	-	-	-	-
TOTAL	(43)	-	(1)	-	1	-	(225)	(225)
Reconciliation	43	-	1	-	(1)	-	225	225
GROUP	-	-	-	-	-	-	-	-
H1 2015/JUNE 30, 2015								
= PRESENTATION AS OF JUNE 30, 2016								
Germany	11,169	2,346	4,227	4,435	(1,881)	-	33,552	26,270
United States	14,348	1,001	2,692	2,877	(1,691)	-	62,534	46,087
Europe	6,366	717	1,979	2,097	(1,261)	(1)	30,437	12,543
Systems Solutions	4,000	(307)	55	348	(331)	(31)	8,701	5,870
Group Headquarters & Group Services	1,149	(483)	(201)	(98)	(266)	(16)	44,532	50,830
TOTAL	37,032	3,274	8,752	9,659	(5,430)	(48)	179,756	141,600
Reconciliation	(2,762)	(2)	(58)	(59)	56	-	(35,836)	(35,830)
GROUP	34,270	3,272	8,694	9,600	(5,374)	(48)	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

August 11, 2016	November 10, 2016	March 2, 2017
Publication of the Interim Group Report as of June 30, 2016	Publication of the Interim Group Report as of September 30, 2016	Publication of the 2016 Annual Report
May 11, 2017	May 31, 2017	August 3, 2017
Publication of the Interim Group Report as of March 31, 2017	2017 Shareholders' meeting	Publication of the Interim Group Report as of June 30, 2017

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

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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
www.telekom.com/annualreport2015

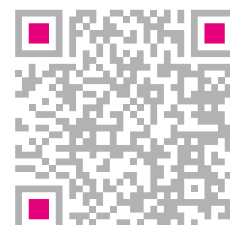
The English version of the Interim Group Report for January 1 to June 30, 2016 is a translation of the German version of the Interim Group Report. The German version is legally binding.

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

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MEDIA INFORMATION

Bonn, August 11, 2016

Growth with Deutsche Telekom's best network

- 578,000 new fiber-optic lines in the second quarter of 2016
- Service revenues in the German fixed-network business stable for the first time since liberalization
- Net revenue up 2.2 percent in the quarter, on an organic basis up 3.9 percent
- Adj. EBITDA up 8.6 percent, on an organic basis up 9.9 percent
- Capital expenditure (before spectrum) up 3.5 percent in the quarter
- Full-year guidance confirmed

By investing heavily in the network build-out and the IP transformation, Deutsche Telekom is driving forward its strategy of becoming the leading European telecommunications provider and at the same time profiting from growth in the United States. In Germany, Deutsche Telekom's best network is proving to be a customer magnet.

Capital expenditure (before spectrum) increased by 7.6 percent year-on-year in the first half of 2016 to 5.5 billion euros. The high network quality combined with innovative product offers and integrated product bundles resulted in strong customer growth, especially in the United States and, with regard to optical fiber, in Germany where the number of fiber-optic lines went up by 578,000 in the second quarter of 2016 to 5.6 million. This contributed to the stabilization of service revenues in the German fixed network for the first quarter since the start of liberalization in the German telecommunications market.



Deutsche Telekom is building on this strong customer demand with its innovative "So gut, so guenstig" ("Best value, great deal") offer, to drive forward broadband business in Germany with the aim of offering the best customer experience. Since August 1, new customers have been able to try out the multi-award-winning German fixed network, which emerged from the latest Connect test as winner, for one year at their desired bandwidth to see if it meets their needs. In return, they pay just 19.95 euros per month, regardless of the bandwidth they choose. Only at the end of the year do they choose a specific bandwidth and the applicable monthly price.

"It is widely recognized – our network is the best network in Germany. We continue to invest massively and constantly work with new ideas and initiatives to offer customers the best service experience," said Tim Höttges, CEO of Deutsche Telekom. "We want to maintain the huge momentum in our fiber-optic lines with the Germany-wide vectoring roll-out. We are happy to carry competitors on our network – but we will fight for every single customer, that is crystal clear."

The rapid customer growth at T-Mobile US made a substantial contribution to the Group's net revenue growth of 2.2 percent in the second quarter to 17.8 billion euros. On an organic basis, especially adjusted for exchange rate effects, revenue increased by 3.9 percent. This increase was despite the decision to reduce the low-margin distribution business with mobile devices in Germany, which took around 0.7 percentage points off the revenue trend.

Adjusted EBITDA increased by 8.6 percent to 5.5 billion euros in the second quarter, also driven by the U.S. business. In organic terms, the growth rate totaled 9.9 percent. The strong increase in adjusted EBITDA improved the ratio of net debt to adjusted EBITDA – based on the calculation over the last four quarters – to 2.3, which was well within Deutsche Telekom's target range.



Adjusted for special factors, net profit remained more or less stable in the second quarter of 2016 at around 1.1 billion euros. The improvement in adjusted EBITDA was partially offset by higher depreciation and amortization compared with the prior-year quarter, mainly as a result of the further roll-out of the 4G/LTE network and the terminal equipment lease model JUMP! On Demand launched at T-Mobile US in June 2015. Both elements resulted in a higher depreciation and amortization base.

The 4.0-percent decrease in free cash flow to 1.3 billion euros is primarily attributable to the non-recurrence of the cash inflow of a payment of 175 million euros recorded in the prior-year quarter in connection with an agreement to settle a complaints procedure under anti-trust law and the dividend received in the prior year from former UK joint venture EE. Adjusted for these factors, free cash flow would have recorded good double-digit growth, despite higher investments.

Based on this positive development in the second quarter and in the first half of 2016, Deutsche Telekom confirms its guidance for the full year.

Massive investments again significantly increased network coverage, especially in Germany and the European subsidiaries. Thus, as part of the integrated network strategy, LTE coverage in Germany increased by 6 percentage points within a year to 91 percent. The percentage of households in Germany that have the option of connecting to Deutsche Telekom's fiber-optic network increased by 10 percentage points to 57 percent, an increase of well over 4 million households.

In the European subsidiaries, household coverage with fixed-network optical fiber increased by almost 1 million and now stands at 21.4 percent of households. In mobile communications, population coverage increased by some 19 million to 97 million people, or 75 percent of the population.

Germany

In the years 2014 to 2016, Deutsche Telekom invested an average of almost 5 billion euros per year in Germany across all segments, a rate of almost 20 percent of revenue. The majority of the investments went into building out the network, which underpinned strong demand for fiber-optic lines in Germany. The increase by 578,000 fiber-optic lines in the second quarter was once again a good third higher than in the prior-year quarter. Half of the new lines were added in branded business, half in wholesale business. The dynamic growth bolstered the increase in branded broadband lines in the second quarter by 64,000. In combination with another 41,000 new Entertain customers, this trend contributed to the growth of broadband revenues in the German fixed network – comprising double-play and triple-play revenues including Entertain – by 1.8 percent in the second quarter to 1.3 billion euros.

In mobile communications, branded contract net additions remained more or less on a par with the prior-year quarter at 151,000. Mobile service revenues declined slightly by 0.8 percent to 1.7 billion euros. This decrease was in line with the trend in the overall market, thus Deutsche Telekom retained its position as clear market leader. There were two factors that negatively impacted revenue, i.e., the reduction of roaming rates, and the discounts under the MagentaEINS rate plan program, both of which exclusively related to mobile communications. If these factors had been added back, mobile service revenues would have increased by around 1.1 percent.

The success of MagentaEINS continued in the second quarter of 2016. The number of customers increased by another quarter million to reach 2.5 million – around twice as many as in the middle of 2015. The revenue effect of MagentaEINS, which is positive for the German business overall, can be seen in the steady growth in additional revenue per household compared with customers not benefiting from bundle offerings. Even after deducting the discount recorded in mobile communications, MagentaEINS households



generated additional revenue on average of around 8.20 euros per month through upselling and add-ons compared with the revenue generated previously.

Overall, total revenue in the Germany operating segment decreased by 3.1 percent in the second quarter to 5.4 billion euros. The reduction of the distribution business with mobile devices had a negative impact of around 2 percentage points. Adjusted EBITDA remained at the prior-year level at 2.2 billion euros, which resulted in the EBITDA margin improving to 41.1 percent.

T-Mobile US

T-Mobile US continued its strong upward trend across all key performance figures such as customer growth, revenue, and earnings in the second quarter of 2016.

LTE network coverage increased by around 20 million people year-on-year to 311 million. Thanks to the combination of the highest average transmission speeds in the LTE network and excellent value for money supported by the innovative Un-carrier initiatives, T-Mobile US won 1.9 million new customers in the second quarter. It was the thirteenth quarter in succession with more than one million customer additions. And T-Mobile US once again achieved positive porting ratios versus all three other national mobile providers, i.e., not only is the company growing overall, but also relative to each of the three providers, the number of customers won significantly exceeded the numbers lost to the respective competitor.

The strong customer growth had a positive impact on revenue, which increased by 12.6 percent to 9.3 billion U.S. dollars. Service revenues also increased in line with this trend to 6.8 billion U.S. dollars, both growth rates representing the highest in the U.S. mobile industry. Adjusted EBITDA increased by 34.6



percent, improving the margin by more than 4 percentage points to 26.5 percent. T-Mobile US plans to maintain this growth trend as the year progresses: The earnings target for the full year was narrowed around the average to date and the guidance range for branded postpaid customer additions revised upwards by 200,000 to between 3.4 and 3.8 million.

Europe

The companies of the Europe operating segment overall maintained growth in the main customer figures, thus continuing the trend towards stabilizing revenue and earnings. The number of mobile contract customers increased by 3.0 percent year-on-year to 26.7 million, fixed-network retail broadband lines increased by 4.4 percent to 5.3 million, and the number of TV customers grew by 5.1 percent to 4.0 million.

More than half of the fixed-network lines in the European companies have now been migrated to IP. At the same time, activities are intensified to build the pan-European network, which will provide an efficient, harmonized production platform for operation across all national companies.

Bundled offerings as part of the MagentaONE model are now supporting revenue and profits in all integrated national companies. Some 0.7 million households are currently benefiting from these packages.

Revenue and earnings improved further, as is particularly clear from the figures adjusted for changes in the composition of the Group and exchange rate effects. The reported revenue decline of 3.2 percent includes these effects, which together account for around 2 percentage points of the decrease. In organic terms, therefore, the decline was around 1.2 percent. The adjusted EBITDA trend also looks better on an organic basis, declining by 2.9 percent, compared with a 4.0-percent decrease in reported adjusted EBITDA.



The decline in revenue and earnings resulted primarily from the trends in Poland and the Netherlands. At T-Mobile NL, there was a positive trend in contract customers: Net additions of 32,000 in the second quarter compared with a decline in the prior-year period of 85,000 contract customers resulted in growth in the overall customer base.

In Hungary and Greece, revenue remained stable in organic terms, and both countries recorded moderate growth in earnings. T-Mobile Austria continued its upward trend of the previous quarters, with a revenue increase of 1.5 percent and growth in adjusted EBITDA of 6.1 percent.

T-Systems

T-Systems generated revenue of 1.6 billion euros in the Market Unit in the second quarter, a slight decline of 3.0 percent compared with the same quarter of the prior year.

The cloud business was again one of the positive revenue drivers, generating some 70 percent of revenue at T-Systems. After an increase at Group level of around 31 percent in the first quarter, in the first six months of the year cloud revenue increased by 22 percent to more than 0.7 billion euros. T-Systems still expects the cloud business to grow faster than the overall market for the full year and for the period up to and including 2018.

Adjusted EBIT in the segment declined compared with the same period in 2015, due to a number of one-time effects and start-up costs for the newly launched Open Telekom Cloud.

In August, the Austrian freeway operator ASFINAG awarded T-Systems the contract for its new toll collection system GO-Maut 2.0. This is a major deal



LIFE IS FOR SHARING.

covering the operation of IT systems in the Vienna-based data center, some 230 sales points in Austria and abroad, and the 48 mobile control units.



The Deutsche Telekom Group at a glance:

	Q2 2016 millions of €	Q2 2015 millions of €	Change %	H1 2016 millions of €	H1 2015 millions of €	Change %	FY 2015 millions of €
Revenue	17,817	17,428	2.2	35,447	34,270	3.4	69,228
Proportion generated internationally (%)	66.0	64.2	1.8p	65.7	63.6	2.1p	63.8
EBITDA	4,697	4,534	3.6	12,364	8,694	42.2	18,388
Adjusted EBITDA	5,457	5,026	8.6	10,620	9,600	10.6	19,908
Net profit	621	712	(12.8)	3,746	1,499	n.a.	3,254
Adjusted net profit	1,054	1,078	(2.2)	2,101	2,114	(0.6)	4,113
Free cash flow ^a	1,320	1,375	(4.0)	2,142	2,240	(4.4)	4,546
Cash capex ^b	2,703	4,330	(37.6)	6,599	8,759	(24.7)	14,613
Cash capex ^b (before spectrum)	2,664	2,575	3.5	5,495	5,105	7.6	10,818
Net debt	48,692	48,835	(0.3)	48,692	48,835	(0.3)	47,570
Number of employees ^c	220,821	225,596	(2.1)	220,821	225,596	(2.1)	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 the reporting date.

Operating segments:

	Q2 2016 millions of €	Q2 2015 millions of €	Change %	H1 2016 millions of €	H1 2015 millions of €	Change %	FY 2015 millions of €
Germany							
Total revenue	5,406	5,580	(3.1)	10,858	11,169	(2.8)	22,421
EBITDA	1,846	2,102	(12.2)	3,868	4,227	(8.5)	8,245
Adjusted EBITDA	2,225	2,224	0.0	4,405	4,435	(0.7)	8,790
Number of employees ^a	68,300	69,607	(1.9)	68,300	69,607	(1.9)	68,638
United States							
Total revenue	8,196	7,443	10.1	16,012	14,348	11.6	28,925
EBITDA	2,123	1,581	34.3	4,391	2,692	63.1	6,229
Adjusted EBITDA	2,172	1,652	31.5	4,080	2,877	41.8	6,654
Europe							
Total revenue	3,106	3,209	(3.2)	6,186	6,366	(2.8)	13,024
EBITDA	1,016	1,017	(0.1)	1,978	1,979	(0.1)	4,108
Adjusted EBITDA	1,038	1,081	(4.0)	2,024	2,097	(3.5)	4,329
Systems Solutions							
Order entry	1,458	1,281	13.8	2,980	2,493	19.5	5,608
Total revenue	2,009	2,073	(3.1)	4,054	4,000	1.4	8,194
Of which Market Unit	1,592	1,641	(3.0)	3,320	3,262	1.8	6,657
Adjusted EBIT margin (%)	0.5	1.5	(1.0p)	2.5	1.1	1.4p	2.1
Adj. EBIT margin, Market Unit (%)	1.0	1.8	(0.8p)	3.5	1.8	1.7p	2.6
EBITDA	65	(16)	n.a.	211	55	n.a.	93
Adjusted EBITDA	175	203	(13.8)	381	348	9.5	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 the reporting date.



Development of customer numbers

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

	June 30, 2016 thousands	Mar. 31, 2016 thousands	Change thousands	Change %
Germany				
Mobile customers	41,138	40,643	495	1.2
Of which contract customers	24,096	23,940	156	0.7
Fixed-network lines	19,971	20,093	(122)	(0.6)
Of which retail IP-based	7,958	7,470	488	6.5
Broadband lines	12,770	12,706	64	0.5
Of which optical fiber ^a	3,577	3,286	291	8.9
Television (IPTV, satellite)	2,777	2,736	41	1.5
Unbundled local loop lines (ULLs)	7,648	7,867	(219)	(2.8)
United States				
Mobile customers	67,384	65,503	1,881	2.9
Of which branded postpaid customers	33,626	32,736	890	2.7
Of which branded prepay customers	18,914	18,438	476	2.6
Europe				
Mobile customers	52,213	52,208	5	0.0
Of which contract customers	26,697	26,544	153	0.6
Fixed-network lines	8,639	8,687	(48)	(0.6)
Of which IP-based	4,514	4,261	253	5.9
Retail broadband lines	5,307	5,254	53	1.0
Television (IPTV, satellite, cable)	3,961	3,922	39	1.0

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

	June 30, 2016 thousands	June 30, 2015 thousands	Change thousands	Change %
Germany				
Mobile customers	41,138	39,465	1,673	4.2
Of which contract customers	24,096	22,984	1,112	4.8
Fixed-network lines	19,971	20,437	(466)	(2.3)
Of which retail IP-based	7,958	5,763	2,195	38.1
Broadband lines	12,770	12,518	252	2.0
Of which optical fiber ^a	3,577	2,365	1,212	51.2
Television (IPTV, satellite)	2,777	2,578	199	7.7
Unbundled local loop lines (ULLs)	7,648	8,432	(784)	(9.3)
United States				
Mobile customers	67,384	58,908	8,476	14.4
Of which branded postpaid customers	33,626	29,318	4,308	14.7
Of which branded prepay customers	18,914	16,567	2,347	14.2
Europe				
Mobile customers	52,213	56,345	(4,132)	(7.3)
Of which contract customers	26,697	25,918	779	3.0
Fixed-network lines	8,639	8,875	(236)	(2.7)
Of which IP-based	4,514	3,805	709	18.6
Retail broadband lines	5,307	5,084	223	4.4
Television (IPTV, satellite, cable)	3,961	3,768	193	5.1

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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DEUTSCHE TELEKOM
Q2/2016 RESULTS



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REVIEW H1/16

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



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LEADING EUROPEAN TELCO: GUIDANCE RE-ITERATED – ONGOING EXECUTION

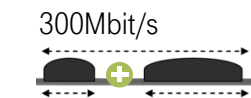
Customers (H1/16)

- Record demand for Fiber in Germany
 - 5.6 million German homes with fiber
 - 1.2 million net adds in H1
- Growth story in the US continues
 - 4.1 million net adds.
 - FY forecast raised again



Investments and innovation (H1/16)

- Further strengthening of spectrum position in the US and Europe
- Continued high investments (excl. spectrum) of 5.5 billion (+7.6%) in networks and transformation
- Progress with 5G
 - Berlin test network, speed record in Poland
- Innovative products in the market



Financial results (H1/16)

- Strong growth continues
 - Revenue up 3.4% yoy
 - Comparable¹ adj. EBITDA up 6.9%
 - Comparable¹ FCF up 15.9%
- Net debt/Adj. EBITDA at 2.3x down from 2.6x one year ago

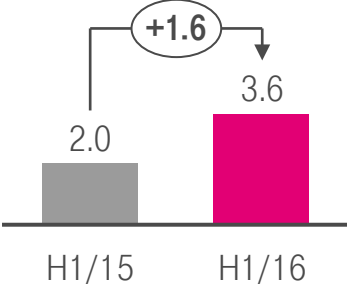


1) Adjusted for handset lease/data stash (adj. EBITDA) , EE dividend (FCF) and settlement (adj. EBITDA and FCF)

CUSTOMERS: STRONG MOMENTUM

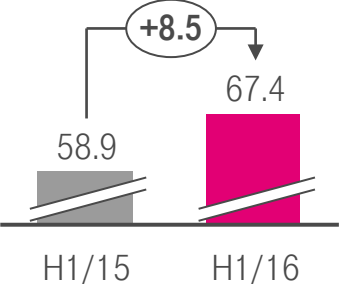
MagentaEINS (Germany + EU)¹

mn



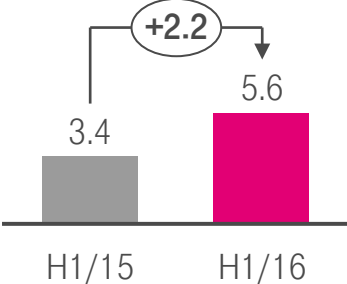
US Mobile

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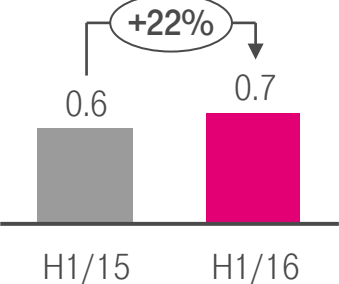
Fiber in Germany

mn



Cloud revenues

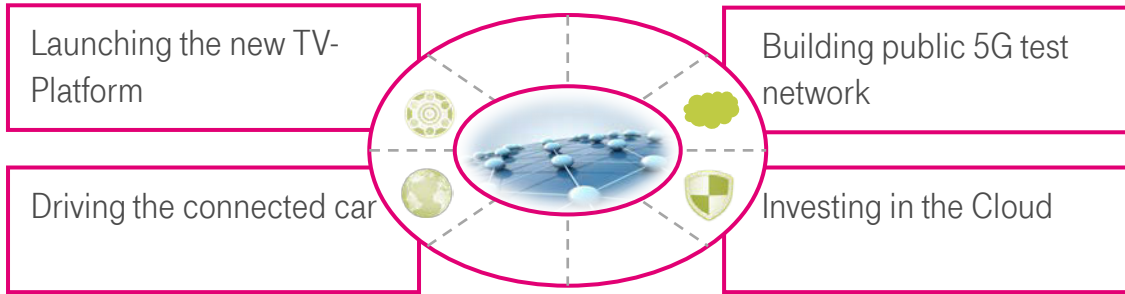
€ bn



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

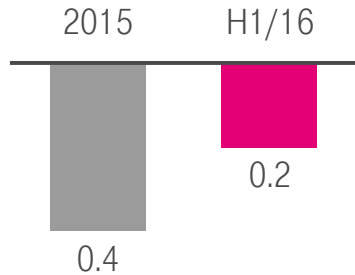
H1 2016: HIGHLIGHTS

Innovation/Best networks



Efficiency

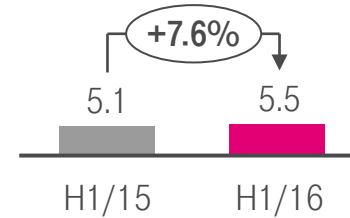
YOY change indirect costs (Excl. US) in billion €



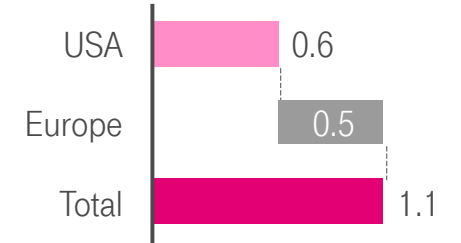
- Ongoing efficiency improvements esp. in domestic businesses in line with target run rate

Investments (€ bn)

Cash Capex (excl. Spectrum)



H1/16 Spectrum spend



Regulation

“Nahbereich”

- EU conditionally approves revised proposal of BNetzA

BSA-Level 2

- BNetzA proposes BSA L2 terms

Broadband subsidies

- Government raises subsidies from €2.7 billion to €4.0 billion

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

€ bn

	Revenue	Adj. EBITDA	FCF
14-18 CAGR ¹	+1-2%	+2-4%	≈+10%
2016 Guidance (\$/€: 1.11)	Increase	Around 21.2 bn ²	Around 4.9 bn
H1 2016 performance	+3.4%	+10.6% (+6.9%) ³	-4.4% (+15.9%) ³

1) 14-18 CAGRs as per CMD 2015 guidance 2) Of which handset lease and data stash \$0.7 billion

3) Percentage change in brackets represents adj. EBITDA and FCF comparable development yoy: adjusted for handset lease/data stash (adj. EBITDA) , EE dividend (FCF) and settlement (adj. EBITDA and FCF)



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REVIEW Q2/16

Q2/2016: FINANCIAL HIGHLIGHTS

€ mn

	Q2			H1		
	2015	2016	Change	2015	2016	Change
Revenue	17,428	17,817	+2.2%	34,270	35,447	+3.4%
Adj. EBITDA	5,026	5,457	+8.6%	9,600	10,620	+10.6%
Adj. Net profit	1,078	1,054	-2.2%	2,114	2,101	-0.6%
Net profit	712	621	-12.8%	1,499	3,746	+149.9%
Adj. EPS (in €)	0.24	0.23	-4.2%	0.47	0.46	-2.1%
EPS (in €)	0.16	0.13	-18.8%	0.33	0.81	+145.5%
Free cash flow ¹	1,375	1,320	-4.0%	2,240	2,142	-4.4%
Cash capex ²	2,575	2,664	+3.5%	5,105	5,495	+7.6%
Net debt	48,835	48,692	-0.3%	48,835	48,692	-0.3%

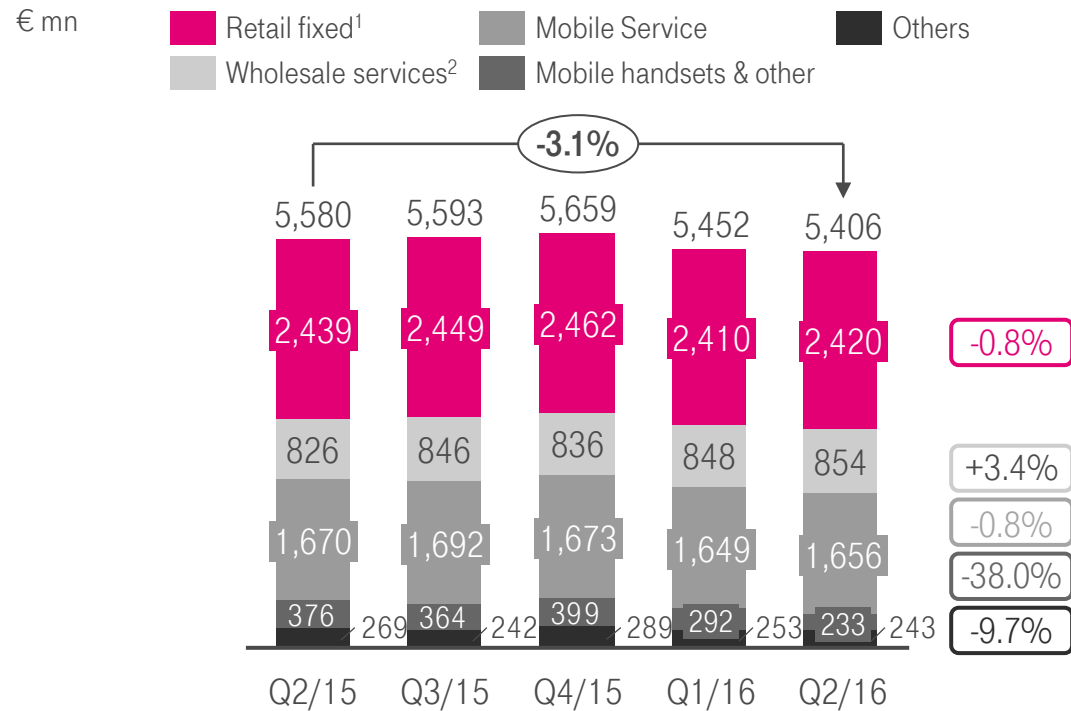
1) Free cash flow before dividend payments and spectrum investment 2) Excl. Spectrum: Q2/15: € 1,755 million; Q2/16: € 39 million; H1/15: € 3,654 million; H1/16: € 1,104 million



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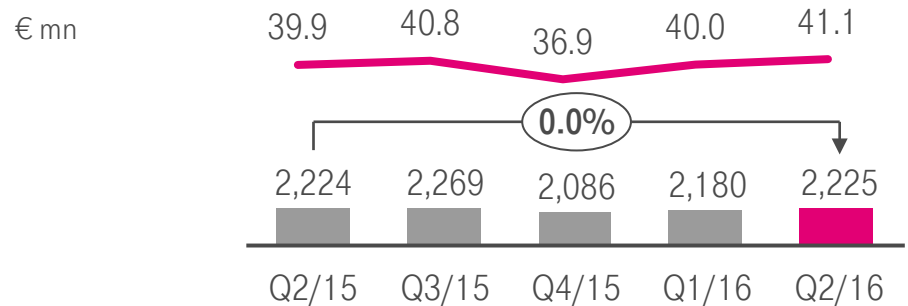
GERMANY: HIGHER MARGIN REFLECTING LOWER HANDSET SALES AND COST MANAGEMENT

Revenue reported

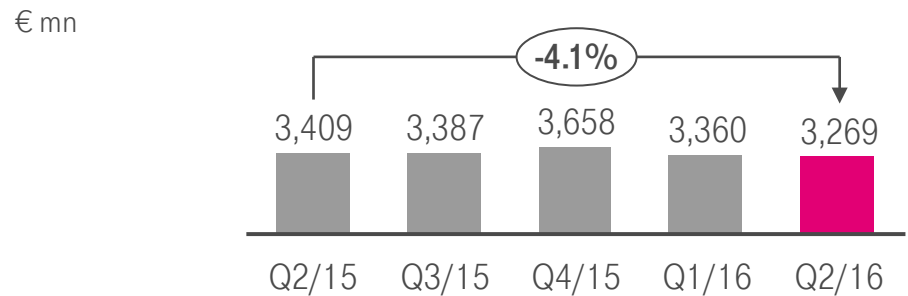


1) Fixed network core business 2) Figures 2015 have been restated . Approx. 80 million € shifted from wholesale to others

Adj. EBITDA and margin (in %)



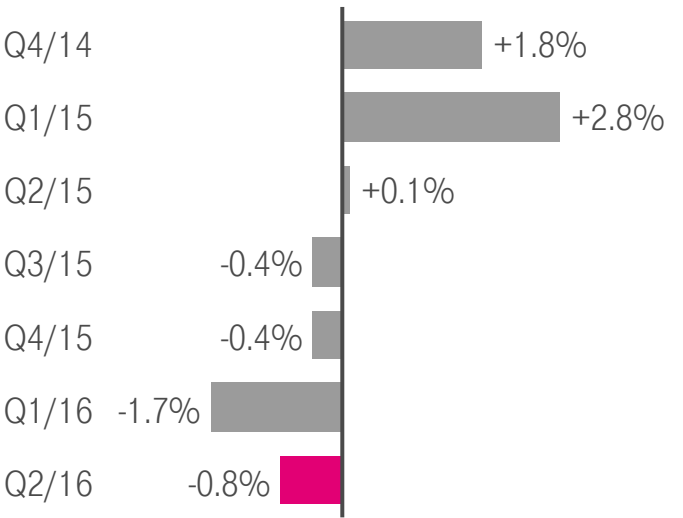
Adj. OPEX



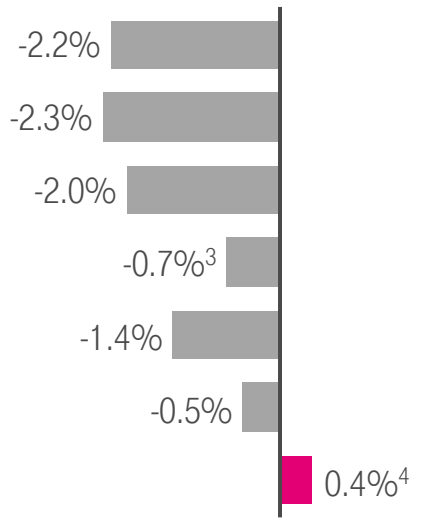
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GERMAN TOTAL SERVICE REVENUES: GROWTH IN FIXED, STABLE OVERALL

Mobile service revenues



Fixed line service revenues^{1,2}



Total service revenues^{1,2}

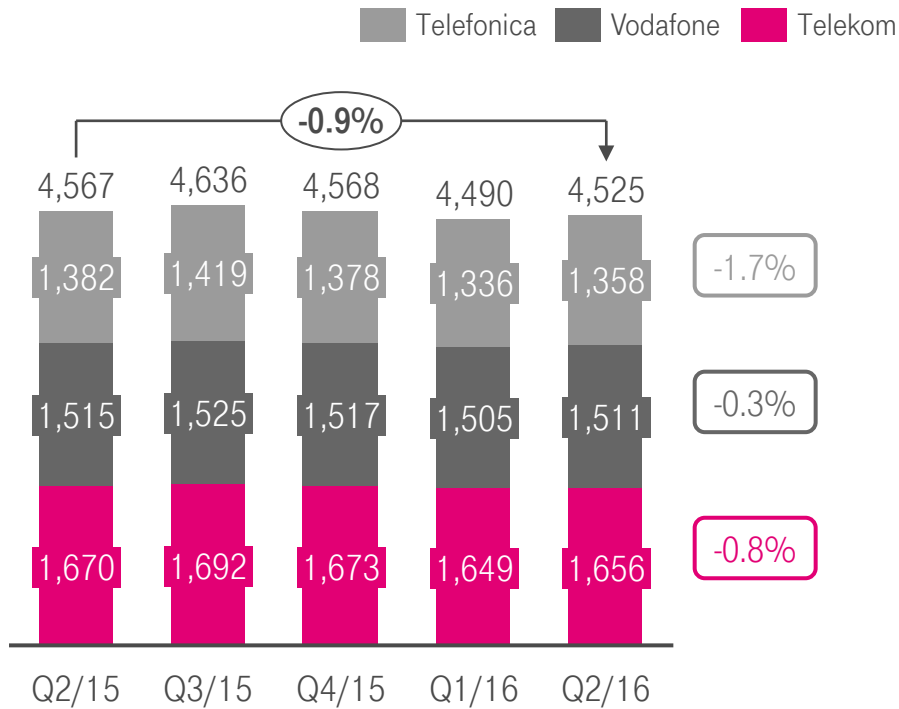


1) Total service revenues is a sum of fixed line and mobile service revenues. We define fixed line service revenues as fixed network core business revenues less fixed hardware revenues plus wholesale services fixed network revenues.. From Q2/16 onwards we classify CPEs recurring rent revenues as fixed service revenues, and thus also part of total service revenues. Without this reclassification fixed line service revenue growth rate would be +0.2% in Q2/16, whereas TSR growth rate would be -0.2% in Q2/16. Old growth rates have not been restated. 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 -1.5% for fixed service revenues, respectively -1.1% for total service revenues 4) Revenue in Q2/16 impacted by a negative special factor related to a settlement agreement. Adjusted growth rate at +0.7% for fixed service revenues under definition in Q2/16 (see 1), respectively +0.2% for total service revenues under definition in Q2/16 (see 1).

GERMANY MOBILE: STEADY COMMERCIAL MOMENTUM

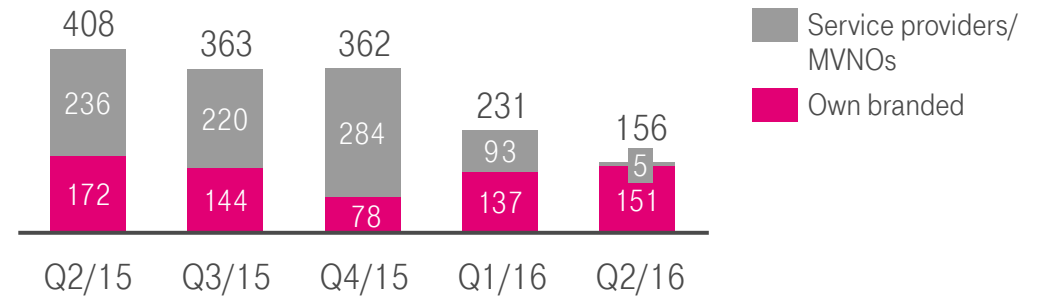
German mobile market service revenue

€ mn



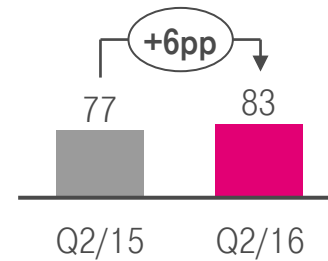
Contract net adds¹

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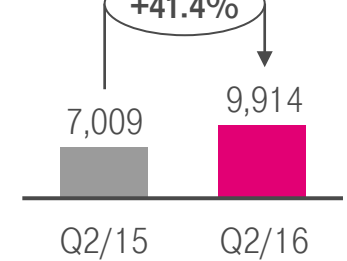
Smartphone penetration²

%



LTE customers³

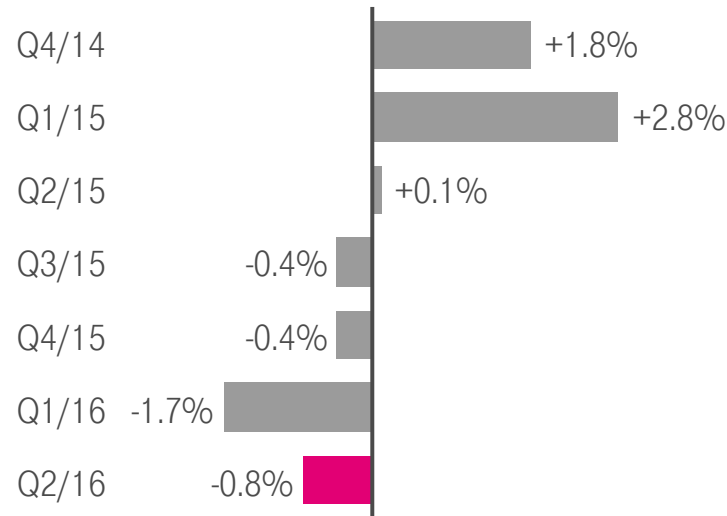
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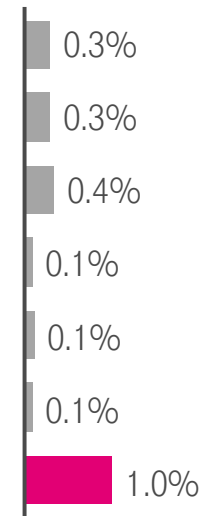
1) Figures may not add up due to rounding 2) Of own branded retail customers 3) Customers using a LTE-device and tariff plan including LTE

GERMAN MOBILE SERVICE REVENUES: TREND RECOVERY IN Q2 AS EXPECTED

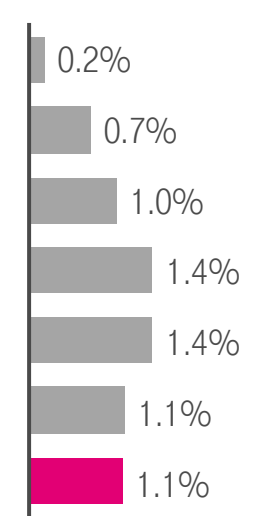
Reported mobile service revenues



Impact of mobile regulation¹



Impact of convergent offers²



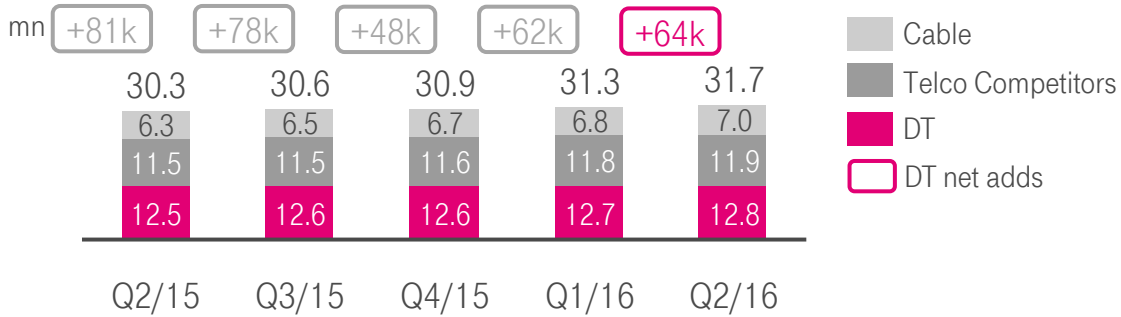
Medium term guidance (2014–2018 CAGR): Re-iterated

≈ +1% (without EU roaming impact)

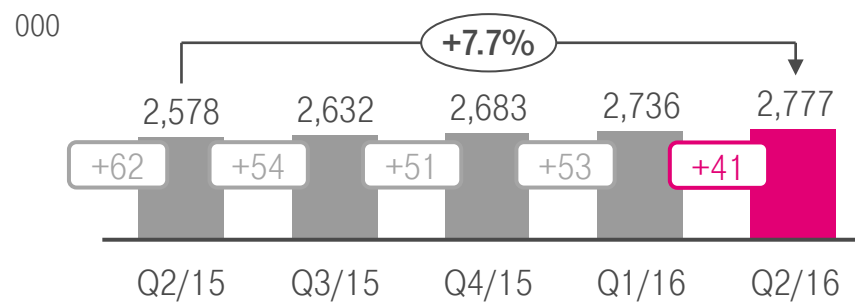
1) Impact of MTR and EU Roaming regulation 2) Impact of MagentaEINS and Telekom LTE broadband

GERMANY FIXED: STRONG GROWTH IN FIBER

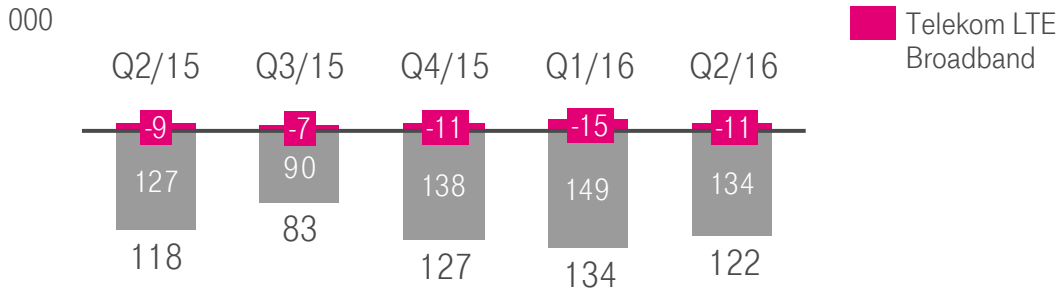
German broadband market¹



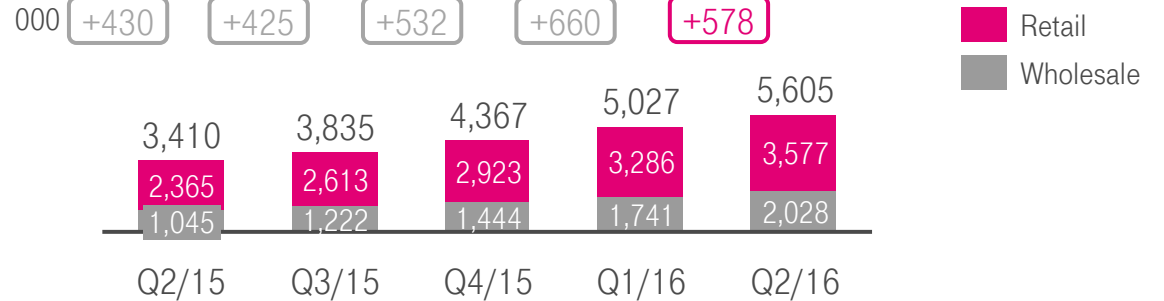
Entertain customers



Line losses



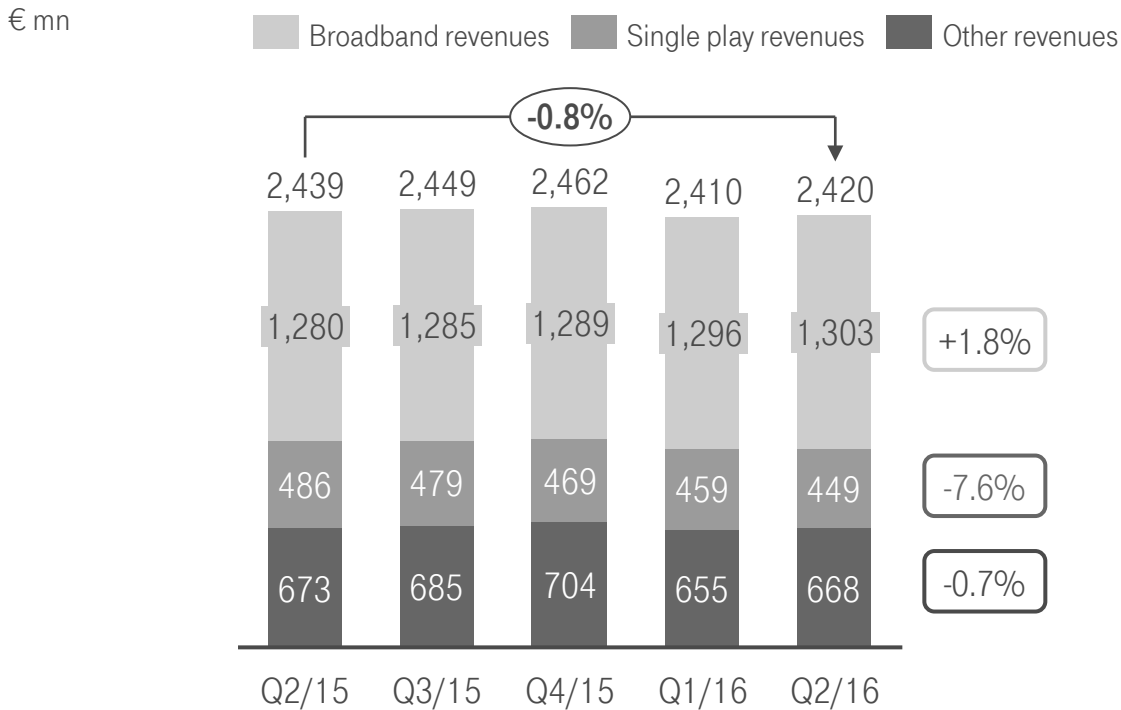
Fiber customers²



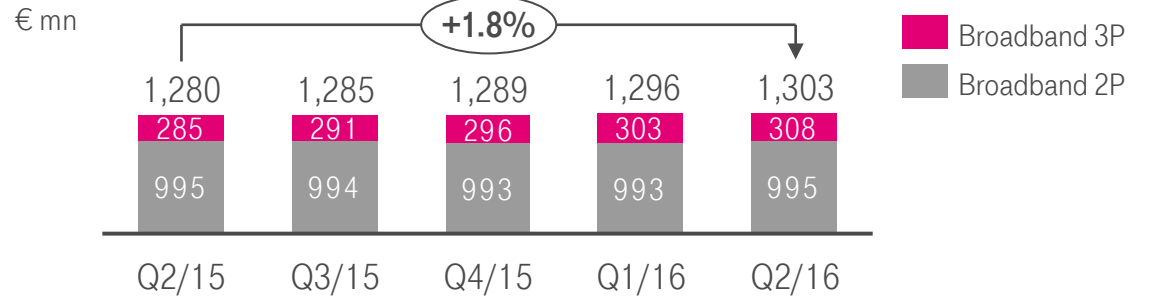
1) Based on management estimates 2) Sum of all FTTx accesses (e.g. FTTC/VDSL, Vectoring and FTTH)

GERMANY FIXED: FIBER DRIVES RETAIL BROADBAND REVENUES

Fixed network revenues retail

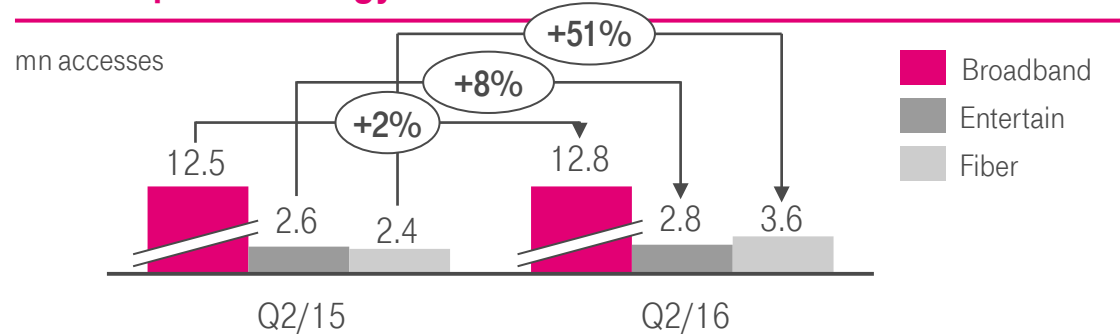


Broadband revenues



Retail upsell strategy

% calculated on exact numbers

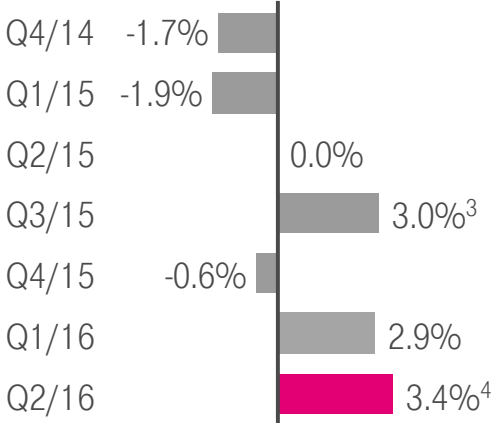


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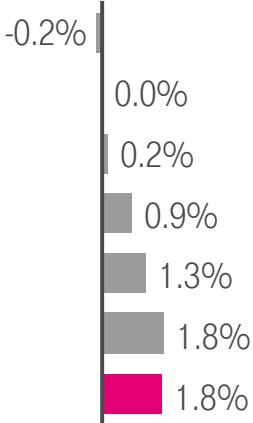
GERMAN FIXED LINE SERVICE REVENUES: SUCCESSFUL TURNAROUND

Growth rates YOY

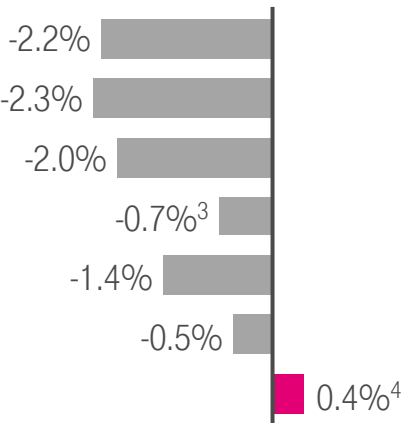
Wholesale revs²



Broadband revs



Fixed line service revenues^{1,2}



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

+0.0%

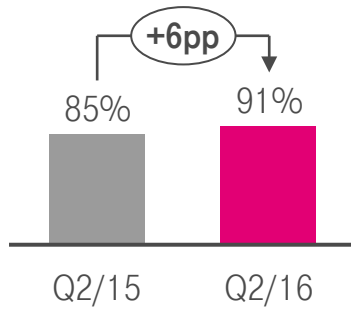
+2.0%

1) We define fixed line service revenues as fixed network core business revenues less fixed hardware revenues plus wholesale services fixed network revenues.. From Q2/16 onwards we classify CPEs recurring rent revenues as fixed service revenues. Without this reclassification fixed line service revenue growth rate would be +0.2% in Q2/16. Prior quarters growth rates have not been restated. 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) Revenue in Q2/16 impacted by a negative special factor related to a settlement agreement. Adjusted growth rate at +4.6% for wholesale, respectively +0.7% for fixed service revenues under definition in Q2/16 (see 1)

GERMANY: NETWORK ROLL-OUT AND TRANSFORMATION PROGRESS TOWARDS TARGET

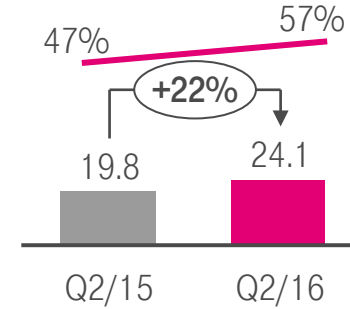
INS - Status LTE rollout

POP
Coverage in %¹



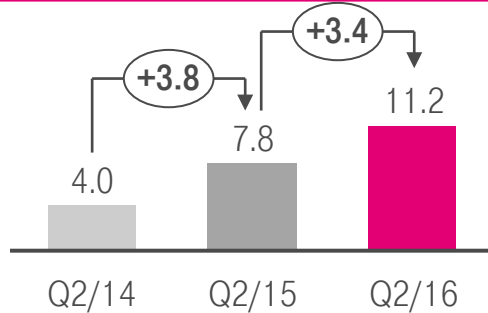
INS - Status fiber rollout²

Coverage in % and
millions of households



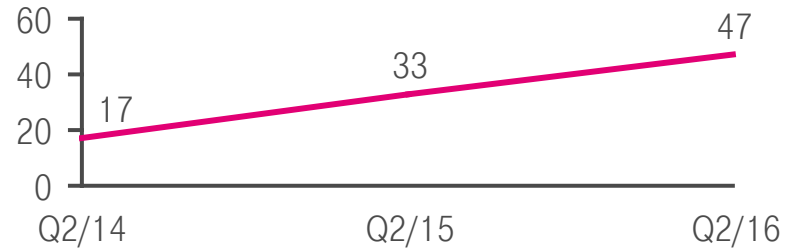
Status IP accesses (retail & wholesale)

mn



Status IP accesses (retail & wholesale)

in % of lines



Target:
100% of lines
by 2018!

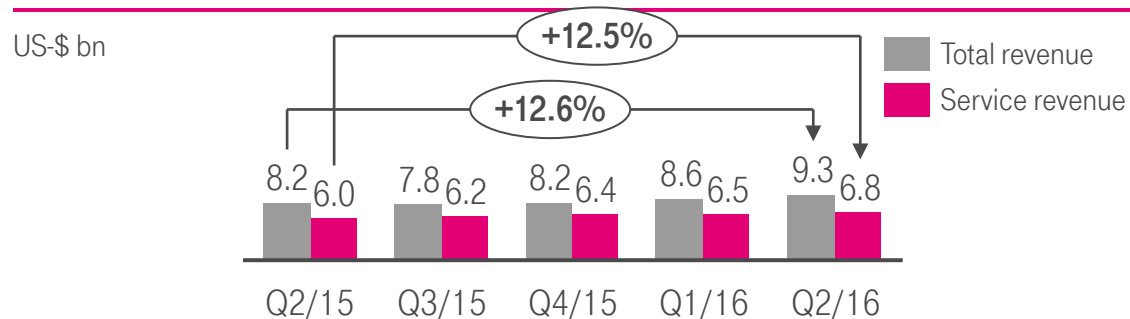
1) Outdoor coverage 2) In % of households within fixed network coverage in Germany



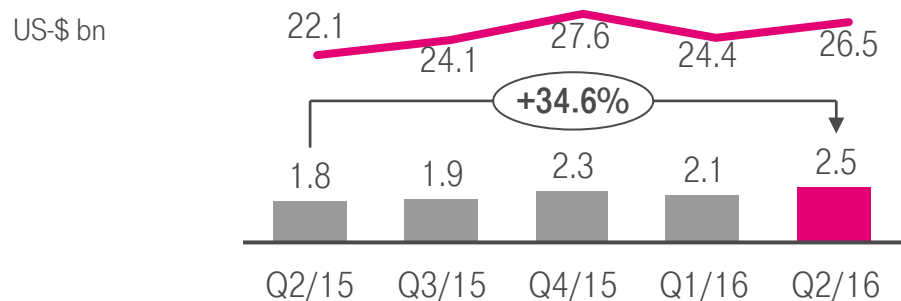
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TMUS: STRONG GROWTH IN ALL KEY METRICS

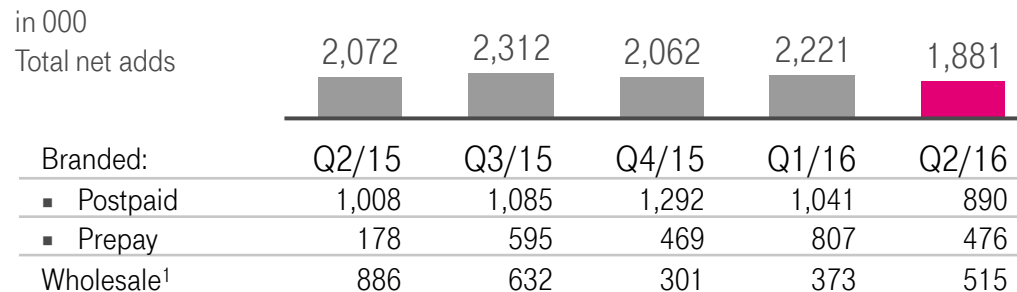
Revenue and service revenue



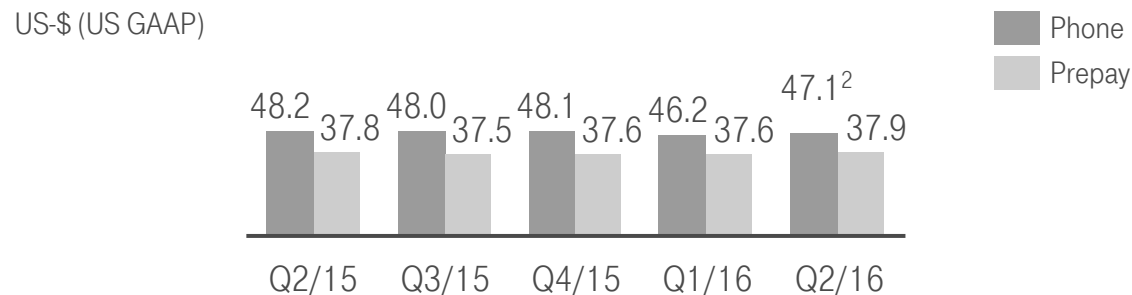
Adj. EBITDA and margin (in %)



Net adds



Branded customers: Postpaid phone and prepay ARPU

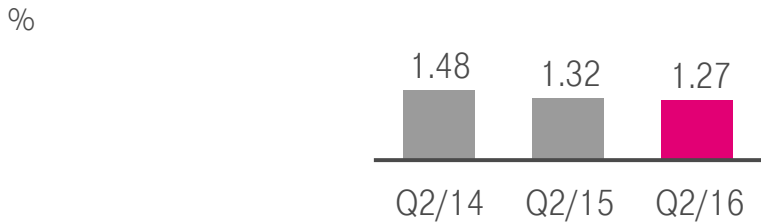


1) Wholesale includes MVNO and machine-to-machine (M2M). Amounts may not add up due to rounding.

2) Excl. data stash effect postpaid phone ARPU increased 0.8% QoQ and decreased 0.4% yoy

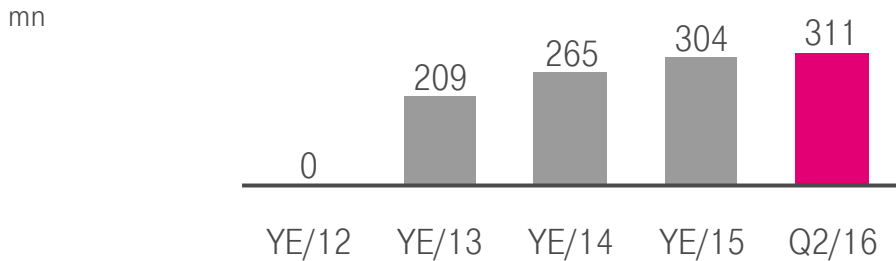
FOCUS ON TMUS: IMPORTANT DRIVERS KEEP TRENDING WELL

Branded postpaid phone churn



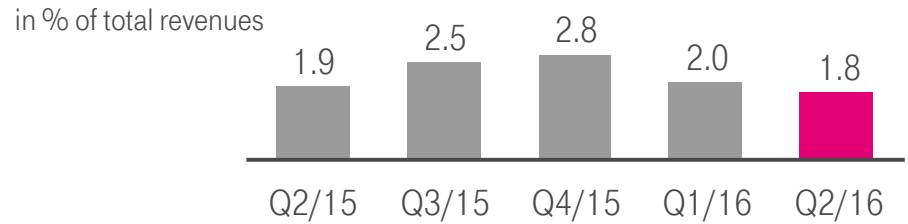
- Lowest ever churn level

LTE covered POPs



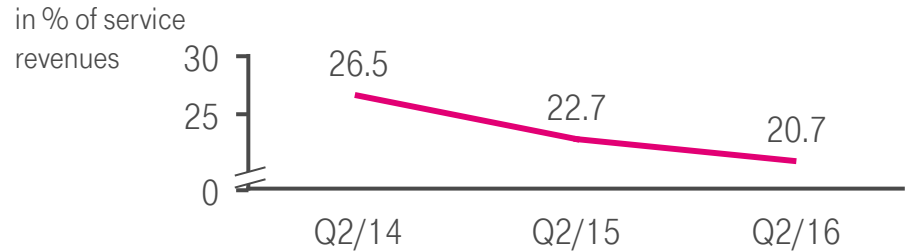
- A-block update: Deployed in more than 200 million POPs across 350 market areas (spectrum covers approx. 83% of US POPs or 269M people)

Bad debt expenses & losses from sale of receivables



- Receivables classified as prime slightly up at 53% (adj. for EIP receivables sold)

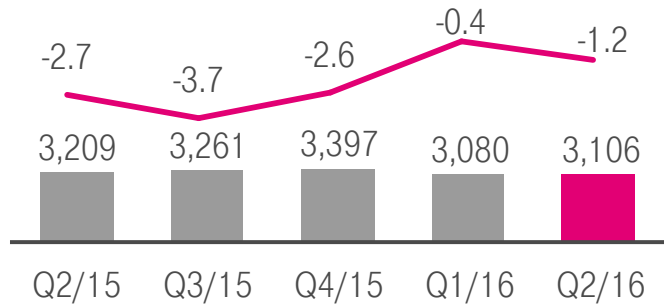
Cost of service



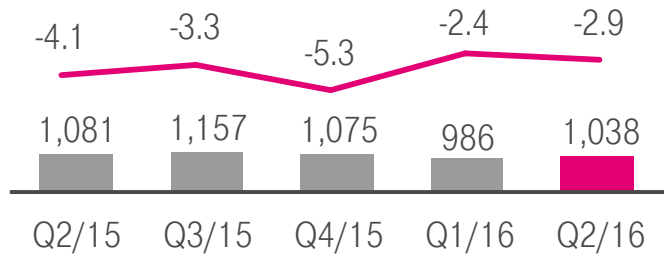
- MetroPCS synergies and growing scale outweigh network expansion costs

EUROPE: TREND TOWARDS STABILIZATION CONTINUES

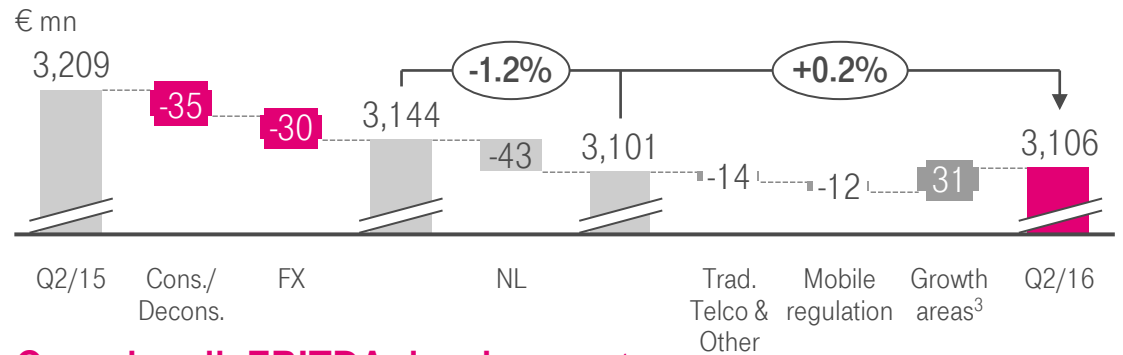
Revenue as reported in € mn and organic change yoy in %^{1,2}



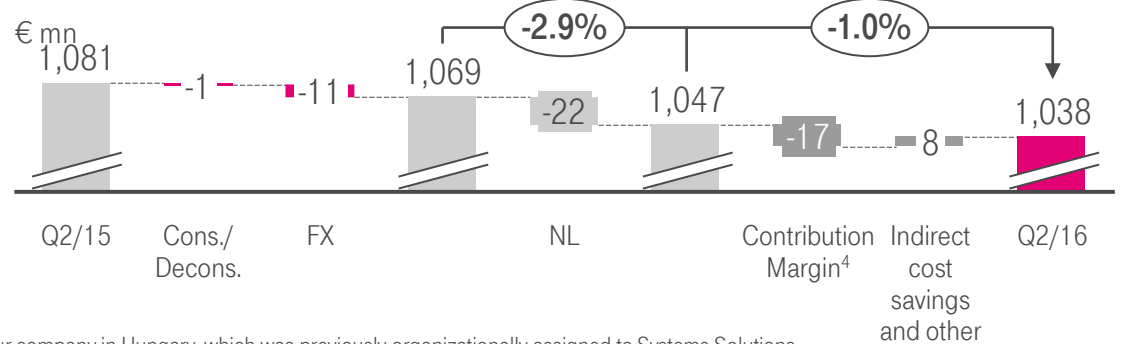
Adj. EBITDA as reported and organic change yoy in %^{1,2}



Organic revenue development



Organic adj. EBITDA development

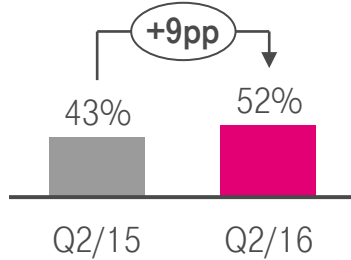


1) %-change figures as previously disclosed. Not adjusted for restatement. 2) The Business Customers unit of Magyar Telekom, our company in Hungary, which was previously organizationally assigned to Systems Solutions was consolidated in the Europe operating segment as of January 1, 2016. 2015 figures 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

EUROPE: IP MIGRATION AND LTE LEADERSHIP

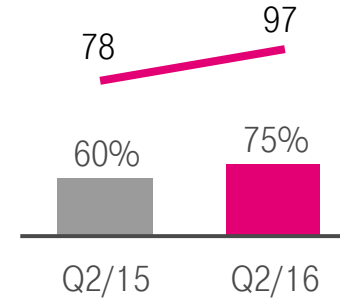
IP migration

IP share of fixed network access lines



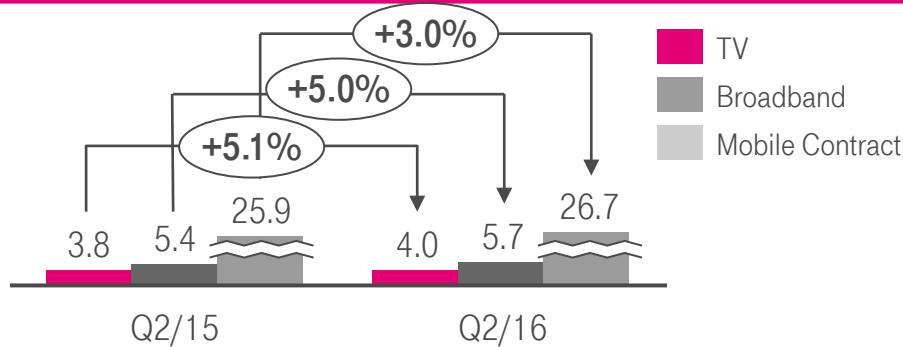
LTE rollout

LTE outdoor pop coverage
mn and %



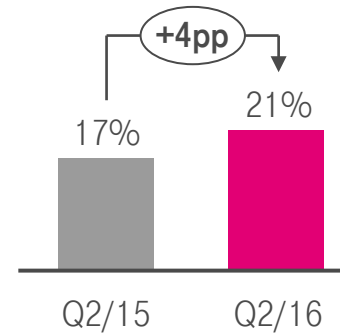
Customer base¹

mn



Fiber rollout¹

Fiber household coverage

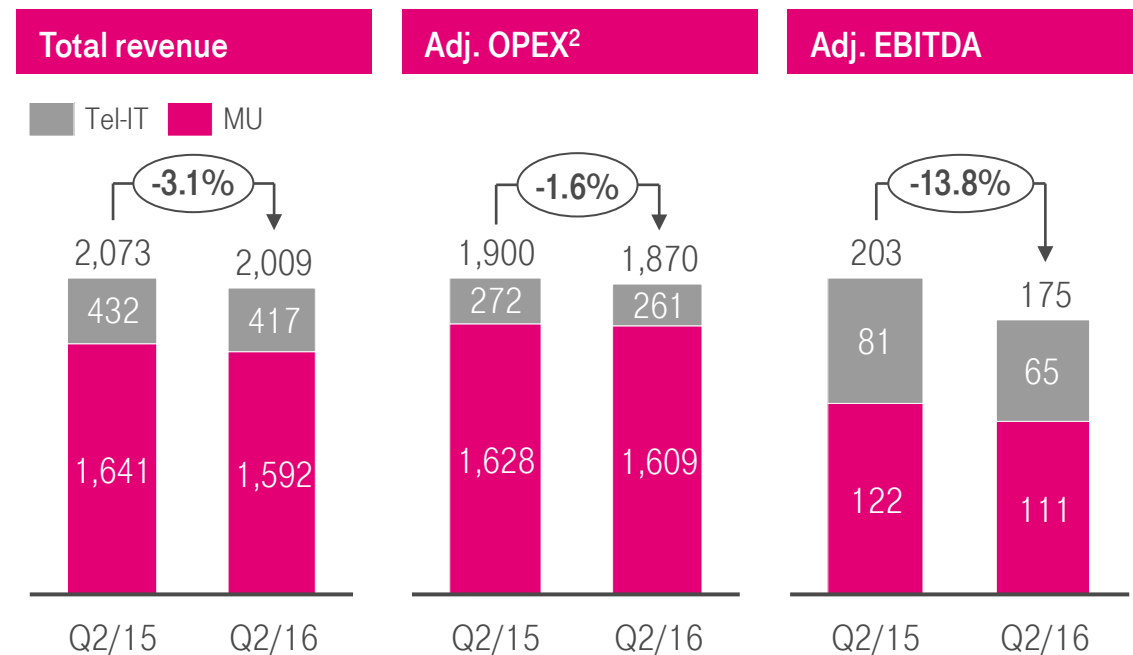


1) ≥ 100Mbit/s²-coverage: FTTH, FTTB, FTTC (with Vectoring), cable/ED3. Broadband also incl. wholesale customers

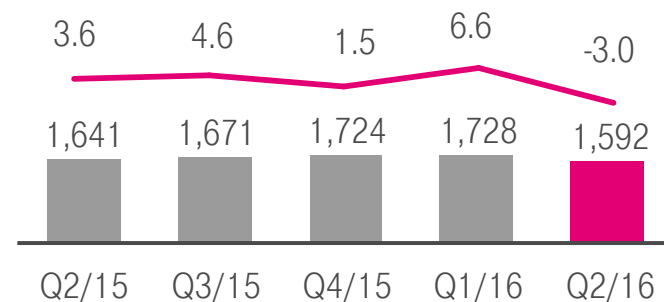
SYSTEMS SOLUTIONS: TRANSFORMATION CONTINUES

T-Systems Financials¹

€ mn

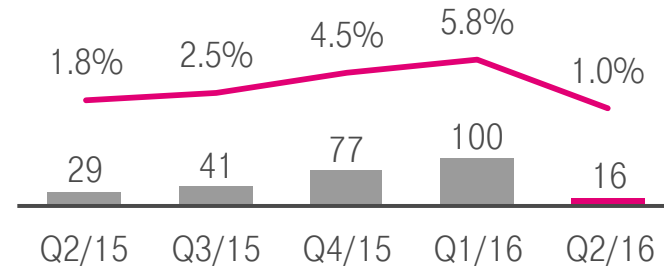


Revenue Market Unit in € million and change yoy in %³



Adj. EBIT and margin Market Unit

%
€ mn



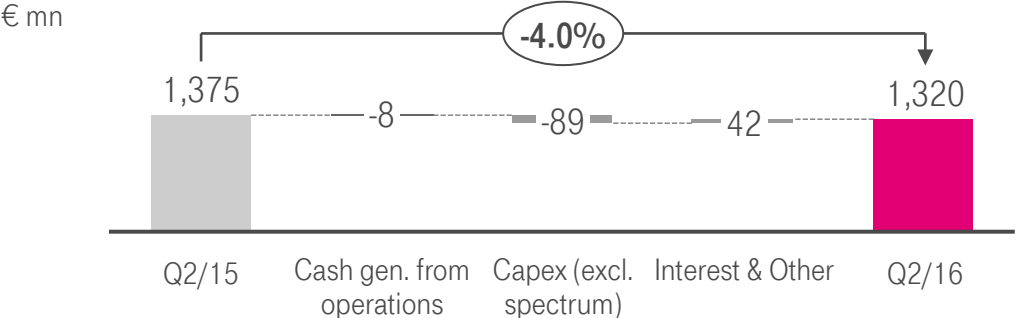
1) Trends in Q1/16 positively impacted by completion toll system Belgium – normalization in Q2 2) Figures may not add up due to rounding/elimination 3) % change figures as previously disclosed. Not adjusted for restatement.



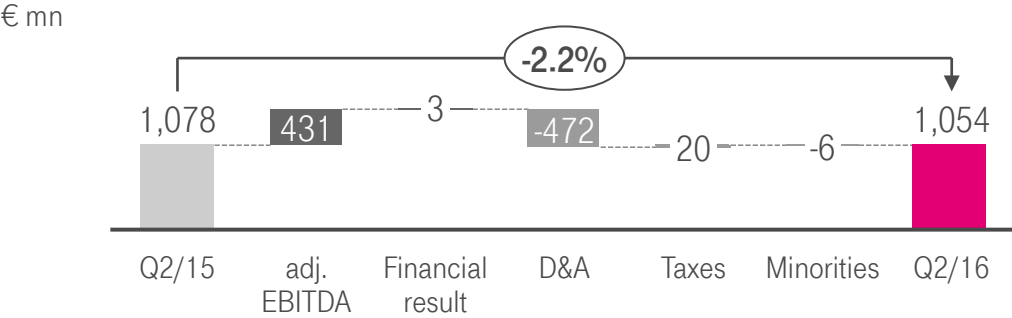
LIFE IS FOR SHARING.

FINANCIALS: FCF, NET DEBT AND NET INCOME

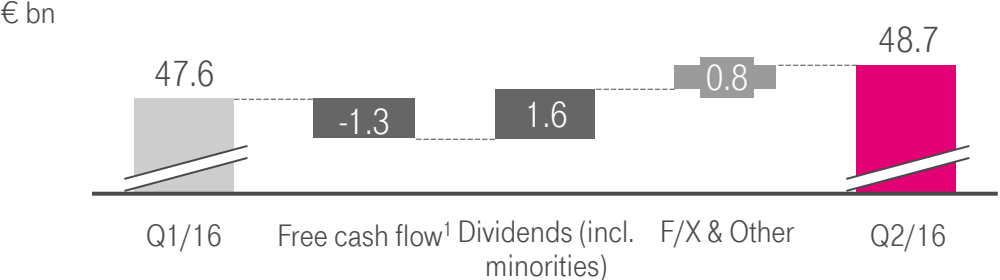
Free cash flow Q2/16¹



Adj. net income Q2/16



Net debt development Q2/16



1) Free cash flow before dividend payments and spectrum investment (Q2/15: € 1,755 million; Q2/16: € 39 million)

FINANCIALS: BALANCE SHEET RATIOS IN TARGET CORRIDOR

€ bn

	30/06/2015	30/09/2015	31/12/2015	31/03/2016	30/06/2016
Balance sheet total	135.0	135.2	143.9	143.6	143.5
Shareholders' equity	36.0	36.5	38.2	38.4	37.0
Net debt	48.8	47.9	47.6	47.6	48.7
Net debt/adj. EBITDA ¹	2.6	2.5	2.4	2.3	2.3
Equity ratio	26.6%	27.0%	26.5%	26.8%	25.8%

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 **August 11 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/16Q2
- 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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THANK YOU!

BACKUP Q2 2016

DEUTSCHE TELEKOM

 H1 2016

Check out our IR website www.telekom.com/investor-relations for:

- This backup in .pdf and excel-format
- The IR calender
- Detailed information for debt investors
- Shareholder structure
- Corporate governance

For further information on the business units please refer to:

www.telekom.com
www.telekom.de
www.t-mobile.com
www.t-systems.com

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GROUP AT A GLANCE¹

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
GROUP		17.428	17.099	17.859	69.228	17.630	17.817	2,2	34.270	35.447	3,4
Germany		5.580	5.593	5.659	22.421	5.452	5.406	(3,1)	11.169	10.858	(2,8)
United States		7.443	7.059	7.518	28.925	7.816	8.196	10,1	14.348	16.012	11,6
Europe		3.209	3.261	3.397	13.024	3.080	3.106	(3,2)	6.366	6.186	(2,8)
Systems Solutions		2.073	2.031	2.163	8.194	2.045	2.009	(3,1)	4.000	4.054	1,4
Group Headquarters & Group Services		584	555	571	2.275	513	542	(7,2)	1.149	1.055	(8,2)
Reconciliation		(1.461)	(1.400)	(1.449)	(5.611)	(1.276)	(1.442)	1,3	(2.762)	(2.718)	1,6
NET REVENUE											
Germany		5.235	5.248	5.321	21.069	5.136	5.076	(3,0)	10.500	10.212	(2,7)
United States		7.443	7.059	7.518	28.924	7.816	8.195	10,1	14.347	16.011	11,6
Europe		3.150	3.200	3.334	12.782	3.018	3.020	(4,1)	6.248	6.038	(3,4)
Systems Solutions		1.435	1.452	1.520	5.827	1.545	1.402	(2,3)	2.855	2.947	3,2
Group Headquarters & Group Services		165	140	166	626	115	124	(24,8)	320	239	(25,3)
GROUP		17.428	17.099	17.859	69.228	17.630	17.817	2,2	34.270	35.447	3,4
EBITDA (ADJUSTED FOR SPECIAL FACTORS)											
Germany		2.224	2.269	2.086	8.790	2.180	2.225	0,0	4.435	4.405	(0,7)
United States		1.652	1.702	2.075	6.654	1.908	2.172	31,5	2.877	4.080	41,8
Europe		1.081	1.157	1.075	4.329	986	1.038	(4,0)	2.097	2.024	(3,5)
Systems Solutions		203	176	216	740	206	175	(13,8)	348	381	9,5
Group Headquarters & Group Services		(76)	(133)	(321)	(552)	(117)	(108)	(42,1)	(98)	(225)	n.a.
Reconciliation		(58)	(6)	12	(53)	0	(45)	22,4	(59)	(45)	23,7
GROUP		5.026	5.165	5.143	19.908	5.163	5.457	8,6	9.600	10.620	10,6
Proportional EBITDA		4.173	4.236	4.088	16.317	4.173	4.384	5,1	7.993	8.557	7,1

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.

GROUP

AT A GLANCE II¹

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
EBITDA MARGIN (ADJUSTED FOR SPECIAL FACTORS)											
(EBITDA / TOTAL REVENUE)											
Germany		39,9	40,8	36,9	39,2	40,0	41,1	1,2p	39,7	40,5	0,8p
United States		22,1	24,1	27,6	23,0	24,4	26,5	4,4p	20,0	25,5	5,5p
Europe		33,7	35,5	31,6	33,2	32,0	33,4	(0,3p)	32,9	32,7	(0,2p)
Systems Solutions		9,8	8,7	10,0	9,0	10,1	8,7	(1,1p)	8,7	9,4	0,7p
Group Headquarters & Group Services		(13,0)	(24,0)	(56,2)	(24,3)	(22,8)	(19,9)	(6,9p)	(8,5)	(21,3)	(12,8p)
GROUP		28,8	30,2	28,8	28,8	29,3	30,6	1,8p	28,0	30,0	2,0p
CASH CAPEX											
Germany		2.622	1.073	965	5.609	908	909	(65,3)	3.571	1.817	(49,1)
United States		1.230	1.103	1.319	6.381	1.756	1.251	1,7	3.959	3.007	(24,0)
Europe		303	403	463	1.667	1.009	391	29,0	801	1.400	74,8
Systems Solutions		276	282	345	1.151	237	260	(5,8)	524	497	(5,2)
Group Headquarters & Group Services		65	69	112	342	60	51	(21,5)	161	111	(31,1)
Reconciliation		(166)	(117)	(163)	(537)	(74)	(159)	4,2	(257)	(233)	9,3
GROUP		4.330	2.813	3.041	14.613	3.896	2.703	(37,6)	8.759	6.599	(24,7)
- thereof spectrum investment		1.755	115	26	3.795	1.065	39	(97,8)	3.654	1.104	(69,8)
NET PROFIT (LOSS)											
adjusted for special factors		1.078	1.040	959	4.113	1.047	1.054	(2,2)	2.114	2.101	(0,6)
as reported		712	809	946	3.254	3.125	621	(12,8)	1.499	3.746	n.a.
FREE CASH FLOW (BEFORE DIVIDEND PAYMENTS AND SPECTRUM INVESTMENT)											
Proportional free cash flow		1.375	1.308	998	4.546	822	1.320	(4,0)	2.240	2.142	(4,4)
		1.228	1.092	442	3.631	837	1.104	(10,1)	2.097	1.941	(7,4)
NET DEBT		48.835	47.868	47.570	47.570	47.603	48.692	(0,3)	48.835	48.692	(0,3)

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.

DT GROUP

EXCELLENT MARKET POSITION¹

	Note	Q2	Q3	Q4	Q1	Q2	Change compared to		Change compared to	
		2015	2015	2015	2016	2016	prior quarter		prior year	
		('000)	('000)	('000)	('000)	('000)	abs.	%	abs.	%
BROADBAND RETAIL LINES (END OF PERIOD)	2,3	17.602	17.718	17.833	17.960	18.077	117	0,7	475	2,7
Germany		12.518	12.596	12.644	12.706	12.770	64	0,5	252	2,0
Europe		5.084	5.122	5.189	5.254	5.307	53	1,0	223	4,4
Greece		1.426	1.457	1.505	1.541	1.573	32	2,1	147	10,3
Romania		1.186	1.181	1.186	1.204	1.204	0	n.a.	18	1,5
Hungary		956	975	988	996	1.003	7	0,7	47	4,9
Poland		9	8	10	10	10	0	n.a.	1	11,1
Czech Republic		141	136	132	131	131	0	n.a.	(10)	(7,1)
Croatia		642	638	636	634	639	5	0,8	(3)	(0,5)
Slovakia		459	465	473	481	489	8	1,7	30	6,5
other		264	262	258	256	258	2	0,8	(6)	(2,3)
FIXED NETWORK LINES (END OF PERIOD)	3,4	29.312	29.152	28.990	28.780	28.610	(170)	(0,6)	(702)	(2,4)
Germany		20.437	20.354	20.227	20.093	19.971	(122)	(0,6)	(466)	(2,3)
Europe		8.875	8.798	8.763	8.687	8.639	(48)	(0,6)	(236)	(2,7)
Greece		2.591	2.577	2.586	2.583	2.576	(7)	(0,3)	(15)	(0,6)
Romania		2.153	2.117	2.091	2.055	2.029	(26)	(1,3)	(124)	(5,8)
Hungary		1.671	1.677	1.674	1.659	1.655	(4)	(0,2)	(16)	(1,0)
Poland		18	17	18	18	18	0	n.a.	0	n.a.
Czech Republic		152	147	154	141	140	(1)	(0,7)	(12)	(7,9)
Croatia		1.038	1.020	1.004	1.012	1.009	(3)	(0,3)	(29)	(2,8)
Slovakia		864	858	855	851	848	(3)	(0,4)	(16)	(1,9)
other		389	385	381	367	365	(2)	(0,5)	(24)	(6,2)
MOBILE SUBSCRIBERS (END OF PERIOD)	3	154.718	157.358	156.392	158.354	160.735	2.381	1,5	6.017	3,9
Germany		39.465	39.892	40.373	40.643	41.138	495	1,2	1.673	4,2
United States		58.908	61.220	63.282	65.503	67.384	1.881	2,9	8.476	14,4
Europe		56.345	56.246	52.737	52.208	52.213	5	0,0	(4.132)	(7,3)
Greece		7.387	7.428	7.399	7.477	7.610	133	1,8	223	3,0
Romania		6.015	5.905	5.992	5.934	5.909	(25)	(0,4)	(106)	(1,8)
Hungary		5.476	5.482	5.504	5.372	5.344	(28)	(0,5)	(132)	(2,4)
Poland		15.827	15.696	12.056	11.821	11.635	(186)	(1,6)	(4.192)	(26,5)
Czech Republic		5.996	5.981	6.019	6.024	6.008	(16)	(0,3)	12	0,2
Croatia		2.241	2.323	2.233	2.206	2.246	40	1,8	5	0,2
Netherlands		3.689	3.686	3.677	3.668	3.671	3	0,1	(18)	(0,5)
Slovakia		2.196	2.204	2.235	2.231	2.227	(4)	(0,2)	31	1,4
Austria		3.934	3.962	4.323	4.221	4.275	54	1,3	341	8,7
other		3.585	3.579	3.299	3.255	3.287	32	1,0	(298)	(8,3)

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.

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DT CONSOLIDATED INCOME STATEMENT

ADJUSTED FOR SPECIAL FACTORS

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
NET REVENUE		17.464	17.075	17.860	69.241	17.630	17.827	2,1	34.306	35.457	3,4
Other operating income		301	233	459	1.390	268	203	(32,6)	698	471	(32,5)
Changes in inventories		3	1	(20)	(11)	12	(6)	n.a.	8	6	(25,0)
Own capitalized costs		462	515	561	2.036	481	518	12,1	960	999	4,1
Goods and services purchased		(8.795)	(8.279)	(9.206)	(35.010)	(8.587)	(8.683)	1,3	(17.525)	(17.270)	1,5
Personnel costs		(3.699)	(3.609)	(3.642)	(14.647)	(3.813)	(3.702)	(0,1)	(7.396)	(7.515)	(1,6)
Other operating expenses		(710)	(771)	(869)	(3.091)	(828)	(700)	1,4	(1.451)	(1.528)	(5,3)
Depreciation, amortization, and impairment losses		(2.679)	(2.775)	(3.097)	(11.235)	(3.142)	(3.151)	(17,6)	(5.363)	(6.293)	(17,3)
PROFIT (LOSS) FROM OPERATIONS (EBIT)		2.347	2.390	2.046	8.673	2.021	2.306	(1,7)	4.237	4.327	2,1
EBIT margin (EBIT / net revenue)	%	13,4	14,0	11,5	12,5	11,5	12,9	(0,5p)	12,4	12,2	(0,2p)
Profit (loss) from financial activities		(749)	(656)	(387)	(2.233)	(215)	(746)	0,4	(1.190)	(961)	19,2
of which: finance costs		(579)	(580)	(608)	(2.367)	(634)	(653)	(12,8)	(1.179)	(1.287)	(9,2)
PROFIT (LOSS) BEFORE INCOME TAXES (EBT)		1.598	1.734	1.659	6.440	1.806	1.560	(2,4)	3.047	3.366	10,5
Income taxes		(444)	(572)	(545)	(1.927)	(582)	(424)	4,5	(810)	(1.006)	(24,2)
PROFIT (LOSS)		1.154	1.162	1.114	4.513	1.224	1.136	(1,6)	2.237	2.360	5,5
Profit (loss) attributable to non-controlling interests		76	122	155	400	177	82	7,9	123	259	n.a.
NET PROFIT (LOSS)		1.078	1.040	959	4.113	1.047	1.054	(2,2)	2.114	2.101	(0,6)

GROUP

EBITDA RECONCILIATION

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
NET REVENUE		17.428	17.099	17.859	69.228	17.630	17.817	2,2	34.270	35.447	3,4
NET PROFIT (LOSS)		712	809	946	3.254	3.125	621	(12,8)	1.499	3.746	n.a.
+ Profit (loss) attributable to non-controlling interests		47	59	140	248	252	65	38,3	49	317	n.a.
= Profit (loss)		759	868	1.086	3.502	3.377	686	(9,6)	1.548	4.063	n.a.
- Income taxes		(283)	(260)	(499)	(1.276)	(934)	(114)	59,7	(517)	(1.048)	n.a.
= Profit (loss) before income taxes = EBT		1.042	1.128	1.585	4.778	4.311	800	(23,2)	2.065	5.111	n.a.
- Profit (loss) from financial activities		(764)	(657)	(386)	(2.250)	(214)	(746)	2,4	(1.207)	(960)	20,5
PROFIT (LOSS) FROM OPERATIONS (EBIT)		1.806	1.785	1.971	7.028	4.525	1.546	(14,4)	3.272	6.071	85,5
- Depreciation, amortization and impairment losses		(2.728)	(2.796)	(3.142)	(11.360)	(3.142)	(3.151)	(15,5)	(5.422)	(6.293)	(16,1)
= EBITDA		4.534	4.581	5.113	18.388	7.667	4.697	3,6	8.694	12.364	42,2
EBITDA margin (EBITDA/net revenue)	%	26,0	26,8	28,6	26,6	43,5	26,4	0,4p	25,4	34,9	9,5p
- Special factors affecting EBITDA		(492)	(584)	(30)	(1.520)	2.504	(760)	(54,5)	(906)	1.744	n.a.
= EBITDA ADJUSTED FOR SPECIAL FACTORS		5.026	5.165	5.143	19.908	5.163	5.457	8,6	9.600	10.620	10,6
EBITDA margin (adjusted for special factors) (EBITDA / net revenue)	%	28,8	30,2	28,8	28,8	29,3	30,6	1,8p	28,0	30,0	2,0p

DT CONSOLIDATED INCOME STATEMENT

AS REPORTED

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
NET REVENUE		17.428	17.099	17.859	69.228	17.630	17.817	2,2	34.270	35.447	3,4
Other operating income		337	233	1.041	2.008	3.179	258	(23,4)	734	3.437	n.a.
Changes in inventories		3	1	(20)	(11)	12	(6)	n.a.	8	6	(25,0)
Own capitalized costs		464	515	561	2.041	480	518	11,6	965	998	3,4
Goods and services purchased		(8.869)	(8.624)	(9.306)	(35.706)	(8.663)	(8.764)	1,2	(17.776)	(17.427)	2,0
Personnel costs		(4.064)	(3.857)	(4.065)	(15.856)	(4.062)	(4.365)	(7,4)	(7.934)	(8.427)	(6,2)
Other operating expenses		(765)	(786)	(957)	(3.316)	(909)	(761)	0,5	(1.573)	(1.670)	(6,2)
Depreciation, amortization, and impairment losses		(2.728)	(2.796)	(3.142)	(11.360)	(3.142)	(3.151)	(15,5)	(5.422)	(6.293)	(16,1)
PROFIT (LOSS) FROM OPERATIONS (EBIT)		1.806	1.785	1.971	7.028	4.525	1.546	(14,4)	3.272	6.071	85,5
EBIT margin (EBIT / net revenue)	%	10,4	10,4	11,0	10,2	25,7	8,7	(1,7p)	9,5	17,1	7,6p
Profit (loss) from financial activities		(764)	(657)	(386)	(2.250)	(214)	(746)	2,4	(1.207)	(960)	20,5
of which: finance costs		(577)	(579)	(607)	(2.363)	(633)	(652)	(13,0)	(1.177)	(1.285)	(9,2)
PROFIT (LOSS) BEFORE INCOME TAXES (EBT)		1.042	1.128	1.585	4.778	4.311	800	(23,2)	2.065	5.111	n.a.
Income taxes		(283)	(260)	(499)	(1.276)	(934)	(114)	59,7	(517)	(1.048)	n.a.
PROFIT (LOSS)		759	868	1.086	3.502	3.377	686	(9,6)	1.548	4.063	n.a.
Profit (loss) attributable to non-controlling interests		47	59	140	248	252	65	38,3	49	317	n.a.
NET PROFIT (LOSS)		712	809	946	3.254	3.125	621	(12,8)	1.499	3.746	n.a.

GROUP

SPECIAL FACTORS IN THE CONSOLIDATED INCOME STATEMENT

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	H1 2015 millions of €	H1 2016 millions of €
NET REVENUE		(36)	24	(1)	(13)	0	(10)	(36)	(10)
Other operating income	1	36	0	582	618	2.911	55	36	2.966
Changes in inventories		0	0	0	0	0	0	0	0
Own capitalized costs		2	0	0	5	(1)	0	5	(1)
Goods and services purchased		(74)	(345)	(100)	(696)	(76)	(81)	(251)	(157)
Personnel costs		(365)	(248)	(423)	(1.209)	(249)	(663)	(538)	(912)
Other operating expenses		(55)	(15)	(88)	(225)	(81)	(61)	(122)	(142)
Depreciation, amortization, and impairment losses		(49)	(21)	(45)	(125)	0	0	(59)	0
PROFIT (LOSS) FROM OPERATIONS (EBIT)	1	(541)	(605)	(75)	(1.645)	2.504	(760)	(965)	1.744
Profit (loss) from financial activities		(15)	(1)	1	(17)	1	0	(17)	1
PROFIT (LOSS) BEFORE INCOME TAXES (EBT)	1	(556)	(606)	(74)	(1.662)	2.505	(760)	(982)	1.745
Income taxes		161	312	46	651	(352)	310	293	(42)
PROFIT (LOSS)		(395)	(294)	(28)	(1.011)	2.153	(450)	(689)	1.703
Profit (loss) attributable to non-controlling interests		(29)	(63)	(15)	(152)	75	(17)	(74)	58
NET PROFIT (LOSS)		(366)	(231)	(13)	(859)	2.078	(433)	(615)	1.645

1 2015: Income from the sale of the online platform t-online and the digital marketing company InteractiveMedia and income from the sale of part of the share package in Scout24 AG:

Q1/2016 EE joint venture; Q2/2016: sale of a part of the share package in Scout 24 AG

GROUP

DETAILS ON SPECIAL FACTORS I

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
EFFECT ON OPERATING EXPENSES		(492)	(608)	(611)	(2.125)	(407)	(805)	(63,6)	(906)	(1.212)	(33,8)
of which: expenses / income for early retirement (civil servants)		(76)	(93)	(228)	(414)	(138)	(564)	n.a.	(93)	(702)	n.a.
of which: expenses for severance payments		(224)	(99)	(96)	(506)	(59)	(57)	74,6	(311)	(116)	62,7
of which: expenses / income for partial retirement		(43)	(43)	(59)	(183)	(48)	(43)	0,0	(81)	(91)	(12,3)
of which: expenses for other personnel restructuring charges		(27)	(8)	(41)	(101)	(3)	1	n.a.	(52)	(2)	96,2
of which: Vivento transfer payments		0	(5)	3	(4)	(1)	0	n.a.	(2)	(1)	50,0
of which: restructuring charges		(131)	(121)	(91)	(433)	(34)	(29)	77,9	(221)	(63)	71,5
of which: expenses due to de-consolidations and other asset sales		13	(236)	(17)	(360)	(79)	(66)	n.a.	(107)	(145)	(35,5)
of which: others		(4)	(3)	(82)	(124)	(45)	(47)	n.a.	(39)	(92)	n.a.
EFFECT ON OTHER OPERATING INCOME		36	0	582	618	2.911	55	52,8	36	2.966	n.a.
of which: income due to asset sales		36	0	582	618	2.911	54	50,0	36	2.965	n.a.
of which: others		0	0	0	0	0	1	n.a.	0	1	n.a.
EFFECT ON REVENUE		(36)	24	(1)	(13)	0	(10)	72,2	(36)	(10)	72,2
EFFECT ON EBITDA	1	(492)	(584)	(30)	(1.520)	2.504	(760)	(54,5)	(906)	1.744	n.a.
DEPRECIATION, AMORTIZATION AND IMPAIRMENT		(49)	(21)	(45)	(125)	0	0	n.a.	(59)	0	n.a.
of which: restructuring charges		0	(1)	1	(3)	0	0	n.a.	(3)	0	n.a.
of which: expenses due to consolidations and other asset sales		0	0	0	0	0	0	n.a.	0	0	n.a.
of which: others		(49)	(20)	(46)	(122)	0	0	n.a.	(56)	0	n.a.
EFFECT ON PROFIT FROM OPERATIONS = EBIT	1	(541)	(605)	(75)	(1.645)	2.504	(760)	(40,5)	(965)	1.744	n.a.

1 2015: Income from the sale of the online platform t-online and the digital marketing company InteractiveMedia and income from the sale of part of the share package in Scout24 AG:

Q1/2016 EE joint venture; Q2/2016: sale of a part of the share package in Scout 24 AG

GROUP

DETAILS ON SPECIAL FACTORS II

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
EFFECT ON PROFIT (LOSS) FROM FINANCIAL ACTIVITIES		(15)	(1)	1	(17)	1	0	n.a.	(17)	1	n.a.
EFFECT ON PROFIT (LOSS) BEFORE INCOME TAXES		(556)	(606)	(74)	(1.662)	2.505	(760)	(36,7)	(982)	1.745	n.a.
EFFECT ON TAXES		161	312	46	651	(352)	310	92,5	293	(42)	n.a.
Tax effect of special factors within EBIT		126	122	130	446	16	316	n.a.	194	332	71,1
Tax effect of special factors on profit (loss) from financial activities		35	190	(84)	205	(368)	(6)	n.a.	99	(374)	n.a.
Other tax effects		0	0	0	0	0	0	n.a.	0	0	n.a.
EFFECT ON PROFIT (LOSS) ATTRIBUTABLE TO NON- CONTROLLING INTERESTS		(29)	(63)	(15)	(152)	75	(17)	41,4	(74)	58	n.a.
EFFECT ON NET PROFIT (LOSS)	1	(366)	(231)	(13)	(859)	2.078	(433)	(18,3)	(615)	1.645	n.a.

1 2015: Income from the sale of the online platform t-online and the digital marketing company InteractiveMedia and income from the sale of part of the share package in Scout24 AG;

Q1/2016: sale of stake in the EE joint venture; Q2/2016: sale of a part of the share package in Scout 24 AG

CHANGE IN THE COMPOSITION OF THE GROUP IN THE SECOND QUARTER

	REPORTED NUMBERS	PLUS ACQUISITION EFFECTS						MINUS DECONSOLIDATION EFFECTS						TOTAL EFFECT	PRO FORMA	REPORTED NUMBERS	ORGANIC CHANGE
		Q2 2015	Total	Germany	United States	Europe	Systems Solutions	GHS	Total	Germany	United States	Europe	Systems Solutions				
	Note	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	%
NET REVENUE		17.428	0	0	0	0	0	60	0	0	34	0	26	(60)	17.368	17.817	2,6
PROFIT (LOSS) FROM OPERATIONS = EBIT		1.806	0	0	0	0	0	5	0	0	0	0	5	(5)	1.801	1.546	(14,2)
Profit (loss) from financial activities		(764)	0	0	0	0	0	0	0	0	0	0	0	0	(764)	(746)	2,4
of which finance costs		(577)	0	0	0	0	0	0	0	0	0	0	0	0	(577)	(652)	(13,0)
PROFIT (LOSS) BEFORE INCOME TAXES = EBT		1.042	0	0	0	0	0	5	0	0	0	0	5	(5)	1.037	800	(22,9)
Income taxes		(283)	0	0	0	0	0	0	0	0	0	0	0	0	(283)	(114)	59,7
PROFIT (LOSS)		759	0	0	0	0	0	5	0	0	0	0	5	(5)	754	686	(9,0)

CHANGE IN THE COMPOSITION OF THE GROUP IN THE CURRENT YEAR

	REPORTED NUMBERS	PLUS ACQUISITION EFFECTS						MINUS DECONSOLIDATION EFFECTS						TOTAL EFFECT	PRO FORMA	REPORTED NUMBERS	ORGANIC CHANGE	
		H1 2015	Total	Germany	United States	Europe	Systems Solutions	GHS	Total	Germany	United States	Europe	Systems Solutions					GHS
Note	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	%	
		34.270	0	0	0	0	0	0	139	0	0	88	0	51	(139)	34.131	35.447	3,9
		3.272	0	0	0	0	0	0	15	0	0	3	0	12	(15)	3.257	6.071	86,4
		(1.207)	0	0	0	0	0	0	0	0	0	0	0	0	0	(1.207)	(960)	20,5
		(1.177)	0	0	0	0	0	0	0	0	0	0	0	0	0	(1.177)	(1.285)	(9,2)
		2.065	0	0	0	0	0	0	15	0	0	3	0	12	(15)	2.050	5.111	n.a.
		(517)	0	0	0	0	0	0	0	0	0	0	0	0	0	(517)	(1.048)	n.a.
		1.548	0	0	0	0	0	0	15	0	0	3	0	12	(15)	1.533	4.063	n.a.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

	Note	Jun. 30 2015 millions of €	Sep. 30 2015 millions of €	Dec. 31 2015 millions of €	Mar. 31 2016 millions of €	Jun. 30 2016 millions of €	Change compared to prior quarter %	Change compared to prior year %
CURRENT ASSETS		27.325	27.747	32.184	25.453	24.518	(3,7)	(10,3)
Cash and cash equivalents		4.694	4.510	6.897	7.332	7.207	(1,7)	53,5
Trade and other receivables		10.600	10.289	9.238	8.894	8.825	(0,8)	(16,7)
Current recoverable income taxes		143	117	129	136	159	16,9	11,2
Other financial assets		2.109	2.386	5.805	4.829	4.172	(13,6)	97,8
Inventories		1.690	1.775	1.847	1.998	1.890	(5,4)	11,8
Current and non-current assets and disposal groups held for sale		6.458	7.209	6.922	409	463	13,2	(92,8)
Other assets		1.631	1.461	1.346	1.855	1.802	(2,9)	10,5
NON-CURRENT ASSETS		107.653	107.482	111.736	118.152	118.948	0,7	10,5
Intangible assets		57.165	56.049	57.025	57.384	58.269	1,5	1,9
Property, plant and equipment		41.027	42.173	44.637	44.442	44.901	1,0	9,4
Investments accounted for using the equity method		534	424	822	811	782	(3,6)	46,4
Other financial assets		3.046	3.097	3.530	9.877	9.218	(6,7)	n.a.
Deferred tax assets		5.507	5.315	5.248	5.119	5.208	1,7	(5,4)
Other assets		374	424	474	519	570	9,8	52,4
TOTAL ASSETS		134.978	135.229	143.920	143.605	143.466	(0,1)	6,3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	Jun. 30 2015 millions of €	Sep. 30 2015 millions of €	Dec. 31 2015 millions of €	Mar. 31 2016 millions of €	Jun. 30 2016 millions of €	Change compared to prior quarter %	Change compared to prior year %
LIABILITIES		99.017	98.721	105.770	105.161	106.498	1,3	7,6
CURRENT LIABILITIES		32.603	31.734	33.548	32.211	30.286	(6,0)	(7,1)
Financial liabilities		15.152	13.685	14.439	13.876	12.570	(9,4)	(17,0)
Trade and other payables		9.158	9.846	11.090	9.867	9.442	(4,3)	3,1
Income tax liabilities		302	230	197	260	203	(21,9)	(32,8)
Other provisions		3.150	3.180	3.367	3.227	2.852	(11,6)	(9,5)
Liabilities directly associated with non-current assets and disposal groups held for sale		10	42	4	0	90	n.a.	n.a.
Other liabilities		4.831	4.751	4.451	4.981	5.129	3,0	6,2
NON-CURRENT LIABILITIES		66.414	66.987	72.222	72.950	76.212	4,5	14,8
Financial liabilities		43.093	43.402	47.941	48.185	50.361	4,5	16,9
Provisions for pensions and other employee benefits		8.033	8.281	8.028	8.369	8.818	5,4	9,8
Other provisions		2.339	2.518	2.978	3.027	3.155	4,2	34,9
Deferred tax liabilities		8.913	8.787	9.205	9.342	9.529	2,0	6,9
Other liabilities		4.036	3.999	4.070	4.027	4.349	8,0	7,8
SHAREHOLDERS' EQUITY		35.961	36.508	38.150	38.444	36.968	(3,8)	2,8
Issued capital		11.793	11.793	11.793	11.793	11.973	1,5	1,5
Capital reserves		52.361	52.408	52.412	52.399	53.288	1,7	1,8
Retained earnings incl. carryforwards		(38.827)	(38.986)	(38.969)	(36.187)	(39.007)	(7,8)	(0,5)
Total other comprehensive income		(491)	(506)	(178)	(1.470)	(1.958)	(33,2)	n.a.
Total other comprehensive income directly associated with non-current assets and disposable groups held for sale		1.337	1.109	1.139	0	0	n.a.	n.a.
Net profit (loss)		1.499	2.308	3.254	3.125	3.746	19,9	n.a.
Treasury shares		(53)	(53)	(51)	(51)	(50)	2,0	5,7
Non-controlling interests		8.342	8.435	8.750	8.835	8.976	1,6	7,6
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		134.978	135.229	143.920	143.605	143.466	(0,1)	6,3

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				

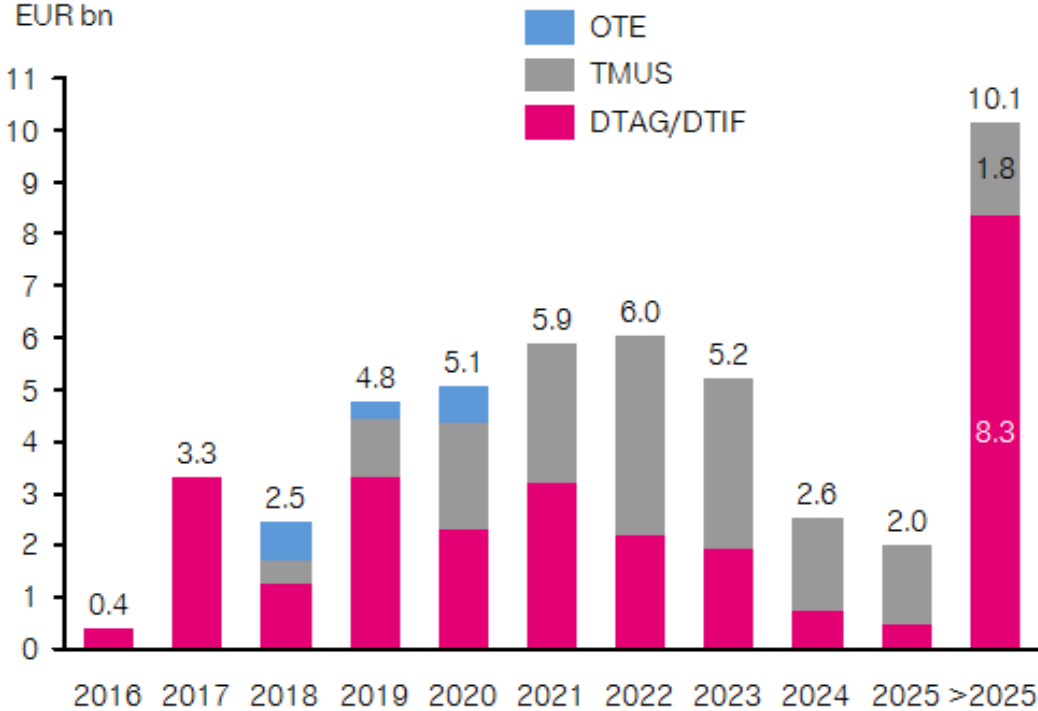
1 Increase in obligation in 2012 mainly due to a change in the discount rate.

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 JUNE 30, 2016

Maturity profile of bonds and term loans

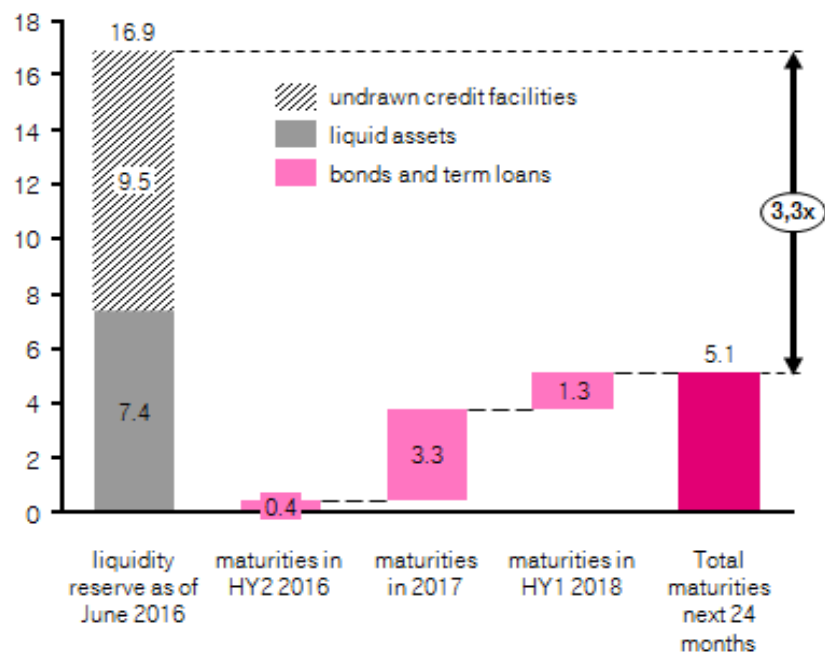


- Well-balanced maturity profile:
 - upcoming debt maturities easily manageable

LIQUIDITY RESERVE AS OF JUNE 30, 2016

Liquidity and financial flexibility

EUR bn (numbers rounded)



- **Comfortable liquidity position:**

- well in line with Financial Policy

- liquidity reserve exceeds maturities of coming 24 months significantly (3.3 times)

GROUP

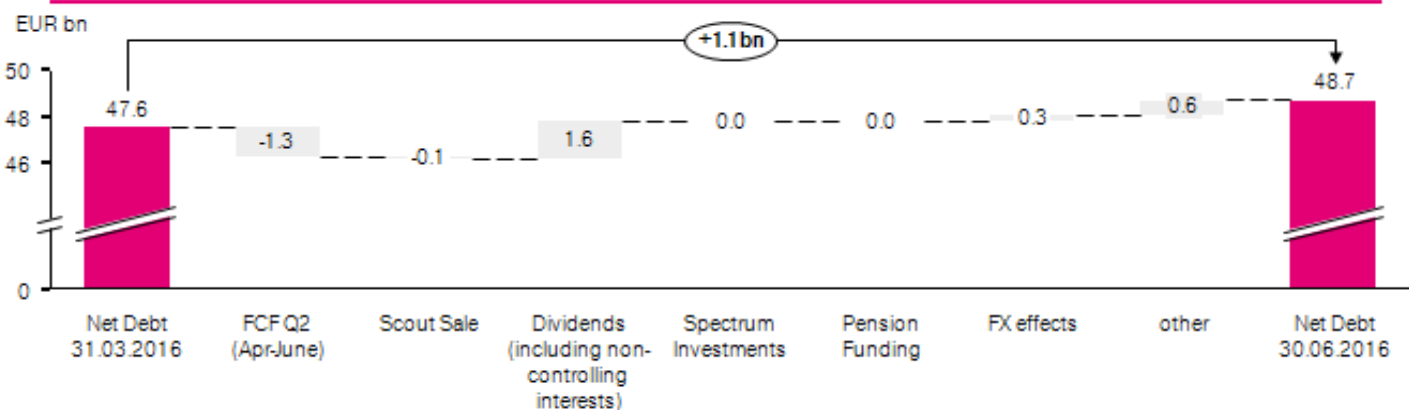
Net Debt

	Note	Jun. 30, 2015 millions of €	Sep. 30, 2015 millions of €	Dec. 31, 2015 millions of €	Mar. 31, 2016 millions of €	Jun. 30, 2016 millions of €	Change compared to prior quarter %	Change compared to prior year %
Bonds		45.665	45.136	47.766	48.677	49.707	2,1	8,9
Other financial liabilities		10.861	10.297	12.743	11.856	11.112	(6,3)	2,3
GROSS DEBT		56.526	55.433	60.509	60.533	60.819	0,5	7,6
Cash and cash equivalents		4.694	4.510	6.897	7.332	7.207	(1,7)	53,5
Available-for-sale/held-for-trading financial assets		215	124	2.877	2.666	99	(96,3)	(54,0)
Other financial assets		2.782	2.931	3.165	2.932	4.821	64,4	73,3
NET DEBT		48.835	47.868	47.570	47.603	48.692	2,3	(0,3)

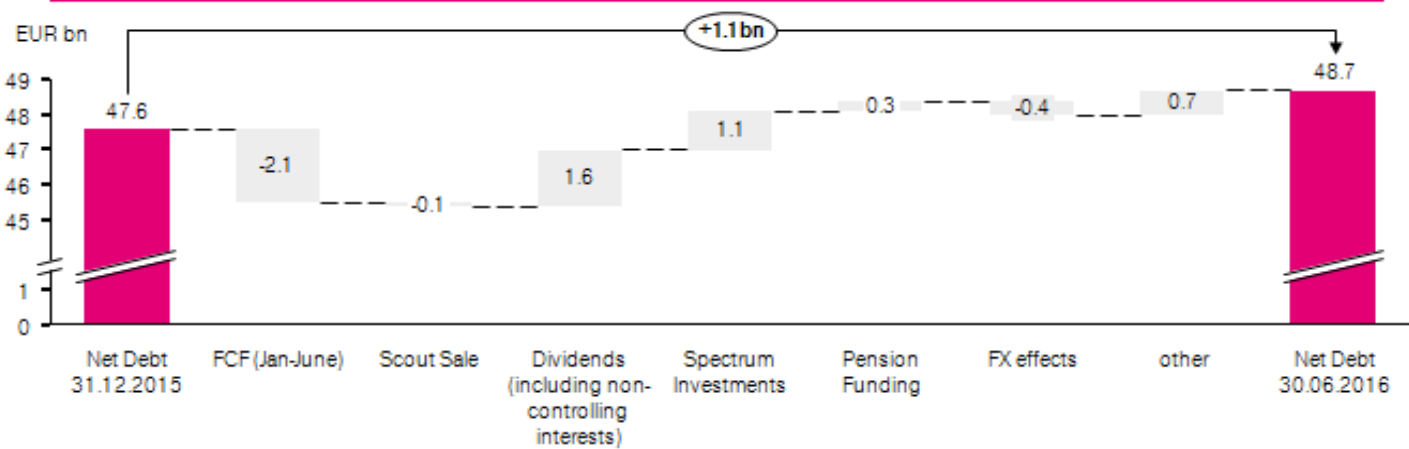
GROUP

Net Debt Development HY 2016

Net debt reconciliation Q1 - Q2 2016



Net debt reconciliation FY 2015 to HY 2016



DT GROUP

CASH CAPEX¹

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
CASH CAPEX											
Germany		2.622	1.073	965	5.609	908	909	(65,3)	3.571	1.817	(49,1)
United States		1.230	1.103	1.319	6.381	1.756	1.251	1,7	3.959	3.007	(24,0)
Europe		303	403	463	1.667	1.009	391	29,0	801	1.400	74,8
Systems Solutions		276	282	345	1.151	237	260	(5,8)	524	497	(5,2)
Group Headquarters & Group Services		65	69	112	342	60	51	(21,5)	161	111	(31,1)
Reconciliation		(166)	(117)	(163)	(537)	(74)	(159)	4,2	(257)	(233)	9,3
GROUP	2	4.330	2.813	3.041	14.613	3.896	2.703	(37,6)	8.759	6.599	(24,7)
- thereof spectrum investment		1.755	115	26	3.795	1.065	39	(97,8)	3.654	1.104	(69,8)

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.

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

DT GROUP

FREE CASH FLOW

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
Net profit (loss)		712	809	946	3.254	3.125	621	(12,8)	1.499	3.746	n.a.
Profit (loss) attributable to non-controlling interests		47	59	140	248	252	65	38,3	49	317	n.a.
PROFIT (LOSS) AFTER INCOME TAXES		759	868	1.086	3.502	3.377	686	(9,6)	1.548	4.063	n.a.
Depreciation, amortization and impairment losses		2.728	2.796	3.142	11.360	3.142	3.151	15,5	5.422	6.293	16,1
Income tax expense/(benefit)		283	260	499	1.276	934	114	(59,7)	517	1.048	n.a.
Interest (income) and interest expenses		577	579	607	2.363	633	652	13,0	1.177	1.285	9,2
Other financial (income) expense		200	60	(190)	(89)	(417)	93	(53,5)	41	(324)	n.a.
Share of (profit) loss of associates and joint ventures accounted for using the equity method		(13)	18	(31)	(24)	(2)	1	n.a.	(11)	(1)	90,9
(Profit) loss on the disposal of fully consolidated subsidiaries		1	0	(584)	(583)	(6)	(1)	n.a.	1	(7)	n.a.
(Income) loss from the sale of stakes accounted for using the equity method: Q1 2016 EE; Q2 2016 share package in Scout 24 AG		0	0	0	0	(2.507)	(55)	n.a.	0	(2.562)	n.a.
Other non-cash transactions		57	41	86	243	91	73	28,1	116	164	41,4
(Gain) loss from the disposal of intangible assets and property, plant and equipment		(35)	48	(110)	(87)	(410)	11	n.a.	(25)	(399)	n.a.
Change in assets carried as working capital		340	(787)	(733)	(1.438)	(417)	251	(26,2)	82	(166)	n.a.
Change in provisions		(422)	252	236	112	(92)	(302)	28,4	(376)	(394)	(4,8)
Change in other liabilities carried as working capital		(52)	445	407	878	128	(320)	n.a.	26	(192)	n.a.
Income taxes received (paid)		(164)	(187)	(208)	(695)	(132)	(135)	17,7	(300)	(267)	11,0
Dividends received		211	86	2	578	175	5	(97,6)	490	180	(63,3)
Net payments from entering into or canceling interest rate swaps		51	0	(1)	100	0	289	n.a.	101	289	n.a.
CASH GENERATED FROM OPERATIONS		4.521	4.479	4.208	17.496	4.497	4.513	(0,2)	8.809	9.010	2,3
Interest received (paid)		(650)	(533)	(336)	(2.499)	(1.001)	(582)	10,5	(1.630)	(1.583)	2,9
NET CASH FROM OPERATING ACTIVITIES		3.871	3.946	3.872	14.997	3.496	3.931	1,5	7.179	7.427	3,5
Cash outflows for investments in (proceeds from disposal of)		(2.496)	(2.638)	(2.874)	(10.451)	(2.674)	(2.611)	(4,6)	(4.939)	(5.285)	(7,0)
Intangible assets		(2.393)	(758)	(851)	(6.442)	(1.707)	(824)	65,6	(4.833)	(2.531)	47,6
Property, plant and equipment		(1.858)	(1.995)	(2.049)	(7.804)	(2.032)	(1.826)	1,7	(3.760)	(3.858)	(2,6)
Spectrum investment		1.755	115	26	3.795	1.065	39	(97,8)	3.654	1.104	(69,8)
FREE CASH FLOW (BEFORE DIVIDEND PAYMENTS AND SPECTRUM)		1.375	1.308	998	4.546	822	1.320	(4,0)	2.240	2.142	(4,4)

DT GROUP

PERSONNEL¹

AT REPORTING DATE	Note	Jun. 30	Sep. 30	Dec. 31	Mar. 31	Jun. 30	Change compared to		Change compared to	
		2015	2015	2015	2016	2016	prior quarter		prior year	
							abs.	%	abs.	%
Germany		69.607	69.663	68.638	69.217	68.300	(917)	(1,3)	(1.307)	(1,9)
United States		41.212	42.600	44.229	43.445	43.541	96	0,2	2.329	5,7
Europe		52.029	51.592	51.125	50.098	49.377	(721)	(1,4)	(2.652)	(5,1)
Systems Solutions		44.910	44.784	44.504	43.940	43.586	(354)	(0,8)	(1.324)	(2,9)
Group Headquarters & Group Services		17.839	17.686	16.747	16.621	16.017	(604)	(3,6)	(1.822)	(10,2)
GROUP		225.596	226.325	225.243	223.320	220.821	(2.499)	(1,1)	(4.775)	(2,1)
of which: Domestic		113.336	112.966	110.354	110.063	108.266	(1.797)	(1,6)	(5.070)	(4,5)
of which: Civil servants (in Germany, with an active service relationship)	2	19.077	18.864	18.483	18.810	17.789	(1.021)	(5,4)	(1.288)	(6,8)
of which: International		112.260	113.358	114.888	113.258	112.555	(703)	(0,6)	295	0,3

AVERAGE	Note	Q2	Q3	Q4	Q1	Q2	Change compared to	
		2015	2015	2015	2016	2016	prior year	
							abs.	%
Germany		69.493	69.635	69.076	69.323	68.389	(1.104)	(1,6)
United States		40.875	42.143	43.569	43.333	43.319	2.444	6,0
Europe		52.585	51.661	51.190	50.336	49.647	(2.938)	(5,6)
Systems Solutions		45.034	44.820	44.750	43.946	43.649	(1.385)	(3,1)
Group Headquarters & Group Services		18.076	17.754	17.198	16.476	16.275	(1.801)	(10,0)
GROUP		226.063	226.012	225.782	223.413	221.278	(4.785)	(2,1)
of which: Domestic		113.598	113.109	111.580	110.076	108.703	(4.895)	(4,3)
of which: Civil servants (in Germany, with an active service relationship)		19.267	18.928	18.701	18.617	18.122	(1.145)	(5,9)
of which: International		112.464	112.903	114.203	113.337	112.575	111	0,1

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 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 €	Q2 2016 1 €
US Dollar (USD)	1,12694	1,10453	1,11206	1,09521	1,10967	1,10248	1,12935
British pound (GBP)	0,74376	0,72106	0,71754	0,72171	0,72591	0,77064	0,78663
Czech korunas (CZK)	27,62877	27,37499	27,07578	27,05734	27,27801	27,03853	27,03886
Croatian kunas (HRK)	7,68189	7,57409	7,57788	7,62206	7,61394	7,61730	7,50410
Hungarian forints (HUF)	309,00141	306,00116	312,09698	312,53431	310,01097	311,96814	313,28402
Macedonian Denar (MKD)	61,42403	61,50774	61,56973	61,54730	61,51347	61,58257	61,61680
Polish Zloty (PLN)	4,19470	4,08732	4,18854	4,26394	4,18549	4,36466	4,37031
Romanian leu (RON)	4,45108	4,44404	4,42840	4,45580	4,44467	4,49187	4,49802

END OF PERIOD

	Mar. 31 2015 1 €	Jun. 30 2015 1 €	Sep. 30 2015 1 €	Dec. 31 2015 1 €	Mar. 31 2016 1 €	Jun. 30 2016 1 €
US Dollar (USD)	1,07510	1,11760	1,12083	1,08910	1,13880	1,11055
British pound (GBP)	0,72681	0,71111	0,73792	0,73432	0,79120	0,82775
Czech korunas (CZK)	27,53495	27,24988	27,18032	27,02223	27,05150	27,13050
Croatian kunas (HRK)	7,64417	7,59709	7,64050	7,64104	7,52650	7,52885
Hungarian forints (HUF)	299,78950	315,19338	313,21595	315,31297	313,94500	317,04500
Macedonian Denar (MKD)	61,57000	61,57000	61,60000	61,57500	61,59500	61,58500
Polish Zloty (PLN)	4,08963	4,19104	4,23687	4,26510	4,25760	4,43565
Romanian leu (RON)	4,41105	4,47249	4,41564	4,52260	4,47140	4,52390

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

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GERMANY

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
TOTAL REVENUE	1,2	5.580	5.568	5.659	22.396	5.452	5.416	(2,9)	11.169	10.868	(2,7)
NET REVENUE	1,2	5.235	5.223	5.321	21.044	5.136	5.086	(2,8)	10.500	10.222	(2,6)
EBITDA		2.224	2.269	2.086	8.790	2.180	2.225	0,0	4.435	4.405	(0,7)
EBITDA margin (EBITDA / total revenue)	%	39,9	40,8	36,9	39,2	40,0	41,1	1,2p	39,7	40,5	0,8p
Depreciation, amortization and impairment losses		(946)	(919)	(955)	(3.755)	(948)	(964)	(1,9)	(1.881)	(1.912)	(1,6)
Profit (loss) from operations = EBIT		1.278	1.350	1.131	5.035	1.232	1.261	(1,3)	2.554	2.493	(2,4)
CASH CAPEX	3	1.055	1.073	965	4.042	908	909	(13,8)	2.004	1.817	(9,3)
CASH CONTRIBUTION		1.169	1.196	1.121	4.748	1.272	1.316	12,6	2.431	2.588	6,5

FINANCIALS (AS REPORTED)

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
TOTAL REVENUE		5.580	5.593	5.659	22.421	5.452	5.406	(3,1)	11.169	10.858	(2,8)
NET REVENUE		5.235	5.248	5.321	21.069	5.136	5.076	(3,0)	10.500	10.212	(2,7)
EBITDA		2.102	2.146	1.872	8.245	2.022	1.846	(12,2)	4.227	3.868	(8,5)
EBITDA margin (EBITDA / total revenue)	%	37,7	38,4	33,1	36,8	37,1	34,1	(3,6p)	37,8	35,6	(2,2p)
Depreciation, amortization and impairment losses		(946)	(919)	(955)	(3.755)	(948)	(964)	(1,9)	(1.881)	(1.912)	(1,6)
Profit (loss) from operations = EBIT		1.156	1.227	917	4.490	1.074	882	(23,7)	2.346	1.956	(16,6)
CASH CAPEX		2.622	1.073	965	5.609	908	909	(65,3)	3.571	1.817	(49,1)
CASH CONTRIBUTION		(520)	1.073	907	2.636	1.114	937	n.a.	656	2.051	n.a.

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

2 Q2/16 Special factors related to settlement agreements.

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

GERMANY

EBITDA RECONCILIATION

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
TOTAL REVENUE		5.580	5.593	5.659	22.421	5.452	5.406	(3,1)	11.169	10.858	(2,8)
TOTAL REVENUE (ADJUSTED FOR SPECIAL FACTORS)	1,2	5.580	5.568	5.659	22.396	5.452	5.416	(2,9)	11.169	10.868	(2,7)
Profit (loss) from operations = EBIT		1.156	1.227	917	4.490	1.074	882	(23,7)	2.346	1.956	(16,6)
- Depreciation, amortization and impairment losses		(946)	(919)	(955)	(3.755)	(948)	(964)	(1,9)	(1.881)	(1.912)	(1,6)
= EBITDA		2.102	2.146	1.872	8.245	2.022	1.846	(12,2)	4.227	3.868	(8,5)
EBITDA margin	%	37,7	38,4	33,1	36,8	37,1	34,1	(3,6p)	37,8	35,6	(2,2p)
- Special factors affecting EBITDA		(122)	(123)	(214)	(545)	(158)	(379)	n.a.	(208)	(537)	n.a.
= EBITDA (ADJUSTED FOR SPECIAL FACTORS)		2.224	2.269	2.086	8.790	2.180	2.225	0,0	4.435	4.405	(0,7)
EBITDA margin (adjusted for special factors)	%	39,9	40,8	36,9	39,2	40,0	41,1	1,2p	39,7	40,5	0,8p

SPECIAL FACTORS

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
EFFECTS ON EBITDA		(122)	(123)	(214)	(545)	(158)	(379)	n.a.	(208)	(537)	n.a.
- of which personnel		(92)	(89)	(160)	(402)	(144)	(355)	n.a.	(153)	(499)	n.a.
- of which other		(30)	(34)	(54)	(143)	(14)	(24)	20,0	(55)	(38)	30,9
EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT		(122)	(123)	(214)	(545)	(158)	(379)	n.a.	(208)	(537)	n.a.
- of which personnel		(92)	(89)	(160)	(402)	(144)	(355)	n.a.	(153)	(499)	n.a.
- of which other		(30)	(34)	(54)	(143)	(14)	(24)	20,0	(55)	(38)	30,9

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

2 Q2/16 Special factors related to settlement agreements.

GERMANY OPERATIONALS

	Note	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Change %	
GERMANY								
ACCESS LINES								
Fixed network	('000)	1	20.437	20.354	20.227	20.093	19.971	(2,3)
retail IP-based	('000)	1	5.763	6.354	6.887	7.470	7.958	38,1
Broadband	('000)	1	12.518	12.596	12.644	12.706	12.770	2,0
Fiber	('000)	1,2	2.365	2.613	2.923	3.286	3.577	51,2
TV (incl. IPTV, SAT)	('000)	1	2.578	2.632	2.683	2.736	2.777	7,7
ULLs	('000)	1	8.432	8.231	8.050	7.867	7.648	(9,3)
Wholesale bundled	('000)	1	268	246	227	206	192	(28,4)
Wholesale unbundled	('000)	1	2.541	2.752	3.015	3.319	3.621	42,5
Fiber	('000)		1.045	1.222	1.444	1.741	2.028	94,1
MOBILE CUSTOMERS								
Total	('000)		39.465	39.892	40.373	40.643	41.138	4,2
- contract	('000)		22.984	23.347	23.709	23.940	24.096	4,8
- prepaid	('000)		16.482	16.545	16.665	16.703	17.042	3,4

CONSUMER OPERATIONALS

	Note	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Change %	
GERMANY								
ACCESS LINES								
Fixed network	('000)	1	16.068	16.003	15.900	15.790	15.695	(2,3)
retail IP-based	('000)	1	5.161	5.653	6.076	6.521	6.872	33,2
Broadband	('000)	1	10.093	10.162	10.209	10.257	10.302	2,1
Fiber	('000)	1,2	2.046	2.262	2.530	2.841	3.080	50,5
TV (incl. IPTV, SAT)	('000)	1	2.387	2.441	2.492	2.546	2.585	8,3
MOBILE CUSTOMERS								
Total	('000)		28.845	28.870	29.016	28.856	28.996	0,5
- contract	('000)		16.625	16.933	17.297	17.453	17.526	5,4
- prepaid	('000)		12.219	11.937	11.719	11.403	11.470	(6,1)

BUSINESS OPERATIONALS

	Note	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Change %	
GERMANY								
ACCESS LINES								
Fixed network	('000)	1	3.352	3.340	3.339	3.311	3.288	(1,9)
retail IP-based	('000)	1	572	667	773	897	1.025	79,2
Broadband	('000)	1,2	2.088	2.092	2.093	2.093	2.096	0,4
Fiber	('000)	1	312	343	385	435	484	55,1
TV (incl. IPTV, SAT)	('000)	1	189	189	190	189	190	0,5
MOBILE CUSTOMERS								
Total	('000)		10.620	11.022	11.358	11.787	12.142	14,3
- contract	('000)		6.358	6.414	6.412	6.487	6.570	3,3
- prepaid	('000)		4.262	4.608	4.946	5.300	5.572	30,7

1 Figures do not add up.

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

GERMANY

REVENUE SPLIT - PRODUCTS

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
GERMANY	1	5.580	5.593	5.659	22.421	5.452	5.406	(3,1)	11.169	10.858	(2,8)
FIXED NETWORK CORE BUSINESS		2.439	2.449	2.462	9.802	2.410	2.420	(0,8)	4.891	4.830	(1,2)
of which Fixed Revenues		1.766	1.764	1.758	7.060	1.755	1.752	(0,8)	3.538	3.507	(0,9)
Voice only revenues		486	479	469	1.933	459	449	(7,6)	985	908	(7,8)
Broadband revenues		995	994	993	3.978	993	995	0,0	1.991	1.988	(0,2)
TV revenues		285	291	296	1.149	303	308	8,1	562	611	8,7
of which Variable Revenues		251	253	247	1.009	226	225	(10,4)	509	451	(11,4)
of which Revenues from add-on options		50	52	51	206	51	49	(2,0)	103	100	(2,9)
thereof revenues from voice centric options		17	18	16	70	17	16	(5,9)	36	33	(8,3)
thereof revenues from broadband centric options		17	18	17	69	17	17	0,0	34	34	0,0
thereof revenues from TV centric options		16	17	17	67	17	17	6,3	33	34	3,0
MOBILE COMMUNICATIONS		2.047	2.056	2.072	8.236	1.941	1.889	(7,7)	4.108	3.830	(6,8)
of which Service Revenues		1.670	1.692	1.673	6.712	1.649	1.656	(0,8)	3.347	3.305	(1,3)
thereof Data Revenues		772	776	774	3.083	789	801	3,7	1.533	1.589	3,7
WHOLESALE SERVICES FIXED NETWORK	1,2,3	826	846	836	3.332	848	854	3,4	1.650	1.702	3,2
of which access full ULL	1	283	302	269	1.148	265	258	(8,8)	577	523	(9,4)
of which bundled and unbundled access line		154	157	188	648	199	239	55,2	303	438	44,6
ONLINE CONSUMER SERVICES		0	0	0	0	0	0	n.a.	0	0	n.a.
VALUE-ADDED SERVICES		56	54	57	227	53	50	(10,7)	116	103	(11,2)
OTHERS	2,3	212	188	232	824	200	193	(9,0)	404	393	(2,7)

REVENUE SPLIT - SEGMENTS

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
GERMANY	1,4	5.580	5.593	5.659	22.421	5.452	5.406	(3,1)	11.169	10.858	(2,8)
Consumer		3.047	3.028	3.034	12.146	2.922	2.863	(6,0)	6.084	5.785	(4,9)
Business customers		1.462	1.486	1.510	5.942	1.447	1.451	(0,8)	2.946	2.898	(1,6)
Wholesale	1,2,3	914	934	925	3.685	933	943	3,2	1.826	1.876	2,7
Others	2,3	157	145	190	648	150	149	(5,1)	313	299	(4,5)

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

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

3 Revenues Q2/16 not adjusted for special factors related to settlement agreements.

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

GERMANY

MOBILE COMMUNICATIONS KPIS

	Note	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016	Change %
AVERAGE MONTHLY CHURN	(%)	1,7	1,8	1,8	1,7	1,6	1,4	(0,3p)
- contract	(%)	1,5	1,9	1,8	1,7	1,5	1,7	0,2p
SAC PER GROSS ADD	(€)	66	56	81	68	82	76	15,2
- contract	(€)	93	82	122	100	124	109	17,2
- prepaid	(€)	12	9	7	10	14	13	8,3
SRC PER RETAINED CUSTOMER	(€)	248	231	276	251	252	302	21,8
ARPU	(€)	14	14	14	14	14	14	0,0
- contract	(€)	22	22	22	22	21	21	(4,5)
- prepaid	(€)	3	3	3	3	3	3	0,0
NON-VOICE % OF ARPU	(%)	52	52	52	53	52	52	0p
MOU PER CUSTOMER	(min)	87	89	89	87	88	90	2,3
- contract	(min)	137	138	139	137	138	141	2,2

CONSUMER - KPIS

	Note	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016	Change %
AVERAGE MONTHLY CHURN	(%)	2,0	2,2	2,1	2,1	2,0	1,7	(0,3p)
- contract	(%)	1,8	2,2	2,1	2,0	1,8	2,1	0,3p
SAC PER GROSS ADD	(€)	69	56	80	69	90	85	23,2
- contract	(€)	85	70	107	90	116	106	24,7
- prepaid	(€)	20	15	11	15	25	22	10,0
SRC PER RETAINED CUSTOMER	(€)	280	257	301	272	277	333	18,9
ARPU	(€)	13	13	13	13	13	13	0,0
- contract	(€)	20	20	19	20	19	19	(5,0)
- prepaid	(€)	4	4	3	4	3	4	0,0
NON-VOICE % OF ARPU	(%)	51	51	51	53	52	52	1p
MOU PER CUSTOMER	(min)	78	80	80	78	95	98	5,1
- contract	(min)	119	120	119	119	133	136	0,8

BUSINESS CONSUMER - KPIS

	Note	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016	Change %
AVERAGE MONTHLY CHURN	(%)	0,7	0,6	0,8	0,7	0,6	0,6	(0,1p)
- contract	(%)	0,7	0,9	1,2	0,8	0,8	0,7	0,0p
SAC PER GROSS ADD	(€)	55	58	82	64	60	52	(5,5)
- contract	(€)	136	160	223	164	163	125	(8,1)
- prepaid	(€)	2	1	1	2	2	2	0,0
SRC PER RETAINED CUSTOMER	(€)	199	189	235	214	208	246	23,6
ARPU	(€)	18	17	17	18	16	15	(16,7)
- contract	(€)	29	28	28	29	28	27	(6,9)
- prepaid	(€)	2	1	1	1	1	1	(50,0)
NON-VOICE % OF ARPU	(%)	54	52	52	53	52	52	(2p)
MOU PER CUSTOMER	(min)	112	111	110	112	106	106	(5,4)
- contract	(min)	183	186	191	186	190	194	5,5

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 CountryGroup 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) tariff 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

valid from 01.08.2016

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 TV	--		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: -€15.00/-€20.00/-€25.00 for the first 12 months (ZUHAUSE S/M/L)

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

valid from 01.08.2016

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		10.00 ^{4,5}	
ENTERTAIN TV PLUS		15.00 ^{4,5}	
CITY, DLD		CENT/MINUTE	
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: -€15.00/-€20.00/-€25.00 for the first 12 months (ZUHAUSE S/M/L Hybrid)

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
	19.95	19.95	29.95
	Standard, voice usage per minute	Standard, voice usage per minute, 120 minutes included within Germany	Standard, 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	
fixed to mobile flatrate		€19.95 per month	
Set-up		One off charge PSTN €69.95	

1 Standard; Universal + €8

2 Universal 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 01.08.2016

MAGENTA EINS ¹ IN €	MagentaEINS S	MagentaEINS M	MagentaEINS L
Monthly charge	44.90 ²	69.85 ²	79.85 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 \geq €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	10.19 ⁴		10.02 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, 2016.

5 Twisted pair copper access line valid to Jun. 30, 2019.

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	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
TOTAL REVENUE	1	7.479	7.060	7.519	28.963	7.816	8.196	9,6	14.384	16.012	11,3
NET REVENUE	1	7.479	7.060	7.518	28.961	7.816	8.195	9,6	14.383	16.011	11,3
EBITDA	2	1.652	1.702	2.075	6.654	1.908	2.172	31,5	2.877	4.080	41,8
EBITDA margin (EBITDA / total revenues)	%	22,1	24,1	27,6	23,0	24,4	26,5	4,4p	20,0	25,5	5,5p
Depreciation, amortization and impairment losses		(853)	(931)	(1.153)	(3.775)	(1.312)	(1.302)	(52,6)	(1.691)	(2.614)	(54,6)
Profit (loss) from operations = EBIT		799	771	922	2.879	596	870	8,9	1.186	1.466	23,6
CASH CAPEX	3	996	1.044	1.297	4.182	1.200	1.211	21,6	1.841	2.411	31,0
CASH CONTRIBUTION	3	656	658	778	2.472	708	961	46,5	1.036	1.669	61,1

FINANCIALS (AS REPORTED)

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
TOTAL REVENUE		7.443	7.059	7.518	28.925	7.816	8.196	10,1	14.348	16.012	11,6
NET REVENUE		7.443	7.059	7.518	28.924	7.816	8.195	10,1	14.347	16.011	11,6
EBITDA		1.581	1.468	2.069	6.229	2.268	2.123	34,3	2.692	4.391	63,1
EBITDA margin (EBITDA / total revenue)	%	21,2	20,8	27,5	21,5	29,0	25,9	4,7p	18,8	27,4	8,6p
Depreciation, amortization and impairment losses		(853)	(931)	(1.153)	(3.775)	(1.312)	(1.302)	(52,6)	(1.691)	(2.614)	(54,6)
Profit (loss) from operations = EBIT		728	537	916	2.454	956	821	12,8	1.001	1.777	77,5
CASH CAPEX		1.230	1.103	1.319	6.381	1.756	1.251	1,7	3.959	3.007	(24,0)
CASH CONTRIBUTION		351	365	750	(152)	512	872	n.a.	(1.267)	1.384	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 71mn in Q2/15, EUR 234mn in Q3/15, EUR 6mn in Q4/15, EUR (360mn) in Q1/16, and EUR 49mn in Q2/16.

3 Adjusted by excluding spectrum purchases of EUR 234mn in Q2/15, EUR 59mn in Q3/15, EUR 22mn in Q4/15, EUR 556mn in Q1/16 and EUR 40mn in Q2/16.

UNITED STATES

EBITDA RECONCILIATION

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
TOTAL REVENUE		7.443	7.059	7.518	28.925	7.816	8.196	10,1	14.348	16.012	11,6
Profit (loss) from operations = EBIT		728	537	916	2.454	956	821	12,8	1.001	1.777	77,5
- Depreciation, amortization and impairment losses		(853)	(931)	(1.153)	(3.775)	(1.312)	(1.302)	(52,6)	(1.691)	(2.614)	(54,6)
= EBITDA		1.581	1.468	2.069	6.229	2.268	2.123	34,3	2.692	4.391	63,1
EBITDA margin	%	21,2	20,8	27,5	21,5	29,0	25,9	4,7p	18,8	27,4	8,6p
- Special factors affecting EBITDA		(71)	(234)	(6)	(425)	360	(49)	31,0	(185)	311	n.a.
= EBITDA ADJUSTED FOR SPECIAL FACTORS	1	1.652	1.702	2.075	6.654	1.908	2.172	31,5	2.877	4.080	41,8
EBITDA margin (adjusted for special factors)	%	22,1	24,1	27,6	23,0	24,4	26,5	4,4p	20,0	25,5	5,5p

SPECIAL FACTORS

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	H1 2015 millions of €	H1 2016 millions of €
EFFECTS ON EBITDA		(71)	(234)	(6)	(425)	360	(49)	(185)	311
- of which personnel		(20)	(4)	(4)	(50)	(7)	(2)	(42)	(9)
- of which other		(51)	(230)	(2)	(375)	367	(47)	(143)	320
EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT		(71)	(234)	(6)	(425)	360	(49)	(185)	311
- of which personnel		(20)	(4)	(4)	(50)	(7)	(2)	(42)	(9)
- of which other		(51)	(230)	(2)	(375)	367	(47)	(143)	320

1 Excluding special factors affecting EBITDA of EUR 71mn in Q2/15, EUR 234mn in Q3/15, EUR 6mn in Q4/15, EUR (360mn) in Q1/16, and EUR 49mn in Q2/16.

UNITED STATES

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	Note	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016	Change %	H1 2015	H1 2016	Change %	
CUSTOMERS (END OF PERIOD)	('000)	58.908	61.220	63.282	63.282	65.503	67.384	14,4	58.908	67.384	14,4	
Branded postpaid	('000)	29.318	30.403	31.695	31.695	32.736	33.626	14,7	29.318	33.626	14,7	
Branded prepaid	('000)	16.567	17.162	17.631	17.631	18.438	18.914	14,2	16.567	18.914	14,2	
- BRANDED	('000)	45.885	47.565	49.326	49.326	51.174	52.540	14,5	45.885	52.540	14,5	
- WHOLESALE	('000)	13.023	13.655	13.956	13.956	14.329	14.844	14,0	13.023	14.844	14,0	
NET ADDS	('000)	2.072	2.312	2.062	8.264	2.221	1.881	(9,2)	3.890	4.102	5,4	
Branded postpaid	('000)	1.008	1.085	1.292	4.510	1.041	890	(11,7)	2.133	1.931	(9,5)	
Branded prepaid	('000)	178	595	469	1.315	807	476	n.a.	251	1.283	n.a.	
- BRANDED	('000)	1.186	1.680	1.761	5.825	1.848	1.366	15,2	2.384	3.214	34,8	
- WHOLESALE	('000)	886	632	301	2.439	373	515	(41,9)	1.506	888	(41,0)	
AVERAGE MONTHLY CHURN	(%)	3,4	3,5	3,5	3,4	3,0	3,0	(0,4p)	3,3	3,0	(0,3p)	
- Branded postpaid	(%)	1,5	1,6	1,6	1,5	1,5	1,4	(0,1p)	1,5	1,4	(0,1p)	
- Branded prepaid	(%)	4,9	4,1	4,1	4,5	3,8	3,9	(1,0p)	4,8	3,9	(0,9p)	
TOTAL REVENUES	(€ million)	7.443	7.059	7.518	28.925	7.816	8.196	10,1	14.348	16.012	11,6	
Service revenue	(€ million)	1	5.436	5.553	5.880	21.906	5.870	5.982	10,0	10.473	11.852	13,2
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	(€ million)	2	1.652	1.702	2.075	6.654	1.908	2.172	31,5	2.877	4,080	41,8
EBITDA margin (adjusted for special factors) (EBITDA / total revenue)	(%)	22,1	24,1	27,6	23,0	24,4	26,5	4,4p	20,0	25,5	5,5p	
EBITDA margin (adjusted for special factors) (EBITDA / service revenue)	(%)	30,4	30,7	35,3	30,4	32,5	36,3	5,9p	27,5	34,4	6,9p	
BLENDED ARPU	(€)	31	31	32	31	30	30	(3,2)	31	30	(3,2)	
- Branded postpaid	(€)	41	41	42	41	40	39	(4,9)	40	39	(2,5)	
- Branded prepaid	(€)	34	33	34	34	34	33	(2,9)	34	33	(2,9)	
NON-VOICE % OF ARPU	(%)	56	57	58	56	58	59	3,0p	55	59	4,0p	
CASH CAPEX	(€ million)	1.230	1.103	1.319	6.381	1.756	1.251	1,7	3.959	3.007	(24,0)	
CASH CAPEX (ADJUSTED FOR SPECIAL FACTORS)	(€ million)	3	996	1.044	1.297	4.182	1.200	1.211	21,6	1.841	2.411	31,0
CASH CONTRIBUTION (ADJUSTED FOR SPECIAL FACTORS)	(€ million)	3	656	658	778	2.472	708	961	46,5	1.036	1.669	61,1

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 EUR 71mn in Q2/15, EUR 234mn in Q3/15, EUR 6mn in Q4/15, EUR (360mn) in Q1/16, and EUR 49mn in Q2/16.

3 Adjusted by excluding spectrum purchases of EUR 234mn in Q2/15, EUR 59mn in Q3/15, EUR 22mn in Q4/15, EUR 556mn in Q1/16, and EUR 40mn in Q2/16.

UNITED STATES

OPERATIONAL IN US-\$

	Note	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016	Change %	H1 2015	H1 2016	Change %
CUSTOMERS (END OF PERIOD)	('000)	58.908	61.220	63.282	63.282	65.503	67.384	14,4	58.908	67.384	14,4
Branded postpaid	('000)	29.318	30.403	31.695	31.695	32.736	33.626	14,7	29.318	33.626	14,7
Branded prepay	('000)	16.567	17.162	17.631	17.631	18.438	18.914	14,2	16.567	18.914	14,2
- BRANDED	('000)	45.885	47.565	49.326	49.326	51.174	52.540	14,5	45.885	52.540	14,5
- WHOLESALE	('000)	13.023	13.655	13.956	13.956	14.329	14.844	14,0	13.023	14.844	14,0
NET ADDS	('000)	2.072	2.312	2.062	8.264	2.221	1.881	(9,2)	3.890	4.102	5,4
Branded postpaid	('000)	1.008	1.085	1.292	4.510	1.041	890	(11,7)	2.133	1.931	(9,5)
Branded prepay	('000)	178	595	469	1.315	807	476	n.a.	251	1.283	n.a.
- BRANDED	('000)	1.186	1.680	1.761	5.825	1.848	1.366	15,2	2.384	3.214	34,8
- WHOLESALE	('000)	886	632	301	2.439	373	515	(41,9)	1.506	888	(41,0)
AVERAGE MONTHLY CHURN	(%)	3,4	3,5	3,5	3,4	3,0	3,0	(0,4p)	3,3	3,0	(0,3p)
- Branded postpaid	(%)	1,5	1,6	1,6	1,5	1,5	1,4	(0,1p)	1,5	1,4	(0,1p)
- Branded prepay	(%)	4,9	4,1	4,1	4,5	3,8	3,9	(1,0p)	4,8	3,9	(0,9p)
TOTAL REVENUES	(USD million)	8.219	7.849	8.227	32.069	8.619	9.256	12,6	15.993	17.875	11,8
Service revenue	(USD million)	6.004	6.177	6.433	24.282	6.472	6.756	12,5	11.672	13.228	13,3
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	(USD million)	1.823	1.893	2.268	7.355	2.104	2.453	34,6	3.194	4.557	42,7
EBITDA margin (adjusted for special factors)	(%)	22,1	24,1	27,6	22,9	24,4	26,5	4,4p	19,9	25,5	5,6p
EBITDA margin (adjusted for special factors)	(%)	30,4	30,6	35,3	30,3	32,5	36,3	5,9p	27,4	34,4	7,0p
BLENDED ARPU	(USD)	35	34	35	34	34	34	(2,9)	34	34	0,0
- Branded postpaid	(USD)	46	45	46	45	44	44	(4,3)	45	44	(2,2)
- Branded prepay	(USD)	37	37	37	37	37	37	0,0	37	37	0,0
NON-VOICE % OF ARPU	(%)	56	57	58	56	58	59	3,0p	55	59	4,0p
CASH CAPEX	(USD million)	1.350	1.224	1.453	7.141	1.933	1.413	4,7	4.464	3.346	(25,0)
CASH CAPEX (ADJUSTED FOR SPECIAL FACTORS)	(USD million)	1.096	1.157	1.428	4.647	1.322	1.368	24,8	2.062	2.690	30,5
CASH CONTRIBUTION (ADJUSTED FOR SPECIAL FACTORS)	(USD million)	727	736	840	2.708	782	1.085	49,2	1.132	1.867	64,9

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 78mn in Q2/15 USD 259mn in Q3/15, USD 6mn in Q4/15, USD 400mn in Q1/16, and USD (56mn) in Q2/16.

3 Adjusted by excluding spectrum purchases of USD 254mn in Q2/15, USD 67mn in Q3/15, USD 25mn in Q4/15, USD 611mn in Q1/16, and USD 45mn in Q2/16.

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 (Individual)^{1,2,3,5,6,7,8,9,10,11,12}

PRICING⁸

Unlimited Talk, Text and Web with up to 2GB of full speed data ^{4,5,13}	\$50.00
Unlimited Talk, Text and Web with up to 6GB of full speed data ^{4,13}	\$65.00
Unlimited Talk, Text and Web with up to 10GB of full speed data ^{4,13}	\$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

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.

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.

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 detectable video streaming at DVD quality (480p+). Customers may disable Binge On at any time, but will lose Binge On benefits. 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, except for the Unlimited 4G LTE data plan.

UNITED STATES

T-MOBILE USA

SIMPLE CHOICE PLAN (Family)^{1,2,3,4,5,6,7,8,9,10,11,12}

INCLUDED FEATURES PER LINE

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

\$80.00 for first 2 lines

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

\$10.00 per line

DATA PLAN ADD-ON TO SIMPLE CHOICE MULTI-LINE^{2,3,5,6,7,9,10,11,12}

PRICING^{7,13}

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

\$15.00 (more per line per 4 GB)

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

\$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.

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.

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.

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

12 All postpaid Simple Choice plan options include Binge On, which optimizes detectable video streaming at DVD quality (480p+). Customers may disable Binge On at any time, but will lose Binge On benefits. 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, except for the Unlimited 4G LTE data plan.

13 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)^{1,2,3,4,5,6,7,8,11,12,13}

PRICING¹¹

Unlimited Talk, Text and Web with up to 2GB of full speed data ¹⁴	\$50.00
Unlimited Talk, Text and Web with up to 6GB of full speed data ¹⁴	\$65.00
Unlimited Talk, Text and Web with up to 10GB of full speed data ¹⁴	\$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.

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.

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

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

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

14 All Pay in Advance Simple Choice plan options include Binge On, which optimizes detectable video streaming at DVD quality (480p+). Customers may disable Binge On at any time, but will lose Binge On benefits. All new data plans 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, except for the Unlimited 4G LTE plan.

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

TALK/TEXT PRICING¹¹

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

* As of June, 2016, we grandfathered the Stateside International Talk add-on for \$10 and are only offering the \$15/mo Stateside International Talk w/Mobile; no longer includes 1000 mobile-to-mobile minutes in Mexico since Mexico is now included in the coverage area.

UNITED STATES

T-MOBILE USA

SIMPLY PREPAID PLAN (PREPAID)^{1,2,4,5,6}	PRICING¹⁰
Unlimited Talk and Text	\$25.00
Unlimited Talk, Text and Web with up to 3GB of 4G LTE ^{3,7,8}	\$40.00
Unlimited Talk, Text and Web with up to 5GB of 4G LTE ^{3,7,8}	\$50.00
Unlimited Talk, Text and Web with up to 10GB of 4G LTE ^{3,7,8}	\$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.

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

6 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.

7 Roaming and on-network data allotments differ; 3GB includes 50MB roaming, 5GB & 10GB includes 100 MB roaming.

8 Simply Prepaid plan options with data include Data Maximizer, which optimizes detectable video streaming at DVD quality (480p+). Customers may disable Data Maximizer at any time.

ADDITIONAL ADD-ONS FOR ALL PREPAID PLANS⁹	COST¹⁰
Stateside International Talk with Mobile ¹¹	\$15.00
Stateside International Talk ¹²	\$10.00
Mexico + Canada Unlimited ¹³	\$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.*

* As of June, 2016, we grandfathered the Stateside International Talk add-on for \$10 and are only offering the \$15/mo Stateside International Talk w/Mobile; no longer includes 1000 mobile-to-mobile minutes in Mexico since Mexico is now included in the coverage area.

13 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	PRICING¹⁰
Pay As You Go ^{1,4,14}	\$3.00

Add-Ons to Pay As You Go (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^{1,2,3,4,5,6,7, 8,9,10,11,12}	PRICING¹	HOTSPOT ACCESS³
MOBILE INTERNET PLANS		
Mobile Internet up to 2 GB of 4G LTE	\$20.00	Included
Mobile Internet up to 6 GB of 4G LTE	\$35.00	Included
Mobile Internet up to 10 GB of 4G LTE	\$50.00	Included
Mobile Internet up to 14 GB of 4G LTE	\$65.00	Included
Mobile Internet up to 18 GB of 4G LTE	\$80.00	Included
Mobile Internet up to 22 GB of 4G LTE	\$95.00	Included

1 Prices reflect monthly recurring charges; taxes and fees additional. Credit approval, \$20 SIM starter kit and deposit may be required. Capable device required for 4G LTE.

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.

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

6 On-network and domestic roaming data allotments differ: 2 GB through 22 GB full-speed plans include 200 MB roaming.

7 Monthly postpaid Simple Choice Monthly Internet plans include unlimited (2G) while on T-Mobile's network.

8 Postpaid Simple Choice Mobile Internet plans include free data for music streaming on select music stations

9 6-22GB postpaid Simple Choice Mobile Internet plans 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 plans 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 Postpaid Mobile Internet Simple Choice plans include Binge On, which optimizes detectable video streaming at DVD quality (480p+). Customers may disable Binge On at any time, but will lose Binge On benefits. All new data plans 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}	PRICING¹	HOTSPOT ACCESS³
Mobile Internet 500 MB data (use for 1 days)	\$5.00	Included
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}	PRICING¹	HOTSPOT ACCESS
Unlimited, Overage-Free up to 500 MB full-speed data (use for 1 day)	\$5.00	Not Included
Unlimited, Overage-Free up to 1 GB full-speed data (use for 7 days)	\$10.00	Not Included
Unlimited, Overage-Free up to 3 GB full-speed data (use for 30 days)	\$30.00	Not Included
Unlimited, Overage-Free up to 5 GB full-speed data (use for 7 days)	\$40.00	Not Included
Unlimited, Overage-Free up to 7 GB full-speed data (use for 30 days)	\$50.00	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}	PRICING¹	HOTSPOT ACCESS
Mobile Internet up to 2 GB of 4G LTE data	\$20.00	Not Included
Mobile Internet up to 6 GB of 4G LTE data	\$35.00	Not Included
Mobile Internet up to 10 GB of 4G LTE data	\$50.00	Not Included
Mobile Internet up to 14 GB of 4G LTE data	\$65.00	Not Included
Mobile Internet up to 18 GB of 4G LTE data	\$80.00	Not Included
Mobile Internet up to 22 GB of 4G LTE data	\$95.00	Not Included

1 Prices reflect monthly recurring charges. \$20 SIM starter kit and deposit may be required. Capable device required for 4G LTE.

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	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
TOTAL REVENUE		3.209	3.261	3.397	13.024	3.080	3.106	(3,2)	6.366	6.186	(2,8)
NET REVENUE		3.150	3.200	3.334	12.782	3.018	3.020	(4,1)	6.248	6.038	(3,4)
EBITDA	2	1.081	1.157	1.075	4.329	986	1.038	(4,0)	2.097	2.024	(3,5)
EBITDA margin (EBITDA / total revenue)	%	33,7	35,5	31,6	33,2	32,0	33,4	(0,3p)	32,9	32,7	(0,2p)
Depreciation, amortization and impairment losses		(627)	(640)	(686)	(2.589)	(636)	(639)	(1,9)	(1.263)	(1.275)	(1,0)
Profit (loss) from operations = EBIT	3	454	517	389	1.740	350	399	(12,1)	834	749	(10,2)
CASH CAPEX	4	294	402	460	1.638	500	392	33,3	776	892	14,9
CASH CONTRIBUTION		787	755	615	2.691	486	646	(17,9)	1.321	1.132	(14,3)

FINANCIALS (AS REPORTED)

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
TOTAL REVENUE		3.209	3.261	3.397	13.024	3.080	3.106	(3,2)	6.366	6.186	(2,8)
NET REVENUE		3.150	3.200	3.334	12.782	3.018	3.020	(4,1)	6.248	6.038	(3,4)
EBITDA		1.017	1.107	1.022	4.108	962	1.016	(0,1)	1.979	1.978	(0,1)
EBITDA margin (EBITDA / total revenue)	%	31,7	33,9	30,1	31,5	31,2	32,7	1,0p	31,1	32,0	0,9p
Depreciation, amortization and impairment losses		(626)	(641)	(729)	(2.632)	(636)	(639)	(2,1)	(1.262)	(1.275)	(1,0)
Profit (loss) from operations = EBIT		391	466	293	1.476	326	377	(3,6)	717	703	(2,0)
CASH CAPEX		303	403	463	1.667	1.009	391	29,0	801	1.400	74,8
CASH CONTRIBUTION		714	704	559	2.441	(47)	625	(12,5)	1.178	578	(50,9)

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 Special factors affecting EBITDA: EUR 62mn in Q2/15, EUR 51mn in Q3/15, EUR 51mn in Q4/15, EUR 24mn in Q1/16 and EUR 22mn in Q2/16.

3 Special factors affecting EBIT: 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), EUR 24mn in Q1/16 (thereof EUR 24mn resulting from EBITDA) and EUR 22mn in Q2/16 (thereof EUR 22mn resulting from EBITDA)

4 Excluding payments for spectrum licences: EUR 9mn in Q2/15 in Albania, EUR 1mn in Q3/15 in Austria, EUR 3mn in Q4/15 in Poland, EUR 485mn in Poland in Q1/16, EUR 24mn in Netherlands in Q1/16 and EUR -1mn in Poland in Q2/16

EUROPE

EBITDA RECONCILIATION¹

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
TOTAL REVENUE		3.209	3.261	3.397	13.024	3.080	3.106	(3,2)	6.366	6.186	(2,8)
TOTAL REVENUE (ADJUSTED FOR SPECIAL FACTORS)		3.209	3.261	3.397	13.024	3.080	3.106	(3,2)	6.366	6.186	(2,8)
Profit (loss) from operations = EBIT		391	466	293	1.476	326	377	(3,6)	717	703	(2,0)
- Depreciation, amortization and impairment losses		(626)	(641)	(729)	(2.632)	(636)	(639)	(2,1)	(1.262)	(1.275)	(1,0)
= EBITDA		1.017	1.107	1.022	4.108	962	1.016	(0,1)	1.979	1.978	(0,1)
EBITDA margin	%	31,7	33,9	30,1	31,5	31,2	32,7	1,0p	31,1	32,0	0,9p
- Special factors affecting EBITDA		(64)	(50)	(53)	(221)	(24)	(22)	65,6	(118)	(46)	61,0
= EBITDA (ADJUSTED FOR SPECIAL FACTORS)		1.081	1.157	1.075	4.329	986	1.038	(4,0)	2.097	2.024	(3,5)
EBITDA margin (adjusted for special factors)	%	33,7	35,5	31,6	33,2	32,0	33,4	(0,3p)	32,9	32,7	(0,2p)

SPECIAL FACTORS

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
EFFECTS ON EBITDA		(64)	(50)	(53)	(221)	(24)	(22)	65,6	(118)	(46)	61,0
- of which personnel		(97)	(34)	(24)	(177)	(29)	(22)	77,3	(119)	(51)	57,1
- of which other		33	(16)	(29)	(44)	5	0	(100,0)	1	5	n.a.
EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT		(63)	(51)	(96)	(264)	(24)	(22)	65,1	(117)	(46)	60,7
- of which personnel		(97)	(34)	(24)	(177)	(29)	(22)	77,3	(119)	(51)	57,1
- of which other		34	(17)	(72)	(87)	5	0	(100,0)	2	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	Q2 2015 (^{'000})	Q3 2015 (^{'000})	Q4 2015 (^{'000})	Q1 2016 (^{'000})	Q2 2016 (^{'000})	Change %
GREECE							
- Fixed network Access Lines		2.591	2.577	2.586	2.583	2.576	(0,6)
- Broadband Access Lines		1.448	1.480	1.531	1.574	1.611	11,3
- Mobile Customers		7.387	7.428	7.399	7.477	7.610	3,0
ROMANIA							
- Fixed network Access Lines		2.153	2.117	2.091	2.055	2.029	(5,8)
- Broadband Access Lines		1.186	1.181	1.186	1.204	1.204	1,5
- Mobile Customers		6.015	5.905	5.992	5.934	5.909	(1,8)
HUNGARY							
	1						
- Fixed network Access Lines		1.671	1.677	1.674	1.659	1.655	(1,0)
- Broadband Access Lines		1.000	1.010	1.023	1.028	1.035	3,5
- Mobile Customers		5.476	5.482	5.504	5.372	5.344	(2,4)
POLAND							
- Fixed network Access Lines		18	17	18	18	18	0,0
- Broadband Access Lines		13	13	15	17	15	15,4
- Mobile Customers	2	15.827	15.696	12.056	11.821	11.635	(26,5)
CZECH REPUBLIC							
- Fixed network Access Lines		152	147	154	141	140	(7,9)
- Broadband Access Lines		143	138	134	133	133	(7,0)
- Mobile Customers		5.996	5.981	6.019	6.024	6.008	0,2
CROATIA							
- Fixed network Access Lines		1.038	1.020	1.004	1.012	1.009	(2,8)
- Broadband Access Lines		733	733	741	749	762	4,0
- Mobile Customers		2.241	2.323	2.233	2.206	2.246	0,2
NETHERLANDS							
- Mobile Customers		3.689	3.686	3.677	3.668	3.671	(0,5)
SLOVAKIA							
- Fixed network Access Lines		864	858	855	851	848	(1,9)
- Broadband Access Lines		578	587	599	609	618	6,9
- Mobile Customers		2.196	2.204	2.235	2.231	2.227	1,4
AUSTRIA							
- Mobile Customers		3.934	3.962	4.323	4.221	4.275	8,7
OTHER							
- Fixed network Access Lines	3	389	385	381	367	365	(6,2)
- Broadband Access Lines	3	291	289	285	283	284	(2,4)
- Mobile Customers		3.585	3.579	3.299	3.255	3.287	(8,3)
TOTAL							
	1						
- Fixed network Access Lines		8.875	8.798	8.763	8.687	8.639	(2,7)
- IP		3.805	3.973	4.132	4.261	4.514	18,6
- Broadband Access Lines Retail		5.084	5.122	5.189	5.254	5.307	4,4
- Wholesale Bundled Access Lines		126	121	121	122	124	(1,6)
- Wholesale Unbundled Access Lines		167	181	199	215	227	35,9
- TV (IPTV, SAT, Cable)		3.768	3.832	3.905	3.922	3.961	5,1
- Mobile Customers total		56.345	56.246	52.737	52.208	52.213	(7,3)

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 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.

3 GTS Central Europe Group is part of the European Segment since May 30, 2014. From January 2015 parts of the Group were integrated into Czech Republic and Poland. From April 2015 parts were integrated into Hungary.

GREECE

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
TOTAL REVENUE		704	721	761	2.878	685	701	(0,4)	1.396	1.386	(0,7)
- of which Fixed network		448	446	498	1.833	449	459	2,5	889	908	2,1
- of which Mobile communications		303	319	312	1.228	277	291	(4,0)	597	568	(4,9)
EBITDA	1	267	297	291	1.118	267	268	0,4	530	535	0,9
- of which Fixed network		147	162	177	639	165	163	10,9	300	328	9,3
- of which Mobile communications		110	127	101	438	92	97	(11,8)	210	189	(10,0)
EBITDA MARGIN (EBITDA / TOTAL REVENUE)	%	37,9	41,2	38,2	38,8	39,0	38,2	0,3p	38,0	38,6	0,6p
- of which Fixed network	%	32,8	36,3	35,5	34,9	36,7	35,5	2,7p	33,7	36,1	2,4p
- of which Mobile communications	%	36,3	39,8	32,4	35,7	33,2	33,3	(3,0p)	35,2	33,3	(1,9p)
CASH CAPEX (AS REPORTED)		44	88	94	311	87	100	n.a.	129	187	45,0
- of which Fixed network		29	45	43	154	55	51	75,9	66	106	60,6
- of which Mobile communications		14	41	46	149	31	47	n.a.	62	78	25,8
CASH CONTRIBUTION		223	209	197	807	180	168	(24,7)	401	348	(13,2)
- of which Fixed network		118	117	134	485	110	112	(5,1)	234	222	(5,1)
- of which Mobile communications		97	85	55	289	61	50	(48,5)	148	111	(25,0)

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

GREECE

OPERATIONALS

	Note	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016	Change %	H1 2015	H1 2016	Change %
FIXED NETWORK (END OF PERIOD)											
Fixed network Access Lines	('000)	2.591	2.577	2.586	2.586	2.583	2.576	(0,6)	2.591	2.576	(0,6)
- IP	('000)	20	36	78	78	166	302	n.a.	20	302	n.a.
Broadband Access Lines Retail	('000)	1.426	1.457	1.505	1.505	1.541	1.573	10,3	1.426	1.573	10,3
TV (IPTV, SAT, Cable)	('000)	378	412	445	445	456	457	20,9	378	457	20,9
Wholesale Bundled Access Lines	('000)	21	23	26	26	32	38	81,0	21	38	81,0
ULLs/Wholesale PSTN	('000)	2.057	2.055	2.057	2.057	2.062	2.063	0,3	2.057	2.063	0,3
Wholesale Unbundled Access Lines	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
MOBILE COMMUNICATIONS (END OF PERIOD)											
Service revenue	(€ million)	243	261	237	970	222	234	(3,7)	472	456	(3,4)
CUSTOMERS	('000)	7.387	7.428	7.399	7.399	7.477	7.610	3,0	7.387	7.610	3,0
- contract	('000)	2.289	2.283	2.250	2.250	2.231	2.226	(2,8)	2.289	2.226	(2,8)
- prepaid	('000)	5.097	5.144	5.150	5.150	5.245	5.384	5,6	5.097	5.384	5,6
NET ADDS	('000)	78	41	(28)	119	77	133	70,5	107	211	97,2
- contract	('000)	30	(6)	(34)	23	(18)	(5)	n.a.	62	(23)	n.a.
- prepaid	('000)	49	47	6	97	96	138	n.a.	44	234	n.a.
AVERAGE MONTHLY CHURN	(%)	1,5	1,7	1,7	1,6	1,6	1,6	0,1p	1,5	1,6	0,1p
- contract	(%)	1,2	1,1	1,8	1,3	1,5	1,4	0,2p	1,2	1,5	0,3p
SAC PER GROSS ADD	€	18	10	13	14	12	12	(33,3)	17	12	(29,4)
- contract	€	63	66	59	60	66	62	(1,6)	58	64	10,3
- prepaid	€	2	2	2	2	2	2	0,0	2	2	0,0
SRC PER RETAINED CUSTOMER	€	40	45	42	41	40	36	(10,0)	40	38	(5,0)
ARPU	€	11	12	11	11	10	10	(9,1)	11	10	(9,1)
- contract	€	25	27	24	25	23	25	0,0	25	24	(4,0)
- prepaid	€	5	5	5	5	4	4	(20,0)	5	4	(20,0)
NON-VOICE % OF ARPU	(%)	27	31	28	28	29	29	2p	27	29	2p
MOU PER CUSTOMER	(min)	299	288	284	288	270	282	(5,7)	291	276	(5,2)
- contract	(min)	444	420	439	430	423	452	1,8	432	438	1,4

ROMANIA

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)¹

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
TOTAL REVENUE		241	239	263	984	234	242	0,4	482	476	(1,2)
PRODUCT VIEW		241	239	263	984	234	242	0,4	482	476	(1,2)
- Fixed network		142	132	148	562	127	136	(4,2)	282	263	(6,7)
- Mobile communications		99	107	115	422	107	106	7,1	200	213	6,5
SEGMENT VIEW		241	239	263	984	234	242	0,4	482	476	(1,2)
- of which Consumer		153	157	165	635	153	152	(0,7)	313	305	(2,6)
- of which Business		54	53	69	230	50	56	1,8	109	106	(2,8)
EBITDA	2	49	48	53	205	38	38	(22,4)	104	76	(26,9)
EBITDA MARGIN (EBITDA / TOTAL REVENUE)	%	20,3	20,1	20,2	20,8	16,2	15,7	(4,6p)	21,6	16,0	(5,6p)
CASH CAPEX (AS REPORTED)		32	28	23	132	33	30	(9,1)	81	63	(22,2)
CASH CONTRIBUTION		17	20	30	73	5	8	(50,0)	23	13	(43,5)

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, EUR 3mn in Q4/15 and EUR 5mn in Q2/16.

ROMANIA

OPERATIONALS

	Note	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016	Change %	H1 2015	H1 2016	Change %
FIXED NETWORK (END OF PERIOD)											
Fixed network Access Lines	('000)	2.153	2.117	2.091	2.091	2.055	2.029	(5,8)	2.153	2.029	(5,8)
- IP	('000)	341	362	392	392	409	437	28,2	341	437	28,2
Broadband Access Lines Retail	('000)	1.186	1.181	1.186	1.186	1.204	1.204	1,5	1.186	1.204	1,5
TV (IPTV, SAT, Cable)	('000)	1.421	1.432	1.452	1.452	1.449	1.461	2,8	1.421	1.461	2,8
Wholesale Bundled Access Lines	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
ULLs/Wholesale PSTN	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
Wholesale Unbundled Access Lines	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
MOBILE COMMUNICATIONS (END OF PERIOD)											
Service revenue	(€ million)	79	83	83	325	81	81	2,5	159	162	1,9
CUSTOMERS	('000)	6.015	5.905	5.992	5.992	5.934	5.909	(1,8)	6.015	5.909	(1,8)
- contract	('000)	1.794	1.846	1.893	1.893	1.923	1.956	9,0	1.794	1.956	9,0
- prepaid	('000)	4.221	4.060	4.099	4.099	4.011	3.953	(6,3)	4.221	3.953	(6,3)
NET ADDS	('000)	7	(109)	87	(55)	(58)	(25)	n.a.	(33)	(83)	n.a.
- contract	('000)	43	52	47	203	30	33	(23,3)	103	63	(38,8)
- prepaid	('000)	(36)	(161)	39	(258)	(88)	(58)	(61,1)	(136)	(146)	(7,4)
AVERAGE MONTHLY CHURN	(%)	2,8	3,3	3,1	3,0	3,4	3,1	0,3p	2,8	3,3	0,5p
- contract	(%)	1,3	1,2	1,7	1,3	1,7	1,5	0,2p	1,2	1,6	0,4p
SAC PER GROSS ADD	€	13	17	14	14	11	8	(38,5)	12	10	(16,7)
- contract	€	57	63	53	54	43	35	(38,6)	49	39	(20,4)
- prepaid	€	1	1	2	1	1	0	(100,0)	1	1	0,0
SRC PER RETAINED CUSTOMER	€	7	11	10	9	13	20	n.a.	7	16	n.a.
ARPU	€	5	5	5	5	5	5	0,0	5	5	0,0
- contract	€	9	9	9	9	9	9	0,0	9	9	0,0
- prepaid	€	3	3	3	3	3	3	0,0	3	3	0,0
NON-VOICE % OF ARPU	(%)	24	27	27	26	29	29	5p	26	29	3p
MOU PER CUSTOMER	(min)	299	289	297	295	303	292	(2,3)	298	298	0,0
- contract	(min)	454	435	440	446	434	428	(5,7)	455	431	(5,3)

HUNGARY

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)¹

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
TOTAL REVENUE	2	453	432	518	1.848	403	408	(9,9)	898	811	(9,7)
PRODUCT VIEW		453	432	518	1.848	403	408	(9,9)	898	811	(9,7)
- Fixed network	3	234	219	292	973	194	188	(19,7)	462	382	(17,3)
- Mobile communications		219	213	226	875	209	220	0,5	436	429	(1,6)
SEGMENT VIEW		453	432	518	1.848	403	408	(9,9)	898	811	(9,7)
- of which Consumer		234	230	245	942	227	236	0,9	467	463	(0,9)
- of which Business		155	141	199	631	139	134	(13,5)	291	273	(6,2)
EBITDA	2,4	145	142	124	526	126	144	(0,7)	260	270	3,8
EBITDA MARGIN (EBITDA / TOTAL REVENUE)	%	32,0	32,9	23,9	28,5	31,3	35,3	3,3p	29,0	33,3	4,3p
CASH CAPEX (AS REPORTED)		52	63	93	271	71	66	26,9	115	137	19,1
CASH CONTRIBUTION		93	79	31	255	55	78	(16,1)	145	133	(8,3)

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.

³ Fixed Network includes Total revenue of HU GHS.

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

HUNGARY

OPERATIONALS¹

	Note	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016	Change %	H1 2015	H1 2016	Change %
FIXED NETWORK (END OF PERIOD)	2										
Fixed network Access Lines	('000)	1.671	1.677	1.674	1.674	1.659	1.655	(1,0)	1.671	1.655	(1,0)
- IP	('000)	1.136	1.207	1.286	1.286	1.331	1.428	25,7	1.136	1.428	25,7
Broadband Access Lines Retail	('000)	956	975	988	988	996	1.003	4,9	956	1.003	4,9
TV (IPTV, SAT, Cable)	('000)	939	949	961	961	964	971	3,4	939	971	3,4
Wholesale Bundled Access Lines	('000)	18	17	17	17	15	16	(11,1)	18	16	(11,1)
ULLs/Wholesale PSTN	('000)	11	10	10	10	9	9	(18,2)	11	9	(18,2)
Wholesale Unbundled Access Lines	('000)	12	12	12	12	13	12	0,0	12	12	0,0
MOBILE COMMUNICATIONS (END OF PERIOD)											
Service revenue	(€ million)	178	181	178	721	173	177	(0,6)	362	350	(3,3)
CUSTOMERS	('000)	5.476	5.482	5.504	5.504	5.372	5.344	(2,4)	5.476	5.344	(2,4)
- contract	('000)	3.055	3.069	3.103	3.103	3.100	3.110	1,8	3.055	3.110	1,8
- prepaid	('000)	2.421	2.414	2.401	2.401	2.271	2.234	(7,7)	2.421	2.234	(7,7)
NET ADDS	('000)	13	6	22	26	(132)	(27)	n.a.	(2)	(160)	n.a.
- contract	('000)	46	13	34	106	(2)	10	(78,3)	58	7	(87,9)
- prepaid	('000)	(33)	(7)	(13)	(80)	(130)	(37)	(12,1)	(60)	(167)	n.a.
AVERAGE MONTHLY CHURN	(%)	1,4	1,6	1,2	1,4	1,8	1,4	0,0p	1,4	1,6	0,2p
- contract	(%)	0,8	0,9	0,8	0,9	1,0	0,8	0,0p	0,9	0,9	0,0p
SAC PER GROSS ADD	€	19	14	24	19	19	20	5,3	19	19	0,0
- contract	€	30	42	53	40	40	45	50,0	34	42	23,5
- prepaid	€	10	3	4	5	3	6	(40,0)	8	4	(50,0)
SRC PER RETAINED CUSTOMER	€	54	47	66	55	55	56	3,7	53	56	5,7
ARPU	€	11	11	11	11	11	11	0,0	11	11	0,0
- contract	€	17	17	17	17	16	16	(5,9)	17	16	(5,9)
- prepaid	€	4	4	4	4	3	4	0,0	4	4	0,0
NON-VOICE % OF ARPU	(%)	27	28	28	27	33	33	6p	26	33	7p
MOU PER CUSTOMER	(min)	186	187	187	185	186	201	8,1	182	194	6,6
- contract	(min)	291	290	289	288	288	309	6,2	286	298	4,2

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.

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

POLAND

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
TOTAL REVENUE		385	391	386	1.544	378	343	(10,9)	767	721	(6,0)
PRODUCT VIEW		385	391	386	1.544	378	343	(10,9)	767	721	(6,0)
- Fixed network		29	26	23	101	24	24	(11,1)	51	48	(5,9)
- Mobile communications		358	365	362	1.443	354	319	(10,9)	716	673	(6,0)
SEGMENT VIEW		385	391	386	1.544	378	343	(10,9)	767	721	(6,0)
- of which Consumer		217	216	215	868	196	198	(8,8)	437	394	(9,8)
- of which Business		136	132	132	536	124	126	(7,4)	272	250	(8,1)
EBITDA	1	145	164	141	580	120	100	(31,0)	275	220	(20,0)
EBITDA MARGIN (EBITDA / TOTAL REVENUE)	%	37,7	41,9	36,5	37,6	31,7	29,2	(8,5p)	35,9	30,5	(5,4p)
CASH CAPEX (AS REPORTED)		45	34	48	189	546	35	(22,2)	107	581	n.a.
CASH CONTRIBUTION		100	130	93	391	(426)	65	(35,0)	168	(361)	n.a.

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

POLAND

OPERATIONALS

	Note	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016	Change %	H1 2015	H1 2016	Change %
FIXED NETWORK (END OF PERIOD)											
Fixed network Access Lines	('000)	18	17	18	18	18	18	0,0	18	18	0,0
- IP	('000)	3	3	3	3	2	2	(33,3)	3	2	(33,3)
Broadband Access Lines Retail	('000)	9	8	10	10	10	10	11,1	9	10	11,1
TV (IPTV, SAT, Cable)	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
Wholesale Bundled Access Lines	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
ULLs/Wholesale PSTN	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
Wholesale Unbundled Access Lines	('000)	4	4	5	5	6	5	25,0	4	5	25,0
MOBILE COMMUNICATIONS (END OF PERIOD)											
Service revenue	(€ million)	268	267	243	1.034	244	220	(17,9)	524	464	(11,5)
CUSTOMERS	('000)	15.827	15.696	12.056	12.056	11.821	11.635	(26,5)	15.827	11.635	(26,5)
- contract	('000)	6.708	6.640	6.569	6.569	6.518	6.516	(2,9)	6.708	6.516	(2,9)
- prepaid	('000)	1	9.056	5.487	5.487	5.303	5.119	(43,9)	9.118	5.119	(43,9)
NET ADDS	('000)	32	(130)	(3.641)	(3.646)	(235)	(186)	n.a.	125	(421)	n.a.
- contract	('000)	(76)	(68)	(71)	(254)	(50)	(3)	96,1	(115)	(53)	53,9
- prepaid	('000)	1	(62)	(3.569)	(3.391)	(184)	(183)	n.a.	240	(368)	n.a.
AVERAGE MONTHLY CHURN	(%)	2,1	2,6	11,0	4,3	3,4	3,3	1,2p	2,1	3,4	1,3p
- contract	(%)	1,1	1,1	1,2	1,1	1,2	1,1	0,0p	1,1	1,1	0,0p
SAC PER GROSS ADD	€	11	6	7	7	7	6	(45,5)	8	6	(25,0)
- contract	€	65	34	35	38	31	27	(58,5)	41	29	(29,3)
- prepaid	€	2	1	1	2	2	1	(50,0)	2	1	(50,0)
SRC PER RETAINED CUSTOMER	€	6	12	(12)	1	1	0	(100,0)	3	0	(100,0)
ARPU	€	6	6	6	6	7	6	0,0	6	7	16,7
- contract	€	11	11	10	11	10	9	(18,2)	11	10	(9,1)
- prepaid	€	2	2	2	2	2	2	0,0	2	2	0,0
NON-VOICE % OF ARPU	(%)	39	39	40	39	39	46	7p	39	42	3p
MOU PER CUSTOMER	(min)	154	154	172	157	204	213	38,3	152	209	37,5
- contract	(min)	311	313	322	311	325	334	7,4	305	330	8,2

1 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	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
TOTAL REVENUE		231	242	259	958	229	233	0,9	457	462	1,1
PRODUCT VIEW		231	242	259	958	229	233	0,9	457	462	1,1
- Fixed network		51	51	70	218	51	51	0,0	97	102	5,2
- Mobile communications		181	191	189	740	178	182	0,6	360	360	0,0
SEGMENT VIEW		231	242	259	958	229	233	0,9	457	462	1,1
- of which Consumer		117	117	118	464	113	117	0,0	229	230	0,4
- of which Business		103	107	122	431	103	105	1,9	202	208	3,0
EBITDA	1	96	100	105	390	99	100	4,2	185	199	7,6
EBITDA MARGIN (EBITDA / TOTAL REVENUE)	%	41,6	41,3	40,5	40,7	43,2	42,9	1,3p	40,5	43,1	2,6p
CASH CAPEX (AS REPORTED)	2	(27)	29	36	104	42	42	n.a.	39	84	n.a.
CASH CONTRIBUTION	2	123	71	69	286	57	58	(52,8)	146	115	(21,2)

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

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

CZECH REPUBLIC

OPERATIONALS

	Note	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016	Change %	H1 2015	H1 2016	Change %
FIXED NETWORK (END OF PERIOD)											
Fixed network Access Lines	('000)	152	147	154	154	141	140	(7,9)	152	140	(7,9)
- IP	('000)	134	130	137	137	125	125	(6,7)	134	125	(6,7)
Broadband Access Lines Retail	('000)	141	136	132	132	131	131	(7,1)	141	131	(7,1)
TV (IPTV, SAT, Cable)	('000)	2	2	2	2	2	6	n.a.	2	6	n.a.
ULLs/Wholesale PSTN	('000)	8	7	7	7	7	6	(25,0)	8	6	(25,0)
Wholesale Unbundled Access Lines	('000)	2	2	2	2	2	2	0,0	2	2	0,0
MOBILE COMMUNICATIONS (END OF PERIOD)											
Service revenue	(€ million)	166	172	168	666	165	170	2,4	326	335	2,8
CUSTOMERS	('000)	5.996	5.981	6.019	6.019	6.024	6.008	0,2	5.996	6.008	0,2
- contract	('000)	3.532	3.556	3.597	3.597	3.628	3.623	2,6	3.532	3.623	2,6
- prepaid	('000)	2.464	2.425	2.422	2.422	2.396	2.385	(3,2)	2.464	2.385	(3,2)
NET ADDS	('000)	3	(16)	38	18	5	(16)	n.a.	(4)	(11)	n.a.
- contract	('000)	13	24	41	97	31	(5)	n.a.	32	26	(18,8)
- prepaid	('000)	(10)	(39)	(3)	(78)	(26)	(11)	(10,0)	(36)	(37)	(2,8)
AVERAGE MONTHLY CHURN	(%)	1,6	1,5	1,3	1,5	1,3	1,4	(0,2p)	1,5	1,4	(0,1p)
- contract	(%)	0,6	0,5	0,5	0,6	0,5	0,6	0,0p	0,6	0,6	0,0p
SAC PER GROSS ADD	€	22	24	21	22	21	23	4,5	21	22	4,8
- contract	€	50	57	47	50	49	54	8,0	49	51	4,1
- prepaid	€	2	3	3	3	4	3	50,0	2	4	100,0
SRC PER RETAINED CUSTOMER	€	10	12	13	11	12	14	40,0	9	13	44,4
ARPU	€	9	10	9	9	9	9	0,0	9	9	0,0
- contract	€	13	14	13	13	13	13	0,0	13	13	0,0
- prepaid	€	3	4	4	3	3	3	0,0	3	3	0,0
NON-VOICE % OF ARPU	(%)	45	47	47	45	48	47	2p	43	47	4p
MOU PER CUSTOMER	(min)	158	153	157	155	155	161	1,9	156	158	1,3
- contract	(min)	240	230	234	235	231	238	(0,8)	238	235	(1,3)

NETHERLANDS

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
TOTAL REVENUE		362	346	340	1.394	324	319	(11,9)	708	643	(9,2)
- of which Consumer		266	249	245	1.011	228	222	(16,5)	517	450	(13,0)
- of which Business		62	62	62	249	60	59	(4,8)	125	119	(4,8)
EBITDA	1	124	125	118	500	88	102	(17,7)	257	190	(26,1)
EBITDA MARGIN (EBITDA / TOTAL REVENUE)	%	34,3	36,1	34,7	35,9	27,2	32,0	(2,3p)	36,3	29,5	(6,8p)
CASH CAPEX (AS REPORTED)		42	41	47	176	54	13	(69,0)	88	67	(23,9)
CASH CONTRIBUTION		82	84	71	324	34	89	8,5	169	123	(27,2)

OPERATIONALS

	Note	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016	Change %	H1 2015	H1 2016	Change %
MOBILE COMMUNICATIONS (END OF PERIOD)											
Service revenue	(€ million)	255	257	233	1.002	228	226	(11,4)	512	454	(11,3)
CUSTOMERS	('000)	3.689	3.686	3.677	3.677	3.668	3.671	(0,5)	3.689	3.671	(0,5)
- contract	('000)	2.751	2.775	2.800	2.800	2.825	2.857	3,9	2.751	2.857	3,9
- prepaid	('000)	938	910	878	878	843	814	(13,2)	938	814	(13,2)
NET ADDS	('000)	(44)	(4)	(8)	(125)	(9)	3	n.a.	(113)	(6)	94,7
- contract	('000)	2 (85)	24	24	(48)	25	32	n.a.	(97)	57	n.a.
- prepaid	('000)	2 41	(28)	(33)	(77)	(34)	(29)	n.a.	(17)	(63)	n.a.
AVERAGE MONTHLY CHURN	(%)	1,7	1,7	1,6	1,7	1,5	1,4	(0,3p)	1,8	1,5	(0,3p)
- contract	(%)	1,3	1,3	1,3	1,2	1,2	1,0	(0,3p)	1,2	1,1	(0,1p)
SAC PER GROSS ADD	€	124	113	93	117	111	98	(21,0)	133	104	(21,8)
- contract	€	162	143	115	151	130	115	(29,0)	182	123	(32,4)
- prepaid	€	17	19	8	16	18	14	(17,6)	18	16	(11,1)
SRC PER RETAINED CUSTOMER	€	126	95	59	98	121	104	(17,5)	120	113	(5,8)
ARPU	€	23	23	21	22	21	21	(8,7)	23	21	(8,7)
- contract	€	29	30	27	28	26	25	(13,8)	29	26	(10,3)
- prepaid	€	5	4	4	4	4	4	(20,0)	4	4	0,0
NON-VOICE % OF ARPU	(%)	58	59	60	58	61	62	4p	56	61	5p
MOU PER CUSTOMER	(min)	168	163	175	165	180	189	12,5	163	184	12,9
- contract	(min)	212	206	221	209	226	233	9,9	208	230	10,6

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

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

CROATIA

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
TOTAL REVENUE		222	249	227	909	220	230	3,6	433	450	3,9
PRODUCT VIEW		222	249	227	909	220	230	3,6	433	450	3,9
- Fixed network		139	146	136	550	134	137	(1,4)	268	271	1,1
- Mobile communications		85	103	90	359	86	93	9,4	166	179	7,8
SEGMENT VIEW		222	249	227	909	220	230	3,6	433	450	3,9
- of which Consumer		120	124	120	483	116	120	0,0	239	236	(1,3)
- of which Business		70	79	74	287	70	72	2,9	134	142	6,0
EBITDA	1	90	102	94	367	82	95	5,6	171	177	3,5
EBITDA MARGIN (EBITDA / TOTAL REVENUE)	%	40,5	41,0	41,4	40,4	37,3	41,3	0,8p	39,5	39,3	(0,2p)
CASH CAPEX (AS REPORTED)		39	40	20	129	52	40	2,6	69	92	33,3
CASH CONTRIBUTION		51	62	74	238	30	55	7,8	102	85	(16,7)

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

CROATIA

OPERATIONALS

	Note	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016	Change %	H1 2015	H1 2016	Change %
FIXED NETWORK (END OF PERIOD)											
Fixed network Access Lines	('000)	1.038	1.020	1.004	1.004	1.012	1.009	(2,8)	1.038	1.009	(2,8)
- IP	('000)	952	1.001	1.004	1.004	1.012	1.008	5,9	952	1.008	5,9
Broadband Access Lines Retail	('000)	642	638	636	636	634	639	(0,5)	642	639	(0,5)
TV (IPTV, SAT, Cable)	('000)	387	385	388	388	387	391	1,0	387	391	1,0
Wholesale Bundled Access Lines	('000)	45	39	37	37	34	30	(33,3)	45	30	(33,3)
ULLs/Wholesale PSTN	('000)	173	161	159	159	156	153	(11,6)	173	153	(11,6)
Wholesale Unbundled Access Lines	('000)	46	56	68	68	81	93	n.a.	46	93	n.a.
MOBILE COMMUNICATIONS (END OF PERIOD)											
Service revenue	(€ million)	70	82	67	284	66	72	2,9	135	138	2,2
CUSTOMERS	('000)	2.241	2.323	2.233	2.233	2.206	2.246	0,2	2.241	2.246	0,2
- contract	('000)	1.105	1.112	1.119	1.119	1.119	1.128	2,1	1.105	1.128	2,1
- prepaid	('000)	1.136	1.211	1.114	1.114	1.087	1.119	(1,5)	1.136	1.119	(1,5)
NET ADDS	('000)	27	83	(91)	(20)	(27)	40	48,1	(11)	14	n.a.
- contract	('000)	7	7	7	20	0	8	14,3	6	9	50,0
- prepaid	('000)	19	76	(98)	(40)	(27)	32	68,4	(18)	5	n.a.
AVERAGE MONTHLY CHURN	(%)	2,0	2,2	3,7	2,6	2,6	2,2	0,2p	2,3	2,4	0,1p
- contract	(%)	0,8	1,1	1,1	1,0	1,1	1,1	0,3p	1,0	1,1	0,1p
SAC PER GROSS ADD	€	12	10	16	13	13	14	16,7	13	14	7,7
- contract	€	50	53	59	53	52	51	2,0	50	52	4,0
- prepaid	€	2	2	3	3	2	2	0,0	3	2	(33,3)
SRC PER RETAINED CUSTOMER	€	74	67	57	63	69	49	(33,8)	64	59	(7,8)
ARPU	€	11	12	10	10	10	11	0,0	10	10	0,0
- contract	€	15	18	14	16	15	16	6,7	15	15	0,0
- prepaid	€	6	6	5	6	5	6	0,0	5	5	0,0
NON-VOICE % OF ARPU	(%)	46	49	46	47	49	49	3p	46	49	3p
MOU PER CUSTOMER	(min)	200	198	195	195	196	214	7,0	194	205	5,7
- contract	(min)	268	269	266	263	260	285	6,3	258	272	5,4

SLOVAKIA

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
TOTAL REVENUE		185	199	212	783	187	186	0,5	372	373	0,3
PRODUCT VIEW		185	199	212	783	187	186	0,5	372	373	0,3
- Fixed network		97	107	122	422	96	96	(1,0)	193	192	(0,5)
- Mobile communications		88	92	90	361	91	90	2,3	179	181	1,1
SEGMENT VIEW		185	199	212	783	187	186	0,5	372	373	0,3
- of which Consumer		115	119	117	467	119	118	2,6	231	237	2,6
- of which Business		48	60	72	227	47	44	(8,3)	95	91	(4,2)
EBITDA	1	76	83	64	296	78	79	3,9	149	157	5,4
EBITDA MARGIN (EBITDA / TOTAL REVENUE)	%	41,1	41,7	30,2	37,8	41,7	42,5	1,4p	40,1	42,1	2,0p
CASH CAPEX (AS REPORTED)		22	24	26	100	43	20	(9,1)	50	63	26,0
CASH CONTRIBUTION		54	59	38	196	35	59	9,3	99	94	(5,1)

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

SLOVAKIA

OPERATIONALS

	Note	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016	Change %	H1 2015	H1 2016	Change %
FIXED NETWORK (END OF PERIOD)											
Fixed network Access Lines	('000)	864	858	855	855	851	848	(1,9)	864	848	(1,9)
- IP	('000)	864	858	855	855	851	848	(1,9)	864	848	(1,9)
Broadband Access Lines Retail	('000)	459	465	473	473	481	489	6,5	459	489	6,5
TV (IPTV, SAT, Cable)	('000)	481	489	493	493	500	509	5,8	481	509	5,8
Wholesale Bundled Access Lines	('000)	18	17	17	17	16	16	(11,1)	18	16	(11,1)
Wholesale Unbundled Access Lines	('000)	102	105	109	109	112	113	10,8	102	113	10,8
MOBILE COMMUNICATIONS (END OF PERIOD)											
Service revenue	(€ million)	79	84	80	323	82	80	1,3	159	162	1,9
CUSTOMERS	('000)	2.196	2.204	2.235	2.235	2.231	2.227	1,4	2.196	2.227	1,4
- contract	('000)	1.427	1.431	1.453	1.453	1.462	1.463	2,5	1.427	1.463	2,5
- prepaid	('000)	769	773	782	782	770	763	(0,8)	769	763	(0,8)
NET ADDS	('000)	(6)	9	31	15	(4)	(4)	33,3	(24)	(9)	62,5
- contract	('000)	3	4	22	22	8	2	(33,3)	(4)	10	n.a.
- prepaid	('000)	(9)	4	9	(7)	(12)	(6)	33,3	(20)	(18)	10,0
AVERAGE MONTHLY CHURN	(%)	1,1	1,0	1,1	1,1	1,4	1,2	0,1p	1,2	1,3	0,1p
- contract	(%)	0,9	0,8	0,9	0,9	0,9	0,8	(0,1p)	1,0	0,9	(0,1p)
SAC PER GROSS ADD	€	65	51	56	58	44	48	(26,2)	64	46	(28,1)
- contract	€	106	100	96	102	80	93	(12,3)	107	86	(19,6)
- prepaid	€	3	4	4	4	3	4	33,3	4	3	(25,0)
SRC PER RETAINED CUSTOMER	€	120	115	159	128	132	133	10,8	114	132	15,8
ARPU	€	12	13	12	12	12	12	0,0	12	12	0,0
- contract	€	17	18	17	17	17	17	0,0	17	17	0,0
- prepaid	€	3	3	3	3	3	3	0,0	3	3	0,0
NON-VOICE % OF ARPU	(%)	37	38	39	38	40	39	2p	38	40	2p
MOU PER CUSTOMER	(min)	171	168	175	169	171	179	4,7	167	175	4,8
- contract	(min)	240	235	244	237	238	249	3,8	235	244	3,8

AUSTRIA

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
TOTAL REVENUE		205	207	220	829	208	208	1,5	402	416	3,5
- of which Consumer		155	154	165	624	154	155	0,0	305	309	1,3
- of which Business		42	43	44	167	43	45	7,1	80	88	10,0
EBITDA	1	66	64	64	259	69	70	6,1	131	139	6,1
EBITDA MARGIN (EBITDA / TOTAL REVENUE)	%	32,2	30,9	29,1	31,2	33,2	33,7	1,5p	32,6	33,4	0,8p
CASH CAPEX (AS REPORTED)		27	33	39	129	40	24	(11,1)	57	64	12,3
CASH CONTRIBUTION		39	31	25	130	29	46	17,9	74	75	1,4

OPERATIONALS

	Note	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016	Change %	H1 2015	H1 2016	Change %
MOBILE COMMUNICATIONS (END OF PERIOD)											
Service revenue	(€ million)	175	178	179	704	178	179	2,3	347	357	2,9
CUSTOMERS	('000) 2,3	3.934	3.962	4.323	4.323	4.221	4.275	8,7	3.934	4.275	8,7
- contract	('000)	2.564	2.573	2.959	2.959	3.001	3.057	19,2	2.564	3.057	19,2
- prepaid	('000)	1.370	1.390	1.364	1.364	1.220	1.218	(11,1)	1.370	1.218	(11,1)
NET ADDS	('000) 2	(22)	28	361	304	13	54	n.a.	(85)	67	n.a.
- contract	('000)	(7)	9	387	336	42	56	n.a.	(59)	98	n.a.
- prepaid	('000)	(14)	19	(25)	(32)	(29)	(2)	85,7	(26)	(31)	(19,2)
AVERAGE MONTHLY CHURN	(%)	1,6	1,5	2,6	1,9	2,7	2,7	1,1p	1,7	2,7	1,0p
- contract	(%) 2	0,6	0,6	2,2	1,2	2,4	2,4	1,8p	1,0	2,4	1,4p
SAC PER GROSS ADD	€	53	48	22	35	27	24	(54,7)	54	26	(51,9)
- contract	€	152	143	24	52	35	32	(78,9)	142	33	(76,8)
- prepaid	€	4	4	7	5	4	4	0,0	5	4	(20,0)
SRC PER RETAINED CUSTOMER	€ 2	101	100	106	100	102	107	5,9	95	105	10,5
ARPU	€ 2,3	15	15	14	15	14	14	(6,7)	15	14	(6,7)
- contract	€	21	21	19	20	18	18	(14,3)	20	18	(10,0)
- prepaid	€	4	4	4	4	4	4	0,0	4	4	0,0
NON-VOICE % OF ARPU	(%)	42	43	44	43	45	45	3p	40	45	5p
MOU PER CUSTOMER	(min)	203	194	192	199	193	192	(5,4)	205	192	(6,3)
- contract	(min)	257	243	233	242	222	219	(14,8)	246	221	(10,2)

1 Special factors affecting EBITDA: 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	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
TOTAL REVENUE		2.073	2.031	2.163	8.194	2.045	2.009	(3,1)	4.000	4.054	1,4
Market Unit		1.641	1.671	1.724	6.657	1.728	1.592	(3,0)	3.262	3.320	1,8
Telekom IT		432	360	439	1.537	317	417	(3,5)	738	734	(0,5)
International Revenue		537	534	529	2.137	631	474	(11,7)	1.074	1.105	2,9
NET REVENUE		1.435	1.452	1.520	5.827	1.545	1.402	(2,3)	2.855	2.947	3,2
EBITDA		203	176	216	740	206	175	(13,8)	348	381	9,5
Market Unit		122	142	182	581	196	111	(9,0)	257	307	19,5
Telekom IT		81	34	34	159	9	65	(19,8)	91	74	(18,7)
EBITDA margin (EBITDA / total revenue)	%	9,8	8,7	10,0	9,0	10,1	8,7	(1,1p)	8,7	9,4	0,7p
Depreciation, amortization and impairment losses		(172)	(128)	(137)	(568)	(116)	(164)	4,7	(303)	(280)	7,6
Profit (loss) from operations = EBIT		31	48	79	172	90	11	(64,5)	45	101	n.a.
EBIT MARGIN	%	1,5	2,4	3,7	2,1	4,4	0,5	(1,0p)	1,1	2,5	1,4p
CASH CAPEX		276	282	345	1.151	237	260	(5,8)	524	497	(5,2)
CASH CONTRIBUTION		(73)	(106)	(129)	(411)	(31)	(85)	(16,4)	(176)	(116)	34,1
ORDER ENTRY		1.281	1.191	1.924	5.608	1.522	1.458	13,8	2.493	2.980	19,5

FINANCIALS (AS REPORTED)

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
TOTAL REVENUE		2.073	2.031	2.163	8.194	2.045	2.009	(3,1)	4.000	4.054	1,4
NET REVENUE		1.435	1.452	1.520	5.827	1.545	1.402	(2,3)	2.855	2.947	3,2
EBITDA		(16)	34	4	93	146	65	n.a.	55	211	n.a.
EBITDA margin (EBITDA / total revenue)	%	(0,8)	1,7	0,2	1,1	7,1	3,2	4,0p	1,4	5,2	3,8p
Depreciation, amortization and impairment losses		(221)	(133)	(139)	(634)	(116)	(164)	25,8	(362)	(280)	22,7
Profit (loss) from operations = EBIT		(237)	(99)	(135)	(541)	30	(99)	58,2	(307)	(69)	77,5
CASH CAPEX		276	282	345	1.151	237	260	(5,8)	524	497	(5,2)
CASH CONTRIBUTION		(292)	(248)	(341)	(1.058)	(91)	(195)	33,2	(469)	(286)	39,0

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.

SYSTEMS SOLUTIONS

EBITDA RECONCILIATION¹

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
TOTAL REVENUE		2.073	2.031	2.163	8.194	2.045	2.009	(3,1)	4.000	4.054	1,4
Profit (loss) from operations = EBIT		(237)	(99)	(135)	(541)	30	(99)	58,2	(307)	(69)	77,5
- Depreciation, amortization and impairment losses		(221)	(133)	(139)	(634)	(116)	(164)	25,8	(362)	(280)	22,7
= EBITDA		(16)	34	4	93	146	65	n.a.	55	211	n.a.
EBITDA margin	%	(0,8)	1,7	0,2	1,1	7,1	3,2	4,0p	1,4	5,2	3,8p
- Special factors affecting EBITDA		(219)	(142)	(212)	(647)	(60)	(110)	49,8	(293)	(170)	42,0
= EBITDA (ADJUSTED FOR SPECIAL FACTORS)		203	176	216	740	206	175	(13,8)	348	381	9,5
EBITDA margin (adjusted for special factors)	%	9,8	8,7	10,0	9,0	10,1	8,7	(1,1p)	8,7	9,4	0,7p

SPECIAL FACTORS

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
EFFECTS ON EBITDA		(219)	(142)	(212)	(647)	(60)	(110)	49,8	(293)	(170)	42,0
- of which personnel		(116)	(73)	(143)	(367)	(33)	(77)	33,6	(151)	(110)	27,2
- of which other		(103)	(69)	(69)	(280)	(27)	(33)	68,0	(142)	(60)	57,7
EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT		(268)	(147)	(214)	(713)	(60)	(110)	59,0	(352)	(170)	51,7
- of which personnel		(116)	(73)	(143)	(367)	(33)	(77)	33,6	(151)	(110)	27,2
- of which other		(152)	(74)	(71)	(346)	(27)	(33)	78,3	(201)	(60)	70,1

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.

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GROUP HEADQUARTERS & GROUP SERVICES

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
TOTAL REVENUE		584	555	571	2.275	513	542	(7,2)	1.149	1.055	(8,2)
NET REVENUE		165	140	166	626	115	124	(24,8)	320	239	(25,3)
EBITDA		(76)	(133)	(321)	(552)	(117)	(108)	(42,1)	(98)	(225)	n.a.
EBITDA margin (EBITDA / total revenue)	%	(13,0)	(24,0)	(56,2)	(24,3)	(22,8)	(19,9)	(6,9p)	(8,5)	(21,3)	(12,8p)
Depreciation, amortization and impairment losses		(138)	(158)	(171)	(611)	(130)	(129)	6,5	(282)	(259)	8,2
Profit (loss) from operations = EBIT		(214)	(291)	(492)	(1.163)	(247)	(237)	(10,7)	(380)	(484)	(27,4)
CASH CAPEX		65	69	112	342	60	51	(21,5)	161	111	(31,1)
CASH CONTRIBUTION		(141)	(202)	(433)	(894)	(177)	(159)	(12,8)	(259)	(336)	(29,7)

FINANCIALS (AS REPORTED)

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
TOTAL REVENUE		584	555	571	2.275	513	542	(7,2)	1.149	1.055	(8,2)
NET REVENUE		165	140	166	626	115	124	(24,8)	320	239	(25,3)
EBITDA		(93)	(167)	135	(233)	2.269	(307)	n.a.	(201)	1.962	n.a.
EBITDA margin (EBITDA / total revenue)	%	(15,9)	(30,1)	23,6	(10,2)	n.a.	(56,6)	(40,7p)	(17,5)	n.a.	n.a.
Depreciation, amortization and impairment losses		(138)	(174)	(171)	(627)	(130)	(129)	6,5	(282)	(259)	8,2
Profit (loss) from operations = EBIT		(231)	(341)	(36)	(860)	2.139	(436)	(88,7)	(483)	1.703	n.a.
CASH CAPEX		65	69	112	342	60	51	(21,5)	161	111	(31,1)
CASH CONTRIBUTION		(158)	(236)	23	(575)	2.209	(358)	n.a.	(362)	1.851	n.a.

GROUP HEADQUARTERS & GROUP SERVICES

EBITDA RECONCILIATION

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
TOTAL REVENUE		584	555	571	2.275	513	542	(7,2)	1.149	1.055	(8,2)
Profit (loss) from operations = EBIT		(231)	(341)	(36)	(860)	2.139	(436)	(88,7)	(483)	1.703	n.a.
- Depreciation, amortization and impairment losses		(138)	(174)	(171)	(627)	(130)	(129)	6,5	(282)	(259)	8,2
= EBITDA		(93)	(167)	135	(233)	2.269	(307)	n.a.	(201)	1.962	n.a.
EBITDA margin	%	(15,9)	(30,1)	23,6	(10,2)	n.a.	(56,6)	(40,7p)	(17,5)	n.a.	n.a.
- Special factors affecting EBITDA		(17)	(34)	456	319	2.386	(199)	n.a.	(103)	2.187	n.a.
= EBITDA (ADJUSTED FOR SPECIAL FACTORS)		(76)	(133)	(321)	(552)	(117)	(108)	(42,1)	(98)	(225)	n.a.
EBITDA margin (adjusted for special factors)	%	(13,0)	(24,0)	(56,2)	(24,3)	(22,8)	(19,9)	(6,9p)	(8,5)	(21,3)	(12,8p)

SPECIAL FACTORS

	Note	Q2 2015 millions of €	Q3 2015 millions of €	Q4 2015 millions of €	FY 2015 millions of €	Q1 2016 millions of €	Q2 2016 millions of €	Change %	H1 2015 millions of €	H1 2016 millions of €	Change %
EFFECTS ON EBITDA		(17)	(34)	456	319	2.386	(199)	n.a.	(103)	2.187	n.a.
- of which personnel		(41)	(46)	(93)	(213)	(35)	(208)	n.a.	(74)	(243)	n.a.
- of which other		24	12	549	532	2.421	9	(62,5)	(29)	2.430	n.a.
EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT		(17)	(50)	456	303	2.386	(199)	n.a.	(103)	2.187	n.a.
- of which personnel		(41)	(46)	(93)	(213)	(35)	(208)	n.a.	(74)	(243)	n.a.
- of which other		24	(4)	549	516	2.421	9	(62,5)	(29)	2.430	n.a.

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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.