

DEUTSCHE TELEKOM
INTERIM GROUP REPORT
JANUARY 1 TO MARCH 31, 2018



LIFE IS FOR SHARING.

SELECTED FINANCIAL DATA OF THE GROUP

millions of €

	Q1 2018	Q1 2017	Change %	FY 2017
REVENUE AND EARNINGS				
Net revenue	17,924	18,646	(3.9)	74,947
Of which: domestic	33.4	32.7		32.8
Of which: international	66.6	67.3		67.2
Profit from operations (EBIT)	2,171	2,771	(21.7)	9,383
Net profit (loss)	992	747	32.8	3,461
Net profit (loss) (adjusted for special factors)	1,190	939	26.7	6,039
EBITDA	5,269	5,963	(11.6)	23,969
EBITDA (adjusted for special factors)	5,549	5,550	0.0	22,230
EBITDA margin (adjusted for special factors)	31.0	29.8		29.7
Earnings per share basic/diluted	€ 0.21	0.16	31.3	0.74
STATEMENT OF FINANCIAL POSITION				
Total assets	138,025	148,624		141,334
Shareholders' equity	43,691	39,818		42,470
Equity ratio	31.7	26.8		30.0
Net debt	50,455	49,963		50,791
CASH FLOWS				
Net cash from operating activities	4,297	4,355	(1.3)	17,196
Cash capex	(3,139)	(3,280)	4.3	(19,494)
Free cash flow (before dividend payments and spectrum investment)	1,382	1,228	12.5	5,497
Net cash used in investing activities	(3,643)	(3,491)	(4.4)	(16,814)
Net cash (used in) from financing activities	(294)	980	n. a.	(4,594)

millions

	Mar. 31, 2018	Dec. 31, 2017	Change Mar. 31, 2018/ Dec. 31, 2017 %	Mar. 31, 2017	Change Mar. 31, 2018/ Mar. 31, 2017 %
NUMBER OF FIXED-NETWORK AND MOBILE CUSTOMERS					
Mobile customers	169.9	168.4	0.9	165.8	2.5
Fixed-network lines	27.8	27.9	(0.4)	28.3	(1.8)
Broadband lines ^a	19.4	19.0	2.1	18.6	4.3

^a Excluding wholesale.

The key parameters used by Deutsche Telekom are defined in the section "Management of the Group" of the 2017 Annual Report, page 38 et seq. The figures shown in this report were rounded in accordance with standard business rounding principles. As a result, the total indicated may not be equal to the precise sum of the individual figures.

The new accounting standards IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" took effect as of January 1, 2018. Prior-year figures were not adjusted. For more information, please refer to section "Accounting policies" in the interim consolidated financial statements, page 33 et seq.

CONTENTS

TO OUR SHAREHOLDERS

- 4 Deutsche Telekom at a glance
- 6 Highlights in the first quarter of 2018

INTERIM GROUP MANAGEMENT REPORT

- 8 Group organization, strategy, and management
- 8 The economic environment
- 9 Development of business in the Group
- 15 Development of business in the operating segments
- 26 Events after the reporting period
- 26 Forecast
- 26 Risks and opportunities

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

- 27 Consolidated statement of financial position
- 28 Consolidated income statement
- 29 Consolidated statement of comprehensive income
- 30 Consolidated statement of changes in equity
- 32 Consolidated statement of cash flows
- 33 Significant events and transactions

57 RESPONSIBILITY STATEMENT

58 REVIEW REPORT

ADDITIONAL INFORMATION

- 59 Reconciliation of alternative performance measures
- 62 Glossary
- 62 Disclaimer
- 63 Financial calendar

TO OUR SHAREHOLDERS

DEUTSCHE TELEKOM AT A GLANCE

NET REVENUE

- Net revenue decreased by EUR 0.7 billion to EUR 17.9 billion. Adjusted for exchange rate effects and the slightly negative effects of changes in the composition of the Group, net revenue rose 3.1 percent.
- Our United States operating segment posted a decline in revenue of 5.9 percent; in U.S. dollars, the continuing success of our U.S. operations was evident in revenue growth of 8.7 percent.
- The business trend was stable in our Germany operating segment, with revenue down 1.3 percent due to the first-time application of the IFRS 15 accounting standard.
- Revenue edged up 1.1 percent at our Europe operating segment, while revenue decreased by 2.3 percent in our Systems Solutions operating segment. Revenue also declined in our Group Development operating segment, mainly as a result of the deconsolidation of Strato.

ADJUSTED EBITDA

- Adjusted EBITDA was stable. Excluding exchange rate effects, adjusted EBITDA rose 6.6 percent.
- Adjusted EBITDA for our United States operating segment decreased by 2.3 percent; in U.S. dollars, it rose 12.8 percent.
- Our Europe and Germany operating segments posted increases in adjusted EBITDA of 2.5 percent and 1.3 percent respectively, while adjusted EBITDA declined in our Systems Solutions and Group Development operating segments.
- At 31.0 percent, the Group's adjusted EBITDA margin increased against the prior-year level of 29.8 percent. The EBITDA margin was 39.1 percent in Germany, 32.4 percent in Europe, and 27.6 percent in the United States.

EBIT

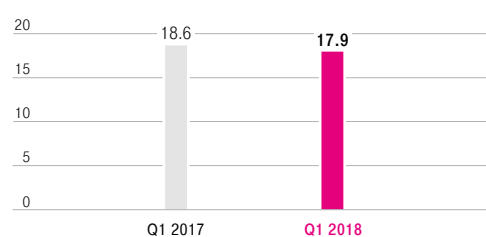
- EBIT decreased by EUR 0.6 billion to EUR 2.2 billion.
- Compared with a year earlier, the special factors affecting EBITDA included an additional amount of EUR 0.2 billion for staff-related measures. In addition, the prior-year figure benefited from a positive special factor of EUR 0.5 billion from the sale of Strato.
- At EUR 3.1 billion, depreciation, amortization and impairment losses were EUR 0.1 billion lower than in the prior-year period.

NET PROFIT

- Net profit increased from EUR 0.7 billion to EUR 1.0 billion.
- Our loss from financial activities came to EUR 0.4 billion. In the prior-year period, the loss from financial activities was EUR 2.0 billion, which was mainly attributable to the EUR 0.7 billion impairment of our financial stake in BT recognized in profit or loss, as well as to higher negative remeasurement effects from the exercise and measurement of embedded derivatives at T-Mobile US.
- Tax expense amounted to EUR 0.5 billion, compared with a tax benefit of EUR 0.1 billion in the prior-year period.
- Profit attributable to non-controlling interests increased by EUR 0.2 billion.

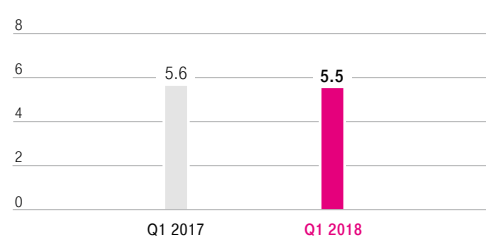
Net revenue

billions of €



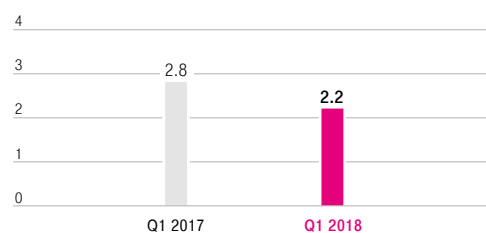
Adjusted EBITDA

billions of €



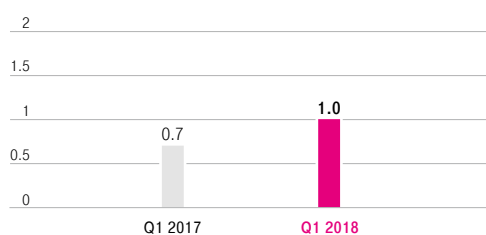
EBIT

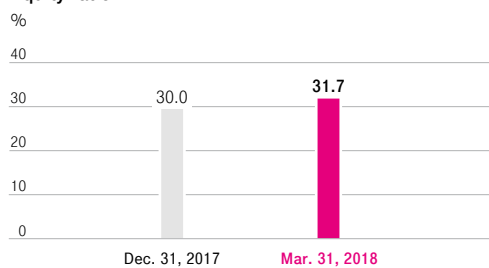
billions of €



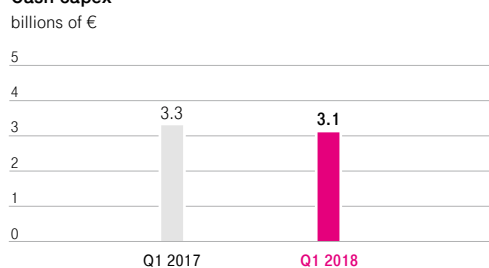
Net profit

billions of €

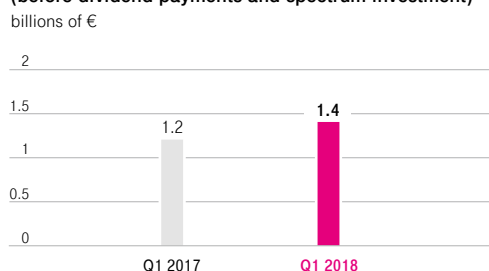


Equity ratio**EQUITY RATIO**

- The equity ratio increased by 1.7 percentage points to 31.7 percent.
- Total assets decreased by EUR 3.3 billion compared with the end of 2017, largely due to exchange rate effects, for the most part from the translation of U.S. dollars into euros.
- Shareholders' equity increased from EUR 42.5 billion as of December 31, 2017 to EUR 43.7 billion. The main drivers of this increase were profit of EUR 1.3 billion and an effect of EUR 1.9 billion recognized directly in equity, attributable to the transition to IFRS 9 and IFRS 15. By contrast, shareholders' equity was reduced by an impairment loss of EUR 0.7 billion on the financial stake in BT recognized directly in equity, by EUR 0.5 billion for T-Mobile US' share buy-back program, and by currency translation effects of EUR 0.6 billion recognized directly in equity.

Cash capex**CASH CAPEX**

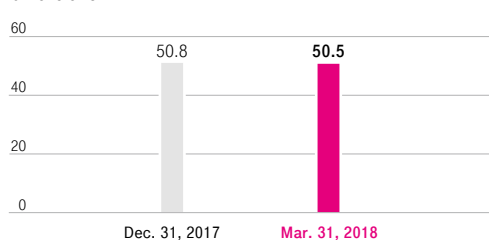
- Cash capex (including spectrum investment) decreased from EUR 3.3 billion to EUR 3.1 billion.
- In the reporting period, mobile spectrum licenses were acquired for a total of EUR 0.1 billion, especially in the United States operating segment. In the prior-year period, cash outflows were lower, particularly in the United States.
- Adjusted for exchange rate effects, cash capex would have been on par with the prior-year period. Capital expenditures were focused primarily on the United States, Germany, and Europe operating segments and went toward the build-out and upgrading of our networks.

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

- Free cash flow was up by EUR 0.2 billion to EUR 1.4 billion.
- Net cash from operating activities decreased by EUR 0.1 billion year-on-year. Here, too, the positive trend in our United States operating segment was impacted by exchange rate effects. Lower net interest payments were a positive factor.
- The year-on-year decrease of EUR 0.2 billion in cash capex (before spectrum investment) enhanced free cash flow.

Net debt

billions of €

**NET DEBT**

- Net debt decreased from EUR 50.8 billion at the end of 2017 to EUR 50.5 billion.
- The positive effect of free cash flow (EUR 1.4 billion) was partially offset by the share buy-back program at T-Mobile US (EUR 0.5 billion) and the acquisition of Layer3 TV (EUR 0.3 billion). Exchange rate effects (EUR 0.6 billion) also had a positive effect.

HIGHLIGHTS IN THE FIRST QUARTER OF 2018

BOARD OF MANAGEMENT

Dr. Dirk Wössner was appointed as the new Board member responsible for Germany effective January 1, 2018. He succeeds Niek Jan van Damme, whose position as a Board member ended on December 31, 2017. In addition, Adel Al-Saleh was appointed as the new Board member responsible for T-Systems and as CEO of T-Systems International GmbH, both effective January 1, 2018. Adel Al-Saleh succeeds Reinhard Clemens, whose position on the Board of Management ended effective December 31, 2017.

The current CHRO, Dr. Christian P. Illek, will become the new CFO as of January 1, 2019. The current CFO, Thomas Dannenfeldt, is leaving the Company for personal reasons when his contract expires at the end of 2018.

ACQUISITION OF OTE SHARES

In March 2018, we exercised our right of first refusal as invited by the Greek privatization authority Hellenic Republic Asset Development Fund (HRADF) and acquired a five-percent stake in our Greek subsidiary OTE. We will purchase additional shares in the amount of EUR 0.3 billion, subsequently holding 45 percent of the shares in OTE. The transaction is expected to be closed in the second quarter of 2018.

T-MOBILE US SHARE BUY-BACK PROGRAM

As part of the share buy-back program launched by T-Mobile US at the end of 2017, which will run until the end of 2018 and under which ordinary shares in the company in the volume of up to USD 1.5 billion can be bought back on the capital market, ordinary shares in the amount of USD 1.1 billion had already been bought back as of March 31, 2018. Of this volume, shares worth USD 0.7 billion were bought back in the first quarter of 2018. In addition, in the first quarter of 2018 we purchased shares in T-Mobile US on the capital market totaling USD 0.2 billion, bringing our stake to around 63 percent.

INCREASE IN EXTERNAL CAPITAL FUNDING FOR COMPANY PENSIONS

Deutsche Telekom places great value on the company pension plan. Future pension payments are to be underpinned with its own assets. To achieve this, in March 2018 the 12 percent financial stake in the BT Group was transferred to the Group's own trust, Deutsche Telekom Trust e.V., increasing external capital funding significantly from 27 percent at the end of 2017 to 54 percent at the end of the first quarter of 2018. This capital may only be used for pension payments. BT continues to be an integral part of our strategic orientation.

INVESTMENTS IN NETWORKS

Green light for the largest fiber-optic roll-out project in Germany.

Together with the Federal State of Mecklenburg-Western Pomerania, we launched the biggest funded fiber-optic project in Germany to date. Under the project, we will lay some 1,700 km of fiber-optic cable and install more than 1,000 fiber-optic distribution cabinets. 40,000 households and businesses will benefit from the new infrastructure and the first customers will be able to enjoy speeds of up to 1 Gbit/s as early as the end of 2018. Further large-scale fiber-optic projects, including in our European subsidiaries, are being planned or have been approved, such as the build-out in Bautzen (Germany) and the roll-out of FTTH to up to one million households and businesses in Greece.

High-speed internet rolled out to almost two million additional households using vectoring. The roll-out of vectoring and ongoing network modernization activities are also increasing internet bandwidths for consumers. In the first quarter of 2018, almost two million additional households in Germany benefited from lines with download speeds of up to 100 Mbit/s (at least 50 Mbit/s) and upload speeds of 40 Mbit/s. We aim to provide as many people as possible with fast internet lines – whether they live in cities or in rural areas.

European Aviation Network (EAN) ready. Together with Inmarsat and our technology partner Nokia, we have established the first Europe-wide integrated LTE network with 300 base stations. The network offers seamless connectivity over land and water; airline passengers can enjoy large bandwidths that allow them to surf social media, share pictures, and even stream high-bandwidth content all at high transmission speeds. Airlines using the service do not have to share the network capacities with LTE users on the ground. EAN will be commercially available to airlines in the first half of 2018.

Internet of Things gets off the ground. We are one of the leading providers in the large-scale technology roll-out of the Internet of Things (IoT) in Germany, Europe, and North America. The new NarrowBand-IoT (NB-IoT) network technology is now available in over 600 locations across Germany, and more than 200 businesses from various industries are already utilizing its potential. We are also actively working on NB-IoT in seven European markets: Nationwide roll-out in the Netherlands has been completed, while T-Mobile Austria was the first provider to launch NB-IoT commercially in Austria. NB-IoT networks are already up and running in numerous cities in Poland, Slovakia, the Czech Republic, Hungary, and Greece, with nationwide coverage expected to be available in many countries by early 2019. In the United States, we are pushing to complete the nationwide roll-out of our low-power sensor network by mid-year.

INNOVATIONS AND PARTNERSHIPS

NOW. NEW. NEXT. That was our motto at this year's Mobile World Congress in Barcelona, where we presented new solutions and visions based on the network of the future for the smart society of today and tomorrow. The focus was on the new 5G communication standard, which will facilitate the interconnection of billions of devices, and the Internet of Things. Visitors were able to stroll through digital innovations in an urban setting and interact in different experience scenarios, including smart city and Industry 4.0, as well as security and future technologies such as drones, smart fabrics, and augmented reality sports.

Research platform for 5G and new radio cells. Together with our project partners the Hamburg Port Authority and Nokia, we have set up a comprehensive 5G testing ground extending over some 8,000 hectares of the Port of Hamburg. The main aim of the research project is to test 5G applications in an industrial environment and gather experience on special virtual networks, known as "network slices," in a real-world setting. Fields of application are being tested that require a particularly reliable and secure telecommunication network, such as traffic light control systems, environmental data measured in real time, and virtual reality. Radio cells in the T-Mobile Austria network in Innsbruck are demonstrating the future of communication right now. Using a preliminary version of the final 5G standard, the network is reaching record speeds of 2 Gbit/s with latency of just three milliseconds.

Accession to the Industrial Internet Consortium (IIC). We are now able to contribute our strengths in the field of IoT connectivity, in particular with NB-IoT and 5G, to the IIC to strengthen Europe's standing in the global consortium. Our goal is to develop common approaches for the interoperability of systems in dialog with IIC members and their partners. Additionally, needs and framework conditions are to be outlined with respect to standardization and security requirements for IoT services and devices.

Open Telekom Cloud wins European tenders. The European nuclear research center CERN has enlisted T-Systems to operate the proven solution developed in 2017 as a pilot system for the Helix Nebula European research cloud. To this end, T-Systems will provide a high-performance solution and a multi-cloud solution, both based on the Open Telekom Cloud. Research institutions throughout Europe can use these solutions and combine the Open Telekom Cloud with their own IT resources and solutions to create a hybrid model. T-Systems has also designed a cloud platform for the European Space Agency ESA. The Copernicus Data and Information Access Services (DIAS) platform was launched in the first quarter of 2018 and makes earth observation data collected by ESA satellites available to the public via the cloud at no cost for direct processing.

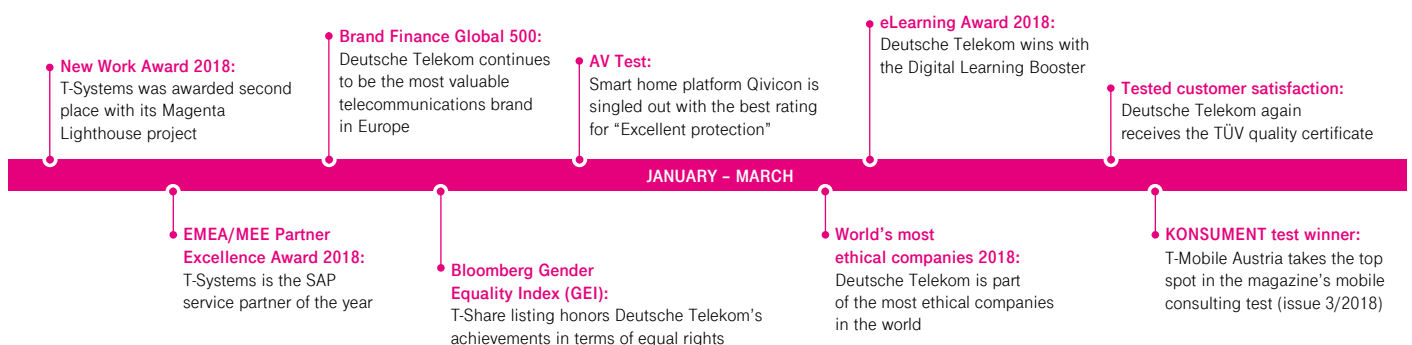
NEW PRODUCTS, RATE PLANS, AND SERVICES

MagentaMobil XL: unlimited data volume. In March 2018, we presented our new mobile rate plan for the German market: MagentaMobil XL includes flat rates and unlimited high-speed data in Germany's best mobile network (as judged by computer magazine Chip 1/2018). Quality-conscious customers with modest data needs can choose the new entry-level rate plan MagentaMobil XS. We also updated our business customer portfolio with the new Business Mobil XL Plus rate plan featuring flat rates and unlimited high-speed data.

AWARDS

The illustration below shows the main awards received in the first quarter of 2018. For details on more awards, please go to www.telekom.com/media.

Major awards in the first quarter of 2018



INTERIM GROUP MANAGEMENT REPORT

GROUP ORGANIZATION, STRATEGY, AND MANAGEMENT

With regard to our **Group organization, strategy, and management**, please refer to the explanations in the 2017 combined management report (2017 Annual Report, page 31 et seq.). The following change was recorded as of the start of the year from the Group's point of view:

We assigned **Vivento Customer Services GmbH**, a provider of call center services, to our Germany operating segment as of January 1, 2018; previously it was part of our Group Headquarters & Group Services segment. Comparative figures have been adjusted retrospectively.

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

THE ECONOMIC ENVIRONMENT

This section provides additional information on and explains recent changes to the economic situation as described in the combined management report for the 2017 financial year, focusing on macro-economic developments in the first three months of 2018, 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 continued on its growth course in the first three months of 2018. In its revised forecast of April 2018, the International Monetary Fund (IMF) expects global gross domestic product (GDP) to grow by 3.9 percent in 2018 and 2019, compared with 3.8 percent in 2017. Growth rates in the economies of our core markets also remained robust.

OUTLOOK

Under the current conditions, we expect to see ongoing stable economic trends in the economies of our core markets. Despite a decline in the sentiment indicators at the start of the year, we do not consider this to be a sign that the upswing is coming to an end, since the indicators remain at a very high level.

OVERALL ECONOMIC RISKS

The growth in the global economy and political developments over the last few months have reduced the probability of recessionary trends. Nevertheless, we cannot rule out economic and political risks in our markets. The main risk to global trade at present is increasing protectionism. Furthermore, geopolitical crises could also have a negative impact on the economies of the countries in which we operate.

REGULATION

Federal Network Agency decision on StreamOn. On December 15, 2017, the Federal Network Agency prohibited elements of the Magenta Mobil StreamOn add-on option. According to the Federal Network Agency, two aspects of this option breached the EU Regulation on net neutrality and roaming. The ruling stipulates that we must transmit all StreamOn data traffic at the maximum available bandwidth and that this also cannot be deducted from the included data volume contingent when roaming within the EU. However, we believe that our service complies with EU law. As such, we have filed an appeal against the ruling and are seeking legal remedy with the Cologne Administrative Court. We continue to offer StreamOn in unchanged form during the summary proceedings.

Federal Network Agency decision on bitstream charges. On March 8, 2018, we received the Federal Network Agency's final decision on our rate application dated September 21, 2017. The application relates to the rates we can charge to wholesale customers for access to our broadband lines for "layer 2 bitstream access." In its final decision, the Federal Network Agency confirmed its preliminary decision from December of last year and approved the majority of rates at the current levels. We had requested an increase in the monthly rate as part of contingent models. As per the preliminary decision, this application was not approved in the final decision.

AWARDING OF SPECTRUM

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

Main spectrum awards

	Start of award procedure	End of award procedure	Frequency ranges (MHz)	Award process	Spectrum acquired (MHz)
Albania	Q2 2018	Q3 2018	800	Sealed bid ^a or auction	tbd
Germany	Q4 2018	Q1 2019	2,000 / 3,400 – 3,800	Auction (SMRA ^b), expected	tbd
Greece	Q3 2019	Q4 2019	3,400 – 3,800	tbd	tbd
Croatia	Q3 2018	Q4 2018	2,100	tbd	tbd
Macedonia	Q2 2018	Q4 2018	900 / 2,100	Extension of licenses, expected	tbd
Netherlands	Q3 2019	Q4 2019	700 / 1,500 / 2,100	Auction, details tbd	tbd
Austria	Q3 2018	Q4 2018	3,400 – 3,800	Auction (CCA ^c), expected	tbd
Austria	Q3 2019	Q4 2019	700 / 1,500 / 2,100	Auction, details tbd	tbd
Poland	Q3 2018	Q4 2018	3,700 – 3,800	tbd	tbd
Romania	Q2 2018	Q4 2018	700 / 800 / 1,500 / 2,600 / 3,400 – 3,600	Auction, details tbd	tbd
Slovakia	Q2 2018	Q3 2018	1,800	Auction (SMRA ^b), expected	tbd
Czech Republic	Q4 2018	Q2 2019	700 / 3,400 – 3,600	Auction, details tbd	tbd
Hungary	Q4 2018	Q1 2019	700 / 1,500 / 2,100 / 2,300 / 2,600 / 26,000	tbd	tbd
United States	Q4 2018	Q2 2019	24,000 / 28,000	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.

DEVELOPMENT OF BUSINESS IN THE GROUP

RESULTS OF OPERATIONS OF THE GROUP

The new accounting standards IFRS 15 “Revenue from Contracts with Customers” and IFRS 9 “Financial Instruments” took effect as of January 1, 2018. Prior-year figures were not adjusted. Application of these standards did not have any material effect on the Group’s results of operations.

IFRS 15 introduces an amended model for determining and recognizing revenue. The effects of the new regulations on our operating segments differ depending on the underlying business model and, for the most part, neutralize each other. For example, in our Germany operating segment – where the sale of subsidized handsets in combination with service contracts is still customary – the amortization of capitalized contract assets reduces revenue to a minor extent. In our United States operating segment – where customers are predominantly offered payment-by-installment models or leased models – the capitalization of customer acquisition costs and their distribution over the average customer retention period have a slightly positive impact on EBITDA.

For a more detailed explanation of these remeasurement and reclassification effects, please refer to the section “Accounting policies” of the interim consolidated financial statements, page 33 et seq.

NET REVENUE

In the first quarter of 2018, we generated net revenue of EUR 17.9 billion, which was down 3.9 percent or EUR 0.7 billion year-on-year. The main factor in this decline was the exchange rate effects from the translation of U.S. dollars into euros. Adjusted for these negative exchange rate effects totaling EUR 1.2 billion, and for the slightly negative effects of changes in the composition of the Group, revenue actually increased by EUR 0.5 billion or 3.1 percent.

In our United States operating segment, revenue – adjusted for exchange rate effects – rose by a very positive 8.7 percent. This increase was due primarily to higher service revenues from the ongoing growth in customer numbers triggered by T-Mobile US’ successful Un-carrier initiatives and to the success of the MetroPCS brand. Terminal equipment revenue also increased, in part due to higher average revenues per device sold. In our German home market, revenue contracted by a slight 1.3 percent. Adjusted for the effects of IFRS 15, total revenue was stable year-on-year, with revenue from mobile business rising marginally. Higher IT and broadband revenues had a positive impact

on fixed-network revenue. However, this effect was not quite sufficient to fully offset the slight decrease in fixed-network revenue compared with 2017. At our Europe operating segment, revenue was up by a slight 1.1 percent year-on-year, but was on par with the prior-year period when adjusted for exchange rate effects. Positive factors were substantial revenue growth for B2B/ICT business customer operations and a similar trend in mobile business. Negative factors included intense competition in telecommunications markets, lower EU roaming charges and an overall decline in fixed-network revenue. Declines in wholesale business offset the positive revenue contribution of TV and broadband business. In the Systems Solutions operating segment, revenue decreased by 2.3 percent compared with the prior-year period. This was mainly the result of lower revenue from traditional IT busi-

ness, particularly for international corporate customers. By contrast, revenue from both telecommunications business and our strategic growth areas was positive. Revenue generated by our Group Development operating segment decreased by 11.3 percent year-on-year in the first quarter of 2018, a decline largely attributable to forgone revenue following the deconsolidation of Strato as of March 31, 2017. Revenue was down marginally at T-Mobile Netherlands, in part due to lower EU roaming charges and national termination rates.

For detailed information on revenue development in our segments, please refer to the section "Development of business in the operating segments," page 15 et seq.

Contribution of the segments to net revenue

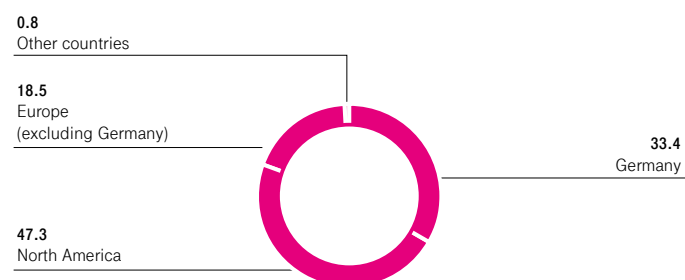
millions of €

	Q1 2018	Q1 2017	Change	Change %	FY 2017
NET REVENUE	17,924	18,646	(722)	(3.9)	74,947
Germany ^a	5,325	5,397	(72)	(1.3)	21,931
United States	8,455	8,982	(527)	(5.9)	35,736
Europe	2,811	2,781	30	1.1	11,589
Systems Solutions	1,665	1,704	(39)	(2.3)	6,918
Group Development	528	595	(67)	(11.3)	2,263
Group Headquarters & Group Services ^a	651	735	(84)	(11.4)	2,935
Intersegment revenue	(1,511)	(1,547)	36	2.3	(6,425)

^a We assigned Vivento Customer Services GmbH, a provider of call center services, to our Germany operating segment as of January 1, 2018; previously it was part of our Group Headquarters & Group Services segment. Comparative figures have been adjusted retrospectively. For more information, please refer to the section "Group organization, strategy, and management," page 8, and the disclosures under segment reporting in the interim consolidated financial statements, pages 44 and 45.

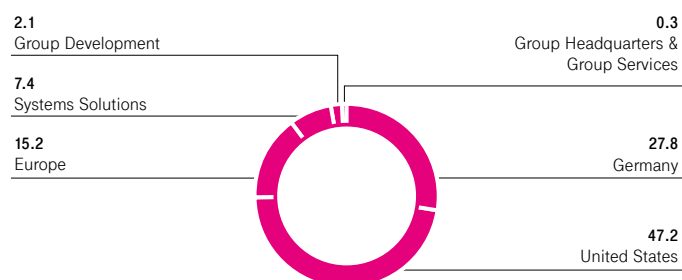
Breakdown of revenue by regions

%



Contribution of the segments to net revenue^a

%



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

At 47.2 percent, our United States operating segment again provided the largest contribution to net revenue of the Group. This was a decrease of 1.0 percentage point compared with the prior-year period and was mainly due to negative exchange rate effects from the translation of U.S. dollars into euros. As a result, the proportion of net revenue generated outside Germany decreased from 67.3 percent to 66.6 percent.

EBITDA, ADJUSTED EBITDA

Adjusted for special factors, first-quarter adjusted EBITDA was stable year-on-year, coming in at EUR 5.5 billion; negative exchange rate effects of EUR 0.3 billion, particularly from the translation of U.S. dollars into euros, were a major negative factor in this result. Excluding such effects, adjusted EBITDA actually rose by EUR 0.3 billion or 6.6 percent. Adjusted for exchange rate effects, adjusted EBITDA at our United States operating segment was markedly positive, especially due to the revenue growth. Our Germany and Europe operating segments also performed well. Adjusted EBITDA declined at our Systems Solutions operating segment, primarily due to increased costs incurred to expand the strategic growth areas in digitalization business as well

as to the erosion of margins in traditional IT business. In our Group Development operating segment, adjusted EBITDA declined, mainly due to forgone earnings following the deconsolidation of Strato in the first quarter of 2017.

EBITDA decreased by EUR 0.7 billion year-on-year to EUR 5.3 billion, with special factors – which were negative on balance – decreasing by EUR 0.7 billion to EUR –0.3 billion. This decline was largely attributable to the fact that the figure for the prior-year period contained income of EUR 0.5 billion from the deconsolidation of Strato, which was sold on March 31, 2017. In addition, expenses incurred in connection with staff-related measures and non-staff-related restructuring expenses amounted to EUR 0.3 billion, EUR 0.2 billion higher than the expenses reported in the prior-year period.

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 15 et seq.

Contribution of the segments to adjusted Group EBITDA

millions of €

	Q1 2018	Q1 2017	Change	Change %	FY 2017
EBITDA (ADJUSTED FOR SPECIAL FACTORS) IN THE GROUP	5,549	5,550	(1)	0.0	22,230
Germany ^a	2,082	2,055	27	1.3	8,412
United States	2,332	2,386	(54)	(2.3)	9,316
Europe	911	889	22	2.5	3,749
Systems Solutions	57	96	(39)	(40.6)	509
Group Development	231	238	(7)	(2.9)	915
Group Headquarters & Group Services ^a	(70)	(113)	43	38.1	(661)
Reconciliation	5	(1)	6	n. a.	(11)

^a We assigned Vivento Customer Services GmbH, a provider of call center services, to our Germany operating segment as of January 1, 2018; previously it was part of our Group Headquarters & Group Services segment. Comparative figures have been adjusted retrospectively. For more information, please refer to the section “Group organization, strategy, and management,” page 8, and the disclosures under segment reporting in the interim consolidated financial statements, pages 44 and 45.

EBIT

Group EBIT stood at EUR 2.2 billion, down EUR 0.6 billion against the prior-year period. This change is mainly due to the effects described under EBITDA. At EUR 3.1 billion, depreciation, amortization and impairment losses were slightly lower than in the prior-year period.

PROFIT/LOSS BEFORE INCOME TAXES

Profit before income taxes increased by EUR 1.0 billion to EUR 1.8 billion compared with the first quarter of 2017. This substantial increase was attributable to the decrease of EUR 1.6 billion in the loss from financial activities to EUR 0.4 billion. This decrease was due, in particular, to the EUR 0.7 billion impairment of our financial stake in BT that was recognized in profit or loss in the prior-year period. In March 2018, we transferred our financial stake in BT to Deutsche Telekom Trust e.V., where it will be used as plan assets to cover our pension obligations. With effect from the first quarter of 2018, changes in the value of our stake will be recognized directly in equity (other comprehensive income) and no longer as profit/loss from financial activities in the income statement. Nor will future dividend income from the stake in BT be recognized in profit/loss from financial activities. Finance costs decreased by EUR 0.2 billion. In the first quarter of 2018, negative remeasurement effects from the exercise and measurement of embedded derivatives at T-Mobile US – mainly relating to the early repayment of external financial liabilities – increased the loss from financial activities by EUR 0.1 billion. In the prior-year period, this negative effect on loss from financial activities totaled EUR 0.6 billion.

NET PROFIT

Net profit increased year-on-year by EUR 0.2 billion to EUR 1.0 billion. Tax expense came to EUR 0.5 billion in the first quarter of 2018, up EUR 0.6 billion year-on-year. For further information, please refer to the interim consolidated financial statements, page 43. Profit attributable to non-controlling interests increased by EUR 0.2 billion year-on-year, mainly in our United States operating segment.

EMPLOYEES**Number of employees (at the reporting date)**

	Mar. 31, 2018	Dec. 31, 2017	Change %
NUMBER OF EMPLOYEES IN THE GROUP	216,926	217,349	(0.2)
Of which: civil servants (in Germany, with an active service relationship)	15,077	15,482	(2.6)
Germany ^a	64,695	64,798	(0.2)
United States	45,119	45,888	(1.7)
Europe	47,986	47,421	1.2
Systems Solutions	37,963	37,924	0.1
Group Development	1,971	1,967	0.2
Group Headquarters & Group Services ^a	19,192	19,351	(0.8)

^a We assigned Vivento Customer Services GmbH, a provider of call center services, to our Germany operating segment as of January 1, 2018; previously it was part of our Group Headquarters & Group Services segment. Comparative figures have been adjusted retrospectively. For more information, please refer to the section "Group organization, strategy, and management," page 8, and the disclosures under segment reporting in the interim consolidated financial statements, pages 44 and 45.

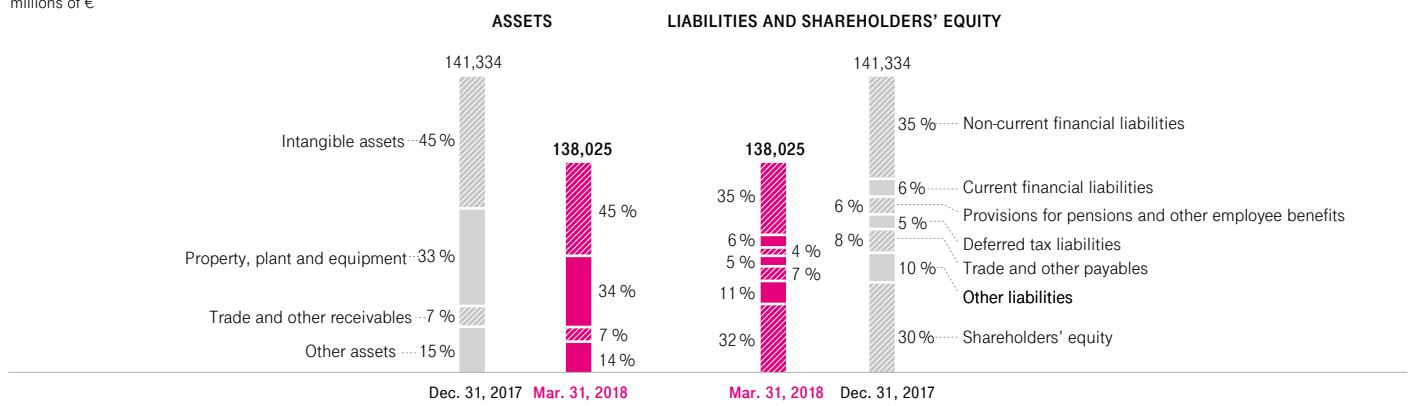
The Group's headcount decreased by 0.2 percent compared with the end of 2017. In our Germany operating segment, the total number of employees had decreased by 0.2 percent at the end of the first quarter of 2018 as a result of efficiency enhancement measures, fewer hires in the operational units, and the take-up of socially responsible instruments. The total number of employees in our United States operating segment had decreased by 1.7 percent at March 31, 2018, compared to December 31, 2017, largely due to a decrease in customer acquisition employees. In our Europe operating segment, staff levels increased by 1.2 percent compared with the end of the prior year. Our national companies in Croatia, Hungary, and Romania contributed to this growth. The number of employees in our Systems Solutions operating segment increased slightly compared with the end of 2017, driven mainly by new hires in the area of digitalization. In our Group Development operating segment, the number of employees largely remained stable. The headcount in the Group Headquarters & Group Services segment was down 0.8 percent compared with the end of 2017. The decline in staff levels caused by ongoing staff restructuring measures at Vivento was partially offset by the addition of employees at the Technology and Innovation unit.

FINANCIAL POSITION OF THE GROUP

The new accounting standards IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" took effect as of January 1, 2018. Prior-year figures were not adjusted. IFRS 15 has a material impact on the presentation of the Company's results of operations and its financial position. The main effects are explained where the changes in the relevant items of the statement of financial position are discussed and in the section "Accounting policies" in the interim consolidated financial statements, page 33 et seq.

Structure of the consolidated statement of financial position

millions of €



Total assets amounted to EUR 138.0 billion, down by EUR 3.3 billion against December 31, 2017.

The total carrying amounts of **intangible assets** and **property, plant and equipment** were EUR 1.2 billion lower year-on-year. Capital expenditure on our networks, especially in upgrading the network in our United States operating segment and building out broadband/optical fiber in our Germany operating segment, increased the carrying amounts by EUR 3.2 billion. Changes in the composition of the Group in the amount of EUR 0.4 billion – mainly from the acquisition of online TV provider Layer3 TV in the United States operating segment – also increased the carrying amounts. Depreciation, amortization and impairment losses of EUR 3.1 billion and negative exchange rate effects of EUR 1.4 billion, especially from the translation of U.S. dollars into euros, lowered the carrying amounts. Compared with December 31, 2017, **trade and other receivables** decreased by EUR 0.6 billion, primarily due to a reduction in the volume of receivables, especially in the United States operating segment. Exchange rate effects, primarily from the translation from U.S. dollars into euros, also reduced the carrying amounts. Under **other assets**, current and non-current other financial assets were reduced in particular. On March 23, 2018, we transferred our 12 percent financial stake in BT, which is worth EUR 3.1 billion, to the Group's own trust, Deutsche Telekom Trust e.V., where it will serve as plan assets to cover pension entitlements. The impairment loss on the exchange-traded stake in BT – which was recognized in other comprehensive income for the period from January 1, 2018 until the date of transfer – reduced the carrying amount by EUR 0.7 billion. Exchange rate effects, primarily from the translation from U.S. dollars into euros, also reduced the carrying amounts. Capitalized contract assets in the

amount of EUR 1.7 billion and capitalized contract costs of EUR 1.3 billion increased other assets. These relate to the remeasurement and reclassification effects recognized directly in equity following the mandatory application of IFRS 15 as of January 1, 2018.

There was only a slight increase of EUR 0.2 billion in current and non-current **financial liabilities** compared with year-end 2017. This was primarily due to the issue of new bonds at T-Mobile US in the amount of EUR 2.0 billion (translated into euros) and to an increase of EUR 1.0 billion in liabilities to banks. The early repayment of T-Mobile US' debt instruments in the amount of EUR 0.8 billion (translated into euros) and regular repayments of bond liabilities of EUR 1.1 billion had an offsetting effect. The net change of EUR 0.8 billion in commercial paper also decreased the carrying amount of the financial liabilities. **Provisions for pensions and other employee benefits** decreased by EUR 3.1 billion compared with December 31, 2017, mainly due to the transfer of our stake in BT and the associated netting of these plan assets with the defined benefit obligations. **Trade and other payables** decreased by EUR 1.8 billion. This decline was attributable to the reduction in liabilities, especially at the United States, Europe, and Germany operating segments, and to the effects of the translation of U.S. dollars into euros. **Other liabilities** rose due to an increase of EUR 2.4 billion in current and non-current contract liabilities. The contract liabilities relate to the remeasurement and reclassification effects recognized directly in equity following the mandatory application of IFRS 15 as of January 1, 2018. At the same time, current and non-current other liabilities decreased by a comparable amount on first-time application of IFRS 15.

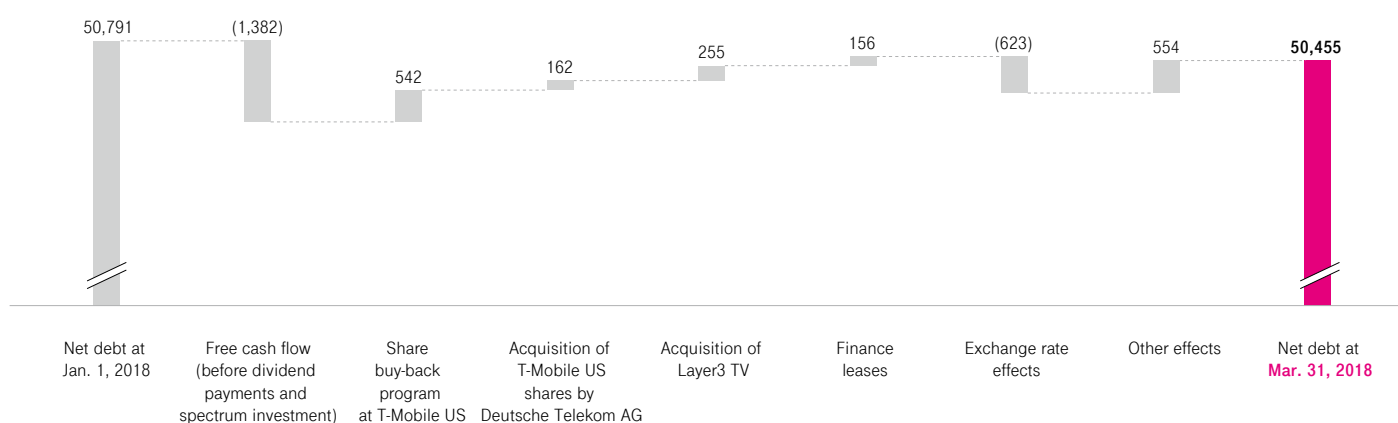
Shareholders' equity increased from EUR 42.5 billion as of December 31, 2017 to EUR 43.7 billion. Profit after taxes of EUR 1.3 billion had an increasing effect. The transition to IFRS 9 and IFRS 15 had a cumulative effect recognized directly in equity as of January 1, 2018, namely an increase of EUR 1.9 billion in retained earnings that included shares attributable to non-controlling interests. By contrast, transactions with owners decreased shareholders' equity by EUR 0.7 billion. These transactions included EUR 0.5 billion for the share buy-back program launched by T-Mobile US in December 2017 and EUR 0.2 billion

for the T-Mobile US shares acquired by Deutsche Telekom in the first quarter of 2018. Two other factors reduced shareholders' equity: the impairment loss of EUR 0.7 billion on the exchange-traded stake in BT – which was recognized in other comprehensive income for the period from January 1 through March 23, 2018 – and the currency translation effects in the amount of EUR 0.6 billion recognized directly in equity.

For further information on the statement of financial position, please refer to the interim consolidated financial statements, page 40 et seq.

Changes in net debt

millions of €



Other effects of EUR 0.5 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, and liabilities for the acquisition of broadcasting rights. For more information on net debt, please refer to the disclosures on the reconciliation of alternative performance measures in the section "Additional information," page 59 et seq.

Free cash flow (before dividend payments and spectrum investment)

millions of €

	Q1 2018	Q1 2017	Change	Change %	FY 2017
CASH GENERATED FROM OPERATIONS	4,805	5,280	(475)	(9.0)	19,706
Interest received (paid)	(509)	(926)	417	45.0	(2,509)
NET CASH FROM OPERATING ACTIVITIES	4,297	4,355	(58)	(1.3)	17,196
Cash outflows for investments in intangible assets (excluding goodwill and before spectrum investment) and property, plant and equipment (CASH CAPEX)	(3,076)	(3,245)	169	5.2	(12,099)
Proceeds from disposal of intangible assets (excluding goodwill) and property, plant and equipment	161	118	43	36.4	400
FREE CASH FLOW (BEFORE DIVIDEND PAYMENTS AND SPECTRUM INVESTMENT)	1,382	1,228	154	12.5	5,497

Free cash flow. Free cash flow in the Group before dividend payments and spectrum investment increased by EUR 0.2 billion year-on-year to EUR 1.4 billion. Net cash from operating activities decreased by EUR 0.1 billion. At the same time, cash outflows for investments in intangible assets (excluding goodwill and before spectrum investment) and property, plant and equipment decreased by EUR 0.2 billion.

Net cash from operating activities declined by EUR 0.1 billion year-on-year to EUR 4.3 billion. Exchange rate effects weighed on the continuing positive business trend in the United States operating segment. In addition, positive effects from factoring agreements – in particular in the Germany and Systems Solutions operating segments – on net cash from operating activities were EUR 0.1 billion lower than in the prior-year period. In addition to a dividend payment of EUR 0.1 billion from BT (which was also included in the prior-year period), dividend payments totaling EUR 0.1 billion from Scout Lux and Toll Collect had a positive effect on net cash from operating activities. A EUR 0.4 billion decrease in net interest payments enhanced net cash from operating activities.

The EUR 0.2 billion decrease in cash capex compared with the prior-year period related primarily to the United States operating segment, whereas cash capex was EUR 0.1 billion higher in the Germany operating segment. Adjusted for exchange rate effects, cash capex would have been on par with the prior-year period. In each case, the cash outflows were for investments in network build-out and network modernization.

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

DEVELOPMENT OF BUSINESS IN THE OPERATING SEGMENTS

GERMANY

For information on changes in the organizational structure, please refer to the section “Group organization, strategy, and management,” page 8, and the disclosures under segment reporting in the interim consolidated financial statements, pages 44 and 45.

CUSTOMER DEVELOPMENT

thousands

	Mar. 31, 2018	Dec. 31, 2017	Change Mar. 31, 2018/ Dec. 31, 2017 %	Mar. 31, 2017	Change Mar. 31, 2018/ Mar. 31, 2017 %
Mobile customers	42,730	43,125	(0.9)	42,114	1.5
Contract customers	25,102	25,887	(3.0)	25,270	(0.7)
Prepay customers	17,628	17,238	2.3	16,844	4.7
Fixed-network lines ^a	19,149	19,239	(0.5)	19,648	(2.5)
Of which: retail IP-based	12,843	11,996	7.1	9,801	31.0
Retail broadband lines ^b	13,357	13,209	1.1	12,989	2.8
Of which: optical fiber	6,232	5,803	7.4	4,693	32.8
Television (IPTV, satellite)	3,193	3,139	1.7	2,955	8.1
Unbundled local loop lines (ULLs)	5,846	6,138	(4.8)	6,952	(15.9)
Wholesale broadband lines	5,993	5,638	6.3	4,701	27.5
Of which: optical fiber	4,135	3,783	9.3	2,887	43.2

^a The baseline as of January 1, 2018 increased (by 62 thousand) due to the inclusion of new products launched in the Business Customer portfolio. Prior-year comparatives were not adjusted.

^b The baseline as of January 1, 2018 increased (by 53 thousand) due to the inclusion of new products launched in the Business Customer portfolio. Prior-year comparatives were not adjusted.

Total

In Germany we continue to be market leader both in terms of fixed-network and mobile revenues. 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 3.8 million customers for our integrated product, MagentaEins.

Compared with year-end 2017, we lost a total of 395 thousand mobile communications customers in the first quarter of 2018, primarily due to seasonal business fluctuations at one of our service providers. High demand for mobile rate plans with included data volumes resulted in an increase in the number of branded contract customers under the Telekom and congstar brands. We also recorded growth in the number of prepay customers.

By the end of the first quarter of 2018, we had already migrated 18.5 million retail and wholesale lines to IP, which corresponds to a migration rate of 73 percent.

We continued to see strong demand for our fiber-optic products. As of the end of the first quarter of 2018, the number of lines had increased to 10.4 million overall. In other words, we connected 781 thousand lines to our fiber-optic network in Germany in the first three months of 2018. With the progress in fiber-optic roll-out and innovative vectoring technology, we also successfully drove forward the marketing of higher bandwidths.

Mobile communications

In the first quarter of 2018, we won a total of 76 thousand branded contract customers under the Telekom and congstar brands and at Telekom Deutschland Multibrand GmbH. The number of mobile contract customers with resellers (service providers) decreased primarily due to seasonal business fluctuations at one of our service providers. The number of prepay customers increased by 390 thousand.

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. For example, if we take into account the new products launched for business customers since the start of 2018, the number of broadband lines in our portfolio rose by 148 thousand between year-end 2017 and the end of the first quarter of 2018, while the number of TV customers increased by 54 thousand. The number of lines in our traditional fixed-network portfolio decreased by 152 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. To date, 386 thousand customers, primarily based in rural areas, have selected this innovative product.

By the end of the first quarter of 2018, we had also connected a total of 228 thousand apartments to our network through our partnerships in the housing sector.

Wholesale

At the end of the first quarter of 2018, fiber-optic lines accounted for 34.9 percent of all lines – 2.8 percentage points higher than at the end of 2017. This accelerated growth was driven largely by high demand for our contingent model. The number of unbundled local loop lines decreased by 292 thousand or 4.8 percent compared with the end of the prior year. 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. The total number of lines stood at 11.8 million by the end of the first quarter of 2018.

DEVELOPMENT OF OPERATIONS

millions of €

	Q1 2018	Q1 2017	Change	Change %	FY 2017
TOTAL REVENUE	5,325	5,397	(72)	(1.3)	21,931
Consumers	2,813	2,918	(105)	(3.6)	11,797
Business Customers ^a	1,491	1,465	26	1.8	6,017
Wholesale	932	926	6	0.6	3,747
Other ^a	90	88	2	2.3	370
Profit from operations (EBIT)	935	1,071	(136)	(12.7)	4,276
EBIT margin %	17.6	19.8			19.5
Depreciation, amortization and impairment losses	(980)	(935)	(45)	(4.8)	(3,828)
EBITDA	1,915	2,006	(91)	(4.5)	8,104
Special factors affecting EBITDA	(167)	(49)	(118)	n.a.	(308)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	2,082	2,055	27	1.3	8,412
EBITDA margin (adjusted for special factors) %	39.1	38.1			38.4
CASH CAPEX	(1,145)	(1,005)	(140)	(13.9)	(4,214)

^a As of July 1, 2017, a share of revenue previously recognized under "Other" was assigned to Business Customers on account of a reorganization. Prior-year comparatives were not adjusted.

Total revenue

Total revenue decreased by 1.3 percent compared with the prior-year quarter. Adjusted for the effects of the IFRS 15 accounting standard, the application of which is mandatory from January 1, 2018, total revenue developed on a par with the prior year. In mobile business, revenue declined by 3.3 percent year-on-year; excluding the effects of IFRS 15, revenue increased slightly compared with the prior-year period. Higher IT and broadband revenues had a positive impact on fixed-network revenue. However, this was not quite sufficient to completely offset the decrease of 0.9 percent in fixed-network revenue compared with 2017.

Revenue from **Consumers** declined by 3.6 percent year-on-year; adjusted for the effects of IFRS 15, the decline was only marginal. Volume-related revenue decreases continued to affect the traditional fixed-network business. By contrast, revenue from broadband business increased by 3.7 percent.

Revenue from **Business Customers** grew by 1.8 percent; this growth was even stronger once adjusted for the effects of IFRS 15. Mobile revenues increased by 4.7 percent and IT revenues by 13.2 percent compared with the prior-year quarter. In the fixed network, by contrast, a decline was recorded in traditional voice telephony, due largely to the increasing number of customers moving to flat-rate plans.

Wholesale revenue in the first quarter of 2018 was 0.6 percent higher than in the comparable prior-year period, thanks primarily to higher revenues generated with our contingent model. Without the effects of IFRS 15, revenue growth would have been even stronger.

EBITDA, adjusted EBITDA

EBITDA amounted to EUR 1.9 billion in the first quarter of 2018, a decrease of 4.5 percent against the prior-year quarter, due mainly to higher special factors for expenses in connection with our staff restructuring. EBITDA adjusted for special factors totaled EUR 2.1 billion in the reporting quarter, up 1.3 percent compared with the same period of last year. The adjusted EBITDA margin was up from 38.1 percent in the first quarter of 2017 to 39.1 percent in the reporting period.

EBIT

Profit from operations decreased by 12.7 percent year-on-year to EUR 0.9 billion. Depreciation, amortization and impairment losses increased by 4.8 percent on account of sustained high investments in our network infrastructure.

Cash capex

Cash capex increased year-on-year by 13.9 percent. As part of our integrated network strategy, we again made significant investments in the broadband and fiber-optic roll-out, our IP transformation, and our mobile infrastructure.

UNITED STATES CUSTOMER DEVELOPMENT

thousands

	Mar. 31, 2018	Dec. 31, 2017	Change Mar. 31, 2018/ Dec. 31, 2017 %	Mar. 31, 2017	Change Mar. 31, 2018/ Mar. 31, 2017 %
Mobile customers	74,040	72,585	2.0	72,597	2.0
Branded customers ^a	59,941	58,715	2.1	55,540	7.9
Branded postpaid ^a	39,065	38,047	2.7	35,341	10.5
Branded prepay ^a	20,876	20,668	1.0	20,199	3.4
Wholesale customers ^b	14,099	13,870	1.6	17,057	(17.3)

^a Due to changes in the consolidated group at the beginning of 2018, the number of branded postpaid customers increased by 13 thousand and the number of branded prepay customers increased by 9 thousand.

^b T-Mobile US believes current and future regulatory changes have made the Lifeline program offered by T-Mobile US' wholesale partners uneconomical. T-Mobile US will continue to support its wholesale partners offering the Lifeline program, but has excluded the Lifeline customers from the reported wholesale subscriber base resulting in the removal of 160 thousand and 4,638 thousand reported wholesale customers as of the beginning of the third quarter of 2017 and the beginning of the second quarter of 2017, respectively.

At March 31, 2018, the United States operating segment (T-Mobile US) had 74.0 million customers compared to 72.6 million customers at December 31, 2017. Net customer additions were 1.4 million for the first quarter of 2018 compared to 1.1 million net customer additions for the first quarter of 2017 due to the factors described below.

Branded customers. Branded postpaid net customer additions were 1,005 thousand for the first quarter of 2018, compared to 914 thousand branded postpaid net customer additions for the first quarter of 2017. The increase in branded postpaid net customer additions was primarily due to higher connected devices, the growing success of new segments such as T-Mobile for Business, continued growth in existing and greenfield markets, along with record postpaid churn performance. These increases were partially offset by the impact from more aggres-

sive promotions during the first quarter of 2017, including T-Mobile US' launch of Un-carrier Next – All Unlimited with taxes and fees included, and increased competitive activity in the marketplace.

Branded prepay net customer additions were 199 thousand for the first quarter of 2018, compared to 386 thousand branded prepay net customer additions for the first quarter of 2017. The decrease was due primarily to increased competitive activity in the marketplace and higher deactivations from a growing customer base, partially offset by a higher impact from the optimization of T-Mobile US' third-party distribution channels in the prior period, which began in the fourth quarter of 2016, resulting in lower churn, and lower migrations to branded postpaid plans.

Wholesale customers. Wholesale net customer additions were 229 thousand for the first quarter of 2018, compared to wholesale net customer deactivations of 158 thousand for the first quarter of 2017. The increase was due primarily to lower customer deactivations driven by the removal of Lifeline program customers, partially offset by lower machine-to-machine (M2M) net customer additions.

DEVELOPMENT OF OPERATIONS

millions of €

	Q1 2018	Q1 2017	Change	Change %	FY 2017
TOTAL REVENUE	8,455	8,982	(527)	(5.9)	35,736
Profit from operations (EBIT)	1,137	1,003	134	13.4	5,930
EBIT margin %	13.4	11.2			16.6
Depreciation, amortization and impairment losses	(1,223)	(1,387)	164	11.8	(5,019)
EBITDA	2,360	2,390	(30)	(1.3)	10,949
Special factors affecting EBITDA	28	4	24	n. a.	1,633
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	2,332	2,386	(54)	(2.3)	9,316
EBITDA margin (adjusted for special factors) %	27.6	26.6			26.1
CASH CAPEX	(1,143)	(1,442)	299	20.7	(11,932)

Total revenue

Total revenue for the United States operating segment of EUR 8.5 billion in the first quarter of 2018 decreased by 5.9 percent compared to EUR 9.0 billion in the first quarter of 2017. In U.S. dollars, T-Mobile US' total revenues increased by 8.7 percent year-on-year due primarily to growth in service revenue from increases in T-Mobile US' average branded customer base from the growing success of new segments such as T-Mobile for Business, continued growth in existing and greenfield markets, record low churn, higher connected devices and the success of the MetroPCS brand. Additionally, equipment revenues increased due primarily to a higher average revenue per device sold, a positive impact from the obligatory first time adoption of IFRS 15 as of January 1, 2018 and proceeds from the liquidation of returned customer handsets, partially offset by a decrease in the number of devices sold, excluding purchased lease devices, lower lease revenues and a decrease from lower volumes of customer purchases of leased devices at the end of the lease term.

EBITDA, adjusted EBITDA

In euros, adjusted EBITDA decreased by 2.3 percent to EUR 2.3 billion in the first quarter of 2018, compared to EUR 2.4 billion in the first quarter of 2017. Adjusted EBITDA margin increased to 27.6 percent in the first quarter of 2018, compared to 26.6 percent in the first quarter of 2017. In U.S. dollars, adjusted EBITDA increased by 12.8 percent during the same period. Adjusted EBITDA increased due primarily to an increase in branded postpaid and prepay service revenues as discussed above, lower net losses on equipment sales, the positive impact from adoption of IFRS 15 and the positive net impact of USD 58 million in connection with the hurricanes, which included USD 94 million in reimbursements received from insurance carriers in the first quarter of 2018. These increases were partially offset by higher employee-related costs, costs related to outsourced functions and managed services, commissions, and higher costs associated with network expansion. In the first quarter of 2018 T-Mobile US continued to experience losses related to hurricanes, primarily from incremental costs to maintain T-Mobile US' operations in Puerto Rico. As of March 31,

2018, T-Mobile US expects additional expenses to be incurred in 2018, primarily related to T-Mobile US' operations in Puerto Rico. T-Mobile US continues to assess the damage and work with its insurance carriers to submit claims for property damage and business interruption.

EBITDA in the first quarter of 2018 included special factors of EUR 28 million compared to special factors of EUR 4 million in the first quarter of 2017. Overall, EBITDA in euros remained consistent at EUR 2.4 billion in the first quarter of 2018 and in the first quarter of 2017. In U.S. dollars, EBITDA increased to USD 2.9 billion in the first quarter of 2018, compared to USD 2.5 billion in the first quarter of 2017, due to the factors described above.

EBIT

EBIT increased to EUR 1.1 billion in the first quarter of 2018, compared to EUR 1.0 billion in the first quarter of 2017. In U.S. dollars, EBIT increased by 31 percent during the same period primarily driven by higher EBITDA. In U.S. dollars, depreciation remained stable on a prior-year basis.

Cash capex

Cash capex decreased to EUR 1.1 billion in the first quarter of 2018, compared to EUR 1.4 billion in the first quarter of 2017. In U.S. dollars, cash capex decreased to USD 1.4 billion, compared to USD 1.5 billion during the same period of the prior year due primarily to costs from T-Mobile US' build-out of 700 MHz spectrum in the first quarter of 2017, which was finalized in 2017.

EUROPE

CUSTOMER DEVELOPMENT

thousands

	Mar. 31, 2018	Dec. 31, 2017	Change Mar. 31, 2018/ Dec. 31, 2017 %	Mar. 31, 2017	Change Mar. 31, 2018/ Mar. 31, 2017 %
EUROPE, TOTAL					
Mobile customers	49,254	48,842	0.8	47,348	4.0
Contract customers	25,686	25,483	0.8	24,482	4.9
Prepay customers	23,567	23,359	0.9	22,866	3.1
Fixed-network lines	8,409	8,439	(0.4)	8,486	(0.9)
Of which: IP-based	5,947	5,734	3.7	5,190	14.6
Retail broadband lines ^a	5,821	5,647	3.1	5,444	6.9
Television (IPTV, satellite, cable)	4,271	4,244	0.6	4,100	4.2
Unbundled local loop lines (ULLs)/wholesale PSTN	2,270	2,265	0.2	2,269	–
Wholesale broadband lines	389	389	–	376	3.5
GREECE					
Mobile customers	8,053	7,981	0.9	7,733	4.1
Fixed-network lines	2,551	2,547	0.2	2,547	0.2
Broadband lines	1,901	1,843	3.1	1,708	11.3
ROMANIA					
Mobile customers	5,236	5,258	(0.4)	5,428	(3.5)
Fixed-network lines	1,823	1,865	(2.3)	1,937	(5.9)
Broadband lines	1,210	1,182	2.4	1,186	2.0
HUNGARY					
Mobile customers	5,298	5,293	0.1	5,304	(0.1)
Fixed-network lines	1,634	1,632	0.1	1,630	0.2
Broadband lines	1,118	1,105	1.2	1,053	6.2
POLAND					
Mobile customers	10,509	10,454	0.5	10,229	2.7
Fixed-network lines	27	32	(15.6)	33	(18.2)
Broadband lines	13	15	(13.3)	20	(35.0)
CZECH REPUBLIC					
Mobile customers	6,156	6,176	(0.3)	6,097	1.0
Fixed-network lines	220	197	11.7	143	53.8
Broadband lines	180	167	7.8	136	32.4
CROATIA					
Mobile customers	2,229	2,244	(0.7)	2,210	0.9
Fixed-network lines	959	967	(0.8)	992	(3.3)
Broadband lines	832	783	6.3	795	4.7
SLOVAKIA					
Mobile customers	2,282	2,243	1.7	2,230	2.3
Fixed-network lines	860	858	0.2	854	0.7
Broadband lines	681	669	1.8	649	4.9
AUSTRIA					
Mobile customers	6,071	5,702	6.5	4,713	28.8
OTHER^b					
Mobile customers	3,419	3,490	(2.0)	3,404	0.4
Fixed-network lines	334	340	(1.8)	351	(4.8)
Broadband lines	275	274	0.4	276	(0.4)

^a Retail broadband lines were reclassified as of January 1, 2018. This category now covers all lines based on broadband technology irrespective of which service is used by the customer. Prior-year comparatives were not adjusted.

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

Total

The market environment in Europe remained intensely competitive in the first quarter of 2018. We rose to the challenge, recording substantial growth of 9.1 percent in the number of FMC customers (fixed-mobile convergence) in the first quarter of 2018, thanks in part to our convergent product portfolio, MagentaOne. TV and broadband business also continued to develop as a consistent revenue driver. Our mobile business is growing overall, with increases reported in both the number of high-value contract customers and the number of prepay customers compared with the end of the prior year. In addition, we continued to systematically roll out state-of-the-art fiber-optic-based lines (FTTH, FTTB, and FTTC). As part of our integrated network strategy, we also increased the number of IP lines – primarily thanks to the migration from traditional PSTN lines to IP technology.

Mobile communications

The number of mobile customers totaled 49.3 million at the end of the first quarter of 2018, up slightly by 0.8 percent or 412 thousand customers compared with the end of 2017. The growth trend among contract customers continued unabated, with the customer base increasing slightly by 0.8 percent or 203 thousand customers due mainly to the positive customer development at our national companies in Poland, Romania, and the Czech Republic. The total share of contract customers thus remained largely stable at 52.2 percent as of March 31, 2018. In addition to our innovative services/rate plans, thanks to our integrated network strategy our customers also benefited from greater coverage with fast mobile broadband. As of March 31, 2018, we already covered 95 percent of the population in the countries of our operating segment with LTE, reaching around 107 million people in total. The importance of making high bandwidths available is evident in the sharp rise seen in data consumption, driven by huge volumes of data traffic, generated for example by the use of video streaming services. The share of all mobile devices sold accounted for by smartphones remained at a high level. In prepaid business, the signs are also pointing towards growth: The increases reported in the last two quarters continued in the first quarter of 2018 with a rise of 0.9 percent or 208 thousand customers. Our national companies in Austria, Greece, and Slovakia contributed to this growth.

Fixed network

In the first quarter of 2018, our TV and entertainment service grew by 0.6 percent compared with the end of 2017 and by 4.2 percent year-on-year. Of the 171 thousand net additions, the majority were recorded by our national companies in Hungary, Slovakia, and the Czech Republic. With both telecommunication providers and OTT players offering TV services in the countries of our segment, the TV market there is highly contested.

The number of retail broadband lines increased by 3.1 percent to a total of 5.8 million, a portion of which was due to the reclassification of retail broadband lines as of January 2018. Fiber-optic-based lines accounted for the majority of net customer additions, growing considerably faster than DSL business. Romania, Hungary, and Croatia were the main contributors to this growth. We continued to increase our overall fiber-optic coverage, with our national companies reaching around 33 percent of households as of March 31, 2018. This success bears out our continued investment in forward-looking, fiber-optic-based technologies.

Consistent growth in IP-based lines as a percentage of all fixed-network lines confirms that we are making good progress: At the end of March 2018, this share amounted to 70.7 percent. The total number of fixed-network lines in our Europe operating segment decreased only slightly overall compared with the end of 2017 to 8.4 million at the end of the reporting period.

FMC – Fixed-mobile convergence

Our convergent product portfolio, MagentaOne, is highly popular in all of our integrated countries. As of March 31, 2018, we had won some 2.4 million FMC customers in the Consumers portfolio, an increase of 9.1 percent. This growth even reaches 51.1 percent when compared with the first quarter of the prior year. Our national companies in Greece, Hungary, and Romania were the main drivers of this trend. We have also been increasingly successful in marketing our MagentaOne Business product to business customers.

DEVELOPMENT OF OPERATIONS

millions of €

	Q1 2018	Q1 2017	Change	Change %	FY 2017
TOTAL REVENUE^a	2,811	2,781	30	1.1	11,589
Greece	686	690	(4)	(0.6)	2,846
Romania	226	230	(4)	(1.7)	972
Hungary	443	415	28	6.7	1,808
Poland ^a	375	364	11	3.0	1,509
Czech Republic	254	237	17	7.2	1,011
Croatia	222	224	(2)	(0.9)	955
Slovakia	181	183	(2)	(1.1)	748
Austria	218	228	(10)	(4.4)	900
Other ^b	253	260	(7)	(2.7)	1,069
Profit from operations (EBIT)	345	324	21	6.5	462
EBIT margin %	12.3	11.7			4.0
Depreciation, amortization and impairment losses	(559)	(553)	(6)	(1.1)	(3,157)
EBITDA	905	877	28	3.2	3,619
Special factors affecting EBITDA	(7)	(12)	5	41.7	(130)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)^a	911	889	22	2.5	3,749
Greece	280	266	14	5.3	1,135
Romania	33	37	(4)	(10.8)	166
Hungary	121	109	12	11.0	545
Poland ^a	96	100	(4)	(4.0)	419
Czech Republic	111	100	11	11.0	406
Croatia	85	84	1	1.2	386
Slovakia	80	77	3	3.9	315
Austria	76	89	(13)	(14.6)	266
Other ^b	28	28	-	-	110
EBITDA margin (adjusted for special factors) %	32.4	32.0			32.3
CASH CAPEX	(438)	(475)	37	7.8	(1,874)

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 The business of T-Systems Polska Sp. z o.o., which, in organizational terms, was previously assigned to the Systems Solutions operating segment, is now disclosed under the Europe operating segment as of September 1, 2017. Figures for prior periods were not adjusted.

^b "Other": national companies of Albania, Macedonia, and Montenegro, as well as IWS (International Wholesale), consisting of ICSS (International Carrier Sales & Solutions) and its national companies, the GTS Central Europe group in Romania, and the Europe Headquarters.

Total revenue

Our Europe operating segment generated total revenue of EUR 2.8 billion in the first quarter of 2018, a slight year-on-year increase of 1.1 percent. In organic terms, i.e., assuming constant exchange rates, revenue was on a par with the level recorded in the prior-year quarter. The mandatory first-time application of the IFRS 15 accounting standard as of January 1, 2018 did not have a material effect on the development of revenues at segment level.

Business Customer operations recorded substantial revenue growth, mainly due to the positive trend in ICT business in Hungary. Mobile communications revenue was also up slightly year-on-year. Most of the countries in our operating segment contributed to this growth. Fixed-network revenues at segment level decreased overall year-on-year due to the decline in wholesale business offsetting the positive revenue effect – mainly in Greece and Hungary – from TV and broadband business. Intense competition on the telecommunications markets as well as lower EU roaming charges had a negative impact on our revenue in many countries of our operating segment.

Revenue from **Consumers** increased by 2.2 percent compared with a year ago, driven mainly by mobile business. Revenue from fixed-network business rose, too, on the back of the trend in TV and broadband operations driven by our innovative TV and program management activities. In addition, strong growth in the number of FMC customers had a positive impact on revenue. Overall, this offset the revenue decline that was primarily attributable to voice telephony.

In **Business Customers** operations, especially ICT, we recorded year-on-year growth of 2.7 percent in the first quarter of 2018. Our Smart City projects in particular supported this trend with their IoT revenue contribution and our ICT business in Hungary again put in a strong performance. But our core business continues to grow as well, with business customer numbers rising year-on-year in our mobile communications portfolio.

Wholesale revenue declined year-on-year due in part to lower revenues in some companies, as well as to international wholesale business, in particular following the latest changes to EU roaming regulation.

Considering the development by country, our national company in Hungary made the largest contribution to the organic development of revenue in the first quarter of 2018, more than offsetting the decline in revenues in particular in Austria, Greece, and Romania.

EBITDA, adjusted EBITDA

Our Europe operating segment generated adjusted EBITDA of EUR 911 million in the first quarter of 2018, an increase of 2.5 percent. In organic terms, i.e., assuming constant exchange rates, adjusted EBITDA increased by 1.6 percent. The mandatory application of the new IFRS 15 accounting standard effective January 1, 2018 did not have a material effect on the development of adjusted EBITDA, either. Savings in indirect costs – including lower personnel costs in Greece – were the main factor in this increase. In terms of direct costs, market investments and costs relating to the B2B/ICT operations increased. In addition, regulatory effects, including the cuts to EU roaming charges, also reduced adjusted EBITDA.

Considering the development by country, the increase in adjusted EBITDA was largely attributable to the positive trends in our national companies in Greece, Hungary, the Czech Republic, and Slovakia. Offsetting developments were reported mainly at the national companies in Austria, Poland, and Romania.

EBITDA increased substantially by 3.2 percent year-on-year to EUR 905 million, due primarily to the increase in adjusted EBITDA with special factors having no material effect. In organic terms, EBITDA grew by 2.2 percent.

Development of operations in selected countries

Greece. In Greece, revenue stood at EUR 686 million in the first quarter of 2018, just 0.6 percent below the prior-year quarter. Higher mobile communications revenue was not enough to fully offset negative effects in the fixed-network portfolio: Whereas broadband and B2B/ICT business continued to grow, revenue from wholesale and TV business declined.

In the first quarter of 2018, adjusted EBITDA in Greece increased clearly year-on-year by 5.3 percent to EUR 280 million. Thanks to increased cost efficiency, especially in regard to personnel costs, we more than offset the decline in revenues.

Hungary. In Hungary, revenue grew in the first quarter of 2018 by 6.7 percent compared with the prior year to EUR 443 million. In organic terms, it increased by 7.6 percent. This growth was driven by the fixed-network business with sustained clear revenue growth in the B2B/ICT business customer operations. Broadband, TV, and terminal equipment business also made a positive contribution to total revenue. Our FMC offering, MagentaOne, remained very popular among consumers and business customers. This was evident in a growing customer base and an increase in revenue. Service revenues as well as terminal equipment business performed well, which was also attributable to our high-speed, high-reach mobile network.

Adjusted EBITDA increased by 11.0 percent year-on-year to EUR 121 million, driven by the revenue growth. This increase was also evident in organic adjusted EBITDA.

Austria. Our national company in Austria generated revenue of EUR 218 million in the first quarter of 2018, down 4.4 percent year-on-year. This was largely attributable to a high positive non-recurring effect from voice telephony business in the prior-year quarter. Excluding this effect, revenue development would have remained stable. To meet growing demand for broadband internet access, the national company in Austria will transform from a mobile-only provider into an integrated challenger with mobile and fixed-network infrastructure following the take-over of the cable and fixed-network business from UPC Austria (subject to the approval of the antitrust authorities). This will soon allow us to offer fixed-network technology in addition to the mobile broadband internet services already being successfully marketed to our customers.

The decline in revenue also impacted adjusted EBITDA, which decreased by 14.6 percent to EUR 76 million year-on-year. Increased market investments contributed to this trend. Excluding the aforementioned non-recurring effect, adjusted EBITDA decreased only slightly.

Poland. In Poland, revenue grew 3.0 percent year-on-year to EUR 375 million; in organic terms, it was on par with the prior-year period. We thus continued to stabilize the revenue trend. Revenue from B2B/ICT business was higher, while revenue from mobile business was lower.

Adjusted EBITDA stood at EUR 96 million, down 4.0 percent year-on-year. In organic terms, adjusted EBITDA declined by 6.9 percent, mainly due to regulation-induced higher interconnection and roaming costs.

EBIT

EBIT in our Europe operating segment increased significantly by 6.5 percent in the first quarter of 2018 to EUR 345 million due mainly to the positive development of EBITDA. Depreciation, amortization and impairment losses increased only slightly by 1.1 percent to EUR 559 million.

Cash capex

In the reporting period, our Europe operating segment reported cash capex of EUR 438 million. The decline of EUR 37 million is largely attributable to restrained investment activities in most of our national companies. By contrast, in some countries we invested more heavily in the broadband and fiber-optic roll-out as part of our integrated network strategy. As in the prior-year quarter, we acquired a small number of spectrum licenses in the first quarter of 2018.

SYSTEMS SOLUTIONS

ORDER ENTRY

millions of €

	Mar. 31, 2018	Dec. 31, 2017	Mar. 31, 2017	Change Mar. 31, 2018/ Mar. 31, 2017 %
ORDER ENTRY	1,506	5,241	1,274	18.2

Development of business

Order entry at our Systems Solutions operating segment was positive in the reporting quarter, rising 18.2 percent year-on-year. The positive order entry trend was observable not only for IT and telecommunications, but also for digitalization business.

As part of the ongoing realignment of our Systems Solutions operating segment, we are focusing not only on established IT and telecommunications business, but on expanding our strategic growth areas in digitalization business, e.g., digital solutions, cloud computing, the Internet of Things, and security. This is proceeding in parallel with an observable market shift away from traditional IT business and toward cloud computing and digitalization. Strategic partnerships remain a key component of

our plan to build on these strategic growth areas. For example, we offer our partners' services from our data centers in Germany. In addition, as a means of strengthening our telecommunications portfolio, we are using our global partner alliance ngena (Next Generation Enterprise Network Alliance) to provide our customers with quickly available international network connections and services. Security and high availability play a key role here – both for our customers and for us. The transformation of our Systems Solutions operating segment into a digital partner for our customers continues, with our digitalization solutions serving as the main pillars of this new architecture, flanked by appropriate security solutions and simultaneous support for existing infrastructures and applications.

DEVELOPMENT OF OPERATIONS^a

millions of €

	Q1 2018	Q1 2017	Change	Change %	FY 2017
TOTAL REVENUE	1,665	1,704	(39)	(2.3)	6,918
External revenue	1,332	1,369	(37)	(2.7)	5,504
Loss from operations (EBIT)	(76)	(37)	(39)	n. a.	(1,356)
Special factors affecting EBIT	(38)	(35)	(3)	(8.6)	(1,477)
EBIT (adjusted for special factors)	(38)	(2)	(36)	n. a.	121
EBIT margin (adjusted for special factors) %	(2.3)	(0.1)			1.7
Depreciation, amortization and impairment losses	(95)	(98)	3	3.1	(1,636)
EBITDA	19	61	(42)	(68.9)	280
Special factors affecting EBITDA	(38)	(35)	(3)	(8.6)	(229)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	57	96	(39)	(40.6)	509
EBITDA margin (adjusted for special factors) %	3.4	5.6			7.4
CASH CAPEX	(83)	(86)	3	3.5	(383)

^a The business of T-Systems Polska Sp. z o.o., which, in organizational terms, was previously assigned to the Systems Solutions operating segment, is now disclosed under the Europe operating segment as of September 1, 2017. Prior-year comparatives were not adjusted.

Total revenue

In the first quarter of 2018, total revenue in our Systems Solutions operating segment was down slightly year-on-year at EUR 1.7 billion. This was primarily due to declining revenues from our traditional IT portfolio. Compared with the same period last year, there was a noticeable decline in revenue from international corporate customers, also due to the general market contraction and to price erosion in our core market of Western Europe. By contrast, our telecommunications revenues rose 7.5 percent year-on-year. Strategic growth areas such as digitalization – e.g., cloud computing, the Internet of Things, and security – also exhibited a positive trend, posting revenue growth relative to the prior-year quarter.

EBITDA, adjusted EBITDA

In the first quarter of 2018, adjusted EBITDA at our Systems Solutions operating segment declined by EUR 39 million to EUR 57 million, which was in line with our expectations. In addition to higher costs incurred to expand the strategic growth areas in digitalization business – which includes cloud computing, the Internet of Things, and security – the main cause of this decline was the pressure on margins caused by a reduction in the scope of individual corporate customer contracts for traditional IT business. Earnings from our telecommunications portfolio in the reporting period were roughly on par with the same period last year, despite the impact of the ongoing migration to All IP. EBITDA decreased by EUR 42 million year-on-year to EUR 19 million, mainly due to the effects described under adjusted EBITDA.

EBIT, adjusted EBIT

Adjusted EBIT in our Systems Solutions operating segment declined by EUR 36 million compared with the first quarter of 2017, coming in at EUR –38 million. The effects described under adjusted EBITDA were the main drivers of this decrease. Depreciation, amortization and impairment losses were at the same level as a year earlier. EBIT declined for similar reasons, decreasing by EUR 39 million to EUR –76 million.

Cash capex

Cash capex in the Systems Solutions operating segment stood at EUR 83 million in the reporting period, compared with EUR 86 million in the prior-year period. Capital expenditures remain focused on developing our strategic growth areas in digitalization business – such as digital solutions, cloud computing, the Internet of Things, and security – and on expanding our European toll collection system.

GROUP DEVELOPMENT

CUSTOMER DEVELOPMENT

thousands

		Mar. 31, 2018	Dec. 31, 2017	Change Mar. 31, 2018/ Dec. 31, 2017 %	Mar. 31, 2017	Change Mar. 31, 2018/ Mar. 31, 2017 %
NETHERLANDS	Mobile customers	3,905	3,850	1.4	3,789	3.1
	Fixed-network lines	198	191	3.7	176	12.5
	Broadband lines	198	191	3.7	176	12.5

After successfully repositioning itself in the market, T-Mobile Netherlands posted quarter-on-quarter growth of 1.4 percent with its mobile portfolio for consumers and business customers. This increase was mainly due to the new rate plan portfolio introduced in the first quarter of 2017 and to the enhanced market approach it enabled, but also to business customer net additions. The number of customers in the fixed-network consumer portfolio also grew – by 3.7 percent.

DEVELOPMENT OF OPERATIONS

millions of €

	Q1 2018	Q1 2017	Change	Change %	FY 2017
TOTAL REVENUE	528	595	(67)	(11.3)	2,263
Netherlands	309	341	(32)	(9.4)	1,355
Profit from operations (EBIT)	148	686	(538)	(78.4)	1,504
Depreciation, amortization and impairment losses	(78)	(71)	(7)	(9.9)	(304)
EBITDA	227	758	(531)	(70.1)	1,808
Special factors affecting EBITDA	(5)	519	(524)	n. a.	893
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	231	238	(7)	(2.9)	915
Netherlands	108	110	(2)	(1.8)	421
EBITDA margin (adjusted for special factors) %	43.8	40.0			40.4
CASH CAPEX	(85)	(81)	(4)	(4.9)	(290)

Total revenue

In the first quarter of 2018, total revenue in our Group Development operating segment decreased by 11.3 percent year-on-year. This decline was attributable, on the one hand, to the revenue forgone following the sale of Strato as of March 31, 2017 and, on the other, to the mandatory application of IFRS 15 as of January 1, 2018 and to the effects of regulatory intervention, e.g., lower EU roaming charges and national termination rates, at T-Mobile Netherlands. Revenue at DFMG was unchanged against the prior-year period.

EBITDA, adjusted EBITDA

First-quarter EBITDA decreased by EUR 0.5 billion year-on-year to EUR 0.2 billion. Regular reviews of our investment portfolio prompted us to sell our stake in Strato last year. The divestiture resulted in income of EUR 0.5 billion, which was recognized as special factors in the first quarter of 2017.

Adjusted EBITDA in our Group Development operating segment was down 2.9 percent year-on-year. Forgone earnings following the deconsolidation of Strato were the main cause of this decline. Adjusted EBITDA at T-Mobile Netherlands decreased by 1.8 percent in the first quarter of 2018 owing to first-time application of IFRS 15 and to the effects of regulatory intervention.

GROUP HEADQUARTERS & GROUP SERVICES

For information on changes in the organizational structure, please refer to the section "Group organization, strategy, and management," page 8, and to the disclosures under segment reporting in the interim consolidated financial statements, pages 44 and 45.

DEVELOPMENT OF OPERATIONS

millions of €

	Q1 2018	Q1 2017	Change	Change %	FY 2017
TOTAL REVENUE	651	735	(84)	(11.4)	2,935
Loss from operations (EBIT)	(324)	(276)	(48)	(17.4)	(1,437)
Depreciation, amortization and impairment losses	(162)	(148)	(14)	(9.5)	(657)
EBITDA	(162)	(128)	(34)	(26.6)	(780)
Special factors affecting EBITDA	(92)	(16)	(76)	n. a.	(119)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	(70)	(113)	43	38.1	(661)
CASH CAPEX	(248)	(242)	(6)	(2.5)	(1,005)

Total revenue

Total revenue in our Group Headquarters & Group Services segment decreased by 11.4 percent year-on-year in the first quarter of 2018. This decline was mainly due to the fact that, as of January 2016, the costs of intragroup development services newly commissioned from Deutsche Telekom IT in Germany are no longer charged internally. Other reasons for the decrease were forgone revenue from DeTeMedien, which was sold effective June 2017, and lower revenue from land and buildings, essentially due to further optimization of the use of space.

EBITDA, adjusted EBITDA

Adjusted EBITDA in the Group Headquarters & Group Services segment improved by EUR 43 million year-on-year in the reporting period, particularly as a result of higher income from the sale of real estate. The reduction in headcount brought about by ongoing restructuring of the Vivento workforce also had a positive effect. By contrast, lower revenue from land and buildings had a negative impact on adjusted EBITDA.

Overall, special factors negatively affecting EBITDA – in particular staff-related measures – totaled EUR 92 million in the reporting period, compared with EUR 16 million in the prior-year period.

EBIT

The year-on-year decrease of EUR 48 million in EBIT was mainly due to the lower unadjusted EBITDA figure. Depreciation, amortization and impairment losses were up EUR 14 million on the prior-year level. This increase was due, in particular, to higher depreciation and amortization caused by increased levels of capitalization at Deutsche Telekom IT. The latter were attributable to the fact that the costs of newly commissioned intragroup development services in Germany are no longer charged internally.

Cash capex

Cash capex grew by EUR 6 million year-on-year. Higher capital expenditure on technology and innovation – essentially for development services – was partially offset by lower expenditure for the purchase of vehicles.

**EVENTS AFTER THE REPORTING PERIOD
(MARCH 31, 2018)**

For information on events after the reporting period, please refer to “Events after the reporting period” in the interim consolidated financial statements, page 56.

FORECAST

The statements in this section reflect the current views of our management. Contrary to the forecasts published in the 2017 combined management report (2017 Annual Report, page 101 et seq.), we now expect the Group’s adjusted EBITDA for the 2018 financial year to reach around EUR 23.3 billion, up from the original forecast of around EUR 23.2 billion. This is largely attributable to stronger business performance in the United States operating segment, where we now expect adjusted EBITDA of around USD 11.4 billion, up from around USD 11.3 billion. All other statements made in the 2017 combined management report remain valid. For additional information and recent changes in the economic situation, please refer to the section “The economic environment,” pages 8 and 9, 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 2017 financial year (2017 Annual Report, page 111 et seq.). Readers are also referred to the Disclaimer at the end of this report.

REGULATION

Deregulation of retail products in Germany. The Federal Network Agency is planning to deregulate product bundles for retail customers. However, it is not seeking to lift the regulation entirely – retail regulation will remain for telephone lines without broadband included in product bundles. The Federal Network Agency is currently conducting a market analysis to review the situation. If the current draft enters into force as is, the Federal Network Agency will be deregulating the “double play and bundles with even more components” sub-market, while single-play products and “old” lines without call rates or broadband will continue to be regulated. We expect a decision on the planned deregulation by mid-2018. The regulation of wholesale products will remain unaffected.

LITIGATION

Claims relating to charges for the shared use of cable ducts. In connection with legal proceedings brought by Unitymedia Hessen GmbH & Co. KG, Unitymedia NRW GmbH, and Kabel BW GmbH, an appeal filed by the plaintiffs was rejected by the Düsseldorf Higher Regional Court in its ruling of March 14, 2018. A further appeal was not allowed. This decision is not final and legally binding.

ASSESSMENT OF THE AGGREGATE RISK POSITION

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

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

millions of €

	Mar. 31, 2018	Dec. 31, 2017	Change	Change %	Mar. 31, 2017
ASSETS					
CURRENT ASSETS	21,706	20,392	1,314	6.4	27,663
Cash and cash equivalents	3,618	3,312	306	9.2	9,542
Trade and other receivables	9,121	9,723	(602)	(6.2)	9,093
Contract assets	1,728	n. a.	n. a.	n. a.	n. a.
Current recoverable income taxes	246	236	10	4.2	192
Other financial assets	2,918	3,329	(411)	(12.3)	4,907
Inventories	1,819	1,985	(166)	(8.4)	1,646
Other assets	2,122	1,646	476	28.9	2,136
Non-current assets and disposal groups held for sale	134	161	(27)	(16.8)	148
NON-CURRENT ASSETS	116,319	120,943	(4,624)	(3.8)	120,961
Intangible assets	61,957	62,865	(908)	(1.4)	60,269
Property, plant and equipment	46,576	46,878	(302)	(0.6)	46,788
Capitalized contract costs	1,286	n. a.	n. a.	n. a.	n. a.
Investments accounted for using the equity method	571	651	(80)	(12.3)	722
Other financial assets	1,829	5,716	(3,887)	(68.0)	6,971
Deferred tax assets	3,199	4,013	(814)	(20.3)	5,477
Other assets	902	819	83	10.1	733
TOTAL ASSETS	138,025	141,334	(3,309)	(2.3)	148,624
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES	26,223	27,366	(1,143)	(4.2)	32,375
Financial liabilities	8,905	8,358	547	6.5	14,871
Trade and other payables	9,132	10,971	(1,839)	(16.8)	8,983
Income tax liabilities	307	224	83	37.1	238
Other provisions	3,082	3,372	(290)	(8.6)	3,076
Other liabilities	2,913	4,440	(1,527)	(34.4)	5,075
Contract liabilities	1,885	n. a.	n. a.	n. a.	n. a.
Liabilities directly associated with non-current assets and disposal groups held for sale	-	-	-	n. a.	133
NON-CURRENT LIABILITIES	68,111	71,498	(3,387)	(4.7)	76,431
Financial liabilities	48,799	49,171	(372)	(0.8)	50,402
Provisions for pensions and other employee benefits	5,264	8,375	(3,111)	(37.1)	8,293
Other provisions	3,115	3,155	(40)	(1.3)	3,285
Deferred tax liabilities	7,078	6,967	111	1.6	10,025
Other liabilities	3,321	3,831	(510)	(13.3)	4,427
Contract liabilities	533	n. a.	n. a.	n. a.	n. a.
LIABILITIES	94,334	98,864	(4,530)	(4.6)	108,806
SHAREHOLDERS' EQUITY	43,691	42,470	1,221	2.9	39,818
Issued capital	12,189	12,189	0	n. a.	11,973
Treasury shares	(49)	(49)	0	n. a.	(50)
	12,140	12,140	0	0.0	11,923
Capital reserves	54,761	55,010	(249)	(0.5)	53,349
Retained earnings including carryforwards	(34,472)	(38,750)	4,278	11.0	(35,971)
Total other comprehensive income	(1,332)	(1,127)	(205)	(18.2)	145
Net profit (loss)	992	3,461	(2,469)	(71.3)	747
ISSUED CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT	32,088	30,734	1,354	4.4	30,193
Non-controlling interests	11,603	11,737	(134)	(1.1)	9,625
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	138,025	141,334	(3,309)	(2.3)	148,624

The new accounting standards IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" took effect as of January 1, 2018. Prior-year figures were not adjusted. For more information, please refer to the section "Accounting policies," page 33 et seq.

CONSOLIDATED INCOME STATEMENT

millions of €

	Q1 2018	Q1 2017	Change	Change %	FY 2017
NET REVENUE	17,924	18,646	(722)	(3.9)	74,947
Of which: interest income calculated using the effective interest method	1	n. a.	n. a.	n. a.	n. a.
Other operating income	373	770	(397)	(51.6)	3,819
Changes in inventories	1	40	(39)	(97.5)	21
Own capitalized costs	559	542	17	3.1	2,292
Goods and services purchased	(8,718)	(9,312)	594	6.4	(38,161)
Personnel costs	(4,057)	(3,964)	(93)	(2.3)	(15,504)
Other operating expenses	(813)	(761)	(52)	(6.8)	(3,444)
Impairment losses on financial assets	(106)	n. a.	n. a.	n. a.	n. a.
Gains (losses) from the write-off of financial assets measured at amortized cost	(10)	n. a.	n. a.	n. a.	n. a.
Other	(697)	(761)	64	8.4	(3,444)
Depreciation, amortization and impairment losses	(3,097)	(3,191)	94	2.9	(14,586)
PROFIT FROM OPERATIONS	2,171	2,771	(600)	(21.7)	9,383
Finance costs	(422)	(637)	215	33.8	(2,197)
Interest income	68	75	(7)	(9.3)	320
Interest expense	(490)	(713)	223	31.3	(2,517)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	69	4	65	n. a.	76
Other financial income (expense)	(58)	(1,406)	1,348	95.9	(2,269)
PROFIT (LOSS) FROM FINANCIAL ACTIVITIES	(411)	(2,040)	1,629	79.9	(4,390)
PROFIT (LOSS) BEFORE INCOME TAXES	1,760	731	1,029	n. a.	4,994
Income taxes	(494)	78	(572)	(733.3)	558
PROFIT (LOSS)	1,266	809	457	56.5	5,551
PROFIT (LOSS) ATTRIBUTABLE TO					
Owners of the parent (net profit (loss))	992	747	245	32.8	3,461
Non-controlling interests	274	62	212	n. a.	2,090

The new accounting standards IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" took effect as of January 1, 2018. Prior-year figures were not adjusted. For more information, please refer to the section "Accounting policies," page 33 et seq.

EARNINGS PER SHARE

	Q1 2018	Q1 2017	Change	Change %	FY 2017
Profit (loss) attributable to the owners of the parent (net profit (loss))	992	747	245	32.8	3,461
Weighted average number of ordinary shares (basic/diluted)	4,761	4,657	104	2.2	4,703
EARNINGS PER SHARE BASIC/DILUTED	0.21	0.16	0.05	31.3	0.74

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

millions of €

	Q1 2018	Q1 2017	Change	FY 2017
PROFIT (LOSS)	1,266	809	457	5,551
Items not subsequently reclassified to profit or loss (not recycled)				
Gains (losses) from the remeasurement of equity instruments ^a	(662)	n. a.	n. a.	n. a.
Gains (losses) from the remeasurement of defined benefit plans	1	119	(118)	116
Revaluation due to business combinations	0	0	0	0
Share of profit (loss) of investments accounted for using the equity method	0	0	0	0
Other income and expense recognized directly in equity				
Income taxes relating to components of other comprehensive income	(6)	(38)	32	(19)
	(667)	81	(748)	97
Items subsequently reclassified to profit or loss (recycled), if certain reasons are given				
Exchange differences on translating foreign operations				
Recognition of other comprehensive income in income statement	0	0	0	0
Change in other comprehensive income (not recognized in income statement)	(616)	(78)	(538)	(2,196)
Gains (losses) from the remeasurement of available-for-sale financial assets^{a,b}				
Recognition of other comprehensive income in income statement	n. a.	1	n. a.	7
Change in other comprehensive income (not recognized in income statement)	n. a.	(1)	n. a.	27
Gains (losses) from the remeasurement of debt instruments^a				
Recognition of other comprehensive income in income statement	(4)	n. a.	n. a.	n. a.
Change in other comprehensive income (not recognized in income statement)	19	n. a.	n. a.	n. a.
Gains (losses) from hedging instruments^{a,c}				
Recognition of other comprehensive income in income statement	n. a.	61	n. a.	450
Change in other comprehensive income (not recognized in income statement)	n. a.	57	n. a.	(270)
Gains (losses) from hedging instruments (designated risk components)^a				
Recognition of other comprehensive income in income statement	45	n. a.	n. a.	n. a.
Change in other comprehensive income (not recognized in income statement)	(111)	n. a.	n. a.	n. a.
Gains (losses) from hedging instruments (hedging costs)^{a,d}				
Recognition of other comprehensive income in income statement	0	n. a.	n. a.	n. a.
Change in other comprehensive income (not recognized in income statement)	34	n. a.	n. a.	n. a.
Share of profit (loss) of investments accounted for using the equity method				
Recognition of other comprehensive income in income statement	0	0	0	0
Change in other comprehensive income (not recognized in income statement)	7	(1)	8	0
Income taxes relating to components of other comprehensive income	10	(37)	47	(58)
	(616)	2	(618)	(2,040)
OTHER COMPREHENSIVE INCOME	(1,282)	83	(1,365)	(1,943)
TOTAL COMPREHENSIVE INCOME	(17)	892	(909)	3,608
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO				
Owners of the parent	(76)	900	(976)	2,340
Non-controlling interests	60	(8)	68	1,268

^a For the new items in relation to IFRS 9 to be recognized in accordance with IAS 1, Deutsche Telekom utilizes the option of not showing comparative figures for the prior-year period.

^b The measurement category "available-for-sale financial assets" as per IAS 39 was to be applied for the last time as of December 31, 2017.

^c Gains and losses from hedging costs were recognized for the last time as of December 31, 2017 under IAS 39 as part of gains and losses from hedging instruments. Under IFRS 9, gains and losses from hedging costs are recognized separately in equity.

^d In the 2018 financial year, hedging costs relate entirely to cross currency basis spreads; please refer to the information on financial instruments, page 46 et seq.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

millions of €

	Issued capital and reserves attributable to owners of the parent							
	Equity contributed		Consolidated shareholders' equity generated			Total other comprehensive income		
	Issued capital	Treasury shares	Capital reserves	Retained earnings including carryforwards	Net profit (loss)	Translation of foreign operations	Revaluation surplus	Available-for-sale financial assets (IAS 39)
BALANCE AT JANUARY 1, 2017	11,973	(50)	53,356	(38,727)	2,675	(371)	(60)	69
Changes in the composition of the Group								
Transactions with owners			(51)			(5)		
Unappropriated profit (loss) carried forward				2,675	(2,675)			
Dividends								
Capital increase at Deutsche Telekom AG								
Capital increase from share-based payment			44					
Share buy-back/shares held in a trust deposit								
Profit (loss)					747			
Other comprehensive income				81		(8)		
TOTAL COMPREHENSIVE INCOME								
Transfer to retained earnings								
BALANCE AT MARCH 31, 2017	11,973	(50)	53,349	(35,971)	747	(384)	(60)	69
BALANCE AT JANUARY 1, 2018	12,189	(49)	55,010	(38,750)	3,461	(1,729)	(60)	101
Transfer resulting from change in accounting standards				1,452				(101)
Changes in the composition of the Group								
Transactions with owners			(295)			(12)		
Unappropriated profit (loss) carried forward				3,461	(3,461)			
Dividends								
Capital increase at Deutsche Telekom AG								
Capital increase from share-based payment			45					
Share buy-back/shares held in a trust deposit				1				
Profit (loss)					992			
Other comprehensive income				1		(396)		
TOTAL COMPREHENSIVE INCOME								
Transfer to retained earnings				(636)			26	
BALANCE AT MARCH 31, 2018	12,189	(49)	54,761	(34,472)	992	(2,136)	(34)	n. a.

The new accounting standards IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" took effect as of January 1, 2018. Prior-year figures were not adjusted. For more information, please refer to the section "Accounting policies," page 33 et seq.

Issued capital and reserves attributable to owners of the parent							Total	Non-controlling interests	Total shareholders' equity
Total other comprehensive income									
Equity instruments measured at fair value through other comprehensive income (IFRS 9)	Debt instruments measured at fair value through other comprehensive income (IFRS 9)	Hedging instruments (IAS 39)	Hedging instruments: designated risk components (IFRS 9)	Hedging instruments: hedging costs (IFRS 9)	Investments accounted for using the equity method	Taxes			
n. a.	n. a.	609	n. a.	n. a.	27	(196)			
							29,305	9,540	38,845
							-	-	-
							(56)	70	14
							0	-	0
							-	-	-
							-	-	-
							44	23	67
							-	-	-
							747	62	809
		118			(1)	(37)	153	(70)	83
							900	(8)	892
							-	-	-
n. a.	n. a.	727	n. a.	n. a.	26	(233)	30,193	9,625	39,818
n. a.	n. a.	789	n. a.	n. a.	26	(254)	30,734	11,737	42,470
93	336	(789)	789			(93)	1,688	182	1,870
							-	-	-
	2						(304)	(402)	(706)
							0	-	0
							-	-	-
							-	-	-
							45	28	73
							1	(1)	0
							992	274	1,266
(662)	8		(67)	34	7	9	(1,068)	(214)	(1,282)
							(76)	60	(17)
645					(35)		0	0	0
76	346	n. a.	722	34	(3)	(338)	32,088	11,603	43,691

CONSOLIDATED STATEMENT OF CASH FLOWS

millions of €

	Q1 2018	Q1 2017	FY 2017
PROFIT BEFORE INCOME TAXES	1,760	731	4,994
Depreciation, amortization and impairment losses	3,097	3,191	14,586
Profit (loss) from financial activities	411	2,040	4,390
(Profit) loss on the disposal of fully consolidated subsidiaries	-	(519)	(537)
(Income) loss from the sale of stakes accounted for using the equity method	-	-	(226)
Other non-cash transactions	112	119	(1,447)
(Gains) losses from the disposal of intangible assets and property, plant and equipment	(65)	(33)	(103)
Change in assets carried as working capital	326	358	(1,874)
Change in provisions	(282)	(70)	265
Change in other liabilities carried as working capital	(593)	(531)	51
Income taxes received (paid)	(124)	(80)	(634)
Dividends received	163	75	241
Net payments from entering into, canceling or changing the terms and conditions of interest rate derivatives	-	-	-
CASH GENERATED FROM OPERATIONS	4,805	5,280	19,706
Interest paid	(823)	(1,171)	(3,783)
Interest received	314	245	1,274
NET CASH FROM OPERATING ACTIVITIES	4,297	4,355	17,196
Cash outflows for investments in			
Intangible assets	(809)	(732)	(10,345)
Property, plant and equipment	(2,330)	(2,548)	(9,149)
Non-current financial assets	(108)	(77)	(361)
Payments to acquire control of subsidiaries and associates	(277)	(4)	(15)
Proceeds from disposal of			
Intangible assets	-	14	21
Property, plant and equipment	160	104	379
Non-current financial assets	24	19	612
Proceeds from the loss of control of subsidiaries and associates	(61)	(4)	528
Net change in short-term investments and marketable securities and receivables	(243)	(262)	1,514
Other	-	(1)	2
NET CASH USED IN INVESTING ACTIVITIES	(3,643)	(3,491)	(16,814)
Proceeds from issue of current financial liabilities	13,403	1,509	13,516
Repayment of current financial liabilities	(15,168)	(8,395)	(26,537)
Proceeds from issue of non-current financial liabilities	2,466	8,148	11,215
Repayment of non-current financial liabilities	(21)	(10)	(10)
Dividends (including to non-controlling interests)	-	(1)	(1,559)
Repayment of lease liabilities	(205)	(196)	(715)
Cash inflows from transactions with non-controlling entities	1	14	18
Cash outflows from transactions with non-controlling entities	(770)	(88)	(522)
Other	-	-	-
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(294)	980	(4,594)
Effect of exchange rate changes on cash and cash equivalents	(53)	(39)	(226)
Changes in cash and cash equivalents associated with non-current assets and disposal groups held for sale	-	(10)	3
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	306	1,795	(4,435)
CASH AND CASH EQUIVALENTS, AT THE BEGINNING OF THE PERIOD	3,312	7,747	7,747
CASH AND CASH EQUIVALENTS, AT THE END OF THE PERIOD	3,618	9,542	3,312

SIGNIFICANT EVENTS AND TRANSACTIONS

ACCOUNTING POLICIES

In accordance with the amended § 53 (6) of the Exchange Rules for the Frankfurter Wertpapierbörse (FWB), Deutsche Telekom AG voluntarily publishes a quarterly financial report that comprises interim consolidated financial statements and an interim Group management report. The interim consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable to interim financial reporting as adopted by the EU. The interim management report for the Group was prepared in accordance with the WpHG.

STATEMENT OF COMPLIANCE

The interim consolidated financial statements for the period ended March 31, 2018 have been prepared voluntarily in compliance with International Accounting Standard (IAS) 34. As permitted by IAS 34, it has been decided to publish a condensed version compared to the consolidated financial statements at December 31, 2017. All IFRSs applied by Deutsche Telekom have been adopted by the European Commission for use within the EU.

In the opinion of the Board of Management, the reviewed quarterly financial report includes all standard adjustments to be applied on an ongoing basis that are required to give a true and fair view of the results of operations and financial position of the Group. Please refer to the notes to the consolidated financial statements as of December 31, 2017 for the accounting policies applied for the Group's financial reporting, 2017 Annual Report, page 153 et seq.

INITIAL APPLICATION OF NEW STANDARDS AND INTERPRETATIONS AS WELL AS AMENDMENTS TO STANDARDS AND INTERPRETATIONS IN THE REPORTING PERIOD RELEVANT FOR THE 2018 FINANCIAL YEAR

Pronouncement	Title	To be applied by Deutsche Telekom from	Changes	Impact on the presentation of Deutsche Telekom's results of operations and financial position
IFRS 9	Financial Instruments	Jan. 1, 2018	IFRS 9 introduces new classification and measurement requirements for financial instruments and replaces, in particular, IAS 39. The new regulations cover the classification of financial assets on the basis of the underlying business models and the cash flow characteristics of the instruments. Under the new provisions on the accounting of impairment losses, expected losses have to be recognized on initial recognition. In addition, the requirements apply not only to debt instruments, but also to contract assets pursuant to IFRS 15. Among other things, the new rules for reporting hedge relationships provide the option of recognizing hedging costs separately in other comprehensive income.	The effects of IFRS 9 are detailed in the explanations following this table.
IFRS 15	Revenue from Contracts with Customers	Jan. 1, 2018	This standard provides a single, principles-based five-step model for the determination and recognition of revenue to be applied to all contracts with customers. It replaces in particular IAS 18 "Revenue" and IAS 11 "Construction Contracts." When applying IFRS 15 for the first time, an entity shall apply the standard in full for the current period. In respect of prior periods, the transition guidance grants entities an option to either apply IFRS 15 in full to prior periods (with certain limited practical expedients being available) or to retain prior-period figures as reported under the previous standards, recognizing the cumulative effect of applying IFRS 15 to all contracts that had not yet been completed at the beginning of the reporting period as an adjustment to the opening balance of equity at the date of first-time application (beginning of current reporting period).	The standard has a material effect on the presentation of Deutsche Telekom's results of operations and financial position. The effects of IFRS 15 are detailed in the explanations following this table.
Amendments to IFRS 15	Effective date of IFRS 15	Jan. 1, 2018	Mandatory adoption of IFRS 15 for reporting periods beginning on or after January 1, 2018.	The effects of IFRS 15 are detailed in the explanations following this table.
Amendments to IFRS 15	Clarifications to IFRS 15	Jan. 1, 2018	The clarifications address the following topics relating to IFRS 15: <ul style="list-style-type: none"> • Identification of performance obligations (when a promised good or service is distinct from other promises in the contract). • Differentiation of principal-agent relationships, application guidance on the concept of the transfer of control in the case of services provided by third parties. • Clarification of the conditions for the timing of recognition of revenue arising from the licensing of intellectual property. Further simplifications for the transition to IFRS 15 were also added.	The effects of IFRS 15 are detailed in the explanations following this table.

Pronouncement	Title	To be applied by Deutsche Telekom from	Changes	Impact on the presentation of Deutsche Telekom's results of operations and financial position
Amendments to IAS 40	Transfers of Investment Property	Jan. 1, 2018	Clarification of transfers into or out of investment property.	No material impact.
Amendments to IFRS 2	Classification and measurement of share-based payment transactions	Jan. 1, 2018	Clarifications of classification and measurement of share-based payment transactions.	No material impact.
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	Jan. 1, 2018	Entities falling within the scope of IFRS 4 and whose predominant activity is issuing insurance contracts may, by way of temporary exemption, defer application of IFRS 9 until such time as the new standard for insurance contracts has come into force. In the interim, such entities are thus subject to the provisions of IAS 39. In the case of designated financial assets, other entities falling within the scope of IFRS 4 may incur differences in values depending on whether these assets are to be accounted for in accordance with IFRS 9 or IAS 39; these differences must be presented in other comprehensive income instead of in profit or loss.	No material impact.
IFRIC 22	Foreign Currency Transactions and Advance Consideration	Jan. 1, 2018	IFRIC 22 clarifies what exchange rate is to be applied on initial recognition of a foreign-currency transaction in an entity's functional currency in cases where the entity receives or pays advance consideration before the related asset, expense or income is recognized. The exchange rate for the underlying asset, expense or income is taken as that prevailing on the date of initial recognition of the non-monetary prepayment asset or deferred income liability.	No material impact.
Annual Improvements Project	Annual Improvements to IFRSs 2014 – 2016 Cycle	Jan. 1, 2018 (IFRS 1 and IAS 28)	Clarification of many published standards.	No material impact.

In July 2014, the IASB issued IFRS 9 "Financial Instruments." Application of the standard is mandatory for reporting periods beginning on or after January 1, 2018. The standard introduces new classification and measurement requirements for financial instruments and replaces, in particular, IAS 39.

The new provisions and the related changes in the accounting principles applied by Deutsche Telekom mainly comprise the following items of relevance to Deutsche Telekom:

- Depending on the respective underlying business model, the new provisions on the classification of financial assets give rise to changes in measurement and presentation in some cases. The measurement of debt instruments – especially trade receivables held for potential sale – at fair value through other comprehensive income with recycling to profit or loss has minor effects at the transition date. Effects may arise in ongoing application, particularly from changes in the volumes of receivables held for potential sale in the future. Equity instruments held are irrevocably allocated to a measurement category instrument by instrument upon initial recognition. Deutsche Telekom in general measures equity instruments held at fair value through other comprehensive income without recycling to profit or loss (OCI option).

- The new provisions on the accounting of impairment losses will lead to expected losses having to be recognized earlier in some cases. There will be a minor increase in impairment losses due to application of the simplified approach for trade receivables with a significant financing component and for lease assets, and to impairment losses on contract assets recognized for the first time as of January 1, 2018 in accordance with IFRS 15. Effects may arise in ongoing application from a change in business development (for example, changes in volumes or prices) or from changes to business models where these are reflected in the amounts reported for long-term trade receivables and contract assets.
- The hedging relationships are accounted for in accordance with the requirements of IFRS 9. The transition of existing hedging relationships to the new regime has no material effects. Cash flow hedges for hedging interest rate and currency risks have been de-designated and re-designated on the transition to IFRS 9 so that future use can be made of the opportunity to recognize the cost of hedging in other comprehensive income. The other hedging relationships will continue unchanged.

Deutsche Telekom utilizes the option for simplified initial application. The cumulative effect arising from the transition is recognized as an adjustment to the opening balance of equity in the year of initial application. Prior-year comparatives are not adjusted; instead, Deutsche Telekom provides an explanation of the reasons for the changes in items in the statement of financial position and the income statement for the current period.

The transition to IFRS 9 as of January 1, 2018 will result mainly in the following cumulative changes to retained earnings before deferred taxes – including the corresponding shares attributable to non-controlling interests:

millions of €	
Increase in impairment losses on trade receivables	115
Impairment losses on contract assets recognized for the first time in accordance with IFRS 15	27
	142

For further information on first-time application of IFRS 9, please refer to the statements made under the disclosures on financial instruments, page 46 et seq.

In May 2014, the IASB issued IFRS 15 “Revenue from Contracts with Customers.” Application of the standard is mandatory for reporting periods beginning on or after January 1, 2018. This standard provides a single, principles-based five-step model for the determination and recognition of revenue to be applied to all contracts with customers. It replaces in particular IAS 18 “Revenue” and IAS 11 “Construction Contracts” and has a material effect on the presentation of Deutsche Telekom’s results of operations and financial position. Depending on the business model applied, the new provisions and the related changes in the accounting principles applied by Deutsche Telekom affect the following issues in particular:

- In the case of multiple-element arrangements (e.g., mobile contract plus handset), the total transaction price of the bundled contract is allocated among the individual, separate performance obligations based on their relative standalone selling prices, i.e., based on a ratio of the standalone selling price of each element to the aggregated standalone selling prices of the contractual performance obligations. In contrast to the previous accounting treatment, the relative standalone selling price of an individual element and thus the revenue recognized for this unit of accounting is no longer limited to that proportion of the total arrangement consideration to be provided by the customer, the payment of which does not depend on the delivery of additional elements (contingent revenue cap). As a result, the revenue to be recognized for products delivered in advance (e.g., mobile handsets) that are sold at a subsidized price in combination with a long-term service contract was ultimately limited by this subsidized price. Under IFRS 15, this limitation no longer applies, i.e., in the case of subsidized products delivered in advance, a larger portion of the total remuneration is attributable to the element delivered in advance (mobile handset), requiring earlier recognition of revenue under the new regulations. This leads to the recognition of what is known as a contract asset – a receivable arising from the customer contract that has not yet legally come into existence – in the statement of financial position. The contract asset is deferred over the remaining contract period, reducing revenue from the other performance obligations (in this case: mobile service revenues) compared with the amounts billed.
- At the same time, it results in higher revenue from the sale of goods and merchandise and to lower revenue from the provision of services.
- The extent of the changes resulting from the first-time application of IFRS 15 that are described above therefore largely depends on the business models used by the subsidiary in question. Whereas the sale of subsidized handsets in connection with the conclusion of service contracts in retail business is still common in the Germany segment, handsets are not sold at a discount at all, or only to a limited extent, in the United States and to some extent in the Europe operating segments; payment-by-installment models or leased models are offered to customers instead.
- Customer activation fees and other advance one-time payments by the customer that do not constitute consideration for a separate performance obligation are classed as contract liabilities, and are deferred and recognized as revenue over the (remaining) term of the contract.
- Expenses for sales commissions (costs of obtaining a customer contract (contract costs)) must be capitalized and recognized over the estimated customer retention period. The expenses are disclosed in Deutsche Telekom’s income statement, not under depreciation and amortization but – depending on the sales channel – as goods and services purchased or personnel costs.
- In the indirect sales channel, reimbursements for handset subsidies granted by third-party retailers that are explicitly or implicitly included in commission payments to these retailers are recognized not as an expense but as a reduction of the service revenues over the contract term. This ensures that the amount of the service revenues generated with retail customers for identical rate plans does not depend on the type of sales channel.
- On first-time application of the standard, both total assets and shareholders’ equity increase due to the capitalization of contract assets and contract costs for contracts not yet fully completed.
- In cases where “material rights” are granted – such as offering additional discounts for future purchases of further products – a portion of the transaction price must be deferred as a contract liability and is not recognized as revenue until this additional performance obligation has been satisfied or has lapsed.
- Contract liabilities (which, as deferred revenue, were already recognized as liabilities in the past) must be netted against the contract assets for each customer contract.
- For the purposes of determining whether Deutsche Telekom sells products for its own account (principal = gross revenue) or for the account of others (agent = net revenue), there are no material changes for the existing agreements.

As regards IFRS 15, Deutsche Telekom utilizes the following accounting options:

- Deutsche Telekom applies the option for simplified initial application, limiting the retroactive application of IFRS 15 to contracts that have not yet been completely fulfilled at the date of initial application. The contracts that have not yet been completely fulfilled as of January 1, 2018 are accounted for as if they had been recognized in accordance with IFRS 15 from the very beginning. The cumulative effect arising from the transition is recognized as an adjustment to the opening balance of equity in the year of initial application. Prior-year comparatives are not adjusted; instead, Deutsche Telekom provides an explanation of the reasons for the changes in items in the statement of financial position and the income statement for the current period as a result of applying IFRS 15 for the first time.

- A significant financing component is not considered for the amount and timing of revenue recognition if the period between when a promised good or service is transferred to the customer and when the customer pays for that good or service will be one year or less.
- In general, contract costs whose amortization period would not be more than one year are immediately recognized as an expense.

The adjustments made to items in the statement of financial position as of January 1, 2018 and attributable to IFRS 15 are as follows^a:

millions of €

	Carrying amount in accordance with IAS 18/IAS 11 Dec. 31, 2017	Remeasurements	Reclassifications	Carrying amount in accordance with IFRS 15 Jan. 1, 2018
ASSETS				
CURRENT ASSETS				
Trade and other receivables ^b	9,723	(163)	(150)	9,410
Contract assets ^b	-	1,622	150	1,772
Current recoverable income taxes	236	(1)	-	235
Other assets	1,646	(43)	-	1,603
NON-CURRENT ASSETS				
Capitalized contract costs	-	1,128	48	1,176
Deferred tax assets	4,013	27	-	4,040
Other assets	819	(78)	(48)	693
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Financial liabilities	8,358	9	(1)	8,366
Trade and other payables	10,971	0	(38)	10,933
Income tax liabilities	224	29	-	253
Other provisions	3,372	(19)	(48)	3,305
Other liabilities	4,440	(209)	(1,612)	2,619
Contract liabilities	-	212	1,699	1,911
NON-CURRENT LIABILITIES				
Deferred tax liabilities	6,967	663	-	7,630
Other liabilities	3,831	(322)	(212)	3,297
Contract liabilities	-	351	212	563
SHAREHOLDERS' EQUITY				
Retained earnings incl. carryforwards plus shares attributable to non-controlling interests ^c	(27,013)	1,778	-	(25,235)

^a The overview above contains only those items of the statement of financial position that are affected by first-time application of IFRS 15.

^b Carrying amounts as of January 1, 2018 are shown before impairment losses on contract assets recognized in accordance with IFRS 9. Please refer to the explanations in regard to the initial application of IFRS 9 in this section.

^c For reasons of simplification, the figure is combined to show the cumulative effect of the transition to IFRS 15 to be recognized directly in equity.

The remeasurement effects are mainly attributable to the first-time recognition of

- contract assets in the amount of EUR 1.6 billion that, under IFRS 15, would have resulted in the earlier recognition of revenue, in particular from the sale of goods and merchandise;
- deferred contract costs of EUR 1.1 billion that, under IFRS 15, would have resulted in the later recognition of selling expenses; and

- contract liabilities totaling EUR 0.6 billion that, under IFRS 15, would have resulted in the later recognition of revenue.

After deferred tax liabilities totaling EUR 0.6 billion (net) were taken into account, the transition to the new standard as of January 1, 2018 resulted in a cumulative effect that increased retained earnings by EUR 1.8 billion and included the shares attributable to non-controlling interests.

The reclassifications mainly concern the following items:

- The receivables from long-term construction contracts (EUR 0.2 billion) that, under IAS 11, were recognized under trade and other receivables as of December 31, 2017 are classified as contract assets under IFRS 15.
- The deferred revenue of EUR 1.8 billion recognized under other liabilities as of December 31, 2017 is recognized as contract liabilities in accordance with IFRS 15.

Due to the remeasurements described above, the carrying amounts of the cash-generating units that must be tested for impairment in accordance with IAS 36 increased when IFRS 15 was applied for the first time on January 1, 2018. As a result, the carrying amounts of the

cash-generating units Romania and Poland in the Europe operating segment and of the cash-generating unit Netherlands in the Group Development operating segment exceeded in each case the recoverable amounts for these units. Consequently, the goodwill recognized directly in equity in each case had to be impaired as of January 1, 2018 for an aggregate amount of EUR 0.1 billion. Please refer to the explanations given in the notes on intangible assets and property, plant and equipment, page 40.

Comparative figures for the items of the financial statements affected by first-time application of IFRS 15

The following tables contain relevant items from the financial statements as of March 31, 2018 in accordance with IFRS 15 as well as the previous accounting treatment in accordance with IAS 18/IAS 11 and related interpretations:

millions of €

	IFRS 15 Mar. 31, 2018	IAS 18/IAS 11 Mar. 31, 2018	Change
ASSETS			
CURRENT ASSETS			
Trade and other receivables	9,121	9,458	(337)
Contract assets	1,728	0	1,728
Current recoverable income taxes	246	247	(1)
Other assets	2,122	2,186	(64)
NON-CURRENT ASSETS			
Capitalized contract costs	1,286	0	1,286
Deferred tax assets	3,199	3,211	(12)
Other assets	902	1,006	(104)
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Financial liabilities	8,905	8,901	4
Trade and other payables	9,132	9,150	(18)
Income tax liabilities	307	299	8
Other provisions	3,082	3,144	(62)
Other liabilities	2,913	4,798	(1,885)
Contract liabilities	1,885	0	1,885
NON-CURRENT LIABILITIES			
Deferred tax liabilities	7,078	6,363	715
Other liabilities	3,321	3,895	(574)
Contract liabilities	533	0	533
SHAREHOLDERS' EQUITY			
Retained earnings including carryforwards and net profit plus non-controlling interests	(21,877)	(23,720)	1,843

Under IAS 18/IAS 11, trade and other receivables would have included receivables from long-term construction contracts, which are recognized as contract assets under IFRS 15.

Due to the transition to IFRS 15, contract assets are recognized for the first time and amortized, and capitalized contract costs are recognized as assets for the first time and amortized.

Under IAS 18/IAS 11, other liabilities would have included deferred revenue, which, under IFRS 15, is either recognized as contract liabilities or netted with contract assets.

The differences in the amounts recognized under deferred tax assets and deferred tax liabilities are due to remeasurement effects in connection with the first-time and continuing application of IFRS 15 in the first quarter of 2018.

millions of €

	IFRS 15 Q1 2018	IAS 18/IAS 11 Q1 2018	Change
NET REVENUE	17,924	17,997	(73)
Other operating income	373	373	0
Changes in inventories	1	1	0
Own capitalized costs	559	559	0
Goods and services purchased	(8,718)	(8,848)	130
Personnel costs	(4,057)	(4,080)	23
Other operating expenses	(813)	(821)	8
Depreciation, amortization and impairment losses	(3,097)	(3,097)	0
PROFIT (LOSS) FROM OPERATIONS	2,171	2,084	87
Finance costs	(422)	(423)	1
Share of profit (loss) of associates and joint ventures accounted for using the equity method	69	69	0
Other financial income (expense)	(58)	(59)	1
PROFIT (LOSS) FROM FINANCIAL ACTIVITIES	(411)	(413)	2
PROFIT (LOSS) BEFORE INCOME TAXES	1,760	1,671	89
Income taxes	(494)	(469)	(25)
PROFIT (LOSS)	1,266	1,201	65

Without the effect of IFRS 15, revenue would have amounted to EUR 18.0 billion, EUR 0.1 billion higher than reported. This effect is attributable mainly to amortization of the contract assets/liabilities recognized in the statement of financial position over the (remaining) contract period in the first quarter of 2018. This amortization is recognized as a reduction or an increase in revenue. It also includes, in the indirect sales channel, reimbursements for handset subsidies granted by third-party retailers that are included in commission payments to these retailers and are no longer recognized as an expense, but as a reduction of the service revenues over the contract term.

Adjusted for the effects of IFRS 15, goods and services purchased and personnel costs would have come in at EUR 8.8 billion and EUR 4.1 billion, respectively, and would thus have been a total of EUR 0.2 billion higher. This effect is attributable to the capitalization of expenses for sales commissions, which, under IAS 18/IAS 11, would have been recognized immediately in profit or loss either under goods and services purchased (dealer commissions) or personnel costs (employee commissions). It was only partially offset by the amortization of capitalized expenses for sales commissions in the first quarter of 2018.

STANDARDS, INTERPRETATIONS, AND AMENDMENTS ISSUED, BUT NOT YET TO BE APPLIED

In January 2016, the IASB issued IFRS 16 "Leases." The standard will be effective for the first time for financial years beginning on or after January 1, 2019. From the date of first-time adoption, the new lease standard will have a material effect on Deutsche Telekom's consolidated financial statements, particularly on the results of operations, net cash from operating activities, total assets, and the presentation of the financial position.

Deutsche Telekom will not apply the new lease standard retrospectively in full, but will make use of the corresponding exemption provisions for lessees, also known as the modified retrospective method. On transition to the new regulations, payment obligations from existing operating leases (please also refer to the 2017 Annual Report, Note 33 "Leases" in the notes to the consolidated financial statements, pages 226 and 227) will be discounted using the relevant incremental borrowing rate. The resulting present value will be recognized as a lease liability. The right-

of-use assets will be carried in the amount of the lease liability, adjusted by the amount of the prepaid or accrued lease payments.

As regards the options and exemptions permitted under IFRS 16, Deutsche Telekom is likely to take the following approach:

- Right-of-use assets and lease liabilities will be reported separately in the statement of financial position.
- The recognition, measurement and disclosure requirements of IFRS 16 will also be applied in full to short-term leases and leases of low-value assets.
- A distinction will not be made in leases that contain both lease components and non-lease components. Each lease component will be accounted for together with other related performance components as a lease.
- IFRS 16 will not be applied to the majority of leases for intangible assets.

Depending on whether Deutsche Telekom is the supplier or the customer in an arrangement or on how the contractual facts have been designed in the various business models in our operating segments, the application of IFRS 16 will have the following material effects:

- The lease payments largely relate to leases of cell sites (land, space in cell towers or rooftop surface areas), network infrastructure, and buildings used for administrative or technical purposes.
- In the future, payment obligations for operating leases – which, in accordance with the existing regulations, must be disclosed in the notes to the consolidated financial statements – will be reported as right-of-use assets and lease liabilities.
- Deutsche Telekom anticipates a significant increase in total assets and liabilities on first-time adoption due to the capitalization of right-of-use assets and the recognition of lease liabilities. The increase in lease liabilities will lead to a corresponding increase in net debt.

Due to the significant amount of liabilities from straight-line leases in accordance with IAS 17, which in accordance with IFRS 16 must be deducted from the right-of-use assets, the capitalized right-of-use assets under IFRS 16 will be lower than the lease liabilities under IFRS 16 by the amount of those straight-line lease liabilities (Note 14 “Other liabilities” in the notes to the consolidated financial statements in the 2017 Annual Report, page 206).

- Going forward, depreciation charges and interest expense – rather than lease expense – will be reported in the income statement. This will give rise to a significant improvement in EBITDA.
- In the statement of cash flows, the repayment portion of the lease payments from existing operating leases will reduce net cash from/used in financing activities and no longer affect net cash from operating activities. Only the interest payments will remain in net cash from operating activities, the total of which will rise.
- For Deutsche Telekom as a lessor, the number of identified leases will change. This does not affect the contracts for routers or similar hardware provided to customers as part of data and network solutions or contracts for handsets and SmartHome network solutions provided to customers. It is expected that these will continue to be defined as leases. In fact, the number of contracts for modems/routers for the latest generation of devices provided to consumers as part of fixed-network mass-market contracts is expected to decrease. Deutsche Telekom is still analyzing whether contracts related to services provided in data centers and in connection with wholesale fixed-network customers contain lease components or not.

The full effects of IFRS 16 will be analyzed as part of a Group-wide project for implementing the new standard. Given the complexity and the large number of different business models as well as the relevant transaction volumes, it is not currently possible to provide a firm estimate of the quantitative effects.

Readers are also referred to the Disclaimer at the end of this report as regards the forward-looking statements contained in this section; the latter reflect the current views of the management of Deutsche Telekom with regard to future events.

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 in the 2017 Annual Report, page 153 et seq.

CHANGES IN ACCOUNTING POLICIES AND CHANGES IN THE REPORTING STRUCTURE

With the exception of the standards, interpretations, and amendments of standards and interpretations that are effective for the first time in the financial year, Deutsche Telekom did not make any major changes in its accounting policies.

Vivento Customer Services GmbH, a provider of call center services, has been assigned to the Germany operating segment since January 1, 2018; previously it was part of the Group Headquarters & Group Services segment. Comparative figures have been adjusted retrospectively.

CHANGES IN THE COMPOSITION OF THE GROUP, TRANSACTIONS WITH OWNERS, AND OTHER TRANSACTIONS

In the first quarter of 2018, Deutsche Telekom conducted the following transactions, which have an impact on the composition of the Group. Other changes to the composition of the Group not shown here were of no material significance for Deutsche Telekom’s interim consolidated financial statements.

Acquisition of Layer3 TV Inc.

The agreement signed by T-Mobile US on November 9, 2017 to acquire 100 percent of the shares in online TV provider Layer3 TV Inc. was consummated on January 22, 2018. T-Mobile US expects the acquisition to further strengthen its TV and video portfolio, and its plans include rolling out its own TV service in 2018. The consideration paid at the acquisition date amounts to EUR 0.3 billion in cash. Given the proximity of the transaction to the reporting date (March 31, 2018), the purchase price allocation must be considered provisional.

The provisional fair values of the acquired assets and liabilities recognized at the acquisition date mainly relate to an identifiable intangible asset of EUR 0.1 billion in connection with technology developed by Layer3 TV. This asset will be amortized over an expected useful life of five years. Goodwill of EUR 0.2 billion was recognized for the difference between the consideration paid and the balance of the identifiable assets acquired and the liabilities assumed at the acquisition date, measured at provisional fair value. This item is based mainly on the industry expertise of the acquired management team as well as the other non-separable intangible assets identified. Under local tax law, this goodwill is not recognized and is thus not tax-deductible.

OTHER TRANSACTIONS THAT HAD NO EFFECT ON THE COMPOSITION OF THE GROUP

T-Mobile US share buy-back program

As part of the program launched by T-Mobile US at the end of 2017 – which will run until the end of 2018 and under which ordinary shares in the company totaling up to USD 1.5 billion could be bought back – ordinary shares in the amount of USD 1.1 billion had been bought back as of March 31, 2018. Of this figure, USD 0.7 billion (EUR 0.5 billion) is attributable to the first quarter of 2018. In addition, in the first quarter of 2018 Deutsche Telekom purchased shares in T-Mobile US on the capital market totaling USD 0.2 billion (EUR 0.2 billion). As a result, Deutsche Telekom holds around 63 percent of the shares in T-Mobile US.

Acquisition of OTE shares

In March 2018, Deutsche Telekom exercised its right of first refusal as invited by the Greek privatization authority Hellenic Republic Asset Development Fund (HRADF) and acquired a five-percent stake in its Greek subsidiary OTE. It will purchase additional shares in the amount of EUR 0.3 billion, subsequently holding around 45 percent of the shares in OTE. The transaction is expected to be closed in the second quarter of 2018.

SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TRADE AND OTHER RECEIVABLES

Trade and other receivables decreased by EUR 0.6 billion to EUR 9.1 billion, primarily due to a reduction in the volume of receivables, especially in the United States operating segment. Exchange rate effects, primarily from the translation from U.S. dollars into euros, also reduced the carrying amounts. Receivables from long-term construction contracts in the amount of EUR 0.2 billion, previously accounted for in accordance with IAS 11, were reclassified as contract assets on the transition to IFRS 15 as of January 1, 2018.

CONTRACT ASSETS

Following the transition to IFRS 15, a remeasurement effect of EUR 1.6 billion was recognized directly in equity as of January 1, 2018 in relation to the initial recognition of contract assets. In prior periods, under IFRS 15, these would have led to the earlier recognition of revenue, in particular from the sale of goods and merchandise. Further, as a result of the transition, receivables from long-term construction contracts in the amount of EUR 0.2 billion, which were previously recognized as trade and other receivables, were reclassified as contract assets. The carrying amount of the contract assets had changed to EUR 1.7 billion as of March 31, 2018. For more information, please refer to the section "Accounting policies," page 33 et seq.

INVENTORIES

At EUR 1.8 billion, inventories were down EUR 0.2 billion compared with December 31, 2017, mainly due to lower inventories of terminal equipment (especially higher-priced smartphones) at T-Mobile US and to the negative exchange rate effects from the translation of U.S. dollars to euros.

NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE

At the reporting date, the carrying amount of non-current assets and disposal groups held for sale decreased by EUR 0.1 billion to EUR 0.1 billion. This decrease was mainly attributable to the sale of real estate in the Group Headquarters & Group Services segment.

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets decreased by EUR 0.9 billion to EUR 62.0 billion. Additions totaling EUR 0.9 billion increased the carrying amount. Changes in the composition of the Group in the amount of EUR 0.4 billion – mainly from the acquisition of online TV provider Layer3 TV in the United States operating segment – also increased the carrying amount. On the acquisition date, an identifiable intangible asset of EUR 0.1 billion in connection with technology developed by Layer3 TV, and goodwill of EUR 0.2 billion were recognized. Depreciation, amortization and impairment losses, on the one hand, and negative exchange rate effects, on the other – especially from the translation of U.S. dollars into euros – each decreased the carrying amount by EUR 1.0 billion.

The first-time application of IFRS 15 as of January 1, 2018 produced effects that reduced the carrying amount of intangible assets by EUR 0.1 billion. Under the new accounting standard, contract assets must be capitalized for the first time. For detailed information on the requirements and the effects of first-time application of the standard, please refer to the section "Accounting policies," page 33 et seq. An initial consequence was that the carrying amounts of the cash-generating units that must be tested for impairment in accordance with IAS 36 increased when IFRS 15 was applied for the first time on January 1, 2018. As a result, the carrying amounts of the cash-generating units Romania and Poland in the Europe operating segment and of the cash-generating unit Netherlands in the Group Development operating segment exceeded in each case the recoverable amounts for these units. Consequently, the goodwill recognized for these units had to be impaired as of January 1, 2018. The recoverable amounts of these three units, along with the relevant valuation methods and the assumptions and parameters on which they are based, are described in the 2017 Annual Report, Note 5 "Intangible assets," page 180 et seq. The recoverable amount for the cash-generating unit Romania was EUR 10 million below its carrying amount as of January 1, 2018; the corresponding figure for the Poland unit was EUR 19 million below the carrying amount, and for the Netherlands unit EUR 68 million below the carrying amount. The corresponding goodwill impairments for these units were recognized directly in equity by reducing retained earnings as of January 1, 2018.

Property, plant and equipment decreased by EUR 0.3 billion compared with December 31, 2017 to EUR 46.6 billion. Additions of EUR 2.3 billion, primarily in the United States and Germany operating segments, increased the carrying amount. These included, in particular, investments in connection with the modernization of the T-Mobile US 4G/LTE network and the broadband/fiber-optic build-out in the Germany operating segment. A further EUR 0.3 billion was attributable to the capitalization of higher-priced mobile handsets in connection with the JUMP! On Demand business model introduced at T-Mobile US, under which customers do not purchase the device but lease it. Depreciation in the amount of EUR 2.1 billion and negative exchange rate effects of EUR 0.4 billion, primarily from the translation of U.S. dollars into euros, reduced the carrying amount. Disposals in the amount of EUR 0.2 billion also decreased the carrying amount, with EUR 0.1 billion of that figure being attributable to terminal equipment returned by customers under the JUMP! On Demand program.

CAPITALIZED CONTRACT COSTS

Following the transition to IFRS 15, a remeasurement and reclassification effect of EUR 1.2 billion was recognized directly in equity as of January 1, 2018 in relation to the initial recognition of capitalized contract costs. Under IFRS 15, these costs would have resulted in the later recognition of selling expenses in earlier reporting periods. The carrying amount had changed to EUR 1.3 billion as of March 31, 2018. For more information, please refer to the section "Accounting policies," page 33 et seq.

OTHER FINANCIAL ASSETS

Other financial assets decreased from EUR 9.0 billion (as of December 31, 2017) to EUR 4.7 billion.

On March 23, 2018, the 12 percent stake in BT, which is worth EUR 3.1 billion, was transferred to the Group's own trust, Deutsche Telekom Trust e.V., where it will serve as plan assets to cover pension entitlements. The impairment loss on the exchange-traded stake in BT – which was recognized in other comprehensive income for the period from January 1, 2018 until the date of transfer – reduced the carrying amount by EUR 0.7 billion.

TRADE AND OTHER PAYABLES

Trade and other payables decreased by EUR 1.8 billion to EUR 9.1 billion. This decline was attributable to the reduction in liabilities, especially at the United States, Europe and Germany operating segments, and to the effects of the translation of U.S. dollars into euros.

OTHER LIABILITIES

Current and non-current other liabilities decreased by EUR 2.0 billion to EUR 6.2 billion. The main reason for this decline were the reclassification effects triggered by the transition to IFRS 15: deferred revenue of EUR 1.8 billion, previously recognized under other liabilities, was reclassified as contract liabilities. For further information on application of the new accounting standard, please refer to the section "Accounting policies," page 33 et seq.

FINANCIAL LIABILITIES

Current and non-current financial liabilities increased by EUR 0.2 billion to EUR 57.7 billion compared with the end of 2017.

In January 2018, T-Mobile US placed fixed-interest U.S. dollar bonds with a volume of USD 2.5 billion (around EUR 2.0 billion) with institutional investors: an 8-year bond with a volume of USD 1.0 billion and a coupon of 4.500 percent and a 10-year bond with a volume of USD 1.5 billion and a coupon of 4.750 percent.

A contrary effect in the reporting period was attributable to T-Mobile US' premature repayment of senior notes (which were not due until 2022) in the amount of USD 1.0 billion (around EUR 0.8 billion), with an interest rate of 6.125 percent at a price of 103.063 percent of the nominal amount.

In addition, euro bonds for a total amount of EUR 1.1 billion were repaid by the Group in the reporting period. The net change of EUR 0.8 billion in commercial paper also decreased the carrying amount of the financial liabilities.

The increase of EUR 1.0 billion in liabilities to banks compared with the end of 2017 was mainly due to the positive net change of EUR 1.1 billion in the balance of short-term borrowings and to the loan issued by the European Investment Bank in January 2018, with a volume of EUR 0.2 billion and a term of 7 years. Repayments in the reporting period had an offsetting effect.

A year-on-year decrease in the carrying amount of the financial liabilities of around EUR 0.4 billion relates to exchange rate effects in the United States operating segment.

The following table shows the composition and maturity structure of financial liabilities as of March 31, 2018:

millions of €

	Mar. 31, 2018	Due within 1 year	Due >1 ≤ 5 years	Due > 5 years
Bonds and other securitized liabilities	44,261	3,020	16,333	24,908
Liabilities to banks	5,989	2,354	2,771	863
Finance lease liabilities	2,525	768	1,192	565
Liabilities to non-banks from promissory notes	536	204	53	279
Other interest-bearing liabilities	1,847	1,274	429	144
Other non-interest-bearing liabilities	1,326	1,228	94	1
Derivative financial liabilities	1,220	56	117	1,048
FINANCIAL LIABILITIES	57,704	8,905	20,989	27,807

CONTRACT LIABILITIES

Following the transition to IFRS 15, a remeasurement effect of EUR 0.6 billion was recognized directly in equity as of January 1, 2018 in relation to the initial recognition of contract liabilities, which would have resulted in the later recognition of revenue in earlier reporting periods under IFRS 15. In addition, a total of EUR 1.9 billion was reclassified as con-

tract liabilities in accordance with IFRS 15. These reclassifications mainly comprise deferred revenue that was recognized under other liabilities as of December 31, 2017. The carrying amount for current and non-current contract liabilities had changed to EUR 2.4 billion as of the end of the first quarter of 2018. For more information, please refer to the section "Accounting policies," page 33 et seq.

PROVISIONS FOR PENSIONS AND OTHER EMPLOYEE BENEFITS

Provisions for pensions and other employee benefits decreased from EUR 8.4 billion as of December 31, 2017 to EUR 5.3 billion. The main reason for this decline was the transfer, on March 23, 2018, of the 12 percent stake in BT (valued at EUR 3.1 billion) to the Group's own trust, Deutsche Telekom Trust e.V., where it will serve as plan assets. Due to the netting of the present value of the pension obligations with the plan assets, the increase in external cover led to a reduction in provisions for pensions and other employee benefits. For more information on the Global Pension Policy and a description of the plan, please refer to page 200 et seq. of the 2017 Annual Report.

SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT**NET REVENUE**

Net revenue breaks down into the following revenue categories:

millions of €

	Q1 2018	Q1 2017
Revenue from the rendering of services	14,841	15,744
Germany	4,372	4,552
United States	6,484	7,015
Europe	2,364	2,406
Systems Solutions	1,300	1,358
Group Development	307	374
Group Headquarters & Group Services	15	40
Revenue from the sale of goods and merchandise	2,769	2,452
Germany	498	413
United States	1,827	1,663
Europe	353	278
Systems Solutions	22	20
Group Development	69	70
Group Headquarters & Group Services	0	8
Revenue from the use of entity assets by others	314	450
Germany	117	103
United States	145	304
Europe	10	11
Systems Solutions	10	(9)
Group Development	-	-
Group Headquarters & Group Services	33	40
NET REVENUE	17,924	18,646

For details of changes in net revenue, please refer to the section "Development of business in the Group" in the interim Group management report, page 9 et seq.

OTHER OPERATING INCOME

millions of €

	Q1 2018	Q1 2017
Income from the reversal of impairment losses on non-current assets	2	-
Of which: IFRS 5	-	-
Income from the disposal of non-current assets	106	67
Income from reimbursements	41	53
Income from insurance compensation	91	17
Income from ancillary services	6	7
Miscellaneous other operating income	126	626
Of which: income from divestitures and from the sale of stakes accounted for using the equity method	-	519
	373	770

Income from the disposal of non-current assets was attributable to the disposal of real estate previously recognized as non-current assets and disposal groups held for sale. Income from insurance compensation mainly comprised compensation payments received by T-Mobile US in the first quarter of 2018 for damage caused by hurricanes in 2017. Miscellaneous other operating income decreased by EUR 0.5 billion year-on-year. In the prior-year period, this mainly included income of EUR 0.5 billion from the deconsolidation of Strato AG.

OTHER OPERATING EXPENSES

millions of €

	Q1 2018	Q1 2017
Impairment losses on financial assets ^a	(106)	n. a.
Gains (losses) from the write-off of financial assets measured at amortized cost	(10)	n. a.
Other	(697)	(761)
Legal and audit fees	(76)	(51)
Losses from asset disposals	(42)	(34)
Income (losses) from the measurement of factoring receivables	(30)	(30)
Income (losses) from measurement of receivables ^a	n. a.	(159)
Other taxes	(156)	(137)
Cash and guarantee transaction costs	(84)	(82)
Insurance expenses	(20)	(21)
Miscellaneous other operating expenses	(405)	(247)
	(813)	(761)

^a Due to the transition to IFRS 9, changes were made both to the method of measuring impairment losses on receivables and to their disclosure in the financial statements. A comparison with the prior period is possible to a limited extent only.

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 decreased by a total of EUR 0.1 billion to EUR 3.1 billion. This decline resulted mainly from slightly lower overall levels of amortization of intangible assets and depreciation of property, plant and equipment.

PROFIT/LOSS FROM FINANCIAL ACTIVITIES

Other financial expense decreased by EUR 1.3 billion year-on-year to EUR 0.1 billion. This decrease was due, in particular, to the fact that the prior-year figure contained a EUR 0.7 billion impairment of the financial stake in BT, which was recognized in profit or loss.

In March 2018, the financial stake in BT was transferred to Deutsche Telekom Trust e.V., where it will be used as plan assets to cover existing pension obligations. As a consequence of the transition to IFRS 9 as of January 1, 2018, changes in the value of the financial stake prior to the transfer date were no longer recognized in the income statement as profit/loss from financial activities, but in other comprehensive income. For more information, please refer to the disclosures on financial instruments, page 46 et seq. In March 2018, the shareholders of the equity-accounted joint venture Toll Collect resolved to distribute a dividend, EUR 0.1 billion of which was paid to Deutsche Telekom. In the first quarter of 2018, negative remeasurement effects from the exercise and measurement of embedded derivatives at T-Mobile US – mainly relating to the early repayment of external financial liabilities – increased the loss from financial activities by EUR 0.1 billion. In the prior-year period, this negative effect on the loss from financial activities totaled EUR 0.6 billion.

INCOME TAXES

A tax expense of EUR 0.5 billion was recognized in the first quarter of 2018. The effective tax rate of 28 percent essentially reflects the shares of the different countries in the profit before income taxes and their respective national tax rates.

In the prior-year period, tax income of EUR 0.1 billion was recognized for pre-tax income that was likewise positive. This was attributable, in particular, to the recognition of deferred tax assets of EUR 0.2 billion on federal loss carryforwards in the United States and to tax reductions for a comparable amount for previous years in Germany.

OTHER DISCLOSURES

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Net cash from operating activities

Net cash from operating activities declined by EUR 0.1 billion year-on-year to EUR 4.3 billion. Exchange rate effects weighed on the continuing positive business trend in the United States operating segment. Factoring agreements – especially in the Germany and Systems Solutions operating segments – resulted in positive effects of EUR 0.3 billion on net cash from operating activities in the reporting period. The effect from factoring agreements in the prior-year period totaled EUR 0.4 billion. In addition to a dividend payment of EUR 0.1 billion from BT (which was also included in the prior-year period), dividend payments totaling EUR 0.1 billion from Scout Lux and Toll Collect had a positive effect on net cash from operating activities. A EUR 0.4 billion decrease in net interest payments enhanced net cash from operating activities.

Net cash used in investing activities

millions of €

	Q1 2018	Q1 2017
Cash capex		
Germany operating segment	(1,145)	(1,005)
United States operating segment	(1,143)	(1,442)
Europe operating segment	(438)	(475)
Systems Solutions operating segment	(83)	(86)
Group Development operating segment	(85)	(81)
Group Headquarters & Group Services	(248)	(242)
Reconciliation	3	51
	(3,139)	(3,280)
Net cash flows for collateral deposited and hedging transactions	(267)	(334)
Cash outflows for the acquisition of shares in Layer3 TV ^a	(253)	-
Proceeds from the disposal of property, plant and equipment, and intangible assets	161	118
Cash flows from the loss of control of subsidiaries and associates ^b	(61)	-
Acquisition/sale of government bonds, net	-	5
Other	(84)	-
	(3,643)	(3,491)

^a Includes, in addition to the purchase price of EUR 255 million, inflows of cash and cash equivalents in the amount of EUR 2 million.

^b Relates to outflows of cash and cash equivalents in connection with the transfer of the stake in BT as plan assets to Deutsche Telekom Trust e.V.

Cash capex decreased by EUR 0.2 billion to EUR 3.1 billion. In the reporting period, mobile spectrum licenses were acquired for total cash of EUR 0.1 billion, primarily in the United States operating segment. The prior-year figure included a total of EUR 35 million for the acquisition of mobile spectrum licenses, also predominantly for the United States operating segment. While cash capex for broadband/fiber-optic build-out in the Germany operating segment was EUR 0.1 billion higher year-on-year, cash capex in the United States operating segment was EUR 0.3 billion lower. Adjusted for exchange rate effects, cash capex would have been on par with the prior-year period.

Net cash used in/from financing activities

millions of €

	Q1 2018	Q1 2017
Repayment of bonds	(1,898)	(4,424)
Dividends (including to non-controlling interests)	-	(1)
Repayment of EIB loans	(80)	(57)
Net cash flows for collateral deposited and hedging transactions	12	208
Repayment of lease liabilities	(205)	(196)
Repayment of financial liabilities for media broadcasting rights	(80)	(62)
Cash flows from continuing involvement factoring, net	21	(5)
Loans taken out with the EIB	150	-
Promissory notes, net	50	-
Secured loans	-	(1,863)
Issuance of bonds	2,266	8,148
Commercial paper, net	(707)	(572)
Overnight borrowings from banks	1,117	-
Cash inflows from transactions with non-controlling entities		
T-Mobile US stock options	1	14
	1	14
Cash outflows from transactions with non-controlling entities		
T-Mobile US share buy-back	(603)	(87)
Acquisition of T-Mobile US shares	(162)	-
Other	(5)	(1)
	(770)	(88)
Other	(171)	(122)
	(294)	980

Non-cash transactions in the consolidated statement of cash flows

In the first quarter of 2018, Deutsche Telekom chose financing options totaling EUR 0.2 billion under which the payments for trade payables from operating and investing activities primarily become due at a later point in time by involving banks in the process (Q1 2017: EUR 0.3 billion). These payables will subsequently be recognized 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/from financing activities.

In the first quarter of 2018, Deutsche Telekom leased network equipment (classified as a finance lease) for a total of EUR 0.2 billion (Q1 2017: EUR 0.3 billion). The finance lease is subsequently also shown under financial liabilities in the statement of financial position. Future repayments of the liabilities will be recognized in net cash used in/from financing activities.

Consideration for the acquisition of broadcasting rights will be paid by Deutsche Telekom in accordance with the terms of the contract on the date of its conclusion or spread over the term of the contract. Financial liabilities of EUR 0.1 billion were recognized in the first quarter of 2018 for future consideration for acquired broadcasting rights (Q1 2017: EUR 0.1 billion). As soon as the payments have been made, they are disclosed under net cash used in/from financing activities.

In the United States operating segment, an amount of EUR 0.3 billion was recognized for mobile devices under property, plant and equipment in the reporting period (Q1 2017: EUR 0.2 billion). These relate to the JUMP! On Demand business model at T-Mobile US, under which customers do not purchase the device but lease it. The payments are presented under net cash from operating activities.

Following transfer of the financial stake in BT Group to Deutsche Telekom Trust e.V. in the first quarter of 2018, a non-cash transfer of EUR 3.0 billion to plan assets was made in order to increase external capital funding; this reduced the provisions for pensions recognized in the statement of financial position.

SEGMENT REPORTING

The following table gives an overall summary of Deutsche Telekom's operating segments and the Group Headquarters & Group Services segment for the first quarters of 2018 and 2017.

Vivento Customer Services GmbH, a provider of call center services, has been assigned to the Germany operating segment since January 1, 2018; previously it was part of the Group Headquarters & Group Services segment. Comparative figures have been adjusted retrospectively.

In accordance with the Company's own principles of segment management, when loans with embedded derivatives are granted internally to Group entities, the derivative component is recognized separately in the creditor company's financial statements and measured at fair value through profit or loss.

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 15 et seq.

Segment information in the first quarter

millions of €

		Comparative period					Reporting date			
		Net revenue	Intersegment revenue	Total revenue	Profit (loss) from operations (EBIT)	Depreciation and amortization	Impairment losses	Segment assets	Segment liabilities	Investments accounted for using the equity method
Germany	Q1 2018	4,987	338	5,325	935	(980)	-	35,257	26,416	12
	Q1 2017	5,069	328	5,397	1,071	(935)	-	33,739	26,641	12
United States	Q1 2018	8,455	-	8,455	1,137	(1,223)	-	64,467	41,706	147
	Q1 2017	8,982	-	8,982	1,003	(1,387)	-	64,931	42,003	189
Europe	Q1 2018	2,727	84	2,811	345	(559)	-	25,460	9,408	63
	Q1 2017	2,695	86	2,781	324	(552)	(1)	25,746	10,206	62
Systems Solutions	Q1 2018	1,332	333	1,665	(76)	(95)	-	5,720	4,465	21
	Q1 2017	1,369	335	1,704	(37)	(98)	-	6,408	5,061	31
Group Development	Q1 2018	376	152	528	148	(78)	-	6,431	5,727	318
	Q1 2017	444	151	595	686	(71)	-	9,997	5,549	346
Group Headquarters & Group Services	Q1 2018	48	603	651	(324)	(159)	(4)	47,407	53,341	11
	Q1 2017	88	647	735	(276)	(147)	(1)	46,957	55,863	11
TOTAL	Q1 2018	17,924	1,511	19,435	2,165	(3,094)	(4)	184,742	141,063	572
	Q1 2017	18,646	1,547	20,194	2,770	(3,190)	(2)	187,778	145,323	651
Reconciliation	Q1 2018	-	(1,511)	(1,511)	6	1	-	(46,717)	(46,729)	(1)
	Q1 2017	-	(1,547)	(1,547)	1	1	-	(46,444)	(46,459)	-
GROUP	Q1 2018	17,924	-	17,924	2,171	(3,093)	(4)	138,025	94,334	571
	Q1 2017	18,646	-	18,646	2,771	(3,189)	(2)	141,334	98,864	651

CONTINGENT LIABILITIES

This section provides additional information and explains recent changes in the contingent liabilities as described in the consolidated financial statements for the 2017 financial year.

Claims relating to charges for the shared use of cable ducts. In connection with legal proceedings brought by Unitymedia Hessen GmbH & Co. KG, Unitymedia NRW GmbH, and Kabel BW GmbH, an appeal filed by the plaintiffs was rejected by the Düsseldorf Higher Regional Court in its ruling of March 14, 2018. An appeal was not permitted. This decision is not final and legally binding.

FUTURE OBLIGATIONS FROM OPERATING LEASES AND OTHER FINANCIAL OBLIGATIONS

The following table provides an overview of Deutsche Telekom's obligations from operating leases and other financial obligations as of March 31, 2018:

millions of €

	Mar. 31, 2018
Future obligations from operating leases	15,397
Purchase commitments regarding property, plant and equipment	3,215
Purchase commitments regarding intangible assets	441
Firm purchase commitments for inventories	4,426
Other purchase commitments and similar obligations	13,743
Payment obligations to the Civil Service Pension Fund	2,652
Purchase commitments for interests in other companies	2,888
Miscellaneous other obligations	-
	42,762

DISCLOSURES ON FINANCIAL INSTRUMENTS

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

millions of €

	Category in accordance with IFRS 9	Carrying amount Mar. 31, 2018	Amounts recognized in the statement of financial position in accordance with IFRS 9				Amounts recognized in the statement of financial position in accordance with IAS 17	Fair value Mar. 31, 2018 ^a
			Amortized cost	Fair value through other comprehensive income without recycling to profit or loss	Fair value through other comprehensive income with recycling to profit or loss	Fair value through profit or loss		
ASSETS								
Cash and cash equivalents	AC	3,618	3,618				-	
Trade receivables								
At amortized cost	AC	3,939	3,939				-	
At fair value through other comprehensive income	FVOCI	5,166		5,166			4,741	
At fair value through profit or loss	FVTPL	16			16		16	
Other financial assets								
Originated loans and other receivables								
At amortized cost	AC	2,907	2,907				2,938	
Of which: collateral paid	AC	831	831				-	
At fair value through other comprehensive income	FVOCI	2		2			2	
At fair value through profit or loss	FVTPL	14			14		14	
Equity instruments								
At fair value through other comprehensive income	FVOCI	385		385			385	
Derivative financial assets								
Derivatives without a hedging relationship	FVTPL	1,125			1,125		1,125	
Of which: termination rights embedded in bonds issued	FVTPL	238			238		238	
Of which: energy forward agreements embedded in contracts	FVTPL	-					-	
Derivatives with a hedging relationship	n. a.	147		52	95		147	
Lease assets	n. a.	160				160	-	
LIABILITIES								
Trade payables	AC	9,132	9,132				-	
Bonds and other securitized liabilities	AC	44,261	44,261				48,508	
Liabilities to banks	AC	5,989	5,989				6,063	
Liabilities to non-banks from promissory notes	AC	536	536				630	
Other interest-bearing liabilities	AC	1,847	1,847				1,901	
Of which: collateral received	AC	635	635				-	
Other non-interest-bearing liabilities	AC	1,326	1,326				-	
Finance lease liabilities	n. a.	2,525				2,525	2,764	
Derivative financial liabilities								
Derivatives without a hedging relationship	FVTPL	289			289		289	
Of which: options granted to third parties for the purchase of shares in subsidiaries and associates	FVTPL	10			10		10	
Of which: energy forward agreements embedded in contracts	FVTPL	54			54		54	
Derivatives with a hedging relationship	n. a.	931		285	646		931	
Of which: aggregated by category in accordance with IFRS 9								
ASSETS								
Financial assets carried at amortized cost	AC	10,464	10,464				2,938	
Financial assets at fair value through other comprehensive income with recycling to profit or loss	FVOCI	5,168		5,168			4,743	
Financial assets at fair value through other comprehensive income without recycling to profit or loss	FVOCI	385		385			385	
Financial assets at fair value through profit or loss	FVTPL	1,155			1,155		1,155	
LIABILITIES								
Financial liabilities carried at amortized cost	AC	63,091	63,091				57,101	
Financial liabilities at fair value through profit or loss	FVTPL	289			289		289	

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

Trade receivables include receivables amounting to EUR 1.8 billion (December 31, 2017: EUR 1.6 billion) due in more than one year. The fair value generally equals the carrying amount.

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

millions of €

	Category in accordance with IAS 39	Carrying amount Dec. 31, 2017	Amounts recognized in the statement of financial position in accordance with IAS 39			Fair value recognized directly in equity	Fair value through profit or loss	Amounts recognized in the statement of financial position in accordance with IAS 17	Fair value Dec. 31, 2017 ^a
			Amortized cost	Cost					
ASSETS									
Cash and cash equivalents	LaR	3,312	3,312						-
Trade receivables	LaR	9,553	9,553						-
Originated loans and receivables	LaR/n. a.	3,507	3,354				153		3,539
Of which: collateral paid	LaR	504	504						-
Other non-derivative financial assets									
Held-to-maturity investments	HtM	5	5						-
Available-for-sale financial assets	AfS	4,216		187	4,029				4,029
Derivative financial assets									
Derivatives without a hedging relationship	FAHFT	1,103				1,103			1,103
Of which: termination rights embedded in bonds issued	FAHFT	351				351			351
Of which: energy forward agreements embedded in contracts	FAHFT	-							-
Derivatives with a hedging relationship	n. a.	214			42	172			214
LIABILITIES									
Trade payables	FLAC	10,934	10,934						-
Bonds and other securitized liabilities	FLAC	45,453	45,453						50,472
Liabilities to banks	FLAC	4,974	4,974						5,062
Liabilities to non-banks from promissory notes	FLAC	480	480						582
Liabilities with the right of creditors to priority repayment in the event of default	FLAC	-	-						-
Other interest-bearing liabilities	FLAC	1,598	1,598						1,629
Of which: collateral received	FLAC	569	569						-
Other non-interest-bearing liabilities	FLAC	1,443	1,443						-
Finance lease liabilities	n. a.	2,635	2,635					2,635	2,893
Derivative financial liabilities									
Derivatives without a hedging relationship	FLHFT	337				337			337
Of which: conversion rights embedded in Mandatory Convertible Preferred Stock	FLHFT	-				-			-
Of which: options granted to third parties for the purchase of shares in subsidiaries	FLHFT	10				10			10
Of which: energy forward agreements embedded in contracts	FLHFT	46				46			46
Derivatives with a hedging relationship	n. a.	609			168	441			609
Derivative financial liabilities directly associated with non-current assets and disposal groups held for sale	FLHFT	-				-			-
Of which: aggregated by category in accordance with IAS 39									
Loans and receivables	LaR	16,219	16,219						3,386
Held-to-maturity investments	HtM	5	5						-
Available-for-sale financial assets	AfS	4,216		187	4,029				4,029
Financial assets held for trading	FAHFT	1,103				1,103			1,103
Financial liabilities measured at amortized cost	FLAC	64,882	64,882						57,745
Financial liabilities held for trading	FLHFT	337				337			337

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

The portfolio of financial assets by measurement category in accordance with IAS 39 is reconciled to the IFRS 9 measurement categories as follows:

Reconciliation of financial assets from IAS 39 to IFRS 9

millions of €

	Carrying amount Dec. 31, 2017 (IAS 39)	Reclassifi- cation ^a	Reclassifi- cation to other compre- hensive income	Remeasure- ments ^b	Carrying amount Jan. 1, 2018 (IFRS 9)	Effect to be recognized in retained earnings Jan. 1, 2018 ^c	Allowances in other compre- hensive income ^c
AT FAIR VALUE THROUGH PROFIT OR LOSS							
Ending balance in accordance with IAS 39	1,103				1,103		
Additions to IFRS 9 – At fair value through profit or loss from							
IAS 39 – Loans and receivables or held-to-maturity investments		8			8		
IAS 39 – Available-for-sale financial assets		12			12		
	1,103	20			1,123		
AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME							
Ending balance in accordance with IAS 39	4,216				4,216		
Additions to IFRS 9 – At fair value through other comprehensive income with recycling to profit or loss from							
IAS 39 – Loans and receivables or held-to-maturity investments		5,035	334	(2)	5,367	(97)	433
Disposals from IAS 39 – Available-for-sale financial assets to							
IFRS 9 – At amortized cost		(185)			(185)		
IFRS 9 – At fair value through other comprehensive income with recycling to profit or loss				(1)	(1)	(1)	
IFRS 9 – At fair value through profit or loss		(12)			(12)		
	4,216	4,838	334	(3)	9,385	(99)	433
AT AMORTIZED COST							
Ending balance in accordance with IAS 39	16,226				16,226		
Additions to IFRS 9 – At amortized cost from							
IAS 39 – Available-for-sale financial assets		185			185		
Disposals from IAS 39 – Loans and receivables or held-to-maturity investments to							
IFRS 9 – At amortized cost		(312)		(31)	(342)	(31)	
IFRS 9 – At fair value through other comprehensive income with recycling to profit or loss		(5,035)			(5,035)		
IFRS 9 – At fair value through profit or loss		(8)			(8)		
	16,226	(5,170)		(31)	11,025	(31)	
TOTAL CHANGE	21,544	(312)	334	(34)	21,533	(129)	433

^a Carrying amount under IAS 39 that was reclassified from an IAS 39 category to a new IFRS 9 category.

^b Resulting difference from the revaluation of an IAS 39 instrument under the new IFRS 9 category.

^c Effects including the shares attributable to non-controlling interests.

The main reclassifications from the old IAS 39 measurement categories to the new IFRS 9 measurement categories relate to portfolios of trade receivables that are to be sold under a factoring agreement. Previously assigned to the category “Loans and receivables” and measured at amortized cost, these receivables are now measured – depending on the underlying business model – either at fair value through other comprehensive income with recycling to profit or loss, or at fair value through profit or loss. Trade receivables with a carrying amount of EUR 135 million were reclassified as contract assets in accordance with IFRS 15.

In addition, Deutsche Telekom reclassified all equity instruments previously recognized as available-for-sale financial assets to the IFRS 9 category “At fair value through other comprehensive income without recycling to profit or loss.”

Under IFRS 9, debt instruments previously assigned to the categories “Available-for-sale financial assets,” “Held-to-maturity investments” and “Loans and receivables” are reclassified – depending on the underlying business model and the cash flow characteristics of each instrument – to the new categories “At amortized cost,” “At fair value through other comprehensive income with recycling to profit or loss,” or “At fair value through profit or loss.”

The allocation of financial liabilities to IFRS 9 measurement categories did not result in any changes. The names of the measurement categories were updated to reflect the wording of the new standard.

Subsidiaries that are not included in the consolidated financial statements due to their subordinate significance, and which were previously recognized under IAS 39 at amortized cost as available-for-sale financial assets, are recognized under other assets as of the 2018 financial year and were reclassified as of January 1, 2018 with a carrying amount of EUR 177 million.

The following table shows the classes of financial assets and liabilities under IFRS 9 along with their previous and current measurement categories and carrying amounts:

Classes of financial instruments in accordance with IFRS 9

	Measurement categories		Carrying amounts Dec. 31, 2017/Jan. 1, 2018		
	IAS 39	IFRS 9	IAS 39	IFRS 9	Difference
ASSETS					
Cash and cash equivalents	Loans and receivables (LaR)	Amortized cost (AC)	3,312	3,312	0
Trade receivables					
At amortized cost		Amortized cost (AC)		4,352	(5,048)
At fair value through other comprehensive income		Fair value through other comprehensive income (FVOCI)			
	Loans and receivables (LaR)		9,400	5,354	5,354
At fair value through profit or loss		Fair value through profit or loss (FVTPL)		6	6
Other financial assets					
Originated loans and other receivables					
At amortized cost	Loans and receivables (LaR) or held-to-maturity investments (HtM) or available-for-sale financial assets (AFS)	Amortized cost (AC)			
Of which: collateral paid	Loans and receivables (LaR)	Amortized cost (AC)	3,512	3,361	(151)
At fair value through profit or loss	Available-for-sale financial assets (AFS)	Fair value through profit or loss (FVTPL)	504	504	-
			14	14	-
Equity instruments					
At fair value through other comprehensive income	Available-for-sale financial assets (AFS)	Fair value through other comprehensive income (FVOCI)	4,202	4,029	(173)
At fair value through profit or loss	Available-for-sale financial assets (AFS)	Fair value through profit or loss (FVTPL)	-	-	-
Derivative financial assets					
Derivatives without a hedging relationship	Financial assets held for trading (FAHFT)	Fair value through profit or loss (FVTPL)	1,103	1,103	-
Of which: termination rights embedded in bonds issued	Financial assets held for trading (FAHFT)	Fair value through profit or loss (FVTPL)	351	351	-
Derivatives with a hedging relationship	n. a.	n. a.	214	214	-
Lease assets ^a	n. a.	n. a.	153	153	-
LIABILITIES					
Trade payables	Financial liabilities measured at amortized cost (FLAC)	Amortized cost (AC)	10,934	10,934	-
Bonds and other securitized liabilities	Financial liabilities measured at amortized cost (FLAC)	Amortized cost (AC)	45,453	45,453	-
Liabilities to banks	Financial liabilities measured at amortized cost (FLAC)	Amortized cost (AC)	4,974	4,974	-
Liabilities to non-banks from promissory notes	Financial liabilities measured at amortized cost (FLAC)	Amortized cost (AC)	480	480	-
Other interest-bearing liabilities	Financial liabilities measured at amortized cost (FLAC)	Amortized cost (AC)	1,598	1,598	-
Of which: collateral received	Financial liabilities measured at amortized cost (FLAC)	Amortized cost (AC)	569	569	-
Other non-interest-bearing liabilities	Financial liabilities measured at amortized cost (FLAC)	Amortized cost (AC)	1,443	1,443	-
Finance lease liabilities	n. a.	n. a.	2,635	2,635	-
Derivative financial liabilities ^a	Financial liabilities held for trading (FLHFT)	Fair value through profit or loss (FVTPL)	337	337	-
Derivatives without a hedging relationship					
Of which: options granted to third parties for the purchase of shares in subsidiaries and associates	Financial liabilities held for trading (FLHFT)	Fair value through profit or loss (FVTPL)	10	10	-
Of which: energy forward agreements embedded in contracts	Financial liabilities held for trading (FLHFT)	Fair value through profit or loss (FVTPL)	46	46	-
Derivatives with a hedging relationship	n. a.	n. a.	609	609	-

^a Carrying amount in accordance with IAS 17.

The allowances on financial assets in accordance with IAS 39 are being reconciled to the IFRS 9 requirements as follows:

Allowances on financial assets

millions of €

	Trade receivables		Contract assets	Originated loans and other receivables	Total
Measurement categories					
in accordance with IAS 39	LaR	LaR	n. a.	LaR	
in accordance with IFRS 9	AC	FVOCI	n. a.	AC	
Allowances					
Amount in accordance with IAS 39 (Dec. 31, 2017)	1,303	334	0	19	1,657
Additions resulting from change in measurement category	16	99	27		142
Disposals resulting from change in measurement category				(13)	(13)
Amount in accordance with IFRS 9 (Jan. 1, 2018)	1,319	433	27	6	1,786
DIFFERENCE IN RETAINED EARNINGS (DEBIT (CREDIT))	16	99	27	(13)	129

Financial instruments measured at fair value

When determining the fair value, it is important to maximize the use of current inputs observable in liquid markets for the financial instrument in question and minimize the use of other inputs (e.g., historical prices, prices for similar instruments, prices on illiquid markets). A three-level measurement hierarchy is defined for these purposes. If prices quoted in liquid markets are available at the reporting date for the respective financial instrument, these will be used unadjusted for the measurement (Level 1 measurement). Other input parameters are then irrelevant for the measurement. One such example is shares and bonds that are actively traded on a stock exchange. Even if quoted prices in liquid

markets are not available at the reporting date for the respective financial instrument, the instrument can be measured using other inputs that are observable on the market at the reporting date (Level 2 measurement). The conditions for this are that no major adjustments have been made to the observable inputs and no unobservable inputs are used. Examples of Level 2 measurements are collateralized interest rate swaps, currency forwards, and cross-currency swaps that can be measured using current interest rates or exchange rates. If the conditions for a Level 1 or Level 2 measurement are not met, a Level 3 measurement is applied. In such cases, major adjustments must be made to observable inputs or unobservable inputs must be used.

Financial instruments measured at fair value

millions of €

	Mar. 31, 2018			Total
	Level 1	Level 2	Level 3	
ASSETS				
Trade receivables				
At fair value through other comprehensive income			4,741	4,741
At fair value through profit or loss			16	16
Other financial assets – originated loans and other receivables				
At fair value through other comprehensive income			2	2
At fair value through profit or loss	4		10	14
Equity instruments				
At fair value through other comprehensive income	97		288	385
Derivative financial assets				
Derivatives without a hedging relationship		887	238	1,125
Derivatives with a hedging relationship		147		147
LIABILITIES				
Derivative financial liabilities				
Derivatives without a hedging relationship		225	64	289
Derivatives with a hedging relationship		931		931

Financial instruments measured at fair value

millions of €

	Dec. 31, 2017			Total
	Level 1	Level 2	Level 3	
ASSETS				
Available-for-sale financial assets (AfS)	3,752		277	4,029
Financial assets held for trading (FAHFT)		752	351	1,103
Derivative financial assets with a hedging relationship		214		214
LIABILITIES				
Financial liabilities held for trading (FLHFT)		281	56	337
Derivative financial liabilities with a hedging relationship		609		609

Of the equity instruments measured at fair value through other comprehensive income and recognized under other financial assets, the instruments presented in the different levels constitute separate classes of financial instruments. In each case, the fair values of the total volume of instruments recognized as Level 1 are the price quotations at the reporting date. The total volume of instruments recognized as Level 1 amounted to EUR 97 million (December 31, 2017: EUR 3,752 million). The figure for the prior-year period included a strategic financial stake of 12 percent in BT with a carrying amount equivalent to around EUR 3.7 billion. In the reporting period, this stake was transferred to plan assets.

The listed bonds and other securitized liabilities are assigned to Level 1 or Level 2 depending on the market liquidity of 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.

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

millions of €

	Equity instruments at fair value through other comprehensive income	Derivative financial assets at fair value through profit or loss: termination rights embedded in bonds issued	Derivative financial liabilities at fair value through profit or loss: energy forward agreements embedded in contracts
Carrying amount as of January 1, 2018	277	351	(46)
Additions (including first-time categorization as Level 3)	32	11	-
Value decreases recognized in profit/loss (including losses on disposal)	-	(44)	(10)
Value increases recognized in profit/loss (including gains on disposal)	-	47	1
Value decreases recognized directly in equity	(12)	-	-
Value increases recognized directly in equity	6	-	-
Disposals	(15)	(118)	-
Currency translation effects recognized directly in equity	-	(9)	1
CARRYING AMOUNT AS OF MARCH 31, 2018	288	238	(54)

The equity instruments assigned to Level 3 that are measured at fair value through other comprehensive income and carried under other financial assets are equity investments with a carrying amount of EUR 288 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. 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. Please refer to the table above for the development of the carrying amounts in the reporting period. No plans existed as of the reporting date to sell these investments. In the case of investments with a carrying amount of EUR 207 million, transactions involving shares in these companies took place at arm's length sufficiently close to the reporting date, which is why the share prices agreed in the transactions were to be used without adjustment for the measurement

as of March 31, 2018. In the case of investments with a carrying amount of EUR 30 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 51 million, for which the last arm's length transactions relating to shares in these companies took place some time ago, measurement 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 0.9 and 5.4) were taken, using the respective median. In certain cases, due to specific circumstances, valuation discounts need to be applied to the respective multiples. In our opinion, the values used constitute the best estimate in each case. If other values had been used for the multiples or for the expected revenue amounts, the fair values calculated would have been different. These hypothetical deviations (sensitivities) are shown in the following table:

Sensitivities^a of the carrying amounts of the financial assets and financial liabilities assigned to Level 3 depending on unobservable inputs

millions of €

	Equity instruments at fair value through other comprehensive income	Derivative financial assets at fair value through profit or loss: termination rights embedded in bonds issued	Derivative financial liabilities at fair value through profit or loss: energy forward agreements embedded in contracts
Multiple 2/3 quartile (instead of median)	17	-	-
Multiple 1/3 quartile (instead of median)	(12)	-	-
Expected revenues +10%	4	-	-
Expected revenues -10%	(4)	-	-
Interest rate volatility ^b +1%	-	22	-
Interest rate volatility ^b -1%	-	(22)	-
Spread curve ^c +1%	-	(123)	-
Spread curve ^c -1%	-	146	-
Mean reversion ^d +1%	-	(5)	-
Mean reversion ^d -1%	-	8	-
Future energy prices +10%	-	-	25
Future energy prices -10%	-	-	(24)
Future energy output +5%	-	-	5
Future energy output -5%	-	-	(5)
Future prices for renewable energy credits ^e +100%	-	-	8
Future prices for renewable energy credits ^e from zero	-	-	(8)

^a Change in the relevant input parameter assuming all other input parameters are unchanged.

^b Interest rate volatility shows the magnitude of fluctuations in interest rates over time. The larger the fluctuations, the higher the interest rate volatility.

^c The spread curve shows, for the respective maturities, the difference between the interest rates payable by T-Mobile US and the interest rates on U.S. government bonds.

^d Mean reversion describes the assumption that, after a change, an interest rate will revert to its average over time. The higher the selected value (mean reversion speed), the faster the interest rate will revert to its average in the measurement model.

^e Renewable energy credits is the term used for the evidence of the production of wind energy.

The derivatives without a hedging relationship assigned to Level 3 and carried under derivative financial assets relate to options embedded in bonds issued by T-Mobile US with a carrying amount of EUR 238 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 are 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 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 1.2 and 2.3 percent. The significant decline in this value compared with the prior year is mainly attributable to the improvement in the rating of T-Mobile US in the reporting period. 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 2.0 and 2.8 percent for the remaining maturities of the bonds and between 1.1 and 2.0 percent for shorter terms. For the mean reversion input, which is likewise unobservable, 10 percent was used. In our opinion, the values used constitute the best estimate in each case. If other values had been used for interest rate volatility, spread curve or mean reversion, the fair values calculated would have been different. These hypothetical deviations (sensitivities) are shown in the table above.

In the reporting period, net income of EUR 47 million when translated into euros was recognized under Level 3 in other financial income/expense for unrealized gains for the options in the portfolio at the reporting date. In the reporting period, several options were exercised and the relevant bonds canceled prematurely. At the time of termination, the options and their total carrying amount of EUR 118 million when translated into euros were expensed and derecognized. For the development of the carrying amounts in the reporting period, please refer to the corresponding table, page 52. The changes in value recognized in profit or loss in the reporting period were mainly attributable to fluctuations in the interest rates and historical interest rate volatilities in absolute terms that are relevant for measurement. Due to their distinctiveness, these instruments constitute a separate class of financial instruments.

With a carrying amount of EUR 54 million when translated into euros, the derivatives without a hedging relationship assigned to Level 3 and carried under derivative financial liabilities relate to energy forward agreements embedded in contracts entered into by T-Mobile US. These agreements consist of two components: the energy forward agreement and the acquisition of renewable energy credits by T-Mobile US. The contracts were entered into with energy producers in 2017 and will run for terms of between 12 and 15 years from the commencement of commercial operation. For one energy forward agreement, commercial operation began at the end of 2017, for another, it is set to begin at the end of 2018. The respective settlement period of the energy forward agreements, which are accounted for separately as derivatives, also starts

when the facility begins commercial operation. Under the energy forward agreements, T-Mobile US receives variable amounts based on the facility's actual energy output and the then current energy prices, and pays fixed amounts per unit of energy generated throughout the term of the contract. The energy forward agreements are measured using valuation models because no observable market prices are available. The value of the derivatives is materially influenced by the facility's future energy output, for which T-Mobile US estimated a value of 1,314 gigawatt hours per year at the reporting date. The value of the derivatives is also materially influenced by future energy prices, which are not observable for the period beyond five years. Further, the value of the derivatives is materially influenced by the future prices for renewable energy credits, which are also not observable. For the unobservable portion of the term, T-Mobile US used on-peak energy prices of between EUR 20.91 and EUR 31.13 when translated into euros and off-peak prices of between EUR 13.45 and EUR 22.19 when translated into euros. An average on-peak/off-peak ratio of 57 percent was used. In our opinion, the values used constitute the best estimate in each case. If other values had been used for future energy prices, future energy output or future prices of renewable energy credits, the fair values calculated would have been different. These hypothetical deviations (sensitivities) are shown in the table on the previous page. In the reporting period, a net expense of EUR 9 million (when translated into euros) was recognized under the Level 3 measurement in other operating income/expense for unrealized losses for the derivatives. For the development of the carrying amounts in the reporting period, please refer to the corresponding table, page 52. The market-price changes are largely attributable to changes in observable and unobservable energy prices. Due to their distinctiveness, these instruments constitute a separate class of financial instruments. Measurement of the derivatives on initial recognition resulted in a positive value from T-Mobile US' perspective of EUR 112 million when translated into euros. In the view of T-Mobile US, the contracts were entered into at current market conditions, and the most appropriate parameters for the unobservable inputs were used for measurement purposes. The transaction price at inception was zero in each case. Since the unobservable inputs have a material influence on the measurement of the derivatives, the respective amount resulting from initial measurement was not carried on initial recognition. Instead, these amounts are amortized in profit or loss on a straight-line basis over the period of commercial energy generation (for a total amount of EUR 8 million per year when translated into euros). This amortization adjusts the effects from measuring the derivatives in each accounting

period using the respective valuation models and updated parameters. All amounts from the measurement of the derivatives are presented in net terms in the statement of financial position (derivative financial assets/liabilities) and in the income statement (other operating income/ expenses). The difference yet to be amortized in the income statement developed as follows during the reporting period:

Energy forward agreements: development of the not-yet-amortized measurement amounts on initial recognition

millions of €

Measurement amount on initial recognition	112
Measurement amounts amortized in profit or loss in prior periods	-
Measurement amounts amortized in profit or loss in the current reporting period	(1)
Currency translation adjustments	(8)
MEASUREMENT AMOUNT NOT AMORTIZED AS OF MARCH 31, 2018	103

For the trade receivables, loans issued and other receivables assigned to Level 3, which are measured either at fair value through other comprehensive income or at fair value through profit or loss, the main factor in determining fair value is the credit risk of the relevant counterparties. If the default rates applied as of the reporting date had been 1 percent higher (lower) with no change in the reference variables, the fair values of the instruments would have been 1 percent lower (higher).

The financial liabilities measured at fair value through profit or loss and assigned to Level 3 include derivative financial liabilities with a carrying amount of EUR 10 million resulting from an option granted to third parties in the prior-year period for the purchase of shares in an associate of Deutsche Telekom. The option was granted in connection with a sale of shares in this associate, and no notable fluctuations in value are expected. Due to its distinctiveness, this instrument constitutes a separate class of financial instruments.

Disclosures on credit risk

In line with the contractual provisions, in the event of insolvency all derivatives with a positive or negative fair value that exist with the respective counterparty are offset against each other, leaving a net receivable or liability. The net amounts are normally recalculated every bank working day and offset against each other. When the netting of the positive and negative fair values of all derivatives was positive from Deutsche

Telekom's perspective, Deutsche Telekom received unrestricted cash collateral from counterparties pursuant to collateral contracts in the amount of EUR 635 million (December 31, 2017: EUR 569 million). The credit risk was thus reduced by EUR 619 million (December 31, 2017: EUR 566 million) because, on the reporting date, the collateral received was offset by corresponding net derivative positions in the same amount. On the basis of these contracts, derivatives with a positive fair value and a total carrying amount of EUR 1,026 million as of the reporting date (December 31, 2017: EUR 966 million) had a maximum credit risk of EUR 4 million as of March 31, 2018 (December 31, 2017: EUR 28 million). There is no danger of default on embedded derivatives held. For information on the amount not yet amortized from initial measurement of the energy forward agreement, please refer to the explanation above. 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 831 million (December 31, 2017: EUR 504 million) to counterparties pursuant to collateral contracts. 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 751 million at the reporting date (December 31, 2017: EUR 889 million), which is why it was not exposed to any credit risks in this amount. The collateral paid is reported under originated loans and other 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.

RELATED-PARTY DISCLOSURES

With the exception of the matters described in the following, there were no significant changes as of March 31, 2018 to the related-party disclosures reported in the consolidated financial statements as of December 31, 2017.

Joint ventures. In March 2018, the shareholders of the equity-accounted joint venture Toll Collect resolved to distribute a dividend, EUR 0.1 billion of which was paid to Deutsche Telekom.

Deutsche Telekom Trust e.V. On March 23, 2018, the 12 percent stake in BT, which is worth EUR 3.1 billion, was transferred to the Group's own trust, Deutsche Telekom Trust e.V., where it will serve as plan assets to cover pension entitlements.

EXECUTIVE BODIES

Changes in the composition of the Board of Management

At its meeting on February 21, 2018, the Supervisory Board of Deutsche Telekom AG resolved to extend Timotheus Höttges' contract as Chairman of our Board of Management by five years. Timotheus Höttges will be reappointed as Chairman of the Board of Management effective January 1, 2019. Also at its meeting on February 21, 2018, the Supervisory Board of Deutsche Telekom AG resolved to appoint Dr. Christian P. Illek as Chief Financial Officer (CFO) effective January 1, 2019. The current CFO, Thomas Dannenfeldt, will leave Deutsche Telekom AG for personal reasons when his contract expires at the end of 2018.

Changes in the composition of the Supervisory Board

Hans-Jürgen Kallmeier resigned from his position as a member of the Supervisory Board of Deutsche Telekom AG effective midnight, December 31, 2017. Odysseus Chatzidis was court-appointed to the Supervisory Board of Deutsche Telekom AG effective January 3, 2018. Dr. Ulrich Schröder resigned from his position as a member of the Supervisory Board of Deutsche Telekom AG effective February 6, 2018. Dr. Günther Bräuning was court-appointed to the Supervisory Board of Deutsche Telekom AG effective March 15, 2018.

EVENTS AFTER THE REPORTING PERIOD (MARCH 31, 2018)

Early termination of senior notes by T-Mobile US. In March 2018, T-Mobile US terminated senior notes – for nominal amounts of USD 1.75 billion (EUR 1.4 billion) and USD 0.6 billion (EUR 0.5 billion) and interest rates of 6.625 percent and 6.838 percent – before the due date. The repayments were made in April 2018.

Collective agreements for Group Headquarters, Telekom Deutschland, and Deutsche Telekom IT. On April 12, 2018, Deutsche Telekom and the ver.di union agreed the terms for collective agreements for Group Headquarters, Telekom Deutschland, and Deutsche Telekom IT. Some 55,000 employees are covered by these agreements. In addition to salary increases, the negotiations focused on innovative working-time models. Under the new collective agreement for Group Headquarters and Telekom Deutschland, which took effect on February 1, 2018 and runs for 26 months, the salaries will increase in two steps: by at least 2.7 percent as of May 1, 2018, and by a further 2.1 percent as of May 1, 2019. At Deutsche Telekom IT, the collectively agreed salaries will rise by at least 2.6 percent as of July 1, 2018 and by a further 2.0 percent as of July 1, 2019. This collective agreement will run for 24 months. The agreement also includes a waiver of compulsory redundancies until the end of 2020. In addition, the new part-time models, which include reducing working time by taking longer leave periods, will make planning leisure time more flexible for employees.

Agreed business combination of T-Mobile US and Sprint. Together with their respective majority shareholders Deutsche Telekom AG and Softbank K.K., T-Mobile US and Sprint Corp. concluded a binding agreement on April 29, 2018 to combine their companies. Under the agreement, T-Mobile US will acquire all of the shares in Sprint. In return for every 9.75 Sprint shares, the company's shareholders will receive one new T-Mobile US share without any additional cash contribution. On completion of the transaction, Deutsche Telekom will hold around 42 percent of T-Mobile US' shares and Softbank around 27 percent, while the free float will account for about 31 percent. This distribution of the T-Mobile US shares, along with clear corporate governance rules,

means that Deutsche Telekom will continue to be able to include T-Mobile US in its consolidated financial statements. The larger T-Mobile US is expected to achieve cost and capital expenditure synergies of around USD 43 billion in cash (after integration costs). Around USD 15 billion has been budgeted for integration costs. The ratio of net debt to adjusted EBITDA for Deutsche Telekom is expected to exceed the target corridor of 2.0x to 2.5x as a result of the transaction. However, with strong cash flow generation at T-Mobile US in the coming years, the ratio is expected to be back in the target corridor by 2021. Following the announcement of the transaction, the rating agency Moody's put Deutsche Telekom's rating at BBB+ with a negative outlook. Standard & Poor's put it at BBB+ with a CreditWatch negative outlook, while Fitch confirmed the current BBB+ rating and stable outlook. The agreement is subject to approval by the authorities, to the consent of the T-Mobile US and Sprint shareholders, and to other closing conditions.

T-Mobile US share buy-back program. Under the share buy-back program launched in December 2017, T-Mobile US acquired further common stock after March 31, 2018 for an amount of USD 0.4 billion. Including the common stock acquired prior to that date, the total volume of shares repurchased under the share buy-back program amounts to USD 1.5 billion. On April 27, 2018, T-Mobile US Board of Directors authorized an increase in the total share buy-back program to USD 9.0 billion, consisting of the USD 1.5 billion in repurchases previously authorized and for up to an additional USD 7.5 billion of T-Mobile US common stock until the end of 2020. The additional buy-back authorization is contingent upon the termination of the Business Combination Agreement with Sprint.

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, and the interim Group management report includes a fair review of the development

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

Bonn, May 9, 2018

Deutsche Telekom AG
Board of Management

Timotheus Höttges

Adel Al-Saleh

Thomas Dannenfeldt

Srini Gopalan

Dr. Christian P. Illek

Dr. Thomas Kremer

Claudia Nemat

Dr. Dirk Wössner

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, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, and selected explanatory notes – and the interim Group management report of Deutsche Telekom AG, Bonn, for the period from January 1 to March 31, 2018, which are part of the quarterly financial report pursuant to § 115 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). The preparation of the condensed consolidated interim financial statements in accordance with the IFRSs applicable to the interim financial reporting as adopted by the EU and to the interim Group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent company's board of management. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim Group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim Group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standards on Review Engagements, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU and that the interim Group management report has not been prepared, in all material respects, in accordance with the provisions of the German

Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

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

Frankfurt/Main, May 9, 2018

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Peter Bartels Thomas Tandetzki
Wirtschaftsprüfer Wirtschaftsprüfer

ADDITIONAL INFORMATION

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

SPECIAL FACTORS

The following table presents a reconciliation of EBITDA, EBIT, and net profit/loss to the respective figures adjusted for special factors. Recon-

ciliations are presented for the reporting period, the prior-year period, and the full 2017 financial year:

millions of €

	EBITDA Q1 2018	EBIT Q1 2018	EBITDA Q1 2017	EBIT Q1 2017	EBITDA FY 2017	EBIT FY 2017
EBITDA/EBIT	5,269	2,171	5,963	2,771	23,969	9,383
GERMANY	(167)	(167)	(49)	(49)	(308)	(308)
Staff-related measures	(160)	(160)	(37)	(37)	(221)	(221)
Non-staff-related restructuring	(6)	(6)	(7)	(7)	(26)	(26)
Effects of deconsolidations, disposals and acquisitions	-	-	0	0	0	0
Impairment losses	-	-	-	-	-	-
Other	(1)	(1)	(5)	(5)	(61)	(61)
UNITED STATES	28	28	4	4	1,633	1,633
Staff-related measures	(2)	(2)	(1)	(1)	(7)	(7)
Non-staff-related restructuring	-	-	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	30	30	0	0	(11)	(11)
Impairment losses	-	-	-	-	1,651	1,651
Other	-	-	5	5	0	0
EUROPE	(7)	(7)	(12)	(12)	(130)	(995)
Staff-related measures	(5)	(5)	(11)	(11)	(92)	(92)
Non-staff-related restructuring	-	-	0	0	(3)	(3)
Effects of deconsolidations, disposals and acquisitions	0	0	0	0	18	18
Impairment losses	-	-	-	0	-	(866)
Other	(1)	(1)	0	0	(53)	(52)
SYSTEMS SOLUTIONS	(38)	(38)	(35)	(35)	(229)	(1,477)
Staff-related measures	(24)	(24)	(14)	(14)	(132)	(132)
Non-staff-related restructuring	0	0	0	0	(2)	(2)
Effects of deconsolidations, disposals and acquisitions	-	-	0	0	0	0
Impairment losses	-	-	-	-	-	(1,242)
Other	(14)	(14)	(21)	(21)	(94)	(100)
GROUP DEVELOPMENT	(5)	(5)	519	519	893	893
Staff-related measures	(2)	(2)	5	5	1	1
Non-staff-related restructuring	-	-	(2)	(2)	(5)	(5)
Effects of deconsolidations, disposals and acquisitions	(3)	(3)	516	516	708	708
Impairment losses	-	-	-	0	-	-
Other	(1)	(1)	0	0	189	189
GROUP HEADQUARTERS & GROUP SERVICES	(92)	(92)	(16)	(16)	(119)	(119)
Staff-related measures	(76)	(76)	(19)	(19)	(107)	(107)
Non-staff-related restructuring	(15)	(15)	(2)	(2)	(49)	(49)
Effects of deconsolidations, disposals and acquisitions	-	-	6	6	63	63
Impairment losses	-	-	-	0	-	0
Other	(1)	(1)	(1)	(1)	(26)	(26)
GROUP	(281)	(281)	412	412	1,740	(374)
Staff-related measures	(270)	(270)	(77)	(77)	(559)	(559)
Non-staff-related restructuring	(21)	(21)	(12)	(12)	(85)	(85)
Effects of deconsolidations, disposals and acquisitions	28	28	522	522	778	778
Impairment losses	-	-	-	0	1,651	(463)
Other	(17)	(17)	(21)	(21)	(45)	(45)
EBITDA/EBIT (ADJUSTED FOR SPECIAL FACTORS)	5,549	2,452	5,550	2,359	22,230	9,757
Profit (loss) from financial activities (adjusted for special factors)		(413)		(1,355)		(2,895)
PROFIT (LOSS) BEFORE INCOME TAXES (ADJUSTED FOR SPECIAL FACTORS)		2,038		1,004		6,863
Income taxes (adjusted for special factors)		(584)		0		949
PROFIT (LOSS) (ADJUSTED FOR SPECIAL FACTORS)		1,455		1,004		7,812
PROFIT (LOSS) (ADJUSTED FOR SPECIAL FACTORS) ATTRIBUTABLE TO						
Owners of the parent (net profit (loss)) (adjusted for special factors)		1,190		939		6,039
Non-controlling interests (adjusted for special factors)		265		64		1,773

GROSS AND NET DEBT

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

millions of €

	Mar. 31, 2018	Dec. 31, 2017	Change	Change %	Mar. 31, 2017
Financial liabilities (current)	8,905	8,358	547	6.5	14,871
Financial liabilities (non-current)	48,799	49,171	(372)	(0.8)	50,402
FINANCIAL LIABILITIES	57,704	57,529	175	0.3	65,273
Accrued interest	(574)	(692)	118	17.1	(690)
Other	(793)	(781)	(12)	(1.5)	(932)
GROSS DEBT	56,337	56,056	281	0.5	63,651
Cash and cash equivalents	3,618	3,312	306	9.2	9,542
Available-for-sale financial assets/financial assets held for trading	-	7	(7)	n. a.	7
Derivative financial assets	1,271	1,317	(46)	(3.5)	1,570
Other financial assets	993	629	364	57.9	2,569
NET DEBT	50,455	50,791	(336)	(0.7)	49,963

RECONCILIATION FOR THE CHANGE IN DISCLOSURE OF KEY FIGURES FOR THE COMPARATIVE PERIOD IN THE FIRST QUARTER OF 2018

millions of €

	Comparative period						Dec. 31, 2017	
	Total revenue	Profit (loss) from operations (EBIT)	EBITDA	Adjusted EBITDA	Depreciation and amortization	Impairment losses	Segment assets	Segment liabilities
Q1 2017/MARCH 31, 2017								
PRESENTATION AS OF MARCH 31, 2017 - AS REPORTED								
Germany	5,397	1,086	2,021	2,070	(935)	0	33,667	26,566
United States	8,982	1,003	2,390	2,386	(1,387)	0	64,931	42,003
Europe	2,781	324	877	889	(552)	(1)	25,746	10,206
Systems Solutions	1,704	(37)	61	96	(98)	0	6,408	5,061
Group Development	595	686	758	238	(71)	-	9,997	5,549
Group Headquarters & Group Services	737	(292)	(144)	(128)	(147)	(1)	46,956	55,867
TOTAL	20,196	2,770	5,964	5,551	(3,190)	(2)	187,705	145,252
Reconciliation	(1,549)	1	(1)	(1)	1	-	(46,371)	(46,388)
GROUP	18,646	2,771	5,963	5,550	(3,189)	(2)	141,334	98,864
Q1 2017/MARCH 31, 2017								
+/- CHANGE IN DISCLOSURE: VIVENTO CUSTOMER SERVICES								
Germany	-	(15)	(15)	(15)	-	-	71	76
United States	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-
Systems Solutions	-	-	-	-	-	-	-	-
Group Development	-	-	-	-	-	-	-	-
Group Headquarters & Group Services	(2)	15	15	15	-	-	-	(4)
TOTAL	(2)	-	-	-	-	-	71	72
Reconciliation	2	-	-	-	-	-	(71)	(72)
GROUP	-	-	-	-	-	-	-	-
Q1 2017/MARCH 31, 2017								
= PRESENTATION AS OF MARCH 31, 2018								
Germany	5,397	1,071	2,006	2,055	(935)	-	33,739	26,641
United States	8,982	1,003	2,390	2,386	(1,387)	-	64,931	42,003
Europe	2,781	324	877	889	(552)	(1)	25,746	10,206
Systems Solutions	1,704	(37)	61	96	(98)	-	6,408	5,061
Group Development	595	686	758	238	(71)	-	9,997	5,549
Group Headquarters & Group Services	735	(276)	(128)	(113)	(147)	(1)	46,957	55,863
TOTAL	20,194	2,770	5,964	5,551	(3,190)	(2)	187,778	145,323
Reconciliation	(1,547)	1	(1)	(1)	1	-	(46,444)	(46,459)
GROUP	18,646	2,771	5,963	5,550	(3,189)	(2)	141,334	98,864

GLOSSARY

For definitions, please refer to the 2017 Annual Report and the glossary therein, page 260 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 staff-related restructuring measures 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.

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In addition to figures prepared in accordance with IFRS, Deutsche Telekom presents alternative 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 measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Alternative performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways. For further information relevant to alternative performance measures, please refer to the 2017 Annual Report, section "Management of the Group," page 38 et seq., or to Deutsche Telekom's Investor Relations website at www.telekom.com/alternative-performance-measures.

The figures shown in this report were rounded in accordance with standard business rounding principles. As a result, the total indicated may not be equal to the precise sum of the individual figures.

FINANCIAL CALENDAR

May 9, 2018	May 17, 2018	May 24/25, 2018
Publication of the Interim Group Report as of March 31, 2018	2018 Shareholders' meeting	2018 Capital Markets Day
August 9, 2018	November 8, 2018	February 21, 2019
Publication of the Interim Group Report as of June 30, 2018	Publication of the Interim Group Report as of September 30, 2018	Press conference on the 2018 financial statements and publication of the 2018 Annual Report

All dates are subject to change.

For more dates, an updated schedule, and information on webcasts, please go to www.telekom.com/financial-calendar.

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Further information on Deutsche Telekom is available at: www.telekom.com

This Interim Group Report can be downloaded from our Investor Relations website at: www.telekom.com/investor-relations

Our Annual Report is available online at: www.telekom.com/geschaeftsbericht
www.telekom.com/annualreport

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