

# INTERIM GROUP REPORT

JANUARY 1 TO SEPTEMBER 30, 2014



# SELECTED FINANCIAL DATA OF THE GROUP.

millions of €

	Q3 2014	Q3 2013	Change %	Q1-Q3 2014	Q1-Q3 2013	Change %	FY 2013
<b>REVENUE AND EARNINGS</b>							
Net revenue	15,648	15,525	0.8%	45,656	44,467	2.7%	60,132
Of which: domestic %				40.5	42.7		42.2
Of which: international %				59.5	57.3		57.8
Profit from operations (EBIT)	1,358	1,896	(28.4)%	6,276	5,113	22.7%	4,930
Net profit (loss)	506	588	(13.9)%	3,034	1,682	80.4%	930
Net profit (loss) (adjusted for special factors)	800	823	(2.8)%	2,023	2,400	(15.7)%	2,755
EBITDA	4,007	4,468	(10.3)%	14,062	12,579	11.8%	15,834
EBITDA (adjusted for special factors)	4,575	4,659	(1.8)%	13,125	13,364	(1.8)%	17,424
EBITDA margin (adjusted for special factors) %	29.2	30.0		28.7	30.0		28.9
Earnings per share basic/diluted €	0.11	0.14	(21.4)%	0.68	0.39	74.4%	0.21
<b>STATEMENT OF FINANCIAL POSITION</b>							
Total assets				125,009	115,301	8.4%	118,148
Shareholders' equity				33,977	32,015	6.1%	32,063
Equity ratio %				27.2	27.8		27.1
Net debt				41,809	39,726	5.2%	39,093
<b>CASH FLOWS</b>							
Net cash from operating activities	3,570	3,640	(1.9)%	9,719	9,623	1.0%	13,017
Cash capex	(2,584)	(2,378)	(8.7)%	(8,727)	(7,600)	(14.8)%	(11,068)
Free cash flow (before dividend payments, spectrum investment) <sup>a</sup>	1,125	1,427	(21.2)%	3,157	3,574	(11.7)%	4,606
Net cash used in investing activities	(2,188)	(2,139)	(2.3)%	(7,224)	(5,691)	(26.9)%	(9,896)
Net cash (used in) from financing activities	1,265	(1,090)	n.a.	(3,485)	(2,210)	(57.7)%	1,022

<sup>a</sup> And before effects in connection with the AT&T transaction and compensation payments for MetroPCS employees.

## NUMBER OF FIXED-NETWORK AND MOBILE CUSTOMERS.

millions

	Sept. 30, 2014	Dec. 31, 2013	Change Sept. 30, 2014/ Dec. 31, 2013 %	Sept. 30, 2013	Change Sept. 30, 2014/ Sept. 30, 2013 %
Mobile customers	149.1	142.5	4.6%	140.3	6.3%
Fixed-network lines <sup>a</sup>	30.0	30.8	(2.6)%	31.1	(3.5)%
Broadband lines <sup>a, b</sup>	17.2	17.1	0.6%	17.1	0.6%

<sup>a</sup> The fixed-network lines of our subsidiary Euronet Communications in the Netherlands have no longer been included in the Europe operating segment since January 2, 2014 following the sale of the shares held in the company. They have been eliminated from all historical customer figures to improve comparability.

<sup>b</sup> Excluding wholesale.

The key parameters used by Deutsche Telekom are defined in the glossary of the 2013 Annual Report (page 257 et seq.).

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# TO OUR SHAREHOLDERS.

## DEVELOPMENTS IN THE GROUP.

### NET REVENUE.

- Net revenue increased substantially by 2.7 percent. The United States operating segment in particular contributed to this revenue trend as a result of the inclusion of MetroPCS since May of last year and continued strong customer additions.
- In our Europe operating segment, the substantial price changes, in some cases imposed by regulatory authorities back in 2013, and intense competition had a negative effect on our revenue.
- The contribution to revenue made by our Systems Solutions segment decreased as a result of the realignment of the business model to generate sustainable growth.
- Adjusted for effects of changes in the composition of the Group and negative exchange rate effects, net revenue increased by EUR 0.9 billion year-on-year.

### PROPORTION OF NET REVENUE GENERATED INTERNATIONALLY.

- The proportion of net revenue generated internationally increased to 59.5 percent, compared with 57.3 percent in the first three quarters of 2013.
- The proportion of net revenue generated by our United States operating segment increased substantially by 4.5 percentage points, such that it made the largest contribution to net revenue
- By contrast, the proportions contributed by our Germany, Europe, and Systems Solutions operating segments as well as the Group Headquarters & Group Services segment shrank.

### ADJUSTED EBITDA.

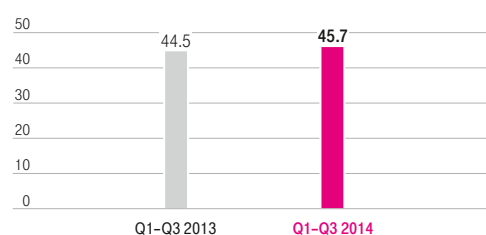
- Adjusted EBITDA decreased by 1.8 percent.
- The inclusion of MetroPCS' operations since May 2013 in particular had a positive effect on adjusted EBITDA.
- Adjusted EBITDA was reduced by higher costs incurred for our integrated network build-out in Germany, higher market investments in the United States, and operational EBITDA decreases in some European countries. The negative effects were partially offset by our comprehensive cost management.
- The adjusted EBITDA margin decreased from 30.0 percent to 28.7 percent in the reporting period. The operating segments with the strongest margins are still Germany with 41.2 percent and Europe with 34.5 percent.

### NET PROFIT.

- Net profit increased substantially to EUR 3.0 billion.
- The increase was in particular due to income from divestitures in connection with the disposal of the Scout24 group totaling EUR 1.7 billion. Income of some EUR 0.4 billion from a transaction consummated in April 2014 between T-Mobile US and Verizon Communications for the acquisition and exchange of A-Block spectrum also had a positive effect.
- This effect was offset by a EUR 0.3 billion increase in depreciation, amortization and impairment losses compared with the prior-year period, attributable to the inclusion of MetroPCS since May of last year and the roll-out of the LTE network as part of T-Mobile US' network modernization program.

### Net revenue.

billions of €



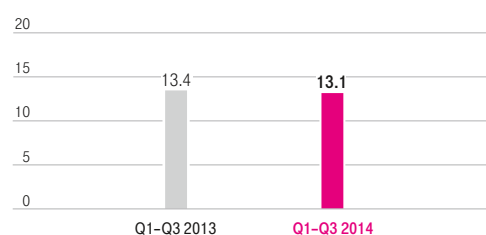
### Proportion of net revenue generated internationally.

%



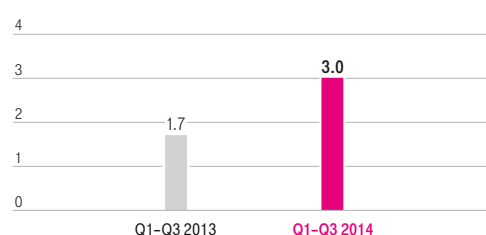
### Adjusted EBITDA.

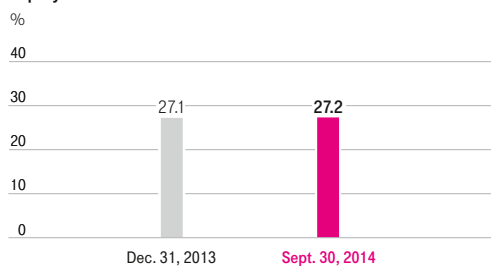
billions of €



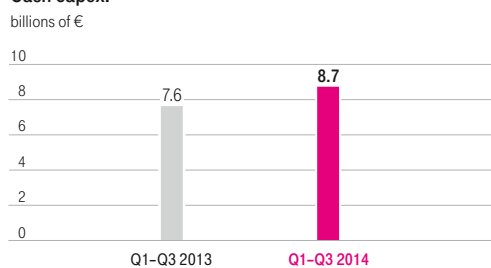
### Net profit.

billions of €

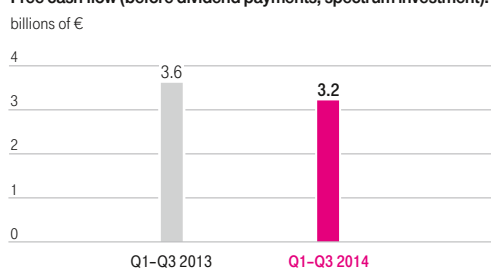


**Equity ratio.****EQUITY RATIO.**

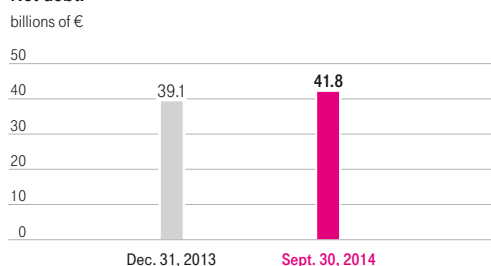
- Total assets increased to EUR 125.0 billion compared with the end of 2013. Shareholders' equity increased by EUR 1.9 billion compared with December 31, 2013 to EUR 34.0 billion.
- This increase was attributable to a profit (EUR 3.3 billion) and to currency translation effects, which were recognized directly in equity (EUR 1.5 billion).
- Dividend payments to Deutsche Telekom AG shareholders for the 2013 financial year (EUR 2.2 billion), had a decreasing effect. The capital increase carried out to grant our shareholders the option of converting their dividend entitlements into shares, increased shareholders' equity by EUR 1.0 billion. The cash dividend paid out to our shareholders amounted to EUR 1.2 billion.
- The acquisition of the remaining shares in T-Mobile Czech Republic (EUR 0.8 billion), actuarial losses (EUR 0.7 billion after taxes) recognized directly in equity, and the dividend payments to non-controlling interests (EUR 0.1 billion) also reduced shareholders' equity.

**Cash capex.****CASH CAPEX.**

- Cash capex (including spectrum investment) increased to EUR 8.7 billion.
- The year-on-year increase was mainly due to the acquisition of spectrum totaling EUR 2.0 billion, primarily in the United States, the Czech Republic, Slovakia, and Poland. Spectrum acquired in the prior-year period totaled EUR 1.2 billion.
- Adjusted for the effects of spectrum acquisition, cash capex was up on the prior-year level by EUR 0.3 billion.

**Free cash flow (before dividend payments, spectrum investment).<sup>a</sup>****FREE CASH FLOW (BEFORE DIVIDEND PAYMENTS, SPECTRUM INVESTMENT).<sup>a</sup>**

- Free cash flow decreased year-on-year by EUR 0.4 billion.
- This trend is attributable to the increase of EUR 0.3 billion in cash capex (before spectrum investment). Net cash from operating activities remained almost stable.
- A EUR 0.1 billion year-on-year increase in dividend payments received from the EE joint venture and a positive effect from factoring agreements concluded in the reporting period amounting to EUR 0.4 billion increased net cash from operating activities. Net cash from operating activities was reduced by EUR 0.5 billion higher net interest payments. The prior-year figure had also included proceeds from the conclusion and settlement of interest rate derivatives in the amount of EUR 0.2 billion.

**Net debt.****NET DEBT.**

- Net debt increased by EUR 2.7 billion compared with the end of 2013.
- Among other effects, the acquisition of mobile spectrum (EUR 2.0 billion), dividend payments – including to non-controlling interests – (EUR 1.3 billion), the acquisition of the remaining shares in T-Mobile Czech Republic (EUR 0.8 billion), the acquisition of the GTS Central Europe group (EUR 0.5 billion), and exchange rate effects (EUR 1.3 billion) in particular increased net debt.
- Free cash flow (EUR 3.2 billion) as well as the sale of 70 percent of the shares in the Scout24 group (EUR 1.6 billion) in particular reduced net debt.

<sup>a</sup> And before effects in connection with the AT&T transaction and compensation payments for MetroPCS employees.

For a more detailed explanation, please refer to the section "Development of business in the Group," page 11 et seq.

## DEUTSCHE TELEKOM AT A GLANCE.

Developments over the first nine months of 2014 were predominantly stable. The trends that became apparent in the first half-year remained largely unchanged. Net revenue of the Group increased by 2.7 percent driven by the United States operating segment, which alone grew by 18.0 percent. Revenue trends in Europe improved slightly in the third quarter, but there was nevertheless a clear decrease in revenue over the first nine months due in particular to regulation-induced price changes and intense competition. The Germany operating segment recorded slight declines in revenue once again.

Adjusted EBITDA decreased slightly in the first nine months. While the United States operating segment grew slightly despite continued strong customer growth and the costs that this entails, revenue in the Europe operating segment remained under pressure. In Germany, adjusted EBITDA continued to decrease slightly, with the margin remaining high.

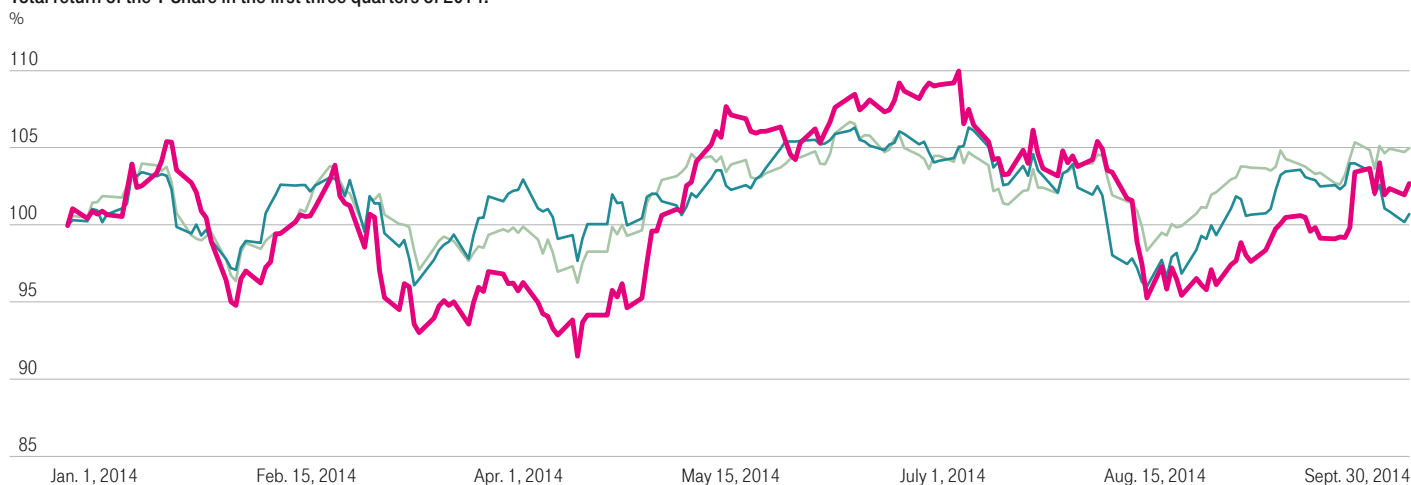
Cash capex totaled EUR 8.7 billion, well above the prior-year figure, driven by factors including higher cash outflows for the acquisition of spectrum. Excluding these investments in spectrum, however, at around EUR 6.8 billion, the figure was around 5 percent higher than in the prior year. Accordingly, free cash flow of EUR 3.2 billion was EUR 0.4 billion lower than the prior-year figure.

Net profit increased considerably year-on-year from EUR 1.7 billion to EUR 3.0 billion. The increase was in particular due to income from divestitures in connection with the disposal of the Scout24 group.

In view of the business development in the first nine months of 2014, Deutsche Telekom confirms its guidance for the Group for the full year.

## THE T-SHARE.

### Total return of the T-Share in the first three quarters of 2014.



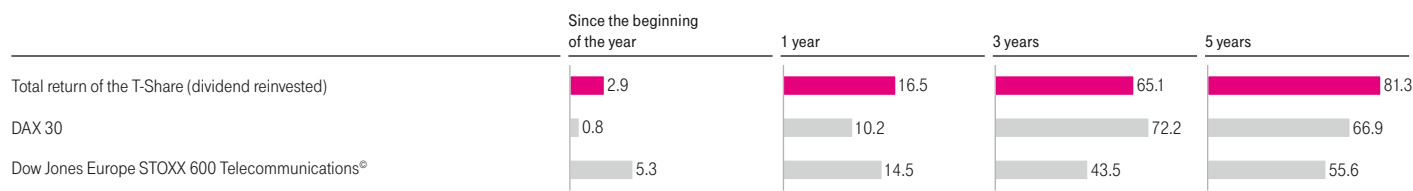
■ Total return of the T-Share (dividend reinvested) ■ DAX 30 ■ Dow Jones Europe STOXX 600 Telecommunications®

### T-Share performance.

		Q1-Q3 2014	Q1-Q3 2013	FY 2013
<b>XETRA CLOSING PRICES</b>				
Share price on the last trading day	€	12.00	10.72	12.43
Year high	€	13.15	10.81	12.60
Year low	€	11.05	8.01	8.01
<b>WEIGHTING OF THE T-SHARE IN MAJOR STOCK INDEXES</b>				
DAX 30	%	4.8	4.4	4.6
Dow Jones Euro STOXX 50®	%	1.8	1.8	1.2
Dow Jones Europe STOXX 600 Telecommunications®	%	11.9	11.1	11.7
Market capitalization	billions of €	54.4	47.7	55.3
Number of shares issued	millions	4,536	4,451	4,451

**Historical performance of the T-Share as of September 30, 2014.**

%



Strong upwards movement in the stock markets in the first half of 2014 was followed by a drastic adjustment in July. Growing geopolitical tensions and the threat of tougher sanctions in connection with the crisis in Ukraine in particular had a negative impact on share price performance. Share prices recovered as the quarter continued; overall, however, the DAX 30 increased by just 0.8 percent since the start of the year. While the Dow Jones Euro STOXX 50® and the Nikkei in Japan remained at around the half-year level with gains of 7.9 percent and 0.5 percent respectively, only the Dow Jones increased on the gains it made in the first half of the year, closing the first nine months with a total performance up 4.9 percent.

The European telecommunications sector proved somewhat friendlier than the DAX 30 and the Dow Jones. As of September 30, 2014, the Dow Jones Europe STOXX 600 Telecommunications® index was around 5.3 percent higher than at the start of the year. The expectation of further consolidation on the European telecommunications market continues to be the main driver of the positive share price performance.

In this environment, the T-Share price fell slightly: Since the start of the year it has advanced by almost 3 percent – on a total return basis. Although the half-year figures published on August 8 were in line with market expectations, media reports at the start of August that Sprint had abandoned its plans for a merger with T-Mobile US put pressure on the share price.

**HIGHLIGHTS IN THE THIRD QUARTER OF 2014.****EMPLOYEES.**

**Magyar Telekom reaches agreement with trade unions.** At the end of July 2014, Magyar Telekom reached an agreement with trade unions on staff cuts and wage increases for 2015-2016. Under the terms of the agreement, our subsidiary will cut a maximum of 1,700 jobs. 40 percent are expected to leave the company between October 1, 2014 and March 1, 2015, while the remaining 60 percent are expected to leave effective January 1, 2016. Total severance expenses related to the 2-year headcount reduction program will be approximately EUR 39 million.

**OFFER TO TAKE OVER T-MOBILE US.**

On July 31, 2014, the French mobile provider Iliad announced in a press release that a provisional offer had been made to the T-Mobile Board of Directors to takeover 56.6 percent of the company. On October 13, 2014, Iliad issued a further press release to the effect that the takeover plans would no longer be pursued.

**EXPANSION OF BRAND PRESENCE.**

**Romanian subsidiaries to operate under the Telekom brand.** Our Romanian subsidiaries Romtelecom and Cosmote Romania have been operating under the Telekom brand since September 2014 and, as such, have been renamed Telekom Romania and Telekom Romania Mobile. Their official trademark is now the well-known T-Logo with the associated brand slogan “Life is for sharing.” This is another step towards expanding our market presence in Europe and, in keeping with our strategy, to offer the best customer experience through technology leadership.

**PARTNERSHIPS.**

We agreed an extensive partnership with **salesforce.com** at the start of July 2014. Under the terms of the agreement, the U.S. market leader for business cloud solutions will use T-Systems data center services in Germany. Joint sales of the Salesforce1 cloud solution will start in 2015. The customer relationship management software helps medium-sized companies to better analyze the behavior of their customers in the digital world and to tailor products and services to the needs of the market.

T-Systems and IT group Cisco have announced a strategic partnership to set up a secure cloud in Europe. The partners plan to make T-Systems one of the co-founders of Intercloud, the world’s largest cloud network. The European platform will be operated and marketed by T-Systems. The Intercloud technology will allow us to offer cloud services to meet every need, for medium-sized companies and corporate customers alike, all from a single source and in line with German security requirements.

The **tolino** e-reader has now also been available in Belgium since mid-July 2014. Our international partner Standaard Boekhandel sells the toline in its stores and via its online shops. Standaard Boekhandel plans to use the toline as a platform to establish itself in the Belgian e-reader market. The toline partnership, which has enjoyed success in Germany, is thus now also offering international partners the opportunity to roll out the successful toline e-reader in their home markets.

**INVESTMENTS IN NETWORKS AND SPECTRUM.**

In our **Germany** operating segment, we are making good progress in the implementation of our integrated network strategy. At the end of the third quarter, our LTE network covered 79 percent of the population, i.e., some 64.5 million people, almost 9.8 million more than at the end of 2013. In addition, as of September 30, 2014, we had already migrated more than 3.7 million fixed-network lines to IP technology. Fiber-optic coverage reached 40.2 percent at the end of the quarter, i.e., around 16.5 million households.

We also continue to work consistently on implementing our strategy in our **Europe** operating segment. We have now also offered LTE technology for mobile communications in Poland since the middle of this year. This means we are represented with LTE in all our European mobile markets, except Albania. We have now migrated 34.9 percent of our fixed networks to IP at our various national companies as September 30, 2014, which corresponds to around 3.2 million lines.

**T-Mobile US'** network build-out is continuing at an accelerated pace. The company's 4G/LTE network now covers 244 million people and it is rapidly deploying Wideband LTE while at the same time rolling out its 700 MHz A-Block spectrum and 4G/LTE on 1,900 PCS spectrum. In addition, T-Mobile US was first to launch VoLTE (voice over LTE) and first to achieve nationwide VoLTE coverage, covering more than 200 million people. The improvements to increase speed, capacity, and coverage across T-Mobile US' network footprint are rapid and ongoing. Prior to the closing of the business combination with MetroPCS, T-Mobile USA developed integration plans which included the decommissioning of the MetroPCS Code Division Multiple Access (CDMA) network and certain other redundant network cell sites. In July 2014, T-Mobile US began decommissioning the MetroPCS CDMA network and redundant network cell sites. The network shutdowns will facilitate the realization of the network synergies associated with the business combination of T-Mobile USA and MetroPCS.

**T-Systems boosts Germany's standing as a center of IT.** In Biere near Magdeburg, we opened the biggest, most modern data center in Germany at the start of July 2014. This new data center will allow us to meet the steep increase in demand for secure cloud services based in Germany. T-Systems will bundle its IT production at eleven international sites by 2018. The data center in Biere will be an important hub in T-Systems' global infrastructure of data centers.

#### **NEW RATE PLANS AND PRODUCTS.**

At the start of September, the green light was given for Deutsche Telekom's first integrated consumer offering at the Internationale Funkausstellung (IFA) trade fair in Berlin. We now offer our customers in Germany attractive packages with smart combinations of mobile and fixed-network services under the name **MagentaEINS**. At the same time, MagentaEINS is the gateway to a new product world. Purely mobile products are brought together under the name **MagentaMobil** and purely fixed-network products under **MagentaZuhause**. Above and beyond this, **MagentaEntertainment**, **MagentaWohnen** and **MagentaService** will feature additional packages and products for custom combinations of the different elements.

At the IFA trade fair, we also became one of the world's first providers to announce the launch of a new **hybrid router**. When customers surf the net at home, the new Speedport Hybrid router will automatically combine fixed-network and mobile bandwidths. This combination of DSL and LTE standards will enable fast Internet access even in areas where coverage is less good. Hybrid will be launched in a number of federal states in fall of this year. The hybrid connection will be available across the entire country starting spring 2015.

We are one of the first providers to launch a globally-applicable encryption solution for smartphones on the market. In contrast to other solutions, the **Mobile Encryption app** for Android and iOS devices works in all phone networks, and even without a SIM card via WiFi or a satellite link. Encrypted communication is possible even in countries that block Internet phone calls.

#### **NEW CORPORATE CUSTOMER AGREEMENTS.**

Our T-Systems subsidiary Satellic N.V., in which STRABAG AG holds a minority stake of 24 percent, has won the contract to set up and operate a **satellite-based toll collection system** for trucks in Belgium. A contractual agreement between Satellic and Viapass, the relevant authority in Belgium, was signed on July 25, 2014 with a term of at least 12 years, initially envisaging that Satellic will establish the new toll collection system in the next 18 months.

#### **AWARDS.**

We once again took first place in the major 2014 network test carried out by trade journal "**connect.**" The testers examined the fixed networks of various providers in Germany, taking some 1.6 million measurements to assess the quality and performance of DSL and broadband cable lines. Their conclusion: Deutsche Telekom once again leads the field of providers and gives a convincing performance in all areas tested. The test results confirm the success of our efforts to offer our customers the best network experience.

We also performed well in the international arena in the third quarter: In the **Top Marka Ranking**, which determines the reach of print and electronic media, T-Mobile Polska took first place for the second time in a row in the Telecommunications category. In September, T-Mobile Czech Republic was named a **Superbrand** in Prague for its unusual marketing campaigns and successful advertising. **Futurezone** – the leading Austrian technology portal – named T-Mobile Austria the fastest Austrian provider in the "Mobile browsing" category. T-Mobile Austria also proved itself, achieving a strong second place overall.

Analyst company **Experton** evaluated big data providers in Germany for the second time. The analysis of 121 IT companies found that T-Systems is among the top three providers in the categories Big Data Operations, Big Data Security Analytics, and Big Data Consulting & Solutions. Our progress from last year's good position to the leading position in this year's Experton study is partly the result of our new focus, which aims to strengthen new business models in growth areas like big data, cloud computing or cyber security, so as to make ourselves fit for the future in the highly-competitive IT market.

In August, we took first place in the **oekom industry ranking** for our ecological and social performance. In the "oekom Industry Report Telecommunications," we performed particularly well in the areas of climate protection, customer focus, electronic-waste prevention, and a sustainable supply chain. oekom GmbH analyzed a total of 108 companies from the telecommunications sector for their sustainability performance and their development over time in addition to many other aspects.



# INTERIM GROUP MANAGEMENT REPORT.

## GROUP STRUCTURE, STRATEGY, AND MANAGEMENT.

With regard to our Group structure, strategy, and management, please refer to the notes in the 2013 combined management report (2013 Annual Report, page 62 et seq.). No significant changes were recorded in this area from the Group's point of view.

The ICSS/GNF business of the local business units (LBUs), which had been organizationally assigned to the Systems Solutions operating segment until December 31, 2013, was brought together as of January 1, 2014 and is now reported under the Europe operating segment. These are units in and outside of Europe (excluding Germany) that predominantly perform wholesale telecommunications services for ICSS (International Carrier Sales & Solutions) as part of the Europe operating segment and for third parties. Furthermore, as of January 1, 2014, the local business customer units of T-Systems Czech Republic, which had previously been managed under the Systems Solutions operating segment, were merged with T-Mobile Czech Republic. In addition to mobile and fixed-network business activities, the company will now also offer ICT solutions for business customers and public administrations. The activities will be disclosed under the Europe operating segment. Reporting was changed to improve the way in which these units can be managed. Comparative figures have been adjusted retrospectively.

The EE joint venture in the United Kingdom, which had previously been assigned to the Europe operating segment, was transferred to the Group Headquarters & Group Services segment as of January 1, 2014. Since then, it has been reported under the Finance board department due to the new definition of the management model of our EE joint venture.

For more information, please refer to the disclosures under segment reporting in the interim consolidated financial statements, page 48.

## THE ECONOMIC ENVIRONMENT.

This section provides additional information on and explains recent changes in the economic situation as described in the combined management report for the 2013 financial year, focusing on global economic developments in the first nine months of 2014, 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.

### GLOBAL ECONOMIC DEVELOPMENT.

Global economic growth was rather inhibited in the first three quarters of 2014. The anticipated increase in the expansion of global trade failed to materialize in the third quarter of 2014.

In our core markets, the majority of economies recorded positive trends again in the first nine months of 2014 in terms of overall economic production, albeit at an increasingly moderate rate of expansion. However, there has been no improvement in the labor market owing to the slow pace of economic recovery in most countries of our Europe operating segment; the increase in the number of people in employment slowed down and in some places, unemployment increased again slightly.

In Germany, the economy grew moderately in the first nine months of 2014. The German labor market remained robust and at the end of September 2014, unemployment stood at 6.5 percent.

The U.S. economy also recorded robust growth again in the third quarter, thanks to the further recovery on the labor market and the ongoing positive underlying momentum of private consumption.

Across the euro zone and the other countries of the European Union, there continued to be great variation in economic development. The economies in the United Kingdom, Slovakia, Hungary, Poland, and the Czech Republic recorded very positive growth rates. In the Netherlands, Austria, and Romania, the rate of expansion was rather more moderate. As of the third quarter of 2014, the forecasts in Greece indicate a positive growth rate for the first time since 2009. Croatia recorded a further decline in GDP due to its cautious reforms and lack of competitiveness. This trend was further amplified by weak tourism figures and trade revenues in the summer months.

### GDP growth rates in our core countries.

	Q1 2014	Q2 2014	Q3 2014
	compared with Q1 2013	compared with Q2 2013	compared with Q3 2013
Germany	2.2	1.3	1.3
United States	1.9	2.6	2.3
Greece	(1.0)	(0.4)	0.2
Romania	3.7	1.5	1.8
Poland	3.5	3.3	3.0
Hungary	3.3	3.7	3.1
Czech Republic	2.6	2.5	2.7
Croatia	(0.6)	(0.8)	(0.5)
Netherlands	0.1	1.1	1.2
Slovakia	2.1	2.3	2.4
Austria	0.8	0.9	1.0
United Kingdom	2.9	3.2	3.2

Source: Oxford Economics, October 2014.

### OUTLOOK.

We expect the expansion of the global economy to accelerate slightly towards the end of 2014 and in the course of 2015, in particular as a result of growing momentum in the emerging economies. The still expansive monetary policy and declining fiscal policy restrictions could support this trend.

### OVERALL ECONOMIC RISKS.

Global economic risks increased once again in the third quarter of 2014. A heightening of geopolitical tensions in the Middle east or Ukraine, for example, may amplify the negative effects on the global economy and the nervousness of the capital markets further. Declining growth forecasts for the full year 2014 are also giving rise to worries that the recovery of the euro zone may be stagnating. The impending banking crisis in Portugal also shows that the sovereign debt and banking crisis in Europe is far from over. The low growth potential in highly developed countries also weighs on the prospects for emerging countries. Growing imbalances such as the downward real estate price trend in China, could have an additional negative impact on global economic development.

### TELECOMMUNICATIONS MARKET.

The consolidation trend in the ICT industry also continued in the third quarter. The merger of the two largest Dutch cable companies, UPC, which belongs to Liberty Global, and Ziggo, was approved by the EU Commission subject to conditions on October 10, 2014. This will create a new, strong, integrated communications provider on the Dutch telecommunications market.

On August 20, 2014, the German federal government adopted the Digital Agenda 2014–2017. This describes the federal government's strategy to make the most of the opportunities of digitization for all areas of the economy and society. The Digital Agenda covers implementation measures in seven action areas, such as "digital infrastructures." One of the objectives – as already set out in the coalition agreement – is to achieve Germany-wide broadband coverage with at least 50 Mbit/s by 2018. For this purpose, the federal government plans to create the necessary framework conditions, including the provision of additional frequencies for broadband mobile communications, funding for regions where profitable roll-out is not possible, and the support of regulation that promotes investment and innovation. These measures are expected to positively impact the network build-out and coverage with high bandwidths.

### REGULATION.

**Pricing measures for bitstream products can be implemented.** Pricing measures by Telekom Deutschland GmbH for bitstream products are subject to "ex-post" price regulation by the Federal Network Agency, to whom they must be announced before they take effect. Accordingly, in September 2013, Telekom Deutschland GmbH announced pricing measures on the IP bitstream market in connection with planned partnerships for broadband roll-out. The Federal Network Agency reviewed the pricing measures and found no evidence of anti-competitive behavior in connection with these

measures. Following an international consolidation and comments by the European Commission on March 14, 2014, the Federal Network Agency has also formally concluded its review, paving the way for the pricing measures to take effect as of April 1, 2014.

**Federal Network Agency issues final ruling on vectoring.** The Federal Network Agency had essentially already given the green light to the use of vectoring transmission technology in August 2013, although some regulations were subject to the provision of a certain wholesale offer (bitstream access). This offer, as well as other contractual regulations, had to be defined by the Federal Network Agency in a further administrative procedure. We were informed of an interim decision in early June 2014 that allowed us to implement vectoring in Germany. The Federal Network Agency issued its final ruling on July 29, 2014, after completion of the European notification. We began marketing VDSL lines with vectoring technology on September 1, 2014. This enables customers in roll-out areas to surf the Internet with download speeds of up to 100 Mbit/s and upload speeds of up to 40 Mbit/s.

**One-time charges for unbundled local loop lines in Germany remain stable.** The Federal Network Agency set the charges for provision and termination of unbundled local loop lines (ULLs) on June 30, 2014. The charge for the most frequently requested ULL option decreased only slightly. For certain options, charges increased. The charges will apply until September 30, 2016.

**Federal Network Agency plans to cut interconnection rates in Germany.** On April 28 and May 2, 2014, Telekom Deutschland GmbH submitted rate applications to the Federal Network Agency for mobile- and fixed-termination rates. On July 11, 2014, the Federal Network Agency published a draft ruling reducing fixed-network termination rates by 20 percent to 0.24 eurocents/minute as of December 1, 2014. On September 3, 2014, the Federal Network Agency also published the draft ruling to set new mobile termination rates. From December 1, 2014 to November 30, 2015, the rates are to fall to 1.72 euro-cents/minute, from December 1, 2015 to November 30, 2016 to 1.66 eurocents/minute. Both drafts have already been put out for consultation at national level and will now also be put out at EU-level.

**Additional special taxes affecting our international subsidiaries.** In addition to the special taxes already in place, e.g., in Greece, Hungary and Romania, the Croatian government decided to triple frequency usage charges with effect from May 23, 2014. A public consultation is also currently underway concerning a change in right-of-way fees in Croatia, which could put additional pressure on Hrvatski Telekom.

## ASSIGNMENT OF FREQUENCIES.

Below we describe the most important current developments regarding the assignment of frequencies:

- Following approval by the European Commission and the Federal Network Agency of the business combination of the companies Telefónica Deutschland and E-Plus in **Germany** and the issuing of corresponding frequency conditions, the Federal Network Agency is planning to open a process for reassigning the 0.9 and 1.8 GHz frequency rights from the German network operators' GSM licenses before the end of 2014. In addition, the authority plans to assign frequencies from the 0.7 GHz (digital dividend II) and 1.5 GHz ranges. The actual award process is scheduled for the second quarter of 2015.
- In **Greece**, the regulatory authority EETT allocated frequencies in the 0.8 GHz (digital dividend) and 2.6 GHz ranges on October 13, 2014 in the form of a simultaneous multi-round auction. Apart from our Greek subsidiary Cosmote, only the two other mobile operators, Vodafone and WIND, took part in the auction. Cosmote achieved its targets set and secured a competitive frequency allocation.
- In **Hungary**, the three-stage process to assign frequencies in the 0.8, 0.9, 1.8, and 2.6 GHz ranges was completed. Magyar Telekom successfully took part in the tender process and was able to secure the frequency resources it desired.
- The **Czech** regulatory authority CTU launched a consultation on the auction of the remaining spectrum in the 1.8 and 2.6 GHz ranges that was not sold in the 2013 auction. T-Mobile Czech Republic is analyzing the terms and conditions and preparing to take part in the process. The auction is expected to be completed in spring 2015.
- In **Albania**, AMC applied to extend its GSM license with frequencies in the 0.9 and 1.8 GHz ranges, which expired in August 2014. Since all the requirements have been met, the application is expected to be approved; however the process is still ongoing. The Albanian regulatory authority AKEP plans to tender further mobile frequencies in the 0.9 and 1.8 GHz ranges before the end of 2014. A consultation on the tender of frequencies in the 2.6 GHz range is being prepared.
- In **Poland**, the regulator UKE began the tender process for frequencies from the 0.8 and 2.6 GHz ranges on October 14, 2014. It is based largely on the conditions of award already known from the planning for the last auction. The frequencies shall be tendered in a simultaneous multi-round auction. Frequencies are expected to be awarded in December 2014.

- In the meantime, there have been further delays in preparations for the frequency auctions in **Montenegro**, where the publication of the final allocation rules and the start of the bidding phase were expected in the first half of 2014. The assignment procedure is expected to be delayed until 2015 and beyond.
- On November 13, 2014, the U.S. communications regulator (FCC) will hold an auction for a total of 65 MHz of spectrum in the 1.6, 1.7, and 2.1 GHz bands. The FCC has set a reserve price of approximately USD 10.5 billion for the entire auction. T-Mobile US will participate in the auction.

## DEVELOPMENT OF BUSINESS IN THE GROUP.

### RESULTS OF OPERATIONS OF THE GROUP.

#### NET REVENUE.

In the first nine months of the 2014 financial year, we generated net revenue of EUR 45.7 billion, clearly up EUR 1.2 billion or 2.7 percent on the same period in the prior year. Our United States operating segment in particular contributed to this trend thanks to the revenue generated by MetroPCS, which was only taken into account from the second quarter of the prior year due to its first-time inclusion as of May 1, 2013, and continued strong customer growth. In our Europe operating segment, the substantial price changes, in some cases imposed by regulatory authorities back in 2013, and intense competition had a negative effect. Our Germany operating segment held its own, particularly in the mobile market, in the prevailing competitive environment, but recorded a slight decline in revenue overall. This was primarily due to the line losses in fixed-network business. The initiated realignment of T-Systems' business model had a negative impact on revenue in our Systems Solutions operating segment, as did the general downward trend in prices for IT and communications services.

Adjusted for the effects of changes in the composition of the Group of EUR 0.9 billion in total, as well as negative exchange rate effects of around EUR 0.5 billion, especially from the translation of U.S. dollars into euros, revenue was up EUR 0.9 billion or 2.0 percent against the prior-year level. For details on the revenue trends in our Germany, United States, Europe, and Systems Solutions operating segments as well as in the Group Headquarters & Group Services segment, please refer to the section "Development of business in the operating segments," page 17 et seq.

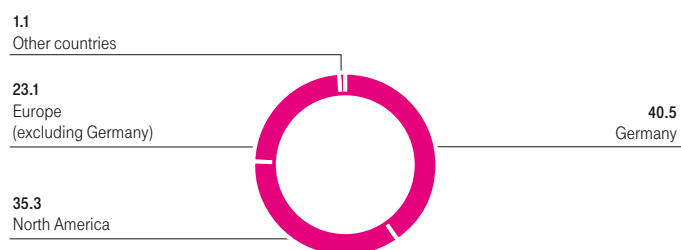
**Contribution of the segments to net revenue.**

millions of €

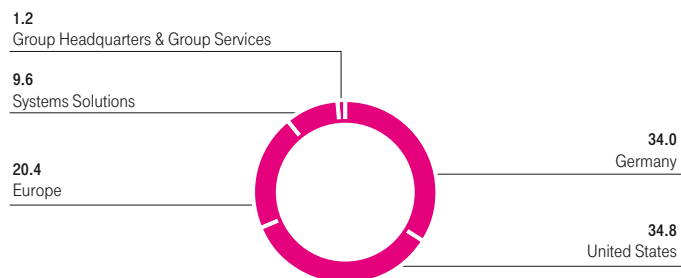
	Q1 2014	Q2 2014	Q3 2014	Q3 2013	Change %	Q1-Q3 2014	Q1-Q3 2013	Change %	FY 2013
<b>NET REVENUE</b>	<b>14,894</b>	<b>15,114</b>	<b>15,648</b>	<b>15,525</b>	<b>0.8%</b>	<b>45,656</b>	<b>44,467</b>	<b>2.7%</b>	<b>60,132</b>
Germany	5,483	5,464	5,587	5,670	(1.5)%	16,534	16,801	(1.6)%	22,435
United States	5,074	5,270	5,554	5,108	8.7%	15,898	13,474	18.0%	18,556
Europe	3,125	3,163	3,317	3,440	(3.6)%	9,605	10,218	(6.0)%	13,704
Systems Solutions	2,052	2,187	2,068	2,174	(4.9)%	6,307	6,570	(4.0)%	9,038
Group Headquarters & Group Services	622	610	596	635	(6.1)%	1,828	2,087	(12.4)%	2,879
Intersegment revenue	(1,462)	(1,580)	(1,474)	(1,502)	1.9%	(4,516)	(4,683)	3.6%	(6,480)

**Breakdown of revenue by region.**

%

**Contribution of the segments to net revenue.<sup>a</sup>**

%



<sup>a</sup> For more information on net revenue, please refer to the disclosures under segment reporting in the interim consolidated financial statements, page 48.

Our United States operating segment made the largest contribution to net revenue, contributing 34.8 percent. This was a substantial increase of 4.5 percentage points compared with the prior-year period, due in part to the inclusion of MetroPCS and ongoing strong new customer growth. By contrast, the proportions contributed by our Germany, Europe, and Systems Solutions operating segments as well as the Group Headquarters & Group Services segment shrank. The proportion of net revenue generated internationally continued to increase, rising from 57.3 percent in the prior-year period to 59.5 percent.

**EBITDA, ADJUSTED EBITDA.**

Our EBITDA increased year-on-year by EUR 1.5 billion to EUR 14.1 billion. Positive special factors amounting to EUR 0.9 billion were included in EBITDA in the first nine months of 2014. They were mainly attributable to income from the divestiture of the Scout24 group of EUR 1.7 billion. Income of some EUR 0.4 billion from a transaction consummated in April 2014 between T-Mobile US and Verizon Communications for the acquisition and exchange of A-Block spectrum also had a positive effect. Expenses of around EUR 0.1 billion arising from the decommissioning of the MetroPCS CDMA network in our United States operating segment and the fine imposed as part of the European Commission proceedings against Slovak Telekom and Deutsche Telekom, by contrast, had a decreasing effect. For further information on the decision to impose a fine, please refer to the section "Risks and opportunities," pages 33 and 34. Expenses incurred in connection with staff-related measures and non-staff-related restructuring expenses decreased by EUR 0.2 billion compared with the prior-year level to EUR 0.7 billion.

Excluding special factors, **adjusted EBITDA** decreased slightly year-on-year to EUR 13.1 billion in the first nine months of 2014. Exchange rate effects of EUR 0.1 billion, especially from the translation of U.S. dollars into euros, had a negative effect on the development of adjusted EBITDA. For detailed information on the development of EBITDA/adjusted EBITDA in our segments, please refer to the section "Development of business in the operating segments," page 17 et seq.

**Contribution of the segments to adjusted Group EBITDA.**

millions of €

	Q1 2014	Q2 2014	Q3 2014	Q3 2013	Change %	Q1-Q3 2014	Q1-Q3 2013	Change %	FY 2013
<b>EBITDA (ADJUSTED FOR SPECIAL FACTORS) IN THE GROUP</b>	<b>4,121</b>	<b>4,429</b>	<b>4,575</b>	<b>4,659</b>	<b>(1.8)%</b>	<b>13,125</b>	<b>13,364</b>	<b>(1.8)%</b>	<b>17,424</b>
Germany	2,230	2,256	2,324	2,375	(2.1)%	6,810	6,909	(1.4)%	8,936
United States	844	1,083	1,014	1,082	(6.3)%	2,941	2,900	1.4%	3,874
Europe	1,027	1,098	1,184	1,169	1.3%	3,309	3,383	(2.2)%	4,550
Systems Solutions	138	288	197	197	0.0%	623	575	8.3%	774
Group Headquarters & Group Services	(118)	(160)	(145)	(155)	6.5%	(423)	(365)	(15.9)%	(655)
Reconciliation	0	(136)	1	(9)	n.a.	(135)	(38)	n.a.	(55)

**EBIT.**

Compared with the first nine months of 2013, Group EBIT increased substantially by EUR 1.2 billion to EUR 6.3 billion, due in particular to the effects described under EBITDA. A EUR 0.3 billion increase in depreciation, amortization and impairment losses compared with the prior-year period, in particular attributable to the inclusion of MetroPCS since May of last year as well as the roll-out of the LTE network as part of T-Mobile US' network modernization program, had a negative impact on the development of EBIT.

**PROFIT BEFORE INCOME TAXES.**

Profit before income taxes increased significantly by EUR 1.2 billion to EUR 4.2 billion year-on-year in the first nine months of 2014 as a result of the aforementioned effects. Despite the inclusion of MetroPCS and the local financing conditions for T-Mobile US, loss from financial activities remained stable year-on-year, among other factors, due to the year-on-year increase of EUR 0.1 billion in the proportion of profit/loss attributable to the EE joint venture.

**NET PROFIT.**

Net profit increased from EUR 1.7 billion to EUR 3.0 billion. The tax expense for the current financial year amounted to EUR 0.9 billion and was thus on a par with the prior-year level. For further information, please refer to the interim consolidated financial statements, page 46.

Profit attributable to non-controlling interests decreased year-on-year, due in part to the acquisition of the remaining shares in T-Mobile Czech Republic which we did not yet own. The increase in non-controlling interests in T-Mobile US had an offsetting effect.

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

	Sept. 30, 2014	Dec. 31, 2013
Germany	68,788	66,725
United States	38,151	37,071
Europe <sup>a</sup>	52,673	53,265
Systems Solutions <sup>a</sup>	48,571	49,540
Group Headquarters & Group Services	20,404	21,995
<b>NUMBER OF EMPLOYEES IN THE GROUP</b>	<b>228,588</b>	<b>228,596</b>
Of which: civil servants (in Germany, with an active service relationship)	20,354	20,523

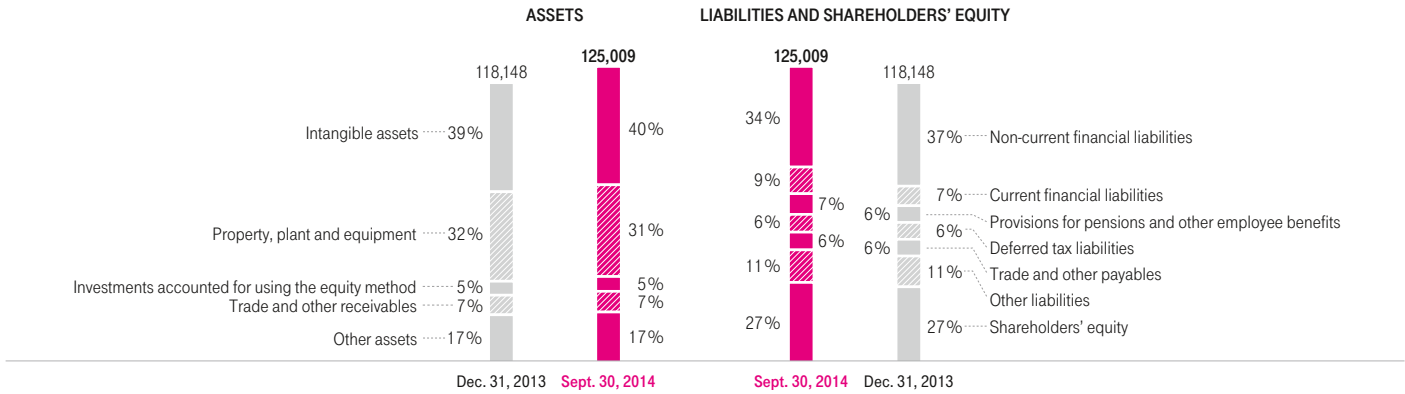
<sup>a</sup> The prior-year comparatives were adjusted retrospectively due to changes in the structure of the Group implemented as of January 1, 2014. For more information, please refer to the disclosures under segment reporting in the interim consolidated financial statements, page 48.

As of September 30, 2014, the Group's headcount remained at the same level as at the end of 2013. Our segments showed countervailing trends to some extent. In the Germany operating segment, we increased the headcount by 3.1 percent compared with the end of 2013 as staff were taken on primarily for the build-out and upgrade of our "networks of the future." In our United States operating segment the total number of employees increased by 2.9 percent in the first nine months of 2014 due to an increase in retail and customer support employees. In our Europe operating segment, staff levels decreased slightly by 1.1 percent compared with December 31, 2013. This trend is attributable to two offsetting effects. On the one hand, the number of employees decreased on account of the disposal of shares in Euronet Communications in the Netherlands. Efficiency enhancement measures in a number of countries in our operating segment, such as Romania and Croatia, also contributed to the reduction. On the other hand, the headcount increased due to the inclusion of the GTS Central Europe group since May 30, 2014 and growth following the staff restructuring in Greece. In our Systems Solutions operating segment, the headcount decreased by 2.0 percent, primarily as a result of the staff restructuring measures implemented in Germany. The number of employees in the Group Headquarters & Group Services segment was down 7.2 percent compared with the end of 2013, due in particular to the deconsolidation of the Scout24 group and staff restructuring measures.

## FINANCIAL POSITION OF THE GROUP.

### Structure of the statement of financial position.

millions of €



**Total assets** increased by EUR 6.9 billion compared with December 31, 2013, primarily influenced by the following factors:

**Intangible assets** increased by EUR 4.2 billion, mainly due to capital expenditure in the amount of EUR 5.5 billion. This figure includes EUR 3.3 billion for the acquisition of mobile licenses by T-Mobile US, in particular in connection with the two transactions consummated in April 2014 for the acquisition and the exchange of mobile licenses with Verizon Communications. Effects of changes in the composition of the Group totaling EUR 0.2 billion resulting from the inclusion of the GTS Central Europe group and preliminary goodwill of EUR 0.1 billion recognized in this connection also contributed to this increase. Exchange rate effects of EUR 2.1 billion, in particular from the translation of U.S. dollars into euros, also increased the carrying amount of intangible assets. The recognition of amortization of EUR 2.8 billion and disposals of EUR 0.6 billion in connection with the exchange of mobile spectrum with Verizon Communications had an offsetting effect on the carrying amount of intangible assets.

**Property, plant and equipment** increased by EUR 1.3 billion compared to December 31, 2013 to EUR 38.7 billion. Capital expenditure of EUR 5.4 billion in the Germany and United States operating segments and exchange rate effects of EUR 0.7 billion, in particular from the translation of U.S. dollars into euros, increased the carrying amount. The increase was also attributable to effects of changes in the composition of the Group of EUR 0.4 billion, mainly from the inclusion of the GTS Central Europe group (EUR 0.2 billion) and the first-time consolidation of four structured leasing SPEs (EUR 0.2 billion). This was offset by amortization of EUR 4.9 billion and disposals of EUR 0.2 billion.

The carrying amount of **investments accounted for using the equity method** increased by EUR 0.4 billion to EUR 6.6 billion in the first three quarters of 2014. On the one hand, the carrying amount for the investments

decreased by EUR 0.3 billion as a result of dividend payments received from the EE joint venture; on the other, the recognition of the remaining stake in the Scout24 group as an investment accounted for using the equity method had an increasing effect of EUR 0.3 billion, as did exchange rate effects – mainly resulting from the translation of pounds sterling into euros – in the amount of EUR 0.4 billion.

**Trade and other receivables** increased by EUR 1.3 billion to EUR 9.1 billion, due in particular to customer growth and an increased percentage of terminal equipment sold under installment plans in our United States operating segment. This results from T-Mobile US' strategy to introduce new rate plans under which terminal equipment is no longer sold at a subsidized price, but on the basis of an installment plan, for example. By contrast, factoring agreements concluded in the reporting period concerning monthly revolving sales of current trade receivables decreased our trade receivables by EUR 0.4 billion.

As of September 30, 2014, **other assets** include the following significant effects: **Non-current assets and disposal groups held for sale** decreased by EUR 0.8 billion, mainly due to the consummation of the following two transactions: In the United States operating segment, the exchange of mobile licenses with Verizon Communications was concluded for EUR 0.6 billion. In the Group Headquarters & Group Services segment, the sale of the shares in the Scout24 group totaling EUR 0.3 billion was consummated. **Inventories** increased by EUR 0.2 billion due to increased stock levels of terminal equipment (in particular smartphones), primarily in our Germany and United States operating segments.

Our current and non-current **financial liabilities** increased by EUR 1.8 billion compared with the end of 2013 to EUR 53.4 billion in total. For the main effects on financial liabilities, please refer to net cash used in financing activities, page 47, in the interim consolidated financial statements.

The EUR 1.1 billion increase in **provisions for pensions and other employee benefits** to EUR 8.1 billion was primarily attributable to actuarial losses recognized directly in equity as a result of the sustained decline in interest levels.

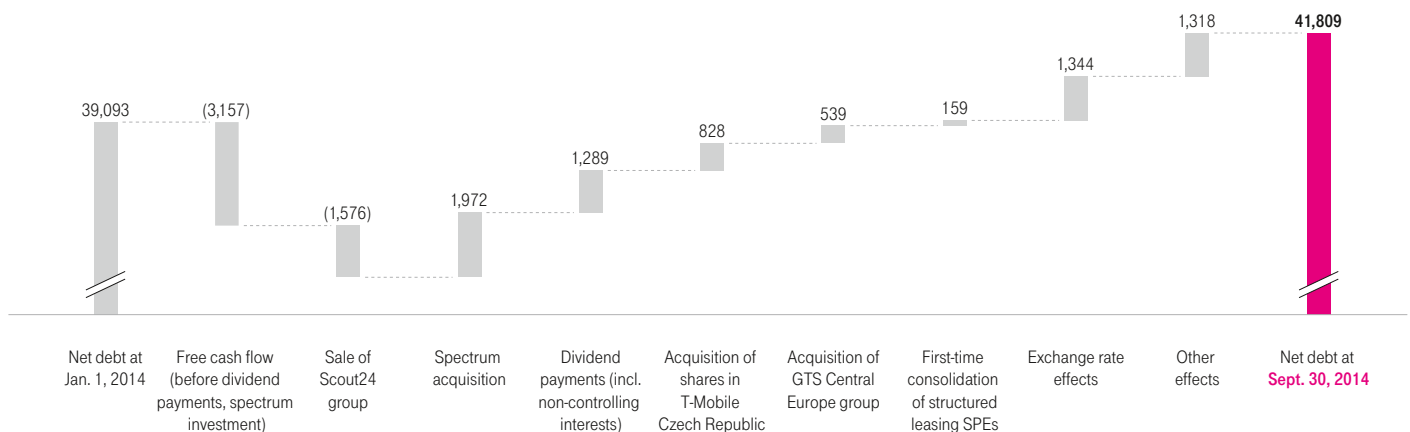
**Deferred tax liabilities** increased by EUR 0.6 billion to EUR 7.6 billion, especially due to exchange rate effects from the translation of U.S. dollars into euros.

**Trade and other payables** increased by EUR 0.8 billion compared with the end of 2013, due in part to the stockpiling of terminal equipment (in particular smartphones) and the network build-out in the United States operating segment.

**Shareholders' equity** increased by EUR 1.9 billion compared with December 31, 2013 to EUR 34.0 billion, due to profit of EUR 3.3 billion and currency translation effects recognized directly in equity of EUR 1.5 billion. In addition, in connection with the option granted to our shareholders to have their dividend entitlements converted into shares, a capital increase of EUR 1.0 billion was carried out involving the contribution of the dividend entitlements. Dividend payments for the 2013 financial year to Deutsche Telekom AG shareholders of EUR 2.2 billion and to non-controlling interests of EUR 0.1 billion had an offsetting effect. Furthermore, shareholders' equity was also reduced by the acquisition of the remaining shares in T-Mobile Czech Republic (EUR 0.8 billion), the recognition of actuarial losses (after taxes) (EUR 0.7 billion), and the recognition of hedging instruments directly in equity (EUR 0.1 billion).

#### Changes in net debt.

millions of €



Other effects of EUR 1.3 billion include, among other factors, financing options under which the payments for trade payables become due at a later point in time by involving banks in the process. These payables are now shown under financial liabilities in the statement of financial position. Other effects also include a payment as part of a wholesale transaction. For more information on net debt, please refer to the disclosures on the reconciliation of the pro forma figures in the section "Additional information," page 56 et seq.

**Free cash flow (before dividend payments, spectrum investment).<sup>a</sup>**

millions of €

	Q1 2014	Q2 2014	Q3 2014	Q3 2013	Change %	Q1-Q3 2014	Q1-Q3 2013	Change %	FY 2013
<b>CASH GENERATED FROM OPERATIONS<sup>a</sup></b>	<b>3,860</b>	<b>3,831</b>	<b>4,240</b>	<b>4,052</b>	<b>4.6%</b>	<b>11,931</b>	<b>11,527</b>	<b>3.5%</b>	<b>15,289</b>
Interest received (paid)	(898)	(644)	(670)	(411)	(63.0)%	(2,212)	(1,715)	(29.0)%	(2,075)
<b>NET CASH FROM OPERATING ACTIVITIES<sup>a</sup></b>	<b>2,962</b>	<b>3,187</b>	<b>3,570</b>	<b>3,641</b>	<b>(2.0)%</b>	<b>9,719</b>	<b>9,812</b>	<b>(0.9)%</b>	<b>13,214</b>
Cash outflow for investments in intangible assets (excluding goodwill and before spectrum investment) and property, plant and equipment <b>(CASH CAPEX)</b>	(2,065)	(2,197)	(2,493)	(2,260)	(10.3)%	(6,755)	(6,415)	(5.3)%	(8,861)
Proceeds from disposal of intangible assets (excluding goodwill) and property, plant and equipment	86	59	48	46	4.3%	193	177	9.0%	253
<b>FREE CASH FLOW (BEFORE DIVIDEND PAYMENTS AND SPECTRUM INVESTMENT)<sup>a</sup></b>	<b>983</b>	<b>1,049</b>	<b>1,125</b>	<b>1,427</b>	<b>(21.2)%</b>	<b>3,157</b>	<b>3,574</b>	<b>(11.7)%</b>	<b>4,606</b>

<sup>a</sup> Before effects in connection with the AT&T transaction and compensation payments for MetroPCS employees.

**Free cash flow.** Free cash flow in the Group before dividend payments and spectrum investment decreased by EUR 0.4 billion year-on-year. This was due to the year-on-year increase of EUR 0.3 billion in cash outflows for investments in intangible assets (excluding goodwill and before spectrum investment) and property, plant and equipment. Net cash from operating activities remained almost stable.

Net cash from operating activities included the following effects: dividend payments received from the EE joint venture that were EUR 0.1 billion higher than in the prior year, and factoring agreements concluded in the reporting period concerning monthly revolving sales of current trade receivables. This gave rise to a positive effect of EUR 0.4 billion compared with the prior-year period. Furthermore, the prior-year figure had included outflows for severance payments that were EUR 0.1 billion higher. Net cash from operating activities was reduced by EUR 0.5 billion higher net interest payments. The prior-year figure had also included proceeds from the conclusion and settlement of interest rate derivatives in the amount of EUR 0.2 billion.

For further information on the statement of cash flows, please refer to the interim consolidated financial statements, page 47.

**COMPARISON OF THE PAST TWELVE MONTHS.**

Although there are no significant seasonal factors that affect Deutsche Telekom's earnings and financial position, we have compared the past twelve months with the full year 2013, as results were negatively impacted by special factors.

millions of €

	Oct. 1, 2013 through Sept. 30, 2014	FY 2013
<b>REVENUE AND EARNINGS</b>		
Net revenue	61,321	60,132
Profit from operations (EBIT)	6,093	4,930
Depreciation, amortization and impairment losses	(11,224)	(10,904)
EBITDA	17,317	15,834
EBITDA (adjusted for special factors)	17,185	17,424
Net profit (loss)	2,282	930
Net profit (loss) (adjusted for special factors)	2,378	2,755
Earnings per share basic/diluted	€ 0.51	0.21
<b>CASH FLOWS</b>		
Net cash from operating activities <sup>a</sup>	13,121	13,214
Cash outflow for investments in intangible assets (excluding goodwill and before spectrum investment) and property, plant and equipment (cash capex)	(9,201)	(8,861)
Proceeds from disposal of intangible assets (excluding goodwill) and property, plant and equipment	269	253
Free cash flow (before dividend payments and spectrum investment) <sup>a</sup>	4,189	4,606

<sup>a</sup> Before effects in connection with the AT&T transaction and compensation payments for MetroPCS employees.

Net revenue increased by EUR 1.2 billion. This was in particular attributable to the first-time inclusion of MetroPCS as of May 1, 2013 and the ongoing substantial revenue increase in the United States operating segment due to continued strong customer growth.

The increase of around EUR 1.2 billion in profit from operations (EBIT) mainly resulted from income from divestitures in connection with the disposal of the shares in the Scout24 group in February 2014 totaling EUR 1.7 billion as well as from income of some EUR 0.4 billion from a transaction consummated in April 2014 between T-Mobile US and Verizon Communications concerning the acquisition and exchange of A-Block spectrum. Expenses of around EUR 0.1 billion arising from the decommissioning of the MetroPCS CDMA network in our United States operating segment and the fine imposed as part of the European Commission proceedings against Slovak Telekom and Deutsche Telekom, by contrast, had a decreasing effect. These special



factors were offset by an increase of around EUR 0.3 billion in depreciation, amortization and impairment losses, attributable to the inclusion of MetroPCS since May of last year as well as the roll-out of the LTE network as part of T-Mobile US' network modernization program.

The aforementioned effects are also decisive for the changes in our other unadjusted financial figures.

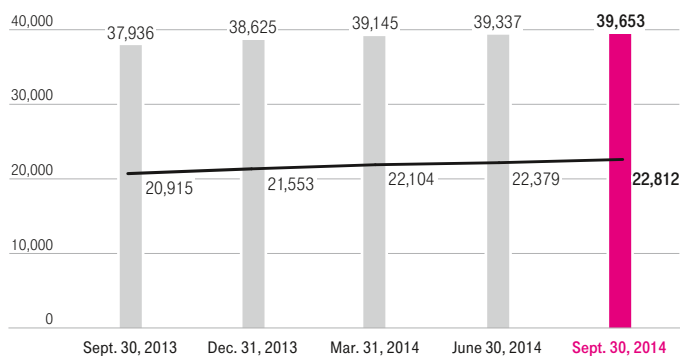
## DEVELOPMENT OF BUSINESS IN THE OPERATING SEGMENTS.

### GERMANY.

#### CUSTOMER DEVELOPMENT.

##### Mobile customers.

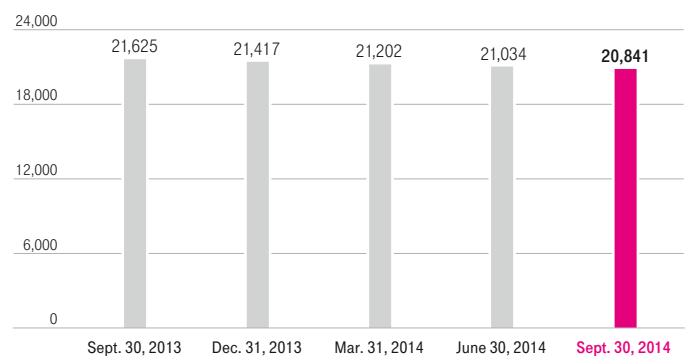
thousands



— Contract customers

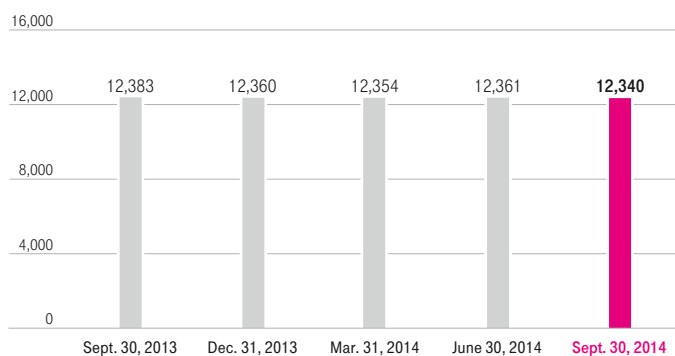
##### Fixed-network lines.

thousands



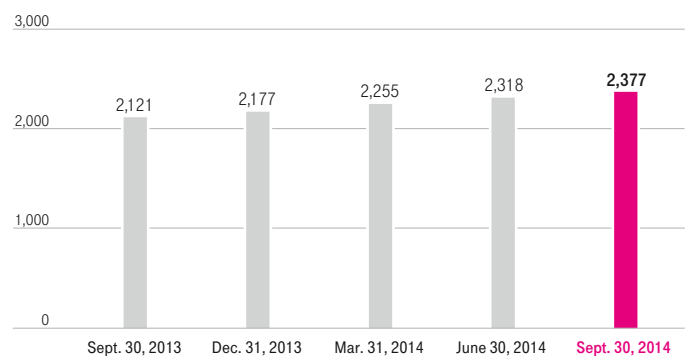
##### Broadband lines.

thousands



##### Television (IPTV, satellite).<sup>a</sup>

thousands



<sup>a</sup> Customers connected.

thousands

	Sept. 30, 2014	June 30, 2014	Change Sept. 30, 2014/ June 30, 2014 %	Dec. 31, 2013	Change Sept. 30, 2014/ Dec. 31, 2013 %	Sept. 30, 2013	Change Sept. 30, 2014/ Sept. 30, 2013 %
<b>TOTAL</b>							
Mobile customers	39,653	39,337	0.8%	38,625	2.7%	37,936	4.5%
Contract customers	22,812	22,379	1.9%	21,553	5.8%	20,915	9.1%
Prepay customers	16,841	16,957	(0.7)%	17,072	(1.4)%	17,021	(1.1)%
Fixed-network lines	20,841	21,034	(0.9)%	21,417	(2.7)%	21,625	(3.6)%
Of which: IP-based	3,744	3,167	18.2%	2,141	74.9%	1,774	n.a.
Broadband lines	12,340	12,361	(0.2)%	12,360	(0.2)%	12,383	(0.3)%
Of which: optical fiber	1,608	1,494	7.6%	1,246	29.1%	1,165	38.0%
Television (IPTV, satellite)	2,377	2,318	2.5%	2,177	9.2%	2,121	12.1%
Unbundled local loop lines (ULLs)	8,954	9,101	(1.6)%	9,257	(3.3)%	9,299	(3.7)%
Wholesale bundled lines	323	341	(5.3)%	390	(17.2)%	419	(22.9)%
Wholesale unbundled lines	1,971	1,812	8.8%	1,564	26.0%	1,495	31.8%
Of which: optical fiber	586	475	23.4%	274	n.a.	222	n.a.
<b>OF WHICH: CONSUMERS</b>							
Mobile customers	30,039	30,064	(0.1)%	29,943	0.3%	29,623	1.4%
Contract customers	16,651	16,316	2.1%	15,669	6.3%	15,159	9.8%
Prepay customers	13,388	13,748	(2.6)%	14,275	(6.2)%	14,463	(7.4)%
Fixed-network lines	16,392	16,556	(1.0)%	16,923	(3.1)%	17,109	(4.2)%
Of which: IP-based	3,404	2,882	18.1%	1,960	73.7%	1,629	n.a.
Broadband lines	9,919	9,934	(0.2)%	9,963	(0.4)%	9,983	(0.6)%
Of which: optical fiber	1,376	1,275	7.9%	1,064	29.3%	994	38.4%
Television (IPTV, satellite)	2,190	2,133	2.7%	2,001	9.4%	1,948	12.4%
<b>OF WHICH: BUSINESS CUSTOMERS</b>							
Mobile customers	9,614	9,273	3.7%	8,682	10.7%	8,314	15.6%
Contract customers	6,161	6,064	1.6%	5,885	4.7%	5,755	7.1%
Prepay customers (M2M)	3,453	3,209	7.6%	2,797	23.5%	2,558	35.0%
Fixed-network lines	3,419	3,442	(0.7)%	3,445	(0.8)%	3,465	(1.3)%
Of which: IP-based	319	268	19.0%	164	94.5%	128	n.a.
Broadband lines	2,097	2,102	(0.2)%	2,072	1.2%	2,074	1.1%
Of which: optical fiber	229	215	6.5%	180	27.2%	169	35.5%
Television (IPTV, satellite)	185	184	0.5%	174	6.3%	172	7.6%

**Total.**

We have maintained our lead in the fixed network and aim to be the number one provider in terms of mobile service revenues. Our goal is to be the leading integrated telecommunications provider in Germany. We have been marketing MagentaEINS, our first integrated product comprising fixed-network and mobile components, since September 2014, when we also successfully launched our new MagentaMobil rate plans.

With our “network of the future,” we provide state-of-the-art connection technology. We plan to convert our network to IP technology by 2018. In the first three quarters of 2014 alone, we migrated 1,603 thousand customers to IP-based lines, bringing the total number of migrations up to 3.7 million retail customers.

In the highly competitive mobile market, we won an additional 1,259 thousand contract customers in the first three quarters of 2014. 637 thousand of these were attributable to Deutsche Telekom’s branded business under the Telekom and “congstar” brands. The prepay customer base decreased by 231 thousand, mainly due to the migration of customers to low-cost contract offers.

We continued to record strong demand for our fiber-optic products. The number of these lines rose by 674 thousand in the first three quarters of 2014 to a total of 2,194 thousand. With the progress in fiber-optic roll-out and our innovative vectoring technology, we will drive forward the marketing of substantially higher bandwidths. In the vectoring regions approved by the Federal Network Agency, customers have been able to surf the Internet with download speeds of up to 100 Mbit/s and with upload speeds of up to 40 Mbit/s since September 2014.

With our “contingent model” and its future refinement, we are creating incentives for the migration from traditional wholesale products – such as bundled wholesale lines or unbundled local loop lines – to higher-quality VDSL wholesale lines.

Our partnerships in the housing sector also proved successful: By the end of the third quarter of 2014, we had connected around 86 thousand apartments to our network.

### Mobile communications.

**Mobile telephony and data services.** Our excellent network quality and the new product portfolio for high-value contract customers and new customers provide fresh impetus, which resulted in a total of 1,028 thousand mobile customer additions. The decline in the number of prepaid customers was more than offset by strong growth in the number of contract customers. A total of 273 thousand customers use a mobile broadband connection. The Business Customers area and our second brand "congstar" developed particularly positive.

The proportion of smartphones, especially Android and iOS handsets (iPhones), totaled 70.7 percent. The trend towards integrated flat rates with increased data speeds continues.

### Fixed network.

**Telephony, Internet, and television.** The development of the fixed-network market remains challenging, mainly due to aggressively priced competitor offers. For this reason, our marketing activities are now focused on regional offers, in particular for TV and VDSL lines. Hence, the number of broadband lines remained almost stable in the third quarter of 2014 at 12.3 million. In total, 19.3 percent of our broadband customers are TV customers, up 1.7 percentage points against the end of 2013. In the traditional fixed network, the number of lines decreased by 576 thousand compared with the end of 2013. In the last two quarters of 2014, line losses per quarter have fallen below the 200 thousand mark for the first time in ten years.

### Consumers.

**Connected life across all screens.** The number of mobile customers increased by 0.3 percent in the first three quarters of 2014 compared with the end of 2013. We won another 982 thousand contract customers, mainly from the reseller customer segment and under our second brand "congstar." The number of prepaid customers decreased by 887 thousand in the reporting period, in particular in the reseller segment (service providers) and due to the switching to attractive contract rate plans.

In the fixed network, we migrated 1,444 thousand customers to IP-based retail lines and won another 189 thousand TV customers in the first three quarters of 2014. Of the 9.9 million broadband lines, around 1.4 million customers use

a fiber-optic line – 312 thousand of which were added in the first nine months of 2014. The line losses in the fixed network totaled 531 thousand, i.e., significantly less than the 680 thousand recorded in the first three quarters of 2013, with customers switching primarily to cable operators and regional providers.

### Business Customers.

**Connected work with innovative solutions.** We were particularly successful in mobile communications in the first three quarters of 2014 – with 276 thousand new contract customers – as well as in the machine-to-machine segment – with an increase of 656 thousand cards. The growth in the machine-to-machine segment mainly resulted from the increased use of SIM cards in the automotive and logistics industries. In mobile Internet, customers are increasingly opting for plans with higher bandwidths, in conjunction with higher-quality terminal equipment. The number of fixed-network lines remained stable compared with the end of 2013 at 3.4 million. At 2.1 million, broadband lines remained at the same level as at the end of 2013, with the number of fiber-optic customers increasing by 27.2 percent.

Products in the area of connected work developed positively. As a consequence, we recorded further growth in our rate plans "DeutschlandLAN – Complete Solution for your Office." In data communications, we significantly increased the number of networks and connections, especially with Internet-based data networks (IP VPNs) and high-bandwidth location networking. Demand for cloud products grew in particular.

### Wholesale.

The accelerated growth in our unbundled wholesale lines of 407 thousand or 26.0 percent in the first three quarters of 2014 was driven mainly by the high demand in connection with the "contingent model." However, the number of bundled wholesale lines declined by 67 thousand. We expect this trend to continue for the next few years due to the fact that our competitors are switching from bundled to unbundled wholesale products with more bandwidth or to their own infrastructure. The number of unbundled local loop lines (ULLs) decreased by 303 thousand or 3.3 percent compared with year-end 2013. This is attributable both to the trend towards higher-quality VDSL wholesale lines and to market influences, since competitors are migrating their customers to mobile lines and customers are switching to cable companies.

## DEVELOPMENT OF OPERATIONS.

millions of €

	Q1 2014	Q2 2014	Q3 2014	Q3 2013	Change %	Q1-Q3 2014	Q1-Q3 2013	Change %	FY 2013
<b>TOTAL REVENUE</b>	5,483	5,464	5,587	5,670	(1.5)%	16,534	16,801	(1.6)%	22,435
Consumers	2,928	2,918	3,029	3,086	(1.8)%	8,875	9,099	(2.5)%	12,122
Business Customers	1,404	1,418	1,430	1,431	(0.1)%	4,252	4,236	0.4%	5,676
Wholesale	952	942	934	959	(2.6)%	2,828	2,840	(0.4)%	3,811
Value-Added Services	63	57	59	71	(16.9)%	179	224	(20.1)%	288
Other	136	129	135	123	9.8%	400	402	(0.5)%	538
Profit from operations (EBIT)	1,249	1,239	1,279	1,279	0.0%	3,767	3,614	4.2%	4,435
EBIT margin %	22.8	22.7	22.9	22.6		22.8	21.5		19.8
Depreciation, amortization and impairment losses	(956)	(978)	(957)	(989)	3.2%	(2,891)	(2,933)	1.4%	(3,966)
EBITDA	2,205	2,217	2,236	2,268	(1.4)%	6,658	6,547	1.7%	8,401
Special factors affecting EBITDA	(25)	(39)	(88)	(107)	17.8%	(152)	(362)	58.0%	(535)
<b>EBITDA (ADJUSTED FOR SPECIAL FACTORS)</b>	2,230	2,256	2,324	2,375	(2.1)%	6,810	6,909	(1.4)%	8,936
EBITDA margin (adjusted for special factors) %	40.7	41.3	41.6	41.9		41.2	41.0		39.7
<b>CASH CAPEX</b>	(705)	(1,018)	(1,009)	(892)	(13.1)%	(2,732)	(2,130)	(28.3)%	(3,411)

**Total revenue.**

Revenue decreased by 1.6 percent year-on-year in the first three quarters of 2014. This was precipitated by the 2.6-percent decline in revenue in the traditional fixed-network business. The marketing of our TV lines and higher revenue from sales of media receivers and routers had a positive effect on fixed-network business, but were unable to compensate for the decline in revenue from broadband business and traditional fixed-network telephony. Despite high competitive pressure, mobile revenue remained stable. The encouraging development in the business customer segment and our second brand “congstar” almost offset the decline in revenue from our first brand and from resellers.

Revenue from **Consumers** decreased by 2.5 percent, mainly due to a volume- and price-related downturn in the fixed network. Mobile revenues declined by 1.6 percent. While mobile service revenues decreased by 1.8 percent owing to a decline in voice telephony and lower revenues from text messages, especially in the prepay segment, we recorded a substantial 26.5-percent increase in data revenues. Revenue from mobile handsets remained stable, due in particular to increased smartphone sales in the third quarter of 2014.

Revenue from **Business Customers** increased by 0.4 percent. This positive trend primarily resulted from growth in mobile service revenues, especially in data revenue. The decline in revenue from traditional voice telephony had an offsetting effect.

**Wholesale** revenue remained almost at the prior-year level, declining 0.4 percent, with retroactive price reductions for unbundled local loop lines having an extraordinary effect in the second quarter of the prior year. Excluding this effect, Wholesale revenue declined slightly by 2.0 percent. This decrease is primarily due to volume reductions regarding interconnection calls and lines, which were partially offset by the positive trend in unbundled lines, mainly as a result of the contingent model.

The decrease in revenue from **Value-Added Services** of 20.1 percent mainly resulted from weaker use of premium rate call numbers and the decline in revenue attributable to the exit from the digital out-of-home advertising business at the end of 2013.

**EBITDA, adjusted EBITDA.**

EBITDA adjusted for special factors decreased slightly by 1.4 percent year-on-year to EUR 6.8 billion, primarily as a result of higher personnel costs due to collectively agreed pay increases and staff increases for our integrated network build-out. Higher market investments in mobile communications in the third quarter of 2014 – driven among other things by the intensified marketing of smartphones – also had an adverse effect on adjusted EBITDA. With an adjusted EBITDA margin of 41.2 percent, we are above our target level of 40 percent. EBITDA in the first three quarters of 2014 amounted to EUR 6.7 billion, an increase of 1.7 percent on the prior-year period, due in particular to higher special factors for expenses in connection with our staff restructuring in the previous year.

**EBIT.**

Profit from operations in our Germany operating segment increased by 4.2 percent year-on-year to EUR 3.8 billion. This was primarily attributable to lower special factors in the first three quarters of 2014 compared with the prior-year period.

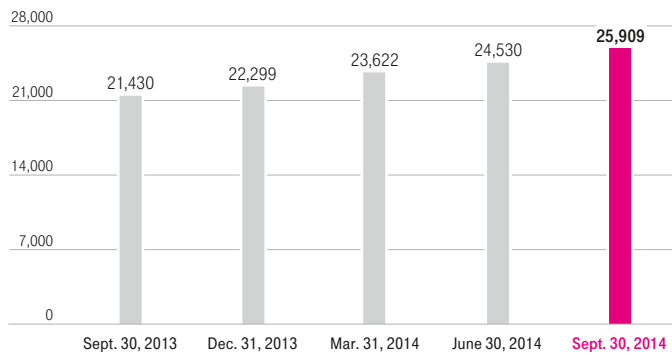
**Cash capex.**

Cash capex increased by EUR 602 million in the first three quarters of 2014 compared with the prior-year period. During the first nine months of 2014, we increased our investments in the fiber-optic cable roll-out, our IP transformation, and our LTE infrastructure as part of our integrated network strategy.

## UNITED STATES. CUSTOMER DEVELOPMENT.

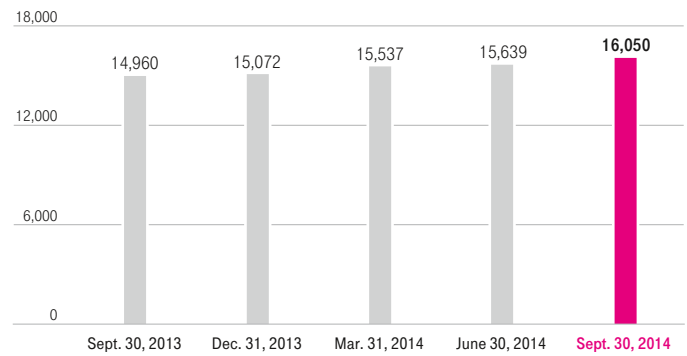
### Branded postpaid customers.

thousands



### Branded prepay customers.

thousands



thousands

	Sept. 30, 2014	June 30, 2014	Change Sept. 30, 2014/ June 30, 2014 %	Dec. 31, 2013	Change Sept. 30, 2014/ Dec. 31, 2013 %	Sept. 30, 2013	Change Sept. 30, 2014/ Sept. 30, 2013 %
<b>UNITED STATES</b>							
Mobile customers	52,890	50,545	4.6%	46,684	13.3%	45,039	17.4%
Branded customers	41,959	40,169	4.5%	37,371	12.3%	36,390	15.3%
Branded postpaid	25,909	24,530	5.6%	22,299	16.2%	21,430	20.9%
Branded prepay	16,050	15,639	2.6%	15,072	6.5%	14,960	7.3%
Wholesale customers	10,931	10,376	5.3%	9,313	17.4%	8,649	26.4%
M2M	4,269	4,047	5.5%	3,602	18.5%	3,430	24.5%
MVNOs	6,662	6,329	5.3%	5,711	16.7%	5,219	27.6%

At September 30, 2014, the United States operating segment (T-Mobile US) had 52.9 million customers compared to 46.7 million customers at December 31, 2013. This increase in net customers of 6.2 million in the first nine months of 2014 was an improvement compared to a net increase of 2.8 million in the first nine months of 2013. In the first nine months of 2014, the increase in net customers was the result of growth in all customer categories, as described below.

**Branded customers.** Branded postpaid net customer additions improved to 3,610 thousand for the nine months ended September 30, 2014, compared to 1,137 thousand for the nine months ended September 30, 2013. The significant improvement in customer development was attributable to increased new customer activations and improved branded postpaid churn. Growth in branded postpaid gross customer additions resulted primarily from strong customer response to the company's Un-carrier value proposition and promotions for services and devices, including the "4 line for \$100" offer. Additionally, positive customer response to mobile broadband offers contributed to the increase in branded postpaid net customer additions.

Branded prepay net customer additions were 978 thousand for the nine months ended September 30, 2014, compared to 216 thousand for the nine months ended September 30, 2013. The improvement was attributable to higher branded prepaid gross customer additions primarily due to the MetroPCS business combination and subsequent expansion of the MetroPCS brand into new markets.

**Wholesale customers.** Wholesale net customer additions were 1,618 thousand for the nine months ended September 30, 2014, compared to wholesale net customer additions of 1,379 thousand for the nine months ended September 30, 2013. The increase in wholesale net customer additions was primarily attributable to growth in monthly plans offered by the company's MVNO partners. Both MVNO and M2M customers continued to grow in the nine months ended September 30, 2014.

**DEVELOPMENT OF OPERATIONS.**

millions of €

	Q1 2014	Q2 2014	Q3 2014	Q3 2013	Change %	Q1-Q3 2014	Q1-Q3 2013	Change %	FY 2013
<b>TOTAL REVENUE</b>	5,074	5,270	5,554	5,108	8.7%	15,898	13,474	18.0%	18,556
Profit from operations (EBIT)	154	707	123	412	(70.1)%	984	1,225	(19.7)%	1,404
EBIT margin %	3.0	13.4	2.2	8.1		6.2	9.1		7.6
Depreciation, amortization and impairment losses	(641)	(704)	(746)	(607)	(22.9)%	(2,091)	(1,532)	(36.5)%	(2,238)
EBITDA	795	1,411	869	1,019	(14.7)%	3,075	2,757	11.5%	3,642
Special factors affecting EBITDA	(49)	328	(145)	(63)	n.a.	134	(143)	n.a.	(232)
<b>EBITDA (ADJUSTED FOR SPECIAL FACTORS)</b>	844	1,083	1,014	1,082	(6.3)%	2,941	2,900	1.4%	3,874
EBITDA margin (adjusted for special factors) %	16.6	20.6	18.3	21.2		18.5	21.5		20.9
<b>CASH CAPEX</b>	(690)	(2,397)	(870)	(767)	(13.4)%	(3,957)	(2,423)	(63.3)%	(3,279)

**Total revenue.**

Total revenue for our United States operating segment of EUR 15.9 billion in the first nine months of 2014 increased by 18.0 percent compared to EUR 13.5 billion in the first nine months of 2013. In U.S. dollars, T-Mobile US total revenues increased by 21.4 percent year-on-year due primarily to the inclusion of MetroPCS results since May 2013. Excluding MetroPCS operating results, service revenues increased due primarily to an increase in the average number of branded postpaid customers driven by strong response to the company's Un-carrier value proposition and promotions for services and devices. This was partially offset by decreased average revenue per branded postpaid customer as a result of growth in Simple Choice plans, which have lower priced rate plans than other branded postpaid rate plans. In addition, equipment sales increased, including those sold on installment plans, driven by significant growth in the number of devices sold due to higher customer additions and higher handset upgrade volumes.

**EBITDA, adjusted EBITDA, adjusted EBITDA margin.**

Adjusted EBITDA was slightly above the prior-year level of EUR 2.9 billion. In U.S. dollars, adjusted EBITDA increased by 4.4 percent, including the positive impact from inclusion of MetroPCS activity since May 2013. Adjusted EBITDA was impacted by increased branded postpaid revenues resulting from growth in the branded postpaid customer base due to positive response to the company's Un-carrier value proposition. These increases were partially offset by higher promotional costs, increased commission expense on higher gross customer additions, and an increase in loss on equipment sales due to higher

volumes of smartphone sales. Adjusted EBITDA in the first nine months of 2014 excludes EUR 0.1 billion primarily associated with EUR 0.4 billion in gains on spectrum license transactions with Verizon Communications partially offset by EUR 0.1 billion of stock-based compensation costs and EUR 0.2 billion of MetroPCS business combination costs, including EUR 0.1 billion relating to the decommissioning of the MetroPCS CDMA network. The adjusted EBITDA margin decreased year-on-year due to the factors described above, as increases in revenues outpaced adjusted EBITDA growth for the first nine months of 2014.

**EBIT.**

EBIT decreased by 19.7 percent to EUR 984 million in the first nine months of 2014 from EUR 1.2 billion in the first nine months of 2013 driven by higher depreciation expense due to the inclusion of MetroPCS operating results since May 2013 and the deployment of LTE network assets, related to the network modernization program. These costs were partially offset by slightly higher adjusted EBITDA and the recognition of gains on spectrum license transactions recorded in the first nine months of 2014.

**Cash capex.**

Cash capex increased 63.3 percent year-on-year to EUR 4.0 billion in the first nine months of 2014 compared to EUR 2.4 billion in the first nine months of 2013 due to the purchase of 0.7 GHz A-Block spectrum licenses totaling EUR 1.7 billion.

## EUROPE.

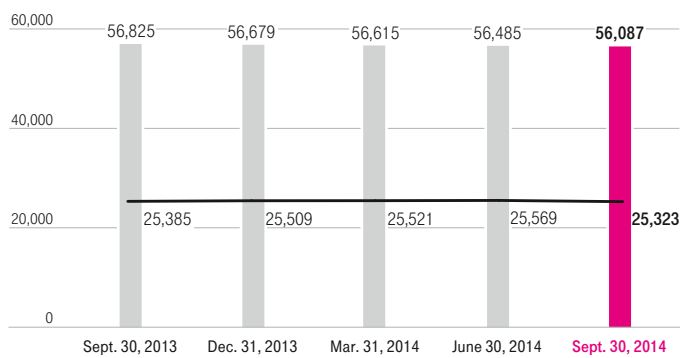
The ICSS/GNF business of the local business units (LBUs), which had previously been organizationally assigned to the Systems Solutions operating segment, was brought together as of January 1, 2014 and is now reported under the Europe operating segment. Furthermore, as of January 1, 2014, the local business customer units of T-Systems Czech Republic, which had

previously been managed under the Systems Solutions operating segment, were merged with T-Mobile Czech Republic; they are reported in the Europe operating segment. Comparative figures have been adjusted retrospectively. For more information, please refer to the disclosures under segment reporting in the interim consolidated financial statements, page 48.

## CUSTOMER DEVELOPMENT.

### Mobile customers.

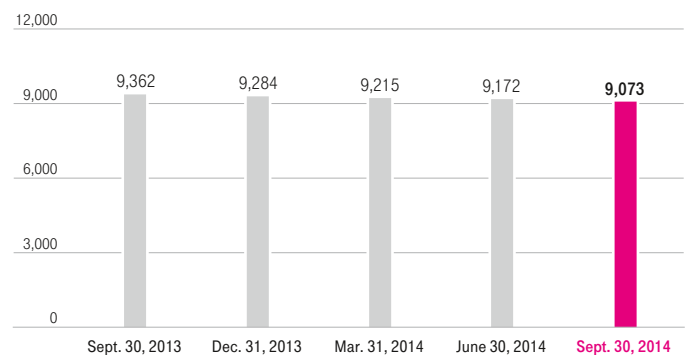
thousands



— Contract customers

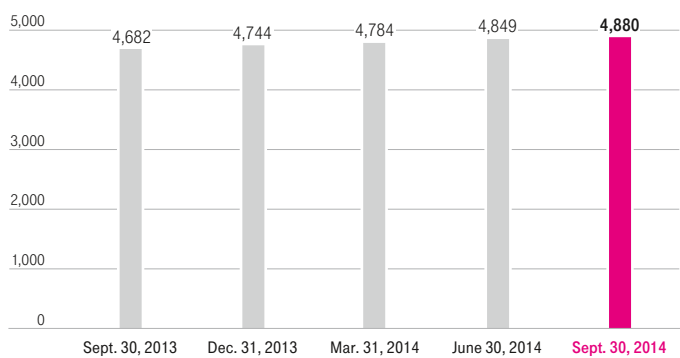
### Fixed-network lines.<sup>a</sup>

thousands



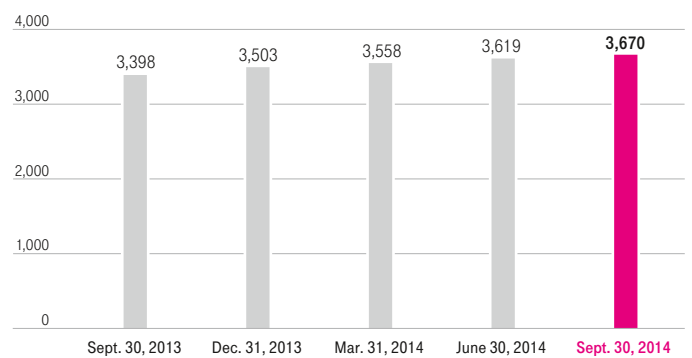
### Retail broadband lines.<sup>a</sup>

thousands



### Television (IPTV, satellite, cable).<sup>a</sup>

thousands



<sup>a</sup> The fixed-network lines of our subsidiary Euronet Communications in the Netherlands have no longer been included in the Europe operating segment since January 2, 2014 following the sale of the shares held in the company. They have been eliminated from all historical customer figures to improve comparability.

thousands

	Sept. 30, 2014	June 30, 2014	Change Sept. 30, 2014/ June 30, 2014 %	Dec. 31, 2013	Change Sept. 30, 2014/ Dec. 31, 2013 %	Sept. 30, 2013	Change Sept. 30, 2014/ Sept. 30, 2013 %
<b>EUROPE, TOTAL<sup>a</sup></b>							
Mobile customers	56,087	56,485	(0.7)%	56,679	(1.0)%	56,825	(1.3)%
Fixed-network lines	9,073	9,172	(1.1)%	9,284	(2.3)%	9,362	(3.1)%
Of which: IP-based	3,169	2,934	8.0%	2,472	28.2%	2,258	40.3%
Retail broadband lines	4,880	4,849	0.6%	4,744	2.9%	4,682	4.2%
Television (IPTV, satellite, cable)	3,670	3,619	1.4%	3,503	4.8%	3,398	8.0%
Unbundled local loop lines (ULLs)/wholesale PSTN	2,323	2,328	(0.2)%	2,230	4.2%	2,211	5.1%
Wholesale bundled lines	154	156	(1.3)%	150	2.7%	152	1.3%
Wholesale unbundled lines	136	127	7.1%	101	34.7%	91	49.5%
<b>GREECE</b>							
Mobile customers	7,336	7,398	(0.8)%	7,477	(1.9)%	7,550	(2.8)%
Fixed-network lines	2,645	2,675	(1.1)%	2,746	(3.7)%	2,794	(5.3)%
Broadband lines	1,357	1,333	1.8%	1,286	5.5%	1,270	6.9%
<b>ROMANIA</b>							
Mobile customers	5,945	6,046	(1.7)%	6,153	(3.4)%	6,125	(2.9)%
Fixed-network lines	2,272	2,308	(1.6)%	2,369	(4.1)%	2,385	(4.7)%
Broadband lines	1,196	1,200	(0.3)%	1,193	0.3%	1,175	1.8%
<b>HUNGARY</b>							
Mobile customers	4,933	4,898	0.7%	4,887	0.9%	4,853	1.6%
Fixed-network lines	1,611	1,611	-	1,596	0.9%	1,597	0.9%
Broadband lines	953	944	1.0%	922	3.4%	906	5.2%
<b>POLAND</b>							
Mobile customers	15,728	15,675	0.3%	15,563	1.1%	15,667	0.4%
<b>CZECH REPUBLIC</b>							
Mobile customers	5,993	5,946	0.8%	5,831	2.8%	5,733	4.5%
Fixed-network lines	132	130	1.5%	129	2.3%	127	3.9%
Broadband lines	132	132	-	129	2.3%	127	3.9%
<b>CROATIA</b>							
Mobile customers	2,332	2,308	1.0%	2,303	1.3%	2,392	(2.5)%
Fixed-network lines	1,094	1,114	(1.8)%	1,133	(3.4)%	1,156	(5.4)%
Broadband lines	683	680	0.4%	670	1.9%	667	2.4%
<b>NETHERLANDS</b>							
Mobile customers	3,964	4,277	(7.3)%	4,441	(10.7)%	4,534	(12.6)%
<b>SLOVAKIA</b>							
Mobile customers	2,228	2,237	(0.4)%	2,262	(1.5)%	2,263	(1.5)%
Fixed-network lines	898	908	(1.1)%	922	(2.6)%	919	(2.3)%
Broadband lines	546	540	1.1%	521	4.8%	511	6.8%
<b>AUSTRIA</b>							
Mobile customers	4,022	4,118	(2.3)%	4,091	(1.7)%	4,044	(0.5)%
<b>OTHER<sup>b</sup></b>							
Mobile customers	3,604	3,582	0.6%	3,671	(1.8)%	3,663	(1.6)%
Fixed-network lines	421	425	(0.9)%	390	7.9%	385	9.4%
Broadband lines	303	302	0.3%	274	10.6%	269	12.6%

<sup>a</sup> The fixed-network lines of our subsidiary Euronet Communications in the Netherlands have no longer been included in the Europe operating segment since January 2, 2014 following the sale of the shares held in the company. They have been eliminated from all historical customer figures to improve comparability.

<sup>b</sup> Other: national companies of Albania, the F.Y.R.O. Macedonia, and Montenegro, as well as the lines of the GTS Central Europe group (since May 30, 2014).

## Total.

As of September 30, 2014, there was a varied picture in the development in customer numbers in the markets of our Europe operating segment compared with the end of the prior year. Our telecommunications markets continued to come under pressure from ongoing intense competition; slight improvements in the economic situation in some countries of our operating segment had a positive impact. The number of mobile customers declined slightly compared with December 31, 2013. In broadband business, the positive trends of the previous quarters continued, in particular as a result of our strategy of continuously driving forward the roll-out of broadband technology. The number of retail broadband lines increased by 2.9 percent compared with the end of 2013. Products based on fiber-optic technology in particular are becoming increasingly popular with our customers. TV business also profited from this trend, growing 4.8 percent compared with December 31, 2013. The number of IP lines grew substantially by 28.2 percent compared with the end of 2013, mainly due to the successful migration of traditional PSTN lines to IP technology in many countries of our Europe operating segment and due to the inclusion of the GTS Central Europe group since May 30, 2014.

## Mobile communications.

**Mobile telephony and data services.** As of September 30, 2014, we had some 56.1 million mobile customers in total, a slight decline of 1.0 percent compared with December 31, 2013. This is mainly attributable to the disposal of the Simpel brand and the customer relationships managed thereunder by our subsidiary in the Netherlands. Excluding this effect, the number of contract customers at segment level was up slightly against the end of the prior year. Although the number of competitors we face on the European markets is constantly growing, we can set ourselves apart from the competition as a quality provider and, in many countries, also as the provider with the best mobile network. As part of our network strategy, we promise our customers an even faster broadband connection via mobile communications and systematically upgrade our networks with the 4G/LTE technology. And we are succeeding. Our LTE footprint now includes every mobile market in the countries of our operating segment except for Albania. The speed of our networks combined with the innovative bundled product offerings increased sales of mobile terminal equipment, especially smartphones and tablets. In view of the Business Customer area, our mobile networks constitute an identifiable competitive advantage. This is particularly clear in contract customer business: With some 25.3 million customers in total as of September 30, 2014, business



customers accounted for 32 percent of the total contract customer base. The increase in the number of business customers as a proportion of the contract customer base compared with the end of the prior year more than offset the slight decline – excluding customers managed under the Simpel brand in prior years – in consumer numbers. Most countries of our operating segment made a positive contribution to this growth, especially the Czech Republic and Hungary.

As of the end of the third quarter of 2014, the number of prepay customers decreased compared with the end of 2013. This was due in part to intense competition on the mobile markets of our European countries, and in part to the implementation of our long-term strategy of focusing on high-value contract customers.

#### **Fixed network.**

**Telephony, Internet, and television.** Our TV business has established itself over the last few quarters as a consistent growth driver in our Europe operating segment. As of September 30, 2014, the total TV customer base grew by 4.8 percent to 3.7 million. The majority of the 167 thousand net additions in total were satellite TV customers, especially in Greece, and IPTV customers, especially in Hungary and Slovakia.

There was also an encouraging trend in the number of IP-based lines, which grew significantly by 28.2 percent compared with December 31, 2013 to around 3.2 million; compared with the first nine months of the prior year, the figure increased by as much as 40 percent. This growth was largely attributable to the successful migration to IP technology in our integrated countries, i.e., those countries where we offer both mobile and fixed-network services. Following the F.Y.R.O. Macedonia, Slovakia will now be the second country in the Group to complete the migration by the end of this year. But we are also well on course in Croatia and Hungary. As of September 30, 2014, IP-based lines accounted for 34.9 percent of all lines overall. The inclusion of the GTS Central Europe group made a positive contribution to this trend. Around 9.1 million customers in our Europe operating segment used a fixed-network line as of September 30, 2014. The decline of 2.3 percent against the end of 2013 was primarily attributable to line losses in traditional telephony (PSTN).

The number of retail broadband lines increased by 2.9 percent compared with December 31, 2013 to around 4.9 million and by as much as 4.2 percent compared with the first nine months of the prior year. This growth was primarily driven by innovative rate plans that bundle television with Internet services. The increase compared with the end of the prior year is mainly attributable to DSL business, in particular in Greece. The forward-looking VDSL technology enjoyed particularly dynamic growth here. Other access technologies, such as broadband cable lines in Hungary or FTTH lines in Romania, also recorded steady growth rates. To some extent, the inclusion of the GTS Central Europe group also contributed to this growth.

## DEVELOPMENT OF OPERATIONS.

millions of €

	Q1 2014	Q2 2014	Q3 2014	Q3 2013	Change %	Q1-Q3 2014	Q1-Q3 2013	Change %	FY 2013
<b>TOTAL REVENUE</b>	3,125	3,163	3,317	3,440	(3.6)%	9,605	10,218	(6.0)%	13,704
Greece	691	697	727	771	(5.7)%	2,115	2,228	(5.1)%	2,988
Romania	261	242	247	254	(2.8)%	750	745	0.7%	1,017
Hungary	366	362	370	377	(1.9)%	1,098	1,156	(5.0)%	1,563
Poland	350	365	388	392	(1.0)%	1,103	1,184	(6.8)%	1,584
Czech Republic	214	217	211	242	(12.8)%	642	729	(11.9)%	973
Croatia	210	221	243	237	2.5%	674	695	(3.0)%	929
Netherlands	393	379	376	412	(8.7)%	1,148	1,211	(5.2)%	1,666
Slovakia	197	192	195	200	(2.5)%	584	592	(1.4)%	828
Austria	192	201	210	225	(6.7)%	603	625	(3.5)%	828
Other <sup>a</sup>	301	336	413	386	7.0%	1,050	1,220	(13.9)%	1,548
Profit from operations (EBIT)	401	416	497	620	(19.8)%	1,314	1,488	(11.7)%	972
EBIT margin %	12.8	13.2	15.0	18.0		13.7	14.6		7.1
Depreciation, amortization and impairment losses	(611)	(658)	(645)	(651)	0.9%	(1,914)	(2,038)	6.1%	(3,399)
EBITDA	1,012	1,074	1,142	1,271	(10.1)%	3,228	3,526	(8.5)%	4,371
Special factors affecting EBITDA	(15)	(24)	(42)	102	n.a.	(81)	143	n.a.	(179)
<b>EBITDA (ADJUSTED FOR SPECIAL FACTORS)</b>	1,027	1,098	1,184	1,169	1.3%	3,309	3,383	(2.2)%	4,550
Greece	260	282	303	301	0.7%	845	865	(2.3)%	1,165
Romania	66	70	60	69	(13.0)%	196	197	(0.5)%	283
Hungary	94	123	129	124	4.0%	346	336	3.0%	438
Poland	134	141	149	145	2.8%	424	432	(1.9)%	599
Czech Republic	92	91	93	102	(8.8)%	276	322	(14.3)%	425
Croatia	82	86	101	105	(3.8)%	269	292	(7.9)%	404
Netherlands	148	150	161	116	38.8%	459	338	35.8%	495
Slovakia	78	76	80	87	(8.0)%	234	249	(6.0)%	337
Austria	44	60	67	62	8.1%	171	157	8.9%	192
Other <sup>a</sup>	32	16	41	58	(29.3)%	89	198	(55.1)%	216
EBITDA margin (adjusted for special factors) %	32.9	34.7	35.7	34.0		34.5	33.1		33.2
<b>CASH CAPEX</b>	(585)	(422)	(457)	(500)	8.6%	(1,464)	(2,406)	39.2%	(3,661)

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.

<sup>a</sup> Other: national companies of Bulgaria (up to and including July 31, 2013), Albania, the F.Y.R.O. Macedonia, and Montenegro, as well as ICSS (International Carrier Sales & Solutions), the ICSS/GNF business of the LBUs, GNF (Global Network Factory), GTS Central Europe group (since May 30, 2014), Europe Headquarters, and Group Technology.

**Total revenue.**

Our Europe operating segment generated total revenue of EUR 9.6 billion in the first nine months of 2014, a year-on-year decrease of 6.0 percent. At an operational level excluding consolidation and exchange rate effects, segment revenue decreased by 3.8 percent. In addition to disposals in the previous year, for example, of Hellas Sat or our subsidiaries in Bulgaria, and the resulting lost contributions to revenue, we sold our shares in Euronet Communications in the Netherlands on January 2, 2014. Furthermore, revenue was impacted by negative exchange rate effects compared with the euro, especially the Hungarian forint and the Czech koruna. The inclusion of DIGI Slovakia from September 1, 2013 and the GTS Central Europe group from May 30, 2014 had a positive effect on revenue development.

In operational terms, decisions by regulatory authorities continued to have a substantial negative impact on our segment revenue: Reduced mobile termination rates and roaming regulations in almost all countries of our

Europe operating segment were responsible for significantly more than half of the decline in our revenue from operations. In addition, competition-induced price reductions in mobile and fixed-network communications continued to have a negative effect on our revenue in the first nine months of 2014, although a few markets began to show initial signs of recovery.

Considering segment revenue by country, business in Greece was hit hardest by revenue declines in absolute terms in the first nine months of 2014, followed by Poland and the Czech Republic. These countries sustained regulation- as well as market-induced revenue losses. At segment level, revenue from consumer business decreased more than business with business customers. Wholesale business overall also recorded a decline. However, we generated positive revenue contributions at segment level in Romania, in particular thanks to higher revenues in B2B/ICT and wholesale business, thus clearly offsetting decreases in voice telephony.

Due to the consistent focus on the growth areas in the countries of our Europe operating segment, we partially offset the negative revenue effects from voice telephony at segment level. As of the end of the first nine months of 2014, the growth areas already accounted for a quarter of segment revenue. The biggest driver in this regard was mobile data business: Revenue grew by 15 percent overall or EUR 151 million (excluding consolidation and exchange rate effects) compared with the first nine months of the prior year, with all countries of our operating segment contributing, in particular the Netherlands, the Czech Republic, Austria, and Hungary. The majority of revenue from mobile data business was attributable to consumers. Thanks to attractive rate plans combined with our broad portfolio of terminal equipment, such as smartphones and tablets, usage of data services increased substantially. In TV business, the positive trend of the past few quarters continued: TV revenue increased by 30 percent in the first nine months of 2014, excluding the acquisition of DIGI Slovakia by 25 percent, in particular in Greece and Croatia. Thanks to the expansion of our product and service portfolio and the acquisition of the GTS Central Europe group, our revenue from B2B/ICT business customers also increased compared with the prior-year period, with Slovakia, Greece, Romania, and Croatia making the largest contribution. In addition to the growth areas, there was also a positive trend in revenue from terminal equipment sales compared with the prior-year period. This revenue increase is due in part to the fact that some countries of our Europe operating segment have introduced an alternative model to the conventional bundled rate plans. In contrast to these bundled rate plans, which include a discounted terminal device but higher service charges, the alternative model is distinctive in that the customer concludes separate contracts for the service and the device. The customer pays a regular monthly service charge and in addition, a monthly charge for the chosen device. This makes the device affordable for the customer even without subsidies.

#### **EBITDA, adjusted EBITDA.**

Our Europe operating segment generated adjusted EBITDA of EUR 3.3 billion in the first nine months of 2014, a year-on-year decrease of 2.2 percent. Excluding consolidation effects and the negative exchange rate effects against the euro, adjusted EBITDA even increased by 0.5 percent compared with the prior-year level. Increased adjusted EBITDA contributions in the Netherlands, Hungary, and Austria, as well as in the fixed-network business in Greece and Romania had a substantial positive effect on the adjusted EBITDA trend. These positive effects were offset by decreases, primarily in the mobile business in Greece and the business in the Czech Republic, Croatia, and Slovakia. ICSS also recorded a revenue-induced decline.

The overall decrease in revenue from operations at segment level had a negative impact on the development of adjusted EBITDA compared with the prior-year period. Changes in legislation, taxes and duties, and national austerity programs put additional pressure on the development of earnings. By systematically reducing indirect costs through our efficiency enhancement measures, we offset the negative effect from the decline in revenue. Lower personnel costs in the Greek fixed-network business in particular made a positive contribution. Earnings also benefited from the revenue contribution from the alternative model for terminal equipment. In addition, our direct costs decreased overall thanks to targeted measures for customer retention and acquisition on the one hand, and as a result of a regulation-induced reduction in interconnection costs on the other. In addition to the aforementioned reasons, the decline in EBITDA is also attributable to the deconsolidation gains recorded in the prior year from the sale of our Bulgarian mobile companies as well as

Hellas Sat, which were recognized as special factors. In the current period, the fine imposed as part of the European Commission proceedings against Slovak Telekom and Deutsche Telekom had an adverse effect on EBITDA.

#### **Development of operations in selected countries.**

The Europe operating segment pursues the vision of developing our entities into integrated, pan-European all-IP players. As part of this strategic focus, our entities have been assigned to four clusters according to their respective market position (for further information, please refer to the 2013 Annual Report, page 102). Below, we present one national company for each of the four clusters by way of example.

**Greece (senior leader).** Revenue generated in Greece totaled EUR 2.1 billion in the first nine months of 2014, a year-on-year decline of 5.1 percent. Adjusted for the revenue lost since April 1, 2013 in connection with the sale of Hellas Sat, revenue decreased by 4.8 percent. The remaining operational decline was largely attributable to the mobile business. Mobile voice revenues remained under pressure due in part to the growing attractiveness of flat rates and the associated lower pricing, despite an increase in net contract customer additions. This effect was partially offset by slightly higher revenues from mobile data services compared with the prior-year period, due among other things to increased use of data services as a consequence of the rise in demand for smartphones.

The fixed-network area was also affected by revenue reductions, mainly driven by decreases in voice services, which were adversely affected by line losses in traditional telephony of around 6 percent. Compared with the first nine months of the previous year, broadband business helped to offset this trend to some extent with positive effects in particular from the encouraging growth in VDSL lines. TV business sustained its encouraging growth trend in the first nine months of 2014, posting a sharp increase in revenue year-on-year. We continued to record strong customer additions, in particular as a result of our expanded TV offering. The B2B/ICT business with business customers also made a positive revenue contribution.

In Greece, adjusted EBITDA decreased to EUR 845 million in the first nine months of 2014, a year-on-year decline of 2.3 percent. Excluding the effects from the deconsolidation of Hellas Sat, adjusted EBITDA decreased by 1.8 percent, mainly due to the negative revenue effects, especially in mobile business. We partially compensated these negative effects with our programs to enhance efficiency in fixed-network and mobile business. The success of these programs can be seen in particular in the fixed network with lower personnel costs. The development in direct costs also made a slight positive contribution to EBITDA.

**Slovakia (junior leader).** Our Slovakian subsidiary generated revenue of EUR 584 million in the first nine months of 2014, down 1.4 percent on the prior-year period. Excluding the effects from the inclusion of DIGI Slovakia as of September 1, 2013, revenue decreased by 4.4 percent. This decline relates entirely to mobile business. Regulation-induced reductions in termination rates and the lower price level in mobile voice revenues continued to put significant pressure on our revenues. This was only partially offset by increased use of voice services. Mobile data services remained a constant driver of growth again in the first nine months of 2014, increasing 11 percent thanks in part to the consistently high usage of data services. Fixed-network revenue increased year-on-year on the back of the successful TV business, a conse-

quence of the acquisition of DIGI Slovakia last year. A positive contribution was also made by the B2B/ICT business with business customers, largely compensating for the losses in voice telephony attributable to line losses in traditional telephony and lower prices. Our Slovakian subsidiary again made substantial progress in the migration of PSTN lines to the forward-looking IP technology: As of September 30, 2014, we recorded a migration rate of over 90 percent.

Adjusted EBITDA amounted to EUR 234 million in the first nine months of 2014, down 6.0 percent year-on-year. Excluding the effects from the acquisition of DIGI Slovakia, adjusted EBITDA decreased by 8.3 percent, largely due to revenue losses. In addition, direct costs increased slightly, for example due to B2B/ICT business. The decline was partly offset by a regulation-induced reduction in interconnection costs and optimized spending for customer retention and acquisition. Savings in indirect costs additionally made a positive contribution.

**Poland (mobile runner-up).** In the first nine months of 2014, our revenue in Poland totaled EUR 1.1 billion, down 6.8 percent year-on-year. Excluding the slightly positive exchange rate effects compared with the euro, revenue decreased by 7.4 percent. This decline was mainly driven by regulation-induced reductions in termination charges in 2013. In addition, the lower price level in the Polish mobile market had a negative effect on our revenue. Revenue from text messaging also declined compared with the prior-year period as a result of a lower average price, coupled with reduced usage of the text messaging service. Higher revenue from the sale of terminal equipment in the first nine months of 2014 compared with the prior-year period compensated for this effect to some extent. The higher revenue in mobile data business, which was due in part to increased usage of data services, also had a positive effect on revenue.

Adjusted EBITDA amounted to EUR 424 million in the first three quarters of 2014, a decrease of just 1.9 percent year-on-year. Excluding the slightly positive exchange rate effects compared with the euro, adjusted EBITDA decreased by 2.5 percent. The revenue decline was partially offset by the regulation-induced reduction in interconnection costs and a more personalized dialog with customers for the purpose of customer retention and acquisition. Strict cost management in terms of indirect costs also had a positive effect on adjusted EBITDA.

**Netherlands (smart attacker).** In the first nine months of 2014, we generated revenue of EUR 1.1 billion in the Netherlands, a decline of 5.2 percent. Excluding the effects arising from the disposal of Euronet Communications as of January 2, 2014, revenue remained at the prior-year level. On the one hand, this result from operations was influenced substantially by the development of mobile data business, which grew by 24 percent compared with the first three quarters of 2013. The new rate plans introduced in September last year and the continuing high demand for smartphones resulted in substantially higher usage of data services. On the other hand, revenue from terminal equipment sales to branded and wholesale customers increased. The MVNO business likewise made a positive contribution to revenue, offsetting the partly regulation-induced and partly price-related decreases in voice revenues.

Adjusted EBITDA increased by 35.8 percent year-on-year in the first nine months of 2014 to EUR 459 million. Excluding the effects from the sale of shares in Euronet Communications, adjusted EBITDA increased by 39.7 percent. Reduced direct costs, primarily due to more targeted measures for customer retention and acquisition as well as regulation-induced lower interconnection costs, contributed to this result. Savings in indirect costs likewise made a significant positive contribution to adjusted EBITDA.

#### **EBIT.**

EBIT in our Europe operating segment totaled EUR 1.3 billion in the first nine months of 2014, down 11.7 percent, mainly as a result of the decline in EBITDA. Lower depreciation and amortization, among other factors, attributable to the sale of our subsidiaries in Bulgaria as well as to targeted capital expenditure initiatives in most countries of our operating segment, partially offset the decline in earnings. Depreciation was reduced in particular in Greece, Poland, and Hungary.

#### **Cash capex.**

In the first nine months of 2014, our Europe operating segment reported cash capex of EUR 1.5 billion, i.e., down by 39.2 percent, primarily due to the acquisition of mobile licenses in the Netherlands, Romania, and Poland in the first nine months of the prior year. Excluding the effects from the acquisition of spectrum and the sale of the national companies in Bulgaria, cash capex at segment level remained stable overall at the prior-year level, since our national companies continued to act very prudently in their capital spending. The reasons for this included the difficult market situation, decisions by regulatory authorities, and additional financial burdens, such as taxes.

## SYSTEMS SOLUTIONS.

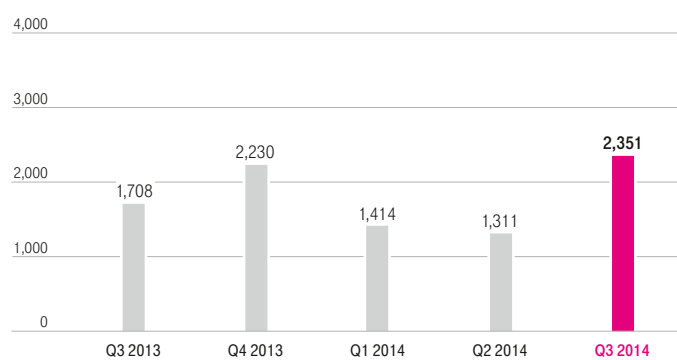
The ICSS/GNF business of the local business units (LBUs), which had previously been organizationally assigned to the Systems Solutions operating segment, was brought together as of January 1, 2014 and is now reported under the Europe operating segment. Furthermore, as of January 1, 2014, the local business customer units of T-Systems Czech Republic, which had

previously been managed under the Systems Solutions operating segment, were merged with T-Mobile Czech Republic; they are reported in the Europe operating segment. Comparative figures have been adjusted retrospectively. For more information, please refer to the disclosures under segment reporting in the interim consolidated financial statements, page 48.

## SELECTED KPIs.

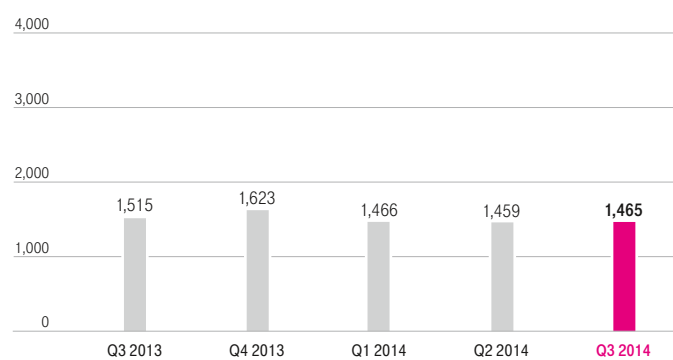
### Order entry.

millions of €



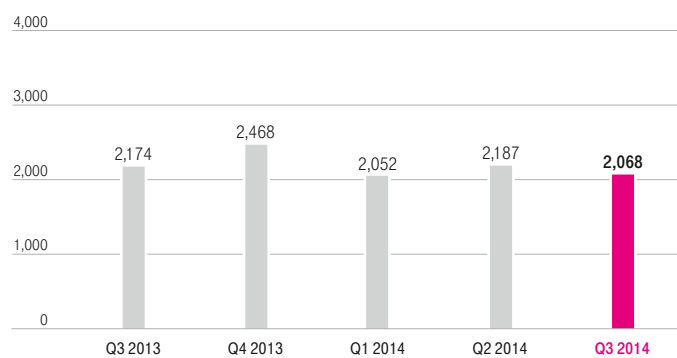
### External revenue.

millions of €



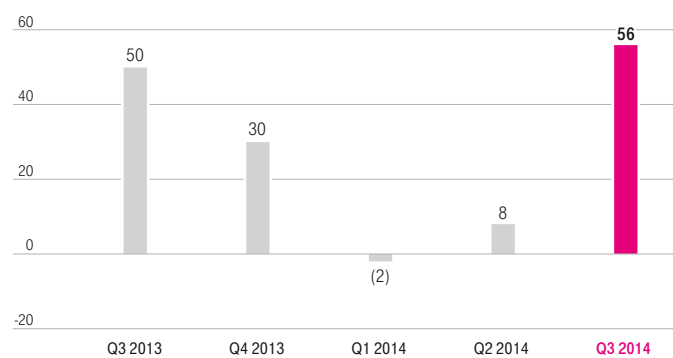
### Revenue.

millions of €



### Adjusted EBIT.

millions of €



		Sept. 30, 2014	June 30, 2014	Change Sept. 30, 2014/ June 30, 2014 %	Dec. 31, 2013	Change Sept. 30, 2014/ Dec. 31, 2013 %	Sept. 30, 2013	Change Sept. 30, 2014/ Sept. 30, 2013 %
<b>ORDER ENTRY</b>	millions of €	5,076	2,725	n.a.	7,792	n.a.	5,562	(8.7)%
<b>COMPUTING &amp; DESKTOP SERVICES</b>								
Number of servers managed and serviced	units	61,619	61,546	0.1%	62,308	(1.1)%	60,012	2.7%
Number of workstations managed and serviced	millions	1.57	1.49	5.4%	1.31	19.8%	1.20	30.8%
<b>SYSTEMS INTEGRATION</b>								
Hours billed	millions	4.7	3.2	n.a.	6.6	n.a.	5.0	(6.0)%
Utilization rate	%	83.5	82.3	1.2%p	82.5	1.0%p	82.3	1.2%p

### Development of business.

In the first three quarters of 2014, we concluded new contracts in Germany and abroad. In the automotive sector, for example, Daimler AG awarded T-Systems one of the largest systems integration contracts in the history of the company. We also won a contract to build and operate a satellite-based truck toll collection system in Belgium. Nevertheless, order entry in the reporting period was down 8.7 percent year-on-year. This is attributable to the start of the realignment of the business model, aimed at ensuring sustained profitable growth in the future. In this context, we tightened up the profitability criteria for the acceptance of new orders. The services that continue to generate low profits will in future be offered via specialist partners or discontinued completely if demand is not lucrative enough. Strengthened by the realignment, our standard solutions from our growth area of cloud computing in particular won out over strong competition. We further expanded our dynamic resources from the cloud accordingly in the reporting period. For our customers, this means that they receive bandwidth, computing capacity, memory and software as they require it, while sharing infrastructure and paying only according to what they actually use. The roll-out of the new version of the "Dynamic Services for Collaboration" (DSC) product will extend the successful cloud

offering, which is now also available for smaller companies with upwards of 1,000 workstations – compared with 5,000 in the past. Several international companies are already using this offering, which means that the DSC platform from our secure private cloud now supplies around 1.5 million workstations. A further building block for the enlargement of our cloud business is the expansion of our strategic partnerships such as our collaborative venture with salesforce.com, the U.S. market leader for commercial cloud solutions.

To meet the requirements from the new deals, we are continuously modernizing and consolidating our ICT resources. The number of servers managed and serviced increased by 2.7 percent compared with the prior-year period. We partially compensated for the greater demand for resources with higher-performance servers and improved utilization management. A similar trend was seen in data centers, where consolidation is creating larger, higher-performance units. At the start of July 2014, for example, we inaugurated the largest data center in Biere near Magdeburg. The number of workstations managed and serviced increased by 30.8 percent to 1.57 million compared with the prior-year period.

### DEVELOPMENT OF OPERATIONS.

millions of €

	Q1 2014	Q2 2014	Q3 2014	Q3 2013	Change %	Q1-Q3 2014	Q1-Q3 2013	Change %	FY 2013
<b>TOTAL REVENUE</b>	2,052	2,187	2,068	2,174	(4.9)%	6,307	6,570	(4.0)%	9,038
Loss from operations <b>(EBIT)</b>	(59)	(131)	(97)	(20)	n.a.	(287)	(205)	(40.0)%	(294)
Special factors affecting EBIT	(57)	(139)	(153)	(70)	n.a.	(349)	(312)	(11.9)%	(431)
EBIT (adjusted for special factors)	(2)	8	56	50	12.0%	62	107	(42.1)%	137
EBIT margin (adjusted for special factors) %	(0.1)	0.4	2.7	2.3		1.0	1.6		1.5
Depreciation, amortization and impairment losses	(140)	(286)	(141)	(148)	4.7%	(567)	(482)	(17.6)%	(652)
EBITDA	81	155	44	128	(65.6)%	280	277	1.1%	358
Special factors affecting EBITDA	(57)	(133)	(153)	(69)	n.a.	(343)	(298)	(15.1)%	(416)
<b>EBITDA (ADJUSTED FOR SPECIAL FACTORS)</b>	138	288	197	197	0.0%	623	575	8.3%	774
EBITDA margin (adjusted for special factors) %	6.7	13.2	9.5	9.1		9.9	8.8		8.6
<b>CASH CAPEX</b>	(253)	(254)	(319)	(270)	(18.1)%	(826)	(692)	(19.4)%	(1,066)

**Total revenue.**

Total revenue in our Systems Solutions operating segment in the reporting period amounted to EUR 6.3 billion, a year-on-year decrease of 4.0 percent. This is largely due to the anticipated decline in revenue in connection with the realignment commenced.

At EUR 5.0 billion, revenue generated by the Market Unit, i.e., mainly from the business with external customers, was 5.8 percent below the prior-year level. Both national and international revenue decreased compared with the prior-year period. The anticipated decline in revenue resulting from the realignment and the general downward trend in prices in the IT and communications business impacted revenue growth. The sale of T-Systems Italia and the SI business unit at T-Systems France in the first half of 2013 as well as exchange rate effects also had a negative effect on revenue.

In the Telekom IT business unit, which essentially pools the Group's domestic internal IT projects, revenue was up against the prior year by 3.9 percent. The year-on-year increase in revenue is attributable to a partial settlement of the advanced implementation of the Group-wide ERP system in the second quarter of 2014. Excluding this effect, revenue was down, as expected, on account of cost savings in the Group.

**EBITDA, adjusted EBITDA.**

Adjusted EBITDA in our Systems Solutions operating segment increased by EUR 48 million or 8.3 percent in the reporting period due to a substantially higher contribution from Telekom IT. Adjusted EBITDA from the Market Unit decreased significantly, due among other factors to necessary expenses for realigning the business model with the goal of ensuring sustained profitable growth in the future. The adjusted EBITDA margin improved from 8.8 percent in the prior-year period to 9.9 percent. EBITDA increased by 1.1 percent year-on-year to EUR 280 million. As a consequence of restructuring programs in particular, special factors were higher than in the previous year.

**EBIT, adjusted EBIT.**

Adjusted EBIT for the first three quarters of 2014 was EUR 45 million lower than in the prior-year period. Depreciation, amortization and impairment losses were higher than in the prior year, in particular as a result of the advanced implementation of the Group-wide ERP system. The adjusted EBIT margin decreased from 1.6 to 1.0 percent in the reporting period.

**Cash capex.**

Cash capex was up by EUR 134 million year-on-year to EUR 826 million in the reporting period. This increase is related to the realignment of the business model, which we are developing further in line with the increasing digitization of enterprises. For this reason, we are investing in intelligent network solutions such as the connected car, healthcare or energy, as well as cutting-edge digital innovation areas like cloud computing and cyber security. Enhanced efficiency, for example as a result of the standardization of the ICT platforms, also had an offsetting effect.

**GROUP HEADQUARTERS & GROUP SERVICES.**

Group Headquarters & Group Services comprises all Group units that cannot be allocated directly to one of the operating segments. For more information, please refer to the section "Group structure" in the 2013 Annual Report, page 62 et seq.

In the reporting period, Vivento, our personnel service provider, acted as the central contact supporting the operating segments in their staff restructuring measures. Vivento secures external employment opportunities for civil servants and employees, predominantly in the public sector. For this, the service provider has additionally taken on a new central role since the beginning of the year with the aim of retaining professional expertise within the Group, so as to reduce the use of external staff.

**DEVELOPMENT OF OPERATIONS.**

millions of €

	Q1 2014	Q2 2014	Q3 2014	Q3 2013	Change %	Q1-Q3 2014	Q1-Q3 2013	Change %	FY 2013
<b>TOTAL REVENUE</b>	622	610	596	635	(6.1)%	1,828	2,087	(12.4)%	2,879
Of which: Digital Business Unit	156	137	129	224	(42.4)%	422	671	(37.1)%	970
Profit (loss) from operations (EBIT)	1,395	(456)	(447)	(393)	(13.7)%	492	(1,004)	n.a.	(1,582)
Depreciation, amortization and impairment losses	(149)	(152)	(163)	(183)	10.9%	(464)	(513)	9.6%	(699)
EBITDA	1,544	(304)	(284)	(210)	(35.2)%	956	(491)	n.a.	(883)
Special factors affecting EBITDA	1,662	(144)	(139)	(55)	n.a.	1,379	(126)	n.a.	(228)
<b>EBITDA (ADJUSTED FOR SPECIAL FACTORS)</b>	(118)	(160)	(145)	(155)	6.5%	(423)	(365)	(15.9)%	(655)
Of which: Digital Business Unit	1	(12)	(13)	44	n.a.	(24)	99	n.a.	121
<b>CASH CAPEX</b>	(65)	(81)	(94)	(97)	3.1%	(240)	(268)	10.4%	(411)

**Total revenue.**

Total revenue in the Group Headquarters & Group Services segment in the first three quarters of 2014 decreased by 12.4 percent year-on-year, mainly due to the revenue lost in connection with the sale of 70 percent of the shares in the Scout24 group which was consummated in early February 2014. Intragroup service revenue was down slightly compared with the first three quarters of the previous year.

**EBITDA, adjusted EBITDA.**

Adjusted EBITDA at Group Headquarters & Group Services declined by EUR 58 million year-on-year in the first nine months of 2014, mainly due to the loss of the operating results of the Scout24 group. Since the closing of the transaction, the earnings from the remaining stake of around 30 percent are reported under profit/loss from financial activities as share of profit/loss of associates and joint ventures accounted for using the equity method. The DBU's intragroup earnings also declined due to efficiency enhancement measures. In addition, income from trademark licenses was down. This was compensated by higher income from real estate sales, cost savings at Group Services, and lower expenses for the recognition of provisions.

Overall, EBITDA was impacted by positive special factors of around EUR 1.4 billion in the reporting period, which mainly resulted from the income generated in connection with the deconsolidation of the Scout24 group. Expenses – primarily for staff-related measures as well as for the recognition of other provisions – had a negative effect on EBITDA, as did the fine imposed as part of the European Commission proceedings on Deutsche Telekom.

**EBIT.**

The year-on-year increase in profit from operations by around EUR 1.5 billion is mainly due to the income from the deconsolidation of the Scout24 group.

**Cash capex.**

Cash capex decreased year-on-year by EUR 28 million, largely due to the purchase of fewer software licenses and the non-recurrence of the contribution from the Scout24 group.

**EVENTS AFTER THE REPORTING PERIOD (SEPTEMBER 30, 2014).**

**Early redemption of T-Mobile US senior notes.** In October 2014, T-Mobile US redeemed USD 1.0 billion of 7.875-percent senior notes due 2018.

For information on the revision on the European Commission's **Recommendation on relevant markets** published on October 9, 2014, please refer to the section "Risks and opportunities," pages 33 and 34.

For information on the **frequency auction in Greece** on October 13, 2014, please refer to the section "The economic environment," page 9 et seq.

For explanations on the October 15, 2014 ruling imposing a fine as part of the European Commission proceedings against Slovak Telekom and Deutsche Telekom, and the changes in October 2014 regarding the prospect liability proceedings, the claims by partnering publishers of telephone directories, the proceedings concerning the billing for premium SMS content, and proceedings concerning the extension of GSM frequency usage, please refer to the section "Risks and opportunities," pages 33 and 34.

**FORECAST.**

The statements in this section reflect the current views of our management. The following section explains the current main findings on changes to the development of forecasts published in the 2013 combined management report (2013 Annual Report, page 127 et seq.). Accordingly, other statements made therein remain valid. For additional information and recent changes in the economic situation, please refer to the section "The economic environment" in this interim Group management report. Readers are also referred to the Disclaimer at the end of this report.

**CHANGES FROM THE 2013 ANNUAL REPORT.**

In the 2013 Annual Report, Deutsche Telekom presented the expectations of the Group and the Europe operating segment for 2014, excluding the GTS Central Europe group. The acquisition was consummated as of May 30, 2014, such that GTS has been fully consolidated in the Europe operating segment since that date. On a like-for-like basis, the forecasts for 2014 made in the 2013 Annual Report for the Europe operating segment remain unchanged.

For the United States operating segment, we had expected adjusted EBITDA to amount to around USD 6.1 billion in 2014, as stated in the 2013 Annual Report. T-Mobile US will remain slightly below this forecast, since the company expects stronger customer growth, and as a result higher customer acquisition costs.

For the Group, we confirm our previous forecasts, including both effects.



## 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 2013 financial year (2013 Annual Report, page 137 et seq.). Readers are also referred to the Disclaimer at the end of this report.

### LITIGATION.

**Toll Collect arbitration proceedings.** In the Toll Collect arbitration proceedings another hearing took place in May 2014. In light of the review of the proceedings and the share of the risk carried by Deutsche Telekom, appropriate provisions for risk were recognized in the statement of financial position. Both parties filed further written statements in August and September 2014. Another hearing took place at the end of September and beginning of October 2014.

**Claims by partnering publishers of telephone directories.** Several publishers that had set up joint ventures with DeTeMedien GmbH, a wholly-owned subsidiary of Deutsche Telekom AG, to edit and publish subscriber directories, filed claims against DeTeMedien GmbH and/or Deutsche Telekom AG at the end of 2013. The complainants are claiming damages or refund from DeTeMedien GmbH and to a certain extent from Deutsche Telekom AG as joint and several debtor next to DeTeMedien GmbH. The complainants base their claims on allegedly excessive charges for the provision of subscriber data in the joint ventures. In 2014, further partnering publishers made claims for compensation or refund against DeTeMedien GmbH, currently totaling around EUR 364 million plus interest. Hearings were held regarding two actions filed against DeTeMedien GmbH at Frankfurt/Main Regional Court on July 16, 2014 which the Court rejected in rulings on October 22, 2014. The decisions are not final and legally binding yet. Hearings regarding numerous other proceedings will take place in the fourth quarter of 2014 and in the first quarter of 2015.

**Claims for damages due to price squeeze.** In the proceedings brought by EWE Tel GmbH against Telekom Deutschland GmbH, the Düsseldorf Higher Regional Court, in its ruling dated January 29, 2014, overturned the first-instance ruling of the Cologne Regional Court dated January 17, 2013, particularly with regard to the scale of the claims barred under the statute of limitations, and referred the case back to the Cologne Regional Court without leave to appeal due to the amount of the damages. Both EWE Tel GmbH and Telekom Deutschland GmbH filed complaints against the non-allowance of appeal with the Federal Court of Justice. In the proceedings brought by Versatel GmbH against Telekom Deutschland GmbH, the Federal Court of Justice rejected Versatel's complaint against the non-allowance of appeal in a ruling dated September 23, 2014. The previous dismissal of Versatel's legal action is therefore now final and legally binding.

**Claims relating to charges for shared use of cable ducts.** In the appeal proceedings brought by Kabel Deutschland Vertrieb und Service GmbH (KDG) against the first-instance ruling of the Frankfurt/Main Regional Court, KDG quantified its claims in June 2014 also for 2013 and is now demanding repayment for allegedly excessive charges paid totaling approximately EUR 407 million plus interest.

**Claims for damages concerning the provision of subscriber data.** In its ruling on July 2, 2014, the Düsseldorf Higher Regional Court dismissed the appeal filed by the founder of telegate, Dr. Harisch. Dr. Harisch filed a complaint against the non-allowance of appeal with the Federal Court of Justice on July 8, 2014. In the proceedings for damages brought by KlickTel AG, which is now part of telegate AG, the earlier dismissal of KlickTel AG's legal action has now become final and legally binding.

**Monthly charges for the unbundled local loop.** The most recent pending action brought by a competitor with regard to the new ruling on the unbundled local loop (ULL) one-time charges for 2001 was rejected in a ruling of the Cologne Administrative Court dated March 19, 2014. This decision is now final and legally binding.

**Billing for premium SMS content.** In July 2014, a lawsuit was filed by the FTC against T-Mobile US that alleged unauthorized billing for premium SMS content provided by third parties. In addition to this lawsuit, the FCC and other U.S. authorities began investigations and inquiries against T-Mobile US regarding billing for premium SMS content. T-Mobile US is currently in settlement negotiations with the authorities involved to resolve the claims made in connection with the lawsuit, investigations and inquiries.

Furthermore, Deutsche Telekom intends to defend itself and/or pursue its claims resolutely in each of these court, conciliatory, and arbitration proceedings.

### PROCEEDINGS CONCLUDED IN 2014.

**MetroPCS.** The action filed in the U.S. state of Texas against the business combination of MetroPCS and T-Mobile USA was also withdrawn after a settlement was reached with the plaintiffs on April 16, 2014 on the reimbursement of litigation costs. This means that all legal action against the business combination of MetroPCS and T-Mobile USA is concluded.

**Allocation of frequencies – extension of GSM frequency usage.** In its ruling on October 9, 2014, the Münster Higher Administrative Court dismissed the complaint against non-allowance of appeal filed by Airdata against the ruling by the Cologne Administrative Court on November 28, 2013 in which it rejected Airdata's claim. The ruling of the Administrative Court thus became legally binding.

### ANTI-TRUST AND CONSUMER PROTECTION PROCEEDINGS.

**European Commission proceedings against Slovak Telekom and Deutsche Telekom.** The European Commission announced its finding on October 15, 2014 that Slovak Telekom had abused its market power on the Slovak broadband market and as a result imposed fines on Slovak Telekom and Deutsche Telekom. The European Commission is of the opinion that Slovak Telekom refused unbundled access to its local loop and had curtailed margins with regard to alternative providers. The fines amount to EUR 38.8 million for Slovak Telekom and Deutsche Telekom and a further EUR 31.1 million for Deutsche Telekom because a fine had already been imposed on Deutsche Telekom in 2003 for curtailment of margins in Germany. Deutsche Telekom and Slovak Telekom will file appeal against the decision with the General Court of the European Union.

**REGULATION.**

The draft regulation by the European Commission on the telecommunications single market (2013 Annual Report, page 74) provides for more extensive regulation of **international roaming**, including the abolition of charges to be paid by end customers for incoming calls. In addition, the proposed new regulations could make investments obsolete that had already been made to implement the requirements of the most recent Roaming Regulation, which only took effect on July 1, 2012. The discussion of the Commission's proposal in the legislative process may also lead to an abolition of roaming premiums compared with national prices from 2016, which could lead to substantial revenue losses. The EU Parliament adopted a corresponding text in its first reading in April 2014. The proposals are currently being deliberated by the European Council. The majority of the member states also support the abolition of roaming premiums in principle. The Council is discussing 2016 or 2017 as possible dates for implementation.

The draft regulation also provides for rules to **safeguard net neutrality**. Depending on what form they take, such regulations could substantially limit our leeway for product design. The rules currently allow special services as well as data traffic management to be offered in certain, defined cases, but prohibit optional rates in mobile communications that restrict access to certain Internet services and applications. In the first reading, the EU Parliament significantly tightened up the proposals of the Commission in this area and also wants to impose extensive restrictions on special services. In mobile communications in particular, there is a risk that, as a result of this, business models that differentiate between services and applications can no longer be legally offered. The proposals are currently being deliberated by the European Council.

On October 9, 2014 the European Commission published a revision of its **Recommendation on relevant markets** that come into question for a telecommunications regulation. The recommendation defines various product markets in which regulatory measures are to apply. The number of markets affected by the regulation in the recommendation has now been reduced from seven to four. The new recommendation offers the opportunity for deregulation of the telephony service markets (retail rates for the telephone line as well as wholesale products, such as Call by Call). The recommendation also allows the waiving of an obligation to "physically unbundle" access networks in favor of more efficient "active" upstream products in fiber-optic lines. On the other hand, the recommendation carries the risk of an increase in regulation for individual wholesale services for business customer markets. The national regulatory authorities have to take the recommendation into account in future market analysis procedures.

**OTHER.**

**Sale of the SI business unit at T-Systems France.** When selling the Systems Integration business unit of T-Systems France in the middle of 2013, a 15-month guarantee had to be issued to the responsible works council. The purpose of the guarantee was to compensate employees in the event of insolvency of the buyer. The 15-month guarantee period expired in early September 2014 without incident.

**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 €

	Sept. 30, 2014	Dec. 31, 2013	Change	Change %	Sept. 30, 2013
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>	<b>22,121</b>	<b>21,963</b>	<b>158</b>	<b>0.7%</b>	<b>18,020</b>
Cash and cash equivalents	7,250	7,970	(720)	(9.0)%	5,675
Trade and other receivables	9,059	7,712	1,347	17.5%	7,146
Current recoverable income taxes	76	98	(22)	(22.4)%	112
Other financial assets	2,708	2,745	(37)	(1.3)%	2,230
Inventories	1,275	1,062	213	20.1%	1,342
Other assets	1,501	1,343	158	11.8%	1,437
Non-current assets and disposal groups held for sale	252	1,033	(781)	(75.6)%	78
<b>NON-CURRENT ASSETS</b>	<b>102,888</b>	<b>96,185</b>	<b>6,703</b>	<b>7.0%</b>	<b>97,281</b>
Intangible assets <sup>a</sup>	50,152	45,967	4,185	9.1%	46,972
Property, plant and equipment <sup>a</sup>	38,746	37,427	1,319	3.5%	37,501
Investments accounted for using the equity method	6,581	6,167	414	6.7%	6,247
Other financial assets	1,859	1,362	497	36.5%	1,528
Deferred tax assets	5,060	4,960	100	2.0%	4,708
Other assets	490	302	188	62.3%	325
<b>TOTAL ASSETS</b>	<b>125,009</b>	<b>118,148</b>	<b>6,861</b>	<b>5.8%</b>	<b>115,301</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>	<b>26,860</b>	<b>22,496</b>	<b>4,364</b>	<b>19.4%</b>	<b>25,188</b>
Financial liabilities	10,961	7,891	3,070	38.9%	11,169
Trade and other payables	8,012	7,259	753	10.4%	6,701
Income tax liabilities	242	308	(66)	(21.4)%	428
Other provisions	3,231	3,120	111	3.6%	2,709
Other liabilities	4,414	3,805	609	16.0%	4,181
Liabilities directly associated with non-current assets and disposal groups held for sale	-	113	(113)	n.a.	-
<b>NON-CURRENT LIABILITIES</b>	<b>64,172</b>	<b>63,589</b>	<b>583</b>	<b>0.9%</b>	<b>58,098</b>
Financial liabilities	42,398	43,708	(1,310)	(3.0)%	38,154
Provisions for pensions and other employee benefits	8,128	7,006	1,122	16.0%	7,172
Other provisions	2,133	2,071	62	3.0%	1,957
Deferred tax liabilities	7,550	6,916	634	9.2%	6,845
Other liabilities	3,963	3,888	75	1.9%	3,970
<b>LIABILITIES</b>	<b>91,032</b>	<b>86,085</b>	<b>4,947</b>	<b>5.7%</b>	<b>83,286</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>33,977</b>	<b>32,063</b>	<b>1,914</b>	<b>6.0%</b>	<b>32,015</b>
Issued capital	11,611	11,395	216	1.9%	11,395
Treasury shares	(54)	(54)	0	0.0%	(6)
Capital reserves	11,557	11,341	216	1.9%	11,389
Retained earnings including carryforwards	51,760	51,428	332	0.6%	51,346
Total other comprehensive income	(39,415)	(37,437)	(1,978)	(5.3)%	(37,333)
Net profit (loss)	(1,356)	(2,383)	1,027	43.1%	(2,276)
Net profit (loss)	3,034	930	2,104	n.a.	1,682
<b>ISSUED CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>25,580</b>	<b>23,879</b>	<b>1,701</b>	<b>7.1%</b>	<b>24,808</b>
Non-controlling interests	8,397	8,184	213	2.6%	7,207
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>125,009</b>	<b>118,148</b>	<b>6,861</b>	<b>5.8%</b>	<b>115,301</b>

<sup>a</sup> Intangible assets and property, plant and equipment as of September 30, 2013 at T-Mobile US were adjusted retrospectively (2013 Annual Report, page 195).

## CONSOLIDATED INCOME STATEMENT.

millions of €

	Q3 2014	Q3 2013	Change %	Q1-Q3 2014	Q1-Q3 2013	Change %	FY 2013
<b>NET REVENUE</b>	<b>15,648</b>	<b>15,525</b>	<b>0.8%</b>	<b>45,656</b>	<b>44,467</b>	<b>2.7%</b>	<b>60,132</b>
Cost of sales	(9,602)	(9,398)	(2.2)%	(27,741)	(26,320)	(5.4)%	(36,255)
<b>GROSS PROFIT</b>	<b>6,046</b>	<b>6,127</b>	<b>(1.3)%</b>	<b>17,915</b>	<b>18,147</b>	<b>(1.3)%</b>	<b>23,877</b>
Selling expenses	(3,390)	(3,456)	1.9%	(10,008)	(10,067)	0.6%	(13,797)
General and administrative expenses	(1,170)	(912)	(28.3)%	(3,464)	(3,303)	(4.9)%	(4,518)
Other operating income	278	410	(32.2)%	2,888	1,029	n.a.	1,326
Other operating expenses	(406)	(273)	(48.7)%	(1,055)	(693)	(52.2)%	(1,958)
<b>PROFIT FROM OPERATIONS</b>	<b>1,358</b>	<b>1,896</b>	<b>(28.4)%</b>	<b>6,276</b>	<b>5,113</b>	<b>22.7%</b>	<b>4,930</b>
Finance costs	(610)	(552)	(10.5)%	(1,784)	(1,595)	(11.8)%	(2,162)
Interest income	58	43	34.9%	209	182	14.8%	228
Interest expense	(668)	(595)	(12.3)%	(1,993)	(1,777)	(12.2)%	(2,390)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	(11)	(29)	62.1%	(32)	(103)	68.9%	(71)
Other financial income (expense)	(82)	(174)	52.9%	(250)	(398)	37.2%	(569)
<b>PROFIT (LOSS) FROM FINANCIAL ACTIVITIES</b>	<b>(703)</b>	<b>(755)</b>	<b>6.9%</b>	<b>(2,066)</b>	<b>(2,096)</b>	<b>1.4%</b>	<b>(2,802)</b>
<b>PROFIT BEFORE INCOME TAXES</b>	<b>655</b>	<b>1,141</b>	<b>(42.6)%</b>	<b>4,210</b>	<b>3,017</b>	<b>39.5%</b>	<b>2,128</b>
Income taxes	(113)	(304)	62.8%	(924)	(915)	(1.0)%	(924)
<b>PROFIT (LOSS)</b>	<b>542</b>	<b>837</b>	<b>(35.2)%</b>	<b>3,286</b>	<b>2,102</b>	<b>56.3%</b>	<b>1,204</b>
<b>PROFIT (LOSS) ATTRIBUTABLE TO</b>							
Owners of the parent (net profit (loss))	506	588	(13.9)%	3,034	1,682	80.4%	930
Non-controlling interests	36	249	(85.5)%	252	420	(40.0)%	274
<b>INCLUDED IN CONSOLIDATED INCOME STATEMENT</b>							
Personnel costs	(3,612)	(3,614)	0.1%	(10,855)	(11,033)	1.6%	(15,144)
Depreciation, amortization and impairment losses	(2,649)	(2,572)	(3.0)%	(7,786)	(7,466)	(4.3)%	(10,904)
Of which: amortization and impairment of intangible assets	(967)	(889)	(8.8)%	(2,810)	(2,490)	(12.9)%	(4,176)
Of which: depreciation and impairment of property, plant and equipment	(1,682)	(1,683)	0.1%	(4,976)	(4,976)	0.0%	(6,728)

## EARNINGS PER SHARE.

	Q3 2014	Q3 2013	Change %	Q1-Q3 2014	Q1-Q3 2013	Change %	FY 2013
Profit (loss) attributable to the owners of the parent (net profit (loss))	506	588	(13.9)%	3,034	1,682	80.4%	930
Weighted average number of ordinary shares (basic/diluted)	4,464	4,352	2.6%	4,464	4,352	2.6%	4,370
<b>EARNINGS PER SHARE BASIC/DILUTED</b>	<b>€ 0.11</b>	<b>0.14</b>	<b>(21.4)%</b>	<b>0.68</b>	<b>0.39</b>	<b>74.4%</b>	<b>0.21</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.

millions of €

	Q3 2014	Q3 2013	Change	Q1-Q3 2014	Q1-Q3 2013	Change	FY 2013
<b>PROFIT (LOSS)</b>	<b>542</b>	<b>837</b>	<b>(295)</b>	<b>3,286</b>	<b>2,102</b>	<b>1,184</b>	<b>1,204</b>
Items not reclassified to the income statement retrospectively							
Gain (loss) from the remeasurement of defined benefit plans	(433)	6	(439)	(1,047)	183	(1,230)	48
Share of profit (loss) of investments accounted for using the equity method	0	0	0	0	(17)	17	(17)
Income taxes relating to components of other comprehensive income	131	(4)	135	317	(56)	373	(16)
	<b>(302)</b>	<b>2</b>	<b>(304)</b>	<b>(730)</b>	<b>110</b>	<b>(840)</b>	<b>15</b>
Items reclassified to the income statement retrospectively, if certain reasons are given							
Exchange differences on translating foreign operations							
Recognition of other comprehensive income in income statement	0	0	0	(3)	0	(3)	0
Change in other comprehensive income (not recognized in income statement)	1,212	(183)	1,395	1,504	(635)	2,139	(901)
Available-for-sale financial assets							
Recognition of other comprehensive income in income statement	0	0	0	0	0	0	0
Change in other comprehensive income (not recognized in income statement)	(8)	(5)	(3)	(5)	(7)	2	(4)
Gains (losses) from hedging instruments							
Recognition of other comprehensive income in income statement	(179)	(15)	(164)	(233)	130	(363)	178
Change in other comprehensive income (not recognized in income statement)	211	67	144	92	(68)	160	(162)
Share of profit (loss) of investments accounted for using the equity method							
Recognition of other comprehensive income in income statement	0	0	0	0	0	0	0
Change in other comprehensive income (not recognized in income statement)	(1)	(9)	8	3	(6)	9	(37)
Income taxes relating to components of other comprehensive income	(11)	(17)	6	44	(20)	64	(5)
	<b>1,224</b>	<b>(162)</b>	<b>1,386</b>	<b>1,402</b>	<b>(606)</b>	<b>2,008</b>	<b>(931)</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>922</b>	<b>(160)</b>	<b>1,082</b>	<b>672</b>	<b>(496)</b>	<b>1,168</b>	<b>(916)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>1,464</b>	<b>677</b>	<b>787</b>	<b>3,958</b>	<b>1,606</b>	<b>2,352</b>	<b>288</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO</b>							
Owners of the parent	1,101	526	575	3,347	1,290	2,057	197
Non-controlling interests	363	151	212	611	316	295	91

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.**

millions of €

	Issued capital and reserves attributable to owners of the parent				
	Equity contributed			Consolidated shareholders' equity generated	
	Issued capital	Treasury shares	Capital reserves	Retained earnings incl. carryforwards	Net profit (loss)
<b>BALANCE AT JANUARY 1, 2013</b>	<b>11,063</b>	<b>(6)</b>	<b>51,506</b>	<b>(29,106)</b>	<b>(5,353)</b>
Changes in the composition of the Group				11	
Transactions with owners			(1,028)		
Unappropriated profit (loss) carried forward				(5,353)	5,353
Dividends				(3,010)	
Capital increase	332		811		
Capital increase from share-based payment			57		
Share buy-back				(2)	
Profit (loss)					1,682
Other comprehensive income				125	
<b>TOTAL COMPREHENSIVE INCOME</b>					
Transfer to retained earnings				2	
<b>BALANCE AT SEPTEMBER 30, 2013</b>	<b>11,395</b>	<b>(6)</b>	<b>51,346</b>	<b>(37,333)</b>	<b>1,682</b>
<b>BALANCE AT JANUARY 1, 2014</b>	<b>11,395</b>	<b>(54)</b>	<b>51,428</b>	<b>(37,437)</b>	<b>930</b>
Changes in the composition of the Group					
Transactions with owners			(523)		
Unappropriated profit (loss) carried forward				930	(930)
Dividends				(2,215)	
Capital increase	216		805		
Capital increase from share-based payment			50		
Share buy-back					
Profit (loss)					3,034
Other comprehensive income				(717)	
<b>TOTAL COMPREHENSIVE INCOME</b>					
Transfer to retained earnings				24	
<b>BALANCE AT SEPTEMBER 30, 2014</b>	<b>11,611</b>	<b>(54)</b>	<b>51,760</b>	<b>(39,415)</b>	<b>3,034</b>

Issued capital and reserves attributable to owners of the parent						Total	Non-controlling interests	Total shareholders' equity
Total other comprehensive income								
Translation of foreign operations	Revaluation surplus	Available-for-sale financial assets	Hedging instruments	Investments accounted for using the equity method	Taxes			
(2,448)	(36)	43	327	42	(104)	25,928	4,603	30,531
						11	287	298
418					1	(609)	2,338	1,729
						0		0
						(3,010)	(358)	(3,368)
						1,143		1,143
						57	21	78
						(2)		(2)
						1,682	420	2,102
(529)		(7)	62	(23)	(20)	(392)	(104)	(496)
						1,290	316	1,606
						0		0
(2,559)	(2)	36	389	19	(123)	24,808	7,207	32,015
(2,603)	(39)	38	343	(12)	(110)	23,879	8,184	32,063
						0	1	1
21						(502)	(341)	(843)
						0		0
						(2,215)	(82)	(2,297)
						1,021		1,021
						50	24	74
						0		0
						3,034	252	3,286
1,129		(5)	(141)	3	44	313	359	672
						3,347	611	3,958
						0		0
(1,453)	(24)	33	202	(9)	(66)	25,580	8,397	33,977

## CONSOLIDATED STATEMENT OF CASH FLOWS.

millions of €

	Q3 2014	Q3 2013	Q1-Q3 2014	Q1-Q3 2013	FY 2013
<b>PROFIT (LOSS)</b>	<b>542</b>	<b>837</b>	<b>3,286</b>	<b>2,102</b>	<b>1,204</b>
Depreciation, amortization and impairment losses	2,649	2,572	7,786	7,466	10,904
Income tax expense (benefit)	113	304	924	915	924
Interest income and interest expense	610	552	1,784	1,595	2,162
Other financial (income) expense	82	174	250	398	569
Share of (profit) loss of associates and joint ventures accounted for using the equity method	11	29	32	103	71
(Profit) loss on the disposal of fully consolidated subsidiaries	43	(122)	(1,666)	(130)	(131)
Other non-cash transactions	30	28	114	49	101
(Gain) loss from the disposal of intangible assets and property, plant and equipment	(6)	3	(411)	47	138
Change in assets carried as working capital	(462)	(37)	(1,274)	(893)	(1,266)
Change in provisions	286	67	(37)	(636)	(195)
Change in other liabilities carried as working capital	455	(424)	1,343	432	696
Income taxes received (paid)	(187)	(157)	(516)	(514)	(648)
Dividends received	74	92	316	204	273
Net payments from entering into or canceling interest rate derivatives	0	133	0	200	290
<b>CASH GENERATED FROM OPERATIONS</b>	<b>4,240</b>	<b>4,051</b>	<b>11,931</b>	<b>11,338</b>	<b>15,092</b>
Interest paid	(798)	(573)	(2,816)	(2,311)	(2,961)
Interest received	128	162	604	596	886
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>3,570</b>	<b>3,640</b>	<b>9,719</b>	<b>9,623</b>	<b>13,017</b>
Cash outflows for investments in					
Intangible assets <sup>a</sup>	(668)	(697)	(3,622)	(2,778)	(4,498)
Property, plant and equipment <sup>a</sup>	(1,916)	(1,681)	(5,105)	(4,822)	(6,570)
Non-current financial assets	(32)	(147)	(480)	(349)	(667)
Payments to acquire control of subsidiaries and associates	(20)	(43)	(621)	(45)	(48)
Proceeds from disposal of					
Intangible assets	6	1	11	6	8
Property, plant and equipment	42	45	182	171	245
Non-current financial assets	25	15	54	42	54
Proceeds from the loss of control of subsidiaries and associates	(49)	570	1,540	662	650
Net change in cash and cash equivalents due to the first-time full consolidation of MetroPCS	-	-	-	1,641	1,641
Net change in short-term investments and marketable securities and receivables	420	(189)	809	(210)	(701)
Other	4	(13)	8	(9)	(10)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2,188)</b>	<b>(2,139)</b>	<b>(7,224)</b>	<b>(5,691)</b>	<b>(9,896)</b>
Proceeds from issue of current financial liabilities	5,072	3,757	9,328	9,662	10,874
Repayment of current financial liabilities	(6,580)	(5,297)	(13,367)	(13,214)	(18,033)
Proceeds from issue of non-current financial liabilities	3,020	655	3,079	3,732	9,334
Repayment of non-current financial liabilities	(195)	(2)	(208)	(129)	(129)
Dividends	(4)	(200)	(1,289)	(2,232)	(2,243)
Deutsche Telekom AG share buy-back	-	-	-	(2)	(2)
Repayment of lease liabilities	(43)	(34)	(121)	(116)	(172)
Stock options of other T-Mobile US shareholders (previous MetroPCS programs)	(32)	31	(17)	89	102
T-Mobile US capital increase	-	-	-	-	1,313
Acquisition of the remaining shares in T-Mobile Czech Republic	-	-	(828)	-	-
OTE share buy-back	(5)	-	(64)	-	-
Cash inflows from the assignment of OTE stock options	0	-	26	-	-
Other	32	0	(24)	0	(22)
<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>	<b>1,265</b>	<b>(1,090)</b>	<b>(3,485)</b>	<b>(2,210)</b>	<b>1,022</b>
Effect of exchange rate changes on cash and cash equivalents	220	(64)	238	(73)	(167)
Changes in cash and cash equivalents associated with non-current assets and disposal groups held for sale	-	85	32	-	(32)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,867</b>	<b>432</b>	<b>(720)</b>	<b>1,649</b>	<b>3,944</b>
<b>CASH AND CASH EQUIVALENTS, AT THE BEGINNING OF THE PERIOD</b>	<b>4,383</b>	<b>5,243</b>	<b>7,970</b>	<b>4,026</b>	<b>4,026</b>
<b>CASH AND CASH EQUIVALENTS, AT THE END OF THE PERIOD</b>	<b>7,250</b>	<b>5,675</b>	<b>7,250</b>	<b>5,675</b>	<b>7,970</b>

<sup>a</sup> Cash outflows for investments in intangible assets and property, plant and equipment at T-Mobile US as of September 30, 2013 were adjusted retrospectively (2013 Annual Report, page 195).



## SIGNIFICANT EVENTS AND TRANSACTIONS.

### ACCOUNTING POLICIES.

In accordance with § 37x (3) of the Securities Trading Act (Wertpapierhandelsgesetz – WpHG), Deutsche Telekom AG's quarterly financial report comprises interim consolidated financial statements and an interim management report for the Group. 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 September 30, 2014 are in compliance with International Accounting Standard (IAS) 34. As permitted by IAS 34, it has been decided to publish a condensed version compared to the consolidated financial statements at December 31, 2013. 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, financial position and cash flows of the Group. Please refer to the notes to the consolidated financial statements as of December 31, 2013 for the accounting policies applied for the Group's financial reporting (2013 Annual Report, page 168 et seq.).

### INITIAL APPLICATION OF NEW STANDARDS, INTERPRETATIONS AS WELL AS AMENDMENTS TO STANDARDS AND INTERPRETATIONS IN THE REPORTING PERIOD RELEVANT FOR THE 2014 FINANCIAL YEAR.

In May 2011, the IASB published three new IFRSs (IFRS 10, IFRS 11, IFRS 12) and one revised standard (IAS 28) that govern the accounting for investments in subsidiaries, joint arrangements, and associates. The European Union endorsed the provisions in December 2012. The provisions are effective for the first time within the European Union for financial years beginning on or after January 1, 2014. The IASB issued further amendments to IFRS 10, IFRS 12, and IAS 27 in November 2012. The amendments relate to the consolidation of investment companies. The provisions were endorsed by the European Union in November 2013 and are effective for the first time for financial years beginning on or after January 1, 2014. The adoption of the new and amended IFRSs does not have a material impact on Deutsche Telekom's results of operations, financial position, cash flows, or the composition of the Group. The introduction of IFRS 12 results in additional disclosures in Deutsche Telekom's financial statements. The revised IAS 27 does not have an impact on Deutsche Telekom, because this standard now exclusively relates to separate financial statements under IFRS, which in application of § 325 (2a) HGB Deutsche Telekom does not prepare.

- The IASB is introducing a harmonized consolidation model by issuing IFRS 10 "Consolidated Financial Statements." This new standard no longer distinguishes between traditional subsidiaries (IAS 27) and special-purpose entities (SIC-12). Control only exists if an investor has the power over the investee, is exposed to variable returns, and is able to use power to affect its amount of variable returns. IFRS 10 replaced SIC-12 "Consolidation – Special Purpose Entities" as well as the requirements relevant to consolidated financial statements in IAS 27 "Consolidated and Separate Financial Statements."
- IFRS 11 "Joint Arrangements" replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers." It governs the accounting for joint ventures and joint operations. Proportionate consolidation for joint ventures will no longer be permissible as a result of the discontinuation of IAS 31. The amended IAS 28 "Interests in Associates and Joint Ventures" governs the application of the equity method when accounting for investments in both associates and joint ventures. In case of a joint operation, the share of assets, liabilities, expenses, and income is directly recognized in the consolidated financial statements and annual financial statements of the joint operator.
- IFRS 12 "Disclosure of Interests in Other Entities" combines all disclosures to be made in the consolidated financial statements regarding subsidiaries, joint arrangements, and associates, as well as unconsolidated structured entities.
- The revised IAS 27 "Separate Financial Statements" exclusively governs the accounting for subsidiaries, joint ventures, and associates in the annual financial statements and the corresponding notes (separate financial statements according to § 325 (2a) HGB).
- The revised IAS 28 "Investments in Associates and Joint Ventures" governs the accounting of investments in associates and joint ventures using the equity method.

In December 2011, the IASB published amendments to IAS 32 "Financial Instruments: Presentation" specifying the requirements for offsetting financial instruments. To meet the new offsetting requirements in IAS 32, an entity's right to set off must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default or insolvency of the entity and all counterparties. It is further specified that a gross settlement mechanism also complies with the offsetting requirements according to IAS 32, provided no major credit liquidity risks remain, and receivables and payables are processed in a single settlement step, making it equivalent to a net settlement. The new requirements were endorsed by the European Union in December 2012 and are effective for the first time retrospectively for financial years beginning on or after January 1, 2014. The amendments do not have a material impact on the presentation of Deutsche Telekom's results of operations, financial position, or cash flows.

In June 2013, the IASB published narrow-scope amendments to IAS 39 “Financial Instruments: Recognition and Measurement.” Entitled “Novation of Derivatives and Continuation of Hedge Accounting,” the amendments set out that a derivative continues to be designated as a hedging instrument in an existing hedging relationship even if the derivative is novated. The term “novation” indicates that the parties to a derivative agree that a central counterparty (CCP) replace their original counterparty to become the new counterparty to each of the parties. A fundamental requirement for this is that a central counterparty be engaged as a result of new laws or regulations. The IASB noted that the urgent changes were prompted by the G20 commitment to improve transparency and regulatory oversight of over-the-counter (OTC) derivatives at international level. As a consequence, all standardized OTC derivatives must now be concluded with a central counterparty. The amendments were endorsed by the European Union in December 2013 and are effective for the first time retrospectively for financial years beginning on or after January 1, 2014. The amendments do not have a material impact on Deutsche Telekom’s results of operations, financial position, or cash flows.

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 on accounting policies in the notes to the consolidated financial statements (2013 Annual Report, page 168 et seq.).

## CHANGES IN THE COMPOSITION OF THE GROUP AND TRANSACTIONS WITH OWNERS.

### ACQUISITION OF THE GTS CENTRAL EUROPE GROUP.

The agreement concluded in early November 2013 with a consortium of international private equity investors for the takeover of 100 percent of the shares in Consortium 1 S.à.r.l (Luxembourg) and, as a result, in the GTS Central Europe group (GTS) was consummated on May 30, 2014. The responsible authorities had already approved the acquisition by April 15, 2014. GTS is a leading infrastructure-based provider of telecommunications services in Central and Eastern Europe and owns an extensive fiber-optic network as well as several data centers. On this basis, GTS’ offering includes voice and data services, virtual private networks, and cloud services. With this acquisition, Deutsche Telekom intends to strengthen and further develop the local and pan-European B2B business, including international wholesale customers, within the Europe operating segment.

The cash consideration for the acquisition of GTS transferred at the acquisition date amounts to EUR 301 million. Payments for the acquisition were made in the amount of EUR 539 million (see the “Net cash used in investing activities” table in the notes to the consolidated statement of cash flows). The difference mainly resulted from the repayment of loans by GTS to third parties that were not to be added to the consideration transferred. The bases for the measurement of the capitalized customer bases as well as property, plant and equipment have been adjusted compared with June 30, 2014. The goodwill recognized was thus reduced by EUR 16 million to EUR 137 million as a result of the ongoing purchase price allocation which was almost completed as of September 30,

2014. Since in-depth analyses of the value drivers in the business plans of individual GTS entities are still ongoing, the possibility cannot be entirely ruled out that this may impact the measurement of the units’ respective customer bases in particular.

In accordance with IFRS 3, the purchase price allocation must be completed no later than one year after the acquisition date.

The preliminary fair values of GTS’ acquired assets and liabilities recognized at the acquisition date are presented in the following table.

millions of €	
	Fair value at the acquisition date
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	<b>138</b>
Cash and cash equivalents	24
Trade and other receivables	41
Other current assets	9
Non-current assets and disposal groups held for sale	64
<b>NON-CURRENT ASSETS</b>	<b>592</b>
Intangible assets	345
Of which: goodwill	137
Of which: customer base	194
Of which: other	14
Property, plant and equipment	223
Other non-current assets	24
<b>ASSETS</b>	<b>730</b>
<b>LIABILITIES AND SHAREHOLDERS’ EQUITY</b>	
<b>CURRENT LIABILITIES</b>	<b>383</b>
Financial liabilities	222
Trade and other payables	27
Other liabilities	54
Other current liabilities	16
Liabilities directly associated with non-current assets and disposal groups held for sale	64
<b>NON-CURRENT LIABILITIES</b>	<b>46</b>
Deferred tax liabilities	43
Other non-current liabilities	3
<b>LIABILITIES</b>	<b>429</b>

The measurement of the capitalized customer bases is based on the multi-period excess earnings method which is the most decisive factor influencing the measurement of the expected customer retention period. A useful life of seven years was assumed for the customer bases of GTS’ local and pan-European B2B operations. International wholesale customer bases are deemed to have a useful life of 17 years. Property, plant and equipment were measured using recent estimates of replacement costs, including a deduction for wear and tear (indirect cost method). The acquired current receivables of GTS are not expected to give rise to significant bad debt losses in the future. The current receivables acquired therefore largely correspond to the gross amounts of the contractual receivables.

The figures included in the two items “non-current assets and disposal groups held for sale” and “liabilities directly associated with non-current assets and disposal groups held for sale” relate to the Slovakian part of GTS. The gain from the disposal and income from divestitures were not material. The transaction was completed on June 2, 2014.

The preliminary acquired goodwill of EUR 0.1 billion to be recognized in Deutsche Telekom’s consolidated statement of financial position is calculated as follows:

millions of €	
Consideration transferred	301
Assets acquired for 100% of the shares	(593)
Liabilities acquired for 100% of the shares	429
<b>GOODWILL</b>	<b>137</b>

Goodwill is influenced by synergy effects in connection with the acquisition arising from future business potential on account of GTS’ position as an integrated provider of telecommunications services in Central and Eastern Europe. The goodwill carrying amount was not subject to any major exchange rate-induced fluctuations as of September 30, 2014.

Goodwill resulting from the business combination will not be recognized in accordance with local tax law and is thus not tax-deductible. Purchase price allocation did not result in deferred taxes on goodwill, nor will it in future.

Deutsche Telekom’s net revenue in the reporting period increased by EUR 99 million on account of the acquisition of GTS. Had the business combination already occurred on January 1, 2014, revenue of the Group would have been a further EUR 133 million higher. Deutsche Telekom’s profit/loss for the current reporting period includes a loss from GTS of EUR 4 million. Had the business combination already occurred on January 1, 2014, the profit of the Deutsche Telekom Group would have been a further EUR 31 million lower.

No material transaction-based costs were incurred by September 30, 2014.

#### SALE OF SCOUT24 HOLDING GMBH AND SCOUT24 INTERNATIONAL MANAGEMENT AG.

On February 12, 2014, Deutsche Telekom consummated the sale of 70 percent of the shares in Scout24 Holding GmbH to Hellman & Friedman LLC (H&F). As a result, the shares in the Scout24 group were deconsolidated and the remaining approximately 30 percent of the shares retained directly and indirectly by Deutsche Telekom were recognized in the consolidated statement of financial position as of the date of first-time inclusion under investments accounted for using the equity method at a fair value of EUR 0.3 billion. In addition, by acquiring 100 percent of the shares in Scout24 International Management AG (now operating under the name Classifieds Business Beteiligungs- und Verwaltungs AG), effective January 24, 2014, Ringier Digital AG took over the 57.6 percent stake in Scout24 Schweiz AG that had been held indirectly by Scout24 Holding GmbH. The two transactions, taking into account the inclusion of the approximately 30 percent of shares in the Scout24 group accounted for using the equity method, gave rise to income from divestitures of EUR 1.7 billion, which was recognized under other operating income. The cash flows from both transactions amounted to EUR 1.6 billion in total. Both entities were part of the Group Headquarters & Group Services segment. The remaining investment in the Scout24 group accounted for using the equity method continues to be part of this segment.

#### PRESENTATION OF THE QUANTITATIVE EFFECTS ON THE COMPOSITION OF THE GROUP IN THE FIRST THREE QUARTERS OF 2014.

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

In the prior year, this primarily included MetroPCS Communications, Inc., Dallas/United States, acquired as of May 1, 2013 in the United States operating segment. Furthermore, in the Europe operating segment, the entities Cosmo Bulgaria Mobile EAD (Globul) and Germanos Telecom Bulgaria AD (Germanos) were sold in the prior year as of July 31, 2013 and the shares in Hellas Sat S.A. as of March 31, 2013.

Effective January 2, 2014, Deutsche Telekom sold Euronet Communications B.V., The Hague/Netherlands, which up to that date had been part of the Europe operating segment. The gain from the disposal and income from divestitures were not material.

The presented effects in the Group Headquarters & Group Services segment result from the sale of the shares in the Scout24 group.

The following table shows the effect of changes in the composition of the Group on the consolidated income statement and segment reporting for the first three quarters of 2014.

millions of €

	Germany	United States	Europe	Systems Solutions	Group Headquarters & Group Services	Reconciliation	Total
Net revenue	(8)	1,278	(140)	(38)	(243)	1	850
Cost of sales	5	(809)	59	55	41	(1)	(650)
<b>GROSS PROFIT (LOSS)</b>	<b>(3)</b>	<b>469</b>	<b>(81)</b>	<b>17</b>	<b>(202)</b>	<b>0</b>	<b>200</b>
Selling expenses	0	(265)	87	2	110	(1)	(67)
General and administrative expenses	1	(27)	(4)	7	31	0	8
Other operating income	0	2	(183)	0	(3)	1	(183)
Other operating expenses	5	0	(33)	0	(1)	0	(29)
<b>PROFIT (LOSS) FROM OPERATIONS</b>	<b>3</b>	<b>179</b>	<b>(214)</b>	<b>26</b>	<b>(65)</b>	<b>0</b>	<b>(71)</b>
Finance costs	0	(77)	6	0	1	0	(70)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	0	0	0	0	0	0	0
Other financial income (expense)	25	(23)	38	(5)	(1)	0	34
<b>PROFIT (LOSS) FROM FINANCIAL ACTIVITIES</b>	<b>25</b>	<b>(100)</b>	<b>44</b>	<b>(5)</b>	<b>0</b>	<b>0</b>	<b>(36)</b>
<b>PROFIT (LOSS) BEFORE INCOME TAXES</b>	<b>28</b>	<b>79</b>	<b>(170)</b>	<b>21</b>	<b>(65)</b>	<b>0</b>	<b>(107)</b>
Income taxes	0	0	8	0	3	0	11
<b>PROFIT (LOSS)</b>	<b>28</b>	<b>79</b>	<b>(162)</b>	<b>21</b>	<b>(62)</b>	<b>0</b>	<b>(96)</b>

#### FIRST-TIME CONSOLIDATION OF FOUR STRUCTURED LEASING SPECIAL-PURPOSE ENTITIES (SPEs).

As of March 25, 2014, Deutsche Telekom consolidated for the first time four leasing SPEs for real estate as well as operating and office equipment at two sites for the operation of data centers in Germany. The two data centers were built under the management of an external leasing company and are operated by T-Systems International GmbH. Assets totaling EUR 0.2 billion (real estate of EUR 0.1 billion and other equipment, operating and office equipment of EUR 0.1 billion) and liabilities to banks totaling EUR 0.2 billion were recognized in Deutsche Telekom's consolidated statement of financial position in this context. Apart from the contractual obligations to make lease payments to the leasing SPEs, Deutsche Telekom has no obligation to give them further financial support.

#### ACQUISITION OF THE REMAINING SHARES IN T-MOBILE CZECH REPUBLIC.

On February 25, 2014, Deutsche Telekom acquired the 39.23-percent stake in T-Mobile Czech Republic that it did not previously hold for a purchase price of EUR 0.8 billion. The acquisition of these remaining shares make it possible to simplify the financial and governance structure at T-Mobile Czech Republic. In addition, the transaction results in reduced dividend payments to non-controlling interests. For the effects on shareholders' equity, please refer to the section "Shareholders' equity," page 45.

#### SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION.

##### NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE.

The decrease in non-current assets and disposal groups held for sale of EUR 0.8 billion compared with December 31, 2013 is primarily attributable to two effects. Firstly, the exchange of mobile spectrum licenses in the amount of EUR 0.6 billion with Verizon Communications to improve mobile network coverage was completed in the United States in April 2014. Secondly, the sale of the Scout24 group was consummated in February 2014, resulting in a decrease of EUR 0.3 billion.

##### INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT.

Intangible assets increased by EUR 4.2 billion, mainly due to capital expenditure in the amount of EUR 5.5 billion. This figure includes EUR 3.3 billion for the acquisition of mobile licenses by T-Mobile US, in particular in connection with the two transactions consummated in April 2014 for the acquisition and the exchange of mobile licenses with Verizon Communications. Effects of changes in the composition of the Group totaling EUR 0.2 billion resulting from the inclusion of the GTS Central Europe group and preliminary goodwill of EUR 0.1 billion recognized in this connection also contributed to this increase. Exchange rate effects of EUR 2.1 billion, in particular from the translation of U.S. dollars into euros, also increased the carrying amount of intangible assets. The recognition of amortization of EUR 2.8 billion and disposals of EUR 0.6 billion in connection with the exchange of mobile spectrum with Verizon Communications had an offsetting effect on the carrying amount of intangible assets.

Property, plant and equipment increased by EUR 1.3 billion compared to December 31, 2013 to EUR 38.7 billion. Capital expenditure of EUR 5.4 billion and exchange rate effects of EUR 0.7 billion, especially from the translation of U.S. dollars into euros, increased the carrying amount. The increase was also attributable to effects of changes in the composition of the Group of EUR 0.4 billion, mainly from the inclusion of the GTS Central Europe group (EUR 0.2 billion) and the first-time consolidation of four structured leasing SPEs (EUR 0.2 billion). This was offset by amortization of EUR 4.9 billion and disposals of EUR 0.2 billion.

**INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD.**

The carrying amount of investments accounted for using the equity method increased by EUR 0.4 billion to EUR 6.6 billion in the first three quarters of 2014. On the one hand, the carrying amount for the investments decreased by EUR 0.3 billion as a result of dividend payments received from the EE joint venture; on the other, the recognition of the remaining stake in the Scout24 group as an investment accounted for using the equity method had an increasing effect of EUR 0.3 billion, as did exchange rate effects – mainly resulting from the translation of pounds sterling into euros – in the amount of EUR 0.4 billion.

**FINANCIAL LIABILITIES.**

Financial liabilities increased by EUR 1.8 billion to a total of EUR 53.4 billion compared with the end of 2013.

The following table shows the composition and maturity structure of financial liabilities as of September 30, 2014:

millions of €

	Sept. 30, 2014	Due within 1 year	Due > 1 ≤ 5 years	Due > 5 years
Bonds and other securitized liabilities	43,292	6,192	11,092	26,008
Liabilities to banks	3,605	1,688	1,560	357
Finance lease liabilities	1,448	167	558	723
Liabilities to non-banks from promissory notes	969	53	646	270
Other interest-bearing liabilities	989	635	270	84
Other non-interest-bearing liabilities	2,012	1,919	91	2
Derivative financial liabilities	1,044	307	416	321
<b>FINANCIAL LIABILITIES</b>	<b>53,359</b>	<b>10,961</b>	<b>14,633</b>	<b>27,765</b>

**SHAREHOLDERS' EQUITY.**

The resolution on the dividend payout of EUR 0.50 per share for the 2013 financial year gave shareholders the choice between payment in cash or having their dividend entitlement converted into Deutsche Telekom AG shares. In June 2014, dividend entitlements of Deutsche Telekom AG shareholders amounting to EUR 1.0 billion were contributed in the form of shares from authorized capital and thus did not have an impact on cash flows. Deutsche Telekom AG carried out an increase in issued capital of EUR 0.2 billion against contribution of dividend entitlements for this purpose in June 2014. This increased capital reserves by EUR 0.8 billion, the number of shares by 84.4 million.

The amounts shown under transactions with owners primarily result from the acquisition of the remaining shares in T-Mobile Czech Republic.

millions of €

	Issued capital and reserves attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
<b>Transactions with owners</b>	<b>(502)</b>	<b>(341)</b>	<b>(843)</b>
Acquisition of the remaining shares in T-Mobile Czech Republic	(455)	(373)	(828)
Other effects	(47)	32	(15)

**SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT.****OTHER OPERATING INCOME.**

millions of €	Q1-Q3 2014	Q1-Q3 2013
Income from divestitures	1,708	183
Income from the disposal of non-current assets	504	73
Income from reimbursements	337	327
Income from insurance compensation	55	64
Income from the reversal of impairment losses on non-current financial assets in accordance with IFRS 5	17	19
Miscellaneous other operating income	267	363
	<b>2,888</b>	<b>1,029</b>

Income from divestitures increased year-on-year by EUR 1.5 billion, due to the sale of the Scout24 group totaling EUR 1.7 billion. Since the shares remaining at Deutsche Telekom had to be measured at fair value at the date when control was lost, the resulting income totaled EUR 0.5 billion. The prior-year period had included income from the disposal of the investments in Hellas Sat totaling EUR 0.1 billion and in Cosmo Bulgaria Mobile (Globul) and Germanos Telecom Bulgaria (Germanos), also totaling EUR 0.1 billion. The EUR 0.4 billion increase in income from the disposal of non-current assets mainly results from a transaction between T-Mobile US and Verizon Communications consummated in April 2014 concerning the acquisition and exchange of A-Block spectrum for around EUR 0.4 billion. Miscellaneous other operating income includes a large number of smaller individual items.

**OTHER OPERATING EXPENSES.**

millions of €	Q1-Q3 2014	Q1-Q3 2013
Losses on the disposal of non-current assets	(96)	(119)
Impairment losses	(48)	(67)
Losses from divestitures	(41)	(52)
Miscellaneous other operating expenses	(870)	(455)
	<b>(1,055)</b>	<b>(693)</b>

Miscellaneous other operating expenses include expenses of EUR 0.2 billion incurred in connection with existing financial factoring agreements and a large number of smaller individual items.

**INCOME TAXES.**

In the first three quarters of 2014, a tax expense of EUR 0.9 billion was recorded. The comparatively low tax rate is a consequence of the low tax burden with regard to the income from the sale of the shares in the Scout24 group.

**OTHER DISCLOSURES.****DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES.**

Depreciation, amortization and impairment losses increased by EUR 0.3 billion to EUR 7.8 billion compared with the prior-year period. This increase was due to depreciation and amortization attributable by the inclusion of MetroPCS since May last year and the roll-out of the LTE network as part of T-Mobile US' network modernization program. The reduction in useful lives with regard to the decommissioning of the CDMA mobile network of MetroPCS (EUR 0.1 billion), which had been taken over in the previous year, also increased depreciation and amortization. Lower depreciation, amortization and impairment losses in the Europe operating segment due, among other factors, to the sale of the subsidiaries in Bulgaria in the prior year, had an offsetting effect.

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

Dividend payments received from the EE joint venture, which were EUR 0.1 billion higher than in the prior year, had a positive effect on net cash from operating activities. During the reporting period, factoring agreements were concluded concerning monthly revolving sales of current trade receivables. This results in a positive effect on net cash from operating activities of EUR 0.4 billion compared with the prior-year period. Moreover, net cash from operating activities in the prior-year period had included total cash outflows of EUR 0.2 billion in connection with the AT&T and MetroPCS transactions, and an increase of EUR 0.1 billion in cash outflows for severance payments. By contrast, net cash from operating activities was reduced by EUR 0.5 billion higher net interest payments. The prior-year figure had also included proceeds from the conclusion and settlement of interest rate derivatives in the amount of EUR 0.2 billion.

**Net cash used in investing activities.**

millions of €	Q1-Q3 2014	Q1-Q3 2013
Cash capex		
Germany operating segment	(2,732)	(2,130)
United States operating segment	(3,957)	(2,423)
Europe operating segment	(1,464)	(2,406)
Systems Solutions operating segment	(826)	(692)
Group Headquarters & Group Services	(240)	(268)
Reconciliation	492	319
Proceeds from the loss of control of subsidiaries and associates <sup>a</sup>	1,540	662
Net cash flows for collateral deposited for hedging transactions	648	(340)
Proceeds from the disposal of property, plant and equipment	182	171
Government bonds (net)	57	(159)
Acquisition of the GTS Central Europe group	(539)	-
Net change in cash and cash equivalents due to the first-time inclusion of MetroPCS	-	1,641
Other	(385)	(66)
	<b>(7,224)</b>	<b>(5,691)</b>

<sup>a</sup> Includes cash inflows of EUR 1.6 billion from the sale of 70 percent of the shares in the Scout24 group in the 2014 financial year.

Cash capex increased by EUR 1.1 billion to EUR 8.7 billion. In the Germany operating segment, the increase was mainly attributable to the investments as part of the integrated network strategy in the fiber-optic cable roll-out as well as in the IP transformation and the LTE infrastructure. In the first three quarters of 2014, mobile licenses were acquired for a total of EUR 2.0 billion, primarily in the United States operating segment, the Czech Republic, Slovakia, and Poland. In the previous year, cash capex in the Europe operating segment had included EUR 1.2 billion for mobile licenses acquired, in particular in the Netherlands, Romania, and Poland.

**Net cash used in financing activities.**

millions of €	Q1-Q3 2014	Q1-Q3 2013
Issuance of bonds	3,019	3,456
Commercial paper (net)	1,456	1,956
Net cash flows for collateral deposited for hedging transactions	136	(547)
Cash inflows from the assignment of OTE stock options	26	-
T-Mobile US stock options	17	89
Repayment of bonds	(3,794)	(3,265)
Dividends (including to non-controlling interests)	(1,289)	(2,232)
Promissory notes (net)	(1,219)	(309)
Acquisition of the remaining shares in T-Mobile Czech Republic	(828)	-
Repayment of financial liabilities from financed capex and opex	(618)	-
Net repayment of cash deposits from the EE joint venture	(214)	(375)
Repayment of lease liabilities	(121)	(116)
OTE share buy-back	(64)	-
OTE loans (net)	(34)	(260)
Repayment of financial liabilities to Sireo	-	(534)
Repayment of EIB loans	-	(32)
Other	42	(41)
	<b>(3,485)</b>	<b>(2,210)</b>

**Non-cash transactions in the consolidated statement of cash flows.**

In June 2014, dividend entitlements of Deutsche Telekom AG shareholders in the amount of EUR 1.0 billion did not have an effect on net cash used in financing activities when fulfilled; rather, they were substituted by shares from authorized capital (please refer to the disclosures on "Shareholders' equity," page 45). The dividend entitlements of Deutsche Telekom AG shareholders having an effect on cash flows totaled EUR 1.2 billion.

In the first three quarters of 2014, Deutsche Telekom chose financing options totaling EUR 0.5 billion under which the payments for trade payables become due at a later point in time by involving banks in the process. These payables are now shown under financial liabilities in the statement of financial position. As soon as the payments have been made, they are disclosed under net cash used in financing activities.

**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 three quarters of 2014 and 2013.

The segments structure was changed as follows in the current financial year:

The ICSS/GNF business of the local business units (LBUs), which had been organizationally assigned to the Systems Solutions operating segment until December 31, 2013, was brought together as of January 1, 2014 and is now reported under the Europe operating segment. These are units in and outside of Europe (excluding Germany) that predominantly perform wholesale telecommunications services for ICSS (International Carrier Sales & Solutions) as part of the Europe operating segment and for third parties. Furthermore, as of January 1, 2014, the local business customer units of T-Systems Czech Republic, which had previously been managed under the Systems Solutions operating segment, were merged with T-Mobile Czech Republic. In addition to mobile and fixed-network business activities, the company will now also offer ICT solutions for business customers and public administrations. The

activities will be disclosed under the Europe operating segment. Reporting was changed to improve the way in which these units can be managed.

The EE joint venture in the United Kingdom, which had previously been assigned to the Europe operating segment, was transferred to the Group Headquarters & Group Services segment as of January 1, 2014. Since then, it has been reported under the Finance board department due to the new definition of the management model of our EE joint venture.

Comparative figures have been adjusted retrospectively.

A reconciliation for the changes in the disclosure of key figures can be found in the section "Additional information," page 56 et seq., of this Interim Group Report.

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

**Segment information in the first three quarters.**

millions of €

		Net revenue	Intersegment revenue	Total revenue	Profit (loss) from operations (EBIT)	Depreciation and amortization	Impairment losses	Segment assets <sup>a</sup>	Segment liabilities <sup>a</sup>	Investments accounted for using the equity method <sup>a</sup>
Germany	Q1-Q3 2014	15,529	1,005	16,534	3,767	(2,888)	(3)	29,823	22,518	18
	Q1-Q3 2013	15,774	1,027	16,801	3,614	(2,932)	(1)	30,738	23,200	17
United States	Q1-Q3 2014	15,896	2	15,898	984	(2,081)	(10)	46,935	33,499	211
	Q1-Q3 2013	13,470	4	13,474	1,225	(1,533)	1	38,830	26,888	198
Europe	Q1-Q3 2014	9,314	291	9,605	1,314	(1,913)	(1)	30,172	12,144	54
	Q1-Q3 2013	9,820	398	10,218	1,488	(2,035)	(3)	29,976	12,695	59
Systems Solutions	Q1-Q3 2014	4,390	1,917	6,307	(287)	(564)	(3)	8,524	5,697	11
	Q1-Q3 2013	4,621	1,949	6,570	(205)	(469)	(13)	8,428	5,279	24
Group Headquarters & Group Services	Q1-Q3 2014	527	1,301	1,828	492	(434)	(30)	80,475	46,777	6,286
	Q1-Q3 2013	782	1,305	2,087	(1,004)	(464)	(49)	83,596	51,219	5,869
<b>TOTAL</b>	Q1-Q3 2014	<b>45,656</b>	<b>4,516</b>	<b>50,172</b>	<b>6,270</b>	<b>(7,880)</b>	<b>(47)</b>	<b>195,929</b>	<b>120,635</b>	<b>6,580</b>
	Q1-Q3 2013	<b>44,467</b>	<b>4,683</b>	<b>49,150</b>	<b>5,118</b>	<b>(7,433)</b>	<b>(65)</b>	<b>191,568</b>	<b>119,281</b>	<b>6,167</b>
Reconciliation	Q1-Q3 2014	-	(4,516)	(4,516)	6	141	0	(70,920)	(29,603)	1
	Q1-Q3 2013	-	(4,683)	(4,683)	(5)	34	(2)	(73,420)	(33,196)	-
<b>GROUP</b>	Q1-Q3 2014	<b>45,656</b>	-	<b>45,656</b>	<b>6,276</b>	<b>(7,739)</b>	<b>(47)</b>	<b>125,009</b>	<b>91,032</b>	<b>6,581</b>
	Q1-Q3 2013	<b>44,467</b>	-	<b>44,467</b>	<b>5,113</b>	<b>(7,399)</b>	<b>(67)</b>	<b>118,148</b>	<b>86,085</b>	<b>6,167</b>

<sup>a</sup> Figures relate to the reporting dates of September 30, 2014 and December 31, 2013, respectively.



## CONTINGENT LIABILITIES.

This section provides additional information and explains recent changes in the contingent liabilities as described in the consolidated financial statements for the 2013 financial year.

**Toll Collect arbitration proceedings.** In the Toll Collect arbitration proceedings another hearing took place in May 2014. In light of the review of the proceedings and the share of the risk carried by Deutsche Telekom, appropriate provisions for risk were recognized in the statement of financial position. Both parties filed further written statements in August and September 2014. Another hearing took place at the end of September and beginning of October 2014. We believe that a claim arising from the joint and several liability is unlikely to be made in excess of Deutsche Telekom's share of the risk.

**Claims by partnering publishers of telephone directories.** Several publishers that had set up joint ventures with DeTeMedien GmbH, a wholly-owned subsidiary of Deutsche Telekom AG, to edit and publish subscriber directories, filed claims against DeTeMedien GmbH and/or Deutsche Telekom AG at the end of 2013. The complainants are claiming damages or refund from DeTeMedien GmbH and to a certain extent from Deutsche Telekom AG as joint and several debtor next to DeTeMedien GmbH. The complainants base their claims on allegedly excessive charges for the provision of subscriber data in the joint ventures. In 2014, further partnering publishers made claims for compensation or refund against DeTeMedien GmbH, currently totaling around EUR 364 million plus interest. Hearings were held regarding two actions filed against DeTeMedien GmbH at Frankfurt/Main Regional Court on July 16, 2014 which the Court rejected in rulings on October 22, 2014. The decisions are not final and legally binding yet. Hearings regarding numerous other proceedings will take place in the fourth quarter of 2014 and in the first quarter of 2015. As a result of a reexamination of the case in the first quarter of 2014, Deutsche Telekom no longer discloses the contingent liabilities reported in the 2013 Annual Report.

**Claims relating to charges for shared use of cable ducts.** In the appeal proceedings brought by Kabel Deutschland Vertrieb und Service GmbH (KDG) against the first-instance ruling of the Frankfurt/Main Regional Court, KDG quantified its claims in June 2014 also for 2013 and is now demanding repayment for allegedly excessive charges paid totaling approximately EUR 407 million plus interest. It is currently not possible to estimate the financial impact of the proceedings with sufficient certainty.

**Billing for premium SMS content.** In July 2014, a lawsuit was filed by the FTC against T-Mobile US that alleged unauthorized billing for premium SMS content provided by third parties. In addition to this lawsuit, the FCC and other U.S. authorities began investigations and inquiries against T-Mobile US regarding

billing for premium SMS content. T-Mobile US is currently in settlement negotiations with the authorities involved to resolve the claims made in connection with the lawsuit, investigations and inquiries. The contingent liability disclosed in the Interim Group Report for the period January 1 to June 30, 2014 is thus no longer reported.

**European Commission proceedings against Slovak Telekom and Deutsche Telekom.** The European Commission announced its finding on October 15, 2014 that Slovak Telekom had abused its market power on the Slovak broadband market and as a result imposed fines on Slovak Telekom and Deutsche Telekom. The European Commission is of the opinion that Slovak Telekom refused unbundled access to its local loop and had curtailed margins with regard to alternative providers. The fines amount to EUR 38.8 million for Slovak Telekom and Deutsche Telekom and a further EUR 31.1 million for Deutsche Telekom because a fine had already been imposed on Deutsche Telekom in 2003 for curtailment of margins in Germany. Deutsche Telekom and Slovak Telekom will file appeal against the decision with the General Court of the European Union. As a result, Deutsche Telekom no longer discloses the contingent liability reported in the 2013 Annual Report.

**Sale of the SI business unit at T-Systems France.** When selling the Systems Integration business unit of T-Systems France in the middle of 2013, a 15-month guarantee had to be issued to the responsible works council. The purpose of the guarantee was to compensate employees in the event of insolvency of the buyer. The 15-month guarantee period expired in early September 2014 without incident. As a result, Deutsche Telekom no longer discloses the contingent liability reported in the 2013 Annual Report.

## 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 September 30, 2014:

millions of €	
	Sept. 30, 2014
Future obligations from operating leases	18,221
Purchase commitments regarding property, plant and equipment	2,085
Purchase commitments regarding intangible assets	845
Firm purchase commitments for inventories	5,593
Other purchase commitments and similar obligations	8,260
Payment obligations to the civil service pension fund	4,725
Purchase commitments for interests in other companies	32
Miscellaneous other obligations	1,299
	<b>41,060</b>

## DISCLOSURES ON FINANCIAL INSTRUMENTS.

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

millions of €

	Category in accordance with IAS 39	Carrying amounts Sept. 30, 2014	Amounts recognized in the statement of financial position according to IAS 39			
			Amortized cost	Cost	Fair value recognized in equity	Fair value recognized in profit or loss
<b>ASSETS</b>						
Cash and cash equivalents	LaR	7,250	7,250			
Trade receivables	LaR	8,853	8,853			
Originated loans and receivables	LaR/n.a.	2,963	2,731			
Of which: collateral paid	LaR	616	616			
Other non-derivative financial assets						
Held-to-maturity investments	HtM	11	11			
Financial assets available for sale	AFS	671		350	321	
Derivative financial assets						
Derivatives without a hedging relationship	FAHFT	599				599
Of which: termination rights embedded in bonds issued	FAHFT	104				104
Derivatives with a hedging relationship	n.a.	323			231	92
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
Trade payables	FLAC	7,986	7,986			
Bonds and other securitized liabilities	FLAC	43,292	43,292			
Liabilities to banks	FLAC	3,605	3,605			
Liabilities to non-banks from promissory notes	FLAC	969	969			
Other interest-bearing liabilities	FLAC	989	989			
Of which: collateral received	FLAC	294	294			
Other non-interest-bearing liabilities	FLAC	2,012	2,012			
Finance lease liabilities	n.a.	1,448				
Derivative financial liabilities						
Derivatives without a hedging relationship	FLHFT	489				489
Derivatives with a hedging relationship	n.a.	555			477	78
Of which: aggregated by category in accordance with IAS 39						
Loans and receivables	LaR	18,834	18,834			
Held-to-maturity investments	HtM	11	11			
Available-for-sale financial assets	AFS	671		350	321	
Financial assets held for trading	FAHFT	599				599
Financial liabilities measured at amortized cost	FLAC	58,853	58,853			
Financial liabilities held for trading	FLHFT	489				489

<sup>a</sup> The exemption provisions under IFRS 7.29a were applied for information on specific fair values.

Trade receivables include receivables amounting to EUR 1.3 billion (December 31, 2013: EUR 1.0 billion) due in more than one year. The fair value generally equates to the carrying amount.

The available-for-sale financial assets include, among other assets, unquoted equity instruments whose fair values could not be reliably measured, and which were therefore recognized at cost in the amount of EUR 350 million as of September 30, 2014 (December 31, 2013: EUR 280 million). No plans existed as of the reporting date to sell these instruments.

Amounts recognized in the statement of financial position according to IAS 17	Fair value Sept. 30, 2014 <sup>a</sup>	Amounts recognized in the statement of financial position according to IAS 39						Amounts recognized in the statement of financial position according to IAS 17	Fair value Dec. 31, 2013 <sup>a</sup>
		Category in accordance with IAS 39	Carrying amounts Dec. 31, 2013	Amortized cost	Cost	Fair value recognized in equity	Fair value recognized in profit or loss		
	-	LaR	7,970	7,970				-	
	-	LaR	7,580	7,580				-	
232	-	LaR/n.a.	2,672	2,469			203	-	
	-	LaR	941	941				-	
	-	HIM	12	12				-	
	321	AfS	652		280	372		372	
	599	FAHfT	596				596	596	
	104	FAHfT	158				158	158	
	323	n.a.	175			113	62	175	
	-	FLAC	7,231	7,231				-	
	48,184	FLAC	40,535	40,535				44,631	
	3,721	FLAC	4,105	4,105				4,219	
	1,134	FLAC	1,072	1,072				1,230	
	1,024	FLAC	891	891				881	
	-	FLAC	40	40				-	
	-	FLAC	1,967	1,967				-	
1,448	1,843	n.a.	1,446				1,446	1,768	
	489	FLHfT	581				581	581	
	555	n.a.	1,002			726	276	1,002	
	-	LaR	18,019	18,019				-	
	-	HIM	12	12				-	
	321	AfS	652		280	372		372	
	599	FAHfT	596				596	596	
	54,063	FLAC	55,801	55,801				50,961	
	489	FLHfT	581				581	581	

**Financial instruments measured at fair value.**

millions of €

	Sept. 30, 2014				Dec. 31, 2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>ASSETS</b>								
Available-for-sale financial assets (AFS)	315	6		321	365	7		372
Financial assets held for trading (FAHFT)		599		599		596		596
Derivative financial assets with a hedging relationship		323		323		175		175
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>								
Financial liabilities held for trading (FLHFT)		489		489		581		581
Derivative financial liabilities with a hedging relationship		555		555		1,002		1,002

Of the available-for-sale financial assets (AFS) carried under other non-derivative financial assets, the instruments presented in Level 1 and Level 2 constitute separate classes. In Level 1, EUR 315 million (December 31, 2013: EUR 365 million) is recognized, the majority of which relates to listed government bonds, the fair values of which are the price quotations at the reporting date.

The listed bonds and other securitized liabilities are assigned to Level 1 or Level 2 on the basis of the amount of the trading volume for the relevant instrument. Issues denominated in EUR or USD with relatively large nominal amounts are routinely to be classified as Level 1, the rest routinely 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 held in the portfolio 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. Current market volatilities are used in option pricing models. 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.

**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. 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 294 million (December 31, 2013: EUR 40 million), which further reduced the credit risk. On the basis of these contracts, derivatives with a positive fair value and a total carrying amount of EUR 922 million as of the reporting date (December 31, 2013: EUR 771 million) had a maximum credit risk<sup>a</sup> of EUR 53 million (December 31, 2013: EUR 3 million) as of September 30, 2014. There is no danger of default on the derivatives held.

When the netting of the positive and negative fair values of all derivatives was negative from Deutsche Telekom's perspective, Deutsche Telekom provided cash collateral to counterparties pursuant to collateral contracts. The corresponding receivables of EUR 616 million (December 31, 2013: EUR 941 million) were thus not exposed to any credit risks as of the reporting date. 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. The collateral paid, which is reported under originated loans and receivables within other financial assets, is not subject to a credit risk and therefore 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.

<sup>a</sup> Due to the excellent credit worthiness of the banks the credit risk is deemed to be low.

**RELATED-PARTY DISCLOSURES.**

There were no significant changes at September 30, 2014 to the related party disclosures reported in the consolidated financial statements as of December 31, 2013, with the exception of the matters described in the following.

Net funds of EUR 0.2 billion that had been invested by the EE joint venture were repaid to the company by Deutsche Telekom by September 30, 2014.

KfW Bankengruppe requested its dividend entitlement for the 2013 financial year relating to shares held in Deutsche Telekom AG be paid out partly in cash and partly in shares from authorized capital. As a result, it received 32,559 thousand shares in June 2014. The stake of KfW Bankengruppe in Deutsche Telekom AG as of September 30, 2014 totaled 17.4 percent.

**EXECUTIVE BODIES.****Changes in the composition of the Board of Management.**

On May 15, 2013, the Supervisory Board appointed Timotheus Höttges as René Obermann's successor as Chairman of Board of Management effective January 1, 2014. In addition, Thomas Dannenfeldt was appointed as successor to Timotheus Höttges in the role of Chief Financial Officer effective January 1, 2014.

Prof. Marion Schick, Chief Human Resources Officer and Labor Director of Deutsche Telekom AG, left the Company effective midnight April 30, 2014 for health reasons. In addition to his own duties, Dr. Thomas Kremer covered Prof. Marion Schick's portfolio on an interim basis from January 2014, and has been officially responsible for the Human Resources board department on an acting basis since her departure.

**Changes in the composition of the Supervisory Board.**

Dr. Hans Bernhard Beus, State Secretary in the Federal Ministry of Finance (retired), resigned his position as member of the Deutsche Telekom AG Supervisory Board effective midnight February 5, 2014. At the shareholders' meeting on May 15, 2014, Johannes Geismann, State Secretary in the Federal Ministry of Finance, who had previously been court-appointed as a member of the Supervisory Board, was elected to the Supervisory Board.

**EVENTS AFTER THE REPORTING PERIOD (SEPTEMBER 30, 2014).**

**Early redemption of T-Mobile US senior notes.** In October 2014, T-Mobile US redeemed USD 1.0 billion of 7.875-percent senior notes due 2018.

For explanations on the October 15, 2014 ruling imposing a fine as part of the European Commission proceedings against Slovak Telekom and Deutsche Telekom, and the changes in October 2014 regarding the claims by partnering publishers of telephone directories and the proceedings concerning the billing for premium SMS content, please refer to the section "Contingent liabilities," page 49.

## RESPONSIBILITY STATEMENT.

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

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

Bonn, November 6, 2014

**Deutsche Telekom AG**  
**Board of Management**

Timotheus Höttges

Reinhard Clemens

Niek Jan van Damme

Thomas Dannenfeldt

Dr. Thomas Kremer

Claudia Nemat

## REVIEW REPORT.

### To Deutsche Telekom AG, Bonn.

We have reviewed the condensed consolidated interim financial statements – comprising the statement of financial position, the income statement and statement of comprehensive income, the statement of changes in equity, the statement of cash flows, and selected explanatory notes – and the interim Group management report of Deutsche Telekom AG, Bonn, for the period from January 1 to September 30, 2014, which are part of the quarterly financial report pursuant to § 37x (3) 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, November 6, 2014

PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

Harald Kayser  
Wirtschaftsprüfer

Verena Heineke  
Wirtschaftsprüferin

# ADDITIONAL INFORMATION.

## RECONCILIATION OF PRO FORMA FIGURES.

### SPECIAL FACTORS.

The following table presents a reconciliation of EBITDA, EBIT, and net profit/loss to the respective figures adjusted for special factors. Reconciliations are presented for the reporting period, the prior-year period, and the full 2013 financial year:

	EBITDA Q1-Q3 2014	EBIT Q1-Q3 2014	EBITDA Q1-Q3 2013	EBIT Q1-Q3 2013	EBITDA FY 2013	EBIT FY 2013
millions of €						
<b>EBITDA/EBIT</b>	<b>14,062</b>	<b>6,276</b>	<b>12,579</b>	<b>5,113</b>	<b>15,834</b>	<b>4,930</b>
<b>GERMANY</b>	<b>(152)</b>	<b>(152)</b>	<b>(362)</b>	<b>(362)</b>	<b>(535)</b>	<b>(540)</b>
Staff-related measures	(138)	(138)	(376)	(376)	(506)	(506)
Non-staff-related restructuring	(7)	(7)	(13)	(13)	(16)	(16)
Effects of deconsolidations, disposals and acquisitions	0	0	(10)	(10)	(23)	(23)
Other	(7)	(7)	37	37	10	5
<b>UNITED STATES</b>	<b>134</b>	<b>134</b>	<b>(143)</b>	<b>(143)</b>	<b>(232)</b>	<b>(329)</b>
Staff-related measures	(110)	(110)	(124)	(124)	(179)	(179)
Non-staff-related restructuring	0	0	(1)	(1)	(1)	(1)
Effects of deconsolidations, disposals and acquisitions	240	240	(18)	(18)	(52)	(52)
Impairment losses	-	0	-	0	-	(97)
Other	4	4	0	0	0	0
<b>EUROPE</b>	<b>(81)</b>	<b>(81)</b>	<b>143</b>	<b>143</b>	<b>(179)</b>	<b>(793)</b>
Staff-related measures	(57)	(57)	(52)	(52)	(327)	(327)
Non-staff-related restructuring	3	3	10	10	3	3
Effects of deconsolidations, disposals and acquisitions	(1)	(1)	182	182	183	183
Impairment losses	-	0	-	0	-	(614)
Other	(26)	(26)	3	3	(38)	(38)
<b>SYSTEMS SOLUTIONS</b>	<b>(343)</b>	<b>(349)</b>	<b>(298)</b>	<b>(312)</b>	<b>(416)</b>	<b>(431)</b>
Staff-related measures	(159)	(159)	(136)	(136)	(212)	(212)
Non-staff-related restructuring	(139)	(145)	(91)	(92)	(128)	(130)
Effects of deconsolidations, disposals and acquisitions	(23)	(23)	(71)	(84)	(71)	(84)
Other	(22)	(22)	0	0	(5)	(5)
<b>GROUP HEADQUARTERS &amp; GROUP SERVICES</b>	<b>1,379</b>	<b>1,379</b>	<b>(126)</b>	<b>(126)</b>	<b>(228)</b>	<b>(228)</b>
Staff-related measures	(96)	(96)	(128)	(128)	(226)	(226)
Non-staff-related restructuring	(26)	(26)	(10)	(10)	(34)	(34)
Effects of deconsolidations, disposals and acquisitions	1,660	1,660	16	16	40	40
Other	(159)	(159)	(4)	(4)	(8)	(8)
<b>GROUP RECONCILIATION</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>
Staff-related measures	0	0	1	1	(1)	(1)
Non-staff-related restructuring	(1)	(1)	1	1	0	0
Effects of deconsolidations, disposals and acquisitions	0	0	0	0	1	1
Other	1	1	(1)	(1)	0	0
<b>TOTAL SPECIAL FACTORS</b>	<b>937</b>	<b>931</b>	<b>(785)</b>	<b>(799)</b>	<b>(1,590)</b>	<b>(2,321)</b>
<b>EBITDA/EBIT (ADJUSTED FOR SPECIAL FACTORS)</b>	<b>13,125</b>	<b>5,345</b>	<b>13,364</b>	<b>5,912</b>	<b>17,424</b>	<b>7,251</b>
Profit (loss) from financial activities (adjusted for special factors)		(1,995)		(2,089)		(2,772)
<b>PROFIT (LOSS) BEFORE INCOME TAXES (ADJUSTED FOR SPECIAL FACTORS)</b>		<b>3,350</b>		<b>3,823</b>		<b>4,479</b>
Income taxes (adjusted for special factors)		(1,075)		(1,122)		(1,364)
<b>PROFIT (LOSS) (ADJUSTED FOR SPECIAL FACTORS)</b>		<b>2,275</b>		<b>2,701</b>		<b>3,115</b>
<b>PROFIT (LOSS) (ADJUSTED FOR SPECIAL FACTORS) ATTRIBUTABLE TO</b>						
Owners of the parent (net profit (loss)) (adjusted for special factors)		2,023		2,400		2,755
Non-controlling interests (adjusted for special factors)		252		301		360



**GROSS AND NET DEBT.**

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

millions of €

	Sept. 30, 2014	Dec. 31, 2013	Change	Change %	Sept. 30, 2013
Financial liabilities (current)	10,961	7,891	3,070	38.9%	11,169
Financial liabilities (non-current)	42,398	43,708	(1,310)	(3.0)%	38,154
<b>FINANCIAL LIABILITIES</b>	<b>53,359</b>	<b>51,599</b>	<b>1,760</b>	<b>3.4%</b>	<b>49,323</b>
Accrued interest	(915)	(1,091)	176	16.1%	(929)
Other	(1,171)	(881)	(290)	(32.9)%	(803)
<b>GROSS DEBT</b>	<b>51,273</b>	<b>49,627</b>	<b>1,646</b>	<b>3.3%</b>	<b>47,591</b>
Cash and cash equivalents	7,250	7,970	(720)	(9.0)%	5,675
Available-for-sale/held-for-trading financial assets	245	310	(65)	(21.0)%	301
Derivative financial assets	922	771	151	19.6%	892
Other financial assets	1,047	1,483	(436)	(29.4)%	997
<b>NET DEBT</b>	<b>41,809</b>	<b>39,093</b>	<b>2,716</b>	<b>6.9%</b>	<b>39,726</b>

**RECONCILIATION FOR THE CHANGE IN DISCLOSURE OF KEY FIGURES  
FOR THE PRIOR-YEAR COMPARATIVE PERIOD IN THE FIRST THREE  
QUARTERS OF 2014.**

millions of	Total revenue	Profit (loss) from operations (EBIT)	EBITDA	Adjusted EBITDA	Depreciation and amortization	Impairment losses	Segment assets <sup>a</sup>	Segment liabilities <sup>a</sup>
<b>Q1-Q3 2013/SEPTEMBER 30, 2013</b>								
PRESENTATION AS OF SEPTEMBER 30, 2013 – AS REPORTED								
Germany	16,801	3,614	6,547	6,909	(2,932)	(1)	30,738	23,200
United States	13,474	1,225	2,757	2,900	(1,533)	1	38,830	26,888
Europe	10,183	1,477	3,502	3,358	(2,022)	(3)	35,552	12,601
Systems Solutions	6,878	(194)	301	599	(482)	(13)	8,705	5,381
Group Headquarters & Group Services	2,087	(1,004)	(491)	(365)	(464)	(49)	91,594	51,218
<b>TOTAL</b>	<b>49,423</b>	<b>5,118</b>	<b>12,616</b>	<b>13,401</b>	<b>(7,433)</b>	<b>(65)</b>	<b>205,419</b>	<b>119,288</b>
Reconciliation	(4,956)	(5)	(37)	(37)	34	(2)	(87,271)	(33,203)
<b>GROUP</b>	<b>44,467</b>	<b>5,113</b>	<b>12,579</b>	<b>13,364</b>	<b>(7,399)</b>	<b>(67)</b>	<b>118,148</b>	<b>86,085</b>
<b>Q1-Q3 2013/SEPTEMBER 30, 2013</b>								
+/- CHANGE IN DISCLOSURE OF LOCAL BUSINESS UNITS								
AS OF JANUARY 1, 2014								
Germany	-	-	-	-	-	-	-	-
United States	-	-	-	-	-	-	-	-
Europe	35	11	24	25	(13)	-	268	94
Systems Solutions	(308)	(11)	(24)	(24)	13	-	(277)	(102)
Group Headquarters & Group Services	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>(273)</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>(9)</b>	<b>(8)</b>
Reconciliation	273	-	-	(1)	-	-	9	8
<b>GROUP</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Q1-Q3 2013/SEPTEMBER 30, 2013</b>								
+/- CHANGE IN DISCLOSURE OF EE JOINT VENTURE								
AS OF JANUARY 1, 2014								
Germany	-	-	-	-	-	-	-	-
United States	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	(5,844)	-
Systems Solutions	-	-	-	-	-	-	-	-
Group Headquarters & Group Services	-	-	-	-	-	-	(7,998)	1
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,842)</b>	<b>1</b>
Reconciliation	-	-	-	-	-	-	13,842	(1)
<b>GROUP</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Q1-Q3 2013/SEPTEMBER 30, 2013</b>								
= PRESENTATION AS OF SEPTEMBER 30, 2014								
Germany	16,801	3,614	6,547	6,909	(2,932)	(1)	30,738	23,200
United States	13,474	1,225	2,757	2,900	(1,533)	1	38,830	26,888
Europe	10,218	1,488	3,526	3,383	(2,035)	(3)	29,976	12,695
Systems Solutions	6,570	(205)	277	575	(469)	(13)	8,428	5,279
Group Headquarters & Group Services	2,087	(1,004)	(491)	(365)	(464)	(49)	83,596	51,219
<b>TOTAL</b>	<b>49,150</b>	<b>5,118</b>	<b>12,616</b>	<b>13,402</b>	<b>(7,433)</b>	<b>(65)</b>	<b>191,568</b>	<b>119,281</b>
Reconciliation	(4,683)	(5)	(37)	(38)	34	(2)	(73,420)	(33,196)
<b>GROUP</b>	<b>44,467</b>	<b>5,113</b>	<b>12,579</b>	<b>13,364</b>	<b>(7,399)</b>	<b>(67)</b>	<b>118,148</b>	<b>86,085</b>

<sup>a</sup> Figures relate to the reporting date December 31, 2013.

## GLOSSARY.

For further definitions, please refer to the 2013 Annual Report and the glossary therein (page 257 et seq.).

**Fiber-optic lines.** Sum of all FTTx access lines (e.g., FTTC/VDSL, vectoring, and FTTH).

**FTTx.** This includes the three options for fiber-optic roll-out: FTTB – fiber to the building, FTTC – fiber to the curb, and FTTH – fiber to the home.

## DISCLAIMER.

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

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

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

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

**FINANCIAL CALENDAR.<sup>a</sup>**

<b>November 6, 2014</b>	<b>February 26, 2015</b>	<b>February 26–27, 2015</b>	<b>May 13, 2015</b>
Publication of the Interim Group Report as of September 30, 2014	Publication of the 2014 Annual Report	2015 Capital Markets Day	Publication of the Interim Group Report as of March 31, 2015
<b>May 21, 2015</b>	<b>August 6, 2015</b>	<b>November 5, 2015</b>	
2015 Shareholders' meeting	Publication of the Interim Group Report as of June 30, 2015	Publication of the Interim Group Report as of September 30, 2015	

<sup>a</sup> For more dates, an updated schedule, and information on webcasts, please go to [www.telekom.com](http://www.telekom.com).

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

Our Annual Report is available online at:  
[www.telekom.com/geschaeftsbericht2013](http://www.telekom.com/geschaeftsbericht2013)  
[www.telekom.com/annualreport2013](http://www.telekom.com/annualreport2013)

The English version of the Interim Group Report for January 1 to September 30, 2014 is a translation of the German version of the Interim Group Report. The German version is legally binding.

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

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KNr. 642 200 257A (English)

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# DEUTSCHE TELEKOM

## Q3/14 RESULTS



LIFE IS FOR SHARING.

# DISCLAIMER

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

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

# REVIEW Q3/14



LIFE IS FOR SHARING.



# LEADING EUROPEAN TELCO: KEY ACHIEVEMENTS IN Q3

## KEY ACHIEVEMENTS

- LTE (79% POP coverage) and fiber roll out (40% Household coverage) continuing in Germany. Europe: 1.9k LTE-sites (+19%) added in Q3.
- All-IP migration: Europe achieves IP-Share of 35%. IP lines in Germany doubled versus year ago to 3.7 million.
- Germany: Mobile market with improved service revenue trends (-1.0%)<sup>1</sup>. Deutsche Telekom continues to outperform mobile market (-0.1%). Broadband net adds (-20k) and line losses (-193k) seasonally impacted by higher churn but trend improvement vs. prior year continues. Fiber net adds (+225k) almost doubled vs. last year. TV: +59k. Ongoing strong adj. EBITDA margin of 41.6%.
- US: Record branded postpaid customer additions (1,379), postpaid phone ARPU stabilized, US\$ revenue with 8.8% growth
- Europe: Improved revenue trends and ongoing focus on profitability: adj. EBITDA +1.3%, margin of 35.7%

## Q3 FINANCIAL HIGHLIGHTS

- Group revenue growth of 0.8% to €15.6 billion
- Adj. EBITDA of €4.6 billion (-1.8%) – on track to deliver on guidance
- FCF of €1.1 billion in line with FY guidance
- Financial guidance for FY 2014 confirmed

1) Based on management estimates



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# 9M/14: KEY FIGURES

€ mn	Q3			9M		
	2013	2014	Change	2013	2014	Change
Revenue	15,525	15,648	0.8%	44,467	45,656	2.7%
Adj. EBITDA	4,659	4,575	-1.8%	13,364	13,125	-1.8%
Adj. net profit	823	800	-2.8%	2,400	2,023	-15.7%
Net profit	588	506	-13.9%	1,682	3,034	80.4%
Adj. EPS (in €)	0.18	0.17	-5.6%	0.55	0.45	-18.2%
EPS (in €)	0.14	0.11	-21.4%	0.39	0.68	74.4%
Free cash flow <sup>1</sup>	1,427	1,125	-21.2%	3,574	3,157	-11.7%
Cash capex <sup>2</sup>	2,260	2,493	10.3%	6,415	6,755	5.3%
Net debt (in € bn)	39.7	41.8	5.2%	39.7	41.8	5.2%

1) Free cash flow before dividend payments and spectrum investment and before effects in connection with the AT&T transaction and compensation payments for MetroPCS employees

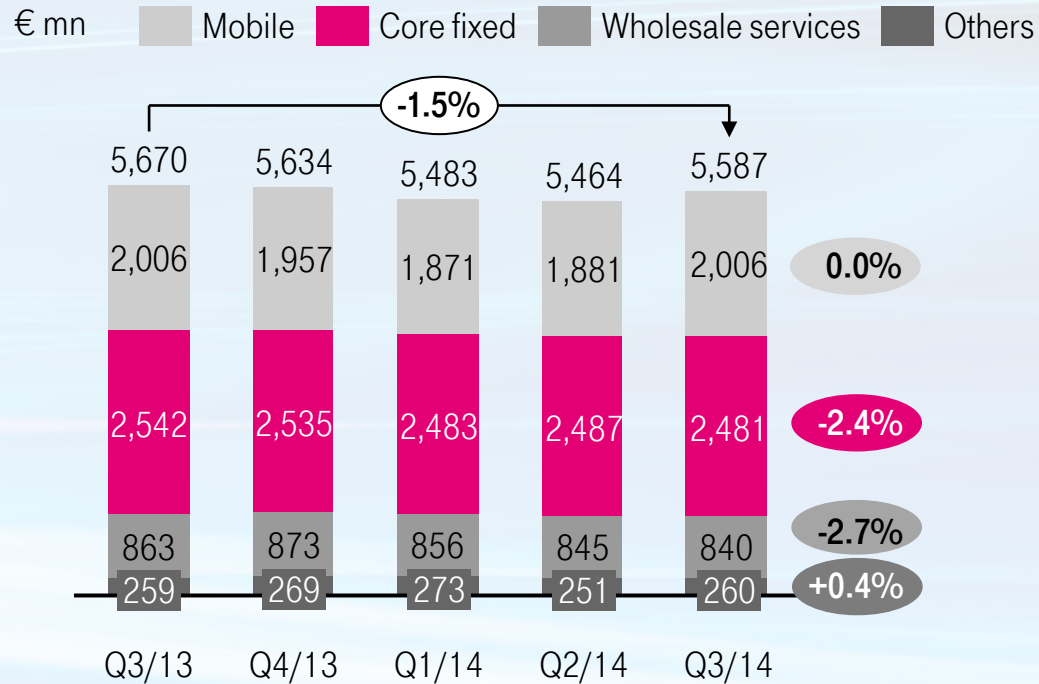
2) Before spectrum payments. Q3/13: €118 million; Q3/14: 91 million; 9M/13: €1,185 million; 9M/14: €1,972 million



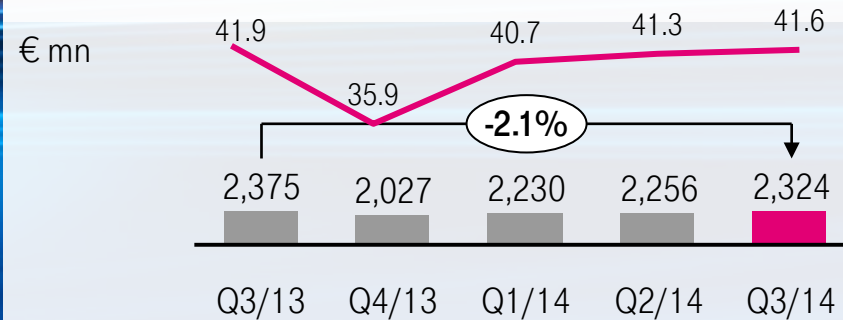
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# GERMANY: CONTINUED SOLID MARGIN AND REVENUE TRENDS

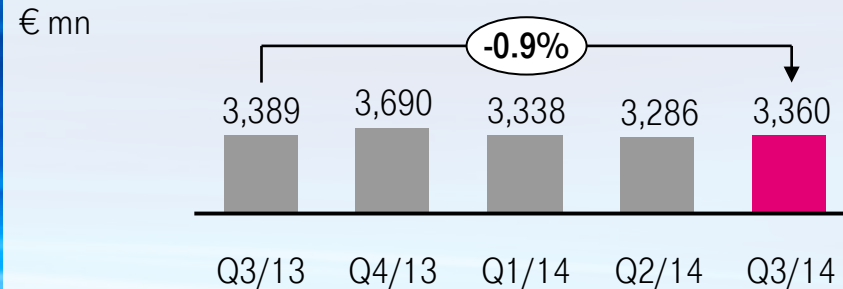
## REVENUE



## ADJ. EBITDA AND MARGIN (IN %)



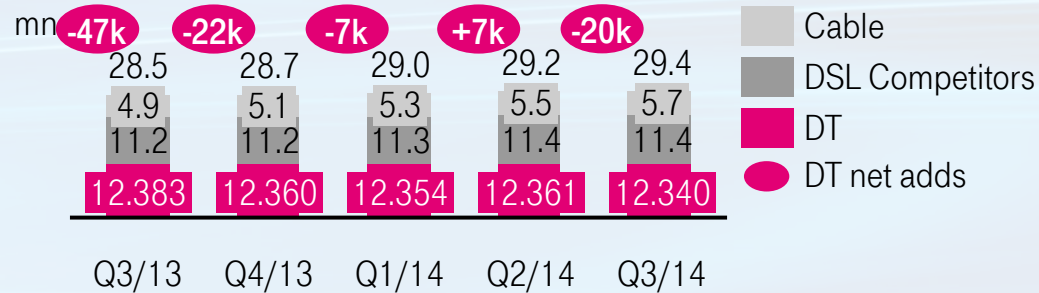
## ADJ. OPEX



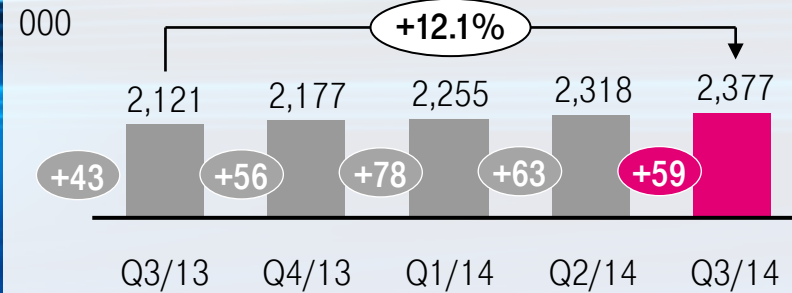
LIFE IS FOR SHARING.

# GERMANY FIXED: LINE LOSSES -24%YOY FOR THE 2<sup>ND</sup> CONSECUTIVE QUARTER. FIBER NET ADDS ALMOST DOUBLED

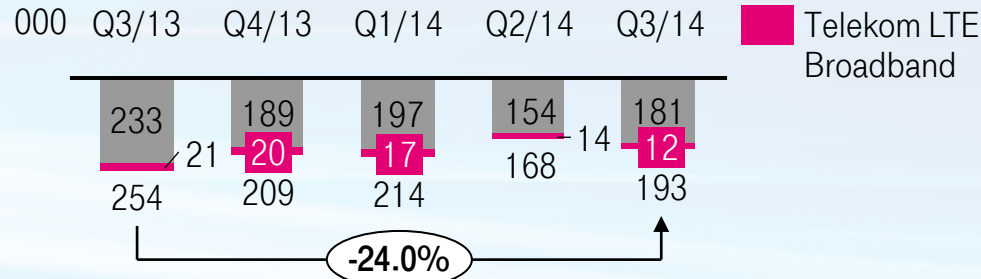
## GERMAN BROADBAND MARKET<sup>1</sup>



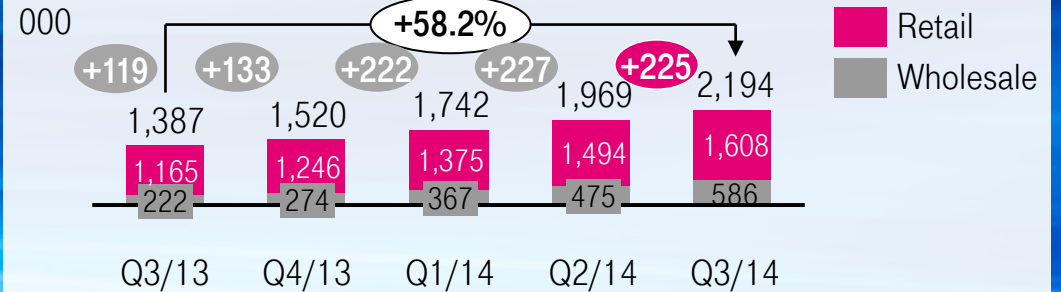
## ENTERTAIN CUSTOMERS



## LINE LOSSES



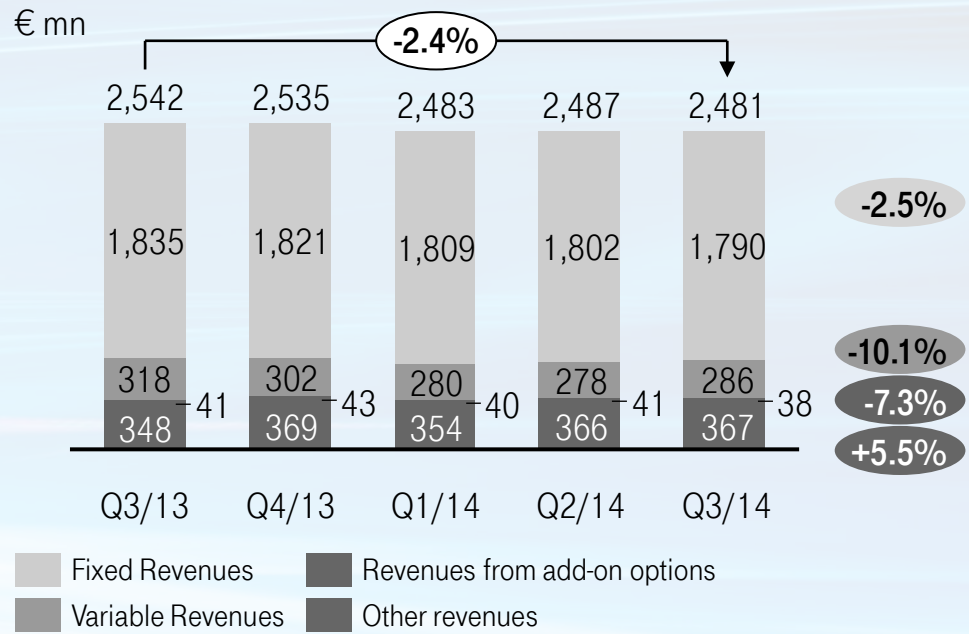
## FIBER CUSTOMERS<sup>2</sup>



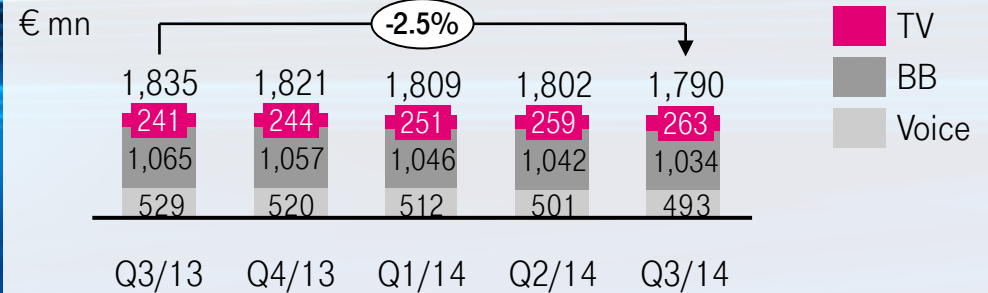
1) Based on management estimates 2) Sum of all FTTx accesses (e.g. FTTC/VDSL, Vectoring and FTTH)

# GERMANY FIXED: CONTINUED SOLID REVENUE TREND IN CORE FIXED NETWORK

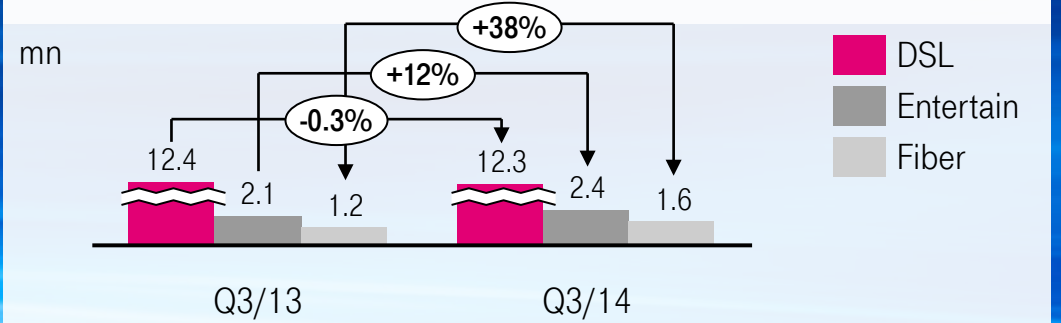
## FIXED NETWORK REVENUE (CORE FIXED)



## FIXED REVENUES (FIXED LINE)



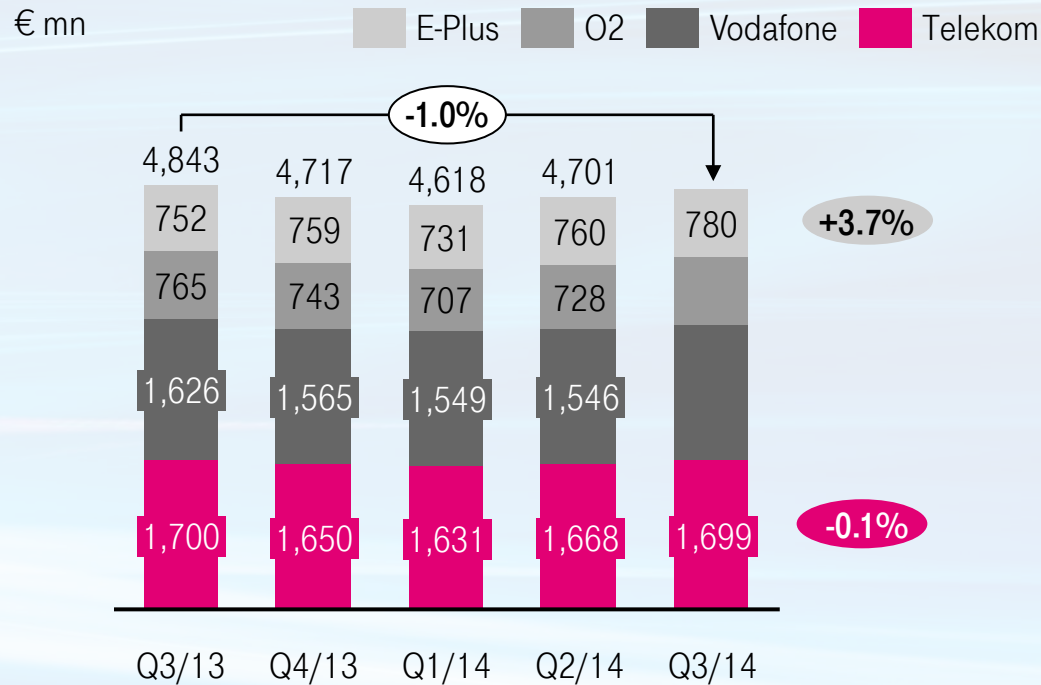
## RETAIL UPSSELL STRATEGY ACCESS



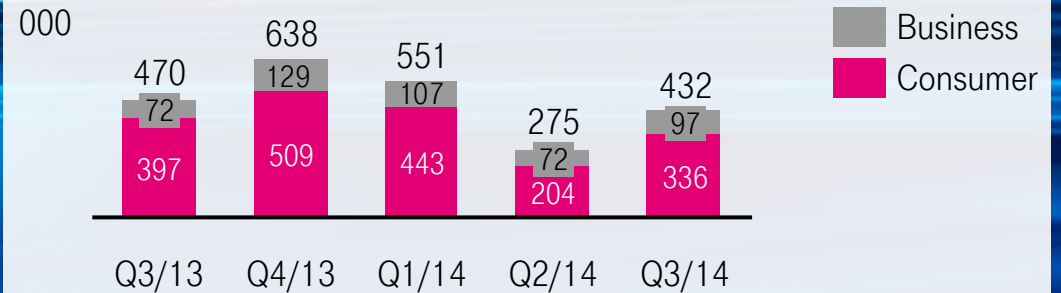
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# GERMANY MOBILE: DT CONTINUES TO OUTPERFORM MARKET

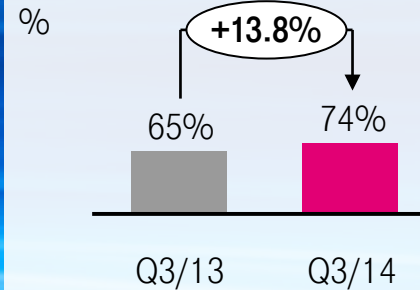
## GERMAN MOBILE MARKET SERVICE REVENUE<sup>1</sup>



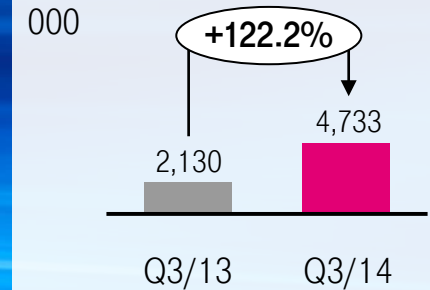
## CONTRACT NET ADDS



## SMARTPHONE PENETRATION<sup>2</sup>



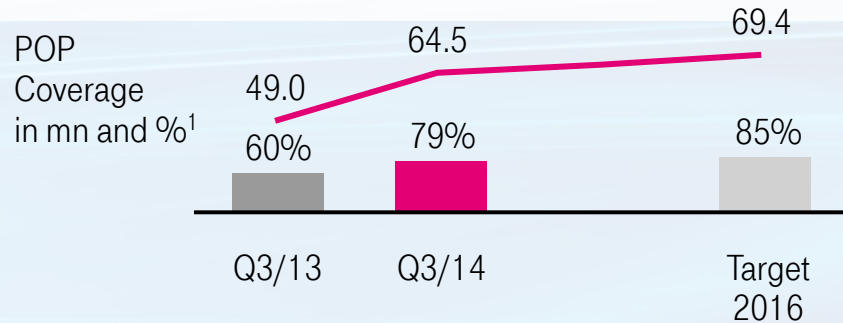
## LTE CUSTOMERS<sup>3</sup>



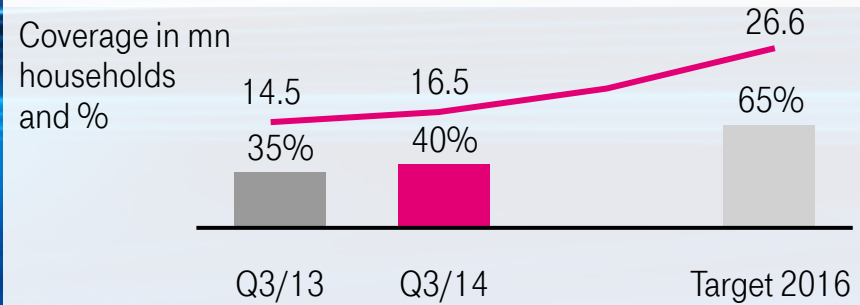
1) Based on management estimates 2) Of own branded retail customers 3) Customers using a LTE-device and tariff plan including LTE

# GERMANY: INTEGRATED NETWORK ROLLOUT AND ALL-IP MIGRATION ON TRACK

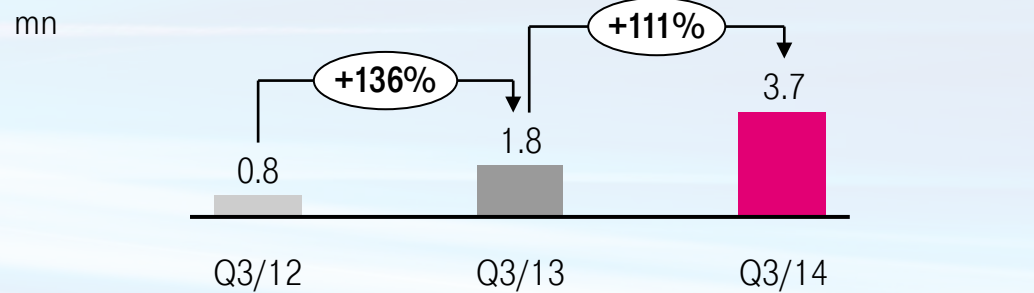
## INS- STATUS LTE ROLLOUT



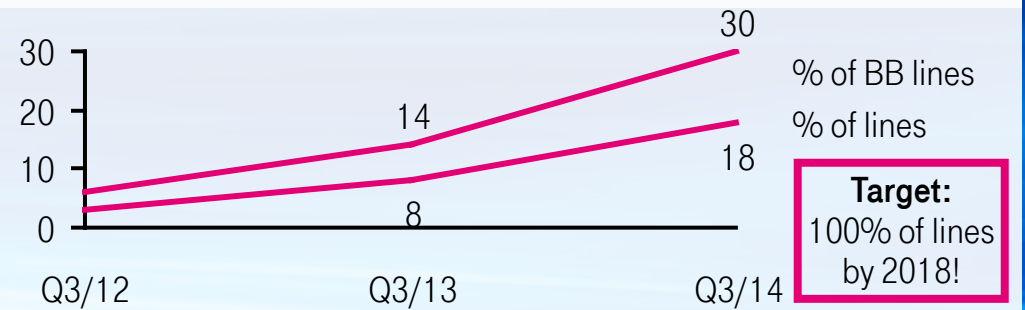
## INS- STATUS FIBER ROLLOUT<sup>2</sup>



## STATUS IP ACCESSES (RETAIL)



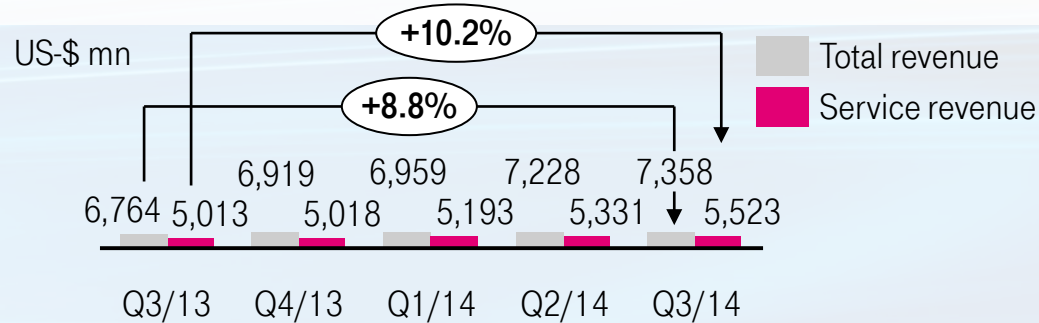
## STATUS IP ACCESSES (RETAIL)



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

# TMUS: RECORD BRANDED POSTPAID CUSTOMER GROWTH QUARTER

## REVENUE AND SERVICE REVENUE

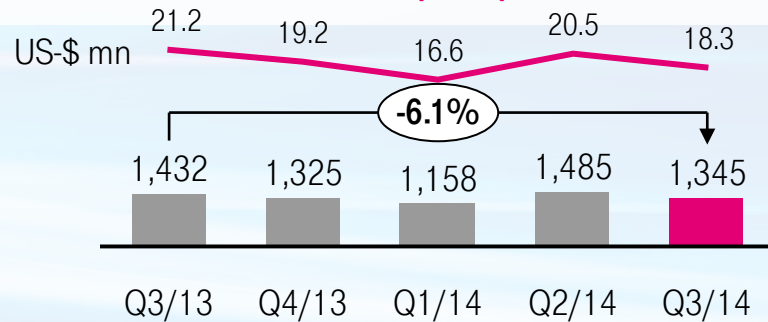


## NET ADDITIONS

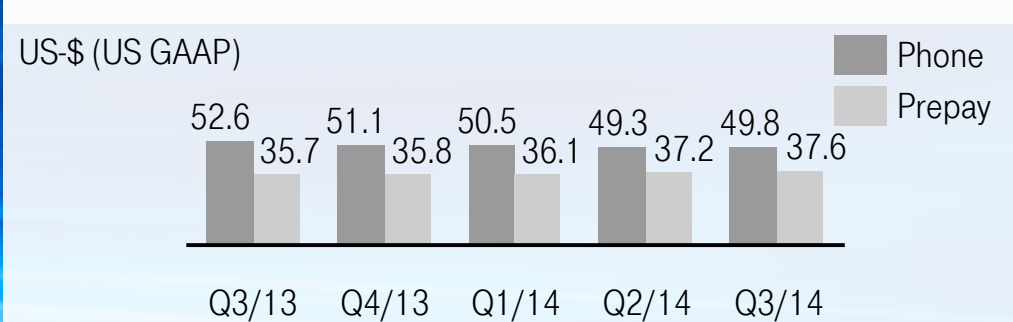
in 000

Total net adds	Q3/13	Q4/13	Q1/14	Q2/14	Q3/14
	1,023	1,645	2,391	1,470	2,345
Branded:					
▪ Postpaid	648	869	1,323	908	1,379
▪ Prepay	24	112	465	102	411
Wholesale <sup>1</sup>	351	664	603	460	555

## ADJ. EBITDA AND MARGIN (IN %)



## BRANDED CUSTOMERS: POSTPAID PHONE AND PREPAY ARPU

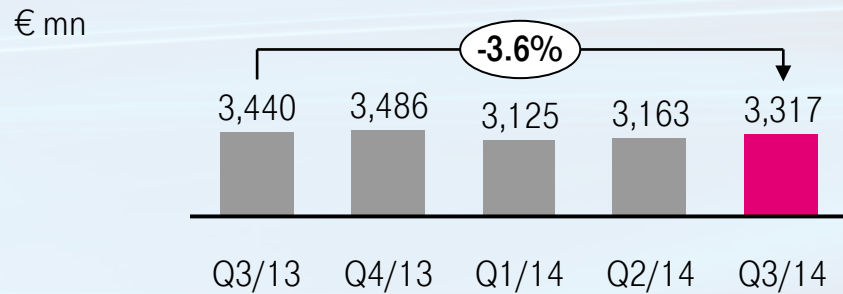


1) Wholesale includes MVNO and machine-to-machine (M2M). Amounts may not add up due to rounding.

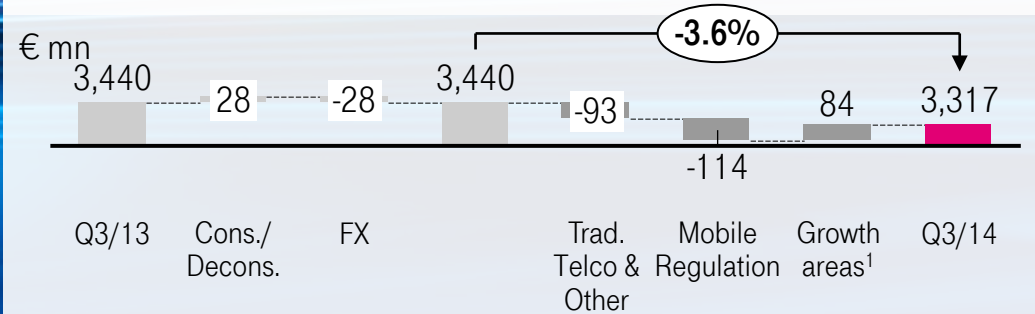


# EUROPE: STRONG MARGIN AS A RESULT OF RADICAL FOCUS ON COST TRANSFORMATION

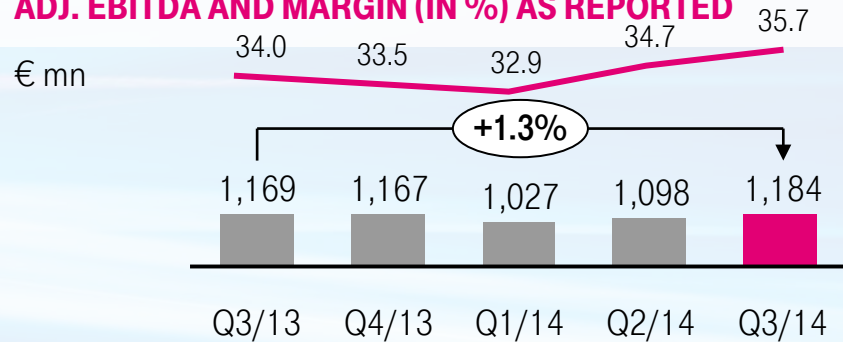
## REVENUE AS REPORTED



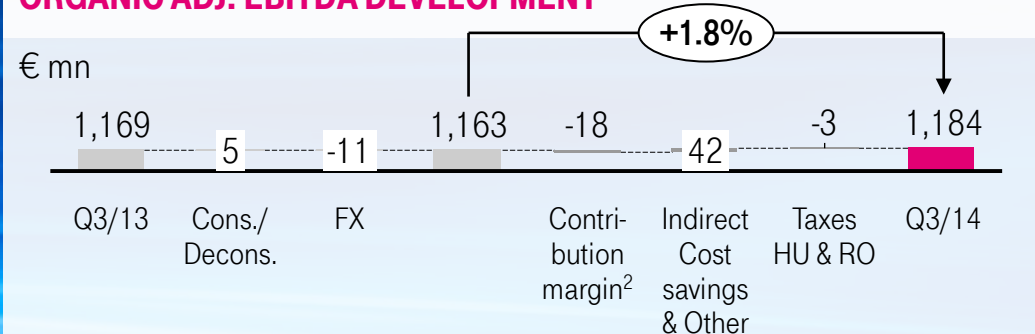
## ORGANIC REVENUE DEVELOPMENT



## ADJ. EBITDA AND MARGIN (IN %) AS REPORTED



## ORGANIC ADJ. EBITDA DEVELOPMENT



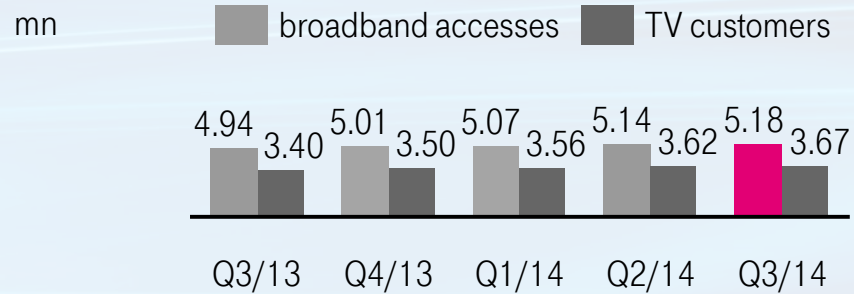
1) Mobile Data, Pay TV & fixed broadband, B2B/ICT, adjacent industries (online consumer services, energy and other) 2) Total Revenues - Direct Cost



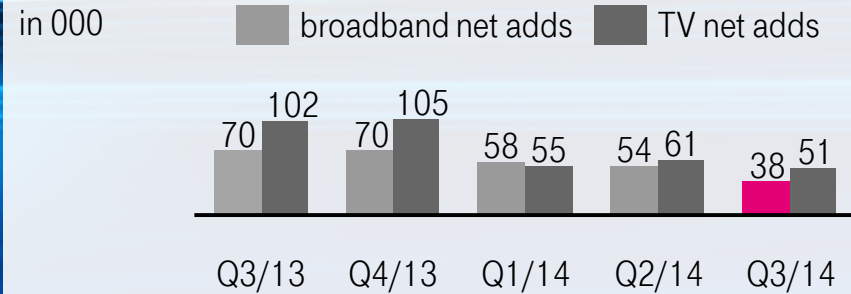
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# EUROPE: CONTINUED MOMENTUM IN MOBILE AND FIXED KEY GROWTH AREAS

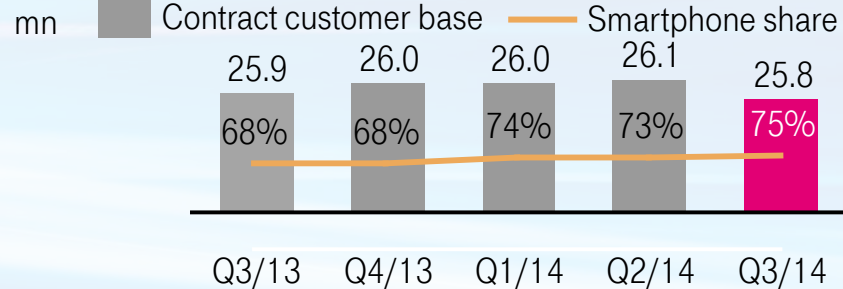
## POCKETS OF GROWTH - BROADBAND AND TV<sup>1</sup>



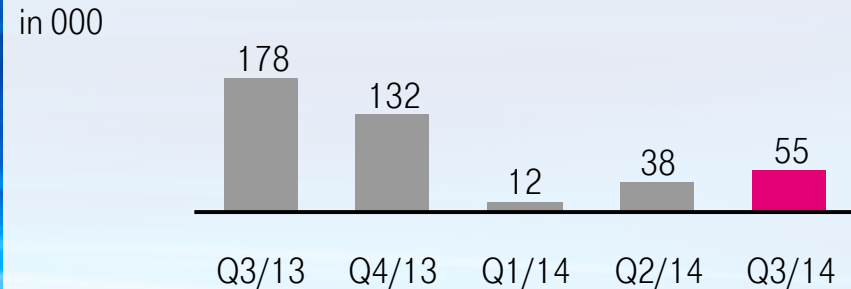
## NET ADDS - BROADBAND AND TV<sup>1</sup>



## POCKETS OF GROWTH - MOB. CONTRACT AND SMARTPHONES<sup>1</sup>



## NET ADDS - MOBILE CONTRACT<sup>1</sup>

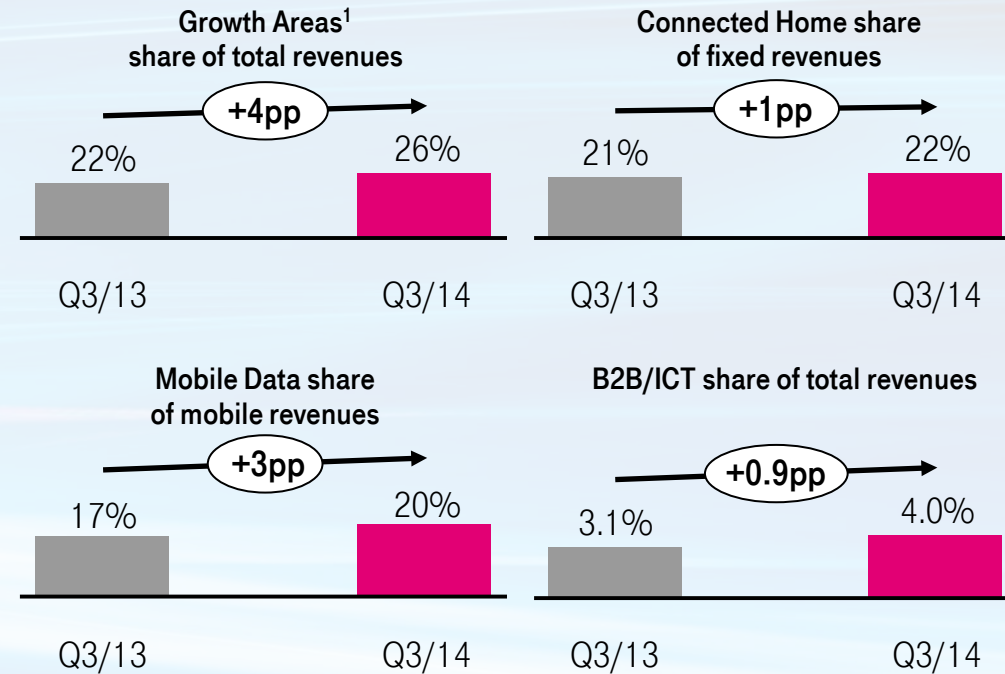


<sup>1</sup>) incl. business customers shifted to T-Systems in Hungary as of 1.1.2011. Smartphone share w/o AL and Bulgaria based on purchased devices. TV figures include DiGi Slovakia as of 1. September 2013 (not counted as net adds). The customers of our companies in Bulgaria and Online in the Netherlands are no longer included in the Europe operating segment since August 1, 2013 and January 2, 2014 respectively following the sale of the shares held in the companies. They have been eliminated from the historical customer figures to improve comparability. Total contract customer count in Q3 negatively impacted by sale of Simpel (NL) and the bankruptcy of a service provider in A (-282k). Net adds adjusted for these effects. GTS included in BB base as of May 30, 2014.

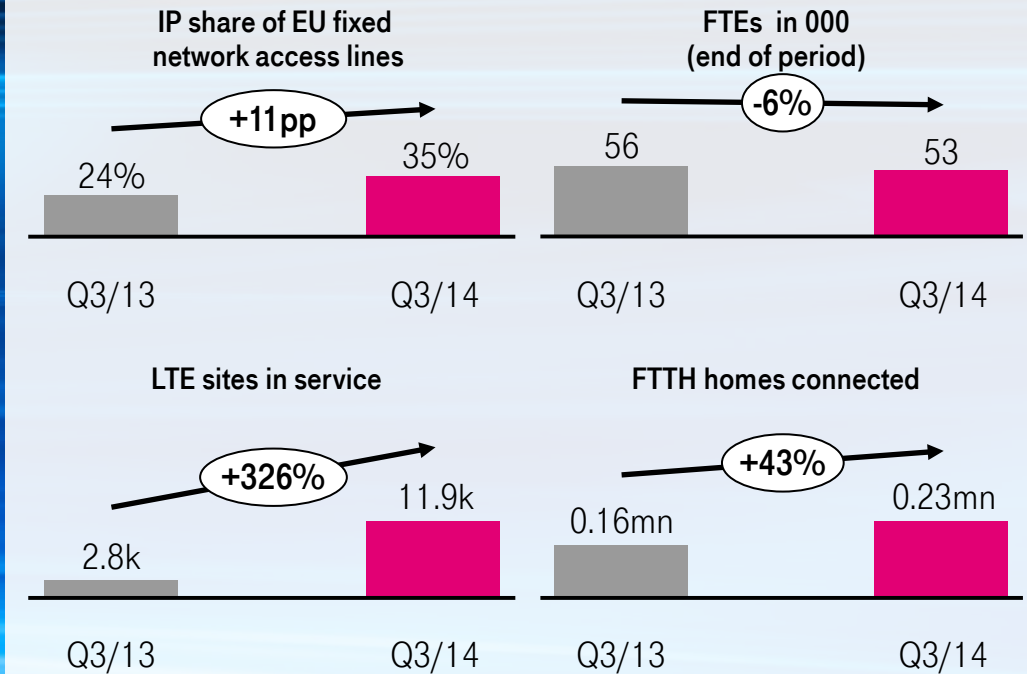


# EUROPE: SUCCESSFUL REVENUE AND COST TRANSFORMATION

## REVENUE TRANSFORMATION



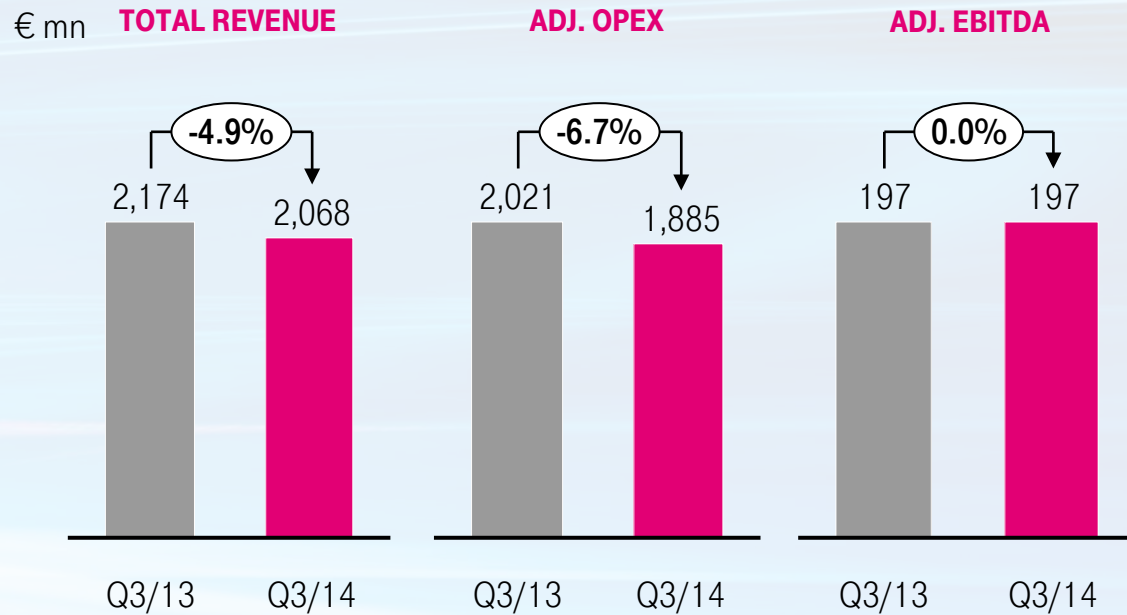
## TECHNOLOGY AND COST TRANSFORMATION



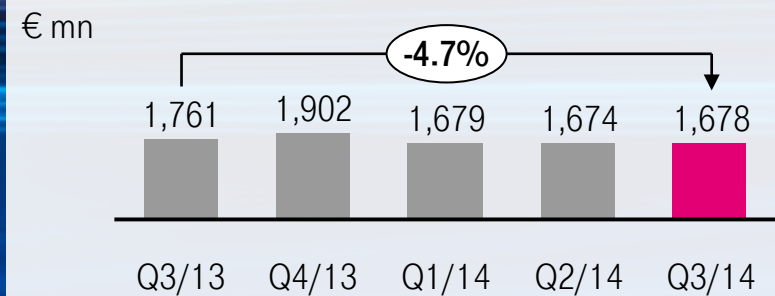
1) Mobile Data, Pay TV & fixed broadband, B2B/ICT, adjacent industries (online consumer services, energy and other)

# SYSTEMS SOLUTIONS: COST REDUCTION MEASURES BEAR FIRST FRUIT

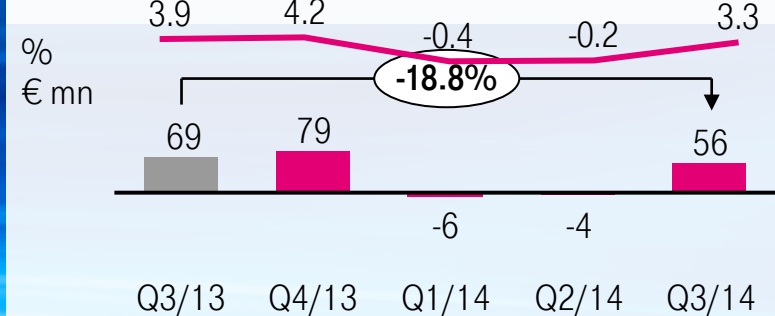
## T-SYSTEMS FINANCIALS AS REPORTED



## REVENUE MARKET UNIT

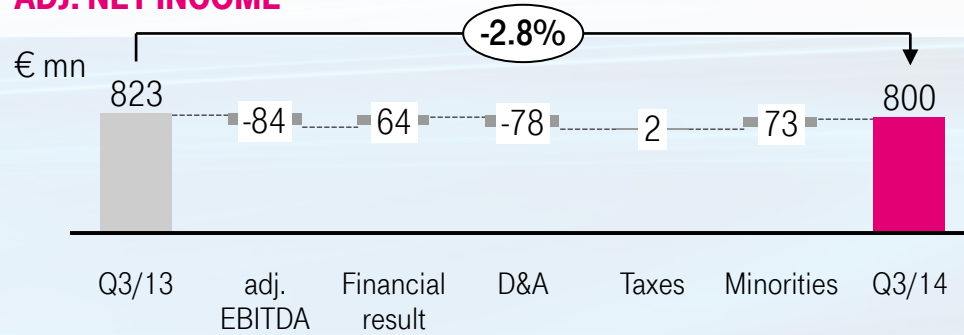


## ADJ. EBIT AND MARGIN MARKET UNIT

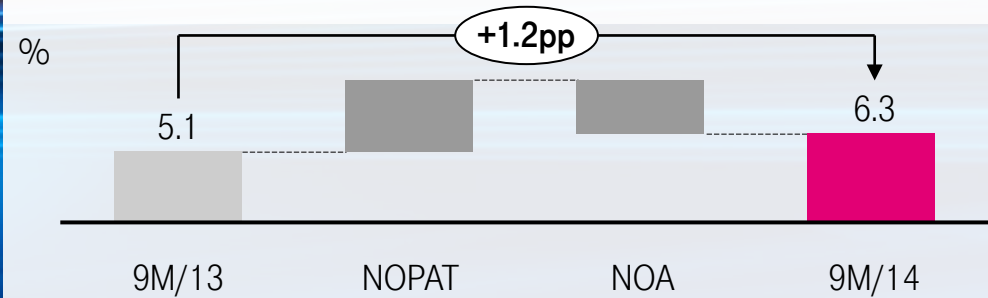


# FINANCIALS: FCF IN LINE WITH FY TARGET

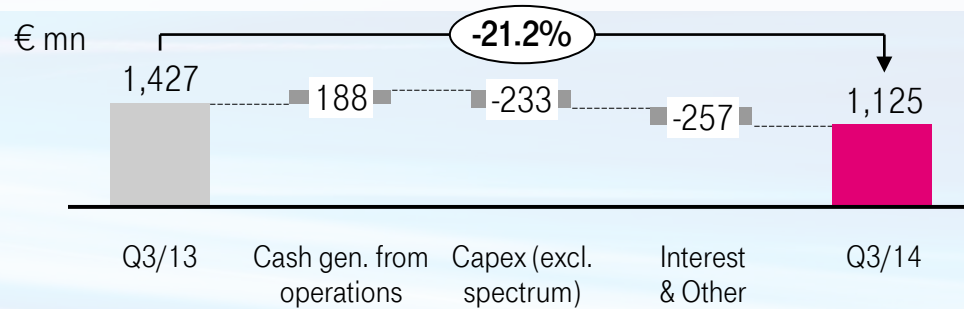
## ADJ. NET INCOME



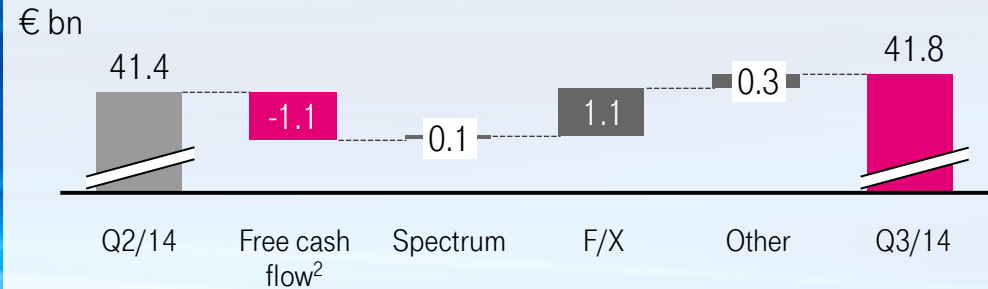
## ROCE DEVELOPMENT<sup>2</sup>



## FREE CASH FLOW<sup>1</sup>



## NET DEBT DEVELOPMENT



1) Free cash flow before dividend payments, spectrum investment 2) includes book gain on sale of Scout24



# FINANCIALS: BALANCE SHEET RATIOS WITHIN TARGET RANGES

€ bn	30/09/2013	31/12/2013	31/03/2014	30/06/2014	30/09/2014
Balance sheet total	115.3	118.1	117.3	118.0	125.0
Shareholders' equity	32.0	32.1	32.8	32.5	34.0
Net debt	39.7	39.1	38.0	41.4	41.8
Net debt/Adj. EBITDA <sup>1</sup>	2.3	2.2	2.2	2.4	2.4
Equity ratio	27.8%	27.1%	27.9%	27.5%	27.2%
<b>Comfort zone ratios</b>					
Rating: A-/BBB	●				
2 – 2.5x net debt/Adj. EBITDA	●				
25 – 35% equity ratio	●				
Liquidity reserve covers redemption of the next 24 months	●				
<b>Current rating</b>					
Fitch:	<b>BBB+</b> stable outlook				
Moody's:	<b>Baa1</b> stable outlook				
S&P:	<b>BBB+</b> stable outlook				

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

# FURTHER QUESTIONS

PLEASE CONTACT THE IR DEPARTMENT

## Investor Relations

Phone +49 228 181 - 8 88 80

E-Mail [investor.relations@telekom.de](mailto:investor.relations@telekom.de)

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# BACKUP Q3 2014

## DEUTSCHE TELEKOM

 Q3 2014

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

For further information on the business units please refer to:

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[www.telekom.de](http://www.telekom.de)  
[www.t-mobile.com](http://www.t-mobile.com)  
[www.t-systems.com](http://www.t-systems.com)

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Fax +49 228 181 - 8 88 99  
E-Mail [investor.relations@telekom.de](mailto:investor.relations@telekom.de)



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# GROUP

## AT A GLANCE I<sup>1,2,3</sup>

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>GROUP</b>		<b>15.525</b>	<b>15.665</b>	<b>60.132</b>	<b>14.894</b>	<b>15.114</b>	<b>15.648</b>	<b>0,8</b>	<b>44.467</b>	<b>45.656</b>	<b>2,7</b>
Germany		5.670	5.634	22.435	5.483	5.464	5.587	(1,5)	16.801	16.534	(1,6)
United States		5.108	5.082	18.556	5.074	5.270	5.554	8,7	13.474	15.898	18,0
Europe		3.440	3.486	13.704	3.125	3.163	3.317	(3,6)	10.218	9.605	(6,0)
Systems Solutions		2.174	2.468	9.038	2.052	2.187	2.068	(4,9)	6.570	6.307	(4,0)
Group Headquarters & Group Services		635	792	2.879	622	610	596	(6,1)	2.087	1.828	(12,4)
Reconciliation		(1.502)	(1.797)	(6.480)	(1.462)	(1.580)	(1.474)	1,9	(4.683)	(4.516)	3,6
<b>NET REVENUE</b>											
Germany		5.331	5.282	21.056	5.146	5.138	5.245	(1,6)	15.774	15.529	(1,6)
United States		5.106	5.082	18.552	5.073	5.269	5.554	8,8	13.470	15.896	18,0
Europe		3.313	3.354	13.174	3.018	3.074	3.222	(2,7)	9.820	9.314	(5,2)
Systems Solutions		1.515	1.623	6.244	1.466	1.459	1.465	(3,3)	4.621	4.390	(5,0)
Group Headquarters & Group Services		260	324	1.106	191	174	162	(37,7)	782	527	(32,6)
<b>GROUP</b>		<b>15.525</b>	<b>15.665</b>	<b>60.132</b>	<b>14.894</b>	<b>15.114</b>	<b>15.648</b>	<b>0,8</b>	<b>44.467</b>	<b>45.656</b>	<b>2,7</b>
<b>EBITDA (ADJUSTED FOR SPECIAL FACTORS)</b>											
Germany		2.375	2.027	8.936	2.230	2.256	2.324	(2,1)	6.909	6.810	(1,4)
United States		1.082	974	3.874	844	1.083	1.014	(6,3)	2.900	2.941	1,4
Europe		1.169	1.167	4.550	1.027	1.098	1.184	1,3	3.383	3.309	(2,2)
Systems Solutions		197	199	774	138	288	197	n.a.	575	623	8,3
Group Headquarters & Group Services		(155)	(290)	(655)	(118)	(160)	(145)	6,5	(365)	(423)	(15,9)
Reconciliation		(9)	(17)	(55)	0	(136)	1	n.a.	(38)	(135)	n.a.
<b>GROUP</b>		<b>4.659</b>	<b>4.060</b>	<b>17.424</b>	<b>4.121</b>	<b>4.429</b>	<b>4.575</b>	<b>(1,8)</b>	<b>13.364</b>	<b>13.125</b>	<b>(1,8)</b>
Proportional EBITDA		3.920	3.095	14.387	3.494	3.684	3.838	(2,1)	11.292	11.016	(2,4)

1 The ICSS/GNF business of the local business units (LBUs), which had previously been organizationally assigned to the Systems Solutions operating segment, was brought together as of Jan. 1, 2014 and is now reported under the Europe operating segment. In addition, as of Jan. 1, 2014, the local business customer units of T-Systems Czech Republic, which had previously been managed under the Systems Solutions operating segment, were merged with T-Mobile Czech Republic; they are reported in the Europe operating segment. Comparative figures have been adjusted retrospectively.

2 As of May 1, 2013, including MetroPCS.

3 As of May 30, 2014, including GTS Central Europe group.

# GROUP

## AT A GLANCE II<sup>1, 2, 3</sup>

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>EBITDA MARGIN (ADJUSTED FOR SPECIAL FACTORS)</b>											
<b>(EBITDA / TOTAL REVENUE)</b>											
	%										
Germany	%	41,9	35,9	39,7	40,7	41,3	41,6	(0,3p)	41,0	41,2	0,2p
United States	%	21,2	19,2	20,9	16,6	20,6	18,3	(2,9p)	21,5	18,5	(3,0p)
Europe	%	34,0	33,5	33,2	32,9	34,7	35,7	1,7p	33,1	34,5	1,4p
Systems Solutions	%	9,1	8,1	8,6	6,7	13,2	9,5	0,4p	8,8	9,9	1,1p
Group Headquarters & Group Services	%	(24,4)	(36,6)	(22,8)	(19,0)	(26,2)	(24,3)	0,1p	(17,5)	(23,1)	(5,6p)
<b>GROUP</b>	<b>%</b>	<b>30,0</b>	<b>25,9</b>	<b>28,9</b>	<b>27,7</b>	<b>29,3</b>	<b>29,2</b>	<b>(0,8p)</b>	<b>30,0</b>	<b>28,7</b>	<b>(1,3p)</b>
<b>CASH CAPEX</b>											
Germany		892	1.281	3.411	705	1.018	1.009	13,1	2.130	2.732	28,3
United States		767	856	3.279	690	2.397	870	13,4	2.423	3.957	63,3
Europe		500	1.255	3.661	585	422	457	(8,6)	2.406	1.464	(39,2)
Systems Solutions		270	374	1.066	253	254	319	18,1	692	826	19,4
Group Headquarters & Group Services		97	143	411	65	81	94	(3,1)	268	240	(10,4)
Reconciliation		(148)	(441)	(760)	(101)	(226)	(165)	(11,5)	(319)	(492)	(54,2)
<b>GROUP</b>		<b>2.378</b>	<b>3.468</b>	<b>11.068</b>	<b>2.197</b>	<b>3.946</b>	<b>2.584</b>	<b>8,7</b>	<b>7.600</b>	<b>8.727</b>	<b>14,8</b>
- thereof spectrum investment		118	1.022	2.207	132	1.749	91	(22,9)	1.185	1.972	66,4
<b>NET PROFIT (LOSS)</b>											
adjusted for special factors		823	355	2.755	587	636	800	(2,8)	2.400	2.023	(15,7)
as reported		588	(752)	930	1.817	711	506	(13,9)	1.682	3.034	80,4
<b>FREE CASH FLOW (BEFORE DIVIDEND PAYMENTS, SPECTRUM INVESTMENT, AT&amp;T TRANSACTION AND COMPENSATION PAYMENTS FOR METROPCS EMPLOYEES)</b>											
		<b>1.427</b>	<b>1.032</b>	<b>4.606</b>	<b>983</b>	<b>1.049</b>	<b>1.125</b>	<b>(21,2)</b>	<b>3.574</b>	<b>3.157</b>	<b>(11,7)</b>
Proportional free cash flow		1.346	781	4.042	1.043	958	944	(29,9)	3.261	2.945	(9,7)
<b>NET DEBT</b>		<b>39.726</b>	<b>39.093</b>	<b>39.093</b>	<b>37.964</b>	<b>41.385</b>	<b>41.809</b>	<b>5,2</b>	<b>39.726</b>	<b>41.809</b>	<b>5,2</b>

1 The ICSS/GNF business of the local business units (LBUs), which had previously been organizationally assigned to the Systems Solutions operating segment, was brought together as of Jan. 1, 2014 and is now reported under the Europe operating segment. In addition, as of Jan. 1, 2014, the local business customer units of T-Systems Czech Republic, which had previously been managed under the Systems Solutions operating segment, were merged with T-Mobile Czech Republic; they are reported in the Europe operating segment. Comparative figures have been adjusted retrospectively.

2 As of May 1, 2013, including MetroPCS.

3 As of May 30, 2014, including GTS Central Europe group.

# DT GROUP

## EXCELLENT MARKET POSITION<sup>1</sup>

	Note	Q3	Q4	Q1	Q2	Q3	Change compared to		Change compared to	
		2013	2013	2014	2014	2014	prior quarter		prior year	
		'000	'000	'000	'000	'000	abs.	%	abs.	%
<b>BROADBAND RETAIL LINES (END OF PERIOD)</b>	<b>2,3,4,5</b>	<b>17.079</b>	<b>17.118</b>	<b>17.151</b>	<b>17.222</b>	<b>17.232</b>	<b>10</b>	<b>0,1</b>	<b>153</b>	<b>0,9</b>
Germany		12.383	12.360	12.354	12.361	12.340	(21)	(0,2)	(43)	(0,3)
Europa		4.682	4.744	4.784	4.849	4.880	31	0,6	198	4,2
Greece		1.244	1.260	1.274	1.308	1.333	25	1,9	89	7,2
Romania		1.175	1.193	1.200	1.200	1.196	(4)	(0,3)	21	1,8
Hungary		832	851	867	877	887	10	1,1	55	6,6
Czech Republic		127	129	131	132	132	0	0,0	5	3,9
Croatia		631	628	624	621	617	(4)	(0,6)	(14)	(2,2)
Slovakia		431	434	436	440	441	1	0,2	10	2,3
other		242	249	252	272	273	1	0,4	31	12,8
<b>FIXED NETWORK LINES (END OF PERIOD)</b>	<b>3,4,5,6</b>	<b>31.052</b>	<b>30.765</b>	<b>30.485</b>	<b>30.278</b>	<b>29.985</b>	<b>(293)</b>	<b>(1,0)</b>	<b>(1.067)</b>	<b>(3,4)</b>
Germany		21.625	21.417	21.202	21.034	20.841	(193)	(0,9)	(784)	(3,6)
Europa		9.362	9.284	9.215	9.172	9.073	(99)	(1,1)	(289)	(3,1)
Greece		2.794	2.746	2.702	2.675	2.645	(30)	(1,1)	(149)	(5,3)
Romania		2.385	2.369	2.341	2.308	2.272	(36)	(1,6)	(113)	(4,7)
Hungary		1.597	1.596	1.595	1.611	1.611	0	0,0	14	0,9
Czech Republic		127	129	130	130	132	2	1,5	5	3,9
Croatia		1.156	1.133	1.138	1.114	1.094	(20)	(1,8)	(62)	(5,4)
Slovakia		919	922	914	908	898	(10)	(1,1)	(21)	(2,3)
other		385	390	396	425	421	(4)	(0,9)	36	9,4
<b>MOBILE SUBSCRIBERS (END OF PERIOD)</b>	<b>3,7</b>	<b>140.307</b>	<b>142.504</b>	<b>145.351</b>	<b>146.873</b>	<b>149.139</b>	<b>2.266</b>	<b>1,5</b>	<b>8.832</b>	<b>6,3</b>
Germany		37.936	38.625	39.145	39.337	39.653	316	0,8	1.717	4,5
United States	8	45.039	46.684	49.075	50.545	52.890	2.345	4,6	7.851	17,4
Europa		56.825	56.679	56.615	56.485	56.087	(398)	(0,7)	(738)	(1,3)
Greece		7.550	7.477	7.416	7.398	7.336	(62)	(0,8)	(214)	(2,8)
Romania		6.125	6.153	6.080	6.046	5.945	(101)	(1,7)	(180)	(2,9)
Hungary		4.853	4.887	4.878	4.898	4.933	35	0,7	80	1,6
Poland		15.667	15.563	15.748	15.675	15.728	53	0,3	61	0,4
Czech Republic		5.733	5.831	5.912	5.946	5.993	47	0,8	260	4,5
Croatia		2.392	2.303	2.272	2.308	2.332	24	1,0	(60)	(2,5)
Netherlands	9	4.534	4.441	4.343	4.277	3.964	(313)	(7,3)	(570)	(12,6)
Slovakia		2.263	2.262	2.257	2.237	2.228	(9)	(0,4)	(35)	(1,5)
Austria		4.044	4.091	4.105	4.118	4.022	(96)	(2,3)	(22)	(0,5)
other		3.663	3.671	3.604	3.582	3.604	22	0,6	(59)	(1,6)

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

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

3 Incl. business subscribers (0,5mn mobile subscribers) and accesses (0,1 mn fixed network lines) from T-Systems Hungary.

4 The customers of Euronet Communications in the Netherlands have no longer been included in the Europe operating segment since Jan. 2, 2014 following the sale of the shares held in the company. They have been eliminated from all historical customer figures to improve comparability.

5 GTS Central Europe Group is part of the European Segment since May 30, 2014.

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

7 The customers of our companies in Bulgaria have no longer been included in the Europe operating segment since Aug. 1, 2013 following the sale of the shares held in the companies. They have been eliminated from all historical customer figures to improve comparability.

8 On May 1, 2013 prepaid customers increased by 8,918 tsd in connection with the acquisition of MetroPCS.

9 Our subsidiary in the Netherlands sold its Simpel brand and the customer relationships maintained under the brand effective Aug. 1, 2014. This decreased our customer base by 226 thousand customers. Customer figures for prior periods have not been adjusted.

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# DT CONSOLIDATED INCOME STATEMENT

## ADJUSTED FOR SPECIAL FACTORS

	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Q3 2014	Change	Q1-Q3 2013	Q1-Q3 2014	Change	
	Note	millions of €	millions of €	millions of €	millions of €	millions of €	%	millions of €	millions of €	%	
<b>NET REVENUE</b>		<b>15.525</b>	<b>15.679</b>	<b>60.193</b>	<b>14.894</b>	<b>15.114</b>		<b>15.648</b>	<b>44.514</b>	<b>45.656</b>	<b>2,6</b>
Cost of sales		(9.243)	(9.724)	(35.679)	(9.067)	(8.901)		(9.305)	(25.955)	(27.273)	(5,1)
<b>GROSS PROFIT</b>		<b>6.282</b>	<b>5.955</b>	<b>24.514</b>	<b>5.827</b>	<b>6.213</b>		<b>6.343</b>	<b>18.559</b>	<b>18.383</b>	<b>(0,9)</b>
Selling expenses		(3.403)	(3.663)	(13.554)	(3.260)	(3.279)		(3.341)	(9.891)	(9.880)	0,1
General and administrative expenses		(831)	(785)	(3.844)	(927)	(1.120)		(1.040)	(3.059)	(3.087)	(0,9)
Other operating income		277	264	1.069	245	255		286	805	786	(2,4)
Other operating expenses		(237)	(432)	(934)	(260)	(275)		(322)	(502)	(857)	(70,7)
<b>PROFIT (LOSS) FROM OPERATIONS (EBIT)</b>		<b>2.088</b>	<b>1.339</b>	<b>7.251</b>	<b>1.625</b>	<b>1.794</b>		<b>1.926</b>	<b>5.912</b>	<b>5.345</b>	<b>(9,6)</b>
EBIT margin (EBIT / net revenue)	%	13,4	8,5	12,0	10,9	11,9		12,3	13,3	11,7	(1,6p)
Profit (loss) from financial activities		(758)	(683)	(2.772)	(686)	(615)		(694)	(2.089)	(1.995)	4,5
of which: finance costs		(552)	(567)	(2.162)	(597)	(577)		(610)	(1.595)	(1.784)	(11,8)
<b>PROFIT (LOSS) BEFORE INCOME TAXES (EBT)</b>		<b>1.330</b>	<b>656</b>	<b>4.479</b>	<b>939</b>	<b>1.179</b>		<b>1.232</b>	<b>3.823</b>	<b>3.350</b>	<b>(12,4)</b>
Income taxes		(351)	(242)	(1.364)	(304)	(422)		(349)	(1.122)	(1.075)	4,2
<b>PROFIT (LOSS)</b>		<b>979</b>	<b>414</b>	<b>3.115</b>	<b>635</b>	<b>757</b>		<b>883</b>	<b>2.701</b>	<b>2.275</b>	<b>(15,8)</b>
Profit (loss) attributable to non-controlling interests		156	59	360	48	121		83	301	252	(16,3)
<b>NET PROFIT (LOSS)</b>		<b>823</b>	<b>355</b>	<b>2.755</b>	<b>587</b>	<b>636</b>		<b>800</b>	<b>2.400</b>	<b>2.023</b>	<b>(15,7)</b>
Depreciation, amortization and impairment losses		(2.571)	(2.721)	(10.173)	(2.496)	(2.635)		(2.649)	(7.452)	(7.780)	(4,4)
<b>EBITDA</b>		<b>4.659</b>	<b>4.060</b>	<b>17.424</b>	<b>4.121</b>	<b>4.429</b>		<b>4.575</b>	<b>13.364</b>	<b>13.125</b>	<b>(1,8)</b>
EBITDA margin (EBITDA / net revenue)	%	30,0	25,9	28,9	27,7	29,3		29,2	30,0	28,7	(1,3p)



# DT GROUP

## EBITDA RECONCILIATION

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>NET REVENUE</b>		<b>15.525</b>	<b>15.665</b>	<b>60.132</b>	<b>14.894</b>	<b>15.114</b>	<b>15.648</b>	<b>0,8</b>	<b>44.467</b>	<b>45.656</b>	<b>2,7</b>
<b>NET PROFIT (LOSS)</b>		<b>588</b>	<b>(752)</b>	<b>930</b>	<b>1.817</b>	<b>711</b>	<b>506</b>	<b>(13,9)</b>	<b>1.682</b>	<b>3.034</b>	<b>80,4</b>
+ Profit (loss) attributable to non-controlling interests		249	(146)	274	34	182	36	(85,5)	420	252	(40,0)
= Profit (loss)		837	(898)	1.204	1.851	893	542	(35,2)	2.102	3.286	56,3
- Income taxes		(304)	(9)	(924)	(550)	(261)	(113)	62,8	(915)	(924)	(1,0)
= Profit (loss) before income taxes = EBT		1.141	(889)	2.128	2.401	1.154	655	(42,6)	3.017	4.210	39,5
- Profit (loss) from financial activities		(755)	(706)	(2.802)	(741)	(622)	(703)	6,9	(2.096)	(2.066)	1,4
<b>PROFIT (LOSS) FROM OPERATIONS (EBIT)</b>		<b>1.896</b>	<b>(183)</b>	<b>4.930</b>	<b>3.142</b>	<b>1.776</b>	<b>1.358</b>	<b>(28,4)</b>	<b>5.113</b>	<b>6.276</b>	<b>22,7</b>
- Depreciation, amortization and impairment losses		(2.572)	(3.438)	(10.904)	(2.496)	(2.641)	(2.649)	(3,0)	(7.466)	(7.786)	(4,3)
<b>= EBITDA</b>		<b>4.468</b>	<b>3.255</b>	<b>15.834</b>	<b>5.638</b>	<b>4.417</b>	<b>4.007</b>	<b>(10,3)</b>	<b>12.579</b>	<b>14.062</b>	<b>11,8</b>
EBITDA margin (EBITDA/net revenue)	%	28,8	20,8	26,3	37,9	29,2	25,6	(3,2p)	28,3	30,8	2,5p
- Special factors affecting EBITDA		(191)	(805)	(1.590)	1.517	(12)	(568)	n.a.	(785)	937	n.a.
<b>= EBITDA ADJUSTED FOR SPECIAL FACTORS</b>		<b>4.659</b>	<b>4.060</b>	<b>17.424</b>	<b>4.121</b>	<b>4.429</b>	<b>4.575</b>	<b>(1,8)</b>	<b>13.364</b>	<b>13.125</b>	<b>(1,8)</b>
EBITDA margin (adjusted for special factors) (EBITDA / net revenue)	%	30,0	25,9	28,9	27,7	29,3	29,2	(0,8p)	30,0	28,7	(1,3p)

# DT CONSOLIDATED INCOME STATEMENT

## AS REPORTED

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>NET REVENUE</b>		<b>15.525</b>	<b>15.665</b>	<b>60.132</b>	<b>14.894</b>	<b>15.114</b>	<b>15.648</b>	<b>0,8</b>	<b>44.467</b>	<b>45.656</b>	<b>2,7</b>
Cost of sales		(9.398)	(9.935)	(36.255)	(9.134)	(9.005)	(9.602)	(2,2)	(26.320)	(27.741)	(5,4)
<b>GROSS PROFIT</b>		<b>6.127</b>	<b>5.730</b>	<b>23.877</b>	<b>5.760</b>	<b>6.109</b>	<b>6.046</b>	<b>(1,3)</b>	<b>18.147</b>	<b>17.915</b>	<b>(1,3)</b>
Selling expenses		(3.456)	(3.730)	(13.797)	(3.301)	(3.317)	(3.390)	1,9	(10.067)	(10.008)	0,6
General and administrative expenses		(912)	(1.215)	(4.518)	(970)	(1.324)	(1.170)	(28,3)	(3.303)	(3.464)	(4,9)
Other operating income		410	297	1.326	1.957	653	278	(32,2)	1.029	2.888	n.a.
Other operating expenses		(273)	(1.265)	(1.958)	(304)	(345)	(406)	(48,7)	(693)	(1.055)	(52,2)
<b>PROFIT (LOSS) FROM OPERATIONS (EBIT)</b>		<b>1.896</b>	<b>(183)</b>	<b>4.930</b>	<b>3.142</b>	<b>1.776</b>	<b>1.358</b>	<b>(28,4)</b>	<b>5.113</b>	<b>6.276</b>	<b>22,7</b>
EBIT margin (EBIT / net revenue)	%	12,2	(1,2)	8,2	21,1	11,8	8,7	(3,5p)	11,5	13,7	2,2p
Profit (loss) from financial activities		(755)	(706)	(2.802)	(741)	(622)	(703)	6,9	(2.096)	(2.066)	1,4
of which: finance costs		(552)	(567)	(2.162)	(597)	(577)	(610)	(10,5)	(1.595)	(1.784)	(11,8)
<b>PROFIT (LOSS) BEFORE INCOME TAXES (EBT)</b>		<b>1.141</b>	<b>(889)</b>	<b>2.128</b>	<b>2.401</b>	<b>1.154</b>	<b>655</b>	<b>(42,6)</b>	<b>3.017</b>	<b>4.210</b>	<b>39,5</b>
Income taxes		(304)	(9)	(924)	(550)	(261)	(113)	62,8	(915)	(924)	(1,0)
<b>PROFIT (LOSS)</b>		<b>837</b>	<b>(898)</b>	<b>1.204</b>	<b>1.851</b>	<b>893</b>	<b>542</b>	<b>(35,2)</b>	<b>2.102</b>	<b>3.286</b>	<b>56,3</b>
Profit (loss) attributable to non-controlling interests		249	(146)	274	34	182	36	(85,5)	420	252	(40,0)
<b>NET PROFIT (LOSS)</b>		<b>588</b>	<b>(752)</b>	<b>930</b>	<b>1.817</b>	<b>711</b>	<b>506</b>	<b>(13,9)</b>	<b>1.682</b>	<b>3.034</b>	<b>80,4</b>
Depreciation, amortization and impairment losses		(2.572)	(3.438)	(10.904)	(2.496)	(2.641)	(2.649)	(3,0)	(7.466)	(7.786)	(4,3)
<b>EBITDA</b>		<b>4.468</b>	<b>3.255</b>	<b>15.834</b>	<b>5.638</b>	<b>4.417</b>	<b>4.007</b>	<b>(10,3)</b>	<b>12.579</b>	<b>14.062</b>	<b>11,8</b>
EBITDA margin (EBITDA / net revenue)	%	28,8	20,8	26,3	37,9	29,2	25,6	(3,2p)	28,3	30,8	2,5p

# DT GROUP

## SPECIAL FACTORS IN THE CONSOLIDATED INCOME STATEMENT

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €
<b>NET REVENUE</b>		<b>0</b>	<b>(14)</b>	<b>(61)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(47)</b>	<b>0</b>
Cost of sales		(155)	(211)	(576)	(67)	(104)	(297)	(365)	(468)
<b>GROSS PROFIT</b>		<b>(155)</b>	<b>(225)</b>	<b>(637)</b>	<b>(67)</b>	<b>(104)</b>	<b>(297)</b>	<b>(412)</b>	<b>(468)</b>
Selling expenses		(53)	(67)	(243)	(41)	(38)	(49)	(176)	(128)
General and administrative expenses		(81)	(430)	(674)	(43)	(204)	(130)	(244)	(377)
Other operating income	1	133	33	257	1.712	398	(8)	224	2.102
Other operating expenses		(36)	(833)	(1.024)	(44)	(70)	(84)	(191)	(198)
<b>PROFIT (LOSS) FROM OPERATIONS (EBIT)</b>	<b>1</b>	<b>(192)</b>	<b>(1.522)</b>	<b>(2.321)</b>	<b>1.517</b>	<b>(18)</b>	<b>(568)</b>	<b>(799)</b>	<b>931</b>
Profit (loss) from financial activities		3	(23)	(30)	(55)	(7)	(9)	(7)	(71)
<b>PROFIT (LOSS) BEFORE INCOME TAXES (EBT)</b>	<b>1</b>	<b>(189)</b>	<b>(1.545)</b>	<b>(2.351)</b>	<b>1.462</b>	<b>(25)</b>	<b>(577)</b>	<b>(806)</b>	<b>860</b>
Income taxes		47	233	440	(246)	161	236	207	151
<b>PROFIT (LOSS)</b>		<b>(142)</b>	<b>(1.312)</b>	<b>(1.911)</b>	<b>1.216</b>	<b>136</b>	<b>(341)</b>	<b>(599)</b>	<b>1.011</b>
Profit (loss) attributable to non-controlling interests		93	(205)	(86)	(14)	61	(47)	119	0
<b>NET PROFIT (LOSS)</b>		<b>(235)</b>	<b>(1.107)</b>	<b>(1.825)</b>	<b>1.230</b>	<b>75</b>	<b>(294)</b>	<b>(718)</b>	<b>1.011</b>
Depreciation, amortization and impairment losses		(1)	(717)	(731)	0	(6)	0	(14)	(6)
<b>EBITDA</b>	<b>1</b>	<b>(191)</b>	<b>(805)</b>	<b>(1.590)</b>	<b>1.517</b>	<b>(12)</b>	<b>(568)</b>	<b>(785)</b>	<b>937</b>

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

# DT GROUP

## DETAILS ON SPECIAL FACTORS I

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>EFFECT ON OPERATING EXPENSES</b>		<b>(325)</b>	<b>(1.541)</b>	<b>(2.517)</b>	<b>(195)</b>	<b>(416)</b>	<b>(560)</b>	<b>(72,3)</b>	<b>(976)</b>	<b>(1.171)</b>	<b>(20,0)</b>
of which: expenses / income for early retirement (civil servants)		(137)	(204)	(486)	(7)	(50)	(90)	34,3	(282)	(147)	47,9
of which: expenses for severance payments		(65)	(333)	(714)	(48)	(47)	(109)	(67,7)	(381)	(204)	46,5
of which: expenses / income for partial retirement		(20)	(36)	(85)	(29)	(31)	(37)	(85,0)	(49)	(97)	(98,0)
of which: expenses for other personnel restructuring charges		(68)	(63)	(166)	(42)	(44)	(25)	63,2	(103)	(111)	(7,8)
of which: restructuring charges		(6)	(77)	(196)	(30)	(68)	(86)	n.a.	(119)	(184)	(54,6)
of which: expenses due to de-consolidations and other asset sales		(83)	(48)	(173)	(8)	(48)	(159)	(91,6)	(125)	(215)	(72,0)
of which: others		54	(780)	(697)	(31)	(128)	(53)	n.a.	83	(212)	n.a.
<b>EFFECT ON OTHER OPERATING INCOME</b>		<b>133</b>	<b>33</b>	<b>257</b>	<b>1.712</b>	<b>398</b>	<b>(8)</b>	<b>n.a.</b>	<b>224</b>	<b>2.102</b>	<b>n.a.</b>
of which: income due to asset sales		134	31	256	1.712	386	1	(99,3)	225	2.099	n.a.
of which: others		(1)	2	1	0	12	(9)	n.a.	(1)	3	n.a.
<b>EFFECT ON REVENUE</b>	<b>1</b>	<b>0</b>	<b>(14)</b>	<b>(61)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>n.a.</b>	<b>(47)</b>	<b>0</b>	<b>n.a.</b>
<b>EFFECT ON PROFIT FROM OPERATIONS = EBIT</b>	<b>2</b>	<b>(192)</b>	<b>(1.522)</b>	<b>(2.321)</b>	<b>1.517</b>	<b>(18)</b>	<b>(568)</b>	<b>n.a.</b>	<b>(799)</b>	<b>931</b>	<b>n.a.</b>
<b>DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES</b>		<b>(1)</b>	<b>(717)</b>	<b>(731)</b>	<b>0</b>	<b>(6)</b>	<b>0</b>	<b>n.a.</b>	<b>(14)</b>	<b>(6)</b>	<b>57,1</b>
of which: restructuring charges		12	(1)	(2)	0	(6)	0	n.a.	(1)	(6)	n.a.
of which: expenses due to consolidations and other asset sales		(13)	0	(13)	0	0	0	n.a.	(13)	0	n.a.
of which: others		0	(716)	(716)	0	0	0	n.a.	0	0	n.a.
<b>EFFECT ON EBITDA</b>	<b>2</b>	<b>(191)</b>	<b>(805)</b>	<b>(1.590)</b>	<b>1.517</b>	<b>(12)</b>	<b>(568)</b>	<b>n.a.</b>	<b>(785)</b>	<b>937</b>	<b>n.a.</b>

1 Special factors affecting Total revenue: EUR -14 mn in Q4/13 within Wholesale Services (ULL) in Germany.

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

# DT GROUP

## DETAILS ON SPECIAL FACTORS II

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>EFFECT ON PROFIT (LOSS) FROM FINANCIAL ACTIVITIES</b>		<b>3</b>	<b>(23)</b>	<b>(30)</b>	<b>(55)</b>	<b>(7)</b>	<b>(9)</b>	<b>n.a.</b>	<b>(7)</b>	<b>(71)</b>	<b>n.a.</b>
<b>EFFECT ON PROFIT (LOSS) BEFORE INCOME TAXES</b>		<b>(189)</b>	<b>(1.545)</b>	<b>(2.351)</b>	<b>1.462</b>	<b>(25)</b>	<b>(577)</b>	<b>n.a.</b>	<b>(806)</b>	<b>860</b>	<b>n.a.</b>
<b>EFFECT ON TAXES</b>		<b>47</b>	<b>233</b>	<b>440</b>	<b>(246)</b>	<b>161</b>	<b>236</b>	<b>n.a.</b>	<b>207</b>	<b>151</b>	<b>(27,1)</b>
Tax effect of special factors within EBIT		90	266	518	43	(58)	164	82,2	252	149	(40,9)
Tax effect of special factors on profit (loss) from financial activities		4	10	18	1	1	2	(50,0)	8	4	(50,0)
Other tax effects		(47)	(43)	(96)	(290)	218	70	n.a.	(53)	(2)	96,2
<b>EFFECT ON PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS</b>		<b>93</b>	<b>(205)</b>	<b>(86)</b>	<b>(14)</b>	<b>61</b>	<b>(47)</b>	<b>n.a.</b>	<b>119</b>	<b>0</b>	<b>n.a.</b>
<b>EFFECT ON NET PROFIT (LOSS)</b>	<b>1</b>	<b>(235)</b>	<b>(1.107)</b>	<b>(1.825)</b>	<b>1.230</b>	<b>75</b>	<b>(294)</b>	<b>(25,1)</b>	<b>(718)</b>	<b>1.011</b>	<b>n.a.</b>

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

# DT GROUP

## CHANGE IN THE COMPOSITION OF THE GROUP IN THE THIRD QUARTER

	REPORTED NUMBERS		MINUS ACQUISITION EFFECTS					PLUS DECONSOLIDATION EFFECTS					TOTAL EFFECT	PRO FORMA			
	Q3 2013 millions of €	Q3 2014 millions of €	Total	Germany	United States	Europe	Systems Solutions	GHS	Total	Germany	United States	Europe		Systems Solutions	GHS	Q3 2014 millions of €	Change %
<b>NET REVENUE</b>	<b>15.525</b>	<b>15.648</b>	<b>78</b>	<b>0</b>	<b>0</b>	<b>78</b>	<b>0</b>	<b>0</b>	<b>144</b>	<b>0</b>	<b>0</b>	<b>50</b>	<b>0</b>	<b>94</b>	<b>66</b>	<b>15.714</b>	<b>1,2</b>
<b>PROFIT (LOSS) FROM OPERATIONS = EBIT</b>	<b>1.896</b>	<b>1.358</b>	<b>(2)</b>	<b>0</b>	<b>0</b>	<b>(2)</b>	<b>0</b>	<b>0</b>	<b>161</b>	<b>0</b>	<b>0</b>	<b>131</b>	<b>0</b>	<b>30</b>	<b>163</b>	<b>1.521</b>	<b>(19,8)</b>
Profit (loss) from financial activities	(755)	(703)	(3)	0	0	(3)	0	0	(3)	0	0	(3)	0	0	0	(703)	6,9
of which finance costs	(552)	(610)	(3)	0	0	(3)	0	0	(3)	0	0	(3)	0	0	0	(610)	(10,5)
<b>PROFIT (LOSS) BEFORE INCOME TAXES = EBT</b>	<b>1.141</b>	<b>655</b>	<b>(5)</b>	<b>0</b>	<b>0</b>	<b>(5)</b>	<b>0</b>	<b>0</b>	<b>158</b>	<b>0</b>	<b>0</b>	<b>128</b>	<b>0</b>	<b>30</b>	<b>163</b>	<b>818</b>	<b>(28,3)</b>
Income taxes	(304)	(113)	2	0	0	2	0	0	(1)	0	0	0	0	(1)	(3)	(116)	61,8
<b>PROFIT (LOSS)</b>	<b>837</b>	<b>542</b>	<b>(3)</b>	<b>0</b>	<b>0</b>	<b>(3)</b>	<b>0</b>	<b>0</b>	<b>157</b>	<b>0</b>	<b>0</b>	<b>128</b>	<b>0</b>	<b>29</b>	<b>160</b>	<b>702</b>	<b>(16,1)</b>

# DT GROUP

## CHANGE IN THE COMPOSITION OF THE GROUP IN THE CURRENT YEAR

	REPORTED NUMBERS		MINUS ACQUISITION EFFECTS						PLUS DECONSOLIDATION EFFECTS						TOTAL EFFECT	PRO FORMA	
	Q1-Q3 2013	Q1-Q3 2014	Total	Germany	United States	Europe	Systems Solutions	GHS	Total	Germany	Europe	United States	Systems Solutions	GHS		Q1-Q3 2014	Change
	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €		millions of €	%
<b>NET REVENUE</b>	<b>44.467</b>	<b>45.656</b>	<b>1.395</b>	<b>0</b>	<b>1.278</b>	<b>117</b>	<b>0</b>	<b>0</b>	<b>545</b>	<b>8</b>	<b>257</b>	<b>0</b>	<b>38</b>	<b>242</b>	<b>(850)</b>	<b>44.806</b>	<b>0,8</b>
<b>PROFIT (LOSS) FROM OPERATIONS = EBIT</b>	<b>5.113</b>	<b>6.276</b>	<b>181</b>	<b>0</b>	<b>179</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>252</b>	<b>(3)</b>	<b>216</b>	<b>0</b>	<b>(26)</b>	<b>65</b>	<b>71</b>	<b>6.347</b>	<b>24,1</b>
Profit (loss) from financial activities	(2.096)	(2.066)	(104)	0	(100)	(4)	0	0	(68)	(25)	(48)	0	5	0	36	(2.030)	3,1
of which finance costs	(1.595)	(1.784)	(81)	0	(77)	(4)	0	0	(11)	0	(10)	0	0	(1)	70	(1.714)	(7,5)
<b>PROFIT (LOSS) BEFORE INCOME TAXES = EBT</b>	<b>3.017</b>	<b>4.210</b>	<b>77</b>	<b>0</b>	<b>79</b>	<b>(2)</b>	<b>0</b>	<b>0</b>	<b>184</b>	<b>(28)</b>	<b>168</b>	<b>0</b>	<b>(21)</b>	<b>65</b>	<b>107</b>	<b>4.317</b>	<b>43,1</b>
Income taxes	(915)	(924)	1	0	0	1	0	0	(10)	0	(7)	0	0	(3)	(11)	(935)	(2,2)
<b>PROFIT (LOSS)</b>	<b>2.102</b>	<b>3.286</b>	<b>78</b>	<b>0</b>	<b>79</b>	<b>(1)</b>	<b>0</b>	<b>0</b>	<b>174</b>	<b>(28)</b>	<b>161</b>	<b>0</b>	<b>(21)</b>	<b>62</b>	<b>96</b>	<b>3.382</b>	<b>60,9</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## ASSETS

	Note	Sep. 30, 2013 millions of €	Dec. 31, 2013 millions of €	Mar. 31, 2014 millions of €	Jun. 30, 2014 millions of €	Sep. 30, 2014 millions of €	Change compared to prior quarter %	Change compared to prior year %
<b>CURRENT ASSETS</b>		<b>18.020</b>	<b>21.963</b>	<b>22.270</b>	<b>18.402</b>	<b>22.121</b>	<b>20,2</b>	<b>22,8</b>
Cash and cash equivalents		5.675	7.970	7.706	4.383	7.250	65,4	27,8
Trade and other receivables		7.146	7.712	7.536	8.112	9.059	11,7	26,8
Current recoverable income taxes		112	98	146	113	76	(32,7)	(32,1)
Other financial assets		2.230	2.745	2.695	2.805	2.708	(3,5)	21,4
Inventories		1.342	1.062	1.139	1.231	1.275	3,6	(5,0)
Current and non-current assets and disposal groups held for sale		78	1.033	1.211	86	252	n.a.	n.a.
Other assets		1.437	1.343	1.837	1.672	1.501	(10,2)	4,5
<b>NON-CURRENT ASSETS</b>		<b>97.281</b>	<b>96.185</b>	<b>95.073</b>	<b>99.626</b>	<b>102.888</b>	<b>3,3</b>	<b>5,8</b>
Intangible assets		46.972	45.967	45.157	48.566	50.152	3,3	6,8
Property, plant and equipment		37.501	37.427	37.255	37.705	38.746	2,8	3,3
Investments accounted for using the equity method		6.247	6.167	6.257	6.467	6.581	1,8	5,3
Other financial assets		1.528	1.362	1.265	1.680	1.859	10,7	21,7
Deferred tax assets		4.708	4.960	4.841	4.914	5.060	3,0	7,5
Other assets		325	302	298	294	490	66,7	50,8
<b>TOTAL ASSETS</b>		<b>115.301</b>	<b>118.148</b>	<b>117.343</b>	<b>118.028</b>	<b>125.009</b>	<b>5,9</b>	<b>8,4</b>



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	Sep. 30, 2013 millions of €	Dec. 31, 2013 millions of €	Mar. 31, 2014 millions of €	Jun. 30, 2014 millions of €	Sep. 30, 2014 millions of €	Change compared to prior quarter %	Change compared to prior year %
<b>LIABILITIES</b>		<b>83.286</b>	<b>86.085</b>	<b>84.577</b>	<b>85.527</b>	<b>91.032</b>	<b>6,4</b>	<b>9,3</b>
<b>CURRENT LIABILITIES</b>		<b>25.188</b>	<b>22.496</b>	<b>23.490</b>	<b>25.691</b>	<b>26.860</b>	<b>4,6</b>	<b>6,6</b>
Financial liabilities		11.169	7.891	8.891	10.767	10.961	1,8	(1,9)
Trade and other payables		6.701	7.259	6.696	7.441	8.012	7,7	19,6
Income tax liabilities		428	308	295	290	242	(16,6)	(43,5)
Other provisions		2.709	3.120	3.315	2.976	3.231	8,6	19,3
Liabilities directly associated with non-current assets and disposal groups held for sale		0	113	0	38	0	n.a.	n.a.
Other liabilities		4.181	3.805	4.293	4.179	4.414	5,6	5,6
<b>NON-CURRENT LIABILITIES</b>		<b>58.098</b>	<b>63.589</b>	<b>61.087</b>	<b>59.836</b>	<b>64.172</b>	<b>7,2</b>	<b>10,5</b>
Financial liabilities		38.154	43.708	40.737	39.104	42.398	8,4	11,1
Provisions for pensions and other employee benefits		7.172	7.006	7.285	7.642	8.128	6,4	13,3
Other provisions		1.957	2.071	2.083	2.035	2.133	4,8	9,0
Deferred tax liabilities		6.845	6.916	7.103	7.194	7.550	4,9	10,3
Other liabilities		3.970	3.888	3.879	3.861	3.963	2,6	(0,2)
<b>SHAREHOLDERS' EQUITY</b>		<b>32.015</b>	<b>32.063</b>	<b>32.766</b>	<b>32.501</b>	<b>33.977</b>	<b>4,5</b>	<b>6,1</b>
Issued capital		11.395	11.395	11.395	11.611	11.611	n.a.	1,9
Capital reserves		51.346	51.428	50.996	51.746	51.760	0,0	0,8
Retained earnings incl. carryforwards		(37.333)	(37.437)	(36.670)	(39.117)	(39.415)	(0,8)	(5,6)
Total other comprehensive income		(2.276)	(2.383)	(2.502)	(2.250)	(1.356)	39,7	40,4
Total other comprehensive income directly associated with non-current assets and disposable groups held for sale		0	0	0	0	0	n.a.	n.a.
Net profit (loss)		1.682	930	1.817	2.528	3.034	20,0	80,4
Treasury shares		(6)	(54)	(54)	(54)	(54)	n.a.	n.a.
Non-controlling interests		7.207	8.184	7.784	8.037	8.397	4,5	16,5
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>115.301</b>	<b>118.148</b>	<b>117.343</b>	<b>118.028</b>	<b>125.009</b>	<b>5,9</b>	<b>8,4</b>

# DT GROUP

## PROVISIONS FOR PENSIONS

		2013 millions of €	2012 millions of €	2011 millions of €	2010 millions of €	2009 millions of €
<b>FROM DEFINED BENEFIT OBLIGATION TO PROVISION IN BALANCE SHEET</b>						
Present value of obligation (DBO)	1	8.965	8.973	6.966	7.017	6.833
Plan assets		(1.973)	(1.680)	(860)	(629)	(618)
Others		14	19	18	(15)	(36)
Provision in balance sheet		7.006	7.312	6.124	6.373	6.179
<b>PENSION COSTS INCLUDED IN P&amp;L (INCLUDED EXPECTED RETURN ON PLAN ASSETS)</b>						
		<b>388</b>	<b>511</b>	<b>530</b>	<b>514</b>	<b>525</b>
thereof included in EBITDA		160	197	199	197	204
thereof included in financial result		228	313	314	317	321
<b>CASH PAYMENTS FOR PENSIONS</b>						
1) funding of plan assets by DT (investment in financial assets)		269	768	267	2	45
2) benefits paid through plan assets	2	42	45	52	56	61
3) benefits paid through provision (included in cash flow from operations)		366	375	367	345	332
cash payments included in cash flow statement = 1) + 3)		635	1.143	634	347	377
cash payments included in free cash flow = 3)		366	375	367	345	332
<b>CHANGE IN THE PRESENT VALUE OF THE OBLIGATION (EXAMPLE 2012)</b>						
End of 2012		8.973				
pension costs included in P&L		388				
benefits paid		(408)				
actuarial losses/gains	3	(35)				
F/X		(6)				
Others		53				
End of 2013		8.965				

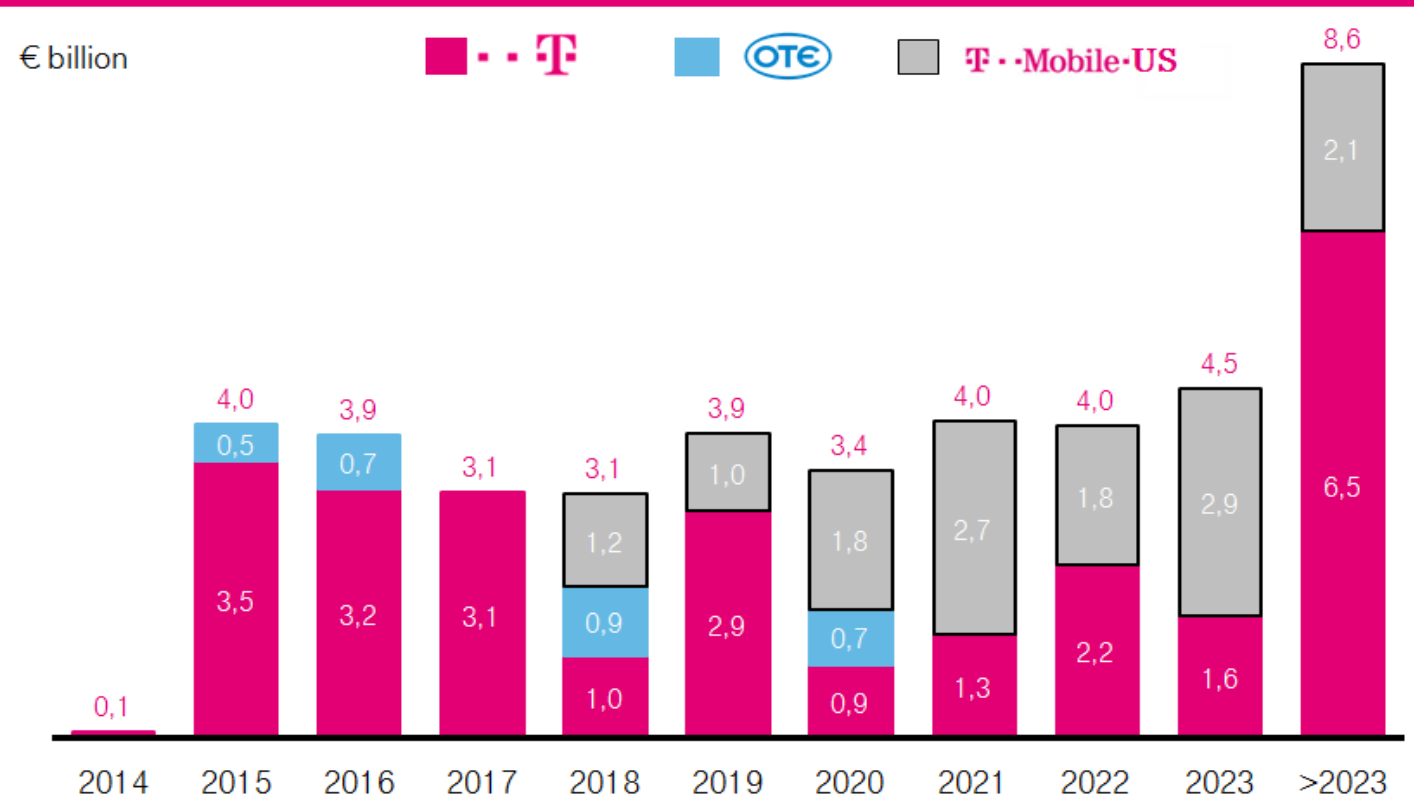
1 Increase in obligation in 2012 mainly due to a change in the discount rate.

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

3 Actuarial losses/gains are via other comprehensive income directly billed vs. equity. Cumulative amount recorded in equity 2013: loss of 2.152 million €.

# MATURITY PROFILE AS OF SEPTEMBER 30, 2014

## Bonds, Medium Term Notes (MTN) and "Schuldscheindarlehen"



# LIQUIDITY RESERVE AS OF SEPTEMBER 30, 2014

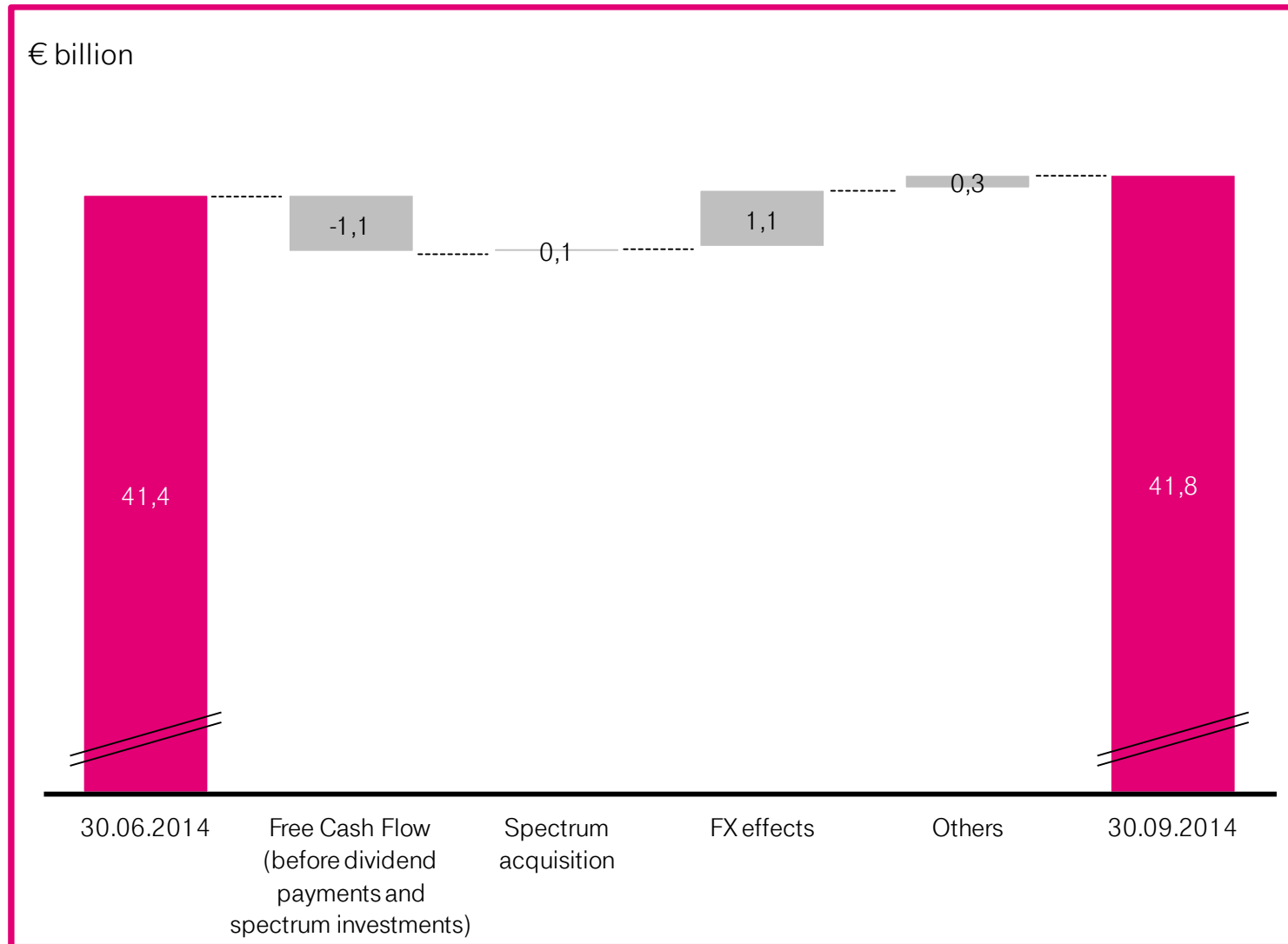
€ billion	61,9	Total line availability
	20,1	<b>Liquidity reserve</b>
		Unused bank lines: € 11,7 bn
		Other liquid assets: € 8,4 bn
	41,8	<b>Net-debt</b>
		<b>Gross debt</b> € 51,3 bn
		Bonds: € 43,3 bn
		Other financial liabilities: € 8,0 bn
		<b>Liquid financial assets</b> € 9,5 bn
		Cash & equivalents: € 7,3 bn
	Available-for-sale/held-for-trading financial assets € 0,2 bn	
	Other financial assets: € 2,0 bn	
Numbers rounded		

# DT GROUP

## NET DEBT

		Sep. 30, 2013	Dec. 31, 2013	Mar. 31, 2014	Jun. 30, 2014	Sep. 30, 2014	Change compared to prior quarter %	Change compared to prior year %
	Note	millions of €	millions of €	millions of €	millions of €	millions of €		
Bonds		39.225	40.535	40.101	40.084	43.292	8,0	10,4
Other financial liabilities		8.366	9.092	7.717	7.882	7.981	1,3	(4,6)
<b>GROSS DEBT</b>		<b>47.591</b>	<b>49.627</b>	<b>47.818</b>	<b>47.966</b>	<b>51.273</b>	<b>6,9</b>	<b>7,7</b>
Cash and cash equivalents		5.675	7.970	7.706	4.383	7.250	65,4	27,8
Available-for-sale/held-for-trading financial assets		301	310	299	287	245	(14,6)	(18,6)
Other financial assets		1.889	2.254	1.849	1.911	1.969	3,0	4,2
<b>NET DEBT</b>		<b>39.726</b>	<b>39.093</b>	<b>37.964</b>	<b>41.385</b>	<b>41.809</b>	<b>1,0</b>	<b>5,2</b>

# NET DEBT DEVELOPMENT Q3 2014



Numbers rounded

# DT GROUP

## CASH CAPEX

		Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Q3 2014	Change	Q1-Q3 2013	Q1-Q3 2014	Change
	Note	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	%	millions of €	millions of €	%
<b>CASH CAPEX</b>											
Germany		892	1.281	3.411	705	1.018	1.009	13,1	2.130	2.732	28,3
United States		767	856	3.279	690	2.397	870	13,4	2.423	3.957	63,3
Europe		500	1.255	3.661	585	422	457	(8,6)	2.406	1.464	(39,2)
Systems Solutions		270	374	1.066	253	254	319	18,1	692	826	19,4
Group Headquarters & Group Services		97	143	411	65	81	94	(3,1)	268	240	(10,4)
Reconciliation		(148)	(441)	(760)	(101)	(226)	(165)	(11,5)	(319)	(492)	(54,2)
<b>GROUP</b>	<b>1</b>	<b>2.378</b>	<b>3.468</b>	<b>11.068</b>	<b>2.197</b>	<b>3.946</b>	<b>2.584</b>	<b>8,7</b>	<b>7.600</b>	<b>8.727</b>	<b>14,8</b>
- thereof spectrum investment		118	1.022	2.207	132	1.749	91	(22,9)	1.185	1.972	66,4

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

# DT GROUP

## FREE CASH FLOW

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
Net profit (loss)		588	(752)	930	1.817	711	506	(13,9)	1.682	3.034	80,4
Profit (loss) attributable to non-controlling interests		249	(146)	274	34	182	36	(85,5)	420	252	(40,0)
<b>PROFIT (LOSS) AFTER INCOME TAXES</b>		<b>837</b>	<b>(898)</b>	<b>1.204</b>	<b>1.851</b>	<b>893</b>	<b>542</b>	<b>(35,2)</b>	<b>2.102</b>	<b>3.286</b>	<b>56,3</b>
Depreciation, amortization and impairment losses		2.572	3.438	10.904	2.496	2.641	2.649	3,0	7.466	7.786	4,3
Income tax expense/(benefit)		304	9	924	550	261	113	(62,8)	915	924	1,0
Interest (income) and interest expenses		552	567	2.162	597	577	610	10,5	1.595	1.784	11,8
Other financial (income) expense		174	171	569	117	51	82	(52,9)	398	250	(37,2)
Share of (profit) loss of associates and joint ventures accounted for using the equity method		29	(32)	71	27	(6)	11	(62,1)	103	32	(68,9)
(Profit) loss on the disposal of fully consolidated subsidiaries		(122)	(1)	(131)	(1.709)	0	43	n.a.	(130)	(1.666)	n.a.
Other non-cash transactions		28	52	101	53	31	30	7,1	49	114	n.a.
(Gain) loss from the disposal of intangible assets and property, plant and equipment		3	91	138	(26)	(379)	(6)	n.a.	47	(411)	n.a.
Change in assets carried as working capital		(37)	(373)	(1.266)	(496)	(316)	(462)	n.a.	(893)	(1.274)	(42,7)
Change in provisions		67	441	(195)	153	(476)	286	n.a.	(636)	(37)	94,2
Change in other liabilities carried as working capital		(424)	264	696	188	700	455	n.a.	432	1.343	n.a.
Income taxes received (paid)		(157)	(134)	(648)	(178)	(151)	(187)	(19,1)	(514)	(516)	(0,4)
Dividends received		92	69	273	237	5	74	(19,6)	204	316	54,9
Net payments from entering into or canceling interest rate swaps		133	90	290	0	0	0	n.a.	200	0	n.a.
Break-up fee T-Mobile USA		0	0	0	0	0	0	n.a.	0	0	n.a.
Tax effect break-up fee T-Mobile USA		0	0	137	0	0	0	n.a.	137	0	n.a.
Retention bonus T-Mobile USA/compensation payments for MetroPCS employees		1	8	60	0	0	0	n.a.	52	0	n.a.
<b>CASH GENERATED FROM OPERATIONS</b>		<b>4.052</b>	<b>3.762</b>	<b>15.289</b>	<b>3.860</b>	<b>3.831</b>	<b>4.240</b>	<b>4,6</b>	<b>11.527</b>	<b>11.931</b>	<b>3,5</b>
Interest received (paid)		(411)	(360)	(2.075)	(898)	(644)	(670)	(63,0)	(1.715)	(2.212)	(29,0)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>3.641</b>	<b>3.402</b>	<b>13.214</b>	<b>2.962</b>	<b>3.187</b>	<b>3.570</b>	<b>(2,0)</b>	<b>9.812</b>	<b>9.719</b>	<b>(0,9)</b>
Cash outflows for investments in (proceeds from disposal of)		(2.214)	(2.370)	(8.608)	(1.979)	(2.138)	(2.445)	(10,4)	(6.238)	(6.562)	(5,2)
Intangible assets	1	(696)	(1.718)	(4.490)	(732)	(2.217)	(662)	4,9	(2.772)	(3.611)	(30,3)
Property, plant and equipment	1	(1.636)	(1.674)	(6.325)	(1.379)	(1.670)	(1.874)	(14,5)	(4.651)	(4.923)	(5,8)
Spectrum investment		118	1.022	2.207	132	1.749	91	(22,9)	1.185	1.972	66,4
<b>FREE CASH FLOW (BEFORE DIVIDEND PAYMENTS, SPECTRUM INVESTMENT, AT&amp;T TRANSACTION AND COMPENSATION PAYMENTS FOR METROPCS EMPLOYEES)</b>		<b>1.427</b>	<b>1.032</b>	<b>4.606</b>	<b>983</b>	<b>1.049</b>	<b>1.125</b>	<b>(21,2)</b>	<b>3.574</b>	<b>3.157</b>	<b>(11,7)</b>

1 Cash outflows for investments in intangible assets and property, plant and equipment were adjusted retrospectively in 2013 and in Q1/2014.



# DT GROUP PERSONNEL<sup>1</sup>

AT REPORTING DATE	Note	Sep. 30,	Dec. 31,	Mar. 31,	Jun. 30,	Sep. 30,	Change compared to		Change compared to	
		2013	2013	2014	2014	2014	prior quarter		prior year	
							abs.	%	abs.	%
Germany		67.434	66.725	67.318	67.883	68.788	905	1,3	1.354	2,0
United States		34.132	37.071	36.633	38.374	38.151	(223)	(0,6)	4.019	11,8
Europe		55.744	53.265	52.982	53.933	52.673	(1.260)	(2,3)	(3.071)	(5,5)
Systems Solutions		49.468	49.540	49.436	49.032	48.571	(461)	(0,9)	(897)	(1,8)
Group Headquarters & Group Services		22.316	21.995	20.871	20.675	20.404	(271)	(1,3)	(1.912)	(8,6)
of which Telekom Placement Services		8.100	8.000	8.900	8.700	8.600	(100)	(1,1)	500	6,2
<b>GROUP</b>		<b>229.094</b>	<b>228.596</b>	<b>227.240</b>	<b>229.897</b>	<b>228.588</b>	<b>(1.309)</b>	<b>(0,6)</b>	<b>(506)</b>	<b>(0,2)</b>
of which: Domestic		117.658	116.643	115.975	116.088	116.377	289	0,2	(1.281)	(1,1)
of which: International		111.436	111.953	111.265	113.809	112.211	(1.598)	(1,4)	775	0,7
of which: Civil servants (domestic)		20.988	20.523	20.578	20.414	20.354	(60)	(0,3)	(634)	(3,0)

AVERAGE	Note	Q3	Q4	Q1	Q2	Q3	Change compared to	
		2013	2013	2014	2014	2014	prior year	
							abs.	%
Germany		67.516	66.992	67.396	67.544	68.581	1.065	1,6
United States		33.881	35.962	36.400	37.639	37.990	4.109	12,1
Europe		56.329	54.689	52.990	53.268	52.997	(3.332)	(5,9)
Systems Solutions		49.448	49.535	49.476	49.162	48.703	(745)	(1,5)
Group Headquarters & Group Services		22.328	22.143	21.344	20.746	20.470	(1.858)	(8,3)
of which Telekom Placement Services		8.100	8.100	8.400	8.700	8.600	500	6,2
<b>GROUP</b>		<b>229.502</b>	<b>229.321</b>	<b>227.606</b>	<b>228.358</b>	<b>228.741</b>	<b>(761)</b>	<b>(0,3)</b>
of which: Domestic		117.739	117.114	116.552	115.917	116.343	(1.396)	(1,2)
of which: International		111.763	112.207	111.054	112.441	112.399	636	0,6
of which: Civil servants (domestic)		21.087	20.732	20.628	20.465	20.383	(704)	(3,3)

1 The ICSS/GNF business of the local business units (LBUs), which had previously been organizationally assigned to the Systems Solutions operating segment, was brought together as of Jan. 1, 2014 and is now reported under the Europe operating segment. In addition, as of Jan. 1, 2014, the local business customer units of T-Systems Czech Republic, which had previously been managed under the Systems Solutions operating segment, were merged with T-Mobile Czech Republic; they are reported in the Europe operating segment. Comparative figures have been adjusted retrospectively.

As of May 1, 2013, including MetroPCS.

As of May 30, 2014, including GTS Central Europe group.

# EXCHANGE RATES

## AVERAGE

	Q3 2013 €	Q4 2013 €	FY 2013 €	Q1 2014 €	Q2 2014 €	Q3 2014 €
1 US Dollar (USD)	0,75504	0,73457	0,75289	0,73015	0,72902	0,75415
1 British pound (GBP)	1,17022	1,18926	1,17714	1,20718	1,22685	1,25958
100 Czech korunas (CZK)	3,86870	3,74759	3,85018	3,64337	3,64355	3,62069
100 Croatian kunas (HRK)	13,25530	13,10810	13,19720	13,07380	13,15850	13,11850
1,000 Hungarian forints (HUF)	3,35604	3,36065	3,36771	3,24976	3,26795	3,20286
100 Macedonian Denar (MKD)	1,62362	1,62584	1,61831	1,62249	1,62334	1,62636
100 Polish Zloty (PLN)	23,54300	23,88820	23,82270	23,89150	23,98580	23,95220
10 Romanian leu (RON)	2,25165	2,24648	2,26252	2,22159	2,25860	2,26521

## END OF PERIOD

	Sep. 30 2013 €	Dec. 31 2013 €	Mar. 31 2014 €	Jun. 30 2014 €	Sep. 30 2014 €
1 US Dollar (USD)	0,74085	0,72597	0,72458	0,73228	0,79522
1 British pound (GBP)	1,19542	1,20086	1,20644	1,24830	1,28653
100 Czech korunas (CZK)	3,88750	3,64929	3,64469	3,64314	3,63705
100 Croatian kunas (HRK)	13,13020	13,12490	13,07470	13,19980	13,08540
1,000 Hungarian forints (HUF)	3,35295	3,36594	3,25664	3,23275	3,22199
100 Macedonian Denar (MKD)	1,62273	1,62712	1,62102	1,62168	1,62246
100 Polish Zloty (PLN)	23,67970	24,08060	23,96540	24,04580	23,94910
10 Romanian leu (RON)	2,24175	2,23723	2,24189	2,28175	2,26768



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# GERMANY

## FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>TOTAL REVENUE</b>	<b>1</b>	<b>5.670</b>	<b>5.648</b>	<b>22.496</b>	<b>5.483</b>	<b>5.464</b>	<b>5.587</b>	<b>(1,5)</b>	<b>16.848</b>	<b>16.534</b>	<b>(1,9)</b>
<b>NET REVENUE</b>		<b>5.331</b>	<b>5.296</b>	<b>21.117</b>	<b>5.146</b>	<b>5.138</b>	<b>5.245</b>	<b>(1,6)</b>	<b>15.821</b>	<b>15.529</b>	<b>(1,8)</b>
<b>EBITDA</b>		<b>2.375</b>	<b>2.027</b>	<b>8.936</b>	<b>2.230</b>	<b>2.256</b>	<b>2.324</b>	<b>(2,1)</b>	<b>6.909</b>	<b>6.810</b>	<b>(1,4)</b>
EBITDA margin (EBITDA / total revenue)	%	41,9	35,9	39,7	40,7	41,3	41,6	(0,3p)	41,0	41,2	0,2p
Depreciation, amortization and impairment losses		(989)	(1.028)	(3.961)	(956)	(978)	(957)	3,2	(2.933)	(2.891)	1,4
Profit (loss) from operations = EBIT		1.386	999	4.975	1.274	1.278	1.367	(1,4)	3.976	3.919	(1,4)
<b>CASH CAPEX</b>		<b>892</b>	<b>1.281</b>	<b>3.411</b>	<b>705</b>	<b>1.018</b>	<b>1.009</b>	<b>13,1</b>	<b>2.130</b>	<b>2.732</b>	<b>28,3</b>
<b>CASH CONTRIBUTION</b>		<b>1.483</b>	<b>746</b>	<b>5.525</b>	<b>1.525</b>	<b>1.238</b>	<b>1.315</b>	<b>(11,3)</b>	<b>4.779</b>	<b>4.078</b>	<b>(14,7)</b>

## FINANCIALS (AS REPORTED)

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>TOTAL REVENUE</b>		<b>5.670</b>	<b>5.634</b>	<b>22.435</b>	<b>5.483</b>	<b>5.464</b>	<b>5.587</b>	<b>(1,5)</b>	<b>16.801</b>	<b>16.534</b>	<b>(1,6)</b>
<b>NET REVENUE</b>		<b>5.331</b>	<b>5.282</b>	<b>21.056</b>	<b>5.146</b>	<b>5.138</b>	<b>5.245</b>	<b>(1,6)</b>	<b>15.774</b>	<b>15.529</b>	<b>(1,6)</b>
<b>EBITDA</b>		<b>2.268</b>	<b>1.854</b>	<b>8.401</b>	<b>2.205</b>	<b>2.217</b>	<b>2.236</b>	<b>(1,4)</b>	<b>6.547</b>	<b>6.658</b>	<b>1,7</b>
EBITDA margin (EBITDA / total revenue)	%	40,0	32,9	37,4	40,2	40,6	40,0	n.a.	39,0	40,3	1,3p
Depreciation, amortization and impairment losses		(989)	(1.033)	(3.966)	(956)	(978)	(957)	3,2	(2.933)	(2.891)	1,4
Profit (loss) from operations = EBIT		1.279	821	4.435	1.249	1.239	1.279	n.a.	3.614	3.767	4,2
<b>CASH CAPEX</b>		<b>892</b>	<b>1.281</b>	<b>3.411</b>	<b>705</b>	<b>1.018</b>	<b>1.009</b>	<b>13,1</b>	<b>2.130</b>	<b>2.732</b>	<b>28,3</b>
<b>CASH CONTRIBUTION</b>		<b>1.376</b>	<b>573</b>	<b>4.990</b>	<b>1.500</b>	<b>1.199</b>	<b>1.227</b>	<b>(10,8)</b>	<b>4.417</b>	<b>3.926</b>	<b>(11,1)</b>

1 Special factors affecting Total revenue: EUR -14 mn in Q4/13 within Wholesale Services (ULL).

# GERMANY

## EBITDA RECONCILIATION

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>TOTAL REVENUE</b>		<b>5.670</b>	<b>5.634</b>	<b>22.435</b>	<b>5.483</b>	<b>5.464</b>	<b>5.587</b>	<b>(1,5)</b>	<b>16.801</b>	<b>16.534</b>	<b>(1,6)</b>
<b>TOTAL REVENUE (ADJUSTED FOR SPECIAL FACTORS)</b>	<b>1</b>	<b>5.670</b>	<b>5.648</b>	<b>22.496</b>	<b>5.483</b>	<b>5.464</b>	<b>5.587</b>	<b>(1,5)</b>	<b>16.848</b>	<b>16.534</b>	<b>(1,9)</b>
Profit (loss) from operations = EBIT		1.279	821	4.435	1.249	1.239	1.279	n.a.	3.614	3.767	4,2
- Depreciation, amortization and impairment losses		(989)	(1.033)	(3.966)	(956)	(978)	(957)	3,2	(2.933)	(2.891)	1,4
<b>= EBITDA</b>		<b>2.268</b>	<b>1.854</b>	<b>8.401</b>	<b>2.205</b>	<b>2.217</b>	<b>2.236</b>	<b>(1,4)</b>	<b>6.547</b>	<b>6.658</b>	<b>1,7</b>
EBITDA margin	%	40,0	32,9	37,4	40,2	40,6	40,0	n.a.	39,0	40,3	1,3p
- Special factors affecting EBITDA		(107)	(173)	(535)	(25)	(39)	(88)	17,8	(362)	(152)	58,0
<b>= EBITDA (ADJUSTED FOR SPECIAL FACTORS)</b>		<b>2.375</b>	<b>2.027</b>	<b>8.936</b>	<b>2.230</b>	<b>2.256</b>	<b>2.324</b>	<b>(2,1)</b>	<b>6.909</b>	<b>6.810</b>	<b>(1,4)</b>
EBITDA margin (adjusted for special factors)	%	41,9	35,9	39,7	40,7	41,3	41,6	(0,3p)	41,0	41,2	0,2p

## SPECIAL FACTORS

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>EFFECTS ON EBITDA</b>		<b>(107)</b>	<b>(173)</b>	<b>(535)</b>	<b>(25)</b>	<b>(39)</b>	<b>(88)</b>	<b>17,8</b>	<b>(362)</b>	<b>(152)</b>	<b>58,0</b>
- of which personnel		(103)	(130)	(506)	(23)	(36)	(79)	23,3	(376)	(138)	63,3
- of which other		(4)	(43)	(29)	(2)	(3)	(9)	n.a.	14	(14)	n.a.
<b>EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT</b>		<b>(107)</b>	<b>(178)</b>	<b>(540)</b>	<b>(25)</b>	<b>(39)</b>	<b>(88)</b>	<b>17,8</b>	<b>(362)</b>	<b>(152)</b>	<b>58,0</b>
- of which personnel		(103)	(130)	(506)	(23)	(36)	(79)	23,3	(376)	(138)	63,3
- of which other		(4)	(48)	(34)	(2)	(3)	(9)	n.a.	14	(14)	n.a.

1 Special factors affecting Total revenue: EUR -14 mn in Q4/13 within Wholesale Services (ULL).

## GERMANY OPERATIONALS

	Note	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Change %
<b>GERMANY</b>							
<b>ACCESS LINES</b>							
Fixed network	('000)	1	21.625	21.417	21.202	21.034	20.841 (3,6)
IP	('000)	1	1.774	2.141	2.640	3.167	3.744 n.a.
Broadband	('000)	1	12.383	12.360	12.354	12.361	12.340 (0,3)
Fiber	('000)	1,2	1.165	1.246	1.375	1.494	1.608 38,0
TV (incl. IPTV, SAT)	('000)	1	2.121	2.177	2.255	2.318	2.377 12,1
ULLs	('000)	1	9.299	9.257	9.207	9.101	8.954 (3,7)
Wholesale bundled	('000)	1	419	390	362	341	323 (22,9)
Wholesale unbundled	('000)	1	1.495	1.564	1.675	1.812	1.971 31,8
Fiber	('000)		222	274	367	475	586 n.a.
<b>MOBILE CUSTOMERS</b>							
Total	('000)		37.936	38.625	39.145	39.337	39.653 4,5
- contract	('000)		20.915	21.553	22.104	22.379	22.812 9,1
- prepaid	('000)		17.021	17.072	17.040	16.957	16.841 (1,1)

## CONSUMER OPERATIONALS

	Note	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Change %
<b>GERMANY - CONSUMER</b>							
<b>ACCESS LINES</b>							
Fixed network	('000)	1	17.109	16.923	16.698	16.556	16.392 (4,2)
IP	('000)	1	1.629	1.960	2.407	2.882	3.404 n.a.
Broadband	('000)	1	9.983	9.963	9.927	9.934	9.919 (0,6)
Fiber	('000)	1,2	994	1.064	1.171	1.275	1.376 38,4
TV (incl. IPTV, SAT)	('000)	1	1.948	2.001	2.071	2.133	2.190 12,4
<b>MOBILE CUSTOMERS</b>							
Total	('000)		29.623	29.943	30.174	30.064	30.039 1,4
- contract	('000)		15.159	15.669	16.112	16.316	16.651 9,8
- prepaid	('000)		14.463	14.275	14.061	13.748	13.388 (7,4)

## BUSINESS CUSTOMERS OPERATIONALS

	Note	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Change %
<b>GERMANY - BUSINESS</b>							
<b>ACCESS LINES</b>							
Fixed network	('000)	1	3.465	3.445	3.460	3.442	3.419 (1,3)
IP	('000)	1	128	164	216	268	319 n.a.
Broadband	('000)	1	2.074	2.072	2.101	2.102	2.097 1,1
Fiber	('000)	1,2	169	180	200	215	229 35,5
TV (incl. IPTV, SAT)	('000)	1	172	174	182	184	185 7,6
<b>MOBILE CUSTOMERS</b>							
Mobile communications	('000)		8.314	8.682	8.971	9.273	9.614 15,6
- contract	('000)		5.755	5.885	5.992	6.064	6.161 7,1
- prepaid (M2M)	('000)		2.558	2.797	2.979	3.209	3.453 35,0

1 Figures do not add up.

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

# GERMANY

## REVENUE SPLIT - PRODUCTS

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>GERMANY</b>		<b>5.670</b>	<b>5.634</b>	<b>22.435</b>	<b>5.483</b>	<b>5.464</b>	<b>5.587</b>	<b>(1,5)</b>	<b>16.801</b>	<b>16.534</b>	<b>(1,6)</b>
<b>FIXED NETWORK</b>		<b>2.542</b>	<b>2.535</b>	<b>10.183</b>	<b>2.483</b>	<b>2.487</b>	<b>2.481</b>	<b>(2,4)</b>	<b>7.648</b>	<b>7.451</b>	<b>(2,6)</b>
of which Fixed Revenues (Fixed line)		1.835	1.821	7.376	1.809	1.802	1.790	(2,5)	5.555	5.401	(2,8)
Voice only revenues		529	520	2.144	512	501	493	(6,8)	1.624	1.506	(7,3)
Broadband revenues		1.065	1.057	4.275	1.046	1.042	1.034	(2,9)	3.218	3.122	(3,0)
TV revenues		241	244	957	251	259	263	9,1	713	773	8,4
of which Variable Revenues (Fixed line)		318	302	1.246	280	278	286	(10,1)	944	844	(10,6)
of which Revenues from add-on options (Fixed line)		41	43	166	40	41	38	(7,3)	123	119	(3,3)
thereof revenues from voice centric options		21	21	83	20	20	20	(4,8)	62	60	(3,2)
thereof revenues from broadband centric options		7	7	28	7	6	7	n.a.	21	20	(4,8)
thereof revenues from TV centric options		13	14	54	13	14	13	n.a.	40	40	n.a.
<b>MOBILE COMMUNICATIONS</b>		<b>2.006</b>	<b>1.957</b>	<b>7.730</b>	<b>1.871</b>	<b>1.881</b>	<b>2.006</b>	<b>n.a.</b>	<b>5.773</b>	<b>5.758</b>	<b>(0,3)</b>
of which Service Revenues		1.700	1.650	6.651	1.631	1.668	1.699	(0,1)	5.001	4.998	(0,1)
thereof Data Revenues		651	679	2.440	697	715	727	11,7	1.761	2.139	21,5
<b>WHOLESALE SERVICES FIXED NETWORK</b>	<b>1</b>	<b>863</b>	<b>873</b>	<b>3.426</b>	<b>856</b>	<b>845</b>	<b>840</b>	<b>(2,7)</b>	<b>2.553</b>	<b>2.541</b>	<b>(0,5)</b>
of which access full ULL		320	304	1.220	315	312	305	(4,7)	916	932	1,7
of which bundled and unbundled access line		107	108	422	123	120	119	11,2	314	362	15,3
<b>ONLINE CONSUMER SERVICES</b>	<b>2</b>	<b>20</b>	<b>20</b>	<b>79</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>n.a.</b>	<b>59</b>	<b>60</b>	<b>1,7</b>
<b>VALUE-ADDED SERVICES</b>		<b>71</b>	<b>65</b>	<b>293</b>	<b>64</b>	<b>56</b>	<b>59</b>	<b>(16,9)</b>	<b>228</b>	<b>179</b>	<b>(21,5)</b>
<b>OTHERS</b>		<b>169</b>	<b>184</b>	<b>725</b>	<b>189</b>	<b>175</b>	<b>182</b>	<b>7,7</b>	<b>541</b>	<b>546</b>	<b>0,9</b>

## REVENUE SPLIT - SEGMENTS

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>GERMANY</b>		<b>5.670</b>	<b>5.634</b>	<b>22.435</b>	<b>5.483</b>	<b>5.464</b>	<b>5.587</b>	<b>(1,5)</b>	<b>16.801</b>	<b>16.534</b>	<b>(1,6)</b>
Consumer		3.086	3.023	12.122	2.928	2.918	3.029	(1,8)	9.099	8.875	(2,5)
Business customers		1.431	1.440	5.676	1.404	1.418	1.430	(0,1)	4.236	4.252	0,4
Wholesale services		959	971	3.811	952	942	934	(2,6)	2.840	2.828	(0,4)
Value-added services		71	64	288	63	57	59	(16,9)	224	179	(20,1)
Others		123	136	538	136	129	135	9,8	402	400	(0,5)

1 Special factors affecting Total revenue: EUR -14 mn in Q4/13 within Wholesale Services (ULL).

2 Contains mainly security packages and hosting storages.



## GERMANY

### MOBILE COMMUNICATIONS KPIS

	Note	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Q3 2014	Change %
<b>AVERAGE MONTHLY CHURN</b>	(%)	<b>1,4</b>	<b>1,5</b>	<b>1,4</b>	<b>1,3</b>	<b>1,7</b>	<b>1,9</b>	<b>0,5p</b>
- contract	(%)	1,1	1,0	1,1	1,1	1,4	1,6	0,5p
<b>SAC PER GROSS ADD</b>	(€)	<b>81</b>	<b>80</b>	<b>79</b>	<b>67</b>	<b>77</b>	<b>73</b>	<b>(9,9)</b>
- contract	(€)	133	131	131	101	120	109	(18,0)
- prepaid	(€)	20	17	19	15	10	10	(50,0)
<b>SRC PER RETAINED CUSTOMER</b>	(€)	<b>213</b>	<b>207</b>	<b>207</b>	<b>214</b>	<b>224</b>	<b>258</b>	<b>21,1</b>
<b>ARPU</b>	(€)	<b>15</b>	<b>14</b>	<b>15</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>(6,7)</b>
- contract	(€)	24	23	24	23	23	23	(4,2)
- prepaid	(€)	4	3	3	3	3	3	(25,0)
<b>NON-VOICE % OF ARPU</b>	(%)	<b>48</b>	<b>51</b>	<b>47</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>2p</b>
<b>MOU PER CUSTOMER</b>	(min)	<b>84</b>	<b>83</b>	<b>83</b>	<b>80</b>	<b>81</b>	<b>83</b>	<b>(1,2)</b>
- contract	(min)	135	132	134	129	129	132	(2,2)

### CONSUMER - KPIS

	Note	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Q3 2014	Change %
<b>AVERAGE MONTHLY CHURN</b>	(%)	<b>1,6</b>	<b>1,6</b>	<b>1,6</b>	<b>1,5</b>	<b>1,8</b>	<b>2,2</b>	<b>0,6p</b>
- contract	(%)	1,2	1,1	1,2	1,2	1,6	2,0	0,8p
<b>SAC PER GROSS ADD</b>	(€)	<b>80</b>	<b>83</b>	<b>78</b>	<b>67</b>	<b>80</b>	<b>73</b>	<b>(8,8)</b>
- contract	(€)	124	127	123	92	113	98	(21,0)
- prepaid	(€)	25	23	23	21	15	14	(44,0)
<b>SRC PER RETAINED CUSTOMER</b>	(€)	<b>227</b>	<b>253</b>	<b>236</b>	<b>227</b>	<b>253</b>	<b>272</b>	<b>19,8</b>
<b>ARPU</b>	(€)	<b>13</b>	<b>12</b>	<b>13</b>	<b>12</b>	<b>12</b>	<b>13</b>	<b>0,0</b>
- contract	(€)	22	21	22	20	20	20	(9,1)
- prepaid	(€)	4	4	4	3	3	4	0,0
<b>NON-VOICE % OF ARPU</b>	(%)	<b>48</b>	<b>51</b>	<b>47</b>	<b>49</b>	<b>52</b>	<b>51</b>	<b>3p</b>
<b>MOU PER CUSTOMER</b>	(min)	<b>80</b>	<b>80</b>	<b>79</b>	<b>74</b>	<b>78</b>	<b>81</b>	<b>1,3</b>
- contract	(min)	122	121	122	112	116	120	(1,6)

### BUSINESS CUSTOMERS - KPIS

	Note	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Q3 2014	Change %
<b>AVERAGE MONTHLY CHURN</b>	(%)	<b>0,8</b>	<b>1,0</b>	<b>0,9</b>	<b>0,7</b>	<b>1,2</b>	<b>0,9</b>	<b>0,1p</b>
- contract	(%)	0,8	0,8	0,8	0,7	0,7	0,6	(0,2p)
<b>SAC PER GROSS ADD</b>	(€)	<b>85</b>	<b>70</b>	<b>84</b>	<b>69</b>	<b>69</b>	<b>74</b>	<b>(12,9)</b>
- contract	(€)	175	146	167	141	158	182	4,0
- prepaid	(€)	0	2	2	2	2	2	n.a.
<b>SRC PER RETAINED CUSTOMER</b>	(€)	<b>187</b>	<b>150</b>	<b>162</b>	<b>190</b>	<b>180</b>	<b>231</b>	<b>23,5</b>
<b>ARPU</b>	(€)	<b>22</b>	<b>22</b>	<b>22</b>	<b>21</b>	<b>21</b>	<b>20</b>	<b>(9,1)</b>
- contract	(€)	31	30	31	30	31	30	(3,2)
- prepaid	(€)	2	2	2	2	2	2	0,0
<b>NON-VOICE % OF ARPU</b>	(%)	<b>47</b>	<b>51</b>	<b>47</b>	<b>53</b>	<b>46</b>	<b>48</b>	<b>1p</b>
<b>MOU PER CUSTOMER</b>	(min)	<b>129</b>	<b>126</b>	<b>129</b>	<b>128</b>	<b>119</b>	<b>120</b>	<b>(7,0)</b>
- contract	(min)	185	183	184	189	180	184	(0,5)

# GERMANY

## MAGENTA MOBIL

MAGENTA MOBIL PLANS IN €	S	M	L	L Plus
Monthly charge (without handset)	29.95	39.95	49.95	79.95
Monthly charge (with handset)	39.95	49.95	59.95	—
Monthly charge (with top handset)	49.95	59.95	69.95	99.95
Voice and SMS <sup>1</sup>	flat	flat	flat	flat
Data	flat	flat	flat	flat
- Data Speed (download)	up to 16 Mbit/s	up to 50 Mbit/s	up to 100 Mbit/s	max
- Data Speed (upload)	up to 2 Mbit/s	up to 5 Mbit/s	up to 10 Mbit/s	max
- Data Volume until speed step down	500 MB	1.5 GB	3 GB	5 GB
- Data Network	3G/LTE	3G/LTE	3G/LTE	3G/LTE
VoIP	free	free	free	free
Tethering	free	free	free	free
MMS all net	0.39	0.39	0.39	0.39
International Calls (minutes)	—	—	—	100
International SMS (pieces)	—	—	—	100
HotSpot Flatrate	—	—	—	free
MultiSim	4.95€ / mth	4.95€ / mth	4.95€ / mth	free <sup>2</sup>
Roaming Voice, SMS and Data	—	—	—	free (EU)
Fixed line number	—	—	—	free
Activation fee	29.95	29.95	29.95	29.95
Duration of contract	24 months	24 months	24 months	24 months

<sup>1</sup> voice and sms within all german networks (mobile and fixed network).

<sup>2</sup> up to two MultiSIM bookable.

# GERMANY

## MOBILE OPTIONS

INTERNATIONAL OPTIONS IN €	ALL INCLUSIVE (ROAMING)	INTERNATIONAL 100 or 400	INTERNATIONAL PACKAGE	INTERNATIONAL SMS 100
Monthly charge	10.00	5.00	9.95 or 29.95	9.95
Description	All Inclusive ( <b>Roaming</b> ), International <sup>1</sup> 100, International SMS <sup>1</sup> 100 1 EU and Country Group 1 and 2.	Use your flat (voice, SMS & data) tariff <b>in</b> Europe	100 or 400 min. mobile and fixed Network <b>to</b> european countries.	100 SMS <b>to</b> EU
VOICE OPTIONS IN €	FAMILY	FIXED LINE NUMBER		
Monthly charge	4.95	4.95		
Description	free calls between 4 mobil numbers (onnet) and to one fixed line number.	fixed line number and call forwarding from this number.		
ADDITIONAL DATA VOLUME OPTIONS IN €	Data S	Data M	Data L	
Monthly charge	9.95	14.95	24.95	
Additional Data Volume (per month)	1 GB	2GB	5GB	
OTHER OPTIONS IN €	ON-THE-GO PACKAGE	MULTISIM	HOTSPOT FLAT	SPEED LTE MAX
Monthly charge	10.00	4.95	4.95	4.95
Description	up to two MultiSIM bookable, Hotspot Flat, fixed line number	up to two MultiSIM bookable.	—	max. LTE Speed

# GERMANY

## CALL

<b>CALL PLANS IN €</b>	<b>50</b>
Monthly charge (without handset)	9.95
Monthly charge (with handset)	-
includes national voice minutes (on-net, fixed net, other mobile networks)	50
- mobile to national fixed net	0.29
- on-net	0.29
- other mobile networks	0.29
- Voicebox	0.29
includes SMS per month	50
SMS (on-net, other networks)	0.19
Activation fee	29.95
Duration of contract	24 months

# GERMANY

## MAGENTA ZUHAUSE (VALID AS OF OCT. 15, 2014)

valid for new customers

**Magenta**  
Zuhause

**S**

monthly

**29,95€**

for the first 12 month  
13-24 month: **34,95€**

**Magenta**  
Zuhause

**M**

monthly

**34,95€**

for the first 24 month,  
as of month 25: **39,95€**

**Magenta**  
Zuhause

**L**

monthly

**39,95€**

for the first 24 month,  
as of month 25: **44,95€**

  
Communication

  
Internet

  
TV

**FLAT**  
to all German  
networks

**FLAT**  
up to  
**16 MBIT/S**  
(download)  
up to **2,4 MBIT/S**  
(upload)

**FLAT**  
up to  
**50 MBIT/S**  
(download)  
up to **10 MBIT/S**  
(upload)

**FLAT**  
up to  
**100 MBIT/S**  
(download)  
up to **40 MBIT/S**  
(upload)

**100 TV-CHANNELS,  
THEREOF 23 IN HD**

- time-shift TV
- programm manager
- TV-media library

**ENTERTAIN**

**+ 5 € / MONTH  
+ MEDIA RECEIVER**

or

**100 TV-CHANNELS,  
THEREOF 47 IN HD**

- in addition to Entertain package:
- 24 additional HD-channels
  - 3 month Big TV w/o surcharge

**ENTERTAIN  
PREMIUM**

**+10 € / MONTH  
+MEDIA RECEIVER**

# GERMANY

## COMPLETE COMFORT & COMPLETE PREMIUM

COMPLETE PLANS IN €	XS	S	M	L	XL	XXL	PREMIUM
Monthly charge (without handset)	15.96	27.96	39.96	55.96	63.96	79.96	-
Monthly charge (with handset)	19.95	34.95	49.95	69.95	79.95	99.95	149.95
includes national voice minutes (on-net, fixed net, other mobile networks)	50	100					
- mobile to national fixed net	0.29	0.29	free	free	free	free	free
- on-net	free	free	free	free	free	free	free
- other mobile networks	0.29	0.29	free	free	free	free	free
- Voicebox	free	free	free	free	free	free	free
International Calls (minutes)							1.000
includes SMS per month	50						
SMS (onnet, other networks)	0.19	free	free	free	free	free	free
HotSpot Flatrate	-	-	free	free	free	free	free
Data Network	3G	3G/LTE	3G/LTE	3G/LTE	3G/LTE	3G/LTE	3G/LTE
Data Speed	8 Mbit/s	16 Mbit/s	16 Mbit/s	50 Mbit/s	100 Mbit/s	150 Mbit/s	150 Mbit/s
Data Volume until speed step down	100 MB	500 MB	750 MB	1 GB	2 GB	5 GB	20 GB
MultiSim	4.95	4.95	4.95	4.95	free	free	free
VoIP	9.95	9.95	free	free	free	free	free
Tethering	free	free	free	free	free	free	free
Roaming Voice (Minutes)					50	100	250
Roaming SMS							1.000
Roaming Data <sup>1</sup>				4 x Travel & Surf WeekPass	4 x Travel & Surf WeekPass	8 x Travel & Surf WeekPass	16 x Travel & Surf WeekPass
Activation fee				29.95			
Duration of contract				24 months			

1 Travel & Surf WeekPass 50 MB within Europe (24 Monate)

# GERMANY

## DOUBLE PLAY VIA WIRELESS (CALL & SURF VIA FUNK)

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

1 Standard-PSTN; Universal-PSTN + €4

2 without terminal equipment. Monthly rent for Router €4.95

3 Promotional price until Dec. 31, 2014. Regular price €39.95

4 Promotional price until Dec. 31, 2014. Regular price €49.95

5 Promotional price until Dec. 31, 2014. Regular price €69.95

For general conditions and further details, please see [www.telekom.de](http://www.telekom.de). All prices in € including VAT.

# GERMANY

## SINGLE PLAY

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

1 Standard-PSTN; Universal-PSTN + €8

2 Universal-PSTN up to 240 Min included

For general conditions and further details, please see [www.telekom.de](http://www.telekom.de).

All prices in € including VAT.



# GERMANY

## DOUBLE PLAY

DOUBLE PLAY IN €	CALL & SURF BASIC <sup>1</sup> (4.1)	CALL & SURF COMFORT <sup>1</sup>	CALL & SURF COMFORT SPEED <sup>5</sup>	CALL & SURF COMFORT PLUS <sup>1</sup>
	29.95	34.95 <sup>6</sup>	39.95 <sup>2,6</sup>	44.95 <sup>4,6</sup>
	Bandwidth DSL 2 Mbit/s, flat rate Internet usage. <sup>3</sup>	Bandwidth DSL 16 Mbit/s, flat Internet and flat voice.	Bandwidth VDSL 50 Mbit/s <sup>6</sup> , flat Internet and flat voice.	Bandwidth DSL 16 Mbit/s, flat Internet and flat voice, Security pack, Hotspot flat, e-Mail-Paket.
CITY, DLD	€ CENT/MINUTE			
Off peak	2.9		flat	
Peak	2.9		flat	
international			from 2.9	
fixed to mobile		19.0		12.9
CALLING PLANS				
CountryFlat 1			€3.94 per month	
CountryFlat 2			€14.95 per month	
fixed to mobile		12.9 cents/minute, minimum charge €4 per month		included
fixed to T-Mobile flatrate			€14.95 per month	
fixed to mobile flatrate			€19.95 per month <sup>5</sup>	
Set-up			One off charge PSTN / IP €69.95	

1 Standard-PSTN; Universal-PSTN + €4; IP-Access incl. 2 voice channels and 3 telephone no.

2 Promotional price until Dec. 31, 2014. Regular price €44.95. €34.95 for the first 24 months for new BB-customers until Oct. 15, 2014 (IP-Product only)

2 Also available with 100 / 200 Mbit/s (IP-Product only) for + €5 / +€10 (promotional price)

3 IP-Product "Call & Surf Basic IP" includes 16 Mbit/s bandwidth

4 Promotional Price €39.95 for customer retention (IP-Product only)

5 Only available for IP-Product.

6 Overall promotion: €29.95 for the first 6 months for new BB-customers until Oct. 15, 2014 (IP-Product only)

For general conditions and further details, please see [www.telekom.de](http://www.telekom.de). All prices in € including VAT

# GERMANY

## TRIPLE PLAY

TRIPLE PLAY IN €	ENTERTAIN COMFORT <sup>1</sup>	ENTERTAIN PREMIUM <sup>1</sup>	ENTERTAIN SAT <sup>1,4</sup>	ENTERTAIN COMFORT SAT <sup>1,4</sup>
	39.95 <sup>3</sup>	44.95 <sup>3,5</sup>	39.95 <sup>5</sup>	39.95 <sup>3,5</sup>
	Bandwidth DSL 16 Mbit/s plus <sup>2,3</sup> flat internet and flat voice, video on demand, IPTV basic package.	Bandwidth DSL 16 Mbit/s plus <sup>2,3</sup> flat Internet and flat voice, video on demand, IPTV premium package.	Bandwidth DSL min. 3 Mbit/s, flat Internet and flat voice, video on demand, IPTV basic package. No Pay TV possible.	Bandwidth DSL 16 Mbit/s plus flat internet and flat voice, video on demand, IPTV basic package.
	<b>€ CENT/MINUTE</b>			
international calls	from 2.9			
fixed to mobile calls	19.0			
<b>CALLING PLANS</b>				
CountryFlat 1	€3.94 per month			
CountryFlat 2	€14.95 per month			
fixed to mobile	12.9 cents/minute, minimum charge € 4 per month			
fixed to T-Mobile flatrate	€14.95 per month			
fixed to mobile flatrate	€19.95 per month <sup>1</sup>			
Set-up	One off charge PSTN / IP €69.95			

1 Available for / as IP-Product only

2 Also available with 50 / 100 / 200 Mbit/s for +€5 / +€10 / +€15 (promotional price); additional promotion: 50 Mbit/s w/o charge in the first 24 months for new broadband customers

3 Promotional price for 24 months for new Entertain customers until Dec. 31, 2014; Regular price €44.95 (Comfort/Comfort Sat) / €49.95 (Premium)

4 Digital SAT-Environment is necessary

5 Overall promotion: €29.95 for the first 6 months for new broadband-customers; from May 5, 2014 until Oct. 15, 2014.

For general conditions and further details, please see [www.telekom.de](http://www.telekom.de). All prices in € including VAT

# FIXED NETWORK

## OVERVIEW DOM. INTERCONNECTION TARIFFS (EXCL. VAT)

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

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

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

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

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

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

6 valid to Jun. 30, 2014.

7 valid to Sep. 30, 2016.

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

9 No price changes since Jul. 01, 2011.

10 Monthly fee for VDSL Vectoring (over 50 to 100

Mbit/s): 29.52 €. Launch Aug. 01, 2014.



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## UNITED STATES

### FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

		Q3	Q4	FY	Q1	Q2	Q3	Change	Q1 - Q3	Q1 - Q3	Change
	Note	2013	2013	2013	2014	2014	2014		2013	2014	
		millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	%	millions of €	millions of €	%
<b>TOTAL REVENUE</b>		<b>5.108</b>	<b>5.082</b>	<b>18.556</b>	<b>5.074</b>	<b>5.270</b>	<b>5.554</b>	<b>8,7</b>	<b>13.474</b>	<b>15.898</b>	<b>18,0</b>
<b>NET REVENUE</b>		<b>5.106</b>	<b>5.082</b>	<b>18.552</b>	<b>5.073</b>	<b>5.269</b>	<b>5.554</b>	<b>8,8</b>	<b>13.470</b>	<b>15.896</b>	<b>18,0</b>
<b>EBITDA</b>	1	<b>1.082</b>	<b>974</b>	<b>3.874</b>	<b>844</b>	<b>1.083</b>	<b>1.014</b>	<b>(6,3)</b>	<b>2.900</b>	<b>2.941</b>	<b>1,4</b>
EBITDA margin (EBITDA / total revenues)	%	21,2	19,2	20,9	16,6	20,6	18,3	(2,9)p	21,5	18,5	(3,0)p
Depreciation, amortization and impairment losses		(607)	(609)	(2.141)	(641)	(704)	(746)	(22,9)	(1.532)	(2.091)	(36,5)
Profit (loss) from operations = EBIT		475	365	1.733	203	379	268	(43,6)	1.368	850	(37,9)
<b>CASH CAPEX</b>	2	<b>767</b>	<b>624</b>	<b>3.021</b>	<b>690</b>	<b>686</b>	<b>868</b>	<b>13,2</b>	<b>2.397</b>	<b>2.244</b>	<b>(6,4)</b>
<b>CASH CONTRIBUTION</b>	2	<b>315</b>	<b>350</b>	<b>853</b>	<b>154</b>	<b>397</b>	<b>146</b>	<b>(53,7)</b>	<b>503</b>	<b>697</b>	<b>38,6</b>

### FINANCIALS (AS REPORTED)

		Q3	Q4	FY	Q1	Q2	Q3	Change	Q1 - Q3	Q1 - Q3	Change
	Note	2013	2013	2013	2014	2014	2014		2013	2014	
		millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	%	millions of €	millions of €	%
<b>TOTAL REVENUE</b>		<b>5.108</b>	<b>5.082</b>	<b>18.556</b>	<b>5.074</b>	<b>5.270</b>	<b>5.554</b>	<b>8,7</b>	<b>13.474</b>	<b>15.898</b>	<b>18,0</b>
<b>NET REVENUE</b>		<b>5.106</b>	<b>5.082</b>	<b>18.552</b>	<b>5.073</b>	<b>5.269</b>	<b>5.554</b>	<b>8,8</b>	<b>13.470</b>	<b>15.896</b>	<b>18,0</b>
<b>EBITDA</b>		<b>1.019</b>	<b>885</b>	<b>3.642</b>	<b>795</b>	<b>1.411</b>	<b>869</b>	<b>(14,7)</b>	<b>2.757</b>	<b>3.075</b>	<b>11,5</b>
EBITDA margin (EBITDA / total revenue)	%	19,9	17,4	19,6	15,7	26,8	15,6	(4,3)p	20,5	19,3	(1,2)p
Depreciation, amortization and impairment losses		(607)	(706)	(2.238)	(641)	(704)	(746)	(22,9)	(1.532)	(2.091)	(36,5)
Profit (loss) from operations = EBIT		412	179	1.404	154	707	123	(70,1)	1.225	984	(19,7)
<b>CASH CAPEX</b>		<b>767</b>	<b>856</b>	<b>3.279</b>	<b>690</b>	<b>2.397</b>	<b>870</b>	<b>13,4</b>	<b>2.423</b>	<b>3.957</b>	<b>63,3</b>
<b>CASH CONTRIBUTION</b>		<b>252</b>	<b>29</b>	<b>363</b>	<b>105</b>	<b>(986)</b>	<b>(1)</b>	<b>n.a.</b>	<b>334</b>	<b>(882)</b>	<b>n.a.</b>

1 Excluding special factors affecting EBITDA of EUR 63mn in Q3/13, EUR 89mn in Q4/13, EUR 49mn in Q1/14, EUR (328)mn in Q2/14, and EUR 145mn in Q3/14.

2 Adjusted by excluding spectrum purchases of EUR 232mn in Q4/13, EUR 1.711 mn in Q2/14, EUR 2mn in Q3/14.

## UNITED STATES

### EBITDA RECONCILIATION

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1 - Q3 2013 millions of €	Q1 - Q3 2014 millions of €	Change %
<b>TOTAL REVENUE</b>		<b>5.108</b>	<b>5.082</b>	<b>18.556</b>	<b>5.074</b>	<b>5.270</b>	<b>5.554</b>	<b>8,7</b>	<b>13.474</b>	<b>15.898</b>	<b>18,0</b>
Profit (loss) from operations = EBIT		412	179	1.404	154	707	123	(70,1)	1.225	984	(19,7)
- Depreciation, amortization and impairment losses		(607)	(706)	(2.238)	(641)	(704)	(746)	(22,9)	(1.532)	(2.091)	(36,5)
<b>= EBITDA</b>		<b>1.019</b>	<b>885</b>	<b>3.642</b>	<b>795</b>	<b>1.411</b>	<b>869</b>	<b>(14,7)</b>	<b>2.757</b>	<b>3.075</b>	<b>11,5</b>
EBITDA margin	%	19,9	17,4	19,6	15,7	26,8	15,6	(4,3p)	20,5	19,3	(1,2p)
- Special factors affecting EBITDA		(63)	(89)	(232)	(49)	328	(145)	n.a.	(143)	134	n.a.
<b>= EBITDA ADJUSTED FOR SPECIAL FACTORS</b>	<b>1</b>	<b>1.082</b>	<b>974</b>	<b>3.874</b>	<b>844</b>	<b>1.083</b>	<b>1.014</b>	<b>(6,3)</b>	<b>2.900</b>	<b>2.941</b>	<b>1,4</b>
EBITDA margin (adjusted for special factors)	%	21,2	19,2	20,9	16,6	20,6	18,3	(2,9p)	21,5	18,5	(3,0p)

### SPECIAL FACTORS

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Q1 - Q3 2013 millions of €	Q1 - Q3 2014 millions of €
<b>EFFECTS ON EBITDA</b>		<b>(63)</b>	<b>(89)</b>	<b>(232)</b>	<b>(49)</b>	<b>328</b>	<b>(145)</b>	<b>(143)</b>	<b>134</b>
- of which personnel		(62)	(55)	(179)	(46)	(45)	(19)	(124)	(110)
- of which other		(1)	(34)	(53)	(3)	373	(126)	(19)	244
<b>EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT</b>		<b>(63)</b>	<b>(186)</b>	<b>(329)</b>	<b>(49)</b>	<b>328</b>	<b>(145)</b>	<b>(143)</b>	<b>134</b>
- of which personnel		(62)	(55)	(179)	(46)	(45)	(19)	(124)	(110)
- of which other		(1)	(131)	(150)	(3)	373	(126)	(19)	244

1 Excluding special factors affecting EBITDA of EUR 63mn in Q3/13, EUR 89mn in Q4/13, EUR 49mn in Q1/14, EUR (328)mn in Q2/14, and EUR 145mn Q3/14.

# UNITED STATES OPERATIONAL

	Note	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Q3 2014	Change %	Q1 - Q3 2013	Q1 - Q3 2014	Change %	
<b>CUSTOMERS (END OF PERIOD)</b>	('000)	<b>45.039</b>	<b>46.684</b>	<b>46.684</b>	<b>49.075</b>	<b>50.545</b>	<b>52.890</b>	<b>17,4</b>	<b>45.039</b>	<b>52.890</b>	<b>17,4</b>	
- Branded postpaid	('000)	21.430	22.299	22.299	23.622	24.530	25.909	20,9	21.430	25.909	20,9	
- Branded prepay	('000)	14.960	15.072	15.072	15.537	15.639	16.050	7,3	14.960	16.050	7,3	
<b>-BRANDED</b>	('000)	<b>36.390</b>	<b>37.371</b>	<b>37.371</b>	<b>39.159</b>	<b>40.169</b>	<b>41.959</b>	<b>15,3</b>	<b>36.390</b>	<b>41.959</b>	<b>15,3</b>	
- Machine-to-machine	('000)	3.430	3.602	3.602	3.822	4.047	4.269	24,5	3.430	4.269	24,5	
- MVNO	('000)	5.219	5.711	5.711	6.094	6.329	6.662	27,6	5.219	6.662	27,6	
<b>-WHOLESALE</b>	('000)	<b>8.649</b>	<b>9.313</b>	<b>9.313</b>	<b>9.916</b>	<b>10.376</b>	<b>10.931</b>	<b>26,4</b>	<b>8.649</b>	<b>10.931</b>	<b>26,4</b>	
<b>NET ADDS</b>	('000)	<b>1.023</b>	<b>1.645</b>	<b>4.377</b>	<b>2.391</b>	<b>1.470</b>	<b>2.345</b>	<b>n.a.</b>	<b>2.732</b>	<b>6.206</b>	<b>n.a.</b>	
- Branded postpaid	('000)	648	869	2.006	1.323	908	1.379	n.a.	1.137	3.610	n.a.	
- Branded prepay	('000)	24	112	328	465	102	411	n.a.	216	978	n.a.	
<b>-BRANDED</b>	('000)	<b>672</b>	<b>981</b>	<b>2.334</b>	<b>1.788</b>	<b>1.010</b>	<b>1.790</b>	<b>n.a.</b>	<b>1.353</b>	<b>4.588</b>	<b>n.a.</b>	
- Machine-to-machine	('000)	7	172	512	220	225	222	n.a.	340	667	96,2	
- MVNO	('000)	344	492	1.531	383	235	333	(3,2)	1.039	951	(8,5)	
<b>-WHOLESALE</b>	('000)	<b>351</b>	<b>664</b>	<b>2.043</b>	<b>603</b>	<b>460</b>	<b>555</b>	<b>58,1</b>	<b>1.379</b>	<b>1.618</b>	<b>17,3</b>	
<b>AVERAGE MONTHLY CHURN</b>	(%)	<b>3,6</b>	<b>3,4</b>	<b>3,4</b>	<b>3,1</b>	<b>3,2</b>	<b>3,5</b>	<b>(0,1p)</b>	<b>3,4</b>	<b>3,3</b>	<b>(0,1p)</b>	
- Branded postpaid	(%)	1,7	1,7	1,7	1,5	1,5	1,7	0,0p	1,8	1,6	(0,2p)	
- Branded prepay	(%)	5,0	5,1	5,4	4,3	4,5	4,8	(0,2p)	5,5	4,5	(1,0p)	
<b>TOTAL REVENUES</b>	(€ million)	<b>5.108</b>	<b>5.082</b>	<b>18.556</b>	<b>5.074</b>	<b>5.270</b>	<b>5.554</b>	<b>8,7</b>	<b>13.474</b>	<b>15.898</b>	<b>18,0</b>	
Service revenue	(€ million)	1	3.785	3.685	13.968	3.785	3.887	4.168	10,1	10.282	11.840	15,2
<b>EBITDA (ADJUSTED FOR SPECIAL FACTORS)</b>	(€ million)	<b>2</b>	<b>1.082</b>	<b>974</b>	<b>3.874</b>	<b>844</b>	<b>1.014</b>	<b>(6,3)</b>	<b>2.900</b>	<b>2.941</b>	<b>1,4</b>	
EBITDA margin (adjusted for special factors) (EBITDA / total revenue)	(%)	21,2	19,2	20,9	16,6	20,6	18,3	(2,9p)	21,5	18,5	(3,0p)	
EBITDA margin (adjusted for special factors) (EBITDA / service revenue)	(%)	28,6	26,4	27,7	22,3	27,9	24,3	(4,3p)	28,2	24,8	(3,4p)	
<b>BLENDED ARPU</b>	(€)	<b>28</b>	<b>27</b>	<b>28</b>	<b>26</b>	<b>26</b>	<b>27</b>	<b>(3,6)</b>	<b>29</b>	<b>26</b>	<b>(10,3)</b>	
- Branded postpaid	(€)	38	36	38	35	34	35	(7,9)	39	35	(10,3)	
- Branded prepay	(€)	27	26	26	26	27	28	3,7	26	27	3,8	
<b>NON-VOICE % OF ARPU</b>	(%)	<b>42</b>	<b>46</b>	<b>42</b>	<b>51</b>	<b>52</b>	<b>53</b>	<b>11,0p</b>	<b>41</b>	<b>52</b>	<b>11,0p</b>	
<b>MOU PER BRANDED CUSTOMER</b>	(min)	<b>1.141</b>	<b>1.112</b>	<b>1.077</b>	<b>1.127</b>	<b>1.131</b>	<b>1.112</b>	<b>(2,5)</b>	<b>1.063</b>	<b>1.123</b>	<b>5,6</b>	
- Branded postpaid	(min)	981	981	975	992	997	981	0,0	973	990	1,7	
<b>CASH CAPEX</b>	(€ million)	<b>767</b>	<b>856</b>	<b>3.279</b>	<b>690</b>	<b>2.397</b>	<b>870</b>	<b>13,4</b>	<b>2.423</b>	<b>3.957</b>	<b>63,3</b>	
<b>CASH CAPEX (ADJUSTED FOR SPECIAL FACTORS)</b>	(€ million)	<b>3</b>	<b>767</b>	<b>624</b>	<b>3.021</b>	<b>690</b>	<b>868</b>	<b>13,2</b>	<b>2.397</b>	<b>2.244</b>	<b>(6,4)</b>	
<b>CASH CONTRIBUTION (ADJUSTED FOR SPECIAL FACTORS)</b>	(€ million)	<b>3</b>	<b>315</b>	<b>350</b>	<b>853</b>	<b>154</b>	<b>397</b>	<b>146</b>	<b>503</b>	<b>697</b>	<b>38,6</b>	

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

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

2 Excluding special factors affecting EBITDA of EUR 63mn in Q3/13, EUR 89mn in Q4/13, EUR 49mn in Q1/14, EUR (328)mn in Q2/14, and EUR 145mn Q3/14.

3 Adjusted by excluding spectrum purchases of EUR 232mn in Q4/13, EUR 1.711mn in Q2/14, EUR 2mn in Q3/14.



# UNITED STATES

## OPERATIONAL IN US-\$

	Note	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Q3 2014	Change %	Q1 - Q3 2013	Q1 - Q3 2014	Change %	
<b>CUSTOMERS (END OF PERIOD)</b>	('000)	<b>45.039</b>	<b>46.684</b>	<b>46.684</b>	<b>49.075</b>	<b>50.545</b>	<b>52.890</b>	<b>17,4</b>	<b>45.039</b>	<b>52.890</b>	<b>17,4</b>	
Branded postpaid	('000)	21.430	22.299	22.299	23.622	24.530	25.909	20,9	21.430	25.909	20,9	
Branded prepay	('000)	14.960	15.072	15.072	15.537	15.639	16.050	7,3	14.960	16.050	7,3	
<b>- BRANDED</b>	('000)	<b>36.390</b>	<b>37.371</b>	<b>37.371</b>	<b>39.159</b>	<b>40.169</b>	<b>41.959</b>	<b>15,3</b>	<b>36.390</b>	<b>41.959</b>	<b>15,3</b>	
Machine-to-machine	('000)	3.430	3.602	3.602	3.822	4.047	4.269	24,5	3.430	4.269	24,5	
MVNO	('000)	5.219	5.711	5.711	6.094	6.329	6.662	27,6	5.219	6.662	27,6	
<b>- WHOLESALE</b>	('000)	<b>8.649</b>	<b>9.313</b>	<b>9.313</b>	<b>9.916</b>	<b>10.376</b>	<b>10.931</b>	<b>26,4</b>	<b>8.649</b>	<b>10.931</b>	<b>26,4</b>	
<b>NET ADDS</b>	('000)	<b>1.023</b>	<b>1.645</b>	<b>4.377</b>	<b>2.391</b>	<b>1.470</b>	<b>2.345</b>	<b>n.a.</b>	<b>2.732</b>	<b>6.206</b>	<b>n.a.</b>	
Branded postpaid	('000)	648	869	2.006	1.323	908	1.379	n.a.	1.137	3.610	n.a.	
Branded prepay	('000)	24	112	328	465	102	411	n.a.	216	978	n.a.	
<b>- BRANDED</b>	('000)	<b>672</b>	<b>981</b>	<b>2.334</b>	<b>1.788</b>	<b>1.010</b>	<b>1.790</b>	<b>n.a.</b>	<b>1.353</b>	<b>4.588</b>	<b>n.a.</b>	
Machine-to-machine	('000)	7	172	512	220	225	222	n.a.	340	667	96,2	
MVNO	('000)	344	492	1.531	383	235	333	(3,2)	1.039	951	(8,5)	
<b>- WHOLESALE</b>	('000)	<b>351</b>	<b>664</b>	<b>2.043</b>	<b>603</b>	<b>460</b>	<b>555</b>	<b>58,1</b>	<b>1.379</b>	<b>1.618</b>	<b>17,3</b>	
<b>AVERAGE MONTHLY CHURN</b>	(%)	<b>3,6</b>	<b>3,4</b>	<b>3,4</b>	<b>3,1</b>	<b>3,2</b>	<b>3,5</b>	<b>(0,1p)</b>	<b>3,4</b>	<b>3,3</b>	<b>(0,1p)</b>	
- Branded postpaid	(%)	1,7	1,7	1,7	1,5	1,5	1,7	0,0p	1,8	1,6	(0,2p)	
- Branded prepay	(%)	5,0	5,1	5,4	4,3	4,5	4,8	(0,2p)	5,5	4,5	(1,0p)	
<b>TOTAL REVENUES</b>	(USD million)	<b>6.764</b>	<b>6.919</b>	<b>24.666</b>	<b>6.959</b>	<b>7.228</b>	<b>7.358</b>	<b>8,8</b>	<b>17.747</b>	<b>21.545</b>	<b>21,4</b>	
Service revenue	(USD million)	<b>1</b>	5.013	5.018	18.563	5.193	5.331	5.523	10,2	13.545	16.047	18,5
<b>EBITDA (ADJUSTED FOR SPECIAL FACTORS)</b>	(USD million)	<b>2</b>	<b>1.432</b>	<b>1.325</b>	<b>5.146</b>	<b>1.158</b>	<b>1.485</b>	<b>1.345</b>	<b>(6,1)</b>	<b>3.821</b>	<b>3.988</b>	<b>4,4</b>
EBITDA margin (adjusted for special factors)												
(EBITDA / total revenue)	(%)	21,2	19,2	20,9	16,6	20,5	18,3	(2,9p)	21,5	18,5	(3,0p)	
EBITDA margin (adjusted for special factors)												
(EBITDA / service revenue)	(%)	28,6	26,4	27,7	22,3	27,8	24,4	(4,2p)	28,2	24,9	(3,3p)	
<b>BLENDED ARPU</b>	(USD)	<b>38</b>	<b>37</b>	<b>38</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>(5,3)</b>	<b>38</b>	<b>36</b>	<b>(5,3)</b>	
- Branded postpaid	(USD)	51	49	51	48	47	47	(7,8)	52	47	(9,6)	
- Branded prepay	(USD)	35	36	34	36	37	37	5,7	34	36	5,9	
<b>NON-VOICE % OF ARPU</b>	(%)	<b>42</b>	<b>46</b>	<b>42</b>	<b>51</b>	<b>52</b>	<b>53</b>	<b>11,0p</b>	<b>41</b>	<b>52</b>	<b>11,0p</b>	
<b>MOU PER BRANDED CUSTOMER</b>	(min)	<b>1.141</b>	<b>1.112</b>	<b>1.077</b>	<b>1.127</b>	<b>1.131</b>	<b>1.112</b>	<b>(2,5)</b>	<b>1.063</b>	<b>1.123</b>	<b>5,6</b>	
- Branded postpaid	(min)	981	981	975	992	997	981	0,0	973	990	1,7	
<b>CASH CAPEX</b>	(USD million)	<b>1.018</b>	<b>1.164</b>	<b>4.357</b>	<b>947</b>	<b>3.305</b>	<b>1.153</b>	<b>13,3</b>	<b>3.193</b>	<b>5.405</b>	<b>69,3</b>	
<b>CASH CAPEX (ADJUSTED FOR SPECIAL FACTORS)</b>	(USD million)	<b>3</b>	<b>1.018</b>	<b>847</b>	<b>4.005</b>	<b>947</b>	<b>1.150</b>	<b>13,0</b>	<b>3.158</b>	<b>3.037</b>	<b>(3,8)</b>	
<b>CASH CONTRIBUTION (ADJUSTED FOR SPECIAL FACTORS)</b>	(USD million)	<b>3</b>	<b>415</b>	<b>478</b>	<b>1.141</b>	<b>212</b>	<b>544</b>	<b>195</b>	<b>(53,0)</b>	<b>663</b>	<b>43,4</b>	

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

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

2 Excluding special factors affecting EBITDA of USD 83mn in Q3/13, USD 121mn in Q4/13, USD 67mn in Q1/14, USD (445)mn in Q2/14, and USD 190mn Q3/14.

3 Adjusted by excluding spectrum purchases of USD 317mn in Q4/13, USD 2.365mn in Q2/14, USD 3mn in Q3/14.

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

# UNITED STATES

## T-MOBILE USA

### SIMPLE CHOICE PLAN<sup>1,2,3,5,6,7,8,9</sup>

### PRICING<sup>8</sup>

Unlimited Talk, Text and Web with up to 1GB of full speed data <sup>4,5</sup>	\$50.00
Unlimited Talk, Text and Web with up to 3GB of full speed data <sup>4,5</sup>	\$60.00
Unlimited Talk, Text and Web with up to 5GB of full speed data <sup>4,5</sup>	\$70.00
Unlimited Talk, Text and Unlimited Nationwide 4G LTE data (unlimited full speed data)	\$80.00

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

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

3 On-network and domestic roaming data allotments differ: 1 GB full-speed plan includes 10 MB roaming; 3 GB and unlimited 4G LTE full-speed plans, and limited 5 GB through 11 GB Smartphone Mobile HotSpot features, include 50 MB roaming; 5 GB, 7 GB and 9 GB full-speed plans include 100 MB roaming; and 11 GB through 21 GB full-speed plans include 200 MB roaming.

4 Customers may choose to add more full speed data in increments of 2 GB/each \$10 more per month per line, up to 21 GB of data.

8 All prices reflect monthly recurring charges; taxes and fees additional. Credit approval, \$10 SIM starter kit and deposit may be required. Web plans provide access to data; capable device required to achieve 4G LTE speeds.

9 All postpaid Simple Choice plan options include unlimited (2G) data and text while in over 120 countries and destinations at no extra charge.

5 Includes up to 1GB of full speed data at no additional charge.

6 All plan options include Smartphone Mobile HotSpot capability that share the same full speed data allotment of their data plan except for the Unlimited Nationwide 4G LTE plan which includes up to 5 GB of Smartphone Mobile HotSpot data usage that is capped. Customers may purchase additional capped Smartphone Mobile HotSpot data usage for the Unlimited Nationwide 4G LTE Data plan in 2GB increments for \$10 each up to 11GB. Use of connected devices subject to T-Mobile's Terms and Conditions. Must use device manufacturer or T-Mobile feature.

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

# UNITED STATES

## T-MOBILE USA

SIMPLE CHOICE PLAN <sup>1,2,3,4,5,6,7,8</sup> INCLUDED FEATURES PER LINE	PRICING <sup>7</sup>
Unlimited Talk, Text and Web with up to 1GB of full speed data (first 2 lines)	\$80.00 for first 2 lines
Unlimited Talk, Text and Web with up to 1GB of full speed data (third, fourth, fifth and up to 10 lines)	\$10.00 per line
DATA PLAN ADD-ON TO SIMPLE CHOICE MULTI-LINE <sup>2,3,5,6,7</sup>	PRICING <sup>7</sup>
Add more full speed data in increments of 2GB, up to 21 GB of data (each line)	\$10.00 (more per line per 2 GB)
Unlimited Nationwide 4G LTE data (unlimited full speed data)	\$30.00 (more per line)

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

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

3 On-network and domestic roaming data allotments differ: 1 GB full-speed plan includes 10 MB roaming; 3 GB and unlimited 4G LTE full-speed plans, and limited 5 GB through 11 GB Smartphone Mobile HotSpot features, include 50 MB roaming; 5 GB, 7 GB and 9 GB full-speed plans include 100 MB roaming; and 11 GB through 21 GB full-speed plans include 200 MB roaming.

4 Includes up to 1GB of full speed data at no additional charge.

8 All postpaid Simple Choice plan options include unlimited (2G) data and text while in over 120 countries and destinations at no extra charge per line.

5 All plan options include Smartphone Mobile HotSpot capability that share the same full speed data allotment of their data plan except for the Unlimited Nationwide 4G LTE plan which includes up to 5 GB of Smartphone Mobile HotSpot data usage that is capped. Customers may purchase additional capped Smartphone Mobile HotSpot data usage for the Unlimited Nationwide 4G LTE Data plan in 2GB increments for \$10 each up to 11GB. Use of connected devices subject to T-Mobile's Terms and Conditions. Must use device manufacturer or T-Mobile feature.

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

7 All prices reflect monthly recurring charges; taxes and fees additional. Credit approval, \$10 SIM starter kit and deposit may be required. Web plans provide access to data; capable device required to achieve 4G LTE speeds.

# UNITED STATES

## T-MOBILE USA

### SIMPLE CHOICE PLAN (PAY IN ADVANCE)<sup>1,2,3,4,5,6,7,8,12</sup>

Unlimited Talk, Text and Web with up to 1GB of full speed data
Unlimited Talk, Text and Web with up to 3GB of full speed data
Unlimited Talk, Text and Web with up to 5GB of full speed data
Unlimited Talk, Text and Unlimited Nationwide 4G LTE data (unlimited full speed data)

### PRICING<sup>12</sup>

\$50.00
\$60.00
\$70.00
\$80.00

1 No annual contract required.

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

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

4 Features available for until 30th day.

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

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

7 Includes access to BlackBerry email, BlackBerry Messenger, and BlackBerry App World for your BlackBerry device, for \$0 per month. For No Annual contract plans \$50 and up and that include unlimited data. Not available for Pay By The Day or Pay As You Go plans.

8 Roaming and on-network data allotments differ; 1GB full-speed plan includes 10 MB roaming; 3GB and unlimited 4G LTE plans, and limited 5 GB Smartphone Mobile Hotspot feature, include 50MB roaming, 5GB full-speed plan includes 100 MB roaming.

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

Stateside International Talk with Mobile <sup>9</sup>
Stateside International Talk <sup>10</sup>
Stateside International Text <sup>11</sup>

### TALK/TEXT<sup>12</sup>

\$15.00
\$10.00
\$7.00

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

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

11 Unlimited text messages from the US to over 200 countries.

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

# UNITED STATES

## T-MOBILE USA

MATCH PHONE DATA MOBILE INTERNET PLAN	PRICING <sup>1</sup>	HOTSPOT ACCESS <sup>3</sup>
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Unlimited, Overage-Free Mobile Internet 1GB, 3GB or 5GB	\$10	Included
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1 Prices reflect monthly recurring charges; taxes and fees additional. Credit approval, \$10 SIM starter kit and deposit may be required.

2. GSM voice line is required for this plan

3 All plan options include Smartphone Mobile HotSpot capability that share the same full speed data allotment of their data plan. Plan data allotment applies. Use of connected devices subject to T-Mobile's Terms and Conditions. Must use device manufacturer or T-Mobile feature.

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

5 Match Phone Data plans match the largest GSM data bucket on the BAN. 0-1GB = 1GB MI data, 1GB-3GB = 3GB MI data, 3GB+ = 5GB MI Data

### SIMPLE CHOICE VALUE<sup>1,2,3,4,5,6,7</sup>

MOBILE INTERNET PLANS	PRICING <sup>1</sup>	HOTSPOT ACCESS <sup>3</sup>
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Unlimited, Overage-Free Mobile Internet 1 GB	\$20.00	Included
Unlimited, Overage-Free Mobile Internet 3 GB	\$30.00	Included
Unlimited, Overage-Free Mobile Internet 5 GB	\$40.00	Included
Unlimited, Overage-Free Mobile Internet 7 GB	\$50.00	Included
Unlimited, Overage-Free Mobile Internet 9 GB	\$60.00	Included
Unlimited, Overage-Free Mobile Internet 11 GB	\$70.00	Included
Unlimited, Overage-Free Mobile Internet 13 GB	\$80.00	Included
Unlimited, Overage-Free Mobile Internet 15 GB	\$90.00	Included
Unlimited, Overage-Free Mobile Internet 17 GB	\$100.00	Included
Unlimited, Overage-Free Mobile Internet 19 GB	\$110.00	Included
Unlimited, Overage-Free Mobile Internet 21 GB	\$120.00	Included

1 Prices reflect monthly recurring charges; taxes and fees additional. Credit approval, \$10 SIM starter kit and deposit may be required.

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

3 All plan options include Smartphone Mobile HotSpot capability that share the same full speed data allotment of their data plan. Plan data allotment applies. Use of connected devices subject to T-Mobile's Terms and Conditions. Must use device manufacturer or T-Mobile feature.

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

5 Customers may choose to add more full speed data in increments of 2 GB/each \$10 more per month per line, up to 21 GB of data. Or purchase an On Demand Mobile Internet (full speed data) Pass by day or week increments. (See On Demand Mobile Internet Passes (Postpaid) below).

6 On-network and domestic roaming data allotments differ: 1 GB full-speed plan includes 10 MB roaming; 3 GB full-speed plan includes 50 MB roaming; 5 GB, 7 GB and 9 GB full-speed plans include 100 MB roaming; and 11 GB through 21 GB full-speed plans include 200 MB roaming.

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

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

1 Credit approval, \$10 SIM starter kit and deposit may be required.

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

3 All plan options include Smartphone Mobile HotSpot capability that share the same full speed data allotment of their data plan Plan data allotment applies. Use of connected devices subject to T-Mobile's Terms and Conditions. Must use device manufacturer or T-Mobile feature.

PAY IN ADVANCE - (SINGLE USE) DATA PASSES <sup>1,2,3</sup>	PRICING <sup>1</sup>	HOTSPOT ACCESS
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Unlimited, Overage-Free 500 MB data (use for 1 day)	\$5.00	Not Included
Unlimited, Overage-Free 1 GB data (use for 7 days)	\$10.00	Not Included
Unlimited, Overage-Free 3 GB data (use for 30 days)	\$30.00	Not Included
Unlimited, Overage-Free 5 GB data (use for 30 days)	\$40.00	Not Included
Unlimited, Overage-Free 7 GB data (use for 30 days)	\$50.00	Not Included

1 \$10 SIM starter kit may be required. Service available for time period and/or usage amount provided by Pass. For time period, a day is 12:00 a.m. to 11:59 p.m., based on time zone associated with account phone number. Usage rounded up to the nearest MB.

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

3 Domestic only. No roaming.

PAY IN ADVANCE - MONTHLY RECURRING (AUTO-RENEW) PASSES <sup>1,2,3</sup>	PRICING <sup>1</sup>	HOTSPOT ACCESS
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Unlimited, Overage-Free Mobile Internet 1 GB	\$20.00	Not Included
Unlimited, Overage-Free Mobile Internet 3 GB	\$30.00	Not Included
Unlimited, Overage-Free Mobile Internet 5 GB	\$40.00	Not Included

**NOTES**

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# EUROPE

## FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>TOTAL REVENUE</b>	<b>1</b>	<b>3.440</b>	<b>3.486</b>	<b>13.704</b>	<b>3.125</b>	<b>3.163</b>	<b>3.317</b>	<b>(3,6)</b>	<b>10.218</b>	<b>9.605</b>	<b>(6,0)</b>
<b>NET REVENUE</b>		<b>3.313</b>	<b>3.354</b>	<b>13.174</b>	<b>3.018</b>	<b>3.074</b>	<b>3.222</b>	<b>(2,7)</b>	<b>9.820</b>	<b>9.314</b>	<b>(5,2)</b>
<b>EBITDA</b>	<b>2,3</b>	<b>1.169</b>	<b>1.167</b>	<b>4.550</b>	<b>1.027</b>	<b>1.098</b>	<b>1.184</b>	<b>1,3</b>	<b>3.383</b>	<b>3.309</b>	<b>(2,2)</b>
EBITDA margin (EBITDA / total revenue)	%	34,0	33,5	33,2	32,9	34,7	35,7	1,7p	33,1	34,5	1,4p
Depreciation, amortization and impairment losses		(651)	(747)	(2.785)	(611)	(658)	(645)	0,9	(2.038)	(1.914)	6,1
Profit (loss) from operations = EBIT	4	518	420	1.765	416	440	539	4,1	1.345	1.395	3,7
<b>CASH CAPEX</b>	<b>5</b>	<b>382</b>	<b>466</b>	<b>1.713</b>	<b>453</b>	<b>385</b>	<b>368</b>	<b>(3,7)</b>	<b>1.247</b>	<b>1.206</b>	<b>(3,3)</b>
<b>CASH CONTRIBUTION</b>		<b>787</b>	<b>701</b>	<b>2.837</b>	<b>574</b>	<b>713</b>	<b>816</b>	<b>3,7</b>	<b>2.136</b>	<b>2.103</b>	<b>(1,5)</b>

## FINANCIALS (AS REPORTED)

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>TOTAL REVENUE</b>		<b>3.440</b>	<b>3.486</b>	<b>13.704</b>	<b>3.125</b>	<b>3.163</b>	<b>3.317</b>	<b>(3,6)</b>	<b>10.218</b>	<b>9.605</b>	<b>(6,0)</b>
<b>NET REVENUE</b>		<b>3.313</b>	<b>3.354</b>	<b>13.174</b>	<b>3.018</b>	<b>3.074</b>	<b>3.222</b>	<b>(2,7)</b>	<b>9.820</b>	<b>9.314</b>	<b>(5,2)</b>
<b>EBITDA</b>		<b>1.271</b>	<b>845</b>	<b>4.371</b>	<b>1.012</b>	<b>1.074</b>	<b>1.142</b>	<b>(10,1)</b>	<b>3.526</b>	<b>3.228</b>	<b>(8,5)</b>
EBITDA margin (EBITDA / total revenue)	%	36,9	24,2	31,9	32,4	34,0	34,4	(2,5p)	34,5	33,6	(0,9p)
Depreciation, amortization and impairment losses		(651)	(1.361)	(3.399)	(611)	(658)	(645)	0,9	(2.038)	(1.914)	6,1
Profit (loss) from operations = EBIT		620	(516)	972	401	416	497	(19,8)	1.488	1.314	(11,7)
<b>CASH CAPEX</b>		<b>500</b>	<b>1.255</b>	<b>3.661</b>	<b>585</b>	<b>422</b>	<b>457</b>	<b>(8,6)</b>	<b>2.406</b>	<b>1.464</b>	<b>(39,2)</b>
<b>CASH CONTRIBUTION</b>		<b>771</b>	<b>(410)</b>	<b>710</b>	<b>427</b>	<b>652</b>	<b>685</b>	<b>(11,2)</b>	<b>1.120</b>	<b>1.764</b>	<b>57,5</b>

1 GTS Central Europe Group is part of the European segment since May 30, 2014; impact on consolidated operating segment revenue is EUR 25mn in Q2/14 and EUR 74mn in Q3/14.

2 GTS Central Europe Group is part of the European segment since May 30, 2014; impact on consolidated operating segment EBITDA is EUR 6mn in Q2/14 and EUR 19mn in Q3/14.

3 Special factors affecting EBITDA: EUR -102mn in Q3/13, EUR 322mn in Q4/13, EUR 15mn in Q1/14, EUR 24mn in Q2/14 and EUR 42mn in Q3/14.

4 Special factors affecting EBIT: EUR -102mn in Q3/13 (thereof EUR -102mn resulting from EBITDA), EUR 936mn in Q4/13 (thereof EUR 322mn resulting from EBITDA), EUR 15mn in Q1/14 (thereof EUR 15mn resulting from EBITDA), EUR 24mn in Q2/14 (thereof EUR 24mn resulting from EBITDA) and EUR 42mn in Q3/14 (thereof EUR 42mn resulting from EBITDA).

5 Excluding payments for spectrum licences: EUR 107mn in Q3/13 in Poland, EUR 10mn in Q3/13 in Macedonia, EUR 1mn in Q3/13 in Hungary, EUR 656mn in Q4/13 in Austria, EUR 114mn in Q4/13 in Hungary, EUR 15mn in Q4/13 in Croatia, EUR 3mn in Q4/13 in Romania, EUR 1mn in Q4/13 in Slovakia, EUR 95mn in Q1/14 in the Czech Republic, EUR 32mn in Q1/14 in Slovakia, EUR 3mn in Q1/14 in Greece, EUR 2mn in Q1/14 in Austria, EUR 31mn in Q2/14 in Slovakia, EUR 4mn in Q2/14 in Romania, EUR 1mn in Q2/14 in Poland, EUR 1mn in Q2/14 in Austria and EUR 89mn in Q3/14 in Poland.

The ICSS/GNF business of the local business units (LBUs), which had previously been organizationally assigned to the Systems Solutions operating segment, was brought together as of Jan. 1, 2014 and is now reported under the Europe operating segment.

In addition, as of Jan. 1, 2014, the local business customer units of T-Systems Czech Republic, which had previously been managed under the Systems Solutions operating segment, were merged with T-Mobile Czech Republic;

they are reported in the Europe operating segment. Comparative figures have been adjusted retrospectively.



## EUROPE

### EBITDA RECONCILIATION

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>TOTAL REVENUE</b>		<b>3.440</b>	<b>3.486</b>	<b>13.704</b>	<b>3.125</b>	<b>3.163</b>	<b>3.317</b>	<b>(3,6)</b>	<b>10.218</b>	<b>9.605</b>	<b>(6,0)</b>
<b>TOTAL REVENUE (ADJUSTED FOR SPECIAL FACTORS)</b>		<b>3.440</b>	<b>3.486</b>	<b>13.704</b>	<b>3.125</b>	<b>3.163</b>	<b>3.317</b>	<b>(3,6)</b>	<b>10.218</b>	<b>9.605</b>	<b>(6,0)</b>
Profit (loss) from operations = EBIT		620	(516)	972	401	416	497	(19,8)	1.488	1.314	(11,7)
- Depreciation, amortization and impairment losses		(651)	(1.361)	(3.399)	(611)	(658)	(645)	0,9	(2.038)	(1.914)	6,1
<b>= EBITDA</b>		<b>1.271</b>	<b>845</b>	<b>4.371</b>	<b>1.012</b>	<b>1.074</b>	<b>1.142</b>	<b>(10,1)</b>	<b>3.526</b>	<b>3.228</b>	<b>(8,5)</b>
EBITDA margin	%	36,9	24,2	31,9	32,4	34,0	34,4	(2,5p)	34,5	33,6	(0,9p)
- Special factors affecting EBITDA		102	(322)	(179)	(15)	(24)	(42)	n.a.	143	(81)	n.a.
<b>= EBITDA (ADJUSTED FOR SPECIAL FACTORS)</b>		<b>1.169</b>	<b>1.167</b>	<b>4.550</b>	<b>1.027</b>	<b>1.098</b>	<b>1.184</b>	<b>1,3</b>	<b>3.383</b>	<b>3.309</b>	<b>(2,2)</b>
EBITDA margin (adjusted for special factors)	%	34,0	33,5	33,2	32,9	34,7	35,7	1,7p	33,1	34,5	1,4p

### SPECIAL FACTORS

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>EFFECTS ON EBITDA</b>		<b>102</b>	<b>(322)</b>	<b>(179)</b>	<b>(15)</b>	<b>(24)</b>	<b>(42)</b>	<b>n.a.</b>	<b>143</b>	<b>(81)</b>	<b>n.a.</b>
- of which personnel		(24)	(275)	(327)	(15)	(14)	(28)	(16,7)	(52)	(57)	(9,6)
- of which other		126	(47)	148	0	(10)	(14)	n.a.	195	(24)	n.a.
<b>EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT</b>		<b>102</b>	<b>(936)</b>	<b>(793)</b>	<b>(15)</b>	<b>(24)</b>	<b>(42)</b>	<b>n.a.</b>	<b>143</b>	<b>(81)</b>	<b>n.a.</b>
- of which personnel		(24)	(275)	(327)	(15)	(14)	(28)	(16,7)	(52)	(57)	(9,6)
- of which other	1	126	(661)	(466)	0	(10)	(14)	n.a.	195	(24)	n.a.

1 Impairment: Austria EUR 541 mn in Q4/13 and Netherlands EUR 14mn in Q4/13.

The ICSS/GNF business of the local business units (LBUs), which had previously been organizationally assigned to the Systems Solutions operating segment, was brought together as of Jan. 1, 2014 and is now reported under the Europe operating segment. In addition, as of Jan. 1, 2014, the local business customer units of T-Systems Czech Republic, which had previously been managed under the Systems Solutions operating segment, were merged with T-Mobile Czech Republic; they are reported in the Europe operating segment. Comparative figures have been adjusted retrospectively.

# EUROPE

## CUSTOMER SUMMARY

	Note	Q3 2013 '000	Q4 2013 '000	Q1 2014 '000	Q2 2014 '000	Q3 2014 '000	Change %
<b>GREECE</b>							
- Fixed network Access Lines		2.794	2.746	2.702	2.675	2.645	(5,3)
- Broadband Access Lines		1.270	1.286	1.299	1.333	1.357	6,9
- Mobile Customers		7.550	7.477	7.416	7.398	7.336	(2,8)
<b>ROMANIA</b>							
- Fixed network Access Lines		2.385	2.369	2.341	2.308	2.272	(4,7)
- Broadband Access Lines		1.175	1.193	1.200	1.200	1.196	1,8
- Mobile Customers		6.125	6.153	6.080	6.046	5.945	(2,9)
<b>HUNGARY</b>							
- Fixed network Access Lines		1.597	1.596	1.595	1.611	1.611	0,9
- Broadband Access Lines		906	922	936	944	953	5,2
- Mobile Customers		4.853	4.887	4.878	4.898	4.933	1,6
<b>POLAND</b>							
- Mobile Customers		15.667	15.563	15.748	15.675	15.728	0,4
<b>CZECH REPUBLIC</b>							
- Fixed network Access Lines		127	129	130	130	132	3,9
- Broadband Access Lines		127	129	131	132	132	3,9
- Mobile Customers		5.733	5.831	5.912	5.946	5.993	4,5
<b>CROATIA</b>							
- Fixed network Access Lines		1.156	1.133	1.138	1.114	1.094	(5,4)
- Broadband Access Lines		667	670	678	680	683	2,4
- Mobile Customers		2.392	2.303	2.272	2.308	2.332	(2,5)
<b>NETHERLANDS</b>							
- Mobile Customers	1	4.534	4.441	4.343	4.277	3.964	(12,6)
<b>SLOVAKIA</b>							
- Fixed network Access Lines		919	922	914	908	898	(2,3)
- Broadband Access Lines		511	521	532	540	546	6,8
- Mobile Customers		2.263	2.262	2.257	2.237	2.228	(1,5)
<b>AUSTRIA</b>							
- Mobile Customers		4.044	4.091	4.105	4.118	4.022	(0,5)
<b>OTHER</b>							
- Fixed network Access Lines	2	385	390	396	425	421	9,4
- Broadband Access Lines	2	269	274	278	302	303	12,6
- Mobile Customers		3.663	3.671	3.604	3.582	3.604	(1,6)
<b>TOTAL</b>							
- Fixed network Access Lines	3	9.362	9.284	9.215	9.172	9.073	(3,1)
- IP	3	2.258	2.472	2.680	2.934	3.169	40,3
- Broadband Access Lines Retail	3	4.682	4.744	4.784	4.849	4.880	4,2
- Wholesale Bundled Access Lines		152	150	158	156	154	1,3
- Wholesale Unbundled Access Lines		91	101	113	127	136	49,5
- TV (IPTV, Sat, cable)	3,4	3.398	3.503	3.558	3.619	3.670	8,0
- Mobile Customers	1,5	56.825	56.679	56.615	56.485	56.087	(1,3)

1 Our subsidiary in the Netherlands sold its Simpel brand and the customer relationships maintained under the brand effective Aug. 1, 2014. This decreased our customer base by 226 thousand customers. Customer figures for prior periods have not been adjusted.

2 GTS Central Europe Group is part of the European Segment since May 30, 2014.

3 The customers of Euronet Communications have no longer been included in the Europe operating segment since Jan. 2, 2014. Historical customer figures have been adjusted accordingly to improve comparability.

4 Incl. DIGI Slovakia since Sept. 1, 2013.

5 The customers of our companies in Bulgaria have no longer been included in the Europe operating segment since Aug. 1, 2013 following the sale of the shares held in the companies. Historical customer figures have been adjusted accordingly to improve comparability.

# GREECE

## FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>TOTAL REVENUE</b>		<b>771</b>	<b>760</b>	<b>2.988</b>	<b>691</b>	<b>697</b>	<b>727</b>	<b>(5,7)</b>	<b>2.228</b>	<b>2.115</b>	<b>(5,1)</b>
- of which Fixed network		456	469	1.801	428	418	436	(4,4)	1.332	1.282	(3,8)
- of which Mobile communications		355	331	1.337	295	313	329	(7,3)	1.006	937	(6,9)
<b>EBITDA</b>	<b>1</b>	<b>301</b>	<b>300</b>	<b>1.165</b>	<b>260</b>	<b>282</b>	<b>303</b>	<b>0,7</b>	<b>865</b>	<b>845</b>	<b>(2,3)</b>
- of which Fixed network		144	166	602	149	154	157	9,0	436	460	5,5
- of which Mobile communications		142	115	512	106	116	134	(5,6)	397	356	(10,3)
<b>EBITDA MARGIN (EBITDA / TOTAL REVENUE)</b>	<b>%</b>	<b>39,0</b>	<b>39,5</b>	<b>39,0</b>	<b>37,6</b>	<b>40,5</b>	<b>41,7</b>	<b>2,7p</b>	<b>38,8</b>	<b>40,0</b>	<b>1,2p</b>
- of which Fixed network	<b>%</b>	31,6	35,4	33,4	34,8	36,8	36,0	4,4p	32,7	35,9	3,2p
- of which Mobile communications	<b>%</b>	40,0	34,7	38,3	35,9	37,1	40,7	0,7p	39,5	38,0	(1,5p)
<b>CASH CAPEX (AS REPORTED)</b>		<b>88</b>	<b>107</b>	<b>332</b>	<b>71</b>	<b>86</b>	<b>95</b>	<b>8,0</b>	<b>225</b>	<b>252</b>	<b>12,0</b>
- of which Fixed network		45	83	183	33	36	41	(8,9)	100	110	10,0
- of which Mobile communications		43	16	139	37	50	50	16,3	123	137	11,4
<b>CASH CONTRIBUTION</b>		<b>213</b>	<b>193</b>	<b>833</b>	<b>189</b>	<b>196</b>	<b>208</b>	<b>(2,3)</b>	<b>640</b>	<b>593</b>	<b>(7,3)</b>
- of which Fixed network		99	83	419	116	118	116	17,2	336	350	4,2
- of which Mobile communications		99	99	373	69	66	84	(15,2)	274	219	(20,1)

1 Special factors affecting EBITDA: EUR 5mn in Q3/13, EUR 267mn in Q4/13, EUR 1mn in Q1/14, EUR 15mn in Q2/14 and EUR 1mn in Q3/14.

# GREECE

## OPERATIONALS

	Note	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Q3 2014	Change %	Q1-Q3 2013	Q1-Q3 2014	Change %
<b>FIXED NETWORK (END OF PERIOD)</b>											
Fixed network Access Lines	('000)	2.794	2.746	2.746	2.702	2.675	2.645	(5,3)	2.794	2.645	(5,3)
- IP	('000)	7	9	9	10	12	13	85,7	7	13	85,7
Broadband Access Lines Retail	('000)	1.244	1.260	1.260	1.274	1.308	1.333	7,2	1.244	1.333	7,2
TV (IPTV, SAT, Cable)	('000)	218	256	256	278	296	321	47,2	218	321	47,2
Wholesale Bundled Access Lines	('000)	26	26	26	26	25	24	(7,7)	26	24	(7,7)
ULLs/Wholesale PSTN	('000)	1.902	1.944	1.944	1.979	2.002	2.016	6,0	1.902	2.016	6,0
Wholesale Unbundled Access Lines	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
<b>MOBILE COMMUNICATIONS (END OF PERIOD)</b>											
Service revenue	(€ million)	285	253	1.072	241	256	269	(5,6)	819	766	(6,5)
<b>CUSTOMERS</b>	('000)	<b>7.550</b>	<b>7.477</b>	<b>7.477</b>	<b>7.416</b>	<b>7.398</b>	<b>7.336</b>	<b>(2,8)</b>	<b>7.550</b>	<b>7.336</b>	<b>(2,8)</b>
- contract	('000)	2.262	2.249	2.249	2.224	2.224	2.222	(1,8)	2.262	2.222	(1,8)
- prepaid	('000)	5.288	5.228	5.228	5.192	5.174	5.114	(3,3)	5.288	5.114	(3,3)
<b>NET ADDS</b>	('000)	<b>(52)</b>	<b>(73)</b>	<b>(220)</b>	<b>(61)</b>	<b>(18)</b>	<b>(45)</b>	<b>13,5</b>	<b>(147)</b>	<b>(124)</b>	<b>15,6</b>
- contract	('000)	(21)	(13)	(53)	(25)	0	15	n.a.	(40)	(11)	72,5
- prepaid	('000)	(30)	(60)	(167)	(36)	(18)	(60)	(100,0)	(107)	(114)	(6,5)
<b>AVERAGE MONTHLY CHURN</b>	(%)	<b>2,0</b>	<b>1,7</b>	<b>1,7</b>	<b>1,4</b>	<b>1,6</b>	<b>1,9</b>	<b>(0,1p)</b>	<b>1,7</b>	<b>1,6</b>	<b>(0,1p)</b>
- contract	(%)	1,6	1,3	1,5	1,2	1,3	1,4	(0,2p)	1,5	1,3	(0,2p)
<b>SAC PER GROSS ADD</b>	(€)	<b>16</b>	<b>17</b>	<b>17</b>	<b>15</b>	<b>19</b>	<b>15</b>	<b>(6,3)</b>	<b>17</b>	<b>17</b>	<b>0,0</b>
- contract	(€)	69	66	67	62	77	64	(7,2)	68	68	0,0
- prepaid	(€)	1	1	1	1	1	1	0,0	2	1	(50,0)
<b>SRC PER RETAINED CUSTOMER</b>	(€)	<b>50</b>	<b>45</b>	<b>48</b>	<b>46</b>	<b>45</b>	<b>41</b>	<b>(18,0)</b>	<b>50</b>	<b>44</b>	<b>(12,0)</b>
<b>ARPU</b>	(€)	<b>12</b>	<b>11</b>	<b>12</b>	<b>11</b>	<b>12</b>	<b>12</b>	<b>0,0</b>	<b>12</b>	<b>11</b>	<b>(8,3)</b>
- contract	(€)	29	26	27	25	27	28	(3,4)	28	27	(3,6)
- prepaid	(€)	6	5	5	5	5	5	(16,7)	5	5	0,0
<b>NON-VOICE % OF ARPU</b>	(%)	<b>25</b>	<b>27</b>	<b>24</b>	<b>25</b>	<b>24</b>	<b>27</b>	<b>2p</b>	<b>23</b>	<b>25</b>	<b>2p</b>
<b>MOU PER CUSTOMER</b>	(min)	<b>297</b>	<b>296</b>	<b>291</b>	<b>281</b>	<b>302</b>	<b>309</b>	<b>4,0</b>	<b>289</b>	<b>298</b>	<b>3,1</b>
- contract	(min)	438	433	422	421	457	454	3,7	418	444	6,2

1 Contract Net Adds in Q3/14 adjusted due to product definition adaption.

# ROMANIA

## FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>TOTAL REVENUE</b>		<b>254</b>	<b>272</b>	<b>1.017</b>	<b>261</b>	<b>242</b>	<b>247</b>	<b>(2,8)</b>	<b>745</b>	<b>750</b>	<b>0,7</b>
- of which Fixed network		152	162	608	157	149	152	0,0	446	458	2,7
- of which Mobile communications		116	123	458	118	102	107	(7,8)	335	327	(2,4)
<b>EBITDA</b>	<b>1</b>	<b>69</b>	<b>86</b>	<b>283</b>	<b>66</b>	<b>70</b>	<b>60</b>	<b>(13,0)</b>	<b>197</b>	<b>196</b>	<b>(0,5)</b>
- of which Fixed network		35	52	162	39	44	35	0,0	110	118	7,3
- of which Mobile communications		32	35	121	26	26	26	(18,8)	86	78	(9,3)
<b>EBITDA MARGIN (EBITDA / TOTAL REVENUE)</b>	<b>%</b>	<b>27,2</b>	<b>31,6</b>	<b>27,8</b>	<b>25,3</b>	<b>28,9</b>	<b>24,3</b>	<b>(2,9p)</b>	<b>26,4</b>	<b>26,1</b>	<b>(0,3p)</b>
- of which Fixed network	<b>%</b>	23,0	32,1	26,6	24,8	29,5	23,0	n.a.	24,7	25,8	1,1p
- of which Mobile communications	<b>%</b>	27,6	28,5	26,4	22,0	25,5	24,3	(3,3p)	25,7	23,9	(1,8p)
<b>CASH CAPEX (AS REPORTED)</b>		<b>23</b>	<b>41</b>	<b>264</b>	<b>40</b>	<b>44</b>	<b>35</b>	<b>52,2</b>	<b>223</b>	<b>119</b>	<b>(46,6)</b>
- of which Fixed network		13	31	75	24	25	26	n.a.	44	75	70,5
- of which Mobile communications		10	10	189	16	19	9	(10,0)	179	44	(75,4)
<b>CASH CONTRIBUTION</b>		<b>46</b>	<b>45</b>	<b>19</b>	<b>26</b>	<b>26</b>	<b>25</b>	<b>(45,7)</b>	<b>(26)</b>	<b>77</b>	<b>n.a.</b>
- of which Fixed network		22	21	87	15	19	9	(59,1)	66	43	(34,8)
- of which Mobile communications		22	25	(68)	10	7	17	(22,7)	(93)	34	n.a.

1 Special factors affecting EBITDA: EUR 8mn in Q3/13, EUR 10mn in Q4/13, EUR 1mn in Q1/14, EUR 2mn in Q2/14 and EUR 2mn in Q3/14.

# ROMANIA

## OPERATIONALS

	Note	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Q3 2014	Change %	Q1-Q3 2013	Q1-Q3 2014	Change %
<b>FIXED NETWORK (END OF PERIOD)</b>											
Fixed network Access Lines	('000)	2.385	2.369	2.369	2.341	2.308	2.272	(4,7)	2.385	2.272	(4,7)
- IP	('000)	248	250	250	262	271	283	14,1	248	283	14,1
Broadband Access Lines Retail	('000)	1.175	1.193	1.193	1.200	1.200	1.196	1,8	1.175	1.196	1,8
TV (IPTV, SAT, Cable)	('000)	1.320	1.353	1.353	1.370	1.384	1.397	5,8	1.320	1.397	5,8
Wholesale Bundled Access Lines	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
ULLs/Wholesale PSTN	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
Wholesale Unbundled Access Lines	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
<b>MOBILE COMMUNICATIONS (END OF PERIOD)</b>											
Service revenue	(€ million)	98	97	378	95	79	83	(15,3)	281	257	(8,5)
<b>CUSTOMERS</b>	('000)	<b>6.125</b>	<b>6.153</b>	<b>6.153</b>	<b>6.080</b>	<b>6.046</b>	<b>5.945</b>	<b>(2,9)</b>	<b>6.125</b>	<b>5.945</b>	<b>(2,9)</b>
- contract	('000)	1.606	1.639	1.639	1.611	1.622	1.636	1,9	1.606	1.636	1,9
- prepaid	('000)	4.519	4.515	4.515	4.469	4.424	4.309	(4,6)	4.519	4.309	(4,6)
<b>NET ADDS</b>	('000)	<b>19</b>	<b>28</b>	<b>(215)</b>	<b>(73)</b>	<b>(35)</b>	<b>(100)</b>	<b>n.a.</b>	<b>(243)</b>	<b>(208)</b>	<b>14,4</b>
- contract	('000)	6	33	0	(27)	11	15	n.a.	(32)	(2)	93,8
- prepaid	('000)	14	(5)	(215)	(46)	(45)	(115)	n.a.	(211)	(206)	2,4
<b>AVERAGE MONTHLY CHURN</b>	(%)	<b>3,3</b>	<b>2,7</b>	<b>3,2</b>	<b>2,8</b>	<b>2,7</b>	<b>3,5</b>	<b>0,2p</b>	<b>3,3</b>	<b>3,0</b>	<b>(0,3p)</b>
- contract	(%)	1,1	1,2	1,4	1,1	1,3	1,4	0,3p	1,5	1,3	(0,2p)
<b>SAC PER GROSS ADD</b>	(€)	<b>7</b>	<b>9</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>7</b>	<b>0,0</b>	<b>10</b>	<b>9</b>	<b>(10,0)</b>
- contract	(€)	59	57	66	60	68	49	(16,9)	70	59	(15,7)
- prepaid	(€)	1	1	1	1	1	1	0,0	1	1	0,0
<b>SRC PER RETAINED CUSTOMER</b>	(€)	<b>22</b>	<b>15</b>	<b>21</b>	<b>8</b>	<b>11</b>	<b>9</b>	<b>(59,1)</b>	<b>24</b>	<b>9</b>	<b>(62,5)</b>
<b>ARPU</b>	(€)	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>0,0</b>	<b>5</b>	<b>5</b>	<b>0,0</b>
- contract	(€)	11	11	11	11	9	10	(9,1)	11	10	(9,1)
- prepaid	(€)	3	3	3	3	3	3	0,0	3	3	0,0
<b>NON-VOICE % OF ARPU</b>	(%)	<b>16</b>	<b>18</b>	<b>16</b>	<b>19</b>	<b>24</b>	<b>25</b>	<b>9p</b>	<b>15</b>	<b>22</b>	<b>7p</b>
<b>MOU PER CUSTOMER</b>	(min)	<b>278</b>	<b>287</b>	<b>279</b>	<b>294</b>	<b>301</b>	<b>298</b>	<b>7,2</b>	<b>276</b>	<b>298</b>	<b>8,0</b>
- contract	(min)	396	408	402	427	465	465	17,4	399	452	13,3

# HUNGARY

## FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>TOTAL REVENUE</b>		<b>377</b>	<b>407</b>	<b>1.563</b>	<b>366</b>	<b>362</b>	<b>370</b>	<b>(1,9)</b>	<b>1.156</b>	<b>1.098</b>	<b>(5,0)</b>
<b>PRODUCT VIEW</b>		<b>377</b>	<b>407</b>	<b>1.563</b>	<b>366</b>	<b>362</b>	<b>370</b>	<b>(1,9)</b>	<b>1.156</b>	<b>1.098</b>	<b>(5,0)</b>
- of which Fixed network	1	172	198	749	180	163	163	(5,2)	551	506	(8,2)
- of which Mobile communications		206	208	813	186	199	207	0,5	605	592	(2,1)
<b>SEGMENT VIEW</b>		<b>377</b>	<b>407</b>	<b>1.563</b>	<b>366</b>	<b>362</b>	<b>370</b>	<b>(1,9)</b>	<b>1.156</b>	<b>1.098</b>	<b>(5,0)</b>
- of which Consumer		234	239	930	215	226	232	(0,9)	691	673	(2,6)
- of which Business		67	69	273	64	66	66	(1,5)	204	196	(3,9)
<b>EBITDA</b>	2	<b>124</b>	<b>102</b>	<b>438</b>	<b>94</b>	<b>123</b>	<b>129</b>	<b>4,0</b>	<b>336</b>	<b>346</b>	<b>3,0</b>
<b>EBITDA MARGIN (EBITDA / TOTAL REVENUE)</b>	%	<b>32,9</b>	<b>25,1</b>	<b>28,0</b>	<b>25,7</b>	<b>34,0</b>	<b>34,9</b>	<b>2,0p</b>	<b>29,1</b>	<b>31,5</b>	<b>2,4p</b>
<b>CASH CAPEX (AS REPORTED)</b>		<b>72</b>	<b>170</b>	<b>342</b>	<b>64</b>	<b>43</b>	<b>44</b>	<b>(38,9)</b>	<b>172</b>	<b>151</b>	<b>(12,2)</b>
<b>CASH CONTRIBUTION</b>		<b>52</b>	<b>(68)</b>	<b>96</b>	<b>30</b>	<b>80</b>	<b>85</b>	<b>63,5</b>	<b>164</b>	<b>195</b>	<b>18,9</b>

1 Fixed Network include Total revenue of HU GHS.

2 Special factors affecting EBITDA: EUR 6mn in Q4/13, EUR 1mn in Q2/14 and EUR 12mn in Q3/14.

# HUNGARY

## OPERATIONALS

	Note	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Q3 2014	Change %	Q1-Q3 2013	Q1-Q3 2014	Change %
<b>FIXED NETWORK (END OF PERIOD)</b>											
Fixed network Access Lines	('000)	1.597	1.596	1.596	1.595	1.611	1.611	0,9	1.597	1.611	0,9
- IP	('000)	636	665	665	683	745	807	26,9	636	807	26,9
Broadband Access Lines Retail	('000)	832	851	851	867	877	887	6,6	832	887	6,6
TV (IPTV, SAT, Cable)	('000)	871	885	885	896	905	910	4,5	871	910	4,5
Wholesale Bundled Access Lines	('000)	49	46	46	43	41	40	(18,4)	49	40	(18,4)
ULLs/Wholesale PSTN	('000)	17	16	16	15	14	13	(23,5)	17	13	(23,5)
Wholesale Unbundled Access Lines	('000)	25	25	25	26	26	26	4,0	25	26	4,0
<b>MOBILE COMMUNICATIONS (END OF PERIOD)</b>											
Service revenue	(€ million)	170	168	663	157	167	170	0,0	495	494	(0,2)
<b>CUSTOMERS</b>	('000)	<b>4.853</b>	<b>4.887</b>	<b>4.887</b>	<b>4.878</b>	<b>4.898</b>	<b>4.933</b>	<b>1,6</b>	<b>4.853</b>	<b>4.933</b>	<b>1,6</b>
- contract	('000)	2.342	2.370	2.370	2.375	2.413	2.445	4,4	2.342	2.445	4,4
- prepaid	('000)	2.511	2.517	2.517	2.503	2.485	2.488	(0,9)	2.511	2.488	(0,9)
<b>NET ADDS</b>	('000)	<b>14</b>	<b>34</b>	<b>50</b>	<b>(9)</b>	<b>20</b>	<b>35</b>	<b>n.a.</b>	<b>16</b>	<b>46</b>	<b>n.a.</b>
- contract	('000)	21	28	83	5	38	32	52,4	55	75	36,4
- prepaid	('000)	(7)	6	(33)	(14)	(18)	4	n.a.	(39)	(29)	25,6
<b>AVERAGE MONTHLY CHURN</b>	(%)	<b>1,5</b>	<b>1,6</b>	<b>1,5</b>	<b>1,5</b>	<b>1,4</b>	<b>1,5</b>	<b>0,0p</b>	<b>1,5</b>	<b>1,5</b>	<b>0,0p</b>
- contract	(%)	1,1	0,9	1,1	1,1	0,9	0,9	(0,2p)	1,1	1,0	(0,1p)
<b>SAC PER GROSS ADD</b>	(€)	<b>22</b>	<b>26</b>	<b>22</b>	<b>18</b>	<b>16</b>	<b>16</b>	<b>(27,3)</b>	<b>20</b>	<b>17</b>	<b>(15,0)</b>
- contract	(€)	51	62	48	41	34	34	(33,3)	43	36	(16,3)
- prepaid	(€)	6	10	6	6	6	7	16,7	5	6	20,0
<b>SRC PER RETAINED CUSTOMER</b>	(€)	<b>45</b>	<b>65</b>	<b>50</b>	<b>45</b>	<b>42</b>	<b>42</b>	<b>(6,7)</b>	<b>44</b>	<b>43</b>	<b>(2,3)</b>
<b>ARPU</b>	(€)	<b>12</b>	<b>12</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>12</b>	<b>0,0</b>	<b>11</b>	<b>11</b>	<b>0,0</b>
- contract	(€)	19	19	19	18	19	19	0,0	19	19	0,0
- prepaid	(€)	5	5	5	4	4	4	(20,0)	5	4	(20,0)
<b>NON-VOICE % OF ARPU</b>	(%)	<b>25</b>	<b>26</b>	<b>25</b>	<b>26</b>	<b>26</b>	<b>26</b>	<b>1p</b>	<b>25</b>	<b>26</b>	<b>1p</b>
<b>MOU PER CUSTOMER</b>	(min)	<b>156</b>	<b>157</b>	<b>155</b>	<b>155</b>	<b>167</b>	<b>171</b>	<b>9,6</b>	<b>154</b>	<b>164</b>	<b>6,5</b>
- contract	(min)	260	262	259	263	283	287	10,4	259	278	7,3



# POLAND

## FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>TOTAL REVENUE</b>		<b>392</b>	<b>400</b>	<b>1.584</b>	<b>350</b>	<b>365</b>	<b>388</b>	<b>(1,0)</b>	<b>1.184</b>	<b>1.103</b>	<b>(6,8)</b>
- of which Consumer		242	235	968	215	220	227	(6,2)	733	662	(9,7)
- of which Business		130	136	543	122	123	130	0,0	407	375	(7,9)
<b>EBITDA</b>	<b>1</b>	<b>145</b>	<b>167</b>	<b>599</b>	<b>134</b>	<b>141</b>	<b>149</b>	<b>2,8</b>	<b>432</b>	<b>424</b>	<b>(1,9)</b>
EBITDA margin (EBITDA / total revenue)	%	37,0	41,8	37,8	38,3	38,6	38,4	1,4p	36,5	38,4	1,9p
<b>CASH CAPEX (AS REPORTED)</b>		<b>142</b>	<b>55</b>	<b>339</b>	<b>68</b>	<b>52</b>	<b>123</b>	<b>(13,4)</b>	<b>284</b>	<b>243</b>	<b>(14,4)</b>
<b>CASH CONTRIBUTION</b>		<b>3</b>	<b>112</b>	<b>260</b>	<b>66</b>	<b>89</b>	<b>26</b>	<b>n.a.</b>	<b>148</b>	<b>181</b>	<b>22,3</b>

## OPERATIONALS

	Note	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Q3 2014	Change %	Q1-Q3 2013	Q1-Q3 2014	Change %
<b>MOBILE COMMUNICATIONS (END OF PERIOD)</b>											
Service revenue	(€ million)	292	299	1.220	272	277	279	(4,5)	921	828	(10,1)
<b>CUSTOMERS</b>	('000)	<b>15.667</b>	<b>15.563</b>	<b>15.563</b>	<b>15.748</b>	<b>15.675</b>	<b>15.728</b>	<b>0,4</b>	<b>15.667</b>	<b>15.728</b>	<b>0,4</b>
- contract	('000)	7.062	7.049	7.049	6.989	6.930	6.891	(2,4)	7.062	6.891	(2,4)
- prepaid	('000)	8.605	8.514	8.514	8.759	8.745	8.837	2,7	8.605	8.837	2,7
<b>NET ADDS</b>	('000)	<b>(302)</b>	<b>(104)</b>	<b>(477)</b>	<b>185</b>	<b>(73)</b>	<b>53</b>	<b>n.a.</b>	<b>(373)</b>	<b>165</b>	<b>n.a.</b>
- contract	('000)	24	(13)	53	(60)	(60)	(38)	n.a.	66	(158)	n.a.
- prepaid	('000)	(326)	(91)	(530)	245	(13)	92	n.a.	(438)	323	n.a.
<b>AVERAGE MONTHLY CHURN</b>	(%)	<b>2,6</b>	<b>2,3</b>	<b>2,4</b>	<b>1,2</b>	<b>2,1</b>	<b>2,2</b>	<b>(0,4p)</b>	<b>2,4</b>	<b>1,8</b>	<b>(0,6p)</b>
- contract	(%)	1,1	1,1	1,1	1,1	1,0	1,0	(0,1p)	1,1	1,0	(0,1p)
<b>SAC PER GROSS ADD</b>	(€)	<b>20</b>	<b>12</b>	<b>18</b>	<b>18</b>	<b>7</b>	<b>9</b>	<b>(55,0)</b>	<b>19</b>	<b>11</b>	<b>(42,1)</b>
- contract	(€)	67	49	67	72	33	47	(29,9)	72	51	(29,2)
- prepaid	(€)	2	1	2	3	2	1	(50,0)	2	2	0,0
<b>SRC PER RETAINED CUSTOMER</b>	(€)	<b>21</b>	<b>11</b>	<b>24</b>	<b>18</b>	<b>26</b>	<b>20</b>	<b>(4,8)</b>	<b>28</b>	<b>21</b>	<b>(25,0)</b>
<b>ARPU</b>	(€)	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>0,0</b>	<b>6</b>	<b>6</b>	<b>0,0</b>
- contract	(€)	11	13	12	11	11	11	0,0	12	11	(8,3)
- prepaid	(€)	2	1	2	2	2	2	0,0	2	2	0,0
<b>NON-VOICE % OF ARPU</b>	(%)	<b>35</b>	<b>38</b>	<b>35</b>	<b>37</b>	<b>36</b>	<b>38</b>	<b>3p</b>	<b>34</b>	<b>37</b>	<b>3p</b>
<b>MOU PER CUSTOMER</b>	(min)	<b>128</b>	<b>131</b>	<b>127</b>	<b>131</b>	<b>138</b>	<b>142</b>	<b>10,9</b>	<b>125</b>	<b>137</b>	<b>9,6</b>
- contract	(min)	239	245	239	249	264	275	15,1	237	263	11,0

1 Special factors affecting EBITDA: EUR -7mn in Q3/13, EUR -3mn in Q4/13, EUR -1mn in Q1/14, EUR -3mn in Q2/14 and EUR -1mn in Q3/14.

# CZECH REPUBLIC

## FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>TOTAL REVENUE</b>		<b>242</b>	<b>244</b>	<b>973</b>	<b>214</b>	<b>217</b>	<b>211</b>	<b>(12,8)</b>	<b>729</b>	<b>642</b>	<b>(11,9)</b>
- of which Consumer		141	137	560	125	125	123	(12,8)	423	373	(11,8)
- of which Business		85	91	352	78	78	77	(9,4)	261	233	(10,7)
<b>EBITDA</b>	<b>1</b>	<b>102</b>	<b>103</b>	<b>425</b>	<b>92</b>	<b>91</b>	<b>93</b>	<b>(8,8)</b>	<b>322</b>	<b>276</b>	<b>(14,3)</b>
EBITDA margin (EBITDA / total revenue)	%	42,1	42,2	43,7	43,0	41,9	44,1	2,0p	44,2	43,0	(1,2p)
<b>CASH CAPEX (AS REPORTED)</b>		<b>23</b>	<b>31</b>	<b>120</b>	<b>133</b>	<b>14</b>	<b>18</b>	<b>(21,7)</b>	<b>89</b>	<b>165</b>	<b>85,4</b>
<b>CASH CONTRIBUTION</b>		<b>79</b>	<b>72</b>	<b>305</b>	<b>(41)</b>	<b>77</b>	<b>75</b>	<b>(5,1)</b>	<b>233</b>	<b>111</b>	<b>(52,4)</b>

## OPERATIONALS

	Note	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Q3 2014	Change %	Q1-Q3 2013	Q1-Q3 2014	Change %
<b>FIXED NETWORK (END OF PERIOD)</b>											
Fixed network Access Lines	('000)	127	129	129	130	130	132	3,9	127	132	3,9
- IP	('000)	124	126	126	126	127	129	4,0	124	129	4,0
Broadband Access Lines Retail	('000)	127	129	129	131	132	132	3,9	127	132	3,9
TV (IPTV, SAT, Cable)	('000)	28	31	31	27	28	29	3,6	28	29	3,6
Wholesale Bundled Access Lines	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
ULLs/Wholesale PSTN	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
Wholesale Unbundled Access Lines	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
<b>MOBILE COMMUNICATIONS (END OF PERIOD)</b>											
Service revenue	(€ million)	188	178	760	172	172	173	(8,0)	582	517	(11,2)
<b>CUSTOMERS</b>	('000)	<b>5.733</b>	<b>5.831</b>	<b>5.831</b>	<b>5.912</b>	<b>5.946</b>	<b>5.993</b>	<b>4,5</b>	<b>5.733</b>	<b>5.993</b>	<b>4,5</b>
- contract	('000)	3.248	3.289	3.289	3.393	3.437	3.475	7,0	3.248	3.475	7,0
- prepaid	('000)	2.474	2.502	2.502	2.520	2.509	2.518	1,8	2.474	2.518	1,8
<b>NET ADDS</b>	('000)	<b>66</b>	<b>98</b>	<b>333</b>	<b>81</b>	<b>34</b>	<b>47</b>	<b>(28,8)</b>	<b>235</b>	<b>162</b>	<b>(31,1)</b>
- contract	('000)	38	41	217	104	44	38	0,0	176	186	5,7
- prepaid	('000)	18	28	76	18	(10)	9	(50,0)	48	16	(66,7)
<b>AVERAGE MONTHLY CHURN</b>	(%)	<b>1,2</b>	<b>1,3</b>	<b>1,1</b>	<b>1,3</b>	<b>1,3</b>	<b>1,3</b>	<b>0,1p</b>	<b>1,1</b>	<b>1,3</b>	<b>0,2p</b>
- contract	(%)	0,4	0,5	0,4	0,5	0,4	0,5	0,1p	0,4	0,5	0,1p
<b>SAC PER GROSS ADD</b>	(€)	<b>24</b>	<b>20</b>	<b>25</b>	<b>19</b>	<b>20</b>	<b>20</b>	<b>(16,7)</b>	<b>27</b>	<b>20</b>	<b>(25,9)</b>
- contract	(€)	59	52	57	43	46	46	(22,0)	59	45	(23,7)
- prepaid	(€)	3	3	2	2	2	3	0,0	2	2	0,0
<b>SRC PER RETAINED CUSTOMER</b>	(€)	<b>9</b>	<b>10</b>	<b>13</b>	<b>11</b>	<b>9</b>	<b>8</b>	<b>(11,1)</b>	<b>14</b>	<b>9</b>	<b>(35,7)</b>
<b>ARPU</b>	(€)	<b>11</b>	<b>10</b>	<b>11</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>(9,1)</b>	<b>11</b>	<b>10</b>	<b>(9,1)</b>
- contract	(€)	16	15	16	14	14	14	(12,5)	17	14	(17,6)
- prepaid	(€)	5	4	5	4	4	4	(20,0)	5	4	(20,0)
<b>NON-VOICE % OF ARPU</b>	(%)	<b>36</b>	<b>37</b>	<b>34</b>	<b>37</b>	<b>37</b>	<b>39</b>	<b>3p</b>	<b>33</b>	<b>37</b>	<b>4p</b>
<b>MOU PER CUSTOMER</b>	(min)	<b>147</b>	<b>152</b>	<b>145</b>	<b>147</b>	<b>153</b>	<b>151</b>	<b>2,7</b>	<b>142</b>	<b>150</b>	<b>5,6</b>
- contract	(min)	224	233	221	226	233	232	3,6	217	230	6,0

1 Special factors affecting EBITDA: EUR 1 mn in Q3/13 and EUR 1 mn in Q3/14.

2 Until Q2/14 due to technical reasons one of our service providers is only available on total customer level.

As of Jan. 1, 2014, the local business customer units of T-Systems Czech Republic, which had previously been managed under the Systems Solutions operating segment, were merged with T-Mobile Czech Republic; they are reported in the Europe operating segment.

Comparative figures have been adjusted retrospectively.

# NETHERLANDS

## FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>TOTAL REVENUE</b>		<b>412</b>	<b>455</b>	<b>1.666</b>	<b>393</b>	<b>379</b>	<b>376</b>	<b>(8,7)</b>	<b>1.211</b>	<b>1.148</b>	<b>(5,2)</b>
- of which Consumer		317	348	1.277	302	288	280	(11,7)	929	870	(6,4)
- of which Business		71	84	300	72	67	66	(7,0)	216	205	(5,1)
<b>EBITDA</b>	<b>1</b>	<b>116</b>	<b>157</b>	<b>495</b>	<b>148</b>	<b>150</b>	<b>161</b>	<b>38,8</b>	<b>338</b>	<b>459</b>	<b>35,8</b>
EBITDA margin (EBITDA / total revenue)	%	28,2	34,5	29,7	37,7	39,6	42,8	14,6p	27,9	40,0	12,1p
<b>CASH CAPEX (AS REPORTED)</b>		<b>37</b>	<b>53</b>	<b>1.106</b>	<b>54</b>	<b>46</b>	<b>44</b>	<b>18,9</b>	<b>1.053</b>	<b>144</b>	<b>(86,3)</b>
<b>CASH CONTRIBUTION</b>		<b>79</b>	<b>104</b>	<b>(611)</b>	<b>94</b>	<b>104</b>	<b>117</b>	<b>48,1</b>	<b>(715)</b>	<b>315</b>	<b>n.a.</b>

## OPERATIONALS

	Note	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Q3 2014	Change %	Q1-Q3 2013	Q1-Q3 2014	Change %
<b>FIXED NETWORK (END OF PERIOD)</b>											
Fixed network Access Lines	('000)	270	264	264	0	0	0	(100,0)	270	0	(100,0)
- IP	('000)	261	256	256	0	0	0	(100,0)	261	0	(100,0)
Broadband Access Lines Retail	('000)	261	256	256	0	0	0	(100,0)	261	0	(100,0)
TV (IPTV, SAT, Cable)	('000) 2	55	59	59	0	0	0	(100,0)	55	0	(100,0)
Wholesale Bundled Access Lines	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
ULLs/Wholesale PSTN	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
Wholesale Unbundled Access Lines	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
<b>MOBILE COMMUNICATIONS (END OF PERIOD)</b>											
Service revenue	(€ million)	324	315	1.271	303	301	295	(9,0)	956	899	(6,0)
<b>CUSTOMERS</b>	('000)	<b>4.534</b>	<b>4.441</b>	<b>4.441</b>	<b>4.343</b>	<b>4.277</b>	<b>3.964</b>	<b>(12,6)</b>	<b>4.534</b>	<b>3.964</b>	<b>(12,6)</b>
- contract	('000) 3	3.142	3.129	3.129	3.105	3.102	2.867	(8,8)	3.142	2.867	(8,8)
- prepaid	('000)	1.392	1.312	1.312	1.237	1.176	1.096	(21,3)	1.392	1.096	(21,3)
<b>NET ADDS</b>	('000)	<b>(27)</b>	<b>(92)</b>	<b>(279)</b>	<b>(98)</b>	<b>(65)</b>	<b>(88)</b>	<b>n.a.</b>	<b>(187)</b>	<b>(251)</b>	<b>(34,2)</b>
- contract	('000) 4	57	(13)	77	(24)	(4)	(8)	n.a.	90	(35)	n.a.
- prepaid	('000)	(84)	(79)	(356)	(75)	(62)	(80)	4,8	(277)	(216)	22,0
<b>AVERAGE MONTHLY CHURN</b>	(%)	<b>2,6</b>	<b>2,5</b>	<b>2,7</b>	<b>2,4</b>	<b>2,0</b>	<b>2,1</b>	<b>(0,5p)</b>	<b>2,8</b>	<b>2,1</b>	<b>(0,7p)</b>
- contract	(%)	1,2	1,3	1,4	1,4	1,2	1,2	0,0p	1,4	1,3	(0,1p)
<b>SAC PER GROSS ADD</b>	(€)	<b>126</b>	<b>109</b>	<b>122</b>	<b>125</b>	<b>148</b>	<b>98</b>	<b>(22,2)</b>	<b>126</b>	<b>125</b>	<b>(0,8)</b>
- contract	(€)	216	198	221	210	231	154	(28,7)	227	200	(11,9)
- prepaid	(€)	21	23	22	23	19	15	(28,6)	21	20	(4,8)
<b>SRC PER RETAINED CUSTOMER</b>	(€)	<b>209</b>	<b>87</b>	<b>171</b>	<b>100</b>	<b>95</b>	<b>83</b>	<b>(60,3)</b>	<b>200</b>	<b>93</b>	<b>(53,5)</b>
<b>ARPU</b>	(€)	<b>24</b>	<b>23</b>	<b>23</b>	<b>23</b>	<b>23</b>	<b>24</b>	<b>0,0</b>	<b>23</b>	<b>23</b>	<b>0,0</b>
- contract	(€)	33	32	32	31	31	32	(3,0)	32	31	(3,1)
- prepaid	(€)	4	4	4	4	4	4	0,0	4	4	0,0
<b>NON-VOICE % OF ARPU</b>	(%)	<b>43</b>	<b>44</b>	<b>42</b>	<b>46</b>	<b>48</b>	<b>50</b>	<b>7p</b>	<b>42</b>	<b>48</b>	<b>6p</b>
<b>MOU PER CUSTOMER</b>	(min)	<b>129</b>	<b>135</b>	<b>132</b>	<b>134</b>	<b>140</b>	<b>142</b>	<b>10,1</b>	<b>130</b>	<b>139</b>	<b>6,9</b>
- contract	(min)	177	182	183	179	184	185	4,5	183	182	(0,5)

1 Special factors affecting EBITDA: EUR 4mn in Q4/13, EUR 3mn in Q1/14, EUR 1mn in Q2/14 and EUR 6mn in Q3/14.

2 DVB-T only.

3 Our subsidiary in the Netherlands sold its Simpel brand and the customer relationships maintained under the brand effective Aug. 1, 2014. This decreased our customer base by 226 thousand customers. Customer figures for prior periods have not been adjusted.

4 Our subsidiary in the Netherlands sold its Simpel brand and the customer relationships maintained under the brand effective Aug. 1, 2014. The effect of 226 thousand customers in Q3/14 was included in net additions to improve comparability.

Euronet Communications has no longer been included in the Europe operating segment since Jan. 2, 2014 due to the sale of the shares.

# CROATIA

## FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>TOTAL REVENUE</b>		<b>237</b>	<b>234</b>	<b>929</b>	<b>210</b>	<b>221</b>	<b>243</b>	<b>2,5</b>	<b>695</b>	<b>674</b>	<b>(3,0)</b>
<b>PRODUCT VIEW</b>		<b>237</b>	<b>234</b>	<b>929</b>	<b>210</b>	<b>221</b>	<b>243</b>	<b>2,5</b>	<b>695</b>	<b>674</b>	<b>(3,0)</b>
- of which Fixed network		137	145	555	127	130	141	2,9	410	398	(2,9)
- of which Mobile communications		100	90	375	83	91	102	2,0	285	276	(3,2)
<b>SEGMENT VIEW</b>		<b>237</b>	<b>234</b>	<b>929</b>	<b>210</b>	<b>221</b>	<b>243</b>	<b>2,5</b>	<b>695</b>	<b>674</b>	<b>(3,0)</b>
- of which Consumer		135	130	527	124	129	132	(2,2)	397	385	(3,0)
- of which Business		69	80	294	67	70	72	4,3	214	209	(2,3)
<b>EBITDA</b>	1	<b>105</b>	<b>112</b>	<b>404</b>	<b>82</b>	<b>86</b>	<b>101</b>	<b>(3,8)</b>	<b>292</b>	<b>269</b>	<b>(7,9)</b>
<b>EBITDA MARGIN (EBITDA / TOTAL REVENUE)</b>	%	<b>44,3</b>	<b>47,9</b>	<b>43,5</b>	<b>39,0</b>	<b>38,9</b>	<b>41,6</b>	<b>(2,7p)</b>	<b>42,0</b>	<b>39,9</b>	<b>(2,1p)</b>
<b>CASH CAPEX (AS REPORTED)</b>		<b>44</b>	<b>43</b>	<b>160</b>	<b>29</b>	<b>40</b>	<b>31</b>	<b>(29,5)</b>	<b>117</b>	<b>100</b>	<b>(14,5)</b>
<b>CASH CONTRIBUTION</b>		<b>61</b>	<b>69</b>	<b>244</b>	<b>53</b>	<b>46</b>	<b>70</b>	<b>14,8</b>	<b>175</b>	<b>169</b>	<b>(3,4)</b>

1 Special factors affecting EBITDA: EUR 1mn in Q3/13, EUR 7mn in Q1/14, EUR 5mn in Q2/14 and EUR 3mn in Q3/14.

# CROATIA

## OPERATIONALS

	Note	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Q3 2014	Change %	Q1-Q3 2013	Q1-Q3 2014	Change %
<b>FIXED NETWORK (END OF PERIOD)</b>											
Fixed network Access Lines	('000)	1.156	1.133	1.133	1.138	1.114	1.094	(5,4)	1.156	1.094	(5,4)
- IP	('000)	460	492	492	595	700	775	68,5	460	775	68,5
Broadband Access Lines Retail	('000)	631	628	628	624	621	617	(2,2)	631	617	(2,2)
TV (IPTV, SAT, Cable)	('000)	383	391	391	392	394	393	2,6	383	393	2,6
Wholesale Bundled Access Lines	('000)	32	36	36	44	45	46	43,8	32	46	43,8
ULLs/Wholesale PSTN	('000)	282	262	262	260	244	229	(18,8)	282	229	(18,8)
Wholesale Unbundled Access Lines	('000)	4	6	6	10	14	19	n.a.	4	19	n.a.
<b>MOBILE COMMUNICATIONS (END OF PERIOD)</b>											
Service revenue	(€ million)	88	76	327	70	76	88	0,0	251	234	(6,8)
<b>CUSTOMERS</b>	('000)	<b>2.392</b>	<b>2.303</b>	<b>2.303</b>	<b>2.272</b>	<b>2.308</b>	<b>2.332</b>	<b>(2,5)</b>	<b>2.392</b>	<b>2.332</b>	<b>(2,5)</b>
- contract	('000)	1.048	1.070	1.070	1.090	1.090	1.089	3,9	1.048	1.089	3,9
- prepaid	('000)	1.344	1.232	1.232	1.182	1.218	1.244	(7,4)	1.344	1.244	(7,4)
<b>NET ADDS</b>	('000)	<b>43</b>	<b>(90)</b>	<b>(23)</b>	<b>(31)</b>	<b>36</b>	<b>24</b>	<b>(44,2)</b>	<b>67</b>	<b>29</b>	<b>(56,7)</b>
- contract	('000)	25	22	59	20	0	(1)	n.a.	37	18	(51,4)
- prepaid	('000)	18	(112)	(82)	(50)	36	25	38,9	30	11	(63,3)
<b>AVERAGE MONTHLY CHURN</b>	(%)	<b>2,9</b>	<b>3,9</b>	<b>3,1</b>	<b>2,9</b>	<b>2,3</b>	<b>2,8</b>	<b>(0,1p)</b>	<b>2,8</b>	<b>2,6</b>	<b>(0,2p)</b>
- contract	(%)	1,0	1,0	1,1	1,1	1,1	1,4	0,4p	1,1	1,2	0,1p
<b>SAC PER GROSS ADD</b>	(€)	<b>12</b>	<b>15</b>	<b>14</b>	<b>18</b>	<b>19</b>	<b>15</b>	<b>25,0</b>	<b>13</b>	<b>17</b>	<b>30,8</b>
- contract	(€)	57	51	60	56	62	59	3,5	64	59	(7,8)
- prepaid	(€)	1	3	2	2	2	2	100,0	2	2	0,0
<b>SRC PER RETAINED CUSTOMER</b>	(€)	<b>59</b>	<b>49</b>	<b>63</b>	<b>66</b>	<b>47</b>	<b>54</b>	<b>(8,5)</b>	<b>67</b>	<b>55</b>	<b>(17,9)</b>
<b>ARPU</b>	(€)	<b>12</b>	<b>11</b>	<b>12</b>	<b>10</b>	<b>11</b>	<b>13</b>	<b>8,3</b>	<b>12</b>	<b>11</b>	<b>(8,3)</b>
- contract	(€)	19	16	18	15	16	19	0,0	19	17	(10,5)
- prepaid	(€)	7	6	7	6	6	7	0,0	7	6	(14,3)
<b>NON-VOICE % OF ARPU</b>	(%)	<b>40</b>	<b>40</b>	<b>38</b>	<b>43</b>	<b>41</b>	<b>41</b>	<b>1p</b>	<b>37</b>	<b>42</b>	<b>5p</b>
<b>MOU PER CUSTOMER</b>	(min)	<b>178</b>	<b>175</b>	<b>174</b>	<b>179</b>	<b>193</b>	<b>191</b>	<b>7,3</b>	<b>173</b>	<b>188</b>	<b>8,7</b>
- contract	(min)	253	247	247	242	261	261	3,2	247	255	3,2

# SLOVAKIA

## FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>TOTAL REVENUE</b>		<b>200</b>	<b>236</b>	<b>828</b>	<b>197</b>	<b>192</b>	<b>195</b>	<b>(2,5)</b>	<b>592</b>	<b>584</b>	<b>(1,4)</b>
<b>PRODUCT VIEW</b>		<b>200</b>	<b>236</b>	<b>828</b>	<b>197</b>	<b>192</b>	<b>195</b>	<b>(2,5)</b>	<b>592</b>	<b>584</b>	<b>(1,4)</b>
- of which Fixed network		98	129	413	103	100	101	3,1	284	304	7,0
- of which Mobile communications		101	107	414	94	92	94	(6,9)	307	280	(8,8)
<b>SEGMENT VIEW</b>		<b>200</b>	<b>236</b>	<b>828</b>	<b>197</b>	<b>192</b>	<b>195</b>	<b>(2,5)</b>	<b>592</b>	<b>584</b>	<b>(1,4)</b>
- of which Consumer		115	128	476	117	118	118	2,6	348	353	1,4
- of which Business		58	85	258	56	52	51	(12,1)	173	159	(8,1)
<b>EBITDA</b>	<b>1</b>	<b>87</b>	<b>88</b>	<b>337</b>	<b>78</b>	<b>76</b>	<b>80</b>	<b>(8,0)</b>	<b>249</b>	<b>234</b>	<b>(6,0)</b>
<b>EBITDA MARGIN (EBITDA / TOTAL REVENUE)</b>	<b>%</b>	<b>43,5</b>	<b>37,3</b>	<b>40,7</b>	<b>39,6</b>	<b>39,6</b>	<b>41,0</b>	<b>(2,5p)</b>	<b>42,1</b>	<b>40,1</b>	<b>(2,0p)</b>
<b>CASH CAPEX (AS REPORTED)</b>		<b>21</b>	<b>36</b>	<b>115</b>	<b>74</b>	<b>55</b>	<b>25</b>	<b>19,0</b>	<b>79</b>	<b>154</b>	<b>94,9</b>
<b>CASH CONTRIBUTION</b>		<b>66</b>	<b>52</b>	<b>222</b>	<b>4</b>	<b>21</b>	<b>55</b>	<b>(16,7)</b>	<b>170</b>	<b>80</b>	<b>(52,9)</b>

1 Special factors affecting EBITDA: EUR 1mn in Q3/13, EUR 29mn in Q4/13 and EUR 14mn in Q3/14.

# SLOVAKIA

## OPERATIONALS

	Note	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Q3 2014	Change %	Q1-Q3 2013	Q1-Q3 2014	Change %
<b>FIXED NETWORK (END OF PERIOD)</b>											
Fixed network Access Lines	('000)	919	922	922	914	908	898	(2,3)	919	898	(2,3)
- IP	('000)	541	647	647	707	769	841	55,5	541	841	55,5
Broadband Access Lines Retail	('000)	431	434	434	436	440	441	2,3	431	441	2,3
TV (IPTV, SAT, Cable)	('000) 1	438	440	440	444	455	461	5,3	438	461	5,3
Wholesale Bundled Access Lines	('000)	17	18	18	18	18	18	5,9	17	18	5,9
ULLs/Wholesale PSTN	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
Wholesale Unbundled Access Lines	('000)	62	70	70	78	82	86	38,7	62	86	38,7
<b>MOBILE COMMUNICATIONS (END OF PERIOD)</b>											
Service revenue	(€ million)	88	84	352	82	83	84	(4,5)	268	249	(7,1)
<b>CUSTOMERS</b>	('000)	<b>2.263</b>	<b>2.262</b>	<b>2.262</b>	<b>2.257</b>	<b>2.237</b>	<b>2.228</b>	<b>(1,5)</b>	<b>2.263</b>	<b>2.228</b>	<b>(1,5)</b>
- contract	('000)	1.454	1.455	1.455	1.450	1.436	1.433	(1,4)	1.454	1.433	(1,4)
- prepaid	('000)	809	808	808	808	801	796	(1,6)	809	796	(1,6)
<b>NET ADDS</b>	('000)	<b>(9)</b>	<b>(1)</b>	<b>(48)</b>	<b>(5)</b>	<b>(20)</b>	<b>(9)</b>	<b>0,0</b>	<b>(47)</b>	<b>(34)</b>	<b>27,7</b>
- contract	('000)	(2)	1	(8)	(5)	(14)	(4)	(100,0)	(9)	(22)	n.a.
- prepaid	('000)	(8)	(2)	(40)	0	(6)	(5)	37,5	(39)	(12)	69,2
<b>AVERAGE MONTHLY CHURN</b>	(%)	<b>1,2</b>	<b>1,3</b>	<b>1,3</b>	<b>1,3</b>	<b>1,3</b>	<b>1,2</b>	<b>0,0p</b>	<b>1,3</b>	<b>1,3</b>	<b>0,0p</b>
- contract	(%)	0,9	1,1	1,0	1,1	1,2	1,0	0,1p	1,0	1,1	0,1p
<b>SAC PER GROSS ADD</b>	(€)	<b>66</b>	<b>52</b>	<b>69</b>	<b>56</b>	<b>58</b>	<b>51</b>	<b>(22,7)</b>	<b>76</b>	<b>55</b>	<b>(27,6)</b>
- contract	(€)	120	92	122	93	98	90	(25,0)	133	94	(29,3)
- prepaid	(€)	5	5	4	5	5	3	(40,0)	4	4	0,0
<b>SRC PER RETAINED CUSTOMER</b>	(€)	<b>107</b>	<b>43</b>	<b>89</b>	<b>87</b>	<b>95</b>	<b>87</b>	<b>(18,7)</b>	<b>108</b>	<b>90</b>	<b>(16,7)</b>
<b>ARPU</b>	(€)	<b>13</b>	<b>12</b>	<b>13</b>	<b>12</b>	<b>12</b>	<b>13</b>	<b>0,0</b>	<b>13</b>	<b>12</b>	<b>(7,7)</b>
- contract	(€)	18	17	18	17	17	18	0,0	18	17	(5,6)
- prepaid	(€)	4	3	4	3	3	3	(25,0)	4	3	(25,0)
<b>NON-VOICE % OF ARPU</b>	(%)	<b>32</b>	<b>34</b>	<b>31</b>	<b>36</b>	<b>35</b>	<b>35</b>	<b>3p</b>	<b>31</b>	<b>35</b>	<b>4p</b>
<b>MOU PER CUSTOMER</b>	(min)	<b>140</b>	<b>147</b>	<b>141</b>	<b>148</b>	<b>156</b>	<b>156</b>	<b>11,4</b>	<b>140</b>	<b>153</b>	<b>9,3</b>
- contract	(min)	197	206	199	208	219	219	11,2	197	215	9,1

1 Incl. DIGI Slovakia since Sept. 1, 2013.

# AUSTRIA

## FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>TOTAL REVENUE</b>		<b>225</b>	<b>203</b>	<b>828</b>	<b>192</b>	<b>201</b>	<b>210</b>	<b>(6,7)</b>	<b>625</b>	<b>603</b>	<b>(3,5)</b>
- of which Consumer		172	157	618	146	155	161	(6,4)	461	462	0,2
- of which Business		41	36	149	36	37	39	(4,9)	113	112	(0,9)
<b>EBITDA</b>	<b>1</b>	<b>62</b>	<b>35</b>	<b>192</b>	<b>44</b>	<b>60</b>	<b>67</b>	<b>8,1</b>	<b>157</b>	<b>171</b>	<b>8,9</b>
EBITDA margin (EBITDA / total revenue)	%	27,6	17,2	23,2	22,9	29,9	31,9	4,3p	25,1	28,4	3,3p
<b>CASH CAPEX (AS REPORTED)</b>		<b>13</b>	<b>668</b>	<b>737</b>	<b>26</b>	<b>18</b>	<b>17</b>	<b>30,8</b>	<b>69</b>	<b>61</b>	<b>(11,6)</b>
<b>CASH CONTRIBUTION</b>		<b>49</b>	<b>(633)</b>	<b>(545)</b>	<b>18</b>	<b>42</b>	<b>50</b>	<b>2,0</b>	<b>88</b>	<b>110</b>	<b>25,0</b>

## OPERATIONALS

	Note	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Q3 2014	Change %	Q1-Q3 2013	Q1-Q3 2014	Change %
<b>MOBILE COMMUNICATIONS (END OF PERIOD)</b>											
Service revenue	(€ million)	204	173	726	168	172	179	(12,3)	553	519	(6,1)
<b>CUSTOMERS</b>	('000)	<b>4.044</b>	<b>4.091</b>	<b>4.091</b>	<b>4.105</b>	<b>4.118</b>	<b>4.022</b>	<b>(0,5)</b>	<b>4.044</b>	<b>4.022</b>	<b>(0,5)</b>
- contract	('000)	2.605	2.630	2.630	2.636	2.659	2.601	(0,2)	2.605	2.601	(0,2)
- prepaid	('000)	1.439	1.461	1.461	1.469	1.459	1.421	(1,3)	1.439	1.421	(1,3)
<b>NET ADDS</b>	('000)	<b>(28)</b>	<b>47</b>	<b>(14)</b>	<b>14</b>	<b>13</b>	<b>(96)</b>	<b>n.a.</b>	<b>(60)</b>	<b>(68)</b>	<b>(13,3)</b>
- contract	('000)	18	24	59	6	23	(58)	n.a.	34	(29)	n.a.
- prepaid	('000)	(46)	22	(72)	8	(9)	(38)	17,4	(94)	(40)	57,4
<b>AVERAGE MONTHLY CHURN</b>	(%)	<b>2,2</b>	<b>1,9</b>	<b>1,9</b>	<b>1,9</b>	<b>1,7</b>	<b>2,3</b>	<b>0,1p</b>	<b>1,9</b>	<b>2,0</b>	<b>0,1p</b>
- contract	(%)	0,7	0,7	0,8	0,8	0,6	1,4	0,7p	0,8	0,9	0,1p
<b>SAC PER GROSS ADD</b>	(€)	<b>69</b>	<b>65</b>	<b>69</b>	<b>54</b>	<b>51</b>	<b>53</b>	<b>(23,2)</b>	<b>71</b>	<b>53</b>	<b>(25,4)</b>
- contract	(€)	188	186	175	161	133	158	(16,0)	171	150	(12,3)
- prepaid	(€)	5	5	6	4	4	6	20,0	6	5	(16,7)
<b>SRC PER RETAINED CUSTOMER</b>	(€)	<b>116</b>	<b>99</b>	<b>115</b>	<b>85</b>	<b>84</b>	<b>96</b>	<b>(17,2)</b>	<b>121</b>	<b>88</b>	<b>(27,3)</b>
<b>ARPU</b>	(€)	<b>17</b>	<b>14</b>	<b>15</b>	<b>14</b>	<b>14</b>	<b>15</b>	<b>(11,8)</b>	<b>15</b>	<b>14</b>	<b>(6,7)</b>
- contract	(€)	24	20	21	19	20	21	(12,5)	22	20	(9,1)
- prepaid	(€)	4	4	4	3	4	4	0,0	4	4	0,0
<b>NON-VOICE % OF ARPU</b>	(%)	<b>40</b>	<b>45</b>	<b>44</b>	<b>42</b>	<b>42</b>	<b>43</b>	<b>3p</b>	<b>44</b>	<b>42</b>	<b>(2p)</b>
<b>MOU PER CUSTOMER</b>	(min)	<b>200</b>	<b>209</b>	<b>206</b>	<b>201</b>	<b>201</b>	<b>199</b>	<b>(0,5)</b>	<b>206</b>	<b>200</b>	<b>(2,9)</b>
- contract	(min)	272	285	285	275	276	272	0,0	285	275	(3,5)

1 Special factors affecting EBITDA: EUR 1 mn in Q1/14 and EUR 1 mn in Q2/14.



# BULGARIA

## FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>TOTAL REVENUE</b>		<b>30</b>	<b>0</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(100,0)</b>	<b>200</b>	<b>0</b>	<b>(100,0)</b>
- of which Consumer		24	0	154	0	0	0	(100,0)	154	0	(100,0)
- of which Business		6	0	38	0	0	0	(100,0)	38	0	(100,0)
<b>EBITDA</b>		<b>13</b>	<b>0</b>	<b>73</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(100,0)</b>	<b>73</b>	<b>0</b>	<b>(100,0)</b>
EBITDA margin (EBITDA / total revenue)	%	43,3	n.a.	36,5	n.a.	n.a.	n.a.	n.a.	36,5	n.a.	n.a.
<b>CASH CAPEX (AS REPORTED)</b>		<b>5</b>	<b>0</b>	<b>31</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(100,0)</b>	<b>31</b>	<b>0</b>	<b>(100,0)</b>
<b>CASH CONTRIBUTION</b>		<b>8</b>	<b>0</b>	<b>42</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(100,0)</b>	<b>42</b>	<b>0</b>	<b>(100,0)</b>

## OPERATIONALS

	Note	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Q3 2014	Change %	Q1-Q3 2013	Q1-Q3 2014	Change %
<b>MOBILE COMMUNICATIONS (END OF PERIOD)</b>											
Service revenue	(€ million)	25	0	166	0	0	0	(100,0)	166	0	(100,0)
<b>CUSTOMERS</b>	('000)	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>n.a.</b>	<b>0</b>	<b>0</b>	<b>n.a.</b>
- contract	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
- prepaid	('000)	0	0	0	0	0	0	n.a.	0	0	n.a.
<b>NET ADDS</b>	('000)	<b>27</b>	<b>0</b>	<b>143</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(100,0)</b>	<b>143</b>	<b>0</b>	<b>(100,0)</b>
- contract	('000)	20	0	126	0	0	0	(100,0)	126	0	(100,0)
- prepaid	('000)	7	0	17	0	0	0	(100,0)	17	0	(100,0)
<b>AVERAGE MONTHLY CHURN</b>	(%)	<b>2,2</b>	<b>0,0</b>	<b>2,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>(2,2p)</b>	<b>2,0</b>	<b>0,0</b>	<b>(2,0p)</b>
- contract	(%)	1,2	0,0	1,3	0,0	0,0	0,0	(1,2p)	1,3	0,0	(1,3p)
<b>SAC PER GROSS ADD</b>	(€)	<b>3</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(100,0)</b>	<b>5</b>	<b>0</b>	<b>(100,0)</b>
- contract	(€)	8	0	12	0	0	0	(100,0)	12	0	(100,0)
- prepaid	(€)	1	0	0	0	0	0	(100,0)	0	0	n.a.
<b>SRC PER RETAINED CUSTOMER</b>	(€)	<b>2</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(100,0)</b>	<b>6</b>	<b>0</b>	<b>(100,0)</b>
<b>ARPU</b>	(€)	<b>5</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(100,0)</b>	<b>5</b>	<b>0</b>	<b>(100,0)</b>
- contract	(€)	8	0	8	0	0	0	(100,0)	8	0	(100,0)
- prepaid	(€)	2	0	1	0	0	0	(100,0)	1	0	(100,0)
<b>NON-VOICE % OF ARPU</b>	(%)	<b>16</b>	<b>0</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(16p)</b>	<b>15</b>	<b>0</b>	<b>(15p)</b>
<b>MOU PER CUSTOMER</b>	(min)	<b>152</b>	<b>0</b>	<b>149</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(100,0)</b>	<b>149</b>	<b>0</b>	<b>(100,0)</b>
- contract	(min)	217	0	216	0	0	0	(100,0)	216	0	(100,0)

The national companies of Bulgaria have no longer been included in the Europe operating segment since Aug. 1, 2013 following the sale of the shares held in the companies.

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# SYSTEMS SOLUTIONS

## FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)<sup>1</sup>

		Q3	Q4	FY	Q1	Q2	Q3	Change	Q1-Q3	Q1-Q3	Change
	Note	2013	2013	2013	2014	2014	2014		2013	2014	
		millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	%	millions of €	millions of €	%
<b>TOTAL REVENUE</b>		<b>2.174</b>	<b>2.468</b>	<b>9.038</b>	<b>2.052</b>	<b>2.187</b>	<b>2.068</b>	<b>(4,9)</b>	<b>6.570</b>	<b>6.307</b>	<b>(4,0)</b>
Market Unit		1.761	1.902	7.244	1.679	1.674	1.678	(4,7)	5.342	5.031	(5,8)
Telekom IT		413	566	1.794	373	513	390	(5,6)	1.228	1.276	3,9
International revenue		619	664	2.582	587	578	585	(5,5)	1.918	1.750	(8,8)
<b>NET REVENUE</b>		<b>1.515</b>	<b>1.623</b>	<b>6.244</b>	<b>1.466</b>	<b>1.459</b>	<b>1.465</b>	<b>(3,3)</b>	<b>4.621</b>	<b>4.390</b>	<b>(5,0)</b>
<b>EBITDA</b>		<b>197</b>	<b>199</b>	<b>774</b>	<b>138</b>	<b>288</b>	<b>197</b>	<b>0,0</b>	<b>575</b>	<b>623</b>	<b>8,3</b>
Market Unit		173	188	648	100	105	165	(4,6)	460	370	(19,6)
Telekom IT		24	11	126	38	183	32	33,3	115	253	n.a.
EBITDA margin (EBITDA / total revenue)	%	9,1	8,1	8,6	6,7	13,2	9,5	0,4p	8,8	9,9	1,1p
Depreciation, amortization and impairment losses		(147)	(169)	(637)	(140)	(280)	(141)	4,1	(468)	(561)	(19,9)
Profit (loss) from operations = EBIT		50	30	137	(2)	8	56	12,0	107	62	(42,1)
<b>EBIT MARGIN</b>	%	<b>2,3</b>	<b>1,2</b>	<b>1,5</b>	<b>(0,1)</b>	<b>0,4</b>	<b>2,7</b>	<b>0,4p</b>	<b>1,6</b>	<b>1,0</b>	<b>(0,6p)</b>
<b>CASH CAPEX (AS REPORTED)</b>		<b>270</b>	<b>374</b>	<b>1.066</b>	<b>253</b>	<b>254</b>	<b>319</b>	<b>18,1</b>	<b>692</b>	<b>826</b>	<b>19,4</b>
<b>CASH CONTRIBUTION</b>		<b>(73)</b>	<b>(175)</b>	<b>(292)</b>	<b>(115)</b>	<b>34</b>	<b>(122)</b>	<b>(67,1)</b>	<b>(117)</b>	<b>(203)</b>	<b>(73,5)</b>
<b>ORDER ENTRY</b>		<b>1.708</b>	<b>2.230</b>	<b>7.792</b>	<b>1.414</b>	<b>1.311</b>	<b>2.351</b>	<b>37,6</b>	<b>5.562</b>	<b>5.076</b>	<b>(8,7)</b>

## FINANCIALS (AS REPORTED)<sup>1</sup>

		Q3	Q4	FY	Q1	Q2	Q3	Change	Q1-Q3	Q1-Q3	Change
	Note	2013	2013	2013	2014	2014	2014		2013	2014	
		millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	%	millions of €	millions of €	%
<b>TOTAL REVENUE</b>		<b>2.174</b>	<b>2.468</b>	<b>9.038</b>	<b>2.052</b>	<b>2.187</b>	<b>2.068</b>	<b>(4,9)</b>	<b>6.570</b>	<b>6.307</b>	<b>(4,0)</b>
<b>NET REVENUE</b>		<b>1.515</b>	<b>1.623</b>	<b>6.244</b>	<b>1.466</b>	<b>1.459</b>	<b>1.465</b>	<b>(3,3)</b>	<b>4.621</b>	<b>4.390</b>	<b>(5,0)</b>
<b>EBITDA</b>		<b>128</b>	<b>81</b>	<b>358</b>	<b>81</b>	<b>155</b>	<b>44</b>	<b>(65,6)</b>	<b>277</b>	<b>280</b>	<b>1,1</b>
EBITDA margin (EBITDA / total revenue)	%	5,9	3,3	4,0	3,9	7,1	2,1	(3,8p)	4,2	4,4	0,2p
Depreciation, amortization and impairment losses		(148)	(170)	(652)	(140)	(286)	(141)	4,7	(482)	(567)	(17,6)
Profit (loss) from operations = EBIT		(20)	(89)	(294)	(59)	(131)	(97)	n.a.	(205)	(287)	(40,0)
<b>CASH CAPEX</b>		<b>270</b>	<b>374</b>	<b>1.066</b>	<b>253</b>	<b>254</b>	<b>319</b>	<b>18,1</b>	<b>692</b>	<b>826</b>	<b>19,4</b>
<b>CASH CONTRIBUTION</b>		<b>(142)</b>	<b>(293)</b>	<b>(708)</b>	<b>(172)</b>	<b>(99)</b>	<b>(275)</b>	<b>(93,7)</b>	<b>(415)</b>	<b>(546)</b>	<b>(31,6)</b>

<sup>1</sup> Deconsolidation of T-Systems Italia S.p.A. as of May 1, 2013 and part of the French business as of June 1, 2013.

The ICSS/GNF business of the local business units (LBUs), which had previously been organizationally assigned to the Systems Solutions operating segment, was brought together as of Jan. 1, 2014 and is now reported under the Europe operating segment.

In addition, as of Jan. 1, 2014, the local business customer units of T-Systems Czech Republic, which had previously been managed under the Systems Solutions operating segment, were merged with T-Mobile Czech Republic; they are reported in the Europe operating segment. Comparative figures have been adjusted retrospectively.

# SYSTEMS SOLUTIONS

## EBITDA RECONCILIATION<sup>1</sup>

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>TOTAL REVENUE</b>		<b>2.174</b>	<b>2.468</b>	<b>9.038</b>	<b>2.052</b>	<b>2.187</b>	<b>2.068</b>	<b>(4,9)</b>	<b>6.570</b>	<b>6.307</b>	<b>(4,0)</b>
Profit (loss) from operations = EBIT		(20)	(89)	(294)	(59)	(131)	(97)	n.a.	(205)	(287)	(40,0)
- Depreciation, amortization and impairment losses		(148)	(170)	(652)	(140)	(286)	(141)	4,7	(482)	(567)	(17,6)
<b>= EBITDA</b>		<b>128</b>	<b>81</b>	<b>358</b>	<b>81</b>	<b>155</b>	<b>44</b>	<b>(65,6)</b>	<b>277</b>	<b>280</b>	<b>1,1</b>
EBITDA margin	%	5,9	3,3	4,0	3,9	7,1	2,1	(3,8p)	4,2	4,4	0,2p
- Special factors affecting EBITDA		(69)	(118)	(416)	(57)	(133)	(153)	n.a.	(298)	(343)	(15,1)
<b>= EBITDA (ADJUSTED FOR SPECIAL FACTORS)</b>		<b>197</b>	<b>199</b>	<b>774</b>	<b>138</b>	<b>288</b>	<b>197</b>	<b>n.a.</b>	<b>575</b>	<b>623</b>	<b>8,3</b>
EBITDA margin (adjusted for special factors)	%	9,1	8,1	8,6	6,7	13,2	9,5	0,4p	8,8	9,9	1,1p

## SPECIAL FACTORS

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>EFFECTS ON EBITDA</b>		<b>(69)</b>	<b>(118)</b>	<b>(416)</b>	<b>(57)</b>	<b>(133)</b>	<b>(153)</b>	<b>n.a.</b>	<b>(298)</b>	<b>(343)</b>	<b>(15,1)</b>
- of which personnel		(49)	(76)	(212)	(28)	(44)	(87)	(77,6)	(136)	(159)	(16,9)
- of which other		(20)	(42)	(204)	(29)	(89)	(66)	n.a.	(162)	(184)	(13,6)
<b>EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT</b>		<b>(70)</b>	<b>(119)</b>	<b>(431)</b>	<b>(57)</b>	<b>(139)</b>	<b>(153)</b>	<b>n.a.</b>	<b>(312)</b>	<b>(349)</b>	<b>(11,9)</b>
- of which personnel		(49)	(76)	(212)	(28)	(44)	(87)	(77,6)	(136)	(159)	(16,9)
- of which other		(21)	(43)	(219)	(29)	(95)	(66)	n.a.	(176)	(190)	(8,0)

<sup>1</sup> Deconsolidation of T-Systems Italia S.p.A. as of May 1, 2013 and part of the French business as of June 1, 2013.

The ICSS/GNF business of the local business units (LBUs), which had previously been organizationally assigned to the Systems Solutions operating segment, was brought together as of Jan. 1, 2014 and is now reported under the Europe operating segment.

In addition, as of Jan. 1, 2014, the local business customer units of T-Systems Czech Republic, which had previously been managed under the Systems Solutions operating segment, were merged with T-Mobile Czech Republic;

they are reported in the Europe operating segment. Comparative figures have been adjusted retrospectively.

# NOTES

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## GROUP HEADQUARTERS & GROUP SERVICES

### FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)<sup>1</sup>

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>TOTAL REVENUE</b>		<b>635</b>	<b>792</b>	<b>2.879</b>	<b>622</b>	<b>610</b>	<b>596</b>	<b>(6,1)</b>	<b>2.087</b>	<b>1.828</b>	<b>(12,4)</b>
of which: Digital Business Units		224	299	970	156	137	129	(42,4)	671	422	(37,1)
<b>NET REVENUE</b>		<b>260</b>	<b>324</b>	<b>1.106</b>	<b>191</b>	<b>174</b>	<b>162</b>	<b>(37,7)</b>	<b>782</b>	<b>527</b>	<b>(32,6)</b>
<b>EBITDA</b>		<b>(155)</b>	<b>(290)</b>	<b>(655)</b>	<b>(118)</b>	<b>(160)</b>	<b>(145)</b>	<b>6,5</b>	<b>(365)</b>	<b>(423)</b>	<b>(15,9)</b>
of which: Digital Business Units		44	22	121	1	(12)	(13)	n.a.	99	(24)	n.a.
EBITDA margin (EBITDA / total revenue)	%	(24,4)	(36,6)	(22,8)	(19,0)	(26,2)	(24,3)	0,1p	(17,5)	(23,1)	(5,6p)
Depreciation, amortization and impairment losses		(183)	(186)	(699)	(149)	(152)	(163)	10,9	(513)	(464)	9,6
Profit (loss) from operations = EBIT		(338)	(476)	(1.354)	(267)	(312)	(308)	8,9	(878)	(887)	(1,0)
<b>CASH CAPEX</b>		<b>97</b>	<b>143</b>	<b>411</b>	<b>65</b>	<b>81</b>	<b>94</b>	<b>(3,1)</b>	<b>268</b>	<b>240</b>	<b>(10,4)</b>
<b>CASH CONTRIBUTION</b>		<b>(252)</b>	<b>(433)</b>	<b>(1.066)</b>	<b>(183)</b>	<b>(241)</b>	<b>(239)</b>	<b>5,2</b>	<b>(633)</b>	<b>(663)</b>	<b>(4,7)</b>

### FINANCIALS (AS REPORTED)<sup>1</sup>

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>TOTAL REVENUE</b>		<b>635</b>	<b>792</b>	<b>2.879</b>	<b>622</b>	<b>610</b>	<b>596</b>	<b>(6,1)</b>	<b>2.087</b>	<b>1.828</b>	<b>(12,4)</b>
of which: Digital Business Units		224	299	970	156	137	129	(42,4)	671	422	(37,1)
<b>NET REVENUE</b>		<b>260</b>	<b>324</b>	<b>1.106</b>	<b>191</b>	<b>174</b>	<b>162</b>	<b>(37,7)</b>	<b>782</b>	<b>527</b>	<b>(32,6)</b>
<b>EBITDA</b>		<b>(210)</b>	<b>(392)</b>	<b>(883)</b>	<b>1.544</b>	<b>(304)</b>	<b>(284)</b>	<b>(35,2)</b>	<b>(491)</b>	<b>956</b>	<b>n.a.</b>
of which: Digital Business Units		41	15	94	1.709	(42)	(19)	n.a.	79	1.648	n.a.
EBITDA margin (EBITDA / total revenue)	%	(33,1)	(49,5)	(30,7)	n.a.	(49,8)	(47,7)	(14,6p)	(23,5)	52,3	75,8p
Depreciation, amortization and impairment losses		(183)	(186)	(699)	(149)	(152)	(163)	10,9	(513)	(464)	9,6
Profit (loss) from operations = EBIT		(393)	(578)	(1.582)	1.395	(456)	(447)	(13,7)	(1.004)	492	n.a.
<b>CASH CAPEX</b>		<b>97</b>	<b>143</b>	<b>411</b>	<b>65</b>	<b>81</b>	<b>94</b>	<b>(3,1)</b>	<b>268</b>	<b>240</b>	<b>(10,4)</b>
<b>CASH CONTRIBUTION</b>		<b>(307)</b>	<b>(535)</b>	<b>(1.294)</b>	<b>1.479</b>	<b>(385)</b>	<b>(378)</b>	<b>(23,1)</b>	<b>(759)</b>	<b>716</b>	<b>n.a.</b>

<sup>1</sup> The EE joint venture in the United Kingdom, which had previously been assigned to the Europe operating segment, was transferred to the Group Headquarters & Group Services segment as of Jan. 1, 2014.

The prior-year figures (Cashflow, Financial assets, Financial result) have been adjusted for better comparability.

Results impacted by deconsolidation of Scout24 as of Feb. 1, 2014. Please see tables of "Special Factors" and "Change in the composition of the group" for further details.



## GROUP HEADQUARTERS & GROUP SERVICES

### EBITDA RECONCILIATION<sup>1</sup>

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>TOTAL REVENUE</b>		<b>635</b>	<b>792</b>	<b>2.879</b>	<b>622</b>	<b>610</b>	<b>596</b>	<b>(6,1)</b>	<b>2.087</b>	<b>1.828</b>	<b>(12,4)</b>
Profit (loss) from operations = EBIT		(393)	(578)	(1.582)	1.395	(456)	(447)	(13,7)	(1.004)	492	n.a.
- Depreciation, amortization and impairment losses		(183)	(186)	(699)	(149)	(152)	(163)	10,9	(513)	(464)	9,6
<b>= EBITDA</b>		<b>(210)</b>	<b>(392)</b>	<b>(883)</b>	<b>1.544</b>	<b>(304)</b>	<b>(284)</b>	<b>(35,2)</b>	<b>(491)</b>	<b>956</b>	<b>n.a.</b>
EBITDA margin	%	(33,1)	(49,5)	(30,7)	n.a.	(49,8)	(47,7)	(14,6p)	(23,5)	52,3	75,8p
- Special factors affecting EBITDA		(55)	(102)	(228)	1.662	(144)	(139)	n.a.	(126)	1.379	n.a.
<b>= EBITDA (ADJUSTED FOR SPECIAL FACTORS)</b>		<b>(155)</b>	<b>(290)</b>	<b>(655)</b>	<b>(118)</b>	<b>(160)</b>	<b>(145)</b>	<b>6,5</b>	<b>(365)</b>	<b>(423)</b>	<b>(15,9)</b>
EBITDA margin (adjusted for special factors)	%	(24,4)	(36,6)	(22,8)	(19,0)	(26,2)	(24,3)	0,1p	(17,5)	(23,1)	(5,6p)

### SPECIAL FACTORS<sup>1</sup>

	Note	Q3 2013 millions of €	Q4 2013 millions of €	FY 2013 millions of €	Q1 2014 millions of €	Q2 2014 millions of €	Q3 2014 millions of €	Change %	Q1-Q3 2013 millions of €	Q1-Q3 2014 millions of €	Change %
<b>EFFECTS ON EBITDA</b>		<b>(55)</b>	<b>(102)</b>	<b>(228)</b>	<b>1.662</b>	<b>(144)</b>	<b>(139)</b>	<b>n.a.</b>	<b>(126)</b>	<b>1.379</b>	<b>n.a.</b>
- of which personnel		(53)	(98)	(226)	(14)	(33)	(49)	7,5	(128)	(96)	25,0
- of which other		(2)	(4)	(2)	1.676	(111)	(90)	n.a.	2	1.475	n.a.
<b>EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT</b>		<b>(55)</b>	<b>(102)</b>	<b>(228)</b>	<b>1.662</b>	<b>(144)</b>	<b>(139)</b>	<b>n.a.</b>	<b>(126)</b>	<b>1.379</b>	<b>n.a.</b>
- of which personnel		(53)	(98)	(226)	(14)	(33)	(49)	7,5	(128)	(96)	25,0
- of which other		(2)	(4)	(2)	1.676	(111)	(90)	n.a.	2	1.475	n.a.

<sup>1</sup> Results impacted by deconsolidation of Scout24 as of Feb. 1, 2014. Please see tables of "Special Factors" and "Change in the composition of the group" for further details.

# EE LIMITED (JOINT VENTURE DEUTSCHE TELEKOM - FRANCE TELECOM)

## FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)<sup>1,2</sup>

	Note	H1 2013	Q3 2013	Q4 2013	H2 2013	FY 2013	Q1 2014	Q2 2014	H1 2014	Q3 2014	Change % (YoY)
		millions of GBP	millions of GBP	millions of GBP	millions of GBP	millions of GBP	millions of GBP	millions of GBP	millions of GBP	millions of GBP	
<b>TOTAL REVENUE</b>		<b>3.211</b>	<b>1.631</b>	<b>1.639</b>	<b>3.270</b>	<b>6.482</b>	<b>1.548</b>	<b>1.566</b>	<b>3.114</b>	<b>1.591</b>	<b>(2,5)</b>
<b>EBITDA (AS REPORTED)</b>		<b>607</b>	<b>--</b>	<b>--</b>	<b>706</b>	<b>1.313</b>	<b>--</b>	<b>--</b>	<b>657</b>	<b>--</b>	<b>--</b>
EBITDA margin (EBITDA (as reported) / total revenue)	%	18,9	--	--	21,6	20,3	--	--	21,1	--	--
<b>RESTRUCTURING COST INCLUDED IN EBITDA</b>		<b>46</b>	<b>--</b>	<b>--</b>	<b>33</b>	<b>79</b>	<b>--</b>	<b>--</b>	<b>26</b>	<b>--</b>	<b>--</b>
<b>EBITDA (ADJUSTED FOR SPECIAL FACTORS)</b>		<b>746</b>	<b>--</b>	<b>--</b>	<b>828</b>	<b>1.574</b>	<b>--</b>	<b>--</b>	<b>760</b>	<b>--</b>	<b>--</b>
EBITDA margin (EBITDA / total revenue)	%	23,2	--	--	25,3	24,3	--	--	24,4	--	--
<b>CAPEX</b>		<b>317</b>	<b>--</b>	<b>--</b>	<b>266</b>	<b>583</b>	<b>--</b>	<b>--</b>	<b>268</b>	<b>--</b>	<b>--</b>

## OPERATIONAL<sup>1</sup>

	Note	H1 2013	Q3 2013	Q4 2013	H2 2013	FY 2013	Q1 2014	Q2 2014	H1 2014	Q3 2014	Change % (YoY)
		(GBP million)	(GBP million)	(GBP million)	(GBP million)	(GBP million)	(GBP million)	(GBP million)	(GBP million)	(GBP million)	
<b>SERVICE REVENUE</b>		<b>2.843</b>	<b>1.446</b>	<b>1.445</b>	<b>2.891</b>	<b>5.734</b>	<b>1.387</b>	<b>1.406</b>	<b>2.793</b>	<b>1.411</b>	<b>(2,4)</b>
<b>CUSTOMERS</b>		<b>25.996</b>	<b>25.842</b>	<b>25.503</b>	<b>25.503</b>	<b>25.503</b>	<b>25.325</b>	<b>25.317</b>	<b>25.317</b>	<b>25.285</b>	<b>(2,2)</b>
- contract		13.976	14.156	14.350	14.350	14.350	14.473	14.638	14.638	14.757	4,2
- prepaid		11.312	10.967	10.424	10.424	10.424	10.103	9.901	9.901	9.732	(11,3)
- home		709	718	730	730	730	749	778	778	795	10,7
<b>NET ADDS</b>		<b>(849)</b>	<b>(155)</b>	<b>(338)</b>	<b>(493)</b>	<b>(1.342)</b>	<b>(179)</b>	<b>(8)</b>	<b>(187)</b>	<b>(32)</b>	<b>79,4</b>
- contract		382	181	194	375	757	123	165	288	119	(34,3)
- prepaid		(1.242)	(345)	(543)	(888)	(2.130)	(321)	(202)	(523)	(168)	51,3
- home		11	9	11	20	31	19	29	48	18	n.a.
<b>AVERAGE MONTHLY CHURN</b>		<b>--</b>	<b>2,2</b>	<b>2,5</b>	<b>--</b>	<b>--</b>	<b>2,0</b>	<b>1,9</b>	<b>--</b>	<b>1,9</b>	<b>(0,3p)</b>
- contract		--	1,1	1,2	--	--	1,2	1,1	--	1,2	0,1p
<b>SAC PER GROSS ADD</b>		<b>--</b>	<b>59</b>	<b>61</b>	<b>--</b>	<b>--</b>	<b>60</b>	<b>68</b>	<b>--</b>	<b>66</b>	<b>11,9</b>
- contract		--	154	142	--	--	137	155	--	153	(0,6)
- prepaid		--	6	7	--	--	5	6	--	6	0,0
<b>SRC PER RETAINED CUSTOMER</b>		<b>--</b>	<b>190</b>	<b>155</b>	<b>--</b>	<b>--</b>	<b>184</b>	<b>193</b>	<b>--</b>	<b>163</b>	<b>(14,2)</b>
<b>ARPU</b>		<b>--</b>	<b>19</b>	<b>19</b>	<b>--</b>	<b>--</b>	<b>19</b>	<b>19</b>	<b>--</b>	<b>19</b>	<b>0,5</b>
- contract		--	30	30	--	--	29	29	--	29	(3,9)
- prepaid		--	5	5	--	--	4	4	--	4	(9,0)
<b>VOICE ARPU</b>		<b>--</b>	<b>9</b>	<b>8</b>	<b>--</b>	<b>--</b>	<b>8</b>	<b>8</b>	<b>--</b>	<b>8</b>	<b>(8,2)</b>
non-voice % of ARPU		--	55,5	56,1	--	--	58,4	58,9	--	59	3,5p
<b>MOU PER CUSTOMER</b>		<b>--</b>	<b>201</b>	<b>208</b>	<b>--</b>	<b>--</b>	<b>206</b>	<b>200</b>	<b>--</b>	<b>203</b>	<b>1,0</b>
- contract		--	325	332	--	--	325	311	--	313	(3,7)

1 Definitions of KPIs partially differ from those of the other European Entities.  
2 Adjusted EBITDA excluding restructuring costs, brand and management fees.  
3 ARPU %-changes based on exact numbers.

**NOTES**

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## GLOSSARY AND DISCLAIMER

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

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



## MEDIA INFORMATION

Bonn, November 6, 2014

### **Deutsche Telekom records successes worldwide in the third quarter**

- Net revenue of the Group up by 0.8 percent in the third quarter and, for the first time, more than 60 percent of revenue generated abroad
- Adjusted EBITDA down by 1.8 percent due to high market investments
- Capital expenditure up by more than 10 percent
- Guidance confirmed for the full year
- Telekom extends market leadership in service revenues in German mobile communications compared with the prior year
- Record branded postpaid customer growth at T-Mobile US
- Europe increases adjusted EBITDA by 35.7 percent

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All strategy-related trends are clearly on an upward trajectory. An excellent performance in the German mobile market, record customer additions in the United States, strong financial development in Europe and improvements in Systems Solutions – these are Deutsche Telekom's results for the third quarter. These trends gave rise to an increase in the Group's net revenue by 0.8 percent compared with the prior-year period to EUR 15.6 billion. For the first time in the history of Deutsche Telekom, more than 60 percent of revenue was generated abroad.

Higher market investments in Germany and the United States had a noticeable effect on adjusted EBITDA. Nevertheless, the decline remained slight, down just 1.8 percent to EUR 4.6 billion. A moderate decline of 1.8 percent was also recorded for the first nine months of the year.



"The challenges vary regionally, but we are clearly making progress everywhere," said Tim Höttges, CEO of Deutsche Telekom. "Whether in the United States, Europe, or our home market of Germany, it has been a very successful quarter for us."

The Group substantially increased its capital expenditure once again. In the third quarter, cash capex excluding expenses for mobile spectrum amounted to EUR 2.5 billion and thus was 10.3 percent higher than a year earlier. At EUR 800 million, adjusted net profit remained more or less stable in the third quarter, down 2.8 percent. Unadjusted, it decreased 13.9 percent, as the proceeds from the sale of the Bulgarian subsidiaries had been posted in the prior-year quarter.

Free cash flow decreased by 21.2 percent to EUR 1.1 billion in the third quarter. This is in line with the guidance, as is the cumulative figure for the first nine months of EUR 3.2 billion. Deutsche Telekom has confirmed its forecast for the full year in line with market expectations. Adjusted EBITDA is expected to amount to around EUR 17.6 billion. Free cash flow is expected to total some EUR 4.2 billion.

### **Germany – Mobile market leadership defended**

Telekom remains the clear leader in service revenues in the German mobile market, significantly extending its lead on the market number two. Mobile service revenues remained stable year-on-year in the third quarter, in a mobile market that is expected to have declined slightly. The mobile contract customer base increased significantly between July and September. Telekom won 432,000 mobile contract customers in the third quarter. At 235,000, net additions under the Telekom and Congstar brands were more than 40 percent up on the prior-year figure.



This success is also attributable to Telekom's multi-award winning network. Network coverage with the latest mobile standard LTE has now grown to 79 percent of the population. In the third quarter, Telekom sold almost 1.4 million smartphones in Germany – the second highest number of all time.

Demand for fiber-optic products VDSL and FTTH remains strong. In the third quarter, 225,000 new customers opted for a fiber-optic-based line, almost 90 percent more than in the prior year. Thus, the total number of fiber-optic-based lines climbed by almost 60 percent within one year to almost 2.2 million.

There was also an encouraging trend in the number of Entertain customers, which rose by 12.1 percent within a year to almost 2.4 million. In the broadband market, the decrease expected due to the large number of contracts expiring in the third quarter was much smaller than in the prior-year period, with a decline of 20,000 customers.

Revenue in the Germany operating segment only decreased slightly in the third quarter of 2014, as during the year so far, down 1.5 percent compared with the same period in the prior year, and amounted to EUR 5.6 billion. Adjusted EBITDA fell, as expected, due to a 2.1 percent increase in market investments to EUR 2.3 billion, resulting in an adjusted EBITDA margin of 41.6 percent. The reasons for the higher market investments were the successful launch of the MagentaEins, Magenta Mobil rate plans, and the launch of the iPhone 6.

### **United States – Customer forecast raised again**

In the third quarter, T-Mobile US achieved record customer growth and, thanks to its increased revenue, clearly set itself apart from the competition. 1.4 million branded postpaid customer additions – this has never been seen before within three months at T-Mobile US. The majority related to phone net adds. This growth was also the best achieved among the four national



competitors, as was the increase of 411,000 in the number of branded prepay customers in the third quarter. Overall, the number of T-Mobile US customers increased by 2.35 million to 52.9 million. Compared with the end of the first quarter of 2013 – the start of the Un-carrier strategy and before the business combination with MetroPCS – the customer base grew by around 19 million, or more than 55 percent – in just 18 months.

The key factors for this ongoing success were the Un-carrier strategy with its innovative and radically simplified rate plans, the modern handset portfolio including the new iPhone 6, and the outstanding network quality, with LTE network coverage that now includes 250 million people. The addition of another ten markets to the sales region for the MetroPCS brand in the third quarter of 2014 alone also made a contribution.

The expansion of the customer base has also given momentum to revenue development. In the three months of the year, total revenue increased by 8.7 percent to EUR 5.6 billion. Service revenues grew by 10.1 percent to EUR 4.2 billion. On a U.S. GAAP basis, T-Mobile US reported for the second time in a row the strongest growth in service revenues of the four mobile providers that operate nationwide in the United States.

Adjusted EBITDA declined slightly by 6.3 percent to EUR 1.0 billion. This was attributable to strong customer growth, as it entails higher customer acquisition expenses. T-Mobile US wants to maintain the momentum in customer acquisition again in the fourth quarter. For the third time this year, the company raised its expectation for growth in branded postpaid customers, bringing it up to 4.3 to 4.7 million in the full year, from the previous 3.0 to 3.5 million. In the first nine months of 2014, the growth in branded postpaid customers stood at 3.6 million, more than three times as much as in the prior year. Despite this strong customer growth, T-Mobile US confirms its forecast for adjusted EBITDA of between USD 5.6 and 5.8 billion on a U.S. GAAP basis, but now expects it to be at the lower end of this range.



## Europe – Positive trend in many countries

The key financial indicators of the European national companies are showing a strong development. Following substantial losses owing to the difficult environment, the Europe segment recorded a revenue decline of just 3.6 percent in the third quarter of 2014 to EUR 3.3 billion. This decrease is almost entirely attributable to regulatory decisions relating to mobile communications. At the same time, adjusted EBITDA increased by 1.3 percent to EUR 1.2 billion, primarily due to systematic cost management. As a result, the adjusted EBITDA margin climbed by 34.0 percent within a year to 35.7 percent.

The operational highlights of the quarter included the allocation of Romtelcom and Cosmote to the overall Telekom Romania brand and the launch of a completely new rate plan system in Austria. There were strong developments in the business customer segment (B2B/ICT) – above all in Greece and Slovakia. In Hungary, Magyar Telekom increased its mobile customer numbers and revenues. OTE continues to perform exceptionally well in the difficult Greek market.

The revenue transformation continues to advance in the Europe segment. In the quarter just ended, 26 percent of revenue came from growth areas, 4 percentage points more than a year earlier. Rapid progress is also being made in the modernization of the networks. In mobile communications, the number of LTE sites more than quadrupled to around 11,900 within a year. As of the end of the third quarter, 35 percent of all fixed-network lines were IP-based. This is 11 percentage points higher than in the prior year.



## **Systems Solutions – Strong order entry thanks to toll collection in Belgium**

Strong new business, moderate revenue declines, and a substantial increase in cloud revenue were key trends at T-Systems in the third quarter. Order entry in the Market Unit, which mainly comprises T-Systems' external business, increased by 37.6 percent year-on-year to EUR 2.4 billion. This is primarily due to the contract concluded at the end of July by the T-Systems subsidiary Satellic on the set-up of a toll collection system in Belgium. Thus, the company managed to close a major deal under the stricter profitability criteria introduced as part of the transformation program T-Systems 2015+.

In the third quarter, revenues of the Market Unit decreased by 4.7 percent to EUR 1.7 billion year-on-year. Ongoing price pressure in the industry had an adverse effect on revenue. In addition, this decline is due in part to the deliberate non-extension of contracts due to the higher profitability hurdles introduced as part of restructuring. At 3.3 percent, the adjusted EBIT margin of the Market Unit was 0.6 percentage points down year-on-year in the third quarter. However, this is a significant improvement compared with the first two quarters of this year and shows that the measures taken are having an impact.

The development in the growth area environment is particularly encouraging. Cloud revenues increased by almost 50 percent in the first nine months of the year compared to the prior-year period. The third quarter alone saw a year-on-year increase of 70 percent.

**The Deutsche Telekom Group at a glance:**

	Q3 2014 millions of €	Q3 2013 millions of € <sup>a</sup>	Change %	Q1-Q3 2014 millions of €	Q1-Q3 2013 millions of € <sup>a</sup>	Change %	FY 2013 millions of € <sup>a</sup>
Net revenue	15,648	15,525	0.8	45,656	44,467	2.7	60,132
Proportion generated internationally %	60.3	58.8	1.5p	59.5	57.3	2.2p	57.8
EBITDA	4,007	4,468	(10.3)	14,062	12,579	11.8	15,834
Adjusted EBITDA	4,575	4,659	(1.8)	13,125	13,364	(1.8)	17,424
Net profit	506	588	(13.9)	3,034	1,682	80.4	930
Adjusted net profit	800	823	(2.8)	2,023	2,400	(15.7)	2,755
Free cash flow <sup>a</sup>	1,125	1,427	(21.2)	3,157	3,574	(11.7)	4,606
Cash capex <sup>b</sup> (excl. spectrum)	2,493	2,260	10.3	6,755	6,415	5.3	8,861
Cash capex <sup>b</sup>	2,584	2,378	8.7	8,727	7,600	14.8	11,068
Net debt				41,809	39,726	5.2	39,093
Number of employees <sup>c</sup>				228,588	229,094	(0.2)	228,596

**Comments on the table:**

MetroPCS was included in Deutsche Telekom's consolidated financial statements for the first time as of May 1, 2013.

a Before dividend payments, investments in spectrum, and before effects in connection with the AT&T transaction and compensation payments for MetroPCS employees.

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

c At reporting date.



**Operating segments:**

	Q3 2014 millions of €	Q3 2013 millions of €	Change %	Q1-Q3 2014 millions of €	Q1-Q3 2013 millions of €	Change %	FY 2013 millions of €
<b>Germany</b>							
Total revenue	5,587	5,670	(1.5)	16,534	16,801	(1.6)	22,435
EBITDA	2,236	2,268	(1.4)	6,658	6,547	1.7	8,401
Adjusted EBITDA	2,324	2,375	(2.1)	6,810	6,909	(1.4)	8,936
Number of employees <sup>a</sup>				68,788	67,434	2.0	66,725
<b>United States<sup>b</sup></b>							
Total revenue	5,554	5,108	8.7	15,898	13,474	18.0	18,556
EBITDA	869	1,019	(14.7)	3,075	2,757	11.5	3,642
Adjusted EBITDA	1,014	1,082	(6.3)	2,941	2,900	1.4	3,874
<b>Europe<sup>c</sup></b>							
Total revenue	3,317	3,440	(3.6)	9,605	10,218	(6.0)	13,704
EBITDA	1,142	1,271	(10.1)	3,228	3,526	(8.5)	4,371
Adjusted EBITDA	1,184	1,169	1.3	3,309	3,383	(2.2)	4,550
<b>Systems Solutions</b>							
Order entry	2,351	1,708	37.6	5,076	5,562	(8.7)	7,792
Total revenue	2,068	2,174	(4.9)	6,307	6,570	(4.0)	9,038
Of which Market Unit	1,678	1,761	(4.7)	5,031	5,342	(5.8)	7,244
Adjusted EBIT margin (%)	2.7	2.3	0.4p	1.0	1.6	(0.6p)	1.5
Adj. EBIT margin, Market Unit (%)	3.3	3.9	(0.6p)	0.9	2.3	(1.4p)	2.8
EBITDA	44	128	(65.6)	280	277	1.1	358
Adjusted EBITDA	197	197	0.0	623	575	8.3	774

**Comments on the table:**

ICSS/GNF business at the local business units (LBUs), which had previously been organizationally assigned to the Systems Solutions operating segment, was brought together as of January 1, 2014, and is now reported under the Europe operating segment. Furthermore, as of January 1, 2014, the local business customer units of T-Systems Czech Republic, which had previously been managed under the Systems Solutions operating segment, were merged with T-Mobile Czech Republic; they are reported in the Europe operating segment. Comparative figures have been adjusted retrospectively.

a At reporting date.

b First-time inclusion of MetroPCS as of May 1, 2013.

c First-time inclusion of the GTS Central Europe group since May 30, 2014.



## Development of customer numbers

### Operating segments: Development of customer numbers in the third quarter of 2014

	Sept. 30, 2014 thousands	June 30, 2014 thousands	Change thousands	Change %
<b>Germany</b>				
Mobile customers	39,653	39,337	316	0.8
Of which contract customers	22,812	22,379	433	1.9
Fixed-network lines	20,841	21,034	(193)	(0.9)
Of which IP-based	3,744	3,167	577	18.2
Broadband lines	12,340	12,361	(21)	(0.2)
Of which optical fiber <sup>a</sup>	1,608	1,494	114	7.6
TV (IPTV, satellite)	2,377	2,318	59	2.5
Unbundled local loop lines (ULLs)	8,954	9,101	(147)	(1.6)
<b>United States</b>				
Mobile customers	52,890	50,545	2,345	4.6
Of which branded postpaid customers	25,909	24,530	1,379	5.6
Of which branded prepay customers	16,050	15,639	411	2.6
<b>Europe<sup>b</sup></b>				
Mobile customers	56,087	56,485	(398)	(0.7)
Of which contract customers	25,323	25,569	(246)	(1.0)
Fixed-network lines	9,073	9,172	(99)	(1.1)
Of which IP-based	3,169	2,934	235	8.0
Retail broadband lines	4,880	4,849	31	0.6
Television (IPTV, satellite, cable)	3,670	3,619	51	1.4

**Comments on the table:**

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

b The fixed-network customers of our subsidiary Euronet Communications in the Netherlands have no longer been included in the Europe operating segment since January 2, 2014, following the sale of the shares held in the company. They have been eliminated from all historical customer figures to improve comparability.



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

	Sept. 30, 2014 thousands	Sept. 30, 2013 thousands	Change thousands	Change %
<b>Germany</b>				
Mobile customers	39,653	37,936	1,717	4.5
Of which contract customers	22,812	20,915	1,897	9.1
Fixed-network lines	20,841	21,625	(784)	(3.6)
Of which IP-based	3,744	1,774	1,970	n.a.
Broadband lines	12,340	12,383	(43)	(0.3)
Of which optical fiber <sup>a</sup>	1,608	1,165	443	38.0
TV (IPTV, satellite)	2,377	2,121	256	12.1
Unbundled local loop lines (ULLs)	8,954	9,299	(345)	(3.7)
<b>United States</b>				
Mobile customers	52,890	45,039	7,851	17.4
Of which branded postpaid customers	25,909	21,430	4,479	20.9
Of which branded prepay customers	16,050	14,960	1,090	7.3
<b>Europe<sup>b</sup></b>				
Mobile customers	56,087	56,825	(738)	(1.3)
Of which contract customers	25,323	25,385	(62)	(0.2)
Fixed-network lines	9,073	9,362	(289)	(3.1)
Of which IP-based	3,169	2,258	911	40.3
Retail broadband lines	4,880	4,682	198	4.2
Television (IPTV, satellite, cable)	3,670	3,398	272	8.0

**Comments on the table:**

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

b The fixed-network customers of our subsidiary Euronet Communications in the Netherlands have no longer been included in the Europe operating segment since January 2, 2014, following the sale of the shares held in the company. They have been eliminated from all historical customer figures to improve comparability.

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