DEUTSCHE TELEKOM
INTERIM GROUP REPORT
JANUARY 1 TO SEPTEMBER 30, 2017

LIFE IS FOR SHARING.

SELECTED FINANCIAL DATA OF THE GROUP

millions of €

		Q3 2017	Q3 2016	Change %	Q1–Q3 2017	Q1–Q3 2016	Change %	FY 2016
REVENUE AND EARNINGS								
Net revenue		18,251	18,105	0.8 %	55,787	53,552	4.2 %	73,095
Of which: domestic	%	33.6	34.2		32.7	34.2		33.7
Of which: international	%	66.4	65.8		67.3	65.8		66.3
Profit from operations (EBIT)		3,098	2,156	43.7 %	8,699	8,227	5.7 %	9,164
Net profit (loss)		507	1,053	(51.9) %	2,129	4,799	(55.6) %	2,675
Net profit (loss) (adjusted for special factors)		1,244	1,040	19.6 %	3,382	3,141	7.7 %	4,114
EBITDA		7,318	5,334	37.2 %	19,267	17,698	8.9 %	22,544
EBITDA (adjusted for special factors)		5,720	5,535	3.3 %	17,215	16,155	6.6 %	21,420
EBITDA margin (adjusted for special factors)	%	31.3	30.6		30.9	30.2		29.3
Earnings per share basic/diluted	€	0.11	0.23	(52.2) %	0.45	1.04	(56.7) %	0.58
STATEMENT OF FINANCIAL POSITION								
Total assets					139,841	143,117	(2.3) %	148,485
Shareholders' equity					39,055	37,621	3.8 %	38,845
Equity ratio	%				27.9	26.3		26.2
Net debt					52,635	48,484	8.6 %	49,959
CASH FLOWS								
Net cash from operating activities		4,808	4,557	5.5 %	13,367	11,984	11.5 %	15,533
Cash capex		(3,021)	(3,885)	22.2 %	(16,541)	(10,484)	(57.8) %	(13,640)
Free cash flow (before dividend payments and spectrum investment)		1,873	1,904	(1.6) %	4,403	4,046	8.8 %	4,939
Net cash used in investing activities		(3,056)	(4,364)	30.0 %	(13,759)	(10,331)	(33.2) %	(13,608)
Net cash (used in) from financing activities		(1,312)	136	n. a.	(4,282)	(976)	n. a.	(1,322)

NUMBER OF FIXED-NETWORK AND MOBILE CUSTOMERS

millions

	Sept. 30, 2017	Dec. 31, 2016	Change Sept. 30, 2017/ Dec. 31, 2016 %	Sept. 30, 2016	Change Sept. 30, 2017/ Sept. 30, 2016 %
Mobile customers	165.3	165.0	0.2 %	163.0	1.4 %
Fixed-network lines	28.0	28.5	(1.8) %	28.5	(1.8) %
Broadband lines [a]	18.9	18.5	2.2 %	18.2	3.8 %

[a] Excluding wholesale.

The key parameters used by Deutsche Telekom are defined in the section “Management of the Group” of the 2016 Annual Report, page 31 et seq.
The figures shown in this report were rounded in accordance with standard business rounding principles. As a result, the total indicated may not be equal to the precise sum of the individual figures.

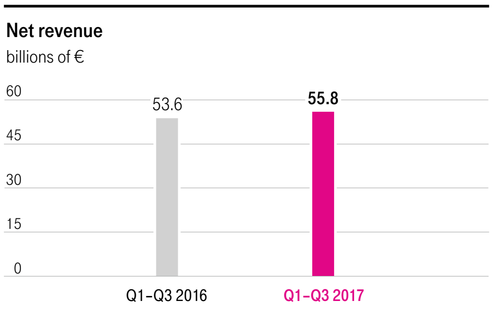
CONTENTS

TO OUR SHAREHOLDERS

DEUTSCHE TELEKOM AT A GLANCE

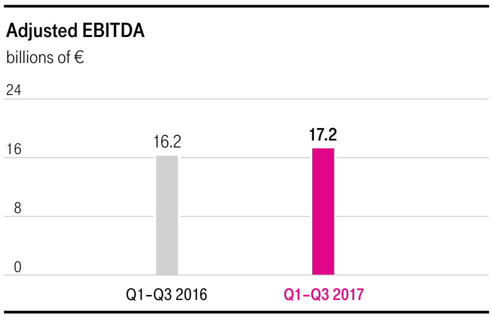
NET REVENUE

- Growth trend continued: Net revenue grew by EUR 2.2 billion to EUR 55.8 billion – increase of 4.2 percent.
- Our United States operating segment remained the Group's growth driver with revenue increasing by 9.8 percent.
- In our Europe and Germany operating segments revenue also increased slightly by 1.5 percent and 0.3 percent respectively. Our Systems Solutions operating segment recorded a decline of 2.9 percent.
- On a comparable basis, i.e., excluding exchange rate effects and effects from changes in the composition of the Group, net revenue increased by 3.9 percent.



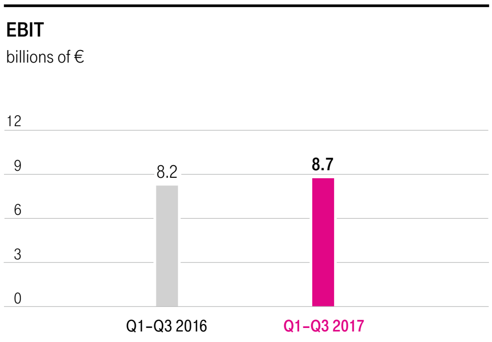
ADJUSTED EBITDA

- Adjusted EBITDA grew by 6.6 percent to EUR 17.2 billion.
- Due to the ongoing success of T-Mobile US, we generated an increase in adjusted EBITDA of 17.3 percent in the United States operating segment.
- Adjusted EBITDA in our Germany operating segment grew slightly, whereas our Systems Solutions and Europe operating segments recorded a decline.
- At 30.9 percent, the Group's adjusted EBITDA margin increased slightly against the prior-year level of 30.2 percent. The EBITDA margin was 39.1 percent in Germany, 33.1 percent in Europe, and 27.4 percent in the United States.



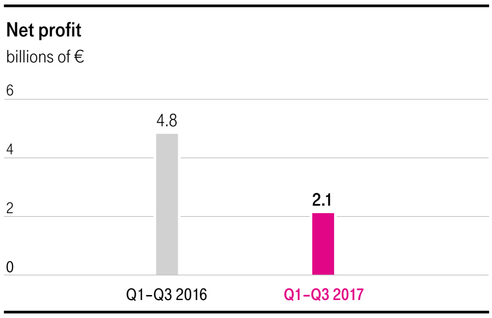
EBIT

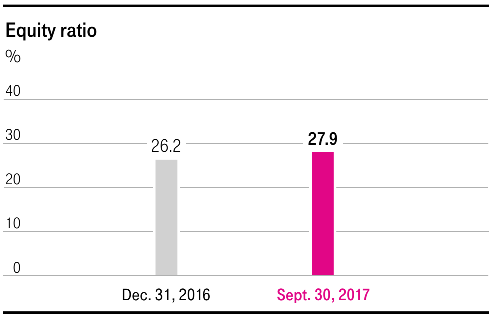
- EBIT increased by EUR 0.5 billion to EUR 8.7 billion.
- EBITDA included positive net special factors of EUR 2.1 billion, mainly attributable to the reversal of impairment losses previously recognized for spectrum licenses at T-Mobile US (EUR 1.7 billion), to the sale of Strato (EUR 0.5 billion) and of further shares in Scout24 AG (EUR 0.2 billion), and to a settlement agreement concluded with BT (EUR 0.2 billion). The prior year had profited from generally higher net positive special factors in the amount of EUR 1.5 billion, primarily from the sale of our stake in the EE joint venture (EUR 2.5 billion) and from transactions for the exchange of spectrum licenses in the United States (EUR 0.5 billion). Special factors in connection with staff-related measures were down EUR 0.8 billion compared with the prior-year period.
- At EUR 10.6 billion, depreciation, amortization and impairment losses were up EUR 1.1 billion year-on-year, primarily due to the impairment of goodwill in our Systems Solutions operating segment, which was recognized as a special factor (EUR 1.2 billion). Viewed alone, depreciation and amortization decreased only slightly.



NET PROFIT

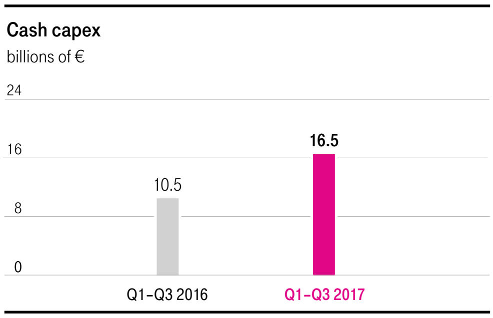
- Net profit decreased by EUR 2.7 billion to EUR 2.1 billion.
- Loss from financial activities increased by EUR 2.2 billion, mainly in connection with the EUR 1.3 billion impairment of our financial stake in BT recognized in profit and loss, as well as negative remeasurement effects from the exercise and subsequent measurement of embedded derivatives in T-Mobile US bonds.
- The tax expense of EUR 1.9 billion was EUR 0.5 billion higher than in the prior-year period.
- Profit attributable to non-controlling interests increased by EUR 0.5 billion.





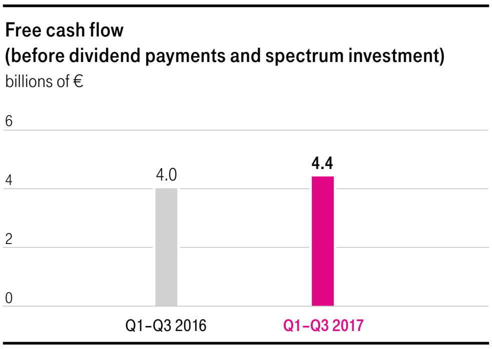
EQUITY RATIO

- The equity ratio increased by 1.7 percentage points to 27.9 percent.
- Total assets decreased by EUR 8.6 billion compared with the end of 2016, largely due to exchange rate effects (primarily from the translation of U.S. dollars into euros) as well as the repayment of financial liabilities and trade payables.
- Shareholders' equity grew only slightly from EUR 38.8 billion at December 31, 2016 to EUR 39.1 billion. Profit after taxes of EUR 3.1 billion had an increasing effect. Shareholders' equity was reduced by dividend payments to Deutsche Telekom's shareholders for the 2016 financial year (EUR 2.8 billion). The capital increase of EUR 1.4 billion carried out to grant our shareholders the option of converting their dividend entitlements into shares increased equity. Currency translation effects (EUR 2.0 billion) recognized directly in equity also had a reducing effect.



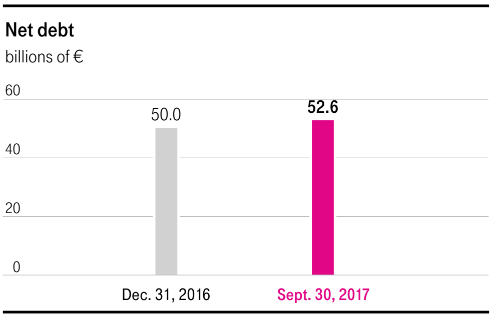
CASH CAPEX

- Cash capex (including spectrum investment) increased from EUR 10.5 billion to EUR 16.5 billion.
- In the reporting period, mobile spectrum licenses were acquired for a total of EUR 7.3 billion in the United States operating segment. Of this, EUR 7.2 billion was attributable to the spectrum auction that ended in April 2017. In the prior-year period, mobile spectrum licenses were acquired for a total of EUR 2.2 billion, primarily in the United States and Europe operating segments.
- Excluding the effects of spectrum acquisitions, cash capex increased by EUR 1.0 billion, primarily in the United States and Germany operating segments. In both cases, this was due to investments we have made in the build-out and modernization of our networks.



FREE CASH FLOW (BEFORE DIVIDEND PAYMENTS AND SPECTRUM INVESTMENT)

- Free cash flow was up by EUR 0.4 billion to EUR 4.4 billion.
- The year-on-year increase of EUR 1.4 billion in net cash from operating activities, which profited mainly from the positive business development of the United States operating segment, had an increasing effect.
- The year-on-year increase of EUR 1.0 billion in cash capex (before spectrum investment) reduced free cash flow.



NET DEBT

- Net debt increased from EUR 50.0 billion at the end of 2016 to EUR 52.6 billion.
- The increase was attributable to spectrum acquisition (EUR 7.3 billion) and dividend payments – including to non-controlling interests – (EUR 1.6 billion). This increase was only partially offset by the positive effects from free cash flow (EUR 4.4 billion) and the sale of Strato (EUR 0.6 billion) and further shares in Scout24 AG (EUR 0.3 billion). Exchange rate effects of EUR 2.6 billion also had a positive effect.

For a more detailed explanation, please refer to the section "Development of business in the Group," page 10 et seq.

HIGHLIGHTS IN THE THIRD QUARTER OF 2017

FORECAST FOR 2017 REVISED

We are again revising upward our forecast for adjusted Group EBITDA in view of strong business performance in the United States, having already adjusted it in the second quarter of 2017. Instead of the previously forecast figure of around EUR 22.3 billion, we now expect to post adjusted EBITDA of EUR 22.4 billion to EUR 22.5 billion. In our Systems Solutions operating segment, we are also adjusting our forecast. We now anticipate a year-on-year decline in order entry rather than the increase previously expected.

IMPAIRMENT LOSS RECOGNIZED ON GOODWILL IN THE SYSTEMS SOLUTIONS OPERATING SEGMENT

In the Systems Solutions operating segment, the unexpected decline in order entry by the end of September 2017 prompted impairment testing in the third quarter of the assets assigned to this unit. The result was the recognition of a non-cash impairment loss on goodwill of EUR 1.2 billion.

REVERSAL OF IMPAIRMENT LOSSES ON T-MOBILE US SPECTRUM LICENSES

As of September 30, 2017, impairment losses on spectrum licenses previously acquired by T-Mobile US were partially reversed, increasing the carrying amount by EUR 1.7 billion before deferred taxes. This is attributable to the fact that the grounds for the impairment loss recognized for the United States cash-generating unit in 2012 no longer apply thanks to the performance of T-Mobile US' share price. The growth in the value of the previously impaired licenses was indicated by the results of the spectrum auction held by the U.S. regulatory authority, the Federal Communications Commission (FCC), which was completed in 2017.

INVESTMENTS IN NETWORKS

Fiber-optic build-out: groundbreaking in 34 business parks. As part of our plan to provide gigabit speed to companies in Germany, on September 15, 2017, we announced the start of the build-out of fast fiber-optic data lines in a total of 34 business parks in the district of Southwestern Palatinate (Südwestpfalz). The build-out, which is being carried out in partnership with the federal state and the district, is expected to be completed by the end of 2018. Additional street cabinets with FTTC technology will also be rolled-out along the fiber-optic routes to supply households.

INNOVATION

New Mobility at IAA 2017. At the International Motor Show (IAA), we presented the digital mobility of tomorrow with a range of smart parking and connected car solutions. The smart parking app Park and Joy makes it easy to find a parking spot: find, book, and pay – it's all done using the mobile app. The app displays available parking spots and navigates the driver directly to the one selected. Even owners of new and used cars with no connectivity can retrofit smart functions to their vehicles. The Digital Drive retrofit option transmits information on the vehicle's condition, location, and driving behavior direct to the user's smartphone.

Sea Hero Quest VR – using modern virtual reality capabilities for dementia research. In the #gameforgood initiative, we are working in partnership with academics and game developers to collect data about the spatial orientation of healthy people. A further development of the mobile games app Sea Hero Quest uses modern virtual reality capabilities to refine the existing standard data for spatial orientation. Thanks to analysis of the anonymous data from more than three million players to date, standard data for the spatial orientation of people has been defined for the first time. This standard data is seen as a key step in the development of new methods that will make timely dementia diagnosis possible.

PARTNERSHIPS

Digital revolution for small companies: MagentaBusiness POS. Offering small companies digital solutions that have previously been reserved for large corporations, thereby making them competitive in the digital age: That is the central idea behind the partnership we signed with IT start-up enfore at the IFA (Internationale Funkausstellung) trade fair in Berlin. enfore has developed an integrated point-of-sale/service (POS) system for this purpose. Under the partnership, we provide our network as well as POS specialists for service and support. We have been marketing the product since September 2017 as a complete solution under the name MagentaBusiness POS.

NEW PRODUCTS, RATE PLANS, AND SERVICES

Telekom Sport: The world of sport in one offer. In August 2017, we expanded our live sport offering. One highlight is the option of watching the original Sky conferences of the soccer Bundesliga, the UEFA Champions League and the games of the DKB handball Bundesliga (HBL) live via Sky Sport Kompakt. The program package also contains all the games of the 3rd soccer league, top games of the women's Bundesliga, content from FC Bayern.tv live, and all games of the Basketball Bundesliga and the German ice hockey league.

MagentaEINS 12.0: More for families and young people. With MagentaEINS 12.0, we offer families special benefits. Since September 2017, for example, up to four great value Family Cards for partners and family can be added to mobile contracts. For all customers aged under 27, MagentaEINS Young offers a special, exclusive benefit: MagentaZuhause Surf allows a flexible combination of mobile communications and Internet at home. This offer is targeted at all the young people who only need a high-performance DSL connection at home in addition to their mobile contract.

Netflix On Us. In September 2017, T-Mobile US introduced Un-carrier Next: Netflix On Us, through an exclusive new partnership with Netflix where a standard monthly Netflix service plan is included at no charge to qualifying T-Mobile ONE customers on family plans.

AWARDS

The illustration below shows the main awards received in the third quarter of 2017. For details on more awards, please go to www.telekom.com/media.

Major awards in the third quarter of 2017

JULY – SEPTEMBER

ISG Provider Lens Germany:
Information Services Group recognizes T-Systems as a leading provider of digital workspace services & solutions in 11 categories

Gartner Magic Quadrant:
T-Systems singled out for its cloud services for the seventh time in a row and rated as the "most visionary leader"

Blue Angel
Telekom media receiver awarded the German eco-label Blue Angel

Emmy Awards:
EntertainTV series The Handmaid's Tale receives awards in eight categories

Car Connectivity Award:
Chip and auto motor sport put Deutsche Telekom in the top spot in the Mobile Networks category

Mobile Excellence Award:
Cosmote wins five Gold, three Silver, and one Grand award for mobile services and innovation

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 2016 combined management report (2016 Annual Report, page 26 et seq.). The following changes were recorded as of the start of the year from the Group's point of view:

We have created the new Board of Management department **Technology and Innovation,** effective as of January 1, 2017, in which we have pooled our Group's overarching network, innovation and IT tasks. This resulted in the following organizational changes: The Innovations, Telekom IT, and Technology units of our Germany, Europe, and Systems Solutions operating segments have been transferred into a separate Board department within the Group Headquarters & Group Services segment. The Technology and Innovation Board department is headed by Claudia Nemat, who was previously responsible for the Europe and Technology department. Srini Gopalan was appointed as the new Board of Management member responsible for the Europe department. Comparative figures have been adjusted retrospectively.

Since January 1, 2017, we have reported on the new **Group Development** operating segment. Group Development actively manages and increases the value of selected subsidiaries and equity investments of the Group. The following units and subsidiaries have been included: T-Mobile Netherlands (previously in the Europe operating segment), Deutsche Funkturm (DFMG, previously in the Germany operating segment), as well as Deutsche Telekom Capital Partners (DTCP) and the stakes in BT plc, Ströer SE & Co. KGaA, as well as Strato, which was sold in March 2017, and the stake in Scout24 AG, which was sold in June 2017 (previously in the Group Headquarters & Group Services segment). The Group functions of Mergers & Acquisitions and Strategic Portfolio Management have also been assigned to Group Development. Comparative figures have been adjusted retrospectively.

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

THE ECONOMIC ENVIRONMENT

This section provides additional information on and explains recent changes to the economic situation as described in the combined management report for the 2016 financial year, focusing on macroeconomic developments in the first nine months of 2017, the outlook, the currently prevailing economic risks, the telecommunications market, and the regulatory environment. The overall economic outlook is subject to the precondition that there are no major unexpected occurrences in the forecast period.

MACROECONOMIC DEVELOPMENT

The global economy continued its recovery in the first nine months of 2017. In its revised forecast of October 2017, the International Monetary Fund (IMF) expects global gross domestic product (GDP) to grow by 3.6 percent in 2017, compared with 3.2 percent in 2016. Growth rates in the economies covered by our business areas also remained positive. The economies continued to profit from stable domestic consumption and rising exports. Even the Greek economy recorded three successive quarters of growth.

OUTLOOK

As market conditions currently stand, we expect economic development in our core markets to remain stable.

OVERALL ECONOMIC RISKS

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

TELECOMMUNICATIONS MARKET

IT security legislation. In the course of implementing the EU Network and Information Security Directive, a number of provisions were added to the German IT Security Act (IT-Sicherheitsgesetz), requiring online marketplaces, search engine operators, and cloud service providers to comply with minimum requirements designed to safeguard the security of their infrastructures and to report incidents. On a positive note, the legislator included additional powers for telecommunications providers to enable the detection and clearing of network outages and security incidents. This amendment also marks a significant step forward in terms of the necessary inclusion of all parties involved in the value chain. It remains to be seen whether the new German government will make any further attempt to address the remaining deficits in the IT Security Act in terms of the lack of systematic involvement of hardware and software manufacturers.

EU subsidies for Croatia. On June 6, 2017, the EU Commission granted its approval for EU subsidies for Croatia. The Croatian government plans to use this money to fund a state-owned network operator. This possibility is also being discussed in Greece. The development increases the risk of a massive distortion of competition and of other countries following suit.

REGULATION

Federal Network Agency consultation on the FTTH/B roll-out. The Federal Network Agency held a public consultation process from March 14, 2017 to April 26, 2017 on proposals for how regulatory support could be provided to accelerate the roll-out of fiber-optic networks (FTTH/B) with a view to rates regulation. All market players were asked to respond to the consultation paper. The 17 responses received were published on May 17, 2017. The Federal Network Agency said it will first analyze these responses, some of which are extensive, before announcing any conclusions.

Further vectoring roll-out agreed. The Federal Network Agency has reviewed the specific conditions required for nearshore vectoring by way of a reference offer procedure. On August 9, 2017, the Federal Network Agency announced the ruling in its official journal. The deadlines for the three planned nearshore build-out tranches have thus now been set. A parallel rate approval process started at the Federal Network Agency at the end of March 2017 to set the rates for a nearshore ULL substitute product. The Federal Network Agency announced a ruling in these proceedings at the same time, finally giving the green light for our nearshore vectoring roll-out. For more information, please refer to the explanations in section "The economic environment" in the 2016 Annual Report, page 35 et seq.

Regulation of termination rates. Following conclusion of a phase II investigation opened as a result of a serious doubts letter from the European Commission, the Federal Network Agency issued its final rates approval on July 21, 2017. The rates approved until December 31, 2018 correspond exactly to the provisional rates that have been in place since January 1, 2017. For more information, please refer to the explanations in section "The economic environment" in the 2016 Annual Report, page 35 et seq.

International roaming. The new EU Regulation to abolish roaming surcharges (commonly referred to as Roam Like at Home) within the European Union as well as in Iceland, Liechtenstein and Norway as of June 15, 2017 entered into force in the second quarter of 2017. On May 17, 2017, the European Council and European Parliament adopted further amended regulations for wholesale roaming charges, significantly reducing regulated price caps at wholesale level. Deutsche Telekom had previously introduced customer-friendly Roam Like at Home offers on the retail side.

AWARDING OF FREQUENCIES

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

Main spectrum awards

	Start of award procedure	End of award procedure	Frequency ranges (MHz)	Award process	Acquired spectrum (MHz)	Spectrum investment
Albania	Q1 2018	Q1 2018	800	Sealed bid [a] or auction	tbd	tbd
Germany	Q2 2018	Q4 2018	2,000/3,400–3,700	Auction (SMRA [b]) expected	tbd	tbd
Greece	Q4 2017	Q4 2017 [c]	1,800	Sealed bid [a]	25 MHz	€ 83.2 million
Macedonia	Q3 2017	Q4 2017	900/1,800/ 3,400–3,800	Sealed bid [a] or auction	tbd	tbd
Netherlands	Q1 2019	Q2 2019	700/1,500/2,100	Auction, details tbd	tbd	tbd
Austria	Q3 2018	Q4 2018	3,400–3,800	Auction (CCA [b]) (expected)	tbd	tbd
Poland	Q2 2017	Q2 2017	3,700	Sealed bid	No spectrum acquired	–
Poland	Q2 2018	Q3 2018	1,500	tbd	tbd	tbd
Romania	Q2 2018	Q4 2018	700/800/1,500/ 2,600/3,500	Auction, details tbd	tbd	tbd
Slovakia	Q2 2017	Q2 2017	3,700	Auction (SMRA [b])	40 MHz for Bratislava	€ 200 thousand
Czech Republic	Q2 2017	Q3 2017	3,700	Auction (SMRA [b])	No spectrum acquired	–
Czech Republic	Q3 2017	Q4 2017	900/1,800	Extension of licenses (expected)	tbd	tbd
Hungary	Q3 2018	Q4 2018	700/1500/2,100/ 2,300/2,600 und 26,000	Details tbd	tbd	tbd
United States	Q3 2016	Q2 2017	600	Incentive auction [e]	Regional licenses; mostly 2x20 MHz	$ 7.99 billion

[a] Submission of an individual bid in a sealed envelope, in some cases sequential, in several awards.
[b] Simultaneous electronic multi-round auction with ascending, parallel bids for all ranges.
[c] End of award procedure: October 24, 2017.
[d] Combinatorial Clock Auction, three-stage, multi-round auction for spectrum from all frequency ranges.
[e] Quantity and prices of spectrum to be traded depends on spectrum surrendered by radio broadcasters.

DEVELOPMENT OF BUSINESS IN THE GROUP

RESULTS OF OPERATIONS OF THE GROUP

NET REVENUE

In the first nine months of the 2017 financial year, we generated net revenue of EUR 55.8 billion, a substantial increase of EUR 2.2 billion or 4.2 percent compared with the same period in the prior year. The development of business in our United States operating segment contributed substantially to this positive trend: T-Mobile US' successful Un-carrier initiatives and the success of the MetroPCS brand gave a strong boost to the number of new customers and thus also to service revenues. Terminal equipment revenues continued to rise, in part due to the stronger focus on offering terminal equipment under installment plans. In our German home market, there was a slight upward trend in revenue. This was partly due to a rise in mobile revenues and, primarily, growth in non-contract handset revenues. The revenue trend in the fixed-network business had a reducing effect. In the Europe operating segment, revenue also increased slightly compared with the same period in the prior year. Revenue development in our strategic growth areas and an increase in terminal equipment revenue had a positive effect. By contrast, lower roaming charges in most of the countries in which the national companies operate and ongoing intense competition in the telecommunications footprint markets put further pressure on revenue. In the Systems Solutions operating segment, revenue decreased by 2.9 percent against the prior-year period. This decline was primarily attributable to the completion in the first quarter of 2016 of the set-up phase for the toll collection system in Belgium. If we exclude this effect, our telecommunications business posted revenue growth. By contrast, revenue from our traditional IT business continued to decrease due to the general downward trend in market prices and to a decline in order entry, especially at international level. Revenue generated in our Group Development operating segment decreased by 2.0 percent in the first nine months of the 2017 financial year compared with the prior-year period, which was largely attributable to the revenue lost as a result of the sale of Strato as of March 31, 2017. Revenue growth at T-Mobile Netherlands had a positive impact.

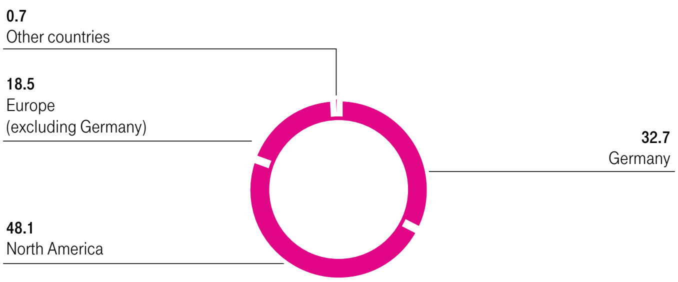
Excluding positive exchange rate effects – especially from the translation of U.S. dollars to euros – and slightly negative effects from changes in the composition of the Group (mainly from the sale of Strato) that on balance amounted to EUR 0.1 billion, revenue grew by EUR 2.1 billion or 3.9 percent. For details on the revenue trends in our Germany, United States, Europe, Systems Solutions, and Group Development 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 15 et seq.

Contribution of the segments to net revenue
millions of €

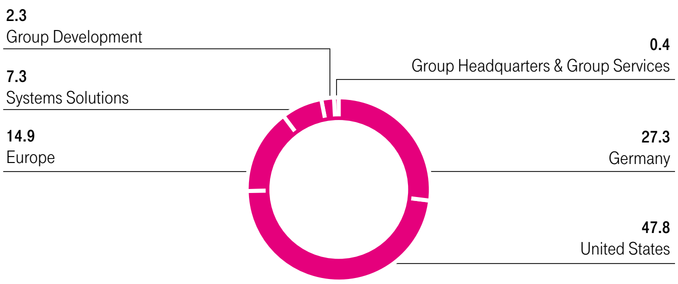
	Q1 2017	Q2 2017	Q3 2017	Q3 2016	Change %	Q1–Q3 2017	Q1–Q3 2016	Change %	FY 2016
NET REVENUE	**18,646**	**18,890**	**18,251**	**18,105**	**0.8 %**	**55,787**	**53,552**	**4.2 %**	**73,095**
Germany [a]	5,397	5,371	5,488	5,485	0.1 %	16,256	16,208	0.3 %	21,774
United States	8,982	9,236	8,466	8,281	2.2 %	26,684	24,293	9.8 %	33,738
Europe [a]	2,781	2,860	2,945	2,900	1.6 %	8,587	8,458	1.5 %	11,454
Systems Solutions [a]	1,704	1,688	1,707	1,674	2.0 %	5,099	5,252	(2.9) %	6,993
Group Development [a]	595	562	545	588	(7.3) %	1,702	1,736	(2.0) %	2,347
Group Headquarters & Group Services [a]	737	787	743	846	(12.2) %	2,268	2,538	(10.6) %	3,467
Intersegment revenue	(1,549)	(1,614)	(1,643)	(1,670)	1.6 %	(4,809)	(4,933)	2.5 %	(6,678)

[a] Since January 1, 2017, we have reported on the Group Development operating segment and within the Group Headquarters & Group Services segment on the Board of Management department Technology and Innovation. Comparative figures have been adjusted retrospectively. For more information, please refer to the section "Group structure, strategy, and management," page 8, and the disclosures under segment reporting in the interim consolidated financial statements, pages 44 and 45.

Breakdown of revenue by regions
%



Contribution of the segments to net revenue [a]
%



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

At 47.8 percent, our United States operating segment again provided the largest contribution to net revenue of the Group. This was an increase of 2.4 percentage points compared with the prior-year period, due in particular to ongoing strong customer additions. The proportion of net revenue generated internationally increased year-on-year, from 65.8 percent to 67.3 percent.

EBITDA, ADJUSTED EBITDA

Excluding special factors, adjusted EBITDA increased by EUR 1.1 billion or 6.6 percent year-on-year to EUR 17.2 billion in the first nine months of 2017. This development was primarily driven by our United States operating segment, which recorded an increase in its adjusted EBITDA contribution of EUR 1.1 billion, mainly as a result of the continued success of the Un-carrier initiatives. EBITDA adjusted for special factors also grew in our Germany operating segment by 2.2 percent in the first nine months of 2017. Adjusted EBITDA generated by our Europe and Systems Solutions operating segments, by contrast, decreased. Mildly positive exchange rate effects were almost completely offset by slightly negative effects from changes in the composition of the Group.

EBITDA increased by as much as EUR 1.6 billion year-on-year to EUR 19.3 billion. Special factors were positive on balance, increasing by EUR 0.5 billion year-on-year to EUR 2.1 billion. These factors included a partial reversal of impairment losses on spectrum licenses at T-Mobile US, increasing the carrying amount by EUR 1.7 billion as of September 30, 2017. Other positive factors were income from divestitures in connection with the sale of Strato completed as of midnight, March 31, 2017 (EUR 0.5 billion), income from the sale of the remaining shares in Scout24 AG (EUR 0.2 billion), and income from a settlement agreement concluded with BT in July 2017 (EUR 0.2 billion). Special factors in connection with staff-related measures and non-staff-related restructuring expenses amounted to EUR 0.4 billion, EUR 0.8 billion lower than the expenses reported in the prior-year period. Special factors in the prior-year period included income of EUR 2.5 billion from the sale in early 2016 of our shares in the EE joint venture and income in the amount of EUR 0.5 billion from transactions for the exchange of spectrum licenses between T-Mobile US and two telecommunications companies. For detailed information on the development of EBITDA/adjusted EBITDA in our segments, please refer to the section “Development of business in the operating segments,” page 15 et seq.

Contribution of the segments to adjusted Group EBITDA
millions of €

	Q1 2017	Q2 2017	Q3 2017	Q3 2016	Change %	Q1–Q3 2017	Q1–Q3 2016	Change %	FY 2016
EBITDA (ADJUSTED FOR SPECIAL FACTORS) IN THE GROUP	**5,550**	**5,944**	**5,720**	**5,535**	**3.3 %**	**17,215**	**16,155**	**6.6 %**	**21,420**
Germany [a]	2,070	2,100	2,190	2,095	4.5 %	6,360	6,224	2.2 %	8,237
United States	2,386	2,640	2,288	2,156	6.1 %	7,313	6,236	17.3 %	8,561
Europe [a]	889	947	1,007	1,037	(2.9) %	2,843	2,936	(3.2) %	3,866
Systems Solutions [a]	96	136	131	139	(5.8) %	362	446	(18.8) %	530
Group Development [a]	238	236	220	251	(12.4) %	695	730	(4.8) %	943
Group Headquarters & Group Services [a]	(128)	(90)	(115)	(141)	18.4 %	(333)	(377)	11.7 %	(670)
Reconciliation	(1)	(25)	(1)	(2)	50.0 %	(25)	(40)	37.5 %	(47)

[a] Since January 1, 2017, we have reported on the Group Development operating segment and within the Group Headquarters & Group Services segment on the Board of Management department Technology and Innovation. Comparative figures have been adjusted retrospectively. For more information, please refer to the section “Group structure, strategy, and management,” page 8, and the disclosures under segment reporting in the interim consolidated financial statements, pages 44 and 45.

EBIT

Group EBIT stood at EUR 8.7 billion, up EUR 0.5 billion against the prior-year period. This change was mainly due to the positive effects described under EBITDA. By contrast, the impairment of goodwill recognized in our Systems Solutions operating segment had a negative impact on EBIT in the amount of EUR 1.2 billion. Depreciation of property, plant and equipment and amortization of intangible assets were slightly lower than in the prior-year period.

PROFIT BEFORE INCOME TAXES

Profit before income taxes decreased by EUR 1.7 billion year-on-year to EUR 5.0 billion. This substantial decline was attributable to the increase of EUR 2.2 billion in loss from financial activities, which was mainly a result of the EUR 1.3 billion impairment of our financial stake in BT recognized in profit and loss. Negative remeasurement effects from the exercise and subsequent measurement of embedded derivatives at T-Mobile US – mainly relating to the early repayment of external financial liabilities – also increased the loss from financial activities. As in the previous year, our financial stake in BT resulted in dividend income of EUR 0.1 billion. In the prior-year period, other financial income/expense included a final dividend totaling EUR 0.2 billion in connection with the sale of our stake in the former EE joint venture.

NET PROFIT

Net profit decreased year-on-year by EUR 2.7 billion to EUR 2.1 billion. The tax expense for the first nine months of 2017 amounted to EUR 1.9 billion, up EUR 0.5 billion year-on-year. For further information, please refer to the interim consolidated financial statements, page 42. Profit attributable to non-controlling interests increased compared with the prior-year period by EUR 0.5 billion. In our United States operating segment, the increase in profit attributable to non-controlling interests was driven in particular by positive business performance and by the partial reversal of impairment losses on spectrum licenses acquired previously. This was partially offset by the aforementioned negative remeasurement effect included in the loss from financial activities.

Number of employees (at the reporting date)

	Sept. 30, 2017	Dec. 31, 2016
Germany [a]	64,388	65,452
United States	44,394	44,820
Europe [a]	47,579	46,808
Systems Solutions [a]	37,596	37,472
Group Development [a]	1,949	2,572
Group Headquarters & Group Services [a]	20,436	21,216
NUMBER OF EMPLOYEES IN THE GROUP	**216,343**	**218,341**
Of which: civil servants (in Germany, with an active service relationship)	15,726	15,999

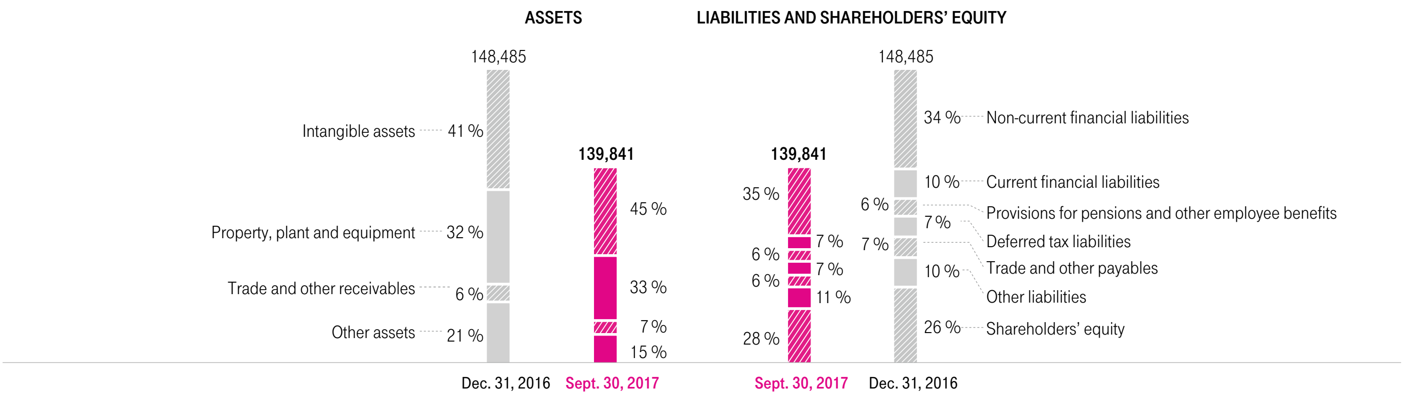
[a] Since January 1, 2017, we have reported on the Group Development operating segment and within the Group Headquarters & Group Services segment on the Board of Management department Technology and Innovation. Comparative figures have been adjusted retrospectively. For more information, please refer to the section "Group structure, strategy, and management," page 8, and the disclosures under segment reporting in the interim consolidated financial statements, pages 44 and 45.

The Group's headcount decreased by 0.9 percent compared with the end of 2016. Measures to enhance efficiency, a slowdown in recruitment in the operating units, and the use of socially responsible instruments reduced the headcount in the Germany operating segment by 1.6 percent at the September reporting date. The total number of employees in our United States operating segment decreased by 1.0 percent at September 30, 2017 compared to December 31, 2016, due to a decrease in customer acquisition employees, partially offset by an increase in customer support and network employees. The number of employees in our Europe operating segment grew by 1.6 percent compared with year-end 2016. One factor contributing to this increase was new staff recruited at our national company in Poland for newly opened branches. Headcount in our Systems Solutions operating segment rose by 0.3 percent, largely due to the integration of Telekom Security staff. The number of employees in the Group Development operating segment decreased by 24.2 percent, primarily due to the divestiture of Strato effective March 31, 2017. The number of employees in the Group Headquarters & Group Services segment was down 3.7 percent compared with the end of 2016, mainly due to the Group-wide bundling of the Telekom Security unit under our Systems Solutions operating segment and ongoing staff restructuring at Vivento. In the wake of the reorganization, this decrease was offset by the headcount increase in our Board of Management department Technology and Innovation.

FINANCIAL POSITION OF THE GROUP

Structure of the consolidated statement of financial position

millions of €



Total assets amounted to EUR 139.8 billion, down by EUR 8.6 billion against December 31, 2016. This was largely due to exchange rate effects (primarily from the translation of U.S. dollars into euros) as well as the repayment of financial liabilities and trade payables.

The total carrying amounts of **intangible assets** and **property, plant and equipment** were up by EUR 2.3 billion against the prior year. In particular, investments in new mobile spectrum licenses by the United States operating segment at the spectrum auction that ended in April 2017 increased the carrying amount by EUR 7.2 billion. Investments in our networks, especially in upgrading the network in our United States operating segment and building out broadband/optical fiber in our Germany segment, remained high. In addition, the partial reversal recognized as of September 30, 2017, of impairment losses on spectrum licenses previously acquired by T-Mobile US increased the carrying amount by EUR 1.7 billion. In the Systems Solutions operating segment, by contrast, the unexpected decline in order entry as of the end of September 2017 prompted impairment testing in the third quarter of the assets assigned to this unit. An impairment loss on goodwill of EUR 1.2 billion was recognized as a result. Depreciation and amortization were down slightly on the prior-year period. Negative exchange rate effects – especially from the translation of U.S. dollars into euros – decreased the carrying amount.

Under other assets, cash and cash equivalents declined in particular against December 31, 2016 due in part to the outflows for the spectrum license purchased in the United States amounting to EUR 5.2 billion. The decline in other financial assets compared with December 31, 2016 is attributable to the utilization of the cash deposit of EUR 2.0 billion placed in June 2016 by our United States operating segment for the spectrum auction. In addition, the EUR 1.3 billion impairment in the first three quarters of 2017 of our stock exchange-traded financial stake in BT, which was recognized in profit and loss, along with the exercise of the right of premature cancellation of bonds issued by T-Mobile US, reduced other financial assets.

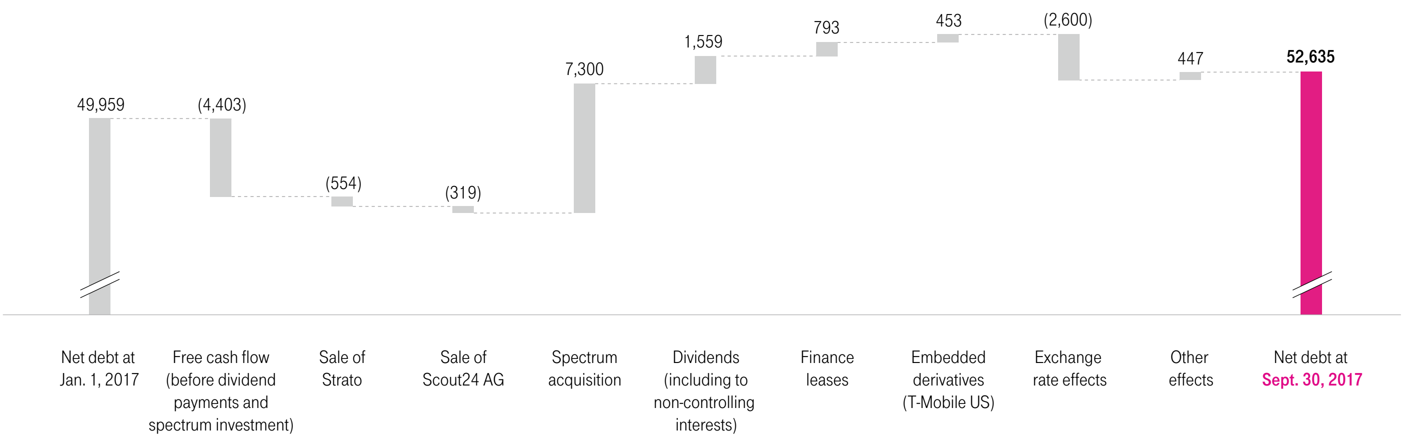
There was an overall decrease of EUR 6.0 billion in current and non-current financial liabilities compared with the end of 2016. This is primarily the result of the early repayment of T-Mobile US' debt instruments in the amount of EUR 9.5 billion (translated into euros) and regular repayments of bond liabilities of EUR 3.3 billion. New bonds of EUR 9.4 billion (translated into euros) were issued. For further information, please refer to the interim consolidated financial statements, page 40 and 41.

Provisions for pensions and other employee benefits decreased by EUR 0.3 billion, mainly due to interest rate adjustments that resulted in an actuarial gain of EUR 0.3 billion recognized under other comprehensive income. Trade and other payables decreased by EUR 1.9 billion. This decline was attributable to the reduction in the portfolio of liabilities, especially in our United States and Europe operating segments, and to exchange rate effects, in particular from the translation of U.S. dollars into euros.

Shareholders' equity grew slightly, from EUR 38.8 billion at December 31, 2016 to EUR 39.1 billion. Profit after taxes of EUR 3.1 billion had an increasing effect. Currency translation effects recognized directly in equity of EUR 2.0 billion had a decreasing effect. Dividend payments for the 2016 financial year to Deutsche Telekom AG shareholders in the amount of EUR 2.8 billion and to non-controlling interests in the amount of EUR 0.1 billion reduced shareholders' equity. This was partially offset by a capital increase of EUR 1.4 billion involving the contribution of the dividend entitlements, in connection with the option granted to our shareholders to have their dividend entitlements converted into shares. In addition, EUR 0.2 billion (after taxes) from the remeasurement of defined benefit plans and EUR 0.2 billion from the measurement of hedging instruments had a positive effect.

For further information on the statement of financial position, please refer to the interim consolidated financial statements, page 29 et seq.

Structure of the consolidated statement of financial position
millions of €



Other effects of EUR 0.4 billion include, among other factors, financing options under which the payments for trade payables become due at a later point in time by involving banks in the process, and liabilities for the acquisition of broadcasting rights. For more information on net debt, please refer to the disclosures on the reconciliation of alternative performance measures in the section "Additional information," page 55 et seq.

Free cash flow (before dividend payments and spectrum investment)
millions of €

	Q1 2017	Q2 2017	Q3 2017	Q3 2016	Change %	Q1–Q3 2017	Q1–Q3 2016	Change %	FY 2016
CASH GENERATED FROM OPERATIONS	**5,280**	**4,955**	**5,232**	**5,185**	**0.9%**	**15,468**	**14,195**	**9.0%**	**18,116**
Interest received (paid)	(926)	(752)	(424)	(628)	32.5%	(2,102)	(2,211)	4.9%	(2,583)
NET CASH FROM OPERATING ACTIVITIES	**4,355**	**4,204**	**4,808**	**4,557**	**5.5%**	**13,367**	**11,984**	**11.5%**	**15,533**
Cash outflows for investments in intangible assets (excluding goodwill and before spectrum investment) and property, plant and equipment (CASH CAPEX)	(3,245)	(2,994)	(3,002)	(2,739)	(9.6)%	(9,241)	(8,234)	(12.2)%	(10,958)
Proceeds from disposal of intangible assets (excluding goodwill) and property, plant and equipment	118	91	67	86	(22.1)%	276	296	(6.8)%	364
FREE CASH FLOW (BEFORE DIVIDEND PAYMENTS AND SPECTRUM INVESTMENT)	**1,228**	**1,301**	**1,873**	**1,904**	**(1.6)%**	**4,403**	**4,046**	**8.8%**	**4,939**

Free cash flow. Free cash flow in the Group before dividend payments and spectrum investment increased by EUR 0.4 billion against the prior-year period to EUR 4.4 billion. Net cash from operating activities increased by EUR 1.4 billion. By contrast, cash outflows for investments in intangible assets (excluding goodwill and before spectrum investment) and property, plant and equipment increased by EUR 1.0 billion.

The positive trend in net cash from operating activities was mainly attributable to the good business development of the United States operating segment. Significant positive effects included in the prior-year period were offset in the current reporting period by increased cash inflows. Hence, the positive effects of factoring agreements on net cash from operating activities were EUR 0.5 billion lower than in the prior-year period. This mainly relates to factoring agreements in the Germany, Systems Solutions, and United States operating segments. The dividend payment received from BT increased by EUR 0.1 billion year-on-year, while in the prior-year period the former joint venture EE had remitted a dividend payment totaling EUR 0.2 billion. In addition, cash inflows of EUR 0.3 billion from the cancellation of interest rate derivatives included in the prior-year period had a negative impact on the year-on-year comparison. The EUR 0.1 billion decrease in net interest payments compared with the prior-year period had a positive effect.

The EUR 1.0 billion increase in cash capex compared with the prior-year period primarily related to the United States and Germany operating segments. In each case, the cash outflows were for investments in network build-out and network modernization.

For further information on the statement of cash flows, please refer to the interim consolidated financial statements, page 42 et seq.

DEVELOPMENT OF BUSINESS IN THE OPERATING SEGMENTS

GERMANY

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

CUSTOMER DEVELOPMENT

thousands

	Sept. 30, 2017	June 30, 2017	Change Sept. 30, 2017/ June 30, 2017 %	Dec. 31, 2016	Change Sept. 30, 2017/ Dec. 31, 2016 %	Sept. 30, 2016	Change Sept. 30, 2017/ Sept. 30, 2016 %
TOTAL							
Mobile customers [a]	42,534	42,011	1.2 %	41,849	1.6 %	41,461	2.6 %
Contract customers	25,452	25,084	1.5 %	25,219	0.9 %	24,705	3.0 %
Prepay customers	17,082	16,927	0.9 %	16,630	2.7 %	16,756	1.9 %
Fixed-network lines	19,352	19,477	(0.6) %	19,786	(2.2) %	19,873	(2.6) %
Of which: retail IP-based	11,177	10,351	8.0 %	9,042	23.6 %	8,435	32.5 %
Broadband lines	13,105	13,035	0.5 %	12,922	1.4 %	12,835	2.1 %
Of which: optical fiber	5,417	5,033	7.6 %	4,250	27.5 %	3,857	40.4 %
Television (IPTV, satellite)	3,089	3,024	2.1 %	2,879	7.3 %	2,818	9.6 %
Unbundled local loop lines (ULLs)	6,417	6,723	(4.6) %	7,195	(10.8) %	7,431	(13.6) %
Wholesale unbundled lines	5,206	4,855	7.2 %	4,212	23.6 %	3,905	33.3 %
Of which: optical fiber	3,485	3,169	10.0 %	2,555	36.4 %	2,274	53.3 %
Wholesale bundled lines	109	125	(12.8) %	165	(33.9) %	179	(39.1) %

[a] As of January 1, 2017, reporting of contract customers in business customer operations excludes test cards (minus 41 thousand). In addition, there was a one-time effect in business customer operations from a change in the way prepay customers were reported (plus 180 thousand). Prior-year figures have not been adjusted.

Total

In Germany we continue to be market leader both in terms of fixed-network and mobile revenues. This success is attributable to our high-performance networks. We offer best customer experience with multi-award-winning network quality – in the fixed network and in mobile communications – and with a broad product portfolio. So far, we have won 3.5 million customers for our integrated product, MagentaEINS, comprising fixed-network and mobile components.

In mobile communications, we won another 546 thousand customers in the first three quarters of 2017. High demand for mobile rate plans with included data volumes resulted in an increase in the number of contract customers under the Telekom and congstar brands. We also recorded substantial growth in the number of prepay customers.

By the end of September 2017, we had migrated 16.1 million retail and wholesale lines to IP, which corresponds to a migration rate of 65 percent.

We continue to see strong demand for our fiber-optic products. The number of lines increased to 8.9 million overall by the end of September 2017, which means we connected 2.1 million lines to our fiber-optic network in Germany over the last nine months. With the progress in fiber-optic roll-out and innovative vectoring technology, we also successfully drove forward the marketing of higher bandwidths. With our contingent model, we create incentives for the migration from traditional wholesale products – such as bundled wholesale lines or unbundled local loop lines (ULLs) – to higher-quality fiber-optic wholesale lines.

Mobile communications

Since the end of 2016, we have won a total of 493 thousand contract customers under the Telekom and congstar brands and at Telekom Deutschland Multibrand GmbH. We lost 221 thousand customers from contract customer business with resellers (service providers). The number of prepay customers increased by 272 thousand.

Fixed network

Due to the persistently challenging development in the fixed-network market, primarily owing to aggressive pricing offers of competitors, we are pursuing new paths in marketing, focusing on integrated offers and on TV and fiber-optic lines. As a result, the number of broadband lines increased by 183 thousand in the first three quarters of 2017 compared with the end of 2016 and the number of TV customers by 210 thousand. In the traditional fixed network, the number of lines decreased by 434 thousand.

Our MagentaZuhause rate plans offer a comprehensive product portfolio for the fixed network based on IP technology and rate plan-specific bandwidths. MagentaZuhause Hybrid bundles fixed-network and mobile technology in a single router. To date, 354 thousand customers – primarily in rural areas – have selected this innovative rate plan.

We have also connected a total of 191 thousand apartments to our network through our partnerships in the housing sector.

Wholesale

At the end of the third quarter of 2017, fiber-optic lines accounted for 29.7 percent of all wholesale lines – 7.6 percentage points higher than at the end of 2016. The strong growth in our wholesale unbundled lines by 994 thousand or 23.6 percent compared with the end of 2016 was primarily attributable to the strong demand for our contingent model. By contrast, the number of bundled wholesale lines decreased slightly by 56 thousand. This trend is likely to continue for the next few years due to the fact that our competitors are switching from bundled to unbundled wholesale products with more bandwidth, or to their own infrastructure. The number of unbundled local loop lines decreased by 778 thousand or 10.8 percent compared with the end of the prior year. This is due first to the move to higher-quality fiber-optic wholesale lines, and second to retail customers switching to cable operators. In addition, wholesale customers are migrating their retail customers to their own fiber-optic lines. The total number of wholesale lines rose to 11.7 million by the end of September 2017.

DEVELOPMENT OF OPERATIONS

millions of €

		Q1 2017	Q2 2017	Q3 2017	Q3 2016	Change %	Q1–Q3 2017	Q1–Q3 2016	Change %	FY 2016
TOTAL REVENUE		5,397	5,371	5,488	5,485	0.1 %	16,256	16,208	0.3 %	21,774
Consumers		2,918	2,878	2,964	2,967	(0.1) %	8,759	8,752	0.1 %	11,739
Business Customers [a]		1,465	1,473	1,486	1,489	(0.2) %	4,430	4,386	1.0 %	5,923
Wholesale		926	928	947	933	1.5 %	2,802	2,804	(0.1) %	3,742
Other [a]		88	92	91	96	(5.2) %	265	266	(0.4) %	370
Profit from operations (EBIT)		1,086	1,042	1,153	1,060	8.8 %	3,281	2,798	17.3 %	3,624
EBIT margin	%	20.1	19.4	21.0	19.3		20.2	17.3		16.6
Depreciation, amortization and impairment losses		(935)	(953)	(963)	(912)	(5.6) %	(2,851)	(2,766)	(3.1) %	(3,703)
EBITDA		2,021	1,995	2,116	1,972	7.3 %	6,132	5,564	10.2 %	7,327
Special factors affecting EBITDA		(49)	(105)	(74)	(123)	39.8 %	(228)	(660)	65.5 %	(910)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)		2,070	2,100	2,190	2,095	4.5 %	6,360	6,224	2.2 %	8,237
EBITDA margin (adjusted for special factors)	%	38.4	39.1	39.9	38.2		39.1	38.4		37.8
CASH CAPEX		(1,005)	(1,052)	(1,052)	(1,045)	(0.7) %	(3,109)	(2,803)	(10.9) %	(4,031)

[a] As of July 1, 2017, a share of revenue previously recognized under Other was assigned to Business Customers on account of a reorganization. Figures for prior periods were not adjusted.

Total revenue

Total revenue increased slightly year-on-year to EUR 16.3 billion as of the end of the third quarter of 2017. This was partly due to a 1.6-percent rise in mobile revenues and, primarily, growth in non-contract handset revenues of 8.4 percent. Increased IT and broadband revenues also had a positive impact on fixed-network revenue. This was not quite sufficient to completely offset the year-on-year decline of 1.0 percent in fixed-network revenue.

Revenue from **Consumers** remained stable year-on-year. Volume-related revenue decreases continued to drive the traditional fixed-network business. By contrast, revenue from broadband business increased by 1.1 percent. In mobile communications, revenue increased by 1.4 percent, primarily due to successful terminal equipment sales.

Revenue from **Business Customers** increased by 1.0 percent. Mobile revenues grew by 2.0 percent year-on-year. IT revenues increased by 17.1 percent. In the fixed network, by contrast, a decline was recorded in traditional voice telephony, due largely to the increasing number of customers moving to flat-rate plans.

Wholesale revenue remained stable in the first three quarters of 2017, or, excluding regulatory price effects (from December 1, 2016), recorded a positive trend year-on-year, primarily due to higher revenue from unbundled lines, mainly as a result of the contingent model.

EBITDA, adjusted EBITDA

EBITDA amounted to EUR 6.1 billion as of the end of the third quarter of 2017, an increase of 10.2 percent year-on-year, due mainly to lower special factors for expenses in connection with our staff restructuring. At EUR 6.4 billion, EBITDA adjusted for special factors increased by 2.2 percent year-on-year in the first nine months of 2017, driven mainly by efficiency enhancement measures in all functions and a slight upward revenue trend. Our adjusted EBITDA margin increased to 39.1 percent (prior-year figure: 38.4 percent).

EBIT

Profit from operations increased by 17.3 percent year-on-year to EUR 3.3 billion. The slight increase in depreciation, amortization and impairment losses was offset by the higher level of EBITDA.

Cash capex

Cash capex increased by 10.9 percent compared with the first nine months of 2016. As part of our integrated network strategy, we again made significant investments in the broadband and fiber-optic roll-out, our IP transformation, and our mobile infrastructure.

UNITED STATES

CUSTOMER DEVELOPMENT

thousands

	Sept. 30, 2017	June 30, 2017	Change Sept. 30, 2017/ June 30, 2017 %	Dec. 31, 2016	Change Sept. 30, 2017/ Dec. 31, 2016 %	Sept. 30, 2016	Change Sept. 30, 2017/ Sept. 30, 2016 %
UNITED STATES							
Mobile customers	70,731	69,562	1.7 %	71,455	(1.0) %	69,354	2.0 %
Branded customers [a]	57,494	56,451	1.8 %	54,240	6.0 %	52,502	9.5 %
Branded postpaid [a]	36,975	36,158	2.3 %	34,427	7.4 %	33,230	11.3 %
Branded prepay [a]	20,519	20,293	1.1 %	19,813	3.6 %	19,272	6.5 %
Wholesale customers [a,b]	13,237	13,111	1.0 %	17,215	(23.1) %	16,852	(21.5) %

[a] On September 1, 2016 T-Mobile US sold its marketing and distribution rights to certain of T-Mobile US' existing co-branded customers to a current wholesale partner for nominal consideration (the MVNO Transaction). Upon the sale, the transaction resulted in a transfer of 1,365 thousand branded postpaid customers and 326 thousand branded prepay customers to wholesale customers. Prospectively from September 1, 2016, net customer additions for these customers are included within wholesale customers.

[b] T-Mobile US believes current and future regulatory changes have made the Lifeline program offered by T-Mobile US' wholesale partners uneconomical. T-Mobile US will continue to support its wholesale partners offering the Lifeline program, but has excluded the Lifeline customers from the reported wholesale subscriber base resulting in the removal of 160 thousand and 4,368 thousand reported wholesale customers as of the beginning of the third quarter of 2017 and the second quarter of 2017, respectively. No further Lifeline adjustments are expected in future periods.

At September 30, 2017, the United States operating segment (T-Mobile US) had 70.7 million customers compared to 71.5 million customers at December 31, 2016. Net customer additions were 3.8 million for the nine months ended September 30, 2017 – excluding Lifeline customers – compared to 6.1 million net customer additions for the nine months ended September 30, 2016 due to the factors described below.

Branded customers. Branded postpaid net customer additions were 2,548 thousand for the nine months ended September 30, 2017, compared to 2,900 thousand branded postpaid net customer additions for the nine months ended September 30, 2016. Branded postpaid net customer additions for the nine months ended September 30, 2017 were lower compared to the nine months ended September 30, 2016, primarily due to a decrease in the number of qualified branded prepay customers migrating to branded postpaid plans, higher deactivations from a growing customer base, and lower gross customer additions from increased competitive activity in the marketplace.

Branded prepay net customer additions were 706 thousand for the nine months ended September 30, 2017, compared to 1,967 thousand branded prepay net customer additions for the nine months ended September 30, 2016. The decrease was due primarily to higher MetroPCS brand deactivations from a growing customer base and increased competitive activity in the marketplace. Additional decreases resulted from the optimization of T-Mobile US' third party distribution channels.

Wholesale customers. T-Mobile US believes current and future regulatory changes have made the Lifeline program offered by T-Mobile US' wholesale partners uneconomical. T-Mobile US will continue to support its wholesale partners offering the Lifeline program, but has excluded the Lifeline customers from the reported wholesale subscriber base resulting in a removal of 160 thousand and 4,368 thousand reported wholesale customers as of the beginning of the third quarter of 2017 and the beginning of the second quarter of 2017, respectively. No further Lifeline adjustments are expected in future periods. Taking the aforementioned approach into consideration, wholesale net customer additions were 550 thousand for the nine months ended September 30, 2017, compared to wholesale net customer additions of 1,205 thousand for the nine months ended September 30, 2016. The decrease was due primarily to lower gross customer additions, partially offset by lower customer deactivations. Net customer activity for Lifeline was also excluded beginning in the second quarter of 2017.

DEVELOPMENT OF OPERATIONS

millions of €

		Q1 2017	Q2 2017	Q3 2017	Q3 2016	Change %	Q1–Q3 2017	Q1–Q3 2016	Change %	FY 2016
TOTAL REVENUE		8,982	9,236	8,466	8,281	2.2%	26,684	24,293	9.8%	33,738
Profit from operations (EBIT)		1,003	1,328	2,804	926	n.a.	5,135	2,703	90.0%	3,685
EBIT margin	%	11.2	14.4	33.1	11.2		19.2	11.1		10.9
Depreciation, amortization and impairment losses		(1,387)	(1,308)	(1,130)	(1,315)	14.1%	(3,825)	(3,929)	2.6%	(5,282)
EBITDA		2,390	2,635	3,934	2,241	75.5%	8,960	6,632	35.1%	8,967
Special factors affecting EBITDA		4	(4)	1,647	85	n.a.	1,647	396	n.a.	406
EBITDA (ADJUSTED FOR SPECIAL FACTORS)		2,386	2,640	2,288	2,156	6.1%	7,313	6,236	17.3%	8,561
EBITDA margin (adjusted for special factors)	%	26.6	28.6	27.0	26.0		27.4	25.7		25.4
CASH CAPEX		(1,442)	(8,463)	(1,243)	(1,671)	25.6%	(11,148)	(4,678)	n.a.	(5,855)

Total revenue

Total revenue for the United States operating segment of EUR 26.7 billion in the first nine months of 2017 increased by 9.8 percent compared to EUR 24.3 billion in the first nine months of 2016. In U.S. dollars, T-Mobile US' total revenues increased by 9.3 percent year-on-year due primarily to service revenue growth resulting from increases in T-Mobile US' average branded customer base from strong customer response to T-Mobile US' Un-carrier initiatives and success of the MetroPCS brand. Additionally, equipment revenues increased due primarily to a higher average revenue per device sold and an increase from the purchase of leased devices at the end of the lease term, partially offset by a decrease in lease revenues due to T-Mobile US' continued focus on equipment installment plan sales.

EBITDA, adjusted EBITDA

Adjusted EBITDA increased by 17.3 percent to EUR 7.3 billion in the first nine months of 2017, compared to EUR 6.2 billion in the first nine months of 2016. In U.S. dollars, adjusted EBITDA increased by 16.6 percent in the first nine months of 2017, compared to the first nine months of 2016. Adjusted EBITDA increased due primarily to an increase in branded postpaid and prepay service revenues resulting from strong customer response to T-Mobile US' Un-carrier initiatives, the ongoing success of promotional activities, and the continued strength of the MetroPCS brand, partially offset by higher employee-related costs, promotional costs, commissions, higher costs associated with network expansion, and the negative impact from hurricanes in Texas, Florida and Puerto Rico. The negative impact for the third quarter of 2017 from lost revenue, assets damaged or destroyed, and other hurricane related costs incurred was approximately EUR 0.1 billion. As of September 30, 2017, T-Mobile US' loss assessment is ongoing and it expects additional expenses to be incurred and customer activity to be impacted in the fourth quarter of 2017, primarily related to T-Mobile US' operations in Puerto Rico. T-Mobile US has not recognized any potential insurance recoveries related to those hurricane losses as it continues to assess the damage and hold discussions with its insurance carriers. The adjusted EBITDA margin increased to 27.4 percent in the first nine months of 2017, compared to 25.7 percent in the first nine of 2016 due to the factors described above.

EBITDA in the first nine months of 2017 included special factors of EUR 1.6 billion compared to special factors of EUR 0.4 billion in the first nine months of 2016. The increase in special factors related to a spectrum impairment reversal in the first nine months of 2017. Overall, EBITDA increased to EUR 9.0 billion in the first nine months of 2017, compared to EUR 6.6 billion in the first nine months of 2016 due to the factors described above, including the impact of special factors.

EBIT

EBIT increased to EUR 5.1 billion in the first nine months of 2017, compared to EUR 2.7 billion in the first nine months of 2016 driven by higher EBITDA and lower depreciation expense related to devices leased under T-Mobile US' JUMP! On Demand program, partially offset by an increase from the continued build-out of T-Mobile US' 4G/LTE network.

Cash capex

Cash capex increased to EUR 11.1 billion in the first nine months of 2017, compared to EUR 4.7 billion in the first nine months of 2016, due primarily to EUR 7.3 billion of spectrum licenses acquired in the first nine months of 2017, compared with EUR 1.2 billion of spectrum licenses acquired in the first nine months of 2016.

EUROPE

CUSTOMER DEVELOPMENT

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

thousands

		Sept. 30, 2017	June 30, 2017	Change Sept. 30, 2017/ June 30, 2017 %	Dec. 31, 2016	Change Sept. 30, 2017/ Dec. 31, 2016 %	Sept. 30, 2016	Change Sept. 30, 2017/ Sept. 30, 2016 %
EUROPE, TOTAL	Mobile customers	48,205	47,688	1.1 %	47,952	0.5 %	48,508	(0.6) %
	Contract customers	25,119	24,854	1.1 %	24,315	3.3 %	24,005	4.6 %
	Prepay customers	23,086	22,834	1.1 %	23,637	(2.3) %	24,503	(5.8) %
	Fixed-network lines	8,422	8,464	(0.5) %	8,531	(1.3) %	8,599	(2.1) %
	Of which: IP-based	5,555	5,416	2.6 %	5,016	10.7 %	4,757	16.8 %
	Retail broadband lines	5,558	5,509	0.9 %	5,393	3.1 %	5,352	3.8 %
	Television (IPTV, satellite, cable)	4,200	4,156	1.1 %	4,049	3.7 %	4,010	4.7 %
	Unbundled local loop lines (ULLs)/ wholesale PSTN	2,261	2,268	(0.3) %	2,259	0.1 %	2,234	1.2 %
	Wholesale bundled lines	138	133	3.8 %	123	12.2 %	122	13.1 %
	Wholesale unbundled lines	253	260	(2.7) %	247	2.4 %	237	6.8 %
GREECE	Mobile customers	7,867	7,737	1.7 %	7,725	1.8 %	7,666	2.6 %
	Fixed-network lines	2,536	2,539	(0.1) %	2,564	(1.1) %	2,569	(1.3) %
	Broadband lines	1,790	1,747	2.5 %	1,682	6.4 %	1,646	8.7 %
ROMANIA	Mobile customers	5,231	5,278	(0.9) %	5,722	(8.6) %	5,869	(10.9) %
	Fixed-network lines	1,894	1,922	(1.5) %	1,969	(3.8) %	1,998	(5.2) %
	Broadband lines	1,187	1,191	(0.3) %	1,194	(0.6) %	1,198	(0.9) %
HUNGARY	Mobile customers	5,401	5,390	0.2 %	5,332	1.3 %	5,301	1.9 %
	Fixed-network lines	1,634	1,637	(0.2) %	1,629	0.3 %	1,650	(1.0) %
	Broadband lines	1,094	1,081	1.2 %	1,040	5.2 %	1,044	4.8 %
POLAND	Mobile customers	10,297	10,251	0.4 %	10,634	(3.2) %	11,221	(8.2) %
	Fixed-network lines	29	31	(6.5) %	20	45.0 %	20	45.0 %
	Broadband lines	17	18	(5.6) %	16	6.3 %	16	6.3 %
CZECH REPUBLIC	Mobile customers	6,176	6,155	0.3 %	6,049	2.1 %	6,002	2.9 %
	Fixed-network lines	153	146	4.8 %	140	9.3 %	147	4.1 %
	Broadband lines	136	136	0.0 %	134	1.5 %	133	2.3 %
CROATIA	Mobile customers	2,297	2,237	2.7 %	2,234	2.8 %	2,332	(1.5) %
	Fixed-network lines	974	986	(1.2) %	1,001	(2.7) %	1,004	(3.0) %
	Broadband lines	790	797	(0.9) %	783	0.9 %	771	2.5 %
SLOVAKIA	Mobile customers	2,245	2,235	0.4 %	2,225	0.9 %	2,226	0.9 %
	Fixed-network lines	855	855	0.0 %	850	0.6 %	847	0.9 %
	Broadband lines	661	655	0.9 %	638	3.6 %	625	5.8 %
AUSTRIA	Mobile customers	5,201	4,984	4.4 %	4,594	13.2 %	4,365	19.2 %
OTHER [a]	Mobile customers	3,490	3,420	2.0 %	3,438	1.5 %	3,525	(1.0) %
	Fixed-network lines	345	348	(0.9) %	358	(3.6) %	364	(5.2) %
	Broadband lines	276	279	(1.1) %	279	(1.1) %	284	(2.8) %

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

Total

The market environment in which our European national companies operate has remained intensely competitive over the course of 2017. Thanks to our convergent product portfolio MagentaOne, we were able to meet these challenges successfully, recording growth of around 43.1 percent in our FMC customer base as of September 30, 2017. Our TV business has established itself as a consistent revenue growth driver. In the mobile communications business, we recorded an increase in the number of high-value contract customers to 25.1 million. In the fixed network, we are systematically driving forward the roll-out of fast, fiber-optic lines (FTTH, FTTB, and FTTC). As part of our pan-European network strategy, we also increased the number of IP lines – primarily thanks to the migration from traditional PSTN lines to IP technology.

Mobile communications

At the end of the first nine months of 2017, we had a total mobile customer base of 48.2 million – a slight increase compared with the end of 2016; compared with the first half of the year, the growth is more pronounced. The rise compared with 2016 was attributable to the positive trend in the high-value contract customer business, especially at the national companies in Hungary, Poland and the Czech Republic. Overall, we recorded growth in contract customer business of 3.3 percent, or some 804 thousand net contract additions, thereby successfully continuing the growth trend. At the end of the third quarter of 2017, contract customers accounted for 52.1 percent of the total customer base. Our customers benefited from the systematic build-out of our mobile networks with 4G/LTE technology, enjoying better network coverage with fast mobile broadband. As of September 30, 2017, we already covered 93 percent of the population in the countries of our operating segment with LTE, thus reaching around 105 million people in total. Not only the high level of data volumes used, but also the sales figures for mobile devices prove that our customers actually use these high bandwidths, with smartphones accounting for an even higher proportion as of the end of September 2017 – 81 percent – of all devices sold compared with the prior year. As a result, we entirely offset customer losses in the prepay business. The effects of regulatory prepay registration requirements in Poland continued to have a negative effect on customer development. Compared with the first half of the year, however, the number of prepay customers increased slightly once again.

Fixed network

Our TV and entertainment services generated positive impetus in the first nine months of 2017. The number of TV customers grew by 3.7 percent to 4.2 million compared with the end of 2016, with the majority of the net customer additions – 151 thousand – at our national companies in Hungary and Slovakia.

Our convergence product portfolio, MagentaOne, is available to our customers in all of our integrated countries. By the end of the first nine months of 2017, we had already gained 2.0 million FMC customers in total, with demand rising substantially in Greece in particular. We have also been increasingly successful in marketing our MagentaOne Business product to business customers. A simplified and standardized network based on IP technology provides the technical underpinnings of FMC products. Overall, we have already converted five of our national companies to IP technology. Following a 10.7-percent increase relative to December 2016, we now have a portfolio of 5.6 million IP-based lines, which account for around 66.0 percent of all fixed-network lines. As of September 30, 2017, the number of fixed-network lines in our Europe operating segment totaled 8.4 million, a slight decrease compared with the end of 2016.

The number of retail broadband lines grew by 3.1 percent in the first nine months of 2017 to reach a total of 5.6 million. Fiber-optic-based lines accounted for the majority of net customer additions, once again growing considerably faster than DSL business. Romania and Hungary were the main contributors to this growth. We continued to increase our overall fiber-optic coverage, with our national companies reaching around 30 percent of households as of the reporting date. This success bears out our continued investment in forward-looking, fiber optic-based technologies.

DEVELOPMENT OF OPERATIONS

millions of €

		Q1 2017	Q2 2017	Q3 2017	Q3 2016	Change %	Q1–Q3 2017	Q1–Q3 2016	Change %	FY 2016
TOTAL REVENUE		2,781	2,860	2,945	2,900	1.6 %	8,587	8,458	1.5 %	11,454
Greece		690	693	740	745	(0.7) %	2,123	2,131	(0.4) %	2,883
Romania		230	236	240	242	(0.8) %	706	718	(1.7) %	985
Hungary		415	454	463	415	11.6 %	1,332	1,226	8.6 %	1,673
Poland [a]		364	378	376	373	0.8 %	1,117	1,094	2.1 %	1,488
Czech Republic		237	248	255	239	6.7 %	740	701	5.6 %	959
Croatia		224	231	259	238	8.8 %	714	688	3.8 %	925
Slovakia		183	185	186	191	(2.6) %	554	564	(1.8) %	766
Austria		228	215	222	219	1.4 %	665	635	4.7 %	855
Other [b]		260	268	277	300	(7.7) %	806	864	(6.7) %	1,132
Profit from operations (EBIT)		324	357	400	424	(5.7) %	1,081	1,133	(4.6) %	1,184
EBIT margin	%	11.7	12.5	13.6	14.6		12.6	13.4		10.3
Depreciation, amortization and impairment losses		(553)	(557)	(558)	(591)	5.6 %	(1,668)	(1,746)	4.5 %	(2,589)
EBITDA		877	913	959	1,015	(5.5) %	2,749	2,879	(4.5) %	3,773
Special factors affecting EBITDA		(12)	(33)	(49)	(22)	n. a.	(94)	(57)	(64.9) %	(93)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)		889	947	1,007	1,037	(2.9) %	2,843	2,936	(3.2) %	3,866
Greece		266	273	303	300	1.0 %	842	835	0.8 %	1,120
Romania		37	39	43	53	(18.9) %	119	129	(7.8) %	175
Hungary		109	141	168	145	15.9 %	418	415	0.7 %	539
Poland [a]		100	125	88	125	(29.6) %	313	345	(9.3) %	482
Czech Republic		100	100	101	103	(1.9) %	301	302	(0.3) %	400
Croatia		84	96	108	103	4.9 %	288	280	2.9 %	374
Slovakia		77	81	86	83	3.6 %	244	240	1.7 %	302
Austria		89	69	73	79	(7.6) %	231	217	6.5 %	258
Other [b]		28	22	37	45	(17.8) %	87	172	(49.4) %	215
EBITDA margin (adjusted for special factors)	%	32.0	33.1	34.2	35.8		33.1	34.7		33.8
CASH CAPEX		(475)	(403)	(395)	(876)	54.9 %	(1,273)	(2,187)	41.8 %	(2,600)

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

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

[b] "Other": national companies of Albania, the F.Y.R.O. Macedonia, and Montenegro, as well as ICSS (International Carrier Sales & Solutions), the ICSS business of the local business units, GTS Central Europe group in Romania, and Europe Headquarters.

Total revenue

Our Europe operating segment generated total revenue of EUR 8.6 billion in the first nine months of 2017, a slight year-on-year increase of 1.5 percent. Revenue was also slightly up on the prior-year figure in organic terms, i.e., assuming constant exchange rates.

Our national companies increased their revenues from strategic growth areas by a substantial 11.4 percent in the first nine months of 2017, and growth areas accounted for around 32.6 percent of total segment revenue. Mobile data business made a key contribution to this, with a significant revenue increase of 16.5 percent compared with the prior-year period, taking revenue to EUR 1.2 billion. All countries of our Europe operating segment, but in particular Poland, Greece and Austria, contributed to this growth. Thanks to our innovative TV and program management, TV and broadband business also continued on their uptrend of recent quarters, with TV revenue rising by 7.1 percent to EUR 372 million and broadband revenue rising by 2.8 percent to EUR 531 million in the first nine months of 2017. Our B2B/ICT business customer operations recorded year-on-year revenue growth in the first nine months of 2017. In the ongoing transformation of our core business towards key growth areas, the main positive driver of revenue development has been the digitization of companies and the public sector. Above all, MagentaOne Business convergent solutions for SMEs, Internet of Things (IoT) solutions, and ICT solutions have contributed to growth. In the ICT sector, growth was twice as high as market growth. Digitization offers for business customers will continue to bolster growth in the European B2B business over the coming years.

We also posted growth in revenue from terminal equipment sales and from visitors. These upward trends offset the overall revenue decline at segment level, which was primarily attributable to voice telephony. From a country perspective, Hungary, Austria, the Czech Republic, and Croatia made the biggest contributions to the organic development of revenue in the first nine months of 2017, which offset declining revenue in particular in Romania, Albania, and Slovakia. Intense competition on the telecommunication markets as well as lower roaming charges in many countries of our segment had a negative impact on our organic revenue.

EBITDA, adjusted EBITDA

Our Europe operating segment generated adjusted EBITDA of EUR 2.8 billion in the first nine months of 2017, a year-on-year decrease of 3.2 percent. In organic terms, i.e., assuming constant exchange rates, and adjusted for the internal reallocation to the new Board of Management department Technology and Innovation, adjusted EBITDA declined only slightly by 1.0 percent.

The positive revenue effect was more than offset in particular by higher market investments and B2B/ICT costs. By contrast, improved cost efficiency had a positive impact on the adjusted EBITDA trend at segment level. From a country perspective, developments at our national companies in Poland, Romania, and Albania were the main factors behind the slight decline in organic adjusted EBITDA, while higher contributions to adjusted EBITDA from our national companies in Austria and Greece had an offsetting effect. In addition, adjusted EBITDA was negatively influenced by a number of regulatory decisions, special taxes that were introduced in the prior year, and a tax on broadband Internet access introduced in Greece in January 2017 as part of a further package of economic measures.

EBITDA decreased by 4.5 percent year-on-year to EUR 2.7 billion, due on the one hand to the decline in adjusted EBITDA and the other to a slight increase in negative special factors. In organic terms, EBITDA decreased by 2.4 percent.

Development of operations in selected countries

Greece. In Greece, revenue totaled EUR 2.1 billion in the first nine months of 2017, putting it on a par with the prior-year level. This was mainly attributable to the positive revenue trend in the fixed-network business, in particular in wholesale business. Good growth rates for our FMC product CosmoteOne also lifted the number of DSL lines, which in turn increased broadband and TV business revenue. Overall, we offset the negative effects from the decline in voice telephony. Mobile revenues were at the same level as in the prior year, with the price- and volume-driven decline in revenue almost being offset by rising revenues from mobile data services and visitors. Performance at our B2B/ICT business customer operations was up year-on-year.

In the first nine months of 2017, adjusted EBITDA in Greece was slightly up year-on-year at EUR 842 million. Savings in indirect costs offset the higher overall direct costs.

Hungary. In Hungary, revenue grew by 8.6 percent year-on-year to reach EUR 1.3 billion in the first nine months of 2017. In organic terms, i.e., assuming constant exchange rates, revenue increased by 7.4 percent. This growth was driven by the fixed-network business with clear revenue growth in the B2B/ICT business customer operations. TV business also made a positive contribution to total revenues. Our MagentaOne FMC product also contributed to this trend, in both the consumer and business customer segments. Mobile business also saw increased revenue from mobile data services, which was up 16.8 percent compared with the prior-year period. Revenue from terminal equipment sales also increased significantly, more than offsetting the decline in voice revenue. Furthermore, our high-speed, high-reach mobile data network had a positive effect overall on this trend in mobile business.

Adjusted EBITDA increased by 0.7 percent year-on-year to EUR 418 million. In organic terms, adjusted EBITDA remained almost unchanged. In addition, a positive one-time effect recognized in the first quarter of the prior year had a negative impact on the adjusted EBITDA trend.

Austria. Our national company in Austria generated revenue of EUR 665 million in the first nine months of 2017, up 4.7 percent year-on-year. This was primarily attributable to the mobile data business which saw a further rise in volume and accounted for a share of total revenue of around 33 percent. Higher visitor revenues and a one-time effect from the first quarter of 2017 also positively influenced the revenue trend. Overall, these positive revenue effects more than offset the decrease in revenue from text messaging services and from sales of mobile terminal equipment.

The revenue trend is also evident in the substantial increase in adjusted EBITDA, which amounted to EUR 231 million in the first nine months of 2017.

EBIT

EBIT in our Europe operating segment decreased by 4.6 percent in the first nine months of 2017 to EUR 1.1 billion, due to the decline in EBITDA. Lower depreciation, amortization and impairment losses had a positive effect on EBIT.

Cash capex

In the first nine months of 2017, our Europe operating segment reported cash capex of EUR 1.3 billion. The decline of EUR 0.9 billion was primarily due to the acquisition of mobile licenses in Poland in the prior year. In 2017, we acquired a small amount of mobile spectrum in Greece. Excluding the effects from the acquisition of spectrum, cash capex increased by 7.1 percent year-on-year, mainly due to activities as part of our integrated network strategy, especially both in the mobile and fixed-network business in Greece and Romania.

SYSTEMS SOLUTIONS
SELECTED KPIs

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

		Sept. 30, 2017	June 30, 2017	Change Sept. 30, 2017/ June 30, 2017 %	Dec. 31, 2016	Change Sept. 30, 2017/ Dec. 31, 2016 %	Sept. 30, 2016	Change Sept. 30, 2017/ Sept. 30, 2016 %
ORDER ENTRY	millions of €	3,936	2,569	n. a.	6,851	n. a.	4,356	(9.6) %
COMPUTING & DESKTOP SERVICES								
Number of servers managed and serviced	units	67,351	65,390	3.0 %	74,336	(9.4) %	71,886	(6.3) %
Number of workstations managed and serviced	millions	1.90	1.81	5.0 %	1.77	7.3 %	1.77	7.3 %
SYSTEMS INTEGRATION								
Hours billed	millions	5.2	3.5	n. a.	7.1	n. a.	5.3	(1.9) %
Utilization rate	%	83.0	82.7	0.3 % p	83.3	(0.3) % p	83.3	(0.3) % p

Development of business

In the first nine months of 2017, our Systems Solutions operating segment recorded a year-on-year decline in order entry. We again successfully concluded new deals in 2017. We did not, however, reach the level of the prior-year period. The prior-year figure included a number of major deals that could not be repeated in the reporting period. As a result, order entry for the 2017 financial year will fall short of our expectations. The decline in order entry is being driven among other things by an increasing shift in the market away from traditional IT business to cloud and digitization business and the associated shorter contract terms. This trend is accompanied by a positive development in our strategic growth areas of cloud, with revenue growth of 16.1 percent, and the Internet of Things, with revenue growth of 13.0 percent compared with the first nine months of the prior year. A key component in the expansion of these business areas remains strategic partnerships. This means we offer our partners’ services from our data centers in Germany. The aspects of security and high availability play a key role for T-Systems and our customers. The Telekom Security unit, which got off to a successful start at the beginning of the year, is an important cornerstone of our growth strategy to develop digital innovation areas. We continue to offer the main pillars of the digital transformation with our solutions for the Internet of Things and for the cloud – along with the corresponding security solutions.

To meet market requirements, we are continuously modernizing and consolidating our ICT resources and investing in innovation areas. At the data centers, technical advances made it possible to set up ever larger and higher-performance units, which had a positive impact on our cost efficiency. The removal of Telekom IT from the Systems Solutions operating segment reduced the number of servers managed by 6.3 percent compared with September 30, 2016. The number of workstations managed and serviced increased by 7.3 percent compared with September 30, 2016.

DEVELOPMENT OF OPERATIONS [a]

millions of €

		Q1 2017	Q2 2017	Q3 2017	Q3 2016	Change %	Q1–Q3 2017	Q1–Q3 2016	Change %	FY 2016
TOTAL REVENUE		1,704	1,688	1,707	1,674	2.0 %	5,099	5,252	(2.9) %	6,993
External revenue		1,369	1,349	1,352	1,349	0.2 %	4,069	4,296	(5.3) %	5,678
Loss from operations **(EBIT)**		(37)	0	(1,282)	(31)	n. a.	(1,319)	(41)	n. a.	(150)
Special factors affecting EBIT		(35)	(42)	(1,319)	(67)	n. a.	(1,396)	(194)	n. a.	(276)
EBIT (adjusted for special factors)		(2)	41	38	37	2.7 %	76	152	(50.0) %	126
EBIT margin (adjusted for special factors)	%	(0.1)	2.4	2.2	2.2		1.5	2.9		1.8
Depreciation, amortization and impairment losses		(98)	(97)	(1,338)	(118)	n. a.	(1,533)	(309)	n. a.	(428)
EBITDA		61	97	56	87	(35.6) %	214	268	(20.1) %	278
Special factors affecting EBITDA		(35)	(39)	(74)	(52)	(42.3) %	(148)	(178)	16.9 %	(252)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)		96	136	131	139	(5.8) %	362	446	(18.8) %	530
EBITDA margin (adjusted for special factors)	%	5.6	8.1	7.7	8.3		7.1	8.5		7.6
CASH CAPEX		(86)	(91)	(87)	(85)	(2.4) %	(264)	(259)	(1.9) %	(402)

[a] The business of T-Systems Polska Sp. z o.o., which was previously organizationally assigned to the Systems Solutions operating segment, has been disclosed under the Europe operating segment since September 1, 2017. Figures for prior periods were not adjusted.

Total revenue

Total revenue in our Systems Solutions operating segment in the first nine months of 2017 amounted to EUR 5.1 billion, a year-on-year decrease of 2.9 percent. This decline was primarily attributable to the completion in the first quarter of 2016 of the set-up phase for the toll collection system in Belgium. While revenue showed a downward trend in the first quarter, it remained stable year-on-year overall in the second and third quarters. Adjusted for the aforementioned effect, our telecommunications business recorded revenue growth compared with the prior-year period. By contrast, revenue from our traditional IT business continued to decrease due to the general downward trend in market prices and to a decline in order entry, especially at international level. A slightly positive revenue trend year-on-year resulted from our cloud and Internet of Things growth areas, and from revenues generated by the newly launched Telekom Security.

EBITDA, adjusted EBITDA

In the first nine months of 2017, adjusted EBITDA declined by EUR 84 million year-on-year to EUR 362 million, mainly due to the completion in the first quarter of the prior year of the set-up phase for the toll collection system in Belgium and the associated positive effect on EBITDA in that quarter. The segment also had to come to terms with the overall conditions in a strained ICT market, the recognition of provisions for risks regarding individual corporate customer contracts, as well as the all-IP migration of a number of our customer contracts. Despite all this, the Systems Solutions operating segment recorded a year-on-year increase in adjusted EBITDA overall in the second and third quarters of 2017.

EBITDA in our Systems Solutions operating segment decreased by EUR 54 million in the first nine months of 2017 compared with the prior-year period to EUR 214 million, mainly due to the effects described under adjusted EBITDA. These effects were partially offset by a EUR 30 million decrease in negative special factors attributable to the fact that expenses for restructuring measures had been higher in the prior year.

EBIT, adjusted EBIT

Adjusted EBIT in our Systems Solutions operating segment decreased by EUR 76 million compared with the first nine months of 2016. This was due in particular to the one-time effect in the prior year described under EBITDA. Depreciation and amortization were down against the prior-year level. The decline in order entry prompted impairment testing of the assets in the third quarter, resulting in the recognition of an impairment loss on goodwill of EUR 1.2 billion. As a consequence, EBIT decreased substantially by EUR 1.3 billion to minus EUR 1.3 billion.

Cash capex

Cash capex in the Systems Solutions operating segment stood at EUR 264 million in the reporting period, a year-on-year increase of 1.9 percent. Our investments are associated with the advancement of digitization. For this reason, we are investing in digital innovation areas, such as digital transformation and the Internet of Things, cloud computing, and cyber security. The continued expansion of the European toll collection system also increases the need for investment.

GROUP DEVELOPMENT

Since January 1, 2017, we have reported on the new **Group Development** operating segment. Group Development actively manages and increases the value of selected subsidiaries and equity investments of the Group. For more information on changes in the organizational structure, please refer to the notes in the section "Group structure, strategy, and management," page 8, and the disclosures under segment reporting in the interim consolidated financial statements, pages 44 and 45.

CUSTOMER DEVELOPMENT

thousands

		Sept. 30, 2017	June 30, 2017	Change Sept. 30, 2017/ June 30, 2017 %	Dec. 31, 2016	Change Sept. 30, 2017/ Dec. 31, 2016 %	Sept. 30, 2016	Change Sept. 30, 2017/ Sept. 30, 2016 %
NETHERLANDS	Mobile customers	3,876	3,830	1.2 %	3,746	3.5 %	3,703	4.7 %
	Fixed-network lines	188	184	2.2 %	164	14.6 %	–	n. a.
	Broadband lines	188	184	2.2 %	164	14.6 %	–	n. a.

T-Mobile Netherlands successfully repositioned itself on the market and recorded mobile customer additions in the consumer and business customer segment of 3.5 percent in the first nine months of 2017. This was mainly due to a new selection of rate plans and the resulting improved marketing. The fixed-network consumer business acquired from Vodafone at the end of 2016 also generated customer growth of 14.6 percent in the first three quarters of 2017.

DEVELOPMENT OF OPERATIONS

millions of €

	Q1 2017	Q2 2017	Q3 2017	Q3 2016	Change %	Q1–Q3 2017	Q1–Q3 2016	Change %	FY 2016
TOTAL REVENUE	595	562	545	588	(7.3) %	1,702	1,736	(2.0) %	2,347
Netherlands	341	345	327	332	(1.5) %	1,014	975	4.0 %	1,331
Profit from operations (EBIT)	686	388	343	154	n. a.	1,417	3,012	(53.0) %	2,730
Depreciation, amortization and impairment losses	(71)	(71)	(72)	(85)	15.3 %	(215)	(262)	17.9 %	(760)
EBITDA	758	460	415	239	73.6 %	1,632	3,274	(50.2) %	3,490
Special factors affecting EBITDA	519	223	195	(12)	n. a.	937	2,543	(63.2) %	2,547
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	238	236	220	251	(12.4) %	695	730	(4.8) %	943
Netherlands	110	119	98	91	7.7 %	328	281	16.7 %	358
EBITDA margin (adjusted for special factors) %	40.0	42.0	40.4	42.7		40.8	42.1		40.2
CASH CAPEX	(81)	(57)	(76)	(69)	(10.1) %	(215)	(202)	(6.4) %	(271)

Total revenue

Total revenue in our Group Development operating segment in the first nine months of 2017 decreased by 2.0 percent year-on-year. The revenue lost in connection with the sale of Strato had a negative impact on total revenue. Revenue at DFMG remained almost unchanged against the prior-year period. The main positive effect was the revenue development at T-Mobile Netherlands.

EBITDA, adjusted EBITDA

EBITDA decreased year-on-year by EUR 1.6 billion to EUR 1.6 billion. As part of the ongoing analysis of our portfolio of shareholdings with a focus on adequate development of the companies, we sold Strato effective March 31, 2017 and the remaining shares in Scout24 AG effective June 23, 2017. The disposals resulted in income recognized as special factors of around EUR 0.7 billion. Positive special factors of EUR 0.2 billion originating from a settlement agreement with BT concluded in July 2017 also took effect in the third quarter. The figure for the first nine months of the prior year included positive net special factors of EUR 2.5 billion, primarily from the sale of our stake in the EE joint venture.

Adjusted EBITDA in our Group Development operating segment was down year-on-year by 4.8 percent. The non-recurrence of value contributions in connection with the sale of Strato had a reducing effect on adjusted EBITDA. The decline in the operating segment was also driven by one-time effects and effects from the reclassification of DFMG at the start of the year. Adjusted EBITDA at T-Mobile Netherlands increased by 16.7 percent year-on-year, mainly due to lower market investments resulting from a higher share of SIM-only contracts, and a significant reduction in overheads as part of a transformation program.

EBIT

EBIT decreased by EUR 1.6 billion compared with the prior-year period to EUR 1.4 billion, due to the effects described under EBITDA. Depreciation, amortization and impairment losses was lower than in the prior year, also due in part to the divestiture of Strato.

Cash capex

Cash capex in our Group Development operating segment increased by 6.4 percent year-on-year in the first three quarters of 2017, primarily at T-Mobile Netherlands, due to the acquisition of Vodafone's fixed-network consumer business.

For information on the effects of our equity investments on **profit/loss from financial activities,** please refer to the section "Development of business in the Group," page 10 et seq.

GROUP HEADQUARTERS & GROUP SERVICES

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

DEVELOPMENT OF OPERATIONS

millions of €

	Q1 2017	Q2 2017	Q3 2017	Q3 2016	Change %	Q1–Q3 2017	Q1–Q3 2016	Change %	FY 2016
TOTAL REVENUE	737	787	743	846	(12.2)%	2,268	2,538	(10.6)%	3,467
Loss from operations (EBIT)	(292)	(282)	(321)	(376)	14.6%	(895)	(1,378)	35.1%	(1,919)
Depreciation, amortization and impairment losses	(148)	(192)	(159)	(158)	(0.6)%	(500)	(500)	0.0%	(676)
EBITDA	(144)	(90)	(162)	(219)	26.0%	(395)	(878)	55.0%	(1,243)
Special factors affecting EBITDA	(16)	1	(47)	(78)	39.7%	(62)	(501)	87.6%	(574)
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	(128)	(90)	(115)	(141)	18.4%	(333)	(377)	11.7%	(670)
CASH CAPEX	(242)	(239)	(231)	(222)	(4.1)%	(712)	(656)	(8.5)%	(936)

Total revenue
Total revenue in our Group Headquarters & Group Services segment decreased in the reporting period by 10.6 percent year-on-year. This decline was mainly due to the fact that the cost of intragroup development services newly commissioned from Telekom IT in Germany is no longer charged internally. Lower intragroup revenue from land and buildings, which was essentially due to the ongoing optimized use of space, as well as a decline in revenue at Telekom Training, and lower intragroup revenues at Telekom IT due to the smaller revenue-related cost base also had a negative effect. The revenues lost in connection with the sale of DeTeMedien completed in June 2017 also had an impact. There was a positive effect on revenue from the structural further development of Deutsche Telekom Services Europe (DTSE).

EBITDA, adjusted EBITDA
Adjusted EBITDA in the Group Headquarters & Group Services segment improved by EUR 44 million year-on-year in the reporting period. This improvement was mainly due to the establishment of our Board of Management department Technology and Innovation and to a reduced headcount following the ongoing staff restructuring at Vivento. Increased income from land and buildings, primarily from real estate sales, as well as lower operating expenses at our Group Services also had a positive impact. By contrast, adjusted EBITDA was reduced by lower intragroup revenue from land and buildings and the loss of contributions due to the sale of DeTeMedien.

Overall, negative net special factors of EUR 62 million affected EBITDA in the reporting period, largely due to staff-related expenses. Proceeds from the sale of DeTeMedien had an offsetting effect. Negative special factors of EUR 501 million in the prior-year period were mainly due to staff-related expenses.

EBIT
The year-on-year improvement of EUR 483 million in EBIT was due to the improved EBITDA figure. Depreciation, amortization and impairment losses were at the same level as in the prior year.

Cash capex
Cash capex increased by EUR 56 million year-on-year, mainly owing to the purchase of more vehicles, additional construction work, and more development activities in the Technology and Innovation Board department.

EVENTS AFTER THE REPORTING PERIOD (SEPTEMBER 30, 2017)

For information on events after the reporting period, please refer to “Events after the reporting period” in the interim consolidated financial statements, page 52.

FORECAST

The statements in this section reflect the current views of our management. Contrary to the forecasts published in the 2016 combined management report (2016 Annual Report, page 87 et seq.) and in the Interim Group Report as of June 30, 2017 (page 27), we now expect the Group’s adjusted EBITDA for the 2017 financial year to reach between EUR 22.4 billion and EUR 22.5 billion, up from the previous forecast of around EUR 22.3 billion. This is largely attributable to the strong development of business in the United States operating segment. T-Mobile US has revised its guidance under U.S. GAAP upwards by USD 0.2 billion thanks to business developing better than expected. Taking into account the translation of U.S. dollars into euros and measurement differences between U.S. GAAP and IFRS, we expect a positive effect at Group level of around EUR 0.1 billion. In our Systems Solutions operating segment, we have also revised the forecast regarding order entry, where we now anticipate a decline compared with the prior year rather than the increase previously expected. All other statements made therein remain valid. For additional information and recent changes in the economic situation, please refer to the section “The economic environment,” pages 8 and 9, in this interim Group management report. Readers are also referred to the Disclaimer at the end of this report.

RISKS AND OPPORTUNITIES

This section provides important additional information and explains recent changes in the risks and opportunities as described in the combined management report for the 2016 financial year (2016 Annual Report, page 97 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, further hearings took place in March, July, and September 2017. The shareholders Deutsche Telekom AG and Daimler Financial Services AG have also asserted counterclaims based on breaches of duties by the Federal Republic of Germany in relation to the delay in the start of toll collection.

Claims relating to charges for the shared use of cable ducts. In the legal proceedings brought by Unitymedia Hessen GmbH & Co. KG, Unitymedia NRW GmbH, and Kabel BW GmbH, the plaintiffs increased their claim in the appeal to around EUR 527 million plus interest. In the parallel proceedings brought by Vodafone Kabel Deutschland GmbH, the claim was amended to EUR 540 million along with another around EUR 11 million for the alleged benefit from additional interest, plus interest in each case. Vodafone Kabel Deutschland GmbH is no longer contesting claims from before 2009.

PROCEEDINGS CONCLUDED

Reduction of the Company's contribution to the Civil Service Pension Fund. The Berlin Higher Administrative Court rejected the appeal by Deutsche Telekom AG. The decision is final and legally binding, since Deutsche Telekom AG has waived its right of appeal. The proceedings are thus concluded.

ANTI-TRUST PROCEEDINGS

Claims for damages against Slovak Telekom following the European Commission's decision to impose fines. In June 2017, Slovak Telekom received a further, thus far unsubstantiated, claim for damages of EUR 59 million from Benestra s.r.o. In addition, Orange Slovensko a.s. withdrew its complaint following the conclusion of settlement negotiations in June 2017.

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, 2017	Dec. 31, 2016	Change	Change %	Sept. 30, 2016
ASSETS					
CURRENT ASSETS	**18,344**	**26,638**	**(8,294)**	**(31.1)%**	**23,891**
Cash and cash equivalents	2,860	7,747	(4,887)	(63.1)%	7,527
Trade and other receivables	9,196	9,362	(166)	(1.8)%	8,607
Current recoverable income taxes	160	218	(58)	(26.6)%	105
Other financial assets	2,442	5,713	(3,271)	(57.3)%	4,194
Inventories	1,520	1,629	(109)	(6.7)%	1,599
Other assets	1,795	1,597	198	12.4%	1,609
Non-current assets and disposal groups held for sale	371	372	(1)	(0.3)%	250
NON-CURRENT ASSETS	**121,497**	**121,847**	**(350)**	**(0.3)%**	**119,226**
Intangible assets	63,577	60,599	2,978	4.9%	58,951
Property, plant and equipment	46,081	46,758	(677)	(1.4)%	45,148
Investments accounted for using the equity method	601	725	(124)	(17.1)%	782
Other financial assets	5,963	7,886	(1,923)	(24.4)%	8,583
Deferred tax assets	4,498	5,210	(712)	(13.7)%	5,136
Other assets	778	669	109	16.3%	626
TOTAL ASSETS	**139,841**	**148,485**	**(8,644)**	**(5.8)%**	**143,117**
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES	**25,937**	**33,126**	**(7,189)**	**(21.7)%**	**26,010**
Financial liabilities	9,250	14,422	(5,172)	(35.9)%	8,959
Trade and other payables	8,516	10,441	(1,925)	(18.4)%	8,893
Income tax liabilities	341	222	119	53.6%	247
Other provisions	2,953	3,068	(115)	(3.7)%	2,850
Other liabilities	4,877	4,779	98	2.1%	4,962
Liabilities directly associated with non-current assets and disposal groups held for sale	0	194	(194)	n. a.	99
NON-CURRENT LIABILITIES	**74,850**	**76,514**	**(1,664)**	**(2.2)%**	**79,486**
Financial liabilities	49,387	50,228	(841)	(1.7)%	53,349
Provisions for pensions and other employee benefits	8,185	8,451	(266)	(3.1)%	9,091
Other provisions	3,220	3,320	(100)	(3.0)%	3,189
Deferred tax liabilities	10,060	10,007	53	0.5%	9,514
Other liabilities	3,999	4,508	(509)	(11.3)%	4,343
LIABILITIES	**100,787**	**109,640**	**(8,853)**	**(8.1)%**	**105,496**
SHAREHOLDERS' EQUITY	**39,055**	**38,845**	**210**	**0.5%**	**37,621**
Issued capital	12,189	11,973	216	1.8%	11,973
Treasury shares	(49)	(50)	1	2.0%	(50)
	12,140	**11,923**	**217**	**1.8%**	**11,923**
Capital reserves	54,638	53,356	1,282	2.4%	53,348
Retained earnings including carryforwards	(38,656)	(38,727)	71	0.2%	(39,174)
Total other comprehensive income	(1,055)	78	(1,133)	n. a.	(2,459)
Net profit (loss)	2,129	2,675	(546)	(20.4)%	4,799
ISSUED CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT	**29,195**	**29,305**	**(110)**	**(0.4)%**	**28,437**
Non-controlling interests	9,859	9,540	319	3.3%	9,184
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**139,841**	**148,485**	**(8,644)**	**(5.8)%**	**143,117**

CONSOLIDATED INCOME STATEMENT

millions of €

	Q3 2017	Q3 2016	Change %	Q1–Q3 2017	Q1–Q3 2016	Change %	FY 2016
NET REVENUE	**18,251**	**18,105**	**0.8 %**	**55,787**	**53,552**	**4.2 %**	**73,095**
Other operating income	2,081	386	n. a.	3,331	3,823	(12.9) %	4,180
Changes in inventories	(3)	1	n. a.	31	7	n. a.	(12)
Own capitalized costs	563	532	5.8 %	1,668	1,530	9.0 %	2,112
Goods and services purchased	(8,910)	(8,975)	0.7 %	(27,503)	(26,402)	(4.2) %	(37,084)
Personnel costs	(3,817)	(3,836)	0.5 %	(11,605)	(12,263)	5.4 %	(16,463)
Other operating expenses	(847)	(879)	3.6 %	(2,443)	(2,549)	4.2 %	(3,284)
Depreciation, amortization and impairment losses	(4,220)	(3,178)	(32.8) %	(10,568)	(9,471)	(11.6) %	(13,380)
PROFIT FROM OPERATIONS (EBIT)	**3,098**	**2,156**	**43.7 %**	**8,699**	**8,227**	**5.7 %**	**9,164**
Finance costs	(540)	(646)	16.4 %	(1,688)	(1,931)	12.6 %	(2,492)
Interest income	74	53	39.6 %	243	163	49.1 %	223
Interest expense	(614)	(699)	12.2 %	(1,931)	(2,094)	7.8 %	(2,715)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	3	(1)	n. a.	10	0	n. a.	(53)
Other financial income (expense)	(139)	107	n. a.	(1,990)	431	n. a.	(2,072)
PROFIT (LOSS) FROM FINANCIAL ACTIVITIES	**(676)**	**(540)**	**(25.2) %**	**(3,669)**	**(1,500)**	**n. a.**	**(4,617)**
PROFIT BEFORE INCOME TAXES	**2,421**	**1,616**	**49.8 %**	**5,030**	**6,727**	**(25.2) %**	**4,547**
Income taxes	(1,323)	(394)	n. a.	(1,931)	(1,442)	(33.9) %	(1,443)
PROFIT (LOSS)	**1,098**	**1,222**	**(10.1) %**	**3,099**	**5,285**	**(41.4) %**	**3,104**
PROFIT (LOSS) ATTRIBUTABLE TO							
Owners of the parent (net profit (loss))	507	1,053	(51.9) %	2,129	4,799	(55.6) %	2,675
Non-controlling interests	591	169	n. a.	970	486	99.6 %	429

EARNINGS PER SHARE

		Q3 2017	Q3 2016	Change %	Q1–Q3 2017	Q1–Q3 2016	Change %	FY 2016
Profit (loss) attributable to the owners of the parent (net profit (loss))	millions of €	507	1,053	(51.9) %	2,129	4,799	(55.6) %	2,675
Weighted average number of ordinary shares (basic/diluted)	millions	4,692	4,615	1.7 %	4,692	4,615	1.7 %	4,625
EARNINGS PER SHARE BASIC/DILUTED	€	**0.11**	**0.23**	**(52.2) %**	**0.45**	**1.04**	**(56.7) %**	**0.58**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

millions of €

	Q3 2017	Q3 2016	Change	Q1–Q3 2017	Q1–Q3 2016	Change	FY 2016
PROFIT (LOSS)	**1,098**	**1,222**	**(124)**	**3,099**	**5,285**	**(2,186)**	**3,104**
Items not reclassified to the income statement retrospectively							
Gain (loss) from the remeasurement of defined benefit plans	(51)	(244)	193	275	(1,322)	1,597	(660)
Share of profit (loss) of investments accounted for using the equity method	0	0	0	0	0	0	0
Income taxes relating to components of other comprehensive income	17	75	(58)	(86)	407	(493)	205
	(34)	**(169)**	**135**	**189**	**(915)**	**1,104**	**(455)**
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	0	(948)	948	(948)
Change in other comprehensive income (not recognized in income statement)	(732)	43	(775)	(1,981)	(590)	(1,391)	395
Available-for-sale financial assets							
Recognition of other comprehensive income in income statement	1	2	(1)	4	7	(3)	2,282
Change in other comprehensive income (not recognized in income statement)	(3)	(525)	522	17	(1,970)	1,987	(2,323)
Gains (losses) from hedging instruments							
Recognition of other comprehensive income in income statement	106	117	(11)	372	415	(43)	328
Change in other comprehensive income (not recognized in income statement)	(103)	(167)	64	(195)	(507)	312	(457)
Share of profit (loss) of investments accounted for using the equity method							
Recognition of other comprehensive income in income statement	0	(2)	2	0	5	(5)	7
Change in other comprehensive income (not recognized in income statement)	0	(1)	1	(1)	0	(1)	1
Income taxes relating to components of other comprehensive income	(1)	15	(16)	(57)	29	(86)	39
	(732)	**(518)**	**(214)**	**(1,841)**	**(3,559)**	**1,718**	**(676)**
OTHER COMPREHENSIVE INCOME	**(766)**	**(687)**	**(79)**	**(1,652)**	**(4,474)**	**2,822**	**(1,131)**
TOTAL COMPREHENSIVE INCOME	**332**	**535**	**(203)**	**1,447**	**811**	**636**	**1,973**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO							
Owners of the parent	(24)	385	(409)	1,188	443	745	1,306
Non-controlling interests	356	150	206	259	368	(109)	667

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

millions of €

	Issued capital and reserves attributable to owners of the parent				
	Equity contributed			Consolidated shareholders' equity generated	
	Issued capital	Treasury shares	Capital reserves	Retained earnings incl. carryforwards	Net profit (loss)
BALANCE AT JANUARY 1, 2016	**11,793**	**(51)**	**52,412**	**(38,969)**	**3,254**
Changes in the composition of the Group					
Transactions with owners			(58)		
Unappropriated profit (loss) carried forward				3,254	(3,254)
Dividends				(2,523)	
Capital increase at Deutsche Telekom AG	180		839		
Capital increase from share-based payment			155		
Share buy-back/shares held in a trust deposit		1		2	
Profit (loss)					4,799
Other comprehensive income				(900)	
TOTAL COMPREHENSIVE INCOME					
Transfer to retained earnings				(38)	
BALANCE AT SEPTEMBER 30, 2016	**11,973**	**(50)**	**53,348**	**(39,174)**	**4,799**
BALANCE AT JANUARY 1, 2017	**11,973**	**(50)**	**53,356**	**(38,727)**	**2,675**
Changes in the composition of the Group					
Transactions with owners			(64)		
Unappropriated profit (loss) carried forward				2,675	(2,675)
Dividends				(2,794)	
Capital increase at Deutsche Telekom AG	216		1,175		
Capital increase from share-based payment			171		
Share buy-back/shares held in a trust deposit		1		3	
Profit (loss)					2,129
Other comprehensive income				187	
TOTAL COMPREHENSIVE INCOME					
Transfer to retained earnings					
BALANCE AT SEPTEMBER 30, 2017	**12,189**	**(49)**	**54,638**	**(38,656)**	**2,129**

Issued capital and reserves attributable to owners of the parent							Non-controlling interests	Total shareholders' equity
Total other comprehensive income						Total		
Translation of foreign operations	Revaluation surplus	Available-for-sale financial assets	Hedging instruments	Investments accounted for using the equity method	Taxes			
427	**(62)**	**110**	**738**	**(17)**	**(235)**	**29,400**	**8,750**	**38,150**
						–	(1)	(1)
(2)						(60)	81	21
						0	–	0
						(2,523)	(97)	(2,620)
						1,019	–	1,019
						155	83	238
						3	–	3
						4,799	486	5,285
(1,434)	2	(1,966)	(92)	5	29	(4,356)	(118)	(4,474)
						443	**368**	**811**
				38		0	–	0
(1,009)	**(60)**	**(1,856)**	**646**	**26**	**(206)**	**28,437**	**9,184**	**37,621**
(371)	**(60)**	**69**	**609**	**27**	**(196)**	**29,305**	**9,540**	**38,845**
						–	8	8
(5)						(69)	80	11
						0	–	0
						(2,794)	(122)	(2,916)
						1,391	–	1,391
						171	94	265
						4	–	4
						2,129	970	3,099
(1,268)		20	177	(1)	(56)	(941)	(711)	(1,652)
						1,188	**259**	**1,447**
						–	–	–
(1,644)	**(60)**	**89**	**786**	**26**	**(252)**	**29,195**	**9,859**	**39,055**

CONSOLIDATED STATEMENT OF CASH FLOWS

millions of €

	Q3 2017	Q3 2016	Q1–Q3 2017	Q1–Q3 2016	FY 2016
PROFIT BEFORE INCOME TAXES	**2,421**	**1,616**	**5,030**	**6,727**	**4,547**
Depreciation, amortization and impairment losses	4,220	3,178	10,568	9,471	13,380
(Profit) loss from financial activities	676	540	3,669	1,500	4,617
(Profit) loss on the disposal of fully consolidated subsidiaries	2	0	(548)	(7)	(7)
(Income) loss from the sale of stakes accounted for using the equity method	0	12	(226)	(2,550)	(2,591)
Other non-cash transactions	(1,742)	94	(1,557)	258	316
(Gain) loss from the disposal of intangible assets and property, plant and equipment	19	(108)	(16)	(507)	(495)
Change in assets carried as working capital	(26)	410	(135)	244	(1,000)
Change in provisions	154	(14)	(171)	(408)	(234)
Change in other liabilities carried as working capital	(441)	(580)	(1,003)	(772)	(510)
Income taxes received (paid)	(204)	(113)	(384)	(380)	(527)
Dividends received	153	150	241	330	331
Net payments from entering into, canceling or changing the terms and conditions of interest rate derivatives	0	0	0	289	289
CASH GENERATED FROM OPERATIONS	**5,232**	**5,185**	**15,468**	**14,195**	**18,116**
Interest paid	(703)	(774)	(3,015)	(2,835)	(3,488)
Interest received	279	146	913	624	905
NET CASH FROM OPERATING ACTIVITIES	**4,808**	**4,557**	**13,367**	**11,984**	**15,533**
Cash outflows for investments in					
Intangible assets	(683)	(1,862)	(9,399)	(4,393)	(5,603)
Property, plant and equipment	(2,338)	(2,023)	(7,142)	(6,091)	(8,037)
Non-current financial assets	(122)	(51)	(297)	(404)	(483)
Payments to acquire control of subsidiaries and associates	(4)	0	(15)	0	(2)
Proceeds from disposal of					
Intangible assets	1	0	16	0	1
Property, plant and equipment	66	86	260	296	363
Non-current financial assets	216	19	563	172	335
Proceeds from the loss of control of subsidiaries and associates	(1)	(6)	499	5	4
Net change in short-term investments and marketable securities and receivables	(195)	(526)	1,753	89	(186)
Other	2	(1)	1	(5)	–
NET CASH USED IN INVESTING ACTIVITIES	**(3,056)**	**(4,364)**	**(13,759)**	**(10,331)**	**(13,608)**
Proceeds from issue of current financial liabilities	4,570	8,900	10,885	24,248	26,187
Repayment of current financial liabilities	(5,945)	(11,982)	(23,292)	(32,525)	(34,951)
Proceeds from issue of non-current financial liabilities	309	3,346	10,322	9,182	9,520
Repayment of non-current financial liabilities	0	0	(10)	0	(20)
Dividends (including to non-controlling interests)	(56)	(40)	(1,559)	(1,596)	(1,596)
Repayment of lease liabilities	(180)	(94)	(541)	(257)	(374)
Cash inflows from transactions with non-controlling entities	0	10	18	22	26
Cash outflows from transactions with non-controlling entities	(11)	(4)	(104)	(50)	(114)
Other	0	0	0	0	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(1,312)**	**136**	**(4,282)**	**(976)**	**(1,322)**
Effect of exchange rate changes on cash and cash equivalents	(21)	(9)	(215)	(47)	250
Changes in cash and cash equivalents associated with non-current assets and disposal groups held for sale	0	–	3	–	(3)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**419**	**320**	**(4,887)**	**630**	**850**
CASH AND CASH EQUIVALENTS, AT THE BEGINNING OF THE PERIOD	**2,441**	**7,207**	**7,747**	**6,897**	**6,897**
CASH AND CASH EQUIVALENTS, AT THE END OF THE PERIOD	**2,860**	**7,527**	**2,860**	**7,527**	**7,747**

SIGNIFICANT EVENTS AND TRANSACTIONS

ACCOUNTING POLICIES

In accordance with the amended § 51a (6) of the Exchange Rules for the Frankfurter Wertpapierbörse (FWB), Deutsche Telekom AG voluntarily publishes a quarterly financial report that comprises interim consolidated financial statements and an interim Group management report. The interim consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable to interim financial reporting as adopted by the EU. The interim management report for the Group was prepared in accordance with the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG).

STATEMENT OF COMPLIANCE

The interim consolidated financial statements for the period ended September 30, 2017 have been prepared voluntarily in compliance with International Accounting Standard (IAS) 34. As permitted by IAS 34, it has been decided to publish a condensed version compared to the consolidated financial statements at December 31, 2016. All IFRSs applied by Deutsche Telekom have been adopted by the European Commission for use within the EU.

In the opinion of the Board of Management, the reviewed quarterly financial report includes all standard adjustments to be applied on an ongoing basis that are required to give a true and fair view of the results of operations and financial position of the Group. Please refer to the notes to the consolidated financial statements as of December 31, 2016 for the accounting policies applied for the Group's financial reporting, 2016 Annual Report, page 133 et seq.

INITIAL APPLICATION OF NEW STANDARDS AND INTERPRETATIONS AS WELL AS AMENDMENTS TO STANDARDS AND INTERPRETATIONS IN THE REPORTING PERIOD RELEVANT FOR THE 2017 FINANCIAL YEAR

Pronouncement	Title	To be applied by Deutsche Telekom from	Changes	Impact on the presentation of Deutsche Telekom's results of operations and financial position
Amendments to IAS 7	Disclosure Initiative	January 1, 2017 [a]	This pronouncement requires that entities provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	No material impact.
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	January 1, 2017 [a]	Clarification of the accounting for deferred tax assets for unrealized losses on debt instruments that are classified as available-for-sale financial assets.	No material impact.
Annual Improvements Project	Annual Improvements to IFRSs 2014–2016 Cycle	January 1, 2017 (only IFRS 12) [a]	Clarifications regarding IFRS 1, IFRS 12, and IAS 28	No material impact.

[a] Not yet endorsed by the EU; the date of first-time adoption scheduled by the IASB is assumed for the time being as the likely date of first-time adoption.

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

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

- In the case of multiple-element arrangements (e.g., mobile contract plus handset) with subsidized products delivered in advance, a larger portion of the total remuneration is attributable to the component delivered in advance (mobile handset), requiring earlier recognition of revenue in future. This leads to the recognition of what is known as a contract asset – a receivable arising from the customer contract that has not yet legally come into existence – in the statement of financial position.
- At the same time, it results in higher revenue from the sale of goods and merchandise and to lower revenue from the provision of services.
- The extent of the changes resulting from the initial application of IFRS 15 that are described above therefore largely depends on the business models used by the subsidiary in question. Whereas the sale of subsidized handsets in connection with the conclusion of service contracts in the retail business is still common in the Germany operating segment, handsets are not sold at a discount at all or only to a limited extent in the United States and to some extent in the Europe operating segments; payment-by-installment models or leased models are offered to customers instead.
- In the future, expenses for sales commissions (customer acquisition costs) must be capitalized and recognized over the estimated customer retention period.
- On first-time application of the standard, both total assets and shareholders' equity will increase due to the capitalization of contract assets and customer acquisition costs.
- Deferral, i.e., later recognition of revenue in cases where "material rights" are granted, such as offering additional discounts for future purchases of further products.
- Contract liabilities (which, as deferred revenue, were already recognized as liabilities in the past) must be netted against the contract assets for each customer contract.
- For the purposes of determining whether Deutsche Telekom sells products for its own account (principal = gross revenue) or for the account of others (agent = net revenue), it is unlikely that there will be any material changes.

Deutsche Telekom will utilize the option for simplified initial application, i.e., contracts that are not completed by January 1, 2018 will be accounted for as if they had been recognized in accordance with IFRS 15 from the very beginning. The cumulative effect arising from the transition will be recognized as an adjustment to the opening balance of equity in the year of initial application. Prior-year comparatives will not be adjusted; instead, Deutsche Telekom will provide an explanation of the reasons for the changes in items in the statement of financial position and the income statement for the current period as a result of applying IFRS 15 for the first time.

The effects are being analyzed in a soon-to-be-completed Group-wide project on implementation of the new standard. Based on management's current estimate, Deutsche Telekom expects the changeover to the new standard to result in a cumulative increase in retained earnings of EUR 3 to 4 billion before deferred taxes. This effect will be mainly attributable to the first-time recognition of

- Contract assets that, under IFRS 15, would have led to the earlier recognition of revenue from the sale of goods and merchandise, and
- Deferred customer acquisition costs that, under IFRS 15, would have resulted in the later recognition of selling expenses.

As regards the new standard's impact on the consolidated income statement, Deutsche Telekom expects the overall share of revenue from the provision of services to decrease, and the overall share of revenue from the sale of goods and merchandise to increase, by between 1 and 3 percentage points. As described, IFRS 15 means revenue will be recognized earlier and expenses will be recognized later for contracts not yet concluded by January 1, 2018. However, as the accounting effects of the changeover to the new standard will be recognized directly in equity, the only effects on profit or loss in 2018 will be related to changes in the point in time at which revenue and expenses are realized. On the assumption that business development remains unchanged, this will mean the following for a mass market characterized by a large number of customer contracts that are being concluded at different points in time:

- For existing contracts, lower service revenues and higher selling expenses from the amortization of capitalized contract assets and customer acquisition costs will be largely compensated for by
- higher revenue, on the conclusion of new contracts, from the sale of goods and lower selling expenses from the capitalization of contract assets and customer acquisition costs.

Compared with the current accounting method, major effects on earnings can thus arise only if business development changes, for example, if volumes or prices change or if there are changes to business models or products offered.

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

The effects are being analyzed in a soon-to-be-completed Group-wide project on implementation of the new standard. On the basis of management's current estimate, Deutsche Telekom does not expect the first-time and ongoing application of the standard to have any material impact on the financial statements.

The new provisions mainly comprise the following items of relevance to Deutsche Telekom:

- Depending on the respective underlying business model, the new provisions on the classification of financial assets will in some cases give rise to changes in measurement and presentation. The measurement of debt instruments – especially trade receivables held for potential sale – at fair value through other comprehensive income will have minor effects. The measurement of equity instruments at fair value through other comprehensive income without reclassification in profit or loss of the cumulative gains and losses on disposal (OCI option) will reduce volatility in the income statement.

- The new provisions on the accounting of impairment losses will lead to expected losses having to be expensed earlier in some cases. Application of the simplified approach also for financial assets with a significant financing component, and impairment losses on the contract assets to be recognized for the first time as of January 1, 2018 in accordance with IFRS 15, will lead to a minor increase in impairment losses.

- The transition of existing hedging relationships to the new regime will not have any material effects.

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

For more information on standards, interpretations, and amendments that have been issued but not yet applied, as well as disclosures on the recognition and measurement of items in the statement of financial position and discretionary decisions and estimation uncertainties, please refer to the section "Summary of accounting policies" in the notes to the consolidated financial statements in the 2016 Annual Report, page 133 et seq.

CHANGES IN ACCOUNTING POLICIES AND CHANGES IN THE REPORTING STRUCTURE

Since January 1, 2017, the newly established Board of Management department Technology and Innovation, which comprises the Innovations, Telekom IT, and Technology units formerly assigned to the Germany, Europe, and Systems Solutions operating segments, has been reported on in the Group Headquarters & Group Services segment. Comparative figures have been adjusted retrospectively in segment reporting.

Since January 1, 2017, Deutsche Telekom has also reported on the Group Development operating segment, which actively manages and increases the value of selected subsidiaries and equity investments of the Group. The following units and subsidiaries have been included: T-Mobile Netherlands (previously in the Europe operating segment), Deutsche Funkturm (DFMG, previously in the Germany operating segment), as well as Deutsche Telekom Capital Partners (DTCP) and the stakes in BT plc, Ströer SE & Co. KGaA, as well as Strato AG, which was sold in March 2017, and the stake in Scout24 AG, which was sold in June 2017 (previously Group Headquarters & Group Services segment). The Group functions of Mergers & Acquisitions and Strategic Portfolio Management have also been assigned to Group Development. Comparative figures have been adjusted retrospectively in segment reporting.

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

Sale of Strato AG

In December 2016, Deutsche Telekom reached an agreement with United Internet AG on the sale of hosting service provider Strato AG. The sale is in line with the strategy of selling off or finding partners for business areas that cannot be developed adequately within the Deutsche Telekom Group and, in doing so, potentially increasing their value. The sale was completed at a purchase price of EUR 0.6 billion effective midnight March 31, 2017 after approval was given by the Federal Cartel Office (Bundeskartellamt). The transaction generated income of EUR 0.5 billion.

Sale of DeTeMedien GmbH

On June 14, 2017, Deutsche Telekom completed the sale of all its shares in DeTeMedien GmbH to a consortium of medium-sized publishers. By agreement, the purchase price remains confidential. It comprises a cash component as well as other elements, including a settlement of the dispute with the buyers, who for several years have pursued legal proceedings concerning the level of charges for subscriber data. In addition, the publishers have assumed the obligation to publish subscriber directories.

Sale of the shares in Scout24 AG

With accounting effect from June 23, 2017, Deutsche Telekom placed its entire direct stake of 9.26 percent in Scout24 AG in the market at a price of EUR 32.20 per share. The sale resulted in proceeds of EUR 0.3 billion and generated income of EUR 0.2 billion.

VOLUNTARY PRESENTATION OF THE QUANTITATIVE EFFECTS ON THE COMPOSITION OF THE GROUP

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.

The presented effects in the Group Development operating segment result from the acquisition of the fixed-network consumer business from Vodafone in the Netherlands as of December 16, 2016 and the aforementioned sale of Strato AG.

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

millions of €

	Total Q1–Q3 2017	Q1–Q3 2016									Organic change Q1–Q3 2017
		Total	Germany	United States	Europe	Systems Solutions	Group Development	Group Headquarters & Group Services	Reconciliation	Pro-forma[a]	
Net revenue	55,787	53,552					3	(46)		53,509	2,278
Other operating income	3,331	3,823					(1)	(1)		3,821	(490)
Changes in inventories	31	7					0	0		7	24
Own capitalized costs	1,668	1,530					2	(1)		1,531	137
Goods and services purchased	(27,503)	(26,402)					(39)	34		(26,407)	(1,096)
Personnel costs	(11,605)	(12,263)					9	2		(12,252)	647
Other operating expenses	(2,443)	(2,549)					(10)	1		(2,558)	115
Depreciation, amortization and impairment losses	(10,568)	(9,471)					5	3		(9,463)	(1,105)
PROFIT (LOSS) FROM OPERATIONS (EBIT)	**8,699**	**8,227**	**0**	**0**	**0**	**0**	**(31)**	**(8)**	**0**	**8,188**	**510**
Finance costs	(1,688)	(1,931)					0	0		(1,931)	243
Share of profit (loss) of associates and joint ventures accounted for using the equity method	10	0					0	0		0	10
Other financial income (expense)	(1,990)	431					(1)	0		430	(2,420)
PROFIT (LOSS) FROM FINANCIAL ACTIVITIES	**(3,669)**	**(1,500)**	**0**	**0**	**0**	**0**	**(1)**	**0**	**0**	**(1,501)**	**(2,168)**
PROFIT (LOSS) BEFORE INCOME TAXES	**5,030**	**6,727**	**0**	**0**	**0**	**0**	**(32)**	**(8)**	**0**	**6,687**	**(1,657)**
Income taxes	(1,931)	(1,442)					0	0		(1,442)	(489)
PROFIT (LOSS)	**3,099**	**5,285**	**0**	**0**	**0**	**0**	**(32)**	**(8)**	**0**	**5,245**	**(2,146)**

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

SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TRADE AND OTHER RECEIVABLES

Trade and other receivables decreased by EUR 0.2 billion to EUR 9.2 billion. Receivables in the United States operating segment declined by EUR 0.4 billion, largely due to exchange rate effects, primarily from the translation of U.S. dollars into euros. By contrast, terminal equipment sold under installment plans in connection with the market launch of higher-priced smartphones in the United States operating segment increased the volume of receivables.

NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE

At EUR 0.4 billion, the carrying amount of the non-current assets and disposal groups held for sale as of the reporting date remained stable relative to December 31, 2016. The following were the main factors influencing this item in the first nine months of 2017: The sale of Strato AG, which was completed in March 2017, reduced the carrying amount by EUR 0.1 billion. In addition, the transaction completed between T-Mobile US and a telecommunications company in March 2017 on the exchange of spectrum licenses also reduced the carrying amount by EUR 0.1 billion. A transaction agreed upon between T-Mobile US and a telecommunications company in April 2017 on the exchange of spectrum licenses, which increased the carrying amount by EUR 0.1 billion in the second quarter of 2017, was executed in September 2017 with a disposal in the amount of EUR 0.1 billion. By contrast, another transaction agreed upon between T-Mobile US and a competitor in September 2017 on the exchange of spectrum licenses increased the carrying amount by EUR 0.2 billion.

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets increased by EUR 3.0 billion to EUR 63.6 billion. Additions totaling EUR 9.9 billion increased the carrying amount. These comprised additions at T-Mobile US in the amount of EUR 7.5 billion, which were related to the purchase of spectrum licenses. Of the total amount, EUR 7.2 billion was attributable to the U.S. spectrum auction concluded in April 2017. The partial reversal of impairment losses on spectrum licenses previously acquired by T-Mobile US also increased the carrying amount by EUR 1.7 billion before deferred taxes. This is attributable to the fact that the grounds for the impairment loss recognized for the United States cash-generating unit in 2012 no longer apply thanks to the performance of T-Mobile US' share price. The increase in value of the previously impaired licenses was indicated by the results of the spectrum auction held by the U.S. regulatory authority, the Federal Communications Commission (FCC), which was completed in 2017. In this connection, the maximum possible reversal is limited to the lower of the recoverable amount determined from the fair value less costs of disposal on the one hand and the cost of the impaired spectrum licenses on the other.

The following factors served to reduce the carrying amount: In the Systems Solutions operating segment, the unexpected decline in order entry in the Market Unit (cash-generating unit) prompted impairment testing in the third quarter of the assets assigned to this unit. At EUR 1.2 billion, the recoverable amount of the Market Unit (cash-generating unit), determined on the basis of the fair value less costs of disposal, was EUR 1.2 billion lower than its carrying amount based on the business plan in place as of the reporting date. A discount rate of 6.31 percent was used. The value was calculated using level 3 input parameters. Accordingly, an impairment loss on goodwill of EUR 1.2 billion was recognized. The following also had a negative impact on the carrying amount: amortization in the amount of EUR 3.1 billion; negative exchange rate effects totaling EUR 4.0 billion, in particular from the translation of U.S. dollars into euros; and the reclassification of assets as non-current assets and disposal groups held for sale in the amount of EUR 0.3 billion in connection with the transactions agreed during the reporting period on the exchange of spectrum licenses at T-Mobile US.

Property, plant and equipment decreased by EUR 0.7 billion compared with December 31, 2016 to EUR 46.1 billion. Additions of EUR 8.2 billion primarily in the United States and Germany operating segments increased the carrying amount. These included in particular investments in connection with the modernization of the T-Mobile US 4G/LTE network and the broadband/fiber-optic build-out in the Germany operating segment. Moreover, EUR 0.7 billion were attributable to the capitalization of higher-priced mobile devices. These relate to the JUMP! On Demand business model introduced at T-Mobile US in 2015 under which customers no longer purchase the device but lease it. Depreciation in the amount of EUR 6.3 billion and negative exchange rate effects of EUR 1.7 billion, primarily from the translation of U.S. dollars into euros, reduced the carrying amount. Disposals in the amount of EUR 0.8 billion also decreased the carrying amount, with EUR 0.6 billion of that figure being attributable to terminal equipment returned by customers under the JUMP! On Demand program.

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The carrying amount of investments accounted for using the equity method decreased by EUR 0.1 billion compared with December 31, 2016 to EUR 0.6 billion, mainly due to the sale of the remaining direct stake in Scout24 AG.

OTHER FINANCIAL ASSETS

Other financial assets decreased by EUR 5.2 billion compared with December 31, 2016 to EUR 8.4 billion. This decline was mainly attributable to the utilization of a cash deposit of EUR 2.0 billion placed with the U.S. telecommunications authority in June 2016 in connection with the spectrum auction concluded in the second quarter of 2017. The EUR 1.3 billion impairment of the stock exchange-traded financial stake in BT recognized in profit and loss as of September 30, 2017 also reduced financial assets. The exercise and subsequent measurement of options embedded in bonds issued by T-Mobile US (termination rights) reduced the carrying amount by EUR 0.5 billion.

TRADE AND OTHER PAYABLES

Trade and other payables decreased by EUR 1.9 billion to EUR 8.5 billion. This decrease was attributable to the reduction in liabilities in the United States and Europe operating segments. Exchange rate effects from the translation of U.S. dollars to euros also reduced trade and other payables by EUR 0.5 billion.

FINANCIAL LIABILITIES

Financial liabilities declined by EUR 6.0 billion compared with the end of 2016 to a total of EUR 58.6 billion.

In January 2017, Deutsche Telekom placed U.S. dollar bonds with a volume of USD 3.5 billion (around EUR 3.3 billion) with institutional investors. These comprised a 3-year variable-interest bond with a volume of USD 0.400 billion and a mark-up of 58 basis points above the 3-month USD Libor; a 3-year fixed-interest bond with a volume of USD 0.850 billion and a coupon of 2.225 percent; a 5-year bond with a volume of USD 1.0 billion and a coupon of 2.820 percent; and a 10-year bond with a volume of USD 1.250 billion and a coupon of 3.600 percent. The bonds were issued by Deutsche Telekom International Finance B.V. and guaranteed by Deutsche Telekom AG.

Under its debt issuance program, Deutsche Telekom International Finance B.V. additionally placed the following bonds – guaranteed by Deutsche Telekom – with institutional investors:

- In January 2017, euro bonds with a total volume of EUR 3.5 billion, comprising a 4 ¾-year fixed-interest bond with a volume of EUR 1.0 billion and a coupon of 0.375 percent; a 7-year fixed-interest bond with a volume of EUR 1.25 billion and a coupon of 0.875 percent; and a 10-year bond with a volume of EUR 1.25 billion and a fixed coupon of 1.375 percent
- In April 2017, a 12-year fixed-interest pound sterling bond with a nominal volume of GBP 0.25 billion (around EUR 0.3 billion) and a coupon of 2.25 percent, and a 10-year fixed-interest Hong Kong dollar bond with a nominal volume of HKD 1.3 billion (around EUR 0.2 billion) and a coupon of 2.95 percent
- In May 2017, a 9-year fixed-interest euro bond with a volume of EUR 0.75 billion and a coupon of 1.125 percent.

Under its debt issuance program, Deutsche Telekom also issued a 10-year fixed-interest Norwegian krone bond with a volume of NOK 1 billion (around EUR 0.1 billion) and a coupon of 2.7 percent in July 2017.

In the first half of 2017, T-Mobile US prematurely repaid senior notes with a total volume of USD 8.25 billion (around EUR 7.6 billion). These included, on February 10, 2017, senior notes for an amount of USD 1.0 billion (around EUR 0.9 billion) with an interest rate of 6.625 percent at a price of 102.208 percent of the nominal amount (plus accrued interest). On March 6, 2017, further senior notes were repaid in the amount of USD 0.5 billion (around EUR 0.5 billion) with an interest rate of 5.250 percent at a price of 101.313 percent of the nominal amount (plus accrued interest). On April 3, 2017, further senior notes were repaid in the amount of USD 1.75 billion (around EUR 1.6 billion) with an interest rate of 6.250 percent at a price of 103.125 percent of the nominal amount (plus accrued interest). The other senior notes with an aggregate volume of USD 5.0 billion (around EUR 4.6 billion) and an interest rate ranging between 6.464 and 6.731 percent were repaid on April 28, 2017 at prices between 100.000 percent and 103.366 percent of the nominal amount (plus accrued interest). Further, T-Mobile US prematurely repaid a secured external loan in the amount of USD 2.0 billion (around EUR 1.9 billion) in the first half of 2017.

In March 2017, T-Mobile US placed high-yield notes with an aggregate volume of USD 1.5 billion (around EUR 1.4 billion) in a public offering in three tranches of USD 500 million each (at 4.0 percent and due in 2022, at 5.125 percent and due in 2025, and at 5.375 percent and due in 2027). These notes replace higher-interest bonds that T-Mobile US prematurely repaid.

The net change of EUR 1.3 billion in commercial paper also increased the carrying amount of the financial liabilities.

In the reporting period, euro bonds in a total amount of EUR 2.1 billion were repaid along with a U.S. dollar bond totaling USD 1.0 billion (around EUR 0.9 billion), a bond in Australian dollars amounting to AUD 0.1 billion (around EUR 0.1 billion), and a Norwegian krone bond for NOK 1.3 billion (around EUR 0.1 billion).

The total increase of EUR 0.4 billion in liabilities to banks compared with the end of 2016 was mainly due to promotional loans originated by the European Investment Bank in May 2017, for an amount of EUR 0.3 billion and a term of 6 years, and for an amount of EUR 0.4 billion and a term of 7 years. The repayment of a loan from the European Investment Bank in the amount of EUR 0.2 billion in July 2017 reduced liabilities to banks.

The following table shows the composition and maturity structure of financial liabilities as of September 30, 2017:

millions of €

	Sept. 30, 2017	Due within 1 year	Due >1 ≤ 5 years	Due > 5 years
Bonds and other securitized liabilities	46,816	4,568	15,956	26,292
Liabilities to banks	4,518	1,008	2,636	874
Finance lease liabilities	2,613	689	1,313	611
Liabilities to non-banks from promissory notes	483	26	232	225
Other interest-bearing liabilities	1,344	825	370	149
Other non-interest-bearing liabilities	1,331	1,221	107	3
Derivative financial liabilities	1,530	912	101	517
FINANCIAL LIABILITIES	**58,637**	**9,250**	**20,715**	**28,672**

LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE

The decrease of EUR 0.2 billion in the carrying amount of liabilities directly associated with non-current assets and disposal groups held for sale was mainly due to the sale of Strato AG (completed in March 2017) and the sale of DeTeMedien GmbH (completed in June 2017).

PROVISIONS FOR PENSIONS AND OTHER EMPLOYEE BENEFITS

Provisions for pensions and other employee benefits decreased by EUR 0.3 billion to EUR 8.2 billion, mainly due to interest rate adjustments which resulted in an actuarial gain of EUR 0.3 billion to be recognized directly in equity.

SHAREHOLDERS' EQUITY

The resolution on the dividend of EUR 0.60 per share for the 2016 financial year gave shareholders the choice between payment in cash or having their dividend entitlement converted into Deutsche Telekom AG shares. In June 2017, dividend entitlements of Deutsche Telekom AG shareholders amounting to EUR 1.4 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 2017. This increased capital reserves by EUR 1.2 billion, the number of shares by 84.6 million.

SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT

OTHER OPERATING INCOME

millions of €

	Q1–Q3 2017	Q1–Q3 2016
Income from the reversal of impairment losses on non-current assets	1,662	7
Of which: IFRS 5	2	0
Income from the disposal of non-current assets	150	620
Income from reimbursements	149	156
Income from insurance compensation	46	68
Income from ancillary services	24	28
Miscellaneous other operating income	1,300	2,944
Of which: income from divestitures and from the sale of stakes accounted for using the equity method	774	2,557
	3,331	**3,823**

Income from the reversal of impairment losses on non-current assets mainly comprises the partial reversal as of September 30, 2017 of impairment losses on spectrum licenses at T-Mobile US, increasing their carrying amount by EUR 1.7 billion before deferred taxes. Income from the disposal of non-current assets decreased by EUR 0.5 billion compared with the prior-year period. This was attributable to income of EUR 0.5 billion recognized in the prior-year period from transactions for the exchange of spectrum licenses between T-Mobile US and two telecommunications companies. Miscellaneous other operating income decreased by EUR 1.6 billion year-on-year. The main items posted in the reporting period were income of EUR 0.5 billion from the divestiture of Strato AG, income of EUR 0.2 billion from a payment received in connection with a settlement agreement concluded with BT in July 2017, and income of EUR 0.2 billion from the sale of the remaining shares in Scout24 AG, which had been accounted for using the equity method. In the prior-year period, income from the sale of stakes accounted for using the equity method included EUR 2.5 billion from the sale of the stake in the EE joint venture. Around EUR 0.9 billion of this amount was accounted for by effects recognized directly in equity in previous years.

OTHER OPERATING EXPENSES

millions of €

	Q1–Q3 2017	Q1–Q3 2016
Legal and audit fees	(167)	(158)
Losses from asset disposals	(133)	(114)
Expenses from measurement of receivables	(538)	(635)
Other taxes	(334)	(329)
Cash and guarantee transaction costs	(242)	(227)
Insurance expenses	(66)	(71)
Miscellaneous other operating expenses	(963)	(1,015)
	(2,443)	**(2,549)**

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

DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

Depreciation, amortization and impairment losses increased by EUR 1.1 billion year-on-year to EUR 10.6 billion. This increase was attributable in particular to the impairment of goodwill recognized in the Systems Solutions operating segment in the amount of EUR 1.2 billion. Depreciation and amortization were down slightly on the prior-year period. Depreciation primarily related to the build-out of the 4G/LTE network in the United States operating segment, however, had an increasing effect on this item. This was partially offset by lower depreciation in connection with terminal equipment leased as part of the JUMP! On Demand program.

PROFIT/LOSS FROM FINANCIAL ACTIVITIES

Other financial income recorded in the prior-year period became an expense in the first nine months of 2017, mainly as a result of the EUR 1.3 billion impairment of the financial stake in BT, which was recognized in profit and loss. This impairment comprises both the share price effect and the exchange rate effect. The exercise and subsequent measurement of options embedded in bonds issued by T-Mobile US (termination rights) resulted in negative remeasurement effects in the amount of EUR 0.9 billion compared with the prior-year period. As in the previous year, the financial stake in BT resulted in dividend income of EUR 0.1 billion. For more information, please refer to the disclosures on financial instruments, page 46 et seq. In the prior-year period, other financial income/expense included a final dividend totaling EUR 0.2 billion in connection with the sale of the stake in the EE joint venture.

INCOME TAXES

In the first nine months of 2017, a tax expense of EUR 1.9 billion was recorded, giving rise to a relatively high effective tax rate of 38 percent. The main contributing factors in this were the non-tax-deductible impairment of goodwill in the Systems Solutions operating segment, and the impairment of the financial stake in BT recognized in profit and loss. The recognition of deferred tax assets of EUR 0.2 billion on federal loss carryforwards in the United States, by contrast, reduced the tax expense. In addition, taxes for previous years were reduced in Germany by a comparable amount.

In the prior-year period, a tax expense of EUR 1.4 billion was recorded. This lower amount was due, in particular, to the fact that the sale of the stake in the EE joint venture was tax-free.

OTHER DISCLOSURES

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Net cash from operating activities

Net cash from operating activities increased by EUR 1.4 billion year-on-year to EUR 13.4 billion, mainly as a result of the positive business development of the United States operating segment. Factoring agreements resulted in positive effects of EUR 0.5 billion on net cash from operating activities in the reporting period. This mainly relates to factoring agreements in the Germany, Systems Solutions, and United States operating segments. The effect from factoring agreements in the prior-year period totaled EUR 1.0 billion. The dividend payment received from BT amounted to EUR 0.2 billion, whereas in the prior-year period dividend payments of EUR 0.2 billion and EUR 0.1 billion were received from the former joint venture EE and from BT, respectively. In addition, cash inflows of EUR 0.3 billion in the prior-year period from the cancellation of interest rate derivatives had a negative effect and net interest payments of EUR 0.1 billion had a positive effect year-on-year.

The amounts included under other non-cash transactions in the reporting period mainly relate to the partial reversal of impairment losses on spectrum licenses previously acquired by T-Mobile US, accounting for EUR 1.7 billion.

Net cash used in investing activities

millions of €

	Q1–Q3 2017	Q1–Q3 2016
Cash capex		
Germany operating segment	(3,109)	(2,803)
United States operating segment	(11,148)	(4,678)
Europe operating segment	(1,273)	(2,187)
Systems Solutions operating segment	(264)	(259)
Group Development operating segment	(215)	(202)
Group Headquarters & Group Services	(712)	(656)
Reconciliation	180	301
	(16,541)	**(10,484)**
Net cash flows for collateral deposited and hedging transactions [a]	1,613	(2,768)
Cash inflows from the sale of the shares in Scout24 AG	319	78
Proceeds from the disposal of property, plant and equipment, and intangible assets	276	296
Proceeds from the loss of control of subsidiaries and associates [b]	499	5
Allocation under contractual trust agreement (CTA) on pension commitments	–	(250)
Acquisition/sale of government bonds, net	5	2,788
Other	70	4
	(13,759)	**(10,331)**

[a] EUR 2.0 billion of which relates to a cash deposit placed in the first half of 2016 for the U.S. spectrum auction concluded in April 2017.
[b] Of which EUR 571 million relates to the cash inflows from purchase price payments and EUR 72 million to outflows of cash and cash equivalents.

Cash capex increased by EUR 6.1 billion to EUR 16.5 billion. In the reporting period, the United States operating segment acquired spectrum licenses for a total amount of EUR 7.3 billion, EUR 7.2 billion of which was attributable to the spectrum auction concluded in April 2017. In the prior-year period, the United States and Europe operating segments had acquired mobile spectrum licenses totaling EUR 2.2 billion. Excluding spectrum investment, cash capex increased by EUR 1.0 billion year-on-year, in particular in connection with network modernization in the United States operating segment – including build-out of the 4G/LTE network – and broadband/fiber-optic build-out in the Germany operating segment.

Net cash used in financing activities

millions of €

	Q1–Q3 2017	Q1–Q3 2016
Repayment of bonds	(10,980)	(3,235)
Dividends (including to non-controlling interests)	(1,559)	(1,596)
Repayment of financial liabilities from financed capex and opex	(264)	(213)
Repayment of EIB loans	(323)	(650)
Net cash flows for collateral deposited and hedging transactions	28	529
Repayment of lease liabilities	(541)	(257)
Repayment of financial liabilities for media broadcasting rights	(198)	(162)
Cash deposits from the EE joint venture, net	–	(220)
Money market loans, net	–	(150)
Cash flows from continuing involvement factoring, net	(9)	5
Loans taken out with the EIB	675	889
Promissory notes, net	167	(582)
Secured loans	(1,863)	–
Issuance of bonds	9,445	8,293
Commercial paper, net	1,568	(3,276)
Cash inflows from transactions with non-controlling entities		
T-Mobile US stock options	18	22
	18	**22**
Cash outflows from transactions with non-controlling entities		
T-Mobile US share buy-back	(94)	(47)
Other	(10)	(3)
	(104)	**(50)**
Other	(342)	(323)
	(4,282)	**(976)**

Non-cash transactions in the consolidated statement of cash flows

In June 2017, dividend entitlements of Deutsche Telekom AG shareholders in the amount of EUR 1.4 billion did not have an effect on net cash used in/from financing activities when fulfilled; rather, they were substituted by shares from authorized capital (please refer to the section "Shareholders' equity," page 41). The dividend entitlements of Deutsche Telekom AG shareholders having an effect on cash flows also totaled EUR 1.4 billion. In the previous year, dividend entitlements of Deutsche Telekom AG shareholders amounting to EUR 1.0 billion did not have an impact on cash flows, while dividend entitlements of EUR 1.5 billion did have an effect on cash flows.

In the first three quarters of 2017, Deutsche Telekom chose financing options totaling EUR 0.3 billion under which the payments for trade payables from operating and investing activities become due at a later point in time mainly by involving banks in the process (Q1–Q3 2016: EUR 0.2 billion). These payables will subsequently be recognized under financial liabilities in the statement of financial position. Future payments will be recognized in net cash used in/from financing activities.

In the first three quarters of 2017, Deutsche Telekom leased network equipment (classified as a finance lease) for a total of EUR 0.8 billion (Q1–Q3 2016: EUR 0.7 billion). The finance lease is then also shown under financial liabilities in the statement of financial position. Future repayments of the liabilities will be recognized in net cash used in/from financing activities.

Consideration for the acquisition of broadcasting rights will be paid by Deutsche Telekom in accordance with the terms of the contract on the date of its conclusion or spread over the term of the contract. Financial liabilities of EUR 0.2 billion were recognized in the first three quarters of 2017 for future consideration for acquired broadcasting rights (Q1–Q3 2016: EUR 0.2 billion). Future payments will be recognized in net cash used in/from financing activities.

In the United States operating segment, mobile devices amounting to EUR 0.7 billion were recognized under property, plant and equipment in the reporting period (Q1–Q3 2016: EUR 1.1 billion). These relate to the JUMP! On Demand business model introduced at T-Mobile US in 2015 under which customers no longer purchase the device but lease it. The payments are presented under net cash from operating activities.

In the United States operating segment, the exchange of spectrum licenses agreed between T-Mobile US and a telecommunications company in the third quarter of 2016 was completed in March 2017 and spectrum licenses with a value of EUR 0.1 billion were acquired in a non-cash transaction. In September 2017, another exchange of spectrum licenses was completed in the United States operating segment and spectrum licenses with a value of EUR 0.1 billion were acquired in a non-cash transaction.

SEGMENT REPORTING

The table on the following page provides an overview of Deutsche Telekom's operating segments and the Group Headquarters & Group Services segment for the first three quarters of 2017 and 2016.

Deutsche Telekom created the new Board of Management department Technology and Innovation, in which it has pooled the Group's overarching network, innovation, and IT tasks. This resulted in the following organizational changes: The Innovations, Telekom IT, and Technology units of the Germany, Europe, and Systems Solutions operating segments have been transferred into a separate Board department within the Group Headquarters & Group Services segment.

Since January 1, 2017, Deutsche Telekom has reported on the Group Development operating segment. Group Development actively manages and increases the value of selected subsidiaries and equity investments of the Group. The following units and subsidiaries have been included: T-Mobile Netherlands (previously in the Europe operating segment), Deutsche Funkturm (DFMG, previously in the Germany operating segment), as well as Deutsche Telekom Capital Partners (DTCP) and the stakes in BT plc, Ströer SE & Co. KGaA, as well as Strato AG, which was sold in March 2017, and the stake in Scout24 AG, which was sold in June 2017 (previously in the Group Headquarters & Group Services segment). The Group functions of Mergers & Acquisitions and Strategic Portfolio Management have also been assigned to Group Development.

Comparative figures have been adjusted retrospectively in segment reporting.

For details on the development of operations in the operating segments and the Group Headquarters & Group Services segment, please refer to the section "Development of business in the operating segments" in the interim Group management report, page 15 et seq.

Segment information in the first three quarters
millions of €

		Net revenue	Intersegment revenue	Total revenue	Profit (loss) from operations (EBIT)	Depreciation and amortization	Impairment losses	Segment assets [a]	Segment liabilities [a]	Investments accounted for using the equity method [a]
Germany	Q1–Q3 2017	15,244	1,012	16,256	3,281	(2,845)	(6)	32,320	25,449	21
	Q1–Q3 2016	15,195	1,013	16,208	2,798	(2,753)	(13)	32,017	25,594	20
United States	Q1–Q3 2017 [b]	26,683	1	26,684	5,135	(3,821)	(4)	64,332	45,247	192
	Q1–Q3 2016	24,293	0	24,293	2,703	(3,929)	0	68,349	49,791	216
Europe	Q1–Q3 2017	8,316	271	8,587	1,081	(1,666)	(2)	25,935	9,815	61
	Q1–Q3 2016	8,211	247	8,458	1,133	(1,735)	(11)	26,600	10,991	59
Systems Solutions	Q1–Q3 2017	4,069	1,030	5,099	(1,319)	(291)	(1,242)	6,260	5,043	22
	Q1–Q3 2016	4,296	956	5,252	(41)	(309)	0	7,462	5,243	21
Group Development	Q1–Q3 2017	1,252	450	1,702	1,417	(215)	0	10,793	2,895	295
	Q1–Q3 2016	1,286	450	1,736	3,012	(262)	0	11,221	2,417	397
Group Headquarters & Group Services	Q1–Q3 2017	223	2,045	2,268	(895)	(475)	(25)	43,957	56,121	11
	Q1–Q3 2016	272	2,266	2,538	(1,378)	(480)	(20)	37,702	50,483	12
TOTAL	**Q1–Q3 2017**	**55,787**	**4,809**	**60,596**	**8,700**	**(9,313)**	**(1,279)**	**183,597**	**144,570**	**602**
	Q1–Q3 2016	**53,552**	**4,933**	**58,485**	**8,227**	**(9,468)**	**(44)**	**183,351**	**144,519**	**725**
Reconciliation	Q1–Q3 2017	–	(4,809)	(4,809)	(1)	24	0	(43,756)	(43,783)	(1)
	Q1–Q3 2016	–	(4,933)	(4,933)	–	41	0	(34,866)	(34,879)	–
GROUP	**Q1–Q3 2017**	**55,787**	**–**	**55,787**	**8,699**	**(9,289)**	**(1,279)**	**139,841**	**100,787**	**601**
	Q1–Q3 2016	**53,552**	**–**	**53,552**	**8,227**	**(9,427)**	**(44)**	**148,485**	**109,640**	**725**

[a] Figures relate to the reporting dates of September 30, 2017 and December 31, 2016, respectively.
[b] Profit (loss) from operations (EBIT) in the reporting period includes a partial reversal of impairment losses on spectrum licenses previously acquired by T-Mobile US, accounting for EUR 1.7 billion.

CONTINGENT LIABILITIES

This section provides additional information and explains recent changes in the contingent liabilities as described in the consolidated financial statements for the 2016 financial year.

Toll Collect arbitration proceedings. In the Toll Collect arbitration proceedings, further hearings took place in March, July, and September 2017. The shareholders Deutsche Telekom AG and Daimler Financial Services AG have also asserted counterclaims based on breaches of duties by the Federal Republic of Germany in relation to the delay in the start of toll collection.

Claims relating to charges for the shared use of cable ducts. In the legal proceedings brought by Unitymedia Hessen GmbH & Co. KG, Unitymedia NRW GmbH, and Kabel BW GmbH, the plaintiffs increased their claim in the appeal to around EUR 527 million plus interest. In the parallel proceedings brought by Vodafone Kabel Deutschland GmbH, the claim was amended to EUR 540 million along with another around EUR 11 million for the alleged benefit from additional interest, plus interest in each case. Vodafone Kabel Deutschland GmbH is no longer contesting claims from before 2009.

Claims for damages against Slovak Telekom following the European Commission's decision to impose fines. In June 2017, Slovak Telekom received a further, thus far unsubstantiated, claim for damages of EUR 59 million from Benestra s.r.o. In addition, Orange Slovensko a.s. withdrew its complaint following the conclusion of settlement negotiations in June 2017.

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, 2017:

millions of €

	Sept. 30, 2017
Future obligations from operating leases	15,119
Purchase commitments regarding property, plant and equipment	2,962
Purchase commitments regarding intangible assets	482
Firm purchase commitments for inventories	6,546
Other purchase commitments and similar obligations	10,750
Payment obligations to the Civil Service Pension Fund	3,069
Purchase commitments for interests in other companies	26
Miscellaneous other obligations	17
	38,971

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, 2017	Amounts recognized in the statement of financial position in accordance with IAS 39			
			Amortized cost	Cost	Fair value recognized in equity	Fair value recognized in profit or loss
ASSETS						
Cash and cash equivalents	LaR	2,860	2,860			
Trade receivables	LaR	8,957	8,957			
Originated loans and receivables	LaR/n. a.	2,592	2,442			
Of which: collateral paid	LaR	244	244			
Other non-derivative financial assets						
Held-to-maturity investments	HtM	5	5			
Available-for-sale financial assets	AfS	4,380		158	4,222	
Derivative financial assets						
Derivatives without a hedging relationship	FAHfT	1,125				1,125
Of which: termination rights embedded in bonds issued	FAHfT	462				462
Of which: energy forward agreements embedded in renewable energy purchase agreements	FAHfT	–				
Derivatives with a hedging relationship	n. a.	302			143	159
LIABILITIES						
Trade payables	FLAC	8,481	8,481			
Bonds and other securitized liabilities	FLAC	46,816	46,816			
Liabilities to banks	FLAC	4,518	4,518			
Liabilities to non-banks from promissory notes	FLAC	483	483			
Liabilities with the right of creditors to priority repayment in the event of default	FLAC	–	–			
Other interest-bearing liabilities	FLAC	1,344	1,344			
Of which: collateral received	FLAC	543	543			
Other non-interest-bearing liabilities	FLAC	1,331	1,331			
Finance lease liabilities	n. a.	2,613				
Derivative financial liabilities						
Derivatives without a hedging relationship	FLHfT	1,147				1,147
Of which: conversion rights embedded in Mandatory Convertible Preferred Stock	FLHfT	838				838
Of which: options granted to third parties for the purchase of shares in subsidiaries	FLHfT	–				–
Of which: energy forward agreements embedded in renewable energy purchase agreements	FLHfT	5				5
Derivatives with a hedging relationship	n. a.	383			37	346
Derivative financial liabilities directly associated with non-current assets and disposal groups held for sale	FLHfT	–				
Of which: aggregated by category in accordance with IAS 39						
Loans and receivables	LaR	14,259	14,259			
Held-to-maturity investments	HtM	5	5			
Available-for-sale financial assets	AfS	4,380		158	4,222	
Financial assets held for trading	FAHfT	1,125				1,125
Financial liabilities measured at amortized cost	FLAC	62,973	62,973			
Financial liabilities held for trading	FLHfT	1,147				1,147

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

Trade receivables include receivables amounting to EUR 1.4 billion (December 31, 2016: EUR 1.5 billion) due in more than one year. The fair value generally equates to the carrying amount.

				Amounts recognized in the statement of financial position in accordance with IAS 39					
Amounts recognized in the statement of financial position in accordance with IAS 17	Fair value Sept. 30, 2017[a]	Category in accordance with IAS 39	Carrying amounts Dec. 31, 2016	Amortized cost	Cost	Fair value recognized in equity	Fair value recognized in profit or loss	Amounts recognized in the statement of financial position in accordance with IAS 17	Fair value Dec. 31, 2016[a]
	–	LaR	7,747	7,747					–
	–	LaR	9,179	9,179					–
150	2,624	LaR/n. a.	5,664	5,482				182	5,701
	–	LaR	235	235					–
	–	HtM	8	8					–
	4,222	AfS	5,548		126	5,422			5,422
	1,125	FAHfT	1,881				1,881		1,881
	462	FAHfT	915				915		915
	–	FAHfT	–						–
	302	n. a.	498			268	230		498
	–	FLAC	10,388	10,388					–
	51,948	FLAC	50,090	50,090					55,547
	4,596	FLAC	4,097	4,097					4,186
	548	FLAC	535	535					662
	–	FLAC	1,866	1,866					1,921
	1,375	FLAC	1,823	1,823					1,859
	–	FLAC	829	829					–
	–	FLAC	1,958	1,958					–
2,613	2,872	n. a.	2,547					2,547	2,852
	1,147	FLHfT	1,607				1,607		1,607
	838	FLHfT	837				837		837
	–	FLHfT	–						–
	5	FLHfT	–						–
	383	n. a.	127			48	79		127
	–	FLHfT	50				50		50
	2,474	LaR	22,408	22,408					5,519
	–	HtM	8	8					–
	4,222	AfS	5,548		126	5,422			5,422
	1,125	FAHfT	1,881				1,881		1,881
	58,467	FLAC	70,757	70,757					64,175
	1,147	FLHfT	1,657				1,657		1,657

Financial instruments measured at fair value
millions of €

	Sept. 30, 2017				Dec. 31, 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
ASSETS								
Available-for-sale financial assets (AfS)	3,928		294	**4,222**	5,212		210	**5,422**
Financial assets held for trading (FAHfT)		663	462	**1,125**		966	915	**1,881**
Derivative financial assets with a hedging relationship		302		**302**		498		**498**
LIABILITIES								
Financial liabilities held for trading (FLHfT)		304	843	**1,147**		770	887	**1,657**
Derivative financial liabilities with a hedging relationship		383		**383**		127		**127**

Of the available-for-sale financial assets (AfS) presented under other non-derivative financial assets, the instruments presented in the different levels constitute separate classes of financial instruments. In each case, the fair values of the total volume of instruments recognized as Level 1 are the price quotations at the reporting date. The total volume of instruments recognized as Level 1 in the amount of EUR 3,928 million (December 31, 2016: EUR 5,212 million) comprises a strategic financial stake of 12 percent in BT with a carrying amount equivalent to around EUR 3.85 billion. Following recognition in profit and loss of the impairment of the financial stake as of December 31, 2016, the fair value of the investment as of September 30, 2017 declined by a further amount equivalent to around EUR 1.3 billion. This decrease comprises both a share price effect and an exchange rate effect and was expensed in full in the consolidated income statement. The financial stake will continue to be measured at the current share value translated into euros. Future decreases in value would have to be expensed in full (i.e., share price effect and exchange rate effect) directly in the consolidated income statement. Future increases in value would have to be recognized in full directly in equity (other comprehensive income).

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

	Available-for-sale financial assets (AfS)	Financial assets held for trading (FAHfT): early redemption options embedded in bonds	Financial assets held for trading (FAHfT): energy forward agreements embedded in renewable energy purchase agreements	Financial liabilities held for trading (FLHfT): conversion rights embedded in Mandatory Convertible Preferred Stock	Financial liabilities held for trading (FLHfT): energy forward agreements embedded in renewable energy purchase agreements
Carrying amount as of January 1, 2017	**210**	**915**	**–**	**(837)**	**–**
Additions (including first-time categorization as Level 3)	98	16	0	–	0
Value decreases recognized in profit/loss (including losses on disposal)	(23)	(217)	(3)	(220)	(9)
Value increases recognized in profit/loss (including gains on disposal)	14	111	3	117	4
Value decreases recognized directly in equity	(40)	–	–	–	–
Value increases recognized directly in equity	56	–	–	–	–
Disposals	(21)	(301)	–	–	–
Currency translation effects recognized directly in equity	–	(62)	–	102	0
CARRYING AMOUNT AS OF SEPTEMBER 30, 2017	**294**	**462**	**0**	**(838)**	**(5)**

The available-for-sale financial assets assigned to Level 3 that are carried under other non-derivative financial assets are equity investments with a carrying amount of EUR 294 million measured using the best information available at the reporting date. As a rule, Deutsche Telekom considers transactions involving shares in those companies to have the greatest relevance. Transactions involving shares in comparable companies are also considered. The closeness of the transaction in question to the reporting date and the question of whether the transaction was at arm's length are relevant for the decision on which information will ultimately be used for the measurement. Furthermore, the degree of similarity between the object being measured and comparable companies must be taken into consideration. Based on Deutsche Telekom's own assessment, the fair values of the equity investments at the reporting date could be determined with sufficient reliability. In the case of investments with a carrying amount of EUR 186 million, transactions involving shares in these companies took place at arm's length sufficiently close to the reporting date, which is why the share prices agreed in the transactions were to be used without adjustment for the measurement as of September 30, 2017. In the case of investments with a carrying amount of EUR 45 million, although the last arm's length transactions relating to shares in these companies took place some time ago, based on the analysis of operational development (in particular revenue, EBIT, and liquidity), the previous carrying amount nevertheless corresponds to the fair value and, due to limited comparability, is preferable to measurement on the basis of transactions executed more recently relating to shares in comparable companies. In the case of investments with a carrying amount of EUR 63 million, for which the last arm's length transactions relating to shares in these companies took place some time ago, measurement executed more recently relating to shares in comparable companies provides the most reliable representation of the fair values. Here, multiples to the reference variable of net revenue (ranging between 1.1 and 6.2) were taken, using the respective median. In certain cases, due to specific circumstances, valuation discounts need to be applied to the respective multiples. If the value of the respective 2/3-quantile (1/3-quantile) had been used as a multiple with no change in the reference variables, the fair value of the investments at the reporting date would have been EUR 26 million higher (EUR 9 million lower). If the reference variables had been 10 percent higher (lower) with no change in the multiples, the fair value of the investments at the reporting date would have been EUR 3 million higher (EUR 3 million lower). In the reporting period, net expense of EUR 23 million was recognized in other financial income/expense for unrealized losses for the investments in the portfolio at the reporting date. Please refer to the table on page 48 for the development of the carrying amounts in the reporting period. No plans existed as of the reporting date to sell these investments.

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

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

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

The financial assets held for trading assigned to Level 3 that are carried under other derivative financial assets relate to options embedded in bonds issued by T-Mobile US with a carrying amount of EUR 462 million when translated into euros. The options, which can be exercised by T-Mobile US at any time, allow early redemption of the bonds at fixed exercise prices. Observable market prices are available routinely and also at the reporting date for the bonds as entire instruments, but not for the options embedded therein. The termination rights were measured using an option pricing model. Historical interest rate volatilities of bonds issued by T-Mobile US and comparable issuers are used for the measurement because these provide a more reliable estimate for these unobservable inputs at the reporting date than current market interest rate volatilities. The absolute figure used for the interest rate volatility at the current reporting date was between 1.6 and 2.4 percent. The spread curve, which is also unobservable, was derived on the basis of current market prices of bonds issued by T-Mobile US and debt instruments of comparable issuers. The spreads used at the current reporting date were between 1.9 and 3.3 percent for the maturities of the bonds and between 0.6 and 1.6 percent for shorter terms. In our opinion, 10 percent constituted the best estimate for the mean reversion, another unobservable input. If 10 percent higher (lower) interest rate volatilities in absolute terms had been used for the measurement at the reporting date, with otherwise unchanged parameters, the fair value of the options from T-Mobile US' perspective would have been EUR 23 million higher (EUR 38 million lower) when translated into euros. If spreads of 100 basis points higher (lower) had been used for the measurement at the reporting date, with otherwise unchanged parameters, the fair value of the options from T-Mobile US' perspective would have been EUR 174 million lower (EUR 249 million higher) when translated into euros. If a mean reversion of 100 basis points higher (lower) had been used for the measurement at the reporting date, with otherwise unchanged parameters, the fair value of the options from T-Mobile US' perspective would have been EUR 4 million lower (EUR 11 million higher) when translated into euros. In the reporting period, net income of EUR 45 million when translated into euros was recognized under the Level 3 measurement in other financial income/expense for unrealized gains for the options in the portfolio at the reporting date. In the reporting period, several options were exercised and the relevant bonds canceled prematurely. At the time of termination, the options and their total carrying amount translated into euros (EUR 301 million) were expensed and derecognized. Please refer to the table on page 48 for the development of the carrying amounts in the reporting period. The impairments recognized in profit and loss in the reporting period resulted mainly from the final measurement of the options disposed of in the reporting period immediately prior to their derecognition, because at this time, the interest rates and historical absolute interest rate volatilities that are relevant for measurement deviated accordingly from those at the last reporting date. The increases in value recognized in profit or loss in the reporting period were mainly attributable to fluctuations in the interest rates and historical interest rate volatilities in absolute terms that are relevant for measurement. Due to their distinctiveness, these instruments constitute a separate class of financial instruments.

The financial liabilities held for trading assigned to Level 3 that are presented under derivative financial liabilities with a carrying amount of EUR 838 million when translated into euros relate to stock options embedded in the Mandatory Convertible Preferred Stock issued by T-Mobile US. The Mandatory Convertible Preferred Stock will be converted into a variable number of shares of T-Mobile US on the maturity date in 2017 and is disclosed as debt rather than equity. The entire instrument is split into a debt instrument (bond) measured at amortized cost and an embedded derivative measured at fair value through profit or loss. In addition to conversion on the maturity date, this derivative also includes the early conversion rights granted to investors. An observable market price is available regularly and at the reporting date for the Mandatory Convertible Preferred Stock as an entire instrument, but not for the options embedded therein. The conversion rights are measured using an option pricing model. The market price of the entire instrument and its individual components is largely dependent on T-Mobile US' share price performance and the market interest rates. If the share price of T-Mobile US had been 10 percent higher (lower) at the reporting date, with otherwise unchanged parameters, the fair value of the options from T-Mobile US' perspective would have been EUR 168 million lower (EUR 168 million higher) when translated into euros. If a market interest rate of 100 basis points higher (lower) had been used for the measurement at the reporting date, with otherwise unchanged parameters, the fair value of the options from T-Mobile US' perspective would have been EUR 2 million lower (EUR 2 million higher) when translated into euros. In the reporting period, a net expense of EUR 103 million when translated into euros was recognized in other financial income/expense for unrealized losses for the options in the portfolio at the reporting date. Please refer to the table on page 48 for the development of the carrying amount in the reporting period. The market-price changes in the reporting period are largely attributable to fluctuations in T-Mobile US' share price. Due to its distinctiveness, this instrument constitutes a separate class of financial instruments.

With a carrying amount of EUR 5 million when translated into euros, the financial liabilities held for trading assigned to Level 3 that are carried under derivative financial liabilities relate to energy forward agreements embedded in renewable energy purchase agreements entered into by T-Mobile US. Each renewable energy purchase agreement consists of two components: the energy forward agreement and the acquisition of renewable energy certificates by T-Mobile US. The agreements were entered into with energy producers in 2017 and will run for terms of between 12 and 15 years from the commencement of commercial operation, which is expected to be between late 2017 and late 2018. The respective settlement period of the energy forward agreement, which is accounted for separately as a derivative, also starts when the facility begins commercial operation. Under the energy forward agreements, T-Mobile US receives variable amounts based on the facility's actual energy output and the then current energy prices, and pays fixed amounts per unit of energy generated throughout the term of the contract. The energy forward agreements are measured using valuation models because no observable market prices are available. The value of the derivative is materially influenced by the facility's future energy output, for which T-Mobile US estimated a value of 1,314 gigawatt hours per year at the reporting date. The value of the derivatives is also materially influenced by future energy prices, which are not observable for the period beyond five years. Further, the value of the derivatives is materially influenced by the future prices for renewable energy certificates, which are also not observable. For the unobservable portion of the term, T-Mobile US used on-peak energy prices between EUR 23.63 and EUR 37.59 when translated into euros and off-peak prices between EUR 18.94 and EUR 33.33 when translated into euros. An average off-peak/on-peak ratio of 57 percent was used. If 10 percent higher (lower) future energy prices had been used for the measurement at the reporting date, with otherwise unchanged parameters, the fair value of the derivatives from T-Mobile US' perspective would have been EUR 32 million higher (EUR 32 million lower) when translated into euros. If a 5 percent higher (lower) future energy output had been used for the measurement at the reporting date, with otherwise unchanged parameters, the fair value of the derivatives from T-Mobile US' perspective would have been EUR 11 million higher (EUR 11 million lower) when translated into euros. If the future prices for renewable energy certificates had been doubled for the measurement at the reporting date, with otherwise unchanged parameters, the fair value of the derivatives from T-Mobile US' perspective would have been EUR 5 million higher when translated into euros. If the future prices for renewable energy certificates had been set to zero for the measurement at the reporting date, with otherwise unchanged parameters, the fair value of the derivative from T-Mobile US' perspective would have been EUR 5 million lower when translated into euros. In the reporting period, a net expense of EUR 5 million (when translated into euros) was recognized under the Level 3 measurement in other operating income/expense for unrealized losses for the derivatives. Please refer to the table on page 48 for the development of the carrying amounts in the reporting period. The market-price changes are largely attributable to changes in observable and unobservable energy prices. As of June 30, 2017, the value of the portfolio was still slightly positive from Deutsche Telekom's perspective (carrying amount EUR 3 million), which is why it had to be disclosed as an asset. Due to their distinctiveness, these instruments constitute a separate class of financial instruments. Measurement of the derivatives on initial recognition resulted in a positive value from T-Mobile US' perspective of EUR 112 million when translated into euros. In the view of T-Mobile US, the contracts were entered into at current market conditions, and the most appropriate parameters for the unobservable inputs were used for measurement purposes.

The transaction price at inception was zero in each case. Since the unobservable inputs have a material influence on the measurement of the derivatives, the respective amount resulting from initial measurement was not carried on initial recognition. Instead, these amounts are amortized in profit or loss on a straight-line basis over the period of commercial energy generation (for a total amount of EUR 8 million per year when translated into euros). This amortization adjusts the effects from measuring the derivatives in each accounting period using the respective valuation models and updated parameters. All amounts from the measurement of the derivatives are presented in net terms in the statement of financial position (other derivative financial assets/liabilities) and in the income statement (other operating income/expenses). The difference yet to be amortized in the income statement developed as follows during the reporting period:

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

Measurement amount on initial recognition	**112**
Measurement amounts amortized in profit or loss in the current reporting period	–
MEASUREMENT AMOUNTS NOT AMORTIZED AS OF SEPTEMBER 30, 2017	112

As of December 31, 2016, the financial liabilities assigned to Level 3 included derivative financial liabilities with a carrying amount of EUR 50 million resulting from an option granted to third parties in the 2015 financial year for the purchase of shares in a subsidiary of Deutsche Telekom. Due to its distinctiveness, this instrument constituted a separate class of financial instruments. It was reported under derivative financial liabilities directly associated with non-current assets and disposal groups held for sale. The exercise period came to an end during the reporting period and the option was exercised in full. It was derecognized and the carrying amount transferred to the income statement on completion of the sale.

Disclosures on credit risk. In line with the contractual provisions, in the event of insolvency all derivatives with a positive or negative fair value that exist with the respective counterparty are offset against each other, leaving a net receivable or liability. The net amounts are normally recalculated every bank working day and corresponding cash collateral is then exchanged. 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 543 million (December 31, 2016: EUR 829 million). The credit risk was thus reduced by EUR 539 million (December 31, 2016: EUR 781 million) because, on the reporting date, the collateral received was offset by corresponding net derivative positions in the same amount. On the basis of these contracts, derivatives with a positive fair value and a total carrying amount of EUR 965 million as of the reporting date (December 31, 2016: EUR 1,464 million) had a maximum credit risk of EUR 13 million as of September 30, 2017 (December 31, 2016: EUR 11 million). There is no danger of default on embedded derivatives held. For information on the not-yet-amortized amounts from initial measurement of the energy forward agreements, please refer to the explanation above. When the netting of the positive and negative fair values of all derivatives was negative from Deutsche Telekom's perspective, Deutsche Telekom provided cash collateral in the amount of EUR 244 million (December 31, 2016: EUR 235 million) to counterparties pursuant to collateral contracts. The net amounts are normally recalculated every bank working day and offset against each other. The cash collateral paid is offset by corresponding net derivative positions of EUR 238 million at the reporting date (December 31, 2016: EUR 209 million), which is why it was not exposed to any credit risks in this amount. The collateral paid is reported under originated loans and receivables within other financial assets. On account of its close connection to the corresponding derivatives, the collateral paid constitutes a separate class of financial assets. Likewise, the collateral received, which is reported under financial liabilities, constitutes a separate class of financial liabilities on account of its connection to the corresponding derivatives. No other significant agreements reducing the maximum exposure to the credit risks of financial assets existed. The maximum exposure to credit risk of the other financial assets thus corresponds to their carrying amounts.

SERVICE CONCESSION ARRANGEMENTS

Satellic NV, Machelen, Belgium, signed a contractual arrangement with Viapass on July 25, 2014, the public agency responsible for toll collection in Belgium, for the set-up, operation, and financing of an electronic toll collection system. After Viapass accepted the system on March 30, 2016, the set-up phase was completed on March 31, 2016. As a result, income of EUR 0.1 billion from the construction contract was recognized in the prior-year period. Since the start of the operation phase on April 1, 2016, the separate fees for operation and maintenance services have been recognized as revenue in the respective periods in accordance with the provisions of IAS 18. Net revenue of EUR 54 million was recorded in the first nine months of 2017. Of the total revenue in the amount of EUR 0.2 billion recognized by Satellic NV in the prior-year period, EUR 45 million was posted after the start of the operation phase.

RELATED-PARTY DISCLOSURES

With the exception of the matters described in the following, there were no significant changes as of September 30, 2017 to the related-party disclosures reported in the consolidated financial statements as of December 31, 2016.

The Federal Republic of Germany (Federal Republic) and KfW Bankengruppe requested their dividend entitlements for the 2016 financial year relating to shares held in Deutsche Telekom AG be paid out partly in cash and partly in shares from authorized capital. In this connection, 12,630 thousand shares were transferred to the Federal Republic and 10,186 thousand shares to KfW Bankengruppe in June 2017. As of September 30, 2017, the Federal Republic held a share of 14.5 percent and KfW Bankengruppe a share of 17.4 percent in Deutsche Telekom AG.

Associates. The remaining direct stake of 9.26 percent in Scout24 AG was sold with effect from June 23, 2017, generating income of EUR 226 million (Dec. 31, 2016: EUR 96 million; Dec. 31, 2015: EUR 298 million).

EXECUTIVE BODIES

Changes in the composition of the Board of Management

At its meeting on June 30, 2016, the Supervisory Board of Deutsche Telekom AG resolved to extend the Group Board of Management by setting up a new Board department Technology and Innovation. The new department is headed by Claudia Nemat effective January 1, 2017, who was previously responsible for the Europe and Technology department. At its meeting on June 30, 2016, the Supervisory Board of Deutsche Telekom AG also appointed Srini Gopalan as the new Board member responsible for Europe effective January 1, 2017.

In a resolution reached on July 18, 2017, the Supervisory Board of Deutsche Telekom AG complied with the request of Niek Jan van Damme, the Board of Management member responsible for Germany at Deutsche Telekom AG, to terminate his appointment as a Board member effective midnight, December 31, 2017. At its meeting on July 18, 2017, the Supervisory Board of Deutsche Telekom AG also appointed Dr. Dirk Wössner as the new Board member responsible for Germany effective January 1, 2018.

In a resolution reached on September 13, 2017, the Supervisory Board of Deutsche Telekom AG complied with the request of Reinhard Clemens, the Board of Management member responsible for T-Systems at Deutsche Telekom AG, to terminate his appointment as a Board member effective December 31, 2017. At its meeting on September 13, 2017, the Supervisory Board of Deutsche Telekom AG also appointed Adel Al-Saleh as the new Board member responsible for T-Systems effective January 1, 2018.

Changes in the composition of the Supervisory Board

Sylvia Hauke resigned from her position as a member of the Supervisory Board of Deutsche Telekom AG effective midnight, June 30, 2017. Katrin Topel was court-appointed to the Supervisory Board of Deutsche Telekom AG effective July 1, 2017.

Dr. Wulf H. Bernotat died on August 27, 2017. He had been a member of the Supervisory Board of Deutsche Telekom AG since January 1, 2010.

Margret Suckale was court-appointed to the Supervisory Board of Deutsche Telekom AG effective September 28, 2017.

EVENTS AFTER THE REPORTING PERIOD (SEPTEMBER 30, 2017)

There are no events after the reporting period that require reporting.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Bonn, November 9, 2017

Deutsche Telekom AG
Board of Management

Timotheus Höttges

Reinhard Clemens   Niek Jan van Damme   Thomas Dannenfeldt   Srini Gopalan

Dr. Christian P. Illek   Dr. Thomas Kremer   Claudia Nemat

REVIEW REPORT

To Deutsche Telekom AG, Bonn

We have reviewed the condensed consolidated interim financial statements – comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, and selected explanatory notes – and the interim Group management report of Deutsche Telekom AG, Bonn, for the period from January 1 to September 30, 2017, which are part of the quarterly financial report pursuant to § 37w of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). The preparation of the condensed consolidated interim financial statements in accordance with the IFRSs applicable to the interim financial reporting as adopted by the EU and to the interim Group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent company's board of management. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim Group management report based on our review.

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

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

Frankfurt/Main, November 9, 2017

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Peter Bartels	Thomas Tandetzki
Wirtschaftsprüfer	Wirtschaftsprüfer

ADDITIONAL INFORMATION

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

SPECIAL FACTORS

The following table presents a reconciliation of EBITDA, EBIT, and net profit/loss to the respective figures adjusted for special factors. Reconciliations are presented for the reporting period, the prior-year period, and the full 2016 financial year:

millions of €

	EBITDA Q1–Q3 2017	EBIT Q1–Q3 2017	EBITDA Q1–Q3 2016	EBIT Q1–Q3 2016	EBITDA FY 2016	EBIT FY 2016
EBITDA/EBIT	**19,267**	**8,699**	**17,698**	**8,227**	**22,544**	**9,164**
GERMANY	**(228)**	**(228)**	**(660)**	**(660)**	**(910)**	**(910)**
Staff-related measures	(155)	(155)	(616)	(616)	(854)	(854)
Non-staff-related restructuring	(15)	(15)	(31)	(31)	(38)	(38)
Effects of deconsolidations, disposals and acquisitions	0	0	0	0	0	0
Other	(58)	(58)	(13)	(13)	(18)	(18)
UNITED STATES	**1,647**	**1,647**	**396**	**396**	**406**	**406**
Staff-related measures	(5)	(5)	(10)	(10)	(11)	(11)
Non-staff-related restructuring	0	0	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	1	1	406	406	417	417
Reversal of impairment losses on non-current assets	1,651	1,651	–	–	–	–
Impairment losses	–	0	–	0	–	0
Other	0	0	0	0	0	0
EUROPE	**(94)**	**(94)**	**(57)**	**(57)**	**(93)**	**(277)**
Staff-related measures	(63)	(63)	(79)	(79)	(100)	(100)
Non-staff-related restructuring	0	0	(3)	(3)	(4)	(4)
Effects of deconsolidations, disposals and acquisitions	(1)	(1)	25	25	25	25
Impairment losses	–	0	–	0	–	(184)
Other	(30)	(30)	0	0	(14)	(14)
SYSTEMS SOLUTIONS	**(148)**	**(1,396)**	**(178)**	**(194)**	**(252)**	**(276)**
Staff-related measures	(87)	(87)	(99)	(99)	(136)	(136)
Non-staff-related restructuring	(1)	(1)	(5)	(5)	(5)	(5)
Effects of deconsolidations, disposals and acquisitions	0	0	0	0	0	0
Impairment losses	–	(1,247)	–	0	–	0
Other	(61)	(61)	(75)	(91)	(111)	(135)
GROUP DEVELOPMENT	**937**	**937**	**2,543**	**2,543**	**2,547**	**2,132**
Staff-related measures	3	3	(7)	(7)	(35)	(35)
Non-staff-related restructuring	(4)	(4)	0	0	(3)	(3)
Effects of deconsolidations, disposals and acquisitions	736	736	2,550	2,550	2,585	2,585
Impairment losses	–	0	–	0	–	(415)
Other	201	201	0	0	0	0
GROUP HEADQUARTERS & GROUP SERVICES	**(62)**	**(62)**	**(501)**	**(501)**	**(574)**	**(574)**
Staff-related measures	(78)	(78)	(359)	(359)	(502)	(502)
Non-staff-related restructuring	(15)	(15)	(33)	(33)	(31)	(31)
Effects of deconsolidations, disposals and acquisitions	42	42	(53)	(53)	(11)	(11)
Impairment losses	–	0	–	0	–	0
Other	(12)	(12)	(56)	(56)	(29)	(29)
GROUP RECONCILIATION	**(1)**	**0**	**0**	**1**	**(1)**	**(1)**
Staff-related measures	0	0	0	0	0	0
Non-staff-related restructuring	0	0	0	0	0	0
Effects of deconsolidations, disposals and acquisitions	0	0	0	0	(1)	(1)
Other	(1)	0	0	1	0	0
TOTAL SPECIAL FACTORS	**2,051**	**804**	**1,543**	**1,528**	**1,124**	**501**
EBITDA/EBIT (ADJUSTED FOR SPECIAL FACTORS)	**17,215**	**7,895**	**16,155**	**6,699**	**21,420**	**8,663**
Profit (loss) from financial activities (adjusted for special factors)		(2,360)		(1,492)		(2,323)
PROFIT (LOSS) BEFORE INCOME TAXES (ADJUSTED FOR SPECIAL FACTORS)		**5,535**		**5,207**		**6,340**
Income taxes (adjusted for special factors)		(1,513)		(1,645)		(1,858)
PROFIT (LOSS) (ADJUSTED FOR SPECIAL FACTORS)		**4,022**		**3,562**		**4,482**
PROFIT (LOSS) (ADJUSTED FOR SPECIAL FACTORS) ATTRIBUTABLE TO						
Owners of the parent (net profit (loss)) (adjusted for special factors)		3,382		3,141		4,114
Non-controlling interests (adjusted for special factors)		640		421		368

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, 2017	Dec. 31, 2016	Change	Change %	Sept. 30, 2016
Financial liabilities (current)	9,250	14,422	(5,172)	(35.9)%	8,959
Financial liabilities (non-current)	49,387	50,228	(841)	(1.7)%	53,349
FINANCIAL LIABILITIES	**58,637**	**64,650**	**(6,013)**	**(9.3)%**	**62,308**
Accrued interest	(639)	(955)	316	33.1%	(793)
Other	(721)	(1,029)	308	29.9%	(828)
GROSS DEBT	**57,277**	**62,666**	**(5,389)**	**(8.6)%**	**60,687**
Cash and cash equivalents	2,860	7,747	(4,887)	(63.1)%	7,527
Available-for-sale financial assets/ financial assets held for trading	7	10	(3)	(30.0)%	99
Derivative financial assets	1,427	2,379	(952)	(40.0)%	2,280
Other financial assets	348	2,571	(2,223)	(86.5)%	2,297
NET DEBT	**52,635**	**49,959**	**2,676**	**5.4%**	**48,484**

RECONCILIATION FOR THE CHANGE IN DISCLOSURE OF KEY FIGURES FOR THE PRIOR-YEAR COMPARATIVE PERIOD IN THE FIRST THREE QUARTERS OF 2017

millions of €

	Total revenue	Profit (loss) from operations (EBIT)	EBITDA	Adjusted EBITDA	Depreciation and amortization	Impairment losses	Segment assets [a]	Segment liabilities [a]
Q1–Q3 2016/SEPTEMBER 30, 2016 PRESENTATION AS OF SEPTEMBER 30, 2016 – AS REPORTED								
Germany	16,409	3,146	5,995	6,655	(2,836)	(13)	33,353	26,423
United States	24,293	2,703	6,632	6,236	(3,929)	–	68,349	49,791
Europe	9,409	1,129	3,055	3,124	(1,915)	(11)	30,778	12,519
Systems Solutions	5,929	(144)	282	522	(426)	–	9,031	6,073
Group Headquarters & Group Services	1,614	1,392	1,781	(335)	(369)	(20)	42,628	50,502
TOTAL	**57,654**	**8,226**	**17,745**	**16,202**	**(9,475)**	**(44)**	**184,139**	**145,308**
Reconciliation	(4,102)	1	(47)	(47)	48	–	(35,654)	(35,668)
GROUP	**53,552**	**8,227**	**17,698**	**16,155**	**(9,427)**	**(44)**	**148,485**	**109,640**
Q1–Q3 2016/SEPTEMBER 30, 2016 +/– CHANGE IN DISCLOSURE: TECHNOLOGY AND INNOVATION BOARD DEPARTMENT AND GROUP DEVELOPMENT OPERATING SEGMENT								
Germany	(201)	(348)	(431)	(431)	83	–	(1,336)	(829)
United States	–	–	–	–	–	–	–	–
Europe	(951)	4	(176)	(188)	180	–	(4,178)	(1,528)
Systems Solutions	(677)	103	(14)	(76)	117	–	(1,569)	(830)
Group Development	1,736	3,012	3,274	730	(262)	–	11,221	2,417
Group Headquarters & Group Services	924	(2,770)	(2,659)	(42)	(111)	–	(4,926)	(19)
TOTAL	**831**	**1**	**(6)**	**(7)**	**7**	**–**	**(788)**	**(789)**
Reconciliation	(831)	(1)	6	7	(7)	–	788	789
GROUP	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Q1–Q3 2016/SEPTEMBER 30, 2016 = PRESENTATION AS OF SEPTEMBER 30, 2017								
Germany	16,208	2,798	5,564	6,224	(2,753)	(13)	32,017	25,594
United States	24,293	2,703	6,632	6,236	(3,929)	–	68,349	49,791
Europe	8,458	1,133	2,879	2,936	(1,735)	(11)	26,600	10,991
Systems Solutions	5,252	(41)	268	446	(309)	–	7,462	5,243
Group Development	1,736	3,012	3,274	730	(262)	–	11,221	2,417
Group Headquarters & Group Services	2,538	(1,378)	(878)	(377)	(480)	(20)	37,702	50,483
TOTAL	**58,485**	**8,227**	**17,739**	**16,195**	**(9,468)**	**(44)**	**183,351**	**144,519**
Reconciliation	(4,933)	–	(41)	(40)	41	–	(34,866)	(34,879)
GROUP	**53,552**	**8,227**	**17,698**	**16,155**	**(9,427)**	**(44)**	**148,485**	**109,640**

[a] Figures relate to the reporting date December 31, 2016.

GLOSSARY

For definitions, please refer to the 2016 Annual Report and the glossary therein, page 228 et seq.

DISCLAIMER

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

Forward-looking statements are based on current plans, estimates, and projections. You should consider them with caution. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond Deutsche Telekom’s control. They include, for instance, the progress of Deutsche Telekom’s staff-related restructuring measures and the impact of other significant strategic or business initiatives, including acquisitions, dispositions, and business combinations. In addition, movements in exchange rates and interest rates, regulatory rulings, stronger than expected competition, technological change, litigation, and regulatory developments, among other factors, may have a material adverse effect on costs and revenue development.

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

In addition to figures prepared in accordance with IFRS, Deutsche Telekom presents alternative performance measures, e.g., EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted EBIT, adjusted EBIT margin, adjusted net profit/loss, free cash flow, gross debt, and net debt. These measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Alternative performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways. For additional information on alternative performance measures, please refer to the section “Management of the Group,” page 31 et seq. of the 2016 Annual Report, as well as the Deutsche Telekom website (https://www.telekom.com/alternative-performance-measures) under “Investor Relations.”

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

FINANCIAL CALENDAR [a]

November 9, 2017	February 22, 2018	May 9, 2018
Publication of the Interim Group Report as of September 30, 2017	Publication of the 2017 Annual Report	Publication of the Interim Group Report as of March 31, 2018
May 17, 2018	**August 9, 2018**	**November 8, 2018**
2018 Shareholders' meeting	Publication of the Interim Group Report as of June 30, 2018	Publication of the Interim Group Report as of September 30, 2018

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

CONTACTS

Deutsche Telekom AG
Friedrich-Ebert-Allee 140
53113 Bonn

Media inquiries:
Corporate Communications

Phone +49 (0) 228 181 49494
Fax +49 (0) 228 181 94004
E-Mail media@telekom.de

Inquiries relating to the T-Share:
Investor Relations

Phone +49 (0) 228 181 88880
Fax +49 (0) 228 181 88899
E-Mail investor.relations@telekom.de

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

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

The English version of the Interim Group Report for January 1 to September 30, 2017 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.

You can access our Investor Relations website directly by scanning this QR code.

LIFE IS FOR SHARING.

MEDIA INFORMATION

Bonn, November 9, 2017

Deutsche Telekom continues to grow in the third quarter and raises its full-year 2017 earnings forecast for the second time

- Revenue up 0.8 percent in the third quarter of 2017 to 18.3 billion euros; organic growth of 3.3 percent
- Adjusted EBITDA rises 3.3 percent to 5.7 billion euros; organic growth of 5.7 percent
- Adjusted net profit 19.6 percent higher at 1.2 billion euros
- EBITDA forecast for full-year 2017 raised once again
- Record capital expenditure of 9.2 billion euros in the nine-month period, 12.2 percent more than in the comparable prior-year period
- Unbroken broadband boom in Germany
- Strong profit growth at T-Mobile US
- Positive trends in Europe
- Impairment at T-Systems due to low order entry

Deutsche Telekom increased its revenue and earnings in the third quarter of 2017, prompting it to raise its full-year profit forecast yet again. While revenue from July through September rose 0.8 percent year-on-year to 18.3 billion euros, adjusted EBITDA grew 3.3 percent to 5.7 billion euros. In organic terms – i.e., excluding the effects of changes in exchange rates and in the composition of the Group – revenues increased 3.3 percent and EBITDA 5.7 percent. The weaker U.S. dollar had a noticeable impact here.

The strong upward trend in adjusted EBITDA of the first six months thus continued in the third quarter as well, prompting the Group to raise its full-year profit forecast for the second time this year. Assuming constant exchange rates, Deutsche Telekom now expects to post full-year adjusted EBITDA of around 22.4 to 22.5 billion euros in 2017. At the start of the year, the company had forecast full-year earnings of around 22.2 billion euros, raising that figure to around 22.3 billion euros in August. The guidance for free cash flow remains unchanged at around 5.5 billion euros.

"Deutsche Telekom continues to post strong growth, which is why we are upgrading our forecast for the second time this year," said Tim Höttges, CEO of Deutsche Telekom. "This was made possible by our booming U.S. business, our strong performance in Germany, and the positive trends in our European subsidiaries."

The Group's record capital expenditures form the basis for this success story. In the third quarter alone, cash capex (excluding expenses for mobile spectrum) grew 9.6 percent to over 3 billion euros. In the first nine months of 2017, Deutsche Telekom's global investment spending exceeded 9.2 billion euros, up 12.2 percent on the comparable prior-year period. Cash capex is planned to reach around 12 billion euros by year-end. With planned cash capex of over 5 billion euros in Germany alone – across all operating segments – Deutsche Telekom continues to pursue its build-out of cutting-edge infrastructure, from fiber-optic cables in the fixed network through to Europe's largest data center in Biere.

Free cash flow rose 8.8 percent in the first nine months to 4.4 billion euros, keeping the company well on track to reach its full-year guidance. In the quarter just passed, there was a slight decrease of 1.6 percent in free cash flow to 1.9 billion euros.

The trend in adjusted net profit was very positive in the third quarter, with an increase of 19.6 percent to 1.2 billion euros. Reported net profit, on the other hand, declined by 51.9 percent to 0.5 billion euros, with a number of special factors playing a role in this decrease.

The impairment of goodwill at T-Systems in the amount of 1.2 billion euros had a negative impact that did not affect cash flows. It resulted from an impairment test carried out because order entry has remained below the planned figures throughout the year to date.

The reversal of impairment losses on U.S. mobile spectrum licenses had a positive effect of 1.7 billion euros. After non-controlling interests and taxes were taken into account, this special factor had a positive impact, on balance, of around 0.7 billion euros on Deutsche Telekom's net profit.

Germany – fiber-optic build-out continues to fuel growth

In Germany, Deutsche Telekom continued to post strong customer growth in the third quarter of 2017. 700,000 new fiber-optic lines (FTTC/vectoring, FTTH) within the three-month period ratcheted up the total number of lines in operation to 8.9 million. That was 2.8 million more lines than a year ago and a rise of 45 percent. The number of customers with the bundled product MagentaEINS exceeded 3.5 million, after 2.6 million a year earlier. The proportion of households with a Deutsche Telekom broadband line using MagentaEINS rose from 14 percent to 18 percent year-on-year.

Deutsche Telekom continues to build out its German network at a fast pace. 28.8 million households already have access to fiber-optic products, 15 percent or 3.7 million households more than a year ago. Just under two-thirds of all lines have already been converted to IP technology.

Deutsche Telekom remains the benchmark in Germany's mobile communications market. The company recorded an increase of 0.9 percent in its most important KPI, mobile service revenues. If the effects of regulation and cuts in roaming charges and mobile termination rates are factored out, the increase would have been 3.7 percent. As a result, Deutsche Telekom continued to grow substantially faster than the market as a whole and strengthened its position as No. 1 for mobile service revenues.

With revenue rising in the third quarter by a slight 0.1 percent to 5.5 billion euros, adjusted EBITDA rose 4.5 percent to 2.2 billion euros. That yielded an adjusted EBITDA margin of 39.9 percent, 1.7 percentage points higher than a year ago.

United States – unabated growth in customer numbers and financial KPIs

The boom in customer growth that T-Mobile US has been experiencing for years is starting to have an ever stronger impact on its financial KPIs. In the third quarter, service revenues rose 6.5 percent year-on-year to reach 7.4 billion U.S. dollars. At the same time, adjusted EBITDA increased by 11.4 percent to 2.7 billion U.S. dollars. That prompted T-Mobile US to once again raise its guidance for full-year 2017. The company now expects to post adjusted EBITDA of 10.8 to 11.0 billion U.S. dollars on a U.S. GAAP basis. Previously, the forecast figure was 10.5 to 10.9 billion U.S. dollars.

The trend in customer growth remains unbroken, with T-Mobile US gaining 1.3 million new customers in the third quarter. It was the 18th successive quarter in which the company acquired more than one million new customers, and it now has a total customer base of 70.7 million. In the particularly lucrative branded postpaid customer segment, the company added another 817,000 customers, strengthening T-Mobile US' position as the country's fastest growing mobile operator.

Europe – customer growth across a broad front

In Europe, the favorable trend of the preceding quarters remained unbroken. Customer numbers, in particular, developed very well from July through September, with the company posting 265,000 new mobile contract customers, 49,000 new broadband lines, and 44,000 new customers for TV products. The bundling of fixed-network and mobile products is becoming ever more popular in the European subsidiaries, where the corresponding customer numbers grew by a total of 167,000 to currently over 2 million.

Broadband coverage in both the fixed and mobile networks improved in the third quarter of 2017, with 5.7 million households now having access to bandwidths of at least 100 Mbit/s in the fixed network. That is an increase of over 1.2 million within one year. The LTE mobile communications standard already covers 105 million people, 20 million more than just a year ago.

Financial KPIs continued to stabilize. Revenue increased 1.6 percent to 2.9 billion euros, or 0.7 percent in organic terms. Adjusted EBITDA declined by 2.9 percent year-on-year in the third quarter to 1 billion euros, a minus of 1.3 percent in organic terms.

Systems Solutions – decline expected in fourth quarter

T-Systems posted order entry of 1.4 billion euros in the third quarter, a year-on-year rise of 4.8 percent. Viewed over the nine-month period, however, order entry was down by around 10 percent year-on-year. A further decrease is expected in the fourth quarter, given that fewer big deals are likely to be closed than in the same period last year. This expectation was the reason behind the above-mentioned impairment of goodwill of 1.2 billion euros in the Systems Solutions operating segment.

Revenue rose 2.0 percent in the third quarter to 1.7 billion euros. Revenue growth in the Telecommunications Division and in the Digital Division, as well as initial revenue from the newly established Telekom Security, more than compensated for falling revenues from IT business with corporate customers, the latter resulting from price pressure in the industry when extending existing contracts or concluding new ones. The cloud business performed well in the first nine months 2017, with revenues up 14 percent to 1.3 billion euros. Earnings indicators were mixed: Whereas adjusted EBITDA declined 5.8 percent to 131 million euros, the adjusted EBIT margin remained unchanged at 2.2 percent, as depreciation and amortization were lower than a year ago.

LIFE IS FOR SHARING.

The Deutsche Telekom Group at a glance:

	Q3 2017 millions of €	Q3 2016 millions of €	Change %	Q1-Q3 2017 millions of €	Q1-Q3 2016 millions of €	Change %	FY 2016 millions of €
Revenue	18,251	18,105	0.8	55,787	53,552	4.2	73,095
Proportion generated internationally (%)	66.4	65.8	0.6p	67.3	65.8	1.5p	66.3
EBITDA	7,318	5,334	37.2	19,267	17,698	8.9	22,544
Adjusted EBITDA	5,720	5,535	3.3	17,215	16,155	6.6	21,420
Net profit	507	1,053	(51.9)	2,129	4,799	(55.6)	2,675
Adjusted net profit	1,244	1,040	19.6	3,382	3,141	7.7	4,114
Free cash flow[a]	1,873	1,904	(1.6)	4,403	4,046	8.8	4,939
Cash capex[b]	3,021	3,885	(22.2)	16,541	10,484	57.8	13,640
Cash capex[b] (before spectrum)	3,002	2,739	9.6	9,241	8,234	12.2	10,958
Net debt	52,635	48,484	8.6	52,635	48,484	8.6	49,959
Number of employees[c]	216,343	219,254	(1.3)	216,343	219,254	(1.3)	218,341

Comments on the table:

a Before dividend payments and spectrum investment.

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

c At the reporting date.

Operating segments:

	Q3 2017 millions of €	Q3 2016 millions of €	Change %	Q1-Q3 2017 millions of €	Q1-Q3 2016 millions of €	Change %	FY 2016 millions of €
Germany							
Total revenue	5,488	5,485	0.1	16,256	16,208	0.3	21,774
EBITDA	2,116	1,972	7.3	6,132	5,564	10.2	7,327
Adjusted EBITDA	2,190	2,095	4.5	6,360	6,224	2.2	8,237
Number of employees[a]	64,388	66,677	(3.4)	64,388	66,677	(3.4)	65,452
United States							
Total revenue	8,466	8,281	2.2	26,684	24,293	9.8	33,738
EBITDA	3,934	2,241	75.5	8,960	6,632	35.1	8,967
Adjusted EBITDA	2,288	2,156	6.1	7,313	6,236	17.3	8,561
Europe							
Total revenue	2,945	2,900	1.6	8,587	8,458	1.5	11,454
EBITDA	959	1,015	(5.5)	2,749	2,879	(4.5)	3,773
Adjusted EBITDA	1,007	1,037	(2.9)	2,843	2,936	(3.2)	3,866
Systems Solutions							
Order entry	1,366	1,303	4.8	3,936	4,356	(9.6)	6,851
Total revenue	1,707	1,674	2.0	5,099	5,252	(2.9)	6,993
Adjusted EBIT margin (%)	2.2	2.2	0.0p	1.5	2.9	(1.4p)	1.8
EBITDA	56	87	(35.6)	214	268	(20.1)	278
Adjusted EBITDA	131	139	(5.8)	362	446	(18.8)	530

Comment on the table:

a At the reporting date.

Development of customer numbers

Operating segments: development of customer numbers in the third quarter of 2017

	Sept. 30, 2017 thousands	June 30, 2017 thousands	Change thousands	Change %
Germany				
Mobile customers	42,534	42,011	523	1.2
Of which contract customers	25,452	25,084	368	1.5
Fixed-network lines	19,352	19,477	(125)	(0.6)
Of which retail IP-based	11,177	10,351	826	8.0
Broadband lines	13,105	13,035	70	0.5
Of which optical fiber[a]	5,417	5,033	384	7.6
Television (IPTV, satellite)	3,089	3,024	65	2.1
Unbundled local loop lines (ULLs)	6,417	6,723	(306)	(4.6)
United States				
Mobile customers[b]	70,731	69,562	1,169	1.7
Of which branded postpaid customers	36,975	36,158	817	2.3
Of which branded prepay customers	20,519	20,293	226	1.1
Europe				
Mobile customers	48,205	47,688	517	1.1
Of which contract customers	25,119	24,854	265	1.1
Fixed-network lines	8,422	8,464	(42)	(0.5)
Of which IP-based	5,555	5,416	139	2.6
Retail broadband lines	5,558	5,509	49	0.9
Television (IPTV, satellite, cable)	4,200	4,156	44	1.1

Comments on the table:

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

b As of Q2/17, 4.368 million wholesale customers from the Lifeline program are no longer included in the figures.

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

	Sept. 30, 2017 thousands	Sept. 30, 2016 thousands	Change thousands	Change %
Germany				
Mobile customers	42,534	41,461	1,073	2.6
Of which contract customers	25,452	24,705	747	3.0
Fixed-network lines	19,352	19,873	(521)	(2.6)
Of which retail IP-based	11,177	8,435	2,742	32.5
Broadband lines	13,105	12,835	270	2.1
Of which optical fiber[a]	5,417	3,857	1,560	40.4
Television (IPTV, satellite)	3,089	2,818	271	9.6
Unbundled local loop lines (ULLs)	6,417	7,431	(1,014)	(13.6)
United States				
Mobile customers[b]	70,731	69,354	1,377	2.0
Of which branded postpaid customers	36,975	33,230	3,745	11.3
Of which branded prepay customers	20,519	19,272	1,247	6.5
Europe				
Mobile customers	48,205	48,508	(303)	(0.6)
Of which contract customers	25,119	24,005	1,114	4.6
Fixed-network lines	8,422	8,599	(177)	(2.1)
Of which IP-based	5,555	4,757	798	16.8
Retail broadband lines	5,558	5,352	206	3.8
Television (IPTV, satellite, cable)	4,200	4,010	190	4.7

Comments on the table:

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

b As of Q2/17, 4.368 million wholesale customers from the Lifeline program are no longer included in the figures.

This media information contains forward-looking statements that reflect the current views of Deutsche Telekom management with respect to future events. These forward-looking statements include statements with regard to the expected development of revenue, earnings, profits from operations, depreciation and amortization, cash flows, and personnel-related measures. They should therefore be considered with caution. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond Deutsche Telekom's control. Among the factors that might influence Deutsche Telekom's ability to achieve its objectives are the progress of its staff restructuring initiatives and other cost-saving measures, and the impact of other significant strategic, labor, or business initiatives, including acquisitions, dispositions, business combinations, and network upgrade and build-out initiatives. In addition, stronger than expected competition, technological change, legal proceedings, and regulatory developments, among other factors, may have a material adverse effect on cost and revenue development. Further, an economic downturn in the markets, and changes in interest and currency exchange rates, may also have an impact on Deutsche Telekom's business development and the availability of financing on favorable conditions. Changes to Deutsche Telekom's expectations concerning future cash flows may lead to impairment write downs of assets carried at historical cost, which may materially affect the 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, the actual performance may materially differ from the performance expressed or implied by forward-looking statements. There is no assurance that the estimates or expectations 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 also presents alternative performance measures, including, among others, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted EBIT, adjusted net profit, free cash flow, gross debt, and net debt. These performance measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Alternative performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways.

Deutsche Telekom AG

Corporate Communications

Tel.: +49 228 181 – 49494
E-Mail: media@telekom.de

Further information for the media at:

www.telekom.com/media
www.telekom.com/photos
www.twitter.com/telekom_group
www.instagram.com/deutschetelekom

About Deutsche Telekom: https://www.telekom.com/companyprofile

DEUTSCHE TELEKOM

Q3/2017 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.

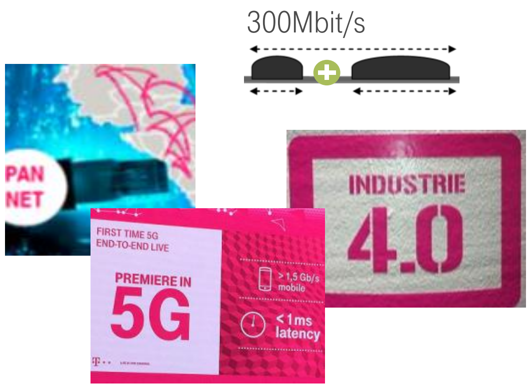
In addition to figures prepared in accordance with IFRS, Deutsche Telekom also presents alternative performance measures, including, among others, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted EBIT, adjusted net income, free cash flow, gross debt and net debt. These alternative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

REVIEW 9M/2017

9M/2017 HIGHLIGHTS: STRONG GROWTH AND RAISED GUIDANCE

Investments and innovations

- 2/3 of customer base in GER and EU migrated to IP
- FTTH roll-out for business parks in Germany started
- Cash capex +12.2% to €9.2 billion



Customers

- Demand for fiber in Germany unabated
  - 8.9 million German homes with fiber (+45% yoy)
  - 2.1 million net adds year to date
- Continued strong US growth
  - 3.8 million net adds

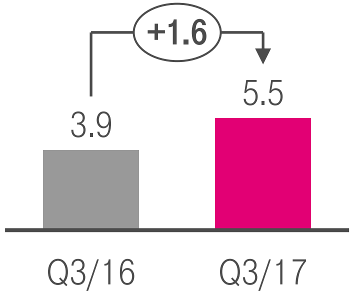
Financial results

- Strong growth continues
  - Revenue up 4.2% yoy
  - Adj. EBITDA up 6.6% yoy
  - FCF up 8.8% yoy
- Net debt/Adj. EBITDA at 2.3x
- EBITDA-Guidance raised

CUSTOMERS: STRONG DEMAND DRIVES MOMENTUM

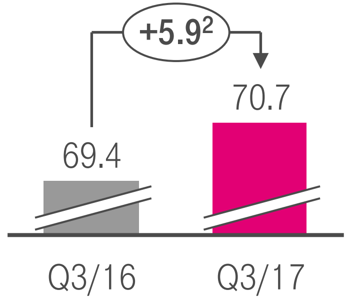
MagentaEINS (Germany + EU)[1]

mn



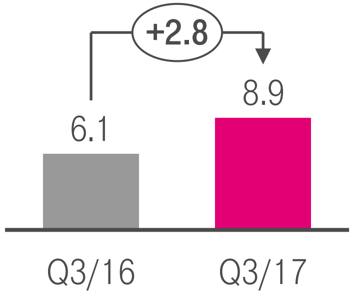
US Mobile

mn



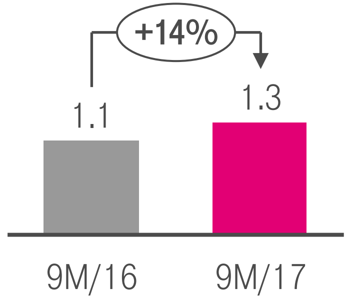
Fiber in Germany

mn



Cloud revenues

€ bn

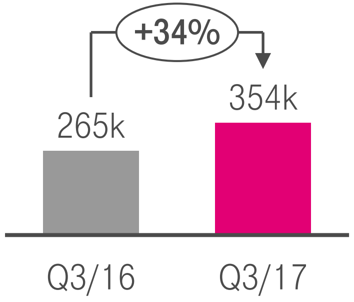


1) FMC RGUs may also appear under other brand name outside of Germany 2) Adj. for 4,528m wholesale customers no longer reported since Q2/17

INNOVATIONS: FOCUS ON CUSTOMER EXPERIENCE

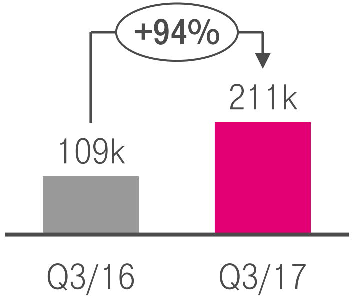
Hybrid Access[1]

subs

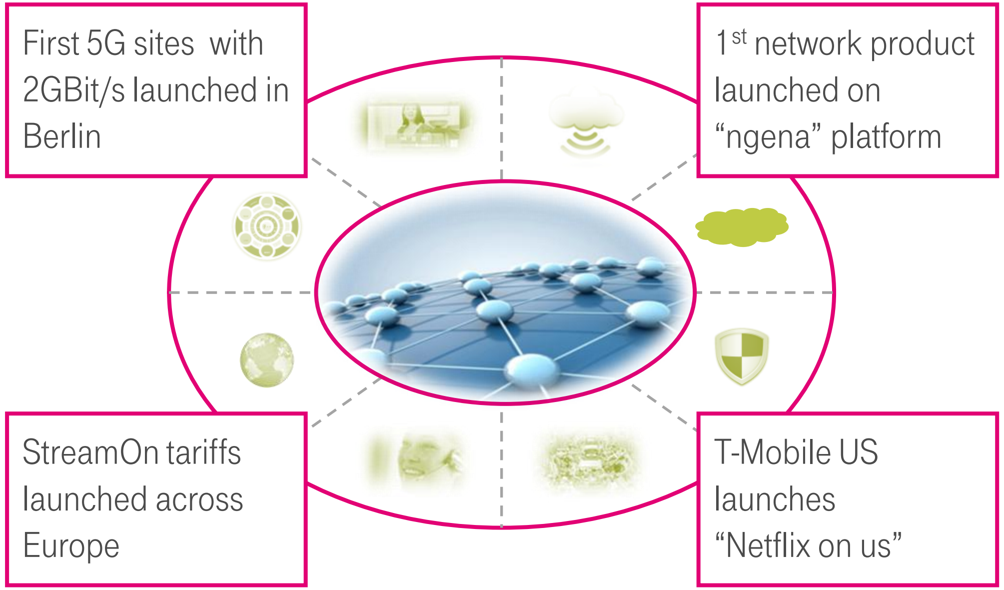


Smart Home[2]

subs

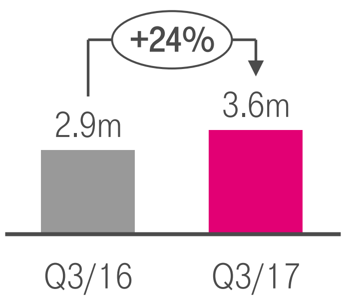


Innovation/Network



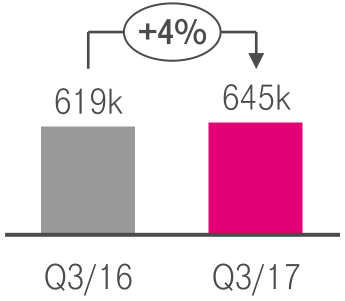
Service App

visits



IT-Support[3]

subs



1) +5€ per customer/month 2) +10€ per customer/month 3) +8€ per customer/month

FINANCIALS AND GUIDANCE 2017: GROWTH AGAIN AHEAD OF MID-TERM TARGETS

€ bn	Revenue	Adj. EBITDA	FCF
2014 – 2018 CAGR[1]	+1 – 2%	+2 – 4%	≈+10%
Initial 2017 Guidance ($/€: 1.11)	Increase	Around 22.2 bn[2]	Around 5.5 bn
Revised Guidance per H1/17 ($/€: 1.11)	Increase	Around 22.3 bn[2]	Around 5.5 bn
NEW 2017 Guidance ($/€: 1.11)	Increase	Around 22.4 – 22.5 bn[2]	Around 5.5 bn
9M/2017 performance	+4.2%	+6.6%	+8.8%

1) 14-18 CAGRs as per CMD 2015 guidance 2) Handset lease and data stash $0.8 to 0.9 billion as per old guidance. $0.85 – 0.95 billion as per new guidance

REVIEW Q3/17

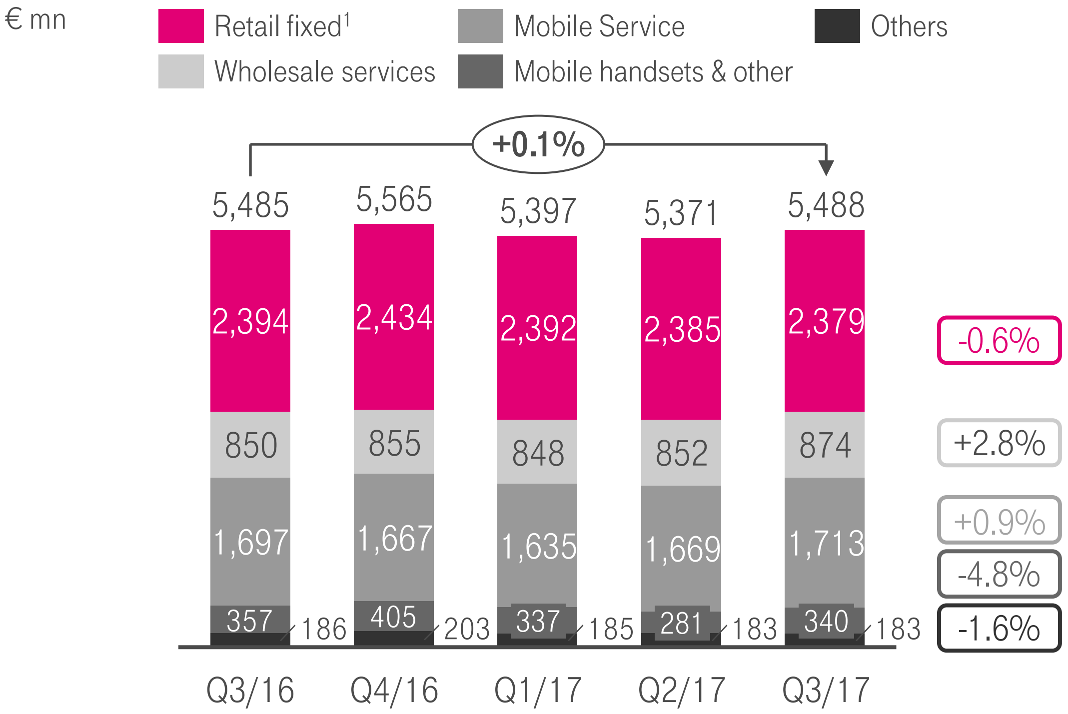
Q3/2017: FINANCIAL HIGHLIGHTS

€ mn	Q3			9M		
	2016	2017	Change	2016	2017	Change
Revenue	18,105	18,251	+0.8%	53,552	55,787	+4.2%
Adj. EBITDA	5,535	5,720	+3.3%	16,155	17,215	+6.6%
Adj. Net profit	1,040	1,244	+19.6%	3,141	3,382	+7.7%
Net profit	1,053	507	-51.9%	4,799	2,129	-55.6%
Adj. EPS (in €)	0.23	0.26	+13.0%	0.68	0.72	+5.9%
Free cash flow[1]	1,904	1,873	-1.6%	4,046	4,403	+8.8%
Cash capex[2]	2,739	3,002	+9.6%	8,234	9,241	+12.2%
Net debt	48,484	52,635	+8.6%	48,484	52,635	+8.6%

1) Free cash flow before dividend payments and spectrum investment 2) Excl. Spectrum: Q3/16: € 1,146 million; Q3/17: € 19 million; 9M/16: € 2,250 million; 9M/17: € 7,300 million

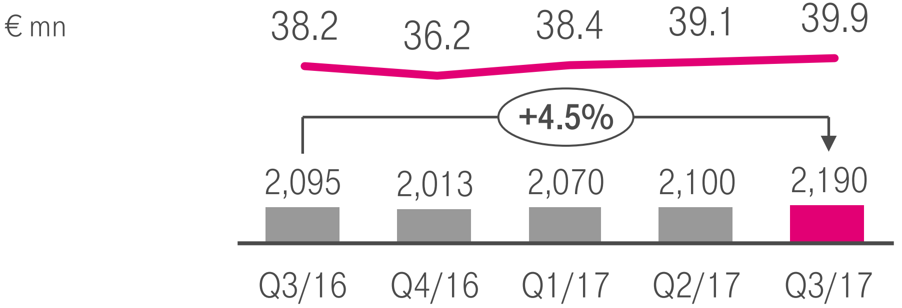
GERMANY: STRONG GROWTH IN ADJ. EBITDA

Revenue reported

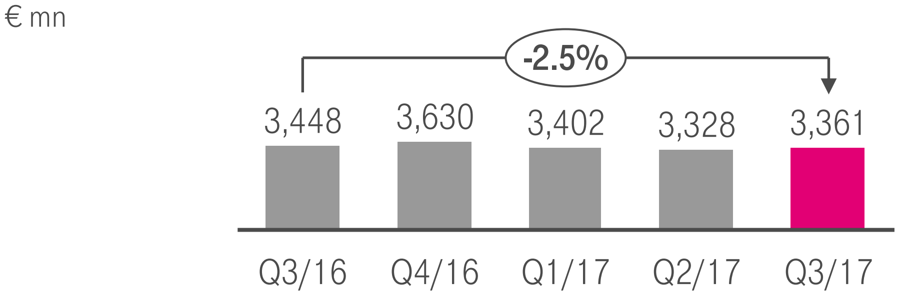


1) Fixed network core business

Adj. EBITDA and margin (in %)

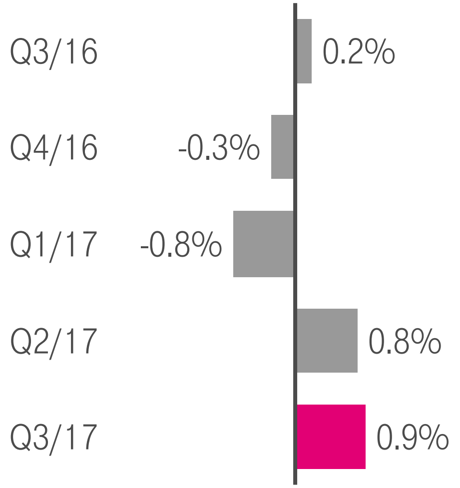


Adj. OPEX

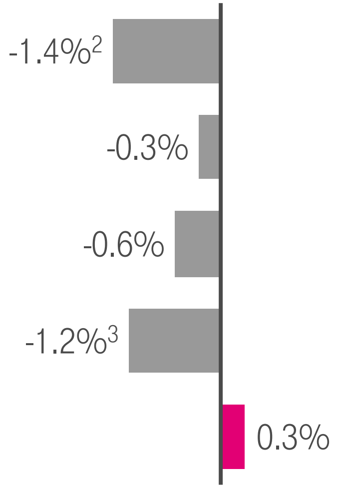


GERMANY: TURN-AROUND IN SERVICE REVENUES

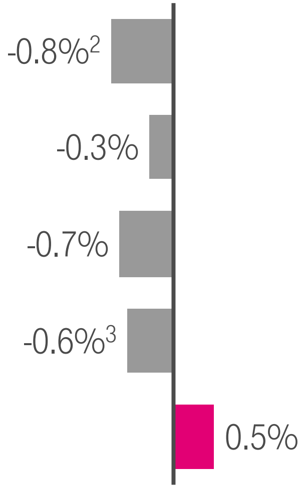
Mobile service revenue



Fixed line service revenue[1]



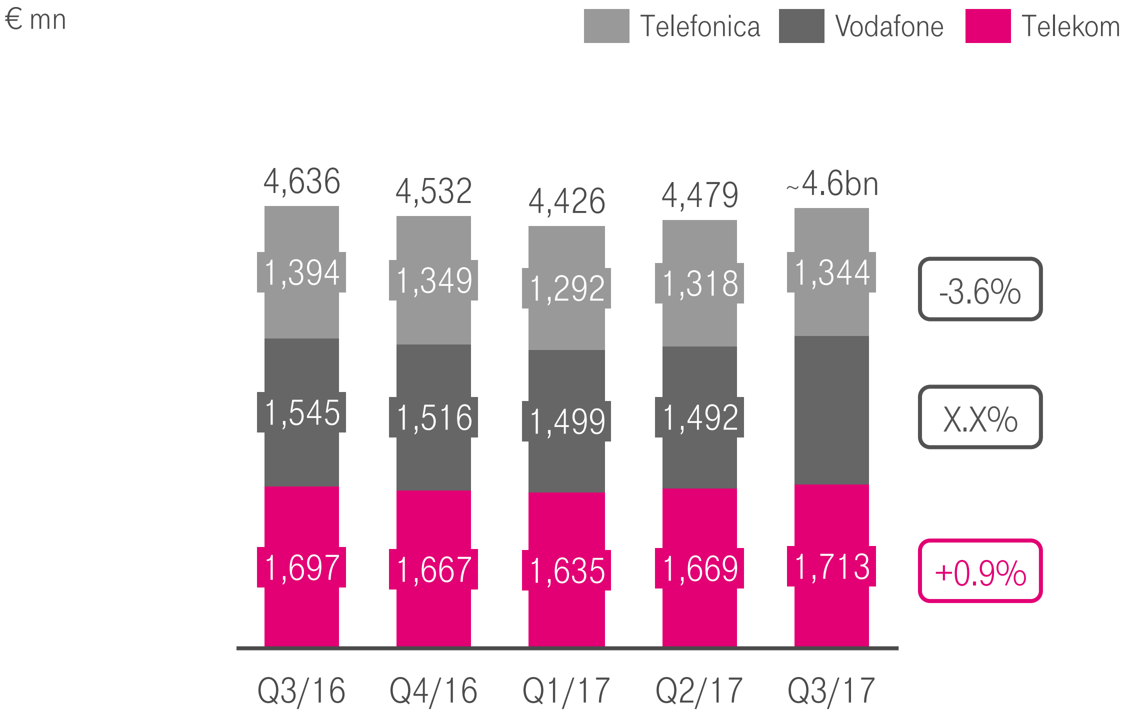
Total service revenue[1]



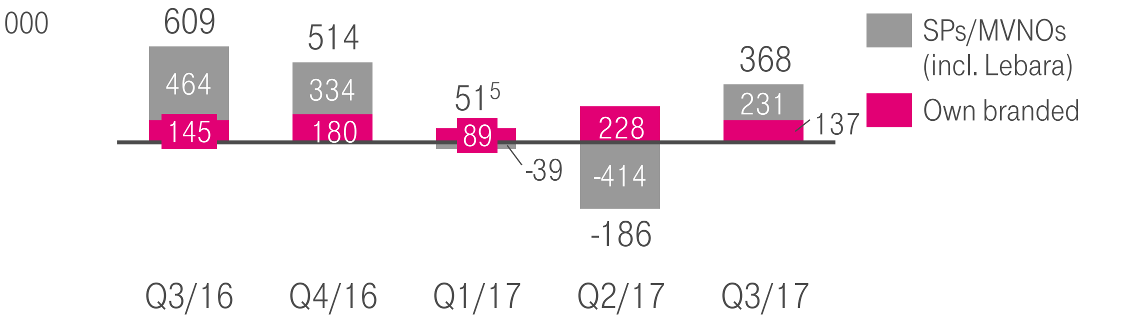
1) Total service revenue is a sum of fixed line and mobile service revenue. We define fixed line service revenue as fixed network core business revenue less fixed hardware revenue plus wholesale services fixed network revenue. From Q2/16 onwards we classify CPEs recurring rent revenue as fixed service revenue, and thus also part of total service revenue. Without this reclassification fixed line service revenue growth rate would be -0.1% in Q3/17, whereas TSR growth rate would be +0.3% in Q3/17. Old growth rates have not been restated 2) Revenue in Q3/15 impacted by a positive one-off effect in wholesale. Adjusted for this effect fixed line service revenue trend would have been -0.6%, total service revenue trend in Q3/16 would have been -0.3% 3) Revenue in Q2/16 impacted by a negative special factor related to a settlement agreement. Adjusted growth rate at -1.5% for fixed service revenue, resp. -0.8% for total service revenue

GERMANY MOBILE: STEADY COMMERCIAL MOMENTUM

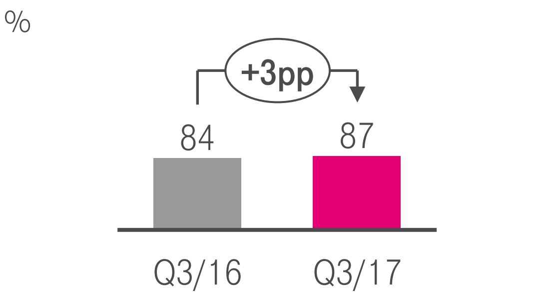
German mobile market service revenue[1]



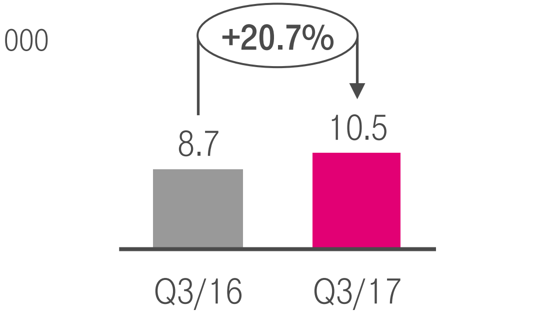
Contract net adds[2]



Smartphone penetration[3]



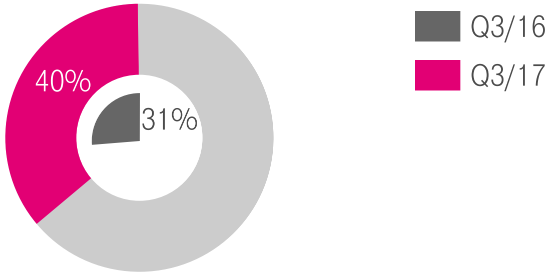
LTE customers[4]



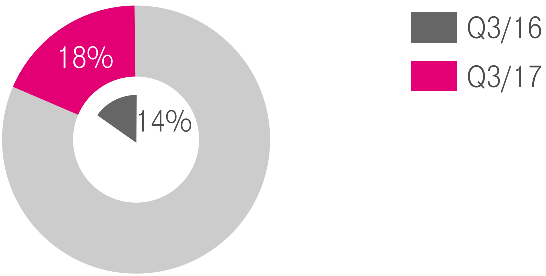
1) Management estimate 2) Figures may not add up due to rounding 3) Of own branded retail customers 4) Own customers using a LTE-device and tariff plan including LTE 5) Contract net adds under own brand impacted by disconnections (minus 41k)

GERMANY: GOOD PROGRESS WITH CONVERGENCE AND DATA

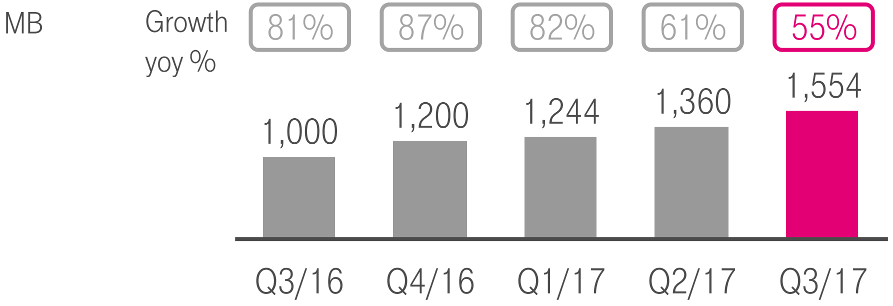
Mobile contract customers in MagentaEINS bundles[1]



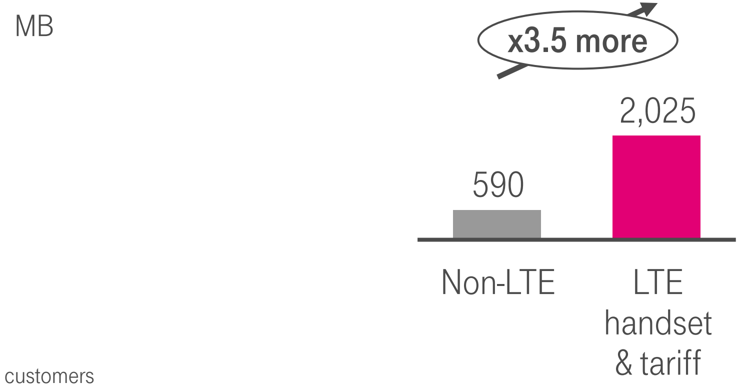
Households in MagentaEINS bundles[2]



Average Consumer Data Usage[3]



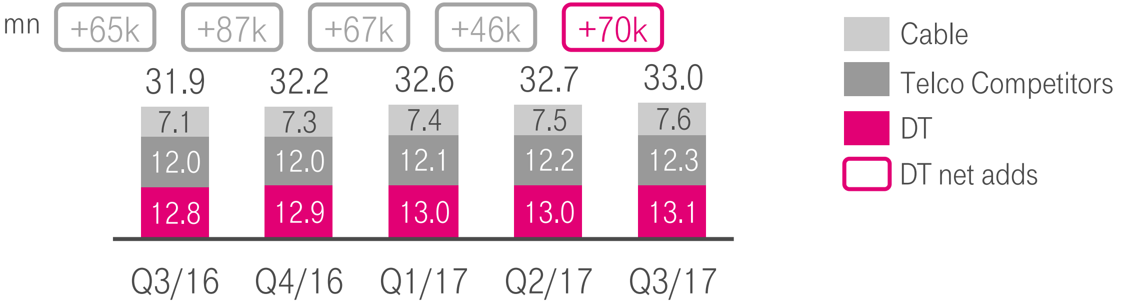
Average LTE usage uplift[3]



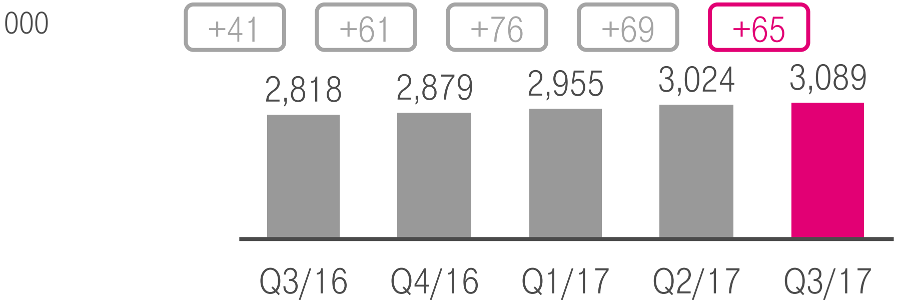
1) as % of B2C T-branded contract customers 2) as % of B2C broadband access lines 3) per month of B2C T-branded contract customers

GERMANY FIXED: UPSELLING DRIVES BROADBAND GROWTH

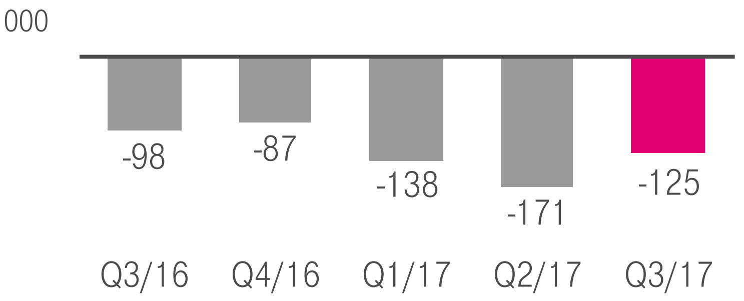
German broadband market[1]



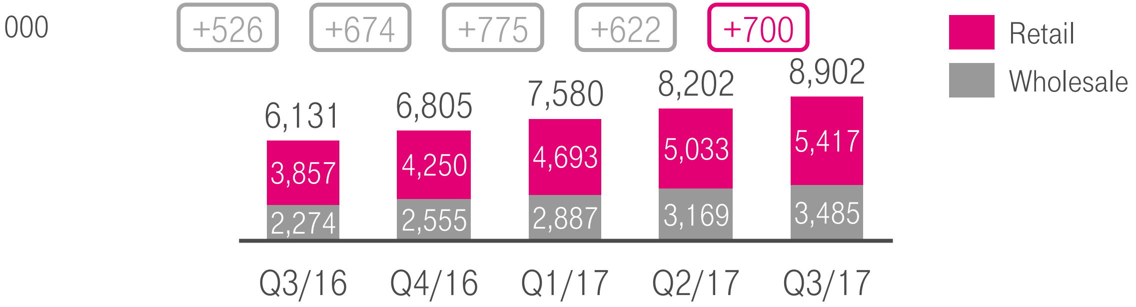
Entertain customers



Line losses



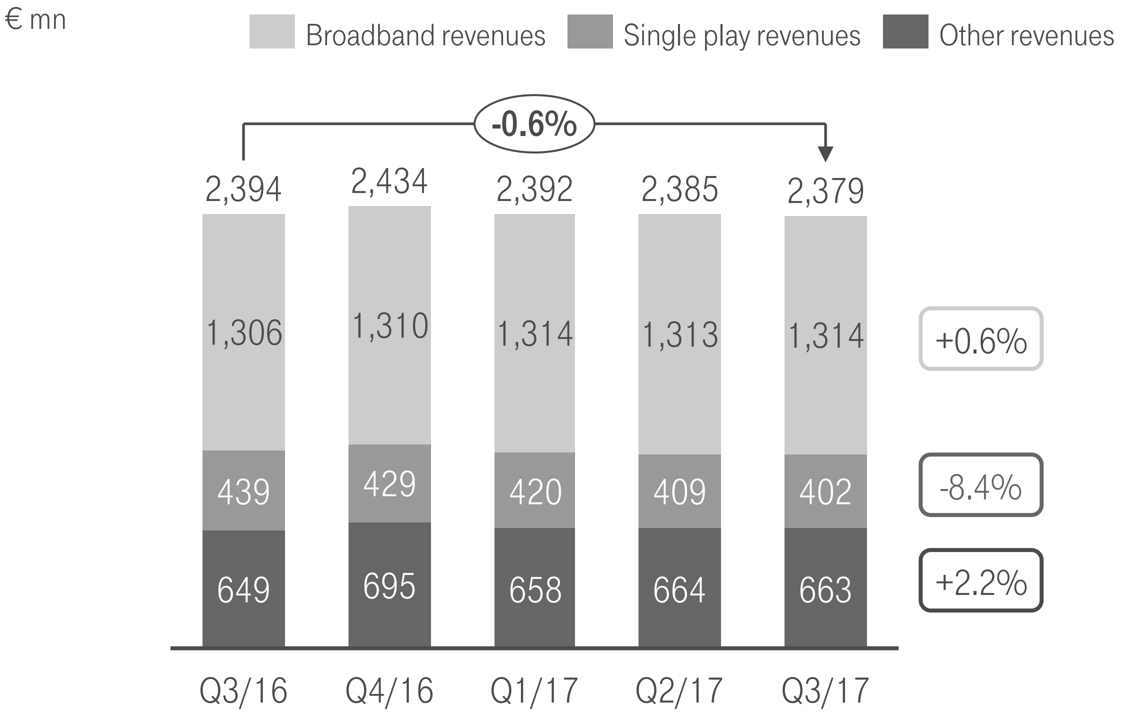
Fiber customers[2]



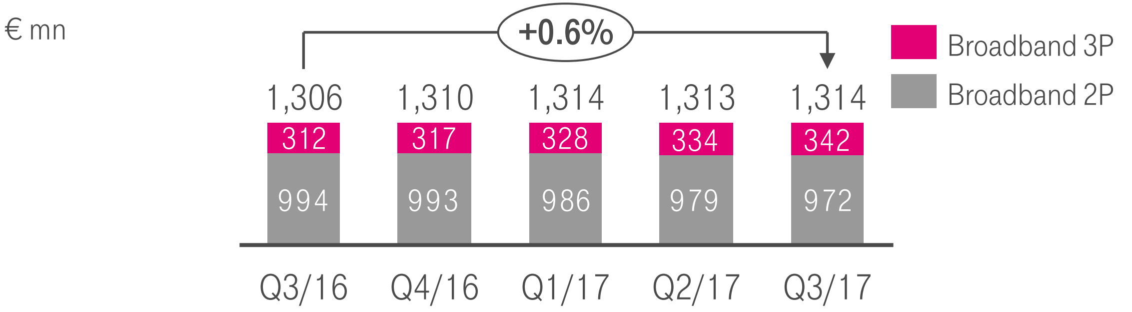
1) Based on management estimates 2) Sum of all FTTx accesses (e.g. FTTC/VDSL, Vectoring and FTTH)

GERMANY FIXED: FIXED RETAIL CLOSE TO STABLE

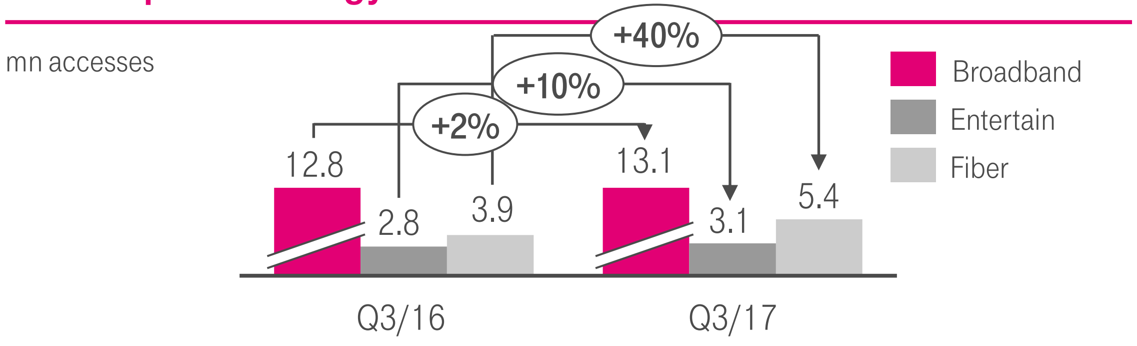
Fixed network revenue retail



Broadband revenue



Retail upsell strategy[1]

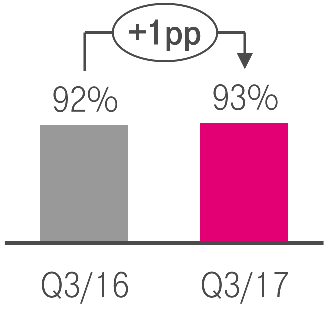


1) Percentages calculated on exact figures

GERMANY: NETWORK TRANSFORMATION ON TRACK

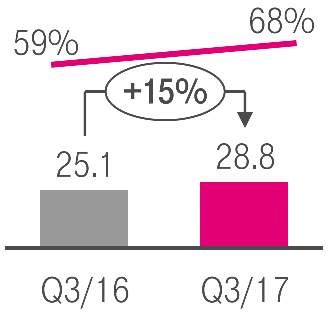
INS – Status LTE rollout

POP
Coverage in %[1]



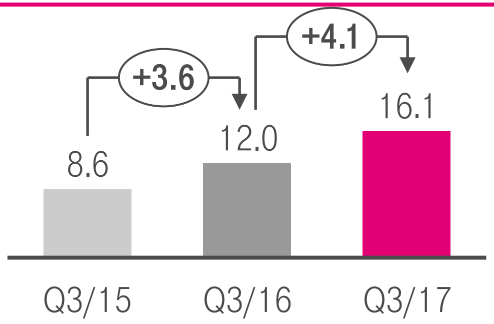
INS – Status fiber rollout[2]

Coverage in % and
millions of households



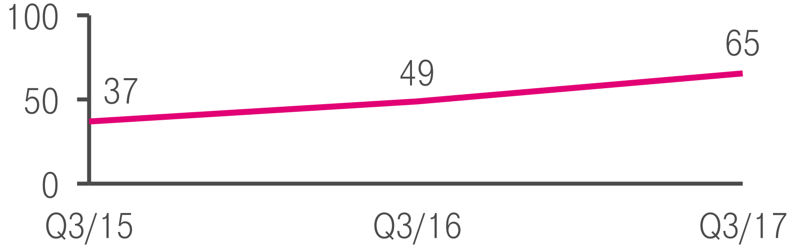
Status IP accesses (retail & wholesale)

mn



Status IP accesses (retail & wholesale)

% of lines

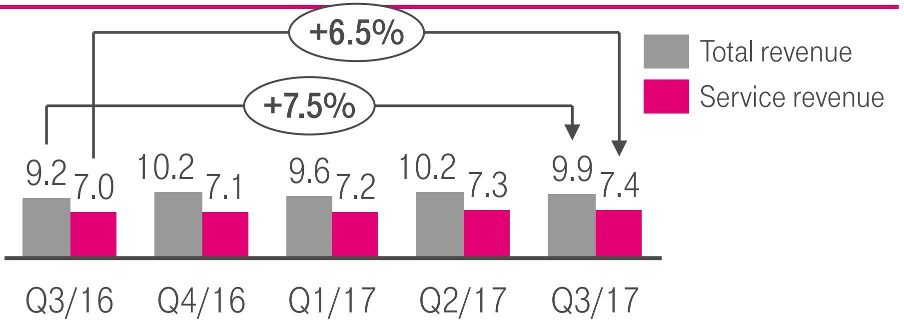


1) Outdoor coverage 2) In % of households within fixed network coverage in Germany

TMUS: CONTINUED INDUSTRY LEADING GROWTH

Revenue and service revenue

US-$ bn



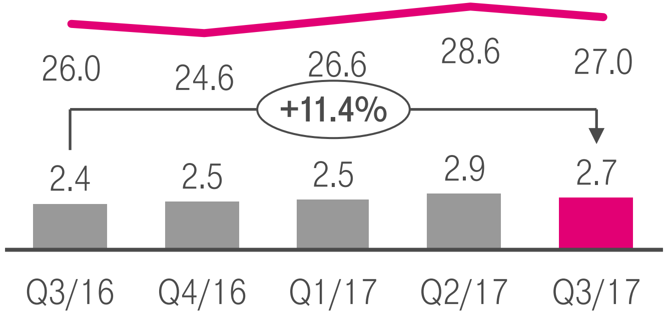
Net adds

000

	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17
Total net adds	1,970	2,101	1,142	1,333	1,329
Branded:					
▪ Postpaid	969	1,197	914	817	817
▪ Prepay	684	541	386	94	226
Wholesale[1]	317	363	-158	422	286

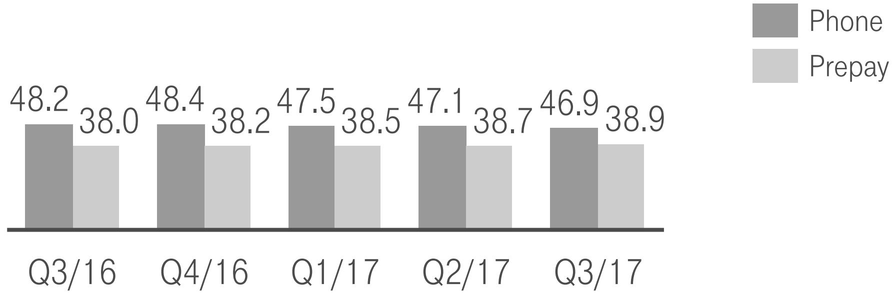
Adj. EBITDA and margin (in %)

US-$ bn



Branded customers: Postpaid phone and prepay ARPU

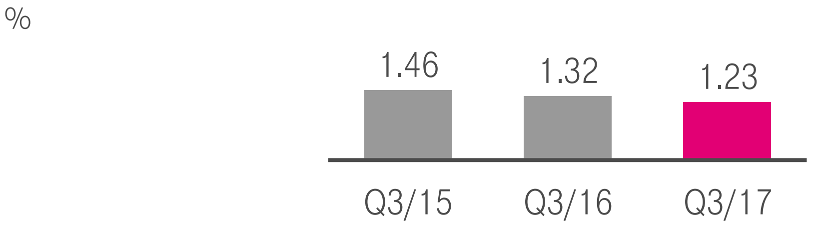
US-$ (US GAAP)



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

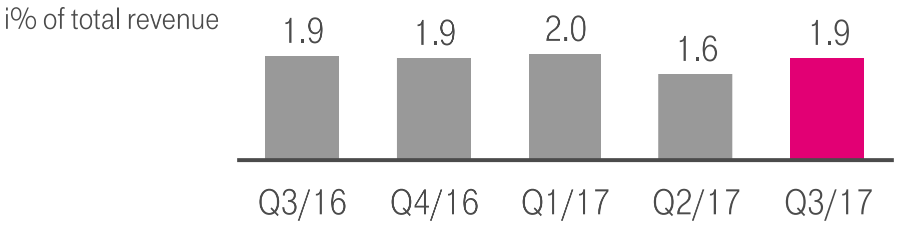
TMUS: EXECUTING ON KEY DRIVERS

Branded postpaid phone churn



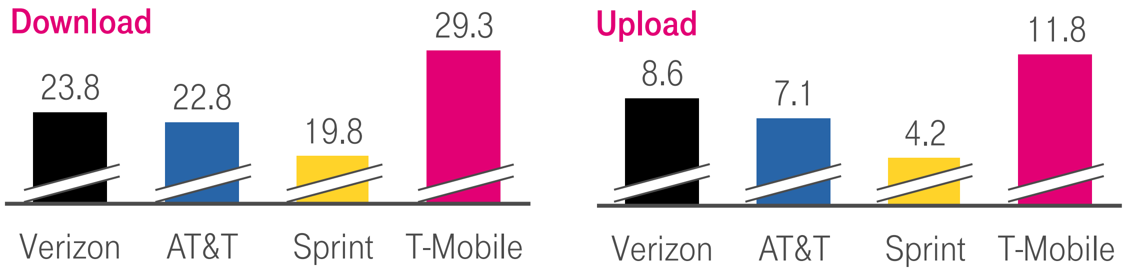
- Branded postpaid phone churn further decreased

Bad debt expenses & losses from sale of receivables



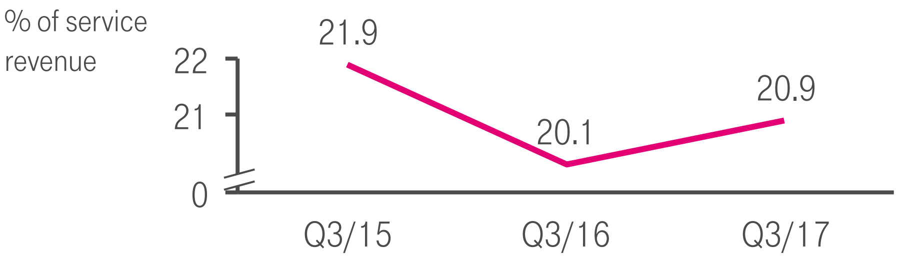
- Underlying trend of improvement unchanged – 0.2pp of Q3 result driven by hurricanes

Average 4G LTE speeds (in Mbps) Q3/17



- Based on T-Mobile's analysis of national LTE results from Ookla® Speedtest data

Cost of service

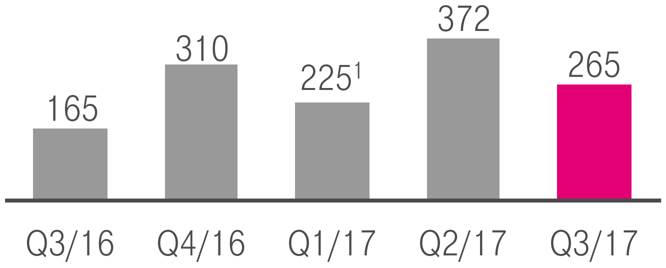


- Excl. hurricanes impact cost of service declined 20bps yoy

EUROPE: POSITIVE COMMERCIAL MOMENTUM

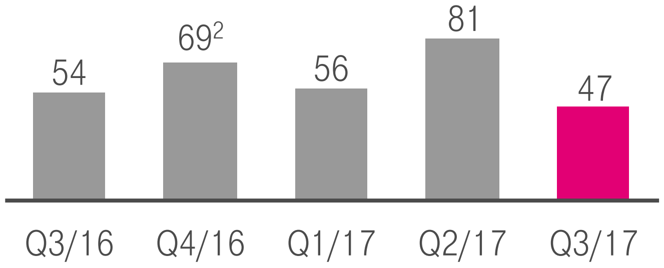
Contract Net Adds

000



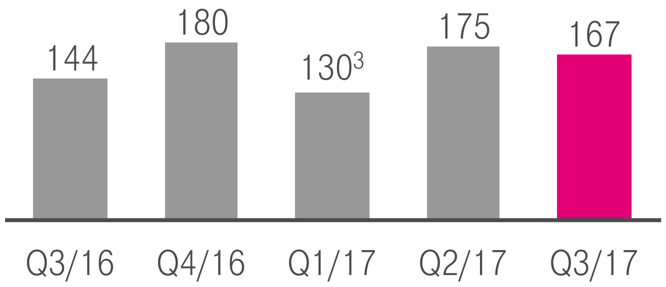
BB Net Adds

000



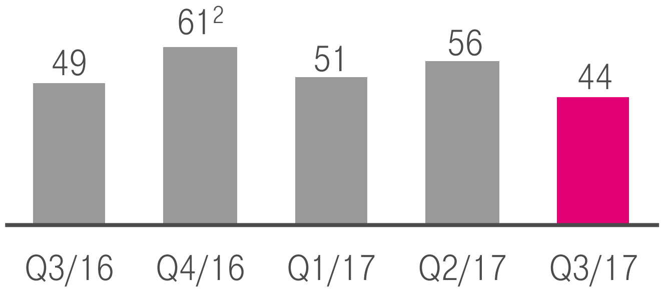
FMC Net Adds

000



TV Net Adds

000

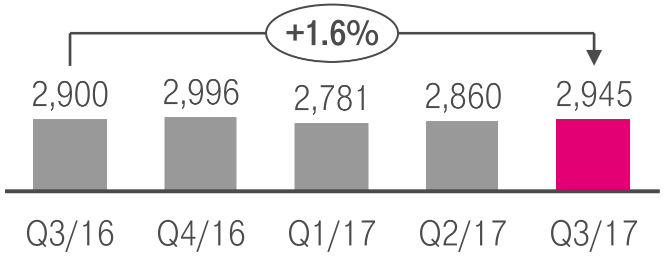


1) Organic view adjusted for re-classifications in Austria and Slovakia. Change in customer base is 167k 2) Organic view: adjusted for 19k re-classifications in Hungary. Change in base is 50k. Q4 TV net adds adjusted for 22k re-classifications in Hungary. Change in base is 39k 3) organic view: adjusted for 137k re-classifications in Greece. Change in base is 267k

EUROPE: FINANCIALS ON TRACK

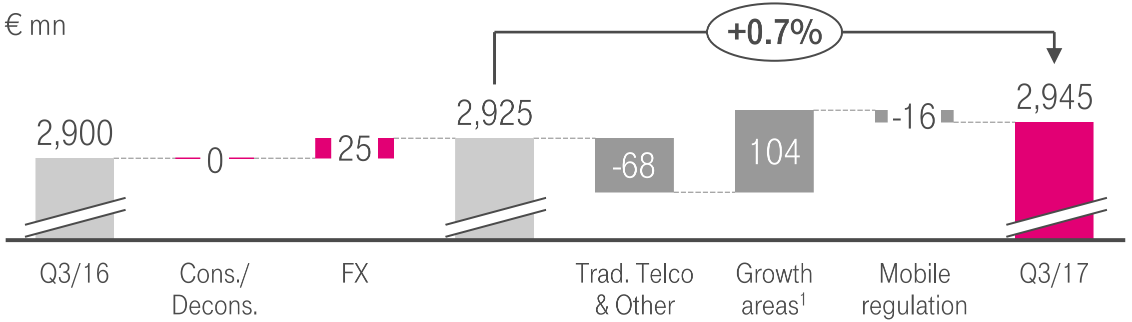
Revenue

€ mn



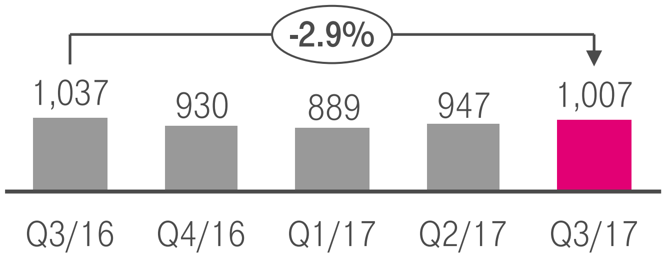
Organic revenue development

€ mn



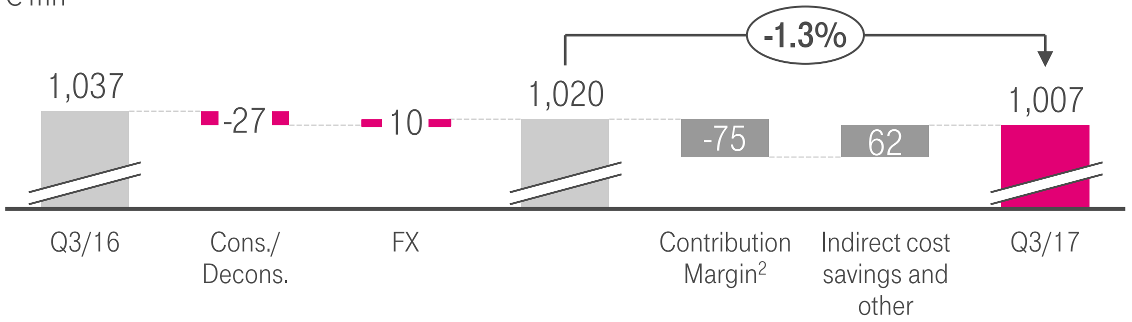
Adj. EBITDA

€ mn



Organic adj. EBITDA development

€ mn



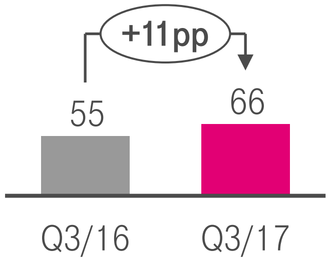
1) Mobile Data, Pay TV & fixed broadband, B2B/ICT, adjacent industries (online consumer services, energy and other) 2) Total Revenue – Direct Cost

EUROPE: ONGOING INVESTMENTS IN NETWORK LEADERSHIP

IP migration

IP share of fixed network access lines

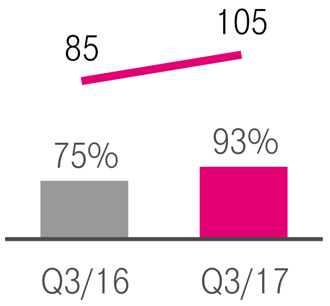
%



LTE rollout

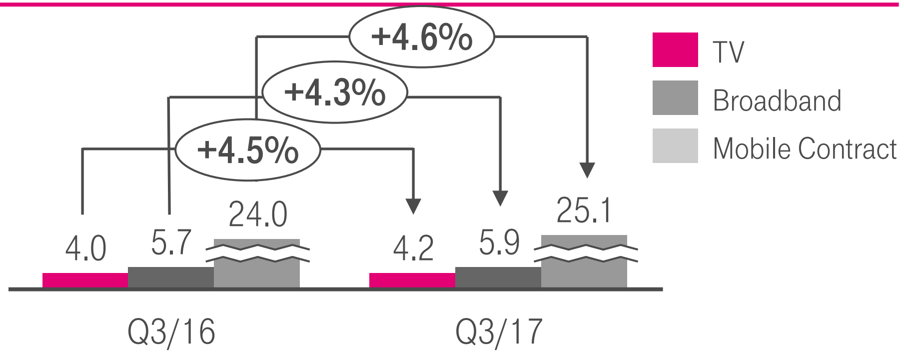
LTE outdoor pop coverage

mn and %



Customer base[1]

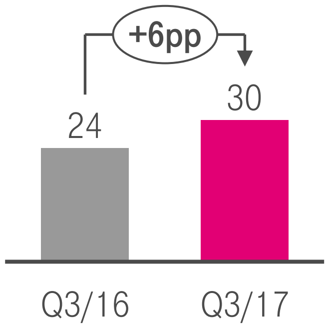
mn



Fiber rollout[1]

Fiber household coverage

%



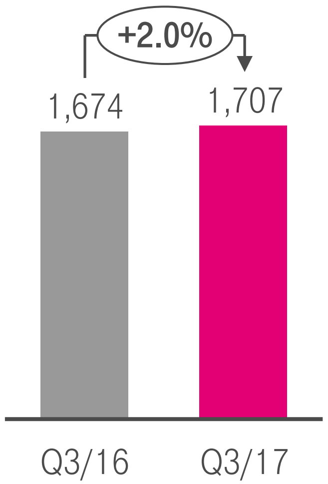
1) ≥ 100Mbit/s"-coverage: FTTH, FTTB, FTTC (with Vectoring), cable/ED3. Broadband also incl. wholesale customers

SYSTEMS SOLUTIONS: RESULTS REMAIN MIXED

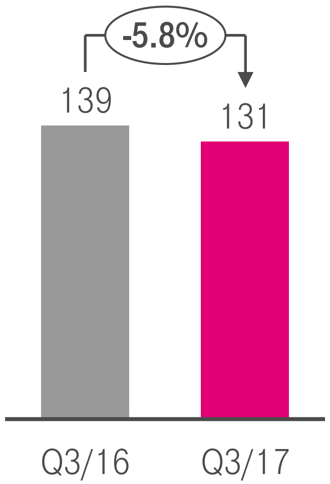
T-Systems financials

€ mn

Total revenue

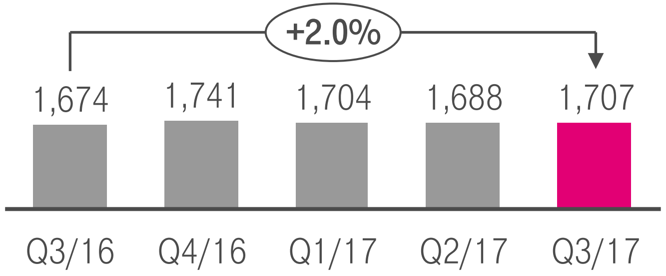


Adj. EBITDA



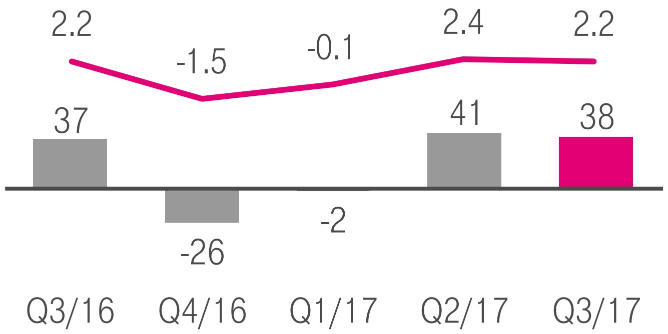
Revenue

€ mn



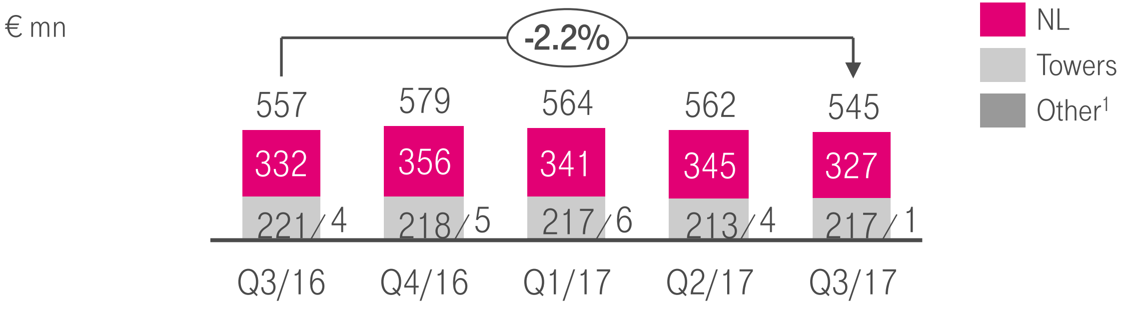
Adj. EBIT and margin in %

€ mn

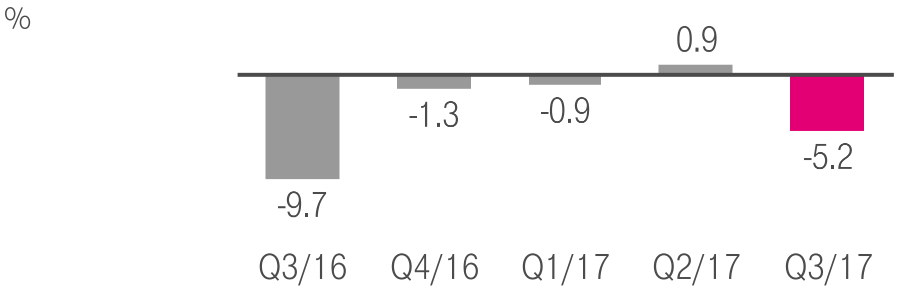


SEGMENT GROUP DEVELOPMENT: TOWERS IN TRANSITION, DUTCH COMMERCIAL PERFORMANCE REMAINS STRONG

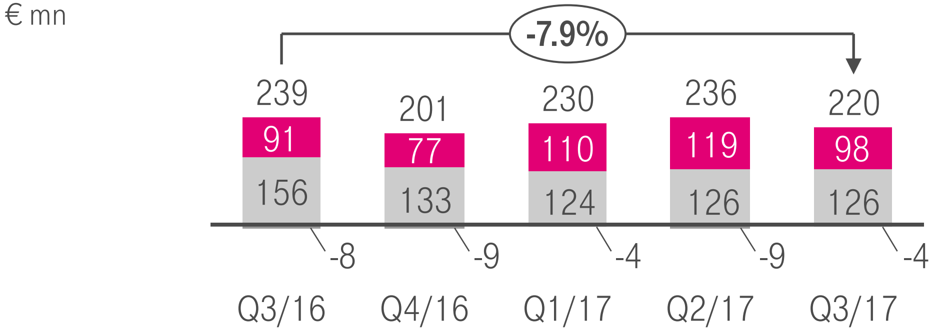
Revenue



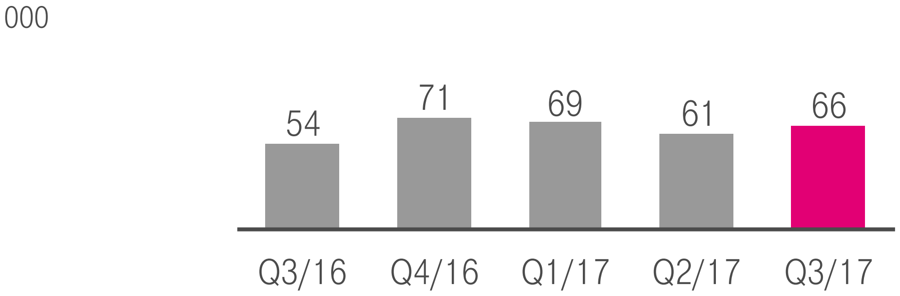
Mobile service revenue trend yoy (NL)



Adj. EBITDA



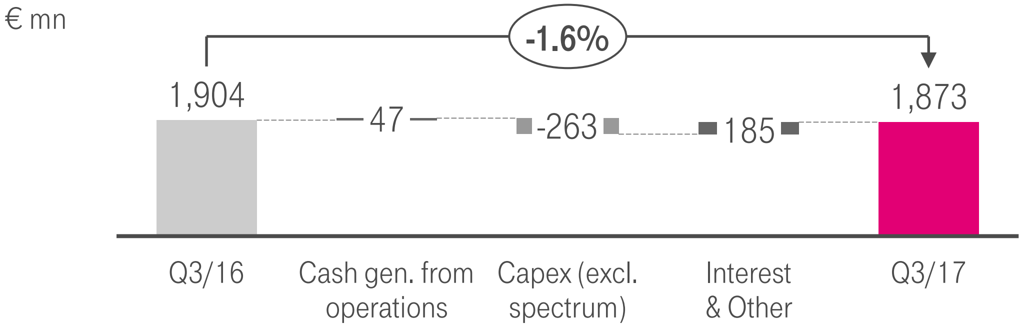
Contract net adds (NL)



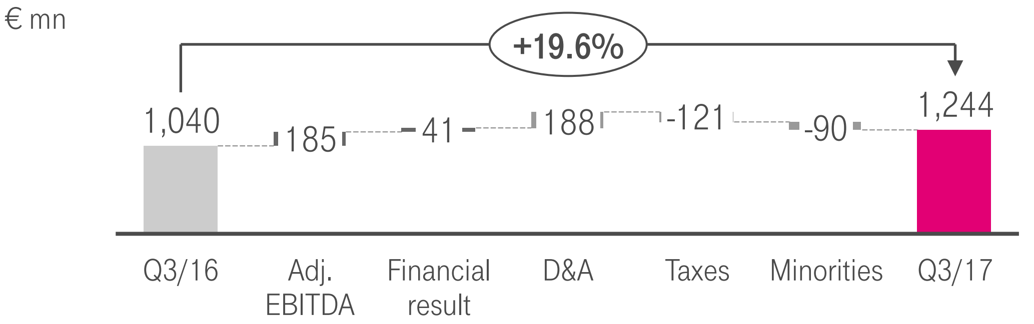
1) Strato was deconsolidated in Q2/17. Historic figures are also adjusted for Strato

FINANCIALS: FCF, NET DEBT, AND NET INCOME

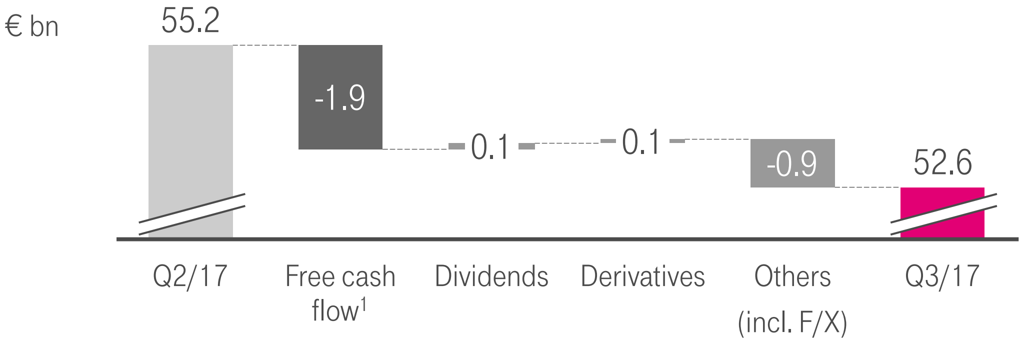
Free cash flow[1]



Adj. net income



Net debt development



1) Free cash flow before dividend payments and excl. Spectrum (Q3/16: € 1,145 million; Q3/17: € 19 million)

FINANCIALS: BALANCE SHEET RATIOS IN TARGET CORRIDOR

€ bn

	30/09/2016	31/12/2016	31/03/2017	30/06/2017	30/09/2017
Balance sheet total	143.1	148.5	148.6	141.5	139.8
Shareholders' equity	37.6	38.8	39.8	38.6	39.1
Net debt	48.5	50.0	50.0	55.2	52.6
Net debt/adj. EBITDA[1]	2.3	2.3	2.3	2.5	2.3
Equity ratio	26.3%	26.2%	26.8%	27.3%	27.9%

Comfort zone ratios

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

Current rating

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

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

EXECUTING OUR STRATEGY

1. Leading European Telco:
   Integrated market leader with superior margins and returns.

2. We strengthen our differentiation by best customer experience and by continuously investing into leading access networks and our transformation programs.

3. We transform towards a lean and highly agile IP production.

4. We are self-funding DT's transformation by disciplined cost management.

5. We will grow in all relevant financial KPI's (ROCE, Revenue, EBITDA, FCF).

6. Our shareholders will participate with growth of dividends following FCF growth and our prudent debt policy remains unchanged.

CONFERENCE CALL WITH Q&A SESSION

The conference call will be held on **November 9 at 2:00 PM CET, 1:00 PM GMT, 8 AM ET.**

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

Webcast

- The **link to the webcast** will be provided here 20 minutes before the call starts: www.telekom.com/17Q3
- To ask a question, **just type your question into the box below the stream**.
- We webcast in **HD Voice Quality**
- The **recording will be uploaded to YouTube** after the call.

Dial-in

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

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

FURTHER QUESTIONS
PLEASE CONTACT THE IR DEPARTMENT

Investor Relations Contact details

Phone +49 228 181 – 8 88 80

E-Mail investor.relations@telekom.de

Contact details for all
IR representatives:
www.telekom.com/ircontacts

IR Webpage

www.telekom.com/investors

IR Twitter Account

www.twitter.com/DT_IR

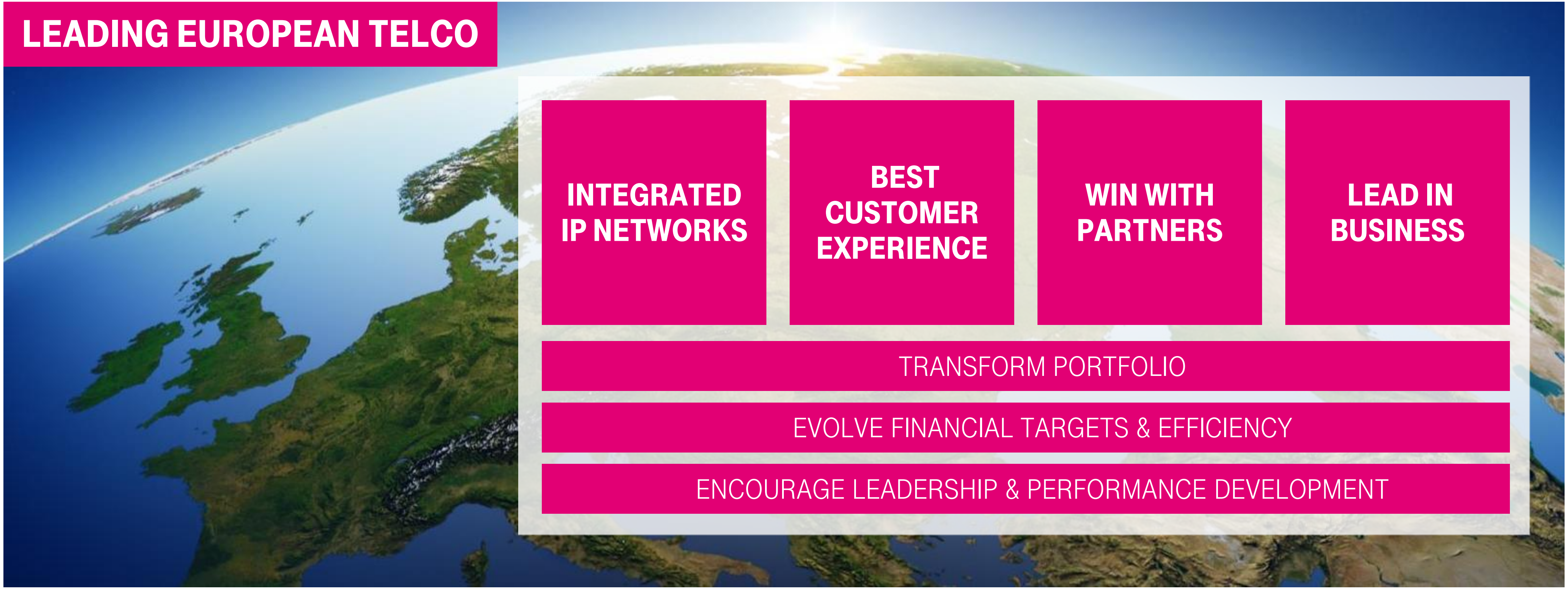
Follow us on
@DT_IR

IR YouTube Channel

http://www.telekom.com/youtube_ir

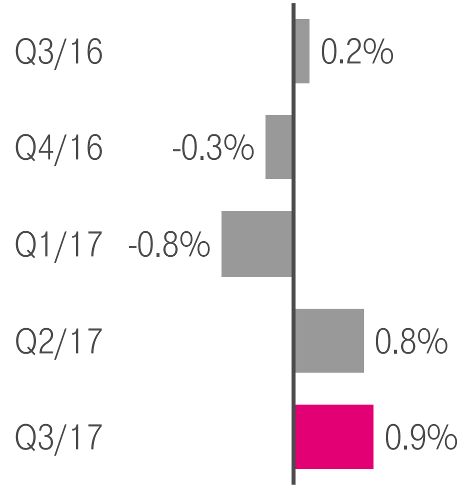
APPENDIX

OUR STRATEGY

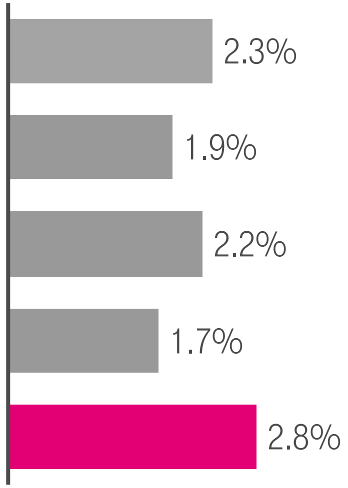


GERMANY MOBILE: SERVICE REVENUE

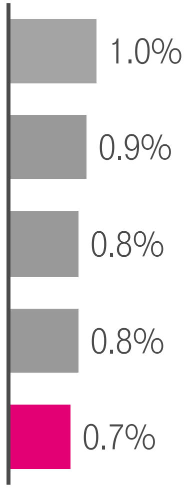
Reported mobile service revenue



Impact of mobile regulation[1]



Impact of convergent offers[2]



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

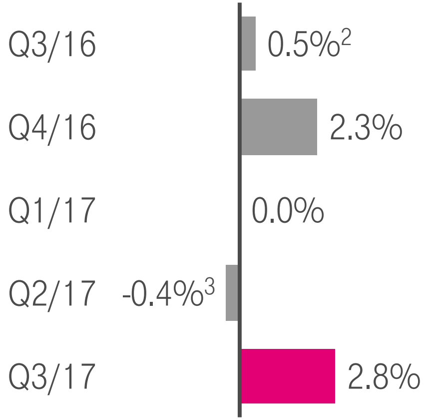
≈ +1% (without EU roaming impact)

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

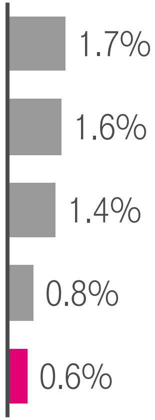
GERMAN FIXED: SERVICE REVENUE

Growth rates YOY

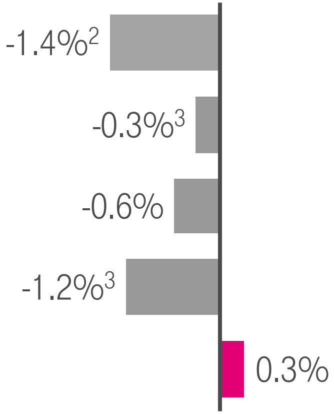
Wholesale revenue



Broadband revenue



Fixed line service revenue[1]



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

+0.0%

+2.0%

1) Fixed network core business revenue less fixed hardware revenue plus wholesale services fixed network revenue. From Q2/16 onwards we classify CPEs recurring rent revenue as fixed service revenue. Without this reclassification fixed line service revenue growth rate would be -0.1% in Q3/17. Prior quarters growth rates have not been restated 2) Revenue in Q3/15 impacted by a positive one-off effect in wholesale. Adjusted for this effect wholesale revenue trend would have been +3.5%, fixed line service revenue trend in Q3/16 would have been -0.6% 3) Revenue in Q2/17 impacted by a negative special factor related to a settlement agreement. Adjusted growth rate at -1.5% for wholesale revenue, resp. -1.5% for fixed line service revenue.

THANK YOU!

BACKUP Q3 2017

DEUTSCHE TELEKOM

Q3 2017

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

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

For further information on the business units please refer to:

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

Investor Relations, Bonn office
Phone +49 228 181 - 8 88 80
Fax +49 228 181 - 8 88 99
E-Mail investor.relations@telekom.de

Investor Relations, New York office
Phone +1 212 301 6114
Mobile +1 917 244 0591
E-Mail stanley.martinez@telekom.com

We have created the new Board of Management department Technology and Innovation, in which we have pooled our Group's overarching network, innovation, and IT tasks. This resulted in the following organizational changes: The Innovations, Telekom IT, and Technology units of our Germany, Europe, and Systems Solutions operating segments have been transferred into a separate Board department within Group Headquarters & Group Services. Comparative figures have been adjusted retrospectively.

Since January 1, 2017, we have reported on the new Group Development operating segment. Group Development actively manages and increases the value of selected subsidiaries and equity investments of the Group. The following units and subsidiaries have been included: T-Mobile Netherlands (previously in the Europe operating segment), Deutsche Funkturm (DFMG, previously in the Germany operating segment), as well as Deutsche Telekom Capital Partners (DTCP) and the stakes in BT plc, Ströer SE & Co. KGaA, as well as Strato, which was sold in March 2017, and the stake in Scout24 AG, which was sold in June 2017 (previously in the Group Headquarters & Group Services segment). The Group functions of Mergers & Acquisitions and Strategic Portfolio Management have also been assigned to Group Development. Comparative figures have been adjusted retrospectively.

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

LIFE IS FOR SHARING.

CONTENT

GROUP
AT A GLANCE

	Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
REVENUE											
Germany		5.485	5.565	21.774	5.397	5.371	5.488	0,1	16.208	16.256	0,3
United States		8.281	9.445	33.738	8.982	9.236	8.466	2,2	24.293	26.684	9,8
Europe		2.900	2.996	11.454	2.781	2.860	2.945	1,6	8.458	8.587	1,5
Systems Solutions		1.674	1.741	6.993	1.704	1.688	1.707	2,0	5.252	5.099	(2,9)
Group Development		588	610	2.347	595	562	545	(7,3)	1.736	1.702	(2,0)
Group Headquarters & Group Services		846	929	3.467	737	787	743	(12,2)	2.538	2.268	(10,6)
Reconciliation		(1.670)	(1.742)	(6.678)	(1.550)	(1.614)	(1.643)	1,6	(4.933)	(4.809)	2,5
GROUP		**18.105**	**19.543**	**73.095**	**18.646**	**18.890**	**18.251**	**0,8**	**53.552**	**55.787**	**4,2**
NET REVENUE											
Germany		5.134	5.210	20.405	5.069	5.036	5.139	0,1	15.195	15.244	0,3
United States		8.282	9.443	33.736	8.982	9.236	8.465	2,2	24.293	26.683	9,8
Europe		2.812	2.900	11.111	2.695	2.772	2.848	1,3	8.211	8.316	1,3
Systems Solutions		1.349	1.382	5.678	1.369	1.349	1.352	0,2	4.296	4.069	(5,3)
Group Development		434	458	1.744	444	415	394	(9,2)	1.286	1.252	(2,6)
Group Headquarters & Group Services		96	150	421	88	83	52	(45,8)	272	223	(18,0)
GROUP		**18.105**	**19.543**	**73.095**	**18.646**	**18.890**	**18.251**	**0,8**	**53.552**	**55.787**	**4,2**
EBITDA (ADJUSTED FOR SPECIAL FACTORS)											
Germany		2.095	2.013	8.237	2.070	2.100	2.190	4,5	6.224	6.360	2,2
United States		2.156	2.325	8.561	2.386	2.640	2.288	6,1	6.236	7.313	17,3
Europe		1.037	930	3.866	889	947	1.007	(2,9)	2.936	2.843	(3,2)
Systems Solutions		139	84	530	96	136	131	(5,8)	446	362	(18,8)
Group Development		251	213	943	238	236	220	(12,4)	730	695	(4,8)
Group Headquarters & Group Services		(141)	(293)	(670)	(128)	(90)	(115)	18,4	(377)	(333)	11,7
Reconciliation		(2)	(7)	(47)	(1)	(25)	(1)	50,0	(40)	(25)	37,5
GROUP		**5.535**	**5.265**	**21.420**	**5.550**	**5.944**	**5.720**	**3,3**	**16.155**	**17.215**	**6,6**
Proportional EBITDA		4.425	4.114	17.096	4.414	4.690	4.543	2,7	12.983	13.648	5,1

GROUP
AT A GLANCE II

	Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
EBITDA MARGIN (ADJUSTED FOR SPECIAL FACTORS) (EBITDA / TOTAL REVENUE)											
Germany		38,2	36,2	37,8	38,4	39,1	39,9	1,7p	38,4	39,1	0,7p
United States		26,0	24,6	25,4	26,6	28,6	27,0	1,0p	25,7	27,4	1,7p
Europe		35,8	31,0	33,8	32,0	33,1	34,2	(1,6p)	34,7	33,1	(1,6p)
Systems Solutions		8,3	4,8	7,6	5,6	8,1	7,7	(0,6p)	8,5	7,1	(1,4p)
Group Development		42,7	34,9	40,2	40,0	42,0	40,4	(2,3p)	42,1	40,8	(1,3p)
Group Headquarters & Group Services		(16,7)	(31,5)	(19,3)	(17,4)	(11,4)	(15,5)	1,2p	(14,9)	(14,7)	0,2p
GROUP		**30,6**	**26,9**	**29,3**	**29,8**	**31,5**	**31,3**	**0,7p**	**30,2**	**30,9**	**0.7 p**
CASH CAPEX											
Germany		1.045	1.228	4.031	1.005	1.052	1.052	0,7	2.803	3.109	10,9
United States		1.671	1.177	5.855	1.442	8.463	1.243	(25,6)	4.678	11.148	n.a.
Europe		876	413	2.600	475	403	395	(54,9)	2.187	1.273	(41,8)
Systems Solutions		85	143	402	86	91	87	2,4	259	264	1,9
Group Development		69	69	271	81	57	76	10,1	202	215	6,4
Group Headquarters & Group Services		222	279	936	242	239	231	4,1	656	712	8,5
Reconciliation		(83)	(152)	(455)	(51)	(65)	(63)	24,1	(301)	(180)	40,2
GROUP		**3.885**	**3.156**	**13.640**	**3.280**	**10.240**	**3.021**	**(22,2)**	**10.484**	**16.541**	**57,8**
- thereof spectrum investment		1.146	432	2.682	35	7.246	19	(98,3)	2.250	7.300	n.a.
NET PROFIT (LOSS)											
adjusted for special factors		1.040	973	4.114	939	1.199	1.244	19,6	3.141	3.382	7,7
as reported		1.053	(2.124)	2.675	747	874	507	(51,9)	4.799	2.129	(55,6)
FREE CASH FLOW (BEFORE DIVIDEND PAYMENTS AND SPECTRUM INVESTMENT)		**1.904**	**893**	**4.939**	**1.228**	**1.302**	**1.873**	**(1,6)**	**4.046**	**4.403**	**8,8**
Proportional free cash flow		1.607	391	3.939	1.139	1.080	1.561	(2,9)	3.548	3.780	6,5
NET DEBT		**48.484**	**49.959**	**49.959**	**49.963**	**55.249**	**52.635**	**8,6**	**48.484**	**52.635**	**8,6**

DT GROUP

EXCELLENT MARKET POSITION[1]

	Note	Q3 2016 ('000)	Q4 2016 ('000)	Q1 2017 ('000)	Q2 2017 ('000)	Q3 2017 ('000)	Change compared to prior quarter abs.	Change compared to prior quarter %	Change compared to prior year abs.	Change compared to prior year %
BROADBAND RETAIL LINES (END OF PERIOD)	2	**18.187**	**18.479**	**18.609**	**18.728**	**18.851**	**123**	**0,7**	**664**	**3,7**
Germany		12.835	12.922	12.989	13.035	13.105	70	0,5	270	2,1
Europe		5.352	5.393	5.444	5.509	5.558	49	0,9	206	3,8
Greece		1.603	1.633	1.653	1.680	1.714	34	2,0	111	6,9
Romania		1.198	1.194	1.186	1.191	1.187	(4)	(0,3)	(11)	(0,9)
Hungary		1.014	1.011	1.026	1.047	1.059	12	1,1	45	4,4
Poland		10	10	20	18	17	(1)	(5,6)	7	70,0
Czech Republic		130	132	133	133	133	0	0,0	3	2,3
Croatia		642	649	653	655	654	(1)	(0,2)	12	1,9
Slovakia		496	509	523	532	541	9	1,7	45	9,1
other		258	254	250	253	252	(1)	(0,4)	(6)	(2,3)
Group Development		0	164	176	184	188	4	2,2	188	n.a.
Netherlands	4	0	164	176	184	188	4	2,2	188	n.a.
FIXED NETWORK LINES (END OF PERIOD)	3	**28.472**	**28.481**	**28.310**	**28.125**	**27.962**	**(163)**	**(0,6)**	**(510)**	**(1,8)**
Germany		19.873	19.786	19.648	19.477	19.352	(125)	(0,6)	(521)	(2,6)
Europe		8.599	8.531	8.486	8.464	8.422	(42)	(0,5)	(177)	(2,1)
Greece		2.569	2.564	2.547	2.539	2.536	(3)	(0,1)	(33)	(1,3)
Romania		1.998	1.969	1.937	1.922	1.894	(28)	(1,5)	(104)	(5,2)
Hungary		1.650	1.629	1.630	1.637	1.634	(3)	(0,2)	(16)	(1,0)
Poland		20	20	33	31	29	(2)	(6,5)	9	45,0
Czech Republic		147	140	143	146	153	7	4,8	6	4,1
Croatia		1.004	1.001	992	986	974	(12)	(1,2)	(30)	(3,0)
Slovakia		847	850	854	855	855	0	0,0	8	0,9
other		364	358	351	348	345	(3)	(0,9)	(19)	(5,2)
Group Development		0	164	176	184	188	4	2,2	188	n.a.
Netherlands		0	164	176	184	188	4	2,2	188	n.a.
MOBILE SUBSCRIBERS (END OF PERIOD)		**163.026**	**165.003**	**165.848**	**163.091**	**165.346**	**2.255**	**1,4**	**2.320**	**1,4**
Germany		41.461	41.849	42.114	42.011	42.534	523	1,2	1.073	2,6
United States		69.354	71.455	72.597	69.562	70.731	1.169	1,7	1.377	2,0
Europe		48.508	47.952	47.348	47.688	48.205	517	1,1	(303)	(0,6)
Greece		7.666	7.725	7.733	7.737	7.867	130	1,7	201	2,6
Romania		5.869	5.722	5.428	5.278	5.231	(47)	(0,9)	(638)	(10,9)
Hungary		5.301	5.332	5.304	5.390	5.401	11	0,2	100	1,9
Poland		11.221	10.634	10.229	10.251	10.297	46	0,4	(924)	(8,2)
Czech Republic		6.002	6.049	6.097	6.155	6.176	21	0,3	174	2,9
Croatia		2.332	2.234	2.210	2.237	2.297	60	2,7	(35)	(1,5)
Slovakia		2.226	2.225	2.230	2.235	2.245	10	0,4	19	0,9
Austria		4.365	4.594	4.713	4.984	5.201	217	4,4	836	19,2
other		3.525	3.438	3.404	3.420	3.490	70	2,0	(35)	(1,0)
Group Development		3.703	3.746	3.789	3.830	3.876	46	1,2	173	4,7
Netherlands		3.703	3.746	3.789	3.830	3.876	46	1,2	173	4,7

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 Fixed network lines in operation excluding lines for internal use and public telecommunications.
4 In the fourth quarter of 2016, the number of fixed-network and broadband lines in the Netherlands grew as a result of the acquisition of Vodafone's fixed-network consumer business.

NOTES

CONTENT

DT CONSOLIDATED INCOME STATEMENT
ADJUSTED FOR SPECIAL FACTORS

		Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
NET REVENUE			**18.105**	**19.543**	**73.105**	**18.646**	**18.890**	**18.251**	**0,8**	**53.562**	**55.787**	**4,2**
Other operating income			282	280	1.033	251	223	231	(18,1)	753	705	(6,4)
Changes in inventories			1	(19)	(12)	40	(6)	(3)	n.a.	7	31	n.a.
Own capitalized costs			531	581	2.111	542	563	563	6,0	1.530	1.668	9,0
Goods and services purchased			(8.933)	(10.660)	(36.863)	(9.284)	(9.218)	(8.868)	0,7	(26.203)	(27.370)	(4,5)
Personnel costs			(3.578)	(3.731)	(14.824)	(3.887)	(3.708)	(3.628)	(1,4)	(11.093)	(11.224)	(1,2)
Other operating expenses			(873)	(729)	(3.130)	(758)	(798)	(826)	5,4	(2.401)	(2.383)	0,7
Depreciation, amortization, and impairment losses			(3.163)	(3.301)	(12.757)	(3.191)	(3.154)	(2.975)	5,9	(9.456)	(9.320)	1,4
PROFIT (LOSS) FROM OPERATIONS (EBIT)			**2.372**	**1.964**	**8.663**	**2.359**	**2.791**	**2.745**	**15,7**	**6.699**	**7.895**	**17,9**
EBIT margin (EBIT / net revenue)	%		13,1	10,0	11,9	12,7	14,8	15,0	1,9p	12,5	14,2	1,7p
Profit (loss) from financial activities			(531)	(831)	(2.323)	(1.355)	(515)	(490)	7,7	(1.492)	(2.360)	(58,2)
of which: finance costs			(647)	(562)	(2.496)	(638)	(512)	(541)	16,4	(1.934)	(1.691)	12,6
PROFIT (LOSS) BEFORE INCOME TAXES (EBT)			**1.841**	**1.133**	**6.340**	**1.004**	**2.276**	**2.256**	**22,5**	**5.207**	**5.535**	**6,3**
Income taxes			(639)	(213)	(1.858)	0	(753)	(760)	(18,9)	(1.645)	(1.513)	8,0
PROFIT (LOSS)			**1.202**	**920**	**4.482**	**1.004**	**1.523**	**1.495**	**24,4**	**3.562**	**4.022**	**12,9**
Profit (loss) attributable to non-controlling interests			162	(53)	368	64	324	252	55,6	421	640	52,0
NET PROFIT (LOSS)			**1.040**	**973**	**4.114**	**939**	**1.199**	**1.244**	**19,6**	**3.141**	**3.382**	**7,7**

GROUP
EBITDA RECONCILIATION

		Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
NET REVENUE			**18.105**	**19.543**	**73.095**	**18.646**	**18.890**	**18.251**	**0,8**	**53.552**	**55.787**	**4,2**
NET PROFIT (LOSS)			**1.053**	**(2.124)**	**2.675**	**747**	**874**	**507**	**(51,9)**	**4.799**	**2.129**	**(55,6)**
+ Profit (loss) attributable to non-controlling interests			169	(57)	429	62	317	591	n.a.	486	970	n.a.
= Profit (loss)			1.222	(2.181)	3.104	809	1.192	1.098	(10,1)	5.285	3.099	(41,4)
- Income taxes			(394)	(1)	(1.443)	78	(686)	(1.323)	n.a.	(1.442)	(1.931)	(33,9)
= Profit (loss) before income taxes = EBT			1.616	(2.180)	4.547	731	1.877	2.421	49,8	6.727	5.030	(25,2)
- Profit (loss) from financial activities			(540)	(3.117)	(4.617)	(2.040)	(953)	(676)	(25,2)	(1.500)	(3.669)	n.a.
PROFIT (LOSS) FROM OPERATIONS (EBIT)			**2.156**	**937**	**9.164**	**2.771**	**2.830**	**3.098**	**43,7**	**8.227**	**8.699**	**5,7**
- Depreciation, amortization and impairment losses			(3.178)	(3.909)	(13.380)	(3.191)	(3.156)	(4.220)	(32,8)	(9.471)	(10.568)	(11,6)
= EBITDA			**5.334**	**4.846**	**22.544**	**5.963**	**5.986**	**7.318**	**37,2**	**17.698**	**19.267**	**8,9**
EBITDA margin (EBITDA/net revenue)	%		29,5	24,8	30,8	32,0	31,7	40,1	10,6p	33,0	34,5	1,5p
- Special factors affecting EBITDA			(201)	(419)	1.124	412	42	1.598	n.a.	1.543	2.051	32,9
= EBITDA ADJUSTED FOR SPECIAL FACTORS			**5.535**	**5.265**	**21.420**	**5.550**	**5.944**	**5.720**	**3,3**	**16.155**	**17.215**	**6,6**
EBITDA margin (adjusted for special factors) (EBITDA / net revenue)	%		30,6	26,9	29,3	29,8	31,5	31,3	0,7p	30,2	30,9	0,7p

DT CONSOLIDATED INCOME STATEMENT
AS REPORTED

	Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
NET REVENUE		**18.105**	**19.543**	**73.095**	**18.646**	**18.890**	**18.251**	**0,8**	**53.552**	**55.787**	**4,2**
Other operating income		386	357	4.180	770	479	2.081	n.a.	3.823	3.331	(12,9)
Changes in inventories		1	(19)	(12)	40	(6)	(3)	n.a.	7	31	n.a.
Own capitalized costs		532	582	2.112	542	563	563	5,8	1.530	1.668	9,0
Goods and services purchased		(8.975)	(10.682)	(37.084)	(9.312)	(9.281)	(8.910)	0,7	(26.402)	(27.503)	(4,2)
Personnel costs		(3.836)	(4.200)	(16.463)	(3.964)	(3.824)	(3.817)	0,5	(12.263)	(11.605)	5,4
Other operating expenses		(879)	(735)	(3.284)	(761)	(835)	(847)	3,6	(2.549)	(2.443)	4,2
Depreciation, amortization, and impairment losses		(3.178)	(3.909)	(13.380)	(3.191)	(3.156)	(4.220)	(32,8)	(9.471)	(10.568)	(11,6)
PROFIT (LOSS) FROM OPERATIONS (EBIT)		**2.156**	**937**	**9.164**	**2.771**	**2.830**	**3.098**	**43,7**	**8.227**	**8.699**	**5,7**
EBIT margin (EBIT / net revenue) %		11,9	4,8	12,5	14,9	15,0	17,0	5,1p	15,4	15,6	0,2p
Profit (loss) from financial activities		(540)	(3.117)	(4.617)	(2.040)	(953)	(676)	(25,2)	(1.500)	(3.669)	n.a.
of which: finance costs		(646)	(561)	(2.492)	(637)	(511)	(540)	16,4	(1.931)	(1.688)	12,6
PROFIT (LOSS) BEFORE INCOME TAXES (EBT)		**1.616**	**(2.180)**	**4.547**	**731**	**1.877**	**2.421**	**49,8**	**6.727**	**5.030**	**(25,2)**
Income taxes		(394)	(1)	(1.443)	78	(686)	(1.323)	n.a.	(1.442)	(1.931)	(33,9)
PROFIT (LOSS)		**1.222**	**(2.181)**	**3.104**	**809**	**1.192**	**1.098**	**(10,1)**	**5.285**	**3.099**	**(41,4)**
Profit (loss) attributable to non-controlling interests		169	(57)	429	62	317	591	n.a.	486	970	n.a.
NET PROFIT (LOSS)		**1.053**	**(2.124)**	**2.675**	**747**	**874**	**507**	**(51,9)**	**4.799**	**2.129**	**(55,6)**

GROUP
SPECIAL FACTORS IN THE CONSOLIDATED INCOME STATEMENT

	Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	**Q3 2017 millions of €**	Q1 - Q3 2016 millions of €	**Q1 - Q3 2017 millions of €**
NET REVENUE		**0**	**0**	**(10)**	**0**	**0**	**0**	**(10)**	**0**
Other operating income	1, 2	104	77	3.147	519	256	1.850	3.070	2.626
Changes in inventories		0	0	0	0	0	0	0	0
Own capitalized costs		1	1	1	0	0	0	0	0
Goods and services purchased		(42)	(22)	(221)	(28)	(62)	(42)	(199)	(133)
Personnel costs		(258)	(469)	(1.639)	(77)	(115)	(189)	(1.170)	(381)
Other operating expenses		(6)	(6)	(154)	(2)	(37)	(21)	(148)	(60)
Depreciation, amortization, and impairment losses	3	(15)	(608)	(623)	0	(2)	(1.245)	(15)	(1.247)
PROFIT (LOSS) FROM OPERATIONS (EBIT)		**(216)**	**(1.027)**	**501**	**412**	**40**	**352**	**1.528**	**804**
Profit (loss) from financial activities		(9)	(2.286)	(2.294)	(685)	(438)	(187)	(8)	(1.309)
PROFIT (LOSS) BEFORE INCOME TAXES (EBT)		**(225)**	**(3.313)**	**(1.793)**	**(272)**	**(398)**	**166**	**1.520**	**(505)**
Income taxes		245	212	415	78	67	(563)	203	(419)
PROFIT (LOSS)		**20**	**(3.101)**	**(1.378)**	**(195)**	**(331)**	**(397)**	**1.723**	**(923)**
Profit (loss) attributable to non-controlling interests		7	(4)	61	(2)	(7)	339	65	330
NET PROFIT (LOSS)		**13**	**(3.097)**	**(1.439)**	**(193)**	**(324)**	**(736)**	**1.658**	**(1.253)**

1 Q1/2017: Sale of Strato; Q2/2017: Sale of Scout and DeTe Medien
2 Q3/2017: Income from the settlement with BT (0.2 bn. €) ; Income from the reversal of impairment on spectrum licenses TM US (1.7 bn. €)
3 Q3/2017: Impairment Goodwill T-Systems Market Unit (1.2 bn. €)

GROUP
DETAILS ON SPECIAL FACTORS I

	Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
EFFECT ON OPERATING EXPENSES		**(305)**	**(496)**	**(2.013)**	**(107)**	**(215)**	**(253)**	**17,0**	**(1.517)**	**(574)**	**62,2**
of which: expenses / income for early retirement (civil servants)		(125)	(309)	(1.136)	5	(7)	(7)	94,4	(827)	(8)	n.a.
of which: expenses for severance payments		(83)	(95)	(294)	(35)	(53)	(139)	(67,5)	(199)	(228)	(14,6)
of which: expenses / income for partial retirement		(47)	(51)	(189)	(46)	(53)	(43)	8,5	(138)	(141)	(2,2)
of which: expenses for other personnel restructuring charges		(3)	(7)	(12)	(1)	(1)	0	n.a.	(5)	(2)	60,0
of which: Vivento transfer payments		0	(6)	(7)	0	(1)	(1)	n.a.	(1)	(2)	n.a.
of which: restructuring charges		(9)	(9)	(81)	(12)	(11)	(13)	(44,4)	(72)	(35)	51,4
of which: expenses due to de-consolidations and other asset sales		4	38	(103)	8	7	(10)	n.a.	(141)	4	n.a.
of which: others		(42)	(57)	(191)	(26)	(95)	(40)	4,8	(134)	(161)	(20,1)
EFFECT ON OTHER OPERATING INCOME		**104**	**77**	**3.147**	**519**	**256**	**1.850**	**n.a.**	**3.070**	**2.626**	**(14,5)**
of which: income due to asset sales	1	104	49	3.118	519	256	(1)	n.a.	3.069	774	(74,8)
of which: others	2	0	28	29	0	0	1.852	n.a.	1	1.852	n.a.
EFFECT ON REVENUE		**0**	**0**	**(10)**	**0**	**0**	**0**	**n.a.**	**(10)**	**0**	**n.a.**
EFFECT ON EBITDA		**(201)**	**(419)**	**1.124**	**412**	**42**	**1.598**	**n.a.**	**1.543**	**2.051**	**32,9**
DEPRECIATION, AMORTIZATION AND IMPAIRMENT	**3**	**(15)**	**(608)**	**(623)**	**0**	**(2)**	**(1.245)**	**n.a.**	**(15)**	**(1.247)**	**n.a.**
of which: restructuring charges		0	0	0	0	0	**0**	**n.a.**	**0**	**0**	**n.a.**
of which: expenses due to consolidations and other asset sales		0	0	0	0	0	0	n.a.	0	0	n.a.
of which: others		1	(1)	0	0	0	0	n.a.	1	0	n.a.
EFFECT ON PROFIT FROM OPERATIONS = EBIT		**(216)**	**(1.027)**	**501**	**412**	**40**	**352**	**n.a.**	**1.528**	**804**	**(47,4)**

1 Q1/2017: Sale of Strato; Q2/2017: Sale of Scout and DeTe Medien

2 Q3/2017: Income from the settlement with BT (0.2 bn. €) ; Income from the reversal of impairment on spectrum licenses TM US (1.7 bn. €)

3 Q3/2017: Impairment Goodwill T-Systems Market Unit (1.2 bn. €)

GROUP

DETAILS ON SPECIAL FACTORS II

	Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
EFFECT ON PROFIT (LOSS) FROM FINANCIAL ACTIVITIES		**(9)**	**(2.286)**	**(2.294)**	**(685)**	**(438)**	**(187)**	**n.a.**	**(8)**	**(1.309)**	**n.a.**
EFFECT ON PROFIT (LOSS) BEFORE INCOME TAXES		**(225)**	**(3.313)**	**(1.793)**	**(272)**	**(398)**	**166**	**n.a.**	**1.520**	**(505)**	**n.a.**
EFFECT ON TAXES		**245**	**212**	**415**	**78**	**67**	**(563)**	**n.a.**	**203**	**(419)**	**n.a.**
Tax effect of special factors within EBIT		84	132	548	28	48	76	(9,5)	416	151	(63,7)
Tax effect of special factors on profit (loss) from financial activities		161	80	(133)	50	19	(639)	n.a.	(213)	(570)	n.a.
Other tax effects		0	0	0	0	0	0	n.a.	0	0	n.a.
EFFECT ON PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**7**	**(4)**	**61**	**(2)**	**(7)**	**339**	**n.a.**	**65**	**330**	**n.a.**
EFFECT ON NET PROFIT (LOSS)		**13**	**(3.097)**	**(1.439)**	**(193)**	**(324)**	**(736)**	**n.a.**	**1.658**	**(1.253)**	**n.a.**

CHANGE IN THE COMPOSITION OF THE GROUP IN THE THIRD QUARTER

		REPORTED NUMBERS	PLUS ACQUISITION EFFECTS							MINUS DECONSOLIDATION EFFECTS							TOTAL EFFECT	PRO FORMA	REPORTED NUMBERS	ORGANIC CHANGE
		Q3 2016	Total	Germany	United States	Europe	Group Development	Systems Solutions	GHS	Total	Germany	United States	Europe	Group Development	Systems Solutions	GHS		Q3 2016	Q3 2017	Change
	Note	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €		millions of €	millions of €	%
NET REVENUE		**18.105**	**23**	**0**	**0**	**0**	**23**	**0**	**0**	**67**	**0**	**0**	**0**	**32**	**0**	**35**	**(44)**	**18.061**	**18.251**	**1,1**
PROFIT (LOSS) FROM OPERATIONS = EBIT		**2.156**	**(6)**	**0**	**0**	**0**	**(6)**	**0**	**0**	**15**	**0**	**0**	**0**	**8**	**0**	**7**	**(21)**	**2.135**	**3.098**	**45,1**
Profit (loss) from financial activities		(540)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**(540)**	(676)	25,2
of which finance costs		(646)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**(646)**	(540)	(16,4)
PROFIT (LOSS) BEFORE INCOME TAXES = EBT		**1.616**	**(6)**	**0**	**0**	**0**	**(6)**	**0**	**0**	**15**	**0**	**0**	**0**	**8**	**0**	**7**	**(21)**	**1.595**	**2.421**	**51,8**
Income taxes		(394)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	0	0	0	0	0	0	0	0	**(394)**	(1.323)	n.a.
PROFIT (LOSS)		**1.222**	**(6)**	**0**	**0**	**0**	**(6)**	**0**	**0**	**15**	**0**	**0**	**0**	**8**	**0**	**7**	**(21)**	**1.201**	**1.098**	**(8,6)**

CHANGE IN THE COMPOSITION OF THE GROUP IN THE CURRENT YEAR

		REPORTED NUMBERS	PLUS ACQUISITION EFFECTS							MINUS DECONSOLIDATION EFFECTS							TOTAL EFFECT	PRO FORMA	REPORTED NUMBERS	ORGANIC CHANGE
		Q1-Q3 2016	Total	Germany	United States	Europe	Group Development	Systems Solutions	GHS	Total	Germany	United States	Europe	Group Development	Systems Solutions	GHS		Q1-Q3 2016	Q1-Q3 2017	Change
	Note	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €	millions of €		millions of €	millions of €	%
NET REVENUE		53.552	67	0	0	0	67	0	0	110	0	0	0	64	0	46	(43)	53.509	55.787	4,3
PROFIT (LOSS) FROM OPERATIONS = EBIT		8.227	(15)	0	0	0	(15)	0	0	24	0	0	0	16	0	8	(39)	8.188	8.699	6,2
Profit (loss) from financial activities		(1.500)	0	0	0	0	0	0	0	1	0	0	0	1	0	0	(1)	(1.501)	(3.669)	n.a.
of which finance costs		(1.931)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(1.931)	(1.688)	(12,6)
PROFIT (LOSS) BEFORE INCOME TAXES = EBT		6.727	(15)	0	0	0	(15)	0	0	25	0	0	0	17	0	8	(40)	6.687	5.030	(24,8)
Income taxes		(1.442)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(1.442)	(1.931)	33,9
PROFIT (LOSS)		5.285	(15)	0	0	0	(15)	0	0	25	0	0	0	17	0	8	(40)	5.245	3.099	(40,9)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
ASSETS

	Note	Sep. 30 2016 millions of €	Dec. 31 2016 millions of €	Mar. 31 2017 millions of €	Jun. 30 2017 millions of €	**Sep. 30 2017 millions of €**	Change compared to prior quarter %	Change compared to prior year %
CURRENT ASSETS		**23.891**	**26.638**	**27.663**	**17.808**	**18.344**	**3,0**	**(23,2)**
Cash and cash equivalents		7.527	7.747	9.542	2.441	2.860	17,2	(62,0)
Trade and other receivables		8.607	9.362	9.093	9.161	9.196	0,4	6,8
Current recoverable income taxes		105	218	192	181	160	(11,6)	52,4
Other financial assets		4.194	5.713	4.907	2.116	2.442	15,4	(41,8)
Inventories		1.599	1.629	1.646	1.729	1.520	(12,1)	(4,9)
Current and non-current assets and disposal groups held for sale		250	372	148	204	371	81,9	48,4
Other assets		1.609	1.597	2.136	1.975	1.795	(9,1)	11,6
NON-CURRENT ASSETS		**119.226**	**121.847**	**120.961**	**123.682**	**121.497**	**(1,8)**	**1,9**
Intangible assets		58.951	60.599	60.269	64.809	63.577	(1,9)	7,8
Property, plant and equipment		45.148	46.758	46.788	46.203	46.081	(0,3)	2,1
Investments accounted for using the equity method		782	725	722	606	601	(0,8)	(23,1)
Other financial assets		8.583	7.886	6.971	6.417	5.963	(7,1)	(30,5)
Deferred tax assets		5.136	5.210	5.477	4.898	4.498	(8,2)	(12,4)
Other assets		626	669	733	748	778	4,0	24,3
TOTAL ASSETS		**143.117**	**148.485**	**148.624**	**141.490**	**139.841**	**(1,2)**	**(2,3)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	Sep. 30 2016 millions of €	Dec. 31 2016 millions of €	Mar. 31 2017 millions of €	Jun. 30 2017 millions of €	Sep. 30 2017 millions of €	Change compared to prior quarter %	Change compared to prior year %
LIABILITIES		**105.496**	**109.640**	**108.806**	**102.896**	**100.787**	**(2,0)**	**(4,5)**
CURRENT LIABILITIES		**26.010**	**33.126**	**32.375**	**27.200**	**25.937**	**(4,6)**	**(0,3)**
Financial liabilities		8.959	14.422	14.871	10.351	9.250	(10,6)	3,2
Trade and other payables		8.893	10.441	8.983	8.735	8.516	(2,5)	(4,2)
Income tax liabilities		247	222	238	358	341	(4,7)	38,1
Other provisions		2.850	3.068	3.076	2.796	2.953	5,6	3,6
Liabilities directly associated with non-current assets and disposal groups held for sale		99	194	133	0	0	n.a.	n.a.
Other liabilities		4.962	4.779	5.075	4.959	4.877	(1,7)	(1,7)
NON-CURRENT LIABILITIES		**79.486**	**76.514**	**76.431**	**75.696**	**74.850**	**(1,1)**	**(5,8)**
Financial liabilities		53.349	50.228	50.402	50.638	49.387	(2,5)	(7,4)
Provisions for pensions and other employee benefits		9.091	8.451	8.293	8.113	8.185	0,9	(10,0)
Other provisions		3.189	3.320	3.285	3.215	3.220	0,2	1,0
Deferred tax liabilities		9.514	10.007	10.025	9.582	10.060	5,0	5,7
Other liabilities		4.343	4.508	4.427	4.148	3.999	(3,6)	(7,9)
SHAREHOLDERS' EQUITY		**37.621**	**38.845**	**39.818**	**38.594**	**39.055**	**1,2**	**3,8**
Issued capital		11.973	11.973	11.973	12.189	12.189	0,0	1,8
Capital reserves		53.348	53.356	53.349	54.574	54.638	0,1	2,4
Retained earnings incl. carryforwards		(39.174)	(38.727)	(35.971)	(38.622)	(38.656)	(0,1)	1,3
Total other comprehensive income		(2.459)	78	145	(558)	(1.055)	(89,1)	57,1
Net profit (loss)		4.799	2.675	747	1.621	2.129	31,3	(55,6)
Treasury shares		(50)	(50)	(50)	(49)	(49)	0,0	2,0
Non-controlling interests		9.184	9.540	9.625	9.439	9.859	4,4	7,3
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**143.117**	**148.485**	**148.624**	**141.490**	**139.841**	**(1,2)**	**(2,3)**

DT GROUP

PROVISIONS FOR PENSIONS

		2016 millions of €	2015 millions of €	2014 millions of €	2013 millions of €	2012 millions of €
FROM DEFINED BENEFIT OBLIGATION TO PROVISION IN BALANCE SHEET						
Present value of obligation (DBO)	1	11.427	10.753	10.940	8.965	8.973
Plan assets		(2.990)	(2.744)	(2.498)	(1.973)	(1.680)
Others		14	19	23	14	19
Provision in balance sheet		8.451	8.028	8.465	7.006	7.312
PENSION COSTS INCLUDED IN P&L (INCLUDED EXPECTED RETURN ON PLAN ASSETS)		**396**	**442**	**445**	**388**	**511**
thereof included in EBITDA		230	285	220	160	197
thereof included in financial result		166	157	225	228	313
CASH PAYMENTS FOR PENSIONS						
1) funding of plan assets by DT (investment in financial assets)		264	276	266	269	768
2) benefits paid through plan assets	2	32	31	30	42	45
3) benefits paid through provision (included in cash flow from operations)		375	386	298	366	375
cash payments included in cash flow statement = 1) + 3)		639	662	564	635	1.143
cash payments included in free cash flow = 3)		375	386	298	366	375

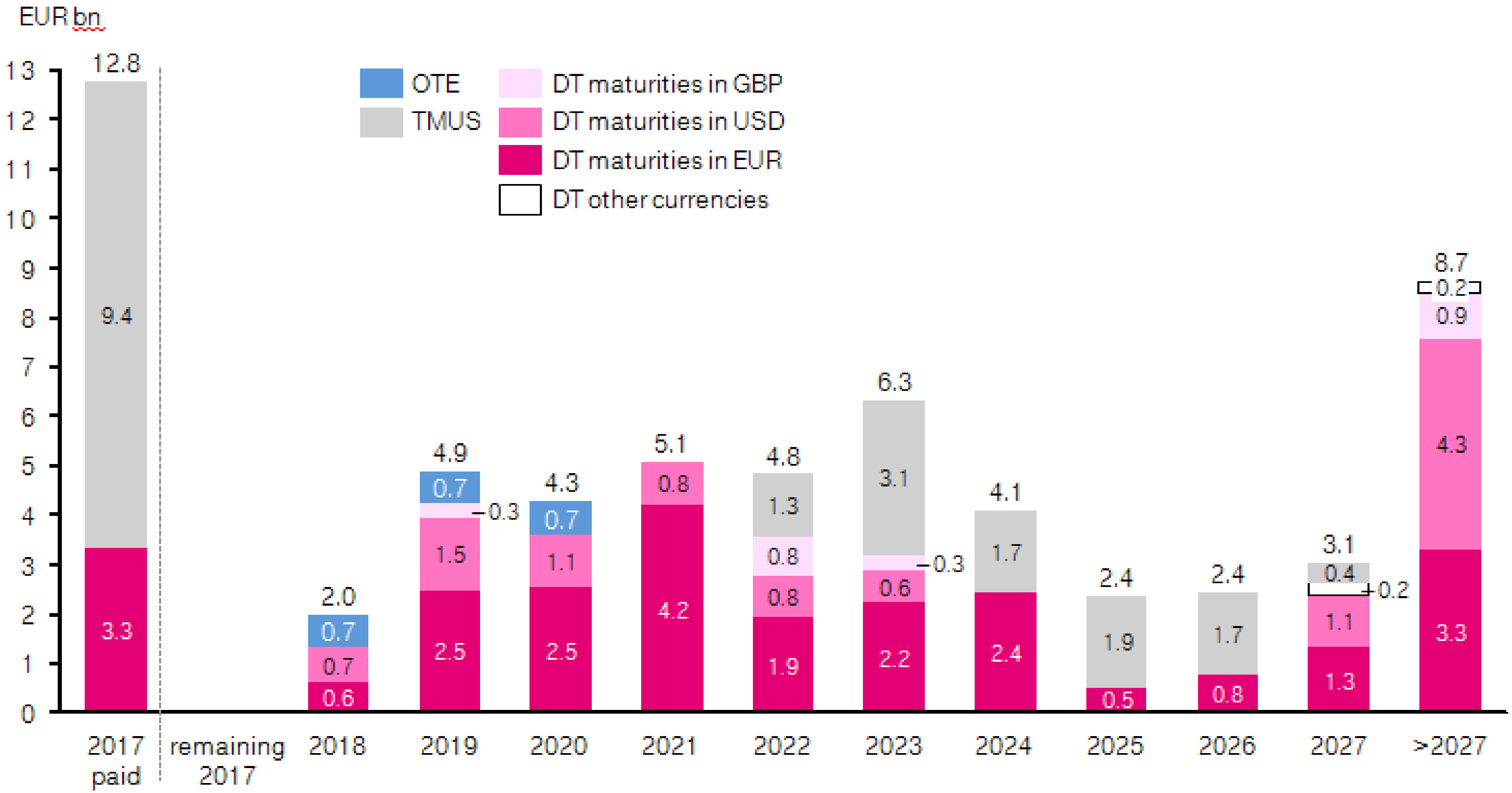
CHANGE IN THE PRESENT VALUE OF THE OBLIGATION (EXAMPLE 2015)		
End of 2015		10.753
pension costs included in P&L		451
benefits paid		(375)
actuarial losses/gains	3	698
F/X		(24)
Others		(76)
End of 2016		11.427

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

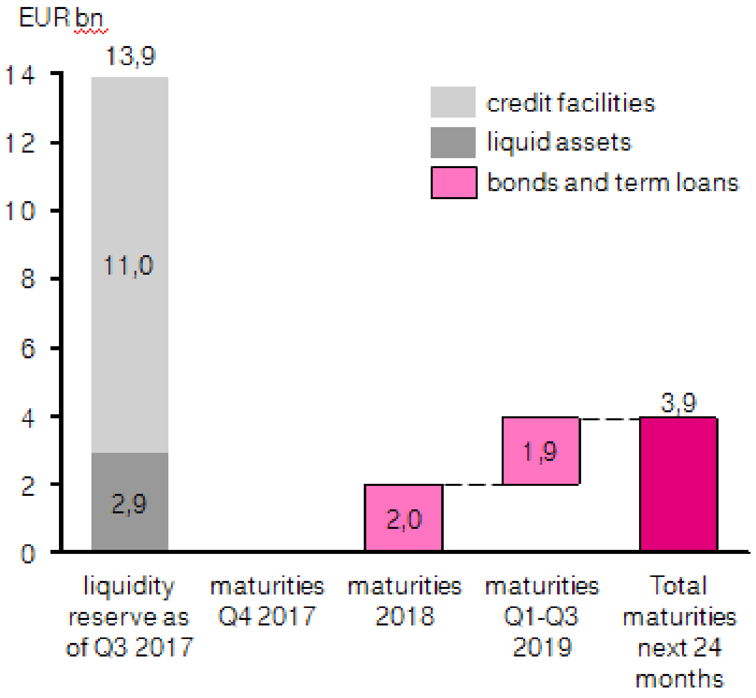
2 The sum of payments through plan assets and the benefit paid through provisions equal the "benefits paid" in "Change in the present value of the obligation".

3 Actuarial losses/gains are via other comprehensive income directly billed vs. equity.

WELL-BALANCED MATURITY PROFILE AS OF SEPTEMBER 30, 2017



STRONG LIQUIDITY AS OF SEPTEMBER 30, 2017



- EUR 12.9 bn firm bilateral lines available
  - unconditionally committed
  - no MAC clauses
  - diversified: 22 banks
  - 3 year tenor, staggered maturities

- CPs outstanding EUR 1.9 bn
- Residual undrawn amount EUR 11.0 bn
- Maturities of next 24 months several times covered

DT/TMUS FUNDING - CREDIT POSITIVE FOR DT

DT's funding support as of September 30th 2017

- USD 10.6bn unsecured HY bonds (disbursed)
- USD 2.5bn Revolving Credit Facility, thereof 1.5bn secured (undrawn)
- USD 4.0bn secured term loan (disbursed)

USD 17.1bn total inter-company financing, thereof 5.5bn secured

In addition, TMUS has issued USD 11.9bn High Yield bonds to external investors

Positive credit implications

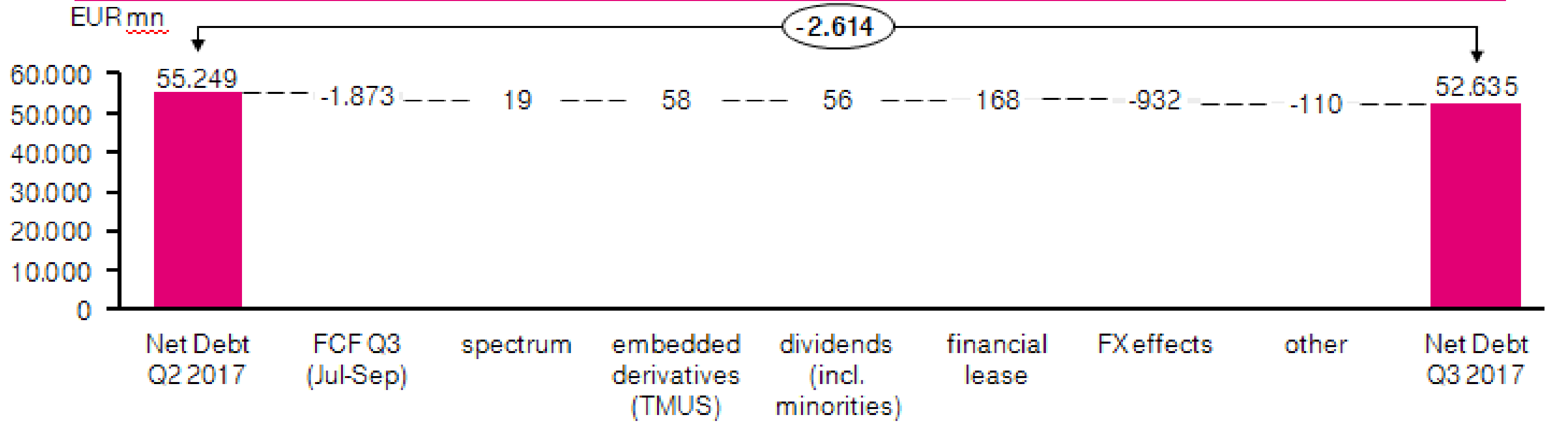
- Results in significant interest costs savings
- DT in preferential creditor position due to large portion of secured financing
- Eliminates structural subordination issues with rating agencies

GROUP
NET DEBT

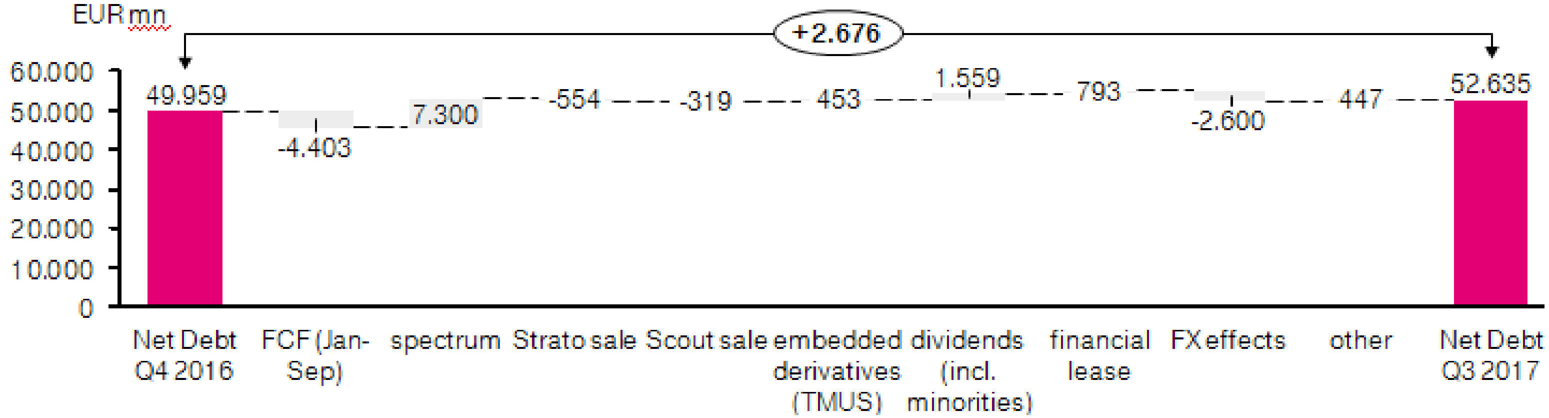
	Note	Sep. 30, 2016 millions of €	Dec. 31, 2016 millions of €	Mar. 31, 2017 millions of €	Jun. 30, 2017 millions of €	Sep. 30, 2017 millions of €	Change compared to prior quarter %	Change compared to prior year %
Bonds		49.014	50.090	52.791	48.450	46.816	(3,4)	(4,5)
Other financial liabilities		11.673	12.576	10.860	10.998	10.461	(4,9)	(10,4)
GROSS DEBT		**60.687**	**62.666**	**63.651**	**59.448**	**57.277**	**(3,7)**	**(5,6)**
Cash and cash equivalents		7.527	7.747	9.542	2.441	2.860	17,2	(62,0)
Available-for-sale/held-for-trading financial assets		99	10	7	7	7	n.a.	(92,9)
Other financial assets		4.577	4.950	4.139	1.751	1.775	1,4	(61,2)
NET DEBT		**48.484**	**49.959**	**49.963**	**55.249**	**52.635**	**(4,7)**	**8,6**

NET DEBT DEVELOPMENT Q3 2017

Net debt reconciliation Q2 2017 – Q3 2017



Net debt reconciliation Q4 2016 – Q3 2017



DT GROUP
CASH CAPEX

	Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
CASH CAPEX											
Germany		1.045	1.228	4.031	1.005	1.052	1.052	0,7	2.803	3.109	10,9
United States		1.671	1.177	5.855	1.442	8.463	1.243	(25,6)	4.678	11.148	n.a.
Europe		876	413	2.600	475	403	395	(54,9)	2.187	1.273	(41,8)
Systems Solutions		85	143	402	86	91	87	2,4	259	264	1,9
Group Development		69	69	271	81	57	76	10,1	202	215	6,3
Group Headquarters & Group Services		222	279	936	242	239	231	4,1	656	712	8,5
Reconciliation		(84)	(153)	(455)	(51)	(65)	(63)	25,0	(302)	(180)	40,4
GROUP	**1**	**3.885**	**3.156**	**13.640**	**3.280**	**10.240**	**3.021**	**(22,2)**	**10.484**	**16.541**	**57,8**
- thereof spectrum investment		1.146	432	2.682	35	7.246	19	(98,3)	2.250	7.300	n.a.

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

DT GROUP
FREE CASH FLOW

	Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
Net profit (loss)		1.053	(2.124)	2.675	747	874	507	(51,9)	4.799	2.129	(55,6)
Profit (loss) attributable to non-controlling interests		169	(57)	429	62	317	591	n.a.	486	970	99,6
PROFIT (LOSS) AFTER INCOME TAXES		**1.222**	**(2.181)**	**3.104**	**809**	**1.192**	**1.098**	**(10,1)**	**5.285**	**3.099**	**(41,4)**
Depreciation, amortization and impairment losses		3.178	3.909	13.380	3.191	3.156	4.220	32,8	9.471	10.568	11,6
Income tax expense/(benefit)		394	1	1.443	(78)	686	1.323	n.a.	1.442	1.931	33,9
Interest (income) and interest expenses		646	561	2.492	637	511	540	(16,4)	1.931	1.688	(12,6)
Other financial (income) expense		(107)	2.503	2.072	1.406	445	139	n.a.	(431)	1.990	n.a.
Share of (profit) loss of associates and joint ventures accounted for using the equity method		1	53	53	(4)	(3)	(3)	n.a.	0	(10)	n.a.
(Profit) loss on the disposal of fully consolidated subsidiaries		0	0	(7)	(519)	(31)	2	n.a.	(7)	(548)	n.a.
(Income) loss from the sale of stakes accounted for using the equity method (EE)		12	(41)	(2.591)	0	(226)	0	(100)	(2.550)	(226)	(91)
Other non-cash transactions		94	58	316	119	66	(1.742)	n.a.	258	(1.557)	n.a.
(Gain) loss from the disposal of intangible assets and property, plant and equipment		(108)	12	(495)	(33)	(2)	19	n.a.	(507)	(16)	(97)
Change in assets carried as working capital		410	(1.244)	(1.000)	358	(467)	(26)	n.a.	244	(135)	n.a.
Change in provisions		(14)	174	(234)	(70)	(256)	154	n.a.	(408)	(171)	(58,1)
Change in other liabilities carried as working capital		(580)	262	(510)	(531)	(31)	(441)	(24,0)	(772)	(1.003)	29,9
Income taxes received (paid)		(113)	(147)	(527)	(80)	(100)	(204)	80,5	(380)	(384)	1,1
Dividends received		150	1	331	75	13	153	2,0	330	241	(27,0)
Net payments from entering into or canceling interest rate swaps		0	0	289	0	0	0	n.a.	289	0	(100)
CASH GENERATED FROM OPERATIONS		**5.185**	**3.921**	**18.116**	**5.280**	**4.955**	**5.232**	**0,9**	**14.195**	**15.468**	**9,0**
Interest received (paid)		(628)	(372)	(2.583)	(926)	(752)	(424)	(32,5)	(2.211)	(2.102)	(4,9)
NET CASH FROM OPERATING ACTIVITIES		**4.557**	**3.549**	**15.533**	**4.355**	**4.204**	**4.808**	**5,5**	**11.984**	**13.367**	**11,5**
Cash outflows for investments in (proceeds from disposal of)		(2.653)	(2.656)	(10.594)	(3.127)	(2.903)	(2.935)	10,6	(7.938)	(8.965)	12,9
Intangible assets		(1.862)	(1.209)	(5.602)	(718)	(7.983)	(682)	(63,4)	(4.393)	(9.383)	n.a.
Property, plant and equipment		(1.937)	(1.879)	(7.674)	(2.444)	(2.166)	(2.272)	17,3	(5.795)	(6.882)	18,8
Spectrum investment		1.146	432	2.682	35	7.246	19	(98,3)	2.250	7.300	n.a.
FREE CASH FLOW (BEFORE DIVIDEND PAYMENTS AND SPECTRUM)		**1.904**	**893**	**4.939**	**1.228**	**1.301**	**1.873**	**(1,6)**	**4.046**	**4.403**	**8,8**

DT GROUP
PERSONNEL

AT REPORTING DATE	Note	Sep. 30 2016	Dec. 31 2016	Mar. 31 2017	Jun. 30 2017	Sep. 30 2017	Change compared to prior quarter		Change compared to prior year	
							abs.	%	abs.	%
Germany		66.677	65.452	64.973	64.560	64.388	(172)	(0,3)	(2.289)	(3,4)
United States		44.148	44.820	42.925	43.566	44.394	828	1,9	246	0,6
Europe		46.576	46.808	47.378	47.610	47.579	(31)	(0,1)	1.003	2,2
Systems Solutions		37.342	37.472	37.839	37.801	37.596	(205)	(0,5)	254	0,7
Group Development		2.708	2.572	2.549	1.980	1.949	(31)	(1,6)	(759)	(28,0)
Group Headquarters & Group Services		21.804	21.216	20.884	20.618	20.436	(182)	(0,9)	(1.368)	(6,3)
GROUP		**219.254**	**218.341**	**216.548**	**216.135**	**216.343**	**208**	**0,1**	**(2.911)**	**(1,3)**
of which: Domestic		106.620	104.662	104.231	103.014	102.652	(362)	(0,4)	(3.968)	(3,7)
of which: Civil servants (in Germany, with an active service relationship)		16.656	15.999	15.871	15.846	15.726	(120)	(0,8)	(930)	(5,6)
of which: International		112.634	113.679	112.317	113.121	113.690	569	0,5	1.056	0,9

AVERAGE	Note	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Change compared to prior year	
							abs.	%
Germany		66.800	66.009	65.040	64.539	64.491	(2.309)	(3,5)
United States		43.883	44.262	43.497	43.237	43.839	(44)	(0,1)
Europe		46.500	46.766	47.130	47.509	47.621	1.121	2,4
Systems Solutions		37.234	37.404	37.840	37.775	37.578	344	0,9
Group Development		2.713	2.594	2.599	1.989	1.956	(757)	(27,9)
Group Headquarters & Group Services		21.899	21.576	20.920	20.813	20.503	(1.396)	(6,4)
GROUP		**219.029**	**218.610**	**217.026**	**215.862**	**215.988**	**(3.041)**	**(1,4)**
of which: Domestic		106.785	105.607	104.359	103.167	102.737	(4.048)	(3,8)
of which: Civil servants (in Germany, with an active service relationship)		16.788	16.361	15.906	15.850	15.762	(1.026)	(6,1)
of which: International		112.244	113.003	112.684	112.695	113.251	1.007	0,9

EXCHANGE RATES

AVERAGE

	Q3 2016 1 €	Q4 2016 1 €	FY 2016 1 €	Q1 2017 1 €	Q2 2017 1 €	**Q3 2017 1 €**
US Dollar (USD)	1,11651	1,07782	1,10662	1,06469	1,08192	1,17453
British pound (GBP)	0,84983	0,86825	0,81965	0.86005	0,86026	0,89786
Czech korunas (CZK)	27,02924	27,02775	27.03349	27,02065	26,81334	26,08514
Croatian kunas (HRK)	7,49342	7,52327	7,53365	7,46718	7,45359	7,42567
Hungarian forints (HUF)	310,99477	309,38976	311,39281	309,09362	309,46069	306,41761
Macedonian Denar (MKD)	61,59835	61,57615	61.59350	61,56872	61,58923	61,58090
Polish Zloty (PLN)	4,33814	4,38094	4,36308	4,32077	4,27205	4,25847
Romanian leu (RON)	4,46495	4,50832	4,49035	4.52137	4,53608	4,58230

END OF PERIOD

	Sep. 30 2016 1€	Dec. 31 2016 1€	Mar. 31 2017 1 €	Jun. 30 2017 1 €	**Sep. 30 2017 1 €**
US Dollar (USD)	1,11640	1,05405	1,06830	1,14060	1,18135
British pound (GBP)	0,86160	0,85515	0,85580	0,87880	0,88220
Czech korunas (CZK)	27,02150	27,01943	27,02700	26,20650	25,93751
Croatian kunas (HRK)	7,52305	7,55583	7.43710	7,41075	7,49423
Hungarian forints (HUF)	309,86000	309,96987	307,89500	309,35000	311,04489
Macedonian Denar (MKD)	61,58000	61,57000	61,57000	62,53000	61,64012
Polish Zloty (PLN)	4,31830	4,41368	4,22070	4,22900	4,31390
Romanian leu (RON)	4,45380	4,54055	4.55275	4,55450	4,59920

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

NOTES

CONTENT

GERMANY

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

		Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
TOTAL REVENUE			**5.485**	**5.565**	**21.784**	**5.397**	**5.371**	**5.488**	**0,1**	**16.218**	**16.256**	**0,2**
NET REVENUE			**5.134**	**5.210**	**20.415**	**5.069**	**5.036**	**5.139**	**0,1**	**15.205**	**15.244**	**0,3**
EBITDA			**2.095**	**2.013**	**8.237**	**2.070**	**2.100**	**2.190**	**4,5**	**6.224**	**6.360**	**2,2**
EBITDA margin (EBITDA / total revenue)	%		38,2	36,2	37,8	38,4	39,1	39,9	1,7p	38,4	39,1	0,7p
Depreciation, amortization and impairment losses			(912)	(937)	(3.703)	(935)	(953)	(963)	(5,6)	(2.766)	(2.851)	(3,1)
Profit (loss) from operations = EBIT			1.183	1.076	4.534	1.135	1.147	1.227	3,7	3.458	3.509	1,5
CASH CAPEX			**1.045**	**1.228**	**4.031**	**1.005**	**1.052**	**1.052**	**0,7**	**2.803**	**3.109**	**10,9**
CASH CONTRIBUTION			**1.050**	**785**	**4.206**	**1.065**	**1.048**	**1.138**	**8,4**	**3.421**	**3.251**	**(5,0)**

FINANCIALS (AS REPORTED)

		Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
TOTAL REVENUE			**5.485**	**5.565**	**21.774**	**5.397**	**5.371**	**5.488**	**0,1**	**16.208**	**16.256**	**0,3**
NET REVENUE			**5.134**	**5.210**	**20.405**	**5.069**	**5.036**	**5.139**	**0,1**	**15.195**	**15.244**	**0,3**
EBITDA			**1.972**	**1.763**	**7.327**	**2.021**	**1.995**	**2.116**	**7,3**	**5.564**	**6.132**	**10,2**
EBITDA margin (EBITDA / total revenue)	%		36,0	31,7	33,7	37,4	37,1	38,6	2,6p	34,3	37,7	3,4p
Depreciation, amortization and impairment losses			(912)	(937)	(3.703)	(935)	(953)	(963)	(5,6)	(2.766)	(2.851)	(3,1)
Profit (loss) from operations = EBIT			1.060	826	3.624	1.086	1.042	1.153	8,8	2.798	3.281	17,3
CASH CAPEX			**1.045**	**1.228**	**4.031**	**1.005**	**1.052**	**1.052**	**0,7**	**2.803**	**3.109**	**10,9**
CASH CONTRIBUTION			**927**	**535**	**3.296**	**1.016**	**943**	**1.064**	**14,8**	**2.761**	**3.023**	**9,5**

GERMANY
EBITDA RECONCILIATION

	Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
TOTAL REVENUE		**5.485**	**5.565**	**21.774**	**5.397**	**5.371**	**5.488**	**0,1**	**16.208**	**16.256**	**0,3**
TOTAL REVENUE (ADJUSTED FOR SPECIAL FACTORS)		**5.485**	**5.565**	**21.784**	**5.397**	**5.371**	**5.488**	**0,1**	**16.218**	**16.256**	**0,2**
Profit (loss) from operations = EBIT		1.060	826	3.624	1.086	1.042	1.153	8,8	2.798	3.281	17,3
- Depreciation, amortization and impairment losses		(912)	(937)	(3.703)	(935)	(953)	(963)	(5,6)	(2.766)	(2.851)	(3,1)
= EBITDA		**1.972**	**1.763**	**7.327**	**2.021**	**1.995**	**2.116**	**7,3**	**5.564**	**6.132**	**10,2**
EBITDA margin %		36,0	31,7	33,7	37,4	37,1	38,6	2,6p	34,3	37,7	3,4p
- Special factors affecting EBITDA		(123)	(250)	(910)	(49)	(105)	(74)	39,8	(660)	(228)	65,5
= EBITDA (ADJUSTED FOR SPECIAL FACTORS)		**2.095**	**2.013**	**8.237**	**2.070**	**2.100**	**2.190**	**4,5**	**6.224**	**6.360**	**2,2**
EBITDA margin (adjusted for special factors) %		38,2	36,2	37,8	38,4	39,1	39,9	1,7p	38,4	39,1	0,7p

SPECIAL FACTORS

	Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
EFFECTS ON EBITDA		**(123)**	**(250)**	**(910)**	**(49)**	**(105)**	**(74)**	**39,8**	**(660)**	**(228)**	**65,5**
- of which personnel		(117)	(238)	(854)	(37)	(54)	(64)	45,3	(616)	(155)	74,8
- of which other		(6)	(12)	(56)	(12)	(51)	(10)	(66,7)	(44)	(73)	(65,9)
EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT		**(123)**	**(250)**	**(910)**	**(49)**	**(105)**	**(74)**	**39,8**	**(660)**	**(228)**	**65,5**
- of which personnel		(117)	(238)	(854)	(37)	(54)	(64)	45,3	(616)	(155)	74,8
- of which other		(6)	(12)	(56)	(12)	(51)	(10)	(66,7)	(44)	(73)	(65,9)

GERMANY
OPERATIONALS

		Note	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Change %
GERMANY								
ACCESS LINES								
Fixed network	('000)	1	19.873	19.786	19.648	19.477	19.352	(2,6)
retail IP-based	('000)	1	8.435	9.042	9.801	10.351	11.177	32,5
Broadband	('000)	1	12.835	12.922	12.989	13.035	13.105	2,1
Fiber	('000)	1,2	3.857	4.250	4.693	5.033	5.417	40,4
TV (incl. IPTV, SAT)	('000)	1	2.818	2.879	2.955	3.024	3.089	9,6
ULLs	('000)	1	7.431	7.195	6.952	6.723	6.417	(13,6)
Wholesale bundled	('000)	1	179	165	148	125	109	(39,1)
Wholesale unbundled	('000)	1	3.905	4.212	4.554	4.855	5.206	33,3
Fiber	('000)		2.274	2.555	2.887	3.169	3.485	53,3
MOBILE CUSTOMERS		3						
Total	('000)		41.461	41.849	42.114	42.011	42.534	2,6
- contract	('000)		24.705	25.219	25.270	25.084	25.452	3,0
- prepaid	('000)		16.756	16.630	16.844	16.927	17.082	1,9

GERMANY
MOBILE COMMUNICATIONS KPIS

		Note	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Change %
AVERAGE MONTHLY CHURN	**(%)**		**1,6**	**1,7**	**1,6**	**1,7**	**1,9**	**1,3**	**(0,3p)**
- contract	(%)		1,4	1,6	1,6	1,9	2,3	1,1	(0,3p)
SAC PER GROSS ADD	**(€)**		**73**	**81**	**78**	**73**	**75**	**92**	**26,0**
- contract	(€)		96	112	110	106	107	154	60,4
- prepaid	(€)		17	14	15	9	11	10	(41,2)
SRC PER RETAINED CUSTOMER	**(€)**		**238**	**275**	**266**	**254**	**263**	**226**	**(5,0)**
ARPU	**(€)**		**14**	**13**	**14**	**13**	**13**	**14**	**0,0**
- contract	(€)		21	20	21	20	20	21	0,0
- prepaid	(€)		3	3	3	3	3	3	0,0
MOU PER CUSTOMER	**(min)**		**89**	**88**	**89**	**89**	**89**	**89**	**0,0**
- contract	(min)		140	137	139	138	138	138	(1,4)

1 Figures do not add up.
2 Sum of all FTTx accesses (e.g. FTTC/VDSL, Vectoring and FTTH).
3 As of 1.January 2017 business customers are effected by two adjustments. At contract, customers are now shown without test cards (minus 41k) and at prepaid, there has been a system integration (plus 180k). Prior year figures have not been adjusted accordingly.

GERMANY

REVENUE SPLIT - PRODUCTS

	Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
GERMANY		**5.485**	**5.565**	**21.774**	**5.397**	**5.371**	**5.488**	**0,1**	**16.208**	**16.256**	**0,3**
FIXED NETWORK CORE BUSINESS		**2.394**	**2.434**	**9.659**	**2.392**	**2.385**	**2.379**	**(0,6)**	**7.225**	**7.156**	**(1,0)**
of which Fixed Revenues		1.745	1.739	6.992	1.734	1.722	1.716	(1,7)	5.253	5.173	(1,5)
Voice only revenues		439	429	1.776	420	409	402	(8,4)	1.347	1.232	(8,5)
Broadband revenues		994	993	3.976	986	979	972	(2,2)	2.983	2.938	(1,5)
TV revenues		312	317	1.240	328	334	342	9,6	923	1.003	8,7
of which Variable Revenues		216	213	880	198	191	186	(13,9)	667	576	(13,6)
of which Revenues from add-on options		48	48	196	46	46	48	0,0	149	140	(6,0)
thereof revenues from voice centric options		15	14	62	14	13	13	(13,3)	48	40	(16,7)
thereof revenues from broadband centric options		16	16	66	16	15	15	(6,3)	50	46	(8,0)
thereof revenues from TV centric options		17	17	68	17	17	17	0,0	51	51	0,0
of which Revenues from devices (fixed line)		121	124	478	127	131	132	9,1	354	390	10,2
thereof revenues from sale of devices and accessories (Fixed line)		33	33	127	32	33	31	(6,1)	94	95	1,1
MOBILE COMMUNICATIONS		**2.054**	**2.072**	**7.955**	**1.972**	**1.950**	**2.053**	**(0,0)**	**5.883**	**5.975**	**1,6**
of which Service Revenues		1.697	1.667	6.669	1.635	1.669	1.713	0,9	5.002	5.018	0,3
WHOLESALE SERVICES FIXED NETWORK		**850**	**855**	**3.407**	**848**	**852**	**874**	**2,8**	**2.552**	**2.574**	**0,9**
of which access full ULL		246	238	1.007	231	222	214	(13,0)	769	667	(13,3)
of which bundled and unbundled access line		226	239	903	257	267	289	27,9	664	813	22,4
ONLINE CONSUMER SERVICES		**0**	**0**	**0**	**0**	**0**	**0**	**n.a.**	**0**	**0**	**n.a.**
VALUE-ADDED SERVICES		**49**	**52**	**205**	**49**	**47**	**47**	**(4,1)**	**153**	**144**	**(5,9)**
OTHERS		**137**	**151**	**546**	**136**	**136**	**136**	**(0,7)**	**395**	**408**	**3,3**

REVENUE SPLIT - SEGMENTS

	Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
GERMANY		**5.485**	**5.565**	**21.774**	**5.397**	**5.371**	**5.488**	**0,1**	**16.208**	**16.256**	**0,3**
Consumer		2.967	2.988	11.739	2.918	2.878	2.964	(0,1)	8.752	8.759	0,1
Business customers	1	1.489	1.537	5.923	1.465	1.473	1.486	(0,2)	4.386	4.430	1,0
Wholesale		933	938	3.742	926	928	947	1,5	2.804	2.802	(0,1)
Others	1	96	102	370	88	92	91	(5,2)	266	265	(0,4)

1 Due to reorganisation partial shift from „Others“ to „Business customers” from Q3/2017.

GERMANY
Magenta Mobil

Magenta Mobil PLANS IN €	S	M	L	L Plus
Monthly charge (without handset)	34.95	44.95	54.95	79.95
Monthly charge (with entry level handset)	39.95			
Monthly charge (with handset)	44.95	54.95	64.95	—
Monthly charge (with top handset)	54.95	64.95	74.95	99.95
Voice and SMS [1]	flat	flat	flat	flat
Data	flat	flat	flat	flat
- Data Speed (download)	max	max	max	max
- Data Speed (upload)	max	max	max	max
- Data Volume until speed step down	2 GB	4 GB	6 GB	10 GB
- Data Network	3G/LTE	3G/LTE	3G/LTE	3G/LTE
Streaming	—	StreamOn Music	StreamOn Music & Video	StreamOn Music & Video
VoIP	free	free	free	free
Tethering	free	free	free	free
MMS all net	0.39	0.39	0.39	0.39
International Calls (minutes)	—	—	—	100
International SMS (pieces)	—	—	—	100
HotSpot Flatrate	free	free	free	free
MultiSim	—	—	—	free [2]
Roaming Voice, SMS and Data	free (EU)	free (EU)	free (EU)	free (EU)
Fixed line number	—	—	—	free
Activation fee	39.95	39.95	39.95	39.95
Duration of contract	24 months	24 months	24 months	24 months

1 voice and sms within all german networks (mobile and fixed network).
2 up to two MultiSIM bookable.

GERMANY
Magenta Mobil Premium

Premium PLANS IN €	L PREMIUM	L Plus PREMIUM	XL PREMIUM
Monthly charge (with top handset)	84.95	109.95	199.95
handset upgrade period	12 months	12 months	12 months
Voice and SMS [1]	flat	flat	flat
Data	flat	flat	flat
- Data Speed (download)	max	max	max
- Data Speed (upload)	max	max	max
- Data Volume until speed step down	6 GB	10 GB	flat
- Data Network	3G/LTE	3G/LTE	3G/LTE
Streaming	StreamOn Music & Video	StreamOn Music & Video	n.r.
VoIP	free	free	free
Tethering	free	free	free
MMS all net	0.39	0.39	0.39
International Calls (minutes)	—	100 [2]	flat [4]
International SMS (pieces)	—	100 [2]	flat [4]
HotSpot Flatrate	free	free	free
MultiSim	—	free [3]	free [3]
Roaming Voice, SMS and Data	free (EU)	free (EU)	free (EU Plus [4])
Fixed line number	—	free	free
Activation fee	39.95	39.95	39.95
Duration of contract	24 months	24 months	24 months

1 voice and sms within all german networks (mobile and fixed network).
2 EU and Country Group 2
3 up to two MultiSIM bookable.
4 EU, Switzerland, US, Canada, Turkey

GERMANY
Mobile Options

StreamOn	StreamOn Music	StreamOn Music & Video	MagentaEINS StreamOn Music & Video Max
Monthly charge	0	0	0
Description	Music Streaming zero-rating for connected partners	Music &Video Streaming zero-rating for connected partners, mobile optimated	Music &Video Streaming zero-rating for connected partners, high resolution
Booking restrictions	Starting with MagentaMobil M /MagentaMobil S Young / FamilyCard M	Starting with MagentaMobil L /MagentaMobil M Young / FamilyCard L	Only MagentaEINS: Starting with MagentaMobil M /MagentaMobil M Young / FamilyCard M

INTERNATIONAL OPTIONS IN €	INTERNATIONAL 100 or 400	INTERNATIONAL SMS 100
Monthly charge	9.95 or 29.95	9.95
Description	100 or 400 min. mobile and fixed Network to Country Code 1 + 2	100 SMS to Country Code 1 + 2

VOICE OPTIONS IN €	FAMILY (only available until 31.12.2017)
Monthly charge	4.95
Description	free calls between 4 mobile numbers (onnet) and to one fixed line 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	2 GB	5 GB

OHTER OPTIONS IN €	MULTISIM	DayFlat unlimited
Monthly charge	4.95/9.90	4.95
Description	one/two MultiSIM bookable.	Data Full Flat for 24h

ADDITIONAL DATA PACKAGES IN €	MultiData S	MultiData M	MultiData L
Monthly charge	from 10.00	from 15.00	from 25.00
Additional Data Volume (per month)	1 GB	2GB	5GB
Description	up to two MultiSIM bookable	up to two MultiSIM bookable	up to two MultiSIM bookable

GERMANY

DOUBLE PLAY VIA WIRELESS (CALL & SURF VIA FUNK)

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

1 Standard-PSTN; Universal-PSTN + €4

2 without terminal equipment. Monthly rent for Router €4.95

3 Promotional price. Regular price €39.95

4 Promotional price. Regular price €49.95

5 Promotional price. Regular price €69.95

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

GERMANY

MAGENTA ZUHAUSE

MAGENTA ZUHAUSE IN €	ZUHAUSE XS[1]	ZUHAUSE S[1]	ZUHAUSE M[1]	ZUHAUSE L[1]	ZUHAUSE GIGA[1]
	29.95	34.95[2]	39.95[2]	44.95[2]	119.95
	16 Mbit/s bandwidth flat rate Internet usage	16 Mbit/s bandwidth, flat rate Internet usage flat rate voice usage	50 Mbit/s bandwidth flat rate Internet usage flat rate voice usage	100 Mbit/s bandwidth[5] flat rate Internet usage flat rate voice usage	1.000 Mbit/s bandwidth flat rate Internet usage all net flat rate voice usage
ENTERTAIN					
START TV	–	2.00			–
ENTERTAIN TV	–	10.00[3,4]			–
ENTERTAIN COMFORT SAT	–	10.00[3,4]			–
ENTERTAIN TV PLUS	–	15.00[3,4]			included
ENTERTAIN SAT	–	5.00[2]	–		–
CITY, DLD	CENT/MINUTE				
Peak/Off peak	2.9 ct	included			
international	from 2.9 ct				
fixed to mobile	19.0 ct				included
CALLING PLANS					
fixed to mobile	12.9 ct/minute, 4.00 monthly minimum charge				--
fixed to T-Mobile flatrate	14.95				–
fixed to mobile flatrate	19.95				–
CountryFlat 1	3.94				
CountryFlat 2	14.95				
Set-up	69.95 (non-recurring charge)				

1 IP-Access incl. 2 voice channels and 3 telephone no.
2 Promotional price for new broadband customers: -€15.00/-€20.00/-€25.00 for the first 12 months (ZUHAUSE S/M/L); -€5.00 for the first 12 months in combination with Entertain Sat
3 Additional (footnote 2) promotional price for new broadband customers: -€5.00 for the first 24 months (ZUHAUSE S) / ongoing (ZUHAUSE M&L)
4 Promotional price for upgraders from Double Play tariffs: -€5.00 for the first 24 months
5 SPEED OPTION XL / XXL: Also available with 200 / 500 Mbit for +€5.00 / +€25.00
All prices in € including VAT; excl. terminal equipment; excl. building connection fee
All prices are charged on a monthly basis if not identified seperately (usage prices excluded)
For general conditions and further details, please see www.telekom.de

GERMANY

MAGENTA ZUHAUSE HYBRID

MAGENTA ZUHAUSE HYBRID IN €	ZUHAUSE S[1] HYBRID	ZUHAUSE M[1] HYBRID	ZUHAUSE L[1] HYBRID
	34.95[2]	39.95[2]	44.95[2]
	16 Mbit/s bandwidth + Hybrid LTE-Boost (up to 16 Mbit/s), flat rate Internet usage flat rate voice usage	50 Mbit/s bandwidth[3] + Hybrid LTE-Boost (up to 50 Mbit/s), flat rate Internet usage flat rate voice usage	100 Mbit/s bandwidth + Hybrid LTE-Boost (up to 100 Mbit/s), flat rate Internet usage flat rate voice usage
ENTERTAIN			
START TV	2.00		
ENTERTAIN TV	10.00 [4,5]		
ENTERTAIN TV PLUS	15.00 [4,5]		
CITY, DLD		CENT/MINUTE	
national	0 ct		
international	from 2.9 ct		
fixed to mobile	19.0 ct		
CALLING PLANS			
fixed to mobile	12.9 ct/minute, 4.00 monthly minimum charge		
fixed to T-Mobile flatrate		14.95	
fixed to mobile flatrate		19.95	
CountryFlat 1		3.94	
CountryFlat 2		14.95	
Set-up		69.95 (non-recurring charge)	

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

2 Promotional price for new broadband customers: -€15.00/-€20.00/-€25.00 for the first 12 months (ZUHAUSE S/M/L Hybrid)

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

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

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

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

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

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

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

GERMANY

SINGLE PLAY

SINGLE PLAY IN €	CALL START[1]	CALL BASIC[1,2]	CALL COMFORT[1]
	20.95	20.95	30.94
	Standard, voice usage per minute	Standard, voice usage per minute, up to 120 minutes included within Germany	Standard, voice flat rate within Germany
CITY, CDL		**€ CENT/MINUTE**	
Peak/Off peak		2.9	flat
international		from 2.9	
fixed to mobile		19.0	
CALLING PLANS			
CountryFlat 1		€ 3.94 per month	
CountryFlat 2		€14.95 per month	
fixed to mobile		12.9 cents/minute, minimum charge €4 per month	
fixed to T-Mobile flatrate		€14.95 per month	
fixed to mobile flatrate		€19.95 per month	
Set-up		69.95 (non-recurring charge)	

1 Standard; Universal + €8

2 Universal up to 240 Min included

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

All prices in € including VAT.

GERMANY

MAGENTA EINS

Valid from 07th of Novembre 2017

MAGENTA EINS[1] IN €	MagentaEINS S	MagentaEINS M	MagentaEINS L
Monthly charge	41.90 [2]	61.85 [2]	76.85 [2]
Fixed Line	Flatrate from fixed line to all national networks[3], including calls to all mobile networks. Internet Flat up to 16 Mbit/s download speed.	Flatrate from fixed line to all national networks[3], including calls to all mobile networks. Internet Flat up to 50 Mbit/s download speed.	Flatrate from fixed line to all national networks[3], including calls to all mobile networks. Internet Flat up to 100 Mbit/s download speed.
Mobile	Unlimited SMS and calls from mobile into all national networks in Germany[3]. 2 GB Internet flat with LTE Max until speed step down. Hotspot Flat and abroad option All Inclusive included.	Unlimited SMS and calls from mobile into all national networks in Germany[3]. 4 GB Internet flat with LTE Max until speed step down. Hotspot Flat and abroad option All Inclusive included.	Unlimited SMS and calls from mobile into all national networks in Germany[3]. 6 GB Internet flat with LTE Max until speed step down. Hotspot Flat and abroad option All Inclusive included.
TV		EntertainTV incl. HD Receiver 500 GB Memory, including more than 20 channels in HD quality.	EntertainTV Plus incl. HD Receiver 500 GB Memory, including more than 45 channels in HD quality.
MagentaEINS StreamOn Music&Video Max		Music &Video Streaming zero-rating for connected partners, high resolution	Music &Video Streaming zero-rating for connected partners, high resolution
Set-up	Service fee of 69,95€ for new fixed line & 39,95€ for new mobile contract.		
Duration of contract	24 months for new costumers; duration depends otherwise on fixed network and/or on mobile network contract conditions		
Handsets, options, calling plans, etc.	Available based on comparable mobile and fixed line stand-alone offers.		

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

2 Promotional price in the first 12 months for new customers; Regular price € 59.90 (S), €84.85 (M) and €104,85 (L). Prices might vary in online channel due to special online discounts.

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

More MagentaEINS convergent Bundles including existing customers' tariffs available.

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

FIXED NETWORK

OVERVIEW DOM. INTERCONNECTION TARIFFS (EXCL. VAT)

TERMINATION FEES IN CENT/MIN.	PEAK (9:00-18:00), OLD	PEAK (9:00-18:00), NEW[1]	OFF-PEAK (18:00-9:00), OLD	OFF-PEAK (18:00-9:00), NEW[1]
Local	0.24	0.10	0.24	0.10
Single transit	0.26	entfallen	0.26	entfallen
Double transit national	0.26	0.10	0.26	0.10

ORIGINATION FEES IN CENT/MIN.	PEAK (9:00-18:00), OLD	PEAK (9:00-18:00), NEW[1]	OFF-PEAK (18:00-9:00), OLD	OFF-PEAK (18:00-9:00), NEW[1]
Local	0.24	0.23	0.24	0.23
Single transit	0.35	entfallen	0.35	entfallen
Double transit national	0.41	0.23	0.41	0.23

FULLY UNBUNDLED (“ULL“)	OLD	NEW
One time fee	29.78 [2]	27.11 [3]
Monthly fee	10.19 [4]	10.02 [5]

PARTIALLY UNBUNDLED (“LINE SHARING“)	OLD	NEW
One time fee	34.13 [11]	34.23 [12]
Monthly fee	1.68 [6]	1.78 [7]

IP-BSA ADSL SHARED (CLASSIC)	OLD	NEW
One time fee	–	44.87 [8,9]
Monthly fee	–	8.12 [8,9]

IP-BSA ADSL STAND ALONE (CLASSIC)	OLD	NEW
One time fee	–	47.68 [8,9]
Monthly fee	–	18.20 [8,9]

IP-BSA VDSL (until 50 Mbit/s)[10] STAND ALONE (CLASSIC)	OLD (IN €)	NEW (IN €)
One time fee	–	46.43 [8,9]
Monthly fee	–	25.32 [8,9]

1 Prices are valid from Jan. 01, 2017 to Dec. 31, 2018.
2 Depending on complexity – valid to Sep. 30, 2016.
3 Depending on complexity - valid to Sep. 30, 2018.
4 Twisted pair copper access line valid to Jun. 30, 2016.
5 Twisted pair copper access line valid to Jun. 30, 2019.
6 valid to Jun. 30, 2014.
7 valid from Jul. 01, 2014.
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.
11 Depending on complexity – valid to Jun. 30, 2014.
12 Depending on complexity – valid from Jul. 01, 2014.

NOTES

CONTENT

UNITED STATES

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

		Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
TOTAL REVENUE			**8.281**	**9.445**	**33.738**	**8.982**	**9.236**	**8.466**	**2,2**	**24.293**	**26.684**	**9,8**
NET REVENUE			**8.282**	**9.443**	**33.736**	**8.982**	**9.236**	**8.466**	**2,2**	**24.293**	**26.684**	**9,8**
EBITDA		1	**2.156**	**2.325**	**8.561**	**2.386**	**2.640**	**2.288**	**6,1**	**6.236**	**7.313**	**17,3**
EBITDA margin (EBITDA / total revenues)	%		26,0	24,6	25,4	26,6	28,6	27,0	1,0p	25,7	27,4	1,7p
Depreciation, amortization and impairment losses			(1.315)	(1.353)	(5.282)	(1.387)	(1.308)	(1.130)	14,1	(3.929)	(3.825)	2,6
Profit (loss) from operations = EBIT			841	972	3.279	999	1.332	1.157	37,6	2.307	3.488	51,2
CASH CAPEX		2	**1.042**	**746**	**4.199**	**1.409**	**1.216**	**1.225**	**17,6**	**3.453**	**3.850**	**11,5**
CASH CONTRIBUTION		2	**1.114**	**1.579**	**4.362**	**977**	**1.423**	**1.063**	**(4,6)**	**2.783**	**3.463**	**24,4**

FINANCIALS (AS REPORTED)

		Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
TOTAL REVENUE			**8.281**	**9.445**	**33.738**	**8.982**	**9.236**	**8.466**	**2,2**	**24.293**	**26.684**	**9,8**
NET REVENUE			**8.282**	**9.443**	**33.736**	**8.982**	**9.236**	**8.466**	**2,2**	**24.293**	**26.684**	**9,8**
EBITDA			**2.241**	**2.335**	**8.967**	**2.390**	**2.635**	**3.934**	**75,5**	**6.632**	**8.960**	**35,1**
EBITDA margin (EBITDA / total revenue)	%		27,1	24,7	26,6	26,6	28,5	46,5	19,4p	27,3	33,6	6,3p
Depreciation, amortization and impairment losses			(1.315)	(1.353)	(5.282)	(1.387)	(1.308)	(1.130)	14,1	(3.929)	(3.825)	2,6
Profit (loss) from operations = EBIT			926	982	3.685	1.003	1.328	2.804	n.a.	2.703	5.135	90,0
CASH CAPEX			**1.671**	**1.177**	**5.855**	**1.442**	**8.463**	**1.243**	**(25,6)**	**4.678**	**11.148**	**n.a.**
CASH CONTRIBUTION			**570**	**1.158**	**3.112**	**948**	**(5.828)**	**2.691**	**n.a.**	**1.954**	**(2.188)**	**n.a.**

1 Excluding special factors affecting EBITDA of 85mn EUR in Q3/16, 10mn EUR in Q4/16, 4mn in Q1/17 EUR, EUR (4mn) in Q2/17 and 1,647mn EUR (mainly related to reversal of impairment) in Q3/17

2 Adjusted by excluding spectrum purchases of EUR 629mn in Q3/16, EUR 431mn in Q4/16, EUR 33mn in Q1/17, EUR 7.247mn in Q2/17 and 18mn EUR in Q3/17

UNITED STATES

EBITDA RECONCILIATION

		Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
TOTAL REVENUE			**8.281**	**9.445**	**33.738**	**8.982**	**9.236**	**8.466**	**2,2**	**24.293**	**26.684**	**9,8**
Profit (loss) from operations = EBIT			926	982	3.685	1.003	1.328	2.804	n.a.	2.703	5.135	90,0
- Depreciation, amortization and impairment losses			(1.315)	(1.353)	(5.282)	(1.387)	(1.308)	(1.130)	14,1	(3.929)	(3.825)	2,6
= EBITDA			**2.241**	**2.335**	**8.967**	**2.390**	**2.635**	**3.934**	**75,5**	**6.632**	**8.960**	**35,1**
EBITDA margin	%		27,1	24,7	26,6	26,6	28,5	46,5	19,4p	27,3	33,6	6,3p
- Special factors affecting EBITDA			85	10	406	4	(4)	1.647	n.a.	396	1.647	n.a.
= EBITDA ADJUSTED FOR SPECIAL FACTORS		**1**	**2.156**	**2.325**	**8.561**	**2.386**	**2.640**	**2.288**	**6,1**	**6.236**	**7.313**	**17,3**
EBITDA margin (adjusted for special factors)	%		26,0	24,6	25,4	26,6	28,6	27,0	1,0p	25,7	27,4	1,7p

SPECIAL FACTORS

	Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €
EFFECTS ON EBITDA		**85**	**10**	**406**	**4**	**(4)**	**1.647**	**396**	**1.647**
- of which personnel		(1)	(1)	(11)	(1)	(4)	0	(10)	(5)
- of which other		86	11	417	5	0	1.647	406	1.652
EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT		**85**	**10**	**406**	**4**	**(4)**	**1.647**	**396**	**1.647**
- of which personnel		(1)	(1)	(11)	(1)	(4)	0	(10)	(5)
- of which other		86	11	417	5	0	1.647	406	1.652

1 Excluding special factors affecting EBITDA of 85mn EUR in Q3/16, 10mn EUR in Q4/16, 4mn in Q1/17 EUR, EUR (4mn) in Q2/17 and 1,647mn EUR (mainly related to reversal of impairment) in Q3/17

2 Adjusted by excluding spectrum purchases of EUR 629mn in Q3/16, EUR 431mn in Q4/16, EUR 33mn in Q1/17, EUR 7.247mn in Q2/17 and 18mn EUR in Q3/17

UNITED STATES [4]

OPERATIONAL

		Note	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
CUSTOMERS (END OF PERIOD)	('000)		**69.354**	**71.455**	**71.455**	**72.597**	**69.562**	**70.731**	**2,0**	**69.354**	**70.731**	**2,0**
Branded postpaid	('000)	4	33.230	34.427	34.427	35.341	36.158	36.975	11,3	33.230	36.975	11,3
Branded prepay	('000)	4	19.272	19.813	19.813	20.199	20.293	20.519	6,5	19.272	20.519	6,5
- BRANDED	('000)	4	**52.502**	**54.240**	**54.240**	**55.540**	**56.451**	**57.494**	**9,5**	**52.502**	**57.494**	**9,5**
- WHOLESALE	('000)	4, 5	**16.852**	**17.215**	**17.215**	**17.057**	**13.111**	**13.237**	**(21,5)**	**16.852**	**13.237**	**(21,5)**
NET ADDS	('000)		**1.970**	**2.101**	**8.173**	**1.142**	**1.333**	**1.329**	**(32,5)**	**6.072**	**3.804**	**(37,4)**
Branded postpaid	('000)		969	1.197	4.097	914	817	817	(15,7)	2.900	2.548	(12,1)
Branded prepay	('000)		684	541	2.508	386	94	226	(67,0)	1.967	706	(64,1)
- BRANDED	('000)		**1.653**	**1.738**	**6.605**	**1.300**	**911**	**1.043**	**(36,9)**	**4.867**	**3.254**	**(33,1)**
- WHOLESALE	('000)		**317**	**363**	**1.568**	**(158)**	**422**	**286**	**(9,8)**	**1.205**	**550**	**(54,4)**
AVERAGE MONTHLY CHURN												
- Branded postpaid	(%)		1,5	1,5	1,5	1,4	1,3	1,4	(0,1p)	1,5	1,4	(0,1p)
- Branded prepay	(%)		3,8	3,9	3,9	4,0	3,9	4,3	0,5p	3,9	4,1	0,2p
TOTAL REVENUES	(€ million)		**8.281**	**9.445**	**33.738**	**8.982**	**9.236**	**8.466**	**2,2**	**24.293**	**26.684**	**9,8**
Service revenue	(€ million)	1	6.258	6.602	24.712	6.783	6.665	6.336	1,2	18.110	19.784	9,2
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	(€ million)	2	**2.156**	**2.325**	**8.561**	**2.386**	**2.640**	**2.288**	**6,1**	**6.236**	**7.313**	**17,3**
EBITDA margin (adjusted for special factors) (EBITDA / total revenue)	(%)		26,0	24,6	25,4	26,6	28,6	27,0	1,0p	25,7	27,4	1,7p
EBITDA margin (adjusted for special factors) (EBITDA / service revenue)	(%)		34,5	35,2	34,6	35,2	39,6	36,1	1,6p	34,4	37,0	2,6p
ARPU												
- Branded postpaid	(€)		40	42	40	42	40	37	(7,5)	40	40	0,0
- Branded prepay	(€)		34	35	34	36	35	33	(2,9)	34	34	0,0
NON-VOICE % OF ARPU	(%)		**58**	**59**	**58**	**61**	**63**	**65**	**12,1p**	**58**	**63**	**5,0p**
CASH CAPEX	(€ million)		**1.671**	**1.177**	**5.855**	**1.442**	**8.463**	**1.243**	**(25,6)**	**4.678**	**11.148**	**n.a.**
CASH CAPEX (ADJUSTED FOR SPECIAL FACTORS)	(€ million)	3	**1.042**	**746**	**4.199**	**1.409**	**1.216**	**1.225**	**17,6**	**3.453**	**3.850**	**11,5**
CASH CONTRIBUTION (ADJUSTED FOR SPECIAL FACTORS)	(€ million)	3	**1.114**	**1.579**	**4.362**	**977**	**1.423**	**1.063**	**(4,6)**	**2.783**	**3.463**	**24,4**

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 85mn EUR in Q3/16, 10mn EUR in Q4/16, 4mn in Q1/17 EUR, EUR (4mn) in Q2/17 and 1,647mn EUR (mainly related to reversal of impairment) in Q3/17

3 Adjusted by excluding spectrum purchases of EUR 629mn in Q3/16, EUR 431mn in Q4/16, EUR 33mn in Q1/17, EUR 7.247mn in Q2/17 and EUR 18mn in Q3/17.

4 On September 1, 2016 T-Mobile US sold its marketing rights to certain of T-Mobile US' existing co-branded customers to a current wholesale partner for a nominal consideration (the Wholesale Transaction). Upon the sale, the transaction resulted in a transfer of 1,365 thousand branded postpaid customers and 326 thousand branded prepay customers to wholesale customers. Prospectively from September 1, 2016, net customer additions for these customers are included within wholesale customers. Ending customers as of September 30, 2016 reflect the transfer in connection with the transaction.

5 T-Mobile US believes current and future regulatory changes have made the Lifeline program offered by T-Mobile US' wholesale partners uneconomical. T-Mobile US will continue to support its wholesale partners offering the Lifeline program, but has excluded the Lifeline customers from the reported wholesale subscriber base resulting in a removal of 160 thousand and 4,368 thousand reported wholesale customers as of the beginning of the third quarter of 2017 and the second quarter of 2017, respectively. No further Lifeline adjustments are expected in future periods.

For plan details see:

https://prepaid-phones.t-mobile.com/simple-choice-prepaid-plans

https://prepaid-phones.t-mobile.com/prepaid-monthly-plans

https://explore.t-mobile.com/t-mobile-one

https://www.metropcs.com/shop/plans

UNITED STATES[4]

OPERATIONAL IN US-$

		Note	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
CUSTOMERS (END OF PERIOD)	('000)		**69.354**	**71.455**	**71.455**	**72.597**	**69.562**	**70.731**	**2,0**	**69.354**	**70.731**	**2,0**
Branded postpaid	('000)	4	33.230	34.427	34.427	35.341	36.158	36.975	11,3	33.230	36.975	11,3
Branded prepay	('000)	4	19.272	19.813	19.813	20.199	20.293	20.519	6,5	19.272	20.519	6,5
- BRANDED	('000)	4	**52.502**	**54.240**	**54.240**	**55.540**	**56.451**	**57.494**	**9,5**	**52.502**	**57.494**	**9,5**
- WHOLESALE	('000)	4, 5	**16.852**	**17.215**	**17.215**	**17.057**	**13.111**	**13.237**	**(21,5)**	**16.852**	**13.237**	**(21,5)**
NET ADDS	('000)		**1.970**	**2.101**	**8.173**	**1.142**	**1.333**	**1.329**	**(32,5)**	**6.072**	**3.804**	**(37,4)**
Branded postpaid	('000)		969	1.197	4.097	914	817	817	(15,7)	2.900	2.548	(12,1)
Branded prepay	('000)		684	541	2.508	386	94	226	(67,0)	1.967	706	(64,1)
- BRANDED	('000)		**1.653**	**1.738**	**6.605**	**1.300**	**911**	**1.043**	**(36,9)**	**4.867**	**3.254**	**(33,1)**
- WHOLESALE	('000)		**317**	**363**	**1.568**	**(158)**	**422**	**286**	**(9,8)**	**1.205**	**550**	**(54,4)**
AVERAGE MONTHLY CHURN												
- Branded postpaid	(%)		1,5	1,5	1,5	1,4	1,3	1,4	(0,1p)	1,5	1,4	(0,1p)
- Branded prepay	(%)		3,8	3,9	3,9	4,0	3,9	4,3	0,5p	3,9	4,1	0,2p
TOTAL REVENUES	(USD million)		**9.244**	**10.175**	**37.294**	**9.563**	**10.151**	**9.939**	**7,5**	**27.119**	**29.653**	**9,3**
Service revenue	(USD million)	1	6.985	7.115	27.328	7.221	7.329	7.439	6,5	20.213	21.989	8,8
EBITDA (ADJUSTED FOR SPECIAL FACTORS)	(USD million)	2	**2.406**	**2.502**	**9.465**	**2.540**	**2.899**	**2.680**	**11,4**	**6.963**	**8.119**	**16,6**
EBITDA margin (adjusted for special factors) (EBITDA / total revenue)	(%)		26,0	24,6	25,4	26,6	28,6	27,0	1,0p	25,7	27,4	1,7p
EBITDA margin (adjusted for special factors) (EBITDA / service revenue)	(%)		34,4	35,2	34,6	35,2	39,6	36,0	1,6p	34,4	36,9	2,5p
BLENDED ARPU												
- Branded postpaid	(USD)		45	45	44	45	44	44	(2,2)	44	44	0
- Branded prepay	(USD)		38	38	38	38	38	38	0,0	37	38	2,7
NON-VOICE % OF ARPU	(%)		**58**	**59**	**58**	**61**	**63**	**65**	**12,1p**	**58**	**63**	**5,0p**
CASH CAPEX	(USD million)		**1.867**	**1.275**	**6.488**	**1.534**	**9.334**	**1.452**	**(22,2)**	**5.213**	**12.320**	**n.a.**
CASH CAPEX (ADJUSTED FOR SPECIAL FACTORS)	(USD million)	3	**1.161**	**812**	**4.663**	**1.498**	**1.330**	**1.429**	**23,1**	**3.851**	**4.257**	**10,5**
CASH CONTRIBUTION (ADJUSTED FOR SPECIAL FACTORS)	(USD million)	3	**1.245**	**1.690**	**4.802**	**1.042**	**1.569**	**1.251**	**0,5**	**3.112**	**3.862**	**24,1**

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

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

2 Excluding special factors affecting EBITDA of USD 96mn in Q3/16, USD 11mn in Q4/16, USD 5mn in Q1/17, USD (5mn) in Q2/17 and USD 1,945mn (mainly related to reversal of impairment) in Q3/17

3 Adjusted by excluding spectrum purchases of USD 706mn in Q3/16, USD 463mn in Q4/16, USD 36mn in Q1/17, USD 8.004mn in Q2/17 and USD 22mn in Q3/17.

4 On September 1, 2016 T-Mobile US sold its marketing rights to certain of T-Mobile US' existing co-branded customers to a current wholesale partner for a nominal consideration (the Wholesale Transaction). Upon the sale, the transaction resulted in a transfer of 1,365 thousand branded postpaid customers and 326 thousand branded prepay customers to wholesale customers. Prospectively from September 1, 2016, net customer additions for these customers are included within wholesale customers. Ending customers as of September 30, 2016 reflect the transfer in connection with the transaction.

5 T-Mobile US believes current and future regulatory changes have made the Lifeline program offered by T-Mobile US' wholesale partners uneconomical. T-Mobile US will continue to support its wholesale partners offering the Lifeline program, but has excluded the Lifeline customers from the reported wholesale subscriber base resulting in a removal of 160 thousand and 4,368 thousand reported wholesale customers as of the beginning of the third quarter of 2017 and the second quarter of 2017, respectively. No further Lifeline adjustments are expected in future periods.

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

For plan details see:

https://prepaid-phones.t-mobile.com/simple-choice-prepaid-plans

https://prepaid-phones.t-mobile.com/prepaid-monthly-plans

https://explore.t-mobile.com/t-mobile-one

https://www.metropcs.com/shop/plans

NOTES

CONTENT

EUROPE

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

		Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
TOTAL REVENUE			**2.900**	**2.996**	**11.454**	**2.781**	**2.860**	**2.945**	**1,6**	**8.458**	**8.587**	**1,5**
NET REVENUE			**2.812**	**2.900**	**11.111**	**2.695**	**2.772**	**2.848**	**1,3**	**8.211**	**8.316**	**1,3**
EBITDA		**1**	**1.037**	**930**	**3.866**	**889**	**947**	**1.007**	**(2,9)**	**2.936**	**2.843**	**(3,2)**
EBITDA margin (EBITDA / total revenue)	%		35,8	31,0	33,8	32,0	33,1	34,2	(1,6p)	34,7	33,1	(1,6p)
Depreciation, amortization and impairment losses			(591)	(659)	(2.405)	(553)	(557)	(558)	5,6	(1.746)	(1.668)	4,5
Profit (loss) from operations = EBIT		2	446	271	1.461	336	390	449	0,7	1.190	1.175	(1,3)
CASH CAPEX		**3**	**360**	**411**	**1.598**	**473**	**403**	**395**	**9,7**	**1.187**	**1.271**	**7,1**
CASH CONTRIBUTION			**677**	**519**	**2.268**	**416**	**544**	**613**	**(9,5)**	**1.749**	**1.572**	**(10,1)**

FINANCIALS (AS REPORTED)

		Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
TOTAL REVENUE			**2.900**	**2.996**	**11.454**	**2.781**	**2.860**	**2.945**	**1,6**	**8.458**	**8.587**	**1,5**
NET REVENUE			**2.812**	**2.900**	**11.111**	**2.695**	**2.772**	**2.848**	**1,3**	**8.211**	**8.316**	**1,3**
EBITDA			**1.015**	**894**	**3.773**	**877**	**913**	**959**	**(5,5)**	**2.879**	**2.749**	**(4,5)**
EBITDA margin (EBITDA / total revenue)	%		35,0	29,8	32,9	31,5	31,9	32,6	(2,4p)	34,0	32,0	(2,0p)
Depreciation, amortization and impairment losses			(591)	(843)	(2.589)	(553)	(557)	(558)	5,6	(1.746)	(1.668)	4,5
Profit (loss) from operations = EBIT			424	51	1.184	324	357	400	(5,7)	1.133	1.081	(4,6)
CASH CAPEX			**876**	**413**	**2.600**	**475**	**403**	**395**	**(54,9)**	**2.187**	**1.273**	**(41,8)**
CASH CONTRIBUTION			**139**	**481**	**1.173**	**402**	**510**	**564**	**n.a.**	**692**	**1.476**	**n.a.**

1 Special factors affecting EBITDA: EUR 22mn in Q3/16, EUR 36mn in Q4/16, EUR 12mn in Q1/17, EUR 33mn in Q2/17 and EUR 49mn in Q3/17.

2 Special factors affecting EBIT: EUR22mn in Q3/16 (thereof EUR 22mn resulting from EBITDA), 220mn in Q4/16 (thereof 36mn resulting from EBITDA), EUR 12mn in Q1/17 (thereof EUR12mn resulting from EBITDA), EUR 33mn in Q2/17 (thereof EUR 33mn resulting from EBITDA) and EUR 49mn in Q3/17 (thereof EUR 49mn resulting from EBITDA).

3 EUR 462mn in Poland in Q3/16, EUR 27mn in Czech Republic in Q3/16, EUR 27mn in Montenegro in Q3/16, EUR 1mn in Poland in Q4/16, EUR 1mn in Greece in Q4/16, EUR 1mn in Montenegro in Q4/16 and EUR 2mn in Greece in Q1/17.

EUROPE
EBITDA RECONCILIATION

	Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
TOTAL REVENUE		**2.900**	**2.996**	**11.454**	**2.781**	**2.860**	**2.945**	**1,6**	**8.458**	**8.587**	**1,5**
TOTAL REVENUE (ADJUSTED FOR SPECIAL FACTORS)		**2.900**	**2.996**	**11.454**	**2.781**	**2.860**	**2.945**	**1,6**	**8.458**	**8.587**	**1,5**
Profit (loss) from operations = EBIT		424	51	1.184	324	357	400	(5,7)	1.133	1.081	(4,6)
- Depreciation, amortization and impairment losses		(591)	(843)	(2.589)	(553)	(557)	(558)	5,6	(1.746)	(1.668)	4,5
= EBITDA		**1.015**	**894**	**3.773**	**877**	**913**	**959**	**(5,5)**	**2.879**	**2.749**	**(4,5)**
EBITDA margin %		35,0	29,8	32,9	31,5	31,9	32,6	(2,4p)	34,0	32,0	(2,0p)
- Special factors affecting EBITDA		(22)	(36)	(93)	(12)	(33)	(49)	n.a.	(57)	(94)	(64,9)
= EBITDA (ADJUSTED FOR SPECIAL FACTORS)		**1.037**	**930**	**3.866**	**889**	**947**	**1.007**	**(2,9)**	**2.936**	**2.843**	**(3,2)**
EBITDA margin (adjusted for special factors) %		35,8	31,0	33,8	32,0	33,1	34,2	(1,6p)	34,7	33,1	(1,6p)

SPECIAL FACTORS

	Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
EFFECTS ON EBITDA		**(22)**	**(36)**	**(93)**	**(12)**	**(33)**	**(49)**	**n.a.**	**(57)**	**(94)**	**(64,9)**
- of which personnel		(39)	(21)	(100)	(11)	(13)	(38)	2,6	(79)	(62)	21,5
- of which other		18	(15)	7	0	(21)	(10)	n.a.	22	(31)	n.a.
EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT		**(22)**	**(220)**	**(277)**	**(12)**	**(33)**	**(49)**	**n.a.**	**(57)**	**(94)**	**(64,9)**
- of which personnel		(39)	(21)	(100)	(11)	(13)	(38)	2,6	(79)	(62)	21,5
- of which other		18	(199)	(177)	0	(21)	(10)	n.a.	22	(31)	n.a.

GREECE
FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

		Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
TOTAL REVENUE			**745**	**752**	**2.883**	**690**	**693**	**740**	**(0,7)**	**2.131**	**2.123**	**(0,4)**
- of which Fixed network			479	503	1.890	471	454	472	(1,5)	1.387	1.398	0,8
- of which Mobile communications			319	307	1.194	274	293	323	1,3	887	889	0,2
EBITDA		1	**300**	**286**	**1.120**	**266**	**273**	**303**	**1,0**	**834**	**842**	**1,0**
- of which Fixed network			176	172	676	171	166	171	(2,8)	504	508	0,8
- of which Mobile communications			114	100	403	87	100	123	7,9	303	310	2,3
EBITDA MARGIN (EBITDA / TOTAL REVENUE)	%		**40,3**	**38,0**	**38,8**	**38,6**	**39,4**	**40,9**	**0,6p**	**39,1**	**39,7**	**0,6p**
- of which Fixed network	%		36,7	34,2	35,8	36,3	36,6	36,2	(0,5p)	36,3	36,3	0,0p
- of which Mobile communications	%		35,7	32,6	33,8	31,8	34,1	38,1	2,4p	34,2	34,9	0,7p
CASH CAPEX (AS REPORTED)			**94**	**95**	**375**	**102**	**123**	**113**	**20,2**	**280**	**339**	**21,1**
- of which Fixed network			62	53	221	64	71	74	19,4	168	209	24,4
- of which Mobile communications			28	37	142	38	51	36	28,6	105	125	19,0
CASH CONTRIBUTION			**206**	**191**	**745**	**164**	**150**	**190**	**(7,8)**	**554**	**503**	**(9,2)**
- of which Fixed network			114	119	455	107	95	97	(14,9)	336	299	(11,0)
- of which Mobile communications			86	63	261	49	49	87	1,2	198	185	(6,6)

1 Special factors affecting EBITDA: EUR 1mn in Q2/16, EUR 17mn in Q3/16, EUR 7mn in Q4/16, EUR 2mn in Q1/17 and EUR 26mn in Q3/17.

GREECE

OPERATIONALS[1]

		Note	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Change %	Q1 - Q3 2016	Q1 - Q3 2017	Change %
FIXED NETWORK (END OF PERIOD)												
Fixed network Access Lines	('000)		2.569	2.564	2.564	2.547	2.539	2.536	(1,3)	2.569	2.536	(1,3)
- IP	('000)		437	607	607	759	937	1.046	n.a.	437	1.046	n.a.
Broadband Access Lines Retail	('000)		1.603	1.633	1.633	1.653	1.680	1.714	6,9	1.603	1.714	6,9
TV (IPTV, SAT, Cable)	('000)		476	497	497	499	501	515	8,2	476	515	8,2
Wholesale Bundled Access Lines	('000)		43	49	49	56	67	76	76,7	43	76	76,7
ULLs/Wholesale PSTN	('000)		2.061	2.091	2.091	2.108	2.111	2.111	2,4	2.061	2.111	2,4
Wholesale Unbundled Access Lines	('000)		0	0	0	0	0	0	n.a.	0	0	n.a.
MOBILE COMMUNICATIONS (END OF PERIOD)												
Service revenue	(€)		258	230	944	218	236	264	2,3	714	717	0,4
CUSTOMERS	**('000)**		**7.666**	**7.725**	**7.725**	**7.733**	**7.737**	**7.867**	**2,6**	**7.666**	**7.867**	**2,6**
- contract	('000)		2.225	2.218	2.218	2.226	2.224	2.222	(0,1)	2.225	2.222	(0,1)
- prepaid	('000)		5.442	5.507	5.507	5.507	5.513	5.645	3,7	5.442	5.645	3,7
NET ADDS	**('000)**		**56**	**58**	**326**	**8**	**4**	**130**	**n.a.**	**267**	**142**	**(46,8)**
- contract	('000)		(2)	(6)	(31)	8	(2)	(2)	0,0	(25)	4	n.a.
- prepaid	('000)		58	65	357	0	6	132	n.a.	292	138	(52,7)
AVERAGE MONTHLY CHURN	**(%)**		**2,0**	**1,8**	**1,7**	**1,7**	**2,2**	**2,0**	**0,0p**	**1,7**	**2,0**	**0,3p**
- contract	(%)		1,3	1,4	1,4	1,2	1,3	1,4	0,1p	1,4	1,3	(0,1p)
SAC PER GROSS ADD	**€**		**10**	**11**	**11**	**15**	**11**	**7**	**(30,0)**	**11**	**11**	**0,0**
- contract	€		61	63	63	73	69	53	(13,1)	63	65	3,2
- prepaid	€		2	2	2	4	3	2	0,0	2	3	50,0
SRC PER RETAINED CUSTOMER	**€**		**39**	**42**	**39**	**43**	**35**	**28**	**(28,2)**	**38**	**35**	**(7,9)**
ARPU	**€**		**11**	**10**	**10**	**9**	**10**	**11**	**0,0**	**11**	**10**	**(9,1)**
- contract	€		27	24	25	23	25	28	3,7	25	26	4,0
- prepaid	€		5	4	4	4	4	4	(20,0)	4	4	0,0
NON-VOICE % OF ARPU	**(%)**		**32**	**31**	**30**	**33**	**34**	**38**	**6p**	**30**	**35**	**5p**
MOU PER CUSTOMER	**(min)**		**278**	**273**	**276**	**263**	**276**	**280**	**0,7**	**277**	**273**	**(1,4)**
- contract	(min)		451	441	442	421	441	443	(1,8)	442	435	(1,6)

1 The Q1/17 numbers are adjusted for 137k re-classifications due to technical problems.

ROMANIA
FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
TOTAL REVENUE		**242**	**267**	**985**	**230**	**236**	**240**	**(0,8)**	**718**	**706**	**(1,7)**
PRODUCT VIEW		**242**	**267**	**985**	**230**	**236**	**240**	**(0,8)**	**718**	**706**	**(1,7)**
- Fixed network		136	159	557	127	133	131	(3,7)	398	391	(1,8)
- Mobile communications		107	108	428	104	103	109	1,9	320	315	(1,6)
SEGMENT VIEW		**242**	**267**	**985**	**230**	**236**	**240**	**(0,8)**	**718**	**706**	**(1,7)**
- of which Consumer		152	152	608	144	144	141	(7,2)	456	431	(5,5)
- of which Business		54	81	240	49	41	50	(7,4)	159	146	(8,2)
EBITDA	1	**53**	**46**	**175**	**37**	**39**	**43**	**(18,9)**	**129**	**119**	**(7,8)**
EBITDA MARGIN (EBITDA / TOTAL REVENUE) %		**21,9**	**17,2**	**17,8**	**16,1**	**16,5**	**17,9**	**(4,0p)**	**18,0**	**16,9**	**(1,1p)**
CASH CAPEX (AS REPORTED)		**30**	**24**	**117**	**48**	**36**	**37**	**23,3**	**93**	**122**	**31,2**
CASH CONTRIBUTION		**23**	**22**	**58**	**(11)**	**3**	**6**	**(73,9)**	**36**	**(3)**	**n.a.**

1 Special factors affecting EBITDA: EUR 1mn in Q3/16, EUR 8mn in Q2/17 and EUR 5mn in Q3/17.

ROMANIA
OPERATIONALS

		Note	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Change %	Q1 - Q3 2016	Q1 - Q3 2017	Change %
FIXED NETWORK (END OF PERIOD)												
Fixed network Access Lines	('000)		1.998	1.969	1.969	1.937	1.922	1.894	(5,2)	1.998	1.894	(5,2)
- IP	('000)		467	493	493	520	562	597	27,8	467	597	27,8
Broadband Access Lines Retail	('000)		1.198	1.194	1.194	1.186	1.191	1.187	(0,9)	1.198	1.187	(0,9)
TV (IPTV, SAT, Cable)	('000)		1.461	1.464	1.464	1.457	1.471	1.473	0,8	1.461	1.473	0,8
Wholesale Bundled Access Lines	('000)		0	0	0	0	0	0	n.a.	0	0	n.a.
ULLs/Wholesale PSTN	('000)		0	0	0	0	0	0	n.a.	0	0	n.a.
Wholesale Unbundled Access Lines	('000)		0	0	0	0	0	0	n.a.	0	0	n.a.
MOBILE COMMUNICATIONS (END OF PERIOD)												
Service revenue	(€)		83	80	326	78	80	86	3,6	245	243	(0,8)
CUSTOMERS	**('000)**		**5.869**	**5.722**	**5.722**	**5.428**	**5.278**	**5.231**	**(10,9)**	**5.869**	**5.231**	**(10,9)**
- contract	('000)		1.966	2.007	2.007	2.024	2.047	2.097	6,7	1.966	2.097	6,7
- prepaid	('000)		3.903	3.715	3.715	3.403	3.231	3.133	(19,7)	3.903	3.133	(19,7)
NET ADDS	**('000)**		**(40)**	**(147)**	**(270)**	**(294)**	**(149)**	**(48)**	**(20,0)**	**(123)**	**(491)**	**n.a.**
- contract	('000)		10	41	114	17	23	50	n.a.	73	90	23,3
- prepaid	('000)		(50)	(188)	(384)	(312)	(172)	(98)	(96,0)	(196)	(582)	n.a.
AVERAGE MONTHLY CHURN	**(%)**		**3,1**	**3,3**	**3,3**	**3,7**	**3,4**	**3,2**	**0,1p**	**3,2**	**3,5**	**0,3p**
- contract	(%)		1,5	1,6	1,6	1,8	1,4	1,2	(0,3p)	1,6	1,4	(0,2p)
SAC PER GROSS ADD	**€**		**6**	**10**	**9**	**10**	**14**	**12**	**100,0**	**8**	**12**	**50,0**
- contract	€		27	34	35	27	58	51	88,9	36	45	25,0
- prepaid	€		1	1	1	1	0	(1)	n.a.	1	0	(100,0)
SRC PER RETAINED CUSTOMER	**€**		**22**	**11**	**16**	**12**	**12**	**1**	**(95,5)**	**18**	**9**	**(50,0)**
ARPU	**€**		**5**	**5**	**5**	**5**	**5**	**5**	**0,0**	**5**	**5**	**0,0**
- contract	€		9	9	9	8	9	9	0,0	9	9	0,0
- prepaid	€		3	2	3	3	3	3	0,0	3	3	0,0
NON-VOICE % OF ARPU	**(%)**		**30**	**31**	**30**	**31**	**32**	**38**	**8p**	**30**	**34**	**4p**
MOU PER CUSTOMER	**(min)**		**281**	**284**	**290**	**286**	**293**	**305**	**8,5**	**292**	**295**	**1,0**
- contract	(min)		409	415	421	402	401	410	0,2	423	404	(4,5)

HUNGARY
FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

		Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
TOTAL REVENUE			**415**	**447**	**1.673**	**415**	**454**	**463**	**11,6**	**1.226**	**1.332**	**8,6**
PRODUCT VIEW			**415**	**447**	**1.673**	**415**	**454**	**463**	**11,6**	**1.226**	**1.332**	**8,6**
- Fixed network			187	217	787	198	222	211	12,8	570	632	10,9
- Mobile communications			227	229	885	217	232	252	11,0	656	700	6,7
SEGMENT VIEW			**415**	**447**	**1.673**	**415**	**454**	**463**	**11,6**	**1.226**	**1.332**	**8,6**
- of which Consumer			238	247	948	239	248	263	10,5	700	750	7,1
- of which Business			138	166	577	143	170	157	13,8	411	470	14,4
EBITDA		1	**145**	**124**	**539**	**109**	**141**	**168**	**15,9**	**415**	**418**	**0,7**
EBITDA MARGIN (EBITDA / TOTAL REVENUE)	%		**34,9**	**27,7**	**32,2**	**26,3**	**31,1**	**36,3**	**1,4p**	**33,8**	**31,4**	**(2,4p)**
CASH CAPEX (AS REPORTED)			**61**	**81**	**279**	**69**	**58**	**50**	**(18,0)**	**198**	**177**	**(10,6)**
CASH CONTRIBUTION			**84**	**43**	**260**	**40**	**83**	**118**	**40,5**	**217**	**241**	**11,1**

1 Special factors affecting EBITDA: EUR 3mn in Q4/16, EUR 2mn in Q1/17, EUR 2mn in Q2/17 and EUR 2mn in Q3/17.

HUNGARY

OPERATIONALS[1]

		Note	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Change %	Q1 - Q3 2016	Q1 - Q3 2017	Change %
FIXED NETWORK (END OF PERIOD)												
Fixed network Access Lines	('000)		1.650	1.629	1.629	1.630	1.637	1.634	(1,0)	1.650	1.634	(1,0)
- IP	('000)		1.506	1.583	1.583	1.587	1.597	1.597	6,0	1.506	1.597	6,0
Broadband Access Lines Retail	('000)		1.014	1.011	1.011	1.026	1.047	1.059	4,4	1.014	1.059	4,4
TV (IPTV, SAT, Cable)	('000)		979	969	969	985	1.006	1.016	3,8	979	1.016	3,8
Wholesale Bundled Access Lines	('000)		15	14	14	13	13	13	(13,3)	15	13	(13,3)
ULLs/Wholesale PSTN	('000)		8	7	7	6	6	4	(50,0)	8	4	(50,0)
Wholesale Unbundled Access Lines	('000)		12	12	12	11	20	20	66,7	12	20	66,7
MOBILE COMMUNICATIONS (END OF PERIOD)												
Service revenue	(€)		179	177	706	175	180	191	6,7	529	547	3,4
CUSTOMERS	**('000)**		**5.301**	**5.332**	**5.332**	**5.304**	**5.390**	**5.401**	**1,9**	**5.301**	**5.401**	**1,9**
- contract	('000)		3.122	3.155	3.155	3.188	3.327	3.382	8,3	3.122	3.382	8,3
- prepaid	('000)		2.179	2.177	2.177	2.116	2.063	2.019	(7,3)	2.179	2.019	(7,3)
NET ADDS	**('000)**		**(43)**	**31**	**(172)**	**(28)**	**86**	**11**	**n.a.**	**(203)**	**69**	**n.a.**
- contract	('000)		12	33	52	33	139	55	n.a.	19	228	n.a.
- prepaid	('000)		(55)	(2)	(224)	(61)	(53)	(45)	18,2	(222)	(159)	28,4
AVERAGE MONTHLY CHURN	**(%)**		**1,6**	**1,3**	**1,6**	**1,3**	**1,3**	**1,5**	**(0,1p)**	**1,6**	**1,3**	**(0,3p)**
- contract	(%)		0,8	0,8	0,8	0,7	0,7	0,7	(0,1p)	0,9	0,7	(0,2p)
SAC PER GROSS ADD	**€**		**18**	**21**	**19**	**25**	**12**	**12**	**(33,3)**	**19**	**13**	**(31,6)**
- contract	€		44	46	44	44	18	25	(43,2)	43	23	(46,5)
- prepaid	€		5	6	5	5	3	2	(60,0)	5	3	(40,0)
SRC PER RETAINED CUSTOMER	**€**		**57**	**64**	**59**	**68**	**29**	**42**	**(26,3)**	**56**	**49**	**(12,5)**
ARPU	**€**		**11**	**11**	**11**	**11**	**11**	**12**	**9,1**	**11**	**11**	**0,0**
- contract	€		16	16	16	16	16	17	6,3	16	16	0,0
- prepaid	€		4	4	4	3	4	3	(25,0)	4	3	(25,0)
NON-VOICE % OF ARPU	**(%)**		**34**	**35**	**34**	**36**	**37**	**40**	**6p**	**34**	**38**	**4p**
MOU PER CUSTOMER	**(min)**		**199**	**200**	**197**	**201**	**212**	**209**	**5,0**	**195**	**207**	**6,2**
- contract	(min)		298	304	300	300	307	298	0,0	298	302	1,3

1 The Q4/16 numbers are including 19k disconnections in BB and 22k disconnections in TV.

POLAND

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)[1]

	Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
TOTAL REVENUE		**373**	**394**	**1.488**	**364**	**378**	**376**	**0,8**	**1.094**	**1.117**	**2,1**
PRODUCT VIEW		**373**	**394**	**1.488**	**364**	**378**	**376**	**0,8**	**1.094**	**1.117**	**2,1**
- Fixed network		25	25	99	25	25	27	8,0	74	77	4,1
- Mobile communications		347	368	1.388	339	352	349	0,6	1.020	1.040	2,0
SEGMENT VIEW		**373**	**394**	**1.488**	**364**	**378**	**376**	**0,8**	**1.094**	**1.117**	**2,1**
- of which Consumer		201	217	812	206	207	208	3,5	595	621	4,4
- of which Business		129	138	516	122	129	124	(3,9)	378	375	(0,8)
EBITDA	2	**125**	**136**	**482**	**100**	**125**	**88**	**(29,6)**	**345**	**313**	**(9,3)**
EBITDA MARGIN (EBITDA / TOTAL REVENUE) %		**33,5**	**34,5**	**32,4**	**27,5**	**33,1**	**23,4**	**(10,1p)**	**31,5**	**28,0**	**(3,5p)**
CASH CAPEX (AS REPORTED)		**493**	**70**	**1.143**	**76**	**34**	**45**	**(90,9)**	**1.073**	**155**	**(85,6)**
CASH CONTRIBUTION		**(368)**	**66**	**(661)**	**24**	**91**	**43**	**n.a.**	**(728)**	**158**	**n.a.**

1 The business of T-Systems Polska Sp. z o.o., which was previously organizationally assigned to the Systems Solutions operating segment, is disclosed under the Europe operating segment as of September 1, 2017. Figures for prior periods were not adjusted.
2 Special factors affecting EBITDA: EUR 1mn in Q3/16, EUR 4mn in Q4/16 EUR 1mn in Q1/17, EUR 1mn in Q2/17 and EUR 1mn in Q3/17.

POLAND

OPERATIONALS[1, 2]

		Note	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Change %	Q1 - Q3 2016	Q1 - Q3 2017	Change %
FIXED NETWORK (END OF PERIOD)												
Fixed network Access Lines	('000)		20	20	20	33	31	29	45,0	20	29	45,0
- IP	('000)		2	2	2	2	1	1	(50,0)	2	1	(50,0)
Broadband Access Lines Retail	('000)		10	10	10	20	18	17	70,0	10	17	70,0
TV (IPTV, SAT, Cable)	('000)		0	0	0	0	0	0	n.a.	0	0	n.a.
Wholesale Bundled Access Lines	('000)		0	0	0	0	0	0	n.a.	0	0	n.a.
ULLs/Wholesale PSTN	('000)		0	0	0	0	0	0	n.a.	0	0	n.a.
Wholesale Unbundled Access Lines	('000)		5	5	5	0	0	0	(100,0)	5	0	(100,0)
MOBILE COMMUNICATIONS (END OF PERIOD)												
Service revenue	(€)		235	246	945	217	227	224	(4,7)	699	669	(4,3)
CUSTOMERS	**('000)**		**11.221**	**10.634**	**10.634**	**10.229**	**10.251**	**10.297**	**(8,2)**	**11.221**	**10.297**	**(8,2)**
- contract	('000)		6.541	6.612	6.612	6.696	6.741	6.797	3,9	6.541	6.797	3,9
- prepaid	('000)		4.680	4.022	4.022	3.533	3.510	3.500	(25,2)	4.680	3.500	(25,2)
NET ADDS	**('000)**		**(414)**	**(587)**	**(1.422)**	**(405)**	**21**	**46**	**n.a.**	**(835)**	**(337)**	**59,6**
- contract	('000)		25	70	43	84	45	56	n.a.	(28)	186	n.a.
- prepaid	('000)		(440)	(657)	(1.465)	(489)	(24)	(10)	97,7	(807)	(523)	35,2
AVERAGE MONTHLY CHURN	**(%)**		**3,2**	**3,4**	**3,3**	**3,2**	**2,0**	**1,8**	**(1,4p)**	**3,3**	**2,3**	**(1,0p)**
- contract	(%)		1,2	1,4	1,2	1,3	1,1	1,0	(0,2p)	1,1	1,1	0,0p
SAC PER GROSS ADD	**€**		**6**	**10**	**7**	**7**	**2**	**5**	**(16,7)**	**6**	**5**	**(16,7)**
- contract	€		16	15	21	12	3	9	(43,8)	24	8	(66,7)
- prepaid	€		1	4	2	2	2	3	n.a.	1	2	100,0
SRC PER RETAINED CUSTOMER	**€**		**(1)**	**13**	**4**	**(3)**	**(5)**	**(6)**	**n.a.**	**0**	**(5)**	**n.a.**
ARPU	**€**		**7**	**8**	**7**	**7**	**7**	**7**	**0,0**	**7**	**7**	**0,0**
- contract	€		10	11	10	10	10	9	(10,0)	10	10	0,0
- prepaid	€		2	2	2	2	3	3	50,0	2	3	50,0
NON-VOICE % OF ARPU	**(%)**		**42**	**42**	**42**	**47**	**48**	**48**	**6p**	**42**	**48**	**6p**
MOU PER CUSTOMER	**(min)**		**215**	**232**	**216**	**246**	**248**	**258**	**20,0**	**211**	**251**	**19,0**
- contract	(min)		327	338	331	340	330	340	4,0	329	336	2,1

1 In Q1/17 the number of prepaid customers has been influenced by the Prepaid Registration which ended in January 2017.

2 From Q1/17 reporting has been amended to cover additional local GTS accesses.

CZECH REPUBLIC
FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

		Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
TOTAL REVENUE			**239**	**258**	**959**	**237**	**248**	**255**	**6,7**	**701**	**740**	**5,6**
PRODUCT VIEW			**239**	**258**	**959**	**237**	**248**	**255**	**6,7**	**701**	**740**	**5,6**
- Fixed network			52	66	220	54	59	61	17,3	155	174	12,3
- Mobile communications			187	192	739	182	189	195	4,3	547	566	3,5
SEGMENT VIEW			**239**	**258**	**959**	**237**	**248**	**255**	**6,7**	**701**	**740**	**5,6**
- of which Consumer			120	124	474	117	121	127	5,8	350	366	4,6
- of which Business			106	119	433	104	111	112	5,7	314	327	4,1
EBITDA		1	**103**	**98**	**400**	**100**	**100**	**101**	**(1,9)**	**302**	**301**	**(0,3)**
EBITDA MARGIN (EBITDA / TOTAL REVENUE)	%		**43,1**	**38,0**	**41,7**	**42,2**	**40,3**	**39,6**	**(3,5p)**	**43,1**	**40,7**	**(2,4p)**
CASH CAPEX (AS REPORTED)			**51**	**26**	**160**	**37**	**28**	**25**	**(51,0)**	**135**	**89**	**(34,1)**
CASH CONTRIBUTION			**52**	**72**	**240**	**63**	**72**	**76**	**46,2**	**167**	**212**	**26,9**

1 Special factors affecting EBITDA: EUR 1mn in Q3/16, EUR 2mn in Q4/16, EUR 1mn in Q1/17, EUR 1mn in Q2/17 and EUR 1mn in Q3/17.

CZECH REPUBLIC
OPERATIONALS

		Note	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Change %	Q1 - Q3 2016	Q1 - Q3 2017	Change %
FIXED NETWORK (END OF PERIOD)												
Fixed network Access Lines	('000)		147	140	140	143	146	153	4,1	147	153	4,1
- IP	('000)		132	126	126	130	133	141	6,8	132	141	6,8
Broadband Access Lines Retail	('000)		130	132	132	133	133	133	2,3	130	133	2,3
TV (IPTV, SAT, Cable)	('000)		16	12	12	15	19	25	56,3	16	25	56,3
Wholesale Bundled Access Lines	('000)		0	0	0	0	0	0	n.a.	0	0	n.a.
ULLs/Wholesale PSTN	('000)		6	6	6	6	6	6	0,0	6	6	0,0
Wholesale Unbundled Access Lines	('000)		2	2	2	2	2	2	0,0	2	2	0,0
MOBILE COMMUNICATIONS (END OF PERIOD)												
Service revenue	(€)		173	171	678	169	177	183	5,8	508	529	4,1
CUSTOMERS	**('000)**		**6.002**	**6.049**	**6.049**	**6.097**	**6.155**	**6.176**	**2,9**	**6.002**	**6.176**	**2,9**
- contract	('000)		3.646	3.687	3.687	3.736	3.790	3.819	4,7	3.646	3.819	4,7
- prepaid	('000)		2.356	2.362	2.362	2.361	2.365	2.358	0,1	2.356	2.358	0,1
NET ADDS	**('000)**		**(5)**	**46**	**30**	**48**	**58**	**21**	**n.a.**	**(16)**	**128**	**n.a.**
- contract	('000)		23	40	90	49	55	29	26,1	50	132	n.a.
- prepaid	('000)		(29)	6	(60)	(1)	4	(8)	72,4	(66)	(4)	93,9
AVERAGE MONTHLY CHURN	**(%)**		**1,4**	**1,3**	**1,4**	**1,2**	**1,2**	**1,3**	**(0,1p)**	**1,4**	**1,2**	**(0,2p)**
- contract	(%)		0,5	0,5	0,5	0,5	0,5	0,6	0,1p	0,5	0,5	0,0p
SAC PER GROSS ADD	**€**		**18**	**25**	**22**	**21**	**24**	**21**	**16,7**	**20**	**22**	**10,0**
- contract	€		48	58	52	49	55	54	12,5	50	52	4,0
- prepaid	€		3	5	4	2	2	1	(66,7)	3	2	(33,3)
SRC PER RETAINED CUSTOMER	**€**		**15**	**17**	**14**	**19**	**21**	**21**	**40,0**	**14**	**20**	**42,9**
ARPU	**€**		**10**	**9**	**9**	**9**	**10**	**10**	**0,0**	**9**	**10**	**11,1**
- contract	€		14	13	13	13	13	14	0,0	13	13	0,0
- prepaid	€		4	4	3	3	4	4	0,0	3	4	33,3
NON-VOICE % OF ARPU	**(%)**		**49**	**49**	**48**	**50**	**50**	**50**	**1p**	**48**	**50**	**2p**
MOU PER CUSTOMER	**(min)**		**152**	**158**	**157**	**158**	**159**	**155**	**2,0**	**156**	**157**	**0,6**
- contract	(min)		222	230	231	230	230	221	(0,5)	231	227	(1,7)

CROATIA
FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
TOTAL REVENUE		**238**	**237**	**925**	**224**	**231**	**259**	**8,8**	**688**	**714**	**3,8**
PRODUCT VIEW		**238**	**237**	**925**	**224**	**231**	**259**	**8,8**	**688**	**714**	**3,8**
- Fixed network		135	144	551	133	134	144	6,7	406	412	1,5
- Mobile communications		102	93	374	90	97	114	11,8	281	301	7,1
SEGMENT VIEW		**238**	**237**	**925**	**224**	**231**	**259**	**8,8**	**688**	**714**	**3,8**
- of which Consumer		125	126	488	120	124	125	0,0	362	369	1,9
- of which Business		67	88	297	70	73	81	20,9	209	224	7,2
EBITDA	1	**103**	**94**	**374**	**84**	**96**	**108**	**4,9**	**280**	**288**	**2,9**
EBITDA MARGIN (EBITDA / TOTAL REVENUE) %		**43,3**	**39,7**	**40,4**	**37,5**	**41,6**	**41,7**	**(1,6p)**	**40,7**	**40,3**	**(0,4p)**
CASH CAPEX (AS REPORTED)		**35**	**28**	**155**	**34**	**48**	**50**	**42,9**	**127**	**132**	**3,9**
CASH CONTRIBUTION		**68**	**66**	**219**	**50**	**48**	**58**	**(14,7)**	**153**	**156**	**2,0**

1 Special factors affecting EBITDA: EUR 3mn in Q4/16, EUR 4mn in Q1/17, EUR 2mn in Q2/17 and EUR 7mn in Q3/17.

CROATIA
OPERATIONALS

		Note	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Change %	Q1 - Q3 2016	Q1 - Q3 2017	Change %
FIXED NETWORK (END OF PERIOD)												
Fixed network Access Lines	('000)		1.004	1.001	1.001	992	986	974	(3,0)	1.004	974	(3,0)
- IP	('000)		1.004	1.000	1.000	991	985	974	(3,0)	1.004	974	(3,0)
Broadband Access Lines Retail	('000)		642	649	649	653	655	654	1,9	642	654	1,9
TV (IPTV, SAT, Cable)	('000)		394	401	401	408	411	413	4,8	394	413	4,8
Wholesale Bundled Access Lines	('000)		25	21	21	17	15	13	(48,0)	25	13	(48,0)
ULLs/Wholesale PSTN	('000)		151	148	148	144	140	135	(10,6)	151	135	(10,6)
Wholesale Unbundled Access Lines	('000)		104	113	113	124	127	123	18,3	104	123	18,3
MOBILE COMMUNICATIONS (END OF PERIOD)												
Service revenue	(€)		83	71	292	69	75	91	9,6	222	235	5,9
CUSTOMERS	**('000)**		**2.332**	**2.234**	**2.234**	**2.210**	**2.237**	**2.297**	**(1,5)**	**2.332**	**2.297**	**(1,5)**
- contract	('000)		1.130	1.159	1.159	1.165	1.206	1.222	8,1	1.130	1.222	8,1
- prepaid	('000)		1.202	1.075	1.075	1.045	1.030	1.075	(10,6)	1.202	1.075	(10,6)
NET ADDS	**('000)**		**86**	**(98)**	**2**	**(24)**	**27**	**60**	**(30,2)**	**99**	**63**	**(36,4)**
- contract	('000)		2	29	40	6	41	16	n.a.	11	63	n.a.
- prepaid	('000)		84	(127)	(38)	(30)	(15)	44	(47,6)	89	(1)	n.a.
AVERAGE MONTHLY CHURN	**(%)**		**2,4**	**3,9**	**2,8**	**2,6**	**2,2**	**2,1**	**(0,3p)**	**2,4**	**2,3**	**(0,1p)**
- contract	(%)		1,1	1,1	1,1	1,2	1,0	0,9	(0,2p)	1,1	1,0	(0,1p)
SAC PER GROSS ADD	**€**		**11**	**19**	**14**	**20**	**16**	**13**	**18,2**	**12**	**16**	**33,3**
- contract	€		64	56	56	66	49	57	(10,9)	55	57	3,6
- prepaid	€		2	2	2	2	2	2	0,0	2	2	0,0
SRC PER RETAINED CUSTOMER	**€**		**54**	**51**	**56**	**53**	**51**	**54**	**0,0**	**57**	**52**	**(8,8)**
ARPU	**€**		**12**	**10**	**11**	**10**	**11**	**13**	**8,3**	**11**	**12**	**9,1**
- contract	€		18	15	16	15	16	20	11,1	16	17	6,3
- prepaid	€		6	5	6	5	6	6	0,0	6	6	0,0
NON-VOICE % OF ARPU	**(%)**		**49**	**50**	**49**	**50**	**51**	**57**	**8p**	**49**	**53**	**4p**
MOU PER CUSTOMER	**(min)**		**208**	**207**	**206**	**209**	**219**	**221**	**6,3**	**206**	**216**	**4,9**
- contract	(min)		282	276	276	270	282	282	0,0	276	278	0,7

SLOVAKIA
FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
TOTAL REVENUE		**191**	**202**	**766**	**183**	**185**	**186**	**(2,6)**	**564**	**554**	**(1,8)**
PRODUCT VIEW		**191**	**202**	**766**	**183**	**185**	**186**	**(2,6)**	**564**	**554**	**(1,8)**
- Fixed network		98	108	398	90	94	93	(5,1)	289	277	(4,2)
- Mobile communications		93	93	368	93	92	93	0,0	275	277	0,7
SEGMENT VIEW		**191**	**202**	**766**	**183**	**185**	**186**	**(2,6)**	**564**	**554**	**(1,8)**
- of which Consumer		120	122	480	98	99	101	(15,8)	358	299	(16,5)
- of which Business		45	59	195	69	70	69	53,3	136	208	52,9
EBITDA	1	**83**	**62**	**302**	**77**	**81**	**86**	**3,6**	**240**	**244**	**1,7**
EBITDA MARGIN (EBITDA / TOTAL REVENUE) %		**43,5**	**30,7**	**39,4**	**42,1**	**43,8**	**46,2**	**2,7p**	**42,6**	**44,0**	**1,4p**
CASH CAPEX (AS REPORTED)		**20**	**25**	**119**	**37**	**32**	**26**	**30,0**	**93**	**95**	**2,2**
CASH CONTRIBUTION		**59**	**37**	**183**	**40**	**49**	**60**	**1,7**	**147**	**149**	**1,4**

1 Special factors affecting EBITDA: EUR 28mn in Q4/16 and EUR 18mn in Q2/17.

SLOVAKIA
OPERATIONALS

		Note	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Change %	Q1 - Q3 2016	Q1 - Q3 2017	Change %
FIXED NETWORK (END OF PERIOD)												
Fixed network Access Lines	('000)		847	850	850	854	855	855	0,9	847	855	0,9
- IP	('000)		847	850	850	854	855	855	0,9	847	855	0,9
Broadband Access Lines Retail	('000)		496	509	509	523	532	541	9,1	496	541	9,1
TV (IPTV, SAT, Cable)	('000)		517	538	538	564	574	581	12,4	517	581	12,4
Wholesale Bundled Access Lines	('000)		16	15	15	15	14	14	(12,5)	16	14	(12,5)
Wholesale Unbundled Access Lines	('000)		113	113	113	111	109	107	(5,3)	113	107	(5,3)
MOBILE COMMUNICATIONS (END OF PERIOD)												
Service revenue	(€)		83	82	327	83	82	85	2,4	245	250	2,0
CUSTOMERS	**('000)**		**2.226**	**2.225**	**2.225**	**2.230**	**2.235**	**2.245**	**0,9**	**2.226**	**2.245**	**0,9**
- contract	('000)		1.467	1.478	1.478	1.398	1.410	1.428	(2,7)	1.467	1.428	(2,7)
- prepaid	('000)		759	747	747	832	825	817	7,6	759	817	7,6
NET ADDS	**('000)**		**0**	**(1)**	**(10)**	**5**	**5**	**10**	**n.a.**	**(9)**	**20**	**n.a.**
- contract	('000)		4	11	24	(80)	12	18	n.a.	13	(50)	n.a.
- prepaid	('000)		(4)	(12)	(35)	85	(7)	(8)	(100,0)	(22)	70	n.a.
AVERAGE MONTHLY CHURN	**(%)**		**1,2**	**1,4**	**1,3**	**1,4**	**1,1**	**1,1**	**(0,1p)**	**1,3**	**1,2**	**(0,1p)**
- contract	(%)		0,8	1,0	0,9	2,8	0,7	0,7	(0,1p)	0,8	1,4	0,6p
SAC PER GROSS ADD	**€**		**46**	**66**	**51**	**45**	**44**	**42**	**(8,7)**	**46**	**44**	**(4,3)**
- contract	€		90	113	95	98	86	81	(10,0)	87	89	2,3
- prepaid	€		3	3	3	2	3	2	(33,3)	3	2	(33,3)
SRC PER RETAINED CUSTOMER	**€**		**118**	**174**	**143**	**133**	**114**	**114**	**(3,4)**	**127**	**121**	**(4,7)**
ARPU	**€**		**12**	**12**	**12**	**12**	**12**	**13**	**8,3**	**12**	**12**	**0,0**
- contract	€		17	17	17	17	18	18	5,9	17	18	5,9
- prepaid	€		3	3	3	3	3	3	0,0	3	3	0,0
NON-VOICE % OF ARPU	**(%)**		**41**	**41**	**40**	**42**	**42**	**44**	**3p**	**40**	**43**	**3p**
MOU PER CUSTOMER	**(min)**	**1**	**171**	**180**	**175**	**178**	**179**	**171**	**0,0**	**174**	**176**	**1,1**
- contract	(min)	1	236	247	242	243	251	240	1,7	241	245	1,7

1 The Q1/17 numbers are retrospectively adjusted due to technical problems.

AUSTRIA

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
TOTAL REVENUE		**219**	**220**	**855**	**228**	**215**	**222**	**1,4**	**635**	**665**	**4,7**
- of which Consumer		158	163	630	161	151	155	(1,9)	467	467	0,0
- of which Business		47	50	184	39	39	40	(14,9)	134	118	(11,9)
EBITDA	1	**79**	**41**	**258**	**89**	**69**	**73**	**(7,6)**	**217**	**231**	**6,5**
EBITDA MARGIN (EBITDA / TOTAL REVENUE) %		**36,1**	**18,6**	**30,2**	**39,0**	**32,1**	**32,9**	**(3,2p)**	**34,2**	**34,7**	**0,5p**
CASH CAPEX (AS REPORTED)		**32**	**43**	**139**	**45**	**30**	**34**	**6,3**	**96**	**109**	**13,5**
CASH CONTRIBUTION		**47**	**(2)**	**119**	**44**	**39**	**39**	**(17,0)**	**121**	**122**	**0,8**

OPERATIONALS

		Note	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Change %	Q1 - Q3 2016	Q1 - Q3 2017	Change %
MOBILE COMMUNICATIONS (END OF PERIOD)												
Service revenue	(€)		189	186	732	200	185	196	3,7	546	582	6,6
CUSTOMERS	**('000)**		**4.365**	**4.594**	**4.594**	**4.713**	**4.984**	**5.201**	**19,2**	**4.365**	**5.201**	**19,2**
- contract	('000)		3.120	3.175	3.175	3.195	3.240	3.271	4,8	3.120	3.271	4,8
- prepaid	('000)		1.244	1.418	1.418	1.518	1.744	1.930	55,1	1.244	1.930	55,1
NET ADDS	**('000)**		**90**	**229**	**386**	**102**	**271**	**217**	**n.a.**	**157**	**590**	**n.a.**
- contract	('000)		64	55	216	2	46	30	(53,1)	161	78	(51,6)
- prepaid	('000)		26	174	169	100	226	187	n.a.	(5)	513	n.a.
AVERAGE MONTHLY CHURN	**(%)**		**2,8**	**2,5**	**2,7**	**2,4**	**2,2**	**2,7**	**(0,1p)**	**2,7**	**2,4**	**(0,3p)**
- contract	(%)		2,7	2,2	2,4	2,7	2,5	3,0	0,3p	2,5	2,7	0,2p
SAC PER GROSS ADD	**€**		**25**	**35**	**28**	**21**	**19**	**17**	**(32,0)**	**25**	**19**	**(24,0)**
- contract	€		33	71	42	33	36	32	(3,0)	33	34	3,0
- prepaid	€		3	2	3	3	2	1	(66,7)	4	2	(50,0)
SRC PER RETAINED CUSTOMER	**€**		**113**	**156**	**122**	**113**	**128**	**123**	**8,8**	**108**	**121**	**12,0**
ARPU	**€**		**15**	**14**	**14**	**14**	**13**	**13**	**(13,3)**	**14**	**13**	**(7,1)**
- contract	€		19	18	18	20	18	19	0,0	18	19	5,6
- prepaid	€		4	4	4	3	3	3	(25,0)	4	3	(25,0)
NON-VOICE % OF ARPU	**(%)**		**46**	**46**	**46**	**42**	**47**	**50**	**4p**	**45**	**46**	**1p**
MOU PER CUSTOMER	**(min)**		**179**	**181**	**186**	**174**	**166**	**161**	**(10,1)**	**188**	**167**	**(11,2)**
- contract	(min)		203	211	214	205	199	190	(6,4)	215	198	(7,9)

1 Special factors affecting EBITDA: EUR -15mn in Q4/16.

NOTES

CONTENT

SYSTEMS SOLUTIONS

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)[1]

		Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
TOTAL REVENUE			**1.674**	**1.741**	**6.993**	**1.704**	**1.688**	**1.707**	**2,0**	**5.252**	**5.099**	**(2,9)**
International Revenue			487	499	2.143	482	477	455	**(6,6)**	1.644	1.413	(14,1)
NET REVENUE			**1.349**	**1.382**	**5.678**	**1.369**	**1.349**	**1.352**	**0,2**	**4.296**	**4.069**	**(5,3)**
EBITDA			**139**	**84**	**530**	**96**	**136**	**131**	**(5,8)**	**446**	**362**	**(18,8)**
EBITDA margin (EBITDA / total revenue)	%		8,3	4,8	7,6	5,6	8,1	7,7	(0,6)	8,5	7,1	(1.4p)
Depreciation, amortization and impairment losses			(102)	(110)	(404)	(98)	(95)	(93)	8,8	(293)	(286)	(2,4)
Profit (loss) from operations = EBIT			37	(26)	126	(2)	41	38	2,7	152	76	(50,0)
EBIT MARGIN	%		**2,2**	**(1,5)**	**1,8**	**(0,1)**	**2,4**	**2,2**	**0.0p**	**2,9**	**1,5**	**(1.4p)**
CASH CAPEX			**85**	**143**	**402**	**86**	**91**	**87**	**2,4**	**259**	**264**	**1,9**
CASH CONTRIBUTION			**54**	**(59)**	**128**	**10**	**45**	**44**	**(18,5)**	**187**	**98**	**(47,6)**
ORDER ENTRY			**1.303**	**2.495**	**6.851**	**1.274**	**1.295**	**1.366**	**4,9**	**4.356**	**3.936**	**(9,6)**

FINANCIALS (AS REPORTED)

		Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
TOTAL REVENUE			**1.674**	**1.741**	**6.993**	**1.704**	**1.688**	**1.707**	**2,0**	**5.252**	**5.099**	**(2,9)**
NET REVENUE			**1.349**	**1.382**	**5.678**	**1.369**	**1.349**	**1.352**	**0,2**	**4.296**	**4.069**	**(5,3)**
EBITDA			**87**	**11**	**278**	**61**	**97**	**56**	**(35,6)**	**268**	**214**	**(20,1)**
EBITDA margin (EBITDA / total revenue)	%		5,2	0,6	4,0	3,6	5,7	3,3	(1,9p)	5,1	4,2	(0,9p)
Depreciation, amortization and impairment losses		2	(118)	(119)	(428)	(98)	(97)	(1.338)	n.a.	(309)	(1.533)	n.a.
Profit (loss) from operations = EBIT		2	(31)	(108)	(150)	(37)	0	(1.282)	n.a.	(41)	(1.319)	n.a.
CASH CAPEX			**85**	**143**	**402**	**86**	**91**	**87**	**2,4**	**259**	**264**	**1,9**
CASH CONTRIBUTION			**2**	**(132)**	**(124)**	**(25)**	**6**	**(31)**	**n.a.**	**9**	**(50)**	**n.a.**

1 The business of T-Systems Polska Sp. z o.o., which was previously organizationally assigned to the Systems Solutions operating segment, is disclosed under the Europe operating segment as of September 1, 2017. Figures for prior periods were not adjusted.
2 Q3/2017: Impairment Goodwill T-Systems Market Unit (1.2 bn. €)

SYSTEMS SOLUTIONS
EBITDA RECONCILIATION

		Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
TOTAL REVENUE			**1.674**	**1.741**	**6.993**	**1.704**	**1.688**	**1.707**	**2,0**	**5.252**	**5.099**	**(2,9)**
Profit (loss) from operations = EBIT		1	(31)	(108)	(150)	(37)	0	(1.282)	n.a.	(41)	(1.319)	n.a.
- Depreciation, amortization and impairment losses		1	(118)	(119)	(428)	(98)	(97)	(1.338)	n.a.	(309)	(1.533)	n.a.
= EBITDA			**87**	**11**	**278**	**61**	**97**	**56**	**(35,6)**	**268**	**214**	**(20,1)**
EBITDA margin	%		5,2	0,6	4,0	3,6	5,7	3,3	(1,9p)	5,1	4,2	(0,9p)
- Special factors affecting EBITDA			(52)	(73)	(252)	(35)	(39)	(74)	(42,3)	(178)	(148)	16,9
= EBITDA (ADJUSTED FOR SPECIAL FACTORS)			**139**	**84**	**530**	**96**	**136**	**131**	**(5,8)**	**446**	**362**	**(18,8)**
EBITDA margin (adjusted for special factors)	%		8,3	4,8	7,6	5,6	8,1	7,7	(0,6p)	8,5	7,1	(1,4p)

SPECIAL FACTORS

	Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
EFFECTS ON EBITDA		**(52)**	**(73)**	**(252)**	**(35)**	**(39)**	**(74)**	**(42,3)**	**(178)**	**(148)**	**16,9**
- of which personnel		(25)	(37)	(136)	(14)	(18)	(54)	n.a.	(99)	(86)	13,1
- of which other		(27)	(36)	(116)	(21)	(21)	(20)	25,9	(80)	(62)	22,5
EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT	1	**(67)**	**(82)**	**(276)**	**(35)**	**(42)**	**(1.319)**	**n.a.**	**(194)**	**(1.396)**	**n.a.**
- of which personnel		(25)	(37)	(136)	(14)	(18)	(54)	n.a.	(99)	(86)	13,1
- of which other	1	(43)	(45)	(140)	(21)	(23)	(1.265)	n.a.	(96)	(1.309)	n.a.

1 Q3/2017: Impairment Goodwill T-Systems Market Unit (1.2 bn. €)

NOTES

CONTENT

GROUP DEVELOPMENT
FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
TOTAL REVENUE		**588**	**610**	**2.347**	**595**	**562**	**545**	**(7,3)**	**1.736**	**1.702**	**(2,0)**
Netherlands		332	356	1.331	341	345	327	(1,5)	975	1.014	4,0
DFMG		221	218	876	217	213	217	(1,8)	658	647	(1,7)
Other		35	36	140	37	4	1	(97,1)	103	41	(60,2)
EBITDA		**251**	**213**	**943**	**238**	**236**	**220**	**(12,4)**	**730**	**695**	**(4,8)**
Netherlands		91	77	358	110	119	98	7,7	281	328	16,7
DFMG		156	133	563	124	126	126	(19,2)	431	376	(12,8)
Other		4	3	22	4	(9)	(4)	n.a.	18	(9)	n.a.
EBITDA margin (EBITDA / total revenue) %		42,7	34,9	40,2	40,0	42,0	40,4	(2,3p)	42,1	40,8	(1,3p)
Depreciation, amortization and impairment losses		(85)	(83)	(345)	(71)	(71)	(72)	15,3	(262)	(215)	17,9
Profit (loss) from operations = EBIT		167	130	598	167	165	148	(11,4)	469	480	2,3
CASH CAPEX		**69**	**69**	**247**	**81**	**57**	**76**	**10,1**	**179**	**215**	**20,1**
CASH CONTRIBUTION		**182**	**144**	**696**	**157**	**179**	**144**	**(20,9)**	**551**	**480**	**(12,9)**

FINANCIALS (AS REPORTED)

	Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
TOTAL REVENUE		**588**	**610**	**2.347**	**595**	**562**	**545**	**(7,3)**	**1.736**	**1.702**	**(2,0)**
NET REVENUE		**433**	**458**	**1.744**	**444**	**415**	**394**	**(9,0)**	**1.286**	**1.252**	**(2,6)**
EBITDA	**1, 2, 3**	**239**	**217**	**3.490**	**758**	**460**	**415**	**73,6**	**3.274**	**1.632**	**(50,2)**
Depreciation, amortization and impairment losses		(85)	(498)	(760)	(71)	(71)	(72)	15,3	(262)	(215)	17,9
Profit (loss) from operations = EBIT		154	(281)	2.730	686	388	343	n.a.	3.012	1.417	(53,0)
CASH CAPEX		**69**	**69**	**271**	**81**	**57**	**76**	**10,1**	**202**	**215**	**6,4**
CASH CONTRIBUTION		**170**	**148**	**3.219**	**677**	**403**	**339**	**99,4**	**3.072**	**1.417**	**(53,9)**

1 Q1/17: Income from the sale of Strato.
2 Q2/17: Income from the sale of the stake of Scout24.
3 Q3/17: Income from the settlement with BT.

GROUP DEVELOPMENT
EBITDA RECONCILIATION

		Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
TOTAL REVENUE			**588**	**610**	**2.347**	**595**	**562**	**545**	**(7,3)**	**1.736**	**1.702**	**(2,0)**
Profit (loss) from operations = EBIT		1, 2, 3	154	(281)	2.730	686	388	343	n.a.	3.012	1.417	(53,0)
- Depreciation, amortization and impairment losses			(85)	(498)	(760)	(71)	(71)	(72)	15,3	(262)	(215)	17,9
= EBITDA		**1, 2, 3**	**239**	**217**	**3.490**	**758**	**460**	**415**	**73,6**	**3.274**	**1.632**	**(50,2)**
EBITDA margin	%		40,6	35,6	n.a.	n.a.	81,9	76,1	35,5p	n.a.	95,9	n.a.
- Special factors affecting EBITDA			(12)	4	2.547	519	223	195	n.a.	2.543	937	(63,2)
= EBITDA (ADJUSTED FOR SPECIAL FACTORS)			**251**	**213**	**943**	**238**	**236**	**220**	**(12,4)**	**730**	**695**	**(4,8)**
EBITDA margin (adjusted for special factors)	%		42,7	34,9	40,2	40,0	42,0	40,4	(2,3p)	42,1	40,8	(1,3p)

SPECIAL FACTORS

	Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
EFFECTS ON EBITDA	**1, 2, 3**	**(12)**	**4**	**2.547**	**519**	**223**	**195**	**n.a.**	**2.543**	**937**	**(63,2)**
- of which personnel		(1)	(28)	(35)	5	(1)	(1)	0,0	(7)	4	n.a.
- of which other	1, 2, 3	(12)	32	2.582	514	224	196	58,3	2.550	933	(63,4)
EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT	**1, 2, 3**	**(12)**	**(411)**	**2.132**	**519**	**223**	**195**	**n.a.**	**2.543**	**937**	**(63,2)**
- of which personnel		(1)	(28)	(35)	5	(1)	(1)	0,0	(7)	4	n.a.
- of which other	1, 2, 3	(12)	(383)	2.167	514	224	196	n.a.	2.550	933	(63,4)

1 Q1/17: Income from the sale of Strato.
2 Q2/17: Income from the sale of the stake of Scout24.
3 Q3/17: Income from the settlement with BT.

NETHERLANDS

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
TOTAL REVENUE		**332**	**356**	**1.331**	**341**	**345**	**327**	**(1,5)**	**975**	**1.014**	**4,0**
PRODUCT VIEW		**332**	**356**	**1.331**	**341**	**345**	**327**	**(1,5)**	**975**	**1.014**	**4,0**
- Fixed network		0	4	4	21	22	23	n/a	0	67	**n/a**
- Mobile communications		332	353	1.327	320	323	304	(8,4)	975	947	**(2,9)**
SEGMENT VIEW		**332**	**356**	**1.331**	**341**	**345**	**327**	**(1,5)**	**975**	**1.014**	**4,0**
- of which Consumer		232	247	929	228	229	210	(9,5)	682	589	**(13,6)**
- of which Business		62	66	247	63	64	59	(4,8)	181	187	**3,3**
EBITDA		**91**	**77**	**358**	**110**	**119**	**98**	**7,7**	**281**	**328**	**16,7**
EBITDA MARGIN (EBITDA / TOTAL REVENUE) %		**27,4**	**21,6**	**26,9**	**32,3**	**34,5**	**30,0**	**2,6p**	**28,8**	**32,3**	**3.5p**
CASH CAPEX (AS REPORTED)		**27**	**29**	**123**	**41**	**36**	**48**	**77,8**	**94**	**125**	**33,0**
CASH CONTRIBUTION		**64**	**48**	**235**	**69**	**83**	**50**	**(21,9)**	**187**	**203**	**8,6**

NETHERLANDS
OPERATIONALS

		Note	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Change %	Q1 - Q3 2016	Q1 - Q3 2017	Change %
FIXED NETWORK (END OF PERIOD)												
Fixed network Access Lines	('000)		0	164	164	176	184	188	n.a.	0	188	n.a.
- IP	('000)		0	164	164	176	184	188	n.a.	0	188	n.a.
Broadband Access Lines Retail	('000)		0	164	164	176	184	188	n.a.	0	188	n.a.
TV (IPTV, SAT, Cable)	('000)		0	0	0	0	0	0	n.a.	0	0	n.a.
Wholesale Bundled Access Lines	('000)		0	0	0	0	0	0	n.a.	0	0	n.a.
ULLs/Wholesale PSTN	('000)		0	0	0	0	0	0	n.a.	0	0	n.a.
Wholesale Unbundled Access Lines	('000)		0	0	0	0	0	0	n.a.	0	0	n.a.
MOBILE COMMUNICATIONS (END OF PERIOD)												
Service revenue	(€ million)		232	230	916	226	228	220	(5,2)	686	675	(1,6)
CUSTOMERS	**('000)**		3.703	**3.746**	**3.746**	**3.789**	**3.830**	**3.876**	**4,7**	**3.703**	**3.876**	**4,7**
- contract	('000)		2.911	2.982	2.982	3.051	3.112	3.178	9,2	2.911	3.178	9,2
- prepaid	('000)		792	764	764	738	719	698	(11,9)	792	698	(11,9)
NET ADDS	**('000)**		**31**	**44**	**69**	**43**	**41**	**45**	**45,2**	**25**	**130**	**n.a.**
- contract	('000)		54	71	183	69	61	66	22,2	111	195	75,7
- prepaid	('000)		(23)	(27)	(114)	(26)	(19)	(20)	13,0	(86)	(66)	23,3
AVERAGE MONTHLY CHURN	**(%)**		**1,4**	**1,3**	**1,4**	**1,3**	**1,2**	**1,2**	**(0,2p)**	**1,4**	**1,2**	**(0,2p)**
- contract	(%)		1,1	1,1	1,1	1,0	0,9	1,0	(0,1p)	1,1	0,9	(0,2p)
SAC PER GROSS ADD	**€**	**1**	**110**	**175**	**126**	**79**	**77**	**71**	**(35,5)**	**107**	**80**	**(25,2)**
- contract	€		135	196	148	92	89	83	(38,5)	127	93	(26,8)
- prepaid	€		11	16	15	(1)	1	(1)	n.a.	14	(0)	n.a.
SRC PER RETAINED CUSTOMER	**€**	**1**	**92**	**181**	**126**	**56**	**39**	**43**	**(53,3)**	**106**	**49**	**(53,8)**
ARPU	**€**		**21**	**21**	**21**	**20**	**20**	**19**	**(9,5)**	**21**	**20**	**(6,7)**
- contract	€		26	25	25	24	23	22	(15,4)	26	24	(9,6)
- prepaid	€		4	4	4	4	3	3	(25,0)	4	3	(27,5)
NON-VOICE % OF ARPU	**(%)**		**64**	**60**	**61**	**56**	**59**	**61**	**(5p)**	**62**	**59**	**(5p)**
MOU PER CUSTOMER	**(min)**		178	**191**	**184**	**181**	**189**	**192**	**7,9**	**182**	**191**	**4,9**
- contract	(min)		218	233	228	217	226	228	4,6	226	222	(1,8)

1 The Subscriber Acquisition Costs per Gross Add and Subscriber Retention Cost per Retained Subscriber show a sharp decline. This reflects the changes in customer protection law from Jan 17.

NOTES

CONTENT

GROUP HEADQUARTERS & GROUP SERVICES

FINANCIALS (ADJUSTED FOR SPECIAL FACTORS)

	Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
TOTAL REVENUE		**846**	**929**	**3.467**	**737**	**787**	**743**	**(12,2)**	**2.538**	**2.268**	**(10,6)**
NET REVENUE		**96**	**150**	**421**	**88**	**83**	**52**	**(45,8)**	**272**	**223**	**(18,0)**
EBITDA		**(141)**	**(293)**	**(670)**	**(128)**	**(90)**	**(115)**	**(18,4)**	**(377)**	**(333)**	**11,7**
EBITDA margin (EBITDA / total revenue) %		(16,7)	(31,5)	(19,3)	(17,4)	(11,4)	(15,5)	1.2p	(14,9)	(14,7)	(0.2p)
Depreciation, amortization and impairment losses		(158)	(176)	(676)	(148)	(192)	(159)	(0,6)	(500)	(500)	0,0
Profit (loss) from operations = EBIT		(298)	(469)	(1.346)	(276)	(282)	(274)	8,1	(877)	(832)	5,1
CASH CAPEX		**222**	**279**	**936**	**242**	**239**	**231**	**4,1**	**656**	**712**	**8,5**
CASH CONTRIBUTION		**(363)**	**(572)**	**(1.606)**	**(370)**	**(329)**	**(346)**	**4,7**	**(1.033)**	**(1.045)**	**(1,2)**

FINANCIALS (AS REPORTED)

	Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
TOTAL REVENUE		**846**	**929**	**3.467**	**737**	**787**	**743**	**(12,2)**	**2.538**	**2.268**	**(10,6)**
NET REVENUE		**96**	**150**	**421**	**88**	**83**	**52**	**(45,8)**	**272**	**223**	**(18,0)**
EBITDA		**(219)**	**(365)**	**(1.243)**	**(144)**	**(90)**	**(162)**	**26,0**	**(878)**	**(395)**	**55,0**
EBITDA margin (EBITDA / total revenue) %		(25,9)	(39,3)	(35,9)	(19,5)	(11,4)	(21,8)	4,1p	(34,6)	(17,4)	17,2p
Depreciation, amortization and impairment losses		(158)	(176)	(676)	(148)	(192)	(159)	(0,6)	(500)	(500)	0,0
Profit (loss) from operations = EBIT		(376)	(542)	(1.919)	(292)	(282)	(321)	14,6	(1.378)	(895)	35,1
CASH CAPEX		**222**	**279**	**936**	**242**	**239**	**231**	**4,1**	**656**	**712**	**8,5**
CASH CONTRIBUTION		**(441)**	**(644)**	**(2.179)**	**(386)**	**(329)**	**(393)**	**10,9**	**(1.534)**	**(1.107)**	**27,8**

GROUP HEADQUARTERS & GROUP SERVICES
EBITDA RECONCILIATION

		Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
TOTAL REVENUE			**846**	**929**	**3.467**	**737**	**787**	**743**	**(12,2)**	**2.538**	**2.268**	**(10,6)**
Profit (loss) from operations = EBIT			(376)	(542)	(1.919)	(292)	(282)	(321)	14,6	(1.378)	(895)	35,1
- Depreciation, amortization and impairment losses			(158)	(176)	(676)	(148)	(192)	(159)	(0,6)	(500)	(500)	0,0
= EBITDA			**(219)**	**(365)**	**(1.243)**	**(144)**	**(90)**	**(162)**	**26,0**	**(878)**	**(395)**	**55,0**
EBITDA margin	%		(25,9)	(39,3)	(35,9)	(19,5)	(11,4)	(21,8)	4,1p	(34,6)	(17,4)	17.2p
- Special factors affecting EBITDA			(78)	(72)	(574)	(16)	1	(47)	39,7	(501)	(62)	87,6
= EBITDA (ADJUSTED FOR SPECIAL FACTORS)			**(141)**	**(293)**	**(670)**	**(128)**	**(90)**	**(115)**	**18,4**	**(377)**	**(333)**	**11,7**
EBITDA margin (adjusted for special factors)	%		(16,7)	(31,5)	(19,3)	(17,4)	(11,4)	(15,5)	1,2p	(14,9)	(14,7)	0.2p

SPECIAL FACTORS

	Note	Q3 2016 millions of €	Q4 2016 millions of €	FY 2016 millions of €	Q1 2017 millions of €	Q2 2017 millions of €	Q3 2017 millions of €	Change %	Q1 - Q3 2016 millions of €	Q1 - Q3 2017 millions of €	Change %
EFFECTS ON EBITDA		**(78)**	**(72)**	**(574)**	**(16)**	**1**	**(47)**	**39,7**	**(501)**	**(62)**	**87,6**
- of which personnel		(75)	(144)	(502)	(19)	(25)	(33)	56,0	(359)	(77)	78,6
- of which other		(3)	71	(71)	3	26	(14)	n.a.	(142)	15	n.a.
EFFECTS ON PROFIT (LOSS) FROM OPERATIONS = EBIT		**(78)**	**(72)**	**(574)**	**(16)**	**1**	**(47)**	**39,7**	**(501)**	**(62)**	**87,6**
- of which personnel		(75)	(144)	(502)	(19)	(25)	(33)	56,0	(359)	(77)	78,6
- of which other		(3)	71	(71)	3	26	(14)	n.a.	(142)	15	n.a.

NOTES

DTAG

GLOSSARY AND DISCLAIMER

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

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