Telefónica Deutschland

MUNICH, 04 November 2019

Interim statement [1] for January to September 2019

Telefónica Deutschland reiterates FY 2019 guidance on sustained commercial momentum

- **Underlying[2] revenue +2.1% year-on-year in 9M and +2.7% in Q3 on basis of strong commercial momentum with own brands**
- **Underlying[3] OIBDA (as per IAS 17) +0.8% year-on-year in 9M and +0.9% year-on-year in Q3 on market and transformation invest**
- **C/S ratio of 14.4% in 9M; continued focus on customer experience with the LTE roll-out in full swing; >7,000 additional LTE elements rolled out YTD**
- **Independent expert intends to fully confirm Telefónica Deutschland's MBA MVNO pricing**
- **Deferred payment terms for spectrum acquired in 2019 significantly enhance financial flexibility with interest free instalments until 2030**
- **Invitation to Strategy Update at the Mayfair Hotel, London, on 11 Dec 2019: https://www.telefonica.de/strategy-update**

Third quarter 2019 operational & financial highlights

- **Mobile postpaid** registered +392 thousand net additions in Q3 2019, supported by the O_2 Free portfolio and strong partner trading (61% share of gross additions in the third quarter). **Churn** in the O_2 brand remained at low levels of -1.4% helped by sustained network quality improvements. Total postpaid churn was -1.5% in the third quarter with the typical seasonality
- **LTE customer base** increased by +21.8% year-on-year to 20.9 million at the end of September 2019, bringing the **LTE penetration** to 49%, up +8 percentage points year-on-year. Data growth with a CAGR of 50% continues to be driven by the ongoing adoption of LTE and the O_2 Free portfolio with large data buckets. Monthly data usage of O_2 LTE customers grew +12% quarter-on-quarter and +37% year-on-year to almost 5.4 GB on average.

[1] Unless indicated otherwise, all financial KPIs and year-on-year comparisons published in this document are prepared in accordance with IFRS accounting standards as adopted by the European Union. Financial KPIs for 2019 therefore include the effects of the implementation of IFRS 16 as of 1 January 2019

[2] Excluding the negative impact from regulatory changes; mainly driven by the MTR regulation (mobile termination rate cut to EURc 0.95 per minute as of 1 Dec 2018) and the international call regulation within the EU that kicked-in as of 15 May 2019

[3] Adjusted for exceptional effects and excluding the negative impact from regulatory changes; mainly usage elasticity effects from the European roaming regulation and the international call regulation within the EU

- **Underlying[4] revenue** came in at **EUR 1,879 million**, up **+2.7% year-on-year** driven by a strong mobile service revenue performance and the continued demand for high value handsets. Including negative regulatory effects of EUR -15 million, revenue rose +1.9% year-on-year and reached EUR 1,865 million

- **Underlying[4] mobile service revenue[5]** (MSR) showed a trend improvement, growing **+2.7% year-on year** to **EUR 1,374 million** with sustained traction in own retail business as the O_2 Free portfolio drives ARPU uplift. **Reported MSR** increased by **+1.6% year-on-year** totalling **EUR 1,361 million** and was thus again in positive territory after the turnaround in Q2 2019

- **Handset revenue** reflected continued strong demand for high-value handsets but also tougher year-on-year comps, up **+6.4% year-on-year** reaching **EUR 318 million**

- **Fixed-line revenue** continued to show an improving trend, down only **-3.2% year-on-year** (from -3.5% year-on-year in Q2 2019) and came to **EUR 185 million**, mainly driven by the low margin carrier business. **Fixed retail revenue** was slightly positive, up **+0.3% year-on-year** reflecting the year-on-year higher customer base as well as higher share of bundles in the customer base

- **OIBDA adjusted for exceptional and regulatory effects[6] based on IAS 17** came in at **EUR 482 million, up +0.9% year-on-year**, reflecting market and transformation investments as well as a gradual ramp-up in savings from the D4G programme (gross benefits of ~EUR 10m in Q3 19 and ca. EUR 25m YTD). Final integration synergies have also been mostly delivered (ca. EUR 5m in Q3 and ca. EUR 35m YTD). **Under IFRS 16 accounting standards, underlying[6] OIBDA** posted growth of +**25.8% year-on-year** reaching **EUR 601 million** in the third quarter of 2019. The **OIBDA margin** adjusted for exceptional and regulatory effects[6] was flat (-0.5% year-on-year) at 25.6% under IAS 17 and expanded by +5.9 percentage points year-on-year to **32.0% under IFRS 16**

- **CapEx[7]** totalled **EUR 286 million with a C/S ratio of 15.3%** as the LTE roll-out is in full swing and revenue improving

[4] Excluding the negative impact from regulatory changes; mainly driven by the MTR regulation (mobile termination rate cut to EURc 0.95 per minute as of 1 Dec 2018) and the international call regulation within the EU that kicked-in as of 15 May 2019

[5] Mobile service revenues include base fees and fees paid by our customers for the usage of voice, sms and mobile data services. Also, access and interconnection fees as well as other charges levied on our partners for the use of our network are included

[6] Exceptional effects were EUR 24 million of restructuring expenses in the period January to September 2019 (EUR 48 million based on IAS 17). The difference between restructuring charges under IAS 17 and IFRS 16 is due to the fact that certain IAS 17 operating lease commitments require the recognition of provisions, whereas those are recognised as lease liabilities under IFRS 16. Regulatory effects amounted to EUR -25 million in the period January to September 2019

[7] Excluding additions from capitalised right-of-use assets (as of 1 January 2019) and excluding additions from capitalised finance leases (till 31 December 2018)

- **Consolidated net financial debt[8] under IFRS 16** stood at EUR 4,206 million as of 30 September 2019 with a leverage ratio of 1.8x[9]. Under IAS 17, the leverage ratio was 0.9x, benefitting from the deferral of spectrum payments, and thus in line with the self-defined target of up to or at 1.0x.

  We will review our self-defined leverage target by year-end to reflect IFRS 16 accounting standards as well as the upcoming 5G investments, whilst maintaining our BBB investment grade rating from Fitch.

[8] Net financial debt includes current and non-current interest-bearing financial assets and interest-bearing liabilities as well as cash and cash equivalents and excludes the payables for the spectrum auction

[9] Non-audited. Leverage ratio is defined as net financial debt divided by the OIBDA for the last twelve months adjusted for exceptional effects. Thus, leverage under IFRS 16 is calculated based on an extrapolated rolling 12-month OIBDA. It will only be possible to report a leverage ratio based on actuals under IFRS 16 with the publication of the financial statements for 2019

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Network and infrastructure update

After having secured a highly competitive spectrum position in the 2019 auction, Telefónica Deutschland signed the **German mobile network pact** in September 2019 for LTE expansion in exchange for **improved 5G spectrum payment terms**. Thus, 99% of households are to be supplied with nationwide LTE by the end of 2020 and 99% per federal state by the end of 2021. Specifically, Telefónica Deutschland has committed itself to build 333 additional mobile radio sites in white spots by the end of 2021. Therefore, we are making a significant contribution, especially to closing white spots in rural regions and to further improving our customers' user experience. In return, the improved payment terms for the 5G frequencies auctioned, gives us a significant financial advantage as payments can be deferred with interest-free instalment payments to be made between December 2019 and 2030.

Telefónica Deutschland thus continues to push ahead with **LTE rollout** and will install around 10,000 new LTE sites throughout 2019 alone. YTD 2019, we put more than 7,000 new LTE elements into operation – in September alone, 850 new LTE sites were installed across all 16 German federal states. In cities, the LTE network for O_2 customers was further densified and expanded to include additional capacities and LTE frequency bands. In addition, we will continue to roll out **fibre in the backhaul** by means of a variety of co-operations and confirm our target of ~70% of fibre penetration in the backhaul by 2022.

In the industrial sector, Telefónica Deutschland has already successfully started into the **5G** era. Together with Mercedes-Benz Cars and Ericsson we will establish the first 5G network for automobile production in the "Factory 56" in Sindelfingen near Stuttgart.

Due to higher data rates and significantly lower latency times, the new mobile communications standard ensures more flexible production and logistics processes in companies. In the next step, 5G will also be relevant for private customers, as the standard primarily offers more network capacity and higher speeds for the use of their digital applications. Telefónica Deutschland will present concrete 5G expansion plans later in the second half of the year. **Network cooperations** will form an important pillar of these plans.

In this context, Telefónica Deutschland also announced to be considering the divestiture of further parts of its passive mobile communications infrastructure portfolio on 10 September 2019. One possible scenario is the sale of rooftop sites to the Telefónica S.A. subsidiary Telxius. The currently attractive valuations for structural network infrastructure provide Telefónica Deutschland with the opportunity to further enhance our financial flexibility.

On October 30, 2019, we entered into a **fixed network cooperation with Tele Columbus**. The partnership gives Telefónica Deutschland long-term access to Tele Columbus' cable and fiber optic networks, enabling us to provide our customers with data speeds of up to 1 Gbit/s per cable and fiber in the future. With 2.3 million households currently supplied with IP products via its cable and fiber-optic networks, Tele Columbus is one of the leading fiber network operators in Germany. Following the nationwide fixed network agreement concluded with Vodafone in May 2019 for exclusive high-speed Internet access to 24 million households in Germany and the extensive cooperation with Deutsche Telekom in the fixed-network area that has existed for years, the cooperation with Tele Columbus further strengthens our position in access to future-proof fixed network infrastructure.

We also continue to push ahead with **digital innovations** in the network space. In the third quarter of the fiscal year, for example, Telefónica Deutschland signed a contract with Discovergy to equip all mobile communications sites with electronic recording of electricity consumption. The latest **smart meter technology** enables significant energy cost saving, while also protecting the environment. Smart meters can be used to accurately identify consumption variances, so that system failures can be anticipated (‘**predictive maintenance’).** In addition, automated invoice verification with actual consumption values can take place.

In July, Telefónica Deutschland also signed a contract with Berliner Verkehrsbetriebe (BVG) for the further expansion of Berlin's subway network with modern mobile communications technology. This includes a further consolidation and adaptation of the mobile radio capacities to the requirements of the users in the coming years. The technical expansion is made possible by so-called “Base Transceiver Station (BTS) hotels" which provide users on the subway lines with fast data services centrally and very flexibly. The **"BTS hotels"** are centrally located operating rooms that bundle all mobile radio stations at one location. From there, the mobile radio capacities are brought to the antennas via fibre optics as required. This in turn enables almost loss-free distribution of the mobile radio capacities to the surrounding tunnels and platforms. We expect the first “BTS hotel” to be completed in November 2019.

Transformation update

Our four-year (2019 – 2022) **transformation programme Digital4Growth** has a clear focus on customer experience in the digital age. We are striving for continued profitable growth by capturing additional revenue growth opportunities in our core business, while also pushing into new business areas such as those arising from e-SIM capabilities, Advanced Data Analytics (ADA) or the Internet-of-Things (IoT). We also target efficiency gains from the further automation and digitalisation of processes, thus becoming **'simpler, faster and better'**.

We reiterate our transformation goal of capturing an additional EUR 600 million of gross OIBDA between 2019 & 2022, including growth and efficiency gains. In 2019, we foresee an additional ~EUR 40 million gross gains at OIBDA level, with a significant ramp up throughout the year and in the outer years. Upfront transformation investments are expected to gradually fade out over the duration of the programme.

In the first nine months of the year, transformation invest was mainly related to omni-channel initiatives and the further optimisation of our churn analytics capabilities. In the nine months period, ~EUR 25 million of gross transformation benefits were delivered (~EUR 10 million in Q3), mainly from our successful initiatives in the market.

Commercial update

Commercial activities in the third quarter of the fiscal year supported our successful ARPU-up strategy, reflected in positive trends in trading and churn. The following product innovations were implemented in Q3:

- On October 8, we launched **O_2 You**, a combined offer consisting of an O_2 mobile telephony plan terminable on a monthly basis and an O_2 My Handy purchase contract. O_2 customers can customise their desired contract conditions (device and amount of one-time deposit, duration of the instalment and high-speed data volume per month) using an online configurator with more than 50 possible combinations.
- From 27 August, O_2 customers are able to surf with the **O_2 HomeSpot** in three new **O_2 my Data Spot tariffs** at speeds of up to 225 Mbps via the O_2 LTE network:
  - **Unlimited tariff** for EUR 39.99/month (24-month minimum contract period)
  - **O_2 my Data Spot with 100 GB** for 29.99 Euro/month (24 months minimum contract term)
  - **O_2 my Data Spot Flex** for 9.99 Euro and a regular 10 GB high-speed data volume per week. O_2 existing customers can even consume 25 GB within seven days.

  The O_2 HomeSpot can connect up to 64 devices with secure WLAN and is available in combination with the O_2 my Data Spot 100 GB or Unlimited tariff for a one-time fee of EUR 25. With the O_2 my Data Spot Flex, the O_2 HomeSpot comes with a one-time fee of EUR 145. Alternatively, Flex customers can pay off the LTE router in 24 monthly instalments of EUR 5 plus a EUR 25 deposit.

We also received several awards in Q3 2019:

- **O_2 DSL:**
  - For the second year in a row, O_2 was awarded the title of **Price-performance winner** in the broadband test by trade journal COMPUTER BILD (August 2019)
  - **"Good" rating** and second position for O_2 among the three tested national providers in the test of the trade journals PC Go and PC Magazin – behind Deutsche Telekom and in front of Vodafone (August 2019)
- **Financial Award 2019 for O_2 Banking** (July 2019)
  - Since July 2016, Telefónica Deutschland, in cooperation with Fidor Bank AG, has been offering a completely mobile and full-value bank account. With the help of the O_2 Banking app, users can access their current account easily, securely and free of charge
  - O_2 banking excelled with quality in terms of performance and service and was awarded with the Financial Award 2019 in the category "Giro account by app" by FMH-Finanzberatung
- **Telefónica Deutschland's Kite Platform awarded as product of the year in "funkschau-Leserwahl"** (reader choice of funkschau magazine in October 2019)
  - In the category "Network and security: IoT services and platforms" the kite platform was able to prevail against numerous competitors
  - The Kite Platform is the fundamental component of Telefónica Deutschland's IoT portfolio and provides all business customers with a complete solution for managing and monitoring all IoT and M2M activities of their enterprise

Financial outlook 2019

Telefónica Deutschland results for the first nine months of 2019 were in line with expectations in the context of quarterly phasing. Thus, we re-iterate our full-year 2019 outlook. We foresee continued positive momentum in trading and total revenue, depending on the commercial environment in Q4. Where exactly within the guidance range OIBDA will come out depends on a couple of factors in Q4, such as market dynamics, commercial & transformation invest as well as ongoing business topics with suppliers & partners.

Effects from the implementation of IFRS16 as of 1 January 2019 are not reflected in the financial outlook[10]

	Baseline 2018	Outlook 2019	9M 2019
Revenue	EUR 7,320 million	Broadly stable y-o-y (excl. negative regulatory effects of EUR 60-70 million)	+2.1% y-o-y
OIBDA Adjusted for exceptional effects[11]	EUR 1,884 million	Broadly stable to slightly positive y-o-y (excl. negative regulatory effects of EUR 40-50 million)	+0.8% y-o-y as per IAS 17 reporting ---- +25.4% y-o-y as per IFRS 16 reporting
Capex[12] to Sales Ratio	13.2%	Approx. 13-14%	14.4%
Dividend	EUR 0.27/share Payout for FY 2018 in May 2019	High pay-out ratio over FCF	N/A

Telefónica Deutschland remains committed to an attractive shareholder remuneration; we maintain high confidence in our FCF generation ability and our dividend policy is unchanged since the IPO.

[10] For more information, please refer to the materials of the quarterly reporting during the period
[11] Exceptional effects such as restructuring costs or the sale of assets are excluded
[12] Excluding additions from capitalised right-of-use assets (as of 1 January 2019) and excluding additions from capitalised finance leases (till 31 December 2018)

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Telefónica Deutschland operating performance in the first nine months of 2019

As of 30 September 2019 Telefónica Deutschland's **customer accesses** reached 48.0 million (+1.6% year-on-year), of which there were 43.6 million[13] mobile accesses (+1.3% year-on-year). **Mobile postpaid** grew by +5.8% year-on-year and came to 23.3 million customers. At the end of September, mobile postpaid accounted for 53.4% of our total mobile base, a plus of +2.3 percentage points year-on-year. The **mobile prepaid** base showed a further stabilisation trend and amounted to 20.3 million customers, a decline of only -3.4% year-on-year versus -4.1% in Q2 2019. In fixed, the **DSL retail** customer base totalled 2.2 million accesses, a year-on-year growth of +6.8% driven by strong demand for VDSL. The **VDSL** base increased by +16.6% year-on-year to 1.6 million accesses, representing 74% of our fixed retail base.

Mobile postpaid registered a strong increase of +999 thousand net additions in 9M 2019 compared to +723 thousand net additions in the same period of the previous year; +392 thousand of these were generated in the third quarter versus+233 thousand in Q3 2018. Steady underlying customer demand for the O_2 Free portfolio was further supported by commercial invest to position the O_2 brand and to drive ARPU-up. In addition, the contribution from partner brands remained strong and delivered 61% of gross additions in the nine months period, supported by a 4G focus and the related migrations to Telefónica Deutschland network.

Mobile prepaid saw a further stabilisation with -210 thousand net disconnections in the nine month period 2019, compared to -829 thousand in 9M 2018, still as a result of reduced demand in prepaid following regulatory changes and the general market trend towards postpaid. Q3 confirmed the signs of improving churn from the previous quarter and posted net disconnections of only -3 thousand (-145 thousand in Q3 2018).

Postpaid churn stood at -1.5% both at the end of September and Q3, a slight improvement of +0.1 percentage points in 9M 2019 and stable year-on-year in the third quarter. O_2 consumer postpaid churn saw a further slight year-on-year improvement to -1.3% in the January to September period and to -1.4% in Q3 2019. The implied annualised churn rates of -15.7% for 9M again goes beyond our 2 p.p. target for 2022 (vs. -18.0% at FY 2017).

Smartphone penetration[14] was 69.3% at the end of September across brands and segments, +4.4 percentage points year-on-year.

The **LTE customer base** accelerated growth to +21.8% year-on-year reaching 20.9 million accesses as of 30 September 2019, fuelled by the sustained demand for high-speed mobile data services. LTE-penetration across the base reached 49.3%, up +8.3 percentage points year-on-year. LTE penetration in postpaid continues to be significantly higher (~66%).

The **fixed retail broadband customer base** climbed by +6.8% year-on-year and totalled approx. 2.2 million accesses. In the first nine months of 2019 we registered +114 thousand net additions, thereof +31 thousand in Q3 driven by the strong traction of the VDSL portfolio. VDSL posted +178 thousand net additions from January to September and +53 thousand in the third quarter.

[13] Based on 6 months inactivity accounting, mobile customer base stood at 45.7 million accesses and our total access base reached 50.1 million

[14] Defined as the number of active mobile data tariffs over total mobile customer base, excluding M2M and data-only accesses

ARPU trends continue to show the impact of the expected regulatory drag (see outlook 2019). Visible ARPU accretive effects from the O_2 Free portfolio and new value-added services are also still partially offset by easing legacy base effects. Nevertheless, the blended mobile ARPU came to EUR 10.0 in the first nine months of 2019 and EUR 10.2 in the July to September period, a plus of +0.2% for both periods. **Postpaid ARPU** fell -3.5% year-on-year to EUR 14.3 in the first nine months and -3.6% year-on-year (from -3.3% year-on-year in Q2 2019) to EUR 14.4 in Q3 2019. **Prepaid ARPU** stood at EUR 6.0 in the January to September period and to EUR 6.2 in the third quarter, a plus of +3.3% and +3.6% year-on-year respectively.

The **fixed retail ARPU** reached EUR 23.3 in the first nine months of the year and Q3 respectively (-5.3% year-on-year in 9M and -5.0% in Q3) and reflects the year-on-year higher customer base as well as a higher share of bundles in the customer base.

Telefónica Deutschland financial performance in the first nine months of 2019

Revenue came in at EUR 5,429 million in the first nine months of 2019, a plus of +1.4% year-on-year (EUR 1,865 million in the third quarter, +1.9% year-on-year) helped by continued strong demand for handsets and further improving MSR performance after the turnaround in Q2 2019. **Excluding negative regulatory effects** of EUR -39 million (mainly MTR)[15], revenue rose **+2.1% year-on-year in the first nine months to EUR 5,468 million and +2.7% year-on-year in Q3 reaching EUR 1,879 million.**

Mobile service revenue[16] continued to improve and totalled EUR 3,960 million (+0.6% year-on-year) in January to September period and EUR 1,361 million (+1.6% year-on-year) in Q3. We are seeing positive effects from the O_2 Free new connector ARPU, while headwinds from legacy base rotation and retention activities are gradually easing. Excluding negative regulatory effects of EUR -36 million in 9M (EUR -14 million in Q3), **underlying mobile service revenue accelerated to +1.5% year-on-year in the first nine months of the year and +2.7% year-on-year in the third quarter.** Underlying mobile service revenue reached **EUR 3,996 million in the January to September period and EUR 1,374 million in the third quarter**.

Mobile data revenue grew +4.6% year-on-year to EUR 2,270 million in the first nine months of 2019 and +6.1% year-on-year to EUR 790 million in the July to September period, a reflection of the unabated LTE adoption and customer demand for larger data bundles. As a percentage of data revenues, non-SMS data revenues increased +5.6 percentage points year-on-year to 90.7% in the first nine months of the year.

Handset revenue rose +10.5% year-on-year to EUR 914 million in the January to September period, and +6.4% year-on-year at EUR 318 million in the third quarter of the year with continued strong demand for high-value smartphones while year-on-year comps were tougher in Q3.

Fixed revenue reached EUR 552 million (-5.2% year-on-year) as per end of September and slowed its decline in the third quarter of 2019, reaching EUR 185 million (-3.2% year-on-year versus -3.5% in Q2 2019). **Fixed retail revenue** saw a slight decrease of -1.5% year-on-year until September and grew +0.3% year-on-year in Q3, reflecting the year-on-year higher customer base as well as a higher share of bundles in the customer base.

Other income came to EUR 120 million in the first nine months of 2019 (+2.6% year-on-year) and EUR 42 million (-13.5% year-on-year) in Q3 and is mainly related to the capitalisation of network rollout costs.

[15] Mobile termination rates were lowered to EURc 0.95 per minute from EURc 1.07 per minute as of 1 Dec 2018

[16] Mobile service revenues include base fees and fees paid by our customers for the usage of voice, sms and mobile data services. Also, access and interconnection fees as well as other charges levied on our partners for the use of our network are included

Operating expenses declined -6.5% year-on-year in 9M and -7.0% year-on-year in Q3 driven by the implementation of IFRS 16 accounting standards and its impact on operating lease expenses further helped by lower supplies as well as integration and transformation benefits. Operating expenses thus totalled EUR 3,877 million and EUR 1,319 million respectively and include exceptional[17] effects of EUR 24 million in 9M (EUR 2 million in Q3), mainly related to remaining rental obligations in the mobile and the legacy fixed network. According to IAS 17, exceptional effects[18] were EUR 48 million in 9M and EUR 8 million in Q3.

- **Supplies** fell -3.9% year-on-year in 9M and came to EUR 1,679 million vs -6.0% year-on-year and EUR 584 million in Q3. Hardware cost of sales (53% of supplies in the January to September period) were higher year-on-year in line with the strong demand for handsets, while connectivity-related cost of sales (44% of supplies in first nine months of 2019) came in lower year-on-year, as higher wholesale costs for outbound roaming and international calls within the EU were more than compensated by lower costs for voice termination.

- **Personnel expenses** adjusted for restructuring costs of EUR -5 million decreased by -1.3% year-on-year in 9M 2019 to EUR 442 million primarily on the back of a lower FTE base versus prior year. Q3 was flat year-on-year (-0.3% in year-on-year) at EUR 146 million adjusted for restructuring costs of EUR +1 million (compared to EUR -2 million in the previous year).

- **Other operating expenses[19]** included exceptional[17, 18] effects of EUR -19 million and totalled EUR 1,751 million in the nine months period (EUR -3 million and EUR 590 million respectively in Q3). The significant decline of -10.2% year-on-year in 9M (-9.1% in the third quarter) is due to the implementation of IFRS16 accounting standards and the resulting impact on operating lease expenses. Commercial costs and non-commercial costs made up 66% and 32% respectively in the January to September period.

[17] Exceptional effects were EUR 24 million of restructuring expenses in the period January to September 2019 (EUR 48 million based on IAS 17)

[18] The difference between restructuring charges under IAS 17 and IFRS 16 is due to the fact that certain IAS 17 operating lease commitments require the recognition of provisions, whereas those are recognised as lease liabilities under IFRS 16

[19] Includes other expenses and impairment losses in accordance with IFRS 9

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Operating Income before Depreciation and Amortisation (OIBDA) adjusted for exceptional[20] and regulatory effects[21] amounted to EUR 1,384 million based on IAS 17, +0.8% year-on year in the first nine months of 2019 (EUR 482 million, +0.9% year-on-year in Q3). As per IFRS 16 accounting standards underlying[21, 22] OIBDA grew +25.4% year-on-year to EUR 1,721 million in the January to September period (+25.8% year-on-year to EUR 601 million in Q3).

Please be aware that public consensus figures tend to mix IAS 17 and IFRS 16 estimates for our company this year; you will find regular updates of the full-year, company-gathered consensus under both accounting standards on our website: https://www.telefonica.de/investor-relations-en/share/analyst-recommendation.html.

Exceptional effects[21] consists of restructuring costs mainly related to remaining network rental agreements and provisions for severance payments. Regulatory effects made up EUR -25 million in the first nine months (EUR -10 million in Q3), mainly related to usage elasticity effects from the EU roaming and international calls regulation, with the latter coming into effect as of 15 May 2019. Including those exceptional and regulatory effects, OIBDA-based on IFRS 16 reached EUR 1,696 million, +23.6% year-on-year in the first nine months of 2019 (EUR 590 million; +23.6% year-on-year in Q3). Telefónica Deutschland continued to invest into the market and in transformation to keep the momentum up and to generate sustainable revenue growth. We saw early **transformation savings of ~EUR 25 million in the first nine months of 2019 (~EUR 10 million in Q3)**, as well as **remaining roll-over effects from integration synergies of ~EUR 35 million (~EUR 5 million in Q3)**.

The underlying OIBDA margin[21, 22] expanded by +5.8 percentage points year-on-year to 31.5% in 9M 2019 under IFRS 16.

Group fees came to EUR 25 million in the first nine months of the year and to EUR 8 million in the third quarter of 2019.

Depreciation & Amortisation totalled EUR 1,813 million in the January to September period, a growth of +28.0% year-on-year, driven by the implementation of IFRS 16 as a bulk of the operating lease expenses become Right-of-Use assets on the balance sheet. As per IAS 17, Depreciation & Amortisation amounted to EUR 1,447 million, +2.2% y-o-y, mainly due to the shortened useful life of network equipment as a result of the network integration.

The **operating loss** for the first nine months of 2019 came to EUR -141 million versus an operating loss of EUR -92 million in the same period of 2018.

The net financial expenses for 9M amounted to EUR -39 million compared to EUR -31 million in the prior year.

The Company reported no material **income tax expenses** in the first nine months of 2019.

[20] Exceptional effects were EUR 24 million of restructuring expenses in the period January to September 2019 (EUR 48 million based on IAS 17). The difference between restructuring charges under IAS 17 and IFRS 16 is due to the fact that certain IAS 17 operating lease commitments require the recognition of provisions, whereas those are recognised as lease liabilities under IFRS 16

[21] Regulatory effects amounted to EUR -25 million in the period January to September 2019

The net loss in 9M 2019 was EUR -180 million, compared to a net loss of EUR -123 million in the same period of the prior year.

CapEx[22] reached EUR 782 million reflecting continued focus on customer experience with the LTE roll-out in full swing, including synergies of EUR ~35 million in the first nine months with a **C/S ratio of 14.4%**. CapEx came to EUR 286 million in Q3 with a C/S ratio of 15.3% on the basis of quarterly phasing.

Operating cash flow (OIBDA minus CapEx[23]) for 9M period was EUR 890 million (+52.4% year-on-year), as a result of the in-year phasing of Capex[23] and more importantly the positive IFRS 16 impacts on OIBDA.

Free cash flow (FCF)[23] including the dividend payment of EUR 803 million for the financial year 2018 came to EUR -170 million for 9M 2019 under IFRS 16. Lease payments, primarily for leased lines and antenna sites, which are capitalised under IFRS 16, amounted to EUR 399[24] million. As a result, normalised FCF under IAS 17 stood at EUR 234 million in the first nine months of the year compared to EUR 301 million in the prior year with the usual seasonal phasing. We maintain strong confidence in our ability to generate FCF growth.

Working capital movements and adjustments were negative in the amount of EUR -210 million. This developments was mainly driven by prepayments for incidental lease costs, low value and short term leases in connection with leased line and mobile site rental and other prepayments (EUR -72 million), a reduction in restructuring provisions (EUR -21 million) as well as other working capital movements in the amount of EUR -144 million. The latter include silent factoring transactions for handset receivables in the gross amount of EUR 503 million, which were outweighed by other working capital movements, including a reduction in trade and other payables and inventories.

Following the dividend payment for the financial year 2018 of EUR 803 million in May, **consolidated net financial debt**[25] under IFRS 16 reached EUR 4,206 million as of 30 September 2019 with a leverage ratio of 1.8x[26]. Under IAS 17, leverage stood at 0.9x and is thus in line with the self-defined target of at or above 1.0x.

We will review our self-defined leverage target by year-end to reflect IFRS 16 accounting standards as well as the upcoming 5G investments, whilst maintaining our BBB investment grade rating from Fitch.

Fitch has confirmed our BBB Rating on 09 September 2019 and said new spectrum payment terms improve rating headroom.

22 Excluding additions from capitalised right-of-use assets (as of 1 January 2019) and excluding additions from capitalised finance leases (till 31 December 2018)

23 Free cash flow pre dividends and payments for spectrum (FCF) is defined as the sum of cash flow from operating activities and cash flow from investing activities and does not contain payments for investments in spectrum as well as related interest payments

24 Includes EUR 406 million of lease payments under IFRS 16 and -EUR 6 million of former IAS 17 finance lease payments

25 Net financial debt includes current and non-current interest-bearing financial assets and interest-bearing liabilities as well as cash and cash equivalents and excludes the payables for the spectrum auction

26 Non-audited. Leverage ratio is defined as net financial debt divided by the OIBDA for the last twelve months adjusted for exceptional effects. Thus, leverage under IFRS 16 is calculated based on an extrapolated rolling 12-month OIBDA. It will only be possible to report a leverage ratio based on actuals under IFRS 16 with the publication of the financial statements for 2019

Telefónica Deutschland

APPENDIX – DATA TABLES

TELEFÓNICA DEUTSCHLAND GROUP

ACCESSES

Unaudited

	2019			2018			
(in thousands)	**Q1**	**Q2**	**Q3**	**Q1**	**Q2**	**Q3**	**Q4**
Final clients accesses	47,202	47,556	48,011	47,011	47,172	47,268	47,089
Fixed telephony accesses	2,041	2,078	2,114	1,969	1,959	1,966	1,996
Internet and data accesses	2,248	2,260	2,290	2,266	2,251	2,253	2,275
Narrowband	124	98	96	206	203	198	195
Broadband	2,124	2,162	2,193	2,060	2,048	2,054	2,080
thereof VDSL	*1,507*	*1,566*	*1,619*	*1,243*	*1,330*	*1,389*	*1,441*
Mobile accesses	42,913	43,218	43,607	42,777	42,962	43,049	42,819
Prepaid	20,332	20,335	20,332	21,346	21,198	21,052	20,543
Postpaid	22,581	22,883	23,275	21,431	21,764	21,997	22,276
thereof M2M (1)	*1,210*	*1,154*	*1,179*	*1,067*	*1,103*	*1,135*	*1,188*
Postpaid (%)	52.6%	52.9%	53.4%	50.1%	50.7%	51.1%	52.0%
Smartphone penetration (%) (2)	66.6%	67.9%	69.3%	62.0%	63.5%	64.9%	66.0%
LTE customers (3)	19,254	20,175	20,905	16,094	16,596	17,157	18,434
Wholesale accesses (4)	–	–	–	63	8	0	–
Total accesses	**47,202**	**47,556**	**48,011**	**47,075**	**47,180**	**47,268**	**47,089**

(1) Includes a revenue-neutral technical base correction in Q2 2019.

(2) Smartphone penetration is calculated based on the number of customers with a smallscreen tariff (e.g. for smartphones) divided by the total mobile customer base, less M2M and customers with a bigscreen tariff (e.g. for surfsticks, dongles, tablets).

(3) LTE customer defined customer with LTE enabled handset & LTE tariff.

(4) Wholesale accesses incorporate unbundled lines offered to 3rd party operators, including wirelines telephony and high-speed Internet access.

	2019			2018			
(in thousands)	**Q1**	**Q2**	**Q3**	**Q1**	**Q2**	**Q3**	**Q4**
Mobile accesses; alternative calculation base (5)	45,123	45,292	45,696	45,285	45,201	45,383	45,256
Prepaid	22,192	22,070	22,066	23,508	23,122	23,039	22,627
Postpaid	22,931	23,222	23,630	21,777	22,079	22,344	22,629
Mobile accesses; alternative calculation base (5) without M2M	43,913	44,138	44,517	44,218	44,097	44,248	44,068

(5) At the beginning of 2017 Telefónica Deutschland introduced an additional methodology for counting mobile accesses. It takes into account an alternative definition of the time window for counting inactive prepaid customers (six months).

TELEFÓNICA DEUTSCHLAND GROUP

SELECTED OPERATIONAL DATA

Unaudited

	2019			2018			
	Q1	Q2	Q3	Q1	Q2	Q3	Q4
ARPU (in euros) (1)	9.8	10.0	10.2	9.8	10.0	10.2	10.1
Prepaid	5.7	5.9	6.2	5.6	5.8	6.0	6.0
Postpaid excl. M2M	14.2	14.4	14.4	14.8	14.8	15.0	14.8
Data ARPU (in euros)	5.7	5.8	6.1	5.4	5.6	5.8	5.8
% non-SMS over data revenues (2)	90.4%	90.4%	91.1%	85.0%	84.1%	85.9%	86.3%
Voice Traffic (m min) (3)	26,017	26,747	26,460	23,341	24,554	23,899	25,616
Data Traffic (TB) (4)	193,007	226,753	252,522	126,040	151,620	165,440	179,250
Churn (%)	1.9%	1.8%	1.9%	2.2%	1.8%	2.0%	2.3%
Postpaid churn (%) excl. M2M	1.6%	1.5%	1.5%	1.7%	1.5%	1.6%	1.8%

Notes:

(1) ARPU (average revenue per user) is calculated as monthly average of the quarter.

(2) % non-SMS over data revenues in relation to the total data revenues.

(3) Voice Traffic is defined as minutes used by the company customers, both outbound and inbound. Only outbound on-net traffic is included, inclusive of promotional traffic. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is excluded. Traffic volume is non rounded.

(4) Data traffic is defined as Terabytes used by the company customers, both upload and download (1TByte = 10^12 bytes). Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is also included. Traffic volume non-rounded.

TELEFÓNICA DEUTSCHLAND GROUP

CONSOLIDATED INCOME STATEMENT

Unaudited

	July 1 to September 30				January 1 to September 30			
(Euros in millions)	2019	2018	Change	% Change	2019	2018	Change	% Change
Revenues	**1,865**	**1,830**	**35**	**1.9**	**5,429**	**5,355**	**74**	**1.4**
Revenues (excl. regulatory effects 2019)	**1,879**	**1,830**	**49**	**2.7**	**5,468**	**5,355**	**113**	**2.1**
Mobile business	**1,679**	**1,638**	**41**	**2.5**	**4,874**	**4,764**	**110**	**2.3**
Mobile service revenues	1,361	1,339	22	1.6	3,960	3,937	23	0.6
Mobile service revenues (excl. regulatory effects 2019)	1,374	1,339	35	2.7	3,996	3,937	59	1.5
Handset revenues	318	299	19	6.4	914	827	87	10.5
Fixed business	**185**	**191**	**(6)**	**(3.2)**	**552**	**582**	**(30)**	**(5.2)**
Other revenues	**1**	**1**	**(0)**	**(16.1)**	**3**	**9**	**(6)**	**(65.7)**
Other income	**42**	**49**	**(7)**	**(13.5)**	**120**	**117**	**3**	**2.6**
Operating expenses	**(1,319)**	**(1,418)**	**99**	**(7.0)**	**(3,877)**	**(4,148)**	**271**	**(6.5)**
Supplies	(584)	(622)	37	(6.0)	(1,679)	(1,747)	68	(3.9)
Personnel expenses	(145)	(148)	3	(2.1)	(447)	(451)	4	(0.8)
Impairment losses in accordance with IFRS 9	(19)	(14)	(5)	31.8	(56)	(54)	(2)	3.9
Other expenses	(571)	(635)	63	(10.0)	(1,696)	(1,897)	201	(10.6)
thereof Group fees	(8)	(9)	1	(7.1)	(25)	(28)	3	(9.1)
Operating income before depreciation and amortization (OIBDA)	**588**	**461**	**128**	**27.7**	**1,672**	**1,324**	**348**	**26.3**
OIBDA margin	31.6%	25.2%		6.4%-p.	30.8%	24.7%		6.1%-p.
Exceptional effects (1)	(2)	(17)	15	(89.0)	(24)	(49)	25	(50.3)
OIBDA adjusted for exceptional effects (1)	**590**	**478**	**113**	**23.6**	**1,696**	**1,373**	**324**	**23.6**
OIBDA margin adjusted for exceptional effects	31.7%	26.1%		5.6%-p.	31.2%	25.6%		5.6%-p.
OIBDA adjusted for exceptional effects (1) (excl. regulatory effects 2019)	**601**	**478**	**123**	**25.8**	**1,721**	**1,373**	**348**	**25.4**
OIBDA margin adjusted for exceptional effects (excl. regulatory effects 2019)	32.0%	26.1%		5.9%-p.	31.5%	25.6%		5.8%-p.
Depreciation and amortization	(599)	(479)	(120)	25.0	(1,813)	(1,416)	(397)	28.0
Operating income	**(10)**	**(18)**	**8**	**(42.9)**	**(141)**	**(92)**	**(49)**	**53.0**
Net financial income (expense)	**(14)**	**(12)**	**(2)**	**14.1**	**(39)**	**(31)**	**(8)**	**27.4**
Profit (loss) before tax for the period	**(24)**	**(30)**	**6**	**(20.0)**	**(180)**	**(123)**	**(57)**	**46.6**
Income tax	0	0	(0)	(39.9)	0	0	0	86.8
Total profit for the period	**(24)**	**(30)**	**6**	**(19.9)**	**(180)**	**(123)**	**(57)**	**46.6**
Number of shares in millions as of end of period date	2,975	2,975	–	–	2,975	2,975	–	–
Basic earnings per share (in euros) (2)	(0.01)	(0.01)	0	(19.9)	(0.06)	(0.04)	(0)	46.6
CapEx total (3)	(286)	(316)	30	(9.4)	(782)	(740)	(42)	5.7
thereof CapEx (4)	(286)	(312)	26	(8.4)	(782)	(732)	(49)	6.8
thereof additions from capitalised finance leases	–	(3)	3	(100.0)	–	(8)	8	(100.0)
Additions from capitalised right-of use assets	(37)	–	(37)	(>100,0)	(184)	–	(184)	(>100,0)
CapEx/Sales ratio (5)	15.3%	17.2%		(1.9%-p.)	14.4%	13.8%		0.6%-p.
Operating cash flow (OIBDA-CapEx) (6)	302	148	154	>100,0	890	592	299	50.5
Free cash flow pre dividends and payments for spectrum (7)	311	217	94	43.1	633	301	331	>100,0

(1) Exceptional effects as of 30 September 2019 include restructuring expenses amounting to EUR 24 million. Exceptional effects as of 30 September 2018 include restructuring expenses amounting to EUR 46 million and acquisition related consultancy costs amounting to EUR 3 million.

(2) Basic earnings per share are calculated by dividing profit (loss) after taxes for the period by the weighted average number of ordinary shares of 2,975m for the years 2019 and 2018.

(3) Excluding additions from business combinations and capitalised costs on borrowed capital for investments in spectrum.

(4) CapEx total excluding additions from captalised finance leases.

(5) The calculation is based on CapEx total.

(6) The calculation is based on CapEx.

(7) Free cash flow pre dividends and payments for spectrum is defined as the sum of the cash flows from operating activities and the cash flows from investing activities and does not contain payments for investments in spectrum as well as related interest payments.

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Telefónica Deutschland

TELEFÓNICA DEUTSCHLAND GROUP

KEY PERFORMANCE INDICATORS - IAS 17 RECONCILIATION

Unaudited

(Euros in millions)	1 July to 30 September 2019 IFRS 16	1 July to 30 September 2019 Adjustments	1 July to 30 September 2019 IAS 17	1 January to 30 September 2019 IFRS 16	1 January to 30 September 2019 Adjustments	1 January to 30 September 2019 IAS 17
Revenues (excl. regulatory effects 2019)	**1,879**	**–**	**1,879**	**5,468**	**–**	**5,468**
OIBDA adjusted for exceptional effects (excl. regulatory effects 2019)	**601**	**(119)**	**482**	**1,721**	**(338)**	**1,384**
OIBDA margin adjusted for exceptional effects (excl. regulatory effects 2019)	32.0%		25.6%	31.5%		25.3%
CapEx/Sales ratio (1)	**15.3%**	**–**	**15.3%**	**14.4%**	**–**	**14.4%**
Net financial debt (2)				**4,206**	**(2,503)**	**1,702**
Leverage ratio (3)				1.8x	(0.9x)	0.9x

(1) The calculation is based on CapEx excluding additions from business combinations, from captalised right-of-use assets and capitalised costs on borrowed capital for investments in spectrum.

(2) Net financial debt includes current and non-current interest-bearing financial assets and interest-bearing financial liabilities as well as cash and cash equivalents.

(3) Unaudited. Leverage ratio is defined as net financial debt divided by the OIBDA for the last twelve months adjusted for exceptional effects. Thus, leverage ratio under IFRS 16 is calculated based on an extrapolated rolling 12-month OIBDA. It will only be possible to report a leverage ratio based on actuals under IFRS 16 with the publication of the financial statements for 2019.

TELEFÓNICA DEUTSCHLAND GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Unaudited

(Euros in millions)	As of 30 September 2019	As of 31 December 2018	Change	% Change
NON-CURRENT ASSETS	**14,556**	**11,061**	**3,496**	**31.6**
Goodwill	1,960	1,960	–	–
Other intangible assets	5,576	4,727	849	18.0
Property, plant and equipment	3,788	3,793	(5)	(0.1)
Right-of-use assets	2,617	0	2,617	(>100,0)
Trade and other receivables	71	70	1	1.2
Other financial assets	123	101	22	21.4
Other non-financial assets	219	206	12	5.9
Deferred tax assets	204	204	–	–
CURRENT ASSETS	**2,445**	**2,736**	**(291)**	**(10.6)**
Inventories	149	261	(112)	(42.8)
Trade and other receivables	1,229	1,301	(72)	(5.6)
Other financial assets	17	9	8	82.8
Other non-financial assets	450	413	37	8.9
Cash and cash equivalents	600	751	(151)	(20.1)
Total assets = Total equity and liabilities	**17,001**	**13,796**	**3,205**	**23.2**
EQUITY	**6,534**	**7,569**	**(1,035)**	**(13.7)**
Common Stock	2,975	2,975	–	–
Additional paid-in capital & retained earnings	3,560	4,594	(1,035)	(22.5)
Equity attributable to owners of the company	6,534	7,569	(1,035)	(13.7)
NON-CURRENT LIABILITIES	**6,641**	**2,901**	**3,740**	**>100,0**
Interest-bearing debt	2,195	2,004	191	9.5
lease liabilites	2,077	0	2,077	(>100,0)
Trade and other payables	15	19	(4)	(21.2)
Payables - spectrum	1,269	0	1,269	(>100,0)
Provisions	690	526	164	31.1
Deferred income	212	176	36	20.1
Deferred tax liabilities	184	177	8	4.3
CURRENT LIABILITIES	**3,826**	**3,326**	**500**	**15.0**
Interest-bearing debt	332	145	188	>100,0
lease liabilites	470	0	470	(>100,0)
Trade and other payables	2,249	2,419	(170)	(7.0)
Payables - spectrum	87	0	87	(>100,0)
Provisions	127	188	(60)	(32.1)
Other non-financial liabilities	113	39	74	>100,0
Deferred income	447	535	(88)	(16.5)

Financial Data				
Net financial debt (1)	4,206	1,129	3,077	>100,0
Leverage (2)	1.8x	0.6x	1.2x	>100,0

(1) Net financial debt includes current and non-current interest-bearing financial assets and interest-bearing financial liabilities as well as cash and cash equivalents.

(2) Unaudited. Leverage ratio is defined as net financial debt divided by the OIBDA for the last twelve months adjusted for exceptional effects. Thus, leverage ratio under IFRS 16 is calculated based on an extrapolated rolling 12-month OIBDA. It will only be possible to report a leverage ratio based on actuals under IFRS 16 with the publication of the financial statements for 2019.

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TELEFÓNICA DEUTSCHLAND GROUP

RECONCILIATION OF FREE CASH FLOW AND RECONCILIATION TO NET DEBT

Unaudited

	2019			2018			
(Euros in millions)	Jan - Mar	Jan - June	Jan - Sept	Jan - Mar	Jan - June	Jan - Sept	Jan - Dec
OIBDA	**514**	**1,084**	**1,672**	**394**	**863**	**1,324**	**1,797**
- CapEX (1)	(252)	(496)	(782)	(182)	(420)	(732)	(958)
= Operating Cashflow (OIBDA-CapEx) (1)	**262**	**588**	**890**	**212**	**443**	**592**	**839**
+/- Other non-cash income / expenses	–	–	–	–	–	(15)	(15)
+/- Change in working capital	**20**	**(228)**	**(210)**	**(184)**	**(343)**	**(253)**	**(79)**
+/- (Gains) losses from sale of assets	(0)	(0)	–	(0)	(0)	(0)	(0)
+/- Proceeds from sale of companies	–	–	–	–	–	–	21
+/- Proceeds from sale of fixed assets and other effects	0	1	0	0	0	0	0
+ Net interest payments	(21)	(26)	(42)	(16)	(19)	(22)	(33)
+ Taxes paid	–	–	–	–	–	–	–
+/- Proceeds / Payments on financial assets	(13)	(12)	(5)	4	3	0	1
+ Acquisition of companies net of cash acquired	(0)	(0)	(0)	(0)	(0)	(1)	(1)
= Free cash flow pre dividends and payments for spectrum (2)	**247**	**322**	**633**	**15**	**84**	**301**	**733**
- Payments for spectrum	–	–	–	–	–	–	–
- Dividends	–	(803)	(803)	–	(773)	(773)	(773)
= Free cash flow post dividends and payments for spectrum	**247**	**(481)**	**(170)**	**15**	**(689)**	**(472)**	**(40)**
Net financial debt at the beginning of the period	1,129	1,129	1,129	1,064	1,064	1,064	1,064
+ Other changes in net financial debt (3)	2,778	2,854	2,907	35	44	55	25
= Net financial debt at the end of the period (incl. Restricted cash)	**3,659**	**4,464**	**4,206**	**1,085**	**1,797**	**1,591**	**1,129**

(1) Excluding additions from business combinations, from captalised right-of-use assets (as of 1 January 2019) respectively from captalised finance leases (till 31 December 2018) and capitalised costs on borrowed capital for

(2) Free cash flow pre dividends and payments for spectrum is defined as the sum of cash flow from operating activities and cash flow from investing activities and does not contain payments for investments in spectrum as well as related interest payments.

(3) Due to IFRS 16 lease liabilities.

	2019			2018			
	Jan - Mar	Jan - June	Jan - Sept	Jan - Mar	Jan - June	Jan - Sept	Jan - Dec
= Free cash flow pre dividends and payments for spectrum (Euros in millions)	247	322	633	15	84	301	733
Number of shares (in millions)	2,975	2,975	2,975	2,975	2,975	2,975	2,975
= Free cash flow per share (in Euros)	0.08	0.11	0.21	0.00	0.03	0.10	0.25

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TELEFÓNICA DEUTSCHLAND GROUP

CONSOLIDATED NET FINANCIAL DEBT EVOLUTION

Unaudited

(Euros in millions)	As of 30 September 2019	As of 31 December 2018	Change %
A Liquidity	**600**	**751**	**(20.1)**
B Current financial assets (1)	**172**	**182**	**(5.6)**
C Current financial debt (2)	**803**	**145**	**>100,0**
D=C-A-B Current net financial debt	**31**	**(788)**	**(>100,0)**
E Non-current financial assets (1)	**97**	**87**	**11.7**
F Non-current financial debt (2)	**4,272**	**2,004**	**>100,0**
G=F-E Non-current net financial debt	**4,174**	**1,917**	**>100,0**
H=D+G Net financial debt (3)	**4,206**	**1,129**	**>100,0**

(1) Current and non-current financial assets include handset receivables not yet due, net investments in the lease (as of 1 January 2019), positive fair value hedges for fixed interest financial liabilities as well as loans to third parties.

(2) Current and non-current net financial debt includes lease liabilities (as of 1 January 2019) respectively finance leases (till 31 December 2018), bonds, promissory notes and registered bonds issued as well as other loans.

(3) Net financial debt includes current and non-current interest-bearing financial assets and interest-bearing financial liabilities as well as cash and cash equivalents.

Note:
Handset receivables are presented in trade and other receivables on the Consolidated Statement of Financial Position.

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Disclaimer:

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Analysts and investors, and any other person or entity that may need to take decisions, or prepare or release opinions about the shares / securities issued by the Company, are cautioned not to place undue reliance on those forward-looking statements, which speak only as of the date of this document. Past performance cannot be relied upon as a guide to future performance.

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