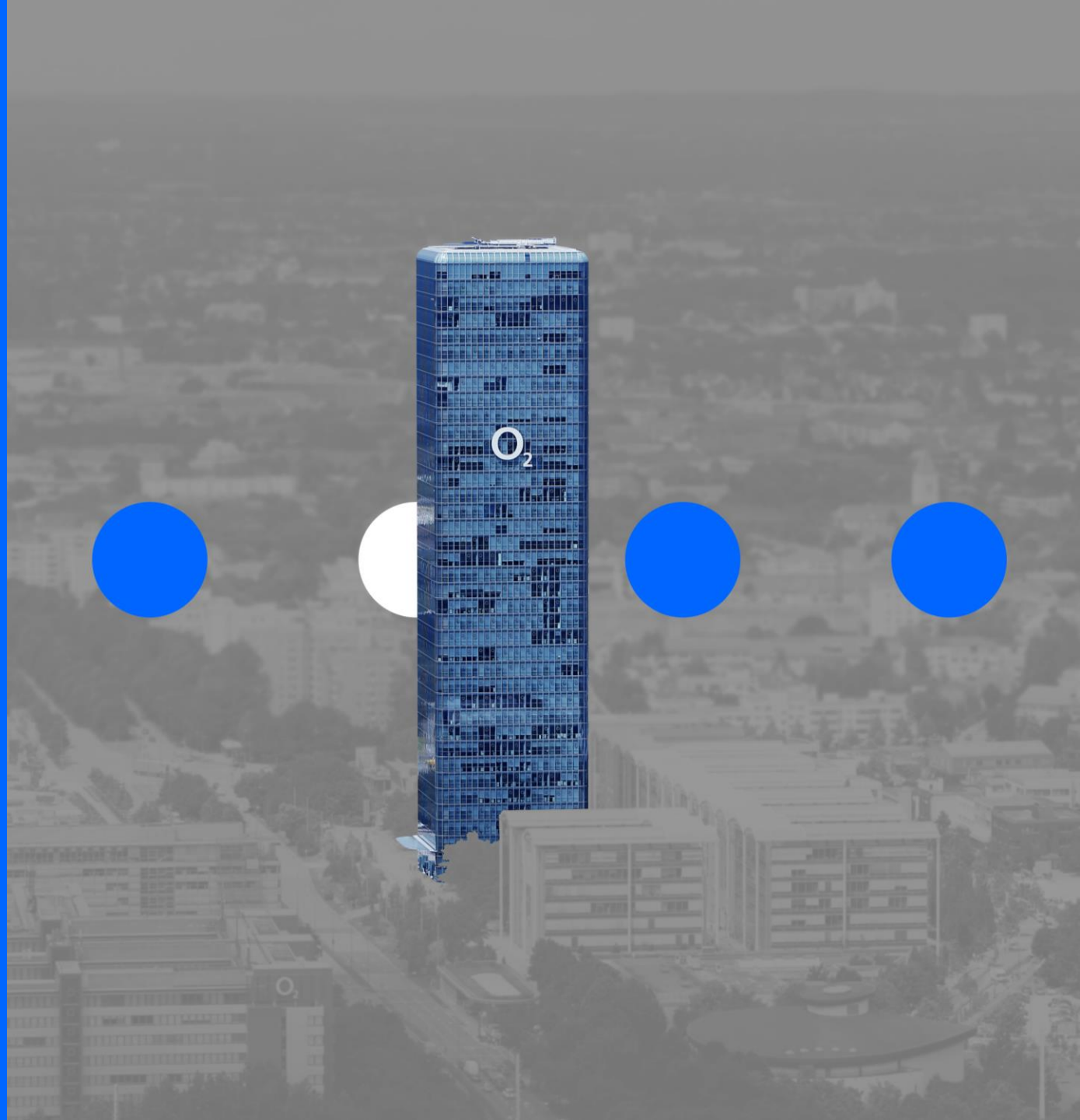


Telefónica Deutschland
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Telefónica Deutschland

Investor presentation

May 2022



Disclaimer

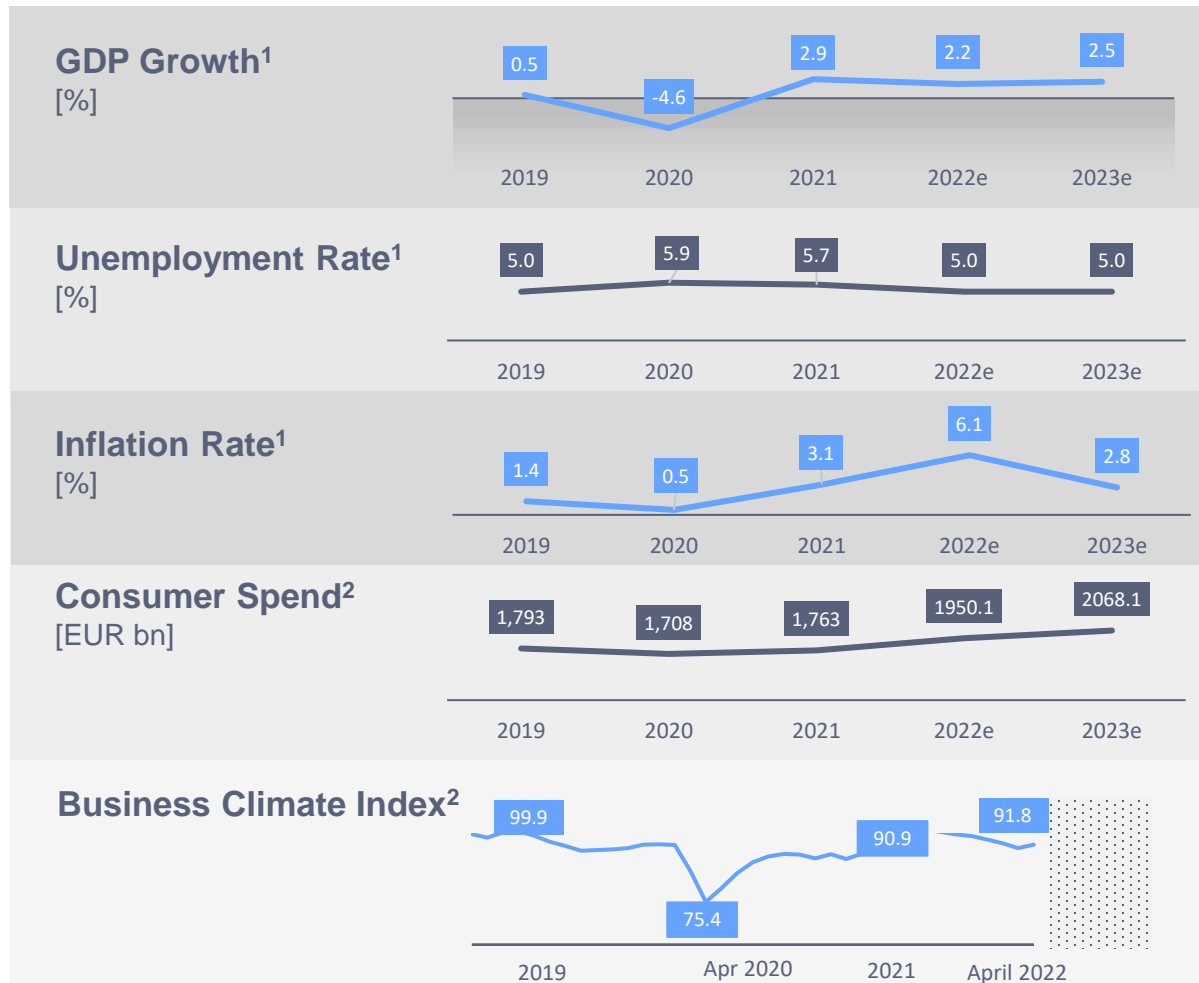


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Key reasons to invest



Robust German economy despite some inflationary pressures



Current Trends

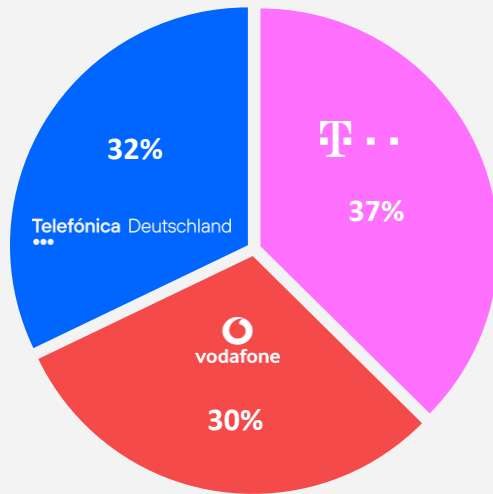
- Dynamic yet rational mobile market
- Data growth with continued CAGR of >50%
- Soft convergent market environment
- 3 strong mobile networks

Future Trends

- 5G use cases & demand to accelerate
- Fixed-Mobile-Substitution becoming increasingly relevant
- Potential 4th urban MNO
- 3 integrated (mobile + fixed) players

Competitive Environment

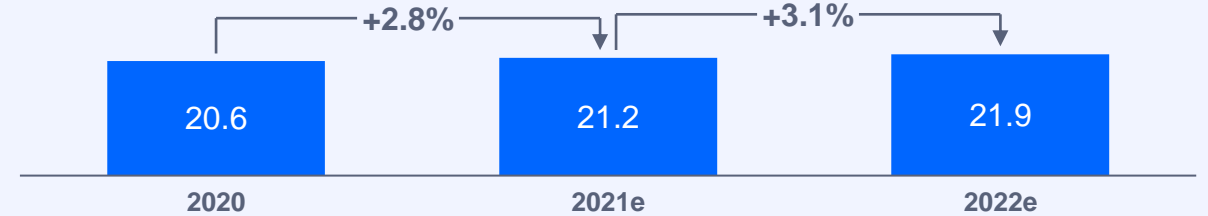
Rational & balanced market¹



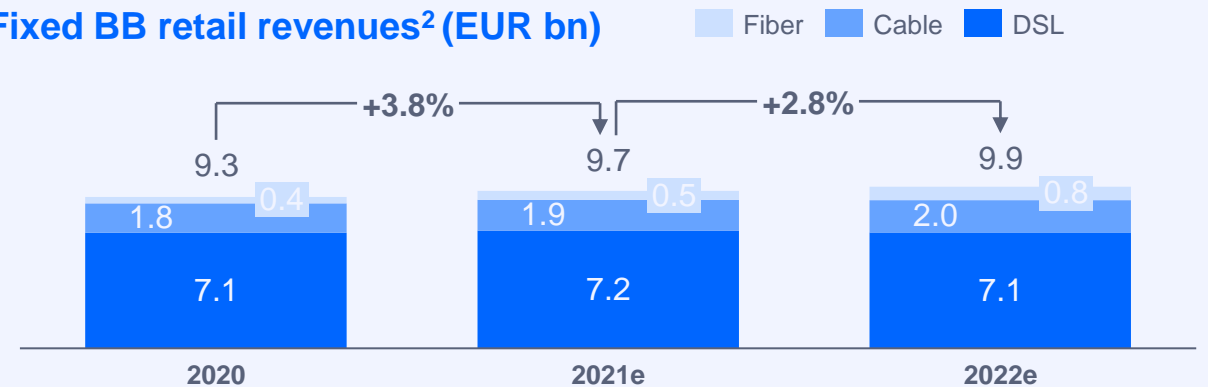
- Rational market following 4 to 3 consolidation
- Tiered mobile portfolios enabling data monetisation

Market development²

Mobile service revenues² (EUR bn)



Fixed BB retail revenues² (EUR bn)



Strong start to FY22

Building on network parity & ESG leadership

We democratise access to the sustainable digital future to create a better everyday life for everyone

Strategy delivery incl. ESG focus

Boost revenues, outperform the market

Mobile Growth



Attack in B2B



Smart Bundling (incl. FMS)



Network parity



Results Q1 2022

Revenue +5.2%

OIBDA¹ +7.2%

Capex/Sales 13.6%

Net Adds² 0.3m

O₂ Churn³ 1.2%

Celebrating
20 years

O₂

¹ Adjusted for exceptional effects ² Postpaid excl. 32k M2M
³ O₂ Postpaid

Top-ranked in ESG

Delivering on key priorities

Environment

"BUILDING A GREENER FUTURE"

Lower carbon economy & digital innovation



Social

"HELPING SOCIETY TO THRIVE"

Supporting customers & communities



Governance

"LEADING BY EXAMPLE"

Running an inclusive, fair & ethical business



ESG-Rankings

Top-ranked in ESG by leading rating agencies well-prepared for EU Taxonomy

Sustainable products & services supporting circular economy

- *Reduce-Repair-Recycle* programme
- Over 17 tons of plastic saved last year
- Elimination of non-recycled plastic in logistics no later than 2025

Humanitarian support for Ukraine

- Free roaming to & from Ukraine
- Free prepaid SIM cards & mobile hotspots
- Equipment support of Ukrainian MNOs
- Job postings on *'UAtalents.com'*
- Matched employee donations to *'Aktionsbündnis Deutschland Hilft'*

Robust governance structure strengthening independency

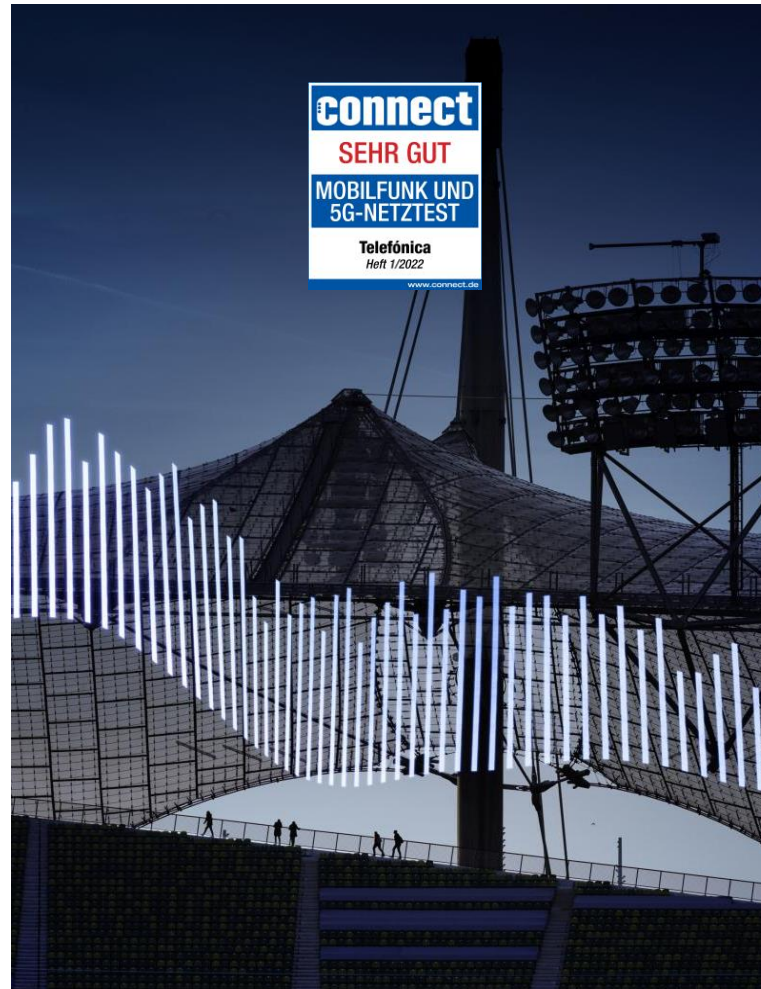
- Supervisory Board well balanced and diverse, with 50% independent share-holder representatives incl. chairperson
- All Supervisory Board committees are headed by independent member



5G investment focus

Well on track to achieve 50% coverage target by YE22

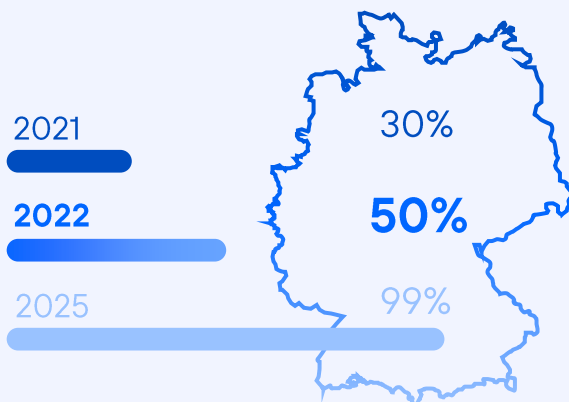
Over **10,000** 5G antennas
of which over **5,000** 5G SA antennas



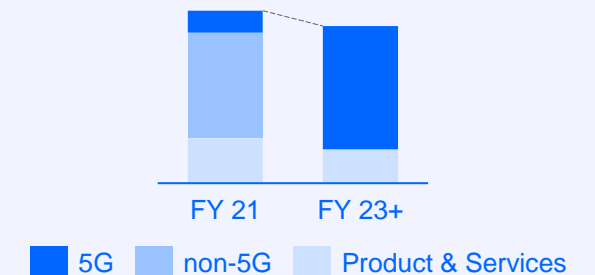
Network sharing initiatives

White spots up to ~6k new sites by YE24
Grey spots ~2k sites by YE22

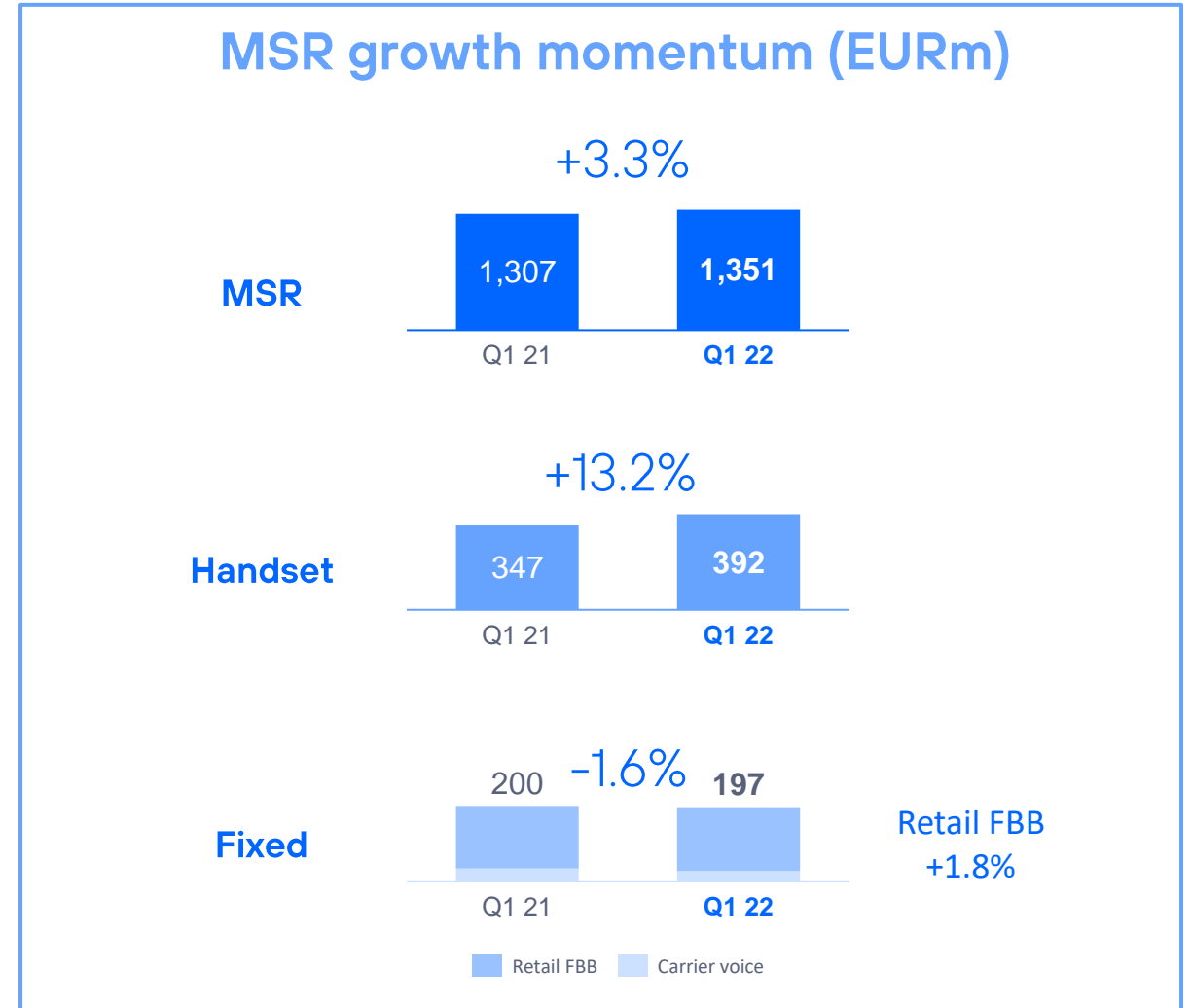
~40%
5G population coverage YTD



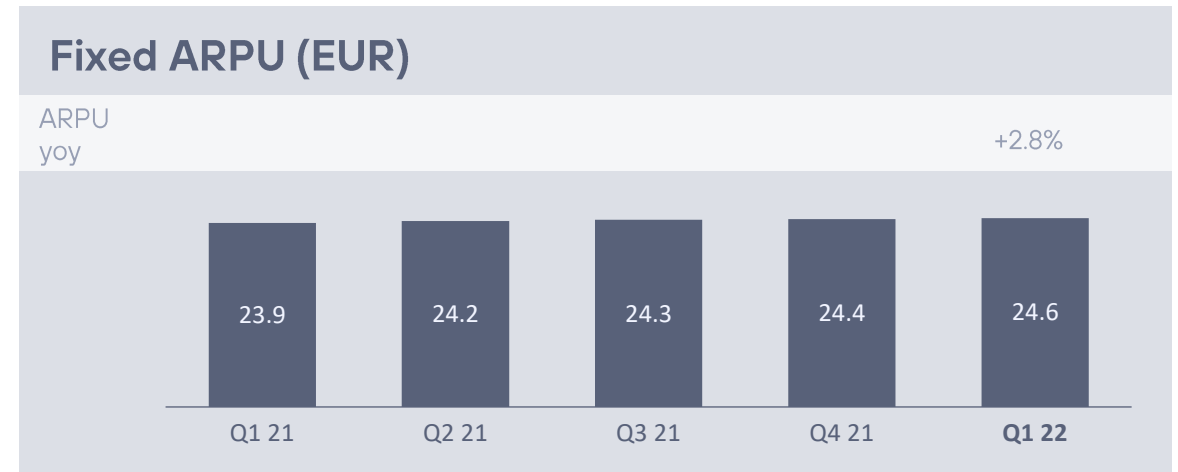
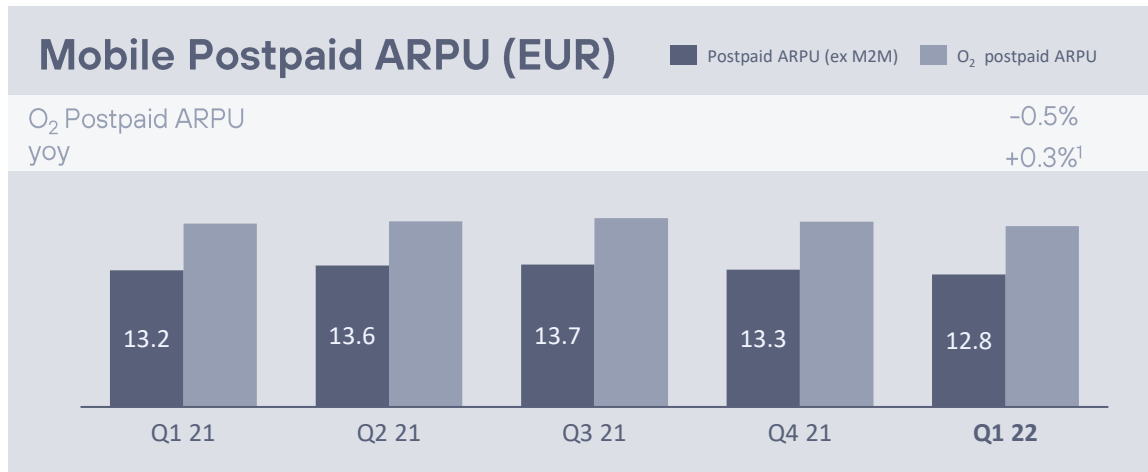
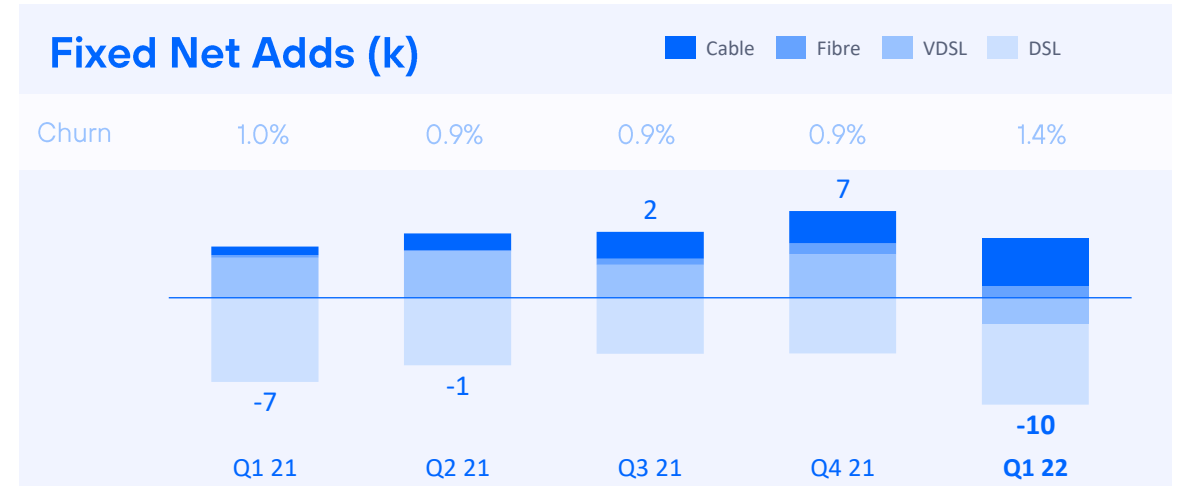
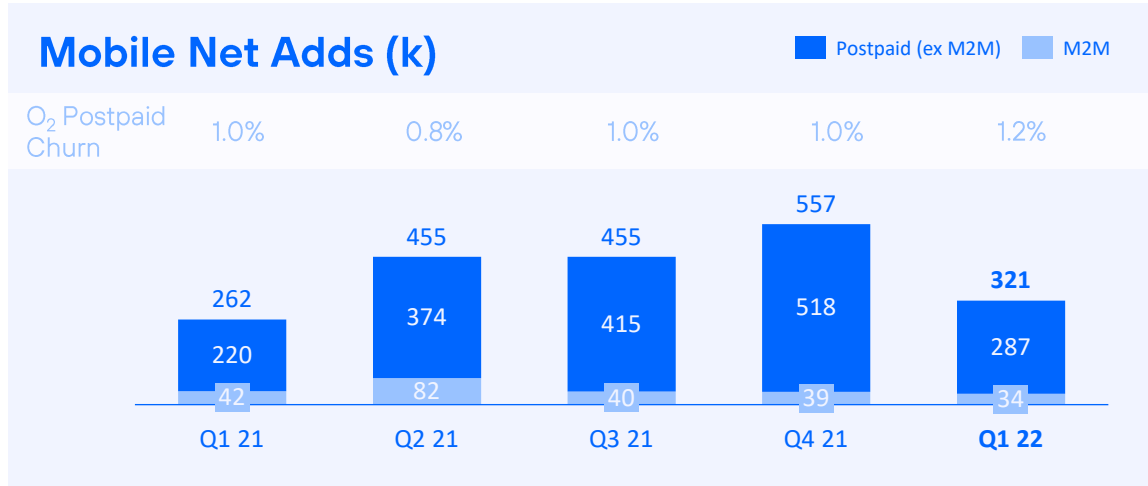
Normalised C/S on track for normalised levels



Profitable revenue growth driven by continued strong MSR performance



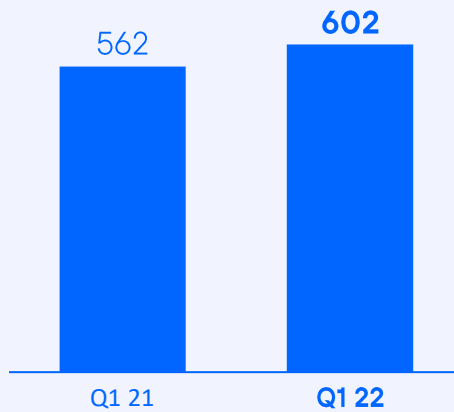
O₂ Free – key driver of strong mobile net add performance



Strong OIBDA growth reflecting strong commercial momentum & efficiencies

OIBDA¹ (EURm)

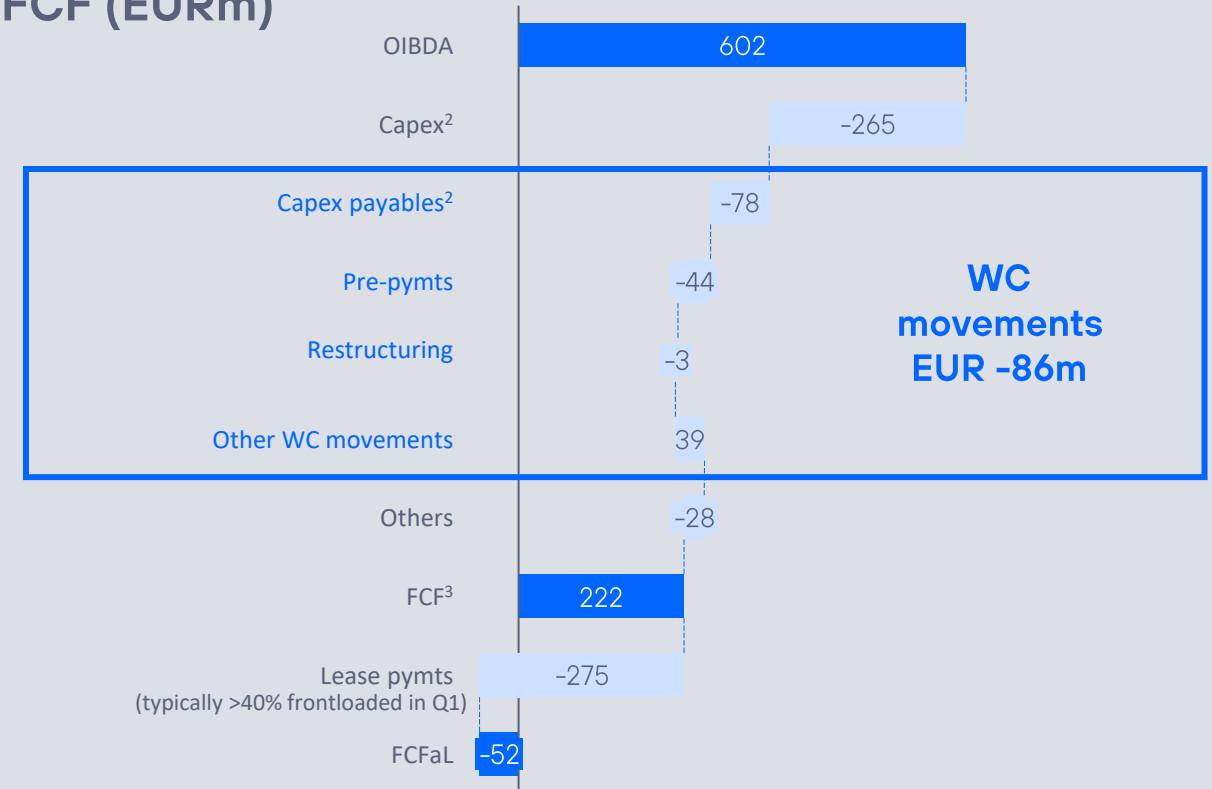
OIBDA yoy **+7.2%**



OIBDA margin **30.3%** **30.9%**

¹ Adjusted for exceptional effects

FCF (EURm)



Net Debt⁴ (EURm) **3,213**

Leverage⁵ **1.3x**

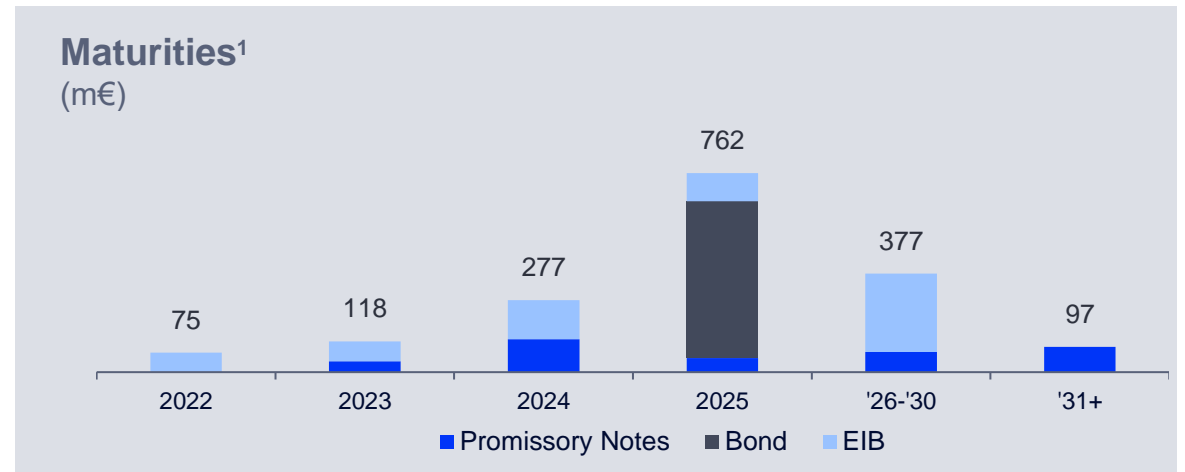
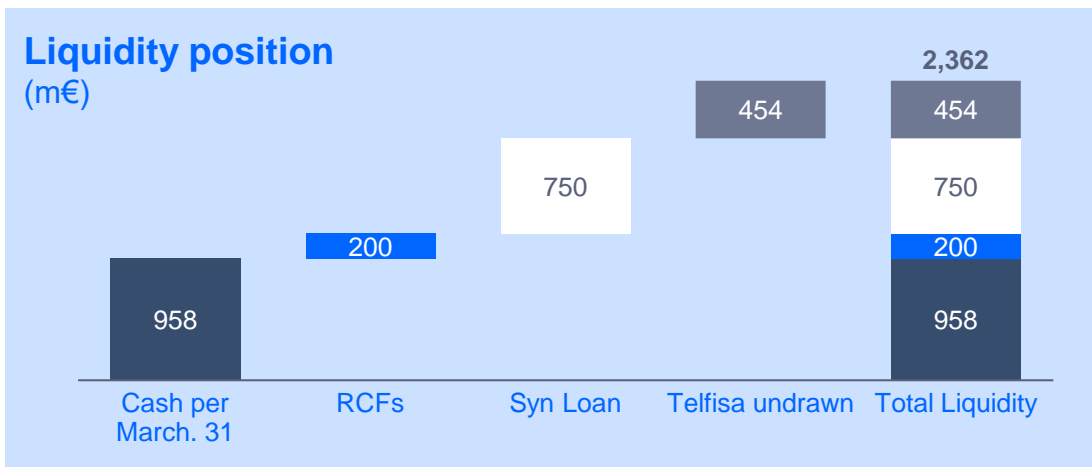
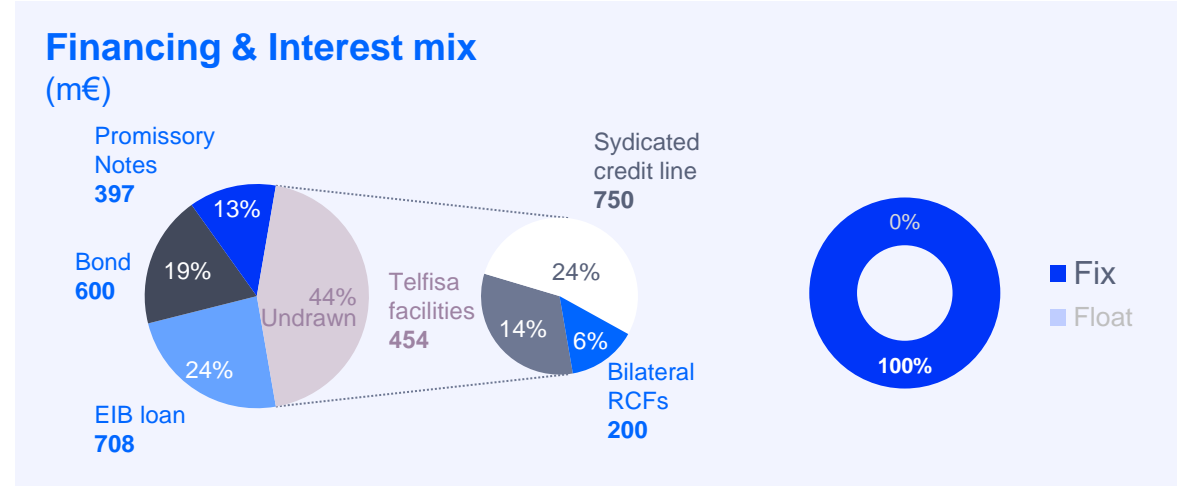
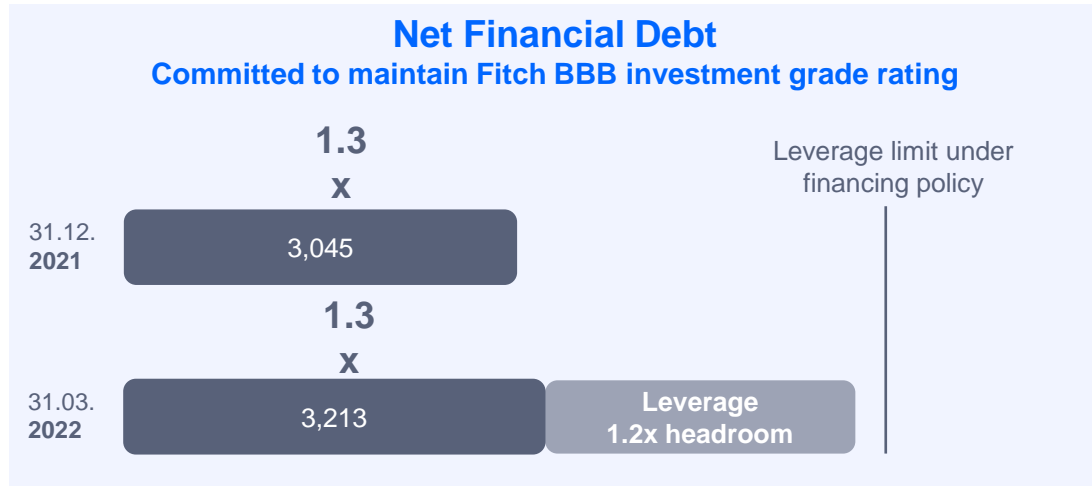
² Capex includes additions to PP&E and other intangible assets, while investments for spectrum licenses and additions from capitalised right-of-use assets are not included

³ FCF pre dividends & spectrum payments is defined as the sum of cash flow from operating activities & cash flow from investing activities

⁴ 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 payables for spectrum

⁵ Leverage ratio is defined as net financial debt divided by the OIBDA for the last twelve months adjusted for exceptional effects

Continuing strong financing profile



¹ excludes undrawn facilities

Reiterating FY22 outlook on back of strong Q1 performance

	Q1 22 Actuals ¹	FY 22 Outlook ¹
Revenues	EURm 1,946 +5.2% ✓	Low single digit % growth incl. regulatory headwinds of EUR 70-80m
OIBDA ²	EURm 602 +7.2% ✓	Low single digit % growth w/ margin expansion incl. regulatory headwinds of EUR 15-20m
C/S	13.6% ✓	14 - 15%

Virtual AGM on 19 May - dividend proposal EURc 18/share

¹ Including regulatory effects

² Adjusted for exceptional effects

Questions?

We look forward to
hearing from you



Christian Kern

Director Investor Relations

+49 179 9000 208

christian.kern@telefonica.com



Marion Polzer, CIRO

Head of Investor Relations

+49 176 7290 1221

marion.polzer@telefonica.com

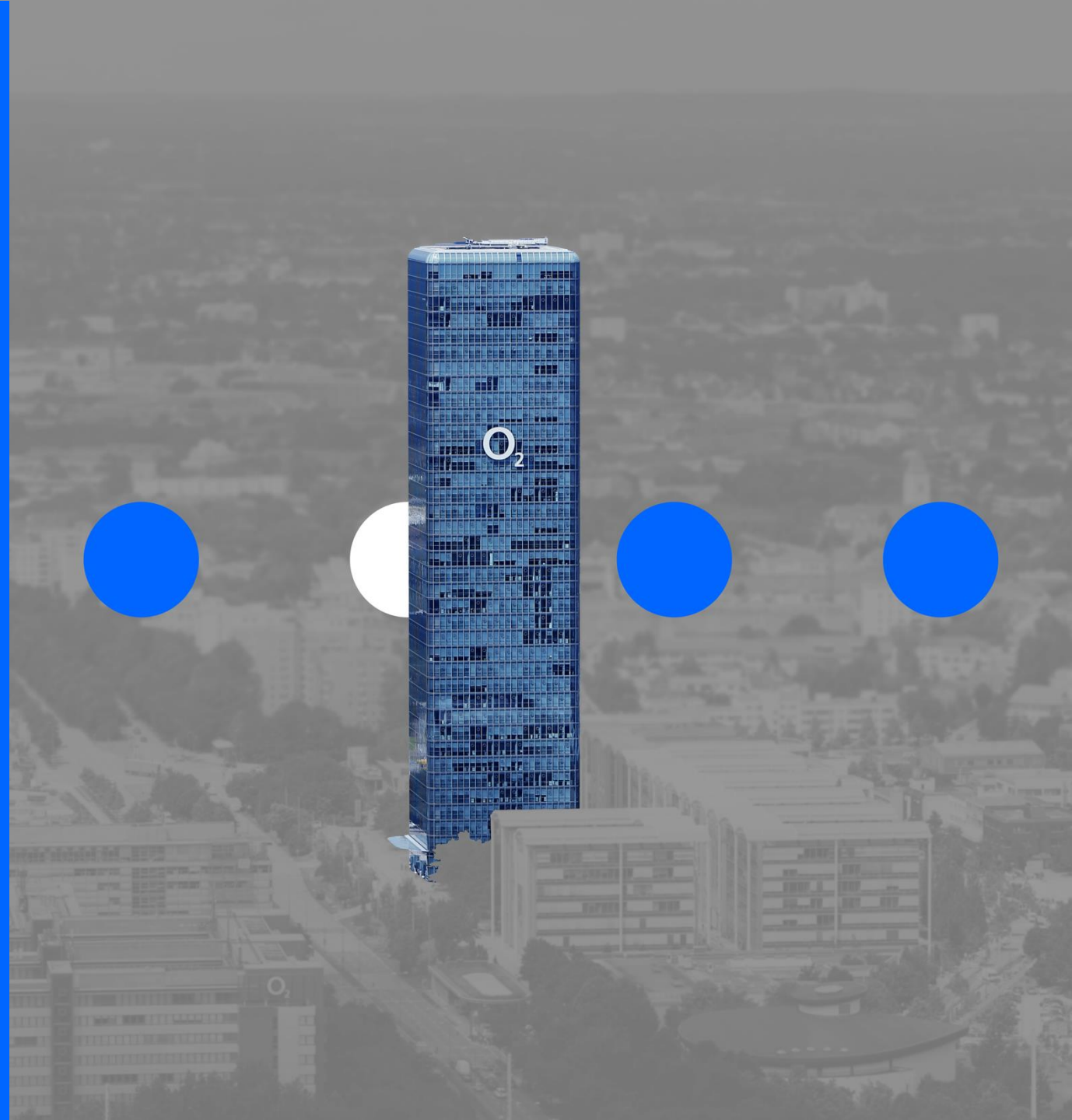


Eugen Albrecht, CIRO

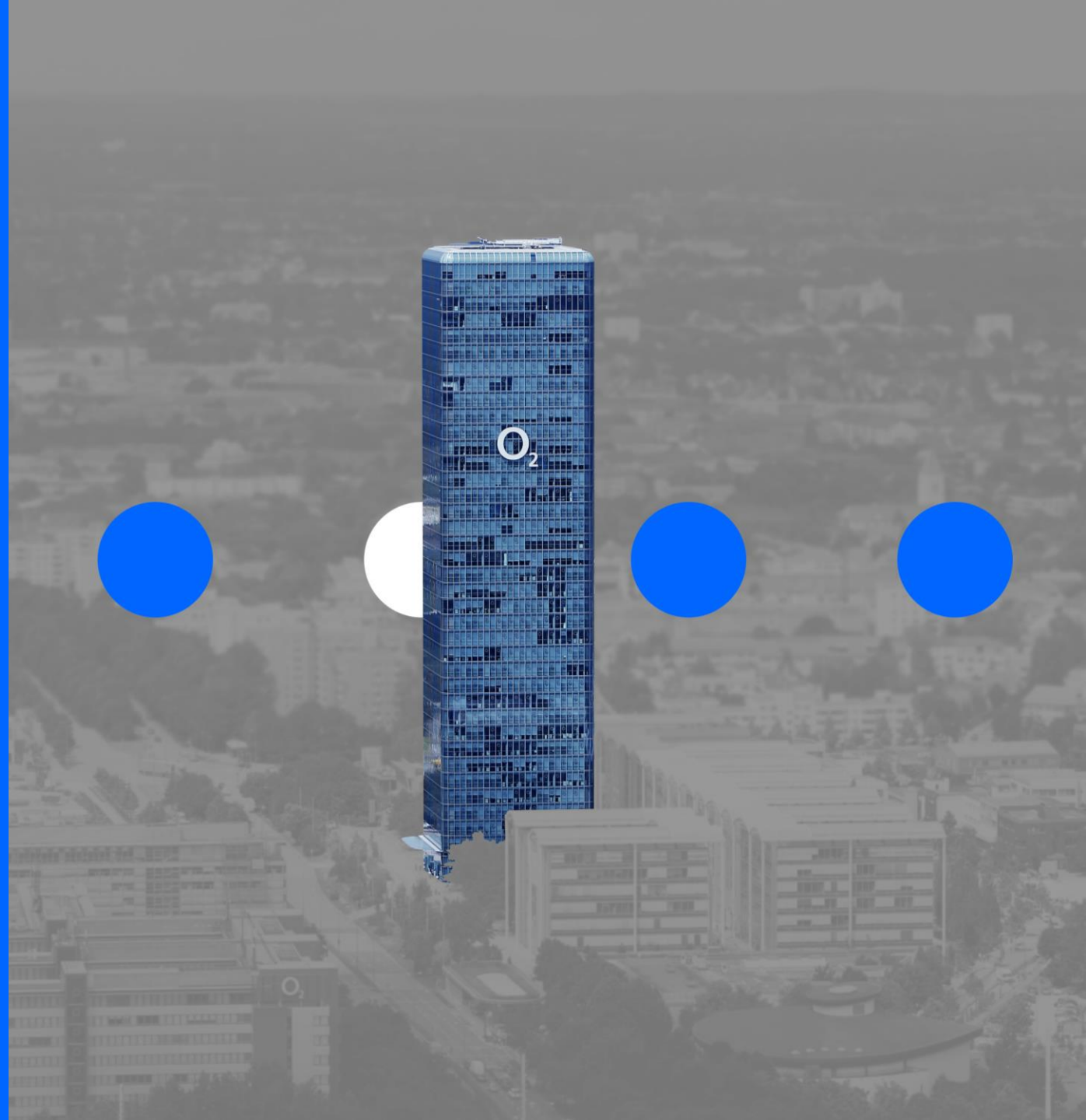
Senior Investor Relations Officer

+49 176 3147 5260











eugen.albrecht@telefonica.com



Appendix

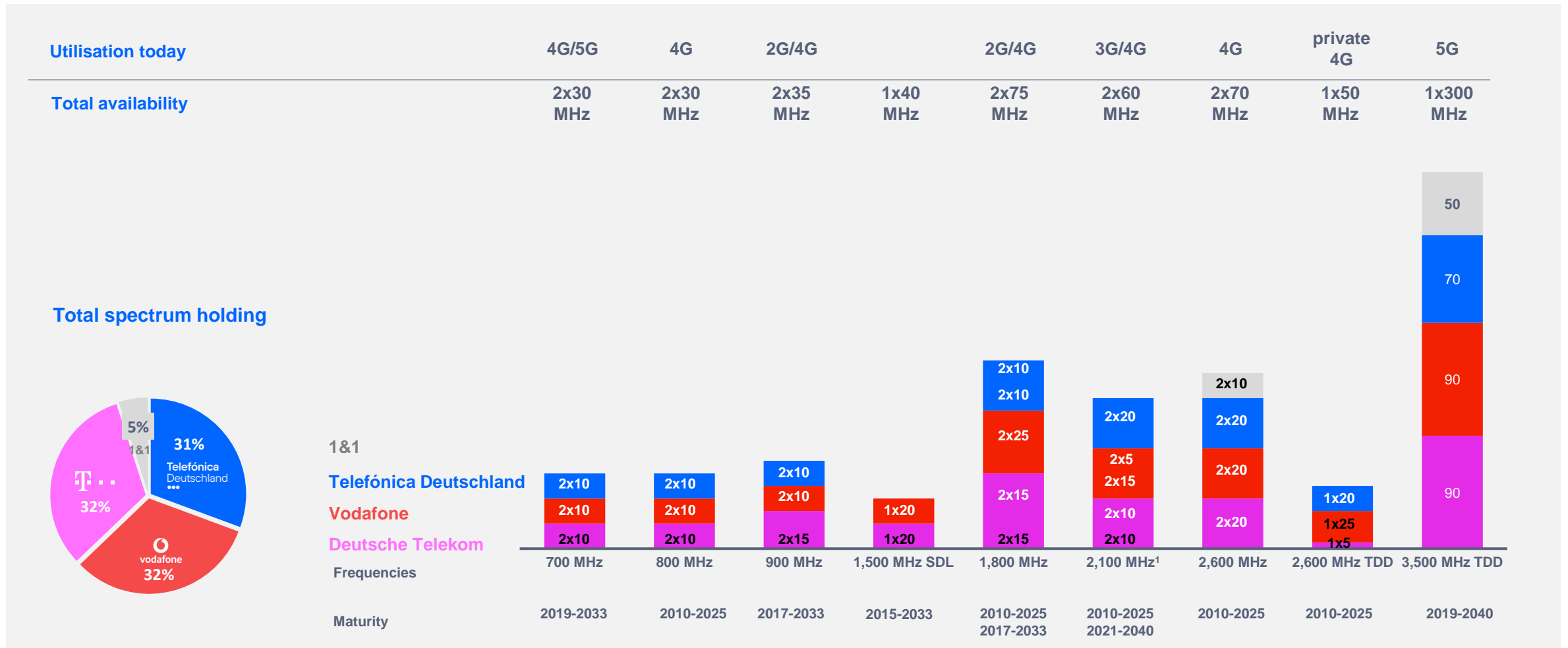


Well ranked & continuous improvement in relevant ESG ratings/indices

 SUSTAINALYTICS	Risk Low: 12.4 (Low) Exposure Score: 39.4 (Medium) Management Score: 76 (Strong) 
MSCI 	Rating: AA 
ISS ESG 	Grade: Prime B- (Good) 
FTSE Russel	Successfully listed (4.1 of 5 pts) 
V.E	Successfully listed (66 of 100 scores (Advanced)) 
Bloomberg	Successfully listed (70.49%) 
ecovadis Business Sustainability Ratings	Successfully listed 76/100 (Platin – top 1%) 

Status: May 2022

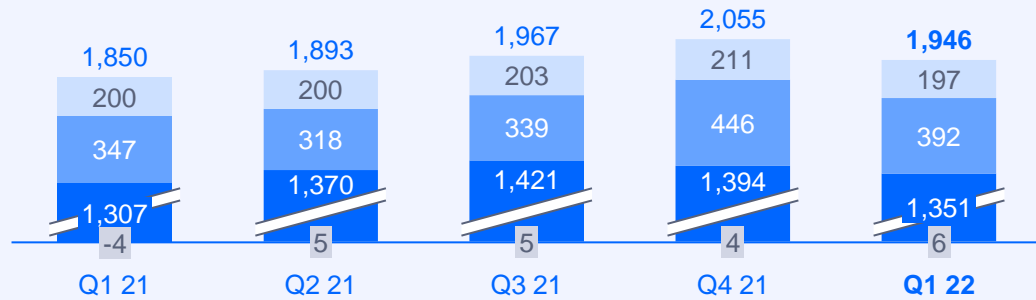
Future-proof spectrum set-up to enable best customer experience



P&L

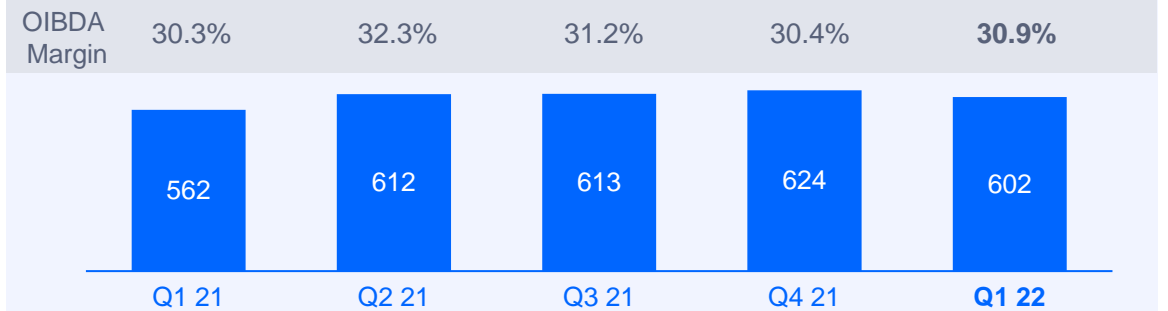
Revenue structure (EUR)

Fixed Handset MSR Other revenues



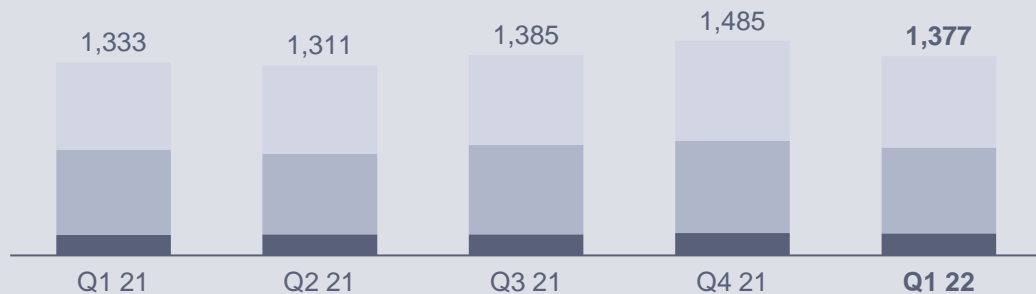
OIBDA¹ (EUR)

OIBDA adj. for exceptional effects



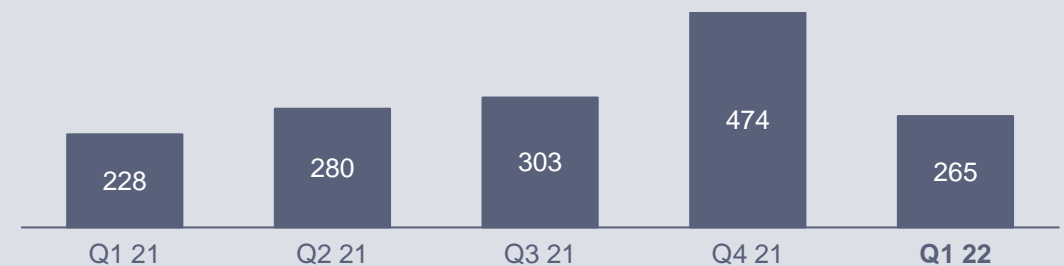
OpEx split² (EUR)

Personnel expenses Supplies Other



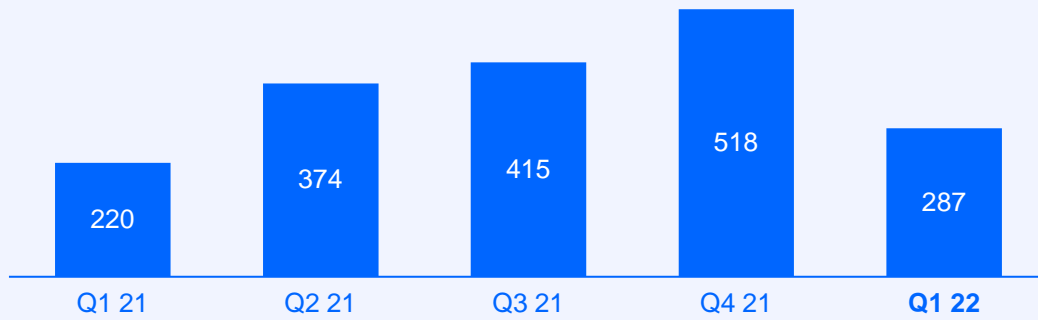
CapEx³ (EUR)

C/S 12.3% 14.8% 15.4% 23.1% 13.6%

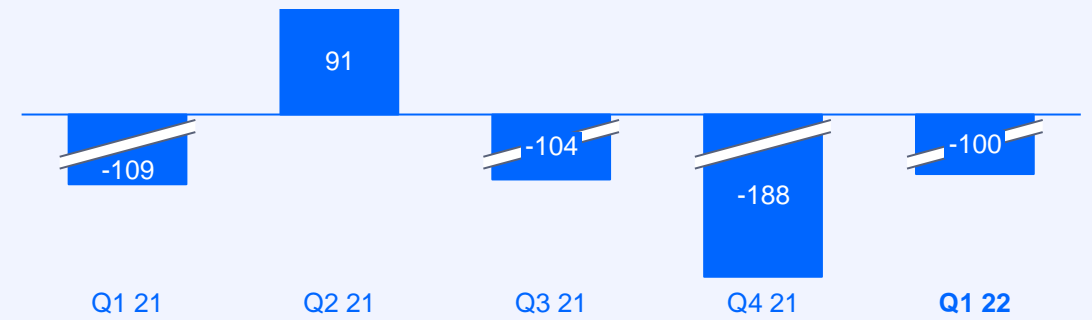


Mobile KPIs

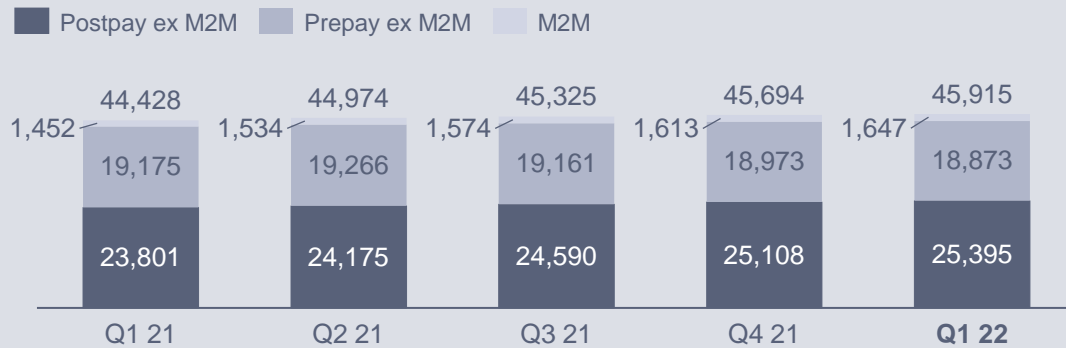
Postpaid net adds¹ (k)



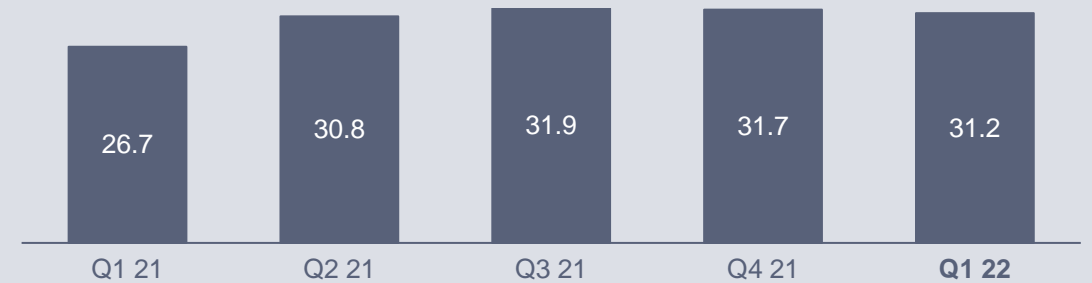
Prepaid net adds (k)



Mobile customer base (k)

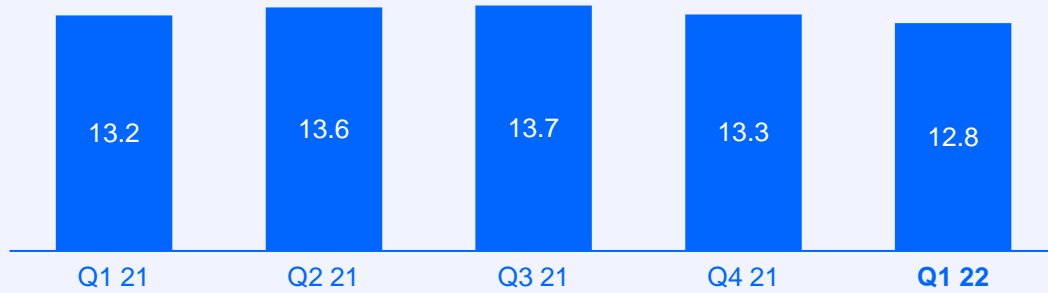


LTE customer base (m)

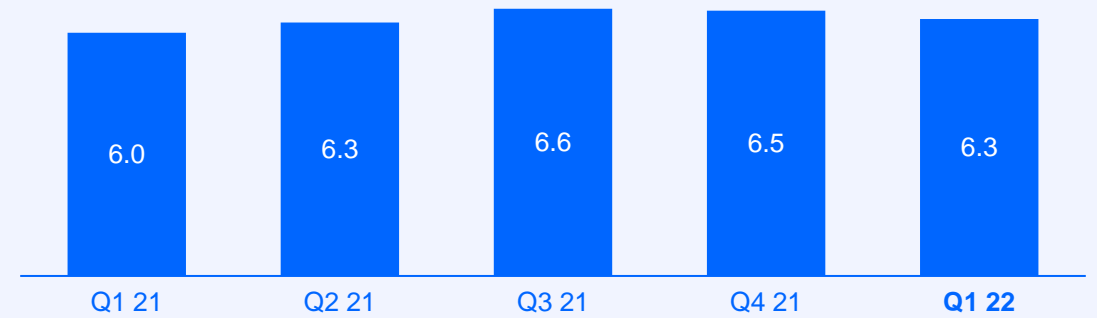


Mobile KPIs

Postpaid ARPU ex M2M (EUR)



Prepaid ARPU (EUR)



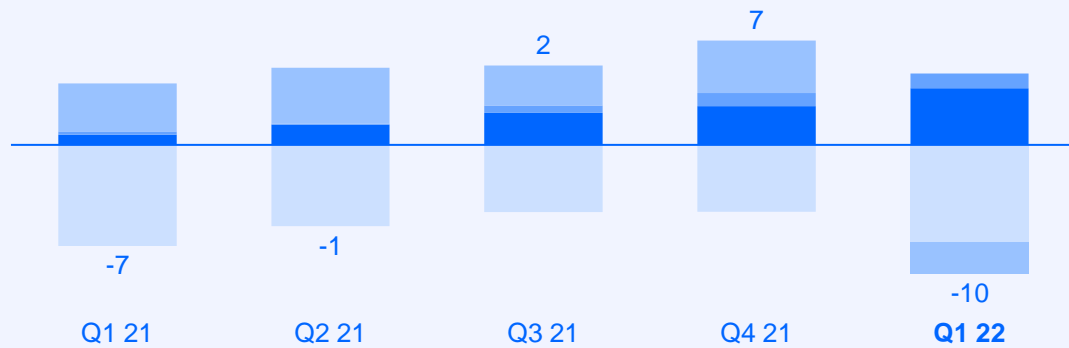
Churn rate (%)



Fixed KPIs

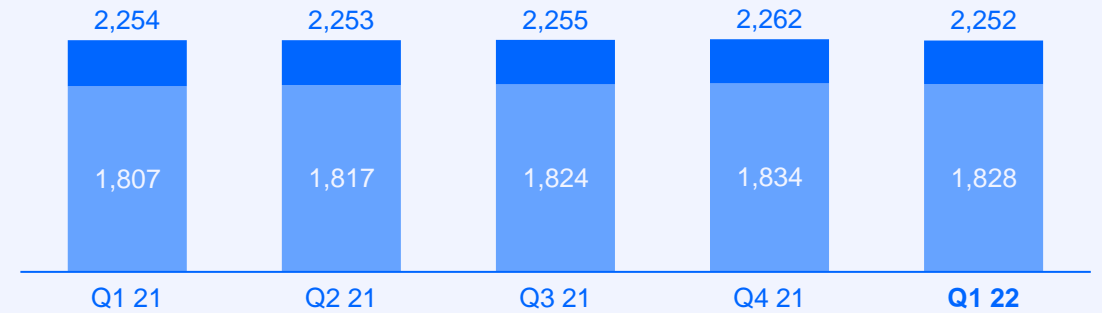
Retail broadband net adds (k)

■ Cable ■ Fibre ■ VDSL ■ DSL

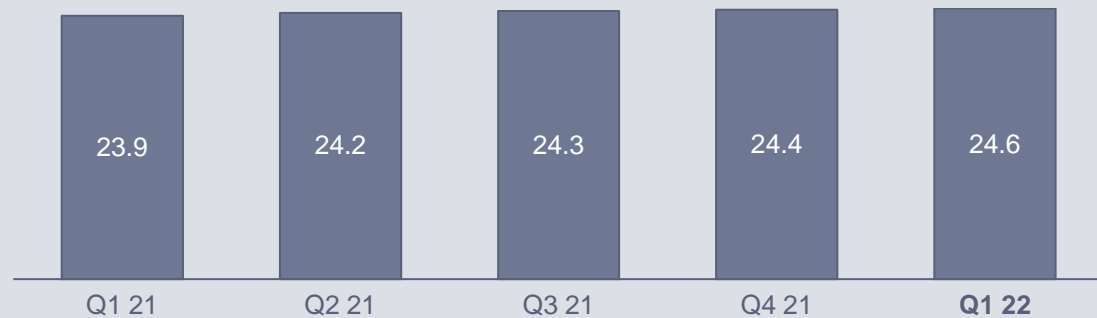


Fixed accesses (k)

■ VDSL












Fixed retail ARPU (EUR)



O₂ 20th Birthday Promo Portfolio (until Sep-22)


Bookable until 5 Sep-22

Bookable until 31 Jul-22


	Bookable until 5 Sep-22		Bookable until 31 Jul-22	
				
	 <p>GROWTH: Annually +10GB for 20 years / No price increase</p>			
Data volume	40 GB		1000 MBit/s Upload 50 MBits/s	
Max. Speed	300 Mbit/s		1000 MBit/s Upload 50 MBits/s	
Network	4G / 5G		 	
VOICE/SMS flat	✓		 	
EU Roaming	✓		Voice Flat to German fixed net	
Monthly fee	 <p>Future ready with 5G</p>		Voice Flat to German fixed net	
	<p>AVM6660 4.99 mthl</p>		<p>AVM6660 4.99 mthl</p>	
	<p>mth 1-12 29.⁹⁹ from mth 13 39.⁹⁹</p>		<p>mth 1-12 34.⁹⁹ from mth 13 44.⁹⁹</p>	

O₂ Free unlimited portfolio


	O ₂ Free Unlimited Basic	O ₂ Free Unlimited Smart	O ₂ Free Unlimited Max
Max. Speed	2 MBit/s	10 MBit/s	500 Mbit/s
Network	4G / 5G	4G / 5G	4G / 5G
VOICE/SMS flat	✓	✓	✓
EU Roaming	✓	✓	✓
Monthly fee	29.⁹⁹	39.⁹⁹	59.⁹⁹




Unlimited usage



Flexible contract duration:
monthly contract termination



Best-fit by **speed-classes**



Future ready with **5G**

O₂ Free volume-based portfolio

	O ₂ Free S	O ₂ Free M	O ₂ Free L
Data volume	3 GB	20 GB	60 GB
Max. Speed	225 Mbit/s	300 Mbit/s	300 Mbit/s
Network	4G	4G / 5G	4G / 5G
VOICE/SMS flat	✓	✓	✓
EU Roaming	✓	✓	✓
Monthly fee	19.⁹⁹	29.⁹⁹	39.⁹⁹



***BOOST: Doubling data and adding multiple devices**



***O₂ 20th Birthday Promo: Grow Tariff instead of M Boost (see extra chart)**



Flexible contract duration: monthly contract termination








All customer needs supported by **high speed** internet



Future ready with **5G**

O₂ my Home portfolio – technology agnostic approach

	O ₂ my Home S	O ₂ my Home M	O ₂ my Home L	O ₂ my Home XL	O ₂ my Home XXL
Max. Speed	10 MBit/s Upload 2 MBit/s	50 MBit/s Upload 10 MBit/s	100 MBit/s Upload 40 MBit/s	250 MBit/s Upload 40 MBit/s	1000 MBit/s Upload 50 MBit/s
Technology					
Voice flat to German fixed networks	✓	✓	✓	✓	✓
Optional HomeBox 3 AVM7590	3.99 mthl	3.99 mthl	3.99 mthl	3.99 mthl	3.99 mthl
AVM6660	5.99 mthl	5.99 mthl	5.99 mthl	5.99 mthl	5.99 mthl
Homespot	-	4.99 mthl	4.99 mthl	4.99 mthl	4.99 mthl
Monthly fee 24m contract	24.⁹⁹	29.⁹⁹	34.⁹⁹	44.⁹⁹	69.⁹⁹

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