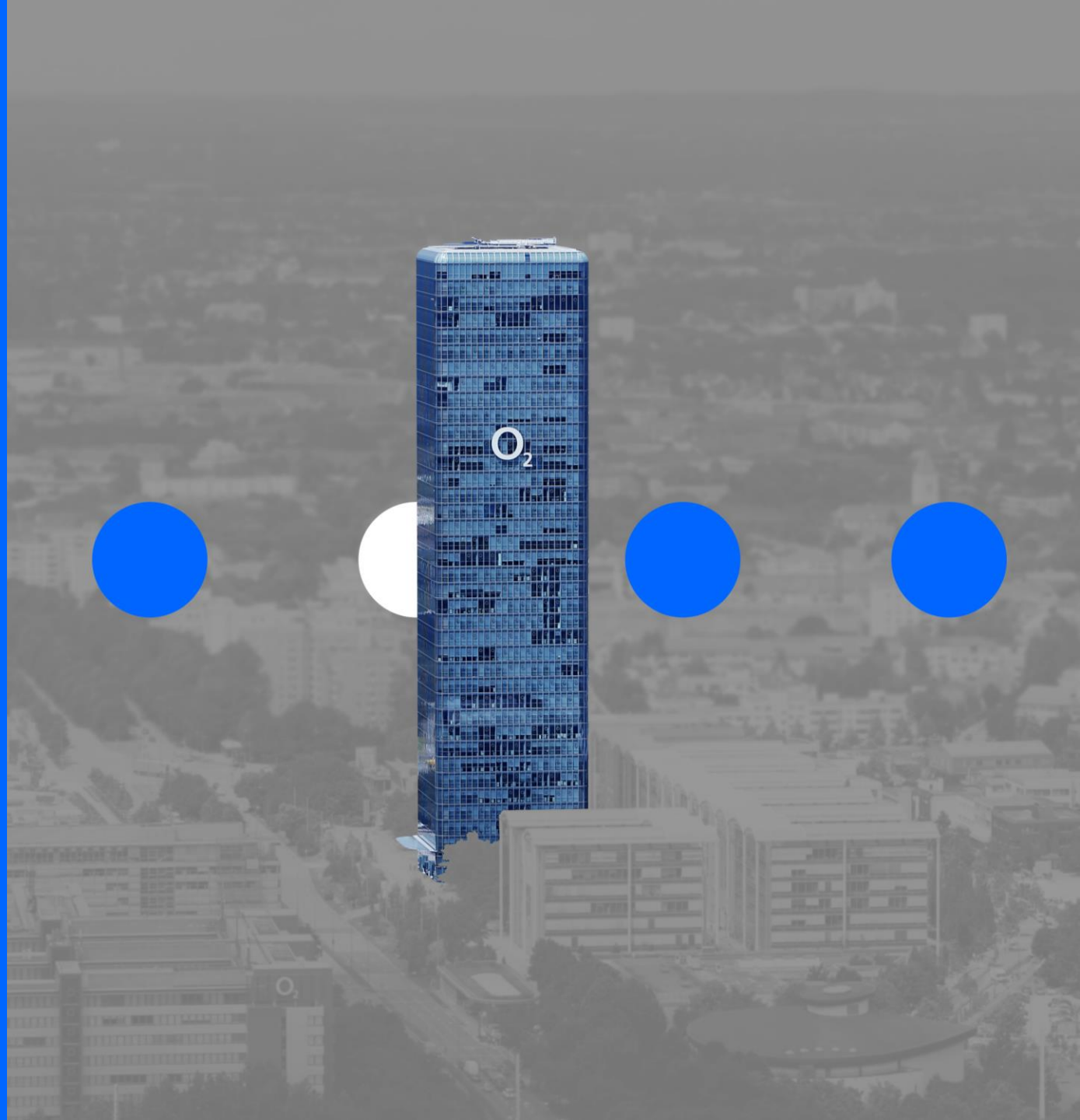


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Telefónica Deutschland

Investor presentation

February 2022



Disclaimer

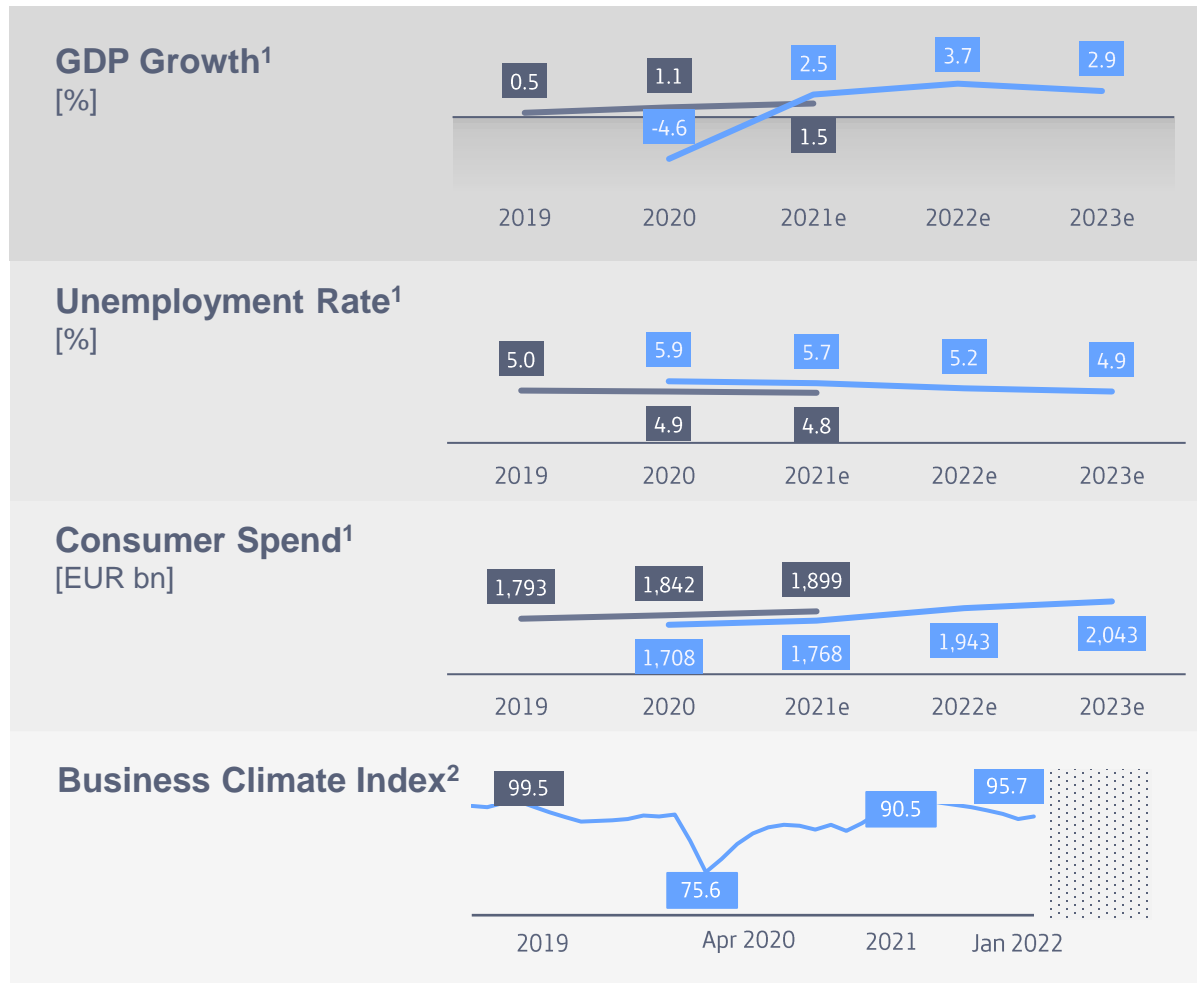


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Key reasons to invest



German economy recovering from C-19 impacts despite some ongoing supply chain shortages



Current Trends

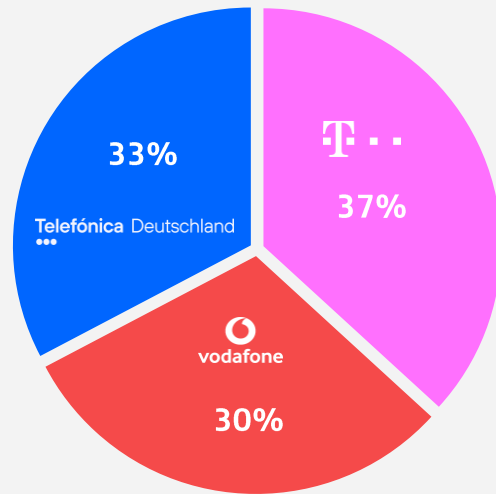
- Dynamic yet rational mobile market
- Data growth with continued CAGR of >50%
- Soft convergent market environment
- 3 strong mobile networks

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

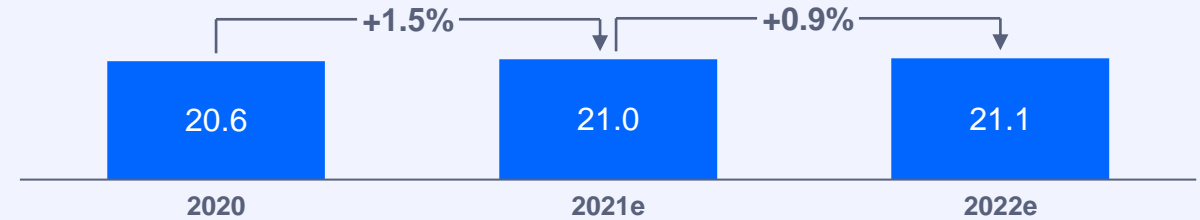
Rational & balanced market¹



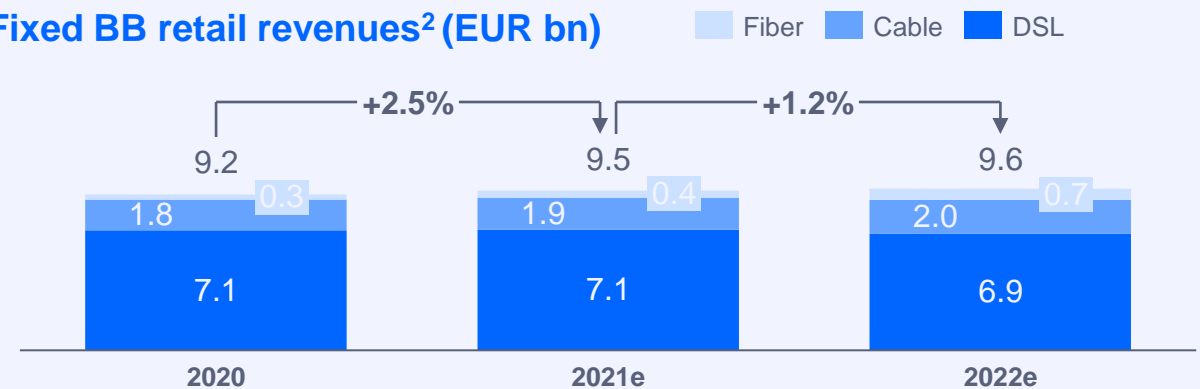
- Rational market following 4 to 3 consolidation
- Tiered mobile portfolios enabling data monetisation

Market development²

Mobile service revenues² (EUR bn)



Fixed BB retail revenues² (EUR bn)



After 2nd year of strong delivery well on track for mid-term-guidance

Continued growth momentum into FY22

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

Strategy Recap

Boost revenues, outperform the market

Mobile Growth



Attack in B2B



Smart Bundling
(incl. FMS)



Network parity



Midterm Guidance 2020 - 2022

Achievements after 2 years



Revenue

Cumulated growth $\geq 5\%$



Margins

Ongoing improvements⁶



Capex/Sales

Peaking b/w 17 - 18% in FY21
Normalising towards YE22

FY21

+3.1%

+2.6%²

Revenue

+3.9%

+1.8%³

OIBDA¹

16.5%

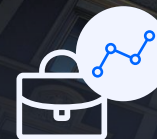
Capex/Sales

1.5m

Net Adds⁴

0.9%

O₂ Churn⁵



B2B

Gaining market share



Network parity

and price-value-leadership



ESG

leadership

¹ Adjusted for exceptional effects

² Excl. non-recurrent special factors

³ Excl. non-recurrent special factors & received social security payments

⁴ Postpaid excl. 203k M2M

⁵ O₂ Postpaid

⁶ Adj. for except. effects & excl. C-19 impacts

Strong ESG delivery – recognised as top-rated ESG performer

Environment



BUILDING A GREENER FUTURE

Lower carbon economy & digital innovation



Efficiency

Increased target of 87% (from 82%) less energy consumption by 2025*
2021: 78%*



100% renewable energy

Well on track to achieve net zero carbon emission target by 2025
Further yoy reduction of ~20kt CO₂ in 2021



Circular Economy

Sustainable products & services
Reduce – repair – recycle up ~50% yoy

Social



HELPING SOCIETY TO THRIVE

Supporting customers & communities



Society

Ukraine humanitarian support
C-19 crisis management.
Flood: Emergency help & reliable network.
Initiatives for digital inclusion.



Customers & Society

Continuous improvement of reputation score



Employees

Improvement of strong eNPS

Governance



LEADING BY EXAMPLE

Running an inclusive, fair & ethical business



Robust governance structure

Supervisory Board & Management Board – highly experienced & diverse



Gender Equality

Bloomberg Global Equality Index 2022 – included 3rd year running



Health & Safety

Awarded for Corporate Health Management

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



Passed Capex peak in FY21

On track for normalised C/S levels towards YE22

Network parity



Technology transformation



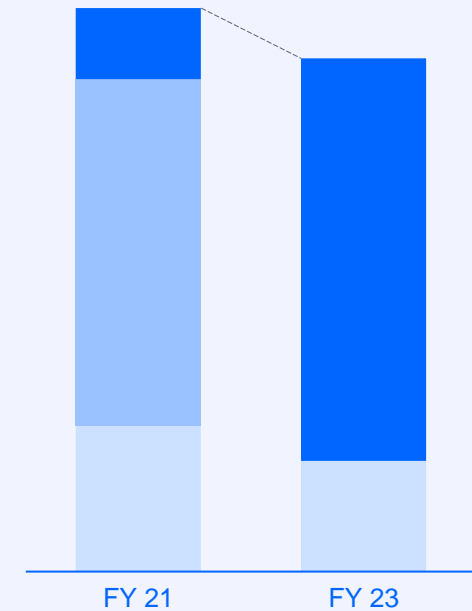
5G pop coverage



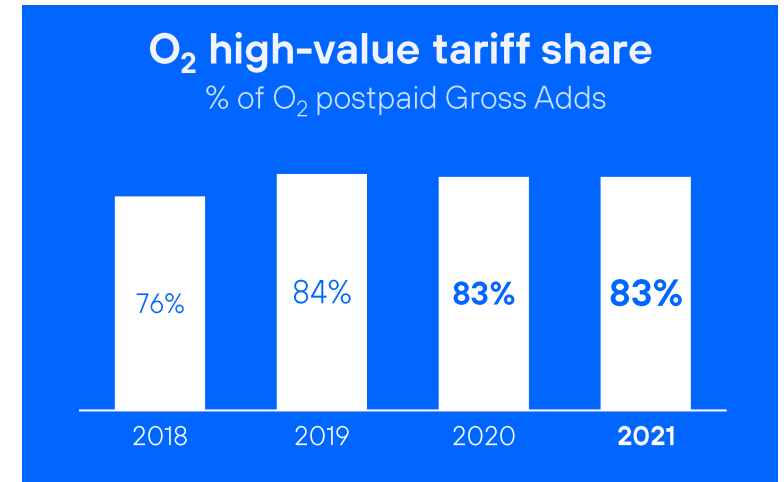
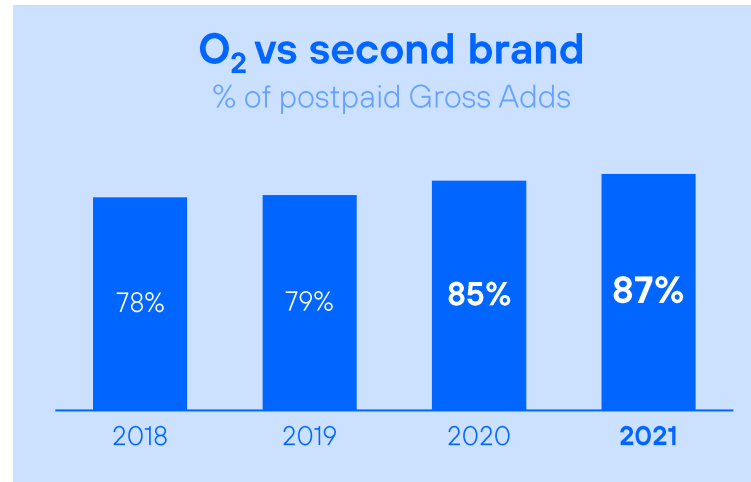
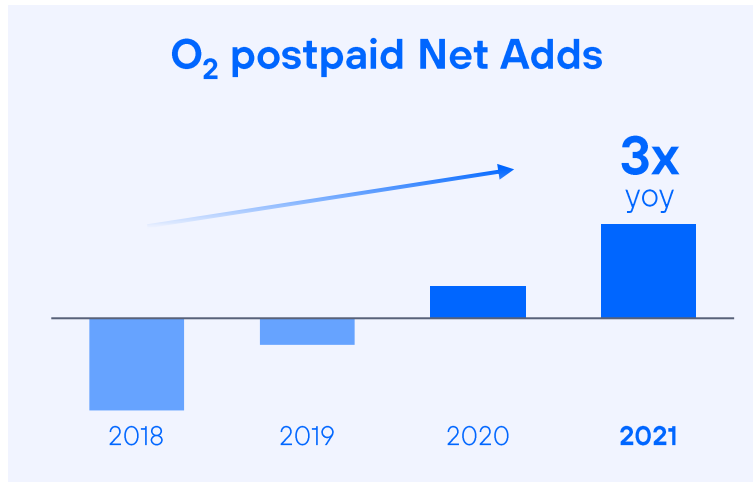
3G sunset



From 16.5% to normalised C/S



Accelerating momentum across consumer business delivers value



Award-winning service proposition



'Very good' network
2nd time in a row



Price-value leadership
for Infrequent, Normal, Heavy & Power users



Service excellence
Leading customer service

SME focus drives B2B growth momentum

Competitive core service portfolio

Mobile



Fixed



VAS



M2M/IoT



SD-WAN



Cloud



p5G



Future service opportunities through **Network Slicing**

+12%

Revenues (yoy)



>80%

Digital service
revenues (yoy)



-13%

Churn (yoy)



Strong
improvements
NPS



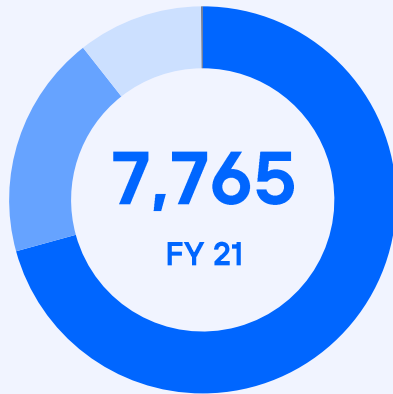
Sustainable
technologies
contribute to
ESG targets



Profitable revenue growth driven by continued strong MSR performance

Revenues (EURm)

+3.1%
yoy
+2.6%¹



+1.6%
yoy



¹ Excl. non-recurrent special factors

● MSR ● Handset ● Fixed ● Other

MSR growth momentum (EURm)



Strong momentum of O2 Free portfolio fuels sustained ARPU growth

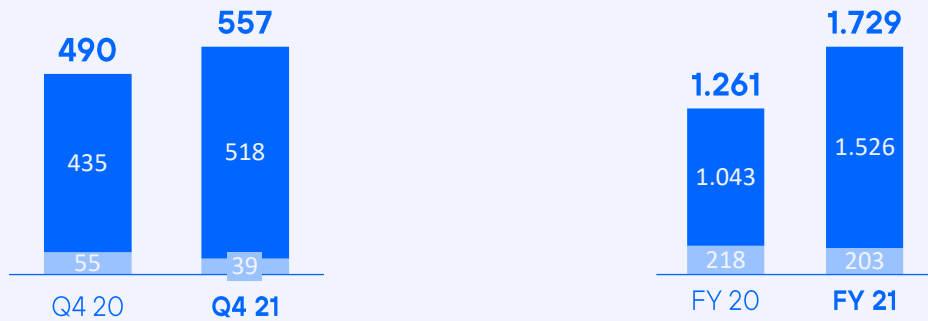
Mobile Net Adds (k)

■ Postpaid (ex M2M) ■ M2M

O₂ Postpaid Churn

1.0%

0.9%

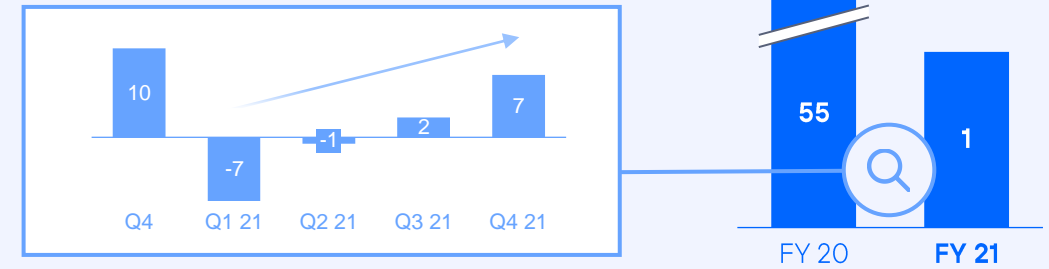


Fixed Net Adds (k)

Churn

0.9%

0.9%



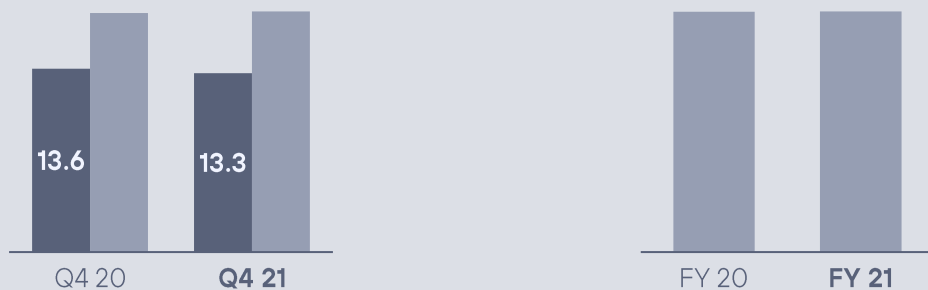
Mobile Postpaid ARPU (EUR)

■ Postpaid ARPU (ex M2M) ■ O₂ Postpaid ARPU

O₂ Postpaid ARPU yoy

+0.7%

+0.2%

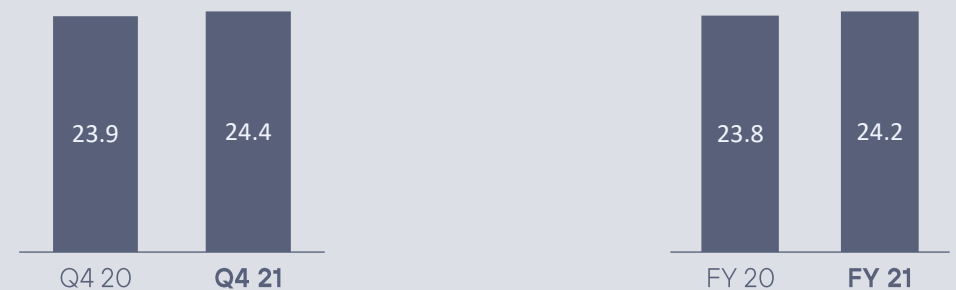


Fixed ARPU (EUR)

ARPU yoy

+2.1%

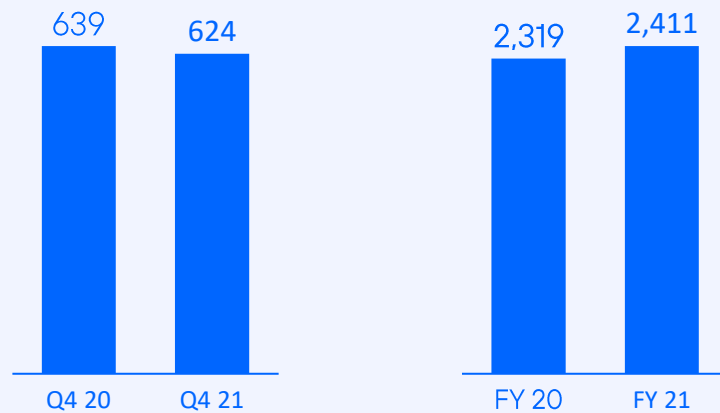
+1.7%



Q4 21 OIBDA reflecting strong commercial momentum

OIBDA¹ (EURm)

OIBDA yoy **-2.3%** **+3.9%**
+1.8%²

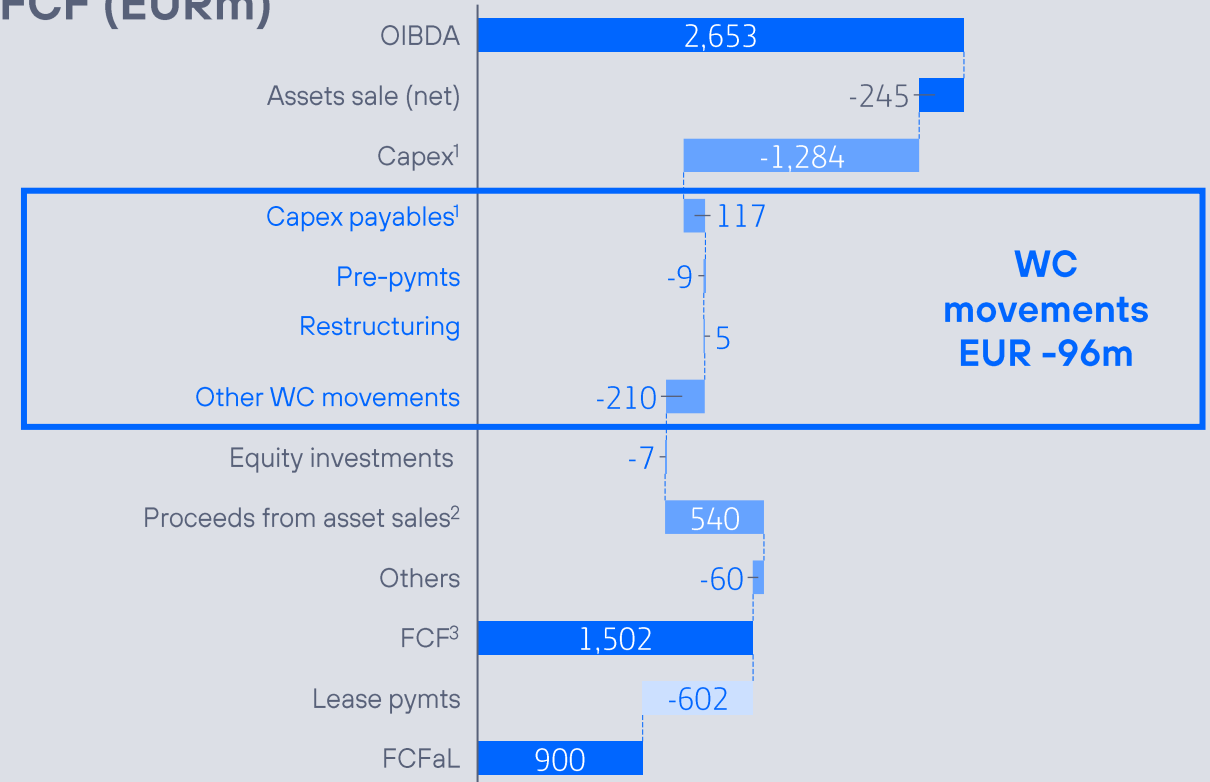


OIBDA margin **30.4%** **31.0%**
30.7%²

¹Adjusted for exceptional effects

²Excl. non-recurrent special factors & received social security payments

FCF (EURm)



Net Debt⁴ (EURm) 3,045

Leverage⁵ 1.3x

¹ Capex includes additions to property, plant and equipment and other intangible assets, while investments for spectrum licenses and additions from capitalised right-of-use assets are not included

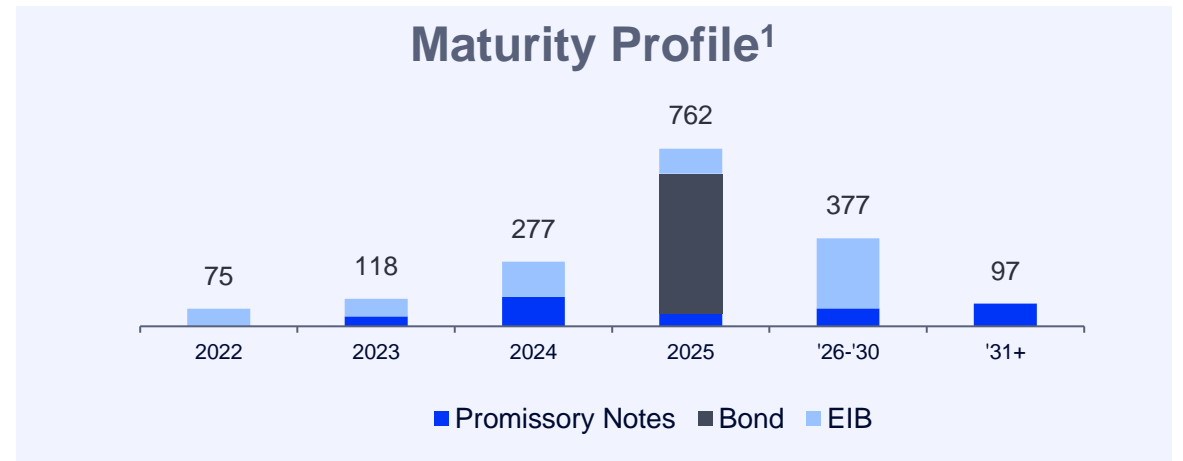
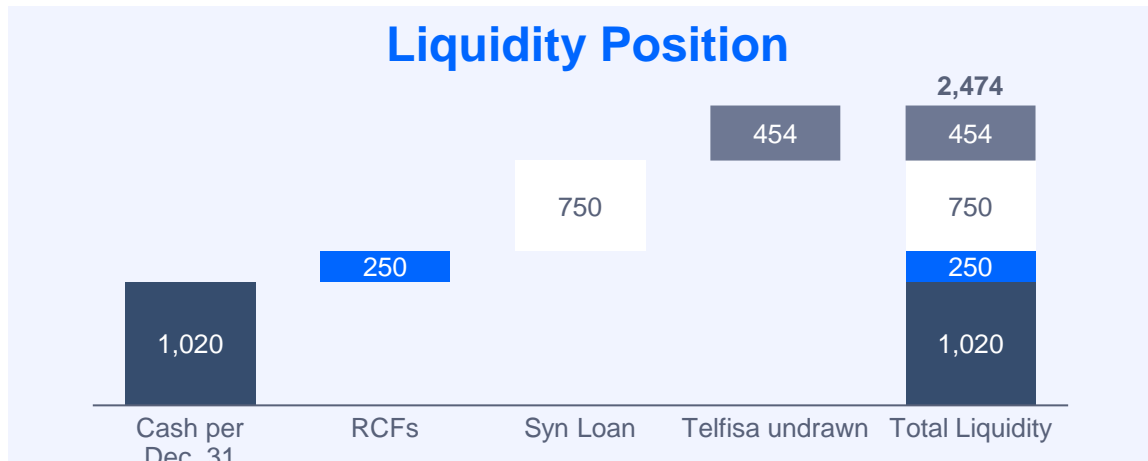
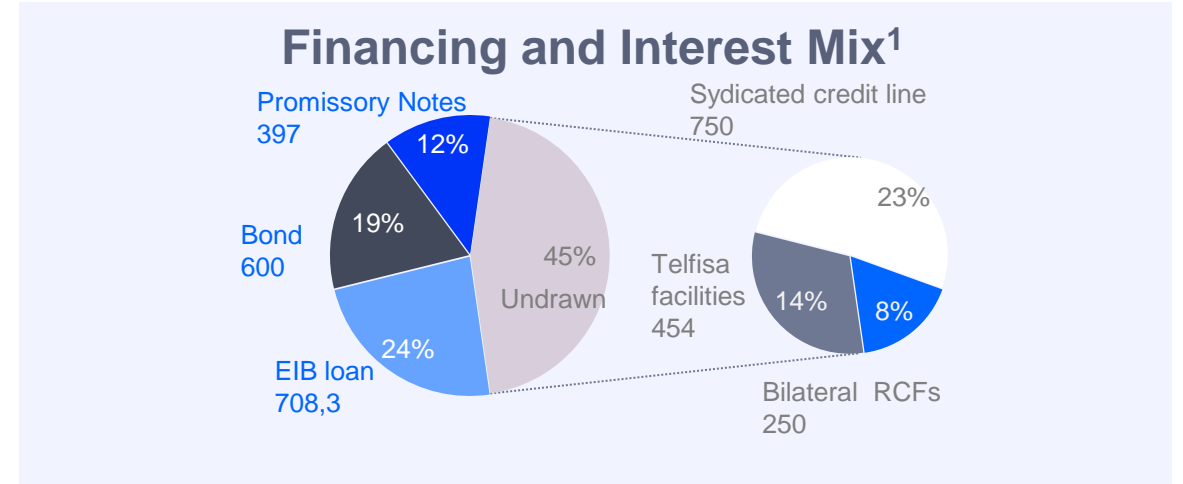
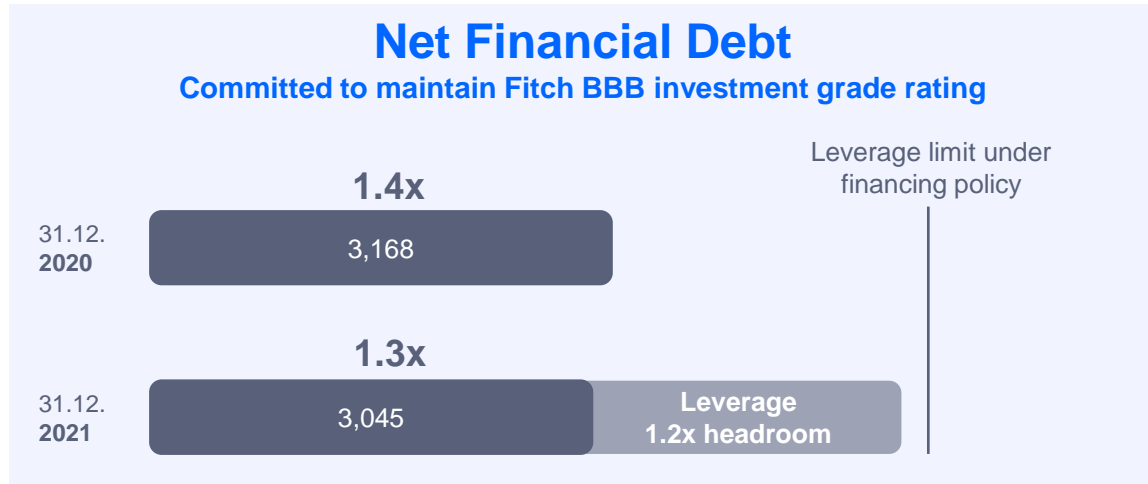
² Proceeds from asset sales of companies, fixed assets and other effects

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



Delivered FY21 at top-end of double-upgraded outlook

FY22 outlook continues to build on 3 strategic growth pillars

	FY21 Outlook ¹	FY21 Actuals	FY22 Outlook ¹
Revenues	Slightly positive	✓ EURm 7,765 +3.1% yoy	Low single digit % growth incl. regulatory headwinds of EUR 70-80m
OIBDA²	Low mid-single digit % growth	✓ EURm 2,411 +3.9% yoy	Low single digit % growth w/ margin expansion incl. regulatory headwinds of EUR 15-20m
C/S	<17 - 18%	✓ 16.5%	14-15%

FY21 dividend proposal of EURc 18 per share to AGM in May

¹Including regulatory effects

² Adjusted for exceptional effects

Questions?

We look forward to
hearing from you



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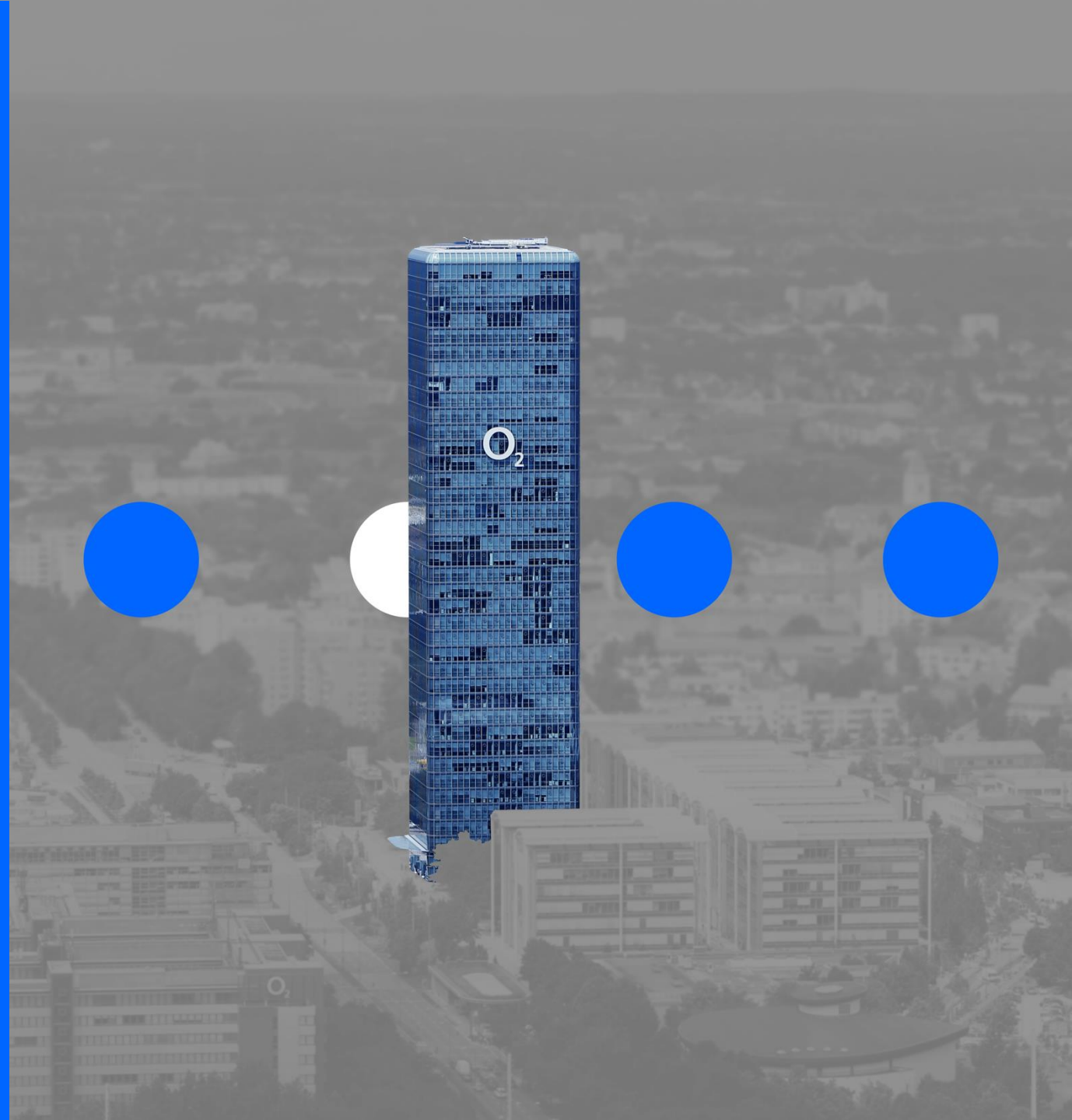


Eugen Albrecht, CIRO

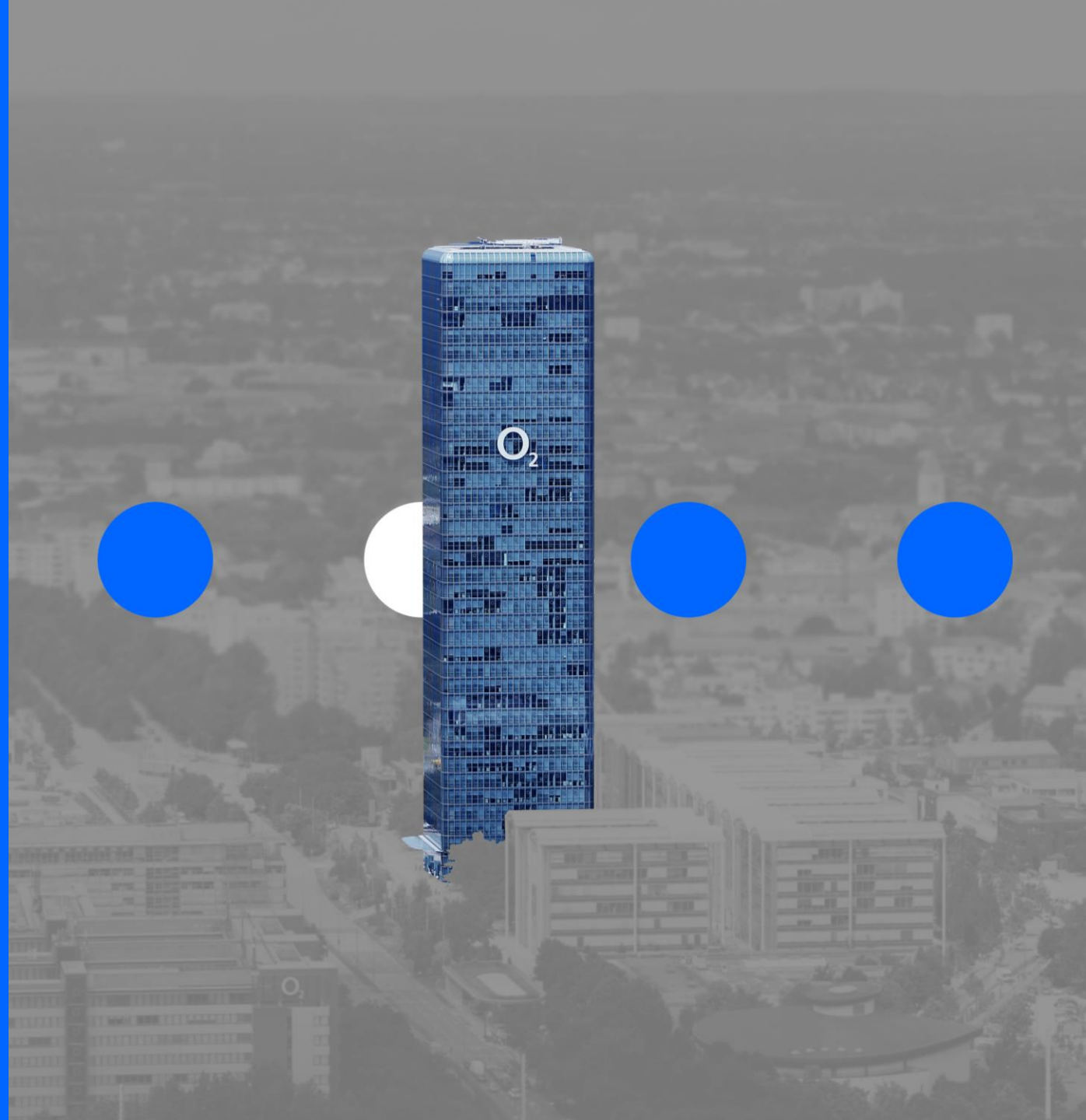
Senior Investor Relations Officer

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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: February 2022

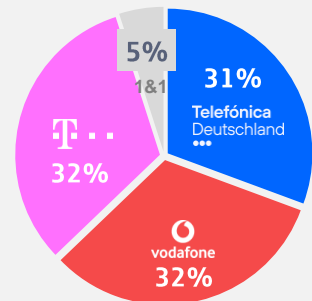
Future-proof spectrum set-up to enable best customer experience

Utilisation today

Total availability

	4G/5G	4G	2G/4G	2G/4G	3G/4G	4G	private 4G	5G
Total availability	2x30 MHz	2x30 MHz	2x35 MHz	1x40 MHz	2x75 MHz	2x60 MHz	2x70 MHz	1x300 MHz

Total spectrum holding



1&1

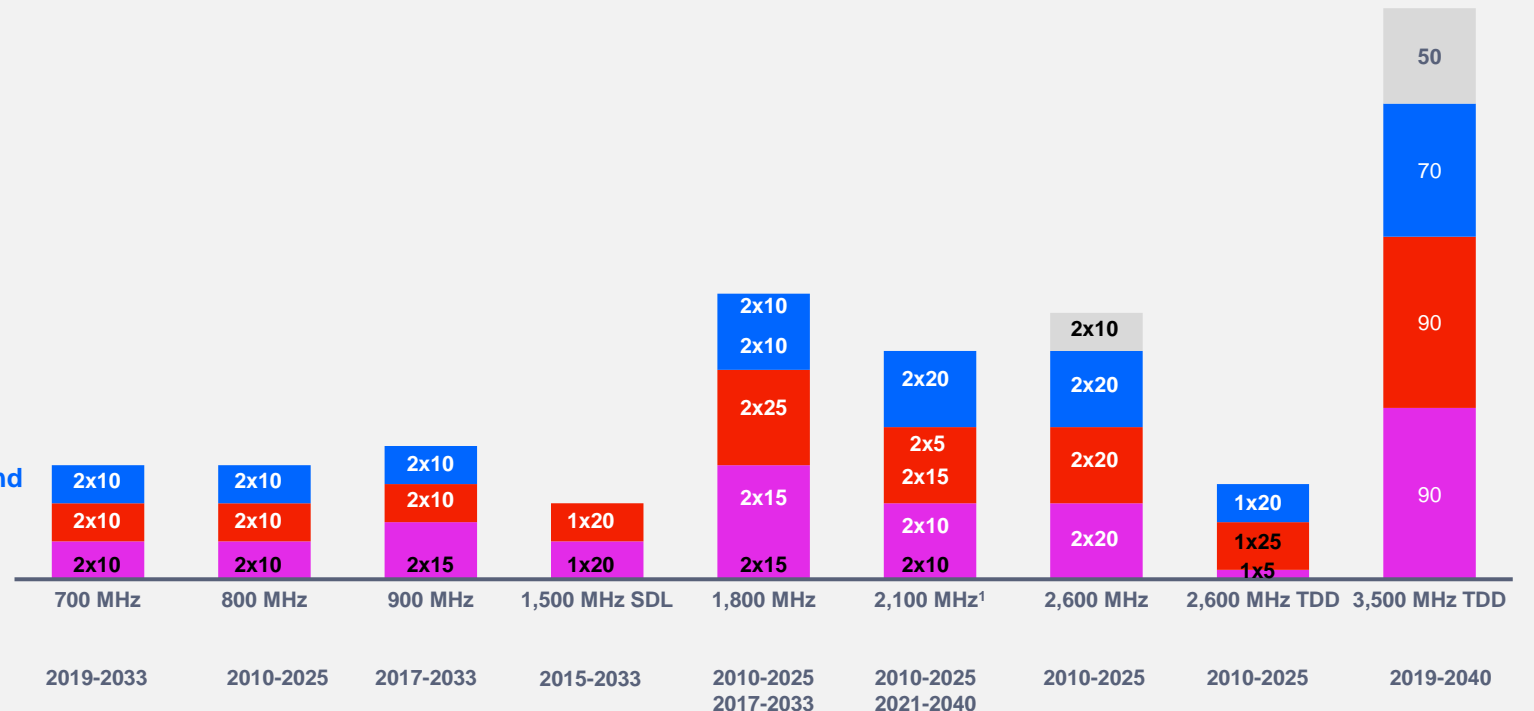
Telefónica Deutschland

Vodafone

Deutsche Telekom

Frequencies

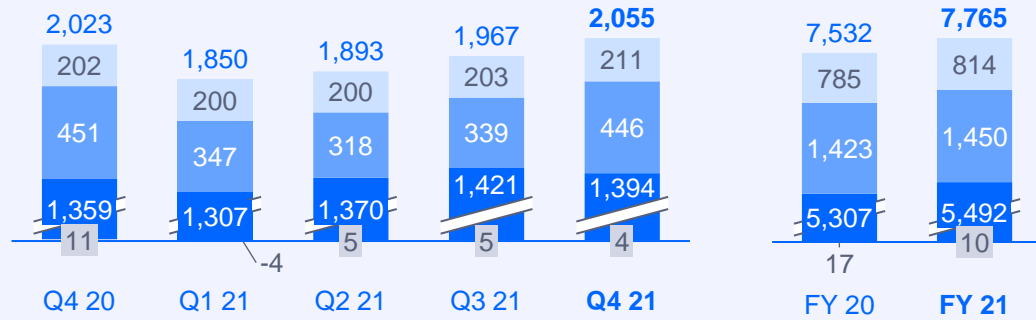
Maturity



P&L

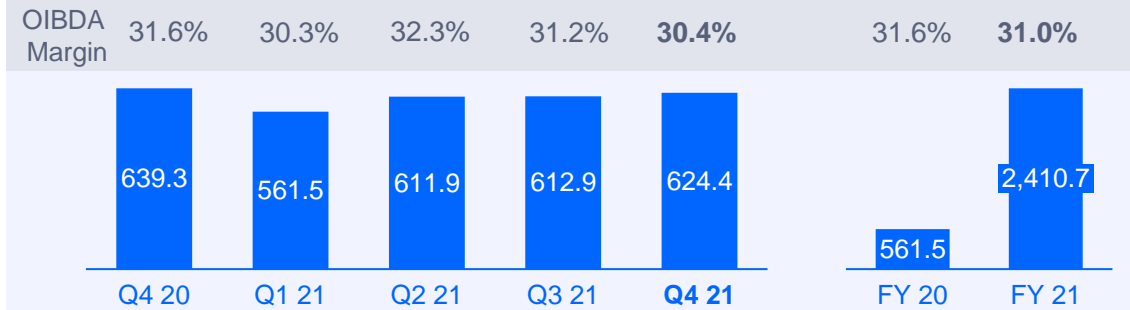
Revenue structure (EUR)

Fixed Handset MSR Other revenues



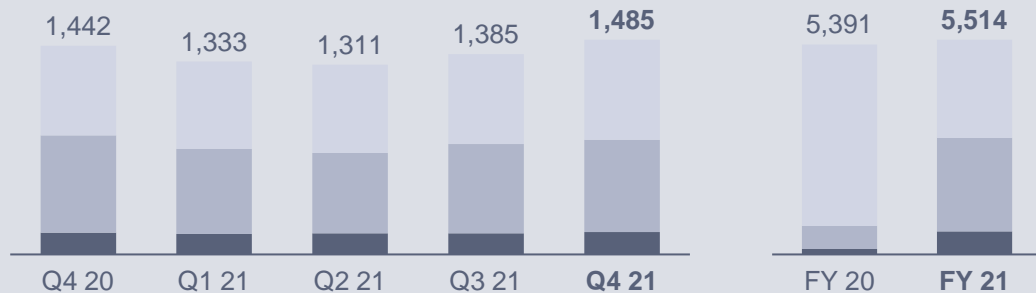
OIBDA¹ (EUR)

OIBDA adj. for exceptional effects



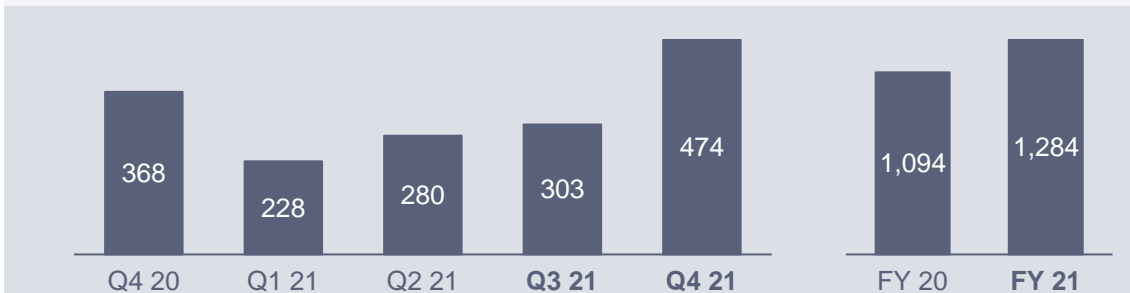
OpEx split² (EUR)

Supplies Personnel expenses Other



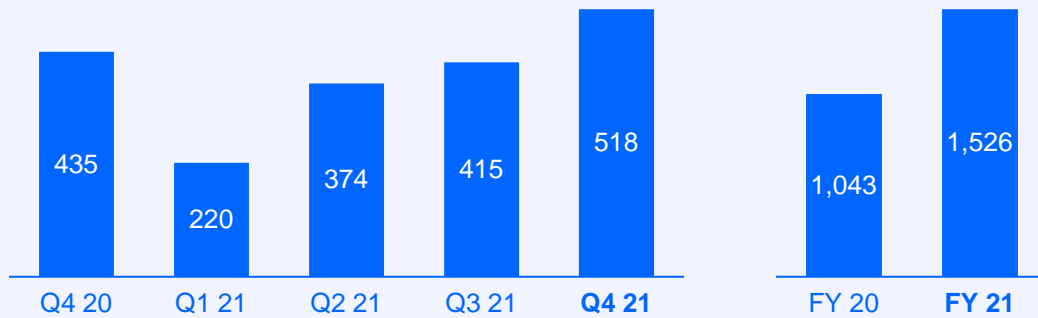
CapEx³ (EUR)

C/S 18.2% 12.3% 14.8% 15.4% 23.1% 14.5% 16.5%

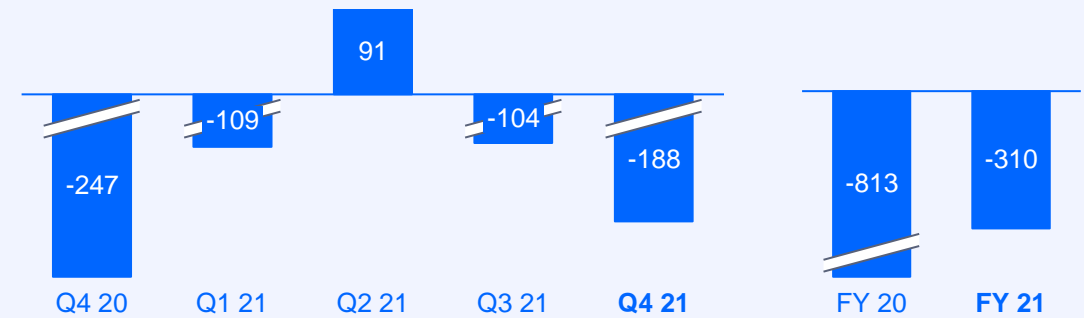


Mobile KPIs

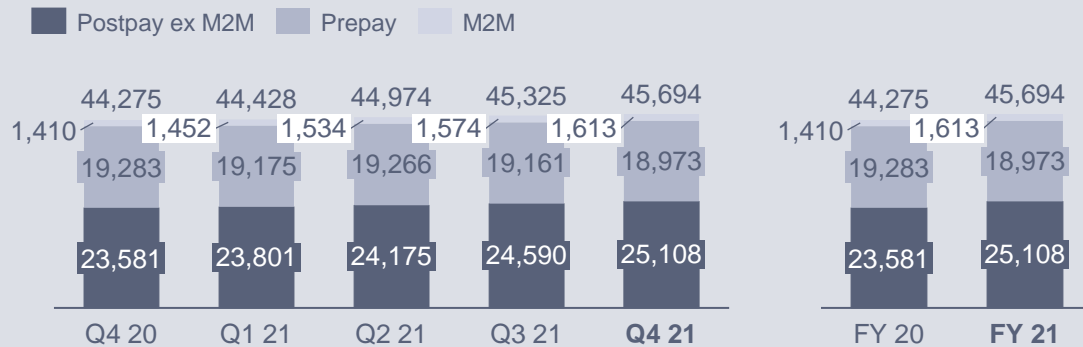
Postpaid net adds¹ (k)



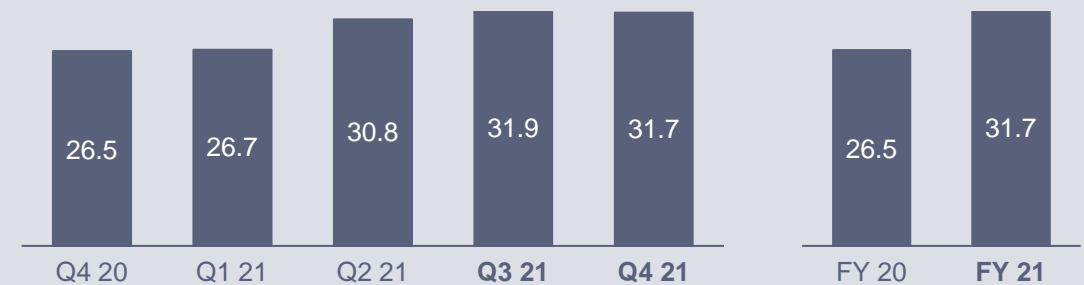
Prepaid net adds (k)



Mobile customer base (k)

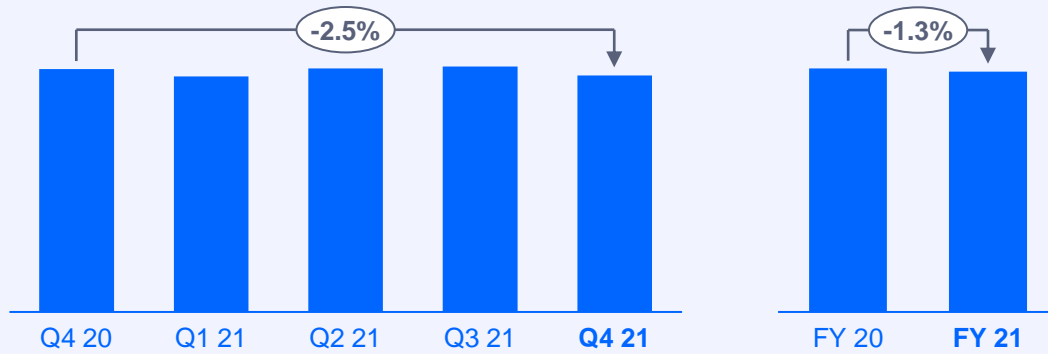


LTE customer base (m)

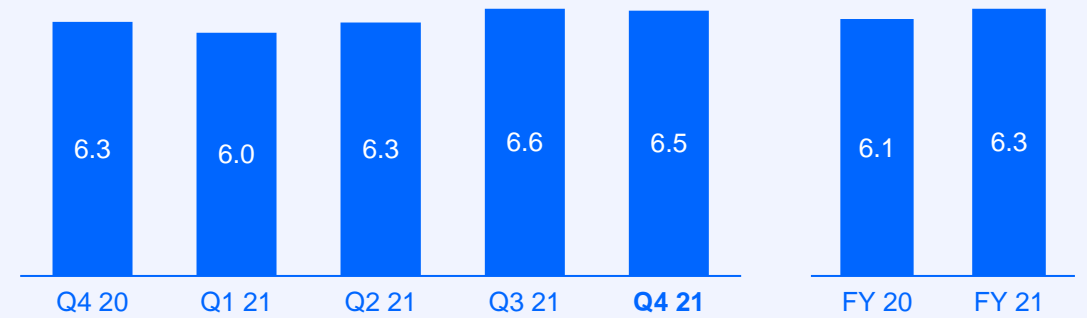


Mobile KPIs

Postpaid ARPU ex M2M (EUR)



Prepaid ARPU (EUR)




Churn rate (%)

— O₂ postpaid — Total postpaid (ex M2M)




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 24/m contract	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 24/m contract	19.⁹⁹	29.⁹⁹	39.⁹⁹



BOOST: Doubling data and adding multiple devices



Flexible contract duration:
monthly contract termination



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

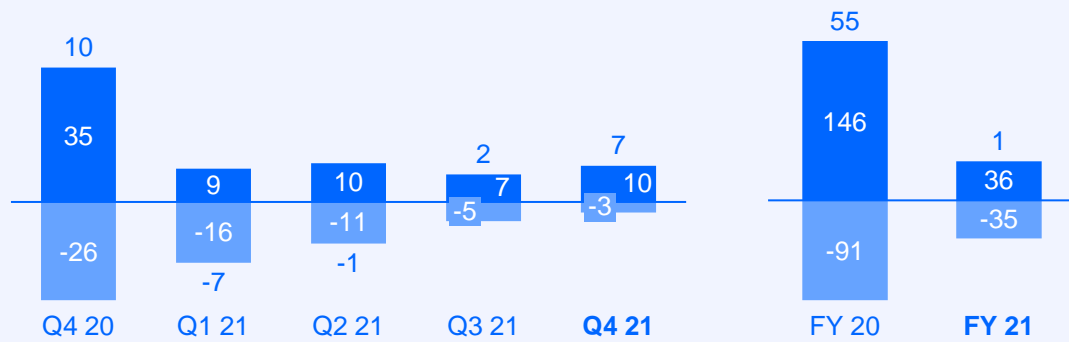


Future ready with **5G**

Fixed KPIs

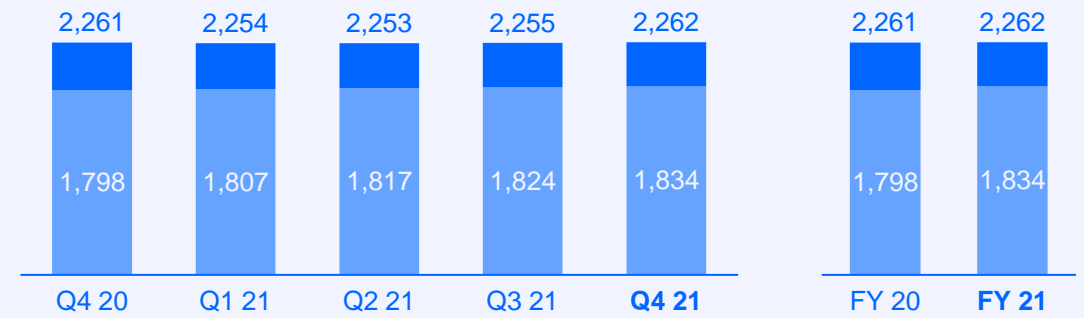
Retail broadband net adds (k)

■ DSL ■ VDSL

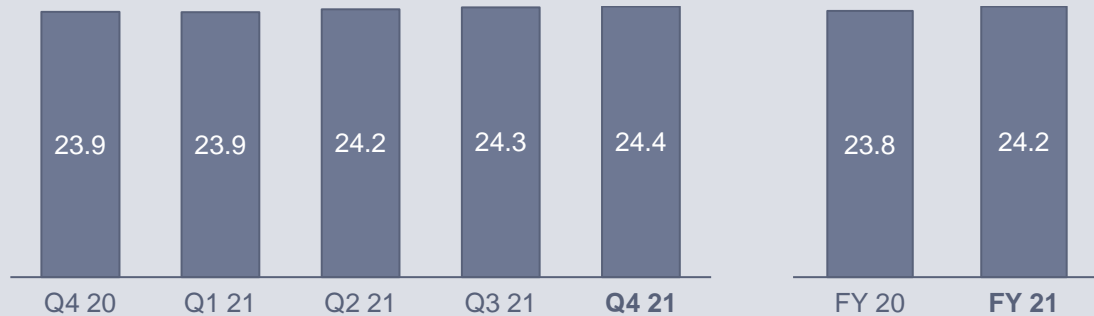


Fixed accesses (k)





■ VDSL



Fixed retail ARPU (EUR)



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
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
Technology				
Voice flat to German fixed networks	✓	✓	✓	✓
Optional HomeBox 3 FRITZ!Box 7590	3.99 mthl 5.99 mthl	3.99 mthl 5.99 mthl	3.99 mthl 5.99 mthl	3.99 mthl 5.99 mthl
Monthly fee 24m contract	24.⁹⁹	29.⁹⁹	34.⁹⁹	44.⁹⁹

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●●●