



Telefónica Deutschland

Pressekonferenz Strategieupdate

19. Januar 2021

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Telefónica Deutschland with a **successful start into growth era**

Build

1998 - 2008



Business Set-up

Introduction of O₂ brand
Start of 4th mobile network

Scale

2009 – 2019

20
Mio.

20
Mio.



44
Mio.

Acquisition & Integration

HanseNet & E-Plus

Established Integrated Player

Grow

2020 & beyond



Mobile Growth

gaining rural share & reinforcement in urban

Smart Bundling (incl. FMS)

capturing value & reducing churn

Attack in B2B

targeting fair SME share

Market entrance



Integration



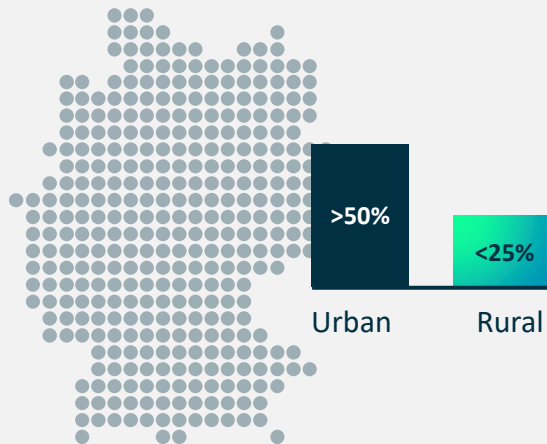
Benefitting from
scale & transformation

Pursuing clear strategic objectives

Network as key enabler to capture growth opportunities

Opportunity

Mobile customer distribution



5G
4G

Accelerated 4G/5G Roll-out

Equalised network quality

Completed 4G coverage

99% population coverage

Launched 5G in Top 15 cities

targeting 5G coverage of >30% by 2021,
~50% by 2022 & full coverage by 2025

Boost Revenues

Outperform the market



Mobile Growth

gaining rural share & reinforcement in urban



Smart Bundling (incl. FMS)

capturing value & reducing churn



Attack in B2B

targeting fair SME share

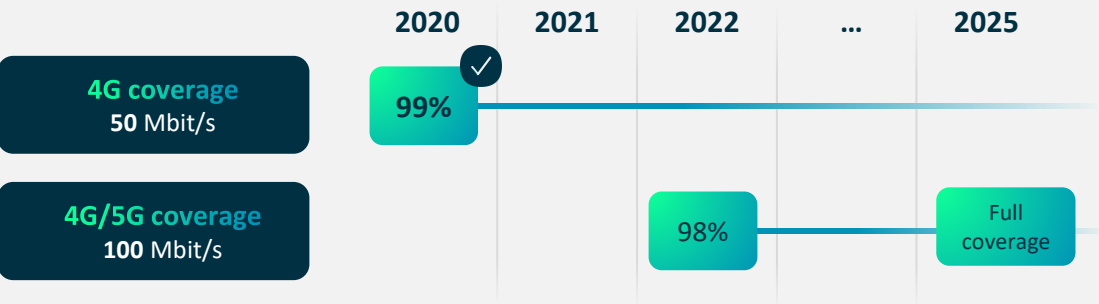
We democratise access to the **sustainable digital future** to create a **better everyday life**



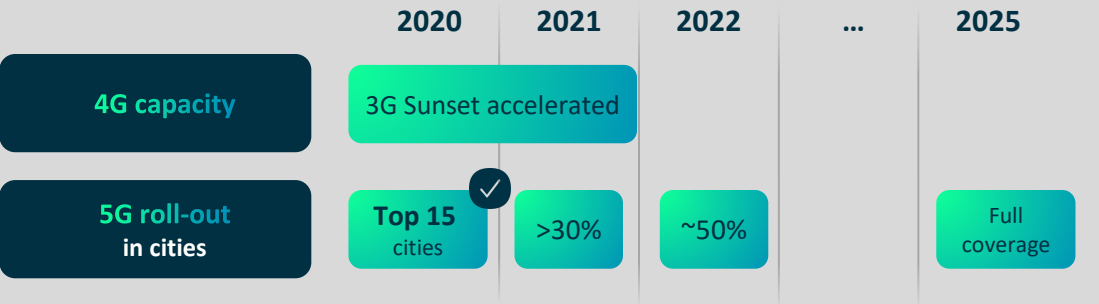
Achieved on par mobile network quality

Accelerated 4G/5G roll-out

Boost Rural Coverage

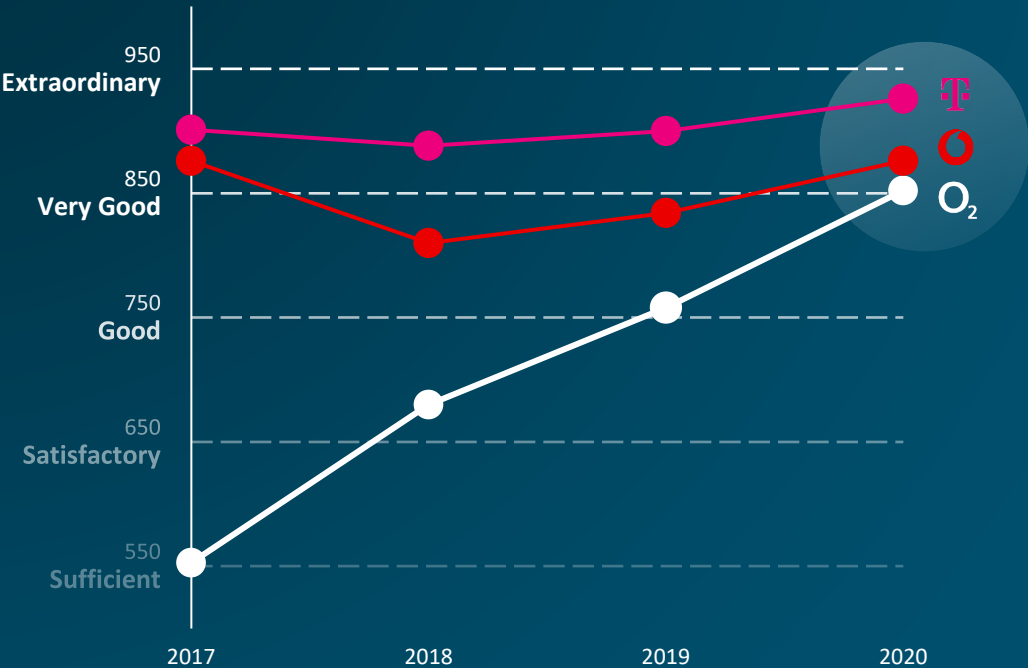


Accelerate Urban Capacity



Equalisation of Network Quality

Evolution of Connect Test results



Additional network sharing creates further cost optimisation opportunities

White-spot sharing

Trilateral sharing agreement

TEF D – Deutsche Telekom – Vodafone

Passive sharing (~6,000 sites)

incl. transport on reciprocal basis

TEF D's share of sites to be built by Telxius

as part of the BTS agreement

Target: Fulfil industry obligation due 2022 and 2024

covering 500 white spots due 2022

Potential inclusion of active sharing

creates additional savings for all MNOs



Grey-spot sharing

Bilateral sharing agreement

TEF D – Deutsche Telekom / TEF D – Vodafone

Active sharing (several hundred sites each)

based on Multi-Operator-Core-Network (MOCN)

800 Mhz, 4G, w/o spectrum pooling

incl. transport on reciprocal basis

Target: Closing coverage gaps

focusing on rural areas

Open for further co-operations

creates additional savings for MNOs



Mobile Growth

Targeted customer focus drives growth momentum

Sustained focus on own customers base



Own customer base
~80%

9M 20



Strong trading momentum

608k post-paid net adds¹



Churn at historic lows

Own brand post-paid churn 13.5%



Improved customer perception

>20p.p. NPS score improved over last 3yrs



Clear growth trajectory

Revenue +1.5% YoY



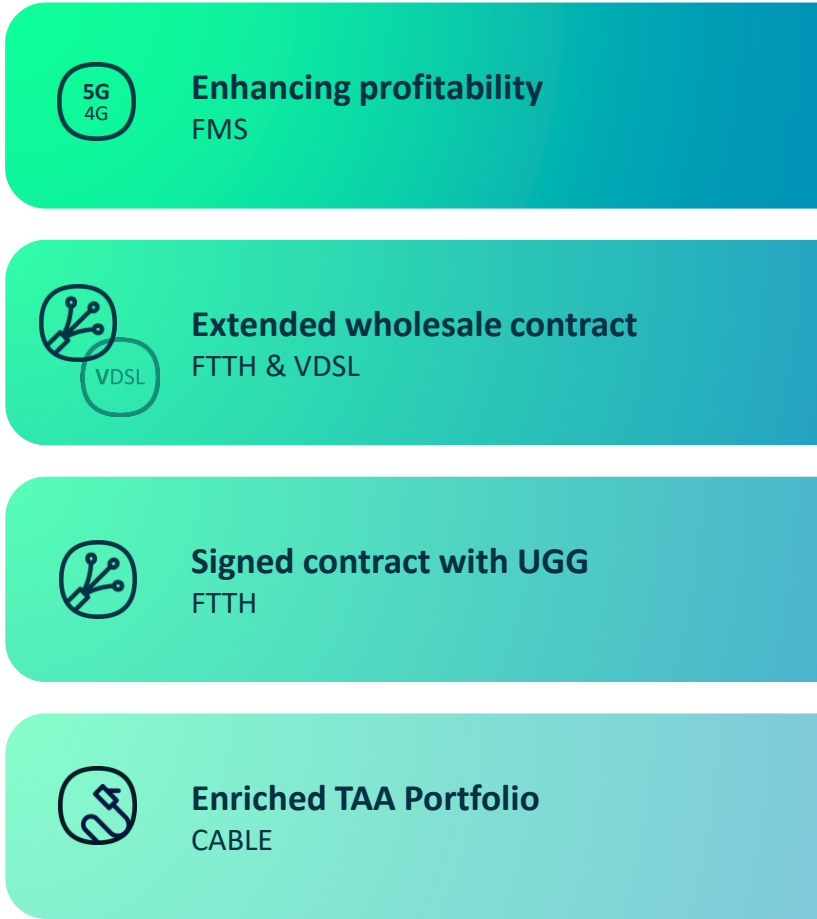
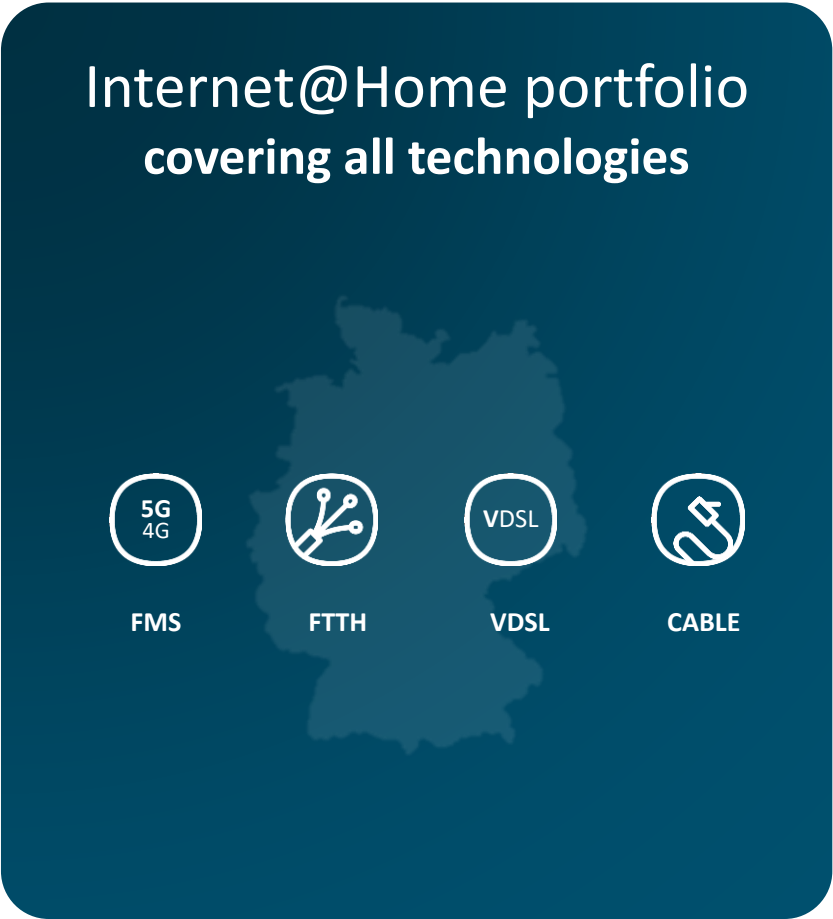
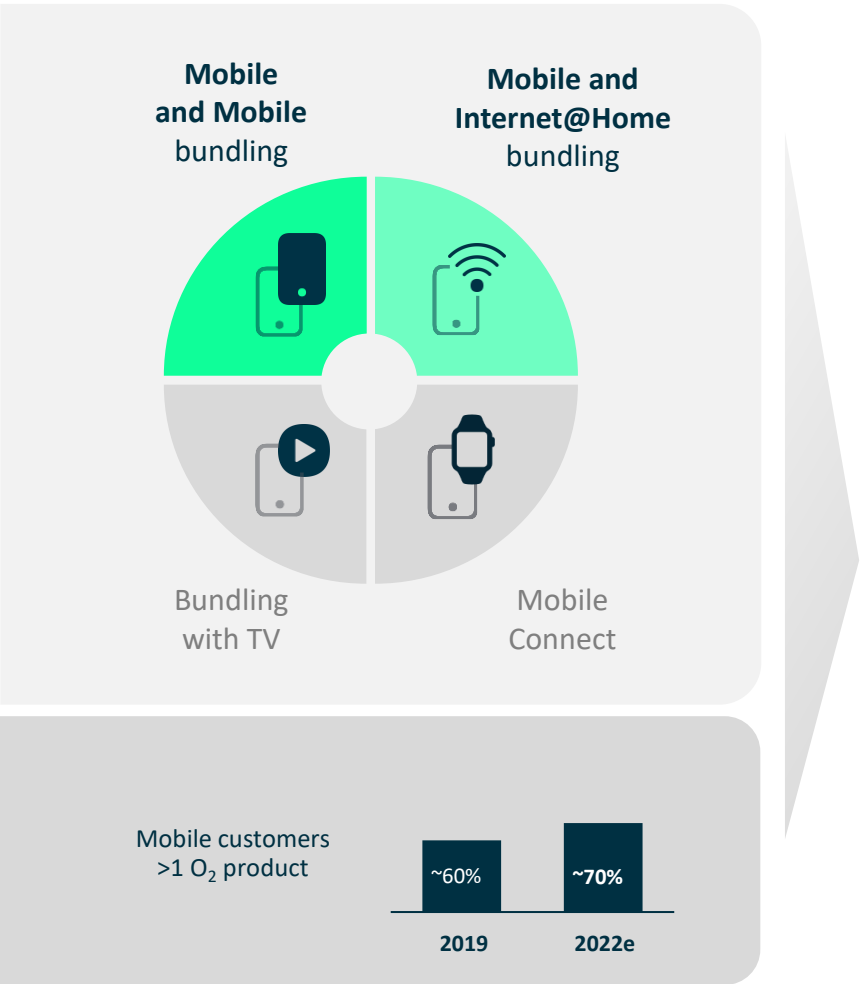
Improved customer mix drives fixed growth

Revenue +5.6% YoY



Smart Bundling

Enhanced smart bundling with most extensive Internet@Home footprint





Attack in B2B

Targeting fair SME share & leveraging recent successes

B2B Revenue & Market Share

Go-2-Market Strategy



Enhanced **brand awareness**



Award-winning **customer service**



Profitable **customer growth**

Radical Commercial Shift



Agile hunting approach



Step-change in **customer loyalty**



Direct **online offer**

Core Portfolio Focus



Streamlined tariff portfolio
incl. unlimited 5G



SD WAN and p5G



Personalised service

Digitalisation Opportunity leveraging TEF Tech

German Market in 2022e

German Market
CAGR 2019-22e

Cloud¹
EUR 12.7bn

+14%

IoT²
EUR 1.8bn

+30%

Security³
EUR 6.5bn

+9%

Strong Business Momentum

Mobile

- Amazon Deutschland (M2M)
- Prosegur
- Tchibo

SD WAN

- ALDI - largest SD WAN project in Europe with >8k PoS in 14 countries

p5G

- Daimler - Factory 56 with state-of-the-art network solutions

Re-investing & returning ~15% of net proceeds from infra deal

Recap infra deal

Perimeter

~10k rooftop sites; up to 80 tower sites

Transfer progress

~60% of locations transferred Sept-20,
~40% in summer-21

Proceeds



BTS programme

2.4k built-to-suit sites over 4 years

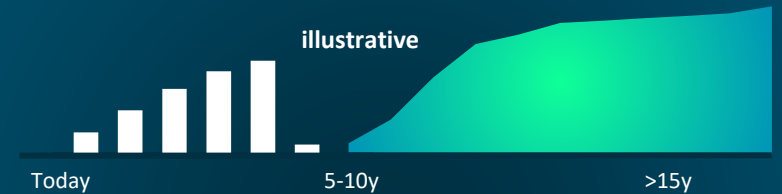
Shareholder remuneration

**Dividend of
EURc 18/share for FY20**
and as a floor during 2021-23

EUR 100m FibreCo investment

Capital contribution

Dividends



Phased investments and attractive long-term
financial returns

Carrier neutral wholesale operator
benefitting from TEF Group FTTH expertise

Attractive FTTH market opportunity
for TEF D as investor and client

EC approval received & construction starting in 2021

Short- to mid-term

Long-term



Summary - focusing on key strategic priorities to accelerate growth trajectory

Robust momentum during COVID-19 crisis

Rapid progress on company's largest network rollout

Cooperation agreements further enhance network quality

Profitable growth through mobile expansion, bundling, B2B

On track to reach mid-term goals

Mid-term Guidance

2020 - 2022

Cumulated revenue growth $\geq 5\%$



Investment programme



Ongoing margin improvement¹



Climate neutral by 2025





Telefónica Deutschland

Zeit für Ihre Fragen



Markus Haas

CEO

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