Telefónica Deutschland

Preliminary Q4/FY20 results

24 February 2021

Markus Haas
CEO
@Markus Haas

Markus Rolle
CFO
@Markus Rolle

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Achieved FY20 outlook on back of strong operational & financial performance

Fully absorbing C-19 impacts

Mobile Growth
gaining rural share & reinforcement in urban

Smart Bundling (incl. FMS)
capturing value & reducing churn

Attack in B2B
Targeting fair SME share

FY20

Revenue YoY	OIBDA[1] YoY	Capex/Sales
+1.8%	**+0.2%**	**14.5%**
+2.8%[2]	+2.7%[2]	

FY20 outlook ✓

NPS +8

connect VERY GOOD MOBILE NETWORK O_2 Heft 1/2021

Net Adds[3] >1m

Churn[4] 1.1%

Bloomberg Gender-Equality Index 2021

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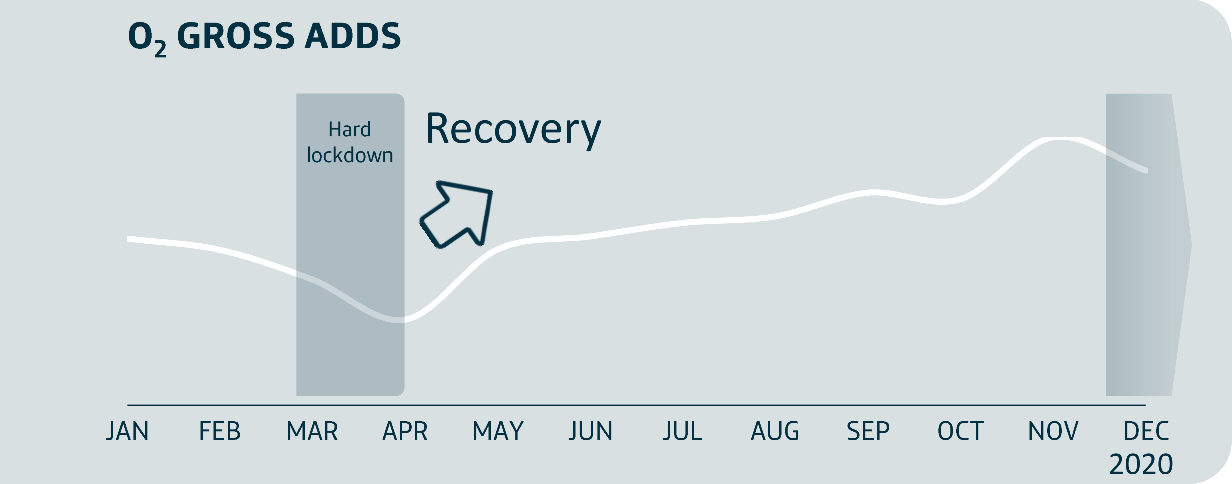
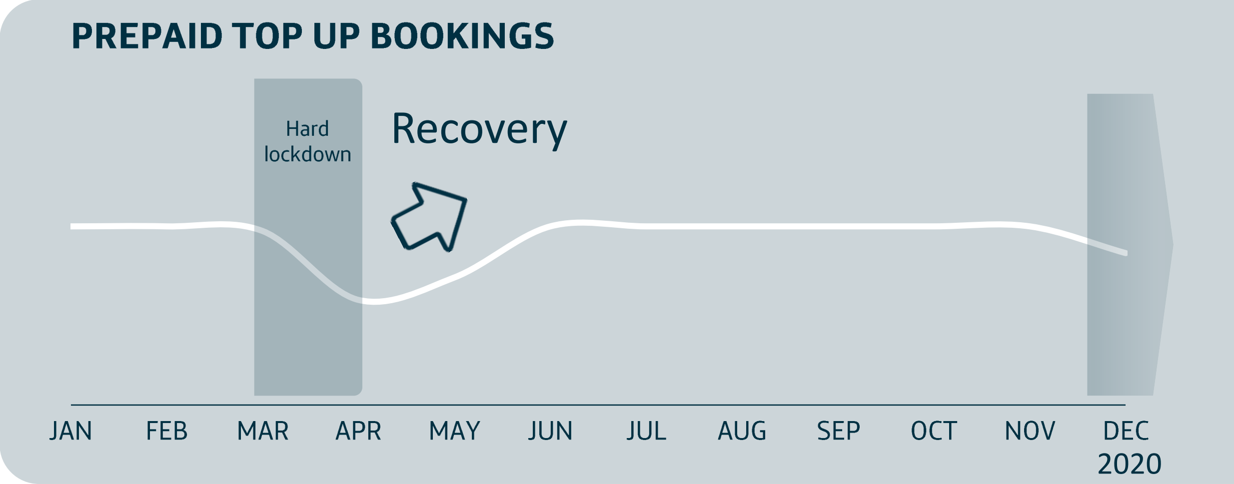
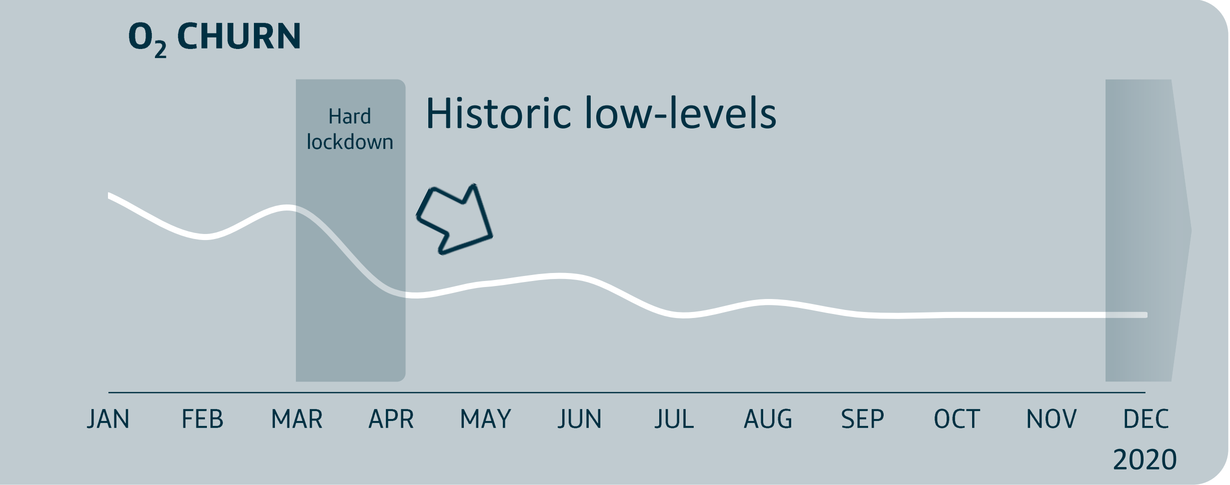
[1] Adjusted for exceptional effects [2] Excl. Covid-19 impacts [3] Excl. 218k M2M [4] O_2 Postpaid

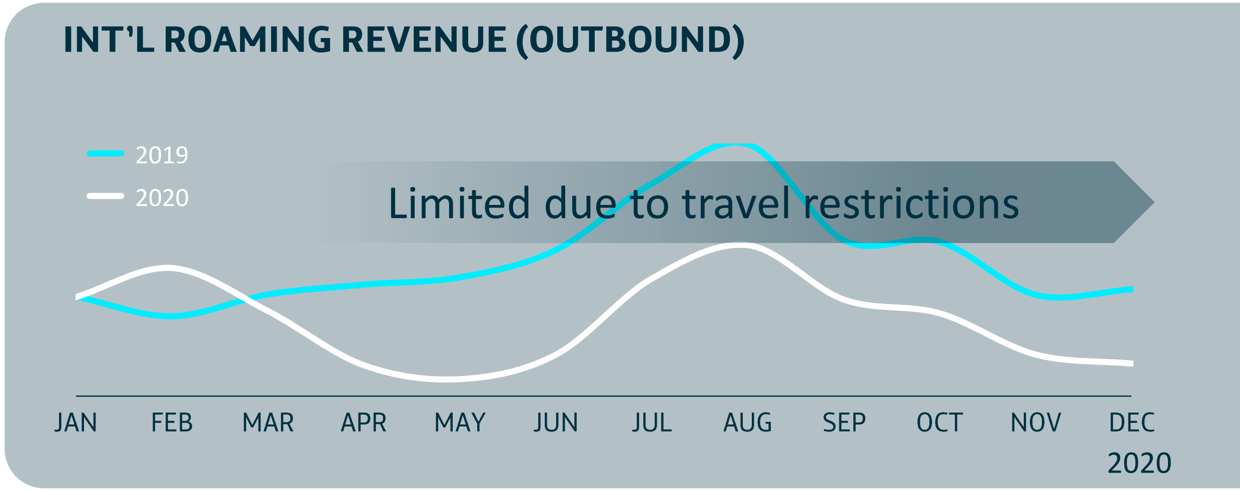
Rapid recovery of most KPIs post 1st lockdown

Ongoing hard lockdown since mid-December









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Network quality equalisation achieved

Boost Rural Coverage

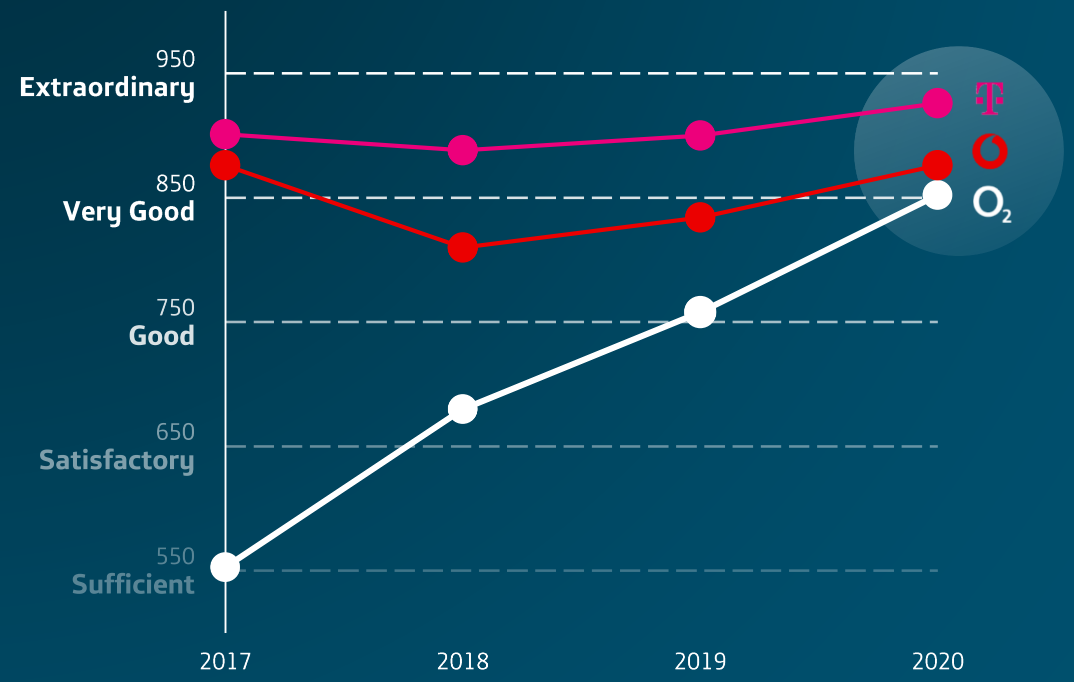
	2020	2021	2022	...	2025
4G coverage 50 Mbit/s	99% ✓				
4G/5G coverage 100 Mbit/s			98%		Full coverage

Accelerate Urban Capacity

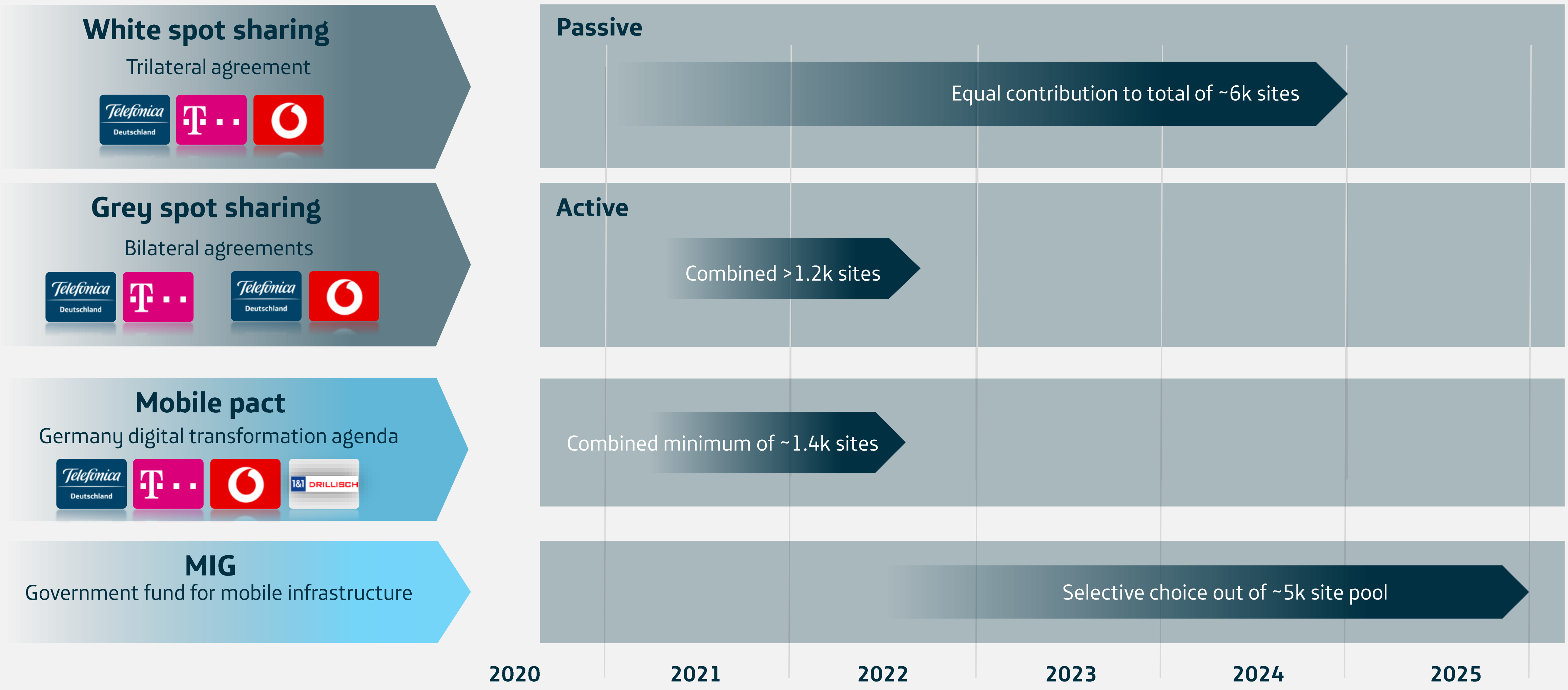
	2020	2021	2022	...	2025
4G capacity	3G Sunset accelerated	3G Sunset accelerated			
5G roll-out in cities	**Top 15** cities ✓	>30%	~50%		Full coverage

Equalisation of Network Quality

Evolution of 'connect' Test Results

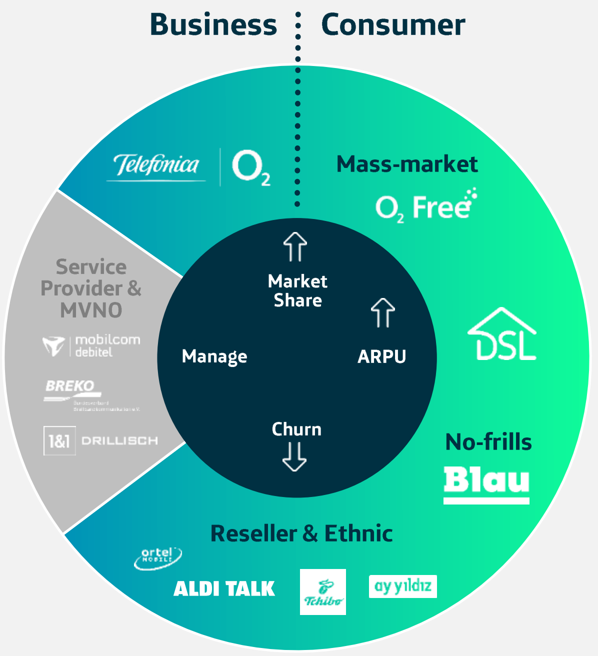


Leveraging network sharing opportunities and co-operations



Driving commercial momentum to generate sustainable growth

Sustained focus on own customers base



Own customer base ~80%

Mobile Growth
Gaining rural share & reinforcement in urban

Smart Bundling (incl. FMS)
Capturing value & reducing churn

Attack in B2B
Targeting fair SME share

Enhance network CEX & expand 5G footprint

FY21 – key operational activities

- Improve products and services along key NPS drivers
- Focus on important brand KPIs to drive future business with highest efficiency
- Leverage enriched TAA portfolio
- Encourage willingness-to-pay and enhance loyalty
- Leverage momentum to gain B2B market share

FY21 – building on operational momentum and network equalisation

	FY20 outlook	Actuals FY20	FY21 outlook[3]
Revenues	**Flat to slightly positive** (incl. reg. impacts of ~EUR 20-30m)	**+1.8%** **+2.8%[1]** 2019: 7,399 2020: 7,532	**Flat to slightly positive**
OIBDA[2]	**Broadly stable to slightly positive** (incl. reg. impacts of less than ~EUR 10m)	**+0.2%** **+2.7%[1]** 2019: 2,316 2020: 2,319	**Broadly stable to slightly positive**
C/S	**< 17-18%**	**14.5%** 2019: 1,044 2020: 1,094	**17-18%**

[1] Excl. Covid-19 impacts

[2] Adjusted for exceptional effects

[3] Including regulatory impacts & C-19 impacts assuming hard lock-down until 7 Mar-21 and only gradual recovery of roaming over the course of the year

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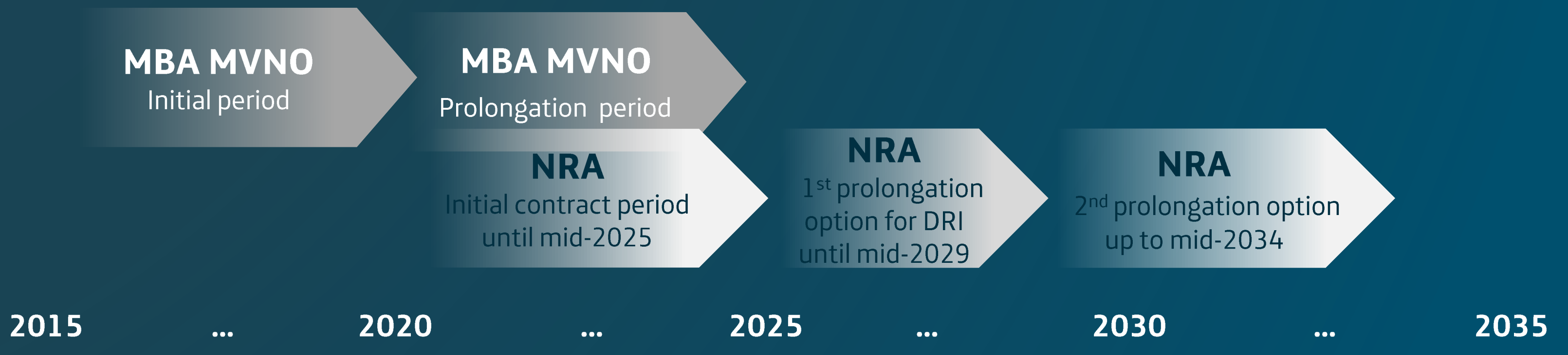
Telefónica Deutschland establishes long-term partnership with 1&1 Drillisch

National roaming agreement (NRA) secures valuable long-term revenue streams

- Initial 5-year contract period: Jul-20 – Jun-25
- 2x extension option for 1&1 Drillisch up-to 2034
- NRA includes available 2G/3G/4G coverage
- MBA MVNO continues to include available 2G/3G/4G/5G coverage

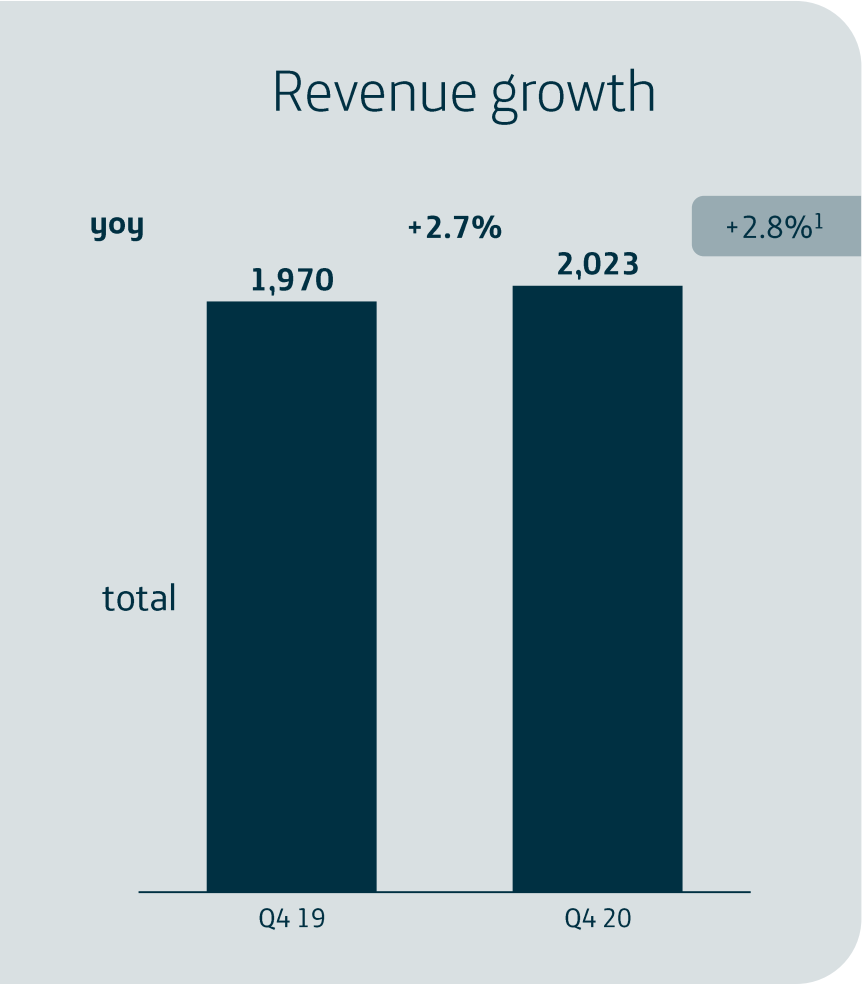
- NRA commercial terms also apply to MBA MVNO services
- NRA pricing structures derived from MBA MVNO
  - In principal a combination of per unit-prices and pre-determined volumes
  - Volumes adjustable over the course of the contract
  - Significant mobile network traffic growth assumed

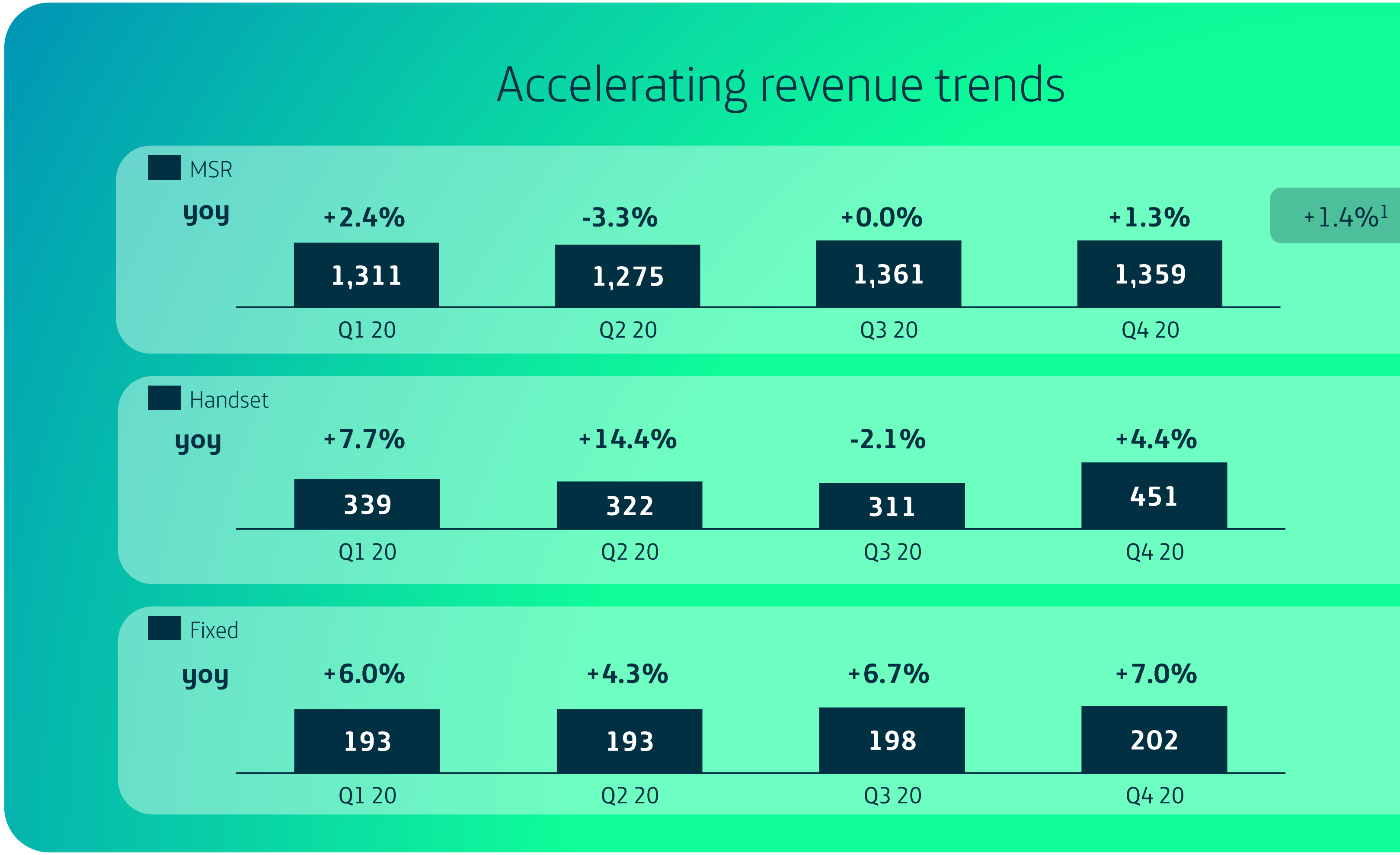


Financial Update

Markus Rolle
CFO

Growth momentum across all revenue lines





[1] Excl. Covid-19 impacts

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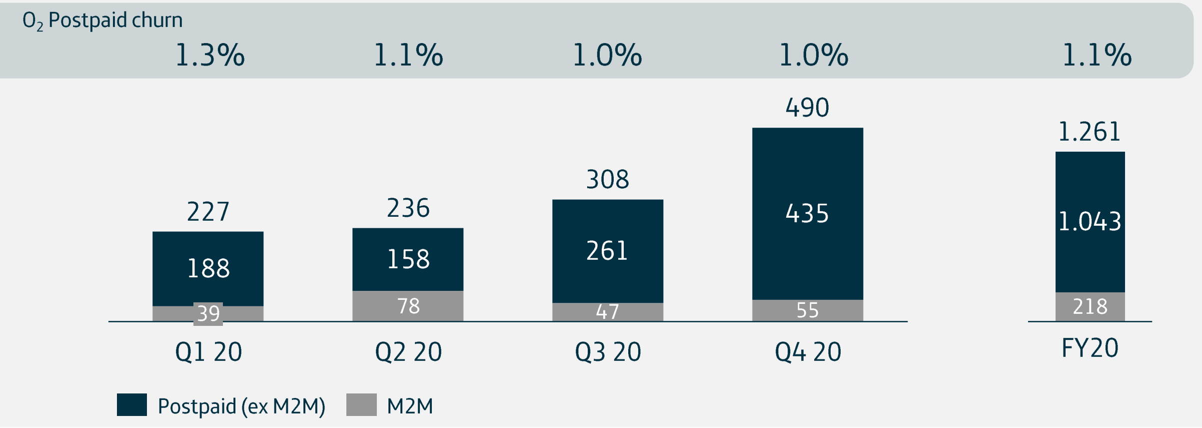
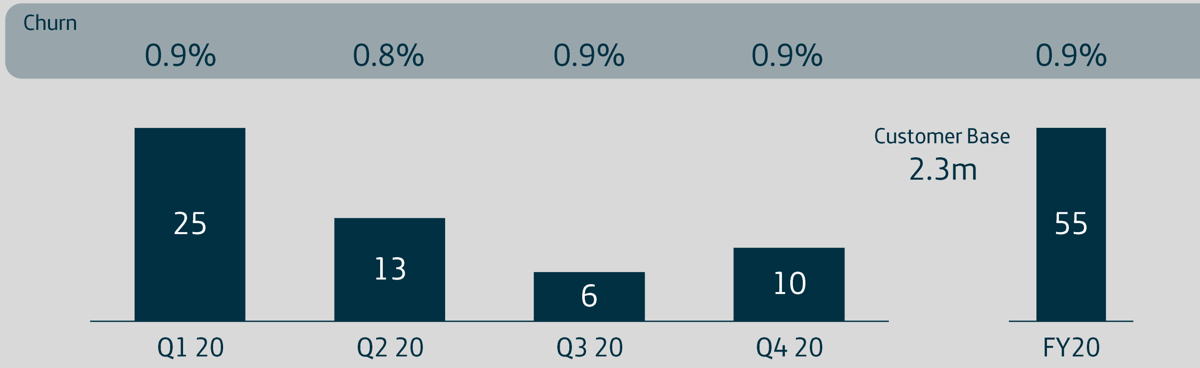
Strong own brand momentum

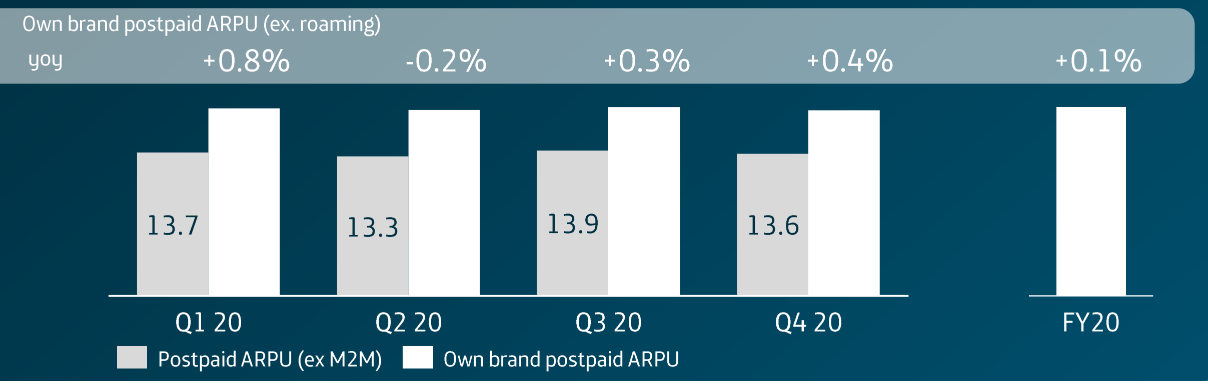
Mobile Net Adds (k)



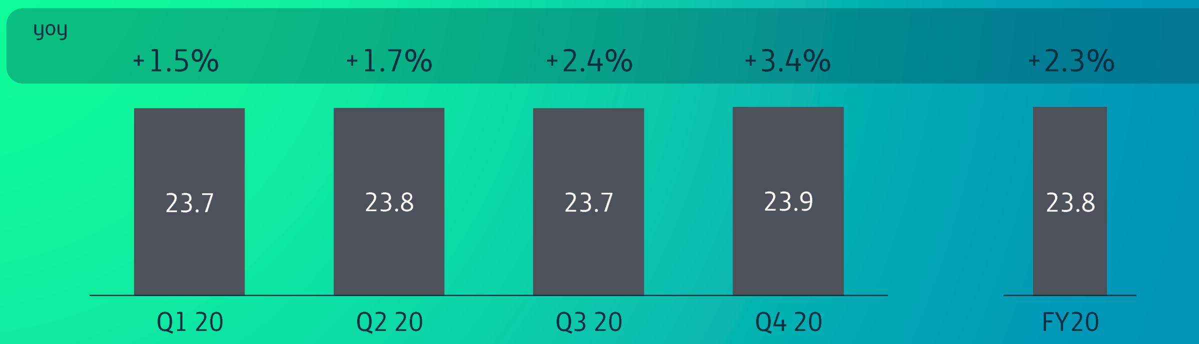
Fixed Net Adds (k)



Mobile Postpaid ARPU (EUR)



Fixed ARPU (EUR)



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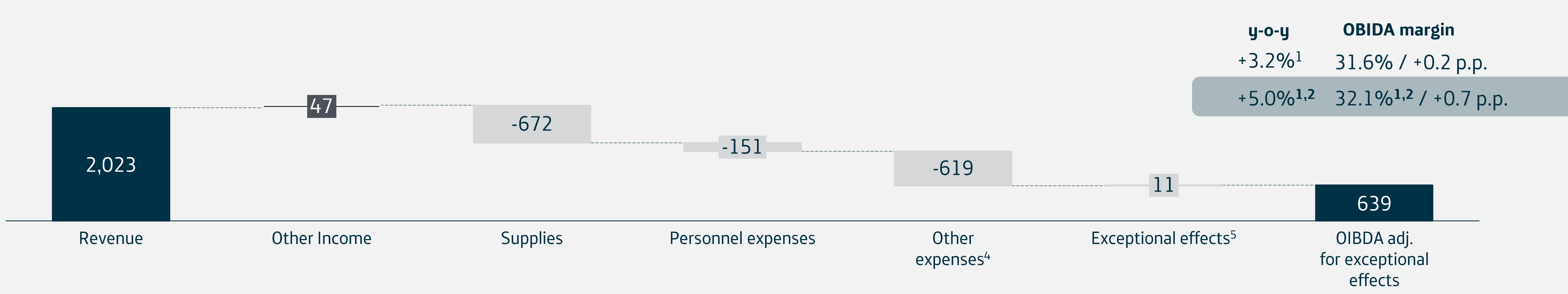
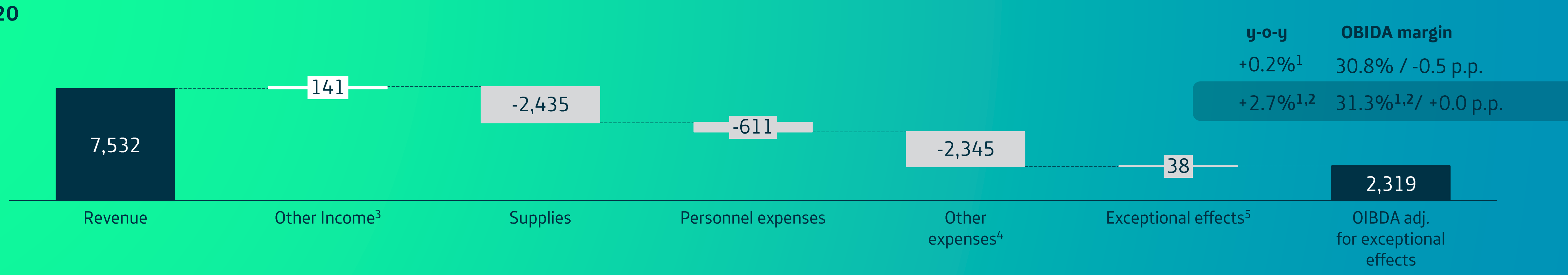
Continued OIBDA growth momentum





[1] Adjusted for exceptional effects
[2] Excl. Covid-19 impacts
[3] Adjusted for capital gains/losses related with the sale of assets
[4] Includes exceptional effects, Group fees and impairment losses in accordance with IFRS 9
[5] Mainly restructuring expenses

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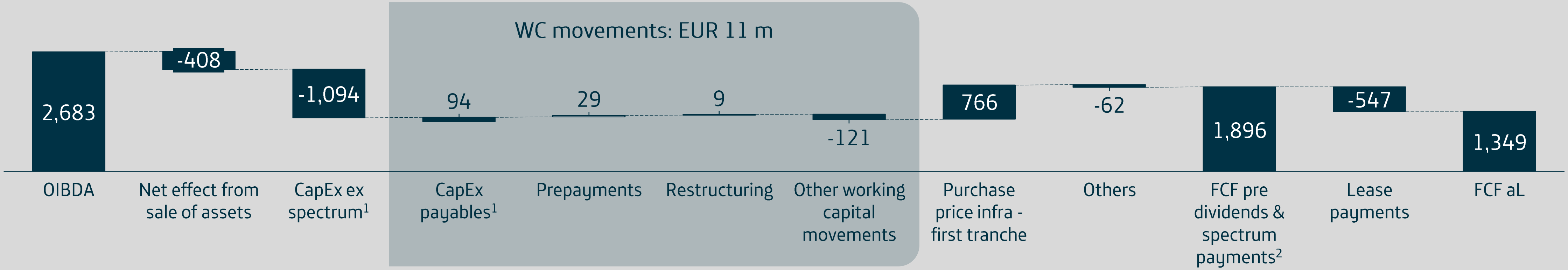
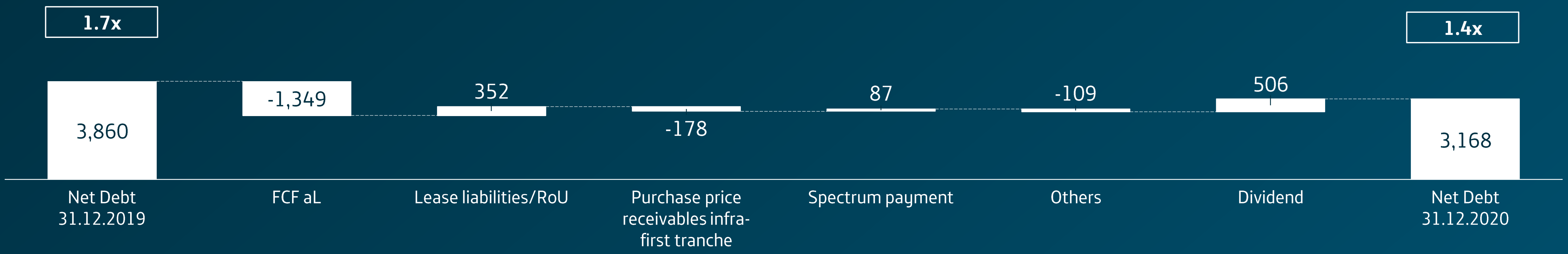
Solid financial position





[1] Excluding additions from capitalised right-of-use assets and investments in spectrum
[2] FCF pre dividends & spectrum payments is defined as the sum of cash flow from operating activities & cash flow from investing activities
[3] 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
[4] Leverage ratio is defined as net financial debt divided by the OIBDA for the last twelve months adjusted for exceptional effects

Confident FY21 outlook and mid-term guidance

	FY21 outlook[1]	Mid-term guidance 2020 - 2022
Revenues	**Flat to slightly positive**	**Cumulated growth of min. 5%**
OIBDA[2]	**Broadly stable to slightly positive**	**Ongoing margin improvement**[3]
C/S	**17-18%**	**Investment programme** C/S of <17-18% in 2020, peaking b/w 17-18% in 2021, normalising towards YE 2022

[1] Including regulatory impacts & C-19 impacts assuming hard lock-down until 7 Mar-21 and only gradual recovery of roaming over the course of the year

[2] Adjusted for exceptional effects

[3] Excl. Covid-19 impacts

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Summary

Confident FY21 outlook on back of strong operational & financial FY20 performance

Achieved FY20 outlook fully absorbing C-19 impacts
Strong operational & financial performance as well as mobile network equalisation

Core business momentum fully intact - growth across all revenue lines
International roaming reflects ongoing travel restrictions

Continued OIBDA growth momentum
OIBDA margin a blend of revenue mix, cost efficiencies and international roaming drag

FCFaL dynamics benefit from infra-deal
Leverage with comfortable headroom to BBB-rating

Solid B/S, strong liquidity position and ability to generate FCF growth
Intend to propose an increased dividend of EURc 18 per share for FY20 to AGM in May 2021

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Management Q&A

Markus Haas

CEO

@Markus Haas

Markus Rolle

CFO

@Markus Rolle

Any questions?

We look forward to hearing from you!

+49 89 2442 1010 ir-deutschland@telefonica.com

Christian Kern
Director Investor Relations
+49 179 900 0208
christian.kern@telefonica.com

Marion Polzer, CIRO
Head of Investor Relations
+49 176 7290 1221
marion.polzer@telefonica.com

Eugen Albrecht
Senior Investor Relations Officer
+49 176 3147 5260
eugen.albrecht@telefonica.com

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