Telefónica Deutschland

Interim results
Q3 2021

3 November 2021

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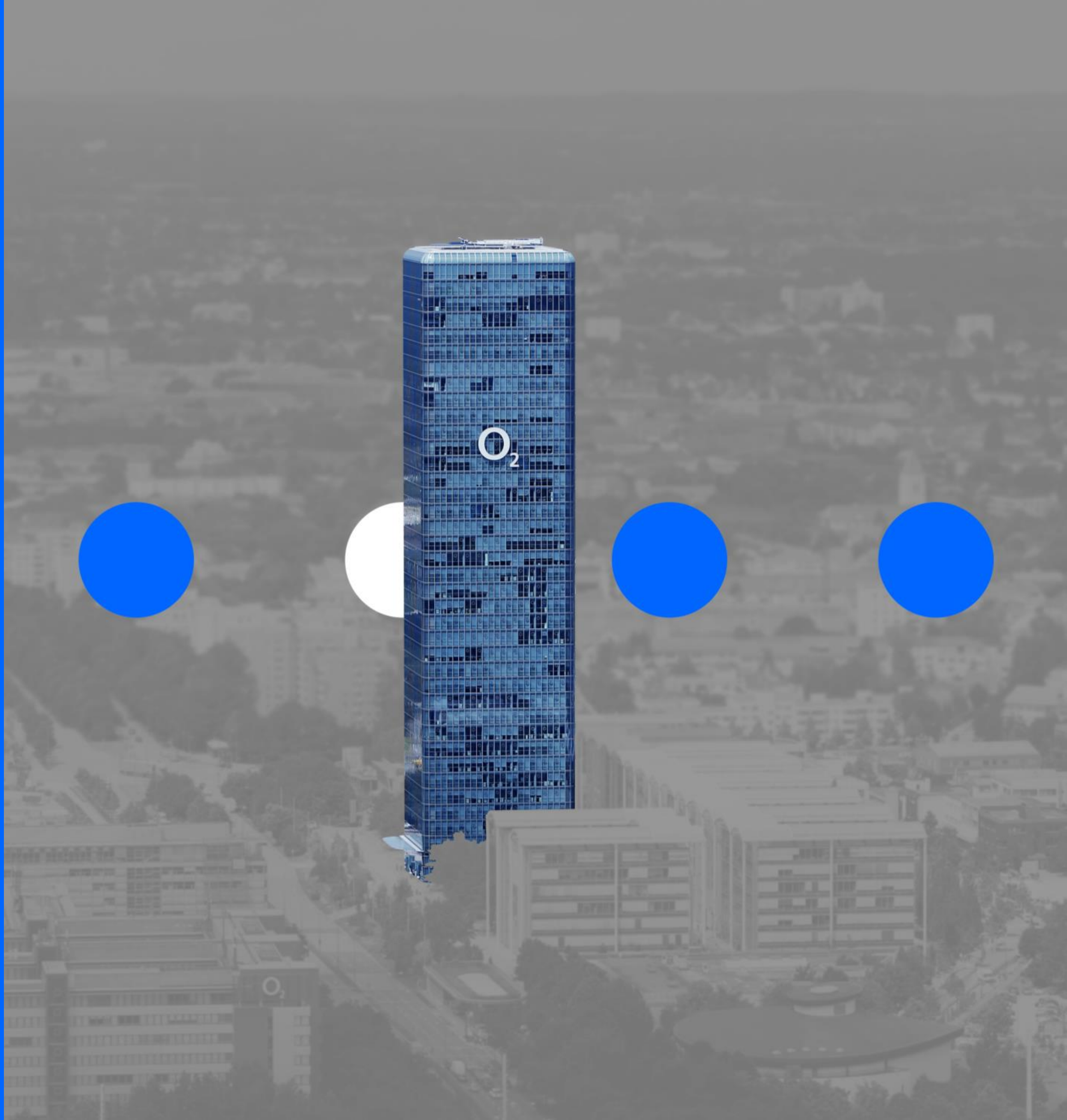

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Sustained profitable growth drives upgrade of FY21 outlook

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

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

9M 2021

Revenue yoy	OIBDA[1] yoy	Capex/Sales
+3.7%	**+6.3%**	**14.2%**
+2.9%[2]	+3.3%[3]	

Net Adds[4]
>1m

O_2 Churn[5]
0.9%

ESG
At the heart of our strategy

5G Network
Excellent progress in our 1st year

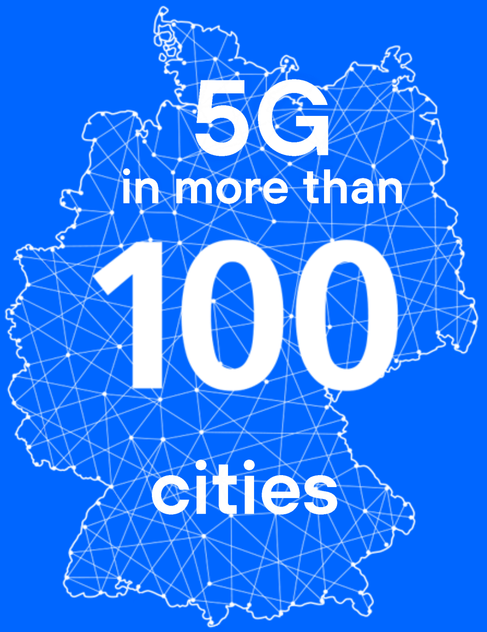
B2B
Strong traction

LEBARA
Wholesale
Extending portfolio

[1] Adjusted for exceptional effects
[2] Excl. non-recurrent special factors
[3] Excl. non-recurrent special factors & received social security payments
[4] Postpaid excl. 40k M2M
[5] O_2 Postpaid

Building state-of-the-art energy-efficient 5G network

O_2 5G network rapidly expanding



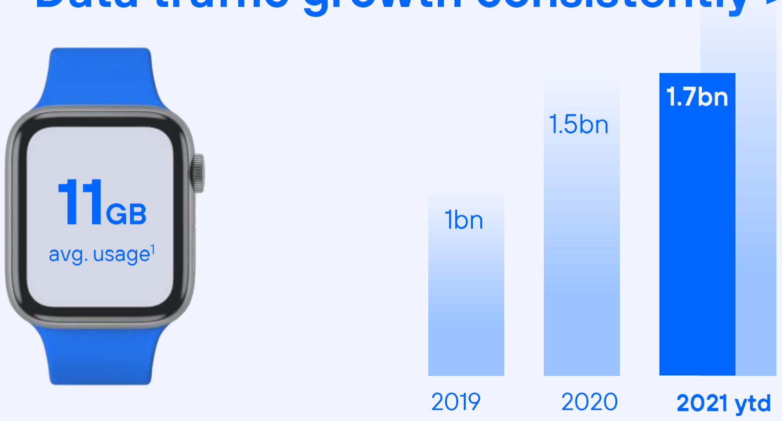
More than

3,300

5G antennas on
3.6 GHz spectrum

#1 in 5G avg download speed[1]

Data traffic growth consistently >50%



[1] O_2 Free Postpaid

A modern 5G network is fundamental for efficient energy management

5G is **90% more efficient** per byte produced

Key drivers of energy consumption are data growth & network densification

3G sunset decreases energy costs

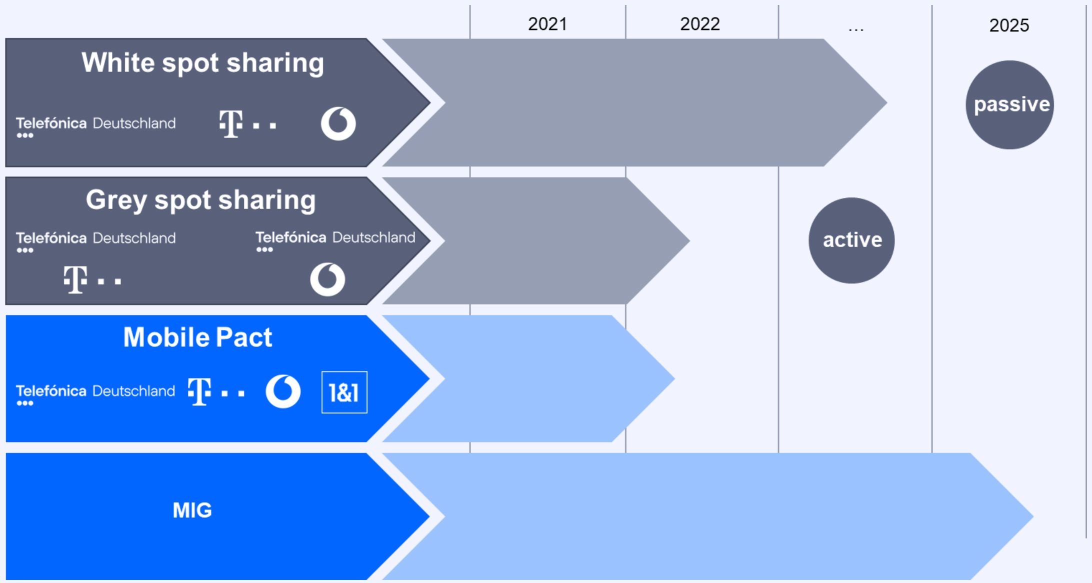
[1] Opensignal Awards – Germany: 5G Experience Report August 2021: https://www.opensignal.com/reports/2021/08/germany/mobile-network-experience-5g

Mobile network strategy leading to normalised Capex to Sales levels

Modernisation of RAN with ongoing densification

- Efficient rollout of 5G network supported by sharing initiatives leads to a grid of ~35k sites in 2025 ensuring equalized network quality
- Existing BTS programme with Telxius/ATC covers TEF D's contribution to white spot agreement and Mobile Pact
- Normalised C/S level from YE22 follow 3-yr 'investment for growth' programme

Network sharing for rural coverage - TEF D share covered by existing BTS deal



Well on track to deliver ESG objectives

Environment

“BUILDING A GREENER FUTURE”
Lower carbon economy & digital innovation

Efficient energy management

- Energy efficiency target: min. 82% by 2025
- Targeting net zero carbon emissions by 2025
- Accelerated sunset of 3G in 2021
- 100% green energy beyond 2021

Sustainable products & services

- Launch of ‘Let’s keep the planet blue’ initiative
- Extension of smartphone lifetime through O_2 mobile purchase and repair services
- Introduction of new Eco Rating labelling system
- Cooperation with Fairphone

Social

“HELPING SOCIETY TO THRIVE”
Supporting customers & communities

Digital inclusion & respectful interaction for all age groups

- Education campaign debunking disinformation
- Anti-cyberbullying program #Wakeup

5 Bold moves – new way of working

- Working Anywhere
- Working Anytime
- Outcome-based Leadership
- Digital by Default
- 70% Less Travel

Governance

“LEADING BY EXAMPLE”
Running an inclusive, fair & ethical business

Robust corporate governance structure

- Management Board – highly experienced and diverse
- Supervisory Board – well balanced & diverse shareholder side
- Included in Bloomberg Gender Equality Index 2021 (GEI) 2nd year in a row
- Continuous improvement of our reputation score in 2021

Highly ranked in leading ESG ratings SUSTAINALYTICS MSCI ISS ESG

Upgrade of FY21 outlook

	Previous FY21 outlook[1]	Actuals 9M 21			Upgraded FY21 outlook[1]
Revenues	Slightly positive yoy	+3.7% yoy +2.9%[3]	9M 20: 5,509 9M 21: 5,711	✓	Slightly positive yoy
OIBDA[2]	Slightly positive yoy	+6.3% yoy +3.3%[4]	9M 20: 1,680 9M 21: 1,786	✓	Low mid-single digit % growth yoy
C/S	17-18%	14.2%	9M 20: 726 9M 21: 810	phasing	<17-18%

[1] Including regulatory & C-19 impacts [2] Adjusted for exceptional effects [3] Excl. non-recurrent special factors [4] Excl. non-recurrent special factors & received social security payments

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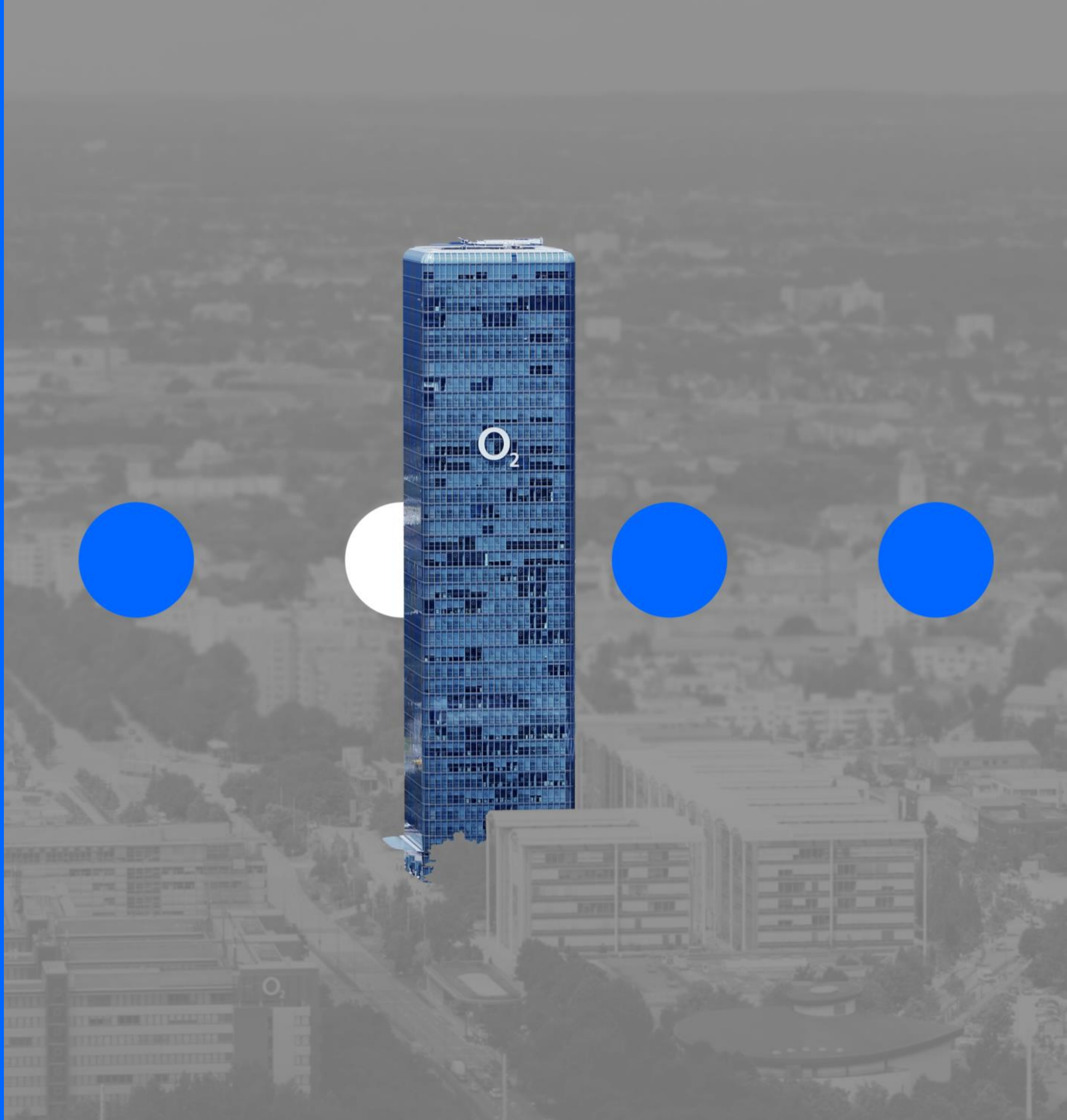
Financial Update

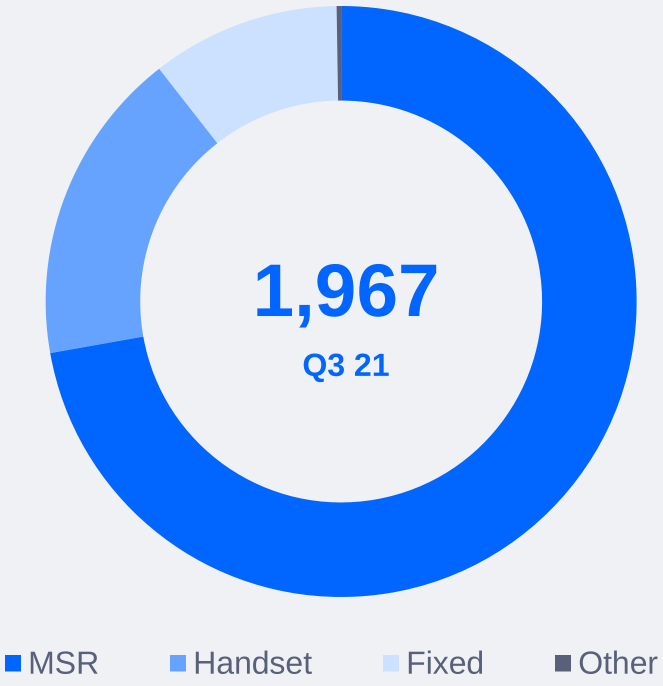


Markus Rolle
CFO
@Markus Rolle

Sustained operational & financial momentum drives profitable growth

Revenues (EURm)

+5.1%
yoy



[1] Excl. non-recurrent special factors

Accelerating MSR trends (EURm)

MSR yoy

	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21
yoy	+0.0%	+1.3%	-0.3%	+7.4% (+4.3%[1])	**+4.4%**
MSR	1,361	1,359	1,307	1,370	1,421

Handset yoy

	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21
yoy	-2.1%	+4.4%	+2.3%	-1.2%	**+9.0%**
Handset	311	451	347	318	339

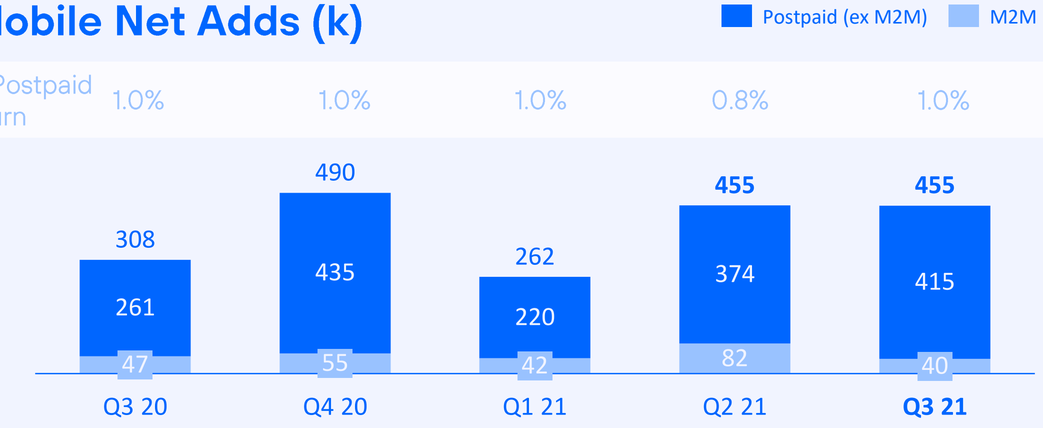
Fixed yoy

	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21
yoy	+6.7%	+7.0%	+3.9%	+3.5%	**+2.8%**
Fixed	198	202	200	200	203

Strong traction of O_2 Free portfolio & positive fixed trends

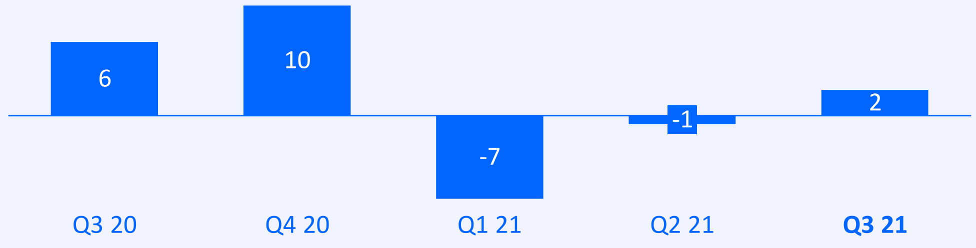
Mobile Net Adds (k)

O_2 Postpaid Churn	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21
	1.0%	1.0%	1.0%	0.8%	1.0%



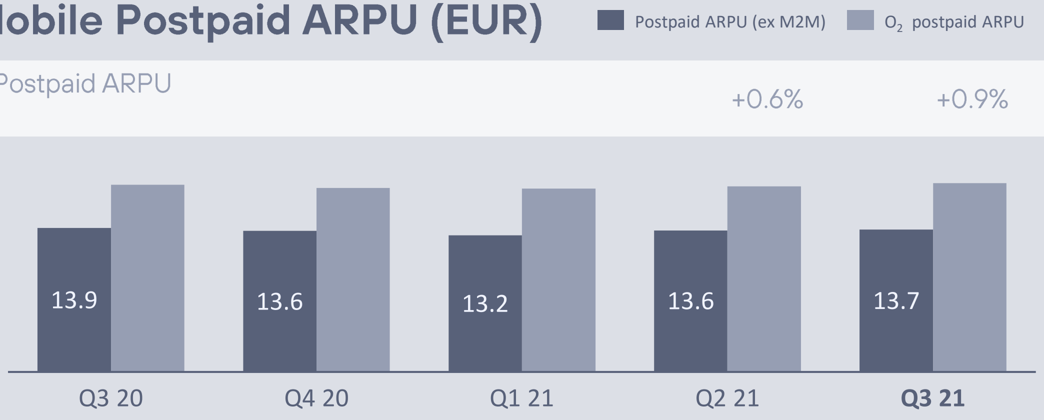
Fixed Net Adds (k)

Churn	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21
	0.9%	0.9%	1.0%	0.9%	0.9%



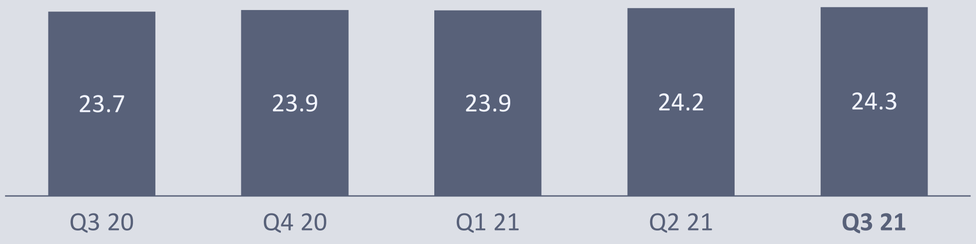
Mobile Postpaid ARPU (EUR)

O_2 Postpaid ARPU yoy	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21
				+0.6%	+0.9%



Fixed ARPU (EUR)

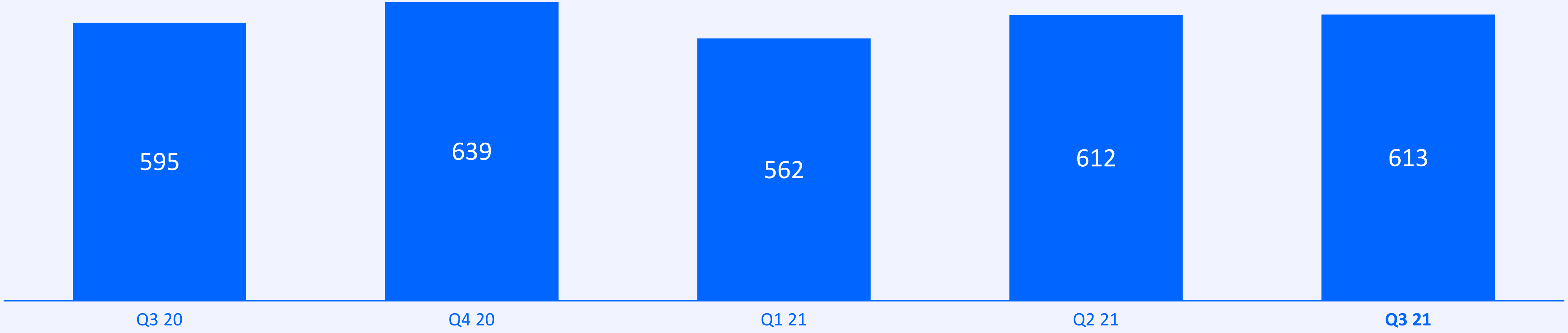
ARPU yoy	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21
	+2.4%	+3.4%	+0.7%	+1.6%	+2.5%



Sustained OIBDA growth

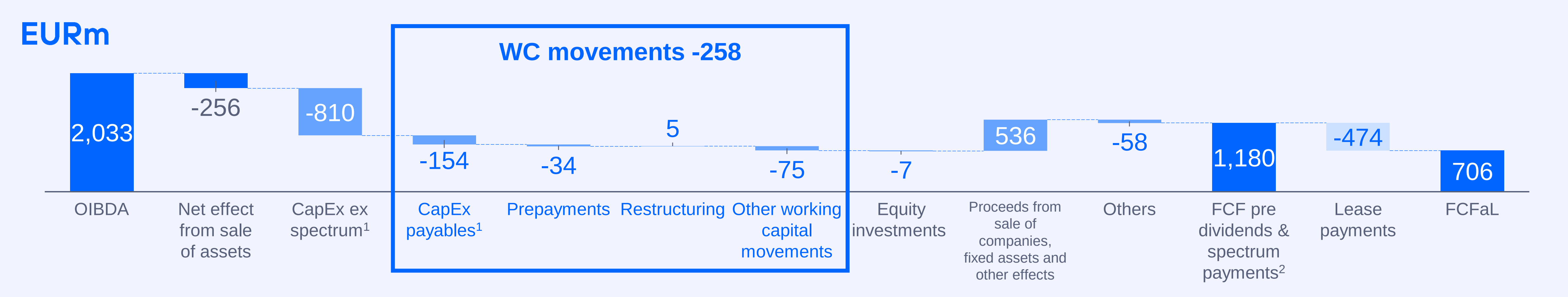
OIBDA[1] (EURm)

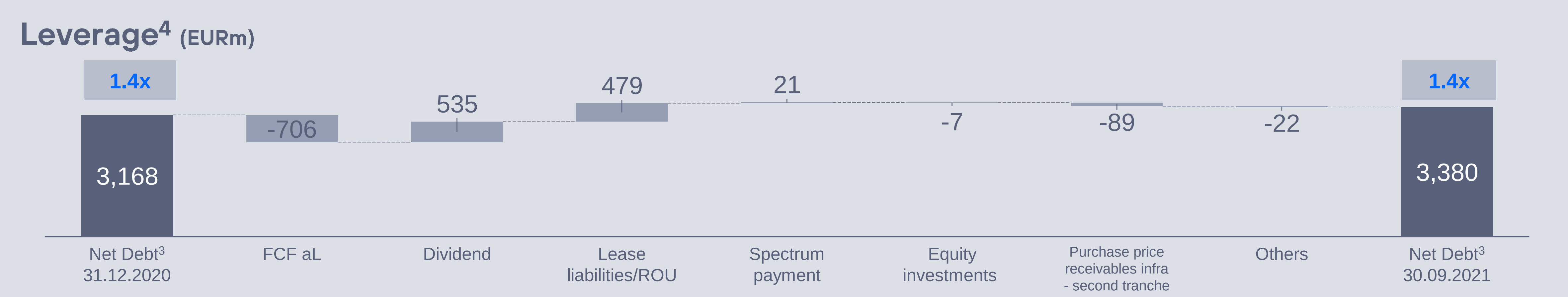
	Q3 20	Q4 20	Q1 21	Q2 21	**Q3 21**
OIBDA yoy	+0.8%	+3.2%	+5.5%	+10.8% +3.6%[2]	**+3.0%**
OIBDA	595	639	562	612	613
OIBDA margin	31.8%	31.6%	30.3%	32.3% +31.7%[2]	**31.2%**



[1] Adjusted for exceptional effects [2] Excl. non-recurrent special factors & received social security payments

Strong FCFaL supported by proceeds of roof-top deal





[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

Profitable growth driving upgrade of FY21 outlook

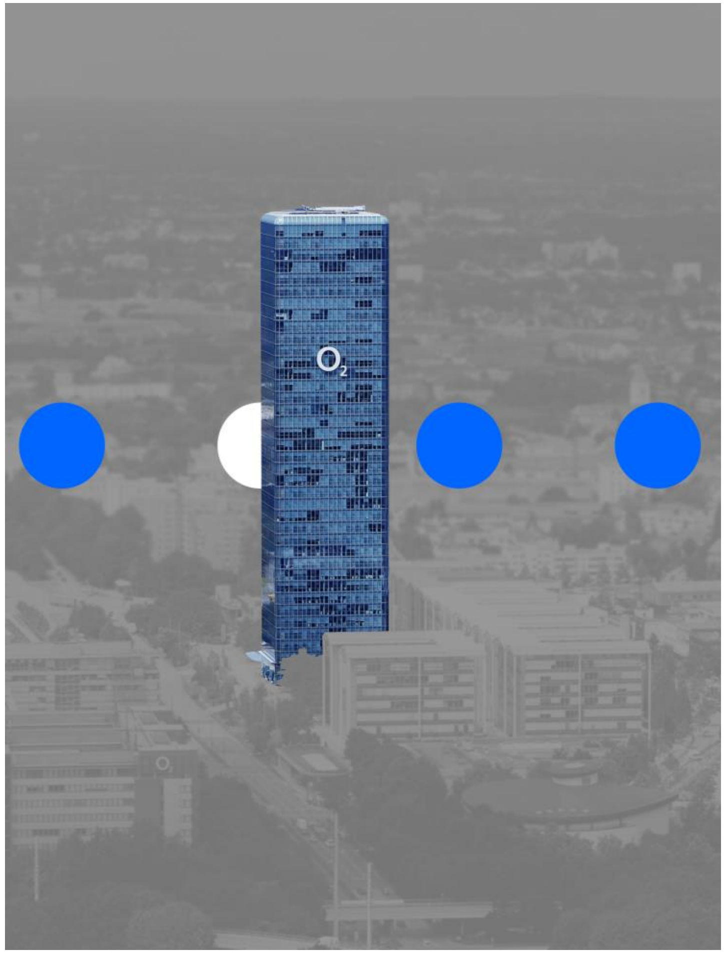
Strong traction of O_2 Free Portfolio
Q3 postpaid net additions up close to 60% yoy

Continued revenue growth
Mainly driven by accelerating MSR growth

Sustained OIBDA growth
Combined effect of improved ARPU & effective cost management

FCFaL reflects proceeds of roof-top deal
Solid B/S & strong liquidity position supported by proceeds from 2nd tranche of rooftop sale

Upgrading FY21 outlook
OIBDA to 'low mid-single digit % growth yoy' and C/S '<17-18%'



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Management Q&A

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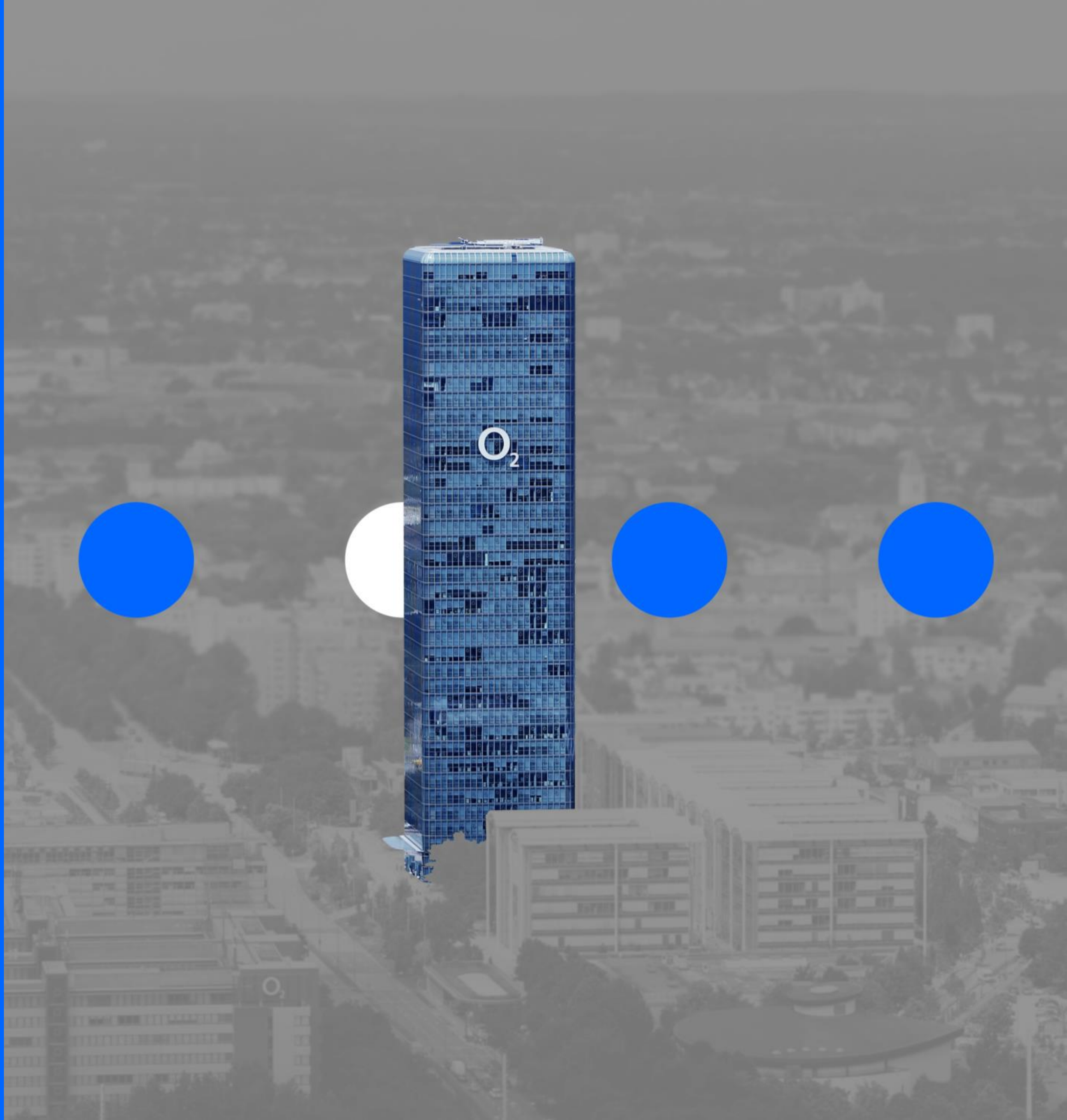

Questions?

We look forward hearing from you

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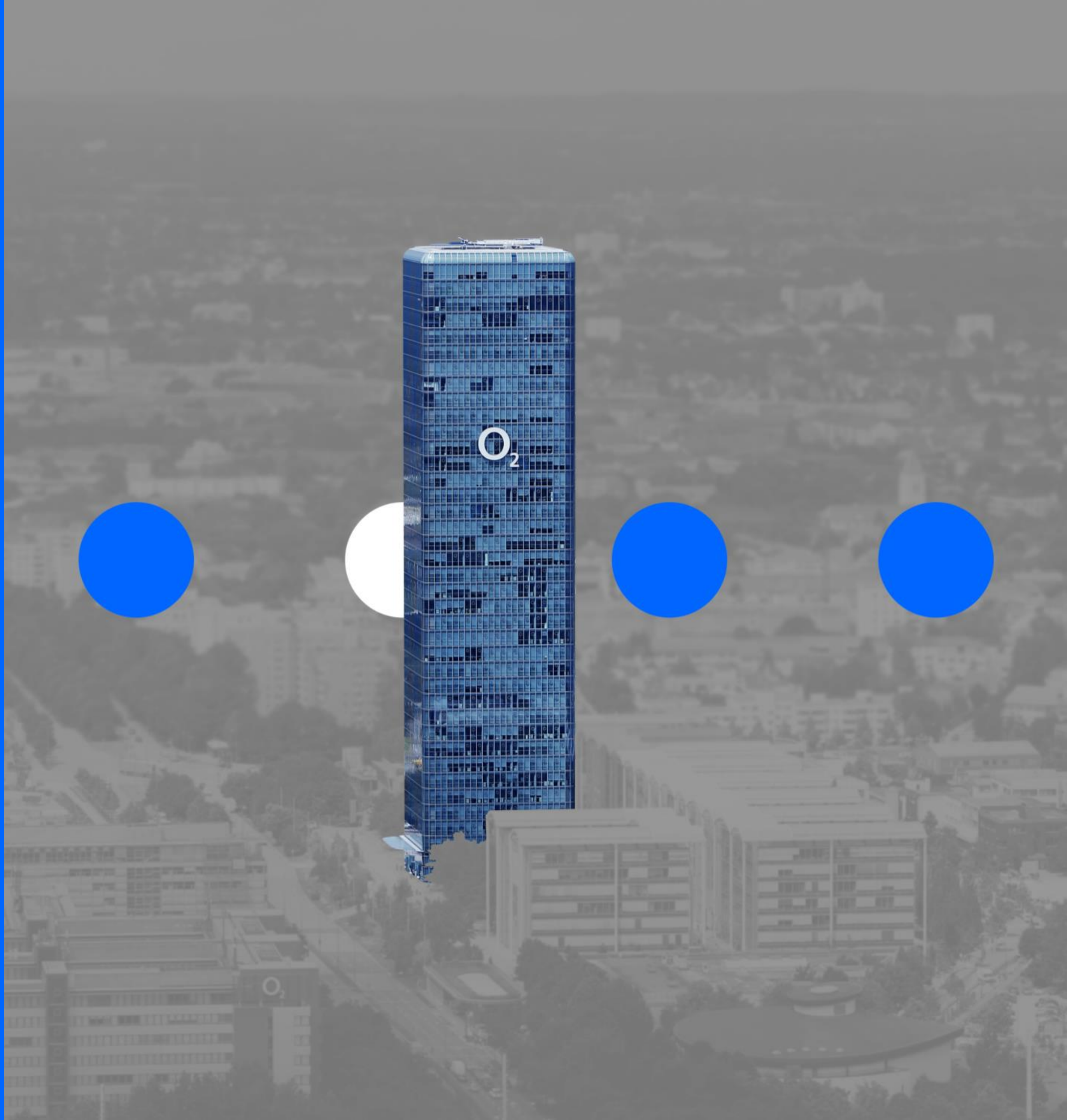

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