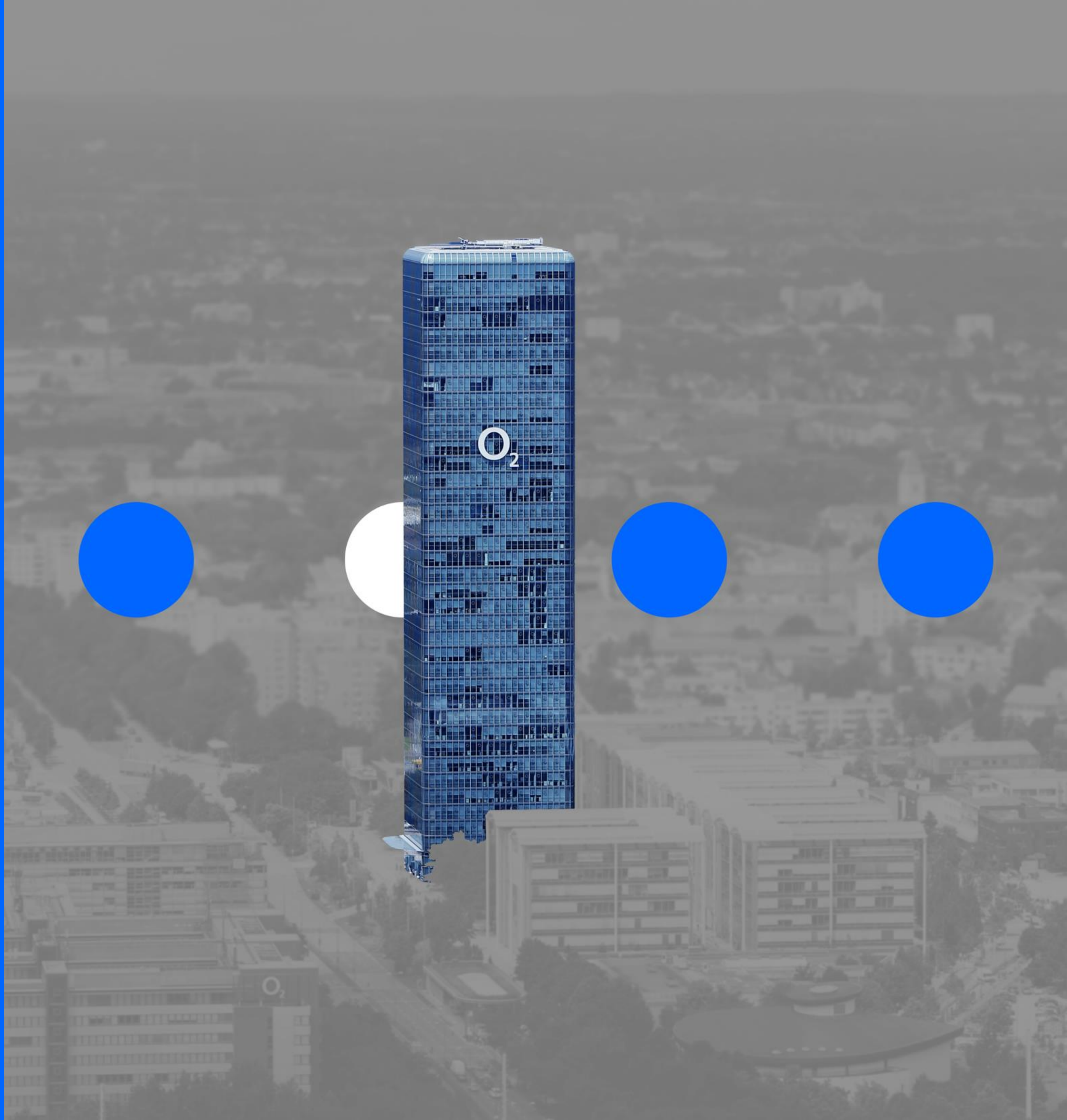
Telefónica Deutschland

Preliminary Results
Q4/FY 21

23 February 2022

Markus Haas
CEO
@Markus Haas

Markus Rolle
CFO
@Markus Rolle



Disclaimer

This document contains statements that constitute forward-looking statements and expectations about Telefónica Deutschland Holding AG (in the following “the Company” or “Telefónica Deutschland”) that reflect the current views and assumptions of Telefónica Deutschland's management with respect to future events, including financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations which may refer, among others, to the intent, belief or current prospects of the customer base, estimates regarding, among others, future growth in the different business lines and the global business, market share, financial results and other aspects of the activity and situation relating to the Company. Forward-looking statements are based on current plans, estimates and projections. The forward-looking statements in this document can be identified, in some instances, by the use of words such as "expects", "anticipates", "intends", "believes", and similar language or the negative thereof or by forward-looking nature of discussions of strategy, plans or intentions. Such forward-looking statements, by their nature, are not guarantees of future performance and are subject to risks and uncertainties, most of which are difficult to predict and generally beyond Telefónica Deutschland's control, and other important factors that could cause actual developments or results to materially differ from those expressed in or implied by the Company's forward-looking statements. These risks and uncertainties include those discussed or identified in fuller disclosure documents filed by Telefónica Deutschland with the relevant Securities Markets Regulators, and in particular, with the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin). The Company offers no assurance that its expectations or targets will be achieved. Analysts and investors, and any other person or entity that may need to take decisions, or prepare or release opinions about the shares / securities issued by the Company, are cautioned not to place undue reliance on those forward-looking statements, which speak only as of the date of this document. Past performance cannot be relied upon as a guide to future performance. Except as required by applicable law, Telefónica Deutschland undertakes no obligation to revise these forward-looking statements to reflect events and circumstances after the date of this presentation, including, without limitation, changes in Telefónica Deutschland’s business or strategy or to reflect the occurrence of unanticipated events. The financial information and opinions contained in this document are unaudited and are subject to change without notice. This document contains summarised information or information that has not been audited. In this sense, this information is subject to, and must be read in conjunction with, all other publicly available information, including if it is necessary, any fuller disclosure document published by Telefónica Deutschland. None of the Company, its subsidiaries or affiliates or by any of its officers, directors, employees, advisors, representatives or agents shall be liable whatsoever for any loss however arising, directly or indirectly, from any use of this document its content or otherwise arising in connection with this document. This document or any of the information contained herein do not constitute, form part of or shall be construed as an offer or invitation to purchase, subscribe, sale or exchange, nor a request for an offer of purchase, subscription, sale or exchange of shares / securities of the Company, or any advice or recommendation with respect to such shares / securities. This document or a part of it shall not form the basis of or relied upon in connection with any contract or commitment whatsoever. These written materials are especially not an offer of securities for sale or a solicitation of an offer to purchase securities in the United States, Canada, Australia, South Africa and Japan. Securities may not be offered or sold in the United States absent registration under the US Securities Act of 1933, as amended, or an exemption there from. No money, securities or other consideration from any person inside the United States is being solicited and, if sent in response to the information contained in these written materials, will not be accepted.

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 ≥ 5%
- **Margins** – Ongoing improvements[6]
- **Capex/Sales** – C/S peak in FY21, Normalising towards YE22

FY21

Revenue	OIBDA[1]	Capex/Sales	Net Adds[4]	O_2 Churn[5]
+3.1% (+2.6%[2])	+3.9% (+1.8%[3])	16.5%	1.5m	0.9%

connect SEHR GUT MOBILFUNK UND 5G-NETZTEST Telefónica Heft 1/2022

connect Kategorie: Normalnutzer TESTSIEGER KOMPLETT-CHECK DER NETZBETREIBER O_2 Heft 2/2022

SUSTAINALYTICS ESG INDUSTRY TOP RATED 2022

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] O_2 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 CO_2 in 2021

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

Social

HELPING SOCIETY TO THRIVE

Supporting customers & communities

Society
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

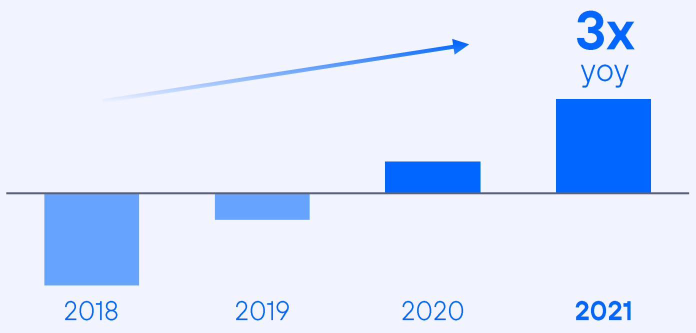
Health & Safety
Awarded for Corporate Health Management

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

* Compared to 2015

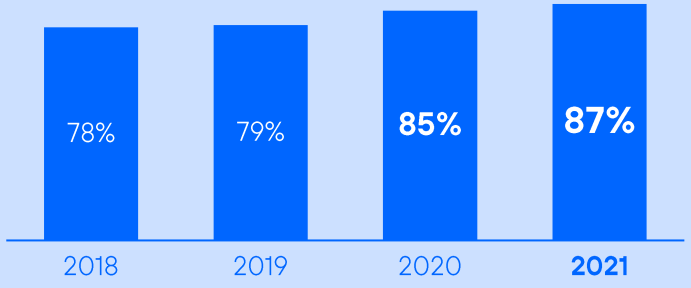
Accelerating momentum across consumer business delivers value

O_2 postpaid Net Adds



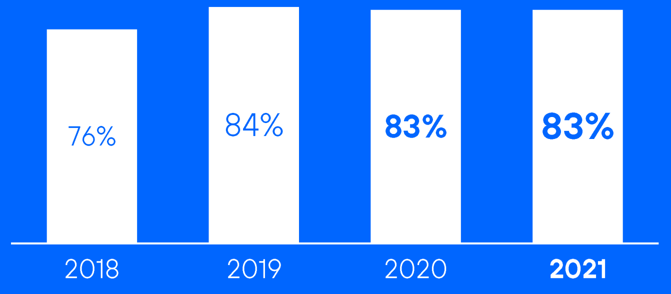
O_2 vs second brand

% of postpaid Gross Adds



O_2 high-value tariff share

% of O_2 postpaid Gross Adds



Award-winning service proposition

***'Very good'* network**

2^{nd} 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

Passed Capex peak in FY21 - on track for normalised C/S levels by YE22

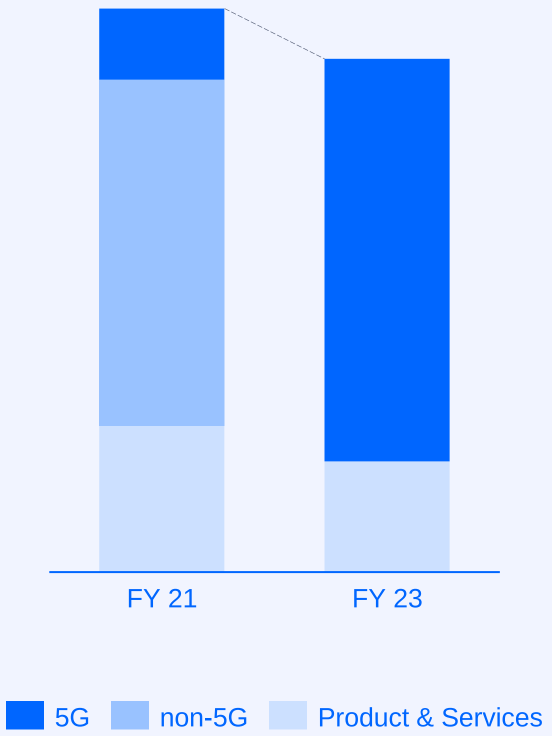
Network parity

Technology transformation

5G pop coverage

3G sunset

From 16.5% to normalised C/S



Strong FY21 growth momentum fuels confident FY22 outlook

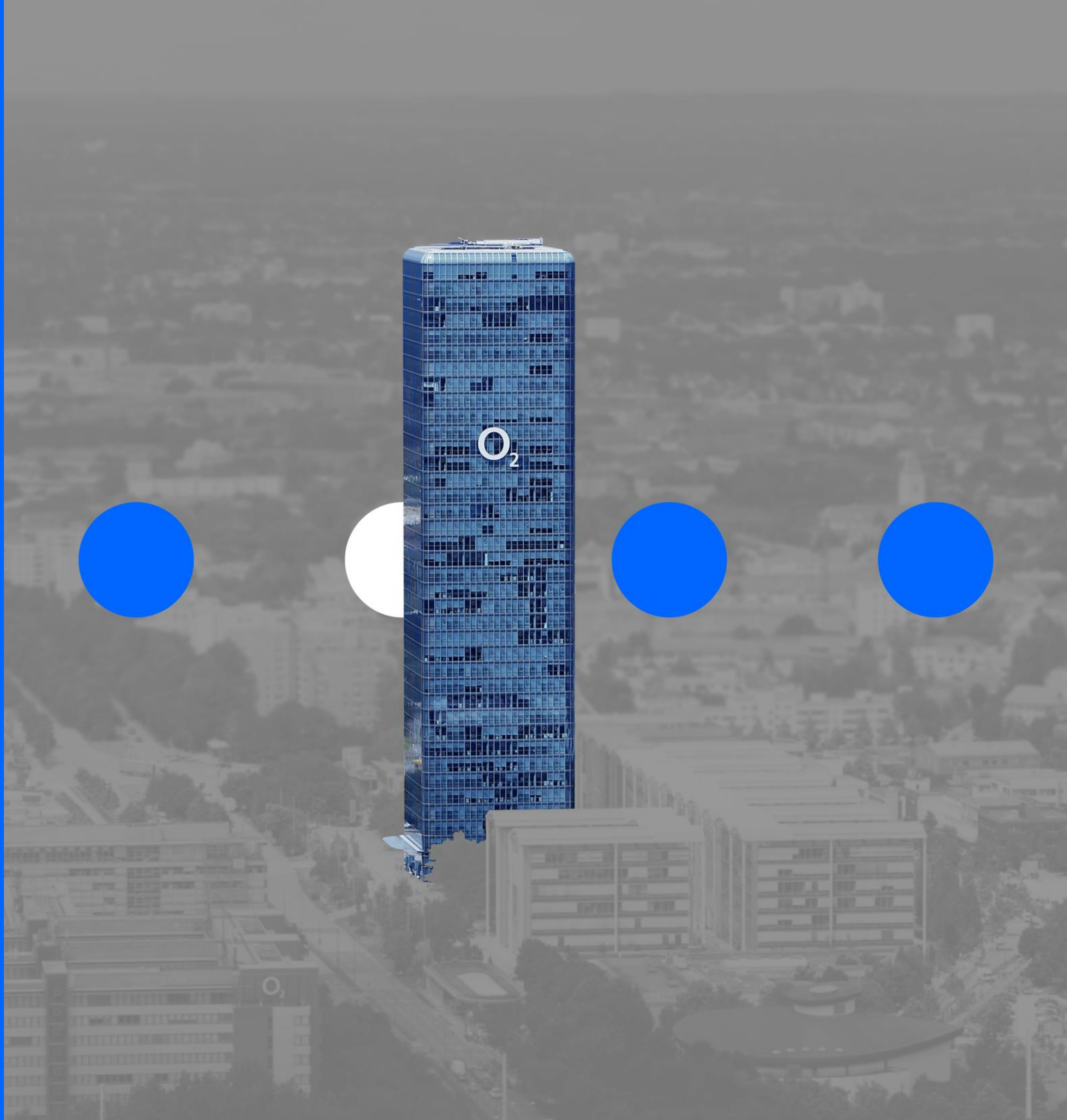
	FY21	FY22 Outlook[1]
Revenues	✓ +3.1% yoy	**Low single digit % growth** incl. regulatory headwinds of EUR 70-80m
OIBDA[2]	✓ +3.9% yoy	**Low single digit % growth w/ margin expansion** incl. regulatory headwinds of EUR 15-20m
C/S	✓ 16.5%	14-15%

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

[1] Including regulatory effects [2] Adjusted for exceptional effects

Telefónica Deutschland

Financial Update



Markus Rolle

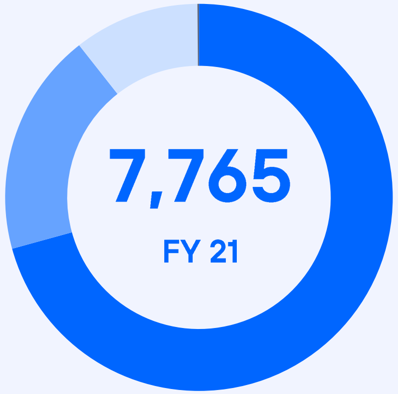
CFO

@Markus Rolle

Profitable revenue growth driven by continued strong MSR performance

Revenues (EURm)

+3.1%
yoy
+2.6%[1]



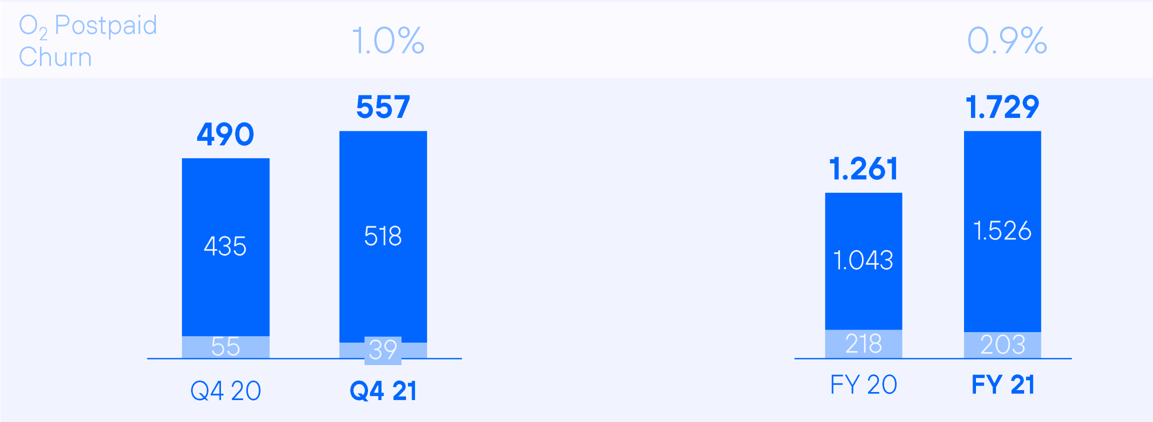
+1.6%
yoy

[1] Excl. non-recurrent special factors

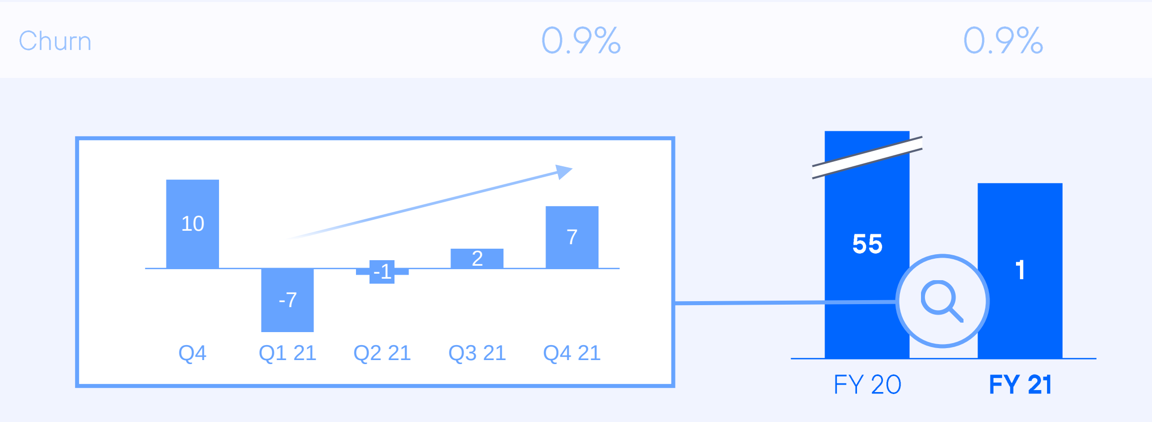
MSR growth momentum (EURm)

Strong momentum of O_2 Free portfolio fuels sustained ARPU growth

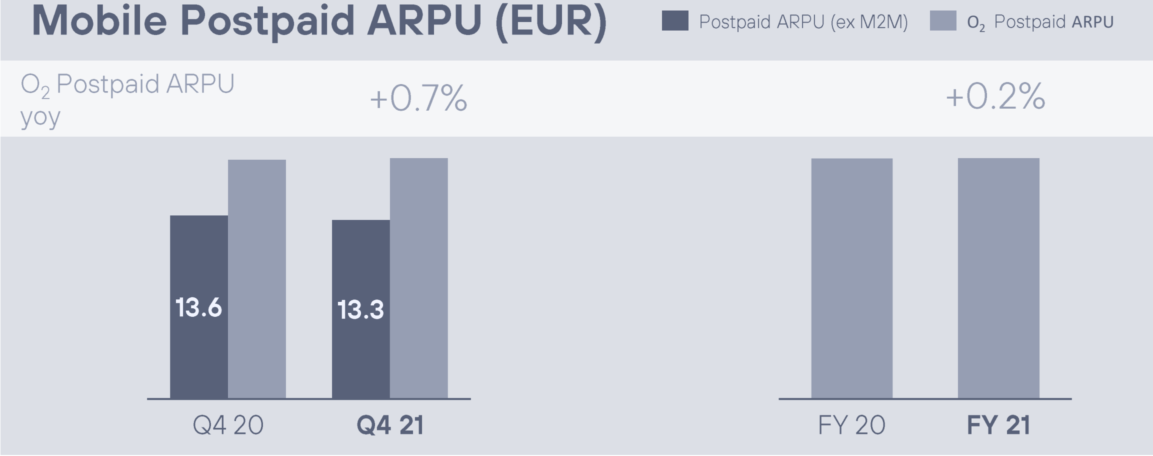
Mobile Net Adds (k)



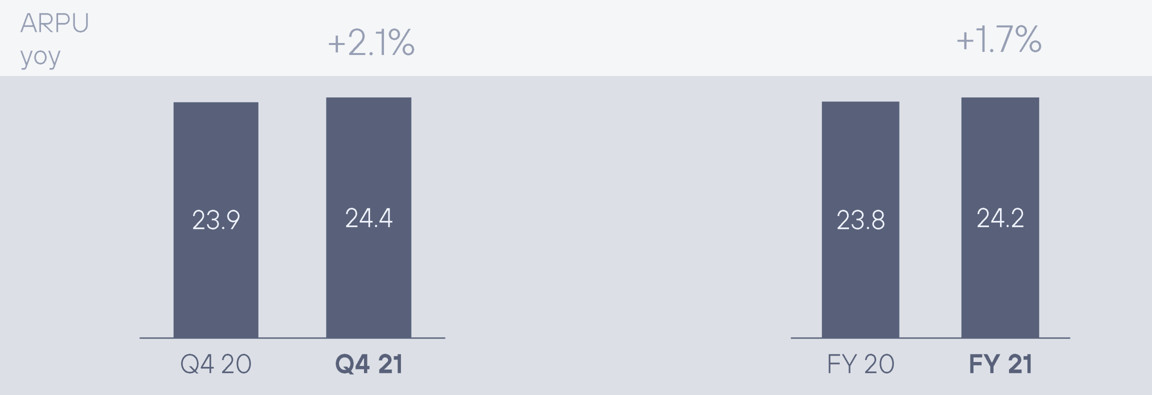
Fixed Net Adds (k)



Mobile Postpaid ARPU (EUR)



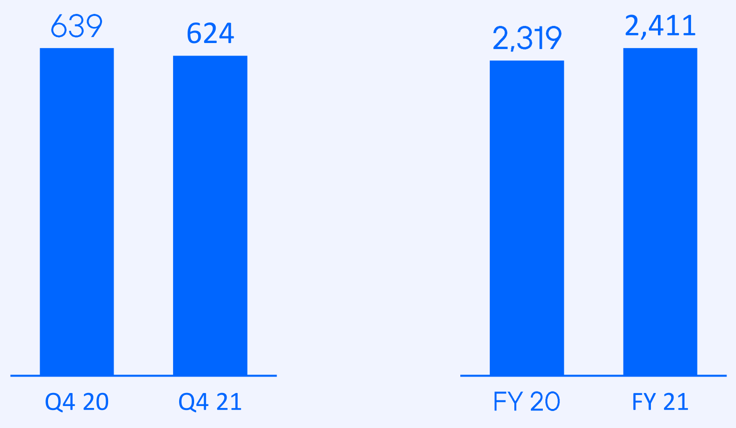
Fixed ARPU (EUR)



Q4 21 OIBDA reflecting strong commercial momentum

OIBDA[1] (EURm)

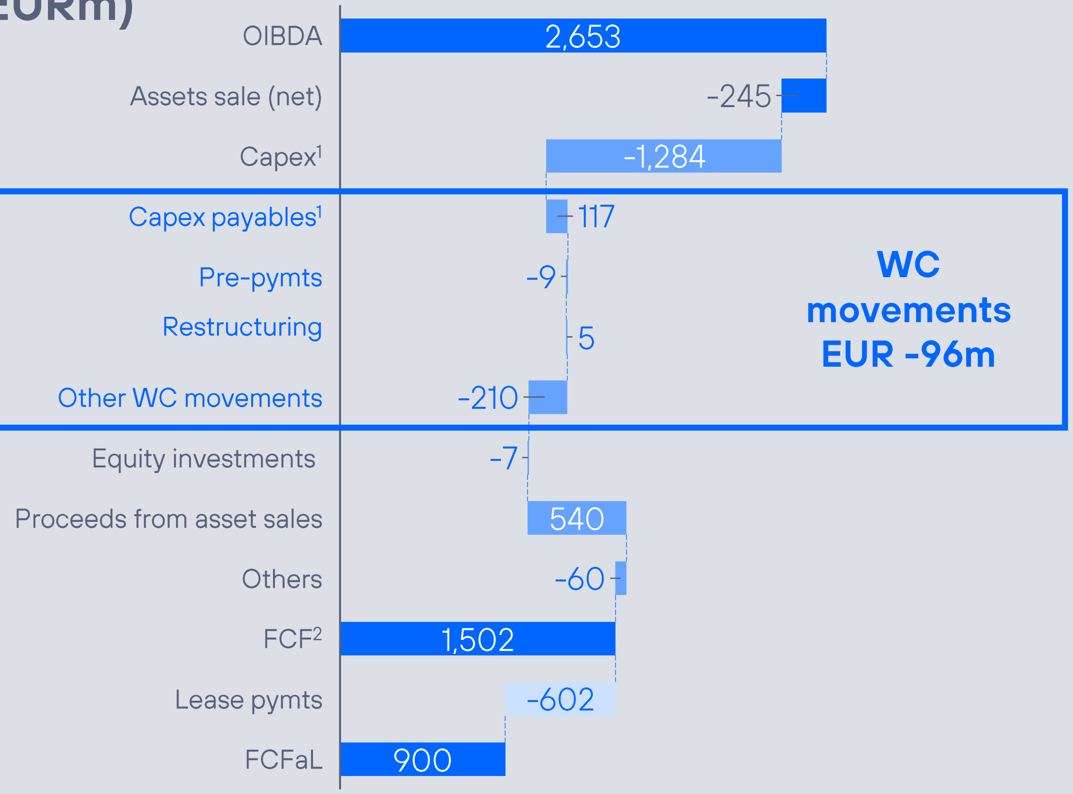
	Q4	FY
OIBDA yoy	-2.3%	+3.9% +1.8%[2]



	Q4 21	FY 21
OIBDA margin	30.4%	31.0% 30.7%[2]

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

FCF (EURm)



Net Debt[3] (EURm) 3,045 **Leverage[4] 1.3x**

[1] 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
[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

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
OIBDA[2]	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

[1] Including regulatory effects [2] Adjusted for exceptional effects

Telefónica Deutschland

Management Q&A

Markus Haas

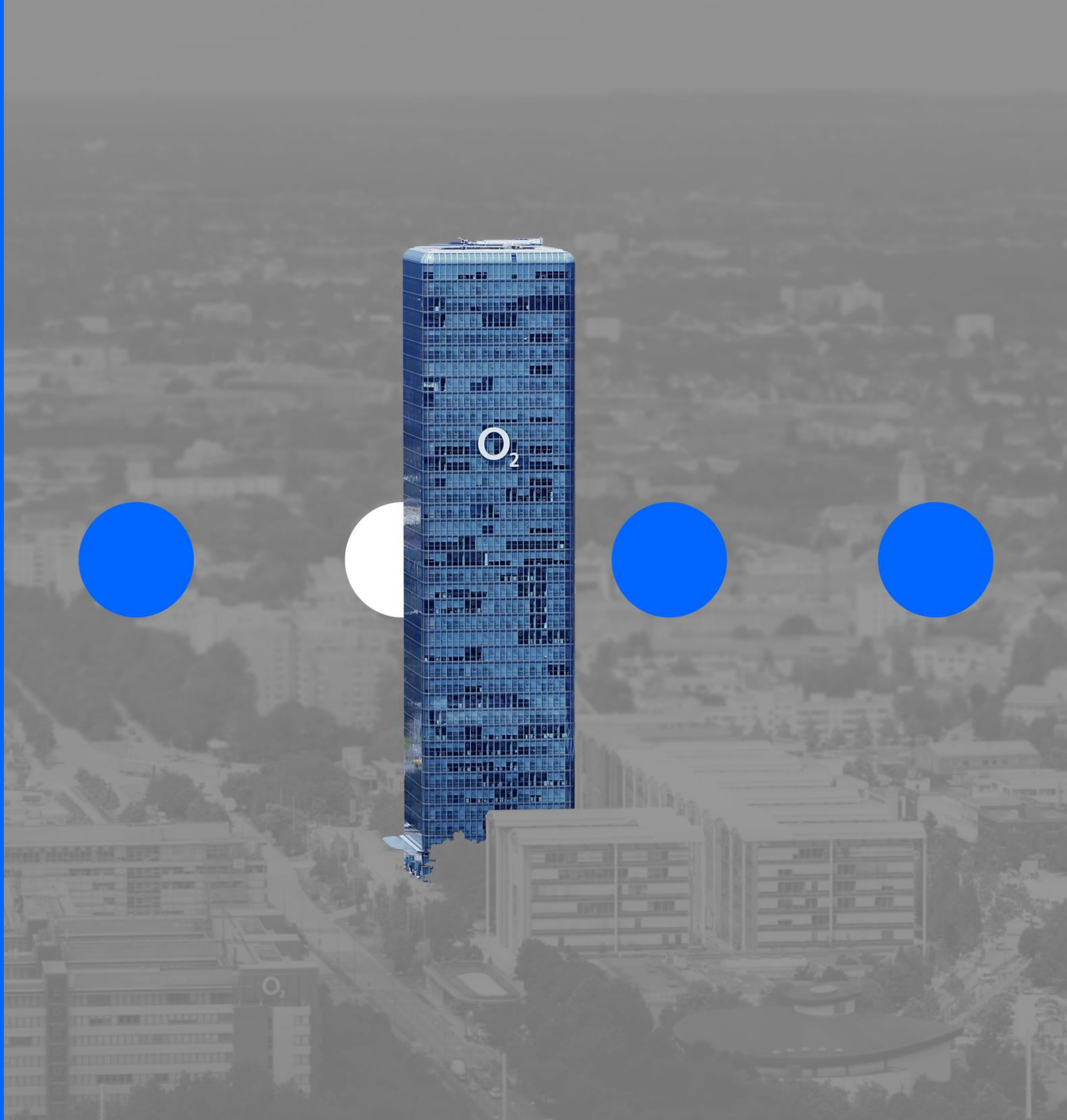
CEO

@Markus Haas

Markus Rolle

CFO

@Markus Rolle



Questions?

We look forward to your feedback

Christian Kern

Director Investor Relations

+49 179 9000 208

christian.kern@telefonica.com

Marion Polzer, CIRO

Head of Investor Relations

+49 176 7290 1221

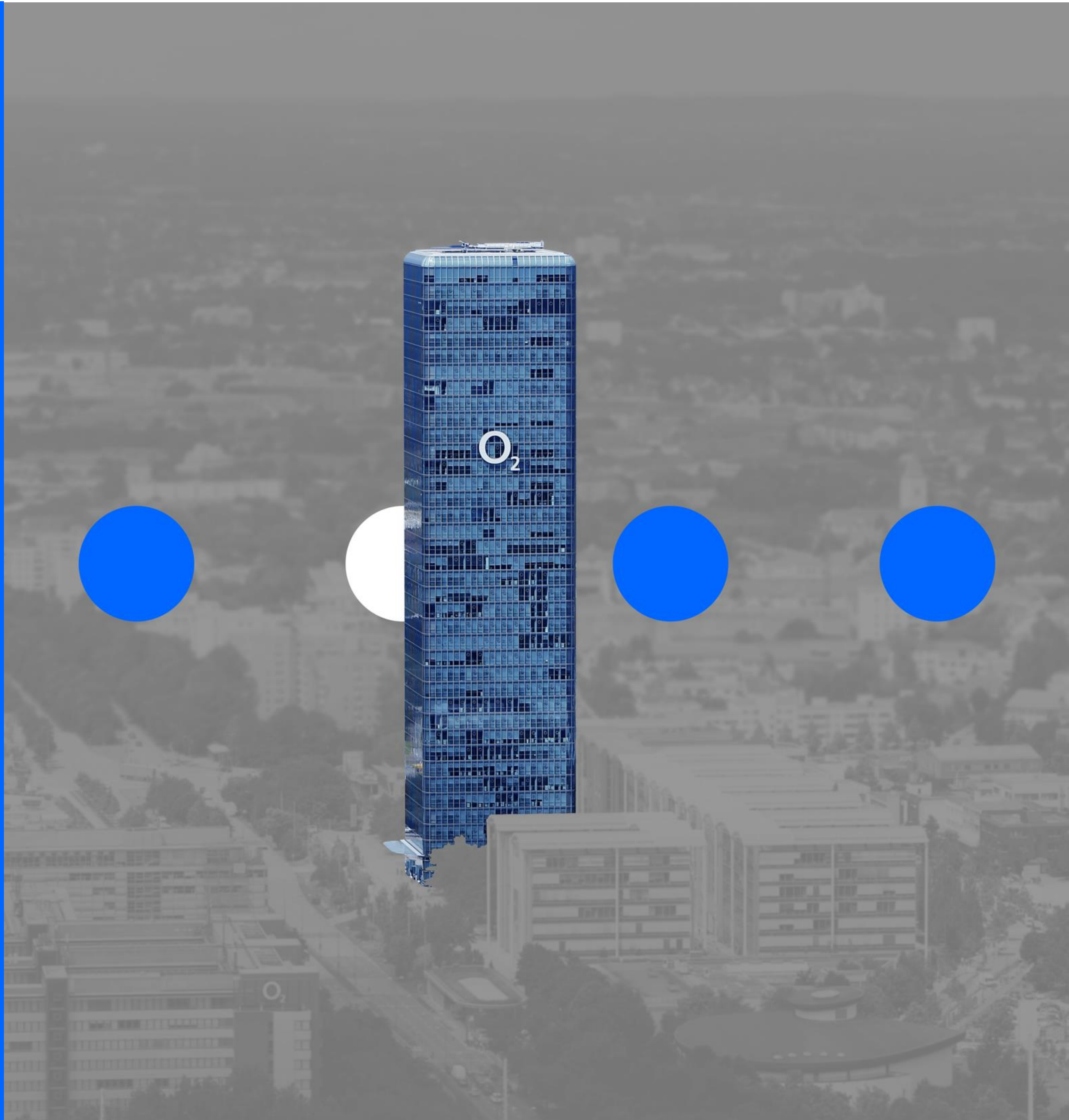
marion.polzer@telefonica.com

Eugen Albrecht, CIRO

Senior Investor Relations Officer

+49 176 3147 5260

eugen.albrecht@telefonica.com



Telefónica Deutschland