Investor presentation Telefónica Deutschland

Telefónica Deutschland, Investor Relations

Q1 2018

Dislaimer

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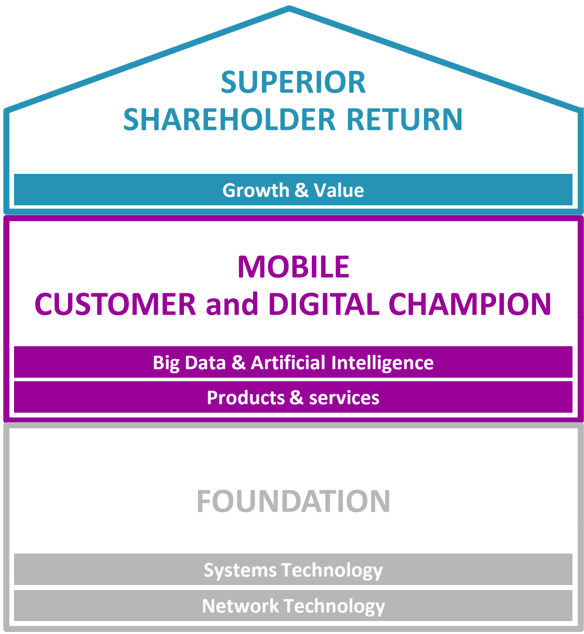
Becoming the Mobile Customer and Digital Champion



We will generate **Superior Shareholder Return** including a strong dividend commitment

We will become Germany's **Mobile Customer and Digital Champion** by focussing on **CEX & digitalisation**

We have **strong foundations**: Integration success, customer base, outstanding connectivity & lean organisation

Largest and fastest mobile merger

2 companies
3 years

>9,000 Employees

>25%	~1,600 FTE	600	>25m	>14k	O_2 Free
OIBDA growth in 3 years	Organisation harmonised in 3 years	Shop reduction in 3 years	Customers migrated to one IT stack in 2016	Network sites to be consolidated by 2019	First 3G unlimited First 4G big bucket portfolio

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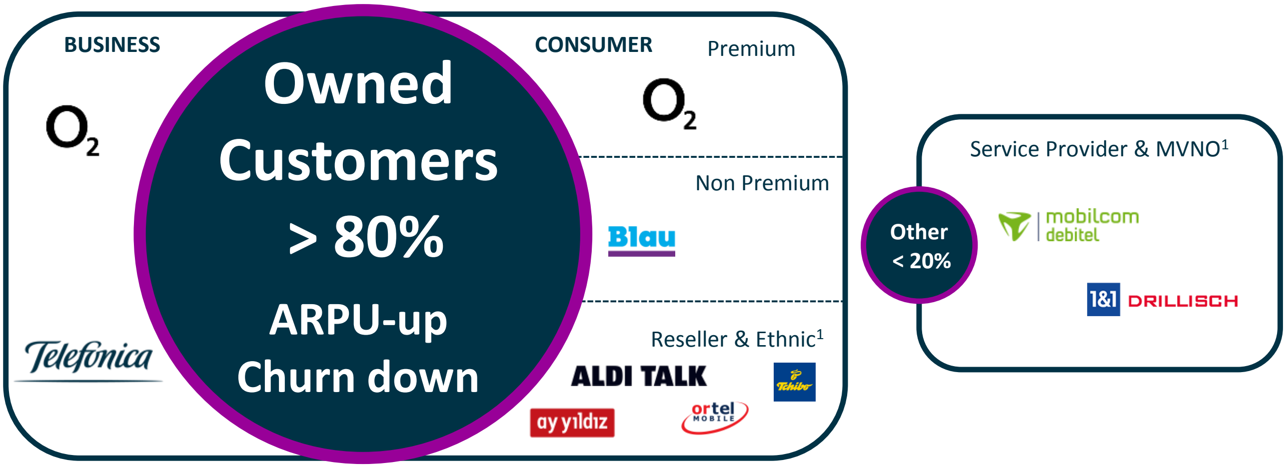
Core asset: Largest owned customer base of ~35 million



[1] Not exhaustive

Our German market thesis

+1.7%
GDP[1]

83m
Population[1]

6%
Unemployment[1]

Environment

Largest 4 to 3 merger in Europe, rational and dynamic market; mobile data usage increase and IoT drive market opportunity with focus on retention and fair market share

Data & sensors

Device & sensor opportunity: Consumer will mainly buy IoT from an existing relationship

Convergence

Soft convergence: Limited consumer demand for quadruple play due to large FTA offering; wholesale access to incumbent broadband network

New regulatory environment

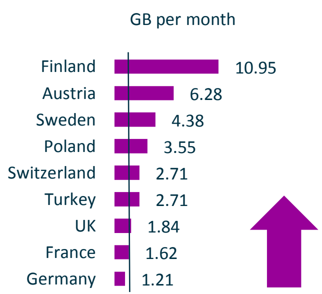
Europe needs a common regulatory framework on spectrum, as well as deregulation and a consistent framework for OTT & net neutrality to encourage investments

[1] FocusEconomics Consensus Forecast Euro Area (2017)

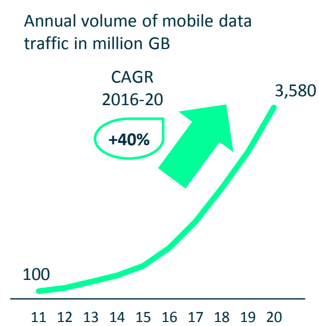
The data & device opportunity: Explosive growth

MARKET TRENDS – German market with significant further growth potential

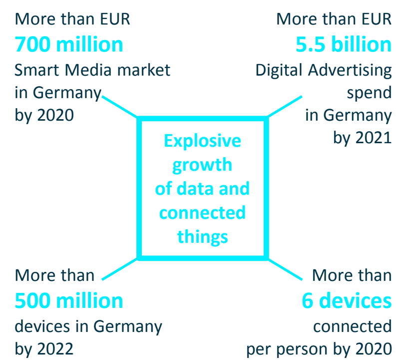
Mobile data usage in Europe[1]



Mobile data traffic in Germany[2]



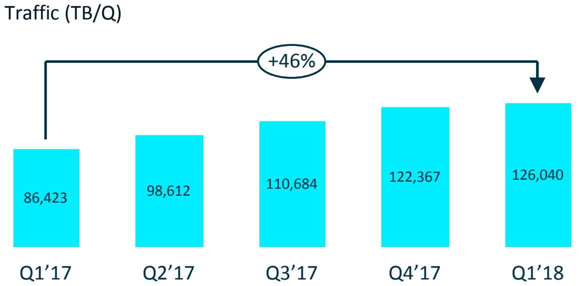
ADA and IoT growth opportunity[3]



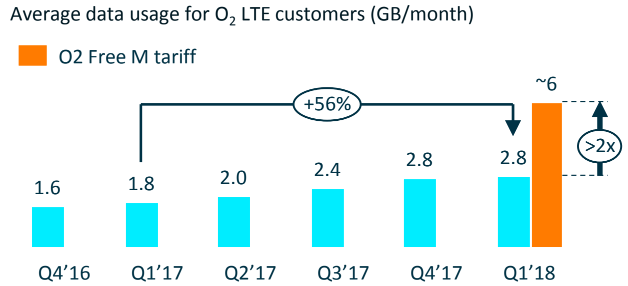
[1] Forbes/OECD (2017): 'Mobile Data Subscriptions: Which Countries Use The Most Gigabytes?'
[2] Bundesnetzagentur (2017): 'Jahresbericht 2016'; Analysis Mason (2017): 'Western Europe telecoms market: interim forecast update 2016-2021'
[3] Company Research / Simon-Kucher & Partners analysis (2017) / Cisco VNI Global forecast (2017) / Please note: Devices including cellular, wifi & bluetooth

Steady growth in traffic on Telefónica Deutschland network

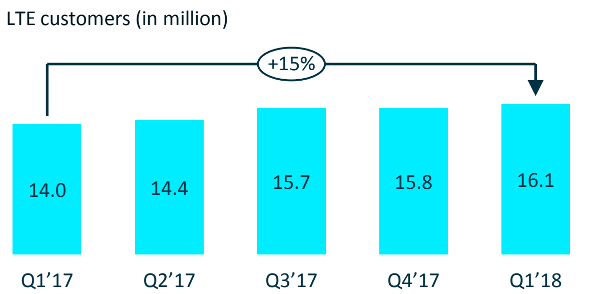
Data growing steadily



LTE usage trends with seasonal effects

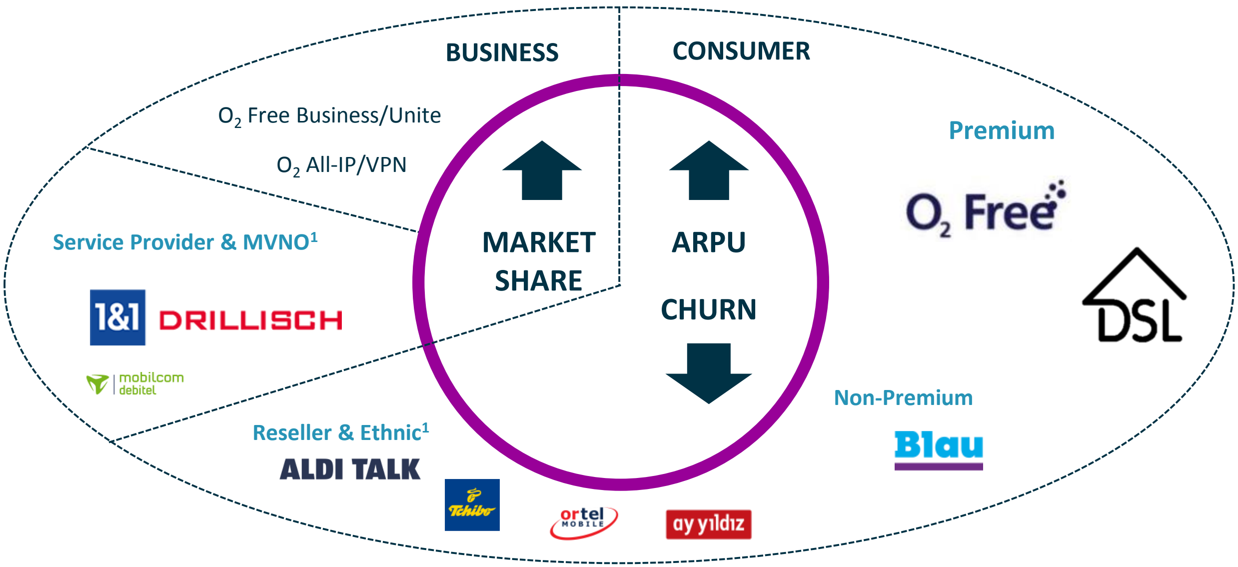


LTE customer base still increasing



- Music & video streaming driving steady data growth of ~50% y-o-y
- Data growth for O_2 consumer LTE customers with seasonal effect as in 2017
- O_2 Free M tariff customers use ~6GB of data
- LTE customer base up 15% y-o-y to 16.1m

Future-proof portfolio for all segments



[1] Not exhaustive

Big data portfolio feeds mass market consumer demand

- Driving **ARPU-up** with O_2 Free portfolio
- **M tariff most popular** sell with ~60% share
- Usage of ~6GB and average ARPU of EUR ~25
- Competition now also with **focus on large data offers**
- Selective tariff and handset promotions to **drive momentum**

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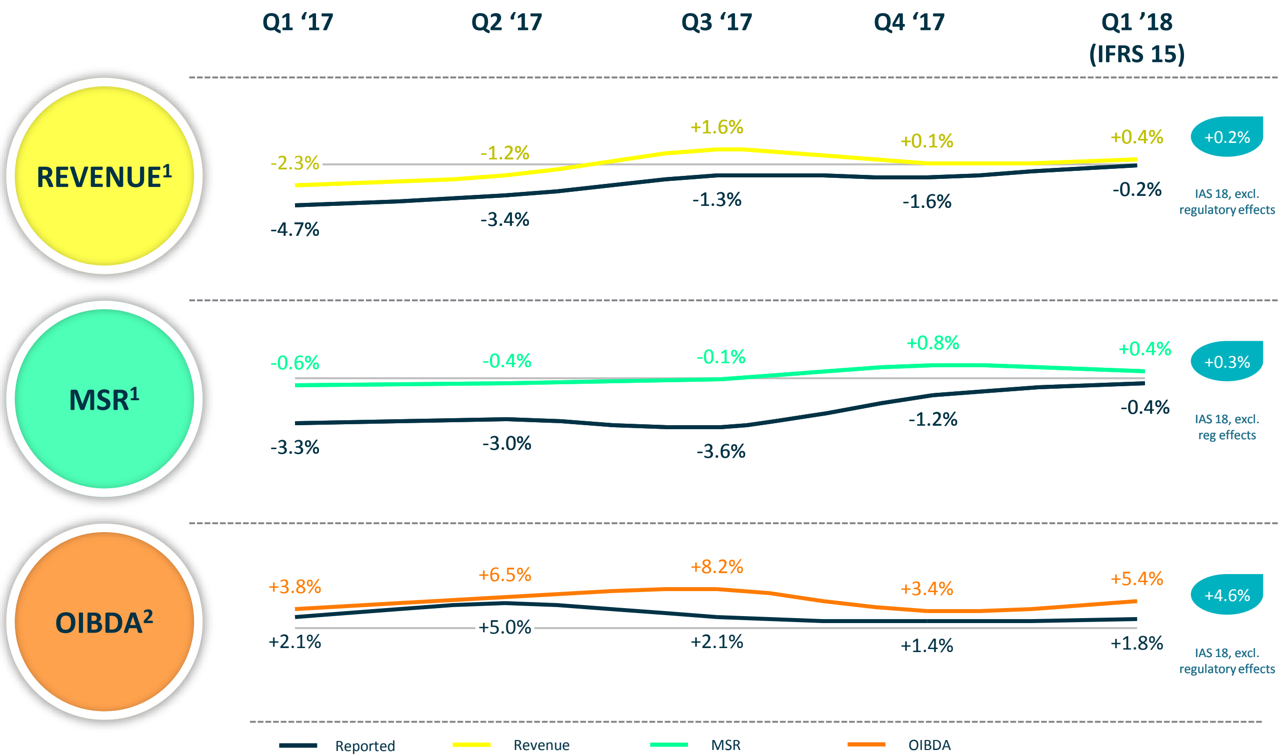
Positive underlying y-o-y performance across P&L



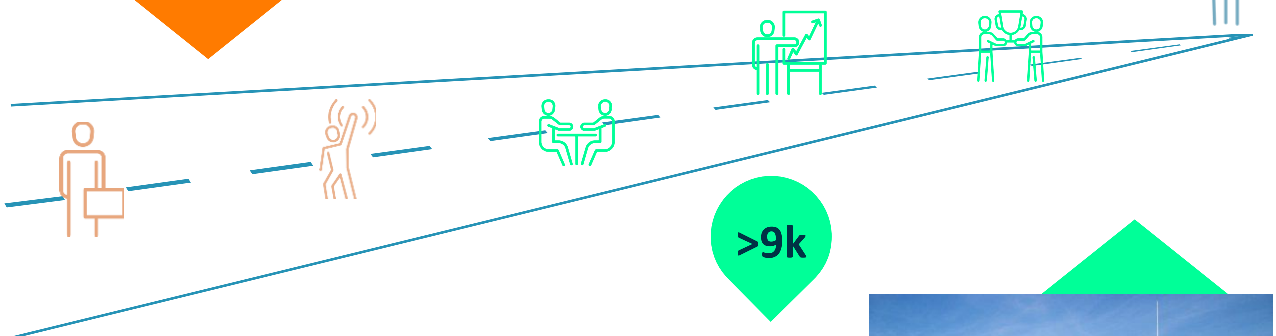
[1] Excluding the negative impact from regulatory changes and y-o-y comparison based on IAS18 accounting standards for 2017 and IFRS15 for 2018.
[2] Adjusted for exceptional effects, excl. the negative impact from regulatory changes and y-o-y comparison based on IAS18 accounting standards for 2017 and IFRS15 for 2018. For details please refer to additional materials of the Q1 2018 results release.

Becoming the Mobile Customer & Digital Champion

Fixing the basics and delivering execution proof points

Customer Service
turnaround

No.2 in customer service ahead of incumbent in **2018 connect test**



>9k

TechCity

Early **5G innovation cluster** with NOKIA

NGN **fibre coop**

Sites switched **off**

Network up next

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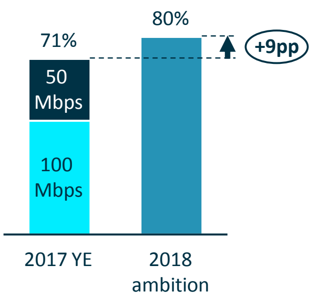
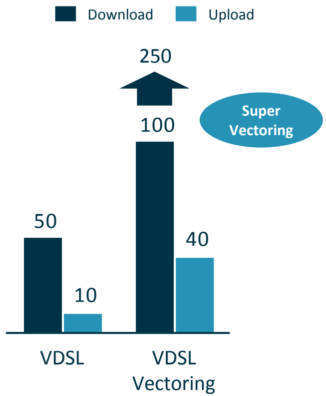
Fixed infrastructure model to complement our mobile network for best high-speed experience

Access to best available fixed NGA network[1]

NGA coverage targets
(% of covered households)



Maximum speed
(Up- & Download, Mbps)



- Nationwide access to DT NGA network
- DT is currently upgrading larger cities to VDSL vectoring and 100 Mbps
- In H2 2018, introduction of Super Vectoring with download speeds of up to 250 Mbps

[1] NGA: Next Generation Access including VDSL, Vectoring and future FTTX deployments

Fixed

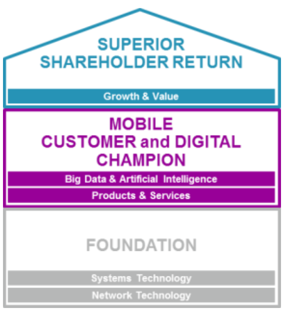
- Access to best available fixed NGA network[1]
- Fixed: Access to >30 million VDSL households
- Full convergence capabilities

Mobile fibre backhaul

- Fiber backhaul plan as a key enabler for 5G
- Target: >90% fibre in sub-/urban areas
- Target: >25% fibre in rural areas
- Differentiated sourcing model

Transformation programme *Digital4Growth*

How to become the MOBILE CUSTOMER and DIGITAL CHAMPION?



Digital4Growth

We want to be …

- **SIMPLER**
- **FASTER**
- **BETTER**

… and transform our business

- Omnichannel
- Reduce complexity
- Refresh IT architecture

- Digital speed
- Digital processes
- Smart growth

- ADA/IoT
- Care of the future
- Shop strategy

Transformation programme *Digital4Growth*

Digital4Growth

Total case:
OIBDA benefit by 2022

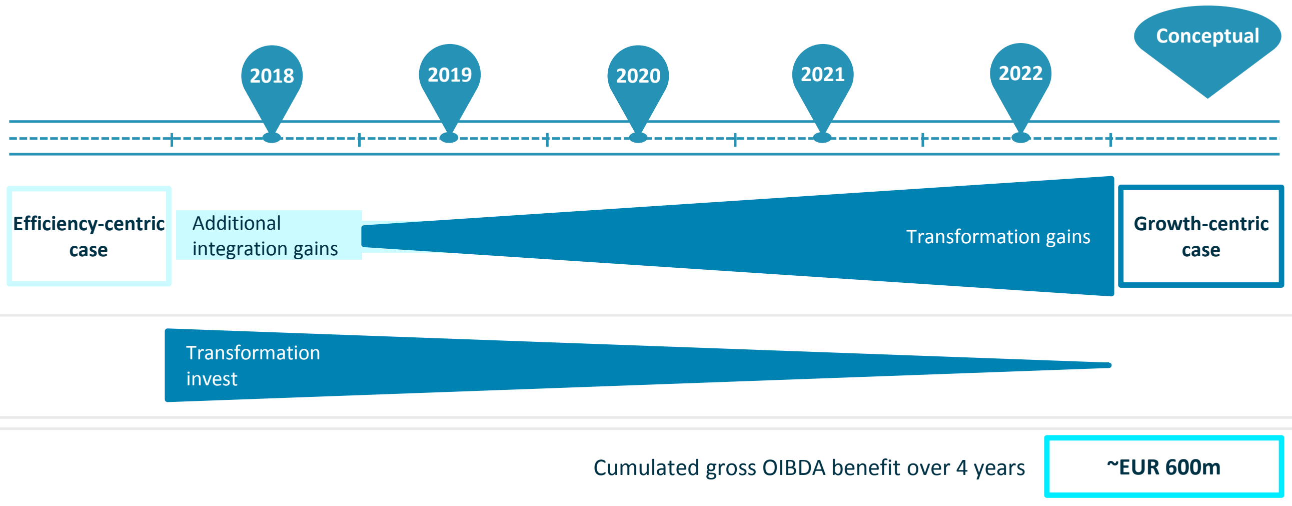
~EUR 600m

SIMPLER	Omnichannel Reduced complexity Refreshed IT architecture	**~25%**	
FASTER	Digital speed & processes Smart growth	**~35%**	
BETTER	ADA & IoT Care of the future Shop strategy	**~40%**	

Growth-centric case:
>60% gross margin gains

Building on the efficiency gains of the integration

Upfront transformation invest balanced by integration gains



Monetising explosive IoT device growth

- Ambition: Fair IoT market share
- Attractive hardware driven offerings
- Establish unique service propositions
- Evolve a platform-driven IoT ecosystem

Hardware-driven value proposition

- HW w Tef connectivity

Service-driven value proposition

- Smart services linking multiple devices

Platform-driven proposition

- Connectivity/device management
- Platform services
- Data lake monetisation

+23%

~520m

Consumer IoT devices in Germany by 2022[1]

[1] Company Research: Simon-Kucher & Partners analysis (2017) / Cisco VNI Global forecast (2017) / Please note: Devices including cellular, wifi & bluetooth

Business market potential: Significant growth opportunity not yet captured

Market size[1]

~EUR 12bn

Fixed	7.1
Mobile	4.9

Market segments[1]

~44% SME

~36% SoHo

~20% LE

Our strategic direction

- Focus on SME as growth opportunity
- Build upon consolidated mobile network combined with future-proof fixed wholesale access
- Focus on efficient and scalable operations

~30%	Best-in-class
Gross add market share in SME	Churn level

[1] Sources: IDC (2017): European Telco Database / mm customer strategy: 'Business Insights 2016/17' & 'Strategic Insights 2016/17'

Leverage large customer base in the reseller & ethnic segment

Benefits for partnering for TEF D

Channels

Reseller & Ethnic[1]

ALDI TALK

Tchibo

ortel MOBILE

ay yıldız

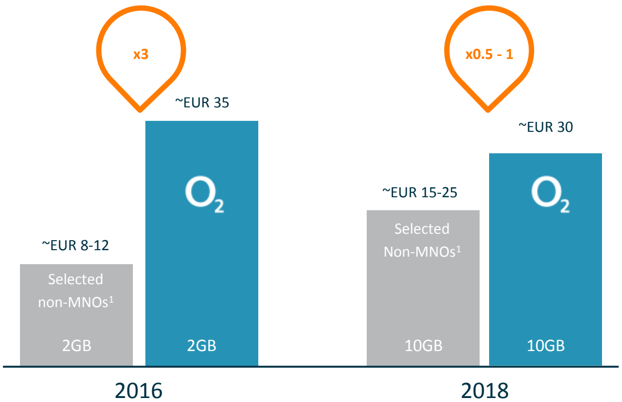
- Data adoption driving growth
- Leveraging large distribution channels
- Up- and cross-selling opportunities
- Process automation driving faster go-to-market cycles

~20k PoS

Mobil Network → Customer Care → Marketing & Sales → Own / Indirect Channel → Branded Sales Partner

Mobil Network → Customer Care → Marketing & Sales → Sales Channel → Sales Partner

Non-MNO postpaid market pricing recovered in 2017 driven by roam-like-home and big bundles



- Postpaid pricing recovered after low in summer 2016 driven by roam-like-home and big buckets
- Larger data bundles and full 4G offers support marketing between EUR 15 and EUR 30
- Migration patterns reflect market shares

[1] Selected non-MNOs = Postpaid Service Provider & MVNO; company research

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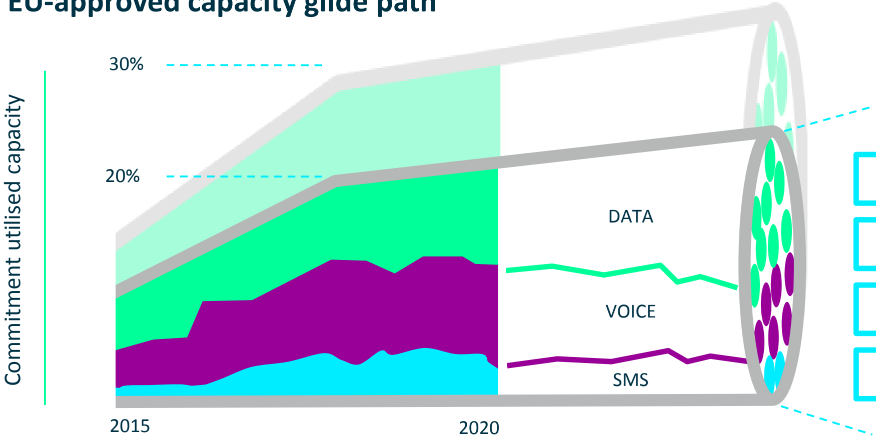
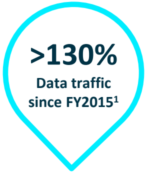
MBA MVNO contract economics: Four levers for revenue growth

EU-approved capacity glide path





Exponential **data** growth

Capacity upgrade up to 30%

Price tiering based on **speed**

Price tiering based on **technology**

[1] Telefónica Deutschland mobile network traffic

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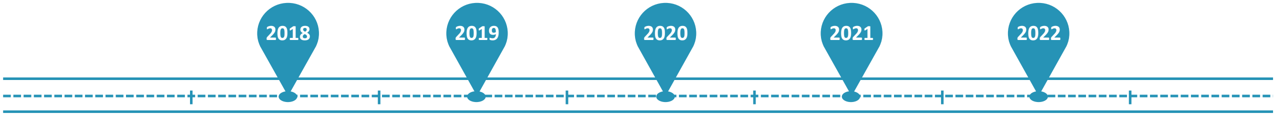
Financial expectations



FY 2018 outlook[1]

- Revenue: Broadly stable yoy excluding a regulatory drag of EUR 30-50m
- OIBDA: Flat to slightly positive yoy excluding a regulatory drag of EUR 40-60m
- Capex/Sales: Approx. 12-13%
- Dividend: Growth over 3 years (2016-2018)

Transformation case

- ~EUR 600m positive gross OIBDA effect by 2022
- Growth-centric case

Mid-term expectations[1]

- Revenue growing in line with German market, capturing market share in IoT
- Ongoing margin improvement
- Keeping Capex stable
- Dividend: High payout ratio to FCF

[1] Telefónica The effects from the implementation of IFRS15 as of 1 January 2018 and IFRS16 as of 1 January 2019 are not reflected in the financial outlook. More information will be provided with the quarterly reporting during the period

Digital4Growth targets

SIMPLER	O_2 app penetration: **>80%** (vs. 20% 2017)	Tariff detox: **~40%**	Total IT spend/ subscriber: **-15%**	Postpaid churn: **-2%** pts
FASTER	Lead time product changes: **Within hours**	Manual back-office interventions: **-80%**	Sales in self-assisted channels: **>25%** (vs. 15% 2017)	Gross adds market share in SME: **~30%**
BETTER	Connected devices/ customer: **#4** (vs. #1.5 2017)	Share of eCare events: **~80%** (vs. 65% 2017)	Shop reduction: **>10%**	IoT revenue upside: ~EUR **200-300m** cumulative

Evolution of equity story: Becoming the Mobile Customer & Digital Champion

Germany
An attractive and dynamic telecoms market

- Excellent macro
- Data & device explosion
- Dynamic but rational market

An established player
Leveraging economies of scale

- Largest owned customer base
- Multi-brand
- Multi-channel
- ADA & IoT as opportunities

Consumer

New, Business & Partnering

Operational excellence
Digital transformation drives growth

- Largest & most modern network
- Excellent integration track record
- Digital4Growth: SIMPLER FASTER BETTER

Digital4Growth

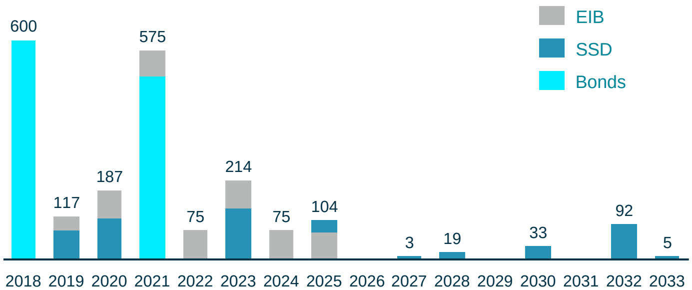
Network

Value proposition
Attractive shareholder return on strong fundamentals

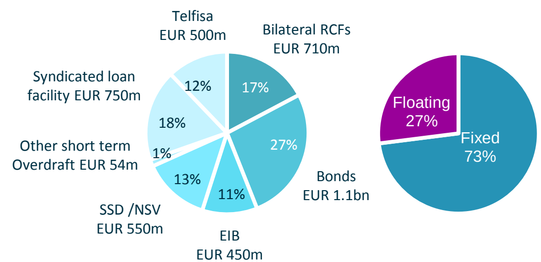
- Strong FCF trajectory
- High payout ratio to FCF
- Conservative financial profile

Comfortable liquidity position as per 03/2018

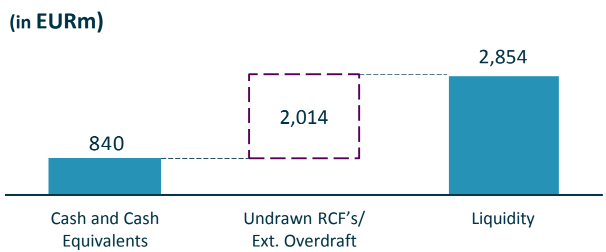
Smooth maturity profile and diversified financing mix (in EURm)



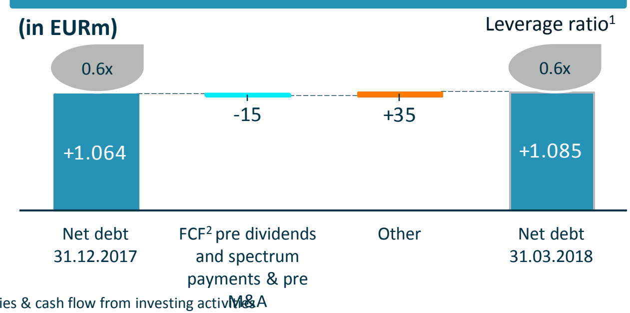
Financing and interest mix



Comfortable liquidity position



Leverage ratio at 0.6x[1]



[1] For definition of net debt & leverage ratio please refer to Q1 2018 earnings release

[2] FCF pre dividend & spectrum payments is defined as the sum of cash flow from operating activities & cash flow from investing activities

Deutschland

We will maintain an attractive shareholder remuneration policy

Shareholder remuneration policy – Main guidelines[1]

Maintain high payout in relation to FCF

Consider expected future synergy generation in dividend proposals

Keep leverage ratio at or below 1.0x over the medium term; target will be continually reviewed

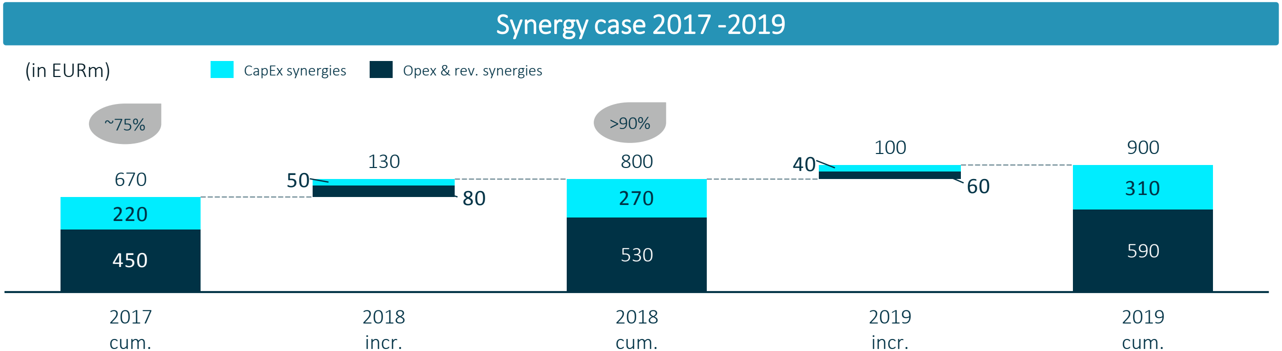
Annual dividend growth over 3 years, starting with of EUR 0.25 per share 2016; Proposal of EUR 0.26 for the financial year 2017 at next AGM

Stark an der Börse
Telefónica Deutschland

[1] Refer to the Telefónica Deutschland website for full dividend policy (www.telefonica.de)

Appendix

Recap: Clear synergy trajectory



- Major integration projects mostly finalised by year end 2017; ~75% of increased OpCF target already delivered
- 2018: Expect incremental savings of EUR 80 million at OIBDA level (mainly from network) and EUR 50 million at CapEx level
- 2018 phasing of Opex and revenue synergies front-loaded due to rollover effects, mainly from FTE restructuring in 2017
- Network integration remaining core project; expecting to mostly finalise by 2018

Q1 2018 – Summary

Solid operational trends with strong OIBDA growth

+46% (y-o-y)	+0.4% (y-o-y)	+5.4% (y-o-y)	+8.7% (y-o-y)
DATA	**REVENUE[1]**	**OIBDA[2]**	**OpCF**

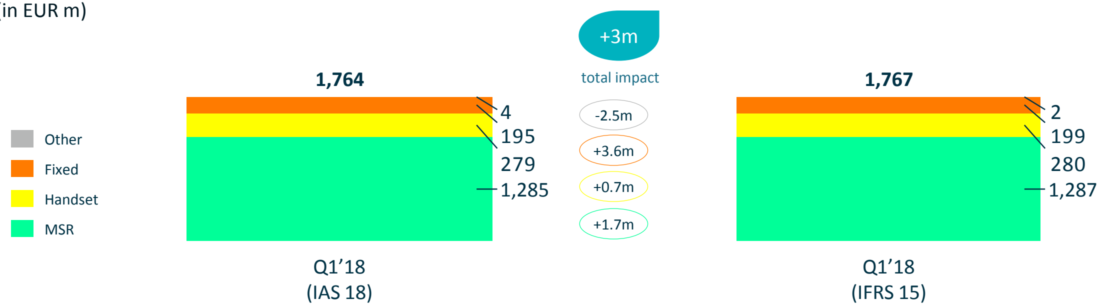
- Sustained strong data traffic growth (+50% y-o-y) leveraging new O_2 Free portfolio; 16.1 million LTE customers (+15% y-o-y)
- MSR[1] +0.4% y-o-y; ARPU of new O_2 Free portfolio accretive
- Revenue benefitting from stronger demand for handsets and improving mobile trends despite continued headwinds from legacy base rotation; fixed trends unchanged
- OIBDA reflecting synergy capture and efficient marketing approach with focus on value over volume; strong OpCF growth driven by solid OIBDA and expedient use of Capex
- Reiterating 3 consecutive years (2016-2018) of dividend growth with a proposal of EUR 0.26 per share to AGM on 17 May 2018; maintaining a high pay-out ratio over FCF thereafter

[1] Excluding the negative impact from regulatory changes and y-o-y comparison based on IAS18 accounting standards for 2017 and IFRS15 for 2018.
[2] Adjusted for exceptional effects, excl. the negative impact from regulatory changes and y-o-y comparison based on IAS18 accounting standards for 2017 and IFRS15 for 2018.
For details please refer to additional materials of the Q1 2018 results release.

IFRS15 accounting:
Only minor impact on Telefónica Deutschland P&L

REVENUE impact of IFRS15

(in EUR m)

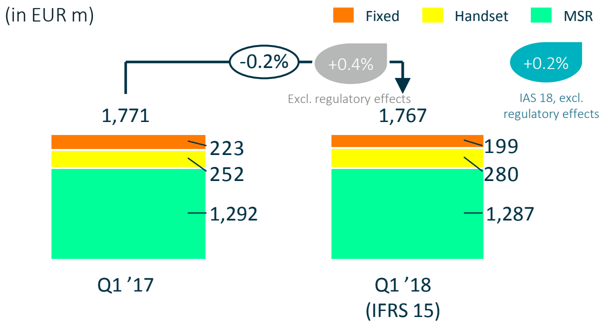


OIBDA impact of IFRS15

(in EUR m)

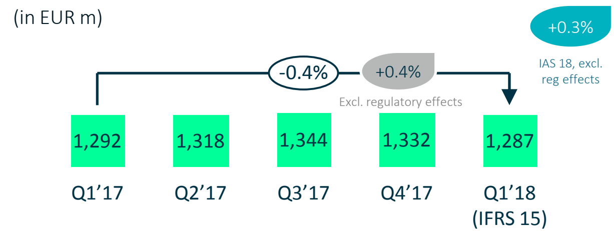
Underlying revenue with positive overall trend; fully on track to achieve full-year 2018 guidance

Revenue trends further improving

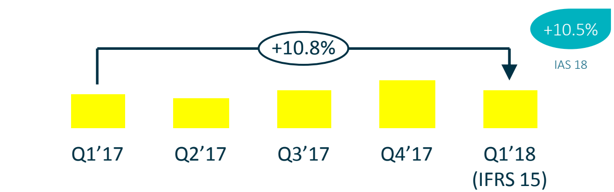


- Underlying revenue returning to y-o-y growth on the back of sustained MSR trends
- EUR 11 million of reg. impacts, mainly RLH
- Handset trends in line with German market
- Fixed revenue reflects wholesale migration & planned dismantling of legacy infrastructure

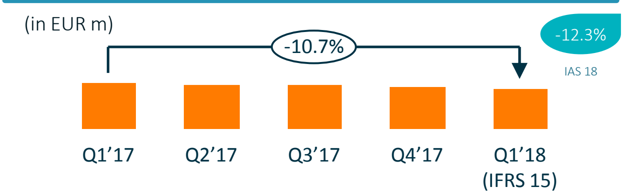
Underlying MSR continues to grow y-o-y



Stronger demand for handsets

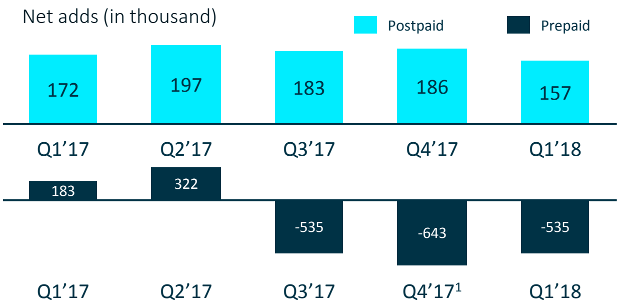


Unchanged trends in fixed revenues

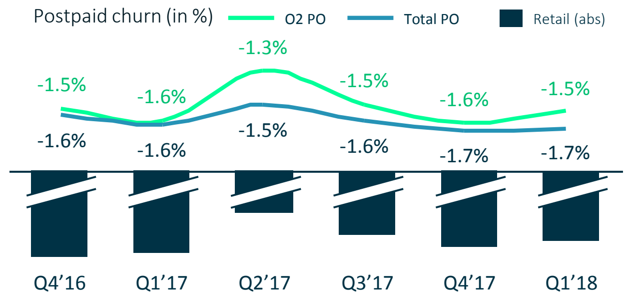


Trading trends steady with focus on value in Q1; O_2 churn with further improvement

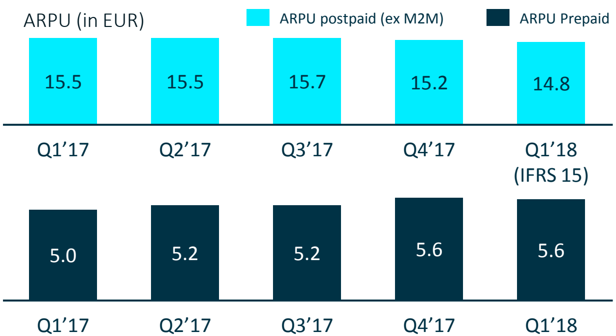
Value over volume focus



Maintaining retention focus



ARPU impacted by regulatory headwinds



- Solid market momentum with O_2 Free and strong partner performance; focus on value over volume
- Lower demand for prepaid driven by regulatory changes
- Churn in O_2 consumer remains low
- Regulation still a headwind in ARPU

[1] Excluding the impact from the final customer base adjustment

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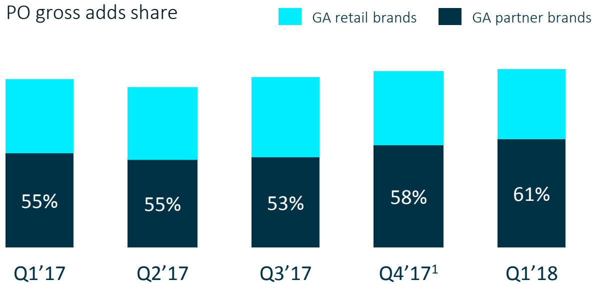
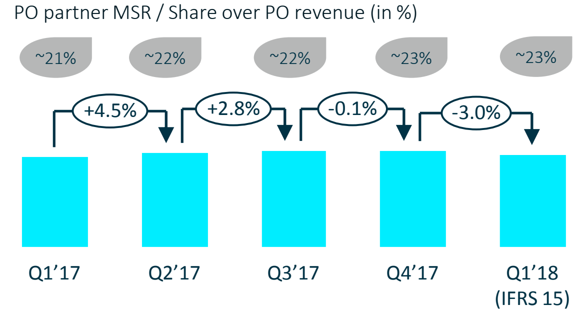
Segment stats reflect MBA MVNO dynamics and focus on value

Partner effected by migrations



Partner revenue reflects focus on value

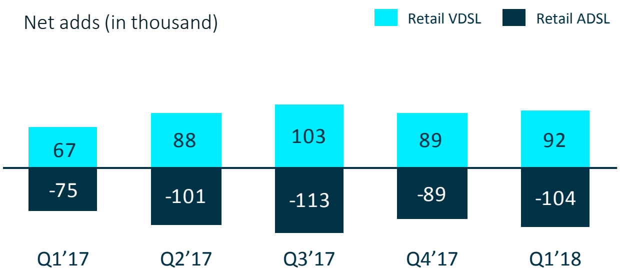


- Partner trading benefits from focus on 4G offers, resulting in higher gross add share
- More benign competitive environment and clear focus on profitable growth
- Partner revenue reflects MBA MVNO contract dynamics after merger and focus on value

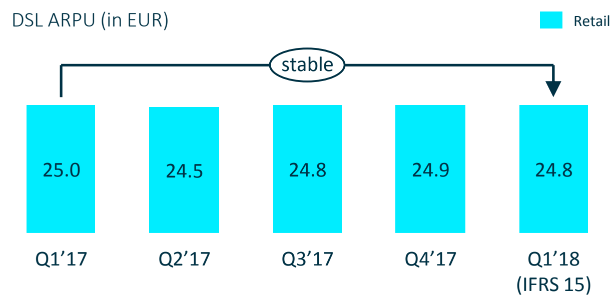
[1] including migration effects

Fixed business driven by wholesale migration and strong VDSL net adds

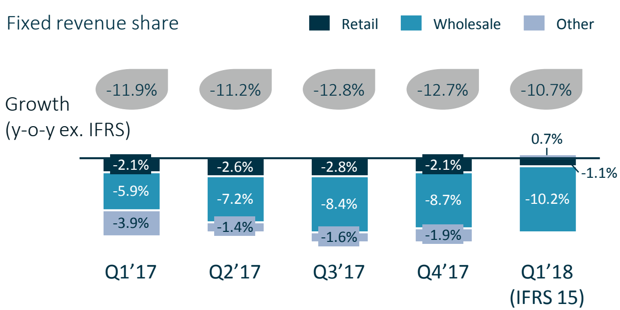
VDSL drives fixed retail trading…



… and ARPU performance



Fixed revenue reflects wholesale migration

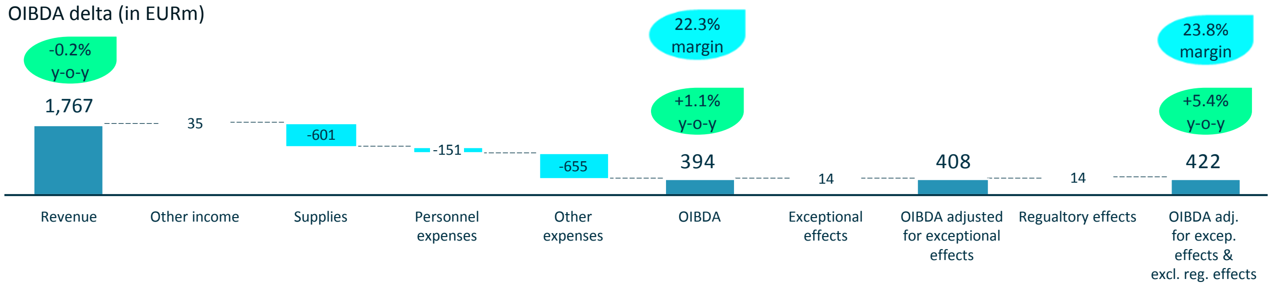


- Solid net add momentum in VDSL
- Retail DSL ARPUs & revenue trends reflect contribution of VDSL, customer base up 43% y-o-y to 1.2m
- Fixed wholesale customer migration mostly completed; 63k customers remaining

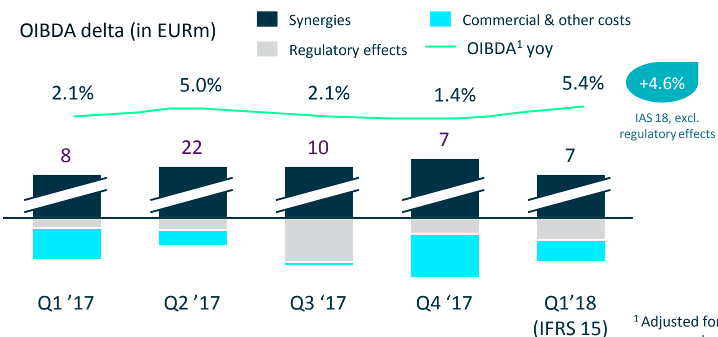
Telefónica
Deutschland

OIBDA reflects successful synergy capture, RLH-regulation and investment activities

Structure of OIBDA for January to March 2018



OIBDA[1] growth on the back of synergy delivery



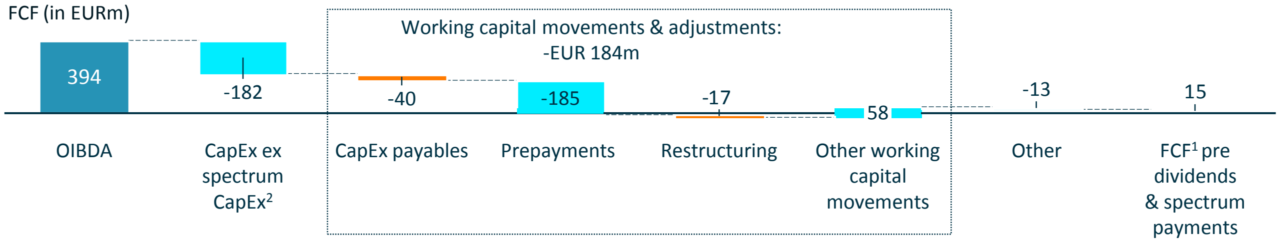
- OIBDA with continued margin expansion
- Regulatory effects of EUR 14 million & restructuring costs of EUR 14 million
- Incremental synergies of ~EUR 35 million at OIBDA level driven roll-over effects and incremental NT synergies

[1] Adjusted for exceptional effects, excl. the negative impact from regulatory changes and y-o-y comparison based on IAS18 accounting standards for 2017 and IFRS15 for 2018.
For details please refer to additional materials of the Q1 2018 results release.

Telefonica Deutschland

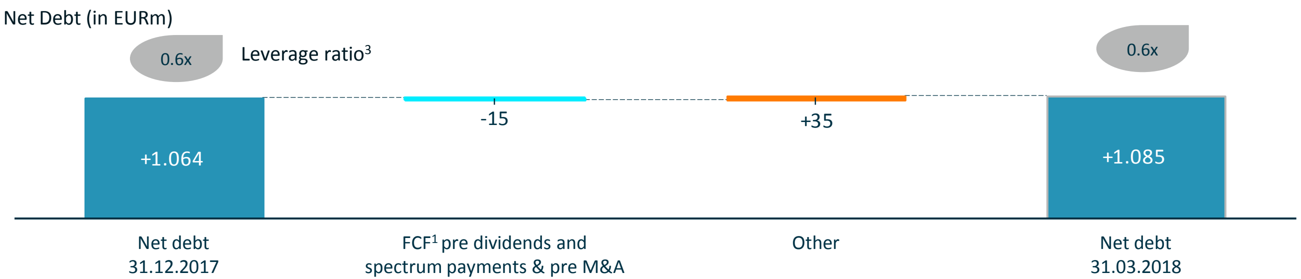
FCF with normal seasonal annual distribution

Evolution of Free Cash Flow (FCF)[1] YTD March 2018



[1] FCF pre dividend & spectrum payments is defined as the sum of cash flow from operating activities & cash flow from investing activities
[2] Excluding additions from capitalised finance leases and capitalised costs on borrowed capital for investments in spectrum.

Evolution of Net Debt[3] – Leverage[3] in line with target



[3] For definition of net debt & leverage ratio please refer to Q1 2018 earnings release

Reiterating full-year 2018 outlook[1]

	Actual 2017	Outlook 2018	Q1 2018
Revenue	EUR 7,296 million	**Broadly stable y-o-y** (excl. negative regulatory effects of EUR 30-50 million)	+0.2% y-o-y as per IAS 18 reporting +0.4% y-o-y
OIBDA[2]	EUR 1,840 million	**Flat to slightly positive y-o-y** (excl. negative regulatory effects of EUR 40-60 million	+4.6% y-o-y as per IAS 18 reporting +5.4% y-o-y
C/S	13%	**Approx. 12-13%**	**11.1%**
Dividend	EUR 0.26 per share Proposal for FY 2017 to the AGM on 17 May 2018	Annual dividend growth for 3 consecutive years (2016-2018)	N/A

[1] The effects from the implementation of IFRS15 as of 1 January 2018 and IFRS16 as of 1 January 2019 are not reflected in the financial outlook. For more information, please refer to the materials of the quarterly reporting during the period
[2] Exceptional effects such as restructuring costs or the sale of assets are excluded

O_2 Free portfolio and O_2 DSL portfolio

O_2 Free

Jetzt mit noch mehr Highspeed-Datenvolumen[1]

Neu: mehr Datenvolumen[1]

In den neuen O_2 Free-Smartphone-Tarifen gibt es jetzt dauerhaft noch mehr Highspeed-Datenvolumen.[1] Immer inklusive: die O_2 Free Weitersurf-Garantie zum Endlos-Weitersurfen mit 1 MBit/s, auch wenn dein Highspeed-Datenvolumen verbraucht ist.[2]

	O_2 Free XL 25 GB	O_2 Free L 20 GB	Preis-Leistungs-Tipp O_2 Free M 10 GB	O_2 Free S 1 GB
Highspeed-Surfen (LTE Max.)[3]	✓	✓	✓	✓
Endlos weitersurfen mit 1 MBit/s[2]	✓	✓	✓	✓
Flatrate für Minuten/SMS in alle dt. Netze[4]	✓	✓	✓	✓
Extra-Festnetznummer[5]	✓	✓	✓	✓
EU Roaming[6]	✓	✓	✓	✓
Mtl. Grundgebühr reduziert für O_2 Kunden[7, 8]	44,99	34,99	24,99	14,99
Mtl. Grundgebühr (bei 24 Monaten Laufzeit)[8]	49,99	39,99	29,99	19,99

Preis in € inkl. MwSt.

⇨ **Flexibel bleiben:** O_2 Free ist auch ohne feste Laufzeit verfügbar.[9]

EINE *Telefónica* MARKE

O_2 DSL

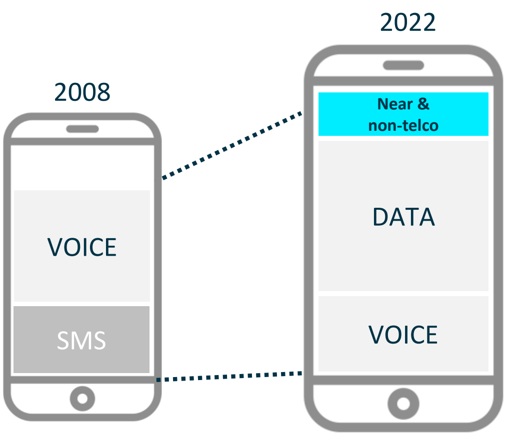
Für Privatkunden und Junge Leute

Neu ab 29.1.18
Unbegrenztes Highspeed-Surfen bei O_2 DSL M und L für O_2 Postpaid Kunden

	O_2 DSL L 100 MBit/s	Unser Tipp O_2 DSL M 50 MBit/s	O_2 DSL S 25 MBit/s	O_2 DSL XS 10 MBit/s
Flatrate ins dt. Festnetz und in alle dt. Mobilfunknetze	✓	✓	✓	✓
Unbegrenzt DSL-Surfen (mit bis zu 2.000 KBit/s)	✓	✓	✓	✓
Maximale Surf-Geschwindigkeit*	bis zu 100 MBit/s (Upload: bis zu 40 MBit/s)	bis zu 50 MBit/s (Upload: bis zu 10 MBit/s)	bis zu 25 MBit/s (Upload: bis zu 5 MBit/s)	bis zu 10 MBit/s (Upload: bis zu 2,4 MBit/s)
Maximale Surf-Geschwindigkeit bis (Inklusiv-Volumen)	500 GB (mit Fair-Use-Mechanik**) NEU: unbegrenzt für O_2 Kunden	300 GB (mit Fair-Use-Mechanik**) NEU: unbegrenzt für O_2 Kunden	300 GB (mit Fair-Use-Mechanik**)	bis zu 100 GB
HomeBox 2/ AVM FRITZ!Box 7490	1,99 mtl./ 3,99 mtl.	1,99 mtl./ 3,99 mtl.	1,99 mtl./ 3,99 mtl.	1,99 mtl./ 3,99 mtl.
Anschlussgebühr	0,– (statt 49,99)	0,– (statt 49,99)	29,99 (statt 49,99)	49,99
Bereitstellungspreis DSL-Router	0,– (ohne Laufzeit 49,99)	0,– (ohne Laufzeit 49,99)	0,– (ohne Laufzeit 49,99)	0,– (ohne Laufzeit 49,99)
Mtl. Grundgebühr für Neukunden	24,99 ab 13. Monat 39,99 (ohne Laufzeit ab 7. Monat 39,99)	14,99 ab 13. Monat 34,99 (ohne Laufzeit ab 7. Monat 34,99)	14,99 ab 13. Monat 29,99 (ohne Laufzeit ab 7. Monat 29,99)	9,99 ab 13. Monat 24,99 (ohne Laufzeit ab 7. Monat 24,99)
Rabatt auf mtl. Grundgebühr für O_2 Kunden	bis zu 10,–	bis zu 10,–	bis zu 10,–	–
Gesamtersparnis mit Laufzeit	280,–	340,–	250,–	230,–
Gesamtersparnis ohne Laufzeit	140,–	170,–	110,–	90,–

Preis in € inkl. MwSt.

Product and service extension associated with additional willingness to pay



Revenue growth
new services in 2022

~5m customers
new services in 2022

- Music & video – sky TICKET
- Financial services – O2 BANKING
- Fitness – GYMONDO
- Gaming – O2 Unlimited Games
- Security & Cloud – O2 PROTECT
- Consumer IoT

- Establish Telefónica D as relevant player in defined near & non-telco segments
- Address new market segment & upcoming trends
- Increase hardware market share and take strong position in consumer IoT segment

Value generation drives our success

Develop existing customers & Attract high-value new customers

- Focus on ARPU-up & churn-down
- Driving data usage via mobile freedom
- Up- and cross-selling

-2% pts
PO Churn
by 2022

~60%
new O_2 Free customers pay
≥EUR 30 today

Willingness to pay

- Data growth as monetisation opportunity
- Near & non-telco as value drivers
- Strong position in consumer IoT

Connected devices per customer:
#4 by 2022

Enhance customer experience & digitalisation

- Omnichannel experience
- Digital transformation of touchpoints
- AI to increase automation & reduce cost

~80%
Share of eCare events
by 2022

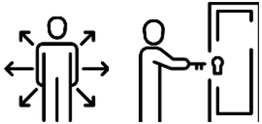
>80%
O_2 app penetration
by 2022

From integration to transformation

Targeting 'Simpler, Faster, Better' in three dimensions:

Processes	Automation	Technology
• Driving proactivity • Customer and service-centric processes	• Agile network for an agile organisation • Building a digital skillset	• Agile • Future-proof • Reliable
• Analytics / SON[1]	• Operational model / SOC[1]	• All-IP / Virtualisation • SDN / Fiber / • 5G readiness / IoT

A future-proof network which provides a competitive customer experience



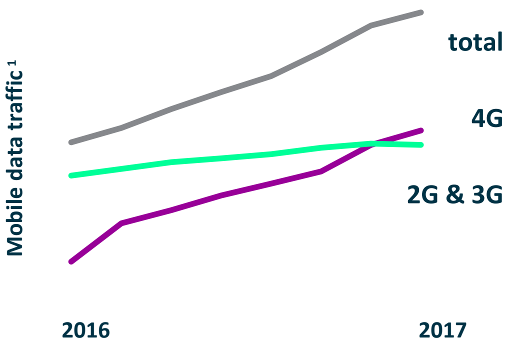
Customer-centric way of working

Simple and efficient

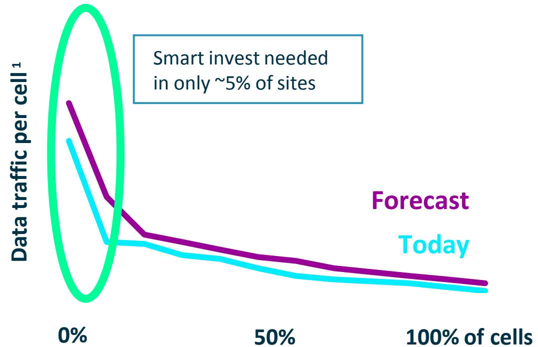
[1] Service Operations Centre (SOC), Self Organising Network (SON)

Ready for accelerating capacity demand

Increasing data volumes,
driven by 4G big bucket propositions

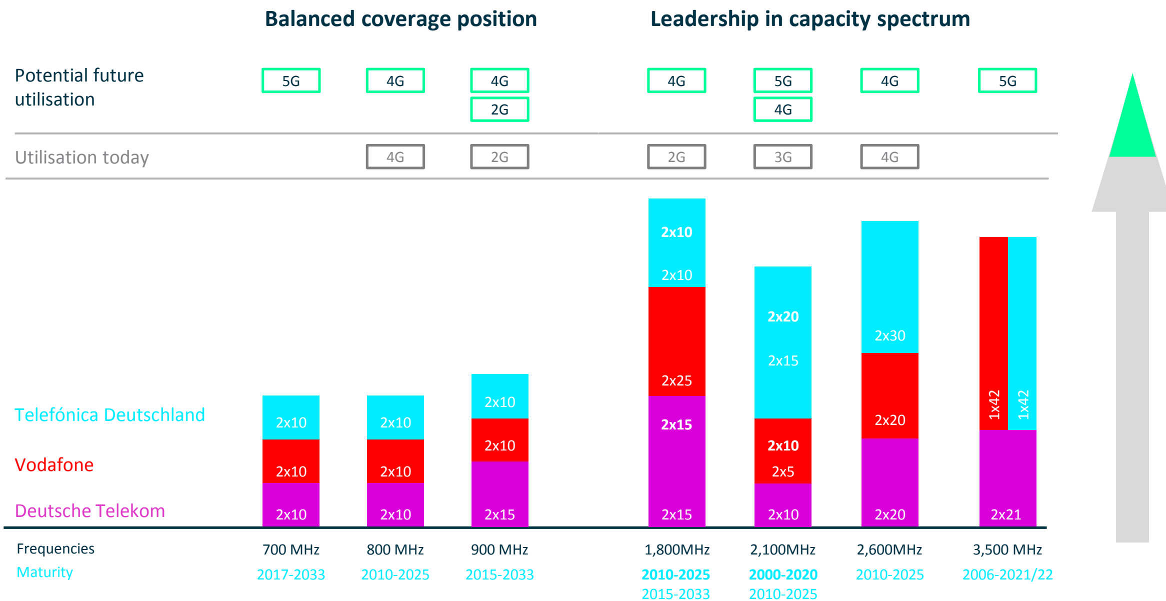


~95% of network capacity is capable of carrying even more traffic volumes, ~5% require capacity upgrades



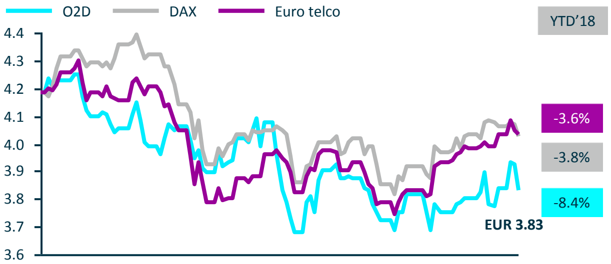
[1] Company research: Network Analysis (2016-2017)

Future-proof spectrum setup, to enable best customer experience



O2D - Factsheet

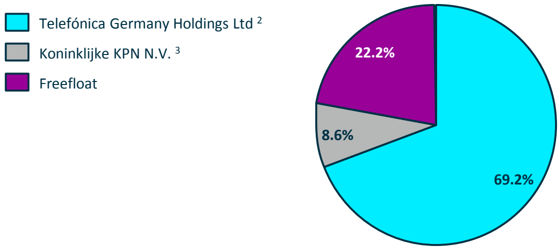
Share price development until 25.04.2018



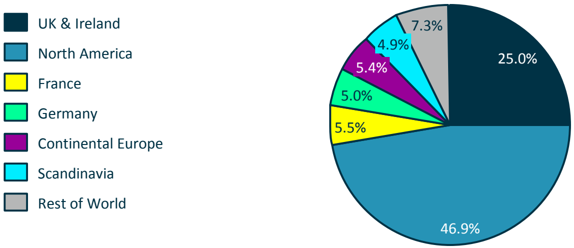
Telefónica Deutschland at a glance

Market segment	Prime Standard
Industry	Telecommunications
Shares outstanding	2,974,554,993 shares
Share capital	EUR 2,974.6 m
Market cap (as of 31.12.2017)	EUR 11,350.9 m
Share price (as of 31.12.2017)	EUR 3.82

Shareholder structure as of 31.03.2018[1]



Regional split of shareholder structure[4]



[1] According to shareholders register as of 31 December 2017
[2] Telefónica Germany Holdings Limited is an indirect wholly owned subsidiary of Telefónica S.A
[3] According to press release of KPN as of 31.01.2018
[4] Source: NASDAQ; Shareholder ID as of October2017

Quarterly detail of relevant financial and operating data for Telefónica Deutschland

Financials	2017					2018
	Q1	Q2	Q3	Q4	FY	Q1
Revenue (excl. regulatory effects)	1,771	1,771	1,850	1,904	7,296	1,778
Mobile service revenues (excl. regulatory effects)	1,292	1,318	1,344	1,332	5,287	1,298
Revenue	1,771	1,771	1,850	1,904	7,296	1,767
OIBDA (post Group fees) **adjusted for exceptional & regulatory effects**	401	472	468	499	1,840	422
OIBDA (post Group fees) **adjusted for exceptional effects**	401	472	468	499	1,840	408
CapEx excl. investments in spectrum	208	226	254	262	950	197
C/S Ratio (based on Revenue)	11.8%	12.8%	13.7%	13.8%	13.0%	11.1%
Revenue and Opex related Synergies	~35	~40	~40	~45	~160	~35

Accesses	2017					2018
	Q1	Q2	Q3	Q4	FY	Q1
Total Accesses	49,550	49,907	49,403	47,604	47,604	47,075
o/w Mobile	44,675	45,194	44,842	43,155	43,155	42,777
Prepay	23,967	24,289	23,754	21,881	21,881	21,346
Postpay	20,708	20,905	21,088	21,274	21,274	21,431

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