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The Telefónica Deutschland 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

Operational excellence
Digital transformation drives growth

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

Value proposition
Attractive shareholder return on strong fundamentals

Strong FCF trajectory
High pay-out ratio to FCF
Conservative financial profile

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Value proposition
Attractive shareholder return on strong fundamentals

Strong FCF trajectory
High pay-out ratio to FCF
Conservative financial profile
Strategic priorities of Telefónica Deutschland

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

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

We will generate Superior Shareholder Return including a strong dividend commitment

CUSTOMER EXPERIENCE & DIGITALISATION

GROWTH & PROFITABILITY

FOUNDATION

We have strong foundations: Integration success, customer base, outstanding connectivity & lean organisation
The data & device opportunity: Expecting explosive growth

MARKET TRENDS
German market with significant further growth potential

Mobile data usage in Europe
in GB/month per connection

<table>
<thead>
<tr>
<th>Country</th>
<th>Usage (GB/month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finland</td>
<td>19.8</td>
</tr>
<tr>
<td>Austria</td>
<td>9.6</td>
</tr>
<tr>
<td>Sweden</td>
<td>6.1</td>
</tr>
<tr>
<td>France</td>
<td>5.4</td>
</tr>
<tr>
<td>Switzerland</td>
<td>5.0</td>
</tr>
<tr>
<td>UK</td>
<td>2.8</td>
</tr>
<tr>
<td>Germany</td>
<td>1.9</td>
</tr>
</tbody>
</table>

Mobile data traffic in Germany
Annual volume of mobile data traffic in million GB

- **CAGR 2017-2020**: +51%
- **2018**: 5,097 GB
- **2016**: 2,381 GB

Preparation for 5G opportunities

Risk of 4th entrant in the German market

- **Soft convergence trend**

- **TV**

- **Pre- to Postpaid migration**

- **Advanced Data Analytics & IoT**

- **Music & video streaming** as usage drivers
- Average usage of 3 GB/month for LTE customers

- **Germany still a European laggard in terms of customer data usage**
- Further opportunities from growing LTE adoption

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1. Analysys Mason “Western Europe telecoms market trends and forecasts 2018–2023”, 29.10.2018
Momentum in all key-areas

Quality

- "winner" O₂ Free M
- "very good" O₂ app
- "good" fixed hotline
- "good" mobile provider

Trading

- POSTPAID
  - +1m Net Adds
  - 23.3m customers
- FIXED
  - +114k Net Adds
  - 2.2m customers

Financials

- Revenue & MSR on track
- OIBDA on track
- Capex on track
Largest owned customer base of ~35 million

- ~80% owned customers
- ~20% service providers & MVNO

1 Not exhaustive
O₂ Mobile portfolio

2019 O₂ Free connect + boost

- feature for additional EUR 5 available for O₂ Free S, M, and L

2019 O₂ my All in One

- feature with up to 9 Sim cards can be activated for an additional EUR 20 for unlimited

2019 O₂ You

- Combined offer consisting of
  - O₂ mobile contract with monthly termination
  - O₂ my handy contract with variable duration
- O₂ customers can compile their own contract conditions using the intuitive online configurator with >50 possible combinations
**O₂ Fixed portfolio**

### 2018 O₂ DSL

<table>
<thead>
<tr>
<th>O₂ my Home L</th>
<th>100 MBit/s DSL</th>
</tr>
</thead>
<tbody>
<tr>
<td>DSL: Highspeed DSL</td>
<td>Download bis zu 100 MBit/s</td>
</tr>
<tr>
<td>Telefon-Tief</td>
<td>Upload bis zu 10 MBit/s</td>
</tr>
<tr>
<td>Produktinformation</td>
<td>&gt;</td>
</tr>
<tr>
<td>6 € Anschlussgebühr</td>
<td>&gt;</td>
</tr>
<tr>
<td>6 € Beratung/Instandhaltung</td>
<td>&gt;</td>
</tr>
<tr>
<td>Effektivpreis pro Monat:</td>
<td>nur 24.99 €</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>O₂ my Home M²</th>
<th>50 MBit/s DSL</th>
</tr>
</thead>
<tbody>
<tr>
<td>DSL: Highspeed DSL</td>
<td>Download bis zu 50 MBit/s</td>
</tr>
<tr>
<td>Telefon-Tief</td>
<td>Upload bis zu 2 MBit/s</td>
</tr>
<tr>
<td>Produktinformation</td>
<td>&gt;</td>
</tr>
<tr>
<td>6 € Anschlussgebühr</td>
<td>&gt;</td>
</tr>
<tr>
<td>6 € Beratung/Instandhaltung</td>
<td>&gt;</td>
</tr>
<tr>
<td>Effektivpreis pro Monat:</td>
<td>nur 19.99 €</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>O₂ my Home S²</th>
<th>10 MBit/s DSL</th>
</tr>
</thead>
<tbody>
<tr>
<td>DSL: Highspeed DSL</td>
<td>Download bis zu 10 MBit/s</td>
</tr>
<tr>
<td>Telefon-Tief</td>
<td>Upload bis zu 2 MBit/s</td>
</tr>
<tr>
<td>Produktinformation</td>
<td>&gt;</td>
</tr>
<tr>
<td>6 € Anschlussgebühr</td>
<td>&gt;</td>
</tr>
<tr>
<td>6 € Beratung/Instandhaltung</td>
<td>&gt;</td>
</tr>
<tr>
<td>Effektivpreis pro Monat:</td>
<td>nur 14.99 €</td>
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</table>

### 2019 O₂ Homespot

<table>
<thead>
<tr>
<th>O₂ my Data Spot</th>
<th>Unlimited</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 GB</td>
<td>Produktauskunft</td>
</tr>
<tr>
<td>10 € Highspeed-Daten</td>
<td>225 MBit/s max. Surfgeschwindigkeit</td>
</tr>
<tr>
<td>16.99 € monatlich</td>
<td>&gt;</td>
</tr>
<tr>
<td>24 Monate Vertragslaufzeit</td>
<td>&gt;</td>
</tr>
<tr>
<td>Ohne Vertragslaufzeit (Papier)</td>
<td>&gt;</td>
</tr>
<tr>
<td>Ohne Vertragslaufzeit (Digitale)</td>
<td>&gt;</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>O₂ my Data Spot Flex</th>
<th>10 GB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Produktauskunft</td>
<td>&gt;</td>
</tr>
<tr>
<td>10 € Highspeed-Daten</td>
<td>225 MBit/s max. Surfgeschwindigkeit</td>
</tr>
<tr>
<td>15 € monatlich</td>
<td>&gt;</td>
</tr>
</tbody>
</table>

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**Telefonica Deutschland**

9
Mobile data traffic with continued strong growth; CAGR of >50%

Mobile data traffic continues to grow >50% y-o-y

Traffic (TB/Q)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Traffic (TB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3'18</td>
<td>165</td>
</tr>
<tr>
<td>Q4'18</td>
<td>179</td>
</tr>
<tr>
<td>Q1'19</td>
<td>193</td>
</tr>
<tr>
<td>Q2'19</td>
<td>227</td>
</tr>
<tr>
<td>Q3'19</td>
<td>253</td>
</tr>
</tbody>
</table>

O₂ Free tariffs driving data growth

Average data usage for O₂ LTE customers (GB/month)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Average Data Usage (GB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3'18</td>
<td>3.9</td>
</tr>
<tr>
<td>Q4'18</td>
<td>4.1</td>
</tr>
<tr>
<td>Q1'19</td>
<td>4.2</td>
</tr>
<tr>
<td>Q2'19</td>
<td>4.8</td>
</tr>
<tr>
<td>Q3'19</td>
<td>5.4</td>
</tr>
</tbody>
</table>

LTE customer base continues to grow

LTE customers (in million) / LTE penetration (in %)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>LTE Customers (in million)</th>
<th>LTE Penetration (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3'18</td>
<td>17.2</td>
<td>~41%</td>
</tr>
<tr>
<td>Q4'18</td>
<td>18.4</td>
<td>~44%</td>
</tr>
<tr>
<td>Q1'19</td>
<td>19.3</td>
<td>~46%</td>
</tr>
<tr>
<td>Q2'19</td>
<td>20.2</td>
<td>~48%</td>
</tr>
<tr>
<td>Q3'19</td>
<td>20.9</td>
<td>~49%</td>
</tr>
</tbody>
</table>

- Large data buckets & LTE adoption continue to drive data growth; CAGR of >50% maintained on the back of demand for streaming services
- Average data usage of O₂ LTE customers reaches 5.4GB/m
- LTE customer base up +21.8% y-o-y to 20.9 million
- LTE penetration up +8.3 p.p. y-o-y, while postpaid LTE penetration already at approx. 66%
### All-round infrastructure player

#### MOBILE INFRASTRUCTURE

- **LTE:**
  > 7,000 new LTE sites by OCT 2019
  on track for FY 2019 target of 10,000

- **Driving innovation in 5G**
  Establishing the world's first 5G network for automobile production in Mercedes-Benz Cars “Factory 56”

#### FIXED NET INFRASTRUCTURE

- **VDSL**
  Long-term FttH and VDSL access through Deutsche Telekom

- **FttH**

- **Cable**
  Exclusive cable wholesale access
to Vodafone's cable network in Germany;
enhancing infrastructure footprint to give customers choice: Triple play offers via fixed & cable
Future-proof spectrum set-up to enable best customer experience

Balanced position in coverage and capacity spectrum 2021-2025

Potential future utilisation
- 5G
- 4G
- 2G

Utilisation today
- 4G
- 2G
- 3G/4G
- 4G
- pLTE

Total availability
- 2x 30 MHz
- 2x 35 MHz
- 1x 40 MHz
- 2x 60 MHz
- 2x 70 MHz
- 1x 50 MHz
- 1x 300 MHz

Total Spectrum holding
- 32%
- 32%
- 31%
- 5%

1&1 Drillisch
- 2x10
- 2x10

Telefónica Deutschland
- 2x10
- 2x10
- 2x10
- 2x10
- 2x15

Vodafone
- 2x10
- 2x10
- 1x20

Deutsche Telekom
- 2x10
- 2x10
- 2x15
- 1x20

Frequencies
- 700 Mhz
- 800 Mhz
- 900 Mhz
- 1,800 MHz SDL
- 2,100 MHz
- 2,600 MHz
- 3,500 MHz TDD

Maturity
- 2019-2023
- 2010-2025
- 2017-2033
- 2015-2033
- 2010-2025
- 2010-2025
- 2019-2040

1 In addition: 24.2 MHz @2.1 GHz TDD
As of 1 January 2026: DRI: 2x10 MHZ; TEF D: 2x10 MHz; Vod: 2x20 MHz; DT: 2x20 MHz
Partner business: No short- to mid-term impact expected after 5G auction; any transition takes time

Scenario 1: Continuation of MBA MVNO

Four levers for revenue growth
- Exponential **data** growth
- **Capacity** of 20% and potential upgrade to 30%
- Price tiering based on **speed**
- Price tiering based on **technology**

Scenario 2: MNO remedy – gradual transition

Gradual transition of revenue streams
- **Commercial terms** derived from MBA MVNO
- **Sublease spectrum** for 2G/3G/4G national roaming
- MVNO and MNO only for a **transition period**
- Gradual ramp-up of **other partner & own business** to mitigate

Illustrative view

Operating Revenue EUR 7.320m
- Handset
- Fixed
- **MSR:** Own brands
- **MSR:** Other partners
- **MSR:** MBA MVNO / PO

2019

Own & other partner revenues
NR revenues

MBA revenues

2018

Handset
Fixed
MSR: Own brands
MSR: Other partners
MSR: MBA MVNO / PO

Illustrative view
Partner segment with stable growth trajectory

Partner trading driven by migration effects
Postpaid gross adds share

<table>
<thead>
<tr>
<th>Quarter</th>
<th>GA retail brands</th>
<th>GA partner brands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3'18</td>
<td>57%</td>
<td></td>
</tr>
<tr>
<td>Q4'18</td>
<td>62%</td>
<td></td>
</tr>
<tr>
<td>Q1'19</td>
<td>60%</td>
<td></td>
</tr>
<tr>
<td>Q2'19</td>
<td>63%</td>
<td></td>
</tr>
<tr>
<td>Q3'19</td>
<td>61%</td>
<td></td>
</tr>
</tbody>
</table>

+16%

Partner revenue growth reflects data growth
Postpaid partner MSR (abs) / Share over postpaid MSR (in %)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>~25%</th>
<th>~26%</th>
<th>~25%</th>
<th>~26%</th>
<th>~27%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3'18</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4'18</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q1'19</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q2'19</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3'19</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

+13%

• Partner performance remains in line with expectation
• Trading performance in Q3 resulting from 4G-related migration effects as well as expanding partnerships
• Partner revenue growth reflecting the data growth driven dynamics of the MBA MVNO
Transparency on partner relationships

Pricing review 1
- Confirmation of MBA MVNO pricing for TEF D
- Pricing mechanism accepted
- Conditional upon outcome of spectrum contribution case
- Pending pricing reviews focused on the competitive environment at the reference date

Subject to separate proceeding
- Pricing reviews (PR2-PR4)
- Further claims from wholesale partners (low triple-digit million)
  - Spectrum contribution from 2015 auction (EUR 12m pa)
  - Other claims under NDA

Timeline:
- **2017**
  - PR1: from September 2017
- **2018**
  - PR2: from July 2018
- **2019**
  - PR3: from January 2019
  - PR4: from July 2019
- **2020**

- MBA MVNO prolongation option
- MNO remedy option

Other claims
 Frequency case
Operational and financial trends remain strong

---

1 Excluding the negative impact from regulatory changes (mainly driven by the mobile termination rate cut to EURc 0.95 per minute as of 1 Dec 2018)
2 Mobile service revenue include base fees and fees paid by our customers for the usage of voice, sms and mobile data services. Also, access and interconnection fees as well as other charges levied on our partners for the use of our network are included
3 Exceptional effects were EUR 1.8 million of restructuring expenses in the period June to September 2019 (EUR 8.4 million based on IAS 17). The difference between restructuring charges under IAS 17 and IFRS 16 is due to the fact that certain IAS 17 operating lease commitments require the recognition of provisions, whereas those are recognised as lease liabilities under IFRS 16. Regulatory effects amounted to EUR 10.3 million in the period June to September 2019
4 Excluding additions from capitalised right-of-use assets (as of 1 January 2019) and excluding additions from capitalised finance leases (till 31 December 2018)
Outlook 2019: Solid YTD performance so far

### Actuals FY’18 (IFRS15)
- **Revenue**: 7,320
- **OIBDA**: 1,884
- **C/S**: 13.2%

### Outlook² FY’19 (IFRS15)
- **Revenue**: Broadly stable (excl. regulatory impacts of EUR ~60-70 m)
- **OIBDA**: Broadly stable to slightly positive (excl. regulatory impacts of EUR ~40-50 m)
- **C/S**: Approx. 13-14%

### 9M’19
- **Revenue**: +2.1% yoy
- **OIBDA**: +0.8% yoy

### Mid-term expectations
- **Revenue growth in line with German market**: capturing market share in IoT
- **Ongoing margin improvement** supported by growth centric transformation case (EUR ~600 m gross OIBDA 2019/22)
- **Keeping Capex level stable** at around EUR 1 bn

### Additional Information
- Underlying revenue reflect tailwinds from ARPU-up strategy supported by new O₂ Free tariffs which help to counteract ongoing legacy base management topics, while we continue to leverage our many long-term partnership contracts.
- OIBDA benefits from integration and transformation savings, partly offset by commercial and transformation invest; transformation savings to gradually ramp-up throughout 2019 and over the course of our four year D4G programme.
- Re-iterating midterm expectations: Expecting to grow with the market, strong confidence in our ability to grow FCF and continue to support a high dividend pay-out ratio to FCF.

---

1 Exceptional effects such as restructuring costs or the sale of assets are excluded
2 The effects from the implementation of IFRS 16 as of 1 January 2016 are not reflected in the financial outlook
OIBDA reflects continued market & transformation invest in growth

Structure of OIBDA for January to September 2019

OIBDA (in EURm)

- Revenue
- Other income
- Supplies
- Personnel expenses
- Other expenses
- OIBDA (IFRS 16)
- Restructuring (IFRS 16)
- Regulatory effects
- OIBDA (IFRS 16) adj. for excep. effects & excl. reg. effects
- IFRS 16 effect
- OIBDA (IAS 17) adj. for excep. effects & excl. reg. effects

OIBDA\(^1\) reflects synergies & transformation

OIBDA delta (in EURm)

- Synergies
- Transformation benefits
- Regulatory effects
- Commercial & other costs

- Q1 ‘19 (IAS 17)
- Q2 ‘19 (IAS 17)
- Q3 ‘19 (IAS 17)

- 4
- 2
- 4

- +0.9% IAS 17, ex. regs.

• Underlying OIBDA (IAS 17) +0.8% y-o-y in 9M’19 driven by
  • Rollover synergies of ~EUR 35 million; mainly network
  • Transformation benefits of ~EUR 25 million; mainly O\(_2\) consumer and IT cost savings

• Regulatory effects of EUR 25 million driven by usage elasticity effects from the RLH regime & intra EU calls (since 15 May ’19)

• Restructuring\(^1\) costs of EUR 24 million under IFRS 16

• Underlying OIBDA margin expands to 31.5% under IFRS 16 vs. 25.3% under IAS 17

---

\(^1\) According to IAS 17, restructuring costs were EUR 48 million. The total resulting IFRS 16 effect at reported OIBDA level comes to EUR 338 million. The difference between restructuring charges under IAS 17 and IFRS 16 is due to the fact that certain IAS 17 operating lease commitments require the recognition of provisions, whereas those are recognised as lease liabilities under IFRS 16.

\(^2\) Includes other expenses and impairment losses in accordance with IFRS 9.
‘Digital4Growth’ – Key transformation drivers in 2019

Digital4Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td>~40 m</td>
<td>~600 m</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Transformation workstreams

- **Revenue-related gains**
  - Portfolio adjustments & ARPU-up
  - Digital/online sales and omnichannel initiatives
  - Churn analytics
    - eSIM
    - ADA/IoT
- **Cost-related gains**
  - Customer Service efficiency initiatives
    - Channel mix & shop optimisation
    - Integration fixed bb customer service system
  - Process optimisation

Gross OIBDA-relevant gains
FCF dynamics reflect implementation of IFRS 16 and usual seasonality

### Evolution of Free Cash Flow (FCF)\(^1\) YTD September 2019

<table>
<thead>
<tr>
<th>FCF (in EURm)</th>
<th>OIBDA (IAS 17)</th>
<th>IFRS 16 effects</th>
<th>OIBDA (IFRS 16)</th>
<th>CapEx(^2) ex spectrum</th>
<th>CapEx payables(^2)</th>
<th>Prepayments</th>
<th>Restructuring</th>
<th>Other working capital movements</th>
<th>Other</th>
<th>FCF(^1) (IFRS 16) pre dividends &amp; spectrum payments</th>
<th>Lease payments</th>
<th>normalised FCF (IAS 17)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.311</td>
<td>1.672</td>
<td>-782</td>
<td>27</td>
<td>-72</td>
<td>-21</td>
<td>-144</td>
<td>-47</td>
<td>633</td>
<td>-399</td>
<td>234</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) 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 right-of-use assets (as of 1 January 2019) and excluding additions from borrowed capital for investments in spectrum

### Evolution of Net Debt\(^3\) – Leverage\(^3\) in line with target

<table>
<thead>
<tr>
<th>Net Debt (in EURm)</th>
<th>Leverage ratio(^3)</th>
<th>0.6x</th>
<th>0.9x</th>
<th>1.8x</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.2018 (IAS 17)</td>
<td>FCF (IFRS 16) pre dividends and spectrum payment</td>
<td>-633</td>
<td>803</td>
<td>2.503</td>
</tr>
<tr>
<td></td>
<td>Lease payments</td>
<td>399</td>
<td>4</td>
<td>1.702</td>
</tr>
<tr>
<td></td>
<td>Dividend</td>
<td></td>
<td></td>
<td>4.206</td>
</tr>
<tr>
<td></td>
<td>other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30.09.2019 (IAS 17)</td>
<td>Other IFRS 16 related changes in NFD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Net debt 30.09.2019 (IFRS 16)(^4)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^3\) For definition of net debt & leverage ratio please refer to Q3 2019 earnings release

\(^4\) Leverage is defined as net financial debt divided by the OIBDA for the last twelve months adjusted for exceptional effects. Leverage under IFRS 16 is calculated based on an extrapolated rolling 12-month OIBDA. It will only be possible to report a leverage ratio based on actuals under IFRS 16 with the publication of the financial statements for 2019
Smooth maturity profile and diversified financing mix per 30 September 2019

**Maturity profile**

- **Well balanced and diversified maturity profile**
- **EUR 3.2bn liquidity position ensures financial flexibility, this includes the EUR 700m facility set up for the spectrum financing which will be cancelled in Q4**
- **Low exposure to rate hikes due to a high percentage of debt at fixed rates**
- **EUR 130m Money Market Facilities outstanding**

---

1. Maturity profile excludes bilateral facilities
2. Interest mix excludes undrawn facilities
Attractive shareholder remuneration policy

Shareholder remuneration policy – Main guidelines

1. Maintain high pay-out in relation to FCF

2. Consider expected future cash flows in dividend proposals

3. Review of the self-defined leverage target to reflect implementation of IFRS 16 and utilise full financial flexibility with regards to the upcoming 5G investments, whilst maintaining Fitch BBB rating

1 Refer to the Telefónica Deutschland website for full dividend policy [https://www.telefonica.de/investor-relations-en/share/dividend.html]
2 At or below 1.0x
3 As of 1 January 2019
**Share price development as of 20 November 2019**

- **O2D**
- **DAX**
- **Sector**

**Telefónica Deutschland at a glance**

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market segment</strong></td>
<td>Prime Standard</td>
</tr>
<tr>
<td><strong>Industry</strong></td>
<td>Telecommunications</td>
</tr>
<tr>
<td><strong>Shares outstanding</strong></td>
<td>2,974,554,993 shares</td>
</tr>
<tr>
<td><strong>Share capital</strong></td>
<td>EUR 2,974.6 m</td>
</tr>
<tr>
<td><strong>Market cap (as of 30.09.2019)</strong></td>
<td>EUR 7,608.9 m</td>
</tr>
<tr>
<td><strong>Share price (as of 30.09.2019)</strong></td>
<td>EUR 2.558</td>
</tr>
</tbody>
</table>

**Regional split of shareholder structure**

- **UK & Ireland**
- **North America**
- **France**
- **Germany**
- **Continental Europe**
- **Scandinavia**
- **Rest of World**

1 **Shareholder structure**: 69.2% Freefloat, 30.8% Telefónica Germany Holdings Ltd

2 **Telefónica Germany Holdings Limited is an indirect wholly owned subsidiary of Telefónica S.A.**

3 **Source: NASDAQ; Shareholder ID as of April 2019**
The team: Telefónica Deutschland board members

Markus Haas
Chief Executive Officer

Markus Rolle
Chief Financial Officer

Wolfgang Metze
Chief Consumer Officer

Alfons Lösing
Chief Partner & Business Officer

Mallik Rao
Chief Technology & Information Officer

Valentina Daiber
Chief Officer Legal & Corporate Affairs

Nicole Gerhardt
Chief Human Resources Officer
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Investor Relations
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eugen.albrecht@telefonica.com
Appendix - KPIs
**Mobile KPIs**

**Postpay ARPU (EUR)**

- Q1 '18: 14.8
- Q2 '18: 14.8
- Q3 '18: 15.0
- Q4 '18: 14.8
- Q1 '19: 14.2
- Q2 '19: 14.4
- Q3 '19: 14.4

**Prepay ARPU (EUR)**

- Q1 '18: 5.6
- Q2 '18: 5.8
- Q3 '18: 6.0
- Q4 '18: 6.0
- Q1 '19: 5.7
- Q2 '19: 5.9
- Q3 '19: 6.2

**Churn rate (%)**

- Q3'17: -1.5%
- Q4'17: -1.6%
- Q1'18: -1.5%
- Q2'18: -1.6%
- Q3'18: -1.4%
- Q4'18: -1.6%
- Q1'19: -1.3%
- Q2'19: -1.2%
- Q3'19: -1.5%

**Smartphone penetration (%)**

- Q1 '18: 78.6
- Q2 '18: 79.9
- Q3 '18: 79.7
- Q4 '18: 80.9
- Q1 '19: 82.0
- Q2 '19: 82.9
- Q3 '19: 84.1

---

1 Smartphone penetration is based on the number of customers with a small screen tariff (e.g., for smartphones) divided by the total mobile customer base less M2M, less customers with a big screen tariff.
Fixed line KPIs

**Retail broadband net adds (’000)**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Therof DSL</th>
<th>Therof VDSL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 ’18</td>
<td>92</td>
<td>-104</td>
</tr>
<tr>
<td>Q2 ’18</td>
<td>86</td>
<td>-98</td>
</tr>
<tr>
<td>Q3 ’18</td>
<td>59</td>
<td>-53</td>
</tr>
<tr>
<td>Q4 ’18</td>
<td>52</td>
<td>-27</td>
</tr>
<tr>
<td>Q1 ’19</td>
<td>65</td>
<td>-21</td>
</tr>
<tr>
<td>Q2 ’19</td>
<td>59</td>
<td>-21</td>
</tr>
<tr>
<td>Q3 ’19</td>
<td>53</td>
<td>-22</td>
</tr>
</tbody>
</table>

**Fixed accesses (’000)**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Retail DSL</th>
<th>thereof VDSL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 ’18</td>
<td>2,060</td>
<td>1,243</td>
</tr>
<tr>
<td>Q2 ’18</td>
<td>2,048</td>
<td>1,330</td>
</tr>
<tr>
<td>Q3 ’18</td>
<td>2,054</td>
<td>1,389</td>
</tr>
<tr>
<td>Q4 ’18</td>
<td>2,080</td>
<td>1,441</td>
</tr>
<tr>
<td>Q1 ’19</td>
<td>2,124</td>
<td>1,507</td>
</tr>
<tr>
<td>Q2 ’19</td>
<td>2,162</td>
<td>1,566</td>
</tr>
<tr>
<td>Q3 ’19</td>
<td>2,193</td>
<td>1,619</td>
</tr>
</tbody>
</table>

**Fixed retail ARPU (EUR)**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>ARPU (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 ’18</td>
<td>24.8</td>
</tr>
<tr>
<td>Q2 ’18</td>
<td>24.6</td>
</tr>
<tr>
<td>Q3 ’18</td>
<td>24.4</td>
</tr>
<tr>
<td>Q4 ’18</td>
<td>24.1</td>
</tr>
<tr>
<td>Q1 ’19</td>
<td>23.4</td>
</tr>
<tr>
<td>Q2 ’19</td>
<td>23.4</td>
</tr>
<tr>
<td>Q3 ’19</td>
<td>23.2</td>
</tr>
</tbody>
</table>

**Notes:**
- Q3 ‘19: 23.2 EUR, -5.0% compared to Q2 ‘19.
### P&L

#### Revenue structure (EUR m)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Fixed</th>
<th>Handset</th>
<th>MSR</th>
<th>Other revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 ’18</td>
<td>1,767</td>
<td>1,287</td>
<td>199</td>
<td>280</td>
</tr>
<tr>
<td>Q2 ’18</td>
<td>1,758</td>
<td>1,311</td>
<td>192</td>
<td>249</td>
</tr>
<tr>
<td>Q3 ’18</td>
<td>1,830</td>
<td>1,339</td>
<td>191</td>
<td>299</td>
</tr>
<tr>
<td>Q4 ’18</td>
<td>1,965</td>
<td>1,330</td>
<td>185</td>
<td>445</td>
</tr>
<tr>
<td>Q1 ’19</td>
<td>1,779</td>
<td>1,281</td>
<td>315</td>
<td>182</td>
</tr>
<tr>
<td>Q2 ’19</td>
<td>1,785</td>
<td>1,319</td>
<td>281</td>
<td>185</td>
</tr>
<tr>
<td>Q3 ’19</td>
<td>1,865</td>
<td>1,361</td>
<td>318</td>
<td>185</td>
</tr>
</tbody>
</table>

#### OIBDA (post GF, pre exceptional effects / EUR m)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 ’18</td>
<td>23.1%</td>
<td>27.7%</td>
</tr>
<tr>
<td>Q3 ’18</td>
<td>26.1%</td>
<td>26.0%</td>
</tr>
<tr>
<td>Q4 ’18</td>
<td>29.5%</td>
<td>32.9%</td>
</tr>
<tr>
<td>Q1 ’19</td>
<td>32.0%</td>
<td>32.0%</td>
</tr>
</tbody>
</table>

#### OpEx split2 (EUR m)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Personnel expenses</th>
<th>Supplies</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 ’18</td>
<td>1,394</td>
<td>1,514</td>
<td>1,514</td>
</tr>
<tr>
<td>Q2 ’18</td>
<td>1,304</td>
<td>1,401</td>
<td>1,401</td>
</tr>
<tr>
<td>Q3 ’18</td>
<td>1,401</td>
<td>1,514</td>
<td>1,514</td>
</tr>
<tr>
<td>Q4 ’18</td>
<td>1,286</td>
<td>1,250</td>
<td>1,250</td>
</tr>
<tr>
<td>Q1 ’19</td>
<td>1,250</td>
<td>1,317</td>
<td>1,317</td>
</tr>
<tr>
<td>Q2 ’19</td>
<td>1,250</td>
<td>1,317</td>
<td>1,317</td>
</tr>
<tr>
<td>Q3 ’19</td>
<td>1,250</td>
<td>1,317</td>
<td>1,317</td>
</tr>
</tbody>
</table>

#### CapEx3 (EUR m)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 ’18</td>
<td>182</td>
<td>238</td>
</tr>
<tr>
<td>Q2 ’18</td>
<td>312</td>
<td>226</td>
</tr>
<tr>
<td>Q3 ’18</td>
<td>252</td>
<td>243</td>
</tr>
<tr>
<td>Q4 ’18</td>
<td>286</td>
<td>286</td>
</tr>
</tbody>
</table>

---

1 Adjusted for exceptional effects, excl. the negative impact from regulatory changes and y-o-y comparison based on IAS17 accounting standards for 2018 and IFRS16 for 2019. For details please refer to additional materials of the Q3 2019 results release.

2 Opex split before exceptional effects changes and y-o-y comparison based on IAS17 accounting standards for 2018 and IFRS16 for 2019. For details please refer to additional materials of the Q3 2019 results release.

3 Excluding additions from capitalised right-of-use assets (as of 1 January 2019) respective excluding additions from capitalised finance leases (till 31 December 2018).
Financials

Net debt and leverage¹

- Net financial debt

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Net Financial Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 '18</td>
<td>1,085</td>
</tr>
<tr>
<td>Q2 '18</td>
<td>1,797</td>
</tr>
<tr>
<td>Q3 '18</td>
<td>1,591</td>
</tr>
<tr>
<td>Q4 '18</td>
<td>1,129</td>
</tr>
<tr>
<td>Q1 '19</td>
<td>1,094</td>
</tr>
<tr>
<td>Q2 '19</td>
<td>1,917</td>
</tr>
<tr>
<td>Q3 '19</td>
<td>1,702</td>
</tr>
</tbody>
</table>

Free cash flow² (YTD)

- Free cash flow

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Free Cash Flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 '18</td>
<td>15</td>
</tr>
<tr>
<td>Q2 '18</td>
<td>301</td>
</tr>
<tr>
<td>Q3 '18</td>
<td>733</td>
</tr>
<tr>
<td>Q4 '18</td>
<td>247</td>
</tr>
<tr>
<td>Q1 '19</td>
<td>322</td>
</tr>
<tr>
<td>Q2 '19</td>
<td>633</td>
</tr>
</tbody>
</table>

¹ Under IAS 17 accounting standard
² Under IFRS 16
³ FCF pre dividends and payments for spectrum is defined as the sum of CF from operating activities and CF from investing activities and does not contain payments for investments in spectrum
Quarterly detail of relevant financial and operating data for Telefónica Deutschland

<table>
<thead>
<tr>
<th>Financials</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td>Revenue (excl. regulatory effects)</td>
<td>1,767</td>
<td>1,758</td>
</tr>
<tr>
<td>Mobile service revenues (excl. regulatory effects)</td>
<td>1,287</td>
<td>1,311</td>
</tr>
<tr>
<td>Revenue</td>
<td>1,767</td>
<td>1,758</td>
</tr>
<tr>
<td>OIBDA (post Group fees) adjusted for exceptional &amp; regulatory effects</td>
<td>408</td>
<td>487</td>
</tr>
<tr>
<td>CapEx excl. investments in spectrum</td>
<td>408</td>
<td>487</td>
</tr>
<tr>
<td>C/S Ratio (based on Revenue)</td>
<td>182</td>
<td>238</td>
</tr>
<tr>
<td>OIBDA (post Group fees) adjusted for exceptional effects</td>
<td>10.3%</td>
<td>13.5%</td>
</tr>
<tr>
<td>Revenue and Opex related Synergies</td>
<td>~35</td>
<td>~30</td>
</tr>
<tr>
<td>Capex related synergies</td>
<td>~15</td>
<td>~10</td>
</tr>
<tr>
<td>Transformation benefits</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accesses</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td>Total Accesses</td>
<td>47,075</td>
<td>47,180</td>
</tr>
<tr>
<td>o/w Mobile</td>
<td>42,777</td>
<td>42,962</td>
</tr>
<tr>
<td>Prepay</td>
<td>21,346</td>
<td>21,198</td>
</tr>
<tr>
<td>Postpay</td>
<td>21,431</td>
<td>21,764</td>
</tr>
</tbody>
</table>

1 Adjusted for exceptional effects, excl. the negative impact from regulatory changes and figures based on IAS17 accounting standards for 2018 and IFRS16 for 2019. For details please refer to additional materials of the Q3 2019 results release.

2 Excluding additions from capitalised right-of-use assets (as of 1 January 2019) respective excluding additions from capitalised finance leases (till 31 December 2018).