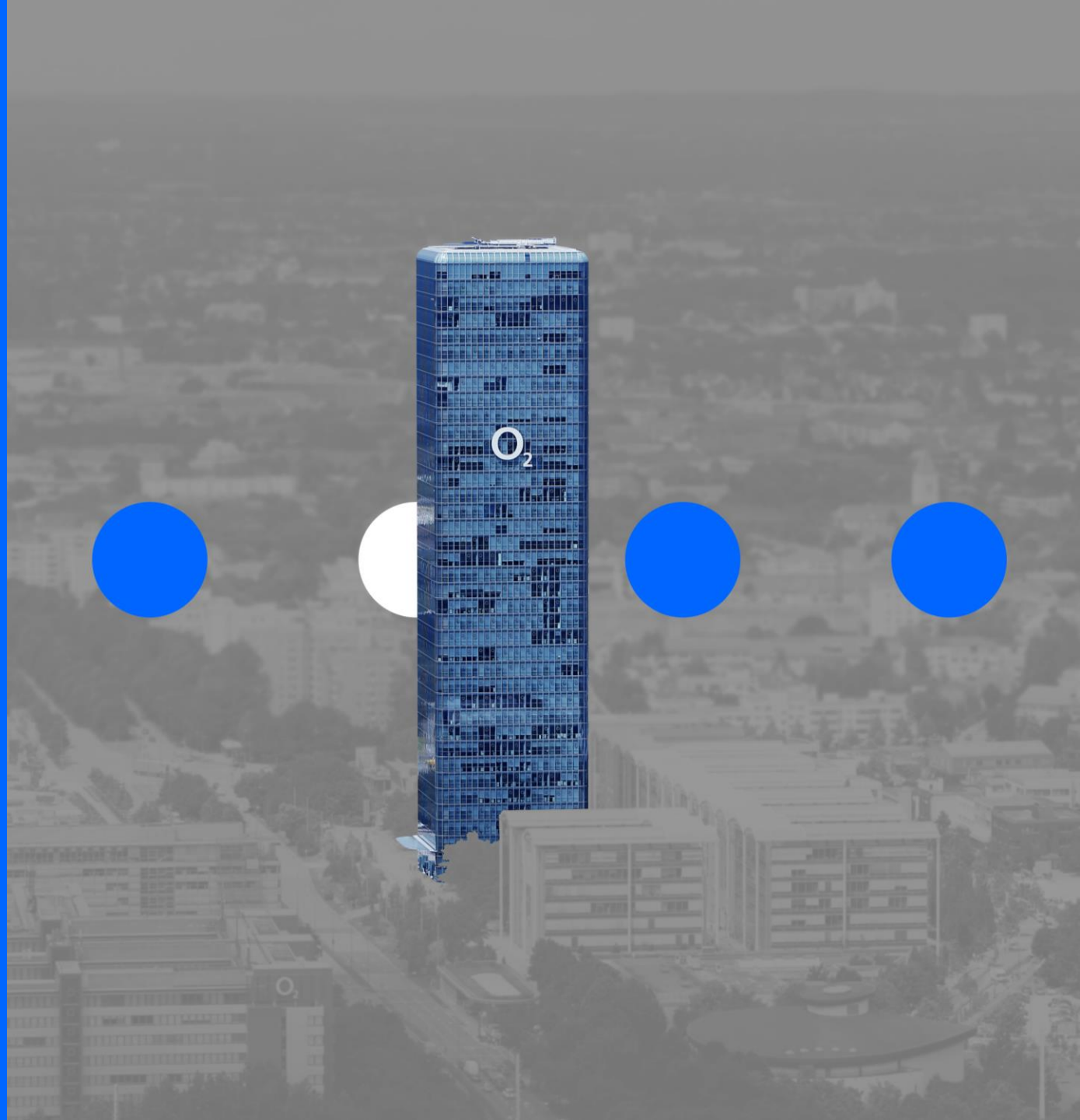


Telefónica Deutschland  
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# Telefónica Deutschland

Investor presentation

February 2023



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# Key reasons to invest

## Germany

Attractive and dynamic  
telecoms market

Strong macro

Rational market

Data growth

Soft convergence

3 integrated players

Largest MVNO  
to become 4<sup>th</sup> MNO

## Established Player

Leveraging  
economies of scale

Largest  
owned customer base

Multi-brand & -channel

Customer-centric  
convergence play

FMS

## Operational Excellence

Driving digitalisation

All-infrastructure  
set-up

Successful integration track  
record

Digital transformation

## Value Proposition

Attractive shareholder returns  
on back of strong fundamentals

Clear growth path

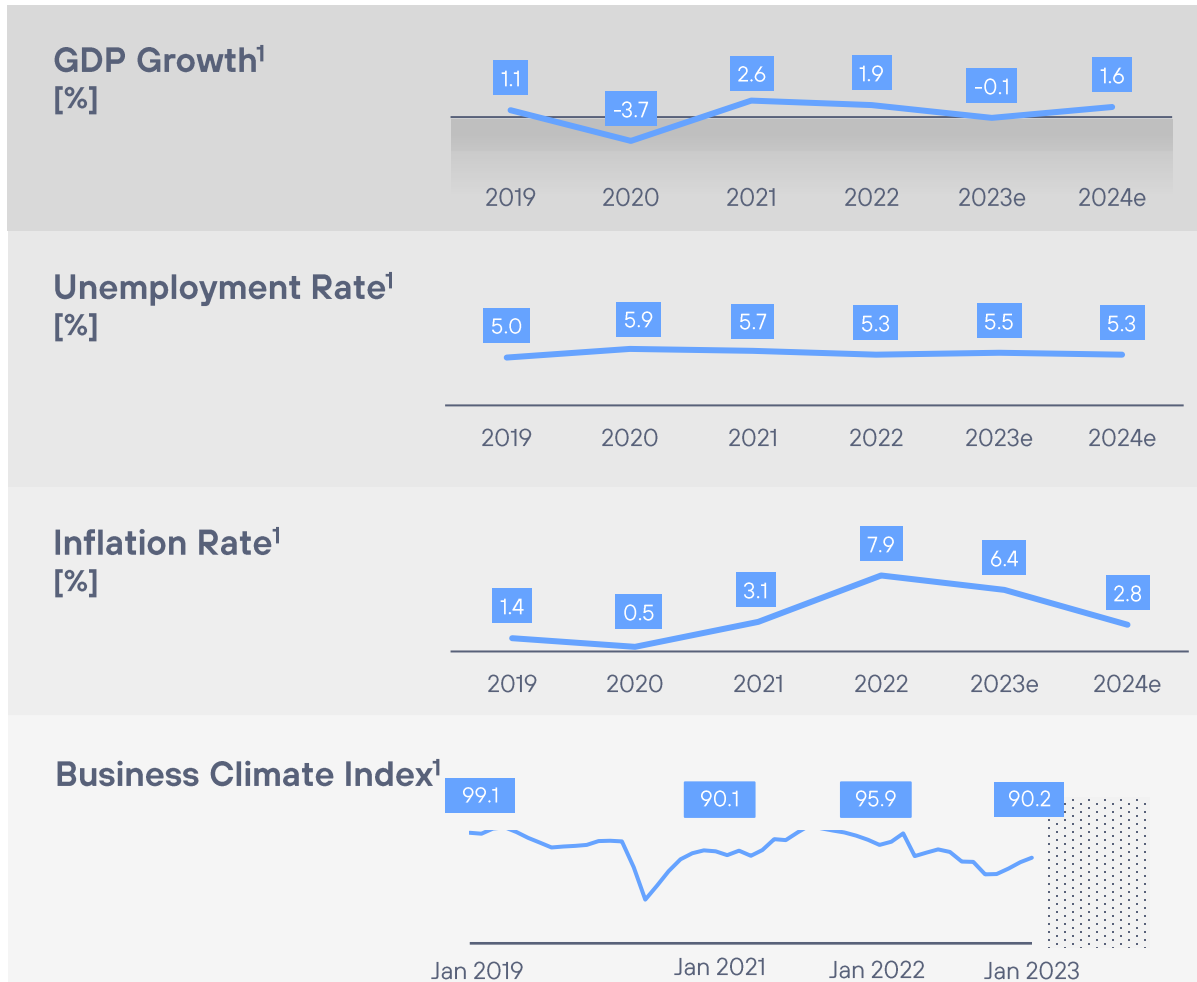
Robust financial profile

Strong FCF trajectory

High pay-out ratio of FCFaL

ESG leadership

# Robust German economy despite some inflationary pressures



## Current Trends

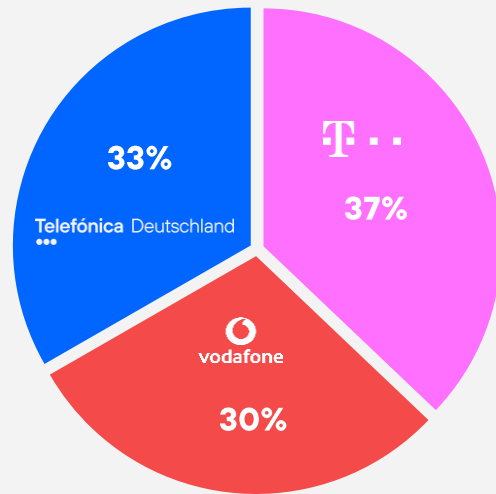
- Dynamic yet rational mobile market
- Data growth with continued CAGR of >50%
- Soft convergent market environment
- 3 strong mobile networks

## Future Trends

- 5G use cases & demand to accelerate
- Fixed-Mobile-Substitution becoming increasingly relevant
- Potential 4<sup>th</sup> urban MNO
- Largest MVNO to become 4<sup>th</sup> MNO

# Competitive Environment

## Rational & balanced market<sup>1</sup>



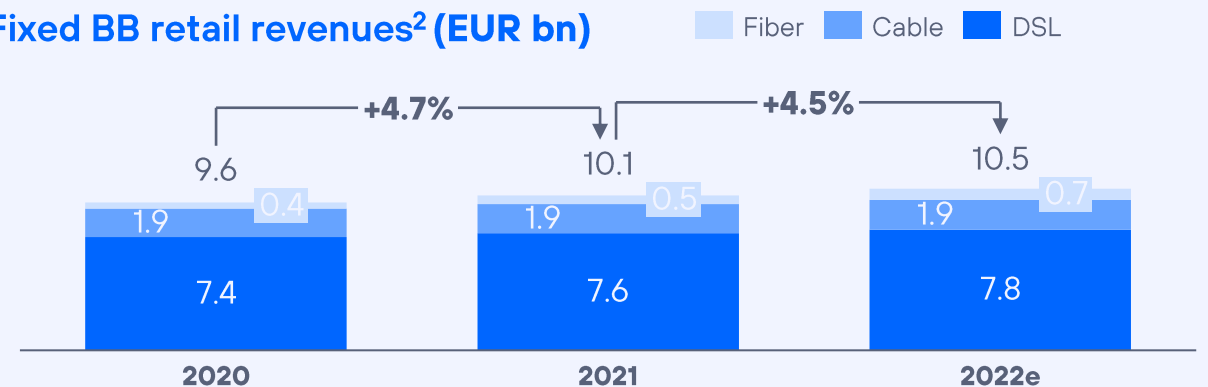
- Rational market following 4 to 3 consolidation
- Tiered mobile portfolios enabling data monetisation

## Market development<sup>2</sup>

### Mobile service revenues<sup>2</sup> (EUR bn)



### Fixed BB retail revenues<sup>2</sup> (EUR bn)



# Strong FY22 results on back of commercial success

Continued growth path leveraging O<sub>2</sub> brand momentum

## Investment for Growth

Successful 3-year programme

**>33%**

MSR market share<sup>1</sup>

**+3.8m**

Postpaid net adds

**>80%**

5G population coverage

Network  
hattrick



3x  
consecutive  
improvement

## Outperformed mid-term guidance (2020-2022)

**>10%**

2x targeted  
cumulated revenue growth

**>1.5pp**

Improved mobile gross margin

**15.3%**

Achieved lower than planned C/S

## Outperformed FY22 outlook

**+5.9%**

Revenues

**+5.3%**

OIBDA  
adj. for except. effects

**14.7%**

Capex/ Sales

# Winning strategy execution based on strong company fundamentals

## Dynamic mobile market with future growth opportunities

### Macro-economics

#### German economy

Expected to grow

#### Unemployment

Continued at low level

#### Digitalisation

Focus on acceleration



### Strategy Execution



#### Mobile Growth

High network quality & award-winning services



#### B2B Attack

SME-momentum through enhanced service offerings



#### Smart Bundling

Strong customer satisfaction drives increased household penetration & convergence

**Network**  
High quality

**Customers & employees**  
Strong satisfaction

**More4More**  
Portfolios launched

**ESG**  
Extended leadership

**Digitalisation**  
Accelerated transformation

## Strategic Success Factors

# Extending ESG leadership to deliver a sustainable digital future

## Executing ambitious Responsible Business Plan 2025

### ESG Update

#### Long-term PPAs

Direct sourcing of green energy

#### Well recognised Top ESG rankings



### Extending ESG Leadership

#### FY23 key focus areas of Responsible Business Plan

Energy efficiencies

Residual emissions

EU Taxonomy



# Targeting nationwide 5G coverage latest by YE25

Energy ambition to keep overall consumption broadly flat

## Current Network

**'Very Good'**

3<sup>rd</sup> consecutive award  
by connect magazine

**>80%**

5G coverage

**Fulfilled**

Key regulatory obligations



## Network Ambition

**~90%**

**5G coverage YE23**

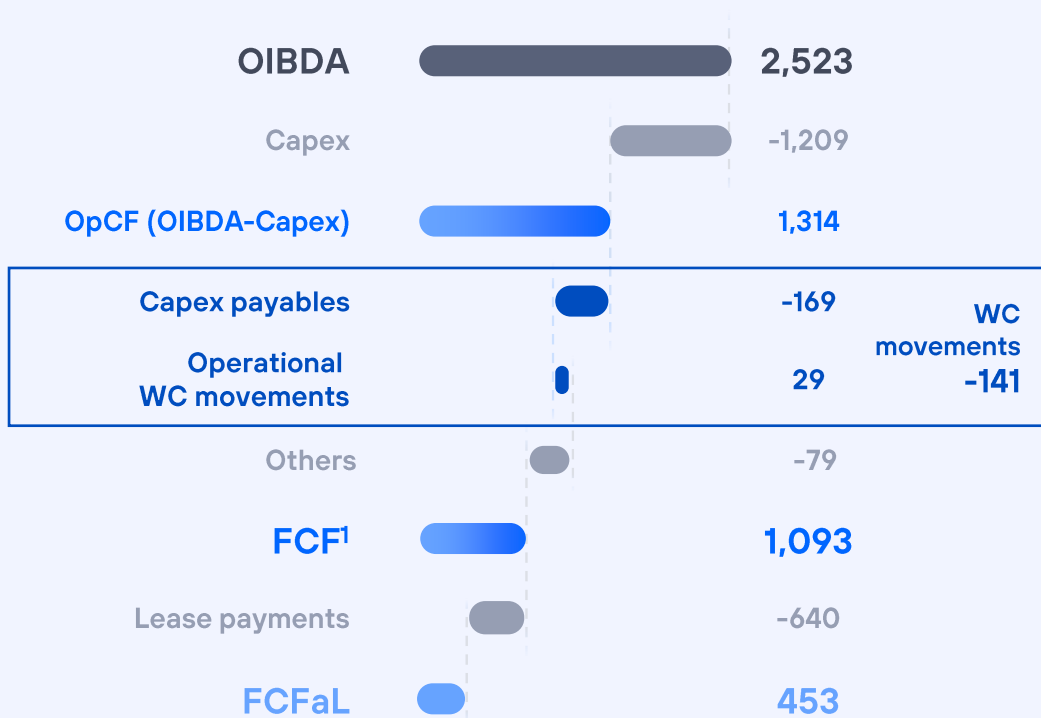
Nationwide latest by YE25

Increase  
**high-speed availability**  
in radio & core

# Growing FCF generation with back-end loaded FCFaL profile

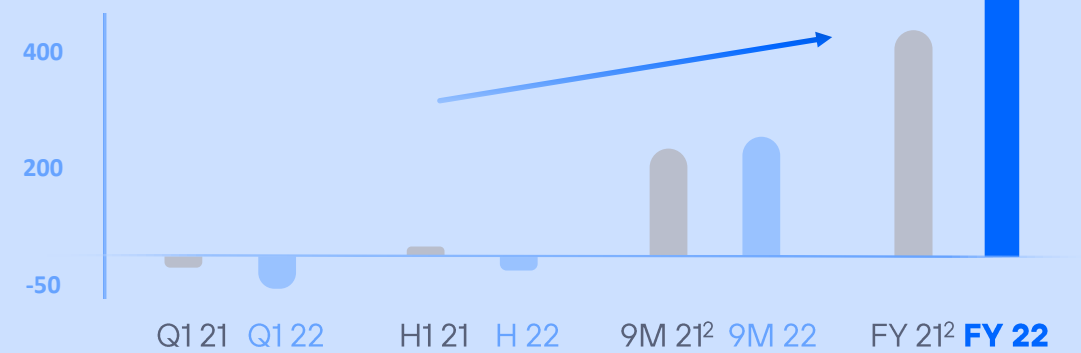
## Strong balance sheet

### FY22 FCF (EURm)



Growth momentum & normalised C/S to support FCFaL growth from FY23

### Back-end loaded FCFaL profile (EURm)



### Net Debt (EURm)

**3,212**  
Leverage 1.3x

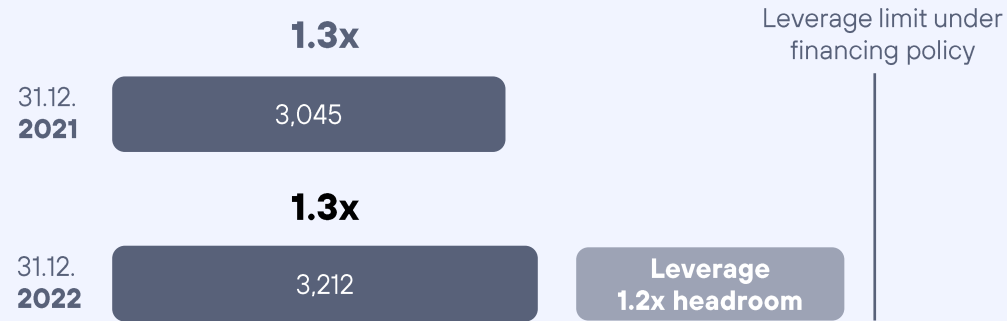
### FitchRatings

**BBB**  
Stable Outlook

# Continuing strong financing profile

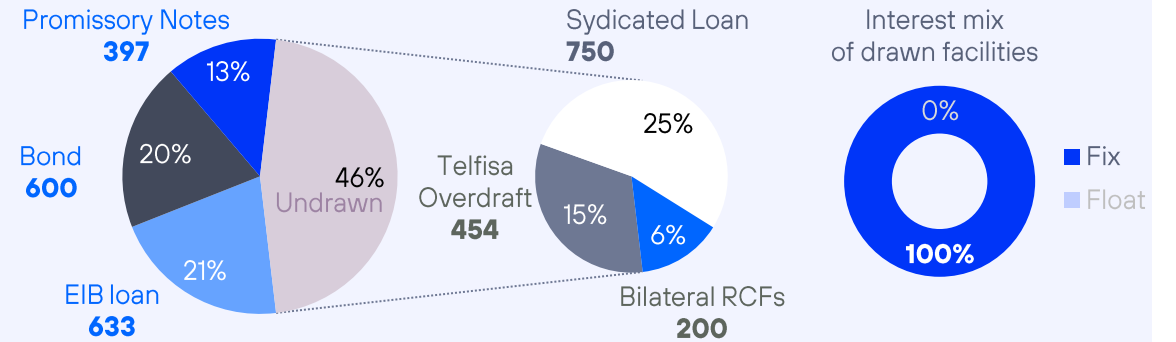
## Net Financial Debt

Committed to maintain Fitch BBB investment grade rating



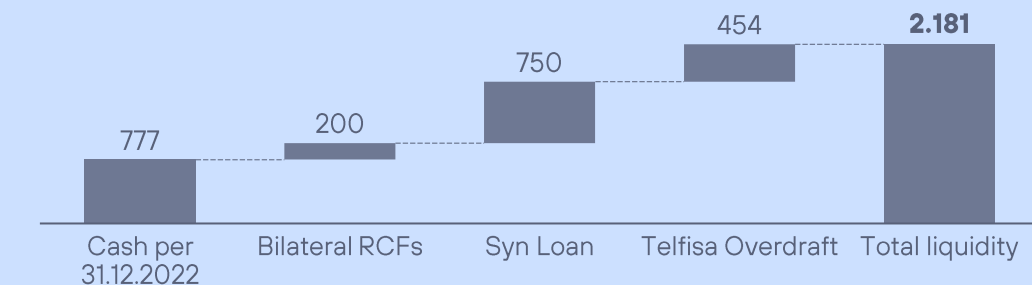
## Financing & Interest mix

(m€)



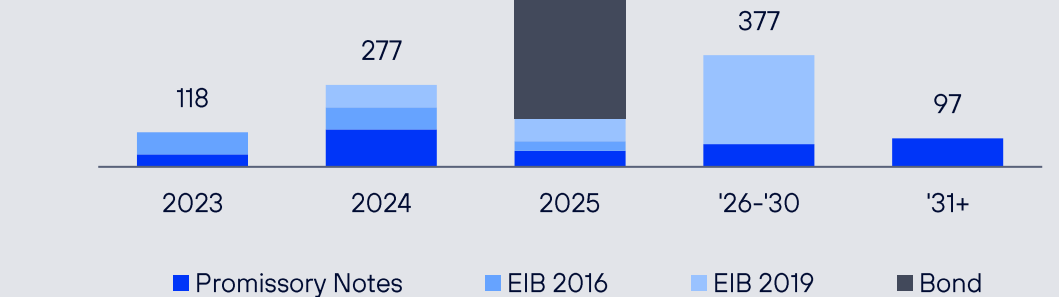
## Liquidity

(m€)



## Maturities<sup>1</sup>

(m€)



<sup>1</sup>Excludes undrawn facilities

# Confident FY23 outlook building on strong growth momentum

## Capex/Sales returning to normalised levels

FY22 Actuals			FY23 Outlook	
<b>8,224</b> EURm <sup>1</sup>	<b>+5.9%</b> yoy	✓	<b>Revenues</b>	<b>Low single digit % growth</b> incl. regulatory headwinds of 50-60 EURm
<b>2,539</b> EURm <sup>1</sup>	<b>+5.3%</b> yoy	✓	<b>OIBDA<sup>2</sup></b>	<b>Low single digit % growth</b> incl. regulatory headwinds of 10-15 EURm
	<b>14.7%</b>	✓	<b>C/S</b>	<b>~14%</b>

<sup>1</sup> Including EUR +26m non-recurrent special factors      <sup>2</sup> Adjusted for exceptional effects

**Dividend floor of EURc 18 for FY22 & FY23**

Thank You  
We look forward to  
your feedback



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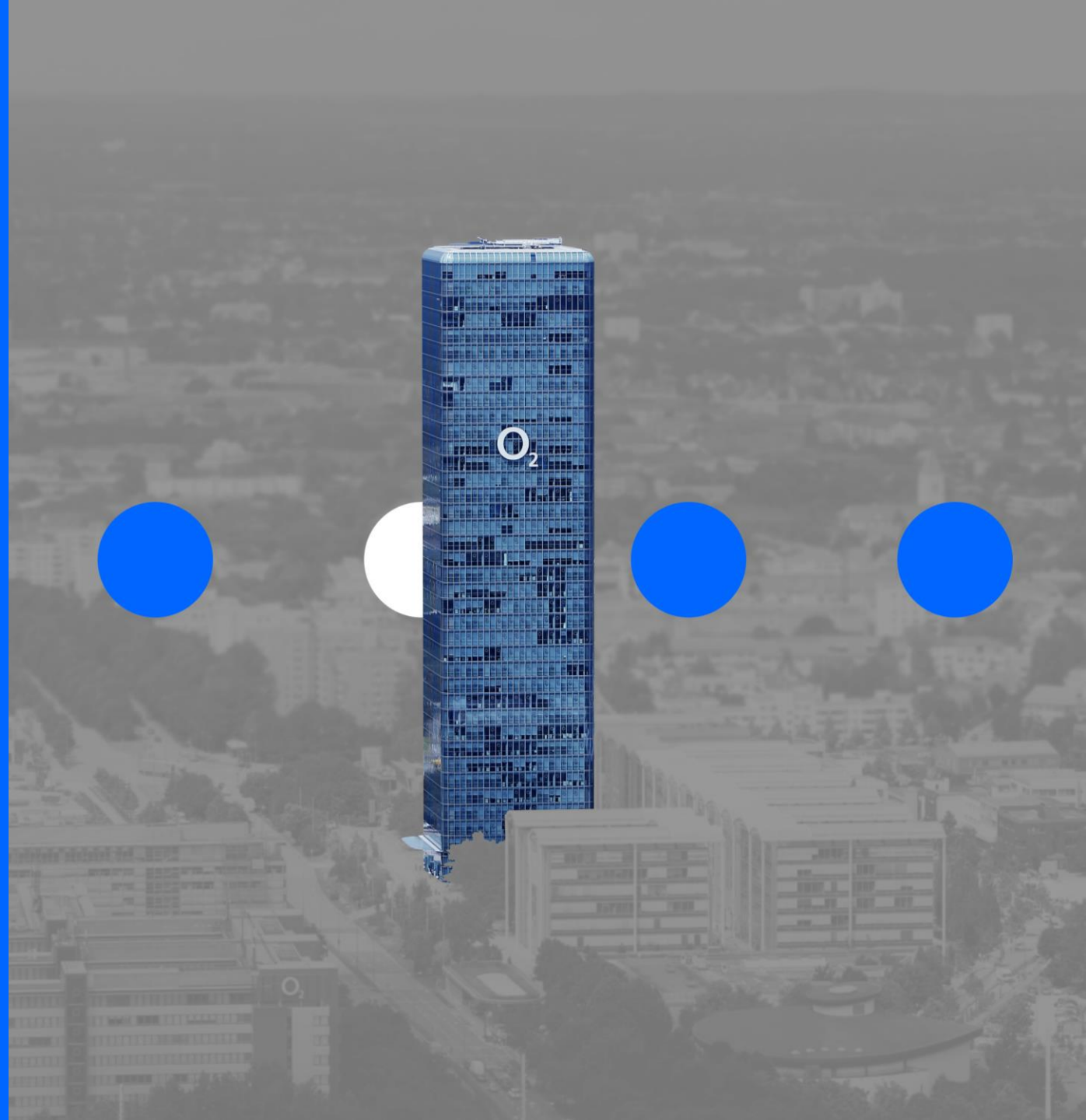
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# Appendix



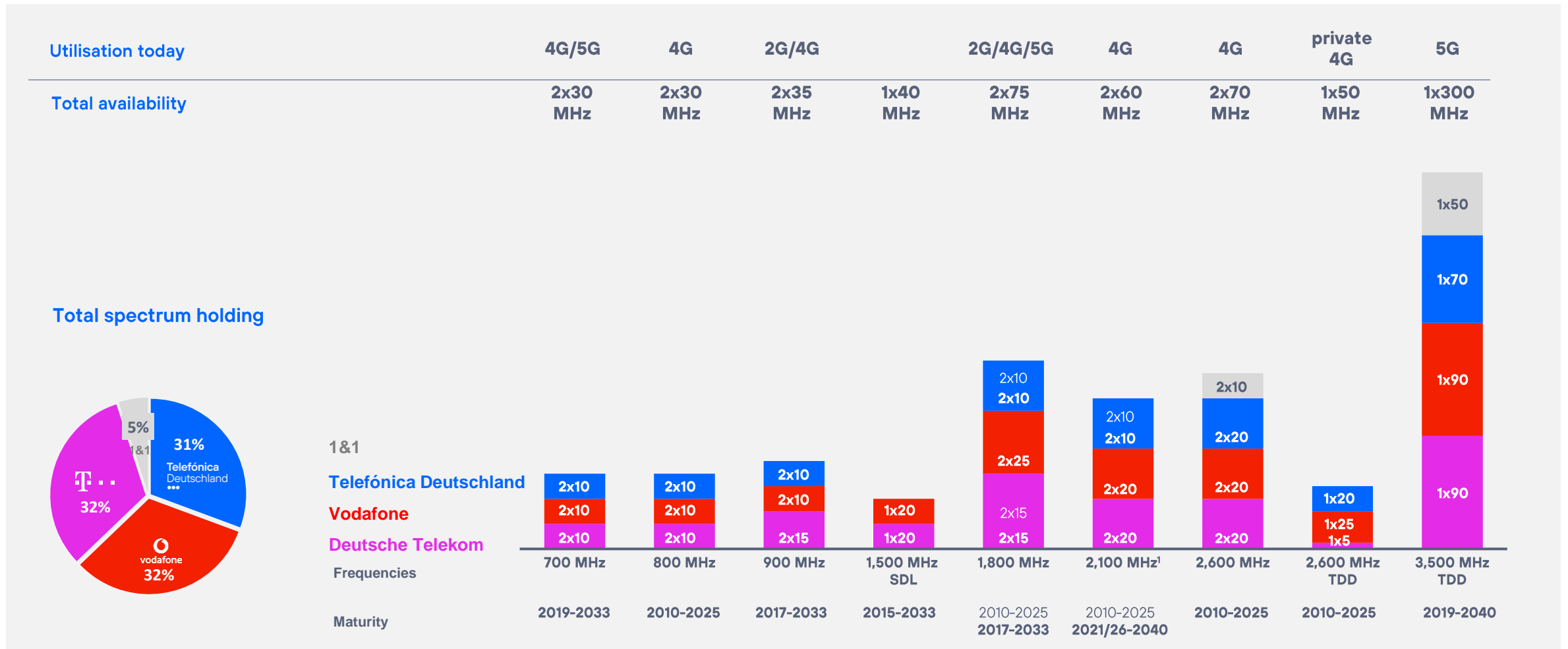
# Excellent results in relevant ESG ratings/indices due to active rating analysis and management in 2022

	Risk Low: 12.7 (Low)   Exposure Score: 40.0 (Medium)   Management Score: 75.9 (Strong)
	Rating: AA
S&P Global	Rating: 57 of 100 pts*
	Grade: Prime B- (Good)
FTSE Russel	Successfully listed (4.4 of 5 pts)
	Successfully listed (66 of 100 scores – advanced)*
<b>Bloomberg</b>	Successfully listed (72.63%)
 <small>Business Sustainability Ratings</small>	Successfully listed 72/100 (Gold)

3rd Place in Telco Service Sector (total 223)

1st Place in Germany

# Future-proof spectrum set-up to enable best customer experience

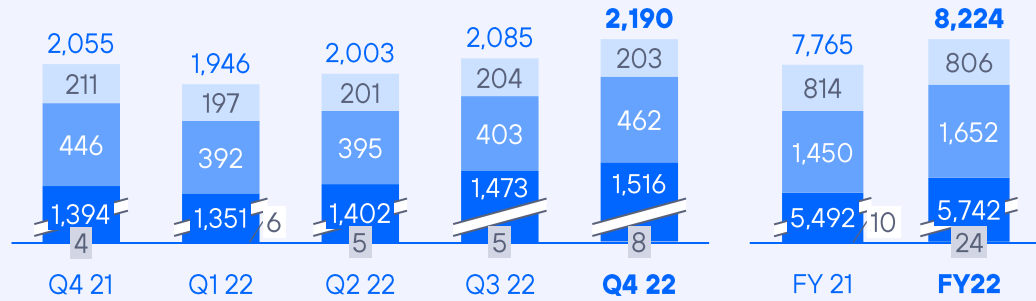




# P&L

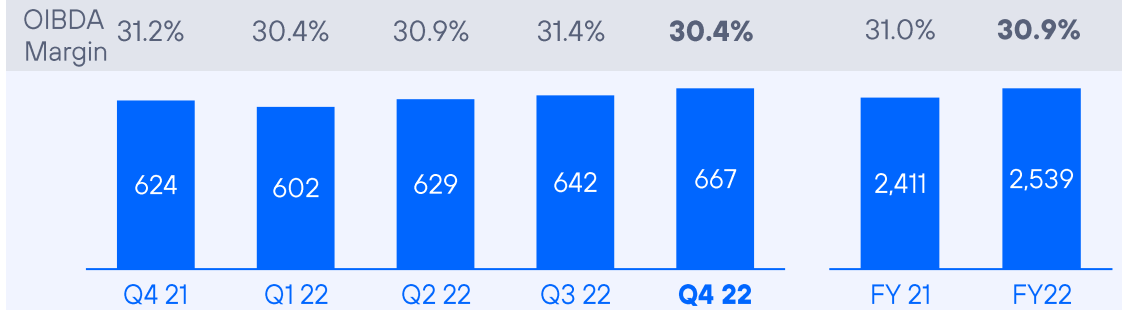
## Revenue structure (EUR)

Fixed Handset MSR Other revenues



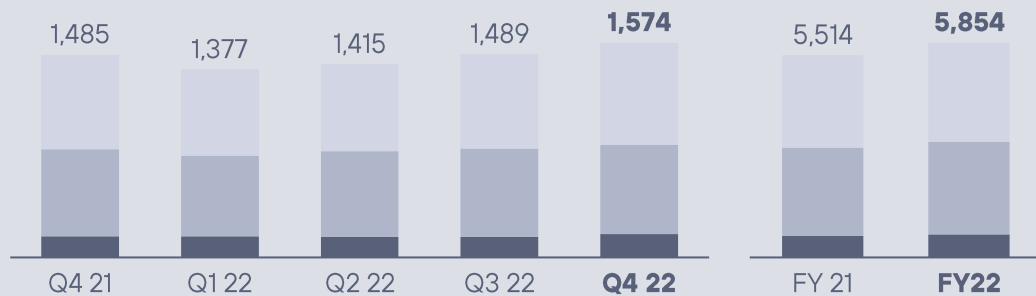
## OIBDA<sup>1</sup> (EUR)

OIBDA adj. for exceptional effects



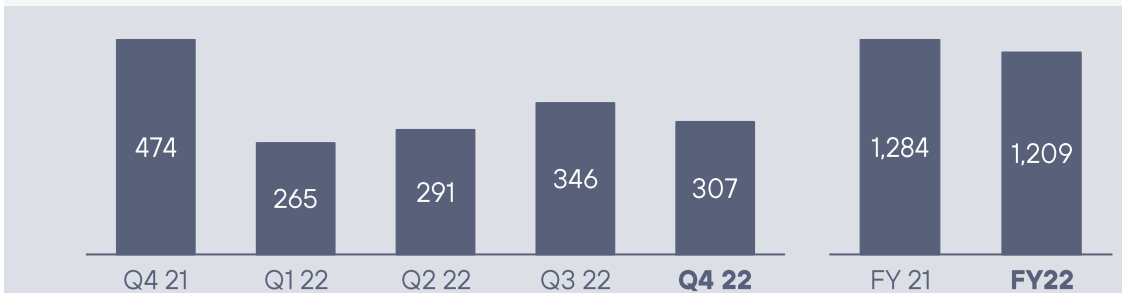
## OpEx split<sup>2</sup> (EUR)

Personnel expenses Supplies Other



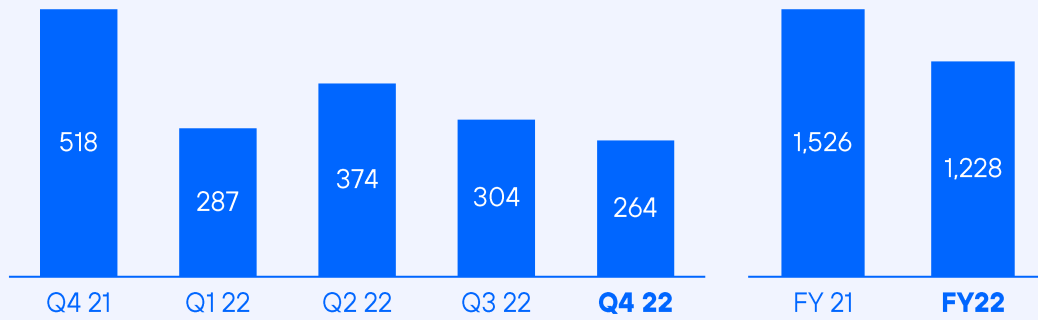
## CapEx<sup>3</sup> (EUR)

C/S 15.4% 23.1% 13.6% 14.5% 14.0% 16.5% 14.7%

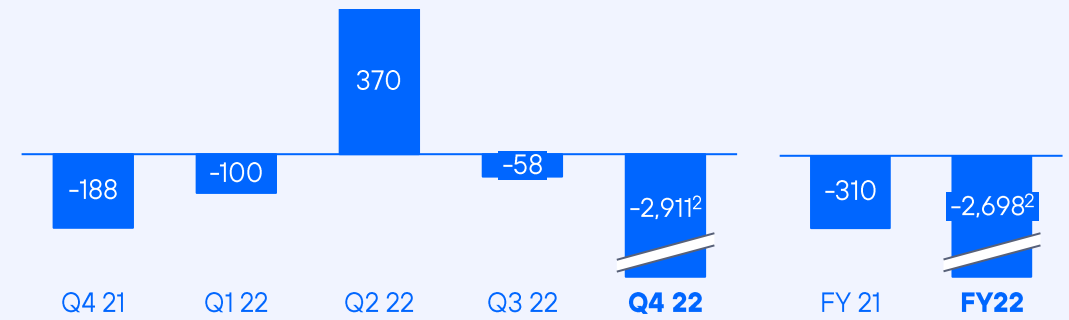


# Mobile KPIs

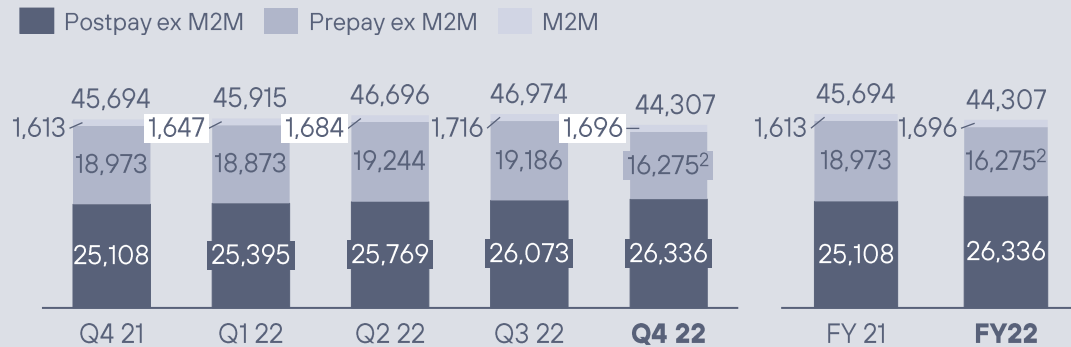
## Postpaid net adds<sup>1</sup> (k)



## Prepaid net adds (k)

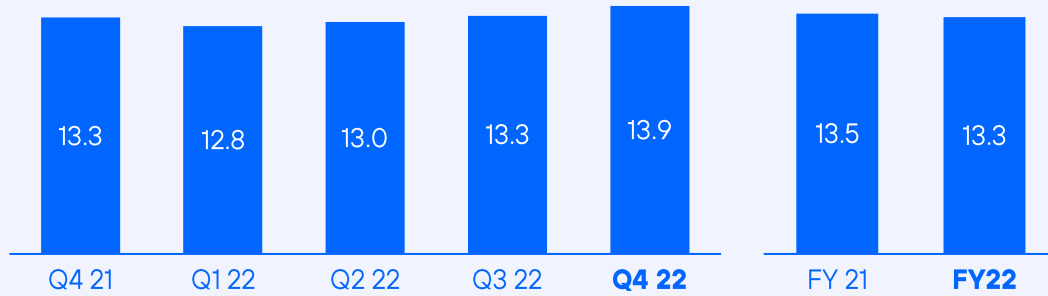


## Mobile customer base (k)

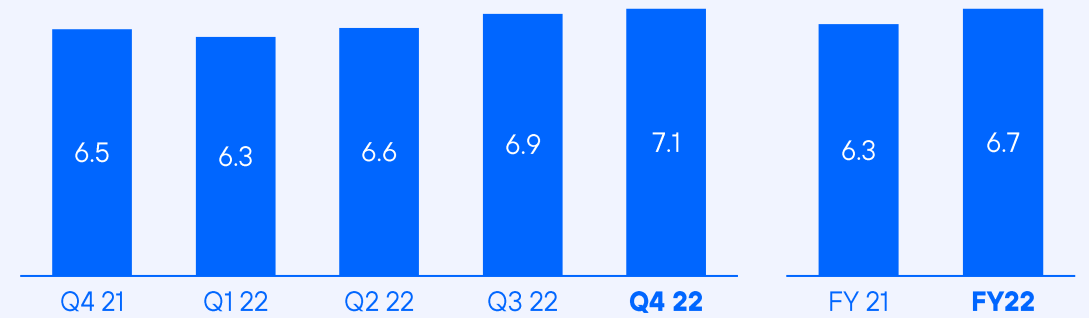


# Mobile KPIs

## Postpaid ARPU ex M2M (EUR)



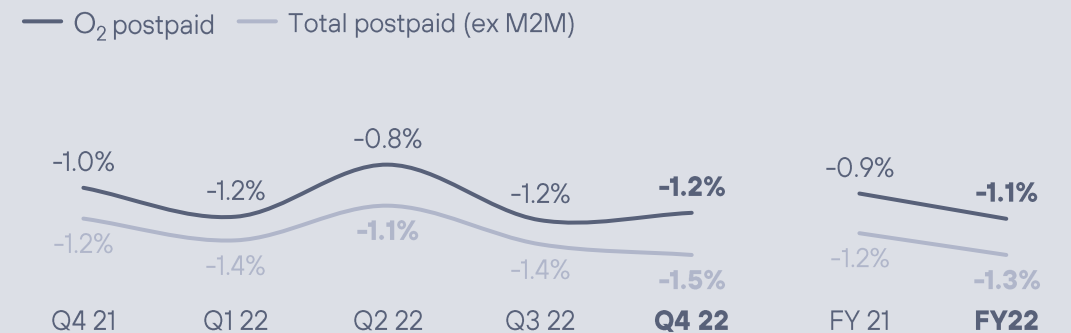
## Prepaid ARPU (EUR)



## u/L Postpaid O<sub>2</sub> ARPU (%)



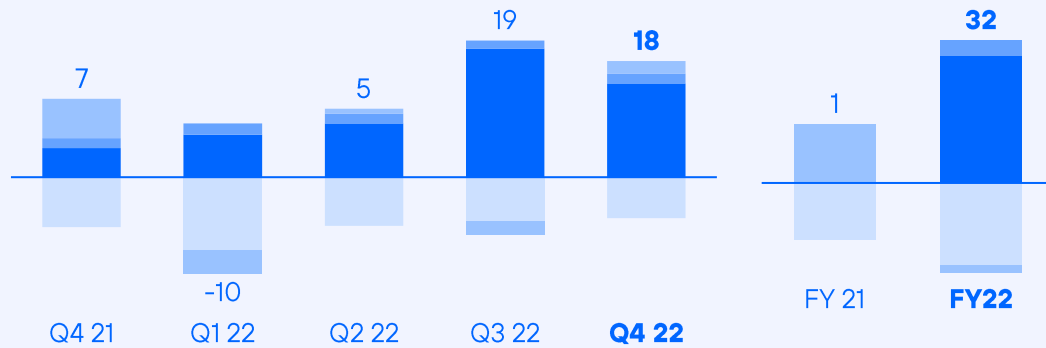
## Churn rate (%)



# Fixed KPIs

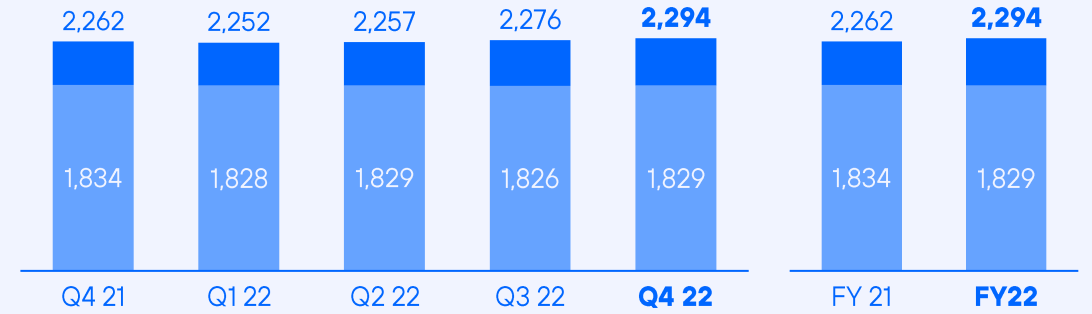
## Retail broadband net adds (k)

■ Cable ■ Fibre ■ VDSL ■ DSL

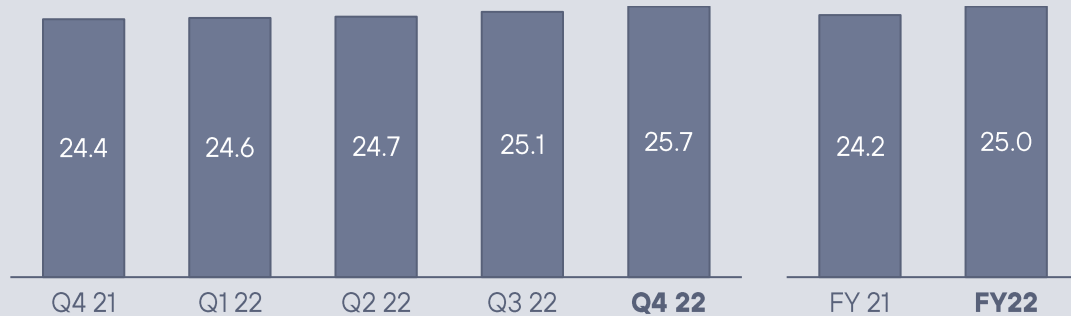


## Fixed accesses (k)


■ VDSL



## Fixed retail ARPU (EUR)




# More-for-more 'O<sub>2</sub> Mobile' tariff portfolio launch Apr-23

	O <sub>2</sub> Mobile S	O <sub>2</sub> Mobile M	O <sub>2</sub> Mobile L
<b>Data volume</b>	4 GB	25 GB	140 GB
 <b>Max. Speed</b>	1 GB yoy	5 GB yoy	10 GB yoy
<b>Network</b>	<b>300 Mbit/s</b>	<b>300 Mbit/s</b>	<b>300 Mbit/s</b>
<b>VOICE/SMS flat</b>	4G / <b>5G</b>	4G / <b>5G</b>	4G / <b>5G</b>
<b>EU Roaming</b>	✓	✓	✓
<b>*BOOST (+5€): Double data &amp; adding multiple devices</b>	✓	✓	✓
<b>Monthly fee</b>	 <b>22.<sup>99</sup></b>	 <b>32.<sup>99</sup></b>	 <b>42.<sup>99</sup></b>


 Flexible contract duration: **monthly contract termination**  
 All customer needs supported by **high speed internet**  
 Future ready with **5G**

# More-for-more 'O<sub>2</sub> Mobile' unlimited tariff portfolio launch Apr-23


	O <sub>2</sub> Mobile Unlimited Basic	O <sub>2</sub> Mobile Unlimited Smart	O <sub>2</sub> Mobile Unlimited Max
Max. Speed	3 MBit/s	15 MBit/s	500 Mbit/s
Network	4G / 5G	4G / 5G	4G / 5G
VOICE/SMS flat	✓	✓	✓
EU Roaming	✓	✓	✓
Monthly fee	<b>32.<sup>99</sup></b>	<b>42.<sup>99</sup></b>	<b>62.<sup>99</sup></b>




**Unlimited usage**



Flexible contract duration:  
**monthly contract termination**




Best-fit by **speed-classes**




Future ready with **5G**

# 'O<sub>2</sub> Free' tariff portfolio until Apr-23

	O <sub>2</sub> Free S	O <sub>2</sub> Free M	O <sub>2</sub> Free L
<b>Data volume</b>	3 GB	20 GB	60 GB
<b>Max. Speed</b>	<b>225 Mbit/s</b>	<b>300 Mbit/s</b>	<b>300 Mbit/s</b>
<b>Network</b>	4G	4G / <b>5G</b>	4G / <b>5G</b>
<b>VOICE/SMS flat</b>	✓	✓	✓
<b>EU Roaming</b>	✓	✓	✓
<b>*BOOST (+5€): Double data &amp; adding multiple devices</b>		 + GROW 10GB yoy	
<b>Monthly fee</b>	<b>19.<sup>99</sup></b>	<b>29.<sup>99</sup></b>	<b>39.<sup>99</sup></b>



Flexible contract duration: **monthly contract termination**




All customer needs supported by **high speed internet**




Future ready with **5G**

# 'O<sub>2</sub> Free' tariff unlimited portfolio until Apr-23


	O <sub>2</sub> Free Unlimited Basic	O <sub>2</sub> Free Unlimited Smart	O <sub>2</sub> Free Unlimited Max
Max. Speed	2 MBit/s	10 MBit/s	500 Mbit/s
Network	4G / 5G	4G / 5G	4G / 5G
VOICE/SMS flat	✓	✓	✓
EU Roaming	✓	✓	✓
Monthly fee	<b>29.<sup>99</sup></b>	<b>39.<sup>99</sup></b>	<b>59.<sup>99</sup></b>




**Unlimited usage**



Flexible contract duration:  
**monthly contract termination**








Best-fit by **speed-classes**



Future ready with **5G**



# O<sub>2</sub> my Home portfolio – technology agnostic approach

	O <sub>2</sub> my Home S	O <sub>2</sub> my Home M	O <sub>2</sub> my Home L	O <sub>2</sub> my Home XL	O <sub>2</sub> my Home XXL
<b>Max. Speed</b>	<b>10 MBit/s</b> Upload 2 MBit/s	<b>50 MBit/s</b> Upload 10 MBit/s	<b>100 MBit/s</b> Upload 40 MBit/s	<b>250 MBit/s</b> Upload 40 MBit/s	<b>1000 MBit/s</b> Upload 50 MBit/s
<b>Technology</b>					
<b>Voice flat to German fixed networks</b>	✓	✓	✓	✓	✓
<b>Optional HomeBox 3 AVM7590 Homespot</b>	3.99 mthl 5.99 mthl 4.99 mthl	3.99 mthl 5.99 mthl 4.99 mthl	3.99 mthl 5.99 mthl	3.99 mthl 5.99 mthl	3.99 mthl 5.99 mthl
<b>Monthly fee 24m contract</b>	<b>24.<sup>99</sup></b>	<b>29.<sup>99</sup></b>	<b>34.<sup>99</sup></b>	<b>39.<sup>99</sup></b>	<b>69.<sup>99</sup></b>

**Telefónica Deutschland**  
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