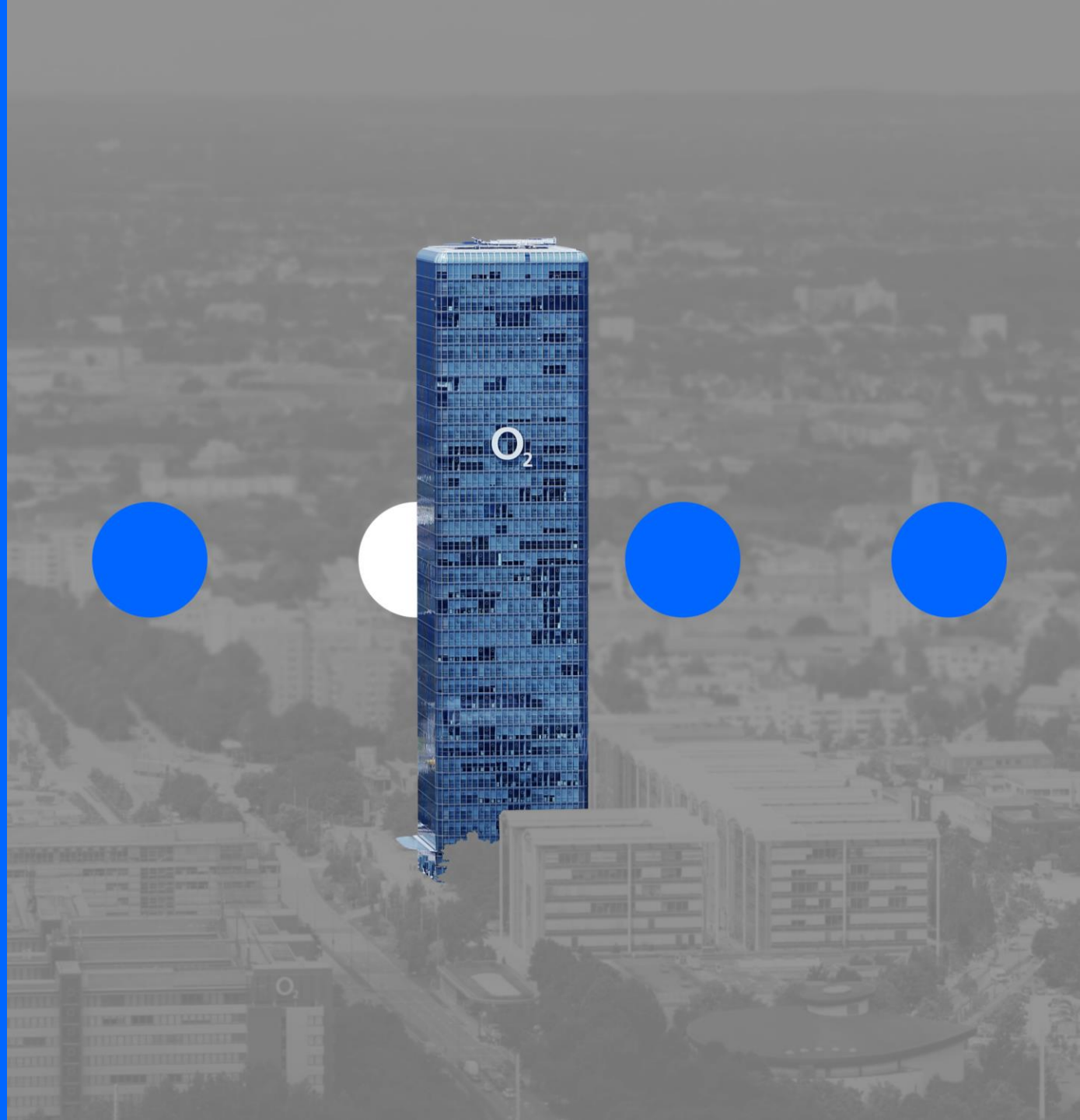


Telefónica Deutschland  
•••

# Telefónica Deutschland

Investor presentation

November 2023



# Disclaimer



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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

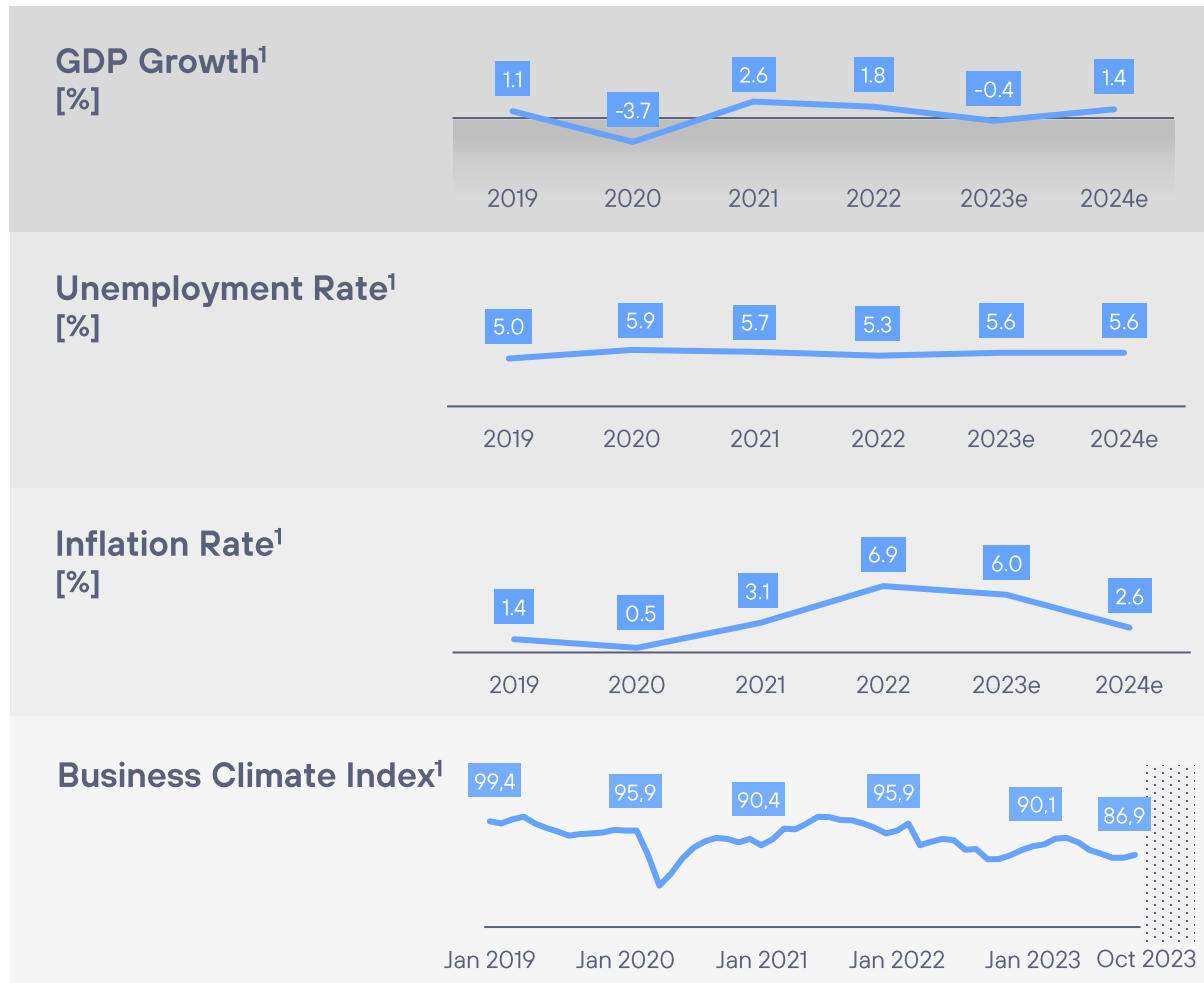
Robust financial profile

Strong FCF trajectory

High pay-out ratio of FCFaL

ESG leadership

# Robust German economy despite some inflationary pressures



## Current Trends

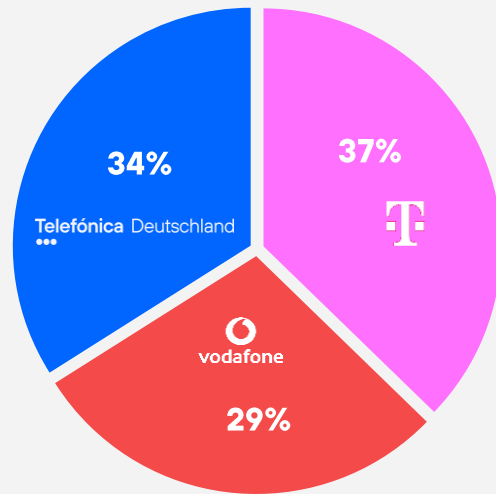
- Dynamic yet rational mobile market
- Data growth with continued CAGR 2021-25 of >50%
- Soft convergent market environment
- 3 strong mobile networks

## Future Trends

- 5G use cases & demand to accelerate
- Fixed-Mobile-Substitution becoming increasingly relevant
- Potential 4<sup>th</sup> urban MNO
- 3 integrated (mobile + fixed) players

# Competitive Environment

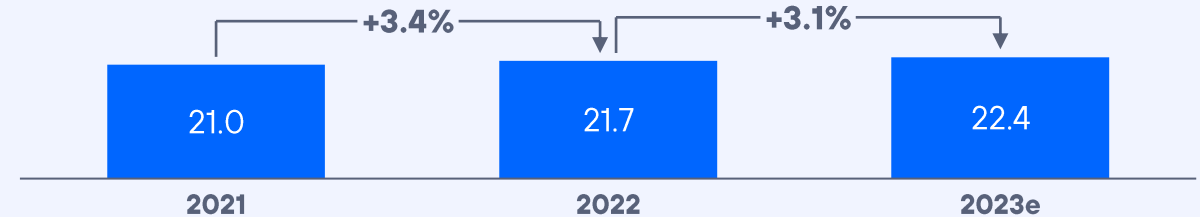
## Rational & balanced market<sup>1</sup>



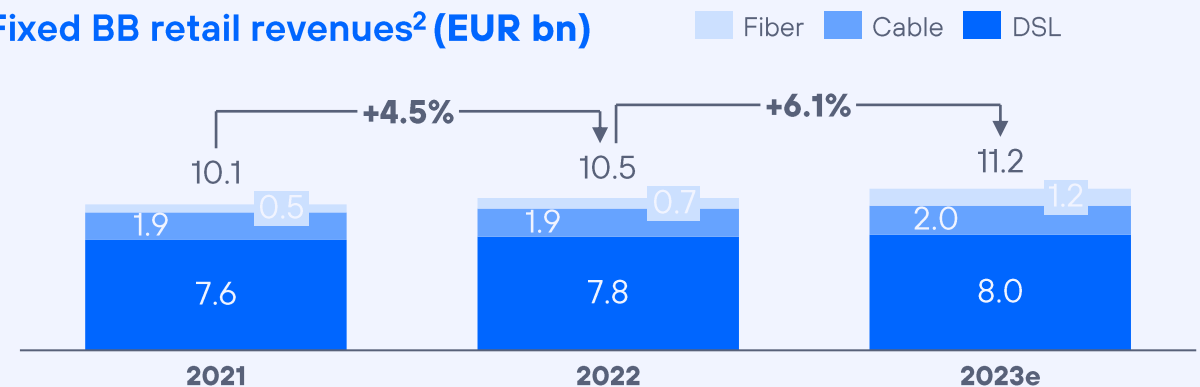
- Rational market following 4 to 3 consolidation
- Tiered mobile portfolios enabling data monetisation

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

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



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



# Leading M4M including 5G mass-market enablement

## Underpinning growth ambitions

O<sub>2</sub> can do

Key driver of  
*more-for-more*  
strategy

Positive 'M4M' momentum  
on back of launch in  
**April 2023**



**Blau**

Launched  
**February 2023**

**ay yıldız**

Launched  
**March 2023**

**ortel**  
MOBILE

Launched  
**March 2023**

**Tchibo**  
MOBIL

Launched  
**May 2023**

**ALDI TALK**

Launched  
**July 2023**

# High quality green 5G network - driving digitalisation & economic growth

Achieved 5G target of >90% already by 9M 23

## 'Very Good' Network

3<sup>rd</sup> consecutive 'very good'

>90%  
5G coverage

## 'Very Good' Service

Biggest incremental gain



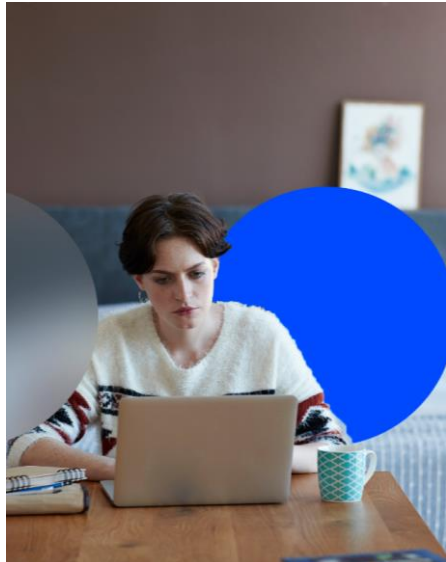
## Network Ambition



Nationwide 5G coverage  
latest by YE25

# ESG Highlights

Focus on responsibility for employees & society



**Achieving  
improved eNPS**  
'all-time high'



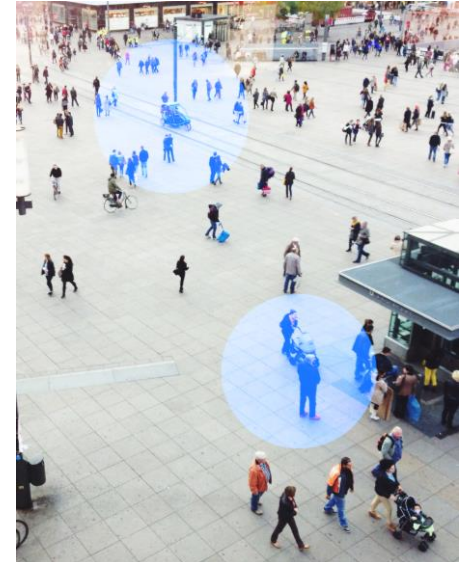
**Supporting  
employees  
to manage  
inflationary  
cost pressures**



**Driving  
green energy  
efficiencies  
to support  
climate neutrality**



**Providing  
telecommunication  
support for  
crises areas**



**Enabling  
digital society**



# Extended growth path on track for FY23 outlook

Strong business momentum

## Strategic Focus

### Growth

Increase market share  
across all segments

### Network

Sustain network quality  
powered by green energy

### Transformation

Accelerate digitalisation



## 9M 23 Results

**+4.8%**

Revenues

**+2.7%**

OIBDA<sup>1</sup>

**12.9%**

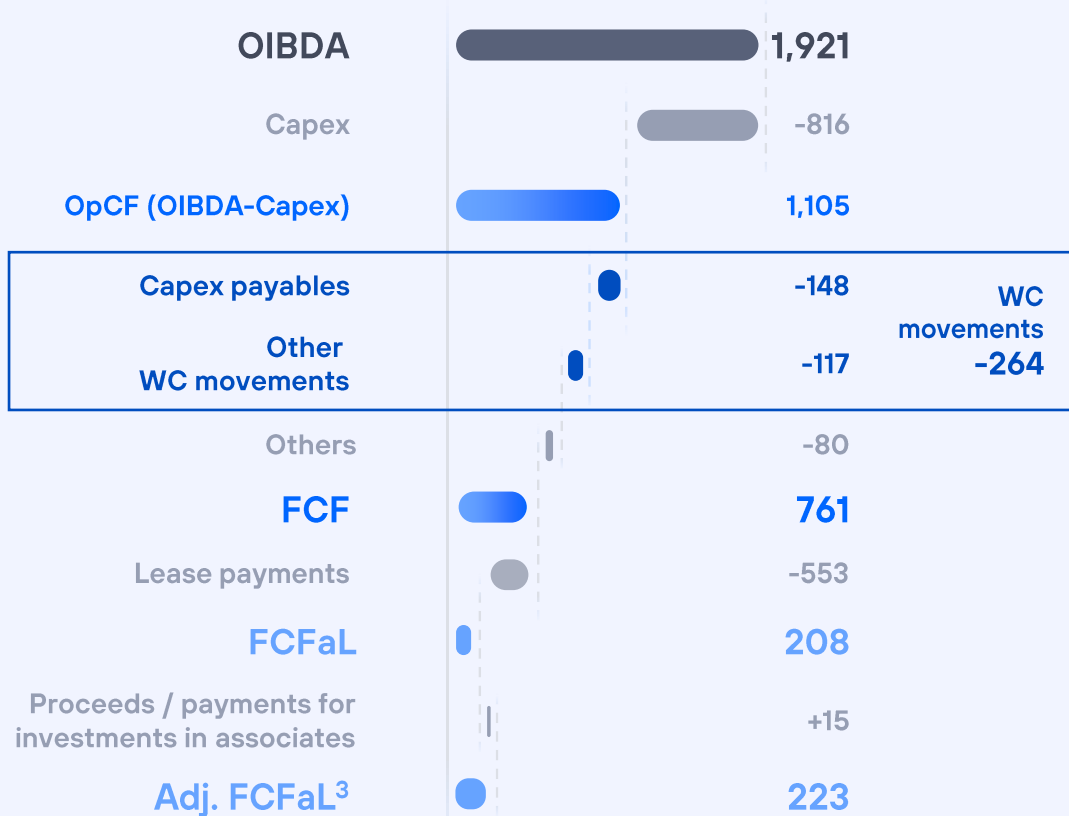
Capex/Sales

<sup>1</sup>Adjusted for exceptional effects

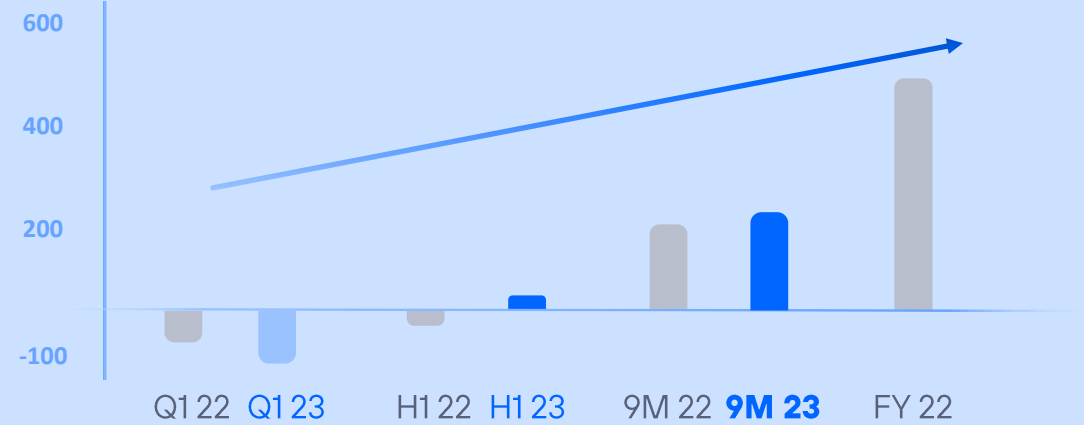
# FCFaL trend with usual year-end phasing

On target to meet FCFaL consensus<sup>1</sup> for FY23

## 9M 23 FCF<sup>2</sup> (EURm)



## Back-end loaded FCFaL<sup>2</sup> profile (EURm)



## Net Debt (EURm)

**3,535**  
Leverage 1.4x

## FitchRatings

**BBB**  
Stable Outlook

# Fully on track for upgraded FY23 outlook

## Strong results underpin management confidence

### 9M 23 Results

**+4.8%**

Revenues

**+2.7%**

OIBDA<sup>1</sup>

**12.9%**

C/S

### FY23 Outlook

**Upper-range of low single digit % growth**  
incl. regulatory headwinds of 50-60 EURm

**Upper-range of low single digit % growth**  
incl. regulatory headwinds of 10-15 EURm

**~14%**

<sup>1</sup> Adjusted for exceptional effects

Thank You  
We look forward to  
your feedback



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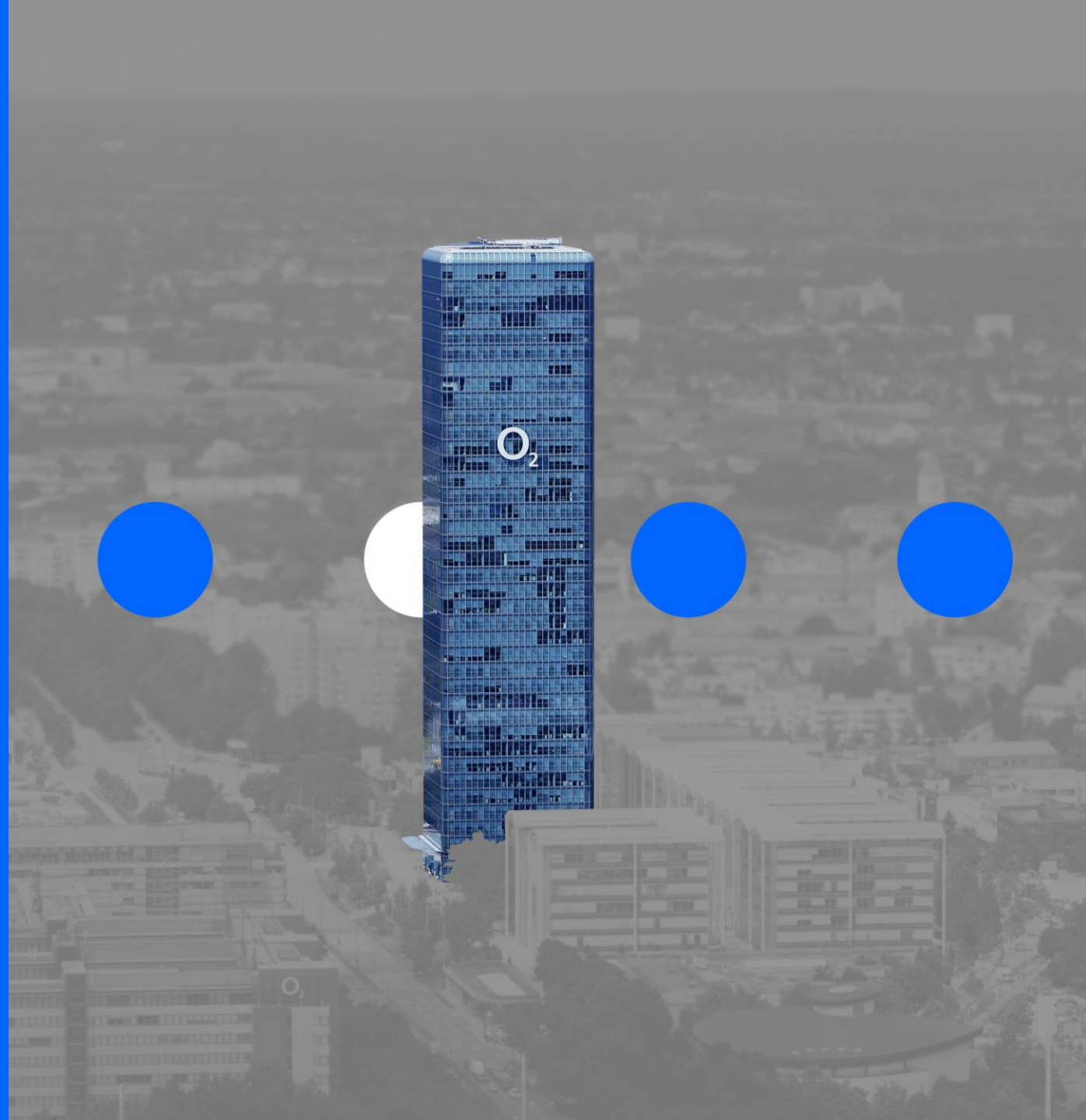
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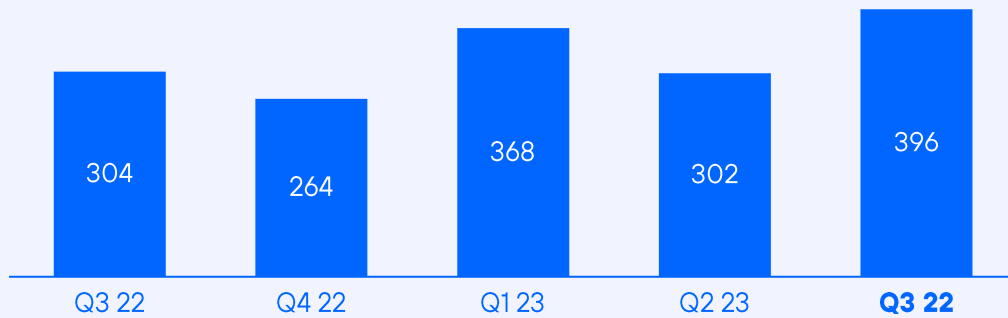
[eugen.albrecht@telefonica.com](mailto:eugen.albrecht@telefonica.com)

# Appendix

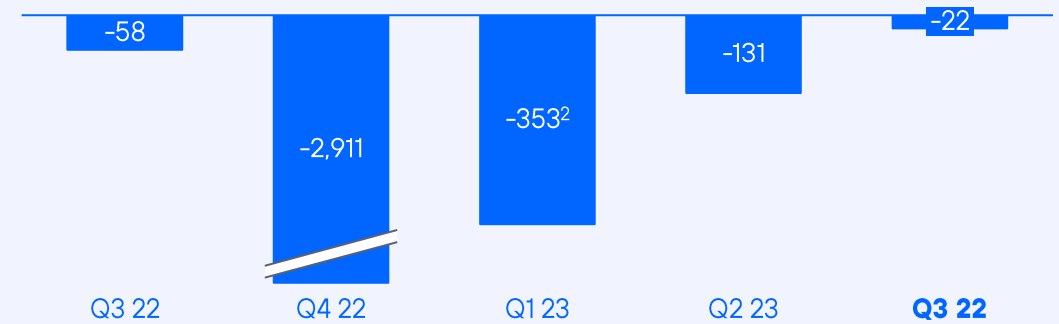


# Mobile KPIs

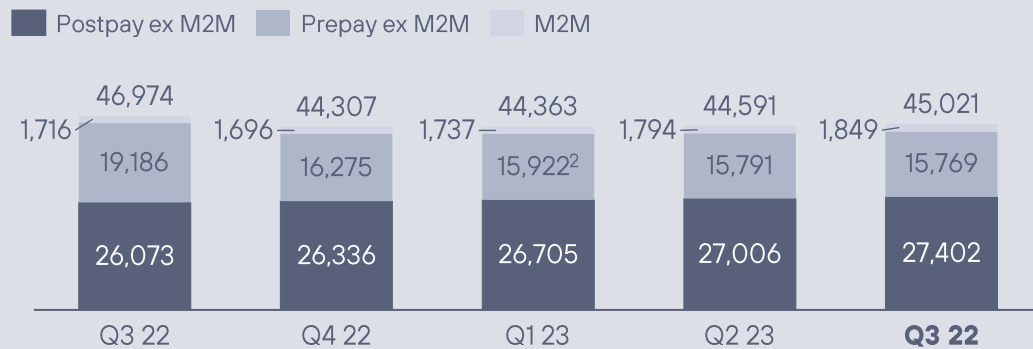
## Postpaid net adds<sup>1</sup> (k)



## Prepaid net adds (k)

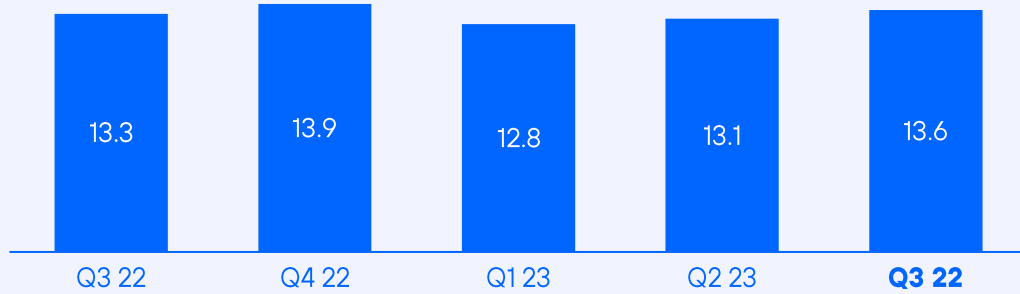


## Mobile customer base (k)

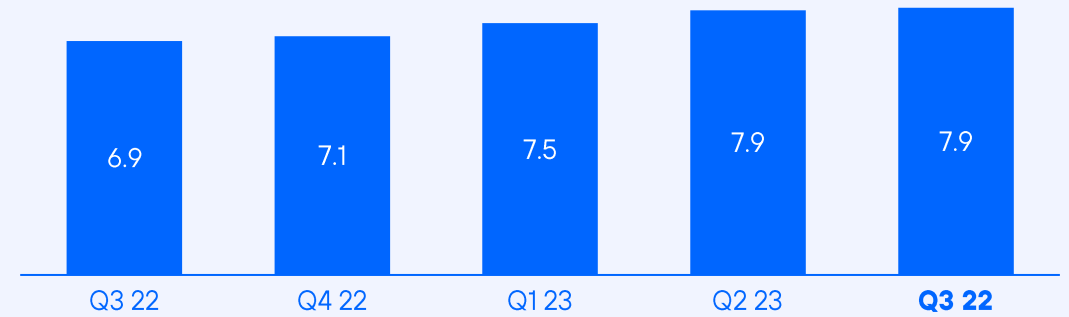


# Mobile KPIs

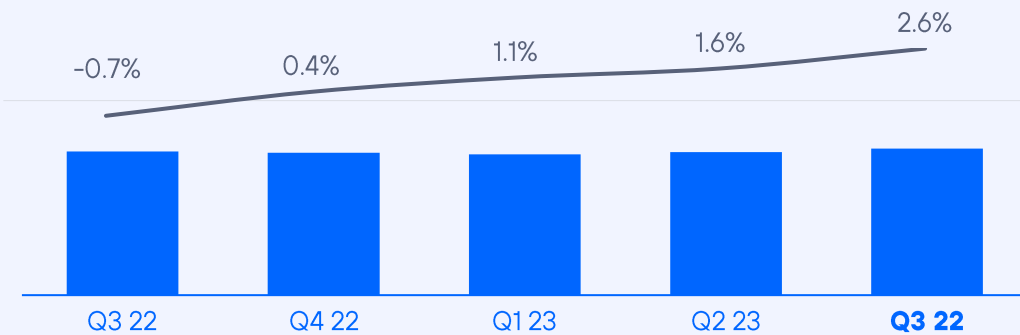
## Postpaid ARPU ex M2M (EUR)



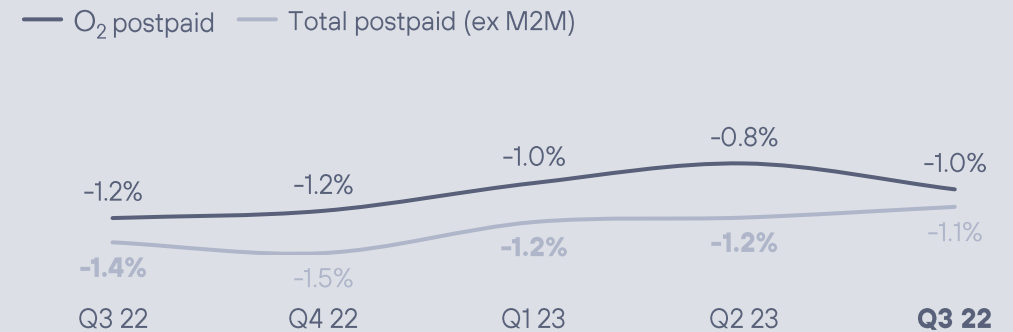
## Prepaid ARPU (EUR)



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



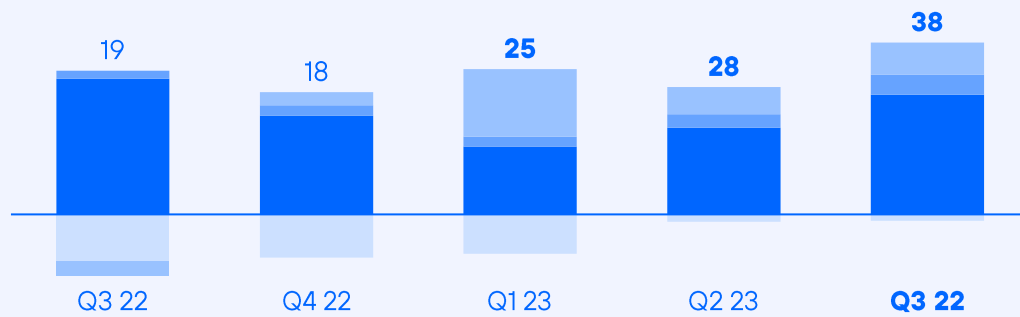
## Churn rate (%)



# Fixed KPIs

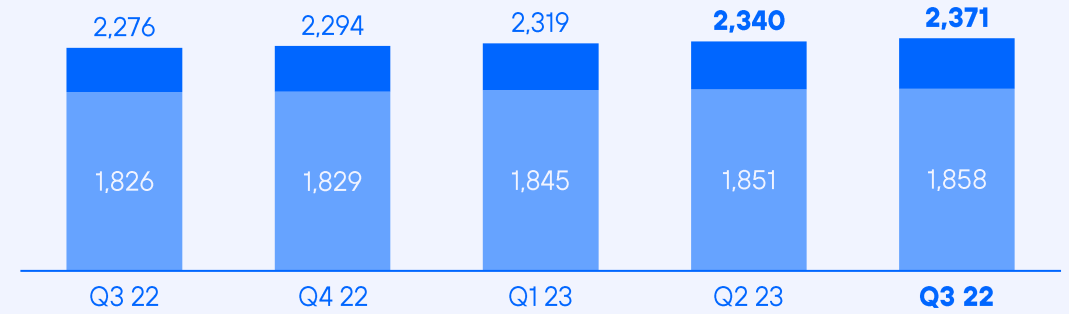
## Retail broadband net adds (k)

■ Cable ■ Fibre ■ VDSL ■ DSL

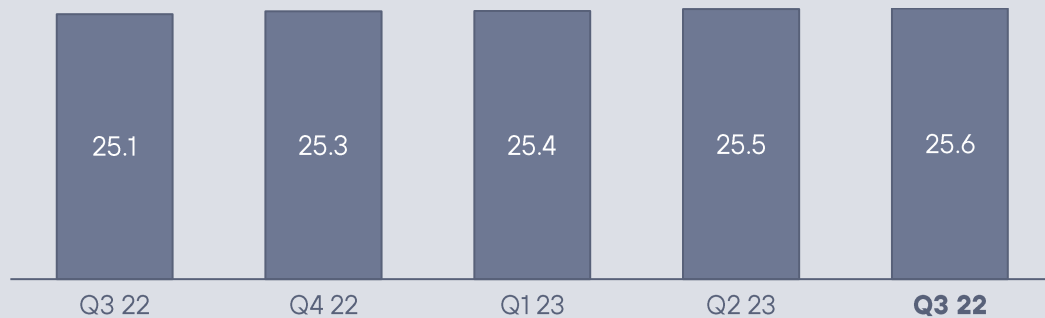


## Fixed accesses (k)

■ VDSL



## Fixed retail ARPU (EUR)<sup>1</sup>

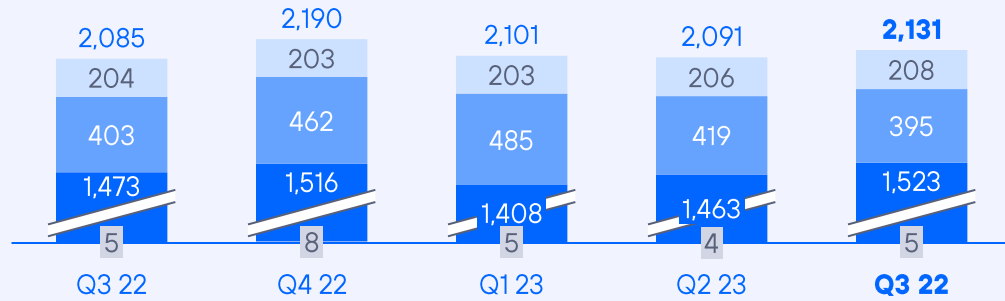




# P&L

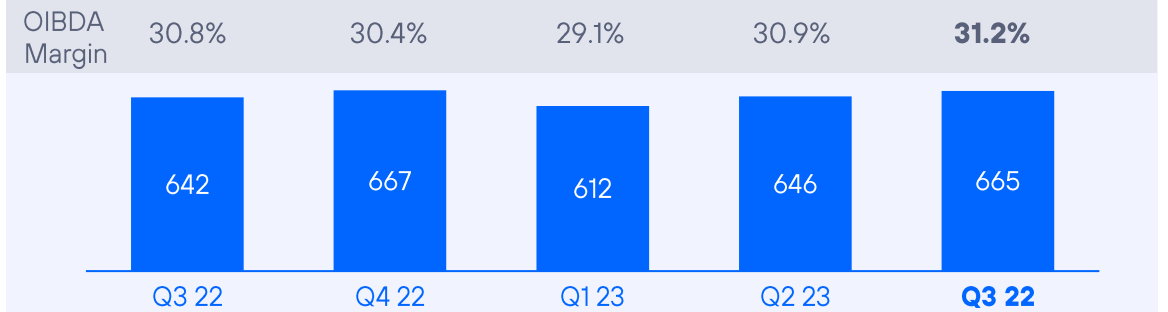
## Revenue structure (EUR)

Fixed Handset MSR Other revenues



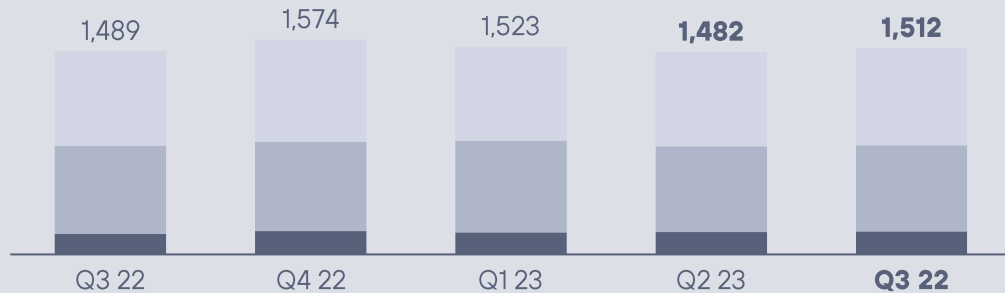
## OIBDA<sup>1</sup> (EUR)

OIBDA adj. for exceptional effects

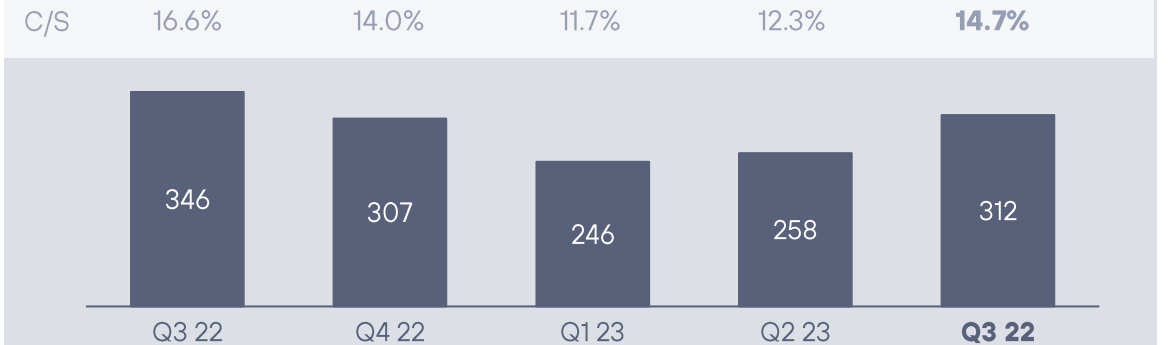


## OpEx split<sup>2</sup> (EUR)

Personnel expenses Supplies Other



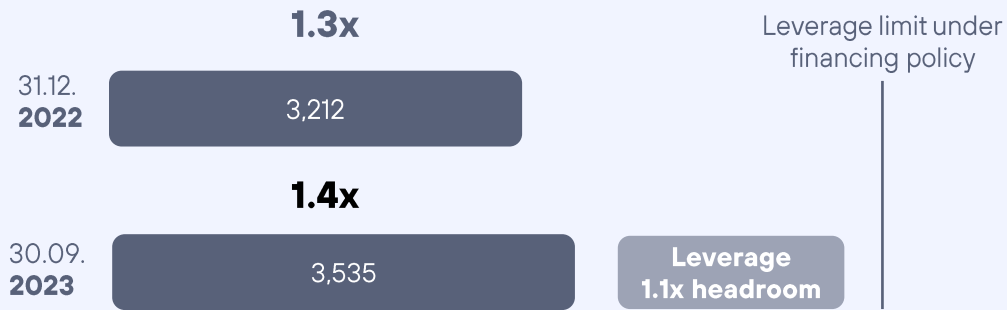
## CapEx<sup>3</sup> (EUR)



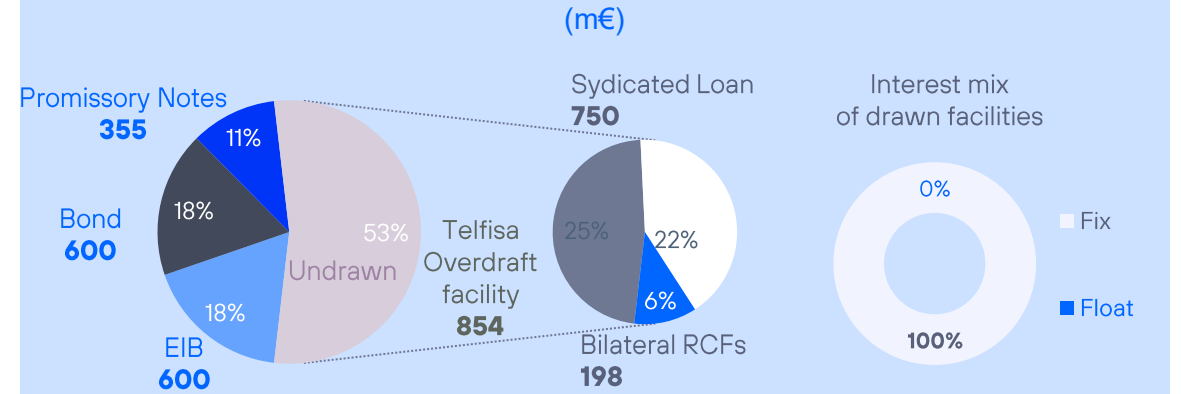
# Continuing strong financing profile<sup>1</sup>

## Net Financial Debt

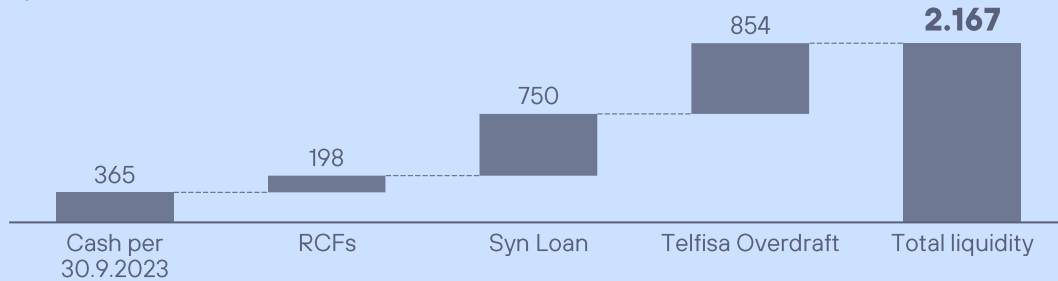
Committed to maintain Fitch BBB investment grade rating



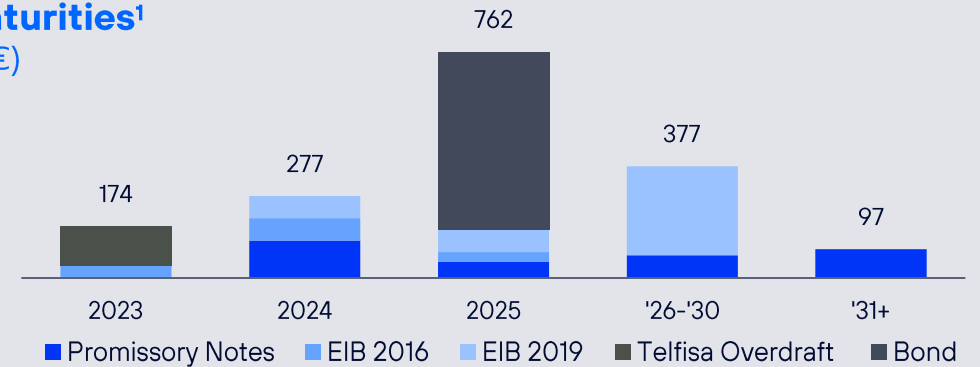
## Financing & Interest mix (m€)



## Liquidity (m€)





## Maturities<sup>1</sup> (m€)



<sup>1</sup> excludes undrawn facilities


# More-for-more 'O<sub>2</sub> Mobile' tariff portfolio launched 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	70 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 launched 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>99.<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

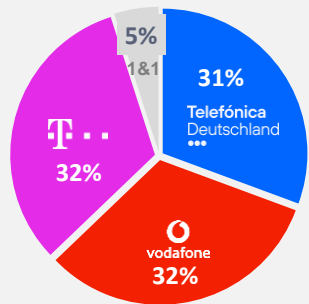
	O <sub>2</sub> my Home S	O <sub>2</sub> my Home M	O <sub>2</sub> my Home L	O <sub>2</sub> my Home XL	O <sub>2</sub> my Home XXL
<b>Max. Speed</b>	<b>50 MBit/s</b> Upload 10 MBits/s	<b>100 MBit/s</b> Upload 40 MBits/s	<b>250 MBit/s</b> Upload 40 MBits/s	<b>500 MBit/s</b> Upload 100 MBits/s	<b>1000 MBit/s</b> Upload 200 MBits/s
<b>Technology</b>					
<b>Voice flat to German fixed &amp; mobile networks</b>	✓	✓	✓	✓	✓
<b>Optional (selection)</b> HomeBox 3 AVM FB 6660 (Cable) Homespot (FMS) AVM FB 5530 (FTTH)	3.99 mthl 4.99 mthl 5.99 mthl (LTE)	3.99 mthl 4.99 mthl 7.99 mthl (5G) 5.99 mthl	3.99 mthl 4.99 mthl 5.99 mthl	3.99 mthl 4.99 mthl 5.99 mthl	3.99 mthl 4.99 mthl 5.99 mthl
<b>Monthly fee</b> 24m contract	<b>29.<sup>99</sup></b>	<b>34.<sup>99</sup></b>	<b>39.<sup>99</sup></b>	<b>49.<sup>99</sup></b>	<b>59.<sup>99</sup></b>
<b>Monthly fee</b> 24m contract FTTH		<b>39.<sup>99</sup></b>	<b>44.<sup>99</sup></b>	<b>54.<sup>99</sup></b>	<b>79.<sup>99</sup></b>

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

Utilisation today

	4G/5G	4G	2G/4G		2G/4G/5G	4G	4G	private 4G	5G
Total availability	2x30 MHz	2x30 MHz	2x35 MHz	1x40 MHz	2x75 MHz	2x60 MHz	2x70 MHz	1x50 MHz	1x300 MHz

Total spectrum holding



1&1

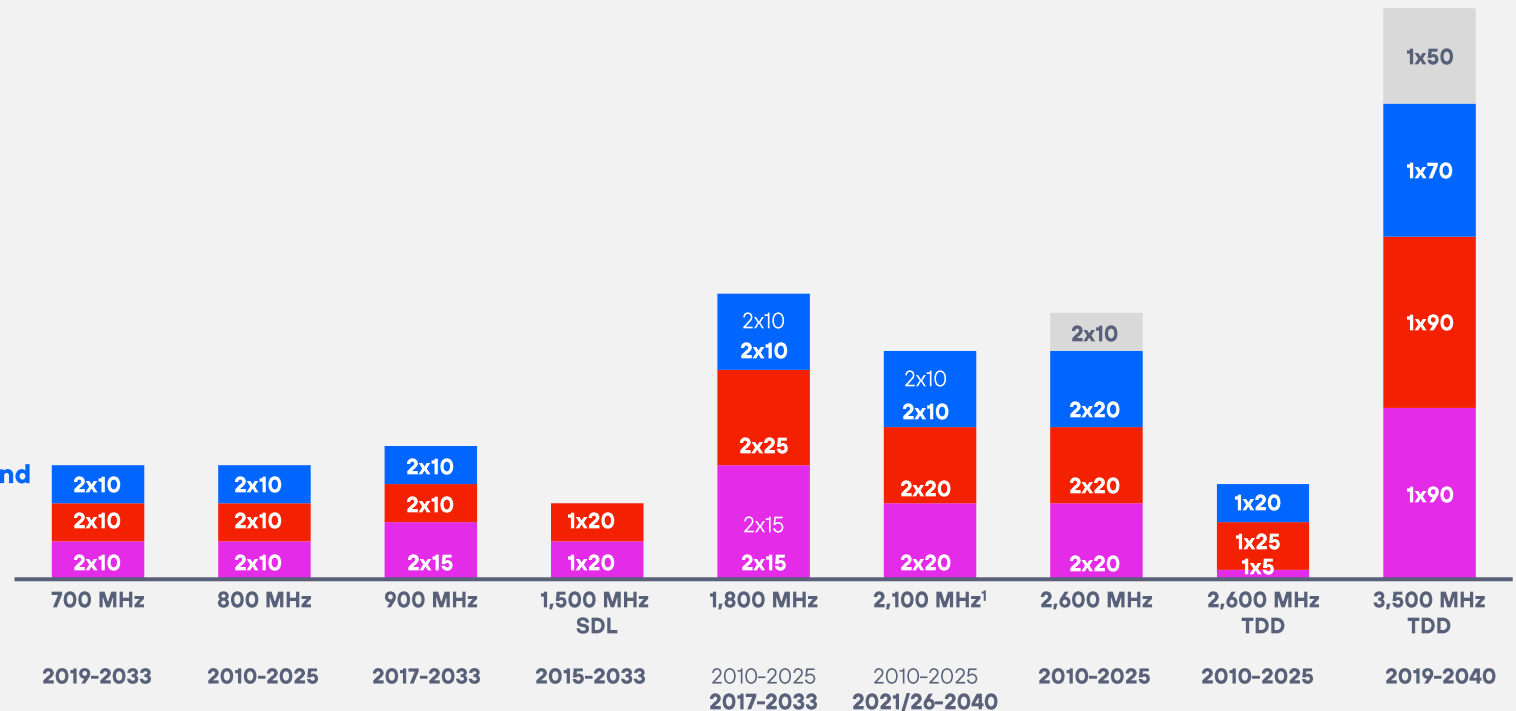
Telefónica Deutschland

Vodafone

Deutsche Telekom

Frequencies






Maturity



<sup>1</sup> From 2021, additional 19.2 MHz TDD

From 1 January 2026: 1&1: 2x10 MHz; Telefónica Deutschland: 2x10 MHz; Vodafone: 2x20 MHz; Deutsche Telekom: 2x20 MHz

# 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 <sup>1</sup>
	Grade: Prime B- (Good)
FTSE Russel	Successfully listed (4.4 of 5 pts)
	Successfully listed (66 of 100 scores – advanced) <sup>2</sup>
Bloomberg	Successfully listed (72.63%)
	Successfully listed 72/100 (Gold)

3rd Place in Telco Service Sector (total 223)

1st Place in Germany

**Telefónica Deutschland**  
●●●