

Telefónica Deutschland

Preliminary Q4/FY20 results

24 February 2021

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Achieved FY20 outlook on back of strong operational & financial performance

Fully absorbing C-19 impacts



Mobile Growth

gaining rural share & reinforcement in urban



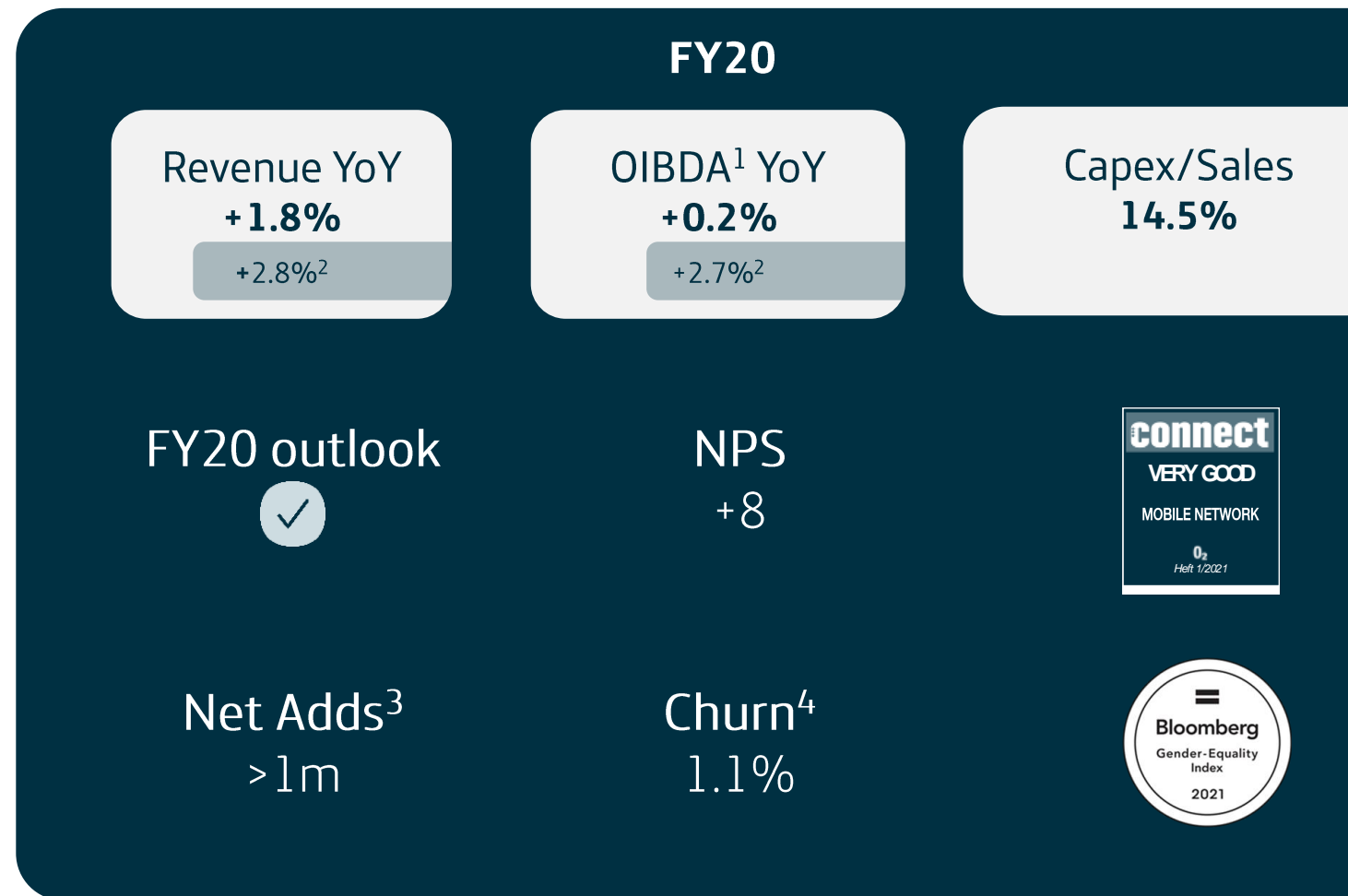
Smart Bundling (incl. FMS)

capturing value & reducing churn



Attack in B2B

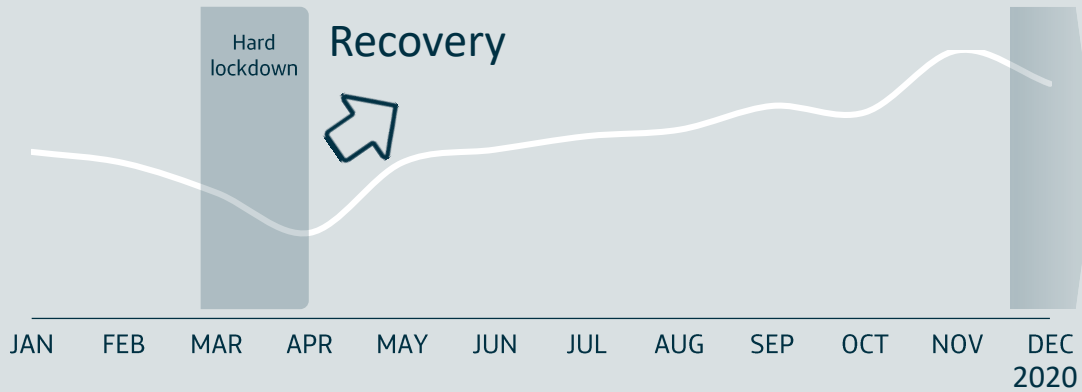
Targeting fair SME share



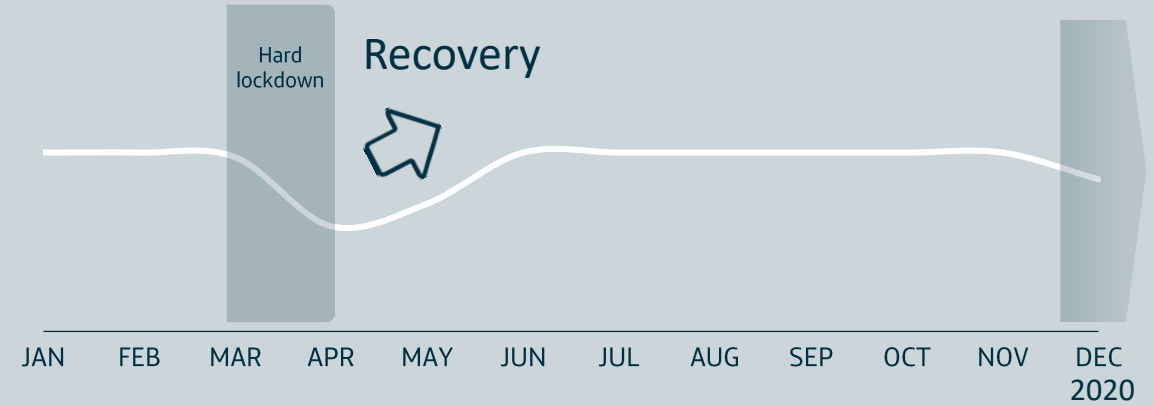
Rapid recovery of most KPIs post 1st lockdown

Ongoing hard lockdown since mid-December

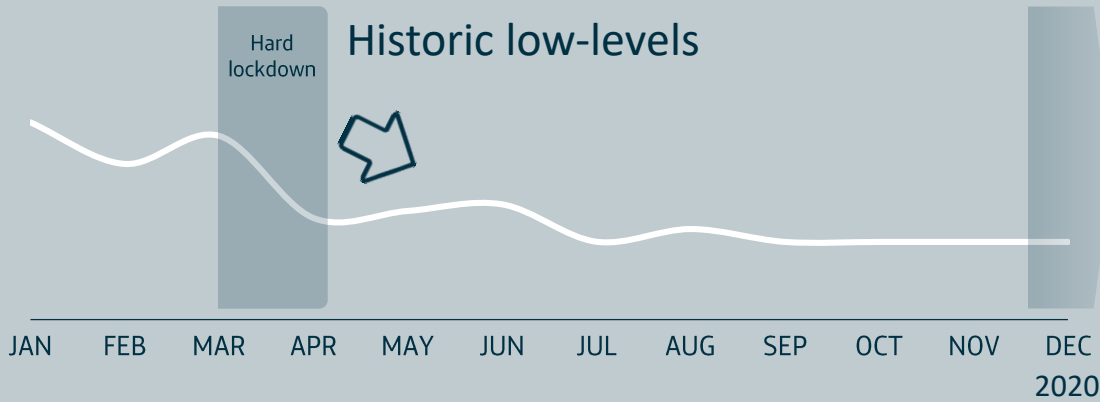
O₂ GROSS ADDS



PREPAID TOP UP BOOKINGS



O₂ CHURN

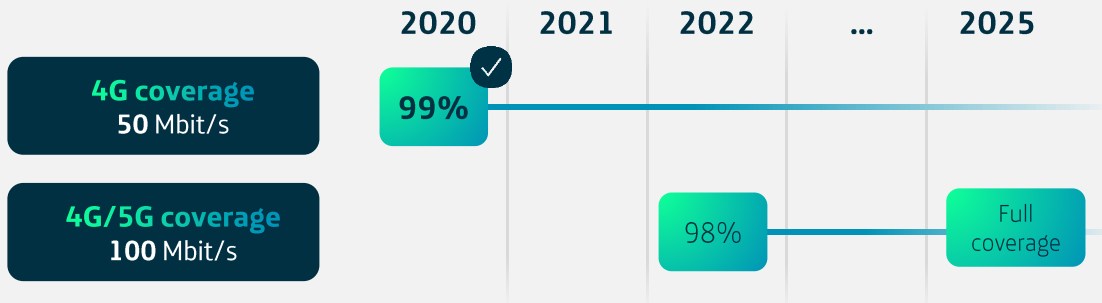


INT'L ROAMING REVENUE (OUTBOUND)

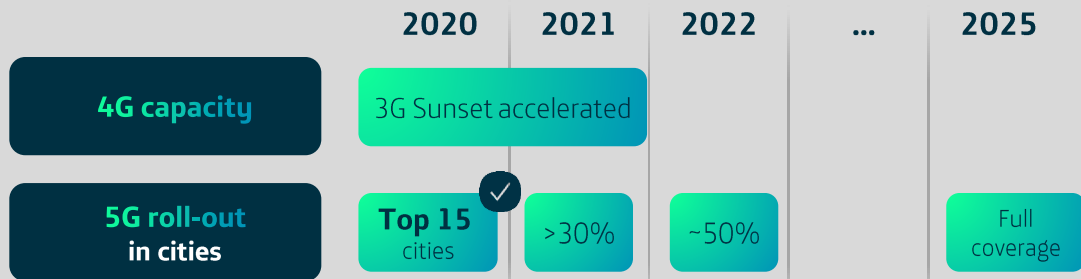


Network quality equalisation achieved

Boost Rural Coverage

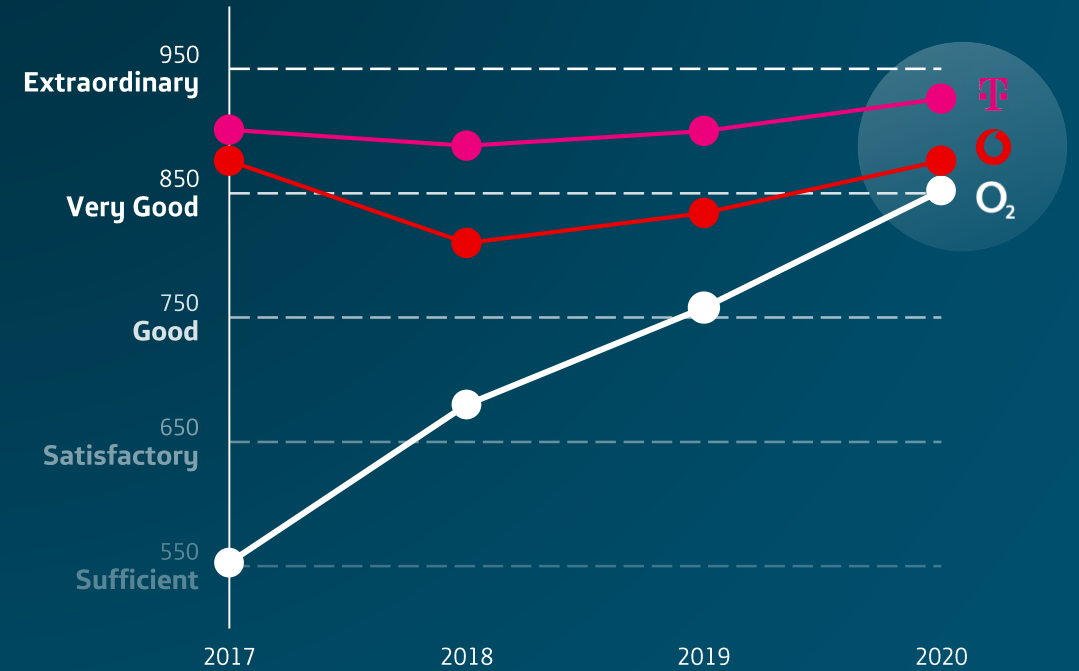


Accelerate Urban Capacity



Equalisation of Network Quality

Evolution of 'connect' Test Results



Leveraging network sharing opportunities and co-operations

White spot sharing

Trilateral agreement



Grey spot sharing

Bilateral agreements



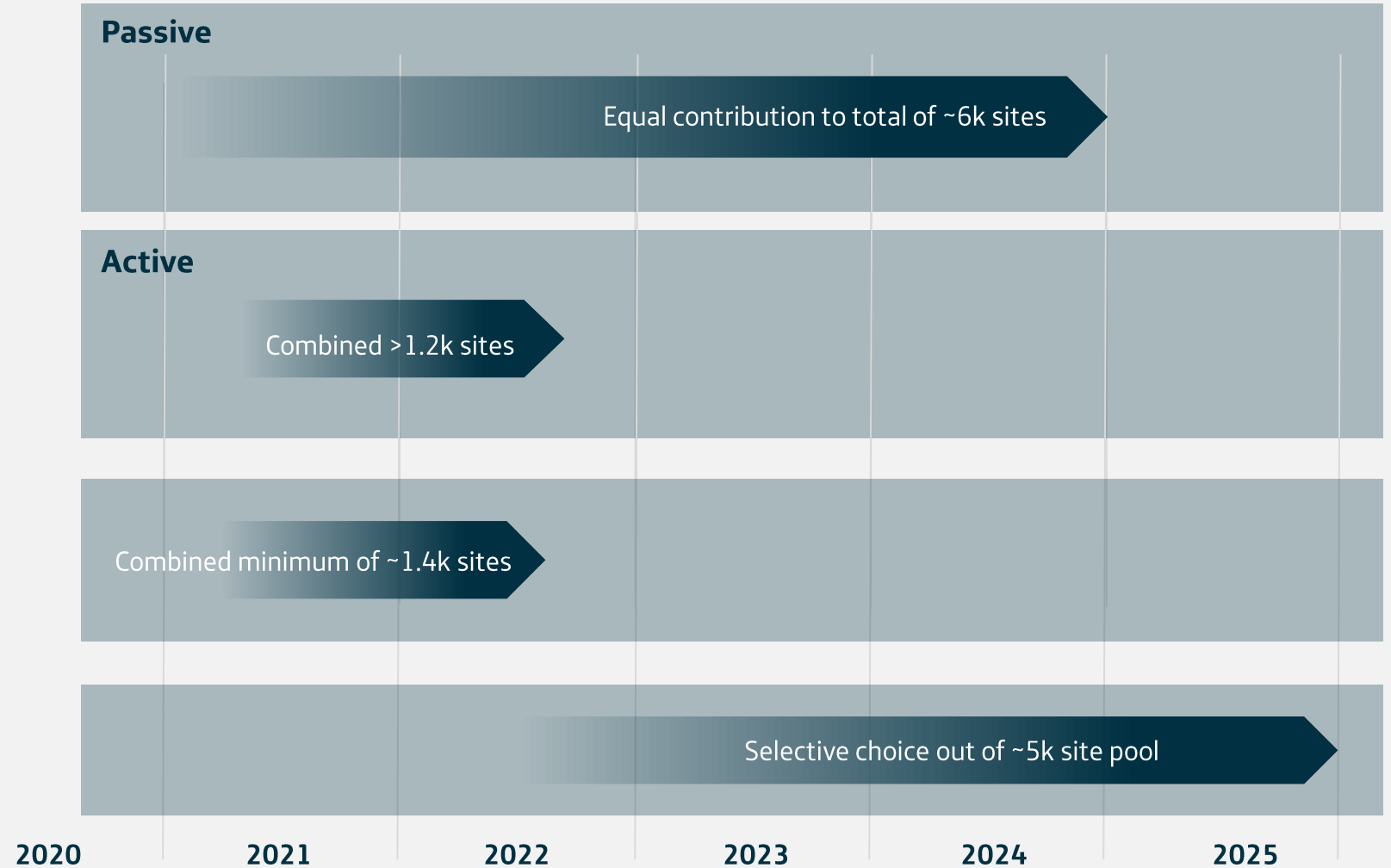
Mobile pact

Germany digital transformation agenda



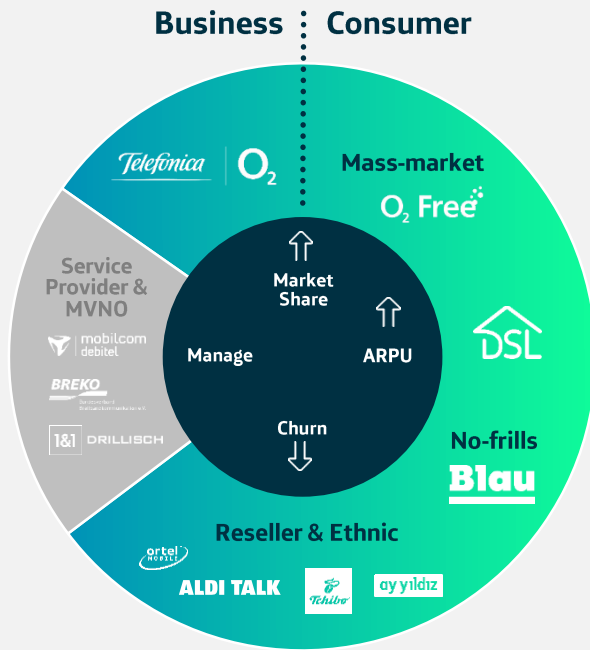
MIG

Government fund for mobile infrastructure



Driving commercial momentum to generate sustainable growth

Sustained focus on own customers base



Own customer base ~80%



Mobile Growth

Gaining rural share & reinforcement in urban



Smart Bundling (incl. FMS)

Capturing value & reducing churn



Attack in B2B

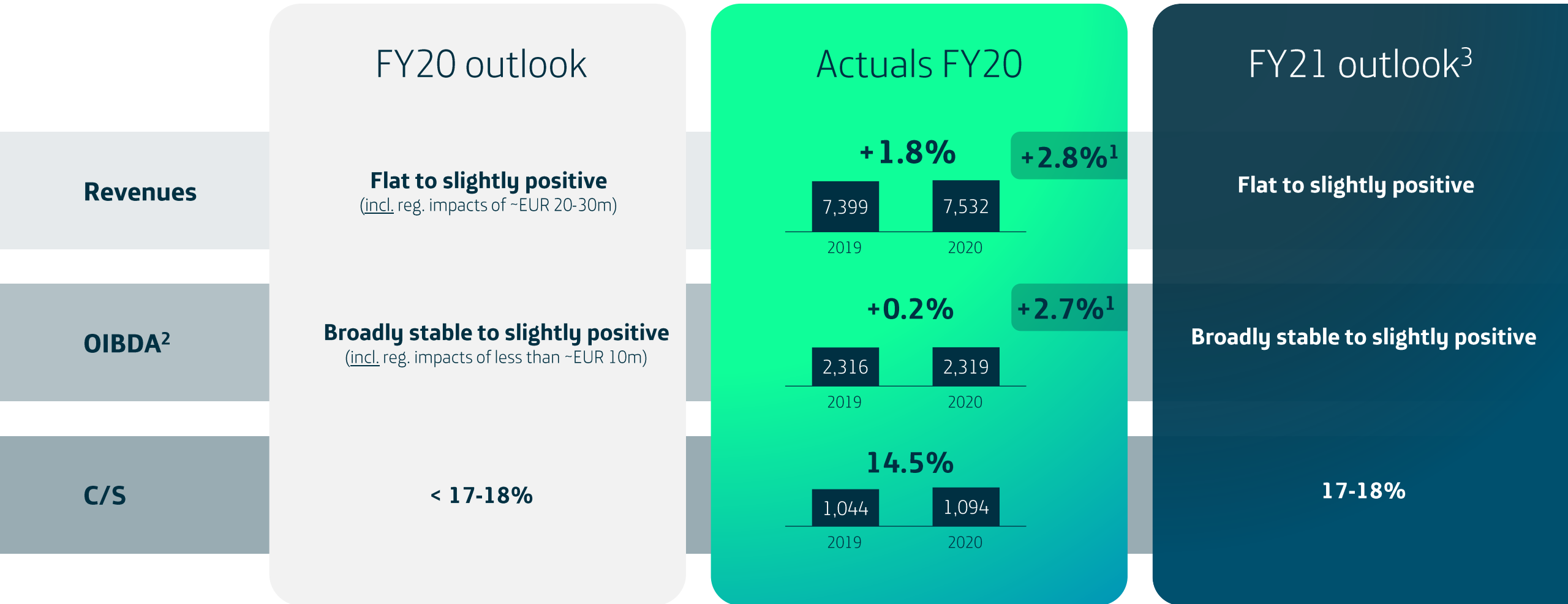
Targeting fair SME share

FY21 – key operational activities

- Improve products and services along key NPS drivers
- Focus on important brand KPIs to drive future business with highest efficiency
- Leverage enriched TAA portfolio
- Encourage willingness-to-pay and enhance loyalty
- Leverage momentum to gain B2B market share

Enhance network CEX & expand 5G footprint

FY21 – building on operational momentum and network equalisation



¹ Excl. Covid-19 impacts

² Adjusted for exceptional effects

³ Including regulatory impacts & C-19 impacts assuming hard lock-down until 7 Mar-21 and only gradual recovery of roaming over the course of the year

Telefónica Deutschland establishes long-term partnership with 1&1 Drillisch

National roaming agreement (NRA) secures valuable long-term revenue streams

- Initial 5-year contract period: Jul-20 – Jun-25
 - 2x extension option for 1&1 Drillisch up-to 2034
 - NRA includes available 2G/3G/4G coverage
 - MBA MVNO continues to include available 2G/3G/4G/5G coverage
- NRA commercial terms also apply to MBA MVNO services
 - NRA pricing structures derived from MBA MVNO
 - In principal a combination of per unit-prices and pre-determined volumes
 - Volumes adjustable over the course of the contract
 - Significant mobile network traffic growth assumed



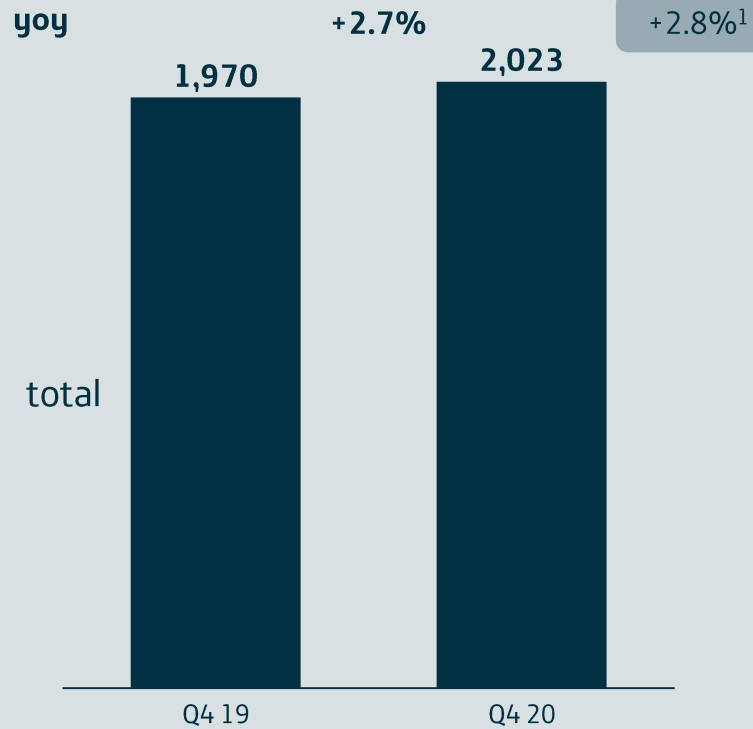


Financial Update

Markus Rolle
CFO

Growth momentum across all revenue lines

Revenue growth

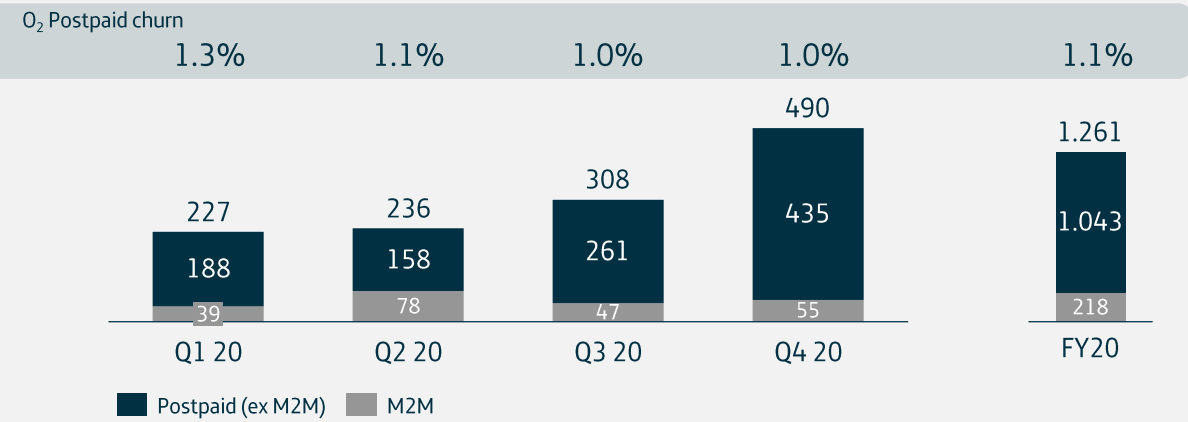


Accelerating revenue trends

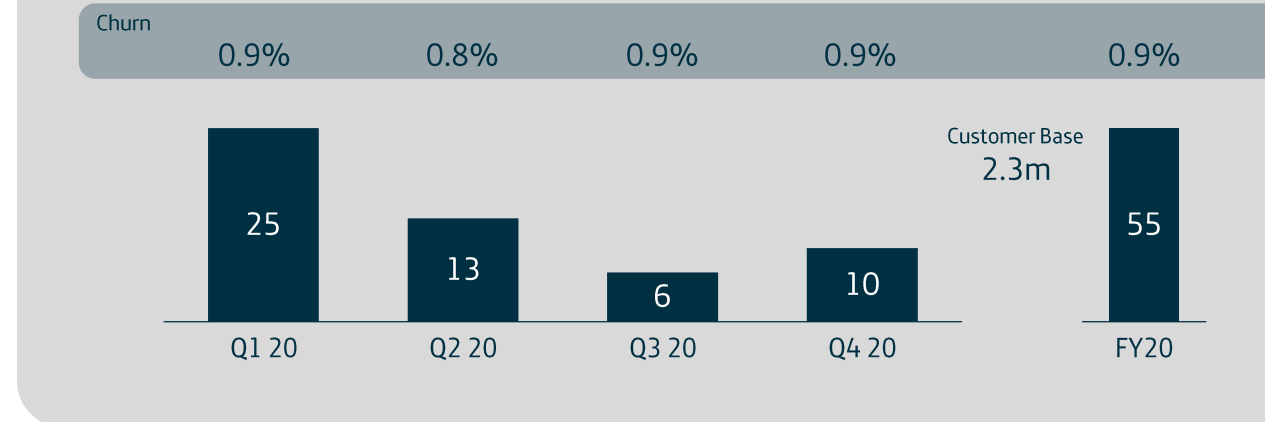


Strong own brand momentum

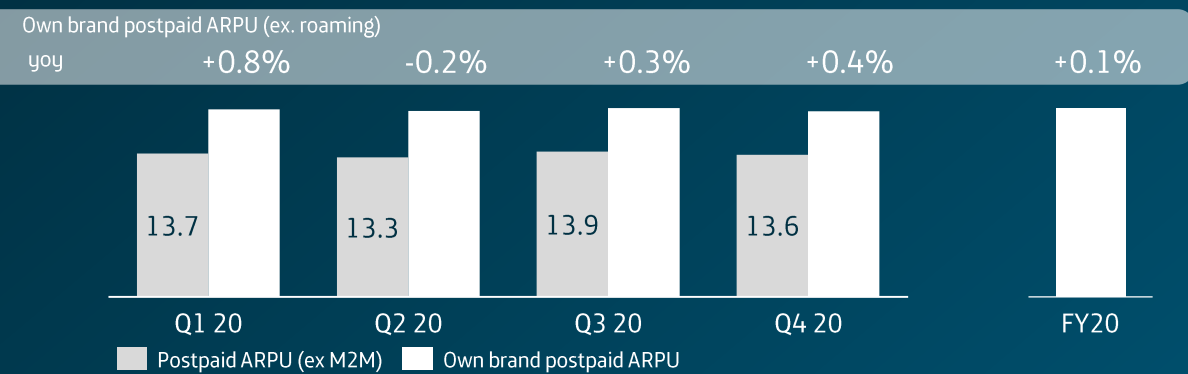
Mobile Net Adds (k)



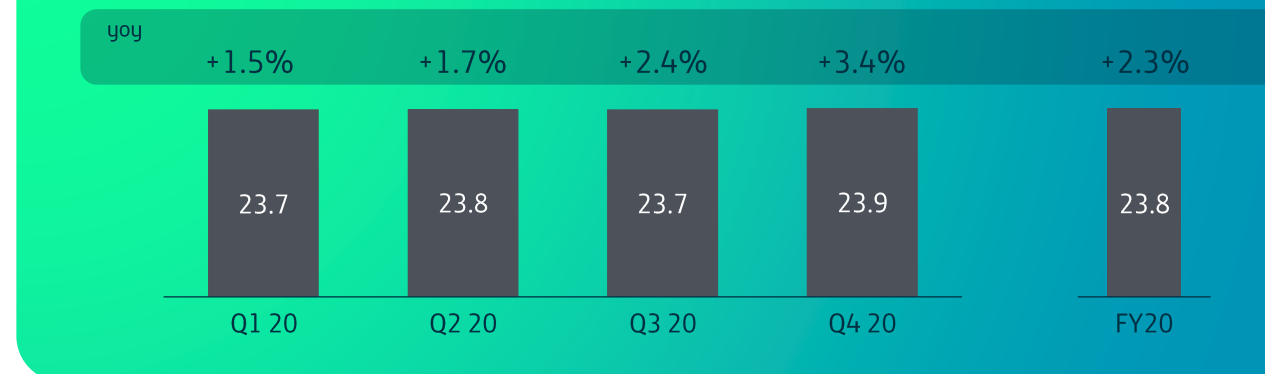
Fixed Net Adds (k)



Mobile Postpaid ARPU (EUR)

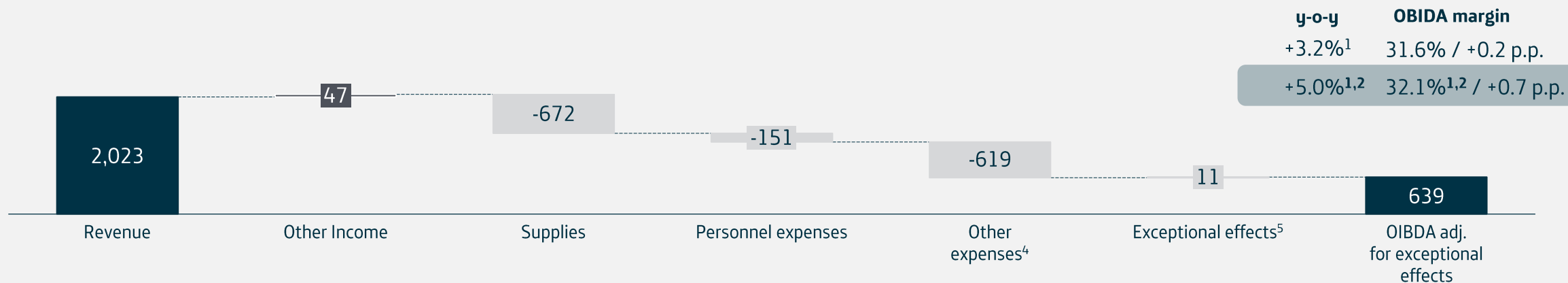


Fixed ARPU (EUR)



Continued OIBDA growth momentum

Q4



FY20



¹ Adjusted for exceptional effects

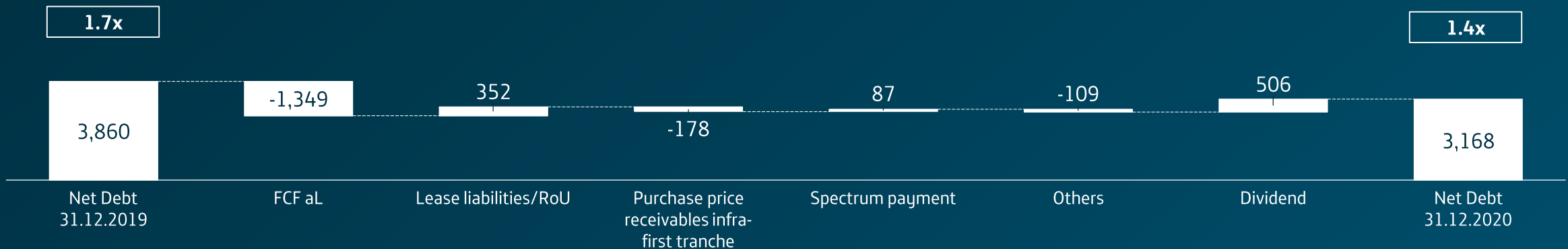
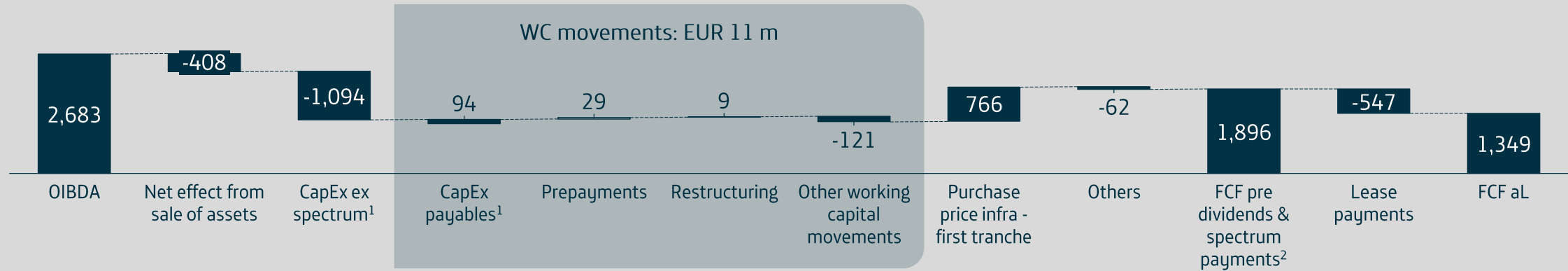
² Excl. Covid-19 impacts

³ Adjusted for capital gains/losses related with the sale of assets

⁴ Includes exceptional effects, Group fees and impairment losses in accordance with IFRS 9

⁵ Mainly restructuring expenses

Solid financial position



¹ Excluding additions from capitalised right-of-use assets and investments in spectrum

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

³ Net financial debt includes current and non-current interest-bearing financial assets and interest-bearing liabilities as well as cash and cash equivalents and excludes payables for spectrum

⁴ Leverage ratio is defined as net financial debt divided by the OIBDA for the last twelve months adjusted for exceptional effects

Confident FY21 outlook and mid-term guidance



Summary

Confident FY21 outlook on back of strong operational & financial FY20 performance

Achieved FY20 outlook fully absorbing C-19 impacts

Strong operational & financial performance as well as mobile network equalisation

Core business momentum fully intact - growth across all revenue lines

International roaming reflects ongoing travel restrictions

Continued OIBDA growth momentum

OIBDA margin a blend of revenue mix, cost efficiencies and international roaming drag

FCFaL dynamics benefit from infra-deal

Leverage with comfortable headroom to BBB-rating

Solid B/S, strong liquidity position and ability to generate FCF growth

Intend to propose an increased dividend of EURc 18 per share for FY20 to AGM in May 2021



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Telefónica Deutschland
Management Q&A



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Any questions?

We look forward to hearing from you!



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