



Telefónica Deutschland

Operational & financial results Q3 2020

28 October 2020

Markus Haas

CEO

 Markus Haas

Markus Rolle

CFO

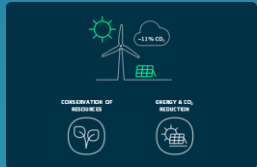
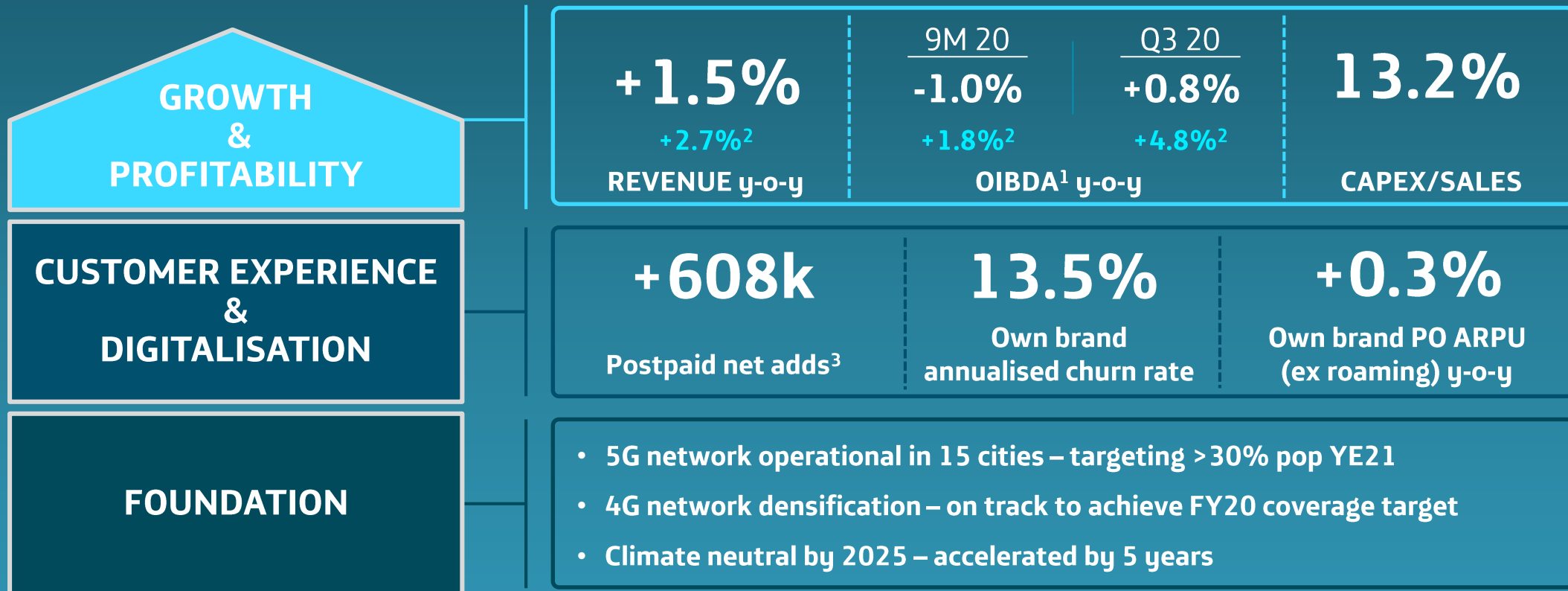
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Disclaimer



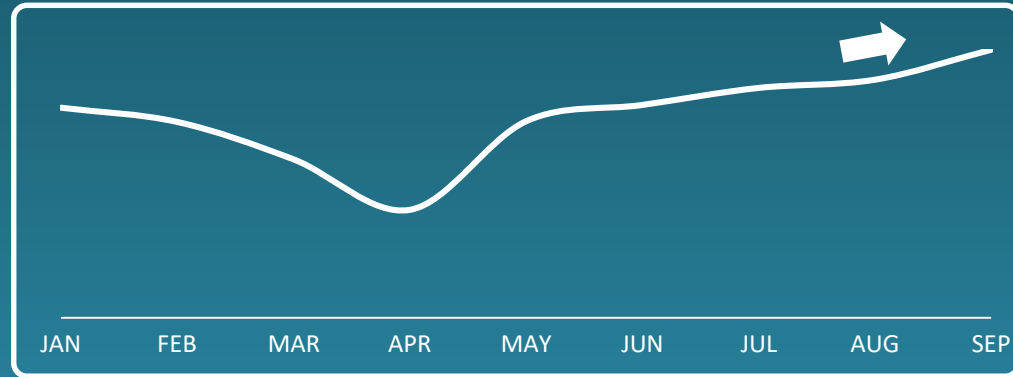
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Improved business dynamics – 9M 20 fully absorbing COVID-19 impacts

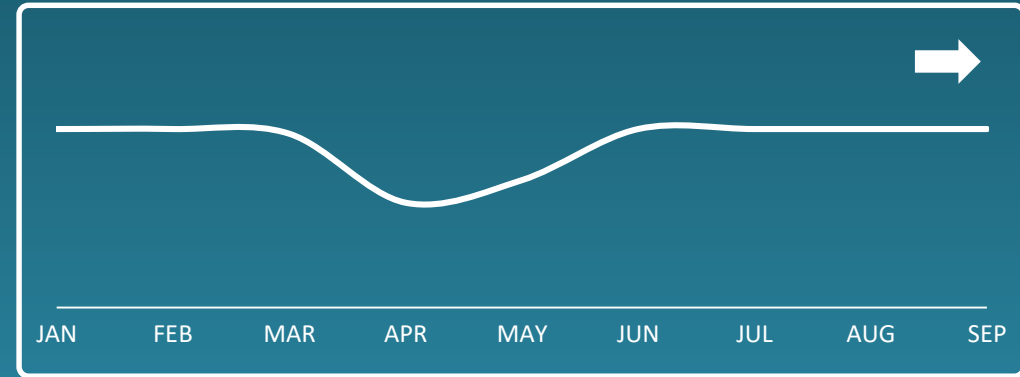


Operational trends intact – COVID-19 travel restrictions limit int'l roaming revenue

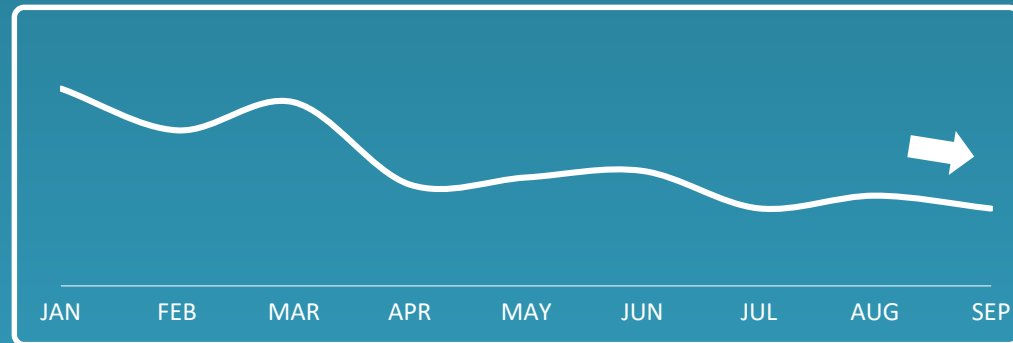
**O₂ GROSS ADDS
AT PRE COVID-19 LEVELS**



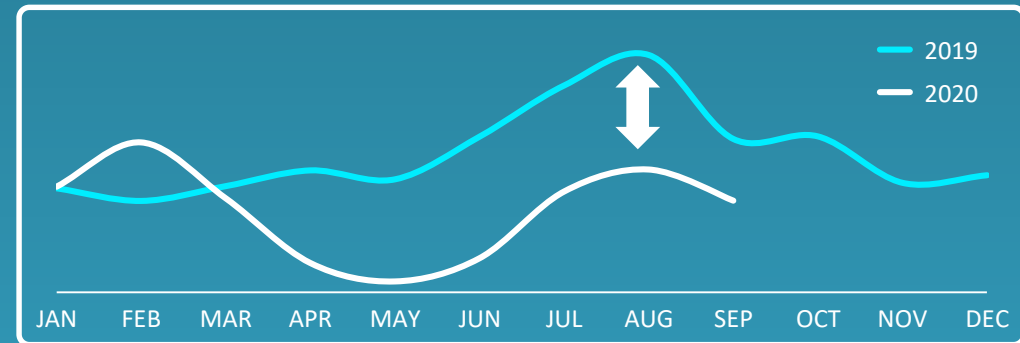
**PREPAID TOP UP BOOKINGS
AT PRE COVID-19 LEVELS**



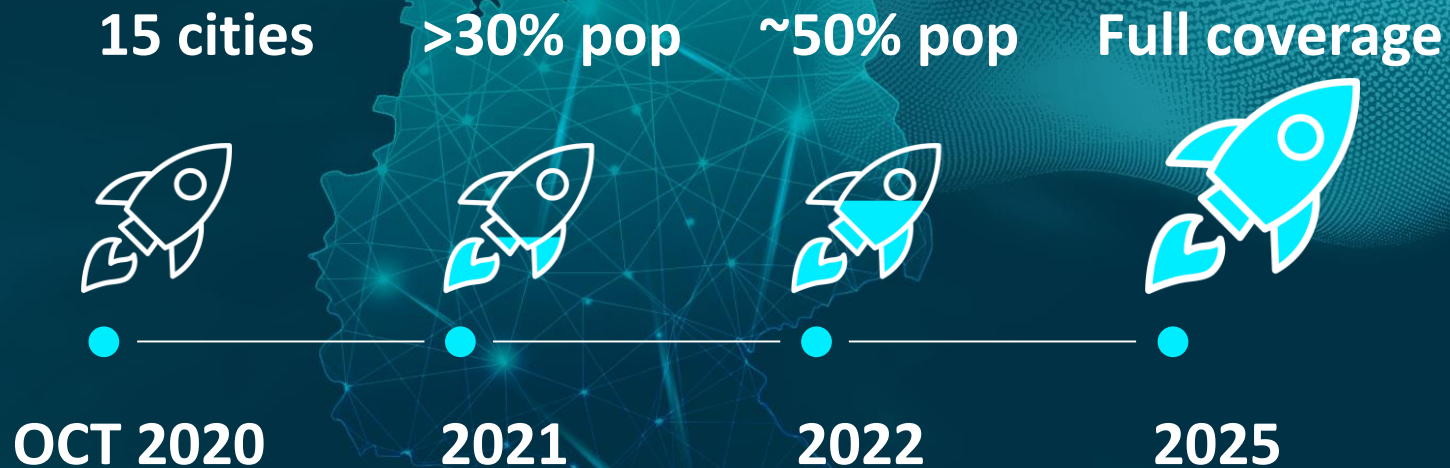
**O₂ CHURN
AT HISTORIC LOWS**



**INT'L ROAMING REVENUE (OUTBOUND)
AS EXPECTED BELOW PRIOR YEAR**



5G launched while enhancing 4G network quality and coverage



MOBILE

- Ownership across all mobile technologies
- YTD covering +7m people (4G)
- 5G deployment using high-performance 3.6GHz spectrum
- Optimised utilisation of spectrum assets (DSS)

Most extensive fixed footprint with close to nationwide coverage

Technology Agnostic Approach (TAA)

INTERNET@HOME

matching customer needs with TAA

All-infrastructure play
unique positioning in the market – access to all fixed technologies

Fixed-Mobile-Substitution
increases customer reach and profitability

O₂ my Home

One tariff for all technologies

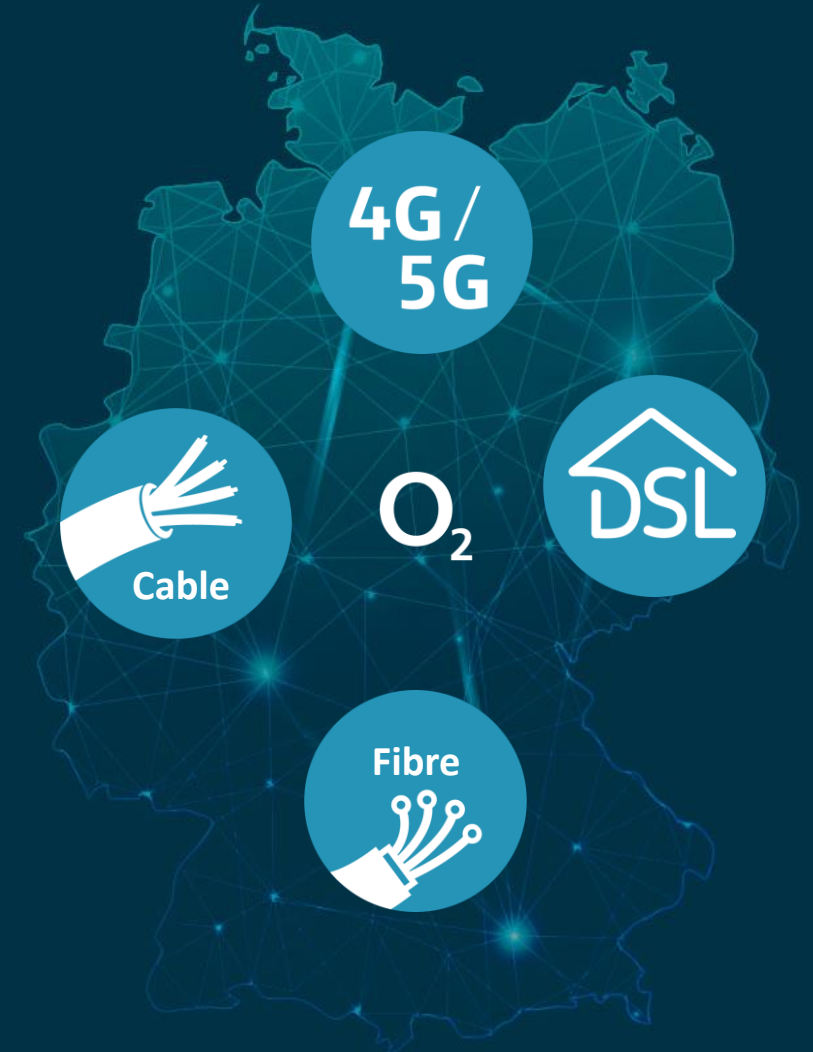
1 Gbits: EUR 59.99

250 Mbits: EUR 44.99

100 Mbits: EUR 34.99

50 Mbits: EUR 29.99

10 Mbits: EUR 24.99



Execution focus on key priorities of strategic plan for the 'new 20s'

Accelerating growth trajectory



▶ 9M revenue +1.5%



Boost **rural coverage**,
accelerate **urban capacity**



▶ Fulfilled second milestone with close to 6k additional LTE elements – on track to achieve YE20 coverage obligations



Smart **bundling** to improve
loyalty



▶ Own brand annualised churn rate at historic low levels of 13.5%



Technology-agnostic internet solutions;
FMS to improve **profitability**



▶ O₂ my Home – leveraging Technology Agnostic Approach and most extensive footprint



Leverage **B2B** strategy to
gain fair market share in **SME**

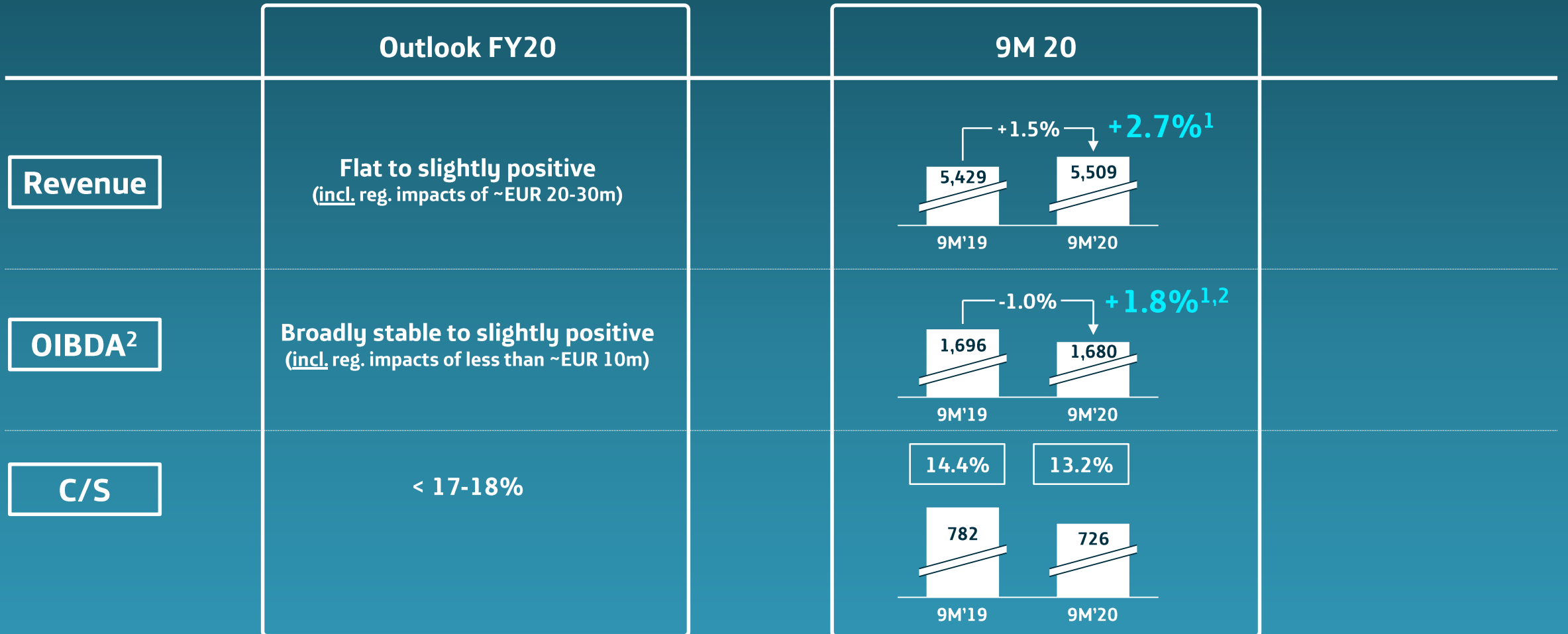


▶ Streamlined sales channels and portfolio – introduced first unlimited B2B offer



Commitment to deliver attractive shareholder remuneration

Confirming FY20 guidance while continuously monitoring COVID-19 developments





Financial update

Markus Rolle

CFO

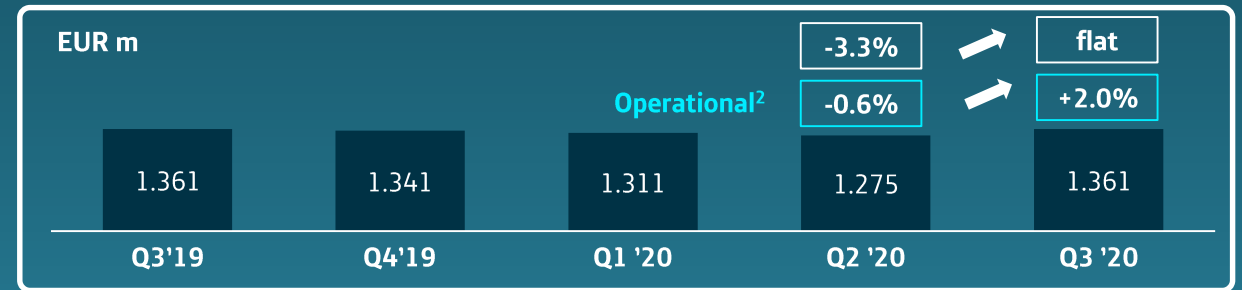
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Revenue growth – operational trends intact

Revenue growth despite C-19 int'l roaming drag



Operational MSR growth



Sustained demand for high-value devices



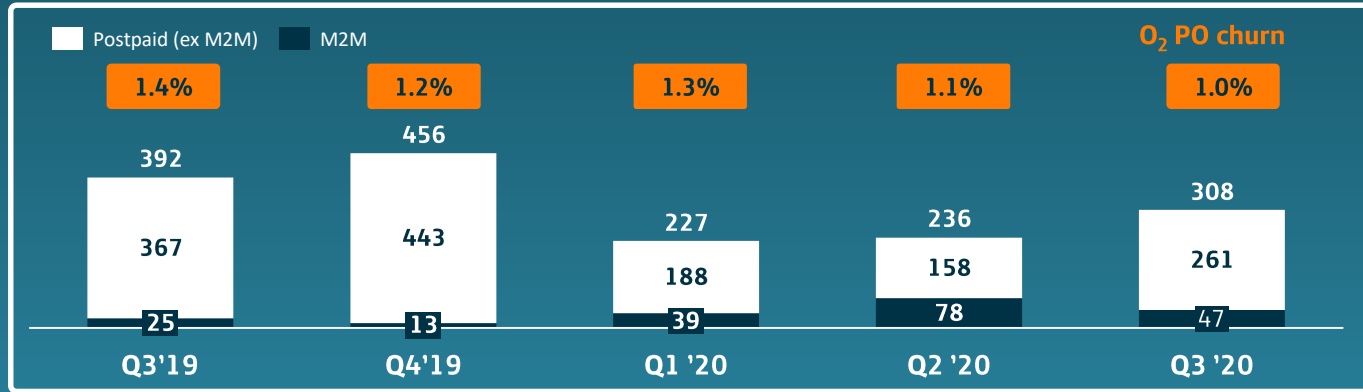
Improved customer mix drives fixed revenue growth



Positive trading momentum & continued ARPU recovery

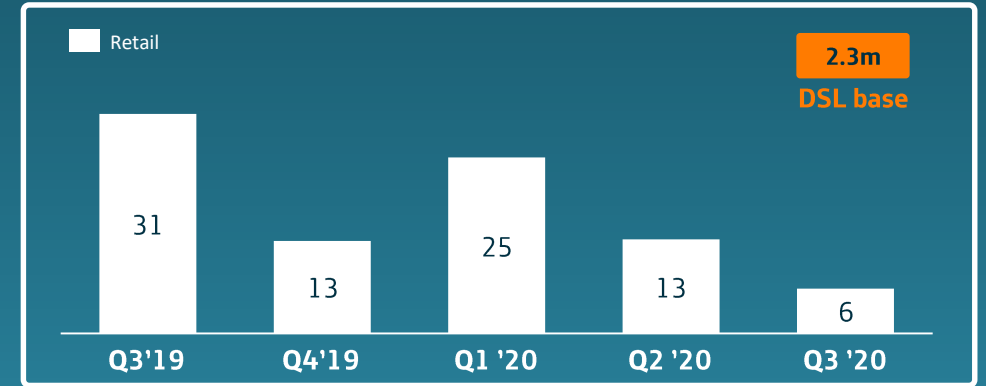
Historic low churn supports profitable growth in mobile

Net Adds (k)



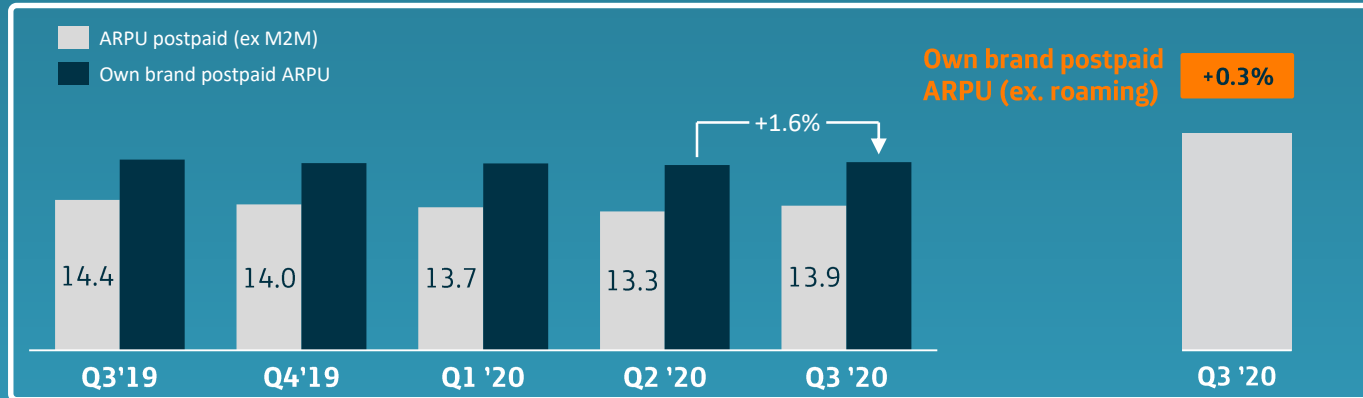
Reduced willingness to churn in fixed

Net Adds (k)



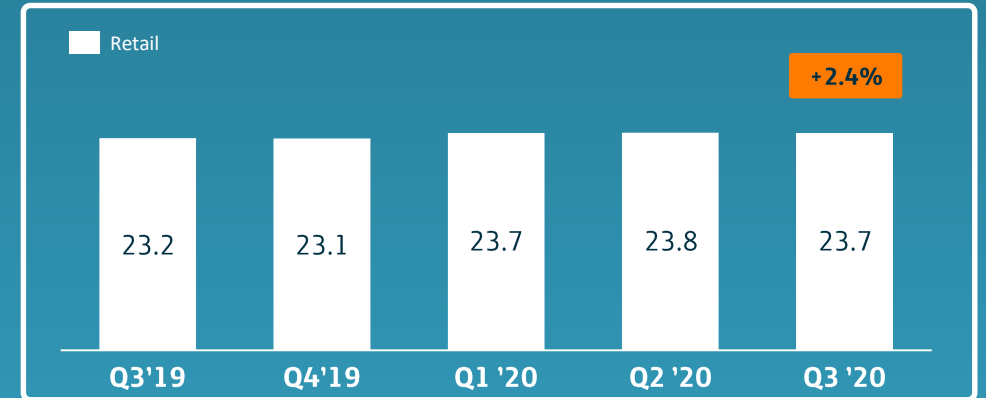
O₂ Free continues to underpin ARPU growth

ARPU EUR



Higher VDSL share drives fixed ARPU

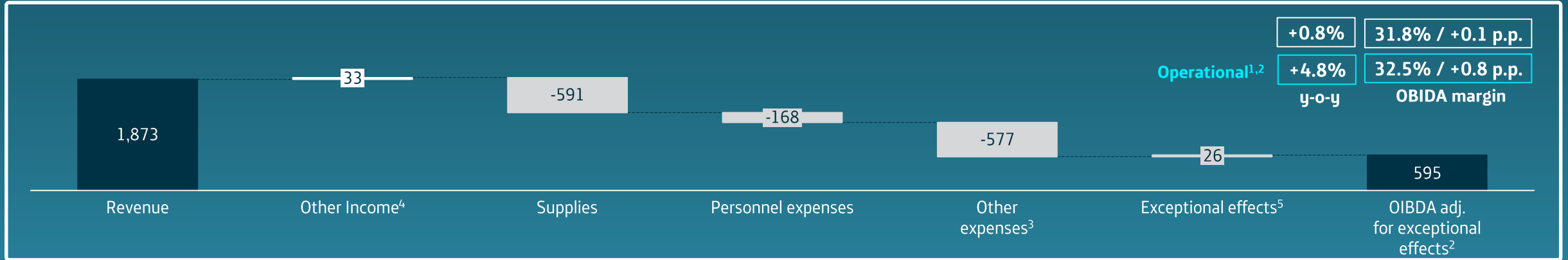
ARPU EUR



Q3 20 OIBDA¹ back to growth on improved margin

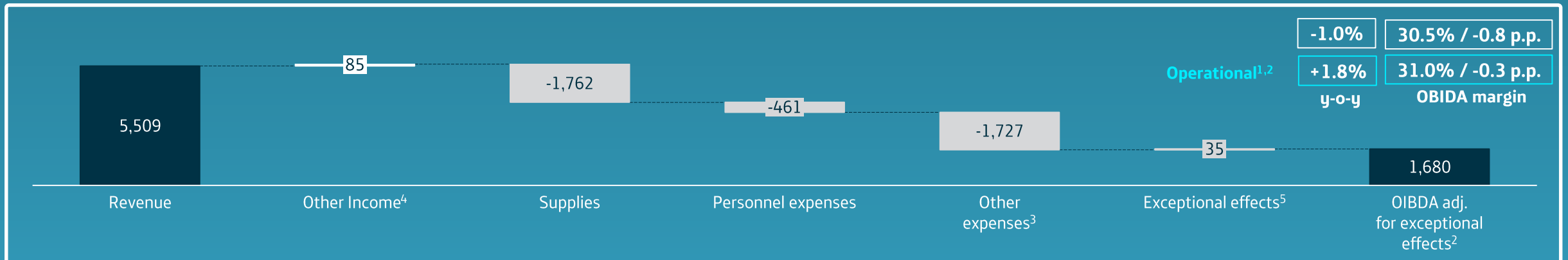
Q3 20 OIBDA¹ reflecting revenue mix and cost efficiencies

EUR m



9M 20 OIBDA¹ absorbing full COVID-19 impacts

EUR m



¹ Adjusted for exceptional effects. In Q3 20, exceptional effects amounted to EUR +380m (EUR +375m in 9M 20), of which EUR +407m capital gain related with the sale of the operations of the first tranche of ~6,000 mobile sites to Telxius and EUR -26m restructuring costs

² Excluding COVID-19 impacts of EUR -23m in Q3 20 (EUR -47m in 9M 20)

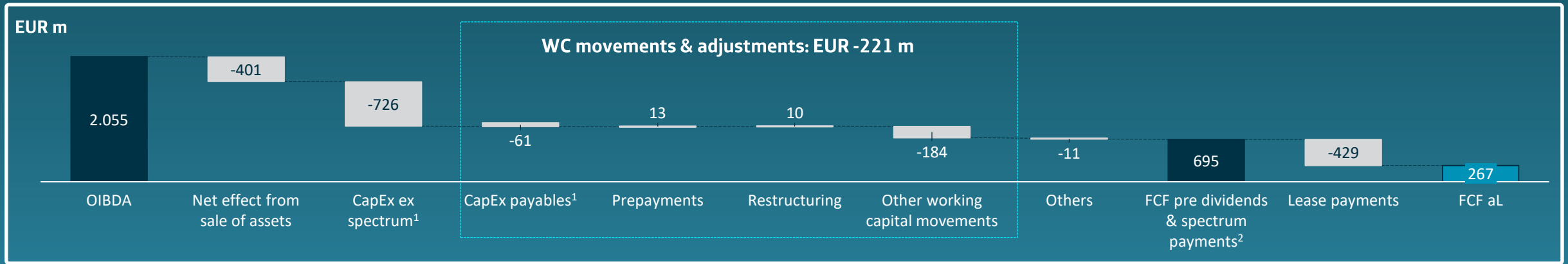
³ Adjusted for capital gains/losses related with the sale of assets

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

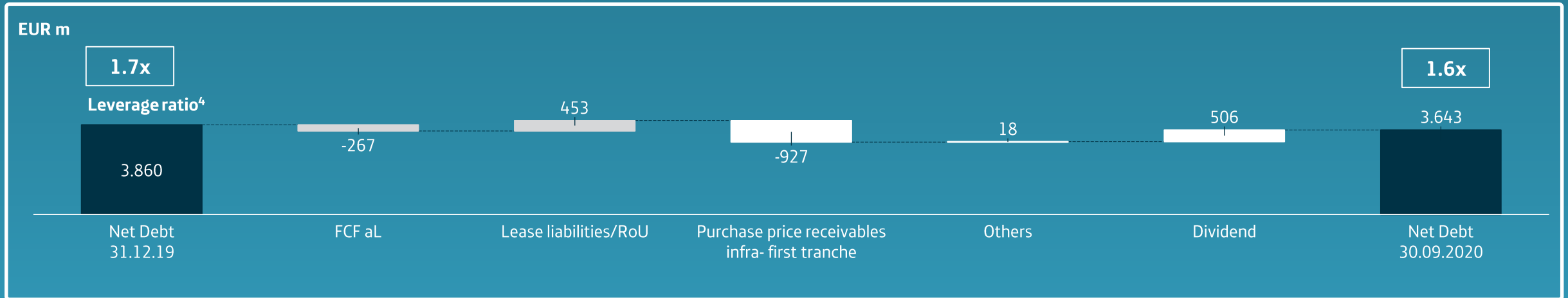
⁵ Mainly restructuring expenses

Free Cash Flow dynamics reflect usual seasonal movements

Evolution of 9M 20 FCF



Net debt³ – leverage well in-line with target



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

Key take-aways

Business dynamics intact - confirming FY20 outlook

Revenue growth – good core business momentum absorbing C-19 impacts

OIBDA back to growth - OIBDA margin improved as a result of revenue mix and enhanced cost efficiencies

FCFaL dynamics with usual seasonality; **net debt** well in-line with target – **leverage** with comfortable headroom to BBB-rating

Solid **B/S**, strong **liquidity position** and ability to generate **FCF** growth to support **total shareholder returns**

Telefónica Deutschland - Management Q&A



Markus Haas

CEO

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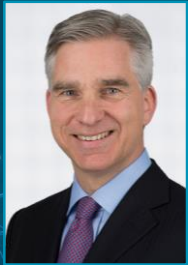


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CFO

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Any further questions? Please reach out to us!



Christian Kern
Director Investor Relations

+44 7517 999 208
christian.kern@telefonica.com



Marion Polzer, CIRO
Head of Investor Relations

+49 176 7290 1221
marion.polzer@telefonica.com



Eugen Albrecht
Senior Investor Relations Officer

+49 176 3147 5260
eugen.albrecht@telefonica.com



+49 89 2442 1010



IR-Deutschland@telefonica.com

Telefonica

Deutschland