

Telefónica Deutschland  
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# Interim results Q3 2021

3 November 2021

**Markus Haas**

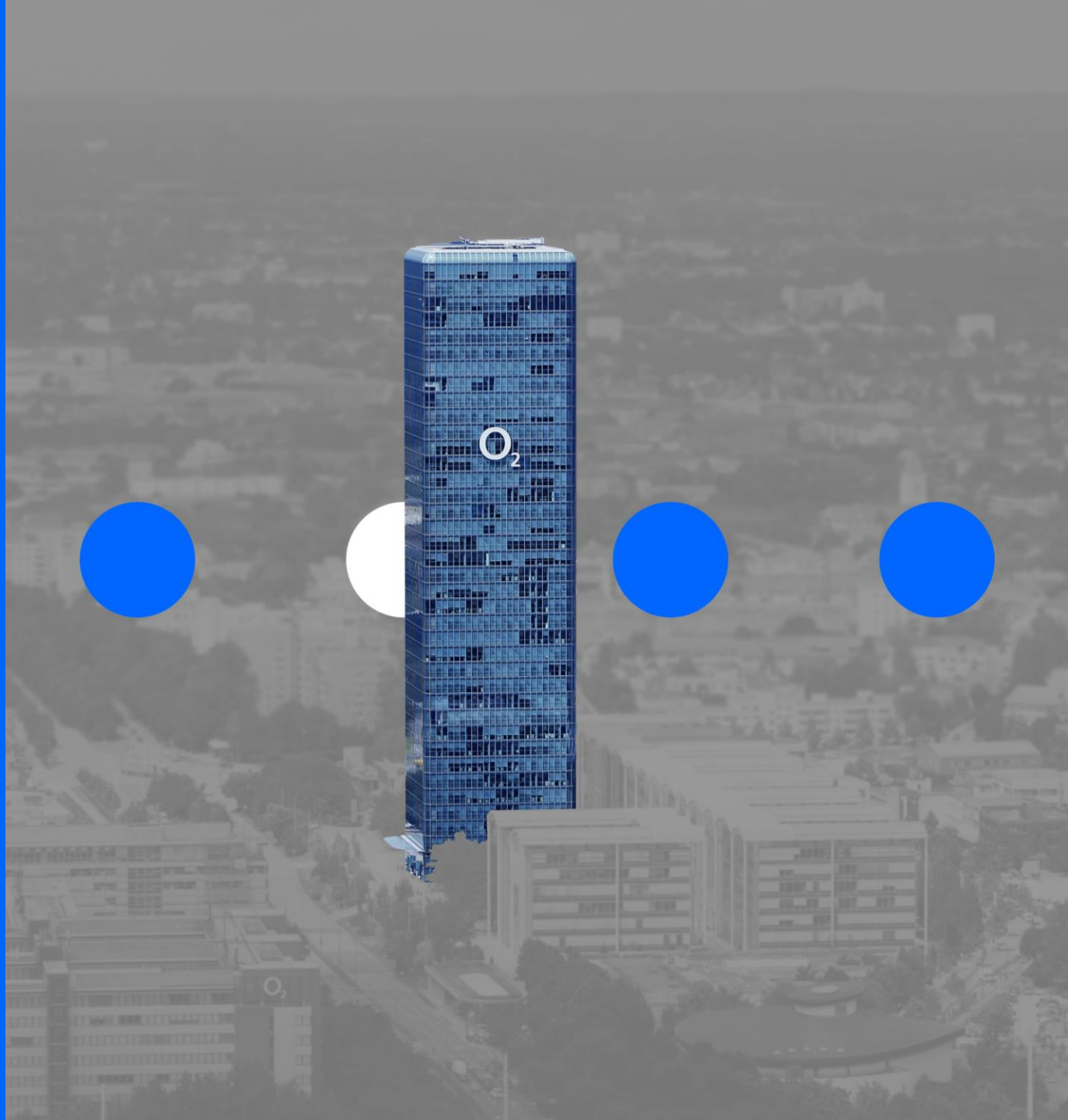
CEO

 [@Markus Haas](#)

**Markus Rolle**

CFO

 [@Markus Rolle](#)



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# Sustained profitable growth drives upgrade of FY21 outlook

We democratise access to the sustainable digital future to create a better everyday life for everyone

## Boost Revenues

Outperform the market



### Mobile Growth

Gaining rural share & reinforcement in urban



### Smart Bundling (incl. FMS)

Capturing value & reducing churn



### Attack in B2B

Targeting fair SME share

## 9M 2021

Revenue yoy

**+3.7%**

+2.9%<sup>2</sup>



OIBDA<sup>1</sup> yoy

**+6.3%**

+3.3%<sup>3</sup>



Capex/Sales

**14.2%**



Net Adds<sup>4</sup>

**>1m**

O<sub>2</sub> Churn<sup>5</sup>

**0.9%**



**ESG**

At the heart  
of our strategy



**5G Network**

Excellent progress  
in our 1<sup>st</sup> year



**B2B**

Strong traction

**LEBARA**

**Wholesale**  
Extending portfolio

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

<sup>2</sup> Excl. non-recurrent special factors

<sup>3</sup> Excl. non-recurrent special factors & received social security payments

<sup>4</sup> Postpaid excl. 40k M2M

<sup>5</sup> O<sub>2</sub> Postpaid

# Building state-of-the-art energy-efficient 5G network

O<sub>2</sub> 5G network rapidly expanding

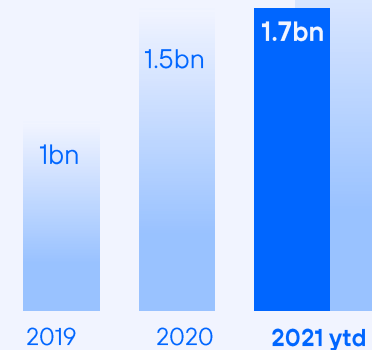


More than  
**3,300**  
5G antennas on  
3.6 GHz spectrum

#1 in 5G avg download speed<sup>1</sup>



Data traffic growth consistently >50%



<sup>1</sup>O<sub>2</sub> Free Postpaid

A modern 5G network is fundamental  
for efficient energy management



5G is **90% more efficient** per byte produced



Key drivers of energy consumption are data growth & network densification



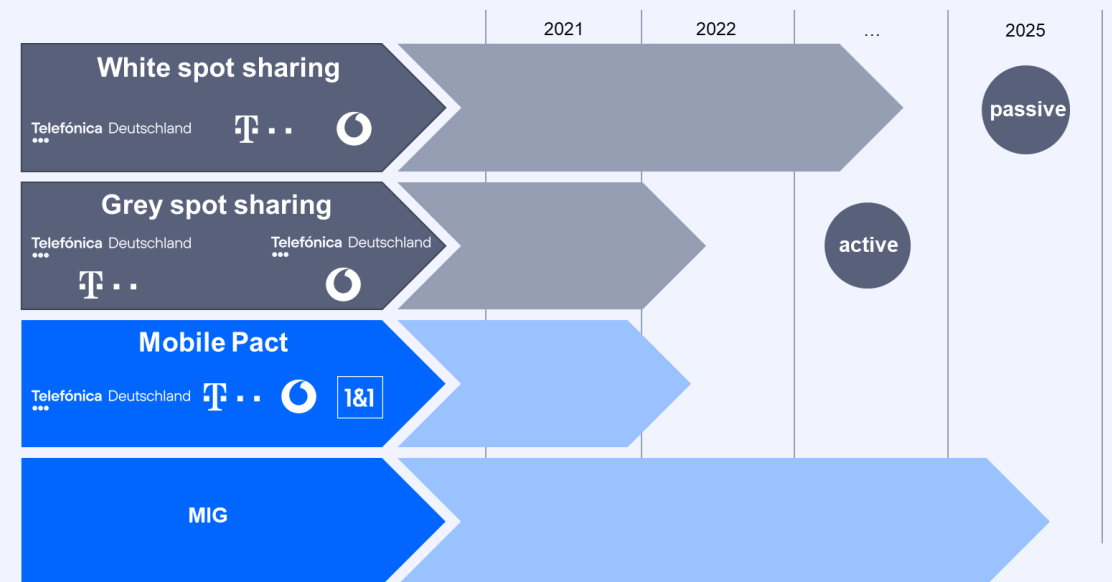
**3G sunset** decreases energy costs

# Mobile network strategy leading to normalised Capex to Sales levels

## Modernisation of RAN with ongoing densification

- Efficient rollout of 5G network supported by sharing initiatives leads to a grid of ~35k sites in 2025 ensuring equalized network quality
- Existing BTS programme with Telxius/ATC covers TEF D's contribution to white spot agreement and Mobile Pact
- Normalised C/S level from YE22 follow 3-yr 'investment for growth' programme

## Network sharing for rural coverage - TEF D share covered by existing BTS deal



# Well on track to deliver ESG objectives

## Environment



### “BUILDING A GREENER FUTURE”

Lower carbon economy & digital innovation

#### Efficient energy management

- Energy efficiency target: min. 82% by 2025
- Targeting net zero carbon emissions by 2025
- Accelerated sunset of 3G in 2021
- 100% green energy beyond 2021

#### Sustainable products & services

- Launch of ‘Let’s keep the planet blue’ initiative
- Extension of smartphone lifetime through O<sub>2</sub> mobile purchase and repair services
- Introduction of new Eco Rating labelling system
- Cooperation with Fairphone

## Social



### “HELPING SOCIETY TO THRIVE”

Supporting customers & communities

#### Digital inclusion & respectful interaction for all age groups

- Education campaign debunking disinformation
- Anti-cyberbullying program #Wakeup

#### 5 Bold moves – new way of working

- Working Anywhere
- Working Anytime
- Outcome-based Leadership
- Digital by Default
- 70% Less Travel

## Governance



### “LEADING BY EXAMPLE”

Running an inclusive, fair & ethical business

#### Robust corporate governance structure

- Management Board – highly experienced and diverse
- Supervisory Board – well balanced & diverse shareholder side
- Included in Bloomberg Gender Equality Index 2021 (GEI) 2<sup>nd</sup> year in a row
- Continuous improvement of our reputation score in 2021

Highly ranked in leading ESG ratings



# Upgrade of FY21 outlook

	Previous FY21 outlook <sup>1</sup>	Actuals 9M 21	Upgraded FY21 outlook <sup>1</sup>
Revenues	Slightly positive yoy	<b>+3.7%</b> yoy 5,509 (9M 20) vs 5,711 (9M 21) ✓ +2.9% <sup>3</sup>	Slightly positive yoy
OIBDA <sup>2</sup>	Slightly positive yoy	<b>+6.3%</b> yoy 1,680 (9M 20) vs 1,786 (9M 21) ✓ +3.3% <sup>4</sup>	Low mid-single digit % growth yoy
C/S	17-18%	<b>14.2%</b> 726 (9M 20) vs 810 (9M 21) phasing	<17-18%

<sup>1</sup>Including regulatory & C-19 impacts

<sup>2</sup>Adjusted for exceptional effects

<sup>3</sup>Excl. non-recurrent special factors

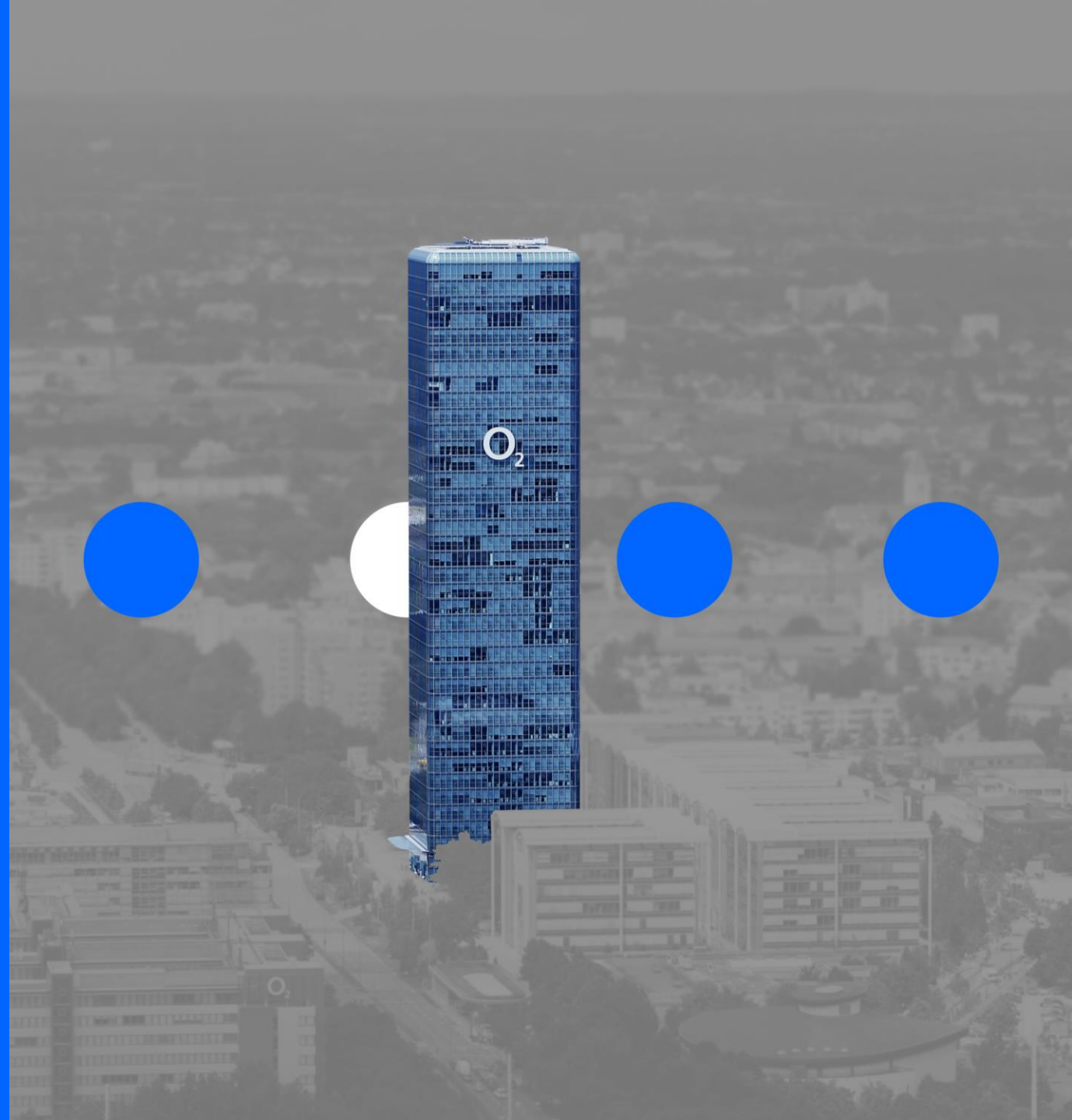
<sup>4</sup>Excl. non-recurrent special factors & received social security payments

# Financial Update

**Markus Rolle**

CFO

 @Markus Rolle

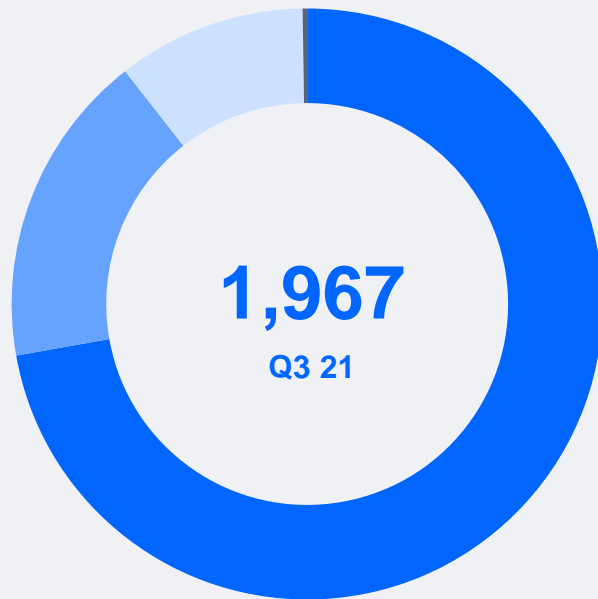




# Sustained operational & financial momentum drives profitable growth

## Revenues (EURm)

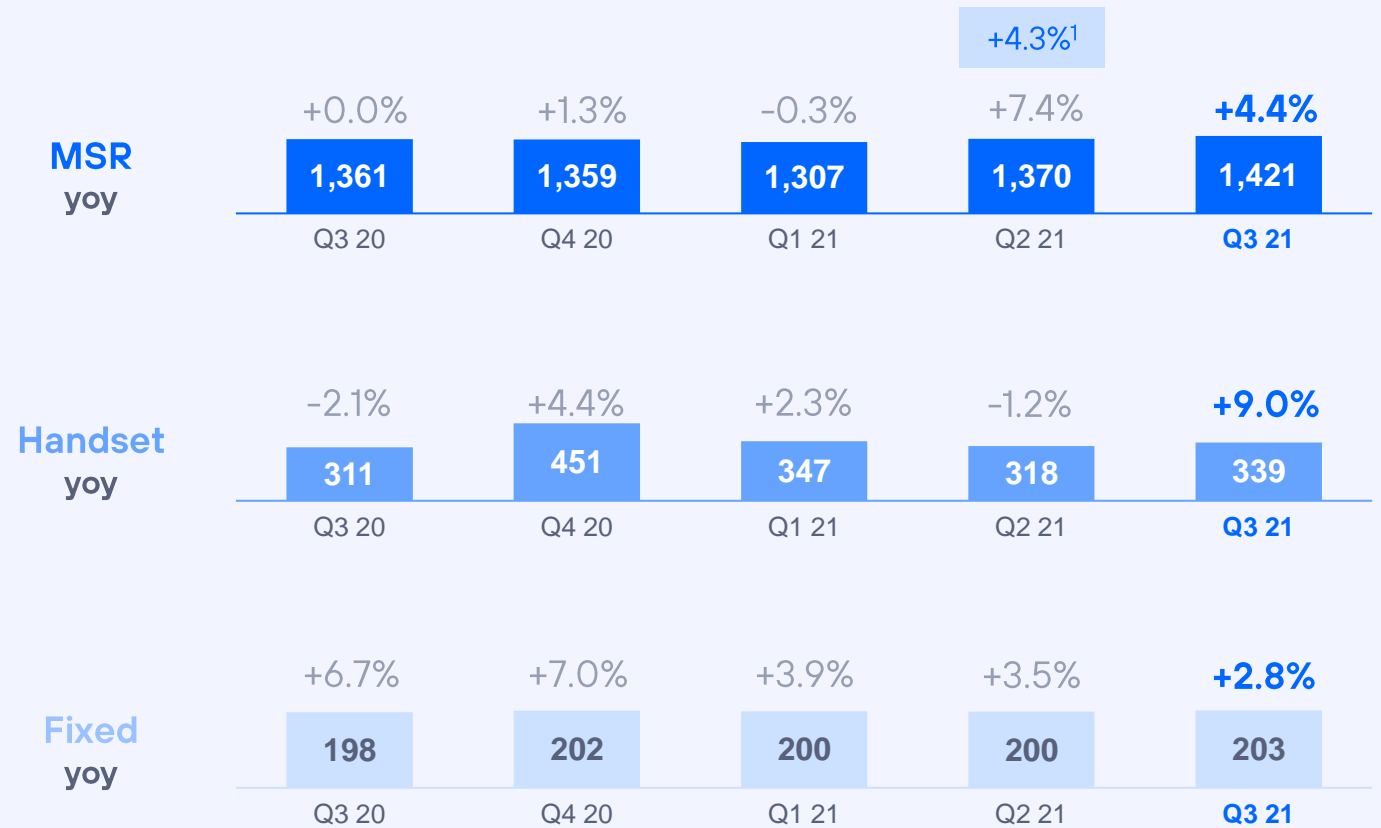
**+5.1%**  
yoy



■ MSR ■ Handset ■ Fixed ■ Other

<sup>1</sup> Excl. non-recurrent special factors

## Accelerating MSR trends (EURm)



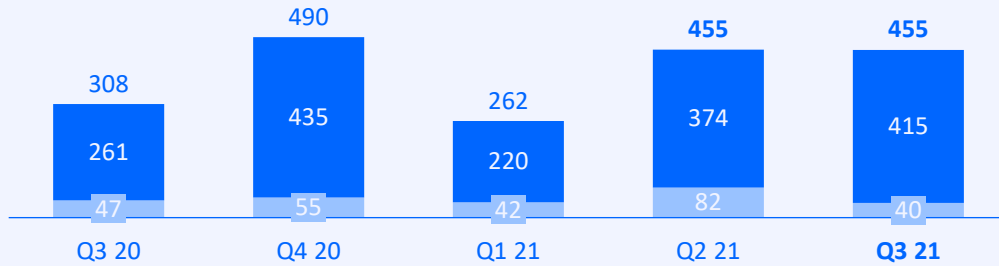
# Strong traction of O<sub>2</sub> Free portfolio & positive fixed trends

## Mobile Net Adds (k)

■ Postpaid (ex M2M) ■ M2M

O<sub>2</sub> Postpaid Churn

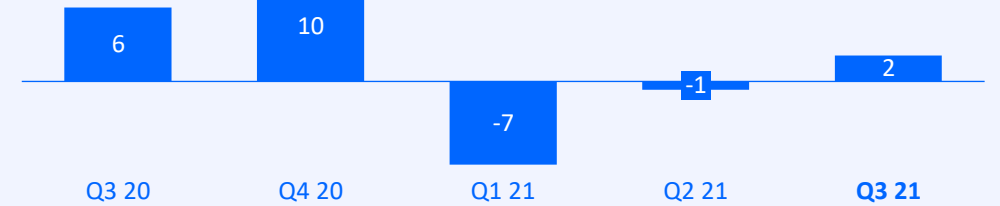
1.0% 1.0% 1.0% 0.8% 1.0%



## Fixed Net Adds (k)

Churn

0.9% 0.9% 1.0% 0.9% 0.9%

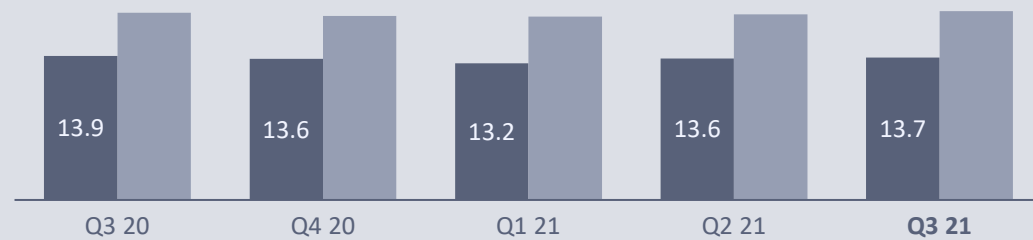


## Mobile Postpaid ARPU (EUR)

■ Postpaid ARPU (ex M2M) ■ O<sub>2</sub> postpaid ARPU

O<sub>2</sub> Postpaid ARPU yoy

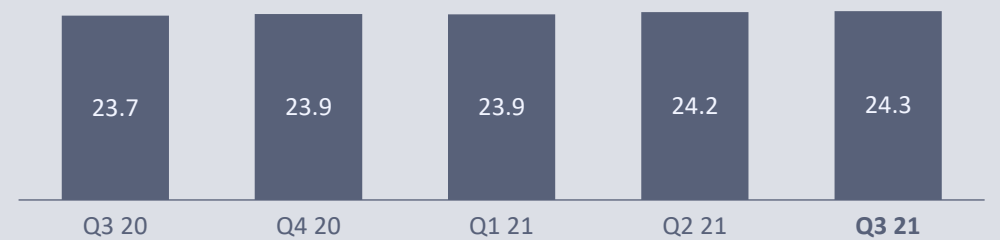
+0.6% +0.9%



## Fixed ARPU (EUR)

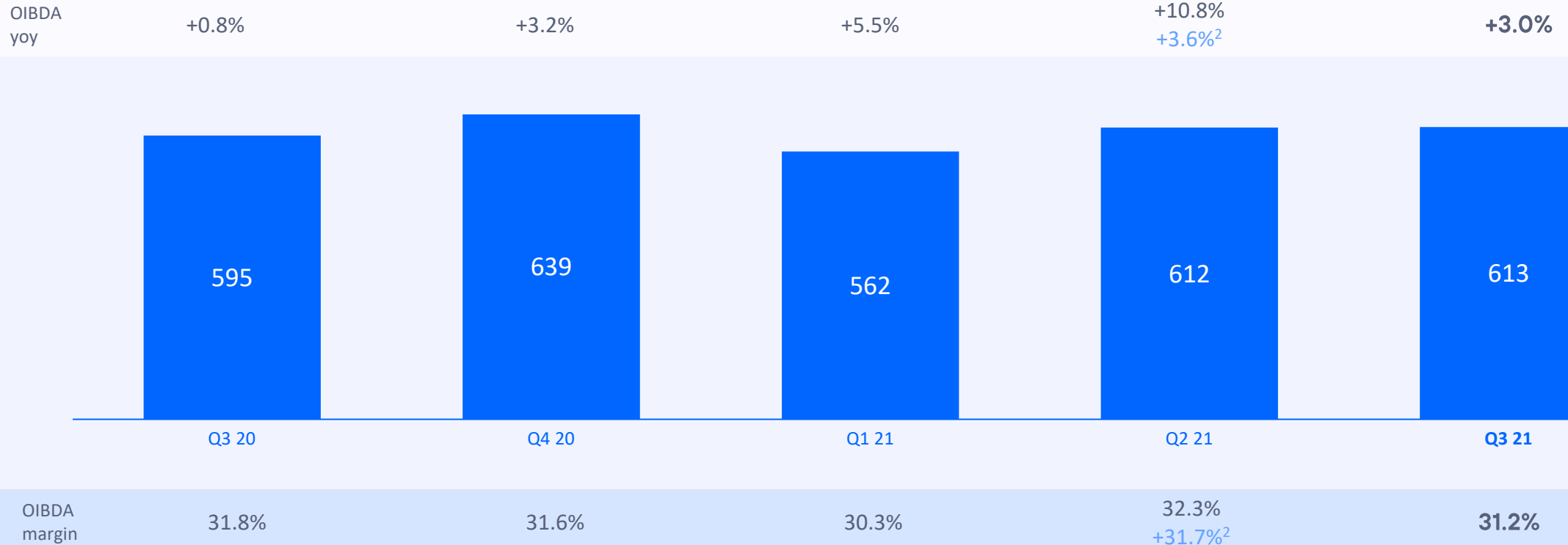
ARPU yoy

+2.4% +3.4% +0.7% +1.6% +2.5%



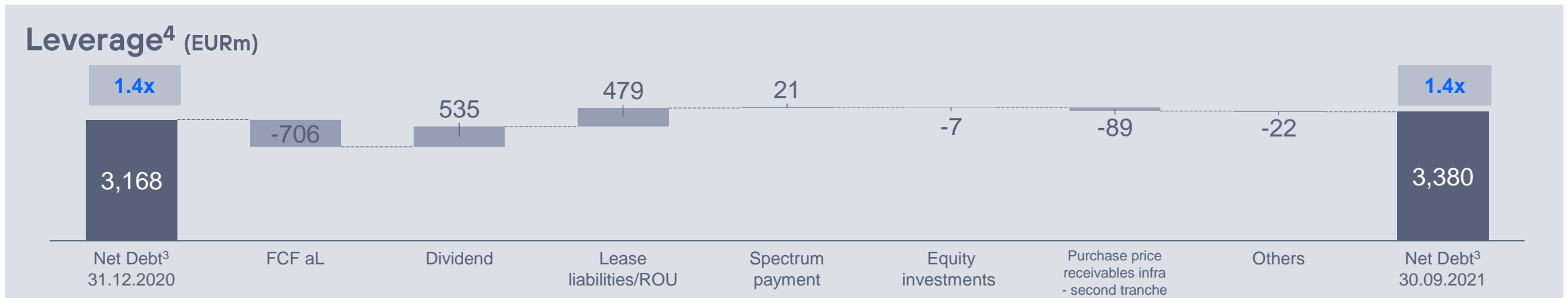
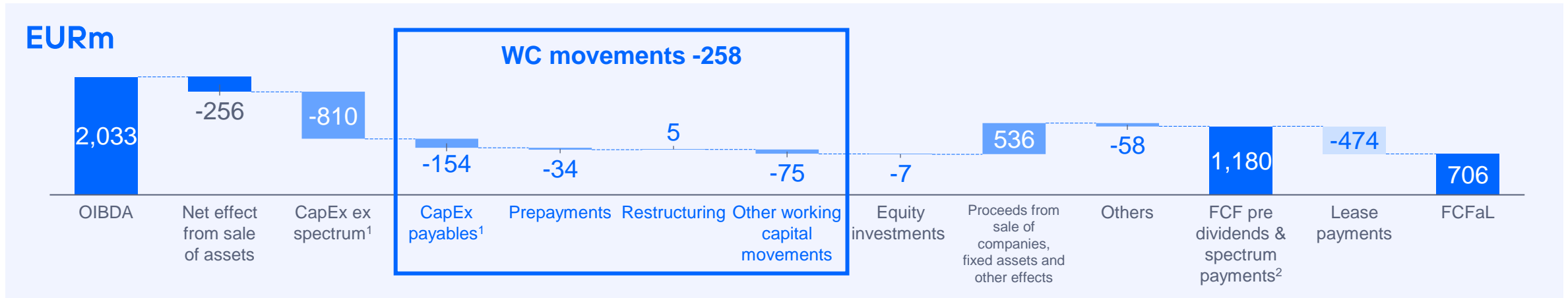
# Sustained OIBDA growth

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



<sup>1</sup> Adjusted for exceptional effects    <sup>2</sup> Excl. non-recurrent special factors & received social security payments

# Strong FCFaL supported by proceeds of roof-top deal



<sup>1</sup> Excluding additions from capitalised right-of-use assets and investments in spectrum <sup>2</sup> FCF pre dividends & spectrum payments is defined as the sum of cash flow from operating activities & cash flow from investing activities

<sup>3</sup> 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

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

# Profitable growth driving upgrade of FY21 outlook

## Strong traction of O<sub>2</sub> Free Portfolio

Q3 postpaid net additions up close to 60% yoy

## Continued revenue growth

Mainly driven by accelerating MSR growth

## Sustained OIBDA growth

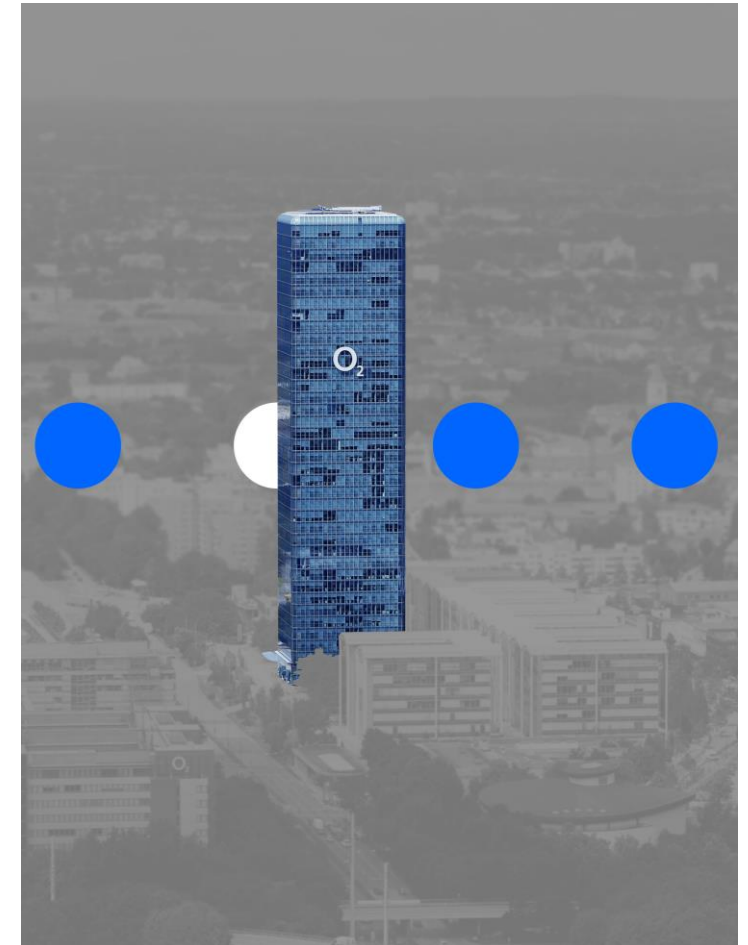
Combined effect of improved ARPU & effective cost management

## FCFaL reflects proceeds of roof-top deal

Solid B/S & strong liquidity position supported by proceeds from 2<sup>nd</sup> tranche of rooftop sale

## Upgrading FY21 outlook

OIBDA to 'low mid-single digit % growth yoy' and C/S '<17-18%'



# Telefónica Deutschland Management Q&A



**Markus Haas**

CEO

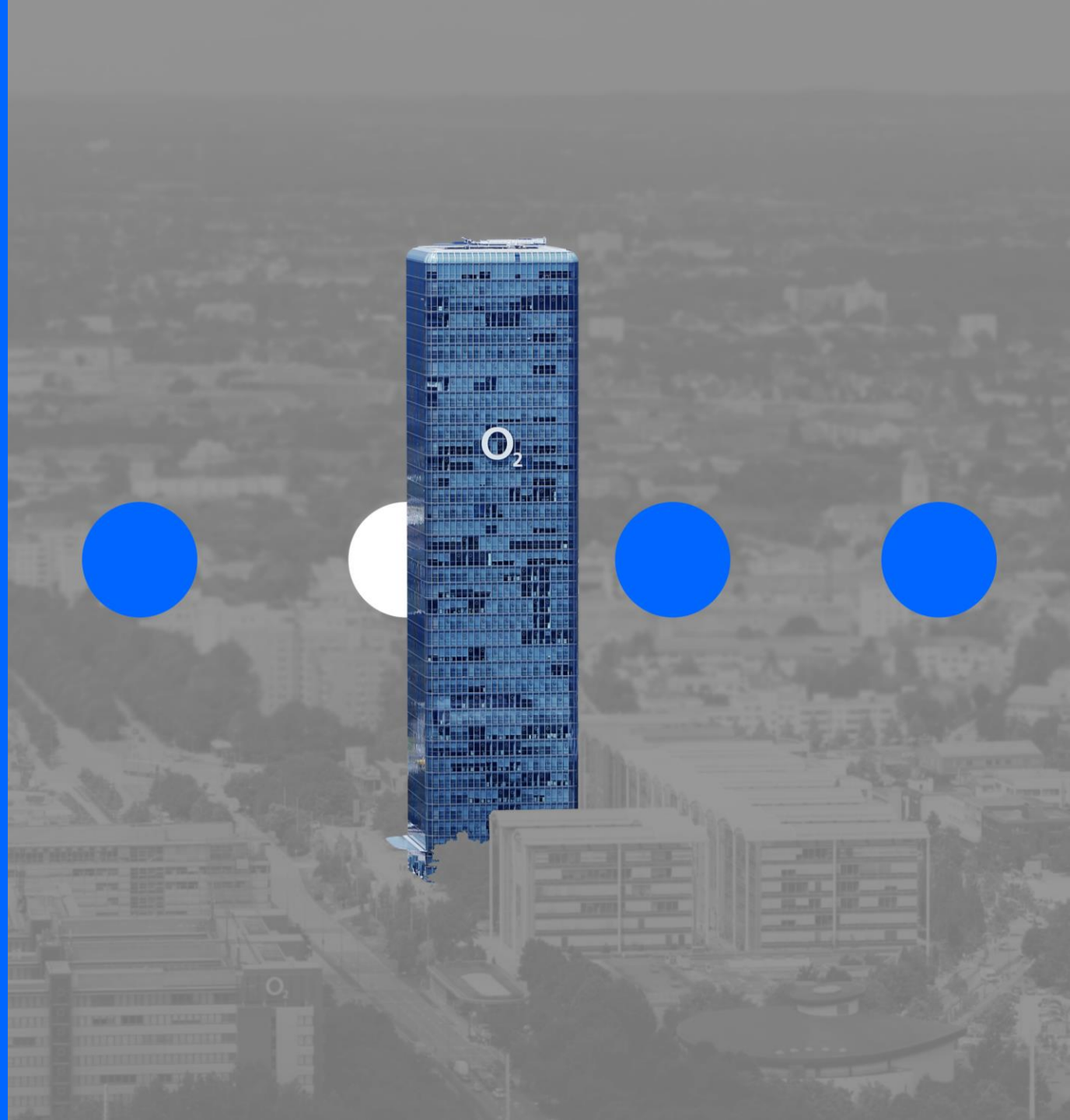
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Questions?

We look forward  
hearing from you



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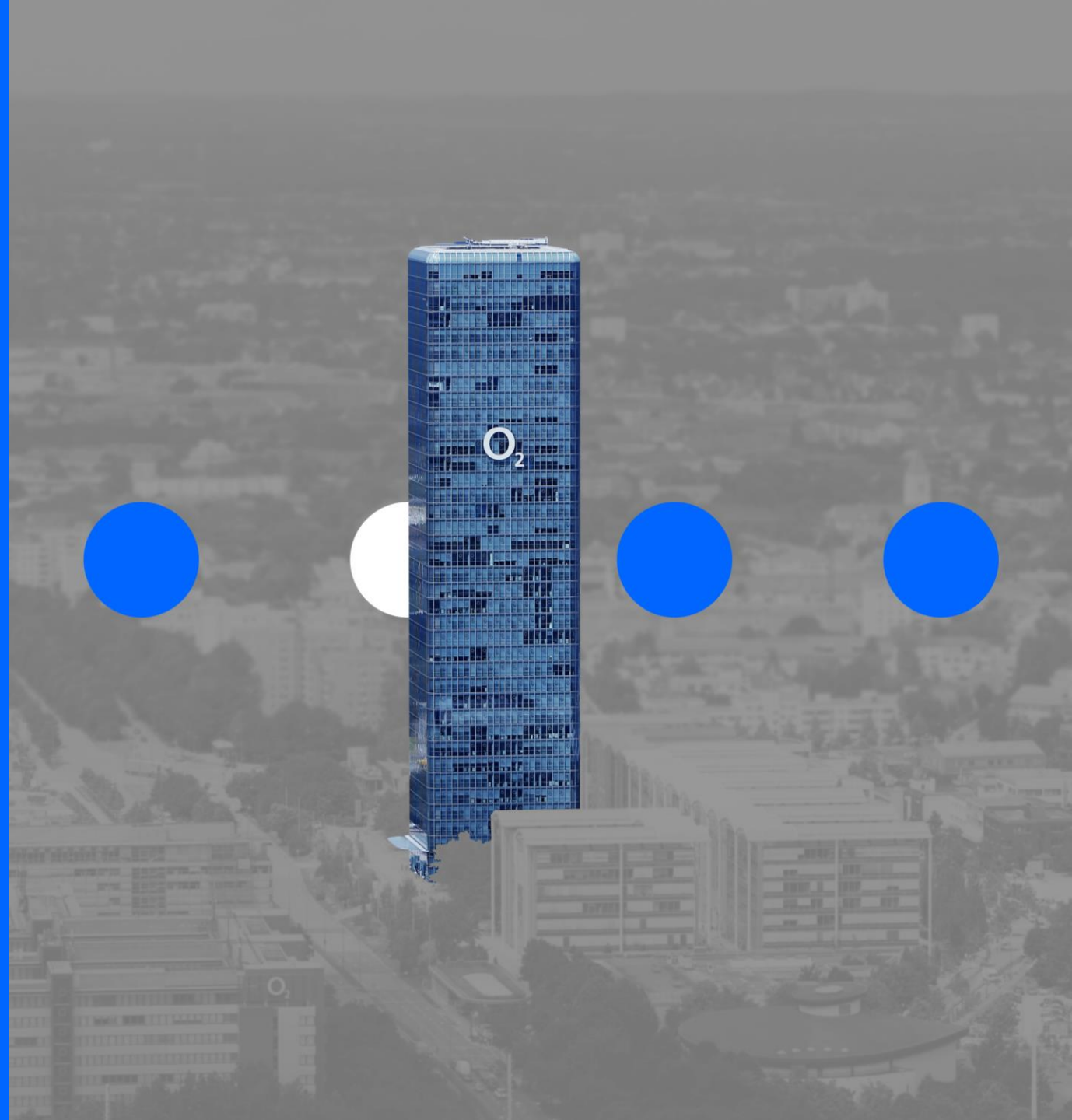


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