

Telefónica

Deutschland

Telefónica Deutschland Investor Presentation

January 2017

Telefónica Deutschland
Investor Relations

Public – Nicht vertraulich



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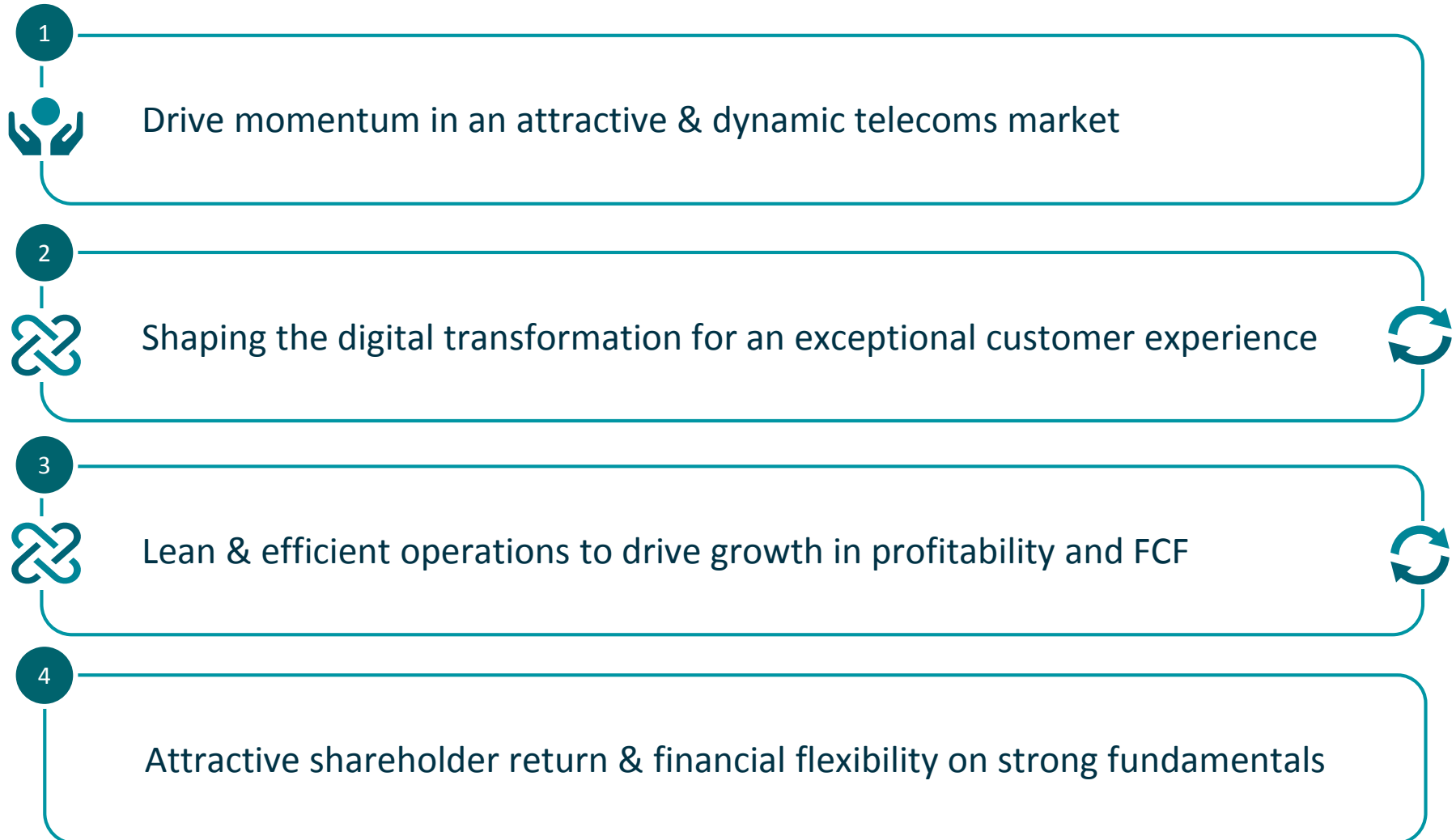
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Shaping the leading digital 'onlife' telco in Germany



Strategy 2016: Moving the focus from integration to transformation



Keep the Momentum



Integrate quickly



Transform the company

Best high-speed access

Superior customer experience

Operational excellence



Golden grid & continued LTE roll-out



Synergies & lean operating model



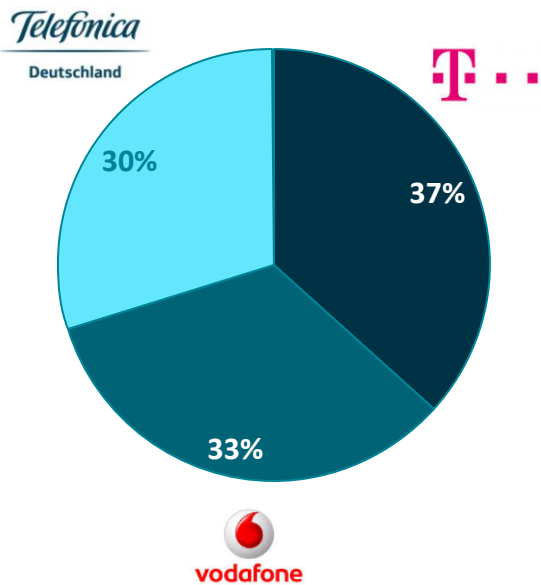
Multi-channel & digital first

Telefonica Deutschland is well positioned to lead the most attractive telco market in Europe

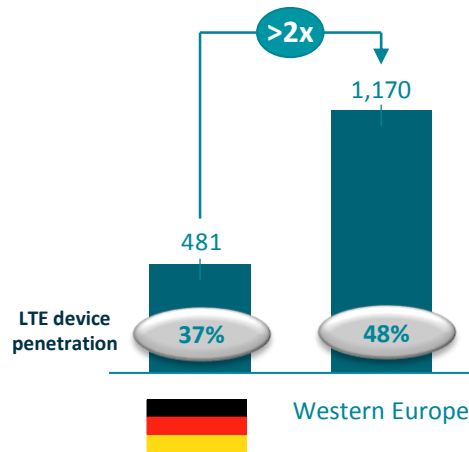
Rational and balanced market structure¹

Data monetisation opportunity intact

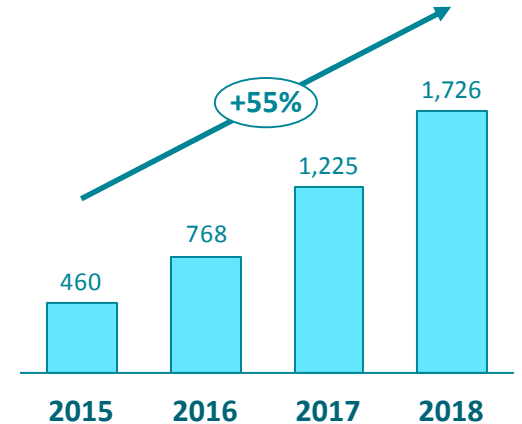
Steady adoption of a digital lifestyle



Average data usage in MB and LTE device penetration in %²



3G/4G total cellular traffic in Germany in PB³ (CAGR)



- Rational market following 4to3 consolidation
- Tiered mobile data portfolios enabling data monetisation

- Germany still a European laggard in terms of customer data usage
- Further opportunities from growing LTE adoption

- Music & video streaming as usage drivers
- Trend to ~1.5 Gb/month for LTE customers

¹ Market share of MSR based on reported financials by MNOs for Q2 2016

² Source: Analysys Mason Report; Telekom Market Matrix Q1 2016, Germany /Western Europe; 4G connections in % of smartphone connections

³ Source: Analysys Mason Report; Total cellular data traffic generated by 3G&4G handset connections in PB

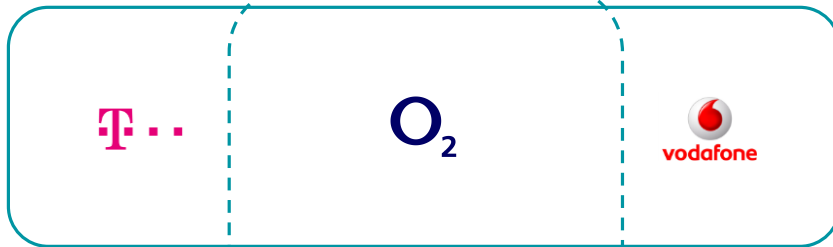
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Commercial update: Focus on data growth and strong partnerships

Premium



Non-premium: Own secondary brands



Non-premium: Partner brands



Premium: Establishing More4more

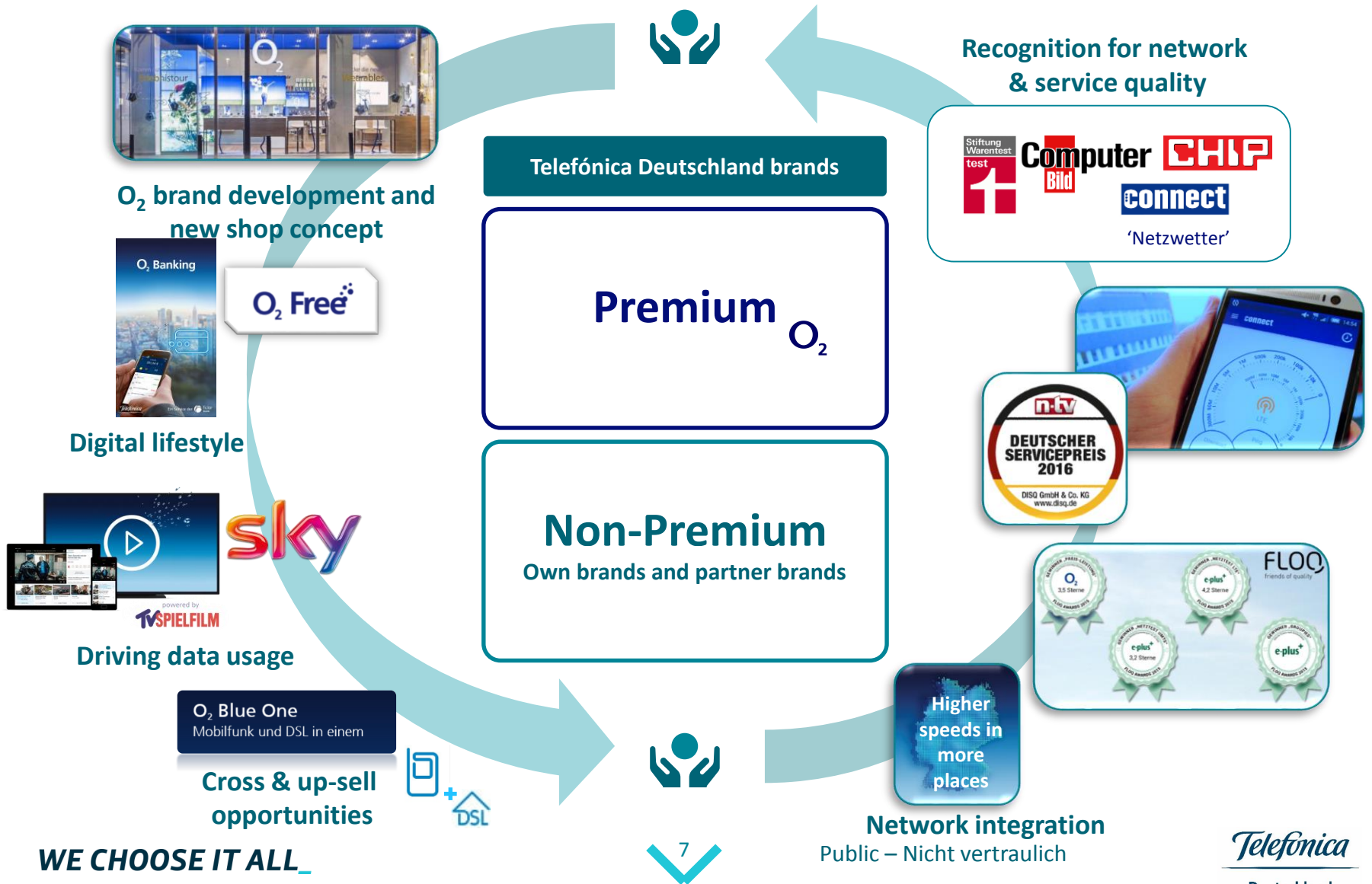
- Focus on stimulating data growth with value-added content
- Expansion of O₂ TV & Video app



Non-premium: Slight improvements

- Slight improvement in promotional activity
- Presence via own brands and partners
- Continued multi-distribution channel approach

Market environment: Customer base focus drives momentum



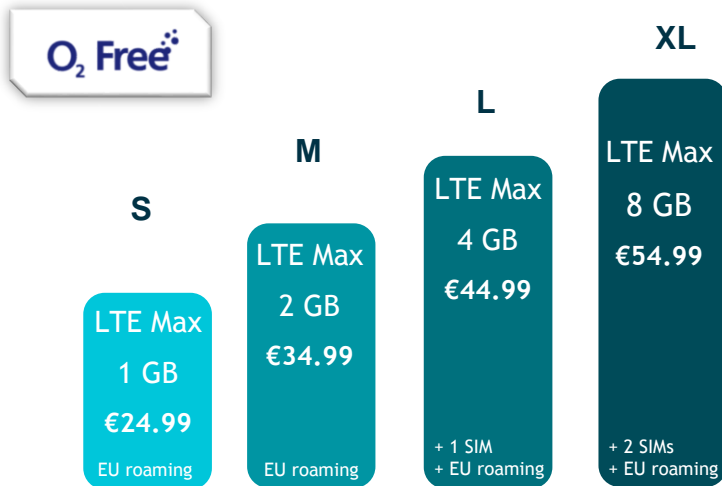
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Network integration
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Premium segment: Successful launch of new O₂ Free portfolio

1

O₂ Free portfolio (offline)



3G flat – throttle to 1 Mbps
after consumption of high-speed volume



Strategic objective



More4More

- More content for higher price points
- Differentiate from competition
- Monetise data growth & network asset



Stimulate demand

- Removal of data 'ceiling'
- Ubiquitous access via 1 Mbps throttle
- Portfolio structure & premium content provide upselling opportunity

Customer feedback



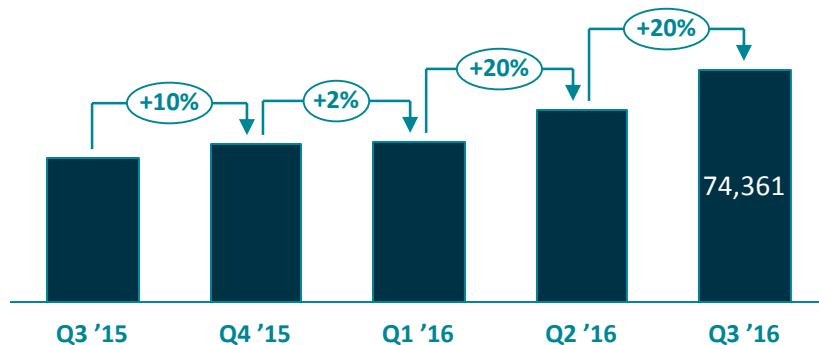
Encouraging response from customers

- Access and bandwidth options
- 3G flat as a differentiator

Continued growth in data traffic and LTE customer base

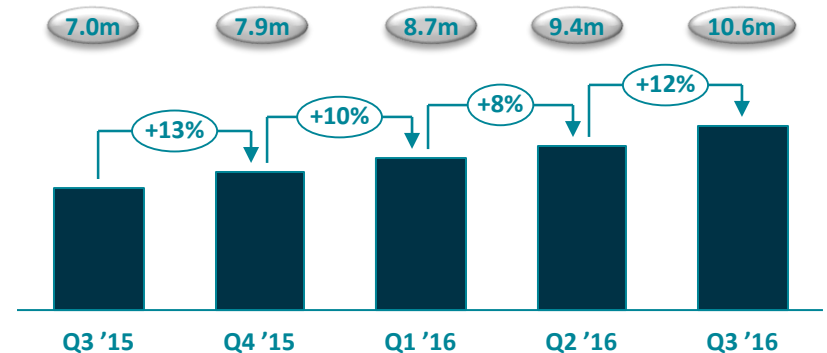
Data traffic growth continues strong

Traffic (TB/quarter)



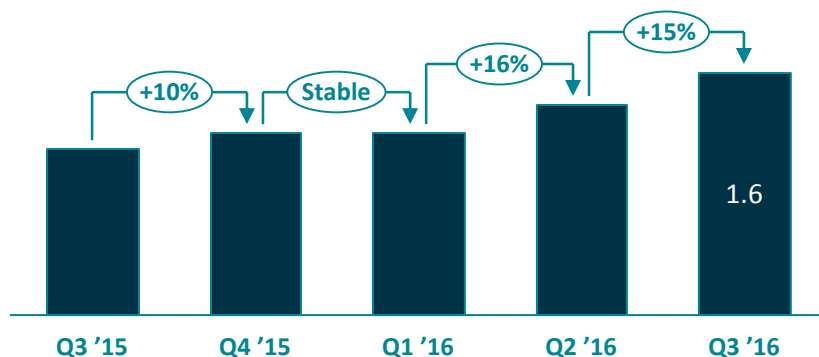
Significant growth in LTE customer base

LTE customers (million)



LTE usage driven by music and video streaming

Average data usage for O₂ consumer LTE customers¹ (GB)



- Data traffic up 20% q-o-q driven by music and video streaming
- Average data usage for LTE customers up 15% q-o-q to 1.6 GB
- LTE customer base grows to 10.6m, up 12% q-o-q and >50% y-o-y

Network update: Successful start of 4G consolidation

Network consolidation: Update



Status quo: 3 networks

- Legacy E+ network
- Legacy O₂ network
- Consolidated regions

• Connect 'Netzwerker' test

- Highest combined 3G/4G availability for LTE smartphone users
- Best signal strength
- Excellent drop call rate



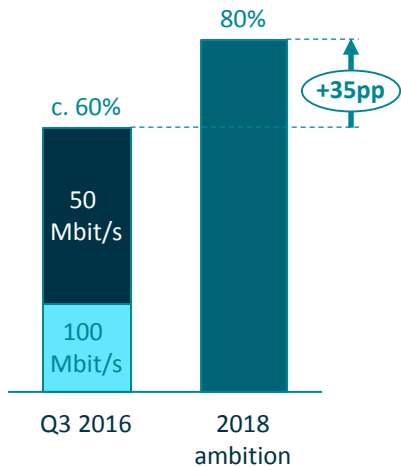
- Focus on **consolidation & roll-out**
- Phase 1 completed, now entering **phase 2**
- Steady **network quality gains**
- Consolidation will drive **synergy generation** in 2017/8

- **Region-by-region** approach
- Initial focus on **metropolitan areas**
 - Consolidation of defined regions within a week
 - Conversion of sites within hours to limit disruption for customer

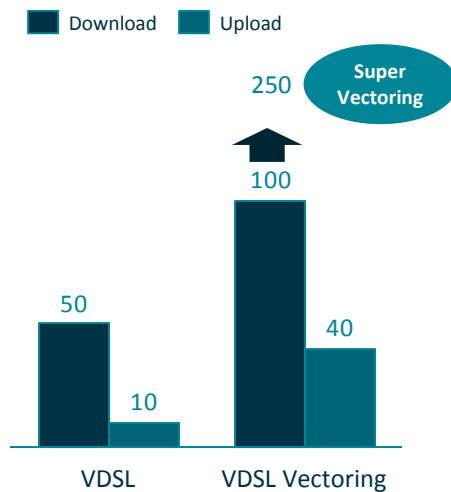
Right fixed infrastructure model to complement our mobile network for best high speed experience 2

Access to best available fixed NGA¹ network

NGA coverage targets
(% of covered households, YE)



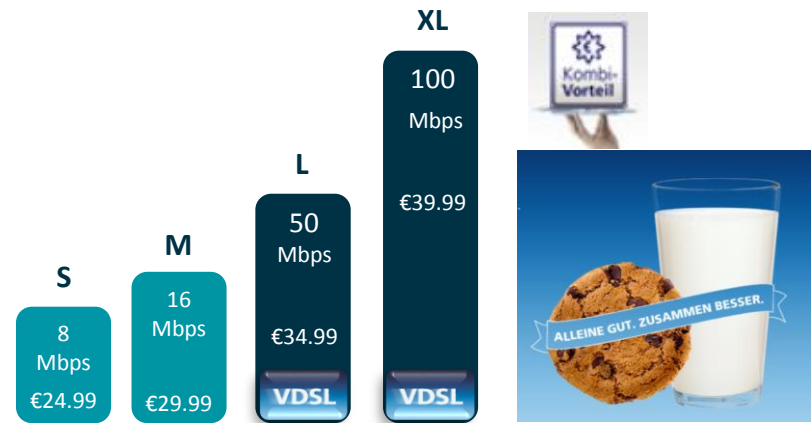
Maximum speed
(Up- & Download, Mbps.)



- Nationwide access to DT's NGA network
- DT is currently upgrading larger cities to VDSL vectoring and 100 Mbit/s

With a competitive bundled offer

O₂ DSL all-in
(Download speed, Mbps)



- O₂ Blue One offers flexible combination of fixed & mobile offers with progressive value-based discounts
- Active cross-selling of fixed & mobile propositions

¹ NGA: Next Generation Access, including VDSL, Vectoring and future FTTH deployments

IoT and ADA - Business concepts & opportunities beyond connectivity

Internet of Things (IoT)

Digitalisation key to ecosystems of the future

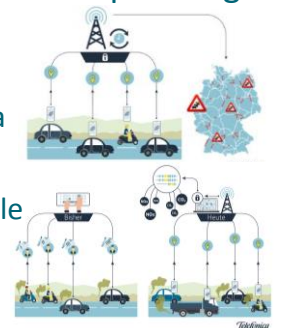
- *Future Now*
 - Programme to drive digital transformation and innovation
- *Telefónica Digital Innovation Day*
 - SME forum for connectivity
- IoT Platform
 - Cloud-hosted platform for companies developing IoT solutions for their clients
- SensorCloud
 - Acceleration of product development
 - Reference case to trial sensor cloud applications: Alpha testing & proof of concept



Advanced Data Analytics (ADA)

Big data to drive business solutions of the future

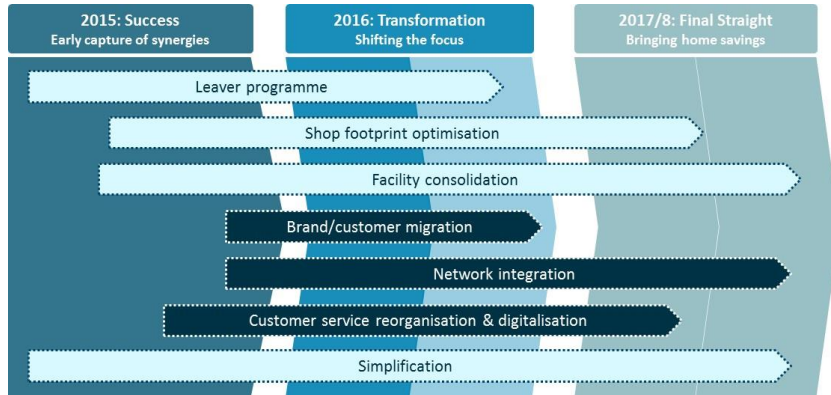
- *Digital Collaboration Centre*: Real-time data to drive operational decision-making processes
- Data anonymisation platform certified by TÜV Saarland
- Smart data analytics to support traffic planning & pollution prevention
 - Cooperation with Fraunhofer Institute Stuttgart: Mobile data for traffic planning
 - Pilot project Nuremberg: Mobile data to prevent air pollution



Innovation and transformation as core principles for the leading digital onlife telco

Synergies: On track to achieve full-year outlook and total target, focus shift to transformation

Integration



- Postpaid **customer migration** now completed
- Second wave of **leaver programme** finalised
- Progress on **infrastructure optimisation**
- **Incremental synergies** in H2 2016

Total 5-year target:
EUR 800m
OpCF savings

Strategic transformation



Simplification & Automatisation

- Standardisation of CRM & HR systems
- Future-proof back office structure
- Cross-departmental efficiencies

Digitalisation

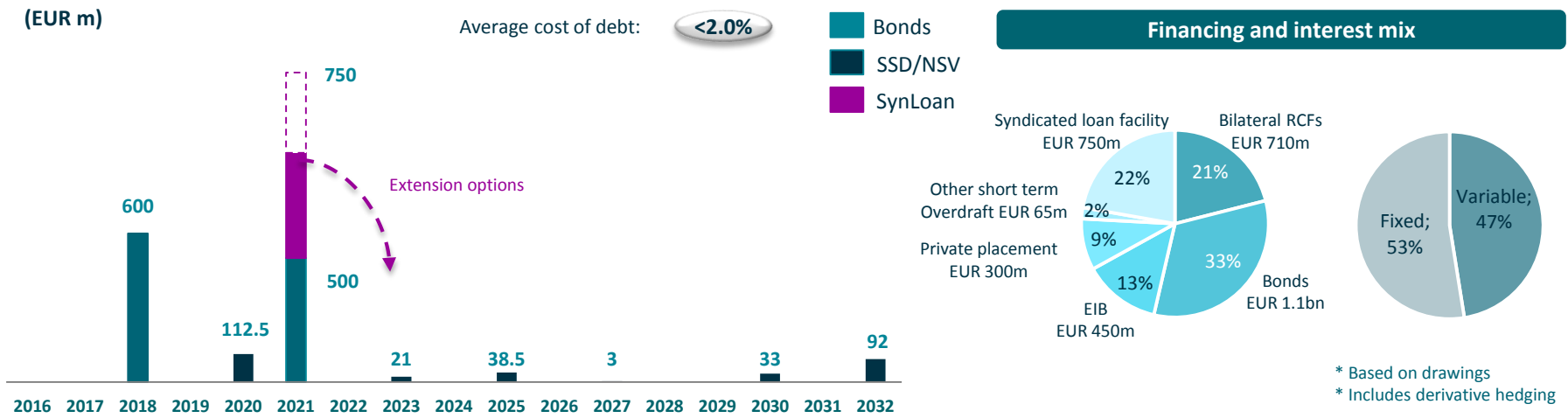
- E2E digitalisation of customer journey
- Insight-driven, real-time decision-making
- Focus on cloud and all-IP for infrastructure

New business areas

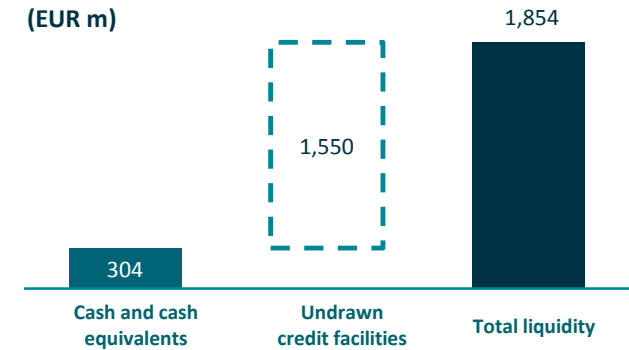
- Opportunities beyond connectivity
- IoT: Sensor cloud – Proof-of-concept phase
- ADA: Mobility insights – DA capabilities

Comfortable liquidity position per 30.9.2016 and conservative financing policy

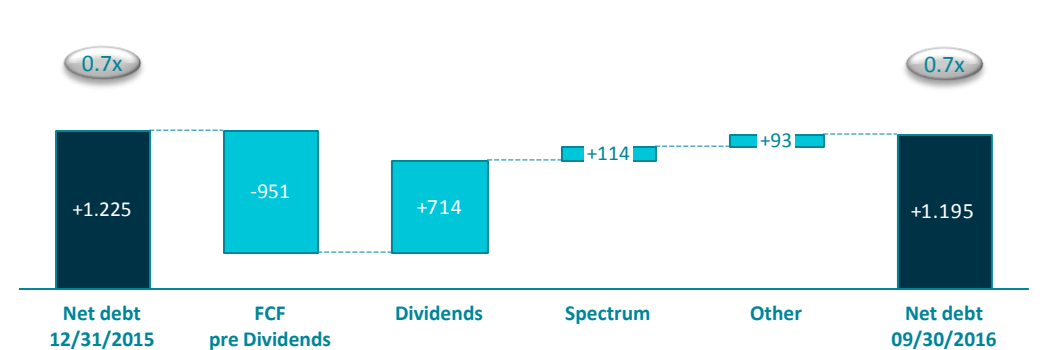
Smooth maturity profile and diversified financing mix



Comfortable liquidity position



Leverage₁ ratio at 0.7x



¹ As measured by net financial debt/OIBDA (last 12 months)

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We will maintain an attractive shareholder remuneration policy

Shareholder remuneration policy – Main guidelines¹

Maintain high payout in relation to FCF

Consider expected future synergy generation in dividend proposals

Keep leverage ratio at or below 1.0x over the medium term; target will be continually reviewed

Annual dividend growth over 3 years, starting with of EUR 0.25 per share 2016²



¹ Refer to the Telefónica Deutschland website for full dividend policy (www.telefonica.de)

² Proposal to AGM 2017

Main takeaways

1

Drive momentum in an attractive and dynamic telecoms market

- Attractive and dynamic telco market
- Significant data monetisation opportunity
- Excellent competitive position

2

Shaping the digital transformation for an exceptional customer experience

- Multi-brand, multi-channel go-to-market strategy
- Successful up- and cross-selling mechanisms
- Digitalisation of customer relationships: Offering choice and value

3

Lean & efficient operations to drive growth in profitability and FCF

- Simplified and lean operating model
- 4G network integration in full swing
- Ambitious synergy target: EUR 800m OpCF savings in year 5

4

Attractive shareholder return & financial flexibility on strong fundamentals

- Commitment to attractive dividend policy
- Conservative financing policy
- High financial flexibility

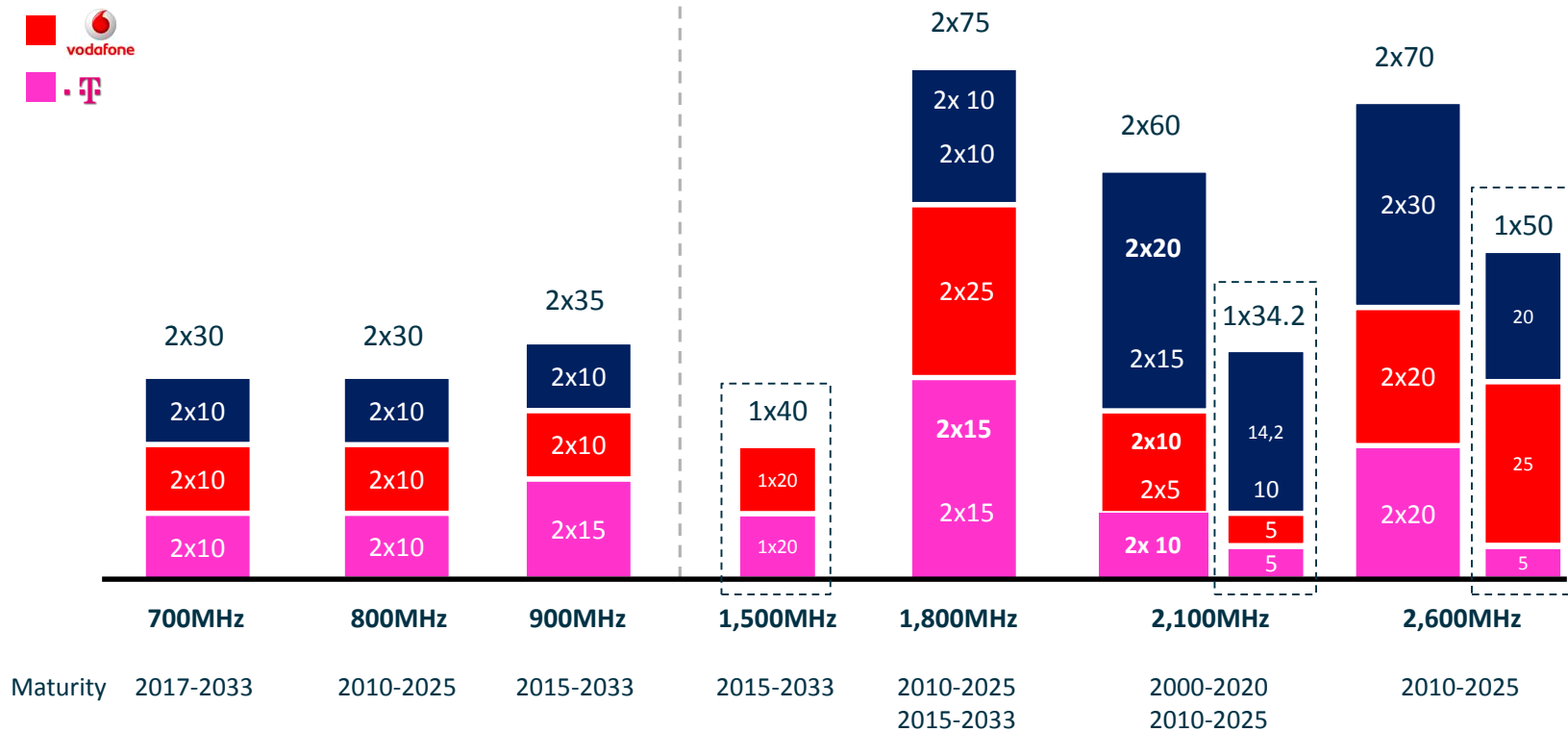
Back-up

Strong spectrum post auction enables realisation of best network experience


Coverage – Level playing field



TEF D retains spectrum leadership for capacity



O₂ Free portfolio – available since 5 October 2016


O ₂ Free ^o		S	M	L	XL
Highspeed-Daten- volumen nach Wahl		1 GB Turbo (LTE Max.) ²	2 GB Turbo (LTE Max.) ²	4 GB Turbo (LTE Max.) ²	8 GB Turbo (LTE Max.) ²
INKLUSIVE	Unendlich surfen mit bis zu 1 MBit/s	✓	✓	✓	✓
	Minuten in alle dt. Netze ³	✓	✓	✓	✓
	SMS in alle dt. Netze	✓	✓	✓	✓
	Extra-Festnetznummer ⁴	✓	✓	✓	✓
	EU Roaming Flat ⁵	✓	✓	✓	✓
	Multicard ⁶	+ 4,99 mtl.	+ 4,99 mtl.	1 Multicard inklusive	2 Multicards inklusive
	Mtl. Grundgebühr reduziert für O ₂ Kunden ⁷	19,99	29,99	34,99	44,99
	Mtl. Grundgebühr (bei 24 Monaten Mindestvertragslaufzeit)	24,⁹⁹	34,⁹⁹	44,⁹⁹	54,⁹⁹

Einmaliger Anschlusspreis beträgt 29,99 €.

Preise in € inkl. MwSt.

1 Mit o2 Free kann nach Verbrauch des Highspeed-Datenvolumens im o2 2G/GSM- und 3G/UMTS-Netz mit bis zu 1.000 KBit/s (im Durchschnitt 994 KBit/s) weitergesurft werden (HD-Video-Streaming und Internetanwendungen mit ähnlich hohen oder höheren Bandbreitenanforderungen nicht uneingeschränkt möglich; Upload bis zu 1.000 KBit/s, im Durchschnitt 945 KBit/s). 2 Bis zu 225 MBit/s (im Durchschnitt 13,0 MBit/s; Upload bis zu 50 MBit/s, im Durchschnitt 8,6 MBit/s) im dt. o2 Mobilfunknetz. 3 Gilt nur im Inland. Ausgenommen sind Verbindungen zu Sonderrufnummern und Rufumleitungen, Taktung 60/60. 4 Festnetznummer für eingehende Gespräche aus Deutschland zu Festnetzbedingungen. 5 EU Roaming Flat: 24 Mon. Mindestvertragslaufzeit. Enthalten sind Gespräche, die innerhalb der 28 EU Mitgliedstaaten sowie Island, Monaco, Norwegen, Schweiz, Liechtenstein, Andorra, Isle of Man, Gibraltar, San Marino, Vatikanstadt, Jersey, Französisch-Guayana, Guernsey, Guadeloupe, La Réunion, Martinique (insgesamt „Teilnehmerländer“) geführt u. angenommen werden, sowie alle abgehenden Gespräche aus den Teilnehmerländern nach Deutschland u. alle Gespräche innerhalb eines Teilnehmerlandes (ausgenommen jeweils Sonderrufnummern, Gespräche auf See oder aus bzw. zu Satellitennetzen). Bis zu 1 GB des im Basisstarif oder Surf-Upgrade enthaltenen Datenvolumens kann mit einer Surf- u. Upload-Geschwindigkeit von bis zu 21,6 MBit/s auch in den Teilnehmerländern genutzt werden. 6 Du kannst deinen jeweiligen o2 Free-Tarif mit bis zu 3 SIM-Karten („Multicards“) gleichzeitig nutzen. Du zahlst für die 2. und 3. SIM-Karte jeweils einmalig 29,99 € und jeweils monatlich 4,99 €. Kunden in den Tarifen o2 Free L und XL, erhalten eine (gilt für o2 Free L) bzw. zwei (gilt für o2 Free XL) zusätzliche SIM-Karten (Multicards) kostenlos, die monatliche Gebühr für die Multicard entfällt demnach. Das im Tarif enthaltene Highspeed-Datenvolumen erhöht sich durch die zusätzlichen SIM-Karten nicht. Nach Verbrauch des Highspeed-Datenvolumens kann unendlich im o2 2G/GSM- und 3G/UMTS-Netz mit bis zu 1.000 KBit/s (im Durchschnitt 994 KBit/s) weitergesurft werden (HD-Video-Streaming und Internetanwendungen mit ähnlich hohen oder höheren Bandbreitenanforderungen nicht uneingeschränkt möglich; Upload bis zu 1.000 KBit/s, im Durchschnitt 945 KBit/s). 7 Kunden von o2 erhalten bei Kombination von mindestens zwei am Kombi-Vorteil teilnehmender Telekommunikationstarife für die Dauer des gleichzeitigen Bestehens der Verträge einen Rabatt von bis zu 10 € auf die mtl. Grundgebühr des jeweils hinzugebuchten Tarifs (bei kombiniertem DSL-Tarif einen Rabatt auf dessen Grundgebühr, max. 4 x Mobilfunk/1x DSL). Kombinierbare Tarife u. Rabatte einsehbar unter www.o2.de/tarifkombinationen.

O₂ DSL All-in portfolio

	O ₂ DSL	All-in M ¹⁷	Young ¹⁷	TIPP All-in L ¹⁷	All-in XL ^{17,**}
Allnet-Flat: Minuten ins dt. Festnetz ¹⁸	FLATRATE	22 ct/Min.	FLATRATE	FLATRATE	FLATRATE
Minuten in alle dt. Mobilfunknetze ¹⁸	FLATRATE	22 ct/Min.	FLATRATE	FLATRATE	FLATRATE
Unbegrenzt surfen (mit bis zu 2 Mit/s)	✓	✓	✓	✓	✓
Maximale Surf-Geschwindigkeit ¹⁴	bis zu 16 MBit/s (Upload: bis zu 2.4 MBit/s)	VDSL bis zu 50 MBit/s (Upload: bis zu 10 MBit/s)	VDSL bis zu 50 MBit/s (Upload: bis zu 10 MBit/s)	VDSL bis zu 50 MBit/s (Upload: bis zu 10 MBit/s)	VDSL bis zu 100 MBit/s (Upload: bis zu 40 MBit/s)
Maximale Surf-Geschwindigkeit bis ¹⁴ (Inklusiv-Volumen)	300 GB ¹⁴	300 GB ¹⁴	300 GB ¹⁴	300 GB ¹⁴	500 GB ¹⁴
Fair-Use-Mechanik ¹⁹	✓	✓	✓	✓	✓
HomeBox 2/AVM FRITZ!Box 7490 ²⁰	0,00/29,00	0,00/29,00	0,00/29,00	0,00/29,00	0,00/29,00
Anschlusspreis	0,00 (anstatt 49,99)	0,00 (anstatt 49,99)	0,00 (anstatt 49,99)	0,00 (anstatt 49,99)	0,00 (anstatt 49,99)
 Mtl. Grundgebühr reduziert für O ₂ Kunden*	ab 4,99 (ab 7. Monat ab 19,99)	ab 4,99 (ab 7. Monat ab 19,99)	ab 4,99 (ab 7. Monat ab 24,99)	ab 4,99 (ab 7. Monat ab 29,99)	ab 4,99 (ab 7. Monat ab 29,99)
Mtl. Grundgebühr (bei 24 Monaten Mindestvertragslaufzeit)	14,99 (ab 7. Monat 29,99)	14,99 (ab 7. Monat 29,99)	14,99 (ab 7. Monat 34,99)	14,99 (ab 7. Monat 39,99)	14,99 (ab 7. Monat 39,99)

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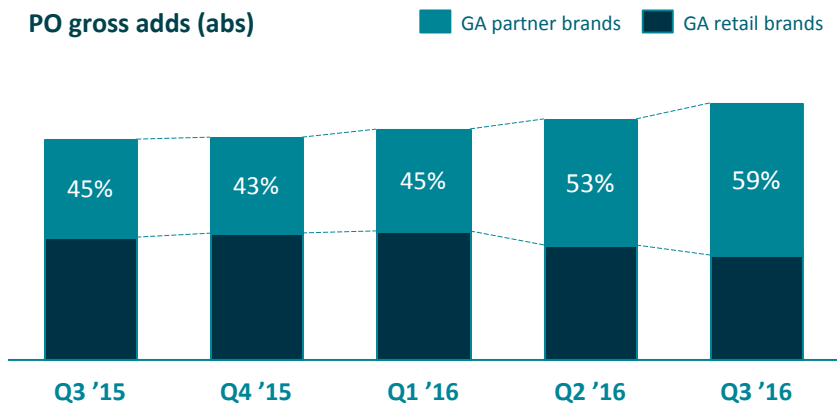


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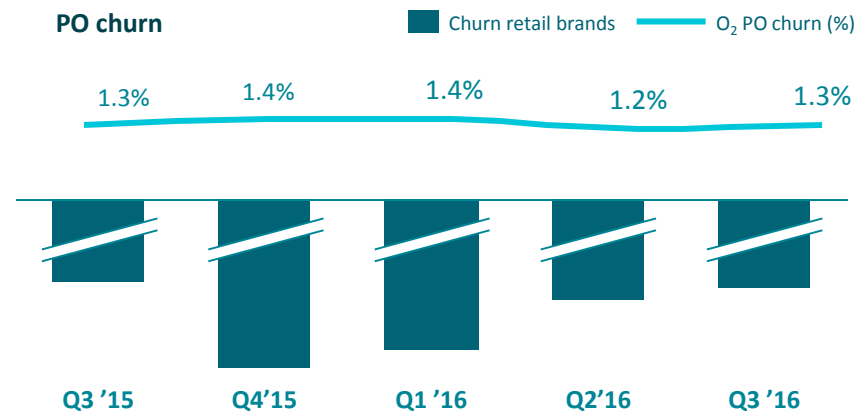
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Trading: Partner trading accelerates on competitive dynamics

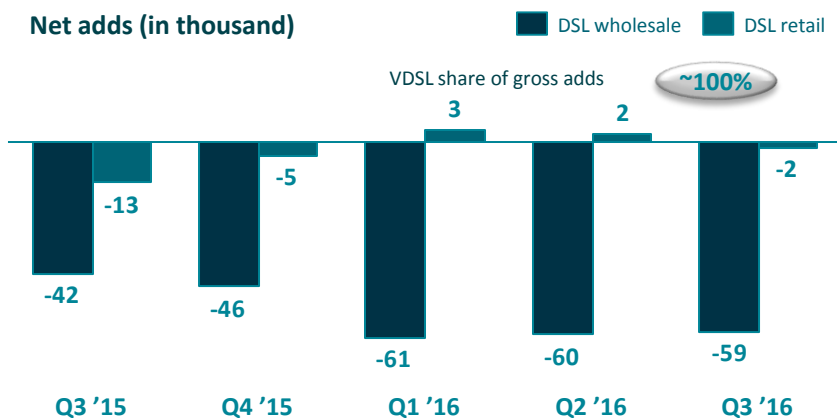
Partner trading accelerating



Successful retention focus



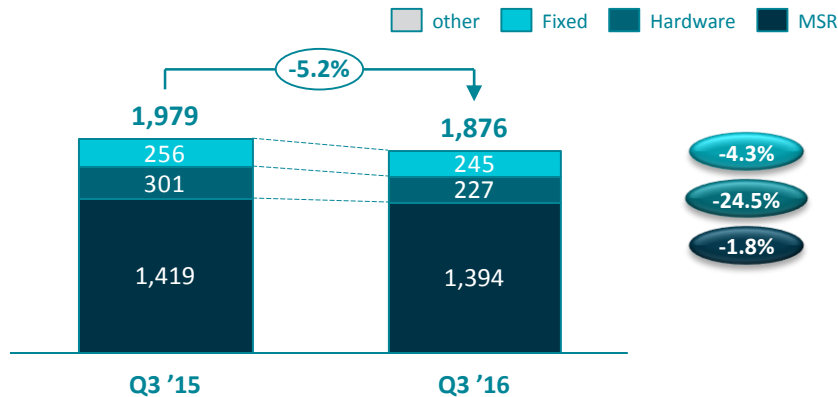
VDSL drives fixed trading



- Continued competition in non-premium drives partner gross add share to 59%
- Premium retail churn continues to fall due to successful retention efforts
- Retail broadband stable on continued good traction of VDSL

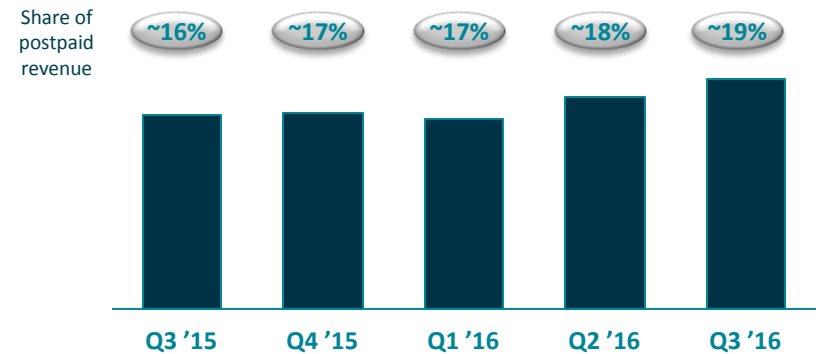
Revenue development: Underlying MSR performance improving vs prior quarter

Revenue structure (in EUR m)

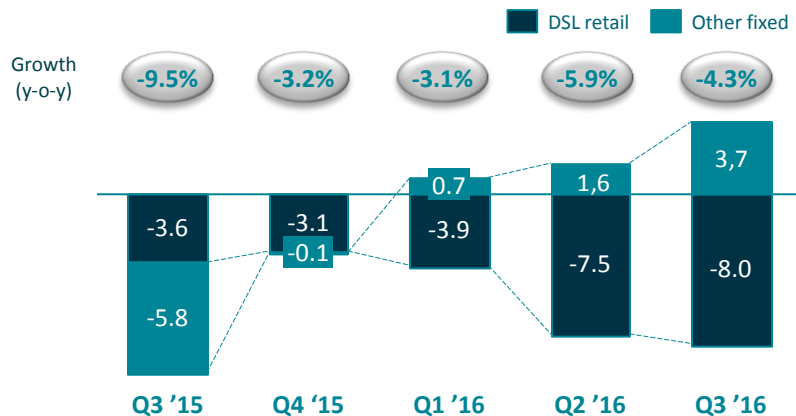


Partner share of postpaid MSR only slightly higher

MSR from partner business (in EUR m)



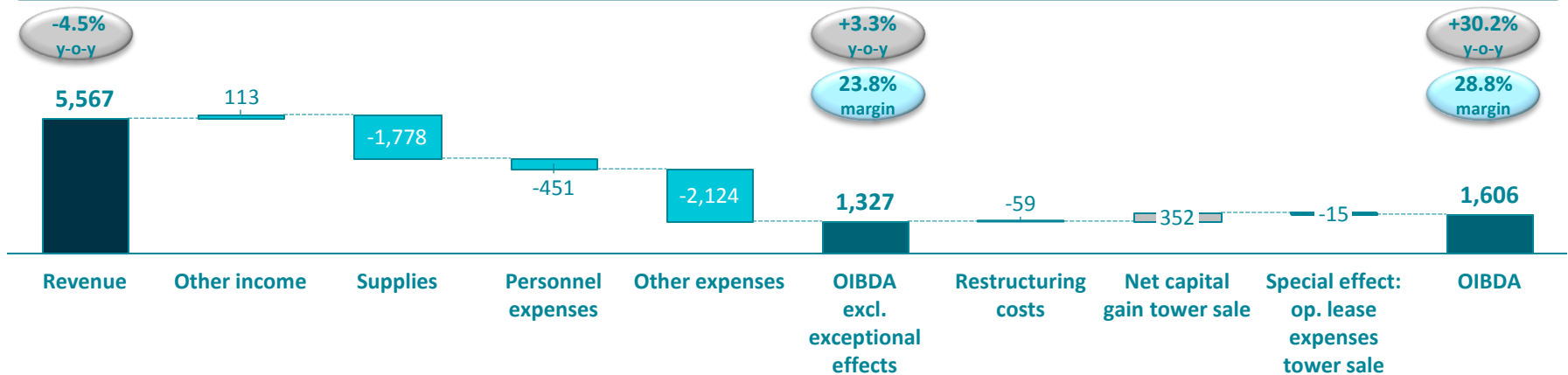
Fixed revenue y-o-y (in %)



- MSR stabilising year-on-year with continued headwinds plus roaming impact
- Partner share of postpaid MSR only slightly higher at ~19%
- Hardware revenues impacted by longer handset renewal cycles
- Phasing of promotional effects affecting DSL retail revenue

OIBDA driven by successful synergy capture; incremental synergies in third quarter

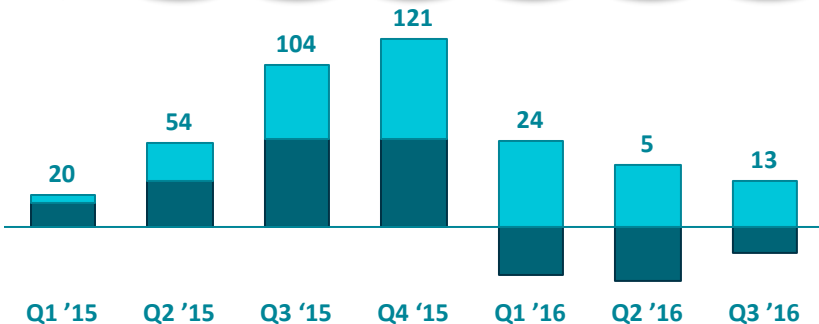
Structure of OIBDA for January to September 2016 (in EUR m)



Synergies driving OIBDA growth

OIBDA growth (y-o-y in EUR m)

Share of synergies: >40%, ~45%, >50%, >100%, >100%, >100%



- OIBDA growth YTD driven by synergy savings
- Margin improvement to 23.8% (+1.8 pp year-on-year)
- Offsetting other Opex impact lessening after completion of postpaid migration
- Tower effects: EUR 352m net capital gain with EUR 15m Opex effect (May to Sep)

Expected synergies to exceed EUR 5bn (NPV¹)

OpCash Flow synergies of ca. EUR 800m in year 5

Distribution & customer service

- Leverage and scale effects of broad distribution network and customer service organisations
- Optimisation of retail footprint resulting in reduction of rent and overhead
- Focus on digital customer touch points for sales and service initiatives



Network

- Improved quality & capacity in 4G with reduced CapEx requirement
- Consolidation of 2G/3G access networks, backbone and backhaul
- Reduction of ~14,000 sites to reach "golden grid"
- Leverage scalable cooperation with Deutsche Telekom regarding fixed line services
- Overall improved network perception



SG&A

- Elimination of duplications in organisation
- Transformation towards lean and digital
- Focused advertising & marketing spend

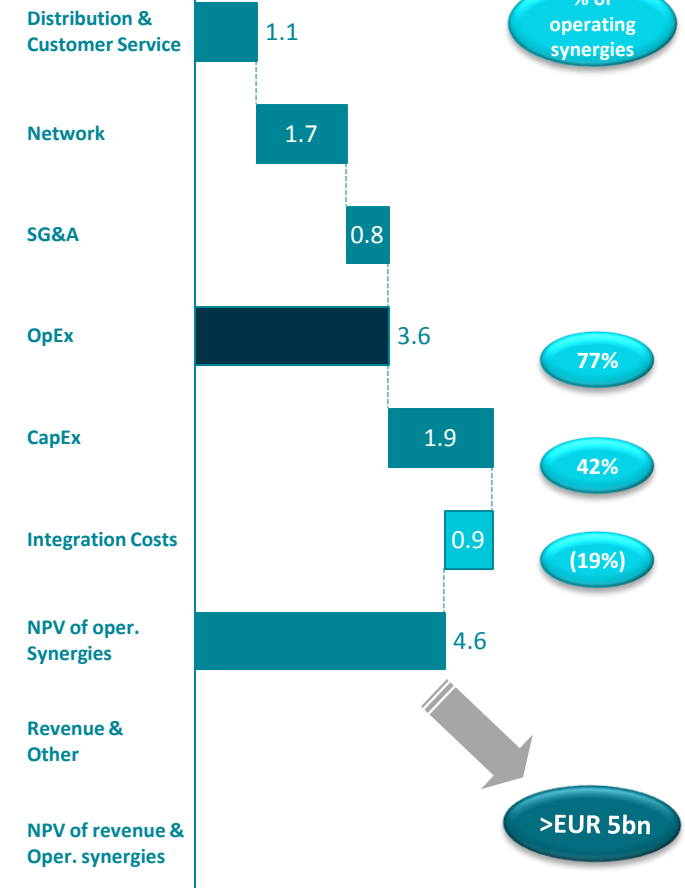


Revenue and other

- Additional cross and upselling opportunities in consumer and SME
- Cross-selling opportunity for fixed BB
- Upside potential from strong wholesale component



In EUR bn

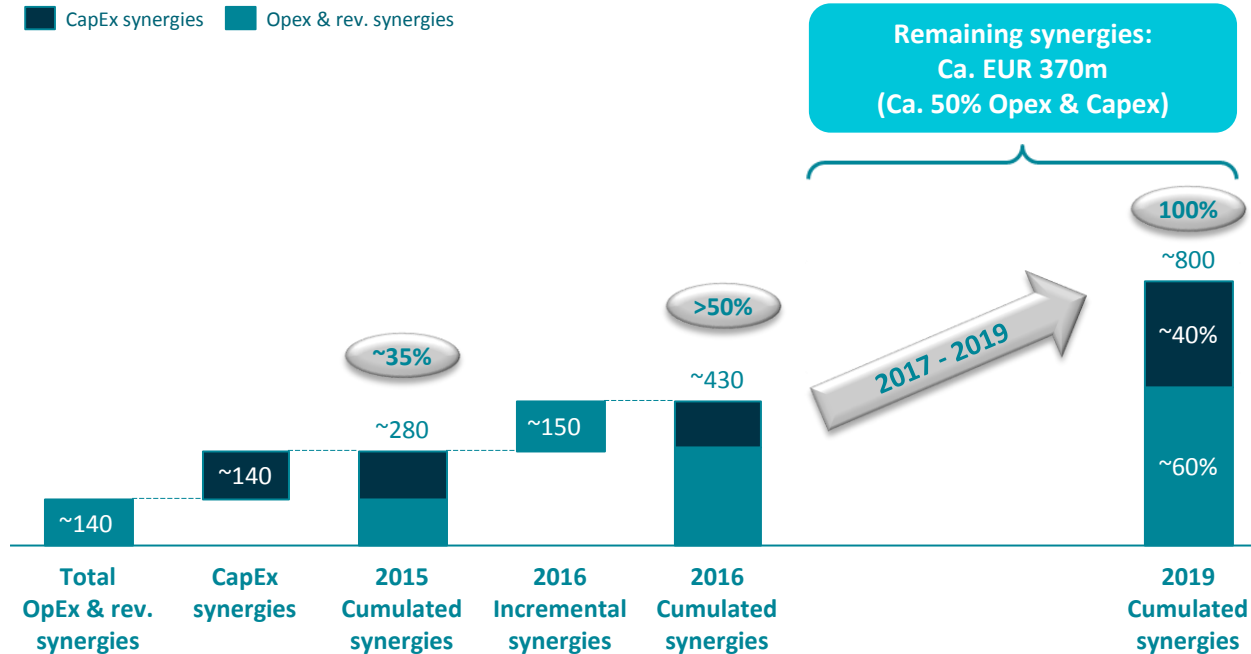


¹ Calculated as the sum of the present values of forecasted future cash flows including the so-called "terminal value" (NPV of expected future cash flows beyond the explicit forecast horizon) after tax

² Run-rate of OpCF synergies is pre-tax

Update synergy case: Postpaid customer migration completed

Synergy case 2015 - 2019 (EUR m)



Larger initiatives in 2016

Network integration

Brand & customer migration
IT transformation

Ongoing workstreams from 2015

Leaver programme
Total target ~1,600 FTEs

Shop footprint
Total target ~600 shops (-30%)

Facilities consolidation
Total target ~100k sqm (-50%)

Customer Service reorganisation & digitalisation

Simplification

- Successfully executing on all initiatives: PO customer migration now completed
- Total target of EUR 800m OpCF synergies by 2019 unchanged
- Expecting to reach >50% of total target or ~EUR 430m by year-end 2016

Guidance update in second quarter 2016

	Baseline 2014 ¹ (EUR m)	Actual 2015 ² (EUR m / y-o-y pct. growth)	Outlook 2016 NEW ² (y-o-y pct. growth)	
MSR	5,528	5,532 / +0.1%	Slightly negative	Reiterating outlook
OIBDA	1,461	1,760 / +20.5%	Low to mid single-digit % growth	Reiterating outlook
CapEx	1,161	1,032 / -11.1%	Mid to high single-digit % growth	Updating outlook

- Reiterating MSR outlook but narrowing range from 'slightly negative to broadly stable' to 'slightly negative'
- Reiterating OIBDA outlook
- Adjusting Capex from '% growth in the low tens' to 'mid to high single-digit % growth' on more efficient Capex spend and LTE roll-out phasing
- Improving OpCF; strong FCF growth potential

>50%
of total target of
EUR 800m to be achieved
in 2016:
~EUR 430m²

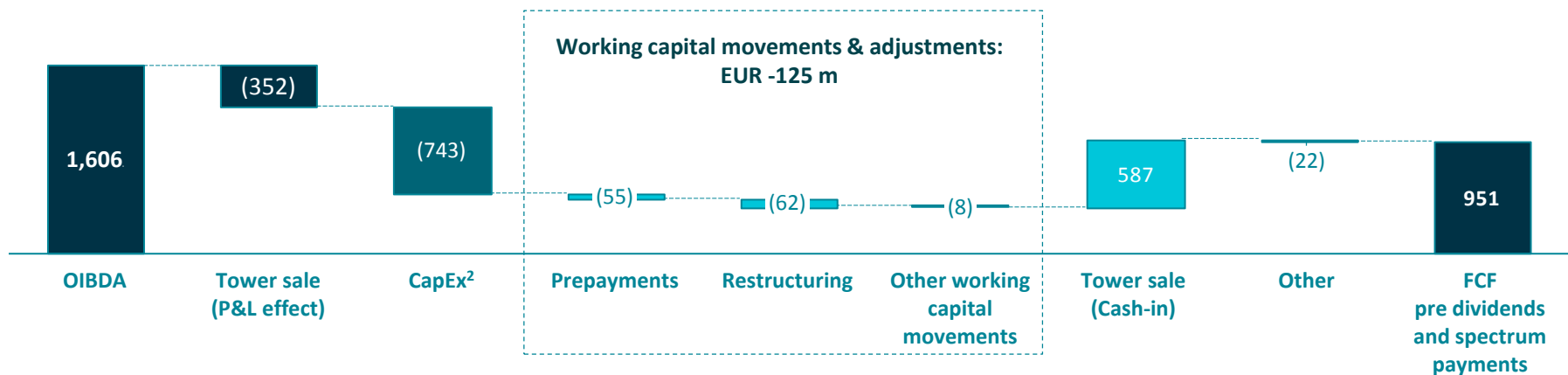
Annual dividend growth over next 3 years, starting with proposal of EUR 0.25 in 2016

¹ Baseline figures for 2014 are approximate and the result of the aggregation and then consolidation of Telefónica Deutschland and E-Plus Group financials according to Telefónica Deutschland Group accounting policies. Figures are further adjusted by exceptional effects, such as capital gains or restructuring costs based on estimates made by Telefónica management and resulting in combined figures we believe are more meaningful as a comparable basis. For details refer to additional materials published on our website <https://www.telefonica.de/investor-relations-en.html>

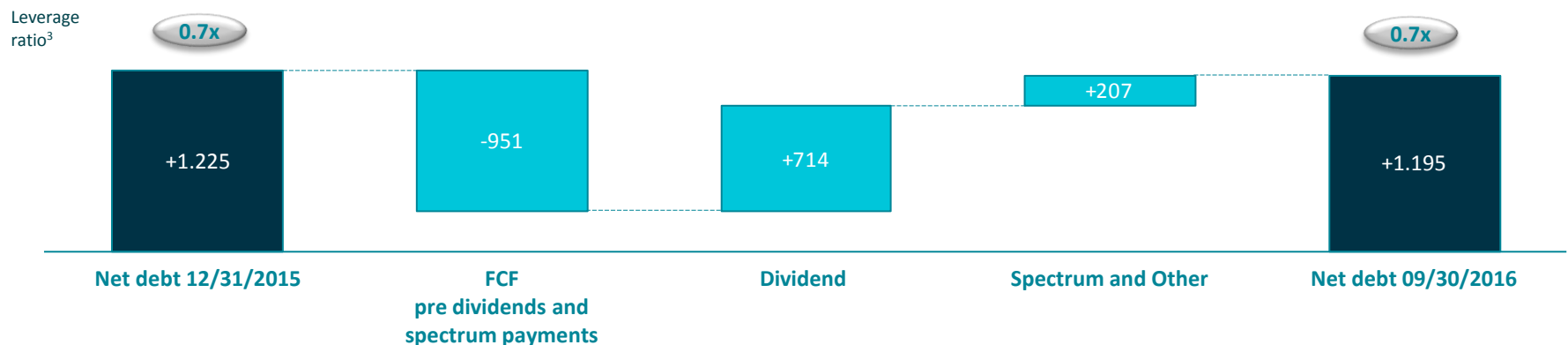
² Expected regulatory effects (e.g. MTR cuts) are included in the outlook. Restructuring costs from the integration of E-Plus Group are excluded from OIBDA and CapEx excludes investments in spectrum.

FCF driven by tower sale cash

Evolution of Free Cash Flow YTD September 2016 (in EUR m) ¹



Evolution of Net Debt³ (y-o-y in EUR m) – Leverage ratio³ remains stable



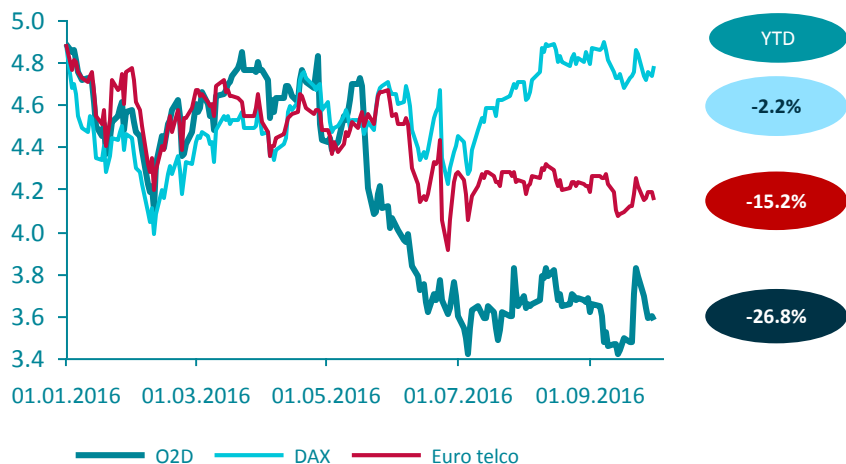
¹ Free cash flow pre dividend and spectrum payment is defined as the sum of cash flow from operating activities and cash flow from investing activities

² Excluding capitalised costs on borrowed capital in the first nine months of 2016 for investments in spectrum in June 2015

³ For definition of net debt & leverage ratio please refer to Q3 2016 earnings release

O2D - Factsheet

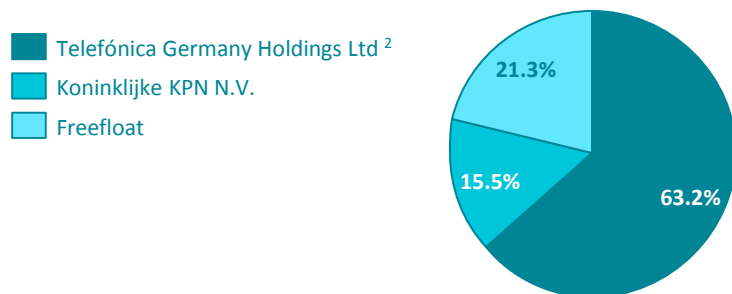
Share price development until 30.09.2016



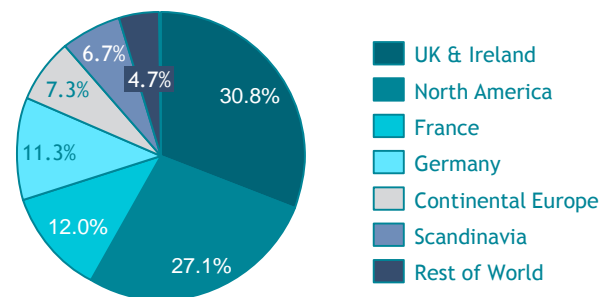
Telefónica Deutschland at a glance

Market segment	Prime Standard
Industry	Telecommunications
Shares outstanding	2,974,554,993 shares
Share capital	EUR 2,974.6 m
Market cap (as of 30.09.)	EUR 10,651.7 m
Share price (as of 30.09.)	EUR 3.581

Shareholder structure as of 30.09.2016¹



Regional split of shareholder structure



¹ According to shareholders register as of 30 September 2016

² Telefónica Germany Holdings Limited is an indirect wholly owned subsidiary of Telefónica S.A

Quarterly detail of relevant financial and operating data for Telefónica Deutschland

(Euros in millions)	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Revenues	1,901	1,949	1,979	2,059	7,888	1,858	1,834	1,876
Mobile service revenues	1,354	1,382	1,419	1,378	5,532	1,336	1,358	1,394
OIBDA post Group fees, pre exceptionals and special effects ¹	378	453	454	476	1,760	401	459	467
CapEx	221	242	241	328	1,032	218	212	314

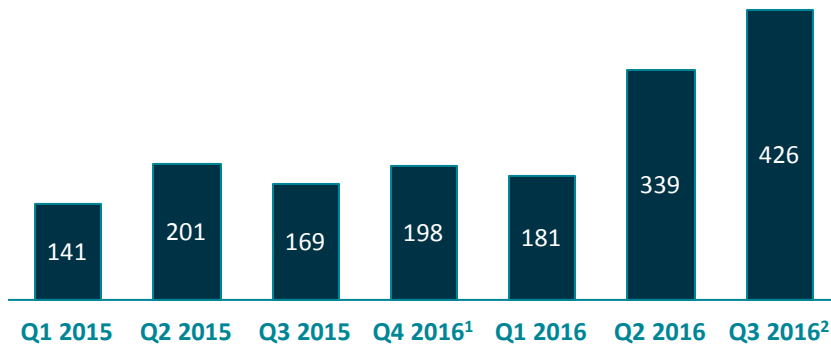
Accesses (EoP in k)	2014					2016		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Total Accesses	47,658	48,041	48,645	48,363	48,363	48,252	48,605	49,196
o/w Mobile	42,179	42,617	43,289	43,063	43,063	43,008	43,417	44,074
Prepay	23,264	23,501	24,004	23,979	23,979	23,744	23,814	23,873
Postpay	18,915	19,116	19,285	19,083	19,083	19,264	19,603	20,201

¹ Exceptional & special effects are excluded from our full-year guidance and thus also excluded from this OIBDA consensus. Exceptional & special effects in the third quarter of 2016 include potential restructuring expenses as well as the impact from higher operating lease expenses related with the sale of passive tower infrastructure in Q2 2016.

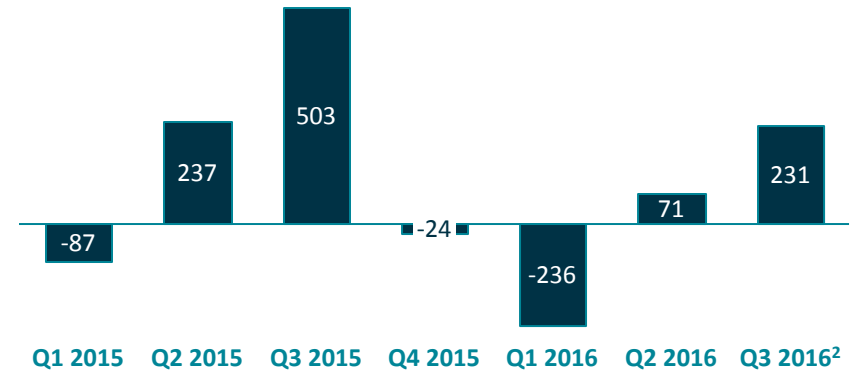
Key Performance Indicators

Mobile KPIs

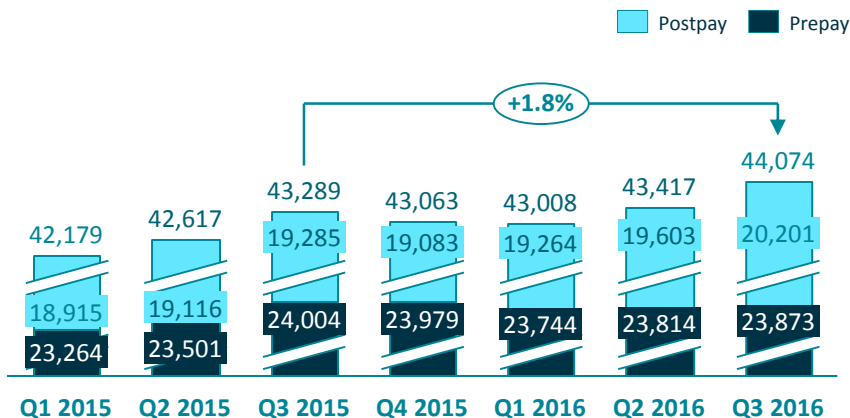
Postpay net adds ('000)



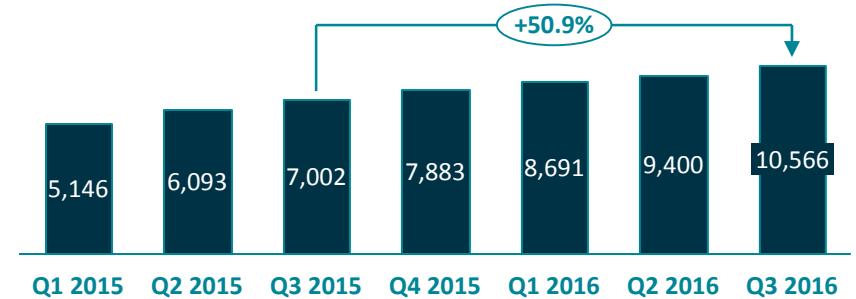
Prepay net adds ('000)



Mobile customer base ('000)



LTE customer base ('000)



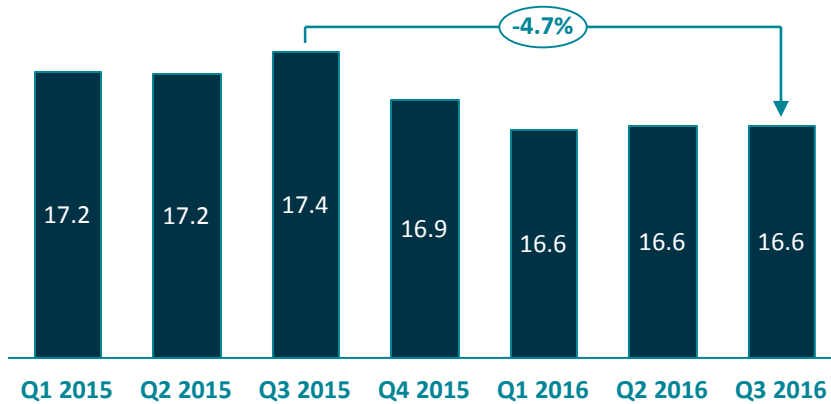
¹ Excluding an impact from a business customer base harmonisation at the E-Plus Group respective negative 202 thousand in reported terms

² Excluding reclassification of 172k customers from prepaid to postpaid as part of the customer migration activities

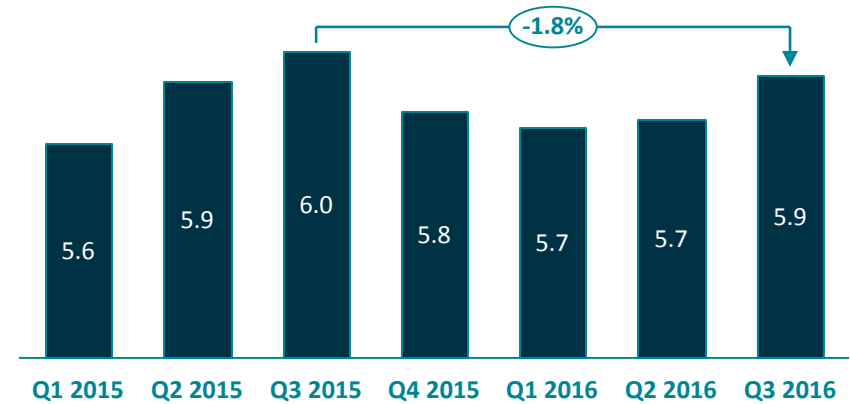
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Mobile KPIs

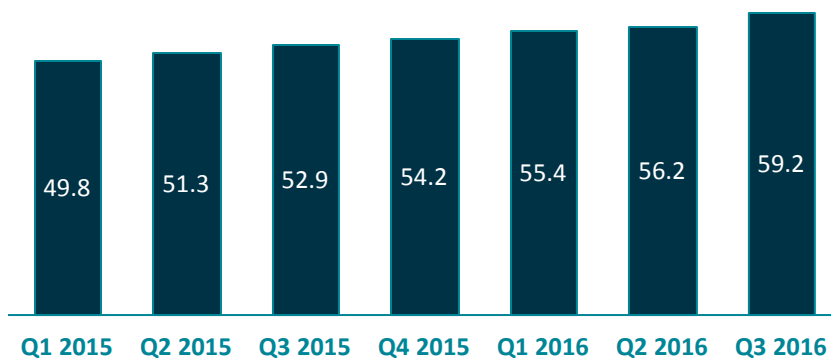
Postpay ARPU (EUR)



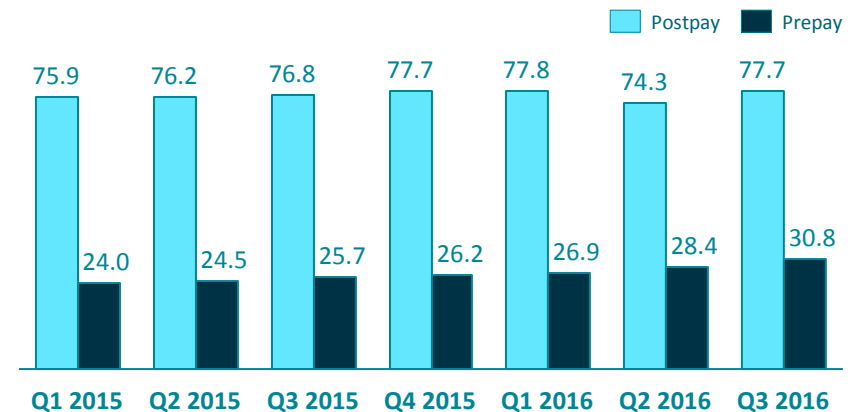
Prepay ARPU (EUR)



Smartphone penetration (%)¹



Smartphone penetration O₂ consumer (%)



¹ Smartphone penetration is based on the number of customers with a smallscreen tariff (e.g., for smartphones) divided by the total mobile customer base less M2M, less customers with a bigscreen tariff

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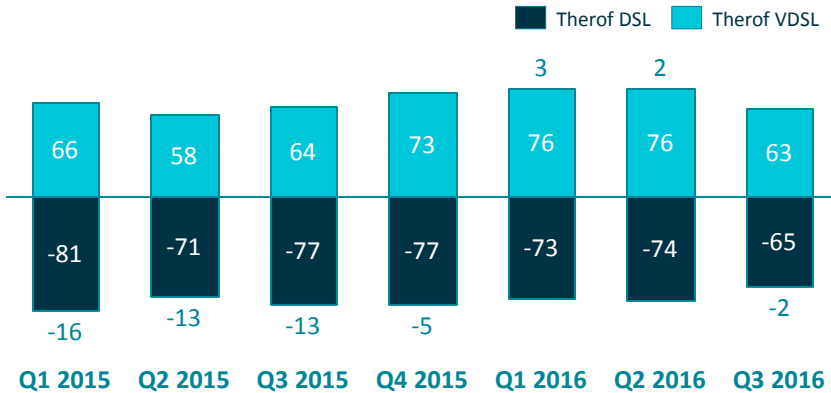
Public – Nicht vertraulich

Telefonica

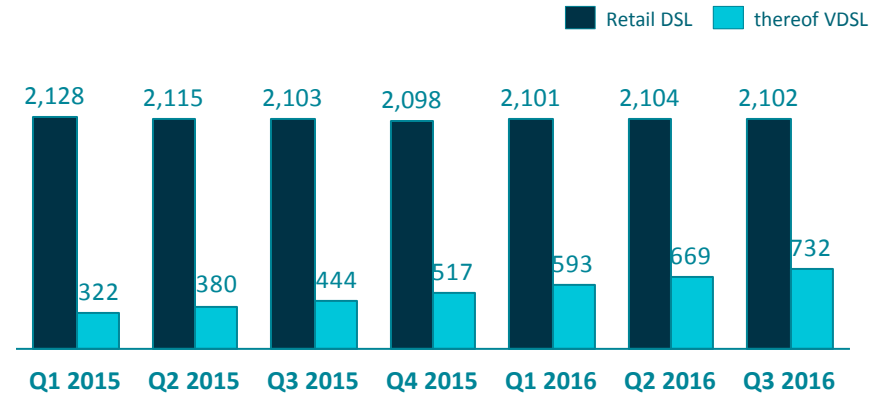
Deutschland

Fixed-line KPIs

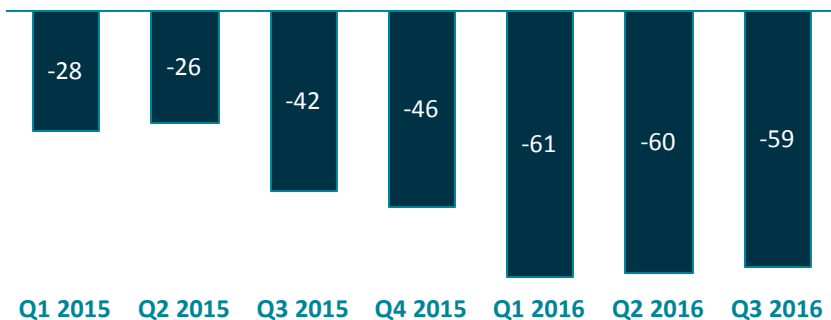
Retail broadband net adds ('000)



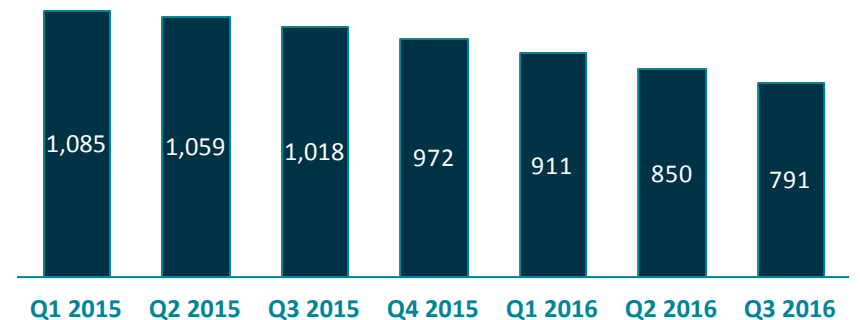
Fixed accesses ('000)



Wholesale net adds ('000)

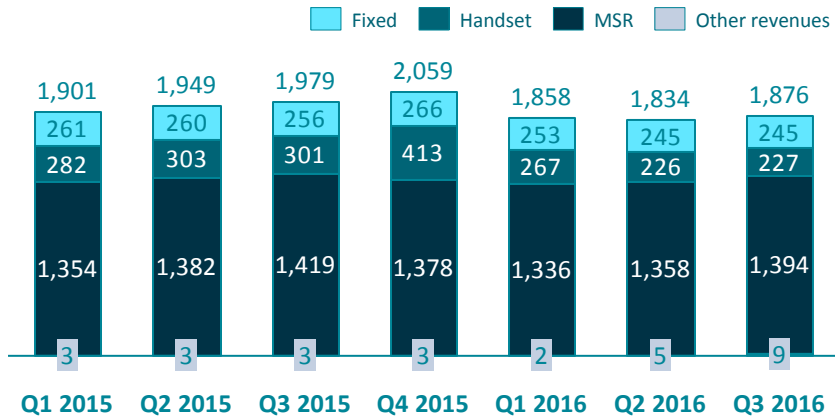


Wholesale accesses ('000)¹

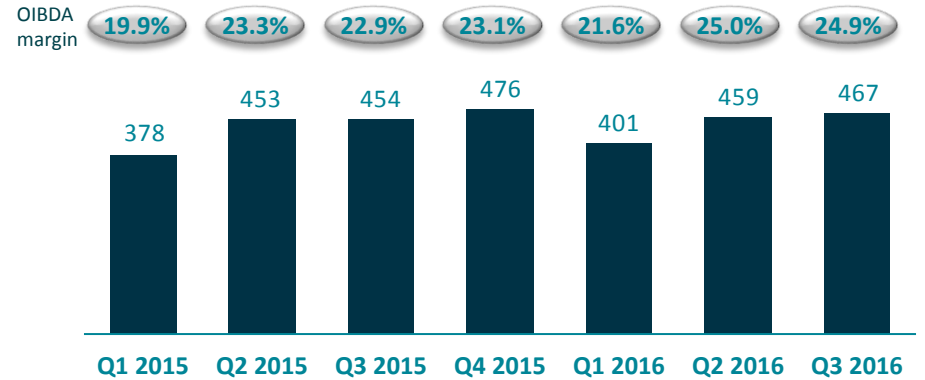


¹ Wholesale accesses incorporate unbundled lines offered to 3rd party operators, including wirelines telephony and high-speed Internet access

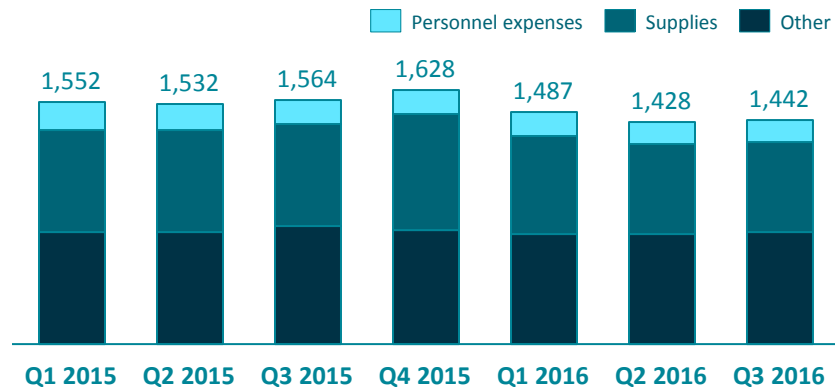
Revenue structure (EUR m)



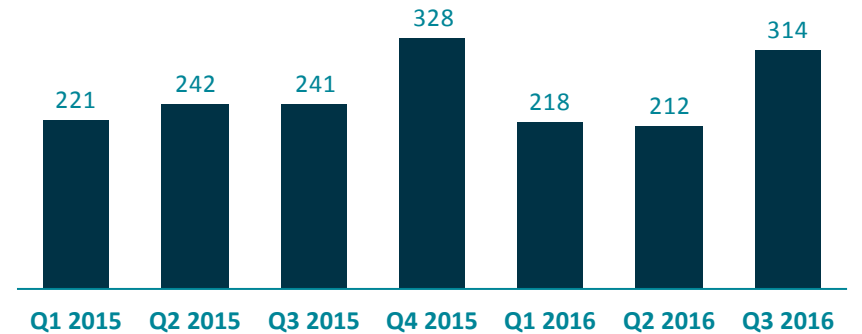
OIBDA (post GF, pre except / EUR m)¹



OpEx-Split² (EUR m)



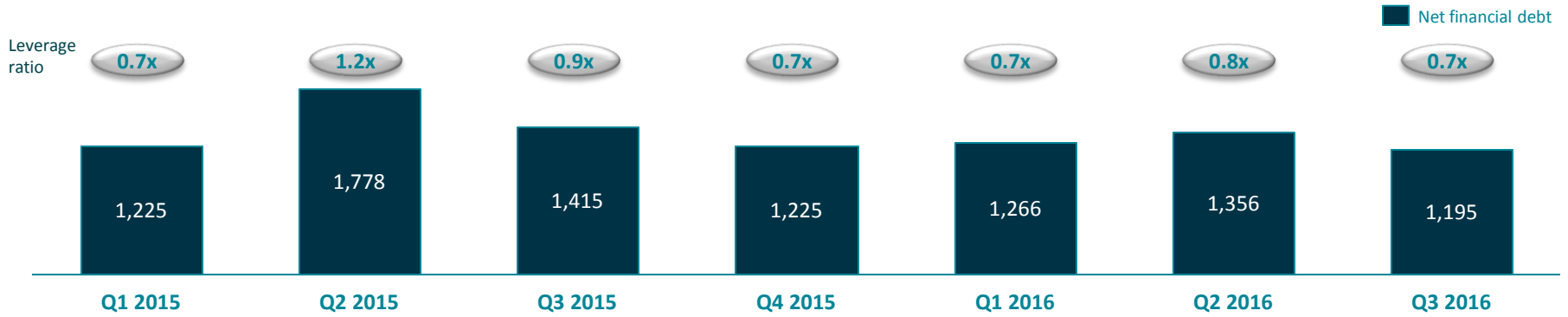
CapEx (EUR m)



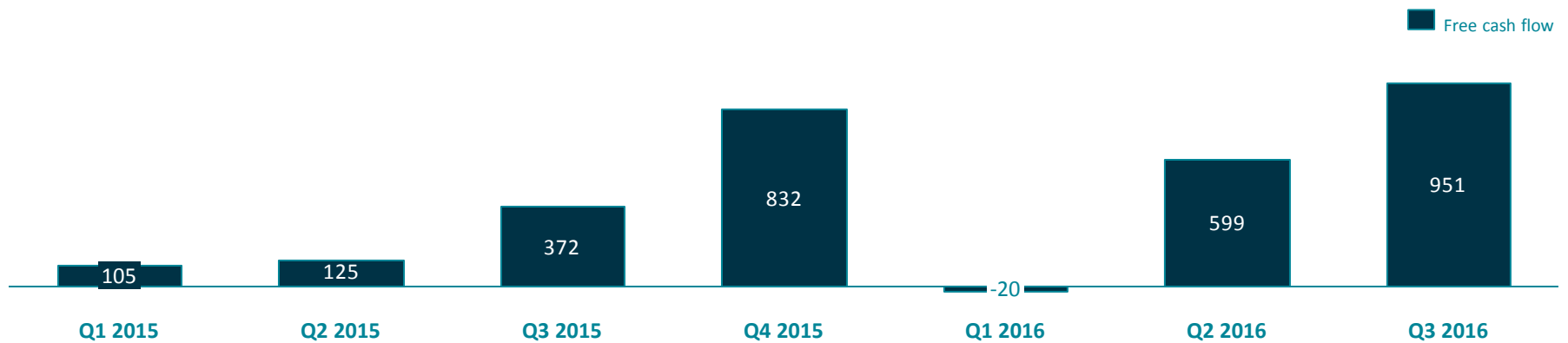
¹ For the period January to September 2016 exceptional effects include restructuring expenses amounting to EUR 59 million (EUR 66 million in the same period of 2015) and the net capital gain from the sale of passive tower infrastructure to Telxius amounting to EUR 352 million, while in the same period of 2015 a one-off gain from the sale of yourfone GmbH was registered. For the period January to September 2016 special effects consist of the impact of the Telxius deal on OIBDA (EUR -15 million in the first nine months of 2016) resulting primarily from higher operating lease expenses starting in May 2016.

Financials

Net debt and leverage



Free cash flow¹ (YTD)



¹ Free cash flow pre dividends and payments for spectrum is defined as the sum of cash flow from operating activities and cash flow from investing activities and does not contain payments for investments in spectrum in June 2015 as well as related interest payments.

Telefonica

Deutschland



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