

Results 2023

Q3

● ● ● Disclaimer

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Q3 23 Results

Mr. Ángel Vilá
COO

We delivered another solid quarter

Q3 23

Revenue

y-o-y organic

+2.5%

•••

Service revenue +3.1%

OIBDA

y-o-y organic

+3.0%

•••

Increasing OIBDA margin

OIBDA-CapEX

y-o-y organic

+9.3%

•••

Accelerating in 9M to +4.8%

Net Debt

Q3 23 -€0.9bn

€26.5bn

•••

FCF 9M €2.4bn



Maintaining strong market position; growth in value

- FTTH +14% y-o-y; mobile contract +3%; 5G deployment acceleration
- Satisfied customers; leading NPS; attractive offerings
- Constantly investing in NGN (innovation, digitalisation)



Profitable and sustainable revenue & OIBDA organic growth

- Strong B2B revenue growth; +4.6%
- Profitability reflecting efficiencies and price actions
- Consistent and disciplined execution



Progress on net debt and leverage reduction

- Leverage ratio 2.5x vs 2.6x (Jun-23)
- Q3 23 FCF €1.1bn; further improvement expected in Q4
- Strengthened balance sheet



Improvement in reported OIBDA growth; operational leverage

- Q3 23 +2.5% y-o-y; + 2.6 p.p. q-o-q
- Efficiencies, digitalisation and synergy realisation
- Despite FX headwinds y-o-y

Continuing to deliver in all metrics

Overview of key financials

€ in millions	9M 23		Q3 23	
	Reported + 50% VMO2 JV	Organic y-o-y	Reported + 50% VMO2 JV	Organic y-o-y
Revenue	35,048	3.5%	11,885	2.5%
OIBDA	11,198	2.6%	3,875	3.0%
OIBDA-CapEx (ex-spectrum)	6,437	4.8%	2,111	9.3%

€ in millions	9M 23		Q3 23	
	Reported	Reported y-o-y	Reported	Reported y-o-y
Revenue	30,499	2.4%	10,321	(0.2%)
OIBDA	9,595	0.0%	3,330	2.5%
OIBDA Underlying	9,648	1.3%	3,342	1.5%
Net Income	1,262	(15.0%)	502	9.3%
FCF (incl. leases principal payments)	2,426	(1.9%)	1,130	0.4%
Net Financial Debt ex-leases	26,537	(7.4%)		

FX impact		
Net debt -€0.5bn		
€ (m)	9M 23	Q3 23
Revenue	35	(12)
OIBDA	(4)	(14)



2023 guidance and dividend reiterated

2023 guidance

Organic

Targets	Initial 2023 guidance	Upgraded 2023 guidance	9M 23
Revenue y-o-y organic	“Low single digit growth”	“ ~4% growth ”	3.5%
OIBDA y-o-y organic	“Low single digit growth”	“ ~3% growth ”	2.6%
CapEx/Sales organic	~14%	~14%	13.4%

**FCF 2023 ambition
~€4bn ex-spectrum**

Shareholder remuneration

2023 Dividend	€0.3/share (cash)
December 2023	€0.15/sh. (cash)
June 2024	€0.15/sh. (cash)

2023 calendar payments

15th June 2023 €0.15/sh.; cash
14th December 2023 €0.15/sh.; cash



24.8m own shares cancelled

April 2023

**1.4% treasury stock
to be cancelled**

Ahead of the regulatory curve in ESG with a transparent roadmap

Environmental

- ▶ **Net-zero** by 2040 (SBTi validated)
- ▶ **100% renewables** by 2030
- ▶ **Zero-waste** by 2030

Social

- ▶ **>90% MBB rural coverage** by 2024¹
- ▶ **33% women executives** by 2024
- ▶ **Zero adjusted pay gap** by 2024²

Governance

- ▶ **Parity³** in top governing bodies by 2030
- ▶ **Zero-tolerance** of corruption
- ▶ **30-35% sustainable linked financing** by 2024⁴

Key targets

Examples of our progress

Climate Action Plan updated and approved by the Board, outlining climate-related risks and opportunities together with our governance model



Due Diligence process report published; impact on human rights and how our actions affect the environment in view of upcoming European regulation



More sustainable financing, new €750m green hybrid bond and updated our Sustainable Financing Framework to meet best practices and investor expectations



¹ Core markets.

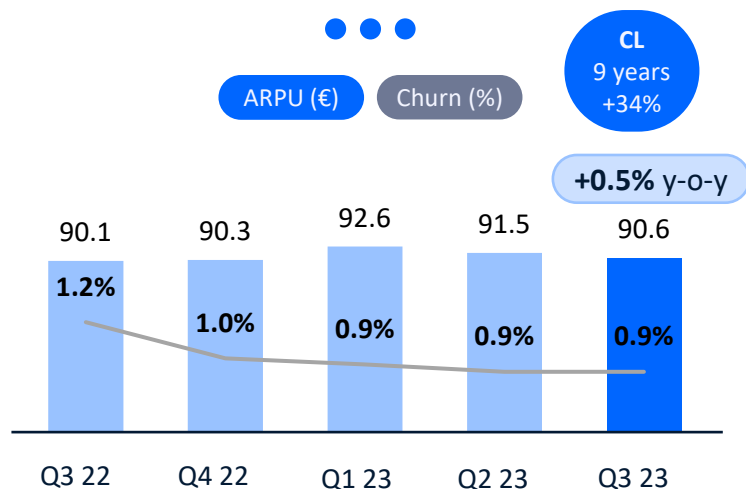
² Adjusted pay gap: equal pay for jobs of equal value. Achieved in 2022

³ Parity defined as not less than 40% of each gender represented

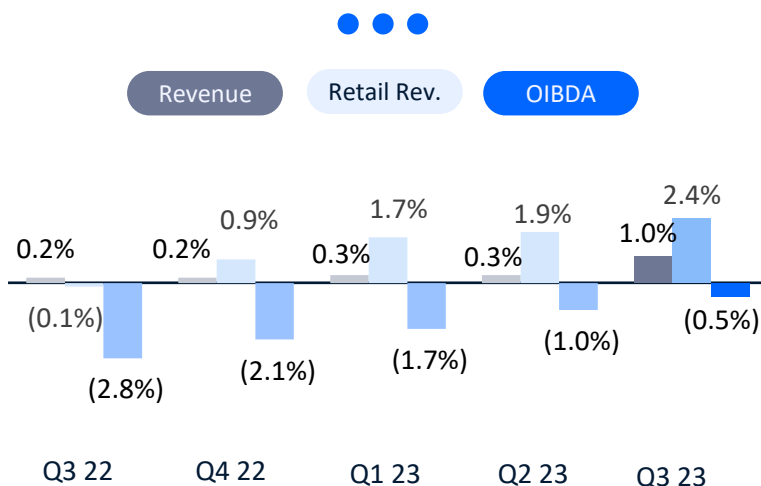
⁴ Financing linked to sustainability criteria includes balance sheet debt, hybrids and undrawn committed credit lines based on ICMA sustainable bond principles, LMA Sustainability Linked Loan Principles and other ESG criteria. Not necessarily linked to EU Taxonomy aligned activities



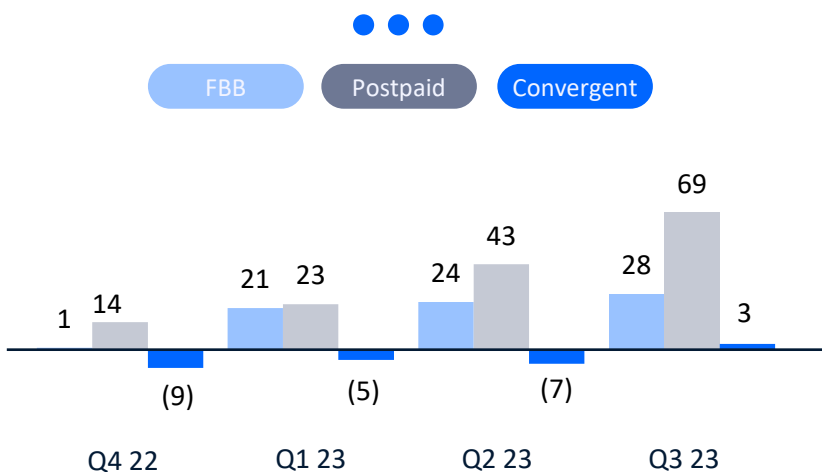
Convergent KPIs



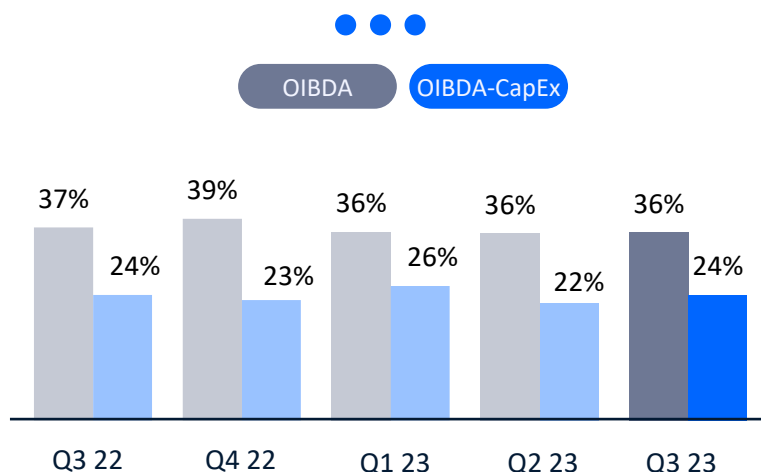
Revenue & OIBDA growth (y-o-y organic)



Net adds (k)



Margins (organic)



Growth in convergence and TV Improved financials

Successful refreshed B2C offer (Q3)
Back to positive net adds in all accesses
Rational "Back to school" campaign
Leading Customer Lifetime Value

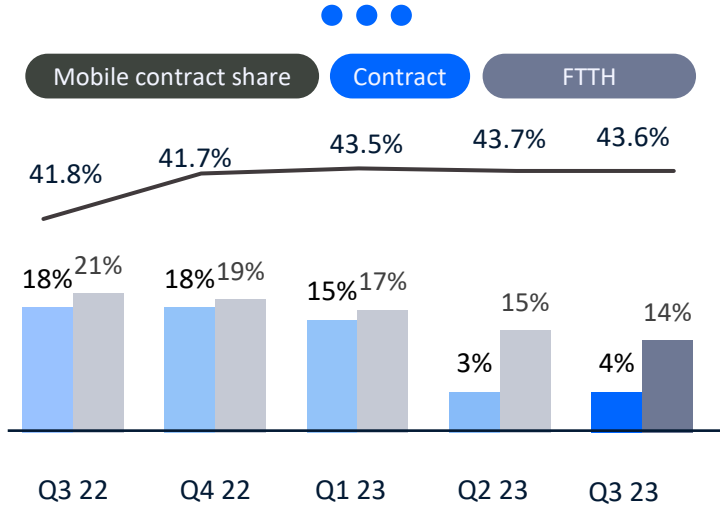
Higher retail revenue (+2.4% y-o-y in Q3)
OIBDA progress for stabilisation
Benchmark (OIBDA-CapEx)/Sales (24% in 9M)

Compliance certification (Criminal and
Antibribery by EQA)

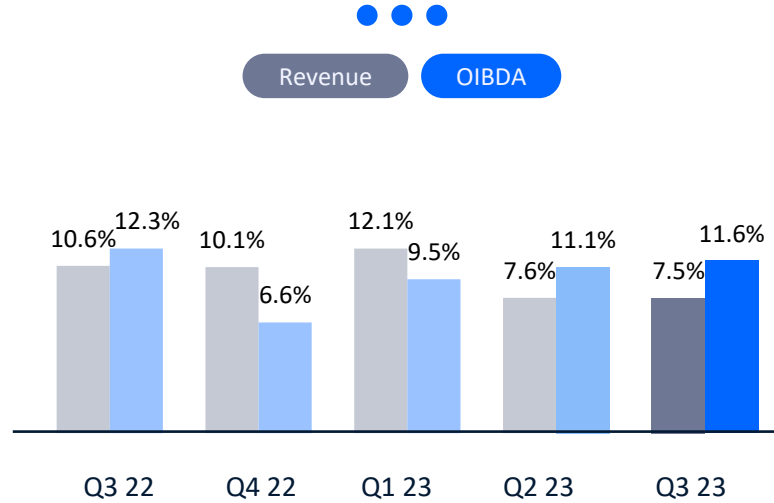




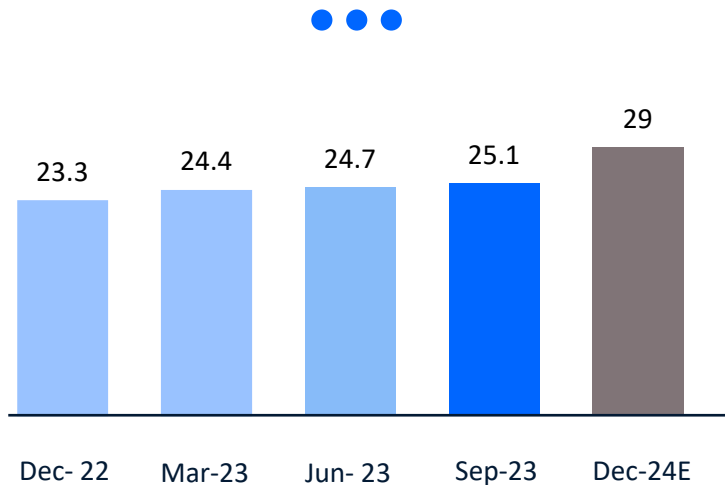
Accesses growth (y-o-y)



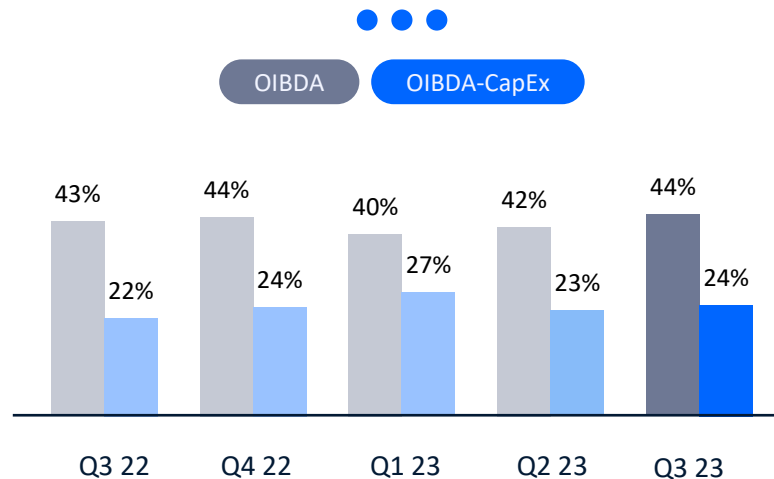
Revenue & OIBDA growth (y-o-y organic)



FTTH Premises passed (m)



Margins (organic)



Solid operating & financial performance

Leading contract & FTTH market share (44% & 17%)

Rational mobile market
 Progressive tariff update, even in prepaid
 Low contract churn (1.1%)
 Mobile ARPU: +11% vs. Q3 22

Solid above inflation top-line growth

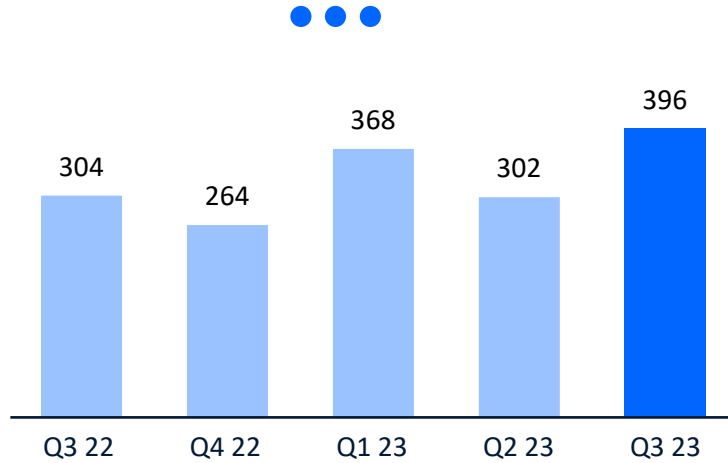
OIBDA-CapEx: +25.6% in 9M 23 y-o-y

Vivo began to produce its own renewable energy in partnership with 4 solar parks.

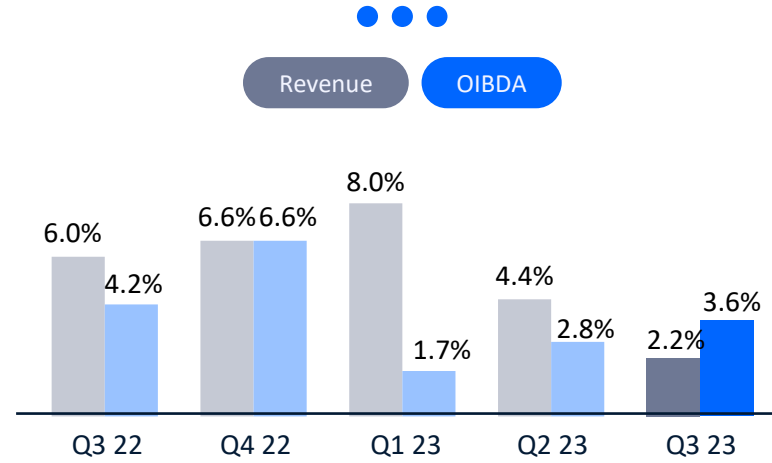




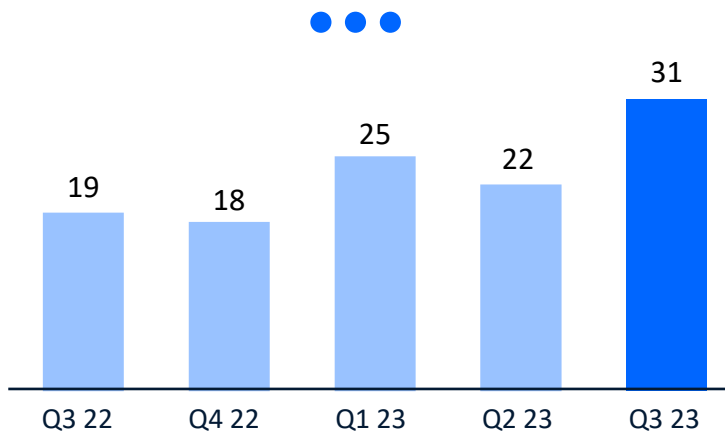
Postpay net adds (k)



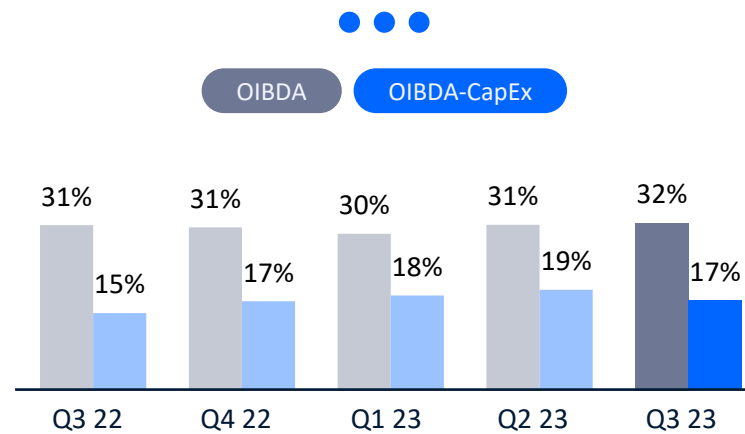
Revenue & OIBDA organic growth



Fixed BB net adds (k)



Margins (organic)



Robust commercial traction & improved operating leverage

Strong trading momentum driven by 'value-over-volume' focus & normalised churn

Sustained top line and strong OIBDA growth

Launch of "5G Plus", available to more than 90% of the population

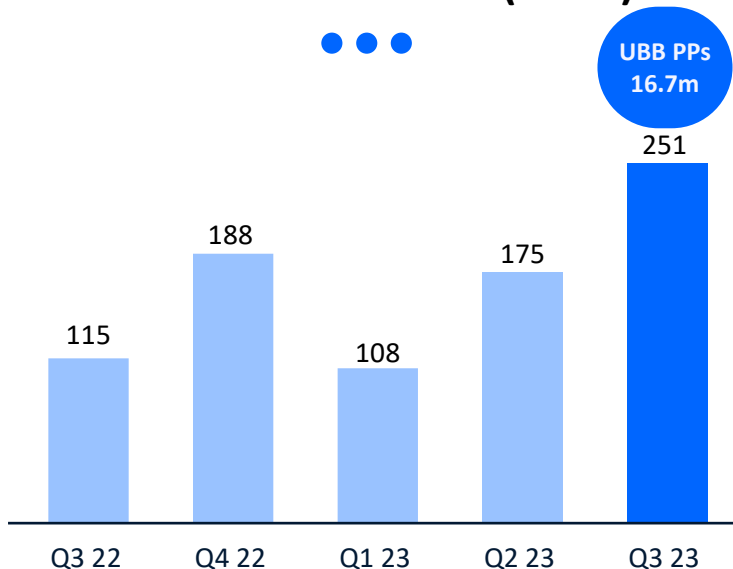
Nominated as finalist for the '16th German Sustainability Award'



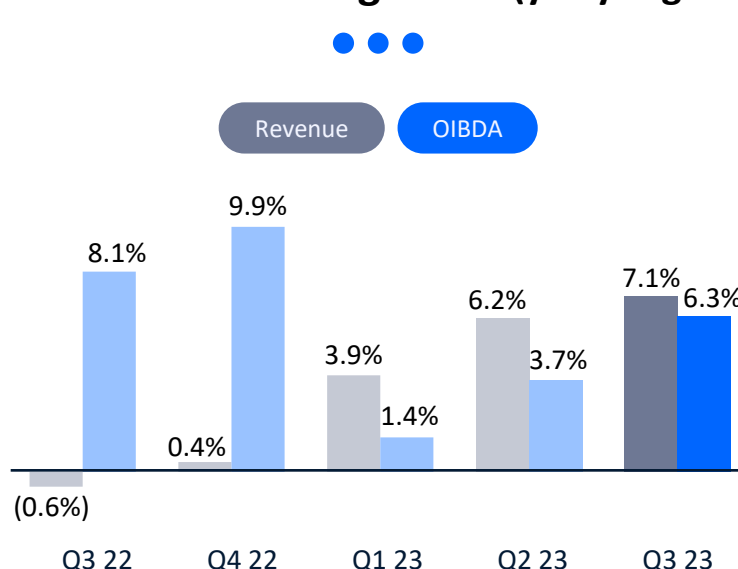
Virgin Media O2



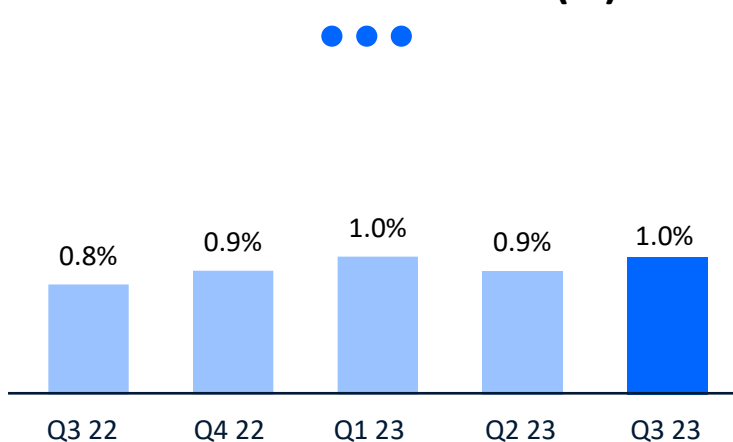
Fixed network build (k PPs)



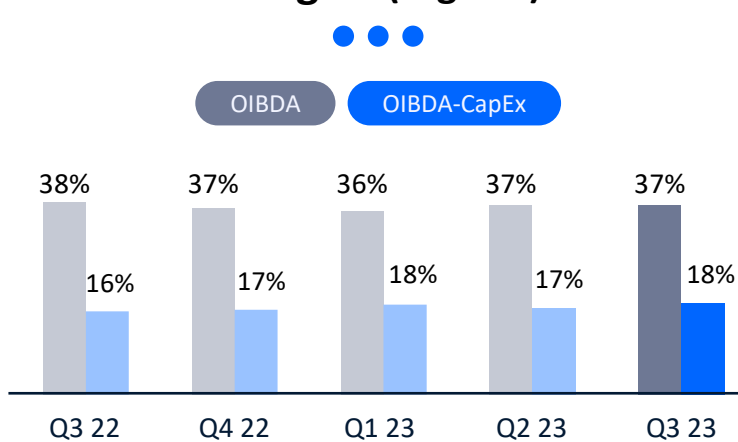
Revenue & OIBDA growth (y-o-y organic)



Mobile contract churn (%)



Margins (organic)



Improved trading and main financials

Customer growth in fixed and mobile

251k PPs, 9M: >500k PPs
5G connectivity >3,200 towns and cities

Sale of 16.67% of Cornerstone to GLIL

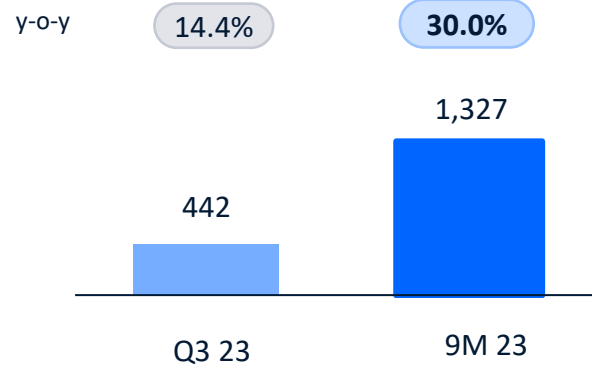
Accelerating revenue and OIBDA growth

Revenue outlook updated from growth to stable



T. Tech, leading provider of advanced NextGen solutions in B2B

T. Tech Revenue (€m)



Solid revenues growth in constant perimeter

- 9M 23 +22.9% y-o-y; largely above market growth

Double-digit y-o-y growth across all T. Tech businesses in Q3

Well-balanced revenue mix

- High weight of Managed & Professional services & own platforms
- >85% revenues from hard currency geographies

Operational Highlights

Strong commercial activity & solid position in customers

- LTM Bookings growth ~+26% y-o-y

Continued consolidating new operating model

- **Global Services Lines** to enhance commercial focus
- **First 2 lines** already launched (IoT & BizApps)

T-Tech, one of the most relevant Microsoft partners in Europe

- **6 Cloud Solution Partner Designations** (Infrastructure, AI&Data, Modern Work, Security, App&Innovation, and BizApps)
- **2023/2024 Microsoft Business Applications Inner Circle**

Highly skilled team close to customers

- **Talent-led Co'**: hiring, skilling & retaining
- >6.2k professionals; **80% in Europe**; ~4k certifications

Industry Analysts Recognition



Leader: IoT Managed Connectivity Services Worldwide

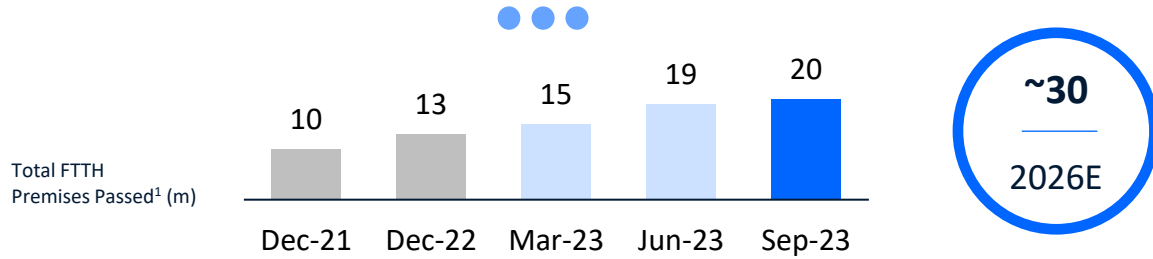


Representative Vendor: 4G and 5G Private Mobile Network Services for Industry



T. Infra, top-tier infrastructure portfolio

Boosting penetration in FTTH



Valuable portfolio, efficient wholesale vehicles

- Bluevia**
 - 4.5m PPs with fibre
- UG UNSERE GRÜNE GLASFASER**
 - MoUs reaching >1m PPs; continuing network construction
- nexfibre**
 - Roll-out milestone of 500k PPs reached. Upp acquisition to add 175k PPs
- FIBRASIL**
 - FTTH deployed in over 150 municipalities, reaching 4.4m PPs
- ONNET FIBRA**
 - Entel Chile agreement approval expected to be approved in Q4 23
- Pangea Co**
 - Stake sale to KKR expected for Q2 24

Best-in class international connectivity infrastructure



TELXIUS

Maintaining solid profitability despite inflationary context

53.3% OIBDA margin (9M 23)

Traffic

+17%

9M 23 y-o-y

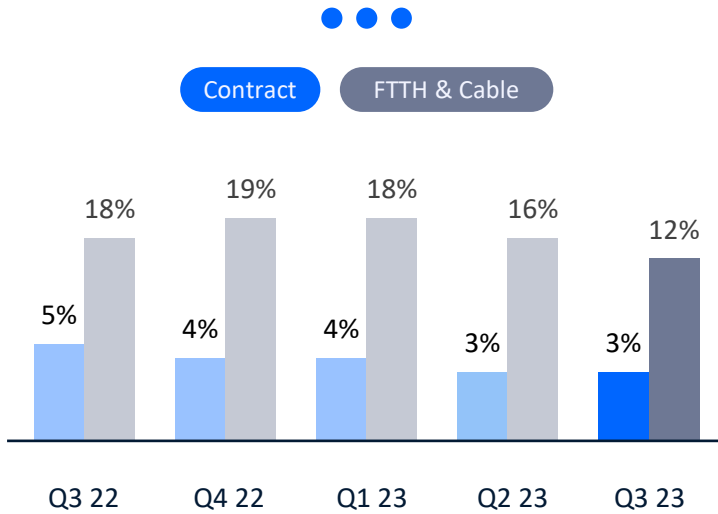
Extension of new cable Tikal to Cancun (MEX) adding a new market to our subsea network

¹ Included in the total Group's FTTH PPs. Jun-23 and 2026E includes Pangea PPs.

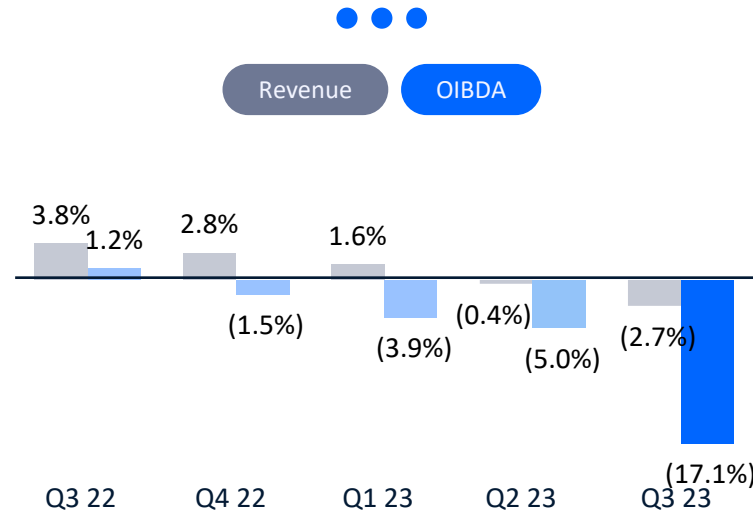
Q3 23 Results

Mrs. Laura Abasolo
CFCO & Head of T. Hispam

Accesses growth (y-o-y)



Revenue & OIBDA growth (y-o-y organic)



Continued execution

Progressing in reducing exposure to the region:
MOU in COL approved (share mobile infrastructure)

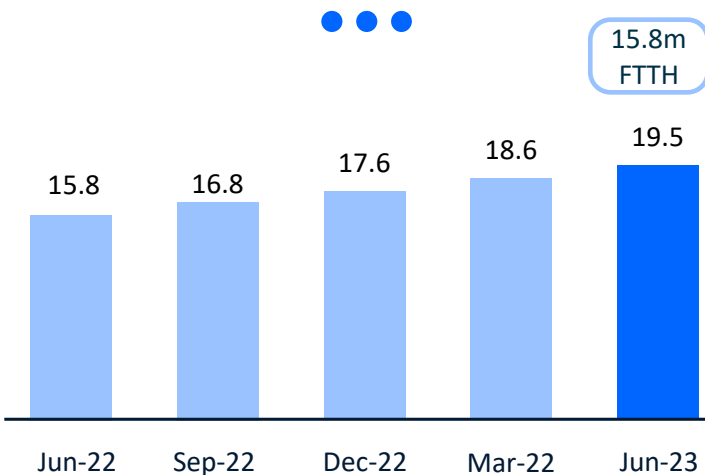
More sustainable business:
CapEx/Sales: 7.5% 9M 23 on new operational model
Growing **contract and FTTH accesses**
Fostering digitalisation

OIBDA-CapEx expected to improve in Q4 23

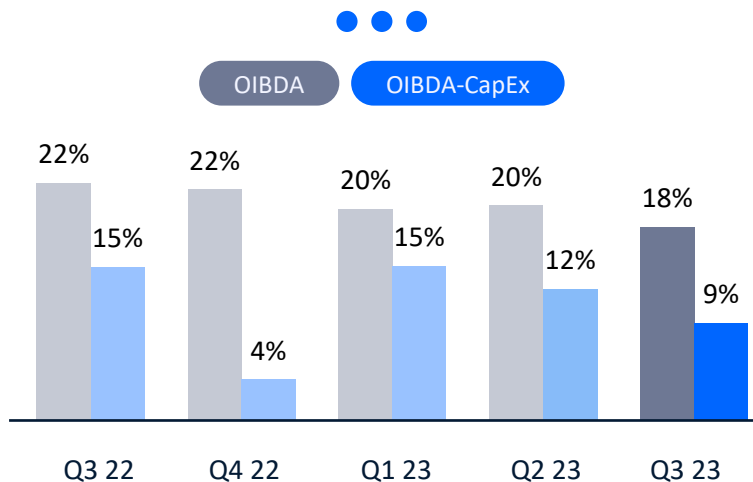
Best Telco company reputation
in Merco ranking



FTTH & Cable PPs (m)



Margins (organic)





Strong FCF generation, sound liquidity and contained cost

Net Financial Debt

ND/OIBDAaL
2.62x

27,479



Jun-23

(1,130)



FCF

258



Shareholder
Remuneration

220



Pre-retirement
commitments

(362)



Hybrids

87



Net financial
investments

(15)



FX &
Others

ND/OIBDAaL
2.51x

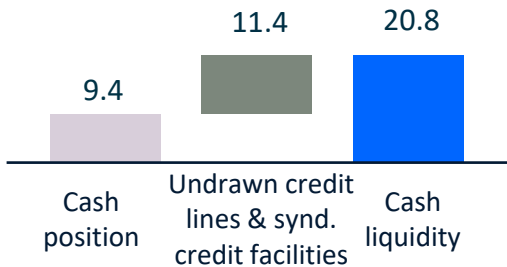
26,537



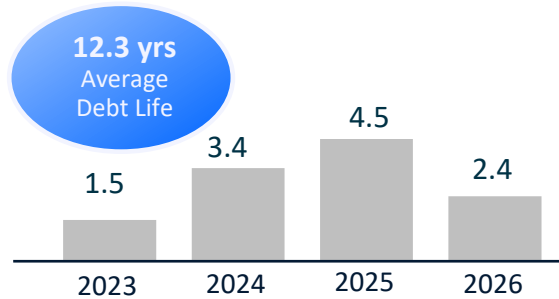
Sep-23

Comfortable liquidity position

Liquidity cushion, Sep-23 (€bn)

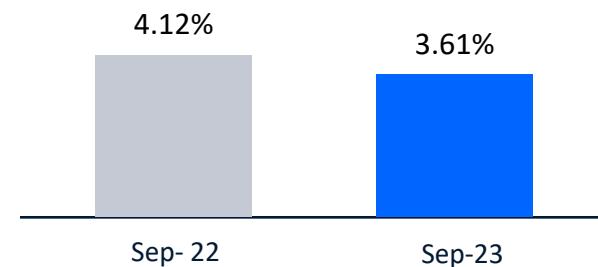


Gross debt maturities, Sep-23 (€bn)



Contained interest payment cost

Total debt related interest payment cost ex leases



>80%
Total debt
fixed

+100 bps in short-term rate = +€38m in interest payment

Conclusions

Mr. Ángel Vilá
COO



We delivered another solid quarter



- **Steady revenue and OIBDA growth** (organic y-o-y)
- **Accelerating OIBDA-CapEx to +9.3%** (organic y-o-y)
- **Stronger KPIs** (FTTH accesses, 5G penetration), improving customer satisfaction (churn, NPS)



- **Ongoing technology transformation**; promoting AI, ML; bringing benefits
- **Net debt and leverage reduction** (to €26.5bn and 2.51x)
- **FCF ex spectrum progressing to ~€4bn FY 23 ambition** (9M 23: €2.5bn ex spectrum)



- **On track to meet 2023 upgraded guidance, 1.4% treasury to be cancelled, 2023 dividend confirmed**
- Continue monitoring **industry and regulatory changes**
- **ESG priorities** at the core of our business



A List
2022



Bloomberg
GEI 2023

Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA

Member of DJSI
Europe



1st in sector
2022



1st company worldwide in 2022
Digital Inclusion Benchmark

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