Telefónica is one of the largest telecommunications companies in the world by market capitalization and number of customers, providing a comprehensive offering and quality of connectivity that is delivered over world class fixed, mobile and broadband networks. We run operations in 17 countries, split into two geographic regions: Europe and Latin America. We have 350 million customers out of which more than 276 million are mobile, over 9 million fiber/cable customers and more than 8 million pay TV customers.

**History**

- **1924**: Telefónica (CTNE) is founded in Madrid
- **1987**: Lists on New York Stock Exchange
- **1990**: Enters in Chile (CT) and Argentina (TASA)
- **1993**: Buys the TELPA Abrams cable system in Canada
- **1994**: Enters in Peru (TOP)
- **2000**: Launch of operation in full control in Argentina, Peru and Brazil
- **2004**: Acquisition of E-Plus (UK, Germany and Ireland)
- **2006**: Acquisition of O2 (UK, Germany and Ireland)
- **2010**: Obtains controlling stake in Vivo
- **2012**: IPO of Telefónica Deutschland
- **2013**: Incorporation of minority partner in Central America (4 countries)
- **2015**: Creation of Telxius and sale of minority stake to KKR (2017)
- **2016**: Enters in Chile
- **1992**: Wins the tender for Telsis (Brazil)
- **1996**: Becomes majority owner of Bellsouth's Latin American operations
- **1998**: Launch of operations in Mexico (Bajacel, Movitel, Noceel & Cotelax)
- **2003**: Acquires 40% with Portugal Telecom in Brazil - Vivo
- **2005**: Acquisition of Cesky Telecom
- **2006**: Controlling stake in Colombia Telecom
- **2007**: Launch of operation in Portugal
- **2008**: Acquisition of GVT in Brazil
- **2009**: Launch of operations in Argentina
- **2010**: Launch of operation in Colombia
- **2011**: Launch of operations in Ecuador
- **2012**: Launch of operations in Central America
- **2013**: Launch of operations in the Dominican Republic
- **2014**: Acquisition of VTR, LATAm and Argentina operators
- **2015**: Acquisition of Neinymus, Argentina operators

**Key Management**

**JOSE MARÍA ÁLVAREZ-PALLETE**
Chairman and CEO, Telefónica S.A.
Appointed April 2016

He joined Telefónica in 1999 and has held a variety of roles in cluding CFO of Telefónica Internacional and Group CFO. Before becoming Chairman and CEO, he was the regional CEO for both Latin America and Europe, and Group Chief Operating Officer. He joined the Board of Telefónica in July 2006.

**ANGEL VILÁ BOIX**
Chief Operating Officer, Telefónica S.A.
Appointed July 2017

Since joining Telefónica in 1997 he has held positions of Group Controller, CFO of Telefónica Internacional, Group Head of Corporate Development and Chief Financial and Corporate Development Officer. Angel was appointed Chief Strategy and Finance Officer in 2015 and later became Chief Operating Officer. He sits on the Board of Telefónica S.A. since July 2017 and is Trustee of the Telefónica Foundation.

**Other members of the Executive Committee**

Laura Abasolo (Chief Finance and Control Officer), Eduardo Navarro (Telefónica Brasil), Markus Haas (Telefónica Deutschland), Emilio Gaya Rodríguez (Telefónica España), Alfonso Gómez Palacio (Telefónica Hispam Norte), Bernardo Quinn (Telefónica Hispam Sur), Mark Evans (Telefónica UK), Chema Alonso (Chief Data Officer), Mariano de Beer (Group General Counsel, Public Affairs & Regulation), Guillermo Ansaldi (Chief Global Resources Officer), Pablo de Carvalhal (Group General Counsel, Public Affairs & Regulation), Enrique Lloves (Strategy, Regulation and Corporate Development), Marta Machicot (Human Resources), María García-Legaz (Chief of Staff), José Luis Gómez-Navarro (Comms. & Institutional Marketing).

**Unique diversification portfolio in the industry**

Group Revenue FY 2016: 52 billion euros

<table>
<thead>
<tr>
<th>Revenues split by countries</th>
<th>Germany</th>
<th>Hispam</th>
<th>Brasil</th>
<th>UK</th>
<th>Rest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>24.2%</td>
<td>13.2%</td>
<td>24.4%</td>
<td>21.3%</td>
<td>14.4%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Revenues breakdown by type of service

- Access + voice: 43%
- Broadband + SoC: 47%
- 10%: 11%

**Operating 2017 Guidance**

- **Revenues**: Stable (in spite of regulation: -1.2 p.p.)
- **OIBDA margin**: Expansion up to 1 p.p.
- **CapEx + spectrum**: Around 16%

**Credit Ratings**

- Moody’s: Baa3 (Stable)
- Fitch: BBB (Stable)
- S&P: BBB (Stable)

**Dividend 2017**: 0.40 € (100% cash)

**Financial Outlook**

Guidance 2017E

- Revenues: Stable
- OIBDA margin: Stable
- Capex + spectrum: Stable

**Telefónica offers an attractive and sustainable shareholder payout based on growing cash-flow and organic deleverage.**
Our business model...

We are building a powerful data-house, evolving each one of our assets and combining them into a coherent whole organized around 4 Platforms – with one clear focus: to put them to work at the service of our customers.

Around 54 billion euros invested from 2012 to September 2017.

1. **Physical assets**
   - Contains all of our physical assets from networks and base stations to stores or customer equipment. It is everything that makes us relevant to the customer. It generates a large amount of data in real time and receives most of our investment.

2. **IT & Systems**
   - Includes all of our support systems and commercial systems. It drives end-to-end digitalization and enables the connection with the other platforms, making us a real-time, automated and customer-oriented company.

3. **Products and services**
   - Refers to our products and services. They make up a differentiated offer, personalized and simple, that takes advantage of the capillarity of our physical assets and systems. Commited to innovation we are focusing on a specific set of digital services (new video formats, music, cloud, games and security) and investing in start-ups in order to acquire digital capabilities beyond connectivity.

4. **Cognitive power**
   - Born to harmonize the information about the client contained in the other three platforms and transform it into knowledge thanks to the artificial intelligence. It allows us to establish a new, more natural and simple customer relationship model under the principles of transparency, security and control of their data.

Digital Trust...

A key element of our customer promise

- **User's Personal Data**
  - Must be protected and safe
  - Customers must have control over their data and be informed on how their data is used
  - Customers must be able to benefit from their data

Our Values...

- **Trusted**
  - Our world-class networks offer security and quality for our customers

- **Bold**
  - We go a step further to offer customers useful and innovative solutions.

- **Open**
  - We aim to be a collaborative telco with our partners and attentive and clear with customers

Our vision...

We want to be an OnLife Telco

- 127,323 employees
- 106 nationalities
- 37.6% of the workforce are women
- 20.5% of our top senior management are women

Awards and recognitions 2016...

- **Carbon Disclosure Project**
  - Telefonica on the “A List” of the Carbon Disclosure Project – for its strategy, transparent management and initiatives aimed at responding to climate change.

- **Fortune’s Ranking**
  - Telefónica voted best European telecom operator in “The World’s Most Admired Companies 2016”.

- **Forbes**
  - José María Álvarez-Pallete, Chairman and CEO of Telefónica, selected best CEO 2016 of listed companies in Spain.

- **Dow Jones Sustainability Index 2016**
  - Telefónica ranks in the top 9