Corporate Profile

2020 annual figures
Our mission: we want to make our world more human by connecting lives.

› Values

WE ARE OPEN

WE ARE BOLD

WE ARE TRUSTED

› About Telefónica

Telefónica is one of the largest telecommunications service providers in the world. The company offers fixed and mobile connectivity as well as a wide range of digital services for residential and business customers.

With 345 million customers, Telefónica operates in Europe and Latin America. Telefónica is a 100% listed company and its shares are traded on the Spanish Stock Market and on those in New York and Lima.
Telefónica, almost 100 years of history

1924
Telefónica (CTNE) is founded in Madrid, Spain.

1987
Listing on New York Stock Exchange.

1989 - 1990
Enters in Chile (CTC) and Argentina (TASA).

1994
Telefónica enters in Peru (TDP).

1998
Telefónica wins the tender for Telesp (Brazil).

1999
Telefónica becomes a fully public company.

1999
JV with Portugal Telecom in Brazil: Vivo.

2000
Gains full control in Argentina, Chile, Peru and Brazil.

2001
Acquisition of Orange UK.

2003
Acquisition of Bellsouth's LatAm assets.

2004
Acquisition of Cesky Telecom.

2005
Disposal of Telefónica stakes in Central America (four countries).

2006
Acquisition of O2 (UK, Germany and Ireland).

2006
Controlling stake in Colomía Telecom.

2010
Acquisition of controlling stake in Vivo.

2012
Telefónica Deutschland’s IPO

2013
Disposal of Telefónica Czech Republic and Ireland.

2014
Disposal of Telefónica DTS (Canal+) in Spain and GVT in Brazil.

2014
Acquisition of E-Plus in Germany.

2015
Telefónica Italia stake.

2015
Acquisition of Liberty Global and Telefónica to merge their U.K. operations creating the leading fixed-mobile provider in the country.

2015
A company of platforms.

2016
Creation of Telesit stake to Pontegadea.

2016
Creation of Telesit stake to Pontegadea.

2017
Telefónica increases stake in Telefónica Deutschland to 69.2% via swap agreement with KPN.

2018
Sale of Telkixus' towers business to American Towers.

2019
Announces sale of Central America.

2020
5 Point Plan that will mark a new era for Telefónica.

2020
Creation of JV with Allianz for fibre rollout in Germany.

2021
Creation of Fibrasil.
Telefónica at a glance

- Telefónica operates in **14 countries**
- We offer our services in over **170 countries** via strategic partner agreements
- Telefónica owns **the largest fiber network in Europe and Latin America** and leads the deployment of this technology in both regions

**Accesses by market**

- **Spain**
- **Germany**
- **UK**
- **Brazil**
- **Hispam**

**Hispam**

*Included: Argentina, Chile, Colombia, Ecuador, Mexico, Peru, Uruguay and Venezuela.*

- 108.5m access

**Group**

- 345.4m accesses 2020
- €43,076m Revenues 2020

- 79% Revenues from key markets
- 93% OIBDA from key markets

4 key markets: Spain, Brazil, Germany and United Kingdom

*This figure includes operations in Costa Rica and El Salvador.*
A leader in telecom infrastructures

#1 in fibre in Europe and Latin America

1.6m km of fibre

#1 in network virtualisation

“Única” deployed in 10 countries

135 premises passed

UBB footprint, 62 million though own network (2020)

#1 shutting down legacy

5G Deployed in UK, Germany, Brazil and Spain

4G 99% Coverage in Europe (77% Lat Am, 2020)

79% Of processes digitalised (2020)

The most digital telco (2018-2020) accumulated savings from digital transformation

€750 million as of 2020
Telefónica’s strategy: a sustainable business model

› Based on three pillars

**Efficiency**
- Efficient use of scarce resources and higher returns
- 90% renewable energy (100% in Europe and Brazil)
- Customer Experience: radically simpler and fully digital

**Growth**
- Revenues and OIBDA growth for seven years in a row
- Inclusive network deployment and positive environmental impact services
- 67% of revenues from broadband connectivity and digital services (2020)

**Trust**
- Leading ESG (Environmental, Sostenibility, Governance) in our industry
- Privacy, security and transparency at the top of our priorities
- Higher customer satisfaction

Making our world more human by connecting lives
... to deliver long-term stakeholder value responsibly

112,349
Direct employees worldwide

38% 11.110
% Women under 35 years-old

Our global contribution to GDP in 2020.

Additional amount generated indirectly (via spending and investments) for every 1€ generated in 9 of the most important countries where we operate.

1.26€

Leading ESG in our industry

1st global telco Ranking Digital Rights.

2nd global TIC company

Members of Carbon Disclosure Project (CDP) / List A

- 1st ever green bond issued in the sector (Jan’19)
- 1st ever green hybrid bond issued in the industry (Jan’20)
- 1st ever sustainable hybrid bond in the sector (Feb’21)

Total Tax contribution

2020 for every €100

€8,160 m 18.9€ Are paid in taxes

*Telefónica has invested €1,501 million in spectrum in 2019

Committed to society and education

ProFuturo MIRÍADAX Voluntarios

19.7 million children
More than 7,400,000 registered students
Approx. 56,000 volunteers

Telefónica
TEF is building a company for the future
The New Telefónica: 5 point-plan to capture growth

1. 4 key markets: Spain, Brazil, Germany and United Kingdom
2. Gradual exposure reduction to Hispam
3. Launch of Telefónica Tech
4. Telefónica Infra, value enhancement and monetisation of infrastructure assets
5. Operating model simplification and increased digitisation
Key markets,
With the best technological platforms and advanced digital services

- **Spain**
  - #1 Fibre
    - >80% homes | 25.2 Mn premises
  - #1 5G
    - 78% population
  - #1 TV Platform
  - #1 Advanced Services
  - #1 Hub Cloud
    - South of Europe

- **Brazil**
  - #1 Fibre
    - 15.7 Mn premises
  - 5G-DSS
    - Launched in 8 cities
  - #1 Advanced Services
    - vivo, Vivo Money, Vivo Loja Vivo, Vivo ADS, Dr Consulta
  - Mobiles Actives
    - More spectrum & leadership

- **Germany**
  - 5G
    - 15 major cities
    - #1 industrial 5G private network
  - Network Quality Awards
    - Very Good
    - Best Mobile Provider
  - #1 OpenRAN
  - UGG
    - Fibre Company

- **UK**
  - 5G
    - >150 locations
  - Telco líder
    - Best telco
  - Ofcom
  - Best mobile coverage
  - JV Liberty
    - Connectivity Champion

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Record NPS in all markets - Praised as the best mobile network in all 4 markets and the best fibre network in Europe and LatAm.
The best offer of digital services for customers and businesses...

- Total Digital Services Revenues
  Bn€
  FY 19: €7.7bn
  1H20: 3.6bn €, +2.8% y-o-y

- By segment (B2C+B2B)
  (y-o-y organic growth)
  - Video: 6%
  - Cloud: 18%
  - Security: 26.5%
  - IoT: 45.4%

T. Infra: Maximizing our infrastructures

TELXIOUS
m € FY2019
- 842 Towers (+6.4%)
- 504 (+8.0%)

1H20: 4.15bn € (+7%)
/ 268m € (+12.6)%

*Y-o-Y change excludes exceptional capacity sale in the same period of 2019

T. Tech: Leading Business services

- Alliances with the best players in the Tech ecosystem (Amazon, Google, Microsoft, SAP,...)
- Wide recognition from industry analysts

€2.2bn
+26%

1H20: 756m € (+18% y-o-y)

Supported by a pioneer model based on AI and data

- 40 products based on AI and Big Data deployed over normalised data capabilities

Movistar Home
Living apps

LUCA
Virtual Assistant with AI.

Customer satisfaction
21% NPS
(Net Promoter Score) 2019
Up from 20% in 2018
Telefónica Tech, leader in cutting-edge digital services

**Tech companies incorporated and 100% operatives**
- Cyber
- Cloud
- IoT/Big Data

**Commercial strength, new products, new geographies**
- New solutions
  - Cloud & Edge Computing
- Acquisitions to speed capacities up
- >300 technological partners
- Agreements with 3rd parties in other geographies

**Double-digit revenue growth, almost three times the market**
- €1,504 M*

- 14% T Tech
- 5% Market
- 21% Cloud
- 13% Security
- 1% IoT & Big Data

* T. Tech will define its revenue perimeter once the carve out has been finalised and the transfer of assets has been completed.

% y-o-y organic variation / Market growth source: Gartner

Essential services to transform businesses and economies
An Open Innovation Model
Based on excellent network connectivity, it combines in-house and third parties’ innovation capabilities

€959m
R&D Investment¹

Core Innovation

➢ To identify future business opportunities

We apply innovation to our assets, platforms and services, such as connectivity, Data or video platforms, to increase Telefónica’s competitiveness.

Connected Open Innovation

➢ To promote the entrepreneurial ecosystem

Telefónica Ventures

+800 Startups in portfolio / active

OPEN FUTURE

wayra

+130 Startups working with Telefónica

8 Wayra Hubs in Europe and LatAm

477 Technological Industrial Property Rights assets

➢ We use Lean Startup method to innovate with agility: it accelerates the design and innovation process, makes it more efficient while keeping it client focused throughout.

>€185 M Invested

€2,100 M Third-Party investment

¹ Data 2020
² Industrial R&D Investment Scoreboard 2020
Telefónica Infra
Maximizing value and growth of our unique infrastructures

**TOWERS**
Telxius, a success story
- ~10% Revenues and OibdAL
- Sale to ATC at record multiples
  - 7.7 mil Mn€
  - 3.5 mil Mn€ capital gains
- Optionality in UK

**SUBMARINE CABLE**
Optionality
- Marea Brusa Pacífico SAm-1 Otros
- >90,000 kms of cable

**FIBRE**
Alternative models to accelerate deployments
- JV 50/50 with Allianz
  - Fibre in rural areas
  - >2 Mn homes in 6 years
- Vehicle 40/60 with KKR
  - 3.5 Mn homes in 2022
- Advanced negotiations
  - >5.5 Mn homes in 4 years
- Optionality in other markets

**DATA CENTERS**
Optionality
- Maximizing data centers' value and optionality capture
Data for the first half of 2020 are partially impacted by COVID-19, which has particularly affected the second quarter of this year.

**Organic criteria:** Assum constant exchange rates of 2019 (average in 2019). Considers constant perimeter of consolidation, does not include capital gains/losses from the sale of companies and assets, restructuring costs and other impacts (butter-soft, material non-recurring impacts). In addition, excludes contribution to growth from T. Argentina and T. Venezuela and the results from Central America. CapEx excludes investments in spectrum.
Organic criteria: Assumes constant exchange rates of 2019 (average in 2019). Considers constant perimeter of consolidation, does not include capital gains/losses from the sale of companies and assets (net reclassifications), restructuring costs and other impacts (write-offs, material non-recurring impacts). In addition, excludes contribution to growth from T. Argentina and T. Venezuela and the results from Central America. CapEx excludes investments in spectrum.
Strong FCF generation, with ample dividend cover that allows to reduce net debt organically.

€4.8 bn euros
€2 bn in 4Q
+13.2% year-on-year change

Net Debt Reduction driven by strong FCF generation

Approx.
€17 bn
Net debt reduction since June 2016

Strong FCF generation and ample dividend cover

<table>
<thead>
<tr>
<th></th>
<th>June-16</th>
<th>Dec-16</th>
<th>Dec-17</th>
<th>Dec-18</th>
<th>Dec-19</th>
<th>Dec-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>52.2</td>
<td>48.6</td>
<td>44.2</td>
<td>41.1</td>
<td>37.7</td>
<td>35.2</td>
</tr>
</tbody>
</table>

Over 2/3 debt in fixed rates
Average debt life of 10.7 years
Interest payment costs 3.11%

The dividend announced for 2021 amounts to 0.20 euros/share and will adopt the voluntary scrip dividend modality. First tranche (0.15 euros/share) will be paid in December 2021, and second (0.15 euros/share) in June 2022.
### Spain: Europe’s most advanced telco

#### Annual Results 2020

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>€12,401m</td>
<td>-3.5%</td>
</tr>
<tr>
<td><strong>OIBDA</strong></td>
<td>€5,046m</td>
<td>-5.1%</td>
</tr>
<tr>
<td><strong>OIBDA - CAPEX</strong></td>
<td>€3,638m</td>
<td>-0.5%</td>
</tr>
</tbody>
</table>

#### Higher Value Accesses

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premises passed:</td>
<td>&lt;25 m</td>
<td>(2020)</td>
</tr>
</tbody>
</table>

#### Leading Technology (IPTV/OTT) and content distribution platform

#### Leading 5G coverage

- 5G coverage: 80%
- LTE Leader in terms of coverage and speed (1)

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1. OCU

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*y-o-y variations in organic terms*
Telefónica UK: The UK's No1 network for customers

Annual Results 2020

- **€6,708 m** Revenues, down 4.4%
- **€2,064 m** OIBDA, down 2.4%
- **30.8%** Margin
- **€1,151 m** OIBDA - CAPEX, up 2.7%

36.5 m Mobile Accesses

#1 in flexibility and transparency

Flexible Custom Plans
Pioneer offer in the telco industry

5G Already available in 150 cities

#1 Best network coverage*
#1 Best network for reliability*
#1 Best customer experience*

The O2:
- Best Sponsorship in the last 25 years.
- Best Sponsorship Awards
- #1 in customer loyalty
- The lowest contract churn in the market 0.9%

y-o-y variations in organic terms
Germany: The most modern network serving the largest mobile customer base

**Annual Results 2020**

**REVENUES**
€7,532 m

**OIBDA**
€2,326 m

**MARGIN**
30.7%

**OIBDA - CAPEX**
€1,214 m

**Customer Focus:**
Innovative tariffs: O2 Free, O2 My All in One & O2 DSL, O2 Banking, O2 TV, O2 You...

**5G**
30 cities with 5G by the end of 2021

Deploying the 1st 5G network in the world for production vehicles with Mercedes-Benz.

**Mobile Accesses**
44.3 m

**Employees**
~8,200

**Full Operator**
The best fixed broadband coverage in Germany via agreements with DT, Vodafone and Tele Columbus.

Focus in Customer Experience and Digital Transformation

**SIMPLER**

**FASTER**

**BETTER**

"Very good" rating in 2021 Connect Magazine Fixed Network Test

Best MNO in Telekom Handel’s reader’s choice awards
# Telefónica Brazil: Unmatched quality assets. Leader in high value accesses

## Annual Results 2020

### REVENUES

- **€7,422 m**
  - -2.6% Revenues
  - +8.5% OIBDA
  - +1.1% OIBDA - CAPEX

### OIBDA

- **€3,188 m**

### OIBDA - CAPEX

- **€1,815 m**
  - OIBDA Margin 2020: 42.9%

## Sustained annual investment (CapEx, ex - spectrum)

- Accelerating to capture opportunity in fibre

### Key Figures

- **100 new cities in 2020 with FTTH**
  - 164 in 2019
  - +102 in 2020
  - 266

### Key Details

- **New fibre expansion models**: Third parties agreements and franchises.
- **Wholesale FiberCo**: Independent & Neutral (March 2021)

## Mobile Network:

- **Coverage and capacity**
  - **#1** Biggest mobile coverage 3G/4G
  - 5G DSS launch in eight cities in 2020.
  - **Largest Distribution channel**: 1,600 shops

## Most recognized and valued brand

- **#1 Sustained Leadership in Mobile Contract** (37.7% of market share)
- **5 million UBB accesses** (FTTx/Cable).
  - 3.4 FTTH million accesses (+36.39% y-o-y).

## Key Performance Indicators

- **Vivo**
  - **Total Accesses**: 95.1 m
  - **Mobile Accesses**: 78.5 m

## Notable Achievements

- **#1 The largest fibre deployment in LATAM**
  - **Premises passed (FTTx)**: 24.5 m
  - **FTTH Home Passed**: 15.7 m
Telefónica in Hispam: Maximizing the value of assets

Annual Results 2020

REVENUES €7,922 m
OIBDA €990 m
OIBDA − CAPEX €157 m

Margin 12.5%

Operating Data 2020

Total Accesses

108.5 m
92.2 m
~24%

mobile accesses
mobile contract

5.4 m UBB accesses
Solid growth in:

UBB (+13.7%)
FTTH (+20.8%)

12 m UBB premises passed*

New operating model: México

Simplification:
- Largest Fiber network in the region (9.9m FTTH homes passed)
- Fiber expansion strategy: co-investment agreements** InfraCo in Chile and PangeCo in Perú.
- Digitalisation process is still on-going. Achieving CapEx efficiencies

(*) Including Peruvian cable.

(**) In some countries such as Chile, Argentina, and Colombia with American Tower Company and Andean Tower Partners.
Telefónica milestones in the last months
(2020-2021)

1. **7_05**
   Liberty Global and Telefónica announce their U.K. operations.

2. **28_07**
   Telefónica Brazil launches, together with TIM and Claro, an offer to acquire Oi's mobile assets, worth 16.5 billion Brazilian reals.

3. **30_07**
   Telefónica presents its proposal for a Digital Deal, which aims to be the roadmap for the digitalization of SMEs, the self-employed, and public authorities.

4. **14_12**
   Telefónica Brasil and its partners win the bid for Oi mobile assets.

5. **13_01**
   Sale of Telxius tower business to American Towers.

6. **22_02**
   FibraCo Chile: sale of 60% to KKR.

2020

1. **7_02**
   Sale of 1,900 towers in Brazil to Telxius.

2. **27_11**
   5 key point-plan that will mark the new era of the company.

8. **06**
   Telxius doubles in size after reaching a tower purchase agreement with Telefónica Deutschland.

30. **07**
   Telefónica sells its unit in Costa Rica to Liberty Latin America for 425 million euros.

2021

1. **1_09**
   Telefónica switches on 5G and 75% of the Spanish population will obtain a signal this year.

2. **23_12**
   Telefónica accelerates the value of its infrastructures with the sale of 2,029 towers in Ecuador and Colombia.

29. **10**
   JV with Allianz to deploy fibre in Germany.
the most admired telco in Europe and 4th in the world

* Fortune 2020