



TELEFÓNICA, S.A. ("Telefónica" or the "Company") in compliance with the Securities Market legislation, hereby communicates the following

### **INSIDE INFORMATION**

Today, Telefónica has reached an agreement with Millicom International Cellular, S.A. for the sale of the entire share capital of Telefónica de Costa Rica TC, S.A. (hereinafter, "Telefónica Costa Rica"), and for the sale by Telefónica's subsidiary Telefonica Centroamérica Inversiones, S.L., 60% of which is owned, directly and indirectly, by Telefonica and 40% by Corporación Multi Inversiones, of the entire share capital of Telefónica Móviles Panamá, S.A. (hereinafter, "Telefónica Panama") and Telefónica Celular de Nicaragua, S.A. (hereinafter, "Telefónica Nicaragua").

The aggregate amount of the transaction (enterprise value) for all the companies is 1,650 million US dollars (approximately 1,455 million euros at the current exchange rate, 503 million of which correspond to Telefónica Costa Rica, 573 million to Telefónica Panama and 379 million to Telefónica Nicaragua), an implicit multiple for the total amount of the transaction of 6.7 times the estimated 2018 EBITDA of the three companies. The transaction is expected to generate capital gains before taxes and minorities of around 800 million euros.

The closing of the sale of the three companies is subject to the applicable regulatory conditions and will take place for each transaction as those conditions are being satisfied.

With this transaction, together with the sales of Telefónica Móviles Guatemala and Telefónica Móviles El Salvador, announced on January 24, 2019, Telefónica completes the sale of all its operations in Central America for an aggregate amount (enterprise value) of 2,298 million US dollars (approximately, 2,025 million euros), with a joint implicit multiple of 7.4 times the estimated OIBDA 2018 of all companies and with an estimated debt reduction of approximately 1,400 million euros.



This transaction is part of the Telefónica Group 's asset portfolio management policy based on a strategy of value creation, improving return on capital and strategic positioning. It also complements the objective of organic debt reduction and strengthening the balance sheet in a growing cash flow scenario, which allows us to maintain a sustainable and attractive shareholder remuneration.

Madrid, February 20, 2019.

**SPANISH NATIONAL SECURITIES MARKET COMMISSION  
- MADRID-**