

Telefonica

JANUARY - JUNE 2020

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DISCLAIMER

The financial information related to 2019 and 2020 contained in this document has been prepared under International Financial Reporting Standards (IFRS), as adopted by the European Union. This information is unaudited.

Perimeter

T. Hispam South and T. Hispam North are no longer different segments and from now on are consolidated under T. Hispam segment with some exceptions.

T. Centroamérica are no longer in the consolidation perimeter of Hispam in 2019 and 2020, and from now on is included in "Other companies and eliminations".

T. Guatemala, T. Nicaragua, and T. Panama were deconsolidated in 2019 after these companies were sold.

T. Guatemala was deconsolidated as of 1 Jan 2019.

T. Nicaragua was deconsolidated as of 1 May 2019 and contributed to 2019 Telefónica Group results with €56m in revenues, €30m in OIBDA and €1m in Capex, and with total accesses of 3.9m as of March 2019 (3.6m mobile prepay).

T. Panamá was deconsolidated as of 1 September 2019 and contributed to 2019 Telefónica Group results with €136m in revenues, €60m in OIBDA and €12m in Capex and with total accesses of 1.7m as of June 2019 (1.5m mobile prepay).

Telefonica Costa Rica and Telefonica El Salvador contributed to Telefonica Group in January-December 2019 with €355m in revenues, €122m in OIBDA and €52m in Capex and with total accesses of 4.4m as of December 2019 (3.4m mobile prepay). From now on, these assets are included in "Other companies and eliminations".

Some other companies that operate in Hispam and were previously included in the "Other companies and eliminations" segment have been included in T. Hispam segment, although their impact is not material.

Antares was deconsolidated as of 1 Feb 2019 following the sale of the asset. The Co. contributed in 2019 with €11m in OIBDA at Group level (within "Other Companies & eliminations").

T. España segment in 2020 includes TGT Spain (Telefónica Global Technology that was previously included in the "Other companies and eliminations") and 2019 P&L has been restated accordingly.

T. Infra is a new Segment with a P&L reported and KPIs, from Q1 20 including Telxius as a unique asset in its perimeter.

"Others companies and Eliminations" financials are therefore restated for 2019 mainly excluding Telxius, TGT Spain and some other companies that operate in Hispam and including T. Centroamérica.

Following the agreement reached between Telefónica and Liberty Global to combine their operating businesses in the UK, and in accordance with IFRS 5, T. UK's assets and liabilities have been reclassified as held for sale in the consolidated statement of financial position at June 30, 2020. Accordingly, T. UK's non-current assets ceased to be amortised and depreciated (€204m positive impact in depreciation and amortisation in H1 20).

Accesses & KPIs

New information has been included since the first quarter 2020 (in the Segments applicable) and is also given for comparative purposes from January 2019.

Connected FTTH accesses and IPTV accesses

Own UBB Premises passed (including FTTH and cable) with FTTH breakdown

At T. España level: Convergent KPIs (Clients, churn and ARPU) including new services revenue mainly related to Consumer, SOHO and SMEs convergent customers

At T. Infra level: Towers, tenants, tenants (non-anchor) and tenancy ratio

At T. Hispam level: Accesses, mobile & contract churn and ARPU

Mobile access base is split down in prepay, contract and IoT accesses since 1 January 2020, this split is also given for comparative purposes from 1 January 2019.

Financials

The following new financial information is presented for the Group in 2020 and has been revised for fiscal year 2019:

- The leverage ratio is calculated as the ratio of net financial debt over OIBDA after Leases "OIBDAaL" for the past 12 months, including or excluding the OIBDA of the companies which are incorporated or removed from the perimeter of consolidation, and excluding certain factors in line with the calculation of organic OIBDA.

Likewise, the reconciliation of "reported OIBDA for the past 12 months" and "OIBDAaL" for the past 12 months is provided in the Excel file.

- Group Revenue reported is split into Handset sales and Service revenue. The latter is also split into Voice & Access, Broadband and Services over Connectivity and Others.

- Simplified tables for "Net Financial Debt", "Net Financial Debt change" and "OIBDA-CapEx & Net Financial Debt Reconciliation"

The factors impacting in NFD are detailed as: FCF including leases principals, Hybrids, Shareholder remuneration, Commitments, Net financial investments, FX and others, Lease Liabilities

- The "Reported & Organic" reconciliation aggregate the non-recurrent impacts under the following items: Restructuring expenses, changes in the consolidation perimeter, capital gains, FX and Others.

For the different OBs the new revenue split is as follows:

At T. España: Handset sales and Service Revenue split into Retail and "Wholesale and other" revenue.

At the rest of the OBs: Handset sales and Service Revenue split into Fixed & Mobile.

TELEFÓNICA

ACCESSES

Unaudited figures (thousands)

	2019				2020	
	March	June	September	December	March	June
Retail Accesses	331,395.2	325,608.8	324,331.2	322,422.2	319,912.7	314,716.0
Fixed telephony accesses	34,262.8	33,202.5	32,338.2	31,285.4	30,348.6	29,618.4
Broadband	21,586.5	21,449.2	21,262.9	20,837.1	20,518.9	20,328.9
UBB	13,580.5	13,931.1	14,191.8	14,280.9	14,434.2	14,630.6
FTTH	7,121.7	7,525.4	7,923.7	8,223.5	8,565.7	8,955.7
Mobile accesses (1)	266,348.2	261,849.4	261,795.1	261,532.9	260,434.6	256,201.7
Prepay	142,120.2	135,992.8	134,224.4	131,787.1	129,550.6	126,134.2
Contract (1)	103,834.0	104,494.0	105,176.0	105,970.7	106,196.4	105,792.9
IoT	20,394.0	21,362.6	22,394.7	23,775.0	24,687.6	24,274.6
Pay TV	8,828.0	8,768.5	8,601.7	8,437.1	8,287.4	8,243.3
Wholesale Accesses	21,019.8	20,971.6	21,489.4	21,912.7	22,327.0	22,555.0
Fixed wholesale accesses	3,895.1	3,859.9	3,851.1	3,822.8	3,793.6	3,753.1
Mobile wholesale accesses (1)	17,124.7	17,111.7	17,638.3	18,089.9	18,533.4	18,801.8
Total Accesses	352,415.0	346,580.4	345,820.6	344,334.9	342,239.7	337,271.0

- T. Panamá's accesses excluded since 1 September 2019, T. Nicaragua's since 1 May of 2019 and T. Guatemala's since 1 January of 2019

(1) In 2019, 665k Mobile contract accesses have been reclassified to wholesale (December 19 base as a reference).

OWN UBB COVERAGE

Unaudited figures (thousands)

	2019				2020	
	March	June	September	December	March	June
UBB Premises passed	51,763.1	53,162.4	54,474.3	55,675.6	56,827.0	58,249.0
FTTH	35,034.8	36,652.4	38,198.8	39,749.9	41,082.9	42,952.5

TELEFÓNICA
CONSOLIDATED INCOME STATEMENT
Unaudited figures (Euros in millions)

	2019					2020	
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
Revenues	11,979	12,142	11,902	12,400	48,422	11,366	10,340
Other income	535	694	823	790	2,842	374	309
Operating expenses	(8,247)	(8,364)	(9,973)	(9,168)	(35,752)	(7,970)	(7,219)
Impairments & losses on disposal of assets	(3)	(34)	(3)	(352)	(393)	(9)	(115)
<i>Underlying operating income before D&A (OIBDA)</i>	<i>4,109</i>	<i>4,259</i>	<i>4,243</i>	<i>4,370</i>	<i>16,982</i>	<i>3,802</i>	<i>3,430</i>
Operating income before D&A (OIBDA)	4,264	4,438	2,748	3,669	15,119	3,760	3,315
<i>OIBDA Margin</i>	<i>35.6 %</i>	<i>36.5 %</i>	<i>23.1 %</i>	<i>29.6 %</i>	<i>31.2 %</i>	<i>33.1 %</i>	<i>32.1 %</i>
Depreciation and amortisation	(2,614)	(2,633)	(2,580)	(2,755)	(10,582)	(2,669)	(2,282)
Operating income (OI)	1,650	1,804	169	914	4,537	1,091	1,033
Share of profit (loss) of investments accounted for by the equity method	4	3	2	3	13	1	3
Net financial income (expense)	(411)	(441)	(540)	(440)	(1,832)	(428)	(321)
Profit before taxes	1,243	1,367	(369)	478	2,718	664	716
Corporate income tax	(234)	(321)	102	(601)	(1,054)	(196)	(224)
Profit for the period	1,009	1,046	(267)	(123)	1,664	468	491
Attributable to equity holders of the Parent	926	862	(443)	(202)	1,142	406	425
Attributable to non-controlling interests	83	184	176	79	522	62	66
Weighted average number of ordinary shares outstanding during the period (millions)	5,127	5,122	5,114	5,114	5,119	5,132	5,164
Basic and diluted earnings per share attributable to equity holders of the Parent (euros)	0.16	0.16	(0.10)	(0.05)	0.17	0.06	0.07
<i>Underlying basic and diluted earnings per share attributable to equity holders of the Parent (euros)</i>	<i>0.16</i>	<i>0.16</i>	<i>0.14</i>	<i>0.18</i>	<i>0.65</i>	<i>0.11</i>	<i>0.12</i>

Notes:

- Other income includes "internal expenditure capitalized in fixed assets" and "gain on disposal of assets".
- The weighted average number of ordinary shares outstanding during the period has been obtained applying the IAS rule 33 "Earnings per share". Thereby, the weighted average of shares held as treasury stock have not been taken into account as outstanding shares.
- Basic and diluted earnings per share ratio is calculated dividing Profit for the period Attributable to equity holders of the Parent, adjusted for the net coupon corresponding to "Other equity instruments" (€142m in January-June 2020 and €152m in January-June 2019), by the weighted average number of ordinary shares outstanding during the period.
- Following the consideration of the Argentine and Venezuela economies as hyperinflationary from an accounting perspective, the operations are adjusted by inflation and are to be accounted at their corresponding closing exchange vs. the Euro.
- Group consolidated results deconsolidate T. Panamá since 1 September 2019, T. Nicaragua since 1 May 2019, T. Guatemala since 1 January 2019 and Antares' results since 1 February 2019.

TELEFÓNICA
CONSOLIDATED REVENUES BREAKDOWN
Unaudited figures (Euros in millions)

	2019				2020		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
Revenues	11,979	12,142	11,902	12,400	48,422	11,366	10,340
Handsets	1,280	1,286	1,368	1,668	5,602	1,258	1,050
Service Revenues	10,700	10,856	10,533	10,732	42,820	10,108	9,290
<i>% over service revenues</i>							
Voice & Access	34 %	35 %	34 %	33 %	34 %	33 %	31 %
BB & SoC	64 %	63 %	63 %	65 %	64 %	65 %	67 %
Others	2 %	2 %	2 %	2 %	2 %	2 %	2 %

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REVENUES BREAKDOWN

Unaudited figures (Euros in millions)

	2019				2020		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
T. ESPAÑA	3,126	3,194	3,242	3,287	12,850	3,078	3,028
T. DEUTSCHLAND	1,779	1,785	1,865	1,970	7,399	1,846	1,790
T. UK	1,691	1,720	1,773	1,925	7,109	1,739	1,632
T. BRASIL	2,563	2,467	2,507	2,499	10,035	2,215	1,739
T. INFRA (Telxius)	219	216	200	207	842	207	208
T. HISPAM	2,407	2,612	2,203	2,429	9,650	2,204	1,881
Other companies and eliminations	195	147	113	82	536	77	62
TOTAL GROUP	11,979	12,142	11,902	12,400	48,422	11,366	10,340

- Group consolidated results deconsolidate T. Panamá since 1 September 2019, T. Nicaragua since 1 May 2019, T. Guatemala since 1 January 2019 and Antares' results since 1 February 2019.

- Following the consideration of the Argentine and Venezuela economies as hyperinflationary from an accounting perspective, the operations are adjusted by inflation and are to be accounted at their corresponding closing exchange vs. the Euro.

TELEFÓNICA

OIBDA BREAKDOWN

Unaudited figures (Euros in millions)

	2019				Jan - Dec	2020	
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec		Jan - Mar	Apr - Jun
T. ESPAÑA	1,355	1,329	(344)	1,378	3,719	1,225	1,211
T. DEUTSCHLAND	522	578	597	629	2,326	532	563
T. UK	504	548	543	519	2,114	516	496
T. BRASIL	1,050	1,001	1,071	1,141	4,262	951	716
T. INFRA (Telxius)	129	124	128	123	504	135	133
T. HISPAM	637	703	561	132	2,033	502	361
Other companies and eliminations	67	154	192	(253)	161	(100)	(165)
TOTAL GROUP	4,264	4,438	2,748	3,669	15,119	3,760	3,315

- OIBDA before management and brand fees.

- Group consolidated results deconsolidate T. Panamá since 1 September 2019, T. Nicaragua since 1 May 2019, T. Guatemala since 1 January 2019 and Antares' results since 1 February 2019.

- Following the consideration of the Argentine and Venezuela economies as hyperinflationary from an accounting perspective, the operations are adjusted by inflation and are to be accounted at their corresponding closing exchange vs. the Euro.

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CAPEX BREAKDOWN

Unaudited figures (Euros in millions)

	2019				2020		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
T. ESPAÑA	380	439	386	462	1,667	344	304
T. DEUTSCHLAND	252	243	1,711	263	2,469	224	251
T. UK	185	224	242	262	914	221	185
T. BRASIL	396	538	553	519	2,005	337	328
T.INFRA (Telxius)	9	85	84	106	284	155	50
T. HISPAM	297	347	317	523	1,485	325	133
Other companies and eliminations	34	(45)	(20)	(8)	(40)	(123)	(15)
TOTAL GROUP	1,554	1,831	3,273	2,127	8,784	1,485	1,236
Spectrum	18	4	1,443	37	1,501	-	-

- Group consolidated results deconsolidate T. Panamá since 1 September 2019, T. Nicaragua since 1 May 2019, T. Guatemala since 1 January 2019 and Antares' results since 1 February 2019.

- Following the consideration of the Argentine and Venezuela economies as hyperinflationary from an accounting perspective, the operations are adjusted by inflation and are to be accounted at their corresponding closing exchange vs. the Euro.

TELEFÓNICA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Unaudited figures (Euros in millions)

	2019				2020	
	March	June	September	December	March	June
Non-current assets	97,197	95,970	97,123	94,549	89,440	75,913
Intangible assets	16,404	15,980	16,767	16,034	14,545	12,191
Goodwill	26,000	25,870	25,409	25,403	23,290	17,976
Property, plant and equipment	33,085	32,523	32,006	32,228	29,794	25,675
Rights of Use	7,382	7,404	7,087	6,939	6,209	5,414
Investments accounted for by the equity method	64	137	137	140	440	433
Financial assets and other non-current assets	7,350	7,117	8,399	7,123	8,952	7,901
Deferred tax assets	6,912	6,939	7,318	6,682	6,209	6,323
Current assets	26,591	26,774	27,220	24,328	22,513	34,487
Inventories	1,588	1,707	2,347	1,999	1,626	1,467
Receivables and other current assets	10,567	10,816	10,547	10,785	10,073	7,998
Tax receivables	1,626	2,008	1,612	1,561	1,255	1,185
Other current financial assets	2,977	3,188	3,043	3,123	3,723	3,609
Cash and cash equivalents	8,356	7,588	8,778	6,042	5,021	6,815
Non-current assets and disposal groups classified as held for sale (1)	1,477	1,467	893	818	815	13,413
Total Assets = Total Equity and Liabilities	123,788	122,744	124,343	118,877	111,953	110,400
Equity	28,517	26,449	25,235	25,450	21,474	19,501
Equity attributable to equity holders of the parent and other holders of equity instruments	19,479	17,866	16,874	17,118	14,135	12,687
Equity attributable to non-controlling interests	9,038	8,583	8,361	8,332	7,339	6,814
Non-current liabilities	64,394	64,418	68,211	63,236	61,840	61,845
Non-current financial liabilities	46,571	46,508	47,611	43,288	43,588	44,636
Non-current lease liabilities	5,616	5,746	5,631	5,626	4,771	4,214
Payables and other non-current liabilities	1,986	1,998	3,342	2,928	2,834	2,600
Deferred tax liabilities	2,669	2,666	2,619	2,908	2,682	2,577
Non-current provisions	7,551	7,500	9,008	8,486	7,965	7,818
Current liabilities	30,877	31,877	30,897	30,191	28,639	29,054
Current financial liabilities	10,655	10,077	9,288	9,076	9,740	9,471
Current lease liabilities	1,529	1,589	1,509	1,600	1,601	1,469
Payables and other current liabilities	14,244	15,617	15,732	14,903	12,809	10,834
Current tax payables	1,962	2,094	1,831	2,560	2,618	1,918
Current provisions	1,828	1,963	2,174	1,672	1,516	1,379
Liabilities associated with non-current assets held for sale (1)	659	537	363	380	355	3,983

(1) As of June 2020 includes assets and liabilities of T. UK, T. El Salvador y T. Costa Rica reclassified as held for sale. As of December 2019 includes assets and liabilities of T. El Salvador y T. Costa Rica reclassified as held for sale.

TELEFÓNICA
CONSOLIDATED CASH FLOW STATEMENT
Unaudited figures (Euros in millions)

	2019				2020	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun
Cash received from operations	14,737	28,790	42,921	57,699	14,010	25,782
Cash paid from operations	(11,081)	(20,995)	(31,138)	(41,224)	(10,912)	(19,240)
Net payments of interest and other financial expenses net of dividends received	(673)	(972)	(1,259)	(1,725)	(666)	(897)
Taxes proceeds/(paid)	676	471	529	272	(173)	(357)
Net cash flow provided by operating activities	3,659	7,294	11,053	15,022	2,259	5,288
(Payments)/proceeds on investments in property, plant and equipment and intangible assets, net	(1,990)	(3,834)	(5,902)	(7,659)	(1,749)	(3,493)
Proceeds on disposals/ (payments on investments) in companies, net of cash and cash equivalents disposed	416	774	1,760	1,711	11	6
Proceeds/(payments) on financial investments and placements of cash surpluses not included under cash equivalents	(565)	79	323	307	1,074	1,455
Net cash flow used in investing activities	(2,139)	(2,981)	(3,819)	(5,641)	(664)	(2,032)
Dividends paid	(170)	(1,323)	(1,638)	(2,742)	(164)	(336)
Proceeds/(payments) of treasury shares and other operations with shareholders and with minority interests	(112)	(312)	(509)	(504)	(11)	(5)
Operations with other equity holders (1)	241	24	443	390	(904)	(930)
Proceeds on issue of debentures and bonds, loans, borrowing and promissory notes, and other debts	3,671	4,889	5,748	5,888	2,095	6,263
Repayments of debentures and bonds, and other debts and repayments of loans, borrowings and promissory notes	(1,906)	(4,517)	(6,650)	(10,009)	(2,586)	(5,884)
Lease Principal Payments	(499)	(831)	(1,152)	(1,518)	(557)	(891)
Financed operating payments and investments in property, plant and equipment and intangible assets payments	(161)	(358)	(383)	(526)	(140)	(231)
Net cash used in financing activities	1,064	(2,428)	(4,141)	(9,021)	(2,267)	(2,014)
Effect of changes in exchange rates, cash reclassified to assets held for sale, effect of changes in consolidation methods and others	80	11	(7)	(10)	(349)	(469)
Net increase (decrease) in cash and cash equivalents during the year	2,664	1,896	3,086	350	(1,021)	773
Cash and cash equivalents at the beginning of the period	5,692	5,692	5,692	5,692	6,042	6,042
Cash and cash equivalents at the end of the period	8,356	7,588	8,778	6,042	5,021	6,815

Notes:

(1) Includes issuance and coupons of undated deeply subordinated securities.

TELEFÓNICA

CHANGE IN DEBT

Unaudited figures (Euros in millions)

	2019				2020	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun
Net financial debt at beginning of period	41,074	41,074	41,074	41,074	37,744	37,744
+ Free Cash Flow including Lease Principal Payments	(1,409)	(2,756)	(4,150)	(5,912)	(233)	(1,222)
+ Hybrids	(186)	(186)	(686)	(686)	723	723
+ Shareholder remuneration (including hybrid coupons)	232	1,275	1,529	2,438	351	372
+ Pre-retirement commitments	239	419	595	840	284	493
+ Net financial investments	(139)	(321)	(1,170)	(1,090)	4	(9)
+FX & Others	571	726	1,101	1,080	(651)	(900)
Net financial debt at end of period	40,381	40,230	38,293	37,744	38,223	37,201
+ Lease Liabilities	7,439	7,542	7,301	7,379	6,531	6,436
Net Financial Debt plus Lease Liabilities at end of period	47,820	47,772	45,594	45,123	44,754	43,637

TELEFÓNICA

RECONCILIATIONS OF CASH FLOW AND OIBDA MINUS CAPEX

Unaudited figures (Euros in millions)

	2019				2020	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan -Dec	Jan - Mar	Jan - Jun
OIBDA	4,264	8,702	11,450	15,119	3,760	7,075
- CapEx accrued during the period	(1,554)	(3,385)	(6,657)	(8,784)	(1,485)	(2,721)
- Non-cash items & Others (1)	(95)	(269)	1,202	1,495	(2)	110
- Working Capital	(711)	(669)	482	1,739	(640)	(921)
- Net interest payment	(673)	(972)	(1,259)	(1,725)	(666)	(897)
- Payment for tax	676	471	529	272	(173)	(357)
- Dividends paid to minority shareholders	(0)	(292)	(445)	(686)	(4)	(175)
= Free Cash Flow excluding Lease Principal Payments	1,908	3,587	5,302	7,429	790	2,113
- Lease Principal Payments	(499)	(831)	(1,152)	(1,518)	(557)	(891)
= Free Cash Flow including Lease Principal Payments	1,409	2,756	4,150	5,912	233	1,222
Weighted average number of ordinary shares outstanding during the period (millions)	5,127	5,124	5,121	5,119	5,132	5,148
= Free Cash Flow per share (euros)	0.27	0.54	0.81	1.15	0.05	0.24

Notes:

(1) Includes €1,945m in January-December 2019 related to commitments associated with long-term restructuring plans, mainly in Spain.

TELEFÓNICA
EXCHANGE RATES APPLIED TO P&L AND CAPEX

Currency units per Euro	2019				2020	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun
USA (US Dollar)	1.136	1.130	1.124	1.119	1.103	1.102
United Kingdom (Sterling)	0.873	0.873	0.883	0.877	0.861	0.874
Argentina (Argentine Peso) (1)	48.697	48.265	62.786	67.259	70.621	78.883
Brazil (Brazilian Real)	4.282	4.343	4.364	4.411	4.887	5.347
Chile (Chilean Peso)	757.983	762.875	770.125	785.324	885.042	894.831
Colombia (Colombian Peso)	3,561.812	3,600.788	3,637.925	3,670.088	3,885.668	4,048.665
Costa Rica (Colon)	692.521	681.199	667.557	660.502	633.312	633.312
Mexico (Mexican Peso)	21.819	21.644	21.628	21.548	21.886	23.618
Nicaragua (Cordoba)	36.943	36.964	36.993	37.074	37.450	37.553
Peru (Peruvian Nuevo Sol)	3.776	3.753	3.740	3.735	3.749	3.761
Uruguay (Uruguayan Peso)	37.268	38.188	38.713	39.383	43.446	45.360
Venezuela (1)	69,714.172	9,004.900	36,888.780	76,863.861	167,953.860	350,934.727

Note:

- Average exchange rate for the period.

(1) Following the consideration of the Argentine and Venezuela economies as hyperinflationary from an accounting perspective, the operations are adjusted by inflation and are to be accounted at their corresponding closing exchange vs. the Euro (in the case of Venezuela Telefónica uses a synthetic exchange rate).

EXCHANGE RATES APPLIED TO CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Currency units per Euro	2019				2020	
	March	June	September	December	March	June
USA (US Dollar)	1.123	1.137	1.091	1.123	1.095	1.120
United Kingdom (Sterling)	0.858	0.896	0.886	0.851	0.887	0.913
Argentina (Argentine Peso)	48.697	48.265	62.786	67.259	70.621	78.883
Brazil (Brazilian Real)	4.377	4.357	4.543	4.526	5.695	6.131
Chile (Chilean Peso)	762.160	772.225	794.370	840.795	933.315	919.447
Colombia (Colombian Peso)	3,566.079	3,645.006	3,793.382	3,680.056	4,441.345	4,205.533
Costa Rica (Colon)	678.426	665.779	636.943	647.249	643.501	653.168
Mexico (Mexican Peso)	21.766	21.841	21.527	21.184	25.725	25.851
Nicaragua (Cordoba)	36.745	37.652	36.578	37.999	37.340	38.446
Peru (Peruvian Nuevo Sol)	3.728	3.738	3.691	3.721	3.765	3.961
Uruguay (Uruguayan Peso)	37.611	40.004	40.295	41.895	47.111	47.261
Venezuela	69,714.172	9,004.900	36,888.780	76,863.861	167,953.860	350,934.727

Notes:

- Exchange rates as of the end of the period.

TELEFÓNICA

2020 MAIN LONG TERM FINANCING OPERATIONS

Unaudited figures

	Issue date	Amount (m)	Currency	Issuer	Coupon	Maturity date	ISIN code
DEBENTURES AND BONDS							
Eurobond	2/3/2020	1,000	EUR	Telefónica Emisiones, S.A.U.	0.664 %	2/3/2030	XS2112289207
Eurobond	5/21/2020	750	EUR	Telefónica Emisiones, S.A.U.	1.807 %	5/21/2032	XS2177442295
Eurobond	5/21/2020	1,250	EUR	Telefónica Emisiones, S.A.U.	1.201 %	8/21/2027	XS2177441990
Eurobond	7/13/2020	500	EUR	Telefónica Emisiones, S.A.U.	1.864 %	7/13/2040	XS2197675288
USD Bond	7/17/2020	500	USD	Colombia Telecomunicaciones SA ESP	4.950 %	7/17/2030	US19533PAC41

	Issue date	Amount (m)	Currency	Issuer	Coupon	First Call date	ISIN code
UNDATED DEEPLY SUBORDINATED RESET RATE SECURITIES							
Hybrid bond	2/5/2020	500	EUR	Telefónica Europe B.V.	2.501 %	5/5/2027	XS2109819859

	Signing date	Amount	Currency	Borrower	Maturity date
INTEREST-BEARING DEBT					
EIB Financing (Tranche 2)	1/14/2020	150	EUR	Telefónica Germany GmbH & Co. OHG	1/14/2029 (1)
Bilateral Loan	2/25/2020	215	USD	Colombia Telecomunicaciones, S.A. ESP	3/24/2025
Syndicated facility	3/18/2020	320	USD	Colombia Telecomunicaciones, S.A. ESP	3/18/2025
Bilateral Loan	4/17/2020	140	USD	Telefónica Móviles Chile	4/20/2021
Syndicated facility	5/7/2020	4,000	GBP	Telefonica UK Ltd	11/07/2021 (2)

1. Maximum maturity date

2. Two semi-annual extension options for a maximum maturity in 2022 at Telefonica UK Ltd discretion

TELEFÓNICA
 RECONCILIATION REPORTED VS. BASIS FOR 2019-2022 GUIDANCE & 2020 OUTLOOK
 Unaudited figures (Euros in millions)

	Base 2019
REVENUES	Jan - Dec
TELEFÓNICA	
REPORTED DATA	48,422
Changes in the consolidation perimeter	(547)
TELEFÓNICA TOTAL REVENUES ADJUSTED BASE	47,875

	Base 2019
OIBDA	Jan - Dec
TELEFÓNICA	
REPORTED DATA	15,119
Restructuring charges	2,190
Changes in the consolidation perimeter	(224)
Capital gains /losses on sale of assets	(768)
Others	445
TELEFÓNICA TOTAL OIBDA ADJUSTED BASE	16,762

	Base 2019
OIBDA-CAPEX & (OIBDA-CAPEX)/REVENUES	Jan - Dec
TELEFÓNICA	
CAPEX REPORTED DATA	8,784
Changes in the consolidation perimeter	(65)
Spectrum	(1,483)
TELEFÓNICA TOTAL CAPEX EX- SPECTRUM ADJUSTED BASE	7,235
TELEFÓNICA TOTAL OIBDA-CAPEX ADJUSTED BASE	9,526
TELEFÓNICA TOTAL (OIBDA-CAPEX)/REVENUES ADJUSTED BASE	19.9 %

Notes:

Criteria for 2019-2022 guidance & 2020 outlook:

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 sales (material), 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.

TELEFÓNICA ESPAÑA
CONSOLIDATED INCOME STATEMENT
Unaudited figures (Euros in millions)

	2019				Jan - Dec	2020	
	Jan - Mar	Apr - Jun	Jul- Sep	Oct - Dec		Jan - Mar	Apr - Jun
Revenues	3,126	3,194	3,242	3,287	12,850	3,078	3,028
Mobile handset revenues	76	89	98	110	373	64	44
Revenues ex-mobile handset revenues	3,050	3,106	3,144	3,177	12,477	3,014	2,984
Retail	2,564	2,579	2,573	2,598	10,316	2,477	2,439
Wholesale & others	486	526	571	579	2,162	537	545
Operating income before D&A (OIBDA)	1,355	1,329	(344)	1,378	3,719	1,225	1,211
<i>OIBDA Margin</i>	43.4 %	41.6 %	(10.6)%	41.9 %	28.9 %	39.8 %	40.0 %
CapEx	380	439	386	462	1,667	344	304
Spectrum	-	-	-	7	7	-	-
OIBDA-CapEx	975	891	(730)	916	2,052	881	907

Notes:

- OIBDA before management and brand fees.

TELEFÓNICA ESPAÑA

ACCESSES

Unaudited figures (Thousands)

	2019				2020	
	March	June	September	December	March	June
Retail Accesses	37,847.8	38,047.1	38,020.7	38,049.5	37,874.0	37,943.9
Fixed telephony	9,220.7	9,161.4	9,092.5	9,024.1	8,918.6	8,917.6
Broadband	6,068.0	6,072.4	6,078.3	6,023.4	5,985.2	6,000.4
FTTH	4,025.5	4,150.8	4,246.9	4,325.0	4,393.0	4,457.4
Mobile	18,448.6	18,691.9	18,748.5	18,916.9	18,926.7	18,960.3
Prepay	1,341.2	1,258.6	1,200.4	1,137.2	1,070.2	1,012.7
Contract	14,753.5	14,946.2	14,991.9	15,158.8	15,209.9	15,279.8
IoT	2,353.9	2,487.0	2,556.2	2,620.8	2,646.6	2,667.7
Pay TV	4,094.8	4,106.1	4,088.5	4,073.8	4,032.3	4,054.3
Wholesale Accesses	3,858.4	3,822.5	3,816.1	3,788.2	3,772.4	3,719.9
FTTH	1,719.2	1,863.4	2,014.3	2,154.9	2,292.5	2,361.3
Total Accesses	41,706.2	41,869.6	41,836.9	41,837.7	41,646.4	41,663.7

OWN UBB COVERAGE

Unaudited figures (thousands)

	2019				2020	
	March	June	September	December	March	June
UBB Premises passed (FTTH)	21,762.7	22,248.9	22,684.0	23,133.1	23,421.8	23,650.1

CONVERGENT KPIS

	2019				2020	
	March	June	September	December	March	June
Convergent clients (thousands)	4,833.4	4,862.5	4,850.4	4,839.1	4,824.5	4,837.1
Convergent ARPU (EUR) (cumulative YTD)	92.8	92.9	93.2	93.2	91.8	91.3
Convergent churn (cumulative YTD)	1.7%	1.6%	1.6%	1.6%	1.5%	1.2%

- Convergent include Consumer, SOHO and SMEs clients

TELEFÓNICA DEUTSCHLAND
CONSOLIDATED INCOME STATEMENT
Unaudited figures (Euros in millions)

	2019				2020		
	Jan - Mar	Apr - Jun	Jul- Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
Revenues	1,779	1,785	1,865	1,970	7,399	1,846	1,790
Mobile Business	1,596	1,600	1,679	1,773	6,647	1,650	1,597
Handset revenues	315	281	318	432	1,346	339	322
Fixed Business	182	185	185	189	741	193	193
Operating income before D&A (OIBDA)	522	578	597	629	2,326	532	563
<i>OIBDA Margin</i>	29.4 %	32.4 %	32.0 %	31.9 %	31.4 %	28.8 %	31.4 %
CapEx	252	243	1,711	263	2,469	224	251
Spectrum	-	-	1,425	-	1,425	-	-
OIBDA-CapEx	270	335	(1,114)	366	(143)	308	312

Note:

- OIBDA before management and brand fees.

TELEFÓNICA DEUTSCHLAND
 ACCESSES
 Unaudited figures (Thousands)

	2019				2020	
	March	June	September	December	March	June
Retail Accesses	47,202.1	47,555.9	48,010.9	48,258.0	48,121.7	48,017.7
Fixed telephony accesses	2,041.2	2,078.4	2,113.7	2,129.5	2,149.1	2,163.4
Broadband	2,123.7	2,162.0	2,193.4	2,206.6	2,231.7	2,245.2
UBB (1)	1,506.6	1,565.7	1,619.1	1,652.0	1,687.7	1,728.8
Mobile accesses	42,913.2	43,217.6	43,607.3	43,826.8	43,647.1	43,516.5
Prepay	20,331.8	20,335.1	20,332.5	20,096.2	19,689.4	19,323.0
Contract	21,371.4	21,728.6	22,095.9	22,538.8	22,727.2	22,885.3
IoT (2)	1,210.0	1,153.9	1,179.0	1,191.8	1,230.4	1,308.2
Total Accesses	47,202.1	47,555.9	48,010.9	48,258.0	48,121.7	48,017.7

(1) UBB accesses refers to VDSL accesses in Germany.

(2) Impacted by the disconnection of 67k inactive IoT in Q2 19.

SELECTED OPERATIONAL DATA
 Unaudited figures

	2019				2020	
	March	June	September	December	March	June
Mobile churn (quarterly)	1.9 %	1.8 %	1.9 %	2.0 %	2.0 %	1.9 %
Contract	1.6 %	1.5 %	1.5 %	1.5 %	1.5 %	1.4 %
Mobile churn (cumulative YTD)	1.9 %	1.8 %	1.8 %	1.9 %	2.0 %	1.9 %
Contract	1.6 %	1.5 %	1.5 %	1.5 %	1.5 %	1.5 %
Mobile ARPU (EUR) (cumulative YTD)	9.8	9.9	10.0	10.0	9.8	9.7
Contract	14.2	14.3	14.3	14.3	13.7	0.1

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

TELEFÓNICA UK
CONSOLIDATED INCOME STATEMENT
Unaudited figures (Euros in millions)

	2019				2020		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
Revenues	1,691	1,720	1,773	1,925	7,109	1,739	1,632
Mobile revenues	1,636	1,670	1,725	1,861	6,891	1,678	1,566
Handset revenues	391	395	460	550	1,795	428	428
Fixed Business	55	51	48	65	218	61	65
Operating income before D&A (OIBDA)	504	548	543	519	2,114	516	496
OIBDA Margin	29.8 %	31.9 %	30.6 %	27.0 %	29.7 %	29.7 %	30.4 %
CapEx	185	224	242	262	914	221	185
Spectrum	-	-	-	-	-	-	-
OIBDA-CapEx	319	324	301	257	1,200	295	311

Notes:

- OIBDA before management and brand fees.

TELEFÓNICA UK

ACCESSES

Unaudited figures (Thousands)

	2019				2020	
	March	June	September	December	March	June
Retail Accesses	24,793.7	25,113.6	25,731.5	26,145.5	26,368.0	25,752.9
Fixed telephony accesses	309.3	310.9	312.2	313.3	315.8	317.8
Broadband	28.4	28.5	28.7	28.9	29.0	29.0
Mobile accesses (1)	24,456.0	24,774.1	25,390.5	25,803.3	26,023.2	25,406.1
Prepay	8,534.6	8,482.6	8,625.1	8,436.1	8,199.6	7,570.6
Contract (1)	12,136.1	12,142.4	12,164.1	12,248.5	12,268.3	12,259.7
IoT	3,785.2	4,149.1	4,601.3	5,118.7	5,555.3	5,575.8
Wholesale Accesses (1)	8,290.3	8,487.7	8,697.2	8,714.7	8,774.2	8,694.3
Total accesses (2)	33,084.0	33,601.3	34,428.7	34,860.2	35,142.2	34,447.2

(1) In 2019, 665k Mobile contract accesses have been reclassified to wholesale (December 19 base as a reference) .

(2) Impacted by the disconnection of 150k inactive accesses in Q4 19.

SELECTED OPERATIONAL DATA

Unaudited figures

	2019				2020	
	March	June	September	December	March	June
Mobile churn (quarterly)	1.9 %	1.8 %	1.7 %	2.0 %	1.8 %	2.1 %
Contract	1.0 %	0.9 %	1.0 %	1.1 %	1.0 %	0.9 %
Mobile churn (cumulative YTD)	1.9 %	1.8 %	1.8 %	1.9 %	1.8 %	2.0 %
Contract	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	0.9 %
Mobile ARPU (EUR) (cumulative YTD)	15.0	15.0	14.9	14.8	13.8	13.4
Contract	24.8	24.9	24.8	24.9	23.7	23.0

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

TELEFÓNICA BRASIL
CONSOLIDATED INCOME STATEMENT
Unaudited figures (Euros in millions)

	2019				Jan - Dec	2020	
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec		Jan - Mar	Apr - Jun
Revenues	2,563	2,467	2,507	2,499	10,035	2,215	1,739
Mobile Business	1,654	1,582	1,625	1,638	6,498	1,447	1,113
Handset revenues	140	143	146	183	613	119	60
Fixed Business	909	885	882	861	3,537	768	626
Operating income before D&A (OIBDA)	1,050	1,001	1,071	1,141	4,262	951	716
<i>OIBDA Margin</i>	40.9 %	40.6 %	42.7 %	45.7 %	42.5 %	42.9 %	41.2 %
CapEx	396	538	553	519	2,005	337	328
Spectrum	-	-	-	-	-	-	-
OIBDA-CapEx	654	463	518	622	2,257	613	388

Notes:

- OIBDA before management and brand fees.

TELEFÓNICA BRASIL
 ACCESSES
Unaudited figures (thousands)

	2019				2020	
	March	June	September	December	March	June
Retail Accesses	95,091.7	94,458.3	93,815.0	93,718.9	93,173.2	92,103.6
Fixed telephony accesses	12,557.9	11,891.0	11,384.9	10,817.0	10,309.0	9,779.4
Broadband	7,414.4	7,297.1	7,150.8	6,938.9	6,772.6	6,587.0
UBB	5,031.5	5,041.1	5,055.4	5,022.8	5,026.7	5,033.1
FTTH	2,034.5	2,170.3	2,332.3	2,477.4	2,652.3	2,862.6
Mobile accesses	73,519.1	73,735.3	73,824.4	74,573.1	74,740.7	74,399.3
Prepay	32,506.2	32,030.2	31,533.9	31,408.0	31,023.8	31,291.2
Contract	32,338.3	32,589.3	32,820.7	33,075.3	33,310.3	33,246.8
IoT	8,674.5	9,115.8	9,469.8	10,089.8	10,406.6	9,861.3
Pay TV	1,521.5	1,460.2	1,382.7	1,319.7	1,282.9	1,270.3
IPTV	617.2	647.7	680.8	714.5	753.3	805.3
Total Accesses	95,106.4	94,472.8	93,828.7	93,732.3	93,173.3	92,116.9

OWN UBB COVERAGE
Unaudited figures (thousands)

	2019				2020	
	March	June	September	December	March	June
UBB Premises passed	20,006.4	20,342.9	20,696.6	21,119.9	21,677.8	22,626.8
FTTH	8,980.1	9,527.7	10,176.9	10,950.2	11,689.7	13,086.4

SELECTED OPERATIONAL DATA
Unaudited figures

	2019				2020	
	March	June	September	December	March	June
Mobile churn (quarterly)	3.2 %	3.4 %	3.4 %	3.3 %	3.1 %	3.4 %
Contract	1.7 %	2.0 %	1.9 %	1.7 %	1.5 %	1.5 %
Mobile churn (cumulative YTD)	3.2 %	3.3 %	3.3 %	3.3 %	3.1 %	3.2 %
Contract	1.7 %	1.9 %	1.9 %	1.7 %	1.5 %	1.5 %
Mobile ARPU (EUR) (cumulative YTD)	6.7	6.5	6.5	6.4	5.7	5.1
Contract	12.2	11.8	11.7	11.6	10.2	9.2

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

TELEFÓNICA INFRA (Telxius)
 CONSOLIDATED INCOME STATEMENT
 Unaudited figures (Euros in millions)

	2019				2020		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
Revenues	219	216	200	207	842	207	208
Operating income before D&A (OIBDA)	129	124	128	123	504	135	133
OIBDA Margin	58.8 %	57.5 %	64.1 %	59.2 %	59.8 %	65.4 %	63.9 %
CapEx	9	85	84	106	284	155	50
CapEx ex inorganic operations (1)	9	15	35	44	103	22	13
OIBDA-CapEx	120	40	44	16	220	(20)	83
OIBDA-CapEx ex inorganic operations (1)	120	110	93	79	401	113	121

Notes:

- OIBDA before management and brand fees.

(1) CapEx and OIBDA-CapEx ex inorganic operations, exclude the M&A operations in the period (towers acquisition in Brazil and Peru in Q1 20; real state rights and Germany transaction capitalised costs both in Q2 20).

TELEFÓNICA INFRA (Telxius)
 SELECTED OPERATIONAL DATA
Unaudited figures

	2019				2020	
	March	June	September	December	March	June
Towers (#)	16,754	17,550	18,130	18,348	20,331	20,422
Tenants (#)	22,924	23,889	24,556	24,911	27,181	27,363
Tenants (non anchor) (#)	6,170	6,339	6,426	6,563	6,850	6,941
Tenancy ratio (%)	1.37x	1.36x	1.35x	1.36x	1.34x	1.34x

Notes:

- *Non anchor tenants refer to other tenants apart from the anchor tenant.*

TELEFÓNICA HISPAM
CONSOLIDATED INCOME STATEMENT
Unaudited figures (Euros in millions)

	2019					2020	
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
Revenues	2,407	2,612	2,203	2,429	9,650	2,204	1,881
Mobile Business	1,555	1,680	1,403	1,571	6,210	1,406	1,161
Handset revenues	342	362	332	379	1,415	295	185
Fixed Business	812	969	799	856	3,435	764	692
Operating income before D&A (OIBDA) (1)	637	703	561	132	2,033	502	361
OIBDA Margin	26.5 %	26.9 %	25.5 %	5.4 %	21.1 %	22.8 %	19.2 %
CapEx	297	347	317	523	1,485	325	133
Spectrum	(0)	4	18	30	52	-	-
OIBDA-CapEx	340	355	244	(391)	548	176	228

(1) Includes goodwill impairment of -€109m in Argentina in April-June 2020. In 2019, it is Include d impacts of -€ 206m due to T. Argentina goodwill impairment and -€239m from the transformation of the operational model of T. Mexico after the agreement reached with AT&T, both registered in October-December 2019.

TELEFÓNICA HISPAM
SELECTED FINANCIAL DATA
Unaudited figures (Euros in millions)

	2019					2020	
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
Revenues	2,407	2,612	2,203	2,429	9,650	2,204	1,881
Telefónica Argentina	543	671	362	588	2,163	532	445
Telefónica Chile	498	487	470	459	1,914	391	367
Telefónica Perú	518	535	547	501	2,102	472	393
Telefónica Colombia	359	352	350	349	1,410	333	294
Telefonica México	296	316	300	332	1,244	290	229
Others and eliminations	192	252	174	200	818	187	153
Handset sales	342	362	332	379	1,415	295	185
Telefónica Argentina	48	69	49	71	237	64	36
Telefónica Chile	79	67	74	85	305	62	60
Telefónica Perú	81	82	81	69	313	53	6
Telefónica Colombia	35	37	37	37	146	32	18
Telefonica México	73	81	73	98	326	69	54
Others and eliminations	25	26	17	19	88	14	11
OIBDA	637	703	561	132	2,033	502	361
Telefónica Argentina	145	181	94	80	499	101	105
Telefónica Chile	169	170	183	147	669	119	122
Telefónica Perú	107	125	33	89	354	89	81
Telefónica Colombia	131	131	137	158	558	98	102
Telefónica México (1)	22	24	53	(247)	(147)	33	21
Others and eliminations (2)	63	72	60	(94)	100	62	(70)

Notes:

- OIBDA before management and brand fees.

- The results from Central America are excluded from both the years of 2019 and 2020 and are consolidated in Telefónica Group's "eliminations & others".

- Following the consideration of the Argentine and Venezuela economies as hyperinflationary from an accounting perspective, both operations are adjusted by inflation and are to be accounted at the closing exchange rate.

(1) Includes impact of -€239m impact (October-December 2019) from the transformation of the operational model of T. Mexico after the agreement reached with AT&T.

(2) Includes T. Argentina goodwill impairment (-€ 206m in October-December 2019 and -€109m in April-June 2020).

TELEFÓNICA HISPAM

ACCESSES

Unaudited figures (thousands)

	2019				2020	
	March	June	September	December	March	June
Retail Accesses	115,606.0	113,542.7	113,353.6	110,670.3	108,739.0	105,534.3
Fixed telephony accesses	9,850.3	9,542.5	9,236.2	8,804.2	8,461.8	8,260.7
Broadband	5,861.1	5,806.7	5,733.4	5,564.7	5,428.5	5,398.6
UBB	2,975.2	3,136.4	3,235.9	3,249.6	3,298.3	3,386.0
FTTH/cable (1)	2,348.8	2,579.8	2,770.7	2,829.6	2,916.2	3,034.6
Mobile accesses	96,568.3	94,868.8	95,133.3	93,137.8	91,759.4	88,837.3
Prepay	71,059.2	69,214.2	69,222.7	67,286.2	66,156.9	63,737.5
Contract (2)	22,179.8	22,277.7	22,412.2	22,243.7	21,909.8	21,348.6
IoT	3,329.2	3,376.9	3,498.3	3,607.9	3,692.6	3,751.1
Pay TV	3,181.1	3,178.6	3,103.4	3,015.2	2,943.2	2,889.7
IPTV	152.7	205.4	277.6	335.6	385.8	424.1
Total Accesses	115,627.9	113,565.5	113,374.9	110,691.5	108,760.1	105,554.3

Notes:

(1) Includes Peru's cable accesses.

(2) Includes the disconnection of 273 thousand inactive contract accesses in Peru in Q1 19.

OWN UBB COVERAGE

Unaudited figures (thousands)

	2019				2020	
	March	June	September	December	March	June
UBB Premises passed	10,015.6	10,571.0	11,093.7	11,422.6	11,727.5	11,972.1
FTTH/cable (1)	7,277.3	7,832.6	8,355.4	8,684.3	8,989.1	9,233.8

(1) Includes Peru's cable premises passed.

SELECTED OPERATIONAL DATA

Unaudited figures

	2019				2020	
	March	June	September	December	March	June
Mobile churn (quarterly)	4.2 %	4.3 %	3.4 %	4.1 %	3.4 %	3.2 %
Contract	2.7 %	2.5 %	2.6 %	2.8 %	2.7 %	2.0 %
Mobile churn (cumulative YTD)	4.2 %	4.2 %	4.0 %	4.0 %	3.4 %	3.3 %
Contract	2.7 %	2.6 %	2.6 %	2.6 %	2.7 %	2.3 %
Mobile ARPU (EUR) (cumulative YTD)	4.0	4.0	4.1	4.0	3.9	3.6
Contract	11.7	12.0	12.2	12.2	10.9	10.5

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

APPENDIX

ALTERNATIVE PERFORMANCE MEASURES

Information included in compliance with the ESMA Guidelines, 5 October 2015, on Alternative Performance Measures (APM), applicable to published regulated information from 3 July 2016.

The following APM and their reconciliation to the most directly reconcilable line item, subtotal or total presented in the financial statements of the corresponding period are included:

- OIBDA
- Net financial debt, Net financial debt plus leases and Net financial debt plus commitments
- Leverage ratio
- Free Cash Flow

- Organic results

- Underlying results

TELEFÓNICA
 RECONCILIATION OF OIBDA
 Unaudited figures (Euros in millions)

	2019				2020	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun
Operating income before D&A (OIBDA)	4,264	8,702	11,450	15,119	3,760	7,075
Depreciation and amortisation	(2,614)	(5,248)	(7,827)	(10,582)	(2,669)	(4,951)
Operating income (OI)	1,650	3,454	3,622	4,537	1,091	2,124

TELEFÓNICA
 NET FINANCIAL DEBT
 Unaudited figures (Euros in millions)

	December 2019	June 2020
Non-current financial liabilities	43,288	44,636
Current financial liabilities	9,076	9,471
Gross Financial Debt	52,364	54,107
Cash and cash equivalents	(6,042)	(6,815)
Current financial assets	(3,118)	(3,604)
Non-current financial assets	(4,292)	(5,916)
Mark-to-market adjustment by cash flow hedging activities related to debt	(388)	222
Other current assets and liabilities	(1,192)	(1,112)
Other non-current assets and liabilities	413	319
Net Financial Debt	37,744	37,201
Lease Liabilities	7,379	6,436
Net Financial Debt including Lease liabilities (1)	45,123	43,637

Notes:

(1) Includes assets and liabilities defined as net financial debt including Lease liabilities for UK, El Salvador and Costa Rica, that are classified as non-current assets and disposal groups classified as held for sale and liabilities associated with non-current assets held for sale.

- In June 2020, net financial debt includes a positive value of the derivatives portfolio for a net amount of €3,969m, €3,691m included as financial liabilities and €7,660m included as financial assets.

	December 2019	June 2020
Net Financial Debt / OIBDAaL adjusted (1)	2.52 x	2.68x

(1) OIBDA plus adjustments and after Leases.

TELEFÓNICA
RECONCILIATION OF LEVERAGE RATIO
Unaudited figures (Euros in millions)

		2019		2020	
		December	March	June	
A	Net Financial Debt	37,744	38,223	37,201	
B	OIBDA reported (LTM)	15,119	14,615	13,492	
C	Adjustments in OIBDA	1,761	2,021	2,336	
	Restructuring charges	2,193	2,191	2,177	
	Capital gains/losses on sale of assets	(768)	(570)	(387)	
	Others	336	400	546	
D	Leases	(1,918)	(1,923)	(1,933)	
E= B+C+D	OIBDAaL adjusted (LTM)	14,962	14,713	13,895	
F= A/E	Net Financial Debt / OIBDAaL adjusted	2.52x	2.60x	2.68x	

TELEFÓNICA
NET COMMITMENTS RELATED TO EMPLOYEE BENEFITS
Unaudited figures (Euros in millions)

	December 2019	June 2020
Gross commitments related to employee benefits	6,711	6,228
Value of associated Long-term assets	(75)	(90)
Tax benefits	(1,739)	(1,609)
Net commitments related to employee benefits (1)	4,897	4,529

Notes:

(1) Includes assets and liabilities defined as Net commitments related to employee benefits for UK, El Salvador and Costa Rica, that are classified as non-current assets and disposal groups classified as held for sale and liabilities associated with non-current assets held for sale.

TELEFÓNICA
RECONCILIATION OF FREE CASH FLOW
Unaudited figures (Euros in millions)

	2019				2020	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun
Net cash flow provided by operating activities	3,659	7,294	11,053	15,022	2,259	5,288
(Payments on investments)/proceeds from the sale in property, plant and equipment and intangible assets, net	(1,990)	(3,834)	(5,902)	(7,659)	(1,749)	(3,493)
Government grants received	-	-	-	-	0	0
Dividends paid to minority shareholders	-	(292)	(445)	(686)	(4)	(175)
Payments related to cancellation of commitments	239	419	595	840	284	493
Payments of financed spectrum without explicit interest	-	-	-	(87)	-	-
Free Cash Flow excluding Lease Principal Payments	1,908	3,587	5,302	7,430	790	2,113
Lease Principal Payments	(499)	(831)	(1,152)	(1,518)	(557)	(891)
FCF Including Lease Principal Payments	1,409	2,756	4,150	5,912	233	1,222

TELEFÓNICA

RECONCILIATION OF REPORTED VS. ORGANIC GROWTH

Unaudited figures (Euros in millions)

REVENUES	2019		2020		%
	Jan - Mar	Jan - Jun	Jan - Mar	Jan - Jun	Jan - Jun
T. ESPAÑA					
REPORTED DATA	3,126	6,321	3,078	6,106	(3.4)
T. ESPAÑA ORGANIC	3,126	6,321	3,078	6,106	(3.4)
T. DEUTSCHLAND					
REPORTED DATA	1,779	3,564	1,846	3,636	2.0
T. DEUTSCHLAND ORGANIC	1,779	3,564	1,846	3,636	2.0
T. UK					
REPORTED DATA	1,691	3,411	1,739	3,370	(1.2)
Forex Impact	-	-	(23)	1	
T. UK ORGANIC	1,691	3,411	1,716	3,372	(1.1)
T. BRASIL					
REPORTED DATA	2,563	5,030	2,215	3,954	(21.4)
Forex Impact	-	-	313	914	
T. BRASIL ORGANIC	2,563	5,030	2,528	4,868	(3.2)
T. INFRA (TELXIUS)					
REPORTED DATA	219	435	207	415	(4.7)
Forex Impact	-	-	(1)	2	
Others	-	-	(0)	0	
T. INFRA (TELXIUS) ORGANIC	219	435	206	417	(4.2)
T. HISPAM					
REPORTED DATA	2,407	5,018	2,204	4,085	(18.6)
Changes in the consolidation perimeter	-	1	-	-	
Forex Impact	-	-	98	271	
Others	-	-	(10)	267	
T. HISPAM ORGANIC	2,407	5,019	2,292	4,623	(7.9)
TELEFÓNICA					
REPORTED DATA	11,979	24,121	11,366	21,706	(10.0)
Changes in the consolidation perimeter	(173)	(318)	(89)	(171)	
Forex Impact	-	-	384	1,176	
Others	-	-	(8)	263	
TELEFÓNICA ORGANIC	11,806	23,803	11,653	22,974	(3.5)

OIBDA	2019		2020		%
	Jan - Mar	Jan - Jun	Jan - Mar	Jan - Jun	Jan - Jun
	T. ESPAÑA				
REPORTED DATA	1,355	2,685	1,225	2,436	(9.3)
Restructuring charges	23	23	27	27	
Capital gains/losses on sale of assets	(103)	(103)	-	-	
T. ESPAÑA ORGANIC	1,275	2,605	1,252	2,463	(5.4)
T. DEUTSCHLAND					
REPORTED DATA	522	1,101	532	1,095	(0.5)
Restructuring charges	10	22	(1)	0	
Capital gains/losses on sale of assets	-	-	9	5	
T. DEUTSCHLAND ORGANIC	532	1,123	540	1,101	(2.0)
T. UK					
REPORTED DATA	504	1,052	516	1,012	(3.8)
Forex Impact	-	-	(7)	0	
T. UK ORGANIC	504	1,052	509	1,012	(3.8)
T. BRASIL					
REPORTED DATA	1,050	2,050	951	1,666	(18.7)
Forex Impact	-	-	134	385	
T. BRASIL ORGANIC	1,050	2,050	1,085	2,051	0.0
T. INFRA (TELXIUS)					
REPORTED DATA	129	253	135	268	5.9
Forex Impact	-	-	(0)	2	
Others	-	-	(0)	(0)	
T. INFRA (TELXIUS) ORGANIC	129	253	135	270	6.8
T. HISPAM					
REPORTED DATA	637	1,339	502	863	(35.6)
Restructuring charges	0	3	1	2	
Changes in the consolidation perimeter	-	(0)	-	-	
Capital gains/losses on sale of assets	-	(1)	-	-	
Forex Impact	-	-	30	77	
Others	-	-	37	229	
T. HISPAM ORGANIC	637	1,341	570	1,171	(12.7)
TELEFÓNICA					
REPORTED DATA	4,264	8,702	3,760	7,075	(18.7)
Restructuring charges	34	51	32	35	
Changes in the consolidation perimeter	(86)	(144)	(28)	(58)	
Capital gains/losses on sale of assets	(189)	(376)	9	5	
Forex Impact	-	-	151	448	
Others	-	-	34	238	
TELEFÓNICA ORGANIC	4,024	8,233	3,957	7,744	(5.9)

OPERATING INCOME	2019		2020		%
	Jan - Mar	Jan - Jun	Jan - Mar	Jan - Jun	Jan - Jun
	TELEFÓNICA				
REPORTED DATA	1,650	3,454	1,091	2,124	(38.5)
Restructuring charges	34	51	32	35	
Changes in the consolidation perimeter	(85)	(144)	(28)	(58)	
Capital gains/losses on sale of assets	(189)	(376)	9	5	
Forex Impact	-	-	51	117	
Others	-	-	124	233	
TELEFÓNICA ORGANIC	1,409	2,985	1,279	2,457	(17.7)
CAPEX	2019		2020		%
	Jan - Mar	Jan - Jun	Jan - Mar	Jan - Jun	Jan - Jun
T. ESPAÑA					
REPORTED DATA	380	819	344	649	(20.8)
T. ESPAÑA ORGANIC	380	819	344	649	(20.8)
T. DEUTSCHLAND					
REPORTED DATA	252	496	224	475	(4.2)
T. DEUTSCHLAND ORGANIC	252	496	224	475	(4.2)
T. UK					
REPORTED DATA	185	409	221	406	(0.9)
Forex Impact	-	-	(3)		
T. UK ORGANIC	185	409	218	406	(0.8)
T. BRASIL					
REPORTED DATA	396	934	337	665	(28.8)
Forex Impact	-	-	48	154	
T. BRASIL ORGANIC	396	934	385	819	(12.3)
T. INFRA (TELXIUS)					
REPORTED DATA	9	94	155	206	119.3
Forex Impact	-	-	19	29	
Others	-	-	(0)	(0)	
T. INFRA (TELXIUS) ORGANIC	9	94	174	234	149.5
T. HISPAM					
REPORTED DATA	297	644	325	458	(28.8)
Forex Impact	-	-	21	37	
Spectrum	0	(4)	-	(3)	
Others	-	-	9	68	
T. HISPAM ORGANIC	297	640	356	560	(12.6)
TELEFÓNICA					
REPORTED DATA	1,554	3,385	1,485	2,721	(19.6)
Changes in the consolidation perimeter	(24)	(34)	(2)	(8)	
Forex Impact	-	-	66	192	
Spectrum	-	(4)	-	(3)	
Others	-	-	9	67	
TELEFÓNICA ORGANIC	1,530	3,347	1,558	2,969	(11.3)

OIBDA-CapEx	2019		2020		%
	Jan -Mar	Jan - Jun	Jan -Mar	Jan - Jun	Jan - Jun
T. ESPAÑA					
REPORTED DATA	975	1,866	881	1,787	(4.2)
Restructuring charges	23	23	27	27	
Capital gains/losses on sale of assets	(103)	(103)	-	-	
T. ESPAÑA ORGANIC	895	1,785	907	1,814	1.6
T. DEUTSCHLAND					
REPORTED DATA	270	605	308	620	2.5
Restructuring charges	10	22	(1)	0	
Capital gains/losses on sale of assets	-	-	9	5	
T. DEUTSCHLAND ORGANIC	280	627	316	626	(0.3)
T. UK					
REPORTED DATA	319	642	295	606	(5.7)
Forex Impact	-	-	(4)	0	
T. UK ORGANIC	319	642	291	606	(5.6)
T. BRASIL					
REPORTED DATA	654	1,117	613	1,001	(10.3)
Forex Impact	-	-	87	231	
T. BRASIL ORGANIC	654	1,117	700	1,232	10.4
T. INFRA (TELXIUS)					
REPORTED DATA	120	159	(20)	62	(60.8)
Forex Impact	-	-	(19)	(26)	
Others	-	-	(0)	0	
T. INFRA (TELXIUS) ORGANIC	120	159	(39)	36	(77.2)
T. HISPAM					
REPORTED DATA	340	695	176	404	(41.8)
Restructuring charges	0	3	1	2	
Changes in the consolidation perimeter	-	(0)	-	-	
Capital gains/losses on sale of assets	-	(1)	-	-	
Forex Impact	-	-	9	40	
Spectrum	(0)	4	-	3	
Others	(0)	-	28	162	
T. HISPAM ORGANIC	340	701	214	611	(12.8)
TELEFÓNICA					
REPORTED DATA	2,710	5,317	2,275	4,354	(18.1)
Restructuring charges	34	51	32	35	
Changes in the consolidation perimeter	(62)	(110)	(26)	(50)	
Capital gains/losses on sale of assets	(189)	(376)	9	5	
Forex Impact	-	-	84	256	
Spectrum	(0)	4	-	3	
Others	-	-	25	171	
TELEFÓNICA ORGANIC	2,494	4,886	2,399	4,774	(2.3)

Note:

- **Organic growth:** 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 sales (material), 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.

TELEFÓNICA

RECONCILIATION OF REPORTED VS. UNDERLYING GROWTH

Unaudited figures (Euros in millions)

	2019				2020		%
	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan -Mar	Jan - Jun	Jan - Jun
OIBDA							
TELEFÓNICA							
REPORTED DATA	4,264	8,702	11,450	15,119	3,760	7,075	(18.7)
Restructuring charges	35	51	1,927	2,193	33	35	
Capital gains/losses on sale of assets	(189)	(376)	(767)	(768)	9	5	
Others	-	(8)	2	438	-	116	
TELEFÓNICA UNDERLYING	4,109	8,368	12,611	16,982	3,802	7,232	(13.6)
NET INCOME							
TELEFÓNICA							
REPORTED DATA	926	1,787	1,344	1,142	406	831	(53.5)
Restructuring charges	25	37	1,438	1,631	24	26	
Capital gains/losses on sale of assets	(165)	(228)	(495)	(508)	6	4	
Others	100	186	300	1,309	182	457	
TELEFÓNICA UNDERLYING	885	1,782	2,588	3,574	619	1,318	(26.1)

Notes:

- **Underlying growth** : Excludes capital gains/losses from the sale of companies and assets sales (material), restructuring costs and other impacts (write-offs, material non-recurring impacts and amortisation charges from purchase price allocation processes).