

Telefónica



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Grab the future today

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Hi, good morning to all of you and welcome to Telefónica Latin America presentation. Believe me it's really not easy to be here to stand here in front of all of you. Standing here, immediately after President Lula is even more challenging. So I'll do my best.

Latin America as you know is about growth and is about the future. And it's about growth of the opportunities of the new sector that is rising, but is also about the opportunities of the traditional one. All the new opportunities are already present in Latin America, but we need to exploit as well the traditional ones.

And Telefónica is here in the region, is there in the region and is ready to grab all those opportunities. But before stepping into the growth and while we foresee to grab that growth I think it's a worthwhile to explore what has happened in the last two years. And it's going to set the tone for the presentation.

In the last two years, Telefónica Latinoamérica has been able to preserve its market share. We have reached a stable market share of roughly 29% and it has been stable for the last two years. In every single market where we operate, we are either number one or number two, therefore we are a leading company and we have been able to preserve our leadership.

But even more important, our leadership is even stronger and what we admire most in the new business, in the growing part of the business. In fact, we have a 55% share of mobile broadband and a 40% share in Brazil and we'll have the largest contract base in mobile in the region. Thanks to that, we have been able to grow. We have been able to have profitable growth. Our customer base has reached 184 million customers at the end of last year growing 9% year-on-year and our revenue has been growing in a similar way, 6.7%.

And this has been a healthy growth because we have been growing very, very strongly in the business of the future. In fact, broadband accesses have been increasing by 45% and our mobile data revenues have been increasing by 43%, therefore it's healthy growth. And on top of that, it is profitable growth.

Our OIBDA has reached €14 billion at the end of last year growing even more than our revenues, 9.1%. And, in fact, we have been able to increase our margin during the last two years by 2 percentage points reaching almost 40% OIBDA margin consolidated in the region. So it's growth, it's healthy growth, it's growth we admire most and it's profitable growth. But again, that's the past, let's explore a little bit about the future.

And during this presentation I will try to share with you three basic ideas. First of all, that it is really the time of Latin America, and that's why we call Latin America in bold letter. Second, the plans that we have to deliver this growth, this shortened growth and the new sources of growth, the growth of the future. And finally, we will just cover two countries, Mexico and Brazil. I'll be open for specific questions of any of the other countries later on during the Q&A session.

The investment community is looking at Latin America in a very different way than 10 years ago. 10 years ago, Latin America was not at all the focus for international investors. But today, the landscape is very different.

Only last year, Latin America attracted €141 billion of foreign direct investments.

Latin America has become the second destination of Chinese foreign direct investment. And Latin America is already producing very large multinationals, companies that are an additional warranty of sustainable growth in the region, like Vale Rio Norte Embraer or Cemex.

On the markets, the capital markets are starting to recognize and to rally behind this opportunity. In fact, the markets are really rewarding that growth. During 2010, Latin American population has reached 560 million people. The GDP of the region grew by 6%. And more than 70% of the gross domestic product in the region is generated in investment grade countries, and that has never happened before in history.

A lot is happening in Latin America, a lot is happening and a lot is happening very fast. Let me summarize that in a very short video with you.

(VIDEO PLAYING)

Let me highlight some figures. We are talking about 200 million people in middle class. 200 million people is the equivalent of the population of Germany, France and Italy all together and if middle class is the better off for market consumption and internal demand, Latin America has very solid foundation.

100 million people below 14 years old. This is the size, this is equivalent to the whole population of Russia and this people are going to start very soon buying telecommunication services. Growing young, urban middle class population means that Internet users are going to be exploding in Latin America. In fact, we think that we have been passing from 200 million today to more than 400 million in the next five years. This is the equivalent of creating a population – an Internet population of the size of the U.K. market every two years. So the time of Latin America is now.

It's true. I mean Latin America is not the only growth region in the world. There are others. But we think that Latin America is a very sweet spot where growth is matching purchasing power. In fact, the GDP per capita of Latin America is twice the size of the GDP per capita of emerging nation.

And I think that we are very close to this point where consumers change their consumption pattern. And they move away from basic products and tight budgets and they move into more entertainment, more inflows, more flexibility and we think there is a huge opportunity here of further growth in the region.

And if the GDP is growing, we do think that the telecommunication sector is going to grow accordingly. And in fact, we think that the telecommunication sector should fuel that growth. And according to most of the surveys, the growth of the telecommunication sector is going to be in the neighborhood of 7.7%, which is almost double the growth of the GDP.

And we think this is going to be a stable growth. From regulatory point of view, we do not see major turmoil in the horizon. Of course, we've seen that regulation is going to play a role and mobile termination rates are going to be coming down slowly in a glide path.

We are doing a significant effort to change our revenue structure in order to be less dependent on regulated services, and this is happening all around. And therefore we are gaining resilience. And in fact, from a competitive standpoint, competition is very fierce and there are two very big regional players.

But whatever the approach is, growth is in the region and growth is in the traditional services and growth is in the new services and in the new services to come. If you benchmark the Latin America market with the European market and you will probably notice that there are two ways of growth.

In terms of penetration, there is still 77% of the level of the European market. In terms of minutes of use, 80%. But if you judge upon the smartphone penetration, the opportunity is just huge. In Latin America, we have just 25% of the level of the European market. And is exactly the same on fixed broadband and on pay TV.

So we do think that there are two ways of growth happening simultaneously and the data explosion is already here, but we also aim to take the opportunity of further exploiting the growth of the traditional services.

Well, that's the market. A market full of opportunities, full of growth. A market that offers significant amount of growth ahead, and we do think this is not just the cycle. This is an unstoppable trend; this is a structural change in Latin America. And we are here, we are there, we have a plan. Telefónica has been there for a long while and we really intend to build a new wave of growth.

Let's explore, let's explore where, and let's explore how. Where is the growth? Good news are that in Latin America, growth is everywhere. Thanks to our integrated offer, we can deliver growth in the traditional voice services in the advanced connectivity market and also in the new emerging areas of opportunities.

First, we do believe in the value of a complete and integrated offer. And we have two examples here. The example of Chile which after one year of fully integration of our units, we have been able to deliver everything that a telecom service can provide to our customers. And we are seeing very good results. We have been growing the

traditional business of the wireline by 10% increasing Internet content and pay TV revenues and we have been growing roughly 47% of our mobile data service revenues.

And we have another example which proves that it is not a matter of technologies, it's a matter of mindset. For example in Venezuela where we have our full wireless offer, a full quadruple play wireless offer. We have been able to grow, to expand our ARPU by 26% and to expand our mobile data service revenue by 47%. So our mindset is to deliver a complete and integrated offer. We think that we have everything needed to provide that.

Now let's move into some of the key opportunities from a product and a market standpoint. Let's just start with the traditional services; we do think that voice has been a huge potential. It is true penetration is high, but it is also true that the natural growth of the market is going to bring 150 more million customers in the immediate years.

Today these people are below 14 year olds, but they're going to be becoming our customers soon enough. Here you have the example of Venezuela where we are changing the way we approach this new market, this new customers. Thanks to the social networks, we are already reaching them, talking to them in the way they like to be talked.

And we have been able to reach new channels of communications to expand our services, to expand our revenues and at the same time to lower our cost. In fact, since we use Twitter as way of communicating with them, the cost of our call centers have been going down 20%.

We have another example that we not only intend to grow the traditional voice but also to expand ARPU. We have been conducting in year 2010, the largest migration from prepay to postpaid that has been done in Latin America. We have been migrating six million people from our prepay to our postpaid customer base. Thanks to the Caribu regional initiative.

And as a result of all these efforts, we have the largest, the largest contract base of mobile in Latin America, with 30 million people and we have 100 million people ready to be migrated according to our database. As a result of that, we do foresee mobile voice penetration being expanded by 15 percentage points in the next three years and we think that we can increase further our customer base to 30% of the total base.

And we are going to be accelerating the mobile broadband. In fact, I've been showing you already that we have been growing more than 40% in this field. But the potential is just huge. The price of the smartphone is still very high, in average within 2010, the price of a smartphone in Latin America has been in the neighborhood of \$150, \$125. They are heading down to \$100. And now imagine once the penetration it's going to be when the price it's going to be in the neighborhood of \$50 to \$100. And this is going to happen very, very soon. And that is obviously a huge market opportunity. And we are

very well positioned, thanks to the customer based, the contract customer based that we have.

We have changed the way we approached to our offers. We have changed from a speed of access point of view to a service point of view. And we have tested that in Colombia with very, very good result. In fact thanks to this new way of approaching the customer, the offer, in Colombia we have the multiplying by almost four times, the mobile accesses that we have in Colombia in one single year.

We are moving away, we have never been close to flat rate data tariffs in Latin America, so we are very focused on tiered pricing. And for sure we are also away from meet their consumption, which scared customers. So, we think that we have been very close to the way that the future is going to be in terms of tariffs.

In mobile broadband accesses, we intend to have an explosion in the next year, multiplying almost by six the number of accesses in the region. And in fact we do think that the mobile data revenue as a percentage of service revenues can increase by 10 percentage points in the next three years. But we do see as well an opportunity in the traditional fixed business.

Almost two-thirds of our customers have already a bundle with voice, broadband or broadband plus TV in Latin America. And that has been helping us a lot to reduce churn and to increase ARPU. In fact we do believe very firmly in the power of bundling. And we are going to be expanding that. We have everything needed to provide to the customers a very attractive offer. We have different platforms, different technologies, and we are going to be approaching them in all the different ways. We have been developing Movistar TV and thanks to Movistar TV we have a very good set of channels and exclusivity content that we can provide to our customers with. We have media network which is our wholesale business, TV wholesale business in Latin America.

Thanks to that, we think that we can expand our fixed broadband penetration over total access in Latin America to more than 50% in the next three years, starting by 32%.

And we are building new options. Telecommunication is at the heart of the evolution of the sector, of the economy in the next years. And there are many adjacent businesses and industry that are starting to arise to us and to ask to collaborate with us.

Let me share some example, for example in video, 90% of global traffic is expected to be video in the future. Video is at the core of everything we do, and again over our Movistar brand over the top offer is starting to be very successful.

You saw the presentation of Fernando Madeira yesterday, which makes us to be at the forefront of the innovation of TV services in Latin America. Mobile financial services, only 30% of the people in Latin America have a bank account, while most of, we are reaching almost 100% mobile penetration.

Now imagine that we are able to constitute not only financial services as a way of payment but as a way of financial inclusion. We are already underway, we have reached an agreement with MasterCard and we will massify in the financial services in the region in the next three years.

And cloud computing is another huge opportunity. We are already leaders in the corporate market in Latin America, Telefónica is the leader in the corporate market in the multinationals corporate market in Latin America, so extending our product offer to cloud is just a natural expansion, so we see a huge amount of opportunities in adjacent business as well.

And as a result when you think where the opportunity lies in Latin America, in our business plan we see the opportunity being all around. And in fact, we aim to grow in the traditional business of voice plus accesses. We aim to have positive growth and we aim to grow more than 20% in both of the newer businesses that are starting to arise, in the accelerating advanced connectivity and in building new business. So it's about making the old call grow and it's about making full advantage of our position to exploit the new opportunities in the market.

Well, this is where, now let's see how we intend to capture this opportunity and on that side we do think that we are very well-equipped. This is why. First, we think that we have a unique delivery platform. We think that we are starting on a starting point which is pretty unique in the region. Second, we think that we have very powerful plans, very powerful and efficient ways to communicate with customers. And finally, we have been working very hard in the last few years to have a customer-centered approach. Let's explore that.

What's our platform? Why do we think that we are well-equipped? Well, in fact, our network has 220,000 fiber optic kilometers in Latin America. This is the equivalent of five times around the globe. If we are in a bandwidth-hungry future, we have differentiated assets. We have 30,000 base stations in Latin America. This is exactly the same amount that American towers has in the Americas.

We have 170,000 phone line employees that communicate with customers every day. And we have 33,000 points of sales in Latin America. So if we've got everything together, we'll reach 320 thousand million contacts with customers per year.

From a technological, from a sectorial or from a commercial point of view, we do think that we have a pretty unique platform in the region. I mean, yet on top of that, the fact that we belong to Telefónica and that Telefónica is already working in a unified manner for this new future, with the seven verticals and the scale that Telefónica has will provide us with enough power to shield our growth, for example, in the field of the smartphones, many of you will really understand why we think that we are well-positioned. Thanks to INTI or thanks to Caribú, we have been able to shorten our time to market by more than half in one single year. And we have pretty unique assets because new services means growth but it also means bandwidth requirements.

We have TIWS. TIWS is the fourth largest submarine cable in the world. TIWS is a competitive advantage not just in terms of costs but also in terms of the speed. It allows us to have a unified and centralized profit management center, and it allow us to really have a much more efficient way to access new services.

Through marginal investments we are able to reach new countries. They are the ones that we have been doing with Ecuador or with Colombia. And we have the flexibility of upgrading the cable with the latest technology very rapidly. Most of our competitors are seeking to build a similar infrastructure that we have built with TIWS.

Let's move in to our brands. Telefónica, Movistar and Vivo are the strongest brands in Latin America. They are number one or number two top of mind in every single market where we operate. And we have the best attributes in terms of value recognitions, leadership innovation, clarity, simplicity, honesty, proximity. And in fact, when you test that in real situations like we have been doing in Chile where we have been integrating the brands. After integrating the brands, we have been back on the leadership position in broad brand for example. So we should not underestimate the power of the brand and the unification effort that we are doing. Before the end of the year, we intend to have all the brands unified in the different countries where we are operating. And we need to put all those efforts, the platform and the brands to service our customers.

In the last Investor's Conference, we shared with you our intention in terms of first call resolution and our intends of be much closer to our customer. We have been doing a huge effort in assure consistent delivery in end-to-end processes. We have been reducing the billing claims by 30%, by more than 30%. We have been increasing our first call resolution by 11%. And in fact, thanks to that, we have been able to contribute and to build on the attributes of objective quality to our brands.

But believe me, we are at a time, the sector is at a time that we need more, we need more, we want more and we need more. We need to be closer to our customers. We need to understand them better if we want to be more efficient in our contact with them.

And we are right now integrating the different systems and the different platforms in order to constitute a business intelligence unit that will provide us with a further advantage in order to serve our customers, to be much more efficient on the commercial side and to increase the level of satisfaction. This is INTI that after Caribú is the second regional project that is strictly focused on systems and we are very eager to share with you results of INTI.

Thanks to everything that we have been doing recently, we are leaders in churn reduction in the region. In fact, we are the reference in the sector in churn reduction. We have here different examples of different counties. But let me share with you that since last time we met and we committed ourselves to become a customer-centered company, we have reached all these attributes in terms of brand but probably even

more importantly, we have been significantly reducing our level of churn. And we think that we can do even better.

So, I told you where we're seeing the opportunities, I told you how we intend to catch all this opportunity and why we feel we are well agreed for that. But I think it's important to share with you as well that we need to keep going, that we need to go confirm almost on a yearly basis our commitment in Latin America.

In year 2010, we reached our record level of investment in Latin America. We invested €13 billion from Telefónica into Latin America, €7.5 billion acquiring the 50% stake we didn't own in Brasilcel and therefore having full control of Vivo. We invested €1.2 billion in additional spectrum both in Mexico and in Brazil, which is essential for the future of the company. We invested €4.3 billion in CapEx in Latin America, and we acquired the license in Costa Rica. So our commitment is clear, is consistent and we'll keep going for a while.

Because we need to keep building in our structure, in our platforms, I have here some of the figures that we intend to do in the next years. We do think that this is going to be a huge growth in the region and this is going to see a significant tension in the networks and therefore we cannot be a bottleneck, we cannot become a bottleneck in the region. And therefore, our CapEx is going to be mainly the bottle to that.

In 2011, we are going to be creating more than 3,600 new base stations and we will be upgrading from 2G to 3G more than 4,200 base stations. We'll upgrade to deliver over 2 megabytes per second in broadband access to around 50% of the customer base in Latin America. We will pass with fiber, 1.1 million households in the region.

Well, this is where the growth is. This is how we intend to capture it and this is how the commitment is going to be met. Let me switch gears now and move briefly to the countries.

We have 14 countries in the region. We don't have time to cover all of them. Let me share with you that we have organized ourselves in three regions; the South, Brazil and the North. In the South, we are going to be accelerating in the integration of the different units and expanding our activity services all around in order to create more bundles, more opportunities for our customers.

We do believe, as I was sharing with you, in a fully integrated offer, and we are testing, for example in Argentina, our Over the Top platform for all of our areas and customers. In Venezuela, we will keep delivering growth. We have been growing in revenues. We have been able to lead the mobile broadband market. But you know that we have been losing market share in the low-end part of the market. We need to refocus on that and try to gain some momentum in the low-end part of the market. And in Central America, we went through a difficult period last year. We have been reshaping our commercial structure and we have been reaching agreements with third parties in order to have

infrastructure deployment more rapidly and more efficiently. And we are regaining market momentum with better prices.

But let me focus in Mexico and in Brazil. Mexico is a critical opportunity for us, Mexico is very important and very relevant for us. During the last years, we have built a very strong attacker in Mexico. We've turned around the operation. We bring it to healthy levels of cash flow regeneration. We have a 22% market share and we have, I would say, attractive levels of OIBDA margins.

But during the last part of, the second half of last year, we went into a difficult period. It's true that market settings and somehow changes in Mexico in the second half of last year, and that the increase in taxation depressed consumption. But it also true that we have some changes and we make some commercial actions that accelerated and fuelled the problem, and therefore we were probably too aggressive, and everything together combined in an increasing prices. And therefore, our revenues had slowed down and we turned into negative for OIBDA growth.

We are turning around the situation, so that'll take us a little while. And probably we will have noticeable improvement in the second half of this year. But this shortened issue should not be making us lose sight of the future opportunity that we have in Mexico, and the opportunity lies here.

Market analysis forecast growth rate of 7% from here to 2012. Mexico is the 11th largest population in the world. It's very young and urban, you have 32 million people below 40 year old. Internet uses is in 35 million and is going to expand very, very rapidly. Social networking has a huge amount of penetration and it has one of the highest GDP per capita in the region.

We have a huge opportunity here in terms of smartphone penetration; huge opportunity in terms of traditional voice penetration, but probably most importantly, a very, very significant opportunity in terms of mobile broadband penetration. And that's why we have been retaking our effort for Mexico, that's why we have been aggressive in spectrum auction last year in Mexico. We have been increasing by 200 megahertz in the 1,700 and in the 1,900 band by acquiring spectrum, and therefore, right now we have at least, and I would say at least the same position than any competitor in every single region of Mexico, probably with the exception of Region 8, but we have become much more stronger in terms of spectrum capacity in Mexico, which was one of our bottlenecks.

We have become much less dependent on infrastructure, rentals from our major competitor in the country, because we have been participating in the dark fiber consumption and we have been increasing by four our own capacity of backbone transmission in Mexico.

And in fact, we are leaders in customer satisfaction in Mexico. And even through this tough period of time we have been gaining market share. So we do think that we have

everything needed to capture the opportunity in Mexico and we are going to be accelerating. And we are going to be accelerating in the part of the business that I was sharing with you, which was very attractive, which is mobile broadband. We have here, what we intend to do and what we think it's going to be the deployment of network that we are going to be doing in Mexico during this year.

Before the end of the year, we aim to cover 95% of the ABC plus layers of the population. 70% of ABCD plus, which is almost tripling the initial amount of people that we were covering and as a result, we will go and multiplying by three our coverage in 3G in the region. And therefore, as a result of everything, in the next four years, we intend to multiply by 25 times the mobile broadband accesses that we have in our customer base and to double our market share. So even though we have been having some problems at the second half of last year, we think we have everything needed, not only to turn around the situation, but to become not just an attacker but a real challenger in Mexico.

And now, let's move into Brazil. Brazil is an amazing country, an amazing market. Brazil is the fourth largest telecom market in the world, immediately after United States, Japan and China; and is growing 30% and it's going to be keep growing 30% in the next year. And in fact, if you add up on the total size of the market in the next five years, there is R\$20 billion of additional revenue that is going to be appearing in the telecom market in Brazil.

And again, the opportunity is everywhere. If you benchmark the Brazilian opportunity against the European situation right now, in terms of penetration of traditional services, 80%. So more than 20% to grow. In terms of MOU, the MOU of Brazil is just half the level of MOU of the European market. Smartphone penetration is just 20% and now you imagine what that can be, when the prices of that market is going to be heading down, and the same opportunity in fixed and broadband or mainly in TV.

Middle class is already more than 100 million people in Brazil and keeps growing. 50 million people below 14 years old, 80 million Internet users and as Fernando were saying yesterday, huge opportunity in Brazil. And GDP growth. And we have everything needed to take advantage of these opportunities. And in fact, there is much more to come in Brazil. The Brazilian opportunity is huge. In terms of mobile penetration, we see 17 percentage points more penetration in the next three years. We see MOU growing and probably MOU is going to be growing more than that. The mobile market is just going to be exploding with 23 percentage points of additional data users. Smartphone penetration, we are going to be probably wrong if the prices of the smartphone accelerate and goes down more aggressively. And again it's very significant opportunity both in paid TV and in fixed broadband.

If you had this huge opportunity, you would like to have the best asset to capture the opportunity. And in fact, Telefonica has the best asset in Brazil. We have 73% market share on the wireline sector in the wealthiest state in Brazil.

We have the leader in mobile. We have Vivo which is the leader in mobile, the key leader in mobile. And we have a very competitive, and we are building on a very competitive TV offer, we are already number three and we are accelerating much more. And our leadership lies in two very important units, Telesp and Vivo.

Let's focus on Telesp. We went through tough times in Telesp 18 months ago. But we have turned around, we are turning around the situation. And in fact, Telesp is the best performance wireline company in the world in 2010. It's the only one that has not been losing traditional lines. Telesp has been reaching incredible levels of customer satisfaction. And in fact, for the first time, we became the market leader in September 2010 in the customer satisfaction. Ahead of niche cable operators, ahead of everyone and the payback of this has been immediate. In fact during 2010, we had an increasing record levels of broadband addition with more than 681,000 new customers. And in September, we have added more customers in September 2010 than in the three previous years combined.

Let me point another very important indicator in Telesp. We have an 85% employee satisfaction level. I know that this is not very normal to talk about employee satisfaction level in this kind of environment. But in the context of Brazil, where there is a fierce competition for talent, it is very important that Telefónica has the best people and highly motivated, and Telesp's under this process.

And now let's talk about Vivo. Vivo is an incredible company. It's an incredible mobile operator and in fact it's the leader in the largest market in Latin America. 30% market share, the largest contract market share with 35% and 40% of share in mobile broadband.

The best brand, number one in top of mind, 6 percentage points above our competition. The first, the leader in customer satisfaction. The leader in 3G coverage with more than 25 million people coverage above to our closest competitor. We are covering in 3G, we are covering three times as many towns above our next competitor. So it's the best brand, the best company, the leader and the best network.

Thanks to that, we have an unrivaled platform in Brazil to capture all these growth opportunities. Let me share with you some of our targets for 2015. We want to increase our fixed broadband access by 50%. We want to multiply our mobile broadband accesses by 6 and therefore to consolidate our leader position in this growing segment. We want to increase our mobile data usage by more than 30% of mobile service revenues. And we want to capture the TV opportunity by multiplying TV accesses by 2.5 times.

By executing everything that we have covered with you, our revenue structure is going to be to transform, it's going to be different. We have efficiency objectives for sure and we'll achieve them. But the main growth in Brazil is to deliver growth, we cannot lose that opportunity.

Telefónica is going to capture a significant part of that growth, in all business. With a growing way of connectivity and services beyond connectivity, you need to think that we have shared with the investment community that in order to lead this opportunity we are going to be investing 25 billion reais in the next four years. Therefore, we will be putting our money where we are putting our mouth.

And before closing Brazil, let me share with you a few words about synergies. When we acquired Vivo, we announced a target of operating synergies between €2.3 billion and €2.7 billion. After a few months of full control of the operation, I can share with you that we are very comfortable, very comfortable with this target and in fact in our internal processes these figure represents a minimum, is the low-end target.

We are moving ahead with the integration processes, in terms of interconnection optimization, the topology and network design, unifying internet access, vendor management, unifying data centers. But we think there is going to be much more to come immediately after the restructuring process, the legal restructuring process, which is underway, will be complete.

Brazil is a huge opportunity. We have the best platform.

(VIDEO PLAYING)

During the presentation, we've tried to cover three things. First that we do think from Telefonica that this is not just another upward phase of a cycle but a structural change that Latin America has structurally change for a better future.

Second, we have two ways of growth, a short term, a medium-term growth and we intend to capture both of them. And third, we have reviewed Mexico and Brazil in order to check what our other targets in each of those markets.

And before ending, let me share with you a final thought. Latin America is growth and we intend to capture that growth because we have been there for a long, long while and we have one of the outstanding platform. Our mission in Telefonica's portfolio is to be the growth driver and we are in the best region and we have the best team, and we are in the right position to do that. And we are committing all the resources in terms of CapEx, management effort and management focus to fulfill our mission.

Thank you very much.