

PRESS RELEASE

TELEFÓNICA AGREES THE SALE OF 11 DATA CENTERS FOR €550 MILLION TO ASTERION INDUSTRIAL PARTNERS

- The transaction perimeter covers 11 Data Centers with an installed service capacity of 29 MW located in 7 countries: Argentina (2), Brazil (2), Chile (1), Spain (2), Mexico (1), Peru (2) and United States (1).
- The sale includes the signing of a housing services agreement to the Telefónica Group, which will enable the company to maintain its commercial offer and leadership in connectivity and cloud services intact.

Madrid, 8 May, 2019.- Telefónica has signed an agreement for the sale of 11 Data Centres to Asterion Industrial Partners, the Pan-European infrastructure fund manager, for a total amount of 550 million euros. The transaction is expected to generate capital gains before taxes and non-controlling interests of around 260 million euros.

The sale includes the signing of a housing services agreement. Telefónica will continue to provide and manage the services it has been offering its customers from these centers and will maintain the direct relationship with them. In turn, this agreement will allow Asterion to leverage the sales network of the Telefónica Group's operations to market the remaining capacity of the Data Centers.

Telefónica therefore maintains its commercial positioning, the relationship with its customers and its leadership in offering connectivity services and cloud capabilities for the corporate segment. Telefonica will continue to offer its portfolio of services from a network of 23 Data Centers, including the 11 of the sale. The perimeter of the operation does not include the sale of servers owned by Telefónica, or the management and access to customers hosted on them.

The closing of the transaction will take place in a period of approximately two months, except for four Data Centers where the effective transfer is subject to several authorizations and administrative procedures.

The agreement announced today 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 the company to maintain a sustainable and attractive shareholder remuneration.

About Telefónica

Telefónica is one of the largest telecommunications companies in the world by market capitalization and number of customers with a comprehensive offering and quality of connectivity that is delivered over world class fixed, mobile and broadband networks. As a growing company, it prides itself on providing a differential experience based both on its corporate values and a public position that defends customer interests.

The company has a significant presence in 16 countries and over 356 million accesses around the world. Telefónica has a strong presence in Spain, Europe and Latin America, where the company focuses an important part of its growth strategy.

Telefónica is a 100% listed company and its shares are traded on the Spanish Stock Market and on those in London, New York, Lima, and Buenos Aires.