

PRESS RELEASE

Madrid, July 30th, 2020

TELEFÓNICA SELLS ITS UNIT IN COSTA RICA TO LIBERTY LATIN AMERICA FOR 425 MILLION EUROS

- The transaction implies a multiple of approximately 7.4 times 2019 OIBDA, in line with the multiple achieved in the sale of Telefónica's Central American units last year, and will generate capital gains -before taxes- of approximately 210 million euros.
- The company continues to execute in a more complex environment and advances on the roadmap set last November, fulfilling its commitments and creating value.

Madrid, July 30th, 2020.- Telefónica has reached an agreement with Liberty Latin America for the sale of the entire share capital of its business in Costa Rica.

The enterprise value of the transaction is 500 million U.S. dollars (approximately 425 million euros at the current exchange rate), which implies a multiple of approximately 7.4 times 2019 OIBDA. This multiple is in line with the one reached just over a year ago in the sale of Telefónica's businesses in Central America. The capital gain before taxes is estimated to amount to approximately 210 million euros and it will reduce Telefónica net debt by approximately 425 million euros.

This agreement is another example of how Telefónica continues to meet its strategic commitments set last November. This transaction was closed just three months after the previous buyer decided not to comply with the agreed transaction a year earlier. It demonstrates the execution capacity of Telefónica in this complex environment, following other deals announced in recent months.

The closing of this transaction is subject to certain closing conditions, including relevant regulatory approvals.

Telefónica will maintain the legal action initiated last May 2020, against Millicom due to unjustified breach of the terms of the agreement reached in 2019 and will continue demanding the compensation of all damages that Millicom's unjustified breach has caused the Telefonica Group.