

NOTA DE PRENSA

PRESS RELEASE

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In organic terms, growths until June are: Revenues, +1.3%; OIBDA, +3.1%; Operational Cash Flow, +3.3%; and a Margín Expansion of +3.3 percentage points.

TELEFÓNICA ACHIEVES A NET PROFIT OF 1,241 MILLION EUROS AND SIGNIFICANTLY IMPROVES CASH FLOW GENERATION DURING THE FIRST SEMESTER OF 2016

Executive Chairman of Telefónica, José María Álvarez-Pallete, explained that with these results and the cash flow generation boost expected for the second half of the year -after a year-on-year increase of the free cash flow of more than 1,000 million Euros during the semester-, the Company confirms 2016 guidance, including the dividend (0.75 euros per share), and the leverage ratio in the mid-term

- Consolidated revenues between January and June totalled 25,235 million Euros with a solid growth of those with higher quality: Service revenues grew 2.7% year-on-year in organic terms, while broadband connectivity and service over connectivity revenues increased 17.4% and 11.5%, respectively. For its part, between April and June mobile data grew 9.4%.
- Telefónica keeps growing in a profitable way which translated into an organic growth of the OIBDA, reaching 7,756 million Euros during the semester and expanding the margin to 30.7%. Consequently, the operating cash flow surpassed 4,100 million Euros. This item grew for the first time in nearly three years in Spain.
- All of the aforementioned is compatible with an increased investment effort positioned at 3,654 million Euros during the semester (+2.9% in organic terms), especially aimed at the deployment of ultra-fast networks.
- Thus, the Company already has 32.9 million homes passed with fibre and an 84% LTE population coverage in Europe.
- The Group's total accesses reached 347.5 million at the end of June. Mobile contracts grew at +6% rates, LTE accesses have more than doubled, fibre and VDSL accesses increased by 31%, and pay-TV clients grew by nearly +5%.
- Worth noting is the fact that, according to geographical areas, Spain maintains a positive trend in line with the new cycle of growth and with Fusion revenues, growing at rates of 24.4% until June. This, together with the achievement of savings, translates into a 2.6% organic growth of the OIBDA during the semester (excluding non-recurring), and the return to operational cash flow quarterly growth for the first time since the third quarter of 2013. For its part, Telefónica Brazil showed simultaneous growth -quarterly and during the semester- of revenues, OIBDA, and margin expansion, multiplying the free cash flow generated during the semester by four.

- As of the second quarter, Telefónica United Kingdom has been reclassified back into full consolidation within Telefónica Group financial results by the global integration method. For comparative purposes, the 2015 results of Telefónica Group and the first quarter of 2016 are reported following the same criteria.
- The variations of the consolidated results in reported terms continue to be impacted by currency exchange rates, deducting 11.7 percentage points from the evolution of revenues between January and June, and 10.7 percentage points from OIBDA. In addition, the year-on-year variation of the net profit was also affected by factors that are exogenous, and non-recurring, to the business during the first semester of 2015.

Madrid, July 28, 2016.- Telefónica achieved a net profit of 1,241 million Euros while significantly improving cash flow generation, with a year-on-year increase of the free cash flow during the semester of more than 1,000 million Euros. This behaviour, compatible with an increased investment effort, guarantees the strategic solvency and flexibility that the Group needs to solidly address the future.

Thus, in the balance statement published today, the Executive Chairman of Telefónica, José María Álvarez-Pallete, explained that *“with these results and the expected improvement of free cash flow generation in the second half of the year”* the Company confirms its objectives for 2016, including the dividend of 0.75 Euros per share, and the leverage ratio in the mid-term.

Álvarez-Pallete also underscored that the results show a sustained profitable growth that, together with the generation of synergies and efficiencies, *“is the growth lever for service revenue, OIBDA, operating cash flow and margin expansion”*. In terms of numbers and in organic terms, between January and June revenues grew 1.3%, the OIBDA increased 3.1%, the operational cash flow increased 3.3%, and the margin was expanded (by +0.5 percentage points).

Thus, the consolidated revenues of the Telefónica Group rose to 25,235 million Euros during the first semester, with solid growth in greater quality revenues. In this sense, service revenues grew 2.7% in organic terms until June, while broadband connectivity revenues and over connectivity revenues increased 17.4% and 11.5%, respectively.

For its part, the Company showed an organic increase of the OIBDA reaching 7,756 million Euros until June, and a 30.7% expansion of the semester margin. Consequently, and together with an increased investment effort focused on the transformation of networks and systems, the accumulated operational cash flow organically grew during the first six months of the year, exceeding 4,100 million Euros.

In reported terms, worth noting is the fact that the behaviour of principle items continues to be impacted by currency exchange rates, deducting 11.7 percentage points from the evolution of revenues until June, and 10.7 percentage points from the evolution of revenues of the OIBDA, while the year-on-year variation of the net profit at the end of the first semester is affected by extraordinary impacts, exogenous to the company and non-recurring, during the first semester of 2015.

In the balance statement published today, the President of Telefónica concluded that the results reflect the adequate execution of a Company that is transformed and prepared to *“build the future by driving our innovative capabilities and Big Data”*.

Client base: solid growth in value

The Group's total accesses reached 347.5 million at the end of June. Worth mentioning is the success of the commercial activity focused on greater value accesses, as well as better levels of client loyalty as a consequence of the improvement of networks through excellent connectivity, together with the differentiation and quality of the Company's products and services.

The continued commitment to attracting and retaining higher quality customers translated into a positive performance of: LTE customers, a customer base 2.1 times greater than that of the previous year and penetration of 19%; mobile contract accesses (+6% year-on-year and with growth across all segments) increased their weight by 3 percentage points to 39% over the total; smartphones (+18% year-on-year) presented net additions of 1.7 million and a penetration of 51%; pay TV customers grew 5% year-on-year and now represent 49% of total fixed broadband accesses; and finally, fibre and VDSL accesses (+31% year-on-year) increased their weight by 10 percentage points to 40% over total fixed broadband and recorded net additions of 447 thousand.

Thus, the quality of the customer base is reflected in the 3.2% growth in average revenue per access vs. the first semester 2015 and the levels of loyalty (churn) continued to improve sequentially across all segments.

Income statement analysis

From the second quarter of 2016 Telefónica's operations in the United Kingdom are no longer reported as discontinued operations within Telefónica Group and all its assets and liabilities have ceased to be reported as "held for sale", and have been reclassified back into full consolidation within Telefónica Group financial statements, in compliance with International Financial Reporting Standards (IFRS). For comparative purposes, the 2015 results of Telefónica Group and the first quarter of 2016 are reported following the same criteria.

The performance of the main financial variables in the second quarter was affected by the depreciation of the currencies against the euro, fundamentally the Brazilian real, Argentine peso and the sterling pound. Thus, the variation in exchange rates deducted 9.1 percentage points from the year-on-year change in revenues and 7.9 percentage points from OIBDA in the quarter (-11.7 percentage points and -10.7 percentage points in the semester, respectively). Meanwhile, changes in the perimeter of consolidation in the April-June period contributed 1.5 percentage points to reported year-on-year revenue growth and 0.8 percentage points to OIBDA (+3.3 percentage points and +2.3 percentage points respectively, in the first six months).

Changes in organic terms assume constant exchange rates from 2015, and exclude the impact of hyperinflationary adjustments in Venezuela in both years and considers a constant perimeter of consolidation

In the first six months, revenues grew by 1.3% year-on-year in organic terms (25,235 million). In the quarter, revenues increased to 12,723 million euros and remained practically stable vs. the previous year in organic terms (-0.2%; -7.7% reported), thanks to the positive contribution of T Hispanoamérica (+0.9 percentage points) and T. Brasil (+0.2 percentage points).

While quarterly revenues remained stable year-on-year, higher-quality revenues maintained a solid pace of growth. As such, service revenues grew 1.5% year-on-year in organic terms in the second

quarter (+2.7% in the semester). Across all the business units, the year-on-year growth of service revenues was higher than that of total growth.

The high Group diversification across the regions was underlined. Thus, T. España represented (25.1%) of first half consolidated revenues followed by T. Hispanoamérica (23.8%), T. Brasil (20.2%), T. Deutschland (14.6%) and T. UK (13.7%).

In terms of services, broadband connectivity and services over connectivity revenues continued to increase their weight over the total, up to 35.0% and 11.5% respectively in the quarter, +4.3 percentage points and 1.9 percentage points more than in the same period of the previous year. Meanwhile, voice and access revenues decreased to 43.2% over the total. Mobile data revenues continued to be a key driver for the Group, and grew 9.4% year-on-year in organic terms in April-June and now represent 52% of mobile service revenues (+5 percentage points year-on-year) due to greater demand for smartphones and LTE. Non-SMS data revenues (+16.0% year-on-year in the quarter) represented 81% of total data revenues

Similarly, continued growth of mobile data traffic is a key highlight, increasing to 50% year-on-year underpinned by the growth of LTE customers (19% of total mobile customers), with higher average usage (+68%) and ARPU around 10% higher.

Operating expenses in April-June stood at 9,067 million euros and decreased by 0.8% organic year-on-year due to widespread containment across all segments except in T. Hispanoamérica. Thus, expenses totalled 18,010 million euros in the first six months and increased by 0.5% organic year-on-year.

Higher profitability

Operating income before depreciation and amortisation (OIBDA) grew 0.8% organic year-on-year in the quarter and totalled 3,918 million euros underpinned by continuous growth of T. Brasil (contribution of 1.3 percentage points), T. España (+0.3 percentage points) and T. Deutschland (+0.2 percentage points). In the first half, OIBDA increased 3.1% organic year-on-year to 7,756 million euros. Excluding regulatory impact, the organic OIBDA for the quarter increased 1.4% year-on-year (+4.0% in the semester).

OIBDA margin in the second quarter stood at 30.8% and posted an organic expansion of 0.3 percentage points vs. the same period of the previous year. In the first half of the year, OIBDA margin increased 0.5 percentage points year-on-year organic to 30.7%.

Depreciation and amortisation in April-June reached 2,351 million euros and increased by 2.4% year-on-year organic mainly due to the higher level of investment in T. Brasil and T. Hispanoamérica. In the first semester, this line increased to 4,673 million euros (+2.1% organic year-on-year).

Operating income (OI) totalled 1,567 million euros, 1.5% less than in the second quarter of 2015 in organic terms. In the first half of 2016, it reached 3,083 million euros (+4.6% year-on-year organic). Net financial expenses totalled 1,320 million euros in the first semester (660 million euros in the second quarter). The effective cost of the debt in the last twelve months stood at 4.35%, 96 basis points lower year-on-year.

Corporate income tax for first six months of the year amounted to 549 million euros which, over an income before taxes of 1,760 million euros, makes the effective rate stand at 31.2%. Profit attributable to minority interests in January-June contributed 30 million to the net profit.

Thus, and as a result of all items, consolidated net income for the quarter reached 693 million euros and 1,241 million euros in the first half of the year. Basic earnings per share totalled 0.13 euros in the last three months and 0.23 euros in the first six months.

CapEx increased by 2.9% year-on-year in organic terms to 3,654 million euros in January-June, with the investment focused on the deployment of ultra-fast networks (76.5% in growth and transformation).

Operating cash flow (OIBDA-CapEx) stood at 4,102 million euros cumulative to June and increased by 3.3% year-on-year in organic terms, after also presenting year-on-year organic growth in the second quarter (+1.4%).

Financial position and financing activity

Free cash flow increased to 746 million euros in the second quarter. In the first semester, free cash flow totalled 815 million euros (-194 million euros in the same period of 2015). Net financial debt stood at 52,568 million euros as of June 2016. The leverage ratio (net debt over OIBDA) stood at 3.20 times at the close of June 2016.

In the first semester of 2016, Telefónica's financing activity increased close to 5,560 million equivalent euros, without considering the re-financing of commercial paper and short-term bank loans. The activity focused mainly on strengthening the liquidity position and refinancing the debt maturities in an environment of very low interest rates. At the end of June, Telefónica maintained undrawn committed credit lines with different credit institutions for an approximate amount of 11,812 million euros (10,662 million euros maturing in more than twelve months) which combined with the equivalent cash position and current financial assets excluding Venezuela, placed liquidity at 17,254 million euros.

Digital Services and Telefónica Global Resources

Digital services revenues stood at 1,212 million euros in the quarter (+15.7%) and 2,349 million euros in the semester (+17.4% year-on-year).

In the quarter, Video revenues (687 million euros) grew 13.1% vs. April-June 2015, supported by a video offering which is complemented by cutting-edge features and with differential content for different audiences, including own production. Pay TV accesses reached 8.4 million at June (4.5 million of these are satellite TV accesses), 5% more than in June 2015 due to the growth of 10% in T. Hispanoamérica and 4% in T. España.

Telefónica Global Resources intensified its focus on building an excellent connectivity proposition in terms of speed, reliability and security, investing in the continued modernization of the network core and in the development of mobile and fixed broad band which allows to manage the strong growth in traffic volume, especially video.

Thus, the Network and Operations Global area progressed in the efficient deployment of the ultra-broadband (UBB) network, the All-IP transformation and the continuous network improvement in terms

of quality and efficiency. As of June 2016, total premises passed with fibre reached 32.9 million, of which 20.7 correspond to fibre to the home (15.7 in Spain and 4.7 in Brasil). On the other hand, the 46,840 LTE sites positioned LTE population coverage at 55% (86% in Spain, 77% in Germany, 91% in the United Kingdom, 47% in Brazil and 45% in T. Hispam). Furthermore, 95% of the 3G and LTE base stations are connected via IP and fibre links to the transport network, which enables service to be provided to 50.1 million LTE customers (2.1 times year-on-year).

The Global IT area continued to make progress in the structural transformation of operating businesses, through the execution of "Full Stacks" programmes and progress in various projects.

TELEFÓNICA ESPAÑA

Telefónica España results for the second quarter of 2016 maintained a positive trend in line with the new growth cycle, while commercial activity improved with a reduction in churn across the board. On the other hand, the initial savings captured from the employment suspension plan contributed to the OIBDA and margin year-on-year growth in the quarter.

Total accesses stood at 41.5 million, of which consumer accesses increased to 28.0 million. Consumer "Movistar Fusión" reached 4.3 million customers (+10% year-on-year) and 2.1 million additional mobile lines (+9% year-on-year), with quarterly net additions of 60 thousand, and now represents 82% of broadband customers, 77% of TV customers and 70% of mobile contract customers. Furthermore, the capture of high-value customers in gross additions was maintained in the quarter, with 51% completely new customers and 93% incorporating at least one new service.

Retail broadband accesses accelerated their rate of year-on-year growth to 3%, with net additions in April-June of 52 thousand accesses. Fibre accesses stood at 2.7 million (1.6x vs. June 2015) and now represent 44% of broadband accesses. Ultrafast fibre accesses accounted for 65% of the fibre base. The coverage of fibre-to-the-home increased by 600 thousand new premises in the quarter reaching 15.7 million, and continues to be the largest in Europe. On the other hand, pay TV accesses totalled 3.8 million (+4% organic year-on-year) including 750 thousand DTS satellite accesses.

Mobile accesses once again slowed down its year-on-year decrease, supported by net additions in contract that turned positive in the quarter (50 thousand) fostered by M2M and the positive uptake of the second mobile line included in "Fusión+ Contigo" from 1 June. Smartphone penetration (68%) continued to drive mobile data traffic (+49% year-on-year). LTE coverage reached 86% (+3 percentage points compared with March) and LTE penetration 33% (+17 percentage points year-on-year).

Operating revenues for the quarter (3,202 million euros) remained stable year-on-year and in line with the previous quarter despite the greater decline in handset revenues. Service revenues improved their year-on-year performance sequentially (+1.1% in the quarter) mainly due to greater commercial activity and improved performance in business segment. In the semester, revenues increased to 6,328 million euros, stable year-on-year (+5.4% reported). Consumer revenues (1,636 million euros in the quarter) increased 0.9% year-on-year driven by the strong 22.7% year-on-year growth of "Fusión" (1,015 million euros).

Operating expenses (1,966 million euros in April-June) decreased by 1.9% year on year, and improved their sequential evolution by 0.6 percentage points due to the reduction of personnel expenses. In the semester, expenses amounted to 3,921 million euros (-1.6% year-on-year). OIBDA

reached 1,317 million euros in April-June and grew by 1.1% year-on-year, which translated into an OIBDA margin of 41.1% (+0.5 percentage points year-on-year). In the semester, OIBDA increased to 2,583 million euros, 1.5% higher vs. the same period of 2015 and OIBDA margin stood at 40.8% (+0.6 percentage points year-on-year).

CapEx in the first six months of the year stood at 889 million euros (+4.1% year-on-year; +1.2% in the quarter). As a result, the operating cash flow grew year-on-year in the quarter (+1.0% year-on-year) for the first time since the third quarter of 2013 and reached 1,694 million euros in the semester (+0.2% year-on-year).

TELEFÓNICA DEUTSCHLAND *(year-on-year changes in organic terms)*

Telefónica Deutschland continued to increase profitability and operating cash flow whilst driving momentum in an environment of intense mobile competition. The Company reiterates its 2016 full-year outlook mobile service revenue (MSR) evolution and OIBDA based on successful synergy capture while annual Capex outlook is changed to 'mid to high single-digit % growth'. At the same time, Telefónica Deutschland announces its intention to grow dividend annually over the next three years, starting with a proposal of €0.25/share for the financial year 2016 (€0.24/share last year).

The contract mobile customer base (45% of total) grew 3% year-on-year and registered 339 thousand net additions in the quarter (1.9x quarter-on-quarter). Smartphone penetration grew 5 percentage points year-on-year to 56% on the continued expansion of LTE (9.4 million accesses; +8% quarter-on-quarter). The benefits of the strong uptake of VDSL resulted in a second consecutive quarter of positive retail broadband net additions.

Revenues in the second quarter of 2016 declined by 5.9% year-on-year to 1,834 million euros (3,691 million euros in the first six months of the year, -4.1% year-on-year), slowing down 3.6 percentage points vs. the first quarter, out of which 3.1 p.p. is explained by lower handset sales. Mobile data revenues in the second quarter (749 million euros) accelerated 0.5 percentage points to 5.8% year-on-year.

OIBDA totalled 458 million euros and grew by 1.8% year-on-year in the second quarter excluding non-recurrent effects (850 million euros in January to June 2016; +3.8% year-on-year). The OIBDA margin stood at 23.0% for the six months period (+1.8 percentage points year-on-year). CapEx amounted to 433 million euros in the first half of the year and Operating Cash Flow (OIBDA-CapEx) totalled 417 million euros in the first half, up 16.7% year-on-year excluding non-recurrent effects.

TELEFÓNICA UK *(year-on-year changes in organic terms)*

Telefónica UK showed strong trading performance, building on momentum from 2015, which has been underpinned by the strength of the O2 brand, successful commercial propositions and customer loyalty. These factors allowed the Company to deliver continued strong customer growth in a challenging market.

Total mobile accesses reached 25.2 million (+1% vs. June 2015) after recording the strongest total quarterly net additions in 6 quarters (240 thousand). The mobile contract customer base (61% of the total; +5 percentage points year-on-year) grew 10% year-on-year, with 134 thousand net additions in the second quarter leveraged on new record levels of contract churn. The smartphone base stood at 13.3 million at the end of June, with a penetration of 62%, reflecting the strong increase in LTE accesses (9.5 million; +64% year-on-year).

Revenue in second quarter reached 1,712 million euros. In the first six months, revenue totalled 3,464 million euros, remaining stable year-on-year (-0.1% ex "O2 Refresh"). Data revenue improved 1.9% year-on-year in the April to June period (+1.7% in January-June), driven by the sustained growth of non-SMS data revenue. OIBDA in the quarter totalled 456 million euros and grew 0.6% year-on-year in the first half of 2016 to 918 million euros. This resulted in an OIBDA margin of 26.6% in the second quarter (+0.1 percentage points year-on-year). CapEx amounted to 415 million euros the period January to June, an increase of 6.3% year-on-year, mainly focused on LTE expansion. Operating Cash Flow (OIBDA-CapEx) totalled 502 million euros in the first half of the year.

TELEFÓNICA BRASIL *(year-on-year changes in organic terms)*

Telefónica Brasil's data centric and quality strategy (with higher penetration of high-value services), which combined with the capture of synergies and efficiencies has enabled the improvement of its market position and has translated into solid financial results (simultaneous growth in revenues, OIBDA, OpCF and margin expansions). It is important to highlight that this performance has been achieved despite a difficult macro environment and regulatory situation.

The Company managed 97.1 million accesses, from which 73.3 million are mobile accesses. In mobile contract, market share stood at 42.3% as of May (+0.7 percentage points year-on-year), after capturing 55% new accesses in the last twelve months. The Company maintained market leadership in LTE, with a market share of 36.9% as of May. Accesses reached 15.1 million, tripling vs. June 2015 and coverage extended to 198 cities (47% of population coverage). In the fixed business, retail broadband accesses (7.3 million) increased by 2% year-on-year; highlighting the strong performance of fibre accesses (4.0 million; 676 thousand FTTH), which accounted for 55% of broadband accesses (+4 percentage points year-on-year). Premises passed with FTTx increased to 16.1 million at June (4.9 million with FTTH in Sao Paulo). Pay TV accesses totalled 1.8 million accesses.

Revenues for the second quarter amounted to 2,656 million euros (5,087 million euros in the first semester) and increased by 0.9% year-on-year (+0.8% in the semester) thanks to the progressive monetisation of data and despite the macro and regulatory impact (+2.8% ex-regulation), and lower handset sales. OIBDA stood at 842 million euros in the second quarter of the year and at 1,647 million euros in the first half, 5.8% and 7.0% more than in the same period of the previous year, respectively.

This performance reflects the improvement in mobile service revenues, the excellent execution of cost containment measures and the capture of synergies (37 million euros in the quarter; 85 million euros in the semester). Thus OIBDA margin stood at 31.7% in the quarter (+1.5 percentage points year-on-year) and at 32.4% in the semester (+1.9 percentage points year-on-year).

CapEx reached 792 million euros in the January-June period and was allocated towards the expansion of LTE coverage, 3G capacity and greater FTTx penetration in order to guarantee higher quality in connectivity. Thus, operating cash flow (OIBDA-CapEx) totalled 855 million euros in the first semester, and accelerated to 33.6% compared to the previous year (35.3% in the quarter).

TELEFÓNICA HISPANOAMÉRICA *(year-on-year changes in organic terms)*

Telefónica Hispanoamérica continued to make progress in executing its value accesses growth strategy, enabling it to increase contract, smartphones, LTE, pay TV and broadband penetration, which translated directly into a revenue increase.

Total accesses reached 134.4 million at June (+2% year-on-year) with a noteworthy progressive increase in quality. Thus, smartphone and LTE penetration increased by 6 percentage points to 39% and 10% respectively and the broadband accesses with speeds above 4 Mb increased to 56% (+5 percentage points year-on-year). In the mobile business, the contract base increased to 23% (+1 percentage points compared with June 2015) and net additions in the first half of the year increased to 564 thousand accesses (4 times higher than the same period of the previous year). The fixed business remained focused on services bundling and already 41% of accesses were in 3P or 2P offers (+5 percentage points year-on-year), with pay TV as the differentiating feature in all markets due to the higher number of high definition channels and exclusive content.

In the financial side, revenues for the April-June period stood at 2,961 million euros and grew by 3.6% year-on-year (+7.5% in January-June) underpinned by the higher quality base, which offset the regulatory impact. Fixed business revenues continued to perform very well, accelerating their growth to 16.1% year-on-year in the quarter, mainly as a result of the improvement in broadband revenues (+25.8% year-on-year in the second quarter). Thus, the five countries with fixed operations in the region posted positive growth and accelerated vs. the previous quarter. OIBDA increased to 836 million euros (1,701 million euros) while OIBDA margin stood at 28.2% in the quarter and at 28.3% in the first half. CapEx totalled 1,015 million euros growing 20.3% year-on-year and was devoted mainly to the deployment of 3G and 4G, and improvement and development of copper and fibre.

Below, main operating figures country by country, considering year-on-year variations in organic terms:

Telefónica Argentina: Telefónica manages 26.3 million accesses in June (stable year-on-year), 19.8 million of which are mobile (stable year-on-year). The company posted solid financial-economic results in the second quarter of the year, improving the year-on-year OIBDA performance. Revenues from the April-June period reached 709 million euros and grew by 17.3% year-on-year (1,398 million euros in the semester; +18.5% year-on-year). OIBDA amounted to 165 million euros in the quarter and grew by 0.6% year-on-year (314 million euros in January-June) improving the year-on-year change vs. the previous quarter due to a more homogeneous comparison of commercial expenses. Thus, the OIBDA margin for the quarter stood at 23.0% and 22.2% in the first semester. CapEx in the first half of the year totalled 311 million euros and increased by 65.2% year-on-year due mainly to the expansion of the 4G network and improvements in the fixed network.

Telefónica Chile: Telefónica Chile maintained the focus on the acquisition and retention of high value customers, despite competitive pressure. The total number of accesses stood at 12.5 million, highlighting mobile contract accesses, which accelerated their growth to 9% year-on-year, and Pay TV accesses, increased by 4% compared with June of the previous year due to a differential offering supported by service bundling, platform quality and the broadcast of high-definition channels. On the financial side, revenues reached 524 million euros in the April-June period (1,035 million euros in January-June), OIBDA totalled 168 million euros (344 million euros in the first six months; +1.2% year-on-year), and the OIBDA margin stood at 32.1% in April-June and at 33.2% in January-June. CapEx reached 215 million in the first six months of the year (+2.9% year-on-year) and is mainly devoted to improve the 3G and 4G networks, both in coverage and capacity, as well as the expansion of the fixed network.

Telefónica Perú: Total accesses reached 21.6 million in June 2015 and mobile accesses stood at 16.2 million. During the second quarter of the year, Telefónica Perú recorded strong operational results in the high value segments, with a growing penetration in mobile contract, smartphones and pay TV. Revenues in the second quarter amounted to 620 million euros (1,245 million euros in the first half of the year). OIBDA stood at 204 million euros in the quarter (391 million euros in the first half) and returned to grow (+0.3% year-on-year in April-June) vs. the decrease in the first quarter due to the aforementioned cost containment efforts. OIBDA margin stood at 32.9% in the quarter (+0.8 percentage points year-on-year) and at 31.4% in the semester. CapEx totalled 149 million euros and was mainly devoted to the improvement of the 3G and 4G networks and increasing speed in the fixed business.

Telefónica Colombia: Mobile accesses stood at 13.2 million (+7% year-on-year) at the end of June after recording positive net additions for the fourth consecutive quarter while in the fixed business the bundling strategy continues to execute successfully and already represents 72% of fixed telephony accesses (+3 percentage points year-on-year). In the last three months, the commercial activity and churn improved across all products. Telefónica Colombia accelerated its revenue growth to 6.4% year-on-year underpinned by mobile data, pay TV and IT projects. Revenues amounted to 347 million euros in the second quarter (670 million euros in the first semester). OIBDA amounted to 108 million euros in the second quarter and to 215 million euros in January-June, thus OIBDA margin stood at 32.1% in the first half of the year. CapEx (117 million euros the January-June) reflected the deployment of and increase in mobile capacity and higher speed in the fixed network.

Telefónica México: The total number of accesses stood at 27.2 million and grew by 10% year-on-year. Mobile accesses (25.9 million) increased by 12% year-on-year, highlighting the 24% growth of the contract base. Revenues amounted to 337 million euros in the second quarter (746 million euros in the semester). OIBDA reached to 62 million euros in April-June, and stood at 168 million euros in January-June. Thus, the OIBDA margin stood at 22.5% in the semester. CapEx totalled 96 million euros in the first six months of the year (+4.6% year-on-year), and was mainly devoted for improving the network and the distribution channel.