

PRESS RELEASE

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TELEFÓNICA INNOVATES ITS OFFER TO STRENGTHEN ITS RELATIONSHIP WITH CUSTOMERS AND REACH NEW SEGMENTS

- “The strategy we have launched has borne fruit; we listened to the customer, identified new needs and want to keep on becoming increasingly relevant in their lives” says Emilio Gayo
- Movistar launches *Priority*, a service initially aimed at 1.5 million customers with prioritised customer service, a technological expert at their service, advantages in equipment and unique experiences
- Fusión customers can contract internet access for second homes from €15 per month
- Movistar will keep up its commitment to providing the best content to take advantage of the growth of the pay-TV market by launching an OTT service with a basic offer of original content, sports and fiction for €8 per month
- Movistar is diversifying its offer with new consumer finance services (Movistar Money), vehicle connectivity (Movistar Car) and insurance

Madrid, 25 April 2019.- Emilio Gayo, CEO of Telefónica España, unveiled the keys to the strategy the company will be developing in the coming quarters at a press conference today, with a diversified offer aiming to become increasingly important in customers' lives with new services and proposals that take advantage of the opportunities for growth arising in the Spanish market.

“The strategy launched in recent times has borne fruit. In 2018, Telefónica España recovered the path of revenue growth. We have been increasing revenue for seven quarters in the residential segment and for three quarters in the business segment, and we want to continue in this way, for which we will delve into the established strategy and go even further in order to become increasingly relevant in our customers' lives”, said Telefónica España's CEO.

“We have spent time listening to the customer, we have identified some of their needs and we are now featuring proposals to try to respond to them. We cannot settle for what we have done; we have to continue building the company we want to be and the company our customers demand”, added Emilio Gayo.

In recent years, Telefónica has led Spain to become a world leader in deployment of next generation networks, both fixed and mobile, popularising pay-TV and a multi-brand strategy (Movistar, O2 and Tuenti) to meet the needs of our different customer segments.

And, in the world of digital services for companies, Telefónica España is on track to build a unicorn, after consolidating double-digit growth in 2018 IT revenue, ascending to €860 million. “We want to be the reference partner in the transformation of companies, with cloud services, security, big data, IoT and digital spaces”, said Gayo.

New initiatives to satisfy customers

With these axes already built as a reference, Telefónica España's CEO listed a series of initiatives the company will launch in the coming quarters to gain relevance in customers' lives by diversifying the supply of products and services.

The first one is based on the service quality offered to the customer. "Telefónica España has the highest degree of customer satisfaction and loyalty on the market", said Gayo "but we want to be even better. For this reason, in June we'll launch *Priority*, a new way of relating to our customers that will initially be rolled out to 1.5 million Fusión customers".

Priority is based on two axes:

- Raising the customer service level, with priority and personalised assistance, specialised agents and a store experience that sets us apart.
- Trying to go beyond the customer's expectations, offering a technological expert to help them in the usual management of their home, preferential conditions in the acquisition of Movistar equipment and prioritising their participation in experiences promoted by the company.

Internet for second homes

The second initiative aims to improve Movistar customers' relationship with the company. To do so, in June, Internet Segunda Residencia will be launched, a new Fixed-line Broadband offer aimed at offering internet access in Fusión customers' second homes.

"The philosophy of this initiative is also to offer better conditions to customers who have more of a relationship with Movistar, so those who have the most complete bundles can enjoy internet access in their second homes at a lower price", explained Emilio Gayo.

In this way, customers with the Fusión Total Plus bundle can access the internet in their second home for only €15 per month. The price will be €20 per month for Fusión Total customers and €30 per month for the rest of Fusión customers.

Strengthen the commitment to television

"The third initiative is built around Movistar's commitment to television", said Gayo, "a commitment that has proven successful and that has led to more than 80% of broadband customers watching our contents; that has changed the way we watch television, and which we are going to delve into further in the future to continue promoting pay-TV in Spain to get it closer to the levels of the countries around us".

"We are ready to offer the most comprehensive offer, with Movistar's original content in current affair programmes, series, where we will premiere 13 series this year, as well as delving into film; with an unbeatable sport offer; with alliances with major international producers, and with access to differential functionalities", stated Gayo.

"We want all of our convergent customers to join the Movistar TV offer and, in addition, go a step further. We want to universalise our pay-TV by launching a new OTT offer in June that is open to non-Movistar customers", added Gayo.

Movistar's OTT television offer will cost €8 per month and will provide access to enjoy original Movistar+ content offered on its two channels #0 and #Vamos, Movistar Series, Movistar Seriesmanía, and a catalogue of 300 series and documentaries, 270 films and 60 on-demand programmes with both our own content and third party content.

Diversification to improve the customer relationship

And, finally, there is a fourth lever of growth based on digitalisation and the relationship with customers which we want to delve into further by offering a series of new services under the Movistar banner.

A first reality in this segment is Movistar Money, broadly launched for the whole Movistar's customer base in April and which enters the world of financing consumer spending for families with loans of up to €3,000.

During the second quarter of this year Movistar Car will be unveiled, an initiative to provide Wi-Fi connectivity to cars, making the vehicle a connected element with emergency warning in the event of an accident, breakdown alerts and fuel or maintenance offers, among others. Furthermore, after summer, Movistar will break into the insurance market.

"We have an exciting challenge ahead", ended Emilio Gayo, "and we want to take advantage of it. As our mission says, we want to make our world more human, connecting people's lives".