

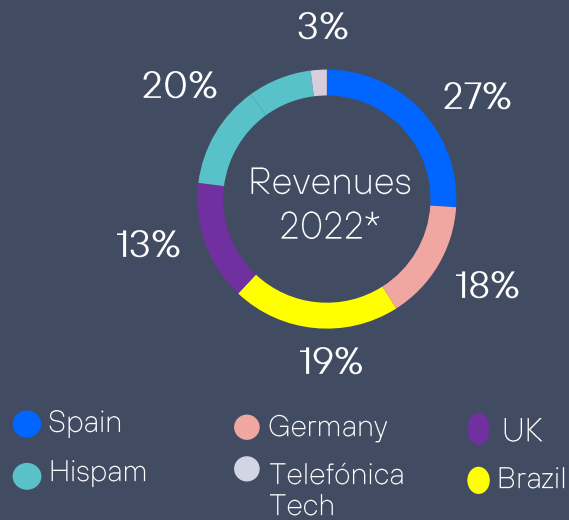
# Corporate Profile

2023

Data FY2022

# Telefónica, in numbers

- Telefónica operates in **12 countries**
- The company has 383.1 million accesses and offers **telco services and digital solutions** in more than 170 countries via strategic partner agreements
- **103.638 employees**



**78%** Revenue\* from key markets. Spain, Germany, Brazil and UK

**87%** OIBDA\* from key markets

\* Weights calculated with revenues and OIBDA ex spectrum and 50% of VMO2 JV.

Our mission: we want to make our world more human by connecting people's lives

## Values

WE ARE OPEN

WE ARE BOLD

WE ARE TRUSTED

## About Telefónica

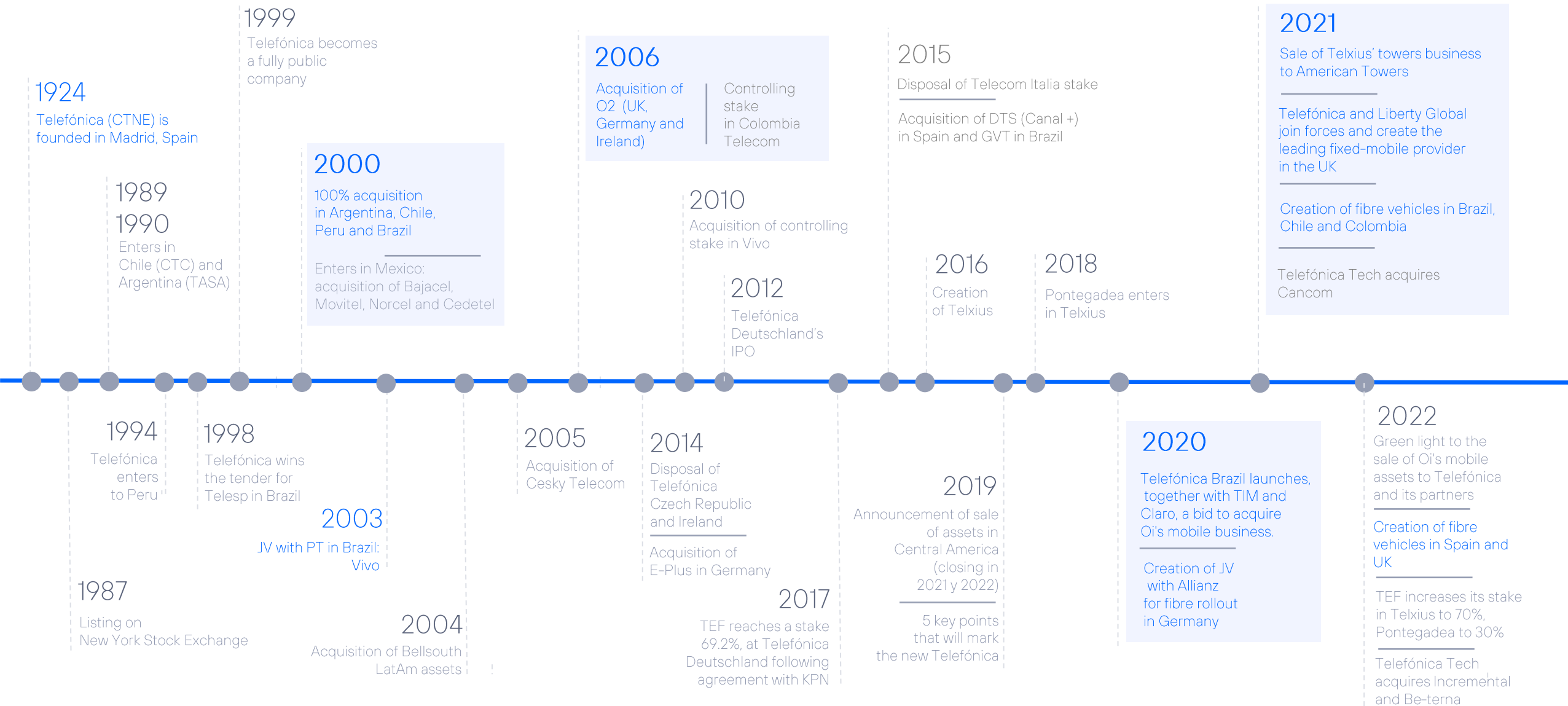
Telefónica is one of the largest telecommunications service providers in the world. The company offers fixed and mobile connectivity as well as a wide range of digital services for residential and business customers.

With 383 million customers, the company operates in Europe and Latin America.

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



# Telefónica, almost 100 years of history



# A leader in telco infrastructures

#1 global leader in UBB deployment, excluding China\*

\* Source: Analysys Mason

Pioneers in  
Telco Cloud

Open  
Broadband

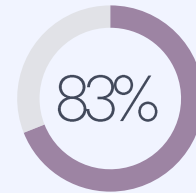
Multi Edge  
Computing

Network  
Slicing

Open RAN

Virtualization &  
Softwarization

168.1 Mn premises passed with UBB  
88.8 Mn premises passed through  
own network



processes  
digitised

Leading copper  
network shutdown

5G  
Coverage



85%  
population



> 80%  
population



39  
cities



>1,600  
locations

4G  
Coverage

99% in Europe  
87% in LatAm

Greener  
technology

FTTH  
85% more energy  
efficient than copper

5G  
90% more energy  
efficient per traffic unit  
than 4G

Telefónica has reduced 7.2% energy consumption since 2015,  
in spite of traffic increasing 7.4 times in the same period

# ESG, at the heart of the company' strategy

ODSs annual contribution of at least 95,000 Mn€

## Environment

Net zero emissions by 2024

CO<sub>2</sub> emissions scope 1+2  
**-80%**  
since 2015

100% renewable 2030

Zero Waste 2030

54% of B2B solutions  
verified by Eco Smart



A-List CDP

## Social

Rural coverage 2024<sup>1</sup>  
**>90%**



#1 in Digital Inclusion

**33%** women directors by 2024

78% employees trained  
in digital skills in 2022

x2 people with disabilities in the workforce 2024



Bloomberg Gender Equality  
Index for 6th consecutive years

## Governance

30-35%  
ESG Financing  
2024<sup>2</sup>

91,000 employees  
trained in Code of Ethics

100% suppliers under  
sustainability standards



#1 leader in digital rights

## Contribution to GDP

For every euro generated in direct impact in the 9 main countries, we have generated an additional €1.5 in indirect and induced impact through expenditure and investment

**45,978**  
Mn€

Contribution to employment:

**> 1 Mn**

Total Tax  
Contribution **7.669 Mn€**

**19.2€**  
out of every €100  
is spent in taxes

<sup>1</sup> Main markets. At Dec 22: Brazil >80%, Germany 99%, Spain >94%, UK >99%

<sup>2</sup> ESG Financing includes balance-sheet debt, hybrids and undrawn committed credit lines.



# A Stronger Company with a Higher Ambition

*Data FY 2022*



# GPS plan 2023–2026: Growth, Profitability and Sustainability

## A strategy based on 5 lines of action

- 1 Sustain B2C revenue growth
- 2 Keep above-industry B2B moment
- 3 Evolve wholesale and partners' revenues
- 4 Drive efficiencies to reduce OpEx
- 5 Sustain differentiation while reducing CapEx



# GPS plan: guidance 2023-2026

Elevating Telefónica's ambition further

# GPS

**G**rowth

~1%

Revenue

**P**rofitability

~2%

EBITDA

~5%

EBITDAaL-CapEx

**S**ustainability

>10%

FCF

*Reported CAGR 23-26*



# GPS plan: guidance 2023-2026

## Creating significant shareholder value

**GPS**

>10%

CAGR 23-26  
FCF

2.2-2.5x<sub>(2026)</sub>  
Leverage reduction

€0.30 floor DPS<sub>(2023-26)</sub>  
Shareholder value creation

Improved strategic optionality

# 2022, excellent results in a challenging year.

## Strong cash generation and attractive shareholder remuneration

### Accelerated profitable growth

+4.0%  
Revenue

+3.0%  
OIBDA

*Organic growth*

Revenue growth  
in all units

### Strong Balance sheet

26.7  
€Mil Mn  
Net Debt

Net debt/OIBDAaL  
Ratio  
2,54x

### Robust FCF

4,566  
€Mn  
+72.5% y-o-y

0.80€  
FCL/share

Largely covering  
the dividend

### Net Income

2,011  
€Mn

### Attractive shareholder remuneration policy

Dividend 2023  
0.30 €  
per share in cash

Treasury stock  
cancellation  
0.4 %

# Telefónica España:

## Leading customer satisfaction



### Results 2022\*

Revenue  
12,497 Mn €  
+0.6%

OIBDA  
4,588 Mn €  
-3.3%

OIBDA-CapEx  
Margin  
24.8%

*\* y-o-y changes in organic terms*

#1

Leading FTTH connected homes in Europe

➤ Premises passed: >28 Mn

#1

ARPU 2022 (convergent customers)

➤ 90.4€ +1.3% y-o-y

#1

Leading in mobile network speed and quality

➤ 85% population covered with 5G

#1

Movistar, the most valued brand\*

➤ NPS Record (42%)

*\* Kantar BrandZ*

The most compelling offer across all market segments



The best B2B and B2C technological partner to foster digitalisation



+ Higher value customers

Uptake of fibre customers connected to own network  
29% | +0.3 p.p. y-o-y

Churn at historically low levels

Mobile contract  
15.1 Mn | (0.7%)





# Telefónica Alemania:

## Strategy based in a continuous and improved network expansion



### Results 2022\*

Revenue  
8,224 Mn €  
+5.9%

OIBDA  
2,558 Mn €  
+5.2%

OIBDA-CapEx  
Margin  
16.4%

\* y-o-y changes in organic terms

Successful completion of 3 year Investment for Growth programme:



NETWORK  
MODERNISATION



5G ROLL-OUT



KEY REGULATORY OBLIGATIONS  
FULFILLED

Customer focus  
more-for-more strategy  
and new O2 Mobile  
and Blau tariffs

Total accesses  
48.9 Mn

5G  
>80%  
coverage  
Dec 2022  
Target: 100%  
population coverage  
in 2025

Very Good  
Network quality  
Connect Magazine  
2023



Zero emissions  
in 2025  
Scope 1 + 2

"Responsible  
Business Plan 2025"  
on track



ESG recognition



# Virgin Media O2 UK: Upgrading the UK, reimagining connectivity



## Results 2022\*

Revenue  
12,155 Mn €  
-0.01%

OIBDA  
4,401 Mn €  
+6.3%

OIBDA-CapEx  
Margin  
13.9%

\* Changes in organic terms in line with Telefónica criteria

#1  
Gigabit speed  
Largest UK ultra  
broadband network

Gigabit network  
16.1 Mn premises  
passed / largest  
contributor to  
Government Gigabit

5G available in  
>1,600  
towns & cities  
Target: 50% of  
population in 2023

57.7 Mn  
accesses

ESG  
Better Connections Plan

#1 UK – achieved “Advancing level”  
in the Carbon Trust’s Route to Net  
Zero



Synergies  
Synergies target exceeded: 30% of  
annualised run-rate

# Telefónica Brasil:

## Differential assets & leadership in value



### Results 2022\*

Revenue  
8,870 Mn €  
+9.1%

OIBDA  
3,732 Mn €  
+7.2%

OIBDA-CapEx  
Margin  
21.8%

\* y-o-y changes in organic terms

**vivo**

Accesos

112.4 Mn +13.7%

Récord de accesos móviles

#1 Largest fibre deployment in LatAm

23.3 Mn

premises passed with fibre

#1 Fibre market leader, with 5.5 Mn accesses

Mobile network  
Coverage and capacity

#1 Sustained leadership in mobile contract segment (43.5% of market share)

#1 Largest 3G/4G mobile network coverage

98.0 Mn mobile accesses +16.8%

5G in 39 cities



ESG recognitions

**ISEB3**



# Telefónica HispAm:

## Sustainable growth, providing opcionality



### Results 2022\*

Revenue
9,141 Mn € +3.7%
OIBDA
1,958 Mn € +2.7%
OIBDA-CAPEX Margin
9.8 %

\* y-o-y changes in organic terms

Argentina  
Chile  
Colombia  
México  
Ecuador  
Perú  
Uruguay  
Venezuela



Positive evolution  
of the Region in the  
use of green  
energies

### Operating highlights 2022

Total accesses	95.6 Mn mobile accesses
111,0 Mn €	+ 4.1% contract customers

#### FTTH and Cable

16.8 Mn premises passed

FTTH transformation boosted by  
**InfraCos**



**Internet for all:** connecting 3  
million people and receiving  
industry recognitions

# Telefónica Tech, Solid growth and high demand for state-of-the-art IT solutions



Growth outperforming the market and improved revenue profile

~1,500 €Mn

+57%  
annual

- ✓ X2 scale and market diversification in two years time
- ✓ Increased weight of Managed & Professional services and own platforms
- ✓ +50% y-o-y revenue increase in different sectors

## Diverse & highly qualified team

- ✓ 6k professionals from +60 nationalities
- ✓ ~80% of the workforce working in Europe
- ✓ >3.5k certifications in third party technologies

## Wide operative capacities

- ✓ 1 DOC (Digital Operations Center)
- ✓ 12 SOC's
- ✓ Kite Platform Kite (IoT Managed Connectivity)
- ✓ The ThinX (IoT Open Lab)

## Sustainable portfolio

- ✓ Supporting our customers in their digital transformation
  - ✓ Wide partner ecosystem
- 
- ✓ 58% of portfolio certified as ECOSMART

## Industry Analysts recognition



9x leader in IoT connectivity



"Very Strong" in Managed Security Services



"Strong Performer" in Specialized Insights



"Very Strong" in Hybrid Cloud



European Leader in Managed Security Services

# Telefónica Infra, leading portfolio of FibreCos and critical infrastructure

## Continued progress in fibre roll-out



Successful execution of FibreCos at attractive valuations

## Combining profitability and growth

TELXIUS

### SUBMARINE CABLE

82,000 km

7 last generation submarine cable systems:  
Marea, Dunant, Brusa, Tannat, Junior, Mistral and Tikal

- Revenue +2.8% \*  
- OIBDA +17.2% \*

\* FY 2022 in organic terms, excluding the tower business

Nabiax  
Hosting the future

14

Data centres

Telefónica Infra: 20% stake in Nabiax

PP: Premises Passed

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\*\*\*This document is classified as PUBLIC by TELEFÓNICA.



# New technologies, new collaborative solutions

IoT, EC, AI, Metaverse, Web3...

Open Gateway



A GSMA global industry initiative



Transforming networks into future-ready platforms to **open telco capabilities** in an intuitive, interoperable and programmable way through **global and standardised APIs**

EARLY ADOPTER PROGRAM



Developer-ready APIs  
Tech industry collaboration



# An Open Innovation Model

Based on excellent network connectivity, it combines in-house and third parties' innovation capabilities

714 Mn€  
R+D Investment\*

444  
Technological  
Industrial Property  
Rights assets \*

Top 50  
EU companies  
R&D Investment\*\*

Open  
Innovation

Boosting the  
entrepreneurial  
ecosystem \*

Internal  
Innovation

Telefónica Ventures



OPEN FUTURE

+550  
Active Startups  
in portfolio

+221 Mn€  
Invested

+3,500 Mn€  
Third-Party  
investment

+189  
Startups working  
with Telefónica

+161  
Exits

+70  
Startups  
Valued  
over 50M€

7  
Wayra  
Hubs

33  
Open Future  
Spaces



Core innovation

Identifies opportunities to reinvent ourselves in the medium and long term



Network and systems  
innovation

Creates capabilities to develop and integrate technological components in our networks and systems, to offer a unique experience in a competitive, secure and sustainable way



Innovation in new  
products and  
commercial offerings

Expands the company's portfolio with solutions that address market demands and social challenges

\* Data 2022

\*\* Industrial R&D Investment Scoreboard 2022

# Fundación Telefónica





Strategic Axes

Employability

42

Madrid / Urduliz / Barcelona  
Málaga / São Paulo



ORIENTATION

- Employment map
- Virtual orientator
- TRAINING
- online & face-to-face



PROGRAMA DE FORMACIÓN DIGITAL

**CONECTA EMPLEO**

Education

- ✓ Reducing social gap in disadvantaged environments
- ✓ Teachers
- ✓ Families/ Youth/ Children
- ✓ Social organisations
- ✓ Educational centres

**ProFuturo**

UN PROGRAMA DE:



Social & Digital Vulnerability

- ✓ DIGITAL transformation of social entities
- ✓ DIGITAL training of vulnerable groups

Libro Blanco de la Transformación Digital del Tercer Sector



Innovation & Talent HUB

Action drivers

Knowledge

enlightED 5<sup>TH</sup> EDITION



ESP/ACIO

- ✓ Events & Conferences
- ✓ Publications
- ✓ Exhibitions & Workshops

#sdiE 2022

Strategic Alliances

+ 600 organisations

+ 100 Public Entities

Presence in 41 COUNTRIES

Volunteering

>60,000 volunteers

**DIVT**

- ✓ Raising awareness
- ✓ Basic needs coverage
- ✓ Disasters & emergency relief



Telefónica