

# Telefónica

JANUARY - MARCH 2016 RESULTS

## Disclaimer

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## DISCLAIMER

The financial information related to the first quarter of 2016 contained in this document has been prepared under International Financial Reporting Standards (IFRS), as adopted by the European Union. This information is unaudited.

The January-December 2015 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at SIMADI (as of 31 December, this rate was set at 199 Venezuelan bolivars fuertes per dollar). The January-March 2016 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the denominated DICOM (273 Venezuelan bolivars fuertes per dollar at 31 March 2016).

From the first quarter of 2015, Telefónica's operations in the United Kingdom are reported as discontinued operations within the Telefónica Group and their assets and liabilities are classified as "held for sale", in compliance with the IFRS, as a result of the signing of the final sale agreement of the company in March 2015.

New information has been included from the first quarter 2016 and is also given for comparative purposes from January 2015. Please note that T. Venezuela and T. Central America are now presented separately for both financials and KPIs.

- At Group level:

i) Consolidated statement of cash flow, in conformity with International Financial Reporting Standards (included in addenda)

ii) Revenues split: Voice & access, FBB connectivity, Services over Connectivity and Others

iii) Fibre and VDSL accesses

- At business unit level:

i) Revenues split: Fixed and mobile revenues (T. Hispanoamérica); Pay TV revenues (T. Brasil, T. Hispanoamérica, T. Chile, T. Perú and T. Colombia). For comparative purposes, FBB and TV revenues in 2015 have been restated

ii) Accesses: Fibre and VDSL accesses (T. Hispanoamérica and T. Chile); VDSL (T. Deutschland and T. Perú)

iii) Operational data: Fixed voice & data traffic (T. España, T. Deutschland, T. Brasil, T. Argentina, T. Chile, T. Perú and T. Colombia), Fixed telephony and fixed broadband ARPUs (T. Brasil, T. Argentina, T. Chile and T. Perú and T. Colombia), and Pay TV ARPU (T. Brasil, T. Chile, T. Perú and T. Colombia)

- In T. España:

i) Revenue split in accordance with customer segmentation and the high level of convergence in the Consumer segment. The following are now included: Handset sales (mobile), Consumer (Fusión and non-Fusión), Business (Communications and IT) and Other

ii) Accesses: Total Consumer accesses (Fusión + non-Fusión)

iii) Consumer Fusión KPIs: Customers, ARPUs and churn

- Furthermore, mobile voice traffic is now classified as minutes per access on the Company's network and promotional traffic is included. For comparative purposes, the 2015 reported data has been adjusted as per these criteria.

- Other fixed revenue, including equipment, are now classified under FBB revenues. For comparative purposes, the 2015 reported data has been adjusted as per these criteria.

Also, the table "Reconciliations of Cash Flow and OIBDA minus CapEx from continuing operations" has been simplified, excluding net cash received from sale of Real Estate, net payment for financial investment and net payment for operations with minority shareholders and treasury stock. On the other hand, payments related to cancellation of commitments and operations with minority shareholders have been included to provide free cash flow figures.

The following Addenda are included: i) the Consolidated Statement of Cash Flow, in conformity with International Financial Reporting Standards; ii) the detailed Income Statement and Accesses and Selected Operational information for Telefónica UK, reported as per the perimeter of discontinued operation; iii) the detailed Income Statement for Telefónica España, including DTS in the consolidation perimeter from January 2015.

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TELEFÓNICA  
SELECTED FINANCIAL DATA  
Unaudited figures (Euros in millions)

	Jan-Mar	% Chg	
	2016	Reported	Organic
<b>Revenues</b>	10,784	(6.6)	3.4
Telefónica España (1)	3,126	8.6	0.2
Telefónica Deutschland	1,858	(2.3)	(2.3)
Telefónica Brasil (2)	2,431	(13.0)	0.6
Telefónica Hispanoamerica	3,054	(16.7)	11.3
Other companies & eliminations	315	3.4	
<b>OIBDA</b>	3,376	(6.7)	5.5
Telefónica España (1)	1,266	(1.2)	2.0
Telefónica Deutschland	392	(3.8)	1.7
Telefónica Brasil (2)	805	(4.1)	8.2
Telefónica Hispanoamerica	866	(23.2)	0.8
Other companies & eliminations	47	c.s.	
<b>OIBDA margin</b>	31.3%	(0.0 p.p.)	0.6 p.p.
Telefónica España (1)	40.5%	(4.0)	0.7 p.p.
Telefónica Deutschland	21.1%	(0.3 p.p.)	0.9 p.p.
Telefónica Brasil (2)	33.1%	3.0 p.p.	2.3 p.p.
Telefónica Hispanoamerica	28.3%	(2.4 p.p.)	(2.9 p.p.)
<b>Operating Income (OI)</b>	1,340	(11.3)	11.4
<b>Net income</b>	776	(56.9)	
Basic earnings per share (euros)	0.14	(60.9)	
Basic earnings per share from continuing operations (euros)	0.07	(27.8)	
<b>CapEx</b>	1,503	(10.6)	7.8
Telefónica España (1)	427	3.2	7.3
Telefónica Deutschland	220	(0.5)	(1.2)
Telefónica Brasil (2)	348	(11.9)	(12.6)
Telefónica Hispanoamerica	459	(26.1)	31.1
Other companies & eliminations	49	60.8	
<b>Spectrum</b>	2	(99.1)	(99.1)
Telefónica España (1)	-	-	-
Telefónica Deutschland	2	-	-
Telefónica Brasil (2)	-	-	-
Telefónica Hispanoamerica	-	-	-
<b>OpCF (OIBDA-CapEx)</b>	1,873	(3.3)	3.6
Telefónica España (1)	840	(3.3)	(0.5)
Telefónica Deutschland	173	(7.8)	5.1
Telefónica Brasil (2)	457	2.8	32.1
Telefónica Hispanoamerica	406	(19.6)	(21.6)
Other companies & eliminations	(2)	(96.5)	

Notes:

- 2015 and 2016 reported figures include hyperinflationary adjustments in Venezuela in both years.
- The January-March 2016 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the denominated DICOM (273 Venezuelan bolivars fuertes per dollar at 31 March 2016).
- From the first quarter of 2015 Telefónica UK's operations are reported as discontinued operations within the Telefónica Group and their assets and liabilities are classified as "held for sale", in compliance with the IFRS, as a result of the signing of the final sale agreement of the company in March 2015.
- **Organic criteria**: Assumes constant exchange rates as of 2015 (average FX in 2015), excludes the impact from hyperinflation in Venezuela in both years and considers constant perimeter of consolidation. In OIBDA and OI terms, excludes write-downs, capital gains/losses from the sale of companies, tower sales, material non-recurring impacts and restructuring costs. CapEx also excludes investment in spectrum.
- OIBDA and OI are presented before brand fees and management fees.
- OIBDA margin calculated as OIBDA over revenues.
- (1) DTS has been consolidated since 1 May 2015.
- (2) GVT has been consolidated since 1 May 2015.

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TELEFÓNICA  
ACCESSES  
*Unaudited figures (thousands)*

	2015				2016			
	March	June	September	December	March	June	September	December
Final Clients Accesses	312,635.8	323,021.6	320,924.3	316,188.7	316,058.5			
Fixed telephony accesses (1)	36,219.8	40,164.5	39,976.9	39,487.7	39,356.8			
Internet and data accesses	18,195.7	21,229.3	21,410.4	21,344.3	21,486.2			
Broadband	17,704.7	20,754.8	20,946.3	20,950.3	21,075.7			
Fibre and VDSL	2,878.7	6,386.4	6,935.1	7,393.1	7,915.1			
Mobile accesses	252,753.8	253,597.5	251,382.7	247,085.1	246,850.2			
Prepay	166,813.7	166,636.1	162,876.8	157,283.7	156,365.0			
Contract	85,940.1	86,961.4	88,506.0	89,801.4	90,485.2			
M2M	8,029.0	8,447.4	8,760.1	9,142.4	9,440.5			
Pay TV	5,466.5	8,030.3	8,154.3	8,271.6	8,365.4			
Wholesale Accesses	6,475.7	6,401.0	6,271.7	6,062.8	5,826.7			
Total Accesses	319,111.5	329,422.6	327,196.0	322,251.5	321,885.2			

Notes:

- GVT and DTS accesses are consolidated from 1 May 2015.

- O2 UK accesses are excluded from the first quarter of 2015 as a result of the discontinuation of the operation.

(1) Includes fixed wireless and VoIP accesses.

MOBILE ACCESSES  
*Unaudited figures (thousands)*

	2015				2016			
	March	June	September	December	March	June	September	December
Prepay percentage (%)	66.0%	65.7%	64.8%	63.7%	63.3%			
Contract percentage (%)	34.0%	34.3%	35.2%	36.3%	36.7%			
Smartphones ('000)	91,431.1	99,184.0	108,801.2	112,904.5	115,058.2			
Prepay	46,368.5	51,139.4	56,510.6	58,547.6	59,781.4			
Contract	45,062.5	48,044.6	52,290.6	54,356.9	55,276.8			
Smartphone penetration (%)	38.3%	41.4%	45.9%	48.5%	49.4%			
Prepay (%)	28.0%	30.9%	35.0%	37.5%	38.5%			
Contract (%)	61.4%	64.8%	69.3%	71.0%	71.5%			
LTE smartphones ('000)	14,059.4	18,571.7	23,577.9	29,708.2	35,569.1			
LTE penetration (%)	5.7%	7.6%	9.7%	12.5%	15.0%			

Notes:

- GVT and DTS accesses are consolidated from 1 May 2015.

- O2 UK accesses are excluded from the first quarter of 2015 as a result of the discontinuation of the operation.

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TELEFÓNICA  
CONSOLIDATED INCOME STATEMENT  
Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	11,543	11,876	11,919	11,881	47,219	10,784				
Internal exp. capitalized in fixed assets	170	189	190	234	784	179				
Operating expenses	(8,185)	(8,425)	(8,434)	(12,089)	(37,132)	(7,651)				
Supplies	(3,058)	(3,233)	(3,248)	(3,371)	(12,910)	(2,895)				
Personnel expenses	(1,634)	(1,682)	(1,673)	(4,811)	(9,800)	(1,617)				
Other operating expenses	(3,493)	(3,509)	(3,513)	(3,907)	(14,422)	(3,139)				
Other net income (expense)	30	33	(11)	232	284	58				
Gain (loss) on sale of fixed assets	61	28	29	158	275	6				
Impairment of goodwill and other assets	(1)	0	0	(15)	(16)	1				
Operating income before D&A (OIBDA)	3,618	3,702	3,693	401	11,414	3,376				
<i>OIBDA Margin</i>	<i>31.3%</i>	<i>31.2%</i>	<i>31.0%</i>	<i>3.4%</i>	<i>24.2%</i>	<i>31.3%</i>				
Depreciation and amortisation	(2,107)	(2,145)	(2,104)	(2,161)	(8,517)	(2,036)				
Operating income (OI)	1,511	1,557	1,589	(1,760)	2,897	1,340				
Share of profit (loss) of investments accounted for by the equity method	(3)	0	(1)	(1)	(5)	(3)				
Net financial income (expense)	(644)	(485)	(767)	(684)	(2,581)	(661)				
Profit before taxes from continuing operations	864	1,071	821	(2,445)	311	675				
Corporate income tax	(385)	314	(255)	313	(13)	(269)				
Profit for the period from continuing operations	479	1,385	566	(2,132)	298	406				
Profit for the period from discontinued operations	1,304	537	347	394	2,582	377				
Profit for the period	1,783	1,922	912	(1,738)	2,880	784				
Non-controlling interests	19	(31)	(29)	(95)	(135)	(7)				
Net Income	1,802	1,891	884	(1,832)	2,745	776				
Weighted average number of ordinary shares outstanding during the period (millions)	4,753	4,973	5,003	4,974	4,928	4,931				
Continuing operations earnings per share (euros)	0.09	0.26	0.09	(0.46)	(0.02)	0.07				
Discontinued operations earnings per share (euros)	0.27	0.11	0.07	0.08	0.52	0.08				
Basic earnings per share (euros)	0.37	0.37	0.16	(0.38)	0.51	0.14				

Notes:

- The January-March 2016 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the denominated DICOM (273 Venezuelan bolivars fuertes per dollar at 31 March 2016).
- From the first quarter of 2015 Telefónica UK's operations are reported as discontinued operations within the Telefónica Group and their assets and liabilities are classified as "held for sale", in compliance with the IFRS, as a result of the signing of the final sale agreement of the company in March 2015.
- The weighted average number of ordinary shares outstanding during the period has been obtained applying the IAS rule 33 "Earnings per share". Thereby, the weighted average of shares held as treasury stock have not been taken into account as outstanding shares. On the other hand, the denominator is retrospectively adjusted for transactions that have changed the number of shares outstanding without a corresponding change in equity (as if such transactions had occurred at the beginning of the earliest period presented). For instance, the bonus share issue carried out to meet the scrip dividends paid in 2015, has been taken into account. Also, the ordinary shares that would be issued upon the conversion of the mandatorily convertible notes issued on 24 September 2014 are included in the calculation of earnings per share from that date.
  - Continuing operations earnings per share is calculated dividing profit for the period from continuing operations including non-controlling interests, adjusted for the net coupon corresponding to "Other equity instruments", by the weighted average number of ordinary shares outstanding during the period.
  - Discontinued operations per share is calculated dividing profit for the period from discontinued operations by the weighted average number of ordinary shares outstanding during the period.
  - Basic earnings per share ratio is calculated dividing Net Income, adjusted for the net coupon corresponding to "Other equity instruments", by the weighted average number of ordinary shares outstanding during the period.
- 2015 and 2016 reported figures include hyperinflationary adjustments in Venezuela.
- Telefónica Group consolidated results consolidate GVT and DTS since 1 May 2015.

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TELEFÓNICA  
CONSOLIDATED INCOME STATEMENT  
*Unaudited figures (Euros in millions)*

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	11,543	11,876	11,919	11,881	47,219	10,784				
Voice & access	5,877	5,643	5,510	5,205	22,234	4,701				
FBB Connectivity	3,532	3,722	3,859	3,880	14,993	3,774				
Services over Connectivity (SoC)	974	1,238	1,300	1,398	4,909	1,285				
Others	1,160	1,273	1,250	1,399	5,082	1,024				

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TELEFÓNICA  
REVENUE BREAKDOWN  
*Unaudited figures (Euros in millions)*

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
<b>T. ESPAÑA (1)</b>	<b>2,878</b>	<b>3,124</b>	<b>3,180</b>	<b>3,220</b>	<b>12,402</b>	<b>3,126</b>				
<b>T. DEUTSCHLAND</b>	<b>1,901</b>	<b>1,949</b>	<b>1,979</b>	<b>2,059</b>	<b>7,888</b>	<b>1,858</b>				
<b>T. BRASIL (2)</b>	<b>2,794</b>	<b>2,943</b>	<b>2,736</b>	<b>2,587</b>	<b>11,060</b>	<b>2,431</b>				
<b>T. HISPANOAMÉRICA (3)</b>	<b>3,665</b>	<b>3,467</b>	<b>3,634</b>	<b>3,622</b>	<b>14,387</b>	<b>3,054</b>				
T. ARGENTINA	935	981	1,016	983	3,915	689				
T. CHILE	565	590	528	536	2,220	511				
T. PERU	692	684	695	695	2,766	624				
T. COLOMBIA	398	400	352	358	1,508	323				
T. MEXICO	444	458	453	427	1,783	409				
T. VENEZUELA (3)	212	(71)	165	175	481	77				
T. CENTRAL AMERICA (4)	214	221	223	240	898	227				
T. ECUADOR	149	149	150	157	605	145				
T. URUGUAY	65	61	56	58	240	54				
Other companies and eliminations	(9)	(6)	(5)	(6)	(29)	(6)				
Other companies and eliminations	305	393	390	393	1,482	315				
<b>TOTAL GROUP (3)</b>	<b>11,543</b>	<b>11,876</b>	<b>11,919</b>	<b>11,881</b>	<b>47,219</b>	<b>10,784</b>				

Notes:

- The January-March 2016 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the denominated DICOM (273 Venezuelan bolivars fuertes per dollar at 31 March 2016).
- From the first quarter of 2015 Telefónica UK's operations are reported as discontinued operations within the Telefónica Group and their assets and liabilities are classified as "held for sale", in compliance with the IFRS, as a result of the signing of the final sale agreement of the company in March 2015.
- (1) Includes DTS in Telefónica España's consolidation perimeter since 1 May 2015.
- (2) GVT has been consolidated since 1 May 2015.
- (3) 2015 and 2016 reported figures include hyperinflationary adjustments in Venezuela.
- (4) Central America includes Guatemala, Panama, El Salvador, Nicaragua and Costa Rica.

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## TELEFÓNICA

## OIBDA BREAKDOWN

Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
<b>T. ESPAÑA (1)</b>	<b>1,282</b>	<b>1,305</b>	<b>1,381</b>	<b>(1,631)</b>	<b>2,336</b>	<b>1,266</b>				
<b>T. DEUTSCHLAND</b>	<b>408</b>	<b>461</b>	<b>403</b>	<b>586</b>	<b>1,858</b>	<b>392</b>				
<b>T. BRASIL (2)</b>	<b>840</b>	<b>919</b>	<b>831</b>	<b>983</b>	<b>3,573</b>	<b>805</b>				
<b>T. HISPANOAMÉRICA (3)</b>	<b>1,127</b>	<b>1,025</b>	<b>1,080</b>	<b>1,124</b>	<b>4,356</b>	<b>866</b>				
T. ARGENTINA	273	266	242	224	1,006	149				
T. CHILE	176	203	187	194	760	176				
T. PERU	238	212	240	253	943	187				
T. COLOMBIA	150	146	121	130	547	107				
T. MEXICO	109	105	134	133	481	106				
T. VENEZUELA (3)	53	(26)	26	46	99	22				
T. CENTRAL AMERICA (4)	53	56	60	75	243	53				
T. ECUADOR	52	45	47	49	194	45				
T. URUGUAY	24	20	19	23	86	20				
Other companies and eliminations	(0)	(2)	4	(3)	(3)	0				
Other companies and eliminations	(38)	(8)	(2)	(662)	(710)	47				
<b>TOTAL GROUP (3)</b>	<b>3,618</b>	<b>3,702</b>	<b>3,693</b>	<b>401</b>	<b>11,414</b>	<b>3,376</b>				

## Notes:

- The January-March 2016 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the denominated DICOM (273 Venezuelan bolivars fuertes per dollar at 31 March 2016).

- From the first quarter of 2015 Telefónica UK's operations are reported as discontinued operations within the Telefónica Group and their assets and liabilities are classified as "held for sale", in compliance with the IFRS, as a result of the signing of the final sale agreement of the company in March 2015.

- OIBDA figures exclude management and brand fees.

(1) Includes DTS in Telefónica España's consolidation perimeter since 1 May 2015.

(2) GVT has been consolidated since 1 May 2015.

(3) 2015 and 2016 reported figures include the hyperinflationary adjustments in Venezuela.

(4) Central America includes Guatemala, Panama, El Salvador, Nicaragua and Costa Rica.

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## TELEFÓNICA

## CAPEX BREAKDOWN

Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
<b>T. ESPAÑA (1)</b>	<b>414</b>	<b>476</b>	<b>433</b>	<b>505</b>	<b>1,827</b>	<b>427</b>				
<b>T. DEUTSCHLAND</b>	<b>221</b>	<b>1,437</b>	<b>242</b>	<b>330</b>	<b>2,230</b>	<b>220</b>				
<b>T. BRASIL (2)</b>	<b>395</b>	<b>566</b>	<b>540</b>	<b>604</b>	<b>2,105</b>	<b>348</b>				
<b>T. HISPANOAMÉRICA (3)</b>	<b>622</b>	<b>852</b>	<b>729</b>	<b>857</b>	<b>3,060</b>	<b>459</b>				
T. ARGENTINA	146	363	229	199	938	159				
T. CHILE	123	115	105	90	433	114				
T. PERU	63	118	110	200	491	55				
T. COLOMBIA	48	111	95	88	342	33				
T. MEXICO	47	63	55	101	266	42				
T. VENEZUELA (3)	21	1	32	85	139	9				
T. CENTRAL AMERICA (4)	20	46	59	52	177	32				
T. ECUADOR	146	28	38	30	241	12				
T. URUGUAY	8	6	7	12	33	3				
Other companies and eliminations	31	81	63	180	356	49				
<b>TOTAL GROUP (3)</b>	<b>1,682</b>	<b>3,412</b>	<b>2,007</b>	<b>2,477</b>	<b>9,578</b>	<b>1,503</b>				
Spectrum	161	1,427	(2)	(2)	1,585	2				

## Notes:

- The January-March 2016 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the denominated DICOM (273 Venezuelan bolivars fuertes per dollar at 31 March)  
- From the first quarter of 2015 Telefónica UK's operations are reported as discontinued operations within the Telefónica Group and their assets and liabilities are classified as "held for sale", in compliance with the IFRS, as a result of the signing of the final sale agreement of the company in March 2015.

(1) Includes DTS in Telefónica España's consolidation perimeter since 1 May 2015.

(2) GVT has been consolidated since 1 May 2015.

(3) 2015 and 2016 reported figures include the hyperinflationary adjustments in Venezuela.

(4) Central America includes Guatemala, Panama, El Salvador, Nicaragua and Costa Rica.

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TELEFÓNICA  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
Unaudited figures (Euros in millions)

	2015				2016			
	March	June	September	December	March	June	September	December
Non-current assets	91,433	97,837	89,747	91,398	91,133			
Intangible assets	19,059	20,933	18,748	18,562	18,284			
Goodwill	19,952	24,123	21,455	21,745	22,108			
Property, plant and equipment and Investment properties	30,441	32,293	30,192	30,549	30,549			
Investments accounted for by the equity method	777	75	75	74	63			
Non-current financial assets	13,310	11,073	10,126	10,008	9,454			
Deferred tax assets	7,894	9,340	9,151	10,460	10,676			
Current assets	33,444	32,902	33,359	31,576	31,036			
Inventories	1,003	1,180	1,545	1,360	1,248			
Trade and other receivables	9,054	9,443	8,828	8,301	8,911			
Current financial assets	3,819	2,061	3,763	2,971	3,007			
Tax receivables	1,294	1,435	1,331	1,341	1,177			
Cash and cash equivalents	3,958	3,843	3,047	2,599	2,804			
Non-current assets classified as held for sale	14,316	14,940	14,845	15,004	13,889			
Total Assets = Total Equity and Liabilities	124,877	130,739	123,106	122,974	122,169			
Equity	32,734	35,613	29,714	27,556	27,776			
Equity attributable to equity holders of the parent and other holders of equity instruments	23,950	24,115	20,216	17,891	17,940			
Non-controlling interests	8,784	11,498	9,498	9,665	9,835			
Non-current liabilities	59,965	58,804	57,143	60,549	62,994			
Non-current interest-bearing debt	48,753	47,799	46,703	47,117	49,580			
Non-current trade and other payables	2,323	2,481	2,437	2,381	2,150			
Deferred tax liabilities	2,314	2,307	2,296	2,313	2,299			
Non-current provisions	6,575	6,217	5,707	8,738	8,965			
Current liabilities	32,178	36,322	36,249	34,869	31,399			
Current interest-bearing debt	11,576	14,424	14,746	12,953	10,813			
Current trade and other payables	13,201	13,913	13,605	14,235	12,969			
Current tax payables	1,867	1,890	1,773	1,769	1,915			
Current provisions	1,418	1,874	1,908	1,971	2,048			
Liabilities associated with non-current assets held for sale	4,116	4,221	4,217	3,941	3,655			
Financial Data								
Net Financial Debt (1)	45,627	51,238	49,691	49,921	50,213			

Notes:

- From the first quarter of 2015 Telefónica UK's operations are reported as discontinued operations within the Telefónica Group and their assets and liabilities are classified as "held for sale", in compliance with the IFRS, as a result of the signing of the final sale agreement of the company in March 2015.

- 2015 and 2016 reported figures include the hyperinflationary adjustments in Venezuela.

- Quarterly information of 2015 using the VEF/USD exchange rate in use at the time, prepared under IFRS as adopted by the European Union.

(1) Figures in million euros. Net Financial Debt at March 2016 includes: Non-current interest-bearing debt + Non-current trade and other payables (878) + Current interest-bearing debt + Current trade and other payables (435) - Non-current financial assets (5,366) - Current financial assets - Current trade and other receivables (314) - Cash and cash equivalents.

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## TELEFÓNICA

## FREE CASH FLOW AND CHANGE IN DEBT

Unaudited figures (Euros in millions)

		2015				2016			
		Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
I	Cash flows from operations	2,765	6,243	10,041	14,912	2,490			
II	Net interest payment (1)	(906)	(1,402)	(1,838)	(2,410)	(883)			
III	Payment for income tax	143	(134)	(374)	(664)	12			
A=I+II+III	Net cash provided by operating activities	2,003	4,708	7,830	11,838	1,618			
B	Net payment for investment in fixed and intangible assets	(2,297)	(5,466)	(7,464)	(9,183)	(1,967)			
	Spectrum (2)	(96)	(1,308)	(1,305)	(1,307)	(2)			
C=A+B	Net free cash flow after CapEx	(294)	(758)	366	2,655	(349)			
D	Net Cash received from sale of Real Estate	1	2	8	36	0			
E	Net payment for financial investment (3)	(86)	(743)	(674)	(933)	(44)			
F	Net payment for operations with minority shareholders and treasury stock (4)	(63)	371	(365)	(1,303)	(756)			
G=C+D+E+F	Free cash flow after dividends from continuing operations	(442)	(1,129)	(665)	456	(1,149)			
L	Free cash flow after dividends from discontinued operations	362	494	658	591	490			
H	Effects of exchange rate changes on net financial debt	546	524	(797)	(564)	(572)			
I	Effects on net financial debt of changes in consolid. and others	(85)	4,992	5,393	6,445	205			
J	Net financial debt at beginning of period	45,087	45,087	45,087	45,087	49,921			
K=J-G+H+I	Net financial debt at end of period	45,627	51,238	49,691	49,921	50,213			

## Notes:

- From the first quarter of 2015 Telefónica's operations in the United Kingdom are reported as discontinued operations within the Telefónica Group and their assets and liabilities are classified as "held for sale", in compliance with the IFRS, as a result of the signing of the final sale agreement of the company in March 2015.

- The January-March 2016 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the denominated DICOM (273 Venezuelan bolivars fuertes per dollar at 31 March 2016).

- The differences with the caption "Net Free Cash Flow after CapEx" included in the table presented above, are related to "Free Cash Flow" being calculated before payments related to commitments (payment of labour commitments) and after operations with minority shareholders, due to cash recirculation within the Group.

- 2015 and 2016 reported figures include the hyperinflationary adjustments in Venezuela in both years.

(1) Includes cash received from dividends paid by subsidiaries that are not fully consolidated.

(2) Figures in million euros. 2016 includes the following spectrum payments: 1 in Colombia and 1 in Germany. In 2015: 67 in Ecuador, 22 in Spain, 6 in Chile and 2 in Colombia.

(3) In 2015 purchase of a minority stake in Mediaset Premium.

(4) Dividends paid by Telefónica S.A., operations with treasury stock, issuance of shares, issuance and coupons of undated deeply subordinated securities, issuance of mandatorily convertible bonds into Telefónica S.A. shares and operations with minority shareholders from subsidiaries that are consolidated through the equity method.

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## TELEFÓNICA

## RECONCILIATIONS OF CASH FLOW AND OIBDA MINUS CAPEX FROM CONTINUING OPERATIONS

Unaudited figures (Euros in millions)

	2015				2016			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
OIBDA	3,618	7,320	11,013	11,414	3,376			
- CapEx accrued during the period	(1,682)	(5,094)	(7,101)	(9,578)	(1,503)			
- Payments related to cancellation of commitments	(266)	(417)	(572)	(721)	(141)			
- Net interest payment	(906)	(1,402)	(1,838)	(2,410)	(883)			
- Payment for tax	143	(134)	(374)	(664)	12			
- Gain (loss) on sale of fixed assets and impairment of goodwill and other assets	(59)	(88)	(117)	(259)	(6)			
- Investment in working cap. and other deferred income and expenses (1)	(1,142)	(943)	(646)	4,874	(1,203)			
= Net Free Cash Flow after CapEx	(294)	(758)	366	2,655	(349)			
+ Payments related to cancellation of commitments	266	417	572	721	141			
- Operations with minority shareholders	(26)	(400)	(412)	(537)	0			
= Free Cash Flow from continuing operations	(54)	(741)	526	2,839	(208)			
+ Free Cash Flow from discontinued operations	417	547	681	675	277			
= Free Cash Flow	363	(194)	1,206	3,514	69			
Weighted average number of ordinary shares outstanding during the period (millions)	4,753	4,866	4,912	4,928	4,931			
= Free Cash Flow per share from continuing operations (euros)	(0.01)	(0.15)	0.11	0.58	(0.04)			
= Free Cash Flow per share from discontinued operations (euros)	0.09	0.11	0.14	0.14	0.06			
= Free Cash Flow per share	0.08	(0.04)	0.25	0.71	0.01			

## Notes:

- From the first quarter of 2015 Telefónica UK's operations are reported as discontinued operations within the Telefónica Group and their assets and liabilities are classified as "held for sale", in compliance with the IFRS, as a result of the signing of the final sale agreement of the company in March 2015.

- The January-March 2016 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the denominated DICOM (273 Venezuelan bolivars fuertes per dollar at 31 March 2016).

- The concept "Free Cash Flow" reflects the amount of cash flow available to remunerate Telefónica S.A. Shareholders, to protect solvency levels (financial debt and commitments), and to accommodate strategic flexibility.

- The differences with the caption "Net Free Cash Flow after CapEx" included in the table presented above, are related to "Free Cash Flow" being calculated before payments related to commitments (payment of labour commitments) and after operations with minority shareholders, due to cash recirculation within the Group.

- 2015 and 2016 reported figures include the hyperinflationary adjustments in Venezuela in both years.

(1) In January-December 2015 includes 3,019 million euros related to the restructuring cost provision, mainly in Spain.

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## TELEFÓNICA

## EXCHANGE RATES APPLIED TO P&amp;L AND CAPEX

	2015				2016			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
USA (US Dollar/Euro)	1.126	1.115	1.114	1.109	1.102			
United Kingdom (Sterling/Euro)	0.743	0.732	0.727	0.726	0.770			
Argentina (Argentine Peso/Euro)	9.788	9.836	9.981	10.220	15.894			
Brazil (Brazilian Real/Euro)	3.215	3.302	3.485	3.643	4.290			
Chile (Chilean Peso/Euro)	703.349	692.458	711.288	723.914	772.332			
Colombia (Colombian Peso/Euro)	2,784.003	2,771.265	2,919.350	3,016.491	3,577.459			
Costa Rica (Colon/Euro)	610.128	602.773	602.410	599.520	597.729			
Guatemala (Quetzal/Euro)	8.599	8.537	8.530	8.489	8.459			
Mexico (Mexican Peso/Euro)	16.844	16.882	17.320	17.569	19.850			
Nicaragua (Cordoba/Euro)	30.140	30.024	30.175	30.229	30.966			
Peru (Peruvian Nuevo Sol/Euro)	3.444	3.457	3.495	3.530	3.799			
Uruguay (Uruguayan Peso/Euro)	27.880	28.590	29.511	30.181	34.755			
Venezuela (Bolivar Fuerte/Euro) (1)	56.057	220.751	223.414	216.310	310.752			

*Note:*

- These average exchange rates are used to convert the P&L and CapEx accounts of Telefónica foreign subsidiaries from local currency to euros.

## EXCHANGE RATES APPLIED TO CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2015				2016			
	March	June	September	December	March	June	September	December
USA (US Dollar/Euro)	1.076	1.119	1.120	1.089	1.138			
United Kingdom (Sterling/Euro)	0.727	0.711	0.739	0.734	0.792			
Argentina (Argentine Peso/Euro)	9.492	10.169	10.555	14.197	16.601			
Brazil (Brazilian Real/Euro)	3.451	3.471	4.451	4.251	4.052			
Chile (Chilean Peso/Euro)	674.136	715.021	782.779	773.150	762.567			
Colombia (Colombian Peso/Euro)	2,795.576	2,907.661	3,458.090	3,428.826	3,416.211			
Costa Rica (Colon/Euro)	580.046	605.327	606.061	593.120	617.284			
Guatemala (Quetzal/Euro)	8.225	8.531	8.599	8.309	8.779			
Mexico (Mexican Peso/Euro)	16.423	17.550	18.939	18.779	19.624			
Nicaragua (Cordoba/Euro)	28.964	30.490	30.906	30.405	32.184			
Peru (Peruvian Nuevo Sol/Euro)	3.332	3.554	3.609	3.713	3.786			
Uruguay (Uruguayan Peso/Euro)	27.626	30.289	32.630	32.604	36.138			
Venezuela (Bolivar Fuerte/Euro) (1)	56.057	220.751	223.414	216.310	310.752			

*Notes:*

- Exchange rates as of the end of the period.

- After considering Venezuela as a hyperinflationary country, the P&L and CapEx for Telefónica's operations in the country are to be converted at the closing exchange rate Bolivar Fuerte/Euro. The January-March 2016 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the denominated DICOM (273 Venezuelan bolivars fuertes per dollar at 31 March 2016).

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TELEFÓNICA  
YEAR TO DATE MAIN FINANCING OPERATIONS  
Unaudited figures

	Issue date	Amount (m)	Currency	Issuer	Coupon	Maturity date	ISIN code
<b>DEBENTURES AND BONDS</b>							
Cash-settled equity-linked bonds related to Telefónica, S.A. shares	9-Mar-16	600	EUR	Telefónica Participaciones, S.A.U.	0.000%	9-Mar-21	XS1377251423
Eurobond	13-Apr-16	1,400	EUR	Telefónica Emisiones, S.A.U.	0.750%	13-Apr-22	XS1394777665
Eurobond	13-Apr-16	1,350	EUR	Telefónica Emisiones, S.A.U.	1.460%	13-Apr-26	XS1394764689

	Signing Date	Amount (m)	Currency	Borrower	Maturity Date
<b>INTEREST-BEARING DEBT</b>					
Bilateral Loan	23-Feb-16	100	EUR	Telefónica, S.A.	23-Feb-21
Bilateral Loan	23-Feb-16	100	EUR	Telefónica, S.A.	23-Feb-19
Loan on supplies	8-Mar-16	300	EUR	Telefónica, S.A.	8-Mar-21
Syndicated facility	22-Mar-16	750	EUR	Telefónica Germany GmbH & Co. OHG	22-Mar-21
Club deal loan	15-Apr-16	150	USD	Telefónica Móviles Chile	15-Apr-21

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TELEFÓNICA  
RECONCILIATION OF REPORTED VS. ORGANIC GROWTH  
Unaudited figures (Euros in millions)

REVENUES	2015				2016				%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar
<b>T. ESPAÑA</b>									
REPORTED DATA	2,878	6,002	9,182	12,402	3,126				8.6
Changes in the consolidation perimeter	243	324	324	324					
<b>T. ESPAÑA ORGANIC</b>	<b>3,121</b>	<b>6,326</b>	<b>9,506</b>	<b>12,726</b>	<b>3,126</b>				<b>0.2</b>
<b>T. DEUTSCHLAND</b>									
REPORTED DATA	1,901	3,849	5,828	7,888	1,858				(2.3)
<b>T. DEUTSCHLAND ORGANIC</b>	<b>1,901</b>	<b>3,849</b>	<b>5,828</b>	<b>7,888</b>	<b>1,858</b>				<b>(2.3)</b>
<b>T. BRASIL</b>									
REPORTED DATA	2,794	5,737	8,473	11,060	2,431				(13.0)
Forex impact					813				
Changes in the consolidation perimeter	430	559	530	507					
<b>T. BRASIL ORGANIC</b>	<b>3,223</b>	<b>6,296</b>	<b>9,003</b>	<b>11,567</b>	<b>3,244</b>				<b>0.6</b>
<b>T. HISPAM</b>									
REPORTED DATA	3,665	7,132	10,765	14,387	3,054				(16.7)
Forex impact					986				
Hyperinflation in Venezuela	(23)	47	(32)	(119)	15				
<b>T. HISPAM ORGANIC</b>	<b>3,643</b>	<b>7,179</b>	<b>10,734</b>	<b>14,268</b>	<b>4,054</b>				<b>11.3</b>
<b>TELEFÓNICA</b>									
REPORTED DATA	11,543	23,419	35,337	47,219	10,784				(6.6)
Forex impact					1,813				
Hyperinflation in Venezuela	(23)	47	(31)	(119)	15				
Changes in the consolidation perimeter	672	883	854	831					
<b>TELEFÓNICA ORGANIC</b>	<b>12,192</b>	<b>24,349</b>	<b>36,160</b>	<b>47,930</b>	<b>12,611</b>				<b>3.4</b>
OIBDA	2015				2016				%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar
<b>T. ESPAÑA</b>									
REPORTED DATA	1,282	2,586	3,967	2,336	1,266				(1.2)
Tower sales	(38)	(38)	(38)	(38)					
Restructuring charges				2,896					
Distribution channel reorganisation plan				30					
Changes in the consolidation perimeter	(2)	(4)	(4)	(4)					
<b>T. ESPAÑA ORGANIC</b>	<b>1,241</b>	<b>2,544</b>	<b>3,925</b>	<b>5,220</b>	<b>1,266</b>				<b>2.0</b>
<b>T. DEUTSCHLAND</b>									
REPORTED DATA	408	869	1,272	1,858	392				(3.8)
Restructuring charges		3	66	74	23				
Final settlement agreement related to the acquisition of E-Plus				(102)					
Changes in the consolidation perimeter									
<b>T. DEUTSCHLAND ORGANIC</b>	<b>408</b>	<b>872</b>	<b>1,338</b>	<b>1,830</b>	<b>415</b>				<b>1.7</b>
<b>T. BRASIL</b>									
REPORTED DATA	840	1,759	2,590	3,573	805				(4.1)
Forex impact					269				
Tower sales				(10)					
Restructuring charges			6	7					
Changes in the consolidation perimeter	153	190	187	181					
<b>T. BRASIL ORGANIC</b>	<b>993</b>	<b>1,949</b>	<b>2,782</b>	<b>3,751</b>	<b>1,074</b>				<b>8.2</b>
<b>T. HISPAM</b>									
REPORTED DATA	1,127	2,152	3,232	4,356	866				(23.2)
Forex impact					267				
Hyperinflation in Venezuela	3	22	15	3	7				
Tower sales	(1)	(2)	(9)	(18)					
Restructuring charges		8	10	38	(1)				
<b>T. HISPAM ORGANIC</b>	<b>1,129</b>	<b>2,179</b>	<b>3,248</b>	<b>4,380</b>	<b>1,138</b>				<b>0.8</b>
<b>TELEFÓNICA</b>									
REPORTED DATA	3,618	7,320	11,013	11,414	3,376				(6.7)
Forex impact					529				
Hyperinflation in Venezuela	3	28	22	8	11				
Tower sales	(39)	(40)	(47)	(65)					
Restructuring charges		17	90	3,212	22				
Final settlement agreement related to the acquisition of E-Plus				(102)					
Firm commitments relating to the Telefónica Foundation's social activities				325					
Impairments				23					
Distribution channel reorganisation plan				30					
Changes in the consolidation perimeter	151	187	183	177					
<b>TELEFÓNICA ORGANIC</b>	<b>3,733</b>	<b>7,510</b>	<b>11,260</b>	<b>15,023</b>	<b>3,937</b>				<b>5.5</b>

OPERATING INCOME	2015				2016				%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar
<b>TELEFÓNICA</b>									
REPORTED DATA	1,511	3,068	4,657	2,897	1,340				(11.3)
Forex impact					272				
Hyperinflation in Venezuela	28	42	66	111	24				
Tower sales	(39)	(40)	(47)	(65)	(0)				
Restructuring charges		17	90	3,212	22				
Final settlement agreement related to the acquisition of E-Plus				(102)					
Firm commitments relating to the Telefónica Foundation's social activities				325					
Impairments				23					
Distribution channel reorganisation plan				30					
Changes in the consolidation perimeter	(13)	(18)	2	(24)					
<b>TELEFÓNICA ORGANIC</b>	<b>1,488</b>	<b>3,068</b>	<b>4,768</b>	<b>6,407</b>	<b>1,657</b>				<b>11.4</b>
<b>CAPEX</b>									
<b>T. ESPAÑA</b>									
REPORTED DATA	414	889	1,322	1,827	427				3.2
Spectrum acquisition	(22)	(49)	(49)	(49)					
Changes in the consolidation perimeter	6	8	8	8					
<b>T. ESPAÑA ORGANIC</b>	<b>398</b>	<b>848</b>	<b>1,280</b>	<b>1,786</b>	<b>427</b>				<b>7.3</b>
<b>T. DEUTSCHLAND</b>									
REPORTED DATA	221	1,658	1,900	2,230	220				(0.5)
Spectrum acquisition		(1,195)	(1,196)	(1,198)	(2)				
<b>T. DEUTSCHLAND ORGANIC</b>	<b>221</b>	<b>463</b>	<b>704</b>	<b>1,032</b>	<b>218</b>				<b>(1.2)</b>
<b>T. BRASIL</b>									
REPORTED DATA	395	961	1,501	2,105	348				(11.9)
Forex impact					116				
Spectrum acquisition		(0)	(0)	(0)					
Changes in the consolidation perimeter	136	167	165	160					
<b>T. BRASIL ORGANIC</b>	<b>531</b>	<b>1,128</b>	<b>1,665</b>	<b>2,265</b>	<b>464</b>				<b>(12.6)</b>
<b>T. HISPAM</b>									
REPORTED DATA	622	1,474	2,203	3,060	459				(26.1)
Forex impact					168				
Spectrum acquisition	(139)	(345)	(342)	(338)					
Hyperinflation in Venezuela	(2)	10		(8)	2				
<b>T. HISPAM ORGANIC</b>	<b>480</b>	<b>1,139</b>	<b>1,861</b>	<b>2,715</b>	<b>629</b>				<b>31.1</b>
<b>TELEFÓNICA</b>									
REPORTED DATA	1,682	5,094	7,101	9,578	1,503				(10.6)
Forex impact					285				
Spectrum acquisition	(161)	(1,589)	(1,587)	(1,585)	(2)				
Hyperinflation in Venezuela	(2)	10		(8)	2				
Changes in the consolidation perimeter	142	175	172	168					
<b>TELEFÓNICA ORGANIC</b>	<b>1,660</b>	<b>3,690</b>	<b>5,686</b>	<b>8,153</b>	<b>1,789</b>				<b>7.8</b>

OpCF (OIBDA-CapEx)	2014				2015				%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar
<b>T. ESPAÑA</b>									
REPORTED DATA	868	1,697	2,645	509	840				(3.3)
Tower sales	(38)	(38)	(38)	(38)					
Spectrum acquisition	22	49	49	49					
Restructuring charges				2,896					
Distribution channel reorganisation plan				30					
Changes in the consolidation perimeter	(8)	(11)	(11)	(11)					
<b>T. ESPAÑA ORGANIC</b>	<b>844</b>	<b>1,697</b>	<b>2,645</b>	<b>3,434</b>	<b>840</b>				<b>(0.5)</b>
<b>T. DEUTSCHLAND</b>									
REPORTED DATA	187	(789)	(628)	(372)	173				(7.8)
Spectrum acquisition		1,195	1,196	1,198	2				
Restructuring charges		3	66	74	23				
Final settlement agreement related to the acquisition of E-Plus				(102)					
<b>T. DEUTSCHLAND ORGANIC</b>	<b>187</b>	<b>409</b>	<b>634</b>	<b>798</b>	<b>197</b>				<b>5.1</b>
<b>T. BRASIL</b>									
REPORTED DATA	445	798	1,089	1,468	457				2.8
Forex impact					153				
Tower sales				(10)					
Restructuring charges			6	7					
Changes in the consolidation perimeter	17	23	22	21					
<b>T. BRASIL ORGANIC</b>	<b>462</b>	<b>821</b>	<b>1,117</b>	<b>1,486</b>	<b>610</b>				<b>32.1</b>
<b>T. HISPAM</b>									
REPORTED DATA	505	678	1,029	1,296	406				(19.6)
Forex impact					99				
Hyperinflation in Venezuela	6	12	15	11	4				
Tower sales	(1)	(2)	(9)	(18)					
Spectrum acquisition	139	345	342	338					
Restructuring charges		8	10	38	(1)				
<b>T. HISPAM ORGANIC</b>	<b>649</b>	<b>1,040</b>	<b>1,386</b>	<b>1,665</b>	<b>509</b>				<b>(21.6)</b>
<b>TELEFÓNICA</b>									
REPORTED DATA	1,937	2,226	3,912	1,835	1,873				(3.3)
Forex impact					244				
Spectrum acquisition	161	1,589	1,587	1,585	2				
Hyperinflation in Venezuela	6	18	22	16	8				
Tower sales	(39)	(40)	(47)	(65)	(0)				
Restructuring charges		17	90	3,212	22				
Final settlement agreement related to the acquisition of E-Plus				(102)					
Firm commitments relating to the Telefónica Foundation's social activities				325					
Impairments				23					
Distribution channel reorganisation plan				30					
Changes in the consolidation perimeter	9	12	11	10					
<b>TELEFÓNICA ORGANIC</b>	<b>2,073</b>	<b>3,820</b>	<b>5,574</b>	<b>6,870</b>	<b>2,148</b>				<b>3.6</b>

Notes:

- The breakdown of the effects for the reconciliation of reported vs. organic 2016 excludes forex impacts and therefore it assumes average constant exchange rates as of March 2015. Forex impact on those effects is fully included under the "Forex impact" epigraph.

- **Organic criteria** : Assumes constant exchange rates as of 2015 (average FX in 2015), excludes the impact from hyperinflation in Venezuela in both years and considers constant perimeter of consolidation. In OIBDA and OI terms, excludes write-downs, capital gains/losses from the sale of companies, tower sales, material non-recurring impacts and restructuring costs. CapEx also excludes investment in spectrum.

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TELEFÓNICA  
 REPORTED VS. UNDERLYING  
*Unaudited figures (Euros in millions)*

	January - March			%	
	2016 Reported	2016 Underlying	2015 Underlying	Underlying Change y-o-y	Reported Change y-o-y
Net income	776	881	1,922	(54.2)	(56.9)
Basic earnings per share (euros)	0.14	0.16	0.39	(58.0)	(60.9)
		2016	2015		
Reported Net Income		776	1,802		
PPAs		95	147		
Tower sales		(0)	(28)		
Restructuring charges		9			
<b>Underlying Net Income</b>		<b>881</b>	<b>1,922</b>		

- **Underlying criteria** : Reported figures excluding the impact on net income of write-downs, capital gains/losses from companies' disposals, tower sales, material non-recurring impacts and restructuring costs, as well as depreciation and amortisation charges arising from purchase price allocation processes.

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TELEFÓNICA ESPAÑA

Including DTS from 1 May 2015

CONSOLIDATED INCOME STATEMENT

Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul- Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul- Sep	Oct - Dec	Jan - Dec
Revenues	2,878	3,124	3,180	3,220	12,402	3,126				
Mobile handset revenues	142	156	147	202	648	117				
Revenues ex-mobile handset revenues	2,736	2,968	3,033	3,018	11,754	3,009				
Consumer (1)	1,380	1,549	1,625	1,576	6,129	1,626				
Fusión	776	827	870	895	3,368	979				
Non-Fusión	604	721	754	681	2,761	647				
Business	860	871	873	869	3,473	836				
Communications	715	705	697	681	2,799	677				
IT	145	166	175	187	674	158				
Other (2)	496	548	536	573	2,152	548				
Internal expenditure capitalized in fixed assets	88	82	80	100	350	87				
Operating expenses	(1,735)	(1,922)	(1,916)	(4,952)	(10,526)	(1,954)				
Supplies	(604)	(767)	(758)	(867)	(2,996)	(781)				
Personnel expenses	(557)	(565)	(574)	(3,477)	(5,173)	(593)				
Other operating expenses	(573)	(591)	(584)	(608)	(2,356)	(580)				
Other net income (expense)	5	(5)	1	(29)	(29)	5				
Gain (loss) on sale of fixed assets	46	26	37	27	136	4				
Impairment of goodwill and other assets	0	0	(1)	4	2	(1)				
Operating income before D&A (OIBDA)	1,282	1,305	1,381	(1,631)	2,336	1,266				
OIBDA Margin	44.5%	41.8%	43.4%	n.m	18.8%	40.5%				
CapEx	414	476	433	505	1,827	427				
Spectrum	22	27	-	-	49	-				
OpCF (OIBDA-CapEx)	868	829	948	(2,136)	509	840				

Notes:

- The reported figures include DTS in Telefónica España's consolidation perimeter from 1 May 2015.

- OIBDA before management and brand fees.

- Mobile handset revenues have been restated from 1 January 2015 including all the business of Telefónica España (previously only Telefónica Móviles España).

(1) Consumer revenues include residential and SOHO revenues.

(2) Other revenues include wholesale, subsidiaries and other revenues.

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TELEFÓNICA ESPAÑA  
ACCESSES

Unaudited figures (Thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Final Clients Accesses	35,882.6	36,958.2	36,868.1	36,935.6	36,791.3			
Fixed telephony accesses (1)	10,321.9	10,126.6	10,064.9	10,005.6	9,910.6			
Internet and data accesses	5,972.7	5,905.1	5,947.8	6,000.0	6,012.8			
Broadband	5,928.3	5,861.0	5,906.1	5,962.0	5,978.6			
Fibre	1,560.3	1,720.7	1,950.5	2,223.0	2,458.3			
Mobile accesses	17,448.6	17,330.7	17,272.0	17,258.5	17,140.1			
Prepay	3,122.6	2,989.1	2,881.1	2,777.1	2,675.7			
Contract	14,325.9	14,341.6	14,390.9	14,481.4	14,464.5			
M2M	1,662.4	1,726.5	1,705.6	1,778.8	1,827.2			
Pay TV (2)	2,139.5	3,595.7	3,583.4	3,671.5	3,727.8			
Wholesale Accesses	5,333.6	5,286.7	5,200.4	5,037.7	4,866.9			
Fibre	66.5	97.9	124.4	144.7	176.6			
<b>Total Accesses</b>	<b>41,216.2</b>	<b>42,244.9</b>	<b>42,068.4</b>	<b>41,973.3</b>	<b>41,658.2</b>			

(1) Includes fixed wireless and VoIP accesses.

(2) From the second quarter of 2015, Pay TV accesses include DTS.

CONSUMER ACCESSES (Fusión + non-Fusión)

Unaudited figures (thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Fixed telephony accesses	7,782.2	7,609.9	7,559.7	7,509.9	7,428.5			
Internet and data accesses	5,119.0	5,049.6	5,089.0	5,135.8	5,145.4			
Mobile accesses	12,240.0	12,049.3	12,001.3	11,920.1	11,759.7			
Prepay	3,122.6	2,989.2	2,881.1	2,777.1	2,675.7			
Contract	9,117.3	9,060.0	9,120.2	9,143.0	9,084.0			
Pay TV	2,139.5	3,595.7	3,583.4	3,671.5	3,727.8			
<b>Total Consumer Accesses</b>	<b>27,280.6</b>	<b>28,304.5</b>	<b>28,233.5</b>	<b>28,237.2</b>	<b>28,061.4</b>			

TOTAL MOBILE ACCESSES

Unaudited figures (thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Prepay percentage (%)	17.9%	17.2%	16.7%	16.1%	15.6%			
Contract percentage (%)	82.1%	82.8%	83.3%	83.9%	84.4%			
Smartphones ('000)	9,801.4	9,877.2	10,052.6	10,169.0	10,200.2			
Prepay	365.7	351.4	348.8	383.5	366.3			
Contract	9,435.7	9,525.8	9,703.8	9,785.5	9,833.9			
Smartphone penetration (%)	62.8%	64.0%	65.2%	66.3%	67.2%			
Prepay (%)	11.7%	11.8%	12.1%	13.8%	13.7%			
Contract (%)	75.6%	76.5%	77.4%	77.9%	78.7%			
LTE ('000)	2,159.0	2,554.0	2,996.0	3,293.0	4,520.7			
LTE penetration (%)	13.7%	16.4%	19.2%	21.3%	29.5%			

CONSUMER FUSIÓN

Unaudited figures (thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Fusión Customers	3,866.2	3,880.7	4,002.7	4,140.3	4,209.1			
Fibre 100/300	891.8	957.1	1,064.4	1,188.1	1,267.4			
IPTV	1,926.6	2,035.7	2,339.1	2,600.2	2,768.6			
Mobile add-ons	1,870.5	1,915.2	1,969.1	2,016.5	2,023.3			

CONSUMER FUSIÓN

Unaudited figures

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Fusión ARPU (EUR)	68.6	71.3	73.8	73.2	78.2			
Fusión churn	0.9%	1.4%	1.2%	1.1%	1.3%			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dic	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dic
Fusión ARPU (EUR)	68.6	70.0	71.3	71.8	78.2			
Fusión churn	0.9%	1.2%	1.2%	1.2%	1.3%			

SELECTED OPERATIONAL DATA

Unaudited figures

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Voice traffic (Million minutes)	42,519	41,500	38,950	38,963	38,139			
Fixed voice traffic	23,895	22,866	20,958	20,863	20,456			
Mobile voice traffic	18,624	18,634	17,993	18,100	17,683			
Total data traffic (TB)	1,007,617	946,695	1,075,921	1,237,898	1,333,989			
Fixed data traffic	982,743	916,869	1,037,339	1,200,768	1,291,860			
Mobile data traffic	24,874	29,826	38,582	37,129	42,129			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Voice traffic (Million minutes)	42,519	84,018	122,969	161,932	38,139			
Fixed voice traffic	23,895	46,761	67,718	88,582	20,456			
Mobile voice traffic	18,624	37,258	55,250	73,351	17,683			
Total data traffic (TB)	1,007,617	1,954,312	3,030,233	4,268,131	1,333,989			
Fixed data traffic	982,743	1,899,612	2,936,951	4,137,720	1,291,860			
Mobile data traffic	24,874	54,700	93,282	130,411	42,129			

Notes:

Since 1 January 2015:

- Consumer accesses (Fusión + Non-Fusión) include accesses of services taken out by the Consumer segment (including SOHOs).
- Fusión Consumer ARPU: average monthly Consumer Fusión revenue divided by average customers for the period.
- Fusión Consumer customer base excludes SME customers.
- Fusión Consumer mobile add-ons include "Vive 13" accesses associated to Fusión packages.

- Voice traffic is defined as minutes per access used on the company's network, both outbound and inbound. Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is included. Traffic volume non rounded.

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10<sup>12</sup> bytes). Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is also included. Traffic volume non-rounded.

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TELEFÓNICA DEUTSCHLAND  
CONSOLIDATED INCOME STATEMENT  
Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	1,901	1,949	1,979	2,059	7,888	1,858				
Mobile Business	1,636	1,685	1,720	1,791	6,832	1,603				
Mobile service revenues	1,354	1,382	1,419	1,378	5,532	1,336				
Data revenues	692	707	728	712	2,840	729				
Handset revenues	282	303	301	413	1,300	267				
Fixed Business	261	260	256	266	1,043	253				
FBB and new services revenues (1)	198	203	203	199	803	192				
Voice & access revenues	63	58	53	66	240	61				
Internal expenditure capitalized in fixed assets	23	26	33	30	113	25				
Operating expenses	(1,543)	(1,504)	(1,548)	(1,631)	(6,226)	(1,483)				
Supplies	(659)	(646)	(660)	(747)	(2,712)	(629)				
Personnel expenses	(179)	(166)	(155)	(155)	(655)	(173)				
Other operating expenses	(705)	(692)	(733)	(729)	(2,859)	(681)				
Other net income (expense)	10	(10)	(58)	128	70	(7)				
Gain (loss) on sale of fixed assets	17	-	(2)	(1)	14	0				
Impairment of goodwill and other assets	-	-	-	-	-	-				
Operating income before D&A (OIBDA)	408	461	403	586	1,858	392				
<i>OIBDA Margin</i>	<i>21.5%</i>	<i>23.6%</i>	<i>20.4%</i>	<i>28.5%</i>	<i>23.6%</i>	<i>21.1%</i>				
CapEx	221	1,437	242	330	2,230	220				
Spectrum	-	1,195	1	2	1,198	2				
OpCF (OIBDA-CapEx)	187	(976)	161	256	(372)	173				

Note:

- OIBDA before management and brand fees.

(1) Includes FBB connectivity services (retail and wholesale), value-added services, data and ICT revenues, other services over connectivity and FBB equipment.

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TELEFÓNICA DEUTSCHLAND  
ACCESSES  
Unaudited figures (Thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Final Clients Accesses	46,572.8	46,981.4	47,627.2	47,391.2	47,341.7			
Fixed telephony accesses (1)	2,022.0	2,009.7	1,999.9	1,997.8	2,002.8			
Internet and data accesses	2,371.6	2,354.7	2,338.7	2,330.6	2,330.9			
Broadband	2,128.3	2,115.2	2,102.7	2,098.0	2,101.5			
VDSL	322.2	379.8	444.0	516.8	593.0			
Mobile accesses	42,179.2	42,617.0	43,288.6	43,062.8	43,008.0			
Prepay	23,264.2	23,500.9	24,003.7	23,979.4	23,743.5			
Contract (2)	18,915.0	19,116.1	19,284.9	19,083.4	19,264.4			
M2M	443.4	506.2	570.7	632.0	682.2			
Wholesale Accesses	1,085.3	1,059.3	1,017.5	972.0	910.5			
<b>Total Accesses</b>	<b>47,658.1</b>	<b>48,040.7</b>	<b>48,644.7</b>	<b>48,363.2</b>	<b>48,252.2</b>			

(1) Includes fixed wireless and VoIP accesses.

(2) In the fourth quarter of 2015, 400 thousand inactive customer accesses were excluded.

MOBILE ACCESSES  
Unaudited figures (thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Prepay percentage (%)	55.2%	55.1%	55.5%	55.7%	55.2%			
Contract percentage (%)	44.8%	44.9%	44.5%	44.3%	44.8%			
Smartphones ('000)	20,364.1	21,153.4	22,145.5	22,594.3	23,083.0			
Prepay	9,086.7	9,538.8	10,097.5	10,279.7	10,678.9			
Contract	11,277.4	11,614.6	12,048.0	12,314.6	12,404.1			
Smartphone penetration (%)	49.8%	51.3%	52.9%	54.2%	55.4%			
Prepay (%)	39.6%	41.1%	42.6%	43.3%	45.4%			
Contract (%)	63.0%	64.4%	66.4%	68.7%	68.6%			
LTE ('000)	5,146.0	6,093.0	7,002.2	7,883.5	8,690.5			
LTE penetration (%)	12.3%	14.5%	16.4%	18.6%	20.5%			

SELECTED OPERATIONAL DATA  
Unaudited figures

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Voice traffic (Million minutes)	30,769	29,334	28,324	29,450	28,910			
Fixed voice traffic	6,533	5,686	4,915	5,067	5,214			
Mobile voice traffic	24,236	23,647	23,409	24,383	23,696			
Data traffic (TB)	485,180	497,059	514,154	603,296	664,202			
Fixed data traffic (1)	445,008	454,804	468,256	552,795	612,603			
Mobile data traffic	40,172	42,255	45,898	50,501	51,599			
Mobile ARPU (EUR)	10.6	10.8	10.9	10.5	10.3			
Prepay	5.6	5.9	6.0	5.8	5.7			
Contract (2)	17.2	17.2	17.4	16.9	16.6			
Data ARPU (EUR)	5.5	5.6	5.6	5.5	5.6			
% non-SMS over data revenues	70.5%	71.5%	71.9%	72.5%	75.4%			
Churn	2.4%	2.1%	2.1%	2.8%	2.5%			
Contract (2)	1.7%	1.7%	1.7%	2.4%	1.8%			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Voice traffic (Million minutes)	30,769	60,103	88,427	117,877	28,910			
Fixed voice traffic	6,533	12,219	17,134	22,201	5,214			
Mobile voice traffic	24,236	47,883	71,293	95,676	23,696			
Data traffic (TB)	485,180	497,059	514,154	603,296	664,202			
Fixed data traffic (1)	445,008	454,804	468,256	552,795	612,603			
Mobile data traffic	40,172	42,255	45,898	50,501	51,599			
Mobile ARPU (EUR)	10.6	10.8	10.9	10.5	10.3			
Prepay	5.6	5.9	6.0	5.8	5.7			
Contract (2)	17.2	17.2	17.4	16.9	16.6			
Data ARPU (EUR)	5.5	5.6	5.6	5.5	5.6			
% non-SMS over data revenues	70.5%	71.5%	71.9%	72.5%	75.4%			
Churn	2.4%	2.1%	2.1%	2.8%	2.5%			
Contract (2)	1.7%	1.7%	1.7%	2.4%	1.8%			

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes per access used on the company's network, both outbound and inbound. Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOS, interconnection of third parties and other business lines) is included. Traffic volume non rounded.

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10<sup>12</sup> bytes). Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOS, interconnection of third parties and other business lines) is also included. Traffic volume non-rounded.

(1) Includes solely traffic pertaining to FBB accesses, not Business customers.

(2) Excludes M2M.

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TELEFÓNICA BRASIL  
CONSOLIDATED INCOME STATEMENT  
Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	2,794	2,943	2,736	2,587	11,060	2,431				
Mobile Business	1,942	1,831	1,606	1,526	6,905	1,448				
Mobile service revenues	1,836	1,718	1,496	1,444	6,495	1,378				
Data revenues	718	737	694	705	2,853	667				
Handset revenues	105	113	110	82	410	70				
Fixed Business	852	1,112	1,130	1,060	4,154	983				
FBB and new services revenues (1)	310	404	401	386	1,502	352				
Pay TV revenues	52	102	120	116	391	111				
Voice & access revenues	489	605	608	559	2,262	520				
Internal exp. capitalized in fixed assets	10	28	30	23	91	25				
Operating expenses	(1,933)	(2,057)	(1,924)	(1,741)	(7,655)	(1,656)				
Supplies	(665)	(671)	(639)	(593)	(2,568)	(524)				
Personnel expenses	(220)	(280)	(280)	(262)	(1,042)	(249)				
Other operating expenses	(1,048)	(1,106)	(1,005)	(885)	(4,044)	(883)				
Other net income (expense)	(28)	4	(9)	108	75	2				
Gain (loss) on sale of fixed assets	(2)	(2)	(1)	10	5	1				
Impairment of goodwill and other assets	(1)	3	(2)	(3)	(3)	2				
Operating income before D&A (OIBDA)	840	919	831	983	3,573	805				
OIBDA Margin	30.1%	31.2%	30.4%	38.0%	32.3%	33.1%				
CapEx	395	566	540	604	2,105	348				
Spectrum	-	-	-	-	-	-				
OpCF (OIBDA-CapEx)	445	354	291	379	1,468	457				

Notes:

- The Consolidated Income Statement of Telefónica Brasil includes GVT since 1 May 2015.

- OIBDA before management and brand fees.

(1) Includes FBB connectivity services (retail and wholesale), including value-added services, ICT revenues, other services over connectivity and FBB equipment.

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TELEFÓNICA BRASIL  
ACCESSES  
Unaudited figures (thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Final Clients Accesses	97,339.9	106,528.1	103,432.6	96,899.3	97,283.7			
Fixed telephony accesses (1)	10,609.4	14,869.6	14,876.8	14,654.5	14,945.4			
Internet and data accesses	4,066.5	7,224.0	7,319.5	7,195.5	7,294.2			
Broadband	3,926.5	7,092.4	7,191.5	7,129.5	7,229.2			
Fibre	428.5	3,640.8	3,788.6	3,779.9	3,913.5			
Mobile accesses	81,873.2	82,648.6	79,407.1	73,261.3	73,257.4			
Prepay	52,972.3	53,068.7	48,978.8	42,194.4	42,011.5			
Contract	28,900.8	29,580.0	30,428.3	31,066.9	31,245.8			
M2M	3,687.5	3,935.2	4,105.7	4,234.7	4,390.0			
Pay TV	790.9	1,785.9	1,829.2	1,787.9	1,786.7			
Wholesale Accesses	25.4	23.6	22.9	22.3	21.0			
<b>Total Accesses</b>	<b>97,365.2</b>	<b>106,551.7</b>	<b>103,455.5</b>	<b>96,921.5</b>	<b>97,304.7</b>			
Terra Accesses	269.0	172.1	159.9	150.3	141.5			

Note:  
- GVT accesses are consolidated from the 1 May 2015.  
(1) Includes fixed wireless and VoIP accesses.

MOBILE ACCESSES  
Unaudited figures (thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Prepay percentage (%)	64.7%	64.2%	61.7%	57.6%	57.3%			
Contract percentage (%)	35.3%	35.8%	38.3%	42.4%	42.7%			
Smartphones ('000)	30,216.9	32,732.7	39,117.1	39,911.7	40,327.0			
Prepay	18,710.6	19,372.1	22,945.3	22,376.4	22,977.1			
Contract	11,506.3	13,360.6	16,171.8	17,535.4	17,349.9			
Smartphone penetration (%)	40.3%	43.3%	54.2%	60.4%	61.0%			
Prepay (%)	35.5%	36.7%	47.1%	53.4%	55.1%			
Contract (%)	51.8%	58.8%	68.9%	72.7%	71.1%			
LTE ('000)	3,943.1	5,691.1	7,542.2	10,214.7	12,498.3			
LTE penetration (%)	5.0%	7.2%	10.0%	14.8%	18.1%			

SELECTED OPERATIONAL DATA  
Unaudited figures

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Voice traffic (Million minutes)	93,747	95,738	97,299	92,647	93,579			
Fixed voice traffic	25,155	25,894	25,137	23,965	23,680			
Mobile voice traffic	68,592	69,843	72,162	68,682	69,899			
Data traffic (TB)	1,395,331	1,583,612	1,763,495	2,065,902	2,564,860			
Fixed data traffic	1,330,287	1,514,813	1,695,219	1,995,403	2,485,715			
Mobile data traffic	65,043	68,799	68,276	70,500	79,146			
Mobile ARPU (EUR)	7.2	6.5	5.7	5.7	6.1			
Prepay	3.8	3.3	2.8	2.9	3.2			
Contract (1)	15.3	14.2	12.3	11.6	11.5			
Data ARPU (EUR)	3.0	3.0	2.8	3.0	3.0			
% non-SMS over data revenues	81.6%	82.5%	83.0%	84.5%	85.8%			
Fixed telephony ARPU (EUR)	15.0	14.5	13.2	12.0	11.3			
Pay TV ARPU (EUR)	22.3	23.5	22.0	21.1	20.6			
Broadband ARPU (EUR)	12.5	12.3	11.0	10.6	10.3			
Churn	2.9%	3.2%	4.7%	6.1%	3.3%			
Contract (1)	1.8%	1.9%	1.9%	1.8%	1.8%			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Voice traffic (Million minutes)	93,747	189,485	286,783	379,430	93,579			
Fixed voice traffic	25,155	51,050	76,186	100,151	23,680			
Mobile voice traffic	68,592	138,435	210,597	279,279	69,899			
Data traffic (TB)	1,395,331	2,978,942	4,742,437	6,808,340	2,564,860			
Fixed data traffic	1,330,287	2,845,100	4,540,319	6,535,722	2,485,715			
Mobile data traffic	65,043	133,842	202,118	272,618	79,146			
Mobile ARPU (EUR)	7.2	6.9	6.5	6.3	6.1			
Prepay	3.8	3.5	3.3	3.2	3.2			
Contract (1)	15.3	14.7	13.9	13.3	11.5			
Data ARPU (EUR)	3.0	3.0	2.9	2.9	3.0			
% non-SMS over data revenues	81.6%	82.1%	82.4%	82.9%	85.8%			
Fixed telephony ARPU (EUR)	15.0	14.7	14.1	13.5	11.3			
Pay TV ARPU (EUR)	22.3	23.1	22.6	22.1	20.6			
Broadband ARPU (EUR)	12.5	12.4	11.8	11.4	10.3			
Churn	2.9%	3.0%	3.6%	4.2%	3.3%			
Contract (1)	1.8%	1.8%	1.8%	1.8%	1.8%			

Notes:  
- ARPU: monthly average revenue divided by the monthly average accesses of the period.  
- Voice traffic is defined as minutes per access used on the company's network, both outbound and inbound. Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is included. Traffic volume non rounded.  
- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10<sup>12</sup> bytes). Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is also included. Traffic volume non rounded.  
(1) Excludes M2M.

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TELEFÓNICA HISPANOAMÉRICA  
CONSOLIDATED INCOME STATEMENT  
Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	3,665	3,467	3,634	3,622	14,387	3,054				
Mobile Business	2,668	2,435	2,630	2,614	10,347	2,173				
Mobile service revenues	2,367	2,158	2,328	2,309	9,161	1,949				
Data revenues (1)	889	899	946	955	3,688	851				
Handset revenues	302	278	302	306	1,188	224				
Fixed Business	1,007	1,038	1,010	1,015	4,070	886				
FBB and new services revenues (2)	503	528	512	521	2,064	468				
Pay TV revenues	133	145	143	147	569	140				
Voice & access revenues	370	365	355	346	1,436	278				
Internal exp. capitalized in fixed assets	27	28	30	39	125	27				
Operating expenses	(2,583)	(2,489)	(2,605)	(2,652)	(10,329)	(2,237)				
Supplies	(1,030)	(1,012)	(1,075)	(1,060)	(4,176)	(912)				
Personnel expenses	(418)	(408)	(415)	(445)	(1,686)	(379)				
Other operating expenses	(1,135)	(1,069)	(1,115)	(1,147)	(4,466)	(946)				
Other net income (expense)	17	15	17	23	72	21				
Gain (loss) on sale of fixed assets	-	3	5	93	101	-				
Impairment of goodwill and other assets	-	-	-	-	-	-				
Operating income before D&A (OIBDA)	1,127	1,025	1,080	1,124	4,356	866				
OIBDA Margin	30.8%	29.6%	29.7%	31.0%	30.3%	28.3%				
CapEx	622	852	729	857	3,060	459				
Spectrum	139	205	(3)	(4)	338	-				
OpCF (OIBDA-CapEx)	505	173	351	267	1,296	406				

Notes:

- The January-March 2016 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the denominated DICOM (273 Venezuelan bolivars fuertes per dollar at 31 March 2016).

- OIBDA before management and brand fees.

- 2015 and 2016 reported figures include the hyperinflationary adjustments in Venezuela in both years.

(1) Since the first quarter 2015, data and voice revenues have been reassigned to homogenise the year-on-year comparison.

(2) Includes FBB connectivity services (retail and wholesale), including value-added services, ICT revenues, other services over connectivity and FBB equipment.

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TELEFÓNICA HISPANOAMÉRICA  
ACCESSES

Unaudited figures (thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Final Clients Accesses	132,461.8	132,247.2	132,672.7	134,612.4	134,274.3			
Fixed telephony accesses (1)	13,266.5	13,158.7	13,035.3	12,829.8	12,497.9			
Internet and data accesses	5,516.0	5,573.4	5,644.5	5,667.8	5,706.8			
Broadband	5,452.7	5,514.1	5,586.1	5,610.4	5,624.8			
Fibre and VDSL	413.2	501.6	619.2	751.1	835.4			
Mobile accesses	111,143.1	110,866.4	111,251.2	113,302.7	113,218.7			
Prepay	87,454.6	87,077.4	87,013.2	88,332.8	87,934.3			
Contract	23,688.6	23,789.1	24,238.1	24,969.8	25,284.4			
M2M	2,125.9	2,144.8	2,214.3	2,296.9	2,315.1			
Pay TV	2,536.2	2,648.6	2,741.7	2,812.2	2,850.9			
Wholesale Accesses	31.4	31.4	31.0	30.9	28.2			
<b>Total Accesses</b>	<b>132,493.2</b>	<b>132,278.6</b>	<b>132,703.7</b>	<b>134,643.3</b>	<b>134,302.5</b>			

(1) Includes fixed wireless and VoIP accesses.

MOBILE ACCESSES

Unaudited figures (thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Prepay percentage (%)	78.7%	78.5%	78.2%	78.0%	77.7%			
Contract percentage (%)	21.3%	21.5%	21.8%	22.0%	22.3%			
Smartphones ('000)	31,048.7	35,420.7	37,486.0	40,229.5	41,448.0			
Prepay	18,205.6	21,877.1	23,118.9	25,508.0	25,759.1			
Contract	12,843.1	13,543.6	14,367.1	14,721.5	15,689.0			
Smartphone penetration (%)	28.9%	33.0%	34.8%	36.7%	37.8%			
Prepay (%)	21.0%	25.3%	26.8%	29.1%	29.5%			
Contract (%)	61.9%	64.9%	67.5%	67.0%	70.3%			
LTE ('000)	2,811.4	4,233.6	6,037.5	8,321.9	9,859.6			
LTE penetration (%)	2.6%	3.9%	5.5%	7.5%	8.9%			

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TELEFÓNICA ARGENTINA  
 SELECTED FINANCIAL DATA  
*Unaudited figures (Euros in millions)*

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	935	981	1,016	983	3,915	689				
Mobile Business	599	637	662	641	2,539	421				
Mobile service revenues	529	557	565	543	2,194	371				
Data revenues	201	287	267	246	1,000	172				
Handset revenues	71	79	97	98	345	50				
Fixed Business	336	344	354	342	1,376	268				
FBB and new services revenues (1)	189	196	198	203	787	168				
Voice & access revenues	146	148	156	139	589	99				
OIBDA	273	266	242	224	1,006	149				
OIBDA margin (2)	28.8%	26.8%	23.4%	22.6%	25.4%	21.4%				
CapEx	146	363	229	199	938	159				
Spectrum	-	204	(3)	(5)	196	-				
OpCF (OIBDA-CapEx)	127	(97)	13	25	68	(10)				

*Note:*

- OIBDA is presented before management and brand fees.

(1) Includes FBB connectivity services (retail and wholesale), including value-added services, ICT revenues, other services over connectivity and FBB equipment.

(2) Margin over revenues includes fixed to mobile interconnection.

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TELEFÓNICA ARGENTINA  
ACCESSES

Unaudited figures (Thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Final Clients Accesses	26,318.5	26,236.0	26,375.5	26,910.7	26,430.8			
Fixed telephony accesses (1)	4,693.2	4,669.3	4,662.2	4,635.2	4,599.7			
Fixed wireless	285.9	286.4	295.1	288.0	276.0			
Internet and data accesses	1,880.7	1,877.8	1,883.9	1,886.3	1,911.8			
Broadband	1,871.8	1,869.9	1,877.5	1,881.2	1,880.6			
Mobile accesses	19,744.6	19,688.9	19,829.4	20,389.2	19,919.2			
Prepay	12,778.0	12,859.0	12,985.6	13,434.6	12,989.8			
Contract	6,966.5	6,829.9	6,843.8	6,954.6	6,929.4			
M2M	455.4	446.9	450.5	448.8	439.2			
Wholesale Accesses	23.3	23.5	23.0	23.1	22.4			
<b>Total Accesses</b>	<b>26,341.7</b>	<b>26,259.5</b>	<b>26,398.6</b>	<b>26,933.8</b>	<b>26,453.2</b>			

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Voice traffic (Million minutes)	16,463	16,641	16,592	16,382	14,882			
Fixed voice traffic	6,612	6,916	7,003	6,768	6,066			
Mobile voice traffic	9,851	9,725	9,590	9,614	8,816			
Data traffic (TB)	117,077	167,451	172,826	165,947	175,385			
Fixed data traffic (1)	107,008	155,961	158,290	146,912	151,868			
Mobile data traffic	10,069	11,491	14,536	19,035	23,517			
Mobile ARPU (EUR)	9.1	9.9	9.9	9.0	6.5			
Prepay	2.7	2.9	2.9	2.7	1.9			
Contract (2)	22.3	24.0	24.5	22.6	16.2			
Data ARPU (EUR)	3.4	4.3	4.5	4.0	2.9			
% non-SMS over data revenues	56.2%	78.1%	76.1%	79.2%	82.2%			
Fixed telephony ARPU (EUR)	9.9	9.8	10.4	9.1	6.6			
Broadband ARPU (EUR)	21.3	21.9	22.5	21.6	17.6			
Churn	3.1%	2.9%	2.7%	1.9%	3.3%			
Contract (2)	1.1%	1.5%	1.7%	1.3%	1.2%			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Voice traffic (Million minutes)	16,463	33,104	49,697	66,079	14,882			
Fixed voice traffic	6,612	13,528	20,531	27,299	6,066			
Mobile voice traffic	9,851	19,576	29,166	38,780	8,816			
Data traffic (TB)	117,077	284,529	457,355	623,302	175,385			
Fixed data traffic (1)	107,008	262,969	421,259	568,171	151,868			
Mobile data traffic	10,069	21,560	36,096	55,131	23,517			
Mobile ARPU (EUR)	9.1	9.5	9.6	9.5	6.5			
Prepay	2.7	2.8	2.9	2.8	1.9			
Contract (2)	22.3	23.1	23.6	23.3	16.2			
Data ARPU (EUR)	3.4	4.1	4.2	4.2	2.9			
% non-SMS over data revenues	56.2%	68.8%	71.4%	73.5%	82.2%			
Fixed telephony ARPU (EUR)	9.9	9.8	10.0	9.8	6.6			
Broadband ARPU (EUR)	21.3	21.6	21.9	21.8	17.6			
Churn	3.1%	3.0%	2.9%	2.6%	3.3%			
Contract (2)	1.1%	1.3%	1.4%	1.4%	1.2%			

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes per access used on the company's network, both outbound and inbound. Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOS, interconnection of third parties and other business lines) is included. Traffic volume non rounded.

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10<sup>12</sup> bytes). Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOS, interconnection of third parties and other business lines) is also included. Traffic volume non-rounded.

(1) Includes solely traffic pertaining to FBB accesses, not Business customers.

(2) Excludes M2M.

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TELEFÓNICA CHILE  
 SELECTED FINANCIAL DATA  
*Unaudited figures (Euros in millions)*

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	565	590	528	536	2,220	511				
Mobile Business	339	347	305	301	1,292	297				
Mobile service revenues	304	313	282	278	1,177	267				
Data revenues	98	109	108	109	424	123				
Handset revenues	35	34	23	23	115	30				
Fixed Business	226	243	223	235	928	214				
FBB and new services revenues (1)	95	106	98	106	405	97				
Pay TV revenues	57	64	57	57	235	55				
Voice & access revenues	74	73	67	72	287	63				
OIBDA	176	203	187	194	760	176				
OIBDA margin	31.1%	34.4%	35.4%	36.2%	34.2%	34.4%				
CapEx	123	115	105	90	433	114				
Spectrum	6	-	-	-	6	-				
OpCF (OIBDA-CapEx)	53	88	82	104	327	62				

*Notes:*

- OIBDA is presented before management and brand fees.

(1) Includes FBB connectivity services (retail and wholesale), including value-added services, ICT revenues, other services over connectivity and FBB equipment.

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TELEFÓNICA CHILE  
ACCESSES

Unaudited figures (Thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Final Clients Accesses	13,861.3	13,610.4	13,387.4	13,158.3	12,741.5			
Fixed telephony accesses (1)	1,557.7	1,537.4	1,510.3	1,486.0	1,459.0			
Internet and data accesses	1,067.9	1,093.6	1,106.4	1,112.0	1,109.1			
Broadband	1,056.7	1,082.5	1,095.4	1,101.1	1,098.4			
Fibre and VDSL	192.2	216.3	240.7	256.7	268.9			
Mobile accesses	10,619.5	10,345.1	10,129.6	9,915.6	9,527.9			
Prepay	7,817.5	7,503.0	7,268.0	6,995.3	6,524.9			
Contract	2,802.0	2,842.1	2,861.7	2,920.3	3,002.9			
M2M	293.0	291.0	294.3	310.0	331.2			
Pay TV	616.2	634.3	641.0	644.7	645.6			
Wholesale Accesses	5.9	5.9	5.8	5.7	5.2			
<b>Total Accesses</b>	<b>13,867.2</b>	<b>13,616.3</b>	<b>13,393.2</b>	<b>13,164.0</b>	<b>12,746.7</b>			

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Voice traffic (Million minutes)	8,725	8,693	8,927	9,296	9,130			
Fixed voice traffic	1,354	1,353	1,320	1,301	1,127			
Mobile voice traffic	7,372	7,340	7,607	7,995	8,003			
Data traffic (TB)	252,756	289,259	309,838	322,994	348,695			
Fixed data traffic	238,140	269,957	288,230	296,880	321,246			
Mobile data traffic	14,616	19,302	21,607	26,114	27,449			
Mobile ARPU (EUR)	9.4	9.7	9.0	8.8	8.9			
Prepay	3.8	3.8	3.3	3.1	3.0			
Contract (1)	27.8	28.7	26.3	25.2	24.7			
Data ARPU (EUR)	3.1	3.4	3.4	3.5	4.2			
% non-SMS over data revenues	94.0%	93.5%	93.5%	93.7%	97.4%			
Fixed telephony ARPU (EUR)	14.1	14.1	13.6	14.8	13.1			
Pay TV ARPU (EUR)	29.1	30.4	26.1	26.1	24.4			
Broadband ARPU (EUR)	17.9	18.1	16.9	16.8	16.2			
Churn	3.2%	3.7%	3.2%	3.4%	3.6%			
Contract (1)	1.9%	1.9%	2.3%	2.2%	2.0%			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Voice traffic (Million minutes)	8,725	17,418	26,346	35,642	9,130			
Fixed voice traffic	1,354	2,707	4,027	5,328	1,127			
Mobile voice traffic	7,372	14,712	22,319	30,314	8,003			
Data traffic (TB)	252,756	289,259	309,838	322,994	348,695			
Fixed data traffic	238,140	269,957	288,230	296,880	321,246			
Mobile data traffic	14,616	19,302	21,607	26,114	27,449			
Mobile ARPU (EUR)	9.4	9.7	9.0	8.8	8.9			
Prepay	3.8	3.8	3.3	3.1	3.0			
Contract (1)	27.8	28.7	26.3	25.2	24.7			
Data ARPU (EUR)	3.1	3.4	3.4	3.5	4.2			
% non-SMS over data revenues	94.0%	93.5%	93.5%	93.7%	97.4%			
Fixed telephony ARPU (EUR)	14.1	14.1	13.6	14.8	13.1			
Pay TV ARPU (EUR)	29.1	30.4	26.1	26.1	24.4			
Broadband ARPU (EUR)	17.9	18.1	16.9	16.8	16.2			
Churn	3.2%	3.7%	3.2%	3.4%	3.6%			
Contract (1)	1.9%	1.9%	2.3%	2.2%	2.0%			

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes per access used on the company's network, both outbound and inbound. Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOS, interconnection of third parties and other business lines) is included. Traffic volume non rounded.

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10<sup>12</sup> bytes). Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOS, interconnection of third parties and other business lines) is also included. Traffic volume non-rounded.

(1) Excludes M2M.

TELEFÓNICA PERÚ  
 SELECTED FINANCIAL DATA  
 Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	692	684	695	695	2,766	624				
Mobile Business	394	385	396	391	1,566	345				
Mobile service revenues (1)	354	342	350	344	1,390	308				
Data revenues (2)	148	155	156	161	619	146				
Handset revenues	40	43	47	47	176	38				
Fixed Business	298	299	299	304	1,200	279				
FBB and new services revenues (3)	151	155	149	146	602	138				
Pay TV revenues	61	64	70	73	268	69				
Voice & access revenues	87	79	80	84	330	72				
OIBDA	238	212	240	253	943	187				
OIBDA margin	34.4%	31.0%	34.6%	36.4%	34.1%	30.0%				
CapEx	63	118	110	200	491	55				
Spectrum	-	-	-	-	-	-				
OpCF (OIBDA-CapEx)	175	93	130	53	452	133				

Note:

- OIBDA is presented before management and brand fees.

(1) Includes fixed wireless revenues.

(2) Since the first quarter 2015, data and voice revenues have been reassigned to homogenise the year-on-year comparison.

(3) Includes FBB connectivity services (retail and wholesale), including value-added services, ICT revenues, other services over connectivity and FBB equipment.

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TELEFÓNICA PERÚ  
ACCESSES

Unaudited figures (Thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Final Clients Accesses	22,083.4	22,104.2	22,184.3	22,231.0	21,791.0			
Fixed telephony accesses (1)	2,641.4	2,605.8	2,634.9	2,596.6	2,452.1			
Fixed wireless	191.2	229.8	208.5	191.9	127.7			
Internet and data accesses	1,557.4	1,589.2	1,628.0	1,647.1	1,663.9			
Broadband	1,529.7	1,564.4	1,602.5	1,621.2	1,639.2			
VDSL	219.1	283.5	376.7	488.7	557.0			
Mobile accesses	16,870.2	16,819.1	16,773.8	16,786.5	16,445.4			
Prepay	11,645.3	11,450.4	11,255.3	11,013.3	10,530.0			
Contract	5,224.8	5,368.7	5,518.5	5,773.1	5,915.5			
M2M	118.0	98.4	99.8	103.3	81.7			
Pay TV	1,014.5	1,090.1	1,147.7	1,200.8	1,229.6			
Wholesale Accesses	0.3	0.2	0.2	0.1	0.0			
<b>Total Accesses</b>	<b>22,083.7</b>	<b>22,104.3</b>	<b>22,184.5</b>	<b>22,231.1</b>	<b>21,791.0</b>			

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Voice traffic (Million minutes)	24,759	24,635	26,225	28,033	27,479			
Fixed voice traffic	5,460	5,429	5,398	5,322	5,144			
Mobile voice traffic	19,300	19,206	20,828	22,711	22,336			
Data traffic (TB)	119,624	130,167	133,338	141,780	140,739			
Fixed data traffic	114,584	123,778	125,105	131,164	129,287			
Mobile data traffic	5,040	6,389	8,232	10,616	11,451			
Mobile ARPU (EUR)	7.0	6.8	6.7	6.7	6.3			
Prepay	4.2	3.9	3.7	3.6	2.8			
Contract (1)	13.5	13.2	13.1	12.9	12.0			
Data ARPU (EUR) (2)	2.9	3.1	3.1	3.2	2.9			
% non-SMS over data revenues	94.1%	95.6%	96.2%	96.9%	99.1%			
Fixed telephony ARPU (EUR)	10.8	9.8	10.0	8.5	9.4			
Pay TV ARPU (EUR)	19.4	18.7	18.1	17.4	16.6			
Broadband ARPU (EUR)	19.5	18.9	18.5	18.0	16.4			
Churn	4.0%	4.3%	4.4%	4.3%	4.8%			
Contract (1)	2.2%	2.0%	2.2%	1.8%	2.5%			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Voice traffic (Million minutes)	24,759	49,395	75,620	103,653	27,479			
Fixed voice traffic	5,460	10,889	16,287	21,608	5,144			
Mobile voice traffic	19,300	38,506	59,334	82,045	22,336			
Data traffic (TB)	119,624	249,791	383,129	524,909	140,739			
Fixed data traffic	114,584	238,362	363,467	494,631	129,287			
Mobile data traffic	5,040	11,429	19,662	30,278	11,451			
Mobile ARPU (EUR)	7.0	6.9	6.8	6.8	6.3			
Prepay	4.2	4.0	3.9	3.9	2.8			
Contract (1)	13.5	13.3	13.3	13.2	12.0			
Data ARPU (EUR) (2)	2.9	3.0	3.0	3.1	2.9			
% non-SMS over data revenues	94.1%	94.9%	95.3%	95.8%	99.1%			
Fixed telephony ARPU (EUR)	10.8	10.3	10.2	9.8	9.4			
Pay TV ARPU (EUR)	19.4	19.1	18.7	18.4	16.6			
Broadband ARPU (EUR)	19.5	19.2	19.0	18.7	16.4			
Churn	4.0%	4.1%	4.2%	4.3%	4.8%			
Contract (1)	2.2%	2.1%	2.2%	2.1%	2.5%			

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes per access used on the company's network, both outbound and inbound. Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOS, interconnection of third parties and other business lines) is included. Traffic volume non-rounded.

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10<sup>12</sup> bytes). Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOS, interconnection of third parties and other business lines) is also included. Traffic volume non-rounded.

(1) Excludes M2M.

(2) Reassignment of voice and data revenues since the first quarter 2015.

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TELEFÓNICA COLOMBIA  
 SELECTED FINANCIAL DATA  
 Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	398	400	352	358	1,508	323				
Mobile Business	251	249	219	224	942	198				
Mobile service revenues	223	221	192	192	829	172				
Data revenues	66	67	61	62	256	61				
Handset revenues	28	27	27	31	113	26				
Fixed Business	147	151	134	134	566	125				
FBB and new services revenues (1)	68	70	66	66	270	64				
Pay TV revenues	16	17	16	17	66	17				
Voice & access revenues	63	64	52	51	230	44				
OIBDA	150	146	121	130	547	107				
OIBDA margin	37.6%	36.5%	34.3%	36.3%	36.2%	33.3%				
CapEx	48	111	95	88	342	33				
Spectrum	-	-	-	-	-	-				
OpCF (OIBDA-CapEx)	102	35	26	42	205	74				

Note:

- OIBDA is presented before management and brand fees.

(1) Includes FBB connectivity services (retail and wholesale), including value-added services, ICT revenues, other services over connectivity and FBB equipment.

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TELEFÓNICA COLOMBIA  
ACCESSES  
Unaudited figures (Thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Final Clients Accesses	15,777.5	15,308.1	15,587.6	15,824.5	15,977.2			
Fixed telephony accesses (1)	1,465.8	1,450.8	1,448.2	1,430.6	1,414.2			
Internet and data accesses	997.3	999.8	1,012.8	1,008.7	1,008.4			
Broadband	988.9	991.3	1,004.4	1,000.2	999.9			
Mobile accesses	12,884.9	12,413.3	12,655.6	12,896.7	13,057.2			
Prepay	9,633.2	9,158.6	9,341.8	9,510.9	9,625.1			
Contract	3,251.7	3,254.7	3,313.7	3,385.8	3,432.1			
M2M	438.7	444.4	456.4	467.5	471.0			
Pay TV	429.4	444.2	471.0	488.6	497.4			
Wholesale Accesses	1.9	1.9	1.9	1.9	0.6			
<b>Total Accesses</b>	<b>15,779.4</b>	<b>15,310.1</b>	<b>15,589.5</b>	<b>15,826.5</b>	<b>15,977.8</b>			

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA  
Unaudited figures

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Voice traffic (Million minutes)	13,700	13,236	14,011	14,201	14,373			
Fixed voice traffic	3,598	3,227	3,304	3,068	3,234			
Mobile voice traffic	10,101	10,009	10,707	11,133	11,139			
Data traffic (TB)	59,658	69,725	76,320	81,966	84,731			
Fixed data traffic (1)	49,142	58,338	64,088	68,446	70,654			
Mobile data traffic	10,516	11,387	12,232	13,520	14,077			
Mobile ARPU (EUR)	5.5	5.5	4.7	4.6	4.2			
Prepay	1.4	1.4	1.3	1.3	1.1			
Contract (2)	19.9	19.6	16.4	16.0	14.6			
Data ARPU (EUR)	1.7	1.8	1.6	1.6	1.6			
% non-SMS over data revenues	96.9%	97.3%	97.7%	98.2%	98.7%			
Fixed telephony ARPU (EUR)	13.8	13.9	11.5	11.3	9.8			
Pay TV ARPU (EUR)	12.4	12.5	10.8	11.0	11.0			
Broadband ARPU (EUR)	10.4	10.8	9.0	8.8	8.2			
Churn	3.0%	4.5%	3.4%	3.3%	3.2%			
Contract (2)	2.2%	2.3%	2.0%	1.8%	1.8%			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Voice traffic (Million minutes)	13,700	26,936	40,947	55,148	14,373			
Fixed voice traffic	3,598	6,825	10,129	13,196	3,234			
Mobile voice traffic	10,101	20,111	30,818	41,951	11,139			
Data traffic (TB)	59,658	129,382	205,702	287,668	84,731			
Fixed data traffic (1)	49,142	107,480	171,568	240,014	70,654			
Mobile data traffic	10,516	21,902	34,134	47,654	14,077			
Mobile ARPU (EUR)	5.5	5.5	5.2	5.2	4.2			
Prepay	1.4	1.4	1.4	1.4	1.1			
Contract (2)	19.9	19.8	18.7	18.0	14.6			
Data ARPU (EUR)	1.7	1.7	1.7	1.7	1.6			
% non-SMS over data revenues	96.9%	97.1%	97.3%	97.6%	98.7%			
Fixed telephony ARPU (EUR)	13.8	13.9	13.1	12.6	9.8			
Pay TV ARPU (EUR)	12.4	12.5	11.9	11.7	11.0			
Broadband ARPU (EUR)	10.4	10.6	10.1	9.8	8.2			
Churn	3.0%	3.8%	3.6%	3.6%	3.2%			
Contract (2)	2.2%	2.2%	2.1%	2.1%	1.8%			

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes per access used on the company's network, both outbound and inbound. Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOS, interconnection of third parties and other business lines) is included. Traffic volume non rounded.

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10<sup>12</sup> bytes). Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOS, interconnection of third parties and other business lines) is also included. Traffic volume non-rounded.

(1) Includes solely traffic pertaining to FBB accesses, not Business customers.

(2) Excludes M2M.

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TELEFÓNICA MÉXICO  
SELECTED FINANCIAL DATA

Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	444	458	453	427	1,783	409				
Mobile service revenues	376	391	399	374	1,539	360				
Data revenues (1)	163	164	167	179	673	155				
Handset revenues	69	68	55	53	244	50				
OIBDA	109	105	134	133	481	106				
OIBDA margin	24.5%	22.9%	29.5%	31.1%	27.0%	25.9%				
CapEx	47	63	55	101	266	42				
Spectrum	-	-	-	8	8	-				
OpCF (OIBDA-CapEx)	62	42	79	32	215	65				

Note:

- OIBDA is presented before management and brand fees.

(1) Since the first quarter 2015, data and voice revenues have been reassigned to homogenise the year-on-year comparison.

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TELEFÓNICA MÉXICO  
ACCESSES  
*Unaudited figures (Thousands)*

	2015				2016			
	March	June	September	December	March	June	September	December
Mobile accesses	22,536.6	23,048.8	23,405.0	24,895.0	25,655.4			
Prepay	21,056.6	21,553.9	21,779.8	23,102.0	23,803.2			
Contract	1,480.0	1,494.9	1,625.2	1,793.0	1,852.2			
M2M	455.8	485.9	521.2	567.5	602.6			
Fixed wireless	1,545.6	1,553.8	1,468.9	1,382.9	1,296.9			
<b>Total Accesses</b>	<b>24,082.2</b>	<b>24,602.6</b>	<b>24,873.9</b>	<b>26,277.9</b>	<b>26,952.3</b>			

SELECTED MOBILE OPERATIONAL DATA  
*Unaudited figures*

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Voice traffic (Million minutes)	13,435	13,785	13,915	15,570	18,525			
Data traffic (TB)	7,891	7,967	8,991	11,791	17,192			
ARPU (EUR)	4.9	4.9	4.7	4.4	3.8			
Prepay	4.3	4.3	4.3	3.9	3.3			
Contract (1)	19.0	19.2	17.1	15.7	14.6			
Data ARPU (EUR) (2)	2.3	2.3	2.3	2.4	2.0			
% non-SMS over data revenues	84.8%	86.0%	82.4%	89.2%	91.1%			
Churn	2.8%	3.4%	3.6%	3.4%	3.5%			
Contract (1)	1.7%	2.2%	1.6%	1.7%	1.7%			

  

	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Voice traffic (Million minutes)	13,435	27,221	41,136	56,706	18,525			
Data traffic (TB)	7,891	15,858	24,849	36,640	17,192			
ARPU (EUR)	4.9	4.9	4.8	4.7	3.8			
Prepay	4.3	4.3	4.3	4.2	3.3			
Contract (1)	19.0	19.1	18.4	17.6	14.6			
Data ARPU (EUR) (2)	2.3	2.3	2.3	2.3	2.0			
% non-SMS over data revenues	84.8%	85.4%	84.4%	85.7%	91.1%			
Churn	2.8%	3.1%	3.3%	3.3%	3.5%			
Contract (1)	1.7%	1.9%	1.8%	1.8%	1.7%			

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes per access used on the company's network, both outbound and inbound. Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is included. Traffic volume non rounded.

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10<sup>12</sup> bytes). Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is also included. Traffic volume non-rounded.

(1) Excludes M2M.

(2) Since the first quarter 2015, data and voice revenues have been reassigned to homogenise the year-on-year comparison.

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TELEFÓNICA VENEZUELA (1)  
SELECTED FINANCIAL DATA

Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	212	(71)	165	175	481	77				
Mobile service revenues	184	(63)	143	159	423	75				
Data revenues (2)	71	(31)	28	37	105	32				
Handset revenues	28	(8)	22	15	58	2				
OIBDA	53	(26)	26	46	99	22				
OIBDA margin	24.9%	36.3%	15.9%	26.2%	20.6%	28.5%				
CapEx	21	1	32	85	139	9				
Spectrum	-	-	-	-	-	-				
OpCF (OIBDA-CapEx)	32	(27)	(6)	(40)	(40)	13				

Notes:

- The January-March 2016 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the denominated DICOM (273 Venezuelan bolivars fuertes per dollar at 31 March 2016).

- OIBDA is presented before management and brand fees.

(1) Reported figures include the hyperinflationary adjustments in Venezuela in both years.

(2) Data revenues do not include hyperinflation adjustments.

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TELEFÓNICA VENEZUELA  
ACCESSES

Unaudited figures (Thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Fixed telephony accesses (1)	758.3	742.2	712.9	697.3	672.9			
Internet and data accesses	8.2	8.3	8.5	8.5	8.3			
Broadband	3.4	3.6	3.8	4.0	4.0			
Mobile accesses	10,820.8	10,888.6	10,738.6	10,583.1	10,423.4			
Prepay (2)	9,468.5	9,546.3	9,405.4	9,259.2	9,114.2			
Contract	1,352.3	1,342.3	1,333.2	1,323.9	1,309.2			
M2M	113.5	115.6	116.8	117.0	114.2			
Pay TV	476.1	480.0	482.1	478.1	478.2			
<b>Total Accesos</b>	<b>12,063.4</b>	<b>12,119.1</b>	<b>11,942.0</b>	<b>11,767.0</b>	<b>11,582.8</b>			

(1) Includes fixed wireless and VoIP accesses.

(2) Includes prepay M2M accesses.

SELECTED MOBILE OPERATIONAL DATA

Unaudited figures

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Voice traffic (Million minutes)	13,528	14,404	15,178	14,892	14,137			
Data traffic (TB)	8,672	9,823	10,261	11,550	11,379			
ARPU (EUR) (1)	4.5	n.m.	2.0	2.3	2.5			
Prepay	4.1	n.m.	1.8	2.1	2.3			
Contract (1)	8.0	n.m.	3.5	4.0	4.2			
Data ARPU (EUR) (2)	2.1	n.m.	1.0	1.2	1.4			
% non-SMS over data revenues	83.3%	n.m.	86.0%	87.0%	90.2%			
Churn	2.0%	2.2%	2.3%	2.2%	2.1%			
Contract (1)	0.8%	0.9%	0.9%	0.7%	0.8%			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Voice traffic (Million minutes)	13,528	27,932	43,110	58,001	14,137			
Data traffic (TB)	8,672	18,495	28,756	40,306	11,379			
ARPU (EUR) (1)	4.5	2.2	2.1	2.2	2.5			
Prepay	4.1	2.0	1.9	2.0	2.3			
Contract (1)	8.0	3.8	3.7	3.8	4.2			
Data ARPU (EUR) (2)	2.1	1.0	1.0	1.1	1.4			
% non-SMS over data revenues	83.3%	84.0%	84.9%	85.6%	90.2%			
Churn	2.0%	2.1%	2.2%	2.2%	2.1%			
Contract (1)	0.8%	0.8%	0.9%	0.8%	0.8%			

Notes:

- The January-March 2016 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the denominated DICOM (273 Venezuelan bolivars fuertes per dollar at 31 March 2016).

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes per access used on the company's network, both outbound and inbound. Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is included. Traffic volume non rounded.

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10<sup>12</sup> bytes). Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is also included. Traffic volume non-rounded.

(1) Excludes M2M.

(2) Does not include adjustment for hyperinflation.

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TELEFÓNICA CENTRAL AMERICA (1)  
 SELECTED FINANCIAL DATA  
 Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	214	221	223	240	898	227				
Mobile service revenues	202	207	208	221	838	213				
Data revenues	71	71	85	82	309	85				
Handset revenues	12	15	16	19	62	14				
OIBDA	53	56	60	75	243	53				
OIBDA margin	24.6%	25.3%	26.7%	31.2%	27.1%	23.6%				
CapEx	20	46	59	52	177	32				
Spectrum	-	-	-	-	-	-				
OpCF (OIBDA-CapEx)	32	10	1	23	66	22				

Note:

- OIBDA is presented before management and brand fees.

(1) Central America includes Guatemala, Panama, El Salvador, Nicaragua and Costa Rica.

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TELEFÓNICA CENTRAL AMERICA (1)  
ACCESSES

Unaudited figures (Thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Fixed telephony accesses (2)	556.4	555.6	561.2	567.8	567.0			
Fixed wireless	335.2	336.0	343.1	334.9	355.6			
Internet and data accesses	4.4	4.7	4.9	5.1	5.4			
Broadband	2.2	2.4	2.6	2.7	2.7			
Mobile accesses	11,078.8	11,273.2	11,577.6	12,083.4	12,453.4			
Prepay (3)	10,204.4	10,396.8	10,692.7	11,186.5	11,536.6			
Contract	874.5	876.3	884.9	896.9	916.7			
M2M	34.4	32.1	31.5	32.7	34.3			
<b>Total Accesos</b>	<b>11,639.7</b>	<b>11,833.5</b>	<b>12,143.8</b>	<b>12,656.3</b>	<b>13,025.7</b>			

(1) Central America includes Guatemala, Panama, El Salvador, Nicaragua and Costa Rica.

(2) Includes fixed wireless and VoIP accesses.

(3) Includes prepay M2M accesses.

SELECTED MOBILE OPERATIONAL DATA

Unaudited figures

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Voice traffic (Million minutes)	6,851	6,938	6,896	7,247	6,939			
Data traffic (TB)	5,628	6,648	7,587	9,948	10,960			
ARPU (EUR)	5.8	5.9	6.0	5.7	5.6			
Prepay	4.6	4.6	4.5	4.6	4.4			
Contract (1)	21.1	21.8	24.2	20.1	22.4			
Data ARPU (EUR)	2.1	2.1	2.5	2.3	2.3			
% non-SMS over data revenues	76.5%	77.7%	80.5%	86.3%	84.3%			
Churn	3.2%	3.5%	3.4%	3.6%	3.2%			
Contract (1)	1.6%	1.6%	1.4%	1.5%	1.3%			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Voice traffic (Million minutes)	6,851	13,790	20,686	27,933	6,939			
Data traffic (TB)	5,628	12,276	19,863	29,812	10,960			
ARPU (EUR)	5.8	5.9	5.9	5.8	5.6			
Prepay	4.6	4.6	4.5	4.6	4.4			
Contract (1)	21.1	21.4	22.4	21.8	22.4			
Data ARPU (EUR)	2.1	2.1	2.2	2.2	2.3			
% non-SMS over data revenues	76.5%	77.1%	78.4%	80.6%	84.3%			
Churn	3.2%	3.3%	3.3%	3.4%	3.2%			
Contract (1)	1.6%	1.6%	1.5%	1.5%	1.3%			

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes per access used on the company's network, both outbound and inbound. Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is included. Traffic volume non rounded.

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10<sup>12</sup> bytes). Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is also included. Traffic volume non-rounded.

(1) Excludes M2M.

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TELEFÓNICA ECUADOR  
SELECTED FINANCIAL DATA

Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	149	149	150	157	605	145				
Mobile service revenues	133	133	136	143	546	133				
Data revenues	45	50	52	55	203	53				
Handset revenues	15	16	14	14	59	11				
OIBDA	52	45	47	49	194	45				
OIBDA margin	35.0%	30.4%	31.5%	31.2%	32.0%	31.0%				
CapEx	146	28	38	30	241	12				
Spectrum	133	1	-	(8)	127	-				
OpCF (OIBDA-CapEx)	(94)	17	10	19	(47)	33				

Note:

- OIBDA is presented before management and brand fees.

TELEFÓNICA URUGUAY  
SELECTED FINANCIAL DATA

Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	65	61	56	58	240	54				
Mobile service revenues	61	57	53	54	224	51				
Data revenues	26	26	23	24	99	25				
Handset revenues	4	4	3	5	16	4				
OIBDA	24	20	19	23	86	20				
OIBDA margin	37.2%	32.7%	33.5%	40.2%	35.9%	36.1%				
CapEx	8	6	7	12	33	3				
Spectrum	-	-	-	-	-	-				
OpCF (OIBDA-CapEx)	16	14	12	11	53	17				

Note:

- OIBDA is presented before management and brand fees.

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## TELEFÓNICA ECUADOR

## ACCESSES

Unaudited figures (Thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Mobile accesses	4,675.3	4,545.3	4,355.5	4,000.9	4,009.1			
Prepay	3,545.6	3,380.8	3,135.8	2,738.8	2,759.3			
Contract	1,129.7	1,164.6	1,219.7	1,262.2	1,249.8			
M2M	173.3	182.7	191.5	196.4	184.2			
Fixed Wireless	48.1	43.8	36.7	33.4	36.2			
<b>Total Accesses</b>	<b>4,723.4</b>	<b>4,589.1</b>	<b>4,392.1</b>	<b>4,034.4</b>	<b>4,045.3</b>			

## SELECTED MOBILE OPERATIONAL DATA

Unaudited figures

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Voice traffic (Million minutes)	2,852	2,970	3,018	3,081	2,955			
Data traffic (TB)	1,786	2,213	2,950	3,857	4,303			
ARPU (EUR)	8.3	8.9	9.3	10.1	10.4			
Prepay	4.6	4.8	5.2	5.6	5.7			
Contract (1)	24.5	24.6	23.8	24.1	24.2			
Data ARPU (EUR)	3.0	3.6	3.8	4.3	4.2			
% non-SMS over data revenues	82.5%	85.1%	85.8%	87.8%	88.7%			
Churn	5.7%	4.6%	5.3%	4.6%	4.4%			
Contract (1)	1.6%	1.5%	1.5%	1.5%	1.9%			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Voice traffic (Million minutes)	2,852	5,822	8,840	11,921	2,955			
Data traffic (TB)	1,786	3,999	6,949	10,806	4,303			
ARPU (EUR)	8.3	8.6	8.8	9.1	10.4			
Prepay	4.6	4.7	4.9	5.0	5.7			
Contract (1)	24.5	24.6	24.3	24.3	24.2			
Data ARPU (EUR)	3.0	3.3	3.4	3.6	4.2			
% non-SMS over data revenues	82.5%	83.9%	84.5%	85.5%	88.7%			
Churn	5.7%	5.2%	5.2%	5.1%	4.4%			
Contract (1)	1.6%	1.6%	1.5%	1.5%	1.9%			

## Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes per access used on the company's network, both outbound and inbound. Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is included. Traffic volume non rounded.

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10<sup>12</sup> bytes). Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is also included. Traffic volume non-rounded.

(1) Excludes M2M.

## TELEFÓNICA URUGUAY

## ACCESSES

Unaudited figures (Thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Mobile accesses	1,912.5	1,844.1	1,786.1	1,752.3	1,727.7			
Prepay	1,305.3	1,228.4	1,148.7	1,092.3	1,051.2			
Contract	607.1	615.7	637.4	660.0	676.5			
M2M	43.7	47.8	52.3	53.7	56.9			
<b>Total Accesses</b>	<b>1,912.5</b>	<b>1,844.1</b>	<b>1,786.1</b>	<b>1,752.3</b>	<b>1,727.7</b>			

## SELECTED MOBILE OPERATIONAL DATA

Unaudited figures

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Voice traffic (Million minutes)	1,242	1,140	1,167	1,175	1,068			
Data traffic (TB)	1,704	1,937	2,345	2,682	3,233			
ARPU (EUR)	10.0	9.8	9.5	9.8	9.3			
Prepay	4.5	4.6	4.4	4.6	4.3			
Contract (1)	23.2	22.2	20.8	20.2	18.8			
Data ARPU (EUR)	4.5	4.5	4.4	4.6	4.8			
% non-SMS over data revenues	67.3%	67.5%	70.0%	69.0%	78.0%			
Churn	1.4%	3.0%	3.0%	2.7%	2.5%			
Contract (1)	0.7%	0.7%	0.9%	0.7%	0.7%			
	Jan-Mar	Jan-Jun	Jan-Sep	Jan-Dec	Jan-Mar	Jan-Jun	Jan-Sep	Jan-Dec
Voice traffic (Million minutes)	1,242	2,383	3,550	4,725	1,068			
Data traffic (TB)	1,704	3,641	5,986	8,668	3,233			
ARPU (EUR)	10.0	9.9	9.8	9.8	9.3			
Prepay	4.5	4.6	4.5	4.5	4.3			
Contract (1)	23.2	22.7	22.1	21.6	18.8			
Data ARPU (EUR)	4.5	4.5	4.5	4.5	4.8			
% non-SMS over data revenues	67.3%	67.4%	68.3%	68.5%	78.0%			
Churn	1.4%	2.2%	2.5%	2.5%	2.5%			
Contract (1)	0.7%	0.7%	0.8%	0.7%	0.7%			

## Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes per access used on the company's network, both outbound and inbound. Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is included. Traffic volume non rounded.

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10<sup>12</sup> bytes). Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is also included. Traffic volume non-rounded.

(1) Excludes M2M.

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## **ADDENDA**

The financial information contained in the addenda has been prepared under International Financial Reporting Standards (IFRS). This financial information is unaudited.

The following Addenda are included: i) the Consolidated Statement of Cash Flow, in conformity with International Financial Reporting Standards; ii) the detailed Income Statement and Accesses and Selected Operational information for Telefónica UK, reported as per the perimeter of discontinued operation; iii) the detailed Income Statement for Telefónica España, including DTS in the consolidation perimeter from January 2015.

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TELEFÓNICA  
CONSOLIDATED CASH FLOW STATEMENT  
Unaudited figures (Euros in millions)

	2015				2016			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan -Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Net cash flow provided by operating activities from continuing operations	1,996	4,701	7,824	11,831	1,618			
Net cash flow provided by operating activities from discontinued operations	679	1,058	1,434	1,784	589			
Net cash flow provided by operating activities	2,675	5,759	9,258	13,615	2,207			
Net cash flow used in investing activities from continuing operations	(2,782)	(7,810)	(9,745)	(11,751)	(1,970)			
Net cash flow used in investing activities from discontinued operations	(291)	(537)	(750)	(1,166)	(98)			
Net cash flow used in investing activities	(3,073)	(8,347)	(10,495)	(12,917)	(2,068)			
Net cash used in financing activities from continuing operations	(2,264)	422	(1,059)	(3,612)	92			
Dividends paid	(31)	(2,343)	(2,355)	(2,775)	(41)			
Proceeds from issue of share capital increase (1)	(5)	4,202	4,202	4,255	1			
(Payments)/proceeds of treasury shares and other operations with shareholders	(387)	(690)	(1,285)	(1,772)	(602)			
Operations with other equity holders (2)	360	360	193	83	(114)			
Proceeds on issue of debentures and bonds, and other debts	0	300	1,509	1,602	596			
Proceeds on loans, borrowings and promissory notes	2,769	6,821	7,802	8,770	6,168			
Cancellation of debentures and bonds, and other debts	(2,021)	(3,234)	(3,304)	(3,805)	(3,872)			
Repayments of loans, borrowings and promissory notes	(2,910)	(4,842)	(7,674)	(9,844)	(1,261)			
Financed operating payments and investments in property, plant and equipment and intangible assets payments	(39)	(152)	(147)	(126)	(783)			
Net cash provided by in financing activities from discontinued operations	-	-	(13)	-	-			
Net cash used in financing activities	(2,264)	422	(1,072)	(3,612)	92			
Effect of changes in exchange rates	104	(522)	(1,178)	(999)	(28)			
Effect of changes in consolidation methods and others	(13)	2	5	(17)	2			
Net increase (decrease) in cash and cash equivalents during the year	(2,571)	(2,686)	(3,482)	(3,930)	205			
Cash and cash equivalents at the beginning of the period	6,529	6,529	6,529	6,529	2,599			
Cash and cash equivalents at the end of the period	3,958	3,843	3,047	2,599	2,804			

Notes:

- From the first quarter of 2015 Telefónica UK's operations are reported as discontinued operations within the Telefónica Group and their assets and liabilities are classified as "held for sale", in compliance with the IFRS, as a result of the signing of the final sale agreement of the company in March 2015.

- The January-March 2016 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the denominated DICOM (273 Venezuelan bolivars fuertes per dollar at 31 March 2016).

- 2015 and 2016 reported figures include the hyperinflationary adjustments in Venezuela in both years.

1) Includes in 2015 the contribution of minorities in the share capital increase of T. Brasil.

2) Includes issuance and coupons of undated deeply subordinated securities.

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## O2 UK

## CONSOLIDATED INCOME STATEMENT

*Unaudited figures (Euros in millions)*

	2015					2016				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	1,851	1,953	2,023	2,011	7,837	1,752				
Mobile service revenues	1,379	1,455	1,498	1,447	5,778	1,325				
Data revenues	804	845	871	848	3,369	787				
Handset revenues and other	472	498	525	564	2,059	427				
Internal expenditure capitalized in fixed assets	35	42	42	43	162	34				
Operating expenses	(1,425)	(1,479)	(1,534)	(1,636)	(6,074)	(1,317)				
Supplies	(909)	(929)	(939)	(992)	(3,769)	(806)				
Personnel expenses	(129)	(136)	(140)	(144)	(549)	(132)				
Other operating expenses	(387)	(414)	(456)	(499)	(1,756)	(379)				
Other net income (expense)	(7)	(1)	1	(7)	(14)	(8)				
Gain (loss) on sale of fixed assets	-	3	0	1	3	0				
Impairment of goodwill and other assets	-	-	-	15	15	0				
Operating income before D&A (OIBDA)	453	517	532	426	1,929	461				
<i>OIBDA Margin</i>	<i>24.5%</i>	<i>26.5%</i>	<i>26.3%</i>	<i>21.2%</i>	<i>24.6%</i>	<i>26.3%</i>				
CapEx	212	203	236	231	883	192				
Spectrum	-	-	-	-	-	-				
OpCF (OIBDA-CapEx)	241	314	296	196	1,046	269				

*Notes:**- OIBDA and OI before management and brand fees.**- Figures are reported as per the perimeter of discontinued operation.*[back to Index](#)

## O2 UK

## ACCESSES

Unaudited figures (Thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Final Clients Accesses	24,869.2	25,072.2	25,302.4	25,286.9	25,204.2			
Fixed telephony accesses (1)	232.1	235.4	241.2	247.1	249.8			
Internet and data accesses	19.9	20.4	20.5	21.0	21.5			
Broadband	19.9	20.4	20.5	21.0	21.5			
Mobile accesses	24,617.1	24,816.5	25,040.7	25,018.8	24,933.0			
Prepay (2)	10,766.1	10,793.1	10,823.2	10,561.4	9,640.1			
Contract	13,851.1	14,023.4	14,217.6	14,457.4	15,292.8			
M2M (3)	2,201.1	2,234.2	2,289.9	2,383.9	3,143.4			
<b>Total Accesses</b>	<b>24,869.2</b>	<b>25,072.2</b>	<b>25,302.4</b>	<b>25,286.9</b>	<b>25,204.2</b>			

(1) PSTN (including Public Use Telephony) x1; ISDN Basic access x1; ISDN Primary access; 2/6 Digital Access x30. Company's accesses for internal use included. Includes VoIP and Naked ADSL.

(2) Includes the disconnection of 720 thousand inactive prepay customers in the first quarter 2016.

(3) Includes 720 thousand M2M accesses on the Jasper platform since the first quarter 2016.

## MOBILE ACCESSES

Unaudited figures (thousands)

	2015				2016			
	March	June	September	December	March	June	September	December
Prepay percentage (%)	43.7%	43.5%	43.2%	42.2%	38.7%			
Contract percentage (%)	56.3%	56.5%	56.8%	57.8%	61.3%			
Smartphones ('000)	10,784.8	10,972.4	11,202.4	13,274.4	13,267.7			
Prepay	3,343.9	3,370.8	3,451.1	4,275.5	4,358.7			
Contract	7,440.9	7,601.6	7,751.3	8,998.9	8,909.0			
Smartphone penetration (%)	49.3%	49.9%	50.6%	60.4%	62.8%			
Prepay (%)	31.4%	31.6%	32.2%	40.9%	45.6%			
Contract (%)	66.4%	67.2%	67.9%	78.1%	77.0%			
LTE ('000)	4,906.0	5,769.9	6,631.7	7,661.8	8,300.8			
LTE penetration (%)	22.4%	26.2%	30.0%	34.9%	38.1%			

## SELECTED MOBILE OPERATIONAL DATA

Unaudited figures

	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Voice Traffic (Million minutes)	22,206	22,926	22,545	22,850	17,683			
Data traffic (TB)	30,928	34,685	39,873	45,257	49,648			
ARPU (EUR)	18.8	19.6	19.9	19.3	17.9			
Prepay	7.4	7.6	7.8	7.8	7.8			
Contract (1)	32.7	34.0	34.6	33.0	30.1			
Data ARPU (EUR)	10.9	11.4	11.6	11.3	10.6			
% non-SMS over data revenues	58.6%	59.2%	60.2%	59.5%	59.9%			
Churn	1.7%	1.6%	1.8%	2.2%	2.0%			
Contract (1)	1.0%	0.9%	0.9%	1.0%	0.9%			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Voice Traffic (Million minutes)	22,206	45,132	67,677	90,527	17,683			
Data traffic (TB)	30,928	65,613	106,279	151,536	49,648			
ARPU (EUR)	18.8	19.2	19.4	19.4	17.9			
Prepay	7.4	7.5	7.6	7.7	7.8			
Contract (1)	32.7	33.3	33.8	33.5	30.1			
Data ARPU (EUR)	10.9	11.2	11.3	11.3	10.6			
% non-SMS over data revenues	58.6%	58.9%	59.4%	59.4%	59.9%			
Churn	1.7%	1.6%	1.7%	1.8%	2.0%			
Contract (1)	1.0%	1.0%	1.0%	1.0%	0.9%			

## Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice Traffic is defined as minutes used by the company customers, both outbound and inbound. On-net traffic is only included once (outbound), and promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is excluded. Traffic volume non-rounded.

- Data traffic is defined as Terabytes used by the company customers, both upload and download (1TByte = 10<sup>12</sup> bytes). Promotional traffic is included. Traffic not associated to the Company's mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is also included. Traffic volume non-rounded.

(1) Excludes M2M.

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TELEFÓNICA ESPAÑA

Including DTS from 1 January 2015

CONSOLIDATED INCOME STATEMENT

Unaudited figures (Euros in millions)

	2015					2016				
	Jan - Mar	Apr - Jun	Jul- Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul- Sep	Oct - Dec	Jan - Dec
Revenues	3,121	3,205	3,180	3,220	12,726	3,126				
Mobile handset revenues	142	156	147	202	648	117				
Revenues ex-mobile handset revenues	2,979	3,048	3,033	3,018	12,078	3,009				
Consumer (1)	1,597	1,621	1,625	1,576	6,419	1,626				
Fusión	776	827	870	895	3,368	979				
Non-Fusión	822	793	754	681	3,051	647				
Business	860	871	873	869	3,472	836				
Communications	715	705	697	681	2,799	677				
IT	145	166	175	187	674	158				
Other (2)	521	557	536	573	2,186	548				
Internal expenditure capitalized in fixed assets	88	82	80	100	350	87				
Operating expenses	(1,981)	(2,005)	(1,916)	(4,952)	(10,854)	(1,954)				
Supplies	(779)	(827)	(758)	(867)	(3,231)	(781)				
Personnel expenses	(576)	(571)	(574)	(3,477)	(5,198)	(593)				
Other operating expenses	(625)	(607)	(584)	(608)	(2,424)	(580)				
Other net income (expense)	6	(5)	1	(29)	(28)	5				
Gain (loss) on sale of fixed assets	46	26	37	27	136	4				
Impairment of goodwill and other assets	0	0	(1)	4	2	(1)				
Operating income before D&A (OIBDA)	1,280	1,303	1,381	(1,631)	2,332	1,266				
OIBDA Margin	41.0%	40.7%	43.4%	n.m.	18.3%	40.5%				
CapEx	420	477	433	505	1,835	427				
Spectrum	22	27	-	-	49	-				
OpCF (OIBDA-CapEx)	860	826	948	(2,136)	498	840				

Notes:

- The reported figures include DTS in Telefónica España's consolidation perimeter from 1 January 2015 for illustrative purposes only.

- OIBDA before management and brand fees.

- Mobile handset revenues have been restated from 1 January 2015 including all the business of Telefónica España (previously only Telefónica Móviles España).

(1) Consumer revenues include residential and SOHO revenues.

(2) Other revenues include wholesale, subsidiaries and other revenues.

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