



JANUARY - MARCH 2017 RESULTS

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DISCLAIMER

The financial information related to the first quarter of 2017 contained in this document has been prepared under International Financial Reporting Standards (IFRS), as adopted by the European Union. This information is unaudited.

The following financial information has been revised for fiscal year 2016:

- Telxius financials are fully reported in Other Companies & Eliminations in T. Group since January 1, 2017, reflecting the final integration into Telxius of the mobile communications towers transferred from T. España, T. Deutschland, T. Brasil and T. Hispanoamérica segments and the international submarine fiber optic cable (which was already being reported within Other Companies and Eliminations). As a consequence, 2017 reported figures for these segments follow the same criteria. In addition, 2016 segment results have been revised to reflect the different dates of asset integration into Telxius, affecting T. España (since January 1, 2016), T. Deutschland (since May 1, 2016), T. Brasil (since April 1, 2016) and T. Hispanoamérica (T. Perú since 1 April 2016 and T. Chile since 1 May 2016). Organic y-o-y changes on segments reflect all the charges related to the towers transferred to Telxius since 1 January 2016. The results of the segments do not include intra-group capital gains resulting from the transfer of the towers to Telxius in 2016.

- In addition, since January 1, 2017 T. España includes the results of the data center business and the results of the companies T. Studios and T. Servicios Audiovisuales, which were before presented in Other Companies & Eliminations in Telefónica Group. Also since January 1, 2017, T. Chile includes the results of the data center business which were before presented in Other Companies & Eliminations of T. Group. For comparative purposes, the results of T. España and T. Hispanoamérica have been revised for the fiscal year 2016, accordingly. This change in the composition of the segments does not affect Telefónica Group consolidated results for 2016.

- T. Venezuela, T. Ecuador, T. Uruguay and T. Central America (including Guatemala, Panama, El Salvador, Nicaragua and Costa Rica) have been grouped as "Rest of countries of T. Hispanoamérica" and thus operational KPIs are no longer provided separately for these countries.

- T. UK Mobile service revenues include since January 1, 2017 revenues from MVNOs, which were prior accounted as "Handset revenues and others". For comparative purposes, Mobile service revenues and handset revenues for 2016 are reported using these same criteria.

- Since January 1, 2016 Mobile revenues and Fixed revenues of T. Brasil, T. Mexico, T. Argentina, T. Chile and "Rest of countries of T. Hispanoamérica" have been revised due to different allocation criteria. This change does not affect total revenue figure reported for 2016.

-Also since January 1, 2016 Mobile Data revenues of T. Hispanoamérica and T. Brasil have been revised due to different allocation criteria between Mobile Data revenues and Other Mobile Service revenues. This change does not affect total Mobile service revenue figure reported for 2016.

- In T. Brasil "FTTx and cable" accesses have revised since January 1, 2016 including cable accesses. This change also affects Telefónica Group "FTTx and cable" accesses.

New information has been included since the first quarter 2017 and is also given for comparative purposes from January 2016.

- In T. Hispanoamerica:

- i) Accesses: FTTx accesses (T. Argentina and T. Colombia), Wholesale acceses (T. Mexico; since Q3 2016).
- ii) Operational data (T. Argentina, T. Chile, T. Colombia, T. Perú and T. Mexico): Contract percentage, Smartphones, Smartphone penetration, LTE and LTE penetration.

- In Other Companies & Eliminations:

- i) Telxius: Revenue, OIBDA and CapEX information provided since January, 1 2016.

The following information is no longer provided:

- Mobile voice traffic.
- Quarterly Data traffic.
- Quarterly ARPUs (except for Fusión).

Changes in the perimeter of consolidation: Telefé (Other Companies & Eliminations) has been deconsolidated since November 1, 2016. T. Personalizadas (T. España) has been deconsolidated since January 1, 2017. Vocem (Other Companies & Eliminations) has been deconsolidated since July 1, 2016.

Since the second quarter of 2016 Telefónica's operations in the United Kingdom were no longer be reported as discontinued operations within Telefónica Group and all its assets and liabilities have ceased to be reported as "held for sale", and have been reclassified back into full consolidation within Telefónica Group financial statements, in compliance with IFRS. For comparative purposes, Telefónica Group financial statements for the three-month period ended March 31, 2016 are reported using these same criteria.

In addition, in October 2015, the European Securities Markets Authority (ESMA) published guidelines on Alternative Performance Measures (APM), applicable to the regulated information published from July 3, 2016. Information and disclosure related to APM used in the present document are included in the Appendix.

TELEFÓNICA

ACCESSES

Unaudited figures (thousands)

	2016				2017
	March	June	September	December	March
Final Clients Accesses	341,262.7	341,922.3	343,932.9	344,671.1	341,785.7
Fixed telephony accesses (1)	39,606.5	39,262.1	38,914.0	38,280.1	37,853.0
Internet and data accesses	21,507.7	21,641.4	21,738.4	21,652.1	21,657.8
Broadband	21,097.2	21,195.9	21,266.5	21,194.9	21,196.4
FTTx / Cable	7,933.6	8,378.1	8,704.0	9,137.6	9,580.6
Mobile accesses	271,783.2	272,596.8	274,883.7	276,450.0	274,055.6
Prepay	166,005.2	165,619.6	165,912.1	165,663.2	162,648.4
Contract	105,778.0	106,977.2	108,971.6	110,786.8	111,407.2
M2M	12,583.9	12,988.2	13,591.7	14,002.0	14,488.0
Pay TV	8,365.4	8,422.0	8,396.7	8,289.0	8,219.3
Wholesale Accesses	5,826.7	5,591.7	5,480.7	5,300.9	5,087.1
Total Accesses	347,089.4	347,514.0	349,413.5	349,972.1	346,872.8

Notes:

(1) Includes fixed wireless and VoIP accesses.

MOBILE ACCESSES

Unaudited figures (thousands)

	2016				2017
	March	June	September	December	March
Contract percentage (%)	38.9%	39.2%	39.6%	40.1%	40.7%
Smartphones ('000)	128,326.0	130,058.4	144,588.9	147,161.8	151,547.7
Smartphone penetration (%)	50.6%	51.1%	56.4%	57.1%	59.4%
LTE ('000)	43,870.2	50,077.3	57,342.4	66,295.7	75,458.8
LTE penetration (%)	16.9%	19.3%	22.1%	25.3%	29.1%

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TELEFÓNICA
CONSOLIDATED INCOME STATEMENT
Unaudited figures (Euros in millions)

	2016					2017
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar
Revenues	12,511	12,723	13,080	13,721	52,036	13,132
Internal exp. capitalized in fixed assets	213	214	208	231	867	208
Operating expenses	(8,943)	(9,067)	(9,181)	(10,852)	(38,043)	(9,348)
Supplies	(3,675)	(3,748)	(3,685)	(4,134)	(15,242)	(3,730)
Personnel expenses	(1,749)	(1,687)	(1,704)	(2,958)	(8,098)	(1,818)
Other operating expenses	(3,519)	(3,632)	(3,791)	(3,760)	(14,703)	(3,800)
Other net income (expense)	49	49	49	39	186	29
Gain (loss) on sale of fixed assets	6	2	22	266	296	8
Impairment of goodwill and other assets	1	(3)	(3)	(219)	(224)	(7)
<i>Underlying operating income before D&A (OIBDA)</i>	<i>3,860</i>	<i>3,964</i>	<i>4,232</i>	<i>4,464</i>	<i>16,519</i>	<i>4,109</i>
Operating income before D&A (OIBDA)	3,838	3,918	4,175	3,187	15,118	4,021
<i>OIBDA Margin</i>	<i>30.7%</i>	<i>30.8%</i>	<i>31.9%</i>	<i>23.2%</i>	<i>29.1%</i>	<i>30.6%</i>
Depreciation and amortisation	(2,322)	(2,351)	(2,458)	(2,518)	(9,649)	(2,451)
Operating income (OI)	1,516	1,567	1,718	669	5,469	1,570
Share of profit (loss) of investments accounted for by the equity method	(3)	0	1	(2)	(5)	2
Net financial income (expense)	(659)	(660)	(531)	(369)	(2,219)	(449)
Profit before taxes	853	907	1,187	298	3,245	1,123
Corporate income tax	(298)	(251)	(193)	(105)	(846)	(314)
Profit for the period	555	656	995	193	2,399	809
Attributable to equity holders of the Parent	548	693	983	145	2,369	779
Attributable to non-controlling interests	7	(37)	11	49	30	30
Weighted average number of ordinary shares outstanding during the period (millions)	5,073	5,053	5,052	5,053	5,061	5,062
Basic and diluted earnings per share attributable to equity holders of the Parent (euros)	0.09	0.13	0.18	0.01	0.42	0.14
<i>Underlying basic and diluted earnings per share attributable to equity holders of the Parent (euros)</i>	<i>0.12</i>	<i>0.16</i>	<i>0.23</i>	<i>0.23</i>	<i>0.75</i>	<i>0.18</i>

Notes:

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

- 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 2016, have 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.

- Basic and diluted earnings per share ratio is calculated dividing Profit for the period Attributable to equity holders of the Parent, adjusted for the net coupon corresponding to "Other equity instruments", by the weighted average number of ordinary shares outstanding during the period.

- 2016 and 2017 reported figures include hyperinflationary adjustments in Venezuela in both years.

TELEFÓNICA
CONSOLIDATED REVENUES BREAKDOWN
Unaudited figures (Euros in millions)

	2016					2017
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar
Revenues	100%	100%	100%	100%	100%	100%
Voice & access	44%	43%	43%	40%	43%	40%
Broadband Connectivity	34%	35%	35%	35%	35%	39%
Services over Connectivity (SoC)	12%	12%	13%	12%	12%	12%
Others	11%	10%	9%	12%	11%	9%

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TELEFÓNICA

REVENUES BREAKDOWN

Unaudited figures (Euros in millions)

	2016					2017
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar
T. ESPAÑA (1) (4)	3,149	3,224	3,195	3,246	12,815	3,066
T. DEUTSCHLAND (1)	1,858	1,834	1,876	1,936	7,503	1,771
T. UK	1,752	1,712	1,676	1,721	6,861	1,601
T. BRASIL (1)	2,431	2,654	2,950	3,055	11,090	3,165
T. HISPANOAMÉRICA (1, 2)	3,054	2,961	3,129	3,435	12,579	3,285
T. ARGENTINA	689	709	750	852	3,000	876
T. CHILE (1)	511	523	537	590	2,163	561
T. PERU (1)	624	620	619	635	2,499	620
T. COLOMBIA	323	347	364	375	1,409	388
T. MEXICO	409	337	316	347	1,410	314
Rest of countries of T. HISPANOAMÉRICA (2, 3)	503	428	548	642	2,122	531
Others and eliminations	(6)	(5)	(6)	(7)	(23)	(6)
Other companies and eliminations (4)	267	339	255	328	1,189	244
Telxius (1)	138	153	168	186	645	188
TOTAL GROUP	12,511	12,723	13,080	13,721	52,036	13,132

Notes:

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

(1) Since 1 January 2016, T. Spain reflects all the charges related to the tower transfer to Telxius, which are now presented in Telxius (Other Companies & Eliminations), and include the results of the data center business, of T. Studios and of T. Servicios Audiovisuales, which were before presented in Other Companies & Eliminations. Also since 1 January 2016, T. Chile includes the results of the data center business, which were before presented in Other Companies & Eliminations.

- Since 1 April 2016, T. Brasil and T. Peru reflect all the charges related to the tower transfer to Telxius, which are now presented in Telxius (Other Companies & Eliminations).

- Since 1 May 2016, T. Deutschland and T. Chile reflect all the charges related to the tower transfer to Telxius, which are now presented in Telxius (Other Companies & Eliminations).

(2) 2016 and 2017 reported figures include hyperinflationary adjustments in Venezuela in both years.

(3) Rest of T. Hispanoamérica includes: Venezuela, Ecuador, Uruguay and Central America (including Guatemala, Panama, El Salvador, Nicaragua and Costa Rica).

(4) Vocem has been deconsolidated since 1 July 2016. Telefé has been deconsolidated since 1 November 2016. T. Personalizadas (T. España) has been deconsolidated since 1 January 2017.

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TELEFÓNICA
OIBDA BREAKDOWN

Unaudited figures (Euros in millions)

	2016					2017
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar
T. ESPAÑA (1) (4)	1,250	1,302	1,354	496	4,403	1,143
T. DEUTSCHLAND (1)	392	451	456	472	1,771	400
T. UK	461	456	458	334	1,709	416
T. BRASIL (1)	805	838	978	1,081	3,702	1,104
T. HISPANOAMÉRICA (1, 2)	866	834	969	804	3,474	904
T. ARGENTINA	149	165	211	272	797	231
T. CHILE (1)	176	168	181	180	704	174
T. PERU (1)	187	202	215	175	779	156
T. COLOMBIA	107	108	123	126	464	129
T. MEXICO	106	62	81	60	309	64
Rest of countries of T. HISPANOAMÉRICA (2, 3)	140	117	159	207	623	149
Others and eliminations	0	12	0	(215)	(203)	0
Other companies and eliminations (4)	63	36	(40)	0	59	53
Telxius (1)	27	74	75	90	266	92
TOTAL GROUP	3,838	3,918	4,175	3,187	15,118	4,021

Notes:

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

- OIBDA figures exclude management and brand fees.

(1) Since 1 January 2016, T. Spain reflects all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations), and include the results of the data center business, of T. Studios and of T. Servicios Audiovisuales, which were before presented in Other Companies & Eliminations. Also since 1 January 2016, T. Chile includes the results of the data center business, which were before presented in Other Companies & Eliminations.

- Since 1 April 2016, T. Brasil and T. Peru reflect all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations).

- Since 1 May 2016, T. Deutschland and T. Chile reflect all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations).

(2) 2016 and 2017 reported figures include hyperinflationary adjustments in Venezuela in both years.

(3) Rest of T. Hispanoamérica includes: Venezuela, Ecuador, Uruguay and Central America (including Guatemala, Panama, El Salvador, Nicaragua and Costa Rica).

(4) Vocem has been deconsolidated since 1 July 2016. Telefé has been deconsolidated since 1 November 2016. T. Personalizadas (T. España) has been deconsolidated since 1 January 2017.

TELEFÓNICA
CAPEX BREAKDOWN

Unaudited figures (Euros in millions)

	2016					2017
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar
T. ESPAÑA (1) (4)	431	463	395	563	1,852	333
T. DEUTSCHLAND (1)	220	213	315	360	1,107	208
T. UK	192	223	238	278	931	225
T. BRASIL (1)	348	444	577	768	2,137	397
T. HISPANOAMÉRICA (1, 2)	461	557	782	815	2,615	430
T. ARGENTINA	159	152	136	130	577	151
T. CHILE (1)	116	102	70	121	409	87
T. PERU (1)	55	94	361	207	717	54
T. COLOMBIA	33	83	98	116	330	60
T. MEXICO	42	54	34	88	219	43
Rest of countries of T. HISPANOAMÉRICA (2, 3)	57	71	83	152	363	36
Other companies and eliminations (4)	43	58	54	130	286	28
Telxius (1)	20	24	20	55	119	13
TOTAL GROUP	1,695	1,959	2,362	2,912	8,928	1,621
Spectrum	2	8	331	5	345	4

Notes:

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

(1) Since 1 January 2016, T. Spain reflects all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations), and include the results of the data center business, of T. Studios and of T. Servicios Audiovisuales, which were before presented in Other Companies & Eliminations. Also since 1 January 2016, T. Chile includes the results of the data center business, which were before presented in Other Companies & Eliminations.

- Since 1 April 2016, T. Brasil and T. Peru reflect all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations).

- Since 1 May 2016, T. Deutschland and T. Chile reflect all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations).

(2) 2016 and 2017 reported figures include hyperinflationary adjustments in Venezuela in both years.

(3) Rest of T. Hispanoamérica includes: Venezuela, Ecuador, Uruguay and Central America (including Guatemala, Panama, El Salvador, Nicaragua and Costa Rica).

(4) Vocem has been deconsolidated since 1 July 2016. Telefé has been deconsolidated since 1 November 2016. T. Personalizadas (T. España) has been deconsolidated since 1 January 2017.

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

	2016				2017
	March	June	September	December	March
Non-current assets	100,178	103,853	101,188	103,667	103,786
Intangible assets	20,563	20,789	20,449	20,518	20,275
Goodwill	27,320	28,517	28,123	28,686	28,896
Property, plant and equipment and Investment properties	33,688	34,727	34,549	36,393	36,672
Investments accounted for by the equity method	68	71	71	76	70
Non-current financial assets	9,778	11,078	9,693	9,765	9,656
Deferred tax assets	8,762	8,671	8,303	8,229	8,216
Current assets	18,974	19,153	19,478	19,974	24,338
Inventories	1,348	1,123	1,153	1,055	1,125
Trade and other receivables	10,533	11,172	10,749	10,675	10,601
Current financial assets	3,094	2,608	3,094	2,954	3,723
Tax receivables	1,177	1,341	1,304	1,533	1,481
Cash and cash equivalents	2,813	2,884	3,154	3,736	7,391
Non-current assets and disposal groups classified as held for sale	9	25	25	21	17
Total Assets = Total Equity and Liabilities	119,152	123,006	120,667	123,641	128,124
Equity	25,484	26,225	27,093	28,385	29,903
Equity attributable to equity holders of the parent and other holders of equity instruments	15,649	16,137	17,167	18,157	20,292
Non-controlling interests	9,835	10,088	9,926	10,228	9,611
Non-current liabilities	62,924	64,795	59,064	59,805	64,402
Non-current financial liabilities	49,580	51,243	45,701	45,612	50,117
Non-current trade and other payables	2,156	2,122	1,973	1,925	1,879
Deferred tax liabilities	2,512	2,498	2,303	2,395	2,537
Non-current provisions	8,676	8,932	9,087	9,873	9,870
Current liabilities	30,744	31,986	34,510	35,451	33,820
Current financial liabilities	11,283	12,469	15,470	14,749	14,633
Current trade and other payables	14,985	15,359	14,948	16,150	14,494
Current tax payables	2,383	2,202	2,199	2,332	2,444
Current provisions	2,093	1,956	1,893	2,220	2,248
Financial Data					
Net Financial Debt (1)	50,099	52,193	49,593	48,595	48,766
Net Financial Debt / OIBDA	2.99x	3.18x	3.03x	2.95x	2.91x

Notes:

- 2016 and 2017 reported figures include the hyperinflationary adjustments in Venezuela in both years.

TELEFÓNICA
FREE CASH FLOW AND CHANGE IN DEBT

Unaudited figures (Euros in millions)

		2016				2017
		Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar
I	Cash flows from operations	3,083	6,996	11,413	16,130	3,534
II	Net interest payment (1)	(887)	(1,377)	(1,746)	(2,143)	(641)
III	Payment for income tax	12	(228)	(365)	(649)	(149)
A=I+II+III	Net cash provided by operating activities	2,207	5,391	9,302	13,338	2,743
B	Net payment for investment in fixed and intangible assets	(2,279)	(4,644)	(7,230)	(9,195)	(2,289)
	Spectrum (2)	(3)	(13)	(343)	(349)	(4)
C=A+B	Net free cash flow after CapEx	(72)	747	2,071	4,143	453
D	Net Cash received from sale of Real Estate	0	1	2	8	4
E	Net payment for financial investment	170	244	645	927	(177)
F	Net payment for operations with minority shareholders and treasury stock (3)	(756)	(2,970)	(2,209)	(2,899)	(207)
G=C+D+E+F	Free cash flow after dividends	(658)	(1,978)	510	2,178	74
H	Effects of exchange rate changes on net financial debt	(521)	(165)	(328)	(91)	141
I	Effects on net financial debt of changes in consolid. and others	801	1,220	1,270	1,703	104
J	Net financial debt at beginning of period	49,161	49,161	49,161	49,161	48,595
K=J-G+H+I	Net financial debt at end of period	50,099	52,193	49,593	48,595	48,766

Notes:

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

- 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.

- 2016 and 2017 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. First quarter 2017: 1 in UK, 1 in Colombia and 2 in Mexico. In Jan-Mar 2016: 1 in Colombia, 1 in Germany and 0,5 in UK.

(3) 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)

	2016				2017
	Jan - Mar	Jan - Jun	Jan - Sep	Jan -Dec	Jan - Mar
OIBDA	3,838	7,756	11,931	15,118	4,021
- CapEx accrued during the period	(1,695)	(3,654)	(6,016)	(8,928)	(1,621)
- Payments related to cancellation of commitments	(141)	(332)	(598)	(738)	(166)
- Net interest payment	(887)	(1,377)	(1,746)	(2,143)	(641)
- Payment for tax	12	(228)	(365)	(649)	(149)
- Gain (loss) on sale of fixed assets and impairment of goodwill and other assets	(6)	(6)	(25)	16	7
- Investment in working cap. and other deferred income and expenses (1)	(1,192)	(1,412)	(1,111)	1,467	(996)
= Net Free Cash Flow after CapEx	(72)	747	2,071	4,143	453
+ Payments related to cancellation of commitments	141	332	598	738	166
- Dividends paid to minority shareholders	0	(264)	(354)	(511)	(21)
= Free Cash Flow	69	815	2,315	4,370	599
Weighted average number of ordinary shares outstanding during the period (millions)	5,073	5,066	5,061	5,061	5,062
= Free Cash Flow per share	0.01	0.16	0.46	0.86	0.12

Notes:

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

- 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.

- 2016 and 2017 reported figures include the hyperinflationary adjustments in Venezuela in both years.

(1) Other deferred expenses include 1,084 M€ in Q4 16 and 76 M€ in Q1 2017 related to commitments associated with long-term restructuring plans, in Spain.

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

	2016				2017
	Jan - Mar	Jan - Jun	Jan - Sep	Jan -Dec	Jan - Mar
Cash received from operations	15,469	30,670	46,799	63,514	16,569
Cash paid from operations	(12,387)	(23,673)	(35,386)	(47,384)	(13,036)
Net payments of interest and other financial expenses net of dividends received	(887)	(1,377)	(1,746)	(2,143)	(641)
Taxes paid	12	(228)	(365)	(649)	(149)
Net cash flow provided by operating activities	2,207	5,392	9,302	13,338	2,743
(Payments)/proceeds on investments in property, plant and equipment and intangible assets	(2,279)	(4,643)	(7,229)	(9,187)	(2,285)
Proceeds on disposals of companies, net of cash and cash equivalents disposed	246	450	482	767	30
Payments on investments in companies, net of cash and cash equivalents acquired	(29)	(103)	(70)	(54)	(6)
Proceeds on financial investments not included under cash equivalents	33	34	431	489	18
Payments on financial investments not included under cash equivalents	(79)	(128)	(187)	(265)	(219)
(Payments)/proceeds on placements of cash surpluses not included under cash equivalents	40	(40)	19	42	(910)
Government grants received	-	-	-	-	-
Net cash flow used in investing activities	(2,068)	(4,430)	(6,554)	(8,208)	(3,372)
Dividends paid	(41)	(2,211)	(2,302)	(2,906)	(73)
Proceeds from issue of share capital increase	1	-	1	-	1
(Payments)/proceeds of treasury shares and other operations with shareholders	(602)	(651)	(655)	(660)	-
Operations with other equity holders (1)	(114)	(118)	737	656	(135)
Proceeds on issue of debentures and bonds, and other debts	596	3,415	3,541	5,693	6,083
Proceeds on loans, borrowings and promissory notes	6,168	10,445	10,996	10,332	1,498
Cancellation of debentures and bonds, and other debts	(3,872)	(6,534)	(6,685)	(6,873)	(1,466)
Repayments of loans, borrowings and promissory notes	(1,261)	(3,728)	(6,021)	(8,506)	(1,210)
Financed operating payments and investments in property, plant and equipment and intangible assets payments	(783)	(1,457)	(1,912)	(1,956)	(465)
Net cash used in financing activities	92	(839)	(2,300)	(4,220)	4,233
Effect of changes in exchange rates	(28)	151	98	185	51
Effect of changes in consolidation methods and others	(5)	(5)	(7)	26	-
Net increase (decrease) in cash and cash equivalents during the year	198	269	539	1,121	3,655
Cash and cash equivalents at the beginning of the period	2,615	2,615	2,615	2,615	3,736
Cash and cash equivalents at the end of the period	2,813	2,884	3,154	3,736	7,391

Notes:

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

- 2016 and 2017 reported figures include the hyperinflationary adjustments in Venezuela in both years.

(1) Includes issuance and coupons of undated deeply subordinated securities.

TELEFÓNICA

EXCHANGE RATES APPLIED TO P&L AND CAPEX

Currency units per Euro	2016				2017
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar
USA (US Dollar)	1.102	1.115	1.116	1.106	1.065
United Kingdom (Sterling)	0.770	0.778	0.801	0.817	0.860
Argentina (Argentine Peso)	15.894	15.968	16.202	16.314	16.685
Brazil (Brazilian Real)	4.290	4.118	3.937	3.833	3.347
Chile (Chilean Peso)	772.332	768.533	758.104	747.496	697.988
Colombia (Colombian Peso)	3,577.459	3,474.913	3,409.955	3,369.057	3,110.942
Costa Rica (Colon)	597.729	606.796	611.621	609.385	601.323
Guatemala (Quetzal)	8.459	8.561	8.518	8.406	7.911
Mexico (Mexican Peso)	19.850	20.137	20.396	20.629	21.581
Nicaragua (Cordoba)	30.966	31.532	31.736	31.657	31.414
Peru (Peruvian Nuevo Sol)	3.799	3.772	3.758	3.733	3.501
Uruguay (Uruguayan Peso)	34.755	35.012	34.175	33.266	30.344
Venezuela (Bolivar Fuerte) (1)	310.752	697.350	735.294	710.227	758.150

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

Currency units per Euro	2016				2017
	March	June	September	December	March
USA (US Dollar)	1.138	1.110	1.116	1.054	1.068
United Kingdom (Sterling)	0.792	0.827	0.862	0.855	0.856
Argentina (Argentine Peso)	16.601	16.564	17.038	16.706	16.435
Brazil (Brazilian Real)	4.052	3.564	3.624	3.435	3.385
Chile (Chilean Peso)	762.567	734.252	734.549	705.622	709.421
Colombia (Colombian Peso)	3,416.211	3,240.682	3,215.031	3,162.745	3,083.089
Costa Rica (Colon)	617.284	615.385	623.830	591.366	606.061
Guatemala (Quetzal)	8.779	8.479	8.395	7.928	7.842
Mexico (Mexican Peso)	19.624	20.499	21.631	21.733	20.082
Nicaragua (Cordoba)	32.184	31.768	32.336	30.904	31.711
Peru (Peruvian Nuevo Sol)	3.786	3.651	3.795	3.537	3.470
Uruguay (Uruguayan Peso)	36.138	33.991	31.744	30.924	30.498
Venezuela (Bolivar Fuerte) (1)	310.752	697.350	735.294	710.227	758.150

Notes:

- Exchange rates as of the end of the period.

- After considering Venezuela as an hyperinflationary country, P&L and CapEx from the operations in the country are to be accounted at the closing exchange rate Bolivar Fuerte/Euro. The January-March 2017 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the denominated DICOM (710 Venezuelan bolivars fuertes per dollar).

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TELEFÓNICA
2017 MAIN FINANCING OPERATIONS
Unaudited figures

	Issue date	Amount (m)	Currency	Issuer	Coupon	Maturity date	ISIN code
DEBENTURES AND BONDS							
Eurobond	17-Jan-17	1,250	EUR	Telefónica Emisiones, S.A.U.	1.528%	17-Jan-25	XS1550951211
Eurobond	17-Jan-17 ⁽¹⁾	700	EUR	Telefónica Emisiones, S.A.U.	2.318%	17-Oct-28	XS1550951138
Bond	19-Jan-17	48,000	CLP	Telefónica Chile	4.900%	5-Jul-23	BCTCH-T ⁽²⁾
Eurobond	25-Jan-17	150	EUR	Telefónica Emisiones, S.A.U.	3M Euribor +0,40%	25-Jan-19	XS1555704078
Debentures	8-Feb-17	2,000	BRL	Telefonica Brasil, S.A.	108,25% CDI	8-Feb-22	BRVIVTDBS069
USD Bond	8-Mar-17	1,500	USD	Telefónica Emisiones, S.A.U.	4.103%	8-Mar-27	US87938WAT09
USD Bond	8-Mar-17 ⁽³⁾	2,500	USD	Telefónica Emisiones, S.A.U.	5.213%	8-Mar-47	US87938WAU71
USD Bond	18-Apr-17	200	USD	Telefónica Emisiones, S.A.U.	4.900%	18-Apr-37	XS1588907045

Notes:

⁽¹⁾ There was a reopening of €200M with issue date on March, 17th 2017

⁽²⁾ Santiago exchange code

⁽³⁾ There was a reopening of \$500M with issue date on April, 28th 2017

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TELEFÓNICA
RECONCILIATION REPORTED VS BASIS FOR GUIDANCE 2017
Unaudited figures (Euros in millions)

	Base 2016
REVENUES	Jan - Dec
<hr/>	
TELEFÓNICA	
REPORTED DATA	52,036
Hyperinflation in Venezuela	(145)
Changes in the consolidation perimeter	(158)
TELEFÓNICA TOTAL REVENUES BASIS FOR GUIDANCE	51,734

	Base 2016
OIBDA	Jan - Dec
<hr/>	
TELEFÓNICA	
REPORTED DATA	15,118
Hyperinflation in Venezuela	(25)
Changes in the consolidation perimeter	(29)
Tower sales	(1)
Restructuring charges	1,399
Impairments	215
Capital gains/losses on sale of companies	(212)
TELEFÓNICA TOTAL OIBDA BASIS FOR GUIDANCE	16,465
OIBDA MARGIN AS PER GUIDANCE	31.8%

	Base 2016
CAPEX	Jan - Dec
<hr/>	
TELEFÓNICA	
REPORTED DATA	8,928
Hyperinflation in Venezuela	(21)
Changes in the consolidation perimeter	(11)
Spectrum acquisition	(345)
TELEFÓNICA TOTAL CAPEX BASIS FOR GUIDANCE	8,552
CAPEX/SALES AS PER GUIDANCE	16.5%

Notes:

- **2017 criteria for guidance basis:** Assumes constant exchange rates of 2016 (average of 2016), excluding the impact of hyperinflationary adjustments in Venezuela in both years, and constant perimeter of consolidation. OIBDA excludes additionally write-downs, capital gains/losses from the sale of companies, tower sales, material non-recurrent impacts and restructuring costs. CapEx excludes additionally spectrum acquisition.

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

	2016					2017
	Jan - Mar	Apr - Jun	Jul- Sep	Oct - Dec	Jan - Dec	Jan - Mar
Revenues	3,149	3,224	3,195	3,246	12,815	3,066
Mobile handset revenues	117	121	117	142	497	82
Revenues ex-mobile handset revenues	3,033	3,103	3,078	3,104	12,318	2,985
Consumer (1)	1,626	1,636	1,644	1,631	6,536	1,620
Fusión	979	1,015	1,049	1,053	4,096	1,070
Non-Fusión	647	621	595	578	2,440	550
Business	839	881	835	889	3,445	840
Communications	681	694	668	678	2,721	664
IT	159	187	167	211	724	176
Other (2)	568	586	600	584	2,337	525
Internal expenditure capitalized in fixed assets	87	82	74	81	324	76
Operating expenses	(1,994)	(2,003)	(1,950)	(2,865)	(8,813)	(2,003)
Supplies	(788)	(877)	(833)	(909)	(3,406)	(816)
Personnel expenses	(600)	(531)	(529)	(1,363)	(3,022)	(601)
Other operating expenses	(606)	(596)	(589)	(594)	(2,384)	(587)
Other net income (expense)	5	(7)	0	(28)	(30)	2
Gain (loss) on sale of fixed assets	4	6	37	64	111	4
Impairment of goodwill and other assets	(1)	(1)	(1)	(2)	(4)	(1)
Operating income before D&A (OIBDA)	1,250	1,302	1,354	496	4,403	1,143
OIBDA Margin	39.7%	40.4%	42.4%	15.3%	34.4%	37.3%
CapEx	431	463	395	563	1,852	333
Spectrum	-	7	-	-	7	-
OpCF (OIBDA-CapEx)	820	839	958	(66)	2,551	810

Notes:

- Since January 1, 2016, T. Spain reflects all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations), and includes the results of the data center business, of T. Studios and of T. Servicios Audiovisuales, which were before presented in Other Companies & Eliminations.

- The results of the T. España do not include intra-group capital gains resulting from the towers transferred to Telxius in 2016.

- T. Personalizadas has been deconsolidated since 1 January 2017.

- OIBDA before management and brand fees.

(1) Consumer revenues include residential and SOHO revenues.

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

TELEFÓNICA ESPAÑA
ACCESSES
Unaudited figures (Thousands)

	2016				2017
	March	June	September	December	March
Final Clients Accesses	36,791.3	36,765.2	36,769.8	36,709.4	36,537.3
Fixed telephony accesses (1)	9,910.6	9,854.2	9,783.7	9,720.2	9,584.2
Internet and data accesses	6,012.8	6,061.6	6,076.6	6,094.5	6,075.9
Broadband	5,978.6	6,030.2	6,045.3	6,067.3	6,050.9
FTTH	2,458.3	2,675.7	2,830.7	2,998.3	3,127.8
Mobile accesses	17,140.1	17,094.4	17,198.2	17,237.7	17,261.7
Prepay	2,675.7	2,579.7	2,466.1	2,329.3	2,135.9
Contract	14,464.5	14,514.7	14,732.1	14,908.4	15,125.7
M2M	1,827.2	1,890.5	1,968.8	2,006.3	2,015.6
Pay TV	3,727.8	3,755.0	3,711.4	3,657.0	3,615.6
Wholesale Accesses	4,866.9	4,693.3	4,589.3	4,525.5	4,442.3
Fibre	176.6	210.3	259.7	324.9	426.2
Total Accesses	41,658.2	41,458.6	41,359.2	41,234.9	40,979.6

(1) Includes fixed wireless and VoIP accesses.

CONSUMER ACCESSES (Fusión + non-Fusión)
Unaudited figures (thousands)

	2016				2017
	March	June	September	December	March
Fixed telephony accesses	7,428.5	7,382.1	7,319.0	7,260.4	7,146.2
Internet and data accesses	5,145.4	5,186.4	5,195.5	5,207.8	5,195.3
Mobile accesses	11,759.7	11,676.5	11,691.5	11,732.3	11,754.9
Prepay	2,675.7	2,579.7	2,466.1	2,329.3	2,135.9
Contract	9,084.0	9,096.8	9,225.4	9,403.0	9,618.9
Pay TV	3,727.8	3,755.0	3,711.4	3,657.0	3,615.6
Total Consumer Accesses	28,061.4	28,000.0	27,917.4	27,857.6	27,711.8

TOTAL MOBILE ACCESSES
Unaudited figures (thousands)

	2016				2017
	March	June	September	December	March
Contract percentage (%)	84.4%	84.9%	85.7%	86.5%	87.6%
Smartphones ('000)	10,200.2	10,295.8	10,500.3	10,715.8	10,800.7
Smartphone penetration (%)	67.2%	68.3%	69.5%	70.9%	71.3%
LTE ('000)	4,520.7	5,050.0	5,444.0	6,073.0	6,589.6
LTE penetration (%)	29.5%	33.2%	35.7%	39.9%	43.2%

CONSUMER FUSIÓN
Unaudited figures (thousands)

	2016				2017
	March	June	September	December	March
Fusión Customers	4,209.1	4,268.8	4,286.1	4,333.2	4,379.0
Fibre 100/300	1,267.4	1,345.9	1,491.0	1,593.5	1,669.1
IPTV/ Satellite	2,768.6	2,873.6	2,914.9	2,943.1	2,970.9
Mobile add-ons	2,023.3	2,084.1	2,302.7	2,542.0	2,861.6

CONSUMER FUSIÓN
Unaudited figures

	2016				2017
	Q1	Q2	Q3	Q4	Q1
Fusión ARPU (EUR)	78.2	79.8	81.8	81.6	81.6
Fusión churn	1.3%	1.1%	1.3%	1.4%	1.4%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dic	Jan - Mar
Fusión ARPU (EUR)	78.2	79.0	79.9	80.4	81.6
Fusión churn	1.3%	1.2%	1.2%	1.3%	1.4%

SELECTED OPERATIONAL DATA
Unaudited figures

	2016				2017
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar
Total data traffic (TB)	1,333,989	2,697,613	4,140,131	5,690,140	1,473,501
Fixed data traffic (TB)	1,291,860	2,610,901	3,991,793	5,479,375	1,406,556
Mobile data traffic (TB)	42,129	86,712	148,338	210,765	66,944

Notes:

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10^12 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.

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

	2016					2017
	Jan - Mar	Apr - Jun	Jul- Sep	Oct - Dec	Jan - Dec	Jan - Mar
Revenues	1,858	1,834	1,876	1,936	7,503	1,771
Mobile Business	1,603	1,584	1,621	1,690	6,498	1,545
Mobile service revenues	1,336	1,358	1,394	1,349	5,437	1,292
Data revenues	729	749	767	746	2,992	716
Handset revenues	267	226	227	341	1,061	252
Fixed Business	253	245	245	238	981	223
FBB and new services revenues (1)	192	187	187	182	748	177
Voice & access revenues	61	58	59	56	233	46
Internal expenditure capitalized in fixed assets	25	26	28	25	104	21
Operating expenses	(1,483)	(1,439)	(1,439)	(1,497)	(5,859)	(1,383)
Supplies	(629)	(578)	(572)	(674)	(2,452)	(585)
Personnel expenses	(173)	(160)	(155)	(157)	(646)	(155)
Other operating expenses	(681)	(701)	(712)	(666)	(2,761)	(643)
Other net income (expense)	(7)	30	(9)	9	23	(10)
Gain (loss) on sale of fixed assets	-	-	(0)	(0)	(0)	1
Impairment of goodwill and other assets	-	-	-	-	-	-
Operating income before D&A (OIBDA)	392	451	456	472	1,771	400
OIBDA Margin	21.1%	24.6%	24.3%	24.4%	23.6%	22.6%
CapEx	220	213	315	360	1,107	208
Spectrum	2	1	2	1	6	0
OpCF (OIBDA-CapEx)	173	238	141	112	664	192

Note:

- Since 1 May 2016, T. Deutschland relects all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations)
- The results of the T. Deutschland do not include intra-group capital gains resulting from the transfer of towers to Telxius in 2016.
- OIBDA before management and brand fees.

(1) Includes broadband 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)

	2016				2017
	March	June	September	December	March
Final Clients Accesses	47,341.7	47,754.9	48,404.8	48,655.5	48,988.0
Fixed telephony accesses (1)	2,002.8	2,007.4	2,006.5	2,010.3	2,000.1
Internet and data accesses	2,330.9	2,329.8	2,324.8	2,324.5	2,312.5
Broadband	2,101.5	2,103.9	2,101.6	2,104.0	2,095.3
VDSL	593.0	669.3	731.8	805.5	872.2
Mobile accesses	43,008.0	43,417.8	44,073.5	44,320.7	44,675.3
Prepay	23,743.5	23,814.2	23,872.8	23,784.0	23,967.0
Contract	19,264.4	19,603.6	20,200.7	20,536.6	20,708.4
M2M	682.2	704.3	748.0	787.8	830.1
Wholesale Accesses	910.5	850.1	790.8	691.0	561.8
Total Accesses	48,252.2	48,605.0	49,195.6	49,346.4	49,549.8

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2016				2017
	March	June	September	December	March
Contract percentage (%)	44.8%	45.2%	45.8%	46.3%	46.4%
Smartphones ('000)	23,083.0	23,707.1	25,353.5	25,623.1	24,781.1
Smartphone penetration (%)	55.4%	56.2%	59.2%	59.5%	57.0%
LTE ('000)	8,690.5	9,399.8	10,566.3	12,063.1	13,967.6
LTE penetration (%)	20.5%	22.0%	24.4%	27.7%	31.9%
Mobile churn (quarterly)	2.5%	2.1%	2.1%	2.3%	1.9%
Contract (1)	1.8%	1.6%	1.5%	1.6%	1.6%
Mobile churn (cumulative YTD)	2.5%	2.3%	2.2%	2.3%	1.9%
Contract (1)	1.8%	1.7%	1.5%	1.6%	1.6%
Mobile ARPU (EUR) (cumulative YTD)	10.3	10.3	10.4	10.3	9.6
Prepay	5.7	5.7	5.8	5.7	5.0
Contract (1)	16.6	16.6	16.6	16.5	15.5
Fixed data traffic (TB) (cumulative YTD) (2)	612,603	1,216,470	1,811,886	2,518,545	709,516
Mobile data traffic (TB) (cumulative YTD)	51,599	113,324	187,685	269,326	86,423

Notes:

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

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10¹² 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) Includes solely traffic related with FBB accesses, not Business customers.

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

	2016					2017
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar
Revenues	1,752	1,712	1,676	1,721	6,861	1,601
Mobile service revenues (1)	1,384	1,376	1,325	1,278	5,363	1,255
Data revenues	787	790	779	738	3,094	728
Handset revenues and other (1)	367	336	351	443	1,497	346
Internal expenditure capitalized in fixed assets	34	36	37	34	141	29
Operating expenses	(1,317)	(1,285)	(1,253)	(1,421)	(5,276)	(1,215)
Supplies	(806)	(787)	(774)	(858)	(3,226)	(747)
Personnel expenses	(132)	(135)	(116)	(145)	(528)	(111)
Other operating expenses	(379)	(362)	(363)	(418)	(1,522)	(357)
Other net income (expense)	(8)	(4)	(1)	(2)	(16)	1
Gain (loss) on sale of fixed assets	-	(2)	-	1	(1)	-
Impairment of goodwill and other assets	-	-	-	-	-	-
Operating income before D&A (OIBDA)	461	456	458	334	1,709	416
<i>OIBDA Margin</i>	<i>26.3%</i>	<i>26.6%</i>	<i>27.3%</i>	<i>19.4%</i>	<i>24.9%</i>	<i>26.0%</i>
CapEx	192	223	238	278	931	225
Spectrum	-	-	-	-	-	-
OpCF (OIBDA-CapEx)	269	233	219	56	778	191

Notes:

(1) T. UK Mobile service revenues include revenues from MVNOs since 1 January 2017, which were previously accounted as "Handset Revenues and others"; these criteria are applied across T. Group. For comparative purposes, Mobile service revenues and Handset revenues for 2016 are reported using the same criteria.

- OIBDA before management and brand fees.

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TELEFÓNICA UK

ACCESSES

Unaudited figures (Thousands)

	2016				2017
	March	June	September	December	March
Fixed telephony accesses (1)	249.8	257.7	264.7	272.6	277.2
Internet and data accesses	21.5	22.3	23.1	23.7	24.0
Broadband	21.5	22.3	23.1	23.7	24.0
Mobile accesses	24,933.0	25,172.5	25,404.2	25,462.7	25,009.3
Prepay	9,640.1	9,745.8	9,778.0	9,701.4	9,375.4
Contract (2)	15,292.8	15,426.7	15,626.2	15,761.3	15,633.9
M2M	3,143.4	3,176.8	3,250.9	3,266.9	3,330.3
Total Accesses	25,204.2	25,452.6	25,692.0	25,759.0	25,310.5

(1) Includes fixed wireless and VoIP accesses.

(2) Includes the disconnection of 228 thousand inactive contract accesses in the first quarter 2017.

SELECTED OPERATIONAL DATA

Unaudited figures

	2016				2017
	March	June	September	December	March
Contract percentage (%)	61.3%	61.3%	61.5%	61.9%	62.5%
Smartphones ('000)	13,267.7	13,301.8	14,130.8	14,680.8	14,910.2
Smartphone penetration (%)	62.8%	62.4%	65.9%	68.4%	71.2%
LTE ('000) (1)	9,460.3	10,783.4	11,530.3	12,092.4	12,438.0
LTE penetration (%)	43.4%	49.0%	52.0%	54.5%	57.4%
Mobile churn (quarterly)	2.0%	1.5%	1.8%	2.1%	2.2%
Contract (2)(3)	0.9%	0.8%	0.9%	1.0%	1.5%
Mobile Churn (cumulative YTD)	2.0%	1.8%	1.8%	1.9%	2.2%
Contract (2)(3)	0.9%	0.9%	0.9%	0.9%	1.5%
Mobile ARPU (EUR) (cumulative YTD)	17.9	17.7	17.3	17.0	16.1
Prepay	7.8	7.7	7.5	7.5	7.3
Contract (2)(3)	30.1	29.9	29.3	28.8	26.6
Mobile data traffic (TB) (cumulative YTD)	49,648	105,368	170,977	244,957	79,926

Notes:

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

- Data traffic is defined as Terabytes used by the company customers, both upload and download (1TByte = 10¹² 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) giffgaff accesses included since 1 January 2017, and also given for comparative purposes since January 2016.

(2) Excludes M2M.

(3) Includes the disconnection of 228 thousand inactive contract accesses in the first quarter 2017.

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

	2016					2017
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar
Revenues	2,431	2,654	2,950	3,055	11,090	3,165
Mobile Business	1,448	1,589	1,775	1,851	6,663	1,932
Mobile service revenues	1,378	1,511	1,690	1,772	6,351	1,855
Data revenues	725	856	991	1,096	3,667	1,273
Handset revenues	70	78	85	79	312	76
Fixed Business	983	1,065	1,175	1,205	4,428	1,233
FBB and new services revenues (1)	356	401	465	473	1,695	494
Pay TV revenues	111	122	135	137	504	143
Voice & access revenues	516	543	575	595	2,229	596
Internal exp. capitalized in fixed assets	25	27	29	32	114	37
Operating expenses	(1,656)	(1,819)	(1,998)	(2,031)	(7,504)	(2,102)
Supplies	(524)	(538)	(594)	(603)	(2,260)	(613)
Personnel expenses	(249)	(290)	(302)	(325)	(1,165)	(319)
Other operating expenses	(883)	(991)	(1,102)	(1,102)	(4,079)	(1,170)
Other net income (expense)	2	(21)	(3)	24	2	6
Gain (loss) on sale of fixed assets	1	0	0	(2)	(1)	5
Impairment of goodwill and other assets	2	(2)	(1)	3	1	(6)
Operating income before D&A (OIBDA)	805	838	978	1,081	3,702	1,104
OIBDA Margin	33.1%	31.6%	33.2%	35.4%	33.4%	34.9%
CapEx	348	444	577	768	2,137	397
Spectrum	-	-	47	1	48	-
OpCF (OIBDA-CapEx)	457	394	402	313	1,566	707

Notes:

- Since 1 April 2016, T. Brasil reflects all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations)

- The results of the T. Brasil do not include intra-group capital gains resulting from the transfer of towers to Telxius in 2016.

- OIBDA before management and brand fees.

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

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TELEFÓNICA BRASIL

ACCESSES

Unaudited figures (thousands)

	2016				2017
	March	June	September	December	March
Final Clients Accesses	97,283.7	97,121.4	97,276.6	97,204.2	97,331.7
Fixed telephony accesses (1)	14,945.4	14,742.1	14,629.9	14,338.4	14,242.0
Internet and data accesses	7,294.2	7,321.8	7,397.5	7,383.2	7,439.6
Broadband	7,229.2	7,263.5	7,325.3	7,311.0	7,369.5
FTTx/cable	3,954.5	4,023.2	4,115.4	4,145.8	4,226.8
Mobile accesses	73,257.4	73,296.1	73,486.9	73,769.8	73,988.8
Prepay	42,011.5	41,669.4	40,995.6	40,387.2	40,171.5
Contract	31,245.8	31,626.7	32,491.3	33,382.6	33,817.3
M2M	4,390.0	4,590.3	4,770.4	5,005.1	5,271.5
Pay TV	1,786.7	1,761.4	1,762.2	1,712.7	1,661.3
Wholesale Accesses	21.0	20.7	18.7	17.9	17.5
Total Accesses	97,304.7	97,142.1	97,295.4	97,222.2	97,349.2
Terra Accesses	141.5	133.8	125.4	118.2	111.9

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2016				2017
	March	June	September	December	March
Contract percentage (%)	42.7%	43.1%	44.2%	45.3%	45.7%
Smartphones ('000)	40,327.0	39,670.8	49,573.1	50,008.2	50,647.3
Smartphone penetration (%)	61.0%	60.0%	74.8%	75.2%	76.0%
LTE ('000)	12,498.3	15,115.2	18,295.7	22,240.9	25,422.1
LTE penetration (%)	18.1%	22.0%	26.6%	32.3%	37.0%
Mobile churn (quarterly)	3.3%	3.1%	3.4%	3.5%	3.3%
Contract (1)	1.8%	1.9%	1.8%	1.7%	1.6%
Mobile churn (cumulative YTD)	3.3%	3.2%	3.3%	3.4%	3.3%
Contract (1)	1.8%	1.8%	1.8%	1.8%	1.6%
Mobile ARPU (EUR) (cumulative YTD)	6.1	6.4	6.8	7.1	8.2
Prepay	3.2	3.3	3.5	3.4	4.1
Contract (1)	11.5	12.1	12.9	12.9	15.4
Mobile data traffic (TB) (cumulative YTD)	79,146	164,803	265,603	379,541	129,160
Fixed telephony ARPU (EUR) (cumulative YTD)	11.3	11.7	12.2	12.3	13.7
Pay TV ARPU (EUR) (cumulative YTD)	20.6	21.6	23.0	23.8	28.2
Broadband ARPU (EUR) (cumulative YTD)	10.3	10.8	11.3	11.7	14.5
Fixed data traffic (TB) (cumulative YTD)	2,485,715	5,215,363	8,031,104	11,164,483	3,428,917

Notes:

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

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10¹² 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)

	2016					2017
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar
Revenues	3,054	2,961	3,129	3,435	12,579	3,285
Mobile Business	2,101	1,969	2,132	2,378	8,580	2,266
Mobile service revenues	1,877	1,760	1,915	2,074	7,627	1,997
Data revenues	920	876	925	1,000	3,721	1,071
Handset revenues	224	209	216	304	953	269
Fixed Business	952	991	998	1,057	3,999	1,018
FBB and new services revenues (1)	476	518	517	559	2,070	534
Pay TV revenues	144	149	156	161	610	169
Voice & access revenues	333	324	325	337	1,319	315
Internal exp. capitalized in fixed assets	27	28	29	42	126	35
Operating expenses	(2,237)	(2,172)	(2,223)	(2,505)	(9,137)	(2,424)
Supplies	(916)	(897)	(910)	(995)	(3,718)	(958)
Personnel expenses	(380)	(365)	(360)	(482)	(1,587)	(435)
Other operating expenses	(940)	(911)	(953)	(1,028)	(3,832)	(1,031)
Other net income (expense)	21	18	36	28	104	9
Gain (loss) on sale of fixed assets	-	(1)	(2)	20	18	(0)
Impairment of goodwill and other assets (2)	-	-	-	(215)	(215)	-
Operating income before D&A (OIBDA)	866	834	969	804	3,474	904
OIBDA Margin	28.4%	28.2%	31.0%	23.4%	27.6%	27.5%
CapEx	461	557	782	815	2,615	430
Spectrum	-	-	282	2	284	3
OpCF (OIBDA-CapEx)	404	277	187	(10)	859	474

Notes:

- T. Hispanoamérica results reflects all the charges related to the towers transferred to Telxius (T. Perú since 1 April 2016 and T. Chile since 1 May 2016), which are now presented in Telxius (Other Companies & Eliminations). Likewise, since 1 January 2016, T. Chile includes the results of the data center business in which were before presented in Other Companies & Eliminations of T. Group.

- Since 1 January 2016 Mobile Revenues and Fixed revenues have been revised due to different allocation criteria. This change does not affect total revenue figure reported for 2016.

- Also since 1 January 2016 Mobile Data Revenues have been revised due to different allocation criteria between Mobile Data revenues and Other Mobile Service revenues. This change does not affect total Mobile Service Revenue figure reported for 2016.

- 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 2017 consolidated financial statements use the exchange rate of the Venezuelan Bolivar set at the denominated DICOM (710 Venezuelan Bolivars fuertes per dollar).

- OIBDA before management and brand fees.

- 2016 and 2017 reported figures include the hyperinflationary adjustments in Venezuela in both years.

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

(2) Includes goodwill impairments of 91 million euros in Mexico and 124 million euros in Venezuela in October-December 2016.

TELEFÓNICA HISPANOAMÉRICA

ACCESSES

Unaudited figures (thousands)

	2016				2017
	March	June	September	December	March
Final Clients Accesses	134,274.3	134,422.4	135,343.0	135,850.3	133,093.4
Fixed telephony accesses (1)	12,497.9	12,400.6	12,229.2	11,938.6	11,749.5
Internet and data accesses	5,706.8	5,772.1	5,791.0	5,707.9	5,693.9
Broadband	5,624.8	5,642.2	5,645.8	5,570.7	5,544.8
FTTx/cable	835.4	923.8	946.2	1,109.1	1,279.9
Mobile accesses	113,218.7	113,344.0	114,399.7	115,284.5	112,707.5
Prepay	87,934.3	87,810.5	88,799.5	89,461.2	86,998.6
Contract (2)	25,284.4	25,533.6	25,600.2	25,823.3	25,709.0
M2M	2,315.1	2,354.3	2,532.4	2,561.3	2,627.4
Pay TV	2,850.9	2,905.6	2,923.1	2,919.2	2,942.5
Wholesale Accesses	28.2	27.5	81.8	66.5	65.5
Total Accesses	134,302.5	134,449.9	135,424.8	135,916.8	133,158.9

(1) Includes fixed wireless and VoIP accesses.

(2) Since September 2016, 55 thousand wholesale accesses have been reclassified from Mobile contract to Wholesale accesses in Mexico.

MOBILE ACCESSES

Unaudited figures

	2016				2017
	March	June	September	December	March
Contract percentage (%)	22.3%	22.5%	22.4%	22.4%	22.8%
Smartphones ('000)	41,448.0	43,082.8	45,031.3	46,134.0	50,408.4
Smartphone penetration (%)	37.8%	39.3%	40.7%	41.3%	46.3%
LTE ('000)	9,859.6	11,023.3	12,998.2	15,493.4	17,041.5
LTE penetration (%)	8.9%	9.9%	11.9%	13.8%	15.5%

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

	2016					2017
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar
Revenues	689	709	750	852	3,000	876
Mobile Business	424	426	465	552	1,867	573
Mobile service revenues	374	377	410	466	1,628	510
Data revenues	186	196	226	253	861	278
Handset revenues	50	50	55	85	239	63
Fixed Business	265	283	285	300	1,133	302
FBB and new services revenues (1)	169	179	178	187	714	185
Voice & access revenues	96	104	107	113	419	117
OIBDA	149	165	211	272	797	231
OIBDA margin	21.6%	23.3%	28.1%	32.0%	26.6%	26.4%
CapEx	159	152	136	130	577	151
Spectrum	-	-	-	-	-	-
OpCF (OIBDA-CapEx)	(10)	13	75	142	220	80

Note:

- Since 1 January 2016 Mobile Revenues and Fixed Revenues have been revised due to different allocation criteria. This change does not affect total revenue figure reported for 2016.

- Also since 1 January 2016 Mobile Data Revenues have been revised due to different allocation criteria between Mobile Data revenues and Other Mobile Service revenues. This change does not affect total Mobile Service Revenue figure reported for 2016.

- OIBDA is presented before management and brand fees.

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

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TELEFÓNICA ARGENTINA

ACCESSES

Unaudited figures (Thousands)

	2016				2017
	March	June	September	December	March
Final Clients Accesses	26,430.8	26,242.8	26,755.4	27,096.0	26,370.4
Fixed telephony accesses (1)	4,599.7	4,550.5	4,503.3	4,447.7	4,374.3
Fixed wireless	276.0	256.2	243.5	237.2	233.3
Internet and data accesses	1,911.8	1,910.9	1,907.7	1,882.9	1,841.0
Broadband	1,880.6	1,878.5	1,875.6	1,851.5	1,800.5
FTTx/cable	9.1	9.8	13.8	35.1	75.8
Mobile accesses	19,919.2	19,781.5	20,344.4	20,765.4	20,155.1
Prepay	12,989.8	12,851.6	13,258.6	13,579.8	12,936.0
Contract	6,929.4	6,929.9	7,085.8	7,185.6	7,219.1
M2M	439.2	428.3	501.3	521.3	546.2
Wholesale Accesses	22.4	21.8	21.3	21.1	20.4
Total Accesses	26,453.2	26,264.7	26,776.7	27,117.1	26,390.8

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2016				2017
	March	June	September	December	March
Contract percentage (%)	34.8%	35.0%	34.8%	34.6%	35.8%
Smartphones ('000)	7,700.6	8,328.3	9,286.3	8,953.5	9,194.8
Smartphone penetration (%)	39.8%	43.4%	47.1%	44.5%	47.2%
LTE ('000)	2,213.3	2,462.0	3,130.3	3,744.8	4,136.7
LTE penetration (%)	11.4%	12.7%	15.8%	18.5%	21.1%
Mobile churn (quarterly)	3.3%	3.1%	2.7%	2.7%	3.4%
Contract (1)	1.2%	1.4%	0.8%	1.3%	1.2%
Mobile churn (cumulative YTD)	3.3%	3.2%	3.1%	3.0%	3.4%
Contract (1)	1.2%	1.3%	1.1%	1.1%	1.2%
Mobile ARPU (EUR) (cumulative YTD)	6.5	6.6	6.6	7.1	8.6
Prepay	1.9	2.0	1.9	1.9	2.5
Contract (1)	16.2	16.2	16.1	15.7	21.0
Mobile data traffic (TB) (cumulative YTD)	23,517	51,940	87,337	126,846	42,378
Fixed telephony ARPU (EUR) (cumulative YTD)	6.6	7.1	9.2	8.5	8.6
Broadband ARPU (EUR) (cumulative YTD)	17.6	18.1	22.0	18.4	20.8
Fixed data traffic (TB) (cumulative YTD) (2)	203,887	449,311	723,644	1,011,610	296,597

Notes:

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

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10¹² 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) Includes solely traffic related with FBB accesses, not Business customers.*[back to Index](#)

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

	2016					2017
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar
Revenues	511	523	537	590	2,163	561
Mobile Business	298	296	309	333	1,236	329
Mobile service revenues	268	267	276	291	1,102	287
Data revenues	130	133	140	147	550	147
Handset revenues	30	29	33	42	135	42
Fixed Business	213	227	229	257	926	232
FBB and new services revenues (1)	96	107	109	127	439	112
Pay TV revenues	55	58	59	61	233	61
Voice & access revenues	62	62	61	68	254	59
OIBDA	176	168	181	180	704	174
OIBDA margin	34.4%	32.0%	33.6%	30.4%	32.5%	31.1%
CapEx	116	102	70	121	409	87
Spectrum	-	-	-	-	-	-
OpCF (OIBDA-CapEx)	60	66	110	59	295	87

Notes:

- Since 1 May 2016, T. Chile reflects all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations of T. Group), and also since 1 January 2016, T. Chile includes the results of the data center business which were before presented in Other Companies & Eliminations of T. Group.

- The results of T. Chile do not include intra-group capital gains resulting from the transfer of towers to Telxius in 2016.

- Since 1 January 2016 Mobile revenues and Fixed revenues have been revised due to different allocation criteria. This change does not affect total revenue figure reported for 2016.

- Also since 1 January 2016 Mobile data revenues have been revised due to different allocation criteria between Mobile data revenues and Other mobile service revenues. This change does not affect total Mobile service revenues figure reported for 2016.

- OIBDA is presented before management and brand fees.

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

TELEFÓNICA CHILE

ACCESSES

Unaudited figures (Thousands)

	2016				2017
	March	June	September	December	March
Final Clients Accesses	12,741.5	12,481.1	12,430.0	12,301.3	12,210.5
Fixed telephony accesses (1)	1,459.0	1,438.4	1,422.8	1,406.5	1,380.5
Internet and data accesses	1,109.1	1,150.8	1,146.2	1,140.5	1,138.8
Broadband	1,098.4	1,093.3	1,096.7	1,090.3	1,088.1
FTTx	268.9	290.2	312.2	324.3	329.0
Mobile accesses	9,527.9	9,235.1	9,199.8	9,093.9	9,034.4
Prepay	6,524.9	6,150.1	6,070.5	5,956.0	5,891.1
Contract	3,002.9	3,085.0	3,129.2	3,137.9	3,143.3
M2M	331.2	354.8	378.0	369.4	377.8
Pay TV	645.6	656.8	661.3	660.5	656.8
Wholesale Accesses	5.2	5.1	5.1	5.1	5.3
Total Accesses	12,746.7	12,486.2	12,435.2	12,306.5	12,215.7

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2016				2017
	March	June	September	December	March
Contract percentage (%)	31.5%	33.4%	34.0%	34.5%	34.8%
Smartphones ('000)	2,957	2,864	2,883	2,902	2,962
Smartphone penetration (%)	32.9%	33.0%	33.5%	34.2%	35.3%
LTE ('000)	1,180	1,341	1,583	1,744	1,837
LTE penetration (%)	12.8%	15.1%	17.9%	20.0%	21.2%
Mobile churn (quarterly)	3.6%	3.7%	3.2%	3.6%	3.3%
Contract (1)	2.0%	2.1%	2.2%	2.4%	2.4%
Mobile churn (cumulative YTD)	3.6%	3.7%	3.5%	3.6%	3.3%
Contract (1)	2.0%	2.1%	2.3%	2.4%	2.4%
Mobile ARPU (EUR) (cumulative YTD)	8.9	9.0	9.1	9.5	10.1
Prepay	3.0	3.0	2.9	2.6	2.9
Contract (1)	24.7	24.8	24.9	23.9	26.6
Mobile data traffic (TB) (cumulative YTD)	27,449	55,131	90,932	131,081	42,969
Fixed telephony ARPU (EUR) (cumulative YTD)	13.1	13.3	14.8	14.5	13.0
Pay TV ARPU (EUR) (cumulative YTD)	24.4	24.6	24.8	25.2	26.1
Broadband ARPU (EUR) (cumulative YTD)	16.2	16.6	18.0	17.5	18.8
Fixed data traffic (TB) (cumulative YTD)	321,246	665,841	1,050,624	1,490,584	434,322

Notes:

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

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10¹² 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 PERÚ
SELECTED FINANCIAL DATA
Unaudited figures (Euros in millions)

	2016					2017
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar
Revenues	624	620	619	635	2,499	620
Mobile Business	351	338	340	344	1,373	335
Mobile service revenues (1)	313	299	300	294	1,206	290
Data revenues	161	164	158	155	638	174
Handset revenues	38	38	41	50	167	45
Fixed Business	273	283	279	291	1,126	286
FBB and new services revenues (2)	133	145	138	151	568	144
Pay TV revenues	69	71	73	75	288	81
Voice & access revenues	71	67	68	65	271	61
OIBDA	187	202	215	175	779	156
OIBDA margin	30.0%	32.6%	34.7%	27.5%	31.2%	25.2%
CapEx	55	94	361	207	717	54
Spectrum	-	-	282	2	284	-
OpCF (OIBDA-CapEx)	133	108	(146)	(32)	62	103

Note:

- Since 1 April 2016, T. Perú reflects all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations of T. Group).

- The results of T. Perú do not include intra-group capital gains resulting from the transfer of towers to Telxius in 2016.

- Also since 1 January 2016 Mobile Data Revenues have been revised due to different allocation criteria between Mobile Data revenues and Other Mobile Service revenues. This change does not affect total Mobile Service Revenue figure reported for 2016.

- OIBDA is presented before management and brand fees.

(1) Includes fixed wireless revenues.

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

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TELEFÓNICA PERÚ

ACCESSES

Unaudited figures (Thousands)

	2016				2017
	March	June	September	December	March
Fixed telephony accesses (1)	2,452.1	2,491.0	2,486.8	2,445.1	2,455.0
Fixed wireless	127.7	117.6	95.5	72.3	84.6
Internet and data accesses	1,663.9	1,685.0	1,696.5	1,691.1	1,707.3
Broadband	1,639.2	1,660.3	1,666.8	1,660.9	1,676.8
FTTx/cable	557.0	623.7	620.1	722.7	841.7
Mobile accesses	16,445.4	16,211.9	15,954.2	15,498.5	14,810.6
Prepay	10,530.0	10,228.5	10,214.7	9,807.8	9,429.8
Contract	5,915.5	5,983.4	5,739.5	5,690.7	5,380.9
M2M	81.7	79.7	90.1	85.1	82.9
Pay TV	1,229.6	1,250.3	1,261.3	1,275.1	1,297.4
Total Accesses	21,791.0	21,638.3	21,398.8	20,909.8	20,270.3

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2016				2017
	March	June	September	December	March
Contract percentage (%)	36.0%	36.9%	36.0%	36.7%	36.3%
Smartphones ('000)	4,652.9	4,867.0	4,951.9	4,900.5	8,130.0
Smartphone penetration (%)	28.6%	30.3%	31.4%	32.0%	55.5%
LTE ('000)	1,464.1	1,851.4	2,095.7	2,348.3	2,370.0
LTE penetration (%)	8.9%	11.5%	13.2%	15.2%	16.1%
Mobile churn (quarterly)	4.8%	5.0%	5.2%	5.4%	5.3%
Contract (1)	2.5%	2.6%	3.5%	3.1%	2.7%
Mobile churn (cumulative YTD)	4.8%	4.9%	5.0%	5.1%	5.3%
Contract (1)	2.5%	2.6%	3.1%	3.3%	2.7%
Mobile ARPU (EUR) (cumulative YTD)	6.3	6.2	6.1	6.3	6.3
Prepay	2.8	3.0	2.5	2.5	2.1
Contract (1)	12.0	11.8	12.5	11.3	13.7
Mobile data traffic (TB) (cumulative YTD)	11,451	23,486	39,758	77,864	37,157
Fixed telephony ARPU (EUR) (cumulative YTD)	9.4	9.1	7.6	8.3	7.5
Pay TV ARPU (EUR) (cumulative YTD)	16.6	16.3	17.6	17.8	19.4
Broadband ARPU (EUR) (cumulative YTD)	16.4	16.2	19.3	15.9	15.6
Fixed data traffic (TB) (cumulative YTD)	407,019	809,376	1,317,625	1,968,734	692,053

Notes:

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

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10¹² 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.***[back to Index](#)**

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

	2016					2017
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar
Revenues	323	347	364	375	1,409	388
Mobile Business	198	209	220	234	861	243
Mobile service revenues	172	180	193	198	743	206
Data revenues	68	76	87	92	323	109
Handset revenues	26	29	27	37	118	37
Fixed Business	125	138	144	140	548	145
FBB and new services revenues (1)	65	74	75	70	284	73
Pay TV revenues	17	18	21	21	77	23
Voice & access revenues	44	46	48	49	187	49
OIBDA	107	108	123	126	464	129
OIBDA margin	33.3%	31.0%	33.8%	33.7%	33.0%	33.4%
CapEx	33	83	98	116	330	60
Spectrum	-	-	-	-	-	-
OpCF (OIBDA-CapEx)	74	25	25	10	134	70

Note:

- Since 1 January 2016 Mobile Data Revenues have been revised due to different allocation criteria between Mobile Data revenues and Other Mobile Service revenues. This change does not affect total Mobile Service Revenue figure reported for 2016.

- OIBDA is presented before management and brand fees.

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

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TELEFÓNICA COLOMBIA

ACCESSES

Unaudited figures (Thousands)

	2016				2017
	March	June	September	December	March
Final Clients Accesses	15,977.2	16,161.0	16,503.1	16,573.4	16,471.3
Fixed telephony accesses (1)	1,414.2	1,402.7	1,389.4	1,353.4	1,352.7
Internet and data accesses	1,008.4	1,011.6	1,025.1	977.2	990.0
Broadband	999.9	1,003.2	1,003.2	964.1	976.8
FTTx	-	-	-	27.1	33.4
Mobile accesses	13,057.2	13,226.3	13,556.9	13,725.3	13,603.0
Prepay	9,625.1	9,730.2	10,019.0	10,136.8	9,974.3
Contract	3,432.1	3,496.1	3,537.9	3,588.5	3,628.6
M2M	471.0	464.3	481.3	478.7	474.8
Pay TV	497.4	520.4	531.7	517.5	525.6
Wholesale Accesses	0.6	0.6	0.6	0.5	0.5
Total Accesses	15,977.8	16,161.6	16,503.7	16,573.9	16,471.8

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2016				2017
	March	June	September	December	March
Contract percentage (%)	26.3%	26.4%	26.1%	26.1%	26.7%
Smartphones ('000)	4,391.3	4,516.1	4,744.8	5,043.4	5,324.1
Smartphone penetration (%)	35.5%	36.0%	36.8%	38.6%	35.3%
LTE ('000)	1,375.6	1,667.1	1,943.0	2,340.6	2,682.5
LTE penetration (%)	10.9%	13.1%	14.9%	17.7%	20.4%
Mobile churn (quarterly)	3.2%	3.2%	2.9%	3.5%	4.2%
Contract (1)	1.8%	1.7%	1.7%	1.6%	1.5%
Mobile churn (cumulative YTD)	3.2%	3.2%	3.1%	3.2%	4.2%
Contract (1)	1.8%	1.8%	1.6%	1.5%	1.5%
Mobile ARPU (EUR) (cumulative YTD)	4.2	4.3	4.3	4.4	4.7
Prepay	1.1	1.2	1.1	1.0	1.2
Contract (1)	14.6	14.8	15.0	14.2	16.4
Mobile data traffic (TB) (cumulative YTD)	14,077	29,400	46,343	66,085	22,498
Fixed telephony ARPU (EUR) (cumulative YTD)	9.8	10.1	10.7	10.7	11.1
Pay TV ARPU (EUR) (cumulative YTD)	11.0	11.3	11.9	12.2	14.3
Broadband ARPU (EUR) (cumulative YTD)	8.2	8.5	10.3	9.2	11.0
Fixed data traffic (TB) (cumulative YTD) (2)	70,654	149,797	234,125	319,800	89,505

Notes:

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

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10¹² 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) Includes solely traffic pertaining to FBB accesses, not Business customers.

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

	2016					2017
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar
Revenues	409	337	316	347	1,410	314
Service revenues	360	303	286	298	1,246	267
Data revenues	167	133	111	122	533	111
Handset revenues	50	33	30	50	164	48
OIBDA (1)	106	62	81	60	309	64
OIBDA margin	25.9%	18.4%	25.6%	17.3%	21.9%	20.5%
CapEx	42	54	34	88	219	43
Spectrum	-	-	-	-	-	4
OpCF (OIBDA-CapEx)	65	8	47	(28)	90	21

Note:

- Since 1 January 2016 Data Revenues have been revised due to different allocation criteria between Data revenues and other service revenues. This change does not affect total Service Revenue figure reported for 2016.

- OIBDA is presented before management and brand fees.

(1) Goodwill impairment of 91 million euros in October-December 2016 not included in T. México results, but in T. Hispanoamérica.

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TELEFÓNICA MÉXICO

ACCESSES

Unaudited figures (Thousands)

	2016				2017
	March	June	September	December	March
Mobile accesses	25,655.4	25,928.8	25,937.5	26,557.2	25,657.9
Prepay	23,803.2	24,069.1	24,081.0	24,620.1	23,639.3
Contract (1)	1,852.2	1,859.7	1,856.5	1,937.2	2,018.6
M2M	602.6	629.2	658.3	668.4	710.1
Fixed wireless	1,296.9	1,252.9	1,176.8	1,057.4	974.4
Wholesale Accesses (1)	-	-	54.8	39.8	39.2
Total Accesses	26,952.3	27,181.7	27,169.1	27,654.4	26,671.5

(1) Since September 2016, 55 thousand wholesale accesses have been reclassified from mobile contract to wholesale accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2016				2017
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar
Contract percentage (%)	7.2%	7.2%	7.2%	7.3%	7.9%
Smartphones ('000)	10,916	11,489	11,570	11,961	11,866
Smartphone penetration (%)	43.8%	45.6%	45.8%	46.3%	47.6%
LTE ('000) (2)	2,155	2,478	2,777	3,312	3,658
LTE penetration (%)	8.6%	9.8%	11.0%	12.8%	14.7%
Mobile churn (quarterly)	3.5%	3.3%	3.6%	3.7%	4.8%
Contract (1)	1.7%	2.9%	1.7%	1.9%	2.1%
Mobile churn (cumulative YTD)	3.5%	3.4%	3.5%	3.6%	4.8%
Contract (1)	1.7%	2.4%	1.7%	1.4%	2.1%
Mobile ARPU (EUR) (cumulative YTD)	3.8	3.5	3.3	3.3	2.7
Prepay	3.3	3.0	2.8	2.1	2.3
Contract (1)	14.6	14.2	14.2	12.8	12.1
Mobile data traffic (TB) (cumulative YTD)	17,192	37,369	60,088	86,315	30,861

Notes:

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

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10¹² 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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REST OF COUNTRIES OF T. HISPANOÁMERICA

SELECTED FINANCIAL DATA

Unaudited figures (Euros in millions)

	2016					2017
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar
Revenues	503	428	548	642	2,122	531
Telefónica Venezuela	77	21	138	196	432	98
Telefónica Central America	227	220	221	244	912	233
Telefónica Ecuador	145	135	132	139	551	135
Telefónica Uruguay	54	52	57	63	226	65
Service Revenues	472	398	519	603	1,991	496
Telefónica Venezuela	75	21	134	191	420	95
Telefónica Central America	213	205	209	229	856	219
Telefónica Ecuador	133	124	123	125	506	122
Telefónica Uruguay	51	48	53	58	210	60
OIBDA	140	117	159	207	623	149
Telefónica Venezuela (1)	22	4	35	51	111	22
Telefónica Central America	53	57	62	82	254	63
Telefónica Ecuador	45	38	42	52	177	41
Telefónica Uruguay	20	17	20	23	80	23
CapEx	57	71	83	152	363	36
Telefónica Venezuela	9	13	27	42	91	3
Telefónica Central America	32	35	25	48	139	20
Telefónica Ecuador	12	18	24	45	99	7
Telefónica Uruguay	3	6	7	18	34	5
Spectrum	-	-	-	-	-	-
Telefónica Venezuela	-	-	-	-	-	-
Telefónica Central America	-	-	-	-	-	-
Telefónica Ecuador	-	-	-	-	-	-
Telefónica Uruguay	-	-	-	-	-	-
OpCF (OIBDA-CapEx)	83	45	76	55	259	113
Telefónica Venezuela	13	(9)	8	8	20	19
Telefónica Central America	22	22	38	34	116	43
Telefónica Ecuador	33	20	18	7	78	33
Telefónica Uruguay	17	12	13	5	46	18

- 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 2017 consolidated financial statements use the exchange rate of the Venezuelan Bolivar set at the denominated DICOM (710 Venezuelan Bolivars fuertes per dollar).

- OIBDA is presented before management and brand fees.

- Reported figures include the hyperinflationary adjustments in Venezuela in both years.

- Central America includes Guatemala, Panama, El Salvador, Nicaragua and Costa Rica.

(1) Goodwill impairment of 124 million euros in October-December 2016 not included in T. Venezuela results, but in T. Hispanoamérica.

ACCESSES

Unaudited figures

	2016				2017
	March	June	September	December	March
Fixed telephony accesses (1)	1,276.1	1,263.7	1,250.3	1,229.8	1,212.6
Internet and data accesses	13.7	13.7	13.0	13.3	16.9
Broadband	6.7	6.9	2.8	3.0	2.6
Mobile accesses	28,613.6	28,960.4	29,407.0	29,644.2	29,446.6
Prepay	24,461.3	24,780.9	25,155.7	25,360.7	25,128.1
Contract	4,152.2	4,179.5	4,251.4	4,283.5	4,318.5
M2M	389.6	397.9	423.5	438.6	435.5
Pay TV	478.2	478.1	468.7	466.1	462.6
Total Accesses	30,381.6	30,715.9	31,139.0	31,353.4	31,204.2

(1) Includes fixed wireless and VoIP accesses.

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APPENDIX

ALTERNATIVE PERFORMANCE MEASURES

Information included in compliance with the ESMA Guidelines, 5 October 2015, on Alternative Performance Measures (APM), applicable to published regulated information from 3 July 2016.

The following APM and their reconciliation to the most directly reconcilable line item, subtotal or total presented in the financial statements of the corresponding period are included:

- OIBDA
- Net financial debt and Net financial debt plus commitments
- Leverage ratio
- Free Cash-Flow
- Organic results
- Underlying results

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TELEFÓNICA
RECONCILIATION OF OIBDA
Unaudited figures (Euros in millions)

	2016				2017
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar
Operating income before D&A (OIBDA)	3,838	7,756	11,931	15,118	4,021
Depreciation and amortisation	(2,322)	(4,673)	(7,131)	(9,649)	(2,451)
Operating income (OI)	1,516	3,083	4,800	5,469	1,570

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TELEFÓNICA
NET FINANCIAL DEBT PLUS COMMITMENTS
Unaudited figures (Euros in millions)

March 2017

Non-current financial liabilities	50,117
Current financial liabilities	14,633
Gross Financial Debt	64,750
Cash and cash equivalents	(7,391)
Current financial assets	(3,723)
Positive mark-to-market value of long-term derivative instruments	(4,560)
Other non-current liabilities included in "Trade and other payables"	725
Other current liabilities included in "trade and other payables"	238
Other assets included in "Non-current financial assets"	(631)
Other assets included in "Current trade and other payables"	(642)
Net Financial Debt (1)	48,766
Gross commitments related to employee benefits	6,734
Value of associated Long-term assets	(740)
Tax benefits	(1,557)
Net commitments related to employee benefits	4,437
Net financial debt plus commitments	53,203
Net Financial Debt / OIBDA	2.91x

Notes:

(1) Net financial debt as of March 2017 includes a positive value of the derivatives portfolio for a net amount of 2,941 million euros, 3,410 million euros included as financial liabilities and 6,351 million euros included as financial assets.

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TELEFÓNICA
RECONCILIATION OF LEVERAGE RATIO
Unaudited figures (Euros in millions)

		2016				2017
		Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar
A	Net Financial Debt (1)	50,099	52,193	49,593	48,595	48,766
B	OIBDA from last 12 months	12,996	12,696	12,653	15,118	15,301
C	OIBDA Adjustments	3,748	3,727	3,711	1,372	1,432
	OIBDA from Cos. incorporated (removed)	50	-	-	(29)	(35)
	Goodwill Impairment	104	104	104	215	215
	Restructuring charges	3,239	3,268	3,236	1,380	1,446
	Distribution channel optimization	30	30	30	18	18
	Commitments relating to the Telefónica Foundation	325	325	325	-	-
	Capital gains/losses on sale of companies	-	-	16	(212)	(212)
D= B+C	OIBDA Adjusted	16,744	16,423	16,364	16,490	16,733
E= A/D	Net Financial Debt / OIBDA	2.99x	3.18x	3.03x	2.95x	2.91x

Notes:

(1) Net financial debt as of March 2017 includes a positive value of the derivatives portfolio for a net amount of 2,941 million euros, of which 3,410 million euros included as financial liabilities and 6,351 million euros included as financial assets.

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TELEFÓNICA
RECONCILIATION OF FREE CASH FLOW
Unaudited figures (Euros in millions)

	2016				2017
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar
Net cash flow provided by operating activities	2,207	5,392	9,302	13,338	2,743
(Payments on investments)/proceeds from the sale in property, plant and equipment and intangible assets, net	(2,279)	(4,643)	(7,229)	(9,187)	(2,285)
Net cash received from sale of Real Estate	-	(1)	(2)	(8)	(4)
Government grants received	-	-	-	-	-
Dividends paid to minority shareholders	-	(264)	(354)	(511)	(21)
Payments related to cancellation of commitments	141	332	598	738	166
Free Cash Flow	69	815	2,315	4,370	599

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

REVENUES	2016				2017	%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Mar
T. ESPAÑA						
REPORTED DATA	3,149	6,374	9,569	12,815	3,066	(2.6)
Changes in the consolidation perimeter	(2)	(4)	(5)	(7)		
T. ESPAÑA ORGANIC	3,148	6,370	9,563	12,807	3,066	(2.6)
T. DEUTSCHLAND						
REPORTED DATA	1,858	3,691	5,567	7,503	1,771	(4.7)
T. DEUTSCHLAND ORGANIC	1,858	3,691	5,567	7,503	1,771	(4.7)
T. UK						
REPORTED DATA	1,752	3,464	5,140	6,861	1,601	(8.6)
Forex impact	-	-	-	-	187	
T. UK ORGANIC	1,752	3,464	5,140	6,861	1,788	2.1
T. BRASIL						
REPORTED DATA	2,431	5,085	8,035	11,090	3,165	30.2
Forex impact	-	-	-	-	(696)	
Changes in the consolidation perimeter	(2)	(2)	(2)	(2)		
T. BRASIL ORGANIC	2,430	5,084	8,033	11,089	2,468	1.6
T. HISPAM						
REPORTED DATA	3,054	6,014	9,144	12,579	3,285	7.6
Forex impact	-	-	-	-	81	
Hyperinflation in Venezuela	15	53	(26)	(148)	(15)	
Changes in the consolidation perimeter	-	-	-	-	-	
T. HISPAM ORGANIC	3,068	6,068	9,117	12,431	3,351	9.2
TELEFÓNICA						
REPORTED DATA	12,511	25,235	38,315	52,036	13,132	5.0
Forex impact	-	-	-	-	(439)	
Hyperinflation in Venezuela	15	52	(26)	(145)	(15)	
Changes in the consolidation perimeter	(30)	(82)	(133)	(158)		
TELEFÓNICA ORGANIC	12,496	25,204	38,156	51,734	12,678	1.5
OIBDA	2016				2017	%
	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	
T. ESPAÑA						
REPORTED DATA	1,250	2,553	3,907	4,403	1,143	(8.6)
Changes in the consolidation perimeter	(2)	(3)	(5)	(6)		
Restructuring charges	-	-	-	837	76	
Distribution channel reorganisation plan	-	-	-	18		
Capital gains/losses on sale of companies	-	-	-	(29)	-	
T. ESPAÑA ORGANIC	1,249	2,549	3,902	5,223	1,219	(2.4)
T. DEUTSCHLAND						
REPORTED DATA	392	843	1,299	1,771	400	2.0
Changes in the consolidation perimeter	(9)	(12)	(12)	(12)	-	
Restructuring charges	23	37	59	89	11	
T. DEUTSCHLAND ORGANIC	406	868	1,346	1,848	411	1.4
T. UK						
REPORTED DATA	461	918	1,375	1,709	416	(9.8)
Forex impact	-	-	-	-	49	
Restructuring charges	1	1	1	37	-	
T. UK ORGANIC	462	918	1,377	1,746	465	0.6
T. BRASIL						
REPORTED DATA	805	1,643	2,621	3,702	1,104	37.2
Forex impact	-	-	-	-	(243)	
Tower sales	0	0	0	0	(0)	
Changes in the consolidation perimeter	(4)	(4)	(4)	(4)	-	
Restructuring charges	-	25	26	40	-	
T. BRASIL ORGANIC	801	1,664	2,643	3,739	861	7.5
T. HISPAM						
REPORTED DATA	866	1,700	2,669	3,474	904	4.4
Forex impact	-	-	-	-	17	
Hyperinflation in Venezuela	7	19	(1)	(29)	1	
Tower sales	0	0	0	0	(0)	
Changes in the consolidation perimeter	(2)	(3)	(3)	(3)	-	
Restructuring charges	(1)	3	3	84	1	
Capital gains/losses on sale of companies	-	-	-	(15)	-	
Impairments	-	-	-	215	-	
T. HISPAM ORGANIC	869	1,719	2,668	3,726	923	6.2
TELEFÓNICA						
REPORTED DATA	3,838	7,756	11,931	15,118	4,021	4.8
Forex impact	-	-	-	-	(181)	
Hyperinflation in Venezuela	11	23	4	(25)	2	
Tower sales	0	0	0	(1)	(0)	
Changes in the consolidation perimeter	6	(9)	(20)	(29)	-	
Restructuring charges	22	68	108	1,380	88	
Distribution channel reorganisation plan	-	-	-	18	-	
Capital gains/losses on sale of companies	-	-	16	(212)	-	
Impairments	-	-	-	215	-	
TELEFÓNICA ORGANIC	3,877	7,838	12,040	16,465	3,929	1.3

OPERATING INCOME	2016				2017	%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Mar
TELEFÓNICA						
REPORTED DATA	1,516	3,083	4,800	5,469	1,570	3.6
Forex impact	-	-	-	-	(63)	
Hyperinflation in Venezuela	24	42	69	198	56	
Tower sales	0	0	0	(1)	(0)	
Changes in the consolidation perimeter	7	(7)	(17)	(26)	-	
Restructuring charges	22	68	108	1,380	88	
Distribution channel reorganisation plan	-	-	-	18	-	
Capital gains/losses on sale of companies	-	-	16	(212)	-	
Impairments	-	-	-	215	-	
TELEFÓNICA ORGANIC	1,569	3,186	4,977	7,043	1,651	5.2
CAPEX	2016				2017	%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Mar
T. ESPAÑA						
REPORTED DATA	431	894	1,289	1,852	333	(22.7)
Spectrum acquisition	-	(7)	(7)	(7)	-	
T. ESPAÑA ORGANIC	431	887	1,282	1,845	333	(22.7)
T. DEUTSCHLAND						
REPORTED DATA	220	432	748	1,107	208	(5.1)
Spectrum acquisition	(2)	(3)	(4)	(6)	(0)	
Changes in the consolidation perimeter	(1)	(1)	(1)	(1)		
T. DEUTSCHLAND ORGANIC	217	429	743	1,101	208	(4.2)
T. UK						
REPORTED DATA	192	415	654	931	225	17.1
Forex impact	-	-	-	-	26	
T. UK ORGANIC	192	415	654	931	251	30.8
T. BRASIL						
REPORTED DATA	348	792	1,369	2,137	397	14.1
Forex impact	-	-	-	-	(87)	
Spectrum acquisition	-	-	(47)	(48)	-	
T. BRASIL ORGANIC	348	792	1,322	2,088	310	(11.0)
T. HISPAM						
REPORTED DATA	461	1,018	1,800	2,615	430	(6.8)
Forex impact	-	-	-	-	(4)	
Spectrum acquisition	-	-	(282)	(284)	(4)	
Hyperinflation in Venezuela	2	17	(1)	(21)	(0)	
Changes in the consolidation perimeter	-	-	-	-	-	
T. HISPAM ORGANIC	463	1,035	1,517	2,310	422	(9.0)
TELEFÓNICA						
REPORTED DATA	1,695	3,654	6,016	8,928	1,621	(4.4)
Forex impact	-	-	-	-	(66)	
Spectrum acquisition	(2)	(10)	(341)	(345)	(4)	
Hyperinflation in Venezuela	2	17	(1)	(21)	(0)	
Changes in the consolidation perimeter	(3)	(6)	(10)	(11)	-	
TELEFÓNICA ORGANIC	1,693	3,655	5,664	8,552	1,551	(8.4)

OpCF (OIBDA-CapEx)	2016				2017	%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Mar
T. ESPAÑA						
REPORTED DATA	820	1,659	2,617	2,551	810	(1.2)
Spectrum acquisition	-	7	7	7	-	
Changes in the consolidation perimeter	(2)	(3)	(5)	(6)	-	
Restructuring charges	-	-	-	837	76	
Distribution channel reorganisation plan	-	-	-	18	-	
Capital gains/losses on sale of companies	-	-	-	(29)	-	
T. ESPAÑA ORGANIC	818	1,663	2,620	3,379	886	8.3
T. DEUTSCHLAND						
REPORTED DATA	173	411	552	664	192	11.0
Spectrum acquisition	2	3	4	6	0	
Changes in the consolidation perimeter	(8)	(11)	(11)	(11)	-	
Restructuring charges	23	37	59	89	11	
T. DEUTSCHLAND ORGANIC	189	440	604	747	203	7.7
T. UK						
REPORTED DATA	269	502	721	778	191	(29.1)
Forex impact	-	-	-	-	22	
Restructuring charges	1	1	1	37	-	
T. UK ORGANIC	270	503	723	815	213	(21.0)
T. BRASIL						
REPORTED DATA	457	851	1,253	1,566	707	54.7
Forex impact	-	-	-	-	(156)	
Tower sales	0	0	0	0	(0)	
Changes in the consolidation perimeter	(4)	(4)	(4)	(4)	-	
Spectrum acquisition	-	-	47	48	-	
Restructuring charges	-	25	26	40	-	
T. BRASIL ORGANIC	454	872	1,322	1,651	552	21.6
T. HISPAM						
REPORTED DATA	404	682	869	859	474	17.3
Forex impact	-	-	-	-	21	
Hyperinflation in Venezuela	4	1	0	(8)	2	
Tower sales	0	0	0	0	(0)	
Spectrum acquisition	-	-	282	284	4	
Changes in the consolidation perimeter	(2)	(2)	(2)	(2)	-	
Restructuring charges	(1)	3	3	84	1	
Capital gains/losses on sale of companies	-	-	-	(15)	-	
Impairments	-	-	-	215	-	
T. HISPAM ORGANIC	406	684	1,151	1,416	502	23.6
TELEFÓNICA						
REPORTED DATA	2,143	4,102	5,915	6,190	2,400	12.0
Forex impact	-	-	-	-	(116)	
Hyperinflation in Venezuela	8	6	4	(5)	2	
Tower sales	0	0	0	(1)	(0)	
Spectrum acquisition	2	10	341	345	4	
Changes in the consolidation perimeter	9	(3)	(10)	(19)	-	
Restructuring charges	22	68	108	1,380	88	
Distribution channel reorganisation plan	-	-	-	18	-	
Capital gains/losses on sale of companies	-	-	16	(212)	-	
Impairments	-	-	-	215	-	
TELEFÓNICA ORGANIC	2,184	4,183	6,375	7,913	2,378	8.9

Note:

- **Organic base for 2017:** Excludes the impact from hyperinflation in Venezuela and considers constant perimeter of consolidation. In OIBDA 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.

- Organic y-o-y changes reflect all the charges related to the towers transferred to Telxius since 1 January 2016.

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

	2016				2017	%
	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan -Mar	Jan -Mar
OIBDA						
TELEFÓNICA						
REPORTED DATA	3,838	7,756	11,931	15,118	4,021	4.8
Tower sales	(0)	(0)	(0)	(1)	(0)	
Restructuring charges	22	68	108	1,380	88	
Impairments				215		
Distribution channel reorganisation plan				18		
Capital gains/losses on sale of companies			16	(212)		
TELEFÓNICA UNDERLYING	3,860	7,824	12,056	16,519	4,109	6.5
	2016				2017	%
	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan -Mar	Jan -Mar
NET INCOME						
TELEFÓNICA						
REPORTED DATA	548	1,241	2,225	2,369	779	42.2
PPA	123	255	353	447	118	
Tower sales	(0)	(0)	(0)	(0)	(0)	
Restructuring charges	10	33	56	993	63	
Impairments		35	36	251		
Distribution channel reorganisation plan				14		
Capital gains/losses on sale of companies (controlled & non controlled)			135	(36)		
TELEFÓNICA UNDERLYING	681	1,564	2,805	4,038	960	41.0

Notes:

- **Underlying criteria:** Reported figures excluding the impact 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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