

Telefónica

JANUARY - MARCH 2017 RESULTS

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Telefónica

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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) |
| Underlying operating income before D&A (OIBDA) | 3,860 | 3,964 | 4,232 | 4,464 | 16,519 | 4,109 |
| Operating income before D&A (OIBDA) | 3,838 | 3,918 | 4,175 | 3,187 | 15,118 | 4,021 |
| OIBDA Margin | 30.7% | 30.8% | 31.9% | 23.2% | 29.1% | 30.6% |
| 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 |
| Underlying basic and diluted earnings per share attributable to equity holders of the Parent (euros) | 0.12 | 0.16 | 0.23 | 0.23 | 0.75 | 0.18 |

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.

TELEFÓNICA
OIBDA BREAKDOWN

Unaudited figures (Euros in millions)

| | 2016 | | | | 2017 | |
|---|--------------|--------------|--------------|--------------|---------------|--------------|
| | Jan - Mar | Apr - Jun | Jul - Sep | Oct - Dec | Jan - Dec | |
| 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 |
| <i>OIBDA Margin</i> | 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 = 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.

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.*[back to Index](#)

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.

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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 | | | | | | |
| | | | | | | |
| 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)

| OIBDA | 2016 | | | | 2017 | % |
|---|--------------|--------------|---------------|---------------|--------------|------------|
| | Jan -Mar | Jan - Jun | Jan - Sep | Jan - Dec | Jan -Mar | Jan -Mar |
| 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 |

| NET INCOME | 2016 | | | | 2017 | % |
|---|------------|--------------|--------------|--------------|------------|-------------|
| | Jan -Mar | Jan - Jun | Jan - Sep | Jan - Dec | Jan -Mar | Jan -Mar |
| 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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