



GENERAL
SHAREHOLDER'S
MEETING

2023

Chairman's Speech

José María Álvarez-Pallete
Chairman & CEO

This document is complemented by a video
about 'Results for the year 2022'

[Available here](#)



José María Álvarez-Pallete
Chairman & CEO Telefónica S.A.

Good morning, dear shareholders.

There are 384 days left. 384 days to celebrate the first 100 years of our company. 384 days that we will use wisely to celebrate those 100 years as our history deserves.

A company prepared for the next 100 years

We are a company prepared to face its next 100 years. A company that knows how to honour the great legacy and mark the path of its future. Because it is Telefónica's time. It is our time.

We have spent 7 years first imagining and then working to create this new company. Imagining as did the pioneers who created Telefónica. Knowing that through technology we can make a more human world by connecting people's lives.

7 years ago, we imagined a different, new company, at the forefront of innovation, capable of revolutionising our sector.

A company that revolutionises the sector

A company with next-generation fibre and 5G networks, with radically new systems, where artificial intelligence will begin to provide us with previously unattainable capabilities, and with a team of people trained for this new mission.

We imagined this new company and we decided that, while we were building it, we should prepare to say goodbye to the networks that have brought us here, copper, 2G and 3G. To say a well-deserved goodbye to the company that has given us so much and that, in its time, marked an era and changed societies for the better.

"Only those who have more memories than dreams grow old". I was recently reminded of this quote by Shimon Peres by someone I admire. Our company is approaching its centenary, but it is not getting old.



Over the past 7 years we have grown our customer base to over 383 million and increased their satisfaction to record levels.

Our customers exceed 383 million, with record levels of satisfaction

We have transformed our revenues to be more relevant. Today, 73% are derived from broadband and digital services, up from 46% in 2015¹. Revenues that come from this new world.

We managed to build more than 4 million kilometres of fibre, or in other words, enough fibre for more than 5 round trips to the moon.

We deployed nearly 115,000 4G and 5G base stations and our networks have transported 128,000 petabytes of data over the last year, equivalent to viewing 6.4 billion hours of 4K video.

We created systems capable of storing 140 petabytes of information. And we have a processing capacity of 55 petaflops, which would be among the 15 most powerful supercomputers in the world.

We have dismantled 111,000 tons of copper network, equivalent to the annual production of a large copper mine.

We have already closed more than 2,200 central offices, switched off nearly 50% of our 2G and 3G networks, and more than 700 legacy systems. It is as important to create the new as it is to know how to say goodbye to the old.

We have reskilled almost 90,000 people in our company to prepare for this new world, investing 28 million hours of training. This is 33 centuries of training.

We have managed to reduce our emissions by 80%, we have increased the diversity of our team, doubling the presence of women on our Board and reaching 39% of women in the workforce.

We have reduced our emissions by 80%

In these 7 years we have invested more than 55 billion euros, generated more than 21.7 billion euros in net income and more than 32 billion euros of free cash flow.

We have allocated 17.3 billion euros to shareholder remuneration, increased equity by 9.3 billion euros, and reduced our net debt by more than 23 billion euros.

We have generated more than €21.7 billion in net income and allocated €17.3 billion to shareholder remuneration

¹Services revenues

We have carried out corporate transactions worth almost 81 billion euros, including the largest operation in our history, the merger of O2 and Virgin Media in the United Kingdom, which we spotted and closed during lockdown, something that nobody had ever done.

We have launched Telefónica Tech and Telefónica Infra, new pioneering and cutting-edge units, which bring us growth and strengthen our competitive position.

Telefónica Foundation has improved the lives of 105 million people

The Telefónica Foundation has invested more than 600 million euros in social programs, improving the lives of 105 million people, including 38 million children through its educational programs. Let me highlight Profuturo, which we have developed with the invaluable collaboration of the "la Caixa" Foundation.

Leading the debates of this new world

We have kick-started the debates that must accompany this new world, leading the GSMA industry association for the first time in our history and laying the foundations for the future of our sector.

Telefónica always delivers

And, above all, we have delivered.

Delivered on our responsibility to always be there, even in exceptional circumstances such as during the pandemic.

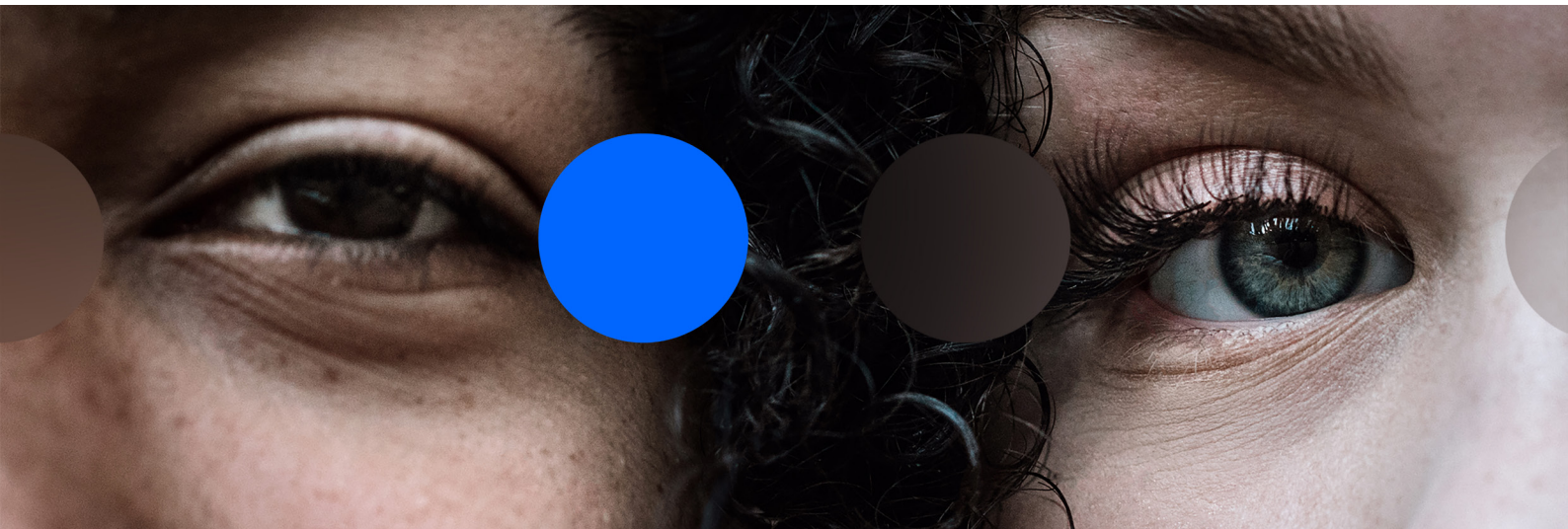
Telefónica and its volunteers have been there for all the humanitarian catastrophes we have experienced, including the most recent events in Ukraine, Turkey and Syria.

Delivered on all the commitments we have acquired with the markets.

Delivered our obligations, paying more than 67 billion euros in taxes during this period, which revert to society.

We have delivered consistently even with the arrival of many black swans. We have delivered because Telefónica always delivers. It has not been easy, but we have done it.





In short, we have prepared ourselves to reach our Centenary with the necessary foundations to re-found our company and launch it into the future.

But we still have a long way to go. We have 384 days that we must use wisely in order to go even further.

This Annual General Meeting is a very good time to lay the necessary foundations to be able to complete our transformation. That is why I would like to share with you three messages:

The first is one of gratitude.

Gratitude

To the people of Telefónica who are committed to our transformation and work with the enthusiasm and ambition to change and place our company at the forefront of our sector.

Thanks to our more than 383 million customers who honour us with their trust and place in us something as special as their need to communicate. Because what goes through our networks, are not gigabytes or megabytes, but people's lives.

And, in a very special way, thanks to all of you, our company's shareholders who have accompanied us in this transformation process, a path that has not been easy but has been necessary and worthwhile.

The second message is one of commitment.

Commitment

Of all of us who work at Telefónica, to take advantage of next 384 days and complete our transformation process.

In continuing to meet our objectives and ambitions.

In ensuring that Telefónica Spain continues to grow in revenues and is able to, after 4 years, stabilise its OIBDA².

In ensuring that Germany, Brazil and the United Kingdom continue to grow. In continuing to control our exposure in HispAm and transforming its operations.

In continuing to grow at double digit in Telefónica Tech and that this value is reflected in our share price.

In continuing to create value and pioneering infrastructure models through Telefónica Infra.

²Throughout the second half of 2023.

In continuing to advance in our operating model and for the Group to grow in revenues and OIBDA, with a significant but controlled investment effort, and with an attractive shareholder remuneration policy.

Our commitment to continue leading the transformation of our sector being at the forefront of the GSMA and the Open Gateway initiative.

In achieving the evolution of telecommunications networks towards supercomputers with hard-to-imagine capabilities that will provide our customers with products and services that will change people's lives, companies and governments.

In saying goodbye and shutting down networks that can no longer keep up with our technological evolution. In being one of the first companies in the world to switch-off the copper network.

Our commitment to defend what is right. This company cannot be regulated by the rules of a world that no longer exists.

The current regulation was created to control an incumbent copper monopoly that no longer exists.

We are a different company. What we manage is no longer communications networks, we manage something much more powerful. We have built something different, and it cannot be regulated by old rules.

A new world requires new rules

A new world requires new rules. Rules that get the best out of all players. Rules that level the playing field. Rules that encourage collaboration in this new world. Rules that encourage the responsible and equitable use of these new networks.

Collaboration and equitable use of the networks

No one would understand that 60% of the capacity of highways, power grids, water or food would be monopolised by 6 users, leaving the remaining 40% for the rest of the world.





Earth + *Cloud*

C O M P U T I N G

We build networks for everyone

We build networks for everyone, not for a few. The time has come for an equitable sharing of that effort, a responsible use of these networks.

Our commitment is also to create this new framework of collaboration. A framework that is balanced, fair and fosters the best of "Cloud Computing" world together with the new world of "Earth Computing". This is the framework for the 21st Century.

And our third message is an invitation.

Invitation

An invitation to our people, our customers, our shareholders and society.

An invitation to a new company that has grown again. In customers, in revenues and profitability. With a healthier and more levelled balance-sheet. With next-generation networks opened to innovation and that are, in fact, supercomputers interconnected with each other and with the cloud.

With a team with new talent and trained in new skills. To a new framework of relationship between our customers and the world of innovation.

To a world, where we are able to offer solutions to the legitimate demand for strategic autonomy of Europe and Latin America in a world of blocks.

To a world in which we hope we will soon see the end of the war in Ukraine, which is causing tragedy and suffering to millions of people.

Where Europe occupies its rightful space, acts as a model of values, seizes the opportunity offered by the advent of Web3 to build new networks and competes for leadership in innovation and technology. A Europe that regains its digital autonomy.

To a world where collaboration is the solution to the many uncertainties surrounding us.

Collaboration between the earth and the cloud, between their existing capabilities and the capabilities that our networks will have, and collaboration with those who can build products and services on our networks.

An invitation to a new company that has made us very excited to imagine, a lot of effort to build, and a lot of determination and tenacity to defend.

A new company that has grown again

The foundations have been laid with the certainty of what we imagined 7 years ago, and despite the many black swans that have changed our lives, today the world is moving decisively towards that direction that few saw, but that Telefónica was able to see and started to build.

It has not been easy, but it has been worth it.

Our history forced us to live up to the standards of those who preceded us. This company has been, is, and always will be, a company of people for people.

A company that uses technology because it wants to make the world more human by connecting people's lives.

**Making the world more
human by connecting
people's lives**

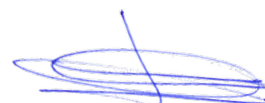
That is what we were, are and will be.

It is Telefónica's time. It is our time.

**It is Telefónica's time,
it is our time**

That is why we want to reiterate today, with 384 days left to celebrate our first 100 years and, at a moment when our company feels younger than ever, our gratitude, our commitment, and with great enthusiasm, our invitation to the next 100 years.

Thank you very much for your trust and your attention.



José María Álvarez-Pallete
Chairman & CEO
Telefónica S.A.

Gratitude

Commitment

Invitation

