

Press release

Telefónica successfully launches its first financing operation of the year, a €1,750 million green bond

- The issue was structured in two senior tranches of 8 and 12 years, and closed with coupons of 3.689% and 4.055%, respectively.
- The operation contributes to advancing the commitment that approximately 40% of the financing activity by 2026 will meet sustainable criteria.

Madrid, 17 January 2024. Telefónica has successfully placed today a green bond for an amount of €1,750 million, very well received by the market and with a combined oversubscription that tripled the offer.

The operation was structured in two tranches. The first, an 8-year €1,000 million transaction, was very well received by institutional investors, with more than 85% from outside Spain. The book, which reached €3,000, has allowed the company to increase the amount from the initial target of €750 million. It has also made possible to significantly improve the conditions from the initial indications, with a spread of 135bp to a final spread of 105bp. The final coupon has been set at 3.698%.

The second, a 12-year €750 million tranche, was equally well received by institutional investors, in this case 95% being international. Demand helped to improve the conditions, from an initial spread of 165bp to the final spread of 135bp. The coupon stood at 4.055%.

The closing and final settlement of the transaction will take place on January 24th.

Telefónica begins with this green bond a new year in terms of financing after a very favourable 2023. Last year the company launched three green issues: two hybrid bonds in January and August for €1 billion and €750 million, respectively, and a senior bond for €850 million in November.

In this way, Telefónica continues its funding strategy, with a liquidity position that allows the company to maintain a comfortable maturity profile. It also reaffirms its position as a leading issuer of sustainable financing in the global telco sector.

Commitment to sustainable financing

Today's issue also ties in with the company's renewed commitment to have around 40% of total funding by 2026 linked to ESG criteria, with the aim of aligning environmental and financial sustainability.

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In line with the eligible categories defined in [Telefónica's Sustainable Financing Framework](#), last updated in July and externally endorsed with a favourable Second Party Opinion from Sustainalytics, the funds obtained will be allocated mainly to projects for the transformation and modernisation of telecommunications networks, both fixed and mobile, with the aim of improving their energy efficiency. The funds may also be allocated to projects related to the implementation of Telefónica's Renewable Energy Plan, or the development of digital products and services aimed at saving energy and natural resources, as set out in the Framework. These projects are the main levers for improving efficiency and reducing the carbon footprint.

Once the projects have been identified and awarded, Telefónica will report on an annual basis on their environmental impact through indicators such as energy consumption per petabyte of data traffic, energy savings or CO₂ emissions avoided.

As part of Telefónica's financing strategy, the Group published its first Sustainable Financing Framework in 2018, subsequently updated in January 2021 and most recently in July 2023, with the aim of continuously meeting market best practices and investor expectations. All updates to the framework have received a positive [Second Party Opinion from Sustainalytics](#).