

Press Release\_ Results Q1 2026

## Telefonica increases its revenue to €8,127 million in the first quarter and confirms its financial targets for 2026

- The implementation of the 'Transform & Grow' strategic plan has enabled the company to achieve solid results in the first three months of the financial year, with revenue growth, improved profitability, more efficient investment and lower debt.
- The first-quarter figures put the company on track to meet the financial targets set for the full year and enable it to confirm a cash dividend of €0.15 per share for 2026, payable in June 2027.
- Telefónica España continues to demonstrate commercial strength, with over 16 million mobile contract lines and churn at an all-time low, whilst accelerating its growth, with a year-on-year increase of 2% in both revenue and adjusted EBITDA.
- Telefónica Brasil drives growth with a 7.4% rise in revenue and an 8.7% rise in adjusted EBITDA, alongside a record 117.5 million accesses.
- Telefónica Deutschland, whose results have been affected by the impact of the migration of 1&1 customers, remains focused on achieving profitable growth and driving growth in O2's services, whilst increasing its mobile customer base.
- In the UK, VMO2 has delivered results that are on track to meet the 2026 financial targets and has seen improvements in both its fixed-line and mobile businesses.
- Free cash flow (FCF) from continuing operations reflects the usual seasonality of the first quarter and stands at €333 million.
- Adjusted net income from continuing operations, which reflects the recurring income of the businesses consolidated within the Group, reached €482 million in the first quarter.
- The Group's net financial debt fell by nearly €1.5 billion in the first quarter, standing at €25,342 million at the end of March, 6.3% lower than in the same period of 2025.

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- The total number of accesses rose to 297.9 million, with year-on-year growth of 5.3% and an 8.6% increase in FTTH accesses, whilst 5G coverage reached 81% of the population in core markets.
- “Q1 numbers reflect continued and consistent execution based on our strong business fundamentals, appropriate levels of investments and our high-quality and unmatched network, jointly with an elevated customer experience. This is combined with our financial discipline, having reduced the net debt significantly in the quarter”, said Telefónica’s COO, Emilio Gayo.

**Madrid, 14 May 2026.** Telefónica today presented its results for the first quarter of 2026, a period characterised by growth in revenue, adjusted<sup>1</sup> EBITDA and adjusted operating cash flow after leases (adjusted OpCFaL), a significant reduction in net financial debt and a substantial increase in accesses. These achievements stem from the execution of the company’s strategic plan, ‘Transform & Grow’, through which the Group is advancing its transformation and its aim to become the best way for businesses, public administrations and citizens to access digital technologies.

Telefónica also continued to execute the divestment process in Latin America during the first quarter of 2026. In the first three months of the financial year, it completed the exits from Colombia and Chile and subsequently, in early April, signed the sale of Telefónica México, which is subject to certain closing conditions, including the relevant regulatory approvals.

### **On track to meet 2026 financial guidance**

The strong first-quarter results put the company on track to meet its financial targets for the full year. These targets, defined in constant<sup>2</sup> terms, consist of year-on-year growth in revenue and adjusted EBITDA of 1.5%–2.5%, an increase in adjusted OpCFaL of over 2% year-on-year, an investment-to-revenue ratio of around 12%, free cash flow of approximately €3 billion, and a reduction in leverage towards the 2028 target

Furthermore, the results for the first quarter of the financial year confirm the cash dividend of €0.15 per share for 2026, payable in June 2027. As for the second instalment of the 2025 dividend, amounting to €0.15 in cash per share and already approved by shareholders at the AGM held at the end of March, this will be paid on 18 June.

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<sup>1</sup> Adjusted figures consider constant perimeter and derived capital gains/losses and do not include restructuring costs, write-offs and material non-recurring impacts

<sup>2</sup> Constant: assumes constant FX (average FX Q1 25), constant perimeter and excludes the contribution to growth from Venezuela.

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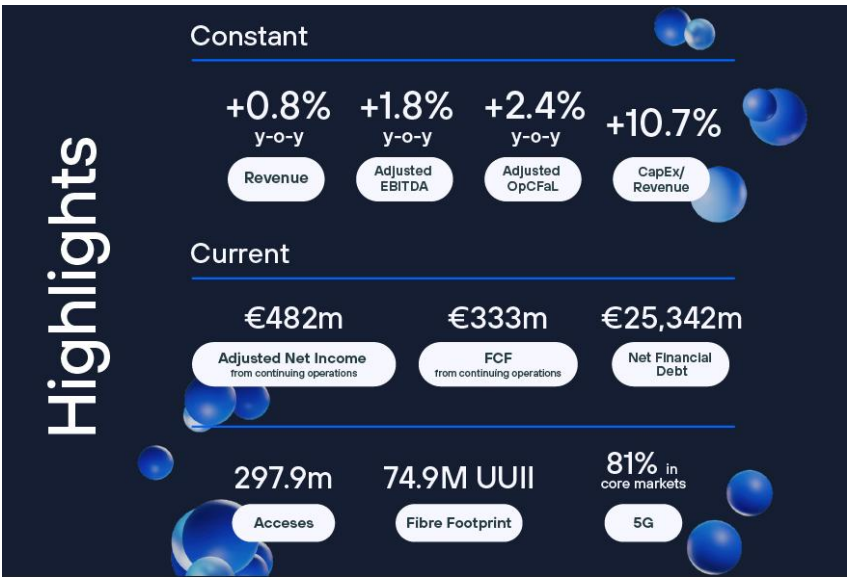
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**Higher revenue, greater profitability and lower debt**

In the first quarter of 2026, Telefónica generated revenues of €8,127 million, representing year-on-year growth of 0.8% at constant exchange rates and 0.4% at current exchange rates. By segment, revenue from the residential business (B2C) grew by 1.5% year-on-year at constant exchange rates to €4,808 million, accounting for 59% of the total; revenue from the business (B2B) segment increased by 5.7% at constant exchange rates to €1,932 million, accounting for 24% of the total; and revenue from the wholesale business fell by 7.4% at constant exchange rates to €1,387 million, accounting for the remaining 17%.



The Group’s profitability has also grown at the start of 2026, with adjusted EBITDA reaching €2,836 million in the first quarter, up 1.8% on the same period last year in constant terms and up 1.3% in current terms. Meanwhile, adjusted operating cash flow after leases rose to €1,375 million, up 2.4% on a constant basis and 1.6% on a current basis.

The Group has delivered a strong and consistent performance across its four core markets at the start of 2026. Telefónica España has accelerated its growth with quarterly revenue of €3,233 million (+2%) and adjusted EBITDA of €1,150 million (+2%). These figures were underpinned by strong operational performance, with average revenue per user (ARPU) reaching €91.5 and the churn rate falling to a record low of 0.7%. Furthermore, the mobile contract subscriber base has exceeded 16 million for the first time, and IoT lines have surpassed 25 million, quadrupling the figures from March 2025.

Telefónica Brazil has reinforced its growth trajectory, outpacing inflation, with revenue and adjusted EBITDA rising by 7.4% and 8.7% respectively, and has reached a record

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 \*\*\* Clasificado como CORPORATIVO pela TELEFÓNICA. \*\*\* Von TELEFÓNICA als UNTERNEHMENSINTERN eingestuft.

117.5 million accesses, with the Vivo Total convergent offering reaching 3.6 million accesses – 33% more than a year ago.

Telefónica Deutschland, which has seen declines in revenue and adjusted EBITDA due to the impact of customer migration from 1&1, recorded a net gain of 48,000 mobile contracts and maintained O2 churn at low levels (1.1%) as a result of commercial activity focused on profitable growth and network quality.

In the UK, VMO2 has made selective investments in the network to strengthen its value proposition, whilst financial results are on track to meet the 2026 forecasts.

Investment in the first quarter stood at €866 million, down 1% on the same period in 2025 at constant exchange rates. This figure resulted in a capital expenditure-to-revenue ratio of 10.7%, within the target set for the full year.

In the first quarter, adjusted net income from continuing operations, which reflects the recurring income from the Group's consolidated operations, reached €482 million.

Unadjusted net income from continuing operations stood at €386 million. Over the same period, the net income from discontinued operations showed a loss of €798 million, primarily due to the impact of divestments in Chile, Colombia and Mexico. As a result, the Group's net result showed a loss of €411 million between January and March.

In the first quarter of 2026, due to the usual seasonal effects at the start of the year, free cash flow from continuing operations stood at €333 million,

Net financial debt fell by nearly €1.5 billion in the first quarter, to €25,342 million at the end of the first quarter, and the debt-to-equity ratio fell to 2.72 times.

## **Growth in access and leadership in infrastructure**

Telefónica ended the first quarter of the year with 297.9 million accesses, up 5.3% on a year ago. Within this figure, fibre-to-the-home accesses rose by 8.6% to 14 million.

The Group has maintained its global leadership position in fibre, with 162.7 million properties passed by ultra-fast broadband networks (+1%), of which 74.9 million (+6%) are FTTH.

Furthermore, Telefónica offers 5G coverage of 95% in Spain, 98% in Germany, 70% in Brazil and 87% in the UK, for an average of 81% across its four core markets.

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