

Telefónica

Results

January – December 2016



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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 this presentation are included in the Appendix to the “Results January – December 2016” report. Recipients of this document are invited to read our consolidated financial statements and consolidated management report for 2016 submitted to the Spanish National Securities Market Commission.

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01 

2016 Overview 2017 Outlook

Mr. José María Álvarez-Pallete
Chairman & CEO

2016 highlights; positioned to grow sustainably

A year of GROWTH



Co. transformation paying off



Strengthening Balance Sheet



Consistent organic deleverage



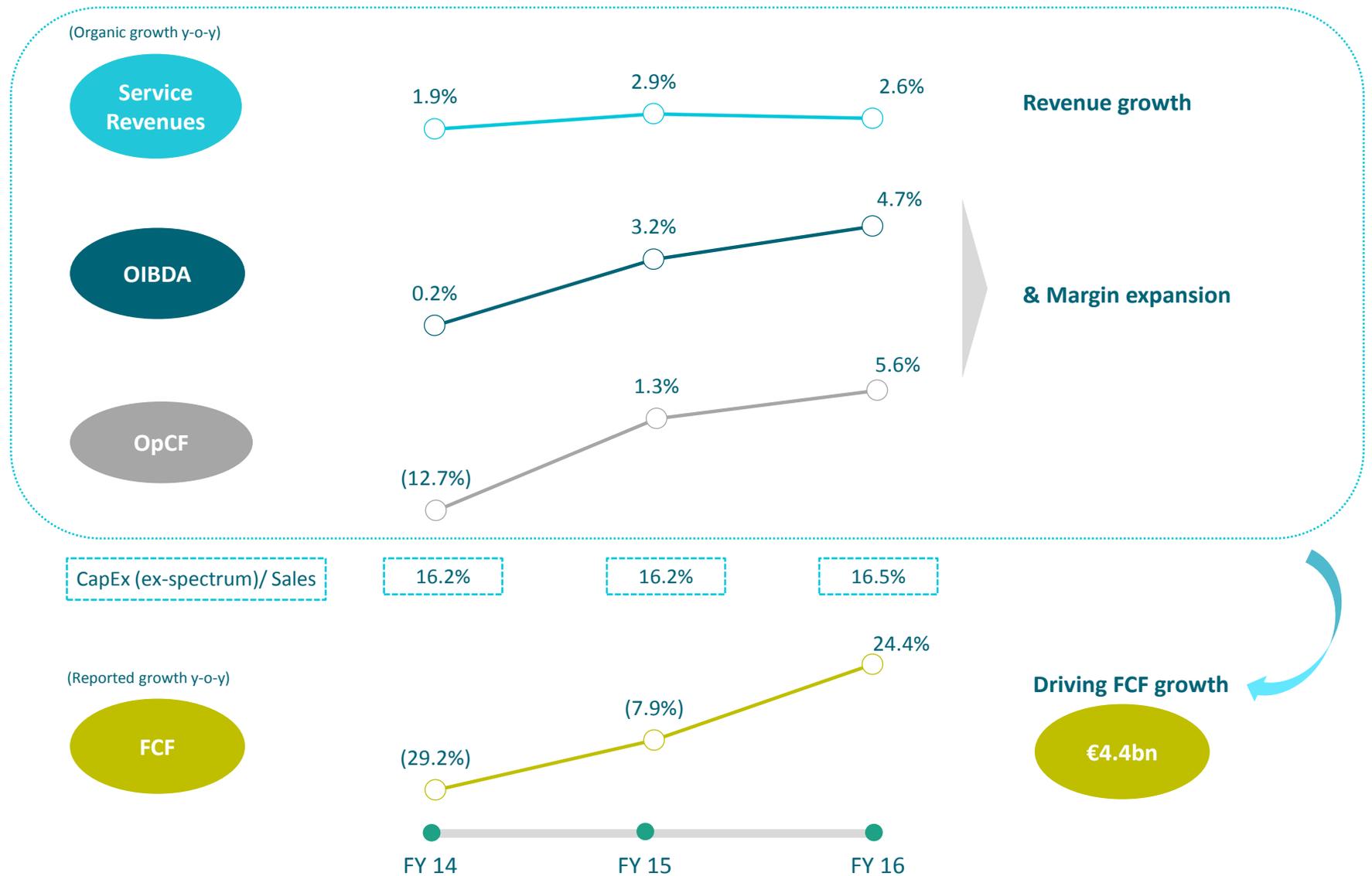
Sustainable
shareholder remuneration
€0.40/share 2017

- **Building sustainable growth** (high quality base)
- **Improved data monetisation**
- **OIBDA growth across the board**
- **Mid-single digit EPS** growth (underlying y-o-y)
- **Strong FCF: €4.4bn** (+24.4% y-o-y; incl. significant CapEx effort)

- **Recovery in margins** (efficiencies + synergies + simplification)
- **CapEx peak behind us**; the best network
- Customer care transformation; New Customer Relationship Model (Cognitive Intelligence)

- **FCF improvement** (business momentum + lower interests)
- **FX drag easing** throughout the year
- **LT financing**: €13.1bn in 2016-2017 YTD
- Strategically driven **portfolio optimisation** (Telef ; Telxius in Feb-17)

Consolidation of growth trends



FY 16: Key financials

€ in millions	FY 16	
	Reported	Organic y-o-y
Revenues	52,036	1.3%
Service revenues	48,005	2.6%
OIBDA	15,118	4.7%
OIBDA Margin	29.1%	1.0 p.p.
OpCF (ex-spectrum)	6,535	5.6%
Net Income	2,369	
EPS	0.42	
FCF	4,370	
Net Financial Debt	48,595	

Q4 non-cash effects: €1.3bn in OIBDA

€ in millions	FY 16
	Underlying
OIBDA	16,519
OIBDA Margin	31.7%
OpCF (ex-spectrum)	7,937
Net Income	4,038
EPS	0.75

+5.1%

Performance on 2016 guidance

2016 Guidance (Constant FX 2015; ex-VZ; ex-UK)	Guidance 2016E	FY 16
Revenues	>4%	+2.6%
OIBDA margin	Stabilising vs. 2015	+0.9 p.p.
CapEx ex-spectrum/Sales	Around 17%	17.0%

Service Revenues
+4.0%

Focus on service revenues
(handset sales weak, in line
with market dynamics)

2016 Dividend

- Voluntary scrip paid in Nov-16; €0.35/sh.
- Cash dividend to be paid in Q2 17; €0.20/sh.

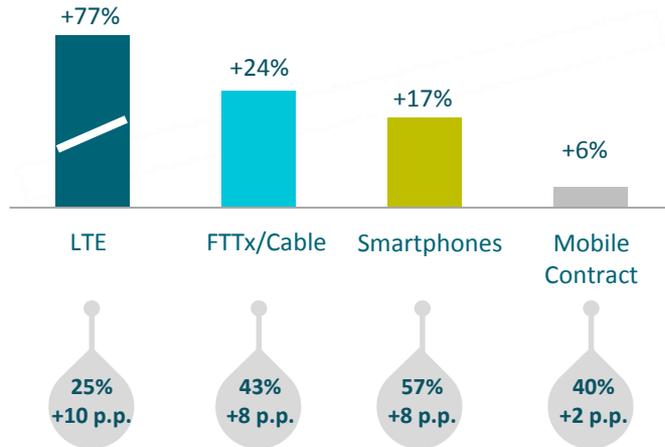
Dividends paid in 2016 calendar year amounted to €0.75/sh.

- Cash dividend paid in May-16; €0.40/sh.
- Voluntary scrip paid in Nov-16; €0.35/sh.

Superior customer growth & improved retention

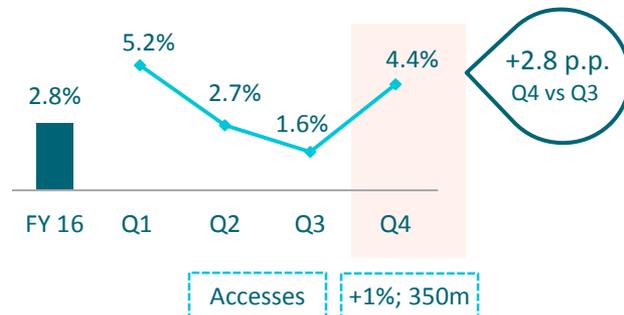
High value customers

● Penetration Dec-16 (y-o-y)



Average revenue/access

(organic y-o-y)



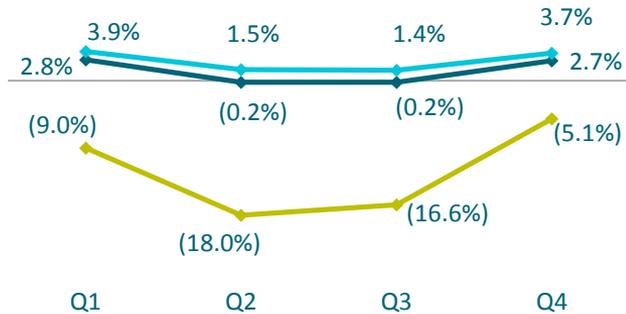
Upgrading customer value

- **Double digit growth of LTE, FTTx/Cable & Smartphones accesses**
 - 9.0m LTE accesses added in Q4 (+25% y-o-y; +23% q-o-q)
 - Q4 mobile contract net adds +18% y-o-y to 1.8m
- **Mobile and fixed upsell strategies gaining traction (FTTx/4G/TV)**
- **Focus on customer loyalty**
 - Q4 churn -0.5 p.p. y-o-y
- **Enhancing customer experience**
 - Omnichannel initiatives

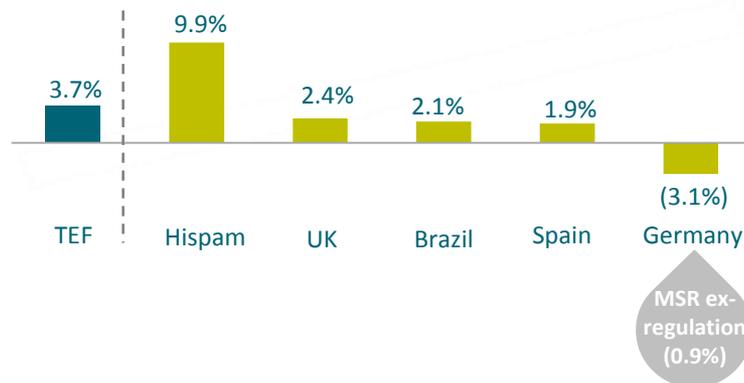
Revenues accelerating; improving quality

2016 Revenues (y-o-y organic)

■ Total ■ Handset sales ■ Service revenues



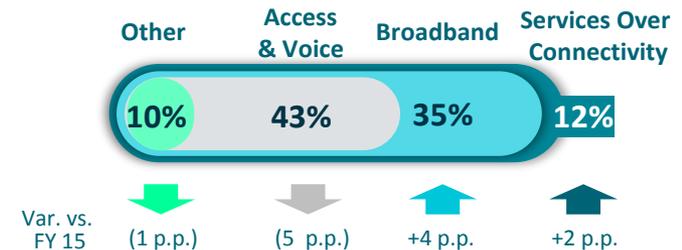
Q4 Service Revenues (y-o-y organic)



Transitioning to a more sustainable mix

- **Service revenues +2.3 p.p. q-o-q**
 - Hispam +1.2 p.p.; UK +0.4 p.p.; Spain: +0.3 p.p.
 - Germany -0.2 p.p.; Brazil -0.1 p.p.
- **Total revenues returned to positive growth (+3.0 p.p. q-o-q)**
- **Broadband sales accelerated to 15.6% y-o-y in Q4**
 - Continued strong performance of mobile data (+12.3% y-o-y)

2016 Revenues



Higher speeds and data proposals fuel growth

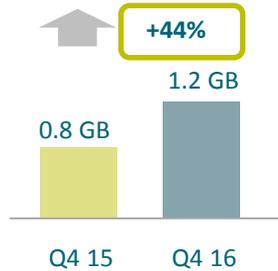
LTE accesses

(million)



Strong boost in unitary usage

Avg. usage/smartphone



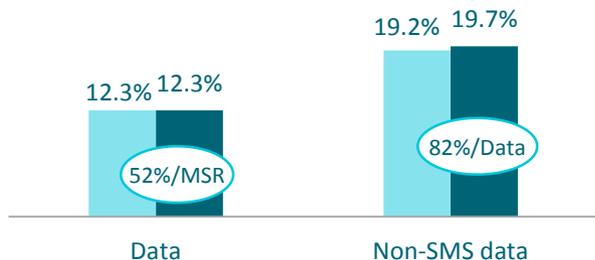
Leading networks accelerating monetisation

(Q4 16)



Solid Mobile Data Revenues (y-o-y organic)

■ Q4 16 ■ FY 16



Capturing the data opportunity

- “More 4 More” strategy leveraging mobile data allowance
 - ~15-20% ARPU uplift in Latam
- Value accretion from recurrent prepay plans & tiered-pricing
 - ~15-20% ARPU uplift in Latam
- Roaming propositions evolved to play elasticity
- Data buckets for certain services (avoiding zero-rated)
- Data sharing & family plans to unleash demand and drive upsell

NGN fostering volumes & ARPU growth

- Q4 LTE traffic (3x y-o-y); Mobile data traffic ramp-up: +71% y-o-y
- Q4 FBB traffic +44% y-o-y driven by UBB

Strong upside in data usage & upselling

Extensive transformation starting to bear fruits

FTTx/Cable

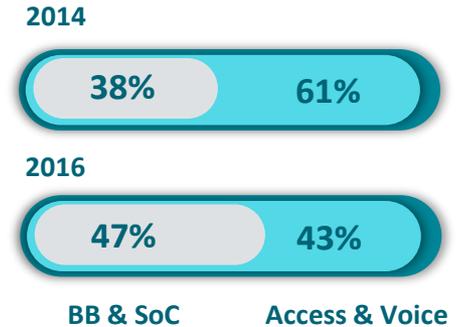
Premises passed



E2E digitalisation



New revenue generators

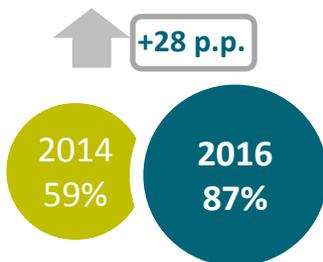


IT Simplification

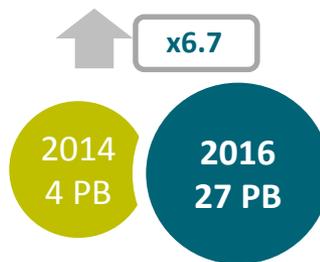
(2014-2016)



European 4G coverage



Big Data storage



TGR: excellent connectivity; further digitalisation

Accelerating coverage & capacity

Access Network

FTTx/Cable premises passed

- 17 m (+19% y-o-y)
- 17 m (+4% y-o-y)
- 5 m (+48% y-o-y)

LTE coverage (62% pop.)

- 87% Europe (+11 p.p. y-o-y)
- 53% Latam (+10 p.p. y-o-y)

Core Network

- Transport transformation
- Advanced analytics
- Legacy management
- Virtualisation



Fostering Transformation with Digital Capabilities and Innovation

Network evolution



VoIP
countries



VoLTE
countries



Global Centers

- **Home connectivity:** Smart Wi-Fi, new devices for FW & Video
- **Efficiency in energy & rentals**

Innovation

- **Network softwarsation** (SDN/NFV)
- **Big Data:** Network management & Video evolution (UHD)
- **5G:** "user centric" trial; pre-5G tech. deployment

E2E Digitalisation (IT)

- **Full Stack:** on-going in 15 countries
 - Live in 3 new countries (x2 vs. 2015)
- **Single Online Charging System (OCS)**
- **Security integration**
- **Boosting data capabilities**
 - 6 new Big Data platforms
 - Real Time Decision: x3 use cases

45m

Accesses migrated

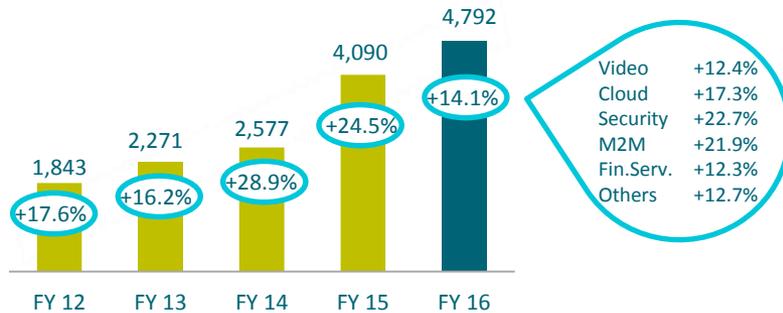
59%

Customers (+9 p.p. y-o-y)

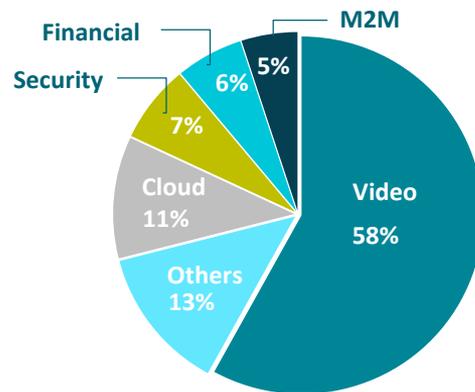
Digital Services: enlarged growth platform

Digital Services Revenues (€m)

○ y-o-y organic



2016 Digital Services Rev. Mix



Driving data monetisation with video

- **Virtuous circle:** robust network → intensive usage → higher loyalty
- **Cutting edge TV proposition:** content, connectivity, customer experience
 - Adapting to new market dynamics (VoD, multiplatform, curated content)
- **Pragmatic approach to quality content:** Wide variety to differentiate vs. OTTs

Growing relevance of adjacent services

- **CLOUD:** Relevant player; very solid portfolio
- **SECURITY:** Own technology and global partnerships
- **M2M:** Best-in-class managed connectivity platform
- **BIG DATA:** Launched new service (LUCA) enabling companies to execute on actionable insights
- **Telefónica Open Future_:** Committed to innovation to benefit core business

2017 outlook & dividend policy

Operating 2017 Guidance (Organic)	Guidance 2017E
Revenues	Stable (in spite of regulation: ~-1.2 p.p.)
OIBDA margin	Expansion up to 1 p.p.
CapEx ex-spectrum/Sales	Around 16%



Growing profitability (expanding margins)

2017 Dividend	To be paid in 2017/18
Interim Q4 17	€0.20/sh. Cash
Final Q2 18	€0.20/sh. Cash

Dividends to be paid in 2017 calendar year amount to €0.40/sh.:

- Cash dividend in Q2 17; €0.20/sh.
- Cash dividend in Q4 17; €0.20/sh.

MAINTAINING A SOLID INVESTMENT GRADE RATING
Growing CF + organic deleverage

2017 priorities set on milestones reached

Focusing on revenue, OIBDA, OpCF and CF growth

P&L + CF growth

Focused investment in UBB/4G, in a more granular and targeted way

A platform and data-driven Co.; Cognitive Intelligence: a new way to interact with our customers

Company transformation

Managing all situations in our portfolio and looking transversally at asset classes

Attractive and sustainable shareholder remuneration allowing cash preservation & organic deleverage

Solid Investment Grade; Balance Sheet

02



Q4 16 Highlights & Results

Mr. Ángel Vilá
CSFO

Q4 summary: Robust results

**Business improvement
(strengthening growth)**



**Fit for growth (competitive
position reinforced)**



Strong FCF

- **Pick-up in service revenues** to +3.7% y-o-y organic
 - **Significant OIBDA acceleration** to +9.4% y-o-y organic
 - **+2.0 p.p. y-o-y organic margin expansion**; efficiency a non-stop process
 - **FX negative impact y-o-y diminishing**
 - **Hispan & Spain accelerating** trends in main metrics
 - **Materialisation of synergies** in Brazil & Germany
 - **UK ramp-up** in top line & OIBDA growth
-
- +11.6% CapEx y-o-y organic
 - **Differential infrastructure**
 - **Best quality base** & targeted commercial actions
 - **Data monetisation**: Non-SMS mobile data revs. +19.2% organic y-o-y
-
- **Enhanced FCF** in Q4 (€2.1bn) to €4.4bn in FY (+24.4% y-o-y)
 - Sale of Telef  (€0.3bn cash repatriated); Telxius (€1,275m announced in Feb-17)
 - **Organic deleverage**: Dec-16 Net Debt €48.6bn

Underlying Q4 EPS €0.23: threefold y-o-y

Financials in a nutshell

€ in millions	FY 16		Q4 16	
	Reported	Organic y-o-y	Reported	Organic y-o-y
Revenues	52,036	1.3%	13,721	2.7%
Service revenues	48,005	2.6%	12,493	3.7%
OIBDA	15,118	4.7%	3,187	9.4%
OIBDA Margin	29.1%	1.0 p.p.	23.2%	2.0 p.p.
OpCF (ex-spectrum)	6,535	5.6%	279	5.4%
Net Income	2,369		145	
EPS	0.42		0.01	
FCF	4,370		2,055	
Net Financial Debt	48,595			

€ in millions	FY 16		Q4 16	
	Underlying	y-o-y	Underlying	y-o-y
OIBDA	16,519	-2.0%	4,464	6.0%
OIBDA Margin	31.7%	1.3 p.p.	32.5%	2.2 p.p.
OpCF (ex-spectrum)	7,937	0.3%	1,556	3.8%
Net Income	4,038	4.8%	1,233	2.5x
EPS	0.75	5.1%	0.23	2.7x

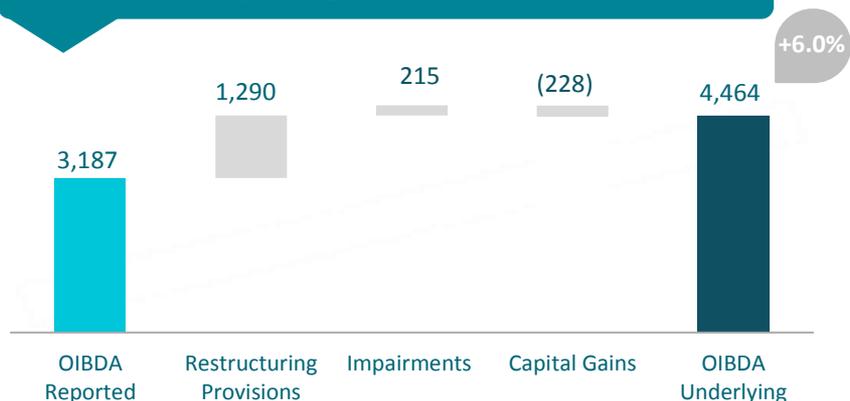
**Underlying growth in € terms
accelerating**

Reported results reflecting FX and non-cash factors

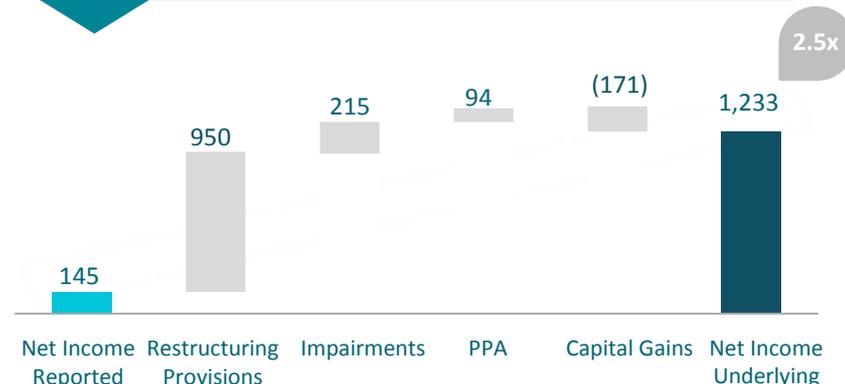
- FX drag easing in Q4 16 y-o-y on easier comps and BRL appreciation
- Q4 16 restructuring costs: -€1.3bn in OIBDA
- Other factors in OIBDA: Capital gains +€228m, Impairments -€215m

Reported Q4 affected by several factors

Q4 factors impacting OIBDA (€1.3bn)



Q4 factors impacting Net Income (€1.1bn)



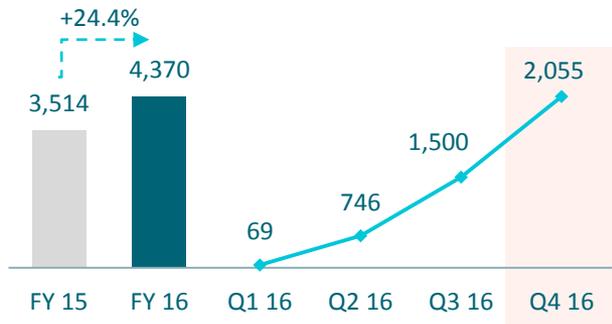
Non-cash effects; mainly restructuring charges to improve future profitability, productivity & cash flow

- **Restructuring** (personnel, channels): -€1,290m in OIBDA (T. España -856m; T. UK -36m; T. DE -30m; T. Brasil -14m; T. Hispam -81m and Others -274m)
- **Capital gains:** Telefé (+€199m in OIBDA) and T. Personalizadas (+€29m in OIBDA)
- **Goodwill impairments:** Venezuela (-€124m in OIBDA) and Mexico (-€91m in OIBDA)

Strong and healthy FCF generation

FCF 2016

(€ in millions)

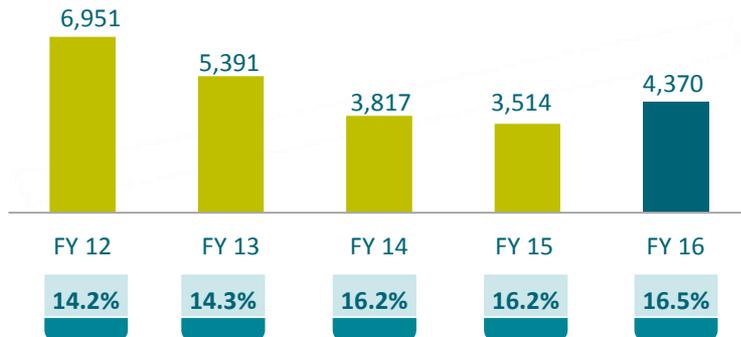


Delivering on >€4bn FY stated objective

- **Growing FCF and FCFS throughout the year** (including a record high CapEx level and with a balanced WC effort)
- **+€857m FCF improvement in FY y-o-y**
 - Growth in adj. OpCF (€+1,676m y-o-y)
 - Savings on interest, tax and minorities (€+369m y-o-y)
 - Lesser WC contribution (€-1,189m y-o-y)

FCF & CapEx (ex-spectrum)/ Sales

(€ in millions)



FCF acceleration in spite of CapEx peaking

FCFS FY 16: €0.86; +24.6% y-o-y

Outstanding organic OIBDA growth in Q4

2016 OIBDA (y-o-y organic)



Q4 OIBDA (y-o-y organic)



Efficiency across the board

- **Strengthening operating leverage**
 - Q4 OpEx -2.3% y-o-y organic (Q3: -1.6%; FY: -0.7%)
- Main contributors to OIBDA sequential improvement: Hispam & Spain
- **Simplification initiatives** (commercial, network, CRM, billing, ...)
- **Synergies** (BZ & Germany)
- **FY OIBDA growth across segments**
 - Q4 y-o-y in Brazil impacted by positive factor in Q4 15; +8.9% excl. this impact

Accelerating OIBDA growth; FX easing

OIBDA: Organic growth vs. FX impact

(€ in millions)



Organic acceleration; FX neutralising

- **Organic OIBDA trends significantly accelerating**
 - €+394m in Q4 vs. €+135m in Q3
- **FX impact in OIBDA sequentially reduced**
 - Q4: €-94m (Q3: €-187; Q2: €-332m; Q1: €-553m)
 - Q4: BRL appreciation; GBP and ARS depreciation
- **2016 FX impact:** -8.8 p.p. to OIBDA y-o-y; -4.7 p.p. to FCF y-o-y
- **2017 FX impact:** at current rates; FX would be a tailwind in Q1 17

2016 Negative FX effect on OIBDA neutralised at FCF level

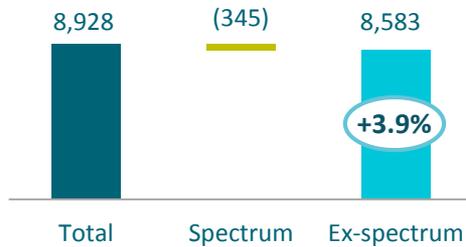
(€ in millions)



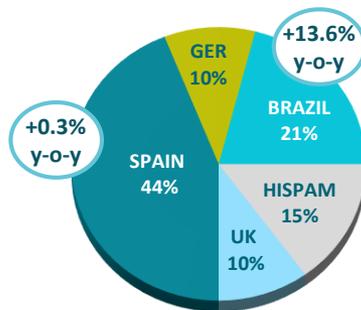
Growing OpCF despite CapEx still increasing in 2016

2016 CapEx (€ in millions)

○ y-o-y organic



2016 OpCF ex-spectrum (Underlying)



OpCF +5.6% y-o-y

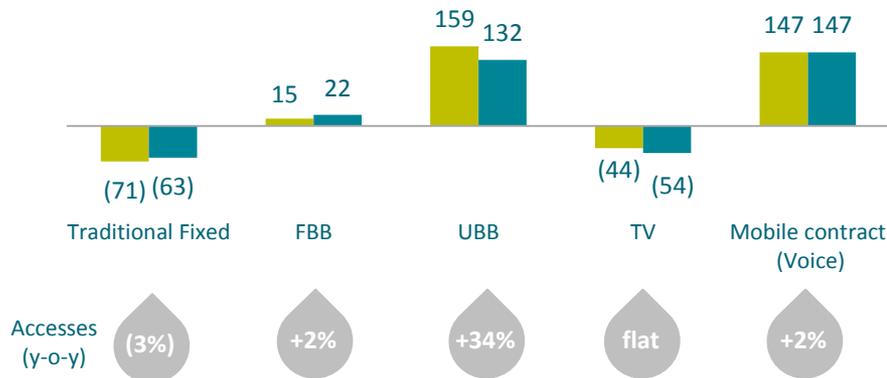
Network leadership

- Consistently investing in networks & platforms
 - 79% of CapEx devoted to growth/transformation
 - Network CapEx allocation through Big Data
- Boosting revenue increase
- Building the future (Big Data; differential experience)
- Driving competitive advantage

Spain: superior franchise; sustained upselling

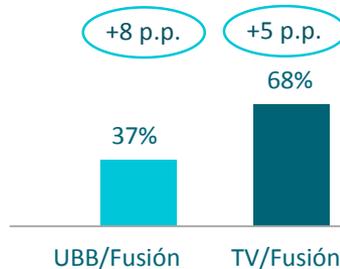
Net adds ('000)

■ Q3 16 ■ Q4 16



High-value penetration (Dec-16)

○ y-o-y



"Fusión" ARPU (€)

○ y-o-y



Q4 trading improvement & better value mix

- **Ongoing benefits from "Fusión"** (4.3m customers: +5% y-o-y)
 - +81% TV (+10 p.p.); +73% contract (+6 p.p.); +83% FBB (+3 p.p.)
 - Lower churn vs. unbundled services; consistent ARPU growth y-o-y
 - 58% of gross adds totally new customers in Q4
- **Accretive adoption of higher value services on enhanced portfolio**
 - More speed, more mobile capacity, more content

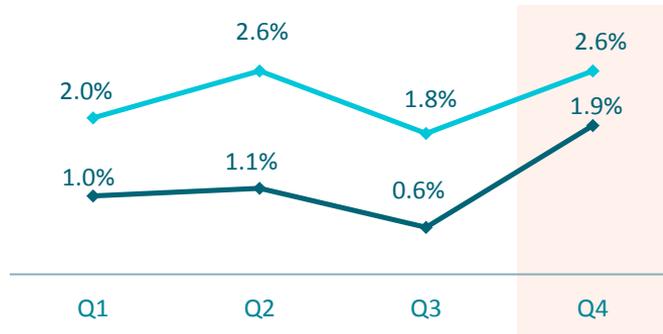
Best-placed structurally

- **Ahead of the pack on differential assets** (upselling tools)
 - FTTH: 17.1m premises passed (+2.7m y-o-y); ~60% homes
 - LTE: 96% pop. coverage (+10 p.p. y-o-y)
 - TV: exclusive content and platform
- **"More 4 More" strategy to successfully continue in 2017**
 - Constructive market landscape
 - Promotions targeting differentiation

Spain: growing Service Revenues, OIBDA, OpCF

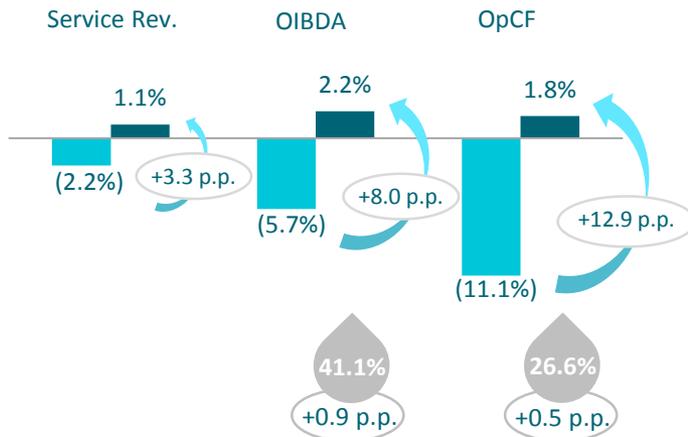
Steady growth on Service Rev. & OIBDA (2016)

- Service Revenues (y-o-y organic)
- OIBDA (y-o-y organic & ex-factors)



Back to growth; operating leverage starts to work

- y-o-y organic & ex-factors
- FY 15 ■ FY 16 ● Margin



Q4 revenues acceleration; margin expansion

- **Sequential improvement in service revenues growth (+1.2 p.p. q-o-q)**
 - “Consumer”: +3.5% in Q4 y-o-y (FY: +1.8%)
 - “Business”: +1.4% in Q4 y-o-y (FY: -1.4%)
 - “Other” decline on lower TV wholesale: -1.8% in Q4 y-o-y (FY:+3.2%)
- **Margin +1.1 p.p. y-o-y to 40.6%**, despite higher content costs

Cash conversion benchmark

- **Strong execution in OpEx** (Q4: -3.5% y-o-y; FY: -2.3% organic & ex-factors)
 - Substantial savings in personnel, commercial, network & systems
 - Higher net content cost (Q4: +46% y-o-y)
- **Redundancy plan and channel optimisation extended** (Q4 provision: -€856m)
 - Additional savings of €100m run rate from 2019
- **FY CapEx: +3.0% y-o-y organic**
 - Expected to ease on lower legacy and LTE investment

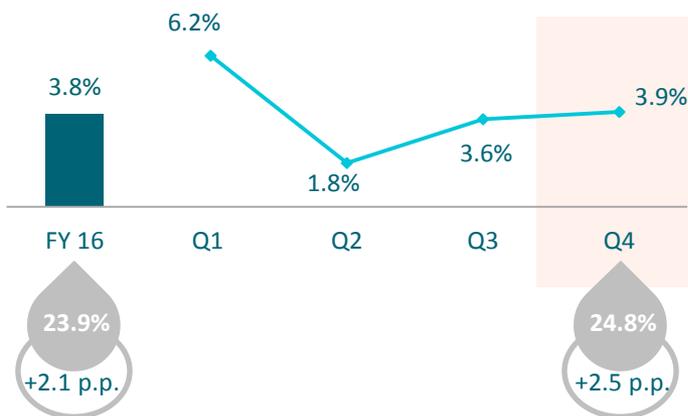
Germany: realising synergies; improving profitability

2016 MSR ex-regulation (y-o-y organic)

MSR



2016 OIBDA (y-o-y organic & ex-yourfone in Q1 15)



Maintaining market momentum

- **1.3m contract net adds in 2016; 336k in Q4**
 - 54% of gross adds from partners; 58% in Q4 (-1 p.p. q-o-q)
 - Signs of easing price pressure in non-premium
- **Solid metrics of “O₂ Free” (“More 4 More”)**
 - Data traffic 1.5x vs. “O2 Blue All-in” portfolio
- **Focus on data growth**
 - LTE cust. +53%; penetration 28% (+9 p.p.); cov. 79% (+4 p.p.)
 - +41% y-o-y avg. data usage to 1.7 Gb
 - +62% mobile data traffic vs. Q4 15

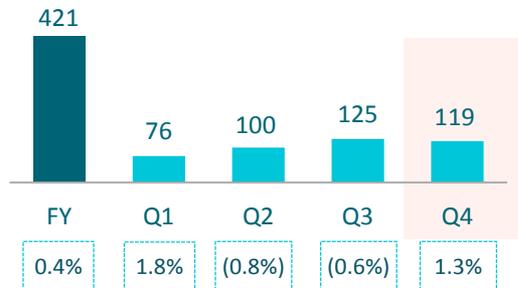
Better OIBDA and margin trends; synergy-driven

- **MSR ex-regulation performance stable q-o-q**
- **Successful synergy capture:** Q4: ~€25m; incremental savings of ~€150m in 2016
 - **Synergy case upgrade:** +€100m to ~€900m OpCF synergies in 2019 (~€670m by YE2017)
- **2016 guidance met; expanding FCF**

UK: consistently outperforming the market

2016 contract net adds (ex-M2M) ('000)

Blended ARPU ex- "O2 Refresh" (y-o-y)



2016 (y-o-y organic)

MSR ex-"O2 Refresh"
OIBDA



Roaming & MTR impact on MSR y-o-y ex- "O2 Refresh"

(0.4 p.p.)

(2.0 p.p.)

(2.1 p.p.)

(1.7 p.p.)

Solid commercial & ARPU performance

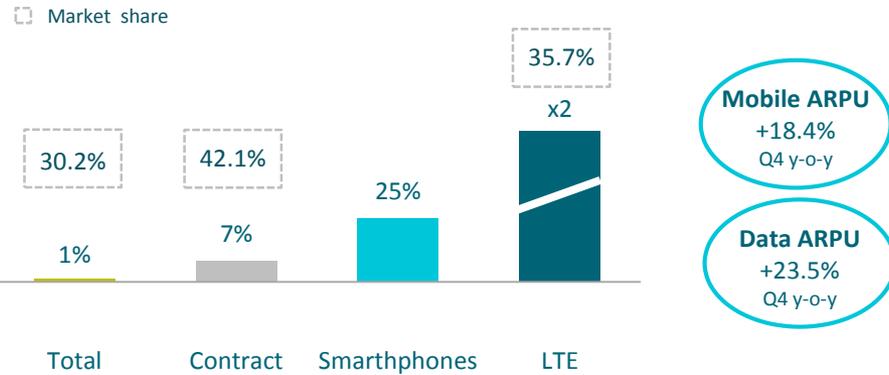
- **Mobile base 25.5m**
 - Contract 62% o/total (+4 p.p. y-o-y)
 - Market-leading contract churn: 1.0% in Q4
 - 47% LTE penetration (+12 p.p.); 95% outdoor cov. (+16 p.p.)
- **Q4 ARPU up 1.3% y-o-y (ex-"O2 Refresh")**
 - Solid data revenues; +4.5% y-o-y
 - Data traffic +63% y-o-y

Sustained total revenues uptick

- **Q4 total revs. accelerated to 2.5% y-o-y ex-"O2 Refresh"**
 - MSR pick-up; larger out-of-bundle spend, lower regulatory impact and customer growth
 - Handset and other revs. +5.2% y-o-y (+13.3 p.p. q-o-q) on new device launches
- **Q4 OIBDA increase** driven by better top line and cost control
- **FY CapEx/Sales 13.6%:** investment in LTE rollout (CapEx: +18.7% y-o-y)

Brazil: focus on value; customer upgrades

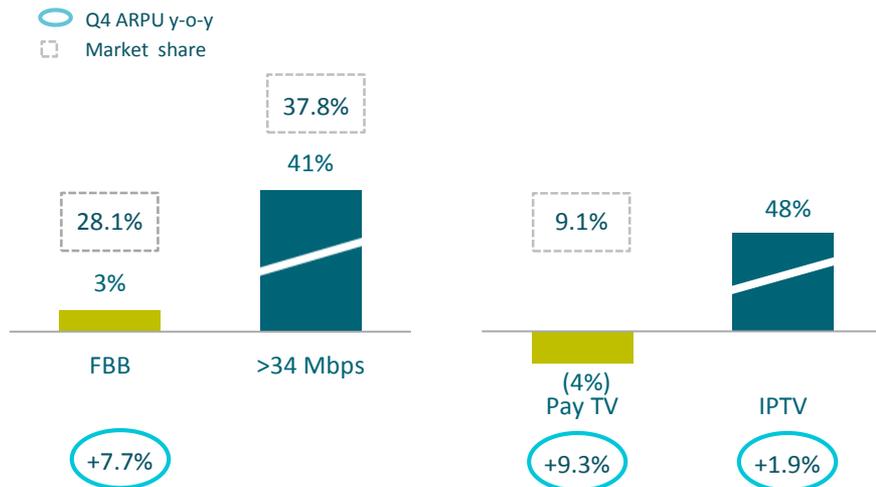
Mobile accesses (y-o-y)



Selective commercial approach

- **Mobile:** leading contract while protecting value in prepay
 - 38% of contract net adds share in LTM. Positive portability every month in 2016
 - +13.2% prepaid ARPU vs. Q4 15
 - Successful data-bundling strategy
 - Accelerating LTE deployment: 60% cov. (+13 p.p.)
 - Target YE 17: >80%
- **Fixed:** upgrading customers on increased network quality
 - 17.3m FTTx premises passed (4.2m connected)
 - Target YE 17: 18.8m FTTx premises passed
 - Selective TV strategy, focusing on IPTV

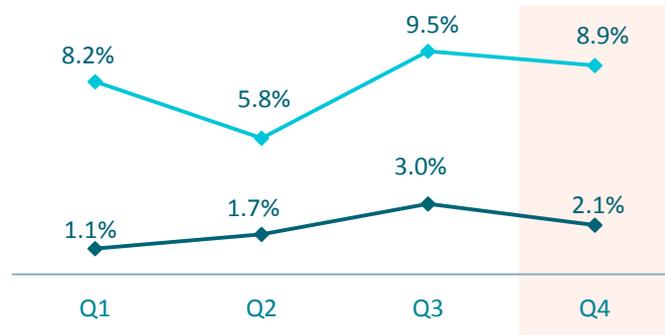
Fixed accesses (y-o-y)



Brazil: robust growth in revenues, OIBDA, OpCF

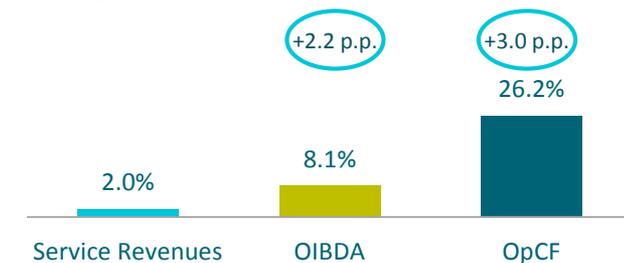
2016 (y-o-y organic & ex-Q4 15 positive factor)

■ Service Revenues
■ OIBDA



2016 (y-o-y organic & ex-Q4 15 positive factor)

○ Margin y-o-y



Gaining revenue market share (36%; +1 p.p. y-o-y)

- Capturing full incremental market revenue growth in 2016
- Q4 MSR +4.0% y-o-y (FY: +3.1%)
 - Data/MSR: 57% (+8 p.p. vs. FY 15)
- Regulation dragged 2.3 p.p. on revenues y-o-y in Q4 and FY

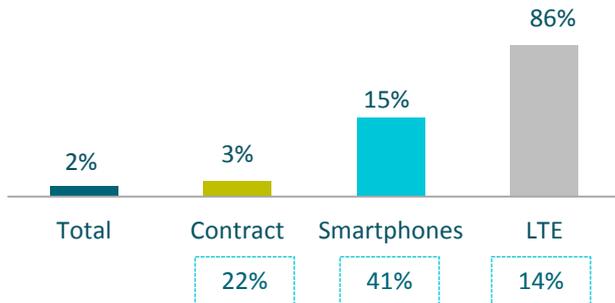
Expanding margins

- Continued OpEx reduction (Q4: -1.6% y-o-y; FY: -1.9%)
- CapEx below initial guidance on optimisation and Big Data
 - 18.8% Capex/Sales: 4G, IP backbone, fiber and selective Pay TV
 - Enlarging quality gap: FY 16 CapEx BR\$8bn; BR\$24bn 2017-2019E
- Successful execution of operational synergies: €372m in OpCF
 - Fully secured base case NPV; 71% of best case

HispAm: strengthened market positioning

Mobile accesses (y-o-y)

■ Accesses penetration

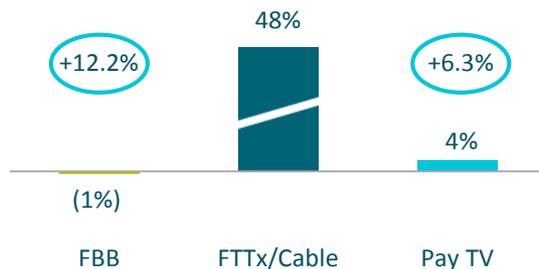


Q4 Mobile ARPU
+6.9% y-o-y

FBB & Pay TV

■ Accesses y-o-y

○ ARPU Q4 y-o-y



Sustainable growth

- **Steady increase on value accesses** driving sustained ARPU growth
- **ARGENTINA:** Quality base growth & gradual tariff updates fostering Q4 ARPU (mobile +28.7% y-o-y; FBB +35.2%)
- **CHILE:** Leadership position reinforced by LTE and UBB
 - LTE coverage 79%; 1.1m FTTx premises passed
- **PERU:** Solid growth in value amid intense competition
 - LTE coverage 65%; 2.8m FTTx/Cable premises passed
- **COLOMBIA:** +6% y-o-y mobile accesses on offer simplification
 - Solid ARPU growth in FBB (+9.1%) & Pay TV (+14.8%)
- **MEXICO:** Positive commercial momentum (Q4 mobile net adds: 620k)
 - Better sequential ARPU
 - Easing aggressiveness since Q1 17 (reducing duration of prepaid recharges in unlimited tariffs)

HispAm: revenues and OIBDA y-o-y acceleration

2016 Revenues (organic y-o-y)



2016 OIBDA (organic y-o-y)



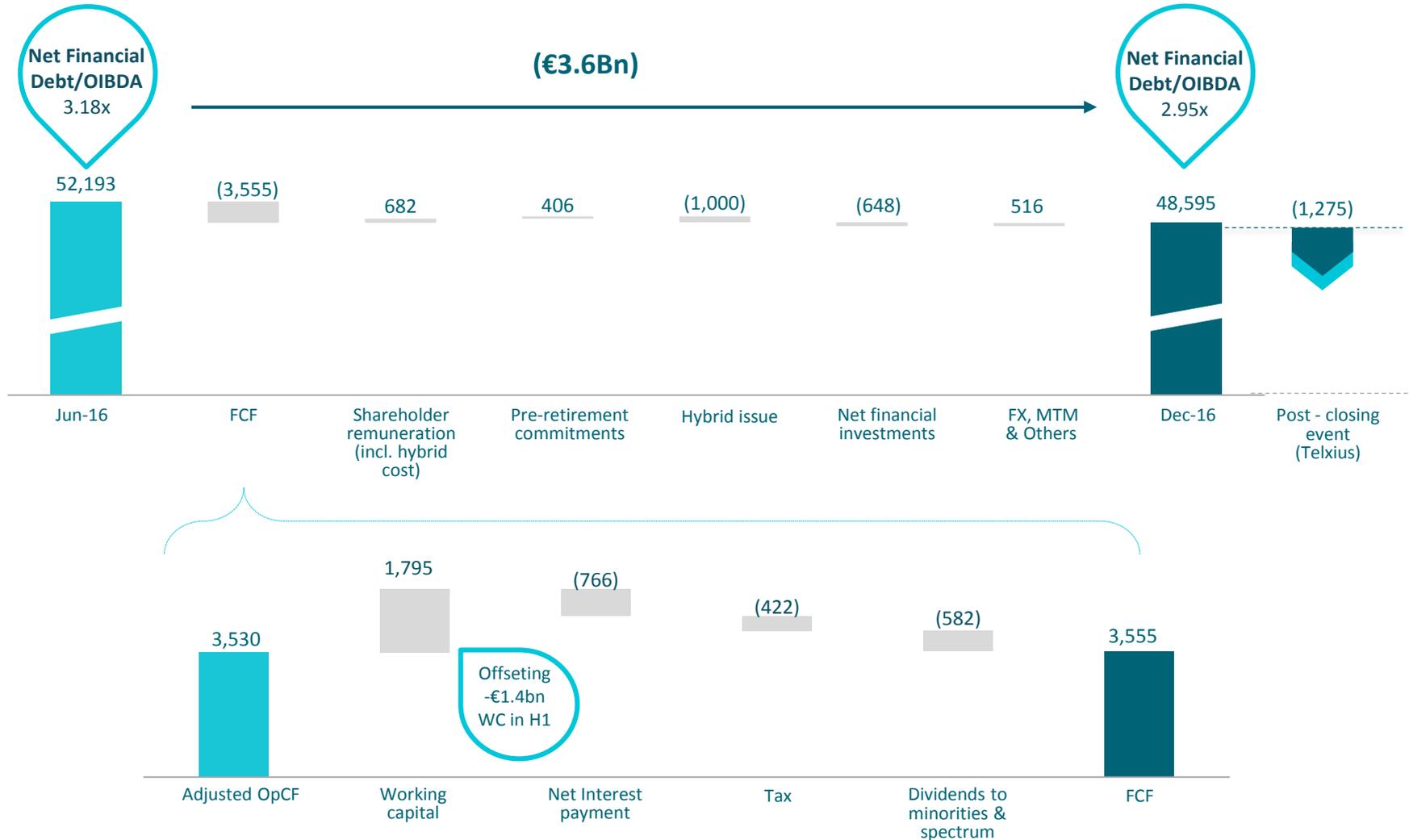
Sound financials

- **Strong Q4 MSR** (+12.0% y-o-y; FY: +7.0%); **accesses + ARPU growth acceleration** (booming data volumes + “More 4 More” strategy)
 - **Double-digit growth in fixed rev.** (Q4: +10.9% y-o-y; FY:+12.2%) driven by Pay TV and UBB
 - **OIBDA margin widening in H2** amid strong commercial activity
 - **OpCF stable in 2016** (-0.3% y-o-y organic); CapEx/Sales 18.5%
-
- **ARGENTINA:** Growth across the board; Q4 rev. +31.6% y-o-y; OIBDA +96.4% (higher volumes; tariff updates and better comm. comps)
 - **CHILE:** Q4 top line ramp-up (+3.8% y-o-y; FY: +0.6%) due to mobile. Profitability affected by higher commercial trading
 - **PERU:** Q4 Revenue & OIBDA trends reflect intense competition and promotional actions
 - **COLOMBIA:** Solid top line growth (Q4: +2.5% y-o-y; FY:+4.3%); steadily grabbing revenue market share
 - **MEXICO:** Better revenue and OIBDA (ex-factors affecting Q4 15)

Further deleverage on stronger FCF generation

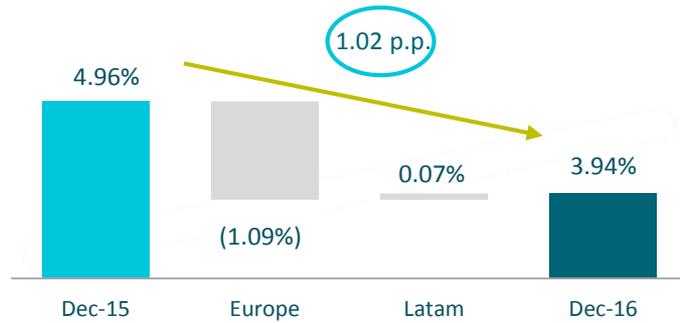
Net Financial Debt

€ in millions

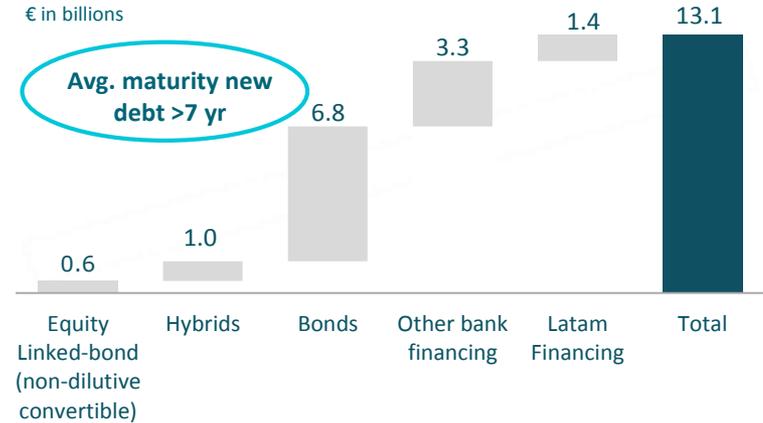


Strengthening balance sheet with long term financing

Interest payments cost

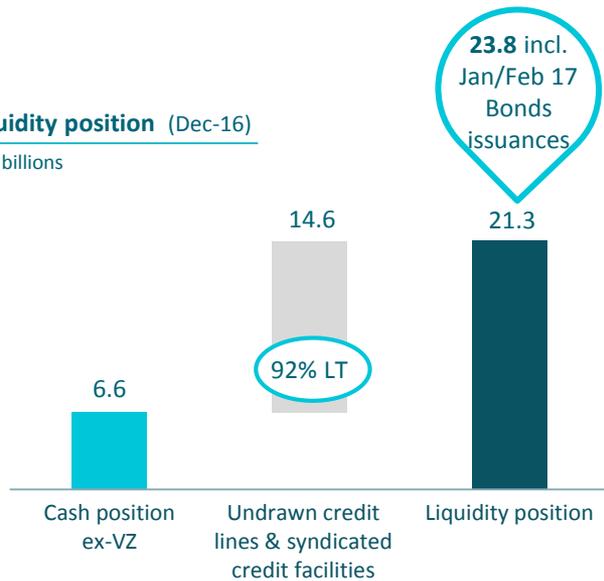


Sources of long-term financing (2016 – 2017 YTD)



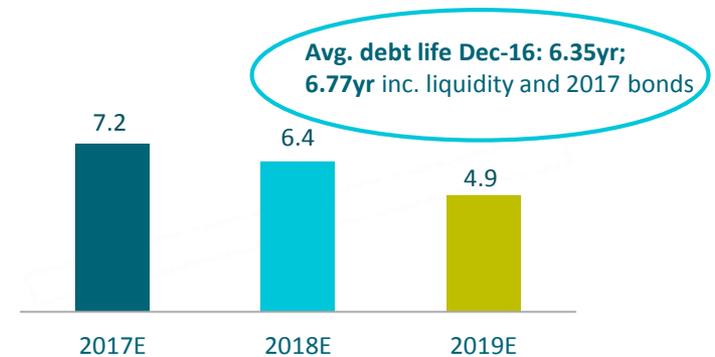
Liquidity position (Dec-16)

€ in billions



Net debt maturities (Dec-16)

€ in billions; not considering hybrid NC dates



Closing remarks

- **Solid year of growth flowing into FCF; strong strategy execution**
- **Delivered promising Q4 operating momentum**
- **Best-placed structurally**
- **Enhancing Balance Sheet**
- **2017 outlook: further growth; consistent deleverage; sustainable dividend**

A solid platform for sustainable growth

Telefonica

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