



## JANUARY - JUNE 2015 RESULTS

### Disclaimer

|   |    |  |    |   |    |
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## DISCLAIMER

The financial information related to the first half of 2015 contained in this document has been prepared under International Financial Reporting Standards (IFRS), as adopted by the European Union. This information is unaudited.

For comparative purposes, the quarterly data for 2014 are reported adjusting the exchange rate in Venezuela from SICAD I to SICAD II 50 VEF/USD for the Telefónica Group, Hispanoamérica and Venezuela and Central America following the adoption of SICAD II 50 VEF/USD in the fourth quarter of 2014. The January-March 2015 period is at the previously denominated SICAD II 52 VEF/USD. The April-June 2015 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the previously denominated SIMADI (as of 30 June, this rate was set at 197 Venezuelan bolivars fuertes per dollar) for the purpose of translating the transactions, cash flows and balances related to the investments in Venezuela. The financial information for the first half of 2014 using the exchange rate in use at the time (SICAD I 10.60 VEF/USD), prepared under IFRS as adopted by the European Union, can be found in the tables "Addenda".

From the first quarter of 2015 Telefónica's operations in the United Kingdom are reported as discontinued operations within the Telefónica Group and their assets and liabilities are classified as "held for sale", in compliance with the IFRS, as a result of the signing of the final sale agreement of the company in March 2015. For comparative purposes, 2014 results are reported using these same criteria.

New information has been included from the first quarter 2015 and also is given for comparison purposes since January 2014: i) prepay/contract split for smartphone accesses and for smartphone penetration at group and business unit level, ii) LTE accesses and LTE penetration at group and business unit level, iii) fibre accesses for group and Chile, iv) Fusión accesses split between Fibre 100 and IPTV customers, along with Fusión ARPU and churn.

The following Addenda are included: i) the detailed Income Statement and Accesses and Selected Operational information for Telefónica UK, reported as per the perimeter of discontinued operation, ii) the detailed Income Statements for Telefónica, Telefónica Hispanoamérica and Telefónica Venezuela and Central America prepared under IFRS using in the first half of 2014 the exchange rate in use at the time (SICAD I 10.60 VEF/USD).

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## TELEFÓNICA

## ACCESSES

Unaudited figures (thousands)

|                                 | 2014      |           |           |           | 2015      |           |           |          |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|
|                                 | March     | June      | September | December  | March     | June      | September | December |
| Final Clients Accesses          | 283,012.7 | 285,331.4 | 285,237.0 | 309,800.5 | 312,635.8 | 323,021.6 |           |          |
| Fixed telephony accesses (1)(2) | 37,382.1  | 37,326.1  | 37,103.9  | 36,602.0  | 36,219.8  | 40,164.5  |           |          |
| Internet and data accesses      | 18,105.5  | 18,151.4  | 18,150.3  | 18,132.5  | 18,195.7  | 21,229.3  |           |          |
| Broadband (3)                   | 17,569.1  | 17,625.9  | 17,640.2  | 17,649.3  | 17,704.7  | 20,754.8  |           |          |
| Fibre (4)                       | 975.9     | 1,181.6   | 1,447.1   | 1,755.0   | 2,062.6   | 5,444.4   |           |          |
| Mobile accesses                 | 223,958.0 | 225,662.0 | 225,332.8 | 249,978.9 | 252,753.8 | 253,597.5 |           |          |
| Prepay                          | 150,854.2 | 150,750.4 | 149,877.0 | 164,959.2 | 166,813.7 | 166,636.1 |           |          |
| Contract                        | 73,103.9  | 74,911.6  | 75,455.7  | 85,019.6  | 85,940.1  | 86,961.4  |           |          |
| M2M                             | 6,269.0   | 6,665.1   | 6,841.4   | 7,595.5   | 8,029.0   | 8,447.4   |           |          |
| Pay TV (5)                      | 3,567.1   | 4,191.9   | 4,650.0   | 5,087.2   | 5,466.5   | 8,030.3   |           |          |
| Wholesale Accesses              | 6,327.7   | 6,438.6   | 6,585.6   | 6,521.6   | 6,475.7   | 6,401.0   |           |          |
| Total Accesses                  | 289,340.3 | 291,770.0 | 291,822.5 | 316,322.1 | 319,111.5 | 329,422.6 |           |          |

## Notes:

- T. Ireland accesses are excluded from the third quarter of 2014. E-Plus accesses are consolidated from the fourth quarter of 2014 and GVT and DTS accesses are consolidated from 1 May 2015.

- O2 UK accesses are excluded from the first quarter of 2014 as a result of the discontinuation of the operation.

(1) Includes fixed wireless and VoIP accesses.

(2) From 1 May 2015 4.3 million GVT accesses are included.

(3) Includes ADSL, satellite, fibre, cable modem and broadband circuits.

(4) From 1 May 2015 3.2 million GVT fibre (FTTN) accesses are included.

(5) From 1 May 2015 1.4 million DTS and 1.0 million GVT accesses are included.

## TELEFÓNICA

## MOBILE ACCESSES

Unaudited figures (thousands)

|                            | 2014     |          |           |          | 2015     |          |           |          |
|----------------------------|----------|----------|-----------|----------|----------|----------|-----------|----------|
|                            | March    | June     | September | December | March    | June     | September | December |
| Prepay percentage (%)      | 67.4%    | 66.8%    | 66.5%     | 66.0%    | 66.0%    | 65.7%    |           |          |
| Contract percentage (%)    | 32.6%    | 33.2%    | 33.5%     | 34.0%    | 34.0%    | 34.3%    |           |          |
| Smartphones ('000)         | 58,340.2 | 63,670.7 | 71,447.1  | 79,027.7 | 91,431.1 | 99,184.0 |           |          |
| Prepay                     | 25,660.8 | 29,208.1 | 35,349.2  | 36,539.6 | 46,368.5 | 51,139.4 |           |          |
| Contract                   | 32,679.4 | 34,462.6 | 36,097.9  | 42,488.1 | 45,062.5 | 48,044.6 |           |          |
| Smartphone penetration (%) | 27.7%    | 30.0%    | 33.7%     | 33.6%    | 38.3%    | 41.4%    |           |          |
| Prepay (%)                 | 17.2%    | 19.6%    | 23.8%     | 22.4%    | 28.0%    | 30.9%    |           |          |
| Contract (%)               | 53.2%    | 54.8%    | 56.8%     | 59.2%    | 61.4%    | 64.8%    |           |          |
| LTE smartphones ('000)     | 2,758.5  | 3,982.1  | 5,505.8   | 9,830.7  | 14,059.4 | 18,571.7 |           |          |
| LTE penetration (%)        | 1.3%     | 1.8%     | 2.5%      | 4.1%     | 5.7%     | 7.6%     |           |          |

## Notes:

- T. Ireland accesses are excluded from the third quarter of 2014. E-Plus accesses are consolidated from the fourth quarter of 2014 and GVT and DTS accesses are consolidated from 1 May 2015.

- O2 UK accesses are excluded from the first quarter of 2014 as a result of the discontinuation of the operation.

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TELEFÓNICA  
SELECTED FINANCIAL DATA  
Unaudited figures (Euros in millions)

|  | Jan - Jun     | % Chg             |                   | Apr - Jun     | % Chg             |                   |
|--|---------------|-------------------|-------------------|---------------|-------------------|-------------------|
|  | 2015          | Reported          | Organic           | 2015          | Reported          | Organic           |
| <b>Revenues</b>  | <b>23,419</b> | <b>12.5</b>       | <b>3.9</b>        | <b>11,876</b> | <b>12.4</b>       | <b>4.4</b>        |
| Telefónica España  | 5,844         | (2.5)             | (2.5)             | 2,966         | (1.1)             | (1.1)             |
| Telefónica Deutschland (1)   | 3,849         | 68.6              | 2.1               | 1,949         | 67.8              | 1.3               |
| Telefónica Brasil (2)  | 5,737         | 4.6               | 4.8               | 2,943         | 4.5               | 5.2               |
| Telefónica Hispanoamerica  | 7,132         | 15.0              | 10.0              | 3,467         | 10.6              | 10.3              |
| Other companies & eliminations (3)                                 | 856           | (0.1)             |                   | 551           | 21.8              |                   |
| Telefónica Ireland (4)   | -             | n.m.              |                   | -             | n.m.              |                   |
| <b>OIBDA</b>   | <b>7,320</b>  | <b>7.2</b>        | <b>2.9</b>        | <b>3,702</b>  | <b>6.8</b>        | <b>3.3</b>        |
| Telefónica España  | 2,598         | (5.3)             | (4.9)             | 1,316         | (1.9)             | (1.3)             |
| Telefónica Deutschland (1)   | 869           | 68.5              | 10.8              | 461           | 74.1              | 12.5              |
| Telefónica Brasil (2)  | 1,759         | 1.6               | 0.6               | 919           | 1.7               | 0.4               |
| Telefónica Hispanoamerica  | 2,152         | 16.1              | 11.8              | 1,025         | 8.8               | 9.1               |
| Other companies & eliminations (3)                                 | (58)          | n.m.              |                   | (20)          | n.m.              |                   |
| Telefónica Ireland (4)   | -             | n.m.              |                   | -             | n.m.              |                   |
| <b>OIBDA margin</b>  | <b>31.3%</b>  | <b>(1.5 p.p.)</b> | <b>(0.3 p.p.)</b> | <b>31.2%</b>  | <b>(1.6 p.p.)</b> | <b>(0.3 p.p.)</b> |
| Telefónica España  | 44.5%         | (1.4 p.p.)        | (1.1 p.p.)        | 44.4%         | (0.4 p.p.)        | (0.1 p.p.)        |
| Telefónica Deutschland (1)   | 22.6%         | 0.0 p.p.          | 1.8 p.p.          | 23.6%         | 0.9 p.p.          | 2.4 p.p.          |
| Telefónica Brasil (2)  | 30.7%         | (0.9 p.p.)        | (1.3 p.p.)        | 31.2%         | (0.8 p.p.)        | (1.5 p.p.)        |
| Telefónica Hispanoamerica  | 30.2%         | 0.3 p.p.          | 0.5 p.p.          | 29.6%         | (0.5 p.p.)        | (0.3 p.p.)        |
| <b>Operating Income (OI)</b>                                       | <b>3,068</b>  | <b>(8.0)</b>      | <b>0.6</b>        | <b>1,557</b>  | <b>(10.8)</b>     | <b>(1.7)</b>      |
| <b>Net income</b>  | <b>3,693</b>  | <b>105.4</b>      |                   | <b>1,891</b>  | <b>70.4</b>       |                   |
| <b>Basic earnings per share (euros)</b>                            | <b>0.75</b>   | <b>100.9</b>      |                   | <b>0.37</b>   | <b>62.1</b>       |                   |
| <b>Basic earnings per share from continuing operations (euros)</b> | <b>0.36</b>   | <b>8.6</b>        |                   | <b>0.26</b>   | <b>24.6</b>       |                   |
| <b>CapEx</b>   | <b>5,094</b>  | <b>66.4</b>       | <b>12.6</b>       | <b>3,412</b>  | <b>97.9</b>       | <b>6.8</b>        |
| Telefónica España  | 887           | 26.2              | 19.2              | 473           | 8.6               | 2.4               |
| Telefónica Deutschland (1)   | 1,658         | n.m.              | 5.6               | 1,437         | n.m.              | 8.2               |
| Telefónica Brasil (2)  | 961           | 15.4              | 8.7               | 566           | 8.2               | (0.7)             |
| Telefónica Hispanoamerica  | 1,474         | 28.2              | 13.1              | 852           | 49.2              | 12.7              |
| Other companies & eliminations (3)                                 | 115           | 4.9               |                   | 85            | 40.3              |                   |
| Telefónica Ireland (4)   | -             | n.m.              |                   | -             | n.m.              |                   |
| <b>Spectrum</b>  | <b>1,589</b>  | <b>n.m.</b>       | <b>n.m.</b>       | <b>1,427</b>  | <b>n.m.</b>       | <b>n.m.</b>       |
| Telefónica España  | 49            | n.m.              | n.m.              | 27            | n.m.              | n.m.              |
| Telefónica Deutschland (1)   | 1,195         | n.m.              | n.m.              | 1,195         | n.m.              | n.m.              |
| Telefónica Brasil (2)  | -             | n.m.              | n.m.              | -             | n.m.              | n.m.              |
| Telefónica Hispanoamerica  | 345           | 82.3              | 60.1              | 205           | n.m.              | n.m.              |
| <b>OpCF (OIBDA-CapEx)</b>  | <b>2,226</b>  | <b>(40.9)</b>     | <b>(4.7)</b>      | <b>289</b>    | <b>(83.4)</b>     | <b>(0.4)</b>      |
| Telefónica España  | 1,711         | (16.2)            | (13.4)            | 843           | (7.0)             | (3.0)             |
| Telefónica Deutschland (1)   | (789)         | c.s.              | 17.5              | (976)         | c.s.              | 17.6              |
| Telefónica Brasil (2)  | 798           | (11.2)            | (7.6)             | 354           | (7.2)             | 2.2               |
| Telefónica Hispanoamerica  | 678           | (3.8)             | 10.4              | 173           | (53.4)            | 3.6               |
| Other companies & eliminations (3)                                 | (173)         | 32.1              |                   | (104)         | n.m.              |                   |
| Telefónica Ireland (4)   | -             | n.m.              |                   | -             | n.m.              |                   |

Notes:

- 2014 and 2015 reported figures include hyperinflationary adjustments in Venezuela in both years.

- For comparative purposes, the quarterly data for 2014 are reported adjusting the exchange rate in Venezuela from SICAD I to SICAD II 50 VEF/USD for the Telefónica Group, Hispanoamérica and Venezuela and Central America following the adoption of SICAD II 50 VEF/USD in the fourth quarter of 2014. The January-March 2015 period is at the previously denominated SICAD II 52 VEF/USD. The April-June 2015 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the previously denominated SIMADI (as of 30 June, this rate was set at 197 Venezuelan bolivars fuertes per dollar).

- From the first quarter of 2015 Telefónica's operations in the United Kingdom are reported as discontinued operations within the Telefónica Group and their assets and liabilities are classified as "held for sale", in compliance with the IFRS, as a result of the signing of the final sale agreement of the company in March 2015. For comparative purposes, 2014 results are reported using these same criteria.

- Organic criteria: Assumes constant exchange rates as of 2014 (average FX in 2014), excludes hyperinflationary accounting in Venezuela in both years, classifies O2 UK in both periods as a discontinued operation and considers constant perimeter of consolidation. In OIBDA and OI terms, excludes write-downs, capital gains/losses from the sale of companies, tower sales, material non-recurring impacts and restructuring charges mainly related to the integration processes in Germany and Brazil and the simplification programme. In addition, CapEx excludes investment in spectrum the real estate efficiency plan.

- OIBDA and OI are presented before brand fees and management fees.

- OIBDA margin calculated as OIBDA over revenues.

(1) E-Plus has been included from 1 October 2014.

(2) GVT is included from 1 May 2015

(3) DTS is included from 1 May 2015

(4) T. Ireland has been removed from the consolidation perimeter from 1 July 2014.

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TELEFÓNICA  
CONSOLIDATED INCOME STATEMENT  
Unaudited figures (Euros in millions)

|   | 2014      |           |           |           |           | 2015      |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|   | Jan - Mar | Apr - Jun | Jul - Sep | Oct - Dec | Jan - Dec | Jan - Mar | Apr - Jun | Jul - Sep | Oct - Dec | Jan - Dec |
| Revenues  | 10,251    | 10,566    | 10,759    | 11,881    | 43,458    | 11,543    | 11,876    |           |           |           |
| Internal exp. capitalized in fixed assets   | 142       | 150       | 161       | 199       | 651       | 170       | 189       |           |           |           |
| Operating expenses  | (7,124)   | (7,353)   | (7,395)   | (8,912)   | (30,783)  | (8,185)   | (8,425)   |           |           |           |
| Supplies  | (2,733)   | (2,847)   | (2,865)   | (3,306)   | (11,750)  | (3,058)   | (3,233)   |           |           |           |
| Personnel expenses  | (1,454)   | (1,489)   | (1,516)   | (2,161)   | (6,621)   | (1,634)   | (1,682)   |           |           |           |
| Other operating expenses  | (2,937)   | (3,016)   | (3,014)   | (3,445)   | (12,412)  | (3,493)   | (3,509)   |           |           |           |
| Other net income (expense)  | 51        | 92        | 55        | (9)       | 189       | 30        | 33        |           |           |           |
| Gain (loss) on sale of fixed assets   | 39        | 10        | 12        | 208       | 269       | 61        | 28        |           |           |           |
| Impairment of goodwill and other assets   | 0         | 1         | (3)       | (2)       | (3)       | (1)       | 0         |           |           |           |
| Operating income before D&A (OIBDA)   | 3,359     | 3,467     | 3,590     | 3,365     | 13,781    | 3,618     | 3,702     |           |           |           |
| OIBDA Margin  | 32.8%     | 32.8%     | 33.4%     | 28.3%     | 31.7%     | 31.3%     | 31.2%     |           |           |           |
| Depreciation and amortization   | (1,769)   | (1,722)   | (1,771)   | (2,168)   | (7,430)   | (2,107)   | (2,145)   |           |           |           |
| Operating income (OI)   | 1,590     | 1,744     | 1,819     | 1,197     | 6,350     | 1,511     | 1,557     |           |           |           |
| Share of profit (loss) of investments accounted for by the equity method            | 4         | (58)      | (7)       | (437)     | (498)     | (3)       | 0         |           |           |           |
| Net financial income (expense)  | (678)     | (555)     | (696)     | (849)     | (2,779)   | (644)     | (485)     |           |           |           |
| Profit before taxes from continuing operations                                      | 915       | 1,131     | 1,116     | (89)      | 3,074     | 864       | 1,071     |           |           |           |
| Corporate income tax  | (284)     | 54        | (290)     | 260       | (260)     | (385)     | 314       |           |           |           |
| Profit for the period from continuing operations                                    | 632       | 1,185     | 826       | 171       | 2,814     | 479       | 1,385     |           |           |           |
| Profit for the period from discontinued operations                                  | 93        | 88        | 154       | 104       | 439       | 1,304     | 537       |           |           |           |
| Profit for the period   | 725       | 1,272     | 980       | 275       | 3,252     | 1,783     | 1,922     |           |           |           |
| Non-controlling interests   | (37)      | (163)     | (80)      | 28        | (251)     | 19        | (31)      |           |           |           |
| Net Income  | 688       | 1,110     | 900       | 303       | 3,001     | 1,802     | 1,891     |           |           |           |
| Weighted average number of ordinary shares outstanding during the period (millions) | 4,612     | 4,580     | 4,569     | 4,665     | 4,606     | 4,645     | 4,860     |           |           |           |
| Continuing operations earnings per share (euros)                                    | 0.12      | 0.21      | 0.15      | 0.03      | 0.52      | 0.09      | 0.26      |           |           |           |
| Discontinued operations earnings per share (euros)                                  | 0.02      | 0.02      | 0.03      | 0.02      | 0.10      | 0.28      | 0.11      |           |           |           |
| Basic earnings per share (euros)  | 0.14      | 0.23      | 0.19      | 0.05      | 0.61      | 0.38      | 0.37      |           |           |           |

Notes:

- For comparative purposes, the quarterly data for 2014 are reported adjusting the exchange rate in Venezuela from SICAD I to SICAD II 50 VEF/USD for the Telefónica Group, Hispanoamérica and Venezuela and Central America following the adoption of SICAD II 50 VEF/USD in the fourth quarter of 2014. The January-March 2015 period is at the previously denominated SICAD II 52 VEF/USD. The April-June 2015 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the previously denominated SIMADI (as of 30 June, this rate was set at 197 Venezuelan bolivars fuertes per dollar).

- From the first quarter of 2015 Telefónica's operations in the United Kingdom are reported as discontinued operations within the Telefónica Group and their assets and liabilities are classified as "held for sale", in compliance with the IFRS, as a result of the signing of the final sale agreement of the company in March 2015. For comparative purposes, 2014 results are reported using these 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 2014, has 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.

- Continuing operations earnings per share ratio is calculated dividing profit for the period from continuing operations, adjusted for the net coupon corresponding to "Other equity instruments", by the weighted average number of ordinary shares outstanding during the period.

- Discontinued operations per share ratio is calculated dividing profit for the period from discontinued operations by the weighted average number of ordinary shares outstanding during the period.

- Basic earnings per share ratio is calculated dividing Net Income, adjusted for the net coupon corresponding to "Other equity instruments", by the weighted average number of ordinary shares outstanding during the period.

- 2014 and 2015 reported figures include hyperinflationary adjustments in Venezuela.

- Telefónica Group consolidated results consolidate GVT and DTS from 1 May 2015, consolidate E-Plus results from the fourth quarter 2014 and deconsolidate T. Ireland's results from the third quarter 2014.

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## TELEFÓNICA

## REVENUE BREAKDOWN

Unaudited figures (Euros in millions)

|  | 2014          |               |               |               |               | 2015          |               |           |           |           |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------|-----------|-----------|
|  | Jan - Mar     | Apr - Jun     | Jul - Sep     | Oct - Dec     | Jan - Dec     | Jan - Mar     | Apr - Jun     | Jul - Sep | Oct - Dec | Jan - Dec |
| <b>T. ESPAÑA</b>                         | <b>2,992</b>  | <b>3,000</b>  | <b>2,993</b>  | <b>3,038</b>  | <b>12,023</b> | <b>2,878</b>  | <b>2,966</b>  |           |           |           |
| Wireless Business                        | 1,155         | 1,144         | 1,118         | 1,138         | 4,556         | 1,024         | 1,108         |           |           |           |
| Wireline Business (1)                    | 2,079         | 2,105         | 2,134         | 2,225         | 8,543         | 2,120         | 2,185         |           |           |           |
| <b>T. DEUTSCHLAND (2)</b>                | <b>1,122</b>  | <b>1,162</b>  | <b>1,219</b>  | <b>2,019</b>  | <b>5,522</b>  | <b>1,901</b>  | <b>1,949</b>  |           |           |           |
| <b>T. BRASIL (3)</b>                     | <b>2,666</b>  | <b>2,818</b>  | <b>2,896</b>  | <b>2,850</b>  | <b>11,231</b> | <b>2,794</b>  | <b>2,943</b>  |           |           |           |
| Wireless Business                        | 1,783         | 1,904         | 1,971         | 1,960         | 7,617         | 1,942         | 1,831         |           |           |           |
| Wireline Business (1)                    | 883           | 914           | 926           | 890           | 3,613         | 852           | 1,112         |           |           |           |
| <b>T. HISPANOAMÉRICA (4)</b>             | <b>3,066</b>  | <b>3,135</b>  | <b>3,337</b>  | <b>3,617</b>  | <b>13,155</b> | <b>3,665</b>  | <b>3,467</b>  |           |           |           |
| T. ARGENTINA                             | 716           | 718           | 773           | 855           | 3,063         | 935           | 981           |           |           |           |
| Wireless Business                        | 467           | 470           | 509           | 561           | 2,007         | 599           | 637           |           |           |           |
| Wireline Business (1)                    | 249           | 248           | 264           | 294           | 1,055         | 336           | 344           |           |           |           |
| T. CHILE                                 | 525           | 507           | 507           | 551           | 2,089         | 565           | 590           |           |           |           |
| Wireless Business                        | 319           | 300           | 302           | 326           | 1,247         | 339           | 347           |           |           |           |
| Wireline Business (1)                    | 205           | 207           | 205           | 225           | 842           | 226           | 243           |           |           |           |
| T. PERU                                  | 588           | 603           | 646           | 666           | 2,504         | 692           | 684           |           |           |           |
| Wireless Business (5)                    | 331           | 336           | 373           | 386           | 1,427         | 394           | 385           |           |           |           |
| Wireline Business (1)                    | 258           | 266           | 273           | 280           | 1,077         | 298           | 299           |           |           |           |
| T. COLOMBIA                              | 403           | 428           | 451           | 438           | 1,719         | 398           | 400           |           |           |           |
| Wireless Business                        | 254           | 269           | 286           | 281           | 1,090         | 251           | 249           |           |           |           |
| Wireline Business (1)                    | 148           | 159           | 165           | 156           | 629           | 147           | 151           |           |           |           |
| T. MEXICO                                | 390           | 403           | 403           | 452           | 1,649         | 444           | 458           |           |           |           |
| T. VENEZUELA AND CENTRAL AMERICA (4) (6) | 274           | 305           | 379           | 462           | 1,420         | 426           | 150           |           |           |           |
| T. ECUADOR                               | 119           | 121           | 128           | 138           | 508           | 149           | 149           |           |           |           |
| T. URUGUAY                               | 59            | 55            | 56            | 62            | 232           | 65            | 61            |           |           |           |
| Other companies and eliminations         | (9)           | (6)           | (5)           | (7)           | (27)          | (10)          | (6)           |           |           |           |
| Other companies and eliminations (7)     | 405           | 452           | 314           | 357           | 1,528         | 305           | 551           |           |           |           |
| T. Ireland                               | 130           | 129           | -             | -             | 259           | -             | -             |           |           |           |
| <b>TOTAL GROUP (4)</b>                   | <b>10,251</b> | <b>10,566</b> | <b>10,759</b> | <b>11,881</b> | <b>43,458</b> | <b>11,543</b> | <b>11,876</b> |           |           |           |

## Notes:

- For comparative purposes, the quarterly data for 2014 are reported adjusting the exchange rate in Venezuela from SICAD I to SICAD II 50 VEF/USD for the Telefónica Group, Hispanoamérica and Venezuela and Central America following the adoption of SICAD II 50 VEF/USD in the fourth quarter of 2014. The January-March 2015 period is at the previously denominated SICAD II 52 VEF/USD. The April-June 2015 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the previously denominated SIMADI (as of 30 June, this rate was set at 197 Venezuelan bolivars fuertes per dollar).

- From the first quarter of 2015 Telefónica's operations in the United Kingdom are reported as discontinued operations within the Telefónica Group and their assets and liabilities are classified as "held for sale", in compliance with the IFRS, as a result of the signing of the final sale agreement of the company in March 2015. For comparative purposes, 2014 results are reported using these same criteria.

- Telefónica Group consolidated results consolidate GVT and DTS from 1 May 2015 and E-Plus from the fourth quarter 2014. T. Ireland is deconsolidated from the third quarter 2014.

(1) Includes FBB connectivity services (retail and wholesale), including value-added services, TV services, ICT revenues and other services over connectivity.

(2) E-Plus has been included from the fourth quarter 2014.

(3) GVT has been consolidated from 1 May 2015.

(4) 2014 and 2015 reported figures include hyperinflationary adjustments in Venezuela.

(5) Includes fixed wireless revenues.

(6) Central America includes Guatemala, Panama, El Salvador, Nicaragua and Costa Rica.

(7) DTS has been included from 1 May 2015.

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TELEFÓNICA

OIBDA BREAKDOWN

Unaudited figures (Euros in millions)

|  | 2014         |              |              |              |               | 2015         |              |           |           |           |
|--|--------------|--------------|--------------|--------------|---------------|--------------|--------------|-----------|-----------|-----------|
|  | Jan - Mar    | Apr - Jun    | Jul - Sep    | Oct - Dec    | Jan - Dec     | Jan - Mar    | Apr - Jun    | Jul - Sep | Oct - Dec | Jan - Dec |
| <b>T. ESPAÑA</b>                         | <b>1,402</b> | <b>1,342</b> | <b>1,376</b> | <b>1,551</b> | <b>5,671</b>  | <b>1,282</b> | <b>1,316</b> |           |           |           |
| <b>T. DEUTSCHLAND (1)</b>                | <b>251</b>   | <b>265</b>   | <b>255</b>   | <b>(38)</b>  | <b>733</b>    | <b>408</b>   | <b>461</b>   |           |           |           |
| <b>T. BRASIL (2)</b>                     | <b>828</b>   | <b>904</b>   | <b>881</b>   | <b>929</b>   | <b>3,543</b>  | <b>840</b>   | <b>919</b>   |           |           |           |
| <b>T. HISPANOAMÉRICA (3)</b>             | <b>912</b>   | <b>942</b>   | <b>1,103</b> | <b>1,111</b> | <b>4,068</b>  | <b>1,127</b> | <b>1,025</b> |           |           |           |
| T. ARGENTINA                             | 187          | 169          | 199          | 248          | 802           | 273          | 266          |           |           |           |
| T. CHILE                                 | 167          | 170          | 179          | 192          | 708           | 176          | 203          |           |           |           |
| T. PERU                                  | 218          | 208          | 257          | 162          | 844           | 238          | 212          |           |           |           |
| T. COLOMBIA                              | 139          | 143          | 174          | 170          | 627           | 150          | 146          |           |           |           |
| T. MEXICO                                | 60           | 69           | 99           | 109          | 337           | 109          | 105          |           |           |           |
| T. VENEZUELA AND CENTRAL AMERICA (3) (4) | 78           | 109          | 125          | 150          | 463           | 114          | 30           |           |           |           |
| T. ECUADOR                               | 43           | 45           | 47           | 54           | 188           | 52           | 45           |           |           |           |
| T. URUGUAY                               | 24           | 20           | 23           | 27           | 94            | 24           | 20           |           |           |           |
| Other companies and eliminations         | (2)          | 9            | (1)          | (2)          | 5             | (8)          | (3)          |           |           |           |
| Other companies and eliminations (5)     | (35)         | 14           | (25)         | (188)        | (233)         | (38)         | (19)         |           |           |           |
| T. Ireland                               | 25           | 26           | -            | -            | 51            | -            | -            |           |           |           |
| <b>TOTAL GROUP (3)</b>                   | <b>3,359</b> | <b>3,467</b> | <b>3,590</b> | <b>3,365</b> | <b>13,781</b> | <b>3,618</b> | <b>3,702</b> |           |           |           |

Notes:

- For comparative purposes, the quarterly data for 2014 are reported adjusting the exchange rate in Venezuela from SICAD I to SICAD II 50 VEF/USD for the Telefónica Group, Hispanoamérica and Venezuela and Central America following the adoption of SICAD II 50 VEF/USD in the fourth quarter of 2014. The January-March 2015 period is at the previously denominated SICAD II 52 VEF/USD. The April-June 2015 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the previously denominated SIMADI (as of 30 June, this rate was set at 197 Venezuelan bolivars fuertes per dollar).

- From the first quarter of 2015 Telefónica's operations in the United Kingdom are reported as discontinued operations within the Telefónica Group and their assets and liabilities are classified as "held for sale", in compliance with the IFRS, as a result of the signing of the final sale agreement of the company in March 2015. For comparative purposes, 2014 results are reported using these same criteria.

- Telefónica Group consolidated results consolidate GVT and DTS from 1 May 2015 and E-Plus from the fourth quarter 2014. T. Ireland is deconsolidated from the third quarter 2014.

- OIBDA figures exclude management and brand fees.

(1) E-Plus has been included from 1 October 2014.

(2) GVT has been included from 1 May 2015.

(3) 2014 and 2015 reported figures include the hyperinflationary adjustments in Venezuela.

(4) Central America includes Guatemala, Panama, El Salvador, Nicaragua and Costa Rica.

(5) DTS has been included from 1 May 2015.

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## TELEFÓNICA

## CAPEX BREAKDOWN

Unaudited figures (Euros in millions)

|  | 2014         |              |              |              |              | 2015         |              |           |           |           |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-----------|-----------|
|  | Jan - Mar    | Apr - Jun    | Jul - Sep    | Oct - Dec    | Jan - Dec    | Jan - Mar    | Apr - Jun    | Jul - Sep | Oct - Dec | Jan - Dec |
| <b>T. ESPAÑA</b>                         | <b>267</b>   | <b>436</b>   | <b>484</b>   | <b>546</b>   | <b>1,732</b> | <b>414</b>   | <b>473</b>   |           |           |           |
| <b>T. DEUTSCHLAND (1)</b>                | <b>132</b>   | <b>134</b>   | <b>145</b>   | <b>438</b>   | <b>849</b>   | <b>221</b>   | <b>1,437</b> |           |           |           |
| <b>T. BRASIL (2)</b>                     | <b>310</b>   | <b>523</b>   | <b>515</b>   | <b>1,585</b> | <b>2,933</b> | <b>395</b>   | <b>566</b>   |           |           |           |
| <b>T. HISPANOAMÉRICA (3)</b>             | <b>579</b>   | <b>571</b>   | <b>624</b>   | <b>1,068</b> | <b>2,842</b> | <b>622</b>   | <b>852</b>   |           |           |           |
| T. ARGENTINA                             | 114          | 115          | 99           | 349          | 676          | 146          | 363          |           |           |           |
| T. CHILE                                 | 91           | 116          | 111          | 111          | 429          | 123          | 115          |           |           |           |
| T. PERU                                  | 50           | 100          | 114          | 158          | 421          | 63           | 118          |           |           |           |
| T. COLOMBIA                              | 178          | 123          | 90           | 105          | 496          | 48           | 111          |           |           |           |
| T. MEXICO                                | 39           | 51           | 53           | 108          | 252          | 47           | 63           |           |           |           |
| T. VENEZUELA AND CENTRAL AMERICA (3) (4) | 124          | 38           | 112          | 188          | 435          | 41           | 47           |           |           |           |
| T. ECUADOR                               | 6            | 17           | 43           | 37           | 102          | 146          | 28           |           |           |           |
| T. URUGUAY                               | 5            | 11           | 3            | 13           | 31           | 8            | 6            |           |           |           |
| Other companies and eliminations (5)     | 50           | 60           | 89           | 126          | 325          | 31           | 85           |           |           |           |
| T. Ireland                               | 14           | 13           | -            | -            | 27           | -            | -            |           |           |           |
| <b>TOTAL GROUP (3)</b>                   | <b>1,337</b> | <b>1,724</b> | <b>1,857</b> | <b>3,763</b> | <b>8,681</b> | <b>1,682</b> | <b>3,412</b> |           |           |           |
| Spectrum                                 | 187          | 3            | 3            | 1,102        | 1,294        | 161          | 1,427        |           |           |           |

## Notes:

- For comparative purposes, the quarterly data for 2014 are reported adjusting the exchange rate in Venezuela from SICAD I to SICAD II 50 VEF/USD for the Telefónica Group, Hispanoamérica and Venezuela and Central America following the adoption of SICAD II 50 VEF/USD in the fourth quarter of 2014. The January-March 2015 period is at the previously denominated SICAD II 52 VEF/USD. The April-June 2015 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the previously denominated SIMADI (as of 30 June, this rate was set at 197 Venezuelan bolivars fuertes per dollar).

- From the first quarter of 2015 Telefónica's operations in the United Kingdom are reported as discontinued operations within the Telefónica Group and their assets and liabilities are classified as "held for sale", in compliance with the IFRS, as a result of the signing of the final sale agreement of the company in March 2015. For comparative purposes, 2014 results are reported using these same criteria.

- Telefónica Group consolidated results consolidate GVT and DTS from 1 May 2015 and E-Plus from the fourth quarter 2014. T. Ireland is deconsolidated from the third quarter 2014.

(1) E-Plus has been included from 1 October 2014.

(2) GVT has been included from 1 May 2015.

(3) 2014 and 2015 reported figures include the hyperinflationary adjustments in Venezuela.

(4) Central America includes Guatemala, Panama, El Salvador, Nicaragua and Costa Rica.

(5) DTS has been included from 1 May 2015.

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## TELEFÓNICA

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Unaudited figures (Euros in millions)

|   | 2014           |                |                |                | 2015           |                |           |          |
|---|----------------|----------------|----------------|----------------|----------------|----------------|-----------|----------|
|   | March          | June           | September      | December       | March          | June           | September | December |
| Non-current assets  | 88,074         | 90,563         | 92,917         | 99,435         | 91,392         | 97,748         |           |          |
| Intangible assets   | 18,307         | 18,339         | 17,942         | 22,353         | 19,161         | 21,012         |           |          |
| Goodwill  | 23,445         | 24,042         | 24,142         | 25,111         | 19,626         | 23,775         |           |          |
| Property, plant and equipment and Investment properties                                     | 30,131         | 31,065         | 31,923         | 33,343         | 30,625         | 32,472         |           |          |
| Investments accounted for by the equity method  | 2,366          | 2,368          | 2,841          | 788            | 777            | 75             |           |          |
| Non-current financial assets  | 7,353          | 7,930          | 9,173          | 10,973         | 13,310         | 11,073         |           |          |
| Deferred tax assets   | 6,472          | 6,819          | 6,896          | 6,867          | 7,893          | 9,341          |           |          |
| Current assets  | 24,088         | 26,876         | 27,548         | 22,864         | 33,410         | 32,890         |           |          |
| Inventories   | 921            | 1,063          | 1,350          | 934            | 1,003          | 1,180          |           |          |
| Trade and other receivables   | 9,736          | 10,206         | 10,082         | 10,606         | 9,020          | 9,431          |           |          |
| Current financial assets  | 3,066          | 2,869          | 3,163          | 2,932          | 1,294          | 1,435          |           |          |
| Tax receivables   | 1,451          | 1,540          | 1,621          | 1,749          | 3,819          | 2,061          |           |          |
| Cash and cash equivalents   | 7,904          | 10,131         | 11,246         | 6,529          | 3,958          | 3,843          |           |          |
| Non-current assets classified as held for sale  | 1,010          | 1,067          | 86             | 114            | 14,316         | 14,940         |           |          |
| <b>Total Assets = Total Equity and Liabilities</b>  | <b>112,162</b> | <b>117,439</b> | <b>120,465</b> | <b>122,299</b> | <b>124,802</b> | <b>130,638</b> |           |          |
| Equity  | 27,198         | 27,736         | 30,619         | 30,289         | 32,670         | 35,519         |           |          |
| Equity attributable to equity holders of the parent and other holders of equity instruments | 21,479         | 21,848         | 23,999         | 21,115         | 23,910         | 24,056         |           |          |
| Non-controlling interests   | 5,719          | 5,888          | 6,620          | 9,174          | 8,760          | 11,463         |           |          |
| Non-current liabilities   | 58,537         | 61,683         | 61,847         | 62,311         | 59,961         | 58,803         |           |          |
| Non-current interest-bearing debt   | 47,422         | 50,359         | 50,640         | 50,688         | 48,753         | 47,799         |           |          |
| Non-current trade and other payables  | 1,663          | 2,019          | 2,061          | 2,377          | 2,319          | 2,480          |           |          |
| Deferred tax liabilities  | 2,991          | 2,945          | 2,930          | 2,566          | 2,314          | 2,307          |           |          |
| Non-current provisions  | 6,461          | 6,360          | 6,216          | 6,680          | 6,575          | 6,217          |           |          |
| Current liabilities   | 26,427         | 28,020         | 27,999         | 29,699         | 32,171         | 36,316         |           |          |
| Current interest-bearing debt   | 8,609          | 9,374          | 9,156          | 9,094          | 11,576         | 14,424         |           |          |
| Current trade and other payables  | 14,170         | 14,765         | 15,273         | 16,943         | 13,195         | 13,908         |           |          |
| Current tax payables  | 1,986          | 2,184          | 2,306          | 2,026          | 1,867          | 1,889          |           |          |
| Current provisions  | 1,470          | 1,512          | 1,264          | 1,595          | 1,418          | 1,874          |           |          |
| Liabilities associated with non-current assets held for sale                                | 192            | 185            | -              | 41             | 4,116          | 4,221          |           |          |
| <b>Financial Data</b>   |                |                |                |                |                |                |           |          |
| Net Financial Debt (1)  | 42,724         | 43,791         | 41,200         | 45,087         | 45,627         | 51,238         |           |          |

**Notes:**

- From the first quarter of 2015 Telefónica's operations in the United Kingdom are reported as discontinued operations within the Telefónica Group and their assets and liabilities are classified as "held for sale", in compliance with the IFRS, as a result of the signing of the final sale agreement of the company in March 2015. For comparative purposes, 2014 results are reported using these same criteria.

- 2014 and 2015 reported figures include the hyperinflationary adjustments in Venezuela.

(1) Figures in million euros. Net Financial Debt in June 2015 includes: Non-current interest-bearing debt + Non-current trade and other payables (1,321) + Current interest-bearing debt + Current trade and other payables (208) - Non-current financial assets (6,293) - Current financial assets - Current trade and other receivables (317) - Cash and cash equivalents.

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TELEFÓNICA  
FREE CASH FLOW AND CHANGE IN DEBT  
*Unaudited figures (Euros in millions)*

|            |  | 2014      |           |           |           | 2015      |           |           |           |
|------------|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|            |  | Jan - Mar | Jan - Jun | Jan - Sep | Jan - Dec | Jan - Mar | Jan - Jun | Jan - Sep | Jan - Dec |
| I          | Cash flows from operations   | 3,087     | 6,547     | 10,091    | 14,520    | 2,765     | 6,243     |           |           |
| II         | Net interest payment (1)   | (1,016)   | (1,544)   | (2,118)   | (2,505)   | (906)     | (1,402)   |           |           |
| III        | Payment for income tax   | (57)      | (382)     | (644)     | (1,106)   | 143       | (134)     |           |           |
| A=I+II+III | Net cash provided by operating activities                                    | 2,015     | 4,621     | 7,329     | 10,909    | 2,003     | 4,708     |           |           |
| B          | Net payment for investment in fixed and intangible assets                    | (1,835)   | (3,526)   | (5,368)   | (8,000)   | (2,297)   | (5,466)   |           |           |
|            | o/w spectrum (2)   | (92)      | (154)     | (175)     | (927)     | (96)      | (1,308)   |           |           |
| C=A+B      | Net free cash flow after CapEx   | 180       | 1,095     | 1,961     | 2,909     | (294)     | (758)     |           |           |
| D          | Net Cash received from sale of Real Estate                                   | 2         | 4         | 6         | 5         | 1         | 2         |           |           |
| E          | Net payment for financial investment (3)                                     | 1,864     | 2,026     | 3,299     | (517)     | (86)      | (743)     |           |           |
| F          | Net payment for operations with minority shareholders and treasury stock (4) | 1,164     | (935)     | (122)     | 144       | (63)      | 371       |           |           |
| G=C+D+E+F  | Free cash flow after dividends from continuing operations                    | 3,210     | 2,190     | 5,144     | 2,541     | (442)     | (1,129)   |           |           |
| L          | Free cash flow after dividends from discontinued operations                  | 3         | 246       | 602       | 426       | 362       | 494       |           |           |
| H          | Effects of exchange rate changes on net financial debt                       | 2,299     | 2,596     | 2,898     | 2,405     | 546       | 524       |           |           |
| I          | Effects on net financial debt of changes in consolid. and others             | (520)     | (479)     | (325)     | 268       | (85)      | 4,992     |           |           |
| J          | Net financial debt at beginning of period                                    | 45,381    | 45,381    | 45,381    | 45,381    | 45,087    | 45,087    |           |           |
| K=J-G+H+I  | Net financial debt at end of period  | 43,947    | 45,062    | 42,207    | 45,087    | 45,627    | 51,238    |           |           |

|   |  | 2014      |           |           |           | 2015      |           |           |           |
|---|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|   |  | Jan - Mar | Jan - Jun | Jan - Sep | Jan - Dec | Jan - Mar | Jan - Jun | Jan - Sep | Jan - Dec |
| Net Free Cash Flow after CapEx  |  | 180       | 1,095     | 1,961     | 2,909     | (294)     | (758)     |           |           |
| + Payments related to cancellation of commitments                                   |  | 158       | 405       | 546       | 704       | 266       | 417       |           |           |
| - Operations with minority shareholders   |  | (119)     | (254)     | (271)     | (327)     | (26)      | (400)     |           |           |
| = Free Cash Flow from continuing operations   |  | 219       | 1,246     | 2,236     | 3,286     | (54)      | (741)     |           |           |
| + Free Cash Flow from discontinued operations                                       |  | 69        | 330       | 692       | 531       | 417       | 547       |           |           |
| = Free Cash Flow  |  | 289       | 1,576     | 2,928     | 3,817     | 363       | (194)     |           |           |
| Weighted average number of ordinary shares outstanding during the period (millions) |  | 4,612     | 4,596     | 4,584     | 4,606     | 4,645     | 4,755     |           |           |
| = Free Cash Flow per share from continuing operations (euros)                       |  | 0.05      | 0.27      | 0.49      | 0.71      | (0.01)    | (0.16)    |           |           |
| = Free Cash Flow per share from discontinued operations (euros)                     |  | 0.02      | 0.07      | 0.15      | 0.12      | 0.09      | 0.12      |           |           |
| = Free Cash Flow per share  |  | 0.06      | 0.34      | 0.64      | 0.83      | 0.08      | (0.04)    |           |           |

Notes:

- From the first quarter of 2015 Telefónica's operations in the United Kingdom are reported as discontinued operations within the Telefónica Group and their assets and liabilities are classified as "held for sale", in compliance with the IFRS, as a result of the signing of the final sale agreement of the company in March 2015. For comparative purposes, 2014 results are reported using these same criteria, which have been updated to report certain intragroup transactions as discontinued operations.

- For comparative purposes, the quarterly data for 2014 are reported adjusting the exchange rate in Venezuela from SICAD I to SICAD II 50 VEF/USD for the Telefónica Group, Hispanoamérica and Venezuela and Central America following the adoption of SICAD II 50 VEF/USD in the fourth quarter of 2014. The January-March 2015 period is at the previously denominated SICAD II 52 VEF/USD. The April-June 2015 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the previously denominated SIMADI (as of 30 June, this rate was set at 197 Venezuelan bolivars fuertes per dollar).

- The concept "Free Cash Flow" reflects the amount of cash flow available to remunerate Telefónica S.A. Shareholders, to protect solvency levels (financial debt and commitments), and to accommodate strategic flexibility.

- 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.

- 2014 and 2015 reported figures include the hyperinflationary adjustments in Venezuela in both years.

(1) Including cash received from dividends paid by subsidiaries that are not fully consolidated.

(2) Figures in millions of euros. 2015 includes the following spectrum payments: 976 million in Germany, 204 in Argentina, 67 in Ecuador, 49 in Spain 6 in Chile 5 in Colombia and 1 in Nicaragua. In 2014: 79 million in Panama, 62 in Colombia and 13 in Brazil.

(3) In 2015 includes the contribution of minorities in the share capital increase of Telefónica Brasil, the sale of Telecom Italia S.p.A., the sale of yourfone GmbH, the payment for the purchase of GVT and of DTS. In 2014 includes the sale of T. Czech Republic.

(4) Dividends paid by Telefónica S.A., operations with treasury stock, issuance of shares, issuance 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)*

|   | 2014         |              |               |               | 2015         |                |           |           |
|---|--------------|--------------|---------------|---------------|--------------|----------------|-----------|-----------|
|   | Jan - Mar    | Jan - Jun    | Jan - Sep     | Jan -Dec      | Jan - Mar    | Jan - Jun      | Jan - Sep | Jan - Dec |
| <b>OIBDA</b>  | <b>3,359</b> | <b>6,825</b> | <b>10,415</b> | <b>13,781</b> | <b>3,618</b> | <b>7,320</b>   |           |           |
| - CapEx accrued during the period   | (1,337)      | (3,061)      | (4,918)       | (8,681)       | (1,682)      | (5,094)        |           |           |
| - Payments related to cancellation of commitments                                 | (158)        | (405)        | (546)         | (704)         | (266)        | (417)          |           |           |
| - Net interest payment  | (1,016)      | (1,544)      | (2,118)       | (2,505)       | (906)        | (1,402)        |           |           |
| - Payment for tax   | (57)         | (382)        | (644)         | (1,106)       | 143          | (134)          |           |           |
| - Gain (loss) on sale of fixed assets and impairment of goodwill and other assets | (39)         | (50)         | (60)          | (265)         | (59)         | (88)           |           |           |
| - Investment in working cap. and other deferred income and expenses               | (572)        | (287)        | (169)         | 2,390         | (1,142)      | (943)          |           |           |
| <b>= Net Free Cash Flow after CapEx</b>   | <b>180</b>   | <b>1,095</b> | <b>1,961</b>  | <b>2,909</b>  | <b>(294)</b> | <b>(758)</b>   |           |           |
| + Net Cash received from sale of Real Estate                                      | 2            | 4            | 6             | 5             | 1            | 2              |           |           |
| - Net payment for financial investment  | 1,864        | 2,026        | 3,299         | (517)         | (86)         | (743)          |           |           |
| - Net payment for operations with minority shareholders and treasury stock        | 1,164        | (935)        | (122)         | 144           | (63)         | 371            |           |           |
| <b>= Free Cash Flow after dividends</b>   | <b>3,210</b> | <b>2,190</b> | <b>5,144</b>  | <b>2,541</b>  | <b>(442)</b> | <b>(1,129)</b> |           |           |

**Notes:**

- From the first quarter of 2015 Telefónica's operations in the United Kingdom are reported as discontinued operations within the Telefónica Group and their assets and liabilities are classified as "held for sale", in compliance with the IFRS, as a result of the signing of the final sale agreement of the company in March 2015. For comparative purposes, 2014 results are reported using these same criteria, which have been updated to report certain intragroup transactions as discontinued operations.

- For comparative purposes, the quarterly data for 2014 are reported adjusting the exchange rate in Venezuela from SICAD I to SICAD II 50 VEF/USD for the Telefónica Group, Hispanoamérica and Venezuela and Central America following the adoption of SICAD II 50 VEF/USD in the fourth quarter of 2014. The January-March 2015 period is at the previously denominated SICAD II 52 VEF/USD. The April-June 2015 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the previously denominated SIMADI (as of 30 June, this rate was set at 197 Venezuelan bolivars fuertes per dollar).

- 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.

- 2014 and 2015 reported figures include the hyperinflationary adjustments in Venezuela in both years.

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## TELEFÓNICA

## EXCHANGE RATES APPLIED TO P&amp;L AND CAPEX

|                                     | 2014      |           |           |           | 2015      |           |           |           |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                     | Jan - Mar | Jan - Jun | Jan - Sep | Jan - Dec | Jan - Mar | Jan - Jun | Jan - Sep | Jan - Dec |
| USA (US Dollar/Euro)                | 1.370     | 1.371     | 1.355     | 1.326     | 1.126     | 1.115     |           |           |
| United Kingdom (Sterling/Euro)      | 0.828     | 0.821     | 0.812     | 0.806     | 0.743     | 0.732     |           |           |
| Argentina (Argentinean Peso/Euro)   | 10.356    | 10.693    | 10.792    | 10.751    | 9.788     | 9.836     |           |           |
| Brazil (Brazilian Real/Euro)        | 3.230     | 3.142     | 3.097     | 3.117     | 3.215     | 3.302     |           |           |
| Chile (Chilean Peso/Euro)           | 754.848   | 757.650   | 759.994   | 756.710   | 703.349   | 692.458   |           |           |
| Colombia (Colombian Peso/Euro)      | 2,744.855 | 2,682.533 | 2,629.282 | 2,650.032 | 2,784.003 | 2,771.265 |           |           |
| Costa Rica (Colon/Euro)             | 728.863   | 746.269   | 738.007   | 722.022   | 610.128   | 602.773   |           |           |
| Guatemala (Quetzal/Euro)            | 10.658    | 10.652    | 10.527    | 10.255    | 8.599     | 8.537     |           |           |
| Mexico (Mexican Peso/Euro)          | 18.123    | 17.974    | 17.770    | 17.655    | 16.844    | 16.882    |           |           |
| Nicaragua (Cordoba/Euro)            | 34.905    | 35.143    | 34.958    | 34.445    | 30.140    | 30.024    |           |           |
| Peru (Peruvian Nuevo Sol/Euro)      | 3.848     | 3.838     | 3.804     | 3.767     | 3.444     | 3.457     |           |           |
| Uruguay (Uruguayan Peso/Euro)       | 30.325    | 30.863    | 31.013    | 30.779    | 27.880    | 28.590    |           |           |
| Venezuela (Bolívar Fuerte/Euro) (1) | 68.923    | 68.273    | 62.901    | 60.691    | 56.057    | 220.751   |           |           |

Note: These 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

|                                     | 2014      |           |           |           | 2015      |           |           |          |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|
|                                     | March     | June      | September | December  | March     | June      | September | December |
| USA (US Dollar/Euro)                | 1.379     | 1.366     | 1.258     | 1.214     | 1.076     | 1.119     |           |          |
| United Kingdom (Sterling/Euro)      | 0.828     | 0.801     | 0.777     | 0.779     | 0.727     | 0.711     |           |          |
| Argentina (Argentinean Peso/Euro)   | 11.033    | 11.108    | 10.607    | 10.382    | 9.492     | 10.169    |           |          |
| Brazil (Brazilian Real/Euro)        | 3.120     | 3.008     | 3.084     | 3.225     | 3.451     | 3.471     |           |          |
| Chile (Chilean Peso/Euro)           | 759.965   | 754.905   | 754.000   | 736.654   | 674.136   | 715.021   |           |          |
| Colombia (Colombian Peso/Euro)      | 2,715.480 | 2,569.327 | 2,544.283 | 2,904.688 | 2,795.576 | 2,907.661 |           |          |
| Costa Rica (Colon/Euro)             | 763.359   | 749.625   | 686.342   | 662.252   | 580.046   | 605.327   |           |          |
| Guatemala (Quetzal/Euro)            | 10.655    | 10.624    | 9.653     | 9.223     | 8.225     | 8.531     |           |          |
| Mexico (Mexican Peso/Euro)          | 18.000    | 17.716    | 16.903    | 17.898    | 16.423    | 17.550    |           |          |
| Nicaragua (Cordoba/Euro)            | 35.350    | 35.445    | 33.060    | 32.293    | 28.964    | 30.490    |           |          |
| Peru (Peruvian Nuevo Sol/Euro)      | 3.872     | 3.817     | 3.635     | 3.614     | 3.332     | 3.554     |           |          |
| Uruguay (Uruguayan Peso/Euro)       | 31.208    | 31.250    | 31.036    | 29.543    | 27.626    | 30.289    |           |          |
| Venezuela (Bolívar Fuerte/Euro) (1) | 60.691    | 68.273    | 62.901    | 60.691    | 56.057    | 220.751   |           |          |

Note: Exchange rates as of the end of the period.

(1) 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 Bolívar Fuerte/Euro. In 2014 the exchange rate in Venezuela has been modified from SICAD I to SICAD II 50 VEF/USD, following the adoption of SICAD II 50 VEF/USD in the fourth quarter of 2014. The January-March 2015 period is at the previously denominated SICAD II 52 VEF/USD. The January-June consolidated financial statements use the exchange rate of the Venezuelan bolívar set at the denominated SIMADI (as of 30 June, this rate was set at 197 Venezuelan bolívars fuertes per dollar).

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TELEFÓNICA  
YEAR TO DATE MAIN FINANCING OPERATIONS  
*Unaudited figures*

|  | Closing date | Amount (m) | Currency | Issuer                                |                    |  |                      |
|--|--------------|------------|----------|---------------------------------------|--------------------|--|----------------------|
| EQUITY   |              |            |          |                                       |                    |  |                      |
| Capital increase   | 17-Apr-15    | 3,048      | EUR      | Telefónica, S.A.                      |                    |  |                      |
| Capital increase   | 5-May-15     | 4,044      | BRL      | Telefónica Brasil, S.A.               |                    |  |                      |
|  | Issue date   | Amount (m) | Currency | Issuer                                | Coupon             | Maturity date                              | ISIN code            |
| DEBENTURES AND BONDS   |              |            |          |                                       |                    |  |                      |
| Schuldscheindarlehen/ Namensschuldverschreibung <sup>1</sup> | 13-Mar-15    | 300        | EUR      | Telefónica Germany, GmbH & Co         | 2.375%             | 13-Mar-32                                  |                      |
| Eurobond   | 18-Jun-15    | 300        | EUR      | Telefónica Emisiones, S.A.U.          | Euribor 3M + 0.33% | Interest Payment Date falling in June 2017 | XS1249278976         |
| Eurobond   | 21-Jul-15    | 67         | EUR      | Telefónica Emisiones, S.A.U.          | Euribor 6M + 0.83% | Interest Payment Date falling in July 2022 | XS1262975995         |
| Bond   | 24-Jul-15    | 2          | UF       | Telefónica Móviles Chile              | 2.200%             | 20-Jun-20                                  | BTMOV-G <sup>2</sup> |
|  | Issue date   | Amount (m) | Currency | Issuer                                | Coupon             | First Call date                            | ISIN code            |
| UNDATED DEEPLY SUBORDINATED RESET RATE SECURITIES            |              |            |          |                                       |                    |  |                      |
| Hybrid bond  | 30-Mar-15    | 500        | USD      | Colombia Telecomunicaciones, S.A. ESP | 8.500%             | 30-Mar-20                                  | USP28768AB86         |
|  | Signing Date | Amount (m) | Currency | Borrower                              | Maturity Date      |  |                      |
| INTEREST-BEARING DEBT  |              |            |          |                                       |                    |  |                      |
| Syndicated facility  | 19-Feb-15    | 2,500      | EUR      | Telefónica, S.A.                      | 19-Feb-20          |  |                      |
| Syndicated facility <sup>3</sup>                             | 19-Feb-15    | 3,000      | EUR      | Telefónica, S.A.                      | 18-Feb-19          |  |                      |
| Bilateral Loan   | 30-Jun-15    | 200        | EUR      | Telefónica, S.A.                      | 30-Jun-20          |  |                      |
| Bilateral Loan   | 16-Jul-15    | 175        | EUR      | Telefónica, S.A.                      | 16-Jul-17          |  |                      |
| Bilateral Loan   | 16-Jul-15    | 125        | EUR      | Telefónica, S.A.                      | 19-Mar-19          |  |                      |

1. Maximum coupon and maturity date

2. Santiago Exchange code

3. Amendment to the 3,000 million euros syndicated credit facility arranged on February 18, 2014

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TELEFÓNICA  
RECONCILIATION OF REPORTED VS. ORGANIC GROWTH  
*Unaudited figures (Euros in millions)*

| REVENUES                               | 2014          |               |               |               | 2015          |               |           |           | %            |
|--|---------------|---------------|---------------|---------------|---------------|---------------|-----------|-----------|--------------|
|  | Jan - Mar     | Jan - Jun     | Jan - Sep     | Jan - Dec     | Jan - Mar     | Jan - Jun     | Jan - Sep | Jan - Dec | Jan - Jun    |
| <b>T. ESPAÑA</b>                       |               |               |               |               |               |               |           |           |              |
| REPORTED DATA                          | 2,992         | 5,992         | 8,985         | 12,023        | 2,878         | 5,844         |           |           | (2.5)        |
| <b>T. ESPAÑA ORGANIC</b>               | <b>2,992</b>  | <b>5,992</b>  | <b>8,985</b>  | <b>12,023</b> | <b>2,878</b>  | <b>5,844</b>  |           |           | <b>(2.5)</b> |
| <b>T. DEUTSCHLAND</b>                  |               |               |               |               |               |               |           |           |              |
| REPORTED DATA                          | 1,122         | 2,284         | 3,503         | 5,522         | 1,901         | 3,849         |           |           | 68.6         |
| Changes in the consolidation perimeter | 725           | 1,488         | 2,271         | 2,271         |               |               |           |           |              |
| <b>T. DEUTSCHLAND ORGANIC</b>          | <b>1,847</b>  | <b>3,772</b>  | <b>5,774</b>  | <b>7,793</b>  | <b>1,901</b>  | <b>3,849</b>  |           |           | <b>2.1</b>   |
| <b>T. BRASIL</b>                       |               |               |               |               |               |               |           |           |              |
| REPORTED DATA                          | 2,666         | 5,484         | 8,380         | 11,231        | 2,794         | 5,737         |           |           | 4.6          |
| Forex impact                           |               |               |               |               | (12)          | 293           |           |           |              |
| Changes in the consolidation perimeter |               | 271           | 706           | 1,138         |               |               |           |           |              |
| <b>T. BRASIL ORGANIC</b>               | <b>2,666</b>  | <b>5,755</b>  | <b>9,086</b>  | <b>12,368</b> | <b>2,781</b>  | <b>6,031</b>  |           |           | <b>4.8</b>   |
| <b>T. HISPAM</b>                       |               |               |               |               |               |               |           |           |              |
| REPORTED DATA                          | 3,066         | 6,200         | 9,538         | 13,155        | 3,665         | 7,132         |           |           | 15.0         |
| Forex impact                           |               |               |               |               | (282)         | (389)         |           |           |              |
| Hyperinflation in Venezuela            | (2)           | (29)          | (96)          | (184)         | (184)         | 47            |           |           |              |
| <b>T. HISPAM ORGANIC</b>               | <b>3,063</b>  | <b>6,172</b>  | <b>9,441</b>  | <b>12,971</b> | <b>3,360</b>  | <b>6,790</b>  |           |           | <b>10.0</b>  |
| <b>TELEFÓNICA</b>                      |               |               |               |               |               |               |           |           |              |
| REPORTED DATA                          | 10,251        | 20,817        | 31,577        | 43,458        | 11,543        | 23,419        |           |           | 12.5         |
| Forex impact                           |               |               |               |               | (308)         | (124)         |           |           |              |
| Hyperinflation in Venezuela            | (3)           | (29)          | (98)          | (187)         | (23)          | 47            |           |           |              |
| Changes in the consolidation perimeter | 603           | 1,678         | 3,137         | 3,804         |               |               |           |           |              |
| <b>TELEFÓNICA ORGANIC</b>              | <b>10,852</b> | <b>22,467</b> | <b>34,616</b> | <b>47,076</b> | <b>11,212</b> | <b>23,342</b> |           |           | <b>3.9</b>   |

| OIBDA                                  | 2014         |              |               |               | 2015         |              |           |           | %            |
|--|--------------|--------------|---------------|---------------|--------------|--------------|-----------|-----------|--------------|
|  | Jan - Mar    | Jan - Jun    | Jan - Sep     | Jan - Dec     | Jan - Mar    | Jan - Jun    | Jan - Sep | Jan - Dec | Jan - Jun    |
| <b>T. ESPAÑA</b>                       |              |              |               |               |              |              |           |           |              |
| REPORTED DATA                          | 1,402        | 2,745        | 4,121         | 5,671         | 1,282        | 2,598        |           |           | (5.3)        |
| Tower sales                            | (46)         | (54)         | (54)          | (191)         | (38)         | (38)         |           |           |              |
| <b>T. ESPAÑA ORGANIC</b>               | <b>1,357</b> | <b>2,690</b> | <b>4,066</b>  | <b>5,480</b>  | <b>1,243</b> | <b>2,560</b> |           |           | <b>(4.9)</b> |
| <b>T. DEUTSCHLAND</b>                  |              |              |               |               |              |              |           |           |              |
| REPORTED DATA                          | 251          | 515          | 770           | 733           | 408          | 869          |           |           | 68.5         |
| Restructuring charges                  |              |              | 8             | 415           |              | 3            |           |           |              |
| Changes in the consolidation perimeter | 123          | 271          | 373           | 367           |              |              |           |           |              |
| <b>T. DEUTSCHLAND ORGANIC</b>          | <b>374</b>   | <b>786</b>   | <b>1,152</b>  | <b>1,515</b>  | <b>408</b>   | <b>872</b>   |           |           | <b>10.8</b>  |
| <b>T. BRASIL</b>                       |              |              |               |               |              |              |           |           |              |
| REPORTED DATA                          | 828          | 1,732        | 2,613         | 3,543         | 840          | 1,759        |           |           | 1.6          |
| Forex impact                           |              |              |               |               | (4)          | 90           |           |           |              |
| Tower sales                            |              |              | (1)           | (1)           |              |              |           |           |              |
| Restructuring charges                  |              |              |               | 68            |              |              |           |           |              |
| Changes in the consolidation perimeter |              | 105          | 275           | 444           |              |              |           |           |              |
| <b>T. BRASIL ORGANIC</b>               | <b>828</b>   | <b>1,837</b> | <b>2,887</b>  | <b>4,054</b>  | <b>836</b>   | <b>1,849</b> |           |           | <b>0.6</b>   |
| <b>T. HISPAM</b>                       |              |              |               |               |              |              |           |           |              |
| REPORTED DATA                          | 912          | 1,854        | 2,957         | 4,068         | 1,127        | 2,152        |           |           | 16.1         |
| Forex impact                           |              |              |               |               | (85)         | (119)        |           |           |              |
| Hyperinflation in Venezuela            |              | (11)         | (40)          | (70)          | 3            | 22           |           |           |              |
| Tower sales                            |              |              | (3)           | (4)           | (1)          | (2)          |           |           |              |
| Restructuring charges                  |              |              |               | 99            |              | 7            |           |           |              |
| <b>T. HISPAM ORGANIC</b>               | <b>912</b>   | <b>1,842</b> | <b>2,914</b>  | <b>4,094</b>  | <b>1,044</b> | <b>2,059</b> |           |           | <b>11.8</b>  |
| <b>TELEFÓNICA</b>                      |              |              |               |               |              |              |           |           |              |
| REPORTED DATA                          | 3,359        | 6,825        | 10,415        | 13,781        | 3,618        | 7,320        |           |           | 7.2          |
| Forex impact                           |              |              |               |               | (87)         | (29)         |           |           |              |
| Hyperinflation in Venezuela            |              | (12)         | (42)          | (72)          | 3            | 28           |           |           |              |
| Tower sales                            | (46)         | (55)         | (58)          | (196)         | (39)         | (40)         |           |           |              |
| Restructuring charges                  |              |              | 14            | 658           |              | 16           |           |           |              |
| Changes in the consolidation perimeter | 101          | 333          | 601           | 746           |              |              |           |           |              |
| <b>TELEFÓNICA ORGANIC</b>              | <b>3,414</b> | <b>7,091</b> | <b>10,931</b> | <b>14,916</b> | <b>3,495</b> | <b>7,294</b> |           |           | <b>2.9</b>   |

| OPERATING INCOME                       | 2014         |              |              |              | 2015         |              |           |           | %          |
|--|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-----------|------------|
|  | Jan - Mar    | Jan - Jun    | Jan - Sep    | Jan - Dec    | Jan - Mar    | Jan - Jun    | Jan - Sep | Jan - Dec | Jan - Jun  |
| <b>TELEFÓNICA</b>                      |              |              |              |              |              |              |           |           |            |
| REPORTED DATA                          | 1,590        | 3,334        | 5,153        | 6,350        | 1,511        | 3,068        |           |           | (8.0)      |
| Forex impact                           |              |              |              |              | (42)         | (1)          |           |           |            |
| Hyperinflation in Venezuela            | 7            | 14           | (1)          | (4)          | 28           | 42           |           |           |            |
| Tower sales                            | (46)         | (55)         | (58)         | (196)        | (39)         | (40)         |           |           |            |
| Restructuring charges                  |              |              | 14           | 658          |              | 16           |           |           |            |
| Changes in the consolidation perimeter | (139)        | (227)        | (340)        | (294)        |              |              |           |           |            |
| <b>TELEFÓNICA ORGANIC</b>              | <b>1,413</b> | <b>3,066</b> | <b>4,769</b> | <b>6,514</b> | <b>1,458</b> | <b>3,084</b> |           |           | <b>0.6</b> |

| CAPEX                                  | 2014         |              |              |              | 2015         |              |           |           | %           |
|--|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-----------|-------------|
|  | Jan - Mar    | Jan - Jun    | Jan - Sep    | Jan - Dec    | Jan - Mar    | Jan - Jun    | Jan - Sep | Jan - Dec |             |
| <b>T. ESPAÑA</b>                       |              |              |              |              |              |              |           |           |             |
| REPORTED DATA                          | 267          | 703          | 1,186        | 1,732        | 414          | 887          |           |           | 26.2        |
| Spectrum acquisition                   |              |              |              |              | (22)         | (49)         |           |           |             |
| Real estate efficiency plan            |              |              | (43)         | (49)         |              |              |           |           |             |
| <b>T. ESPAÑA ORGANIC</b>               | <b>267</b>   | <b>703</b>   | <b>1,144</b> | <b>1,683</b> | <b>392</b>   | <b>838</b>   |           |           | <b>19.2</b> |
| <b>T. DEUTSCHLAND</b>                  |              |              |              |              |              |              |           |           |             |
| REPORTED DATA                          | 132          | 266          | 411          | 849          | 221          | 1,658        |           |           | n.m.        |
| Spectrum acquisition                   |              |              |              |              |              | (1,195)      |           |           |             |
| Changes in the consolidation perimeter | 83           | 172          | 313          | 313          |              |              |           |           |             |
| <b>T. DEUTSCHLAND ORGANIC</b>          | <b>215</b>   | <b>438</b>   | <b>724</b>   | <b>1,161</b> | <b>221</b>   | <b>463</b>   |           |           | <b>5.6</b>  |
| <b>T. BRASIL</b>                       |              |              |              |              |              |              |           |           |             |
| REPORTED DATA                          | 310          | 833          | 1,348        | 2,933        | 395          | 961          |           |           | 15.4        |
| Forex impact                           |              |              |              |              | (2)          | 49           |           |           |             |
| Spectrum acquisition                   |              |              |              | (889)        |              |              |           |           |             |
| Changes in the consolidation perimeter |              | 96           | 267          | 443          |              |              |           |           |             |
| <b>T. BRASIL ORGANIC</b>               | <b>310</b>   | <b>929</b>   | <b>1,616</b> | <b>2,487</b> | <b>393</b>   | <b>1,010</b> |           |           | <b>8.7</b>  |
| <b>T. HISPAM</b>                       |              |              |              |              |              |              |           |           |             |
| REPORTED DATA                          | 579          | 1,150        | 1,774        | 2,842        | 622          | 1,474        |           |           | 28.2        |
| Forex impact                           |              |              |              |              | (58)         | (97)         |           |           |             |
| Spectrum acquisition                   | (187)        | (189)        | (192)        | (401)        | (115)        | (303)        |           |           |             |
| Hyperinflation in Venezuela            |              | (2)          | (12)         | (35)         | (2)          | 10           |           |           |             |
| <b>T. HISPAM ORGANIC</b>               | <b>392</b>   | <b>959</b>   | <b>1,569</b> | <b>2,406</b> | <b>446</b>   | <b>1,084</b> |           |           | <b>13.1</b> |
| <b>TELEFÓNICA</b>                      |              |              |              |              |              |              |           |           |             |
| REPORTED DATA                          | 1,337        | 3,061        | 4,918        | 8,681        | 1,682        | 5,094        |           |           | 66.4        |
| Forex impact                           |              |              |              |              | (61)         | (52)         |           |           |             |
| Spectrum acquisition                   | (187)        | (189)        | (192)        | (1,290)      | (137)        | (1,547)      |           |           |             |
| Hyperinflation in Venezuela            |              | (2)          | (12)         | (35)         | (2)          | 10           |           |           |             |
| Real estate efficiency plan            |              |              | (72)         | (78)         |              |              |           |           |             |
| Changes in the consolidation perimeter | 68           | 244          | 565          | 748          |              |              |           |           |             |
| <b>TELEFÓNICA ORGANIC</b>              | <b>1,219</b> | <b>3,114</b> | <b>5,206</b> | <b>8,026</b> | <b>1,481</b> | <b>3,506</b> |           |           | <b>12.6</b> |

| OpCF (OIBDA-CapEx)                     | 2014         |              |              |              | 2015         |              |           |           | %             |
|--|--------------|--------------|--------------|--------------|--------------|--------------|-----------|-----------|---------------|
|  | Jan - Mar    | Jan - Jun    | Jan - Sep    | Jan - Dec    | Jan - Mar    | Jan - Jun    | Jan - Sep | Jan - Dec |               |
| <b>T. ESPAÑA</b>                       |              |              |              |              |              |              |           |           |               |
| REPORTED DATA                          | 1,136        | 2,042        | 2,934        | 3,939        | 868          | 1,711        |           |           | (16.2)        |
| Tower sales                            | (46)         | (54)         | (54)         | (191)        | (38)         | (38)         |           |           |               |
| Spectrum acquisition                   |              |              |              |              | 22           | 49           |           |           |               |
| Real estate efficiency plan            |              |              | 43           | 49           |              |              |           |           |               |
| <b>T. ESPAÑA ORGANIC</b>               | <b>1,090</b> | <b>1,988</b> | <b>2,923</b> | <b>3,797</b> | <b>852</b>   | <b>1,722</b> |           |           | <b>(13.4)</b> |
| <b>T. DEUTSCHLAND</b>                  |              |              |              |              |              |              |           |           |               |
| REPORTED DATA                          | 119          | 249          | 360          | (116)        | 187          | (789)        |           |           | n.m.          |
| Spectrum acquisition                   |              |              |              |              |              | 1,195        |           |           |               |
| Restructuring charges                  |              |              | 8            | 415          |              | 3            |           |           |               |
| Changes in the consolidation perimeter | 41           | 99           | 61           | 55           |              |              |           |           |               |
| <b>T. DEUTSCHLAND ORGANIC</b>          | <b>159</b>   | <b>348</b>   | <b>428</b>   | <b>353</b>   | <b>187</b>   | <b>409</b>   |           |           | <b>17.5</b>   |
| <b>T. BRASIL</b>                       |              |              |              |              |              |              |           |           |               |
| REPORTED DATA                          | 518          | 899          | 1,265        | 610          | 445          | 798          |           |           | (11.2)        |
| Forex impact                           |              |              |              |              | (2)          | 41           |           |           |               |
| Tower sales                            |              |              | (1)          | (1)          |              |              |           |           |               |
| Spectrum acquisition                   |              |              |              | 889          |              |              |           |           |               |
| Restructuring charges                  |              |              |              | 68           |              |              |           |           |               |
| Changes in the consolidation perimeter |              | 9            | 7            | 1            |              |              |           |           |               |
| <b>T. BRASIL ORGANIC</b>               | <b>518</b>   | <b>908</b>   | <b>1,272</b> | <b>1,567</b> | <b>443</b>   | <b>839</b>   |           |           | <b>(7.6)</b>  |
| <b>T. HISPAM</b>                       |              |              |              |              |              |              |           |           |               |
| REPORTED DATA                          | 334          | 705          | 1,183        | 1,226        | 505          | 678          |           |           | (3.8)         |
| Forex impact                           |              |              |              |              | (27)         | (22)         |           |           |               |
| Hyperinflation in Venezuela            |              | (9)          | (28)         | (35)         | 6            | 12           |           |           |               |
| Tower sales                            |              |              | (3)          | (4)          | (1)          | (2)          |           |           |               |
| Spectrum acquisition                   | 187          | 189          | 192          | 401          | 115          | 303          |           |           |               |
| Restructuring charges                  |              |              |              | 99           |              | 7            |           |           |               |
| <b>T. HISPAM ORGANIC</b>               | <b>520</b>   | <b>884</b>   | <b>1,345</b> | <b>1,686</b> | <b>598</b>   | <b>975</b>   |           |           | <b>10.4</b>   |
| <b>TELEFÓNICA</b>                      |              |              |              |              |              |              |           |           |               |
| REPORTED DATA                          | 2,022        | 3,764        | 5,498        | 5,100        | 1,937        | 2,226        |           |           | (40.9)        |
| Forex impact                           |              |              |              |              | (27)         | 23           |           |           |               |
| Spectrum acquisition                   | 187          | 189          | 192          | 1,290        | 137          | 1,547        |           |           |               |
| Hyperinflation in Venezuela            |              | (10)         | (30)         | (37)         | 6            | 18           |           |           |               |
| Tower sales                            | (46)         | (55)         | (58)         | (196)        | (39)         | (40)         |           |           |               |
| Real estate efficiency plan            |              |              | 72           | 78           |              |              |           |           |               |
| Restructuring charges                  |              |              | 14           | 658          |              | 16           |           |           |               |
| Changes in the consolidation perimeter | 33           | 88           | 37           | (2)          |              |              |           |           |               |
| <b>TELEFÓNICA ORGANIC</b>              | <b>2,195</b> | <b>3,977</b> | <b>5,725</b> | <b>6,891</b> | <b>2,014</b> | <b>3,788</b> |           |           | <b>(4.7)</b>  |

Notes:

- The breakdown of the effects for the reconciliation of reported vs. organic 2015 excludes forex impacts and therefore it assumes average constant exchange rates as of June 2014. Forex impact on those effects is fully included under the "Forex impact" epigraph.

- **Organic criteria:** Assumes constant exchange rates as of 2014 (average FX in 2014). Excludes hyperinflationary accounting in Venezuela in both years and the results of O2 UK for both years after being classified as "discontinued operations", and considers a constant perimeter of consolidation. In OIBDA and OI terms, excludes write-downs, capital gains/losses from the sale of companies, tower sales, material non-recurring impacts and restructuring charges mainly related to the integration processes in Germany and Brazil and the simplification programme. In addition, CapEx excludes investment in spectrum and the Real Estate efficiency plan.

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TELEFÓNICA

REPORTED VS. UNDERLYING

Unaudited figures (Euros in millions)

|  | January- June    |                    |                    | %                             |                             |
|--|------------------|--------------------|--------------------|-------------------------------|-----------------------------|
|  | 2015<br>Reported | 2015<br>Underlying | 2014<br>Underlying | Underlying<br>Change<br>y-o-y | Reported<br>Change<br>y-o-y |
| Net income   | 3,693            | 4,019              | 2,041              | 96.9                          | 105.4                       |
| Basic earnings per share (euros)                         | 0.75             | 0.82               | 0.43               | 92.1                          | 100.9                       |
|  | 2015             |                    | 2014               |                               |                             |
| Reported Net Income                                      | 3,693            |                    | 1,798              |                               |                             |
| PPAs   | 266              |                    | 211                |                               |                             |
| Tower sales  | (29)             |                    | (39)               |                               |                             |
| Amortisation Ireland                                     |                  |                    | (19)               |                               |                             |
| Restructuring charges                                    | 9                |                    |                    |                               |                             |
| Divestment in Telecom Italia                             | (285)            |                    |                    |                               |                             |
| VEF change to SIMADI                                     | 364              |                    |                    |                               |                             |
| Provision of net financial assets in Venezuelan Bolivars |                  |                    | 90                 |                               |                             |
| Underlying Net Income                                    | 4,019            |                    | 2,041              |                               |                             |

- **Underlying criteria** : Considers reported figures excluding the impact on net income of write-downs, capital gains/losses from companies' disposals, tower sales, material non-recurring impacts and restructuring costs mainly related to the integration processes in Germany and Brazil and the simplification programme, as well as depreciation and amortisation charges arising from purchase price allocation processes. In 2015 the impact from the adoption of the SIMADI exchange system in Venezuela and the divestment in Telecom Italia, S.p.A. are excluded.

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TELEFÓNICA

REPORTED VS. UNDERLYING

Unaudited figures (Euros in millions)

|                                  | April - June     |                    |                    | %                             |                             |
|----------------------------------|------------------|--------------------|--------------------|-------------------------------|-----------------------------|
|                                  | 2015<br>Reported | 2015<br>Underlying | 2014<br>Underlying | Underlying<br>Change<br>y-o-y | Reported<br>Change<br>y-o-y |
| Net income                       | 1,891            | 2,097              | 1,192              | 76.0                          | 70.4                        |
| Basic earnings per share (euros) | 0.75             | 0.42               | 0.25               | 67.5                          | 62.1                        |
|                                  | 2015             |                    | 2014               |                               |                             |
| Reported Net Income              | 1,891            |                    | 1,110              |                               |                             |
| PPAs                             | 119              |                    | 108                |                               |                             |
| Tower sales                      | (1)              |                    | (7)                |                               |                             |
| Amortisation Ireland             |                  |                    | (19)               |                               |                             |
| Restructuring charges            | 9                |                    |                    |                               |                             |
| Divestment in Telecom Italia     | (285)            |                    |                    |                               |                             |
| VEF change to SIMADI             | 364              |                    |                    |                               |                             |
| Underlying Net Income            | 2,097            |                    | 1,191              |                               |                             |

- **Underlying criteria** : Considers reported figures excluding the impact on net income of write-downs, capital gains/losses from companies' disposals, tower sales, material non-recurring impacts and restructuring costs mainly related to the integration processes in Germany and Brazil and the simplification programme, as well as depreciation and amortisation charges arising from purchase price allocation processes. In 2015 the impact from the adoption of the SIMADI exchange system in Venezuela and the divestment in Telecom Italia, S.p.A. are excluded.

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TELEFÓNICA ESPAÑA  
CONSOLIDATED INCOME STATEMENT  
Unaudited figures (Euros in millions)

|  | 2014      |           |          |           |           | 2015      |           |          |           |           |
|--|-----------|-----------|----------|-----------|-----------|-----------|-----------|----------|-----------|-----------|
|  | Jan - Mar | Apr - Jun | Jul- Sep | Oct - Dec | Jan - Dec | Jan - Mar | Apr - Jun | Jul- Sep | Oct - Dec | Jan - Dec |
| Revenues   | 2,992     | 3,000     | 2,993    | 3,038     | 12,023    | 2,878     | 2,966     |          |           |           |
| Revenues ex-handset revenues                     | 2,851     | 2,824     | 2,848    | 2,832     | 11,355    | 2,752     | 2,799     |          |           |           |
| Wireless Business                                | 1,155     | 1,144     | 1,118    | 1,138     | 4,556     | 1,024     | 1,108     |          |           |           |
| Mobile service revenues                          | 1,014     | 968       | 974      | 932       | 3,888     | 897       | 940       |          |           |           |
| Data revenues                                    | 377       | 373       | 379      | 379       | 1,508     | 376       | 395       |          |           |           |
| Handset revenues                                 | 141       | 176       | 144      | 207       | 668       | 126       | 167       |          |           |           |
| Wireline Business                                | 2,079     | 2,105     | 2,134    | 2,225     | 8,543     | 2,120     | 2,185     |          |           |           |
| FBB and new services (1)                         | 1,040     | 1,073     | 1,115    | 1,141     | 4,368     | 1,149     | 1,196     |          |           |           |
| Voice & access revenues                          | 921       | 897       | 876      | 854       | 3,547     | 779       | 773       |          |           |           |
| Other  | 119       | 134       | 144      | 230       | 627       | 192       | 215       |          |           |           |
| Internal expenditure capitalized in fixed assets | 75        | 75        | 73       | 92        | 316       | 88        | 82        |          |           |           |
| Operating expenses                               | (1,714)   | (1,755)   | (1,714)  | (1,783)   | (6,965)   | (1,735)   | (1,753)   |          |           |           |
| Supplies   | (587)     | (649)     | (644)    | (712)     | (2,592)   | (604)     | (641)     |          |           |           |
| Personnel expenses                               | (526)     | (531)     | (544)    | (538)     | (2,139)   | (557)     | (552)     |          |           |           |
| Other operating expenses                         | (602)     | (575)     | (525)    | (533)     | (2,234)   | (573)     | (559)     |          |           |           |
| Other net income (expense)                       | 5         | 8         | 15       | 3         | 32        | 5         | (5)       |          |           |           |
| Gain (loss) on sale of fixed assets              | 43        | 13        | 11       | 202       | 268       | 46        | 26        |          |           |           |
| Impairment of goodwill and other assets          | 0         | 1         | (1)      | (2)       | (3)       | 0         | 0         |          |           |           |
| Operating income before D&A (OIBDA)              | 1,402     | 1,342     | 1,376    | 1,551     | 5,671     | 1,282     | 1,316     |          |           |           |
| OIBDA Margin                                     | 46.9%     | 44.7%     | 46.0%    | 51.0%     | 47.2%     | 44.5%     | 44.4%     |          |           |           |
| CapEx  | 267       | 436       | 484      | 546       | 1,732     | 414       | 473       |          |           |           |
| Spectrum   | -         | -         | -        | -         | -         | 22        | 27        |          |           |           |
| OpCF (OIBDA-CapEx)                               | 1,136     | 907       | 892      | 1,005     | 3,939     | 868       | 843       |          |           |           |

Note:

- OIBDA and OI before management and brand fees.

(1) Includes FBB connectivity services (retail and wholesale), including value-added services, TV services, ICT revenues and other services over connectivity.

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TELEFÓNICA ESPAÑA

ACCESSES

Unaudited figures (Thousands)

|                                     | 2014            |                 |                 |                 | 2015            |                 |           |          |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------|----------|
|                                     | March           | June            | September       | December        | March           | June            | September | December |
| Final Clients Accesses              | 35,588.4        | 35,702.4        | 35,845.3        | 35,836.7        | 35,882.6        | 35,591.8        |           |          |
| Fixed telephony accesses (1)        | 10,883.9        | 10,715.4        | 10,595.2        | 10,447.8        | 10,321.9        | 10,126.6        |           |          |
| Internet and data accesses          | 5,909.5         | 5,913.8         | 5,920.9         | 5,928.7         | 5,972.7         | 5,905.1         |           |          |
| Broadband (2)                       | 5,860.3         | 5,862.0         | 5,872.7         | 5,885.9         | 5,928.3         | 5,861.0         |           |          |
| Fibre                               | 701.3           | 861.0           | 1,068.9         | 1,316.8         | 1,560.3         | 1,720.7         |           |          |
| Mobile accesses                     | 18,064.7        | 17,863.6        | 17,749.7        | 17,575.4        | 17,448.6        | 17,330.7        |           |          |
| Prepay                              | 3,996.7         | 3,767.8         | 3,559.2         | 3,328.1         | 3,122.6         | 2,989.1         |           |          |
| Contract                            | 14,068.0        | 14,095.8        | 14,190.5        | 14,247.3        | 14,325.9        | 14,341.6        |           |          |
| M2M                                 | 1,446.6         | 1,491.9         | 1,566.9         | 1,612.4         | 1,662.4         | 1,726.5         |           |          |
| Pay TV (3)                          | 730.3           | 1,209.5         | 1,579.4         | 1,884.7         | 2,139.5         | 2,229.3         |           |          |
| Wholesale Accesses                  | 5,150.3         | 5,238.0         | 5,309.0         | 5,366.0         | 5,333.6         | 5,286.7         |           |          |
| Unbundled loops                     | 3,910.8         | 3,979.1         | 4,034.1         | 4,087.3         | 4,007.1         | 3,908.6         |           |          |
| Wholesale circuits and line rentals | 1,239.5         | 1,258.9         | 1,274.9         | 1,278.7         | 1,326.5         | 1,378.1         |           |          |
| <b>Total Accesses</b>               | <b>40,738.7</b> | <b>40,940.4</b> | <b>41,154.3</b> | <b>41,202.7</b> | <b>41,216.2</b> | <b>40,878.5</b> |           |          |

(1) Includes fixed wireless and VoIP accesses.

(2) Includes ADSL, satellite, fibre and broadband circuits.

(3) From the second quarter of 2014, Pay TV accesses include 131 thousand "TV Mini" customers.

MOBILE ACCESSES

Unaudited figures (thousands)

|                            | 2014    |         |           |          | 2015    |         |           |          |
|----------------------------|---------|---------|-----------|----------|---------|---------|-----------|----------|
|                            | March   | June    | September | December | March   | June    | September | December |
| Prepay percentage (%)      | 22.1%   | 21.1%   | 20.1%     | 18.9%    | 17.9%   | 17.2%   |           |          |
| Contract percentage (%)    | 77.9%   | 78.9%   | 79.9%     | 81.1%    | 82.1%   | 82.8%   |           |          |
| Smartphones ('000)         | 8,738.2 | 8,989.7 | 9,008.8   | 9,535.9  | 9,801.4 | 9,877.2 |           |          |
| Prepay                     | 567.2   | 590.4   | 442.5     | 404.2    | 365.7   | 351.4   |           |          |
| Contract                   | 8,171.0 | 8,399.3 | 8,566.3   | 9,131.7  | 9,435.7 | 9,525.8 |           |          |
| Smartphone penetration (%) | 53.6%   | 55.9%   | 56.5%     | 60.6%    | 62.8%   | 64.0%   |           |          |
| Prepay (%)                 | 14.2%   | 15.7%   | 12.4%     | 12.2%    | 11.7%   | 11.8%   |           |          |
| Contract (%)               | 66.4%   | 68.1%   | 69.2%     | 73.5%    | 75.6%   | 76.5%   |           |          |
| LTE ('000)                 | 959.2   | 1,205.7 | 1,409.6   | 1,792.6  | 2,159.0 | 2,554.0 |           |          |
| LTE penetration (%)        | 5.8%    | 7.4%    | 8.7%      | 11.2%    | 13.7%   | 16.4%   |           |          |

FUSIÓN ACCESSES

Unaudited figures (thousands)

|                  | 2014    |         |           |          | 2015    |         |           |          |
|------------------|---------|---------|-----------|----------|---------|---------|-----------|----------|
|                  | March   | June    | September | December | March   | June    | September | December |
| Fusión Customers | 3,221.3 | 3,389.3 | 3,557.5   | 3,716.9  | 3,905.9 | 3,921.8 |           |          |
| Fibre 100/300    | 505.3   | 577.1   | 649.2     | 774.8    | 910.3   | 976.3   |           |          |
| IPTV             | 538.7   | 922.0   | 1,320.7   | 1,660.2  | 1,935.9 | 2,046.5 |           |          |
| Mobile add-ons   | 1,245.0 | 1,303.6 | 1,352.9   | 1,394.9  | 1,436.2 | 1,453.9 |           |          |

  

|                   | 2014 |      |      |      | 2015 |      |    |    |
|-------------------|------|------|------|------|------|------|----|----|
|                   | Q1   | Q2   | Q3   | Q4   | Q1   | Q2   | Q3 | Q4 |
| Fusión ARPU (EUR) | 70.2 | 68.8 | 69.7 | 69.3 | 69.6 | 71.8 |    |    |
| Fusión churn      | 1.3% | 1.1% | 1.0% | 1.1% | 0.9% | 1.4% |    |    |

  

|                   | Jan - Mar | Jan - Jun | Jan - Sep | Jan - Dic | Jan - Mar | Jan - Jun | Jan - Sep | Jan - Dic |
|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                   |           |           |           |           |           |           |           |           |
| Fusión ARPU (EUR) | 70.2      | 69.4      | 69.5      | 69.5      | 69.6      | 70.7      |           |           |
| Fusión churn      | 1.3%      | 1.2%      | 1.1%      | 1.1%      | 0.9%      | 1.2%      |           |           |

SELECTED OPERATIONAL MOBILE BUSINESS DATA

Unaudited figures

|                                 | 2014   |        |        |        | 2015   |        |    |    |
|---------------------------------|--------|--------|--------|--------|--------|--------|----|----|
|                                 | Q1     | Q2     | Q3     | Q4     | Q1     | Q2     | Q3 | Q4 |
| Voice traffic (Million minutes) | 8,588  | 8,988  | 8,992  | 9,033  | 8,869  | 9,180  |    |    |
| Data traffic (TB)               | 14,058 | 15,197 | 18,295 | 22,278 | 24,874 | 29,826 |    |    |
| ARPU (EUR)                      | 16.1   | 16.0   | 16.0   | 15.5   | 15.0   | 15.3   |    |    |
| Prepay                          | 6.3    | 6.0    | 6.6    | 5.9    | 5.5    | 5.6    |    |    |
| Contract (1)                    | 21.0   | 20.8   | 20.6   | 20.0   | 19.2   | 19.6   |    |    |
| Data ARPU (EUR)                 | 6.9    | 6.9    | 7.1    | 7.1    | 7.2    | 7.6    |    |    |
| % non-SMS over data revenues    | 94.8%  | 95.4%  | 94.5%  | 95.3%  | 95.5%  | 95.5%  |    |    |
| Churn                           | 3.5%   | 2.0%   | 1.8%   | 1.9%   | 1.8%   | 1.6%   |    |    |
| Contract (1)                    | 2.2%   | 1.7%   | 1.5%   | 1.5%   | 1.5%   | 1.4%   |    |    |

  

|                                 | Jan - Mar | Jan - Jun | Jan - Sep | Jan - Dec | Jan - Mar | Jan - Jun | Jan - Sep | Jan - Dec |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                 |           |           |           |           |           |           |           |           |
| Voice traffic (Million minutes) | 8,588     | 17,575    | 26,567    | 35,600    | 8,869     | 18,049    |           |           |
| Data traffic (TB)               | 14,058    | 29,255    | 47,549    | 69,827    | 24,874    | 54,700    |           |           |
| ARPU (EUR)                      | 16.1      | 16.0      | 16.0      | 15.9      | 15.0      | 15.2      |           |           |
| Prepay                          | 6.3       | 6.1       | 6.3       | 6.2       | 5.5       | 5.6       |           |           |
| Contract (1)                    | 21.0      | 20.9      | 20.8      | 20.6      | 19.2      | 19.4      |           |           |
| Data ARPU (EUR)                 | 6.9       | 6.9       | 7.0       | 7.0       | 7.2       | 7.4       |           |           |
| % non-SMS over data revenues    | 94.8%     | 95.1%     | 94.9%     | 95.0%     | 95.5%     | 95.5%     |           |           |
| Churn                           | 3.5%      | 2.8%      | 2.5%      | 2.3%      | 1.8%      | 1.7%      |           |           |
| Contract (1)                    | 2.2%      | 1.9%      | 1.8%      | 1.7%      | 1.5%      | 1.4%      |           |           |

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes used by the company customers, both outbound and inbound. On-net traffic is only included once (outbound), and 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 excluded. Traffic volume non-rounded.

- Data traffic is defined as Terabytes used by the company customers, both upload and download (1TByte = 10<sup>12</sup> 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 DEUTSCHLAND  
CONSOLIDATED INCOME STATEMENT  
*Unaudited figures (Euros in millions)*

|  | 2014      |           |          |           |           | 2015      |           |          |           |           |
|--|-----------|-----------|----------|-----------|-----------|-----------|-----------|----------|-----------|-----------|
|  | Jan - Mar | Apr - Jun | Jul- Sep | Oct - Dec | Jan - Dec | Jan - Mar | Apr - Jun | Jul- Sep | Oct - Dec | Jan - Dec |
| Revenues   | 1,122     | 1,162     | 1,219    | 2,019     | 5,522     | 1,901     | 1,949     |          |           |           |
| Wireless Business                                | 827       | 872       | 934      | 1,742     | 4,375     | 1,636     | 1,685     |          |           |           |
| Mobile service revenues                          | 707       | 728       | 754      | 1,391     | 3,580     | 1,354     | 1,382     |          |           |           |
| Data revenues                                    | 350       | 354       | 366      | 723       | 1,793     | 692       | 707       |          |           |           |
| Handset revenues                                 | 120       | 144       | 180      | 350       | 795       | 282       | 303       |          |           |           |
| Wireline Business                                | 293       | 287       | 283      | 274       | 1,138     | 261       | 260       |          |           |           |
| FBB and new services (1)                         | 209       | 205       | 205      | 197       | 815       | 197       | 202       |          |           |           |
| Voice & access revenues                          | 81        | 78        | 75       | 72        | 306       | 63        | 58        |          |           |           |
| Other  | 4         | 5         | 4        | 5         | 18        | 1         | 1         |          |           |           |
| Internal expenditure capitalized in fixed assets | 17        | 18        | 23       | 34        | 92        | 23        | 26        |          |           |           |
| Operating expenses                               | (898)     | (916)     | (997)    | (2,006)   | (4,817)   | (1,543)   | (1,504)   |          |           |           |
| Supplies   | (427)     | (455)     | (499)    | (762)     | (2,144)   | (659)     | (646)     |          |           |           |
| Personnel expenses                               | (108)     | (105)     | (116)    | (498)     | (828)     | (179)     | (166)     |          |           |           |
| Other operating expenses                         | (362)     | (356)     | (383)    | (745)     | (1,846)   | (705)     | (692)     |          |           |           |
| Other net income (expense)                       | 9         | 1         | 11       | (85)      | (64)      | 10        | (10)      |          |           |           |
| Gain (loss) on sale of fixed assets              | 0         | 0         | 0        | 0         | 0         | 17        | 0         |          |           |           |
| Impairment of goodwill and other assets          | -         | -         | -        | -         | -         | -         | -         |          |           |           |
| Operating income before D&A (OIBDA)              | 251       | 265       | 255      | (38)      | 733       | 408       | 461       |          |           |           |
| OIBDA Margin                                     | 22.3%     | 22.8%     | 20.9%    | -1.9%     | 13.3%     | 21.5%     | 23.6%     |          |           |           |
| CapEx  | 132       | 134       | 145      | 438       | 849       | 221       | 1,437     |          |           |           |
| Spectrum   | -         | -         | -        | -         | -         | -         | 1,195     |          |           |           |
| OpCF (OIBDA-CapEx)                               | 119       | 130       | 110      | (476)     | (116)     | 187       | (976)     |          |           |           |

Notes:

- The consolidated income statement of T. Deutschland includes E-Plus from the fourth quarter 2014.

- OIBDA and OI before management and brand fees.

(1) Includes FBB connectivity services (retail and wholesale), including value-added services, TV services, ICT revenues and other services over connectivity.

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TELEFÓNICA DEUTSCHLAND  
ACCESSES  
Unaudited figures (Thousands)

|                              | 2014            |                 |                 |                 | 2015            |                 |           |          |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------|----------|
|                              | March           | June            | September       | December        | March           | June            | September | December |
| Final Clients Accesses       | 23,875.7        | 23,964.3        | 24,113.2        | 46,548.3        | 46,572.8        | 46,981.4        |           |          |
| Fixed telephony accesses (1) | 2,109.1         | 2,078.2         | 2,050.9         | 2,036.4         | 2,022.0         | 2,009.7         |           |          |
| Internet and data accesses   | 2,491.7         | 2,450.2         | 2,413.4         | 2,387.0         | 2,371.6         | 2,354.7         |           |          |
| Broadband                    | 2,225.9         | 2,191.4         | 2,160.8         | 2,143.8         | 2,128.3         | 2,115.2         |           |          |
| Mobile accesses              | 19,274.9        | 19,435.9        | 19,648.9        | 42,124.9        | 42,179.2        | 42,617.0        |           |          |
| Prepay                       | 8,910.9         | 8,919.7         | 8,989.3         | 23,350.7        | 23,264.2        | 23,500.9        |           |          |
| Contract (2)                 | 10,364.0        | 10,516.1        | 10,659.6        | 18,774.1        | 18,915.0        | 19,116.1        |           |          |
| M2M                          | 94.6            | 97.5            | 106.0           | 414.0           | 443.4           | 506.2           |           |          |
| Wholesale Accesses           | 1,128.0         | 1,151.8         | 1,137.6         | 1,113.3         | 1,085.3         | 1,059.3         |           |          |
| <b>Total Accesses</b>        | <b>25,003.7</b> | <b>25,116.1</b> | <b>25,250.8</b> | <b>47,661.5</b> | <b>47,658.1</b> | <b>48,040.7</b> |           |          |

Note:

- E-Plus accesses are consolidated from the fourth quarter 2014.

(1) Includes fixed wireless and VoIP accesses.

(2) In the fourth quarter of 2014, 428 thousand accesses were excluded from customer base on adjustments in the former E-Plus driven by the harmonization of criteria and the disconnection of a partner.

MOBILE ACCESSES  
Unaudited figures (thousands)

|                                | 2014    |         |           |          | 2015     |          |           |          |
|--------------------------------|---------|---------|-----------|----------|----------|----------|-----------|----------|
|                                | March   | June    | September | December | March    | June     | September | December |
| Prepay percentage (%)          | 46.2%   | 45.9%   | 45.7%     | 55.4%    | 55.2%    | 55.1%    |           |          |
| Contract percentage (%)        | 53.8%   | 54.1%   | 54.3%     | 44.6%    | 44.8%    | 44.9%    |           |          |
| Smartphones ('000) (1)         | 5,957.2 | 6,057.2 | 6,230.7   | 11,422.2 | 20,364.1 | 21,153.4 |           |          |
| Prepay                         | 792.1   | 773.1   | 791.0     | 1,450.6  | 9,086.7  | 9,538.8  |           |          |
| Contract                       | 5,165.1 | 5,284.1 | 5,439.6   | 9,971.6  | 11,277.4 | 11,614.6 |           |          |
| Smartphone penetration (%) (1) | 32.8%   | 33.1%   | 33.8%     | 29.0%    | 49.8%    | 51.3%    |           |          |
| Prepay (%)                     | 9.4%    | 9.1%    | 9.3%      | 6.4%     | 39.6%    | 41.1%    |           |          |
| Contract (%)                   | 53.2%   | 53.9%   | 55.0%     | 59.2%    | 63.0%    | 64.4%    |           |          |
| LTE ('000) (1)                 | 464.0   | 667.2   | 963.3     | 3,098.0  | 5,146.0  | 6,093.0  |           |          |
| LTE penetration (%) (1)        | 2.4%    | 3.5%    | 4.9%      | 7.4%     | 12.3%    | 14.5%    |           |          |

Note:

- E-Plus accesses are consolidated from the fourth quarter 2014.

(1) Smartphones from partners are included from January 2015.

SELECTED OPERATIONAL MOBILE BUSINESS DATA  
Unaudited figures

|                                 | 2014      |           |           |           | 2015      |           |           |           |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                 | Q1        | Q2        | Q3        | Q4        | Q1        | Q2        | Q3        | Q4        |
| Voice traffic (Million minutes) | 7,572     | 7,775     | 7,398     | 18,441    | 15,837    | 15,492    |           |           |
| Data traffic (TB)               | 10,569    | 11,247    | 12,898    | 37,159    | 40,172    | 42,255    |           |           |
| ARPU (EUR)                      | 12.1      | 12.5      | 12.7      | 10.9      | 10.6      | 10.8      |           |           |
| Prepay                          | 5.0       | 5.2       | 5.3       | 5.6       | 5.6       | 5.9       |           |           |
| Contract (1)                    | 18.5      | 18.8      | 19.1      | 17.7      | 17.2      | 17.2      |           |           |
| Data ARPU (EUR)                 | 6.0       | 6.1       | 6.2       | 5.7       | 5.5       | 5.6       |           |           |
| % non-SMS over data revenues    | 72.0%     | 72.5%     | 73.8%     | 68.9%     | 70.5%     | 71.5%     |           |           |
| Churn                           | 2.4%      | 1.9%      | 1.9%      | 2.9%      | 2.4%      | 2.1%      |           |           |
| Contract (1)                    | 1.6%      | 1.3%      | 1.5%      | 2.7%      | 1.7%      | 1.7%      |           |           |
|                                 | Jan - Mar | Jan - Jun | Jan - Sep | Jan - Dec | Jan - Mar | Jan - Jun | Jan - Sep | Jan - Dec |
|                                 |           |           |           |           |           |           |           |           |
| Voice traffic (Million minutes) | 7,572     | 15,347    | 22,745    | 41,186    | 15,837    | 31,329    |           |           |
| Data traffic (TB)               | 10,569    | 21,815    | 34,714    | 71,873    | 40,172    | 82,427    |           |           |
| ARPU (EUR)                      | 12.1      | 12.3      | 12.4      | 11.8      | 10.6      | 10.7      |           |           |
| Prepay                          | 5.0       | 5.1       | 5.2       | 5.4       | 5.6       | 5.8       |           |           |
| Contract (1)                    | 18.5      | 18.7      | 18.8      | 18.4      | 17.2      | 17.2      |           |           |
| Data ARPU (EUR)                 | 6.0       | 6.1       | 6.1       | 5.9       | 5.5       | 5.5       |           |           |
| % non-SMS over data revenues    | 72.0%     | 72.3%     | 72.8%     | 71.2%     | 70.5%     | 71.0%     |           |           |
| Churn                           | 2.4%      | 2.1%      | 2.1%      | 2.4%      | 2.4%      | 2.3%      |           |           |
| Contract (1)                    | 1.6%      | 1.4%      | 1.5%      | 1.9%      | 1.7%      | 1.7%      |           |           |

Notes:

- E-Plus operational data included from 1 October 2014.

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes used by the company customers, both outbound and inbound. On-net traffic is only included once (outbound), and 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 excluded. Traffic volume non-rounded.

- Data traffic is defined as Terabytes used by the company customers, both upload and download (1TByte = 10<sup>12</sup> 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 BRASIL  
CONSOLIDATED INCOME STATEMENT  
Unaudited figures (Euros in millions)

|   | 2014      |           |           |           |           | 2015      |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|   | Jan - Mar | Apr - Jun | Jul - Sep | Oct - Dec | Jan - Dec | Jan - Mar | Apr - Jun | Jul - Sep | Oct - Dec | Jan - Dec |
| Revenues                                  | 2,666     | 2,818     | 2,896     | 2,850     | 11,231    | 2,794     | 2,943     |           |           |           |
| Wireless Business                         | 1,783     | 1,904     | 1,971     | 1,960     | 7,617     | 1,942     | 1,831     |           |           |           |
| Mobile service revenues                   | 1,686     | 1,808     | 1,868     | 1,865     | 7,228     | 1,836     | 1,718     |           |           |           |
| Data revenues                             | 547       | 612       | 654       | 666       | 2,478     | 718       | 737       |           |           |           |
| Handset revenues                          | 97        | 96        | 102       | 94        | 390       | 105       | 113       |           |           |           |
| Wireline Business                         | 883       | 914       | 926       | 890       | 3,613     | 852       | 1,112     |           |           |           |
| FBB and new services (1)                  | 343       | 372       | 383       | 368       | 1,465     | 363       | 507       |           |           |           |
| Voice & access revenues                   | 532       | 533       | 534       | 514       | 2,113     | 481       | 598       |           |           |           |
| Others                                    | 9         | 8         | 9         | 8         | 34        | 8         | 8         |           |           |           |
| Internal exp. capitalized in fixed assets | 12        | 12        | 11        | 12        | 48        | 10        | 28        |           |           |           |
| Operating expenses                        | (1,835)   | (1,939)   | (2,016)   | (1,952)   | (7,742)   | (1,933)   | (2,057)   |           |           |           |
| Supplies                                  | (654)     | (666)     | (696)     | (664)     | (2,680)   | (665)     | (671)     |           |           |           |
| Personnel expenses                        | (216)     | (230)     | (238)     | (292)     | (976)     | (220)     | (280)     |           |           |           |
| Other operating expenses                  | (965)     | (1,043)   | (1,082)   | (996)     | (4,085)   | (1,048)   | (1,106)   |           |           |           |
| Other net income (expense)                | (13)      | 14        | (9)       | 15        | 7         | (28)      | 4         |           |           |           |
| Gain (loss) on sale of fixed assets       | (4)       | (2)       | (1)       | 1         | (6)       | (2)       | (2)       |           |           |           |
| Impairment of goodwill and other assets   | 1         | 1         | (1)       | 4         | 4         | (1)       | 3         |           |           |           |
| Operating income before D&A (OIBDA)       | 828       | 904       | 881       | 929       | 3,543     | 840       | 919       |           |           |           |
| OIBDA Margin                              | 31.1%     | 32.1%     | 30.4%     | 32.6%     | 31.5%     | 30.1%     | 31.2%     |           |           |           |
| CapEx                                     | 310       | 523       | 515       | 1,585     | 2,933     | 395       | 566       |           |           |           |
| Spectrum                                  | -         | -         | -         | 889       | 889       | -         | -         |           |           |           |
| OpCF (OIBDA-CapEx)                        | 518       | 381       | 366       | (656)     | 610       | 445       | 354       |           |           |           |

Note:

- The Consolidated Income Statement of Telefónica Brasil includes GVT from 1 May 2015.

- OIBDA and OI before management and brand fees.

(1) Includes FBB connectivity services (retail and wholesale), including value-added services, TV services, ICT revenues and other services over connectivity.

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TELEFONICA BRASIL  
ACCESSES  
Unaudited figures (thousands)

|                                  | 2014            |                 |                 |                 | 2015            |                  |           |          |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------|----------|
|                                  | March           | June            | September       | December        | March           | June             | September | December |
| Final Clients Accesses           | 94,028.1        | 95,071.1        | 95,601.5        | 95,528.6        | 97,339.9        | 106,528.1        |           |          |
| Fixed telephony accesses (1) (2) | 10,828.1        | 10,929.1        | 10,942.1        | 10,743.4        | 10,609.4        | 14,869.6         |           |          |
| Internet and data accesses       | 4,094.5         | 4,103.5         | 4,114.8         | 4,082.6         | 4,066.5         | 7,224.0          |           |          |
| Broadband (3)                    | 3,933.0         | 3,944.9         | 3,961.6         | 3,939.8         | 3,926.5         | 7,092.4          |           |          |
| Fibre (4)                        | 235.8           | 273.3           | 322.1           | 374.6           | 428.5           | 3,640.8          |           |          |
| Mobile accesses                  | 78,460.8        | 79,350.7        | 79,817.0        | 79,932.1        | 81,873.2        | 82,648.6         |           |          |
| Prepay                           | 53,552.8        | 53,188.5        | 52,639.8        | 51,582.4        | 52,972.3        | 53,068.7         |           |          |
| Contract                         | 24,908.0        | 26,162.3        | 27,177.2        | 28,349.7        | 28,900.8        | 29,580.0         |           |          |
| M2M                              | 2,629.0         | 2,920.1         | 3,197.5         | 3,506.9         | 3,687.5         | 3,935.2          |           |          |
| Pay TV (5)                       | 644.8           | 687.8           | 727.6           | 770.6           | 790.9           | 1,785.9          |           |          |
| Wholesale Accesses               | 27.5            | 27.0            | 26.2            | 25.9            | 25.4            | 23.6             |           |          |
| <b>Total Accesses T. Brasil</b>  | <b>94,055.6</b> | <b>95,098.1</b> | <b>95,627.7</b> | <b>95,554.5</b> | <b>97,365.2</b> | <b>106,551.7</b> |           |          |
| Terra Accesses                   | 379.3           | 361.8           | 329.9           | 329.9           | 269.0           | 269.0            |           |          |

Note:

- GVT accesses are consolidated from the 1 May 2015.

(1) Includes fixed wireless and VoIP accesses.

(2) From 1 May 2015 4.3 million GVT accesses are included.

(3) Includes ADSL, satellite, fibre, cable modem and broadband circuits.

(4) From 1 May 2015 3.2 million GVT fibre (FTTN) accesses are included.

(5) From 1 May 2015 1.0 million GVT accesses are included.

MOBILE ACCESSES  
Unaudited figures (thousands)

|                            | 2014     |          |           |          | 2015     |          |           |          |
|----------------------------|----------|----------|-----------|----------|----------|----------|-----------|----------|
|                            | March    | June     | September | December | March    | June     | September | December |
| Prepay percentage (%)      | 68.3%    | 67.0%    | 66.0%     | 64.5%    | 64.7%    | 64.2%    |           |          |
| Contract percentage (%)    | 31.7%    | 33.0%    | 34.0%     | 35.5%    | 35.3%    | 35.8%    |           |          |
| Smartphones ('000)         | 20,227.6 | 23,190.9 | 28,950.0  | 30,076.8 | 30,216.9 | 32,732.7 |           |          |
| Prepay                     | 12,117.3 | 14,231.3 | 18,758.7  | 18,997.3 | 18,710.6 | 19,372.1 |           |          |
| Contract                   | 8,110.3  | 8,959.6  | 10,191.3  | 11,079.5 | 11,506.3 | 13,360.6 |           |          |
| Smartphone penetration (%) | 28.0%    | 31.8%    | 39.5%     | 41.1%    | 40.3%    | 43.3%    |           |          |
| Prepay (%)                 | 22.7%    | 26.8%    | 35.8%     | 37.0%    | 35.5%    | 36.7%    |           |          |
| Contract (%)               | 43.0%    | 45.1%    | 49.1%     | 50.9%    | 51.8%    | 58.8%    |           |          |
| LTE ('000)                 | 858.0    | 1,281.2  | 1,768.0   | 3,506.9  | 3,943.1  | 5,691.1  |           |          |
| LTE penetration (%)        | 1.2%     | 1.8%     | 2.4%      | 4.8%     | 5.0%     | 7.2%     |           |          |

SELECTED OPERATIONAL MOBILE BUSINESS DATA  
Unaudited figures

|                                 | 2014      |           |           |           | 2015      |           |           |           |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                 | Q1        | Q2        | Q3        | Q4        | Q1        | Q2        | Q3        | Q4        |
| Voice traffic (Million minutes) | 31,500    | 30,503    | 31,536    | 33,872    | 31,398    | 32,493    |           |           |
| Data traffic (TB)               | 43,342    | 48,337    | 56,879    | 64,154    | 65,043    | 68,799    |           |           |
| ARPU (EUR)                      | 7.0       | 7.3       | 7.5       | 7.4       | 7.2       | 6.5       |           |           |
| Prepay                          | 3.8       | 3.9       | 4.0       | 4.0       | 3.8       | 3.3       |           |           |
| Contract (1)                    | 15.3      | 15.8      | 16.0      | 15.6      | 15.3      | 14.2      |           |           |
| Data ARPU (EUR)                 | 2.3       | 2.6       | 2.7       | 2.8       | 3.0       | 3.0       |           |           |
| % non-SMS over data revenues    | 75.1%     | 76.3%     | 78.0%     | 79.8%     | 81.6%     | 82.5%     |           |           |
| Churn                           | 3.4%      | 3.5%      | 3.7%      | 4.0%      | 2.9%      | 3.2%      |           |           |
| Contract (1)                    | 1.5%      | 1.5%      | 1.8%      | 1.7%      | 1.8%      | 1.9%      |           |           |
|                                 | Jan - Mar | Jan - Jun | Jan - Sep | Jan - Dec | Jan - Mar | Jan - Jun | Jan - Sep | Jan - Dec |
|                                 |           |           |           |           |           |           |           |           |
| Voice traffic (Million minutes) | 31,500    | 62,004    | 93,540    | 127,412   | 31,398    | 63,891    |           |           |
| Data traffic (TB)               | 43,342    | 91,679    | 148,558   | 212,712   | 65,043    | 133,842   |           |           |
| ARPU (EUR)                      | 7.0       | 7.1       | 7.2       | 7.3       | 7.2       | 6.9       |           |           |
| Prepay                          | 3.8       | 3.9       | 3.9       | 3.9       | 3.8       | 3.5       |           |           |
| Contract (1)                    | 15.3      | 15.5      | 15.7      | 15.7      | 15.3      | 14.7      |           |           |
| Data ARPU (EUR)                 | 2.3       | 2.5       | 2.6       | 2.6       | 3.0       | 3.0       |           |           |
| % non-SMS over data revenues    | 75.1%     | 75.7%     | 76.5%     | 77.4%     | 81.6%     | 82.1%     |           |           |
| Churn                           | 3.4%      | 3.5%      | 3.6%      | 3.7%      | 2.9%      | 3.0%      |           |           |
| Contract (1)                    | 1.5%      | 1.5%      | 1.6%      | 1.6%      | 1.8%      | 1.8%      |           |           |

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes used by the company customers, both outbound and inbound. On-net traffic is only included once (outbound), and 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 excluded. Traffic volume non-rounded.

- Data traffic is defined as Terabytes used by the company customers, both upload and download (1TByte = 10<sup>12</sup> 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 HISPANOAMÉRICA  
CONSOLIDATED INCOME STATEMENT  
*Unaudited figures (Euros in millions)*

|   | 2014      |           |           |           |           | 2015      |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|   | Jan - Mar | Apr - Jun | Jul - Sep | Oct - Dec | Jan - Dec | Jan - Mar | Apr - Jun | Jul - Sep | Oct - Dec | Jan - Dec |
| Revenues                                  | 3,066     | 3,135     | 3,337     | 3,617     | 13,155    | 3,665     | 3,467     |           |           |           |
| Internal exp. capitalized in fixed assets | 24        | 27        | 23        | 30        | 104       | 27        | 28        |           |           |           |
| Operating expenses                        | (2,193)   | (2,246)   | (2,276)   | (2,569)   | (9,284)   | (2,583)   | (2,489)   |           |           |           |
| Supplies                                  | (925)     | (923)     | (927)     | (1,066)   | (3,841)   | (1,030)   | (1,012)   |           |           |           |
| Personnel expenses                        | (338)     | (344)     | (363)     | (480)     | (1,525)   | (418)     | (408)     |           |           |           |
| Other operating expenses                  | (930)     | (979)     | (985)     | (1,023)   | (3,918)   | (1,135)   | (1,069)   |           |           |           |
| Other net income (expense)                | 17        | 27        | 15        | 29        | 89        | 17        | 15        |           |           |           |
| Gain (loss) on sale of fixed assets       | (1)       | (1)       | 2         | 4         | 4         | 0         | 3         |           |           |           |
| Impairment of goodwill and other assets   | -         | -         | -         | -         | -         | -         | 0         |           |           |           |
| Operating income before D&A (OIBDA)       | 912       | 942       | 1,103     | 1,111     | 4,068     | 1,127     | 1,025     |           |           |           |
| OIBDA Margin                              | 29.8%     | 30.0%     | 33.0%     | 30.7%     | 30.9%     | 30.8%     | 29.6%     |           |           |           |
| CapEx                                     | 579       | 571       | 624       | 1,068     | 2,842     | 622       | 852       |           |           |           |
| Spectrum                                  | 187       | 3         | 3         | 213       | 405       | 139       | 205       |           |           |           |
| OpCF (OIBDA-CapEx)                        | 334       | 371       | 479       | 42        | 1,226     | 505       | 173       |           |           |           |

- Notes:

- For comparative purposes, the quarterly data for 2014 are reported adjusting the exchange rate in Venezuela from SICAD I to SICAD II 50 VEF/USD for Hispanoamérica and Venezuela and Central America following the adoption of SICAD II 50 VEF/USD in the fourth quarter of 2014. The January-March 2015 period is at the previously denominated SICAD II 52 VEF/USD. The April-June 2015 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the previously denominated SIMADI (as of 30 June, this rate was set at 197 Venezuelan bolivars fuertes per dollar).

- OIBDA and OI before management and brand fees.

- 2014 and 2015 reported figures include the hyperinflationary adjustments in Venezuela in both years.

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## TELEFÓNICA HISPANOAMÉRICA

## ACCESSES

*Unaudited figures (thousands)*

|   | 2014             |                  |                  |                  | 2015             |                  |           |          |
|---|------------------|------------------|------------------|------------------|------------------|------------------|-----------|----------|
|   | March            | June             | September        | December         | March            | June             | September | December |
| Final Clients Accesses                  | 127,595.0        | 128,691.4        | 129,347.1        | 131,586.6        | 132,461.8        | 132,247.2        |           |          |
| Fixed telephony accesses (1) (2)        | 13,561.0         | 13,603.4         | 13,515.7         | 13,374.4         | 13,266.5         | 13,158.7         |           |          |
| Internet and data accesses              | 5,194.5          | 5,285.0          | 5,371.3          | 5,433.8          | 5,516.0          | 5,573.4          |           |          |
| Broadband (3)                           | 5,134.5          | 5,228.7          | 5,315.1          | 5,379.4          | 5,452.7          | 5,514.1          |           |          |
| Mobile accesses                         | 106,647.6        | 107,508.3        | 108,117.1        | 110,346.5        | 111,143.1        | 110,866.4        |           |          |
| Prepay (4)                              | 83,703.0         | 84,197.0         | 84,688.7         | 86,698.0         | 87,454.6         | 87,077.4         |           |          |
| Contract                                | 22,944.6         | 23,311.3         | 23,428.4         | 23,648.5         | 23,688.6         | 23,789.1         |           |          |
| M2M                                     | 1,873.3          | 1,923.3          | 1,970.9          | 2,062.2          | 2,125.9          | 2,144.8          |           |          |
| Pay TV                                  | 2,192.0          | 2,294.6          | 2,343.0          | 2,431.9          | 2,536.2          | 2,648.6          |           |          |
| Wholesale Accesses                      | 21.8             | 21.8             | 112.7            | 16.4             | 31.4             | 31.4             |           |          |
| <b>Total Accesses T. Hispanoamerica</b> | <b>127,616.8</b> | <b>128,713.1</b> | <b>129,459.8</b> | <b>131,603.0</b> | <b>132,493.2</b> | <b>132,278.6</b> |           |          |

*(1) Includes fixed wireless and VoIP accesses.**(2) In the second quarter of 2014, fixed telephony accesses include 50 thousand fixed wireless additional customers in Peru.**(3) Includes ADSL, satellite, fibre, cable modem and broadband circuits.**(4) In the fourth quarter of 2014, 1.8 million inactive accesses were disconnected in Central America.*

## MOBILE ACCESSES

*Unaudited figures (thousands)*

|                            | 2014     |          |           |          | 2015     |          |           |          |
|----------------------------|----------|----------|-----------|----------|----------|----------|-----------|----------|
|                            | March    | June     | September | December | March    | June     | September | December |
| Prepay percentage (%)      | 78.5%    | 78.3%    | 78.3%     | 78.6%    | 78.7%    | 78.5%    |           |          |
| Contract percentage (%)    | 21.5%    | 21.7%    | 21.7%     | 21.4%    | 21.3%    | 21.5%    |           |          |
| Smartphones ('000)         | 23,057.9 | 25,092.5 | 27,257.6  | 27,992.8 | 31,048.7 | 35,420.7 |           |          |
| Prepay                     | 12,002.8 | 13,445.2 | 15,356.9  | 15,687.5 | 18,205.6 | 21,877.1 |           |          |
| Contract                   | 11,055.1 | 11,647.3 | 11,900.7  | 12,305.3 | 12,843.1 | 13,543.6 |           |          |
| Smartphone penetration (%) | 22.4%    | 24.2%    | 26.1%     | 26.3%    | 28.9%    | 33.0%    |           |          |
| Prepay (%)                 | 14.5%    | 16.1%    | 18.3%     | 18.3%    | 21.0%    | 25.3%    |           |          |
| Contract (%)               | 55.2%    | 57.1%    | 58.0%     | 59.4%    | 61.9%    | 64.9%    |           |          |
| LTE ('000)                 | 348.3    | 632.8    | 1,113.3   | 1,989.8  | 2,811.4  | 4,233.6  |           |          |
| LTE penetration (%)        | 0.3%     | 0.6%     | 1.1%      | 1.8%     | 2.6%     | 3.9%     |           |          |

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TELEFÓNICA ARGENTINA  
SELECTED FINANCIAL DATA  
*Unaudited figures (Euros in millions)*

|                          | 2014      |           |           |           |           | 2015      |           |           |           |           |
|--------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                          | Jan - Mar | Apr - Jun | Jul - Sep | Oct - Dec | Jan - Dec | Jan - Mar | Apr - Jun | Jul - Sep | Oct - Dec | Jan - Dec |
| Revenues                 | 716       | 718       | 773       | 855       | 3,063     | 935       | 981       |           |           |           |
| Wireless Business        | 467       | 470       | 509       | 561       | 2,007     | 599       | 637       |           |           |           |
| Mobile service revenues  | 404       | 392       | 422       | 479       | 1,697     | 529       | 557       |           |           |           |
| Data revenues            | 201       | 195       | 199       | 195       | 790       | 201       | 287       |           |           |           |
| Handset revenues         | 64        | 78        | 86        | 82        | 310       | 71        | 79        |           |           |           |
| Wireline Business        | 249       | 248       | 264       | 294       | 1,055     | 336       | 344       |           |           |           |
| FBB and new services (1) | 129       | 130       | 141       | 164       | 564       | 189       | 196       |           |           |           |
| Voice & access revenues  | 108       | 105       | 111       | 118       | 442       | 131       | 130       |           |           |           |
| Others                   | 12        | 13        | 13        | 12        | 50        | 15        | 18        |           |           |           |
| OIBDA                    | 187       | 169       | 199       | 248       | 802       | 273       | 266       |           |           |           |
| OIBDA margin (2)         | 25.6%     | 23.1%     | 25.3%     | 28.6%     | 25.8%     | 28.8%     | 26.8%     |           |           |           |
| CapEx                    | 114       | 115       | 99        | 349       | 676       | 146       | 363       |           |           |           |
| Spectrum                 | -         | -         | -         | 168       | 168       | -         | 204       |           |           |           |
| OpCF (OIBDA-CapEx)       | 73        | 54        | 100       | (101)     | 126       | 127       | (97)      |           |           |           |

Notes:

- OIBDA is presented before management and brand fees.

(1) Includes FBB connectivity services (retail and wholesale), including value-added services, TV services, ICT revenues and other services over connectivity.

(2) Margin over revenues includes fixed to mobile interconnection.

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## TELEFÓNICA ARGENTINA

## ACCESSES

Unaudited figures (Thousands)

|                              | 2014            |                 |                 |                 | 2015            |                 |           |          |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------|----------|
|                              | March           | June            | September       | December        | March           | June            | September | December |
| Final Clients Accesses       | 26,300.0        | 26,159.9        | 25,910.5        | 26,629.1        | 26,318.5        | 26,236.0        |           |          |
| Fixed telephony accesses (1) | 4,812.7         | 4,779.6         | 4,750.4         | 4,726.8         | 4,693.2         | 4,669.3         |           |          |
| Fixed wireless               | 342.8           | 323.0           | 304.5           | 296.0           | 285.9           | 286.4           |           |          |
| Internet and data accesses   | 1,845.4         | 1,854.5         | 1,870.7         | 1,880.2         | 1,880.7         | 1,877.8         |           |          |
| Broadband (2)                | 1,834.2         | 1,842.3         | 1,859.0         | 1,870.5         | 1,871.8         | 1,869.9         |           |          |
| Mobile accesses              | 19,641.9        | 19,525.8        | 19,289.4        | 20,022.1        | 19,744.6        | 19,688.9        |           |          |
| Prepay                       | 12,649.6        | 12,522.0        | 12,337.2        | 12,957.6        | 12,778.0        | 12,859.0        |           |          |
| Contract                     | 6,992.3         | 7,003.8         | 6,952.1         | 7,064.5         | 6,966.5         | 6,829.9         |           |          |
| M2M                          | 452.6           | 454.9           | 470.8           | 470.7           | 455.4           | 446.9           |           |          |
| Wholesale Accesses           | 14.0            | 13.9            | 104.9           | 8.4             | 23.3            | 23.5            |           |          |
| <b>Total Accesses</b>        | <b>26,314.0</b> | <b>26,173.9</b> | <b>26,015.4</b> | <b>26,637.6</b> | <b>26,341.7</b> | <b>26,259.5</b> |           |          |

(1) Includes fixed wireless and VoIP accesses.

(2) Includes ADSL, satellite, fibre, cable modem and broadband circuits.

## SELECTED OPERATIONAL MOBILE BUSINESS DATA

Unaudited figures

|                                 | 2014      |           |           |           | 2015      |           |           |           |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                 | Q1        | Q2        | Q3        | Q4        | Q1        | Q2        | Q3        | Q4        |
| Voice traffic (Million minutes) | 5,480     | 5,773     | 5,870     | 5,959     | 5,674     | 6,345     |           |           |
| Data traffic (TB)               | 5,836     | 6,549     | 7,284     | 8,541     | 10,069    | 11,491    |           |           |
| ARPU (EUR)                      | 7.0       | 6.8       | 7.4       | 8.3       | 9.1       | 9.9       |           |           |
| Prepay                          | 2.1       | 2.2       | 2.3       | 2.7       | 2.7       | 2.9       |           |           |
| Contract (1)                    | 16.7      | 15.9      | 17.6      | 19.4      | 22.3      | 24.0      |           |           |
| Data ARPU (EUR)                 | 3.4       | 3.3       | 3.4       | 3.3       | 3.4       | 4.3       |           |           |
| % non-SMS over data revenues    | 57.9%     | 59.1%     | 61.5%     | 57.3%     | 56.2%     | 78.1%     |           |           |
| Churn                           | 3.2%      | 3.2%      | 3.1%      | 2.6%      | 3.1%      | 2.9%      |           |           |
| Contract (1)                    | 1.1%      | 1.2%      | 1.2%      | 1.0%      | 1.1%      | 1.5%      |           |           |
|                                 | Jan - Mar | Jan - Jun | Jan - Sep | Jan - Dec | Jan - Mar | Jan - Jun | Jan - Sep | Jan - Dec |
|                                 |           |           |           |           |           |           |           |           |
| Voice traffic (Million minutes) | 5,480     | 11,253    | 17,123    | 23,081    | 5,674     | 12,020    |           |           |
| Data traffic (TB)               | 5,836     | 12,385    | 19,669    | 28,210    | 10,069    | 21,560    |           |           |
| ARPU (EUR)                      | 7.0       | 6.9       | 7.1       | 7.4       | 9.1       | 9.5       |           |           |
| Prepay                          | 2.1       | 2.2       | 2.2       | 2.3       | 2.7       | 2.8       |           |           |
| Contract (1)                    | 16.7      | 16.3      | 16.7      | 17.4      | 22.3      | 23.1      |           |           |
| Data ARPU (EUR)                 | 3.4       | 3.4       | 3.4       | 3.4       | 3.4       | 4.1       |           |           |
| % non-SMS over data revenues    | 57.9%     | 58.5%     | 59.5%     | 59.0%     | 56.2%     | 68.8%     |           |           |
| Churn                           | 3.2%      | 3.2%      | 3.2%      | 3.0%      | 3.1%      | 3.0%      |           |           |
| Contract (1)                    | 1.1%      | 1.1%      | 1.1%      | 1.1%      | 1.1%      | 1.3%      |           |           |

## Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes used by the company customers, both outbound and inbound. On-net traffic is only included once (outbound), and 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 excluded. Traffic volume non-rounded.

- Data traffic is defined as Terabytes used by the company customers, both upload and download (1TByte = 10<sup>12</sup> 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 CHILE  
SELECTED FINANCIAL DATA

Unaudited figures (Euros in millions)

|                          | 2014      |           |           |           |           | 2015      |           |           |           |           |
|--------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                          | Jan - Mar | Apr - Jun | Jul - Sep | Oct - Dec | Jan - Dec | Jan - Mar | Apr - Jun | Jul - Sep | Oct - Dec | Jan - Dec |
| Revenues                 | 525       | 507       | 507       | 551       | 2,089     | 565       | 590       |           |           |           |
| Wireless Business        | 319       | 300       | 302       | 326       | 1,247     | 339       | 347       |           |           |           |
| Mobile service revenues  | 287       | 269       | 273       | 284       | 1,113     | 304       | 313       |           |           |           |
| Data revenues            | 72        | 76        | 86        | 85        | 318       | 98        | 109       |           |           |           |
| Handset revenues         | 32        | 31        | 29        | 42        | 134       | 35        | 34        |           |           |           |
| Wireline Business        | 205       | 207       | 205       | 225       | 842       | 226       | 243       |           |           |           |
| FBB and new services (1) | 125       | 129       | 132       | 145       | 530       | 152       | 170       |           |           |           |
| Voice & access revenues  | 76        | 74        | 69        | 76        | 295       | 70        | 69        |           |           |           |
| Others                   | 4         | 4         | 4         | 4         | 17        | 4         | 4         |           |           |           |
| OIBDA                    | 167       | 170       | 179       | 192       | 708       | 176       | 203       |           |           |           |
| OIBDA margin             | 31.8%     | 33.5%     | 35.4%     | 34.9%     | 33.9%     | 31.1%     | 34.4%     |           |           |           |
| CapEx                    | 91        | 116       | 111       | 111       | 429       | 123       | 115       |           |           |           |
| Spectrum                 | -         | -         | -         | -         | -         | -         | -         |           |           |           |
| OpCF (OIBDA-CapEx)       | 76        | 54        | 68        | 81        | 279       | 53        | 88        |           |           |           |

Notes:

- OIBDA is presented before management and brand fees.

(1) Includes FBB connectivity services (retail and wholesale), including value-added services, TV services, ICT revenues and other services over connectivity.

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## TELEFÓNICA CHILE

## ACCESSES

Unaudited figures (Thousands)

|                              | 2014     |          |           |          | 2015     |          |           |          |
|------------------------------|----------|----------|-----------|----------|----------|----------|-----------|----------|
|                              | March    | June     | September | December | March    | June     | September | December |
| Final Clients Accesses       | 13,566.9 | 13,576.0 | 13,586.1  | 13,888.1 | 13,861.3 | 13,610.4 |           |          |
| Fixed telephony accesses (1) | 1,631.0  | 1,616.8  | 1,593.9   | 1,579.0  | 1,557.7  | 1,537.4  |           |          |
| Internet and data accesses   | 984.5    | 1,005.3  | 1,030.5   | 1,047.7  | 1,067.9  | 1,093.6  |           |          |
| Broadband (2)                | 977.0    | 998.7    | 1,023.4   | 1,040.7  | 1,056.7  | 1,082.5  |           |          |
| Fibre                        | 38.8     | 47.3     | 55.9      | 63.7     | 73.8     | 82.8     |           |          |
| Mobile accesses              | 10,424.3 | 10,394.0 | 10,381.4  | 10,660.2 | 10,619.5 | 10,345.1 |           |          |
| Prepay                       | 7,693.6  | 7,595.2  | 7,563.7   | 7,856.6  | 7,817.5  | 7,503.0  |           |          |
| Contract                     | 2,730.7  | 2,798.7  | 2,817.7   | 2,803.6  | 2,802.0  | 2,842.1  |           |          |
| M2M                          | 306.5    | 322.0    | 319.9     | 307.3    | 293.0    | 291.0    |           |          |
| Pay TV                       | 527.1    | 559.9    | 580.3     | 601.3    | 616.2    | 634.3    |           |          |
| Wholesale Accesses           | 5.4      | 5.4      | 5.4       | 5.6      | 5.9      | 5.9      |           |          |
| Total Accesses               | 13,572.3 | 13,581.4 | 13,591.5  | 13,893.8 | 13,867.2 | 13,616.3 |           |          |

(1) Includes fixed wireless and VoIP accesses.

(2) Includes ADSL, satellite, fibre, cable modem and broadband circuits.

## SELECTED OPERATIONAL MOBILE BUSINESS DATA

Unaudited figures

|                                 | 2014   |        |        |        | 2015   |        |    |    |
|---------------------------------|--------|--------|--------|--------|--------|--------|----|----|
|                                 | Q1     | Q2     | Q3     | Q4     | Q1     | Q2     | Q3 | Q4 |
| Voice traffic (Million minutes) | 3,151  | 3,107  | 3,095  | 3,239  | 3,148  | 3,043  |    |    |
| Data traffic (TB)               | 11,510 | 13,550 | 14,686 | 15,895 | 14,616 | 19,302 |    |    |
| ARPU (EUR)                      | 8.9    | 8.4    | 8.6    | 9.0    | 9.4    | 9.7    |    |    |
| Prepay                          | 3.9    | 3.6    | 3.6    | 3.7    | 3.8    | 3.8    |    |    |
| Contract (1)                    | 25.8   | 24.4   | 24.7   | 26.1   | 27.8   | 28.7   |    |    |
| Data ARPU (EUR)                 | 2.3    | 2.4    | 2.7    | 2.7    | 3.1    | 3.4    |    |    |
| % non-SMS over data revenues    | 89.2%  | 91.6%  | 93.3%  | 93.4%  | 94.0%  | 93.5%  |    |    |
| Churn                           | 3.3%   | 3.1%   | 3.2%   | 3.3%   | 3.2%   | 3.7%   |    |    |
| Contract (1)                    | 1.7%   | 1.7%   | 2.0%   | 2.1%   | 1.9%   | 1.9%   |    |    |

  

|                                 | Jan - Mar | Jan - Jun | Jan - Sep | Jan - Dec | Jan - Mar | Jan - Jun | Jan - Sep | Jan - Dec |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                 |           |           |           |           |           |           |           |           |
| Voice traffic (Million minutes) | 3,151     | 6,259     | 9,354     | 12,593    | 3,148     | 6,191     |           |           |
| Data traffic (TB)               | 11,510    | 25,059    | 39,745    | 55,640    | 14,616    | 33,918    |           |           |
| ARPU (EUR)                      | 8.9       | 8.7       | 8.6       | 8.7       | 9.4       | 9.5       |           |           |
| Prepay                          | 3.9       | 3.7       | 3.7       | 3.7       | 3.8       | 3.8       |           |           |
| Contract (1)                    | 25.8      | 25.1      | 24.9      | 25.2      | 27.8      | 28.2      |           |           |
| Data ARPU (EUR)                 | 2.3       | 2.4       | 2.5       | 2.5       | 3.1       | 3.3       |           |           |
| % non-SMS over data revenues    | 89.2%     | 90.4%     | 91.5%     | 91.9%     | 94.0%     | 93.7%     |           |           |
| Churn                           | 3.3%      | 3.2%      | 3.2%      | 3.2%      | 3.2%      | 3.4%      |           |           |
| Contract (1)                    | 1.7%      | 1.7%      | 1.8%      | 1.9%      | 1.9%      | 1.9%      |           |           |

## Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes used by the company customers, both outbound and inbound. On-net traffic is only included once (outbound), and 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 excluded. Traffic volume non-rounded.

- Data traffic is defined as Terabytes used by the company customers, both upload and download (1TByte = 10<sup>12</sup> 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)

|                             | 2014      |           |           |           |           | 2015      |           |           |           |           |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                             | Jan - Mar | Apr - Jun | Jul - Sep | Oct - Dec | Jan - Dec | Jan - Mar | Apr - Jun | Jul - Sep | Oct - Dec | Jan - Dec |
| Revenues                    | 588       | 603       | 646       | 666       | 2,504     | 692       | 684       |           |           |           |
| Wireless Business           | 331       | 336       | 373       | 386       | 1,427     | 394       | 385       |           |           |           |
| Mobile service revenues (1) | 290       | 296       | 322       | 342       | 1,250     | 354       | 342       |           |           |           |
| Data revenues               | 73        | 74        | 87        | 100       | 335       | 110       | 114       |           |           |           |
| Handset revenues            | 40        | 41        | 51        | 44        | 177       | 40        | 43        |           |           |           |
| Wireline Business           | 258       | 266       | 273       | 280       | 1,077     | 298       | 299       |           |           |           |
| FBB and new services (2)    | 166       | 177       | 180       | 182       | 705       | 207       | 214       |           |           |           |
| Voice & access revenues     | 88        | 83        | 88        | 92        | 351       | 87        | 79        |           |           |           |
| Others                      | 4         | 6         | 5         | 6         | 21        | 4         | 5         |           |           |           |
| OIBDA                       | 218       | 208       | 257       | 162       | 844       | 238       | 212       |           |           |           |
| OIBDA margin                | 37.0%     | 34.4%     | 39.7%     | 24.3%     | 33.7%     | 34.4%     | 31.0%     |           |           |           |
| CapEx                       | 50        | 100       | 114       | 158       | 421       | 63        | 118       |           |           |           |
| Spectrum                    | -         | -         | -         | -         | -         | -         | -         |           |           |           |
| OpCF (OIBDA-CapEx)          | 168       | 108       | 143       | 4         | 423       | 175       | 93        |           |           |           |

Notes:

- OIBDA is presented before management and brand fees.

(1) Includes fixed wireless revenues.

(2) Includes FBB connectivity services (retail and wholesale), including value-added services, TV services, ICT revenues and other services over connectivity.

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## TELEFÓNICA PERÚ

## ACCESSES

Unaudited figures (Thousands)

|                              | 2014            |                 |                 |                 | 2015            |                 |           |          |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------|----------|
|                              | March           | June            | September       | December        | March           | June            | September | December |
| Final Clients Accesses       | 21,081.6        | 21,287.9        | 21,632.6        | 21,976.4        | 22,083.4        | 22,104.2        |           |          |
| Fixed telephony accesses (1) | 2,725.7         | 2,776.9         | 2,749.3         | 2,714.7         | 2,641.4         | 2,605.8         |           |          |
| Fixed wireless (2)           | 251.4           | 292.8           | 280.2           | 262.7           | 191.2           | 229.8           |           |          |
| Internet and data accesses   | 1,457.2         | 1,490.7         | 1,505.2         | 1,523.4         | 1,557.4         | 1,589.2         |           |          |
| Broadband (3)                | 1,431.8         | 1,468.8         | 1,483.2         | 1,501.3         | 1,529.7         | 1,564.4         |           |          |
| Mobile accesses              | 16,012.9        | 16,133.1        | 16,489.0        | 16,790.2        | 16,870.2        | 16,819.1        |           |          |
| Prepay                       | 11,377.8        | 11,288.6        | 11,450.9        | 11,676.3        | 11,645.3        | 11,450.4        |           |          |
| Contract                     | 4,635.2         | 4,844.5         | 5,038.1         | 5,113.9         | 5,224.8         | 5,368.7         |           |          |
| M2M                          | 82.8            | 85.6            | 87.8            | 86.2            | 118.0           | 98.4            |           |          |
| Pay TV                       | 885.7           | 887.3           | 889.1           | 948.0           | 1,014.5         | 1,090.1         |           |          |
| Wholesale Accesses           | 0.4             | 0.4             | 0.4             | 0.4             | 0.3             | 0.2             |           |          |
| <b>Total Accesses</b>        | <b>21,082.1</b> | <b>21,288.4</b> | <b>21,633.0</b> | <b>21,976.8</b> | <b>22,083.7</b> | <b>22,104.3</b> |           |          |

(1) Includes fixed wireless and VoIP accesses.

(2) In the second quarter of 2014, fixed telephony accesses include 50 thousand additional customers.

(3) Includes ADSL, satellite, fibre, cable modem and broadband circuits.

## SELECTED OPERATIONAL MOBILE BUSINESS DATA

Unaudited figures

|                                 | 2014      |           |           |           | 2015      |           |           |           |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                 | Q1        | Q2        | Q3        | Q4        | Q1        | Q2        | Q3        | Q4        |
| Voice traffic (Million minutes) | 7,886     | 6,762     | 7,177     | 7,607     | 8,001     | 8,083     |           |           |
| Data traffic (TB)               | 2,901     | 3,078     | 3,599     | 4,206     | 5,040     | 6,389     |           |           |
| ARPU (EUR)                      | 6.1       | 6.2       | 6.7       | 6.9       | 7.0       | 6.8       |           |           |
| Prepay                          | 3.9       | 3.8       | 4.1       | 4.2       | 4.2       | 3.9       |           |           |
| Contract (1)                    | 12.0      | 11.9      | 12.6      | 13.4      | 13.5      | 13.2      |           |           |
| Data ARPU (EUR)                 | 1.5       | 1.6       | 1.8       | 2.0       | 2.2       | 2.3       |           |           |
| % non-SMS over data revenues    | 85.5%     | 88.4%     | 88.6%     | 85.9%     | 92.1%     | 94.0%     |           |           |
| Churn                           | 3.8%      | 4.0%      | 3.8%      | 3.7%      | 4.0%      | 4.3%      |           |           |
| Contract (1)                    | 2.1%      | 1.5%      | 1.4%      | 1.9%      | 2.2%      | 2.0%      |           |           |
|                                 | Jan - Mar | Jan - Jun | Jan - Sep | Jan - Dec | Jan - Mar | Jan - Jun | Jan - Sep | Jan - Dec |
| Voice traffic (Million minutes) | 7,886     | 14,648    | 21,825    | 29,432    | 8,001     | 16,084    |           |           |
| Data traffic (TB)               | 2,901     | 5,979     | 9,578     | 13,784    | 5,040     | 11,429    |           |           |
| ARPU (EUR)                      | 6.1       | 6.1       | 6.3       | 6.5       | 7.0       | 6.9       |           |           |
| Prepay                          | 3.9       | 3.8       | 3.9       | 4.0       | 4.2       | 4.0       |           |           |
| Contract (1)                    | 12.0      | 11.9      | 12.1      | 12.4      | 13.5      | 13.3      |           |           |
| Data ARPU (EUR)                 | 1.5       | 1.5       | 1.6       | 1.7       | 2.2       | 2.2       |           |           |
| % non-SMS over data revenues    | 85.5%     | 86.9%     | 87.5%     | 87.1%     | 92.1%     | 93.1%     |           |           |
| Churn                           | 3.8%      | 3.9%      | 3.9%      | 3.8%      | 4.0%      | 4.1%      |           |           |
| Contract (1)                    | 2.1%      | 1.5%      | 1.5%      | 1.6%      | 2.2%      | 2.1%      |           |           |

## Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes used by the company customers, both outbound and inbound. On-net traffic is only included once (outbound), and 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 excluded. Traffic volume non-rounded.

- Data traffic is defined as Terabytes used by the company customers, both upload and download (1TByte = 10<sup>12</sup> 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 COLOMBIA  
SELECTED FINANCIAL DATA

Unaudited figures (Euros in millions)

|                          | 2014      |           |           |           |           | 2015      |           |           |           |           |
|--------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                          | Jan - Mar | Apr - Jun | Jul - Sep | Oct - Dec | Jan - Dec | Jan - Mar | Apr - Jun | Jul - Sep | Oct - Dec | Jan - Dec |
| Revenues                 | 403       | 428       | 451       | 438       | 1,719     | 398       | 400       |           |           |           |
| Wireless Business        | 254       | 269       | 286       | 281       | 1,090     | 251       | 249       |           |           |           |
| Mobile service revenues  | 231       | 244       | 260       | 250       | 985       | 223       | 221       |           |           |           |
| Data revenues            | 59        | 64        | 68        | 67        | 258       | 66        | 67        |           |           |           |
| Handset revenues         | 23        | 25        | 25        | 31        | 104       | 28        | 27        |           |           |           |
| Wireline Business        | 148       | 159       | 165       | 156       | 629       | 147       | 151       |           |           |           |
| FBB and new services (1) | 83        | 89        | 95        | 90        | 356       | 84        | 87        |           |           |           |
| Voice & access revenues  | 66        | 70        | 70        | 66        | 271       | 63        | 64        |           |           |           |
| Others                   | 0         | 0         | 0         | 0         | 1         | 0         | 0         |           |           |           |
| OIBDA                    | 139       | 143       | 174       | 170       | 627       | 150       | 146       |           |           |           |
| OIBDA margin             | 34.6%     | 33.5%     | 38.6%     | 39.0%     | 36.5%     | 37.6%     | 36.5%     |           |           |           |
| CapEx                    | 178       | 123       | 90        | 105       | 496       | 48        | 111       |           |           |           |
| Spectrum                 | 108       | 2         | 2         | (1)       | 111       | -         | -         |           |           |           |
| OpCF (OIBDA-CapEx)       | (38)      | 20        | 84        | 65        | 132       | 102       | 35        |           |           |           |

Notes:

- OIBDA is presented before management and brand fees.

(1) Includes FBB connectivity services (retail and wholesale), including value-added services, TV services, ICT revenues and other services over connectivity.

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## TELEFÓNICA COLOMBIA

## ACCESSES

Unaudited figures (Thousands)

|                              | 2014            |                 |                 |                 | 2015            |                 |           |          |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------|----------|
|                              | March           | June            | September       | December        | March           | June            | September | December |
| Final Clients Accesses       | 15,128.7        | 15,052.5        | 15,403.9        | 15,689.7        | 15,777.5        | 15,308.1        |           |          |
| Fixed telephony accesses (1) | 1,459.9         | 1,464.0         | 1,468.6         | 1,461.0         | 1,465.8         | 1,450.8         |           |          |
| Internet and data accesses   | 895.1           | 922.4           | 952.9           | 970.2           | 997.3           | 999.8           |           |          |
| Broadband (2)                | 886.7           | 913.9           | 944.5           | 961.7           | 988.9           | 991.3           |           |          |
| Mobile accesses              | 12,409.8        | 12,281.9        | 12,581.6        | 12,842.5        | 12,884.9        | 12,413.3        |           |          |
| Prepay                       | 9,105.9         | 8,982.4         | 9,313.3         | 9,582.6         | 9,633.2         | 9,158.6         |           |          |
| Contract                     | 3,303.9         | 3,299.5         | 3,268.3         | 3,259.9         | 3,251.7         | 3,254.7         |           |          |
| M2M                          | 404.7           | 416.2           | 421.5           | 427.8           | 438.7           | 444.4           |           |          |
| Pay TV                       | 363.8           | 384.1           | 400.8           | 416.0           | 429.4           | 444.2           |           |          |
| Wholesale Accesses           | 1.9             | 1.9             | 1.9             | 1.9             | 1.9             | 1.9             |           |          |
| <b>Total Accesses</b>        | <b>15,130.6</b> | <b>15,054.4</b> | <b>15,405.9</b> | <b>15,691.6</b> | <b>15,779.4</b> | <b>15,310.1</b> |           |          |

(1) Includes fixed wireless and VoIP accesses.

(2) Includes ADSL, satellite, fibre, cable modem and broadband circuits.

## SELECTED OPERATIONAL MOBILE BUSINESS DATA

Unaudited figures

|                                 | 2014      |           |           |           | 2015      |           |           |           |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                 | Q1        | Q2        | Q3        | Q4        | Q1        | Q2        | Q3        | Q4        |
| Voice traffic (Million minutes) | 5,603     | 5,525     | 5,607     | 5,781     | 5,591     | 5,713     |           |           |
| Data traffic (TB)               | 6,670     | 7,454     | 8,708     | 9,410     | 10,516    | 11,387    |           |           |
| ARPU (EUR)                      | 6.1       | 6.4       | 6.6       | 6.2       | 5.5       | 5.5       |           |           |
| Prepay                          | 1.7       | 1.7       | 1.8       | 1.8       | 1.4       | 1.4       |           |           |
| Contract (1)                    | 20.4      | 21.4      | 22.6      | 21.5      | 19.9      | 19.6      |           |           |
| Data ARPU (EUR)                 | 1.6       | 1.7       | 1.8       | 1.7       | 1.7       | 1.8       |           |           |
| % non-SMS over data revenues    | 93.7%     | 94.7%     | 95.4%     | 97.5%     | 96.9%     | 97.3%     |           |           |
| Churn                           | 3.0%      | 3.8%      | 2.7%      | 3.0%      | 3.0%      | 4.5%      |           |           |
| Contract (1)                    | 2.3%      | 2.1%      | 2.2%      | 2.1%      | 2.2%      | 2.3%      |           |           |
|                                 | Jan - Mar | Jan - Jun | Jan - Sep | Jan - Dec | Jan - Mar | Jan - Jun | Jan - Sep | Jan - Dec |
| Voice traffic (Million minutes) | 5,603     | 11,128    | 16,735    | 22,516    | 5,591     | 11,304    |           |           |
| Data traffic (TB)               | 6,670     | 14,124    | 22,832    | 32,242    | 10,516    | 21,902    |           |           |
| ARPU (EUR)                      | 6.1       | 6.2       | 6.3       | 6.3       | 5.5       | 5.5       |           |           |
| Prepay                          | 1.7       | 1.7       | 1.8       | 1.8       | 1.4       | 1.4       |           |           |
| Contract (1)                    | 20.4      | 20.9      | 21.5      | 21.5      | 19.9      | 19.8      |           |           |
| Data ARPU (EUR)                 | 1.6       | 1.7       | 1.7       | 1.7       | 1.7       | 1.7       |           |           |
| % non-SMS over data revenues    | 93.7%     | 94.2%     | 94.6%     | 95.3%     | 96.9%     | 97.1%     |           |           |
| Churn                           | 3.0%      | 3.4%      | 3.2%      | 3.1%      | 3.0%      | 3.8%      |           |           |
| Contract (1)                    | 2.3%      | 2.2%      | 2.2%      | 2.2%      | 2.2%      | 2.2%      |           |           |

## Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes used by the company customers, both outbound and inbound. On-net traffic is only included once (outbound), and 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 excluded. Traffic volume non-rounded.

- Data traffic is defined as Terabytes used by the company customers, both upload and download (1TByte = 10<sup>12</sup> 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 MÉXICO  
SELECTED FINANCIAL DATA

Unaudited figures (Euros in millions)

|                         | 2014      |           |           |           |           | 2015      |           |           |           |           |
|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                         | Jan - Mar | Apr - Jun | Jul - Sep | Oct - Dec | Jan - Dec | Jan - Mar | Apr - Jun | Jul - Sep | Oct - Dec | Jan - Dec |
| Revenues                | 390       | 403       | 403       | 452       | 1,649     | 444       | 458       |           |           |           |
| Mobile service revenues | 330       | 346       | 357       | 380       | 1,413     | 376       | 391       |           |           |           |
| Data revenues           | 81        | 84        | 84        | 91        | 340       | 90        | 90        |           |           |           |
| Handset revenues        | 61        | 57        | 46        | 72        | 236       | 69        | 68        |           |           |           |
| OIBDA                   | 60        | 69        | 99        | 109       | 337       | 109       | 105       |           |           |           |
| OIBDA margin            | 15.3%     | 17.2%     | 24.6%     | 24.1%     | 20.5%     | 24.5%     | 22.9%     |           |           |           |
| CapEx                   | 39        | 51        | 53        | 108       | 252       | 47        | 63        |           |           |           |
| Spectrum                | -         | -         | -         | -         | -         | -         | -         |           |           |           |
| OpCF (OIBDA-CapEx)      | 20        | 18        | 46        | 1         | 86        | 62        | 42        |           |           |           |

Note:

- OIBDA is presented before management and brand fees.

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TELEFÓNICA MÉXICO  
ACCESSES  
*Unaudited figures (Thousands)*

|                       | 2014            |                 |                 |                 | 2015            |                 |           |          |
|-----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------|----------|
|                       | March           | June            | September       | December        | March           | June            | September | December |
| Mobile accesses       | 19,324.8        | 20,244.2        | 20,561.0        | 21,673.4        | 22,536.6        | 23,048.8        |           |          |
| Prepay                | 17,862.0        | 18,777.4        | 19,127.6        | 20,207.5        | 21,056.6        | 21,553.9        |           |          |
| Contract              | 1,462.8         | 1,466.8         | 1,433.4         | 1,465.8         | 1,480.0         | 1,494.9         |           |          |
| M2M                   | 351.0           | 354.1           | 362.1           | 433.7           | 455.8           | 485.9           |           |          |
| Fixed wireless        | 1,504.8         | 1,530.6         | 1,540.4         | 1,551.3         | 1,545.6         | 1,553.8         |           |          |
| <b>Total Accesses</b> | <b>20,829.6</b> | <b>21,774.8</b> | <b>22,101.5</b> | <b>23,224.7</b> | <b>24,082.2</b> | <b>24,602.6</b> |           |          |

SELECTED OPERATIONAL MOBILE BUSINESS DATA  
*Unaudited figures*

|                                 | 2014  |       |       |       | 2015  |       |    |    |
|---------------------------------|-------|-------|-------|-------|-------|-------|----|----|
|                                 | Q1    | Q2    | Q3    | Q4    | Q1    | Q2    | Q3 | Q4 |
| Voice traffic (Million minutes) | 6,626 | 7,723 | 7,454 | 8,807 | 8,485 | 8,559 |    |    |
| Data traffic (TB)               | 4,460 | 4,590 | 6,497 | 6,832 | 7,891 | 7,967 |    |    |
| ARPU (EUR)                      | 4.6   | 5.0   | 5.0   | 5.2   | 4.9   | 4.9   |    |    |
| Prepay                          | 3.9   | 4.3   | 4.4   | 4.6   | 4.3   | 4.3   |    |    |
| Contract (1)                    | 20.0  | 19.1  | 19.2  | 19.3  | 19.0  | 19.2  |    |    |
| Data ARPU (EUR)                 | 1.3   | 1.4   | 1.4   | 1.4   | 1.3   | 1.3   |    |    |
| % non-SMS over data revenues    | 65.4% | 68.2% | 70.2% | 73.4% | 80.2% | 82.0% |    |    |
| Churn                           | 5.7%  | 2.9%  | 3.5%  | 3.4%  | 2.8%  | 3.4%  |    |    |
| Contract (1)                    | 1.1%  | 1.4%  | 1.4%  | 1.6%  | 1.7%  | 2.2%  |    |    |

  

|                                 | Jan - Mar | Jan - Jun | Jan - Sep | Jan - Dec | Jan - Mar | Jan - Jun | Jan - Sep | Jan - Dec |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                 |           |           |           |           |           |           |           |           |
| Voice traffic (Million minutes) | 6,626     | 14,349    | 21,804    | 30,611    | 8,485     | 17,044    |           |           |
| Data traffic (TB)               | 4,460     | 9,050     | 15,547    | 22,379    | 7,891     | 15,858    |           |           |
| ARPU (EUR)                      | 4.6       | 4.8       | 4.9       | 5.0       | 4.9       | 4.9       |           |           |
| Prepay                          | 3.9       | 4.1       | 4.2       | 4.3       | 4.3       | 4.3       |           |           |
| Contract (1)                    | 20.0      | 19.5      | 19.4      | 19.4      | 19.0      | 19.1      |           |           |
| Data ARPU (EUR)                 | 1.3       | 1.4       | 1.4       | 1.4       | 1.3       | 1.3       |           |           |
| % non-SMS over data revenues    | 65.4%     | 66.8%     | 67.9%     | 69.3%     | 80.2%     | 81.1%     |           |           |
| Churn                           | 5.7%      | 4.3%      | 4.0%      | 3.9%      | 2.8%      | 3.1%      |           |           |
| Contract (1)                    | 1.1%      | 1.3%      | 1.4%      | 1.4%      | 1.7%      | 1.9%      |           |           |

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes used by the company customers, both outbound and inbound. On-net traffic is only included once (outbound), and 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 excluded. Traffic volume non-rounded.

- Data traffic is defined as Terabytes used by the company customers, both upload and download (1TByte = 10<sup>12</sup> 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 VENEZUELA AND CENTRAL AMERICA (1) (2)

SELECTED FINANCIAL DATA

Unaudited figures (Euros in millions)

|                         | 2014      |           |           |           |           | 2015      |           |           |           |           |
|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                         | Jan - Mar | Apr - Jun | Jul - Sep | Oct - Dec | Jan - Dec | Jan - Mar | Apr - Jun | Jul - Sep | Oct - Dec | Jan - Dec |
| Revenues                | 274       | 305       | 379       | 462       | 1,420     | 426       | 150       |           |           |           |
| Mobile service revenues | 258       | 285       | 353       | 409       | 1,305     | 385       | 144       |           |           |           |
| Data revenues (3)       | 82        | 87        | 107       | 121       | 397       | 142       | 40        |           |           |           |
| Handset revenues        | 16        | 20        | 26        | 53        | 114       | 41        | 6         |           |           |           |
| OIBDA                   | 78        | 109       | 125       | 150       | 463       | 105       | 30        |           |           |           |
| OIBDA margin            | 28.6%     | 35.8%     | 33.1%     | 32.5%     | 32.6%     | 24.7%     | 20.1%     |           |           |           |
| CapEx                   | 97        | 38        | 112       | 188       | 435       | 41        | 47        |           |           |           |
| Spectrum (4)            | 79        | 0         | 1         | 46        | 126       | -         | -         |           |           |           |
| OpCF (OIBDA-CapEx)      | (19)      | 71        | 13        | (38)      | 27        | 64        | (17)      |           |           |           |

Notes:

- For comparative purposes, the quarterly data for 2014 are reported adjusting the exchange rate in Venezuela from SICAD I to SICAD II 50 VEF/USD following the adoption of SICAD II 50 VEF/USD in the fourth quarter of 2014. The January-March 2015 period is at the previously denominated SICAD II 52 VEF/USD. The April-June 2015 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the previously denominated SIMADI (as of 30 June, this rate was set at 197 Venezuelan bolivars fuertes per dollar).

- OIBDA is presented before management and brand fees.

(1) Reported figures include the hyperinflationary adjustments in Venezuela in both years.

(2) Central America includes Guatemala, Panama, El Salvador, Nicaragua and Costa Rica.

(3) Data revenues do not include hyperinflation adjustments.

(4) Spectrum payment corresponds to Panama, Nicaragua and Venezuela.

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TELEFÓNICA VENEZUELA AND CENTRAL AMERICA (1)

ACCESSES

Unaudited figures (Thousands)

|                              | 2014            |                 |                 |                 | 2015            |                 |           |          |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------|----------|
|                              | March           | June            | September       | December        | March           | June            | September | December |
| Fixed telephony accesses (2) | 1,377.3         | 1,386.0         | 1,361.8         | 1,288.4         | 1,314.7         | 1,297.8         |           |          |
| Fixed wireless               | 1,127.4         | 1,138.2         | 1,128.7         | 1,065.0         | 1,093.5         | 1,078.1         |           |          |
| Internet and data accesses   | 12.2            | 12.1            | 11.9            | 12.3            | 12.6            | 13.0            |           |          |
| Broadband (3)                | 4.8             | 4.9             | 5.1             | 5.3             | 5.6             | 6.0             |           |          |
| Mobile accesses              | 21,813.8        | 21,919.5        | 21,947.2        | 21,471.9        | 21,899.6        | 22,161.8        |           |          |
| Prepay (4) (5)               | 19,602.9        | 19,676.2        | 19,721.3        | 19,242.6        | 19,672.9        | 19,943.2        |           |          |
| Contract                     | 2,210.9         | 2,243.3         | 2,225.9         | 2,229.2         | 2,226.7         | 2,218.6         |           |          |
| M2M                          | 123.8           | 129.8           | 134.9           | 141.7           | 147.9           | 147.7           |           |          |
| Pay TV                       | 415.3           | 463.2           | 472.8           | 466.6           | 476.1           | 480.0           |           |          |
| <b>Total Accesos</b>         | <b>23,618.6</b> | <b>23,780.9</b> | <b>23,793.7</b> | <b>23,239.2</b> | <b>23,703.0</b> | <b>23,952.6</b> |           |          |

(1) Central America includes Guatemala, Panama, El Salvador, Nicaragua and Costa Rica.

(2) Includes fixed wireless and VoIP accesses.

(3) Includes ADSL, satellite, fibre, cable modem and broadband circuits.

(4) Includes prepay M2M accesses.

(5) In the fourth quarter of 2014, 1.8 million inactive accesses were disconnected in Central America.

SELECTED OPERATIONAL MOBILE BUSINESS DATA

Unaudited figures

|                                 | 2014  |        |        |        | 2015   |        |    |    |
|---------------------------------|-------|--------|--------|--------|--------|--------|----|----|
|                                 | Q1    | Q2     | Q3     | Q4     | Q1     | Q2     | Q3 | Q4 |
| Voice traffic (Million minutes) | 9,173 | 9,262  | 9,413  | 9,627  | 10,125 | 10,215 |    |    |
| Data traffic (TB)               | 9,993 | 10,434 | 11,848 | 13,400 | 14,300 | 16,472 |    |    |
| ARPU (EUR)                      | 3.6   | 3.7    | 4.1    | 4.6    | 5.2    | 2.9    |    |    |
| Prepay (2)                      | 3.0   | 3.0    | 3.3    | 3.8    | 4.4    | 2.3    |    |    |
| Contract (3)                    | 10.2  | 10.9   | 11.7   | 12.8   | 13.4   | 8.7    |    |    |
| Data ARPU (EUR) (2) (4)         | 1.3   | 1.3    | 1.5    | 1.7    | 2.1    | 1.1    |    |    |
| % non-SMS over data revenues    | 66.7% | 70.3%  | 74.2%  | 75.4%  | 79.9%  | 81.5%  |    |    |
| Churn (2)                       | 2.6%  | 2.8%   | 3.1%   | 4.8%   | 2.6%   | 2.9%   |    |    |
| Contract (3)                    | 1.1%  | 1.2%   | 1.3%   | 1.2%   | 1.1%   | 1.2%   |    |    |

  

|                                 | Jan - Mar | Jan - Jun | Jan - Sep | Jan - Dec | Jan - Mar | Jan - Jun | Jan - Sep | Jan - Dec |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                 |           |           |           |           |           |           |           |           |
| Voice traffic (Million minutes) | 9,173     | 18,435    | 27,848    | 37,475    | 10,125    | 20,340    |           |           |
| Data traffic (TB)               | 9,993     | 20,427    | 32,274    | 45,675    | 14,300    | 30,772    |           |           |
| ARPU (EUR)                      | 3.6       | 3.7       | 3.8       | 4.0       | 5.2       | 4.0       |           |           |
| Prepay (2)                      | 3.0       | 3.0       | 3.1       | 3.3       | 4.4       | 3.3       |           |           |
| Contract (3)                    | 10.2      | 10.5      | 10.9      | 11.4      | 13.4      | 11.0      |           |           |
| Data ARPU (EUR) (2) (4)         | 1.3       | 1.3       | 1.3       | 1.4       | 2.1       | 1.6       |           |           |
| % non-SMS over data revenues    | 66.7%     | 68.5%     | 70.6%     | 72.0%     | 79.9%     | 80.7%     |           |           |
| Churn (2)                       | 2.6%      | 2.7%      | 2.9%      | 3.3%      | 2.6%      | 2.7%      |           |           |
| Contract (3)                    | 1.1%      | 1.1%      | 1.2%      | 1.2%      | 1.1%      | 1.1%      |           |           |

Notes:

- For comparative purposes, the quarterly data for 2014 are reported adjusting the exchange rate in Venezuela from SICAD I to SICAD II 50 VEF/USD for the Telefónica Group, Hispanoamérica and Venezuela and Central America following the adoption of SICAD II 50 VEF/USD in the fourth quarter of 2014. The January-June 2015 consolidated financial statements use the exchange rate of the Venezuelan bolivar set at the previously denominated SIMADI (whose latest price quotation was set at 197 bolivars fuertes per dollar).

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes used by the company customers, both outbound and inbound. On-net traffic is only included once (outbound), and 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 excluded. Traffic volume non-rounded.

- Data traffic is defined as Terabytes used by the company customers, both upload and download (1TByte = 10<sup>12</sup> 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) Central America includes Guatemala, Panama, El Salvador, Nicaragua and Costa Rica.

(2) Impacted by the disconnection of 1.8 million inactive accesses in Central America in the fourth quarter of 2014.

(3) Excludes M2M.

(4) Does not include adjustment for hyperinflation.

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TELEFÓNICA ECUADOR  
SELECTED FINANCIAL DATA

Unaudited figures (Euros in millions)

|                         | 2014      |           |           |           |           | 2015      |           |           |           |           |
|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                         | Jan - Mar | Apr - Jun | Jul - Sep | Oct - Dec | Jan - Dec | Jan - Mar | Apr - Jun | Jul - Sep | Oct - Dec | Jan - Dec |
| Revenues                | 119       | 121       | 128       | 138       | 508       | 149       | 149       |           |           |           |
| Mobile service revenues | 112       | 115       | 119       | 126       | 471       | 133       | 133       |           |           |           |
| Data revenues           | 36        | 38        | 37        | 40        | 151       | 45        | 50        |           |           |           |
| Handset revenues        | 8         | 6         | 10        | 12        | 36        | 15        | 16        |           |           |           |
| OIBDA                   | 43        | 45        | 47        | 54        | 188       | 52        | 45        |           |           |           |
| OIBDA margin            | 35.7%     | 36.7%     | 36.3%     | 39.0%     | 37.0%     | 35.0%     | 30.4%     |           |           |           |
| CapEx                   | 6         | 17        | 43        | 37        | 102       | 146       | 28        |           |           |           |
| Spectrum                | -         | -         | -         | -         | -         | 133       | 1         |           |           |           |
| OpCF (OIBDA-CapEx)      | 37        | 28        | 4         | 17        | 85        | (94)      | 17        |           |           |           |

Note:

- OIBDA is presented before management and brand fees.

TELEFÓNICA URUGUAY  
SELECTED FINANCIAL DATA

Unaudited figures (Euros in millions)

|                         | 2014      |           |           |           |           | 2015      |           |           |           |           |
|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                         | Jan - Mar | Apr - Jun | Jul - Sep | Oct - Dec | Jan - Dec | Jan - Mar | Apr - Jun | Jul - Sep | Oct - Dec | Jan - Dec |
| Revenues                | 59        | 55        | 56        | 62        | 232       | 65        | 61        |           |           |           |
| Mobile service revenues | 56        | 52        | 53        | 58        | 218       | 61        | 57        |           |           |           |
| Data revenues           | 22        | 21        | 22        | 24        | 88        | 26        | 26        |           |           |           |
| Handset revenues        | 3         | 3         | 3         | 4         | 14        | 4         | 4         |           |           |           |
| OIBDA                   | 24        | 20        | 23        | 27        | 94        | 24        | 20        |           |           |           |
| OIBDA margin            | 39.8%     | 36.8%     | 41.7%     | 44.2%     | 40.7%     | 37.2%     | 32.7%     |           |           |           |
| CapEx                   | 5         | 11        | 3         | 13        | 31        | 8         | 6         |           |           |           |
| Spectrum                | -         | -         | -         | -         | -         | -         | -         |           |           |           |
| OpCF (OIBDA-CapEx)      | 19        | 10        | 20        | 14        | 63        | 16        | 14        |           |           |           |

Note:

- OIBDA is presented before management and brand fees.

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TELEFÓNICA ECUADOR  
ACCESSES  
Unaudited figures (Thousands)

|                       | 2014           |                |                |                | 2015           |                |           |          |
|-----------------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------|----------|
|                       | March          | June           | September      | December       | March          | June           | September | December |
| Mobile accesses       | 5,174.5        | 5,155.4        | 4,995.9        | 5,002.5        | 4,675.3        | 4,545.3        |           |          |
| Prepay                | 4,165.4        | 4,111.9        | 3,915.1        | 3,897.8        | 3,545.6        | 3,380.8        |           |          |
| Contract              | 1,009.1        | 1,043.5        | 1,080.9        | 1,104.7        | 1,129.7        | 1,164.6        |           |          |
| M2M                   | 116.4          | 124.2          | 136.9          | 154.2          | 173.3          | 182.7          |           |          |
| Fixed Wireless        | 49.5           | 49.5           | 51.3           | 53.1           | 48.1           | 43.8           |           |          |
| <b>Total Accesses</b> | <b>5,224.0</b> | <b>5,204.9</b> | <b>5,047.3</b> | <b>5,055.6</b> | <b>4,723.4</b> | <b>4,589.1</b> |           |          |

SELECTED OPERATIONAL MOBILE BUSINESS DATA  
Unaudited figures

|                                 | 2014      |           |           |           | 2015      |           |           |           |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                 | Q1        | Q2        | Q3        | Q4        | Q1        | Q2        | Q3        | Q4        |
| Voice traffic (Million minutes) | 1,175     | 1,203     | 1,212     | 1,201     | 1,172     | 1,253     |           |           |
| Data traffic (TB)               | 1,142     | 1,223     | 1,315     | 1,485     | 1,786     | 2,213     |           |           |
| ARPU (EUR)                      | 6.8       | 7.0       | 7.3       | 7.8       | 8.3       | 8.9       |           |           |
| Prepay                          | 4.0       | 3.9       | 4.1       | 4.4       | 4.6       | 4.8       |           |           |
| Contract (1)                    | 21.1      | 22.1      | 21.8      | 22.3      | 24.5      | 24.6      |           |           |
| Data ARPU (EUR)                 | 2.3       | 2.4       | 2.4       | 2.6       | 3.0       | 3.6       |           |           |
| % non-SMS over data revenues    | 76.8%     | 78.6%     | 78.5%     | 80.6%     | 82.5%     | 85.1%     |           |           |
| Churn                           | 2.5%      | 2.8%      | 3.7%      | 3.2%      | 5.7%      | 4.6%      |           |           |
| Contract (1)                    | 1.3%      | 1.3%      | 1.3%      | 1.7%      | 1.6%      | 1.5%      |           |           |
|                                 | Jan - Mar | Jan - Jun | Jan - Sep | Jan - Dec | Jan - Mar | Jan - Jun | Jan - Sep | Jan - Dec |
|                                 |           |           |           |           |           |           |           |           |
| Voice traffic (Million minutes) | 1,175     | 2,378     | 3,589     | 4,790     | 1,172     | 2,426     |           |           |
| Data traffic (TB)               | 1,142     | 2,366     | 3,680     | 5,165     | 1,786     | 3,999     |           |           |
| ARPU (EUR)                      | 6.8       | 6.9       | 7.0       | 7.2       | 8.3       | 8.6       |           |           |
| Prepay                          | 4.0       | 3.9       | 4.0       | 4.1       | 4.6       | 4.7       |           |           |
| Contract (1)                    | 21.1      | 21.7      | 21.7      | 21.9      | 24.5      | 24.6      |           |           |
| Data ARPU (EUR)                 | 2.3       | 2.3       | 2.3       | 2.4       | 3.0       | 3.3       |           |           |
| % non-SMS over data revenues    | 76.8%     | 77.7%     | 78.0%     | 78.6%     | 82.5%     | 83.9%     |           |           |
| Churn                           | 2.5%      | 2.6%      | 3.0%      | 3.0%      | 5.7%      | 5.2%      |           |           |
| Contract (1)                    | 1.3%      | 1.3%      | 1.3%      | 1.4%      | 1.6%      | 1.6%      |           |           |

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes used by the company customers, both outbound and inbound. On-net traffic is only included once (outbound), and 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 excluded. Traffic volume non rounded.

- Data traffic is defined as Terabytes used by the company customers, both upload and download (1TByte = 10<sup>12</sup> 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.

TELEFÓNICA URUGUAY  
ACCESSES  
Unaudited figures (Thousands)

|                       | 2014           |                |                |                | 2015           |                |           |          |
|-----------------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------|----------|
|                       | March          | June           | September      | December       | March          | June           | September | December |
| Mobile accesses       | 1,845.7        | 1,854.4        | 1,871.6        | 1,883.8        | 1,912.5        | 1,844.1        |           |          |
| Prepay                | 1,245.8        | 1,243.2        | 1,259.6        | 1,276.9        | 1,305.3        | 1,228.4        |           |          |
| Contract              | 599.9          | 611.2          | 612.0          | 606.9          | 607.1          | 615.7          |           |          |
| M2M                   | 35.5           | 36.6           | 37.0           | 40.6           | 43.7           | 47.8           |           |          |
| <b>Total Accesses</b> | <b>1,845.7</b> | <b>1,854.4</b> | <b>1,871.6</b> | <b>1,883.8</b> | <b>1,912.5</b> | <b>1,844.1</b> |           |          |

SELECTED OPERATIONAL MOBILE BUSINESS DATA  
Unaudited figures

|                                 | 2014    |         |         |         | 2015    |         |         |         |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
|                                 | Q1      | Q2      | Q3      | Q4      | Q1      | Q2      | Q3      | Q4      |
| Voice traffic (Million minutes) | 850     | 845     | 862     | 864     | 840     | 783     |         |         |
| Data traffic (TB)               | 1,045   | 1,118   | 1,318   | 1,499   | 1,704   | 1,937   |         |         |
| ARPU (EUR)                      | 9.5     | 9.1     | 9.2     | 9.8     | 10.0    | 9.8     |         |         |
| Prepay                          | 4.6     | 4.3     | 4.2     | 4.6     | 4.5     | 4.6     |         |         |
| Contract (1)                    | 20.8    | 20.1    | 20.6    | 21.8    | 23.2    | 22.2    |         |         |
| Data ARPU (EUR)                 | 3.9     | 3.8     | 3.9     | 4.2     | 4.5     | 4.5     |         |         |
| % non-SMS over data revenues    | 51.5%   | 54.0%   | 56.7%   | 60.8%   | 67.3%   | 67.5%   |         |         |
| Churn                           | 1.9%    | 1.6%    | 1.4%    | 1.5%    | 1.4%    | 3.0%    |         |         |
| Contract (1)                    | 0.6%    | 0.6%    | 0.7%    | 0.9%    | 0.7%    | 0.7%    |         |         |
|                                 | Jan-Mar | Jan-Jun | Jan-Sep | Jan-Dec | Jan-Mar | Jan-Jun | Jan-Sep | Jan-Dec |
|                                 |         |         |         |         |         |         |         |         |
| Voice traffic (Million minutes) | 850     | 1,695   | 2,557   | 3,421   | 840     | 1,623   |         |         |
| Data traffic (TB)               | 1,045   | 2,163   | 3,482   | 4,981   | 1,704   | 3,641   |         |         |
| ARPU (EUR)                      | 9.5     | 9.3     | 9.2     | 9.4     | 10.0    | 9.9     |         |         |
| Prepay                          | 4.6     | 4.4     | 4.4     | 4.4     | 4.5     | 4.6     |         |         |
| Contract (1)                    | 20.8    | 20.4    | 20.5    | 20.8    | 23.2    | 22.7    |         |         |
| Data ARPU (EUR)                 | 3.9     | 3.8     | 3.9     | 4.0     | 4.5     | 4.5     |         |         |
| % non-SMS over data revenues    | 51.5%   | 52.7%   | 54.0%   | 55.7%   | 67.3%   | 67.4%   |         |         |
| Churn                           | 1.9%    | 1.7%    | 1.6%    | 1.6%    | 1.4%    | 2.2%    |         |         |
| Contract (1)                    | 0.6%    | 0.6%    | 0.7%    | 0.7%    | 0.7%    | 0.7%    |         |         |

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice traffic is defined as minutes used by the company customers, both outbound and inbound. On-net traffic is only included once (outbound), and 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 excluded. Traffic volume non-rounded.

- Data traffic is defined as Terabytes used by the company customers, both upload and download (1TByte = 10<sup>12</sup> 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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## **ADDENDA**

The financial information contained in the addenda has been prepared under International Financial Reporting Standards (IFRS). This financial information is unaudited.

The following Addenda are included: i) the detailed Income Statement and Accesses and Selected Operational information for Telefónica UK, reported as per the perimeter of discontinued operation, ii) the detailed Income Statements for Telefónica, Telefónica Hispanoamérica and Telefónica Venezuela and Central America prepared under IFRS using in the first half of 2014 the exchange rate in use at the time (SICAD I 10.60 VEF/USD).

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## O2 UK

## CONSOLIDATED INCOME STATEMENT

*Unaudited figures (Euros in millions)*

|  | 2014      |           |           |           |           | 2015      |           |           |           |           |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|  | Jan - Mar | Apr - Jun | Jul - Sep | Oct - Dec | Jan - Dec | Jan - Mar | Apr - Jun | Jul - Sep | Oct - Dec | Jan - Dec |
| Revenues   | 1,644     | 1,701     | 1,806     | 1,914     | 7,065     | 1,851     | 1,953     |           |           |           |
| Mobile service revenues                          | 1,307     | 1,340     | 1,389     | 1,361     | 5,397     | 1,379     | 1,455     |           |           |           |
| Data revenues                                    | 747       | 773       | 794       | 781       | 3,096     | 804       | 845       |           |           |           |
| Handset revenues and other                       | 337       | 361       | 417       | 553       | 1,668     | 472       | 498       |           |           |           |
| Internal expenditure capitalized in fixed assets | 20        | 29        | 33        | 40        | 123       | 35        | 42        |           |           |           |
| Operating expenses                               | (1,262)   | (1,333)   | (1,416)   | (1,506)   | (5,516)   | (1,425)   | (1,479)   |           |           |           |
| Supplies   | (805)     | (838)     | (930)     | (988)     | (3,561)   | (909)     | (929)     |           |           |           |
| Personnel expenses                               | (118)     | (115)     | (120)     | (128)     | (481)     | (129)     | (136)     |           |           |           |
| Other operating expenses                         | (339)     | (379)     | (367)     | (390)     | (1,475)   | (387)     | (414)     |           |           |           |
| Other net income (expense)                       | 0         | 5         | 6         | 4         | 14        | (7)       | (1)       |           |           |           |
| Gain (loss) on sale of fixed assets              | 9         | 0         | 49        | 0         | 59        | 0         | 3         |           |           |           |
| Impairment of goodwill and other assets          | (10)      | 0         | 0         | 0         | (10)      | 0         | 0         |           |           |           |
| Operating income before D&A (OIBDA)              | 402       | 402       | 478       | 452       | 1,734     | 453       | 517       |           |           |           |
| OIBDA Margin                                     | 24.5%     | 23.6%     | 26.5%     | 23.6%     | 24.5%     | 24.5%     | 26.5%     |           |           |           |
| CapEx  | 192       | 186       | 202       | 189       | 767       | 212       | 203       |           |           |           |
| Spectrum   | -         | -         | -         | -         | -         | -         | -         |           |           |           |
| OpCF (OIBDA-CapEx)                               | 210       | 216       | 276       | 264       | 967       | 241       | 314       |           |           |           |

## Notes:

- OIBDA and OI before management and brand fees.
- Figures are reported as per the perimeter of discontinued operation.

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## O2 UK

## ACCESSES

Unaudited figures (Thousands)

|                              | 2014            |                 |                 |                 | 2015            |                 |           |          |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------|----------|
|                              | March           | June            | September       | December        | March           | June            | September | December |
| Final Clients Accesses       | 23,803.9        | 24,001.3        | 24,324.5        | 24,726.4        | 24,869.2        | 25,072.2        |           |          |
| Fixed telephony accesses (1) | 211.4           | 217.9           | 221.5           | 228.0           | 232.1           | 235.4           |           |          |
| Internet and data accesses   | 16.4            | 16.8            | 17.8            | 19.2            | 19.9            | 20.4            |           |          |
| Broadband                    | 16.4            | 16.8            | 17.8            | 19.2            | 19.9            | 20.4            |           |          |
| Mobile accesses              | 23,576.1        | 23,766.6        | 24,085.2        | 24,479.1        | 24,617.1        | 24,816.5        |           |          |
| Prepay                       | 10,556.7        | 10,548.6        | 10,658.4        | 10,761.2        | 10,766.1        | 10,793.1        |           |          |
| Contract                     | 13,019.4        | 13,218.0        | 13,426.7        | 13,717.9        | 13,851.1        | 14,023.4        |           |          |
| M2M                          | 2,038.0         | 2,096.1         | 2,116.2         | 2,192.0         | 2,201.1         | 2,234.2         |           |          |
| Wholesale Accesses (2)       | -               | -               | -               | -               | -               | -               |           |          |
| <b>Total Accesses</b>        | <b>23,803.9</b> | <b>24,001.3</b> | <b>24,324.5</b> | <b>24,726.4</b> | <b>24,869.2</b> | <b>25,072.2</b> |           |          |

## Notes:

(1) PSTN (including Public Use Telephony) x1; ISDN Basic access x1; ISDN Primary access; 2/6 Digital Access x30. Company's accesses for internal use included. Includes VoIP and Naked ADSL.

(2) From the first quarter of 2014, the company stopped offering a wholesale service.

## MOBILE ACCESSES

Unaudited figures (thousands)

|                            | 2014     |          |           |          | 2015     |          |           |          |
|----------------------------|----------|----------|-----------|----------|----------|----------|-----------|----------|
|                            | March    | June     | September | December | March    | June     | September | December |
| Prepay percentage (%)      | 44.8%    | 44.4%    | 44.3%     | 44.0%    | 43.7%    | 43.5%    |           |          |
| Contract percentage (%)    | 55.2%    | 55.6%    | 55.7%     | 56.0%    | 56.3%    | 56.5%    |           |          |
| Smartphones ('000)         | 10,566.8 | 10,501.2 | 10,835.1  | 11,338.0 | 10,784.8 | 10,972.4 |           |          |
| Prepay                     | 3,317.0  | 3,268.0  | 3,358.1   | 3,566.0  | 3,343.9  | 3,370.8  |           |          |
| Contract                   | 7,249.8  | 7,233.2  | 7,477.1   | 7,772.0  | 7,440.9  | 7,601.6  |           |          |
| Smartphone penetration (%) | 50.2%    | 49.6%    | 50.5%     | 52.1%    | 49.3%    | 49.9%    |           |          |
| Prepay (%)                 | 31.9%    | 31.5%    | 32.0%     | 33.6%    | 31.4%    | 31.6%    |           |          |
| Contract (%)               | 67.9%    | 67.0%    | 68.2%     | 69.9%    | 66.4%    | 67.2%    |           |          |
| LTE ('000)                 | 1,096.6  | 2,198.7  | 2,995.9   | 4,121.8  | 4,906.0  | 5,769.9  |           |          |
| LTE penetration (%)        | 5.2%     | 10.4%    | 14.0%     | 19.0%    | 22.4%    | 26.2%    |           |          |

## SELECTED OPERATIONAL MOBILE BUSINESS DATA

Unaudited figures

|                                 | 2014   |        |        |        | 2015   |        |    |    |
|---------------------------------|--------|--------|--------|--------|--------|--------|----|----|
|                                 | Q1     | Q2     | Q3     | Q4     | Q1     | Q2     | Q3 | Q4 |
| Voice Traffic (Million minutes) | 11,973 | 12,361 | 12,252 | 12,510 | 12,504 | 12,515 |    |    |
| Data traffic (TB)               | 15,978 | 20,550 | 24,199 | 27,524 | 30,928 | 34,685 |    |    |
| ARPU (EUR)                      | 18.5   | 18.9   | 19.3   | 18.6   | 18.8   | 19.6   |    |    |
| Prepay                          | 7.0    | 7.3    | 7.6    | 7.4    | 7.4    | 7.6    |    |    |
| Contract (1)                    | 32.8   | 33.3   | 33.7   | 32.5   | 32.7   | 34.0   |    |    |
| Data ARPU (EUR)                 | 10.6   | 10.9   | 11.1   | 10.7   | 10.9   | 11.4   |    |    |
| % non-SMS over data revenues    | 56.5%  | 58.0%  | 58.5%  | 58.7%  | 58.6%  | 59.2%  |    |    |
| Churn                           | 2.1%   | 1.8%   | 1.9%   | 1.8%   | 1.7%   | 1.6%   |    |    |
| Contract (1)                    | 1.1%   | 1.0%   | 1.0%   | 1.0%   | 1.0%   | 0.9%   |    |    |

|                                 | 2014      |           |           |           | 2015      |           |           |           |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                 | Jan - Mar | Jan - Jun | Jan - Sep | Jan - Dec | Jan - Mar | Jan - Jun | Jan - Sep | Jan - Dec |
| Voice Traffic (Million minutes) | 11,973    | 24,334    | 36,587    | 49,096    | 12,504    | 25,019    |           |           |
| Data traffic (TB)               | 15,978    | 36,528    | 60,727    | 88,251    | 30,928    | 65,613    |           |           |
| ARPU (EUR)                      | 18.5      | 18.7      | 18.9      | 18.8      | 18.8      | 19.2      |           |           |
| Prepay                          | 7.0       | 7.2       | 7.3       | 7.3       | 7.4       | 7.5       |           |           |
| Contract (1)                    | 32.8      | 33.0      | 33.3      | 33.1      | 32.7      | 33.3      |           |           |
| Data ARPU (EUR)                 | 10.6      | 10.7      | 10.8      | 10.8      | 10.9      | 11.2      |           |           |
| % non-SMS over data revenues    | 56.5%     | 57.3%     | 57.7%     | 57.9%     | 58.6%     | 58.9%     |           |           |
| Churn                           | 2.1%      | 2.0%      | 1.9%      | 1.9%      | 1.7%      | 1.6%      |           |           |
| Contract (1)                    | 1.1%      | 1.0%      | 1.0%      | 1.0%      | 1.0%      | 1.0%      |           |           |

## Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

- Voice Traffic is defined as minutes used by the company customers, both outbound and inbound. On-net traffic is only included once (outbound), and 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 excluded. Traffic volume non-rounded.

- Data traffic is defined as Terabytes used by the company customers, both upload and download (1TByte = 10<sup>12</sup> 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

## CONSOLIDATED INCOME STATEMENT

Unaudited figures (Euros in millions)

|   | January-June |          |            |
|---|--------------|----------|------------|
|   | 2015         | 2014     | %Var.      |
| Revenues  | 23,419       | 21,696   | 7.9        |
| Internal exp. capitalized in fixed assets   | 359          | 292      | 22.8       |
| Operating expenses  | (16,610)     | (14,929) | 11.3       |
| Supplies  | (6,292)      | (5,701)  | 10.4       |
| Personnel expenses  | (3,316)      | (3,044)  | 8.9        |
| Other operating expenses  | (7,002)      | (6,184)  | 13.2       |
| Other net income (expense)  | 63           | 141      | (55.0)     |
| Gain (loss) on sale of fixed assets   | 89           | 49       | 82.6       |
| Impairment of goodwill and other assets   | (1)          | 2        | c.s.       |
| Operating income before D&A (OIBDA)   | 7,320        | 7,251    | 0.9        |
| OIBDA Margin  | 31.3%        | 33.4%    | (2.2 p.p.) |
| Depreciation and amortization   | (4,252)      | (3,610)  | 17.8       |
| Operating income (OI)   | 3,068        | 3,641    | (15.7)     |
| Share of profit (loss) of investments accounted for by the equity method            | (4)          | (54)     | (93.4)     |
| Net financial income (expense)  | (1,129)      | (1,355)  | (16.7)     |
| Profit before taxes from continuing operations                                      | 1,935        | 2,232    | (13.3)     |
| Corporate income tax  | (71)         | (311)    | (77.2)     |
| Profit for the period from continuing operations                                    | 1,864        | 1,921    | (3.0)      |
| Profit for the period from discontinued operations                                  | 1,841        | 181      | n.m.       |
| Profit for the period   | 3,705        | 2,102    | 76.3       |
| Non-controlling interests   | (12)         | (199)    | (94.0)     |
| Net Income  | 3,693        | 1,903    | 94.1       |
| Weighted average number of ordinary shares outstanding during the period (millions) | 4,755        | 4,596    | 3.5        |
| Continuing operations earnings per share (euros)                                    | 0.36         | 0.36     | 1.7        |
| Discontinued operations earnings per share (euros)                                  | 0.39         | 0.04     | n.m.       |
| Basic earnings per share (euros)  | 0.75         | 0.40     | 89.4       |

## Notes:

- From the first quarter of 2015 Telefónica's operations in the United Kingdom are reported as discontinued operations within the Telefónica Group and its assets and liabilities are classified as "held for sale", in compliance with the IFRS, as a result of the signing of the final sale agreement of the company in March 2015. For comparative purposes, 2014 results are reported using these same criteria.

- For the purposes of calculating the earnings per share ratios, 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 2014, has 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.

- Continuing operations earnings per share ratio is calculated dividing profit for the period from continuing operations, adjusted for the net coupon corresponding to "Other equity instruments", by the weighted average number of ordinary shares outstanding during the period.

- Discontinued operations per share ratio is calculated dividing profit for the period from discontinued operations by the weighted average number of ordinary shares outstanding during the period.

- Basic earnings per share ratio is calculated dividing Net Income, adjusted for the net coupon corresponding to "Other equity instruments", by the weighted average number of ordinary shares outstanding during the period.

- 2014 and 2015 reported figures include hyperinflationary adjustments in Venezuela.

- Telefónica Group consolidated results consolidate GVT and DTS from 1 May 2015 and E-Plus from the fourth quarter 2014. T. Ireland is deconsolidated from the third quarter 2014.

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TELEFÓNICA HISPANOAMÉRICA  
CONSOLIDATED INCOME STATEMENT  
*Unaudited figures (Euros in millions)*

|   | January-June |         |            |
|---|--------------|---------|------------|
|   | 2015         | 2014    | %Var.      |
| Revenues                                  | 7,132        | 7,066   | 0.9        |
| Internal exp. capitalized in fixed assets | 56           | 52      | 7.9        |
| Operating expenses                        | (5,071)      | (4,891) | 3.7        |
| Supplies                                  | (2,042)      | (1,981) | 3.1        |
| Personnel expenses                        | (826)        | (771)   | 7.2        |
| Other operating expenses                  | (2,204)      | (2,140) | 3.0        |
| Other net income (expense)                | 32           | 43      | (24.2)     |
| Gain (loss) on sale of fixed assets       | 4            | (2)     | c.s.       |
| Impairment of goodwill and other assets   | -            | -       | c.s.       |
| Operating income before D&A (OIBDA)       | 2,152        | 2,267   | (5.1)      |
| OIBDA Margin                              | 30.2%        | 32.1%   | (1.9 p.p.) |
| CapEx                                     | 1,474        | 1,234   | 19.5       |
| Spectrum                                  | 345          | 189     | 82.3       |
| OpCF (OIBDA-CapEx)                        | 678          | 1,033   | (34.4)     |

*Notes:*

- OIBDA and OI before management and brand fees.
- 2014 and 2015 reported figures include hyperinflationary adjustments in Venezuela.

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TELEFÓNICA VENEZUELA AND CENTRAL AMERICA (1)(2)

CONSOLIDATED INCOME STATEMENT

Unaudited figures (Euros in millions)

|                         | January-June |       |             |
|-------------------------|--------------|-------|-------------|
|                         | 2015         | 2014  | %Var.       |
| Revenues                | 576          | 1,445 | (60.1)      |
| Mobile service revenues | 529          | 1,358 | (61.0)      |
| Data revenues (3)       | 182          | 442   | (58.8)      |
| Handset revenues        | 47           | 87    | (45.6)      |
| OIBDA                   | 136          | 598   | (77.3)      |
| OIBDA margin            | 23.5%        | 41.4% | (17.8 p.p.) |
| CapEx                   | 88           | 220   | (59.7)      |
| Spectrum (4)            | -            | 79    | n.m.        |
| OpCF (OIBDA-CapEx)      | 47           | 378   | (87.5)      |

Notes:

- OIBDA is presented before management and brand fees.

(1) The figures for Venezuela include adjustments for hyperinflation in both periods.

(2) Central America includes Guatemala, Panama, El Salvador, Nicaragua and Costa Rica.

(3) Data revenues do not include hyperinflation adjustments.

(4) Spectrum payment corresponds to Panama.

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