



JANUARY - DECEMBER 2017 RESULTS

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DISCLAIMER

The financial information related to FY 2017 contained in this document has been prepared under International Financial Reporting Standards (IFRS), as adopted by the European Union. This information is unaudited.

The following financial information has been revised for fiscal year 2016:

- Telxius financials are fully reported in Other Companies & Eliminations in T. Group since 1 January 2017, reflecting the final integration into Telxius of the mobile communications towers transferred from T. España, T. Deutschland, T. Brasil and T. Hispanoamérica segments and the international submarine fiber optic cable (which was already being reported within Other Companies and Eliminations). As a consequence, 2017 reported figures for these segments follow the same criteria. In addition, 2016 segment results have been revised to reflect the different dates of asset integration into Telxius, affecting T. España (since 1 January 2016), T. Deutschland (since 1 May 2016), T. Brasil (since 1 April 2016) and T. Hispanoamérica (T. Perú since 1 April 2016 and T. Chile since 1 May 2016). Organic y-o-y changes on segments reflect all the charges related to the towers transferred to Telxius since 1 January 2016. The results of the segments do not include intra-group capital gains resulting from the transfer of the towers to Telxius.
- Since 1 January 2017 T. España includes the results of the data center business and the results of the companies T. Studios and T. Servicios Audiovisuales, which were before presented in Other Companies & Eliminations in Telefónica Group. Also since 1 January 2017, T. Chile includes the results of the data center business which were before presented in Other Companies & Eliminations of T. Group. For comparative purposes, the results of T. España and T. Hispanoamérica have been revised for the fiscal year 2016, accordingly. This change in the composition of the segments does not affect Telefónica Group consolidated results for 2016.
- In addition, since 1 July 2017 T. Brasil includes the results of Terra subsidiaries, which were before presented in "Other Companies & Eliminations" in Telefónica Group. For organic comparative purposes Terra's results are included since 1 July 2016. This change in the composition of the segments does not affect Telefónica Group consolidated results.
- T. Venezuela, T. Ecuador, T. Uruguay and T. Central America (including Guatemala, Panama, El Salvador, Nicaragua and Costa Rica) have been grouped as "Rest of countries of T. Hispanoamérica" and thus operational KPIs are no longer provided separately for these countries.
- T. UK Mobile service revenues include since 1 January 2017 revenues from MVNOs, which were prior accounted as "Handset revenues and others". For comparative purposes, Mobile service revenues and handset revenues for 2016 are reported using these same criteria.
- Since 1 January 2016 Mobile revenues and Fixed revenues of T. Brasil, T. Mexico, T. Argentina, T. Chile and "Rest of countries of T. Hispanoamérica" have been revised due to different allocation criteria. This change does not affect total revenue figure reported for 2016.
- Also since 1 January 2016 Mobile Data revenues of T. Hispanoamérica and T. Brasil have been revised due to different allocation criteria between Mobile Data revenues and Other Mobile Service revenues. This change does not affect total Mobile service revenue figure reported for 2016.
- In T. Brasil "FTTx and cable" accesses have been revised since 1 January 2016 including cable accesses. This change also affects Telefónica Group "FTTx and cable" accesses.

New information has been included since the first quarter 2017 and is also given for comparative purposes from January 2016.

- In T. Hispanoamerica:
 - i) Accesses: FTTx accesses (T. Argentina and T. Colombia), Wholesale acceses (T. Mexico; since Q3 2016).
 - ii) Operational data (T. Argentina, T. Chile, T. Colombia, T. Perú and T. Mexico): Contract percentage, Smartphones, Smartphone penetration, LTE and LTE penetration.
- In Other Companies & Eliminations:
 - i) Telxius: Revenue, OIBDA and CapEX information provided since 1 January 2016.

The following information is no longer provided:

- Mobile voice traffic.
- Quarterly Data traffic.
- Quarterly ARPUs (except for Fusión).

Changes in the perimeter of consolidation: Telefé (Other Companies & Eliminations) has been deconsolidated since 1 November 2016. T. Personalizadas (T. España) has been deconsolidated since 1 January 2017. Vocem (Other Companies & Eliminations) has been deconsolidated since 1 July 2016. In addition, following the pre-payment of the debt derived from the operating agreement with PARAPAT in Colombia and after taking over its subsidiaries Telebucaramanga, Metrotel and Optecom, the consolidated results are included in the fixed business from 1 October 2017. Organic y-o-y comparison excludes these results.

Given the absence of official exchange rates representative of the economic situation in Venezuela, the Company has considered the need to estimate a synthetic exchange rate that matches the progression of inflation to reflect the economic and financial position of the Group's subsidiaries in Venezuela in a more accurate way. This rate has been fixed at 36,115 VEF/USD at the end of December 2017, affecting the January-December 2017 results reported by the Company.

Since the second quarter of 2016 Telefónica's operations in the United Kingdom were no longer reported as discontinued operations within Telefónica Group and all its assets and liabilities have ceased to be reported as "held for sale", and have been reclassified back into full consolidation within Telefónica Group financial statements, in compliance with IFRS. For comparative purposes, Telefónica Group financial statements for the three-month period ended 31 March 2016 were reported using these same criteria.

Since 31 December 2017, T. Spain Accesses and KPIs includes total Fusion accesses line with its historical data.

TELEFÓNICA

ACCESSES

Unaudited figures (thousands)

	2016				2017			
	March	June	September	December	March	June	September	December
Final Clients Accesses	341,262.7	341,922.3	343,932.9	344,671.1	341,785.7	341,347.3	339,843.1	338,997.9
Fixed telephony accesses (1)	39,606.5	39,262.1	38,914.0	38,280.1	37,853.0	37,488.4	37,028.0	36,898.6
Internet and data accesses	21,507.7	21,641.4	21,738.4	21,652.1	21,657.8	21,697.3	21,696.7	21,864.6
Broadband	21,097.2	21,195.9	21,266.5	21,194.9	21,196.4	21,240.4	21,243.8	21,417.5
FTTx / Cable	7,933.6	8,378.1	8,704.0	9,137.6	9,580.6	9,960.5	10,511.8	10,961.6
Mobile accesses	271,783.2	272,596.8	274,883.7	276,450.0	274,055.6	273,886.6	272,742.7	271,766.9
Prepay	166,005.2	165,619.6	165,912.1	165,663.2	162,648.4	161,271.6	158,662.8	155,868.5
Contract	105,778.0	106,977.2	108,971.6	110,786.8	111,407.2	112,615.0	114,079.9	115,898.4
M2M	12,583.9	12,988.2	13,591.7	14,002.0	14,488.0	15,009.9	15,572.9	16,137.2
Pay TV	8,365.4	8,422.0	8,396.7	8,289.0	8,219.3	8,274.9	8,375.8	8,467.7
Wholesale Accesses	5,826.7	5,591.7	5,480.7	5,300.9	5,087.1	4,887.2	4,689.4	4,460.2
Total Accesses	347,089.4	347,514.0	349,413.5	349,972.1	346,872.8	346,234.5	344,532.5	343,458.1

Notes:

(1) Includes fixed wireless and VoIP accesses.

MOBILE ACCESSES

Unaudited figures (thousands)

	2016				2017			
	March	June	September	December	March	June	September	December
Contract percentage (%)	38.9%	39.2%	39.6%	40.1%	40.7%	41.1%	41.8%	42.6%
Smartphones ('000)	128,326.0	130,058.4	144,588.9	147,161.8	151,547.7	155,126.7	156,511.5	158,717.7
Smartphone penetration (%)	50.6%	51.1%	56.4%	57.1%	59.4%	60.9%	61.8%	63.0%
LTE ('000)	43,870.2	50,077.3	57,342.4	66,295.7	75,458.8	81,604.2	88,978.7	97,534.0
LTE penetration (%)	16.9%	19.3%	22.1%	25.3%	29.1%	31.5%	34.6%	38.2%

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TELEFÓNICA
CONSOLIDATED INCOME STATEMENT
Unaudited figures (Euros in millions)

	2016					2017				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	12,511	12,723	13,080	13,721	52,036	13,132	12,960	12,754	13,162	52,008
Internal exp. capitalized in fixed assets	213	214	208	231	867	208	222	214	219	863
Operating expenses	(8,943)	(9,067)	(9,181)	(10,852)	(38,043)	(9,348)	(9,048)	(8,884)	(9,478)	(36,758)
Supplies	(3,675)	(3,748)	(3,685)	(4,134)	(15,242)	(3,730)	(3,632)	(3,656)	(4,004)	(15,022)
Personnel expenses	(1,749)	(1,687)	(1,704)	(2,958)	(8,098)	(1,818)	(1,675)	(1,598)	(1,772)	(6,862)
Other operating expenses	(3,519)	(3,632)	(3,791)	(3,760)	(14,703)	(3,800)	(3,741)	(3,630)	(3,702)	(14,874)
Other net income (expense)	49	49	49	39	186	29	(1)	(3)	(85)	(60)
Gain (loss) on sale of fixed assets	6	2	22	266	296	8	10	18	75	111
Impairment of goodwill and other assets	1	(3)	(3)	(219)	(224)	(7)	16	(4)	20	24
Underlying operating income before D&A (OIBDA)	3,860	3,964	4,232	4,464	16,519	4,109	4,183	4,116	4,230	16,638
Operating income before D&A (OIBDA)	3,838	3,918	4,175	3,187	15,118	4,021	4,158	4,095	3,913	16,187
OIBDA Margin	30.7%	30.8%	31.9%	23.2%	29.1%	30.6%	32.1%	32.1%	29.7%	31.1%
Depreciation and amortisation	(2,322)	(2,351)	(2,458)	(2,518)	(9,649)	(2,451)	(2,358)	(2,322)	(2,265)	(9,396)
Operating income (OI)	1,516	1,567	1,718	669	5,469	1,570	1,800	1,773	1,648	6,791
Share of profit (loss) of investments accounted for by the equity method	(3)	-	1.00	(2)	(5)	2	1	2	0	5
Net financial income (expense)	(659)	(660)	(531)	(369)	(2,219)	(449)	(748)	(532)	(470)	(2,199)
Profit before taxes	853	907	1,187	298	3,245	1,123	1,053	1,243	1,177	4,597
Corporate income tax	(298)	(251)	(193)	(105)	(846)	(314)	(206)	(347)	(352)	(1,219)
Profit for the period	555	656	995	193	2,399	809	847	896	825	3,378
Attributable to equity holders of the Parent	548	693	983	145	2,369	779	821	839	693	3,132
Attributable to non-controlling interests	7	(37)	11	49	30	30	26	57	132	246
Weighted average number of ordinary shares outstanding during the period (millions)	5,073	5,053	5,052	5,053	5,061	5,062	5,123	5,125	5,281	5,110
Basic and diluted earnings per share attributable to equity holders of the Parent (euros)	0.09	0.13	0.18	0.01	0.42	0.14	0.15	0.15	0.12	0.56
Underlying basic and diluted earnings per share attributable to equity holders of the Parent (euros)	0.12	0.16	0.23	0.23	0.75	0.18	0.20	0.19	0.18	0.75

Notes:

- From the second quarter of 2016 Telefónica's operations in the United Kingdom are no longer reported as discontinued operations and all its assets and liabilities have ceased to be reported as "held for sale", and have been reclassified back into full consolidation within Telefónica Group financial statements, in compliance with International Financial Reporting Standards (IFRS). For comparative purposes, the results of Telefónica Group of the first quarter of 2016 are reported following the 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 2016, have 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, until conversion, when the issued shares have been considered.

- After considering Venezuela as a hyperinflationary country, P&L and CapEx from the operations in the country are to be accounted at the closing exchange rate Bolivar Fuerte/Euro. For the January-December 2017 period Telefónica uses a synthetic exchange rate of 36,115 Venezuelan bolivars fuertes per dollar at December 2017.

- Basic and diluted earnings per share ratio is calculated dividing Profit for the period Attributable to equity holders of the Parent, adjusted for the net coupon corresponding to "Other equity instruments" (€70m in October-December 17; €276m in January-December 17), by the weighted average number of ordinary shares outstanding during the period.

- 2016 and 2017 reported figures include hyperinflationary adjustments in Venezuela in both years.

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TELEFÓNICA
CONSOLIDATED REVENUES BREAKDOWN
Unaudited figures (Euros in millions)

	2016					2017				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Voice & access	44%	43%	43%	40%	43%	40%	40%	39%	36%	39%
Broadband Connectivity	34%	35%	35%	35%	35%	39%	40%	39%	39%	39%
Services over Connectivity (SoC)	12%	12%	13%	12%	12%	12%	11%	13%	14%	12%
Others	11%	10%	9%	12%	11%	9%	9%	9%	11%	10%

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TELEFÓNICA

REVENUES BREAKDOWN

Unaudited figures (Euros in millions)

	2016					2017				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
T. ESPAÑA (1) (5)	3,149	3,224	3,195	3,246	12,815	3,066	3,160	3,184	3,243	12,653
T. DEUTSCHLAND (1)	1,858	1,834	1,876	1,936	7,503	1,771	1,771	1,850	1,904	7,296
T. UK	1,752	1,712	1,676	1,721	6,861	1,601	1,607	1,602	1,730	6,540
T. BRASIL (1)	2,431	2,654	2,950	3,055	11,090	3,165	3,028	2,935	2,892	12,019
T. HISPANOAMÉRICA (1, 2, 3)	3,054	2,961	3,129	3,435	12,579	3,285	3,134	2,981	3,151	12,552
T. ARGENTINA	689	709	750	852	3,000	876	918	810	890	3,495
T. CHILE (1)	511	523	537	590	2,163	561	538	523	564	2,186
T. PERU (1)	624	620	619	635	2,499	620	578	558	561	2,318
T. COLOMBIA (3)	323	347	364	375	1,409	388	368	338	368	1,462
T. MEXICO	409	337	316	347	1,410	314	356	332	334	1,336
Rest of countries of T. HISPANOAMÉRICA (2, 4)	503	428	548	642	2,122	531	381	423	435	1,771
Others and eliminations	(6)	(5)	(6)	(7)	(23)	(6)	(5)	(3)	(2)	(15)
Other companies and eliminations (5)	267	339	255	328	1,189	244	259	202	241	947
Telxius (1)	138	153	168	186	645	188	182	177	183	730
TOTAL GROUP	12,511	12,723	13,080	13,721	52,036	13,132	12,960	12,754	13,162	52,008

Notes:

- Since the second quarter of 2016 Telefónica's operations in the United Kingdom are no longer reported as discontinued operations within Telefónica Group and all its assets and liabilities have ceased to be reported as "held for sale", and have been reclassified back into full consolidation within Telefónica Group financial statements, in compliance with International Financial Reporting Standards (IFRS). For comparative purposes, the results of Telefónica Group of the first quarter of 2016 are reported following the same criteria.

(1) Since 1 January 2016, T. Spain reflects all the charges related to the tower transfer to Telxius, which are now presented in Telxius (Other Companies & Eliminations), and include the results of the data center business, of T. Studios and of T. Servicios Audiovisuales, which were before presented in Other Companies & Eliminations. Also since 1 January 2016, T. Chile includes the results of the data center business, which were before presented in Other Companies & Eliminations.

- Since 1 April 2016, T. Brasil and T. Perú reflect all the charges related to the tower transfer to Telxius, which are now presented in Telxius (Other Companies & Eliminations).

- Since 1 May 2016, T. Deutschland and T. Chile reflect all the charges related to the tower transfer to Telxius, which are now presented in Telxius (Other Companies & Eliminations).

(2) 2016 and 2017 reported figures include hyperinflationary adjustments in Venezuela in both years.

(3) Following the pre-payment of the debt derived from the operating agreement with PARAPAT in Colombia and after taking over its subsidiaries Telebucaramanga, Metrotel and Optecom, the consolidated results are included in the fixed business from 1 October 2017.

(4) Rest of T. Hispanoamérica includes: Venezuela, Ecuador, Uruguay and Central America (including Guatemala, Panama, El Salvador, Nicaragua and Costa Rica).

(5) Vocem has been deconsolidated since 1 July 2016. Telefé has been deconsolidated since 1 November 2016. T. Personalizadas (T. España) has been deconsolidated since 1 January 2017.

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TELEFÓNICA

OIBDA BREAKDOWN

Unaudited figures (Euros in millions)

	2016					2017				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
T. ESPAÑA (1) (5)	1,250	1,302	1,354	496	4,403	1,143	1,282	1,306	1,221	4,952
T. DEUTSCHLAND (1)	392	451	456	472	1,771	400	461	457	503	1,821
T. UK	461	456	458	334	1,709	416	433	412	377	1,639
T. BRASIL (1)	805	838	978	1,081	3,702	1,104	1,034	1,024	1,028	4,191
T. HISPANOAMÉRICA (1, 2, 3)	866	834	969	804	3,474	904	892	883	859	3,538
T. ARGENTINA	149	165	211	272	797	231	275	241	224	971
T. CHILE (1)	176	168	181	180	704	174	165	158	133	630
T. PERU (1)	187	202	215	175	779	156	137	148	146	588
T. COLOMBIA (3)	107	108	123	126	464	129	124	113	115	482
T. MEXICO	106	62	81	60	309	64	81	79	78	302
Rest of countries of T. HISPANOAMÉRICA (2, 4)	140	117	159	207	623	149	109	132	156	545
Others and eliminations	-	12	-	(215)	(203)	-	(0)	12	8	20
Other companies and eliminations (5)	63	36	(40)	-	59	53	56	13	(76)	47
Telxius (1)	27	74	75	90	266	92	87	82	84	346
TOTAL GROUP	3,838	3,918	4,175	3,187	15,118	4,021	4,158	4,095	3,913	16,187

Notes:

- Since the second quarter of 2016 Telefónica's operations in the United Kingdom are no longer reported as discontinued operations within Telefónica Group and all its assets and liabilities have ceased to be reported as "held for sale", and have been reclassified back into full consolidation within Telefónica Group financial statements, in compliance with International Financial Reporting Standards (IFRS). For comparative purposes, the results of Telefónica Group of the first quarter of 2016 are reported following the same criteria.

- OIBDA figures exclude management and brand fees.

(1) Since 1 January 2016, T. Spain reflects all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations), and include the results of the data center business, of T. Studios and of T. Servicios Audiovisuales, which were before presented in Other Companies & Eliminations. Also since 1 January 2016, T. Chile includes the results of the data center business, which were before presented in Other Companies & Eliminations.

- Since 1 April 2016, T. Brasil and T. Perú reflect all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations).

- Since 1 May 2016, T. Deutschland and T. Chile reflect all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations).

(2) 2016 and 2017 reported figures include hyperinflationary adjustments in Venezuela in both years.

(3) Following the pre-payment of the debt derived from the operating agreement with PARAPAT in Colombia and after taking over its subsidiaries Telebucaramanga, Metrotel and Optecom, the consolidated results are included in the fixed business from 1 October 2017.

(4) Rest of T. Hispanoamérica includes: Venezuela, Ecuador, Uruguay and Central America (including Guatemala, Panama, El Salvador, Nicaragua and Costa Rica).

(5) Vocem has been deconsolidated since 1 July 2016. Telefé has been deconsolidated since 1 November 2016. T. Personalizadas (T. España) has been deconsolidated since 1 January 2017.

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TELEFÓNICA
CAPEX BREAKDOWN
Unaudited figures (Euros in millions)

	2016					2017				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
T. ESPAÑA (1) (5)	431	463	395	563	1,852	333	371	392	586	1,683
T. DEUTSCHLAND (1)	220	213	315	360	1,107	208	226	254	262	951
T. UK	192	223	238	278	931	225	209	170	223	827
T. BRASIL (1)	348	444	577	768	2,137	397	518	598	712	2,225
T. HISPANOAMÉRICA (1, 2, 3)	461	557	782	815	2,615	430	493	931	824	2,678
T. ARGENTINA	159	152	136	130	577	151	146	126	179	601
T. CHILE (1)	116	102	70	121	409	87	93	58	118	356
T. PERU (1)	55	94	361	207	717	54	103	73	165	394
T. COLOMBIA (3)	33	83	98	116	330	60	56	542	139	796
T. MEXICO	42	54	34	88	219	43	35	53	85	217
Rest of countries of T. HISPANOAMÉRICA (2, 4)	57	71	83	152	363	36	60	79	138	312
Other companies and eliminations (5)	43	58	54	130	286	28	68	111	127	334
Telxius (1)	20	24	20	55	119	13	44	79	68	203
TOTAL GROUP	1,695	1,959	2,362	2,912	8,928	1,621	1,886	2,455	2,735	8,697
Spectrum	2	8	331	5	345	4	1	498	35	538

Notes:

- Since the second quarter of 2016 Telefónica's operations in the United Kingdom are no longer reported as discontinued operations within Telefónica Group and all its assets and liabilities have ceased to be reported as "held for sale", and have been reclassified back into full consolidation within Telefónica Group financial statements, in compliance with International Financial Reporting Standards (IFRS). For comparative purposes, the results of Telefónica Group of the first quarter of 2016 are reported following the same criteria.

(1) Since 1 January 2016, T. Spain reflects all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations), and include the results of the data center business, of T. Studios and of T. Servicios Audiovisuales, which were before presented in Other Companies & Eliminations. Also since 1 January 2016, T. Chile includes the results of the data center business, which were before presented in Other Companies & Eliminations.

- Since 1 April 2016, T. Brasil and T. Peru reflect all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations).

- Since 1 May 2016, T. Deutschland and T. Chile reflect all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations).

(2) 2016 and 2017 reported figures include hyperinflationary adjustments in Venezuela in both years.

(3) Following the pre-payment of the debt derived from the operating agreement with PARAPAT in Colombia and after taking over its subsidiaries Telebucaramanga, Metrotel and Optecom, the consolidated results are included in the fixed business from 1 October 2017.

(4) Rest of T. Hispanoamérica includes: Venezuela, Ecuador, Uruguay and Central America (including Guatemala, Panama, El Salvador, Nicaragua and Costa Rica).

(5) Vocem has been deconsolidated since 1 July 2016. Telefé has been deconsolidated since 1 November 2016. T. Personalizadas (T. España) has been deconsolidated since 1 January 2017.

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TELEFÓNICA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Unaudited figures (Euros in millions)

	2016				2017			
	March	June	September	December	March	June	September	December
Non-current assets	100,178	103,853	101,188	103,667	103,786	97,475	97,051	95,135
Intangible assets	20,563	20,789	20,449	20,518	20,275	18,813	18,737	18,005
Goodwill	27,320	28,517	28,123	28,686	28,896	27,362	27,499	26,841
Property, plant and equipment and Investment properties	33,688	34,727	34,549	36,393	36,672	34,202	34,269	34,225
Investments accounted for by the equity method	68	71	71	76	70	71	76	77
Non-current financial assets	9,778	11,078	9,693	9,765	9,656	8,863	8,402	8,167
Deferred tax assets	8,762	8,671	8,303	8,229	8,216	8,164	8,069	7,820
Current assets	18,974	19,153	19,478	19,974	24,338	22,876	18,901	19,931
Inventories	1,348	1,123	1,153	1,055	1,125	1,029	1,228	1,117
Trade and other receivables	10,533	11,172	10,749	10,675	10,601	10,740	10,323	10,093
Current financial assets	3,094	2,608	3,094	2,954	3,723	3,590	2,354	2,154
Tax receivables	1,177	1,341	1,304	1,533	1,481	1,454	1,299	1,375
Cash and cash equivalents	2,813	2,884	3,154	3,736	7,391	6,046	3,696	5,192
Non-current assets and disposal groups classified as held for sale	9	25	25	21	17	17	1	-
Total Assets = Total Equity and Liabilities	119,152	123,006	120,667	123,641	128,124	120,351	115,952	115,066
Equity	25,484	26,225	27,093	28,385	29,903	25,534	26,685	26,618
Equity attributable to equity holders of the parent and other holders of equity instruments	15,649	16,137	17,167	18,157	20,292	16,877	17,339	16,920
Non-controlling interests	9,835	10,088	9,926	10,228	9,611	8,657	9,346	9,698
Non-current liabilities	62,924	64,795	59,064	59,805	64,402	62,331	60,978	59,382
Non-current financial liabilities	49,580	51,243	45,701	45,612	50,117	48,780	47,678	46,332
Non-current trade and other payables	2,156	2,122	1,973	1,925	1,879	1,802	1,732	1,687
Deferred tax liabilities	2,512	2,498	2,303	2,395	2,537	2,284	2,260	2,145
Non-current provisions	8,676	8,932	9,087	9,873	9,870	9,465	9,308	9,218
Current liabilities	30,744	31,986	34,510	35,451	33,820	32,486	28,289	29,066
Current financial liabilities	11,283	12,469	15,470	14,749	14,633	13,715	9,730	9,414
Current trade and other payables	14,985	15,359	14,948	16,150	14,494	14,386	14,271	15,095
Current tax payables	2,383	2,202	2,199	2,332	2,444	2,313	2,191	2,341
Current provisions	2,093	1,956	1,893	2,220	2,248	2,072	2,098	2,216
Financial Data								
Net Financial Debt (1)	50,099	52,193	49,593	48,595	48,766	48,487	47,222	44,230
Net Financial Debt / OIBDA	2.99x	3.18x	3.03x	2.95x	2.91x	2.86x	2.80x	2.66x

Notes:

- 2016 and 2017 reported figures include the hyperinflationary adjustments in Venezuela in both years.

(1) Financial assets as of December 2016 included €418m corresponding to the "O2 Refresh" product portfolio in the UK, which generated the associated financial interests. Net financial debt for the comparative periods has been restated with the same criteria.

TELEFÓNICA

FREE CASH FLOW AND CHANGE IN DEBT

Unaudited figures (Euros in millions)

		2016				2017			
		Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
I	Cash flows from operations	3,083	6,996	11,413	16,130	3,534	7,467	11,898	16,530
II	Net interest payment (1)	(887)	(1,377)	(1,746)	(2,143)	(641)	(976)	(1,322)	(1,726)
III	Payment for income tax	12	(228)	(365)	(649)	(149)	(537)	(713)	(1,005)
A=I+II+III	Net cash provided by operating activities	2,207	5,391	9,302	13,338	2,743	5,954	9,863	13,799
B	Net payment for investment in fixed and intangible assets (2)	(2,279)	(4,643)	(7,228)	(9,187)	(2,285)	(4,405)	(6,794)	(8,992)
C	Spectrum (3)	(3)	(13)	(343)	(349)	(4)	(8)	(333)	(352)
C=A+B	Net free cash flow after CapEx	(72)	748	2,073	4,151	457	1,549	3,068	4,807
D	Net payment for financial investment	170	244	645	927	(177)	(366)	(680)	(899)
E	Net payment for operations with minority shareholders and treasury stock (4)	(756)	(2,970)	(2,209)	(2,899)	(207)	(1,268)	(1,668)	(543)
F=C+D+E	Free cash flow after dividends	(658)	(1,978)	510	2,178	74	(85)	720	3,365
G	Effects of exchange rate changes on net financial debt	(521)	(165)	(328)	(91)	141	(506)	(514)	(639)
H	Effects on net financial debt of changes in consolid. and others	801	1,220	1,270	1,703	104	314	(139)	(361)
I	Net financial debt at beginning of period	49,161	49,161	49,161	49,161	48,595	48,595	48,595	48,595
K=J-G+H+I	Net financial debt at end of period	50,099	52,193	49,593	48,595	48,766	48,487	47,222	44,230

Notes:

- From the second quarter of 2016 Telefónica's operations in the United Kingdom are no longer reported as discontinued operations within Telefónica Group and all its assets and liabilities have ceased to be reported as "held for sale", and have been reclassified back into full consolidation within Telefónica Group financial statements, in compliance with International Financial Reporting Standards (IFRS). For comparative purposes, the results of Telefónica Group of the first quarter of 2016 are reported following the same criteria.

- 2016 and 2017 reported figures include the hyperinflationary adjustments in Venezuela in both years.

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

(2) Includes Net Cash received from sale of Real Estate.

(3) Figures in €m. 2017 includes mainly: 322 in Colombia mainly associated to the Arbitration Award, 4 in Spain, 4 in UK, 2 in Mexico, 5 in Uruguay and 15 in El Salvador. In 2016 mainly: 4 in Spain, 4 in Germany, 5 in UK, 48 in Brazil, 5 in Colombia and 283 in Peru.

(4) Dividends paid by Telefónica S.A., operations with treasury stock, issuance of shares, issuance and coupons 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
Unaudited figures (Euros in millions)

	2016				2017			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan -Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
OIBDA	3,838	7,756	11,931	15,118	4,021	8,179	12,274	16,187
- CapEx accrued during the period	(1,695)	(3,654)	(6,016)	(8,928)	(1,621)	(3,507)	(5,962)	(8,697)
- Payments related to cancellation of commitments	(141)	(332)	(598)	(738)	(166)	(331)	(507)	(696)
- Net interest payment	(887)	(1,377)	(1,746)	(2,143)	(641)	(976)	(1,322)	(1,726)
- Payment for tax	12	(228)	(365)	(649)	(149)	(537)	(713)	(1,005)
- Gain (loss) on sale of fixed assets and impairment of goodwill and other assets	(6)	(6)	(25)	16	7	(10)	(7)	(27)
- Investment in working cap. and other deferred income and expenses and Others(1)(2)	(1,192)	(1,411)	(1,109)	1,474	(992)	(1,269)	(695)	771
= Net Free Cash Flow after CapEx	(72)	748	2,073	4,151	457	1,549	3,068	4,807
+ Payments related to cancellation of commitments	141	332	598	738	166	331	507	696
- Dividends paid to minority shareholders	-	(264)	(354)	(511)	(21)	(255)	(349)	(555)
= Free Cash Flow	69	816	2,317	4,378	603	1,626	3,226	4,947
Weighted average number of ordinary shares outstanding during the period (millions)	5,073	5,066	5,061	5,061	5,062	5,094	5,105	5,110
= Free Cash Flow per share	0.01	0.16	0.46	0.87	0.12	0.32	0.63	0.97

Notes:

- From the second quarter of 2016 Telefónica's operations in the United Kingdom are no longer reported as discontinued operations within Telefónica Group and all its assets and liabilities have ceased to be reported as "held for sale", and have been reclassified back into full consolidation within Telefónica Group financial statements, in compliance with International Financial Reporting Standards (IFRS). For comparative purposes, the results of Telefónica Group of the first quarter of 2016 are reported following the same criteria.

- 2016 and 2017 reported figures include the hyperinflationary adjustments in Venezuela in both years.

(1) Other deferred expenses include €76m in Q1 17, €108m in Q4 17 and €1,085m in Q4 16 related to commitments associated with long-term restructuring plans in Spain. Includes €153m in Q3 17 associated to the assumption of a portion of Coltel's indebtedness by the Colombian Government.

(2) Includes Net Cash received from sale of Real Estate

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TELEFÓNICA
CONSOLIDATED CASH FLOW STATEMENT
Unaudited figures (Euros in millions)

	2016				2017			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Cash received from operations	15,469	30,670	46,799	63,514	16,569	32,024	47,716	63,456
Cash paid from operations	(12,387)	(23,673)	(35,386)	(47,384)	(13,036)	(24,557)	(35,818)	(46,929)
Net payments of interest and other financial expenses net of dividends received	(887)	(1,377)	(1,746)	(2,143)	(641)	(976)	(1,322)	(1,726)
Taxes paid	12	(228)	(365)	(649)	(149)	(537)	(713)	(1,005)
Net cash flow provided by operating activities	2,207	5,392	9,302	13,338	2,743	5,954	9,863	13,796
(Payments)/proceeds on investments in property, plant and equipment and intangible assets	(2,279)	(4,643)	(7,229)	(9,187)	(2,285)	(4,405)	(6,794)	(8,992)
Proceeds on disposals of companies, net of cash and cash equivalents disposed	246	450	482	767	30	30	36	40
Payments on investments in companies, net of cash and cash equivalents acquired	(29)	(103)	(70)	(54)	(6)	(6)	(108)	(128)
Proceeds on financial investments not included under cash equivalents	33	34	431	489	18	155	234	296
Payments on financial investments not included under cash equivalents	(79)	(128)	(187)	(265)	(219)	(544)	(843)	(1,106)
(Payments)/proceeds on placements of cash surpluses not included under cash equivalents	40	(40)	19	42	(910)	(1,112)	(525)	(357)
Government grants received	-	-	-	-	-	-	-	2
Net cash flow used in investing activities	(2,068)	(4,430)	(6,554)	(8,208)	(3,372)	(5,882)	(8,000)	(10,245)
Dividends paid	(41)	(2,211)	(2,302)	(2,906)	(73)	(1,136)	(1,395)	(2,459)
Proceeds from issue of share capital increase	1	-	1	-	1	3	2	2
(Payments)/proceeds of treasury shares and other operations with shareholders	(602)	(651)	655.00	(660)	-	-	(1)	1,269
Operations with other equity holders (1)	(114)	(118)	737	656	(135)	(135)	(274)	646
Proceeds on issue of debentures and bonds, and other debts	596	3,415	3,541	5,693	6,083	6,789	8,088	8,390
Proceeds on loans, borrowings and promissory notes	6,168	10,445	10,996	10,332	1,498	2,823	3,886	4,844
Cancellation of debentures and bonds, and other debts	(3,872)	(6,534)	(6,685)	(6,873)	(1,466)	(2,534)	(6,534)	(6,687)
Repayments of loans, borrowings and promissory notes	(1,261)	(3,728)	(6,021)	(8,506)	(1,210)	(2,439)	(4,447)	(6,711)
Financed operating payments and investments in property, plant and equipment and intangible assets payments	(783)	(1,457)	(1,912)	(1,956)	(465)	(841)	(1,012)	(1,046)
Net cash used in financing activities	92	(839)	(2,300)	(4,220)	4,233	2,530	(1,687)	(1,752)
Effect of changes in exchange rates	(28)	151	98	185	51	(292)	(216)	(341)
Effect of changes in consolidation methods and others	(5)	(5)	(7)	26	-	-	-	(2)
Net increase (decrease) in cash and cash equivalents during the year	198	269	539	1,121	3,655	2,310	(40)	1,456
Cash and cash equivalents at the beginning of the period	2,615	2,615	2,615	2,615	3,736	3,736	3,736	3,736
Cash and cash equivalents at the end of the period	2,813	2,884	3,154	3,736	7,391	6,046	3,696	5,192

Notes:

- Since the second quarter of 2016 Telefónica's operations in the United Kingdom are no longer reported as discontinued operations within Telefónica Group and all its assets and liabilities have ceased to be reported as "held for sale", and have been reclassified back into full consolidation within Telefónica Group financial statements, in compliance with International Financial Reporting Standards (IFRS). For comparative purposes, the results of Grupo Telefónica of the first quarter of 2016 are reported following the same criteria.

- 2016 and 2017 reported figures include the hyperinflationary adjustments in Venezuela in both years.

- After considering Venezuela as a hyperinflationary country, P&L and CapEx from the operations in the country are to be accounted at the closing exchange rate Bolivar Fuerte/Euro. For the January-December 2017 period Telefónica uses a synthetic exchange rate of 36,115 Venezuelan bolivars fuertes per dollar at December 2017.

(1) Includes issuance and coupons of undated deeply subordinated securities.

TELEFÓNICA

EXCHANGE RATES APPLIED TO P&L AND CAPEX

Currency units per Euro	2016				2017			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
USA (US Dollar)	1.102	1.115	1.116	1.106	1.065	1.082	1.111	1.127
United Kingdom (Sterling)	0.770	0.778	0.801	0.817	0.860	0.860	0.872	0.876
Argentina (Argentine Peso)	15.894	15.968	16.202	16.314	16.685	16.980	17.954	18.560
Brazil (Brazilian Real)	4.290	4.118	3.937	3.833	3.347	3.437	3.525	3.595
Chile (Chilean Peso)	772.332	768.533	758.104	747.496	697.988	713.796	726.723	731.283
Colombia (Colombian Peso)	3,577.459	3,474.913	3,409.955	3,369.057	3,110.942	3,161.635	3,264.773	3,324.369
Costa Rica (Colon)	597.729	606.796	611.621	609.385	601.323	616.523	635.728	644.745
Guatemala (Quetzal)	8.459	8.561	8.518	8.406	7.911	7.991	8.173	8.285
Mexico (Mexican Peso)	19.850	20.137	20.396	20.629	21.581	20.979	20.961	21.288
Nicaragua (Cordoba)	30.966	31.532	31.736	31.657	31.414	32.116	33.168	33.840
Peru (Peruvian Nuevo Sol)	3.799	3.772	3.758	3.733	3.501	3.544	3.629	3.675
Uruguay (Uruguayan Peso)	34.755	35.012	34.175	33.266	30.344	30.733	31.675	32.302
Venezuela (Bolivar Fuerte) (1)	310.752	697.350	735.294	710.227	758.150	4,045.307	9,950.249	43,316.682

Note:

- Average exchange rate for the period.

EXCHANGE RATES APPLIED TO CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Currency units per Euro	2016				2017			
	March	June	September	December	March	June	September	December
USA (US Dollar)	1.138	1.110	1.116	1.054	1.068	1.140	1.181	1.199
United Kingdom (Sterling)	0.792	0.827	0.862	0.855	0.856	0.879	0.882	0.888
Argentina (Argentine Peso)	16.601	16.564	17.038	16.706	16.435	18.930	20.460	22.518
Brazil (Brazilian Real)	4.052	3.564	3.624	3.435	3.385	3.773	3.743	3.968
Chile (Chilean Peso)	762.567	734.252	734.549	705.622	709.421	757.587	753.653	737.333
Colombia (Colombian Peso)	3,416.211	3,240.682	3,215.031	3,162.745	3,083.089	3,478.866	3,469.379	3,579.008
Costa Rica (Colon)	617.284	615.385	623.830	591.366	606.061	661.376	679.348	686.813
Guatemala (Quetzal)	8.779	8.479	8.395	7.928	7.842	8.365	8.676	8.809
Mexico (Mexican Peso)	19.624	20.499	21.631	21.733	20.082	20.599	21.453	23.584
Nicaragua (Cordoba)	32.184	31.768	32.336	30.904	31.711	34.262	35.927	36.921
Peru (Peruvian Nuevo Sol)	3.786	3.651	3.795	3.537	3.470	3.710	3.857	3.888
Uruguay (Uruguayan Peso)	36.138	33.991	31.744	30.924	30.498	32.497	34.237	34.551
Venezuela (Bolivar Fuerte) (1)	310.752	697.350	735.294	710.227	758.150	4,045.307	9,950.249	43,316.682

Notes:

- Exchange rates as of 31/12/17 and 31/12/16.

(1) After considering Venezuela as a hyperinflationary country, P&L and CapEx from the operations in the country are to be accounted at the closing exchange rate Bolivar Fuerte/Euro. For the January-December 2017 period Telefónica uses a synthetic exchange rate of 36,115 Venezuelan bolivars fuertes per dollar at December 2017.

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TELEFÓNICA
2017 & YEAR TO DATE MAIN FINANCING OPERATIONS
Unaudited figures

	Issue date	Amount (m)	Currency	Issuer	Coupon	Maturity date	ISIN code
DEBENTURES AND BONDS							
Eurobond	17-Jan-17	1,250	EUR	Telefónica Emisiones, S.A.U.	1.528%	17-Jan-25	XS1550951211
Eurobond	17-Jan-17 ⁽¹⁾	700	EUR	Telefónica Emisiones, S.A.U.	2.318%	17-Oct-28	XS1550951138
Bond	19-Jan-17	48,000	CLP	Telefónica Chile	4.900%	5-Jul-23	BCTCH-T ⁽²⁾
Eurobond	25-Jan-17	150	EUR	Telefónica Emisiones, S.A.U.	3M Euribor +0.40%	25-Jan-19	XS1555704078
Debentures	8-Feb-17	2,000	BRL	Telefonica Brasil S.A.	108.25% CDI	8-Feb-22	BRVIVTDBS069
USD Bond	8-Mar-17	1,500	USD	Telefónica Emisiones, S.A.U.	4.103%	8-Mar-27	US87938WAT09
USD Bond	8-Mar-17 ⁽³⁾	2,500	USD	Telefónica Emisiones, S.A.U.	5.213%	8-Mar-47	US87938WAU71
USD Bond	18-Apr-17	200	USD	Telefónica Emisiones, S.A.U.	4.900%	18-Apr-37	XS1588907045
Eurobond	12-Sep-17	1,250	EUR	Telefónica Emisiones, S.A.U.	1.715%	12-Jan-28	XS1681521081
Debentures	27-Nov-17	1,000	BRL	Telefonica Brasil S.A.	100% CDI + 0.24%	27-Nov-20	BRVIVTDBS077
Eurobond	22-Jan-18	1,000	EUR	Telefónica Emisiones, S.A.U.	1.447%	22-Jan-27	XS1756296965

	Issue date	Amount (m)	Currency	Issuer	Coupon	First Call date	ISIN code
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UNDATED DEEPLY SUBORDINATED RESET RATE SECURITIES

Hybrid bond	7-Dec-17	1,000	EUR	Telefónica Europe B.V.	2.625%	7-Jun-23	XS1731823255
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	Signing date	Amount	Currency	Borrower	Maturity date
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INTEREST-BEARING DEBT

Bilateral Loan *	24-Nov-17	100	EUR	Telefónica, S.A.	31-Jan-26
Syndicated facility *	1-Dec-17	300	EUR	Telxius Telecom, S.A.	1-Dec-22
Bilateral Loan *	20-Dec-17	100	EUR	Telefónica, S.A.	23-Jan-19
Bilateral Loan *	20-Dec-17	285	EUR	Telefónica, S.A.	22-Jul-19
Bilateral Loan *	28-Dec-17	100	EUR	Telefónica, S.A.	22-Oct-20

* Undrawn financing as of 31 Dec 17

1. There was a reopening of €200m with issue date on 17 March 2017

2. Santiago exchange code

3. There was a reopening of \$500m with issue date on 28 April 2017

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TELEFÓNICA
RECONCILIATION REPORTED VS BASIS FOR GUIDANCE 2017
Unaudited figures (Euros in millions)

	Base 2016
REVENUES	Jan - Dec
<hr/>	
TELEFÓNICA	
REPORTED DATA	52,036
Hyperinflation in Venezuela	(145)
Changes in the consolidation perimeter	(158)
TELEFÓNICA TOTAL REVENUES BASIS FOR GUIDANCE	51,734

	Base 2016
OIBDA	Jan - Dec
<hr/>	
TELEFÓNICA	
REPORTED DATA	15,118
Hyperinflation in Venezuela	(25)
Changes in the consolidation perimeter	(29)
Tower sales	(1)
Restructuring charges	1,399
Impairments	215
Capital gains/losses on sale of companies	(212)
TELEFÓNICA TOTAL OIBDA BASIS FOR GUIDANCE	16,465
OIBDA MARGIN AS PER GUIDANCE	31.8%

	Base 2016
CAPEX	Jan - Dec
<hr/>	
TELEFÓNICA	
REPORTED DATA	8,928
Hyperinflation in Venezuela	(21)
Changes in the consolidation perimeter	(11)
Spectrum acquisition	(345)
TELEFÓNICA TOTAL CAPEX BASIS FOR GUIDANCE	8,552
CAPEX/SALES AS PER GUIDANCE	16.5%

Notes:

- **2017 criteria for guidance basis:** Assumes constant exchange rates of 2016 (average of 2016), excluding the impact of hyperinflationary adjustments in Venezuela in both years, and constant perimeter of consolidation. OIBDA excludes additionally write-downs, capital gains/losses from the sale of companies, tower sales, material non-recurrent impacts and restructuring costs. CapEx excludes additionally spectrum acquisition.

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TELEFÓNICA
RECONCILIATION REPORTED VS BASIS FOR GUIDANCE 2018
Unaudited figures (Euros in millions)

	Base 2017
REVENUES	Jan - Dec
<hr/>	
TELEFÓNICA	
REPORTED DATA	52,008
Tariff increases in Venezuela	(6)
Changes in the consolidation perimeter	36
TELEFÓNICA TOTAL REVENUES BASIS FOR GUIDANCE	52,037

	Base 2017
OIBDA	Jan - Dec
<hr/>	
TELEFÓNICA	
REPORTED DATA	16,187
Tariff increases in Venezuela	(2)
Changes in the consolidation perimeter	15
Tower sales	(7)
Restructuring charges	353
Contingencies	107
TELEFÓNICA TOTAL OIBDA BASIS FOR GUIDANCE	16,653
OIBDA MARGIN AS PER GUIDANCE	32.0%

	Base 2017
CAPEX	Jan - Dec
<hr/>	
TELEFÓNICA	
REPORTED DATA	8,697
Changes in the consolidation perimeter	16
Spectrum acquisition	(538)
TELEFÓNICA TOTAL CAPEX BASIS FOR GUIDANCE	8,175
CAPEX/SALES AS PER GUIDANCE	15.7%

Notes:

- **2018 Criteria for guidance basis:** Assumes constant exchange rates (average in 2017), except for Venezuela (2017 and 2018 results converted at the closing synthetic exchange rate for each period) and considering a constant perimeter of consolidation. At OIBDA and OI levels, write-offs, capital gains/losses from the sale of companies, tower sales, restructuring costs and material non-recurring impacts are excluded. CapEx excludes spectrum investments.

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

	2016					2017				
	Jan - Mar	Apr - Jun	Jul- Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul- Sep	Oct - Dec	Jan - Dec
Revenues	3,149	3,224	3,195	3,246	12,815	3,066	3,160	3,184	3,243	12,653
Mobile handset revenues	117	121	117	142	497	82	83	95	120	379
Revenues ex-mobile handset revenues	3,033	3,103	3,078	3,104	12,318	2,985	3,077	3,089	3,123	12,274
Consumer (1)	1,626	1,636	1,644	1,631	6,536	1,620	1,654	1,677	1,651	6,602
Fusión	979	1,015	1,049	1,053	4,096	1,070	1,114	1,150	1,137	4,470
Non-Fusión	647	621	595	578	2,440	550	540	527	515	2,132
Business	839	881	835	889	3,445	840	870	826	866	3,401
Communications	681	694	668	678	2,721	664	667	650	649	2,631
IT	159	187	167	211	724	176	203	175	216	771
Other (2)	568	586	600	584	2,337	525	554	586	606	2,271
Internal expenditure capitalized in fixed assets	87	82	74	81	324	76	77	76	81	310
Operating expenses	(1,994)	(2,003)	(1,950)	(2,865)	(8,813)	(2,003)	(1,978)	(1,954)	(2,131)	(8,066)
Supplies	(788)	(877)	(833)	(909)	(3,406)	(816)	(856)	(867)	(942)	(3,481)
Personnel expenses	(600)	(531)	(529)	(1,363)	(3,022)	(601)	(520)	(505)	(587)	(2,212)
Other operating expenses	(606)	(596)	(589)	(594)	(2,384)	(587)	(602)	(582)	(602)	(2,373)
Other net income (expense)	5	(7)	0	(28)	(30)	2	9	(11)	(10)	(10)
Gain (loss) on sale of fixed assets	4	6	37	64	111	4	14	15	37	70
Impairment of goodwill and other assets	(1)	(1)	(1)	(2)	(4)	(1)	(1)	(4)	(0)	(5)
Operating income before D&A (OIBDA)	1,250	1,302	1,354	496	4,403	1,143	1,282	1,306	1,221	4,952
OIBDA Margin	39.7%	40.4%	42.4%	15.3%	34.4%	37.3%	40.6%	41.0%	37.6%	39.1%
CapEx	431	463	395	563	1,852	333	371	392	586	1,683
Spectrum	-	7	-	-	7	-	-	-	-	-
OpCF (OIBDA-CapEx)	820	839	958	(66)	2,551	810	910	914	635	3,269

Notes:

- Since January 1, 2016, T. España reflects all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations), and includes the results of the data center business, of T. Studios and of T. Servicios Audiovisuales, which were before presented in Other Companies & Eliminations.
- The results of T. España do not include intra-group capital gains resulting from the towers transferred to Telxius in 2016.
- T. Personalizadas has been deconsolidated since 1 January 2017.
- OIBDA before management and brand fees.

(1) Consumer revenues include residential and SOHO revenues.

(2) Other revenues include wholesale, subsidiaries and other revenues.

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TELEFÓNICA ESPAÑA
ACCESSES
Unaudited figures (Thousands)

	2016				2017			
	March	June	September	December	March	June	September	December
Final Clients Accesses	36,791.3	36,765.2	36,769.8	36,709.4	36,537.3	36,464.3	36,614.6	36,768.5
Fixed telephony accesses (1)	9,910.6	9,854.2	9,783.7	9,720.2	9,584.2	9,463.3	9,387.4	9,304.7
Internet and data accesses	6,012.8	6,061.6	6,076.6	6,094.5	6,075.9	6,044.4	6,040.7	6,039.6
Broadband	5,978.6	6,030.2	6,045.3	6,067.3	6,050.9	6,020.1	6,017.6	6,020.3
FTTH	2,458.3	2,675.7	2,830.7	2,998.3	3,127.8	3,213.5	3,309.3	3,423.7
Mobile accesses	17,140.1	17,094.4	17,198.2	17,237.7	17,261.7	17,289.8	17,419.6	17,576.5
Prepay	2,675.7	2,579.7	2,466.1	2,329.3	2,135.9	2,000.4	1,905.4	1,793.4
Contract	14,464.5	14,514.7	14,732.1	14,908.4	15,125.7	15,289.4	15,514.1	15,783.1
M2M	1,827.2	1,890.5	1,968.8	2,006.3	2,015.6	1,974.7	2,020.9	2,015.6
Pay TV	3,727.8	3,755.0	3,711.4	3,657.0	3,615.6	3,666.8	3,766.9	3,847.6
Wholesale Accesses	4,866.9	4,693.3	4,589.3	4,525.5	4,442.3	4,377.8	4,295.7	4,221.1
Fibre	176.6	210.3	259.7	324.9	426.2	539.7	671.7	849.5
Total Accesses	41,658.2	41,458.6	41,359.2	41,234.9	40,979.6	40,842.1	40,910.3	40,989.6

(1) Includes fixed wireless and VoIP accesses.

CONSUMER ACCESSES (Fusión + non-Fusión)
Unaudited figures (thousands)

	2016				2017			
	March	June	September	December	March	June	September	December
Fixed telephony accesses	7,428.5	7,382.1	7,319.0	7,260.4	7,146.2	7,041.5	6,972.1	6,895.4
Internet and data accesses	5,145.4	5,186.4	5,195.5	5,207.8	5,195.3	5,174.0	5,178.0	5,181.9
Mobile accesses	11,759.7	11,676.5	11,691.5	11,732.3	11,754.9	11,813.6	11,885.8	12,024.8
Prepay	2,675.7	2,579.7	2,466.1	2,329.3	2,135.9	2,000.4	1,905.4	1,793.4
Contract	9,084.0	9,096.8	9,225.4	9,403.0	9,618.9	9,813.2	9,980.3	10,231.4
Pay TV	3,727.8	3,755.0	3,711.4	3,657.0	3,615.6	3,666.8	3,766.9	3,847.6
Total Consumer Accesses	28,061.4	28,000.0	27,917.4	27,857.6	27,711.8	27,695.9	27,802.7	27,949.7

TOTAL MOBILE ACCESSES
Unaudited figures (thousands)

	2016				2017			
	March	June	September	December	March	June	September	December
Contract percentage (%)	84.4%	84.9%	85.7%	86.5%	87.6%	88.4%	89.1%	89.8%
Smartphones ('000)	10,200.2	10,295.8	10,500.3	10,715.8	10,800.7	11,240.4	11,473.6	11,857.7
Smartphone penetration (%)	67.2%	68.3%	69.5%	70.9%	71.3%	73.8%	74.8%	76.4%
LTE ('000)	4,520.7	5,050.0	5,444.0	6,073.0	6,589.6	6,976.3	7,322.8	7,686.2
LTE penetration (%)	29.5%	33.2%	35.7%	39.9%	43.2%	45.6%	47.6%	49.4%

CONSUMER FUSIÓN
Unaudited figures (thousands)

	2016				2017			
	March	June	September	December	March	June	September	December
Fusión Customers	4,209.1	4,268.8	4,286.1	4,333.2	4,379.0	4,374.7	4,384.7	4,426.2
Fibre 100/300	1,267.4	1,345.9	1,491.0	1,593.5	1,669.1	1,677.9	1,691.3	1,701.8
IPTV/ Satellite	2,768.6	2,873.6	2,914.9	2,943.1	2,970.9	3,071.9	3,218.7	3,347.8
Mobile add-ons	2,023.3	2,084.1	2,302.7	2,542.0	2,861.6	3,138.5	3,365.9	3,690.9
Total Fusión Accesses	17,419.3	17,764.2	18,075.9	18,484.6	18,969.5	19,334.6	19,738.7	20,317.2

CONSUMER FUSIÓN
Unaudited figures

	2016				2017			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Fusión ARPU (EUR)	78.2	79.8	81.8	81.6	81.6	84.8	87.6	86.1
Fusión churn	1.3%	1.1%	1.3%	1.4%	1.4%	1.3%	1.5%	1.6%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dic	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dic
Fusión ARPU (EUR)	78.2	79.0	79.9	80.4	81.6	83.2	84.7	85.1
Fusión churn	1.3%	1.2%	1.2%	1.3%	1.4%	1.4%	1.4%	1.5%

SELECTED OPERATIONAL DATA
Unaudited figures

	2016				2017			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Total data traffic (TB)	1,333,989	2,697,613	4,140,131	5,690,140	1,473,501	3,166,713	4,860,008	6,863,956
Fixed data traffic (TB)	1,291,860	2,610,901	3,991,793	5,479,375	1,406,556	3,009,891	4,581,394	6,466,074
Mobile data traffic (TB)	42,129	86,712	148,338	210,765	66,944	156,821	278,614	397,882

Notes:

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10^12 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.

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

	2016					2017				
	Jan - Mar	Apr - Jun	Jul- Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul- Sep	Oct - Dec	Jan - Dec
Revenues	1,858	1,834	1,876	1,936	7,503	1,771	1,771	1,850	1,904	7,296
Mobile Business	1,603	1,584	1,621	1,690	6,498	1,545	1,548	1,634	1,688	6,415
Mobile service revenues	1,336	1,358	1,394	1,349	5,437	1,292	1,318	1,344	1,332	5,287
Data revenues	729	749	767	746	2,992	716	772	750	747	2,985
Handset revenues	267	226	227	341	1,061	252	229	290	356	1,128
Fixed Business	253	245	245	238	981	223	217	214	208	862
FBB and new services revenues (1)	192	187	187	182	748	177	167	163	160	667
Voice & access revenues	61	58	59	56	233	46	50	51	48	195
Internal expenditure capitalized in fixed assets	25	26	28	25	104	21	27	27	26	102
Operating expenses	(1,483)	(1,439)	(1,439)	(1,497)	(5,859)	(1,383)	(1,313)	(1,426)	(1,456)	(5,579)
Supplies	(629)	(578)	(572)	(674)	(2,452)	(585)	(547)	(627)	(637)	(2,396)
Personnel expenses	(173)	(160)	(155)	(157)	(646)	(155)	(157)	(158)	(171)	(642)
Other operating expenses	(681)	(701)	(712)	(666)	(2,761)	(643)	(609)	(641)	(649)	(2,541)
Other net income (expense)	(7)	30	(9)	9	23	(10)	(24)	5	1	(28)
Gain (loss) on sale of fixed assets	-	-	(0)	(0)	(0)	1	0	-	29	30
Impairment of goodwill and other assets	-	-	-	-	-	-	-	-	-	-
Operating income before D&A (OIBDA)	392	451	456	472	1,771	400	461	457	503	1,821
OIBDA Margin	21.1%	24.6%	24.3%	24.4%	23.6%	22.6%	26.1%	24.7%	26.4%	25.0%
CapEx	220	213	315	360	1,107	208	226	254	262	951
Spectrum	2	1	2	1	6	-	-	-	-	1
OpCF (OIBDA-CapEx)	173	238	141	112	664	192	235	203	241	870

Note:

- Since 1 May 2016, T. Deutschland relects all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations)
- The results of T. Deutschland do not include intra-group capital gains resulting from the transfer of towers to Telxius in 2016.
- OIBDA before management and brand fees.
- (1) Includes broadband connectivity services (retail and wholesale), value-added services, data and ICT revenues, other services over connectivity and FBB equipment.

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TELEFÓNICA DEUTSCHLAND
ACCESSES
Unaudited figures (Thousands)

	2016				2017			
	March	June	September	December	March	June	September	December
Final Clients Accesses	47,341.7	47,754.9	48,404.8	48,655.5	48,988.0	49,478.7	49,105.1	47,415.8
Fixed telephony accesses (1)	2,002.8	2,007.4	2,006.5	2,010.3	2,000.1	1,987.9	1,979.3	1,979.6
Internet and data accesses	2,330.9	2,329.8	2,324.8	2,324.5	2,312.5	2,297.2	2,284.2	2,281.5
Broadband	2,101.5	2,103.9	2,101.6	2,104.0	2,095.3	2,082.4	2,072.5	2,072.2
VDSL	593.0	669.3	731.8	805.5	872.2	959.9	1,062.5	1,151.6
Mobile accesses	43,008.0	43,417.8	44,073.5	44,320.7	44,675.3	45,193.6	44,841.6	43,154.7
Prepay	23,743.5	23,814.2	23,872.8	23,784.0	23,967.0	24,288.6	23,753.8	21,880.9
Contract	19,264.4	19,603.6	20,200.7	20,536.6	20,708.4	20,905.0	21,087.8	21,273.8
M2M	682.2	704.3	748.0	787.8	830.1	896.8	969.4	1,027.0
Wholesale Accesses	910.5	850.1	790.8	691.0	561.8	428.0	297.9	188.1
Total Accesses	48,252.2	48,605.0	49,195.6	49,346.4	49,549.8	49,906.7	49,402.9	47,603.9

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA
Unaudited figures

	2016				2017			
	March	June	September	December	March	June	September	December
Contract percentage (%)	44.8%	45.2%	45.8%	46.3%	46.4%	46.3%	47.0%	49.3%
Smartphones ('000)	23,083.0	23,707.1	25,353.5	25,623.1	24,781.1	25,227.4	25,554.2	25,466.1
Smartphone penetration (%)	55.4%	56.2%	59.2%	59.5%	57.0%	57.4%	58.7%	60.9%
LTE ('000)	8,690.5	9,399.8	10,566.3	12,063.1	13,967.6	14,422.0	15,679.2	15,759.1
LTE penetration (%)	20.5%	22.0%	24.4%	27.7%	31.9%	32.6%	35.7%	37.4%
Mobile churn (quarterly)	2.5%	2.1%	2.1%	2.3%	1.9%	1.9%	2.1%	3.1%
Contract (1)	1.8%	1.6%	1.5%	1.6%	1.6%	1.5%	1.6%	1.7%
Mobile churn (cumulative YTD)	2.5%	2.3%	2.2%	2.3%	1.9%	1.9%	2.0%	2.2%
Contract (1)	1.8%	1.7%	1.5%	1.6%	1.6%	1.6%	1.6%	1.6%
Mobile ARPU (EUR) (cumulative YTD)	10.3	10.3	10.4	10.3	9.6	9.6	9.7	9.7
Prepay	5.7	5.7	5.8	5.7	5.0	5.1	5.1	5.2
Contract (1)	16.6	16.6	16.6	16.5	15.5	15.5	15.6	15.5
Fixed data traffic (TB) (cumulative YTD)	612,603	1,216,470	1,811,886	2,518,545	709,516	1,399,083	2,063,429	2,794,399
Mobile data traffic (TB) (cumulative YTD)	51,599	113,324	187,685	269,326	86,423	185,036	295,720	418,086

Notes:

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

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10¹² 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 UK

CONSOLIDATED INCOME STATEMENT

Unaudited figures (Euros in millions)

	2016					2017				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	1,752	1,712	1,676	1,721	6,861	1,601	1,607	1,602	1,730	6,540
Mobile service revenues (1)	1,384	1,376	1,325	1,278	5,363	1,255	1,276	1,258	1,262	5,050
Data revenues	787	790	779	738	3,094	728	740	718	725	2,912
Handset revenues and other (1)	367	336	351	443	1,497	346	331	344	468	1,490
Internal expenditure capitalized in fixed assets	34	36	37	34	141	29	30	27	31	116
Operating expenses	(1,317)	(1,285)	(1,253)	(1,421)	(5,276)	(1,215)	(1,204)	(1,219)	(1,386)	(5,024)
Supplies	(806)	(787)	(774)	(858)	(3,226)	(747)	(732)	(767)	(879)	(3,125)
Personnel expenses	(132)	(135)	(116)	(145)	(528)	(111)	(111)	(110)	(110)	(442)
Other operating expenses	(379)	(362)	(363)	(418)	(1,522)	(357)	(360)	(342)	(397)	(1,456)
Other net income (expense)	(8)	(4)	(1)	(2)	(16)	1	(0)	0	4	4
Gain (loss) on sale of fixed assets	-	(2)	-	1	(1)	-	-	2	1	3
Impairment of goodwill and other assets	-	-	-	-	-	-	-	-	(1)	(1)
Operating income before D&A (OIBDA)	461	456	458	334	1,709	416	433	412	377	1,639
<i>OIBDA Margin</i>	<i>26.3%</i>	<i>26.6%</i>	<i>27.3%</i>	<i>19.4%</i>	<i>24.9%</i>	<i>26.0%</i>	<i>27.0%</i>	<i>25.7%</i>	<i>21.8%</i>	<i>25.1%</i>
CapEx	192	223	238	278	931	225	209	170	223	827
Spectrum	-	-	-	-	-	-	-	-	-	-
OpCF (OIBDA-CapEx)	269	233	219	56	778	191	224	242	154	812

Notes:

(1) T. UK Mobile service revenues include revenues from MVNOs since 1 January 2017, which were previously accounted as "Handset Revenues and others"; these criteria are applied across T. Group. For comparative purposes, Mobile service revenues and Handset revenues for 2016 are reported using the same criteria.

- OIBDA before management and brand fees.

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TELEFÓNICA UK

ACCESSES

Unaudited figures (Thousands)

	2016				2017			
	March	June	September	December	March	June	September	December
Fixed telephony accesses (1)	249.8	257.7	264.7	272.6	277.2	281.3	281.9	283.9
Internet and data accesses	21.5	22.3	23.1	23.7	24.0	24.7	24.8	25.3
Broadband	21.5	22.3	23.1	23.7	24.0	24.7	24.8	25.3
Mobile accesses	24,933.0	25,172.5	25,404.2	25,462.7	25,009.3	25,139.7	25,283.0	25,003.9
Prepay	9,640.1	9,745.8	9,778.0	9,701.4	9,375.4	9,427.4	9,477.4	9,203.7
Contract (2)	15,292.8	15,426.7	15,626.2	15,761.3	15,633.9	15,712.3	15,805.6	15,800.2
M2M	3,143.4	3,176.8	3,250.9	3,266.9	3,330.3	3,373.1	3,434.4	3,358.9
Total Accesses	25,204.2	25,452.6	25,692.0	25,759.0	25,310.5	25,445.6	25,589.7	25,313.1

(1) Includes fixed wireless and VoIP accesses.

(2) Includes the disconnection of 228 thousand inactive contract accesses in the first quarter 2017.

SELECTED OPERATIONAL DATA

Unaudited figures

	2016				2017			
	March	June	September	December	March	June	September	December
Contract percentage (%)	61.3%	61.3%	61.5%	61.9%	62.5%	62.5%	62.5%	63.2%
Smartphones ('000)	13,267.7	13,301.8	14,130.8	14,680.8	14,910.2	15,514.3	15,667.9	15,961.0
Smartphone penetration (%)	62.8%	62.4%	65.9%	68.4%	71.2%	73.8%	74.3%	76.5%
LTE ('000) (1)	9,460.3	10,783.4	11,530.3	12,092.4	12,438.0	12,592.0	12,611.0	12,891.1
LTE penetration (%)	43.4%	49.0%	52.0%	54.5%	57.4%	57.8%	57.7%	59.6%
Mobile churn (quarterly)	2.0%	1.5%	1.8%	2.1%	2.2%	1.5%	1.7%	2.2%
Contract (2)(3)	0.9%	0.8%	0.9%	1.0%	1.5%	1.0%	1.0%	1.0%
Mobile Churn (cumulative YTD)	2.0%	1.8%	1.8%	1.9%	2.2%	1.9%	1.8%	1.9%
Contract (2)(3)	0.9%	0.9%	0.9%	0.9%	1.5%	1.2%	1.1%	1.1%
Mobile ARPU (EUR) (cumulative YTD)	17.9	17.7	17.3	17.0	16.1	16.1	16.0	15.9
Prepay	7.8	7.7	7.5	7.5	7.3	7.1	7.0	6.9
Contract (2)(3)	30.1	29.9	29.3	28.8	26.6	27.0	26.8	26.8
Mobile data traffic (TB) (cumulative YTD)	49,648	105,368	170,977	244,957	79,926	173,446	280,109	401,489

Notes:

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

- Data traffic is defined as Terabytes used by the company customers, both upload and download (1TByte = 10¹² 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) giffgaff accesses included since 1 January 2017, and also given for comparative purposes since January 2016.

(2) Excludes M2M.

(3) Includes the disconnection of 228 thousand inactive contract accesses in the first quarter 2017.

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TELEFÓNICA BRASIL
CONSOLIDATED INCOME STATEMENT

Unaudited figures (Euros in millions)

	2016					2017				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	2,431	2,654	2,950	3,055	11,090	3,165	3,028	2,935	2,892	12,019
Mobile Business	1,448	1,589	1,775	1,851	6,663	1,932	1,850	1,782	1,797	7,360
Mobile service revenues	1,378	1,511	1,690	1,772	6,351	1,855	1,776	1,713	1,719	7,062
Data revenues	725	856	991	1,096	3,667	1,273	1,276	1,248	1,288	5,084
Handset revenues	70	78	85	79	312	76	74	68	78	298
Fixed Business	983	1,065	1,175	1,205	4,428	1,233	1,178	1,153	1,094	4,659
FBB and new services revenues (1)	356	401	465	473	1,695	494	483	525	498	1,999
Pay TV revenues	111	122	135	137	504	143	134	131	124	531
Voice & access revenues	516	543	575	595	2,229	596	562	497	473	2,128
Internal exp. capitalized in fixed assets	25	27	29	32	114	37	37	33	33	140
Operating expenses	(1,656)	(1,819)	(1,998)	(2,031)	(7,504)	(2,102)	(2,006)	(1,938)	(1,879)	(7,927)
Supplies	(524)	(538)	(594)	(603)	(2,260)	(613)	(557)	(553)	(544)	(2,268)
Personnel expenses	(249)	(290)	(302)	(325)	(1,165)	(319)	(300)	(283)	(293)	(1,196)
Other operating expenses	(883)	(991)	(1,102)	(1,102)	(4,079)	(1,170)	(1,149)	(1,103)	(1,042)	(4,463)
Other net income (expense)	2	(21)	(3)	24	2	6	(22)	(8)	(56)	(79)
Gain (loss) on sale of fixed assets	1	-	-	(2)	(1)	5	(20)	3	13	1
Impairment of goodwill and other assets	2	(2)	(1)	3	1	(6)	17	(0)	25	36
Operating income before D&A (OIBDA)	805	838	978	1,081	3,702	1,104	1,034	1,024	1,028	4,191
OIBDA Margin	33.1%	31.6%	33.2%	35.4%	33.4%	34.9%	34.1%	34.9%	35.6%	34.9%
CapEx	348	444	577	768	2,137	397	518	598	712	2,225
Spectrum	-	-	47	1	48	-	-	-	-	-
OpCF (OIBDA-CapEx)	457	394	402	313	1,566	707	515	426	316	1,966

Notes:

- Since 1 July 2017, T. Brasil includes the results of Terra.
- Since 1 April 2016, T. Brasil reflects all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations)
- The results of T. Brasil do not include intra-group capital gains resulting from the transfer of towers to Telxius in 2016.
- OIBDA before management and brand fees.
- (1) Includes broadband connectivity services (retail and wholesale), including value-added services, data and ICT revenues, other services over connectivity and FBB equipment.

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TELEFÓNICA BRASIL

ACCESSES

Unaudited figures (thousands)

	2016				2017			
	March	June	September	December	March	June	September	December
Final Clients Accesses	97,283.7	97,121.4	97,276.6	97,204.2	97,331.7	97,679.1	97,732.9	97,890.8
Fixed telephony accesses (1)	14,945.4	14,742.1	14,629.9	14,338.4	14,242.0	14,167.6	14,007.3	13,837.3
Internet and data accesses	7,294.2	7,321.8	7,397.5	7,383.2	7,439.6	7,537.2	7,554.0	7,534.5
Broadband	7,229.2	7,263.5	7,325.3	7,311.0	7,369.5	7,468.6	7,485.5	7,466.1
FTTx/cable	3,954.5	4,023.2	4,115.4	4,145.8	4,226.8	4,365.9	4,472.2	4,541.0
Mobile accesses	73,257.4	73,296.1	73,486.9	73,769.8	73,988.8	74,327.1	74,553.6	74,931.3
Prepay	42,011.5	41,669.4	40,995.6	40,387.2	40,171.5	39,652.1	38,897.4	38,168.1
Contract	31,245.8	31,626.7	32,491.3	33,382.6	33,817.3	34,675.0	35,656.2	36,763.2
M2M	4,390.0	4,590.3	4,770.4	5,005.1	5,271.5	5,590.8	5,845.3	6,312.5
Pay TV	1,786.7	1,761.4	1,762.2	1,712.7	1,661.3	1,647.2	1,618.0	1,587.7
Wholesale Accesses	21.0	20.7	18.7	17.9	17.5	17.0	16.9	14.3
Total Accesses	97,304.7	97,142.1	97,295.4	97,222.2	97,349.2	97,696.1	97,749.8	97,905.1

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2016				2017			
	March	June	September	December	March	June	September	December
Contract percentage (%)	42.7%	43.1%	44.2%	45.3%	45.7%	46.7%	47.8%	49.1%
Smartphones ('000)	40,327.0	39,670.8	49,573.1	50,008.2	50,647.3	52,687.8	53,323.6	54,077.9
Smartphone penetration (%)	61.0%	60.0%	74.8%	75.2%	76.0%	78.8%	79.5%	80.5%
LTE ('000)	12,498.3	15,115.2	18,295.7	22,240.9	25,422.1	28,645.5	31,645.4	35,042.6
LTE penetration (%)	18.1%	22.0%	26.6%	32.3%	37.0%	41.7%	46.1%	51.1%
Mobile churn (quarterly)	3.3%	3.1%	3.4%	3.5%	3.3%	3.3%	3.4%	3.3%
Contract (1)	1.8%	1.9%	1.8%	1.7%	1.6%	1.8%	1.9%	1.7%
Mobile churn (cumulative YTD)	3.3%	3.2%	3.3%	3.4%	3.3%	3.3%	3.4%	3.3%
Contract (1)	1.8%	1.8%	1.8%	1.8%	1.6%	1.7%	1.8%	1.8%
Mobile ARPU (EUR) (cumulative YTD)	6.1	6.4	6.8	7.1	8.2	8.0	7.8	7.7
Prepay	3.2	3.3	3.5	3.4	4.1	3.9	3.8	3.7
Contract (1)	11.5	12.1	12.9	12.9	15.4	15.1	14.6	14.4
Mobile data traffic (TB) (cumulative YTD)	79,146	164,803	265,603	379,541	129,160	286,854	471,023	676,538
Fixed telephony ARPU (EUR) (cumulative YTD)	11.3	11.7	12.2	12.3	13.7	13.3	12.7	12.3
Pay TV ARPU (EUR) (cumulative YTD)	20.6	21.6	23.0	23.8	28.2	27.5	27.3	26.9
Broadband ARPU (EUR) (cumulative YTD)	10.3	10.8	11.3	11.7	14.5	14.2	13.9	13.9
Fixed data traffic (TB) (cumulative YTD)	2,485,715	5,215,363	8,031,104	11,164,483	3,428,917	7,379,965	11,808,743	16,467,417

*Notes:**- ARPU: monthly average revenue divided by the monthly average accesses of the period.**- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10¹² 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.*[back to Index](#)

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

	2016					2017				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	3,054	2,961	3,129	3,435	12,579	3,285	3,134	2,981	3,151	12,552
Mobile Business	2,101	1,969	2,132	2,378	8,580	2,266	2,128	2,045	2,149	8,588
Mobile service revenues	1,877	1,760	1,915	2,074	7,627	1,997	1,844	1,770	1,797	7,408
Data revenues	920	876	925	1,000	3,721	1,071	1,038	996	1,015	4,119
Handset revenues	224	209	216	304	953	269	284	275	352	1,179
Fixed Business	952	991	998	1,057	3,999	1,018	1,007	936	1,003	3,964
FBB and new services revenues (1)(2)	476	518	517	559	2,070	534	526	500	523	2,084
Pay TV revenues	144	149	156	161	610	169	166	158	161	655
Voice & access revenues (2)	333	324	325	337	1,319	315	315	277	319	1,226
Internal exp. capitalized in fixed assets	27	28	29	42	126	35	34	37	32	138
Operating expenses	(2,237)	(2,172)	(2,223)	(2,505)	(9,137)	(2,424)	(2,313)	(2,146)	(2,368)	(9,251)
Supplies	(916)	(897)	(910)	(995)	(3,718)	(958)	(920)	(843)	(944)	(3,664)
Personnel expenses	(380)	(365)	(360)	(482)	(1,587)	(435)	(397)	(365)	(450)	(1,647)
Other operating expenses	(940)	(911)	(953)	(1,028)	(3,832)	(1,031)	(996)	(939)	(975)	(3,940)
Other net income (expense)	21	18	36	28	104	9	23	8	34	75
Gain (loss) on sale of fixed assets	-	(1)	(2)	20	18	(0)	14	2	9	24
Impairment of goodwill and other assets (3)	-	-	-	(215)	(215)	-	-	-	-	-
Operating income before D&A (OIBDA)	866	834	969	804	3,474	904	892	883	859	3,538
OIBDA Margin	28.4%	28.2%	31.0%	23.4%	27.6%	27.5%	28.5%	29.6%	27.3%	28.2%
CapEx	461	557	782	815	2,615	430	493	931	824	2,678
Spectrum (4)	-	-	282	2	284	3	-	498	35	537
OpCF (OIBDA-CapEx)	404	277	187	(10)	859	474	399	(48)	35	860

Notes:

- After considering Venezuela as a hyperinflationary country, P&L and CapEx from the operations in the country are to be accounted at the closing exchange rate Bolivar Fuerte/Euro. For the January-December 2017 period Telefónica uses a synthetic exchange rate of 36,115 Venezuelan bolivars fuertes per dollar at December 2017.

- OIBDA before management and brand fees.

- 2016 and 2017 reported figures include the hyperinflationary adjustments in Venezuela in both years.

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

(2) Following the pre-payment of the debt derived from the operating agreement with PARAPAT in Colombia and after taking over its subsidiaries Telebucaramanga, Metrotel and Optecom, the consolidated results are included in the fixed business from 1 October 2017.

(3) Includes goodwill impairments of €91m in Mexico and €124m in Venezuela in October-December 2016.

(4) Spectrum includes €470m in Q3 17 related to the cost of licenses associated with the arbitration award in Colombia in connection with the reversion of certain assets earmarked for the provisions of services under former concessions.

- T. Hispanoamérica results reflects all the charges related to the towers transferred to Telxius (T. Perú since 1 April 2016 and T. Chile since 1 May 2016), which are now presented in Telxius (Other Companies & Eliminations). Likewise, since 1 January 2016, T. Chile includes the results of the data center business in which were before presented in Other Companies & Eliminations of T. Group.

- Since 1 January 2016, Mobile revenues and Fixed revenues have been revised due to different allocation criteria. This change does not affect total revenue figure reported for 2016.

- Also since 1 January 2016, Mobile Data revenues have been revised due to different allocation criteria between Mobile Data revenues and Other Mobile Service revenues. This change does not affect total Mobile Service revenue figure reported for 2016.

TELEFÓNICA HISPANOAMÉRICA

ACCESSES

Unaudited figures (thousands)

	2016				2017			
	March	June	September	December	March	June	September	December
Final Clients Accesses	134,274.3	134,422.4	135,343.0	135,850.3	133,093.4	131,707.4	130,196.8	130,974.6
Fixed telephony accesses (1)	12,497.9	12,400.6	12,229.2	11,938.6	11,749.5	11,588.3	11,372.1	11,493.1
Internet and data accesses (2)	5,706.8	5,772.1	5,791.0	5,707.9	5,693.9	5,687.3	5,691.0	5,885.3
Broadband	5,624.8	5,642.2	5,645.8	5,570.7	5,544.8	5,538.0	5,541.4	5,735.2
FTTx/cable	835.4	923.8	946.2	1,109.1	1,279.9	1,351.9	1,601.2	1,783.0
Mobile accesses	113,218.7	113,344.0	114,399.7	115,284.5	112,707.5	111,470.8	110,142.7	110,563.7
Prepay	87,934.3	87,810.5	88,799.5	89,461.2	86,998.6	85,903.0	84,628.7	84,822.4
Contract (3)	25,284.4	25,533.6	25,600.2	25,823.3	25,709.0	25,567.8	25,514.0	25,741.3
M2M	2,315.1	2,354.3	2,532.4	2,561.3	2,627.4	2,709.0	2,800.7	2,886.5
Pay TV	2,850.9	2,905.6	2,923.1	2,919.2	2,942.5	2,961.0	2,991.0	3,032.4
Wholesale Accesses	28.2	27.5	81.8	66.5	65.5	64.5	79.0	36.7
Total Accesses	134,302.5	134,449.9	135,424.8	135,916.8	133,158.9	131,771.9	130,275.7	131,011.3

*(1) Includes fixed wireless and VoIP accesses.**(2) Following the pre-payment of the debt derived from the operating agreement with PARAPAT in Colombia and after taking over its subsidiaries Telebucaramanga, Metrotel and Optecom, the consolidated results are included in the fixed business from 1 October 2017.**(3) Since September 2016, 55 thousand wholesale accesses have been reclassified from Mobile contract to Wholesale accesses in Mexico.*

MOBILE ACCESSES

Unaudited figures

	2016				2017			
	March	June	September	December	March	June	September	December
Contract percentage (%)	22.3%	22.5%	22.4%	22.4%	22.8%	22.9%	23.2%	23.3%
Smartphones ('000)	41,448.0	43,082.8	45,031.3	46,134.0	50,408.4	50,456.8	50,492.2	51,355.1
Smartphone penetration (%)	37.8%	39.3%	40.7%	41.3%	46.3%	46.9%	47.5%	48.2%
LTE ('000)	9,859.6	11,023.3	12,998.2	15,493.4	17,041.5	18,968.5	21,720.3	26,155.0
LTE penetration (%)	8.9%	9.9%	11.9%	13.8%	15.5%	17.5%	20.3%	24.3%

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

	2016					2017				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	689	709	750	852	3,000	876	918	810	890	3,495
Mobile Business	424	426	465	552	1,867	573	591	530	585	2,279
Mobile service revenues	374	377	410	466	1,628	510	515	449	492	1,966
Data revenues	186	196	226	253	861	278	302	277	306	1,163
Handset revenues	50	50	55	85	239	63	75	81	93	312
Fixed Business	265	283	285	300	1,133	302	327	281	306	1,216
FBB and new services revenues (1)	169	179	178	187	714	185	193	171	180	729
Voice & access revenues	96	104	107	113	419	117	135	109	126	488
OIBDA	149	165	211	272	797	231	275	241	224	971
OIBDA margin	21.6%	23.3%	28.1%	32.0%	26.6%	26.4%	30.0%	29.7%	25.2%	27.8%
CapEx	159	152	136	130	577	151	146	126	179	601
Spectrum	-	-	-	-	-	-	-	-	-	-
OpCF (OIBDA-CapEx)	(10)	13	75	142	220	80	129	115	45	370

Note:

- OIBDA is presented before management and brand fees.

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

- Since 1 January 2016 Mobile Revenues and Fixed Revenues have been revised due to different allocation criteria. This change does not affect total revenue figure reported for 2016.

- Also since 1 January 2016 Mobile Data Revenues have been revised due to different allocation criteria between Mobile Data revenues and Other Mobile Service revenues. This change does not affect total Mobile Service Revenue figure reported for 2016.

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TELEFÓNICA ARGENTINA
ACCESSES

Unaudited figures (Thousands)

	2016				2017			
	March	June	September	December	March	June	September	December
Final Clients Accesses	26,430.8	26,242.8	26,755.4	27,096.0	26,370.4	25,981.8	25,770.2	25,077.2
Fixed telephony accesses (1)	4,599.7	4,550.5	4,503.3	4,447.7	4,374.3	4,314.5	4,221.9	4,120.8
Fixed wireless	276.0	256.2	243.5	237.2	233.3	227.7	221.8	206.1
Internet and data accesses	1,911.8	1,910.9	1,907.7	1,882.9	1,841.0	1,802.5	1,758.9	1,700.6
Broadband	1,880.6	1,878.5	1,875.6	1,851.5	1,800.5	1,762.6	1,720.3	1,663.5
FTTx/cable	9.1	9.8	13.8	35.1	75.8	133.6	192.7	243.8
Mobile accesses	19,919.2	19,781.5	20,344.4	20,765.4	20,155.1	19,864.8	19,789.4	19,255.9
Prepay	12,989.8	12,851.6	13,258.6	13,579.8	12,936.0	12,561.7	12,386.1	11,717.1
Contract	6,929.4	6,929.9	7,085.8	7,185.6	7,219.1	7,303.1	7,403.3	7,538.7
M2M	439.2	428.3	501.3	521.3	546.2	581.0	588.0	596.6
Wholesale Accesses	22.4	21.8	21.3	21.1	20.4	20.2	34.9	20.8
Total Accesses	26,453.2	26,264.7	26,776.7	27,117.1	26,390.8	26,002.0	25,805.1	25,098.1

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2016				2017			
	March	June	September	December	March	June	September	December
Contract percentage (%)	34.8%	35.0%	34.8%	34.6%	35.8%	36.8%	37.4%	39.2%
Smartphones ('000)	7,700.6	8,328.3	9,286.3	8,953.5	9,194.8	8,789.6	9,195.1	533.0
Smartphone penetration (%)	39.8%	43.4%	47.1%	44.5%	47.2%	45.9%	48.2%	49.9%
LTE ('000)	2,213.3	2,462.0	3,130.3	3,744.8	4,136.7	4,136.7	5,363.2	6,387.8
LTE penetration (%)	11.4%	12.7%	15.8%	18.5%	21.1%	24.4%	27.9%	34.2%
Mobile churn (quarterly)	3.3%	3.1%	2.7%	2.7%	3.4%	3.1%	2.9%	3.1%
Contract (1)	1.2%	1.4%	0.8%	1.3%	1.2%	1.2%	1.2%	1.1%
Mobile churn (cumulative YTD)	3.3%	3.2%	3.1%	3.0%	3.4%	3.2%	3.1%	3.1%
Contract (1)	1.2%	1.3%	1.1%	1.1%	1.2%	1.2%	1.2%	1.2%
Mobile ARPU (EUR) (cumulative YTD)	6.5	6.6	6.6	7.1	8.6	8.7	8.4	8.5
Prepay	1.9	2.0	1.9	1.9	2.5	2.6	2.6	2.7
Contract (1)	16.2	16.2	16.1	15.7	21.0	21.0	19.9	19.7
Mobile data traffic (TB) (cumulative YTD)	23,517	51,940	87,337	126,846	42,378	92,707	153,286	220,535
Fixed telephony ARPU (EUR) (cumulative YTD)	6.6	7.1	9.2	8.5	8.6	9.5	9.1	9.4
Broadband ARPU (EUR) (cumulative YTD)	17.6	18.1	22.0	18.4	20.8	21.7	21.3	21.2
Fixed data traffic (TB) (cumulative YTD) (2)	203,887	449,311	723,644	1,011,610	296,597	636,815	1,018,913	1,420,297

Notes:

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

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10¹² 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.

(2) Includes solely traffic related with FBB accesses, not Business customers.

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TELEFÓNICA CHILE
SELECTED FINANCIAL DATA
Unaudited figures (Euros in millions)

	2016					2017				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	511	523	537	590	2,163	561	538	523	564	2,186
Mobile Business	298	296	309	333	1,236	329	307	300	323	1,259
Mobile service revenues	268	267	276	291	1,102	287	268	259	255	1,069
Data revenues	130	133	140	147	550	147	137	131	129	544
Handset revenues	30	29	33	42	135	42	39	41	69	190
Fixed Business	213	227	229	257	926	232	231	222	241	926
FBB and new services revenues (1)	96	107	109	127	439	112	113	111	129	465
Pay TV revenues	55	58	59	61	233	61	62	60	60	243
Voice & access revenues	62	62	61	68	254	59	56	52	52	219
OIBDA	176	168	181	180	704	174	165	158	133	630
OIBDA margin	34.4%	32.0%	33.6%	30.4%	32.5%	31.1%	30.6%	30.2%	23.7%	28.8%
CapEx	116	102	70	121	409	87	93	58	118	356
Spectrum	-	-	-	-	-	-	-	-	-	-
OpCF (OIBDA-CapEx)	60	66	110	59	295	87	72	99	15	274

Notes:

- OIBDA is presented before management and brand fees.

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

- Since 1 May 2016, T. Chile reflects all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations of T. Group), and also since 1 January 2016, T. Chile includes the results of the data center business which were before presented in Other Companies & Eliminations.

- The results of T. Chile do not include intra-group capital gains resulting from the transfer of towers to Telxius in 2016.

- Since 1 January 2016, Mobile revenues and Fixed revenues have been revised due to different allocation criteria. This change does not affect total revenue figure reported for 2016.

- Also since 1 January 2016, Mobile data revenues have been revised due to different allocation criteria between Mobile data revenues and Other mobile service revenues. This change does not affect total Mobile service revenues figure reported for 2016.

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TELEFÓNICA CHILE
ACCESSES
Unaudited figures (Thousands)

	2016				2017			
	March	June	September	December	March	June	September	December
Final Clients Accesses	12,741.5	12,481.1	12,430.0	12,301.3	12,210.5	12,142.9	12,248.6	12,227.9
Fixed telephony accesses (1)	1,459.0	1,438.4	1,422.8	1,406.5	1,380.5	1,365.1	1,350.5	1,326.5
Internet and data accesses	1,109.1	1,150.8	1,146.2	1,140.5	1,138.8	1,162.9	1,170.4	1,160.8
Broadband	1,098.4	1,093.3	1,096.7	1,090.3	1,088.1	1,111.6	1,118.6	1,108.5
FTTx	268.9	290.2	312.2	324.3	329.0	341.9	354.3	360.0
Mobile accesses	9,527.9	9,235.1	9,199.8	9,093.9	9,034.4	8,945.3	9,044.6	9,056.6
Prepay	6,524.9	6,150.1	6,070.5	5,956.0	5,891.1	5,817.3	5,889.7	5,849.2
Contract	3,002.9	3,085.0	3,129.2	3,137.9	3,143.3	3,128.0	3,154.9	3,207.4
M2M	331.2	354.8	378.0	369.4	377.8	387.0	405.6	409.5
Pay TV	645.6	656.8	661.3	660.5	656.8	669.7	683.1	684.0
Wholesale Accesses	5.2	5.1	5.1	5.1	5.3	5.2	5.2	5.2
Total Accesses	12,746.7	12,486.2	12,435.2	12,306.5	12,215.7	12,148.1	12,253.8	12,233.0

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA
Unaudited figures

	2016				2017			
	March	June	September	December	March	June	September	December
Contract percentage (%)	31.5%	33.4%	34.0%	34.5%	34.8%	35.0%	34.9%	35.4%
Smartphones ('000)	2,957	2,864	2,883	2,902	2,962	2,895	2,933	3,286
Smartphone penetration (%)	32.9%	33.0%	33.5%	34.2%	35.3%	35.0%	35.1%	39.3%
LTE ('000)	1,180	1,341	1,583	1,744	1,837	1,880	2,211	2,517
LTE penetration (%)	12.8%	15.1%	17.9%	20.0%	21.2%	22.0%	25.6%	29.1%
Mobile churn (quarterly)	3.6%	3.7%	3.2%	3.6%	3.3%	3.4%	3.0%	3.4%
Contract (1)	2.0%	2.1%	2.2%	2.4%	2.4%	2.6%	2.7%	2.6%
Mobile churn (cumulative YTD)	3.6%	3.7%	3.5%	3.6%	3.3%	3.3%	3.2%	3.2%
Contract (1)	2.0%	2.1%	2.3%	2.4%	2.4%	2.5%	2.6%	2.6%
Mobile ARPU (EUR) (cumulative YTD)	8.9	9.0	9.1	9.5	10.1	9.8	9.5	9.3
Prepay	3.0	3.0	2.9	2.6	2.9	2.8	2.6	2.6
Contract (1)	24.7	24.8	24.9	23.9	26.6	25.8	25.2	24.7
Mobile data traffic (TB) (cumulative YTD)	27,449	55,131	90,932	131,081	42,969	92,426	150,683	212,517
Fixed telephony ARPU (EUR) (cumulative YTD)	13.1	13.3	14.8	14.5	13.0	12.8	12.5	12.4
Pay TV ARPU (EUR) (cumulative YTD)	24.4	24.6	24.8	25.2	26.1	25.6	24.9	24.5
Broadband ARPU (EUR) (cumulative YTD)	16.2	16.6	18.0	17.5	18.8	18.1	17.4	17.3
Fixed data traffic (TB) (cumulative YTD)	321,246	665,841	1,050,624	1,490,584	434,322	970,592	1,502,438	2,006,161

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

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10^12 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)

	2016					2017				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	624	620	619	635	2,499	620	578	558	561	2,318
Mobile Business	351	338	340	344	1,373	335	313	291	288	1,226
Mobile service revenues (1)	313	299	300	294	1,206	290	275	255	253	1,072
Data revenues	161	164	158	155	638	174	146	151	143	614
Handset revenues	38	38	41	50	167	45	38	36	35	154
Fixed Business	273	283	279	291	1,126	286	266	267	273	1,092
FBB and new services revenues (2)	133	145	138	151	568	144	134	134	131	543
Pay TV revenues	69	71	73	75	288	81	80	77	80	318
Voice & access revenues	71	67	68	65	271	61	51	55	62	230
OIBDA	187	202	215	175	779	156	137	148	146	588
OIBDA margin	30.0%	32.6%	34.7%	27.5%	31.2%	25.2%	23.8%	26.6%	26.0%	25.4%
CapEx	55	94	361	207	717	54	103	73	165	394
Spectrum	-	-	282	2	284	-	-	-	-	-
OpCF (OIBDA-CapEx)	133	108	(146)	(32)	62	103	35	76	(19)	194

Note:

- OIBDA is presented before management and brand fees.

(1) Includes fixed wireless revenues.

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

- Since 1 April 2016, T. Perú reflects all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations).

- The results of T. Perú do not include intra-group capital gains resulting from the transfer of towers to Telxius.

- Since 1 January 2016, Mobile revenues and Fixed revenues have been revised due to different allocation criteria. This change does not affect total revenue figure reported for 2016.

- Also since 1 January 2016, Mobile Data revenues have been revised due to different allocation criteria between Mobile Data revenues and Other Mobile Service revenues. This change does not affect total Mobile Service Revenue figure reported for 2016.

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TELEFÓNICA PERÚ
ACCESSES
Unaudited figures (Thousands)

	2016				2017			
	March	June	September	December	March	June	September	December
Fixed telephony accesses (1)	2,452.1	2,491.0	2,486.8	2,445.1	2,455.0	2,458.2	2,471.9	2,491.2
Fixed wireless	127.7	117.6	95.5	72.3	84.6	84.9	85.4	85.8
Internet and data accesses	1,663.9	1,685.0	1,696.5	1,691.1	1,707.3	1,722.1	1,758.7	1,794.7
Broadband	1,639.2	1,660.3	1,666.8	1,660.9	1,676.8	1,691.9	1,728.2	1,763.4
FTTx/cable	557.0	623.7	620.1	722.7	841.7	821.7	967.7	1,052.4
Mobile accesses	16,445.4	16,211.9	15,954.2	15,498.5	14,810.6	14,438.8	13,826.5	13,745.1
Prepay	10,530.0	10,228.5	10,214.7	9,807.8	9,429.8	9,397.5	9,073.7	9,049.4
Contract	5,915.5	5,983.4	5,739.5	5,690.7	5,380.9	5,041.3	4,752.7	4,695.7
M2M	81.7	79.7	90.1	85.1	82.9	82.1	92.7	108.5
Pay TV	1,229.6	1,250.3	1,261.3	1,275.1	1,297.4	1,309.3	1,326.2	1,366.3
Total Accesses	21,791.0	21,638.3	21,398.8	20,909.8	20,270.3	19,928.4	19,383.2	19,397.3

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA
Unaudited figures

	2016				2017			
	March	June	September	December	March	June	September	December
Contract percentage (%)	36.0%	36.9%	36.0%	36.7%	36.3%	34.9%	34.4%	34.2%
Smartphones ('000)	4,652.9	4,867.0	4,951.9	4,900.5	8,130.0	8,283.6	8,291.3	8,246.5
Smartphone penetration (%)	28.6%	30.3%	31.4%	32.0%	55.5%	58.0%	60.7%	60.8%
LTE ('000)	1,464.1	1,851.4	2,095.7	2,348.3	2,370.0	2,505.4	2,324.4	3,087.6
LTE penetration (%)	8.9%	11.5%	13.2%	15.2%	16.1%	17.5%	16.9%	22.6%
Mobile churn (quarterly)	4.8%	5.0%	5.2%	5.4%	5.3%	5.1%	5.5%	5.6%
Contract (1)	2.5%	2.6%	3.5%	3.1%	2.7%	3.1%	3.1%	3.3%
Mobile churn (cumulative YTD)	4.8%	4.9%	5.0%	5.1%	5.3%	5.2%	5.3%	5.3%
Contract (1)	2.5%	2.6%	3.1%	3.3%	2.7%	2.9%	3.0%	3.0%
Mobile ARPU (EUR) (cumulative YTD)	6.3	6.2	6.1	6.3	6.3	6.3	6.2	6.1
Prepay	2.8	3.0	2.5	2.5	2.1	2.0	2.1	2.0
Contract (1)	12.0	11.8	12.5	11.3	13.7	13.8	13.7	13.6
Mobile data traffic (TB) (cumulative YTD)	11,451	23,486	39,758	77,864	37,157	84,961	133,034	185,166
Fixed telephony ARPU (EUR) (cumulative YTD)	9.4	9.1	7.6	8.3	7.5	7.0	6.8	6.7
Pay TV ARPU (EUR) (cumulative YTD)	16.6	16.3	17.6	17.8	19.4	19.1	18.8	18.6
Broadband ARPU (EUR) (cumulative YTD)	16.4	16.2	19.3	15.9	15.6	15.1	14.7	14.3
Fixed data traffic (TB) (cumulative YTD)	407,019	809,376	1,317,625	1,968,734	692,053	1,378,078	2,075,593	2,814,311

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.
- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10^12 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)

	2016					2017				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	323	347	364	375	1,409	388	368	338	368	1,462
Mobile Business	198	209	220	234	861	243	230	214	223	909
Mobile service revenues	172	180	193	198	743	206	194	182	186	768
Data revenues	68	76	87	92	323	109	112	106	109	436
Handset revenues	26	29	27	37	118	37	36	32	37	141
Fixed Business	125	138	144	140	548	145	138	124	146	554
FBB and new services revenues (1)(2)	65	74	75	70	284	73	70	66	66	275
Pay TV revenues	17	18	21	21	77	23	22	20	20	86
Voice & access revenues (2)	44	46	48	49	187	49	46	38	60	193
OIBDA	107	108	123	126	464	129	124	113	115	482
OIBDA margin	33.3%	31.0%	33.8%	33.7%	33.0%	33.4%	33.7%	33.5%	31.1%	32.9%
CapEx	33	83	98	116	330	60	56	542	139	796
Spectrum (2)	-	-	-	-	-	-	-	470	-	470
OpCF (OIBDA-CapEx)	74	25	25	10	134	70	68	(428)	(24)	(315)

Note:

- OIBDA is presented before management and brand fees.

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

(2) Following the pre-payment of the debt derived from the operating agreement with PARAPAT in Colombia and after taking over its subsidiaries Telebucaramanga, Metrotel and Optecom, the consolidated results are included in the fixed business from 1 October 2017.

(3) Spectrum include €470m in Q3 17 related to the cost of licenses associated with the arbitration award issued in connection with the reversion of certain assets earmarked for the provisions of services under former concessions.

- Since 1 January 2016, Mobile Data Revenues have been revised due to different allocation criteria between Mobile Data revenues and Other Mobile Service revenues. This change does not affect total Mobile Service Revenue figure reported for 2016.

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TELEFÓNICA COLOMBIA
ACCESSES

Unaudited figures (Thousands)

	2016				2017			
	March	June	September	December	March	June	September	December
Final Clients Accesses	15,977.2	16,161.0	16,503.1	16,573.4	16,471.3	16,610.7	16,964.5	17,940.1
Fixed telephony accesses (1) (2)	1,414.2	1,402.7	1,389.4	1,353.4	1,352.7	1,330.6	1,319.7	1,609.6
Internet and data accesses (2)	1,008.4	1,011.6	1,025.1	977.2	990.0	982.3	984.9	1,210.0
Broadband	999.9	1,003.2	1,003.2	964.1	976.8	969.1	971.5	1,196.4
FTTx	-	-	-	27.1	33.4	54.6	86.5	126.8
Mobile accesses	13,057.2	13,226.3	13,556.9	13,725.3	13,603.0	13,768.6	14,130.1	14,590.6
Prepay	9,625.1	9,730.2	10,019.0	10,136.8	9,974.3	10,096.8	10,401.1	10,857.7
Contract	3,432.1	3,496.1	3,537.9	3,588.5	3,628.6	3,671.8	3,729.0	3,732.9
M2M	471.0	464.3	481.3	478.7	474.8	463.7	468.6	454.3
Pay TV	497.4	520.4	531.7	517.5	525.6	529.3	529.8	529.9
Wholesale Accesses	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5
Total Accesses	15,977.8	16,161.6	16,503.7	16,573.9	16,471.8	16,611.2	16,965.0	17,940.5

(1) Includes fixed wireless and VoIP accesses.

(2) Following the pre-payment of the debt derived from the operating agreement with PARAPAT and after taking over its subsidiaries Telebucaramanga, Metrotel and Optecom, the consolidated results are included in the fixed business from 1 October 2017.

SELECTED OPERATIONAL DATA

Unaudited figures

	2016				2017			
	March	June	September	December	March	June	September	December
Contract percentage (%)	26.3%	26.4%	26.1%	26.1%	26.7%	26.7%	26.4%	25.6%
Smartphones ('000)	4,391.3	4,516.1	4,744.8	5,043.4	5,324.1	5,477.0	5,761.4	5,977.1
Smartphone penetration (%)	35.5%	36.0%	36.8%	38.6%	41.1%	41.7%	42.7%	42.7%
LTE ('000)	1,375.6	1,667.1	1,943.0	2,340.6	2,682.5	3,193.6	3,731.2	4,260.0
LTE penetration (%)	10.9%	13.1%	14.9%	17.7%	20.4%	24.0%	27.3%	30.1%
Mobile churn (quarterly)	3.2%	3.2%	2.9%	3.5%	4.2%	3.4%	2.9%	2.9%
Contract (1)	1.8%	1.7%	1.7%	1.6%	1.5%	1.6%	1.5%	1.7%
Mobile churn (cumulative YTD)	3.2%	3.2%	3.1%	3.2%	4.2%	3.8%	3.5%	3.3%
Contract (1)	1.8%	1.8%	1.6%	1.5%	1.5%	1.5%	1.5%	1.6%
Mobile ARPU (EUR) (cumulative YTD)	4.2	4.3	4.3	4.4	4.7	4.6	4.5	4.4
Prepay	1.1	1.2	1.1	1.0	1.2	1.2	1.2	1.2
Contract (1)	14.6	14.8	15.0	14.2	16.4	15.9	15.3	15.0
Mobile data traffic (TB) (cumulative YTD)	14,077	29,400	46,343	66,085	22,498	48,002	75,237	105,623
Fixed telephony ARPU (EUR) (cumulative YTD)	9.8	10.1	10.7	10.7	11.1	10.8	10.2	9.3
Pay TV ARPU (EUR) (cumulative YTD)	11.0	11.3	11.9	12.2	14.3	14.1	13.5	13.2
Broadband ARPU (EUR) (cumulative YTD)	8.2	8.5	10.3	9.2	11.0	11.1	10.9	10.3
Fixed data traffic (TB) (cumulative YTD) (2)	70,654	149,797	234,125	319,800	89,505	192,552	296,678	401,577

Notes:

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

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10¹² bytes). Promotional traffic is included. Traffic not associated to the Company's

(1) Excludes M2M.

(2) Includes solely traffic pertaining to FBB accesses, not Business customers.

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TELEFÓNICA MÉXICO
SELECTED FINANCIAL DATA

Unaudited figures (Euros in millions)

	2016					2017				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	409	337	316	347	1,410	314	356	332	334	1,336
Service revenues	360	303	286	298	1,246	267	294	282	259	1,102
Data revenues	167	133	111	122	533	111	159	141	144	555
Handset revenues	50	33	30	50	164	48	62	50	75	234
OIBDA	106	62	81	60	309	64	81	79	78	302
OIBDA margin	25.9%	18.4%	25.6%	17.3%	21.9%	20.5%	22.8%	23.7%	23.3%	22.6%
CapEx	42	54	34	88	219	43	35	53	85	217
Spectrum	-	-	-	-	-	4	-	-	-	4
OpCF (OIBDA-CapEx)	65	8	47	(28)	90	21	46	26	(7)	86

Note:

- OIBDA is presented before management and brand fees.

- Since 1 January 2016, Data revenues have been revised due to different allocation criteria between Data revenues and other service revenues. This change does not affect total Service revenue figure reported for 2016.

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TELEFÓNICA MÉXICO

ACCESSES

Unaudited figures (Thousands)

	2016				2017			
	March	June	September	December	March	June	September	December
Mobile accesses	25,655.4	25,928.8	25,937.5	26,557.2	25,657.9	25,277.7	24,539.2	25,070.9
Prepay	23,803.2	24,069.1	24,081.0	24,620.1	23,639.3	23,197.6	22,408.7	22,882.4
Contract (1)	1,852.2	1,859.7	1,856.5	1,937.2	2,018.6	2,080.1	2,130.5	2,188.5
M2M	602.6	629.2	658.3	668.4	710.1	744.0	789.2	854.5
Fixed wireless	1,296.9	1,252.9	1,176.8	1,057.4	974.4	924.2	849.5	808.4
Wholesale Accesses (1)	-	-	54.8	39.8	39.2	38.5	38.4	10.3
Total Accesses	26,952.3	27,181.7	27,169.1	27,654.4	26,671.5	26,240.4	25,427.1	25,889.5

(1) Since September 2016, 55 thousand wholesale accesses have been reclassified from mobile contract to wholesale accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2016				2017			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Contract percentage (%)	7.2%	7.2%	7.2%	7.3%	7.9%	8.2%	8.7%	8.7%
Smartphones ('000)	10,916	11,489	11,570	11,961	11,866	11,790	11,484	11,576
Smartphone penetration (%)	43.8%	45.6%	45.8%	46.3%	47.6%	48.1%	48.4%	47.9%
LTE ('000)	2,155	2,478	2,777	3,312	3,658	4,035	4,310	5,111
LTE penetration (%)	8.6%	9.8%	11.0%	12.8%	14.7%	16.4%	18.1%	21.1%
Mobile churn (quarterly)	3.5%	3.3%	3.6%	3.7%	4.8%	3.9%	4.7%	3.7%
Contract (1)	1.7%	2.9%	1.7%	1.9%	2.1%	1.9%	2.2%	2.5%
Mobile churn (cumulative YTD)	3.5%	3.4%	3.5%	3.6%	4.8%	4.4%	4.5%	4.3%
Contract (1)	1.7%	2.4%	1.7%	1.4%	2.1%	1.7%	1.9%	2.1%
Mobile ARPU (EUR) (cumulative YTD)	3.8	3.5	3.3	3.3	2.7	2.9	3.0	3.0
Prepay	3.3	3.0	2.8	2.1	2.3	2.4	2.5	2.5
Contract (1)	14.6	14.2	14.2	12.8	12.1	12.4	12.5	12.3
Mobile data traffic (TB) (cumulative YTD)	17,192	37,369	60,088	86,315	30,861	69,939	112,251	155,767

*Notes:**- ARPU: monthly average revenue divided by the monthly average accesses of the period.**- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10¹² 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.*[back to Index](#)

REST OF COUNTRIES OF T. HISPANOÁMERICA
SELECTED FINANCIAL DATA
Unaudited figures (Euros in millions)

	2016					2017				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
Revenues	503	428	548	642	2,122	531	381	423	435	1,771
Telefónica Venezuela	77	21	138	196	432	98	(32)	23	18	106
Telefónica Central America	227	220	221	244	912	233	216	213	227	890
Telefónica Ecuador	145	135	132	139	551	135	137	132	135	539
Telefónica Uruguay	54	52	57	63	226	65	60	55	55	235
Service Revenues	472	398	519	603	1,991	496	347	388	392	1,623
Telefónica Venezuela	75	21	134	191	420	95	(31)	22	18	104
Telefónica Central America	213	205	209	229	856	219	200	199	209	827
Telefónica Ecuador	133	124	123	125	506	122	122	116	114	474
Telefónica Uruguay	51	48	53	58	210	60	56	51	51	218
OIBDA	140	117	159	207	623	149	109	132	156	545
Telefónica Venezuela	22	4	35	51	111	22	(2)	5	9	34
Telefónica Central America	53	57	62	82	254	63	51	66	83	263
Telefónica Ecuador	45	38	42	52	177	41	39	40	42	163
Telefónica Uruguay	20	17	20	23	80	23	21	21	21	85
CapEx	57	71	83	152	363	36	60	79	138	312
Telefónica Venezuela	9	13	27	42	91	3	4	4	(2)	9
Telefónica Central America	32	35	25	48	139	20	30	22	93	165
Telefónica Ecuador	12	18	24	45	99	7	19	17	34	77
Telefónica Uruguay	3	6	7	18	34	5	8	36	14	62
Spectrum	-	-	-	-	-	-	-	28	35	64
Telefónica Venezuela	-	-	-	-	-	-	-	-	-	-
Telefónica Central America	-	-	-	-	-	-	-	-	-	-
Telefónica Ecuador	-	-	-	-	-	-	-	-	-	-
Telefónica Uruguay	-	-	-	-	-	-	-	28	(1)	27
OpCF (OIBDA-CapEx)	83	45	76	55	259	113	49	53	17	233
Telefónica Venezuela	13	(9)	8	8	20	19	(5)	1	12	25
Telefónica Central America	22	22	38	34	116	43	21	44	(10)	98
Telefónica Ecuador	33	20	18	7	78	33	20	23	9	86
Telefónica Uruguay	17	12	13	5	46	18	13	(15)	7	23

- After considering Venezuela as a hyperinflationary country, P&L and CapEx from the operations in the country are to be accounted at the closing exchange rate Bolivar Fuerte/Euro. For the January-December 2017 period Telefónica uses a synthetic exchange rate of 36,115 Venezuelan bolivars fuertes per dollar at December 2017.

- OIBDA is presented before management and brand fees.

- Reported figures include the hyperinflationary adjustments in Venezuela in both years.

- Central America includes Guatemala, Panama, El Salvador, Nicaragua and Costa Rica.

ACCESSES
Unaudited figures

	2016				2017			
	March	June	September	December	March	June	September	December
Fixed telephony accesses	1,276.1	1,263.7	1,250.3	1,229.8	1,212.6	1,195.8	1,158.7	1,136.8
Internet and data accesses	13.7	13.7	13.0	13.3	16.9	17.6	18.1	19.2
Broadband	6.7	6.9	2.8	3.0	2.6	2.7	2.8	3.4
Mobile accesses	28,613.6	28,960.4	29,407.0	29,644.2	29,446.6	29,175.6	28,812.9	28,844.7
Prepay	24,461.3	24,780.9	25,155.7	25,360.7	25,128.1	24,832.2	24,469.3	24,466.6
Contract	4,152.2	4,179.5	4,251.4	4,283.5	4,318.5	4,343.5	4,343.6	4,378.1
M2M	389.6	397.9	423.5	438.6	435.5	451.2	456.6	463.1
Pay TV	478.2	478.1	468.7	466.1	462.6	452.7	451.8	452.2
Total Accesses	30,381.6	30,715.9	31,139.0	31,353.4	31,138.7	30,841.7	30,441.5	30,452.8

(1) Includes fixed wireless and VoIP accesses.

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APPENDIX

ALTERNATIVE PERFORMANCE MEASURES

Information included in compliance with the ESMA Guidelines, 5 October 2015, on Alternative Performance Measures (APM), applicable to published regulated information from 3 July 2016.

The following APM and their reconciliation to the most directly reconcilable line item, subtotal or total presented in the financial statements of the corresponding period are included:

- OIBDA
- Net financial debt and Net financial debt plus commitments
- Leverage ratio
- Free Cash-Flow
- Organic results
- Underlying results

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TELEFÓNICA
RECONCILIATION OF OIBDA
Unaudited figures (Euros in millions)

	2016				2017			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Operating income before D&A (OIBDA)	3,838	7,756	11,931	15,118	4,021	8,179	12,274	52,008
Depreciation and amortisation	(2,322)	(4,673)	(7,131)	(9,649)	(2,451)	(4,809)	(7,131)	(9,396)
Operating income (OI)	1,516	3,083	4,800	5,469	1,570	3,370	5,143	6,791

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TELEFÓNICA
NET FINANCIAL DEBT PLUS COMMITMENTS
Unaudited figures (Euros in millions)

	December 2016	December 2017
Non-current financial liabilities	45,612	46,332
Current financial liabilities	14,749	9,414
Gross Financial Debt	60,361	55,746
Cash and cash equivalents	(3,736)	(5,192)
Current financial assets	(2,954)	(2,154)
Positive mark-to-market value of long-term derivative instruments	(5,048)	(2,812)
Other non-current liabilities included in "Trade and other payables"	749	708
Other current liabilities included in "trade and other payables"	449	111
Other assets included in "Non-current financial assets"	(524)	(1,516)
Other assets included in "Current trade and other receivables"	(702)	(661)
Net Financial Debt (1)	48,595	44,230
Gross commitments related to employee benefits	6,839	6,578
Value of associated Long-term assets	(749)	(749)
Tax benefits	(1,569)	(1,533)
Net commitments related to employee benefits	4,521	4,295
Net financial debt plus commitments	53,116	48,526
Net Financial Debt / OIBDA	2.95x	2.66x

Notes:

(1) Net financial debt as of December 2017 includes a positive value of the derivatives portfolio for a net amount of €505m, €3,152m included as financial liabilities and €3,657m included as financial assets.

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TELEFÓNICA
RECONCILIATION OF LEVERAGE RATIO
Unaudited figures (Euros in millions)

		2016				2017			
		Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
A	Net Financial Debt (1)	50,099	52,193	49,593	48,595	48,766	48,487	47,222	44,230
B	OIBDA from last 12 months	12,996	12,696	12,653	15,118	15,301	15,541	15,461	16,187
C	OIBDA Adjustments	3,748	3,727	3,711	1,372	1,432	1,426	1,402	469
	OIBDA from Cos. incorporated (removed)	50	-	-	(29)	(35)	(20)	(10)	11
	Goodwill Impairment	104	104	104	215	215	215	215	-
	Restructuring charges	3,239	3,268	3,236	1,380	1,446	1,425	1,407	340
	Distribution channel optimization	30	30	30	18	18	18	18	13
	Commitments relating to the Telefónica Foundation	325	325	325	-	-	-	-	-
	Capital gains/losses on sale of companies	-	-	16	(212)	(212)	(212)	(228)	-
	Tariff increases in Venezuela	-	-	-	-	-	-	-	(2)
	Contingencies	-	-	-	-	-	-	-	107
D= B+C	OIBDA Adjusted	16,744	16,423	16,364	16,490	16,733	16,967	16,863	16,656
E= A/D	Net Financial Debt / OIBDA	2.99x	3.18x	3.03x	2.95x	2.91x	2.86x	2.80x	2.66x

Notes:

(1) Net financial debt as of December 2017 includes a positive value of the derivatives portfolio for a net amount of €505m, €3,152m included as financial liabilities and €3,657m included as financial assets.

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TELEFÓNICA
RECONCILIATION OF FREE CASH FLOW
Unaudited figures (Euros in millions)

	2016				2017			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
Net cash flow provided by operating activities	2,207	5,392	9,302	13,338	2,743	5,954	9,863	13,796
(Payments on investments)/proceeds from the sale in property, plant and equipment and intangible assets, net (1)	(2,279)	(4,643)	(7,229)	(9,187)	(2,285)	(4,405)	(6,794)	(8,992)
Government grants received	-	-	-	-	-	-	-	2
Dividends paid to minority shareholders	-	(264)	(354)	(511)	(21)	(255)	(349)	(555)
Payments related to cancellation of commitments	141	332	598	738	166	331	507	696
Free Cash Flow	69	816	2,317	4,378	603	1,626	3,226	4,947

(1) (Payments on investment)/proceeds from the sale in property, plant and equipment and intangible assets, net, includes net cash received from sale of Real Estate

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REVENUES	2016				2017				%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Dec
T. ESPAÑA									
REPORTED DATA	3,149	6,374	9,569	12,815	3,066	6,226	9,410	12,653	(1.3)
Changes in the consolidation perimeter	(2)	(4)	(5)	(7)	-				
T. ESPAÑA ORGANIC	3,148	6,370	9,563	12,807	3,066	6,226	9,410	12,653	(1.2)
T. DEUTSCHLAND									
REPORTED DATA	1,858	3,691	5,567	7,503	1,771	3,542	5,392	7,296	(2.8)
T. DEUTSCHLAND ORGANIC	1,858	3,691	5,567	7,503	1,771	3,542	5,392	7,296	(2.8)
T. UK									
REPORTED DATA	1,752	3,464	5,140	6,861	1,601	3,208	4,810	6,540	(4.7)
Forex impact	-	-	-	-	187	337	428	475	
T. UK ORGANIC	1,752	3,464	5,140	6,861	1,788	3,545	5,238	7,015	2.2
T. BRASIL									
REPORTED DATA	2,431	5,085	8,035	11,090	3,165	6,193	9,128	12,019	8.4
Forex impact	-	-	-	-	(696)	(1,024)	(956)	(747)	
Changes in the consolidation perimeter	(2)	(2)	14	30	-	-	-	-	
T. BRASIL ORGANIC	2,430	5,084	8,049	11,120	2,468	5,169	8,172	11,273	1.4
T. HISPAM									
REPORTED DATA	3,054	6,014	9,144	12,579	3,285	6,419	9,400	12,552	(0.2)
Forex impact	-	-	-	-	81	393	959	1,800	
Hyperinflation in Venezuela	15	53	(26)	(148)	(15)	4	(2)	9	
Changes in the consolidation perimeter	-	-	-	-	-	-	-	(23)	
Tariff increases in Venezuela	-	-	-	-	-	-	-	(6)	
T. HISPAM ORGANIC	3,068	6,068	9,117	12,431	3,351	6,816	10,358	14,332	15.3
TELEFÓNICA									
REPORTED DATA	12,511	25,235	38,315	52,036	13,132	26,091	38,846	52,008	(0.1)
Forex impact	-	-	-	-	(439)	(315)	408	1,500	
Hyperinflation in Venezuela	15	52	(26)	(145)	(15)	4	(2)	9	
Changes in the consolidation perimeter	(30)	(82)	(133)	(158)	-	-	-	(23)	
Tariff increases in Venezuela	-	-	-	-	-	-	-	(6)	
TELEFÓNICA ORGANIC	12,496	25,204	38,156	51,734	12,678	25,781	39,252	53,487	3.4
OIBDA	2016				2017				%
	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Dec
T. ESPAÑA									
REPORTED DATA	1,250	2,553	3,907	4,403	1,143	2,425	3,731	4,952	12.5
Changes in the consolidation perimeter	(2)	(3)	(5)	(6)	-	-	-	-	
Restructuring charges	-	-	-	837	76	76	76	165	
Distribution channel reorganisation plan	-	-	-	18	-	-	-	13	
Capital gains/losses on sale of companies	-	-	-	(29)	-	-	-	-	
T. ESPAÑA ORGANIC	1,249	2,549	3,902	5,223	1,219	2,501	3,807	5,130	(1.8)
T. DEUTSCHLAND									
REPORTED DATA	392	843	1,299	1,771	400	861	1,318	1,821	2.8
Changes in the consolidation perimeter	(9)	(12)	(12)	(12)	-	-	-	-	
Restructuring charges	23	37	59	89	11	30	51	82	
T. DEUTSCHLAND ORGANIC	406	868	1,346	1,848	411	891	1,369	1,903	2.9
T. UK									
REPORTED DATA	461	918	1,375	1,709	416	849	1,261	1,639	(4.1)
Forex impact	-	-	-	-	49	89	112	119	
Restructuring charges	1	1	1	37	-	-	-	0	
T. UK ORGANIC	462	918	1,377	1,746	465	939	1,374	1,758	0.7
T. BRASIL									
REPORTED DATA	805	1,643	2,621	3,702	1,104	2,138	3,162	4,191	13.2
Forex impact	-	-	-	-	(243)	(353)	(331)	(260)	
Tower sales	-	-	-	-	-	(0)	(0)	(0)	
Changes in the consolidation perimeter	(4)	(4)	4	10	-	-	-	-	
Restructuring charges	-	25	26	41	-	-	-	-	
Contingencies	-	-	-	-	-	-	-	47	
T. BRASIL ORGANIC	801	1,664	2,650	3,753	861	1,785	2,831	3,977	6.0
T. HISPAM									
REPORTED DATA	866	1,700	2,669	3,474	904	1,796	2,679	3,538	1.8
Forex impact	-	-	-	-	17	145	301	814	
Hyperinflation in Venezuela	7	19	(1)	(29)	1	5	3	18	
Tower sales	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(7)	
Changes in the consolidation perimeter	(2)	(3)	(3)	(3)	-	-	-	(4)	
Restructuring charges	(1)	3	3	84	1	5	6	110	
Capital gains/losses on sale of companies	-	-	-	(15)	-	-	-	-	
Impairments	-	-	-	215	-	-	-	-	
Tariff increases in Venezuela	-	-	-	-	-	-	-	(2)	
T. HISPAM ORGANIC	869	1,719	2,668	3,726	923	1,950	2,988	4,467	19.9
TELEFÓNICA									
REPORTED DATA	3,838	7,756	11,931	15,118	4,021	8,179	12,274	16,187	7.1
Forex impact	-	-	-	-	(181)	(122)	84	674	
Hyperinflation in Venezuela	11	23	4	(25)	2	5	4	18	
Tower sales	(0)	(0)	(0)	(1)	(0)	(0)	(0)	(7)	
Changes in the consolidation perimeter	6	(9)	(20)	(29)	-	-	-	(4)	
Restructuring charges	22	68	108	1,380	88	113	134	347	
Distribution channel reorganisation plan	-	-	-	18	-	-	-	13	
Capital gains/losses on sale of companies	-	-	16	(212)	-	-	-	-	
Impairments	-	-	-	215	-	-	-	-	
Tariff increases in Venezuela	-	-	-	-	-	-	-	(2)	
Contingencies	-	-	-	-	-	-	-	104	
TELEFÓNICA ORGANIC	3,877	7,838	12,040	16,465	3,929	8,175	12,496	17,330	5.3

OPERATING INCOME	2016				2017				%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	
TELEFÓNICA									
REPORTED DATA	1,516	3,083	4,800	5,469	1,570	3,370	5,143	6,791	24.2
Forex impact	-	-	-	-	(63)	35	176	667	
Hyperinflation in Venezuela	24	42	69	198	56	57	81	119	
Tower sales	(0)	(0)	(0)	(1)	(0)	(0)	(0)	(7)	
Changes in the consolidation perimeter	7	(7)	(17)	(26)	-	-	-	2	
Restructuring charges	22	68	108	1,380	88	113	134	347	
Distribution channel reorganisation plan	-	-	-	18	-	-	-	13	
Capital gains/losses on sale of companies	-	-	16	(212)	-	-	-	-	
Impairments	-	-	-	215	-	-	-	-	
Tariff increases in Venezuela	-	-	-	-	-	-	-	(2)	
Contingencies	-	-	-	-	-	-	-	104	
TELEFÓNICA ORGANIC	1,569	3,186	4,977	7,043	1,651	3,575	5,534	8,034	14.1
CAPEX	2016				2017				%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	
T. ESPAÑA									
REPORTED DATA	431	894	1,289	1,852	333	704	1,097	1,683	(9.1)
Spectrum acquisition	-	(7)	(7)	(7)	-	-	-	-	
T. ESPAÑA ORGANIC	431	887	1,282	1,845	333	704	1,097	1,683	(8.8)
T. DEUTSCHLAND									
REPORTED DATA	220	432	748	1,107	208	435	688	951	(14.2)
Spectrum acquisition	(2)	(3)	(4)	(6)	-	(1)	(1)	(1)	
Changes in the consolidation perimeter	(1)	(1)	(1)	(1)	-	-	-	-	
T. DEUTSCHLAND ORGANIC	217	429	743	1,101	208	434	688	950	(13.7)
T. UK									
REPORTED DATA	192	415	654	931	225	434	604	827	(11.2)
Forex impact	-	-	-	-	26	46	54	60	
T. UK ORGANIC	192	415	654	931	251	480	657	887	(4.8)
T. BRASIL									
REPORTED DATA	348	792	1,369	2,137	397	915	1,513	2,225	4.1
Forex impact	-	-	-	-	(87)	(151)	(158)	(138)	
Spectrum acquisition	-	-	(47)	(48)	-	-	-	-	
Changes in the consolidation perimeter	-	-	-	1	-	-	-	-	
T. BRASIL ORGANIC	348	792	1,322	2,089	310	764	1,355	2,087	(0.1)
T. HISPAM									
REPORTED DATA	461	1,018	1,800	2,615	430	923	1,853	2,678	2.4
Forex impact	-	-	-	-	(4)	50	171	368	
Spectrum acquisition	-	-	(282)	(284)	(4)	(4)	(500)	(538)	
Hyperinflation in Venezuela	2	17	(1)	(21)	(0)	2	5	9	
Changes in the consolidation perimeter	(0)	(0)	(0)	(0)	-	-	-	(7)	
T. HISPAM ORGANIC	463	1,035	1,517	2,310	422	971	1,529	2,509	8.6
TELEFÓNICA									
REPORTED DATA	1,695	3,654	6,016	8,928	1,621	3,507	5,962	8,697	(2.6)
Forex impact	-	-	-	-	(66)	(57)	66	293	
Spectrum acquisition	(2)	(10)	(341)	(345)	(4)	(4)	(500)	(538)	
Hyperinflation in Venezuela	2	17	(1)	(21)	(0)	2	5	9	
Changes in the consolidation perimeter	(3)	(6)	(10)	(11)	-	-	-	(7)	
TELEFÓNICA ORGANIC	1,693	3,655	5,664	8,552	1,551	3,448	5,532	8,453	(1.2)

OpCF (OIBDA-CapEx)	2016				2017				%
	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Dec
T. ESPAÑA									
REPORTED DATA	820	1,659	2,617	2,551	810	1,720	2,634	3,269	28.2
Spectrum acquisition	-	7	7	7	-	-	-	-	
Changes in the consolidation perimeter	(2)	(3)	(5)	(6)	-	-	-	-	
Restructuring charges	-	-	-	837	76	76	76	165	
Distribution channel reorganisation plan	-	-	-	18	-	-	-	13	
Capital gains/losses on sale of companies	-	-	-	(29)	-	-	-	-	
T. ESPAÑA ORGANIC	818	1,663	2,620	3,379	886	1,796	2,710	3,447	2.0
T. DEUTSCHLAND									
REPORTED DATA	173	411	552	664	192	426	630	870	31.1
Spectrum acquisition	2	3	4	6	-	1	1	1	
Changes in the consolidation perimeter	(8)	(11)	(11)	(11)	-	-	-	-	
Restructuring charges	23	37	59	89	11	30	51	82	
T. DEUTSCHLAND ORGANIC	189	440	604	747	203	457	681	953	27.4
T. UK									
REPORTED DATA	269	502	721	778	191	415	658	812	4.4
Forex impact	-	-	-	-	22	44	59	59	
Restructuring charges	1	1	1	37	-	-	-	-	
T. UK ORGANIC	270	503	723	815	213	459	716	871	6.9
T. BRASIL									
REPORTED DATA	457	851	1,253	1,566	707	1,223	1,649	1,966	25.5
Forex impact	-	-	-	-	(156)	(202)	(173)	(122)	
Tower sales	(0)	(0)	(0)	(0)	(0)	(0)	(0)	0	
Changes in the consolidation perimeter	(4)	(4)	3	9	-	-	-	-	
Spectrum acquisition	-	-	47	48	-	-	-	-	
Restructuring charges	-	25	26	41	-	-	-	-	
Contingencies	-	-	-	-	-	-	-	47	
T. BRASIL ORGANIC	454	872	1,328	1,664	552	1,021	1,476	1,890	13.6
T. HISPAM									
REPORTED DATA	404	682	869	859	474	873	825	860	0.1
Forex impact	-	-	-	-	21	94	130	446	
Hyperinflation in Venezuela	4	1	(0)	(8)	2	3	(2)	10	
Tower sales	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(7)	
Spectrum acquisition	-	-	282	284	4	4	500	538	
Changes in the consolidation perimeter	(2)	(2)	(2)	(2)	-	-	-	4	
Restructuring charges	(1)	3	3	84	1	5	6	110	
Capital gains/losses on sale of companies	-	-	-	(15)	-	-	-	-	
Impairments	-	-	-	215	-	-	-	-	
Tariff increases in Venezuela								(2)	
T. HISPAM ORGANIC	406	684	1,151	1,416	502	979	1,459	1,958	38.3
TELEFÓNICA									
REPORTED DATA	2,143	4,102	5,915	6,190	2,400	4,672	6,312	7,490	21.0
Forex impact	-	-	-	-	(116)	(65)	18	381	
Hyperinflation in Venezuela	8	6	4	(5)	2	3	(0)	9	
Tower sales	(0)	(0)	(0)	(1)	(0)	(0)	(0)	(7)	
Spectrum acquisition	2	10	341	345	4	4	500	538	
Changes in the consolidation perimeter	9	(3)	(10)	(19)	-	-	-	4	
Restructuring charges	22	68	108	1,380	88	113	134	347	
Distribution channel reorganisation plan	-	-	-	18	-	-	-	13	
Capital gains/losses on sale of companies	-	-	16	(212)	-	-	-	-	
Impairments	-	-	-	215	-	-	-	-	
Tariff increases in Venezuela	-	-	-	-	-	-	-	(2)	
Contingencies	-	-	-	-	-	-	-	104	
TELEFÓNICA ORGANIC	2,184	4,183	6,375	7,913	2,378	4,728	6,965	8,877	12.2

Note:

- Organic base for 2017: Excludes the impact from hyperinflation in Venezuela and considers constant perimeter of consolidation. In OIBDA terms, excludes write-downs, capital gains/losses from the sale of companies, tower sales, material non-recurring impacts and restructuring costs. CapEx also excludes investment in spectrum.
- Organic y-o-y changes reflect all the charges related to the towers transferred to Telxius since 1 January 2016.
- Since 1 July 2017 T. Brasil includes the results of Terra. For organic comparative purposes Terra’s results are included since 1 July 2016.

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

	2016				2017				%
OIBDA	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Dec
TELEFÓNICA									
REPORTED DATA	3,838	7,756	11,931	15,118	4,021	8,179	12,274	16,187	7.1
Tower sales	(0)	(0)	(0)	(1)	(0)	(0)	(0)	(7)	
Restructuring charges	22	68	108	1,380	88	113	135	340	
Impairments	-	-	-	215	-	-	-	-	
Distribution channel reorganisation plan	-	-	-	18	-	-	-	13	
Capital gains/losses on sale of companies	-	-	16	(212)	-	-	-	-	
Tariff increases in Venezuela	-	-	-	-	-	-	-	(2)	
Contingencies	-	-	-	-	-	-	-	107	
TELEFÓNICA UNDERLYING	3,860	7,824	12,056	16,519	4,109	8,292	12,408	16,638	0.7

	2016				2017				%
NET INCOME	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Dec
TELEFÓNICA									
REPORTED DATA	548	1,241	2,225	2,369	779	1,600	2,439	3,132	32.2
PPA	123	255	353	447	118	267	396	522	
Tower sales	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(3)	
Restructuring charges	10	33	56	993	63	75	85	205	
Impairments	-	35	36	251	-	30	30	30	
Distribution channel reorganisation plan	-	-	-	14	-	-	-	10	
Capital gains/losses on sale of companies (controlled & non controlled)	-	-	135	(36)	-	79	79	79	
Tariff increases in Venezuela	-	-	-	-	-	-	-	(1)	
Contingencies	-	-	-	-	-	-	44	111	
TELEFÓNICA UNDERLYING	681	1,564	2,805	4,038	960	2,052	3,073	4,085	1.2

Notes:

- **Underlying criteria:** Reported figures excluding the impact of write-downs, capital gains/losses from companies' disposals, tower sales, material non-recurring impacts and restructuring costs, as well as amortisation charges arising from purchase price allocation processes.

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