

Telefonica

JANUARY - JUNE 2018 RESULTS

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DISCLAIMER

The financial information related to 2017 and in the first six months 2018 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 2017:

- As announced in January 2018, Telefónica Hispanoamérica is split into two new units from 1 January 2018, in order to more effectively manage the different market situations: Telefónica Hispam Sur (encompassing operations in Argentina, Chile, Peru and Uruguay) and Telefónica Hispam Norte (encompassing operations in Colombia, Mexico, Central America, Ecuador and Venezuela). Intercompany eliminations between T. Hispam Norte and T. Hispam Sur from 1 January 2018 are reported under "Other companies and eliminations" of Telefónica Group. Thus, the results of T. Hispanoamérica and "Other companies and eliminations" of Telefónica Group have been revised for the fiscal year 2017, to reflect the above mentioned new organization. As this is an intragroup change, Telefónica consolidated results for 2017 are not affected.
- The average number of shares for the October-December 2017 period was incorrectly reported. This number has been amended.

Changes in the perimeter of consolidation: Following the pre-payment of the debt derived from the operating agreement with PARAPAT in Colombia and after taking over the subsidiaries Telebucaramanga, Metrotel and Optecom, the consolidated results of these subsidiaries are included in the fixed business of T. Colombia from 1 October 2017. For organic comparative purposes, the results of these subsidiaries are included since 1 January 2017.

-In addition, since 1 July 2017 T. Brasil includes the results of Terra Brasil subsidiary, which was previously presented in "Other Companies & Eliminations" in Telefónica Group. For organic comparative purposes Terra Brasil's results are included since 1 January 2017. This change in the composition of the segments does not affect Telefónica Group consolidated results.

New information has been included since the first quarter 2018 and is also given for comparative purposes from January 2017.

- In T. Group:
 - 1) Mobile Wholesale accesses.
- In T. UK:
 - 1) Mobile Wholesale accesses.

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TELEFÓNICA

ACCESSES

Unaudited figures (thousands)

	2017				2018	
	March	June	September	December	March	June
Final Clients Accesses	341,785.7	341,347.3	339,843.1	338,997.9	337,921.1	338,521.8
Fixed telephony accesses (1)	37,853.0	37,488.4	37,028.0	36,898.6	36,404.2	35,973.3
Internet and data accesses	21,657.8	21,697.3	21,696.7	21,864.6	21,827.0	21,911.5
Broadband	21,196.4	21,240.4	21,243.8	21,417.5	21,385.9	21,460.2
FTTx / Cable	9,580.6	9,960.5	10,511.8	10,961.6	11,491.8	12,216.0
Mobile accesses	274,055.6	273,886.6	272,742.7	271,766.9	271,084.9	271,901.0
Prepay	162,648.4	161,271.6	158,662.8	155,868.5	153,623.2	152,234.0
Contract	111,407.2	112,615.0	114,079.9	115,898.4	117,461.7	119,667.0
M2M	14,488.0	15,009.9	15,572.9	16,137.2	16,778.1	17,623.4
Pay TV	8,219.3	8,274.9	8,375.8	8,467.7	8,604.9	8,736.1
Wholesale Accesses	18,392.2	18,507.4	18,752.0	19,124.9	19,021.1	18,966.5
Fixed wholesale accesses	5,087.1	4,887.2	4,689.4	4,460.2	4,222.2	4,082.6
Mobile wholesale accesses (2)	13,305.1	13,620.2	14,062.6	14,664.7	14,798.9	14,883.9
Total Accesses	360,177.9	359,854.7	358,595.1	358,122.8	356,942.2	357,488.4

*Notes:**(1) Includes fixed wireless and VoIP accesses.**(2) Mobile wholesale accesses information has been included since the first quarter 2018 and is also given for comparative purposes from January 2017.*

MOBILE ACCESSES

Unaudited figures (thousands)

	2017				2018	
	March	June	September	December	March	June
Contract percentage (%)	40.7%	41.1%	41.8%	42.6%	43.3%	44.0%
Smartphones ('000)	151,547.7	155,126.7	156,511.5	158,717.7	161,572.5	163,886.0
Smartphone penetration (%)	59.4%	60.9%	61.8%	63.0%	64.4%	65.3%
LTE ('000)	75,458.8	81,604.2	88,978.7	97,534.0	102,910.4	106,617.8
LTE penetration (%)	29.1%	31.5%	34.6%	38.2%	40.5%	41.9%

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TELEFÓNICA
CONSOLIDATED INCOME STATEMENT
Unaudited figures (Euros in millions)

	2017				2018		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
Revenues	13,132	12,960	12,754	13,162	52,008	12,190	12,144
Internal exp. capitalized in fixed assets	208	222	214	219	863	193	211
Operating expenses	(9,348)	(9,048)	(8,884)	(9,478)	(36,758)	(8,533)	(8,036)
Supplies	(3,730)	(3,632)	(3,656)	(4,004)	(15,022)	(3,317)	(3,362)
Personnel expenses	(1,818)	(1,675)	(1,598)	(1,772)	(6,862)	(1,570)	(1,555)
Other operating expenses	(3,800)	(3,741)	(3,630)	(3,702)	(14,874)	(3,647)	(3,120)
Other net income (expense)	29	(1)	(3)	(85)	(60)	5	(12)
Gain (loss) on sale of fixed assets	8	10	18	75	111	12	40
Impairment of goodwill and other assets	(7)	16	(4)	20	24	(2)	(109)
Underlying operating income before D&A (OIBDA)	4,094	4,198	4,116	4,230	16,638	3,863	4,002
Operating income before D&A (OIBDA)	4,021	4,158	4,095	3,913	16,187	3,864	4,237
OIBDA Margin	30.6%	32.1%	32.1%	29.7%	31.1%	31.7%	34.9%
Depreciation and amortisation	(2,451)	(2,358)	(2,322)	(2,265)	(9,396)	(2,227)	(2,178)
Operating income (OI)	1,570	1,800	1,773	1,648	6,791	1,638	2,059
Share of profit (loss) of investments accounted for by the equity method	2	1	2	-	5	2	2
Net financial income (expense)	(449)	(748)	(532)	(470)	(2,199)	(381)	(1)
Profit before taxes	1,123	1,053	1,243	1,177	4,597	1,259	2,060
Corporate income tax	(314)	(206)	(347)	(352)	(1,219)	(359)	(939)
Profit for the period	809	847	896	825	3,378	900	1,121
Attributable to equity holders of the Parent	779	821	839	693	3,132	837	902
Attributable to non-controlling interests	30	26	57	132	246	64	218
Weighted average number of ordinary shares outstanding during the period (millions)	5,062	5,123	5,125	5,126	5,110	5,127	5,127
Basic and diluted earnings per share attributable to equity holders of the Parent (euros)	0.14	0.15	0.15	0.12	0.56	0.12	0.16
Underlying basic and diluted earnings per share attributable to equity holders of the Parent (euros)	0.18	0.20	0.19	0.18	0.75	0.17	0.20

Notes:

- January-June 2018 results reported under accounting standards IFRS 15 & 9, effective since January 2018.

- 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). 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-June 2018 period Telefónica uses a synthetic exchange rate of 2,369,815 Venezuelan bolivars fuertes per dollar at June 2018.

- 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" (€277m in January-June 2018 and €66m in April-June 2018), by the weighted average number of ordinary shares outstanding during the period.

-The average number of shares for the October-December 2017 period was incorrectly reported. This number has been amended.

TELEFÓNICA
 CONSOLIDATED REVENUES BREAKDOWN
Unaudited figures (Euros in millions)

	2017					2018	
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
Revenues	100%	100%	100%	100%	100%	100%	100%
Voice & access	40%	40%	39%	36%	39%	36%	35%
Broadband Connectivity	39%	40%	39%	39%	39%	39%	39%
Services over Connectivity (SoC)	12%	11%	13%	14%	12%	13%	15%
Others	9%	9%	9%	11%	10%	12%	11%

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TELEFÓNICA

REVENUES BREAKDOWN

Unaudited figures (Euros in millions)

	2017				2018		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
T. ESPAÑA	3,066	3,160	3,184	3,243	12,653	3,098	3,167
T. DEUTSCHLAND	1,771	1,771	1,850	1,904	7,296	1,767	1,758
T. UK	1,601	1,607	1,602	1,730	6,540	1,586	1,638
T. BRASIL	3,165	3,028	2,935	2,892	12,019	2,705	2,522
T. HISPAM SUR (1)	2,117	2,090	1,942	2,068	8,218	1,833	1,798
T. HISPAM NORTE (2)(3)	1,168	1,044	1,037	1,082	4,331	971	1,027
Other companies and eliminations	244	259	204	243	950	230	234
Telxius	188	182	177	183	730	180	186
TOTAL GROUP	13,132	12,960	12,754	13,162	52,008	12,190	12,144

*Notes:**- January-June 2018 results reported under accounting standards IFRS 15 & 9, effective since January 2018.**(1) T. Hispam Sur includes Argentina, Chile, Peru and Uruguay.**(2) T. Hispam Norte includes Colombia, Mexico, Venezuela, Central America and Ecuador.**(3) Following the pre-payment of the debt derived from the operating agreement with PARAPAT in Colombia and after taking over the subsidiaries Telebucaramanga, Metrotel and Optecom, the consolidated results of these subsidiaries are included in the fixed business of T. Colombia from 1 October 2017.*[back to Index](#)

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OIBDA BREAKDOWN
Unaudited figures (Euros in millions)

	2017				Jan - Dec	2018	
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec		Jan - Mar	Apr - Jun
T. ESPAÑA	1,143	1,282	1,306	1,221	4,952	1,224	1,283
T. DEUTSCHLAND	400	461	457	503	1,821	403	479
T. UK	416	433	412	377	1,639	430	450
T. BRASIL	1,104	1,034	1,024	1,028	4,191	982	1,275
T. HISPAM SUR (1)	585	598	567	525	2,275	517	507
T. HISPAM NORTE (2)(3)	320	294	316	334	1,263	258	176
Other companies and eliminations	53	56	13	(76)	46	51	68
Telxius	92	87	82	84	346	86	87
TOTAL GROUP	4,021	4,158	4,095	3,913	16,187	3,864	4,237

Notes:

- January-June 2018 results reported under accounting standards IFRS 15 & 9, effective since January 2018.

- OIBDA excludes management and brand fees.

(1) T. Hispam Sur includes Argentina, Chile, Peru and Uruguay.

(2) T. Hispam Norte includes Colombia, Mexico, Venezuela, Central America and Ecuador.

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

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CAPEX BREAKDOWN

Unaudited figures (Euros in millions)

	2017					2018	
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
T. ESPAÑA	333	371	392	586	1,683	346	432
T. DEUTSCHLAND	208	226	254	262	951	197	228
T. UK	225	209	170	223	827	183	804
T. BRASIL	397	518	598	712	2,225	388	504
T. HISPAM SUR (1)	296	349	293	476	1,414	251	302
T. HISPAM NORTE (2)(3)	134	144	638	348	1,264	53	111
Other companies and eliminations	28	68	111	127	334	73	61
Telxius	13	44	79	68	203	57	41
TOTAL GROUP	1,621	1,886	2,455	2,735	8,697	1,490	2,441
Spectrum	4	1	498	35	538	7	588

*Notes:**(1) T. Hispam Sur includes Argentina, Chile, Peru and Uruguay.**(2) T. Hispam Norte includes Colombia, Mexico, Venezuela, Central America and Ecuador.**(3) Following the pre-payment of the debt derived from the operating agreement with PARAPAT in Colombia and after taking over the subsidiaries Telebucaramanga, Metrotel and Optecom, the consolidated results of these subsidiaries are included in the fixed business of T. Colombia from 1 October 2017.***[back to Index](#)**

	2017				2018	
	March	June	September	December	March	June
Non-current assets	103,786	97,475	97,051	95,135	93,933	91,567
Intangible assets	20,275	18,813	18,737	18,005	17,369	17,118
Goodwill	28,896	27,362	27,499	26,841	26,566	25,527
Property, plant and equipment	36,672	34,202	34,269	34,225	33,660	32,674
Investments accounted for by the equity method	70	71	76	77	70	68
Financial assets and other non-current assets	9,656	8,863	8,402	8,167	8,369	8,768
Deferred tax assets	8,216	8,164	8,069	7,820	7,899	7,412
Current assets	24,338	22,876	18,901	19,931	20,840	19,384
Inventories	1,125	1,029	1,228	1,117	1,174	1,220
Receivables and other current assets	10,601	10,740	10,323	10,093	10,800	10,816
Tax receivables	1,481	1,454	1,299	1,375	1,103	1,092
Other current financial assets	3,723	3,590	2,354	2,154	2,941	2,552
Cash and cash equivalents	7,391	6,046	3,696	5,192	4,822	3,662
Non-current assets classified as held for sale	17	17	1	-	1	42
Total Assets = Total Equity and Liabilities	128,124	120,351	115,952	115,066	114,773	110,951
Equity	29,903	25,534	26,685	26,618	27,218	23,715
Equity attributable to equity holders of the parent and other holders of equity instruments	20,292	16,877	17,339	16,920	17,729	14,821
Equity attributable to non-controlling interests	9,611	8,657	9,346	9,698	9,490	8,894
Non-current liabilities	64,402	62,331	60,978	59,382	61,820	59,397
Non-current financial liabilities	50,117	48,780	47,678	46,332	48,850	46,798
Payables and other non-current liabilities	1,879	1,802	1,732	1,687	1,749	1,823
Deferred tax liabilities	2,537	2,284	2,260	2,145	2,222	2,360
Non-current provisions	9,870	9,465	9,308	9,218	8,999	8,416
Current liabilities	33,820	32,486	28,289	29,066	25,735	27,839
Current financial liabilities	14,633	13,715	9,730	9,414	7,053	7,972
Payables and other-current liabilities	14,494	14,386	14,271	15,095	14,073	15,485
Current tax payables	2,444	2,313	2,191	2,341	2,367	2,252
Current provisions	2,248	2,072	2,098	2,216	2,243	2,130
Financial Data						
Net Financial Debt	48,766	48,487	47,222	44,230	43,975	43,593
Net Financial Debt / OIBDA	2.91x	2.86x	2.80x	2.66x	2.67x	2.68x

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

	2017				2018	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun
Cash received from operations	16,569	32,024	47,716	63,456	15,069	29,760
Cash paid from operations	(13,036)	(24,557)	(35,818)	(46,929)	(11,729)	(22,317)
Net payments of interest and other financial expenses net of dividends received	(641)	(976)	(1,322)	(1,726)	(698)	(986)
Net interest and other financial expenses paid	(655)	(999)	(1,346)	(1,755)	(709)	(1,008)
Dividends received	14	23	24	29	11	22
Taxes paid	(149)	(537)	(713)	(1,005)	(21)	(356)
Net cash flow provided by operating activities	2,743	5,954	9,863	13,796	2,621	6,101
(Payments)/proceeds on investments in property, plant and equipment and intangible assets	(2,285)	(4,405)	(6,794)	(8,992)	(2,104)	(4,582)
Proceeds from the sale in property, plant and equipment and intangible assets	11	48	79	148	10	25
Payments on investments in property, plant and equipment and intangible assets	(2,296)	(4,453)	(6,873)	(9,140)	(2,114)	(4,607)
Proceeds on disposals of companies, net of cash and cash equivalents disposed	30	30	36	40	5	1
Payments on investments in companies, net of cash and cash equivalents acquired	(6)	(6)	(108)	(128)	(53)	(2)
Proceeds on financial investments not included under cash equivalents	18	155	234	296	83	480
Payments on financial investments not included under cash equivalents	(219)	(544)	(843)	(1,106)	(389)	(586)
(Payments)/proceeds on placements of cash surpluses not included under cash equivalents	(910)	(1,112)	(525)	(357)	(986)	(604)
Government grants received	0	-	-	2	0	37
Net cash flow used in investing activities	(3,372)	(5,882)	(8,000)	(10,245)	(3,444)	(5,256)
Dividends paid	(73)	(1,136)	(1,395)	(2,459)	(335)	(1,433)
Proceeds from issue of share capital increase	1	3	2	2	-	-
(Payments)/proceeds of treasury shares and other operations with shareholders	-	-	(1)	1,269	-	-
Operations with other equity holders (1)	(135)	(135)	(274)	646	170	68
Proceeds on issue of debentures and bonds, and other debts	6,083	6,789	8,088	8,390	2,612	2,672
Proceeds on loans, borrowings and promissory notes	1,498	2,823	3,886	4,844	1,675	2,284
Cancellation of debentures and bonds, and other debts	(1,466)	(2,534)	(6,534)	(6,687)	(2,410)	(3,760)
Repayments of loans, borrowings and promissory notes	(1,210)	(2,439)	(4,447)	(6,711)	(1,070)	(1,744)
Financed operating payments and investments in property, plant and equipment and intangible assets payments	(465)	(841)	(1,012)	(1,046)	(126)	(230)
Net cash used in financing activities	4,233	2,530	(1,687)	(1,752)	516	(2,143)
Effect of changes in exchange rates	51	(292)	(216)	(341)	(64)	(232)
Effect of changes in consolidation methods and others	0	-	-	(2)	1	-
Net increase (decrease) in cash and cash equivalents during the year	3,655	2,310	(40)	1,456	(370)	(1,530)
Cash and cash equivalents at the beginning of the period	3,736	3,736	3,736	3,736	5,192	5,192
Cash and cash equivalents at the end of the period	7,391	6,046	3,696	5,192	4,822	3,662

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-June 2018 period Telefónica uses a synthetic exchange rate of 2,369,815 Venezuelan bolivars fuertes per dollar at June 2018.

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

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

		2017				2018	
		Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun
I	Cash flows from operations	3,534	7,467	11,898	16,530	3,340	7,480
II	Net interest payment (1)	(641)	(976)	(1,322)	(1,726)	(698)	(986)
III	Payment for income tax	(149)	(537)	(713)	(1,005)	(21)	(356)
A=I+II+III	Net cash provided by operating activities	2,743	5,954	9,863	13,799	2,621	6,138
B	Net payment for investment in fixed and intangible assets (2)	(2,285)	(4,405)	(6,794)	(8,992)	(2,104)	(4,582)
C	Spectrum (3)	(4)	(8)	(333)	(352)	(29)	(619)
C=A+B	Net free cash flow after CapEx	457	1,549	3,068	4,807	518	1,556
D	Net payment for financial investment	(177)	(366)	(680)	(899)	(353)	(107)
E	Net payment for operations with minority shareholders and treasury stock (4)	(207)	(1,268)	(1,668)	(543)	(166)	(1,365)
F=C+D+E	Free cash flow after dividends	74	(85)	720	3,365	(1)	83
G	Effects of exchange rate changes on net financial debt	141	(506)	(514)	(639)	58	(59)
H	Effects on net financial debt of changes in consolid. and others	104	314	(139)	(361)	(315)	(495)
I	Net financial debt at beginning of period	48,595	48,595	48,595	48,595	44,230	44,230
K=J-G+H+I	Net financial debt at end of period	48,766	48,487	47,222	44,230	43,975	43,593

Notes:

(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. 2018 includes mainly: 590 in UK, 7 in Argentina, 2 in Colombia and 20 in Costa Rica. In 2017 mainly: 4 in Spain, 2 in Colombia and 2 in México.

(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)

	2017				2018	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan -Dec	Jan - Mar	Jan - Jun
OIBDA	4,021	8,179	12,274	16,187	3,864	8,102
- CapEx accrued during the period	(1,621)	(3,507)	(5,962)	(8,697)	(1,490)	(3,932)
- Payments related to cancellation of commitments	(166)	(331)	(507)	(696)	(201)	(398)
- Net interest payment	(641)	(976)	(1,322)	(1,726)	(698)	(986)
- Payment for tax	(149)	(537)	(713)	(1,005)	(21)	(356)
- Gain (loss) on sale of fixed assets and impairment of goodwill and other assets	7	(10)	(7)	(27)	2	112
- Investment in working cap. and other deferred income and expenses and Others(1)(2)	(992)	(1,269)	(695)	771	(939)	(985)
= Net Free Cash Flow after CapEx	457	1,549	3,068	4,807	518	1,556
+ Payments related to cancellation of commitments	166	331	507	696	201	398
- Dividends paid to minority shareholders	(21)	(255)	(349)	(555)	(168)	(406)
= Free Cash Flow	603	1,626	3,226	4,947	550	1,548
Weighted average number of ordinary shares outstanding during the period (millions)	5,062	5,094	5,105	5,110	5,127	5,127
= Free Cash Flow per share	0.12	0.32	0.63	0.97	0.11	0.30

Notes:

(1) Other deferred expenses include €76m in Q1 17 and €108m in Q4 17 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

EXCHANGE RATES APPLIED TO P&L AND CAPEX

Currency units per Euro	2017				2018	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun
USA (US Dollar)	1.065	1.082	1.111	1.127	1.229	1.210
United Kingdom (Sterling)	0.860	0.860	0.872	0.876	0.883	0.880
Argentina (Argentine Peso)	16.685	16.980	17.954	18.560	24.165	25.794
Brazil (Brazilian Real)	3.347	3.437	3.525	3.595	3.988	4.135
Chile (Chilean Peso)	697.988	713.796	726.723	731.283	739.733	740.258
Colombia (Colombian Peso)	3,110.942	3,161.635	3,264.773	3,324.369	3,509.967	3,446.624
Costa Rica (Colon)	601.323	616.523	635.728	644.745	702.741	690.131
Guatemala (Quetzal)	7.911	7.991	8.173	8.285	9.049	8.958
Mexico (Mexican Peso)	21.581	20.979	20.961	21.288	23.013	23.065
Nicaragua (Cordoba)	31.414	32.116	33.168	33.840	38.057	37.708
Peru (Peruvian Nuevo Sol)	3.501	3.544	3.629	3.675	3.978	3.930
Uruguay (Uruguayan Peso)	30.344	30.733	31.675	32.302	35.025	35.409
Venezuela (Bolivar Fuerte) (1)	758.150	4,045.307	9,950.249	43,316.682	316,069.669	2,762,430.939

Note:

- Average exchange rate for the period.

EXCHANGE RATES APPLIED TO CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Currency units per Euro	2017				2018	
	March	June	September	December	March	June
USA (US Dollar)	1.068	1.140	1.181	1.199	1.232	1.165
United Kingdom (Sterling)	0.856	0.879	0.882	0.888	0.875	0.886
Argentina (Argentine Peso)	16.435	18.930	20.460	22.518	24.815	33.632
Brazil (Brazilian Real)	3.385	3.773	3.743	3.968	4.095	4.493
Chile (Chilean Peso)	709.421	757.587	753.653	737.333	743.318	758.823
Colombia (Colombian Peso)	3,083.089	3,478.866	3,469.379	3,579.008	3,425.268	3,415.114
Costa Rica (Colon)	606.061	661.376	679.348	686.813	701.262	664.011
Guatemala (Quetzal)	7.842	8.365	8.676	8.809	9.115	8.731
Mexico (Mexican Peso)	20.082	20.599	21.453	23.584	22.508	22.945
Nicaragua (Cordoba)	31.711	34.262	35.927	36.921	38.385	36.753
Peru (Peruvian Nuevo Sol)	3.470	3.710	3.857	3.888	3.975	3.812
Uruguay (Uruguayan Peso)	30.498	32.497	34.237	34.551	34.972	36.666
Venezuela (Bolivar Fuerte) (1)	758.150	4,045.307	9,950.249	43,316.682	316,069.669	2,762,430.939

Notes:

- Exchange rates as of the end of the period.

(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-June 2018 period Telefónica uses a synthetic exchange rate of 2,369,815 Venezuelan bolivars fuertes per dollar at June 2018.

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TELEFÓNICA
2018 MAIN LONG TERM FINANCING OPERATIONS
Unaudited figures

	Issue date	Amount (m)	Currency	Issuer	Coupon	Maturity date	ISIN code
DEBENTURES AND BONDS							
Eurobond	22-Jan-18	1,000	EUR	Telefónica Emisiones, S.A.U.	1.447%	22-Jan-27	XS1756296965
USD Bond	6-Mar-18	750	USD	Telefónica Emisiones, S.A.U.	4.665%	6-Mar-38	US87938WAV54
USD Bond	6-Mar-18	1,250	USD	Telefónica Emisiones, S.A.U.	4.895%	6-Mar-48	US87938WAW38
Promissory Notes	19-Mar-18	175	EUR	Telefónica Germany & Co. OHG	2,506% ¹	21-Mar-33 ¹	
Eurobond	5-Jul-18	600	EUR	O2 Telefónica Deutschland Finanzierungs GmbH	1.750%	5-Jul-25	XS1851313863

	Issue date	Amount (m)	Currency	Issuer	Coupon	First Call date	ISIN code
UNDATED DEEPLY SUBORDINATED RESET RATE SECURITIES							
Hybrid bond	22-Mar-18	1,250	EUR	Telefónica Europe B.V.	3.000%	4-Dec-23	XS1795406575
Hybrid bond	22-Mar-18	1,000	EUR	Telefónica Europe B.V.	3.875%	22-Sep-26	XS1795406658

	Signing date	Amount	Currency	Borrower	Maturity date
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INTEREST-BEARING DEBT

Syndicated facility	15-Mar-18	5,500	EUR	Telefónica, S.A.	15-Mar-23 ²
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1. Maximum coupon and maturity date

2. Two annual extension options for a maximum maturity of 7 years (15/03/2025)

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

	Base 2017
REVENUES	Jan - Dec
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
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
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)

	2017				2018		
	Jan - Mar	Apr - Jun	Jul- Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
Revenues	3,066	3,160	3,184	3,243	12,653	3,098	3,167
Mobile handset revenues	82	83	95	120	379	91	88
Revenues ex-mobile handset revenues	2,985	3,077	3,089	3,123	12,274	3,007	3,079
Consumer (1)	1,620	1,654	1,677	1,651	6,602	1,666	1,670
Fusión	1,070	1,114	1,150	1,137	4,470	1,171	1,200
Non-Fusión	550	540	527	515	2,132	495	470
Business	840	870	826	866	3,401	835	880
Communications	664	667	650	649	2,631	650	662
IT	176	203	175	216	771	185	218
Wholesale & others (2)	525	554	586	606	2,271	506	529
Internal expenditure capitalized in fixed assets	76	77	76	81	310	69	78
Operating expenses	(2,003)	(1,978)	(1,954)	(2,131)	(8,066)	(1,939)	(1,977)
Supplies	(816)	(856)	(867)	(942)	(3,481)	(852)	(886)
Personnel expenses	(601)	(520)	(505)	(587)	(2,212)	(503)	(491)
Other operating expenses	(587)	(602)	(582)	(602)	(2,373)	(584)	(600)
Other net income (expense)	2	9	(11)	(10)	(10)	(3)	2
Gain (loss) on sale of fixed assets	4	14	15	37	70	3	13
Impairment of goodwill and other assets	(1)	(1)	(4)	(0)	(5)	(5)	(0)
Operating income before D&A (OIBDA)	1,143	1,282	1,306	1,221	4,952	1,224	1,283
<i>OIBDA Margin</i>	<i>37.3%</i>	<i>40.6%</i>	<i>41.0%</i>	<i>37.6%</i>	<i>39.1%</i>	<i>39.5%</i>	<i>40.5%</i>
CapEx	333	371	392	586	1,683	346	432
Spectrum	-	-	-	-	-	-	-
OpCF (OIBDA-CapEx)	810	910	914	635	3,269	878	852

Notes:

- January-June 2018 results reported under accounting standards IFRS 15 & 9, effective since January 2018.

- OIBDA before management and brand fees.

(1) Consumer revenues include residential and SOHO revenues.

(2) Wholesale and other revenues include subsidiaries and other revenues.

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TELEFÓNICA ESPAÑA
ACCESSES
Unaudited figures (Thousands)

	2017				2018	
	March	June	September	December	March	June
Final Clients Accesses	36,537.3	36,464.3	36,614.6	36,768.5	36,884.3	36,970.3
Fixed telephony accesses (1)	9,584.2	9,463.3	9,387.4	9,304.7	9,180.9	9,089.2
Internet and data accesses	6,075.9	6,044.4	6,040.7	6,039.6	6,032.8	6,050.1
Broadband	6,050.9	6,020.1	6,017.6	6,020.3	6,014.7	6,032.0
FTTH	3,127.8	3,213.5	3,309.3	3,423.7	3,550.5	3,667.5
Mobile accesses	17,261.7	17,289.8	17,419.6	17,576.5	17,743.3	17,896.1
Prepay	2,135.9	2,000.4	1,905.4	1,793.4	1,683.9	1,603.6
Contract	15,125.7	15,289.4	15,514.1	15,783.1	16,059.3	16,292.5
M2M	2,015.6	1,974.7	2,020.9	2,015.6	2,083.7	2,149.2
Pay TV	3,615.6	3,666.8	3,766.9	3,847.6	3,927.3	3,934.9
Wholesale Accesses	4,442.3	4,377.8	4,295.7	4,221.1	4,119.0	4,035.1
Fibre	426.2	539.7	671.7	849.5	995.8	1,158.9
Total Accesses	40,979.6	40,842.1	40,910.3	40,989.6	41,003.2	41,005.4

(1) Includes fixed wireless and VoIP accesses.

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

	2017				2018	
	March	June	September	December	March	June
Fixed telephony accesses	7,146.2	7,041.5	6,972.1	6,895.4	6,799.9	6,721.7
Internet and data accesses	5,195.3	5,174.0	5,178.0	5,181.9	5,187.7	5,198.6
Mobile accesses	11,754.9	11,813.6	11,885.8	12,024.8	12,141.4	12,236.6
Prepay	2,135.9	2,000.4	1,905.4	1,793.4	1,683.9	1,603.6
Contract	9,618.9	9,813.2	9,980.3	10,231.4	10,457.5	10,633.0
Pay TV	3,615.6	3,666.8	3,766.9	3,847.6	3,927.3	3,934.9
Total Consumer Accesses	27,711.8	27,695.9	27,802.7	27,949.7	28,056.3	28,091.8

TOTAL MOBILE ACCESSES
Unaudited figures (thousands)

	2017				2018	
	March	June	September	December	March	June
Contract percentage (%)	87.6%	88.4%	89.1%	89.8%	90.5%	91.0%
Smartphones ('000)	10,800.7	11,240.4	11,473.6	11,857.7	12,264.6	12,356.6
Smartphone penetration (%)	71.3%	73.8%	74.8%	76.4%	78.5%	78.7%
LTE ('000)	6,589.6	6,976.3	7,322.8	7,686.2	8,002.5	8,270.0
LTE penetration (%)	43.2%	45.6%	47.6%	49.4%	51.1%	52.5%

CONSUMER FUSIÓN
Unaudited figures (thousands)

	2017				2018	
	March	June	September	December	March	June
Fusión Customers	4,379.0	4,374.7	4,384.7	4,426.2	4,460.0	4,482.1
Fibre 100/300	1,669.1	1,677.9	1,691.3	1,701.8	1,708.5	1,696.9
IPTV/ Satellite	2,970.9	3,071.9	3,218.7	3,347.8	3,470.6	3,508.6
Mobile add-ons	2,861.6	3,138.5	3,365.9	3,690.9	4,036.7	4,248.0
Total Fusión Accesses	18,969.5	19,334.6	19,738.7	20,317.2	20,887.3	21,203.0

CONSUMER FUSIÓN
Unaudited figures

	2017				2018	
	Q1	Q2	Q3	Q4	Q1	Q2
Fusión ARPU (EUR)	81.6	84.8	87.6	86.1	87.8	89.5
Fusión churn	1.4%	1.3%	1.5%	1.6%	1.5%	1.5%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dic	Jan - Mar	Jan - Jun
Fusión ARPU (EUR)	81.6	83.2	84.7	85.1	87.8	88.6
Fusión churn	1.4%	1.4%	1.4%	1.5%	1.5%	1.5%

SELECTED OPERATIONAL DATA
Unaudited figures

	2017				2018	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun
Total data traffic (TB)	1,473,501	3,166,713	4,860,008	6,863,956	2,113,454	4,296,235
Fixed data traffic (TB)	1,406,556	3,009,891	4,581,394	6,466,074	1,978,154	4,010,990
Mobile data traffic (TB)	66,944	156,821	278,614	397,882	135,300	285,245

Notes:

- 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.

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

	2017				2018		
	Jan - Mar	Apr - Jun	Jul- Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
Revenues	1,771	1,771	1,850	1,904	7,296	1,767	1,758
Mobile Business	1,545	1,548	1,634	1,688	6,415	1,566	1,560
Mobile service revenues	1,292	1,318	1,344	1,332	5,287	1,287	1,311
Data revenues	716	772	750	747	2,985	708	725
Handset revenues	252	229	290	356	1,128	280	249
Fixed Business	223	217	214	208	862	199	192
FBB and new services revenues (1)	177	167	163	160	667	153	147
Voice & access revenues	46	50	51	48	195	46	44
Internal expenditure capitalized in fixed assets	21	27	27	26	102	27	28
Operating expenses	(1,383)	(1,313)	(1,426)	(1,456)	(5,579)	(1,383)	(1,281)
Supplies	(585)	(547)	(627)	(637)	(2,396)	(587)	(538)
Personnel expenses	(155)	(157)	(158)	(171)	(642)	(152)	(151)
Other operating expenses	(643)	(609)	(641)	(649)	(2,541)	(644)	(591)
Other net income (expense)	(10)	(24)	5	1	(28)	(8)	(26)
Gain (loss) on sale of fixed assets	1	0	-	29	30	0	-
Impairment of goodwill and other assets	-	-	-	-	-	-	-
Operating income before D&A (OIBDA)	400	461	457	503	1,821	403	479
OIBDA Margin	22.6%	26.1%	24.7%	26.4%	25.0%	22.8%	27.2%
CapEx	208	226	254	262	951	197	228
Spectrum	-	-	-	-	1	-	-
OpCF (OIBDA-CapEx)	192	235	203	241	870	207	251

Note:

- January-June 2018 results reported under accounting standards IFRS 15 & 9, effective since January 2018.

- 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)

	2017				2018	
	March	June	September	December	March	June
Final Clients Accesses	48,988.0	49,478.7	49,105.1	47,415.8	47,011.3	47,171.6
Fixed telephony accesses (1)	2,000.1	1,987.9	1,979.3	1,979.6	1,968.7	1,958.8
Internet and data accesses	2,312.5	2,297.2	2,284.2	2,281.5	2,265.6	2,251.1
Broadband	2,095.3	2,082.4	2,072.5	2,072.2	2,060.0	2,048.5
VDSL	872.2	959.9	1,062.5	1,151.6	1,243.4	1,329.7
Mobile accesses	44,675.3	45,193.6	44,841.6	43,154.7	42,777.0	42,961.6
Prepay	23,967.0	24,288.6	23,753.8	21,880.9	21,345.9	21,197.6
Contract	20,708.4	20,905.0	21,087.8	21,273.8	21,431.1	21,764.0
M2M	830.1	896.8	969.4	1,027.0	1,067.2	1,103.4
Wholesale Accesses	561.8	428.0	297.9	188.1	63.3	8.0
Total Accesses	49,549.8	49,906.7	49,402.9	47,603.9	47,074.6	47,179.6

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2017				2018	
	March	June	September	December	March	June
Contract percentage (%)	46.4%	46.3%	47.0%	49.3%	50.1%	50.7%
Smartphones ('000)	24,781.1	25,227.4	25,554.2	25,466.1	25,707.5	26,411.1
Smartphone penetration (%)	57.0%	57.4%	58.7%	60.9%	62.0%	63.5%
LTE ('000)	13,967.6	14,422.0	15,679.2	15,759.1	16,093.5	16,595.8
LTE penetration (%)	31.9%	32.6%	35.7%	37.4%	38.6%	39.6%
Mobile churn (quarterly)	1.9%	1.9%	2.1%	3.1%	2.2%	1.8%
Contract (1)	1.6%	1.5%	1.6%	1.7%	1.7%	1.5%
Mobile churn (cumulative YTD)	1.9%	1.9%	2.0%	2.2%	2.2%	2.0%
Contract (1)	1.6%	1.6%	1.6%	1.6%	1.7%	1.6%
Mobile ARPU (EUR) (cumulative YTD)	9.6	9.6	9.7	9.7	9.8	9.9
Prepay	5.0	5.1	5.1	5.2	5.6	5.7
Contract (1)	15.5	15.5	15.6	15.5	14.8	14.8
Fixed data traffic (TB) (cumulative YTD)	709,516	1,399,083	2,063,429	2,794,399	718,370	1,383,972
Mobile data traffic (TB) (cumulative YTD)	86,423	185,036	295,720	418,086	126,040	277,660

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)

	2017				Jan - Dec	2018	
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec		Jan - Mar	Apr - Jun
Revenues	1,601	1,607	1,602	1,730	6,540	1,586	1,638
Mobile service revenues	1,255	1,276	1,258	1,262	5,050	1,163	1,221
Data revenues	728	740	718	725	2,912	669	699
Handset revenues and other	346	331	344	468	1,490	423	417
Internal expenditure capitalized in fixed assets	29	30	27	31	116	29	33
Operating expenses	(1,215)	(1,204)	(1,219)	(1,386)	(5,024)	(1,181)	(1,221)
Supplies	(747)	(732)	(767)	(879)	(3,125)	(534)	(546)
Personnel expenses	(111)	(111)	(110)	(110)	(442)	(107)	(112)
Other operating expenses	(357)	(360)	(342)	(397)	(1,456)	(540)	(563)
Other net income (expense)	1	(0)	0	4	4	(4)	(1)
Gain (loss) on sale of fixed assets	-	-	2	1	3	-	(0)
Impairment of goodwill and other assets	-	-	-	(1)	(1)	-	-
Operating income before D&A (OIBDA)	416	433	412	377	1,639	430	450
<i>OIBDA Margin</i>	<i>26.0%</i>	<i>27.0%</i>	<i>25.7%</i>	<i>21.8%</i>	<i>25.1%</i>	<i>27.1%</i>	<i>27.5%</i>
CapEx	225	209	170	223	827	183	804
Spectrum	-	-	-	-	-	-	588
OpCF (OIBDA-CapEx)	191	224	242	154	812	247	(354)

Notes:

- January-June 2018 results reported under accounting standards IFRS 15 & 9, effective since January 2018.
- OIBDA before management and brand fees.

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TELEFÓNICA UK
ACCESSES

Unaudited figures (Thousands)

	2017				2018	
	March	June	September	December	March	June
Fixed telephony accesses (1)	277.2	281.3	281.9	283.9	285.8	296.1
Internet and data accesses	24.0	24.7	24.8	25.3	25.7	26.6
Broadband	24.0	24.7	24.8	25.3	25.7	26.6
Mobile accesses	25,009.3	25,139.7	25,283.0	25,003.9	24,775.3	24,758.7
Prepay	9,375.4	9,427.4	9,477.4	9,203.7	8,959.1	8,858.3
Contract (2)	15,633.9	15,712.3	15,805.6	15,800.2	15,816.2	15,900.3
M2M	3,330.3	3,373.1	3,434.4	3,358.9	3,370.1	3,411.7
Wholesale Accesses	6,879.0	6,859.0	7,018.0	7,162.0	7,247.1	7,340.0
Mobile wholesale accesses (3)	6,879.0	6,859.0	7,018.0	7,162.0	7,247.1	7,340.0
Total accesses	32,189.5	32,304.7	32,607.7	32,475.1	32,334.0	32,421.4

(1) Includes fixed wireless and VoIP accesses.

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

(3) Mobile Wholesale accesses information has been included since the first quarter 2018 and is also given for comparative purposes from January 2017.

MOBILE ACCESSES

Unaudited figures (Thousands)

	2017				2018	
	March	June	September	December	March	June
Retail mobile accesses	25,009.3	25,139.7	25,283.0	25,003.9	24,775.3	24,758.7
Wholesale mobile accesses	6,879.0	6,859.0	7,018.0	7,162.0	7,247.1	7,340.0
Total mobile accesses	31,888.3	31,998.7	32,301.0	32,165.9	32,022.4	32,098.6

SELECTED OPERATIONAL DATA

Unaudited figures

	2017				2018	
	March	June	September	December	March	June
Contract percentage (%)	62.5%	62.5%	62.5%	63.2%	63.8%	64.2%
Smartphones ('000)	14,910.2	15,514.3	15,667.9	15,961.0	15,917.8	15,979.7
Smartphone penetration (%)	71.2%	73.8%	74.3%	76.5%	77.2%	77.8%
LTE ('000)	12,438.0	12,592.0	12,611.0	12,891.1	12,773.3	12,500.3
LTE penetration (%)	57.4%	57.8%	57.7%	59.6%	59.7%	58.6%
Mobile churn (quarterly)	2.2%	1.5%	1.7%	2.2%	1.9%	1.9%
Contract (1)(2)	1.5%	1.0%	1.0%	1.0%	1.0%	1.0%
Mobile churn (cumulative YTD)	2.2%	1.9%	1.8%	1.9%	1.9%	1.9%
Contract (1)(2)	1.5%	1.2%	1.1%	1.1%	1.0%	1.0%
Mobile ARPU (EUR) (cumulative YTD)	16.1	16.1	16.0	15.9	14.7	15.0
Prepay	7.3	7.1	7.0	6.9	6.8	6.9
Contract (1)(2)	26.6	27.0	26.8	26.8	24.2	24.7
Mobile data traffic (TB) (cumulative YTD)	79,926	173,446	280,109	401,489	126,797	274,847

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) Excludes M2M.

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

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

	2017				2018		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
Revenues	3,165	3,028	2,935	2,892	12,019	2,705	2,522
Mobile Business	1,932	1,850	1,782	1,797	7,360	1,696	1,589
Mobile service revenues	1,855	1,776	1,713	1,719	7,062	1,599	1,476
Data revenues	1,273	1,276	1,248	1,288	5,084	1,239	1,157
Handset revenues	76	74	68	78	298	97	112
Fixed Business	1,233	1,178	1,153	1,094	4,659	1,009	934
FBB and new services revenues (1)	494	483	525	498	1,999	458	440
Pay TV revenues	143	134	131	124	531	118	111
Voice & access revenues	596	562	497	473	2,128	432	384
Internal exp. capitalized in fixed assets	37	37	33	33	140	30	31
Operating expenses	(2,102)	(2,006)	(1,938)	(1,879)	(7,927)	(1,740)	(1,233)
Supplies	(613)	(557)	(553)	(544)	(2,268)	(504)	(530)
Personnel expenses	(319)	(300)	(283)	(293)	(1,196)	(279)	(295)
Other operating expenses	(1,170)	(1,149)	(1,103)	(1,042)	(4,463)	(957)	(408)
Other net income (expense)	6	(22)	(8)	(56)	(79)	(15)	(43)
Gain (loss) on sale of fixed assets	5	(20)	3	13	1	(0)	(1)
Impairment of goodwill and other assets	(6)	17	(0)	25	36	2	(1)
Operating income before D&A (OIBDA)	1,104	1,034	1,024	1,028	4,191	982	1,275
<i>OIBDA Margin</i>	<i>34.9%</i>	<i>34.1%</i>	<i>34.9%</i>	<i>35.6%</i>	<i>34.9%</i>	<i>36.3%</i>	<i>50.5%</i>
CapEx	397	518	598	712	2,225	388	504
Spectrum	-	-	-	-	-	-	-
OpCF (OIBDA-CapEx)	707	515	426	316	1,966	594	771

Notes:

- January-June 2018 results reported under accounting standards IFRS 15 & 9, effective since January 2018.

- Since 1 July 2017, T. Brasil includes the results of Terra.

- 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)

	2017				2018	
	March	June	September	December	March	June
Final Clients Accesses	97,331.7	97,679.1	97,732.9	97,890.8	97,905.1	97,897.8
Fixed telephony accesses (1)	14,242.0	14,167.6	14,007.3	13,837.3	13,679.5	13,459.7
Internet and data accesses	7,439.6	7,537.2	7,554.0	7,534.5	7,544.9	7,569.9
Broadband	7,369.5	7,468.6	7,485.5	7,466.1	7,476.6	7,489.9
FTTx/cable	4,226.8	4,365.9	4,472.2	4,541.0	4,643.2	4,791.7
Mobile accesses	73,988.8	74,327.1	74,553.6	74,931.3	75,089.3	75,253.9
Prepay	40,171.5	39,652.1	38,897.4	38,168.1	37,599.0	36,827.1
Contract	33,817.3	34,675.0	35,656.2	36,763.2	37,490.3	38,426.8
M2M	5,271.5	5,590.8	5,845.3	6,312.5	6,664.9	7,105.5
Pay TV	1,661.3	1,647.2	1,618.0	1,587.7	1,591.5	1,614.3
Total Accesses	97,349.2	97,696.1	97,749.8	97,905.1	97,919.1	97,912.7

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2017				2018	
	March	June	September	December	March	June
Contract percentage (%)	45.7%	46.7%	47.8%	49.1%	49.9%	51.1%
Smartphones ('000)	50,647.3	52,687.8	53,323.6	54,077.9	56,291.8	57,636.1
Smartphone penetration (%)	76.0%	78.8%	79.5%	80.5%	83.8%	86.0%
LTE ('000)	25,422.1	28,645.5	31,645.4	35,042.6	37,566.4	39,404.1
LTE penetration (%)	37.0%	41.7%	46.1%	51.1%	54.9%	57.8%
Mobile churn (quarterly)	3.3%	3.3%	3.4%	3.3%	3.1%	3.0%
Contract (1)	1.6%	1.8%	1.9%	1.7%	1.6%	1.8%
Mobile churn (cumulative YTD)	3.3%	3.3%	3.4%	3.3%	3.1%	3.0%
Contract (1)	1.6%	1.7%	1.8%	1.8%	1.6%	1.7%
Mobile ARPU (EUR) (cumulative YTD)	8.2	8.0	7.8	7.7	7.0	6.6
Prepay	4.1	3.9	3.8	3.7	3.2	3.0
Contract (1)	15.4	15.1	14.6	14.4	13.0	12.4
Mobile data traffic (TB) (cumulative YTD)	129,160	286,854	471,023	676,538	228,836	477,228
Fixed telephony ARPU (EUR) (cumulative YTD)	13.7	13.3	12.7	12.3	10.3	9.8
Pay TV ARPU (EUR) (cumulative YTD)	28.2	27.5	27.3	26.9	24.7	23.9
Broadband ARPU (EUR) (cumulative YTD)	14.5	14.2	13.9	13.9	13.2	12.7
Fixed data traffic (TB) (cumulative YTD)	3,428,917	7,379,965	11,808,743	16,467,417	4,838,067	10,190,227

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 HISPAM SUR
CONSOLIDATED INCOME STATEMENT
Unaudited figures (Euros in millions)

	2017				2018		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
Revenues	2,117	2,090	1,942	2,068	8,218	1,833	1,798
Mobile Business	1,300	1,268	1,174	1,251	4,993	1,120	1,089
Mobile service revenues	1,146	1,112	1,012	1,049	4,319	898	863
Data revenues	633	618	588	602	2,442	535	538
Handset revenues	154	156	162	201	673	222	227
Fixed Business	817	822	768	818	3,225	713	709
FBB and new services revenues (1)	437	436	413	436	1,723	380	375
Pay TV revenues	144	144	138	141	568	133	136
Voice & access revenues	237	241	216	240	935	200	198
Internal exp. capitalized in fixed assets	23	21	23	20	87	18	19
Operating expenses	(1,558)	(1,532)	(1,404)	(1,590)	(6,083)	(1,342)	(1,331)
Supplies	(592)	(566)	(531)	(599)	(2,288)	(513)	(531)
Personnel expenses	(328)	(314)	(277)	(350)	(1,269)	(271)	(245)
Other operating expenses	(638)	(652)	(596)	(641)	(2,526)	(558)	(554)
Other net income (expense)	2	17	5	24	48	8	18
Gain (loss) on sale of fixed assets	(0)	2	2	2	5	(0)	3
Impairment of goodwill and other assets	-	-	-	-	-	-	-
Operating income before D&A (OIBDA)	585	598	567	525	2,275	517	507
OIBDA Margin	27.6%	28.6%	29.2%	25.4%	27.7%	28.2%	28.2%
CapEx	296	349	293	476	1,414	251	302
Spectrum	-	0	28	(1)	27	7	-
OpCF (OIBDA-CapEx)	288	249	275	48	860	266	205

Notes:

- January-June 2018 results reported under accounting standards IFRS 15 & 9, effective since January 2018.

- 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.

TELEFÓNICA HISPAM SUR
SELECTED FINANCIAL DATA
Unaudited figures (Euros in millions)

	2017				2018		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
Revenues	2,117	2,090	1,942	2,068	8,218	1,833	1,798
Telefónica Argentina	876	918	810	890	3,495	755	703
Telefónica Chile	561	538	523	564	2,186	526	525
Telefónica Perú	620	578	558	561	2,318	501	518
Telefónica Uruguay	65	60	55	55	235	56	56
Other and eliminations	(5)	(4)	(4)	(3)	(15)	(4)	(3)
Service Revenues	1,963	1,934	1,780	1,867	7,544	1,611	1,572
Telefónica Argentina	813	843	729	797	3,182	682	633
Telefónica Chile	519	499	482	496	1,995	447	451
Telefónica Perú	575	541	522	526	2,164	436	442
Telefónica Uruguay	60	56	51	51	218	50	49
Other and eliminations	(5)	(4)	(4)	(3)	(15)	(4)	(3)
OIBDA	585	598	567	525	2,275	517	507
Telefónica Argentina	231	275	241	224	971	245	218
Telefónica Chile	174	165	158	133	630	153	158
Telefónica Perú	156	137	148	146	588	98	111
Telefónica Uruguay	23	21	21	21	85	21	20
Other and eliminations	-	-	-	-	-	-	-
CapEx	296	349	293	476	1,414	251	302
Telefónica Argentina	151	146	126	179	601	124	130
Telefónica Chile	87	93	58	118	356	76	91
Telefónica Perú	54	103	73	165	394	48	74
Telefónica Uruguay	5	8	36	14	62	4	6
Other and eliminations	-	-	-	-	-	-	-
Spectrum	(0)	0	28	(1)	27	7	-
Telefónica Argentina	-	-	-	-	-	7	-
Telefónica Chile	-	-	-	-	-	-	-
Telefónica Perú	(0)	0	-	-	-	-	-
Telefónica Uruguay	-	-	28	(1)	27	-	-
Other and eliminations	-	-	-	-	-	-	-
OpCF (OIBDA-CapEx)	288	249	275	48	860	266	205
Telefónica Argentina	80	129	115	45	370	121	88
Telefónica Chile	87	72	99	15	274	77	67
Telefónica Perú	103	35	76	(19)	194	51	37
Telefónica Uruguay	18	13	(15)	7	23	17	14
Other and eliminations	-	-	-	-	-	-	-

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TELEFÓNICA HISPAM SUR
ACCESSES
Unaudited figures (thousands)

	2017				2018	
	March	June	September	December	March	June
Final Clients Accesses	60,569.0	59,760.0	59,093.9	58,419.9	57,783.3	57,531.8
Fixed telephony accesses (1)	8,209.7	8,137.8	8,044.3	7,938.5	7,811.1	7,684.6
Internet and data accesses	4,687.0	4,687.4	4,688.0	4,656.1	4,611.4	4,648.1
Broadband	4,565.4	4,566.1	4,567.1	4,535.4	4,492.4	4,528.3
FTTx/cable	1,246.5	1,297.3	1,514.7	1,656.2	1,829.2	2,089.2
Mobile accesses	45,718.0	44,955.8	44,352.3	43,775.1	43,276.3	43,042.8
Prepay	29,273.2	28,787.5	28,344.3	27,631.8	26,973.7	26,386.8
Contract	16,444.7	16,168.3	16,008.0	16,143.3	16,302.6	16,655.9
M2M	1,082.3	1,126.1	1,164.9	1,199.8	1,240.2	1,339.4
Pay TV	1,954.3	1,979.1	2,009.4	2,050.3	2,084.6	2,156.4
Total Accesses	60,594.7	59,785.4	59,134.0	58,445.9	57,808.9	57,556.0

Notes:

(1) Includes fixed wireless and VoIP accesses.

MOBILE ACCESSES
Unaudited figures

	2017				2018	
	March	June	September	December	March	June
Contract percentage (%)	36.0%	36.0%	36.1%	36.9%	37.7%	38.7%
Smartphones ('000)	21,113.6	20,799.2	21,267.5	21,650.2	21,331.4	21,507.3
Smartphone penetration (%)	47.9%	48.1%	49.9%	51.5%	51.4%	52.2%
LTE ('000)	8,761.2	9,542.5	10,383.5	12,529.0	13,713.1	13,777.7
LTE penetration (%)	19.6%	21.8%	24.0%	29.4%	32.6%	33.0%

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TELEFÓNICA ARGENTINA
SELECTED FINANCIAL DATA

Unaudited figures (Euros in millions)

	2017				2018		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
Revenues	876	918	810	890	3,495	755	703
Mobile Business	573	591	530	585	2,279	500	465
Mobile service revenues	510	515	449	492	1,966	427	395
Data revenues	278	302	277	306	1,163	266	263
Handset revenues	63	75	81	93	312	73	70
Fixed Business	302	327	281	306	1,216	255	238
FBB and new services revenues (1)	185	193	171	180	729	153	140
Voice & access revenues	117	135	109	126	488	102	98
OIBDA	231	275	241	224	971	245	218
OIBDA margin	26.4%	30.0%	29.7%	25.2%	27.8%	32.4%	31.0%
CapEx	151	146	126	179	601	124	130
Spectrum	-	-	-	-	-	7	-
OpCF (OIBDA-CapEx)	80	129	115	45	370	121	88

Note:

- January-June 2018 results reported under accounting standards IFRS 15 & 9, effective since January 2018.

- 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.

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TELEFÓNICA ARGENTINA

ACCESSES

Unaudited figures (Thousands)

	2017				2018	
	March	June	September	December	March	June
Final Clients Accesses	26,370.4	25,981.8	25,770.2	25,077.2	24,507.7	24,208.3
Fixed telephony accesses (1)	4,374.3	4,314.5	4,221.9	4,120.8	4,023.4	3,908.5
Fixed wireless	233.3	227.7	221.8	206.1	192.9	184.5
Internet and data accesses	1,841.0	1,802.5	1,758.9	1,700.6	1,648.5	1,613.3
Broadband	1,800.5	1,762.6	1,720.3	1,663.5	1,613.5	1,578.6
FTTx/cable	75.8	133.6	192.7	243.8	294.7	353.2
Mobile accesses	20,155.1	19,864.8	19,789.4	19,255.9	18,835.8	18,686.5
Prepay	12,936.0	12,561.7	12,386.1	11,717.1	11,259.6	11,011.4
Contract	7,219.1	7,303.1	7,403.3	7,538.7	7,576.2	7,675.1
M2M	546.2	581.0	588.0	596.6	614.3	629.4
Total Accesses	26,390.8	26,002.0	25,805.1	25,098.1	24,528.1	24,227.4

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2017				2018	
	March	June	September	December	March	June
Contract percentage (%)	35.8%	36.8%	37.4%	39.2%	40.2%	41.1%
Smartphones ('000)	9,194.8	8,789.6	9,195.1	9,253.8	8,879.0	8,988.5
Smartphone penetration (%)	47.2%	45.9%	48.2%	49.9%	49.0%	50.1%
LTE ('000)	4,136.7	4,707.5	5,363.2	6,387.8	6,673.1	6,714.7
LTE penetration (%)	21.1%	24.4%	27.9%	34.2%	36.6%	37.2%
Mobile churn (quarterly)	3.4%	3.1%	2.9%	3.1%	3.2%	2.9%
Contract (1)	1.2%	1.2%	1.2%	1.1%	1.1%	1.1%
Mobile churn (cumulative YTD)	3.4%	3.2%	3.1%	3.1%	3.2%	2.9%
Contract (1)	1.2%	1.2%	1.2%	1.2%	1.1%	1.1%
Mobile ARPU (EUR) (cumulative YTD)	8.6	8.7	8.4	8.5	7.8	7.5
Prepay	2.5	2.6	2.6	2.7	2.4	2.4
Contract (1)	21.0	21.0	19.9	19.7	16.7	15.9
Mobile data traffic (TB) (cumulative YTD)	42,378	92,707	153,286	220,535	71,626	147,967
Fixed telephony ARPU (EUR) (cumulative YTD)	8.6	9.5	9.1	9.4	8.5	8.4
Broadband ARPU (EUR) (cumulative YTD)	20.8	21.7	21.3	21.2	18.1	17.1
Fixed data traffic (TB) (cumulative YTD) (2)	296,597	636,815	1,018,913	1,420,297	425,127	893,893

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)

	2017					2018	
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
Revenues	561	538	523	564	2,186	526	525
Mobile Business	329	307	300	323	1,259	308	305
Mobile service revenues	287	268	259	255	1,069	230	231
Data revenues	147	137	131	129	544	119	119
Handset revenues	42	39	41	69	190	79	74
Fixed Business	232	231	222	241	926	217	220
FBB and new services revenues (1)	112	113	111	129	465	110	112
Pay TV revenues	61	62	60	60	243	58	59
Voice & access revenues	59	56	52	52	219	50	49
OIBDA	174	165	158	133	630	153	158
OIBDA margin	31.1%	30.6%	30.2%	23.7%	28.8%	29.2%	30.1%
CapEx	87	93	58	118	356	76	91
Spectrum	-	-	-	-	-	-	-
OpCF (OIBDA-CapEx)	87	72	99	15	274	77	67

Notes:

- January-June 2018 results reported under accounting standards IFRS 15 & 9, effective since January 2018.

- 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.

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TELEFÓNICA CHILE
ACCESSES

Unaudited figures (Thousands)

	2017				2018	
	March	June	September	December	March	June
Final Clients Accesses	12,210.5	12,142.9	12,248.6	12,227.9	12,061.9	11,887.5
Fixed telephony accesses (1)	1,380.5	1,365.1	1,350.5	1,326.5	1,289.1	1,273.5
Internet and data accesses	1,138.8	1,162.9	1,170.4	1,160.8	1,141.9	1,151.0
Broadband	1,088.1	1,111.6	1,118.6	1,108.5	1,089.2	1,097.8
FTTx	329.0	341.9	354.3	360.0	379.0	421.5
Mobile accesses	9,034.4	8,945.3	9,044.6	9,056.6	8,957.4	8,783.8
Prepay	5,891.1	5,817.3	5,889.7	5,849.2	5,658.8	5,391.6
Contract	3,143.3	3,128.0	3,154.9	3,207.4	3,298.5	3,392.2
M2M	377.8	387.0	405.6	409.5	422.1	426.8
Pay TV	656.8	669.7	683.1	684.0	673.6	679.2
Total Accesses	12,215.7	12,148.1	12,253.8	12,233.0	12,067.0	11,892.6

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2017				2018	
	March	June	September	December	March	June
Contract percentage (%)	34.8%	35.0%	34.9%	35.4%	36.8%	38.6%
Smartphones ('000)	2,962.0	2,894.6	2,933.0	3,286.0	3,344.5	3,411.8
Smartphone penetration (%)	35.3%	35.0%	35.1%	39.3%	40.5%	42.2%
LTE ('000)	1,837.0	1,879.7	2,211.0	2,517.0	2,700.0	2,823.9
LTE penetration (%)	21.2%	22.0%	25.6%	29.1%	31.6%	33.8%
Mobile churn (quarterly)	3.3%	3.4%	3.0%	3.4%	3.4%	3.5%
Contract (1)	2.4%	2.6%	2.7%	2.6%	2.2%	2.3%
Mobile churn (cumulative YTD)	3.3%	3.3%	3.2%	3.2%	3.4%	3.5%
Contract (1)	2.4%	2.5%	2.6%	2.6%	2.2%	2.3%
Mobile ARPU (EUR) (cumulative YTD)	10.1	9.8	9.5	9.3	8.5	7.9
Prepay	2.9	2.8	2.6	2.6	2.3	2.2
Contract (1)	26.6	25.8	25.2	24.7	22.1	20.0
Mobile data traffic (TB) (cumulative YTD)	42,969	92,426	150,683	212,517	74,641	162,246
Fixed telephony ARPU (EUR) (cumulative YTD)	13.0	12.8	12.5	12.4	11.8	11.7
Pay TV ARPU (EUR) (cumulative YTD)	26.1	25.6	24.9	24.5	22.8	23.1
Broadband ARPU (EUR) (cumulative YTD)	18.8	18.1	17.4	17.3	17.1	17.1
Fixed data traffic (TB) (cumulative YTD) (2)	434,322	970,592	1,502,438	2,006,161	524,361	1,133,870

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 PERÚ
 SELECTED FINANCIAL DATA
 Unaudited figures (Euros in millions)

	2017				2018		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
Revenues	620	578	558	561	2,318	501	518
Mobile Business	335	313	291	288	1,226	257	265
Mobile service revenues	290	275	255	253	1,072	192	189
Data revenues	174	146	151	143	614	122	130
Handset revenues	45	38	36	35	154	65	76
Fixed Business	286	266	267	273	1,092	244	253
FBB and new services revenues (1)	144	134	134	131	543	120	125
Pay TV revenues	81	80	77	80	318	74	76
Voice & access revenues	61	51	55	62	230	49	52
OIBDA	156	137	148	146	588	98	111
OIBDA margin	25.2%	23.8%	26.6%	26.0%	25.4%	19.6%	21.5%
CapEx	54	103	73	165	394	48	74
Spectrum	-	-	-	-	-	-	-
OpCF (OIBDA-CapEx)	103	35	76	(19)	194	51	37

Note:

- January-June 2018 results reported under accounting standards IFRS 15 & 9, effective since January 2018.

- 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.

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TELEFÓNICA PERÚ

ACCESSES

Unaudited figures (Thousands)

	2017				2018	
	March	June	September	December	March	June
Fixed telephony accesses (1)	2,455.0	2,458.2	2,471.9	2,491.2	2,498.6	2,502.6
Fixed wireless	84.6	84.9	85.4	85.8	84.6	84.7
Internet and data accesses	1,707.3	1,722.1	1,758.7	1,794.7	1,821.0	1,883.8
Broadband	1,676.8	1,691.9	1,728.2	1,763.4	1,789.7	1,852.0
FTTx/cable	841.7	821.7	967.7	1,052.4	1,155.5	1,314.6
Mobile accesses	14,810.6	14,438.8	13,826.5	13,745.1	13,816.4	13,915.5
Prepay	9,429.8	9,397.5	9,073.7	9,049.4	9,093.0	9,038.0
Contract	5,380.9	5,041.3	4,752.7	4,695.7	4,723.5	4,877.5
M2M	82.9	82.1	92.7	108.5	112.4	187.1
Pay TV	1,297.4	1,309.3	1,326.2	1,366.3	1,411.0	1,477.1
Total Accesses	20,270.3	19,928.4	19,383.2	19,397.3	19,547.1	19,779.1

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2017				2018	
	March	June	September	December	March	June
Contract percentage (%)	36.3%	34.9%	34.4%	34.2%	34.2%	35.1%
Smartphones ('000)	8,130.0	8,283.6	8,291.3	8,246.5	8,230.3	8,231.3
Smartphone penetration (%)	55.5%	58.0%	60.7%	60.8%	60.4%	60.3%
LTE ('000)	2,370.0	2,505.4	2,324.4	3,087.6	3,725.1	3,586.3
LTE penetration (%)	16.1%	17.5%	16.9%	22.6%	27.2%	26.1%
Mobile churn (quarterly)	5.3%	5.1%	5.5%	5.6%	5.8%	6.2%
Contract (1)	2.7%	3.1%	3.1%	3.3%	3.0%	3.2%
Mobile churn (cumulative YTD)	5.3%	5.2%	5.3%	5.3%	5.8%	6.2%
Contract (1)	2.7%	2.9%	3.0%	3.0%	3.0%	3.2%
Mobile ARPU (EUR) (cumulative YTD)	6.3	6.3	6.2	6.1	5.2	4.4
Prepay	2.1	2.0	2.1	2.0	1.8	1.7
Contract (1)	13.7	13.8	13.7	13.6	12.0	9.6
Mobile data traffic (TB) (cumulative YTD)	37,157	84,961	133,034	185,166	64,198	133,741
Fixed telephony ARPU (EUR) (cumulative YTD)	7.5	7.0	6.8	6.7	5.8	5.8
Pay TV ARPU (EUR) (cumulative YTD)	19.4	19.1	18.8	18.6	17.5	17.6
Broadband ARPU (EUR) (cumulative YTD)	15.6	15.1	14.7	14.3	12.6	12.7
Fixed data traffic (TB) (cumulative YTD) (2)	692,053	1,378,078	2,075,593	2,814,311	752,346	1,559,607

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 HISPAM NORTE
CONSOLIDATED INCOME STATEMENT
Unaudited figures (Euros in millions)

	2017					2018	
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
Revenues	1,168	1,044	1,037	1,082	4,331	971	1,027
Mobile Business	967	860	871	898	3,595	799	843
Mobile service revenues	852	732	758	748	3,089	673	691
Data revenues	437	420	408	412	1,678	399	376
Handset revenues	115	128	113	150	506	126	152
Fixed Business	201	185	166	184	736	172	184
FBB and new services revenues (1)(2)	98	90	86	84	358	92	98
Pay TV revenues	26	21	20	20	87	22	23
Voice & access revenues (2)	78	73	60	79	291	59	63
Internal exp. capitalized in fixed assets	12	13	15	12	51	12	12
Operating expenses	(867)	(781)	(740)	(777)	(3,165)	(739)	(793)
Supplies	(367)	(354)	(315)	(349)	(1,385)	(307)	(342)
Personnel expenses	(107)	(83)	(85)	(99)	(375)	(88)	(88)
Other operating expenses	(393)	(343)	(339)	(330)	(1,405)	(344)	(363)
Other net income (expense)	7	5	3	11	27	6	12
Gain (loss) on sale of fixed assets	(0)	12	0	7	19	9	26
Impairment of goodwill and other assets (4)	-	-	-	-	-	-	(108)
Operating income before D&A (OIBDA)	320	294	316	334	1,263	258	176
OIBDA Margin	27.4%	28.1%	30.5%	30.9%	29.2%	26.6%	17.1%
CapEx	134	144	638	348	1,264	53	111
Spectrum (3)	4	0	470	36	510	-	-
OpCF (OIBDA-CapEx)	186	150	(322)	(14)	(0)	205	64

Notes:

- January-June 2018 results reported under accounting standards IFRS 15 & 9, effective since January 2018.

- OIBDA before management and brand fees.

- 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-June 2018 period Telefónica uses a synthetic exchange rate of 2,369,815 Venezuelan bolivars fuertes per dollar at June 2018.

(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, Metroltel and Optecom, the consolidated results are included in the fixed business from 1 October 2017.

(3) 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.

(4) Includes goodwill impairment of €108m in Mexico in April-June 2018

TELEFÓNICA HISPAM NORTE
SELECTED FINANCIAL DATA
Unaudited figures (Euros in millions)

	2017					2018	
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
Revenues	1,168	1,044	1,037	1,082	4,331	971	1,027
Telefónica Colombia	388	368	338	368	1,462	351	370
Telefónica Mexico	314	356	332	334	1,336	277	297
Telefónica Centroamérica	233	216	213	227	890	209	217
Telefónica Ecuador	135	137	132	135	539	126	138
Telefónica Venezuela	98	(32)	23	18	106	8	5
Other and eliminations	(1)	(1)	(1)	(0)	(3)	(0)	(0)
Service Revenues	1,053	917	924	931	3,825	845	875
Telefónica Colombia	351	333	306	332	1,322	319	334
Telefónica Mexico	267	294	282	259	1,102	221	228
Telefónica Centroamérica	219	200	199	209	827	191	197
Telefónica Ecuador	122	122	116	114	474	106	111
Telefónica Venezuela	95	(31)	22	18	104	8	4
Other and eliminations	(1)	(1)	(1)	-	(3)	(0)	(0)
OIBDA	320	294	316	334	1,263	258	176
Telefónica Colombia	129	124	113	115	482	124	128
Telefónica Mexico	64	81	79	78	302	41	55
Telefónica Centroamérica	63	51	66	83	263	57	64
Telefónica Ecuador	41	39	40	42	163	36	36
Telefónica Venezuela	22	(2)	5	9	34	1	(0)
Other and eliminations (1)	0	0	13	7	19	-	(108)
CapEx	134	144	638	348	1,264	53	111
Telefónica Colombia	60	56	542	139	796	23	44
Telefónica Mexico	43	35	53	85	217	13	33
Telefónica Centroamérica	20	30	22	93	165	11	20
Telefónica Ecuador	7	19	17	34	77	6	14
Telefónica Venezuela	3	4	4	(2)	9	1	1
Other and eliminations	(0)	(0)	(0)	(0)	0	-	-
Spectrum	4	0	470	36	510	-	-
Telefónica Colombia (2)	0	-	470	-	470	-	-
Telefónica Mexico	4	0	-	(0)	4	-	-
Telefónica Centroamérica	-	-	-	36	36	-	-
Telefónica Ecuador	-	-	0	(0)	0	-	-
Telefónica Venezuela	-	-	-	-	-	-	-
Other and eliminations	-	-	-	-	-	-	-
OpCF (OIBDA-CapEx)	186	150	(322)	(14)	-	205	64
Telefónica Colombia	70	68	(428)	(24)	(315)	101	84
Telefónica Mexico	21	46	26	(7)	86	29	23
Telefónica Centroamérica	43	21	44	(10)	98	45	44
Telefónica Ecuador	33	20	23	9	86	30	22
Telefónica Venezuela	19	(5)	1	12	25	0	(1)
Other and eliminations (1)	(0)	(0)	13	7	20	-	(108)

Notes:

(1) Includes the valuation adjustment of goodwill in Mexico (108ME) in April - June 2018.

(2) 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.

TELEFÓNICA HISPAM NORTE
ACCESSES

Unaudited figures (thousands)

	2017				2018	
	March	June	September	December	March	June
Final Clients Accesses	72,524.4	71,947.4	71,102.9	72,554.6	72,590.0	73,145.9
Fixed telephony accesses (1)	3,539.7	3,450.6	3,327.8	3,554.7	3,478.3	3,484.8
Internet and data accesses (2)	1,006.9	999.9	1,003.0	1,229.2	1,253.1	1,274.7
Broadband	979.4	971.9	974.3	1,199.9	1,223.2	1,244.0
FTTx/cable	33.4	54.6	86.5	126.8	167.7	284.4
Mobile accesses	66,989.6	66,515.0	65,790.4	66,788.6	66,857.0	67,355.8
Prepay	57,725.3	57,115.6	56,284.5	57,190.7	57,061.5	57,360.4
Contract	9,264.2	9,399.4	9,506.0	9,597.9	9,795.4	9,995.4
M2M	1,545.1	1,582.9	1,635.8	1,686.7	1,785.1	1,882.0
Pay TV	988.2	981.9	981.6	982.1	1,001.6	1,030.6
Total Accesses	72,564.2	71,986.4	71,141.8	72,565.4	72,590.5	73,146.4

Notes:

(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 the subsidiaries Telebucaramanga, Metrotel and Optecom, the consolidated results of these subsidiaries are included in the fixed business of T. Colombia from 1 October 2017.

MOBILE ACCESSES

Unaudited figures

	2017				2018	
	March	June	September	December	March	June
Contract percentage (%)	13.8%	14.1%	14.4%	14.4%	14.7%	14.8%
Smartphones ('000)	29,294.8	29,657.6	29,224.7	29,704.8	8,230.3	29,995.2
Smartphone penetration (%)	45.2%	46.1%	46.0%	46.0%	60.4%	46.2%
LTE ('000)	8,280.3	9,426.0	11,336.8	13,626.0	14,761.5	16,069.9
LTE penetration (%)	12.7%	14.5%	17.7%	21.0%	22.7%	24.6%

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

	2017				2018		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
Revenues	388	368	338	368	1,462	351	370
Mobile Business	243	230	214	223	909	214	224
Mobile service revenues	206	194	182	186	768	182	188
Data revenues	109	112	106	109	436	107	115
Handset revenues	37	36	32	37	141	32	36
Fixed Business	145	138	124	146	554	137	146
FBB and new services revenues (1)(2)	73	70	66	66	275	74	81
Pay TV revenues	23	22	20	20	86	21	22
Voice & access revenues (2)	49	46	38	60	193	42	44
OIBDA	129	124	113	115	482	124	128
OIBDA margin	33.4%	33.7%	33.5%	31.1%	32.9%	35.1%	34.6%
CapEx	60	56	542	139	796	23	44
Spectrum (3)	-	-	470	-	470	-	-
OpCF (OIBDA-CapEx)	70	68	(428)	(24)	(315)	101	84

Note:

- January-June 2018 results reported under accounting standards IFRS 15 & 9, effective since January 2018.

- 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 includes €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.

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TELEFÓNICA COLOMBIA
ACCESSES

Unaudited figures (Thousands)

	2017				2018	
	March	June	September	December	March	June
Final Clients Accesses	16,471.3	16,610.7	16,964.5	17,940.1	18,116.5	18,515.9
Fixed telephony accesses (1) (2)	1,352.7	1,330.6	1,319.7	1,609.6	1,619.8	1,635.8
Internet and data accesses (2)	990.0	982.3	984.9	1,210.0	1,233.9	1,245.8
Broadband	976.8	969.1	971.5	1,196.4	1,220.2	1,232.2
FTTx	33.4	54.6	86.5	126.8	167.7	284.4
Mobile accesses	13,603.0	13,768.6	14,130.1	14,590.6	14,716.1	15,070.6
Prepay	9,974.3	10,096.8	10,401.1	10,857.7	11,003.8	11,298.3
Contract	3,628.6	3,671.8	3,729.0	3,732.9	3,712.3	3,772.3
M2M	474.8	463.7	468.6	454.3	452.1	480.2
Pay TV	525.6	529.3	529.8	529.9	546.7	563.8
Total Accesses	16,471.8	16,611.2	16,965.0	17,940.5	18,117.0	18,516.4

(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

	2017				2018	
	March	June	September	December	March	June
Contract percentage (%)	26.7%	26.7%	26.4%	25.6%	25.2%	25.0%
Smartphones ('000)	5,324.1	5,477.0	5,761.4	5,977.1	6,069.0	6,304.2
Smartphone penetration (%)	41.1%	41.7%	42.7%	42.7%	42.9%	43.6%
LTE ('000)	2,682.5	3,193.6	3,731.2	4,260.0	4,585.6	5,006.8
LTE penetration (%)	20.4%	24.0%	27.3%	30.1%	32.1%	34.3%
Mobile churn (quarterly)	4.2%	3.4%	2.9%	2.9%	3.4%	3.2%
Contract (1)	1.5%	1.6%	1.5%	1.7%	1.7%	1.6%
Mobile churn (cumulative YTD)	4.2%	3.8%	3.5%	3.3%	3.4%	3.2%
Contract (1)	1.5%	1.5%	1.5%	1.6%	1.7%	1.6%
Mobile ARPU (EUR) (cumulative YTD)	4.7	4.6	4.5	4.4	4.0	4.0
Prepay	1.2	1.2	1.2	1.2	1.1	1.1
Contract (1)	16.4	15.9	15.3	15.0	13.4	13.4
Mobile data traffic (TB) (cumulative YTD)	22,498	48,002	75,237	105,623	31,191	65,600
Fixed telephony ARPU (EUR) (cumulative YTD)	11.1	10.8	10.2	9.3	8.0	8.1
Pay TV ARPU (EUR) (cumulative YTD)	14.3	14.1	13.5	13.2	12.5	12.6
Broadband ARPU (EUR) (cumulative YTD)	11.0	11.1	10.9	10.3	10.6	10.9
Fixed data traffic (TB) (cumulative YTD) (2)	89,505	192,552	296,678	401,577	295,782	619,750

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 pertaining to FBB accesses, not Business customers.

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TELEFÓNICA MÉXICO
SELECTED FINANCIAL DATA

Unaudited figures (Euros in millions)

	2017				2018		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
Revenues	314	356	332	334	1,336	277	297
Service revenues	267	294	282	259	1,102	221	228
Data revenues	111	159	141	144	555	133	95
Handset revenues	48	62	50	75	234	56	69
OIBDA	64	81	79	78	302	41	55
<i>OIBDA margin</i>	<i>20.5%</i>	<i>22.8%</i>	<i>23.7%</i>	<i>23.3%</i>	<i>22.6%</i>	<i>15.0%</i>	<i>18.6%</i>
CapEx	43	35	53	85	217	13	33
Spectrum	4	-	-	-	4	-	-
OpCF (OIBDA-CapEx)	21	46	26	(7)	86	29	23

Note:

- January-June 2018 results reported under accounting standards IFRS 15 & 9, effective since January 2018.

- OIBDA is presented before management and brand fees.

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TELEFÓNICA MÉXICO

ACCESSES

Unaudited figures (Thousands)

	2017				2018	
	March	June	September	December	March	June
Mobile accesses	25,657.9	25,277.7	24,539.2	25,070.9	25,269.3	25,499.9
Prepay	23,639.3	23,197.6	22,408.7	22,882.4	22,977.1	23,124.3
Contract (1)	2,018.6	2,080.1	2,130.5	2,188.5	2,292.2	2,375.6
M2M	710.1	744.0	789.2	854.5	932.7	982.8
Fixed wireless	974.4	924.2	849.5	808.4	750.6	768.6
Total Accesses	26,671.5	26,240.4	25,427.1	25,889.5	26,019.9	26,268.5

SELECTED OPERATIONAL DATA

Unaudited figures

	2017				2018	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun
Contract percentage (%)	7.9%	8.2%	8.7%	8.7%	9.1%	9.3%
Smartphones ('000)	11,865.9	11,790.0	11,484.0	11,576.0	11,339.0	11,021.0
Smartphone penetration (%)	47.6%	48.1%	48.4%	47.9%	46.7%	45.0%
LTE ('000)	3,658.0	4,035.0	4,310.0	5,111.0	5,427.6	5,591.8
LTE penetration (%)	14.7%	16.4%	18.1%	21.1%	22.3%	22.8%
Mobile churn (quarterly)	4.8%	3.9%	4.7%	3.7%	3.7%	3.6%
Contract (1)	2.1%	1.9%	2.2%	2.5%	2.0%	2.3%
Mobile churn (cumulative YTD)	4.8%	4.4%	4.5%	4.3%	3.7%	3.6%
Contract (1)	2.1%	1.7%	1.9%	2.1%	2.0%	2.3%
Mobile ARPU (EUR) (cumulative YTD)	2.7	2.9	3.0	3.0	2.4	2.4
Prepay	2.3	2.4	2.5	2.5	1.9	2.0
Contract (1)	12.1	12.4	12.5	12.3	11.4	10.4
Mobile data traffic (TB) (cumulative YTD)	30,861	69,939	112,251	155,767	46,704	101,195

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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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)

	2017				2018	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun
Operating income before D&A (OIBDA)	4,021	8,179	12,274	16,187	3,864	8,102
Depreciation and amortisation	(2,451)	(4,809)	(7,131)	(9,396)	(2,227)	(4,405)
Operating income (OI)	1,570	3,370	5,143	6,791	1,638	3,697

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

	June 2017	June 2018
Non-current financial liabilities	48,780	46,798
Current financial liabilities	13,715	7,972
Gross Financial Debt	62,495	54,770
Cash and cash equivalents	(6,046)	(3,662)
Other current financial assets	(3,590)	(2,552)
Positive mark-to-market value of long-term derivative instruments	(3,894)	(2,854)
Other liabilities included in "Payables and other non-current liabilities"	726	652
Other liabilities included in "Payables and other current liabilities"	230	114
Other assets included in "Financial assets and other non-current assets"	(907)	(2,141)
Other assets included in "Receivables and other current assets"	(527)	(734)
Net Financial Debt (1)	48,487	43,593
Gross commitments related to employee benefits	6,524	6,130
Value of associated Long-term assets	(732)	(784)
Tax benefits	(1,510)	(1,422)
Net commitments related to employee benefits	4,282	3,924
Net financial debt plus commitments	52,769	47,517
Net Financial Debt / OIBDA	2.86x	2.68x

Notes:

(1) Net financial debt as of June 2018 includes a positive value of the derivatives portfolio for a net amount of €787m, €2,774m included as financial liabilities and €3,561m included as financial assets.

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

		2017				2018	
		Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun
A	Net Financial Debt (1)	48,766	48,487	47,222	44,230	43,975	43,593
B	OIBDA from last 12 months	15,301	15,541	15,461	16,187	16,030	16,110
C	OIBDA Adjustments	1,432	1,426	1,402	469	411	142
	OIBDA from Cos. incorporated (removed)	(35)	(20)	(10)	11	8	4
	Goodwill Impairment	215	215	215	-	-	108
	Restructuring charges	1,446	1,425	1,407	340	270	291
	Distribution channel optimization	18	18	18	13	13	13
	Capital gains/losses on sale of companies	(212)	(212)	(228)	-	-	-
	Tariff increases in Venezuela	-	-	-	(2)	(2)	(2)
	Contingencies	-	-	-	107	107	213
	Venezuela Synthetic FX	-	-	-	-	15	-
	Judicial decision PIS/COFINS	-	-	-	-	-	(485)
D= B+C	OIBDA Adjusted	16,733	16,967	16,863	16,656	16,441	16,252
E= A/D	Net Financial Debt / OIBDA	2.91x	2.86x	2.80x	2.66x	2.67x	2,68x

Notes:

(1) Net financial debt as of June 2018 includes a positive value of the derivatives portfolio for a net amount of €787m, €2,774m included as financial liabilities and €3,561m included as financial assets.

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

	2017				2018	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun
Net cash flow provided by operating activities	2,743	5,954	9,863	13,796	2,621	6,101
(Payments on investments)/proceeds from the sale in property, plant and equipment and intangible assets, net (1)	(2,285)	(4,405)	(6,794)	(8,992)	(2,104)	(4,582)
Government grants received	-	-	-	2	-	37
Dividends paid to minority shareholders	(21)	(255)	(349)	(555)	(168)	(406)
Payments related to cancellation of commitments	166	331	507	696	201	398
Free Cash Flow	603	1,626	3,226	4,947	550	1,548

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

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

REVENUES	2017				2018		%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	
T. ESPAÑA							
REPORTED DATA	3,066	6,226	9,410	12,653	3,098	6,265	0.6
Changes in the consolidation perimeter	-	-	-	-	-	-	-
IFRS 15 impact	-	-	-	-	2	4	-
T. ESPAÑA ORGANIC	3,066	6,226	9,410	12,653	3,101	6,269	0.7
T. DEUTSCHLAND							
REPORTED DATA	1,771	3,542	5,392	7,296	1,767	3,525	(0.5)
IFRS 15 impact	-	-	-	-	(3)	(11)	-
T. DEUTSCHLAND ORGANIC	1,771	3,542	5,392	7,296	1,764	3,514	(0.8)
T. UK							
REPORTED DATA	1,601	3,208	4,810	6,540	1,586	3,223	0.5
Forex impact	-	-	-	-	43	75	-
IFRS 15 impact	-	-	-	-	18	45	-
T. UK ORGANIC	1,601	3,208	4,810	6,540	1,647	3,344	4.2
T. BRASIL							
REPORTED DATA	3,165	6,193	9,128	12,019	2,705	5,227	(15.6)
Forex impact	-	-	-	-	517	1,058	-
Changes in the consolidation perimeter	19	37	36	36	-	-	-
IFRS 15 impact	-	-	-	-	(8)	(9)	-
T. BRASIL ORGANIC	3,184	6,230	9,164	12,055	3,215	6,277	0.8
T. HISPAM SUR							
REPORTED DATA	2,117	4,207	6,150	8,218	1,833	3,631	(13.7)
Forex impact	-	-	-	-	445	920	-
Changes in the consolidation perimeter	-	-	-	-	-	-	-
IFRS 15 impact	-	-	-	-	(1)	(1)	-
T. HISPAM SUR ORGANIC	2,117	4,207	6,150	8,218	2,278	4,550	8.2
T. HISPAM NORTE							
REPORTED DATA	1,168	2,212	3,250	4,331	971	1,998	(9.7)
Forex impact	-	-	-	-	118	209	-
Venezuela Synthetic FX	(65)	-	-	-	-	-	-
Changes in the consolidation perimeter	13	25	36	36	-	-	-
Tariff increases in Venezuela	-	-	-	(6)	-	-	-
IFRS 15 impact	-	-	-	-	2	1	-
T. HISPAM NORTE ORGANIC	1,116	2,237	3,286	4,361	1,092	2,208	(1.3)
TELEFÓNICA							
REPORTED DATA	13,132	26,091	38,846	52,008	12,190	24,334	(6.7)
Forex impact	-	-	-	-	1,130	2,271	-
Venezuela Synthetic FX	(63)	-	-	-	-	-	-
Changes in the consolidation perimeter	13	25	36	36	-	-	-
Tariff increases in Venezuela	-	-	-	(6)	-	-	-
IFRS 15 impact	-	-	-	-	10	27	-
TELEFÓNICA ORGANIC	13,081	26,116	38,882	52,037	13,331	26,631	2.0
OIBDA	2017				2018		%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	
T. ESPAÑA							
REPORTED DATA	1,143	2,425	3,731	4,952	1,224	2,507	3.4
Changes in the consolidation perimeter	-	-	-	-	-	-	-
Restructuring charges	76	76	76	165	-	-	-
Distribution channel reorganisation plan	-	-	-	13	-	-	-
Capital gains/losses on sale of companies	-	-	-	-	-	-	-
IFRS 15 impact	-	-	-	-	2	3	-
T. ESPAÑA ORGANIC	1,219	2,501	3,807	5,130	1,226	2,510	0.4
T. DEUTSCHLAND							
REPORTED DATA	400	861	1,318	1,821	403	882	2.4
Changes in the consolidation perimeter	-	-	-	-	-	-	-
Restructuring charges	11	30	51	82	14	32	-
IFRS 15 impact	-	-	-	-	(3)	(18)	-
T. DEUTSCHLAND ORGANIC	411	891	1,369	1,903	414	896	0.5
T. UK							
REPORTED DATA	416	849	1,261	1,639	430	879	3.5
Forex impact	-	-	-	-	12	20	-
Restructuring charges	-	-	-	-	0	0	-
IFRS 15 impact	-	-	-	-	0	11	-
T. UK ORGANIC	416	849	1,261	1,639	441	911	7.2
T. BRASIL							
REPORTED DATA	1,104	2,138	3,162	4,191	982	2,257	5.5
Forex impact	-	-	-	-	187	455	-
Tower sales	(0)	(0)	(0)	(0)	(0)	(0)	-
Changes in the consolidation perimeter	7	15	15	14	-	-	-
Restructuring charges	(0)	0	0	0	-	34	-
Contingencies	-	-	-	50	-	127	-
IFRS 15 impact	-	-	-	-	(7)	(12)	-
Judicial decision PIS/COFINS	-	-	-	-	-	(583)	-
T. BRASIL ORGANIC	1,112	2,153	3,177	4,255	1,162	2,278	5.8
T. HISPAM SUR							
REPORTED DATA	585	1,183	1,750	2,275	517	1,024	(13.4)
Forex impact	-	-	-	-	135	280	-
Restructuring charges	1	2	2	78	0	1	-
IFRS 15 impact	-	-	-	-	(3)	(4)	-
T. HISPAM SUR ORGANIC	586	1,185	1,752	2,353	649	1,301	9.8
T. HISPAM NORTE							
REPORTED DATA	320	613	929	1,263	258	434	(29.2)
Forex impact	-	-	-	-	34	57	-
Venezuela Synthetic FX	(14)	-	-	-	-	-	-
Tower sales	(0)	(0)	(0)	(7)	(9)	(9)	-
Changes in the consolidation perimeter	7	11	15	15	-	-	-
Restructuring charges	-	3	3	24	4	4	-
Capital gains/losses on sale of companies	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	108	-
Tariff increases in Venezuela	-	-	-	(2)	-	-	-
IFRS 15 impact	-	-	-	-	2	1	-
T. HISPAM NORTE ORGANIC	312	627	947	1,294	289	595	(5.1)
TELEFÓNICA							
REPORTED DATA	4,021	8,179	12,274	16,187	3,864	8,102	(0.9)
Forex impact	-	-	-	-	372	817	-
Venezuela Synthetic FX	(15)	-	-	-	-	-	-
Tower sales	(0)	(0)	(0)	(7)	(9)	(9)	-
Changes in the consolidation perimeter	7	11	15	15	-	-	-
Restructuring charges	88	113	135	340	19	71	-
Distribution channel reorganisation plan	-	-	-	13	-	-	-
Capital gains/losses on sale of companies	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	108	-
Tariff increases in Venezuela	-	-	-	(2)	-	-	-
Contingencies	-	-	-	107	-	127	-
IFRS 15 impact	-	-	-	-	(11)	(21)	-
Judicial decision PIS/COFINS	-	-	-	-	-	(583)	-
TELEFÓNICA ORGANIC	4,143	8,303	12,423	16,653	4,234	8,611	3.7

OPERATING INCOME	2017				2018		%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	
TELEFÓNICA							
REPORTED DATA	1,570	3,370	5,143	6,791	1,638	3,697	9.7
Forex impact	-	-	-	-	184	453	-
Venezuela Synthetic FX	23	-	-	-	-	-	-
Tower sales	(0)	(0)	(0)	(7)	(9)	(9)	-
Changes in the consolidation perimeter	1	-	(1)	(1)	-	-	-
Restructuring charges	88	113	135	340	19	71	-
Distribution channel reorganisation plan	-	-	-	13	-	-	-
Capital gains/losses on sale of companies	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	108	-
Tariff increases in Venezuela	-	-	-	(2)	-	-	-
Contingencies	-	-	-	107	-	127	-
IFRS 15 impact	-	-	-	-	(11)	(21)	-
Judicial decision PIS/COFINS	-	-	-	-	-	(583)	-
TELEFÓNICA ORGANIC	1,682	3,483	5,276	7,242	1,821	3,842	10.3
CAPEX							
T. ESPAÑA							
REPORTED DATA	333	704	1,097	1,683	346	778	10.4
Spectrum acquisition	-	-	-	-	-	-	-
T. ESPAÑA ORGANIC	333	704	1,097	1,683	346	778	10.4
T. DEUTSCHLAND							
REPORTED DATA	208	435	688	951	197	424	(2.5)
Spectrum acquisition	(0)	(1)	(1)	(1)	-	-	-
Changes in the consolidation perimeter	-	-	-	-	-	-	-
T. DEUTSCHLAND ORGANIC	208	434	688	950	197	424	(2.3)
T. UK							
REPORTED DATA	225	434	604	827	183	987	127.4
Forex impact	-	-	-	-	5	9	-
Spectrum acquisition	-	-	-	-	-	(588)	-
T. UK ORGANIC	225	434	604	827	187	408	(6.1)
T. BRASIL							
REPORTED DATA	397	915	1,513	2,225	388	892	(2.6)
Forex impact	-	-	-	-	74	181	-
Spectrum acquisition	-	-	-	-	-	-	-
Changes in the consolidation perimeter	-	-	-	-	-	-	-
T. BRASIL ORGANIC	397	915	1,513	2,225	462	1,072	17.2
T. HISPAM SUR							
REPORTED DATA	296	645	938	1,414	251	553	(14.3)
Forex impact	-	-	-	-	67	153	-
Spectrum acquisition	0	-	(28)	(27)	(10)	(10)	-
T. HISPAM SUR ORGANIC	296	645	910	1,387	308	696	7.9
T. HISPAM NORTE							
REPORTED DATA	134	277	915	1,264	53	165	(40.6)
Forex impact	-	-	-	-	7	17	-
Venezuela Synthetic FX	(2)	-	-	-	-	-	-
Spectrum acquisition	(4)	(4)	(474)	(510)	-	(0)	-
Changes in the consolidation perimeter	3	10	16	16	-	-	-
T. HISPAM NORTE ORGANIC	131	283	458	770	60	181	(36.0)
TELEFÓNICA							
REPORTED DATA	1,621	3,507	5,962	8,697	1,490	3,932	12.1
Forex impact	-	-	-	-	161	371	-
Venezuela Synthetic FX	(2)	-	-	-	-	-	-
Spectrum acquisition	(4)	(4)	(502)	(538)	(10)	(598)	-
Changes in the consolidation perimeter	3	10	16	16	-	-	-
TELEFÓNICA ORGANIC	1,618	3,513	5,476	8,175	1,642	3,704	5.5

OpCF (OIBDA-CapEx)	2017				2018		%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	
T. ESPAÑA							
REPORTED DATA	810	1,720	2,634	3,269	878	1,729	0.5
Spectrum acquisition	-	-	-	-	-	-	-
Changes in the consolidation perimeter	-	-	-	-	-	-	-
Restructuring charges	76	76	76	165	-	-	-
Distribution channel reorganisation plan	-	-	-	13	-	-	-
Capital gains/losses on sale of companies	-	-	-	-	-	-	-
IFRS 15 impact	-	-	-	-	2	3	-
T. ESPAÑA ORGANIC	886	1,796	2,710	3,447	880	1,733	(3.5)
T. DEUTSCHLAND							
REPORTED DATA	192	426	630	870	207	458	7.3
Spectrum acquisition	0	1	1	1	-	-	-
Changes in the consolidation perimeter	-	-	-	-	-	-	-
Restructuring charges	11	30	51	82	14	32	-
IFRS 15 impact	-	-	-	-	(3)	(18)	-
T. DEUTSCHLAND ORGANIC	203	457	681	953	217	472	3.2
T. UK							
REPORTED DATA	191	415	658	812	247	(107)	(125.9)
Forex impact	-	-	-	-	7	11	-
Spectrum acquisition	-	-	-	-	-	588	-
Restructuring charges	-	-	-	0	0	0	-
IFRS 15 impact	-	-	-	-	0	11	-
T. UK ORGANIC	191	415	658	812	254	503	21.0
T. BRASIL							
REPORTED DATA	707	1,223	1,649	1,966	594	1,365	11.6
Forex impact	-	-	-	-	113	274	-
Tower sales	(0)	(0)	(0)	(0)	(0)	(0)	-
Changes in the consolidation perimeter	7	15	15	14	-	-	-
Spectrum acquisition	-	-	-	-	-	-	-
Restructuring charges	(0)	0	0	0	-	34	-
Contingencies	-	-	-	50	-	127	-
IFRS 15 impact	-	-	-	-	(7)	(12)	-
Judicial decision PIS/COFINS	-	-	-	-	-	(583)	-
T. BRASIL ORGANIC	715	1,238	1,664	2,030	699	1,205	(2.6)
T. HISPAM SUR							
REPORTED DATA	288	537	812	860	266	471	(12.3)
Forex impact	-	-	-	-	68	127	-
Spectrum acquisition	(0)	-	28	27	10	10	-
Restructuring charges	1	2	2	78	0	1	-
IFRS 15 impact	-	-	-	-	(3)	(4)	-
T. HISPAM SUR ORGANIC	289	540	843	966	341	605	12.0
T. HISPAM NORTE							
REPORTED DATA	186	336	14	(0)	205	269	(19.9)
Forex impact	-	-	-	-	27	40	-
Venezuela Synthetic FX	(12)	-	-	-	-	-	-
Tower sales	(0)	(0)	(0)	(7)	(9)	(9)	-
Spectrum acquisition	4	4	474	510	-	0	-
Changes in the consolidation perimeter	4	1	(1)	(1)	-	-	-
Restructuring charges	-	3	3	24	4	4	-
Capital gains/losses on sale of companies	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	108	-
Tariff increases in Venezuela	-	-	-	(2)	-	-	-
IFRS 15 impact	-	-	-	-	2	1	-
T. HISPAM NORTE ORGANIC	181	344	489	524	229	414	20.4
TELEFÓNICA							
REPORTED DATA	2,400	4,672	6,312	7,490	2,374	4,170	(10.7)
Forex impact	-	-	-	-	210	446	-
Venezuela Synthetic FX	(13)	-	-	-	-	-	-
Tower sales	(0)	(0)	(0)	(7)	(9)	(9)	-
Spectrum acquisition	4	4	502	538	10	598	-
Changes in the consolidation perimeter	4	1	(1)	(1)	-	-	-
Restructuring charges	88	113	135	340	19	71	-
Distribution channel reorganisation plan	-	-	-	13	-	-	-
Capital gains/losses on sale of companies	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	108	-
Tariff increases in Venezuela	-	-	-	(2)	-	-	-
Contingencies	-	-	-	107	-	127	-
IFRS 15 impact	-	-	-	-	(11)	(21)	-
Judicial decision PIS/COFINS	-	-	-	-	-	(583)	-
TELEFÓNICA ORGANIC	2,483	4,791	6,948	8,478	2,593	4,907	2.4

Note:

- January-June 2018 results reported under accounting standards IFRS 15 & 9, effective since January 2018.

-Organic growth: Assumes average constant foreign exchange rates of 2017, except for Venezuela (2017 and 2018 results converted at the closing synthetic exchange rate for each period). For organic comparative purposes, this synthetic exchange rate has been fixed at 2,091 VEF/USD at the end of March 2017. Considers constant perimeter of consolidation. Excludes the effects of the accounting change to IFRS 15 in 2018, write-downs, capital gains/losses from the sale of companies, tower sales, restructuring costs and material non-recurring impacts. CapEx excludes spectrum investments.

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

OIBDA	2017				2018		%
	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan -Mar	Jan - Jun	Jan - Jun
TELEFÓNICA							
REPORTED DATA	4,021	8,179	12,274	16,187	3,864	8,102	(0.9)
Tower sales	(0)	(0)	(0)	(7)	(8)	(8)	
Restructuring charges	88	113	135	340	18	64	
Impairments	-	-	-	-	-	-	
Distribution channel reorganisation plan	-	-	-	13	-	-	
Capital gains/losses on sale of companies	-	-	-	-	-	-	
Tariff increases in Venezuela	-	-	-	(2)	-	-	
Venezuela Synthetic FX	(15)	-	-	-	-	-	
Contingencies	-	-	-	107	-	106	
IFRS 15 impact	-	-	-	-	(11)	(21)	
Judicial decision PIS/COFINS	-	-	-	-	-	(485)	
Impairments	-	-	-	-	-	108	
Tax asset reversal	-	-	-	-	-	-	
TELEFÓNICA UNDERLYING	4,094	8,292	12,408	16,638	3,863	7,865	(5.1)

NET INCOME	2017				2018		%
	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan -Mar	Jan - Jun	Jan - Jun
TELEFÓNICA							
REPORTED DATA	779	1,600	2,439	3,132	837	1,739	8.7
PPA	118	267	396	522	113	219	
Tower sales	(0)	(0)	(0)	(3)	(4)	(4)	
Restructuring charges	63	75	85	205	11	47	
Impairments	-	30	30	30	-	-	
Distribution channel reorganisation plan	-	-	-	10	-	-	
Capital gains/losses on sale of companies (controlled & non controlled)	-	79	79	79	-	-	
Tariff increases in Venezuela	-	-	-	(1)	-	-	
Venezuela Synthetic FX	3	-	-	-	-	-	
Contingencies	-	-	44	111	-	74	
IFRS 15 impact	-	-	-	-	(4)	(7)	
Judicial decision PIS/COFINS	-	-	-	-	-	(452)	
Impairments	-	-	-	-	-	108	
Tax asset reversal	-	-	-	-	-	294	
TELEFÓNICA UNDERLYING	963	2,052	3,073	4,085	953	2,019	(1.6)

Notes:

- January-June 2018 results reported under accounting standards IFRS 15 & 9, effective since January 2018.

- Underlying growth: Excludes the effects of the accounting change to IFRS 15 in 2018, write-downs, capital gains/losses from the sale of companies, tower sales, restructuring costs and material non-recurring impacts. CapEx excludes spectrum investments. The January-March 2017 results in Venezuela are converted at the synthetic exchange rate set at 2,091 VEF/USD at the close of March 2017.

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