



JANUARY - SEPTEMBER 2018 RESULTS

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DISCLAIMER

The financial information related to 2017 and in the first nine 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.-

Additionally, the Group has applied hyperinflation accounting to its companies whose functional currency is the Argentine peso for periods ending 1 July 2018. The inflation adjustment on the financial statements is calculated retroactively since 1 January 2018. Reported financial information for previous periods will not be restated.

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TELEFÓNICA

ACCESSES

Unaudited figures (thousands)

	2017				2018		
	March	June	September	December	March	June	September
Final Clients Accesses	341,785.7	341,347.3	339,843.1	338,997.9	337,921.1	338,521.8	337,077.3
Fixed telephony accesses (1)	37,853.0	37,488.4	37,028.0	36,898.6	36,404.2	35,973.3	35,414.0
Internet and data accesses	21,657.8	21,697.3	21,696.7	21,864.6	21,827.0	21,911.5	22,087.7
Broadband	21,196.4	21,240.4	21,243.8	21,417.5	21,385.9	21,460.2	21,638.0
FTTx / Cable	9,580.6	9,960.5	10,511.8	10,961.6	11,491.8	12,216.0	12,766.4
Mobile accesses	274,055.6	273,886.6	272,742.7	271,766.9	271,084.9	271,901.0	270,730.3
Prepay	162,648.4	161,271.6	158,662.8	155,868.5	153,623.2	152,234.0	149,131.7
Contract	111,407.2	112,615.0	114,079.9	115,898.4	117,461.7	119,667.0	121,598.5
M2M	14,488.0	15,009.9	15,572.9	16,137.2	16,778.1	17,623.4	18,397.9
Pay TV	8,219.3	8,274.9	8,375.8	8,467.7	8,604.9	8,736.1	8,845.3
Wholesale Accesses	18,392.2	18,507.4	18,752.0	19,124.9	19,021.1	18,966.5	19,207.0
Fixed wholesale accesses	5,087.1	4,887.2	4,689.4	4,460.2	4,222.2	4,082.6	3,987.7
Mobile wholesale accesses (2)	13,305.1	13,620.2	14,062.6	14,664.7	14,798.9	14,883.9	15,219.3
Total Accesses	360,177.9	359,854.7	358,595.1	358,122.8	356,942.2	357,488.4	356,284.3

*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	September
Contract percentage (%)	40.7%	41.1%	41.8%	42.6%	43.3%	44.0%	44.9%
Smartphones ('000)	151,547.7	155,126.7	156,511.5	158,717.7	161,572.5	163,886.0	166,794.1
Smartphone penetration (%)	59.4%	60.9%	61.8%	63.0%	64.4%	65.3%	66.9%
LTE ('000)	75,458.8	81,604.2	88,978.7	97,534.0	102,910.4	106,617.8	111,529.1
LTE penetration (%)	29.1%	31.5%	34.6%	38.2%	40.5%	41.9%	44.2%

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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	Jul - Sep
Revenues	13,132	12,960	12,754	13,162	52,008	12,190	12,144	11,699
Internal exp. capitalised in fixed assets	208	222	214	219	863	193	211	193
Operating expenses	(9,348)	(9,048)	(8,884)	(9,478)	(36,758)	(8,533)	(8,036)	(7,980)
Supplies	(3,730)	(3,632)	(3,656)	(4,004)	(15,022)	(3,317)	(3,362)	(3,366)
Personnel expenses	(1,818)	(1,675)	(1,598)	(1,772)	(6,862)	(1,570)	(1,555)	(1,401)
Other operating expenses	(3,800)	(3,741)	(3,630)	(3,702)	(14,874)	(3,647)	(3,120)	(3,213)
Other net income (expense)	29	(1)	(3)	(85)	(60)	5	(12)	62
Gain (loss) on sale of fixed assets	8	10	18	75	111	12	40	65
Impairment of goodwill and other assets	(7)	16	(4)	20	24	(2)	(109)	(1)
Underlying operating income before D&A (OIBDA)	4,094	4,198	4,116	4,230	16,638	3,863	4,002	3,939
Operating income before D&A (OIBDA)	4,021	4,158	4,095	3,913	16,187	3,864	4,237	4,038
OIBDA Margin	30.6%	32.1%	32.1%	29.7%	31.1%	31.7%	34.9%	34.5%
Depreciation and amortisation	(2,451)	(2,358)	(2,322)	(2,265)	(9,396)	(2,227)	(2,178)	(2,112)
Operating income (OI)	1,570	1,800	1,773	1,648	6,791	1,638	2,059	1,926
Share of profit (loss) of investments accounted for by the equity method	2	1	2	-	5	2	2	(3)
Net financial income (expense)	(449)	(748)	(532)	(470)	(2,199)	(381)	(1)	(209)
Profit before taxes	1,123	1,053	1,243	1,177	4,597	1,259	2,060	1,714
Corporate income tax	(314)	(206)	(347)	(352)	(1,219)	(359)	(939)	(366)
Profit for the period	809	847	896	825	3,378	900	1,121	1,348
Attributable to equity holders of the Parent	779	821	839	693	3,132	837	902	1,139
Attributable to non-controlling interests	30	26	57	132	246	64	218	209
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	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	0.21
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	0.21

Notes:

- January-September 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.

- Following the consideration of the Argentine economy as hyperinflationary from an accounting perspective for periods ended after 1 July 2018, the operations of Telefónica in Argentina adjusted by inflation are to be accounted at the closing exchange rate Argentine Peso/Euro. Consolidated reported results for July-September 2018 have been calculated taking as a reference first half 2018 results adjusted by inflation in Argentina (see explanation in Alternative Performance Measures appendix). For comparative purposes only, hyperinflation adjustment would have been -€2m in Revenues, -€13m in OIBDA, -€71m in OI and -€60m in Net Income for the Jan-Mar period and -€255m in Revenues, -€92m in OIBDA, -€98m in OI and -€97m in Net Income for the Apr - Jun period.

- The operations of Telefónica in Venezuela adjusted by inflation are to be accounted at the closing exchange rate Bolívar Soberano/Euro. For the January-September 2018 period Telefónica uses a synthetic Exchange rate of 428.30 Bolívares Soberanos/USD as of end of September 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" (€340m in January-September 2018 and €63m in July-September 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.

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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	Jul - Sep
Revenues	100%	100%	100%	100%	100%	100%	100%	100%
Voice & access	40%	40%	39%	36%	39%	36%	35%	35%
Broadband Connectivity	39%	40%	39%	39%	39%	39%	39%	38%
Services over Connectivity (SoC)	12%	11%	13%	14%	12%	13%	15%	14%
Handsets	7%	7%	8%	10%	8%	9%	9%	10%
Others	2%	2%	2%	2%	2%	2%	2%	2%

- Handset information has been separated from Others since the third quarter 2018 and is also given for comparative purposes from January 2017.

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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	Jul - Sep
T. ESPAÑA	3,066	3,160	3,184	3,243	12,653	3,098	3,167	3,188
T. DEUTSCHLAND	1,771	1,771	1,850	1,904	7,296	1,767	1,758	1,830
T. UK	1,601	1,607	1,602	1,730	6,540	1,586	1,638	1,721
T. BRASIL	3,165	3,028	2,935	2,892	12,019	2,705	2,522	2,345
T. HISPAM SUR (1)	2,117	2,090	1,942	2,068	8,218	1,833	1,798	1,315
T. HISPAM NORTE (2)(3)	1,168	1,044	1,037	1,082	4,331	971	1,027	1,041
Other companies and eliminations	244	259	204	243	950	230	234	259
Telxius	188	182	177	183	730	180	186	231
TOTAL GROUP	13,132	12,960	12,754	13,162	52,008	12,190	12,144	11,699

Notes:

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

- Following the consideration of the Argentine economy as hyperinflationary from an accounting perspective for periods ended after 1 July 2018, the operations of Telefónica in Argentina adjusted by inflation are to be accounted at the closing exchange rate Argentine Peso/Euro. Consolidated reported results for July-September 2018 have been calculated taking as a reference first half 2018 results adjusted by inflation in Argentina (see explanation in Alternative Performance Measures appendix). For comparative purposes only, hyperinflation adjustment would have been -€2m (Group) and -€2m (Hispania Sur) for the Jan – Mar period and -€255m (Group), -€256m (Hispania Sur), +€1m (Other companies and eliminations) and -€1m (Telxius) for the Apr – Jun period.

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

(2) T. Hispania 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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TELEFÓNICA

OIBDA BREAKDOWN

Unaudited figures (Euros in millions)

	2017					2018		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep
T. ESPAÑA	1,143	1,282	1,306	1,221	4,952	1,224	1,283	1,290
T. DEUTSCHLAND	400	461	457	503	1,821	403	479	470
T. UK	416	433	412	377	1,639	430	450	464
T. BRASIL	1,104	1,034	1,024	1,028	4,191	982	1,275	1,075
T. HISPAM SUR (1)	585	598	567	525	2,275	517	507	311
T. HISPAM NORTE (2)(3)	320	294	316	334	1,263	258	176	314
Other companies and eliminations	53	56	13	(76)	46	51	68	114
Telxius	92	87	82	84	346	86	87	107
TOTAL GROUP	4,021	4,158	4,095	3,913	16,187	3,864	4,237	4,038

Notes:

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

- OIBDA excludes management and brand fees.

- Following the consideration of the Argentine economy as hyperinflationary from an accounting perspective for periods ended after 1 July 2018, the operations of Telefónica in Argentina adjusted by inflation are to be accounted at the closing exchange rate Argentine Peso/Euro. Consolidated reported results for July-September 2018 have been calculated taking as a reference first half 2018 results adjusted by inflation in Argentina (see explanation in Alternative Performance Measures appendix). For comparative purposes only, hyperinflation adjustment would have been -€13m (Group) and -€13m (Hispania Sur) for the Jan – Mar period and -€92m (Group), -€86m (Hispania Sur) and -€6m (Other companies and eliminations) for the Apr – Jun period.

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

(2) T. Hispania 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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TELEFÓNICA

CAPEX BREAKDOWN

Unaudited figures (Euros in millions)

	2017					2018		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep
T. ESPAÑA	333	371	392	586	1,683	346	432	379
T. DEUTSCHLAND	208	226	254	262	951	197	228	316
T. UK	225	209	170	223	827	183	804	215
T. BRASIL	397	518	598	712	2,225	388	504	530
T. HISPAM SUR (1)	296	349	293	476	1,414	251	302	178
T. HISPAM NORTE (2)(3)	134	144	638	348	1,264	53	111	133
Other companies and eliminations	28	68	111	127	334	73	61	45
Telxius	13	44	79	68	203	57	41	34
TOTAL GROUP	1,621	1,886	2,455	2,735	8,697	1,490	2,441	1,795
Spectrum	4	1	498	35	538	7	588	19

Notes:

- Following the consideration of the Argentine economy as hyperinflationary from an accounting perspective for periods ended after 1 July 2018, the operations of Telefónica in Argentina adjusted by inflation are to be accounted at the closing exchange rate Argentine Peso/Euro. Consolidated reported results for July-September 2018 have been calculated taking as a reference first half 2018 results adjusted by inflation in Argentina (see explanation in Alternative Performance Measures appendix). For comparative purposes only, hyperinflation adjustment would have been -€1m (Group) and -€1m (Hispania Sur) for the Jan – Mar period and -€46m (Group) and -€46m (Hispania Sur) for the Apr – Jun period.

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

(2) T. Hispania 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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	2017				2018		
	March	June	September	December	March	June	September
Non-current assets	103,786	97,475	97,051	95,135	93,933	91,567	91,248
Intangible assets	20,275	18,813	18,737	18,005	17,369	17,118	16,822
Goodwill	28,896	27,362	27,499	26,841	26,566	25,527	25,739
Property, plant and equipment	36,672	34,202	34,269	34,225	33,660	32,674	33,125
Investments accounted for by the equity method	70	71	76	77	70	68	65
Financial assets and other non-current assets	9,656	8,863	8,402	8,167	8,369	8,768	8,118
Deferred tax assets	8,216	8,164	8,069	7,820	7,899	7,412	7,378
Current assets	24,338	22,876	18,901	19,931	20,840	19,384	22,015
Inventories	1,125	1,029	1,228	1,117	1,174	1,220	1,813
Receivables and other current assets	10,601	10,740	10,323	10,093	10,800	10,816	10,528
Tax receivables	1,481	1,454	1,299	1,375	1,103	1,092	1,246
Other current financial assets	3,723	3,590	2,354	2,154	2,941	2,552	2,204
Cash and cash equivalents	7,391	6,046	3,696	5,192	4,822	3,662	6,138
Non-current assets classified as held for sale	17	17	1	0	1	42	86
Total Assets = Total Equity and Liabilities	128,124	120,351	115,952	115,066	114,773	110,951	113,263
Equity	29,903	25,534	26,685	26,618	27,218	23,715	25,194
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	16,273
Equity attributable to non-controlling interests	9,611	8,657	9,346	9,698	9,490	8,894	8,921
Non-current liabilities	64,402	62,331	60,978	59,382	61,820	59,397	59,881
Non-current financial liabilities	50,117	48,780	47,678	46,332	48,850	46,798	47,482
Payables and other non-current liabilities	1,879	1,802	1,732	1,687	1,749	1,823	1,827
Deferred tax liabilities	2,537	2,284	2,260	2,145	2,222	2,360	2,579
Non-current provisions	9,870	9,465	9,308	9,218	8,999	8,416	7,993
Current liabilities	33,820	32,486	28,289	29,066	25,735	27,839	28,188
Current financial liabilities	14,633	13,715	9,730	9,414	7,053	7,972	8,506
Payables and other-current liabilities	14,494	14,386	14,271	15,095	14,073	15,485	15,641
Current tax payables	2,444	2,313	2,191	2,341	2,367	2,252	1,981
Current provisions	2,248	2,072	2,098	2,216	2,243	2,130	2,056
Liabilities associated with non-current assets held for sale	-	-	-	-	-	-	4
Financial Data							
Net Financial Debt	48,766	48,487	47,222	44,230	43,975	43,593	42,636
Net Financial Debt / OIBDA	2.91x	2.86x	2.80x	2.66x	2.67x	2.68x	2.68x

- Following the consideration of the Argentine economy as hyperinflationary from an accounting perspective for periods ended after 1 July 2018, the operations of Telefónica in Argentina are adjusted by inflation.

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

	2017				2018		
	Jan - Mar	Jan - Jun	Jan - Sep	Jan -Dec	Jan - Mar	Jan - Jun	Jan - Sep
Cash received from operations	16,569	32,024	47,716	63,456	15,069	29,760	43,393
Cash paid from operations	(13,036)	(24,557)	(35,818)	(46,929)	(11,729)	(22,317)	(32,382)
Net payments of interest and other financial expenses net of dividends received	(641)	(976)	(1,322)	(1,726)	(698)	(986)	(1,283)
Net interest and other financial expenses paid	(655)	(999)	(1,346)	(1,755)	(709)	(1,008)	(1,305)
Dividends received	14	23	24	29	11	22	22
Taxes paid	(149)	(537)	(713)	(1,005)	(21)	(356)	(518)
Net cash flow provided by operating activities	2,743	5,954	9,863	13,796	2,621	6,101	9,210
(Payments)/proceeds on investments in property, plant and equipment and intangible assets	(2,285)	(4,405)	(6,794)	(8,992)	(2,104)	(4,582)	(6,345)
Proceeds from the sale in property, plant and equipment and intangible assets	11	48	79	148	10	25	102
Payments on investments in property, plant and equipment and intangible assets	(2,296)	(4,453)	(6,873)	(9,140)	(2,114)	(4,607)	(6,447)
Proceeds on disposals of companies, net of cash and cash equivalents disposed	30	30	36	40	5	1	29
Payments on investments in companies, net of cash and cash equivalents acquired	(6)	(6)	(108)	(128)	(53)	(2)	(2)
Proceeds on financial investments not included under cash equivalents	18	155	234	296	83	480	597
Payments on financial investments not included under cash equivalents	(219)	(544)	(843)	(1,106)	(389)	(586)	(657)
(Payments)/proceeds on placements of cash surpluses not included under cash equivalents, net	(910)	(1,112)	(525)	(357)	(986)	(604)	(247)
Government grants received	0	-	-	2	0	37	37
Net cash flow used in investing activities	(3,372)	(5,882)	(8,000)	(10,245)	(3,444)	(5,256)	(6,588)
Dividends paid	(73)	(1,136)	(1,395)	(2,459)	(335)	(1,433)	(1,720)
Proceeds from issue of share capital increase	1	3	2	2	-	-	-
Proceeds/(payments) of treasury shares and other operations with shareholders and with minority interests	-	-	(1)	1,269	-	-	379
Operations with other equity holders (1)	(135)	(135)	(274)	646	170	68	(492)
Proceeds on issue of debentures and bonds, and other debts	6,083	6,789	8,088	8,390	2,612	2,672	4,268
Proceeds on loans, borrowings and promissory notes	1,498	2,823	3,886	4,844	1,675	2,284	3,197
Cancellation of debentures and bonds, and other debts	(1,466)	(2,534)	(6,534)	(6,687)	(2,410)	(3,760)	(3,833)
Repayments of loans, borrowings and promissory notes	(1,210)	(2,439)	(4,447)	(6,711)	(1,070)	(1,744)	(2,923)
Financed operating payments and investments in property, plant and equipment and intangible assets payments	(465)	(841)	(1,012)	(1,046)	(126)	(230)	(321)
Net cash used in financing activities	4,233	2,530	(1,687)	(1,752)	516	(2,143)	(1,445)
Effect of changes in exchange rates	51	(292)	(216)	(341)	(64)	(232)	(231)
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)	946
Cash and cash equivalents at the beginning of the period	3,736	3,736	3,736	3,736	5,192	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	6,138

Notes:

- Following the consideration of the Argentine economy as hyperinflationary from an accounting perspective for periods ended after 1 July 2018, the operations of Telefónica in Argentina adjusted by inflation are to be accounted at the closing exchange rate Argentine Peso/Euro.

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

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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	Jan - Sep
I	Cash flows from operations	3,534	7,467	11,898	16,530	3,340	7,480	11,049
II	Net interest payment (1)	(641)	(976)	(1,322)	(1,726)	(698)	(986)	(1,283)
III	Payment for income tax	(149)	(537)	(713)	(1,005)	(21)	(356)	(518)
A=I+II+III	Net cash provided by operating activities (2)	2,743	5,954	9,863	13,799	2,621	6,138	9,248
B	Net payment for investment in fixed and intangible assets (3)	(2,285)	(4,405)	(6,794)	(8,992)	(2,104)	(4,582)	(6,344)
C	Spectrum (4)	(4)	(8)	(333)	(352)	(29)	(619)	(634)
C=A+B	Net free cash flow after CapEx	457	1,549	3,068	4,807	518	1,556	2,903
D	Net payment for financial investment	(177)	(366)	(680)	(899)	(353)	(107)	(33)
E	Net payment for operations with minority shareholders and treasury stock (5)	(207)	(1,268)	(1,668)	(543)	(166)	(1,365)	(1,833)
F=C+D+E	Free cash flow after dividends	74	(85)	720	3,365	(1)	83	1,037
G	Effects of exchange rate changes on net financial debt	141	(506)	(514)	(639)	58	(59)	(106)
H	Effects on net financial debt of changes in consolid. and others	104	314	(139)	(361)	(315)	(495)	(452)
I	Net financial debt at beginning of period	48,595	48,595	48,595	48,595	44,230	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	42,636

Notes:

- Following the consideration of the Argentine economy as hyperinflationary from an accounting perspective for periods ended after 1 July 2018, the operations of Telefónica in Argentina adjusted by inflation are to be accounted at the closing exchange rate Argentine Peso/Euro.

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

(2) Includes government grants received

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

(4) Figures in €m. 2018 includes mainly: 15 in Spain, 591 in UK, 5 in Argentina, 3 in Colombia and 20 in Costa Rica. In 2017 mainly: 4 in Spain, 1 in UK, 321 in Colombia, 2 in México and 6 in Uruguay.

(5) 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	Jan - Sep
OIBDA	4,021	8,179	12,274	16,187	3,864	8,102	12,035
- CapEx accrued during the period	(1,621)	(3,507)	(5,962)	(8,697)	(1,490)	(3,932)	(5,680)
- Payments related to cancellation of commitments	(166)	(331)	(507)	(696)	(201)	(398)	(581)
- Net interest payment	(641)	(976)	(1,322)	(1,726)	(698)	(986)	(1,283)
- Payment for tax	(149)	(537)	(713)	(1,005)	(21)	(356)	(518)
- Gain (loss) on sale of fixed assets and impairment of goodwill and other assets	7	(10)	(7)	(27)	2	112	91
- Investment in working cap. and other deferred income and expenses and Others(1)(2)	(992)	(1,269)	(695)	771	(939)	(985)	(1,160)
= Net Free Cash Flow after CapEx	457	1,549	3,068	4,807	518	1,556	2,903
+ Payments related to cancellation of commitments	166	331	507	696	201	398	581
- Dividends paid to minority shareholders	(21)	(255)	(349)	(555)	(168)	(406)	(527)
= Free Cash Flow	603	1,626	3,226	4,947	550	1,548	2,957
Weighted average number of ordinary shares outstanding during the period (millions)	5,062	5,094	5,105	5,110	5,127	5,127	5,127
= Free Cash Flow per share	0.12	0.32	0.63	0.97	0.11	0.30	0.58

Notes:

- Following the consideration of the Argentine economy as hyperinflationary from an accounting perspective for periods ended after 1 July 2018, the operations of Telefónica in Argentina adjusted by inflation are to be accounted at the closing exchange rate Argentine Peso/Euro.

(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	Jan - Sep
USA (US Dollar)	1.065	1.082	1.111	1.127	1.229	1.210	1.194
United Kingdom (Sterling)	0.860	0.860	0.872	0.876	0.883	0.880	0.884
Argentina (Argentine Peso) (1)	16.685	16.980	17.954	18.560	24.165	25.794	47.369
Brazil (Brazilian Real)	3.347	3.437	3.525	3.595	3.988	4.135	4.276
Chile (Chilean Peso)	697.988	713.796	726.723	731.283	739.733	740.258	750.008
Colombia (Colombian Peso)	3,110.942	3,161.635	3,264.773	3,324.369	3,509.967	3,446.624	3,444.297
Costa Rica (Colon)	601.323	616.523	635.728	644.745	702.741	690.131	682.594
Guatemala (Quetzal)	7.911	7.991	8.173	8.285	9.049	8.958	8.895
Mexico (Mexican Peso)	21.581	20.979	20.961	21.288	23.013	23.065	22.712
Nicaragua (Cordoba)	31.414	32.116	33.168	33.840	38.057	37.708	37.435
Peru (Peruvian Nuevo Sol)	3.501	3.544	3.629	3.675	3.978	3.930	3.895
Uruguay (Uruguayan Peso)	30.344	30.733	31.675	32.302	35.025	35.409	35.886
Venezuela (2)	758.150	4,045.307	9,950.249	43,316.682	316,069.669	2,762,430.939	496.074

Note:

- Average exchange rate for the period.

(1) Following the consideration of the Argentine economy as hyperinflationary from an accounting perspective for periods ended after 1 July 2018, the operations of Telefónica in Argentina adjusted by inflation are to be accounted at the closing exchange rate Argentine Peso/Euro.

(2) The operations of Telefónica in Venezuela adjusted by inflation are to be accounted at the closing exchange rate vs. the Euro. For the January-September 2018 period Telefónica uses a synthetic Exchange rate of 428.30 Bolívars Soberanos/USD as of end of September 2018. For the periods including January-June 2017 to January-June 2018, the synthetic Exchange rate used is based on Bolivar Fuerte. For the period January-March 2017 the Exchange rate used is the Bolivar Fuerte.

EXCHANGE RATES APPLIED TO CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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Currency units per Euro	2017				2018		
	March	June	September	December	March	June	September
USA (US Dollar)	1.068	1.140	1.181	1.199	1.232	1.165	1.158
United Kingdom (Sterling)	0.856	0.879	0.882	0.888	0.875	0.886	0.888
Argentina (Argentine Peso)	16.435	18.930	20.460	22.518	24.815	33.632	47.369
Brazil (Brazilian Real)	3.385	3.773	3.743	3.968	4.095	4.493	4.638
Chile (Chilean Peso)	709.421	757.587	753.653	737.333	743.318	758.823	764.930
Colombia (Colombian Peso)	3,083.089	3,478.866	3,469.379	3,579.008	3,425.268	3,415.114	3,442.530
Costa Rica (Colon)	606.061	661.376	679.348	686.813	701.262	664.011	678.426
Guatemala (Quetzal)	7.842	8.365	8.676	8.809	9.115	8.731	8.921
Mexico (Mexican Peso)	20.082	20.599	21.453	23.584	22.508	22.945	21.686
Nicaragua (Cordoba)	31.711	34.262	35.927	36.921	38.385	36.753	36.979
Peru (Peruvian Nuevo Sol)	3.470	3.710	3.857	3.888	3.975	3.812	3.822
Uruguay (Uruguayan Peso)	30.498	32.497	34.237	34.551	34.972	36.666	38.470
Venezuela (2)	758.150	4,045.307	9,950.249	43,316.682	316,069.669	2,762,430.939	496.074

Notes:

- Exchange rates as of the end of the period.

(2) The operations of Telefónica in Venezuela adjusted by inflation are to be accounted at the closing exchange rate vs. the Euro. For the January-September 2018 period Telefónica uses a synthetic Exchange rate of 428.30 Bolívars Soberanos/USD as of end of September 2018. For the periods including January-June 2017 to January-June 2018, the synthetic Exchange rate used is based on Bolivar Fuerte. For the period January-March 2017 the Exchange rate used is the Bolivar Fuerte.

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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
Eurobond	11-Sep-18	1,000	EUR	Telefónica Emisiones, S.A.U.	1.495%	11-Sep-25	XS1877846110

	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
<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 average constant foreign exchange rates of 2017, except for Venezuela (2017 and 2018 results converted at the closing synthetic exchange rate for each period) and excludes in 2018 the hyperinflation adjustment in Argentina. 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 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	Jul - Sep
Revenues	3,066	3,160	3,184	3,243	12,653	3,098	3,167	3,188
Mobile handset revenues	82	83	95	120	379	91	88	98
Revenues ex-mobile handset revenues	2,985	3,077	3,089	3,123	12,274	3,007	3,079	3,090
Consumer (1)	1,620	1,654	1,677	1,651	6,602	1,666	1,670	1,684
Fusión	1,070	1,114	1,150	1,137	4,470	1,171	1,200	1,207
Non-Fusión	550	540	527	515	2,132	495	470	477
Business	840	870	826	866	3,401	835	880	838
Communications	664	667	650	649	2,631	650	662	640
IT	176	203	175	216	771	185	218	198
Wholesale & others (2)	525	554	586	606	2,271	506	529	567
Internal expenditure capitalised in fixed assets	76	77	76	81	310	69	78	69
Operating expenses	(2,003)	(1,978)	(1,954)	(2,131)	(8,066)	(1,939)	(1,977)	(1,986)
Supplies	(816)	(856)	(867)	(942)	(3,481)	(852)	(886)	(905)
Personnel expenses	(601)	(520)	(505)	(587)	(2,212)	(503)	(491)	(479)
Other operating expenses	(587)	(602)	(582)	(602)	(2,373)	(584)	(600)	(602)
Other net income (expense)	2	9	(11)	(10)	(10)	(3)	2	4
Gain (loss) on sale of fixed assets	4	14	15	37	70	3	13	18
Impairment of goodwill and other assets	(1)	(1)	(4)	(0)	(5)	(5)	(0)	(2)
Operating income before D&A (OIBDA)	1,143	1,282	1,306	1,221	4,952	1,224	1,283	1,290
OIBDA Margin	37.3%	40.6%	41.0%	37.6%	39.1%	39.5%	40.5%	40.5%
CapEx	333	371	392	586	1,683	346	432	379
Spectrum	-	-	-	-	-	-	-	7
OpCF (OIBDA-CapEx)	810	910	914	635	3,269	878	852	911

Notes:

- January-September 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	September
Final Clients Accesses	36,537.3	36,464.3	36,614.6	36,768.5	36,884.3	36,970.3	37,441.3
Fixed telephony accesses (1)	9,584.2	9,463.3	9,387.4	9,304.7	9,180.9	9,089.2	9,085.7
Internet and data accesses	6,075.9	6,044.4	6,040.7	6,039.6	6,032.8	6,050.1	6,129.4
Broadband	6,050.9	6,020.1	6,017.6	6,020.3	6,014.7	6,032.0	6,110.5
FTTH	3,127.8	3,213.5	3,309.3	3,423.7	3,550.5	3,667.5	3,822.2
Mobile accesses	17,261.7	17,289.8	17,419.6	17,576.5	17,743.3	17,896.1	18,189.8
Prepay	2,135.9	2,000.4	1,905.4	1,793.4	1,683.9	1,603.6	1,527.3
Contract	15,125.7	15,289.4	15,514.1	15,783.1	16,059.3	16,292.5	16,662.5
M2M	2,015.6	1,974.7	2,020.9	2,015.6	2,083.7	2,149.2	2,227.4
Pay TV	3,615.6	3,666.8	3,766.9	3,847.6	3,927.3	3,934.9	4,036.4
Wholesale Accesses	4,442.3	4,377.8	4,295.7	4,221.1	4,119.0	4,035.1	3,948.0
Fibre	426.2	539.7	671.7	849.5	995.8	1,158.9	1,309.8
Total Accesses	40,979.6	40,842.1	40,910.3	40,989.6	41,003.2	41,005.4	41,389.2

(1) Includes fixed wireless and VoIP accesses.

CONSUMER ACCESSES (Fusión + non-Fusión)

Unaudited figures (thousands)

	2017				2018		
	March	June	September	December	March	June	September
Fixed telephony accesses	7,146.2	7,041.5	6,972.1	6,895.4	6,799.9	6,721.7	6,716.6
Internet and data accesses	5,195.3	5,174.0	5,178.0	5,181.9	5,187.7	5,198.6	5,274.0
Mobile accesses	11,754.9	11,813.6	11,885.8	12,024.8	12,141.4	12,236.6	12,450.2
Prepay	2,135.9	2,000.4	1,905.4	1,793.4	1,683.9	1,603.6	1,527.3
Contract	9,618.9	9,813.2	9,980.3	10,231.4	10,457.5	10,633.0	10,922.8
Pay TV	3,615.6	3,666.8	3,766.9	3,847.6	3,927.3	3,934.9	4,036.4
Total Consumer Accesses	27,711.8	27,695.9	27,802.7	27,949.7	28,056.3	28,091.8	28,477.1

TOTAL MOBILE ACCESSES

Unaudited figures (thousands)

	2017				2018		
	March	June	September	December	March	June	September
Contract percentage (%)	87.6%	88.4%	89.1%	89.8%	90.5%	91.0%	91.6%
Smartphones ('000)	10,800.7	11,240.4	11,473.6	11,857.7	12,264.6	12,356.6	12,731.9
Smartphone penetration (%)	71.3%	73.8%	74.8%	76.4%	78.5%	78.7%	79.9%
LTE ('000)	6,589.6	6,976.3	7,322.8	7,686.2	8,002.5	8,270.0	8,596.5
LTE penetration (%)	43.2%	45.6%	47.6%	49.4%	51.1%	52.5%	53.9%

CONSUMER FUSIÓN

Unaudited figures (thousands)

	2017				2018		
	March	June	September	December	March	June	September
Fusión Customers	4,379.0	4,374.7	4,384.7	4,426.2	4,460.0	4,482.1	4,562.6
High speed Fibre	1,669.1	1,677.9	1,691.3	1,701.8	1,708.5	1,696.9	1,773.6
IPTV/ Satellite	2,970.9	3,071.9	3,218.7	3,347.8	3,470.6	3,508.6	3,625.6
Mobile add-ons	2,861.6	3,138.5	3,365.9	3,690.9	4,036.7	4,248.0	4,482.3
Total Fusión Accesses	18,969.5	19,334.6	19,738.7	20,317.2	20,887.3	21,203.0	21,795.7

CONSUMER FUSIÓN

Unaudited figures

	2017				2018		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Fusión ARPU (EUR)	81.6	84.8	87.6	86.1	87.8	89.5	89.2
Fusión churn	1.4%	1.3%	1.5%	1.6%	1.5%	1.5%	1.5%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dic	Jan - Mar	Jan - Jun	Jan - Sep
Fusión ARPU (EUR)	81.6	83.2	84.7	85.1	87.8	88.6	88.8
Fusión churn	1.4%	1.4%	1.4%	1.5%	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	Jan - Sep
Total data traffic (TB)	1,473,501	3,166,713	4,860,008	6,863,956	2,113,454	4,296,235	6,598,644
Fixed data traffic (TB)	1,406,556	3,009,891	4,581,394	6,466,074	1,978,154	4,010,990	6,120,345
Mobile data traffic (TB)	66,944	156,821	278,614	397,882	135,300	285,245	478,299

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	Jul- Sep
Revenues	1,771	1,771	1,850	1,904	7,296	1,767	1,758	1,830
Mobile Business	1,545	1,548	1,634	1,688	6,415	1,566	1,560	1,638
Mobile service revenues	1,292	1,318	1,344	1,332	5,287	1,287	1,311	1,339
Data revenues	716	772	750	747	2,985	708	725	744
Handset revenues	252	229	290	356	1,128	280	249	299
Fixed Business	223	217	214	208	862	199	192	191
FBB and new services revenues (1)	177	167	163	160	667	153	147	145
Voice & access revenues	46	50	51	48	195	46	44	46
Internal expenditure capitalised in fixed assets	21	27	27	26	102	27	28	27
Operating expenses	(1,383)	(1,313)	(1,426)	(1,456)	(5,579)	(1,383)	(1,281)	(1,390)
Supplies	(585)	(547)	(627)	(637)	(2,396)	(587)	(538)	(622)
Personnel expenses	(155)	(157)	(158)	(171)	(642)	(152)	(151)	(148)
Other operating expenses	(643)	(609)	(641)	(649)	(2,541)	(644)	(591)	(620)
Other net income (expense)	(10)	(24)	5	1	(28)	(8)	(26)	3
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	470
OIBDA Margin	22.6%	26.1%	24.7%	26.4%	25.0%	22.8%	27.2%	25.7%
CapEx	208	226	254	262	951	197	228	316
Spectrum	-	-	-	-	1	-	-	-
OpCF (OIBDA-CapEx)	192	235	203	241	870	207	251	154

Note:

- January-September 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	September
Final Clients Accesses	48,988.0	49,478.7	49,105.1	47,415.8	47,011.3	47,171.6	47,268.1
Fixed telephony accesses (1)	2,000.1	1,987.9	1,979.3	1,979.6	1,968.7	1,958.8	1,966.4
Internet and data accesses	2,312.5	2,297.2	2,284.2	2,281.5	2,265.6	2,251.1	2,252.8
Broadband	2,095.3	2,082.4	2,072.5	2,072.2	2,060.0	2,048.5	2,054.4
VDSL	872.2	959.9	1,062.5	1,151.6	1,243.4	1,329.7	1,388.9
Mobile accesses	44,675.3	45,193.6	44,841.6	43,154.7	42,777.0	42,961.6	43,048.9
Prepay	23,967.0	24,288.6	23,753.8	21,880.9	21,345.9	21,197.6	21,052.4
Contract	20,708.4	20,905.0	21,087.8	21,273.8	21,431.1	21,764.0	21,996.5
M2M	830.1	896.8	969.4	1,027.0	1,067.2	1,103.4	1,134.9
Wholesale Accesses	561.8	428.0	297.9	188.1	63.3	8.0	0.2
Total Accesses	49,549.8	49,906.7	49,402.9	47,603.9	47,074.6	47,179.6	47,268.3

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2017				2018		
	March	June	September	December	March	June	September
Contract percentage (%)	46.4%	46.3%	47.0%	49.3%	50.1%	50.7%	51.1%
Smartphones ('000)	24,781.1	25,227.4	25,554.2	25,466.1	25,707.5	26,411.1	27,079.8
Smartphone penetration (%)	57.0%	57.4%	58.7%	60.9%	62.0%	63.5%	64.9%
LTE ('000)	13,967.6	14,422.0	15,679.2	15,759.1	16,093.5	16,595.8	17,157.3
LTE penetration (%)	31.9%	32.6%	35.7%	37.4%	38.6%	39.6%	40.9%
Mobile churn (quarterly)	1.9%	1.9%	2.1%	3.1%	2.2%	1.8%	2.0%
Contract (1)	1.6%	1.5%	1.6%	1.7%	1.7%	1.5%	1.6%
Mobile churn (cumulative YTD)	1.9%	1.9%	2.0%	2.2%	2.2%	2.0%	2.0%
Contract (1)	1.6%	1.6%	1.6%	1.6%	1.7%	1.6%	1.6%
Mobile ARPU (EUR) (cumulative YTD)	9.6	9.6	9.7	9.7	9.8	9.9	10.0
Prepay	5.0	5.1	5.1	5.2	5.6	5.7	5.8
Contract (1)	15.5	15.5	15.6	15.5	14.8	14.8	14.9
Fixed data traffic (TB) (cumulative YTD)	709,516	1,399,083	2,063,429	2,794,399	718,369	1,383,972	2,067,582
Mobile data traffic (TB) (cumulative YTD)	86,423	185,036	295,720	418,086	126,040	277,660	443,100

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					2018		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep
Revenues	1,601	1,607	1,602	1,730	6,540	1,586	1,638	1,721
Mobile service revenues	1,255	1,276	1,258	1,262	5,050	1,163	1,221	1,241
Data revenues	728	740	718	725	2,912	669	699	698
Handset revenues and other	346	331	344	468	1,490	423	417	480
Internal expenditure capitalised in fixed assets	29	30	27	31	116	29	33	29
Operating expenses	(1,215)	(1,204)	(1,219)	(1,386)	(5,024)	(1,181)	(1,221)	(1,286)
Supplies	(747)	(732)	(767)	(879)	(3,125)	(534)	(546)	(589)
Personnel expenses	(111)	(111)	(110)	(110)	(442)	(107)	(112)	(112)
Other operating expenses	(357)	(360)	(342)	(397)	(1,456)	(540)	(563)	(585)
Other net income (expense)	1	(0)	0	4	4	(4)	(1)	(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	464
OIBDA Margin	26.0%	27.0%	25.7%	21.8%	25.1%	27.1%	27.5%	26.9%
CapEx	225	209	170	223	827	183	804	215
Spectrum	-	-	-	-	-	-	588	-
OpCF (OIBDA-CapEx)	191	224	242	154	812	247	(354)	249

Notes:

- January-September 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	September
Fixed telephony accesses (1)	277.2	281.3	281.9	283.9	285.8	296.1	301.3
Internet and data accesses	24.0	24.7	24.8	25.3	25.7	26.6	27.7
Broadband	24.0	24.7	24.8	25.3	25.7	26.6	27.7
Mobile accesses	25,009.3	25,139.7	25,283.0	25,003.9	24,775.3	24,758.7	24,821.4
Prepay	9,375.4	9,427.4	9,477.4	9,203.7	8,959.1	8,858.3	8,804.0
Contract (2)	15,633.9	15,712.3	15,805.6	15,800.2	15,816.2	15,900.3	16,017.4
M2M	3,330.3	3,373.1	3,434.4	3,358.9	3,370.1	3,411.7	3,408.3
Wholesale Accesses	6,879.0	6,859.0	7,018.0	7,162.0	7,247.1	7,340.0	7,457.2
Mobile wholesale accesses (3)	6,879.0	6,859.0	7,018.0	7,162.0	7,247.1	7,340.0	7,457.2
Total accesses	32,189.5	32,304.7	32,607.7	32,475.1	32,334.0	32,421.4	32,607.6

(1) Includes fixed wireless and VoIP accesses.

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

MOBILE ACCESSES

Unaudited figures (Thousands)

	2017				2018		
	March	June	September	December	March	June	September
Retail mobile accesses	25,009.3	25,139.7	25,283.0	25,003.9	24,775.3	24,758.7	24,821.4
Wholesale mobile accesses (3)	6,879.0	6,859.0	7,018.0	7,162.0	7,247.1	7,340.0	7,457.2
Total mobile accesses	31,888.3	31,998.7	32,301.0	32,165.9	32,022.4	32,098.6	32,278.6

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

SELECTED OPERATIONAL DATA

Unaudited figures

	2017				2018		
	March	June	September	December	March	June	September
Contract percentage (%)	62.5%	62.5%	62.5%	63.2%	63.8%	64.2%	64.5%
Smartphones ('000)	14,910.2	15,514.3	15,667.9	15,961.0	15,917.8	15,979.7	15,824.1
Smartphone penetration (%)	71.2%	73.8%	74.3%	76.5%	77.2%	77.8%	76.8%
LTE ('000)	12,438.0	12,592.0	12,611.0	12,891.1	12,773.3	12,500.3	13,362.6
LTE penetration (%)	57.4%	57.8%	57.7%	59.6%	59.7%	58.6%	62.4%
Mobile churn (quarterly)	2.2%	1.5%	1.7%	2.2%	1.9%	1.9%	2.1%
Contract (1)(2)	1.5%	1.0%	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%	2.0%
Contract (1)(2)	1.5%	1.2%	1.1%	1.1%	1.0%	1.0%	1.0%
Mobile ARPU (EUR) (cumulative YTD)	16.1	16.1	16.0	15.9	14.7	15.0	15.1
Prepay	7.3	7.1	7.0	6.9	6.8	6.9	7.1
Contract (1)(2)	26.6	27.0	26.8	26.8	24.2	24.7	24.8
Mobile data traffic (TB) (cumulative YTD)	79,926	173,446	280,109	401,489	126,797	274,846	442,731

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.

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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	Jul - Sep
Revenues	3,165	3,028	2,935	2,892	12,019	2,705	2,522	2,345
Mobile Business	1,932	1,850	1,782	1,797	7,360	1,696	1,589	1,463
Mobile service revenues	1,855	1,776	1,713	1,719	7,062	1,599	1,476	1,355
Data revenues	1,273	1,276	1,248	1,288	5,084	1,239	1,157	1,076
Handset revenues	76	74	68	78	298	97	112	108
Fixed Business	1,233	1,178	1,153	1,094	4,659	1,009	934	882
FBB and new services revenues (1)	494	483	525	498	1,999	458	440	434
Pay TV revenues	143	134	131	124	531	118	111	107
Voice & access revenues	596	562	497	473	2,128	432	384	341
Internal exp. capitalised in fixed assets	37	37	33	33	140	30	31	27
Operating expenses	(2,102)	(2,006)	(1,938)	(1,879)	(7,927)	(1,740)	(1,233)	(1,312)
Supplies	(613)	(557)	(553)	(544)	(2,268)	(504)	(530)	(465)
Personnel expenses	(319)	(300)	(283)	(293)	(1,196)	(279)	(295)	(234)
Other operating expenses	(1,170)	(1,149)	(1,103)	(1,042)	(4,463)	(957)	(408)	(613)
Other net income (expense)	6	(22)	(8)	(56)	(79)	(15)	(43)	5
Gain (loss) on sale of fixed assets	5	(20)	3	13	1	(0)	(1)	9
Impairment of goodwill and other assets	(6)	17	(0)	25	36	2	(1)	1
Operating income before D&A (OIBDA)	1,104	1,034	1,024	1,028	4,191	982	1,275	1,075
OIBDA Margin	34.9%	34.1%	34.9%	35.6%	34.9%	36.3%	50.5%	45.9%
CapEx	397	518	598	712	2,225	388	504	530
Spectrum	-	-	-	-	-	-	-	-
OpCF (OIBDA-CapEx)	707	515	426	316	1,966	594	771	545

Notes:

- January-September 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	September
Final Clients Accesses	97,331.7	97,679.1	97,732.9	97,890.8	97,905.1	97,897.8	96,817.2
Fixed telephony accesses (1)	14,242.0	14,167.6	14,007.3	13,837.3	13,679.5	13,459.7	13,209.6
Internet and data accesses	7,439.6	7,537.2	7,554.0	7,534.5	7,544.9	7,569.9	7,583.4
Broadband	7,369.5	7,468.6	7,485.5	7,466.1	7,476.6	7,489.9	7,502.6
FTTx/cable	4,226.8	4,365.9	4,472.2	4,541.0	4,643.2	4,791.7	4,917.3
Mobile accesses	73,988.8	74,327.1	74,553.6	74,931.3	75,089.3	75,253.9	74,423.6
Prepay	40,171.5	39,652.1	38,897.4	38,168.1	37,599.0	36,827.1	35,017.0
Contract	33,817.3	34,675.0	35,656.2	36,763.2	37,490.3	38,426.8	39,406.7
M2M	5,271.5	5,590.8	5,845.3	6,312.5	6,664.9	7,105.5	7,628.7
Pay TV	1,661.3	1,647.2	1,618.0	1,587.7	1,591.5	1,614.3	1,600.5
Total Accesses	97,349.2	97,696.1	97,749.8	97,905.1	97,919.1	97,912.7	96,832.0

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2017				2018		
	March	June	September	December	March	June	September
Contract percentage (%)	45.7%	46.7%	47.8%	49.1%	49.9%	51.1%	52.9%
Smartphones ('000)	50,647.3	52,687.8	53,323.6	54,077.9	56,291.8	57,636.1	58,725.5
Smartphone penetration (%)	76.0%	78.8%	79.5%	80.5%	83.8%	86.0%	89.3%
LTE ('000)	25,422.1	28,645.5	31,645.4	35,042.6	37,566.4	39,404.1	40,325.9
LTE penetration (%)	37.0%	41.7%	46.1%	51.1%	54.9%	57.8%	60.4%
Mobile churn (quarterly)	3.3%	3.3%	3.4%	3.3%	3.1%	3.0%	3.7%
Contract (1)	1.6%	1.8%	1.9%	1.7%	1.6%	1.8%	1.9%
Mobile churn (cumulative YTD)	3.3%	3.3%	3.4%	3.3%	3.1%	3.0%	3.3%
Contract (1)	1.6%	1.7%	1.8%	1.8%	1.6%	1.7%	1.8%
Mobile ARPU (EUR) (cumulative YTD)	8.2	8.0	7.8	7.7	7.0	6.6	6.4
Prepay	4.1	3.9	3.8	3.7	3.2	3.0	2.8
Contract (1)	15.4	15.1	14.6	14.4	13.0	12.4	11.9
Mobile data traffic (TB) (cumulative YTD)	129,160	286,854	471,023	676,538	228,836	477,228	777,616
Fixed telephony ARPU (EUR) (cumulative YTD)	13.7	13.3	12.7	12.3	10.3	9.8	9.3
Pay TV ARPU (EUR) (cumulative YTD)	28.2	27.5	27.3	26.9	24.7	23.9	23.3
Broadband ARPU (EUR) (cumulative YTD)	14.5	14.2	13.9	13.9	13.2	12.7	12.6
Fixed data traffic (TB) (cumulative YTD)	3,428,917	7,379,965	11,808,743	16,467,417	4,838,067	10,190,227	15,949,403

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	Jul - Sep
Revenues	2,117	2,090	1,942	2,068	8,218	1,833	1,798	1,315
Mobile Business	1,300	1,268	1,174	1,251	4,993	1,120	1,089	761
Mobile service revenues	1,146	1,112	1,012	1,049	4,319	898	863	584
Data revenues	633	618	588	602	2,442	535	538	334
Handset revenues	154	156	162	201	673	222	227	177
Fixed Business	817	822	768	818	3,225	713	709	556
FBB and new services revenues (1)	437	436	413	436	1,723	380	375	275
Pay TV revenues	144	144	138	141	568	133	136	133
Voice & access revenues	237	241	216	240	935	200	198	148
Internal exp. capitalised in fixed assets	23	21	23	20	87	18	19	16
Operating expenses	(1,558)	(1,532)	(1,404)	(1,590)	(6,083)	(1,342)	(1,331)	(1,026)
Supplies	(592)	(566)	(531)	(599)	(2,288)	(513)	(531)	(431)
Personnel expenses	(328)	(314)	(277)	(350)	(1,269)	(271)	(245)	(174)
Other operating expenses	(638)	(652)	(596)	(641)	(2,526)	(558)	(554)	(421)
Other net income (expense)	2	17	5	24	48	8	18	6
Gain (loss) on sale of fixed assets	(0)	2	2	2	5	(0)	3	0
Impairment of goodwill and other assets	-	-	-	-	-	-	-	-
Operating income before D&A (OIBDA)	585	598	567	525	2,275	517	507	311
OIBDA Margin	27.6%	28.6%	29.2%	25.4%	27.7%	28.2%	28.2%	23.7%
CapEx	296	349	293	476	1,414	251	302	178
Spectrum	(0)	0	28	(1)	27	7	-	11
OpCF (OIBDA-CapEx)	288	249	275	48	860	266	205	133

Notes:

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

- OIBDA before management and brand fees.

- Following the consideration of the Argentine economy as hyperinflationary from an accounting perspective for periods ended after 1 July 2018, the operations of Telefónica in Argentina adjusted by inflation are to be accounted at the closing exchange rate Argentine Peso/Euro. Consolidated reported results for July-September 2018 have been calculated taking as a reference first half 2018 results adjusted by inflation in Argentina (see explanation in Alternative Performance Measures appendix). For comparative purposes only, hyperinflation adjustment would have been -€2m in Revenues, -€13m in OIBDA, -€1m in CapEx and -€12m in OpCF for the Jan-Mar period and -€256m in Revenues, -€86m in OIBDA, -€46m in CapEx and -€41m in OpCF for the Apr - Jun period.

(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	Jul - Sep
Revenues	2,117	2,090	1,942	2,068	8,218	1,833	1,798	1,315
Telefónica Argentina	876	918	810	890	3,495	755	703	232
Telefónica Chile	561	538	523	564	2,186	526	525	505
Telefónica Perú	620	578	558	561	2,318	501	518	527
Telefónica Uruguay	65	60	55	55	235	56	56	53
Other and eliminations	(5)	(4)	(4)	(3)	(15)	(4)	(3)	(2)
Service Revenues	1,963	1,934	1,780	1,867	7,544	1,611	1,572	1,140
Telefónica Argentina	813	843	729	797	3,182	682	633	209
Telefónica Chile	519	499	482	496	1,995	447	451	432
Telefónica Perú	575	541	522	526	2,164	436	442	451
Telefónica Uruguay	60	56	51	51	218	50	49	48
Other and eliminations	(5)	(4)	(4)	(3)	(15)	(4)	(3)	(1)
OIBDA	585	598	567	525	2,275	517	507	311
Telefónica Argentina	231	275	241	224	971	245	218	54
Telefónica Chile	174	165	158	133	630	153	158	156
Telefónica Perú	156	137	148	146	588	98	111	80
Telefónica Uruguay	23	21	21	21	85	21	20	20
Other and eliminations	-	-	-	-	-	-	-	2
CapEx	296	349	293	476	1,414	251	302	178
Telefónica Argentina	151	146	126	179	601	124	130	38
Telefónica Chile	87	93	58	118	356	76	91	63
Telefónica Perú	54	103	73	165	394	48	74	71
Telefónica Uruguay	5	8	36	14	62	4	6	7
Other and eliminations	-	-	-	-	-	-	-	-
Spectrum	(0)	0	28	(1)	27	7	-	11
Telefónica Argentina	-	-	-	-	-	7	-	11
Telefónica Chile	-	-	-	-	-	-	-	-
Telefónica Perú	(0)	0	-	-	-	-	-	-
Telefónica Uruguay	-	-	28	(1)	27	-	-	-
Other and eliminations	-	-	-	-	-	-	-	-
OpCF (OIBDA-CapEx)	288	249	275	48	860	266	205	133
Telefónica Argentina	80	129	115	45	370	121	88	16
Telefónica Chile	87	72	99	15	274	77	67	93
Telefónica Perú	103	35	76	(19)	194	51	37	10
Telefónica Uruguay	18	13	(15)	7	23	17	14	13
Other and eliminations	-	-	-	-	-	-	-	2

TELEFÓNICA HISPAM SUR
ACCESSES

Unaudited figures (thousands)

	2017				2018		
	March	June	September	December	March	June	September
Final Clients Accesses	60,569.0	59,760.0	59,093.9	58,419.9	57,783.3	57,531.8	56,723.6
Fixed telephony accesses (1)	8,209.7	8,137.8	8,044.3	7,938.5	7,811.1	7,684.6	7,549.9
Internet and data accesses	4,687.0	4,687.4	4,688.0	4,656.1	4,611.4	4,648.1	4,675.4
Broadband	4,565.4	4,566.1	4,567.1	4,535.4	4,492.4	4,528.3	4,554.9
FTTx/cable	1,246.5	1,297.3	1,514.7	1,656.2	1,829.2	2,089.2	2,285.8
Mobile accesses	45,718.0	44,955.8	44,352.3	43,775.1	43,276.3	43,042.8	42,324.7
Prepay	29,273.2	28,787.5	28,344.3	27,631.8	26,973.7	26,386.8	25,504.3
Contract	16,444.7	16,168.3	16,008.0	16,143.3	16,302.6	16,655.9	16,820.4
M2M	1,082.3	1,126.1	1,164.9	1,199.8	1,240.2	1,339.4	1,396.2
Pay TV	1,954.3	1,979.1	2,009.4	2,050.3	2,084.6	2,156.4	2,173.5
Total Accesses	60,594.7	59,785.4	59,134.0	58,445.9	57,808.9	57,556.0	56,747.9

Notes:

(1) Includes fixed wireless and VoIP accesses.

MOBILE ACCESSES
Unaudited figures

	2017				2018		
	March	June	September	December	March	June	September
Contract percentage (%)	36.0%	36.0%	36.1%	36.9%	37.7%	38.7%	39.7%
Smartphones ('000)	21,113.6	20,799.2	21,267.5	21,650.2	21,331.4	21,507.3	21,056.7
Smartphone penetration (%)	47.9%	48.1%	49.9%	51.5%	51.4%	52.2%	52.1%
LTE ('000)	8,761.2	9,542.5	10,383.5	12,529.0	13,713.1	13,777.7	14,694.1
LTE penetration (%)	19.6%	21.8%	24.0%	29.4%	32.6%	33.0%	36.0%

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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	Jul - Sep
Revenues	876	918	810	890	3,495	755	703	232
Mobile Business	573	591	530	585	2,279	500	465	151
Mobile service revenues	510	515	449	492	1,966	427	395	128
Data revenues	278	302	277	306	1,163	266	263	66
Handset revenues	63	75	81	93	312	73	70	23
Fixed Business	302	327	281	306	1,216	255	238	82
FBB and new services revenues (1)	185	193	171	180	729	153	140	32
Voice & access revenues	117	135	109	126	488	102	98	50
OIBDA	231	275	241	224	971	245	218	54
OIBDA margin	26.4%	30.0%	29.7%	25.2%	27.8%	32.4%	31.0%	23.2%
CapEx	151	146	126	179	601	124	130	38
Spectrum	-	-	-	-	-	7	-	11
OpCF (OIBDA-CapEx)	80	129	115	45	370	121	88	16

Note:

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

- OIBDA is presented before management and brand fees.

- Following the consideration of the Argentine economy as hyperinflationary from an accounting perspective for periods ended after 1 July 2018, the operations of Telefónica in Argentina adjusted by inflation are to be accounted at the closing exchange rate Argentine Peso/Euro. Consolidated reported results for July-September 2018 have been calculated taking as a reference first half 2018 results adjusted by inflation in Argentina (see explanation in Alternative Performance Measures appendix). For comparative purposes only, hyperinflation adjustment would have been -€2m in Revenues, -€13m in OIBDA, -€1m in CapEx and -€12m in OpCF for the Jan-Mar period and -€257m in Revenues, -€87m in OIBDA, -46€m in CapEx and -€41m in OpCF for the Apr – Jun period.

(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	September
Final Clients Accesses	26,370.4	25,981.8	25,770.2	25,077.2	24,507.7	24,208.3	23,798.2
Fixed telephony accesses (1)	4,374.3	4,314.5	4,221.9	4,120.8	4,023.4	3,908.5	3,770.6
Fixed wireless	233.3	227.7	221.8	206.1	192.9	184.5	170.4
Internet and data accesses	1,841.0	1,802.5	1,758.9	1,700.6	1,648.5	1,613.3	1,579.9
Broadband	1,800.5	1,762.6	1,720.3	1,663.5	1,613.5	1,578.6	1,545.5
FTTx/cable	75.8	133.6	192.7	243.8	294.7	353.2	416.9
Mobile accesses	20,155.1	19,864.8	19,789.4	19,255.9	18,835.8	18,686.5	18,446.3
Prepay	12,936.0	12,561.7	12,386.1	11,717.1	11,259.6	11,011.4	10,726.8
Contract	7,219.1	7,303.1	7,403.3	7,538.7	7,576.2	7,675.1	7,719.5
M2M	546.2	581.0	588.0	596.6	614.3	629.4	658.0
Pay TV	-	-	-	-	-	-	1.4
Total Accesses	26,390.8	26,002.0	25,805.1	25,098.1	24,528.1	24,227.4	23,817.1

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2017				2018		
	March	June	September	December	March	June	September
Contract percentage (%)	35.8%	36.8%	37.4%	39.2%	40.2%	41.1%	41.8%
Smartphones ('000)	9,194.8	8,789.6	9,195.1	9,253.8	8,879.0	8,988.5	8,949.3
Smartphone penetration (%)	47.2%	45.9%	48.2%	49.9%	49.0%	50.1%	50.6%
LTE ('000)	4,136.7	4,707.5	5,363.2	6,387.8	6,673.1	6,714.7	6,751.7
LTE penetration (%)	21.1%	24.4%	27.9%	34.2%	36.6%	37.2%	38.0%
Mobile churn (quarterly)	3.4%	3.1%	2.9%	3.1%	3.2%	2.9%	2.6%
Contract (1)	1.2%	1.2%	1.2%	1.1%	1.1%	1.1%	1.3%
Mobile churn (cumulative YTD)	3.4%	3.2%	3.1%	3.1%	3.2%	2.9%	2.8%
Contract (1)	1.2%	1.2%	1.2%	1.2%	1.1%	1.1%	1.2%
Mobile ARPU (EUR) (cumulative YTD)	8.6	8.7	8.4	8.5	7.8	7.5	4.2
Prepay	2.5	2.6	2.6	2.7	2.4	2.4	1.3
Contract (1)	21.0	21.0	19.9	19.7	16.7	15.9	8.9
Mobile data traffic (TB) (cumulative YTD)	42,378	92,707	153,286	220,535	71,626	147,967	230,363
Fixed telephony ARPU (EUR) (cumulative YTD)	8.6	9.5	9.1	9.4	8.5	8.4	4.8
Broadband ARPU (EUR) (cumulative YTD)	20.8	21.7	21.3	21.2	18.1	17.1	9.4
Fixed data traffic (TB) (cumulative YTD) (2)	296,597	636,815	1,018,913	1,420,297	425,127	893,893	1,466,706

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	Jul - Sep
Revenues	561	538	523	564	2,186	526	525	505
Mobile Business	329	307	300	323	1,259	308	305	296
Mobile service revenues	287	268	259	255	1,069	230	231	223
Data revenues	147	137	131	129	544	119	119	118
Handset revenues	42	39	41	69	190	79	74	73
Fixed Business	232	231	222	241	926	217	220	209
FBB and new services revenues (1)	112	113	111	129	465	110	112	111
Pay TV revenues	61	62	60	60	243	58	59	54
Voice & access revenues	59	56	52	52	219	50	49	44
OIBDA	174	165	158	133	630	153	158	156
OIBDA margin	31.1%	30.6%	30.2%	23.7%	28.8%	29.2%	30.1%	30.9%
CapEx	87	93	58	118	356	76	91	63
Spectrum	-	-	-	-	-	-	-	-
OpCF (OIBDA-CapEx)	87	72	99	15	274	77	67	93

Notes:

- January-September 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	September
Final Clients Accesses	12,210.5	12,142.9	12,248.6	12,227.9	12,061.9	11,887.5	11,836.3
Fixed telephony accesses (1)	1,380.5	1,365.1	1,350.5	1,326.5	1,289.1	1,273.5	1,251.9
Internet and data accesses	1,138.8	1,162.9	1,170.4	1,160.8	1,141.9	1,151.0	1,156.1
Broadband	1,088.1	1,111.6	1,118.6	1,108.5	1,089.2	1,097.8	1,102.0
FTTx	329.0	341.9	354.3	360.0	379.0	421.5	475.1
Mobile accesses	9,034.4	8,945.3	9,044.6	9,056.6	8,957.4	8,783.8	8,758.8
Prepay	5,891.1	5,817.3	5,889.7	5,849.2	5,658.8	5,391.6	5,245.6
Contract	3,143.3	3,128.0	3,154.9	3,207.4	3,298.5	3,392.2	3,513.2
M2M	377.8	387.0	405.6	409.5	422.1	426.8	440.8
Pay TV	656.8	669.7	683.1	684.0	673.6	679.2	669.5
Total Accesses	12,215.7	12,148.1	12,253.8	12,233.0	12,067.0	11,892.6	11,841.7

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2017				2018		
	March	June	September	December	March	June	September
Contract percentage (%)	34.8%	35.0%	34.9%	35.4%	36.8%	38.6%	40.1%
Smartphones ('000)	2,962.3	2,894.6	2,933.0	3,285.8	3,344.5	3,411.8	3,437.9
Smartphone penetration (%)	35.3%	35.0%	35.1%	39.3%	40.5%	42.2%	42.7%
LTE ('000)	1,837.0	1,879.7	2,210.6	2,517.2	2,700.0	2,823.9	3,035.2
LTE penetration (%)	21.2%	22.0%	25.6%	29.1%	31.6%	33.8%	36.5%
Mobile churn (quarterly)	3.3%	3.4%	3.0%	3.4%	3.4%	3.5%	2.9%
Contract (1)	2.4%	2.6%	2.7%	2.6%	2.2%	2.3%	2.3%
Mobile churn (cumulative YTD)	3.3%	3.3%	3.2%	3.2%	3.4%	3.5%	3.3%
Contract (1)	2.4%	2.5%	2.6%	2.6%	2.2%	2.3%	2.3%
Mobile ARPU (EUR) (cumulative YTD)	10.1	9.8	9.5	9.3	8.5	7.9	7.9
Prepay	2.9	2.8	2.6	2.6	2.3	2.2	2.2
Contract (1)	26.6	25.8	25.2	24.7	22.1	20.0	19.6
Mobile data traffic (TB) (cumulative YTD)	42,969	92,426	150,683	212,517	74,641	162,246	260,842
Fixed telephony ARPU (EUR) (cumulative YTD)	13.0	12.8	12.5	12.4	11.8	11.7	11.4
Pay TV ARPU (EUR) (cumulative YTD)	26.1	25.6	24.9	24.5	22.8	23.1	22.5
Broadband ARPU (EUR) (cumulative YTD)	18.8	18.1	17.4	17.3	17.1	17.1	16.7
Fixed data traffic (TB) (cumulative YTD) (2)	434,322	970,592	1,502,438	2,006,161	524,361	1,133,870	1,794,715

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	Jul - Sep
Revenues	620	578	558	561	2,318	501	518	527
Mobile Business	335	313	291	288	1,226	257	265	264
Mobile service revenues	290	275	255	253	1,072	192	189	187
Data revenues	174	146	151	143	614	122	130	125
Handset revenues	45	38	36	35	154	65	76	76
Fixed Business	286	266	267	273	1,092	244	253	264
FBB and new services revenues (1)	144	134	134	131	543	120	125	132
Pay TV revenues	81	80	77	80	318	74	76	78
Voice & access revenues	61	51	55	62	230	49	52	54
OIBDA	156	137	148	146	588	98	111	80
OIBDA margin	25.2%	23.8%	26.6%	26.0%	25.4%	19.6%	21.5%	15.2%
CapEx	54	103	73	165	394	48	74	71
Spectrum	-	-	-	-	-	-	-	-
OpCF (OIBDA-CapEx)	103	35	76	(19)	194	51	37	10

Note:

- January-September 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	September
Fixed telephony accesses (1)	2,455.0	2,458.2	2,471.9	2,491.2	2,498.6	2,502.6	2,527.5
Fixed wireless	84.6	84.9	85.4	85.8	84.6	84.7	85.2
Internet and data accesses	1,707.3	1,722.1	1,758.7	1,794.7	1,821.0	1,883.8	1,939.5
Broadband	1,676.8	1,691.9	1,728.2	1,763.4	1,789.7	1,852.0	1,907.4
FTTx/cable	841.7	821.7	967.7	1,052.4	1,155.5	1,314.6	1,393.8
Mobile accesses	14,810.6	14,438.8	13,826.5	13,745.1	13,816.4	13,915.5	13,474.9
Prepay	9,429.8	9,397.5	9,073.7	9,049.4	9,093.0	9,038.0	8,597.2
Contract	5,380.9	5,041.3	4,752.7	4,695.7	4,723.5	4,877.5	4,877.7
M2M	82.9	82.1	92.7	108.5	112.4	187.1	199.5
Pay TV	1,297.4	1,309.3	1,326.2	1,366.3	1,411.0	1,477.1	1,502.6
Total Accesses	20,270.3	19,928.4	19,383.2	19,397.3	19,547.1	19,779.1	19,444.4

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2017				2018		
	March	June	September	December	March	June	September
Contract percentage (%)	36.3%	34.9%	34.4%	34.2%	34.2%	35.1%	36.2%
Smartphones ('000)	8,130.0	8,283.6	8,291.3	8,246.5	8,230.3	8,231.3	7,803.0
Smartphone penetration (%)	55.5%	58.0%	60.7%	60.8%	60.4%	60.3%	59.1%
LTE ('000)	2,370.0	2,505.4	2,324.4	3,087.6	3,725.1	3,586.3	4,217.9
LTE penetration (%)	16.1%	17.5%	16.9%	22.6%	27.2%	26.1%	31.9%
Mobile churn (quarterly)	5.3%	5.1%	5.5%	5.6%	5.8%	6.2%	7.1%
Contract (1)	2.7%	3.1%	3.1%	3.3%	3.0%	3.2%	3.5%
Mobile churn (cumulative YTD)	5.3%	5.2%	5.3%	5.3%	5.8%	6.2%	6.5%
Contract (1)	2.7%	2.9%	3.0%	3.0%	3.0%	3.2%	3.3%
Mobile ARPU (EUR) (cumulative YTD)	6.3	6.3	6.2	6.1	5.2	4.4	4.4
Prepay	2.1	2.0	2.1	2.0	1.8	1.7	1.7
Contract (1)	13.7	13.8	13.7	13.6	12.0	9.6	9.5
Mobile data traffic (TB) (cumulative YTD)	37,157	84,961	133,034	185,166	62,196	133,741	224,923
Fixed telephony ARPU (EUR) (cumulative YTD)	7.5	7.0	6.8	6.7	5.8	5.8	5.8
Pay TV ARPU (EUR) (cumulative YTD)	19.4	19.1	18.8	18.6	17.5	17.6	17.5
Broadband ARPU (EUR) (cumulative YTD)	15.6	15.1	14.7	14.3	12.6	12.7	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	2,463,278

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	Jul - Sep
Revenues	1,168	1,044	1,037	1,082	4,331	971	1,027	1,041
Mobile Business	967	860	871	898	3,595	799	843	848
Mobile service revenues	852	732	758	748	3,089	673	691	709
Data revenues	437	420	408	412	1,678	399	376	393
Handset revenues	115	128	113	150	506	126	152	139
Fixed Business	201	185	166	184	736	172	184	193
FBB and new services revenues (1)(2)	98	90	86	84	358	92	98	109
Pay TV revenues	26	21	20	20	87	22	23	23
Voice & access revenues (2)	78	73	60	79	291	59	63	61
Internal exp. capitalised in fixed assets	12	13	15	12	51	12	12	12
Operating expenses	(867)	(781)	(740)	(777)	(3,165)	(739)	(793)	(773)
Supplies	(367)	(354)	(315)	(349)	(1,385)	(307)	(342)	(333)
Personnel expenses	(107)	(83)	(85)	(99)	(375)	(88)	(88)	(86)
Other operating expenses	(393)	(343)	(339)	(330)	(1,405)	(344)	(363)	(354)
Other net income (expense)	7	5	3	11	27	6	12	6
Gain (loss) on sale of fixed assets	(0)	12	0	7	19	9	26	29
Impairment of goodwill and other assets (3)	-	-	-	-	-	-	(108)	-
Operating income before D&A (OIBDA)	320	294	316	334	1,263	258	176	314
OIBDA Margin	27.4%	28.1%	30.5%	30.9%	29.2%	26.6%	17.1%	30.2%
CapEx	134	144	638	348	1,264	53	111	133
Spectrum (4)	4	0	470	36	510	-	-	-
OpCF (OIBDA-CapEx)	186	150	(322)	(14)	(0)	205	64	181

Notes:

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

- OIBDA before management and brand fees.

- The operations of Telefónica in Venezuela adjusted by inflation are to be accounted at the closing exchange rate Bolívar Soberano/Euro. For the January-September 2018 period Telefónica uses a synthetic Exchange rate of 428.30 Bolívars Soberanos/USD as of end of September 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, Metrotel and Optecom, the consolidated results are included in the fixed business from 1 October 2017.

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

(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.

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	Jul - Sep
Revenues	1,168	1,044	1,037	1,082	4,331	971	1,027	1,041
Telefónica Colombia	388	368	338	368	1,462	351	370	383
Telefónica Mexico	314	356	332	334	1,336	277	297	293
Telefónica Centroamérica	233	216	213	227	890	209	217	220
Telefónica Ecuador	135	137	132	135	539	126	138	142
Telefónica Venezuela	98	(32)	23	18	106	8	5	3
Other and eliminations	(1)	(1)	(1)	(0)	(3)	(0)	(0)	(0)
Service Revenues	1,053	917	924	931	3,825	845	875	902
Telefónica Colombia	351	333	306	332	1,322	319	334	353
Telefónica Mexico	267	294	282	259	1,102	221	228	231
Telefónica Centroamérica	219	200	199	209	827	191	197	201
Telefónica Ecuador	122	122	116	114	474	106	111	115
Telefónica Venezuela	95	(31)	22	18	104	8	4	3
Other and eliminations	(1)	(1)	(1)	-	(3)	(0)	(0)	0
OIBDA	320	294	316	334	1,263	258	176	314
Telefónica Colombia	129	124	113	115	482	124	128	157
Telefónica Mexico	64	81	79	78	302	41	55	40
Telefónica Centroamérica	63	51	66	83	263	57	64	69
Telefónica Ecuador	41	39	40	42	163	36	36	41
Telefónica Venezuela	22	(2)	5	9	34	1	(0)	0
Other and eliminations (1)	0	0	13	7	19	-	(108)	7
CapEx	134	144	638	348	1,264	53	111	133
Telefónica Colombia	60	56	542	139	796	23	44	52
Telefónica Mexico	43	35	53	85	217	13	33	43
Telefónica Centroamérica	20	30	22	93	165	11	20	23
Telefónica Ecuador	7	19	17	34	77	6	14	14
Telefónica Venezuela	3	4	4	(2)	9	1	1	0
Other and eliminations	-	-	-	-	-	-	-	-
Spectrum	4	-	470	36	510	-	-	-
Telefónica Colombia (2)	-	-	470	-	470	-	-	-
Telefónica Mexico	4	-	-	-	4	-	-	-
Telefónica Centroamérica	-	-	-	36	36	-	-	-
Telefónica Ecuador	-	-	-	-	-	-	-	-
Telefónica Venezuela	-	-	-	-	-	-	-	-
Other and eliminations	-	-	-	-	-	-	-	-
OpCF (OIBDA-CapEx)	186	150	(322)	(14)	-	205	64	181
Telefónica Colombia	70	68	(428)	(24)	(315)	101	84	105
Telefónica Mexico	21	46	26	(7)	86	29	23	(3)
Telefónica Centroamérica	43	21	44	(10)	98	45	44	45
Telefónica Ecuador	33	20	23	9	86	30	22	27
Telefónica Venezuela	19	(5)	1	12	25	0	(1)	0
Other and eliminations (1)	(0)	(0)	13	7	20	-	(108)	7

Notes:

(1) Includes goodwill impairment of €108m in Mexico 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.

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TELEFÓNICA HISPAM NORTE
ACCESSES
Unaudited figures (thousands)

	2017				2018		
	March	June	September	December	March	June	September
Final Clients Accesses	72,524.4	71,947.4	71,102.9	72,554.6	72,590.0	73,145.9	72,902.0
Fixed telephony accesses (1)(2)	3,539.7	3,450.6	3,327.8	3,554.7	3,478.3	3,484.8	3,301.0
Internet and data accesses (2)	1,006.9	999.9	1,003.0	1,229.2	1,253.1	1,274.7	1,332.3
Broadband	979.4	971.9	974.3	1,199.9	1,223.2	1,244.0	1,301.4
FTTx	33.4	54.6	86.5	126.8	167.7	284.4	302.7
Mobile accesses	66,989.6	66,515.0	65,790.4	66,788.6	66,857.0	67,355.8	67,233.7
Prepay	57,725.3	57,115.6	56,284.5	57,190.7	57,061.5	57,360.4	57,226.8
Contract	9,264.2	9,399.4	9,506.0	9,597.9	9,795.4	9,995.4	10,006.9
M2M	1,545.1	1,582.9	1,635.8	1,686.7	1,785.1	1,882.0	1,914.3
Pay TV	988.2	981.9	981.6	982.1	1,001.6	1,030.6	1,034.9
Total Accesses	72,564.2	71,986.4	71,141.8	72,565.4	72,590.5	73,146.4	72,902.5

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	September
Contract percentage (%)	13.8%	14.1%	14.4%	14.4%	14.7%	14.8%	14.9%
Smartphones ('000)	29,294.8	29,657.6	29,224.7	29,704.8	30,059.4	29,995.2	31,376.2
Smartphone penetration (%)	45.2%	46.1%	46.0%	46.0%	46.6%	46.2%	48.4%
LTE ('000)	8,280.3	9,426.0	11,336.8	13,626.0	14,761.5	16,069.9	17,392.6
LTE penetration (%)	12.7%	14.5%	17.7%	21.0%	22.7%	24.6%	26.6%

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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	Jul - Sep
Revenues	388	368	338	368	1,462	351	370	383
Mobile Business	243	230	214	223	909	214	224	233
Mobile service revenues	206	194	182	186	768	182	188	202
Data revenues	109	112	106	109	436	107	115	118
Handset revenues	37	36	32	37	141	32	36	31
Fixed Business	145	138	124	146	554	137	146	151
FBB and new services revenues (1)(2)	73	70	66	66	275	74	81	85
Pay TV revenues	23	22	20	20	86	21	22	22
Voice & access revenues (2)	49	46	38	60	193	42	44	43
OIBDA	129	124	113	115	482	124	128	157
OIBDA margin	33.4%	33.7%	33.5%	31.1%	32.9%	35.1%	34.6%	40.9%
CapEx	60	56	542	139	796	23	44	52
Spectrum (3)	-	-	470	-	470	-	-	-
OpCF (OIBDA-CapEx)	70	68	(428)	(24)	(315)	101	84	105

Note:

- January-September 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	September
Final Clients Accesses	16,471.3	16,610.7	16,964.5	17,940.1	18,116.5	18,515.9	18,728.2
Fixed telephony accesses (1) (2)	1,352.7	1,330.6	1,319.7	1,609.6	1,619.8	1,635.8	1,626.0
Internet and data accesses (2)	990.0	982.3	984.9	1,210.0	1,233.9	1,245.8	1,247.7
Broadband	976.8	969.1	971.5	1,196.4	1,220.2	1,232.2	1,234.2
FTTx	33.4	54.6	86.5	126.8	167.7	284.4	302.7
Mobile accesses	13,603.0	13,768.6	14,130.1	14,590.6	14,716.1	15,070.6	15,290.6
Prepay	9,974.3	10,096.8	10,401.1	10,857.7	11,003.8	11,298.3	11,469.3
Contract	3,628.6	3,671.8	3,729.0	3,732.9	3,712.3	3,772.3	3,821.3
M2M	474.8	463.7	468.6	454.3	452.1	480.2	491.5
Pay TV	525.6	529.3	529.8	529.9	546.7	563.8	563.9
Total Accesses	16,471.8	16,611.2	16,965.0	17,940.5	18,117.0	18,516.4	18,728.7

(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	September
Contract percentage (%)	26.7%	26.7%	26.4%	25.6%	25.2%	25.0%	25.0%
Smartphones ('000)	5,324.1	5,477.0	5,761.4	5,977.1	6,069.0	6,304.2	6,539.8
Smartphone penetration (%)	41.1%	41.7%	42.7%	42.7%	42.9%	43.6%	44.6%
LTE ('000)	2,682.5	3,193.6	3,731.2	4,260.0	4,585.6	5,006.8	5,492.4
LTE penetration (%)	20.4%	24.0%	27.3%	30.1%	32.1%	34.3%	37.1%
Mobile churn (quarterly)	4.2%	3.4%	2.9%	2.9%	3.4%	3.2%	3.3%
Contract (1)	1.5%	1.6%	1.5%	1.7%	1.7%	1.6%	1.7%
Mobile churn (cumulative YTD)	4.2%	3.8%	3.5%	3.3%	3.4%	3.2%	3.2%
Contract (1)	1.5%	1.5%	1.5%	1.6%	1.7%	1.6%	1.6%
Mobile ARPU (EUR) (cumulative YTD)	4.7	4.6	4.5	4.4	4.0	4.0	4.0
Prepay	1.2	1.2	1.2	1.2	1.1	1.1	1.1
Contract (1)	16.4	15.9	15.3	15.0	13.4	13.4	13.5
Mobile data traffic (TB) (cumulative YTD)	22,498	48,002	75,237	105,623	31,191	65,600	105,536
Fixed telephony ARPU (EUR) (cumulative YTD)	11.1	10.8	10.2	9.3	8.0	8.1	8.2
Pay TV ARPU (EUR) (cumulative YTD)	14.3	14.1	13.5	13.2	12.5	12.6	12.8
Broadband ARPU (EUR) (cumulative YTD)	11.0	11.1	10.9	10.3	10.6	10.9	11.1
Fixed data traffic (TB) (cumulative YTD) (2)	89,505	192,552	296,678	401,577	295,782	619,750	964,597

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	Jul - Sep
Revenues	314	356	332	334	1,336	277	297	293
Service revenues	267	294	282	259	1,102	221	228	231
Data revenues	111	159	141	144	555	133	95	123
Handset revenues	48	62	50	75	234	56	69	62
OIBDA	64	81	79	78	302	41	55	40
OIBDA margin	20.5%	22.8%	23.7%	23.3%	22.6%	15.0%	18.6%	13.7%
CapEx	43	35	53	85	217	13	33	43
Spectrum	4	-	-	-	4	-	-	-
OpCF (OIBDA-CapEx)	21	46	26	(7)	86	29	23	(3)

Note:

- January-September 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	September
Mobile accesses	25,657.9	25,277.7	24,539.2	25,070.9	25,269.3	25,499.9	25,525.0
Prepay	23,639.3	23,197.6	22,408.7	22,882.4	22,977.1	23,124.3	23,193.1
Contract	2,018.6	2,080.1	2,130.5	2,188.5	2,292.2	2,375.6	2,331.9
M2M	710.1	744.0	789.2	854.5	932.7	982.8	1,002.1
Fixed wireless	974.4	924.2	849.5	808.4	750.6	768.6	706.9
Total Accesses	26,671.5	26,240.4	25,427.1	25,889.5	26,019.9	26,268.5	26,231.9

SELECTED OPERATIONAL DATA

Unaudited figures

	2017				2018		
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep
Contract percentage (%)	7.9%	8.2%	8.7%	8.7%	9.1%	9.3%	9.1%
Smartphones ('000)	11,865.9	11,789.9	11,483.8	11,576.0	11,339.0	11,020.6	11,464.6
Smartphone penetration (%)	47.6%	48.1%	48.4%	47.9%	46.7%	45.0%	46.8%
LTE ('000)	3,658.0	4,035.0	4,309.6	5,111.0	5,427.6	5,591.8	5,828.7
LTE penetration (%)	14.7%	16.4%	18.1%	21.1%	22.3%	22.8%	23.8%
Mobile churn (quarterly)	4.8%	3.9%	4.7%	3.7%	3.7%	3.6%	3.8%
Contract (1)	2.1%	1.9%	2.2%	2.5%	2.0%	2.3%	3.0%
Mobile churn (cumulative YTD)	4.8%	4.4%	4.5%	4.3%	3.7%	3.6%	3.7%
Contract (1)	2.1%	1.7%	1.9%	2.1%	2.0%	2.3%	2.5%
Mobile ARPU (EUR) (cumulative YTD)	2.7	2.9	3.0	3.0	2.4	2.4	2.4
Prepay	2.3	2.4	2.5	2.5	1.9	2.0	2.0
Contract (1)	12.1	12.4	12.5	12.3	11.4	10.4	10.5
Mobile data traffic (TB) (cumulative YTD)	30,861	69,939	112,251	155,767	46,704	101,195	170,382

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	Jan - Sep
Operating income before D&A (OIBDA)	4,021	8,179	12,274	16,187	3,864	8,102	12,035
Depreciation and amortisation	(2,451)	(4,809)	(7,131)	(9,396)	(2,227)	(4,405)	(6,581)
Operating income (OI)	1,570	3,370	5,143	6,791	1,638	3,697	5,454

- Following the consideration of the Argentine economy as hyperinflationary from an accounting perspective for periods ended after 1 July 2018, the operations of Telefónica in Argentina adjusted by inflation are to be accounted at the closing exchange rate Argentine Peso/Euro. Consolidated reported results for July-September 2018 have been calculated taking as a reference first half 2018 results adjusted by inflation in Argentina (see explanation in Alternative Performance Measures appendix). For comparative purposes only, hyperinflation adjustment would have been -€13m in OIBDA and -€71m in OI for the Jan-Mar period and -€105m in OIBDA and -€169m in OI for the Jan – Jun period.

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

	September 2017	September 2018
Non-current financial liabilities	47,678	47,482
Current financial liabilities	9,730	8,506
Gross Financial Debt	57,408	55,988
Cash and cash equivalents	(3,696)	(6,138)
Other current financial assets	(2,354)	(2,204)
Positive mark-to-market value of long-term derivative instruments	(3,284)	(2,610)
Other liabilities included in "Payables and other non-current liabilities"	736	686
Other liabilities included in "Payables and other current liabilities"	125	112
Other assets included in "Financial assets and other non-current assets"	(1,199)	(2,169)
Other assets included in "Receivables and other current assets"	(514)	(753)
Other assets included in "Tax receivables"	0	(276)
Net Financial Debt (1)	47,222	42,636
Gross commitments related to employee benefits	6,403	5,916
Value of associated Long-term assets	(721)	(727)
Tax benefits	(1,488)	(1,370)
Net commitments related to employee benefits	4,194	3,818
Net financial debt plus commitments	51,416	46,454
Net Financial Debt / OIBDA	2.80x	2.68x

Notes:

(1) Net financial debt as of September 2018 includes a positive value of the derivatives portfolio for a net amount of €628m, €2,769m included as financial liabilities and €3,397m 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	Jan - Sep
A	Net Financial Debt (1)	48,766	48,487	47,222	44,230	43,975	43,593	42,636
B	OIBDA from last 12 months	15,301	15,541	15,461	16,187	16,030	16,110	15,948
C	OIBDA Adjustments	1,432	1,426	1,402	469	411	142	(68)
	OIBDA from Cos. incorporated (removed)	(35)	(20)	(10)	11	8	4	-
	Goodwill Impairment	215	215	215	-	-	108	108
	Restructuring charges	1,446	1,425	1,407	340	270	291	303
	Distribution channel optimization	18	18	18	13	13	13	13
	Capital gains/losses on sale of companies	(212)	(212)	(228)	-	-	-	(21)
	Tariff increases in Venezuela	-	-	-	(2)	(2)	(2)	(2)
	Contingencies	-	-	-	107	107	213	323
	Venezuela Synthetic FX	-	-	-	-	15	-	-
	Judicial decision PIS/COFINS	-	-	-	-	-	(485)	(792)
D= B+C	OIBDA Adjusted	16,733	16,967	16,863	16,656	16,441	16,252	15,880
E= A/D	Net Financial Debt / OIBDA	2.91x	2.86x	2.80x	2.66x	2.67x	2.68x	2.68x

Notes:

(1) Net financial debt as of September 2018 includes a positive value of the derivatives portfolio for a net amount of €628m, €2,769m included as financial liabilities and €3,397m 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	Jan - Sep
Net cash flow provided by operating activities	2,743	5,954	9,863	13,796	2,621	6,101	9,210
(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)	(6,345)
Government grants received	-	-	-	2	-	37	37
Dividends paid to minority shareholders	(21)	(255)	(349)	(555)	(168)	(406)	(527)
Payments related to cancellation of commitments	166	331	507	696	201	398	581
Free Cash Flow	603	1,626	3,226	4,947	550	1,548	2,957

(1) Includes net cash received from the sale of Real Estate.

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REVENUES	2017				2018			%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Sep
T. ESPAÑA								
REPORTED DATA	3,066	6,226	9,410	12,653	3,098	6,265	9,453	0.5
Changes in the consolidation perimeter	-	-	-	-	-	-	-	-
IFRS 15 impact	-	-	-	-	2	4	4	-
T. ESPAÑA ORGANIC	3,066	6,226	9,410	12,653	3,101	6,269	9,457	0.5
T. DEUTSCHLAND								
REPORTED DATA	1,771	3,542	5,392	7,296	1,767	3,525	5,355	(0.7)
IFRS 15 impact	-	-	-	-	(3)	(11)	(18)	-
T. DEUTSCHLAND ORGANIC	1,771	3,542	5,392	7,296	1,764	3,514	5,337	(1.0)
T. UK								
REPORTED DATA	1,601	3,208	4,810	6,540	1,586	3,223	4,945	2.8
Forex impact	-	-	-	-	43	75	67	-
IFRS 15 impact	-	-	-	-	18	45	62	-
T. UK ORGANIC	1,601	3,208	4,810	6,540	1,647	3,344	5,073	5.5
T. BRASIL								
REPORTED DATA	3,165	6,193	9,128	12,019	2,705	5,227	7,572	(17.0)
Forex impact	-	-	-	-	517	1,058	1,612	-
Changes in the consolidation perimeter	19	37	36	36	-	-	-	-
IFRS 15 impact	-	-	-	-	(8)	(9)	(5)	-
T. BRASIL ORGANIC	3,184	6,230	9,164	12,055	3,215	6,277	9,179	0.2
T. HISPAM SUR								
REPORTED DATA	2,117	4,207	6,150	8,218	1,833	3,631	4,689	(23.8)
Hyper-inflation adjustment in Argentina	-	-	-	-	-	-	621	-
Forex impact	-	-	-	-	445	920	1,391	-
Changes in the consolidation perimeter	-	-	-	-	-	-	-	-
IFRS 15 impact	-	-	-	-	(1)	(1)	9	-
T. HISPAM SUR ORGANIC	2,117	4,207	6,150	8,218	2,278	4,550	6,710	9.1
T. HISPAM NORTE								
REPORTED DATA	1,168	2,212	3,250	4,331	971	1,998	3,038	(6.5)
Forex impact	-	-	-	-	118	209	221	-
Venezuela Synthetic FX	(65)	-	-	-	-	-	-	-
Changes in the consolidation perimeter	13	25	36	36	-	-	-	-
Tariff increases in Venezuela	-	-	-	(6)	-	-	-	-
IFRS 15 impact	-	-	-	-	2	1	2	-
T. HISPAM NORTE ORGANIC	1,116	2,237	3,286	4,361	1,092	2,208	3,261	(0.7)
TELEFÓNICA								
REPORTED DATA	13,132	26,091	38,846	52,008	12,190	24,334	35,776	(7.9)
Hyper-inflation adjustment in Argentina	-	-	-	-	-	-	618	-
Forex impact	-	-	-	-	1,130	2,271	3,300	-
Venezuela Synthetic FX	(63)	-	-	-	-	-	-	-
Changes in the consolidation perimeter	13	25	36	36	-	-	-	-
Tariff increases in Venezuela	-	-	-	(6)	-	-	-	-
IFRS 15 impact	-	-	-	-	10	27	50	-
TELEFÓNICA ORGANIC	13,081	26,116	38,882	52,037	13,331	26,631	39,744	2.2
OIBDA	2017				2018			%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Sep
T. ESPAÑA								
REPORTED DATA	1,143	2,425	3,731	4,952	1,224	2,507	3,797	1.8
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	3	-
T. ESPAÑA ORGANIC	1,219	2,501	3,807	5,130	1,226	2,510	3,800	(0.2)
T. DEUTSCHLAND								
REPORTED DATA	400	861	1,318	1,821	403	882	1,352	2.6
Changes in the consolidation perimeter	-	-	-	-	-	-	-	-
Restructuring charges	11	30	51	82	14	32	46	-
IFRS 15 impact	-	-	-	-	(3)	(18)	(27)	-
T. DEUTSCHLAND ORGANIC	411	891	1,369	1,903	414	896	1,371	0.2
T. UK								
REPORTED DATA	416	849	1,261	1,639	430	879	1,343	6.5
Forex impact	-	-	-	-	12	20	18	-
Restructuring charges	-	-	-	-	0	0	0	-
IFRS 15 impact	-	-	-	-	0	11	2	-
T. UK ORGANIC	416	849	1,261	1,639	441	911	1,363	8.1
T. BRASIL								
REPORTED DATA	1,104	2,138	3,162	4,191	982	2,257	3,332	5.4
Forex impact	-	-	-	-	187	455	707	-
Tower sales	(0)	(0)	(0)	(0)	(0)	(0)	(0)	-
Changes in the consolidation perimeter	7	15	15	14	-	-	-	-
Restructuring charges	(0)	0	0	0	-	34	33	-
Contingencies	-	-	-	50	-	127	262	-
IFRS 15 impact	-	-	-	-	(7)	(12)	(15)	-
Judicial decision PIS/COFINS	-	-	-	-	-	(583)	(961)	-
T. BRASIL ORGANIC	1,112	2,153	3,177	4,255	1,162	2,278	3,358	5.7
T. HISPAM SUR								
REPORTED DATA	585	1,183	1,750	2,275	517	1,024	1,236	(29.3)
Hyper-inflation adjustment in Argentina	-	-	-	-	-	-	211	-
Forex impact	-	-	-	-	135	280	418	-
Restructuring charges	1	2	2	78	0	1	33	-
IFRS 15 impact	-	-	-	-	(3)	(4)	1	-
T. HISPAM SUR ORGANIC	586	1,185	1,752	2,353	649	1,301	1,899	8.4
T. HISPAM NORTE								
REPORTED DATA	320	613	929	1,263	258	434	748	(19.5)
Forex impact	-	-	-	-	34	57	60	-
Venezuela Synthetic FX	(14)	-	-	-	-	-	-	-
Tower sales	(0)	(0)	(0)	(7)	(9)	(9)	(34)	-
Changes in the consolidation perimeter	7	11	15	15	-	-	-	-
Restructuring charges	-	3	3	24	4	4	4	-
Capital gains/losses on sale of companies	-	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	108	108	-
Tariff increases in Venezuela	-	-	-	(2)	-	-	-	-
IFRS 15 impact	-	-	-	-	2	1	3	-
T. HISPAM NORTE ORGANIC	312	627	947	1,294	289	595	890	(6.1)
TELEFÓNICA								
REPORTED DATA	4,021	8,179	12,274	16,187	3,864	8,102	12,035	(2.0)
Hyper-inflation adjustment in Argentina	-	-	-	-	-	-	229	-
Forex impact	-	-	-	-	372	817	1,205	-
Venezuela Synthetic FX	(15)	-	-	-	-	-	-	-
Tower sales	(0)	(0)	(0)	(7)	(9)	(9)	(34)	-
Changes in the consolidation perimeter	7	11	15	15	-	-	-	-
Restructuring charges	88	113	135	340	19	71	113	-
Distribution channel reorganisation plan	-	-	-	13	-	-	-	-
Capital gains/losses on sale of companies	-	-	-	-	-	-	(21)	-
Impairments	-	-	-	-	-	108	108	-
Tariff increases in Venezuela	-	-	-	(2)	-	-	-	-
Contingencies	-	-	-	107	-	127	262	-
IFRS 15 impact	-	-	-	-	(11)	(21)	(36)	-
Judicial decision PIS/COFINS	-	-	-	-	-	(583)	(961)	-
TELEFÓNICA ORGANIC	4,101	8,303	12,423	16,653	4,234	8,611	12,900	3.8

OPERATING INCOME	2017				2018			%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	
TELEFÓNICA								
REPORTED DATA	1,570	3,370	5,143	6,791	1,638	3,697	5,454	6.0
Hyper-inflation adjustment in Argentina	-	-	-	-	-	-	281	
Forex impact	23	-	-	-	184	453	694	
Venezuela Synthetic FX	(0)	(0)	(0)	(7)	(9)	(9)	(34)	
Tower sales	1	-	(1)	(1)	-	-	-	
Changes in the consolidation perimeter	88	113	135	340	19	71	113	
Restructuring charges	-	-	-	13	-	-	-	
Distribution channel reorganisation plan	-	-	-	-	-	-	(21)	
Capital gains/losses on sale of companies	-	-	-	-	-	108	108	
Impairments	-	-	-	(2)	-	-	-	
Tariff increases in Venezuela	-	-	-	107	-	127	262	
Contingencies	-	-	-	-	(11)	(21)	(36)	
IFRS 15 impact	-	-	-	-	-	(583)	(961)	
Judicial decision PIS/COFINS	-	-	-	-	-	-	-	
TELEFÓNICA ORGANIC	1,682	3,483	5,276	7,242	1,821	3,842	5,860	11.1
CAPEX								
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Sep
T. ESPAÑA								
REPORTED DATA	333	704	1,097	1,683	346	778	1,157	5.4
Spectrum acquisition	-	-	-	-	-	-	(7)	
T. ESPAÑA ORGANIC	333	704	1,097	1,683	346	778	1,149	4.8
T. DEUTSCHLAND								
REPORTED DATA	208	435	688	951	197	424	740	7.5
Spectrum acquisition	(0)	(1)	(1)	(1)	-	-	-	
Changes in the consolidation perimeter	-	-	-	-	-	-	-	
T. DEUTSCHLAND ORGANIC	208	434	688	950	197	424	740	7.6
T. UK								
REPORTED DATA	225	434	604	827	183	987	1,202	99.1
Forex impact	-	-	-	-	5	9	8	
Spectrum acquisition	-	-	-	-	-	(588)	(588)	
T. UK ORGANIC	225	434	604	827	187	408	622	3.0
T. BRASIL								
REPORTED DATA	397	915	1,513	2,225	388	892	1,422	(6.0)
Forex impact	-	-	-	-	74	181	303	
Spectrum acquisition	-	-	-	-	-	-	-	
Changes in the consolidation perimeter	-	-	-	-	-	-	-	
T. BRASIL ORGANIC	397	915	1,513	2,225	462	1,072	1,725	14.0
T. HISPAM SUR								
REPORTED DATA	296	645	938	1,414	251	553	685	(26.9)
Hyper-inflation adjustment in Argentina	-	-	-	-	67	153	241	
Forex impact	0	-	(28)	(27)	(10)	(10)	(40)	
Spectrum acquisition	296	645	910	1,387	308	696	1,008	10.8
T. HISPAM SUR ORGANIC	296	645	910	1,387	308	696	1,008	10.8
T. HISPAM NORTE								
REPORTED DATA	134	277	915	1,264	53	165	297	(67.5)
Forex impact	-	-	-	-	7	17	21	
Venezuela Synthetic FX	(2)	-	-	-	-	-	-	
Spectrum acquisition	(4)	(4)	(474)	(510)	-	(0)	(0)	
Changes in the consolidation perimeter	3	10	16	16	-	-	-	
T. HISPAM NORTE ORGANIC	131	283	458	770	60	181	318	(30.5)
TELEFÓNICA								
REPORTED DATA	1,621	3,507	5,962	8,697	1,490	3,932	5,680	(4.7)
Hyper-inflation adjustment in Argentina	-	-	-	-	161	371	582	
Forex impact	(2)	-	-	-	-	-	-	
Venezuela Synthetic FX	(4)	(4)	(502)	(538)	(10)	(598)	(636)	
Spectrum acquisition	3	10	16	16	-	-	-	
Changes in the consolidation perimeter	-	-	-	-	-	-	-	
TELEFÓNICA ORGANIC	1,618	3,513	5,476	8,175	1,642	3,704	5,749	5.0

OpCF (OIBDA-CapEx)	2017				2018			%
	Jan-Mar	Jan-Jun	Jan-Sep	Jan-Dec	Jan-Mar	Jan-Jun	Jan-Sep	
T. ESPAÑA								
REPORTED DATA	810	1,720	2,634	3,269	878	1,729	2,641	0.2
Spectrum acquisition	-	-	-	-	-	-	7	
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	3	
T. ESPAÑA ORGANIC	886	1,796	2,710	3,447	880	1,733	2,650	(2.2)
T. DEUTSCHLAND								
REPORTED DATA	192	426	630	870	207	458	612	(2.8)
Spectrum acquisition	0	1	1	1	-	-	-	
Changes in the consolidation perimeter	-	-	-	-	-	-	-	
Restructuring charges	11	30	51	82	14	32	46	
IFRS 15 impact	-	-	-	-	(3)	(18)	(27)	
T. DEUTSCHLAND ORGANIC	203	457	681	953	217	472	631	(7.3)
T. UK								
REPORTED DATA	191	415	658	812	247	(107)	141	(78.5)
Forex impact	-	-	-	-	7	11	10	
Spectrum acquisition	-	-	-	-	-	588	588	
Restructuring charges	-	-	-	0	0	0	0	
IFRS 15 impact	-	-	-	-	0	11	2	
T. UK ORGANIC	191	415	658	812	254	503	742	12.8
T. BRASIL								
REPORTED DATA	707	1,223	1,649	1,966	594	1,365	1,910	15.8
Forex impact	-	-	-	-	113	274	404	
Tower sales	(0)	(0)	(0)	(0)	(0)	(0)	(0)	
Changes in the consolidation perimeter	7	15	15	14	-	-	-	
Spectrum acquisition	-	-	-	-	-	-	-	
Restructuring charges	(0)	0	0	0	-	34	33	
Contingencies	-	-	-	50	-	127	262	
IFRS 15 impact	-	-	-	-	(7)	(12)	(15)	
Judicial decision PIS/COFINS	-	-	-	-	-	(583)	(961)	
T. BRASIL ORGANIC	715	1,238	1,664	2,030	699	1,205	1,633	(1.9)
T. HISPAM SUR								
REPORTED DATA	288	537	812	860	266	471	551	(32.1)
Hyper-inflation adjustment in Argentina	-	-	-	-	-	-	89	
Forex impact	-	-	-	-	68	127	177	
Spectrum acquisition	(0)	-	28	27	10	10	40	
Restructuring charges	1	2	2	78	0	1	33	
IFRS 15 impact	-	-	-	-	(3)	(4)	1	
T. HISPAM SUR ORGANIC	289	540	843	966	341	605	891	5.7
T. HISPAM NORTE								
REPORTED DATA	186	336	14	(0)	205	269	451	n.m.
Forex impact	-	-	-	-	27	40	39	
Venezuela Synthetic FX	(12)	-	-	-	-	-	-	
Tower sales	(0)	(0)	(0)	(7)	(9)	(9)	(34)	
Spectrum acquisition	4	4	474	510	-	0	0	
Changes in the consolidation perimeter	4	1	(1)	(1)	-	-	-	
Restructuring charges	-	3	3	24	4	4	4	
Capital gains/losses on sale of companies	-	-	-	-	-	-	-	
Impairments	-	-	-	-	-	108	108	
Tariff increases in Venezuela	-	-	-	(2)	-	-	-	
IFRS 15 impact	-	-	-	-	2	1	3	
T. HISPAM NORTE ORGANIC	181	344	489	524	229	414	572	16.8
TELEFÓNICA								
REPORTED DATA	2,400	4,672	6,312	7,490	2,374	4,170	6,354	0.7
Hyper-inflation adjustment in Argentina	-	-	-	-	-	-	106	
Forex impact	-	-	-	-	210	446	623	
Venezuela Synthetic FX	(13)	-	-	-	-	-	-	
Tower sales	(0)	(0)	(0)	(7)	(9)	(9)	(34)	
Spectrum acquisition	4	4	502	538	10	598	636	
Changes in the consolidation perimeter	4	1	(1)	(1)	-	-	-	
Restructuring charges	88	113	135	340	19	71	113	
Distribution channel reorganisation plan	-	-	-	13	-	-	-	
Capital gains/losses on sale of companies	-	-	-	-	-	-	(21)	
Impairments	-	-	-	-	-	108	108	
Tariff increases in Venezuela	-	-	-	(2)	-	-	-	
Contingencies	-	-	-	107	-	127	262	
IFRS 15 impact	-	-	-	-	(11)	(21)	(36)	
Judicial decision PIS/COFINS	-	-	-	-	-	(583)	(961)	
TELEFÓNICA ORGANIC	2,483	4,791	6,948	8,478	2,593	4,907	7,151	2.9

Note:

- January-September 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) and excludes in 2018 the hyperinflation adjustment in Argentina. 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 - Sep	Jan - Sep
TELEFÓNICA								
REPORTED DATA	4,021	8,179	12,274	16,187	3,864	8,102	12,035	(1.9)
Tower sales	(0)	(0)	(0)	(7)	(8)	(8)	(32)	
Restructuring charges	88	113	135	340	18	64	98	
Impairments	-	-	-	-	-	-	-	
Distribution channel reorganisation plan	-	-	-	13	-	-	-	
Capital gains/losses on sale of companies	-	-	-	-	-	-	(21)	
Tariff increases in Venezuela	-	-	-	(2)	-	-	-	
Venezuela Synthetic FX	(15)	-	-	-	-	-	-	
Contingencies	-	-	-	107	-	106	216	
IFRS 15 impact	-	-	-	-	(11)	(21)	(36)	
Judicial decision PIS/COFINS	-	-	-	-	-	(485)	(792)	
Impairments	-	-	-	-	-	108	108	
Tax asset reversal	-	-	-	-	-	-	-	
Hyper-inflation adjustment in Argentina							229	
TELEFÓNICA UNDERLYING	4,094	8,292	12,408	16,638	3,863	7,865	11,804	(4.9)

NET INCOME	2017				2018			%
	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Sep
TELEFÓNICA								
REPORTED DATA	779	1,600	2,439	3,132	837	1,739	2,721	11.5
PPA	118	267	396	522	113	219	320	
Tower sales	(0)	(0)	(0)	(3)	(4)	(4)	(14)	
Restructuring charges	63	75	85	205	11	47	61	
Impairments	-	30	30	30	-	-	-	
Distribution channel reorganisation plan	-	-	-	10	-	-	-	
Capital gains/losses on sale of companies (controlled & non controlled)	-	79	79	79	-	-	(21)	
Tariff increases in Venezuela	-	-	-	(1)	-	-	-	
Venezuela Synthetic FX	3	-	-	-	-	-	-	
Contingencies	-	-	44	111	-	74	158	
IFRS 15 impact	-	-	-	-	(4)	(7)	(13)	
Judicial decision PIS/COFINS	-	-	-	-	-	(452)	(710)	
Impairments	-	-	-	-	-	108	108	
Tax asset reversal	-	-	-	-	-	294	299	
Hyper-inflation adjustment in Argentina							260	
TELEFÓNICA UNDERLYING	963	2,052	3,073	4,085	953	2,019	3,168	3.1

Notes:

- January-September 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 as well as depreciation and amortisation charges from purchase price allocation processes. Excludes in 2018 the hyperinflation adjustment in Argentina.

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