

Telefónica

JANUARY - DECEMBER 2018 RESULTS

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Telefónica

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DISCLAIMER

The financial information related to 2017 and in the first twelve 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 has not been restated.

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TELEFÓNICA

ACCESSES

Unaudited figures (thousands)

	2017				2018			
	March	June	September	December	March	June	September	December
Final Clients Accesses	341,785.7	341,347.3	339,843.1	338,997.9	337,921.1	338,521.8	337,077.3	336,719.3
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	34,941.4
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	22,087.5
Broadband	21,196.4	21,240.4	21,243.8	21,417.5	21,385.9	21,460.2	21,638.0	21,645.2
FTTx / Cable	9,580.6	9,960.5	10,511.8	10,961.6	11,491.8	12,216.0	12,766.4	13,213.1
Mobile accesses	274,055.6	273,886.6	272,742.7	271,766.9	271,084.9	271,901.0	270,730.3	270,814.9
Prepay	162,648.4	161,271.6	158,662.8	155,868.5	153,623.2	152,234.0	149,131.7	147,062.0
Contract	111,407.2	112,615.0	114,079.9	115,898.4	117,461.7	119,667.0	121,598.5	123,752.9
M2M	14,488.0	15,009.9	15,572.9	16,137.2	16,778.1	17,623.4	18,397.9	19,483.0
Pay TV	8,219.3	8,274.9	8,375.8	8,467.7	8,604.9	8,736.1	8,845.3	8,875.4
Wholesale Accesses	18,392.2	18,507.4	18,752.0	19,124.9	19,021.1	18,966.5	19,207.0	19,520.0
Fixed wholesale accesses	5,087.1	4,887.2	4,689.4	4,460.2	4,222.2	4,082.6	3,987.7	3,951.5
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	15,568.5
Total Accesses	360,177.9	359,854.7	358,595.1	358,122.8	356,942.2	357,488.4	356,284.3	356,239.4

Notes:

(1) Includes fixed wireless and VoIP accesses.

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

MOBILE ACCESSES

Unaudited figures (thousands)

	2017				2018			
	March	June	September	December	March	June	September	December
Contract percentage (%)	40.7%	41.1%	41.8%	42.6%	43.3%	44.0%	44.9%	45.7%
Smartphones ('000)	151,547.7	155,126.7	156,511.5	158,717.7	161,572.5	163,886.0	166,794.1	167,693.5
Smartphone penetration (%)	59.4%	60.9%	61.8%	63.0%	64.4%	65.3%	66.9%	67.5%
LTE ('000)	75,458.8	81,604.2	88,978.7	97,534.0	102,910.4	106,617.8	111,529.1	117,369.5
LTE penetration (%)	29.1%	31.5%	34.6%	38.2%	40.5%	41.9%	44.2%	46.7%

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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	Oct - Dec	Jan - Dec
Revenues	13,132	12,960	12,754	13,162	52,008	12,190	12,144	11,699	12,917	48,693
Internal exp. capitalised in fixed assets	208	222	214	219	863	193	211	193	220	815
Operating expenses	(9,348)	(9,048)	(8,884)	(9,478)	(36,758)	(8,533)	(8,036)	(7,980)	(9,560)	(33,955)
Supplies	(3,730)	(3,632)	(3,656)	(4,004)	(15,022)	(3,317)	(3,362)	(3,366)	(3,998)	(14,013)
Personnel expenses	(1,818)	(1,675)	(1,598)	(1,772)	(6,862)	(1,570)	(1,555)	(1,401)	(1,860)	(6,332)
Other operating expenses	(3,800)	(3,741)	(3,630)	(3,702)	(14,874)	(3,647)	(3,120)	(3,213)	(3,702)	(13,611)
Other net income (expense)	29	(1)	(3)	(85)	(60)	5	(12)	62	88	142
Gain (loss) on sale of fixed assets	8	10	18	75	111	12	40	65	100	217
Impairment of goodwill and other assets	(7)	16	(4)	20	24	(2)	(109)	(1)	(228)	(341)
Underlying operating income before D&A (OIBDA)	4,094	4,198	4,116	4,230	16,638	3,863	4,002	3,939	4,008	15,813
Operating income before D&A (OIBDA)	4,021	4,158	4,095	3,913	16,187	3,864	4,237	4,038	3,537	15,571
OIBDA Margin	30.6%	32.1%	32.1%	29.7%	31.1%	31.7%	34.9%	34.5%	27.4%	32.0%
Depreciation and amortisation	(2,451)	(2,358)	(2,322)	(2,265)	(9,396)	(2,227)	(2,178)	(2,112)	(2,468)	(9,049)
Operating income (OI)	1,570	1,800	1,773	1,648	6,791	1,638	2,059	1,926	1,068	6,522
Share of profit (loss) of investments accounted for by the equity method	2	1	2	-	5	2	2	(3)	2	4
Net financial income (expense)	(449)	(748)	(532)	(470)	(2,199)	(381)	(1)	(209)	(380)	(955)
Profit before taxes	1,123	1,053	1,243	1,177	4,597	1,259	2,060	1,714	691	5,571
Corporate income tax	(314)	(206)	(347)	(352)	(1,219)	(359)	(939)	(366)	48	(1,621)
Profit for the period	809	847	896	825	3,378	900	1,121	1,348	739	3,950
Attributable to equity holders of the Parent	779	821	839	693	3,132	837	902	1,139	610	3,331
Attributable to non-controlling interests	30	26	57	132	246	64	218	209	128	619
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	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	0.11	0.57
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	0.23	0.81

Notes:

- January-December 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. 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-December 2018 period Telefónica uses a synthetic Exchange rate of 7,608.41 Bolívares Soberanos/USD as of end of December 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" (€402m in January-December 2018 and €61m in October-December 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	Oct - Dec	Jan - Dec
Revenues	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Voice & access	40%	40%	39%	36%	39%	36%	35%	35%	34%	35%
Broadband Connectivity	39%	40%	39%	39%	39%	39%	39%	38%	35%	38%
Services over Connectivity (SoC)	12%	11%	13%	14%	12%	13%	15%	14%	16%	15%
Handsets	7%	7%	8%	10%	8%	9%	9%	10%	13%	10%
Others	2%	2%	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	Oct - Dec	Jan - Dec
T. ESPAÑA	3,066	3,160	3,184	3,243	12,653	3,098	3,167	3,188	3,253	12,706
T. DEUTSCHLAND	1,771	1,771	1,850	1,904	7,296	1,767	1,758	1,830	1,965	7,320
T. UK	1,601	1,607	1,602	1,730	6,540	1,586	1,638	1,721	1,846	6,790
T. BRASIL	3,165	3,028	2,935	2,892	12,019	2,705	2,522	2,345	2,553	10,126
T. HISPAM SUR (1)	2,117	2,090	1,942	2,068	8,218	1,833	1,798	1,315	1,988	6,677
T. HISPAM NORTE (2)(3)	1,168	1,044	1,037	1,082	4,331	971	1,027	1,041	1,037	4,075
Other companies and eliminations	244	259	204	243	950	230	234	259	275	1,000
Telxius	188	182	177	183	730	180	186	231	195	792
TOTAL GROUP	13,132	12,960	12,754	13,162	52,008	12,190	12,144	11,699	12,917	48,693

Notes:

- January-December 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. For comparative purposes only, hyperinflation adjustment would have been -€2m (Group) and -€2m (Hispan Sur) for the Jan-Mar period and -€255m (Group), -€256m (Hispan Sur), +€1m (Other companies and eliminations) and -€1m (Telxius) for the Apr-Jun period.

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

(2) T. Hispan 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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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	Oct - Dec	Jan - Dec
T. ESPAÑA	1,143	1,282	1,306	1,221	4,952	1,224	1,283	1,290	966	4,763
T. DEUTSCHLAND	400	461	457	503	1,821	403	479	470	482	1,834
T. UK	416	433	412	377	1,639	430	450	464	522	1,865
T. BRASIL	1,104	1,034	1,024	1,028	4,191	982	1,275	1,075	979	4,311
T. HISPAM SUR (1)	585	598	567	525	2,275	517	507	311	483	1,719
T. HISPAM NORTE (2)(3)	320	294	316	334	1,263	258	176	314	45	793
Other companies and eliminations	53	56	13	(76)	46	51	68	114	59	286
Telxius	92	87	82	84	346	86	87	107	91	370
TOTAL GROUP	4,021	4,158	4,095	3,913	16,187	3,864	4,237	4,038	3,537	15,571

Notes:

- January-December 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. For comparative purposes only, hyperinflation adjustment would have been -€13m (Group) and -€13m (Hispan Sur) for the Jan-Mar period and -€92m (Group), -€86m (Hispan Sur) and -€6m (Other companies and eliminations) for the Apr-Jun period.

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

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

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

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CAPEX BREAKDOWN

Unaudited figures (Euros in millions)

	2017					2018				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec
T. ESPAÑA	333	371	392	586	1,683	346	432	379	562	1,719
T. DEUTSCHLAND	208	226	254	262	951	197	228	316	226	966
T. UK	225	209	170	223	827	183	804	215	263	1,464
T. BRASIL	397	518	598	712	2,225	388	504	530	488	1,910
T. HISPAM SUR (1)	296	349	293	476	1,414	251	302	178	431	1,116
T. HISPAM NORTE (2)(3)	134	144	638	348	1,264	53	111	133	371	668
Other companies and eliminations	28	68	111	127	334	73	61	45	96	274
Telxius	13	44	79	68	203	57	41	34	49	181
TOTAL GROUP	1,621	1,886	2,455	2,735	8,697	1,490	2,441	1,795	2,438	8,119
Spectrum	4	1	498	35	538	7	588	19	255	868

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. For comparative purposes only, hyperinflation adjustment would have been -€1m (Group) and -€1m (Hispan Sur) for the Jan-Mar period and -€46m (Group) and -€46m (Hispan Sur) for the Apr-Jun period.

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

(2) T. Hispan 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
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Unaudited figures (Euros in millions)

	2017				2018			
	March	June	September	December	March	June	September	December
Non-current assets	103,786	97,475	97,051	95,135	93,933	91,567	91,248	90,707
Intangible assets	20,275	18,813	18,737	18,005	17,369	17,118	16,822	16,856
Goodwill	28,896	27,362	27,499	26,841	26,566	25,527	25,739	25,748
Property, plant and equipment	36,672	34,202	34,269	34,225	33,660	32,674	33,125	33,295
Investments accounted for by the equity method	70	71	76	77	70	68	65	68
Financial assets and other non-current assets	9,656	8,863	8,402	8,167	8,369	8,768	8,118	7,109
Deferred tax assets	8,216	8,164	8,069	7,820	7,899	7,412	7,378	7,631
Current assets	24,338	22,876	18,901	19,931	20,840	19,384	22,015	23,340
Inventories	1,125	1,029	1,228	1,117	1,174	1,220	1,813	1,692
Receivables and other current assets	10,601	10,740	10,323	10,093	10,800	10,816	10,528	10,579
Tax receivables	1,481	1,454	1,299	1,375	1,103	1,092	1,246	1,676
Other current financial assets	3,723	3,590	2,354	2,154	2,941	2,552	2,204	2,209
Cash and cash equivalents	7,391	6,046	3,696	5,192	4,822	3,662	6,138	5,692
Non-current assets classified as held for sale	17	17	1	-	1	42	86	1,492
Total Assets = Total Equity and Liabilities	128,124	120,351	115,952	115,066	114,773	110,951	113,263	114,047
Equity	29,903	25,534	26,685	26,618	27,218	23,715	25,194	26,980
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	17,947
Equity attributable to non-controlling interests	9,611	8,657	9,346	9,698	9,490	8,894	8,921	9,033
Non-current liabilities	64,402	62,331	60,978	59,382	61,820	59,397	59,881	57,418
Non-current financial liabilities	50,117	48,780	47,678	46,332	48,850	46,798	47,482	45,334
Payables and other non-current liabilities	1,879	1,802	1,732	1,687	1,749	1,823	1,827	1,890
Deferred tax liabilities	2,537	2,284	2,260	2,145	2,222	2,360	2,579	2,674
Non-current provisions	9,870	9,465	9,308	9,218	8,999	8,416	7,993	7,520
Current liabilities	33,820	32,486	28,289	29,066	25,735	27,839	28,188	29,649
Current financial liabilities	14,633	13,715	9,730	9,414	7,053	7,972	8,506	9,368
Payables and other-current liabilities	14,494	14,386	14,271	15,095	14,073	15,485	15,641	15,485
Current tax payables	2,444	2,313	2,191	2,341	2,367	2,252	1,981	2,047
Current provisions	2,248	2,072	2,098	2,216	2,243	2,130	2,056	1,912
Liabilities associated with non-current assets held for sale	-	-	-	-	-	-	4	837
Financial Data								
Net Financial Debt	48,766	48,487	47,222	44,230	43,975	43,593	42,636	41,785
Net Financial Debt / OIBDA	2.91x	2.86x	2.80x	2.66x	2.67x	2.68x	2.68x	2.65x

- 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	Jan - Dec
Cash received from operations	16,569	32,024	47,716	63,456	15,069	29,760	43,393	58,815
Cash paid from operations	(13,036)	(24,557)	(35,818)	(46,929)	(11,729)	(22,317)	(32,382)	(42,891)
Net payments of interest and other financial expenses net of dividends received	(641)	(976)	(1,322)	(1,726)	(698)	(986)	(1,283)	(1,636)
Net interest and other financial expenses paid	(655)	(999)	(1,346)	(1,755)	(709)	(1,008)	(1,305)	(1,664)
Dividends received	14	23	24	29	11	22	22	28
Taxes paid	(149)	(537)	(713)	(1,005)	(21)	(356)	(518)	(865)
Net cash flow provided by operating activities	2,743	5,954	9,863	13,796	2,621	6,101	9,210	13,423
(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)	(8,585)
Proceeds from the sale in property, plant and equipment and intangible assets	11	48	79	148	10	25	102	192
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)	(8,777)
Proceeds on disposals of companies, net of cash and cash equivalents disposed	30	30	36	40	5	1	29	29
Payments on investments in companies, net of cash and cash equivalents acquired	(6)	(6)	(108)	(128)	(53)	(2)	(2)	(3)
Proceeds on financial investments not included under cash equivalents	18	155	234	296	83	480	597	1,004
Payments on financial investments not included under cash equivalents	(219)	(544)	(843)	(1,106)	(389)	(586)	(657)	(965)
(Payments)/proceeds on placements of cash surpluses not included under cash equivalents, net	(910)	(1,112)	(525)	(357)	(986)	(604)	(247)	(202)
Government grants received	0	-	-	2	0	37	37	37
Net cash flow used in investing activities	(3,372)	(5,882)	(8,000)	(10,245)	(3,444)	(5,256)	(6,588)	(8,685)
Dividends paid	(73)	(1,136)	(1,395)	(2,459)	(335)	(1,433)	(1,720)	(2,794)
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	379
Operations with other equity holders (1)	(135)	(135)	(274)	646	170	68	(492)	(561)
Proceeds on issue of debentures and bonds, and other debts	6,083	6,789	8,088	8,390	2,612	2,672	4,268	4,289
Proceeds on loans, borrowings and promissory notes	1,498	2,823	3,886	4,844	1,675	2,284	3,197	3,973
Cancellation of debentures and bonds, and other debts	(1,466)	(2,534)	(6,534)	(6,687)	(2,410)	(3,760)	(3,833)	(4,654)
Repayments of loans, borrowings and promissory notes	(1,210)	(2,439)	(4,447)	(6,711)	(1,070)	(1,744)	(2,923)	(4,040)
Financed operating payments and investments in property, plant and equipment and intangible assets payments	(465)	(841)	(1,012)	(1,046)	(126)	(230)	(321)	(472)
Net cash used in financing activities	4,233	2,530	(1,687)	(1,752)	516	(2,143)	(1,445)	(3,880)
Effect of changes in exchange rates	51	(292)	(216)	(341)	(64)	(232)	(231)	(244)
Cash reclassified to assets held for sale	-	-	-	-	-	-	-	(111)
Effect of changes in consolidation methods and others	0	-	-	(2)	1	-	-	(3)
Net increase (decrease) in cash and cash equivalents during the year	3,655	2,310	(40)	1,456	(370)	(1,530)	946	500
Cash and cash equivalents at the beginning of the period	3,736	3,736	3,736	3,736	5,192	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	5,692

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	Jan - Dec
I	Cash flows from operations	3,534	7,467	11,898	16,530	3,340	7,480	11,049	15,961
II	Net interest payment (1)	(641)	(976)	(1,322)	(1,726)	(698)	(986)	(1,283)	(1,636)
III	Payment for income tax	(149)	(537)	(713)	(1,005)	(21)	(356)	(518)	(865)
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	13,460
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)	(8,585)
C	Spectrum (4)	(4)	(8)	(333)	(352)	(29)	(619)	(634)	(674)
C=A+B	Net free cash flow after CapEx	457	1,549	3,068	4,807	518	1,556	2,903	4,875
D	Net payment for financial investment	(177)	(366)	(680)	(899)	(353)	(107)	(33)	65
E	Net payment for operations with minority shareholders and treasury stock (5)	(207)	(1,268)	(1,668)	(543)	(166)	(1,365)	(1,833)	(2,976)
F=C+D+E	Free cash flow after dividends	74	(85)	720	3,365	(1)	83	1,037	1,964
G	Effects of exchange rate changes on net financial debt	141	(506)	(514)	(639)	58	(59)	(106)	(213)
H	Effects on net financial debt of changes in consolid. and others	104	314	(139)	(361)	(315)	(495)	(452)	(268)
I	Net financial debt at beginning of period	48,595	48,595	48,595	48,595	44,230	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	41,785

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: 21 in Spain, 591 in UK, 1 in Brasil, 6 in Argentina, 4 in Colombia, 31 in México and 20 in Costa Rica. In 2017 mainly: 4 in Spain, 4 in UK, 321 in Colombia, 2 in México, 5 in Uruguay and 15 in El Salvador.

(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	Jan - Dec
OIBDA	4,021	8,179	12,274	16,187	3,864	8,102	12,035	15,571
- CapEx accrued during the period	(1,621)	(3,507)	(5,962)	(8,697)	(1,490)	(3,932)	(5,680)	(8,119)
- Payments related to cancellation of commitments	(166)	(331)	(507)	(696)	(201)	(398)	(581)	(775)
- Net interest payment	(641)	(976)	(1,322)	(1,726)	(698)	(986)	(1,283)	(1,636)
- Payment for tax	(149)	(537)	(713)	(1,005)	(21)	(356)	(518)	(865)
- Gain (loss) on sale of fixed assets and impairment of goodwill and other assets	7	(10)	(7)	(27)	2	112	91	323
- Investment in working cap. and other deferred income and expenses and Others(1)(2)	(992)	(1,269)	(695)	771	(939)	(985)	(1,160)	376
= Net Free Cash Flow after CapEx	457	1,549	3,068	4,807	518	1,556	2,903	4,875
+ Payments related to cancellation of commitments	166	331	507	696	201	398	581	775
- Dividends paid to minority shareholders	(21)	(255)	(349)	(555)	(168)	(406)	(527)	(746)
= Free Cash Flow	603	1,626	3,226	4,947	550	1,548	2,957	4,904
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	5,127
= Free Cash Flow per share	0.12	0.32	0.63	0.97	0.11	0.30	0.58	0.96

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, €108m in Q4 17 and 297M€ in Q4 18 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	Jan - Dec
USA (US Dollar)	1.065	1.082	1.111	1.127	1.229	1.210	1.194	1.180
United Kingdom (Sterling)	0.860	0.860	0.872	0.876	0.883	0.880	0.884	0.885
Argentina (Argentine Peso) (1)	16.685	16.980	17.954	18.560	24.165	25.794	47.369	43.303
Brazil (Brazilian Real)	3.347	3.437	3.525	3.595	3.988	4.135	4.276	4.292
Chile (Chilean Peso)	697.988	713.796	726.723	731.283	739.733	740.258	750.008	756.458
Colombia (Colombian Peso)	3,110.942	3,161.635	3,264.773	3,324.369	3,509.967	3,446.624	3,444.297	3,485.231
Costa Rica (Colon)	601.323	616.523	635.728	644.745	702.741	690.131	682.594	684.463
Guatemala (Quetzal)	7.911	7.991	8.173	8.285	9.049	8.958	8.895	8.873
Mexico (Mexican Peso)	21.581	20.979	20.961	21.288	23.013	23.065	22.712	22.688
Nicaragua (Cordoba)	31.414	32.116	33.168	33.840	38.057	37.708	37.435	37.238
Peru (Peruvian Nuevo Sol)	3.501	3.544	3.629	3.675	3.978	3.930	3.895	3.878
Uruguay (Uruguayan Peso)	30.344	30.733	31.675	32.302	35.025	35.409	35.886	36.200
Venezuela (2)	758.150	4,045.307	9,950.249	43,316.682	316,069.669	2,762,430.939	496.074	8,714.287

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-December 2018 period Telefónica uses a synthetic Exchange rate of 7,608.41 Bolívares Soberanos/USD as of end of December 2018. For the periods including January-June 2017 to January-June 2018, the synthetic Exchange rate used is based on Bolívar Fuerte. For the period January-March 2017 the Exchange rate used is the Bolívar Fuerte.

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EXCHANGE RATES APPLIED TO CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Currency units per Euro	2017				2018			
	March	June	September	December	March	June	September	December
USA (US Dollar)	1.068	1.140	1.181	1.199	1.232	1.165	1.158	1.145
United Kingdom (Sterling)	0.856	0.879	0.882	0.888	0.875	0.886	0.888	0.895
Argentina (Argentine Peso)	16.435	18.930	20.460	22.518	24.815	33.632	47.369	43.303
Brazil (Brazilian Real)	3.385	3.773	3.743	3.968	4.095	4.493	4.638	4.438
Chile (Chilean Peso)	709.421	757.587	753.653	737.333	743.318	758.823	764.930	795.754
Colombia (Colombian Peso)	3,083.089	3,478.866	3,469.379	3,579.008	3,425.268	3,415.114	3,442.530	3,722.094
Costa Rica (Colon)	606.061	661.376	679.348	686.813	701.262	664.011	678.426	700.771
Guatemala (Quetzal)	7.842	8.365	8.676	8.809	9.115	8.731	8.921	8.861
Mexico (Mexican Peso)	20.082	20.599	21.453	23.584	22.508	22.945	21.686	22.507
Nicaragua (Cordoba)	31.711	34.262	35.927	36.921	38.385	36.753	36.979	37.030
Peru (Peruvian Nuevo Sol)	3.470	3.710	3.857	3.888	3.975	3.812	3.822	3.864
Uruguay (Uruguayan Peso)	30.498	32.497	34.237	34.551	34.972	36.666	38.470	37.116
Venezuela (2)	758.150	4,045.307	9,950.249	43,316.682	316,069.669	2,762,430.939	496.074	8,714.287

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-December 2018 period Telefónica uses a synthetic Exchange rate of 7,608.41 Bolívares Soberanos/USD as of end of December 2018. For the periods including January-June 2017 to January-June 2018, the synthetic Exchange rate used is based on Bolívar Fuerte. For the period January-March 2017 the Exchange rate used is the Bolívar 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
Green Bond	5-Feb-19	1,000	EUR	Telefónica Emisiones, S.A.U.	1.069%	5-Feb-24	XS1946004451

	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:

- **Criteria for guidance 2018:** 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 REPORTED VS BASIS FOR GUIDANCE 2019
Unaudited figures (Euros in millions)

	Base 2018
REVENUES	Jan - Dec
TELEFÓNICA	
REPORTED DATA	48,693
Hyperinflation in Argentina	313
Changes in the consolidation perimeter	(189)
TELEFÓNICA TOTAL REVENUES BASIS FOR GUIDANCE	48,817

	Base 2018
OIBDA	Jan - Dec
TELEFÓNICA	
REPORTED DATA	15,571
Hyperinflation in Argentina	148
Changes in the consolidation perimeter	(57)
Restructuring charges	458
Contingencies	215
Judicial decision PIS/COFINS	(789)
Impairments	350
Capital gains/losses on sale of companies	(18)
TELEFÓNICA TOTAL OIBDA BASIS FOR GUIDANCE	15,879

Notes:

- **Criteria for guidance 2019:** Assumes average constant foreign exchange rates of 2018, except for Venezuela (2018 and 2019 results converted at the closing synthetic exchange rate for each period) and excludes the hyperinflation adjustment in Argentina. Considers constant perimeter of consolidation. Excludes the effects of the accounting change to IFRS 16, write-offs, capital gains/losses from the sale of companies, 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	Oct - Dec	Jan - Dec
Revenues	3,066	3,160	3,184	3,243	12,653	3,098	3,167	3,188	3,253	12,706
Mobile handset revenues	82	83	95	120	379	91	88	98	109	386
Revenues ex-mobile handset revenues	2,985	3,077	3,089	3,123	12,274	3,007	3,079	3,090	3,144	12,320
Consumer (1)	1,620	1,654	1,677	1,651	6,602	1,666	1,670	1,684	1,669	6,689
Convergent	1,070	1,114	1,150	1,137	4,470	1,171	1,200	1,207	1,217	4,795
Non convergent	550	540	527	515	2,132	495	470	477	452	1,894
Business	840	870	826	866	3,401	835	880	838	909	3,462
Communications	664	667	650	649	2,631	650	662	640	651	2,602
IT	176	203	175	216	771	185	218	198	258	860
Wholesale & others (2)	525	554	586	606	2,271	506	529	567	566	2,169
Internal expenditure capitalised in fixed assets	76	77	76	81	310	69	78	69	75	292
Operating expenses	(2,003)	(1,978)	(1,954)	(2,131)	(8,066)	(1,939)	(1,977)	(1,986)	(2,412)	(8,314)
Supplies	(816)	(856)	(867)	(942)	(3,481)	(852)	(886)	(905)	(1,020)	(3,663)
Personnel expenses	(601)	(520)	(505)	(587)	(2,212)	(503)	(491)	(479)	(775)	(2,248)
Other operating expenses	(587)	(602)	(582)	(602)	(2,373)	(584)	(600)	(602)	(616)	(2,403)
Other net income (expense)	2	9	(11)	(10)	(10)	(3)	2	4	18	21
Gain (loss) on sale of fixed assets	4	14	15	37	70	3	13	18	32	66
Impairment of goodwill and other assets	(1)	(1)	(4)	(0)	(5)	(5)	(0)	(2)	(0)	(7)
Operating income before D&A (OIBDA)	1,143	1,282	1,306	1,221	4,952	1,224	1,283	1,290	966	4,763
OIBDA Margin	37.3%	40.6%	41.0%	37.6%	39.1%	39.5%	40.5%	40.5%	29.7%	37.5%
CapEx	333	371	392	586	1,683	346	432	379	562	1,719
Spectrum	-	-	-	-	-	-	-	7	115	122
OpCF (OIBDA-CapEx)	810	910	914	635	3,269	878	852	911	404	3,044

Notes:

- January-December 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
ACCESSSES
Unaudited figures (Thousands)

	2017				2018			
	March	June	September	December	March	June	September	December
Final Clients Accesses	36,537.3	36,464.3	36,614.6	36,768.5	36,884.3	36,970.3	37,441.3	37,634.4
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	9,029.1
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	6,129.6
Broadband	6,050.9	6,020.1	6,017.6	6,020.3	6,014.7	6,032.0	6,110.5	6,113.5
FTTH	3,127.8	3,213.5	3,309.3	3,423.7	3,550.5	3,667.5	3,822.2	3,940.6
Mobile accesses	17,261.7	17,289.8	17,419.6	17,576.5	17,743.3	17,896.1	18,189.8	18,384.4
Prepay	2,135.9	2,000.4	1,905.4	1,793.4	1,683.9	1,603.6	1,527.3	1,440.1
Contract	15,125.7	15,289.4	15,514.1	15,783.1	16,059.3	16,292.5	16,662.5	16,944.3
M2M	2,015.6	1,974.7	2,020.9	2,015.6	2,083.7	2,149.2	2,227.4	2,333.2
Pay TV	3,615.6	3,666.8	3,766.9	3,847.6	3,927.3	3,934.9	4,036.4	4,091.3
Wholesale Accesses	4,442.3	4,377.8	4,295.7	4,221.1	4,119.0	4,035.1	3,948.0	3,912.9
Fibre	426.2	539.7	671.7	849.5	995.8	1,158.9	1,309.8	1,522.2
Total Accesses	40,979.6	40,842.1	40,910.3	40,989.6	41,003.2	41,005.4	41,389.2	41,547.3

(1) Includes fixed wireless and VoIP accesses.

CONSUMER ACCESSSES (Convergent + Non convergent)

	2017				2018			
	March	June	September	December	March	June	September	December
Fixed telephony accesses	7,146.2	7,041.5	6,972.1	6,895.4	6,799.9	6,721.7	6,716.6	6,657.7
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	5,272.9
Mobile accesses	11,754.9	11,813.6	11,885.8	12,024.8	12,141.4	12,236.6	12,450.2	12,530.5
Prepay	2,135.9	2,000.4	1,905.4	1,793.4	1,683.9	1,603.6	1,527.3	1,440.1
Contract	9,618.9	9,813.2	9,980.3	10,231.4	10,457.5	10,633.0	10,922.8	11,090.4
Pay TV	3,615.6	3,666.8	3,766.9	3,847.6	3,927.3	3,934.9	4,036.4	4,091.3
Total Consumer Accesses	27,711.8	27,695.9	27,802.7	27,949.7	28,056.3	28,091.8	28,477.1	28,552.4

TOTAL MOBILE ACCESSSES

	2017				2018			
	March	June	September	December	March	June	September	December
Contract percentage (%)	87.6%	88.4%	89.1%	89.8%	90.5%	91.0%	91.6%	92.2%
Smartphones ('000)	10,800.7	11,240.4	11,473.6	11,857.7	12,264.6	12,356.6	12,731.9	12,889.7
Smartphone penetration (%)	71.3%	73.8%	74.8%	76.4%	78.5%	78.7%	79.9%	80.5%
LTE ('000)	6,589.6	6,976.3	7,322.8	7,686.2	8,002.5	8,270.0	8,596.5	8,843.2
LTE penetration (%)	43.2%	45.6%	47.6%	49.4%	51.1%	52.5%	53.9%	55.1%

CONSUMER CONVERGENT

	2017				2018			
	March	June	September	December	March	June	September	December
Convergent Customers	4,379.0	4,374.7	4,384.7	4,426.2	4,460.0	4,482.1	4,562.6	4,613.8
High speed Fibre	1,669.1	1,677.9	1,691.3	1,701.8	1,708.5	1,696.9	1,773.6	1,823.4
IPTV/ Satellite	2,970.9	3,071.9	3,218.7	3,347.8	3,470.6	3,508.6	3,625.6	3,711.0
Mobile add-ons	2,861.6	3,138.5	3,365.9	3,690.9	4,036.7	4,248.0	4,482.3	4,687.7
Convergent Accesses	18,969.5	19,334.6	19,738.7	20,317.2	20,887.3	21,203.0	21,795.7	22,240.0

CONSUMER CONVERGENT

	2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Convergent ARPU (EUR)	81.6	84.8	87.6	86.1	87.8	89.5	89.2	88.2
Convergent churn	1.4%	1.3%	1.5%	1.6%	1.5%	1.5%	1.5%	1.5%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dic	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dic
Convergent ARPU (EUR)	81.6	83.2	84.7	85.1	87.8	88.6	88.8	88.7
Convergent churn	1.4%	1.4%	1.4%	1.5%	1.5%	1.5%	1.5%	1.5%

SELECTED OPERATIONAL DATA

	2017				2018			
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec
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	9,176,392
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	8,507,409
Mobile data traffic (TB)	66,944	156,821	278,614	397,882	135,300	285,245	478,299	668,984

Notes:

- Convergent: Fusión and Multibrand included from Q4 2018.

- 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	Oct - Dec	Jan - Dec
Revenues	1,771	1,771	1,850	1,904	7,296	1,767	1,758	1,830	1,965	7,320
Mobile Business	1,545	1,548	1,634	1,688	6,415	1,566	1,560	1,638	1,775	6,539
Mobile service revenues	1,292	1,318	1,344	1,332	5,287	1,287	1,311	1,339	1,330	5,267
Data revenues	716	772	750	747	2,985	708	725	744	753	2,922
Handset revenues	252	229	290	356	1,128	280	249	299	445	1,272
Fixed Business	223	217	214	208	862	199	192	191	185	767
FBB and new services revenues (1)	177	167	163	160	667	153	147	145	143	589
Voice & access revenues	46	50	51	48	195	46	44	46	42	178
Internal expenditure capitalised in fixed assets	21	27	27	26	102	27	28	27	27	108
Operating expenses	(1,383)	(1,313)	(1,426)	(1,456)	(5,579)	(1,383)	(1,281)	(1,390)	(1,500)	(5,553)
Supplies	(585)	(547)	(627)	(637)	(2,396)	(587)	(538)	(622)	(712)	(2,459)
Personnel expenses	(155)	(157)	(158)	(171)	(642)	(152)	(151)	(148)	(159)	(610)
Other operating expenses	(643)	(609)	(641)	(649)	(2,541)	(644)	(591)	(620)	(629)	(2,484)
Other net income (expense)	(10)	(24)	5	1	(28)	(8)	(26)	3	(9)	(41)
Gain (loss) on sale of fixed assets	1	0	-	29	30	0	-	-	0	0
Impairment of goodwill and other assets	-	-	-	-	-	-	-	-	-	-
Operating income before D&A (OIBDA)	400	461	457	503	1,821	403	479	470	482	1,834
OIBDA Margin	22.6%	26.1%	24.7%	26.4%	25.0%	22.8%	27.2%	25.7%	24.5%	25.1%
CapEx	208	226	254	262	951	197	228	316	226	966
Spectrum	-	-	-	-	1	-	-	-	-	-
OpCF (OIBDA-CapEx)	192	235	203	241	870	207	251	154	256	868

Note:

- January-December 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	December
Final Clients Accesses	48,988.0	49,478.7	49,105.1	47,415.8	47,011.3	47,171.6	47,268.1	47,089.5
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	1,996.0
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	2,274.7
Broadband	2,095.3	2,082.4	2,072.5	2,072.2	2,060.0	2,048.5	2,054.4	2,079.8
VDSL	872.2	959.9	1,062.5	1,151.6	1,243.4	1,329.7	1,388.9	1,441.3
Mobile accesses	44,675.3	45,193.6	44,841.6	43,154.7	42,777.0	42,961.6	43,048.9	42,818.8
Prepay	23,967.0	24,288.6	23,753.8	21,880.9	21,345.9	21,197.6	21,052.4	20,542.9
Contract	20,708.4	20,905.0	21,087.8	21,273.8	21,431.1	21,764.0	21,996.5	22,275.9
M2M	830.1	896.8	969.4	1,027.0	1,067.2	1,103.4	1,134.9	1,187.9
Wholesale Accesses	561.8	428.0	297.9	188.1	63.3	8.0	0.2	0.0
Total Accesses	49,549.8	49,906.7	49,402.9	47,603.9	47,074.6	47,179.6	47,268.3	47,089.5

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2017				2018			
	March	June	September	December	March	June	September	December
Contract percentage (%)	46.4%	46.3%	47.0%	49.3%	50.1%	50.7%	51.1%	52.0%
Smartphones ('000)	24,781.1	25,227.4	25,554.2	25,466.1	25,707.5	26,411.1	27,079.8	27,335.3
Smartphone penetration (%)	57.0%	57.4%	58.7%	60.9%	62.0%	63.5%	64.9%	66.0%
LTE ('000)	13,967.6	14,422.0	15,679.2	15,759.1	16,093.5	16,595.8	17,157.3	18,433.7
LTE penetration (%)	31.9%	32.6%	35.7%	37.4%	38.6%	39.6%	40.9%	44.3%
Mobile churn (quarterly)	1.9%	1.9%	2.1%	3.1%	2.2%	1.8%	2.0%	2.3%
Contract (1)	1.6%	1.5%	1.6%	1.7%	1.7%	1.5%	1.6%	1.8%
Mobile churn (cumulative YTD)	1.9%	1.9%	2.0%	2.2%	2.2%	2.0%	2.0%	2.1%
Contract (1)	1.6%	1.6%	1.6%	1.6%	1.7%	1.6%	1.6%	1.6%
Mobile ARPU (EUR) (cumulative YTD)	9.6	9.6	9.7	9.7	9.8	9.9	10.0	10.0
Prepay	5.0	5.1	5.1	5.2	5.6	5.7	5.8	5.8
Contract (1)	15.5	15.5	15.6	15.5	14.8	14.8	14.9	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	2,887,439
Mobile data traffic (TB) (cumulative YTD)	86,423	185,036	295,720	418,086	126,040	277,660	443,100	622,349

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	Oct - Dec	Jan - Dec
Revenues	1,601	1,607	1,602	1,730	6,540	1,586	1,638	1,721	1,846	6,790
Mobile service revenues	1,255	1,276	1,258	1,262	5,050	1,163	1,221	1,241	1,212	4,837
Data revenues	728	740	718	725	2,912	669	699	698	679	2,744
Handset revenues and other	346	331	344	468	1,490	423	417	480	634	1,953
Internal expenditure capitalised in fixed assets	29	30	27	31	116	29	33	29	35	127
Operating expenses	(1,215)	(1,204)	(1,219)	(1,386)	(5,024)	(1,181)	(1,221)	(1,286)	(1,342)	(5,029)
Supplies	(747)	(732)	(767)	(879)	(3,125)	(534)	(546)	(589)	(691)	(2,359)
Personnel expenses	(111)	(111)	(110)	(110)	(442)	(107)	(112)	(112)	(114)	(445)
Other operating expenses	(357)	(360)	(342)	(397)	(1,456)	(540)	(563)	(585)	(537)	(2,225)
Other net income (expense)	1	(0)	0	4	4	(4)	(1)	(1)	(18)	(23)
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	522	1,865
OIBDA Margin	26.0%	27.0%	25.7%	21.8%	25.1%	27.1%	27.5%	26.9%	28.3%	27.5%
CapEx	225	209	170	223	827	183	804	215	263	1,464
Spectrum	-	-	-	-	-	-	588	-	-	588
OpCF (OIBDA-CapEx)	191	224	242	154	812	247	(354)	249	259	400

Notes:

- January-December 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	December
Fixed telephony accesses (1)	277.2	281.3	281.9	283.9	285.8	296.1	301.3	306.9
Internet and data accesses	24.0	24.7	24.8	25.3	25.7	26.6	27.7	28.1
Broadband	24.0	24.7	24.8	25.3	25.7	26.6	27.7	28.1
Mobile accesses	25,009.3	25,139.7	25,283.0	25,003.9	24,775.3	24,758.7	24,821.4	25,044.1
Prepay	9,375.4	9,427.4	9,477.4	9,203.7	8,959.1	8,858.3	8,804.0	8,742.6
Contract (2)	15,633.9	15,712.3	15,805.6	15,800.2	15,816.2	15,900.3	16,017.4	16,301.4
M2M	3,330.3	3,373.1	3,434.4	3,358.9	3,370.1	3,411.7	3,408.3	3,578.0
Wholesale Accesses	6,879.0	6,859.0	7,018.0	7,162.0	7,247.1	7,340.0	7,457.2	7,599.2
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	7,599.2
Total accesses	32,189.5	32,304.7	32,607.7	32,475.1	32,334.0	32,421.4	32,607.6	32,978.3

(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	December
Retail mobile accesses	25,009.3	25,139.7	25,283.0	25,003.9	24,775.3	24,758.7	24,821.4	25,044.1
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	7,599.2
Total mobile accesses	31,888.3	31,998.7	32,301.0	32,165.9	32,022.4	32,098.6	32,278.6	32,643.2

(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	December
Contract percentage (%)	62.5%	62.5%	62.5%	63.2%	63.8%	64.2%	64.5%	65.1%
Smartphones ('000)	14,910.2	15,514.3	15,667.9	15,961.0	15,917.8	15,979.7	15,824.1	16,302.8
Smartphone penetration (%)	71.2%	73.8%	74.3%	76.5%	77.2%	77.8%	76.8%	79.0%
LTE ('000)	12,438.0	12,592.0	12,611.0	12,891.1	12,773.3	12,500.3	13,362.6	13,502.1
LTE penetration (%)	57.4%	57.8%	57.7%	59.6%	59.7%	58.6%	62.4%	62.9%
Mobile churn (quarterly)	2.2%	1.5%	1.7%	2.2%	1.9%	1.9%	2.1%	1.9%
Contract (1)(2)	1.5%	1.0%	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%	1.9%
Contract (1)(2)	1.5%	1.2%	1.1%	1.1%	1.0%	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	15.1
Prepay	7.3	7.1	7.0	6.9	6.8	6.9	7.1	7.1
Contract (1)(2)	26.6	27.0	26.8	26.8	24.2	24.7	24.8	24.6
Mobile data traffic (TB) (cumulative YTD)	79,926	173,446	280,109	401,489	126,797	274,846	442,731	613,219

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	Oct - Dec	Jan - Dec
Revenues	3,165	3,028	2,935	2,892	12,019	2,705	2,522	2,345	2,553	10,126
Mobile Business	1,932	1,850	1,782	1,797	7,360	1,696	1,589	1,463	1,624	6,371
Mobile service revenues	1,855	1,776	1,713	1,719	7,062	1,599	1,476	1,355	1,493	5,924
Data revenues	1,273	1,276	1,248	1,288	5,084	1,239	1,157	1,076	1,187	4,659
Handset revenues	76	74	68	78	298	97	112	108	131	448
Fixed Business	1,233	1,178	1,153	1,094	4,659	1,009	934	882	930	3,754
FBB and new services revenues (1)	494	483	525	498	1,999	458	440	434	473	1,804
Pay TV revenues	143	134	131	124	531	118	111	107	114	450
Voice & access revenues	596	562	497	473	2,128	432	384	341	343	1,501
Internal exp. capitalised in fixed assets	37	37	33	33	140	30	31	27	30	117
Operating expenses	(2,102)	(2,006)	(1,938)	(1,879)	(7,927)	(1,740)	(1,233)	(1,312)	(1,636)	(5,921)
Supplies	(613)	(557)	(553)	(544)	(2,268)	(504)	(530)	(465)	(541)	(2,039)
Personnel expenses	(319)	(300)	(283)	(293)	(1,196)	(279)	(295)	(234)	(272)	(1,080)
Other operating expenses	(1,170)	(1,149)	(1,103)	(1,042)	(4,463)	(957)	(408)	(613)	(824)	(2,801)
Other net income (expense)	6	(22)	(8)	(56)	(79)	(15)	(43)	5	13	(41)
Gain (loss) on sale of fixed assets	5	(20)	3	13	1	(0)	(1)	9	6	13
Impairment of goodwill and other assets	(6)	17	(0)	25	36	2	(1)	1	14	17
Operating income before D&A (OIBDA)	1,104	1,034	1,024	1,028	4,191	982	1,275	1,075	979	4,311
OIBDA Margin	34.9%	34.1%	34.9%	35.6%	34.9%	36.3%	50.5%	45.9%	38.4%	42.6%
CapEx	397	518	598	712	2,225	388	504	530	488	1,910
Spectrum	-	-	-	-	-	-	-	-	2	2
OpCF (OIBDA-CapEx)	707	515	426	316	1,966	594	771	545	491	2,401

Notes:

- January-December 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	December
Final Clients Accesses	97,331.7	97,679.1	97,732.9	97,890.8	97,905.1	97,897.8	96,817.2	95,287.2
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	13,004.6
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	7,564.7
Broadband	7,369.5	7,468.6	7,485.5	7,466.1	7,476.6	7,489.9	7,502.6	7,485.2
FTTx/cable	4,226.8	4,365.9	4,472.2	4,541.0	4,643.2	4,791.7	4,917.3	4,991.1
Mobile accesses	73,988.8	74,327.1	74,553.6	74,931.3	75,089.3	75,253.9	74,423.6	73,151.3
Prepay	40,171.5	39,652.1	38,897.4	38,168.1	37,599.0	36,827.1	35,017.0	32,754.4
Contract	33,817.3	34,675.0	35,656.2	36,763.2	37,490.3	38,426.8	39,406.7	40,396.9
M2M	5,271.5	5,590.8	5,845.3	6,312.5	6,664.9	7,105.5	7,628.7	8,203.3
Pay TV	1,661.3	1,647.2	1,618.0	1,587.7	1,591.5	1,614.3	1,600.5	1,566.6
Total Accesses	97,349.2	97,696.1	97,749.8	97,905.1	97,919.1	97,912.7	96,832.0	95,302.0

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2017				2018			
	March	June	September	December	March	June	September	December
Contract percentage (%)	45.7%	46.7%	47.8%	49.1%	49.9%	51.1%	52.9%	55.2%
Smartphones ('000)	50,647.3	52,687.8	53,323.6	54,077.9	56,291.8	57,636.1	58,725.5	57,834.5
Smartphone penetration (%)	76.0%	78.8%	79.5%	80.5%	83.8%	86.0%	89.3%	90.4%
LTE ('000)	25,422.1	28,645.5	31,645.4	35,042.6	37,566.4	39,404.1	40,325.9	41,103.8
LTE penetration (%)	37.0%	41.7%	46.1%	51.1%	54.9%	57.8%	60.4%	63.3%
Mobile churn (quarterly)	3.3%	3.3%	3.4%	3.3%	3.1%	3.0%	3.7%	4.1%
Contract (1)	1.6%	1.8%	1.9%	1.7%	1.6%	1.8%	1.9%	1.7%
Mobile churn (cumulative YTD)	3.3%	3.3%	3.4%	3.3%	3.1%	3.0%	3.3%	3.5%
Contract (1)	1.6%	1.7%	1.8%	1.8%	1.6%	1.7%	1.8%	1.7%
Mobile ARPU (EUR) (cumulative YTD)	8.2	8.0	7.8	7.7	7.0	6.6	6.4	6.4
Prepay	4.1	3.9	3.8	3.7	3.2	3.0	2.8	2.8
Contract (1)	15.4	15.1	14.6	14.4	13.0	12.4	11.9	11.9
Mobile data traffic (TB) (cumulative YTD)	129,160	286,854	471,023	676,538	228,836	477,228	777,616	1,110,125
Fixed telephony ARPU (EUR) (cumulative YTD)	13.7	13.3	12.7	12.3	10.3	9.8	9.3	9.1
Pay TV ARPU (EUR) (cumulative YTD)	28.2	27.5	27.3	26.9	24.7	23.9	23.3	23.5
Broadband ARPU (EUR) (cumulative YTD)	14.5	14.2	13.9	13.9	13.2	12.7	12.6	13.0
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	21,954,704

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	Oct - Dec	Jan - Dec
Revenues	2,117	2,090	1,942	2,068	8,218	1,833	1,798	1,315	1,988	6,677
Mobile Business	1,300	1,268	1,174	1,251	4,993	1,120	1,089	761	1,166	3,964
Mobile service revenues	1,146	1,112	1,012	1,049	4,319	898	863	584	916	3,115
Data revenues	633	618	588	602	2,442	535	538	334	515	1,800
Handset revenues	154	156	162	201	673	222	227	177	250	849
Fixed Business	817	822	768	818	3,225	713	709	556	822	2,712
FBB and new services revenues (1)	437	436	413	436	1,723	380	375	275	419	1,382
Pay TV revenues	144	144	138	141	568	133	136	133	130	531
Voice & access revenues	237	241	216	240	935	200	198	148	273	799
Internal exp. capitalised in fixed assets	23	21	23	20	87	18	19	16	20	71
Operating expenses	(1,558)	(1,532)	(1,404)	(1,590)	(6,083)	(1,342)	(1,331)	(1,026)	(1,552)	(5,089)
Supplies	(592)	(566)	(531)	(599)	(2,288)	(513)	(531)	(431)	(611)	(2,051)
Personnel expenses	(328)	(314)	(277)	(350)	(1,269)	(271)	(245)	(174)	(307)	(943)
Other operating expenses	(638)	(652)	(596)	(641)	(2,526)	(558)	(554)	(421)	(634)	(2,095)
Other net income (expense)	2	17	5	24	48	8	18	6	20	51
Gain (loss) on sale of fixed assets	(0)	2	2	2	5	(0)	3	0	7	10
Impairment of goodwill and other assets	-	-	-	-	-	-	-	-	-	-
Operating income before D&A (OIBDA)	585	598	567	525	2,275	517	507	311	483	1,719
OIBDA Margin	27.6%	28.6%	29.2%	25.4%	27.7%	28.2%	28.2%	23.7%	24.3%	25.7%
CapEx	296	349	293	476	1,414	251	302	178	431	1,116
Spectrum	(0)	0	28	(1)	27	7	-	11	4	21
OpCF (OIBDA-CapEx)	288	249	275	48	860	266	205	133	51	603

Notes:

- January-December 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. 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	Oct - Dec	Jan - Dec
Revenues	2,117	2,090	1,942	2,068	8,218	1,833	1,798	1,315	1,988	6,677
Telefónica Argentina	876	918	810	890	3,495	755	703	232	884	2,315
Telefónica Chile	561	538	523	564	2,186	526	525	505	524	2,080
Telefónica Perú	620	578	558	561	2,318	501	518	527	528	2,075
Telefónica Uruguay	65	60	55	55	235	56	56	53	56	221
Other and eliminations	(5)	(4)	(4)	(3)	(15)	(4)	(3)	(2)	(5)	(13)
Service Revenues	1,963	1,934	1,780	1,867	7,544	1,611	1,572	1,140	1,738	5,827
Telefónica Argentina	813	843	729	797	3,182	682	633	209	798	2,088
Telefónica Chile	519	499	482	496	1,995	447	451	432	439	1,769
Telefónica Perú	575	541	522	526	2,164	436	442	451	456	1,785
Telefónica Uruguay	60	56	51	51	218	50	49	48	51	198
Other and eliminations	(5)	(4)	(4)	(3)	(15)	(4)	(3)	(1)	(5)	(13)
OIBDA	585	598	567	525	2,275	517	507	311	483	1,719
Telefónica Argentina	231	275	241	224	971	245	218	54	252	669
Telefónica Chile	174	165	158	133	630	153	158	156	150	617
Telefónica Perú	156	137	148	146	588	98	111	80	60	350
Telefónica Uruguay	23	21	21	21	85	21	20	20	22	82
Other and eliminations	-	-	-	-	-	-	-	2	(1)	1
CapEx	296	349	293	476	1,414	251	302	178	431	1,116
Telefónica Argentina	151	146	126	179	601	124	130	38	153	399
Telefónica Chile	87	93	58	118	356	76	91	63	110	341
Telefónica Perú	54	103	73	165	394	48	74	71	150	342
Telefónica Uruguay	5	8	36	14	62	4	6	7	18	34
Other and eliminations	-	-	-	-	-	-	-	-	-	-
Spectrum	(0)	0	28	(1)	27	7	-	11	4	21
Telefónica Argentina	-	-	-	-	-	7	-	11	4	21
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	51	603
Telefónica Argentina	80	129	115	45	370	121	88	16	99	269
Telefónica Chile	87	72	99	15	274	77	67	93	39	276
Telefónica Perú	103	35	76	(19)	194	51	37	10	(90)	8
Telefónica Uruguay	18	13	(15)	7	23	17	14	13	4	48
Other and eliminations	-	-	-	-	-	-	-	2	(1)	1

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TELEFÓNICA HISPAM SUR

ACCESSES

Unaudited figures (thousands)

	2017				2018			
	March	June	September	December	March	June	September	December
Final Clients Accesses	60,569.0	59,760.0	59,093.9	58,419.9	57,783.3	57,531.8	56,723.6	56,889.9
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	7,435.2
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	4,669.7
Broadband	4,565.4	4,566.1	4,567.1	4,535.4	4,492.4	4,528.3	4,554.9	4,549.5
FTTx/cable	1,246.5	1,297.3	1,514.7	1,656.2	1,829.2	2,089.2	2,285.8	2,490.8
Mobile accesses	45,718.0	44,955.8	44,352.3	43,775.1	43,276.3	43,042.8	42,324.7	42,575.1
Prepay	29,273.2	28,787.5	28,344.3	27,631.8	26,973.7	26,386.8	25,504.3	25,571.6
Contract	16,444.7	16,168.3	16,008.0	16,143.3	16,302.6	16,655.9	16,820.4	17,003.5
M2M	1,082.3	1,126.1	1,164.9	1,199.8	1,240.2	1,339.4	1,396.2	1,457.7
Pay TV	1,954.3	1,979.1	2,009.4	2,050.3	2,084.6	2,156.4	2,173.5	2,209.9
Total Accesses	60,594.7	59,785.4	59,134.0	58,445.9	57,808.9	57,556.0	56,747.9	56,913.1

Notes:

(1) Includes fixed wireless and VoIP accesses.

MOBILE ACCESSES

Unaudited figures

	2017				2018			
	March	June	September	December	March	June	September	December
Contract percentage (%)	36.0%	36.0%	36.1%	36.9%	37.7%	38.7%	39.7%	39.9%
Smartphones ('000)	21,113.6	20,799.2	21,267.5	21,650.2	21,331.4	21,507.3	21,056.7	21,370.3
Smartphone penetration (%)	47.9%	48.1%	49.9%	51.5%	51.4%	52.2%	52.1%	52.6%
LTE ('000)	8,761.2	9,542.5	10,383.5	12,529.0	13,713.1	13,777.7	14,694.1	15,980.2
LTE penetration (%)	19.6%	21.8%	24.0%	29.4%	32.6%	33.0%	36.0%	38.9%

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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	Oct - Dec	Jan - Dec
Revenues	876	918	810	890	3,495	755	703	232	884	2,315
Mobile Business	573	591	530	585	2,279	500	465	151	552	1,497
Mobile service revenues	510	515	449	492	1,966	427	395	128	466	1,270
Data revenues	278	302	277	306	1,163	266	263	66	261	732
Handset revenues	63	75	81	93	312	73	70	23	86	227
Fixed Business	302	327	281	306	1,216	255	238	82	332	818
FBB and new services revenues (1)	185	193	171	180	729	153	140	32	154	410
Voice & access revenues	117	135	109	126	488	102	98	50	178	407
OIBDA	231	275	241	224	971	245	218	54	252	669
OIBDA margin	26.4%	30.0%	29.7%	25.2%	27.8%	32.4%	31.0%	23.2%	28.5%	28.9%
CapEx	151	146	126	179	601	124	130	38	153	399
Spectrum	-	-	-	-	-	7	-	11	4	21
OpCF (OIBDA-CapEx)	80	129	115	45	370	121	88	16	99	269

Note:

- January-December 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. 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	December
Final Clients Accesses	26,370.4	25,981.8	25,770.2	25,077.2	24,507.7	24,208.3	23,798.2	23,910.6
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	3,667.3
Fixed wireless	233.3	227.7	221.8	206.1	192.9	184.5	170.4	173.2
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	1,546.1
Broadband	1,800.5	1,762.6	1,720.3	1,663.5	1,613.5	1,578.6	1,545.5	1,512.1
FTTx	75.8	133.6	192.7	243.8	294.7	353.2	416.9	468.6
Mobile accesses	20,155.1	19,864.8	19,789.4	19,255.9	18,835.8	18,686.5	18,446.3	18,666.8
Prepay	12,936.0	12,561.7	12,386.1	11,717.1	11,259.6	11,011.4	10,726.8	10,907.0
Contract	7,219.1	7,303.1	7,403.3	7,538.7	7,576.2	7,675.1	7,719.5	7,759.7
M2M	546.2	581.0	588.0	596.6	614.3	629.4	658.0	698.0
Pay TV	-	-	-	-	-	-	1.4	30.4
Total Accesses	26,390.8	26,002.0	25,805.1	25,098.1	24,528.1	24,227.4	23,817.1	23,928.3

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2017				2018			
	March	June	September	December	March	June	September	December
Contract percentage (%)	35.8%	36.8%	37.4%	39.2%	40.2%	41.1%	41.8%	41.6%
Smartphones ('000)	9,194.8	8,789.6	9,195.1	9,253.8	8,879.0	8,988.5	8,949.3	9,074.2
Smartphone penetration (%)	47.2%	45.9%	48.2%	49.9%	49.0%	50.1%	50.6%	50.8%
LTE ('000)	4,136.7	4,707.5	5,363.2	6,387.8	6,673.1	6,714.7	6,751.7	7,647.0
LTE penetration (%)	21.1%	24.4%	27.9%	34.2%	36.6%	37.2%	38.0%	42.6%
Mobile churn (quarterly)	3.4%	3.1%	2.9%	3.1%	3.2%	2.9%	2.6%	1.7%
Contract (1)	1.2%	1.2%	1.2%	1.1%	1.1%	1.1%	1.3%	1.5%
Mobile churn (cumulative YTD)	3.4%	3.2%	3.1%	3.1%	3.2%	2.9%	2.8%	2.5%
Contract (1)	1.2%	1.2%	1.2%	1.2%	1.1%	1.1%	1.2%	1.3%
Mobile ARPU (EUR) (cumulative YTD)	8.6	8.7	8.4	8.5	7.8	7.5	4.2	4.8
Prepay	2.5	2.6	2.6	2.7	2.4	2.4	1.3	1.5
Contract (1)	21.0	21.0	19.9	19.7	16.7	15.9	8.9	10.0
Mobile data traffic (TB) (cumulative YTD)	42,378	92,707	153,286	220,535	71,626	147,967	230,363	318,130
Fixed telephony ARPU (EUR) (cumulative YTD)	8.6	9.5	9.1	9.4	8.5	8.4	4.8	5.6
Broadband ARPU (EUR) (cumulative YTD)	20.8	21.7	21.3	21.2	18.1	17.1	9.4	11.1
Fixed data traffic (TB) (cumulative YTD) (2)	296,597	636,815	1,018,913	1,420,297	425,127	893,893	1,466,706	2,027,293

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	Oct - Dec	Jan - Dec
Revenues	561	538	523	564	2,186	526	525	505	524	2,080
Mobile Business	329	307	300	323	1,259	308	305	296	306	1,215
Mobile service revenues	287	268	259	255	1,069	230	231	223	221	905
Data revenues	147	137	131	129	544	119	119	118	115	471
Handset revenues	42	39	41	69	190	79	74	73	85	311
Fixed Business	232	231	222	241	926	217	220	209	218	864
FBB and new services revenues (1)	112	113	111	129	465	110	112	111	119	451
Pay TV revenues	61	62	60	60	243	58	59	54	53	225
Voice & access revenues	59	56	52	52	219	50	49	44	46	188
OIBDA	174	165	158	133	630	153	158	156	150	617
OIBDA margin	31.1%	30.6%	30.2%	23.7%	28.8%	29.2%	30.1%	30.9%	28.5%	29.7%
CapEx	87	93	58	118	356	76	91	63	110	341
Spectrum	-	-	-	-	-	-	-	-	-	-
OpCF (OIBDA-CapEx)	87	72	99	15	274	77	67	93	39	276

Notes:

- January-December 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	December
Final Clients Accesses	12,210.5	12,142.9	12,248.6	12,227.9	12,061.9	11,887.5	11,836.3	11,591.5
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	1,222.4
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	1,150.2
Broadband	1,088.1	1,111.6	1,118.6	1,108.5	1,089.2	1,097.8	1,102.0	1,095.8
FTTx	329.0	341.9	354.3	360.0	379.0	421.5	475.1	522.9
Mobile accesses	9,034.4	8,945.3	9,044.6	9,056.6	8,957.4	8,783.8	8,758.8	8,567.5
Prepay	5,891.1	5,817.3	5,889.7	5,849.2	5,658.8	5,391.6	5,245.6	4,957.7
Contract	3,143.3	3,128.0	3,154.9	3,207.4	3,298.5	3,392.2	3,513.2	3,609.8
M2M	377.8	387.0	405.6	409.5	422.1	426.8	440.8	441.0
Pay TV	656.8	669.7	683.1	684.0	673.6	679.2	669.5	651.3
Total Accesses	12,215.7	12,148.1	12,253.8	12,233.0	12,067.0	11,892.6	11,841.7	11,597.0

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA
Unaudited figures

	2017				2018			
	March	June	September	December	March	June	September	December
Contract percentage (%)	34.8%	35.0%	34.9%	35.4%	36.8%	38.6%	40.1%	42.1%
Smartphones ('000)	2,962.3	2,894.6	2,933.0	3,285.8	3,344.5	3,411.8	3,437.9	3,531.6
Smartphone penetration (%)	35.3%	35.0%	35.1%	39.3%	40.5%	42.2%	42.7%	44.9%
LTE ('000)	1,837.0	1,879.7	2,210.6	2,517.2	2,700.0	2,823.9	3,035.2	3,207.0
LTE penetration (%)	21.2%	22.0%	25.6%	29.1%	31.6%	33.8%	36.5%	39.5%
Mobile churn (quarterly)	3.3%	3.4%	3.0%	3.4%	3.4%	3.5%	2.9%	3.9%
Contract (1)	2.4%	2.6%	2.7%	2.6%	2.2%	2.3%	2.3%	2.8%
Mobile churn (cumulative YTD)	3.3%	3.3%	3.2%	3.2%	3.4%	3.5%	3.3%	3.4%
Contract (1)	2.4%	2.5%	2.6%	2.6%	2.2%	2.3%	2.3%	2.5%
Mobile ARPU (EUR) (cumulative YTD)	10.1	9.8	9.5	9.3	8.5	7.9	7.9	7.9
Prepay	2.9	2.8	2.6	2.6	2.3	2.2	2.2	2.1
Contract (1)	26.6	25.8	25.2	24.7	22.1	20.0	19.6	19.3
Mobile data traffic (TB) (cumulative YTD)	42,969	92,426	150,683	212,517	74,641	162,246	260,842	365,241
Fixed telephony ARPU (EUR) (cumulative YTD)	13.0	12.8	12.5	12.4	11.8	11.7	11.4	11.4
Pay TV ARPU (EUR) (cumulative YTD)	26.1	25.6	24.9	24.5	22.8	23.1	22.5	22.2
Broadband ARPU (EUR) (cumulative YTD)	18.8	18.1	17.4	17.3	17.1	17.1	16.7	16.5
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	2,480,494

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	Oct - Dec	Jan - Dec
Revenues	620	578	558	561	2,318	501	518	527	528	2,075
Mobile Business	335	313	291	288	1,226	257	265	264	252	1,038
Mobile service revenues	290	275	255	253	1,072	192	189	187	180	748
Data revenues	174	146	151	143	614	122	130	125	113	490
Handset revenues	45	38	36	35	154	65	76	76	73	290
Fixed Business	286	266	267	273	1,092	244	253	264	276	1,037
FBB and new services revenues (1)	144	134	134	131	543	120	125	132	149	526
Pay TV revenues	81	80	77	80	318	74	76	78	77	306
Voice & access revenues	61	51	55	62	230	49	52	54	50	205
OIBDA	156	137	148	146	588	98	111	80	60	350
OIBDA margin	25.2%	23.8%	26.6%	26.0%	25.4%	19.6%	21.5%	15.2%	11.3%	16.9%
CapEx	54	103	73	165	394	48	74	71	150	342
Spectrum	-	-	-	-	-	-	-	-	-	-
OpCF (OIBDA-CapEx)	103	35	76	(19)	194	51	37	10	(90)	8

Note:

- January-December 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	December
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	2,545.4
Fixed wireless	84.6	84.9	85.4	85.8	84.6	84.7	85.2	85.4
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	1,973.3
Broadband	1,676.8	1,691.9	1,728.2	1,763.4	1,789.7	1,852.0	1,907.4	1,941.5
FTTx/cable	841.7	821.7	967.7	1,052.4	1,155.5	1,314.6	1,393.8	1,499.2
Mobile accesses	14,810.6	14,438.8	13,826.5	13,745.1	13,816.4	13,915.5	13,474.9	13,664.8
Prepay	9,429.8	9,397.5	9,073.7	9,049.4	9,093.0	9,038.0	8,597.2	8,744.0
Contract	5,380.9	5,041.3	4,752.7	4,695.7	4,723.5	4,877.5	4,877.7	4,920.8
M2M	82.9	82.1	92.7	108.5	112.4	187.1	199.5	217.7
Pay TV	1,297.4	1,309.3	1,326.2	1,366.3	1,411.0	1,477.1	1,502.6	1,528.1
Total Accesses	20,270.3	19,928.4	19,383.2	19,397.3	19,547.1	19,779.1	19,444.4	19,711.7

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2017				2018			
	March	June	September	December	March	June	September	December
Contract percentage (%)	36.3%	34.9%	34.4%	34.2%	34.2%	35.1%	36.2%	36.0%
Smartphones ('000)	8,130.0	8,283.6	8,291.3	8,246.5	8,230.3	8,231.3	7,803.0	7,873.5
Smartphone penetration (%)	55.5%	58.0%	60.7%	60.8%	60.4%	60.3%	59.1%	58.9%
LTE ('000)	2,370.0	2,505.4	2,324.4	3,087.6	3,725.1	3,586.3	4,217.9	4,391.3
LTE penetration (%)	16.1%	17.5%	16.9%	22.6%	27.2%	26.1%	31.9%	32.7%
Mobile churn (quarterly)	5.3%	5.1%	5.5%	5.6%	5.8%	6.2%	7.1%	6.8%
Contract (1)	2.7%	3.1%	3.1%	3.3%	3.0%	3.2%	3.5%	3.3%
Mobile churn (cumulative YTD)	5.3%	5.2%	5.3%	5.3%	5.8%	6.2%	6.5%	6.6%
Contract (1)	2.7%	2.9%	3.0%	3.0%	3.0%	3.2%	3.3%	3.3%
Mobile ARPU (EUR) (cumulative YTD)	6.3	6.3	6.2	6.1	5.2	4.4	4.4	4.4
Prepay	2.1	2.0	2.1	2.0	1.8	1.7	1.7	1.8
Contract (1)	13.7	13.8	13.7	13.6	12.0	9.6	9.5	9.5
Mobile data traffic (TB) (cumulative YTD)	37,157	84,961	133,034	185,166	62,196	133,741	224,923	326,110
Fixed telephony ARPU (EUR) (cumulative YTD)	7.5	7.0	6.8	6.7	5.8	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	17.4
Broadband ARPU (EUR) (cumulative YTD)	15.6	15.1	14.7	14.3	12.6	12.7	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	3,499,664

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	Oct - Dec	Jan - Dec
Revenues	1,168	1,044	1,037	1,082	4,331	971	1,027	1,041	1,037	4,075
Mobile Business	967	860	871	898	3,595	799	843	848	854	3,343
Mobile service revenues	852	732	758	748	3,089	673	691	709	672	2,744
Data revenues	437	420	408	412	1,678	399	376	393	396	1,564
Handset revenues	115	128	113	150	506	126	152	139	182	599
Fixed Business	201	185	166	184	736	172	184	193	182	732
FBB and new services revenues (1)(2)	98	90	86	84	358	92	98	109	109	408
Pay TV revenues	26	21	20	20	87	22	23	23	16	83
Voice & access revenues (2)	78	73	60	79	291	59	63	61	58	240
Internal exp. capitalised in fixed assets	12	13	15	12	51	12	12	12	12	48
Operating expenses	(867)	(781)	(740)	(777)	(3,165)	(739)	(793)	(773)	(835)	(3,141)
Supplies	(367)	(354)	(315)	(349)	(1,385)	(307)	(342)	(333)	(367)	(1,349)
Personnel expenses	(107)	(83)	(85)	(99)	(375)	(88)	(88)	(86)	(89)	(352)
Other operating expenses	(393)	(343)	(339)	(330)	(1,405)	(344)	(363)	(354)	(379)	(1,440)
Other net income (expense)	7	5	3	11	27	6	12	6	7	30
Gain (loss) on sale of fixed assets	(0)	12	0	7	19	9	26	29	67	131
Impairment of goodwill and other assets (3)	-	-	-	-	-	-	(108)	-	(242)	(350)
Operating income before D&A (OIBDA)	320	294	316	334	1,263	258	176	314	45	793
OIBDA Margin	27.4%	28.1%	30.5%	30.9%	29.2%	26.6%	17.1%	30.2%	4.4%	19.5%
CapEx	134	144	638	348	1,264	53	111	133	371	668
Spectrum (4)	4	0	470	36	510	-	-	-	135	135
OpCF (OIBDA-CapEx)	186	150	(322)	(14)	(0)	205	64	181	(326)	125

Notes:

- January-December 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-December 2018 period Telefónica uses a synthetic Exchange rate of 7,608.41 Bolívares Soberanos/USD as of end of December 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 in Mexico (€108m in April-June 2018 and €242m in October-December 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	Oct - Dec	Jan - Dec
Revenues	1,168	1,044	1,037	1,082	4,331	971	1,027	1,041	1,037	4,075
Telefónica Colombia	388	368	338	368	1,462	351	370	383	363	1,468
Telefónica Mexico	314	356	332	334	1,336	277	297	293	308	1,175
Telefónica Centroamérica	233	216	213	227	890	209	217	220	228	874
Telefónica Ecuador	135	137	132	135	539	126	138	142	135	542
Telefónica Venezuela	98	(32)	23	18	106	8	5	3	2	18
Other and eliminations	(1)	(1)	(1)	(0)	(3)	(0)	(0)	(0)	(0)	(2)
Service Revenues	1,053	917	924	931	3,825	845	875	902	854	3,476
Telefónica Colombia	351	333	306	332	1,322	319	334	353	328	1,334
Telefónica Mexico	267	294	282	259	1,102	221	228	231	209	889
Telefónica Centroamérica	219	200	199	209	827	191	197	201	204	794
Telefónica Ecuador	122	122	116	114	474	106	111	115	112	444
Telefónica Venezuela	95	(31)	22	18	104	8	4	3	2	18
Other and eliminations	(1)	(1)	(1)	-	(3)	(0)	(0)	0	(0)	(2)
OIBDA	320	294	316	334	1,263	258	176	314	45	793
Telefónica Colombia	129	124	113	115	482	124	128	157	148	556
Telefónica Mexico	64	81	79	78	302	41	55	40	13	150
Telefónica Centroamérica	63	51	66	83	263	57	64	69	94	283
Telefónica Ecuador	41	39	40	42	163	36	36	41	30	143
Telefónica Venezuela	22	(2)	5	9	34	1	(0)	0	2	3
Other and eliminations (1)	0	0	13	7	19	-	(108)	7	(242)	(343)
CapEx	134	144	638	348	1,264	53	111	133	371	668
Telefónica Colombia	60	56	542	139	796	23	44	52	74	192
Telefónica Mexico	43	35	53	85	217	13	33	43	208	296
Telefónica Centroamérica	20	30	22	93	165	11	20	23	57	112
Telefónica Ecuador	7	19	17	34	77	6	14	14	32	67
Telefónica Venezuela	3	4	4	(2)	9	1	1	0	1	2
Other and eliminations	-	-	-	-	-	-	-	-	-	-
Spectrum	4	-	470	36	510	-	-	-	135	135
Telefónica Colombia (2)	-	-	470	-	470	-	-	-	-	-
Telefónica Mexico	4	-	-	(0)	4	-	-	-	135	135
Telefónica Centroamérica	-	-	-	36	36	-	-	-	-	-
Telefónica Ecuador	-	-	-	-	-	-	-	-	-	-
Telefónica Venezuela	-	-	-	-	-	-	-	-	-	-
Other and eliminations	-	-	-	-	-	-	-	-	-	-
OpCF (OIBDA-CapEx)	186	150	(322)	(14)	(0)	205	64	181	(326)	125
Telefónica Colombia	70	68	(428)	(24)	(315)	101	84	105	74	364
Telefónica Mexico	21	46	26	(7)	86	29	23	(3)	(195)	(146)
Telefónica Centroamérica	43	21	44	(10)	98	45	44	45	37	172
Telefónica Ecuador	33	20	23	9	86	30	22	27	(2)	77
Telefónica Venezuela	19	(5)	1	12	25	0	(1)	0	2	1
Other and eliminations (1)	(0)	(0)	13	7	20	-	(108)	7	(242)	(343)

Notes:

(1) Includes goodwill impairment in Mexico (€108m in April-June 2018 and €242m in October-December 2018)

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

TELEFÓNICA HISPAM NORTE

ACCESSES

Unaudited figures (thousands)

	2017				2018			
	March	June	September	December	March	June	September	December
Final Clients Accesses	72,524.4	71,947.4	71,102.9	72,554.6	72,590.0	73,145.9	72,902.0	73,555.6
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	3,169.8
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	1,337.1
Broadband	979.4	971.9	974.3	1,199.9	1,223.2	1,244.0	1,301.4	1,305.6
FTTx	33.4	54.6	86.5	126.8	167.7	284.4	302.7	303.7
Mobile accesses	66,989.6	66,515.0	65,790.4	66,788.6	66,857.0	67,355.8	67,233.7	68,041.1
Prepay	57,725.3	57,115.6	56,284.5	57,190.7	57,061.5	57,360.4	57,226.8	58,010.4
Contract	9,264.2	9,399.4	9,506.0	9,597.9	9,795.4	9,995.4	10,006.9	10,030.7
M2M	1,545.1	1,582.9	1,635.8	1,686.7	1,785.1	1,882.0	1,914.3	1,922.8
Pay TV	988.2	981.9	981.6	982.1	1,001.6	1,030.6	1,034.9	1,007.6
Total Accesses	72,564.2	71,986.4	71,141.8	72,565.4	72,590.5	73,146.4	72,902.5	73,556.1

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 are included in the fixed business of T. Colombia from 1 October 2017.

SELECTED OPERATIONAL DATA

Unaudited figures

	2017				2018			
	March	June	September	December	March	June	September	December
Contract percentage (%)	13.8%	14.1%	14.4%	14.4%	14.7%	14.8%	14.9%	14.7%
Smartphones ('000)	29,294.8	29,657.6	29,224.7	29,704.8	30,059.4	29,995.2	31,376.2	31,960.9
Smartphone penetration (%)	45.2%	46.1%	46.0%	46.0%	46.6%	46.2%	48.4%	48.6%
LTE ('000)	8,280.3	9,426.0	11,336.8	13,626.0	14,761.5	16,069.9	17,392.6	19,506.4
LTE penetration (%)	12.7%	14.5%	17.7%	21.0%	22.7%	24.6%	26.6%	29.5%

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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	Oct - Dec	Jan - Dec
Revenues	388	368	338	368	1,462	351	370	383	363	1,468
Mobile Business	243	230	214	223	909	214	224	233	223	894
Mobile service revenues	206	194	182	186	768	182	188	202	187	759
Data revenues	109	112	106	109	436	107	115	118	112	451
Handset revenues	37	36	32	37	141	32	36	31	36	134
Fixed Business	145	138	124	146	554	137	146	151	141	574
FBB and new services revenues (1)(2)	73	70	66	66	275	74	81	85	84	324
Pay TV revenues	23	22	20	20	86	21	22	22	14	79
Voice & access revenues (2)	49	46	38	60	193	42	44	43	42	171
OIBDA	129	124	113	115	482	124	128	157	148	556
OIBDA margin	33.4%	33.7%	33.5%	31.1%	32.9%	35.1%	34.6%	40.9%	40.6%	37.9%
CapEx	60	56	542	139	796	23	44	52	74	192
Spectrum (3)	-	-	470	-	470	-	-	-	-	-
OpCF (OIBDA-CapEx)	70	68	(428)	(24)	(315)	101	84	105	74	364

Note:

- January-December 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 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	December
Final Clients Accesses	16,471.3	16,610.7	16,964.5	17,940.1	18,116.5	18,515.9	18,728.2	19,067.3
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	1,582.4
Internet and data accesses (2)	990.0	982.3	984.9	1,210.0	1,233.9	1,245.8	1,247.7	1,220.4
Broadband	976.8	969.1	971.5	1,196.4	1,220.2	1,232.2	1,234.2	1,207.1
FTTx	33.4	54.6	86.5	126.8	167.7	284.4	302.7	303.7
Mobile accesses	13,603.0	13,768.6	14,130.1	14,590.6	14,716.1	15,070.6	15,290.6	15,716.3
Prepay	9,974.3	10,096.8	10,401.1	10,857.7	11,003.8	11,298.3	11,469.3	11,880.8
Contract	3,628.6	3,671.8	3,729.0	3,732.9	3,712.3	3,772.3	3,821.3	3,835.5
M2M	474.8	463.7	468.6	454.3	452.1	480.2	491.5	487.9
Pay TV	525.6	529.3	529.8	529.9	546.7	563.8	563.9	548.2
Total Accesses	16,471.8	16,611.2	16,965.0	17,940.5	18,117.0	18,516.4	18,728.7	19,067.8

(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	December
Contract percentage (%)	26.7%	26.7%	26.4%	25.6%	25.2%	25.0%	25.0%	24.4%
Smartphones ('000)	5,324.1	5,477.0	5,761.4	5,977.1	6,069.0	6,304.2	6,539.8	6,887.2
Smartphone penetration (%)	41.1%	41.7%	42.7%	42.7%	42.9%	43.6%	44.6%	45.5%
LTE ('000)	2,682.5	3,193.6	3,731.2	4,260.0	4,585.6	5,006.8	5,492.4	6,030.8
LTE penetration (%)	20.4%	24.0%	27.3%	30.1%	32.1%	34.3%	37.1%	39.6%
Mobile churn (quarterly)	4.2%	3.4%	2.9%	2.9%	3.4%	3.2%	3.3%	3.0%
Contract (1)	1.5%	1.6%	1.5%	1.7%	1.7%	1.6%	1.7%	1.9%
Mobile churn (cumulative YTD)	4.2%	3.8%	3.5%	3.3%	3.4%	3.2%	3.2%	3.2%
Contract (1)	1.5%	1.5%	1.5%	1.6%	1.7%	1.6%	1.6%	1.7%
Mobile ARPU (EUR) (cumulative YTD)	4.7	4.6	4.5	4.4	4.0	4.0	4.0	3.9
Prepay	1.2	1.2	1.2	1.2	1.1	1.1	1.1	1.0
Contract (1)	16.4	15.9	15.3	15.0	13.4	13.4	13.5	13.3
Mobile data traffic (TB) (cumulative YTD)	22,498	48,002	75,237	105,623	31,191	65,600	105,536	152,025
Fixed telephony ARPU (EUR) (cumulative YTD)	11.1	10.8	10.2	9.3	8.0	8.1	8.2	8.1
Pay TV ARPU (EUR) (cumulative YTD)	14.3	14.1	13.5	13.2	12.5	12.6	12.8	11.7
Broadband ARPU (EUR) (cumulative YTD)	11.0	11.1	10.9	10.3	10.6	10.9	11.1	11.2
Fixed data traffic (TB) (cumulative YTD) (2)	89,505	192,552	296,678	401,577	295,782	619,750	964,597	1,338,012

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 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	Oct - Dec	Jan - Dec
Revenues	314	356	332	334	1,336	277	297	293	308	1,175
Service revenues	267	294	282	259	1,102	221	228	231	209	889
Data revenues	111	159	141	144	555	133	95	123	107	459
Handset revenues	48	62	50	75	234	56	69	62	99	286
OIBDA	64	81	79	78	302	41	55	40	13	150
OIBDA margin	20.5%	22.8%	23.7%	23.3%	22.6%	15.0%	18.6%	13.7%	4.2%	12.8%
CapEx	43	35	53	85	217	13	33	43	208	296
Spectrum	4	-	-	(0)	4	-	-	-	135	135
OpCF (OIBDA-CapEx)	21	46	26	(7)	86	29	23	(3)	(195)	(146)

Note:

- January-December 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	December
Mobile accesses	25,657.9	25,277.7	24,539.2	25,070.9	25,269.3	25,499.9	25,525.0	26,309.9
Prepay	23,639.3	23,197.6	22,408.7	22,882.4	22,977.1	23,124.3	23,193.1	23,947.0
Contract	2,018.6	2,080.1	2,130.5	2,188.5	2,292.2	2,375.6	2,331.9	2,362.9
M2M	710.1	744.0	789.2	854.5	932.7	982.8	1,002.1	1,012.1
Fixed wireless	974.4	924.2	849.5	808.4	750.6	768.6	706.9	703.1
Total Accesses	26,671.5	26,240.4	25,427.1	25,889.5	26,019.9	26,268.5	26,231.9	27,013.0

SELECTED OPERATIONAL DATA

Unaudited figures

	2017				2018			
	March	June	September	December	March	June	September	December
Contract percentage (%)	7.9%	8.2%	8.7%	8.7%	9.1%	9.3%	9.1%	9.0%
Smartphones ('000)	11,865.9	11,789.9	11,483.8	11,576.0	11,339.0	11,020.6	11,464.6	11,351.1
Smartphone penetration (%)	47.6%	48.1%	48.4%	47.9%	46.7%	45.0%	46.8%	44.9%
LTE ('000)	3,658.0	4,035.0	4,309.6	5,111.0	5,427.6	5,591.8	5,828.7	6,589.6
LTE penetration (%)	14.7%	16.4%	18.1%	21.1%	22.3%	22.8%	23.8%	26.0%
Mobile churn (quarterly)	4.8%	3.9%	4.7%	3.7%	3.7%	3.6%	3.8%	3.2%
Contract (1)	2.1%	1.9%	2.2%	2.5%	2.0%	2.3%	3.0%	2.9%
Mobile churn (cumulative YTD)	4.8%	4.4%	4.5%	4.3%	3.7%	3.6%	3.7%	3.6%
Contract (1)	2.1%	1.7%	1.9%	2.1%	2.0%	2.3%	2.5%	2.6%
Mobile ARPU (EUR) (cumulative YTD)	2.7	2.9	3.0	3.0	2.4	2.4	2.4	2.3
Prepay	2.3	2.4	2.5	2.5	1.9	2.0	2.0	1.9
Contract (1)	12.1	12.4	12.5	12.3	11.4	10.4	10.5	9.5
Mobile data traffic (TB) (cumulative YTD)	30,861	69,939	112,251	155,767	46,704	101,195	170,382	261,553

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	Jan - Dec
Operating income before D&A (OIBDA)	4,021	8,179	12,274	16,187	3,864	8,102	12,035	15,571
Depreciation and amortisation	(2,451)	(4,809)	(7,131)	(9,396)	(2,227)	(4,405)	(6,581)	(9,049)
Operating income (OI)	1,570	3,370	5,143	6,791	1,638	3,697	5,454	6,522

- 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. 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)

	December 2017	December 2018
Non-current financial liabilities	46,332	45,334
Current financial liabilities	9,414	9,368
Gross Financial Debt	55,746	54,702
Cash and cash equivalents	(5,192)	(5,692)
Other current financial assets	(2,154)	(2,209)
Cash and other current financial assets included in "Non-current assets held for sale"	-	(165)
Positive mark-to-market value of long-term derivative instruments	(2,812)	(2,776)
Other liabilities included in "Payables and other non-current liabilities"	708	800
Other liabilities included in "Payables and other current liabilities"	111	111
Other assets included in "Financial assets and other non-current assets"	(1,516)	(1,593)
Other assets included in "Receivables and other current assets"	(661)	(867)
Other assets included in "Tax receivables"	-	(568)
Financial liabilities included in "Liabilities associated with non-current assets held for sale"	-	42
Net Financial Debt (1)	44,230	41,785
Gross commitments related to employee benefits	6,578	5,940
Value of associated Long-term assets	(749)	(704)
Tax benefits	(1,533)	(1,390)
Net commitments related to employee benefits	4,295	3,846
Net financial debt plus commitments *	48,526	45,631
Net Financial Debt / OIBDA	2.66x	2.65x

Notes:

(1) Net financial debt as of December 2018 includes a positive value of the derivatives portfolio for a net amount of €1,181m, €2,517m included as financial liabilities and €3,698m included as financial assets.

** Includes assets and liabilities defined as net financial debt plus commitments for Antares, Guatemala and El Salvador, that are classified as non-current assets held for sale and liabilities associated with non-current assets held for sale.*

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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	Jan - Dec
A	Net Financial Debt (1)	48,766	48,487	47,222	44,230	43,975	43,593	42,636	41,785
B	OIBDA from last 12 months	15,301	15,541	15,461	16,187	16,030	16,110	15,948	15,571
C	OIBDA Adjustments	1,432	1,426	1,402	469	411	142	(68)	219
	OIBDA from Cos. incorporated (removed)	(35)	(20)	(10)	11	8	4	-	-
	Goodwill Impairment	215	215	215	-	-	108	108	350
	Restructuring charges	1,446	1,425	1,407	340	270	291	303	461
	Distribution channel optimization	18	18	18	13	13	13	13	-
	Capital gains/losses on sale of companies	(212)	(212)	(228)	-	-	-	(21)	(18)
	Tariff increases in Venezuela	-	-	-	(2)	(2)	(2)	(2)	-
	Contingencies	-	-	-	107	107	213	323	215
	Venezuela Synthetic FX	-	-	-	-	15	-	-	-
	Judicial decision PIS/COFINS	-	-	-	-	-	(485)	(792)	(789)
D= B+C	OIBDA Adjusted	16,733	16,967	16,863	16,656	16,441	16,252	15,880	15,790
E= A/D	Net Financial Debt / OIBDA	2.91x	2.86x	2.80x	2.66x	2.67x	2.68x	2.68x	2.65x

Notes:

(1) Net financial debt as of December 2018 includes a positive value of the derivatives portfolio for a net amount of €1,181m, €2,517m included as financial liabilities and €3,698m 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	Jan - Dec
Net cash flow provided by operating activities	2,743	5,954	9,863	13,796	2,621	6,101	9,210	13,423
(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)	(8,585)
Government grants received	-	-	-	2	-	37	37	37
Dividends paid to minority shareholders	(21)	(255)	(349)	(555)	(168)	(406)	(527)	(746)
Payments related to cancellation of commitments	166	331	507	696	201	398	581	775
Free Cash Flow	603	1,626	3,226	4,947	550	1,548	2,957	4,904

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

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

REVENUES	2017				2018				%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	
T. ESPAÑA									
REPORTED DATA	3,066	6,226	9,410	12,653	3,098	6,265	9,453	12,706	0.4
Changes in the consolidation perimeter	-	-	-	-	2	4	4	3	
IFRS 15 impact	-	-	-	-	-	-	-	-	
T. ESPAÑA ORGANIC	3,066	6,226	9,410	12,653	3,101	6,269	9,457	12,709	0.4
T. DEUTSCHLAND									
REPORTED DATA	1,771	3,542	5,392	7,296	1,767	3,525	5,355	7,320	0.3
IFRS 15 impact	-	-	-	-	(3)	(11)	(18)	(30)	
T. DEUTSCHLAND ORGANIC	1,771	3,542	5,392	7,296	1,764	3,514	5,337	7,290	(0.1)
T. UK									
REPORTED DATA	1,601	3,208	4,810	6,540	1,586	3,223	4,945	6,790	3.8
Forex impact	-	-	-	-	43	75	67	68	
IFRS 15 impact	-	-	-	-	18	45	62	37	
T. UK ORGANIC	1,601	3,208	4,810	6,540	1,647	3,344	5,073	6,895	5.4
T. BRASIL									
REPORTED DATA	3,165	6,193	9,128	12,019	2,705	5,227	7,572	10,126	(15.8)
Forex impact	-	-	-	-	517	1,058	1,612	1,964	
Changes in the consolidation perimeter	19	37	36	36	-	-	-	-	
IFRS 15 impact	-	-	-	-	(8)	(9)	(5)	(3)	
T. BRASIL ORGANIC	3,184	6,230	9,164	12,055	3,215	6,277	9,179	12,086	0.3
T. HISPAM SUR									
REPORTED DATA	2,117	4,207	6,150	8,218	1,833	3,631	4,689	6,677	(18.8)
Hyper-inflation adjustment in Argentina	-	-	-	-	-	-	621	315	
Forex impact	-	-	-	-	445	920	1,391	1,984	
Changes in the consolidation perimeter	-	-	-	-	-	-	-	-	
IFRS 15 impact	-	-	-	-	(1)	(1)	9	31	
T. HISPAM SUR ORGANIC	2,117	4,207	6,150	8,218	2,278	4,550	6,710	9,006	9.6
T. HISPAM NORTE									
REPORTED DATA	1,168	2,212	3,250	4,331	971	1,998	3,038	4,075	(5.9)
Forex impact	-	-	-	-	118	209	221	232	
Venezuela Synthetic FX	(65)	-	-	-	-	-	-	-	
Changes in the consolidation perimeter	13	25	36	36	-	-	-	-	
Tariff increases in Venezuela	-	-	-	(6)	-	-	-	-	
IFRS 15 impact	-	-	-	-	2	1	2	4	
T. HISPAM NORTE ORGANIC	1,116	2,237	3,286	4,361	1,092	2,208	3,261	4,311	(1.2)
TELEFÓNICA									
REPORTED DATA	13,132	26,091	38,846	52,008	12,190	24,334	35,776	48,693	(6.4)
Hyper-inflation adjustment in Argentina	-	-	-	-	-	-	618	313	
Forex impact	-	-	-	-	1,130	2,271	3,300	4,252	
Venezuela Synthetic FX	(63)	-	-	-	-	-	-	-	
Changes in the consolidation perimeter	13	25	36	36	-	-	-	-	
Tariff increases in Venezuela	-	-	-	(6)	-	-	-	-	
IFRS 15 impact	-	-	-	-	10	27	50	35	
TELEFÓNICA ORGANIC	13,081	26,116	38,882	52,037	13,331	26,631	39,744	53,293	2.4
OIBDA									
T. ESPAÑA									
REPORTED DATA	1,143	2,425	3,731	4,952	1,224	2,507	3,797	4,763	(3.8)
Changes in the consolidation perimeter	-	-	-	-	-	-	-	-	
Restructuring charges	76	76	76	165	-	-	-	297	
Distribution channel reorganisation plan	-	-	-	13	-	-	-	-	
Capital gains/losses on sale of companies	-	-	-	-	-	-	-	3	
IFRS 15 impact	-	-	-	-	2	3	3	1	
T. ESPAÑA ORGANIC	1,219	2,501	3,807	5,130	1,226	2,510	3,800	5,064	(1.3)
T. DEUTSCHLAND									
REPORTED DATA	400	861	1,318	1,821	403	882	1,352	1,834	0.7
Changes in the consolidation perimeter	-	-	-	-	-	-	-	-	
Restructuring charges	11	30	51	82	14	32	46	84	
IFRS 15 impact	-	-	-	-	(3)	(18)	(27)	(35)	
T. DEUTSCHLAND ORGANIC	411	891	1,369	1,903	414	896	1,371	1,883	(1.0)
T. UK									
REPORTED DATA	416	849	1,261	1,639	430	879	1,343	1,865	13.8
Forex impact	-	-	-	-	12	20	18	18	
Restructuring charges	-	-	-	-	0	0	0	-	
IFRS 15 impact	-	-	-	-	0	11	2	(51)	
T. UK ORGANIC	416	849	1,261	1,639	441	911	1,363	1,832	11.8
T. BRASIL									
REPORTED DATA	1,104	2,138	3,162	4,191	982	2,257	3,332	4,311	2.9
Forex impact	-	-	-	-	187	455	707	833	
Tower sales	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	
Changes in the consolidation perimeter	7	15	15	14	-	-	-	-	
Restructuring charges	(0)	0	0	0	-	34	33	55	
Contingencies	-	-	-	50	-	127	262	257	
IFRS 15 impact	-	-	-	-	(7)	(12)	(15)	(20)	
Judicial decision PIS/COFINS	-	-	-	-	-	(583)	(961)	(942)	
T. BRASIL ORGANIC	1,112	2,153	3,177	4,255	1,162	2,278	3,358	4,493	5.6
T. HISPAM SUR									
REPORTED DATA	585	1,183	1,750	2,275	517	1,024	1,236	1,719	(24.4)
Hyper-inflation adjustment in Argentina	-	-	-	-	-	-	211	140	
Forex impact	-	-	-	-	135	280	418	601	
Restructuring charges	1	2	2	78	0	1	33	59	
IFRS 15 impact	-	-	-	-	(3)	(4)	1	25	
T. HISPAM SUR ORGANIC	586	1,185	1,752	2,353	649	1,301	1,899	2,544	8.1
T. HISPAM NORTE									
REPORTED DATA	320	613	929	1,263	258	434	748	793	(37.2)
Forex impact	-	-	-	-	34	57	60	63	
Venezuela Synthetic FX	(14)	-	-	-	-	-	-	-	
Tower sales	(0)	(0)	(0)	(7)	(9)	(9)	(34)	(53)	
Changes in the consolidation perimeter	7	11	15	15	-	-	-	-	
Restructuring charges	-	3	3	24	4	4	4	19	
Capital gains/losses on sale of companies	-	-	-	-	-	-	-	-	
Impairments	-	-	-	-	-	108	108	350	
Tariff increases in Venezuela	-	-	-	(2)	-	-	-	-	
IFRS 15 impact	-	-	-	-	2	1	3	9	
T. HISPAM NORTE ORGANIC	312	627	947	1,294	289	595	890	1,181	(8.7)
TELEFÓNICA									
REPORTED DATA	4,021	8,179	12,274	16,187	3,864	8,102	12,035	15,571	(3.8)
Hyper-inflation adjustment in Argentina	-	-	-	-	-	-	229	148	
Forex impact	-	-	-	-	372	817	1,205	1,511	
Venezuela Synthetic FX	(15)	-	-	-	-	-	-	-	
Tower sales	(0)	(0)	(0)	(7)	(9)	(9)	(34)	(53)	
Changes in the consolidation perimeter	7	11	15	15	-	-	-	-	
Restructuring charges	88	113	135	340	19	71	113	480	
Distribution channel reorganisation plan	-	-	-	13	-	-	-	-	
Capital gains/losses on sale of companies	-	-	-	-	-	-	(21)	(18)	
Impairments	-	-	-	-	-	108	108	350	
Tariff increases in Venezuela	-	-	-	(2)	-	-	-	-	
Contingencies	-	-	-	107	-	127	262	257	
IFRS 15 impact	-	-	-	-	(11)	(21)	(36)	(76)	
Judicial decision PIS/COFINS	-	-	-	-	-	(583)	(961)	(942)	
TELEFÓNICA ORGANIC	4,101	8,304	12,423	16,653	4,234	8,611	12,900	17,229	3.5

OPERATING INCOME	2017				2018				%
	Jan-Mar	Jan-Jun	Jan-Sep	Jan-Dec	Jan-Mar	Jan-Jun	Jan-Sep	Jan-Dec	
TELEFÓNICA									
REPORTED DATA	1,570	3,370	5,143	6,791	1,638	3,697	5,454	6,522	(4.0)
Hyper-inflation adjustment in Argentina	-	-	-	-	184	453	281	308	
Forex impact	23	-	-	-	-	-	694	869	
Venezuela Synthetic FX	(0)	(0)	(0)	(7)	(9)	(9)	(34)	(53)	
Tower sales	1	0	(1)	(1)	-	-	-	-	
Changes in the consolidation perimeter	88	113	135	340	19	71	113	480	
Restructuring charges	-	-	-	13	-	-	-	-	
Distribution channel reorganisation plan	-	-	-	-	-	-	(21)	(18)	
Capital gains/losses on sale of companies	-	-	-	-	-	-	108	350	
Impairments	-	-	-	-	-	108	108	350	
Tariff increases in Venezuela	-	-	-	(2)	-	-	-	-	
Contingencies	-	-	-	107	-	127	262	257	
IFRS 15 impact	-	-	-	-	(11)	(21)	(36)	(76)	
Judicial decision PIS/COFINS	-	-	-	-	-	(583)	(961)	(942)	
TELEFÓNICA ORGANIC	1,682	3,483	5,276	7,242	1,821	3,842	5,860	7,697	6.3
CAPEX									
T. ESPAÑA									
REPORTED DATA	333	704	1,097	1,683	346	778	1,157	1,719	2.1
Spectrum acquisition	-	-	-	-	-	-	(7)	(122)	
T. ESPAÑA ORGANIC	333	704	1,097	1,683	346	778	1,149	1,597	(5.1)
T. DEUTSCHLAND									
REPORTED DATA	208	435	688	951	197	424	740	966	1.6
Spectrum acquisition	(0)	(1)	(1)	(1)	-	-	-	-	
Changes in the consolidation perimeter	-	-	-	-	-	-	-	-	
T. DEUTSCHLAND ORGANIC	208	434	688	950	197	424	740	966	1.7
T. UK									
REPORTED DATA	225	434	604	827	183	987	1,202	1,464	77.2
Forex impact	-	-	-	-	5	9	8	9	
Spectrum acquisition	-	-	-	-	-	(588)	(588)	(588)	
T. UK ORGANIC	225	434	604	827	187	408	622	885	7.1
T. BRASIL									
REPORTED DATA	397	915	1,513	2,225	388	892	1,422	1,910	(14.1)
Forex impact	-	-	-	-	74	181	303	371	
Spectrum acquisition	-	-	-	-	-	-	-	(2)	
Changes in the consolidation perimeter	-	-	-	-	-	-	-	-	
T. BRASIL ORGANIC	397	915	1,513	2,225	462	1,072	1,725	2,279	2.4
T. HISPAM SUR									
REPORTED DATA	296	645	938	1,414	251	553	685	1,116	(21.1)
Hyper-inflation adjustment in Argentina	-	-	-	-	-	-	122	69	
Forex impact	-	-	-	-	67	153	241	351	
Spectrum acquisition	0	-	(28)	(27)	(10)	(10)	(40)	(39)	
T. HISPAM SUR ORGANIC	296	645	910	1,387	308	696	1,008	1,499	8.0
T. HISPAM NORTE									
REPORTED DATA	134	277	915	1,264	53	165	297	668	(47.1)
Forex impact	-	-	-	-	7	17	21	39	
Venezuela Synthetic FX	(2)	-	-	-	-	-	-	-	
Spectrum acquisition	(4)	(4)	(474)	(510)	-	(0)	(0)	(144)	
Changes in the consolidation perimeter	3	10	16	16	-	-	-	-	
T. HISPAM NORTE ORGANIC	131	283	458	770	60	181	318	563	(26.8)
TELEFÓNICA									
REPORTED DATA	1,621	3,507	5,962	8,697	1,490	3,932	5,680	8,119	(6.6)
Hyper-inflation adjustment in Argentina	-	-	-	-	-	-	123	70	
Forex impact	-	-	-	-	161	371	582	779	
Venezuela Synthetic FX	(2)	-	-	-	-	-	-	-	
Spectrum acquisition	(4)	(4)	(502)	(538)	(10)	(598)	(636)	(895)	
Changes in the consolidation perimeter	3	10	16	16	-	-	-	-	
TELEFÓNICA ORGANIC	1,618	3,513	5,476	8,175	1,642	3,704	5,749	8,073	(1.3)

OpCF (OIBDA-CapEx)	2017				2018				%
	Jan-Mar	Jan-Jun	Jan-Sep	Jan-Dec	Jan-Mar	Jan-Jun	Jan-Sep	Jan-Dec	
T. ESPAÑA									
REPORTED DATA	810	1,720	2,634	3,269	878	1,729	2,641	3,044	(6.9)
Spectrum acquisition	-	-	-	-	-	-	7	122	-
Changes in the consolidation perimeter	-	-	-	-	-	-	-	-	-
Restructuring charges	76	76	76	165	-	-	-	297	-
Distribution channel reorganisation plan	-	-	-	13	-	-	-	-	-
Capital gains/losses on sale of companies	-	-	-	-	-	-	-	3	-
IFRS 15 impact	-	-	-	-	2	3	3	1	-
T. ESPAÑA ORGANIC	886	1,796	2,710	3,447	880	1,733	2,650	3,467	0.6
T. DEUTSCHLAND									
REPORTED DATA	192	426	630	870	207	458	612	868	(0.3)
Spectrum acquisition	0	1	1	1	-	-	-	-	-
Changes in the consolidation perimeter	-	-	-	-	-	-	-	-	-
Restructuring charges	11	30	51	82	14	32	46	84	-
IFRS 15 impact	-	-	-	-	(3)	(18)	(27)	(35)	-
T. DEUTSCHLAND ORGANIC	203	457	681	953	217	472	631	917	(3.7)
T. UK									
REPORTED DATA	191	415	658	812	247	(107)	141	400	(50.7)
Forex impact	-	-	-	-	7	11	10	9	-
Spectrum acquisition	-	-	-	-	-	588	588	588	-
Restructuring charges	-	-	-	0	0	0	0	0	-
IFRS 15 impact	-	-	-	-	0	11	2	(51)	-
T. UK ORGANIC	191	415	658	812	254	503	742	947	16.5
T. BRASIL									
REPORTED DATA	707	1,223	1,649	1,966	594	1,365	1,910	2,401	22.1
Forex impact	-	-	-	-	113	274	404	462	-
Tower sales	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	-
Changes in the consolidation perimeter	7	15	15	14	-	-	-	-	-
Spectrum acquisition	-	-	-	-	-	-	-	2	-
Restructuring charges	(0)	0	0	0	-	34	33	55	-
Contingencies	-	-	-	50	-	127	262	257	-
IFRS 15 impact	-	-	-	-	(7)	(12)	(15)	(20)	-
Judicial decision PIS/COFINS	-	-	-	-	-	(583)	(961)	(942)	-
T. BRASIL ORGANIC	715	1,238	1,664	2,030	699	1,205	1,633	2,214	9.1
T. HISPAM SUR									
REPORTED DATA	288	537	812	860	266	471	551	603	(29.9)
Hyper-inflation adjustment in Argentina	-	-	-	-	-	-	89	70	-
Forex impact	-	-	-	-	68	127	177	250	-
Spectrum acquisition	(0)	-	28	27	10	10	40	39	-
Restructuring charges	1	2	2	78	0	1	33	59	-
IFRS 15 impact	-	-	-	-	(3)	(4)	1	25	-
T. HISPAM SUR ORGANIC	289	540	843	966	341	605	891	1,046	8.3
T. HISPAM NORTE									
REPORTED DATA	186	336	14	(0)	205	269	451	125	c.s.
Forex impact	-	-	-	-	27	40	39	24	-
Venezuela Synthetic FX	(12)	-	-	-	-	-	-	-	-
Tower sales	(0)	(0)	(0)	(7)	(9)	(9)	(34)	(53)	-
Spectrum acquisition	4	4	474	510	-	0	0	144	-
Changes in the consolidation perimeter	4	1	(1)	(1)	-	-	-	-	-
Restructuring charges	-	3	3	24	4	4	4	19	-
Capital gains/losses on sale of companies	-	-	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	108	108	350	-
Tariff increases in Venezuela	-	-	-	(2)	-	-	-	-	-
IFRS 15 impact	-	-	-	-	2	1	3	9	-
T. HISPAM NORTE ORGANIC	181	344	489	524	229	414	572	618	17.9
TELEFÓNICA									
REPORTED DATA	2,400	4,672	6,312	7,490	2,374	4,170	6,354	7,453	(0.5)
Hyper-inflation adjustment in Argentina	-	-	-	-	-	-	106	79	-
Forex impact	-	-	-	-	210	446	623	732	-
Venezuela Synthetic FX	(13)	-	-	-	-	-	-	-	-
Tower sales	(0)	(0)	(0)	(7)	(9)	(9)	(34)	(53)	-
Spectrum acquisition	4	4	502	538	10	598	636	895	-
Changes in the consolidation perimeter	4	1	(1)	(1)	-	-	-	-	-
Restructuring charges	88	113	135	340	19	71	113	480	-
Distribution channel reorganisation plan	-	-	-	13	-	-	-	-	-
Capital gains/losses on sale of companies	-	-	-	-	-	-	(21)	(18)	-
Impairments	-	-	-	-	-	108	108	350	-
Tariff increases in Venezuela	-	-	-	(2)	-	-	-	-	-
Contingencies	-	-	-	107	-	127	262	257	-
IFRS 15 impact	-	-	-	-	(11)	(21)	(36)	(76)	-
Judicial decision PIS/COFINS	-	-	-	-	-	(583)	(961)	(942)	-
TELEFÓNICA ORGANIC	2,483	4,791	6,948	8,478	2,593	4,907	7,151	9,156	8.0

Note:

- January-December 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 - Dec	
TELEFÓNICA									
REPORTED DATA	4,021	8,179	12,274	16,187	3,864	8,102	12,035	15,571	(3.8)
Tower sales	(0)	(0)	(0)	(7)	(8)	(8)	(32)	(51)	
Restructuring charges	88	113	135	340	18	64	98	461	
Distribution channel reorganisation plan	-	-	-	13	-	-	-	-	
Capital gains/losses on sale of companies	-	-	-	-	-	-	(21)	(18)	
Tariff increases in Venezuela	-	-	-	(2)	-	-	-	-	
Venezuela Synthetic FX	(15)	-	-	-	-	-	-	-	
Contingencies	-	-	-	107	-	106	216	215	
IFRS 15 impact	-	-	-	-	(11)	(21)	(36)	(76)	
Judicial decision PIS/COFINS	-	-	-	-	-	(485)	(792)	(789)	
Impairments	-	-	-	-	-	108	108	350	
Tax asset reversal	-	-	-	-	-	-	-	-	
Hyper-inflation adjustment in Argentina	-	-	-	-	-	-	229	148	
TELEFÓNICA UNDERLYING	4,094	8,292	12,408	16,638	3,863	7,865	11,804	15,813	(5.0)

NET INCOME	2017				2018				%
	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Dec	
TELEFÓNICA									
REPORTED DATA	779	1,600	2,439	3,132	837	1,739	2,721	3,331	6.4
PPA	118	267	396	522	113	219	320	423	
Tower sales	(0)	(0)	(0)	(3)	(4)	(4)	(14)	(22)	
Restructuring charges	63	75	85	205	11	47	61	322	
Distribution channel reorganisation plan	-	-	-	10	-	-	-	-	
Capital gains/losses on sale of companies (controlled & non controlled)	-	79	79	79	-	-	(21)	(18)	
Tariff increases in Venezuela	-	-	-	(1)	-	-	-	-	
Venezuela Synthetic FX	3	-	-	-	-	-	-	-	
Contingencies	-	-	44	111	-	74	158	157	
IFRS 15 impact	-	-	-	-	(4)	(7)	(13)	(40)	
Judicial decision PIS/COFINS	-	-	-	-	-	(452)	(710)	(707)	
Impairments	-	30	30	30	-	108	108	350	
Tax asset reversal	-	-	-	-	-	294	299	327	
Hyper-inflation adjustment in Argentina	-	-	-	-	-	-	260	305	
TELEFÓNICA UNDERLYING	963	2,052	3,073	4,085	953	2,019	3,168	4,429	8.4

Notes:

- January-December 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.