Telefónica

RESULTS 2026 Q3



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Summary

Mr. Emilio Gayo
COO



Strong results demonstrate execution and transformation

Operational traction: continued commercial momentum in Spain and Brazil. In Germany, O_2 mobile plus bundles promote value strategy through convergence

Growth across the board in Q3, real and constant

Quality growth, service revenue growth acceleration driving revenue acceleration (+2.2% constant vs Q3 25)

Adjusted EBITDA ramped up to +2.8% (Q3 y-o-y constant) on strong performance in Spain and Brazil. Germany slowing down (mainly non-linear phasing of efficiencies)

Sustained efficiencies and disciplined leases and CapEx boost OpCFaL to +7.2% (Q3 y-o-y constant) and **margin** +0.8 p.p. (constant y-o-y)

Significant FCF improvement throughout the year (reaching Q3 €1,018m, 3.2x y-o-y), supporting **leverage reduction**, -0.05x vs June (2.63x)

Full-year guidance upgraded in adjusted EBITDA, adjusted OpCFaL and FCF. Revised revenue target and included new target of service revenue

Metric	2026 Guidance	9M 26	2026 Previous Guidance
Revenue [1] @ constant	**Revised to 1%-1.5%**	+1.0%	1.5%-2.5%
Service Revenue [1] @ constant	**~1.5%**	+1.3%	-----
Adj. EBITDA [1,2] @ constant	**Upgraded to slightly above 2.5%**	+2.5%	1.5%-2.5%
Adj. OpCFaL [1,2] @ constant	**Upgraded to over 3.5%**	+4.2%	Over 3%
CapEx ex spectrum **/Revenue** @ constant	~12%	12%	✓
FCF [3]	**Upgraded to ~€3.1bn**	€1,947m	~€3.0bn
Dividend [4]	€0.15/share	Jun-27 (€0.15)	✓
Leverage	Declining towards 2028 target	2.63x	On track

1) Constant: assumes constant FX (average FX 9M 25), constant perimeter and excludes the contribution to growth from Venezuela
2) Adjusted figures consider constant perimeter and derived capital gains/losses and do not include restructuring costs, write-offs and material non-recurring impacts
3) FCF for Guidance includes real FCF from continuing operations and excludes non-recurring spectrum payments, employee commitments and VMO2 dividends
4) Dividend payable in cash in June of 2027

Major steps in Transform & Grow execution in Q3

1 DELIVER BEST-IN-CLASS CUSTOMER EXPERIENCE

- **Accesses** +5% y-o-y / **NPS score 35** (+2 p.p y-o-y)
- **Brazil:** AI, personalised information on P&S
- **Spain:** Network resilience (record traffic growth)
- **Germany:** eCare (customer interactions with AI) >80%
- **UK:** New voice AI agent to handle BB fault calls

2 EXPAND B2C OFFERING

- **B2C** revenue (+3.9% vs Q3 25 constant)
- **Spain:** New B2C unit (growth and leverage capabilities to scale digital services). O2 plans now include Disney+ and M+ optionality for all packages
- **Brazil:** Partnership with Starlink Mobile. Prepaid offer including Vale Saúde Farma (pharmacy discounts)
- **Germany:** New partnerships with Net Berlin and Deutsche Glasfaser enhancing fixed BB offer

3 SCALE B2B

- **Solid B2B** (revenue +5.6% vs Q3 25 constant)
- **Spain:** New B2B unit (leverage capabilities and foster growth). New 24/7 cyber services for SMEs such as MxDR[1]
- **Germany:** New O_2 Business tariffs, mobile+ digital security and international use
- **Expanded partnerships: Brazil:** Palo Alto Networks **UK:** Launched O2 Satellite for Business

4 EVOLVE TECHNOLOGICAL CAPABILITIES

- **More fibre** (77.6m PPs, +7% y-o-y) and **5G coverage** (83%, +5 p.p. in core markets)
- **Europe:** Exploring joint MSS spectrum initiative with DT, Orange and Vodafone to accelerate D2D satellite connectivity
- **Germany:** 1.1k new 4G/5G sites Jan-Sep 26
- **UK:** Switched on 500th giga-site. Each site 10x the capacity of previous infrastructure

5 SIMPLIFY OPERATING MODEL

Spain: Simplification of the operating model to harness synergies, drive growth and scale digital services

- 3 business units: B2B, B2C and Wholesale
- Support divisions to become part of the corporate divisions

Germany: Successful voluntary exit program executed. Further exits and sale of two call centers in coming moths

UK: Sets out new strategic direction, with transformation programme targeting ~£0.8bn annualised cost savings

Group: Benefits from simplification, network/operational excellence, copper shut-down in Brazil

6 DEVELOP TALENT

- Boosting awareness and use of Premium AI company-wide

1) Managed Extended Detection and Response

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Operating Business

Mr. Emilio Gayo
COO

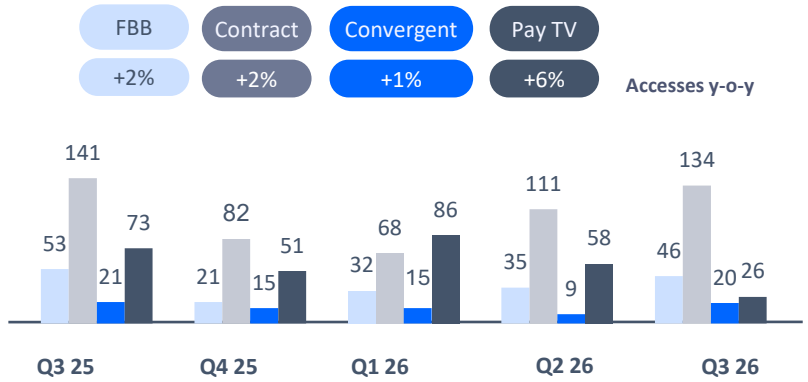


Spain: Solid trading, accelerating adjusted EBITDA growth

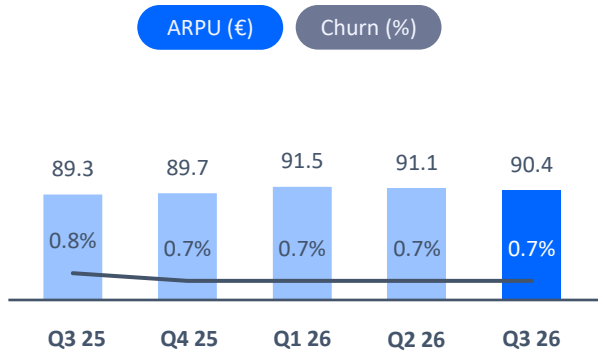
- **Unabated commercial momentum**
  - Accelerating net adds q-o-q (FBB & contract)
  - Record-low convergent churn
  - Portability ratios better y-o-y
- **Continued revenue growth**
  - Service Rev (+2.6% y-o-y) driven by strong Retail
  - Best ARPU (+1.2% y-o-y), high NPS (+3 p.p.)
  - B2C Ecosystem innovative services
  - B2B digital services double digit growth
- **Accelerated growth in adj. EBITDA**
  - Restructuring savings since Mar-26
  - Steady growth adj. EBITDAaL (+2.5% y-o-y)
- **Leading network automation, stable CapEx**
  - 11% CapEx/Revenue (-0.1 p.p. vs 9M 25)
  - AI improves network operation
  - Upgrade XGS-PON, 5G, Edge nodes
- **ESG plans in >50 "in-house" TV production**

Simplification of the operating model
enhancing growth and synergies
Bid for AI Gigafactory in Spain
EC authorization in Q3 26

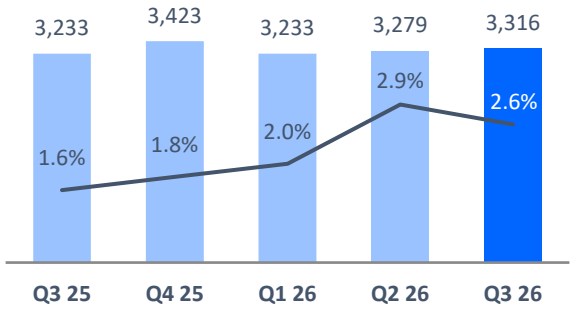
Net adds (k)



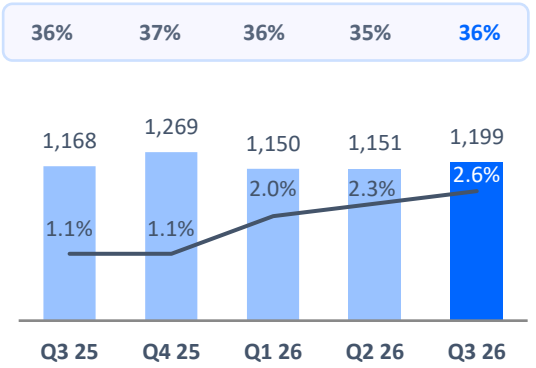
Convergent KPIs



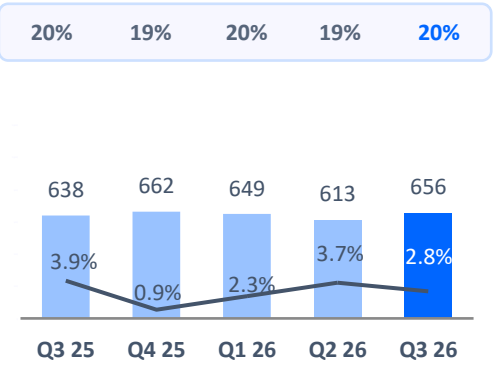
Revenue



Adj. EBITDA & margin



Adj. OpCFaL & margin



Constant: assumes constant FX (average FX 9M 25), assumes constant perimeter and excludes the contribution to growth from Venezuela. Adjusted figures consider constant perimeter and derived capital gains/losses and do not include restructuring costs, write-offs and material non-recurring impacts. CapEx: assumes CapEx ex-spectrum. Contract excludes IoT

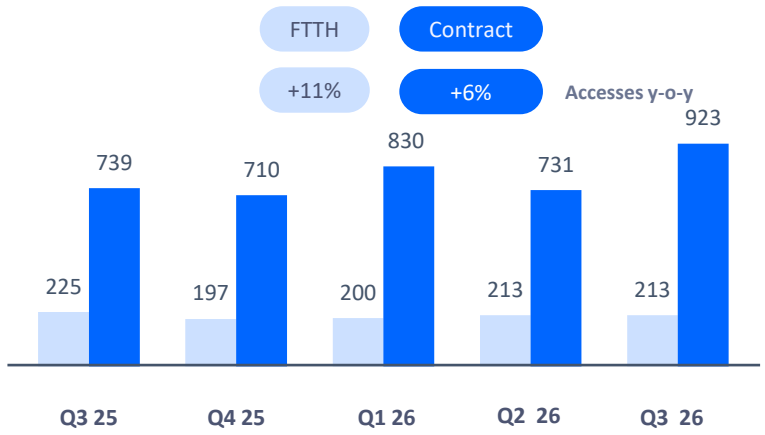
Brazil: Delivered another quarter of solid operational and financial performance

- **Strong operational trends**
  - Robust mobile ARPU with low contract churn
  - Sustained FTTH growth with low churn
  - Progressive price increase in mobile & fixed
- **Broad portfolio on new digital businesses**
  - B2C Ecosystem: Consumer Electronics (+69.4%); OTT (+30.5%) in LTM. AppleCare+ launch
  - B2B digital services: Cloud (+12.4%) & Cybersecurity (+15.9%) in LTM. New Agentic SOC
- **Starlink mobile partnership:** First Brazilian operator to deliver ~100% national coverage
- **Fastest 5G network in the world** (*Opensignal* report)

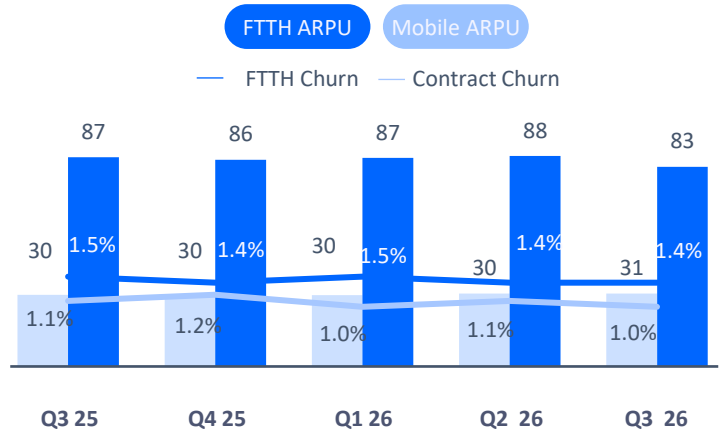
- **Revenue & adj. EBITDA growth well above inflation**
  - Transformation supports consistent growth
  - Continued efficiencies (mainly network)
  - 9M 26 CapEx/Revenue 15.2% (-0.5 p.p.)
- **Financial y-o-y acceleration in € terms**
- **ESG:** Among Brazil's *Best Cos to Work For (GPTW)*

Impacts from migration to authorisation
(Q3 26 +€61m; 9M 26 +€109m)

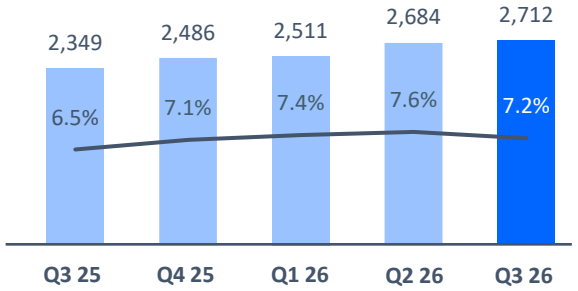
Net adds (k)



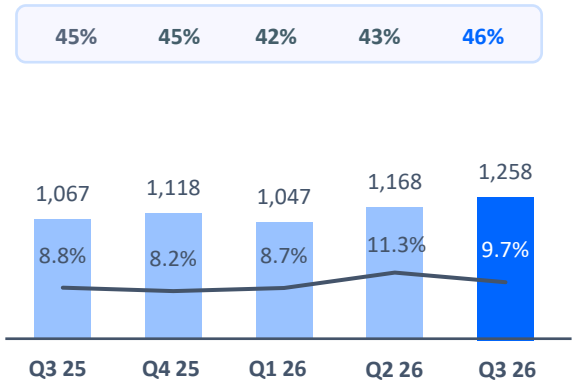
KPIs (local currency)



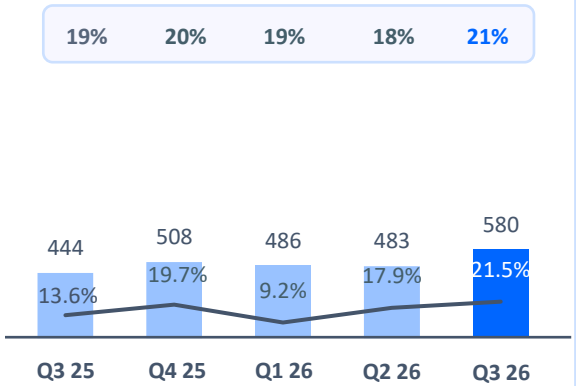
Revenue



Adj. EBITDA & margin



Adj. OpCFaL & margin



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Germany: Value-over-volume sets foundation for sustainable growth; 1&1 headwinds ease

- **Value-over-volume strategy**
  - O_2 Mobile Plus bundles welcomed
  - Improved contract net adds q-o-q
  - Sustained momentum in FBB
- **Network quality**
  - 1.1k new network sites: +25% y-o-y
  - Net Berlin & Dt. Glasfaser new wholebuy partners for fibre

- **Better top-line trends**
  - Total service revenue acceleration q-o-q
  - Lower MSR headwinds & handsets normalisation (+2.5% y-o-y)
  - Fixed revenue (+5.7% y-o-y) continued to grow on improved value-mix
  - Adj. EBITDA trends stall on changing revenue mix and efficiencies phasing
- **ESG:** *EcoVadis Gold* rating

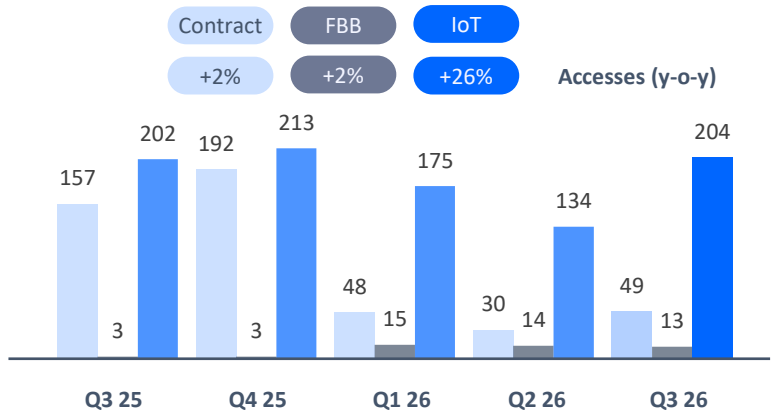
Business model transformation

2026 Voluntary Leaver Programme well accepted and executed according to plan

Call centre sites in Bremen & Rostock will be sold to TP effective year-end

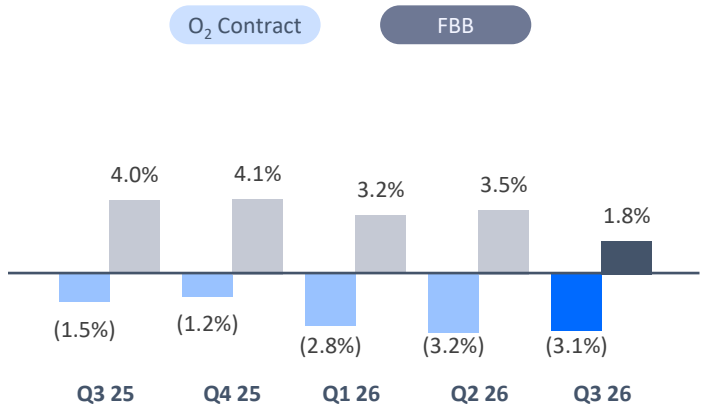
Addressing further rightsizing for 2027/28

Net adds (k)

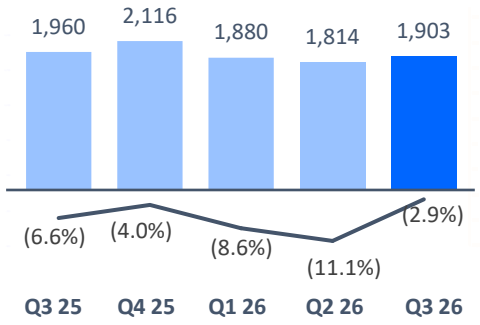


Net adds exclude 3rd party MNO-accesses

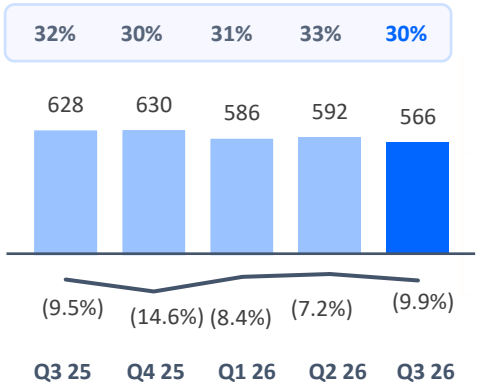
ARPU (y-o-y)



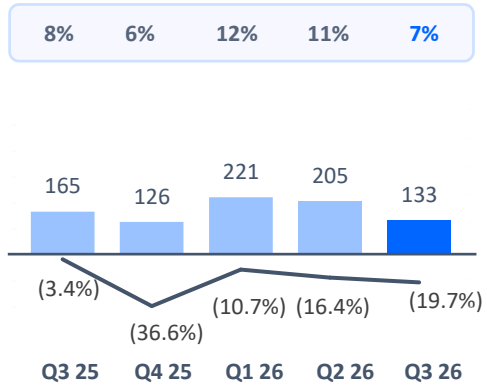
Revenue



Adj. EBITDA & margin



Adj. OpCFaL & margin



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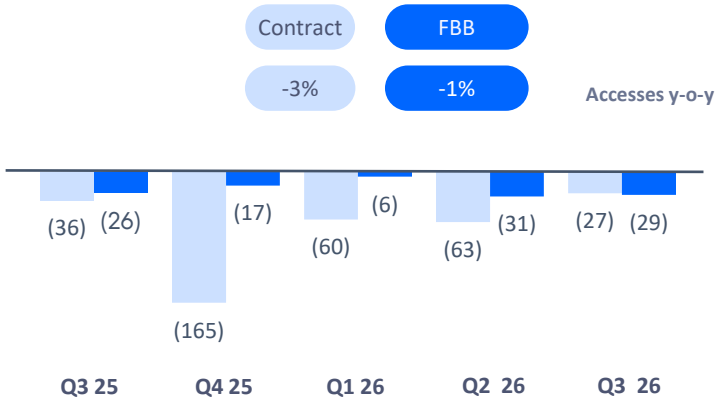
VMO2: On track to deliver 2026 service revenue and adjusted EBITDA guidance

- **Launched a new voice AI agent** to handle broadband fault calls
- Secured long-term naming **rights extension for the O2** through 2038
- **Fixed footprint**: 18.8m UBB PPs
- Cons. **Mobile ARPU** +2.0% on value management
- Cons. **fixed ARPU** affected by market intensity and phasing of annual price rises

- **Revenue affected by network construction**
  - Service rev. -3.5% (consumer fixed & B2B portfolio streamlined)
  - Consumer: -5.2% (mainly due to fixed rev)
  - Business: -3.7%
  - Wholesale service: +1.8% on MVNO
- **Adj. EBITDA:** at the top end guidance range (decline of 3 to 5% y-o-y)

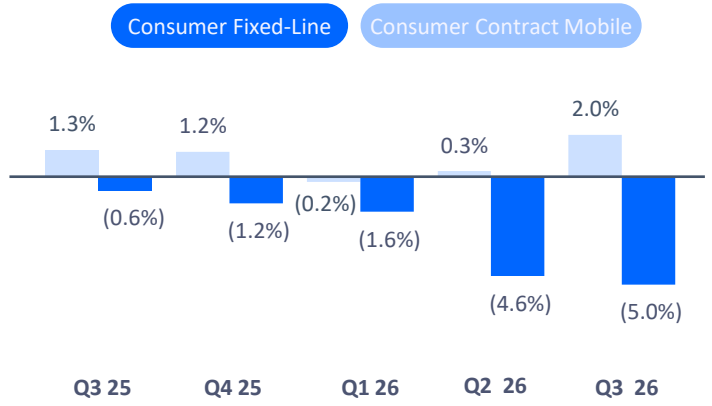
ESG: Promoting digital inclusion & device circularity

Net adds (k)

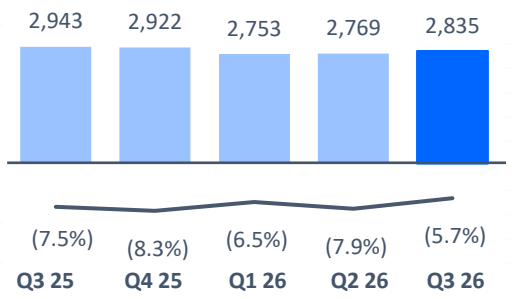


Q1 26 & Q3 26 net adds excludes the impact of adjustments made to accesses which had no impact on revenue

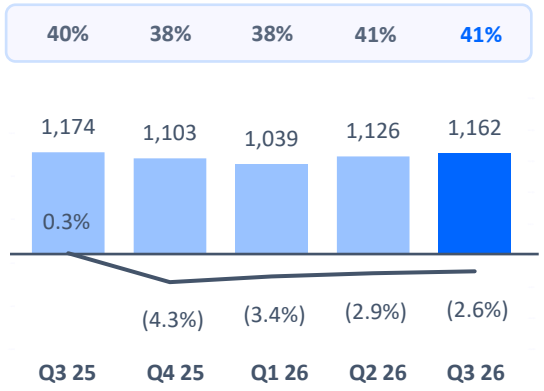
ARPU (local currency)



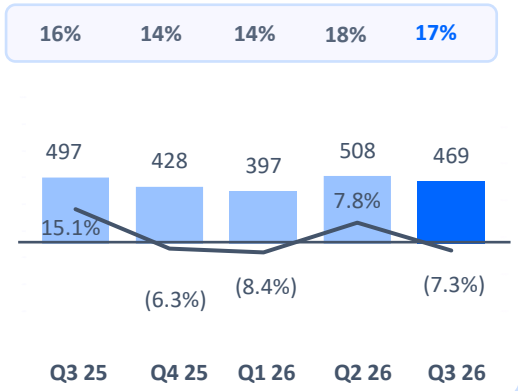
Revenue



Adj. EBITDA & margin



Adj. OpCFaL & margin



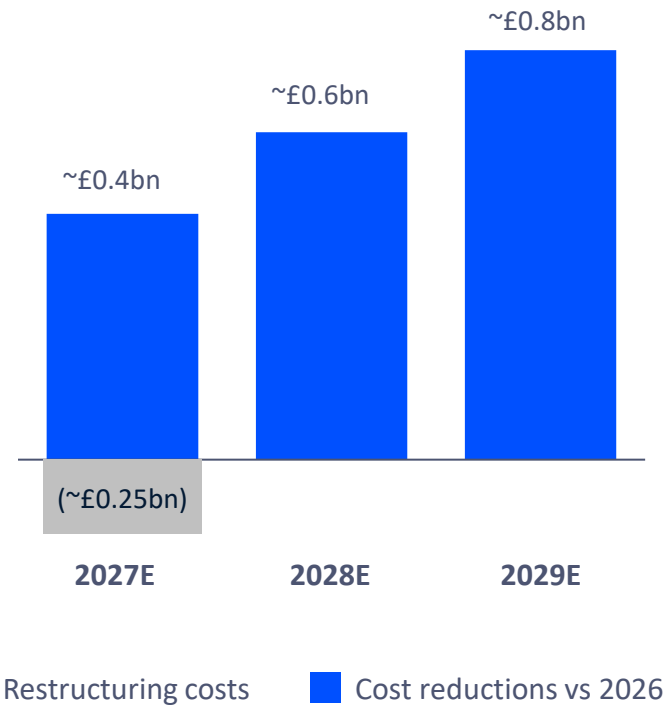
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VMO2: Ambitious transformation programme to drive cash flow and reduce leverage

Cost transformation programme underway

- **Targeting ~£0.8bn run-rate OpEx & CapEx cost savings by 2029**, with savings within management control
- **Organisational redesign:** ~£0.3bn of run-rate savings included in target, with additional savings from property and associated costs
- **Restructuring costs: ~£0.25bn with payback <1 year**
- **AI & digital:** greater use of AI tools and digital channels to drive efficiency and better customer experience
- **CapEx optimisation:** focus on clear paybacks. Will halt the fibre upgrade (optionality to build off-balance sheet in non-altnet areas) and upgrade to 2Gbps speeds to most of the HFC network in 2027
- **Cash distributions:** We are reviewing our options on VMO2's 2026 dividend and will provide an update in Q1 27 when we announce FY 26 results and know the outcome of the Netomnia transaction

Simplification and prioritisation drive strong returns



FY 26 performance guidance reaffirmed. Full plan and financial guidance to follow once ready

We remain committed to Netomnia acquisition and fundamentally disagree with CMA's interim report

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Financials / ESG

Mr. Juan Azcue
CFO



Financial performance: Fourth Q in a row of constant and real growth across the board

€ in millions	9M 26 Real	9M 26 Real y-o-y	9M 26 Constant y-o-y	Q3 26 Real	Q3 26 Real y-o-y	Q3 26 Constant y-o-y
Revenue	**24,825**	**2.8%**	**1.0%**	**8,433**	**4.8%**	**2.2%**
Service revenue	22,757	3.1%	1.3%	7,719	4.4%	1.8%
B2C revenue	14,678	4.7%	2.2%	4,985	7.5%	3.9%
B2B revenue	5,950	7.6%	6.0%	1,996	8.1%	5.6%
Wholesale & Others	4,197	-9.1%	-8.8%	1,453	-7.0%	-6.5%
Adj. EBITDA	**8,846**	**4.6%**	**2.5%**	**3,078**	**6.2%**	**2.8%**
Adj. OpCFaL	**4,018**	**6.1%**	**4.2%**	**1,364**	**10.6%**	**7.2%**
CapEx ex-spectrum **/ Revenue**	**12.1%**	**(0.2 p.p.)**	**(0.2 p.p.)**	**13.0%**	**(0.5.p.p.)**	**(0.6.p.p.)**
FCF	**1,963**	**10.7%**		**1,018**	**220.1%**	
Net Financial Debt	**25.186**	**(10.8%)**				
Adj. EPS (continuing operations)	**0.25**	**(14.3%)**		**0.10**	**3.6%**	

Growth in real FX higher than in constant on positive FX

Accelerated revenue growth, +2.2 p.p. q-o-q constant

- Service revenue to +0.9 p.p. q-o-q and handsets sales back to growth (+7.4%; Q2 -9.9%)
- B2C improving q-o-q and growing on strong ecosystem expansion
- Healthy growth in B2B on digital services

Strong operating leverage, further improvement

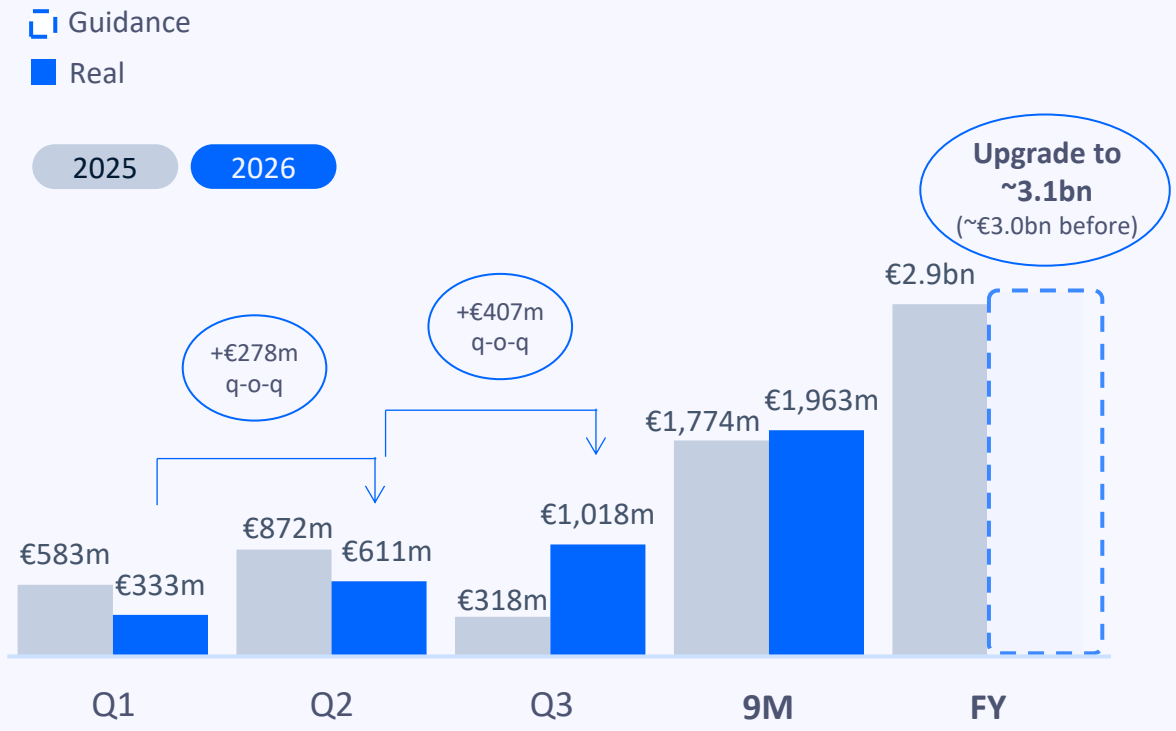
- Adjusted OpCFaL +4.3 p.p. q-o-q constant
- Adjusted OpCFaL margin +0.8 p.p. and +0.5 p.p. in Q3 and 9M, respectively (y-o-y constant)

Net debt -10.8% y-o-y mainly on Hispam disposals and FCF generation

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CapEx: assumes CapEx ex-spectrum

FCF acceleration in Q3, gives confidence to upgrade FY guidance

FCF evolution



Consistent FCF improvement throughout the year

- Reflecting better adjusted OpCFaL (positive operating performance) and tax refund in Spain
- Q3 26 3.2x higher y-o-y
- Q3 26 +€407m vs Q2 26
- 9M 26 +10.7% y-o-y

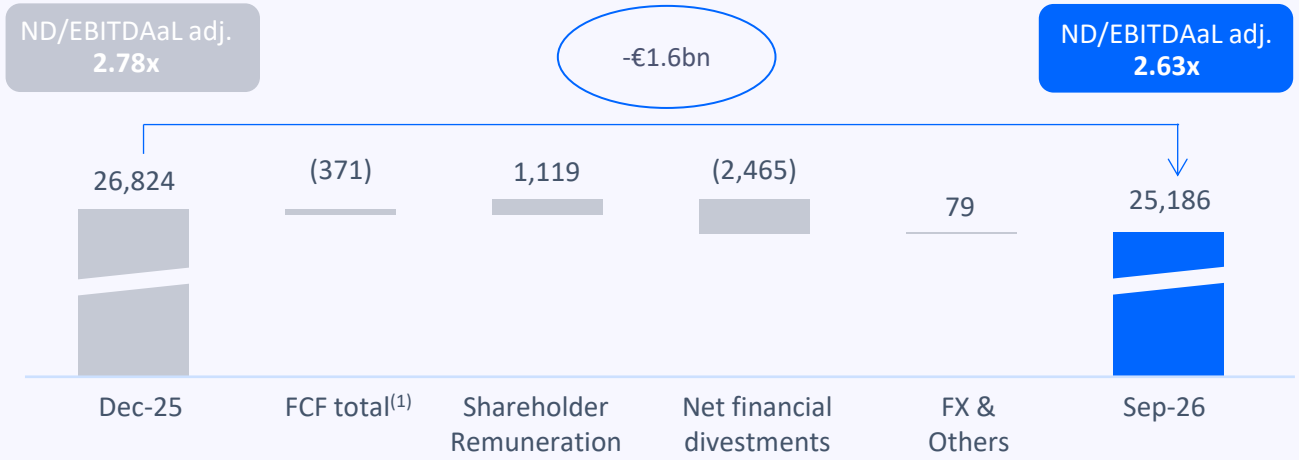
De risked and less back-end loaded growth trajectory

FCF to accelerate in Q4

Guidance upgrade (on good operational momentum and financial discipline)

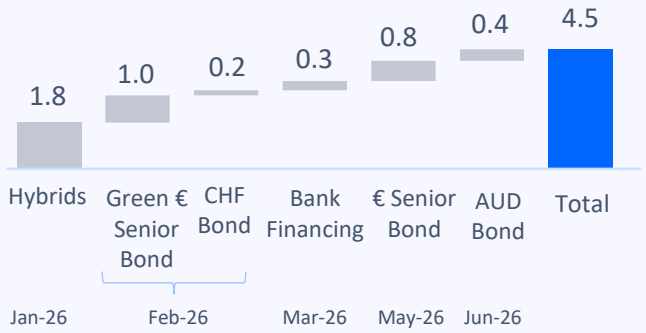
Reducing debt and leverage, long debt life and contained interest costs

Net Financial Debt



Proactive refinancing

Total financing YTD (€bn)



Solid liquidity position

Sep-26

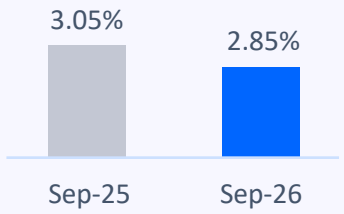
€17.5bn
Liquidity Cushion

- Cash €7.3bn
- RCFs €6.0bn
- Bilateral credit lines: €4.2bn

Long avg. debt life (11.2 yrs)

Total debt interest payment cost

ex. leases



Highlights

- €1.6bn net debt reduction in 9M, the largest since 2021
- Ongoing leverage reduction towards 2.5x target in 2028
- Fully committed to our investment grade credit rating
- High liquidity and debt maturities well covered over the next three years
- Long debt life and resilience in an increasing interest rate environment

(1) Total FCF (continuing and discontinued operations) including spectrum payments

Progress on ESG agenda

Environmental

Powering the green transition for a better future

Decarbonising while transforming the business

>1m tCO_2e avoided through network & renewable energy projects backed by sustainable finance since 2019 (Spain, Germany and Brazil)

Strengthening circular asset management

70% recycled content in new customer premises equipment

Social

Powering a more digital and inclusive society that supports greater wellbeing

Connecting at critical moments

Maintaining communications during last summer's wildfires in 236 communities (Spain)

Unlocking digital education opportunities

5.7m children empowered through digital education over 10 years of ProFuturo

Governance

Powering trust in a digital world

Improving supply chain resilience

1k ESG on-site supplier audits through 10 years of industry collaboration

Fostering a trusted company

Training in Responsible Business Principles completed by >57k employees (Sep-26)

Leading in International Ratings

Record ISS score: upgraded to B+ (A+ in Environmental Management and A in Eco-Efficiency)

Key takeaways

Mr. Emilio Gayo
COO



Closing remarks

Further advancing in Transform & Growth: simplifying operating model in Spain, Germany and UK

Maximising performance through focused execution. Delivering strong set of results leveraging commercial momentum

Consistent growth. 4th Q in a row in constant and real terms in main metrics. **Higher operating leverage** y-o-y

AI improving customer experience, commercial performance, network automation and process efficiencies

Strong FCF acceleration and debt reduction

Revised 2026 guidance (upgrade adjusted EBITDA, adjusted OpCFaL and FCF). Reaffirmed dividend commitment

Results presentation and Q&A Session

Calendar

Telefónica's management will host a webcast on 12 November at 10:00 AM (CET), 9:00 AM (GMT), and 4:00 AM (EDT)

Participants from Telefónica

- Emilio Gayo l COO
- Juan Azcue l CFO
- Santiago Argelich l CEO T. Germany
- Borja Ochoa l Director of B2B of T. Spain
- Oscar Candiles l Director of B2C of T. Spain
- Lutz Schüler l CEO Virgin Media O2
- Torsten Achtmann l Global Director of Investor Relations

Webcast

- To access the webcast: click here
- The webcast replay will be available on Telefónica IR's website after the event

Q&A Session

- To participate in the Q&A session, please register using the following link to receive the dial in and PIN details: click here.

Telefónica

Bloomberg	CDP A List 2025	S&P Global CSA	PRIME Corporate Rating	Sustainalytics ESG	World Benchmarking Alliance
Bloomberg ESG Score 98.9 percentile/ **#3 in sector**	CDP **Climate A List 2025**	**92 Percentile Telco Services Industry** Oct-2026	ISS ESG Corporate Rating **B+ Oct. 26**	Sustainalytics ESG **Top Quartile Telco Industry 2025**	Digital Inclusion Benchmark, Social Benchmark and Ranking Digital Rights **1st company worldwide 2026**

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