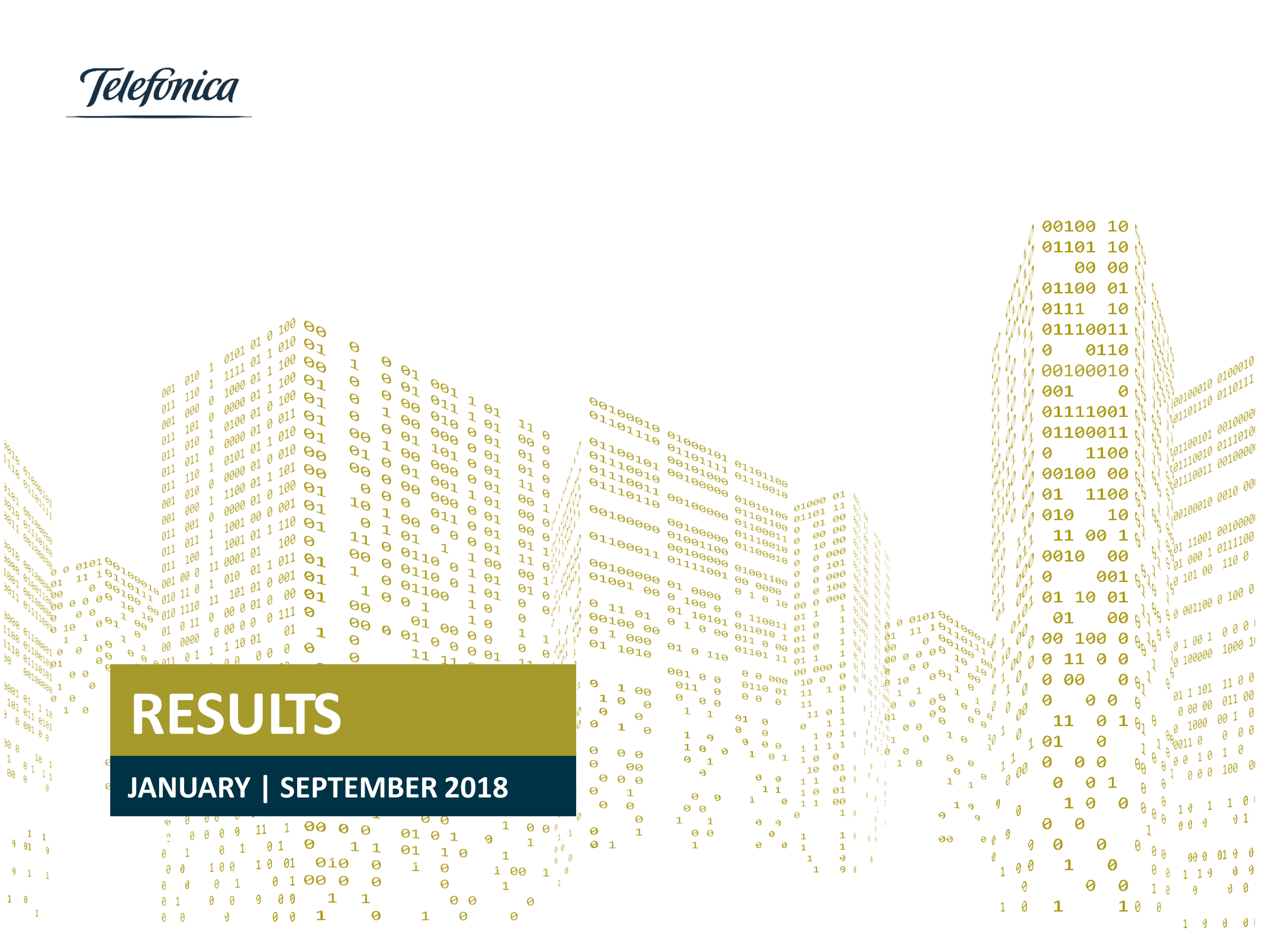


RESULTS
JANUARY | SEPTEMBER 2018



Disclaimer

This document and the Q&A session may contain forward-looking statements and information (hereinafter, the “Statements”) relating to the Telefónica Group (hereinafter, the "Company" or "Telefónica") or otherwise. These Statements may include financial forecasts and estimates based on assumptions or statements regarding plans, objectives and expectations that make reference to different matters, such as the customer base and its evolution, growth of the different business lines and of the global business, market share, possible acquisitions, divestitures or other transactions, Company’s results and other aspects related to the activity and situation of the Company.

The Statements can be identified, in certain cases, through the use of words such as “forecast”, "expectation", "anticipation", “aspiration”, "purpose", "belief" or similar expressions or variations of such expressions. These Statements reflect the current views of Telefónica with respect to future events, do not represent, by their own nature, any guarantee of future fulfilment, and are subject to risks and uncertainties that could cause the final developments and results to materially differ from those expressed or implied by such Statements. These risks and uncertainties include those identified in the documents containing more comprehensive information filed by Telefónica before the different supervisory authorities of the securities markets in which its shares are listed and, in particular, the Spanish National Securities Market Commission.

Except as required by applicable law, Telefónica does not assume any obligation to publicly update the Statements to adapt them to events or circumstances taking place after the date hereof, including changes in the Company's business, in its business development strategy or any other unexpected circumstance.

This document and the Q&A session may contain summarized, non-audited or non-GAAP financial information. The information contained herein and therein should therefore be considered as a whole and in conjunction with all the public information regarding the Company available, including, if any, other documents released by the Company that may contain more detailed information.

In October 2015, the European Securities Markets Authority (ESMA) published guidelines on Alternative Performance Measures (APM), applicable to regulated information published from July 3, 2016. Information related to APM used in this presentation are included in the our condensed consolidated interim financial statements and consolidated interim management report for the six-month period ended Jun 30, 2018 submitted to the Spanish National Securities Market Commission (CNMV), in Note 2, page 13 of the .pdf filed. Recipients of this document are invited to read it.

Neither this document nor the Q&A session nor any of their contents constitute an offer to purchase, sale or exchange any security, a solicitation of any offer to purchase, sale or exchange any security, or a recommendation or advice regarding any security.

Q3 18 Highlights

Mr. Ángel Vilá
COO



Q3 Highlights | Executing on strategy



Enable people with the power of connectivity

- **Enhancing high-value;** UBB 49.0m premises passed; 75% LTE cov. (+6 p.p y-o-y)
- **Strong net adds:** 1.9m contract; 4.9m LTE; 550k UBB; 109k Pay TV
- **Steady Avg. Rev per access growth** (+3.5% y-o-y); building loyalty (stable churn y-o-y)
- **Digital services progressing in the new ecosystem** (9M +25.3% Revs. y-o-y org)



Operate in markets where we can have an impact & create value

- **Spain:** Best commercial KPIs in 10 years; Revs. stable, margin 40.5%
- **Brazil:** Best ever net adds in FFTH; +1m post paid; 7th straight Qs of margin expansion
- **Germany:** MSR ex reg. stable; network roll-out progressing at full speed
- **UK:** Continued strong performance; Revs., OIBDA and contract net adds ramping up
- **S. Hispam:** Revs. growth improved; strong UBB net adds (+197k)
- **N. Hispam:** Robust results in Colombia & Central America; Mexico remains affected by regulation



Optimise our capabilities for a sustainable digital future

- **Continued evolution towards smart networks** (#1 in network virtualisation)
- **Advanced position in Digitalisation:** yielding efficiencies (gross savings 2018E>€0.3Bn)
- **AURA available in Spain through Movistar Home** from November



Deliver strong results

- **Better organic y-o-y trends in Revs., OIBDA & OpCF**
- **Expanding FCF** to €3.6Bn ex-spectrum (+0.9% y-o-y). 9M FCF €3.0Bn
- **Upgraded guidance;** revenue growth around 2%
- **6th Q in a row of net debt decline** (-€1.6Bn YTD)

Key Financials

€ in millions	9M 18			Q3 18			
	Reported IFRS 15&9	Reported y-o-y	Organic y-o-y	Reported IFRS 15&9	Reported y-o-y	Organic y-o-y	
Revenues	35,776	(7.9%)	2.2%	11,699	(8.3%)	2.7%	Growth acceleration from Revenues to OpCF
Service revenues	32,310	(10.2%)	0.9%	10,499	(10.7%)	1.2%	
OIBDA	12,035	(2.0%)	3.8%	4,038	(1.4%)	4.1%	
OIBDA margin	33.6%	2.0 p.p.	0.5 p.p.	34.5%	2.4 p.p.	0.4 p.p.	
OpCF (ex-spectrum)	6,967	2.2%	2.9%	2,262	5.8%	4.0%	
Net Income	2,721	11.6%		1,139	35.8%		Strong earnings performance
EPS (€)	0.46	6.1%		0.21	39.8%		
FCF	2,957	(8.3%)		1,420	(11.3%)		
FCF (ex-spectrum)	3,591	0.9%		1,435	(25.5%)		
Net Financial Debt	42,636	(9.7%)					Continued debt reduction

Reported numbers impacted by

- Negative FX & regulation
- Hyperinflation in Argentina in Q3 & 9M 18: Revs. (-€361m; -€618m), OIBDA (-€123m; -€229m) & Net Income (-€103m; -€260m)
- Other non-recurrent impacts (OIBDA: Q3: +€223m ; 9M: +€459m; Net Income Q3: +€93m; 9M: -€188m)

Upgraded full-year guidance

Operating 2018 guidance (organic)	Guidance 2018E (IAS 18)	Upgraded Guidance 2018	9M 18
Revenues	Growth of around 1% (despite regulation dragging: -0.9 p.p.)	Growth of around 2% (despite regulation dragging: -0.9 p.p.)	+2.2%
OIBDA Margin	Continues expanding around 0.5 p.p. (despite regulation dragging -1.6 p.p. on OIBDA growth)	Continues expanding around 0.5 p.p. (despite regulation dragging -1.6 p.p. on OIBDA growth)	+0.5 p.p.
CAPEX ex-spectrum/Sales	Around 15%	Around 15%	14.5 %

Solid balance sheet
Additional deleveraging
Improved ROCE
Attractive, stable & sustainable dividend

Dividends to be paid in 2018 calendar yr. €0.40/sh.

Cash: 15/Jun/18 €0.20/sh.

Cash: 20/Dec/18 €0.20/sh.

2018 DIVIDEND

€0.4/SH. CASH

Interim Dec-18

€0.20/sh.

Final Jun-19

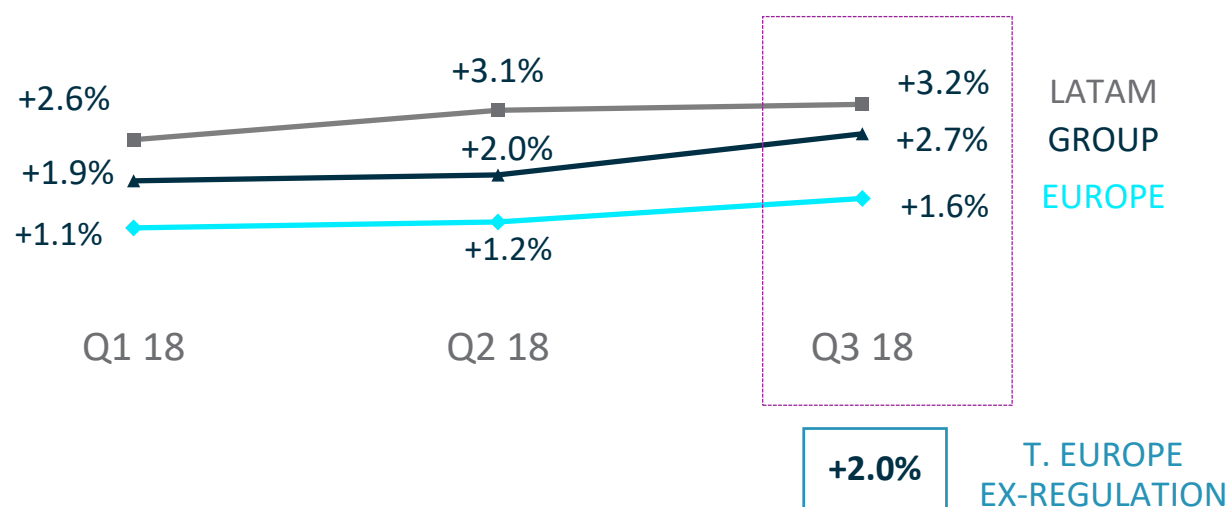
€0.20/sh.

Improved earnings momentum driven by Europe

Strengthening growth trends

- Revenue acceleration vs. Q2
 - Services revenues +0.5 p.p.
 - European operations ramped-up to 1.6%; +0.4 p.p. q-o-q
 - Latam similar performance (+3.2%)
- Margin expansion continues (+0.4 p.p. y-o-y)
 - Spain margin 40.5%; Brazil +2.3 p.p.; Germany +0.3 p.p.; UK +0.5 p.p. y-o-y
- Strong OpCF trends

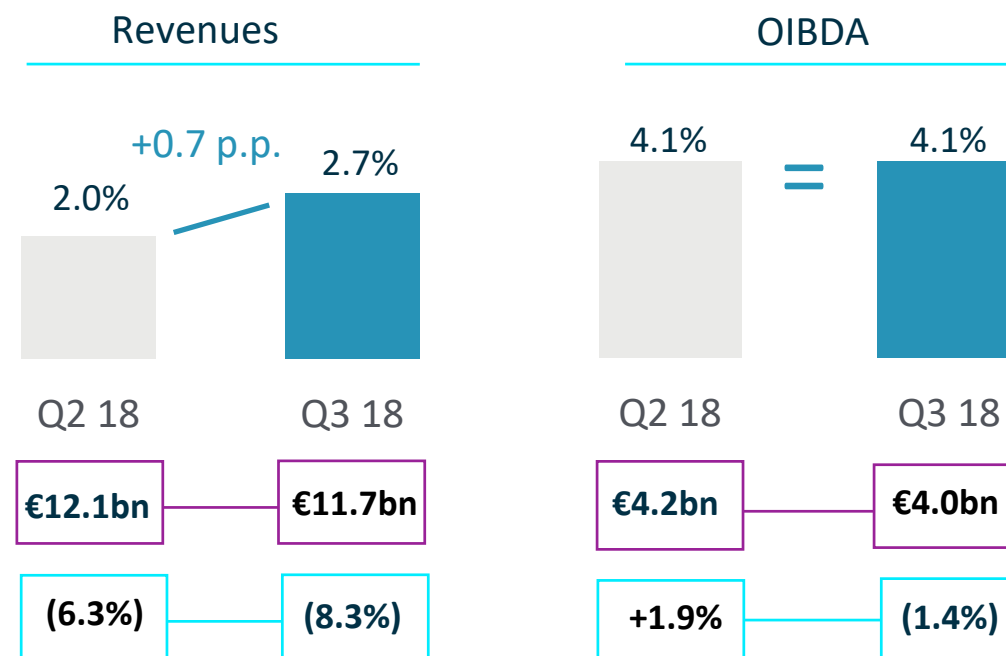
Organic revenue growth



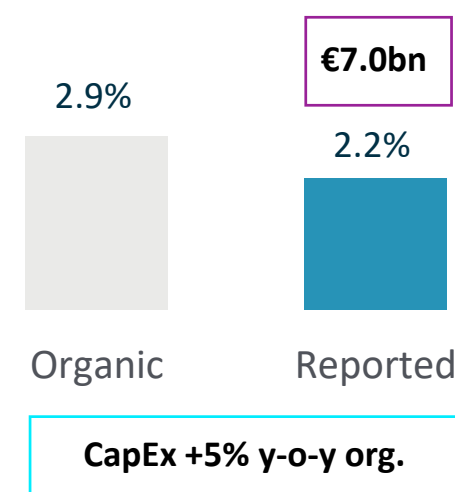
Revenues, OIBDA, & OpCF

y-o-y organic

Reported y-o-y

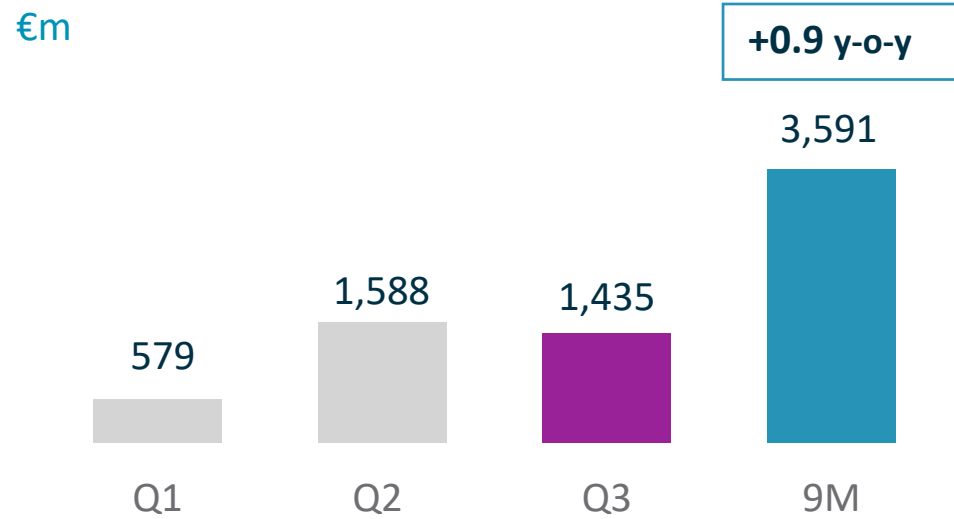


9M OpCF (ex-spectrum)



Solid FCF generation

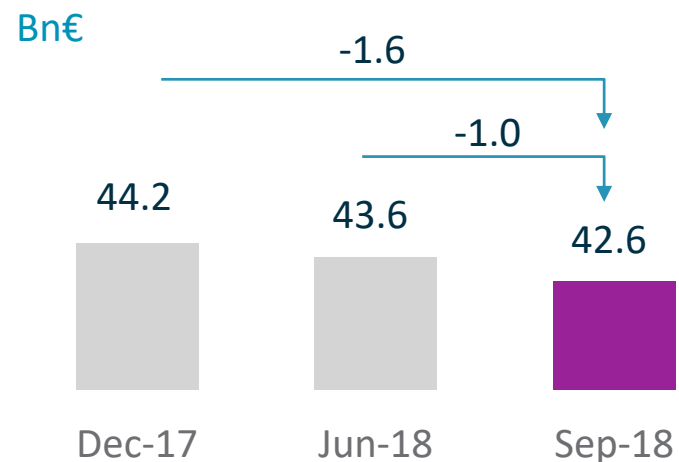
FCF ex-spectrum



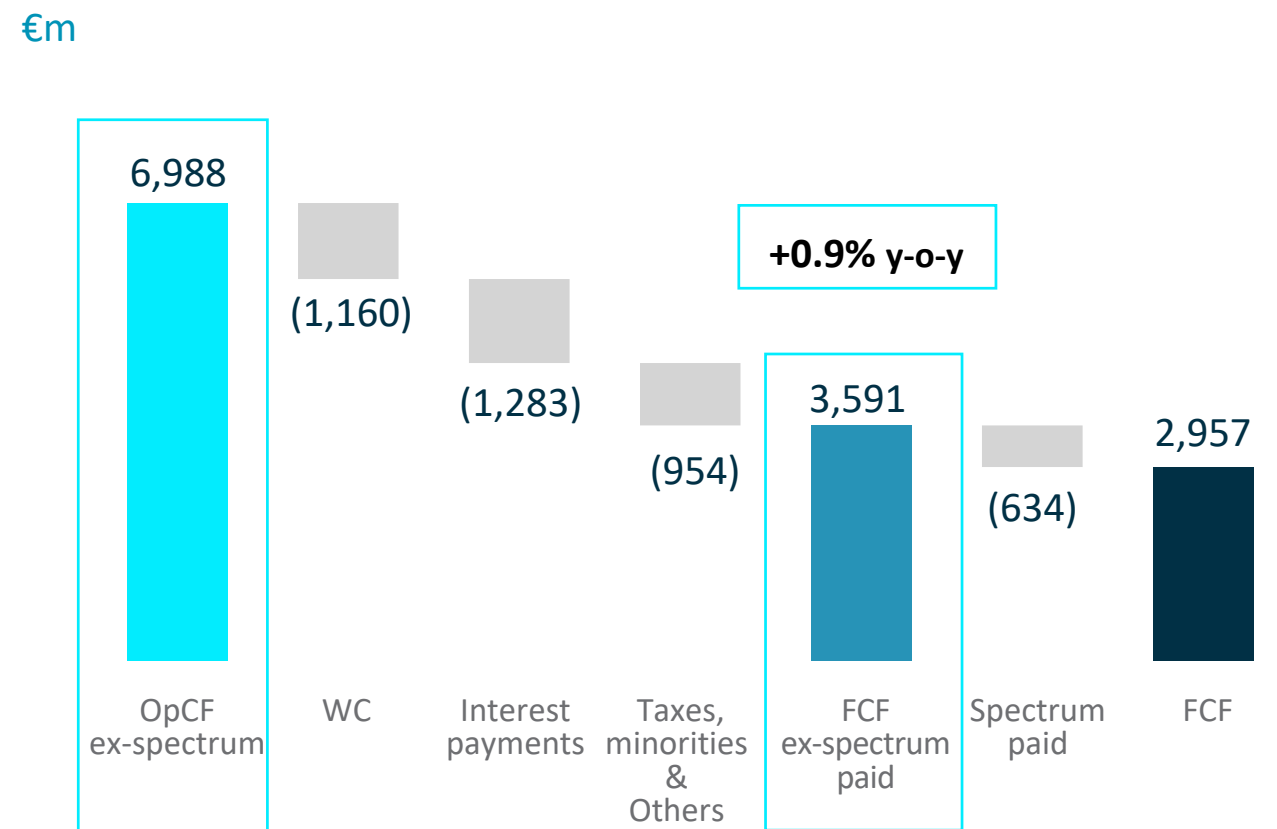
FCF reported



6th Q in a row reducing Net Debt



FCF just -€0.3Bn vs. 9M 17 (rational spectrum acquisition)



FCF to continue improving in Q4
Further net debt reduction

Digital transformation framework across our platforms

4P

Frontrunner in Cognitive Intelligence



Movistar Home smart device in Spain (from 15th. Nov)

✓ AURA

✓ New functionalities

Contents manager:

- Movistar+
- Communications
- Home connectivity

✓ Strategic alliances

- El Corte Inglés
- Iberia
- Twitter

More use cases to come

3P

Enhancing growth on Digital Services

14%

SoC Revs. o/total (+1 p.p. y-o-y)

€4,901m

Digital Revs. (+25.3% vs. 9M 17)

44%

Video

27%

Content

20%

IoT, Cloud, Security...

Bundled & Integrated

- Smart Wifi
- Movistar Play
- Consumer IoT
- Novum



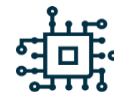
2P

Structural Transformation



63%

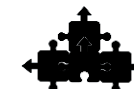
E2ED level (+8 p.p. yoy)



27%

Full Stack

Cust. migrated +8 p.p. yoy



64%

Online Charging System

Cust. migrated +3 p.p. yoy

1P

Towards E2E network virtualisation

Network virtualised

#1



✓ 30 Data centers in 11 countries

UBB coverage premises passed



81m

(o/w 49m owned)

Unified fixed devices

> 4m HGU



LTE coverage

75%

92% EU
69% Latam



4.5G

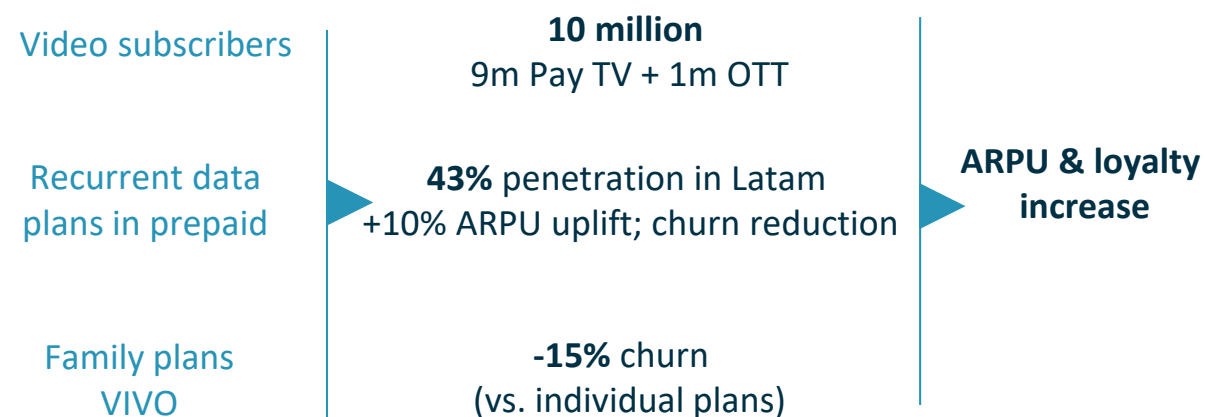


Data monetisation | Compelling proposals

B2C

Fostering customer value and engagement

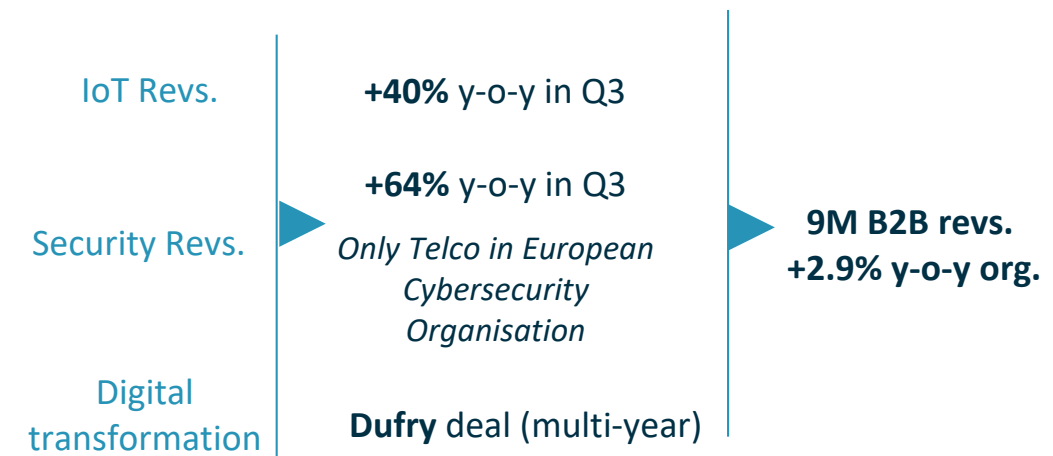
- **Innovative proposals in mobile post-paid**
 - New flexible tariffs in UK & BRA
 - “Movistar Play” (Video OTT) across Latam
 - “M4M” in new tariffs (BRA, COL, GER)
- **Data recurrent plans extended in prepaid**
 - ARG and CAM in Q3
- **UBB & Content, key to add value in fixed**
 - New “Fusión+” portfolio in Spain (Oct-18)
- **Open platforms, new digital services**
 - Netflix available in CHI, COL, ECU, UK



B2B

Supporting customers' digitalisation journey

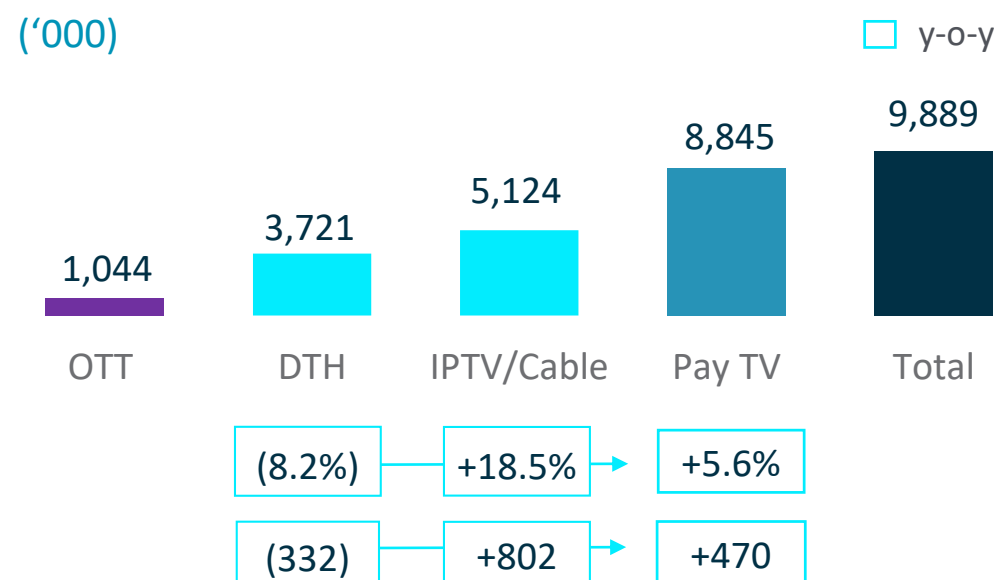
- **Complete Digital solutions portfolio**
 - Boosting **Multi-cloud** through strategic agreements
 - Overseeing customers and partners' **Security**
 - LUCA; leader among **Big Data** providers
- **Strong and global capabilities**
 - +45k km network, 11 SOCs, Cloud VPN...
 - Specialised commercial team
 - Leading brands (own & partners) + start-ups



Video at the core



Large scale, 10m base (Sep-18)



Superior Video Capabilities

- FTTH/Unified Video Platform in Latam
- Relevant distribution power
- Most complete & quality content
- Leading partner-based bundles
- Cognitive Intelligence: AURA

Tangible value accretion

- Video Revs. 9M 18 **€2,149m**
- TV ARPU Spain **x3 vs competitor**
- Increase loyalty Spain **-25% churn**

Sustainable value leadership in Spain

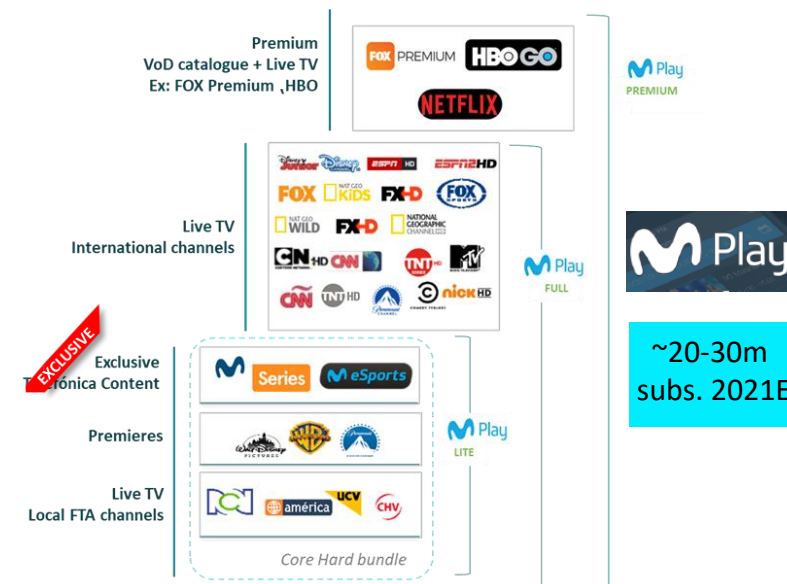
Best Network + Best Content + Best Technology



- Largest FTTH network in Europe
- 12m viewers, ~60% Pay TV market share
- 15-20% “Prime time” share in-house production
- Football rights for 3-4 yrs (3/5 most viewed events)
- Upside in Pay TV penetration (34%)

Capturing the OTT opportunity in Latam

Content Aggregation + Unified Experience



- >160m mobile subs. full bundling & billing
- New value lever to foster monetisation

B2B | Exploiting the digitalisation opportunity



Strategic and growing business

Relevant unit delivering a positive performance

- 4 million corporates

Gaining traction across Telefónica's footprint

- Underpinned by our **Platform vision**
- Above-avg. performance in key markets, **Spain & UK**
- T. España, **Ranked #3** IT provider (Gartner)

Enhancing our growth profile

- **Sustainable revenues & service mix**
 - 60% revs: Advanced Data Comms. & Digital Serv.
 - #1 Microsoft O365 Channel in HispAm >650k licenses
 - >18m M2M base (*Gartner MQ Leader*)



Global ICT & Cloud Comms. provider

Key capabilities to lead B2B Digital transformation

- 17 OBs, 170 country reach, 12k specialised salesforce

Customer centric B2B value proposal

- **Values:** Optimise, Innovate, Grow and Trust
- **Pillars:** Consumption Based, Softwarisation, All as a Service

Network transformation enabling new B2B services

- **Cutting-edge platform**
 - SD-WAN, vCPE, BoD (Bandwidth on Demand..)
- **Access Anywhere, Hybrid Networks, Near Real-Time**
 - +35% y-o-y legacy voice migration (IP) in Q3
 - +36% VPNs with fibre Access

Global Customer reference



- Digital Transformation, AWS, IoT, Big Data
- Tailor-made digital integral solutions

Successful focus on value customers; providing sustainability

Deep business transformation ...

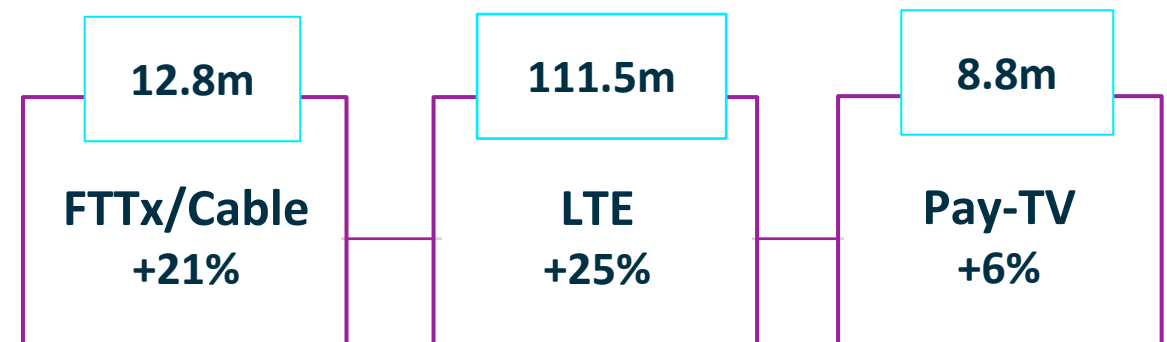
- **Network leadership**
 - Towards customer-centric networks (softwarisation; data analytics & AI)
- **Process automation**
 - Full stack deployment, efficient sales....

... lever for differentiation; best experience

- **Gain velocity to scale innovations**
 - Better time to market, less complexity
- **From core connectivity we created a global digital ecosystem around the consumer**
 - Novum, Consumer IoT, Smart Wifi, Movistar Play

Accesses

y-o-y



Avg. Rev/Access
+3.5% y-o-y



Fusión (4.6m)

Q3 ARPU (y-o-y)

+1.8% (€89.2)

Avg. Lifetime

6 years



Mobile contract (39.4m)
FTTx (4.9m)

(0.1%)
+17.9%

4 years
3 years



Mobile contract (16.0m)


+0.7%

8 years


⋮

Digital Transformation | Optimising customer relationship


Digital relationship with our Customers



Increase **Direct customer interaction** for sales




Foster **top-ups & add-ons** through own digital channels



Make the **payments & collections** more efficient and user friendly



Improve experience **Fulfilment and technical support**



Enhanced **customer care** experience

Moving steadily...

Q3 y-o-y



- ✓ +73% of digital sales (Fusión)
- ✓ B2B: 68% customers use digital channels
- ✓ B2C: +43% customers use App “Mi Movistar”
- ✓ +21% automated resolution of technical calls
- ✓ >50 advanced analytics use cases



- ✓ +46% users App “Meu vivo”
- ✓ +20% prepaid digital top-ups
- ✓ +41% E-billing customers
- ✓ 63% digital technical resolution
- ✓ -30% calls to call center

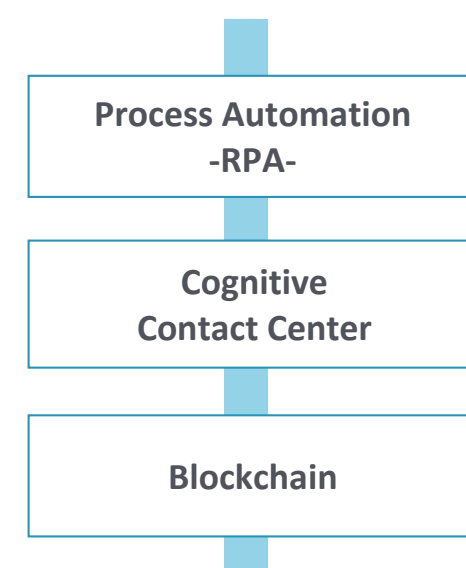
...capturing savings...

Gross Savings
2018E
> €0.3bn

On Track

Gross Savings
Run-rate 2020E
> €1.0bn

...fostering structural initiatives



Q3 18 Results

Ms. Laura Abasolo
CFCO



Spain | Record commercial activity in a reshaped market place

Largest-ever capture of high value customers

- **Football strategy proven right**
- **Gross adds surged, Fusion churn stable**
 - Record portability (fixed & mobile)
 - Best FBB net adds since Fusion launch (Q4 12)
 - Largest mobile contract net adds in 10 yrs
- **Fusion KPIs, mix improves on higher value adds**
 - High-end base adding the most: +2 p.p. q-o-q
 - €89.2 ARPU in Q3 (+1.8% y-o-y)
 - Gross adds ARPU in Q3 higher vs. H1
 - New "Fusión+" portfolio launch (Oct-18)

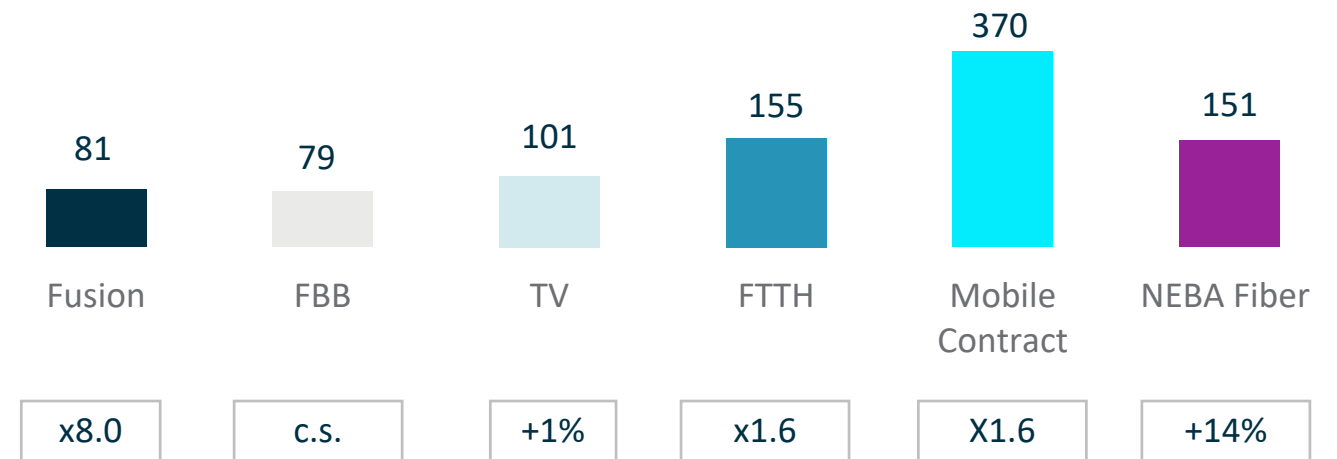
Increased returns on fiber

- **Coupling strong fiber uptake at retail/wholesale**
 - Primary access at FBB base (63%; +8 p.p. y-o-y)
 - Wholesale upside on long-term agreements (33% of wholesale base; +18 p.p. y-o-y)

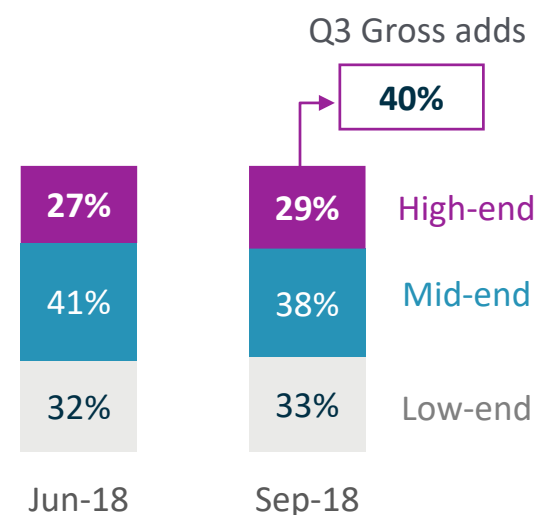
Q3 Net adds

('000)

□ y-o-y



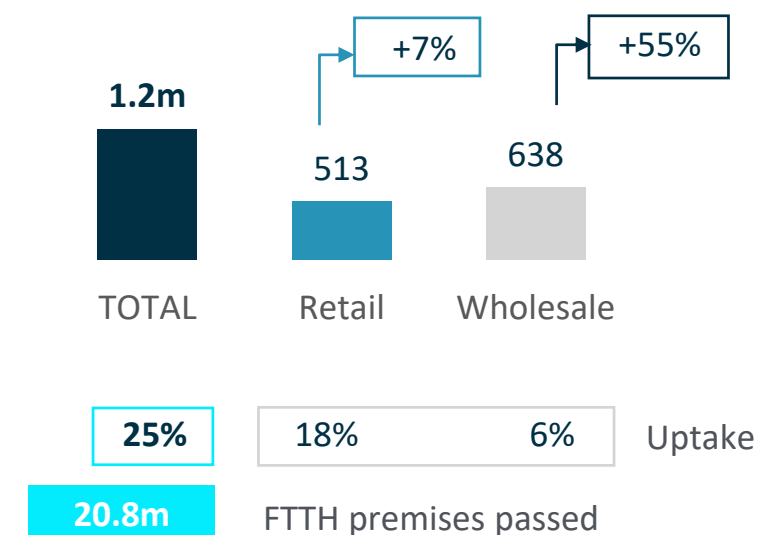
"Fusión" Value Mix



FTTH uptake

('000 in LTM)

y-o-y



Spain | Sustained profitability despite commercial pick-up

Top line trends maintained

- **Serv. Revs. growth** unchanged (+1.4% y-o-y in Q3) **ex-MTR cut/MásMóvil**
 - “Consumer” (+0.4%) decelerates on calendar effect
 - “Business” (+1.5%) accelerates; stronger IT
 - “Wholesale & Other” (-3.4%) eased decline
 - More football revenue offset larger drag from MTR cut & MVNO loss

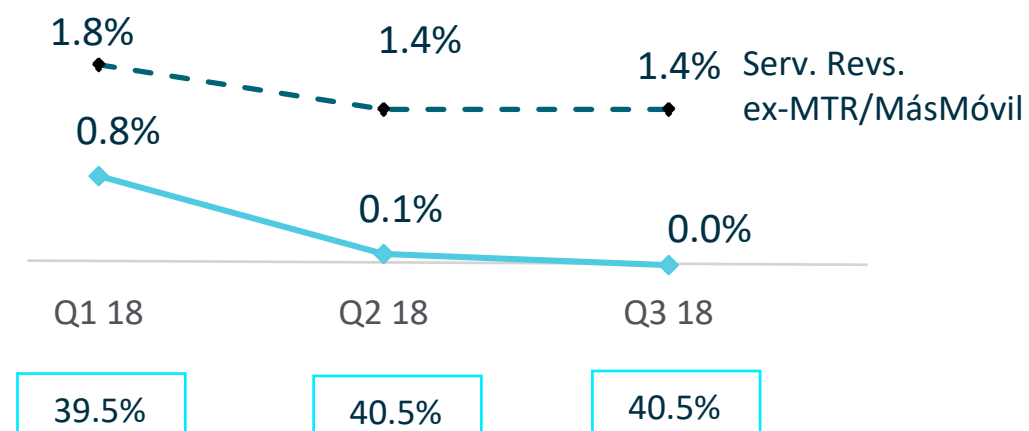
Strong profitability despite cost uptick

- **OpEx slight increase** (+€32m y-o-y in Q3) despite higher content cost
 - Net content cost (+19% y-o-y in Q3; +8 p.p. q-o-q); on new football season since mid-Aug
- **Q3 OIBDA margin at 40.5% despite record trading due to efficiencies** (OIBDA ex-capital gains: -1.3% y-o-y)

Service Revenues

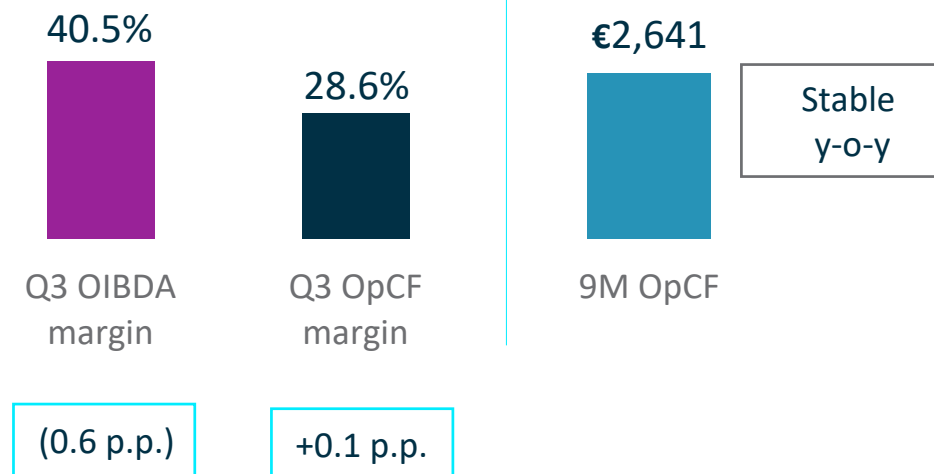
y-o-y organic

□ OIBDA margin



Strong margins and cash generation

□ y-o-y ex-capital gains



Germany | On-track to complete network integration

Strong commercial momentum

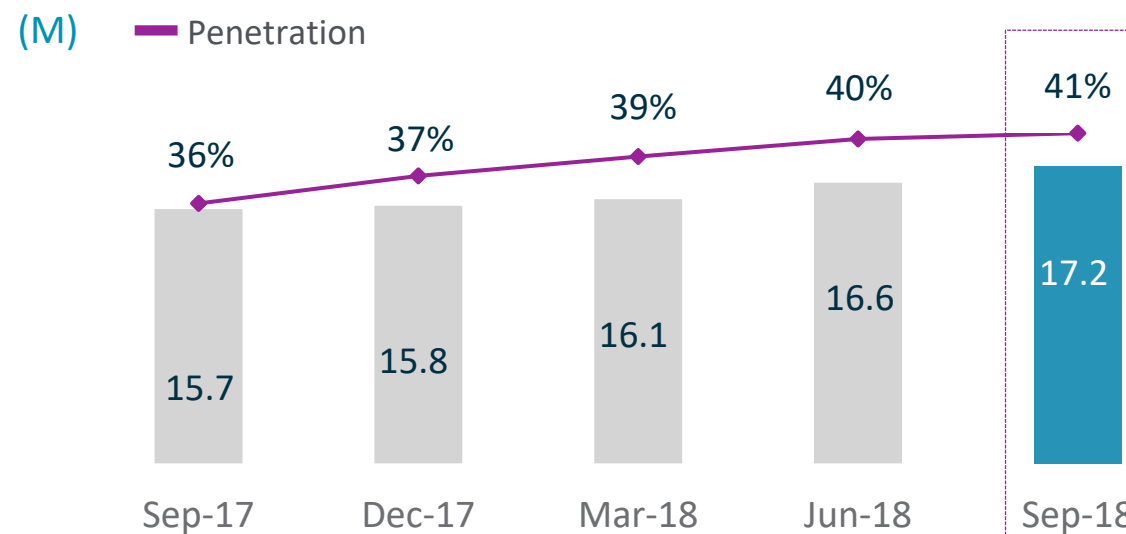
- **Contract net adds +27% y-o-y in Q3**
 - Partner trading; 57% of gross additions (58% in Q2)
- **Updated O₂ Free tariffs; Boost & Connect driving data usage and ARPU-up**
 - Avg. monthly data usage (O₂ contract LTE cust.): +65% y-o-y to 3.9GB

Key financial highlights

- **9M revenues ex-reg. almost flat y-o-y (-0.8% y-o-y in Q3)**
- **Further OIBDA margin expansion**
 - Synergy capture (€25m in Q3; ~€90m in 9M)
 - Regulatory effects -€17m in Q3
- **CapEx +7.6% vs. 9M 17**
 - Final stage of network consolidation; LTE rollout
 - Incremental synergies ~€35m in 9M

Improving data monetisation

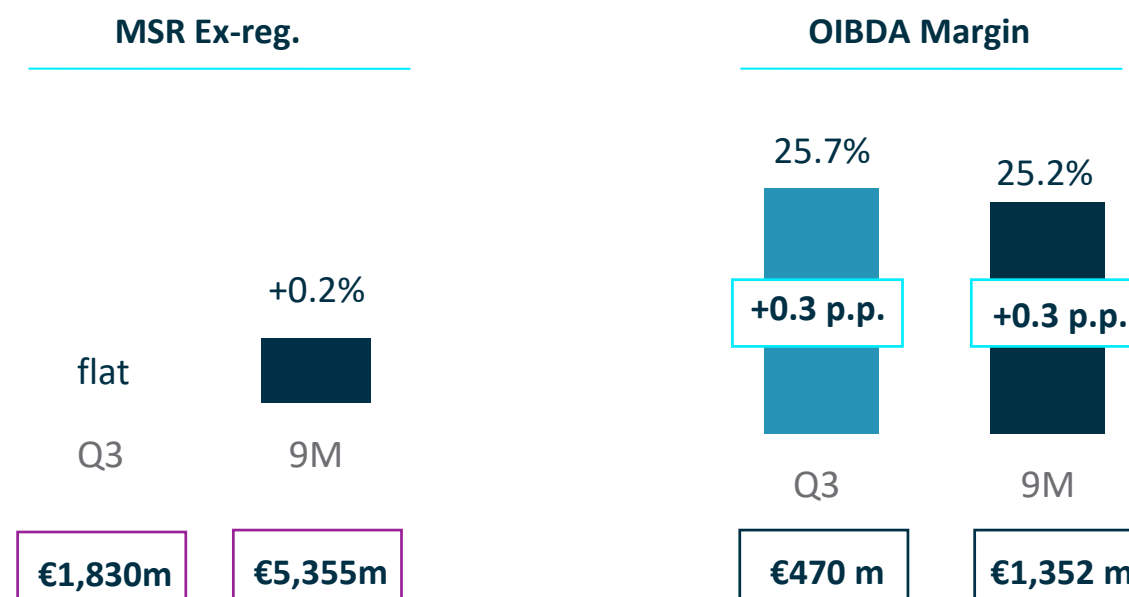
LTE customers & penetration



Financials

y-o-y organic

Revenues y-o-y OIBDA



UK | Customer focus drives further growth

Strong operational base

- **Largest UK mobile operator** (32.3m accesses Sep-18)
 - Strong contract net adds: 117k (incl. M2M)
 - 3rd. consecutive Q of ARPU growth (+3.2% y-o-y)
 - Leading customer loyalty; contract churn stable at 1%
- **62% LTE penetration** +5 p.p. y-o-y
- **Industry-first proposition with “Custom plans”**, providing flexibility & choice
- **Continued rapid spectrum deployment**

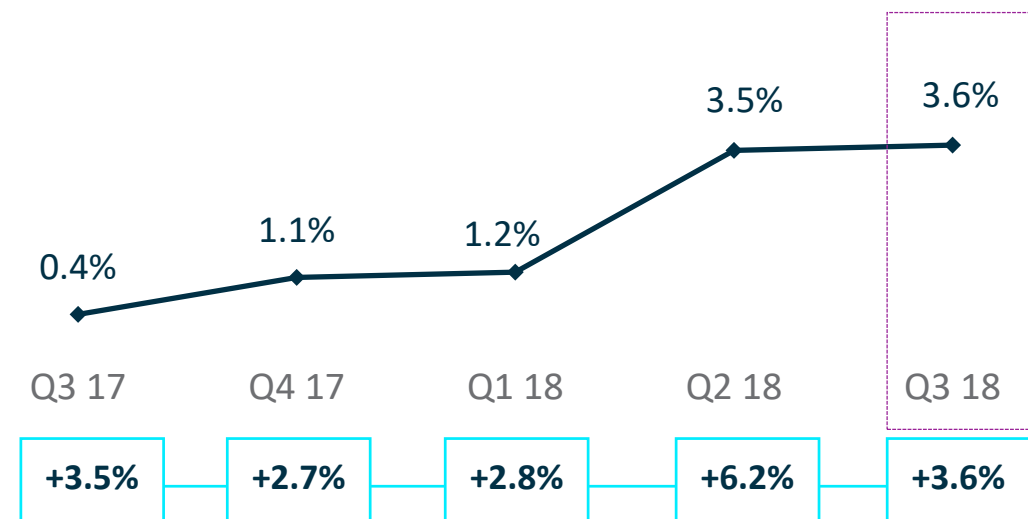
Robust financial delivery

- **9th consecutive quarter of MSR growth**
- **Continued OIBDA expansion** +8.1% y-o-y in 9M
 - Healthy OIBDA growth in Q3; ALFs reduction & commercial settlement (€18m)
- **Strong OpCF generation** (+12.8%; €141m in 9M)
 - CapEx +3.0% vs. 9M 17

MSR

y-o-y organic

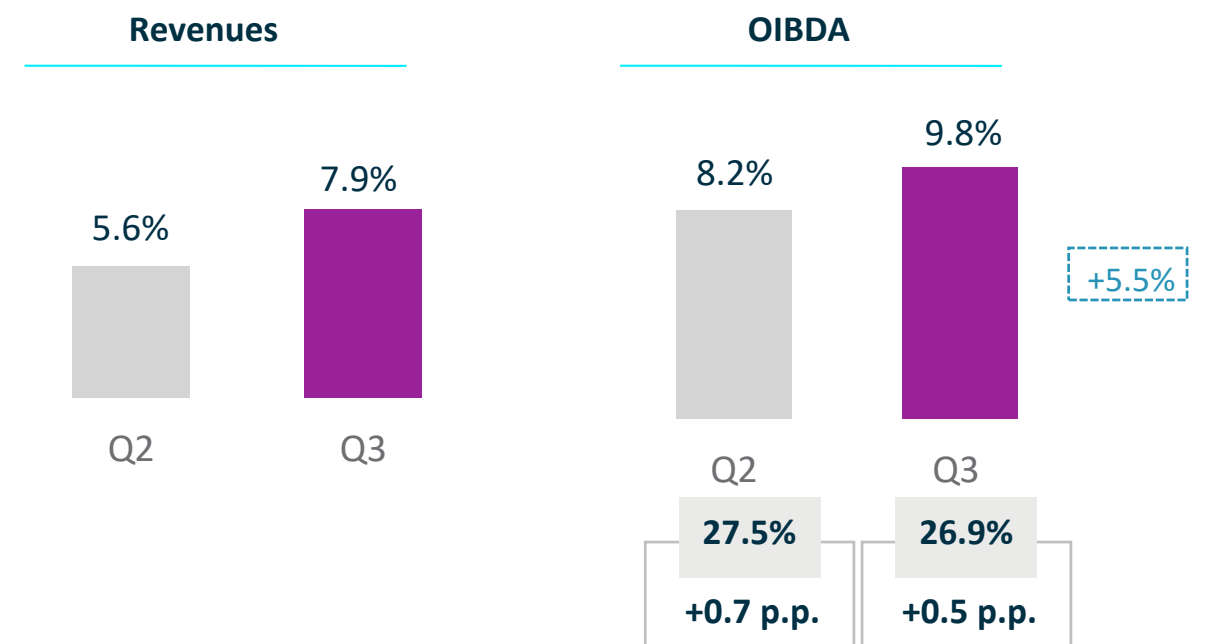
MSR ex-regulation



Financials 2018

y-o-y organic

Margin Ex-commercial settlement



Brazil | Irreplicable position in key segments

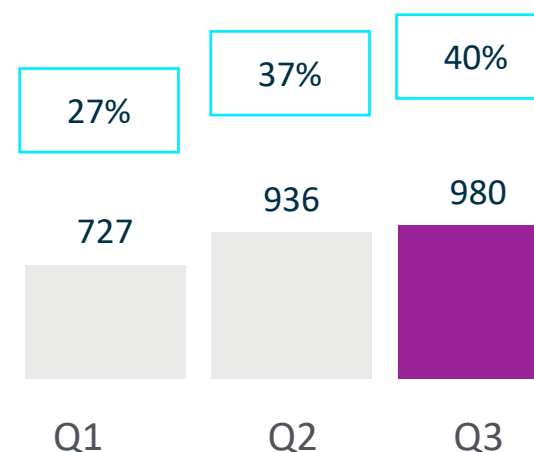
Continued high-quality growth

- **Best Network. Strong evolution of 4G/4G+**
 - 87% 4G Coverage (+12 p.p. y-o-y)
 - 4G+: 850 cities (+736 in 2018)
- **Best customers; sustained leadership 41.2% Contract Mkt Sh.**
 - Net adds: 2.6m 9M (+16% vs. 9M 17)
 - 53% contract penetration (+5 p.p. y-o-y)
 - Migrations from prepaid still accelerating: Strong Opportunity ahead of us (still 35m prepaid customers)
 - ARPU & Churn postpaid stable y-o-y despite macro & competition
- **Quality growth led ARPU increase in fixed business**
 - 4.9m premises already connected (+10% y-o-y)
 - Accelerated FTTH deployment: 8.0m premises passed
 - Outstanding results in cities launched since 2017: 42% take-up; +16% BB ARPU
 - 536k IPTV accesses (+53% y-o-y)

Contract Net adds 2018

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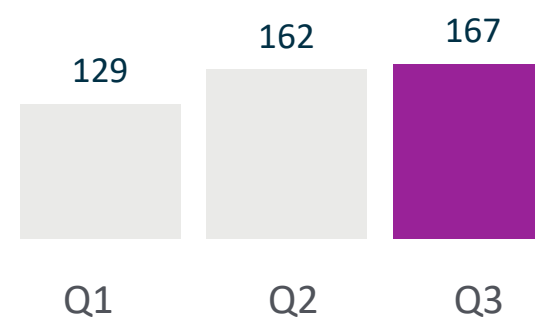
□ Share of contract net adds



- **ARPU 30% higher vs. closest competitor**
- **Leader in net adds in the last 5 months**

FTTH Net adds 2018

('000)



ARPU 9M y-o-y
FBB +10.3%
Pay TV +3.7%

Brazil | Strong margin improvement & cash generation

Consistent revenue evolution

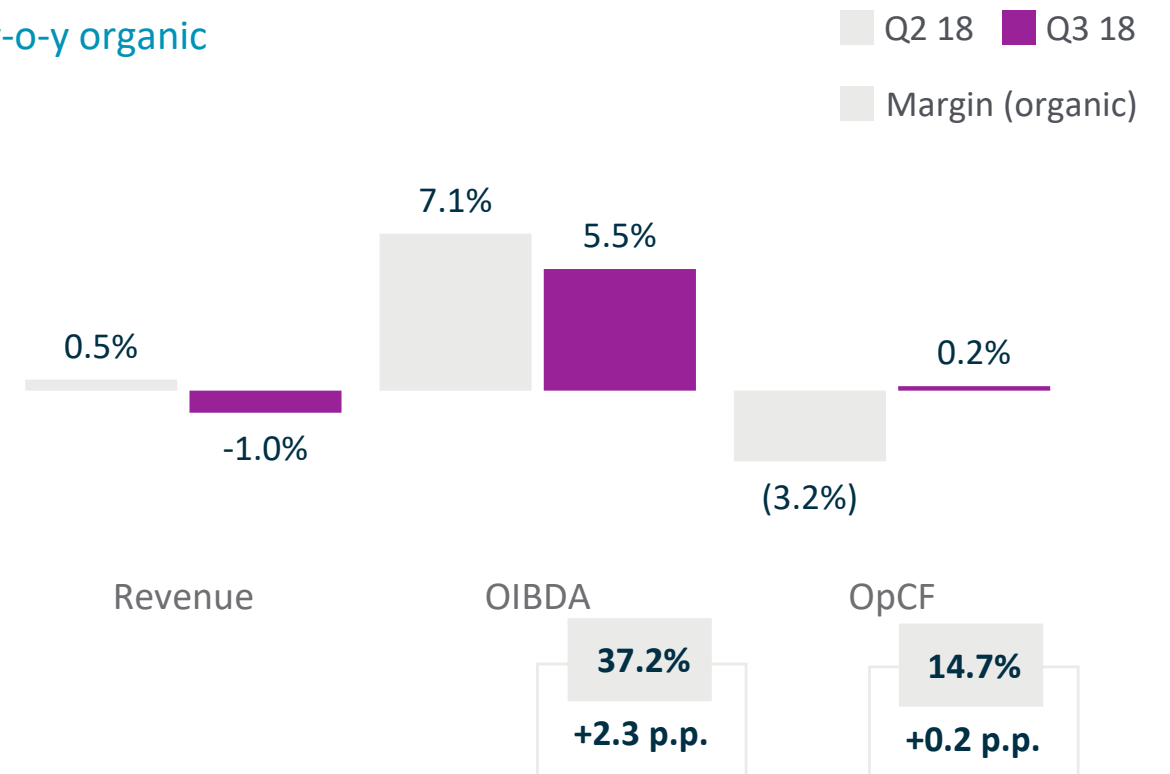
- **Q3 total Revenues: -1.0% y-o-y**
 - MSR -1.0%
 - Prepaid performance affected by macro & competition
 - +7.6% in contract revenues (75% of MSR)
- **Fixed: -5.4% y-o-y**
 - Affected by fixed to mobile voice substitution, regulation & DTH
 - Transforming business: 61% already non-voice & access revenues
 - Fiber revenues:+30.1%; IPTV +46.9%

7th consecutive Qs of OIBDA margin expansion

- Continued **OpEx decline** (-3.4% in Q3;) led by **digital initiatives** (call center, back office and billing)
- Non-current assets with the Administration to generate incremental FCF over next years (+6.4% y-o-y in 9M)...
- ...despite higher level of investments (19% Capex/Sales 9M, +2 p.p. y-o-y)

Financials

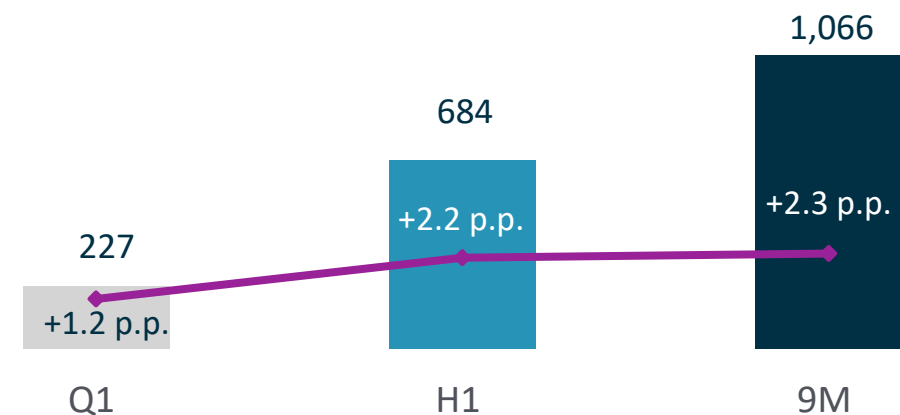
y-o-y organic



FCF 2018 (under Brazil reporting criteria)

(€m)

Organic OIBDA margin (y-o-y)



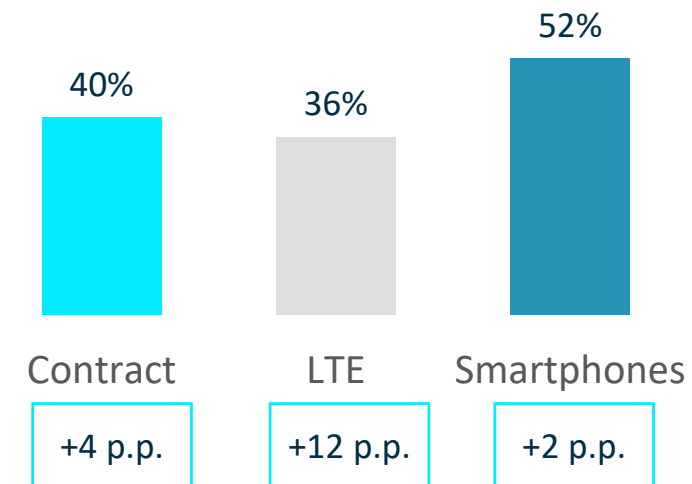
South Hispam | Value growth in a challenging environment

Transforming toward a more sustainable business

- **Sound commercial trends**
 - FTTx/Cable: 2.3m connected (1.8M FTTH/Cable)
 - +677k Contract net adds in 9M (-700k in 9M 17)
 - Further differentiation: 0.5m Movistar Play active users
- **Revenues & OIBDA increase despite competition**
- **Q3 ARGENTINA** (Revs. €232m; OIBDA €54m)
 - Sound OIBDA growth (+30.4%) on value accesses growth, efficiencies & tariff updates
 - FTTH deployment x2.3 y-o-y (338k already connected)
 - IPTV launched in Sep-18; strong opportunity ahead
 - Hyperinflation accounting from Q3 18
- **Q3 CHILE** (Revs. €505m; OIBDA €156m)
 - Accelerating contract (+11%) & FTTx accesses (+34%)
 - Turnaround trend sustained: OIBDA +3% y-o-y; margin +0.9 p.p.
- **Q3 PERU** (Revs. €527m; OIBDA €80m)
 - Intense competition impacting OIBDA & service revenues

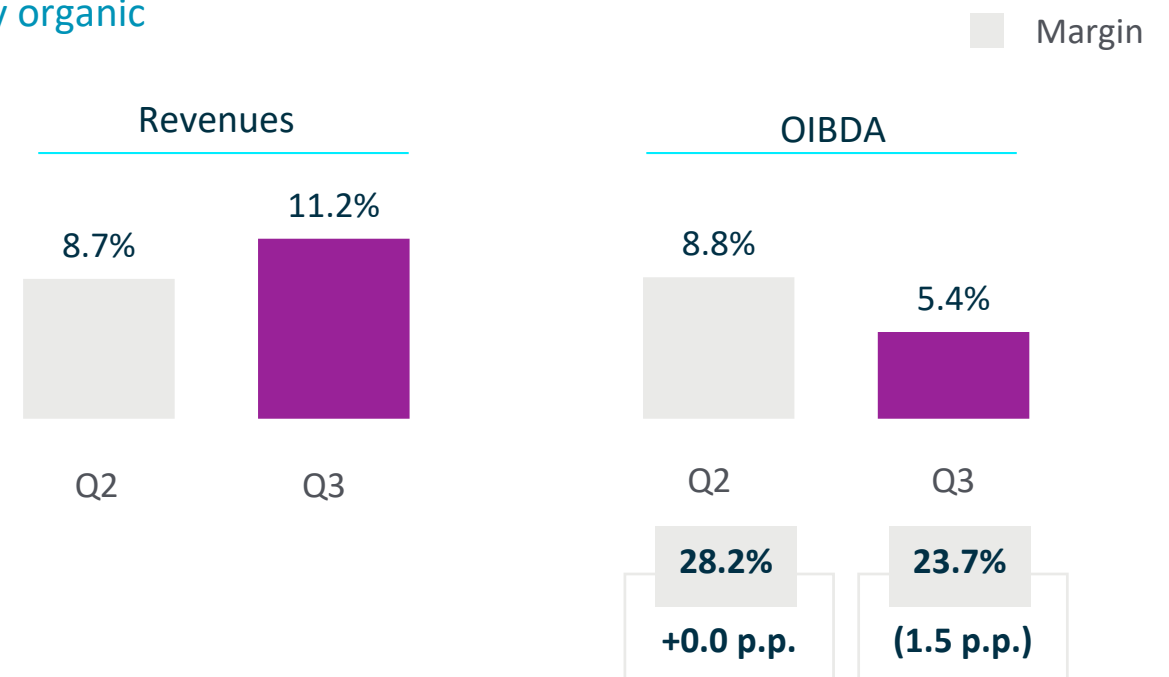
Mobile Penetration

Sep-18 (y-o-y)



Financials 2018

y-o-y organic



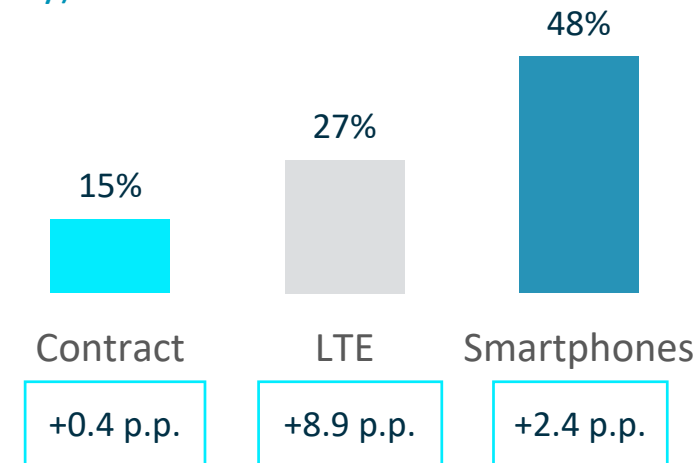
North Hispam | Colombia speeds-up; Mexico hit by regulation

Revenue growth despite regulation

- Accelerating value
 - 176k new FTTx connections in 9M (+59k in 9M 17)
 - +409k Contract net adds in 9M (+405k in 9M 17)
- Growth driven by COL & CAM; financials still hit by Mexican regulation
- **Q3 COLOMBIA** (Revs. €383m; OIBDA €157m)
 - Value strength (y-o-y): x4 FTTx; +6% Pay TV; +2% Contract
 - Revs. & OIBDA acceleration; OpCF +53.1% vs. 9M 17
- **Q3 MEXICO** (Revs. €293m; OIBDA €40m)
 - Revs. and OIBDA (-6.5% and -42.5%) strongly affected by regulation
 - Close to stable Revenue ex-regulation (-0.9% y-o-y)
- **Q3 CAM** (Revs. €220m; OIBDA €69m)
 - +120k contract net adds in 9M (89k in 9M 17)
 - Sound Revenue & OIBDA (+5.9% & +15.5% y-o-y in 9M)
 - Remarkable OpCF: +37.5% y-o-y in 9M

Mobile Penetration

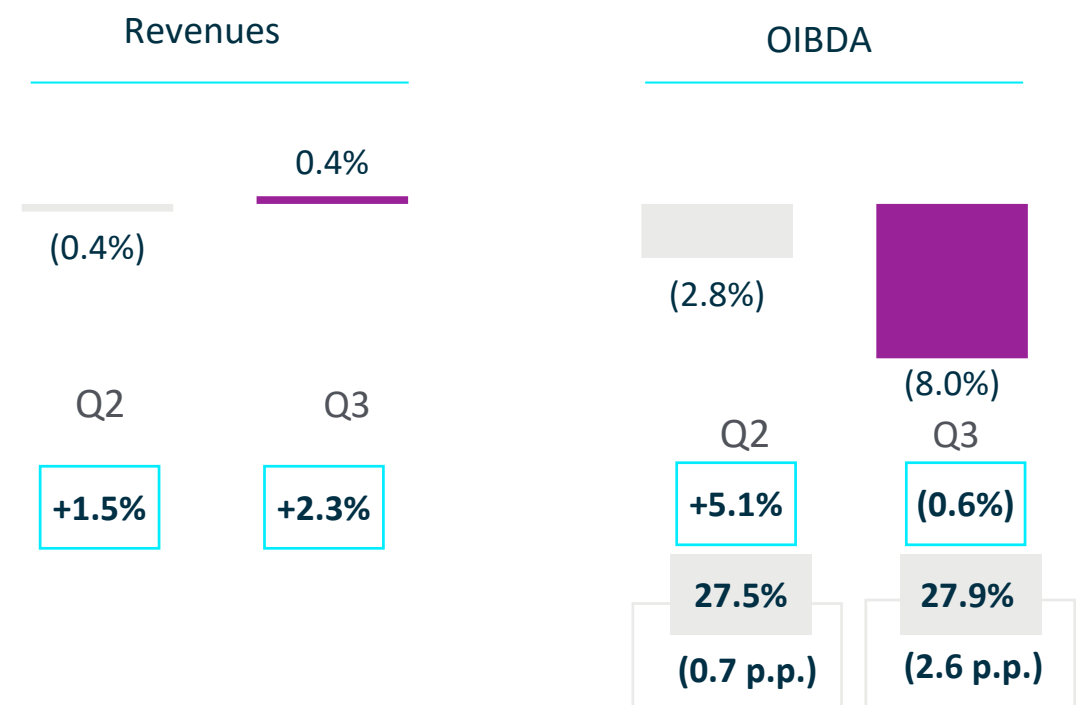
Sep-18 (y-o-y)



Financials 2018

y-o-y organic

Ex-regulation Margin (organic)



Telxius | Value adding growth

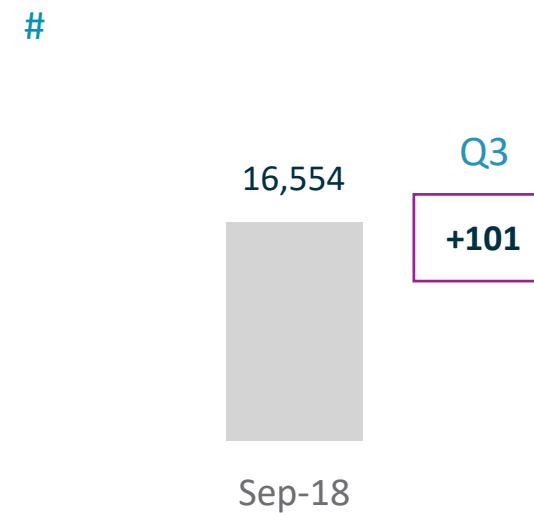
Larger portfolio of premium-quality

- **BRUSA cable (US - Brazil) came into service in Q3**
 - Highest capacity cable connecting the Americas (11,000km, 138 Tbps)
- **Towers**
 - +266 new towers YTD; +629 new tenants YTD
 - Increased tenancy ratio to 1.35x (+0.04x y-o-y)

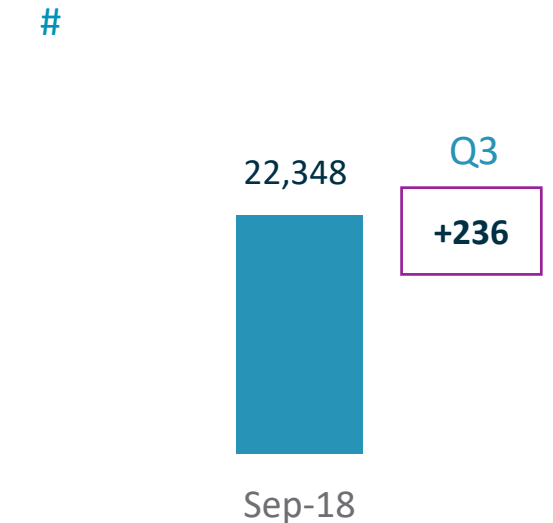
Healthy financials

- **Solid top-line growth in Q3**
 - Cable: +51% y-o-y; Towers: +12% y-o-y
- **Sound profitability:** 46% OIBDA margin (-1.0 p.p. vs. Q3 17)
- **Increased visibility as CapEx starts to decline** since new cables are completed
 - +18.9% **OpCF** vs 9M 17
- 9.99% share capital of Telxius transferred to Pontegadea in Q3

Towers

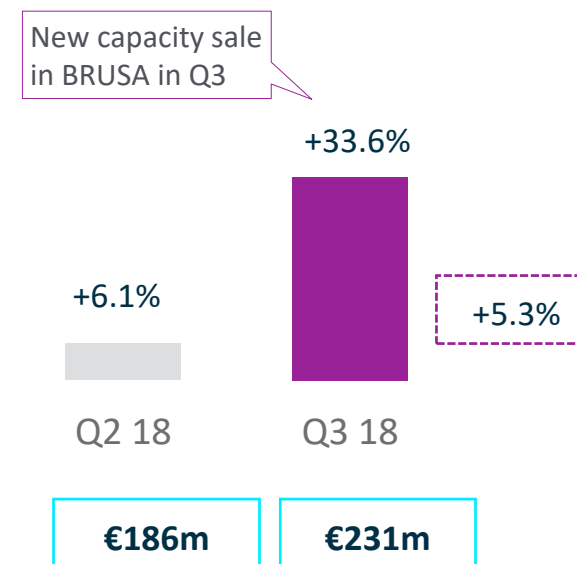


Tenants



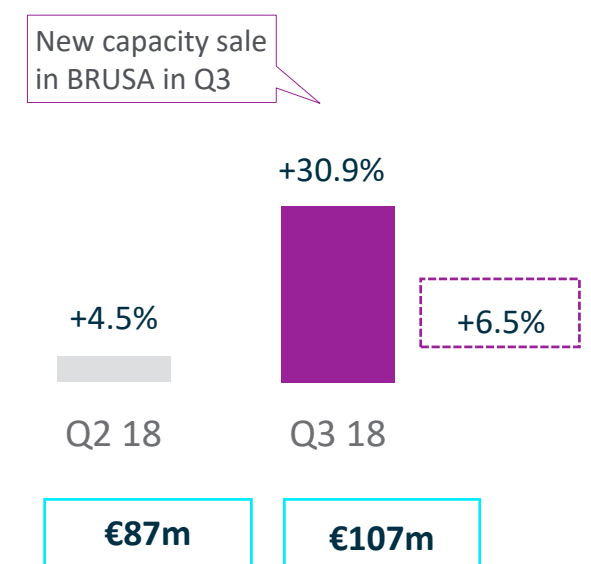
Revenues

y-o-y organic Ex- BRUSA effect



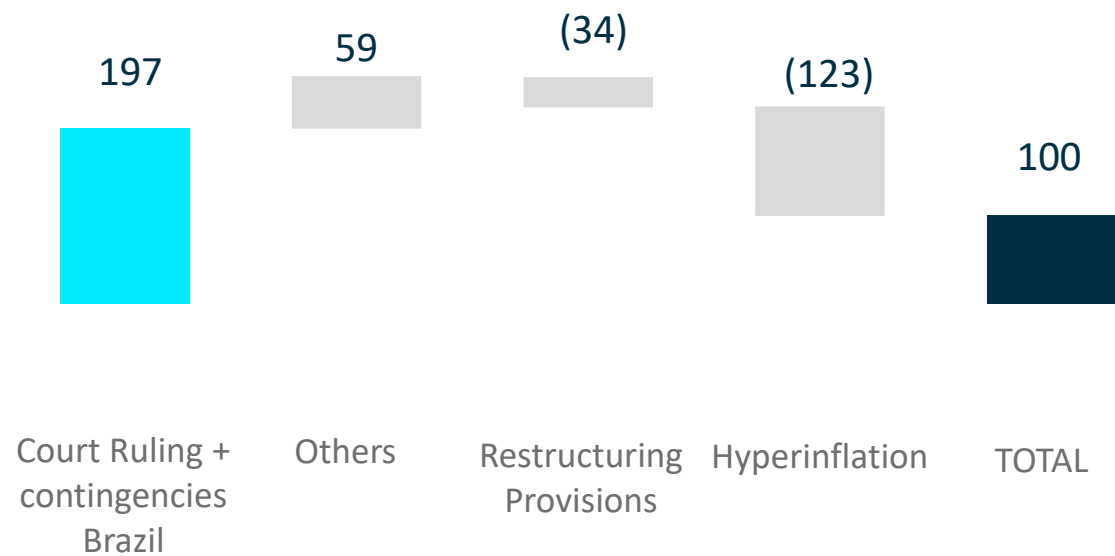
OIBDA

y-o-y organic Ex- BRUSA effect

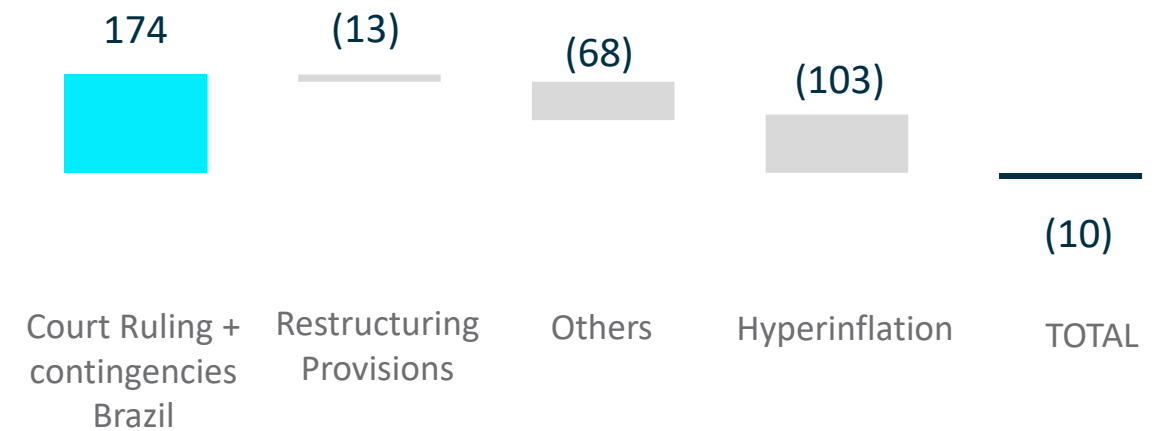


Q3 non-recurrents impacting OIBDA and net income

Q3 impacts in OIBDA +€100m



Q3 impacts in Net Income -€10m

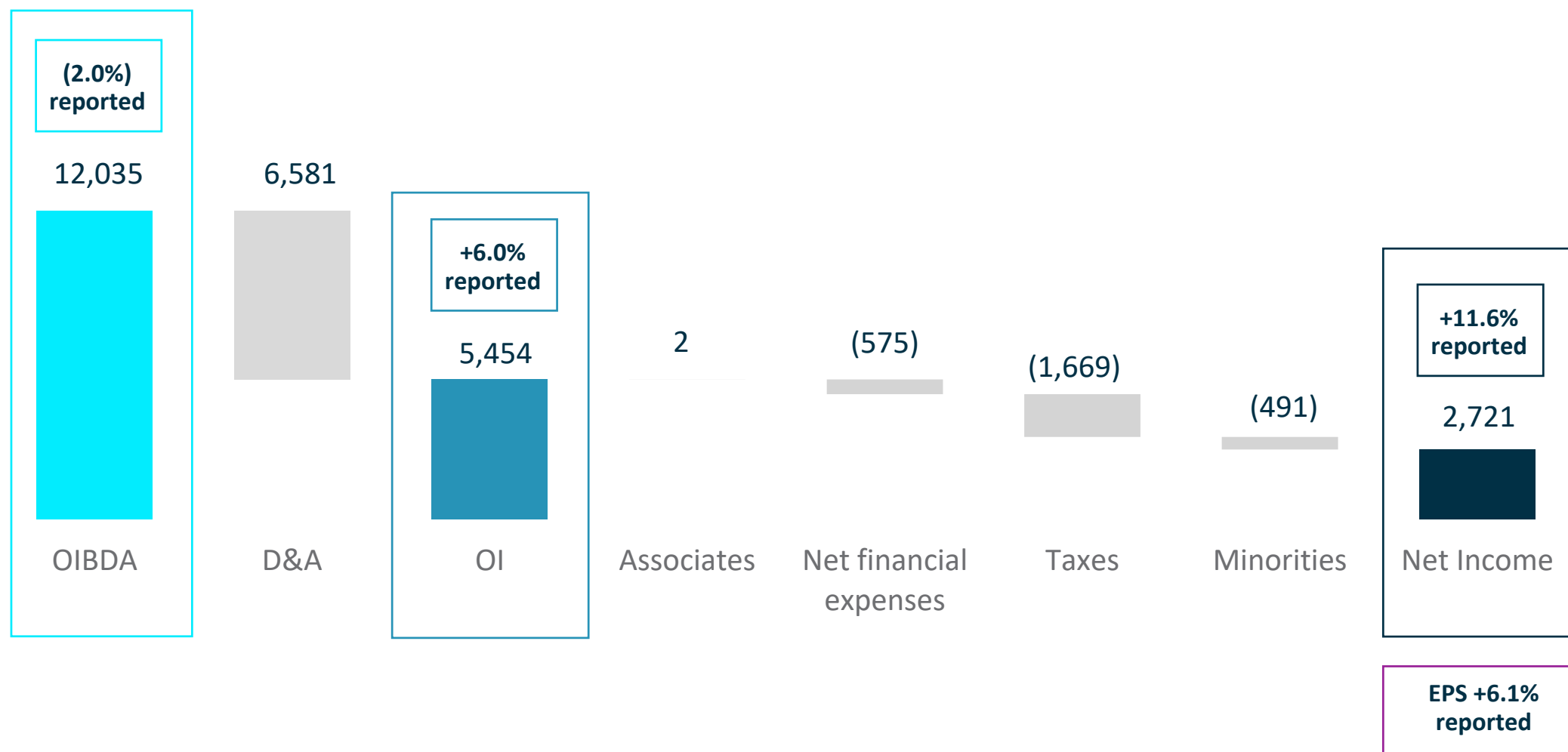


- **Court Ruling in Brazil:**
 - **Already flowing into FCF;** to continue in next Qs
- **Restructuring costs,** enhancing future profitability and cash flow
 - GER -€14m; PER -€20m; ARG -€4m
- **Capital gains** (sale of digital companies & towers) +€45m
- **Hyperinflation in ARG** (-€123m OIBDA; -€103m Net Income)

Net income up +11.6%, EPS +6.1%

9M 2018

€m

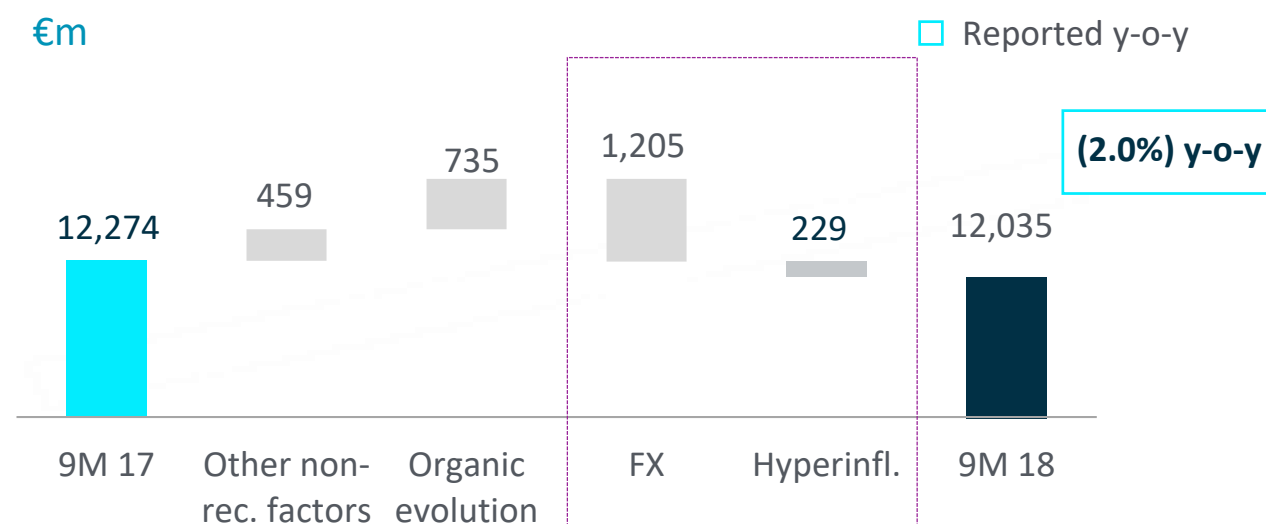


FX impacts in P&L, FCF and net debt

EM currencies, particularly BRL and ARS major drag in Q3

- **FX (ex. hyperinflation) decreased growth by**
 - Revs.: -8.1 p.p. in Q3 y-o-y (-8.5 p.p. in 9M)
 - OIBDA: -9.5 p.p. in Q3 y-o-y (-9.8 p.p. in 9M)
- **Consistent organic contribution**

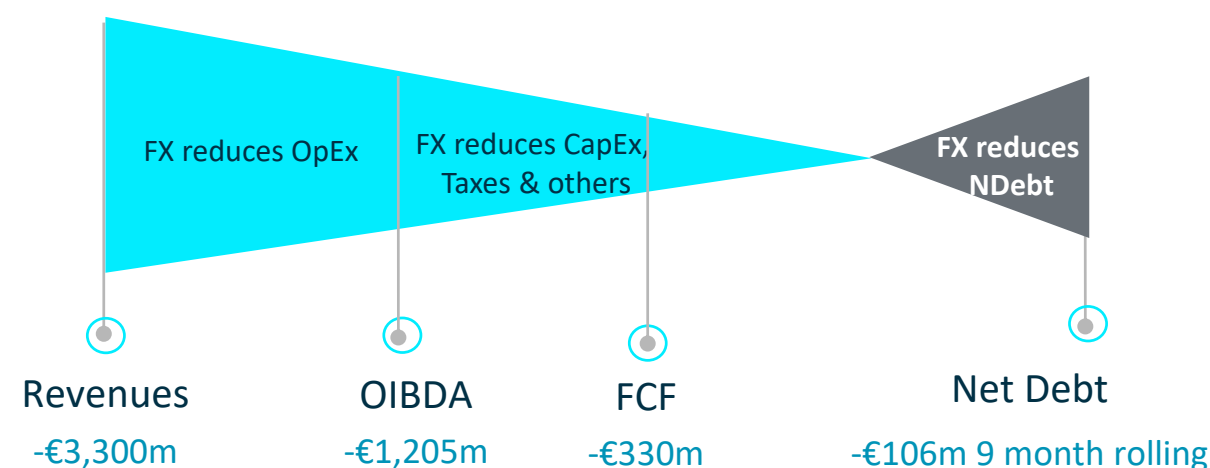
OIBDA



FX impact mitigated at FCF

- **FX reduced: Revs. -€3,300m; OIBDA -€1,205m; FCF -€330m**
- **Net debt decrease (-€106m 9 month rolling)**

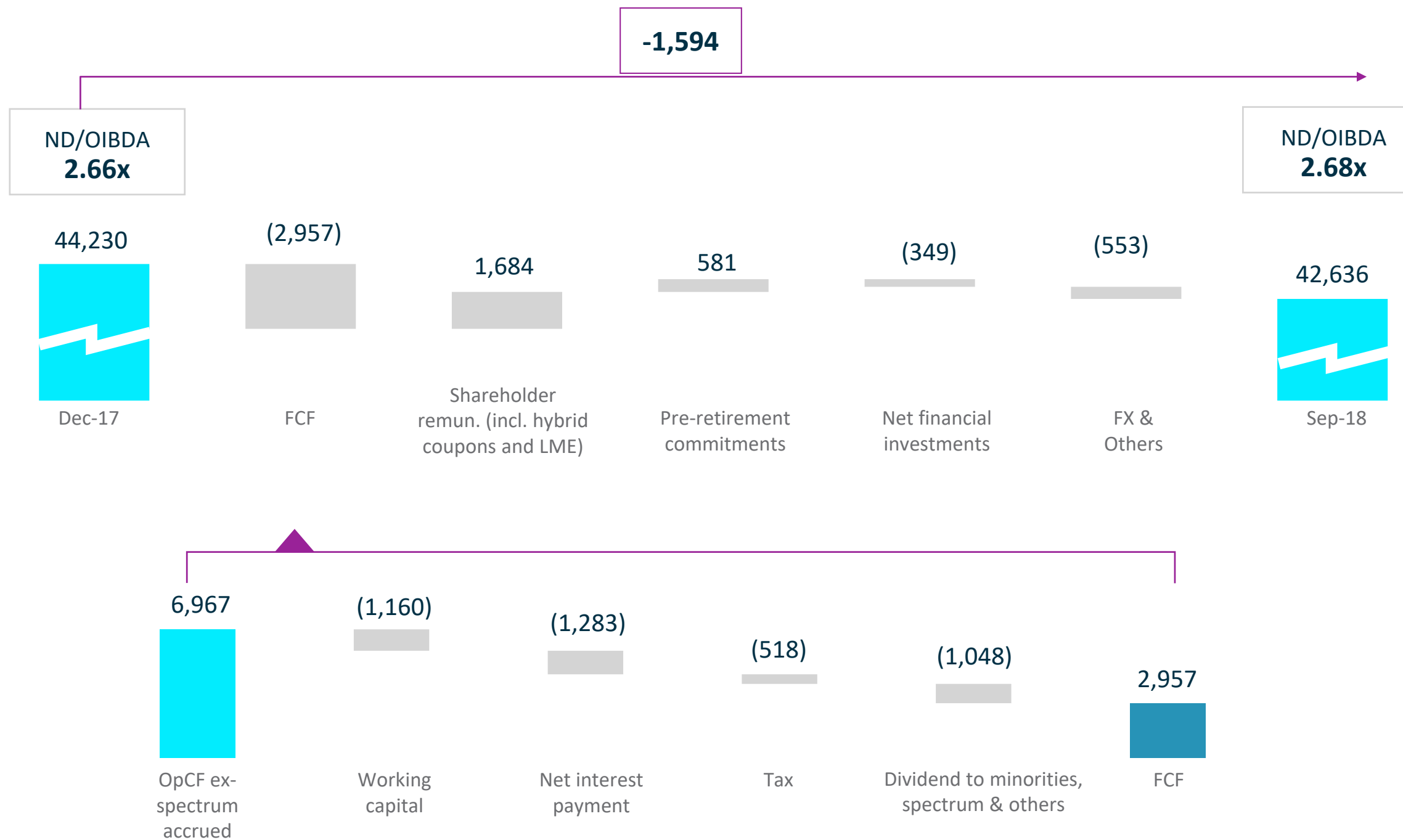
FX impact 9M (y-o-y)



Net debt reduction on strong FCF

Net Financial Debt

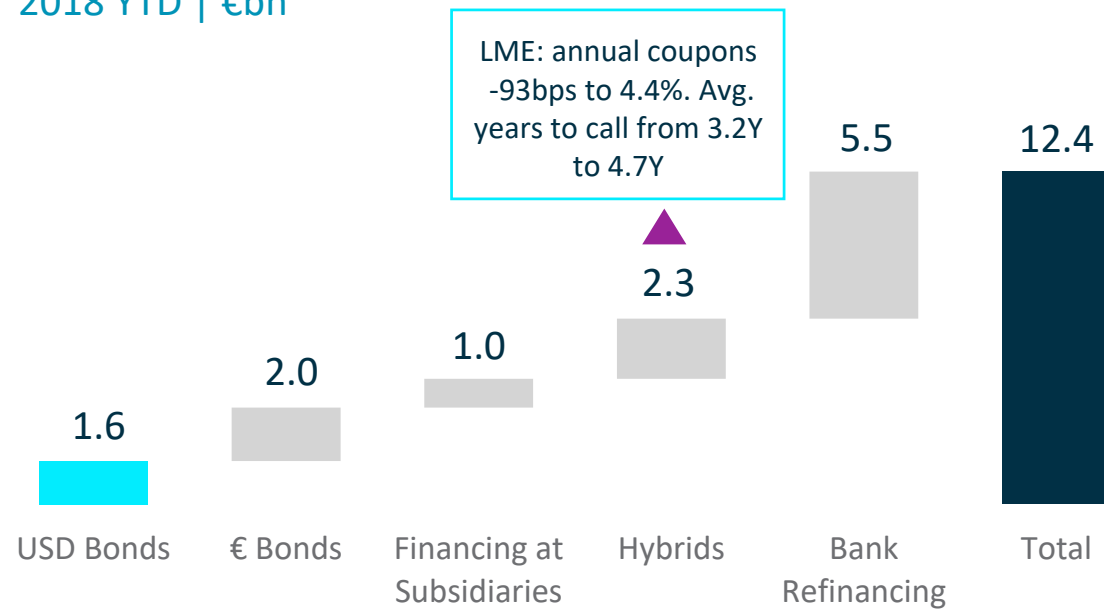
€m



Strong liquidity thanks to attractive long-term financing

Sources of long-term financing

2018 YTD | €bn



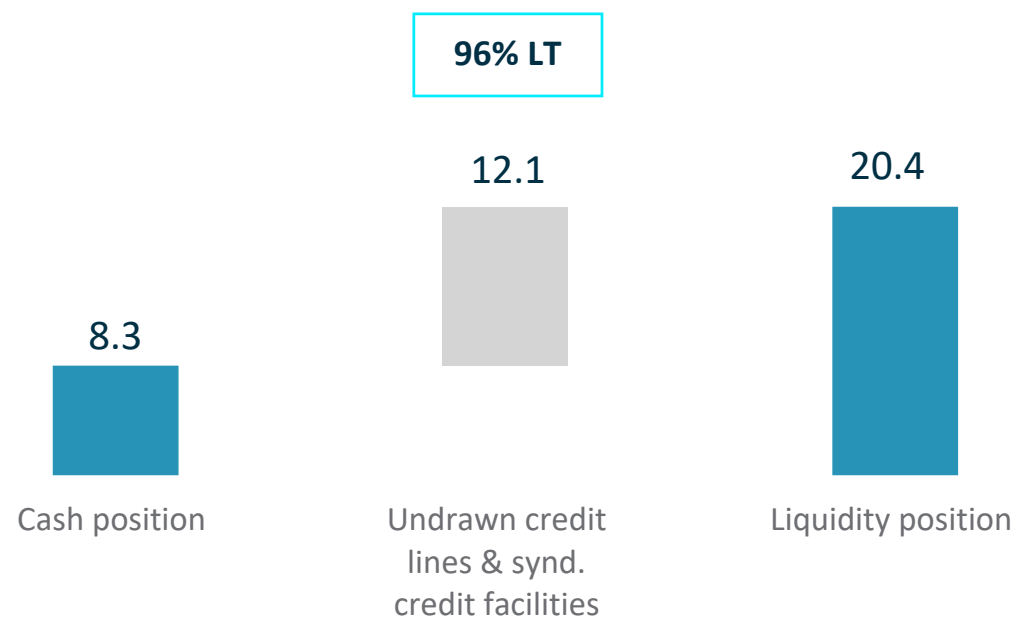
Net Debt maturities

Sep-18 | €bn; not considering hybrid NC dates

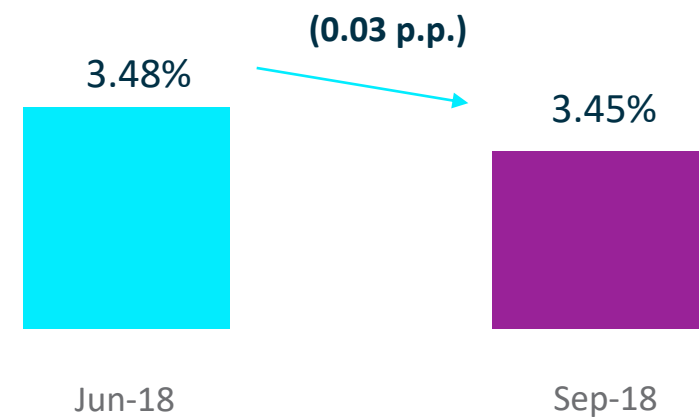


Liquidity position

Sep-18 | €bn



Interest payment costs



Conclusion

Mr. Ángel Vilá
COO



Summary



1

Progress on
**strategic
positioning**



2

Focus on
delivering
profitable results



3

**Financial
discipline**

4



2018
**Guidance
upgraded**

Long-term value creation
(sustainable growth; business excellence;
focus on FCF)



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