



TELEFÓNICA, S.A. ("Telefónica") in compliance with the Securities Market legislation, hereby communicates the following

RELEVANT INFORMATION

Following the communication published on February 20, 2019, (under registration number 274959), Telefónica informs that, after obtaining the relevant regulatory approvals, Telefónica Centroamérica Inversiones, S.L., 60% of which is owned, directly and indirectly, by Telefonica and 40% by Corporación Multi Inversiones, has transferred today the entire share capital of Telefónica Móviles Panamá, S.A. to Cable Onda S.A., a subsidiary of Millicom International Cellular, S.A., for an amount of 594 million US dollars, approximately 536 million euros at the current exchange rate.

After the closing of this transaction, Telefónica has completed the sale of three of its operations in Central America (Guatemala, Nicaragua and now, Panamá) for a total amount 1,356 million dollars, 60% of which (814 million dollars) corresponds to Telefónica. The closing of the sales of El Salvador and Costa Rica is pending.

During January and February 2019, Telefónica announced the sale of all its operations in Central America for an aggregate amount (enterprise value) of 2,298 million dollars (approximately, 2,025 million euros, with an aggregate implicit multiple of 7.4 times 2018 OIBDA of all companies and an estimated debt reduction of approximately 1,400 million euros).

As previously announced, this transaction is part of the Telefónica Group's asset portfolio management policy, based on a strategy of value creation, improving return on capital and strategic positioning. It also complements the objective of organic debt reduction and strengthening the balance sheet in a growing cash flow scenario, which allows us to maintain a sustainable and attractive shareholder remuneration.

Madrid, August 29, 2019

**SPANISH NATIONAL SECURITIES MARKET COMMISSION
- MADRID-**