



Telefonica

RESULTS

JANUARY | JUNE 2019

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Q2 19 Highlights

Mr. José María Álvarez-Pallete
Chairman & CEO



The most advanced network | Q2 Group highlights

1. More customers, more loyal

- + **Unabated momentum in value**
 - ✓ FTTx/Cable retail accesses +14% y-o-y; 65% penetration
 - ✓ LTE accesces +18% y-o-y; 52% penetration
- + **Digitalisation increases customer lifespan**
 - ✓ Avg. Revenue/Access +4.4% (+0.2 p.p. vs Q1 19)
 - ✓ "Fusión" lifetime at c.6 yrs; UK mobile contract c.9 yrs
- + **Customer satisfaction benefits: NPS 20%**
 - ✓ World-class digital experience

2. Reliable & sustainable growth

- + **Sustained revenue growth (+3.7% y-o-y)**
 - ✓ 55% of revenues coming from BB & SoC
- + **OIBDA accelerating to +1.6%** (executing on fundamentals)
 - ✓ Efficiencies & digitalisation savings
- + **OpCF turning positive (+0.9% vs Q2 18)**
- + **H1 FCF €2.8bn** (+35.1% y-o-y in Q2; +78.0% in H1)
- + **Deliver on efficient use of resources: H1 Capex/Sales 14.1%**

3. The best technology at the customers' service

- + **The most advanced networks** in Europe and Latin America
- + **#1 Virtualisation and AI**
- + **World's largest UBB/FTTH footprint (ex-China);** 121m premises passed
- + **Cognitive platforms** in customer service centers
- + **Moving towards 5G** at the right "sustainable" speed

4. Strengthening Balance Sheet

- + **Net debt reduction for 9 Qs in a row**
 - ✓ €40.2Bn Jun-19; €38.7Bn incl. post closing events
- + **Prioritising deleverage:** FCF the main driver
- + **Focus on increasing ROCE** (portfolio management, cost savings and efficiencies)
- + **Returning value to shareholders** (2019 DPS: €0.4/sh.)

Financial achievements

€ in millions	H1 19			Q2 19			
	Reported IFRS 16	Reported y-o-y	Organic y-o-y	Reported IFRS 16	Reported y-o-y	Organic y-o-y	
Revenues	24,121	(0.9%)	3.8%	12,142	(0.0%)	3.7%	▶ Improving revenue trends
Service revenues	21,556	(2.2%)	2.5%	10,856	(1.2%)	2.3%	
OIBDA	8,702	7.4%	1.3%	4,438	4.7%	1.6%	▶ Reported & Organic growth
OIBDA margin	36.1%	2.8 p.p.	(0.8 p.p.)	36.5%	1.7 p.p.	(0.7 p.p.)	
OpCF (ex-spectrum)	5,339	12.0%	(2.4%)	2,611	9.5%	0.9%	
Net Income	1,787	2.8%		862	(4.5%)		
EPS (€)	0.32	12.0%		0.16	(4.3%)		
FCF	2,756	78.0%		1,348	35.1%		▶ Strong FCF expansion
Net Financial Debt ex- leases	40,230	(5.7%)					▶ Ongoing debt reduction

Reported growth rates affected by

- Negative FX evolution & regulation & perimeter changes (OIBDA Q2 & H1: -4.8 & -5.2 p.p. y-o-y respectively)
- IFRS 16 (OIBDA H1: +€768m; Q2: +€354m; Net Income H1: -€87m; Q2: -€70m); leases (€7,542m)
- Other special factors (OIBDA H1: €+308m; Q2: €+188m; Net Income H1: €-139m; Q2: €-110m): HYP in ARG, restructuring costs, net capital gains, PPA, VZ growth, tax provision and tax interests

2019 guidance reiterated

Operating 2019 guidance (organic)	Guidance 2019E	H1 19	
Revenues	Around +2%	3.8%	Sustained revenue & OIBDA growth despite regulation
OIBDA	Around +2%	1.3%	
CapEx/Sales ex-spectrum	Around 15%	14.1%	CapEx rationality

2019 DIVIDEND €0.4/SH. CASH

Interim Dec-19	€0.20/sh.
Final Jun-20	€0.20/sh.

Dividends to be paid in 2019 calendar yr. €0.40/sh.

Cash: 20/Jun/19 €0.20/sh.

Cash: 19/Dec/19 €0.20/sh.

Delivering robust financials

Q2: steady top line organic growth

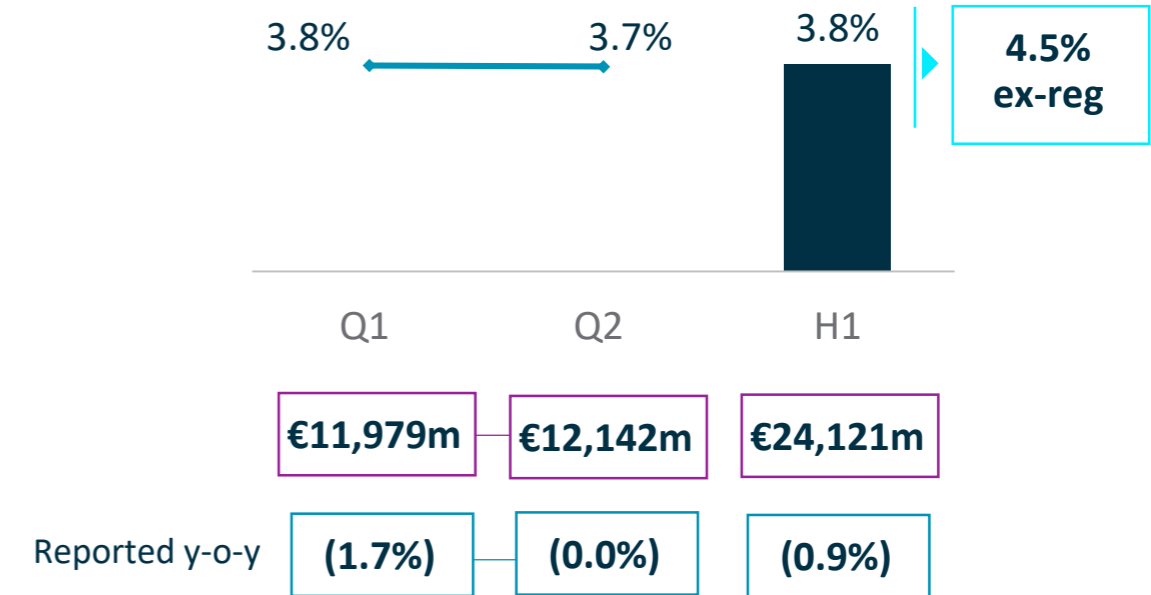
- Strong growth in Digital revenues (+19.0%) and B2B (+4.3%)
- Service revenue +2.3%; handset sales +16.7% (+1.1 p.p. q-o-q)
- All regions growing organically
- LatAm-fuelled growth (+6.2% y-o-y), Europe maintains momentum at +1.7% (+0.1 p.p. q-o-q)
- Reported revenues flat y-o-y, sequentially increasing

Q2 organic OIBDA accelerates y-o-y

- Europe back to growth
 - Latam +3.2% (+1.5 p.p. q-o-q), Europe +0.5% (+0.7 p.p. q-o-q)
- 36.5% OIBDA margin (+1.7 p.p. reported; -0.7 p.p. org.)
- Reported y-o-y impacted by IFRS 16 (Q2: +€354m; H1: €768m)
- Improving OpCF organic trends in Q2; +6.1 p.p. q-o-q
 - CapEx +2.4% ; -8.8 p.p. q-o-q

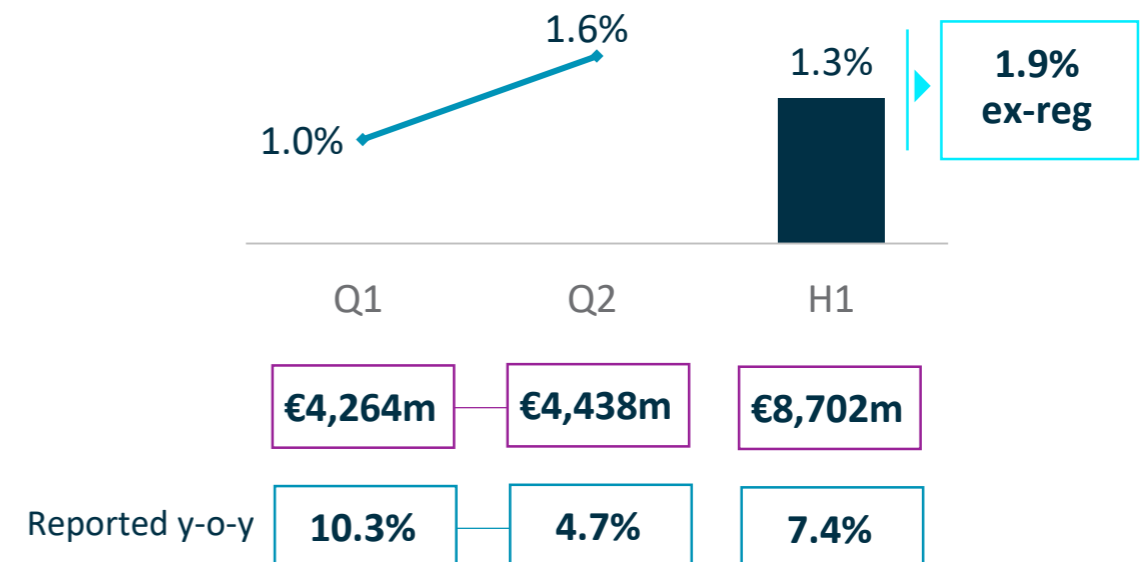
Revenues

organic y-o-y



OIBDA

organic y-o-y



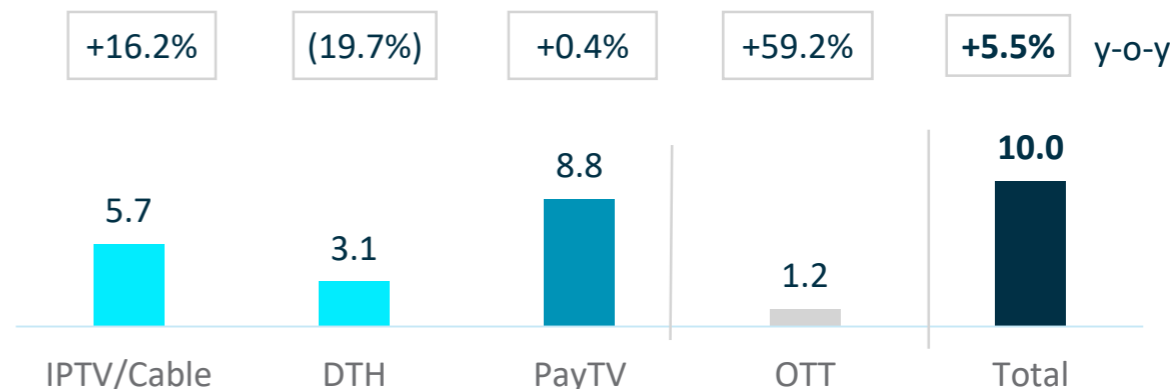
B2C | Growing engagement and monetisation

Flexible, simple and personalised offers

- **Video, the most relevant adjacent service to drive value**
 - Movistar+ (SP); leading position allows capturing market growth
 - Movistar Play (OTT); aggregator enriched with own content
- **Solid growth in UBB connected customers**
 - Retail: 13.9m, +14% y-o-y; wholesale 1.9m, +61% y-o-y
- **Global consumer platforms**
 - Unique services across countries
- **Convergent markets**
 - Good traction in Perú; 92k since launch in Jan-19
 - “M4M” in SP, more digital services and “Priority”
- **Mobile contract**
 - Roaming (all LatAm) and data sharing (ARG, CHI, COL)
 - Enriched portfolio launched in BRA; “M4M” and focus on loyalty
- **Prepaid**
 - New offers in PER & ARG; more benefits and personalisation

Expanding video base

(M Jun-19)



Movistar+ relevance through differentiation

- Movistar+ users (avg. daily) 8M (+3% y-o-y)
- Deferred consumption in M+ 21% (+3 p.p. y-o-y)
- with own functionalities 14% (+1 p.p. y-o-y)
- Audience share of own channels in M+ 15% (+1 p.p. y-o-y)
- Content Communities users >2M Own Prod; >1M Sports
- Impact on CLV ↓ Churn; ↑ ARPU vs non-TV FBB

Digital Consumer Platforms

M Play OTT video in all HispAm (MEX & ARG in Q1)

MOVISTAR+ LITE IS BIG OTT video in SP since June

“Smart WiFi”, connectivity self-managed



“Movistar Car”, first IoT consumer service in SP



“Movistar Money” in SP



B2B | Relevant growth, leading comms & IT portfolio

Q2 revenues: mid single digit increase

- **Corporate and Latam main growth drivers**
- **SME accelerating trend** mainly in Latam
- **H1 B2B Digital Revenues** (21% of B2B revs) €1,029m (+29.9% y-o-y; +26.0% in Q2)
 - **H1 Cloud:** +26.3% y-o-y
 - Google Cloud agreement, O365 licenses, +20% y-o-y (763K)
 - **H1 Security:** +32.8% y-o-y in H1
 - Microsoft agreement for cybersecurity; BOTECH FPI agreement for the bank sector
 - **H1 IoT:** +52.8% y-o-y
 - Leader in their field, 1.8M H1 net adds

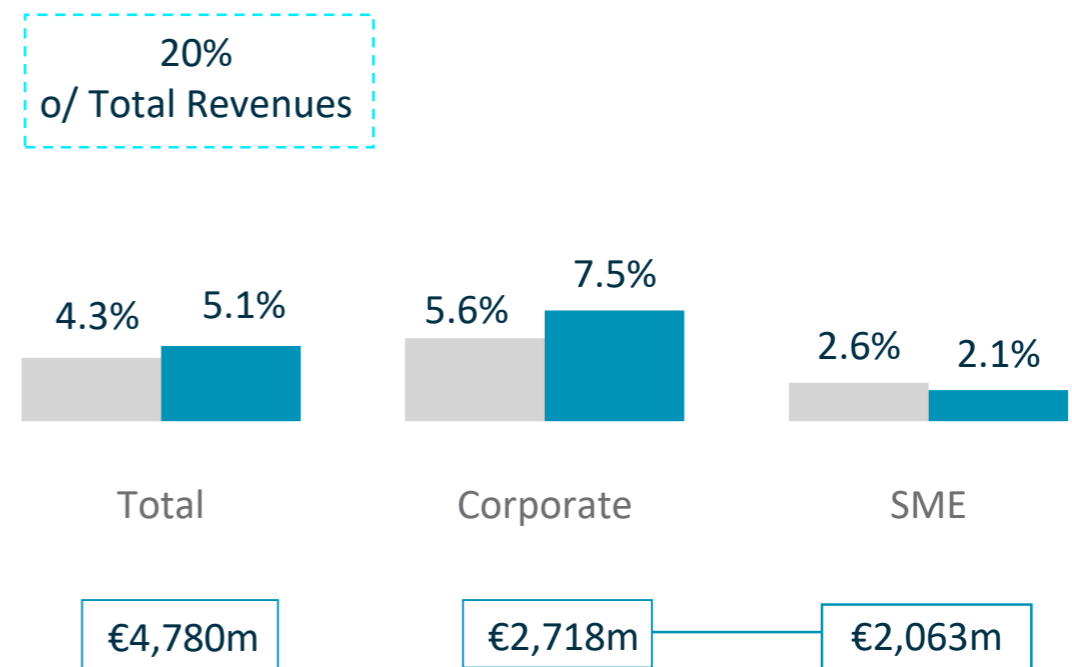
At the forefront of B2B customers digitalisation

- **The “Digital Core”, the heart of our B2B value proposition** (Core Comms + Cloud + Security)
- **Business improvement, our main goal**
 - Growth: Shifting CX, expanding stores boundaries
 - Optimise: New IT to increase efficiency
 - Trust: Customer trust and privacy protection
 - Innovate: Data analytics, factory automation, start-ups

Business Revenues 2019

y-o-y organic

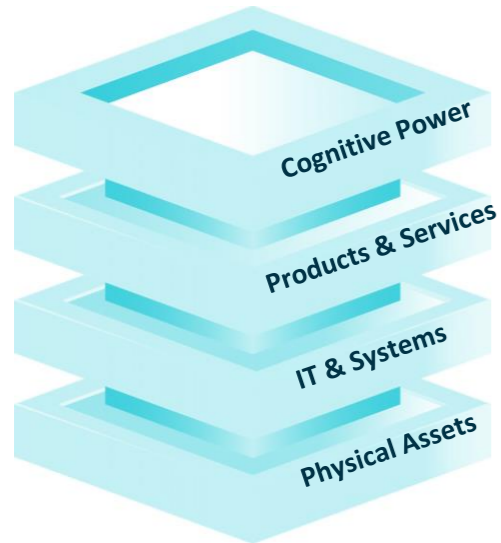
■ Q2 ■ H1



Relevant deals



Best technological platforms



4P Artificial Intelligence

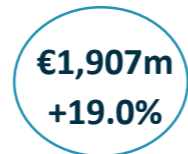


Pioneer in data capabilities

Data normalisation & Data Analytics; Open APIs
 “Movistar Home” evolves to an open service ecosystem
 Cognitive Centers: 100% mobiles customers in BRA

3P Leading technology provider

Q2 Digital Revenues *y-o-y organic*



6.1%

Video

32.0%

Cloud+IoT+Sec

33.4%

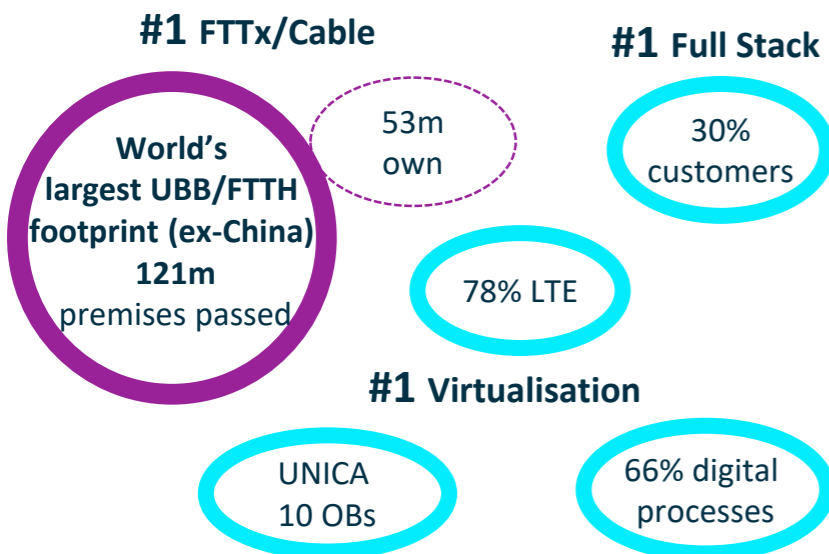
Content

Holistic proposal

Own digital services
 Best in class third parties
 Start-ups community

1P Network & 2P IT Transformation towards cloud

LEADING NETWORK & IT EXPERIENCE



Fiber vs DSL (SP): 3.1x traffic; -30% churn

A NEW TECHNOLOGY CYCLE

Fiber is our carrier for the next 30 years
G-PON, 10 GPON, 25-50 GPON

Better starting point in 5G due to fiber
Massive MIMO, OpenRAN, OSM

Open & Digital Architecture

Cutting edge home equipment

34M own devices

Switching-off legacy (copper, 2G)

>400 CO's closed

DIGITAL NETWORK CLOUD NATIVE

Virtual

Full automated
 Programable

Converged & Scalable

x2 speed & capacity every year

More efficient

Multi access edge-computing
 40% CapEx need in core network (vs former)

Q2 19 Results

Mr. Ángel Vilá
COO



Spain | Improved commercial activity on superior offering

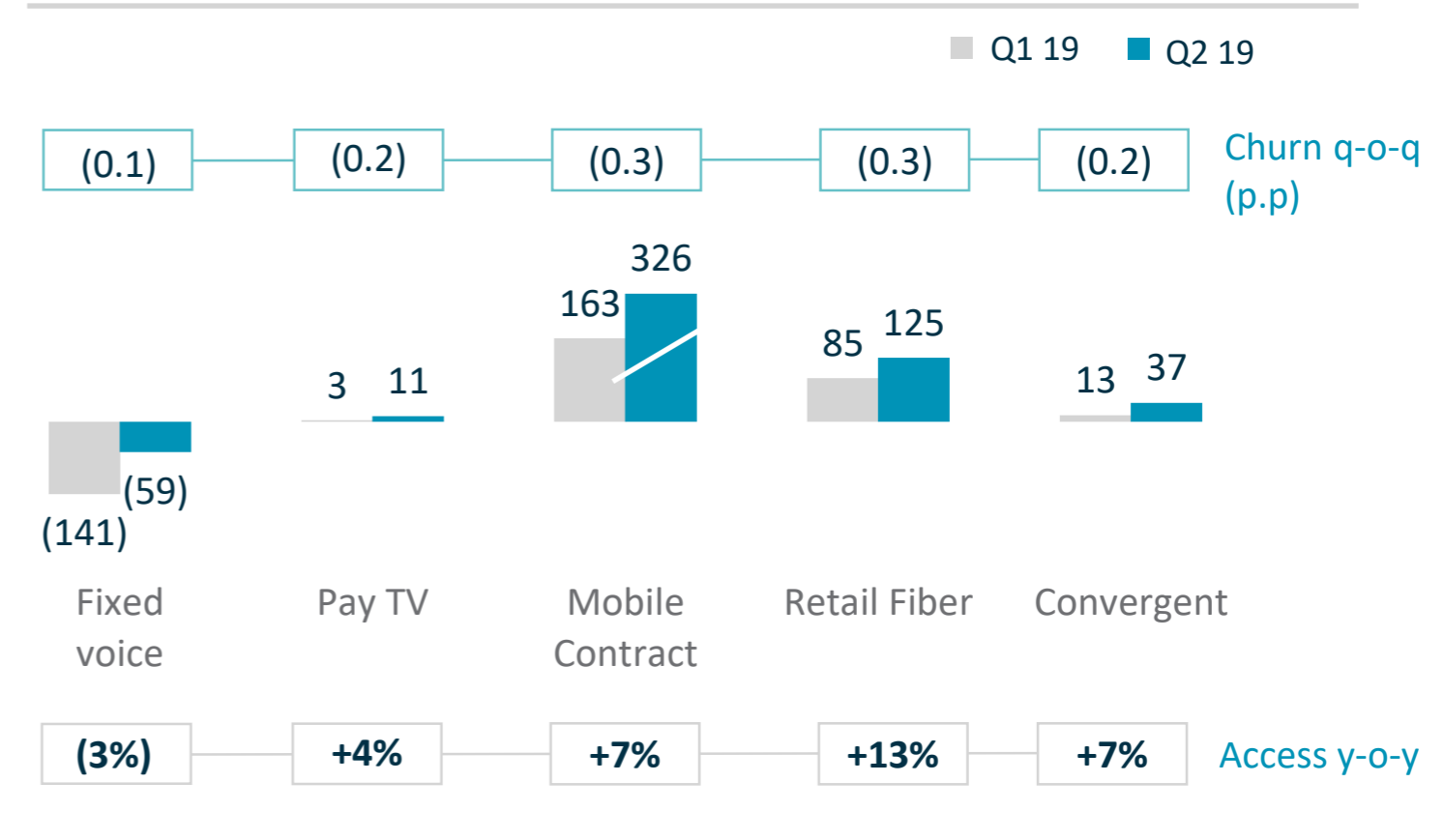
Proven success of differential value

- Access growth in all value services in Q2
- Solid TV net adds despite end of football season
- Convergent accesses (22.8m); +7% y-o-y
 - Larger base in high-end: 28% of total (+1 p.p. y-o-y)
 - Accelerated growth in UBB bundles (x2.4 q-o-q)
 - O2 maintains traction
- Churn reduction across services
- Q2 convergent €88.5 ARPU (+0.3% vs. Q1 19)
 - -1.2% vs. Q2 18; weaker trend vs Q1 on phasing and tariff upgrade impact, expected reversion in Q3
- Proven pricing power, improved CLV

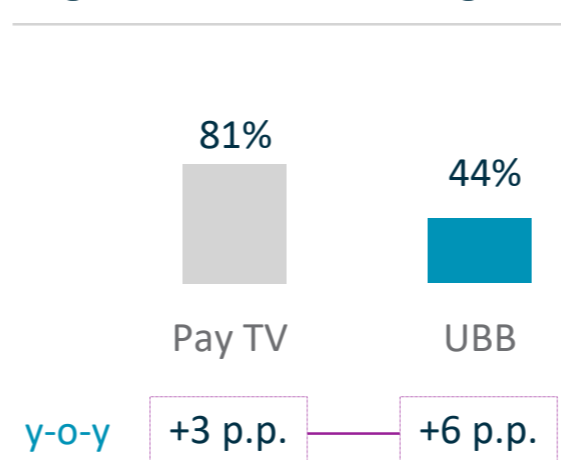
Fiber & TV pillars of sustainable leadership

- Fiber uptake continues growing; increasing ROCE
- Movistar+ exceeds 4M subs; high engagement

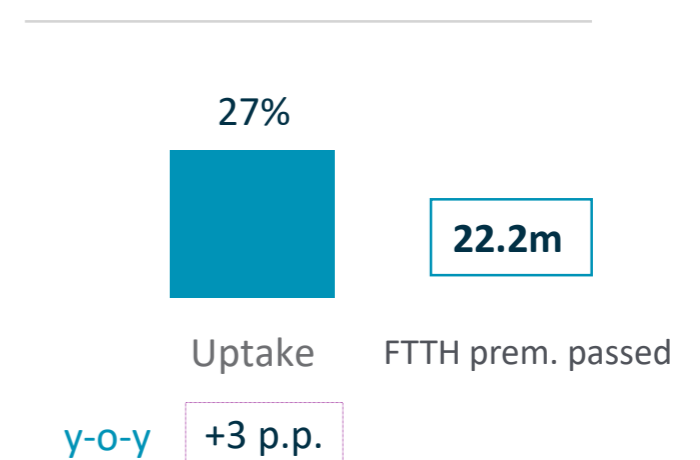
Net adds



High-value o/convergent



Fiber uptake



Spain | Service revenue growth for 8th straight quarter

Q2 slowdown to be reversed in H2

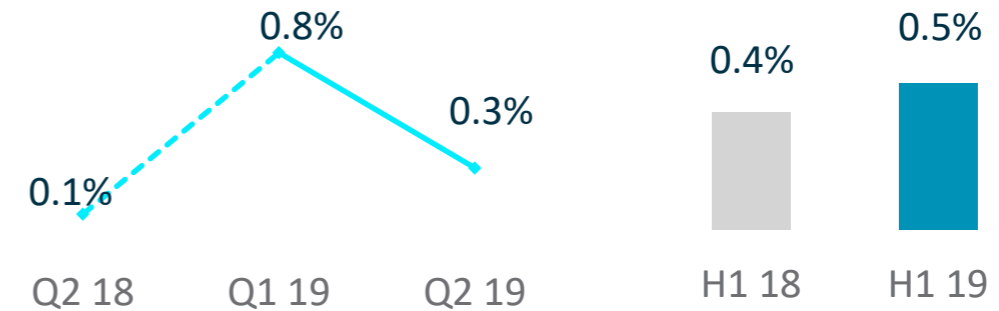
- **Lighter growth due to tougher comps**
 - Q2 “Consumer” decline on negative phasing and calendar from tariff upgrade
 - Q2 “Business” +0.1% affected by seasonality
 - Q2 “Wholesale & Other” accelerate growth (+4.2%)
- **H2 to show y-o-y growth acceleration**
 - B2C: ARPU uplift and sound commercial trends

OpEx higher growth impact on OIBDA

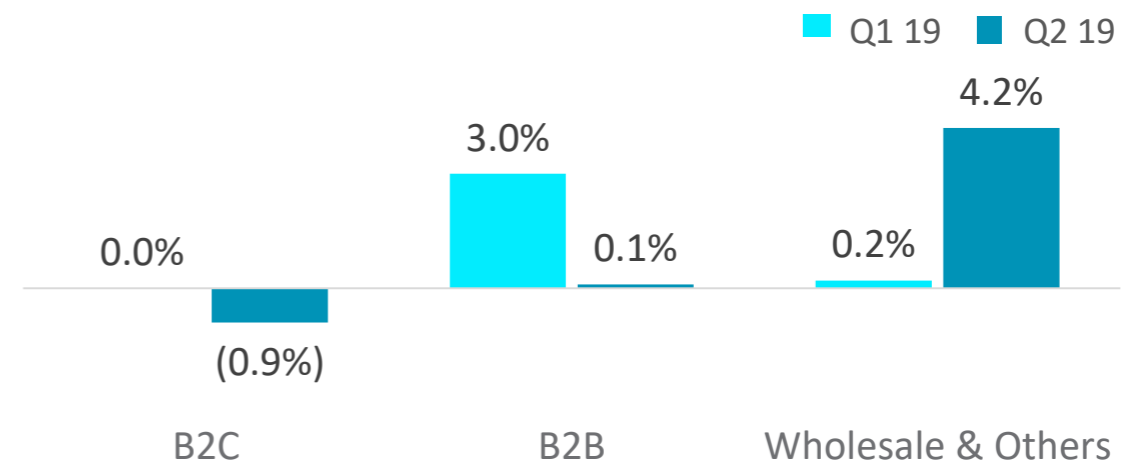
- **Q2 OpEx +4.0% y-o-y organic** (H1: +3.4%)
 - Higher y-o-y supplies on homogeneous MTRs
 - Lower personnel savings from Q2
- **Q2 OIBDA -1.6% y-o-y organic** (H1: -1.5%)
 - Content cost y-o-y growth to ease from Q3
- **Q2 OIBDA margin organic: 39.8%**; +1.0 p.p. vs Q1 despite higher trading
- **Strong cash conversion:** H1 OpCF, €1,859m

Service Revenues

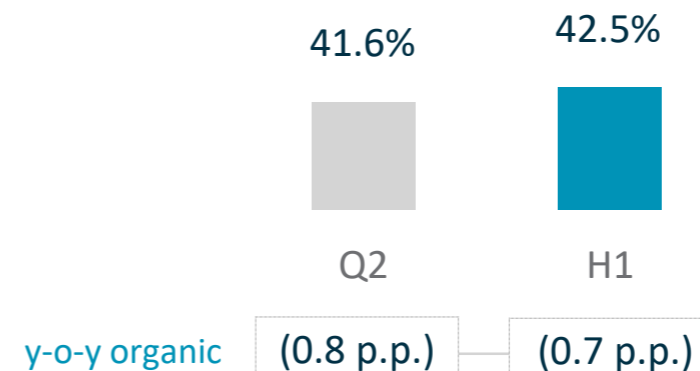
y-o-y organic



Service Revenue by Segment



OIBDA margin 2019



Germany | Enhanced network supporting commercial performance

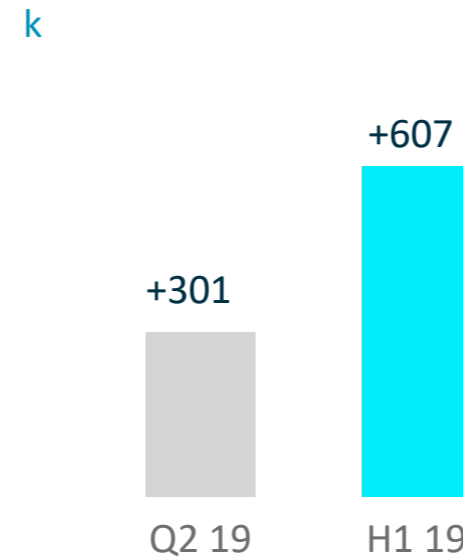
Strong trading quarter driven by O₂ and partners

- High demand for O₂ Free & sustained retention focus
- Significant partner contribution (4G focus)
- H1 contract churn improved by 0.1 p.p. y-o-y
- Recognised by recent industry awards (e.g. #1 in Connect shop, “very good” in Connect fixed BB test)
- 5G spectrum auction - acquired 90 MHz in 2.1 & 3.6 GHz at €1.4bn; secured overall highly competitive frequency position

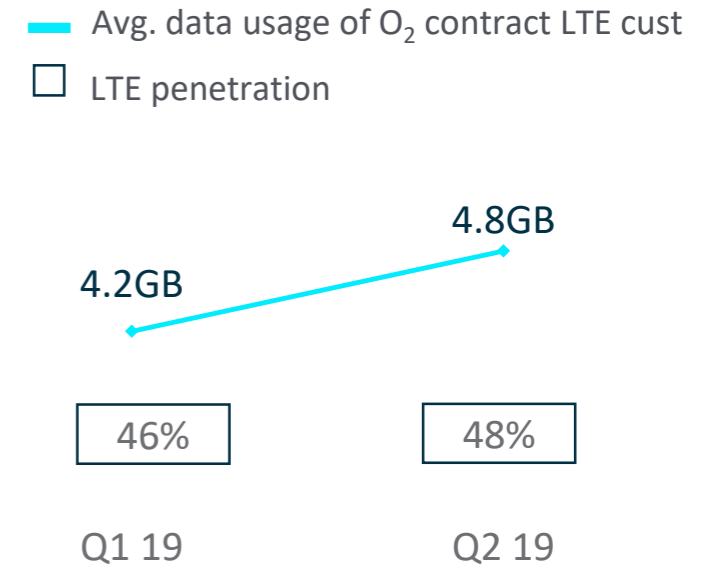
Sequential top-line improvement

- Q2 revenues (+0.9 p.p. q-o-q) driven by MSR turnaround (+0.6% y-o-y; +1.0 p.p. q-o-q) and handset sales (+12.9% y-o-y)
- OIBDA trends reflecting ongoing transformation & market investment as well as regulatory impacts (Q2: -€10m; H1: -€15m)
- H1 CapEx (+16.9% y-o-y); front-loaded LTE roll-out and network densification; a trend expected to normalise over the year

Contract net adds

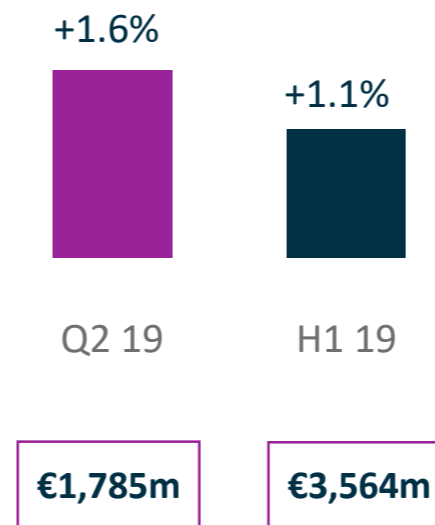


O₂ driving data growth



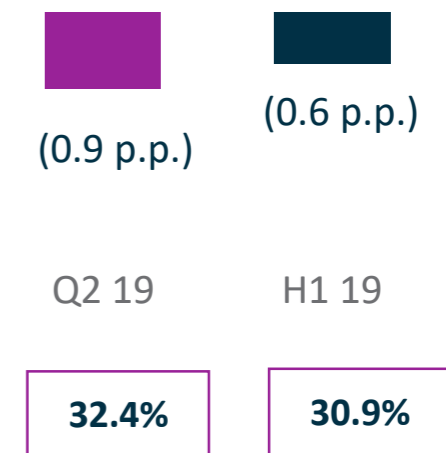
Revenues

y-o-y organic



OIBDA margin

y-o-y organic



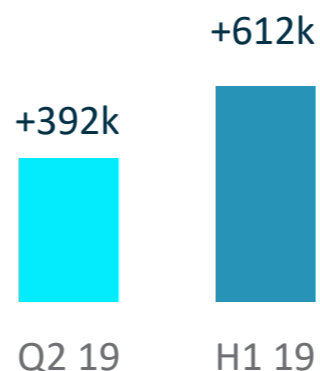
UK | Delivering another robust set of results

Solid commercial trading

- Continues to be UK's favourite network operator
- Mobile customer base grew to 33.3m (+4% y-o-y):
 - Strong contribution from both, own brand contract (+6% y-o-y) and MVNO partners (+7% y-o-y)
 - Sector leading loyalty; postpay churn at 0.9% in Q2 & H1 19
- 66% LTE penetration (+8 p.p. y-o-y)

O₂ contract net adds

(incl. M2M)



O₂ has been recertified to the **Carbon Trust Standard for Supply Chain at level 3**, one of only three companies globally to achieve this highest level of certification

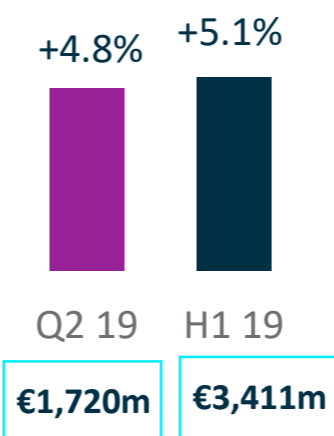


Robust top- and bottom-line growth

- **Healthy revenue growth** driven by successful tariff portfolio
 - Further traction in handset & other revenue growth (+24.2% y-o-y in Q2; +21.4% in H1)
- **Strong OIBDA** growth supported by robust top-line
 - Q2: Net positive effect related to special factors (+€23m)
- **Q2 OIBDA** includes +€55m of IFRS 16 (H1: +€110m)
- **H1 CapEx** of €409m (+2.0% y-o-y) reflects continued investment in network capacity and customer experience

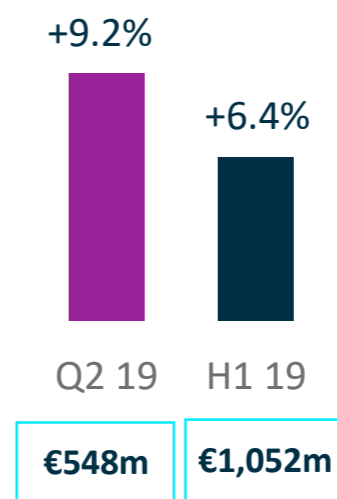
Revenues

y-o-y organic



OIBDA

y-o-y organic



OpCF

y-o-y organic



Brazil | Unmatched quality assets sustains market leadership

Best network, growing share & ARPU

Mobile

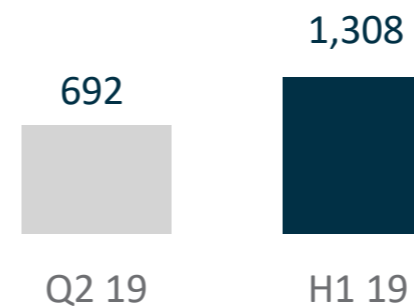
- **Vivo best rated network in terms of overall capacity, coverage and service quality** according to “P3 Connect” mobile review
- **Undisputed leadership: 32.2% market share (+0.2 p.p. y-o-y)**
- **Contract net adds improved q-o-q despite competition**
 - “M4M” strategy: +9% in pure contract accesses since Aug-19
 - Q2 churn stable at 1.8%
- **Better prepaid on new offerings and tariffs update (+20% in March & April)**
- **Total mobile ARPU +1.5% vs. Q2 18**

Fixed

- **Improving mix fosters ARPU growth (FBB Q2 ARPU: +16.0% y-o-y)**
 - FTTH uptake (23%, +2 p.p. y-o-y)
 - 12 new cities passed in Q2 (142 cities covered)
 - Selectively overlaying FTTH in best FTTC footprints
 - IPTV accesses +33%. Q2 Pay Tv ARPU: 5.5% y-o-y

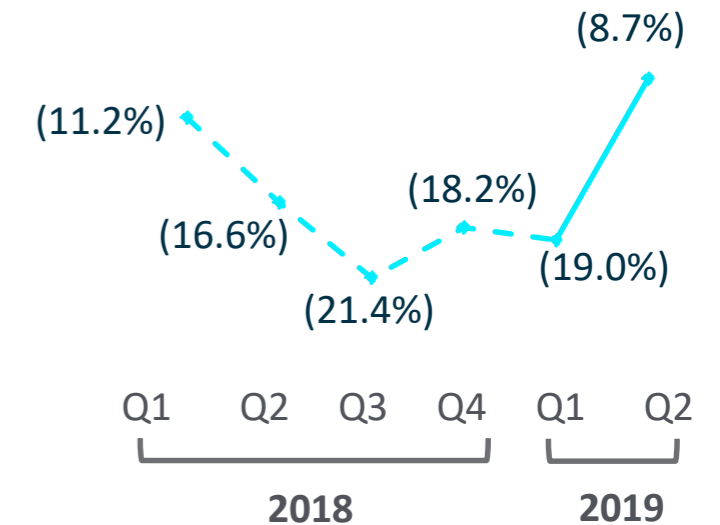
Contract net adds

(‘000)



Prepaid Revenues

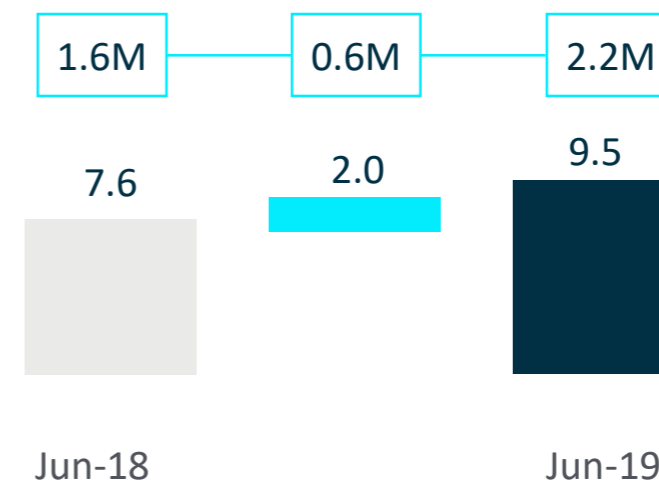
(y-o-y)



FTTH

(premises passed in m)

□ FTTH connected



Brazil | Sound FCF growth despite Capex acceleration

Revenue growing despite punctual deceleration

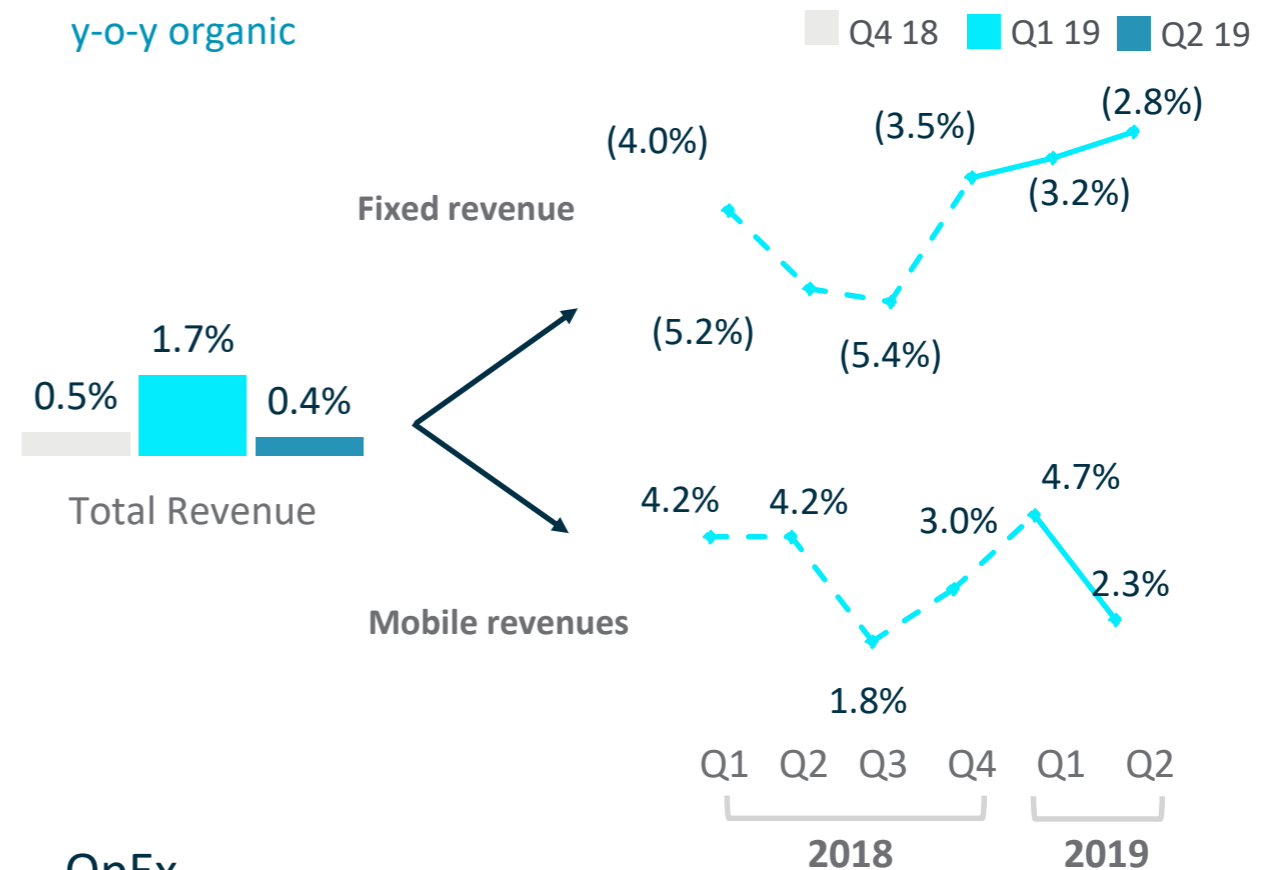
- Continued growth on handsets (+31.9%; H1: +42.3%)
 - MSR (+0.1%; H1: +0.8%)
 - Postpaid (+3.7% vs. H1: +5.9%). Tariff changes positively impacting in Q3 19
 - Prepaid improving on better top-ups trends
- Fixed:
 - Transformation of the business drove q-o-q improvement
 - Fixed ex-voice & access (weight o/fixed revs: +6 p.p. y-o-y to 65%)
 - FTTH (+55.1%); IPTV +40.5%

OpEx still well below inflation, benchmark OIBDA margin

- H1 OIBDA +1.2% y-o-y
- Digitalisation savings sustain OIBDA margin above 40%
- H1 OpCF €1,117m (-6.6% y-o-y) on CapEx acceleration (+10.0%)
 - 19% CapEx/Sales (+2 p.p. y-o-y) on business transformation
- H1 FCF: +12.7% y-o-y (under Brazil reporting criteria)

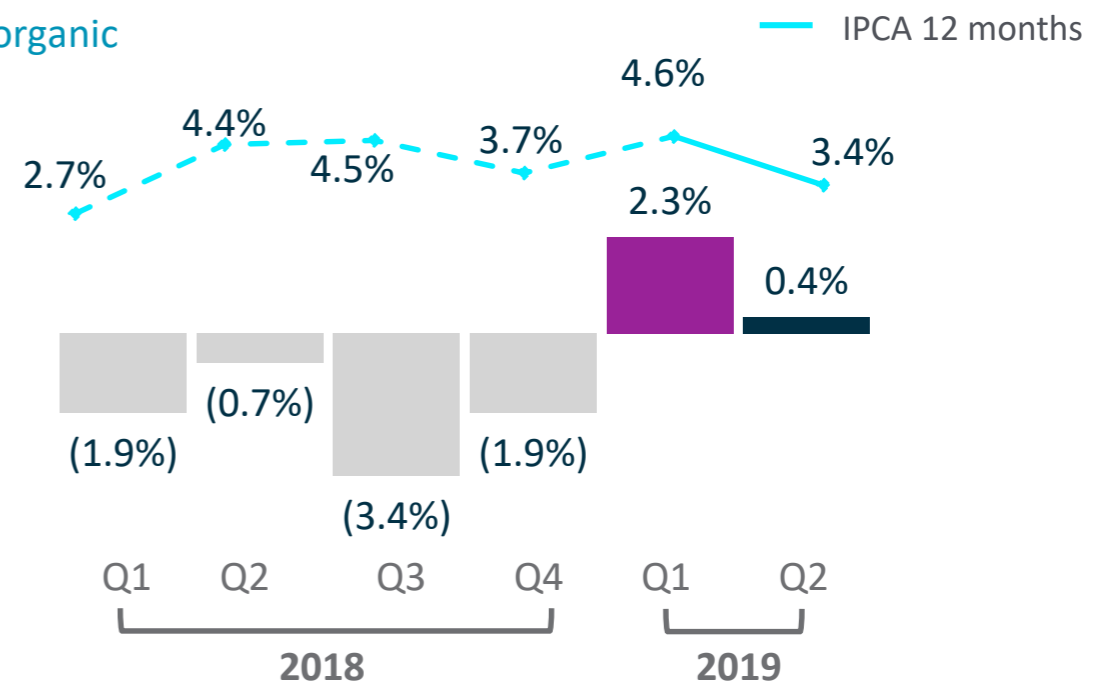
Revenues

y-o-y organic



OpEx

y-o-y organic



South Hispam | Service revenue improving across the region

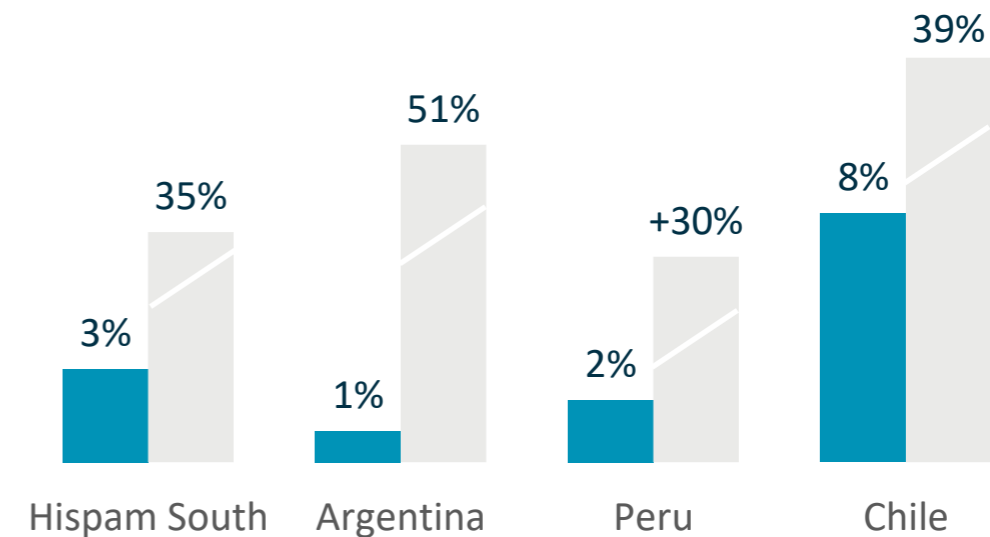
Value KPI's behind service revenue improvement

- Positive contract net adds in all countries
- Fiber take-up: 31% (+3 p.p.)
- Better fixed rev. trends on: fiber and lower legacy drag
- **Q2 ARGENTINA** (Revs. €671; OIBDA €181m)
 - Revenue (+47.8%) & OIBDA (+35.1%) y-o-y acceleration
 - Strong trading momentum: contract net adds (+67k), FTTX (+37k) & IPTV (+32k)
- **Q2 CHILE** (Revs. €487m; OIBDA €170m)
 - Service rev. continued improving (flat y-o-y ex regulation)
 - Fixed rev. turned positive for the first time in 10 Qs
 - OIBDA (-1.9%, stable ex. regulation)
- **Q2 PERU** (Revs. €535m; OIBDA €125m)
 - Better service rev. trend (-1.6%; vs. -4.9% in Q1, +1.0% ex. reg.) thanks to fixed tariffs update and Convergence offer performance (92k)
 - OIBDA (ex capital gains) sequentially stable in last 3 Qs

Accesses (Jun-19)

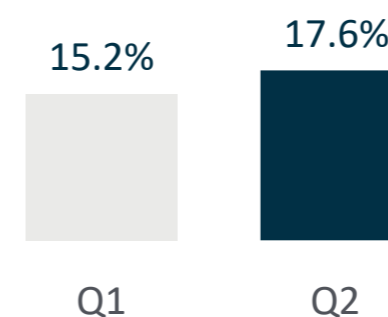
y-o-y organic

■ FTTx ■ Contract



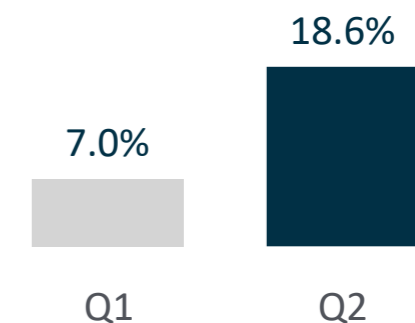
Revenues 2019

y-o-y organic



OIBDA 2019

y-o-y organic



North Hispam | Sound commercial performance in value segments

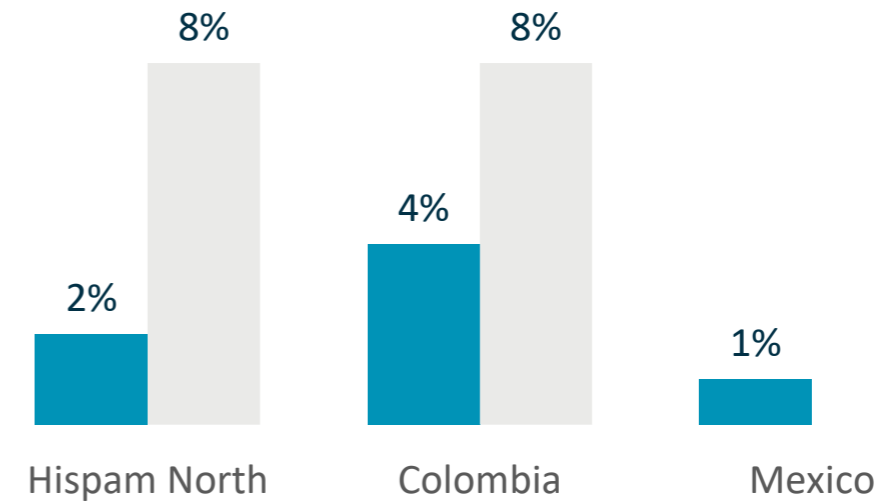
Financials strongly affected by Mexico headwinds

- Positive contract net adds in main countries
- OIBDA ex. Mexico +7.6% y-o-y in Q2
- **Q2 COLOMBIA** (Revs. €352m; OIBDA €131m)
 - Acceleration in contract net adds with a “M4M” strategy
 - Revenues +2.3%; OIBDA +11.6% y-o-y (+26M€ capital gains)
- **Q2 MEXICO** (Revs. €316m; OIBDA €24m)
 - Improving commercial trends: positive net adds in contract for 3 Qs
 - Revenue trend improved q-o-q. OIBDA still hit by spectrum fees/regulation
- **Q2 CAM** (Revs. €159m; OIBDA €59m)
 - Revenues: +7.7%, OIBDA: +13.1%
 - Disposals of Nicaragua and Guatemala already closed

Accesses (Jun-19)

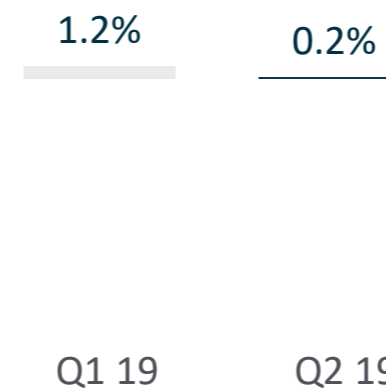
y-o-y organic

■ FTTx ■ Contract



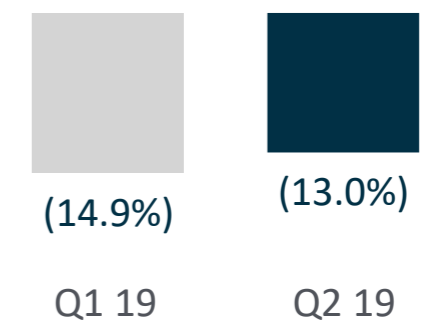
Revenues

y-o-y organic



OIBDA

y-o-y organic



Telxius | Strengthening value creation

Expanding infrastructure under solid financials

- **Towers** portfolio expansion (Tenancy Ratio: 1.36x)
 - Accelerating Build To Suit (1.8x vs Q1 new towers)
 - Acquisition of 658 towers in Peru (Tenancy Ratio 1.0x)
- **Cable:** Sale of capacity in MAREA
- **Q2 Revenues** +3.7% y-o-y ex-MAREA (Towers: +10.9%)
- Q2 Reported OIBDA impacted by IFRS16 (+€26M); Margin 57.5% (+0.6 p.p. y-o-y ex MAREA)
- **H1 CapEx -76%** y-o-y (ex-Peru acquisition)

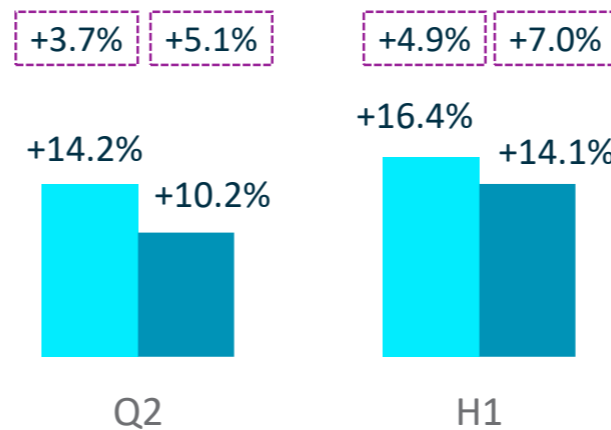
A story of growth and visibility

- Since 2016, **enlarged portfolio** (+11% to 17.6k towers)
- Strong comercial activity: **+43% in other-than-anchor tenants**
- **Superior growth profile**; mid-to-high single digit in rev. and OIBDA in the last two years
- **Room for further organic growth**
- **High visibility on future CF generation**

Revenues & OIBDA 2019

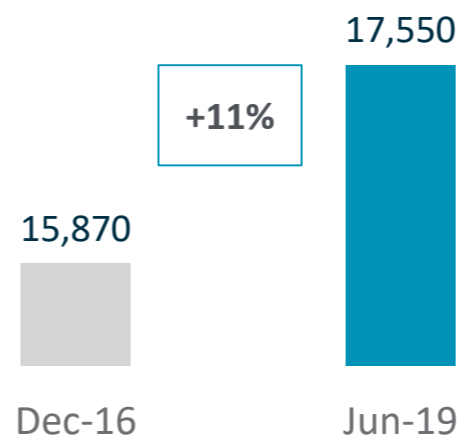
y-o-y organic Ex-MAREA effect

■ Revenues ■ OIBDA



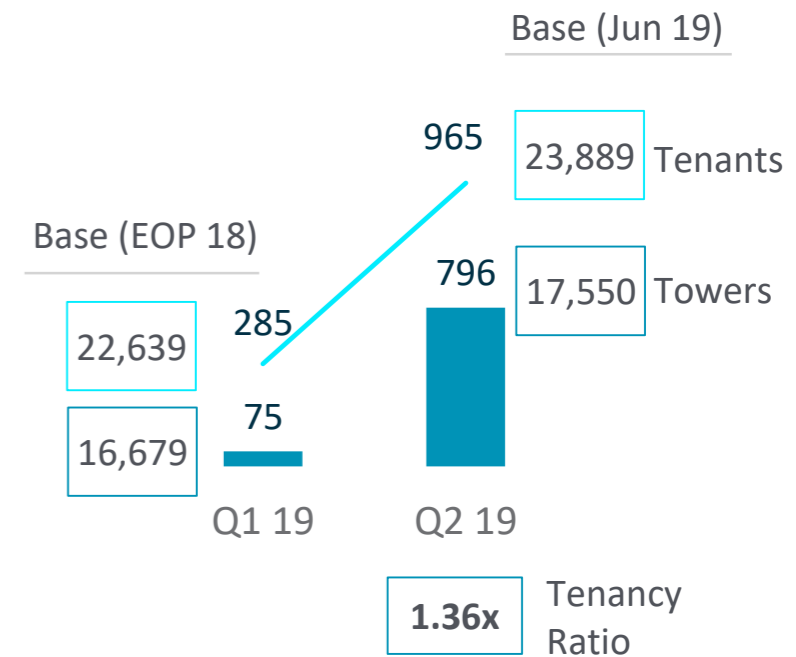
Towers

#



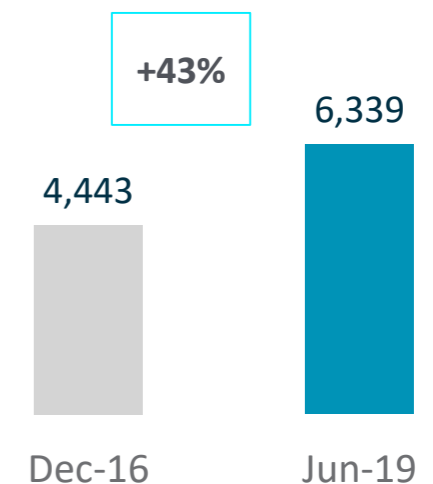
Towers & Tenants Net adds

■ Towers — Tenants



Tenants (ex anchor tenant*)

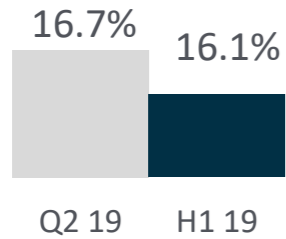
#



Improving Customer Value via Devices

Driving up handset sales...

Org. y-o-y



...whilst improving customer value

Phoenix: Digital Renewal Program



Higher ARPU
-1 p.p. CHURN

Analysis for UK, BR, MEX, SP, ARG.

- ✓ Fast Rollout
- ✓ Increased handset digital sales
- ✓ High customer satisfaction

8 countries in 2019
(5 already)

x40 in COL

The opportunity in renewals

B2C contract handset renewal (yearly)

30%

captured by TEF

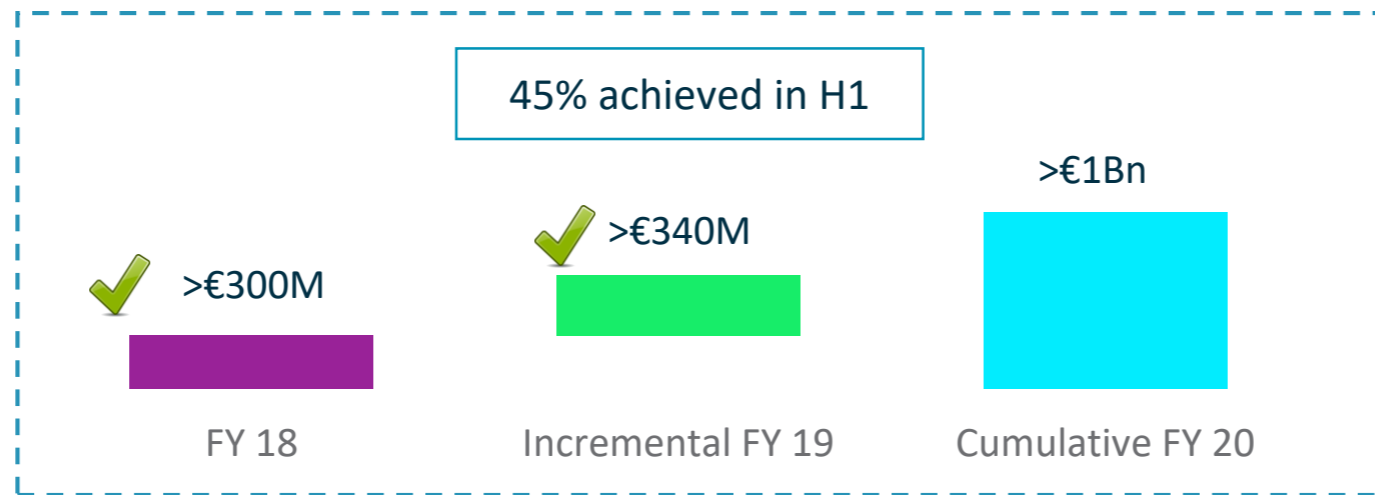
(8 M)

Hardware; optimising the sales cycle

Enablers	Group Avg.	Group Benchmark
Buy-Back	3% Attach rate > \$300	>10%
2nd Hand	<1% Total sales	~2%
Insurance	~7% Attach rate	~15%
Accessories	<1% Attach rate	~20%

Digital Transformation; evolving customer experience

Gross savings



Agile Mindset



40%

Digital Sales Experience



- Acceleration of **digital channels operations**
 - +28% vs. H1 18
 - Personalisation, digital marketing, automation, Advanced Analytics
 - SP: >70% of personalised offers

35%

Digital Customer Service



- **Contact Centers** (-12% vs. H1 18 of B2C calls)
 - **Cognitive platforms:** mobile customers migrated in PE and BRA
 - Use of **Digital Channels** (Bots)
 - **Advanced Analytics** in process revision
- **Blockchain** launch in BRA (CPE)

25%

Process Automation



- **>600 robots deployed in H1;** biggest project in the industry
- **Robot factories** in almost all countries
 - Positive results in service quality and cost savings (commercial)

□ % over achieved savings

Optimising Networks

Network sharing agreements

- ✓ **Faster roll-out and higher quality**
- ✓ Smart CapEx allocation, OpCF efficiencies

Germany: Agreement with Vodafone

- **Access to Vodafone's cable networks (24M Households)**
- Complementary to infrastructure cooperation agreements
- Expanding fixed network offering nationwide

Brazil: Agreement with TIM

- **2G Sharing in a Single Grid model**
- **Sharing 4G in 700MHz for cities <30K pop.**
- CapEx & OpEx savings redirected for 4.5G & FTTH

UK: Agreement with Vodafone

- **NW sharing to speed up super-fast 5G roll-out**
- Sharing active equipment on joint NW sites
- Sharing physical elements at c.2,700 sites

Switching-off legacy

- ✓ Decommissioning infrastructure & reusing spectrum
- ✓ Capturing value from asset freed monetisation

Rationalising mobile networks

- **2G/3G spectrum reuse** to increase capacity
- Higher 4G **spectral efficiency** (x2.4 vs 3G)

Migration to FTTH; Copper closure

- Decommission of CO's
- CO's transformed into Edge Data Centers

>400
CO's closed
(SP)

>1,500
announced
(SP)

Legacy systems decommission

- **Full Stack**, harmonisation, systems decommission

422
systems
switched-off
vs Dec-16

Plan to accelerate & standardise copper shutdown

- **Relevant efficiencies in OIBDA** (assets sales, energy and maintenance) and **CapEx** (deploy and maintenance)
- **6 Years plan: 2020 - 25**

Q2 19 Results

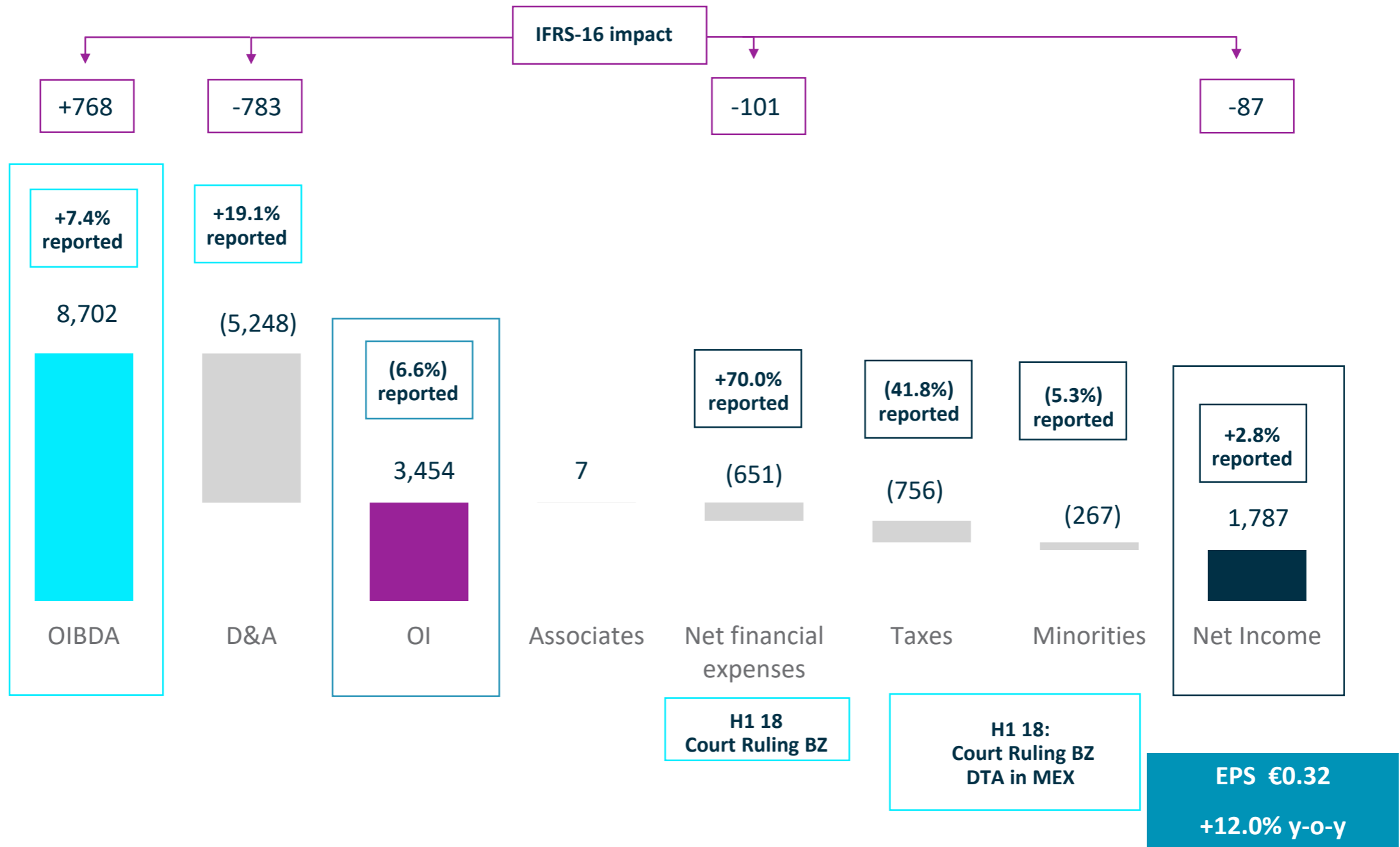
Ms. Laura Abasolo
CFCO



H1 Net Income +2.8% y-o-y to 1.8bn€

H1 19 Reported

€m

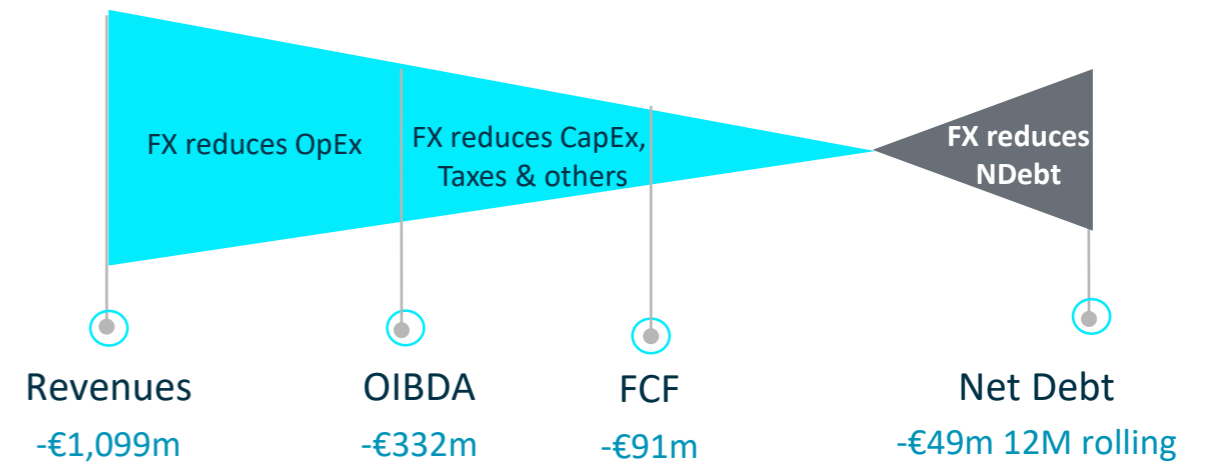


FX impact neutralised at FCF

Lower FX drag in Q2

- FX negative factor in Q2 OIBDA y-o-y
- FX drag softened y-o-y
 - Revs (Q2: -4.1 p.p.; H1: -4.5 p.p.)
 - OIBDA (Q2: -3.6 p.p.; H1: -4.1 p.p.)
 - BRL and ARS sequentially improving trends

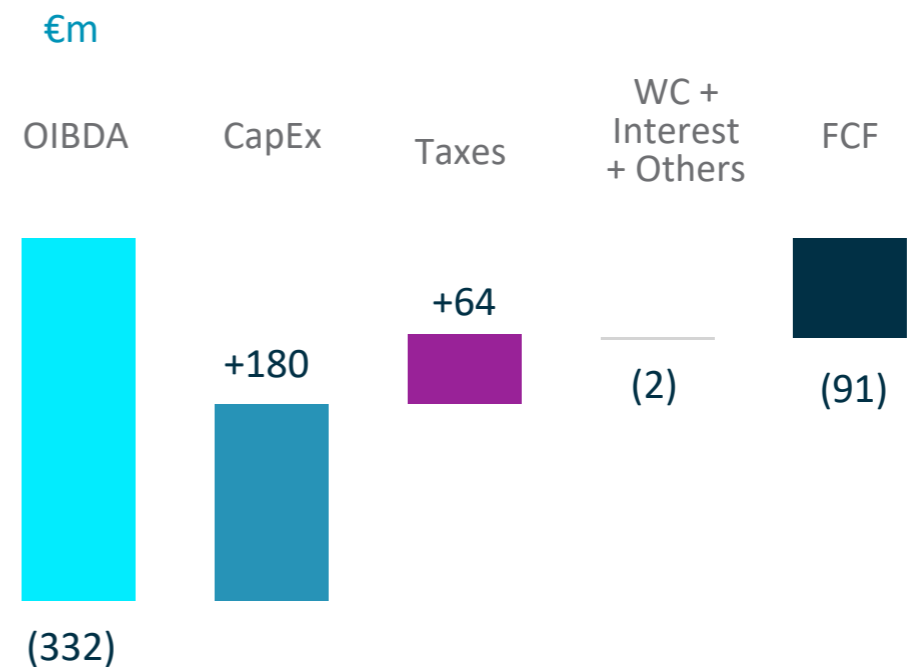
FX headwinds



-€332m FX impact at OIBDA down to -€91m at FCF

- Lower CapEx & taxes in local currency an offsetting factor
- FX evolution helping to reduce net debt (-€49m)

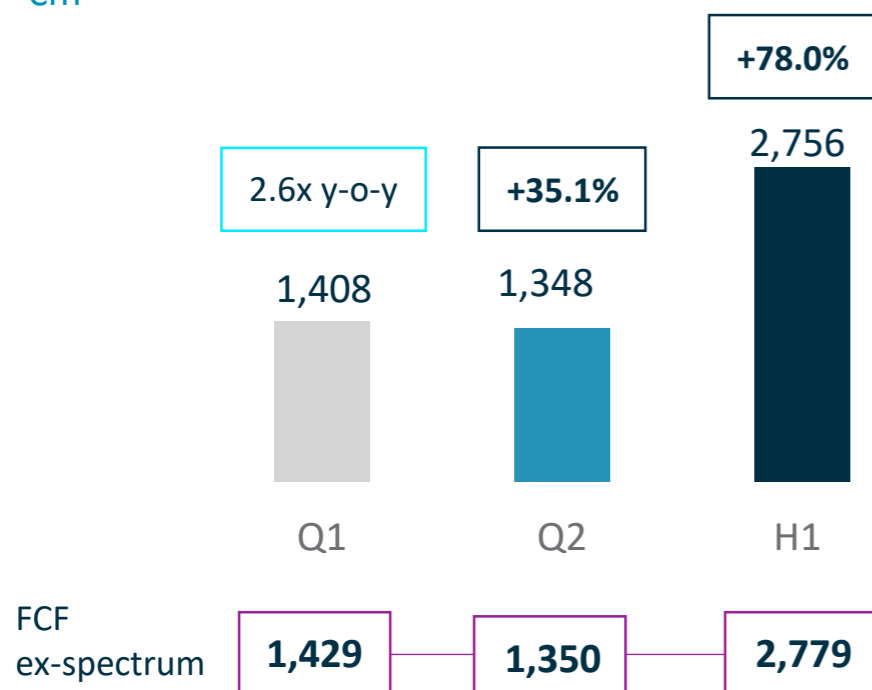
FX impact in H1 FCF



FCF generation remains strong

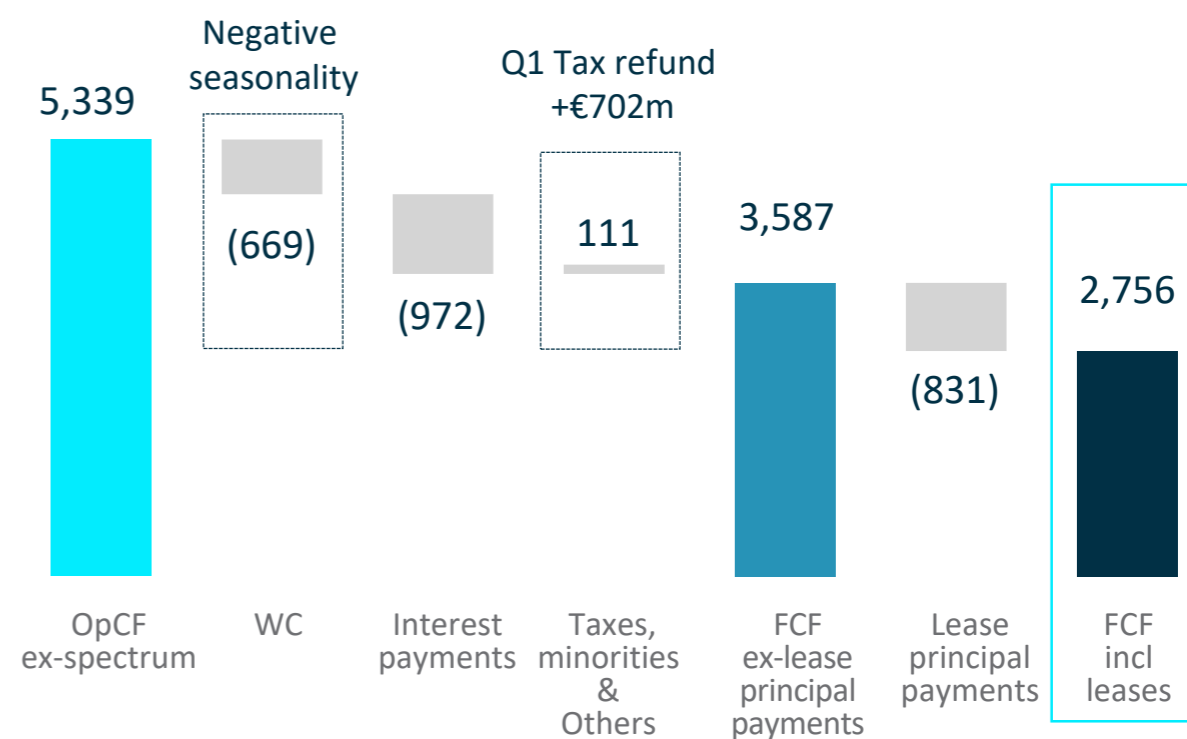
2019 FCF incl. lease principal payments

€m



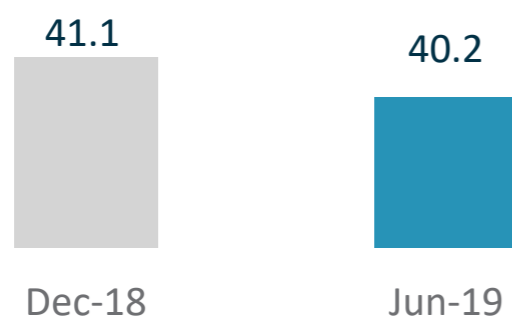
FCF +€1,135m y-o-y

€m



Deleverage through FCF

Net financial debt €bn



FCF ex spectrum to improve in H2

FCF: sustainable driver for further deleverage

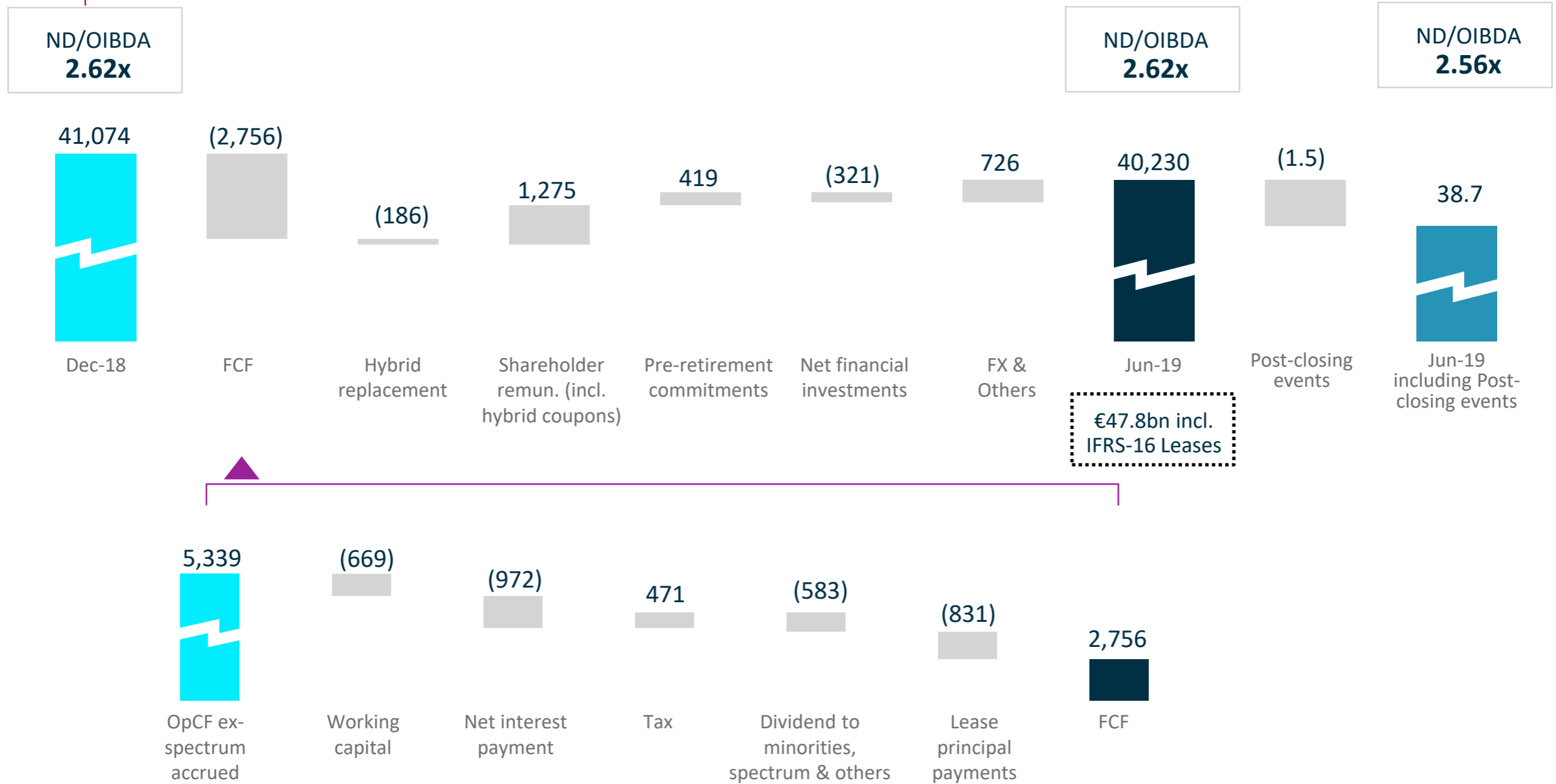
Steady net debt reduction

Net Financial Debt

€m

-844

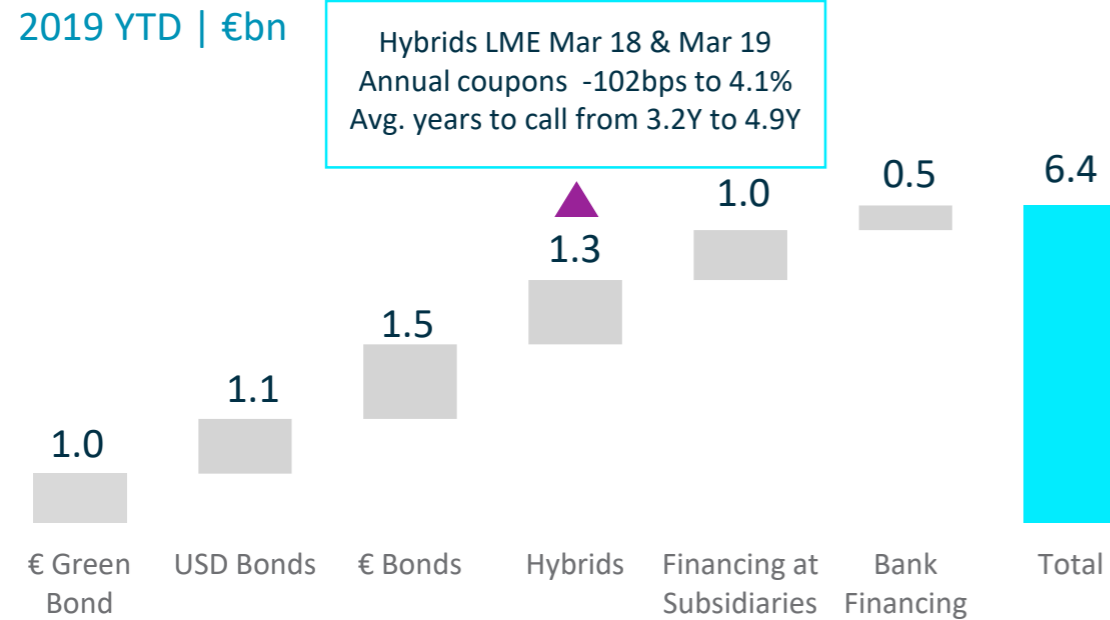
€ billions



Post-closing events: sale of Telefónica Costa Rica, Telefónica Móviles Panamá, Telefónica Móviles El Salvador and Data Centers

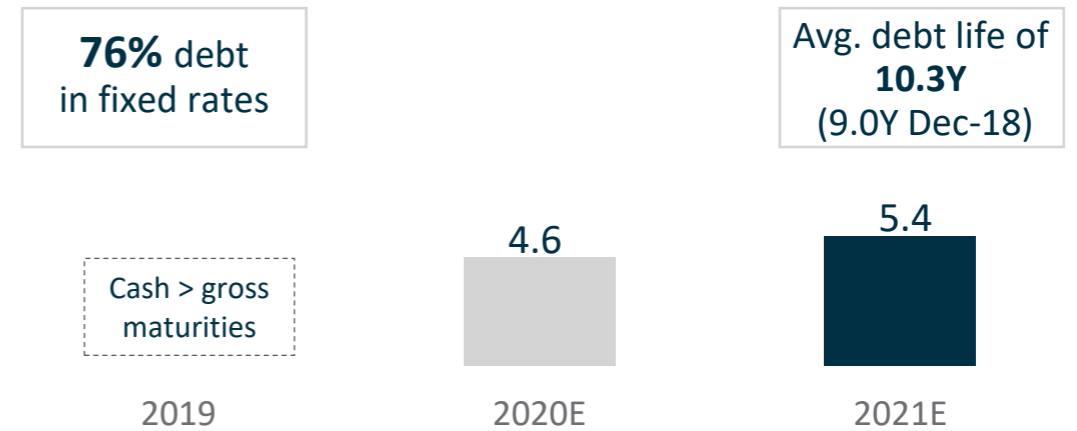
Strong liquidity thanks to attractive long-term financing

Sources of long-term financing

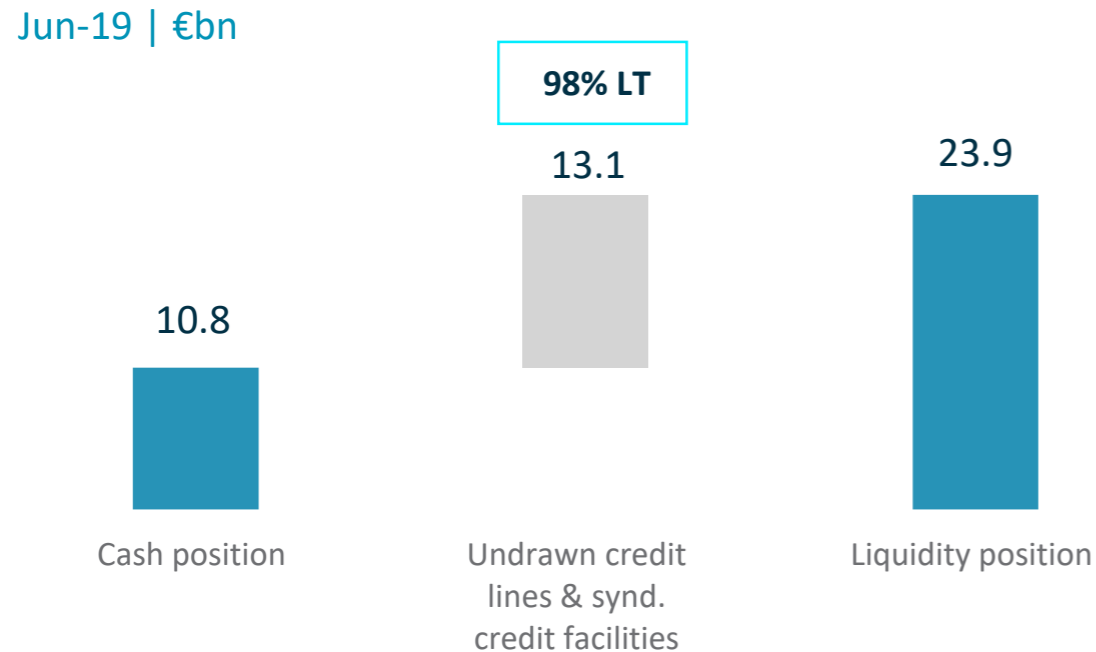


Net Debt maturities

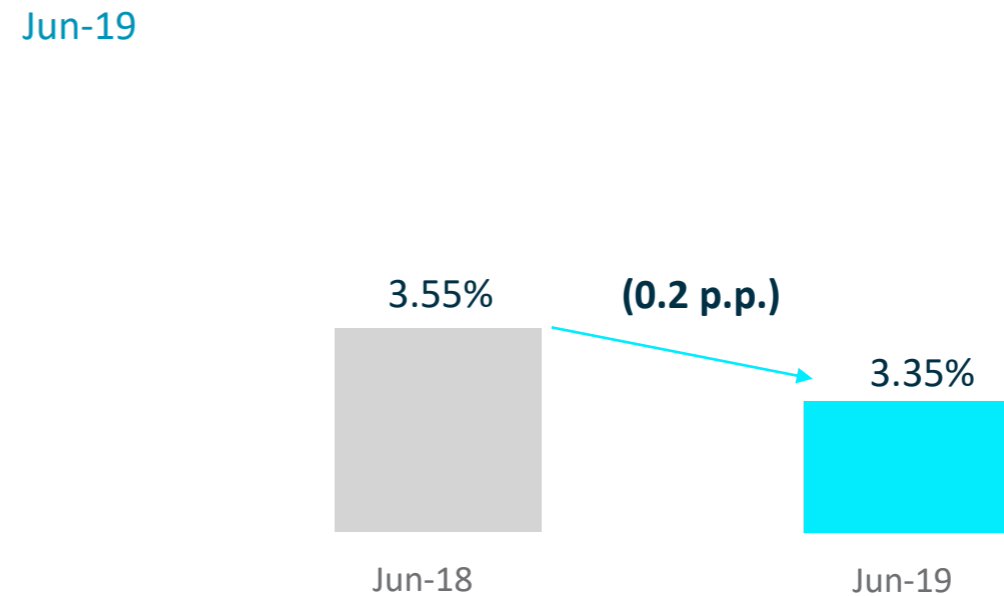
Jun-19 | €bn; not considering hybrid NC dates



Liquidity position



Interest payment costs



Conclusion

Mr. José María Álvarez-Pallete
Chairman & CEO



Concluding remarks Q2 | Consistent trends

Excellent network leadership; world's largest UBB/FTTH footprint (ex-China)

Cov.
UBB/FTTH 121m
LTE 78%

Higher avg. revenue per access driving into continued earnings increase

Avg.
Rev/Access +4.4%
H1 EPS +12.0%

Digital transformation; accelerating customer impact whilst reducing costs

H1 45% of 2019E
savings
digitalisation

Good growth; profitable & sustainable

Revenue +3.7%
OIBDA +1.6%

9th consecutive quarter of net debt reduction

Net Debt
-€0.8Bn in H1

On track to meet 2019 guidance

Telefonica



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