



JANUARY - SEPTEMBER 2017 RESULTS

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## DISCLAIMER

The financial information related to the first nine months of 2017 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 2016:

- Telxius financials are fully reported in Other Companies & Eliminations in T. Group since January 1, 2017, reflecting the final integration into Telxius of the mobile communications towers transferred from T. España, T. Deutschland, T. Brasil and T. Hispanoamérica segments and the international submarine fiber optic cable (which was already being reported within Other Companies and Eliminations). As a consequence, 2017 reported figures for these segments follow the same criteria. In addition, 2016 segment results have been revised to reflect the different dates of asset integration into Telxius, affecting T. España (since January 1, 2016), T. Deutschland (since May 1, 2016), T. Brasil (since April 1, 2016) and T. Hispanoamérica (T. Perú since 1 April 2016 and T. Chile since 1 May 2016). Organic y-o-y changes on segments reflect all the charges related to the towers transferred to Telxius since 1 January 2016. The results of the segments do not include intra-group capital gains resulting from the transfer of the towers to Telxius.

- Since January 1, 2017 T. España includes the results of the data center business and the results of the companies T. Studios and T. Servicios Audiovisuales, which were before presented in Other Companies & Eliminations in Telefónica Group. Also since January 1, 2017, T. Chile includes the results of the data center business which were before presented in Other Companies & Eliminations of T. Group. For comparative purposes, the results of T. España and T. Hispanoamérica have been revised for the fiscal year 2016, accordingly. This change in the composition of the segments does not affect Telefónica Group consolidated results for 2016.

- In addition, since July 1, 2017 T. Brasil includes the results of Terra subsidiaries, which were before presented in "Other Companies & Eliminations" in Telefónica Group. For organic comparative purposes Terra's results are included since 1 July 2016. This change in the composition of the segments does not affect Telefónica Group consolidated results.

- T. Venezuela, T. Ecuador, T. Uruguay and T. Central America (including Guatemala, Panama, El Salvador, Nicaragua and Costa Rica) have been grouped as "Rest of countries of T. Hispanoamérica" and thus operational KPIs are no longer provided separately for these countries.

- T. UK Mobile service revenues include since January 1, 2017 revenues from MVNOs, which were prior accounted as "Handset revenues and others". For comparative purposes, Mobile service revenues and handset revenues for 2016 are reported using these same criteria.

- Since January 1, 2016 Mobile revenues and Fixed revenues of T. Brasil, T. Mexico, T. Argentina, T. Chile and "Rest of countries of T. Hispanoamérica" have been revised due to different allocation criteria. This change does not affect total revenue figure reported for 2016.

- Also since January 1, 2016 Mobile Data revenues of T. Hispanoamérica and T. Brasil have been revised due to different allocation criteria between Mobile Data revenues and Other Mobile Service revenues. This change does not affect total Mobile service revenue figure reported for 2016.

- In T. Brasil "FTTx and cable" accesses have revised since January 1, 2016 including cable accesses. This change also affects Telefónica Group "FTTx and cable" accesses.

### New information has been included since the first quarter 2017 and is also given for comparative purposes from January 2016.

- In T. Hispanoamerica:

- i) Accesses: FTTx accesses (T. Argentina and T. Colombia), Wholesale acceses (T. Mexico; since Q3 2016).
- ii) Operational data (T. Argentina, T. Chile, T. Colombia, T. Perú and T. Mexico): Contract percentage, Smartphones, Smartphone penetration, LTE and LTE penetration.

- In Other Companies & Eliminations:

- i) Telxius: Revenue, OIBDA and CapEX information provided since January 1, 2016.

The following information is no longer provided:

- Mobile voice traffic.
- Quarterly Data traffic.
- Quarterly ARPUs (except for Fusión).

Changes in the perimeter of consolidation: Telefé (Other Companies & Eliminations) has been deconsolidated since November 1, 2016. T. Personalizadas (T. España) has been deconsolidated since January 1, 2017. Vocem (Other Companies & Eliminations) has been deconsolidated since July 1, 2016.

Given the absence of official exchange rates representative of the economic situation in Venezuela, the Company has considered the need to estimate a synthetic exchange rate that matches the progression of inflation to reflect the economic and financial position of the Group's subsidiaries in Venezuela in a more accurate way. This rate has been fixed at 8,422 VEF/USD at the end of September 2017, affecting the January-September 2017 results reported by the Company.

Since the second quarter of 2016 Telefónica's operations in the United Kingdom were no longer be reported as discontinued operations within Telefónica Group and all its assets and liabilities have ceased to be reported as "held for sale", and have been reclassified back into full consolidation within Telefónica Group financial statements, in compliance with IFRS. For comparative purposes, Telefónica Group financial statements for the three-month period ended March 31, 2016 are reported using these same criteria.

## TELEFÓNICA

### ACCESSES

Unaudited figures (thousands)

	2016				2017		
	March	June	September	December	March	June	September
Final Clients Accesses	341,262.7	341,922.3	343,932.9	344,671.1	341,785.7	341,347.3	339,843.1
Fixed telephony accesses (1)	39,606.5	39,262.1	38,914.0	38,280.1	37,853.0	37,488.4	37,028.0
Internet and data accesses	21,507.7	21,641.4	21,738.4	21,652.1	21,657.8	21,697.3	21,696.7
Broadband	21,097.2	21,195.9	21,266.5	21,194.9	21,196.4	21,240.4	21,243.8
FTTx / Cable	7,933.6	8,378.1	8,704.0	9,137.6	9,580.6	9,960.5	10,511.8
Mobile accesses	271,783.2	272,596.8	274,883.7	276,450.0	274,055.6	273,886.6	272,742.7
Prepay	166,005.2	165,619.6	165,912.1	165,663.2	162,648.4	161,271.6	158,662.8
Contract	105,778.0	106,977.2	108,971.6	110,786.8	111,407.2	112,615.0	114,079.9
M2M	12,583.9	12,988.2	13,591.7	14,002.0	14,488.0	15,009.9	15,572.9
Pay TV	8,365.4	8,422.0	8,396.7	8,289.0	8,219.3	8,274.9	8,375.8
Wholesale Accesses	5,826.7	5,591.7	5,480.7	5,300.9	5,087.1	4,887.2	4,689.4
Total Accesses	347,089.4	347,514.0	349,413.5	349,972.1	346,872.8	346,234.5	344,532.5

Notes:

(1) Includes fixed wireless and VoIP accesses.

### MOBILE ACCESSES

Unaudited figures (thousands)

	2016				2017		
	March	June	September	December	March	June	September
Contract percentage (%)	38.9%	39.2%	39.6%	40.1%	40.7%	41.1%	41.8%
Smartphones ('000)	128,326.0	130,058.4	144,588.9	147,161.8	151,547.7	155,126.7	156,511.5
Smartphone penetration (%)	50.6%	51.1%	56.4%	57.1%	59.4%	60.9%	61.8%
LTE ('000)	43,870.2	50,077.3	57,342.4	66,295.7	75,458.8	81,604.2	88,978.7
LTE penetration (%)	16.9%	19.3%	22.1%	25.3%	29.1%	31.5%	34.6%

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TELEFÓNICA  
CONSOLIDATED INCOME STATEMENT  
Unaudited figures (Euros in millions)

	2016				2017			
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep
Revenues	12,511	12,723	13,080	13,721	52,036	13,132	12,960	12,754
Internal exp. capitalized in fixed assets	213	214	208	231	867	208	222	214
Operating expenses	(8,943)	(9,067)	(9,181)	(10,852)	(38,043)	(9,348)	(9,048)	(8,884)
Supplies	(3,675)	(3,748)	(3,685)	(4,134)	(15,242)	(3,730)	(3,632)	(3,656)
Personnel expenses	(1,749)	(1,687)	(1,704)	(2,958)	(8,098)	(1,818)	(1,675)	(1,598)
Other operating expenses	(3,519)	(3,632)	(3,791)	(3,760)	(14,703)	(3,800)	(3,741)	(3,630)
Other net income (expense)	49	49	49	39	186	29	(1)	(3)
Gain (loss) on sale of fixed assets	6	2	22	266	296	8	10	18
Impairment of goodwill and other assets	1	(3)	(3)	(219)	(224)	(7)	16	(4)
<i>Underlying operating income before D&amp;A (OIBDA)</i>	<i>3,860</i>	<i>3,964</i>	<i>4,232</i>	<i>4,464</i>	<i>16,519</i>	<i>4,109</i>	<i>4,183</i>	<i>4,116</i>
Operating income before D&A (OIBDA)	3,838	3,918	4,175	3,187	15,118	4,021	4,158	4,095
<i>OIBDA Margin</i>	<i>30.7%</i>	<i>30.8%</i>	<i>31.9%</i>	<i>23.2%</i>	<i>29.1%</i>	<i>30.6%</i>	<i>32.1%</i>	<i>32.1%</i>
Depreciation and amortisation	(2,322)	(2,351)	(2,458)	(2,518)	(9,649)	(2,451)	(2,358)	(2,322)
Operating income (OI)	1,516	1,567	1,718	669	5,469	1,570	1,800	1,773
Share of profit (loss) of investments accounted for by the equity method	(3)	-	1	(2)	(5)	2	1	2
Net financial income (expense)	(659)	(660)	(531)	(369)	(2,219)	(449)	(748)	(532)
Profit before taxes	853	907	1,187	298	3,245	1,123	1,053	1,243
Corporate income tax	(298)	(251)	(193)	(105)	(846)	(314)	(206)	(347)
Profit for the period	555	656	995	193	2,399	809	847	896
Attributable to equity holders of the Parent	548	693	983	145	2,369	779	821	839
Attributable to non-controlling interests	7	(37)	11	49	30	30	26	57
Weighted average number of ordinary shares outstanding during the period (millions)	5,073	5,053	5,052	5,053	5,061	5,062	5,123	5,125
Basic and diluted earnings per share attributable to equity holders of the Parent (euros)	0.09	0.13	0.18	0.01	0.42	0.14	0.15	0.15
<i>Underlying basic and diluted earnings per share attributable to equity holders of the Parent (euros)</i>	<i>0.12</i>	<i>0.16</i>	<i>0.23</i>	<i>0.23</i>	<i>0.75</i>	<i>0.18</i>	<i>0.20</i>	<i>0.19</i>

Notes:

- From the second quarter of 2016 Telefónica's operations in the United Kingdom are no longer reported as discontinued operations and all its assets and liabilities have ceased to be reported as "held for sale", and have been reclassified back into full consolidation within Telefónica Group financial statements, in compliance with International Financial Reporting Standards (IFRS). For comparative purposes, the results of Telefónica Group of the first quarter of 2016 are reported following the same criteria.

- 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). For instance, the bonus share issue carried out to meet the scrip dividends paid in 2016, have been taken into account. Also, 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.

- After considering Venezuela as a hyperinflationary country, P&L and CapEx from the operations in the country are to be accounted at the closing exchange rate Bolivar Fuerte/Euro. For the January-September 2017 period Telefónica has adopted a synthetic exchange rate of 8,422 Venezuelan bolivars fuertes per dollar at September 2017.

- 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" (€69m in July-September 17; €206m in January-September 17), by the weighted average number of ordinary shares outstanding during the period.

- 2016 and 2017 reported figures include hyperinflationary adjustments in Venezuela in both years.

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TELEFÓNICA  
CONSOLIDATED REVENUES BREAKDOWN  
*Unaudited figures (Euros in millions)*

	2016					2017		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep
Revenues	100%	100%	100%	100%	100%	100%	100%	100%
Voice & access	44%	43%	43%	40%	43%	40%	40%	39%
Broadband Connectivity	34%	35%	35%	35%	35%	39%	40%	39%
Services over Connectivity (SoC)	12%	12%	13%	12%	12%	12%	11%	13%
Others	11%	10%	9%	12%	11%	9%	9%	9%

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TELEFÓNICA

REVENUES BREAKDOWN

Unaudited figures (Euros in millions)

	2016					2017		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep
<b>T. ESPAÑA (1) (4)</b>	<b>3,149</b>	<b>3,224</b>	<b>3,195</b>	<b>3,246</b>	<b>12,815</b>	<b>3,066</b>	<b>3,160</b>	<b>3,184</b>
<b>T. DEUTSCHLAND (1)</b>	<b>1,858</b>	<b>1,834</b>	<b>1,876</b>	<b>1,936</b>	<b>7,503</b>	<b>1,771</b>	<b>1,771</b>	<b>1,850</b>
<b>T. UK</b>	<b>1,752</b>	<b>1,712</b>	<b>1,676</b>	<b>1,721</b>	<b>6,861</b>	<b>1,601</b>	<b>1,607</b>	<b>1,602</b>
<b>T. BRASIL (1)</b>	<b>2,431</b>	<b>2,654</b>	<b>2,950</b>	<b>3,055</b>	<b>11,090</b>	<b>3,165</b>	<b>3,028</b>	<b>2,935</b>
<b>T. HISPANOAMÉRICA (1, 2)</b>	<b>3,054</b>	<b>2,961</b>	<b>3,129</b>	<b>3,435</b>	<b>12,579</b>	<b>3,285</b>	<b>3,134</b>	<b>2,981</b>
T. ARGENTINA	689	709	750	852	3,000	876	918	810
T. CHILE (1)	511	523	537	590	2,163	561	538	523
T. PERU (1)	624	620	619	635	2,499	620	578	558
T. COLOMBIA	323	347	364	375	1,409	388	368	338
T. MEXICO	409	337	316	347	1,410	314	356	332
Rest of countries of T. HISPANOAMÉRICA (2, 3)	503	428	548	642	2,122	531	381	423
Others and eliminations	(6)	(5)	(6)	(7)	(23)	(6)	(5)	(3)
<b>Other companies and eliminations (4)</b>	<b>267</b>	<b>339</b>	<b>255</b>	<b>328</b>	<b>1,189</b>	<b>244</b>	<b>259</b>	<b>202</b>
Telxius (1)	138	153	168	186	645	188	182	177
<b>TOTAL GROUP</b>	<b>12,511</b>	<b>12,723</b>	<b>13,080</b>	<b>13,721</b>	<b>52,036</b>	<b>13,132</b>	<b>12,960</b>	<b>12,754</b>

Notes:

- Since the second quarter of 2016 Telefónica's operations in the United Kingdom are no longer reported as discontinued operations within Telefónica Group and all its assets and liabilities have ceased to be reported as "held for sale", and have been reclassified back into full consolidation within Telefónica Group financial statements, in compliance with International Financial Reporting Standards (IFRS). For comparative purposes, the results of Telefónica Group of the first quarter of 2016 are reported following the same criteria.

(1) Since 1 January 2016, T. Spain reflects all the charges related to the tower transfer to Telxius, which are now presented in Telxius (Other Companies & Eliminations), and include the results of the data center business, of T. Studios and of T. Servicios Audiovisuales, which were before presented in Other Companies & Eliminations. Also since 1 January 2016, T. Chile includes the results of the data center business, which were before presented in Other Companies & Eliminations.

- Since 1 April 2016, T. Brasil and T. Perú reflect all the charges related to the tower transfer to Telxius, which are now presented in Telxius (Other Companies & Eliminations).

- Since 1 May 2016, T. Deutschland and T. Chile reflect all the charges related to the tower transfer to Telxius, which are now presented in Telxius (Other Companies & Eliminations).

(2) 2016 and 2017 reported figures include hyperinflationary adjustments in Venezuela in both years.

(3) Rest of T. Hispanoamérica includes: Venezuela, Ecuador, Uruguay and Central America (including Guatemala, Panama, El Salvador, Nicaragua and Costa Rica).

(4) Vocem has been deconsolidated since 1-Jul-16. Telefé has been deconsolidated since 1-Nov-16. T. Personalizadas (T. España) has been deconsolidated since 1-Jan-17.

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## TELEFÓNICA

## OIBDA BREAKDOWN

Unaudited figures (Euros in millions)

	2016					2017		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep
<b>T. ESPAÑA (1) (4)</b>	<b>1,250</b>	<b>1,302</b>	<b>1,354</b>	<b>496</b>	<b>4,403</b>	<b>1,143</b>	<b>1,282</b>	<b>1,306</b>
<b>T. DEUTSCHLAND (1)</b>	<b>392</b>	<b>451</b>	<b>456</b>	<b>472</b>	<b>1,771</b>	<b>400</b>	<b>461</b>	<b>457</b>
<b>T. UK</b>	<b>461</b>	<b>456</b>	<b>458</b>	<b>334</b>	<b>1,709</b>	<b>416</b>	<b>433</b>	<b>412</b>
<b>T. BRASIL (1)</b>	<b>805</b>	<b>838</b>	<b>978</b>	<b>1,081</b>	<b>3,702</b>	<b>1,104</b>	<b>1,034</b>	<b>1,024</b>
<b>T. HISPANOAMÉRICA (1, 2)</b>	<b>866</b>	<b>834</b>	<b>969</b>	<b>804</b>	<b>3,474</b>	<b>904</b>	<b>892</b>	<b>883</b>
T. ARGENTINA	149	165	211	272	797	231	275	241
T. CHILE (1)	176	168	181	180	704	174	165	158
T. PERU (1)	187	202	215	175	779	156	137	148
T. COLOMBIA	107	108	123	126	464	129	124	113
T. MEXICO	106	62	81	60	309	64	81	79
Rest of countries of T. HISPANOAMÉRICA (2, 3)	140	117	159	207	623	149	109	132
Others and eliminations	-	12	-	(215)	(203)	-	(0)	12
Other companies and eliminations (4)	63	36	(40)	-	59	53	56	13
Telxius (1)	27	74	75	90	266	92	87	82
<b>TOTAL GROUP</b>	<b>3,838</b>	<b>3,918</b>	<b>4,175</b>	<b>3,187</b>	<b>15,118</b>	<b>4,021</b>	<b>4,158</b>	<b>4,095</b>

## Notes:

- Since the second quarter of 2016 Telefónica's operations in the United Kingdom are no longer reported as discontinued operations within Telefónica Group and all its assets and liabilities have ceased to be reported as "held for sale", and have been reclassified back into full consolidation within Telefónica Group financial statements, in compliance with International Financial Reporting Standards (IFRS). For comparative purposes, the results of Telefónica Group of the first quarter of 2016 are reported following the same criteria.

- OIBDA figures exclude management and brand fees.

(1) Since 1 January 2016, T. Spain reflects all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations), and include the results of the data center business, of T. Studios and of T. Servicios Audiovisuales, which were before presented in Other Companies & Eliminations. Also since 1 January 2016, T. Chile includes the results of the data center business, which were before presented in Other Companies & Eliminations.

- Since 1 April 2016, T. Brasil and T. Perú reflect all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations).

- Since 1 May 2016, T. Deutschland and T. Chile reflect all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations).

(2) 2016 and 2017 reported figures include hyperinflationary adjustments in Venezuela in both years.

(3) Rest of T. Hispanoamérica includes: Venezuela, Ecuador, Uruguay and Central America (including Guatemala, Panama, El Salvador, Nicaragua and Costa Rica).

(4) Vocem has been deconsolidated since 1-Jul-16. Telefé has been deconsolidated since 1-Nov-16. T. Personalizadas (T. España) has been deconsolidated since 1-Jan-17.

## TELEFÓNICA

## CAPEX BREAKDOWN

Unaudited figures (Euros in millions)

	2016					2017		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep
<b>T. ESPAÑA (1) (4)</b>	<b>431</b>	<b>463</b>	<b>395</b>	<b>563</b>	<b>1,852</b>	<b>333</b>	<b>371</b>	<b>392</b>
<b>T. DEUTSCHLAND (1)</b>	<b>220</b>	<b>213</b>	<b>315</b>	<b>360</b>	<b>1,107</b>	<b>208</b>	<b>226</b>	<b>254</b>
<b>T. UK</b>	<b>192</b>	<b>223</b>	<b>238</b>	<b>278</b>	<b>931</b>	<b>225</b>	<b>209</b>	<b>170</b>
<b>T. BRASIL (1)</b>	<b>348</b>	<b>444</b>	<b>577</b>	<b>768</b>	<b>2,137</b>	<b>397</b>	<b>518</b>	<b>598</b>
<b>T. HISPANOAMÉRICA (1, 2)</b>	<b>461</b>	<b>557</b>	<b>782</b>	<b>815</b>	<b>2,615</b>	<b>430</b>	<b>493</b>	<b>931</b>
T. ARGENTINA	159	152	136	130	577	151	146	126
T. CHILE (1)	116	102	70	121	409	87	93	58
T. PERU (1)	55	94	361	207	717	54	103	73
T. COLOMBIA	33	83	98	116	330	60	56	542
T. MEXICO	42	54	34	88	219	43	35	53
Rest of countries of T. HISPANOAMÉRICA (2, 3)	57	71	83	152	363	36	60	79
Other companies and eliminations (4)	43	58	54	130	286	28	68	111
Telxius (1)	20	24	20	55	119	13	44	79
<b>TOTAL GROUP</b>	<b>1,695</b>	<b>1,959</b>	<b>2,362</b>	<b>2,912</b>	<b>8,928</b>	<b>1,621</b>	<b>1,886</b>	<b>2,455</b>
Spectrum	2	8	331	5	345	4	1	498

## Notes:

- Since the second quarter of 2016 Telefónica's operations in the United Kingdom are no longer reported as discontinued operations within Telefónica Group and all its assets and liabilities have ceased to be reported as "held for sale", and have been reclassified back into full consolidation within Telefónica Group financial statements, in compliance with International Financial Reporting Standards (IFRS). For comparative purposes, the results of Telefónica Group of the first quarter of 2016 are reported following the same criteria.

(1) Since 1 January 2016, T. Spain reflects all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations), and include the results of the data center business, of T. Studios and of T. Servicios Audiovisuales, which were before presented in Other Companies & Eliminations. Also since 1 January 2016, T. Chile includes the results of the data center business, which were before presented in Other Companies & Eliminations.

- Since 1 April 2016, T. Brasil and T. Peru reflect all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations).

- Since 1 May 2016, T. Deutschland and T. Chile reflect all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations).

(2) 2016 and 2017 reported figures include hyperinflationary adjustments in Venezuela in both years.

(3) Rest of T. Hispanoamérica includes: Venezuela, Ecuador, Uruguay and Central America (including Guatemala, Panama, El Salvador, Nicaragua and Costa Rica).

(4) Vocem has been deconsolidated since 1-Jul-16. Telefé has been deconsolidated since 1-Nov-16. T. Personalizadas (T. España) has been deconsolidated since 1-Jan-17.

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	2016				2017		
	March	June	September	December	March	June	September
Non-current assets	100,178	103,853	101,188	103,667	103,786	97,475	97,051
Intangible assets	20,563	20,789	20,449	20,518	20,275	18,813	18,737
Goodwill	27,320	28,517	28,123	28,686	28,896	27,362	27,499
Property, plant and equipment and Investment properties	33,688	34,727	34,549	36,393	36,672	34,202	34,269
Investments accounted for by the equity method	68	71	71	76	70	71	76
Non-current financial assets	9,778	11,078	9,693	9,765	9,656	8,863	8,402
Deferred tax assets	8,762	8,671	8,303	8,229	8,216	8,164	8,069
Current assets	18,974	19,153	19,478	19,974	24,338	22,876	18,901
Inventories	1,348	1,123	1,153	1,055	1,125	1,029	1,228
Trade and other receivables	10,533	11,172	10,749	10,675	10,601	10,740	10,323
Current financial assets	3,094	2,608	3,094	2,954	3,723	3,590	2,354
Tax receivables	1,177	1,341	1,304	1,533	1,481	1,454	1,299
Cash and cash equivalents	2,813	2,884	3,154	3,736	7,391	6,046	3,696
Non-current assets and disposal groups classified as held for sale	9	25	25	21	17	17	1
<b>Total Assets = Total Equity and Liabilities</b>	<b>119,152</b>	<b>123,006</b>	<b>120,667</b>	<b>123,641</b>	<b>128,124</b>	<b>120,351</b>	<b>115,952</b>
Equity	25,484	26,225	27,093	28,385	29,903	25,534	26,685
Equity attributable to equity holders of the parent and other holders of equity instruments	15,649	16,137	17,167	18,157	20,292	16,877	17,339
Non-controlling interests	9,835	10,088	9,926	10,228	9,611	8,657	9,346
Non-current liabilities	62,924	64,795	59,064	59,805	64,402	62,331	60,978
Non-current financial liabilities	49,580	51,243	45,701	45,612	50,117	48,780	47,678
Non-current trade and other payables	2,156	2,122	1,973	1,925	1,879	1,802	1,732
Deferred tax liabilities	2,512	2,498	2,303	2,395	2,537	2,284	2,260
Non-current provisions	8,676	8,932	9,087	9,873	9,870	9,465	9,308
Current liabilities	30,744	31,986	34,510	35,451	33,820	32,486	28,289
Current financial liabilities	11,283	12,469	15,470	14,749	14,633	13,715	9,730
Current trade and other payables	14,985	15,359	14,948	16,150	14,494	14,386	14,271
Current tax payables	2,383	2,202	2,199	2,332	2,444	2,313	2,191
Current provisions	2,093	1,956	1,893	2,220	2,248	2,072	2,098
<b>Financial Data</b>							
Net Financial Debt (1)	50,099	52,193	49,593	48,595	48,766	48,487	47,222
Net Financial Debt / OIBDA	2.99x	3.18x	3.03x	2.95x	2.91x	2.86x	2.80x

**Notes:**

- 2016 and 2017 reported figures include the hyperinflationary adjustments in Venezuela in both years.

(1) Financial assets as of Dec 2016 included 418 million euros corresponding to the "O2 Refresh" product portfolio in the UK, which generated the associated financial interests. Net financial debt for the comparative periods has been restated with the same criteria.

TELEFÓNICA  
FREE CASH FLOW AND CHANGE IN DEBT  
Unaudited figures (Euros in millions)

		2016				2017		
		Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep
I	Cash flows from operations	3,083	6,996	11,413	16,130	3,534	7,467	11,898
II	Net interest payment (1)	(887)	(1,377)	(1,746)	(2,143)	(641)	(976)	(1,322)
III	Payment for income tax	12	(228)	(365)	(649)	(149)	(537)	(713)
A=I+II+III	Net cash provided by operating activities	2,207	5,391	9,302	13,338	2,743	5,954	9,863
B	Net payment for investment in fixed and intangible assets (2)	(2,279)	(4,643)	(7,228)	(9,187)	(2,285)	(4,405)	(6,794)
C	Spectrum (3)	(3)	(13)	(343)	(349)	(4)	(8)	(333)
C=A+B	Net free cash flow after CapEx	(72)	748	2,073	4,151	457	1,549	3,068
D	Net payment for financial investment	170	244	645	927	(177)	(366)	(680)
E	Net payment for operations with minority shareholders and treasury stock (4)	(756)	(2,970)	(2,209)	(2,899)	(207)	(1,268)	(1,668)
F	Free cash flow after dividends	(658)	(1,978)	510	2,178	74	(85)	720
G=C+D+E+F	Effects of exchange rate changes on net financial debt	(521)	(165)	(328)	(91)	141	(506)	(514)
H	Effects on net financial debt of changes in consolid. and others	801	1,220	1,270	1,703	104	314	(139)
I	Net financial debt at beginning of period	49,161	49,161	49,161	49,161	48,595	48,595	48,595
K=J-G+H+I	Net financial debt at end of period	50,099	52,193	49,593	48,595	48,766	48,487	47,222

Notes:

- From the second quarter of 2016 Telefónica's operations in the United Kingdom are no longer reported as discontinued operations within Telefónica Group and all its assets and liabilities have ceased to be reported as "held for sale", and have been reclassified back into full consolidation within Telefónica Group financial statements, in compliance with International Financial Reporting Standards (IFRS). For comparative purposes, the results of Telefónica Group of the first quarter of 2016 are reported following the same criteria.

- 2016 and 2017 reported figures include the hyperinflationary adjustments in Venezuela in both years.

(1) Includes cash received from dividends paid by subsidiaries that are not fully consolidated.

(2) Includes Net Cash received from sale of Real Estate

(3) Figures in €m. 2017 includes mainly: 321 in Colombia mainly associated to the Arbitration Award, 4 in Spain, 1 in UK, 2 in Mexico and 5 in Uruguay. In 2016 mainly: 4 in Spain, 3 in Germany, 4 in UK, 47 in Brazil, 3 in Colombia, 281 in Peru and 1 in Nicaragua.

(4) 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)*

	2016				2017		
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep
OIBDA	3,838	7,756	11,931	15,118	4,021	8,179	12,274
- CapEx accrued during the period	(1,695)	(3,654)	(6,016)	(8,928)	(1,621)	(3,507)	(5,962)
- Payments related to cancellation of commitments	(141)	(332)	(598)	(738)	(166)	(331)	(507)
- Net interest payment	(887)	(1,377)	(1,746)	(2,143)	(641)	(976)	(1,322)
- Payment for tax	12	(228)	(365)	(649)	(149)	(537)	(713)
- Gain (loss) on sale of fixed assets and impairment of goodwill and other assets	(6)	(6)	(25)	16	7	(10)	(7)
- Investment in working cap. and other deferred income and expenses and Others(1)(2)	(1,192)	(1,411)	(1,109)	1,475	(992)	(1,269)	(695)
= Net Free Cash Flow after CapEx	(72)	748	2,073	4,151	457	1,549	3,068
+ Payments related to cancellation of commitments	141	332	598	738	166	331	507
- Dividends paid to minority shareholders	-	(264)	(354)	(511)	(21)	(255)	(349)
= Free Cash Flow	69	816	2,317	4,378	603	1,626	3,226
Weighted average number of ordinary shares outstanding during the period (millions)	5,073	5,066	5,061	5,061	5,062	5,094	5,105
= Free Cash Flow per share	0.01	0.16	0.46	0.87	0.12	0.32	0.63

*Notes:*

- From the second quarter of 2016 Telefónica's operations in the United Kingdom are no longer reported as discontinued operations within Telefónica Group and all its assets and liabilities have ceased to be reported as "held for sale", and have been reclassified back into full consolidation within Telefónica Group financial statements, in compliance with International Financial Reporting Standards (IFRS). For comparative purposes, the results of Telefónica Group of the first quarter of 2016 are reported following the same criteria.

- 2016 and 2017 reported figures include the hyperinflationary adjustments in Venezuela in both years.

(1) Other deferred expenses include €1,084m in Q4 16 and €76m in Q1 17 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  
CONSOLIDATED CASH FLOW STATEMENT  
Unaudited figures (Euros in millions)

	2016				2017		
	Jan - Mar	Jan - Jun	Jan - Sep	Jan -Dec	Jan - Mar	Jan - Jun	Jan - Sep
Cash received from operations	15,469	30,670	46,799	63,514	16,569	32,024	47,716
Cash paid from operations	(12,387)	(23,673)	(35,386)	(47,384)	(13,036)	(24,557)	(35,818)
Net payments of interest and other financial expenses net of dividends received	(887)	(1,377)	(1,746)	(2,143)	(641)	(976)	(1,322)
Taxes paid	12	(228)	(365)	(649)	(149)	(537)	(713)
Net cash flow provided by operating activities	2,207	5,392	9,302	13,338	2,743	5,954	9,863
(Payments)/proceeds on investments in property, plant and equipment and intangible assets	(2,279)	(4,643)	(7,229)	(9,187)	(2,285)	(4,405)	(6,794)
Proceeds on disposals of companies, net of cash and cash equivalents disposed	246	450	482	767	30	30	36
Payments on investments in companies, net of cash and cash equivalents acquired	(29)	(103)	(70)	(54)	(6)	(6)	(108)
Proceeds on financial investments not included under cash equivalents	33	34	431	489	18	155	234
Payments on financial investments not included under cash equivalents	(79)	(128)	(187)	(265)	(219)	(544)	(843)
(Payments)/proceeds on placements of cash surpluses not included under cash equivalents	40	(40)	19	42	(910)	(1,112)	(525)
Government grants received	-	-	-	-	-	-	-
Net cash flow used in investing activities	(2,068)	(4,430)	(6,554)	(8,208)	(3,372)	(5,882)	(8,000)
Dividends paid	(41)	(2,211)	(2,302)	(2,906)	(73)	(1,136)	(1,395)
Proceeds from issue of share capital increase	1	-	1	-	1	3	2
(Payments)/proceeds of treasury shares and other operations with shareholders	(602)	(651)	(655)	(660)	-	-	(1)
Operations with other equity holders (1)	(114)	(118)	737	656	(135)	(135)	(274)
Proceeds on issue of debentures and bonds, and other debts	596	3,415	3,541	5,693	6,083	6,789	8,088
Proceeds on loans, borrowings and promissory notes	6,168	10,445	10,996	10,332	1,498	2,823	3,886
Cancellation of debentures and bonds, and other debts	(3,872)	(6,534)	(6,685)	(6,873)	(1,466)	(2,534)	(6,534)
Repayments of loans, borrowings and promissory notes	(1,261)	(3,728)	(6,021)	(8,506)	(1,210)	(2,439)	(4,447)
Financed operating payments and investments in property, plant and equipment and intangible assets payments	(783)	(1,457)	(1,912)	(1,956)	(465)	(841)	(1,012)
Net cash used in financing activities	92	(839)	(2,300)	(4,220)	4,233	2,530	(1,687)
Effect of changes in exchange rates	(28)	151	98	185	51	(292)	(216)
Effect of changes in consolidation methods and others	(5)	(5)	(7)	26	-	-	-
Net increase (decrease) in cash and cash equivalents during the year	198	269	539	1,121	3,655	2,310	(40)
Cash and cash equivalents at the beginning of the period	2,615	2,615	2,615	2,615	3,736	3,736	3,736
Cash and cash equivalents at the end of the period	2,813	2,884	3,154	3,736	7,391	6,046	3,696

Notes:

- Since the second quarter of 2016 Telefónica's operations in the United Kingdom are no longer reported as discontinued operations within Telefónica Group and all its assets and liabilities have ceased to be reported as "held for sale", and have been reclassified back into full consolidation within Telefónica Group financial statements, in compliance with International Financial Reporting Standards (IFRS). For comparative purposes, the results of Grupo Telefónica of the first quarter of 2016 are reported following the same criteria.

- 2016 and 2017 reported figures include the hyperinflationary adjustments in Venezuela in both years.

- After considering Venezuela as a hyperinflationary country, P&L and CapEx from the operations in the country are to be accounted at the closing exchange rate Bolivar Fuerte/Euro. For the January-September 2017 period Telefónica has adopted a synthetic exchange rate of 8,422 Venezuelan bolivars fuertes per dollar at September 2017.

(1) Includes issuance and coupons of undated deeply subordinated securities.

## TELEFÓNICA

## EXCHANGE RATES APPLIED TO P&amp;L AND CAPEX

Currency units per Euro	2016				2017		
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep
USA (US Dollar)	1.102	1.115	1.116	1.106	1.065	1.082	1.111
United Kingdom (Sterling)	0.770	0.778	0.801	0.817	0.860	0.860	0.872
Argentina (Argentine Peso)	15.894	15.968	16.202	16.314	16.685	16.980	17.954
Brazil (Brazilian Real)	4.290	4.118	3.937	3.833	3.347	3.437	3.525
Chile (Chilean Peso)	772.332	768.533	758.104	747.496	697.988	713.796	726.723
Colombia (Colombian Peso)	3,577.459	3,474.913	3,409.955	3,369.057	3,110.942	3,161.635	3,264.773
Costa Rica (Colon)	597.729	606.796	611.621	609.385	601.323	616.523	635.728
Guatemala (Quetzal)	8.459	8.561	8.518	8.406	7.911	7.991	8.173
Mexico (Mexican Peso)	19.850	20.137	20.396	20.629	21.581	20.979	20.961
Nicaragua (Cordoba)	30.966	31.532	31.736	31.657	31.414	32.116	33.168
Peru (Peruvian Nuevo Sol)	3.799	3.772	3.758	3.733	3.501	3.544	3.629
Uruguay (Uruguayan Peso)	34.755	35.012	34.175	33.266	30.344	30.733	31.675
Venezuela (Bolivar Fuerte) (1)	310.752	697.350	735.294	710.227	758.150	4,045.307	9,950.249

## Note:

- Average exchange rate for the period.

## EXCHANGE RATES APPLIED TO CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Currency units per Euro	2016				2017		
	March	June	September	December	March	June	September
USA (US Dollar)	1.138	1.110	1.116	1.054	1.068	1.140	1.181
United Kingdom (Sterling)	0.792	0.827	0.862	0.855	0.856	0.879	0.882
Argentina (Argentine Peso)	16.601	16.564	17.038	16.706	16.435	18.930	20.460
Brazil (Brazilian Real)	4.052	3.564	3.624	3.435	3.385	3.773	3.743
Chile (Chilean Peso)	762.567	734.252	734.549	705.622	709.421	757.587	753.653
Colombia (Colombian Peso)	3,416.211	3,240.682	3,215.031	3,162.745	3,083.089	3,478.866	3,469.379
Costa Rica (Colon)	617.284	615.385	623.830	591.366	606.061	661.376	679.348
Guatemala (Quetzal)	8.779	8.479	8.395	7.928	7.842	8.365	8.676
Mexico (Mexican Peso)	19.624	20.499	21.631	21.733	20.082	20.599	21.453
Nicaragua (Cordoba)	32.184	31.768	32.336	30.904	31.711	34.262	35.927
Peru (Peruvian Nuevo Sol)	3.786	3.651	3.795	3.537	3.470	3.710	3.857
Uruguay (Uruguayan Peso)	36.138	33.991	31.744	30.924	30.498	32.497	34.237
Venezuela (Bolivar Fuerte) (1)	310.752	697.350	735.294	710.227	758.150	4,045.307	9,950.249

## Notes:

- Exchange rates as of 30/09/17 and 31/12/16.

(1) After considering Venezuela as a hyperinflationary country, P&L and CapEx from the operations in the country are to be accounted at the closing exchange rate Bolivar Fuerte/Euro. For the January-September 2017 period Telefónica uses a synthetic exchange rate of 8,422 Venezuelan bolivars fuertes per dollar at September 2017.

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TELEFÓNICA  
2017 MAIN FINANCING OPERATIONS  
*Unaudited figures*

	Issue date	Amount (m)	Currency	Issuer	Coupon	Maturity date	ISIN code
DEBENTURES AND BONDS							
Eurobond	17-Jan-17	1,250	EUR	Telefónica Emisiones, S.A.U.	1.528%	17-Jan-25	XS1550951211
Eurobond	17-Jan-17 <sup>(1)</sup>	700	EUR	Telefónica Emisiones, S.A.U.	2.318%	17-Oct-28	XS1550951138
Bond	19-Jan-17	48,000	CLP	Telefónica Chile	4.900%	5-Jul-23	BCTCH-T <sup>(2)</sup>
Eurobond	25-Jan-17	150	EUR	Telefónica Emisiones, S.A.U.	3M Euribor +0.40%	25-Jan-19	XS1555704078
Debentures	8-Feb-17	2,000	BRL	Telefonica Brasil, S.A.	108.25% CDI	8-Feb-22	BRVIVTDBS069
USD Bond	8-Mar-17	1,500	USD	Telefónica Emisiones, S.A.U.	4.103%	8-Mar-27	US87938WAT09
USD Bond	8-Mar-17 <sup>(3)</sup>	2,500	USD	Telefónica Emisiones, S.A.U.	5.213%	8-Mar-47	US87938WAU71
USD Bond	18-Apr-17	200	USD	Telefónica Emisiones, S.A.U.	4.900%	18-Apr-37	XS1588907045
Eurobond	12-Sep-17	1,250	EUR	Telefónica Emisiones, S.A.U.	1.715%	12-Jan-28	XS1681521081

Notes:

<sup>(1)</sup> There was a reopening of €200M with issue date on March, 17th 2017

<sup>(2)</sup> Santiago exchange code

<sup>(3)</sup> There was a reopening of \$500M with issue date on April, 28th 2017

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TELEFÓNICA  
RECONCILIATION REPORTED VS BASIS FOR GUIDANCE 2017  
*Unaudited figures (Euros in millions)*

	Base 2016
REVENUES	Jan - Dec
<hr/>	
<b>TELEFÓNICA</b>	
REPORTED DATA	52,036
Hyperinflation in Venezuela	(145)
Changes in the consolidation perimeter	(158)
<b>TELEFÓNICA TOTAL REVENUES BASIS FOR GUIDANCE</b>	<b>51,734</b>

	Base 2016
OIBDA	Jan - Dec
<hr/>	
<b>TELEFÓNICA</b>	
REPORTED DATA	15,118
Hyperinflation in Venezuela	(25)
Changes in the consolidation perimeter	(29)
Tower sales	(1)
Restructuring charges	1,399
Impairments	215
Capital gains/losses on sale of companies	(212)
<b>TELEFÓNICA TOTAL OIBDA BASIS FOR GUIDANCE</b>	<b>16,465</b>
<b>OIBDA MARGIN AS PER GUIDANCE</b>	<b>31.8%</b>

	Base 2016
CAPEX	Jan - Dec
<hr/>	
<b>TELEFÓNICA</b>	
REPORTED DATA	8,928
Hyperinflation in Venezuela	(21)
Changes in the consolidation perimeter	(11)
Spectrum acquisition	(345)
<b>TELEFÓNICA TOTAL CAPEX BASIS FOR GUIDANCE</b>	<b>8,552</b>
<b>CAPEX/SALES AS PER GUIDANCE</b>	<b>16.5%</b>

*Notes:*

- **2017 criteria for guidance basis:** Assumes constant exchange rates of 2016 (average of 2016), excluding the impact of hyperinflationary adjustments in Venezuela in both years, and constant perimeter of consolidation. OIBDA excludes additionally write-downs, capital gains/losses from the sale of companies, tower sales, material non-recurrent impacts and restructuring costs. CapEx excludes additionally spectrum acquisition.

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TELEFÓNICA ESPAÑA  
CONSOLIDATED INCOME STATEMENT  
Unaudited figures (Euros in millions)

	2016					2017		
	Jan - Mar	Apr - Jun	Jul- Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul- Sep
Revenues	3,149	3,224	3,195	3,246	12,815	3,066	3,160	3,184
Mobile handset revenues	117	121	117	142	497	82	83	95
Revenues ex-mobile handset revenues	3,033	3,103	3,078	3,104	12,318	2,985	3,077	3,089
Consumer (1)	1,626	1,636	1,644	1,631	6,536	1,620	1,654	1,677
Fusión	979	1,015	1,049	1,053	4,096	1,070	1,114	1,150
Non-Fusión	647	621	595	578	2,440	550	540	527
Business	839	881	835	889	3,445	840	870	826
Communications	681	694	668	678	2,721	664	667	650
IT	159	187	167	211	724	176	203	175
Other (2)	568	586	600	584	2,337	525	554	586
Internal expenditure capitalized in fixed assets	87	82	74	81	324	76	77	76
Operating expenses	(1,994)	(2,003)	(1,950)	(2,865)	(8,813)	(2,003)	(1,978)	(1,954)
Supplies	(788)	(877)	(833)	(909)	(3,406)	(816)	(856)	(867)
Personnel expenses	(600)	(531)	(529)	(1,363)	(3,022)	(601)	(520)	(505)
Other operating expenses	(606)	(596)	(589)	(594)	(2,384)	(587)	(602)	(582)
Other net income (expense)	5	(7)	0	(28)	(30)	2	9	(11)
Gain (loss) on sale of fixed assets	4	6	37	64	111	4	14	15
Impairment of goodwill and other assets	(1)	(1)	(1)	(2)	(4)	(1)	(1)	(4)
Operating income before D&A (OIBDA)	1,250	1,302	1,354	496	4,403	1,143	1,282	1,306
OIBDA Margin	39.7%	40.4%	42.4%	15.3%	34.4%	37.3%	40.6%	41.0%
CapEx	431	463	395	563	1,852	333	371	392
Spectrum	-	7	0	-	7	-	-	-
OpCF (OIBDA-CapEx)	820	839	958	(66)	2,551	810	910	914

Notes:

- Since January 1, 2016, T. España reflects all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations), and includes the results of the data center business, of T. Studios and of T. Servicios Audiovisuales, which were before presented in Other Companies & Eliminations.
- The results of T. España do not include intra-group capital gains resulting from the towers transferred to Telxius in 2016.
- T. Personalizadas has been deconsolidated since 1 January 2017.
- OIBDA before management and brand fees.

(1) Consumer revenues include residential and SOHO revenues.

(2) Other revenues include wholesale, subsidiaries and other revenues.



TELEFÓNICA ESPAÑA  
ACCESSES

Unaudited figures (Thousands)

	2016				2017		
	March	June	September	December	March	June	September
Final Clients Accesses	36,791.3	36,765.2	36,769.8	36,709.4	36,537.3	36,464.3	36,614.6
Fixed telephony accesses (1)	9,910.6	9,854.2	9,783.7	9,720.2	9,584.2	9,463.3	9,387.4
Internet and data accesses	6,012.8	6,061.6	6,076.6	6,094.5	6,075.9	6,044.4	6,040.7
Broadband	5,978.6	6,030.2	6,045.3	6,067.3	6,050.9	6,020.1	6,017.6
FTTH	2,458.3	2,675.7	2,830.7	2,998.3	3,127.8	3,213.5	3,309.3
Mobile accesses	17,140.1	17,094.4	17,198.2	17,237.7	17,261.7	17,289.8	17,419.6
Prepay	2,675.7	2,579.7	2,466.1	2,329.3	2,135.9	2,000.4	1,905.4
Contract	14,464.5	14,514.7	14,732.1	14,908.4	15,125.7	15,289.4	15,514.1
M2M	1,827.2	1,890.5	1,968.8	2,006.3	2,015.6	1,974.7	2,020.9
Pay TV	3,727.8	3,755.0	3,711.4	3,657.0	3,615.6	3,666.8	3,766.9
Wholesale Accesses	4,866.9	4,693.3	4,589.3	4,525.5	4,442.3	4,377.8	4,295.7
Fibre	176.6	210.3	259.7	324.9	426.2	539.7	671.7
<b>Total Accesses</b>	<b>41,658.2</b>	<b>41,458.6</b>	<b>41,359.2</b>	<b>41,234.9</b>	<b>40,979.6</b>	<b>40,842.1</b>	<b>40,910.3</b>

(1) Includes fixed wireless and VoIP accesses.

CONSUMER ACCESSES (Fusión + non-Fusión)

Unaudited figures (thousands)

	2016				2017		
	March	June	September	December	March	June	September
Fixed telephony accesses	7,428.5	7,382.1	7,319.0	7,260.4	7,146.2	7,041.5	6,972.1
Internet and data accesses	5,145.4	5,186.4	5,195.5	5,207.8	5,195.3	5,174.0	5,178.0
Mobile accesses	11,759.7	11,676.5	11,691.5	11,732.3	11,754.9	11,813.6	11,885.8
Prepay	2,675.7	2,579.7	2,466.1	2,329.3	2,135.9	2,000.4	1,905.4
Contract	9,084.0	9,096.8	9,225.4	9,403.0	9,618.9	9,813.2	9,980.3
Pay TV	3,727.8	3,755.0	3,711.4	3,657.0	3,615.6	3,666.8	3,766.9
<b>Total Consumer Accesses</b>	<b>28,061.4</b>	<b>28,000.0</b>	<b>27,917.4</b>	<b>27,857.6</b>	<b>27,711.8</b>	<b>27,695.9</b>	<b>27,802.7</b>

TOTAL MOBILE ACCESSES

Unaudited figures (thousands)

	2016				2017		
	March	June	September	December	March	June	September
Contract percentage (%)	84.4%	84.9%	85.7%	86.5%	87.6%	88.4%	89.1%
Smartphones ('000)	10,200.2	10,295.8	10,500.3	10,715.8	10,800.7	11,240.4	11,473.6
Smartphone penetration (%)	67.2%	68.3%	69.5%	70.9%	71.3%	73.8%	74.8%
LTE ('000)	4,520.7	5,050.0	5,444.0	6,073.0	6,589.6	6,976.3	7,322.8
LTE penetration (%)	29.5%	33.2%	35.7%	39.9%	43.2%	45.6%	47.6%

CONSUMER FUSIÓN

Unaudited figures (thousands)

	2016				2017		
	March	June	September	December	March	June	September
Fusión Customers	4,209.1	4,268.8	4,286.1	4,333.2	4,379.0	4,374.7	4,384.7
Fibre 100/300	1,267.4	1,345.9	1,491.0	1,593.5	1,669.1	1,677.9	1,691.3
IPTV/ Satellite	2,768.6	2,873.6	2,914.9	2,943.1	2,970.9	3,071.9	3,218.7
Mobile add-ons	2,023.3	2,084.1	2,302.7	2,542.0	2,861.6	3,138.5	3,365.9

CONSUMER FUSIÓN

Unaudited figures

	2016				2017		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Fusión ARPU (EUR)	78.2	79.8	81.8	81.6	81.6	84.8	87.6
Fusión churn	1.3%	1.1%	1.3%	1.4%	1.4%	1.3%	1.5%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dic	Jan - Mar	Jan - Jun	Jan - Sep
Fusión ARPU (EUR)	78.2	79.0	79.9	80.4	81.6	83.2	84.7
Fusión churn	1.3%	1.2%	1.2%	1.3%	1.4%	1.4%	1.4%

SELECTED OPERATIONAL DATA

Unaudited figures

	2016				2017		
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep
Total data traffic (TB)	1,333,989	2,697,613	4,140,131	5,690,140	1,473,501	3,166,713	4,860,008
Fixed data traffic (TB)	1,291,860	2,610,901	3,991,793	5,479,375	1,406,556	3,009,891	4,581,394
Mobile data traffic (TB)	42,129	86,712	148,338	210,765	66,944	156,821	278,614

Notes:

- Data traffic is defined as Terabytes used by the company's customers, both upload and download (1TByte = 10<sup>12</sup> 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)

	2016					2017		
	Jan - Mar	Apr - Jun	Jul- Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul- Sep
Revenues	1,858	1,834	1,876	1,936	7,503	1,771	1,771	1,850
Mobile Business	1,603	1,584	1,621	1,690	6,498	1,545	1,548	1,634
Mobile service revenues	1,336	1,358	1,394	1,349	5,437	1,292	1,318	1,344
Data revenues	729	749	767	746	2,992	716	772	750
Handset revenues	267	226	227	341	1,061	252	229	290
Fixed Business	253	245	245	238	981	223	217	214
FBB and new services revenues (1)	192	187	187	182	748	177	167	163
Voice & access revenues	61	58	59	56	233	46	50	51
Internal expenditure capitalized in fixed assets	25	26	28	25	104	21	27	27
Operating expenses	(1,483)	(1,439)	(1,439)	(1,497)	(5,859)	(1,383)	(1,313)	(1,426)
Supplies	(629)	(578)	(572)	(674)	(2,452)	(585)	(547)	(627)
Personnel expenses	(173)	(160)	(155)	(157)	(646)	(155)	(157)	(158)
Other operating expenses	(681)	(701)	(712)	(666)	(2,761)	(643)	(609)	(641)
Other net income (expense)	(7)	30	(9)	9	23	(10)	(24)	5
Gain (loss) on sale of fixed assets	-	0	(0)	(0)	(0)	1	0	-
Impairment of goodwill and other assets	-	-	-	-	-	-	-	-
Operating income before D&A (OIBDA)	392	451	456	472	1,771	400	461	457
OIBDA Margin	21.1%	24.6%	24.3%	24.4%	23.6%	22.6%	26.1%	24.7%
CapEx	220	213	315	360	1,107	208	226	254
Spectrum	2	1	2	1	6	-	-	-
OpCF (OIBDA-CapEx)	173	238	141	112	664	192	235	203

Note:

- Since 1 May 2016, T. Deutschland relects all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations)
- The results of T. Deutschland do not include intra-group capital gains resulting from the transfer of towers to Telxius in 2016.
- 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)

	2016				2017		
	March	June	September	December	March	June	September
Final Clients Accesses	47,341.7	47,754.9	48,404.8	48,655.5	48,988.0	49,478.7	49,105.1
Fixed telephony accesses (1)	2,002.8	2,007.4	2,006.5	2,010.3	2,000.1	1,987.9	1,979.3
Internet and data accesses	2,330.9	2,329.8	2,324.8	2,324.5	2,312.5	2,297.2	2,284.2
Broadband	2,101.5	2,103.9	2,101.6	2,104.0	2,095.3	2,082.4	2,072.5
VDSL	593.0	669.3	731.8	805.5	872.2	959.9	1,062.5
Mobile accesses	43,008.0	43,417.8	44,073.5	44,320.7	44,675.3	45,193.6	44,841.6
Prepay	23,743.5	23,814.2	23,872.8	23,784.0	23,967.0	24,288.6	23,753.8
Contract	19,264.4	19,603.6	20,200.7	20,536.6	20,708.4	20,905.0	21,087.8
M2M	682.2	704.3	748.0	787.8	830.1	896.8	969.4
Wholesale Accesses	910.5	850.1	790.8	691.0	561.8	428.0	297.9
Total Accesses	48,252.2	48,605.0	49,195.6	49,346.4	49,549.8	49,906.7	49,402.9

(1) Includes fixed wireless and VoIP accesses.

## SELECTED OPERATIONAL DATA

Unaudited figures

	2016				2017		
	March	June	September	December	March	June	September
Contract percentage (%)	44.8%	45.2%	45.8%	46.3%	46.4%	46.3%	47.0%
Smartphones ('000)	23,083.0	23,707.1	25,353.5	25,623.1	24,781.1	25,227.4	25,554.2
Smartphone penetration (%)	55.4%	56.2%	59.2%	59.5%	57.0%	57.4%	58.7%
LTE ('000)	8,690.5	9,399.8	10,566.3	12,063.1	13,967.6	14,422.0	15,679.2
LTE penetration (%)	20.5%	22.0%	24.4%	27.7%	31.9%	32.6%	35.7%
Mobile churn (quarterly)	2.5%	2.1%	2.1%	2.3%	1.9%	1.9%	2.1%
Contract (1)	1.8%	1.6%	1.5%	1.6%	1.6%	1.5%	1.6%
Mobile churn (cumulative YTD)	2.5%	2.3%	2.2%	2.3%	1.9%	1.9%	2.0%
Contract (1)	1.8%	1.7%	1.5%	1.6%	1.6%	1.6%	1.6%
Mobile ARPU (EUR) (cumulative YTD)	10.3	10.3	10.4	10.3	9.6	9.6	9.7
Prepay	5.7	5.7	5.8	5.7	5.0	5.1	5.1
Contract (1)	16.6	16.6	16.6	16.5	15.5	15.5	15.6
Fixed data traffic (TB) (cumulative YTD)	612,603	1,216,470	1,811,886	2,518,545	709,516	1,399,083	2,063,429
Mobile data traffic (TB) (cumulative YTD)	51,599	113,324	187,685	269,326	86,423	185,036	295,720

## 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 = 10<sup>12</sup> 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)

	2016					2017		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep
Revenues	1,752	1,712	1,676	1,721	6,861	1,601	1,607	1,602
Mobile service revenues (1)	1,384	1,376	1,325	1,278	5,363	1,255	1,276	1,258
Data revenues	787	790	779	738	3,094	728	740	718
Handset revenues and other (1)	367	336	351	443	1,497	346	331	344
Internal expenditure capitalized in fixed assets	34	36	37	34	141	29	30	27
Operating expenses	(1,317)	(1,285)	(1,253)	(1,421)	(5,276)	(1,215)	(1,204)	(1,219)
Supplies	(806)	(787)	(774)	(858)	(3,226)	(747)	(732)	(767)
Personnel expenses	(132)	(135)	(116)	(145)	(528)	(111)	(111)	(110)
Other operating expenses	(379)	(362)	(363)	(418)	(1,522)	(357)	(360)	(342)
Other net income (expense)	(8)	(4)	(1)	(2)	(16)	1	(0)	0
Gain (loss) on sale of fixed assets	-	(2)	-	1	(1)	-	0	2
Impairment of goodwill and other assets	-	-	-	-	-	-	-	-
Operating income before D&A (OIBDA)	461	456	458	334	1,709	416	433	412
OIBDA Margin	26.3%	26.6%	27.3%	19.4%	24.9%	26.0%	27.0%	25.7%
CapEx	192	223	238	278	931	225	209	170
Spectrum	-	-	-	-	-	-	-	-
OpCF (OIBDA-CapEx)	269	233	219	56	778	191	224	242

Notes:

(1) T. UK Mobile service revenues include revenues from MVNOs since 1 January 2017, which were previously accounted as "Handset Revenues and others"; these criteria are applied across T. Group. For comparative purposes, Mobile service revenues and Handset revenues for 2016 are reported using the same criteria.  
- OIBDA before management and brand fees.

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TELEFÓNICA UK

ACCESSES

Unaudited figures (Thousands)

	2016				2017		
	March	June	September	December	March	June	September
Fixed telephony accesses (1)	249.8	257.7	264.7	272.6	277.2	281.3	281.9
Internet and data accesses	21.5	22.3	23.1	23.7	24.0	24.7	24.8
Broadband	21.5	22.3	23.1	23.7	24.0	24.7	24.8
Mobile accesses	24,933.0	25,172.5	25,404.2	25,462.7	25,009.3	25,139.7	25,283.0
Prepay	9,640.1	9,745.8	9,778.0	9,701.4	9,375.4	9,427.4	9,477.4
Contract (2)	15,292.8	15,426.7	15,626.2	15,761.3	15,633.9	15,712.3	15,805.6
M2M	3,143.4	3,176.8	3,250.9	3,266.9	3,330.3	3,373.1	3,434.4
<b>Total Accesses</b>	<b>25,204.2</b>	<b>25,452.6</b>	<b>25,692.0</b>	<b>25,759.0</b>	<b>25,310.5</b>	<b>25,445.6</b>	<b>25,589.7</b>

(1) Includes fixed wireless and VoIP accesses.

(2) Includes the disconnection of 228 thousand inactive contract accesses in the first quarter 2017.

SELECTED OPERATIONAL DATA

Unaudited figures

	2016				2017		
	March	June	September	December	March	June	September
Contract percentage (%)	61.3%	61.3%	61.5%	61.9%	62.5%	62.5%	62.5%
Smartphones ('000)	13,267.7	13,301.8	14,130.8	14,680.8	14,910.2	15,514.3	15,667.9
Smartphone penetration (%)	62.8%	62.4%	65.9%	68.4%	71.2%	73.8%	74.3%
LTE ('000) (1)	9,460.3	10,783.4	11,530.3	12,092.4	12,438.0	12,592.0	12,611.0
LTE penetration (%)	43.4%	49.0%	52.0%	54.5%	57.4%	57.8%	57.7%
Mobile churn (quarterly)	2.0%	1.5%	1.8%	2.1%	2.2%	1.5%	1.7%
Contract (2)(3)	0.9%	0.8%	0.9%	1.0%	1.5%	1.0%	1.0%
Mobile Churn (cumulative YTD)	2.0%	1.8%	1.8%	1.9%	2.2%	1.9%	1.8%
Contract (2)(3)	0.9%	0.9%	0.9%	0.9%	1.5%	1.2%	1.1%
Mobile ARPU (EUR) (cumulative YTD)	17.9	17.7	17.3	17.0	16.1	16.1	16.0
Prepay	7.8	7.7	7.5	7.5	7.3	7.1	7.0
Contract (2)(3)	30.1	29.9	29.3	28.8	26.6	27.0	26.8
Mobile data traffic (TB) (cumulative YTD)	49,648	105,368	170,977	244,957	79,926	173,446	280,109

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 = 10<sup>12</sup> 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) giffgaff accesses included since 1 January 2017, and also given for comparative purposes since January 2016.

(2) Excludes M2M.

(3) 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)*

	2016					2017		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep
Revenues	2,431	2,654	2,950	3,055	11,090	3,165	3,028	2,935
Mobile Business	1,448	1,589	1,775	1,851	6,663	1,932	1,850	1,782
Mobile service revenues	1,378	1,511	1,690	1,772	6,351	1,855	1,776	1,713
Data revenues	725	856	991	1,096	3,667	1,273	1,276	1,248
Handset revenues	70	78	85	79	312	76	74	68
Fixed Business	983	1,065	1,175	1,205	4,428	1,233	1,178	1,153
FBB and new services revenues (1)	356	401	465	473	1,695	494	483	525
Pay TV revenues	111	122	135	137	504	143	134	131
Voice & access revenues	516	543	575	595	2,229	596	562	497
Internal exp. capitalized in fixed assets	25	27	29	32	114	37	37	33
Operating expenses	(1,656)	(1,819)	(1,998)	(2,031)	(7,504)	(2,102)	(2,006)	(1,938)
Supplies	(524)	(538)	(594)	(603)	(2,260)	(613)	(557)	(553)
Personnel expenses	(249)	(290)	(302)	(325)	(1,165)	(319)	(300)	(283)
Other operating expenses	(883)	(991)	(1,102)	(1,102)	(4,079)	(1,170)	(1,149)	(1,103)
Other net income (expense)	2	(21)	(3)	24	2	6	(22)	(8)
Gain (loss) on sale of fixed assets	1	-	-	(2)	(1)	5	(20)	3
Impairment of goodwill and other assets	2	(2)	(1)	3	1	(6)	17	(0)
Operating income before D&A (OIBDA)	805	838	978	1,081	3,702	1,104	1,034	1,024
OIBDA Margin	33.1%	31.6%	33.2%	35.4%	33.4%	34.9%	34.1%	34.9%
CapEx	348	444	577	768	2,137	397	518	598
Spectrum	-	-	47	1	48	-	-	-
OpCF (OIBDA-CapEx)	457	394	402	313	1,566	707	515	426

Notes:

- Since 1 July 2017, T. Brasil includes the results of Terra.
- Since 1 April 2016, T. Brasil reflects all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations)
- The results of T. Brasil do not include intra-group capital gains resulting from the transfer of towers to Telxius in 2016.
- 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)

	2016				2017		
	March	June	September	December	March	June	September
Final Clients Accesses	97,283.7	97,121.4	97,276.6	97,204.2	97,331.7	97,679.1	97,732.9
Fixed telephony accesses (1)	14,945.4	14,742.1	14,629.9	14,338.4	14,242.0	14,167.6	14,007.3
Internet and data accesses	7,294.2	7,321.8	7,397.5	7,383.2	7,439.6	7,537.2	7,554.0
Broadband	7,229.2	7,263.5	7,325.3	7,311.0	7,369.5	7,468.6	7,485.5
FTTx/cable	3,954.5	4,023.2	4,115.4	4,145.8	4,226.8	4,365.9	4,472.2
Mobile accesses	73,257.4	73,296.1	73,486.9	73,769.8	73,988.8	74,327.1	74,553.6
Prepay	42,011.5	41,669.4	40,995.6	40,387.2	40,171.5	39,652.1	38,897.4
Contract	31,245.8	31,626.7	32,491.3	33,382.6	33,817.3	34,675.0	35,656.2
M2M	4,390.0	4,590.3	4,770.4	5,005.1	5,271.5	5,590.8	5,845.3
Pay TV	1,786.7	1,761.4	1,762.2	1,712.7	1,661.3	1,647.2	1,618.0
Wholesale Accesses	21.0	20.7	18.7	17.9	17.5	17.0	16.9
Total Accesses	97,304.7	97,142.1	97,295.4	97,222.2	97,349.2	97,696.1	97,749.8

(1) Includes fixed wireless and VoIP accesses.

## SELECTED OPERATIONAL DATA

Unaudited figures

	2016				2017		
	March	June	September	December	March	June	September
Contract percentage (%)	42.7%	43.1%	44.2%	45.3%	45.7%	46.7%	47.8%
Smartphones ('000)	40,327.0	39,670.8	49,573.1	50,008.2	50,647.3	52,687.8	53,323.6
Smartphone penetration (%)	61.0%	60.0%	74.8%	75.2%	76.0%	78.8%	79.5%
LTE ('000)	12,498.3	15,115.2	18,295.7	22,240.9	25,422.1	28,645.5	31,645.4
LTE penetration (%)	18.1%	22.0%	26.6%	32.3%	37.0%	41.7%	46.1%
Mobile churn (quarterly)	3.3%	3.1%	3.4%	3.5%	3.3%	3.3%	3.4%
Contract (1)	1.8%	1.9%	1.8%	1.7%	1.6%	1.8%	1.9%
Mobile churn (cumulative YTD)	3.3%	3.2%	3.3%	3.4%	3.3%	3.3%	3.4%
Contract (1)	1.8%	1.8%	1.8%	1.8%	1.6%	1.7%	1.8%
Mobile ARPU (EUR) (cumulative YTD)	6.1	6.4	6.8	7.1	8.2	8.0	7.8
Prepay	3.2	3.3	3.5	3.4	4.1	3.9	3.8
Contract (1)	11.5	12.1	12.9	12.9	15.4	15.1	14.6
Mobile data traffic (TB) (cumulative YTD)	79,146	164,803	265,603	379,541	129,160	286,854	471,023
Fixed telephony ARPU (EUR) (cumulative YTD)	11.3	11.7	12.2	12.3	13.7	13.3	12.7
Pay TV ARPU (EUR) (cumulative YTD)	20.6	21.6	23.0	23.8	28.2	27.5	27.3
Broadband ARPU (EUR) (cumulative YTD)	10.3	10.8	11.3	11.7	14.5	14.2	13.9
Fixed data traffic (TB) (cumulative YTD)	2,485,715	5,215,363	8,031,104	11,164,483	3,428,917	7,379,965	11,808,743

## 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 = 10<sup>12</sup> 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 HISPANOAMÉRICA  
CONSOLIDATED INCOME STATEMENT  
Unaudited figures (Euros in millions)

	2016					2017		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep
Revenues	3,054	2,961	3,129	3,435	12,579	3,285	3,134	2,981
Mobile Business	2,101	1,969	2,132	2,378	8,580	2,266	2,128	2,045
Mobile service revenues	1,877	1,760	1,915	2,074	7,627	1,997	1,844	1,770
Data revenues	920	876	925	1,000	3,721	1,071	1,038	996
Handset revenues	224	209	216	304	953	269	284	275
Fixed Business	952	991	998	1,057	3,999	1,018	1,007	936
FBB and new services revenues (1)	476	518	517	559	2,070	534	526	500
Pay TV revenues	144	149	156	161	610	169	166	158
Voice & access revenues	333	324	325	337	1,319	315	315	277
Internal exp. capitalized in fixed assets	27	28	29	42	126	35	34	37
Operating expenses	(2,237)	(2,172)	(2,223)	(2,505)	(9,137)	(2,424)	(2,313)	(2,146)
Supplies	(916)	(897)	(910)	(995)	(3,718)	(958)	(920)	(843)
Personnel expenses	(380)	(365)	(360)	(482)	(1,587)	(435)	(397)	(365)
Other operating expenses	(940)	(911)	(953)	(1,028)	(3,832)	(1,031)	(996)	(939)
Other net income (expense)	21	18	36	28	104	9	23	8
Gain (loss) on sale of fixed assets	-	(1)	(2)	20	18	(0)	14	2
Impairment of goodwill and other assets (2)	-	-	-	(215)	(215)	-	-	-
Operating income before D&A (OIBDA)	866	834	969	804	3,474	904	892	883
OIBDA Margin	28.4%	28.2%	31.0%	23.4%	27.6%	27.5%	28.5%	29.6%
CapEx	461	557	782	815	2,615	430	493	931
Spectrum (3)	-	-	282	2	284	3	-	498
OpCF (OIBDA-CapEx)	404	277	187	(10)	859	474	399	(48)

Notes:

- After considering Venezuela as a hyperinflationary country, P&L and CapEx from the operations in the country are to be accounted at the closing exchange rate Bolivar Fuerte/Euro. For the January-September 2017 period Telefónica uses a synthetic exchange rate of 8,422 Venezuelan bolivars fuertes per dollar at September 2017.

- OIBDA before management and brand fees.

- 2016 and 2017 reported figures include the hyperinflationary adjustments in Venezuela in both years.

(1) Includes broadband connectivity services (retail and wholesale), including value-added services, data and ICT revenues, other services over connectivity and FBB equipment.

(2) Includes goodwill impairments of €91m in Mexico and €124m in Venezuela in October-December 2016.

(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.

- T. Hispanoamérica results reflects all the charges related to the towers transferred to Telxius (T. Perú since 1 April 2016 and T. Chile since 1 May 2016), which are now presented in Telxius (Other Companies & Eliminations). Likewise, since 1 January 2016, T. Chile includes the results of the data center business in which were before presented in Other Companies & Eliminations of T. Group.

- Since 1 January 2016, Mobile Revenues and Fixed revenues have been revised due to different allocation criteria. This change does not affect total revenue figure reported for 2016.

- Also since 1 January 2016, Mobile Data Revenues have been revised due to different allocation criteria between Mobile Data revenues and Other Mobile Service revenues. This change does not affect total Mobile Service Revenue figure reported for 2016.



TELEFÓNICA HISPANOAMÉRICA  
ACCESSES

Unaudited figures (thousands)

	2016				2017		
	March	June	September	December	March	June	September
Final Clients Accesses	134,274.3	134,422.4	135,343.0	135,850.3	133,093.4	131,707.4	130,196.8
Fixed telephony accesses (1)	12,497.9	12,400.6	12,229.2	11,938.6	11,749.5	11,588.3	11,372.1
Internet and data accesses	5,706.8	5,772.1	5,791.0	5,707.9	5,693.9	5,687.3	5,691.0
Broadband	5,624.8	5,642.2	5,645.8	5,570.7	5,544.8	5,538.0	5,541.4
FTTx/cable	835.4	923.8	946.2	1,109.1	1,279.9	1,351.9	1,601.2
Mobile accesses	113,218.7	113,344.0	114,399.7	115,284.5	112,707.5	111,470.8	110,142.7
Prepay	87,934.3	87,810.5	88,799.5	89,461.2	86,998.6	85,903.0	84,628.7
Contract (2)	25,284.4	25,533.6	25,600.2	25,823.3	25,709.0	25,567.8	25,514.0
M2M	2,315.1	2,354.3	2,532.4	2,561.3	2,627.4	2,709.0	2,800.7
Pay TV	2,850.9	2,905.6	2,923.1	2,919.2	2,942.5	2,961.0	2,991.0
Wholesale Accesses	28.2	27.5	81.8	66.5	65.5	64.5	79.0
Total Accesses	134,302.5	134,449.9	135,424.8	135,916.8	133,158.9	131,771.9	130,275.7

(1) Includes fixed wireless and VoIP accesses.

(2) Since September 2016, 55 thousand wholesale accesses have been reclassified from Mobile contract to Wholesale accesses in Mexico.

MOBILE ACCESSES

Unaudited figures

	2016				2017		
	March	June	September	December	March	June	September
Contract percentage (%)	22.3%	22.5%	22.4%	22.4%	22.8%	22.9%	23.2%
Smartphones ('000)	41,448.0	43,082.8	45,031.3	46,134.0	50,408.4	50,456.8	50,492.2
Smartphone penetration (%)	37.8%	39.3%	40.7%	41.3%	46.3%	46.9%	47.5%
LTE ('000)	9,859.6	11,023.3	12,998.2	15,493.4	17,041.5	18,968.5	21,720.3
LTE penetration (%)	8.9%	9.9%	11.9%	13.8%	15.5%	17.5%	20.3%

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TELEFÓNICA ARGENTINA  
 SELECTED FINANCIAL DATA  
*Unaudited figures (Euros in millions)*

	2016					2017		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep
Revenues	689	709	750	852	3,000	876	918	810
Mobile Business	424	426	465	552	1,867	573	591	530
Mobile service revenues	374	377	410	466	1,628	510	515	449
Data revenues	186	196	226	253	861	278	302	277
Handset revenues	50	50	55	85	239	63	75	81
Fixed Business	265	283	285	300	1,133	302	327	281
FBB and new services revenues (1)	169	179	178	187	714	185	193	171
Voice & access revenues	96	104	107	113	419	117	135	109
OIBDA	149	165	211	272	797	231	275	241
OIBDA margin	21.6%	23.3%	28.1%	32.0%	26.6%	26.4%	30.0%	29.7%
CapEx	159	152	136	130	577	151	146	126
Spectrum	-	-	-	-	-	-	-	-
OpCF (OIBDA-CapEx)	(10)	13	75	142	220	80	129	115

*Note:*

- 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.

- Since 1 January 2016 Mobile Revenues and Fixed Revenues have been revised due to different allocation criteria. This change does not affect total revenue figure reported for 2016.

- Also since 1 January 2016 Mobile Data Revenues have been revised due to different allocation criteria between Mobile Data revenues and Other Mobile Service revenues. This change does not affect total Mobile Service Revenue figure reported for 2016.

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TELEFÓNICA ARGENTINA  
ACCESSES

Unaudited figures (Thousands)

	2016				2017		
	March	June	September	December	March	June	September
Final Clients Accesses	26,430.8	26,242.8	26,755.4	27,096.0	26,370.4	25,981.8	25,770.2
Fixed telephony accesses (1)	4,599.7	4,550.5	4,503.3	4,447.7	4,374.3	4,314.5	4,221.9
Fixed wireless	276.0	256.2	243.5	237.2	233.3	227.7	221.8
Internet and data accesses	1,911.8	1,910.9	1,907.7	1,882.9	1,841.0	1,802.5	1,758.9
Broadband	1,880.6	1,878.5	1,875.6	1,851.5	1,800.5	1,762.6	1,720.3
FTTx/cable	9.1	9.8	13.8	35.1	75.8	133.6	192.7
Mobile accesses	19,919.2	19,781.5	20,344.4	20,765.4	20,155.1	19,864.8	19,789.4
Prepay	12,989.8	12,851.6	13,258.6	13,579.8	12,936.0	12,561.7	12,386.1
Contract	6,929.4	6,929.9	7,085.8	7,185.6	7,219.1	7,303.1	7,403.3
M2M	439.2	428.3	501.3	521.3	546.2	581.0	588.0
Wholesale Accesses	22.4	21.8	21.3	21.1	20.4	20.2	34.9
Total Accesses	26,453.2	26,264.7	26,776.7	27,117.1	26,390.8	26,002.0	25,805.1

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2016				2017		
	March	June	September	December	March	June	September
Contract percentage (%)	34.8%	35.0%	34.8%	34.6%	35.8%	36.8%	37.4%
Smartphones ('000)	7,700.6	8,328.3	9,286.3	8,953.5	9,194.8	8,789.6	9,195.1
Smartphone penetration (%)	39.8%	43.4%	47.1%	44.5%	47.2%	45.9%	48.2%
LTE ('000)	2,213.3	2,462.0	3,130.3	3,744.8	4,136.7	4,136.7	5,363.2
LTE penetration (%)	11.4%	12.7%	15.8%	18.5%	21.1%	24.4%	27.9%
Mobile churn (quarterly)	3.3%	3.1%	2.7%	2.7%	3.4%	3.1%	2.9%
Contract (1)	1.2%	1.4%	0.8%	1.3%	1.2%	1.2%	1.2%
Mobile churn (cumulative YTD)	3.3%	3.2%	3.1%	3.0%	3.4%	3.2%	3.1%
Contract (1)	1.2%	1.3%	1.1%	1.1%	1.2%	1.2%	1.2%
Mobile ARPU (EUR) (cumulative YTD)	6.5	6.6	6.6	7.1	8.6	8.7	8.4
Prepay	1.9	2.0	1.9	1.9	2.5	2.6	2.6
Contract (1)	16.2	16.2	16.1	15.7	21.0	21.0	19.9
Mobile data traffic (TB) (cumulative YTD)	23,517	51,940	87,337	126,846	42,378	92,707	153,286
Fixed telephony ARPU (EUR) (cumulative YTD)	6.6	7.1	9.2	8.5	8.6	9.5	9.1
Broadband ARPU (EUR) (cumulative YTD)	17.6	18.1	22.0	18.4	20.8	21.7	21.3
Fixed data traffic (TB) (cumulative YTD) (2)	203,887	449,311	723,644	1,011,610	296,597	636,815	1,018,913

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 = 10<sup>12</sup> 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)

	2016					2017		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep
Revenues	511	523	537	590	2,163	561	538	523
Mobile Business	298	296	309	333	1,236	329	307	300
Mobile service revenues	268	267	276	291	1,102	287	268	259
Data revenues	130	133	140	147	550	147	137	131
Handset revenues	30	29	33	42	135	42	39	41
Fixed Business	213	227	229	257	926	232	231	222
FBB and new services revenues (1)	96	107	109	127	439	112	113	111
Pay TV revenues	55	58	59	61	233	61	62	60
Voice & access revenues	62	62	61	68	254	59	56	52
OIBDA	176	168	181	180	704	174	165	158
OIBDA margin	34.4%	32.0%	33.6%	30.4%	32.5%	31.1%	30.6%	30.2%
CapEx	116	102	70	121	409	87	93	58
Spectrum	-	-	-	-	-	-	-	-
OpCF (OIBDA-CapEx)	60	66	110	59	295	87	72	99

Notes:

- 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.

- Since 1 May 2016, T. Chile reflects all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations of T. Group), and also since 1 January 2016, T. Chile includes the results of the data center business which were before presented in Other Companies & Eliminations.

- The results of T. Chile do not include intra-group capital gains resulting from the transfer of towers to Telxius in 2016.

- Since 1 January 2016, Mobile revenues and Fixed revenues have been revised due to different allocation criteria. This change does not affect total revenue figure reported for 2016.

- Also since 1 January 2016, Mobile data revenues have been revised due to different allocation criteria between Mobile data revenues and Other mobile service revenues. This change does not affect total Mobile service revenues figure reported for 2016.

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TELEFÓNICA CHILE  
ACCESSES

Unaudited figures (Thousands)

	2016				2017		
	March	June	September	December	March	June	September
Final Clients Accesses	12,741.5	12,481.1	12,430.0	12,301.3	12,210.5	12,142.9	12,248.6
Fixed telephony accesses (1)	1,459.0	1,438.4	1,422.8	1,406.5	1,380.5	1,365.1	1,350.5
Internet and data accesses	1,109.1	1,150.8	1,146.2	1,140.5	1,138.8	1,162.9	1,170.4
Broadband	1,098.4	1,093.3	1,096.7	1,090.3	1,088.1	1,111.6	1,118.6
FTTx	268.9	290.2	312.2	324.3	329.0	341.9	354.3
Mobile accesses	9,527.9	9,235.1	9,199.8	9,093.9	9,034.4	8,945.3	9,044.6
Prepay	6,524.9	6,150.1	6,070.5	5,956.0	5,891.1	5,817.3	5,889.7
Contract	3,002.9	3,085.0	3,129.2	3,137.9	3,143.3	3,128.0	3,154.9
M2M	331.2	354.8	378.0	369.4	377.8	387.0	405.6
Pay TV	645.6	656.8	661.3	660.5	656.8	669.7	683.1
Wholesale Accesses	5.2	5.1	5.1	5.1	5.3	5.2	5.2
Total Accesses	12,746.7	12,486.2	12,435.2	12,306.5	12,215.7	12,148.1	12,253.8

(1) Includes fixed wireless and VoIP accesses.

SELECTED OPERATIONAL DATA

Unaudited figures

	2016				2017		
	March	June	September	December	March	June	September
Contract percentage (%)	31.5%	33.4%	34.0%	34.5%	34.8%	35.0%	34.9%
Smartphones ('000)	2,957	2,864	2,883	2,902	2,962	2,895	2,933
Smartphone penetration (%)	32.9%	33.0%	33.5%	34.2%	35.3%	35.0%	35.1%
LTE ('000)	1,180	1,341	1,583	1,744	1,837	1,880	2,211
LTE penetration (%)	12.8%	15.1%	17.9%	20.0%	21.2%	22.0%	25.6%
Mobile churn (quarterly)	3.6%	3.7%	3.2%	3.6%	3.3%	3.4%	3.0%
Contract (1)	2.0%	2.1%	2.2%	2.4%	2.4%	2.6%	2.7%
Mobile churn (cumulative YTD)	3.6%	3.7%	3.5%	3.6%	3.3%	3.3%	3.2%
Contract (1)	2.0%	2.1%	2.3%	2.4%	2.4%	2.5%	2.6%
Mobile ARPU (EUR) (cumulative YTD)	8.9	9.0	9.1	9.5	10.1	9.8	9.5
Prepay	3.0	3.0	2.9	2.6	2.9	2.8	2.6
Contract (1)	24.7	24.8	24.9	23.9	26.6	25.8	25.2
Mobile data traffic (TB) (cumulative YTD)	27,449	55,131	90,932	131,081	42,969	92,426	150,683
Fixed telephony ARPU (EUR) (cumulative YTD)	13.1	13.3	14.8	14.5	13.0	12.8	12.5
Pay TV ARPU (EUR) (cumulative YTD)	24.4	24.6	24.8	25.2	26.1	25.6	24.9
Broadband ARPU (EUR) (cumulative YTD)	16.2	16.6	18.0	17.5	18.8	18.1	17.4
Fixed data traffic (TB) (cumulative YTD)	321,246	665,841	1,050,624	1,490,584	434,322	970,592	1,502,438

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 = 10<sup>12</sup> 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 PERÚ  
SELECTED FINANCIAL DATA  
*Unaudited figures (Euros in millions)*

	2016					2017		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep
Revenues	624	620	619	635	2,499	620	578	558
Mobile Business	351	338	340	344	1,373	335	313	291
Mobile service revenues (1)	313	299	300	294	1,206	290	275	255
Data revenues	161	164	158	155	638	174	146	151
Handset revenues	38	38	41	50	167	45	38	36
Fixed Business	273	283	279	291	1,126	286	266	267
FBB and new services revenues (2)	133	145	138	151	568	144	134	134
Pay TV revenues	69	71	73	75	288	81	80	77
Voice & access revenues	71	67	68	65	271	61	51	55
OIBDA	187	202	215	175	779	156	137	148
OIBDA margin	30.0%	32.6%	34.7%	27.5%	31.2%	25.2%	23.8%	26.6%
CapEx	55	94	361	207	717	54	103	73
Spectrum	-	-	282	2	284	-	-	-
OpCF (OIBDA-CapEx)	133	108	(146)	(32)	62	103	35	76

*Note:*

- OIBDA is presented before management and brand fees.

(1) Includes fixed wireless revenues.

(2) Includes broadband connectivity services (retail and wholesale), including value-added services, data and ICT revenues, other services over connectivity and FBB equipment.

- Since 1 April 2016, T. Perú reflects all the charges related to the towers transferred to Telxius, which are now presented in Telxius (Other Companies & Eliminations).

- The results of T. Perú do not include intra-group capital gains resulting from the transfer of towers to Telxius.

- Since 1 January 2016, Mobile Revenues and Fixed revenues have been revised due to different allocation criteria. This change does not affect total revenue figure reported for 2016.

- Also since 1 January 2016, Mobile Data Revenues have been revised due to different allocation criteria between Mobile Data revenues and Other Mobile Service revenues. This change does not affect total Mobile Service Revenue figure reported for 2016.

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## TELEFÓNICA PERÚ

## ACCESSES

Unaudited figures (Thousands)

	2016				2017		
	March	June	September	December	March	June	September
Fixed telephony accesses (1)	2,452.1	2,491.0	2,486.8	2,445.1	2,455.0	2,458.2	2,471.9
Fixed wireless	127.7	117.6	95.5	72.3	84.6	84.9	85.4
Internet and data accesses	1,663.9	1,685.0	1,696.5	1,691.1	1,707.3	1,722.1	1,758.7
Broadband	1,639.2	1,660.3	1,666.8	1,660.9	1,676.8	1,691.9	1,728.2
FTTx/cable	557.0	623.7	620.1	722.7	841.7	821.7	967.7
Mobile accesses	16,445.4	16,211.9	15,954.2	15,498.5	14,810.6	14,438.8	13,826.5
Prepay	10,530.0	10,228.5	10,214.7	9,807.8	9,429.8	9,397.5	9,073.7
Contract	5,915.5	5,983.4	5,739.5	5,690.7	5,380.9	5,041.3	4,752.7
M2M	81.7	79.7	90.1	85.1	82.9	82.1	92.7
Pay TV	1,229.6	1,250.3	1,261.3	1,275.1	1,297.4	1,309.3	1,326.2
Total Accesses	21,791.0	21,638.3	21,398.8	20,909.8	20,270.3	19,928.4	19,383.2

(1) Includes fixed wireless and VoIP accesses.

## SELECTED OPERATIONAL DATA

Unaudited figures

	2016				2017		
	March	June	September	December	March	June	September
Contract percentage (%)	36.0%	36.9%	36.0%	36.7%	36.3%	34.9%	34.4%
Smartphones ('000)	4,652.9	4,867.0	4,951.9	4,900.5	8,130.0	8,283.6	8,291.3
Smartphone penetration (%)	28.6%	30.3%	31.4%	32.0%	55.5%	58.0%	60.7%
LTE ('000)	1,464.1	1,851.4	2,095.7	2,348.3	2,370.0	2,505.4	2,324.4
LTE penetration (%)	8.9%	11.5%	13.2%	15.2%	16.1%	17.5%	16.9%
Mobile churn (quarterly)	4.8%	5.0%	5.2%	5.4%	5.3%	5.1%	5.5%
Contract (1)	2.5%	2.6%	3.5%	3.1%	2.7%	3.1%	3.1%
Mobile churn (cumulative YTD)	4.8%	4.9%	5.0%	5.1%	5.3%	5.2%	5.3%
Contract (1)	2.5%	2.6%	3.1%	3.3%	2.7%	2.9%	3.0%
Mobile ARPU (EUR) (cumulative YTD)	6.3	6.2	6.1	6.3	6.3	6.3	6.2
Prepay	2.8	3.0	2.5	2.5	2.1	2.0	2.1
Contract (1)	12.0	11.8	12.5	11.3	13.7	13.8	13.7
Mobile data traffic (TB) (cumulative YTD)	11,451	23,486	39,758	77,864	37,157	84,961	133,034
Fixed telephony ARPU (EUR) (cumulative YTD)	9.4	9.1	7.6	8.3	7.5	7.0	6.8
Pay TV ARPU (EUR) (cumulative YTD)	16.6	16.3	17.6	17.8	19.4	19.1	18.8
Broadband ARPU (EUR) (cumulative YTD)	16.4	16.2	19.3	15.9	15.6	15.1	14.7
Fixed data traffic (TB) (cumulative YTD)	407,019	809,376	1,317,625	1,968,734	692,053	1,378,078	2,075,593

## 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 = 10<sup>12</sup> 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 COLOMBIA  
 SELECTED FINANCIAL DATA  
*Unaudited figures (Euros in millions)*

	2016					2017		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep
Revenues	323	347	364	375	1,409	388	368	338
Mobile Business	198	209	220	234	861	243	230	214
Mobile service revenues	172	180	193	198	743	206	194	182
Data revenues	68	76	87	92	323	109	112	106
Handset revenues	26	29	27	37	118	37	36	32
Fixed Business	125	138	144	140	548	145	138	124
FBB and new services revenues (1)	65	74	75	70	284	73	70	66
Pay TV revenues	17	18	21	21	77	23	22	20
Voice & access revenues	44	46	48	49	187	49	46	38
OIBDA	107	108	123	126	464	129	124	113
OIBDA margin	33.3%	31.0%	33.8%	33.7%	33.0%	33.4%	33.7%	33.5%
CapEx	33	83	98	116	330	60	56	542
Spectrum (2)	-	-	-	-	-	-	-	470
OpCF (OIBDA-CapEx)	74	25	25	10	134	70	68	(428)

Note:

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

- Since 1 January 2016, Mobile Data Revenues have been revised due to different allocation criteria between Mobile Data revenues and Other Mobile Service revenues. This change does not affect total Mobile Service Revenue figure reported for 2016.

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## TELEFÓNICA COLOMBIA

## ACCESSES

Unaudited figures (Thousands)

	2016				2017		
	March	June	September	December	March	June	September
Final Clients Accesses	15,977.2	16,161.0	16,503.1	16,573.4	16,471.3	16,610.7	16,964.5
Fixed telephony accesses (1)	1,414.2	1,402.7	1,389.4	1,353.4	1,352.7	1,330.6	1,319.7
Internet and data accesses	1,008.4	1,011.6	1,025.1	977.2	990.0	982.3	984.9
Broadband	999.9	1,003.2	1,003.2	964.1	976.8	969.1	971.5
FTTx	-	-	-	27.1	33.4	54.6	86.5
Mobile accesses	13,057.2	13,226.3	13,556.9	13,725.3	13,603.0	13,768.6	14,130.1
Prepay	9,625.1	9,730.2	10,019.0	10,136.8	9,974.3	10,096.8	10,401.1
Contract	3,432.1	3,496.1	3,537.9	3,588.5	3,628.6	3,671.8	3,729.0
M2M	471.0	464.3	481.3	478.7	474.8	463.7	468.6
Pay TV	497.4	520.4	531.7	517.5	525.6	529.3	529.8
Wholesale Accesses	0.6	0.6	0.6	0.5	0.5	0.5	0.5
<b>Total Accesses</b>	<b>15,977.8</b>	<b>16,161.6</b>	<b>16,503.7</b>	<b>16,573.9</b>	<b>16,471.8</b>	<b>16,611.2</b>	<b>16,965.0</b>

(1) Includes fixed wireless and VoIP accesses.

## SELECTED OPERATIONAL DATA

Unaudited figures

	2016				2017		
	March	June	September	December	March	June	September
Contract percentage (%)	26.3%	26.4%	26.1%	26.1%	26.7%	26.7%	26.4%
Smartphones ('000)	4,391.3	4,516.1	4,744.8	5,043.4	5,324.1	5,477.0	5,761.4
Smartphone penetration (%)	35.5%	36.0%	36.8%	38.6%	41.1%	41.7%	42.7%
LTE ('000)	1,375.6	1,667.1	1,943.0	2,340.6	2,682.5	3,193.6	3,731.2
LTE penetration (%)	10.9%	13.1%	14.9%	17.7%	20.4%	24.0%	27.3%
Mobile churn (quarterly)	3.2%	3.2%	2.9%	3.5%	4.2%	3.4%	2.9%
Contract (1)	1.8%	1.7%	1.7%	1.6%	1.5%	1.6%	1.5%
Mobile churn (cumulative YTD)	3.2%	3.2%	3.1%	3.2%	4.2%	3.8%	3.5%
Contract (1)	1.8%	1.8%	1.6%	1.5%	1.5%	1.5%	1.5%
Mobile ARPU (EUR) (cumulative YTD)	4.2	4.3	4.3	4.4	4.7	4.6	4.5
Prepay	1.1	1.2	1.1	1.0	1.2	1.2	1.2
Contract (1)	14.6	14.8	15.0	14.2	16.4	15.9	15.3
Mobile data traffic (TB) (cumulative YTD)	14,077	29,400	46,343	66,085	22,498	48,002	75,237
Fixed telephony ARPU (EUR) (cumulative YTD)	9.8	10.1	10.7	10.7	11.1	10.8	10.2
Pay TV ARPU (EUR) (cumulative YTD)	11.0	11.3	11.9	12.2	14.3	14.1	13.5
Broadband ARPU (EUR) (cumulative YTD)	8.2	8.5	10.3	9.2	11.0	11.1	10.9
Fixed data traffic (TB) (cumulative YTD) (2)	70,654	149,797	234,125	319,800	89,505	192,552	296,678

## 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 = 10<sup>12</sup> bytes). Promotional traffic is included. Traffic not associated

(1) Excludes M2M.

(2) Includes solely traffic pertaining to FBB accesses, not Business customers.

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TELEFÓNICA MÉXICO  
SELECTED FINANCIAL DATA

Unaudited figures (Euros in millions)

	2016					2017		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep
Revenues	409	337	316	347	1,410	314	356	332
Service revenues	360	303	286	298	1,246	267	294	282
Data revenues	167	133	111	122	533	111	159	141
Handset revenues	50	33	30	50	164	48	62	50
OIBDA (1)	106	62	81	60	309	64	81	79
OIBDA margin	25.9%	18.4%	25.6%	17.3%	21.9%	20.5%	22.8%	23.7%
CapEx	42	54	34	88	219	43	35	53
Spectrum	-	-	-	-	-	4	-	-
OpCF (OIBDA-CapEx)	65	8	47	(28)	90	21	46	26

Note:

- OIBDA is presented before management and brand fees.

(1) Goodwill impairment of 91 million euros in October-December 2016 not included in T. México results, but in T. Hispanoamérica.

- Since 1 January 2016, Data Revenues have been revised due to different allocation criteria between Data revenues and other service revenues. This change does not affect total Service Revenue figure reported for 2016.

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## TELEFÓNICA MÉXICO

## ACCESSSES

Unaudited figures (Thousands)

	2016				2017		
	March	June	September	December	March	June	September
Mobile accesses	25,655.4	25,928.8	25,937.5	26,557.2	25,657.9	25,277.7	24,539.2
Prepay	23,803.2	24,069.1	24,081.0	24,620.1	23,639.3	23,197.6	22,408.7
Contract (1)	1,852.2	1,859.7	1,856.5	1,937.2	2,018.6	2,080.1	2,130.5
M2M	602.6	629.2	658.3	668.4	710.1	744.0	789.2
Fixed wireless	1,296.9	1,252.9	1,176.8	1,057.4	974.4	924.2	849.5
Wholesale Accesses (1)	-	-	54.8	39.8	39.2	38.5	38.4
Total Accesses	26,952.3	27,181.7	27,169.1	27,654.4	26,671.5	26,240.4	25,427.1

(1) Since September 2016, 55 thousand wholesale accesses have been reclassified from mobile contract to wholesale accesses.

## SELECTED OPERATIONAL DATA

Unaudited figures

	2016				2017		
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep
Contract percentage (%)	7.2%	7.2%	7.2%	7.3%	7.9%	8.2%	8.7%
Smartphones ('000)	10,916	11,489	11,570	11,961	11,866	11,790	11,484
Smartphone penetration (%)	43.8%	45.6%	45.8%	46.3%	47.6%	48.1%	48.4%
LTE ('000)	2,155	2,478	2,777	3,312	3,658	4,035	4,310
LTE penetration (%)	8.6%	9.8%	11.0%	12.8%	14.7%	16.4%	18.1%
Mobile churn (quarterly)	3.5%	3.3%	3.6%	3.7%	4.8%	3.9%	4.7%
Contract (1)	1.7%	2.9%	1.7%	1.9%	2.1%	1.9%	2.2%
Mobile churn (cumulative YTD)	3.5%	3.4%	3.5%	3.6%	4.8%	4.4%	4.5%
Contract (1)	1.7%	2.4%	1.7%	1.4%	2.1%	1.7%	1.9%
Mobile ARPU (EUR) (cumulative YTD)	3.8	3.5	3.3	3.3	2.7	2.9	3.0
Prepay	3.3	3.0	2.8	2.1	2.3	2.4	2.5
Contract (1)	14.6	14.2	14.2	12.8	12.1	12.4	12.5
Mobile data traffic (TB) (cumulative YTD)	17,192	37,369	60,088	86,315	30,861	69,939	112,251

## 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 = 10<sup>12</sup> 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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## REST OF COUNTRIES OF T. HISPANOAMÉRICA

## SELECTED FINANCIAL DATA

Unaudited figures (Euros in millions)

	2016					2017		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun	Jul - Sep
<b>Revenues</b>	<b>503</b>	<b>428</b>	<b>548</b>	<b>642</b>	<b>2,122</b>	<b>531</b>	<b>381</b>	<b>423</b>
Telefónica Venezuela	77	21	138	196	432	98	(32)	23
Telefónica Central America	227	220	221	244	912	233	216	213
Telefónica Ecuador	145	135	132	139	551	135	137	132
Telefónica Uruguay	54	52	57	63	226	65	60	55
<b>Service Revenues</b>	<b>472</b>	<b>398</b>	<b>519</b>	<b>603</b>	<b>1,991</b>	<b>496</b>	<b>347</b>	<b>388</b>
Telefónica Venezuela	75	21	134	191	420	95	(31)	22
Telefónica Central America	213	205	209	229	856	219	200	199
Telefónica Ecuador	133	124	123	125	506	122	122	116
Telefónica Uruguay	51	48	53	58	210	60	56	51
<b>OIBDA</b>	<b>140</b>	<b>117</b>	<b>159</b>	<b>207</b>	<b>623</b>	<b>149</b>	<b>109</b>	<b>132</b>
Telefónica Venezuela (1)	22	4	35	51	111	22	(2)	5
Telefónica Central America	53	57	62	82	254	63	51	66
Telefónica Ecuador	45	38	42	52	177	41	39	40
Telefónica Uruguay	20	17	20	23	80	23	21	21
<b>CapEx</b>	<b>57</b>	<b>71</b>	<b>83</b>	<b>152</b>	<b>363</b>	<b>36</b>	<b>60</b>	<b>79</b>
Telefónica Venezuela	9	13	27	42	91	3	4	4
Telefónica Central America	32	35	25	48	139	20	30	22
Telefónica Ecuador	12	18	24	45	99	7	19	17
Telefónica Uruguay	3	6	7	18	34	5	8	36
<b>Spectrum</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28</b>
Telefónica Venezuela	-	-	-	-	-	-	-	-
Telefónica Central America	-	-	-	-	-	-	-	-
Telefónica Ecuador	-	-	-	-	-	-	-	-
Telefónica Uruguay	-	-	-	-	-	-	-	28
<b>OpCF (OIBDA-CapEx)</b>	<b>83</b>	<b>45</b>	<b>76</b>	<b>55</b>	<b>259</b>	<b>113</b>	<b>49</b>	<b>53</b>
Telefónica Venezuela	13	(9)	8	8	20	19	(5)	1
Telefónica Central America	22	22	38	34	116	43	21	44
Telefónica Ecuador	33	20	18	7	78	33	20	23
Telefónica Uruguay	17	12	13	5	46	18	13	(15)

- After considering Venezuela as a hyperinflationary country, P&L and CapEx from the operations in the country are to be accounted at the closing exchange rate Bolivar Fuerte/Euro. For the January-September 2017 period Telefónica uses a synthetic exchange rate of 8,422 Venezuelan bolivars fuertes per dollar at September 2017.

- OIBDA is presented before management and brand fees.

- Reported figures include the hyperinflationary adjustments in Venezuela in both years.

- Central America includes Guatemala, Panama, El Salvador, Nicaragua and Costa Rica.

(1) Goodwill impairment of €124m in October-December 2016 not included in T. Venezuela results, but in T. Hispanoamérica.

## ACCESSES

Unaudited figures

	2016				2017		
	March	June	September	December	March	June	September
<b>Fixed telephony accesses (1)</b>	<b>1,276.1</b>	<b>1,263.7</b>	<b>1,250.3</b>	<b>1,229.8</b>	<b>1,212.6</b>	<b>1,195.8</b>	<b>1,158.7</b>
<b>Internet and data accesses</b>	<b>13.7</b>	<b>13.7</b>	<b>13.0</b>	<b>13.3</b>	<b>16.9</b>	<b>17.6</b>	<b>18.1</b>
Broadband	6.7	6.9	2.8	3.0	2.6	2.7	2.8
<b>Mobile accesses</b>	<b>28,613.6</b>	<b>28,960.4</b>	<b>29,407.0</b>	<b>29,644.2</b>	<b>29,446.6</b>	<b>29,175.6</b>	<b>28,812.9</b>
Prepay	24,461.3	24,780.9	25,155.7	25,360.7	25,128.1	24,832.2	24,469.3
Contract	4,152.2	4,179.5	4,251.4	4,283.5	4,318.5	4,343.5	4,343.6
M2M	389.6	397.9	423.5	438.6	435.5	451.2	456.6
Pay TV	478.2	478.1	468.7	466.1	462.6	452.7	451.8
<b>Total Accesses</b>	<b>30,381.6</b>	<b>30,715.9</b>	<b>31,139.0</b>	<b>31,353.4</b>	<b>31,138.7</b>	<b>30,841.7</b>	<b>30,441.5</b>

(1) Includes fixed wireless and VoIP accesses.

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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)*

	2016				2017		
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep
Operating income before D&A (OIBDA)	3,838	7,756	11,931	15,118	4,021	8,179	12,274
Depreciation and amortisation	(2,322)	(4,673)	(7,131)	(9,649)	(2,451)	(4,809)	(7,131)
Operating income (OI)	1,516	3,083	4,800	5,469	1,570	3,370	5,143

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TELEFÓNICA  
NET FINANCIAL DEBT PLUS COMMITMENTS  
*Unaudited figures (Euros in millions)*

September 2017

Non-current financial liabilities	47,678
Current financial liabilities	9,730
Gross Financial Debt	57,408
Cash and cash equivalents	(3,696)
Current financial assets	(2,354)
Positive mark-to-market value of long-term derivative instruments	(3,284)
Other non-current liabilities included in "Trade and other payables"	736
Other current liabilities included in "trade and other payables"	125
Other assets included in "Non-current financial assets"	(1,199)
Other assets included in "Current trade and other receivables"	(514)
Net Financial Debt (1)	47,222
Gross commitments related to employee benefits	6,403
Value of associated Long-term assets	(721)
Tax benefits	(1,488)
Net commitments related to employee benefits	4,194
Net financial debt plus commitments	51,416
Net Financial Debt / OIBDA	2,80x

*Notes:*

*(1) Net financial debt includes a positive value of the derivatives portfolio for a net amount of €959m, €3,247m included as financial liabilities and €4,206m included as financial assets.*

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## TELEFÓNICA

## RECONCILIATION OF LEVERAGE RATIO

*Unaudited figures (Euros in millions)*

		2016				2017		
		Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep
A	Net Financial Debt (1)	50,099	52,193	49,593	48,595	48,766	48,487	47,222
B	OIBDA from last 12 months	12,996	12,696	12,653	15,118	15,301	15,541	15,461
C	OIBDA Adjustments	3,748	3,727	3,711	1,372	1,432	1,426	1,402
	OIBDA from Cos. incorporated (removed)	50	-	-	(29)	(35)	(20)	(10)
	Goodwill Impairment	104	104	104	215	215	215	215
	Restructuring charges	3,239	3,268	3,236	1,380	1,446	1,425	1,407
	Distribution channel optimization	30	30	30	18	18	18	18
	Commitments relating to the Telefónica Foundation	325	325	325	-	-	-	-
	Capital gains/losses on sale of companies	-	-	16	(212)	(212)	(212)	(228)
D= B+C	OIBDA Adjusted	16,744	16,423	16,364	16,490	16,733	16,967	16,863
E= A/D	Net Financial Debt / OIBDA	2.99x	3.18x	3.03x	2.95x	2.91x	2.86x	2.80x

*Notes:*

(1) Net financial debt as of Sep-17 includes a positive value of the derivatives portfolio for a net amount of €959m, €3,247m included as financial liabilities and €4,206m included as financial assets.

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TELEFÓNICA  
RECONCILIATION OF FREE CASH FLOW  
*Unaudited figures (Euros in millions)*

	2016				2017		
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep
Net cash flow provided by operating activities	2,207	5,392	9,302	13,338	2,743	5,954	9,863
(Payments on investments)/proceeds from the sale in property, plant and equipment and intangible assets, net (1)	(2,279)	(4,643)	(7,229)	(9,187)	(2,285)	(4,405)	(6,794)
Government grants received	-	-	-	-	-	-	-
Dividends paid to minority shareholders	-	(264)	(354)	(511)	(21)	(255)	(349)
Payments related to cancellation of commitments	141	332	598	738	166	331	507
Free Cash Flow	69	816	2,317	4,378	603	1,626	3,226

(1) (Payments on investment)/proceeds from the sale in property, plant and equipment and intangible assets, net, includes net cash received from sale of Real Estate

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

REVENUES	2016				2017			%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Sep
<b>T. ESPAÑA</b>								
REPORTED DATA	3,149	6,374	9,569	12,815	3,066	6,226	9,410	(1.7)
Changes in the consolidation perimeter	(2)	(4)	(5)	(7)	-	-	-	-
<b>T. ESPAÑA ORGANIC</b>	<b>3,148</b>	<b>6,370</b>	<b>9,563</b>	<b>12,807</b>	<b>3,066</b>	<b>6,226</b>	<b>9,410</b>	<b>(1.6)</b>
<b>T. DEUTSCHLAND</b>								
REPORTED DATA	1,858	3,691	5,567	7,503	1,771	3,542	5,392	(3.1)
<b>T. DEUTSCHLAND ORGANIC</b>	<b>1,858</b>	<b>3,691</b>	<b>5,567</b>	<b>7,503</b>	<b>1,771</b>	<b>3,542</b>	<b>5,392</b>	<b>(3.1)</b>
<b>T. UK</b>								
REPORTED DATA	1,752	3,464	5,140	6,861	1,601	3,208	4,810	(6.4)
Forex impact	-	-	-	-	187	337	428	-
<b>T. UK ORGANIC</b>	<b>1,752</b>	<b>3,464</b>	<b>5,140</b>	<b>6,861</b>	<b>1,788</b>	<b>3,545</b>	<b>5,238</b>	<b>1.9</b>
<b>T. BRASIL</b>								
REPORTED DATA	2,431	5,085	8,035	11,090	3,165	6,193	9,128	13.6
Forex impact	-	-	-	-	(696)	(1,024)	(956)	-
Changes in the consolidation perimeter	(2)	(2)	14	30	-	-	0	-
<b>T. BRASIL ORGANIC</b>	<b>2,430</b>	<b>5,084</b>	<b>8,049</b>	<b>11,120</b>	<b>2,468</b>	<b>5,169</b>	<b>8,172</b>	<b>1.5</b>
<b>T. HISPAM</b>								
REPORTED DATA	3,054	6,014	9,144	12,579	3,285	6,419	9,400	2.8
Forex impact	-	-	-	-	81	393	959	-
Hyperinflation in Venezuela	15	53	(26)	(148)	(15)	4	(2)	-
Changes in the consolidation perimeter	-	-	-	-	-	-	-	-
<b>T. HISPAM ORGANIC</b>	<b>3,068</b>	<b>6,068</b>	<b>9,117</b>	<b>12,431</b>	<b>3,351</b>	<b>6,816</b>	<b>10,358</b>	<b>13.6</b>
<b>TELEFÓNICA</b>								
REPORTED DATA	12,511	25,235	38,315	52,036	13,132	26,091	38,846	1.4
Forex impact	-	-	-	-	(439)	(315)	408	-
Hyperinflation in Venezuela	15	52	(26)	(145)	(15)	4	(2)	-
Changes in the consolidation perimeter	(30)	(82)	(133)	(158)	-	-	-	-
<b>TELEFÓNICA ORGANIC</b>	<b>12,496</b>	<b>25,204</b>	<b>38,156</b>	<b>51,734</b>	<b>12,678</b>	<b>25,781</b>	<b>39,252</b>	<b>2.9</b>
OIBDA	2016				2017			%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Sep
<b>T. ESPAÑA</b>								
REPORTED DATA	1,250	2,553	3,907	4,403	1,143	2,425	3,731	(4.5)
Changes in the consolidation perimeter	(2)	(3)	(5)	(6)	-	-	-	-
Restructuring charges	-	-	-	837	76	76	76	-
Distribution channel reorganisation plan	-	-	-	18	-	-	-	-
Capital gains/losses on sale of companies	-	-	-	(29)	-	-	-	-
<b>T. ESPAÑA ORGANIC</b>	<b>1,249</b>	<b>2,549</b>	<b>3,902</b>	<b>5,223</b>	<b>1,219</b>	<b>2,501</b>	<b>3,807</b>	<b>(2.4)</b>
<b>T. DEUTSCHLAND</b>								
REPORTED DATA	392	843	1,299	1,771	400	861	1,318	1.4
Changes in the consolidation perimeter	(9)	(12)	(12)	(12)	-	-	-	-
Restructuring charges	23	37	59	89	11	30	51	-
<b>T. DEUTSCHLAND ORGANIC</b>	<b>406</b>	<b>868</b>	<b>1,346</b>	<b>1,848</b>	<b>411</b>	<b>891</b>	<b>1,369</b>	<b>1.7</b>
<b>T. UK</b>								
REPORTED DATA	461	918	1,375	1,709	416	849	1,261	(8.3)
Forex impact	-	-	-	-	49	89	112	-
Restructuring charges	1	1	1	37	-	-	-	-
<b>T. UK ORGANIC</b>	<b>462</b>	<b>918</b>	<b>1,377</b>	<b>1,746</b>	<b>465</b>	<b>939</b>	<b>1,374</b>	<b>(0.2)</b>
<b>T. BRASIL</b>								
REPORTED DATA	805	1,643	2,621	3,702	1,104	2,138	3,162	20.6
Forex impact	-	-	-	-	(243)	(353)	(331)	-
Tower sales	-	-	-	-	-	(0)	(0)	-
Changes in the consolidation perimeter	(4)	(4)	4	10	-	-	-	-
Restructuring charges	-	25	26	41	-	-	-	-
<b>T. BRASIL ORGANIC</b>	<b>801</b>	<b>1,664</b>	<b>2,650</b>	<b>3,753</b>	<b>861</b>	<b>1,785</b>	<b>2,831</b>	<b>6.8</b>
<b>T. HISPAM</b>								
REPORTED DATA	866	1,700	2,669	3,474	904	1,796	2,679	0.4
Forex impact	-	-	-	-	17	145	301	-
Hyperinflation in Venezuela	7	19	(1)	(29)	1	5	3	-
Tower sales	(0)	(0)	(0)	(0)	(0)	(0)	(0)	-
Changes in the consolidation perimeter	(2)	(3)	(3)	(3)	-	-	-	-
Restructuring charges	(1)	3	3	84	1	5	6	-
Capital gains/losses on sale of companies	-	-	0	(15)	-	-	-	-
Impairments	-	-	-	215	-	-	-	-
<b>T. HISPAM ORGANIC</b>	<b>869</b>	<b>1,719</b>	<b>2,668</b>	<b>3,726</b>	<b>923</b>	<b>1,950</b>	<b>2,988</b>	<b>12.0</b>
<b>TELEFÓNICA</b>								
REPORTED DATA	3,838	7,756	11,931	15,118	4,021	8,179	12,274	2.9
Forex impact	-	-	-	-	(181)	(122)	84	-
Hyperinflation in Venezuela	11	23	4	(25)	2	5	4	-
Tower sales	(0)	(0)	(0)	(1)	(0)	(0)	(0)	-
Changes in the consolidation perimeter	6	(9)	(20)	(29)	-	-	-	-
Restructuring charges	22	68	108	1,380	88	113	134	-
Distribution channel reorganisation plan	-	-	-	18	-	-	-	-
Capital gains/losses on sale of companies	-	-	16	(212)	-	-	-	-
Impairments	-	-	-	215	-	-	-	-
<b>TELEFÓNICA ORGANIC</b>	<b>3,877</b>	<b>7,838</b>	<b>12,040</b>	<b>16,465</b>	<b>3,929</b>	<b>8,175</b>	<b>12,496</b>	<b>3.8</b>

OPERATING INCOME	2016				2017			%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	
<b>TELEFÓNICA</b>								
REPORTED DATA	1,516	3,083	4,800	5,469	1,570	3,370	5,143	7.1
Forex impact	-	-	-	-	(63)	35	176	
Hyperinflation in Venezuela	24	42	69	198	56	57	81	
Tower sales	(0)	(0)	(0)	(1)	(0)	(0)	(0)	
Changes in the consolidation perimeter	7	(7)	(17)	(26)	-	-	-	
Restructuring charges	22	68	108	1,380	88	113	134	
Distribution channel reorganisation plan	-	-	-	18	-	-	-	
Capital gains/losses on sale of companies	-	-	16	(212)	-	-	-	
Impairments	-	-	-	215	-	-	-	
<b>TELEFÓNICA ORGANIC</b>	<b>1,569</b>	<b>3,186</b>	<b>4,977</b>	<b>7,043</b>	<b>1,651</b>	<b>3,575</b>	<b>5,534</b>	<b>11.2</b>
CAPEX	2016				2017			%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	
<b>T. ESPAÑA</b>								
REPORTED DATA	431	894	1,289	1,852	333	704	1,097	(14.9)
Spectrum acquisition	-	(7)	(7)	(7)	-	-	-	
<b>T. ESPAÑA ORGANIC</b>	<b>431</b>	<b>887</b>	<b>1,282</b>	<b>1,845</b>	<b>333</b>	<b>704</b>	<b>1,097</b>	<b>(14.5)</b>
<b>T. DEUTSCHLAND</b>								
REPORTED DATA	220	432	748	1,107	208	435	688	(8.0)
Spectrum acquisition	(2)	(3)	(4)	(6)	-	(1)	(1)	
Changes in the consolidation perimeter	(1)	(1)	(1)	(1)	-	-	-	
<b>T. DEUTSCHLAND ORGANIC</b>	<b>217</b>	<b>429</b>	<b>743</b>	<b>1,101</b>	<b>208</b>	<b>434</b>	<b>688</b>	<b>(7.4)</b>
<b>T. UK</b>								
REPORTED DATA	192	415	654	931	225	434	604	(7.7)
Forex impact	-	-	-	-	26	46	54	
<b>T. UK ORGANIC</b>	<b>192</b>	<b>415</b>	<b>654</b>	<b>931</b>	<b>251</b>	<b>480</b>	<b>657</b>	<b>0.6</b>
<b>T. BRASIL</b>								
REPORTED DATA	348	792	1,369	2,137	397	915	1,513	10.6
Forex impact	-	-	-	0	(87)	(151)	(158)	
Spectrum acquisition	-	-	(47)	(48)	-	-	-	
Changes in the consolidation perimeter	-	-	0	1	-	-	-	
<b>T. BRASIL ORGANIC</b>	<b>348</b>	<b>792</b>	<b>1,322</b>	<b>2,089</b>	<b>310</b>	<b>764</b>	<b>1,355</b>	<b>2.5</b>
<b>T. HISPAM</b>								
REPORTED DATA	461	1,018	1,800	2,615	430	923	1,853	2.9
Forex impact	-	-	-	-	(4)	50	171	
Spectrum acquisition	-	-	(282)	(284)	(4)	(4)	(500)	
Hyperinflation in Venezuela	2	17	(1)	(21)	(0)	2	5	
Changes in the consolidation perimeter	(0)	(0)	(0)	(0)	-	-	-	
<b>T. HISPAM ORGANIC</b>	<b>463</b>	<b>1,035</b>	<b>1,517</b>	<b>2,310</b>	<b>422</b>	<b>971</b>	<b>1,529</b>	<b>0.8</b>
<b>TELEFÓNICA</b>								
REPORTED DATA	1,695	3,654	6,016	8,928	1,621	3,507	5,962	(0.9)
Forex impact	-	-	-	-	(66)	(57)	66	
Spectrum acquisition	(2)	(10)	(341)	(345)	(4)	(4)	(500)	
Hyperinflation in Venezuela	2	17	(1)	(21)	(0)	2	5	
Changes in the consolidation perimeter	(3)	(6)	(10)	(11)	-	-	-	
<b>TELEFÓNICA ORGANIC</b>	<b>1,693</b>	<b>3,655</b>	<b>5,664</b>	<b>8,552</b>	<b>1,551</b>	<b>3,448</b>	<b>5,532</b>	<b>(2.3)</b>

OpCF (OIBDA-CapEx)	2016				2017			%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	
<b>T. ESPAÑA</b>								
REPORTED DATA	820	1,659	2,617	2,551	810	1,720	2,634	0.7
Spectrum acquisition	-	7	7	7	-	-	-	
Changes in the consolidation perimeter	(2)	(3)	(5)	(6)	-	-	-	
Restructuring charges	-	-	-	837	76	76	76	
Distribution channel reorganisation plan	-	-	-	18.00	-	-	-	
Capital gains/losses on sale of companies	-	-	-	29.00	-	-	-	
<b>T. ESPAÑA ORGANIC</b>	<b>818</b>	<b>1,663</b>	<b>2,620</b>	<b>3,379</b>	<b>886</b>	<b>1,796</b>	<b>2,710</b>	<b>3.5</b>
<b>T. DEUTSCHLAND</b>								
REPORTED DATA	173	411	552	664	192	426	630	14.1
Spectrum acquisition	2	3	4	6	-	1	1	
Changes in the consolidation perimeter	(8)	(11)	(11)	(11)	-	-	-	
Restructuring charges	23	37	59	89	11	30	51	
<b>T. DEUTSCHLAND ORGANIC</b>	<b>189</b>	<b>440</b>	<b>604</b>	<b>747</b>	<b>203</b>	<b>457</b>	<b>681</b>	<b>12.9</b>
<b>T. UK</b>								
REPORTED DATA	269	502	721	778	191	415	658	(8.9)
Forex impact	-	-	-	-	22	44	59	
Restructuring charges	1	1	1	37	-	-	-	
<b>T. UK ORGANIC</b>	<b>270</b>	<b>503</b>	<b>723</b>	<b>815</b>	<b>213</b>	<b>459</b>	<b>716</b>	<b>(0.9)</b>
<b>T. BRASIL</b>								
REPORTED DATA	457	851	1,253	1,566	707	1,223	1,649	31.7
Forex impact	-	-	-	-	(156)	(202)	(173)	
Tower sales	(0)	(0)	(0)	(0)	(0)	(0)	(0)	
Changes in the consolidation perimeter	(4)	(4)	3	9	-	-	-	
Spectrum acquisition	-	-	47	48	-	-	-	
Restructuring charges	-	25	26	41	-	-	-	
<b>T. BRASIL ORGANIC</b>	<b>454</b>	<b>872</b>	<b>1,328</b>	<b>1,664</b>	<b>552</b>	<b>1,021</b>	<b>1,476</b>	<b>11.1</b>
<b>T. HISPAM</b>								
REPORTED DATA	404	682	869	859	474	873	825	(5.0)
Forex impact	-	-	-	-	21	94	130	
Hyperinflation in Venezuela	4	1	(0)	(8)	2	3	(2)	
Tower sales	(0)	(0)	(0)	(0)	(0)	(0)	(0)	
Spectrum acquisition	-	-	282	284	4	4	500	
Changes in the consolidation perimeter	(2)	(2)	(2)	(2)	-	-	-	
Restructuring charges	(1)	3	3	84	1	5	6	
Capital gains/losses on sale of companies	-	-	-	15.00	-	-	-	
Impairments	-	-	-	215.00	-	-	-	
<b>T. HISPAM ORGANIC</b>	<b>406</b>	<b>684</b>	<b>1,151</b>	<b>1,416</b>	<b>502</b>	<b>979</b>	<b>1,459</b>	<b>26.8</b>
<b>TELEFÓNICA</b>								
REPORTED DATA	2,143	4,102	5,915	6,190	2,400	4,672	6,312	6.7
Forex impact	-	-	-	-	(116)	(65)	18	
Hyperinflation in Venezuela	8	6	4	(5)	2	3	(0)	
Tower sales	(0)	(0)	(0)	(1)	(0)	(0)	(0)	
Spectrum acquisition	2	10	341	345	4	4	500	
Changes in the consolidation perimeter	9	(3)	(10)	(19)	-	-	-	
Restructuring charges	22	68	108	1,380	88	113	134	
Distribution channel reorganisation plan	-	-	-	18.00	-	-	-	
Capital gains/losses on sale of companies	-	-	16	212.00	-	-	-	
Impairments	-	-	-	215.00	-	-	-	
<b>TELEFÓNICA ORGANIC</b>	<b>2,184</b>	<b>4,183</b>	<b>6,375</b>	<b>7,913</b>	<b>2,378</b>	<b>4,728</b>	<b>6,965</b>	<b>9.2</b>

**Note:**

- Organic base for 2017: Excludes the impact from hyperinflation in Venezuela and considers constant perimeter of consolidation. In OIBDA terms, excludes write-downs, capital gains/losses from the sale of companies, tower sales, material non-recurring impacts and restructuring costs. CapEx also excludes investment in spectrum.

- Organic y-o-y changes reflect all the charges related to the towers transferred to Telxius since 1 January 2016.

- Since 1 July 2017 T. Brasil includes the results of Terra. For organic comparative purposes Terra's results are included since 1 July 2016.

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

OIBDA	2016				2017			%
	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Sep
<b>TELEFÓNICA</b>								
REPORTED DATA	3,838	7,756	11,931	15,118	4,021	8,179	12,274	2.9
Tower sales	(0)	(0)	(0)	(1)	(0)	(0)	(0)	
Restructuring charges	22	68	108	1,380	88	113	135	
Impairments	-	-	-	215	-	-	-	
Distribution channel reorganisation plan	-	-	-	18	-	-	-	
Capital gains/losses on sale of companies	-	-	16	(212)	-	-	-	
<b>TELEFÓNICA UNDERLYING</b>	<b>3,860</b>	<b>7,824</b>	<b>12,056</b>	<b>16,519</b>	<b>4,109</b>	<b>8,292</b>	<b>12,408</b>	<b>2.9</b>

  

NET INCOME	2016				2017			%
	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Sep
<b>TELEFÓNICA</b>								
REPORTED DATA	548	1,241	2,225	2,369	779	1,600	2,439	9.6
PPA	123	255	353	447	118	267	396	
Tower sales	(0)	(0)	(0)	(0)	(0)	(0)	(0)	
Restructuring charges	10	33	56	993	63	75	85	
Impairments	-	35	36	251	-	30	30	
Distribution channel reorganisation plan	-	-	-	14	-	-	-	
Capital gains/losses on sale of companies (controlled & non controlled)	-	-	135	(36)	-	79	79	
Contingency in Argentina	-	-	-	-	-	-	44	
<b>TELEFÓNICA UNDERLYING</b>	<b>681</b>	<b>1,564</b>	<b>2,805</b>	<b>4,038</b>	<b>960</b>	<b>2,052</b>	<b>3,073</b>	<b>9.5</b>

Notes:

- **Underlying criteria:** Reported figures excluding the impact of write-downs, capital gains/losses from companies' disposals, tower sales, material non-recurring impacts and restructuring costs, as well as depreciation and amortisation charges arising from purchase price allocation processes.

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