

TELEFONICA S A
Form 6-K
July 26, 2018

FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the month of July, 2018

Commission File Number: 001-09531

Telefónica, S.A.
(Translation of registrant's name into English)

Distrito Telefónica, Ronda de la Comunicación s/n,
28050 Madrid, Spain
3491-482 87 00

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:
Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes No

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

Telefónica, S.A.

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RESULTS JANUARY | JUNE 2018

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

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Q2 Highlights | Continued progress with strategic priorities Enable people with the • Strong demand drives value momentum; +31% LTE; +23% FTTx/Cable; +6% Pay TV power of connectivity • UBB deployments; +15% y-o-y premises passed with FTTx/Cable ; +6pp LTE cov. • Bundling & Upselling; Avg. Rev per Access +3.0% org.; lower churn • Spain: Consistent trends; stronger franchise (O2 brand; football rights' acquisition) Operate in markets • Brazil: OIBDA accelerates, strong margin expansion; best ever fiber net adds • Germany: Better commercial activity; new propositions (O2 Boost; O2 Connect) where we can have an • UK:

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Sustainably improving financial trends; leading loyalty impact & create value • South Hispam: High single-digit increase in Revs & OIBDA • North Hispam: Accelerating momentum in value customers • Radically transforming networks, bringing new opportunities (Network slicing, Optimise our capabilities Edge computing, Network as a Service) for a sustainable • Global digital ecosystem (Novum, IoT, Movistar Play, Smart Wifi) digital future • Digitalisation driving business strategies, starting to generate efficiencies • Forefront runners in cognitive intelligence • Profitable growth; accelerating in revenues, OIBDA and margin vs Q1 y-o-y Strong Delivery • Net debt decline for 5th consecutive Q continues • Guidance reiterated; H1 performance consistent with FY targets • Dividend payment of €0.2/share in cash 2

Financial achievements H1 18 Q2 18 Reported Reported Organic Reported Reported Organic € in millions IFRS 15&9 y-o-y y-o-y IFRS 15&9 y-o-y y-o-y
 Revenues 24,334 (6.7%) 2.0% 12,144 (6.3%) 2.0% Service revenues 22,042 (9.0%) 0.7% 11,002 (8.6%) 0.7% Sustained Revenue, OIBDA 8,102 (0.9%) 3.7%
 4,237 1.9% 4.1% OIBDA and OpCF growth OIBDA margin 33.3% 1.9 p.p. 0.5 p.p. 34.9% 2.8 p.p. 0.7 p.p. OpCF (ex-spectrum) 4,765 1.9% 2.4% 2,384 9.7%
 0.3% Net Income 1,739 8.6% 902 9.9% Net Income boost EPS (€) 0.29 (0.8%) 0.16 11.0% FCF 1,548 (4.8%) 998 (2.5%) 1.5x FCF FCF (ex-spectrum) 2,167

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32.7% 1,588 54.7% ex-spectrum y-o-y Net Financial Debt 43,593 (10.1%) Cutting debt Reported figures y-o-y affected by • Negative FX evolution & regulation • Non-recurrent impacts (OIBDA: Q2: +€225m ; H1: +€215m; Net Income Q2: -€60m ; H1: -€68m) 3

Guidance confirmed Operating 2018 Guidance 2018E (IAS 18) H1 18 guidance (organic) Growth of around 1% Solid balance sheet Revenues +2.0% (despite regulation dragging: -0.9 p.p.) Additional deleveraging Continues expanding around 0.5 p.p. Improved ROCE OIBDA Margin (despite regulation dragging -1.6 p.p. +0.5 p.p. Attractive & well covered dividend on OIBDA growth) CAPEX Around 15% 13.9 % ex-spectrum/Sales 2018 DIVIDEND €0.4/SH. CASH Dividends to be paid in 2018 calendar yr. €0.40/sh. Cash: 15/Jun/18 €0.20/sh. Interim Dec-18 €0.20/sh. Cash: 20/Dec/18 €0.20/sh. Final Jun-19 €0.20/sh. 4

Continued Revenue, OIBDA and OpCF increase Revenues, OIBDA, & OpCF (ex spectrum) Healthy growth rates in main metrics y-o-y organic Reported y-o-y •
Improving Q2 revenue trends y-o-y Revenues OIBDA - Service rev. trends maintained (Q2: +0.7%; Q1: +0.8%), 4.1% despite regulatory drag of -1.2p.p. 3.3%
1.9% 2.0% - Handset sales improving (+19.6% y-o-y vs. +16.5% Q1) • OIBDA growth ramping-up (+0.9 p.p. vs. Q1 18) levered on T. Brasil, N. Hispam and T.
UK Q1 18 Q2 18 Q1 18 Q2 18 - All regions contributing to Q2 OIBDA growth (ex. N. Hispam) €12.2bn €12.1bn €3.9bn €4.2bn - Margin progression y-o-y (Q2:+0.7

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p.p.; Q1 +0.4 p.p.) (7.2%) (6.3%) (3.9%) 1.9% • Steady growth in OpCF - CapEx phasing in Q2 (+8.8% y-o-y vs. +1.5% in Q1) OpCF (ex spectrum) 2.4% H1 18
€4.8bn 1.9% 5

A platform Company advancing towards a Digital Telco Customer 4P AI applied to E2E network control & customer care Artificial centric Intelligence 1.3
PB/month Our customers Data being normalised talking to the Network AURA Pilot in Spain on Movistar Home 3P Digital value proposition enhancing revenue
mix €1,440m Video 53% €3,271m Open platforms €858m Content Connectivity & SoC Revs. Digital Revs. Own + Third €658m IoT, Cloud, Sec.. o/total (+2 p.p.
y-o-y) (+29% y-o-y H1) parties 2P Softwarisation (real time response) E2ED level Full Stack 62% (+8 p.p. yoy) 25% (customers migrated) (+8 p.p. yoy) 1P

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Cutting-edge smart networks for extreme performance #1 Unified fixed devices LTE cov UBB coverage across all 92% EU Digitalisation Network virtualised premises passed >3m 67% Latam platforms 4 OBs 78m (o/w 47m owned) HGU 73% +51% Hispam UUII 4.5G 5G 6

Data monetisation | Capturing the added value of connectivity B2C B2B Open platform ecosystem to integrate digital services at home A leading technological partner to B2B digitalisation • Smart Wi-Fi, Consumer IoT, Movistar Play • Comprehensive solution: flexible, secure, on-demand Evolved portfolio; increasing Customer Lifetime Value Differential capabilities to capture a large opportunity • Capturing the prepaid growth opportunity • Global capillarity - Integrated Recurrent Data Plans, more loyalty & ARPU - 45k km network, 11 SOCs, Cloud VPN, 12k sales force... • Accelerating the mobile postpaid potential • Complete

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Digital ecosystem - Family plans (data sharing...) - Leading own brands - Dedicated data (increasing value perceived with content) - Content bundling: "Movistar Play" (Video OTT) in almost all Latam countries - Leading partners • Fixed: Upselling with UBB and Video Video Family plans Digital Prepaid recurrent plans Cloud Revs. Cybersecurity Security Revs. penetration VIVO transformation +10% # 1 43% penetration 40% -12% churn +42% +63% Avianca ARPU (vs. individual Spain in Latam FBB y-o-y y-o-y deal (62% in BR) uplift plans) & Latam 7

Videol a key driver for engagement gaining scale Latam • Connected STB and “TV Everywhere” service (multidevice) Pay TV _ More interactive & flexible • Platform “Best in class”, advance life functionalities • Content: HBO, FOX, ESPN/Disney, Viacom, Discovery & Turner 4.8m • Encouraging progress new IPTV service & UX IPTV launch in H2 18E Customers • Hard-bundling with F&M connectivity; strong commercial traction OTT Platform_ Aggregator approach • Competitive content proposition: linear channels, catch-up, VoD - Aggregation of premium 3rd parties - Exclusive channel (Movistar Series) • Differential OTT

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functionalities (Pay TV mirroring approach) Spain Customers Viewers • Largest video distribution platform in Spain 3.9m 10m • Video + fiber enriching Fusion+; the leading convergent offer • Widest content portfolio (smart bundling) Movistar+_ Cornerstone of our strategy - Variety: all Sports (Football, Basket, Golf, Motor,...); all "Majors" movies; the most complete offer of series ; quality TV shows - Exclusive: own production par , 3rd parties (NBA, Wimbledon, EuroLeague, NFL ...) • Best customer experience, best functionalities - "TV Everywhere", 80% customers use VoD, 20% content watched on-demand - Big data (TV Recommendation, AURA...) UK Netflix promotion already launched in the UK from mid June 8

Digitalization increases customer value and lifespan Build... Accesses y-o-y • Leading-edge smart networks - Network stands for >50% of total customer satisfaction
12.2m 106.6m 8.7m • Radical processes automatisisation FTTx/Cable LTE Pay-TV - Full stack deployment, the seed of our transformation +23% x1.3 +6%
Increasing customer lifetime ... to offer Clear proof points of business sustainability Avg. Rev/Access • World-class digital experience +3.0% y-o-y - Novum,
Movistar Play, IoT, Smart Wifi Q2 ARPU (y-o-y) Avg. Lifetime • Distinctive value proposition - Customer satisfaction, loyalty, cross-sell, up-sell, winback Fusión

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(4.5m) +5.5% (€89.5) 6 years Mobile contract (38.4m) flat 5 years FTTX (4.8m) +9.1% 4 years Mobile contract (15.9m) +1.9% 8 years ... 9

Digital Transformation | Easing customer's digital life 5 priorities on the customer journey ... 2017-20 Increase Direct Foster top-ups & Make the payments & Improve experience Enhanced customer add-ons through own collections more efficient Fulfilment and customer care interaction for sales digital channels and user friendly technical support experience -30% calls handled in x2.5 sales in self- x2.1 +12% payments in +10% incidents call centre per access assisted channels online top-ups self-assisted solved remotely channels x4.8 unique users in app ...proof points on our largest operations enhancing customer experience and

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operational efficiency Q2 y-o-y Q2 y-o-y • +45% sales in digital channels • +22% interactions in digital channels • B2B: 61% customers use digital channels • +66% users App “Meu vivo” • B2C: +54% customers using App • +16% prepaid digital top-ups • +19% technical self-management (Jun-18 vs. Dec-17) • +53% E-billing customers • -13% unsatisfied cust. with tech support (Jun-18 vs. Dec-17) • -25% calls to call center Digitalisation execution on track Other structural initiatives identified Addressable Digitalisation Gross savings cost base 2017 gross savings 2018E Run-rate 2020E Cognitive Contact RPA Blockchain Center €11.6bn 32% o/OpEx > €1.0bn > €0.3bn 10

Spain | Good trading; increasing long-term high-value Accesses (y-o-y) Growth in accesses; higher ARPU 17 8 233 117 163 Q2 Net adds ('000) • Sustained growth at retail base (+1.4% y-o-y) 115% 14% • FBB back to growth (Fiber net adds exceed DSL loss) 7% 7% 0.2% • "Fusión" trends positive overall FBB TV Mobile FTTH NEBA Fiber - Growth in accesses y-o-y (+10%) and ARPU (+5.5%) Contract - Longer CLV in mid-high segments (+ARPU, - churn) "Fusión" KPI's - High-end: 27% of "Fusión" base (+3 p.p. y-o-y) Customer Lifetime Q2 ARPU Customers • Churn reduction across services Avg. 6 yrs €89.5 4.5m +5.5% y-o-y +2%

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y-o-y Churn 1.5% Low-end Mid-end High-end Fiber gaining traction Fiber penetration o/FBB retail o/Wholesale • Predominant at retail; increasing at wholesale
FTTH prem. passed +7 p.p. 59% 61% - Increasing ROCE, adding long-term value 53% y-o-y 20.2m - Largest owned FTTH coverage & TV platform 24% 29%
Uptake 12% +16 p.p. y-o-y 24% +3.0 p.p. y-o-y Jun-17 Mar-18 Jun-18 11

Spain | Solid financials; stronger franchise Service Revenues Q2 Serv. Revs. Growth; +1.4% ex-MTR/MasMóvil (€M) Residential Business Wholesale & other • Serv. Rev. growth deceleration due to calendar effect y-o-y organic Tariff phasing • “Residential” & “Business” revs. growing (83% o/Serv. Rev.) - Solid “Fusión”: +7.7% y-o-y; accelerating IT: +7.4% -0.8% +0.8% +0.1% • “Wholesale & Others” y-o-y decline on regulation and MVNO Ex-MTR/MasMóvil 554 506 529 -4.4% - MVNO negative impact not material from Q4 18 +3.2% 870 835 880 +1.2% - MTR cut larger impact in Q2 1,654 1,666 1,670 +1.0% Solid profitability and

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operating leverage Q2 17 Q1 18 Q2 18 • Q2 OpEx stable y-o-y (-0.7 p.p. q-o-q) OIBDA margin • Acquisition of Premium football rights (Jun-18) y-o-y organic • High visibility on mid-term cost structure 40.5% - Further expected savings (personnel, distribution, 40.0% digitalization....) - Football content cost peak Q4 18 (starting to decline in Q3 19) • Q2 CapEx (+16.2% y-o-y) on different phasing (FY18E<FY17) Q2 18 H1 18 flat (-0.1 p.p.) 12

Germany | Network integration well on-track Robust operational momentum Improving data monetisation • Q2 Contract net adds +333k (+69% y-o-y) LTE customers & Penetration (M) Penetration - Launched refreshed O2 Free (boost option) & O2 Connect O contract LTE cust. avg. data usage of 3.4GB (+22% q-o-q) 39% 40% - 2 37% 36% - Partner trading; 58% of gross additions (+61% in Q1) 33% 16.6 16.1 15.8 15.7 14.4 Jun-17 Sep-17 Dec-17 Mar-18 Jun-18 Focus on profitable growth Financials (y-o-y organic) Ex-regulation Margin • MSR ex reg. remains positive y-o-y (H1 +0.3%) +3.2% - Strong demand for high-end

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handsets (H1: +9.1% y-o-y) +3.9% (0.3%) +0.2% • Continued growth in OIBDA (H1: +0.5% y-o-y) +0.3% - Synergy capture (~€65m in H1) Focus on value-over-growth approach and efficient cost controls - (1.2%) (0.9%) • Efficient spend: CapEx (-2.3% vs. H1 17); synergies ~ €25m in H1 Revenues MSR OIBDA OpCF Q2 18 Q2 18 Q2 18 H1 18 27.2% 13.0% +0.4 p.p. +0.5 p.p. 13

UK | Ongoing growth delivery across the period MSR Sustained customer growth y-o-y organic MSR ex-regulation • Remains the UK's favourite network carrier (>32m customers) - Contract net adds 84k (43k ex-M2M) 3.5% - Market leading loyalty with lowest churn at 1% in contract 1.4% 1.2% 1.1% • 59% LTE penetration (+0.8 p.p. y-o-y) 0.4% • Continuing investment in customers and the network Q2 17 Q3 17 Q4 17 Q1 18 Q2 18 Netflix promotion already launched in UK - +2.1% +3.5% +2.7% +2.8% +6.2% - Spectrum acquisition of 40MHz of 2.3GHz, and 40MHz of 3.4GHz - Mobile data traffic +58% vs. Q2 17 Financials 7th

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consecutive quarter of top-line growth y-o-y organic Ex-regulation Margin Revenues OIBDA • Consistent revenue growth y-o-y: +4.2% in H1 - Increased customer spend (incl. RPI impacts), handsets, 8.2% 5.6% wholesale and non-mobile 6.1% • OIBDA growth and margin expansion (top-line growth +lower 2.9% annual licence fee payment) • Strong OpCF increase of 21.0% in H1 ex-spectrum Q1 18 Q2 18 Q1 18 Q2 18 - CapEx (-6.1% vs. H1 17); due to phasing of spend +4.2% +7.7% 27.1% 27.5% +0.8 p.p. +0.7 p.p. 14

Brazil | Reinforcing a leading sustainable business Unrivaled assets; enhancing differentiation Mobile Penetration (Jun-18) (y-o-y) • Accelerating high-quality growth 86% - Sustainable leadership: 41.3% contract M.S. (stable q-o-q) 58% Highest ARPU & 51% - 4G+: 714 cities (+596 in 2018) lowest mobile churn in the market - 0.9m Q2 contract net adds (+9% y-o-y) - 1.8% Q2 contract churn (stable y-o-y) Contract LTE Smartphones • H1 Mobile ARPU +1% y-o-y (+11.8% Data ARPU) +4 p.p. +16 p.p. +7 p.p. Fixed Penetration (Jun-18) • Outstanding fiber expansion (y-o-y) - 18.8m FTTx premises passed 64% - 4.8M already connected

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(+10% y-o-y) Fiber; driver for - FTTH record high Q2 Net adds (162K) 30% ARPU and loyalty expansion - Q2 IPTV net adds 56k (+36% y-o-y) • H1 FBB ARPU +8% y-o-y; Pay TV +4% IPTV FTTx +11 p.p. +6 p.p. 15

Brazil | Expanding profitability Consistent evolution of revenue Revenues y-o-y organic Q1 18 Q2 18 • Total Revenue : Q2 +0.5% y-o-y - MSR +1.9% 3.5% - Sustained postpaid evolution offsetting weaker prepaid 1.9% trend on tougher macro trends 1.0% 0.5% - +11.8% data revenue driven by plan upgrades Handset sales soaring (+60.5% in Q2; +20.8% in Q1) - (4.0%) (5.2%) • Fixed: -5.2% vs Q2 17 Total MSR Fixed - Affected by fixed to mobile voice substitution, regulation & DTH - Double digit growth in Fiber (+20.3%) and IPTV (+59.1%) OIBDA y-o-y organic Margin (organic) Highest Q2 margin since 2013 7.1% • OpEx continue

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declining (-0.7% in Q2; 10th consecutive Qs of 4.5% cost reduction) driven by digital initiatives • OpCF -2.6% vs. H1 17; 26.1% margin - CapEx (+17.2% in H1 18; on different CapEx phasing) Q1 18 Q2 18 36.1% 36.5% - IT transformation to full stack (accelerated pace) +1.2 p.p. +2.2 p.p. 16

South Hispam | Solid revenue & OIBDA growth Commercial momentum Net adds ('000) • Value-access growth acceleration Contract FTTx Pay TV - Positive contract net adds in every country 353 - FTTx/Cable: 2.1M connected (1.5M FTTH/Cable) 260 135 159 142 173 41 34 72 • Q2 ARGENTINA (Revs. €703m; OIBDA €218m) Q4 17 Q1 18 Q2 18 Q4 17 Q1 18 Q2 18 Q4 17 Q1 18 Q2 18 - Accesses: Contract +5%; LTE +43%; FTTx: x3 - Sound Revenue & OIBDA growth Financials 2018 • Q2 CHILE (Revs. €525m; OIBDA €158m) y-o-y organic Margin - Fixed & mobile ARPU trends stabilized in Q2 Revenues OIBDA - Both Rev &

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OIBDA growing y-o-y for the 1st time in 10 Qs 10.8% 8.8% 7.6% 8.7% • Q2 PERU (Revs. €518m; OIBDA €111m) - Positive trend in Contract; more rational market Differential attributes in Pay TV (Q2: 66k net adds) - Q1 Q2 Q1 Q2 - Improved Rev & OIBDA trends 28.2% 28.2% +0.8 p.p. +0.0 p.p. 17

North Hispam | Maintaining solid commercial performance Network improvements driving value growth Net adds ('000) • FTTx/Cable: 284k connected (+117 in Q2 18) Contract FTTx Pay TV • Record Pay TV net adds in Q2 197 200 • LTE (+70%), Smartphones (+1%) 92 117 40 41 29 0.5 20 • Financials strongly affected by Mexican regulation Q4 17 Q1 18 Q2 18 Q4 17 Q1 18 Q2 18 Q4 17 Q1 18 Q2 18 • Q2 COLOMBIA (Revs. €370m; OIBDA €128m) -Acceleration in FTTx net adds (x6 vs. Q2 17) Financials 2018 -Highest contract net adds in the last 8 quarters y-o-y organic Margin (organic) Ex-regulation -OpCF growing by 38.7% vs. H1 17

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Revenues OIBDA • Q2 MEXICO (Revs. €297m; OIBDA €55m) -Further deterioration in competitive environment in prepaid (0.4%) (2.2%) (2.8%) -Solid contract performance (7Qs with positive net adds) -Rev. and OIBDA (-6.1% and -24.6%) strongly affected by (7.4%) regulation (-28.3 p.p. in OIBDA) Q1 Q2 Q1 Q2 +0.1% +1.5% +0.9% +5.1% 26.4% 27.5% (1.5 p.p.) (0.7 p.p.) 18

Telxius | Accelerating growth Towers Tenants Speeding up infrastructure deployment # # 16,312 16,453 21,858 22,112 • Adding 141 towers in Q2 +141 • Steady increase of new tenants; 1.34x ratio +254 • Strong international cable demand, both in IP traffic and bandwidth capacity services +24 +139 Q1 18 Q2 18 Q1 18 Q2 18 Strong financials Revenues OIBDA y-o-y organic Revenues y-o-y organic OIBDA • Solid revenue growth across businesses in Q2 6.1% -+8.8% y-o-y towers; +4.1% y-o-y cable 4.5% • Improving OIBDA trends (+3.9 p.p. q-o-q) 2.0% -OIBDA margin 47.0% (47.3% in H1) 0.6% • CapEx mainly intended for MAREA and

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BRUSA deployments -To be reduced once BRUSA comes into service in H2 18 Q1 18 Q2 18 Q1 18 Q2 18 €180m €186m €86m €87m 19

Q2 results factors Q2 impacts in OIBDA €225m Q2 impacts in Net Income -€60m 485 (106) 452 (108) (74) (36) (46) (108) 225 (294) (60) Court Ruling
Contingencies Impairment Restructuring TOTAL Court Ruling Contingencies Restructuring Impairment DTA Total net Brazil Brazil Mex Provisions factors
Brazil Brazil Provisions Mex Mex Income factors • Non-cash: - Contingencies in T. Brasil - Goodwill impairment & DTA reversal in Mexico • Court Ruling in
Brazil: - FCF neutral in Q2 18; to flow in FCF from 2019 onwards • Restructuring costs, enhancing future profitability and cash flow - T. DE -€18m; T. Brasil -€28m

H1 Net income of €1.7bn and EPS of 0.29€ H1 2018 impacted by Q2 factors €m Q2 18 factors +225 +398 (549) (134) (60) (0.9%) reported 8,102 4,405 +9.7% reported +8.6% 3,697 5 (383) reported (1,298) (282) 1,739 OIBDA D&A OI Associates Net financial Taxes Minorities Net Income expenses EPS (0.8%) reported

FX remains a major drag in Q2 OIBDA year-on-year OIBDA Better organic performance vs Q1 €m Reported y-o-y 289 (445) +1.9% y-o-y 225 10 • FX drag of 10.7 p.p. on H1 18 OIBDA growth 4.237 4,158 - -€445m in Q2 vs. -€361m in Q1 (continued BRL and ARS depreciation vs. the EUR) Q2 17 Factors IFRS 15 Organic FX Q2 18 • Organic OIBDA contribution ramping-up evolution - +€289m in Q2 vs +€214m in Q1 503 (817) 215 21 (0.9%) y-o-y 8,179 8.102 H1 17 Factors IFRS 15 Organic FX H1 18 evolution FX effect reduced at FCF level FX reduces OpEx FX reduces CapEx, FX reduces Taxes & others NDebt • -817M€ FX H1 18 OIBDA

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drag down to -158M€ at FCF level • FX evolution helping to reduce Net Debt Revenues OIBDA FCF Net Debt -€2,271m y-o-y -€817m y-o-y -€158m y-o-y -€117m 3
month rolling 22

Strong cash generation FCF ex. spectrum €m H1 18 FCF affected by UK spectrum & H1 seasonality +32.7% +54.7% €m 2,167 Negative seasonality 1,588 1,633
4,765 1,027 +32.7% (985) (986) 2,167 Q2 17 Q2 18 H1 17 H1 18 1,548 (597) FCF reported (619) 1,023 998 1,626 1,548 OpCF WC Interest Taxes, FCF Spectrum
FCF (2.5%) (4.8%) ex-spectrum payments minorities ex -spectrum paid & paid Others Q2 q-o-q change in Net Debt €m 5,566 Q2 ND decline despite dividend &
FCF to improve in H2 2,094 negative H1 seasonality (279) (382) 2015 2016 2017 2018 23

Net debt reduction on strong FCF Net Financial Debt €m -€637m ND/OIBDA ND/OIBDA 2.66x 2.68x 44,230 (1,548) 1,186 (226) 398 99 (546) 43,593 Dec-17 FCF
Shareholder Hybrid Pre-retirement Net financial FX & Jun-18 remuneration (incl. replacement commitments investments Others hybrid coupons) 4,765 (985)
(986) (356) (890) 1,548 OpCF ex- Working Net interest Tax Dividend to minorities, FCF spectrum capital payment spectrum & others 24

Strong liquidity thanks to attractive long-term financing Sources of long-term financing Net Debt maturities 2018 YTD | €bn Jun-18 | €bn; not considering hybrid
NC dates LM: annual coupons -93bps to 4.4%. Avg. years to call from 3.2Y 5.5 11.4 debt Avg. debt life to 4.7Y 73% in fixed rates 9.0 years 2.3 5.5 5.7 1.0 Cash
> 1.0 gross 1.6 maturities 2018E 2019E 2020E USD Bonds € Bonds Financing at Hybrids Bank Total Subsidiaries Refinancing Liquidity position Interest payment
costs Jun-18 | €bn Jun-18 96% LT (0.02 p.p.) 12.7 18.9 3.50% 3.48% 6.2 Cash position Undrawn credit Liquidity position Mar-18 Jun-18 lines & synd. credit

Concluding remarks| Solid quarterly results 1 Executing 2 Delivering 3 Returning 4 Outlook on key robust financials, value to 2018 priorities strengthening BS
shareholders confirmed Revenues (y-o-y organic) OIBDA (y-o-y organic) Reported y-o-y • Spain: Consistent trends; stronger franchise (O2 brand; 4.1% football
rights' acquisition) 3.3% 1.9% 2.0% • Brazil: OIBDA accelerates, strong margin expansion; best ever fiber net adds Net debt decline for 5th • Germany: Better
commercial activity; new propositions (O2 consecutive Q Boost; O2 Connect) Q1 18 Q2 18 Q1 18 Q2 18 • UK: Sustainably improving financial trends; leading

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loyalty • South Hispam: High single-digit increase in Revs & OIBDA €12.2bn €12.1bn €3.9bn €4.2bn • North Hispam: Accelerating momentum in value customers
(7.2%) (6.3%) (3.9%) 1.9% Customer-centric transformation (digitalisation + values) 26

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Telefónica, S.A.

Date: July 26, 2018 By: /s/ Laura Abasolo García de Baquedano

Name: Laura Abasolo García de Baquedano

Title: Chief Finance and Control Officer for Telefonica, S.A.
