

NOTA DE PRENSA

PRESS RELEASE

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Consolidated revenues grow +12% between January and September and for the first time in seven years Spain returns to year-on-year revenue growth in the quarter

TELEFÓNICA INCREASES THE NET INCOME BY 69.6% AS OF SEPTEMBER, REACHING 4,577 MILLION EUROS

César Alierta, Executive Chairman of Telefónica, highlighted the fact that " third quarter results reflected further acceleration in organic growth figures ", and has emphasized the better performance of the Spanish business, " which returned to year-on-year revenue growth after 7 years of intense business transformation", and that it "represents an improvement of commercial activity in virtually all services".

- Mobile data and Hispanoamérica revenues are the main levers in the growth of the Group's consolidated revenues, that as of September had reached 35,337 million euros.
- As of September the OIBDA had grown 5.7% reaching 11,013 million euros as a result of the improvement in revenues and the savings obtained by the integration synergies (mainly in Germany) of the efficiency program. Profitability remains stable with a 31.2% margin between January and September.
- The Company has invested 7,101 million euros during the first nine months of the year (+44.4% y-o-y), especially aimed at the transformation and differentiation of the networks in order to strengthen its leadership in the main markets, and to respond to the growing demand regarding data consumption.
- Telefónica has accelerated the deployment of ultrafast networks. Thus, at the end of the third quarter the Company already had 13.4 million premises passed with fiber in Spain, and 16.6 million in Brazil, while the LTE coverage in Germany reached 73% of the entire population.
- Clients grew +12% year-on-year reaching 327.2 million accesses at the end of September. Standing out is the solid behavior of the higher value services, among which are mobile contracts (+17.3%), pay TV accesses (+75.4%), and LTE and fiber accesses which both multiplied more than four times over.
- At the end of September, and considering the sale of O2 UK, the leverage ratio is 2.32 times net debt over OIBDA. Net financial debt was reduced by 1,547 million euros in the last quarter to 49,691 million euros.

- By geographic areas, 65% of all Group revenues come from its operations in Spain, Brazil, and Germany, while Hispanoamérica represents 30% of all revenues.
 - Boosted by a differential offer of quality and the excellent commercial activity of the quarter, the business in Spain once again grows year-on-year (+0.2% in the quarter), something that had not occurred since the third quarter of 2008. Movistar Fusión surpassed four million clients after posting 126 thousand net additions in the quarter.
 - The execution of integration activities has been accelerated in Germany, allowing the the update of the synergy target for 2015, and boosting the year-on-year OIBDA growth, increasing +65.1% so far this year (+16.2% in organic terms).
 - Despite the macroeconomic context, Telefónica Brasil maintains a sustained growth of its revenues up to September (+4.9% in organic terms), and increases its mobile contract, pay TV, and high speed broadband market share.
 - Hispanoamérica shows strong acceleration in the behavior of revenues in most countries in the region, translating into a growth of almost +13% between January and September. In local currency, the business in Mexico grew +17.9% between July and September, while at the same time maintaining a solid expansion in terms of profitability.

Madrid, November 6, 2015.- Telefónica increases the net income by 69.6% reaching 4,577 million euros in the first nine months of the year, according to the numbers presented today. Also, the growth tendencies remain in the main items during the January-September period. Thus, the consolidated revenues of the Group increased nearly +12% in reported terms reaching 35,337 million euros, while the OIBDA grew 5.7% reaching 11,013 million euros, with a margin of profitability of 31.2%.

Regarding the third quarter, in other words the period of time between July and September, the revenues in Spain once again grew for the first time in the last seven years (+0.2% y-o-y). At the same time, the consolidated results of the Group show acceleration in the organic growth rhythm -in other words, assuming exchange rates and constant perimeter-, levered by solid fundamentals.

In this sense, between July and September the year-on-year organic growth in revenue (+4.8%), OIBDA (+4.8%), and operational cash flow (+6.6%) is significantly greater than that of the previous quarters thanks to a solid impulse to the commercial activity focused on clients and value services (fiber, pay TV, LTE, "smartphones"). Furthermore, the savings obtained from the integration synergies, mainly in Germany, are already starting to produce tangible results. In reported terms, all of this translates into the fact that the year-on-year growth rate in revenue remains strong (+10.8%), OIBDA (+2.9%), and free cash flow (+3.6%) in spite of the negative rate impact of the evolution of the exchange rates during the quarter.

In the results presented today, César Alierta, Executive Chairman of Telefónica, has explained that "third quarter results reflected further acceleration in organic growth figures derived from increased commercial momentum, mainly in high-value products and services", and has emphasized the better performance of the Spanish business, "which returned to year-on-year revenue growth after 7 years of intense business transformation", and that it "represents an improvement of commercial activity in virtually all services".

Finally, César Alierta has indicated that "business performance is in line with guidance for 2015, which we upgraded in the previous quarter", meaning that the company reiterates its compliance commitment as well as the dividends policy for 2015 and 2016.

Focus on higher-value customers

At the end of September, the accesses stood at 327.2 million, an increase of +12% in reported terms (+1% organic y-o-y), levered on the sustained growth of T. Hispanoamérica and T. Deutschland. Worth mentioning is that compared to the previous quarter, accesses decreased slightly due to the application of more restrictive criteria when calculating the prepay customer base in Brazil. Furthermore, the strong y-o-y growth of the value clients continues to stand out, mainly "smartphones" (+52.3%), pay TV accesses (+75.4%), and LTE and fiber accesses which both multiplied more than four times.

By segment, mobile accesses totalled 251.4 million and grew +12%, on the back of mobile contract (+17%) which already represent 35% of all mobile accesses. "Smartphones" increased 1.5 times compared to last year, reaching 108.8 million in September 2015, representing an increase in the penetration of 12 p.p. year-on-year up to 46%. LTE clients (23.6 million; 4.3 times y-o-y) represent 10% of all mobile accesses.

For their part, retail broadband accesses stood at 20.9 million, growing +19% with respect to September 2014. There is a net gain of 192 thousand accesses in the quarter, supported by T. Brasil, T. Hispanoamérica, and T. Spain.

Fibre accesses reached 5.8 million (4 times with respect to September 2014), reaching a record net addition of 385 thousand accesses, supported by T. Spain (+230 thousand) and T. Brasil (+148 thousand), while pay television accesses totalled 8.2 million (1.8 times y-o-y), reaching a net profit of 124 thousand clients in the quarter.

Income statement analysis

Third quarter year-on-year evolution reflected the consolidation of GVT's results in Telefónica Brasil and DTS' in "Other companies and eliminations" (both since 1 May 2015), as well as E-Plus' in T. Deutschland (since 1 October 2014). Likewise, Telefónica's operations in the UK are reported as discontinued operations within Telefónica Group since January 2014, and their assets and liabilities are classified as "held for sale" in compliance with International Financial Reporting Standards (IFRS), as a result of the signing in March 2015 of the definitive sale agreement.

Also to take into account is the depreciation of most Latin American currencies against the euro, especially the Brazilian real, the Venezuelan bolivar and the Colombian peso, that had a negative impact on the year-on-year evolution of third quarter results, detracting 8.1 and 7.8 percentage points from reported revenue and OIBDA growth respectively (-2.6 percentage points and -2.8 percentage points respectively in January-September 2015). Also, the aforementioned changes in the perimeter of consolidation (inclusion of E-Plus, GVT and DTS) contributed 13.5 percentage points in the quarter to reported year-on-year revenue growth and 7.2 percentage points to OIBDA growth. In January-September 2015 changes in perimeter contributed 9.9 and 5.7 percentage points to reported year-on-year revenue and OIBDA growth, respectively.

Finally, organic growth comparisons assume constant exchange rates as of 2014 (average FX in 2014). Excludes the impact of hyperinflationary adjustments in Venezuela in both years and O2 UK results for both years after being classified as discontinued operations, and considers constant perimeter of consolidation.

Revenues amounted to 11,919 million euros in the third quarter of 2015 and sequentially accelerated their year-on-year organic growth by 0.4 percentage points to 4.8% (+10.8%). The main growth drivers were mobile data revenues, T. Hispanoamérica (accelerated to 12.6% year-on-year), T. Brasil (sustained mid-single digit growth) and T. España (grew year-on-year for the first time since the third quarter of 2008). In January-September revenues reached 35,337 million euros and increased +11.9% compared to the same period of the previous year (+4.2% in organic terms).

Per segments, T. España, T. Brasil and T. Deutschland represented 65% of revenues in January-September 2015, while T. Hispanoamérica represented 30%, stable compared to the same period of the previous year.

Mobile data revenues continued to accelerate their year-on-year growth in the quarter to 19.3% (+16.3% in January-September) and represented 44% of mobile service revenues, leveraged on higher smartphone penetration and the growing weight of LTE customers. Non-SMS data revenues improved their growth rate to 26.8% year-on-year organic (+24.3% in the first nine months) and represented 82% of data revenues. Data monetisation therefore continued to contribute to the acceleration of Group revenues.

Operating expenses in July-September 2015 stood at 8,434 million euros, up 14% (+4.8% in organic terms), driven by the higher commercial momentum and an environment marked by the depreciation of most Latin American currencies against the dollar, partially offset by the savings resulting from integration synergies in T. Deutschland. In January-September 2015, operating expenses (25,043 million euros) increased 14.5% (+4.4% year-on-year organic) mainly as a result of higher network and system costs and other operating expenses

Gains on sale of fixed assets reached 29 million euros in the quarter including the sale of real estate assets in Spain and the sale of non-strategic towers in T. Hispanoamérica. During the first nine months the year this caption reached 118 million euros and primarily included the aforementioned sale of real estate assets in Spain (51 million euros of OIBDA impact), the sale of non-strategic towers (47 million euros of OIBDA impact) and the sale of "yourfone GmbH" in Germany (15 million euros of OIBDA impact).

OIBDA growth improvement

Operating Income Before Depreciation and Amortisation (OIBDA) of the July-September period stood at 3,693 million euros (+2.9% year-on-year reported) and continued to accelerate sequentially its year-on-year organic growth in 1.4 percentage points to 4.8%. In January-September 2015, OIBDA totalled 11,013 million euros (+3.5% year-on-year organic; +5.7% reported). In January-September the OIBDA margin reached 31.2%, virtually stable in organic terms compared to the same period of 2014 (-1.8 percentage points in reported terms).

Depreciation and amortisation stood at 2,104 million euros in the third quarter and increased 18.8% (+3.5% organic), mainly due to the depreciation of the new spectrum acquired in Brazil and Spain and the higher investment effort. In the first nine months it amounted to 6,356 million (+4.2% year-on-year organic; +20.8% reported). Operating Income (OI) of the July-September period totalled 1,589 million euros. In January-September 2015, operating income reached 4,657 million euros (+2.6% year-on-year organic; -9.6% reported).

Net financial expenses in the first nine months of 2015 totalled 1,897 million euros, 1.7% lower than the same period of the previous year. The effective cost of the debt in the last twelve months, excluding

exchange rates differences and the positive impact of the divestment in Telecom Italia, S.p.A., stood at 4.91%, 54 basis points below year-on-year.

The profit from continuing operations in the third quarter reached 566 million euros (-31.6% year-on-year) and 2,430 million euros during the first nine months of the year (-8.1% compared to the same period of 2014). Profit from discontinued operations totalled 347 million euros impacted by the cessation of depreciation and amortisation since the signing of the final sale agreement of Telefónica's operations in the UK. Thus, in January-September it reached 2,188 million euros, with 1,257 million euros corresponding to deferred tax assets resulting from the estimation of the difference in Telefónica, S.A. between the fiscal value and the agreed value regarding the sale of Telefónica's UK operations, which are expected to materialize in the foreseeable future when they are finally made deductible in the sale.

Profit attributable to minority interests detracted 29 million euros from third quarter net income, 51 million less than in the same period of the previous year. During the first nine months of 2015, minorities reduced net income by 41 million euros (-85.4% year-on-year).

As a result, consolidated net income in July-September reached 884 million euros (-1.9% year-on-year) and 4,577 million euros in January-September (+69.6% year-on-year). Thus, basic earnings per share stood at 0.91 euros in the first nine months (+63.5% year-on-year) and 0.17 euros in the quarter.

Strong investments in ultrafast networks and service quality

CapEx totalled 7,101 million euros in the January-September period (+44.4% year-on-year) and included 1,587 million euros of spectrum acquisitions. Investments continued to be focused on growth and transformation projects (deployment and expansion of 3G, 4G and fibre network coverage as well as an improvement in broadband and pay TV service quality), which reached 76% of the total (+2 percentage points year-on-year organic).

The operating cash flow (OIBDA-CapEx) amounted to 1,686 million euros in the third quarter and improved sequentially its organic year-on-year growth by 7.0 percentage points to 6.6%. In January-September, it reached 3,912 million euros (5,499 million euros excluding spectrum), 1.3% less than in the same period of 2014 in organic terms (-28.8% reported).

Financial position

Net financial debt stood at 49,691 million euros as of September 2015 and decreased 1,547 million euros in the quarter. The leverage ratio (net debt over OIBDA) considering the closing of the sale of O2 UK, stood at 2.32 times.

During the first nine months of the year, Telefónica's financing activity in capital markets stood at about 12,975 million euros equivalent and was mainly focused on financing the GVT acquisition as well as on strengthening the liquidity position and actively managing the cost of debt, through the extension of the maturity of the credit lines and the reduction of credit margins.

Telefónica maintained total undrawn committed credit lines with different credit entities for an approximate amount of 9,462 million euros, with around 8.9 billion maturing in more than 12 months, which, along with the adjusted cash position, placed liquidity at 16.2 billion euros.

Digital Services and Telefónica Global Resources

Considering year-on-year changes in organic terms, in the third quarter of 2015 digital services revenues stood at 1,069 million euros and grew 24.6% year-on-year organic (2,690 million euros in January-September; +27.5% year-on-year). It is worth noting that the Video business revenues stood at 652 million euros, 25.6% more than in July-September 2014 (1,514 million euros in the first nine months of the year; +34.2% year-on-year) driven by strong growth in pay TV accesses, which include the integration of DTS and GVT from the second quarter.

During the third quarter of 2015, Telefónica Global Resources (TGR), technological reference and business growth lever, continued with the accelerated technologies deployment that enables the best end-to-end digital experience. Additionally, it successfully executed transformation projects, with special emphasis on delivering efficiencies.

UBB deployment continued expanding its reach, and as a result, premises passed with fibre totalled 13.4 million in Spain and 16.6 million in Brazil. Also, the takeover of DTS provides complete coverage in Spain for the pay TV service. Regarding LTE, population coverage in Europe and Latin America reached 71% and 40% respectively; LTE sites in service reached 30,827 and 96% of 3G and LTE base stations were connected at high-speed to the transmission network.

Finally, and with regard to operating simplification and efficiency, satisfactory progress was made yet another quarter, having eliminated 313 applications, closed 4 data centres, increased the virtualisation level by 7 percentage points and reduced physical servers by 9% (all of them year-on-year organic).

TELEFÓNICA ESPAÑA

Telefónica España's revenue during the third quarter returned to year-on-year growth for the first time since the third quarter of 2008, as a result of the transformation strategy carried-out during the last years. Thus, revenue increased 0.2% compared to the same period of 2014, improving by 1.3 percentage points sequentially, on the back of the Company's high-value offer based on its differential assets, a more rational market in competitive terms and a more favourable macroeconomic context, with improvement in private consumption. The commercial activity showed excellent performance, despite the period's seasonality and the removal of the lock-in clauses in "Fusión" last August.

The accesses managed by Telefónica España by the end of September (41.0 million) remained stable year-on-year (-0.4%).

"Movistar Fusión" with 4.0 million customers and 1.5 million of additional mobile lines, grew 14% and 9% year-on-year respectively, after the sequential improvement in net additions in the quarter (126 thousand new customers vs. 16 thousand in the second). "Movistar Fusión" continued to be the main driver of growth in high-value customers, as almost 90% of gross additions in the quarter subscribed to new services and 51% corresponded to brand-new customers in "Movistar". As a result, 28% of "Movistar Fusión" customers had 100 or 300 Mb ultrafast broadband and 58% pay TV, including 120 thousand customers with satellite TV.

Retail broadband accesses totalled 5.9 million and grew 1% year-on-year after recording net additions in July-September of 45 thousand accesses (-67 thousand in April-June). This net additions figure is also the best one since the launch of "Movistar Fusión" and is based on the success of "Movistar Fusion+". Fibre accesses increased their growth rate despite the seasonality of the period with net additions of 230 thousand accesses in July-September, which led the base up to 2.0 million. The Pay TV

accesses base stood at 2.5 million (1.6 times compared to September 2014), with net additions in July-September of 275 thousand accesses. Finally, the total mobile accesses base stood at 17.3 million, 3% lower year-on-year. LTE customers reached 3.0 million, more than double vs. September 2014, and LTE penetration stood at 19% (+11 percentage points year-on-year).

Revenue during the quarter reached 2,998 million euros, growing for the first time since the third quarter of 2008 (+0.2% year-on-year, +1.3 percentage points sequentially). Revenue in the first nine months of the year stood at 8,842 million euros, 1.6% lower year-on-year. In the quarter, OIBDA stood at 1,335 million euros, and declined 2.9% year-on-year in organic terms, despite the slight growth in revenue, due to the increase in costs derived from the purchase of TV contents. In January-September OIBDA totalled 3,933 million euros, a 4.2% year-on-year decline in organic terms. OIBDA margin stood at 44.5% in both the third quarter and the first nine months of the year.

CapEx stood at 1,310 million euros in the first nine months of the year, 10.4% higher than in the same period of the previous year. CapEx increase reflects an intense effort in the modernisation of the network which, will continue to strengthen the Company's quality leadership.

TELEFÓNICA DEUTSCHLAND (year-on-year changes in organic terms)

The third quarter financial and operational performance reflects the contribution of synergy-driven savings and a rational market environment. The Company successfully achieved important milestones and accelerated the execution of integration activities, with several initiatives brought forward into 2015. As a result, the Company updated the synergy target for 2015 to total in-year savings of 280 million euros (from a run-rate of 250 million euros) which allowed to upgrade the full-year target OIBDA growth (to +15-20% from >+10% year-on-year previously).

The total access base at the end of September stood at 48.6 million (+2% year-on-year), largely driven by the mobile base (+3% to 43.3 million). Contract mobile customer base came to 19.3 million and smartphone penetration grew 5 percentage points year-on-year to 53% as a result of the continued success of the LTE and data monetisation strategy. LTE penetration over total customer base grew by 2 percentage points quarter-on-quarter to 16% (7.0 million customers).

Revenues totalled 1,979 million euros (+62.4% reported) and declined by 1.1% year-on-year in the quarter vs. +1.3% year-on-year in the second quarter. For the January-September period, revenues increased 0.9% year-on-year to 5,828 million euros (+66.4% reported).

OIBDA in the July-September period (403 million euros) accelerated significantly its year-on-year growth to 27.8% excluding restructuring costs. Savings from integration synergies drove more than 45% of the year-on-year OIBDA in the third quarter. As a result, OIBDA in the nine month period reached 1,272 million euros and grew 16.2% year-on-year excluding restructuring costs. OIBDA margin stood at 20.4% in the third quarter and 21.8% in the first nine months.

CapEx (excluding spectrum) amounted to 704 million euros for the period January to September (-2.8% year-on-year).

TELEFÓNICA BRASIL *(year-on-year changes in organic terms)*

During the third quarter of the year, Telefónica Brasil has strengthened yet again its market position in all services, and mainly in higher value services, such as mobile contract, Pay TV and high-speed broadband. This improved relative performance continued to be backed by the differential quality of the assets, and positions Vivo in a unique position to capture new growth opportunities. Thus, the progressive market share increase in higher value segments was reflected in the solid year-on-year revenue growth performance and in the OIBDA's accelerated growth during the third quarter, all despite the adverse macroeconomic environment.

On the other hand, and after completing the GVT acquisition in May, Telefónica Brasil has begun to execute on the capture of the synergies resulting from the integration of both companies, according to forecasts, both in terms of revenues and operating expenses.

Telefónica Brasil managed 103.5 million accesses, stable year-on-year, despite the application of more restrictive criteria in the calculation of prepaid customers. Regarding the operating evolution of the mobile business, once more this quarter, the market share in the contract segment increased to 41.8%. The total market share increased to 29.1%. Mobile accesses reached 79.4 million.

Traditional accesses (14.9 million) maintained similar levels compared to these of the previous year. Retail broadband accesses stood at 7.2 million and grew 6% year-on-year. Accesses with FTtx technology amounted to 3.8 million, accounting for 53% of the total broadband accesses. Finally, Pay TV accesses totalled 1.8 million and posted strong year-on-year growth of 19% after recording net additions in the last three months of 43 thousand accesses (125 thousand accesses in the first nine months of the year in organic terms), which meant the capture of all new accesses in the market during July and August and in the first eight months.

Revenues in the third quarter of 2015 amounted to 2,736 million euros, and showed solid year-on-year growth of 5.2% (8,473 million euros in the first nine months; +4.9% year-on-year), with solid performance in both the fixed and mobile businesses, despite the negative impact of regulatory changes. OIBDA amounted to 831 million euros in July-September, and accelerated its year-on-year growth to 2.0% (+1.1% in January-September) despite the negative effect of the macroeconomic environment in expenses. OIBDA margin stood at 30.6% in the year. Finally, CapEx in the first nine months of the year reached 1,501 million euros and increased 4.5% year-on-year, and was mainly devoted to the coverage expansion of 3G and 4G mobile networks as well as to the improvement in quality and development and connection of the fibre optic network in the fixed business.

TELEFÓNICA HISPANOAMÉRICA *(year-on-year changes in organic terms)*

During the third quarter of the year, Telefónica Hispanoamérica presented robust commercial activity, with highlights including strong mobile contract acceleration and growing adoption of bundled services in the fixed business, which translated into strong growth in mobile contract net additions, while maintaining a steady performance in broadband and pay TV. The higher commercial activity was reflected in the strong acceleration of the year-on-year growth of quarterly revenues in most countries in the region, especially in Mexico and Colombia. On the other hand, OIBDA maintained solid year-on-year expansion in the third quarter despite higher commercial intensity and an environment marked by the depreciation of most currencies in the region vs the US dollar.

Thus, total accesses of Telefónica Hispanoamérica reached 132.7 million as at September (+3% year-on-year). Mobile accesses stood at 111.3 million and grew 3% year-on-year. Net contract additions stood out with 449 thousand accesses, the highest of the last 2 years (more than 4 times

higher vs. the previous quarter), driven both by the higher volume of gross additions (+14% year-on-year) and the successful migration of the higher value prepay customers to contract. At the same time, accesses with 4G handsets continued to grow gradually to 6 million (6% of penetration), driven by the gradual coverage expansion to 38% of the population (+28 percentage points year-on-year). Regarding the fixed business, broadband accesses grew 5% year-on-year reaching 5.6 million in September. Pay TV accesses posted once again as of September a sustained acceleration in year-on-year growth (+17%), with net additions of 93 thousand accesses in the quarter (+92% year-on-year) which consolidated a record high level of net additions in the first nine months of the year (310 thousand; +48% year-on-year).

Revenues in the third quarter of the year showed a strong year-on-year growth acceleration in organic terms (+12.6%), reaching 3,634 million euros. In the first nine months of the year revenues increased in organic terms by 10.9% year-on-year, reaching 10,765 million euros. OIBDA for the quarter stood at 1,080 million euros and increased 3.0% year-on-year (3,232 million euros January-September; +8.5%). Thus, OIBDA margin stood at 29.7% in the third quarter and at 30.0% in the nine months of the year.

CapEx stood at 2,203 million euros in January-September 2015, 16.6% more than in the same period of 2014 in organic terms. Investments focused mainly on the deployment of 3G and 4G networks, and the fibre transport network, as well as on the improvement of broadband and pay TV service quality.

Telefónica Argentina

(year-on-year changes in organic terms)

Telefónica Argentina posted this quarter a sequential improvement in the commercial results in all products and segments, the highlights being contract and LTE in the mobile business and broadband in the fixed business. Likewise, revenues maintained strong year-on-year growth levels, although the higher commercial effort and the impact of inflation reduced profitability in the quarter. On the other hand, the Company accelerated the deployment of 4G across the country, already reaching a coverage of 61% of population and a total of 896 thousand accesses.

The Company managed 26.4 million accesses (+1% year-on-year). Mobile accesses stood at 19.8 million (+3% year-on-year). Traditional fixed accesses stood at 4.7 million (-2% year-on-year) and retail broadband accesses reached 1.9 million (+1% year-on-year).

Revenues reached 1,016 million euros in the quarter after growing by 22.8% year-on-year (+22.9% in the first nine months). OIBDA amounted to 242 million euros in the third quarter and increased by 14.5% year-on-year (+30.5% in January-September). Thus, the OIBDA margin in the quarter stood at 23.4% and at 26.3% in the first nine months. CapEx in the first nine months of the year stood at 739 million euros, increasing by 51.9% year-on-year which was mainly allocated to the improvement and expansion of the fixed and mobile networks.

Telefónica Chile

(year-on-year changes in organic terms)

In the third quarter of the year Telefónica Chile presented solid operating and financial results, strengthening its position in high-value segments due to the simplification and improvement of its offers and the progressive deployment of both the LTE network (75% coverage as of September) and

the high-speed broadband network (340 thousand premises passed with fibre as of September; 351 thousand premises with VDSL).

Telefónica managed 13.4 million accesses in Chile as of September 2015 (-1% year-on-year). Mobile accesses stood at 10.1 million (-2% year-on-year), highlighting the growth of the contract segment accesses. In the fixed business it is worth noting the solid performance of broadband and Pay TV thanks to the success of the service-bundling strategy. Thus, the percentage of double and triple play bundles represented 52% of the traditional access base (+2 percentage points year-on-year).

Revenues in the third quarter of 2015 stood at 528 million euros and grew by 2.6% year-on-year (1,684 million in the first nine months; +2.5% year-on-year). OIBDA totalled 187 million euros and increased 0.2% year-on-year compared to the third quarter of 2014 (566 million euros in the first nine months; +1.7% year-on-year). The OIBDA margin stood at 35.4% in July-September (-0.8 percentage points year-on-year) and at 33.6% in January-September (-0.3 percentage points year-on-year).

CapEx stood at 343 million euros in the first nine months of the year and was mainly devoted to the expansion of both the coverage and improvement of the mobile networks (3G and 4G) as well as the expansion of broadband networks in the country (fibre).

Telefónica Perú

(year-on-year changes in organic terms)

In the third quarter of 2015, Telefónica Perú maintained an upward trend in its commercial activity in higher-value segments (mobile contract, smartphones mainly 4G, broadband and Pay TV). This commercial intensity was reflected in the revenue growth in the quarter (+2.6% year-on-year), although it continued to be affected by the strong impact of the reduction in mobile termination rates.

At the end of September, Telefónica Perú managed 22.2 million accesses, 3% more than one year before. Mobile accesses increased by 2% year-on-year (16.8 million) underpinned by contract accesses (+10% year-on-year), which already accounted for 33% of the total mobile accesses. The fixed business maintained the success of the service bundling campaigns, on the back of a differential offer in pay TV quality and content. Traditional fixed accesses totalled 2.6 million as of September (-4% year-on-year). Retail broadband accesses reached 1.6 million as of September (+8% year-on-year). Pay TV accesses stood at 1.1 million at the end of the quarter and accelerated their year-on-year growth to 29%.

Revenues reached 695 million euros in the third quarter of 2015 and increased by 2.6% year-on-year (2,071 million in January-September; +3.5% year-on-year). OIBDA stood at 240 million euros in July-September (-10.3% year-on-year), and at 690 million euros in January-September (-5.8% year-on-year). The OIBDA margin stood at 34.6% in the third quarter of the year, decreasing 5.0 percentage points year-on-year (33.3% in January-September). CapEx reached 291 million euros in the first nine months of the year and reflected the Company's commitment to improving network quality and coverage, with a leading deployment of 4G technology, the improvement in the broadband base speed and the digitalisation of the television service.

Telefónica Colombia

(year-on-year changes in organic terms)

During the third quarter of the year all services recorded operational improvements, mainly in mobile contract, with the highest net additions recorded in the last two years, and in pay TV, with an all-time record of gross additions in the quarter. Likewise, revenues demonstrated a recovery trend and returned

to a year-on-year growth path in the quarter, despite the strong impact of the mobile termination rates reduction applied since January 2015.

Telefónica Colombia managed 15.6 million accesses at the end of September (+1% year-on-year). Mobile accesses stood at 12.7 million (+1% year-on-year), after recording net additions of 242 thousand accesses in the quarter. In the fixed business it is worth noting the reduction in churn in all services compared to the previous quarter. Thus, traditional fixed accesses stood at 1.4 million at the end of the quarter (-1% year-on-year). Retail broadband accesses exceeded 1.0 million customers (+6% year-on-year). Pay TV accesses reached 471 thousand as of September with a year-on-year growth of 17%.

Revenues were back to a year-on-year growth performance in July-September (+0.5%) and totalled 352 million euros mainly due to a better evolution of the fixed business. In January-September, revenues reached 1,151 million euros, declining 0.3% year-on-year. OIBDA stood at 121 million euros in the third quarter (-10.3% year-on-year; 417 million euros in January-September, +1.3% in January-September) mainly affected by the acceleration in the growth of the aforementioned commercial expenses. The OIBDA margin stood at 34.3% in the third quarter and at 36.2% in January-September. CapEx totalled 254 million euros in January-September (+1.4% year-on-year in organic terms), as a result of the focus on coverage and signal quality (3G and 4G mobile network deployment) and the continual improvement of the broadband network, with investments focused on shortening the loop to increase speed.

Telefónica México

(year-on-year changes in organic terms)

Telefónica Mexico posted another quarter of intense commercial activity, the highlight being the contract segment with the launch of the new "Vas a Volar" plans. This commercial improvement was reflected in the acceleration of year-on-year revenue growth and the solid profitability expansion (increasing generation of economies of scale and lower interconnection expenses).

Telefónica Mexico accesses grew by a solid 13% year-on-year, reaching 24.9 million accesses. Mobile accesses stood at 23.4 million and increased 14% with respect to September 2014. Smartphones reached a penetration of 40% while LTE accesses amounted to 1.3 million (6% of penetration). Fixed accesses through fixed wireless technology decreased by 5% year-on-year to 1.5 million.

Revenues in the quarter reached 453 million and accelerated their year-on-year growth to 17.9% (1,356 million euros in January-September; +10.5% year-on-year). OIBDA totalled 134 million euros in the third quarter, a 39.0% increase compared to the same quarter of 2014 (348 million euros in the first nine months; +48.6% year-on-year), reflecting the strong increase in accesses, the growing generation of economies of scale and the asymmetry in regulation. Thus, OIBDA margin stood at 25.6% January-September. CapEx amounted to 164 million euros in the first nine months of the year, growing 11.4% year-on-year, mainly devoted to the expansion of 3G and 4G coverage and capacity and the improvement of the distribution channel.

Telefónica Venezuela y Centroamérica

(year-on-year changes in organic terms)

In the third quarter of the year Telefónica continued to offer the best services to its customers in Venezuela and Central America thanks to the continual progress in service quality and network coverage, which permitted the confirmation of a positive operational and financial evolution. Regarding operating trends in the business as of September 2015 accesses amounted to 24.1 million, 1% more than a year ago. In Venezuela, accesses totalled 11.9 million (+4% year-on-year) and in Central America 12.1 million (-1% year-on-year).

Revenues in the third quarter of 2015 reached 388 million euros, 43.0% more than in the same period of 2014 (965 million euros in the first nine months; +34.7% year-on-year). OIBDA totalled 86 million euros in July-September and increased by 15.3% year-on-year (+8.0% in January-September, reaching 222 million euros). The OIBDA margin stood at 23.0% in January-September. CapEx reached 179 million euros in the first nine months of the year, growing 44.9% year-on-year due to higher investments for infrastructural improvements as well as the development of 3G and 4G networks in the region.