

TELEFONICA S A
Form 6-K
October 31, 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 October, 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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Q3 Highlights | Executing on strategy • Enhancing high-value; UBB 49.0m premises passed; 75% LTE cov. (+6 p.p y-o-y) Enable people with the • Strong net adds: 1.9m contract; 4.9m LTE; 550k UBB; 109k Pay TV power of connectivity • Steady Avg. Rev per access growth (+3.5% y-o-y); building loyalty (stable churn y-o-y) • Digital services progressing in the new ecosystem (9M +25.3% Revs. y-o-y org) • Spain: Best commercial KPIs in 10 years; Revs. stable, margin 40.5% Operate in markets • Brazil: Best ever net adds in FFTH; +1m post paid; 7th straight Qs of margin expansion where we can have an • Germany: MSR ex reg. stable;

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network roll-out progressing at full speed impact & create value • UK: Continued strong performance; Revs., OIBDA and contract net adds ramping up • S. Hispam: Revs. growth improved; strong UBB net adds (+197k) • N. Hispam: Robust results in Colombia & Central America; Mexico remains affected by regulation

Optimise our capabilities • Continued evolution towards smart networks (#1 in network virtualisation) for a sustainable • Advanced position in Digitalisation: yielding efficiencies (gross savings 2018E>€0.3Bn) digital future • AURA available in Spain through Movistar Home from November • Better organic y-o-y trends in Revs., OIBDA & OpCF Deliver strong • Expanding FCF to €3.6Bn ex-spectrum (+0.9% y-o-y). 9M FCF €3.0Bn results • Upgraded guidance; revenue growth around 2% • 6th Q in a row of net debt decline (-€1.6Bn YTD) 2

Key Financials 9M 18 Q3 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 35,776 (7.9%) 2.2% 11,699 (8.3%) 2.7% Service revenues 32,310 (10.2%) 0.9% 10,499 (10.7%) 1.2% Growth acceleration OIBDA 12,035 (2.0%) 3.8% 4,038 (1.4%) 4.1% from Revenues to OpCF OIBDA margin 33.6% 2.0 p.p. 0.5 p.p. 34.5% 2.4 p.p. 0.4 p.p. OpCF (ex-spectrum) 6,967 2.2% 2.9% 2,262 5.8% 4.0% Net Income 2,721 11.6% 1,139 35.8% EPS (€) 0.46 6.1% 0.21 39.8% Strong earnings performance FCF 2,957 (8.3%) 1,420 (11.3%) FCF (ex-spectrum) 3,591 0.9%

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1,435 (25.5%) Net Financial Debt 42,636 (9.7%) Continued debt reduction Reported numbers impacted by • Negative FX & regulation • Hyperinflation in Argentina in Q3 & 9M 18: Revs. (-€361m; -€618m), OIBDA (-€123m; -€229m) & Net Income (-€103m; -€260m) • Other non-recurrent impacts (OIBDA: Q3: +€223m ; 9M: +€459m; Net Income Q3: +€93m; 9M: -€188m) 3

Upgraded full-year guidance Operating 2018 guidance Guidance 2018E (IAS 18) Upgraded Guidance 2018 9M 18 (organic) Growth of around 1% Growth of around 2% Revenues +2.2% (despite regulation dragging: -0.9 p.p.) (despite regulation dragging: -0.9 p.p.) Continues expanding around 0.5 p.p. (despite Continues expanding around 0.5 p.p. (despite OIBDA Margin +0.5 p.p. regulation dragging -1.6 p.p. on OIBDA growth) regulation dragging -1.6 p.p. on OIBDA growth) CAPEX Around 15% Around 15% 14.5 % ex-spectrum/Sales Solid balance sheet Additional deleveraging Improved ROCE Attractive, stable &

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sustainable dividend 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

Improved earnings momentum driven by Europe Revenues, OIBDA, & OpCF Strengthening growth trends y-o-y organic Reported y-o-y • Revenue acceleration vs. Q2 Revenues OIBDA Services revenues +0.5 p.p. 4.1% 4.1% - +0.7 p.p. 2.7% 2.0% = - European operations ramped-up to 1.6%; +0.4 p.p. q-o-q - Latam similar performance (+3.2%) • Margin expansion continues (+0.4 p.p. y-o-y) Q2 18 Q3 18 Q2 18 Q3 18 - Spain margin 40.5%; Brazil +2.3 p.p.; Germany +0.3 p.p.; €12.1bn €11.7bn €4.2bn €4.0bn UK +0.5 p.p. y-o-y (6.3%) (8.3%) +1.9% (1.4%) • Strong OpCF trends Organic revenue growth 9M OpCF (ex-spectrum) +3.1%

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+3.2% LATAM €7.0bn +2.6% 2.9% +2.0% +2.7% GROUP +1.9% 2.2% +1.6% EUROPE +1.1% +1.2% Q1 18 Q2 18 Q3 18 Organic Reported T. EUROPE +2.0%
CapEx +5% y-o-y org. EX-REGULATION 5

Solid FCF generation FCF ex-spectrum FCF just -€0.3Bn vs. 9M 17 (rational spectrum acquisition) €m +0.9 y-o-y 3,591 €m 1,588 1,435 6,988 579 +0.9% y-o-y (1,160) Q1 Q2 Q3 9M (1,283) 3,591 2,957 (954) FCF reported (634) 550 998 1,420 2,957 y-o-y OpCF WC Interest Taxes, FCF Spectrum FCF (8.3%) ex-spectrum payments minorities ex-spectrum paid & paid 6th Q in a row reducing Net Debt Others Bn€ -1.6 -1.0 FCF to continue improving in Q4 44.2 43.6 42.6 Further net debt reduction Dec-17 Jun-18 Sep-18 6

Digital transformation framework across our platforms 4P New functionalities Strategic alliances Frontrunner in Movistar Home smart device Contents manager:
th More use Cognitive in Spain (from 15 . Nov) • Movistar+ • El Corte Inglés • Iberia cases to come Intelligence AURA • Communications • Home connectivity •
Twitter 3P 44% Video Bundled & Integrated Enhancing growth on 14% €4,901m • Smart Wifi 27% Content • Movistar Play Digital Services SoC Revs. o/total
Digital Revs. • Consumer IoT (+1 p.p. y-o-y) (+25.3% vs. 9M 17) 20% IoT, Cloud, Security... • Novum 2P Structural E2ED level Transformation 63% 27% Full

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Stack 64% Online Charging System (+8 p.p. yoy) Cust. migrated +3 p.p. yoy Cust. migrated +8 p.p. yoy 1P Network virtualised UBB coverage Unified fixed devices LTE coverage premises passed Towards E2E network 75% 92% EU #1 81m virtualisation > 4m HGU 69% Latam (o/w 49m owned) 30 Data centers 4.5G in 11 countries 7

Data monetisation | Compelling proposals B2C Fostering customer value and engagement B2B Supporting customers' digitalisation journey • Innovative proposals in mobile post-paid • Complete Digital solutions portfolio - New flexible tariffs in UK & BRA - Boosting Multi-cloud through strategic agreements - "Movistar Play" (Video OTT) across Latam - Overseeing customers and partners' Security - "M4M" in new tariffs (BRA, COL, GER) - LUCA; leader among Big Data providers • Data recurrent plans extended in prepaid • Strong and global capabilities - ARG and CAM in Q3 - +45k km network, 11 SOCs, Cloud VPN... • UBB & Content, key

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to add value in fixed - Specialised commercial team - New "Fusión+" portfolio in Spain (Oct-18) - Leading brands (own & partners) + start-ups • Open platforms, new digital services - Netflix available in CHI, COL, ECU, UK Video subscribers 10 million IoT Revs. +40% y-o-y in Q3 9m Pay TV + 1m OTT +64% y-o-y in Q3 Recurrent data 43% penetration in Latam ARPU & loyalty 9M B2B revs. Security Revs. Only Telco in European increase +2.9% y-o-y org. plans in prepaid +10% ARPU uplift; churn reduction Cybersecurity Organisation -15% churn Digital Family plans Dufry deal (multi-year) VIVO (vs. individual plans) transformation 8

Video at the core Large scale, 10m base (Sep-18) ('000) y-o-y 9,889 8,845 5,124 3,721 1,044 OTT DTH IPTV/Cable Pay TV Total (8.2%) +18.5% +5.6% (332)
+802 +470 Superior Video Capabilities Sustainable value leadership in Spain Capturing the OTT opportunity in Latam Best Network + Best Content + Best
Technology Content Aggregation + Unified Experience • FTTH/Unified Video Platform in Latam • Relevant distribution power • Most complete & quality content •
Leading partner-based bundles • Cognitive Intelligence: AURA Tangible value accretion ~20-30m • Largest FTTH network in Europe subs. 2021E • 12m viewers,

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~60% Pay TV market share • Video Revs. 9M 18 €2,149m • 15-20% “Prime time” share in-house production • TV ARPU Spain x3 vs competitor • Football rights for 3-4 yrs (3/5 most viewed events) • Increase loyalty Spain -25% churn • Upside in Pay TV penetration (34%) • >160m mobile subs. full bundling & billing • New value lever to foster monetisation 9

B2B | Exploiting the digitalisation opportunity Strategic and growing business Relevant unit delivering a positive performance Enhancing our growth profile • 4 million corporates • Sustainable revenues & service mix Gaining traction across Telefónica's footprint - 60% revs: Advanced Data Comms. & Digital Serv. • Underpinned by our Platform vision - #1 Microsoft O365 Channel in HispAm >650k licenses • Above-avg. performance in key markets, Spain & UK - >18m M2M base (Gartner MQ Leader) • T. España, Ranked #3 IT provider (Gartner) Global ICT & Cloud Comms. provider Key capabilities to lead B2B Digital

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transformation Network transformation enabling new B2B • 17 OBs, 170 country reach, 12k specialised salesforce services • Cutting-edge platform Customer centric B2B value proposal - SD-WAN, vCPE, BoD (Bandwidth on Demand..) • Values: Optimise, Innovate, Grow and Trust • Access Anywhere, Hybrid Networks, Near Real-Time • Pillars: Consumption Based, Softwarisation, All as a Service - +35% y-o-y legacy voice migration (IP) in Q3 - +36% VPNs with fibre Access • Global Customer reference - Digital Transformation, AWS, IoT, Big Data - Tailor-made digital integral solutions 10

Successful focus on value customers; providing sustainability Deep business transformation ... Accesses y-o-y • Network leadership - Towards customer-centric networks (softwarisation; data 12.8m 111.5m 8.8m analytics & AI) • Process automation FTTx/Cable LTE Pay-TV - Full stack deployment, efficient sales.... +21% +25% +6% ... lever for differentiation; best experience Avg. Rev/Access • Gain velocity to scale innovations +3.5% y-o-y Better time to market, less complexity - Q3 ARPU (y-o-y) Avg. Lifetime • From core connectivity we created a global digital ecosystem around the consumer Fusión (4.6m) +1.8% (€89.2) 6 years - Novum,

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Consumer IoT, Smart Wifi, Movistar Play Mobile contract (39.4m) (0.1%) 4 years FTTx (4.9m) +17.9% 3 years Mobile contract (16.0m) +0.7% 8 years ... 11

Digital Transformation | Optimising customer relationship Digital relationship with our Customers 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 Moving steadily... ..capturing savings... ..fostering structural initiatives Q3 y-o-y +73% of digital sales (Fusión) Gross Savings Process Automation B2B: 68% customers use digital channels 2018E On Track -RPA- B2C: +43% customers use App "Mi Movistar" > €0.3bn +21%

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automated resolution of technical calls >50 advanced analytics use cases Cognitive Contact Center Gross Savings Blockchain +46% users App "Meu vivo"
Run-rate 2020E +20% prepaid digital top-ups > €1.0bn +41% E-billing customers 63% digital technical resolution -30% calls to call center 12

Spain | Record commercial activity in a reshaped market place Q3 Net adds Largest-ever capture of high value customers ('000) y-o-y • Football strategy proven right 370 • Gross adds surged, Fusion churn stable 155 151 101 - Record portability (fixed & mobile) 81 79 - Best FBB net adds since Fusion launch (Q4 12) - Largest mobile contract net adds in 10 yrs Fusion FBB TV FTTH Mobile NEBA Fiber Contract • Fusion KPIs, mix improves on higher value adds - High-end base adding the most: +2 p.p. q-o-q x8.0 c.s. +1% x1.6 X1.6 +14% - €89.2 ARPU in Q3 (+1.8% y-o-y) - Gross adds ARPU in Q3 higher vs. H1 - New "Fusión+" portfolio

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launch (Oct-18) "Fusión" Value Mix FTTH uptake ('000 in LTM) y-o-y Q3 Gross adds 40% +7% +55% 1.2m 27% 29% High-end Increased returns on fiber 513
638 41% 38% Mid-end • Coupling strong fiber uptake at retail/wholesale TOTAL Retail Wholesale - Primary access at FBB base (63%; +8 p.p. y-o-y) 32% 33%
Low-end Wholesale upside on long-term agreements (33% - Jun-18 Sep-18 of wholesale base; +18 p.p. y-o-y) 25% 18% 6% Uptake 20.8m FTTH premises passed

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Spain | Sustained profitability despite commercial pick-up Top line trends maintained Service Revenues y-o-y organic OIBDA margin • Serv. Revs. growth unchanged (+1.4% y-o-y in Q3) ex-MTR cut/MásMóvil - “Consumer” (+0.4%) decelerates on calendar effect 1.8% 1.4% - “Business” (+1.5%) accelerates; stronger IT 1.4% Serv. Revs. ex-MTR/MásMóvil - “Wholesale & Other” (-3.4%) eased decline 0.8% - More football revenue offset larger drag from MTR 0.1% 0.0% cut & MVNO loss Q1 18 Q2 18 Q3 18 39.5% 40.5% 40.5% Strong margins and cash generation Strong profitability despite cost uptick y-o-y ex-capital gains • OpEx

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slight increase (+€32m y-o-y in Q3) despite higher 40.5% €2,641 content cost 28.6% Stable - Net content cost (+19% y-o-y in Q3; +8 p.p. q-o-q); on y-o-y new football season since mid-Aug • Q3 OIBDA margin at 40.5% despite record trading due to Q3 OIBDA Q3 OpCF 9M OpCF efficiencies (OIBDA ex-capital gains: -1.3% y-o-y) margin margin (0.6 p.p.) +0.1 p.p. 14

Germany | On-track to complete network integration Strong commercial momentum Improving data monetisation • Contract net adds +27% y-o-y in Q3 LTE customers & penetration - Partner trading; 57% of gross additions (58% in Q2) (M) Penetration 40% 41% 39% • Updated O2 Free tariffs; Boost & Connect driving data usage 37% and ARPU-up 36% Avg. monthly data usage (O contract LTE cust.): +65% y-o-y - 2 17.2 to 3.9GB 16.6 16.1 15.8 15.7 Sep-17 Dec-17 Mar-18 Jun-18 Sep-18 Key financial highlights Financials y-o-y organic Revenues y-o-y OIBDA • 9M revenues ex-reg. almost flat y-o-y (-0.8% y-o-y in Q3) • Further

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OIBDA margin expansion MSR Ex-reg. OIBDA Margin Synergy capture (€25m in Q3; ~€90m in 9M) - 25.7% 25.2% - Regulatory effects -€17m in Q3 • CapEx +7.6% vs. 9M 17 +0.2% +0.3 p.p. +0.3 p.p. - Final stage of network consolidation; LTE rollout flat - Incremental synergies ~€35m in 9M Q3 9M Q3 9M €1,830m €5,355m €470 m €1,352 m 15

UK | Customer focus drives further growth MSR Strong operational base y-o-y organic MSR ex-regulation • Largest UK mobile operator (32.3m accesses Sep-18)
- Strong contract net adds: 117k (incl. M2M) 3.5% 3.6% - 3rd. consecutive Q of ARPU growth (+3.2% y-o-y) 1.1% 1.2% - Leading customer loyalty; contract
churn stable at 1% 0.4% • 62% LTE penetration +5 p.p. y-o-y Q3 17 Q4 17 Q1 18 Q2 18 Q3 18 • Industry-first proposition with “Custom plans”, providing flexibility
& choice +3.5% +2.7% +2.8% +6.2% +3.6% • Continued rapid spectrum deployment Financials 2018 Robust financial delivery y-o-y organic Margin

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Ex-commercial settlement th • 9 consecutive quarter of MSR growth Revenues OIBDA • Continued OIBDA expansion +8.1% y-o-y in 9M 9.8% - Healthy OIBDA growth in Q3; ALFs reduction & commercial 7.9% 8.2% settlement (€18m) 5.6% +5.5% • Strong OpCF generation (+12.8%; €141m in 9M) - CapEx +3.0% vs. 9M 17 Q2 Q3 Q2 Q3 27.5% 26.9% +0.7 p.p. +0.5 p.p. 16

Brazil | Irreplicable position in key segments Continued high-quality growth Contract Net adds 2018 ('000) Share of contract net adds • Best Network. Strong evolution of 4G/4G+ - 87% 4G Coverage (+12 p.p. y-o-y) 40% - 4G+: 850 cities (+736 in 2018) 37% 27% • Best customers; sustained leadership 41.2% Contract Mkt Sh. • ARPU 30% higher vs. 936 980 closest competitor 727 - Net adds: 2.6m 9M (+16% vs. 9M 17) • Leader in net adds in the last 5 months - 53% contract penetration (+5 p.p. y-o-y) - Migrations from prepaid still accelerating: Strong Opportunity Q1 Q2 Q3 ahead of us (still 35m prepaid customers) - ARPU & Churn

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postpaid stable y-o-y despite macro & FTTH Net adds 2018 competition ('000) • Quality growth led ARPU increase in fixed business - 4.9m premises already connected (+10% y-o-y) 162 167 - Accelerated FTTH deployment: 8.0m premises passed 129 ARPU 9M y-o-y FBB +10.3% - Outstanding results in cities launched since 2017: Pay TV +3.7% 42% take-up; +16% BB ARPU - 536k IPTV accesses (+53% y-o-y) Q1 Q2 Q3 17

Brazil | Strong margin improvement & cash generation Consistent revenue evolution Financials y-o-y organic Q2 18 Q3 18 • Q3 total Revenues: -1.0% y-o-y
Margin (organic) - MSR -1.0% 7.1% 5.5% - Prepaid performance affected by macro & competition 0.5% - +7.6% in contract revenues (75% of MSR) 0.2% •
Fixed: -5.4% y-o-y -1.0% (3.2%) - Affected by fixed to mobile voice substitution, regulation & DTH Revenue OIBDA OpCF - Transforming business: 61%
already non-voice & access revenues 37.2% 14.7% - Fiber revenues:+30.1%; IPTV +46.9% +2.3 p.p. +0.2 p.p. FCF 2018 (under Brazil reporting criteria) (€m)

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Organic OIBDA margin (y-o-y) 7th consecutive Qs of OIBDA margin expansion 1,066 684 • Continued OpEx decline (-3.4% in Q3;) led by digital initiatives (call center, back office and billing) +2.2 p.p. +2.3 p.p. 227 • Non-current assets with the Administration to generate +1.2 p.p. incremental FCF over next years (+6.4% y-o-y in 9M)... Q1 H1 9M • ...despite higher level of investments (19% Capex/Sales 9M, +2 p.p. y-o-y) 18

South Hispam | Value growth in a challenging environment Transforming toward a more sustainable business Mobile Penetration Sep-18 (y-o-y) • Sound commercial trends 52% FTTx/Cable: 2.3m connected (1.8M FTTH/Cable) - 40% 36% - +677k Contract net adds in 9M (-700k in 9M 17) - Further differentiation: 0.5m Movistar Play active users • Revenues & OIBDA increase despite competition Contract LTE Smartphones • Q3 ARGENTINA (Revs. €232m; OIBDA €54m) +4 p.p. +12 p.p. +2 p.p. - Sound OIBDA growth (+30.4%) on value accesses growth, efficiencies & tariff updates Financials 2018 - FTTH deployment x2.3 y-o-y

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(338k already connected) y-o-y organic - IPTV launched in Sep-18; strong opportunity ahead Margin - Hyperinflation accounting from Q3 18 Revenues OIBDA 11.2% • Q3 CHILE (Revs. €505m; OIBDA €156m) 8.7% 8.8% - Accelerating contract (+11%) & FTTx accesses (+34%) 5.4% - Turnaround trend sustained: OIBDA +3% y-o-y; margin +0.9 p.p. • Q3 PERU (Revs. €527m; OIBDA €80m) Q2 Q3 Q2 Q3 - Intense competition impacting OIBDA & service revenues 28.2% 23.7% +0.0 p.p. (1.5 p.p.) 19

North Hispam | Colombia speeds-up; Mexico hit by regulation Revenue growth despite regulation Mobile Penetration Sep-18 (y-o-y) 48% • Accelerating value 27% - 176k new FTTx connections in 9M (+59k in 9M 17) 15% - +409k Contract net adds in 9M (+405k in 9M 17) • Growth driven by COL & CAM; financials still hit by Mexican Contract LTE Smartphones regulation • Q3 COLOMBIA (Revs. €383m; OIBDA €157m) +0.4 p.p. +8.9 p.p. +2.4 p.p. -Value strength (y-o-y): x4 FTTx; +6% Pay TV; +2% Contract -Revs. & OIBDA acceleration; OpCF +53.1% vs. 9M 17 Financials 2018 • Q3 MEXICO (Revs. €293m; OIBDA €40m) y-o-y

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organic Ex-regulation Margin (organic) -Revs. and OIBDA (-6.5% and -42.5%) strongly affected by Revenues regulation OIBDA -Close to stable Revenue ex-regulation (-0.9% y-o-y) 0.4% • Q3 CAM (Revs. €220m; OIBDA €69m) (0.4%) (2.8%) +120k contract net adds in 9M (89k in 9M 17) (8.0%) -Sound Revenue & OIBDA (+5.9% & +15.5% y-o-y in 9M) Q2 Q3 Q2 Q3 - Remarkable OpCF: +37.5% y-o-y in 9M +1.5% +2.3% +5.1% (0.6%) 27.5% 27.9% (0.7 p.p.) (2.6 p.p.)

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Telxius | Value adding growth Towers Tenants Larger portfolio of premium-quality # # Q3 Q3 • BRUSA cable (US - Brazil) came into service in Q3 16,554
22,348 - Highest capacity cable connecting the Americas (11,000km, +101 +236 138 Tbps) • Towers - +266 new towers YTD; +629 new tenants YTD Sep-18
Sep-18 - Increased tenancy ratio to 1.35x (+0.04x y-o-y) OIBDA Healthy financials Revenues y-o-y organic Ex- BRUSA effect y-o-y organic Ex- BRUSA effect •
Solid top-line growth in Q3 - Cable: +51% y-o-y; Towers: +12% y-o-y New capacity sale New capacity sale in BRUSA in Q3 in BRUSA in Q3 • Sound

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profitability: 46% OIBDA margin (-1.0 p.p. vs. Q3 17) +33.6% +30.9% • Increased visibility as CapEx starts to decline since new cables are completed +6.1%
+5.3% +4.5% +6.5% - +18.9% OpCF vs 9M 17 • 9.99% share capital of Telxius transferred to Pontegadea in Q3 Q2 18 Q3 18 Q2 18 Q3 18 €186m €231m €87m €107m

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Q3 non-recurrents impacting OIBDA and net income Q3 impacts in OIBDA +€100m Q3 impacts in Net Income -€10m 59 (34) 197 (123) 100 174 (13) (68) (103)
(10) Court Ruling + Others Restructuring Hyperinflation TOTAL Court Ruling + Restructuring Others Hyperinflation TOTAL contingencies Provisions
contingencies Provisions Brazil Brazil • Court Ruling in Brazil: - Already flowing into FCF; to continue in next Qs • Restructuring costs, enhancing future
profitability and cash flow - GER -€14m; PER -€20m; ARG -€4m • Capital gains (sale of digital companies & towers) +€45m • Hyperinflation in ARG (-€123m OIBDA;

Net income up +11.6%, EPS +6.1% 9M 2018 €m (2.0%) reported 12,035 6,581 +6.0% reported +11.6% 2 (575) reported 5,454 (1,669) (491) 2,721 OIBDA D&A
OI Associates Net financial Taxes Minorities Net Income expenses EPS +6.1% reported 23

FX impacts in P&L, FCF and net debt OIBDA EM currencies, particularly BRL and ARS major drag in Q3 €m Reported y-o-y • FX (ex. hyperinflation) decreased growth by 735 1,205 (2.0%) y-o-y 459 -Revs.: -8.1 p.p. in Q3 y-o-y (-8.5 p.p. in 9M) 12,274 229 12,035 -OIBDA: -9.5 p.p. in Q3 y-o-y (-9.8 p.p. in 9M) • Consistent organic contribution 9M 17 Other non- Organic FX Hyperinfl. 9M 18 rec. factors evolution FX impact mitigated at FCF FX impact 9M (y-o-y) • FX reduced: Revs. -€3,300m; OIBDA -€1,205m; FCF -€330m • Net debt decrease (-€106m 9 month rolling) FX reduces OpEx FX reduces CapEx, FX reduces Taxes &

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others NDebt Revenues OIBDA FCF Net Debt -€3,300m -€1,205m -€330m -€106m 9 month rolling 24

Net debt reduction on strong FCF Net Financial Debt €m -1,594 ND/OIBDA ND/OIBDA 2.66x 2.68x (2,957) 44,230 (349) (553) 1,684 581 42,636 Shareholder
Dec-17 FCF remun. (incl. hybrid Pre-retirement Net financial FX & Sep-18 coupons and LME) commitments investments Others 6,967 (1,160) (1,283) (518)
(1,048) 2,957 OpCF ex- Working Net interest Tax Dividend to minorities, FCF spectrum capital payment spectrum & others accrued 25

Strong liquidity thanks to attractive long-term financing Sources of long-term financing Net Debt maturities 2018 YTD | €bn Sep-18 | €bn; not considering hybrid
NC dates LME: annual coupons -93bps to 4.4%. Avg. years to call from 3.2Y 5.5 12.4 76% debt Avg. debt life to 4.7Y in fixed rates 9.2 years 2.3 5.3 5.6 1.0 2.0
Cash > gross 1.6 maturities 2018E 2019E 2020E USD Bonds € Bonds Financing at Hybrids Bank Total Subsidiaries Refinancing Liquidity position Interest
payment costs Sep-18 | €bn 96% LT 20.4 (0.03 p.p.) 12.1 3.48% 3.45% 8.3 Cash position Undrawn credit Liquidity position Jun-18 Sep-18 lines & synd. credit

Conclusion Mr. Ángel Vilá COO 55

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: October 31 , 2018 By: /s/ Laura Abasolo García de Baquedano

Name: Laura Abasolo García de Baquedano

Title: Chief finance and Control Officer