Telefónica successfully issues a €750 million green hybrid

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Telefónica has issued today a Non-call 8-year €750 million green hybrid. The transaction was very well received by institutional investors, with a demand of up to €3 billion, four times the amount finally issued. The highly diversified investor base was mainly made up of international investors, more than 95% of the total. The company was able to significantly improve the conditions and set the final cost at 6.75% from an initial coupon of 7.125%, representing a reduction of nearly 40 basis points.

The closing and final settlement of the transaction will take place on September 7th.

Telefónica also submitted today an offer to purchase the hybrid with a redemption date in March 2024, which will remain open until September 5th. The transaction is scheduled to close on September 8th.

Both operations are in line with the strategy of proactively managing the company's hybrid capital base, reinforcing its position as the leading issuer of ESG financing in the global telco sector. In addition, the green hybrid allows to advance towards the objective of 30-35% of financing activity to meet sustainable criteria by 2024. At the end of June, Telefónica had covered maturities for over the next three years, with an average debt life of 12.4 years and 80% at fixed rates. It also has a comfortable liquidity position of more than €20,000 million.

Commitment to invest in green projects

Today's operation also ties in with the company's sustainability objectives, integrated into its business strategy and aligned with the United Nations Development Goals (SDGs). Telefónica is committed to the deployment of sustainable, resilient and quality infrastructures and services, a socio-economic driver in the regions where it operates.

The funds obtained will be allocated to investments in green projects, in accordance with the categories defined in Telefónica's Sustainable Finance Framework, last updated in July 2023, and externally validated with a second favourable independent opinion from Sustainalytics. These projects focus mainly on the transformation and modernisation of fixed and mobile telecommunications networks, with the aim of improving their energy efficiency. Funds may also be allocated to renewable energy generation projects, and the development of digital products and services aimed at saving energy and natural resources. These are the main levers for improving efficiency and reducing the carbon footprint.

Once the projects have been identified and awarded, which will necessarily refer to new or existing investments made up to three years prior to the issue, Telefónica will report annually on their environmental impact through indicators such as energy consumption per petabyte of data traffic, energy savings or CO2 emissions avoided.

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