



Telefónica Publicidad e Información

January-December 2003 Results

Madrid, February 12th, 2004

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Similarly, as regards the possible development and prospects of the business, investment plans and expected financing of future development or expansion in 2004, the document is issued in accordance with the provisions of point one 5) of the Spanish Order of the Ministry of Finance (Orden del Ministerio de Economía y Hacienda) of 22 December 1999 and the Circular 1/2000 of the Spanish Securities Markets Commission (CNMV) for the special segment of the stock market known as the "Nuevo Mercado".

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Strong growth in Revenues, EBITDA and Net Income

- TPI Group outperforms EBITDA growth projections (14/17%) and meet revenue growth forecast (7/9%) on the high end of the range.
- TPI Group revenues increase 8.9% in local currency (7.1% in real terms) to Euro 570.83 million, while EBITDA grows 19.3% in local currency (19.6% in real terms) to Euro 179.58 million.
- Strong EBITDA margin expansion from 28.2% in 2002 to 31.5% in year 2003.
- Net income reaches Euro 90.06 million with an increase of 18.1% in local currency (19.4% in real terms).
- Proposed dividend of Euros 92.06 million, an increase of 129.3% vs 2002 (Euros 0.25 per share vs Euros 0.11 per share on 2002)
- Dividend yield of 4.9% (11th February 2004 closing price of Euros 5.06 per share)
- Free Cash flow up 46.0% to Euro 109.5 million

TPI Group 2003 results meet the high end of the revenues range forecast and outperforms EBITDA growth previously announced

Main Financial Data (TPI Consolidated Accounts)

(Euro million)	2003	2002	Var. (%)	% Var. Local currency	2003 Forecast ⁽²⁾ Local currency
Revenues	570.83	532.83	7.1%	8.9%	+7/9%
Advertising revenues	502.63	483.42	4.0%	5.7%	+4/6%
-Publishing business	464.38	453.08	2.5%	4.2%	+3/5%
-Internet business	31.14	25.71	21.1%	23.5%	+15/20%
-Telephone information services	4.44	4.27	4.0%	6.9%	+15/20%
-Other	2.67	0.36	644.7%	644.7%	-
Telephone traffic	24.09	2.23	982.8%	982.7%	+500/600%
Telecom Operator	41.79	44.38	-5.8%	-3.3%	-3/-5%
Other revenues	2.31	2.80	-17.5%	-11.6%	-
EBITDA	179.58	150.11	19.6%	19.3%	+14/17%
EBITDA margin	31.5%	28.2%	3.3 p.p.	2.7 p.p.	-
Net Income	90.06	75.42	19.4%	18.1%	-
Cash Earnings⁽¹⁾	123.52	108.63	13.7%	-	-

n°. Shares (31st December 2003): 368,234,331

Average exchange rates Jan-Dec. 2003: {
Peso/Euro: 671.14
Reais/Euro: 3.45
Sol/Euro: 3.91

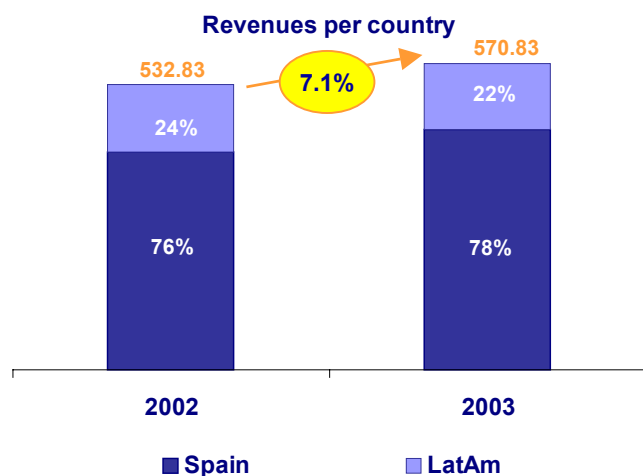
⁽¹⁾ Net Income+/- Extraordinary Results+/-Exchange Rates Differences+Depreciations

⁽²⁾ Forecast given by TPI on May 2003, at 2002 constant exchange rates.

	SPAIN (*)		CHILE		BRAZIL		PERU	
	2003 (Euro million)	% Var. (Local currency)	2003 (Euro million)	% Var. (Local currency)	2003 (Euro million)	% Var. (Local currency)	2003 (Euro million)	% Var. (Local currency)
Revenues	448.35	10.5%	74.89	5.8%	17.70	-6.2%	31.46	9.6%
EBITDA	152.79	13.6%	27.30	10.1%	-5.34	48.0%	6.20	65.4%
EBITDA margin	34.1%	0.9 pp	36.5%	1.4 pp	-30.2%	24.2 pp	19.7%	6.7 pp

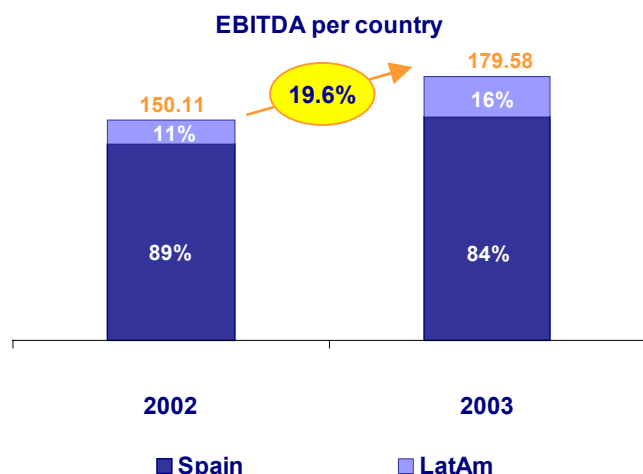
(*) Includes TPI Spain, Goodman Business Press and 11888

TPI Group, revenues and EBITDA by geographical area



- TPI consolidated revenues increase 7.1% to Euro 570.83 million

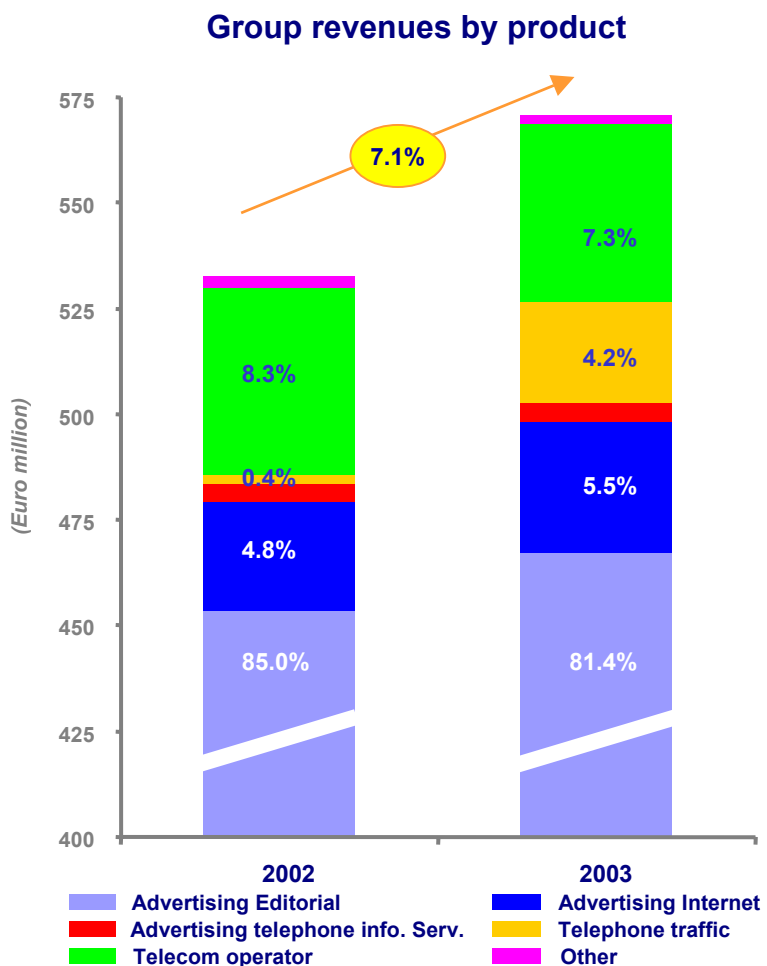
- LatAm decreases its contribution from 24% in 2002 to 22% in 2003, due to lower revenues in TPI Brazil together with the depreciation of Brazilian real and the Peruvian sol.



- TPI consolidated EBITDA reaches Euro 179.58 million, increasing 19.6%

- Spain's ⁽¹⁾ EBITDA up by 13.6%.
- LatAm consolidated EBITDA reaches Euro 27.90 million (+73.3%) and increases its contribution to Group EBITDA from 11% to 16%.
 - Chile and Peru register an EBITDA growth of 10.1% and 65.4% in local currency respectively
 - TPI Brazil strongly reduces its negative EBITDA from Euro -12.88 million to Euro -5.34 million

Good performance of advertising and telephone traffic revenues, push Group revenues up 7,1%

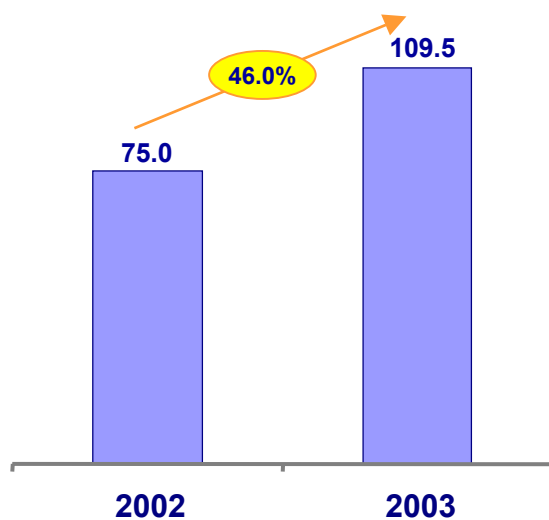


TPI consolidated revenues increase 7.1% to Euro 570.83 million.

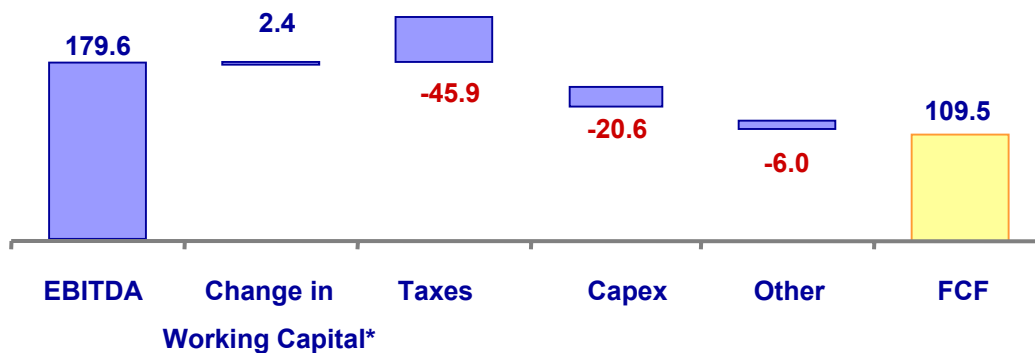
- Editorial advertising revenues decrease its percentage as of total revenues from 85.0% to 81.4%...
- ...while internet revenues increase its weight from 4.8% to 5.5% ...
- ...and telephone traffic end up representing 4.2% of total revenues versus 0.4% in 2002

Consistent cash flow generation

Operating cash flow
(Million Euros)



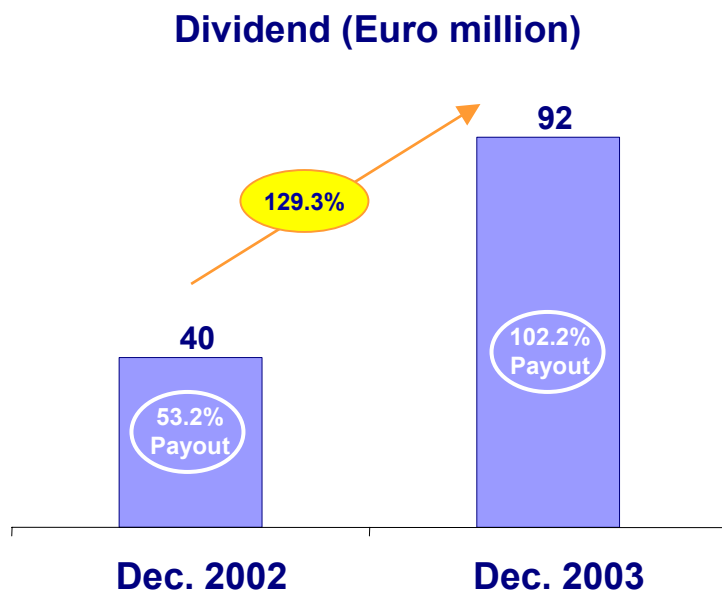
Operating cash flow FY03
(Million Euros)



* Working Capital: Inventories + Account receivable +/- Accrual accounts – Creditors

Note: Calculated in 2002 constant euros

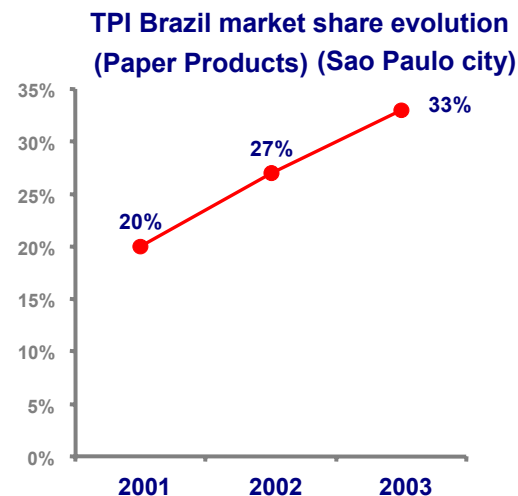
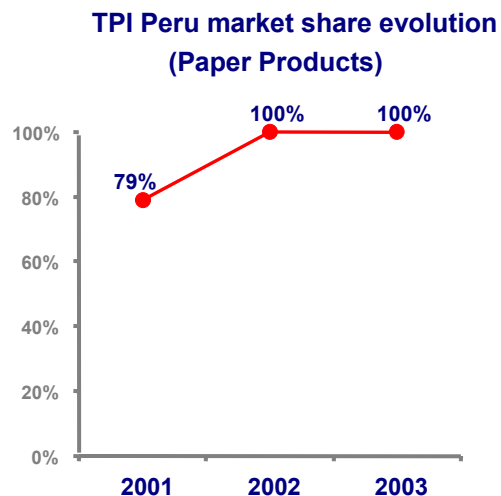
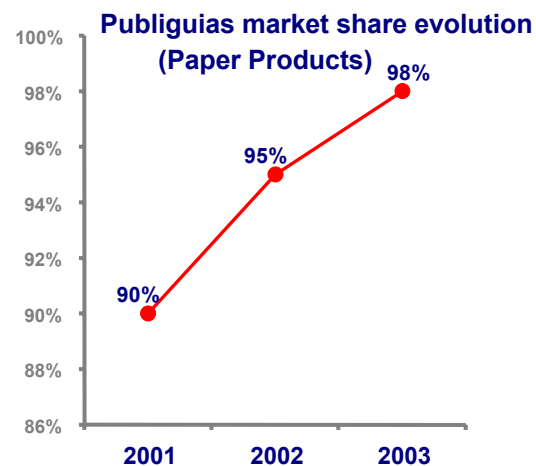
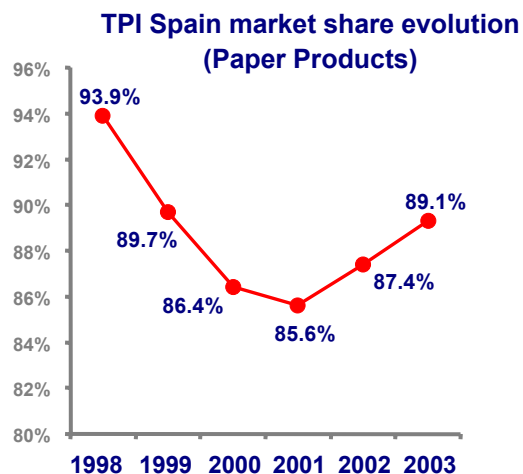
Dividend will be raised by 129% to Euro 92 million



Payout of TPI Group Net Income

- Dividend proposal to the Annual general Meeting of Euros 92.06 million (Euros 0.25 per share), representing an increase of 129.3% vs 2002.
- Pay-out goes up to 102.2% of the Group Net Income from 53.2% in 2002, and to 147.2% of that of the parent company (TPI,s.a) from 60.0% in 2002.
- At yesterday's closing price of 5.06 per share, (feb-11th) dividend yield reaches 4.9%.

TPI increases its position in every market where it is present

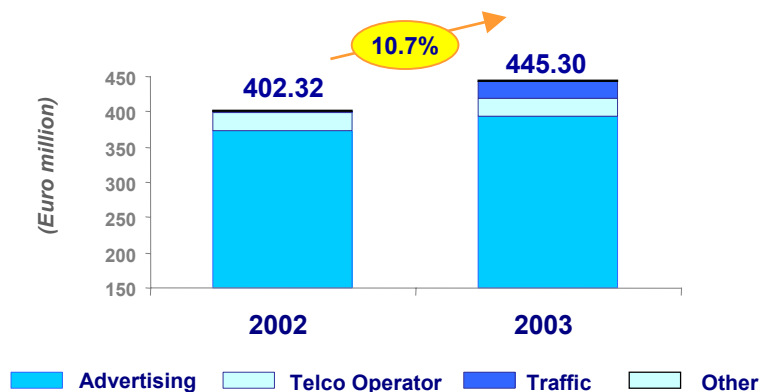


Source: TPI estimates

Spain⁽¹⁾ grows at a double digit rate



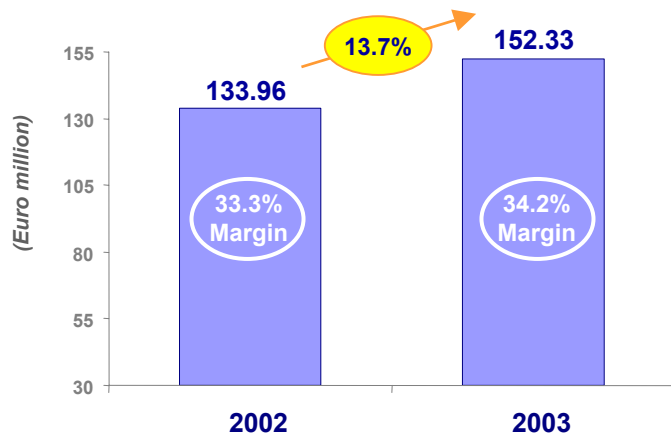
Revenues breakdown



○ Spain⁽¹⁾ revenues increase 10.7% to Euro 445.30 million due to:

- Strong growth of advertising revenues (5.5%) to Euro 394.50 million
- Strong boost of traffic revenues which multiply by more than 11 times and reach Euro 23.85 million

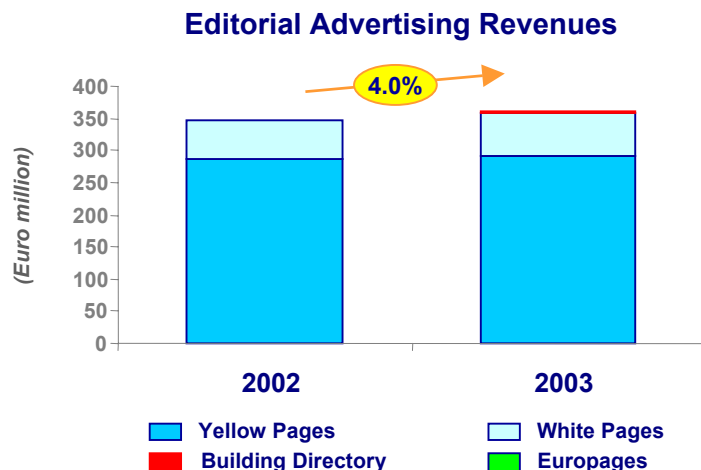
EBITDA



○ Spain⁽¹⁾ EBITDA reaches Euro 152.33 million, increasing 13.7%. EBITDA Margin of 34.2%

⁽¹⁾ Includes TPI Spain and 11888

Spain: Editorial product keeps on growing at 4.0%



New Building Vertical directory:

- Launched in 4Q03
- Euros 3.14 million of revenues

YELLOW PAGES

- Total revenues: Euro 291.13 million (+1.6% like for like)
- Avg. Revenue/client remains the same at Euro 945
- N° Clients up 1.6% to 307,000
- N° Directories published: 105 (vs. 78 in 2002)

WHITE PAGES

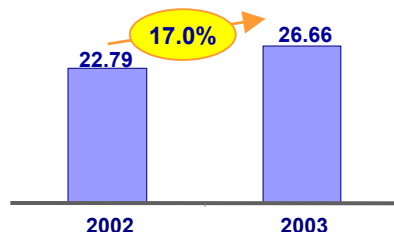
- Total revenues: Euro 66.10 million (+7.9% like for like)
- Avg. Revenue/client up 6.7% to Euro 233
- N° Clients up 1.1% to 280,500
- N° Directories published: 62 (vs. 61 in 2002)

TPI Spain: Internet and DA services revenues



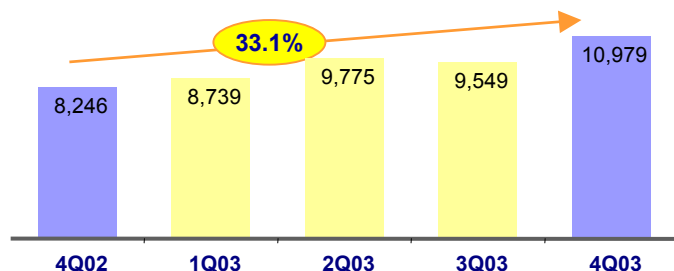
INTERNET

Revenues (Euro million)

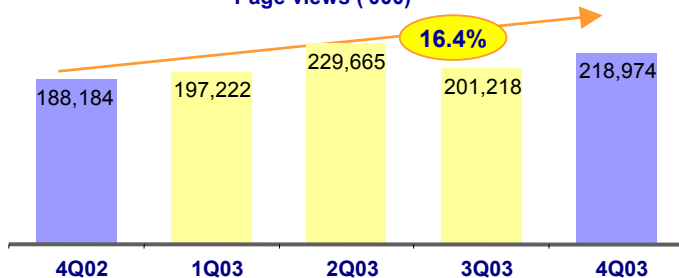


- Internet revenues grew 17.0% to Euro 26.66 million.
- 272,000 clients.

Visits ('000) *



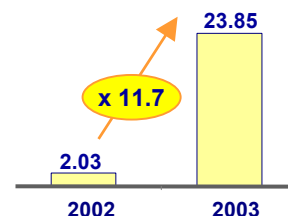
Page views ('000)*



* All figures audited by OJD.

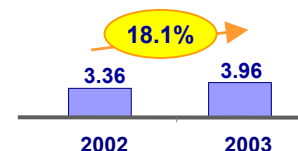
DA SERVICES ⁽¹⁾

Traffic Revenues (Euro million)



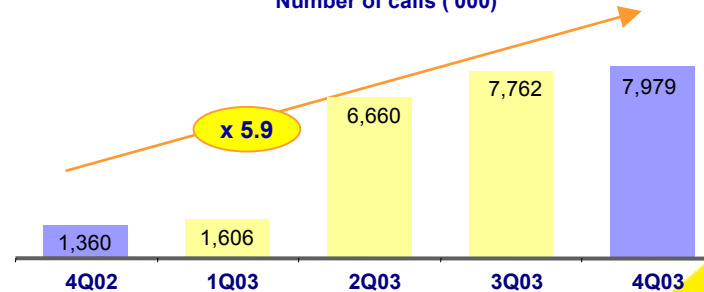
- Traffic revenues multiply by close to 12 times to Euro 23.85 million.

Advertising DA service revenues (Euro million)



- Total revenues multiplied by 5.2 times from Euro 5.39 million to Euro 27.81 million.

Number of calls ('000)



⁽¹⁾ Includes the different services provided.



TPI closes a three year commercial agreement with Terra



MAIN ISSUES OF THE AGREEMENT

- Terra gives TPI the right to:
 - Deliver the 3 first sponsored positions of Terra's search engine list of results.
 - Deliver positions 4 to 6 in case Terra finds no advertisers to fill in these positions.
 - Exploit the advertising space on the right hand side of the search engine results.
- Terra will continue including the contents of Yellow and White Pages in its home page (Terra.es)
- TPI will Pay Terra on a per impression served model, with a cap of 1 million euros for the first two years.



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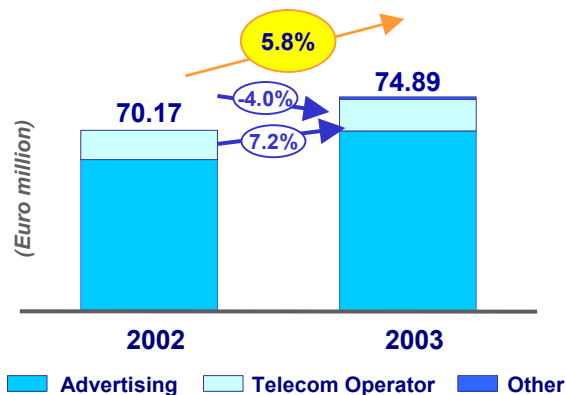
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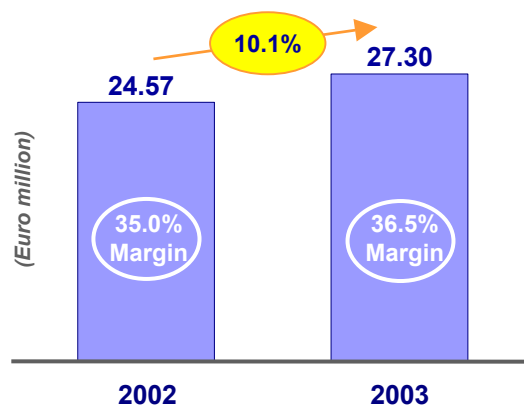
Publiguias: Increase in revenues and continuous improvement in EBITDA margin



Total Revenues breakdown



EBITDA



REVENUES

- **Total revenues** increased 5.8% in local currency up to Euro 74.89 million
 - Advertising revenues grew 7.2% to Euro 62.91 million, due to:
 - 5.4% growth in editorial revenues
 - Like for like growth: 8.7%
 - N° directories published: 10
 - ARPA growth of 14.6% in P\$ to Euro 1,085
 - 5.2% decrease in n° clients to nearly 56,200
 - 174.2% growth in internet revenues
 - Operator revenues decrease 4% to Euro 11.01 million

EBITDA

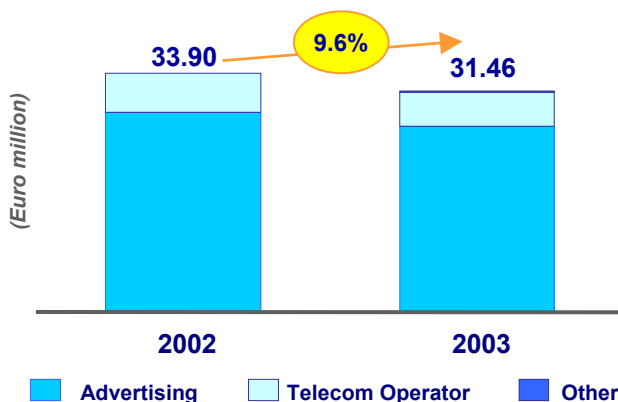
- **Total EBITDA** increased 10.1% in local currency up to Euro 27.30 million
- EBITDA Margin expansion from 35.0% to 36.5%

xx% → xx% → Growth in local currency

Peru: Strong performance of revenues and significant improvement of the EBITDA margin



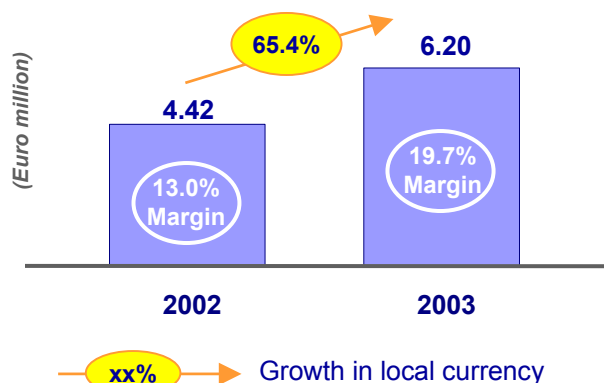
Revenues breakdown



REVENUES

- TPI Peru revenues reach Euro 31.46 million (+9.6% in local currency) ...
- ... backed by the strong performance of advertising revenues (+9.2% in local currency):
 - Editorial advertising revenues up 4.5% in local currency.
 - Like for like growth: 5.7%
 - Boost of internet advertising revenues, which multiply by over 24x in local currency to Euro 1.19 million.

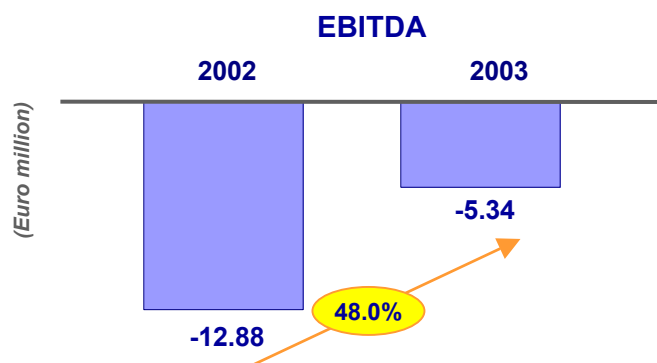
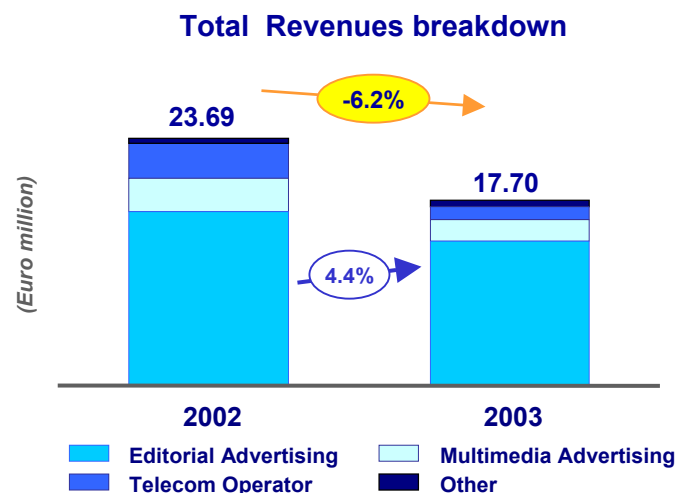
EBITDA



EBITDA

- Strong growth at EBITDA level (+65.4% in local currency) to Euro 6.20 million, explained both by:
 - An increase in revenues
 - Cost control policies
- EBITDA margin reaches 19.7%.

TPI Brazil reduces by more than half the level of negative EBITDA to Euro –5.34 million



REVENUES

- Total **revenues** decreased 6.2% in local currency up to Euro 17.70 million.
 - Editorial Advertising revenues grew 4.4% to Euro 13.85 million.
 - Stop Curitiba directory publication
 - N° of directories published: 5
 - Like for like growth: 13.1%
 - Lower Operator revenues (-53.4% in local currency) due to a change in the contract terms with Telesp.
 - Lower Advertising multimedia revenues (-18.6% in local currency) due to changes in the accounting criteria.

EBITDA

- Strong reduction of the negative EBITDA from Euro -12.88 million in 2002 to Euro –5.34 million in 2003

xx% → xx% → Growth in local currency

Conclusions

- Solid performance of the Group's figures based on:
 - Sustained growth of Group editorial advertising revenues, combined with a strong performance of internet in every country.
 - Boost of telephone traffic revenues coming from TPI Spain
 - Good EBITDA performance and expansion of margins in all countries
- TPI Group EBITDA outperformed forecast in 2002 constant euros announced in the first quarter results (14/17%), while total revenues met the high end of the range (7/9%).
- The strong cash flow generation allows the company to increase its dividend by 129.3% to Euro 92.06 million, which implies a dividend yield of 4.9%*.

* Price of February 11th, 2004: Euro 5.06