



# Telefónica Publicidad e Información

## *January -December 2004 Results*

Madrid, February 17<sup>th</sup>, 2005

*This document contains statements that constitute forward looking statements in its general meaning and within the meaning of the Private Securities Litigation Reform Act of 1995. These statements appear in a number of places in this document and include statements regarding the intent, belief or current expectations of the customer base, estimates regarding future growth in the different business lines and the global business, market share, financial results and other aspects of the activity and situation relating to the Company.*

*The forward-looking statements in this document can be identified, in some instances, by the use of words such as “expects”, “anticipates”, “intends”, “believes”, and similar language or the negative thereof or by forward-looking nature of discussions of strategy, plans or intentions.*

*Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties and actual results may differ materially from those in the forward looking statements as a result of various factors.*

*Analysts and investors are cautioned not to place undue reliance on those forward looking statements which speak only as of the date of this presentation. TPI undertakes no obligation to release publicly the results of any revisions to these forward looking statements which may be made to reflect events and circumstances after the date of this presentation, including, without limitation, changes in TPI's business or acquisition strategy or to reflect the occurrence of unanticipated events. Analysts and investors are encouraged to consult the Company's Annual Report as well as periodic filings filed with the relevant Securities Markets Regulator, and in particular with the Spanish Market Regulator.*

## TPI Group revenues grew 6.6%, EBITDA by 17.0% and Net Income by 24.2%

- TPI Group strongly outperformed revenue and EBITDA growth projections in constant euros (+3/5% and +9/11% respectively).
- Revenues totalled Euro 608.41 million, a 6.6% increase, and EBITDA reached Euros 210.12 million, moving up by 17.0%.
- Strong EBITDA margin expansion from 31.5% to 34.5% in 2004.
- Net Income posted a solid 24.2% growth to Euro 111.86 million.
- Free cash flow went up 17.0% to Euro 127.91 million.
- Proposed dividend of Euro 0.30 per share, an increase of 20% vs 2003. Payout of 97% of TPI Group Net Profit, and 99% of that of the parent company.
- Dividend yield of 4.17%<sup>1</sup>.
- Proposal of treasury stock amortization of 1.96% of share capital, previously assigned to a non executed stock option plan.

<sup>1</sup> price as of 16th Feb, 2005: 7.2

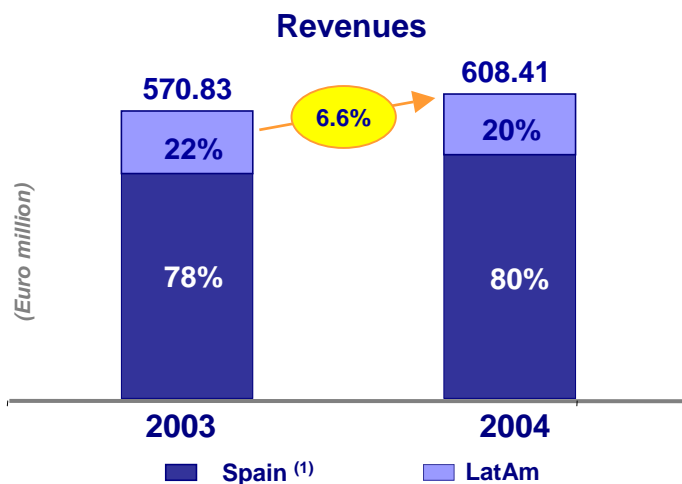
**2004 Group results beat guidance provided. Revenues exceeded the high end of the range (+3/5%) and EBITDA surpassed guidance (+9/11%) by 6.6 p.p.**

Main Financial Data (TPI Consolidated Accounts)					
	2004	2003	Var. (%)	Var. (%) <sup>(1)</sup>	2004 Guidance <sup>(2)</sup>
<i>(Euro million)</i>				in local currency	in local currency
<b>Revenues</b>	<b>608.41</b>	<b>570.83</b>	<b>6.6%</b>	<b>7.4%</b>	<b>+3/5%</b>
Advertising revenues	520.36	502.63	3.5%	4.3%	+2/4%
-Publishing business	474.21	464.38	2.1%	2.9%	+2/4%
-Internet business	36.82	31.14	18.2%	19.0%	+14/17%
-Directory Assistance business	5.07	4.44	14.0%	14.7%	+10/13%
-Other	4.26	2.67	59.9%	59.9%	-
Telephone traffic	46.93	24.09	94.8%	94.8%	+40/50%
Telecom Operator	38.34	41.79	-8.3%	-7.0%	-8/-5%
Other revenues	2.78	2.31	20.1%	25.1%	-
<b>EBITDA</b>	<b>210.12</b>	<b>179.58</b>	<b>17.0%</b>	<b>17.6%</b>	<b>+9/11%</b>
<b>EBITDA margin</b>	<b>34.5%</b>	<b>31.5%</b>	<b>3.1 p.p</b>	<b>3.0 p.p</b>	<b>-</b>
<b>Net Income</b>	<b>111.86</b>	<b>90.06</b>	<b>24.2%</b>	<b>24.8%</b>	<b>-</b>
<b>EPS</b>	<b>0.30</b>	<b>0.24</b>	<b>24.2%</b>	<b>24.8%</b>	<b>-</b>
<b>nº. Shares (31st December 2004):</b>					
		<b>368,234,331</b>			
		Jan. - Dec. 2004	Jan. - Dec. 2003		
Average exchange rates :	Peso/Euro:	692.00	671.14		
	Reais/Euro:	3.63	3.45		
	Sol/Euro:	4.08	3.91		
<sup>(1)</sup> At average exchange rates of January - December 2003					
<sup>(2)</sup> Forecast given by TPI on May 2004, at 2003 constant exchange rates.					

	SPAIN <sup>(3)</sup>		PUBLIGUIAS		TPI BRAZIL		TPI PERU	
	2004	% Var.	2004	% Var.	2004	% Var.	2004	% Var.
	<i>(Euro million)</i>	<i>(Local currency)</i>	<i>(Euro million)</i>	<i>(Local currency)</i>	<i>(Euro million)</i>	<i>(Local currency)</i>	<i>(Euro million)</i>	<i>(Local currency)</i>
<b>Revenues</b>	488.27	8.9%	73.74	1.9%	15.22	-9.6%	32.70	8.4%
<b>EBITDA</b>	179.92	17.8%	27.71	5.0%	-4.90	3.7%	7.76	30.5%
<b>EBITDA margin</b>	36.8%	2.7 p.p	37.6%	1.1 p.p	-32.2%	-2.0 p.p	23.7%	4.0 p.p

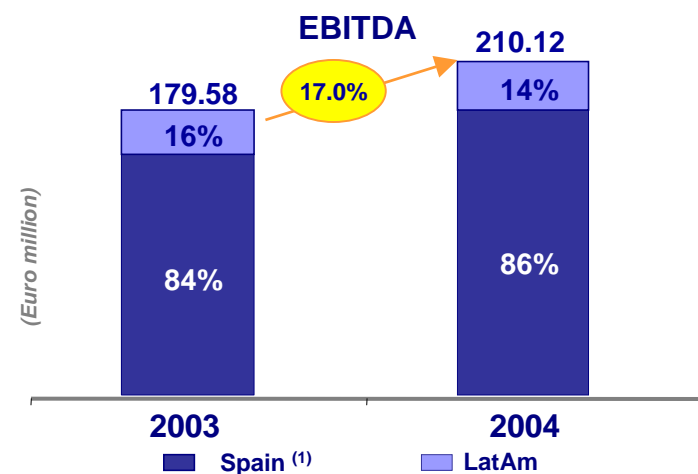
<sup>(3)</sup> Includes TPI Spain, TPI Edita and 11888

## TPI Group, revenues and EBITDA by geographical area



- TPI consolidated **revenues** increase 6.6% to Euro 608.41 million.

- Spain<sup>(1)</sup> rises its contribution from 78% to 80% backed both by the positive performance of the advertising business (+4.4%), and traffic revenues strong growth (+95.2%) vs 2003, together with LatAm currencies depreciation.

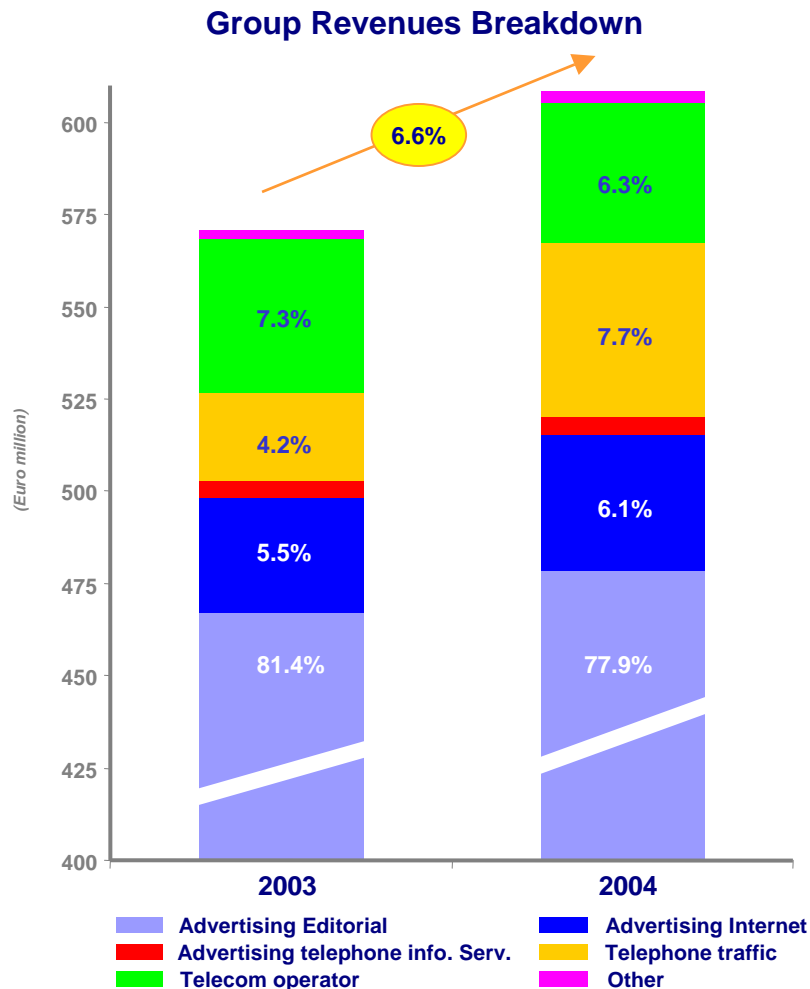


- TPI consolidated **EBITDA** posted a strong 17.0% increase to Euro 210.12 million.

- Spain<sup>(1)</sup> increases EBITDA by 17.8%, increasing its contribution to Group EBITDA from 84% to 86%.
- LatAm's local currency EBITDA growth of 12.0% was negatively affected by currency depreciation by 3.0 p.p. resulting in a 9.0% advance in euros.

<sup>(1)</sup> Includes TPI Spain, TPI Edita and 11888

## TPI Group increases revenue diversification

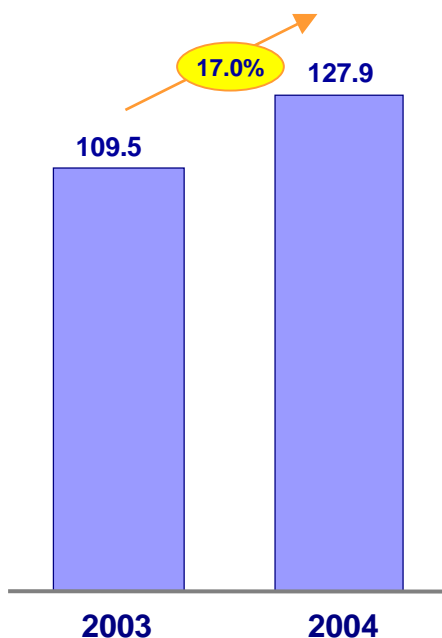


○ Group revenues continue to increase based on faster growth in new business lines:

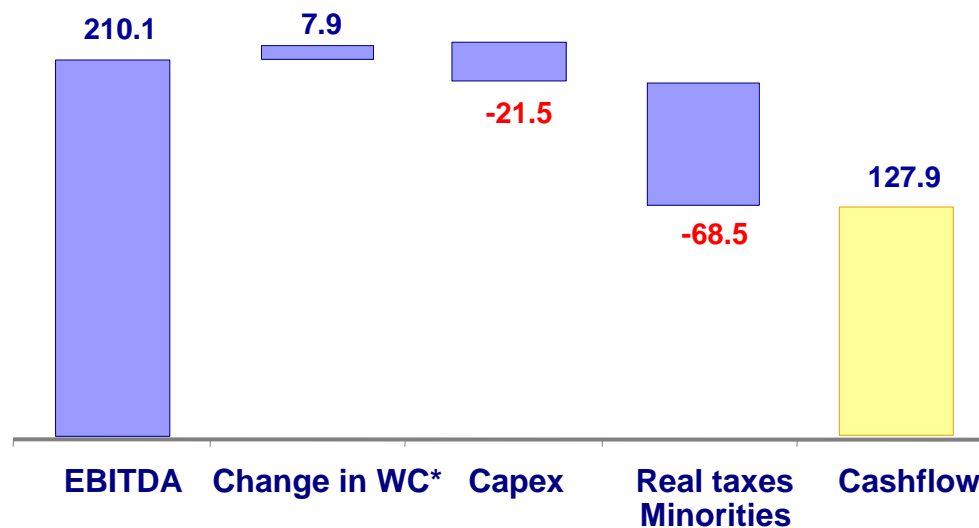
- Editorial advertising revenues decrease its percentage as of total revenues from 81.4% to 77.9%...
- ...while **internet** revenues increase its weight from 5.5% to 6.1% ...
- ...and **telephone traffic** ends up representing 7.7% of total revenues versus 4.2% in 2003

## Consistent cash flow generation

**Operating Cash Flow**  
(Euro Million)

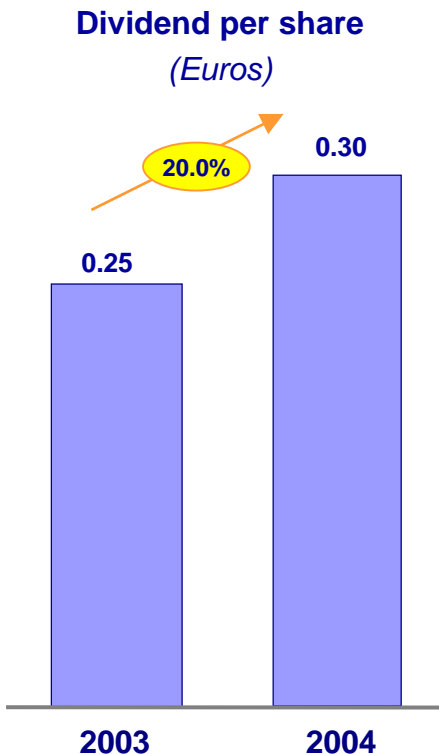


**Operating Cash flow 2004**  
(Euro Million)



\* Working Capital: Inventories + Account receivables +/- Accrual accounts – Creditors  
Working capital calculated in 2003 constant euros

## Proposal of dividend and shares amortization



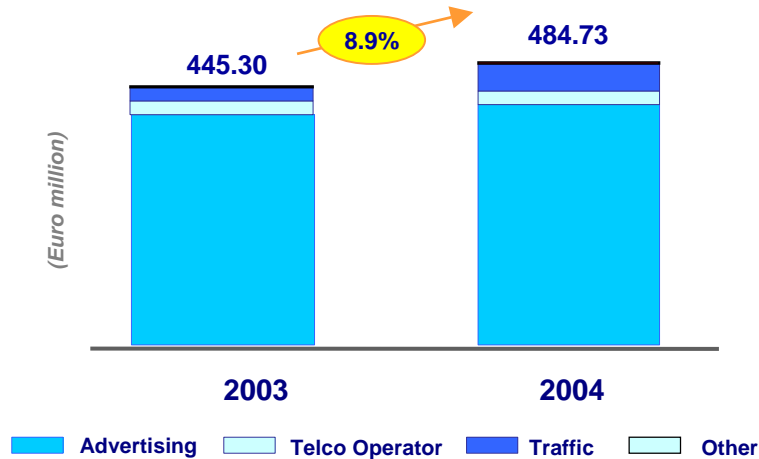
- Dividend proposal to the AGM of Euro 0.30 per share, representing a 20% increase vs. 2003.
- Payout stays at 97% of the Group Net Profit and 99% of that of the parent company (TPI, S.A.)
- This dividend will be paid after the amortization of the company's total treasury stock (7,212,147 shares) previously earmarked for a stock option scheme that was not carried out.
- At yesterday's closing price of Euro 7.2 per share (Feb. 16<sup>th</sup>) dividend yield reaches 4.17%.
- Proposal of treasury stock amortization of 1.96% of share capital, previously assigned to a non executed stock option plan.



## Spain<sup>(1)</sup> continues fuelling Group results



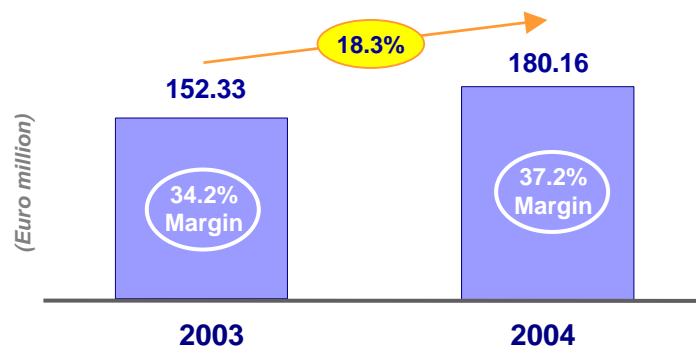
Revenues breakdown



- Spain <sup>(1)</sup> strong growth of 8.9% to Euro 484.73 million is explained by:

- Advertising revenues growth of 4.4% to Euro 411.71 million
- Telephone traffic revenues almost doubled, reaching Euro 46.55 million

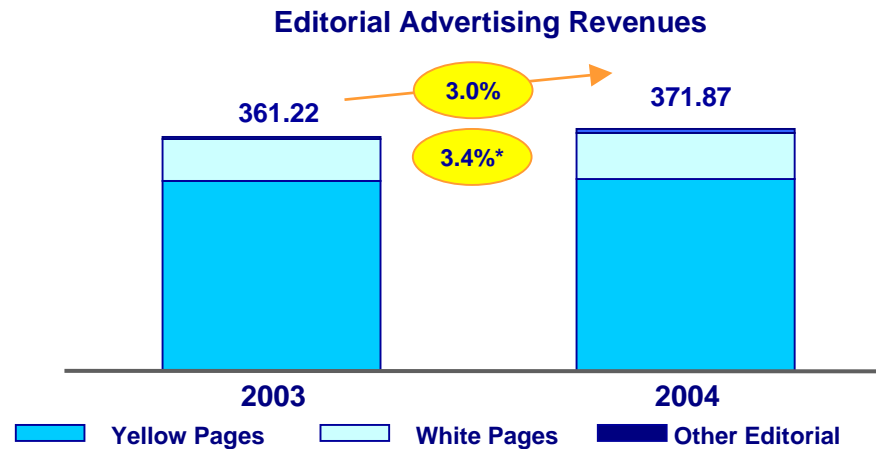
EBITDA



- Spain's<sup>(1)</sup> EBITDA goes up 18.3% to Euro 180.16 million, and EBITDA margin increases 3.0 p.p to 37.2%.
- Tight cost control, combined with the consolidation of the telephone information service 11888, lie behind this improvement in EBITDA margin.

<sup>(1)</sup> Includes TPI Spain and 11888

## Spain: The Editorial business rises 3.0%



\* Proforma Growth excluding the impact of the Huesca Book

### YELLOW PAGES

- Total revenues: Euro 296.28 million (+2.1% like for like)
- Avg. Revenue/client increases 6.0% to Euro 1,002
- # Clients down 3.7% to 295,600
- # Directories published: 110 (vs. 105 in 2003) including 6 new pocket directories

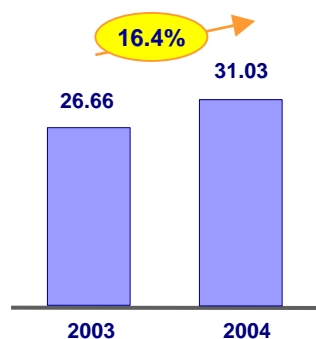
### WHITE PAGES

- Total revenues: Euro 69.07 million (+5.6% like for like)
- Avg. Revenue/client increases 11.6% to Euro 260
- # Clients down 5.4% to 265,400
- # Directories published : 60 (vs 62 in 2003)

## TPI Spain: Internet continue gaining weight in total revenues

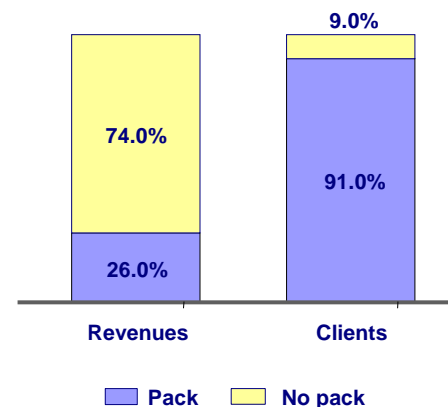


### Revenues (Euro million)

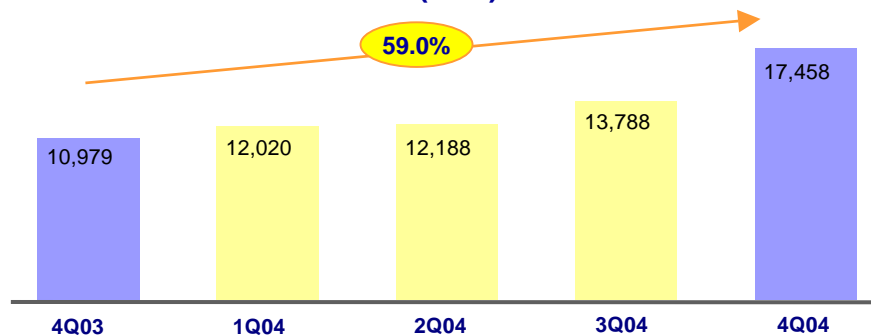


- Internet revenues grew 16.4% to Euro 31.03 million
- Number of clients down 1.3% to 268,500
- ARPA up 17.9% to Euro 116

### Contribution of unbundled clients to total revs and clients in 2004



### Visits ('000) \*

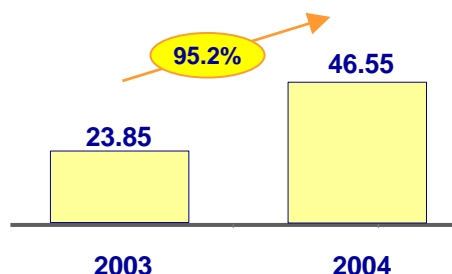


\* Figures audited by the OJD (Oficina de Justificación de la Difusión)

## TPI Spain: Telephone Information Services<sup>(1)</sup> revenues almost double from 2003

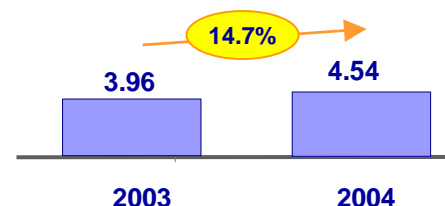


Traffic revenues (Euro million)



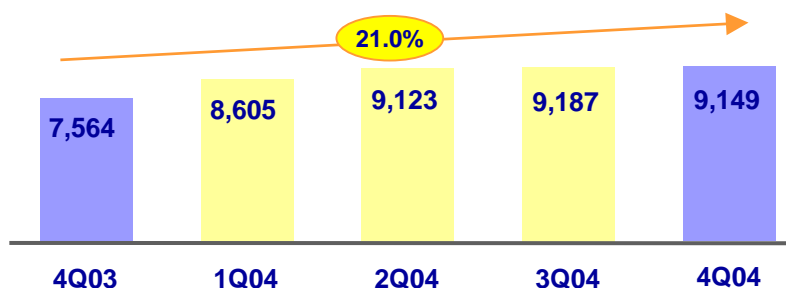
- Traffic revenues increase by 95.2% to Euro 46.55 million.

Advertising revenues (Euro million)



- Advertising revenues increase by 14.7% and reach Euro 4.54 million.

Number of calls ('000)



(1) Includes the different telephone information numbers managed by TPI



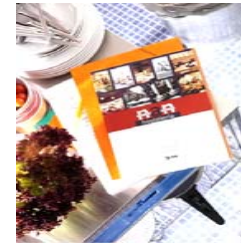


## Overview of 2004 main product initiatives

### Other directory Businesses

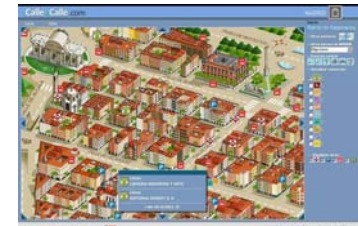


- B2B vertical directories:
  - Launching of a new B2B vertical directory: Hotels & Catering
  - Second edition of Building directory (+18.7% yoy increase in revenues)
- Pocket directories:
  - Six new pocket directories were launched in addition to the existing ones (nine)



### Internet Business

- Launching on calleacalle.com, the first Spanish online retail search engine
- New design and functionalities of TPI's existing online verticals (Hotels, Restaurants, etc.)



### Specialized Magazines

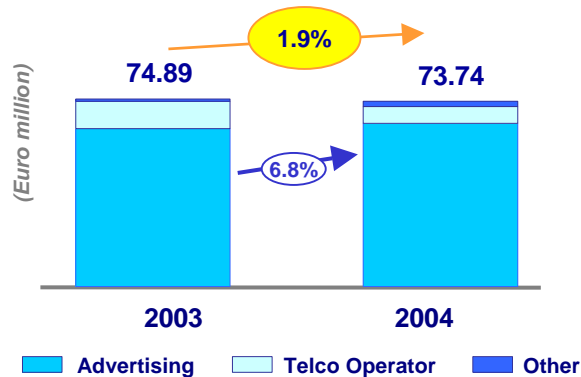
- Launching of two new high quality specialized free magazines positioned in the luxury and the health & Beauty segments: Romantic&Chic and WAPA



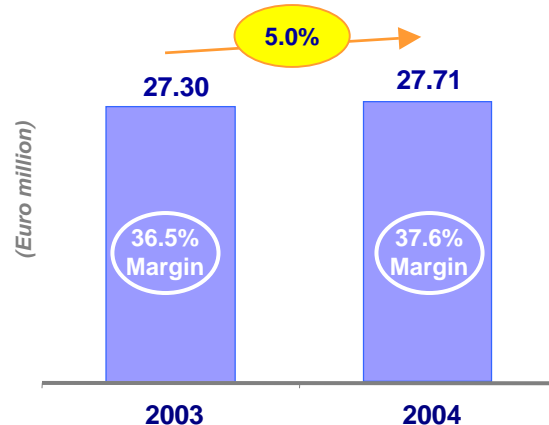
## Publiguias: Advertising revenues continue to show sound growth of 6.8%



### Total Revenues breakdown



### EBITDA



xx% → xx% → Growth in local currency

### REVENUES

- **Total revenues** increased 1.9% in local currency to Euro 73.74 million.
- Advertising revenues grew 6.8% in local currency to Euro 65.00 million due to:
  - 6.2% growth in local currency in editorial business:
    - Like for like growth: 5.3%
    - # directories published: 11
    - ARPA growth of 8% in P\$ to Euro 1,199
    - 2.5% decrease in # clients to over 51,800
    - Launching of a new B2B directory
  - 26.9% growth in local currency in internet revenues.
- Telco operator revenues decrease 34.5% in local currency to Euro 6.97 million as the addendum of Santiago's residential book went unpublished.

### EBITDA

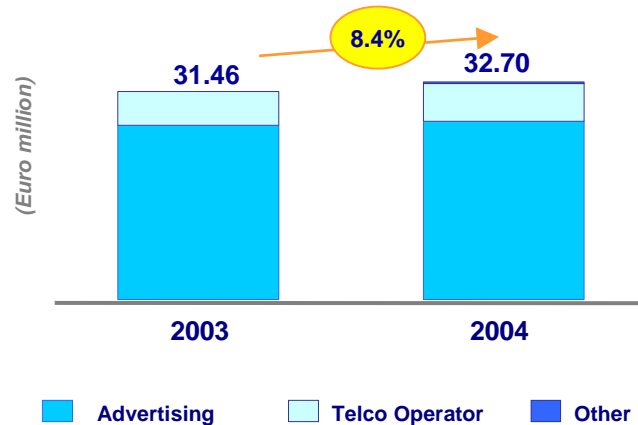
- Solid advertising revenue growth and cost control push EBITDA 5.0% in local currency to Euro to Euro 27.71 million.
- EBITDA margin advances 1.1 p.p to 37.6%.



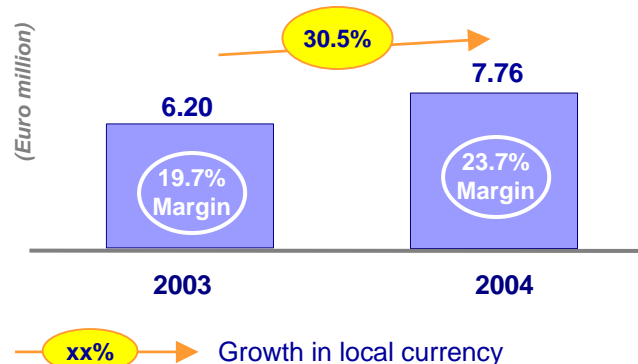
## Peru: well on track in margin improvement



### Total Revenues breakdown



### EBITDA



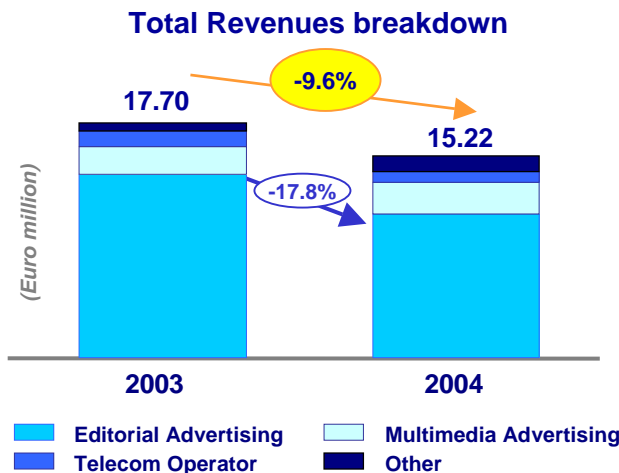
### REVENUES

- TPI Peru revenues increase 8.4% in local currency to Euro 32.70 million
- Positive evolution of directories published (Lima, Sur, Norte and Centro) which showed a like for like growth of 4.1%
  - Average revenue per advertiser grew 6.8% to Euro 729
  - # clients dropped 2.5% to close to 34,400
- Internet revenues showed a sharp increase of 61.4% in local currency, to Euro 1.84 million

### EBITDA

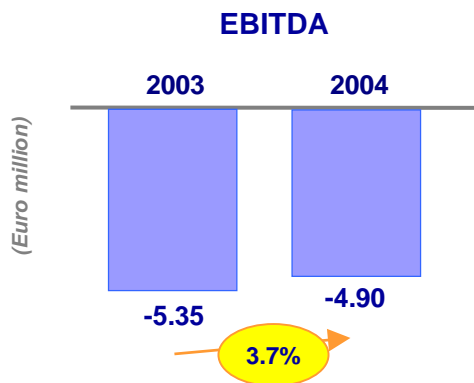
- EBITDA increases to Euro 7.76 million (+30.5% in local currency), explained by strong growth in revenues.
- EBITDA margin increases 4 p.p to 23.7%

## TPI Brazil: Focus on controlling bad debt ratios



### REVENUES

- **Total revenues** decreased 9.6% in local currency to Euro 15.22 million.
  - Editorial Advertising revenues fell 17.8% in local currency to Euro 10.83 million
    - N° of directories published: 6
    - Like for like growth: -18.0%
    - Launching of first pocket directory in Sao Paulo city
  - Multimedia Advertising revenues increased 20.8% in local currency to Euro 2.37 million.
  - Lower Operator revenues (-27.6% in local currency) due to non publication of LTOG's by Telesp in 2004.



### EBITDA

- **EBITDA** level increased 3.7% in local currency to Euro -4.9 million.
- This negative EBITDA is mainly affected by an extraordinary provision for bad debt associated to GuiaMais 2003 edition.





## Conclusions

- Solid performance of Group's figures based on:
  - Sustained growth of editorial advertising revenues, combined with a strong performance of internet in every country.
  - Consolidation of telephone information business in Spain.
  - Good EBITDA performance in all countries.
- Group revenues exceeded the high end of the range provided, +3/5%, and EBITDA surpassed the +9/11% by 6.6 p.p.
- Dividend payout proposal of Euro 0.30 per share, which implies a 20% increase on 2003, and a yield of 4.17%.