



Telefónica Publicidad e Información

January - June 2006 Results

Madrid, July 26th, 2006

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TPI Group revenues grow 13.8%, OIBDA up 3.4% and net income up 1.5%

- TPI Group revenues grow 13.8% to Euro 269.30 million. OIBDA increases 3.4% to Euro 64.65 million, while Net Income reaches Euro 32.37 million (+1.5%):
 - Europe:
 - ✓ Sustained growth of advertising revenues (+3.5%):
 - Paper product like for like growth of 3.6%
 - Internet product growth of 25.1% to Euro 19.89 million
 - ✓ DA traffic revenues showed a 54.9% increase to Euro 41.67 million, reflecting the Italian DA business evolution
 - Brazil:
 - ✓ 17.2% OIBDA growth in local currency to Euro -3.99 million
 - Argentina:
 - ✓ Consolidation of Telinver accounts, which contribute with Euro 6.37 and 1.03 million to Group revenues and OIBDA, respectively

1H06 main consolidated financial data and evolution on a geographical basis

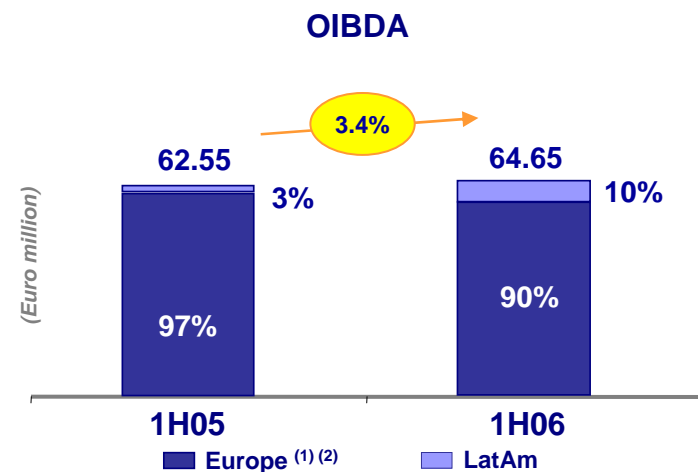
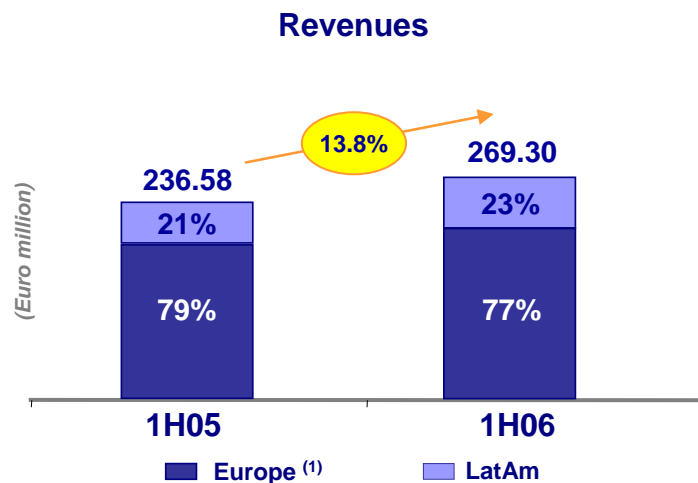
Main financial data (TPI Consolidated Accounts)				
(Euro million)	1H06	1H05	Var. (%)	Var. (%) ⁽¹⁾ in local currency
Revenues	269.30	236.58	13.8%	11.8%
Advertising revenues	209.44	194.47	7.7%	5.4%
-Paper business	180.28	171.21	5.3%	3.1%
-Internet business	24.77	18.60	33.2%	30.5%
-Directory assistance business	2.83	2.63	7.6%	5.1%
-Other	1.57	2.03	-22.9%	-22.9%
Telephone traffic	42.67	27.19	56.9%	56.4%
Telecom operator	15.30	13.70	11.7%	9.3%
Other revenues	1.89	1.22	55.2%	50.5%
OIBDA	64.65	62.55	3.4%	4.5%
OIBDA margin	24.0%	26.4%	-2.4 p.p.	-1.7 p.p.
Net income	32.37	31.91	1.5%	6.0%
EPS (euros)	0.09	0.09	1.5%	6.0%
nº. Shares		30-June -06 361,022,184	30-June -05 361,022,184	
Average exchange rates :				
		1H06	1H05	
Chilean Peso/Euro:		647.25	746.27	
Reais/Euro:		2.69	3.29	
Sol/Euro:		4.07	4.18	
Argentinean Peso/Euro:		3.77	3.74	
⁽¹⁾ At average exchange rates of January - June 2005				

	EUROPE ⁽³⁾		CHILE		BRAZIL		PERU		ARGENTINA	
	1H06	% Var.	1H06	% Var.	1H06	% Var.	1H06	% Var.	1H06	% Var.
	(Euro million)	(Local currency)	(Euro million)	(Local currency)	(Euro million)	(Local currency)	(Euro million)	(Local currency)	(Euro million)	(Local currency)
Revenues	206.38	10.8%	11.99	3.8%	13.65	-0.5%	30.99	4.5%	6.37	109.4%
OIBDA	58.44 ⁽⁴⁾	-3.5%	-2.16	47.3%	-3.99	17.2%	11.32	17.4%	1.03	nm
OIBDA margin	28.3%	-4.2 p.p.	-18.0%	+17.5 p.p.	-29.3%	5.9 p.p.	36.5%	4.0 p.p.	16.1%	18.1 p.p.

⁽³⁾ Includes TPI S.A., TPI Edita, TPI Direct, Edinet Europa, 11888 SCT and 1288 SCT

⁽⁴⁾ OIBDA in Europe does not include controlling shareholding provisions, nor results from capital operations of subsidiaries

TPI Group: revenues and OIBDA by geographical area



- TPI consolidated revenues increased 13.8% to Euro 269.30 million

- LatAm increased its contribution to total revenues 2 percentage points, mainly due to the integration of Telinver and the positive performance of LatAm exchange rates against Euro

- TPI consolidated **OIBDA** showed a 3.4% growth to Euro 64.55 million

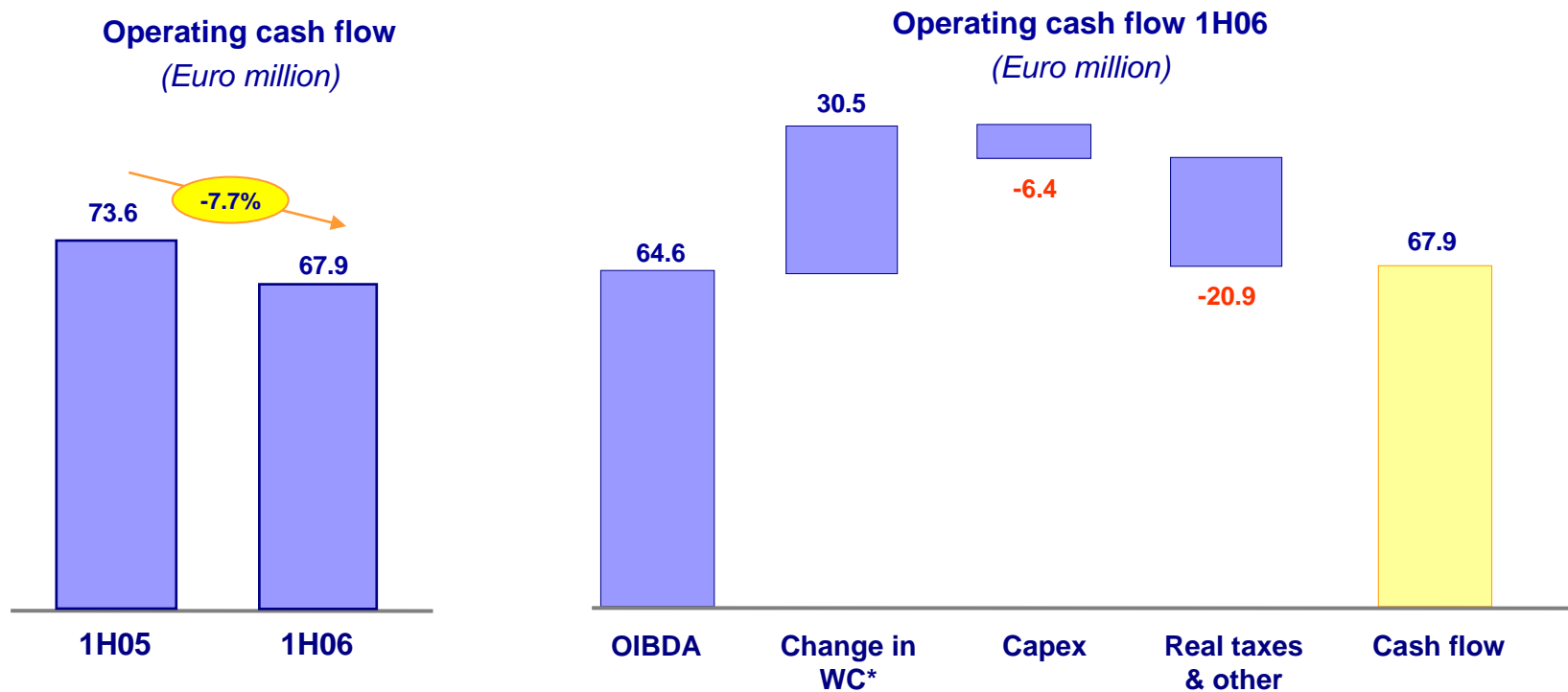
- **OIBDA⁽²⁾** in Europe⁽¹⁾ decreased by 3.5% due to the contribution of the Italian DA business
- LatAm's OIBDA grew 212% (248% in local currency) thanks to the consolidation of Telinver and the good behaviour of the rest of LatAm subsidiaries

(1) Includes TPI S.A., TPI Edita, TPI Direct, Edinet Europa, 11888 SCT and 1288 SCT

(2) OIBDA in Europe does not include controlling shareholding provisions, nor results from capital operations of subsidiaries

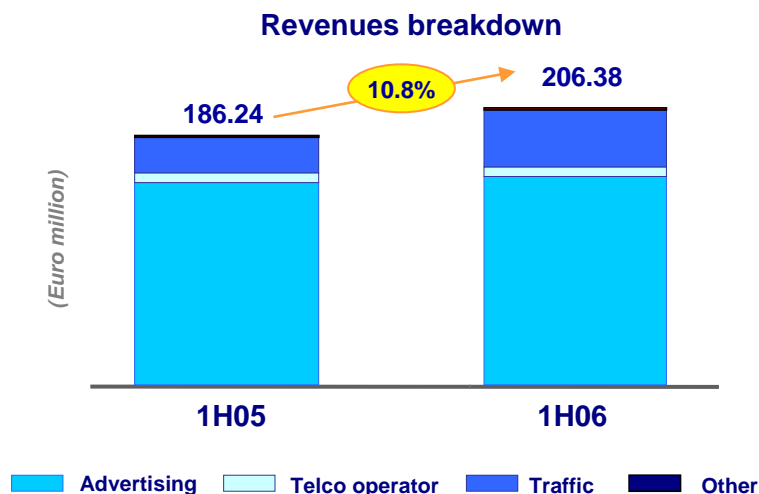


Cash generated in 1H06 decreased 7.7% due to temporary effects



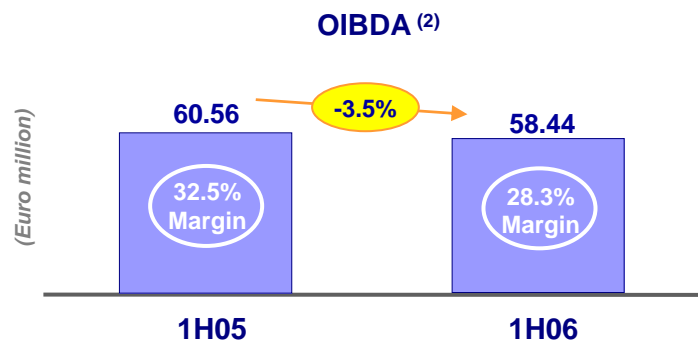
* Working capital: Inventories + Account receivables +/- Accrual accounts – Creditors
 Working capital, real taxes and others, calculated in 2005 constant euros

Revenues in Europe⁽¹⁾ went up 10.8% and OIBDA dropped 3.5%



- Revenues in Europe⁽¹⁾ grew 10.8% to Euro 206.38 million:

- Advertising revenues (+3.5%) to Euro 156.37 million
 - Paper business grew 1.2% vs. like for like growth of 3.6% explained by changes in the publication calendar
 - Internet business increased 25.1%
- Traffic revenues increased 54.9% to Euro 41.67 million, thanks to the significant contribution of the Italian DA business, 1288

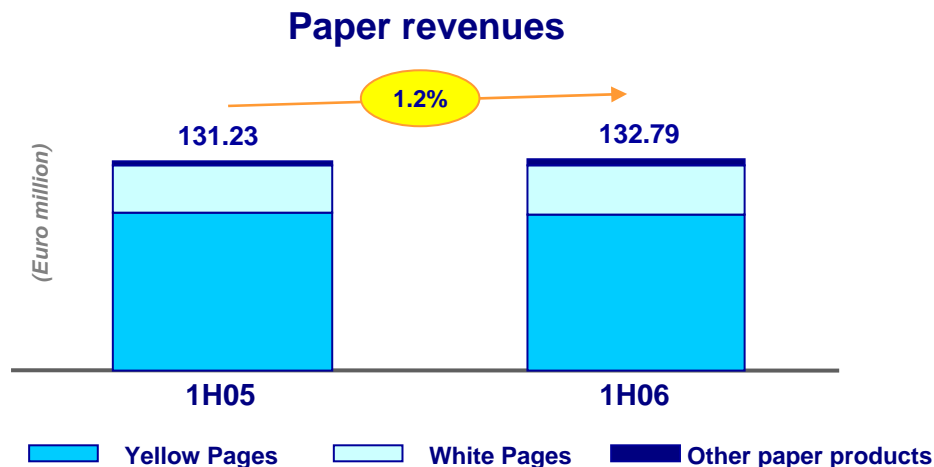


- OIBDA⁽²⁾ decreased 3.5% to Euro 58.44 million with a 4.2 p.p. margin drop, mainly explained by the impact of DA business in Italy. Excluding this effect, growth would have been 3.3%

(1) Includes TPI S.A., TPI Edita, TPI Direct, Edinet Europa, 11888 SCT and 1288 SCT

(2) OIBDA in Europe does not include controlling shareholding provisions, nor results from capital operations of subsidiaries

Spain: the print business shows a 3.6% like for like revenue growth



YELLOW PAGES

- Total revenues: Euro 97.76 million (+3.4% like for like)
- ARPA: +1.5%, to Euro 704
- # clients: +1.9%, to 138,600
- # directories published: 49 vs. 50 in 1H05

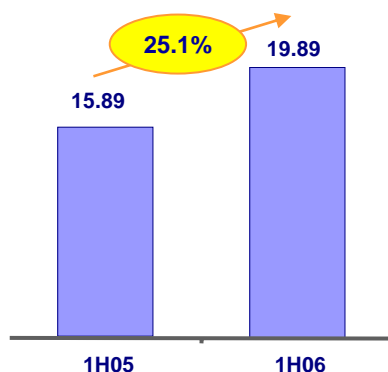
WHITE PAGES

- Total revenues: Euro 31.57 million (+1.2% like for like)
- ARPA: +3.4%, to Euro 254
- # clients: -2.1%, to 124,300
- N° directories published: 28 vs. 28 in 1H05

Internet revenues grew 25%

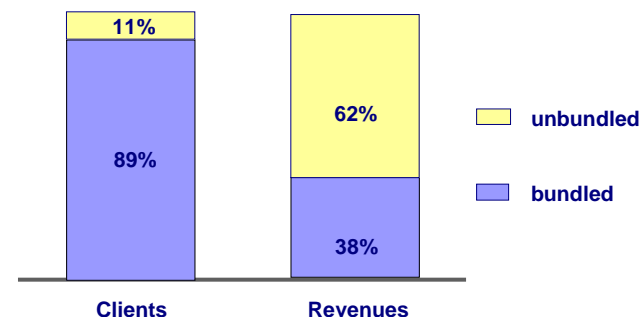


Revenues (Euro million)

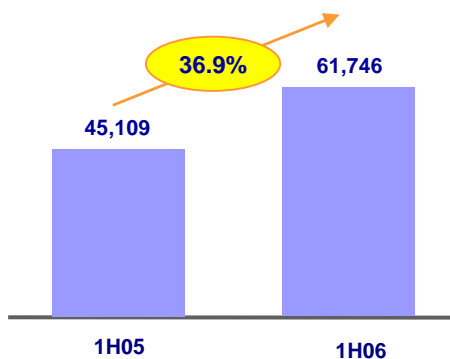


- Internet revenues grew 25.1% to 19.89 Euro million
- Clients up 0.4% to 166,200
- ARPA ⁽¹⁾ up 30.3% to 128 euros

Bundled/unbundled contribution to total revenues and clients in 1H06



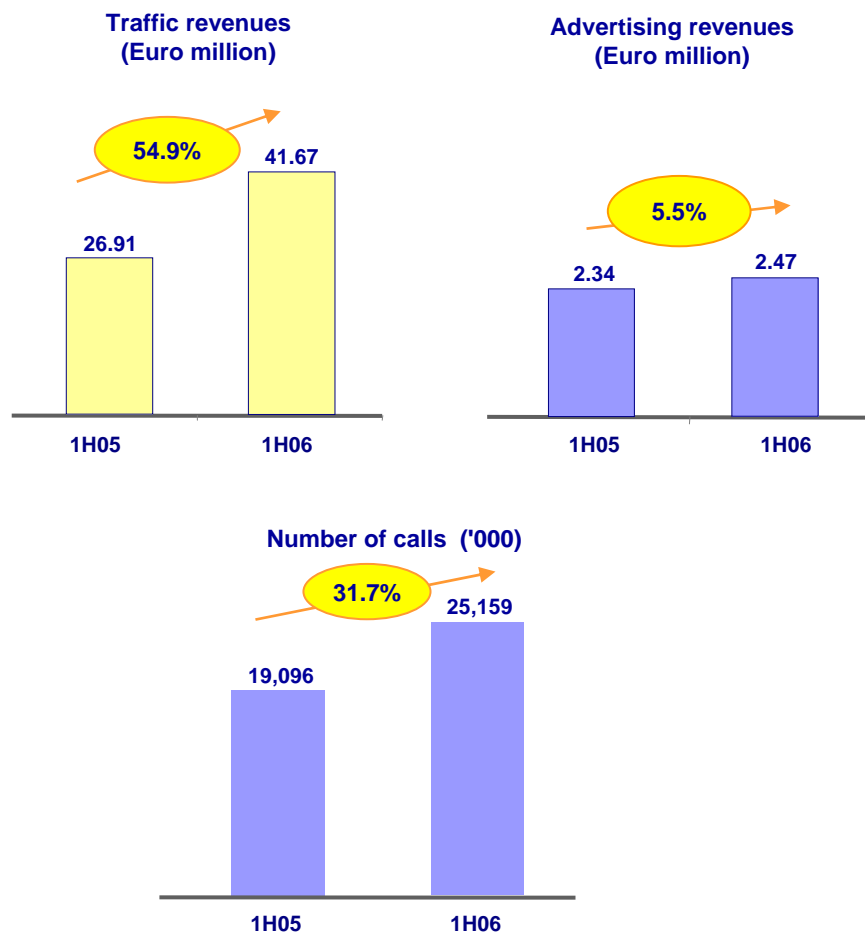
Visits ('000) ⁽²⁾



⁽¹⁾ ARPA: average revenue of 1H06 customers calculated excluding the deferral accounting effect

⁽²⁾ Figures audited by the OJD (Oficina Justificación de la Difusión)

Telephone information services⁽¹⁾: traffic and advertising revenues grew 54.9% and 5.5%, respectively



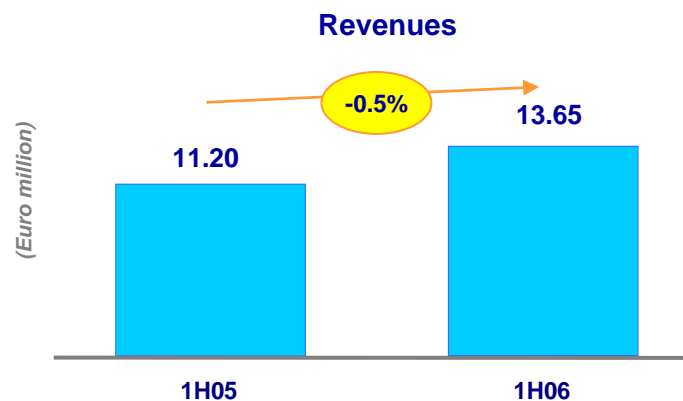
- Market size continues to decrease, although showing signs of stabilization in the last months
- Leadership in terms of revenues



- Stronger than expected competitive pressure, resulting in higher advertising expenditure
- Estimated market contraction bigger than initially expected
- New regulation, establishing a price cap on a per minute basis
- 1288 continues to be one of the main players in the market, keeping a positive brand recognition and quality of service

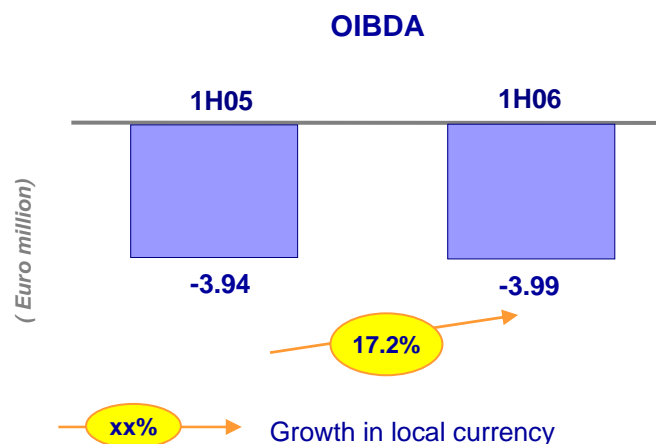
⁽¹⁾ Includes the different telephone information numbers managed by TPI in Spain and Italy

TPI Brasil: strong growth of internet business that already accounts for 13.5% of total advertising revenues



REVENUES

- Advertising revenues represent 99.5% of total revenues
- Advertising revenues grew 0.5% in local currency to Euro 13.58 million
 - During the period São Paulo directory have been published with revenues falling 5.1% vs.1H05
 - Internet grew 45.2% in local currency to Euro 1.83 million and already accounts for 13.5% of total advertising revenues



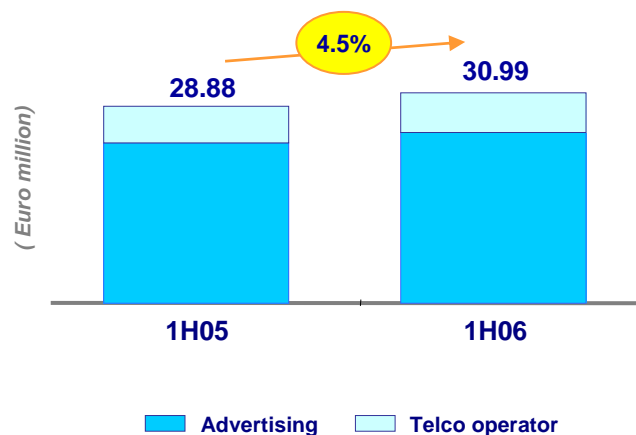
OIBDA

- Negative OIBDA grew 17.2% in local currency to Euro -3.99 million

TPI Peru: revenues and OIBDA grew 4.5% and 17.4% in local currency respectively



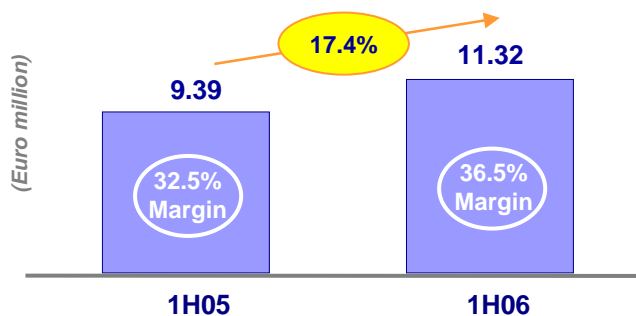
Revenue breakdown



REVENUES

- Revenues up 4.5% in local currency and 7.3% in euros, to 30.99 million
 - Advertising revenues increased 1,5% in local currency due to:
 - Like for like print revenue increase of 1.1%
 - Internet revenues up a strong 26.9%
 - Telco operator revenues grew 17.6% in local currency to Euro 6.59 million

OIBDA

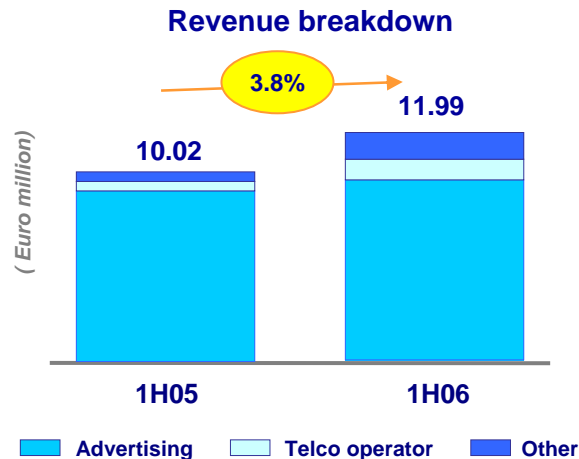


OIBDA

- OIBDA up 17.4% in local currency to Euro 11.32 million

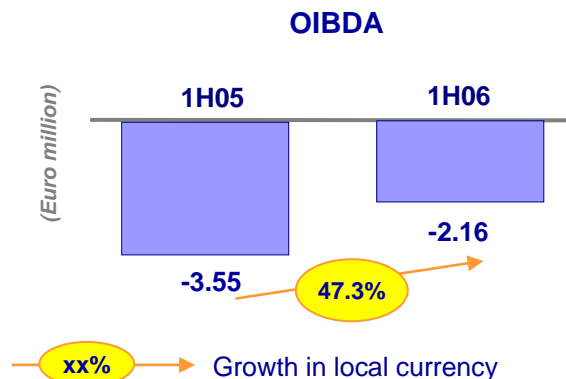
xx% → Growth in local currency

Publiguías: revenues and OIBDA increased in local currency 3.8% and 47.3% respectively



Revenues

- Revenues up 3.8% in local currency but up 19.7% in euros to 11.99 million, thanks to favourable exchange rate evolution



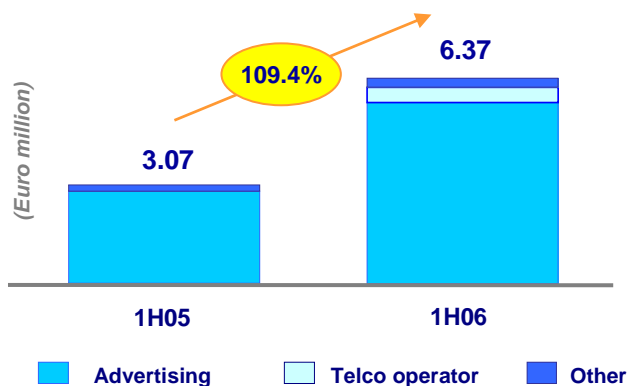
OIBDA

- Improvement in terms of OIBDA explained partly by the sale of a financial stake in a subsidiary company

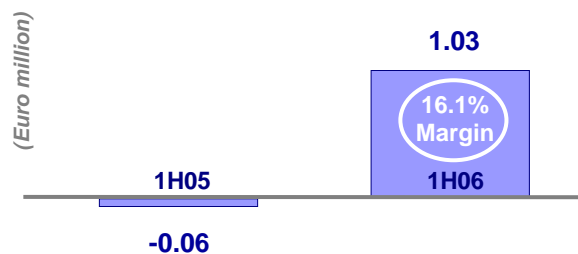
Telinver: positive results, but not comparable to the same period last year



Revenue breakdown



OIBDA



TELINVER

- Telinver consolidates into Group accounts from November 2005
- New contractual framework signed with TASA in relation to the telephone book publication, in force from January 2006

REVENUES

- Advertising revenues doubled mainly due to:
 - Change in the revenue recognition criteria: 1H06 includes revenues from 7 books published vs 6 books in 1H05
 - Good performance of advertising revenues
 - Internet grew 40.6% in local currency to Euro 0.80 million
- The new contractual framework signed with TASA, results in the first time recognition of telco operator revenues of Euro 0.47 million

OIBDA

- Positive OIBDA of Euro 1.03 million, that cannot be compared to the same period last year nor extrapolated to year end

Conclusions

○ Positive evolution of Group results based on:

- Europe:
 - ✓ Good behaviour of print business with a like for like growth of 3.6%
 - ✓ Strong revenue increase of 25.1% of the internet business, backed by the positive contribution of Noxtrum
 - ✓ Telephone traffic revenues went up by 54.9% backed by the good performance of the Spanish business and the entrance in Italy
- LatAm:
 - ✓ The positive organic evolution of the subsidiaries during the period, together with the favourable evolution of LatAm currencies and the consolidation of Telinver, lies behind growth in revenues and OIBDA of 25% and 212% respectively