



# Telefónica Publicidad e Información

## *First Half 2004 Results*

Madrid, July 22<sup>nd</sup>, 2004

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*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.*

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## Group revenues +12.5%, EBITDA +39.4%, and Net Income +34.3%

- TPI Group revenues grow 12.5% to Euro 216.54 million. EBITDA increases 39.4% to Euro 59.29 million, while Net Income reaches Euro 27.72 million (+34.3%)
  - Spain:
    - ✓ Sustained growth in advertising revenues
    - ✓ Traffic revenues in TPI Spain multiply by more than 3 times vs. 1H03
  - Brazil:
    - ✓ Focus on reducing bad debt levels are behind decreases in revenues and more negative EBITDA vs. 1H03
- Maintenance of Guidance for 2004 in constant euros of 2003: Sustained organic growth in revenues (+3/5%) and strong growth in EBITDA (+9/11%).

## Strong growth of revenues, EBITDA and Net Income

### Main Financial Data (TPI Consolidated Accounts)

(Euro million)	1H04	1H03	Var. (%)	Var. (%) <sup>(1)</sup>
<b>Revenues</b>	<b>216.54</b>	<b>192.55</b>	<b>12.5%</b>	<b>14.2%</b>
<b>EBITDA</b>	<b>59.29</b>	<b>42.52</b>	<b>39.4%</b>	<b>41.8%</b>
<b>EBITDA margin</b>	<b>27.4%</b>	<b>22.1%</b>	<b>5.3 p.p</b>	<b>5.3 p.p</b>
<b>Net Income</b>	<b>27.72</b>	<b>20.65</b>	<b>34.3%</b>	<b>37.2%</b>

nº. Shares (30th June 2004):

368,234,331

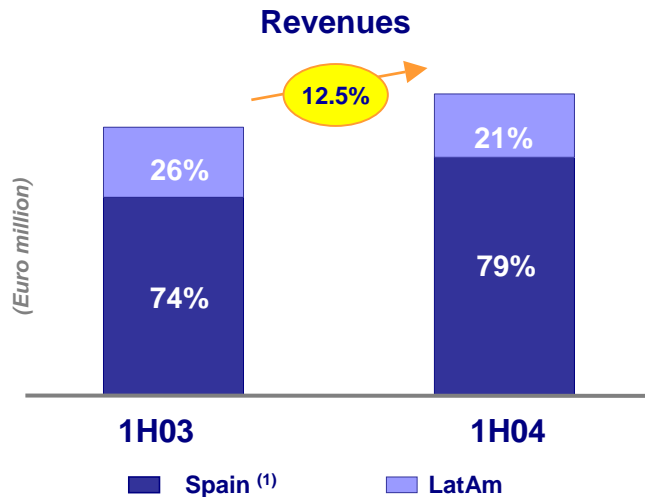
	Jan. - June 2004	Jan. - June 2003
Average exchange rates :		
{ Peso/Euro:	781.25	769.23
{ Reais/Euro:	3.64	3.55
{ Sol/Euro:	4.26	3.83

<sup>(1)</sup> At average exchange rates of January - June 2003

	SPAIN <sup>(1)</sup>		TPI BRAZIL		TPI PERU		PUBLIGUIAS	
	1H04	% Var.	1H04	% Var.	1H04	% Var.	1H04	% Var.
	(Euro million)	(Local currency)	(Euro million)	(Local currency)	(Euro million)	(Local currency)	(Euro million)	(Local currency)
<b>Revenues</b>	170.38	19.7%	10.61	-19.5%	26.32	5.8%	9.22	3.8%
<b>EBITDA</b>	54.75	38.9%	-4.32	-17.8%	10.49	35.1%	-1.63	0.6%
<b>EBITDA margin</b>	32.1%	4.4 p.p	-40.7%	-12.9 p.p	39.8%	8.7 p.p	-17.6%	0.8 p.p

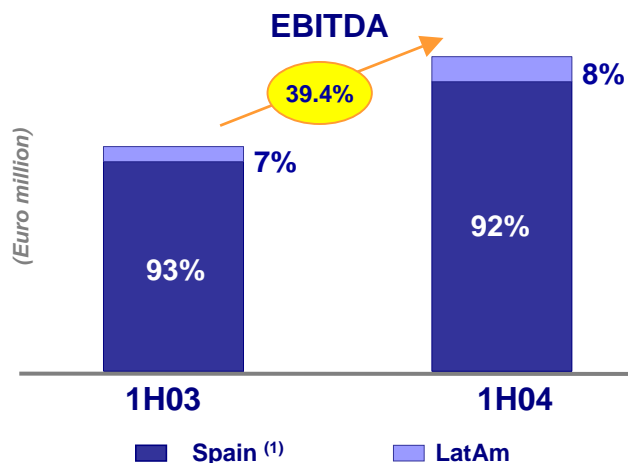
<sup>(1)</sup> Includes TPI Spain, Goodman Business Press and 11888 and others

## TPI Group, revenues and EBITDA by geographical area



- TPI consolidated **revenues** increase 12.5% to Euro 216.54 million.

- Spain<sup>(1)</sup> increases its contribution from 74% to 79% backed both by the positive performance of the advertising business (+11.1%), and 11888's strong growth vs 1H03.



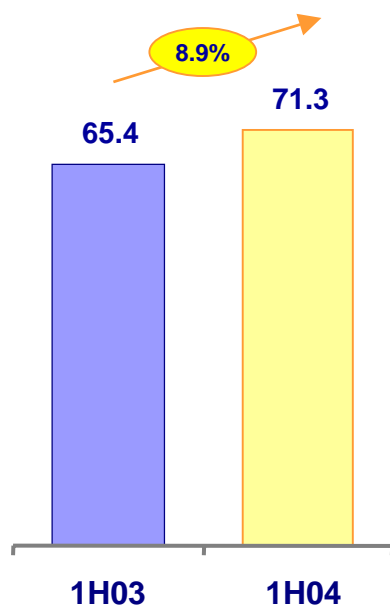
- TPI consolidated **EBITDA** reaches Euro 59.29 million, increasing 39.4%.

- LatAm slightly increases its contribution to EBITDA from 7% to 8%, despite an 8.1% drop in revenues in euro terms.

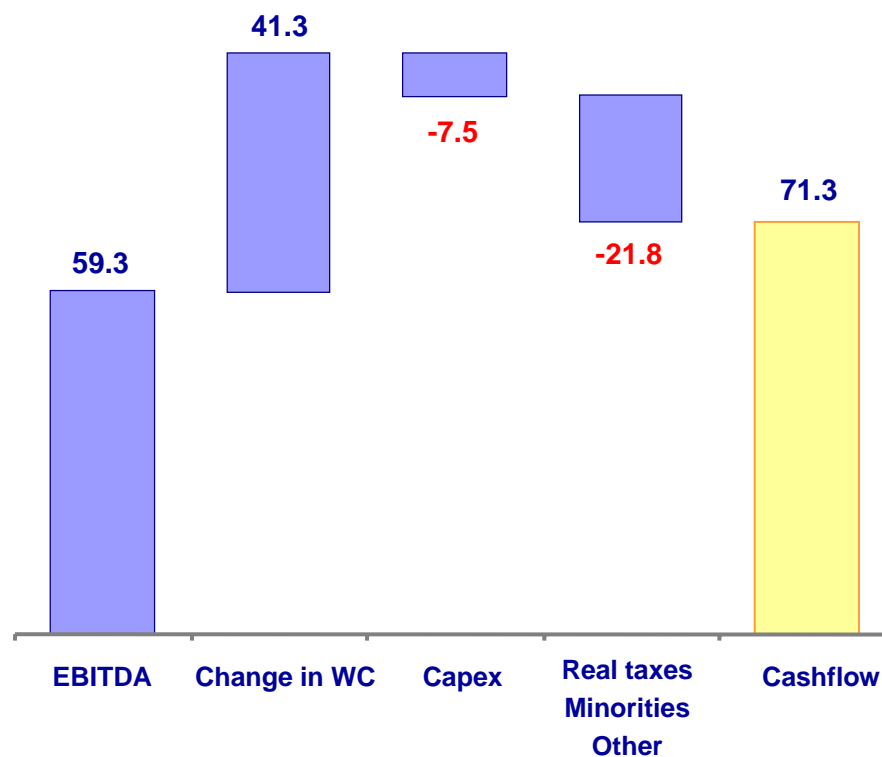
<sup>(1)</sup> Includes TPI Spain, Goodman Business Press and 11888 and others

## Consistent cash flow generation

**Operating Cash Flow**  
(Euro Million)



**Operating Cash flow 1H04**  
(Euro Million)

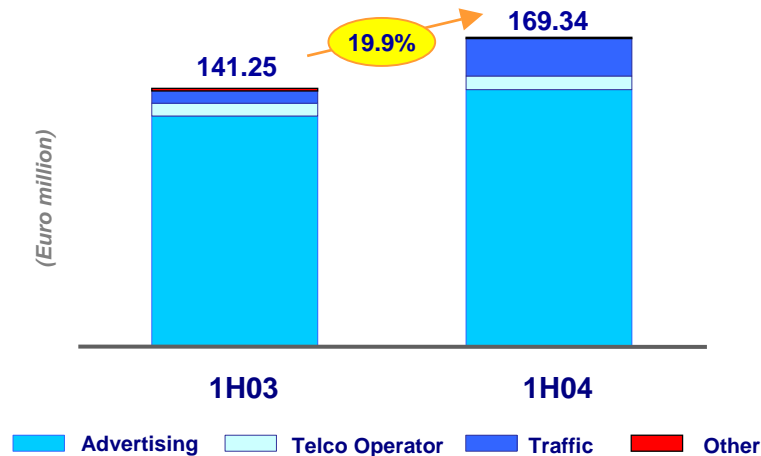


\* Working Capital: Inventories + Account receivables +/- Accrual accounts – Creditors  
Working capital calculated in 2003 constant euros

## Spain<sup>(1)</sup> grows at double digit rates



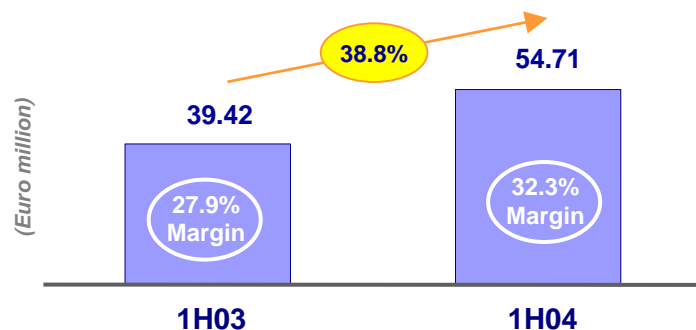
Revenues breakdown



- Spain <sup>(1)</sup> revenues grow 19.9% to Euro 169.34 million, mainly due to:

- Advertising revenues growth of 11.1% to Euro 140.69 million
- Boost of telephone traffic revenues, which multiply by more than 3 times, reaching Euro 20.64 million

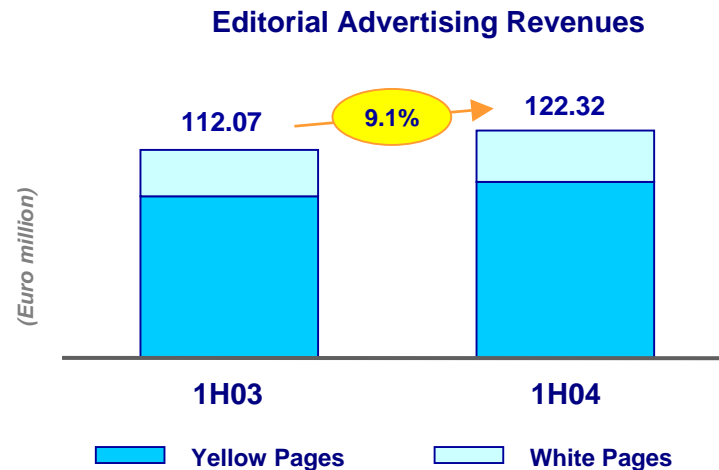
EBITDA



- Spain's<sup>(1)</sup> EBITDA reaches Euro 54.71 million (+38.8%), while EBITDA margin increases 4.4 p.p to 32.3%.
- This strong growth is mainly explained by changes in the publication calendar, the consolidation of the telephone information service 11888, and savings in supplies and production related costs.

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

## Spain: The Editorial business registers 5.1% like for like growth



### YELLOW PAGES

- Total revenues: Euro 95.16 million (+4.3% like for like)
- Avg. Revenue/client increases 6.2% to Euro 750
- No Clients down 1.8% to 126,400
- No Directories published: 41 (vs. 40 in 1H03 due to changes in the publication calendar)

### WHITE PAGES

- Total revenues: Euro 27.16 million (+7.9% like for like)
- Avg. Revenue/client increases 11.9% to Euro 244
- No Clients down 3.6% to Euro 111,000
- No Directories published : 26 (same number as in 1H03)

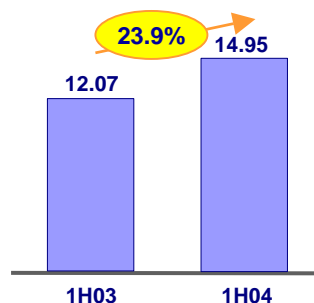


# TPI Spain: Revenues from Internet and Telephone Information Services



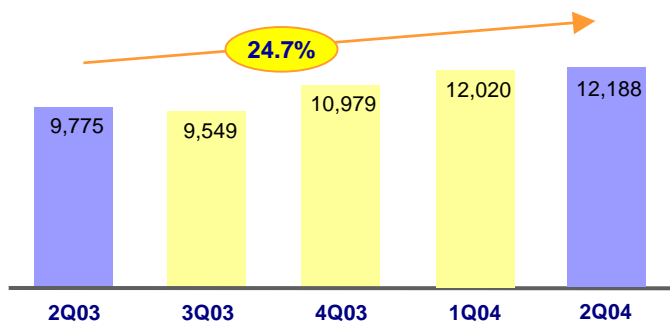
## INTERNET

Revenues (Euro million)



- Internet revenues grew 23.9% to Euro 14.95 million
- 148,000 clients

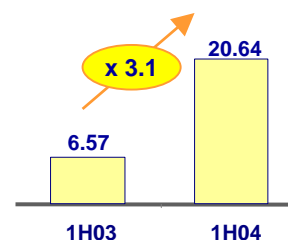
Visits ('000) \*



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

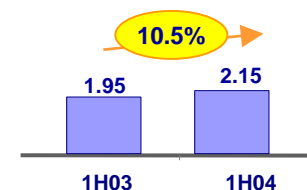
## TELEPHONE INFORMATION SERVICES <sup>(1)</sup>

Traffic revenues (Euro million)



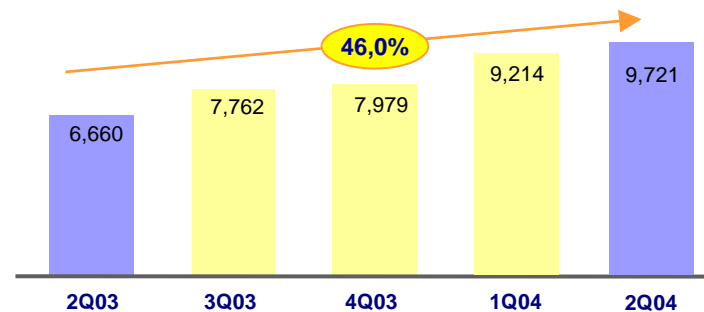
- Traffic revenues multiply by more than 3 times to Euro 20.64 million.

Advertising revenues (Euro million)



- Advertising revenues increase by 10.5% and reach Euro 2.15 million.

Number of calls ('000)

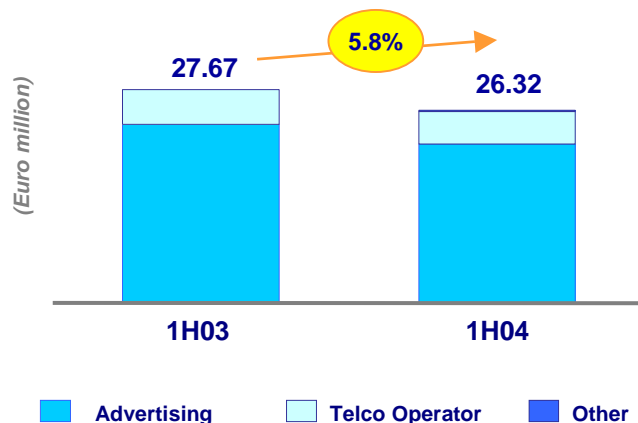


<sup>(1)</sup> Includes the different telephone information numbers managed by TPI

## Peru: Good performance of the Lima and Sur Directories



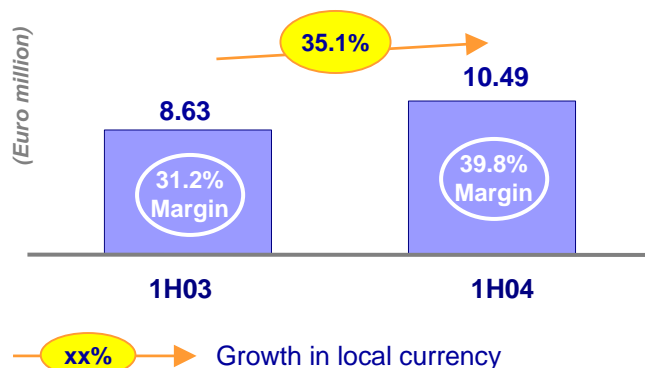
### Total Revenues breakdown



### REVENUES

- TPI Peru revenues increase 5.8% in local currency to Euro 26.32 million ...
- ... based on the positive evolution of the Lima and Sur Directories published in January and May which showed a like for like growth of 4.3%
  - The average revenue per advertiser grew 9.1% to Euro 826
  - N° clients dropped 4.4% to over 25,600

### EBITDA



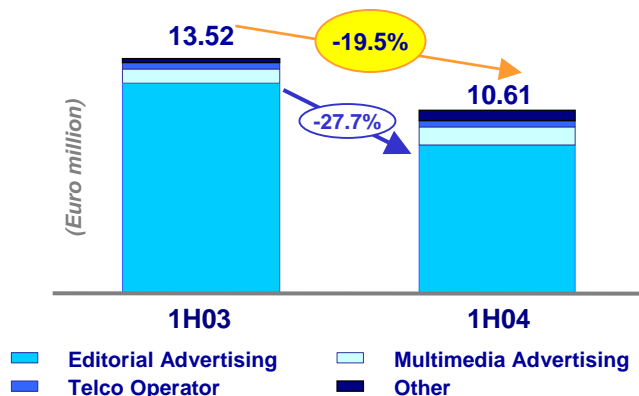
### EBITDA

- EBITDA increases to Euro 10.49 million (+35.1% in local currency), mainly explained by :
  - Revenues growth
  - Cost control and reduction of bad debt levels
- EBITDA margin reaches 39.8%

## TPI Brazil: Focus on improving bad debt ratios



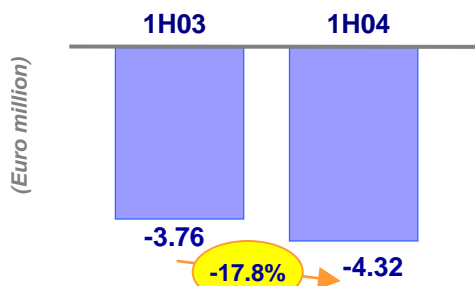
### Total Revenues breakdown



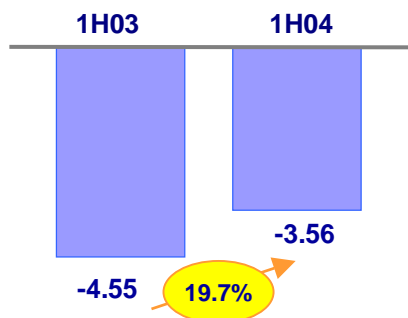
### REVENUES

- **Total revenues** decreased 19.5% in local currency to Euro 10.61 million.
  - Advertising revenues fell 24.3% in local currency to Euro 9.59 million due to:
    - a decrease in the editorial business of 27.7% mainly due to TPI's effort in reducing bad debt ratios:
      - Like for like growth: -25.3%
      - N° directories published: 5
    - Internet revenues increased by 31.2% in local currency to Euro 0.81 million.

### EBITDA real



### EBITDA Pro-forma



### EBITDA

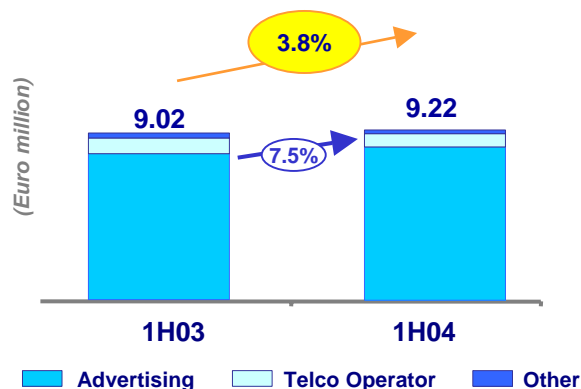
- **EBITDA** level decreased a 17.8% in local currency to Euro -4.32 million mainly due to an extraordinary provision for bad debts of Euro 0.76 million associated to GuiaMais 2003 edition.
- On a pro-forma basis, EBITDA would have improved by 19.7% to Euro -3.56 million.

xx% → xx% → Growth in local currency

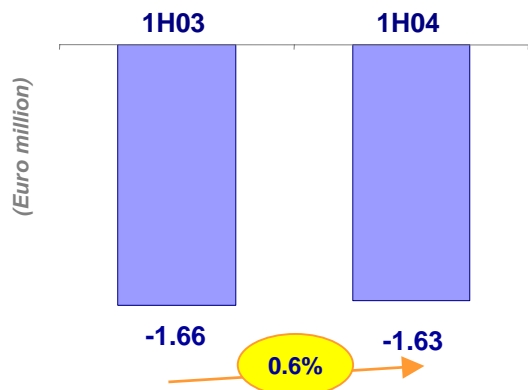
## Publiguias: Advertising revenues continue to grow



### Total Revenues breakdown



### EBITDA



xx% → xx% → Growth in local currency

### REVENUES

- **Total revenues** increased 3.8% in local currency to Euro 9.22 million.
  - Advertising revenues grew 7.5% to Euro 8.31 million due to:
    - The editorial business:
      - Like for like growth: 7.1%
      - N° directories published: 4
    - Internet revenues increased by 28.9% in local currency to Euro 0.89 million.
  - Telco operator revenues decrease 20.1% in local currency to Euro 0.68 million due to lower production costs.

### EBITDA

- Negative **EBITDA** of Euro 1.63 million (+0.6% in local currency).
- EBITDA will become positive with the publication of Santiago directory in July.

## Conclusions

- Strong Group consolidated results:
  - Positive performance of both revenues and EBITDA in Spain, backed by the advertising business and the telephone information number 11888.
  - Peru's EBITDA shows double digit growth in local currency, due to the good revenue performance of the Lima and Sur directories, together with bad debt control.
  - Big efforts in reducing bad debt levels in Brazil
- Results are not representative nor extrapolable to year end.
- Commitment with 2004 guidance in constant euros of 2003:  
Revenues +3/5% and EBITDA +9/11%

**ANNEX**

## Annex 1: Maintenance of our guidance in constant euros - revenues and EBITDA growth of +3/5% and +9/11% respectively

### GUIDANCE IN CONSTANT EUROS 2003

Year-end guidance - TPI Group in constant euros		
(Euro million)	Forecasts 2004 *	2003
<b>Total Revenues</b>	<b>+3 / 5%</b>	<b>570.83</b>
<b>Advertising revenues</b>	<b>+ 2 / 4%</b>	<b>502.63</b>
Editorial	+ 2 / 4%	464.38
Internet	+ 14 / 17%	31.14
Telephone information services	+ 10 / 13%	4.44
<b>Telephone Traffic</b>	<b>+ 40 / 50%</b>	<b>24.09</b>
<b>Telecom operator revenues</b>	<b>- 8 / - 5%</b>	<b>41.79</b>
<b>EBITDA</b>	<b>+ 9 / 11%</b>	<b>179.58</b>
<p><i>Figures in constant Euros, based on average 2003 exchange rates:</i></p> <p><i>* Forecast according to present consolidation sphere</i></p>		
		Peso/Euro: 671.14 Real/Euro: 3.45 Sol/Euro: 3.91