



# Telefónica Publicidad e Información

*January - December 2005 Results*

Madrid, February 21<sup>st</sup>, 2006

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*This presentation contains financial information/data reported under IFRS.*

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## TPI Group revenues grew 9.6%, OIBDA by 8.7% and net income by 10.3%

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- TPI Group 2005 revenues strongly outperformed the +5.5 / 6.5% growth projection in constant euros, with a 7.8% increase in local currency, to Euro 653.93 million
- Group OIBDA reached the upper part of the range (7 /8%) in constant euros, showing a 7.8% growth to Euro 219.28 million
- Net income grew 10.3% to Euro 126.93 million
- Proposed dividend of Euro 0.40 per share, an increase of 33.3% vs 2004. Payout of 114% of TPI Group Net Profit
- Dividend yield of 4.8%<sup>(1)</sup> calculated with yesterday's closing price
- Telinver consolidates within TPI Group from November 2005
- Entrance in the Italian DA information service market in October 2005

<sup>(1)</sup> price as of 20th Feb, 2006: Euro 8.33

## 2005 consolidated main financial data and evolution on a geographical basis

Main financial data (TPI Consolidated Accounts)					
	2005	2004	Var. (%)	Var. (%) <sup>(1)</sup>	2005 Guidance <sup>(2)</sup>
<i>(Euro million)</i>				in local currency	in local currency
<b>Revenues</b>	<b>653.93</b>	<b>596.58</b>	<b>9.6%</b>	<b>7.8%</b>	<b>+5,5/6,5%</b>
Advertising revenues	544.30	509.10	6.9%	5.0%	-
-Paper business	494.55	467.59	5.8%	3.9%	+3/4%
-Internet business	40.04	32.57	22.9%	21.0%	+19/20%
-Directory assistance business	5.48	4.67	17.4%	14.9%	-
-Other	4.24	4.26	-0.6%	-0.8%	-
Telephone traffic	65.34	46.90	39.3%	39.2%	+30/33%
Telecom operator	39.90	37.54	6.3%	4.0%	-
Other revenues	4.40	3.04	44.6%	30.5%	-
<b>OIBDA</b>	<b>219.28</b>	<b>201.82</b>	<b>8.7%</b>	<b>7.8%</b>	<b>+7/8%</b>
<b>OIBDA margin</b>	<b>33.5%</b>	<b>33.8%</b>	<b>-0.3 p.p.</b>	<b>0.0 p.p.</b>	<b>-</b>
<b>Net income</b>	<b>126.93</b>	<b>115.07</b>	<b>10.3%</b>	<b>9.6%</b>	<b>-</b>
<b>EPS</b>	<b>0.35</b>	<b>0.31</b>	<b>12.5%</b>	<b>11.8%</b>	<b>-</b>
<b>nº. Shares</b>		31-Dec. -05 <b>361,022,184</b>	31-Dec. -04 <b>368,234,331</b>		
Average exchange rates :		2005	2004		
	Peso/Euro:	694.44	757.58		
	Reais/Euro:	3.00	3.63		
	Sol/Euro:	4.10	4.24		
		Nov. - Dec. 2005			
	Peso/Euro:	3.53			
<sup>(1)</sup> At average exchange rates of January - December 2004					
<sup>(2)</sup> Forecast given by TPI on November 2005, at 2004 constant exchange rates					

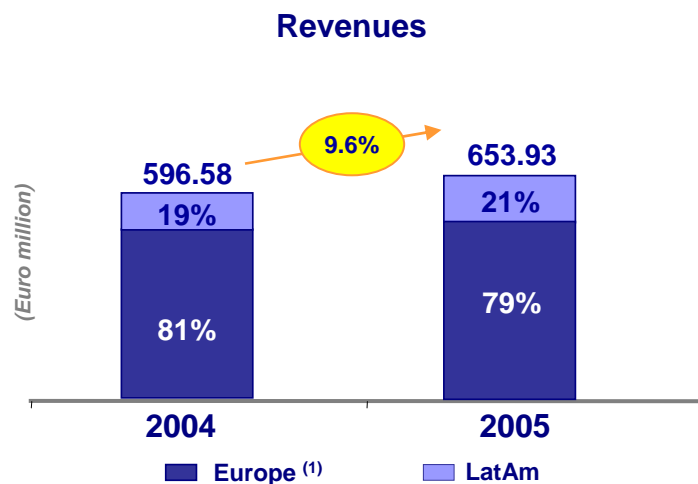
	EUROPE <sup>(3)</sup>		CHILE		BRAZIL		PERU		ARGENTINA <sup>(5)</sup>	
	2005	% Var.	2005	% Var.	2005	% Var.	2005	% Var.	2005	% Var.
	<i>(Euro million)</i>	<i>(Local currency)</i>	<i>(Euro million)</i>	<i>(Local currency)</i>	<i>(Euro million)</i>	<i>(Local currency)</i>	<i>(Euro million)</i>	<i>(Local currency)</i>	<i>(Euro million)</i>	<i>(Local currency)</i>
<b>Revenues</b>	515.10	6.1%	69.36	-4.4%	18.97	5.4%	33.94	6.8%	17.45	na
<b>OIBDA</b>	190.59 <sup>(4)</sup>	9.0%	19.23	-29.5%	-2.48	56.9%	7.59	7.7%	5.18	na
<b>OIBDA margin</b>	37.0%	1.0 p.p.	27.7%	-9.8 p.p.	-13.1%	18.9 p.p.	22.4%	0.2 p.p.	29.7%	na

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

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

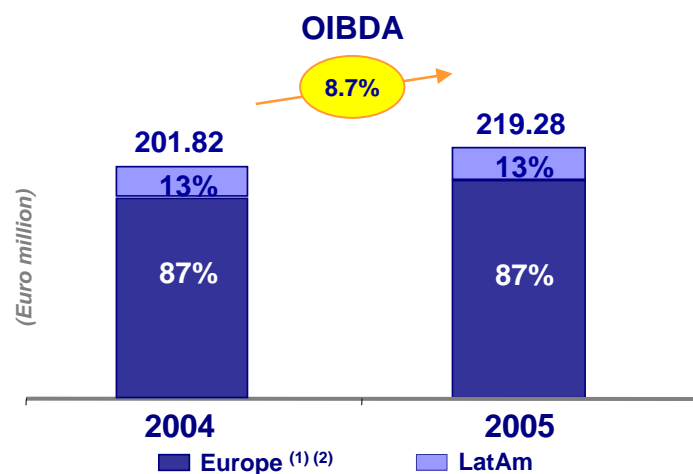
<sup>(5)</sup> Figures corresponding to November and December 2005

## TPI Group: revenues and OIBDA by geographical area



- TPI consolidated **revenues** increased 9.6% to Euro 653.93 million

- Europe<sup>(1)</sup> decreased its contribution to total revenues by 2 percentage points, resulting from LatAm currencies appreciation, combined with the consolidation of Telinver from November 2005



- TPI consolidated **OIBDA** showed a 8.7% increase to Euro 219.28 million

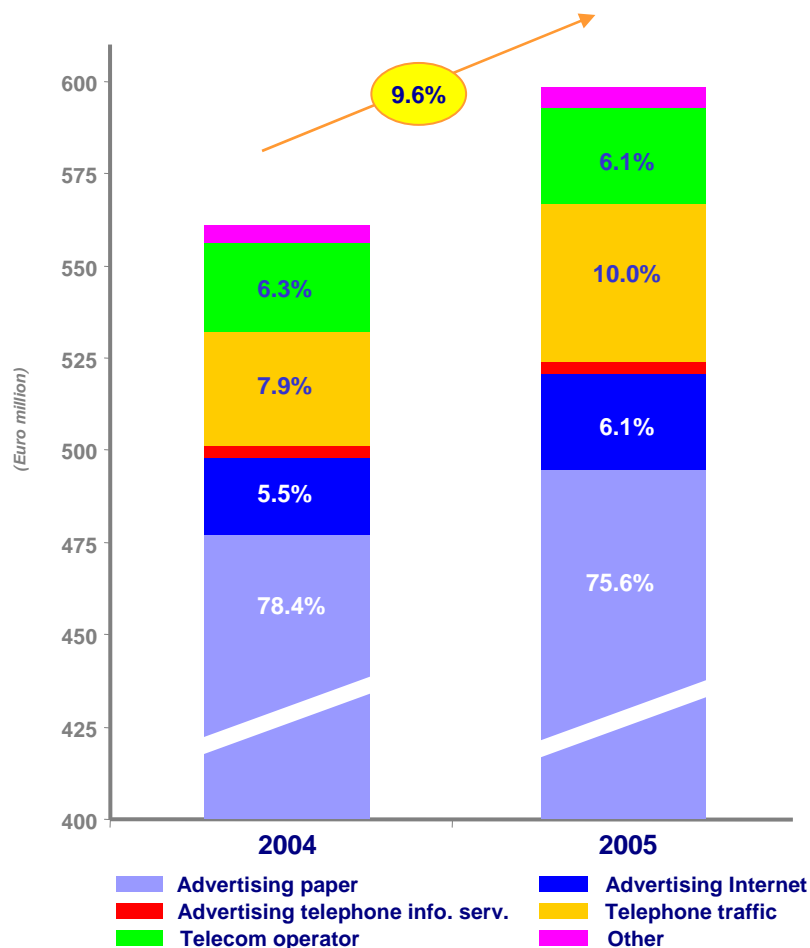
- Europe<sup>(1)</sup> rose OIBDA<sup>(2)</sup> by 9.0% while LatAm OIBDA increased by 6.9%
- Europe and LatAm's contribution to OIBDA remained the same

(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

## TPI Group increases its revenue diversification

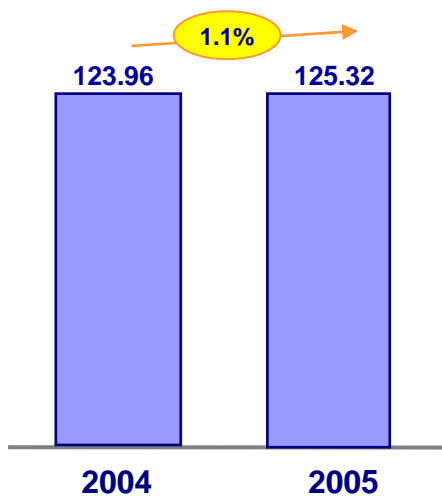
Group Revenues Breakdown



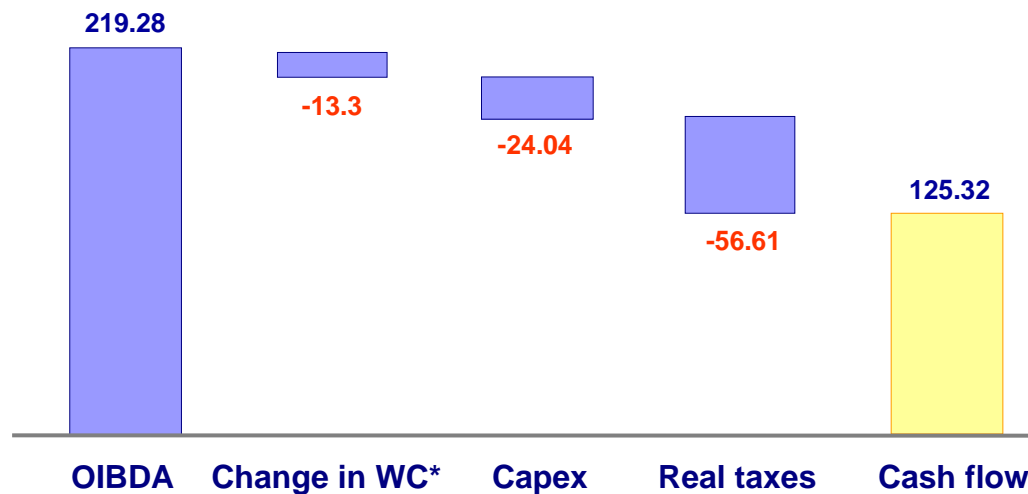
- Although paper revenues still are the main revenue source for the Group, in 2005, 25% of total revenues come from other business lines
- Faster revenue growth in DA and internet revenues, explains for the lower contribution of paper to total revenues:
  - Paper advertising** revenues decrease its percentage as of total revenues from 78.4% to 75.6%...
  - ...while **internet** revenues increase its weight from 5.5% to 6.1% ...
  - ...and **telephone traffic** ends up representing 10.0% of total revenues versus 7.9% in 2004

## Euro 125.3 million cash generated in 2005

**Operating cash flow**  
(Euro Million)

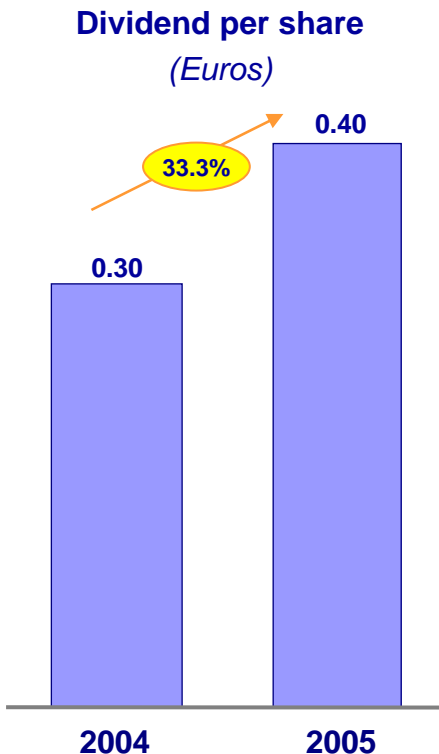


**Operating cash flow 2005**  
(Euro Million)



\* Working capital: inventories + account receivables +/- accrual accounts – creditors  
Working capital and taxes calculated in 2004 constant euros

## Dividend proposal

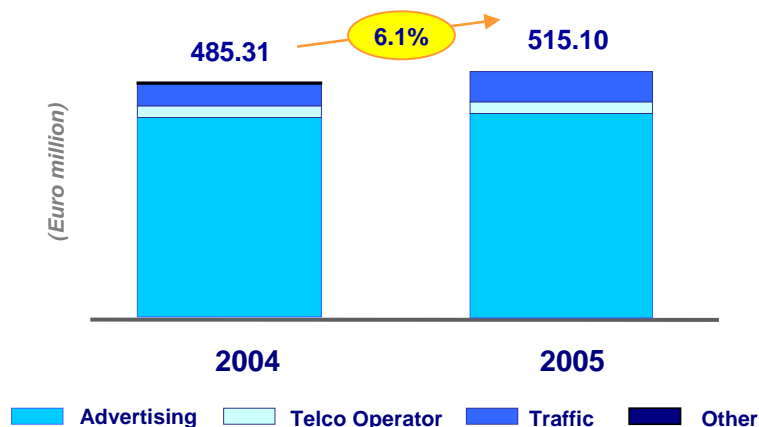


- Dividend proposal to the AGM of Euro 0.40 per share, representing a 33.3% increase vs. 2004
- Payout stays at 114% of the Group net profit and 123% of that of the parent company (TPI, S.A.)
- At yesterday's closing price of Euro 8.33 per share (Feb. 20<sup>th</sup>) dividend yield reaches 4.8%

## Revenues and OIBDA in Europe<sup>(1)</sup> went up 6.1%, and 9.0%, respectively



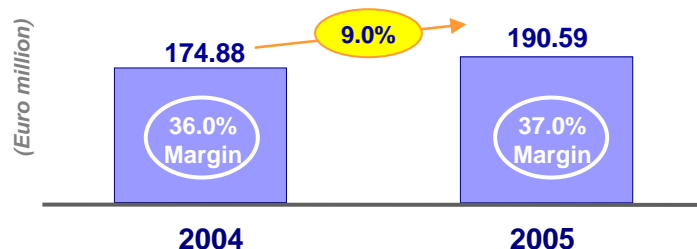
### Revenues breakdown



- Revenues in Europe <sup>(1)</sup> grew 6.1% to Euro 515.10 million, based on:

- Advertising revenues increased 2.4% to Euro 421.34 million
- 39.3% advance in DA telephone traffic revenues to Euro 64.83 million

### OIBDA <sup>(2)</sup>

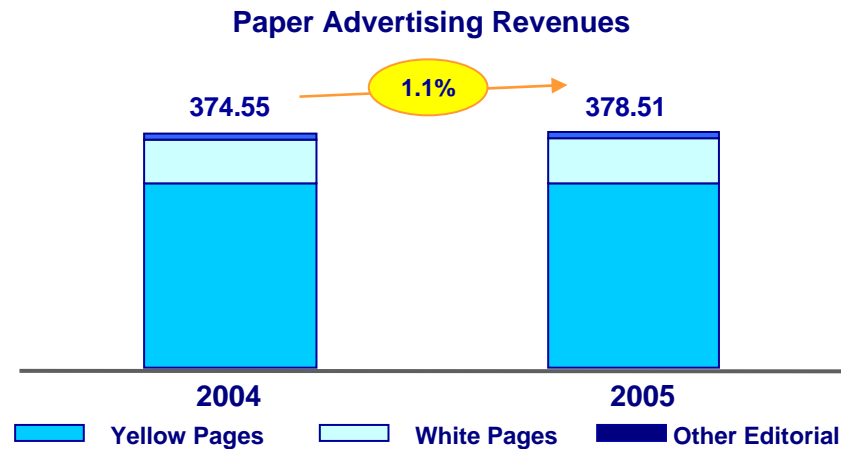


- OIBDA<sup>(2)</sup> increased 9.0% to Euro 190.59 million with a 1.0 p.p. margin improvement, in spite of the impact of entering the Italian DA telephone service

(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

## Paper business in Spain grows 1.1%



### YELLOW PAGES

- Total revenues: Euro 296.02 million (-0.1% like for like)
- ARPA: -3.9% to Euro 963
- # Clients: up 4.0% to 307,450
- # Directories published: 124 vs. 110 in 2004, including 9 new pocket and 5 new local directories

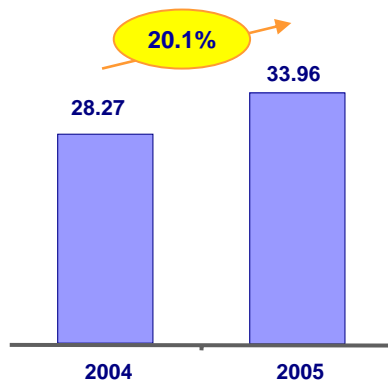
### WHITE PAGES

- Total revenues: Euro 70.55 million (+2.2% like for like)
- ARPA: -0.2% to Euro 260
- # Clients: up 2.3% to 271,700
- # Directories published : 58 vs. 60 in 2004, explained by the aggregation of 3 directories into 1

## Internet revenues grew above 20%

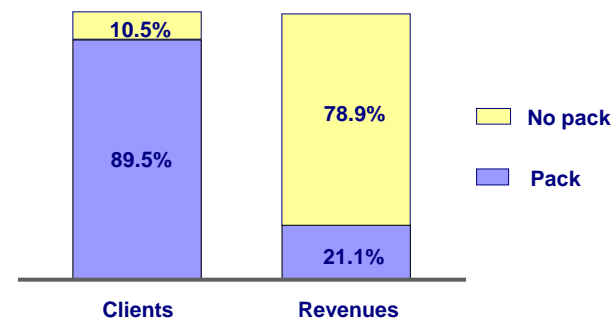


Revenues (Euro million)

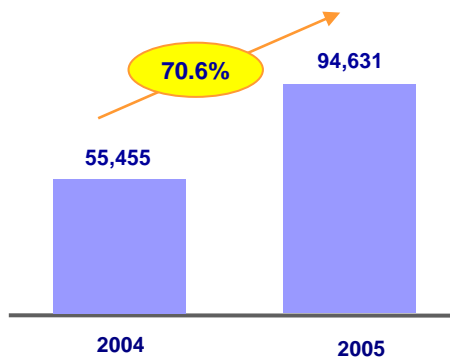


- Internet revenues grew 20.1% to Euro 33.96 million
- ARPA <sup>(1)</sup> up 15.8% to Euro 126
- Clients up 6.5% to 286,000

Contribution of unbundled clients to total revenues and clients in 2005



Visits ('000) <sup>(2)</sup>



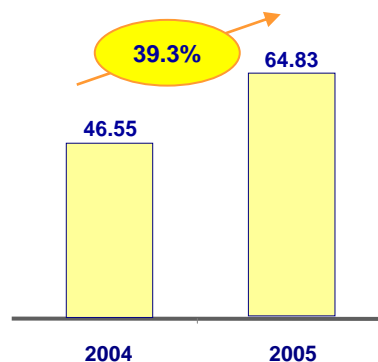
<sup>(1)</sup> ARPA: average revenue of 2005 customers calculated excluding the deferral accounting effect

<sup>(2)</sup> Figures audited by the OJD (Oficina Justificación de la Difusión)

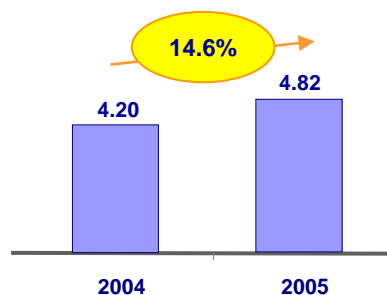
## Telephone information services <sup>(1)</sup>: traffic revenues grew 39% and advertising revenues 15%



Traffic revenues (Euro million)

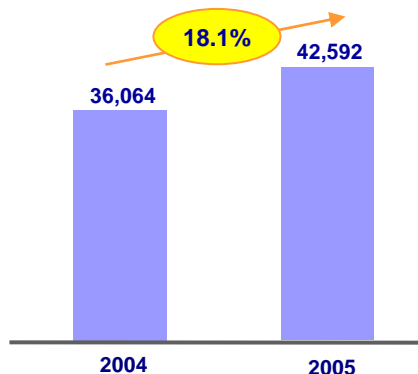


Advertising revenues (Euro million)



- Consolidation of TPI business, even though the market is reducing its size year on year since the time of liberalization
- Leadership in terms of revenues

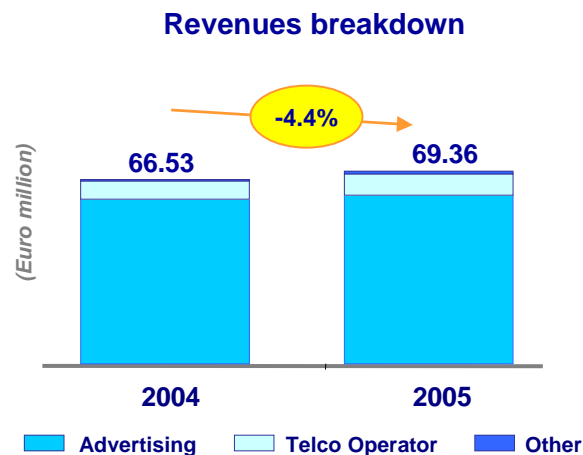
Number of calls ('000)



- Good acceptance of advertising campaign
- Growing competitive pressure in the Italian market
- Higher advertising costs in 2006

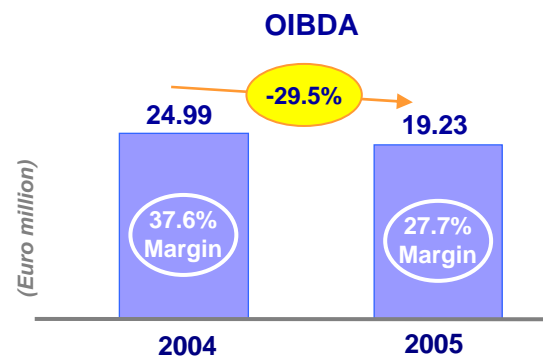
<sup>(1)</sup> Includes the different telephone information numbers managed by TPI in Spain and Italy

## Chile: Publiguias results show the impact of stronger competition on the Santiago directory



### REVENUES

- Revenues decreased 4.4% in local currency to Euro 69.36 million. Nominal growth of 4.2% thanks to the appreciation of Chilean Peso against Euro
  - The negative evolution can be mainly explained by the evolution of Santiago's, book which registered a decline in revenues of 5.1%

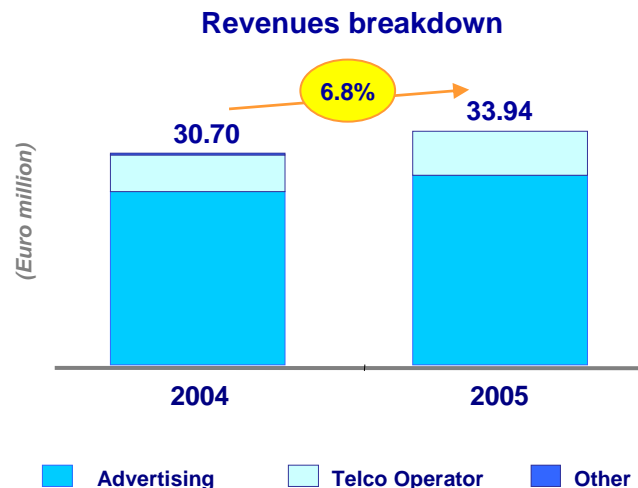


### OIBDA

- Negative evolution of OIBDA, is basically explained by:
  - Impact on revenues
  - An increase in bad debt provisions corresponding to previous years editions

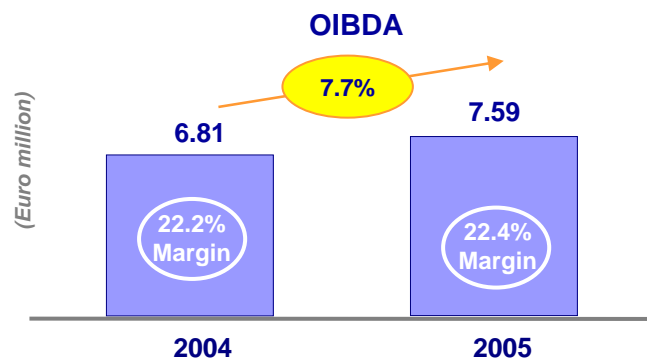
xx% → Growth in local currency

## Peru: total revenues grew a solid 6.8% in local currency



### REVENUES

- TPI Peru revenues increased 6.8% in local currency to Euro 33.94 million
  - Advertising revenues grew 5.4% in local currency to Euro 27.44 million due to:
    - +2.2% growth in paper revenues to Euro 25.51 million
    - Internet revenues increased 80.7% to Euro 1.93 million
  - Telco operator revenues went up 15.1% in local currency to Euro 6.47 million

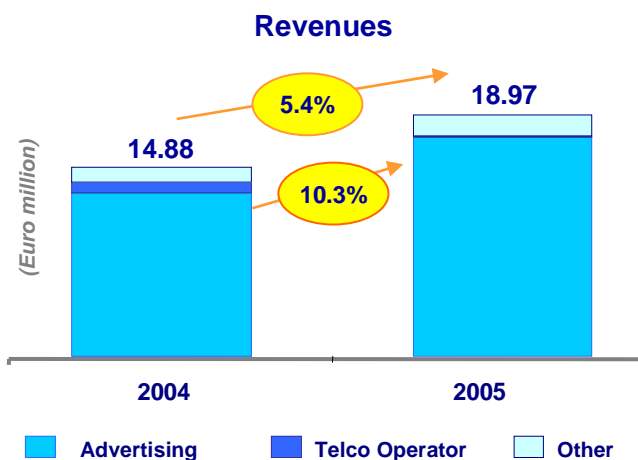


### OIBDA

- OIBDA increased 7.7% in local currency to Euro 7.59 million. OIBDA margin increased slightly 0.2 p.p. compared to 2004

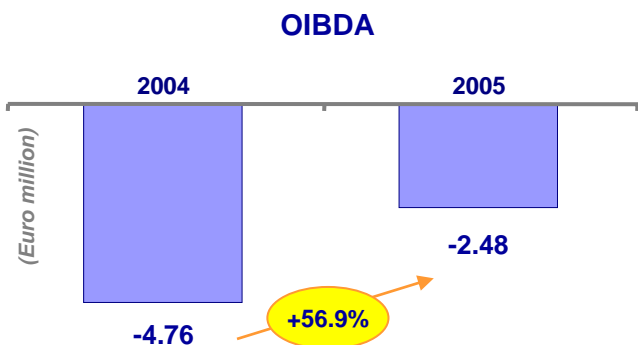
xx% → Growth in local currency

## Brazil: advertising revenues up 10.3% in local currency



### REVENUES

- TPI Brazil advertising revenues, increased by 10.3% in local currency
  - Paper revenues, moved up 7.5%
  - Internet revenues amounted to Euro 2.41 million, up 27.4%
- Total revenues grew at a lower rate (5.4% in local currency), due to a volume reduction in the LTOGs business



### OIBDA

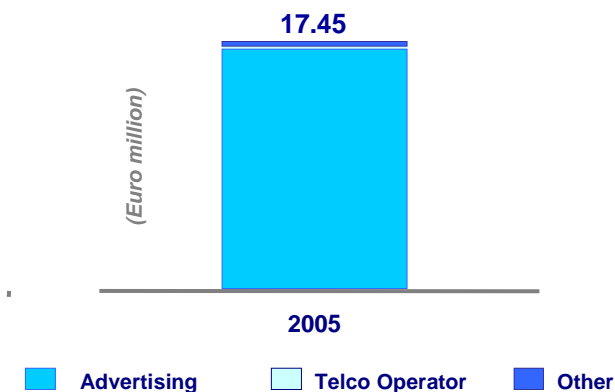
- OIBDA improved 56.9% in local currency to Euro -2.48 million in 2005. This is mainly explained by strong revenue growth, combined with tight cost control, and lower bad debt provisions

xx% → Growth in local currency

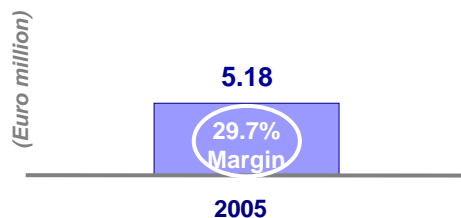
## Telinver contributes Euro 17,5 million to Total Group revenues and Euro 5,2 million to OIBDA



### Revenues breakdown



### OIBDA



### TPI ACQUIRES 100% OF TELINVER

- Telinver consolidates into Group accounts from November 2005
- New contractual framework with TASA, in place from January 2006

### REVENUES

- Telinver contributed Euro 17.45 million to total TPI Group revenues in 2005
- These revenues accounted to close to 65% of the whole year revenues

### OIBDA

- Telinver contributed Euro 5.18 million to TPI Group OIBDA in 2005
- The 29.7% OIBDA margin should not be extrapolated to the whole year, as directories published along the year have different margins

xx% → Growth in local currency

## Conclusions

- TPI Group revenues and OIBDA grow 9.6% and 8.7%, respectively
  - ✓ In Europe, revenues grow 6.1% thanks to the positive evolution of traffic revenues (+39.3%) and internet revenues (+20.1%). OIBDA<sup>(1)</sup> improves 9.0%
  - ✓ In LatAm, the Telinver acquisition together with the appreciation of LatAm currencies against the Euro, compensate the negative evolution of Chile, showing revenues and OIBDA a growth of 23.8% and 6.9%, respectively
- Net income grew 10.3% to Euro 126.93 million
- TPI Group 2005 revenues strongly outperform the +5.5 / 6.5% growth projection in constant euros, and OIBDA reaches the upper part of the range (7 /8%)
- Dividend proposal of Euro 0.40 per share, which implies an increase of 33.3% vs the dividend distributed in 2005 against 2004 results, and a dividend yield of 4.8%<sup>(2)</sup>

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

(2) Price as of 20/2/2006: Euro 8.33