



TERRA LYCOS

Fourth Quarter 2002 Results
February 26th, 2003

Joaquim Agut
Executive Chairman

2002 Key Decisions

Key year in terms of

- Transforming the business to focus on sustainable growth and profitability, maintaining leadership positions in core markets

Major milestones:

- New long-term Strategic Alliance between Terra Lycos and Telefonica delivering growth (access to GT customer base) & profitability (min. annual guaranteed margin)
- Focus on high quality and recurring revenue streams (QoQ revenue growth excluding FX impact)
- Continued EBITDA improvements (9th. Consecutive quarter)
- New Global Operations Team focused on growth (NPI) and operations efficiency
- Write-off of 1.4bn to better reflect the reality of the company and strengthen our balance sheet

2003 Business Foundations



✍ Solid and sustainable business model

- Strategic alliance with Telefonica
- Development of established and growing customer base
- Diversification of revenue streams – OBP/subscriptions combined with advertising/media
- Cost management & processes efficiency
- USA business right sized according to geographical shift in the strategic alliance

✍ Cash

- Stabilized
- Driven for growth

✍ Strong balance sheet

- Prudence in valuation of our assets

✍ Compliance

Solid pillars assuring Long-Term business Sustainability

Highlights

- Revenue for the fourth quarter of 173 million constant euros based on the Q3 exchange rate, higher than the guidance (€ 160 to 170 MM)
- -13% EBITDA margin in Q4 '02, within the guidance (-11/-14%)
- 3.1 million paid clients from access, communication services and portal, up 88% from 1.7 million in Q4 '01
- 378.000 broadband clients (+62% vs Q4 '01) and +36.600 vs Q3 '02 (+11%) .
- 1.75 billion euros in cash at December 31, 2002

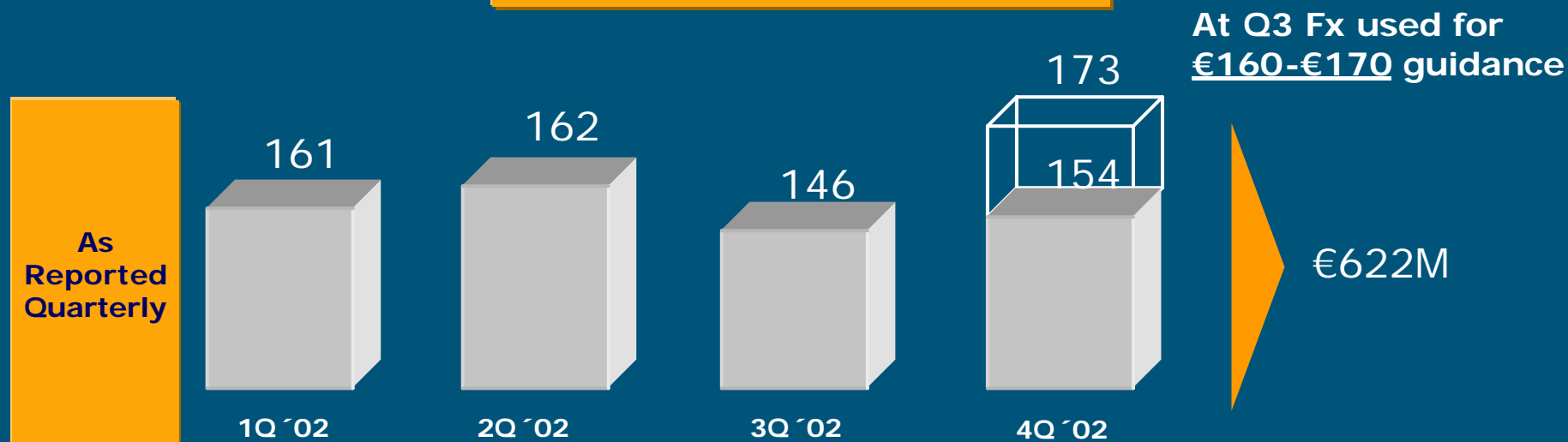
4Q '02 RESULTS



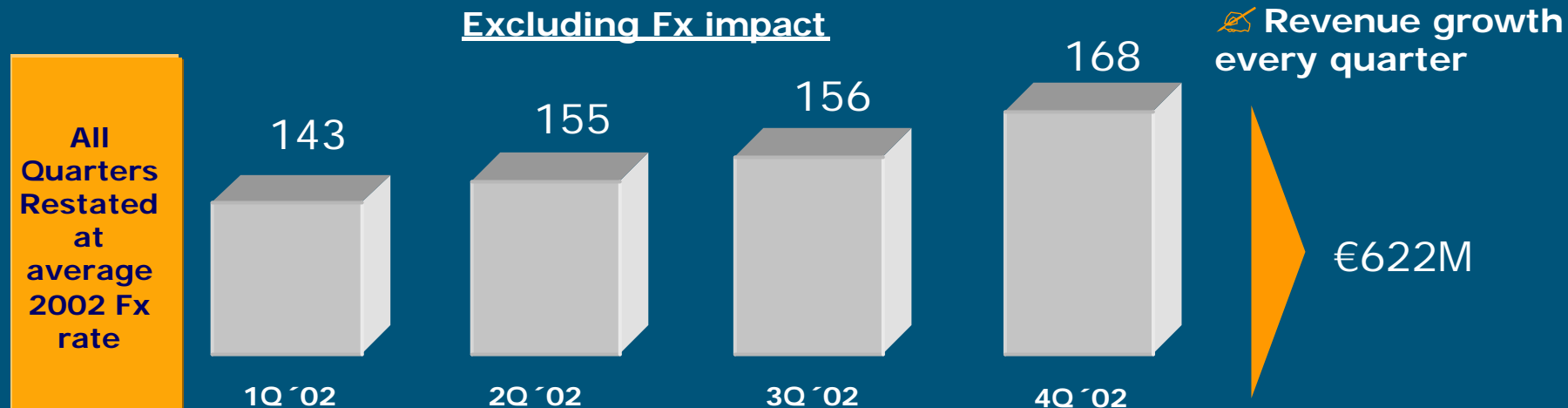
Total Revenues

(Million Euro)

Quarterly evolution



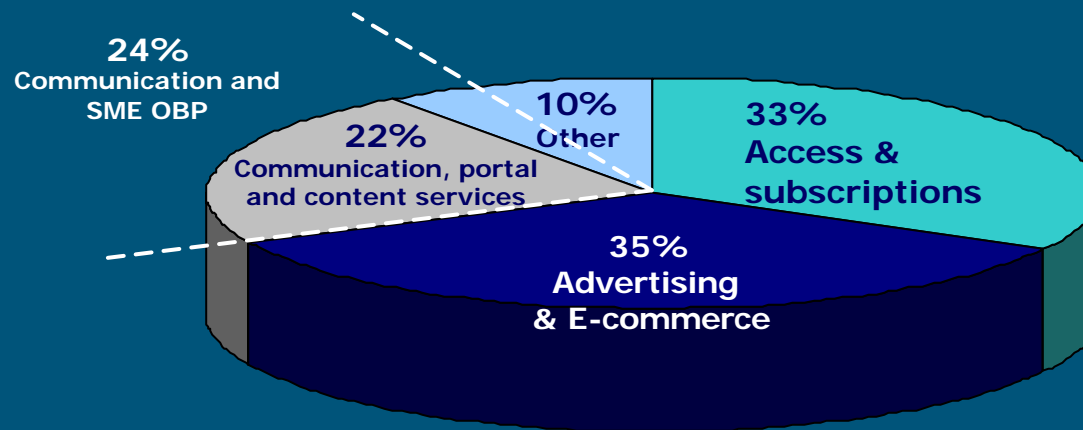
Excluding Fx impact



Revenue Breakdown

(Million Euro)

4Q '02 Revenues



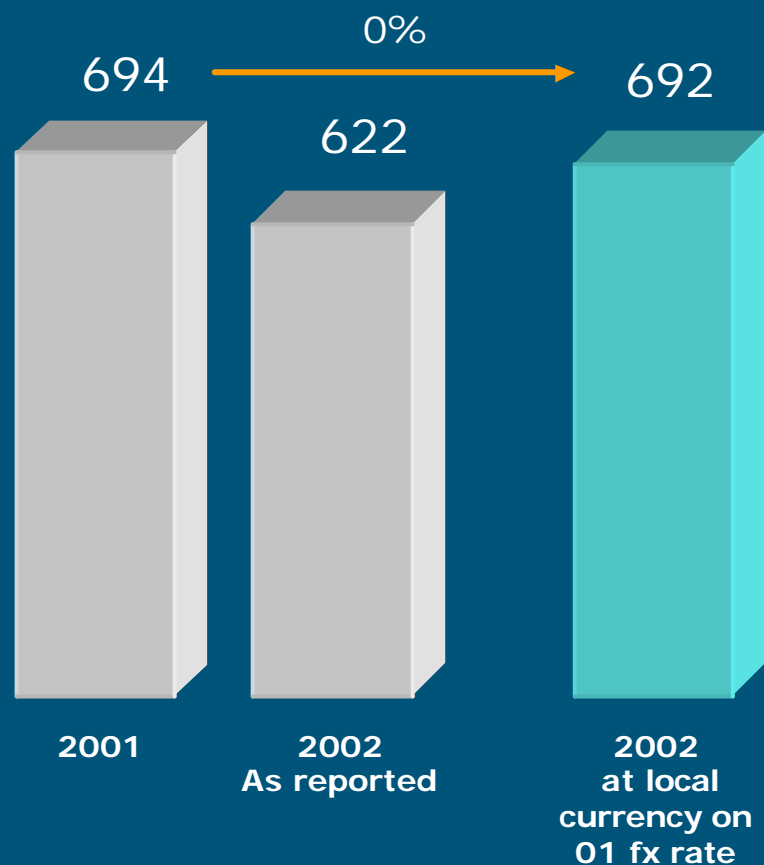
■ Access subscriptions ■ Advertising & E-commerce ■ Comm, Portal and Content Services ■ Other

Total Revenues

(Million Euros)






Total Revenues

Consolidated



By country

Revenue growth %

	Local Currency	Euros
 Spain	+22%	+22%
 Brazil	+53%	+17%
 USA	-32%	-35%
 Mexico	+8%	-9%
 Chile	+24%	+8%

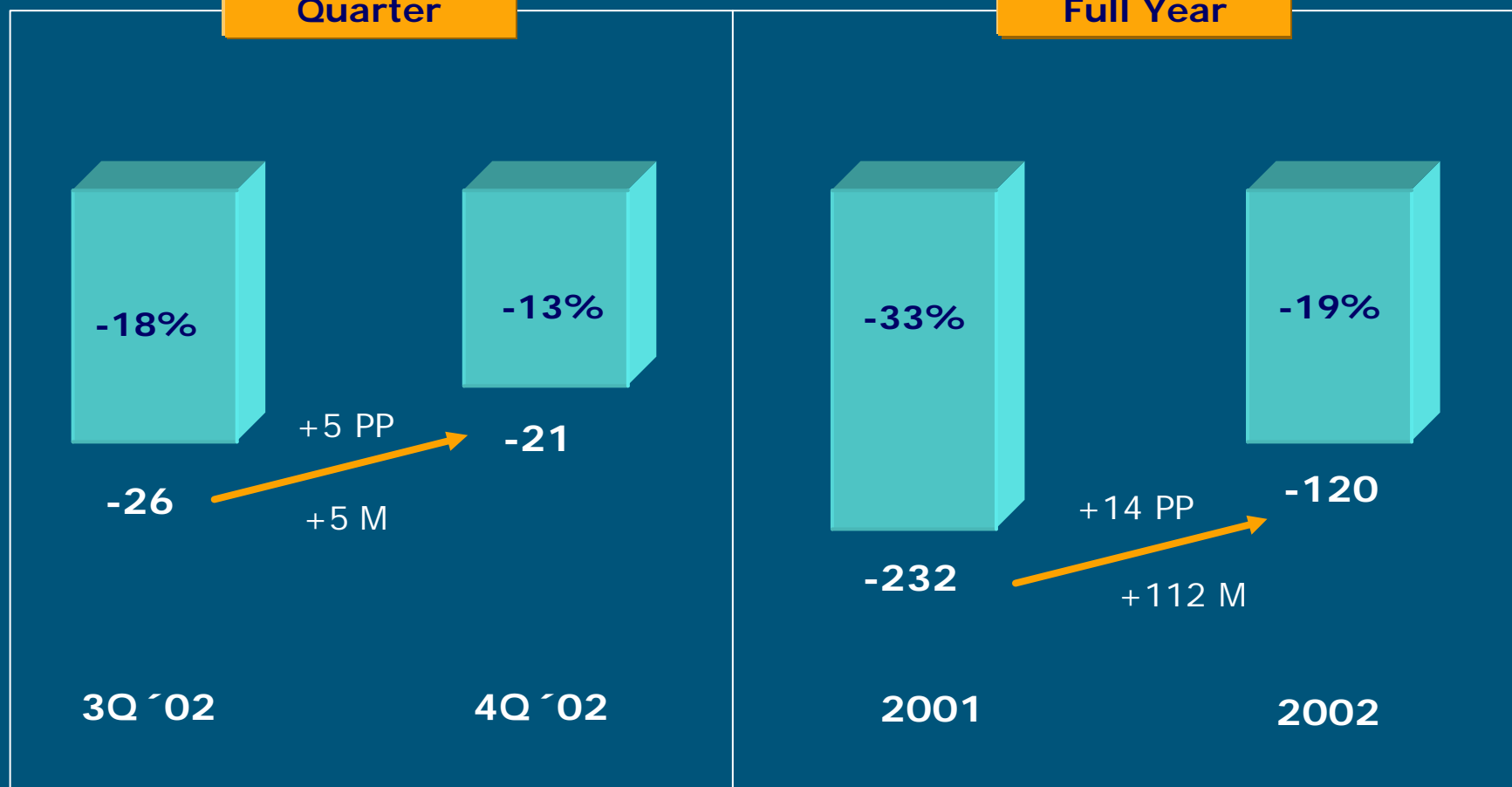
EBITDA Margin

(Million Euro)

EBITDA

Quarter

Full Year

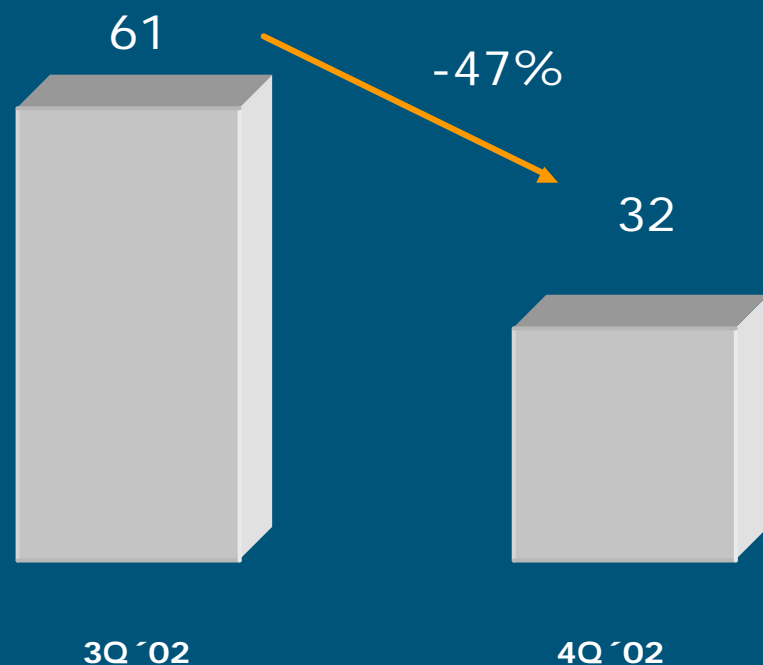


United States

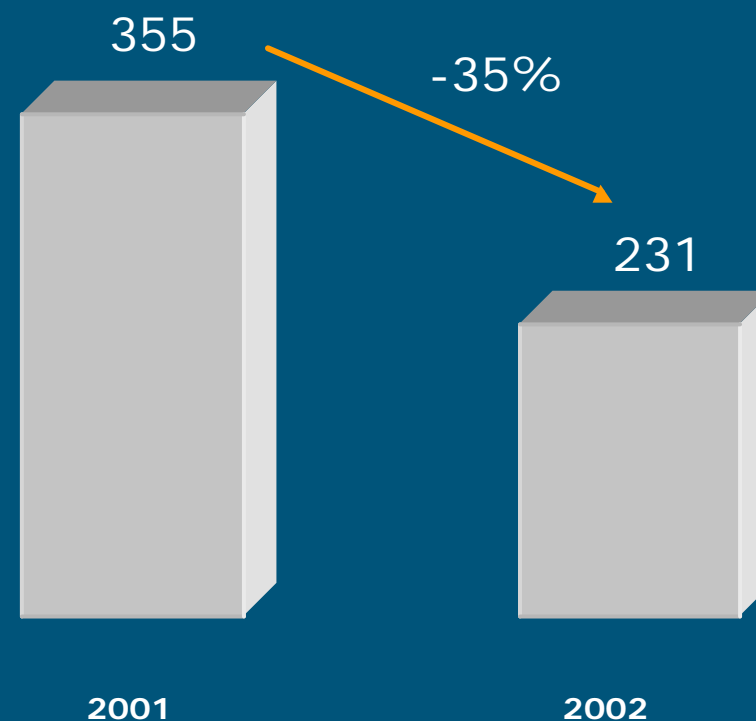
(Million Euros)

Media Revenues

Quarter

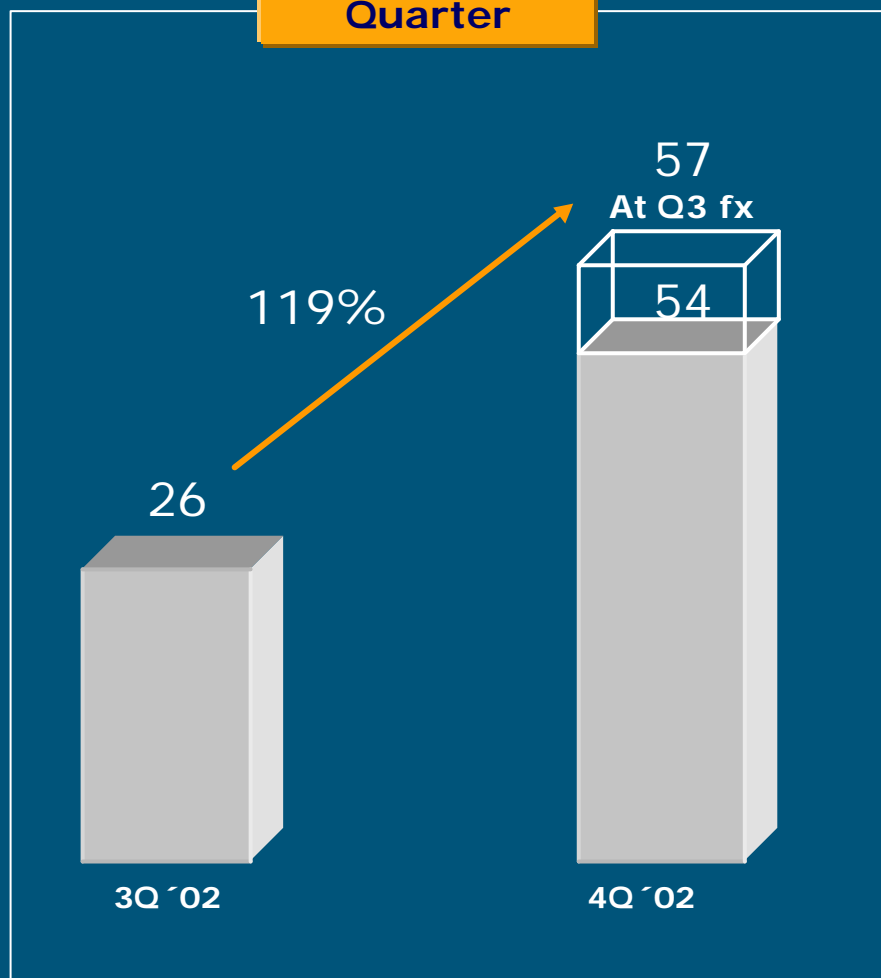


Full Year

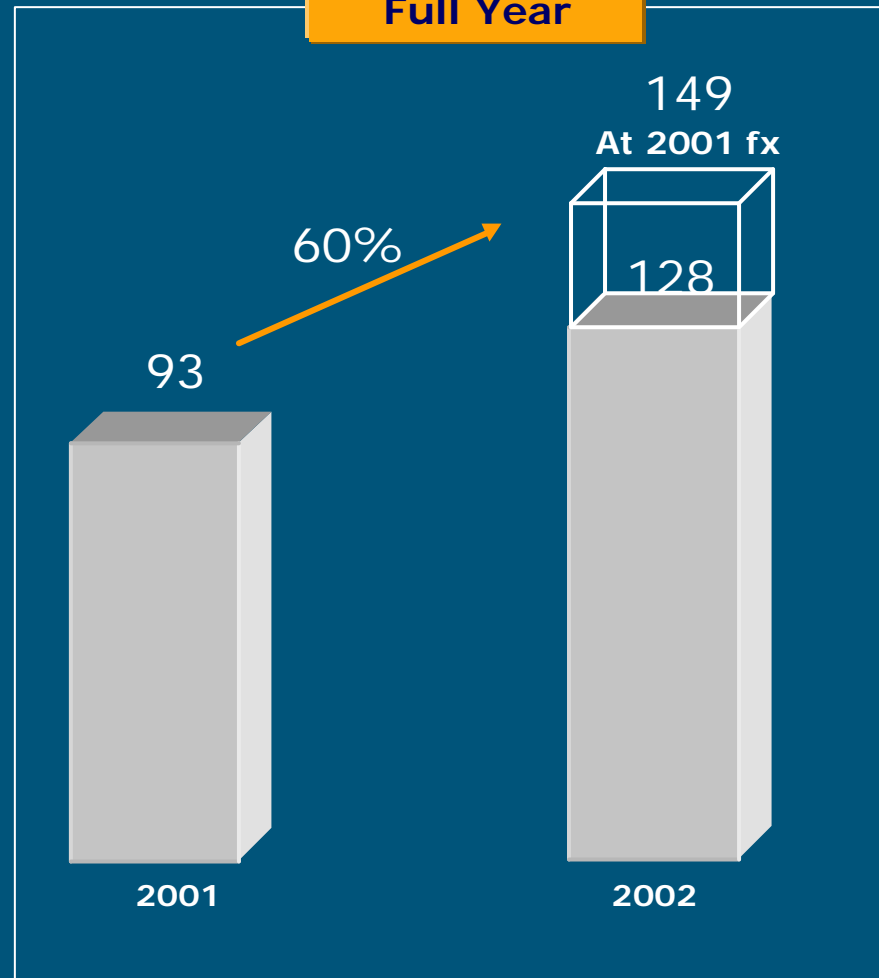


Media: LATAM & Spain

Quarter



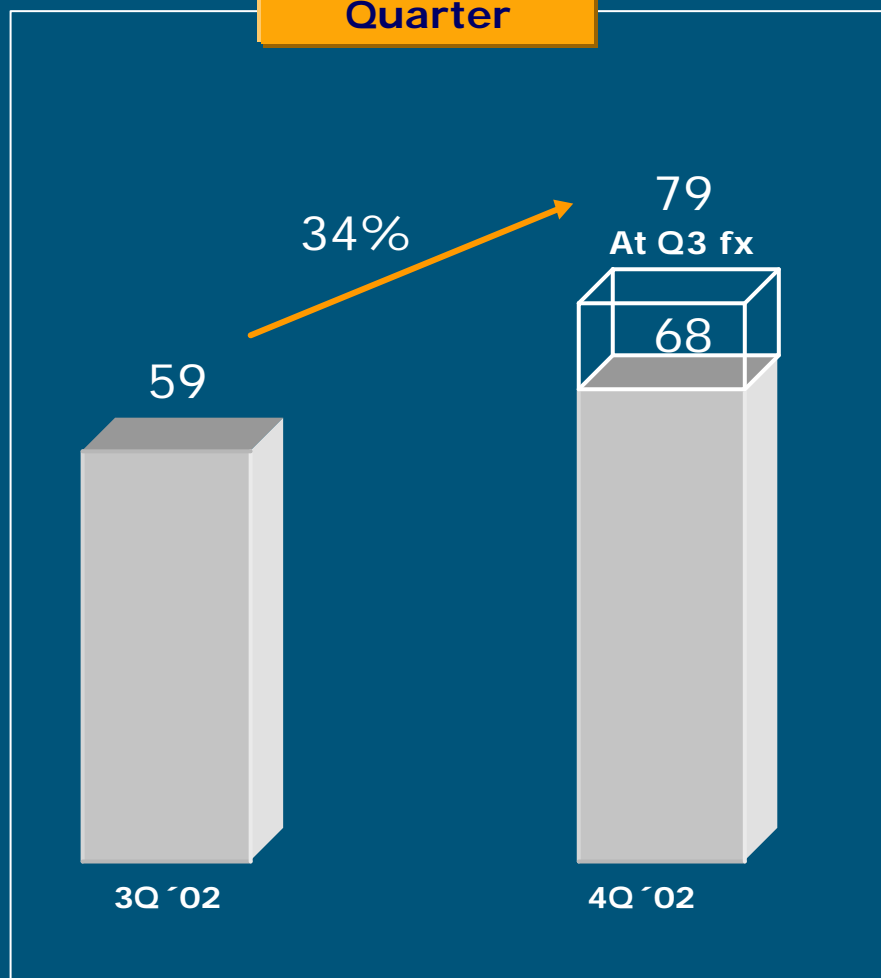
Full Year



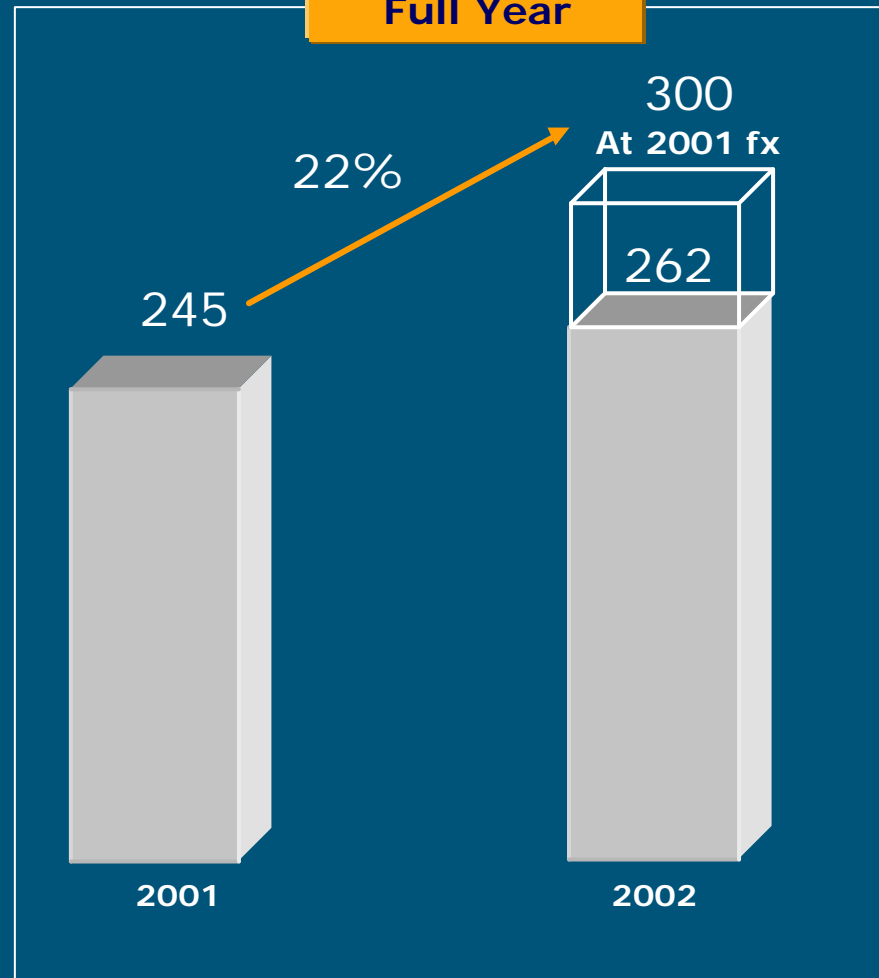
(Million Euros)

Access Revenues

Quarter



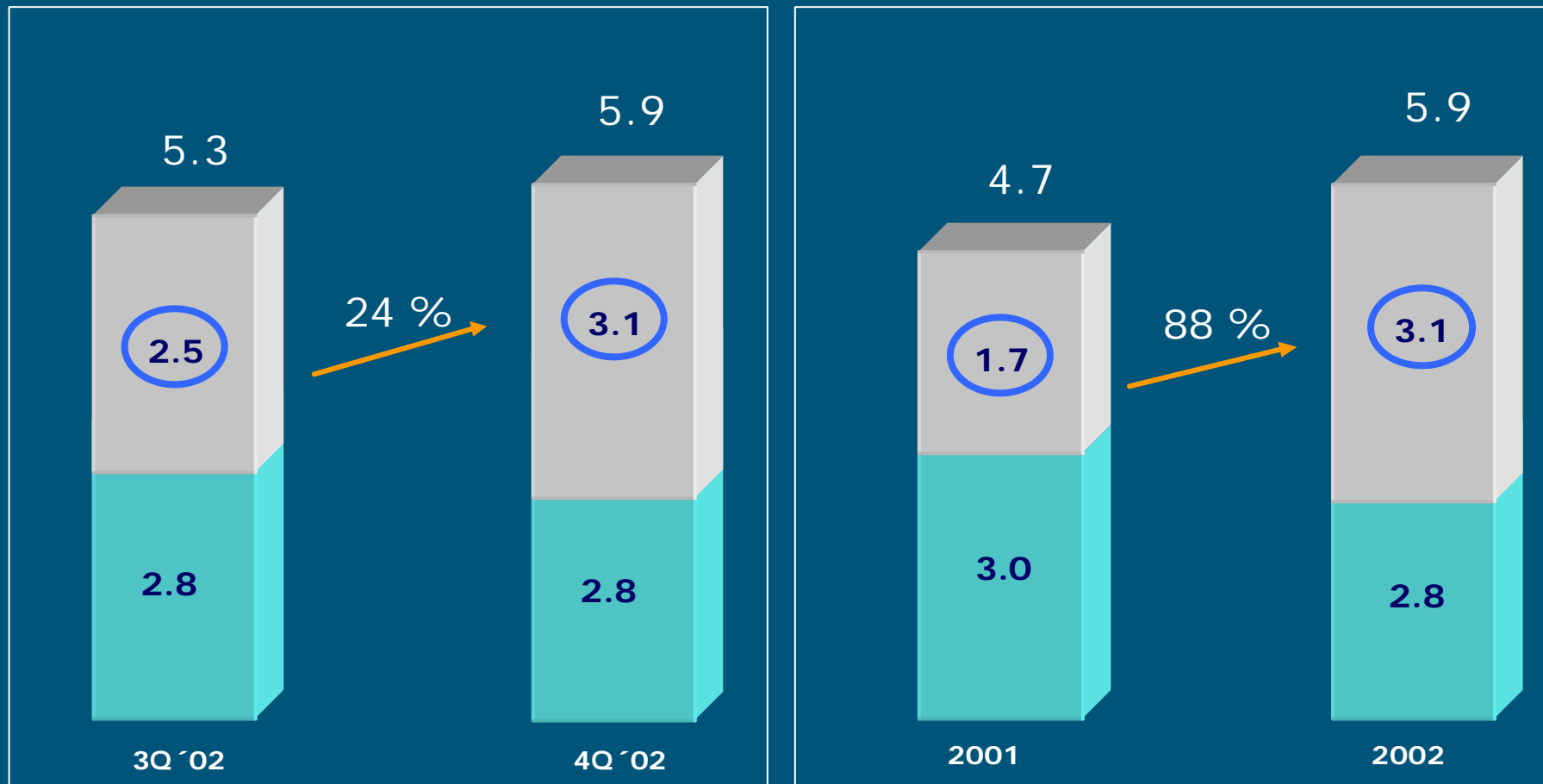
Full Year



(Million Euros)

Subscribers

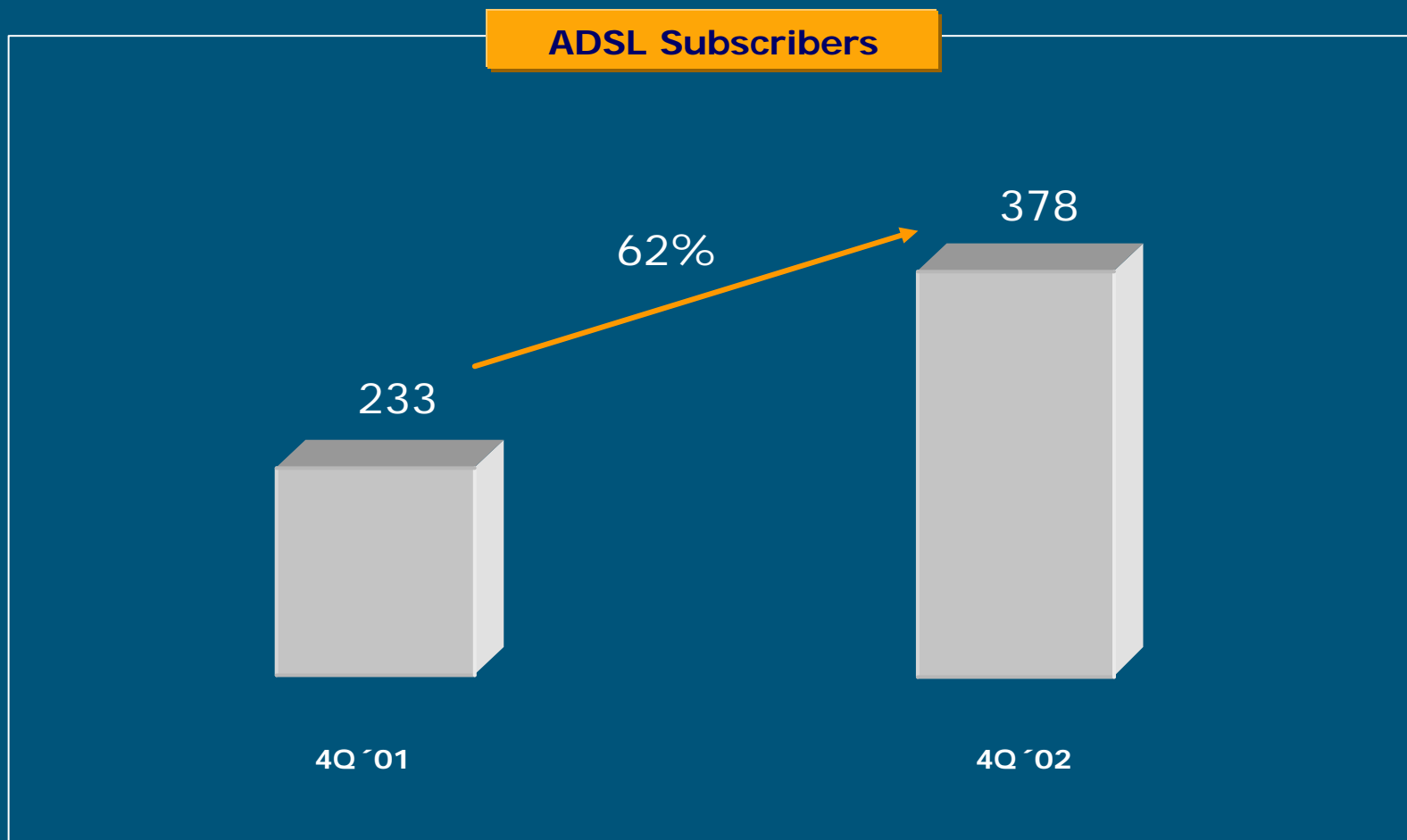
Total Access, Communication Services & Portal Subscribers



(Million subscribers)

Free Paid

ADSL Subscribers







(Thousand subscribers)

Alliance Terra/Telefonica

- **Terra Lycos and Telefónica** have signed a **New Strategic Alliance** (NSA) based on key competences of both companies
- The Alliance establishes a New Relationship model between Terra Lycos and Telefónica
- The contract has an annual minimum **margin guarantee of 78.5 M EUR with an upside potential** coming from Telefónica growth and market growth
- In addition, provides long term **business sustainability** due to:
 - Leverage of Telefónica's customer base
 - Highly-binding relationship with Telefónica as a client
 - Potential upside of the contract
 - Contract expected to be extended after 6 years

Alliance Terra/Telefonica

The NSA creates a new relationship model for Terra Lycos and Telefónica to be applied on four collaboration areas in countries where both companies have presence:

Collaboration Area	Main Business Provider	Key Principles
I Internet communication and portal services & infrastructures		<ul style="list-style-type: none"> Terra Lycos as exclusive provider of Internet portals for Telefónica Terra Lycos as exclusive value added communication services provider for Telefónica's internet customer base Telefónica becomes the exclusive connectivity and wholesale Internet access provider to TRLY, and TRLY gets the most favored customer treatment within the relevant regulatory conditions
II On line Advertising and Integrated Marketing Solutions (IMS)		<ul style="list-style-type: none"> Terra Lycos as preferential provider of on-line media (advertising and IMS) for Telefónica
III Corporate assets and services: Terra Biz		<ul style="list-style-type: none"> Terra Lycos as provider of e-learning services through Educaterra to the employees of both companies
IV Portal consulting, management, maintenance of Telefónica country portals		<ul style="list-style-type: none"> Terra Lycos Undertakes the portal consulting services required by Telefónica

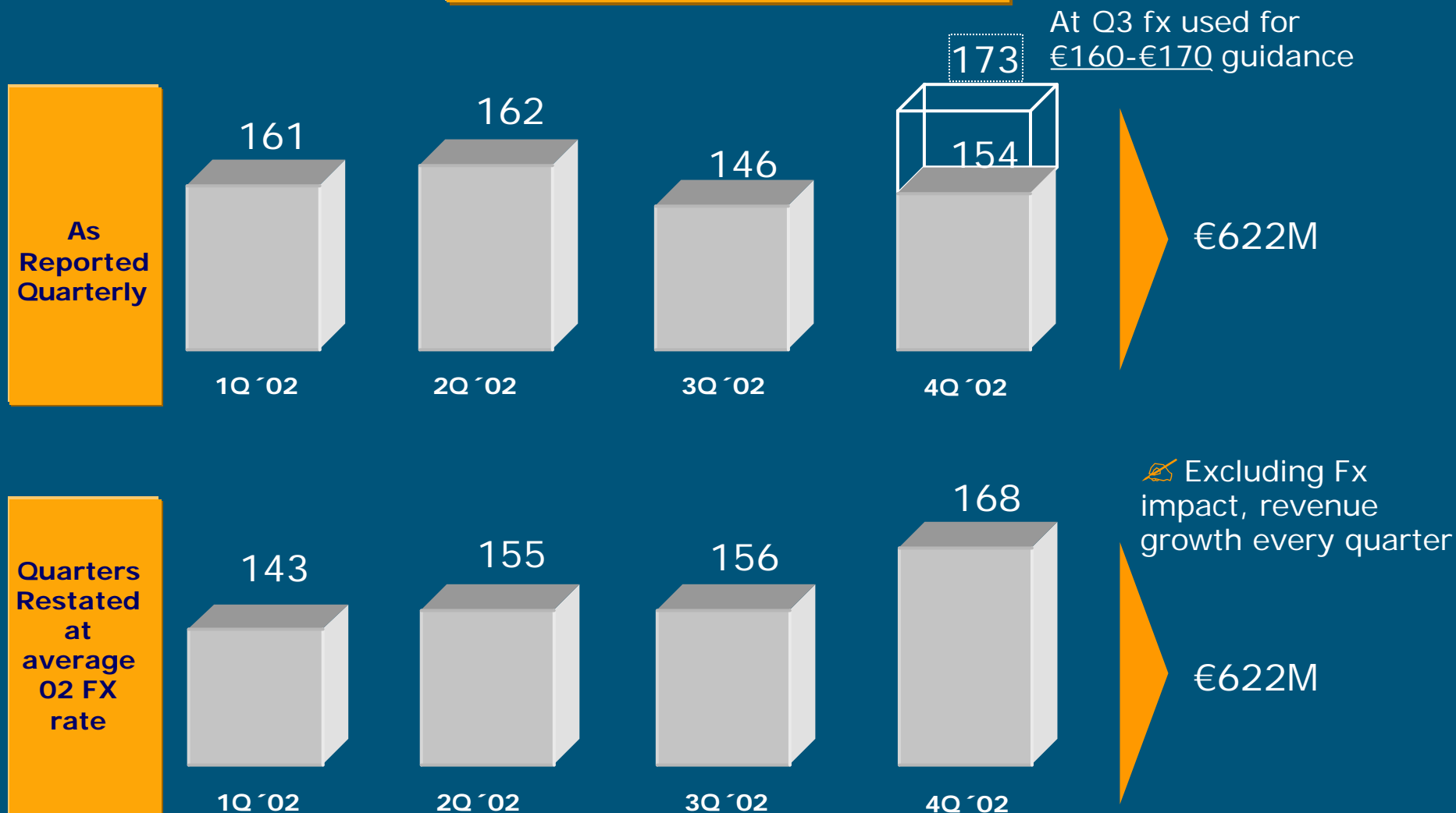
Potential upside achievable through new business opportunities and market growth

Elías Rodríguez-Viña
CFO

Total Revenues

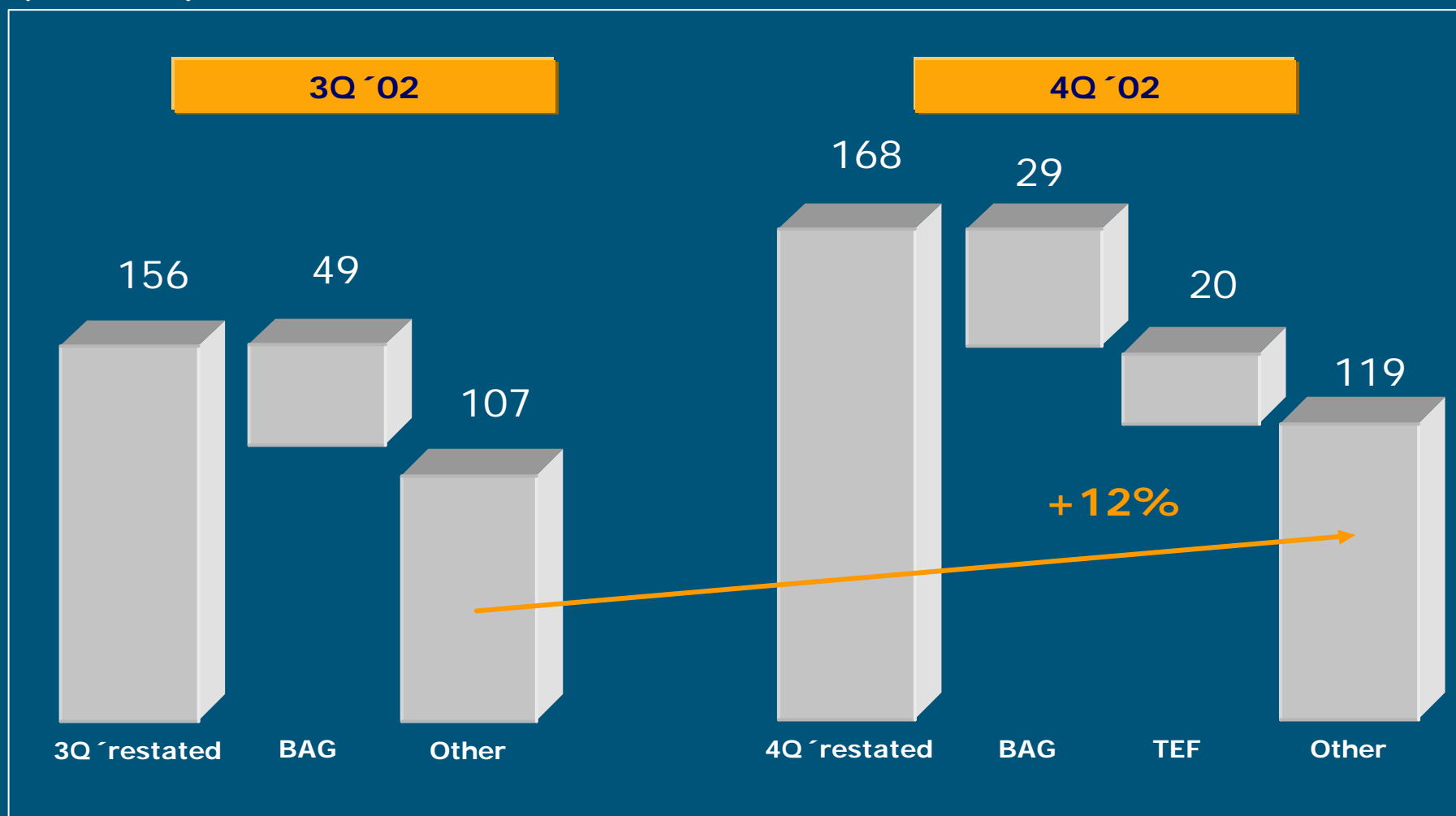
(Million Euro)

Quarterly evolution



Q4 Revenue evolution

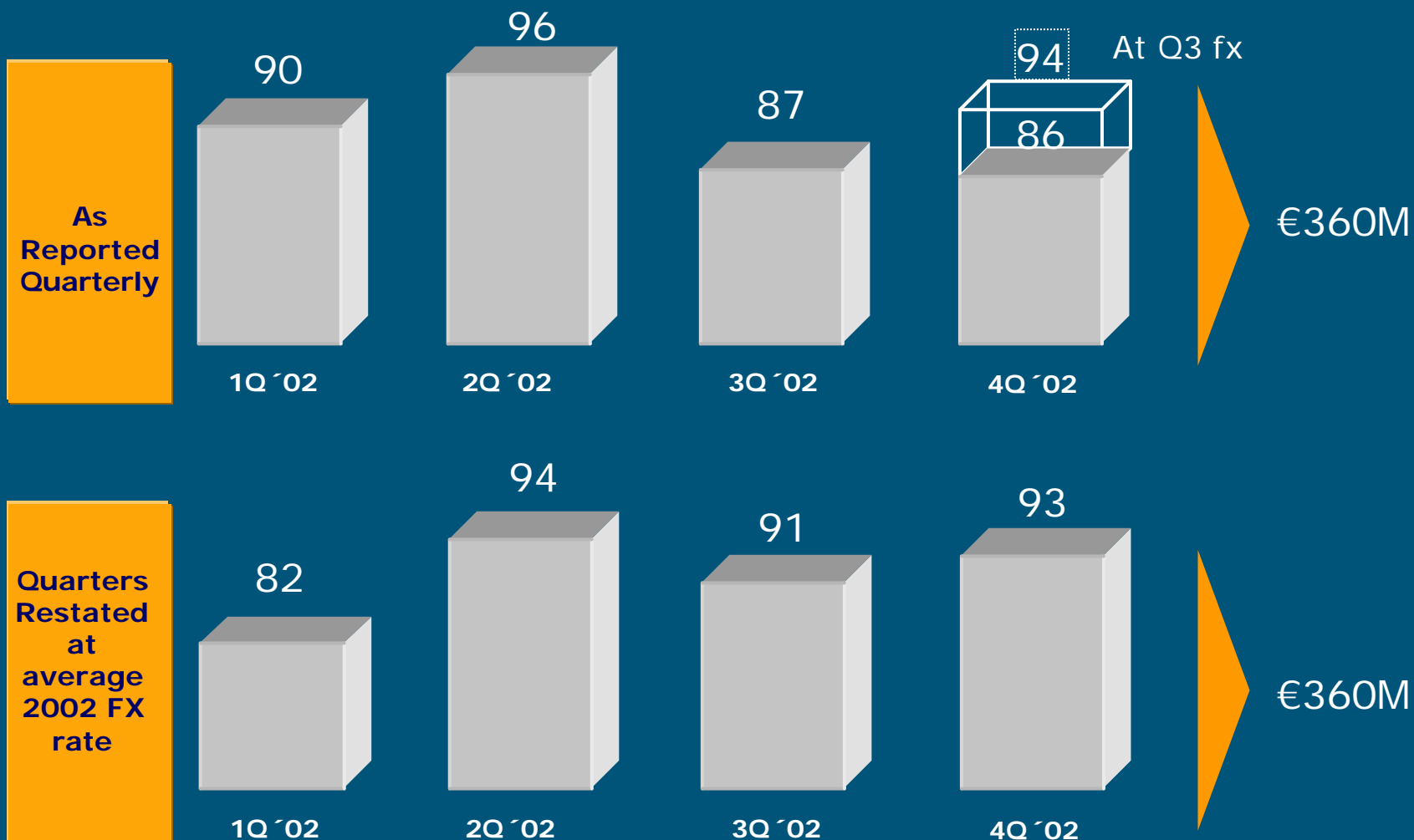
(Million Euro)



Total Media Revenues

(Million Euro)

Quarterly evolution

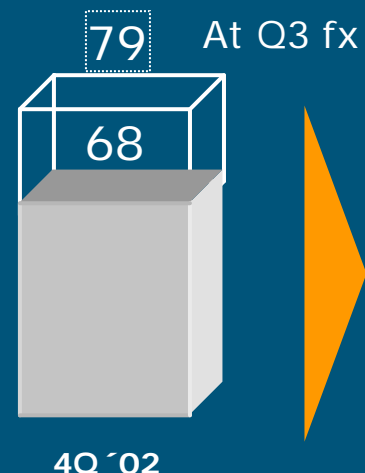
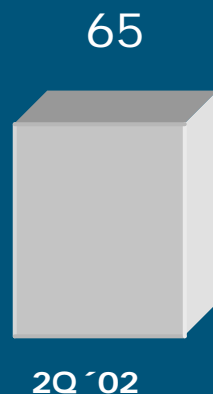


Total Access Revenues

(Million Euro)

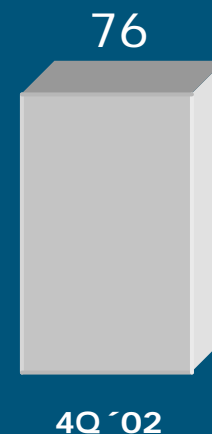
Quarterly evolution

As
Reported
Quarterly



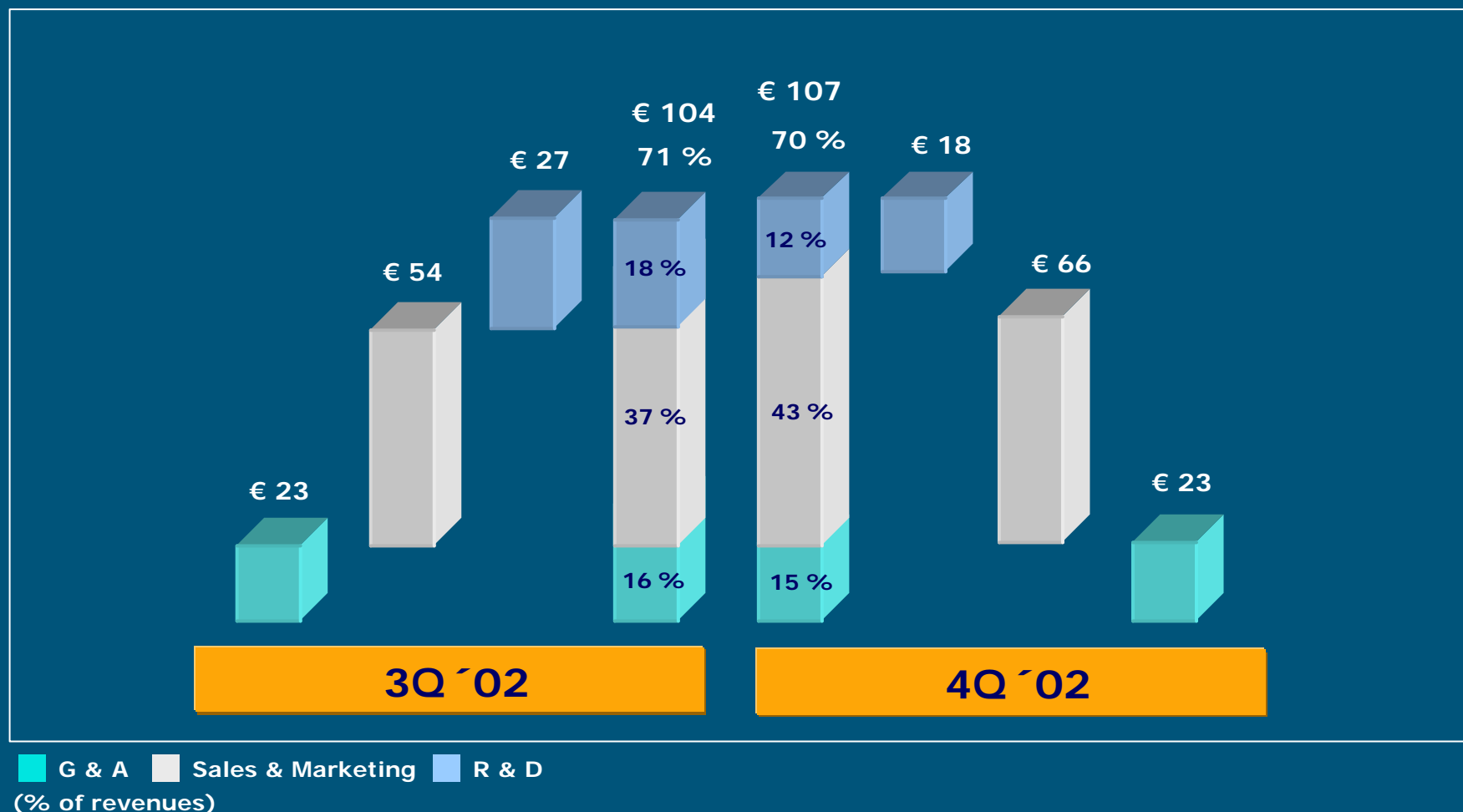
€262M

Quarters
Restated
at
average
2002 FX
rate



€262M

Operating Expenses



(Million Euro)

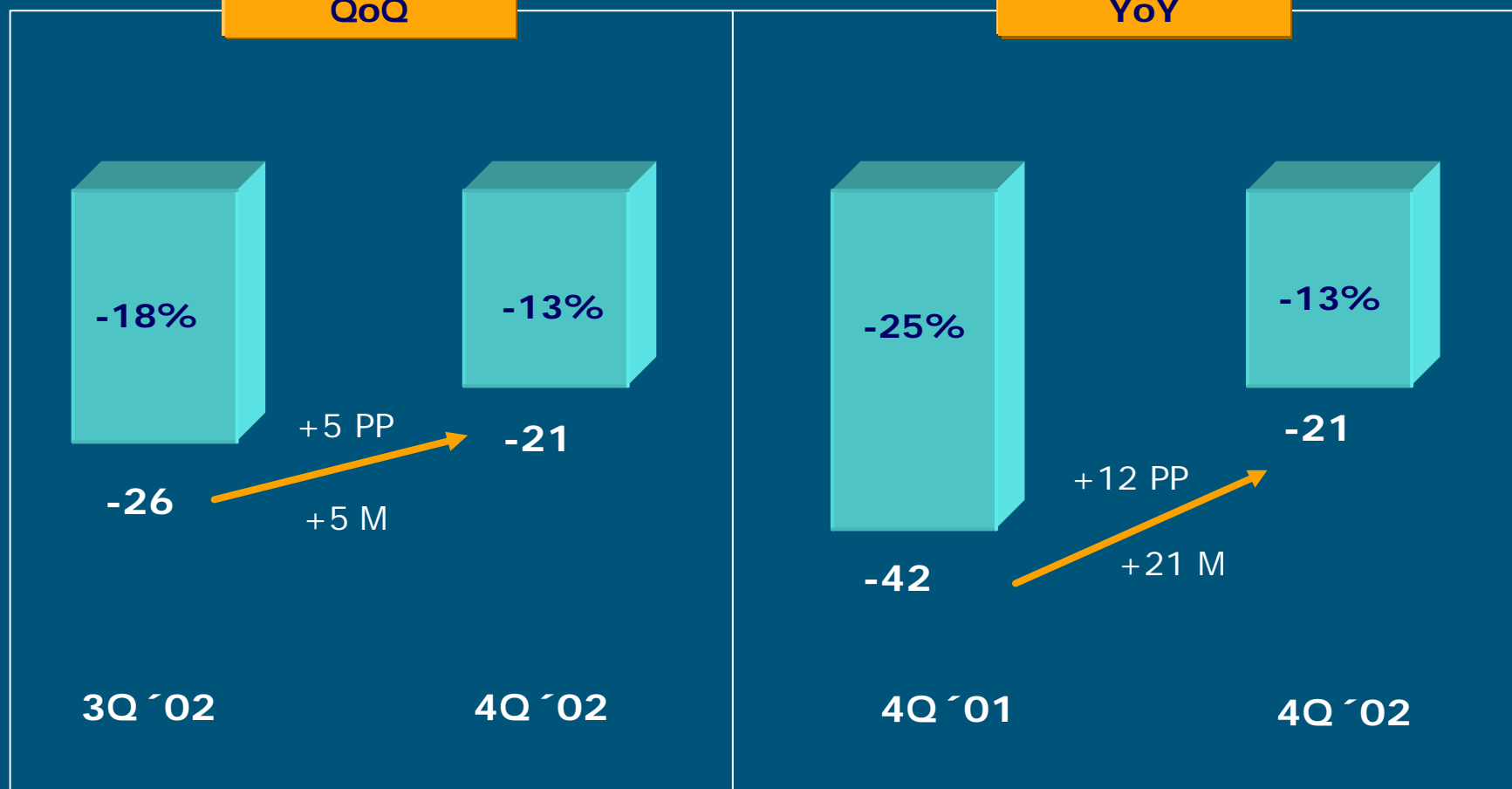
EBITDA Margin

(Million Euro)

EBITDA

QoQ

YoY



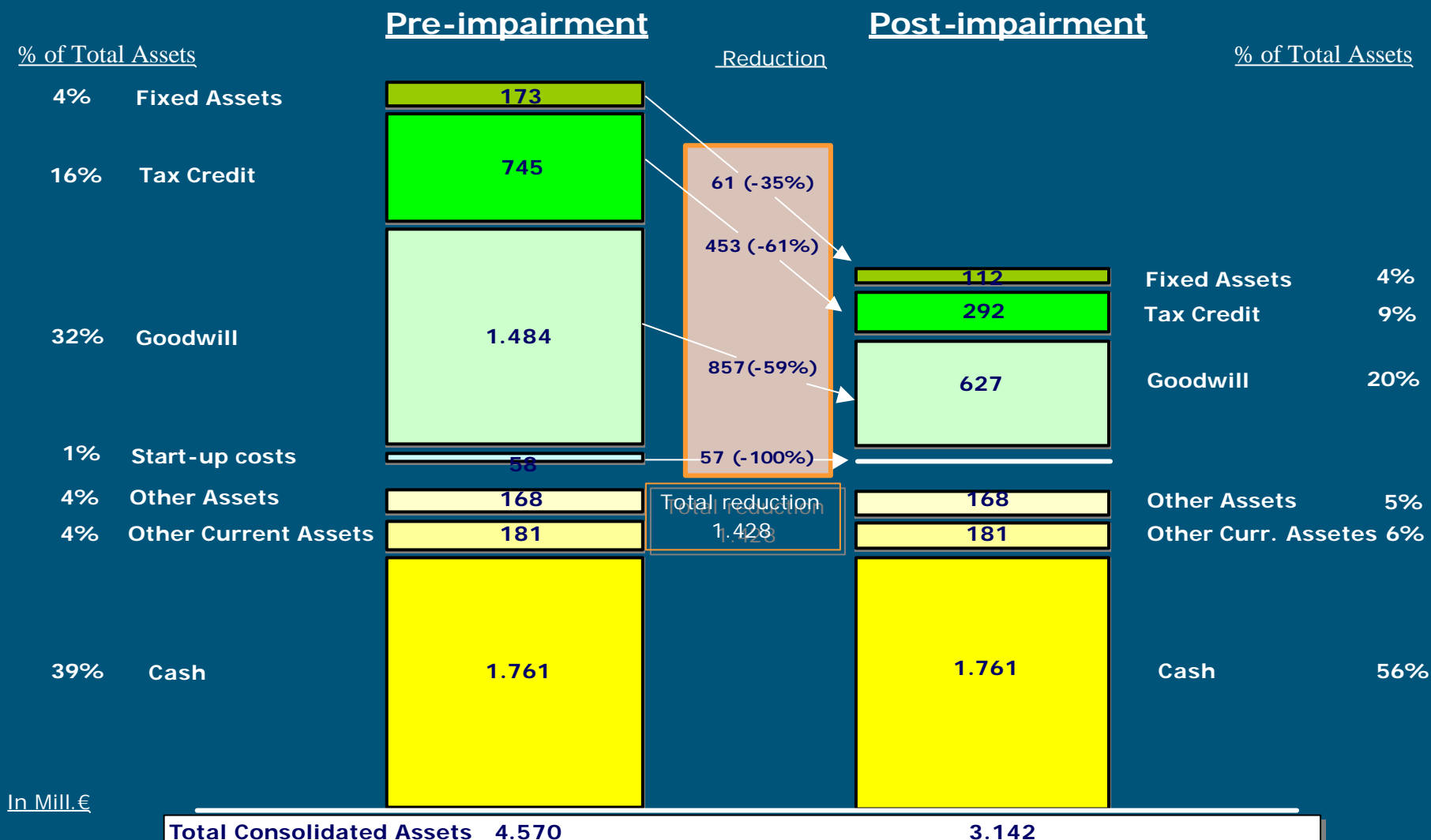
Bellow EBITDA Items

(Million Euro)

	2002		
	Q3	Q4	FY
EBITDA	(26.5)	(20.6)	(120.3)
Depreciation/non-cash charges	(38.9)	(37.0)	(164.1)
Financial income (loss)	15.6	14.2	63.5
Share in gains (losses) by equity method	(21.2)	(88.6)	(148.9)
Amortization of goodwill	(62.2)	(61.5)	(252.6)
Extraordinary and other	3.8	(1,047.2)	(1,046.3)
Income (loss) before taxes	(129.3)	(1,240.8)	(1,668.7)
Corporate income tax	30.4	(435.4)	(342.6)
Minority interest	0.2	(0.6)	2.4
Net Income (loss)	(98.7)	(1,676.7)	(2,008.9)

Status of Situation 12/31/02

Balance Sheet as of December 31, 2002



**Q & A
Session**



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