



# Telefónica Publicidad e Información

*January - March 2006 Results*

*Madrid, May 11<sup>th</sup>, 2006*

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

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## TPI Group revenues grow 28.6%, OIBDA up 21.1% and net income up 16.6%

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- First quarter results are basically explained by the evolution of Europe and Peru. The main revenue drivers are:
  - Europe:
    - ✓ Advertising revenues grow 29.4% mainly due to changes in the publication calendar and the positive evolution of the internet business:
      - Paper product like for like growth of 4.8%
      - Internet product growth of 29.6% to Euro 9.67 million
    - ✓ DA traffic revenues showed a 61.2% increase to Euro 21.22 million, reflecting the Italian DA business evolution
  - Peru:
    - ✓ 6.9% revenue growth (0.4% in local currency), after the publication of the Lima directory
  - Argentina:
    - ✓ Consolidation of Telinver accounts, which contributes with Euro 1.63 and -0.21 million to Group revenues and OIBDA, respectively

## 1Q06 main consolidated financial data and evolution on a geographical basis

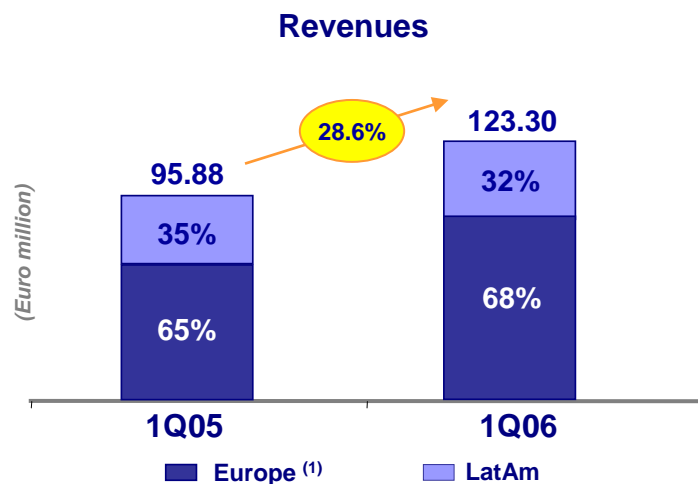
| Main financial data (TPI Consolidated accounts)   |                    |                                  |                  |   |
|---|--------------------|----------------------------------|------------------|---|
| (Euro million)  | Q106               | Q105                             | Var. (%)         | Var. (%) <sup>(1)</sup><br>in local currency    |
| <b>Revenues</b>   | <b>123.30</b>      | <b>95.88</b>                     | <b>28.6%</b>     | <b>25.1%</b>                                    |
| Advertising revenues  | 92.11              | 74.75                            | 23.2%            | 19.4%   |
| -Paper business   | 77.73              | 63.82                            | 21.8%            | 17.9%   |
| -Internet business  | 11.89              | 8.80                             | 35.2%            | 31.6%   |
| -Directory assistance business  | 1.44               | 1.28                             | 12.5%            | 8.8%  |
| -Other  | 1.05               | 0.86                             | 23.0%            | 23.0%   |
| Telephone traffic   | 21.68              | 13.33                            | 62.6%            | 62.1%   |
| Telecom operator  | 8.77               | 7.36                             | 19.2%            | 12.9%   |
| Other revenues  | 0.74               | 0.44                             | 68.9%            | 66.7%   |
| <b>OIBDA</b>  | <b>29.49</b>       | <b>24.34</b>                     | <b>21.1%</b>     | <b>18.3%</b>                                    |
| <b>OIBDA margin</b>   | <b>23.9%</b>       | <b>25.4%</b>                     | <b>-1.5 p.p.</b> | <b>-1.4 p.p.</b>                                |
| <b>Net income</b>   | <b>14.56</b>       | <b>12.48</b>                     | <b>16.6%</b>     | <b>16.7%</b>                                    |
| <b>EPS (euros)</b>  | <b>0.04</b>        | <b>0.03</b>                      | <b>16.6%</b>     | <b>16.7%</b>                                    |
| <b>nº. Shares</b>   |                    | <b>31-mar-05<br/>361,022,184</b> |                  | <b>31-mar-04<br/>361,022,184 <sup>(2)</sup></b> |
| Average exchange rates :  |                    |                                  | Q106             | Q105  |
|   | Chilean Peso/Euro: |                                  | 632.91           | 757.58  |
|   | Reals/Euro:        |                                  | 2.64             | 3.50  |
|   | Sol/Euro:          |                                  | 4.02             | 4.28  |
|   |                    | Argentinean Peso/Euro:           | 3.68             | 3.84  |
| <sup>(1)</sup> At average exchange rates of January - March 2005  |                    |                                  |                  |   |
| <sup>(2)</sup> According to IFRS, shares amortized on 19th of April 2005 are not considered shareholder's capital |                    |                                  |                  |   |

|                     | EUROPE <sup>(3)</sup> |                  | CHILE          |                  | BRAZIL         |                  | PERU           |                  | ARGENTINA      |                  |
|---------------------|-----------------------|------------------|----------------|------------------|----------------|------------------|----------------|------------------|----------------|------------------|
|                     | 1Q06                  | % Var.           | 1Q06           | % Var.           | 1Q06           | % Var.           | 1Q06           | % Var.           | 1Q06           | % Var.           |
|                     | (Euro million)        | (Local currency) | (Euro million) | (Local currency) | (Euro million) | (Local currency) | (Euro million) | (Local currency) | (Euro million) | (Local currency) |
| <b>Revenues</b>     | 84.37                 | 35.9%            | 8.82           | -2.0%            | 1.09           | 26.2%            | 27.41          | 0.4%             | 1.63           | 270.1%           |
| <b>OIBDA</b>        | 18.87 <sup>(4)</sup>  | 19.5%            | 0.00           | -98.6%           | 0.17           | -                | 10.68          | 4.0%             | -0.21          | 51.6%            |
| <b>OIBDA margin</b> | 22.4%                 | -3.1 p.p.        | 0.0%           | -2.1 p.p.        | 15.5%          | 179.3 p.p.       | 39.0%          | 1.3 p.p.         | -13.0%         | 86.6 p.p.        |

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

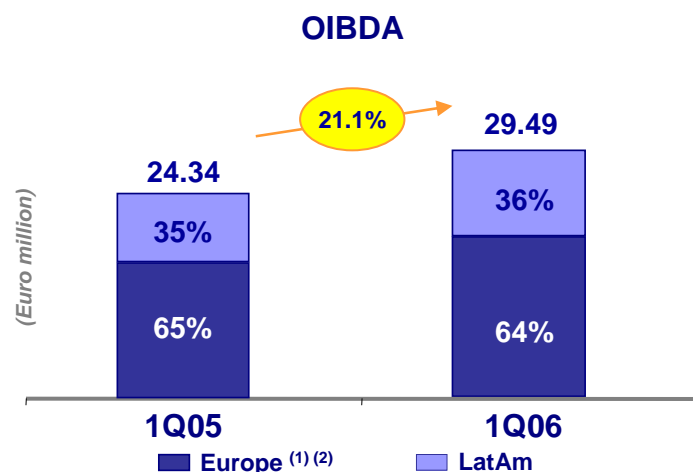
<sup>(4)</sup> OIBDA in Europe does not include controlling shareholding provisions, nor results from capital operations of subsidiaries

## TPI Group: revenues and OIBDA by geographical area



- TPI consolidated revenues increased 28.6% to Euro 123.30 million

- Europe<sup>(1)</sup> increased its contribution to total revenues 3 percentage points, backed mainly by changes in the publication calendar, the positive performance of the advertising business and the strong growth of traffic revenues (+61.2%) vs 1Q05



- TPI consolidated **OIBDA** showed a 21.1% growth to Euro 29.49 million

- OIBDA<sup>(2)</sup> in Europe<sup>(1)</sup> increased by 19.5%
- LatAm's local currency OIBDA grew 17.6%, 25.7% in euros, due to LatAm currencies appreciation

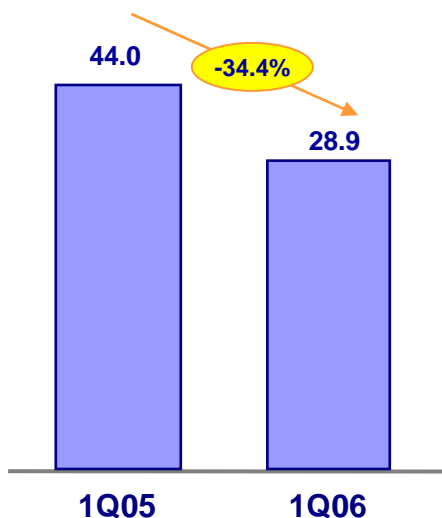
(1) Includes TPI S.A., TPI Edita, TPI Direct, Edinet Europa, 11888 SCT and 1288 SCT

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

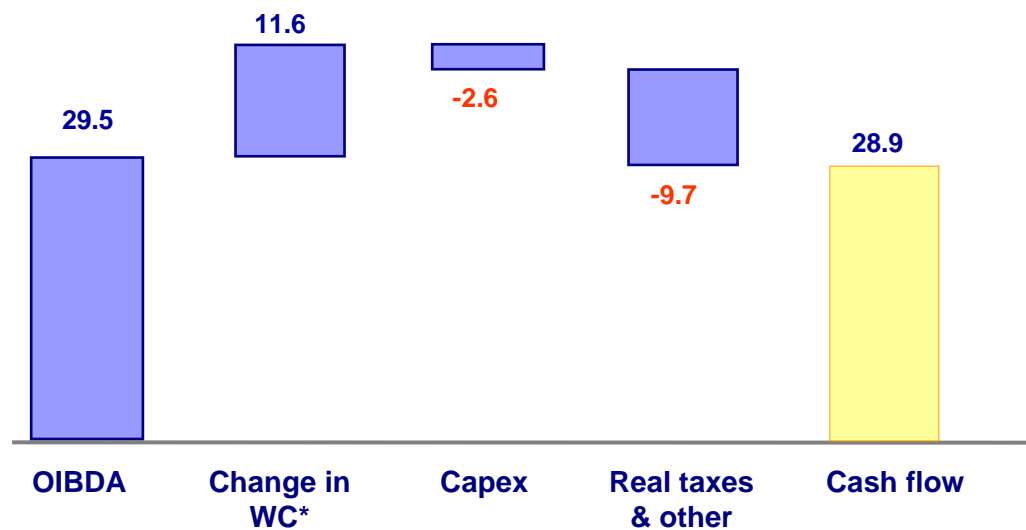


## Cash generated in 1Q06 decreased 34.4% due to temporary effects

Operating cash flow  
(Euro million)

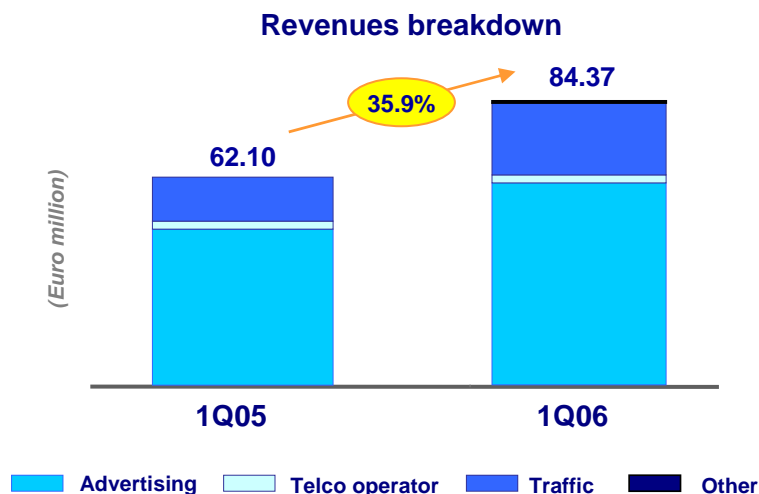


Operating cash flow 1Q06  
(Euro million)



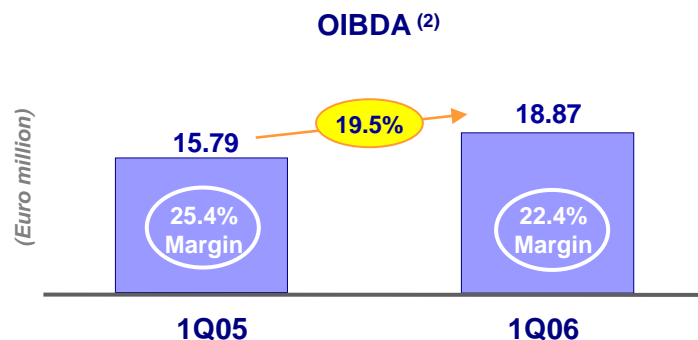
\* Working capital: Inventories + Account receivables +/- Accrual accounts – Creditors  
Working capital, real taxes and others, calculated in 2005 constant euros

## Revenues and OIBDA in Europe<sup>(1)</sup> went up 35.9% and 19.5%, respectively



- Revenues in Europe<sup>(1)</sup> grew 35.9% to Euro 84.37 million:

- Changes in the publication calendar lie behind the strong growth of advertising revenues (29.4%) to Euro 60 million
- Traffic revenues increased 61.2% to Euro 21.22 million, thanks to the significant contribution of the Italian DA business, 1288

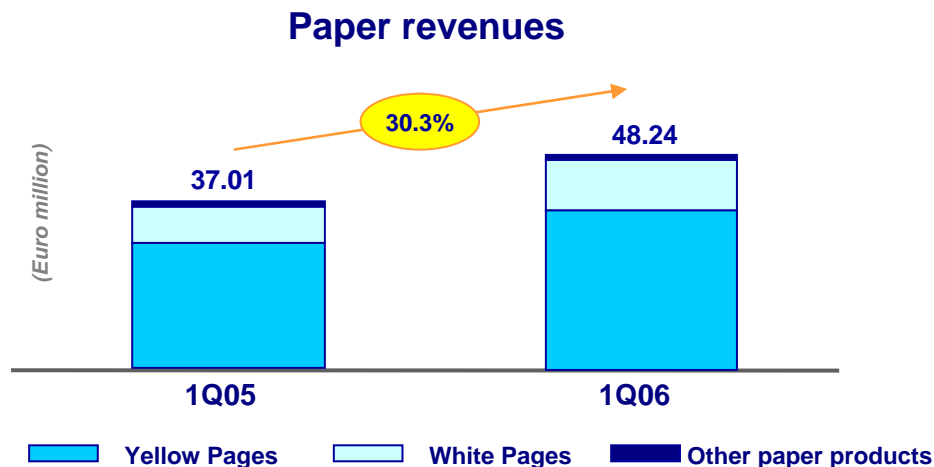


- OIBDA<sup>(2)</sup> increased 19.5% to Euro 18.87 million with a 3.1 p.p. margin drop, partly explained by higher marketing costs associated to 1288 DA service in Italy

(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 paper business shows a 4.8% like for like revenue growth



### YELLOW PAGES

- Total revenues: Euro 35.74 million (+4.5% like for like)
- ARPA: +3.5%, to Euro 686
- # clients: +0.9%, to 51,900
- # directories published: 18 vs. 15 in 1Q05

### WHITE PAGES

- Total revenues: Euro 11.16 million (+1.4% like for like)
- ARPA: +5.4%, to Euro 239
- # clients: -3.8%, to 46,550
- N° directories published: 11 vs. 9 in 1Q05

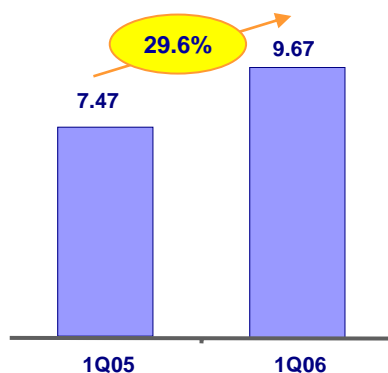
(1) Like for like performance reflects positive impact from strong revenue growth (+63.5%) coming from "other paper products"



## Internet revenues grew 30%

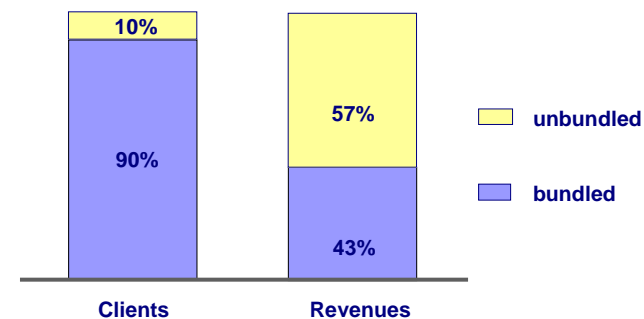


Revenues (Euro million)

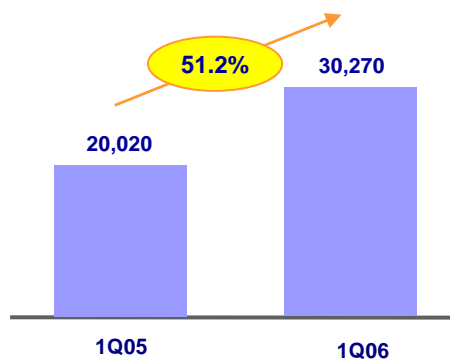


- Internet revenues grew 29.6% to 9.67 Euro million
- Clients up 1.4% to 80,500
- ARPA <sup>(1)</sup> up 34.5% to 112 euros

Bundled/unbundled contribution to total revenues and clients in 1Q06



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



<sup>(1)</sup> ARPA: average revenue of 1Q06 customers calculated excluding the deferral accounting effect

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

## NOXTRUM, TPI's search engine alternative for Spanish speakers



- December 1st 2005: launch of Beta version of Noxtrum
- January 18th 2006: commercialization of Noxtrum started
- April 20th 2006: launch of 1.0 Noxtrum version



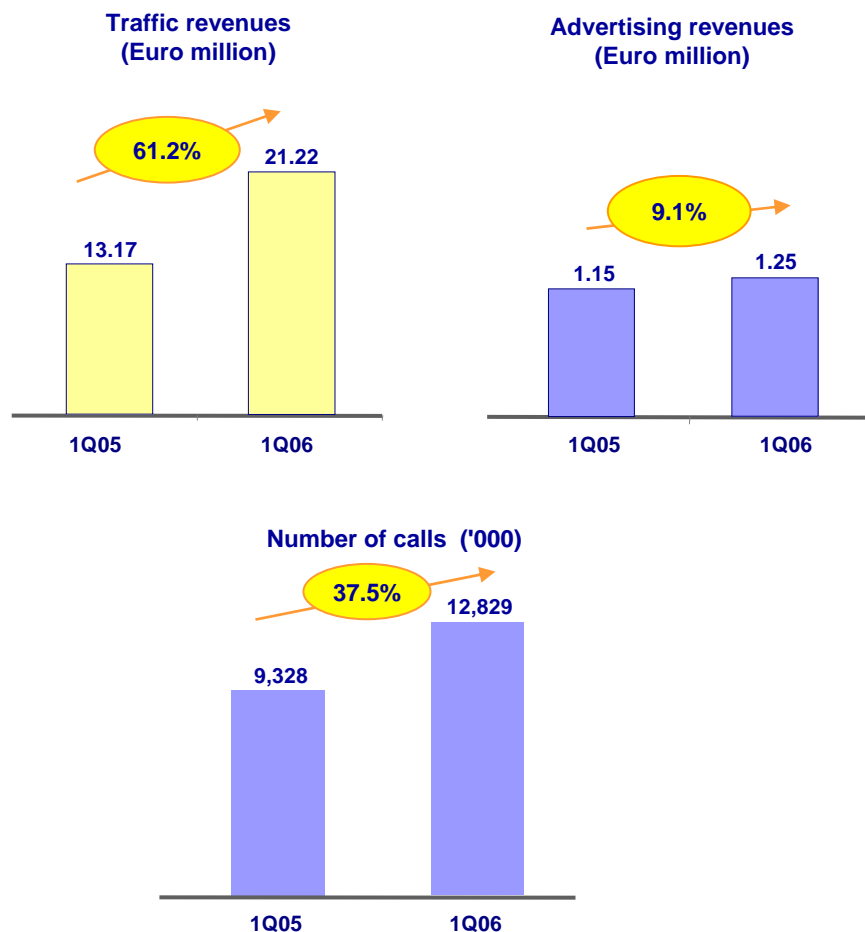
### Targets:

- ✓ Improve TPI's position in the commercial search segment, leveraging on TPI's competitive advantages
- ✓ Offer TPI customers new advertising formats and more visibility
- ✓ Offer internet users a new search engine alternative, with deepest and richest local content, not available in other search engine crawlers

### Strenghts:

- ✓ Best local database including web results, yellow and white pages data base (more than 1.6 million entries from SMEs and independent proffesionals)
- ✓ Wide range of advertising formats (pay per inclusion, pay per click, sponsoring, etc)
- ✓ Advertising client support, assisted by more than 500 sales representatives

## Telephone information services<sup>(1)</sup>: traffic and advertising revenues grew 61% and 9%, respectively



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



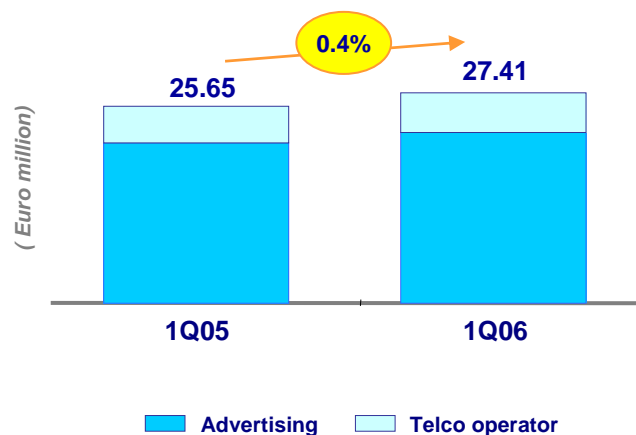
- Stronger than expected competitive pressure, resulting in higher advertising expenditure
- Estimated market contraction bigger than initially expected
- New regulation, establishing a price cap on a per minute basis
- 1288 continues to be one of the main players in the market, keeping a positive brand recognition and quality of service
- Breakeven announced for 2006, currently under review

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

## Peru: OIBDA grew 4.0% in local currency and 10.7% in euros



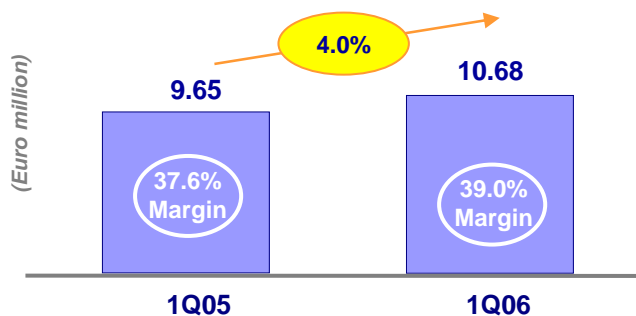
### Revenue breakdown



### REVENUES

- Revenues up 0.4% in local currency and 6.9% in euros, to 27.41 million
  - Advertising revenues remained flat in local currency due to:
    - Like for like print revenue increase of 0.3%
    - Internet revenues up a strong 17.2%
  - Telco operator revenues grew 2.9% in local currency to Euro 5.23 million

### OIBDA



### OIBDA

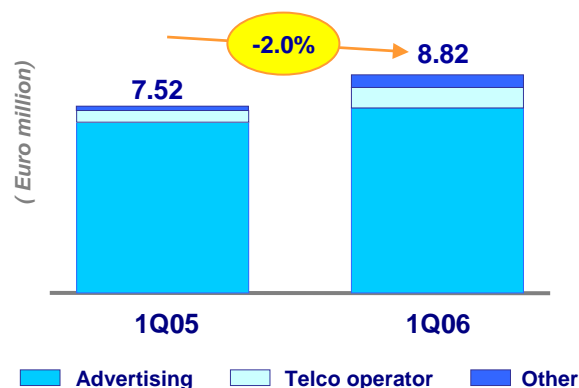
- OIBDA up 4.0% in local currency to Euro 10.68 million (+10.7%) despite flat revenues

xx% → Growth in local currency

## Publiguías: impact of the client portfolio cleaning process in books published in 1Q06



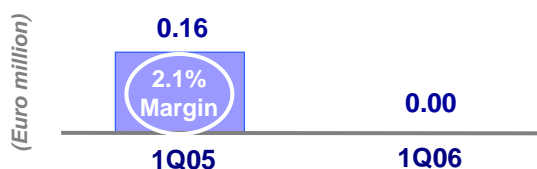
### Revenue breakdown



### Revenues

- Revenues down 2.0% in local currency but up 17.3% in euros to 8.82 million, thanks to favourable exchange rate evolution
  - Cleaning of client portfolio in the 3 books published in 1Q explain for the revenue drop in local currency
  - Telephone traffic revenues reached Euro 0.46 million

### OIBDA



### OIBDA

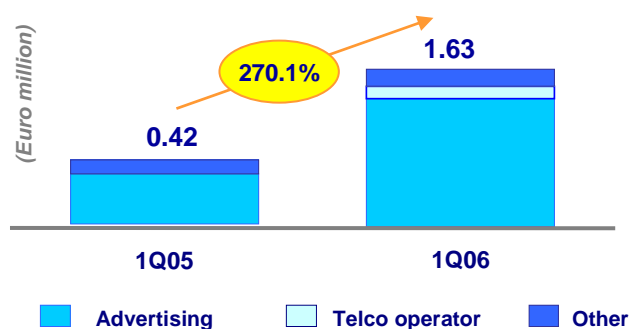
- Not significant 1Q OIBDA, shows decrease from 1Q05 as a result of:
  - Lower advertising revenues
  - Maintenance of operating costs

xx% → Growth in local currency

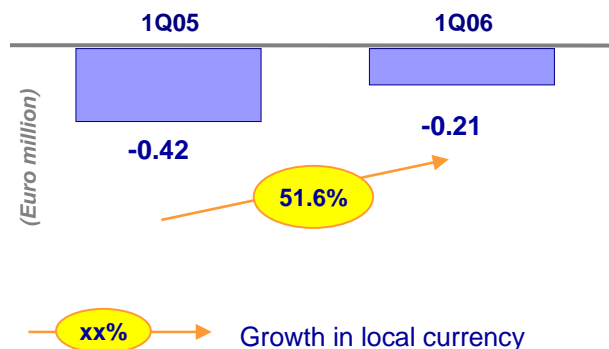
## Telinver: results in 1Q not significant due to reduced size of books published



### 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

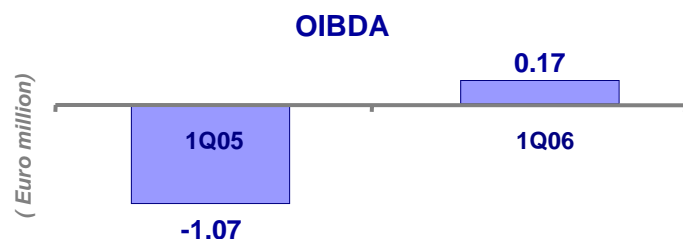
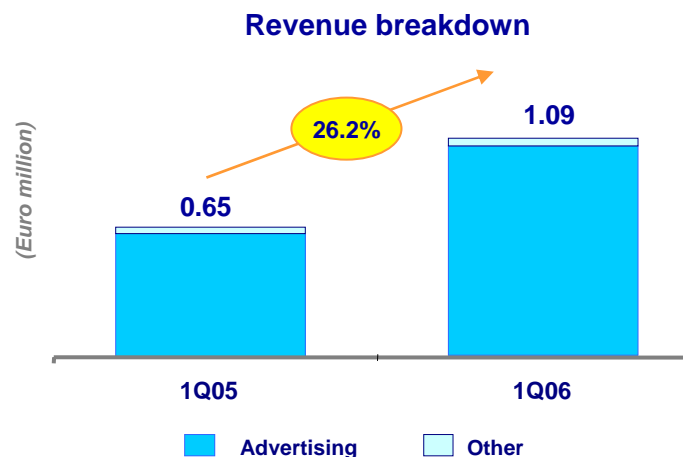
### REVENUES

- Advertising revenues multiplied by 4 resulting from:
  - Change in the revenue recognition criteria: 1Q06 includes revenues from 3 books published vs no revenues recognized in 1Q05
  - Internet grew 37.6% in local currency to Euro 0.36 million
- The new contractual framework signed with TASA, results in the first time recognition of telco operator revenues of Euro 0.08 million

### OIBDA

- Negative OIBDA of Euro 0,21 million recorded in the quarter should not be extrapolated to year end

## Brazil: no books published in 1Q make results not representative



xx% → Growth in local currency

### REVENUES & OIBDA

- Revenues as of 1Q come mainly from internet advertising and DA
- Good performance of internet advertising revenues, +30.9% in local currency, to Euro 0.84 million
- São Paulo capital book will be published in 2Q
- Three new directories to be launched within the state of São Paulo and new online nationwide initiative
- OIBDA reaches Euro 0.17 million

## Conclusions

### ○ Positive evolution of Group results based on:

- Europe: revenues +35.9% and OIBDA +19.5%
  - ✓ Good behaviour of print business with a like for like growth of 4.8%
  - ✓ Strong revenue increase of 29.6% of the internet business
  - ✓ Telephone traffic revenues went up by 61.2% backed by new DA business in Italy
- LatAm:
  - ✓ Following the publication of the Lima book in January, TPI Perú grew OIBDA by 4% in local currency and 10.7% in euros
  - ✓ Results of other subsidiaries in LatAm in the first quarter are not significant