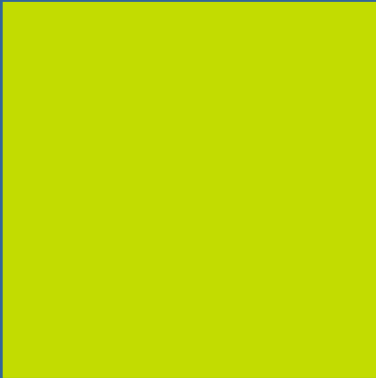
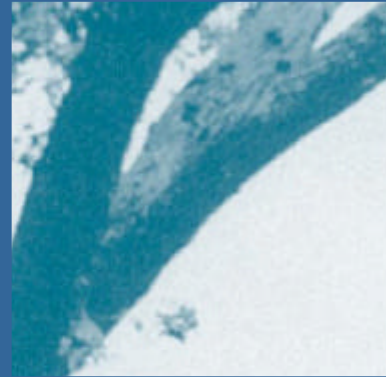


Juan José  
Nieto  
Executive  
Chairman  
Telefónica  
Media

M a r c h  
2 0 0 1  
Rio de Janeiro



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*Media*

## Safe Harbour

This presentation contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements appear in a number of places in this presentation and include statements regarding the intent, belief or current expectations of the customer base, estimates regarding future growth in the different business lines and the global business, market share, financial results and other aspects of the activities and situation relating to the Company .

Such forward looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward looking

Analysts are cautioned not to place undue reliance on those forward looking statements, which speak only as of the date of this presentation. undertakes no obligation to release publicly the results of any revisions to these forward looking statements which may be made to reflect events and circumstances after the date of this presentation, including, 's business or acquisition strategy or to reflect the occurrence of unanticipated events. Analysts and investors are encouraged to consult the Company's Annual Report on Form 20-F as well as periodic filings made on Form 6-K, which are on file with the United States Securities and Exchange Commission.

**To create consumer habits through  
multiplatform contents and leading brands  
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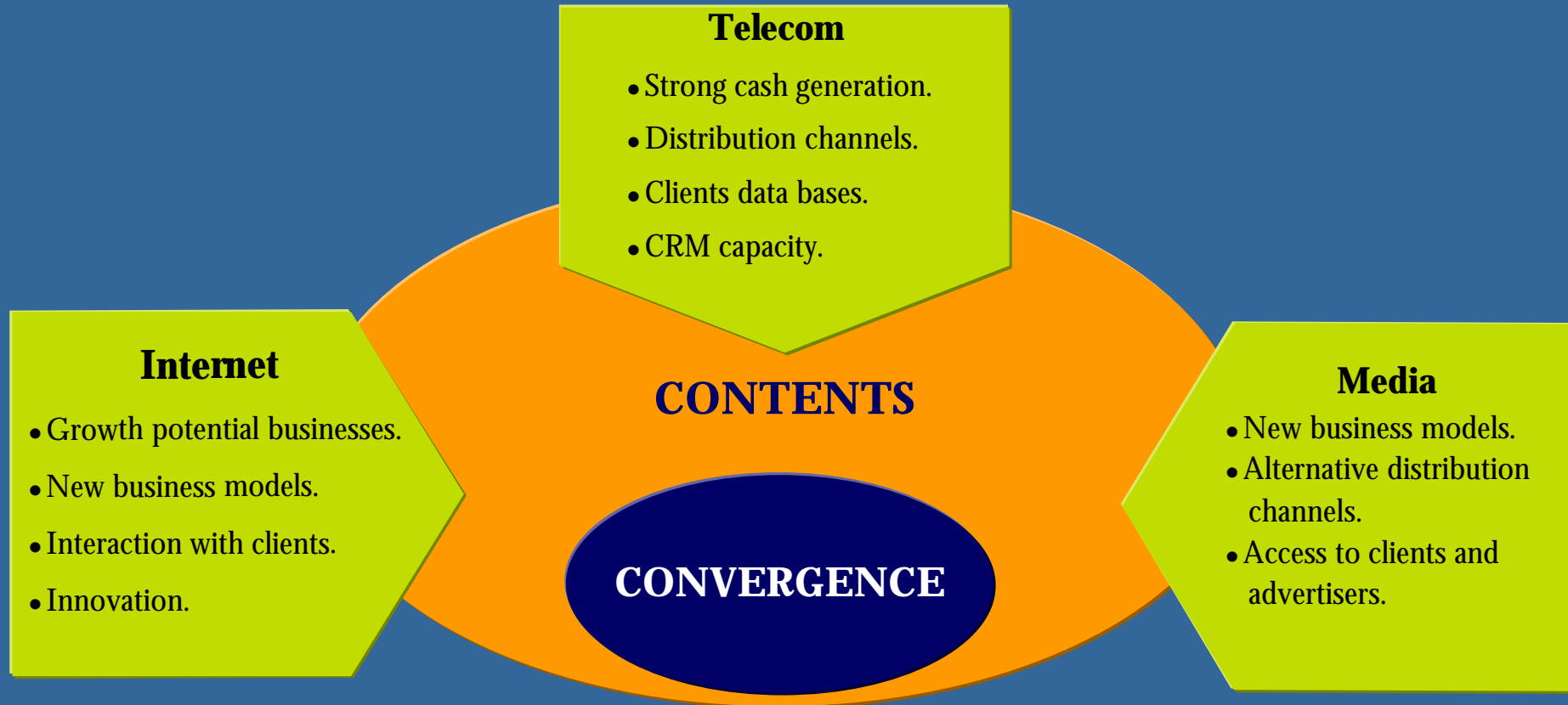
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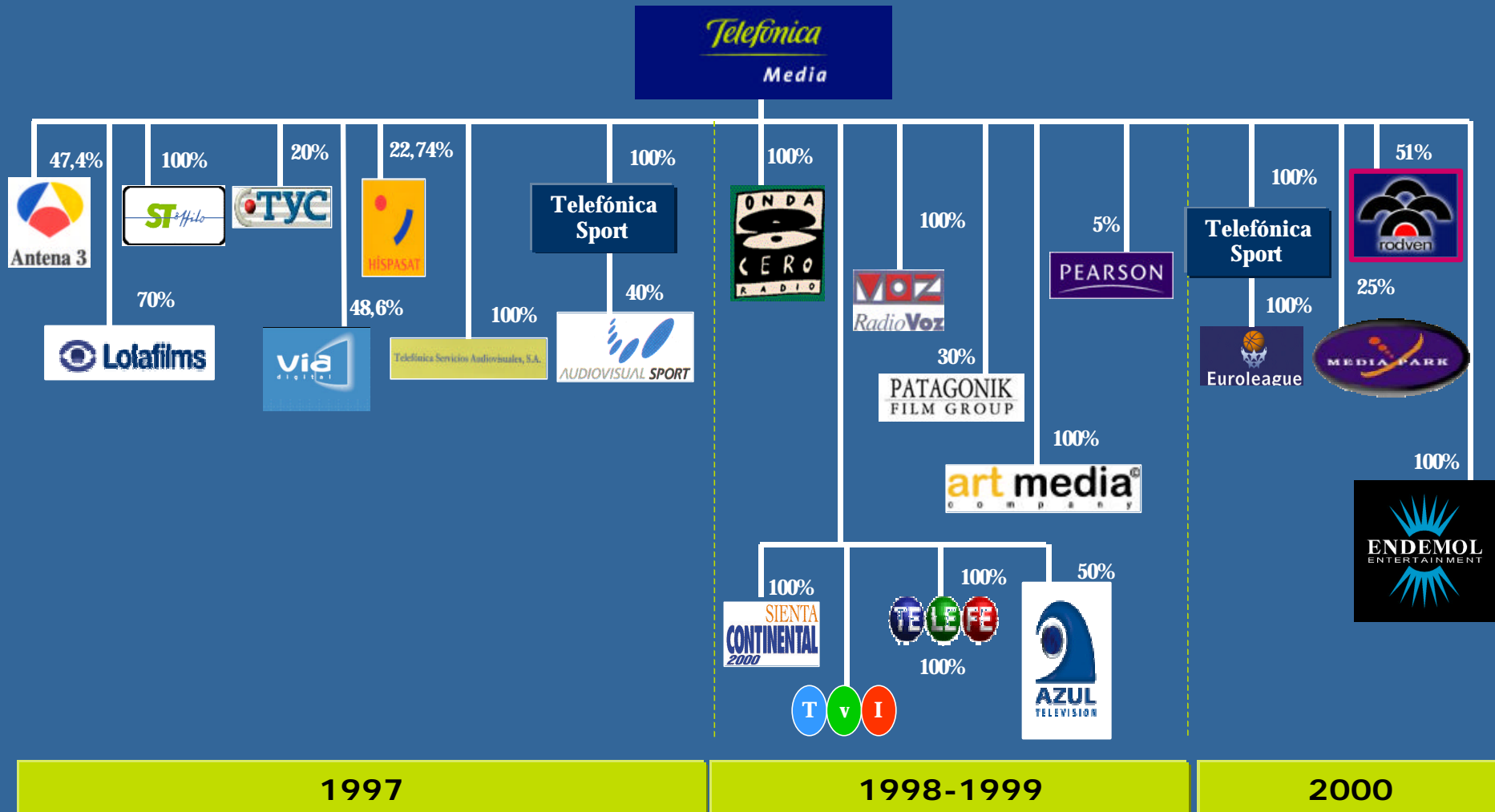
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# WHY TELEFONICA IN MEDIA? : TELECOM, MEDIA & INTERNET ... CONVERGENCE



**Convergence of these industries ensures the leading position of players focused in an integrated relationship with clients**

# SINCE 1997, TELEFONICA MEDIA HAS INVESTED ALONG THE WHOLE VALUE CHAIN OF MEDIA



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# TELEFONICA MEDIA: SELECTED COMPANIES

## I) Free-to-air-TV & Radio



(Spain)

- Number one channel in terms of TV-advertising in 2000.
- The most attractive audiences for advertisers (best commercial profile)
- Successful turnaround track record of management team.
- Outstanding profitability and high growth.
- Excellent non-advertising growth potential (i.e.:New Media, theme channels, events, etc.).



(Argentina)

- Telefe has been the number one player over the last
- Excellent brand recognition.
- Potential for cross-fertilization with Antena 3.



(Spain)

- Number 2 radio company in Spanish market.
- Consolidation play on Spanish market.
- Re-structuring plans of new management

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# TELEFONICA MEDIA: MAIN COMPANIES

## II) Contents



(Netherlands)

- of the most succesful TV formats worldwide.
- 
- 
- demonstrated by Big Brother success.
- 

## III) Pay TV & Distribution



(Spain)

- 
- 
- 
- a wide range of interactive services.



(Spain)

- in in .
- ,



(Spain)

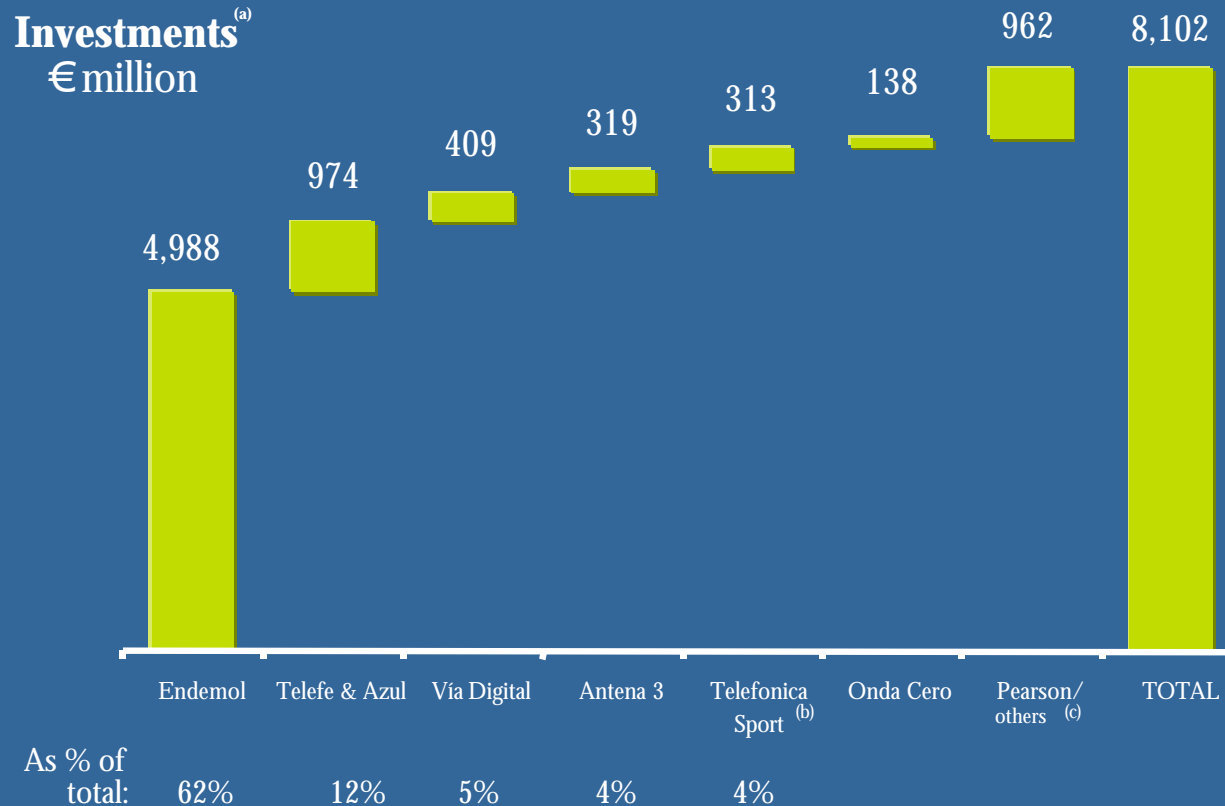
- . Leading position with Spanish and international clients.

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# TELEFONICA HAS DEVOTED SUBSTANTIAL RESOURCES TO ACHIEVE THIS POSITION



(a) Investments: cash plus equity

Sport, GMAF, Audiovisual Sport, Euroleague and Torneos y Competencias

(c) Includes Art Media, Hispasat, Intercio Games, Lola Films, Media Park, Pearson, Patagonik, Rodven, ST Hilo, Servicios Audiovisuales and TMIC

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# STRATEGY: CAPTURE SINERGIES AS AN INTEGRATED

## MANAGEMENT

### TARGETS

- Highly professional management teams to improve companies' results and implement a growth strategy.
- Well defined business plans and .
- Lead strategic development of each of the three divisions (free-to-air-TV, contents and pay TV).
- Identify and capture economies of scale among businesses and markets.

### ACTIONS IN PLACE

- New management team in Argentina and Onda Cero.
- Top executives appointed.
- Control process coordinated by the Corporate Unit.
- Creation of new units:
  - > New Media and Broadband.
  - > Alliances and Music.
  - > Integration and synergies.

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# STRATEGY: CREATE VALUE IN TELEFONICA MEDIA'S THREE BUSINESS LINES

## Free-to-air-TV and Radio



Consolidate as a leading player in free-to-air-TV in Spanish speaking countries

## Contents



Create a leading content manager

## Pay TV & Distribution



Consolidate Telefonica Media's position in Pay TV

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# MAIN MANAGEMENT CHALLENGES IN ANTENA 3



## Management challenges

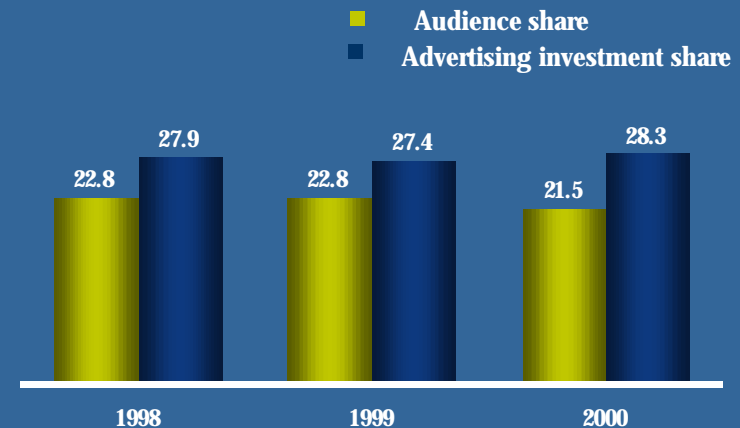
### Maintain strong audience share in segments attractive to advertisers

- Continue pursuing commercial target audience (under 55 years, from cities with more than 10,000 inhabitants, middle to upper income brackets).
- Ensure a stable audience share throughout the day, reducing dependence on prime time.

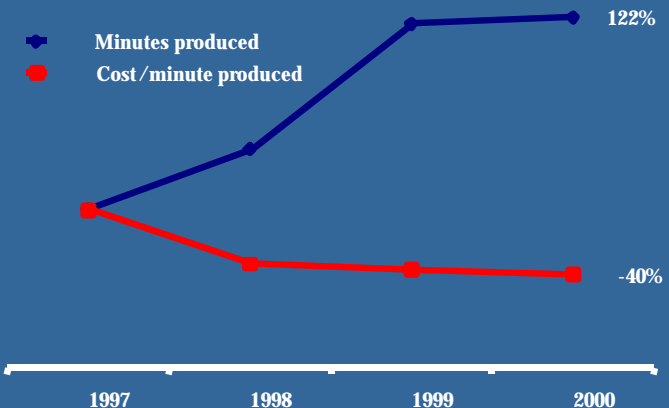
### Improve efficiency of fixed cost structure

- Maximize the level of in-house production, reducing dependence on majors.

Audience and advertising investment share



Production figures (% growth 1997-2000)



# MAIN MANAGEMENT CHALLENGES IN ANTENA 3 (cont'd)



## Management challenges

### Diversify into new media activities

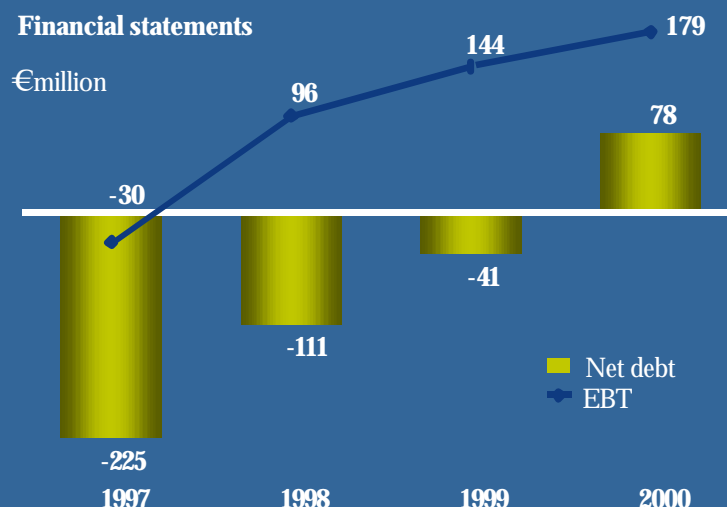
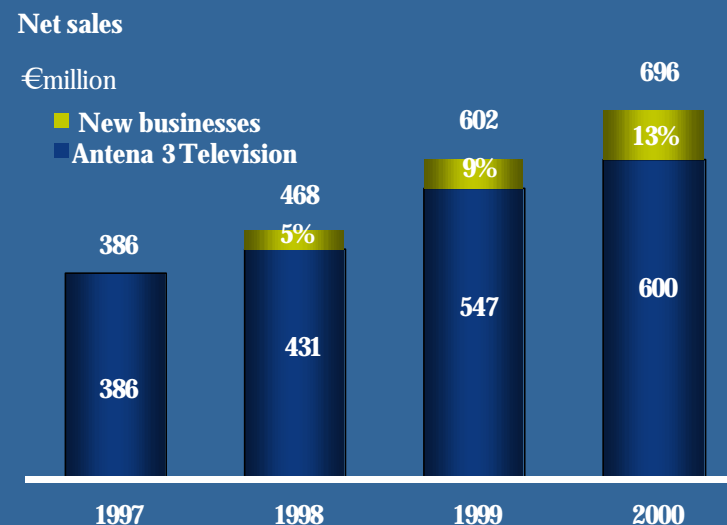
- Identify new business opportunities to leverage value of the brand, content and promotional capabilities.
- Optimise sale of advertising services through different delivery platforms (TV, cinema, Internet, etc).

### Strict control of operating expenses

- Consolidate as a cash generating company.

€million	2000	CAGR 00-04
Sales	696	11%-16%
EBITDA	200	16%-21%
Net Debt (Cash)*:	-78	

\* as of 31/12/2000



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# MAIN MANAGAGEMENT CHALLENGES IN TELEFE AND



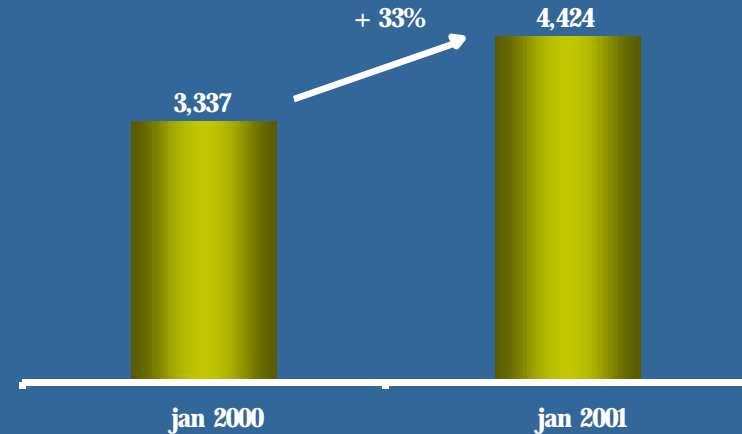
## Management challenges

- New management team in place with strong focus on return and cash generation.
- Improvement of the commercial division with the hiring of executives focused on profitability.
- Cost-control policy: renegotiation of contracts with
- Preliminary results of turnaround on both assets.

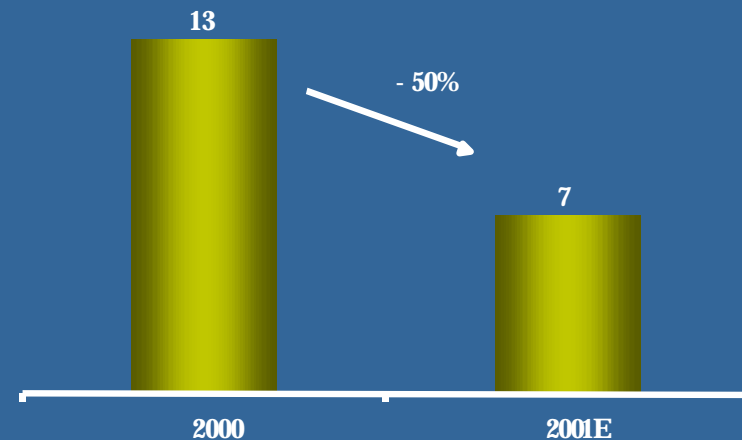
<i>TELEFE (€mill)</i>	<u>2000</u>	<u>CAGR 00-04</u>
Sales	296	8%-13%
EBITDA	-24	Breakeven in 2001
Net Debt (Cash)*:	428	

\* as of 31/12/2000

Telefe: Advertising sales (€'000)



Telefe: Coproduction costs (€'000)



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# MAIN MANAGEMENT CHALLENGES IN ONDA CERO



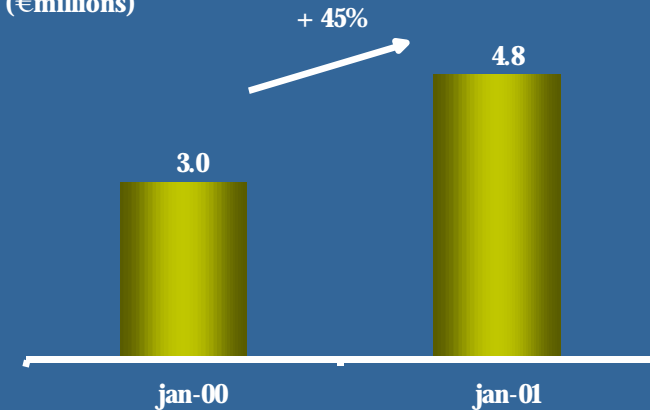
## Management challenges

- New management in place with focus in:
  - Internal operations: strict cost cutting policy and improvement of advertising sales.
  - External operations: national third party alliances (Radio Blanca, Europa FM, Radio Marca)
  - New programme portfolio with the hiring of solid talents with a view to increase audience share consolidating as the 2nd option.

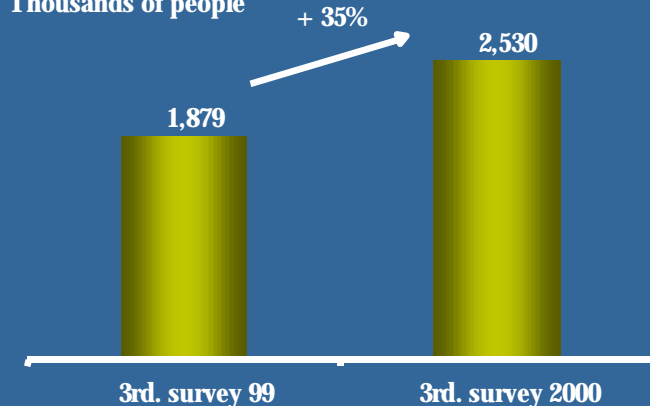
€million	2000	CAGR 00-04
Sales	52	14%-19%
EBITDA	-12	Breakeven in 2001
Net Debt (Cash)*:	26	

\* as of 31/12/2000

Onda Cero Revenues  
(€millions)



Onda Cero Audience  
Thousands of people



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# REINFORCE PRESENCE IN LATINAMERICA


## Main trends

---

- **Attractive growth market:**
    - Advertising investment above US\$ 50,000 mill. in 2000.
    - 500 mill. inhabitants.
  - **Industry deregulation.**
  - **Absence of a global main player due to the high number of family owned companies.**
  - **Higher segmentation and a more sophisticated audience.**
- 

## Growth strategy

---

- **Acquire assets in those markets where has presence (Peru, Brasil,**
  - **Create alliances in those markets with high entry barriers (Brasil, Mexico).**
  - **In an selective way, acquire presence in other markets through acquisitions (Colombia, Uruguay).**
- 



# REPLICATE SUCCESSFUL DIVERSIFICATION MODELS IN

## Successful model in Spain

Free-to-air-TV



Children



Cinema advertising



Artists' management

FAMA

Events



Direct marketing



New Media



## Argentina



Megatrix Argentina



FAMA Argentina

Battres Argentina

Sprayette



Peru



Chile



Brasil



Mexico



Colombia

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# STRATEGY: CREATE VALUE IN TELEFONICA MEDIA'S THREE BUSINESS LINES

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# MAIN MANAGEMENT CHALLENGES IN ENDEMOL



## Management challenges

### Maximise synergies with

- Leverage Endemol as main content provider of
- Monitor and transfer creative skills among the

### Reinforce management and pursue new

- Enhance coordination with Telefonica Media and Telefonica.
- Optimise e-business resources to pursue new

### Consolidate leading position in a convergence context

- Support Endemol's growth strategy of entering into new markets (Latam, USA) through acquisition of leading local players or through organic growth in a convergence and interactive context.

### Leverage European footprint

- Vehicle to explore alliances with European

<i>€million</i>	<u>2000</u>	<u>CAGR 00-04</u>
Sales	519	31%-36%
EBITDA	88	29%-34%
Net Debt (Cash)*:	-4	

\* as of 31/12/2000

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# MAIN MANAGEMENT CHALLENGES IN VIA DIGITAL



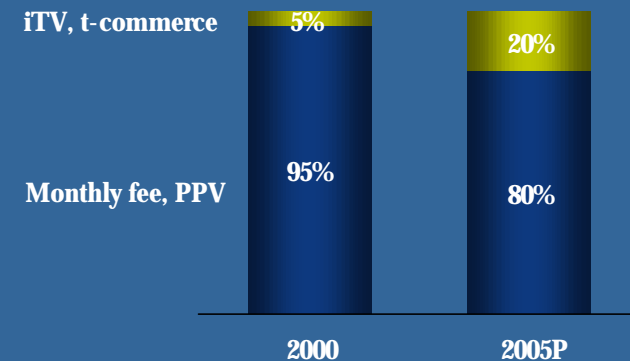
## Management challenges

- Non recourse bank financing, already in place, to compete in a highly competitive market with low operating margins and high fixed costs.
- Improve market position and financial risk via strategic international alliances.
- Focus on short and medium term results:
  - Increase number of subscribers and their average fee on a profitability basis.
  - Increase revenues of interactive TV and

Number of subscribers and average fee (€)



New sources of revenues



€million	2000	CAGR 00-04
Sales	227	31%-36%
EBITDA	-287	Breakeven in 2003
Net Debt (Cash)*:	842	

\* as of 31/12/2000

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# STRATEGY IN PAY TV AND DISTRIBUTION

## Consolidate Telefonica Media's position in Pay TV



- Strategic defense asset for Telefonica Media in the DTH and ADSL platform (full positioning of Telefonica Media in UMTS, DTH, ADSL, TDT and Broadcasting).
- Powerful distribution channel integrated with ó
- Consolidate TSA as the thematic channel packager within
- Examine synergies and economies of scale that might potentially arise from close cooperation with other European DTH platforms.

# IN THE NEW MEDIA ARENA WE ARE WELL POSITIONED TO CAPTURE VALUE

## Cash Flow

### Traditional media

- Free TV
- Pay TV
- Radio
- Events
- Brand promotion

## Growth

### New Media

- New channels
- Interactive advertising
- Technological standards
- Transmission, distribution streaming
- Digital content management

Broadband

Internet

Telephone

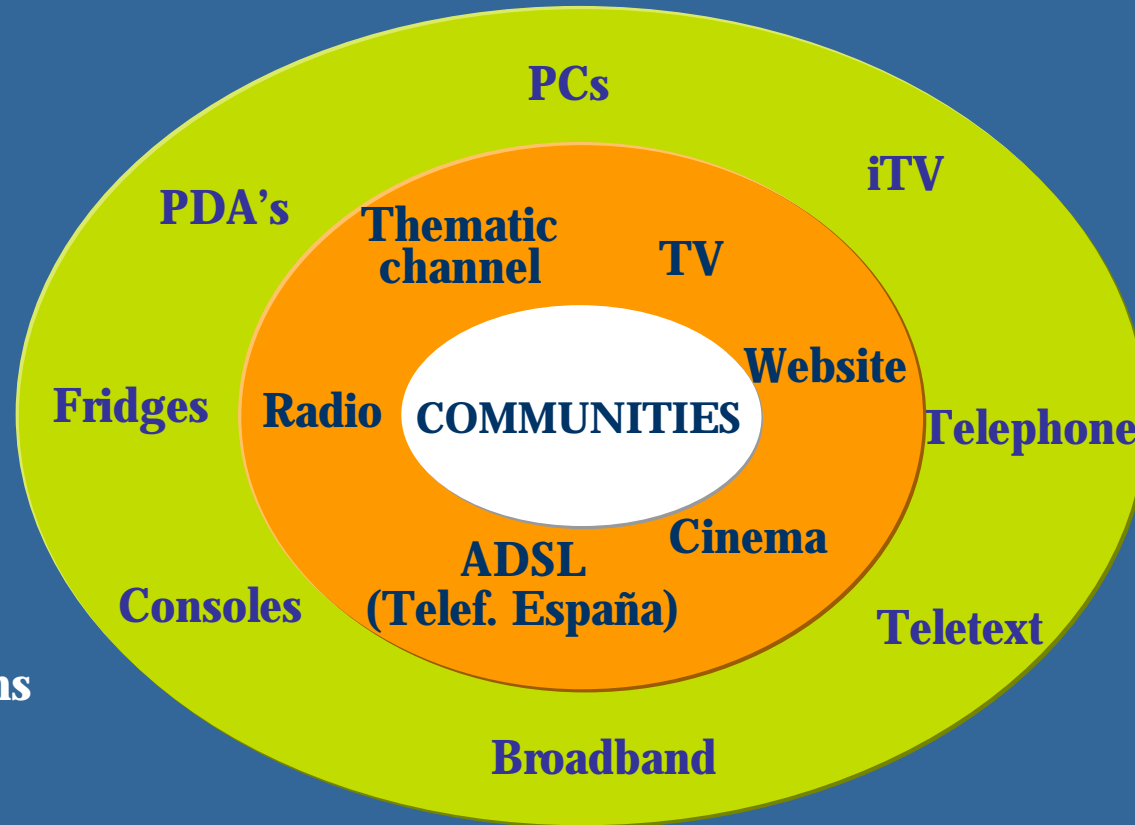
iTV

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# ... BASED ON A COMMUNITIES MANAGEMENT MODEL



## Communities / Brands

Children	Young	Women	Travel	Music	Cinema	News	Games	Sports	Others: Health / Education
									

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# THE STRATEGIC BUSINESS PLAN PROJECTS AN IMPROVEMENT OF ALL ASSETS

## Companies' EBITDA<sup>(a)</sup> (2000P - 2004E)

€million

	<u>Investment</u>	<u>Stake</u>	<u>2000</u>	<u>CAGR 2000E - 2004E</u>
<b>Free TV</b>				
Antena 3	318	47,4%	200	16%-21%
Azul TV	974	100%	-24 -27	Breakeven in 2002
<b>Radio</b>				
Onda Cero	138	100%	-12	Breakeven in 2001
<b>Contents</b>				
Endemol	4,988	100%	88	29%-34%
<b>Pay TV &amp; related companies</b>				
Via Digital	409	49%	-287	Breakeven in 2003
Media Park	63	25%	30	13%-18%
TSA	8	100%	19	21%-26%
Hispasat	27	24%	72	11%-16%
Aggregated of the other	1,176			

(a) Represents 100% of companies' EBITDA

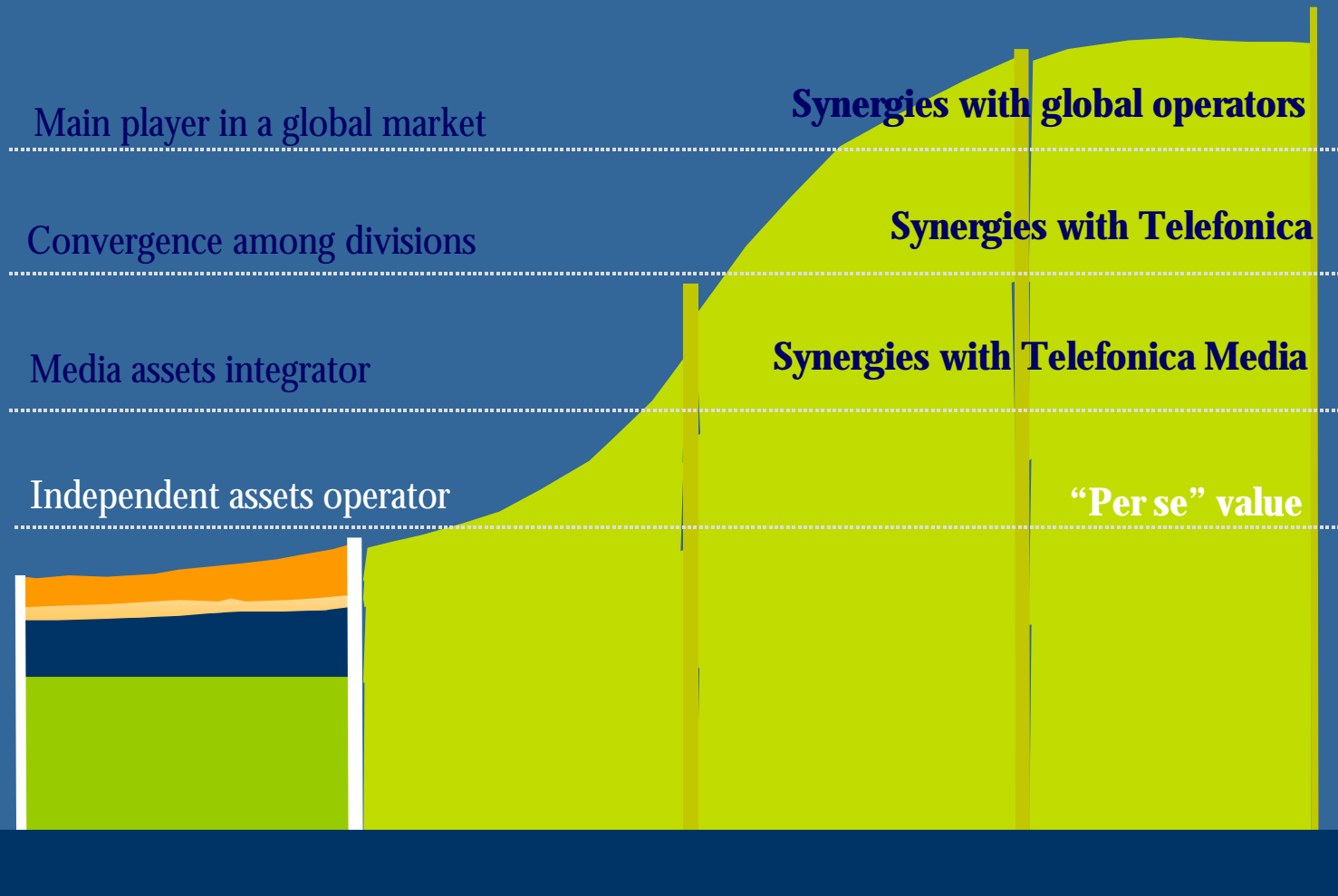
Media is not the sum of the EBITDAs of the companies above, since some of them do not consolidate through global consolidation.

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# CAPTURE SYNERGIES WITH TELEFONICA



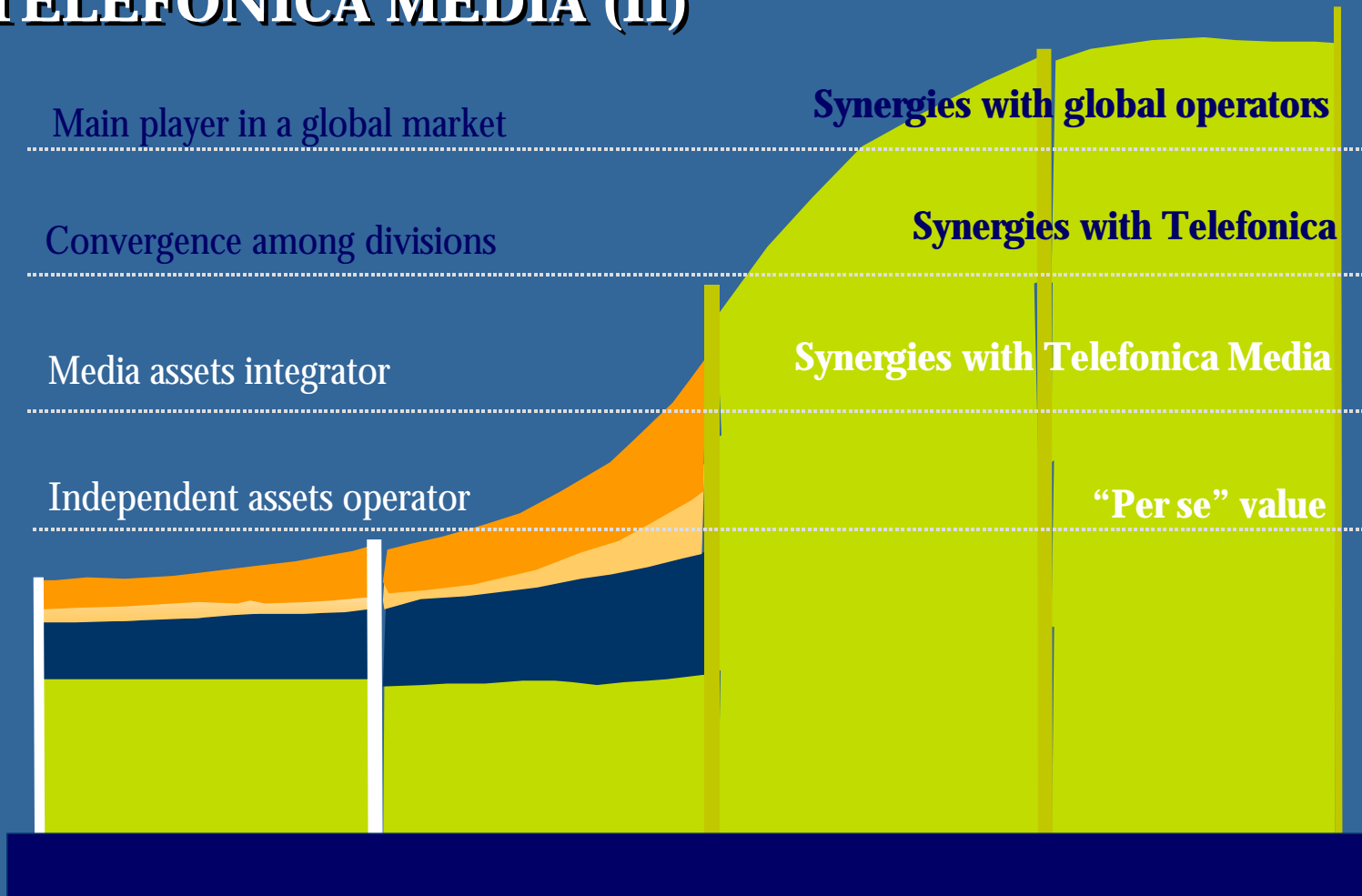
EXAMPLES



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# CAPTURE SYNERGIES WITH TELEFONICA AND TELEFONICA MEDIA (II)



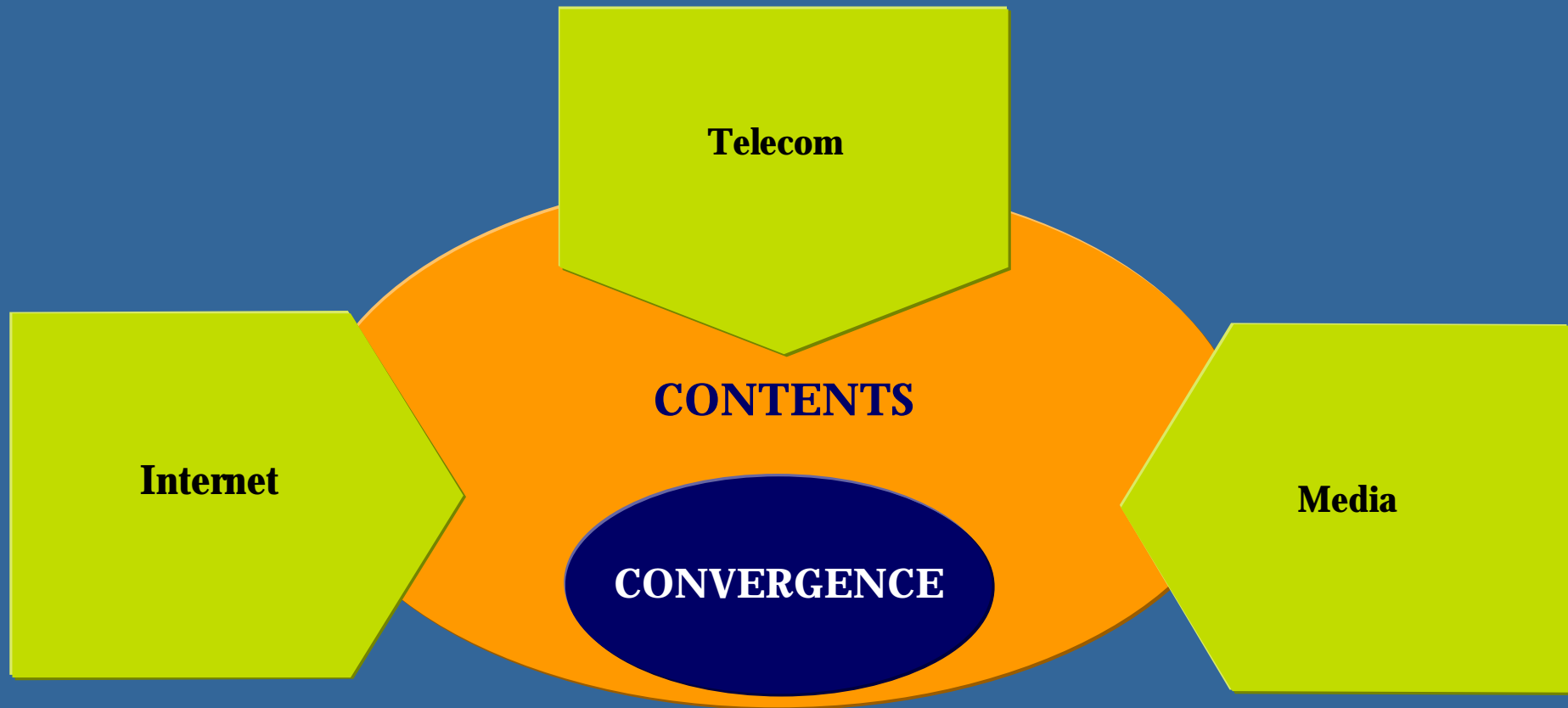
EXAMPLES



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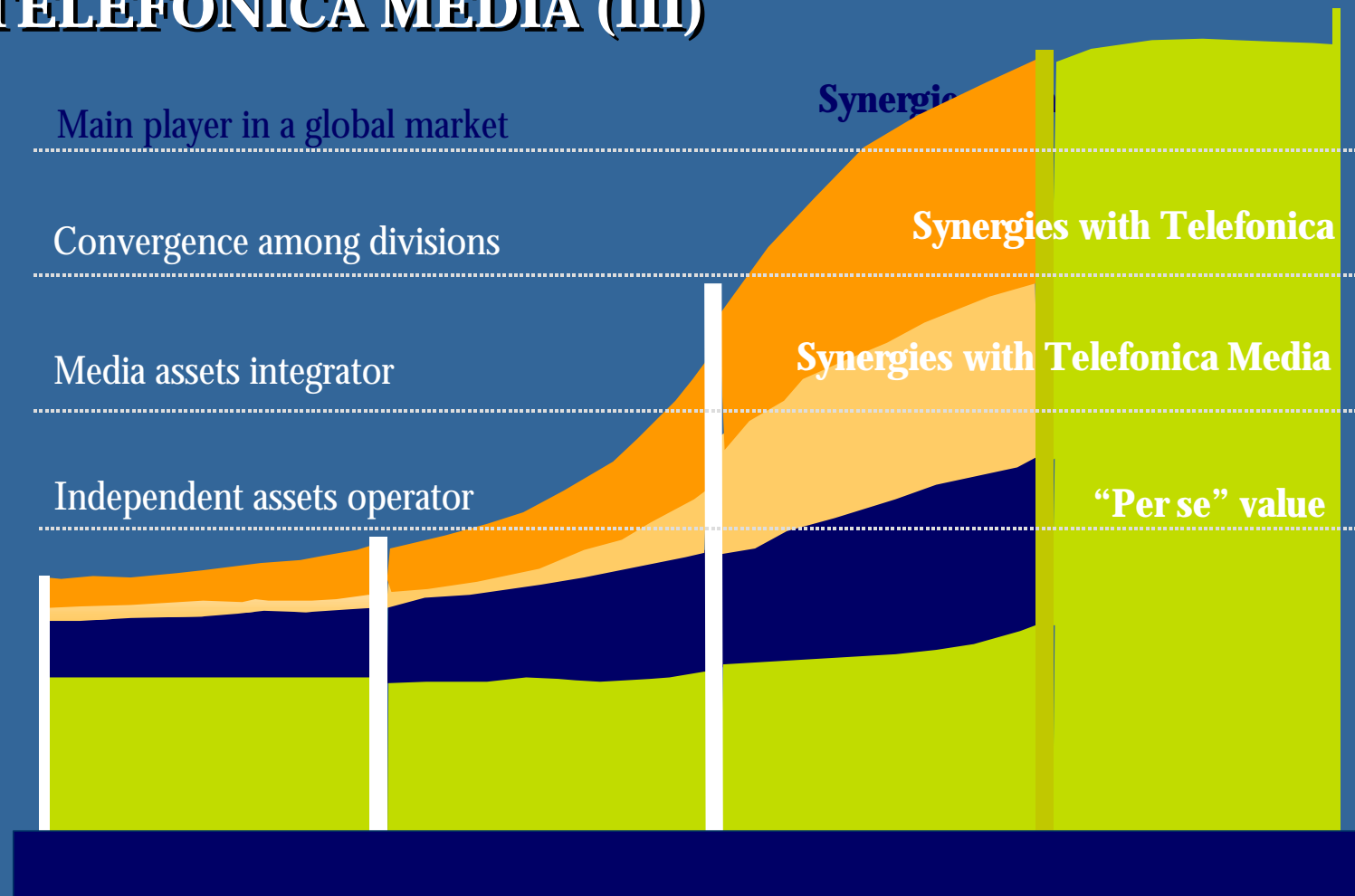
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# MEDIA IN TELEFONICA : TELECOM, MEDIA & INTERNET ...



**Integrated management of these  
maximises value for clients**

# CAPTURE SYNERGIES WITH TELEFONICA AND TELEFONICA MEDIA (III)



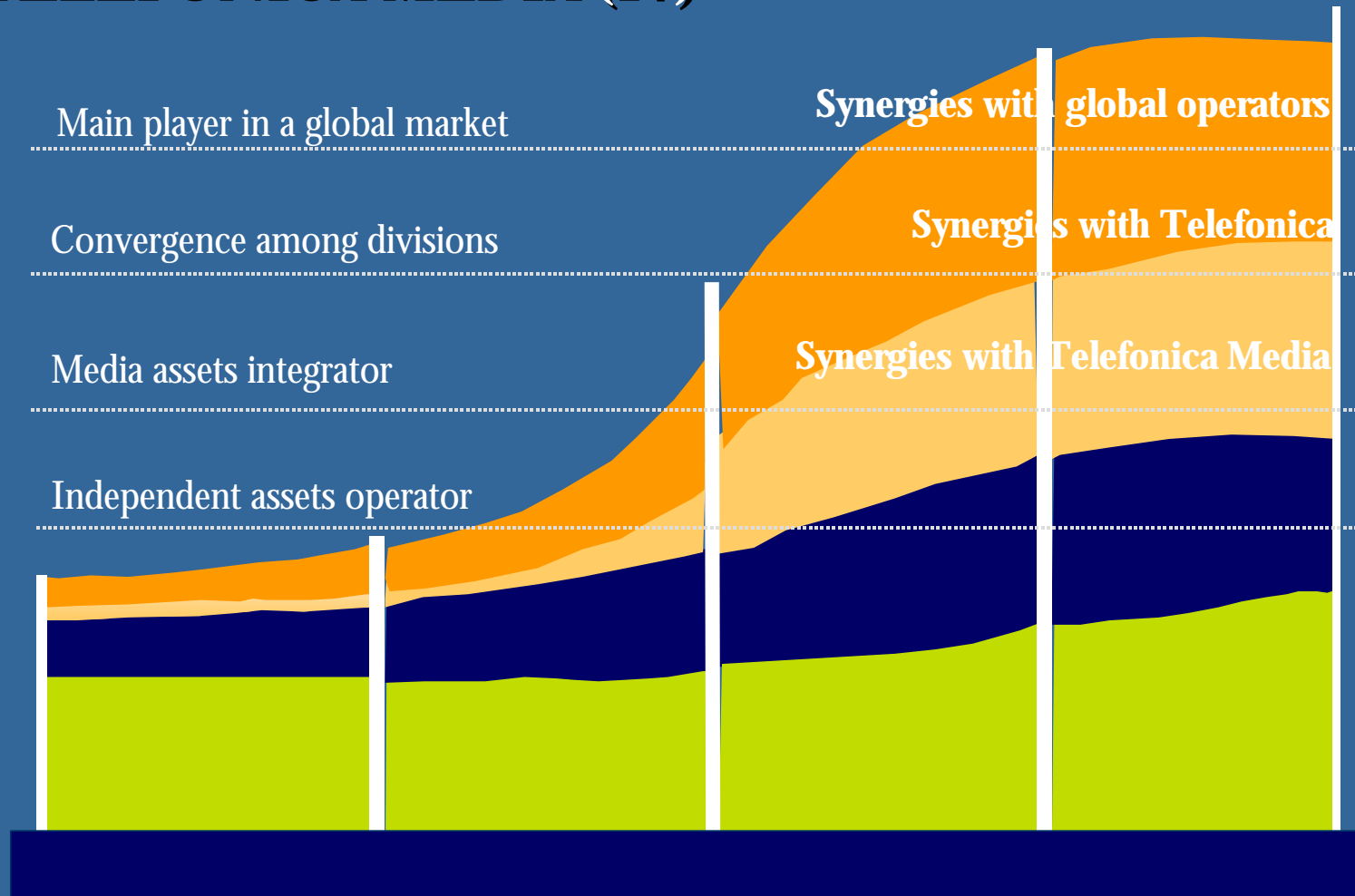
## EXAMPLES



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# CAPTURE SYNERGIES WITH TELEFONICA AND TELEFONICA MEDIA (IV)



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# TELEFONICA MEDIA'S STRATEGY AND CHALLENGES IN THE SHORT AND MEDIUM TERM

## Value creation in the short term

- Focus on operations' management and “ ”
- Promote synergies in advertising sales, based on the know how of Antena 3.
- Active management of Via Digital, reinforcing customer growth and migration to interactivity.
- Create solid brands, supported by successful and integrated management of the assets.
- Develop an educational project.

## Strategy

- Synergies with other divisions of
- Enhance customer relationship management.
- Brand and content consolidation focused on the development of new businesses.
- Asset acquisition in those markets where has presence (Perú, Brasil, Chile) and creation of alliances in those markets with high entry barriers (Brasil, Mexico).
- Development of new business models based on the potential growth of broadband.
- Alliances with key players.
- Ongoing reassessment of our investment in maximise value and divest from

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