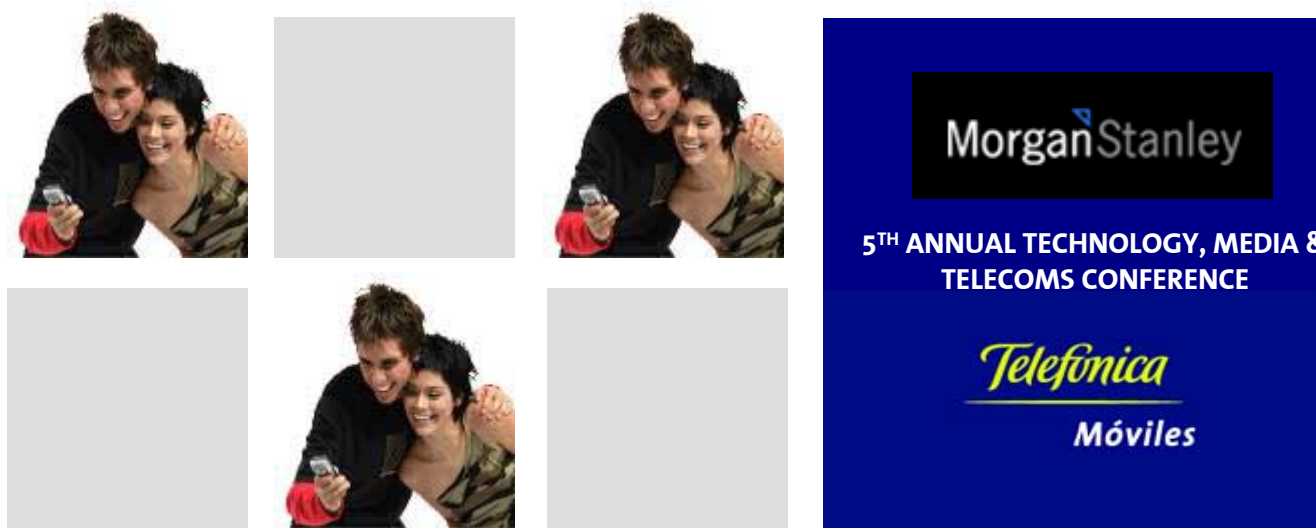


Telefónica Móviles: DELIVERING ON THE EXECUTION

Antonio Viana-Baptista, Chairman & CEO



November 18th, 2005

Telefónica Móviles S.A.
Investor Relations



Morgan Stanley

5TH ANNUAL TMT
CONFERENCE

Telefónica
Móviles

Safe harbour

This presentation contains statements that constitute forward looking statements in its general meaning and within the meaning of the Private Securities Litigation Reform Act of 1995. These statements appear in a number of places in this document 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 activity and situation relating to the Company. 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.

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 statements as a result of various factors.

Analysts and investors are cautioned not to place undue reliance on those forward looking statements which speak only as of the date of this presentation. Telefónica 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, without limitation, changes in Telefónica'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 as well as periodic filings filed with the relevant Securities Markets Regulators, and in particular with the Spanish Market Regulator.

This presentation does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this announcement in any jurisdiction in contravention of applicable law.

The release, publication or distribution of this presentation in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this presentation is released, published or distributed should inform themselves about and observe such restrictions.

This presentation contains financial results and estimates reported under IFRS. These results and estimates are preliminary, as only full compliance with International Financial Reporting Standards issued at 31/12/2005 is required, and unaudited, being potentially not final and subject to future modifications. This financial information has been prepared based on the principles and regulations known to date, and on the assumption that IFRS principles presently in force will be the same as those that will be adopted to prepare the 2005 consolidated financial statement and, consequently, does not represent a complete and final adoption of these regulations.



Morgan Stanley

5TH ANNUAL TMT
CONFERENCE

Telefónica

Móviles

INDEX

01 **9M05 Results: strong performance in every line**

02 **Execution capabilities: delivering synergies from BS's Latam assets integration**

03 **Economies of scale in the cellular business: the facts**



Morgan Stanley

5TH ANNUAL TMT
CONFERENCE

Telefónica
Móviles

9M05 Results: Very strong performance in every line with outstanding cash flow generation

9M05/9M04

- | | |
|---|------|
| ■ Boost in managed customers to 89.1MM | +52% |
| ■ Robust service revenue growth | +44% |
| ■ Acceleration of OIBDA growth rate | +21% |
| ■ Significant margin expansion vs. 2Q05 across most markets | |
| ■ Strong bottom line: 1,543MM€ | +9% |
| ■ Solid OCF generation: 2,804MM€ | +14% |

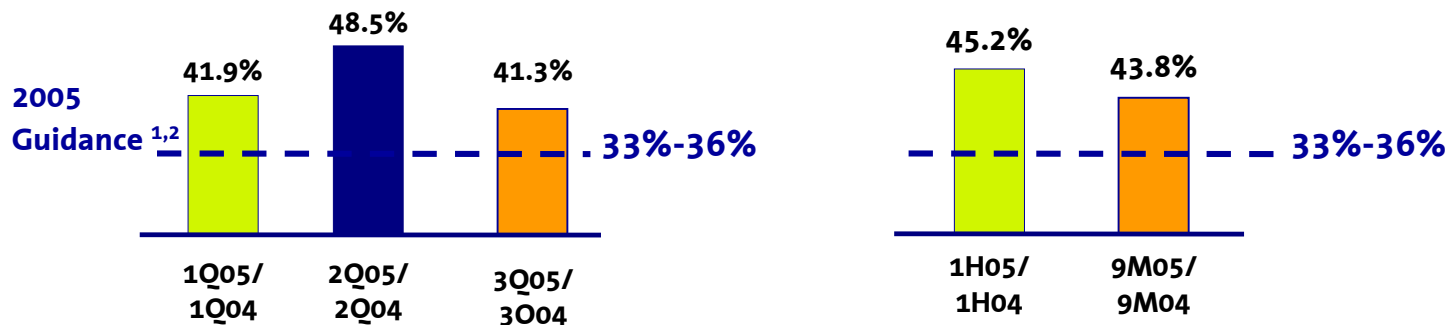


Morgan Stanley

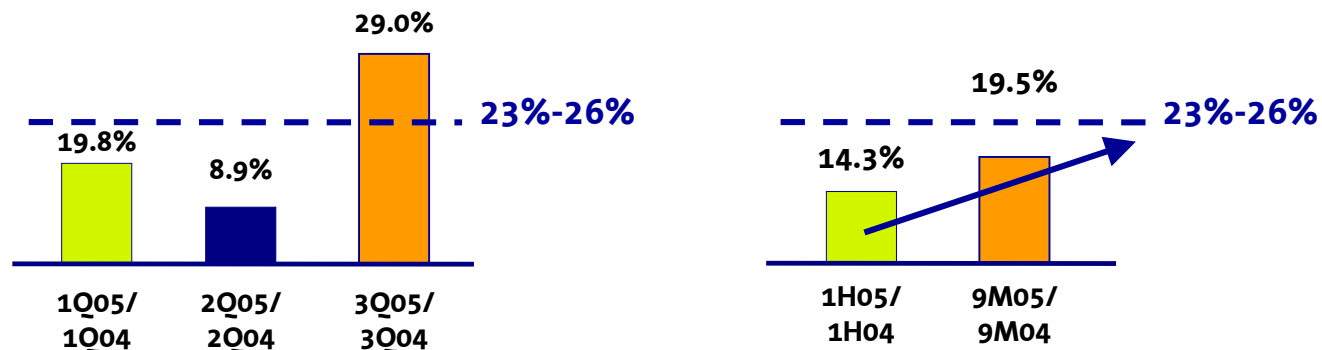
5TH ANNUAL TMT CONFERENCE

On track to achieve Group growth guidance

Revenues (y-o-y growth^{1,2})



OIBDA (y-o-y growth^{1,2})



October 2005's figures continue to support guidance

(1) Growth rates refer to local currency (constant exchange rates as of 2004) and exclude changes in consolidation other than assets acquired to BellSouth in Argentina & Chile in 2005. Growth rates based on 2004 preliminary data under IFRS: €11,744MM in revenue. In terms of guidance calculation, OIBDA exclude other exceptional revenues/expenses not foreseeable in 2005. These exceptional amounted to -100.2MM€ in 2004 and are therefore also excluded, meaning a calculation base for guidance of 4,677.9 MM€ for OIBDA. Growth rates assume inflation adjustment in Venezuela in 2005, estimated at around €80MM8 in terms of higher revenues and around €30MM of higher OIBDA.

(2) 9M05 y-o-y growth rate does not include inflation adjustments in 2005.



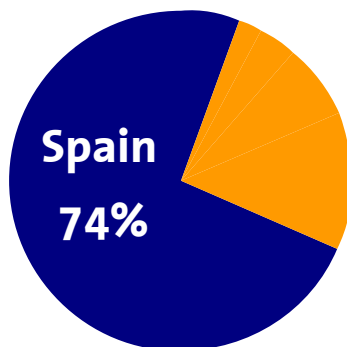
Strong Group revenues & OIBDA diversification

Morgan Stanley

5TH ANNUAL TMT
CONFERENCE

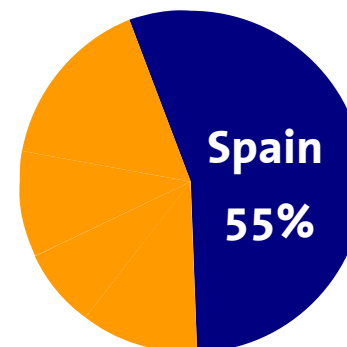
Revenues

9M04¹



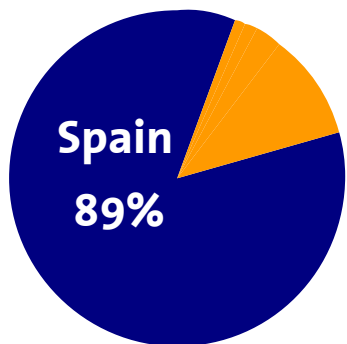
REGION	
Northern	8%
Andean	17%
Brazil ²	11%
Southern	10%

9M05¹



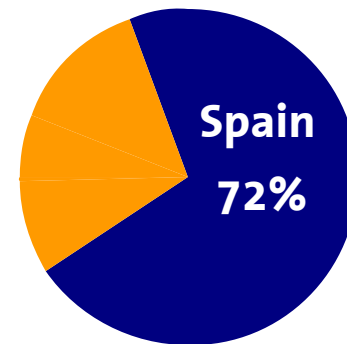
OIBDA

9M04¹



REGION	
Northern	-1%
Andean	14%
Brazil ²	9%
Southern	6%

9M05¹



Telefónica
Móviles



Morgan Stanley

5TH ANNUAL TMT
CONFERENCE

SPAIN: Commercial initiatives are clearly paying off

New pricing plans

“Mi Favorito”: 1€ cent/minute



■ 3MM customers

“Mis Cinco”: 3€ cent/minute



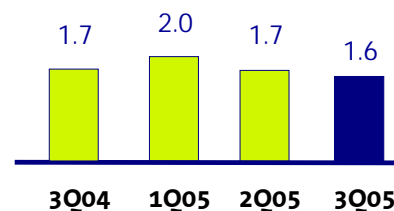
■ 1.5MM customers

Summer campaign:
“Talk 100 minutes & pay 1”



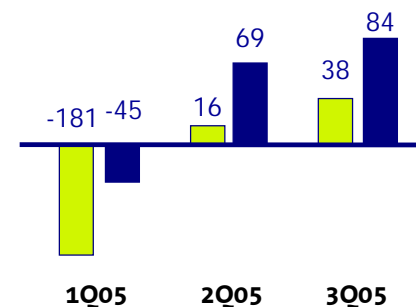
■ >2.3MM signed in

Churn rate (%)



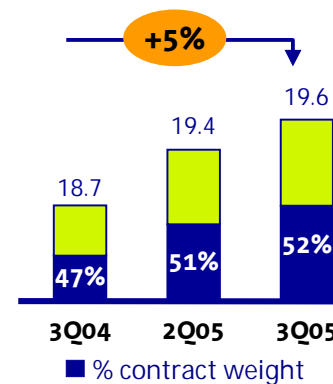
■ Contract churn <1% in 3Q05

Number portability (000s)



■ Total ■ Contract

Total customers (MM)



Telefónica
Móviles

Telefónica Móviles, S.A.
Investor Relations

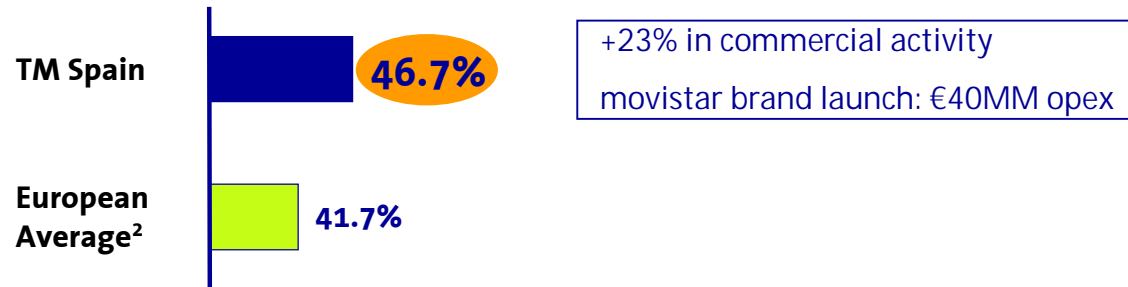


Morgan Stanley

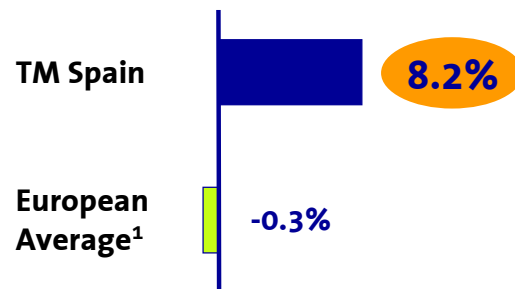
5TH ANNUAL TMT
CONFERENCE

... leading to a solid operating profitability & top line growth ahead of peers

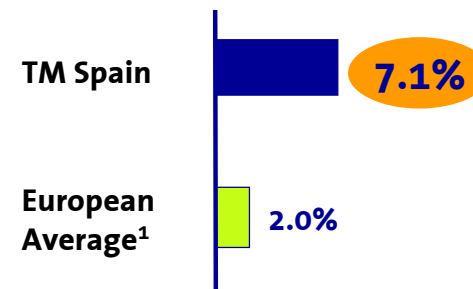
OIBDA margin (9M05)



Operating revenues growth (9M05/04)



Service revenues growth (9M05/04)



Telefónica
Móviles

Telefónica Móviles, S.A.
Investor Relations

¹ European average including TIM Italy, T-Mobile UK, T-Mobile Germany, Orange France, Orange UK, TMN & KPN-Mobile Netherlands. Source: Company press releases

² European average including TIM Italy, T-Mobile UK, T-Mobile Germany, TMN & KPN-Mobile Netherlands. Source: Company press releases



Morgan Stanley

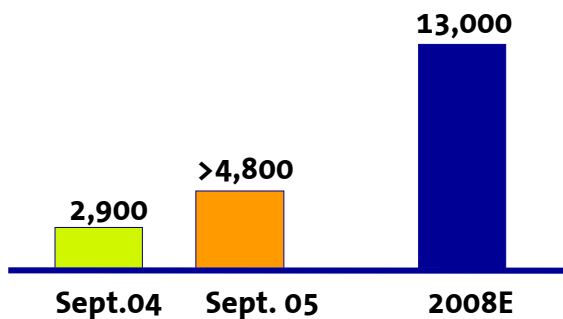
5TH ANNUAL TMT
CONFERENCE

Telefónica
Móviles

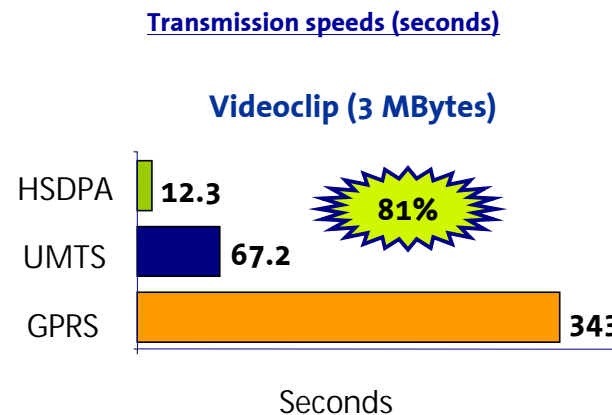
SPAIN: ongoing leadership on the UMTS rollout

- Focus on high quality coverage in key urban areas
- Coverage in areas in which 70% of population lives
- HSDPA successfully tested on our network
 - Commercial launch pending on handset availability
- ≈ **150,000 3G customers**
 - Focus on PCMCIA uptake (>50% 3Q05/2Q05)
 - Enhanced handset portfolio for Xmas campaign

TM Spain UMTS base stations



Enhanced user experience (HSDPA)



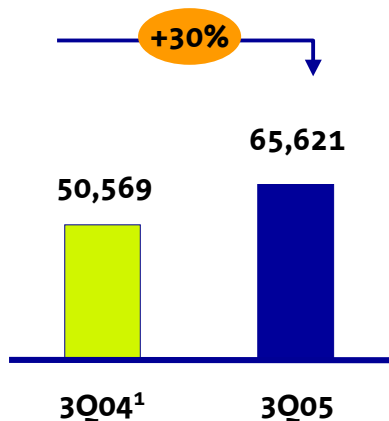


Morgan Stanley

5TH ANNUAL TMT
CONFERENCE

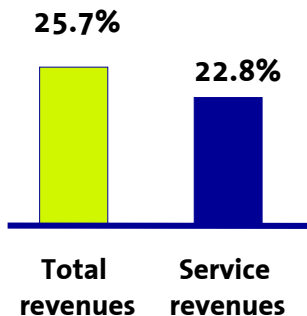
LATIN AMERICA: Sound customer growth & margin recovery

Customers (000s)

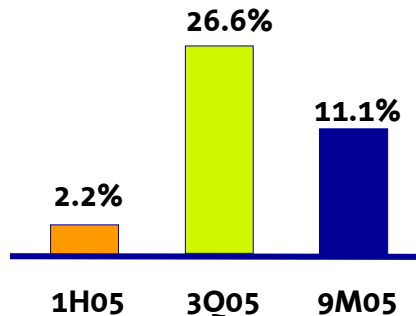


- +15.1MM customers (3Q05/3Q04)
- Increased contract weight in Latam total net adds:
 - 24% in 3Q05 vs. 15% in 2Q05

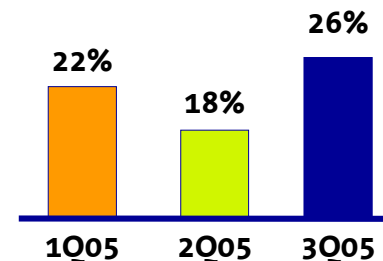
Revenues
9M05 y-o-y growth ex-forex¹



OIBDA¹
y-o-y growth ex forex²



Reported OIBDA margin



Telefónica
Móviles

Telefónica Móviles, S.A.
Investor Relations

¹ 2004 figures including operations acquired to BellSouth from January 1st, 2004.

² Exchange rate as of September 2004.



Morgan Stanley

5TH ANNUAL TMT
CONFERENCE

LATIN AMERICA: Only operator with positive OpCF outside its home market



9M05 Operating CF

Northern Region	-185 MM€
<i>Northern Region ex-Mexico</i>	<i>45 MM€</i>
Brazil	130 MM€
Andean Region	279 MM€
Southern Cone	61 MM€
TOTAL LATAM	286 MM€

Self-sustained businesses in Latin America

Telefónica
Móviles



Morgan Stanley

5TH ANNUAL TMT
CONFERENCE

Telefónica
Móviles

INDEX

01 **9M05 Results: strong performance in every line**

02 **Execution capabilities: delivering synergies from BS's Latam assets integration**

03 **Economies of scale in the cellular business: the facts**



Morgan Stanley

5TH ANNUAL TMT
CONFERENCE

Telefónica
Móviles

Record-time integration: 10 Companies in 10 months





Morgan Stanley

5TH ANNUAL TMT
CONFERENCE

Telefónica
Móviles

Results from integration in overlapping operations already obtained in several areas

Project	Description	Status
Commercial offer	<ul style="list-style-type: none"> Unified offer & commercial practices in all 4 countries 	✓
Commercial network	<ul style="list-style-type: none"> Contracts with 170 dealers renegotiated 	✓
	<ul style="list-style-type: none"> Rationalization/Unification of proprietary POS 	✓
Call Centers	<ul style="list-style-type: none"> Unified Call Center with lower costs 	✓
Handsets	<ul style="list-style-type: none"> Lower SAC from migration to GSM > 74% GSM gross adds in 3Q05¹ 	✓
	<ul style="list-style-type: none"> Further benefits to be captured in Peru 	✗
Rebranding	<ul style="list-style-type: none"> Higher brand recognition Top Of Mind: +6 p.p. In 6 months 	✓
Workforce rationalisation & integration	<ul style="list-style-type: none"> Voluntary redundancies/natural attrition ↓ Close to 750 employees 	✓
	<ul style="list-style-type: none"> Telefónica Móviles' culture in the 4 operators 	✓
Sites	<ul style="list-style-type: none"> 152 sites co-located increasing coverage 	✓
Maintenance	<ul style="list-style-type: none"> All maintenance contracts renegotiated 	✓
Head quarters	<ul style="list-style-type: none"> Real Estate rationalisation 	✓

¹ Including Argentina, Chile and Guatemala

Further synergies to flow in the near-term from integration of IT systems & platforms & closing of TDMA & CDMA networks in the 4 countries



Morgan Stanley

5TH ANNUAL TMT
CONFERENCE

Telefónica
Móviles

We are progressing faster than anticipated ...

Operations in Argentina, Chile, Guatemala & Peru	BS + TEM Σ“Stand Alones” 05	BS + TEM post -synergies_05E
Handset subsidies ¹	100	89
Commissions ¹	100	86
Advertising ²	100	76
Network opex	100	94
Call Centers	100	80
Personnel	100	90
Others	100	94
OPEX	100	89
OPEX post integration costs	100	90
CAPEX	100	86

- No additional CDMA Capex in Argentina, Chile and Guatemala
- Marginal additional Capex to face TDMA/CDMA-GSM migrations

Telefónica Móviles, S.A.
Investor Relations

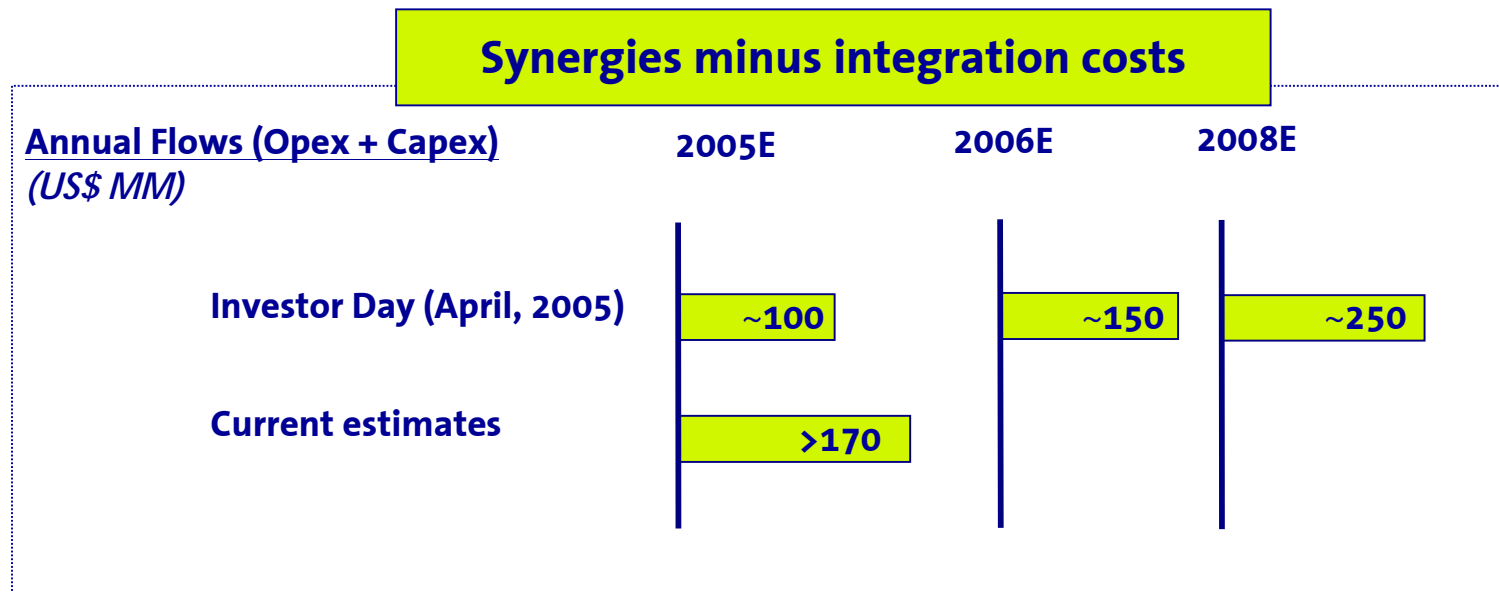
¹ Net of commercial costs related with CDMA&TDMA to GSM migrations
² Advertising is affected by rebranding non recurrent costs.



Morgan Stanley

5TH ANNUAL TMT
CONFERENCE

... with stronger results



Opex & capex synergies will clearly exceed initial estimates

+

Additional benefits from revenue synergies

Telefónica
Móviles



Morgan Stanley

5TH ANNUAL TMT
CONFERENCE

Telefónica
Móviles

INDEX

01 **9M05 Results: strong performance in every line**

02 **Execution capabilities: delivering synergies from BS's Latam assets**

03 **Economies of scale in the cellular business: the facts**



Morgan Stanley

5TH ANNUAL TMT
CONFERENCE

Telefónica
Móviles

Scale economies in the industry

Scale Impact	GLOBAL SCALE	REGIONAL SCALE	LOCAL SCALE
COSTS & CAPEX	1 Handset & equipment purchasing		
	2 Advertising		
	3 Content purchasing		
	4 Software development & IT operations		
		5 Network efficiency	
	6 Headquarter rationalisation		
REVENUE	7 Corporate solutions development		
	8 MNCs		
	9 Roaming		
	10 New services		
		11 Distribution	
OTHER	<ul style="list-style-type: none"> ■ R&D ■ Regulatory influence ■ Attracting talent 		

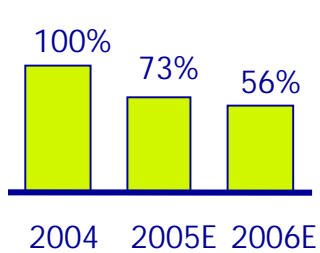


1 Handset purchasing

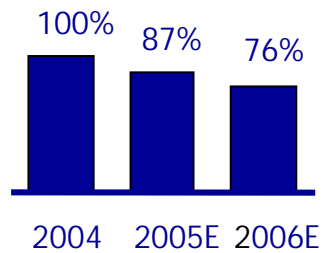
GLOBAL SCALE

GSM handsets average cost

Low-end handsets

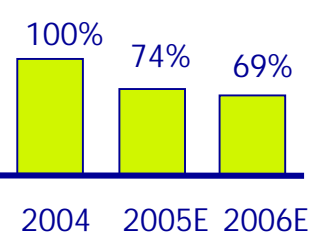


High-end handsets

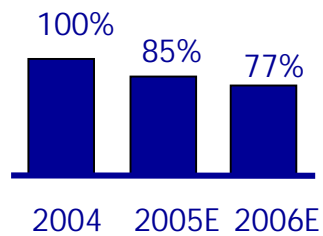


CDMA handsets Average cost

Low-end handsets



High-end handsets



- Time to market (exclusivity)
- Technical Specifications

REGIONAL SCALE

■ TEM LATAM:

- Unification of technical specifications for handsets and SIM cards
- Common approval process for handsets and SIM cards
- Personalization process
- Flexibility to rapidly enhance handsets portfolio



Morgan Stanley

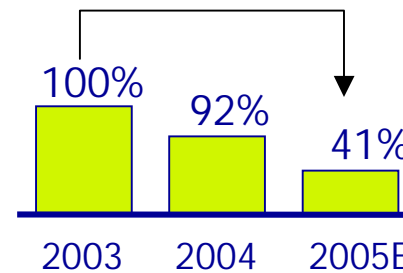
5TH ANNUAL TMT CONFERENCE

Telefónica
Móviles

1 Equipment purchasing

GLOBAL SCALE

Average cost per
GSM base station (€)



- **GSM networks in 13 countries:**
 - Rollout in 5 new countries in 2005 (Colombia, Ecuador, Nicaragua, Panama, Uruguay)
- **Global management & planning of capex**
- **Ongoing processes to reduce other equipment costs** (towers, antennas...)
- **Unification of technical specifications & standardization processes**



Morgan Stanley

5TH ANNUAL TMT
CONFERENCE

Telefónica

Móviles

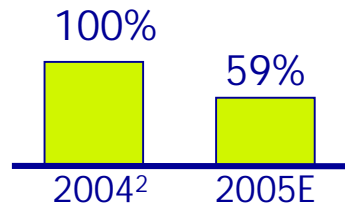


2 Advertising

GLOBAL SCALE

- Improved awareness & perception through global sponsorships
- 6%-10% of total marketing expenses managed globally

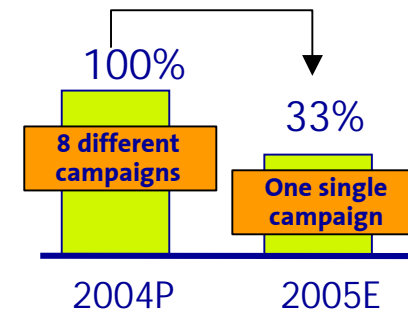
Cost of global sponsorships/
managed customer¹



REGIONAL SCALE

- Unified advertising campaigns, with higher quality and lower production costs:

Production cost of Xmas campaigns in Latam (8 countries)



- **5%-10% savings in media costs:**
 - Pan-regional media (Cable TV)
 - Cross border campaigns (on flight magazines, International TV, internet...)
-  **launch in 13 Spanish speaking markets:**
 - One-off costs: €75MM
 - Annual savings: €50MM from 2006E



Morgan Stanley

5TH ANNUAL TMT CONFERENCE

Telefónica

Móviles

3 Content purchasing



Morgan Stanley

5TH ANNUAL TMT CONFERENCE

GLOBAL SCALE



colin mcrae rally 2005



Exclusivity agreements:

I-play™ Mobile gaming



Software development, IT & network infrastructures

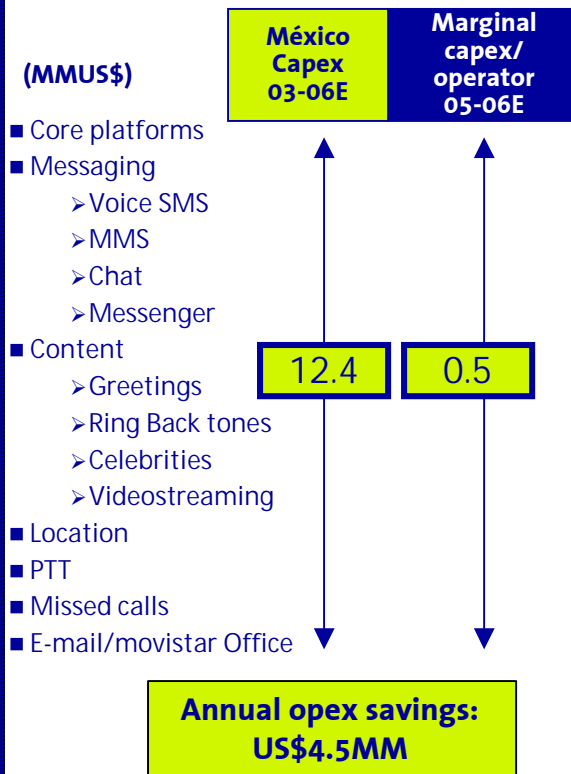
GLOBAL SCALE –REGIONAL SCALE

4 Software development & IT operations

5 Network infrastruct.

Examples: Northern Region

- Deployment of common platforms for VAS in Latam:



- Deployment of a common commercial system in Latam:



- Marginal opex/capex
- Time to market
- Knowledge/expertise

- Shared resources through regionalization:

Example: Northern Region

Single equipment in Mexico supports operations in 5 countries

- ✓ Network operation center (NOC)
- ✓ HLR
- ✓ GPRS nodes

- Reinforced relationship with equipment suppliers
- Shared resources with other Group business lines



Morgan Stanley

5TH ANNUAL TMT CONFERENCE

Telefónica Móviles

6 HQ rationalisation



Morgan Stanley

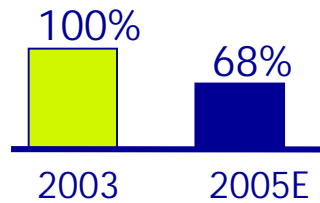
5TH ANNUAL TMT CONFERENCE

GLOBAL SCALE –REGIONAL SCALE

■ Acquisition of 10 companies from BS in 4Q04-1Q05

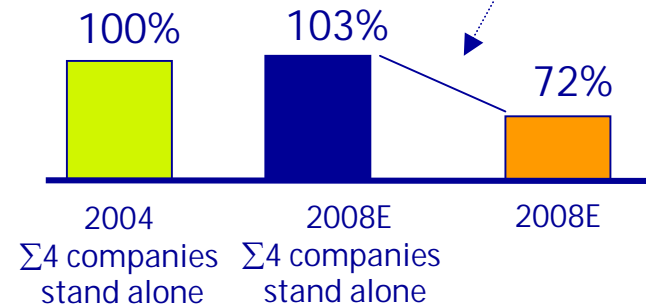
■ Integrated regional management of Latam operation

HQ costs/managed customer

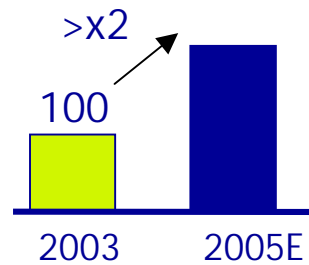


Workforce in Central America

±50% from customer service (call centers, billing...)
±30% from IT & network



Managed customers/ HQ employee





Morgan Stanley

5TH ANNUAL TMT
CONFERENCE

Telefónica
Móviles

Corporate solutions development, MNCs & roaming

Revenues

GLOBAL SCALE – REGIONAL SCALE

7 Corporate solutions development

- **TM Spain :**
 - **Movistar CORPORATIVO (VPN)**
 - On-line costs control
 - Usage restrictions (personal & corporate)
 - **Knowledge & expertise (vertical applications & tailor made solutions)**
- **Export of TM Spain's P&S portfolio to Latam:**
 - Marginal opex/capex
 - Time to market
- **Blackberry & Smartner agreements for our Latam operations**

8 Multinational Corporates (MNCs)

- **TM Spain + European partners:**
 - **Global Account Management**
 - **Central Reporting**
 - **Roaming prices**
 - **Fixed roaming price for BlackBerry**
- **TEM Latam:**
 - **New organizational structure to target this segment**

9 ROAMING

- **TM Spain + European partners:**
 - **Virtual Home Environment**
 - **iVPN**
 - **GPRS & MMS roaming**
 - **3G roaming (in progress)**
- **TEM:**
 - **10 GSM operations in Latam**
 - **On-net pricings for MNCs**

10 New services: enhanced high QUALITY P&S portfolio



Morgan Stanley

5TH ANNUAL TMT CONFERENCE

GLOBAL SCALE - REGIONAL SCALE

Regional management enhances competitive position

1H06 VAS offer



Messaging	<ul style="list-style-type: none"> > Voice SMS > MMS > Chat > Messenger
VPN	
Content	<ul style="list-style-type: none"> > Greetings > Ring-Back tones > Celebrities > Videostreaming
Location based serv.	
PTT	
Missed calls	
e-mail	



Guatemala		El Salvador		
Competition		Competition		
C1	C2	C1	C2	C3
✗	✗	✗	✗	✗
✗	✗	✓	✗	✗
✗	✗	✗	✗	✓
✗	✗	✗	✓	✗
✓	✗	✓	✗	✗
✗	✗	✗	✗	✗
✗	✗	✗	✗	✓
✗	✗	✗	✗	✗
✗	✗	✗	✗	✗
✗	✗	✗	✗	✗
✗	✗	✗	✗	✗
✗	✗	✗	✗	✗
✗	✗	✗	✗	✗

Telefónica
Móviles

11

Distribution channel



Morgan Stanley

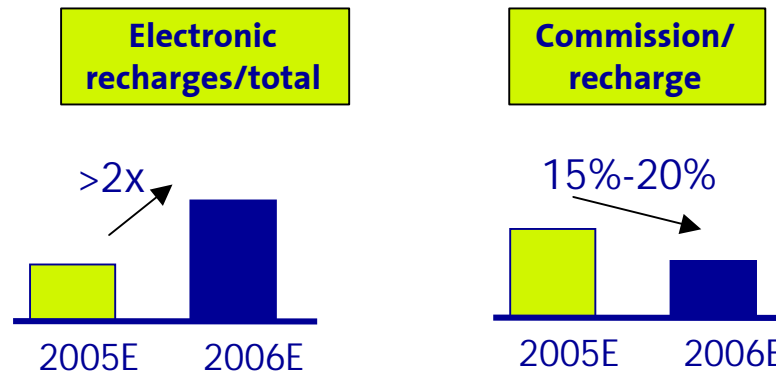
5TH ANNUAL TMT
CONFERENCE

REGIONAL SCALE

■ TEM Latam

- Lower wholesale commissions for prepaid recharges
- Increased weight of electronic recharges

Example: Southern Cone



**Total Savings in Latam in
2006E: €45MM**

Telefónica
Móviles

Others: Attracting talent

GLOBAL SCALE

- 95% of management teams in 10 companies acquired from BS continue to work for Telefónica Móviles
- 90% of our employees believe the Telefónica Group is a solid group which is moving ahead successfully
- Career opportunities: 12% of managers have moved to other Group companies or functions :
 - 46% in other countries
 - 20% in other companies within the same country

Expanded footprint of the Group increases company's attraction & career opportunities for our employees



Morgan Stanley

5TH ANNUAL TMT
CONFERENCE

Telefónica
Móviles



Morgan Stanley

5TH ANNUAL TMT
CONFERENCE

Telefónica
Móviles

Conclusions:

- **Very strong results in every line & healthy cash-flow generation despite aggressive competition in our markets:**
 - TM Spain continues to outperform its peers
 - Strong OCF results in Latam
 - On track to achieve 2005 demanding goals

- **We deliver on synergies: We are progressing faster and with stronger results in the integration of BS Latam assets**

- **Scale is key in the cellular business**
 - Already getting benefits from our scale (Spain + Latam)
 - Further benefits would be captured with an enhanced footprint in Europe

Telefonica

Móviles

www.telefonicamoviles.com/investors