



**ENTEL**  
Vivir primeros el futuro



**ENTEL Results**  
**Fourth Quarter 2007**

Information available at  
[www.entel.cl](http://www.entel.cl)

## Main Events

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- ✓ Entel PCS was awarded *The Best Mobile Service Provider* for 2007 within a universe of 60 telecom and IT Latinamerican companies. The prize was given by Frost & Sullivan at *The Latin America Information and Communication Technologies Awards* event in Sao Paulo, Brazil.
- ✓ During the quarter, Entel PCS launched third generation mobile handsets and plans that work through its 3.5G network. The offer includes services such as mobile TV, digital radio and video calls.
- ✓ In December 2007, the Company paid an interim dividend of Ch\$ 100 per share, related to net income for 2007.

# Activity by Business Sector



**ENTEL** empresas  
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Conecta hoy tu empresa con la tecnología del futuro.  
La tecnología NGN de Entel.

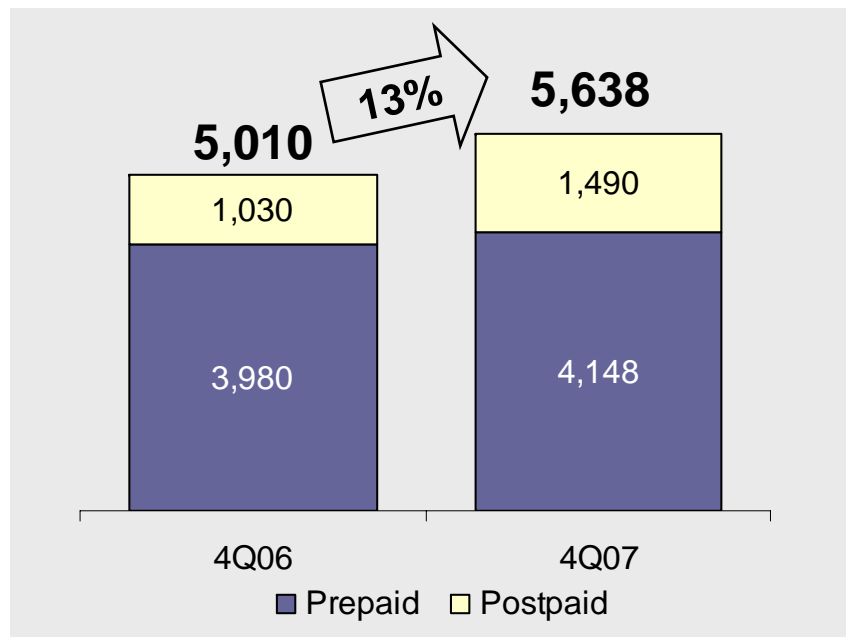
NGN es un conjunto de soluciones tecnológicas para que tu pequeña o mediana empresa obtenga mayor eficiencia y menores costos. Ingresa hoy a [www.entelngn.cl](http://www.entelngn.cl), solicita gratis tu Diagnóstico Tecnológico y llévate un pendrive de regalo.

Telefonía IP / Banda Ancha / Sucursales en Red / Wireless / Transmisión de Voz y Datos / Datacenter

**NGN**  
Next Generation Networks  
**ENTEL**

# Mobile Telephony

Entel's Mobile Subscribers (in thousands)



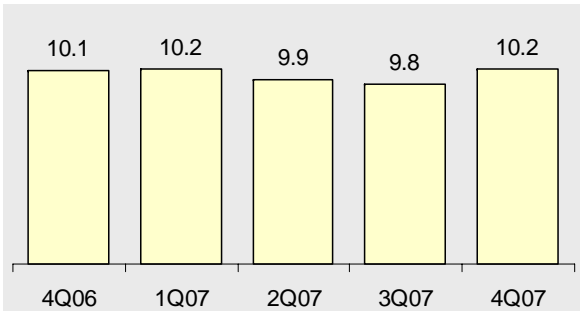
## Highlights

- ✓ Broadening wireless Internet offerings through flat rate plans without download capacity limits; and introducing handsets and services that work over 3.5G network (digital TV, digital radio and video calls).
- ✓ Highly regarded brand and network due to focus on clients requirements (simple plans, problem solutions and excellence in customer care) and the permanent effort to maintain network at best-in-class standards.

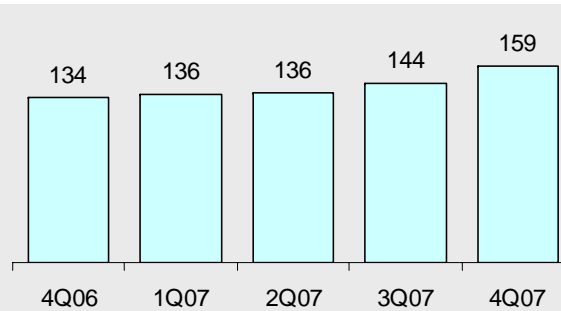
- ✓ Market share stable at 41% validates the strong position within a competitive industry.
- ✓ Entel growing at high rates, mainly in post-paid (+45%), due to gross sales, migration from pre-paid and retention plans aimed at high-value customers.
- ✓ Promotions and plans to encourage usage of VAS. Also, intense market activity in 3G services.

# Mobile Telephony

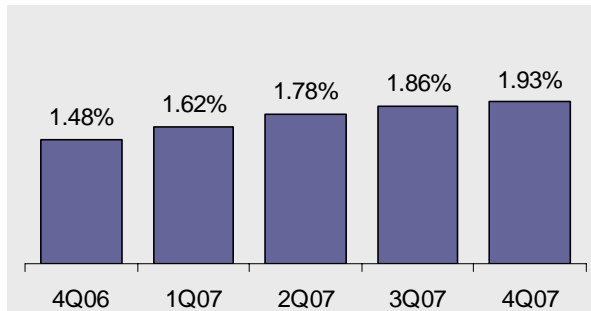
ARPU Average (thousands Ch\$ Dec-07)



MOU Average (minutes/month)



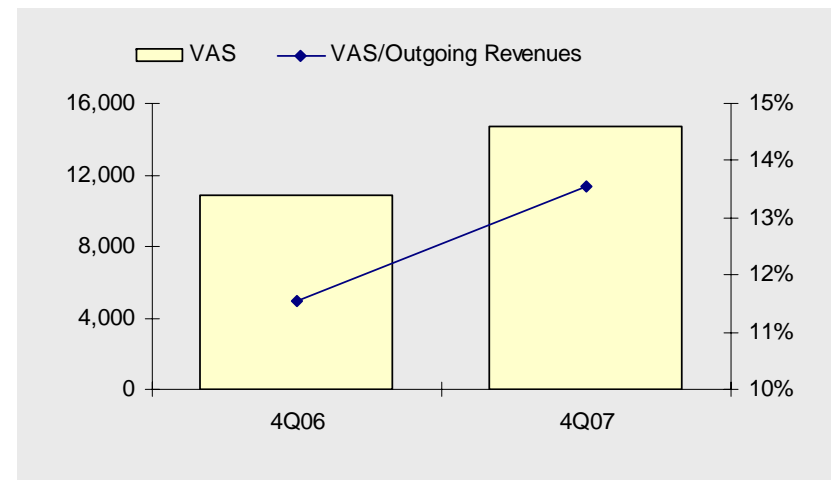
Average Monthly Churn



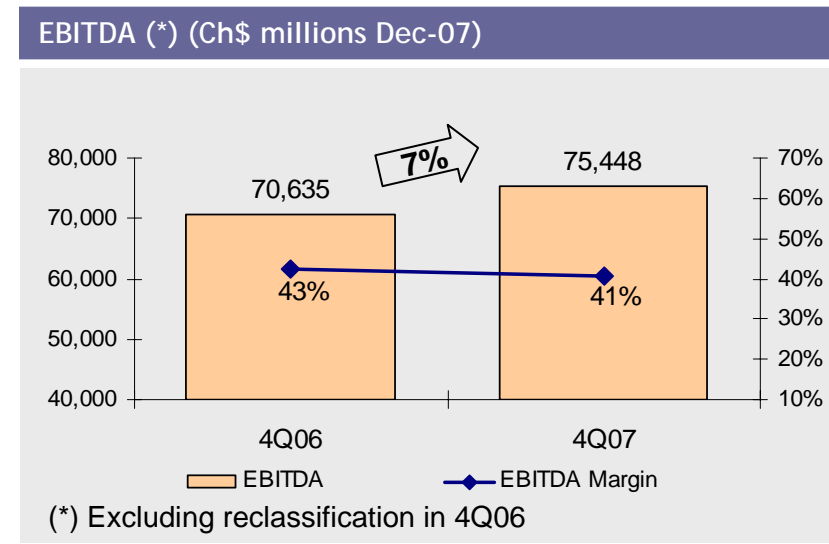
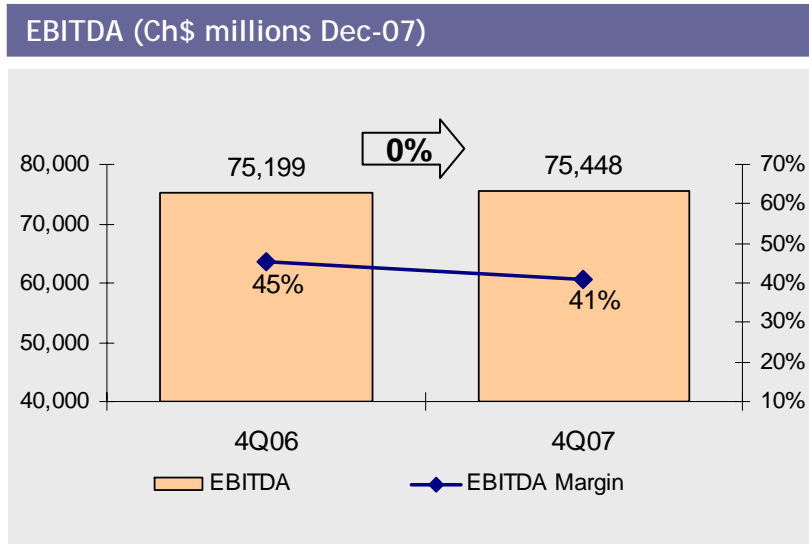
## 4Q07 vs 4Q06

- ✓ ARPU increased 1% due to the higher share of post-paid over the total base. Improvement in outgoing traffic revenues and VAS supported the growth. Average tariffs declined.
- ✓ MOU rose 19% with expansions in pre-paid and post-paid. Traffic grew in both, outgoing and incoming.
- ✓ Churn rate increased mainly in pre-paid due to industry pressure to migrate to post-paid. In post-paid, churn slightly grew due to higher penetration.
- ✓ VAS revenues continues its expansion (+36%), principally in mobile broadband (GPRS, EDGE) and traditional SMS.

VAS Revenues (thousands Ch\$)



# Mobile Telephony



- ✓ EBITDA remained flat.
- ✓ Excluding a reclassification (Ch\$ 4.6 billion) from costs to depreciation in 4Q06, EBITDA grew 7%. This resulted from increased service direct margins. EBITDA margin declined , mainly driven by lower average tariffs.

# Chile Wireline<sup>(\*)</sup>

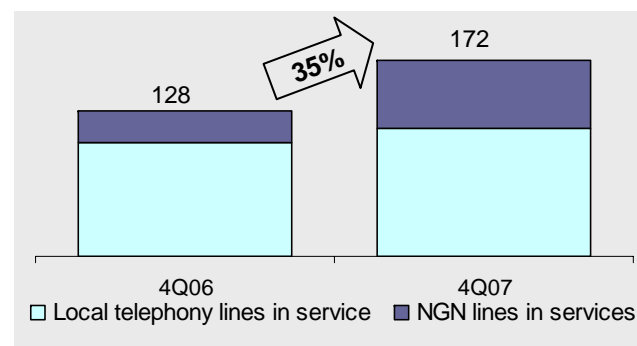
## Corporate and SME Segment

Data Services, Local Telephony,  
Internet and Long Distance

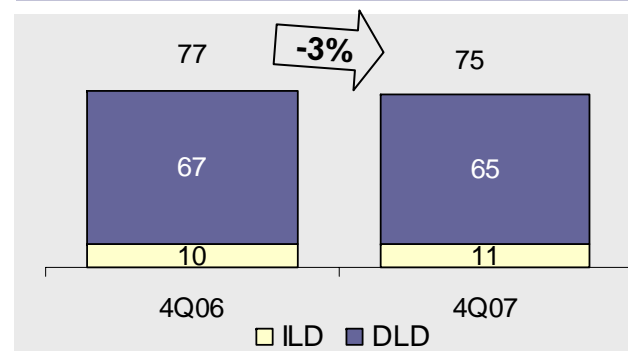
4Q07 vs 4Q06

- ✓ Local telephony lines growing strongly in the SME segment through NGN-IP (accounting for 59.8 thousand lines; 33% of total LIS). Traditional lines-in-service also expanded.
- ✓ IT services increased revenues in BPO and Datacenter. High-speed connectivity services continue growing (MPLS-IP) driven by new contracts, partially offset by lower revenues in other traditional data services.
- ✓ LD traffic declined in DLD, while remaining flat in ILD. Tariffs remained almost flat in ILD, and declined in DLD.

Lines in Service (in thous.) of Local Tel.



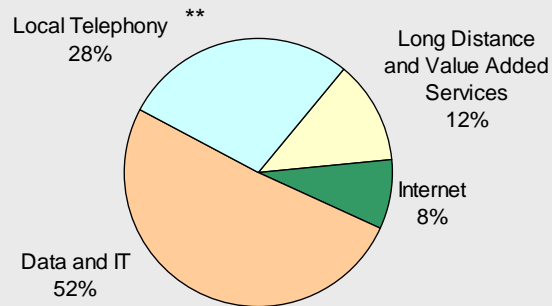
LD Traffic (million of min.)



(\*) Includes intercompany revenues.

# Corporate and SME Segment

## Corporate & SME Revenue Distribution (4Q07) \*



Total Revenues (Ch\$ millions): 35,770; +11% vs 4Q06

\* Includes intercompany revenues

\*\* Includes NGN

**NGN**  
Entel Next Generation Networks

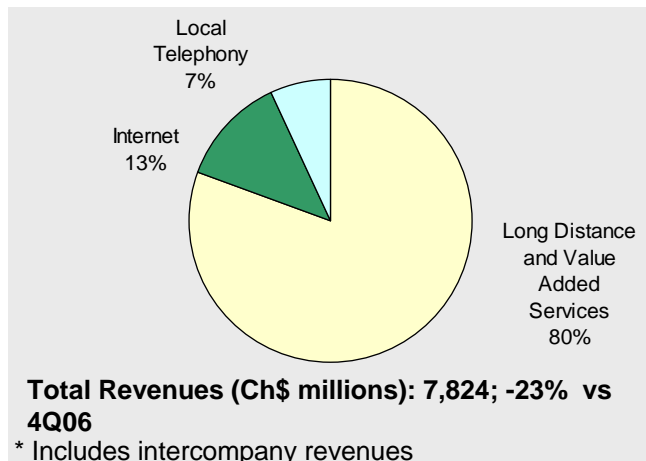
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## Highlights

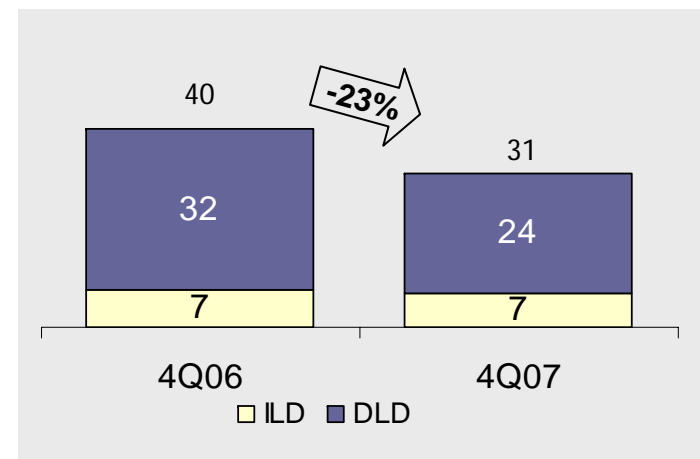
- ✓ High activity in NGN-IP sales capturing growth in the SME segment through the signing of new contracts and expanding services to the current customer base.
- ✓ Data / IT services expanding as a result of increased demand for IP connectivity services and growing requirements of complemented solutions of telecom and outsourced processes over IT platforms.
- ✓ Entel is increasing its market share in the enterprise segment due to development of new services (IP convergence, IT) and competitive networks (copper, FO and WiMax) to provide solutions to diverse industry sectors.

# Residential Segment

Residential Revenue Distribution (4Q07) \*



LD Traffic (millions of minutes)



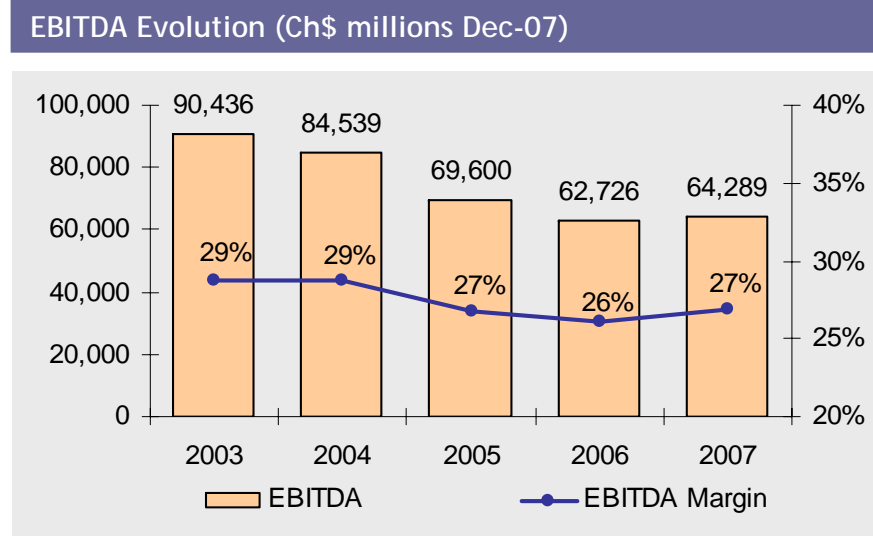
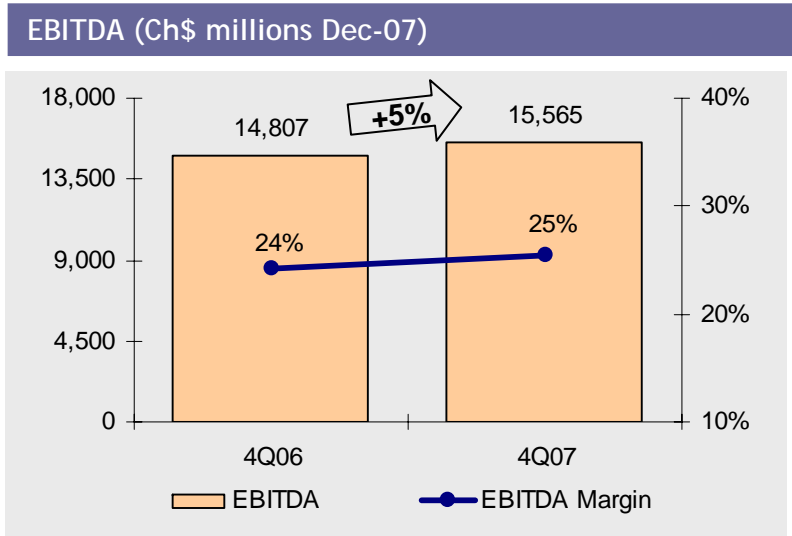
- ✓ Activity continues to be affected by migration to mobile and Internet services. Entel is focusing on keeping profitable plans.
- ✓ LD declined attributed mainly to lower DLD traffic and almost flat tariffs. ILD average tariffs grew. Market share remained stable.

## Infrast. Serv. to Other Telecom Comp. and others

Ch\$ (millions)	4Q07	4Q06	% Var.
Infraest. Serv. Telcos, Traffic B. and Others	17,691	18,447	-4%

- ✓ Low-margin traffic business declined due to lower traffic in wholesale.
- ✓ Entel is focusing on providing best capacity rental services to clients through efficient usage of its network. Services to fixed-line operators and to Entel PCS are driving growth.

# Chile Wireline

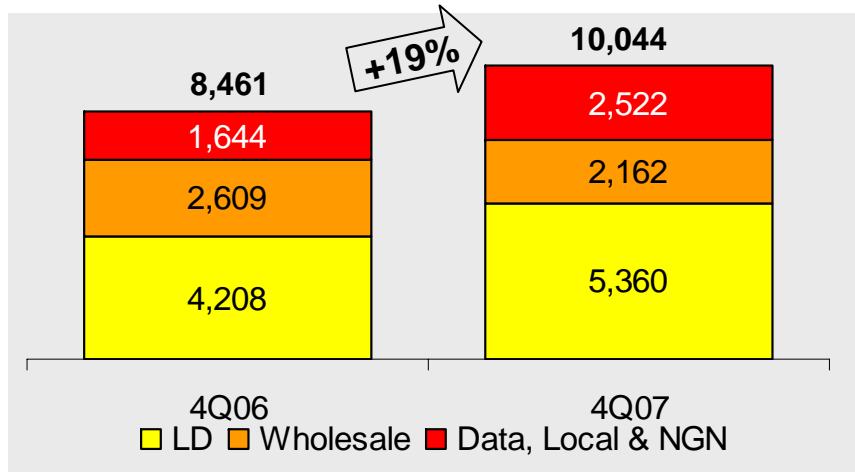


- ✓ After years of deep structural changes, the company is shifting towards profitability.
- ✓ Business mainly oriented towards intensive usage of own access networks (copper, FO, WiMax), focused on the Corp/SME segments, coupled with tight control over cost and expenses in mature areas are driving growth.

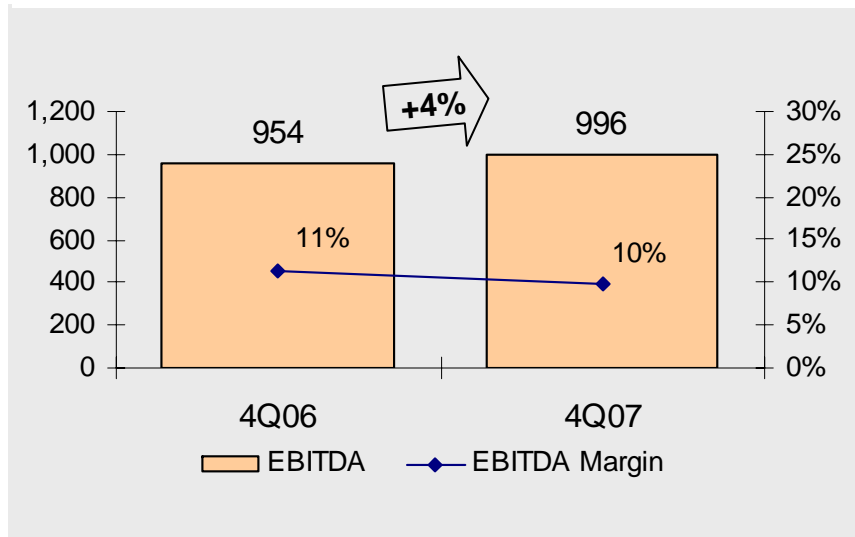
# Americatel Peru

Exchange rate: 496.89 Ch\$/ US\$

Revenues (US\$ thousands)



EBITDA Peru (US\$ thousands)



- ✓ Revenues increased in NGN-IP and data-Internet aimed at the enterprise segment. LD also grew mainly in dial around (1977 code) driven by changes in the market environment. Wholesale revenues declined mainly due to lower traffic.
- ✓ EBITDA grew due to higher margins in data-Internet and LD, partially offset by higher costs associated to the penetration stage of NGN-IP.



# Financial Results

## Fourth Quarter 2007

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- Consolidated Operating Results
- Non-Operating Results

# Consolidated Quarterly Results

(Ch\$ millions Dec-07)

	4Q07	4Q06	Change %
<b>Net Revenues</b>	<b>239,004</b>	<b>220,915</b>	<b>8%</b>
Cost of operations	141,970	120,382	18%
Selling & administrative expenses	49,100	52,530	-7%
<b>Operating Income</b>	<b>47,934</b>	<b>48,004</b>	<b>0%</b>
<b>EBITDA</b>	<b>92,075</b>	<b>90,703</b>	<b>2%</b>
<b>EBITDA Margin</b>	<b>39%</b>	<b>41%</b>	
Non operating income	(12,063)	(27,596)	56%
Tax	(7,719)	(3,953)	-95%
<b>Net Income</b>	<b>28,153</b>	<b>16,452</b>	<b>71%</b>

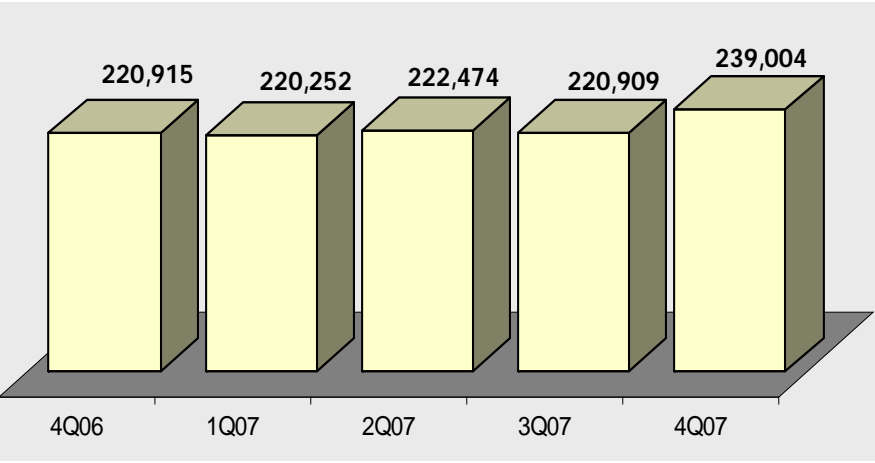
- ❑ **Revenues** increased due to mobile growth in customers and traffic. Local telephony and data/IT in the Chile Wireline segment also expanded.
- ❑ **EBIT / EBITDA:** excluding the effects of the one-time positive impact to 4Q06 figures, both EBIT and EBITDA grew 7% as a result of better margins in the Chile Wireline and mobile business.
- ❑ **Non-operating** losses declined due to the absence of the 4Q06 write-off (Ch\$ 15.8 billion) related to capitalized pre-paid handset subsidies, as well as higher profits in monetary correction and F/X effects due to higher inflation. Partially offsetting these were higher losses due to asset impairments.
- ❑ **Net income** grew 71% due to the aforementioned factors.

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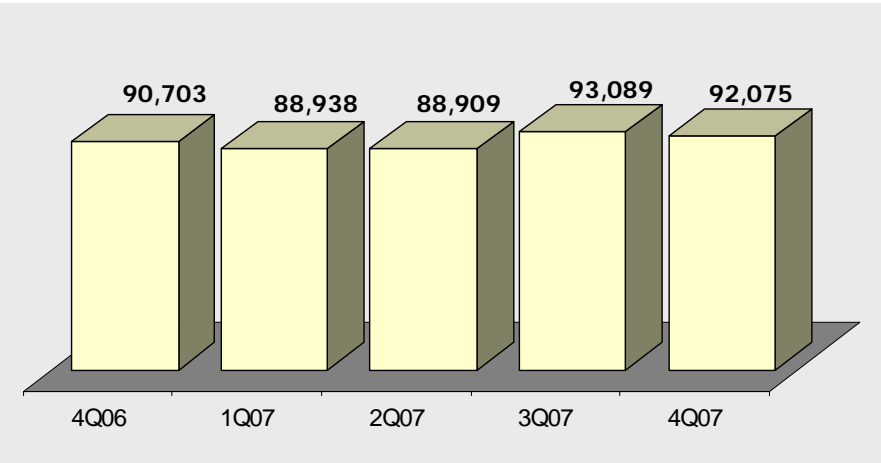
# Consolidated Quarterly Results

(Ch\$ millions Dec-07)

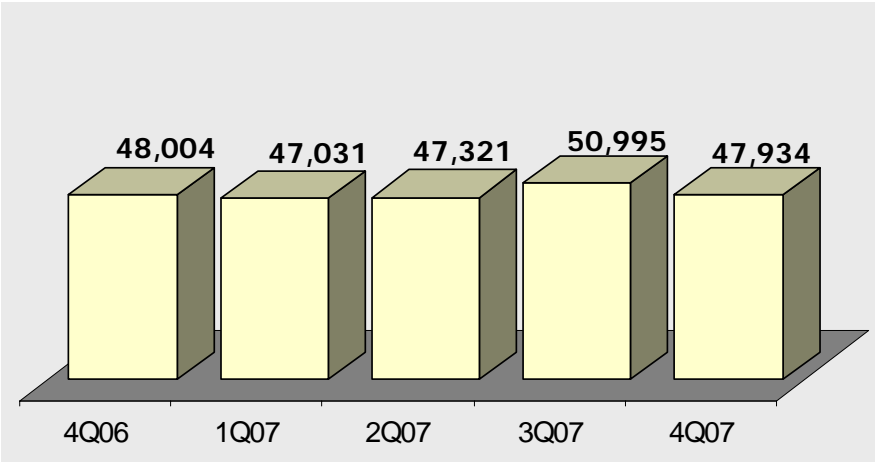
## Revenues



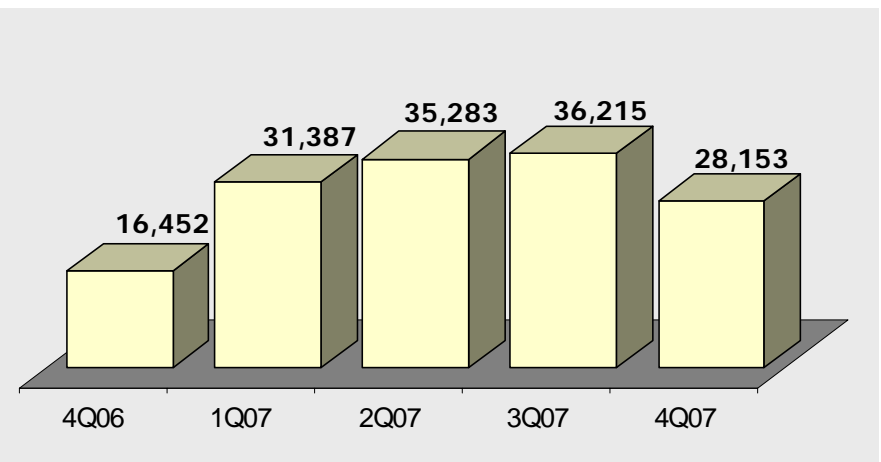
## EBITDA



## Operating Income



## Net Income



# Consolidated Revenues

(Ch\$ millions Dec-07)

	4Q07	4Q06	Change %	Var millions\$
<b>Net Revenues</b>	<b>239,004</b>	<b>220,915</b>	<b>8%</b>	<b>18,089</b>
Mobile services	182,437	162,832	12%	19,606
Data services (Includes IT)	18,258	16,055	14%	2,203
Local telephony (includes NGN-IP)	10,452	9,810	7%	642
Long Distance	10,063	11,215	-10%	(1,152)
Internet	3,916	4,272	-8%	(356)
Other telecommunication companies	3,268	2,299	42%	968
Traffic business	4,496	6,137	-27%	(1,641)
International subsidiaries	4,281	6,282	-32%	(2,001)
Others	1,833	2,013	-9%	(181)

- ❑ Mobile services: grew due to higher service revenues, derived from a 13% expansion in the customer base, coupled with higher ARPUs.
- ❑ Data services & IT: increased in IT, mainly in BPO and datacenters. Data services slightly declined due to lower equipment sales, partially offset by MPLS-IP.
- ❑ Local telephony: growth attributed to expanded LIS, derived mainly from NGN-IP services aimed at the SME segment.
- ❑ Other telecom companies: improvement due to increased capacity rentals to fixed-line operators.
- ❑ International subsidiaries: reduction from the sale of Entel Venezuela in January 2007 and a 7% reduction in exchange rates. Revenues at Americatel Peru expanded 19% in US Dollar terms.
- ❑ Traffic business: decrease is mainly attributed to lower traffic.
- ❑ Long distance: affected by lower traffic in ILD and DLD, mainly in the residential segment.

# Consolidated Costs and Expenses

(Ch\$ millions Dec-07)

	4Q07	4Q06	Change %	Var millions\$
<b>Cost of operations and Selling &amp; Adm. Exp.</b>	<b>191,070</b>	<b>172,912</b>	<b>11%</b>	<b>18,158</b>
Access Charges & Payments to corresp.	50,137	43,401	16%	6,737
Depreciation & amortization	44,141	45,653	-3%	(1,512)
Salaries & expenses	21,689	20,426	6%	1,263
Advertising cost & Sales commissions	10,966	12,796	-14%	(1,830)
Amortization of prepaid equipment	0	2,541	-100%	(2,541)
Bad debt provision	5,425	4,015	35%	1,411
Others (Equips., Maintenance, Outs., Others)	58,710	44,080	33%	14,631

- ❑ Access charges and payments to correspondents: increased as a result of higher traffic in the mobile business, partially offset by lower activity in the traffic business in the Chile Wireline.
- ❑ Bad debt provisions: grew due to the increase of the post-paid customer base in the mobile business, partially offset by the Chile Wireline.
- ❑ Other cost and expenses: expansion is mainly related to VAS and expanded maintenance expenses related to the mobile business. Reclassifications to depreciation occurred in 4Q06 (Ch\$ 4.6 billion) also impacted costs.
- ❑ Salaries & expenses: growth derived from increased services in the Chile Wireline and call center.
- ❑ Amortization of prepaid equipment: its absence is a result of no longer capitalizing and further amortizing the mobile pre-paid handset subsidies.
- ❑ Advertising cost and sales commissions: fell due to lower advertising efforts in NGN-IP and Chile Wireline segments, partially offset by Americatel Peru.

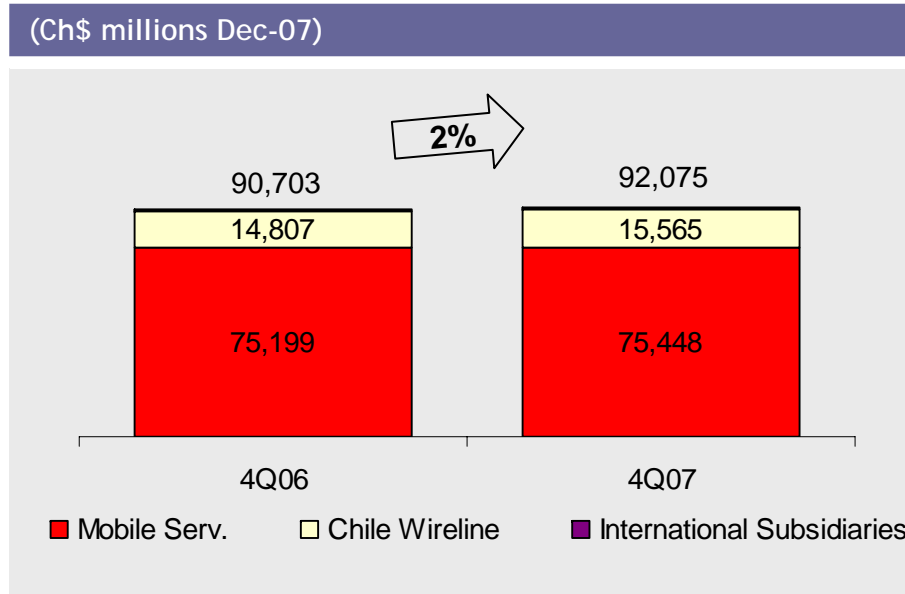
# Consolidated Non-Operating Results

( Ch\$ millions Dec-07)

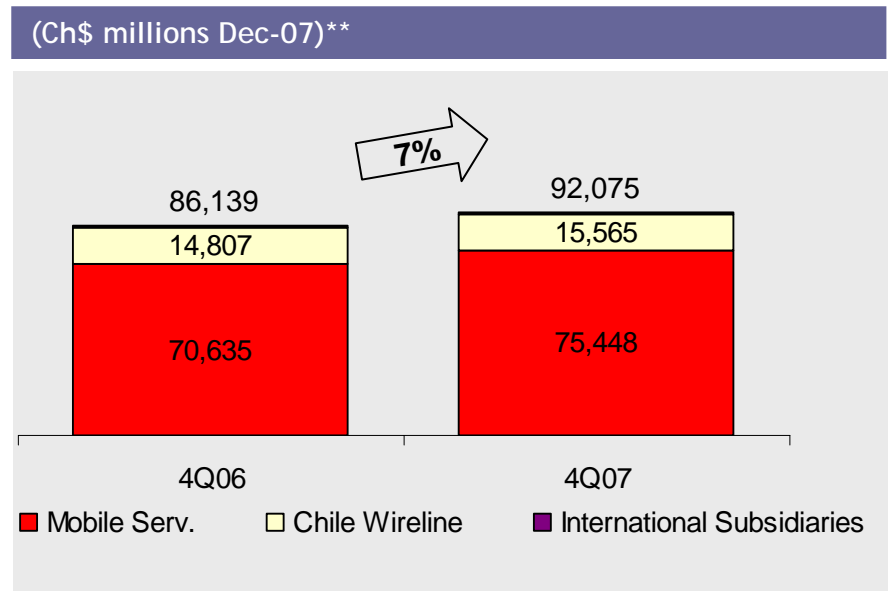
	4Q07	4Q06	Change %	Var millions\$
<b>Non operating results</b>	<b>(12,063)</b>	<b>(27,596)</b>	<b>56%</b>	<b>15,533</b>
Interest income	278	4,018	-93%	(3,740)
Amortization of goodwill	(911)	(911)	0%	1
Financial expenses	(4,272)	(7,509)	43%	3,238
Other income (expenses)	(8,668)	(21,987)	61%	13,319
Price level restatements & gain (loss) for exch.	1,510	(1,206)	225%	2,716

- ❑ Other income (expenses) net : the variation is mainly attributed to a non-recurring charge in 4Q06 (Ch\$ 15.8 billion), in connection with no longer capitalizing and further amortizing pre-paid handset subsidies, partially offset by higher asset impairment charges.
- ❑ Net financial expenses: lower interest income from interest hedging instruments.
- ❑ Price level restatement gains: growth is a result of higher inflation over net assets.

# Consolidated Cash Generation\*



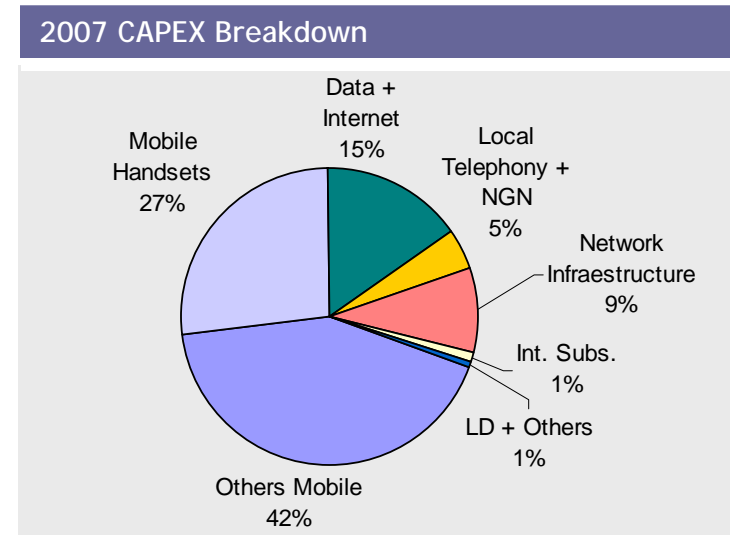
(\*\*) Excluding reclassification in 4Q06



- EBITDA grew due to higher margins in the mobile and Chile Wireline segments. Excluding the impact of a Ch\$ 4.6 billion reclassification to depreciation in 4Q06, EBITDA increased 7%.

# Simplified Free Cash Flow

(Ch\$ millions Dec-07)	YTD Dec/07	YTD Dec/06
EBITDA	363,011	334,793
CAPEX	(203,120)	(173,005)
Net Financial Expenses	(15,642)	(18,617)
<b>Cash Flow</b>	<b>144,249</b>	<b>143,170</b>



- ❑ Net cash flow remained stable:
  - ❑ EBITDA in mobile continues driving growth, while the Chile Wireline rebound in profits complemented the increase.
  - ❑ CAPEX increase was mainly in the mobile business: network expansion (Ch\$ 9.6 billion growth vs 12M06) and higher post-paid handset purchases (Ch\$ 21.7 billion growth vs 12M06). Also, in the Chile Wireline segment CAPEX expanded in NGN and network capacity.
  - ❑ Net financial expenses decreased mainly due to lower interest rate.

# Consolidated Debt & Hedge

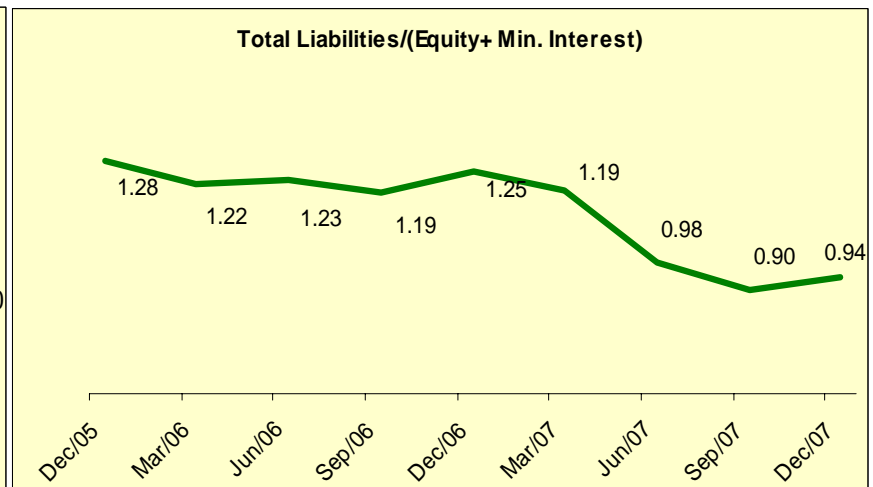
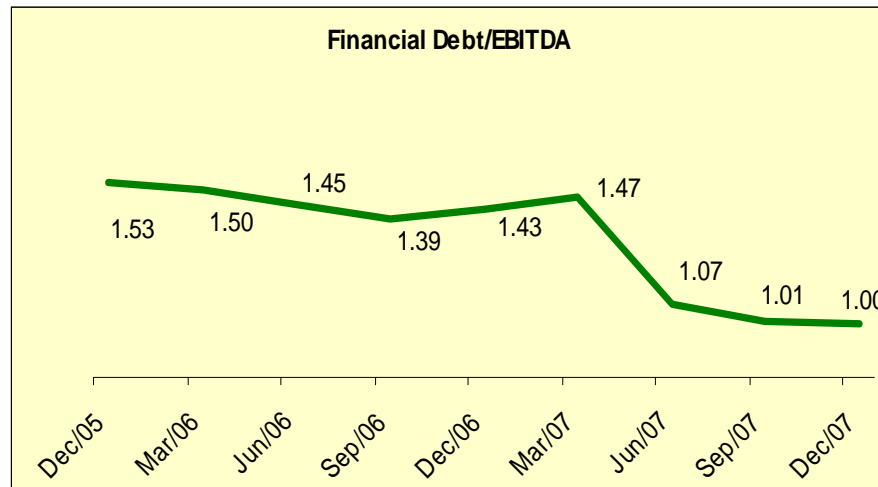
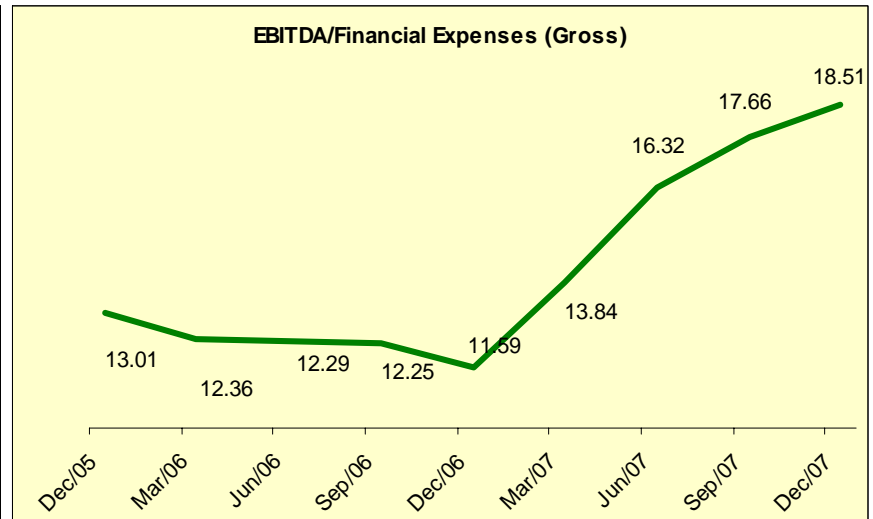
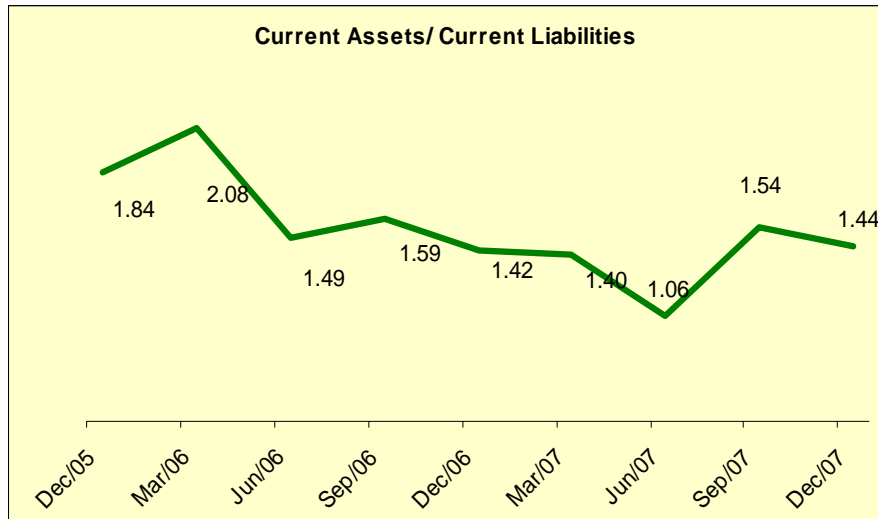
Exchange rate: 496.89 Ch\$/ US\$

	YTD Dec/07	YTD Dec/06
Average Hedged Debt ( US\$ MM)	404	356
Consolidated Average Gross Debt (MM Ch\$)	372,013	482,294
Current Rate of the Period (Annual)	4.49%	5.06%
Final Gross Debt (Ch\$ MM)	313,712	477,475
Final Net Debt (US\$ MM)	612	653
Final Net Debt (Ch\$ MM)	304,117	324,507

- Fully hedged to F/X exposure.
- 44% of debt is at fixed rates.
- In December 2007, Entel paid an interim dividend of Ch\$ 100 per share, totaling Ch\$ 23.7 billion.

# Financial Ratio Trends

Exchange rate: 496.89 Ch\$/ US\$



☐ Debt ratios continue to reflect the Company's healthy financial position.

**End of Presentation**