



ENTEL
Vivir primeros el futuro



ENTEL Results
First Quarter 2006

Información disponible en
www.entel.cl



Main Events First Quarter 2006

- Entel announced the sale of its 80% stake in the Americatel Corporation (“Americatel USA”) to Platinum Equity, LLC (“Platinum”) via its subsidiary Entel International B.V.I. Corporation.
- The Annual Shareholders’ Meeting was held on April 25, 2006. Among the approved items: a total dividend of Ch\$240 per share, related to 2005 profits, from which an interim dividend of Ch\$50 per share was paid in December 2005. The remaining Ch\$190 will be paid in May 2006.
- Bureau Veritas Quality International (BVQI) certified Entel’s quality service management of its Data Center platform, as well as its billing and collectable assurance processing, thus achieving the ISO 9001:2000 standard.



Activity by Business Sector



ENTEL INTERNET

❖ **Enlace Internacional**
via fibra óptica, de más de
200 Mbps



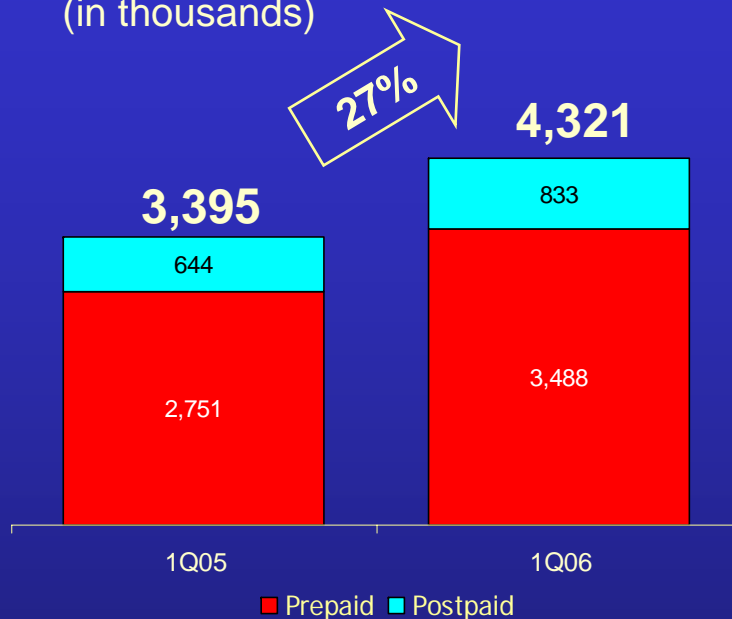


Mobile Telephony



Entel's Mobile Subscribers

(in thousands)



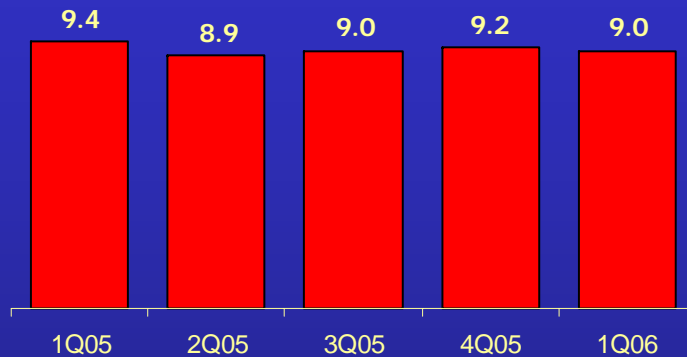
- 41% market share confirms Entel's leading position in the growing and competitive environment.
- 211 thousand net adds, 62% higher than 1Q05.
- Growth and retention of customers in the post-paid market.
- Total traffic increased 30%, growing 5% from previous quarter.
- Value-added services improved 50% and currently represent 10% of outgoing revenues.
- Top of mind brand.
- Focused on high-tier value market, providing top quality and coverage in basic services (voice, SMS, GPRS, EDGE, MMS).
- Entel PCS launched its "Push to Talk" service and the new Blackberry 8700g with faster web browsing.



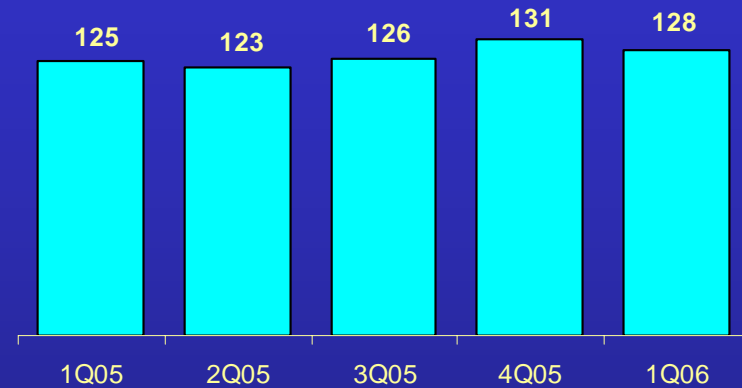
Mobile Telephony



ARPU Average (thousand Ch\$)



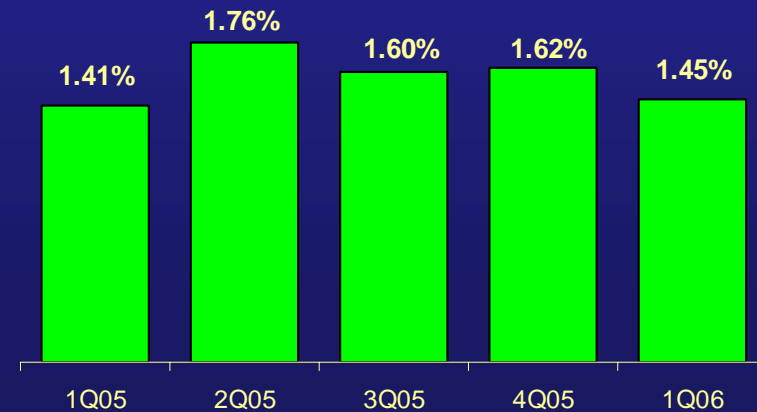
MOU Average (minutes/month)



1Q06 vs 1Q05:

- **ARPU** declined 4% compared to 1Q05, mainly explained by lower post-paid tariffs. Increased penetration in the enterprise segment.
- **MOU** grew 2% compared to 1Q05, primarily in outgoing traffic of the post-paid segment. Pre-paid segment remained flat.
- **Churn**: slightly increased in pre-paid segment. Post-paid churn remained almost unchanged at very low level, reaffirming strong client preference resulting from quality services, innovation and loyalty programs.

Average Monthly Churn



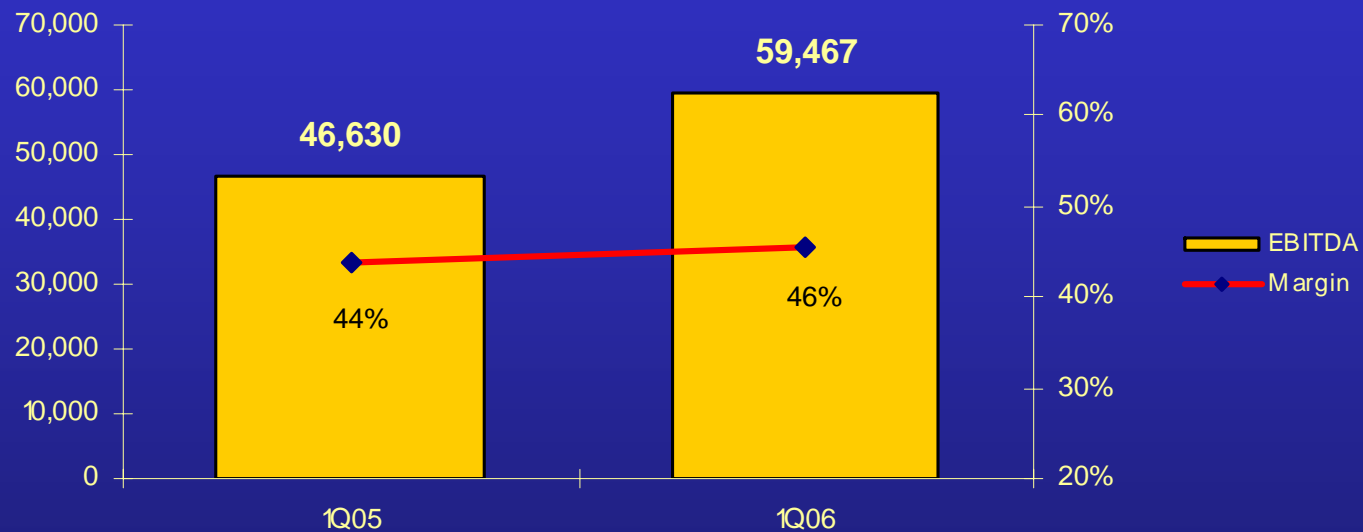


Mobile Telephony



Exchange rate: 526.18 Ch\$/ US\$

EBITDA Ch GAAP (Ch\$ MM)



- EBITDA grew 28% due to higher services margins explained by a 27% expansion in the average customer base, partially compensated by lower direct margins from equipment sales and increases in SG&A expenses, including sales commissions and advertising costs, all related to higher activity level.

EBITDA: Operating income + Depreciation+ Amortization.



Chile Wireline Segment

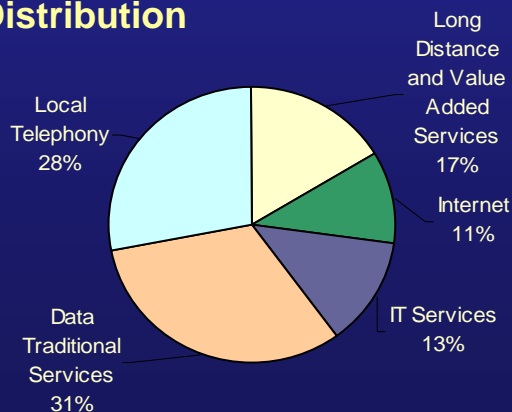
(Ch\$ MM March-06)

	1Q06	1Q05	Change %	Var MM\$
Net revenues	51,462	63,116	-18%	(11,654)
Corporate and SME	26,430	26,264	1%	166
Residential	12,065	13,411	-10%	(1,345)
Infraest. Serv. to Other Telecom Comp.*	12,967	23,442	-45%	(10,475)

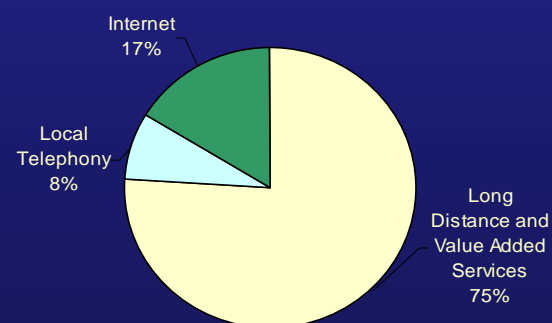
*Including traffic business and others

- **Corporate and SME segment** grew mainly in Data services, local telephony and Internet, partially offset by a decline in long distance service.
- **Residential segment** revenues decreased principally in Internet revenues attributed to a lower dial-up customer base due to the migration trend towards broadband services, and also in Long distance.
- **Infrastructure services to other telecom companies** revenues declined mainly caused by a decrease in traffic business , along with a 10% appreciation of the Chilean Peso vs. the U.S. Dollar.

Corporate & SME Revenue Distribution



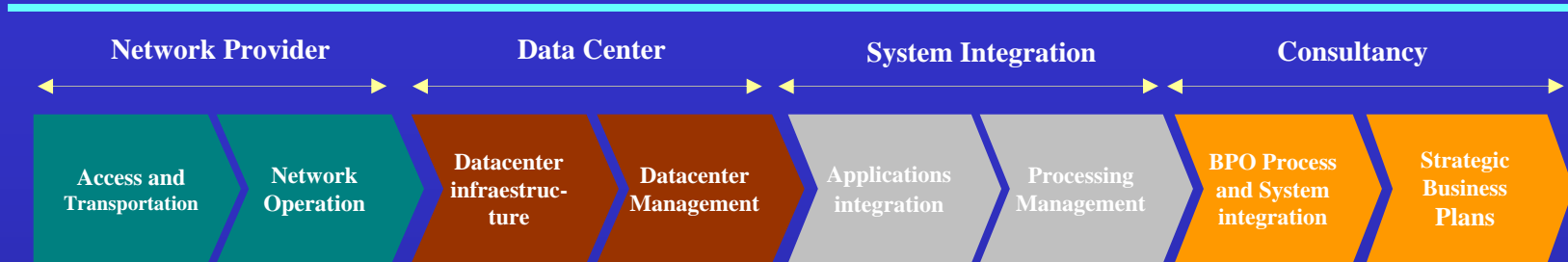
Residential Revenue Distribution





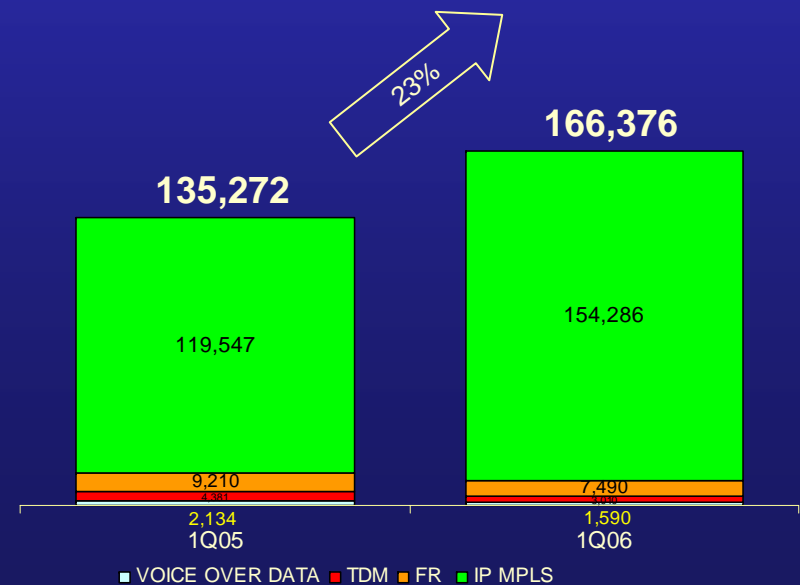
Data Services

Chile Wireline



- Strengthening participation in the integration of business services (IT and process outsourcing). Increasing presence in Corporate and Small and Medium-sized businesses. Revenues grew in MPLS (441%), IT services (44%) and Data Center (13%). These services represent approximately 47% of total Data service revenues.
- 40% market share in traditional data services.
- Relevant contracts were signed in the IT-integration, operational continuance and NGN-IP platforms areas. Among others: a Banking Core contract to provide back office services, business process outsourcing (BPO) and banking software; Banco Santander; Punta de Lobos (large salt producer), Codelco and with the Chile subway transportation.

Selected Equivalent Lines 64 Kb equivalent circuits

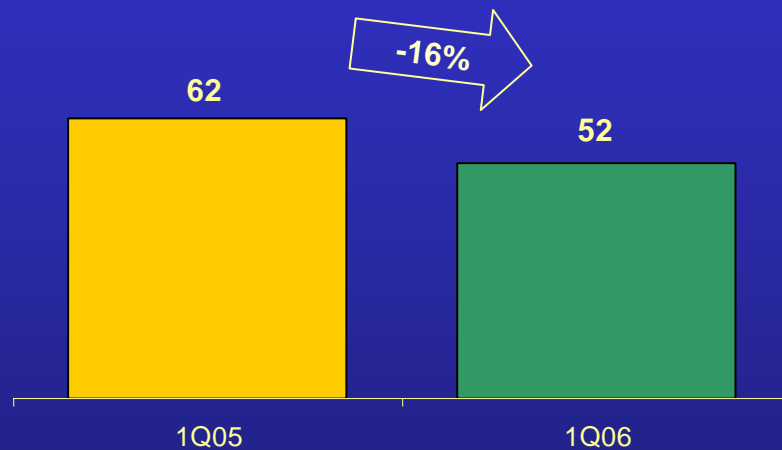




Broadband clients WiLL + ADSL

(in thousands)

Currently WiLL clients represent 32% of the broadband customer base



- Increasing wireless network coverage (Wimax, Wi-Fi) to provide last-mile broadband services.
- Main focus is on business segment.
- Bundling broadband/ local using Entel's Local telephony network.

- Broadband Internet selective development in the business market using ADSL, WLL, Wimax and unbundling of third party network.
- Broadband customer base declined mainly in the Residential segment, partially offset by a 5% increase in the Enterprise segment.

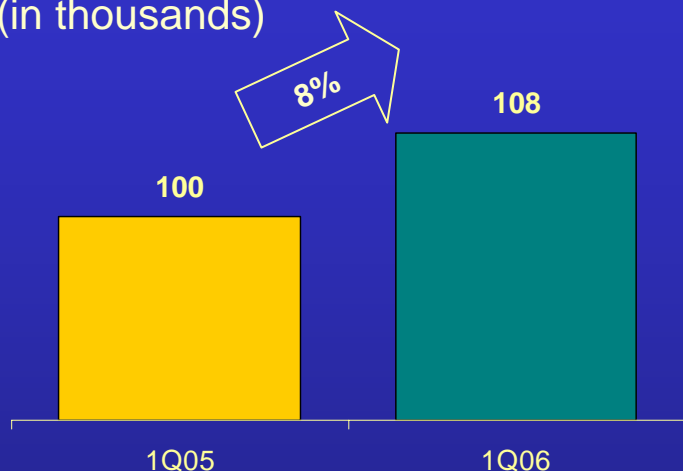


Local Telephony

Chile Wireline

Lines in Service

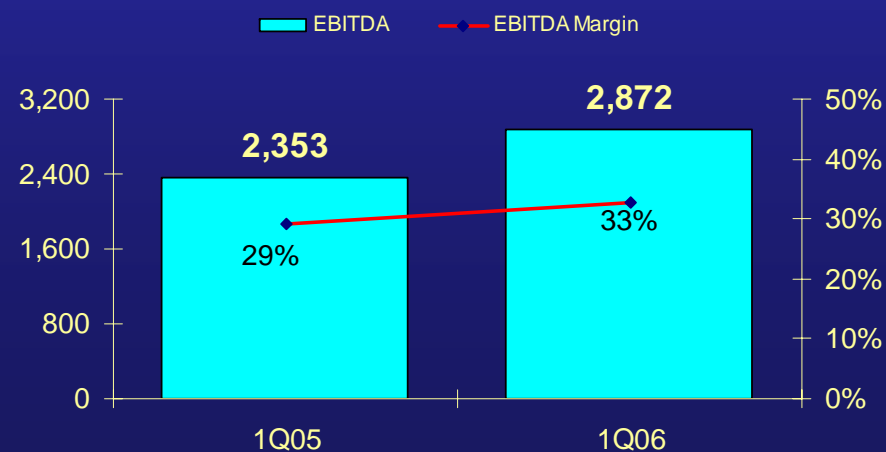
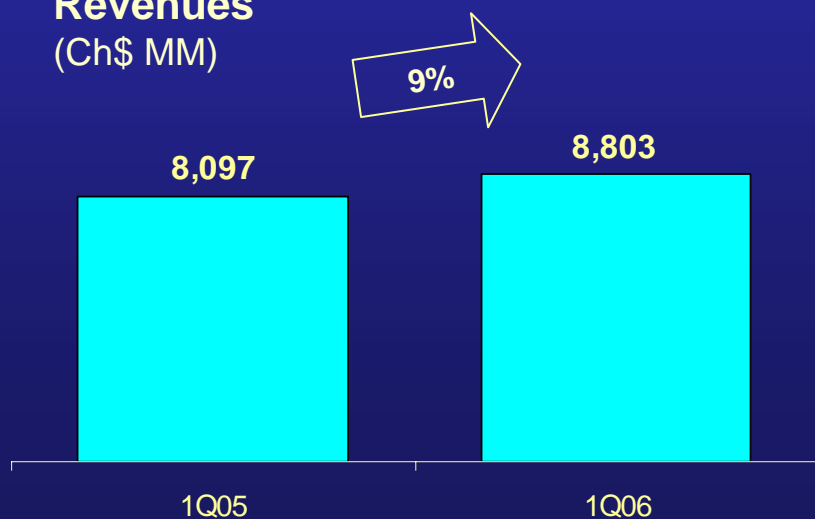
(in thousands)



- Coverage expansion with next generation network solutions (NGN-IP) in Chile. Entel is expanding its service in ten new cities.
- Complementary service focused on business segment. Business clients represent 86% of the total number of billed lines, compared to 83% in 1Q05.
- EBITDA grew due to increased direct margins coupled with lower bad debt and other SG&A expenses.

Revenues

(Ch\$ MM)



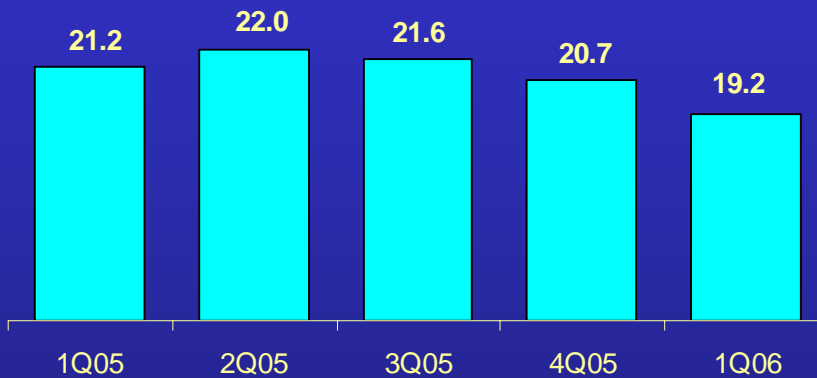


Long Distance

Chile Wireline

ILD Traffic - Quarterly Evolution

(millions of minutes)

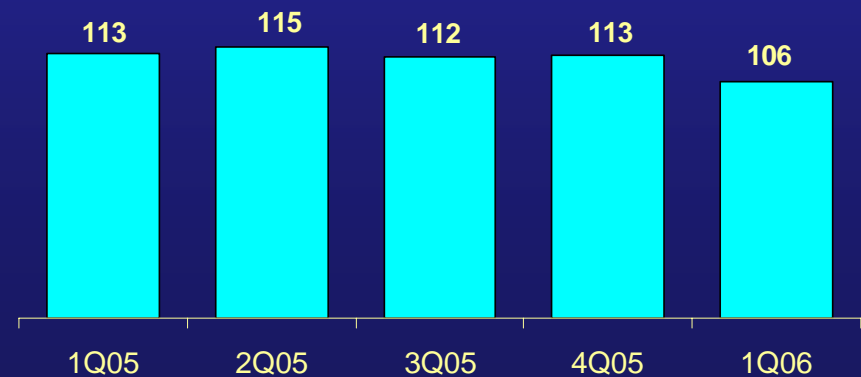


- ILD traffic declined 10% mainly explained by lower direct dialing traffic in all segments. Average tariffs increased 13% mainly in the residential segment.
- Average market share: 36% DLD and 39% ILD.

- DLD traffic decreased 6%, mainly in the residential segment. Corporate and SME segments partially offset this decline. Average tariffs declined 16%, mainly in value-added services.
- Increasing usage of mobile and Internet services continued affecting the industry.

DLD Traffic - Quarterly Evolution

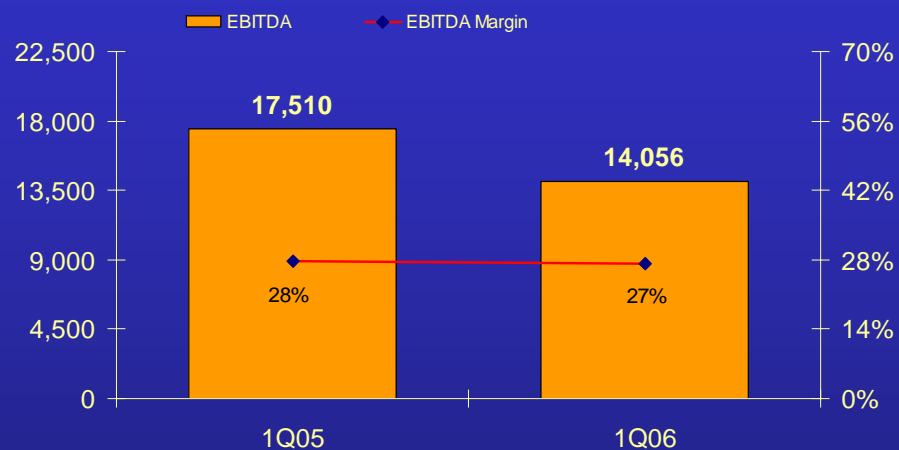
(millions of minutes)



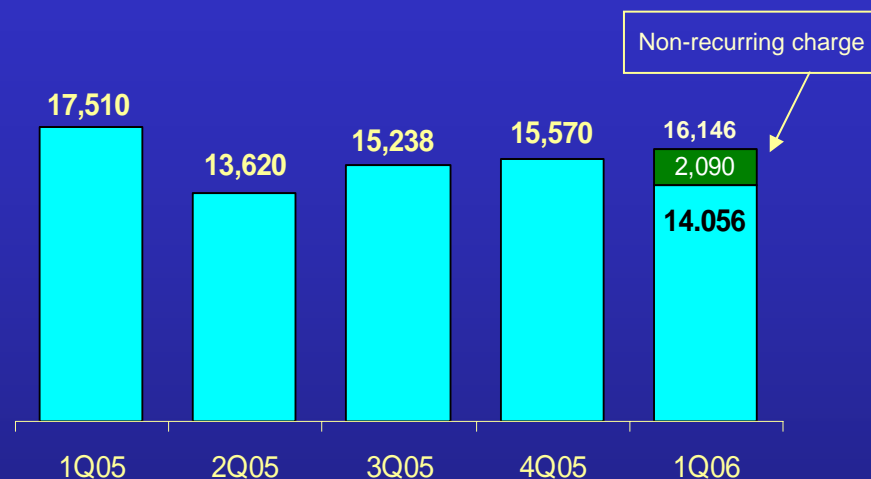


Chile Wireline

EBITDA (Ch\$ MM)



EBITDA (Ch\$ MM)



- EBITDA declined due to non-recurring charge together with IT start-ups costs. Excluding these, EBITDA remained stable.

- Chile Wireline EBITDA trend by quarters.



Americatel USA

Exchange rate: 526.18 Ch\$/ US\$

- Entel signed an agreement for the sale of its participation in Americatel USA. The company expects to receive US\$ 54 million (EV) in cash for its 80% stake. Transaction pending on the approval of local authorities.

Main transaction results

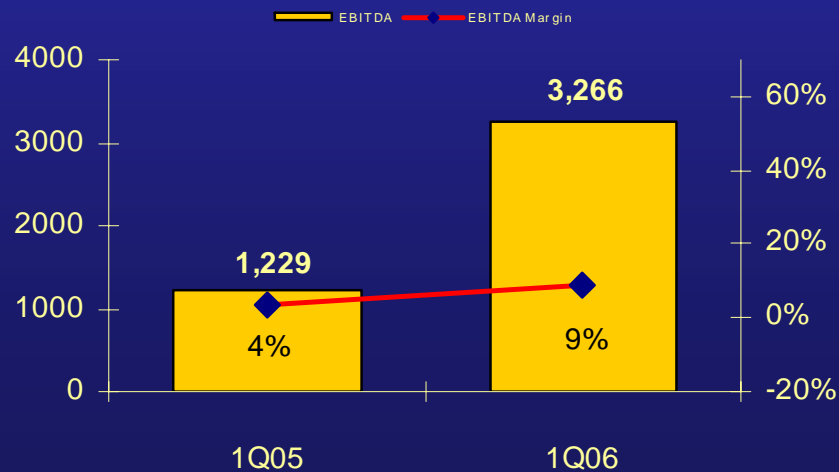
(in US\$ millions)

Sale of 100% Americatel (EV)	62
Debt	22
Equity 80%	32
Cash for Entel	54
Net profit (estimated)	26

- Strong EBITDA growth explained by higher pre-subscribed margins, together with a decline in bad debt provisions, outsourcing and salaries expenses.

EBITDA

(US\$ thousands)

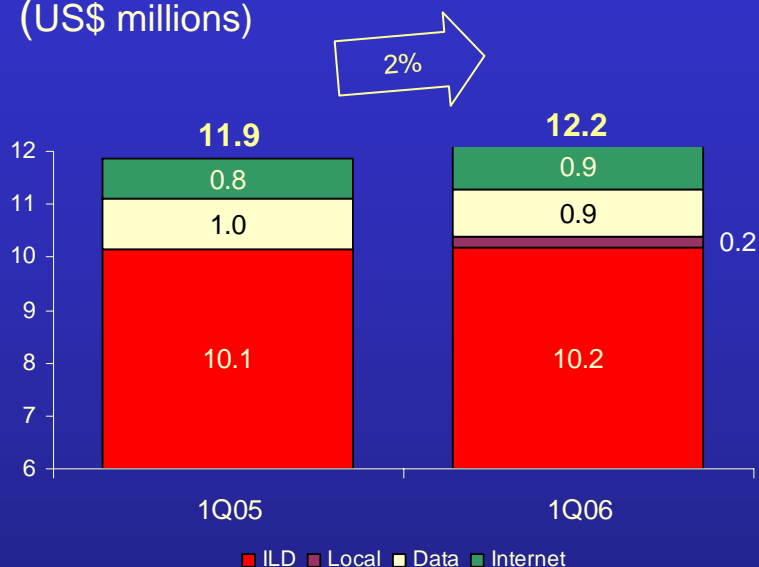




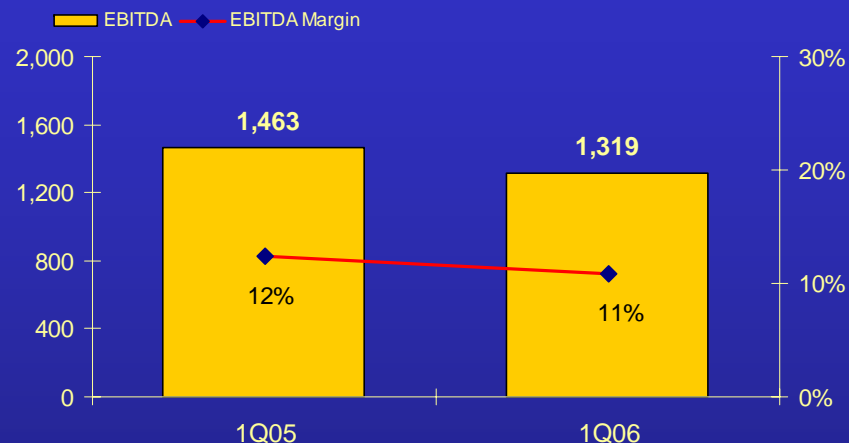
Americatel Central America

Exchange rate: 526.18 Ch\$/ US\$

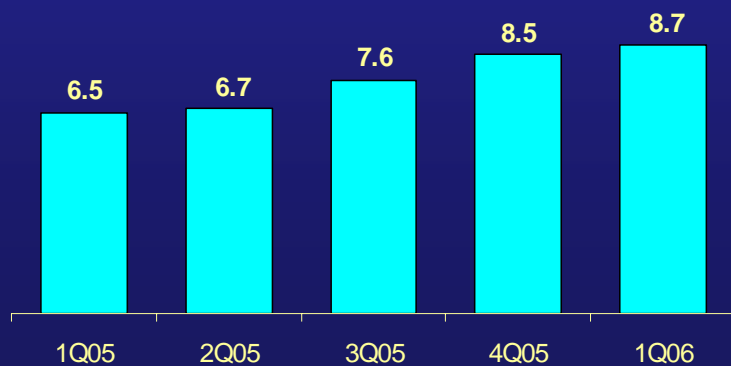
Revenues (US\$ millions)



EBITDA (US\$ thousands)



Selected Equivalent Lines 64 Kb equivalent circuits (thousand)



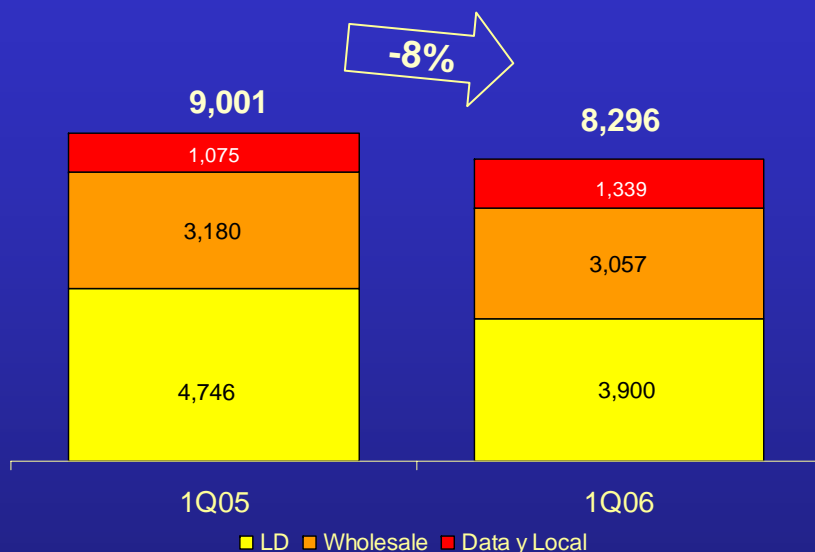
- LD, Local telephony and Data/Internet services have improved revenues. Local telephony in Honduras growing.
- Broadband internet customer base grew 68%.
- EBITDA decreased as a result of higher SG&A, which more than offset better LD margins.



Americatel Peru

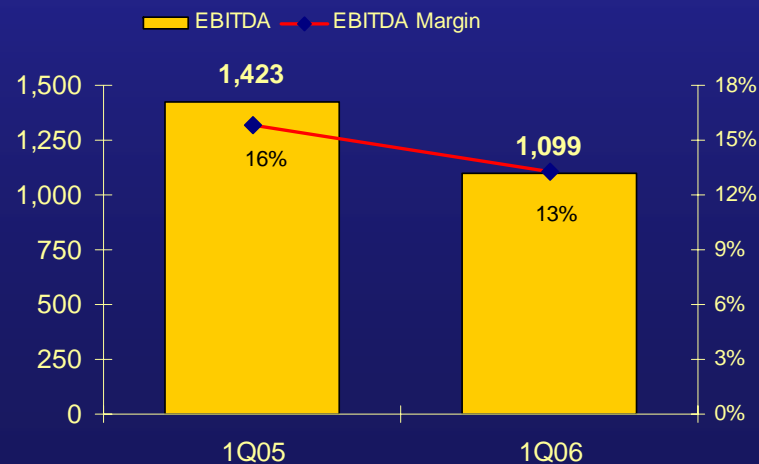
Exchange rate: 526.18 Ch\$/ US\$

Revenues (US\$ thousands)



- Lower LD traffic and tariffs, and lower wholesale traffic.
- Higher penetration of Data/local telephony in the Enterprise segment. Local lines in service grew 65%.
- EBITDA declined 23% due to lower gross LD margins.

EBITDA Peru (US\$ thousands)





Financial Results

First Quarter 2006

- Consolidated Operating Results
- Non Operating Results



Consolidated Quarterly Results

(Ch\$ MM March-06)

	1Q06	1Q05	Change %
Net revenues	200,721	188,425	7%
Cost of operations	111,909	105,469	6%
Selling & administrative expenses	51,893	53,729	-3%
Operating income	36,919	29,227	26%
EBITDA	77,073	66,336	16%
EBITDA Margin	38%	35%	
Non operating income	-7,486	-4,215	-78%
Income before tax & minority interest	29,434	25,012	18%
Tax	-5,845	-5,164	-13%
Minority interest	-204	-32	-528%
Net income	23,384	19,815	18%

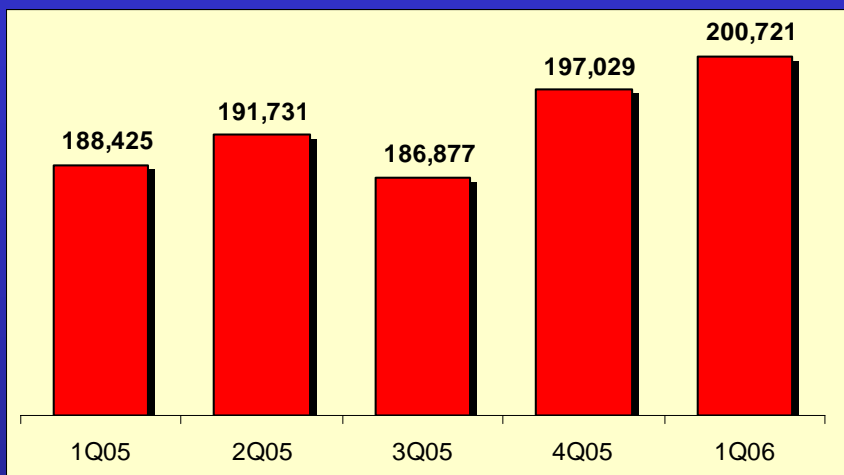
- **Revenues** grew in the mobile business, Data and local telephony. Main declines were in traffic business, DLD, Internet and international subsidiaries.
- **EBITDA** grew 16% driven by higher margins in the mobile business and at Americatel USA, combined with lower salaries and bad debt provisions.
- **Non-operating** higher losses related to the absence of Ch\$ 3.7 billion non-recurring profit accounted for in 1Q05 derived from the sale of a minority stake in the Intelsat Satellite consortium. Also, net interest expenses grew 12% due to higher net financial debt.
- **Net income** increased 18%. Net income would have increased 40% excluding the extraordinary profit occurred in 2005.



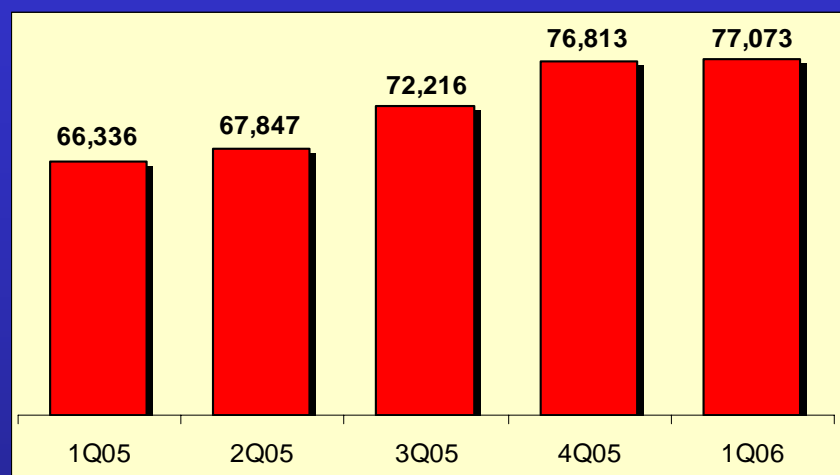
Consolidated Quarterly Results

(Ch\$ MM March-06)

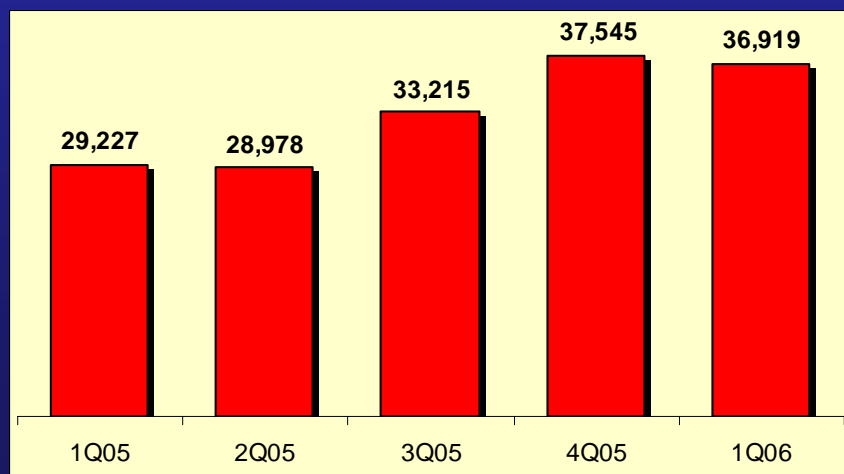
Revenues



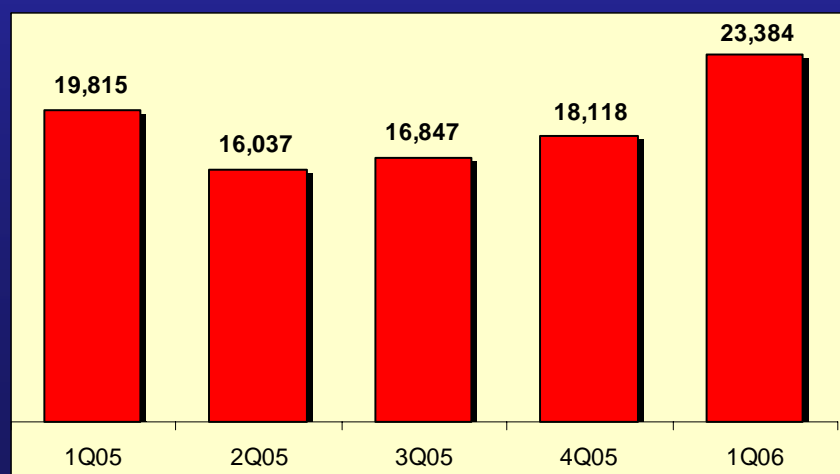
EBITDA



Operating Income



Net Income





Consolidated Revenues

(Ch\$ MM March-06)

	1Q06	1Q05	Change %	Var MM\$
Net revenues	200,721	188,425	7%	12,296
Mobile services	130,254	106,628	22%	23,626
Domestic long distance	7,003	8,841	-21%	(1,838)
International long distance	4,452	4,822	-8%	(369)
Internet	4,272	5,890	-27%	(1,618)
Data services	12,047	10,460	15%	1,587
Other telecommunication companies	2,468	2,665	-7%	(197)
Traffic business	3,491	11,455	-70%	(7,964)
International subsidiaries	27,681	28,747	-4%	(1,066)
Local telephony	7,492	6,698	12%	794
Others	1,562	2,219	-30%	(658)

- **Mobile telephony:** increased mainly due to higher services revenues as a result of expansion of the customer base.
- **Local telephony:** increased mainly due to growth in bundling services, fixed to mobile traffic (CPP) and to higher per-minute charges (SLM) revenues
- **Data:** increasing in IT integration of services (44%) and Data center (13%). Also MPLS IP protocol network is growing at high rates,
- **Traffic business:** lower LD traffic and a negative impact of Chilean peso revaluation against U.S. dollar (10%).
- **International subsidiaries:** Lower revenues impacted by the exchange rate while LD traffic improved in Americatel USA and in Data/Local telephony in Americatel Central America.
- **Internet:** lower revenues affected by dial-up client migration to broadband solutions.
- **DLD:** decreased in average tariffs and traffic.
- **ILD:** decline in direct dialing traffic.



Consolidated Costs and Expenses

(Ch\$ MM March-06)

	1Q06	1Q05	Change %	Var MM\$
Cost of operations and Selling & Adm. Expenses	163,802	159,199	3%	4,603
Access charges	34,067	32,016	6%	2,051
Payments to correspondents	10,844	16,181	-33%	(5,337)
Depreciation & amortization	32,655	31,032	5%	1,623
Salaries & expenses	16,143	17,179	-6%	(1,036)
Advertising cost	6,852	6,527	5%	325
Amortization of prepaid equipment	7,198	5,747	25%	1,451
Bad debt provision	3,945	6,229	-37%	(2,284)
Outsourced services	6,641	4,751	40%	1,890
Others (Equipments, Maintenance, Outsourcing, Others)	45,456	39,537	15%	5,920

- **Depreciation and amortization:** increased due to higher post-paid equipment depreciation, in-line with higher activity.
- **Access charges:** grew mainly due to higher outgoing traffic to third party in the mobile business, compensated by lower LD traffic in the Chile Wireline business.
- **Outsourcing:** grew in the Chile Wireline, mainly by higher start-ups of new contracts of IT-integration and operational continuance services.
- **Bad debt provisions:** declined in Chile Wireline, mobile business and Americatel USA.
- **Salaries and expenses:** down primarily in the Chile Wireline and in Americatel USA, explained by lower headcount.
- **Amortization of pre-paid equipment:** increased in-line with growth in the mobile customer base.
- **Advertisement:** growth at the mobile business due to several products, plans and promotions offering campaigns
- **Others:** increased primarily due to both, higher pre-paid handset and network maintenance costs in the mobile business.



Consolidated Non Operating Results

(Ch\$ MM March-06)

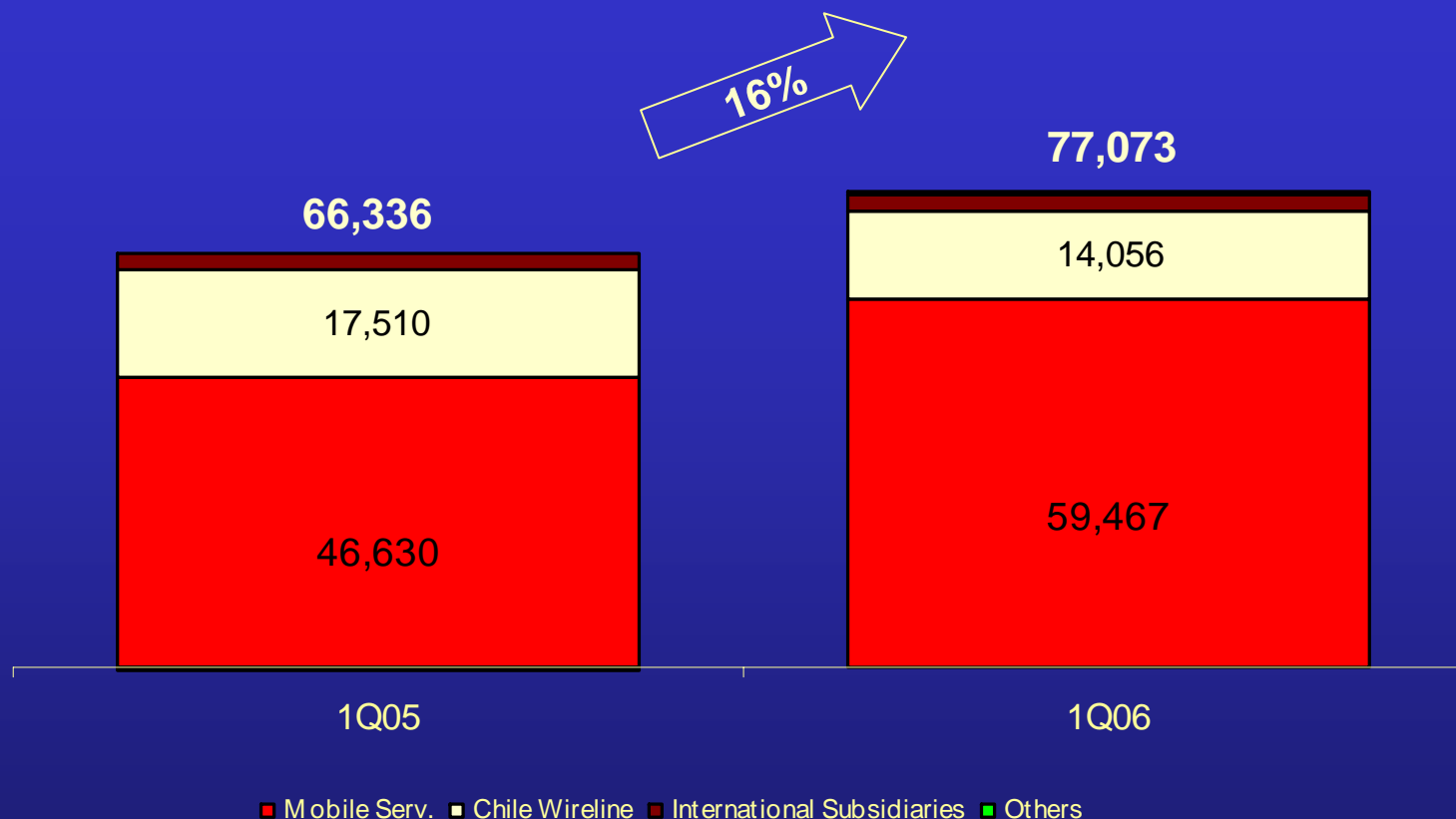
	1Q06	1Q05	Change %	Var MM\$
Non operating results	(7,486)	(4,215)	-78%	(3,271)
Interest income	2,313	1,490	55%	823
Other income	435	3,925	-89%	(3,490)
Amortization of goodwill	(887)	(896)	1%	9
Financial expenses	(6,234)	(4,977)	-25%	(1,256)
Other expenses	(2,747)	(1,969)	-40%	(778)
Price level restatements & gain (loss) for exchange rates	(367)	(1,789)	79%	1,421

- **Non operating results** decreased primarily as a result of the absence of Ch\$ 3.7 billion in non-recurring profit in 1Q05 derived from the sale of a minority stake in the Intelsat Satellite consortium.
- **Net financial expenses:** increasing in-line to higher net debt compared to same quarter of previous year.



Consolidated Cash Generation*

(Ch\$ MM March-06)



- EBITDA grew due to higher margins in the mobile business and at Americatel USA.

1Q05	1Q06
35%	38%

*Operating Income + Depreciation + Amortization.



Simplified Free Cash Flow

(Ch\$ MM March-06)

MMCh\$	YTD Mar-06	YTD Mar-05
EBITDA	77,073	66,336
CAPEX	(31,326)	(19,301)
Net Financial Expenses	(3,920)	(3,488)
Cash Flow	41,827	43,548

- Net cash flow slightly decreased due to higher CAPEX to satisfy the higher level of activity in the mobile business, IT-integration and IP-NGN services.
- Net financial expenses increased due to higher net debt.



Consolidated Debt & Hedge

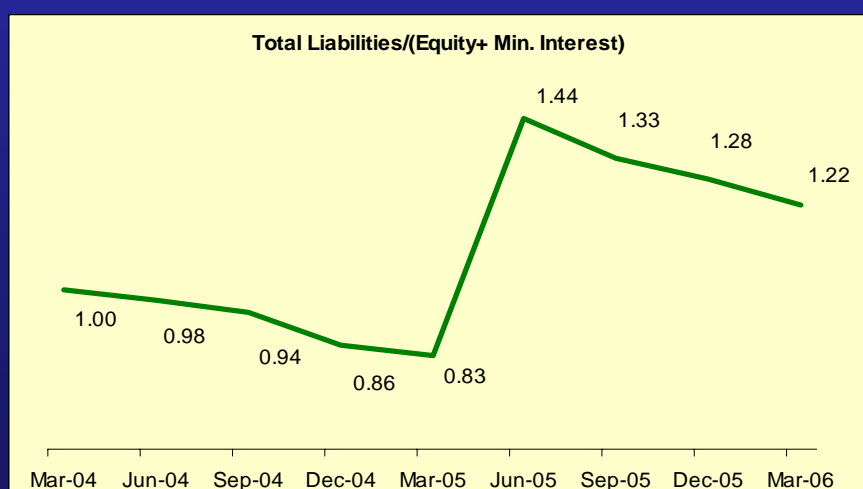
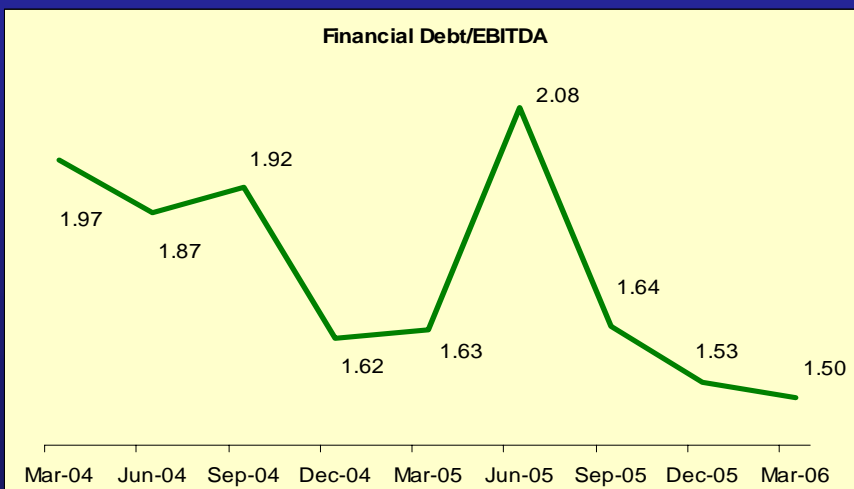
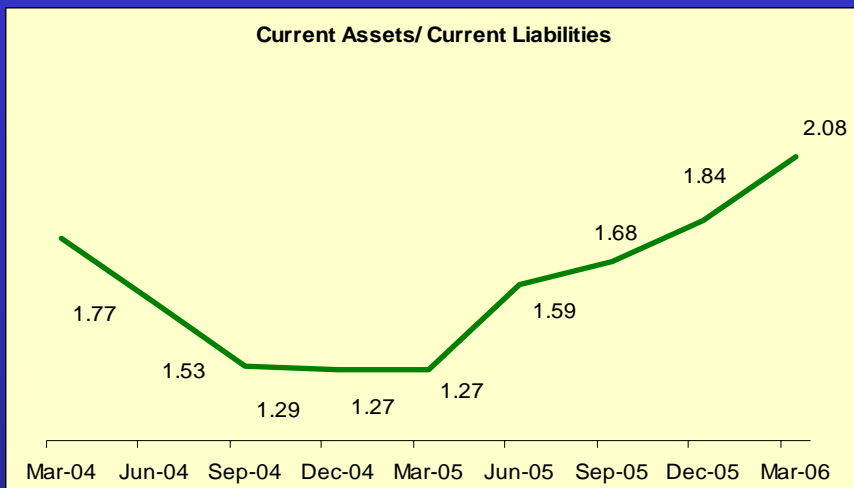
Exchange rate: 526.18 Ch\$/ US\$

	YTD Mar-06	YTD Mar-05
Average Hedged Debt (US\$ thou.)	352,119	283,750
Consolidated Average Gross Debt (MM Ch\$)	439,166	387,187
Current Rate of the period (Annual)	4.98%	5.17%
Final Gross Debt (Ch\$ MM)	440,141	389,038
Final Net Debt (US\$ MM)	686	521
Final Net Debt (Ch\$ MM)	361,069	274,339



Financial Ratios Trends

Exchange rate: 526.18 Ch\$/ US\$



- Positive trend in all ratios.



End of Presentation