



ENTEL
Vivir primeros el futuro



ENTEL Results
Third Quarter 2008

Information available at
www.entel.cl

ENTEL

Main Events

- ✓ Starting in 2009 Entel will report financial statement based on IFRS standards. Equity reconciliation of the Opening Balance Sheet as of January 1, 2008 will results in a write-off of 6% (Ch\$37.6 billion).
- ✓ In July, mobile operators proposed in access charges for the 2009 to 2014 period an approximate 30% reduction. The new tariff regime, starts in late January 2009.

Activity by Business Sector



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

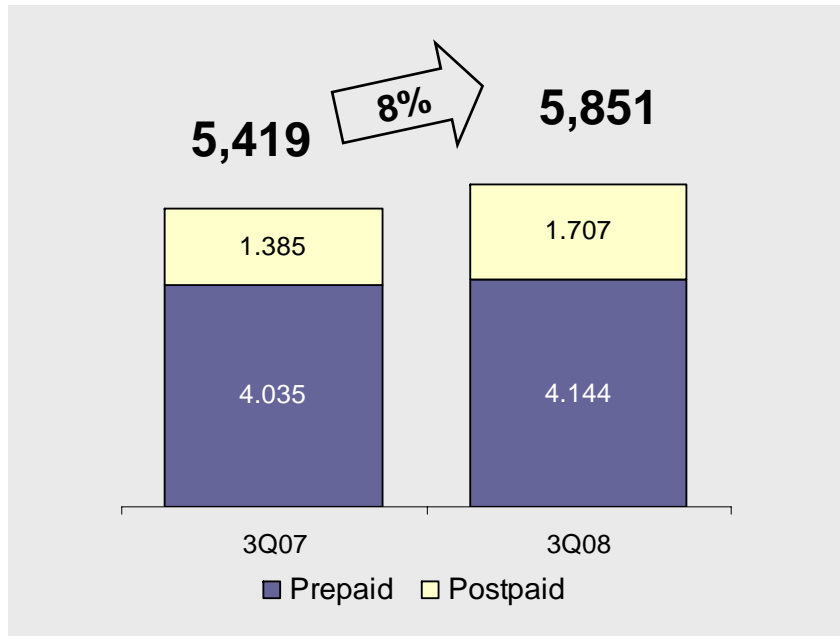
NGN es un conjunto de soluciones tecnológicas para que tu pequeña o mediana empresa obtenga mayor eficiencia y menores costos. Ingresá hoy a www.entelngn.cl, solicita gratis tu Diagnóstico Tecnológico y llévate un pendrive de regalo.

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)



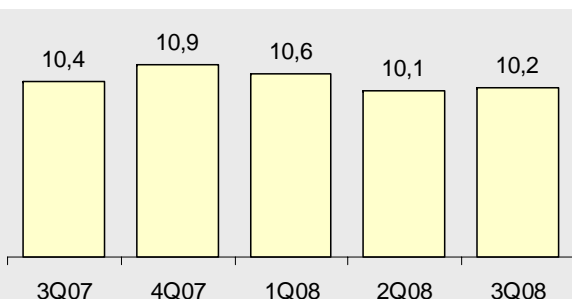
Highlights

- ✓ 40% market share, showing growth in post-paid and a decline in pre-paid, when compared to 3Q07.
 - ✓ Post-paid base grew 23% driven by selective migration from pre-paid, client segmentation, quality service, low churn rate and strong expansion of mobile broadband customers.
 - ✓ During the quarter prices in general increased. Tariffs increased for pre-paid, and for post-paid will become effective in October. Also, handset subsidies decreased.
-
- ✓ Segmented plans are fostering voice and SMS usage through packages.
 - ✓ Entel re-launched marketing efforts to increase sales in mobile broadband.
 - ✓ Focus on selective migration to post-paid. The company launched new plans ("My first contract ") aimed at the prepaid base.

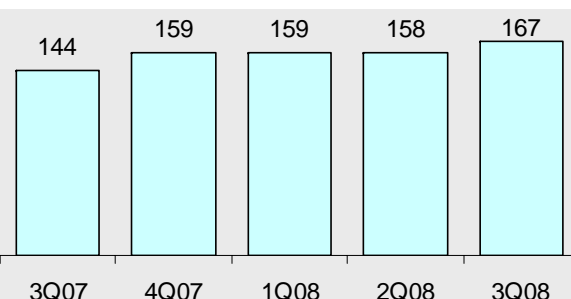
Mobile Telephony



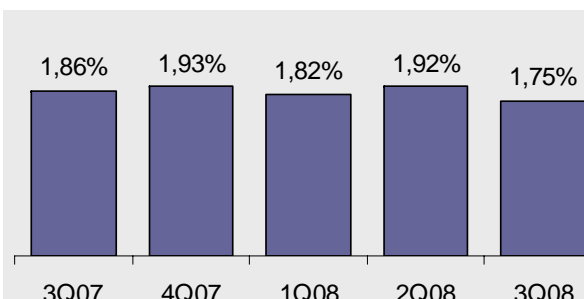
ARPU Average (thousands Ch\$ Sep-08)



MOU Average (minutes/month)



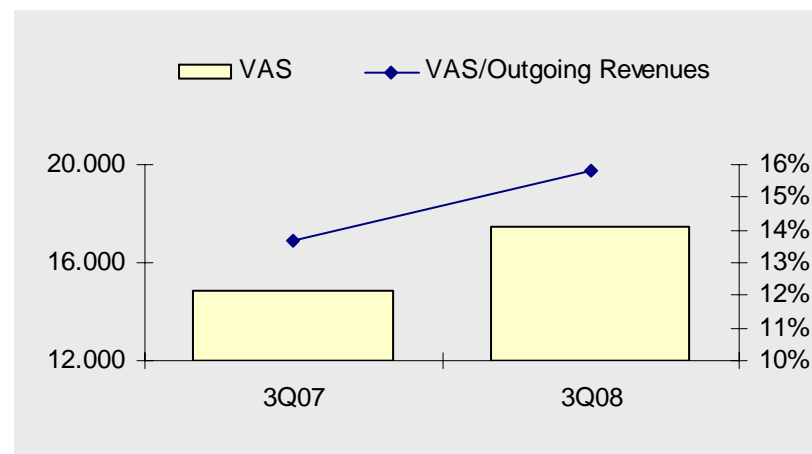
Average Monthly Churn



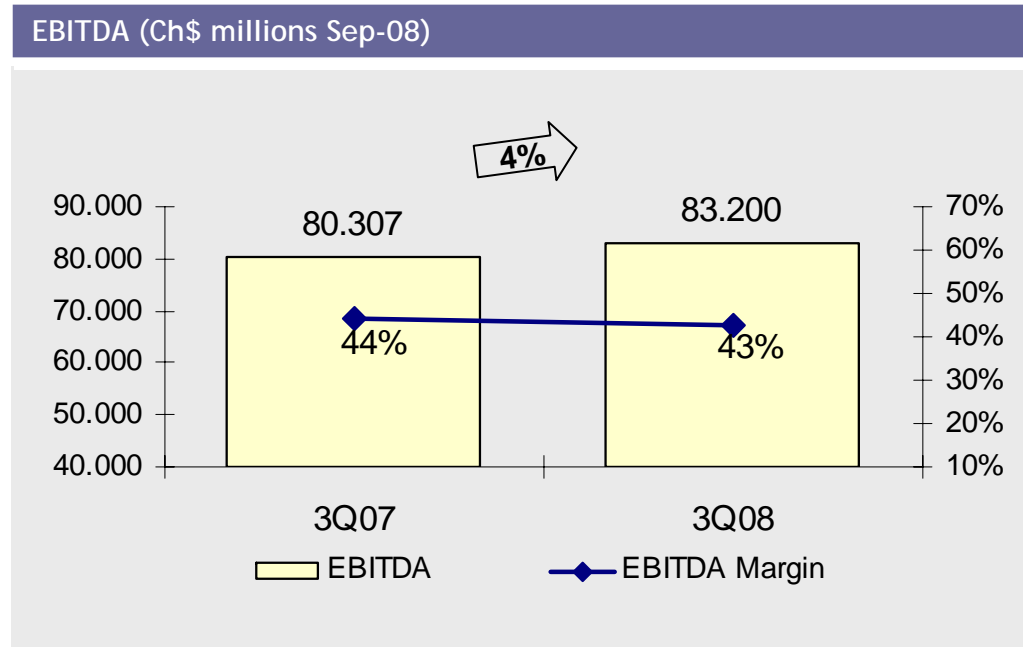
3Q08 vs 3Q07

- ✓ ARPU declined 2% due to lower incoming traffic from third parties and a decrease in outgoing average tariffs. Partially offsetting this decline was increased Mobile Broadband and other VAS usage.
- ✓ MOU rose 16% due to increased outgoing traffic, mainly in pre-paid. On-net incoming traffic also grew.
- ✓ Churn rate decreased mainly in pre-paid. Post-paid had a slight increase versus 3Q07 and remained stable compared to 2Q08.
- ✓ VAS revenues increased 28% due to strong growth of the Mobile Broadband client base and traditional SMS.

VAS Revenues (million Ch\$)



Mobile Telephony



- ✓ EBITDA improved 4% due to higher gross margins in equipment sales, in line with higher sign-up fees in post-paid and lower subsidies in pre-paid. This growth was partially offset by higher SG&A expenses (bad debt and salaries), in-line with the higher activity in post-paid.
- ✓ EBITDA margin decreased, mainly attributed to lower average tariffs due to higher proportion of on-net traffic.

Interconnection rate setting process (2009 - 2014)

Agenda:

- ✓ Feb. 2008: Setting of definitive technical-economical fundamentals based on an efficient company model.
- ✓ Jul. 2008: Operators proposed a 30% reduction in interconnection rates.
- ✓ Nov. 2008: Objections and counteroffers issued by Subtel with new interconnection rate proposals.
- ✓ Dec. 2008: Expert opinion report.
- ✓ Jan. 2009: New decree and tariffs for 2009 – 2014.

Chile Wireline^(*)

Corporate and SME Segment

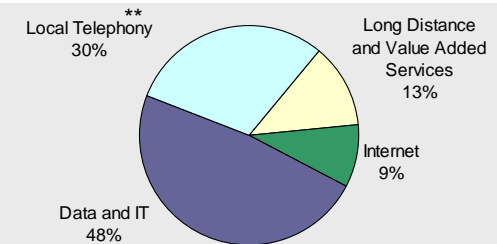
Data Services, Local Telephony,
Internet and Long Distance

3Q08 vs 3Q07

- ✓ Increasing the offering of integrated solutions for enterprise clients:
- ✓ LIS grew mainly in the SME segment (NGN-IP and traditional).
- ✓ Data services (including IT) grew driven by data center services and high-speed datacom services (MPLS-IP).
- ✓ LD traffic grew in ILD and remained relatively flat in DLD. Tariffs decreased in both DLD and ILD.

(*) Includes intercompany revenues.

Corp & SME Revenue Distribution (3Q08) *

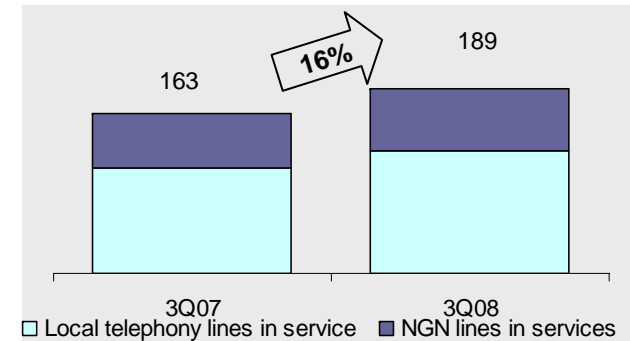


Total Revenues (Ch\$ mill.): 35,761; 5% vs 3Q07

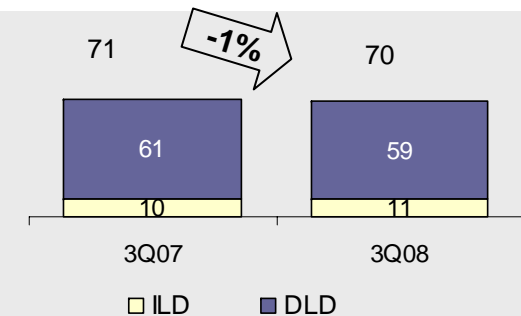
* Includes intercompany revenues

** Includes NGN

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

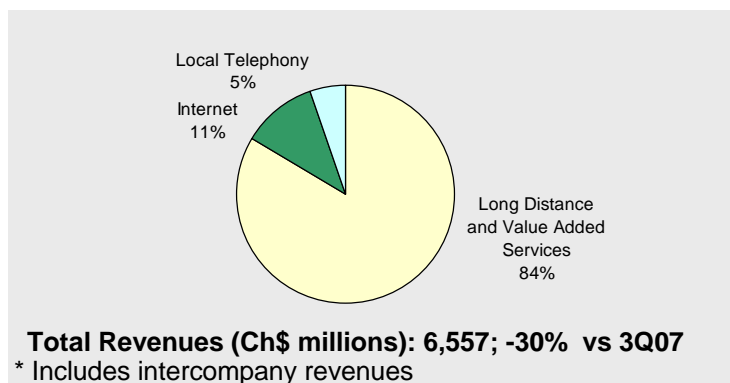


LD Traffic (million of min.)

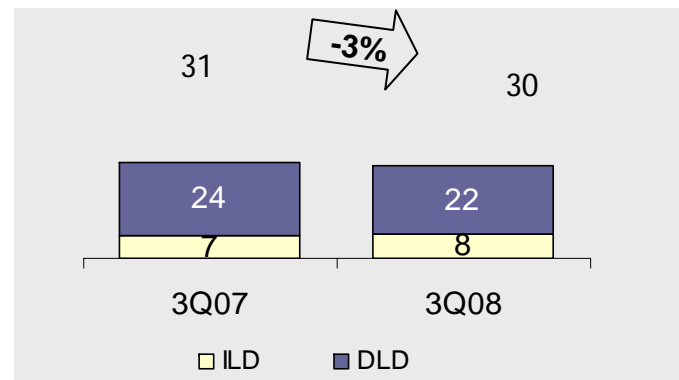


Residential Segment

Residential Revenue Distribution (3Q08) *



LD Traffic (millions of minutes)



- ✓ Lower activity resulted from migration to mobile and Internet services, coupled with Company's decision of reducing focus on this segment due to limited access network.
- ✓ LD revenues declined mainly due to lower DLD traffic and ILD tariffs, both in direct dialling. Market share reached 31% in DLD (stable versus 3Q07) and expanded to 38% in ILD (higher than 3Q07).

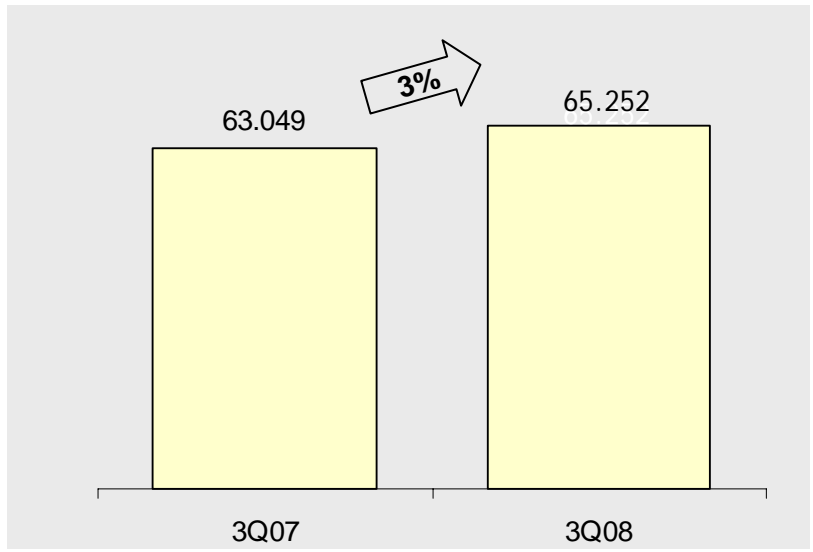
Infrac. Serv. to Other Telecom Comp. and others

Ch\$ (millions)	3Q08	3Q07	% Var.
Infraest. Serv. Telcos, Traffic B. and Others	22.934	19.723	16%

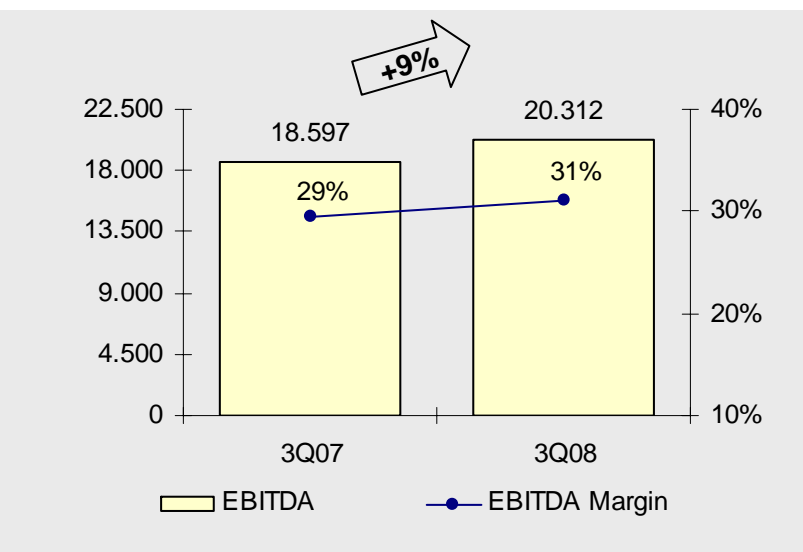
- ✓ Revenues from traffic business increased mainly due to higher traffic and tariffs in wholesale and value-added services.
- ✓ Revenues related to lease capacity grew fostered by fixed-line, mobile operators and Entel PCS's increased demand.

Chile Wireline

Revenues (Ch\$ millions Sep-08)



EBITDA (Ch\$ millions Sep-08)

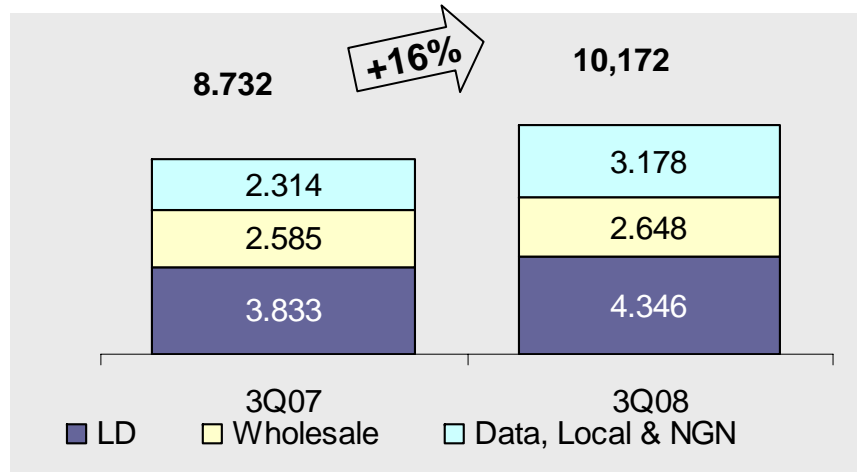


- ✓ Revenues increased, attributed to the Corp/SME segment and the Infrastructure and traffic business. This increase was partially offset by lower Residential Segment revenues.
- ✓ EBITDA and EBITDA margin increased driven by the Corp/SME segment, as a result of the evolution of IT services and NGN-IP.

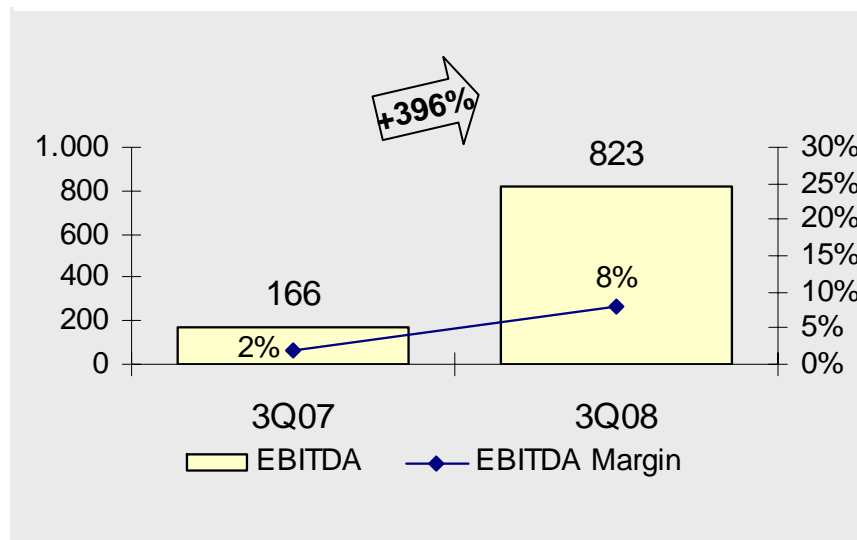
Americatel Peru

Exchange rate: 551.31 Ch\$/ US\$

Revenues (US\$ thousands)



EBITDA Peru (US\$ thousands)



- ✓ Revenue growth is mainly a result of increased NGN-IP aimed at the enterprise segment. LD also increased in dial around (1977 code).
- ✓ EBITDA was substantially above 3Q07 derived from higher gross margins in NGN-IP and LD services due to increased penetration in the market and higher traffic. 3Q07 EBITDA was impacted by non recurring marketing expenses.



Financial Results

Third Quarter 2008

- Consolidated Operating Results
- Non-Operating Results
- Equity Reconciliation Chilean GAAP vs IFRS for 2008 Opening Balance

Consolidated Quarterly Results

(Ch\$ millions Sep-08)

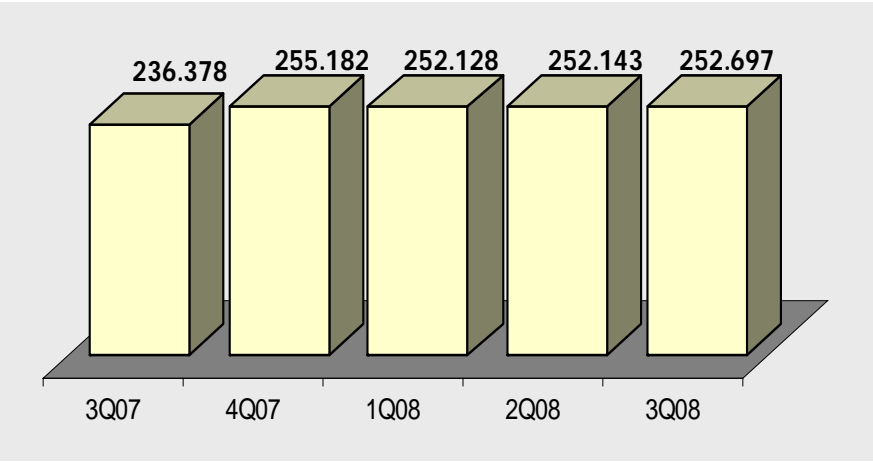
	3Q08	3Q07	Change %
Net Revenues	252.697	236.378	7%
Cost of operations	142.745	131.130	9%
Selling & administrative expenses	53.357	50.684	5%
EBITDA	104.732	99.605	5%
EBITDA Margin	41%	42%	
Operating Income	56.596	54.564	4%
Non operating income	(5.303)	(5.690)	7%
Tax	(10.270)	(10.124)	-1%
Net Income	41.022	38.750	6%

- **Revenues** for the quarter grew across all segments, primarily in mobile business resulting from higher service revenues related to voice and VAS (in mobile broadband). Chile Wireline expanded in the Corp/SME segment (data /IT services, local telephony) and within the Infrastructure & Traffic business. Also, International Subsidiaries supported this expansion.
- **EBITDA** expanded due to an increase in the Mobile, Chile Wireline and International Subsidiaries. **EBIT** grew primarily due to Chile Wireline.
- **Non-operating** losses declined, in line with lower net financial expenses and the absence of costs related to refinancing activities carried out in 3Q07.
- **Net income** rose 6% as a result of the aforementioned factors.

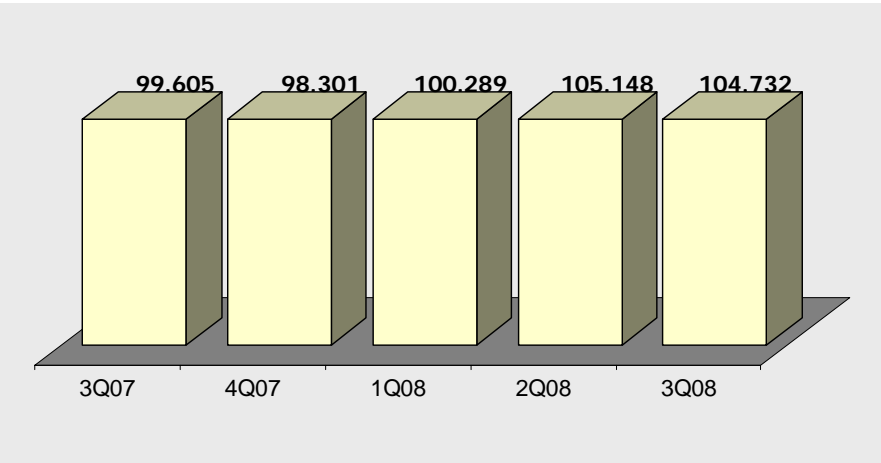
Consolidated Quarterly Results

(Ch\$ millions Sep-08)

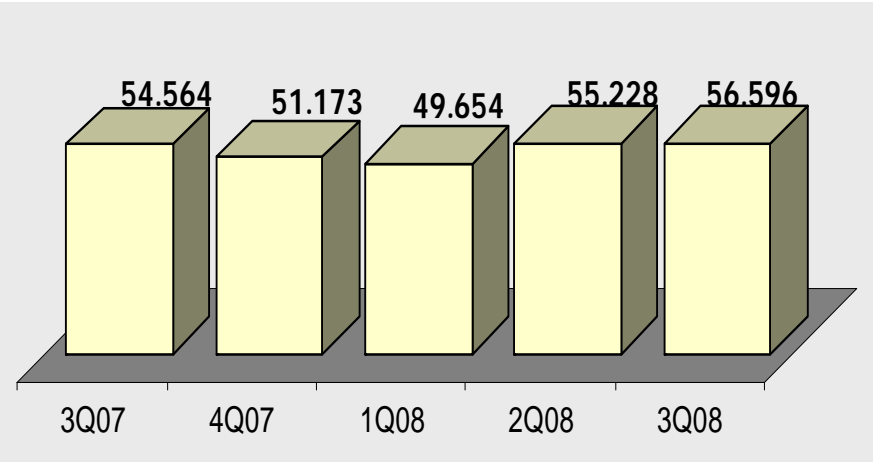
Revenues



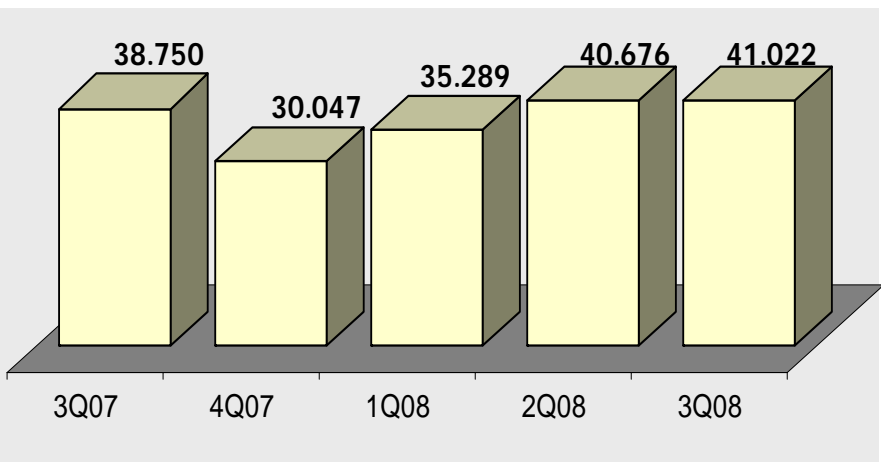
EBITDA



Operating Income



Net Income



Consolidated Revenues

(Ch\$ millions Sep-08)

	3Q08	3Q07	Change %	Var millions\$
Net Revenues	252.697	236.378	7%	16.319
Mobile services	191.991	179.276	7%	12.715
Data services (includes IT)	17.462	16.446	6%	1.016
Local telephony (includes NGN-IP)	11.141	10.426	7%	715
Long Distance	9.756	10.722	-9%	(966)
Internet	3.941	4.301	-8%	(360)
Other telecommunication companies	3.646	2.953	23%	693
Traffic business	7.406	5.845	27%	1.561
International Subsidiaries	5.874	4.175	41%	1.699
Others	1.481	2.233	-34%	(753)

- Mobile services: Higher service revenues, as a result of 9% increase in the average customer base, coupled with expanded equipment sales due to an increase in post-paid.
- Data services (includes IT): revenue increased, principally in Data Center and integrated solutions for voice, data & Internet.
- Local telephony: increased driven by higher traditional and NGN-IP lines-in-service within the Corp/SME segment.
- International Subsidiaries: higher revenues from data/NGN-IP, Local Telephony and LD services, as well as the newly opened call center.
- Traffic business: Increase is fully attributed to higher traffic and tariffs in Wholesale.
- Other telecom companies: growth is attributed mainly to services provided to fixed-line operators.
- Long distance: decreased in both DLD (lower traffic and tariffs) and ILD (lower tariffs partially offset by higher traffic).
- Others: declined in Chile call centers, as well as in invoice charges that now are charged directly to each service.
- Internet : declined derived from a decrease in the broadband customer base and lower dial-up traffic in the residential segment

Consolidated Costs and Expenses

(Ch\$ millions Sep-08)

	3Q08	3Q07	Change %	Var millions\$
Cost of operations and Selling & Adm. Exp.	196.102	181.814	8%	14.287
Access Charges & Payments to corresp.	58.258	47.576	22%	10.682
Depreciation & amortization	48.136	45.041	7%	3.095
Salaries & expenses	22.779	21.934	4%	845
Advertising cost & Sales commissions	11.589	11.261	3%	328
Bad debt provision	6.597	4.624	43%	1.974
Others (Equips., Maintenance, Outs., Others)	48.742	51.378	-5%	(2.637)

- ❑ Access charges and payment to correspondents: higher activity in the mobile business, Chile Wireline and Americatel Peru related to traffic, traffic business, NGN and LD, respectively.
- ❑ Depreciation and amortization: grew due to higher network investments and the post-paid base within the mobile business. Also, Americatel Peru increased depreciation costs primarily due to the expansion of WIMAX network.
- ❑ Bad debt provisions: grew in the mobile business as a result of the higher post-paid customer base, partially offset by lower provisions in Chile Wireline related to traffic business.
- ❑ Salaries & expenses: expansion in the mobile business and International subsidiaries.
- ❑ Others: reduction is primarily due to lower sales in mobile prepaid handsets.

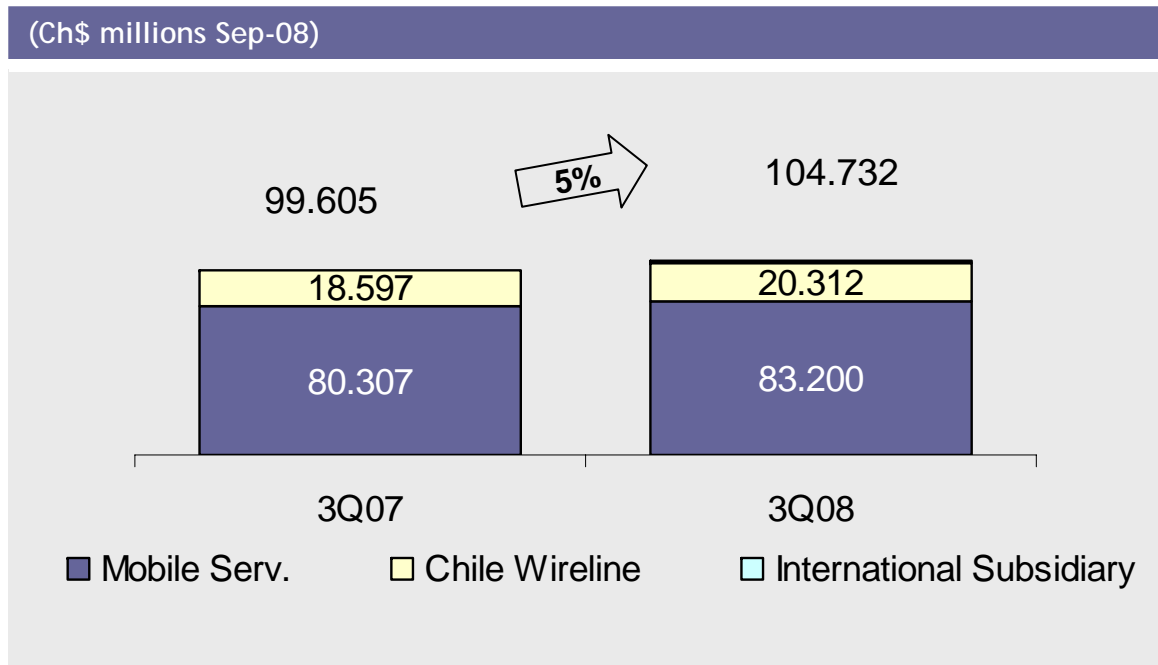
Consolidated Non-Operating Results

(Ch\$ millions Sep-08)

	3Q08	3Q07	Change %	Var millions\$
Non operating results	(5.303)	(5.690)	7%	387
Interest income	473	227	109%	246
Amortization of goodwill	(974)	(973)	0%	(0)
Financial expenses	(3.506)	(4.759)	26%	1.253
Other income (expenses)	(3.187)	(4.091)	22%	904
Monetary Correction & Price Restatements	1.891	3.907	-52%	(2.016)

- ❑ Net financial expenses: declined due to lower interest rates on outstanding debt.
- ❑ Other net income/(expenses) : expenses decreased in line with the absence of refinancing costs accrued during 3Q07.
- ❑ Price level restatement gains/(losses): lower gains resulting from mark to market price adjustments from hedging financial derivatives instruments.

Consolidated Cash Generation*



- EBITDA increased as a result of the improved performances across all business lines.

Simplified Free Cash Flow

(Ch\$ millions Sep-08)

	YTD Sep-08	YTD Sep-07
EBITDA	310.169	289.758
CAPEX	(124.944)	(110.171)
Postpaid Handset Purchases	(48.395)	(48.680)
Net Financial Expenses	(8.660)	(12.458)
Cash Flow	128.170	118.449

- ❑ Simplified Free Cash Flow rose 8%:
 - ❑ EBITDA increased attributed to growth across all business lines.
 - ❑ CAPEX increased in mobile business, mainly related to the expanded coverage and 3G network.
 - ❑ Net financial expenses decreased due to lower interest rate.

Consolidated Debt & Hedging

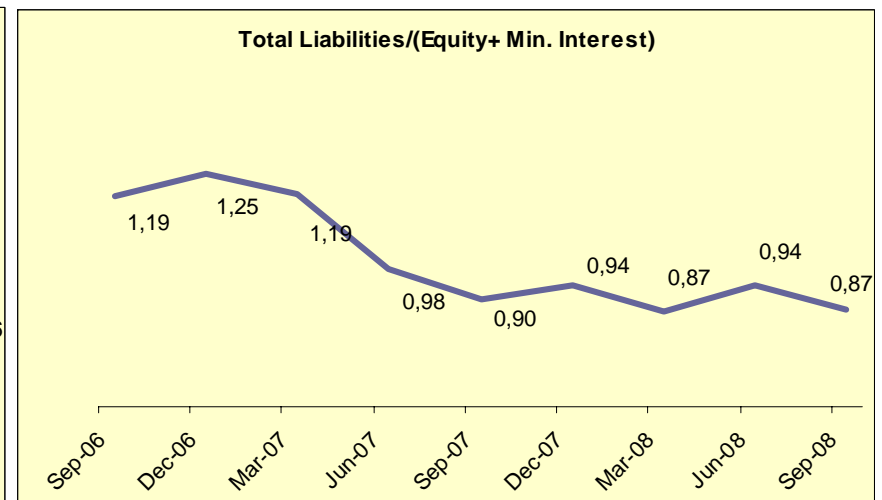
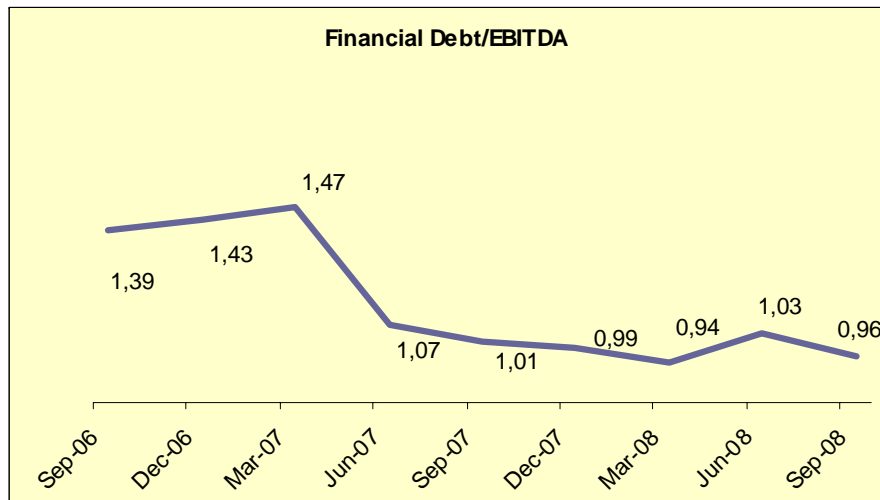
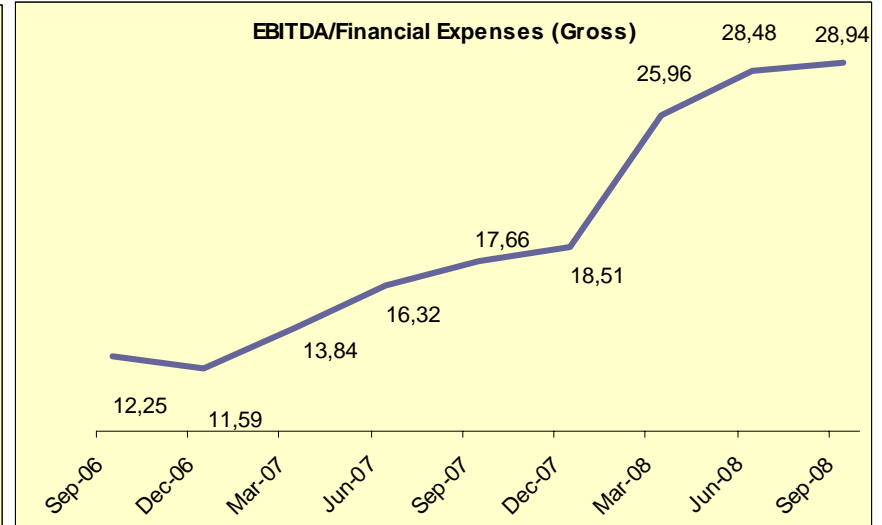
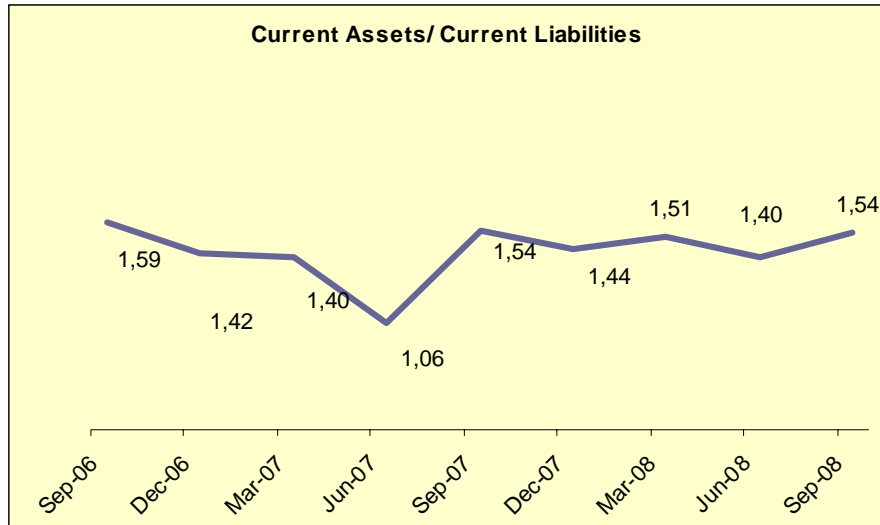
Exchange rate: 551.31 Ch\$/ US\$

	YTD Sep-08	YTD Sep-07
Consolidated Average Gross Debt (MM Ch\$)	330.917	417.077
Current Rate of the Period (Annual)	3,26%	4,97%
Final Gross Debt (Ch\$ MM)	347.980	352.236
Final Net Debt (Ch\$ MM)	340.079	336.579

- Fully hedged to F/X exposure.
- 43% of debt is at fixed rates.

Financial Ratio Trends

Exchange rate: 551.31 Ch\$/ US\$



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

Equity Reconciliation Chilean GAAP vs IFRS for 2008

Opening Balance

- ❑ Main Adjustments:
 - ❑ Compulsory dividend accrual.
 - ❑ Recognition of Deferred taxes accumulated prior to 2000.
 - ❑ Monetary correction.

Opening Balance CH\$MM as of 01.01.08

	2007 CHGAAP	IFRS Adjustments	Opening Balance
Assets			
Current assets	314.538	(3.051)	311.486
Property, plant & equipment, net	838.852	977	839.829
Other assets	65.316	85	65.400
Liabilities & shareholders' equity			
Current liabilities	217.968	25.113	243.081
Long-term liabilities	372.466	10.519	382.985
Minority interest	0	0	0
Shareholders' equity	628.271	(37.621)	590.650

End of Presentation