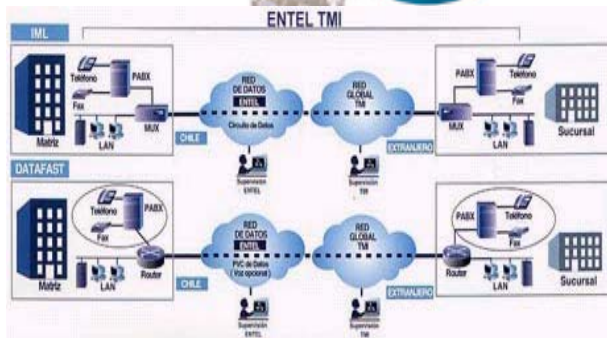




# ENTEL Results First Quarter 2005



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

ENTEL INTERNET

Enlace Internacional  
via fibra óptica, de más de  
200 Mbps

256 Kbps



## Main Events First Quarter 2005

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- Telecom Italia closed the sale of its controlling ownership (54.76% stake in Entel ) to Almendral S.A.
- Entel's annual shareholder meeting elected new board members. Six out of nine were appointed by the new controlling shareholders.
- A total dividend of Ch\$90 per share, related to 2004 profits, was approved at the shareholders meeting, from which an interim dividend of Ch\$15 per share was paid in December 2004. The remaining Ch\$75 will be paid April 19, 2005.
- An extraordinary shareholders meeting was called for May 12th to approve the distribution of an extraordinary dividend of Ch\$ 770 per share to be financed via current cash, internal cash generation and additional debt.
- On April 18th, the board of directors modified the Company's dividend policy, increasing it from 50% to 80% of the net income.



# Activity by Business Sector



**ENTEL INTERNET**

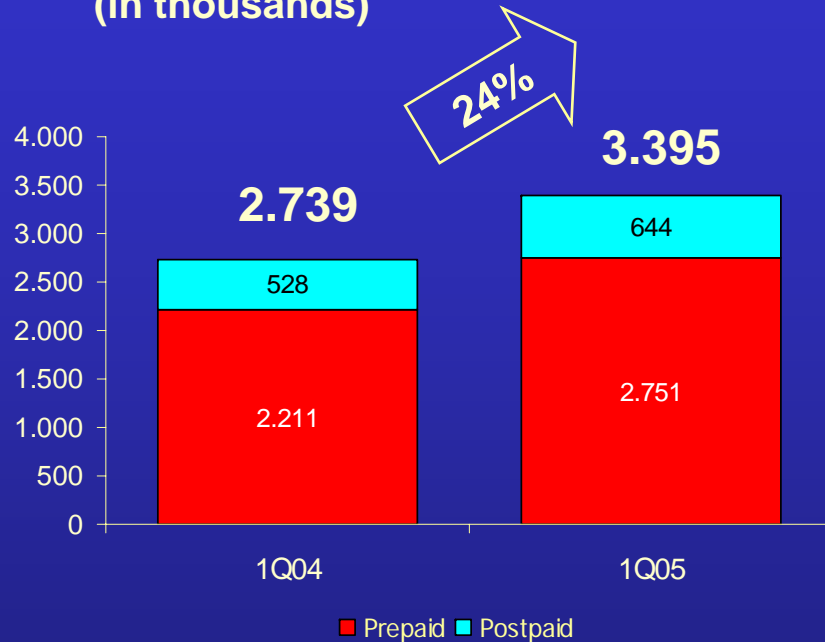
❖ **Enlace Internacional**  
vía fibra óptica, de más de  
**200 Mbps**

**BANDA ANCHA**  
ADSL **ENTEL**



# Mobile Telephony

Entel's Mobile Subscribers  
(in thousands)



→39% market share as of March 05.

→Growing participation in higher value tier customers.

→Traffic and Value added services growing.

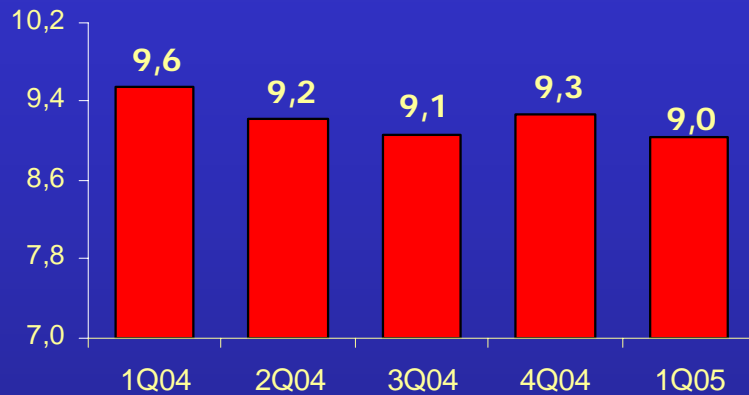
Main focuses are to grow in the post-paid market; re-shape the business model in the pre-paid segment and maintain technological market edge.

Entel PCS has EDGE network coverage in the Metropolitan Region, V Region and in Antofagasta, Rancagua, Concepción, Talcahuano, Temuco and Puerto Montt.

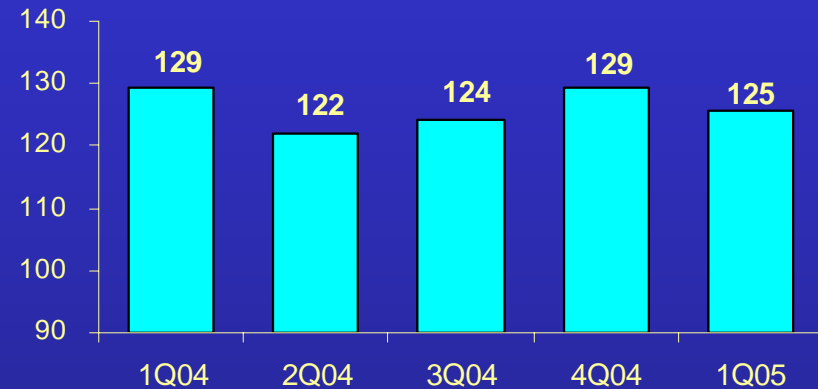


# Mobile Telephony

### ARPU Average (thousand Ch\$)



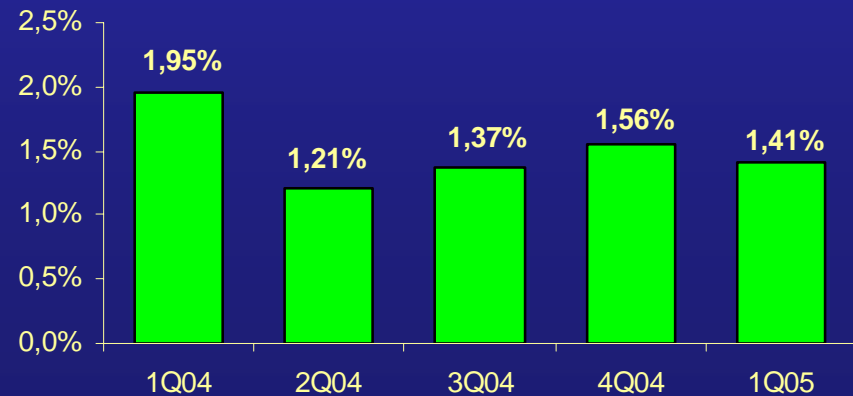
### MOU Average (minutes/month)



### 1Q05 vs 1Q04:

- ARPU decreased 5% mainly in the pre-paid segment. ARPU`s in the post-paid segment remained almost flat.
- MOU decreased 3% compared to 1Q04, mainly in pre-paid segment.
- Churn: decreased in both the pre-paid and the post-paid. Rate in post-paid is by far the lowest in the industry.

### Average Monthly Churn

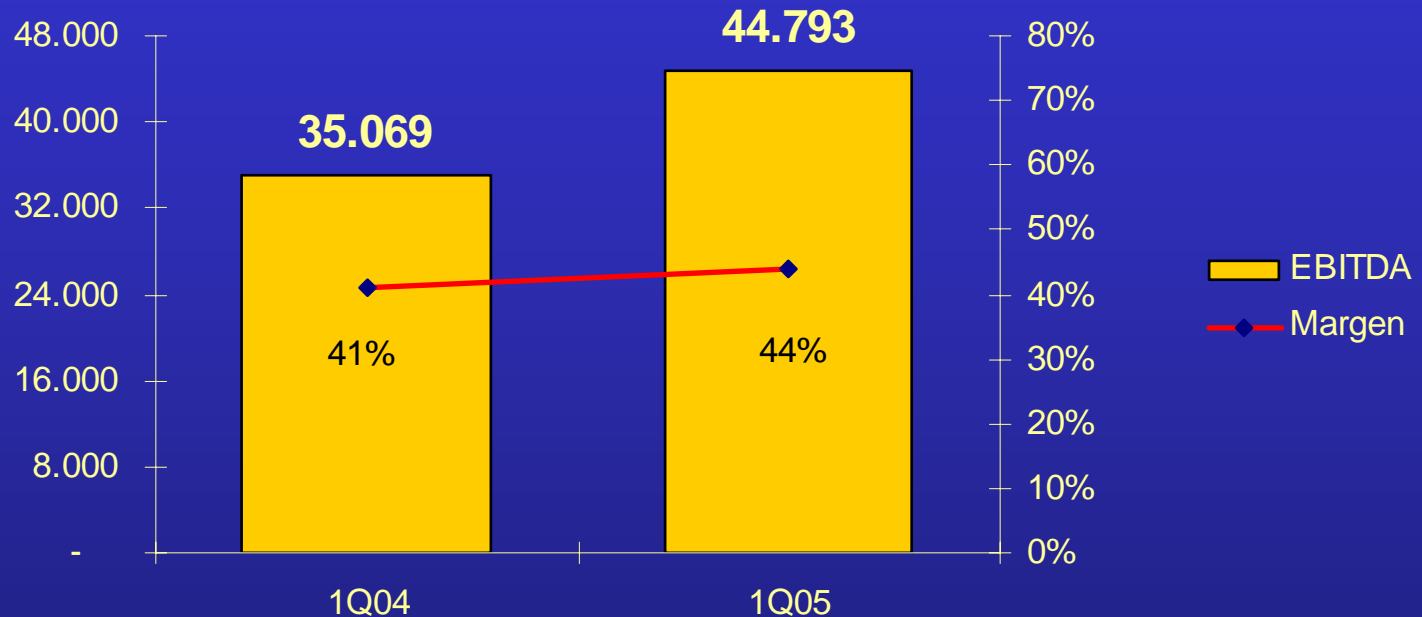




# Mobile Telephony

Exchange rate: 585.93 Ch\$/ US\$

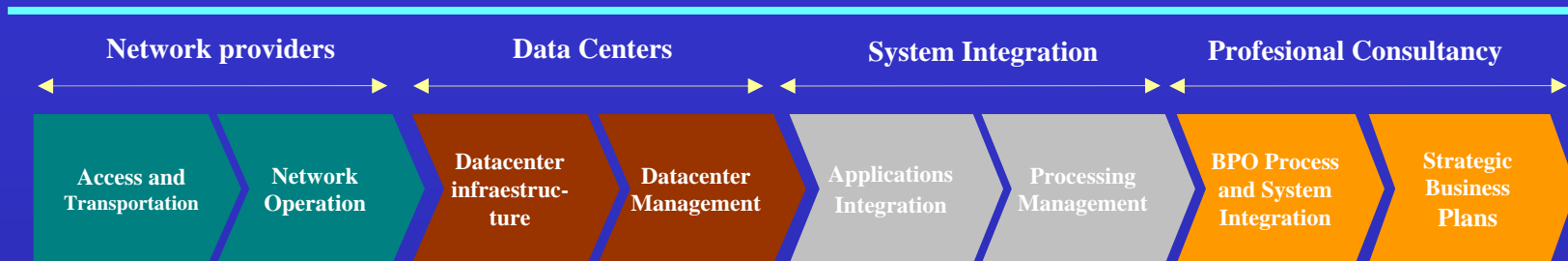
## EBITDA Ch GAAP (MM Ch\$)



→ EBITDA increased 28% due to higher services direct margins explained by a higher outbound traffic, higher access charges revenues and strong growth in SVA revenues (70%).



# Data Services

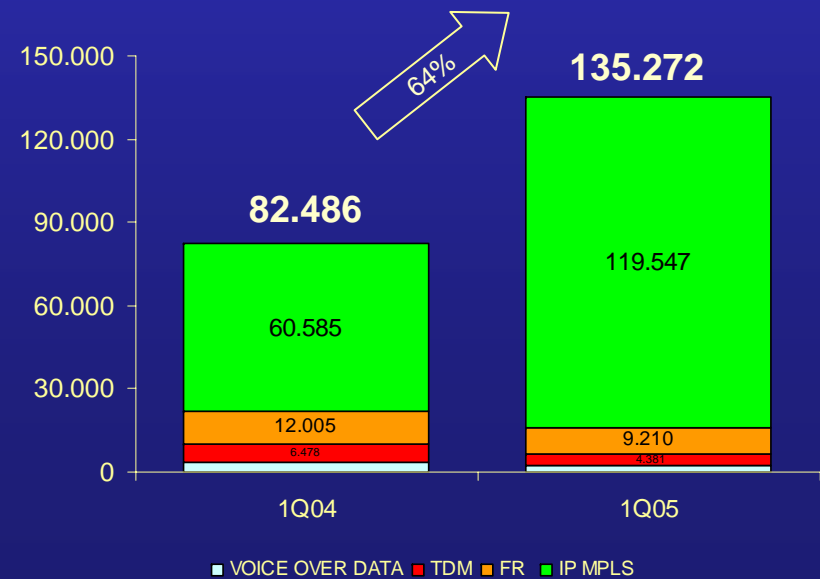


Focused on:

- Increasing ARPU with new services
- Becoming a relevant player in the integration business service
- Increasing usage of new generation technology networks (NGN) such as MPLS and IP Protocol.

During 1Q05, Entel signed contracts related to network services and operational continuance with the Chilean Treasury Department, the Chilean Public Penal Defense, the Investigation Police Department and with one of the largest Chilean collection agencies, among others.

## Selected Equivalent Lines 64 Kb equivalent circuits





# Internet

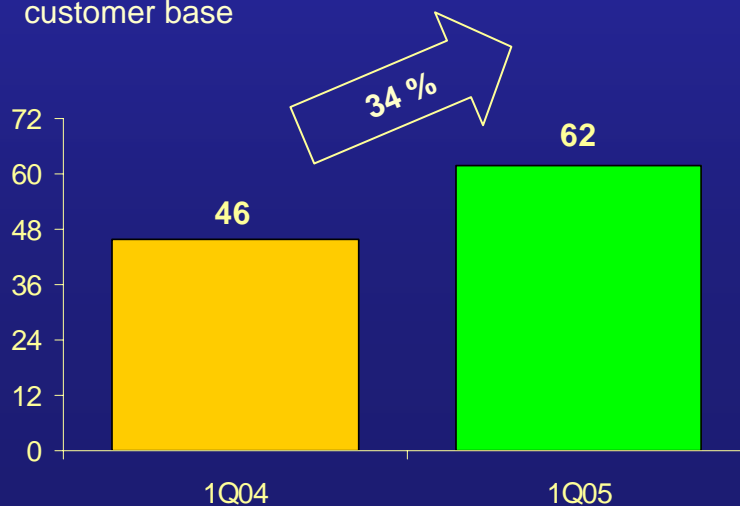
Depending on value of customer segment, growth will be captured using own network, third party unbundling / WiLL, focus on bundling services (local, Data Center)

- Continue capturing broadband growth. Customer base increased 34%.
- Continue the migration from dial-up to the broadband access service.
- Several Internet plans launched to the market, related to day time and speed capacity.

## Broadband clients WiLL + ADSL

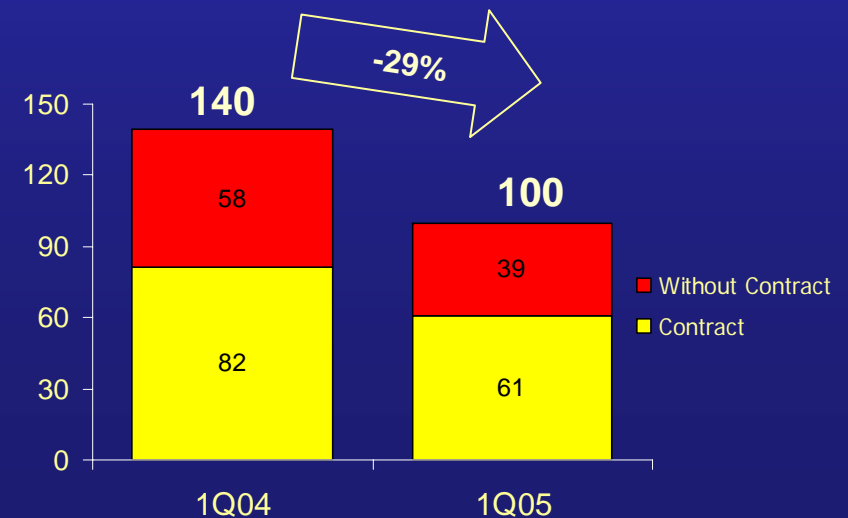
(In thousands)

Currently WiLL represents 38% of the broadband customer base



## Active Dial-Up Access Accounts

(In thousands)

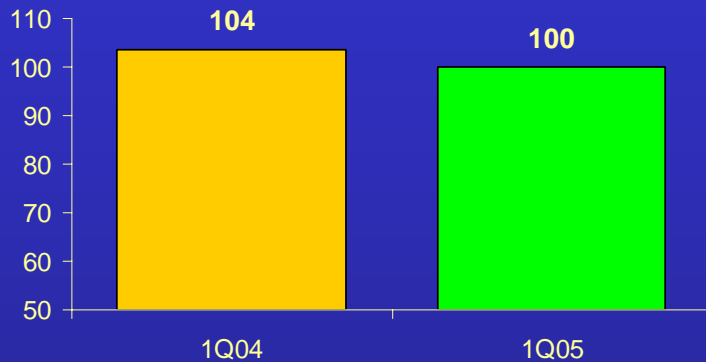




# Local Telephony

Exchange rate: 585.93 Ch\$/ US\$

## Lines in Service (thousands)

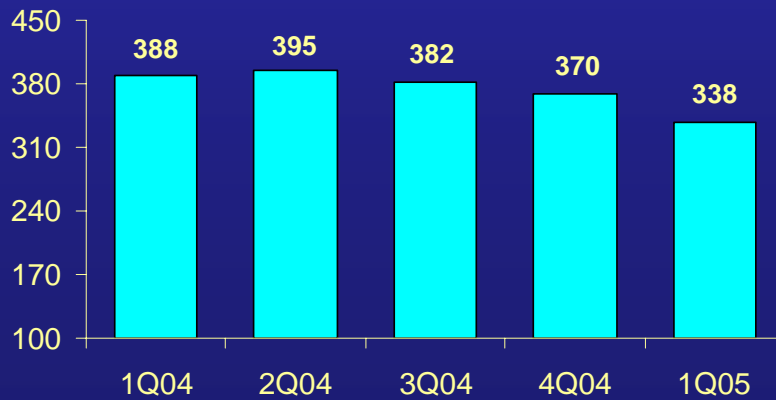


Focus on bundling services for data customers.

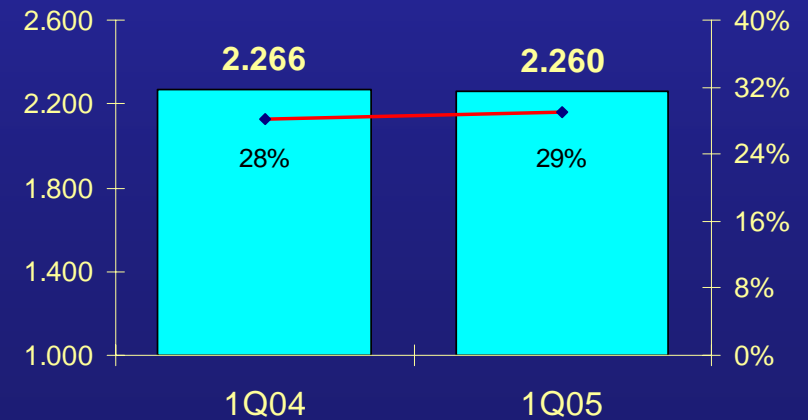
Selective Capex, network capacity to provide ADSL service.

- 83% of billing lines in business and corporate customers.
- Traffic declined mainly in internet Dial-Up and LD. Partially offsetting this decrease was a higher Calling Party Pays – CPP traffic.

## Traffic - Quarterly Evolution \* (millions of minutes)



EBITDA EBITDA Margin



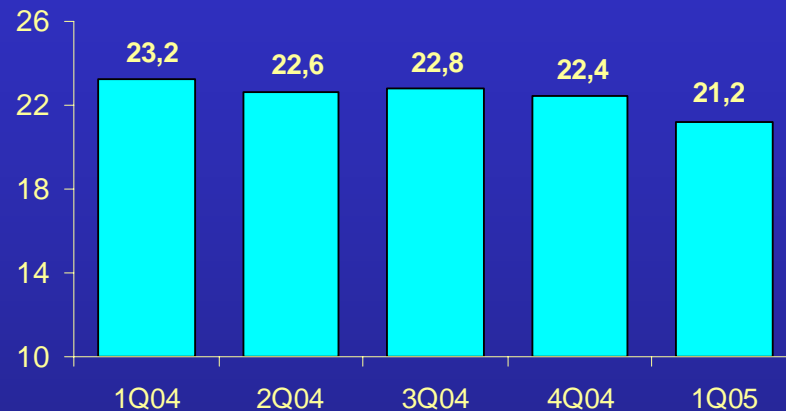
\* Includes all traffic through Entelphone (SLM, Internet, LD, CPP).

\*WLL not included.

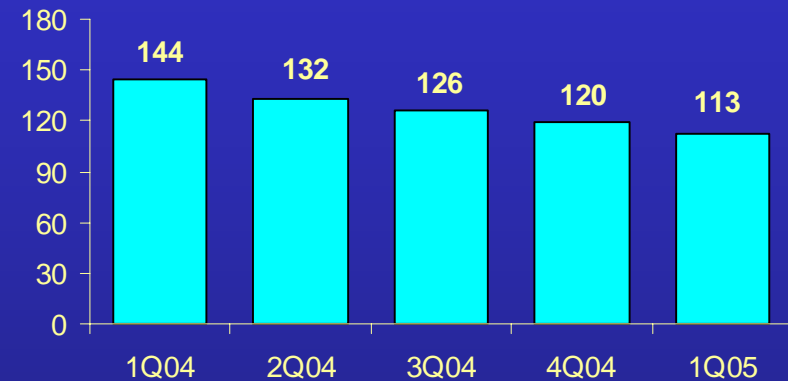


# Long Distance

## ILD Traffic - Quarterly Evolution (millions of minutes)



## DLD Traffic - Quarterly Evolution (millions of minutes)



In a stagnant business, focus is to maintain current levels of cash flows; defend market share and to increase customer loyalty and ARPU through VAS.

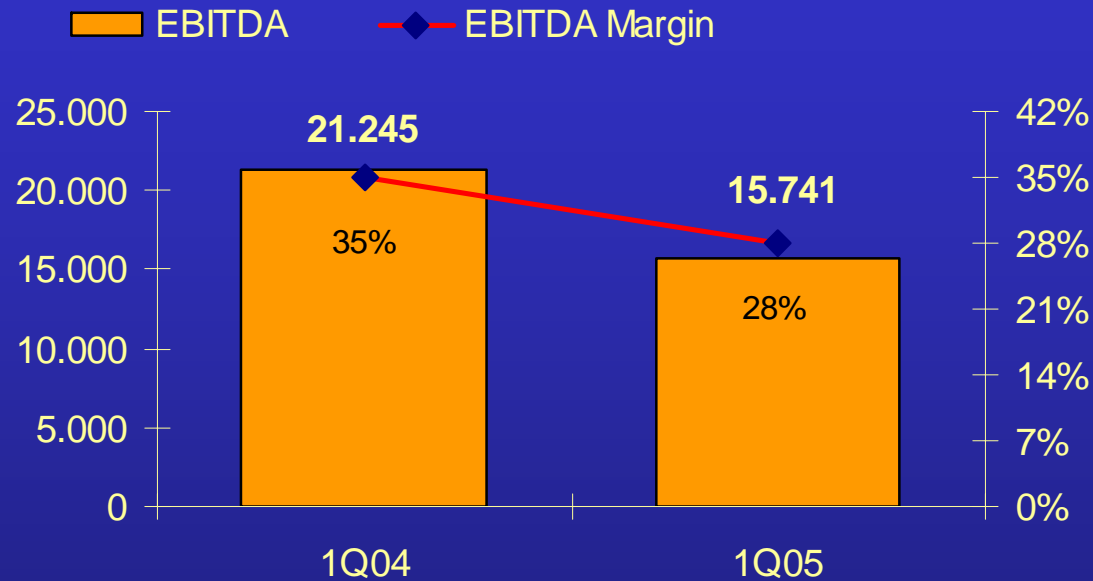
- International long distance (ILD) traffic decreased 9% mainly in the international direct dialling. Average tariffs decreased 4% mainly in VAS.
- Domestic long distance (DLD) traffic decreased 22% (migration to mobile), while average tariffs decreased 10% (change in revenue mix).
- Value Added Services represents 33% of revenues.
- Average market share: 34% DLD and 41% ILD.



# Entel Parent Company

Exchange rate: 585.93 Ch\$/ US\$

## EBITDA (MM Ch\$)

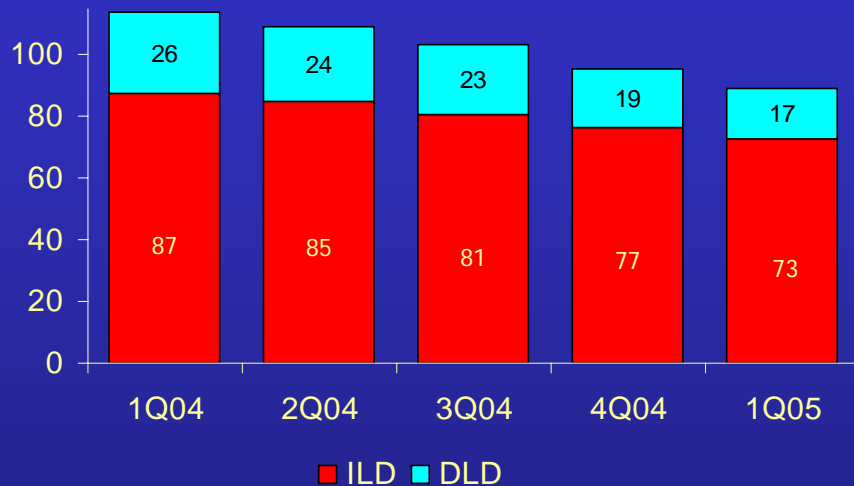


→ EBITDA decreased 26% due to lower LD margins resulting from lower traffic.



# Americatel USA

## Dial-around -10 10 123 + Subscribers Traffic Quarterly Evolution (millions of minutes)



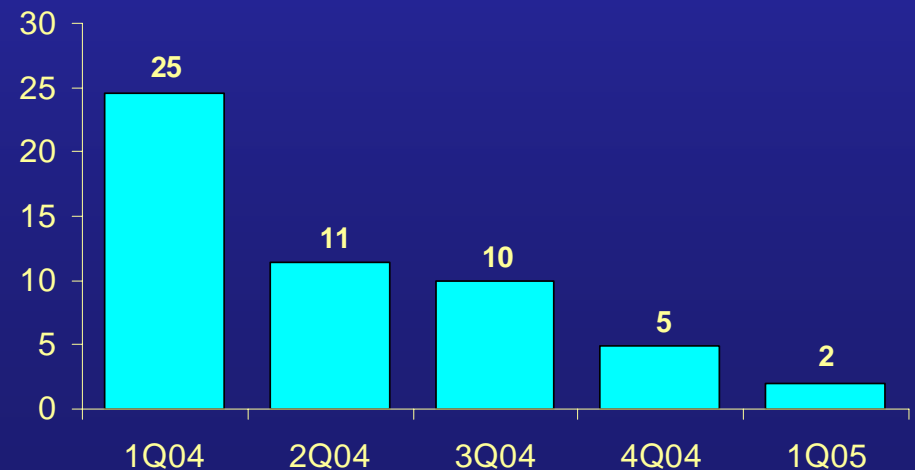
→ Pre-paid ticket business only in profitable areas.

→ Increase in direct margins (dial-up and contract).

Focused on:

- ILD 10-10-123 code and Contract services.
- Non profitable services being discontinued.
- Efficiency and operation plans boosted profitability.

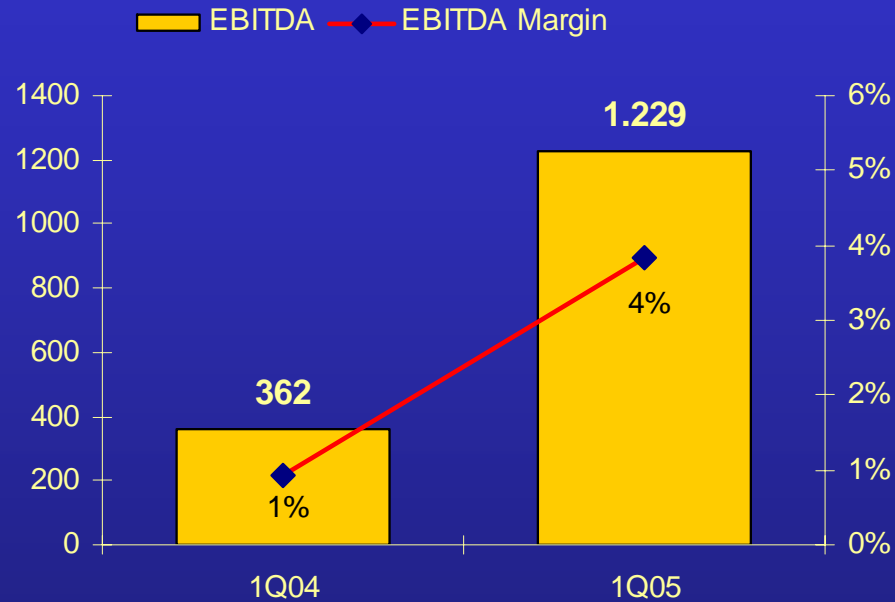
## Prepaid Ticket Traffic Quarterly Evolution (millions of minutes)





# Americatel USA

## EBITDA (in thousand US\$)



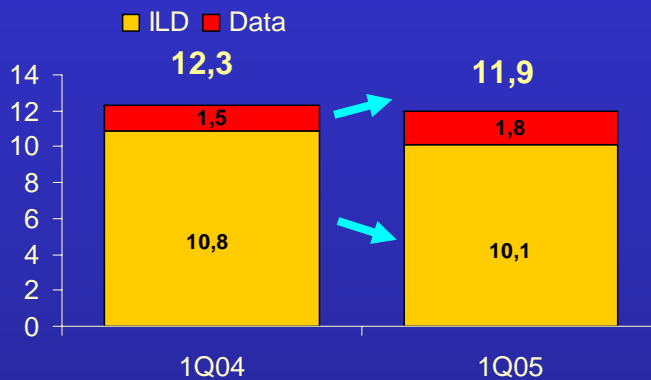
→ Higher EBITDA results from increased direct margins and cost reductions.



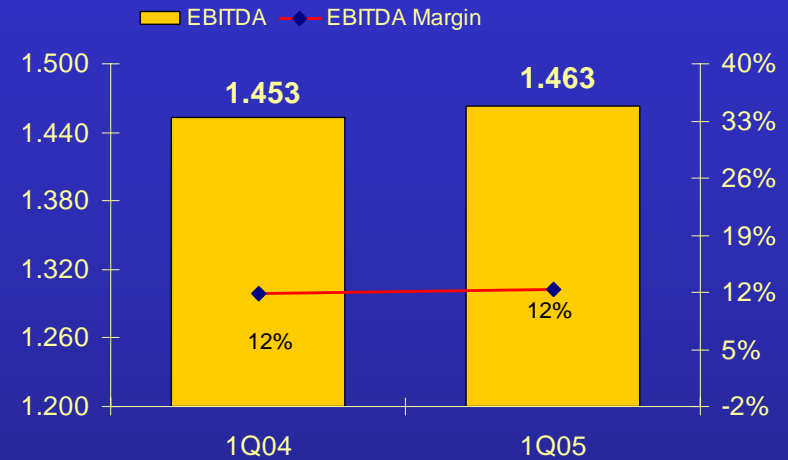
# Americatel Central America

Exchange rate: 585.93 Ch\$/ US\$

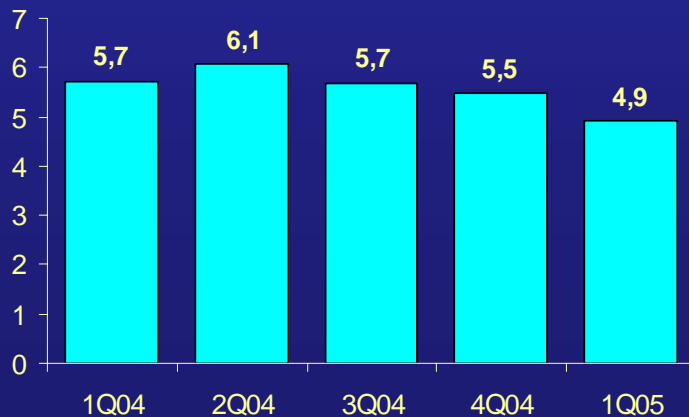
## Revenues (US\$ millions)



## EBITDA (US\$ thousands)



## Carrier 158 (El Salvador) + 143 (Guatemala) Traffic - Quarterly Evolution (millions of minutes)



→ Data services related to the MPLS/ IP Protocol (new generation network) growing at high rates while ILD market continued under pressure.

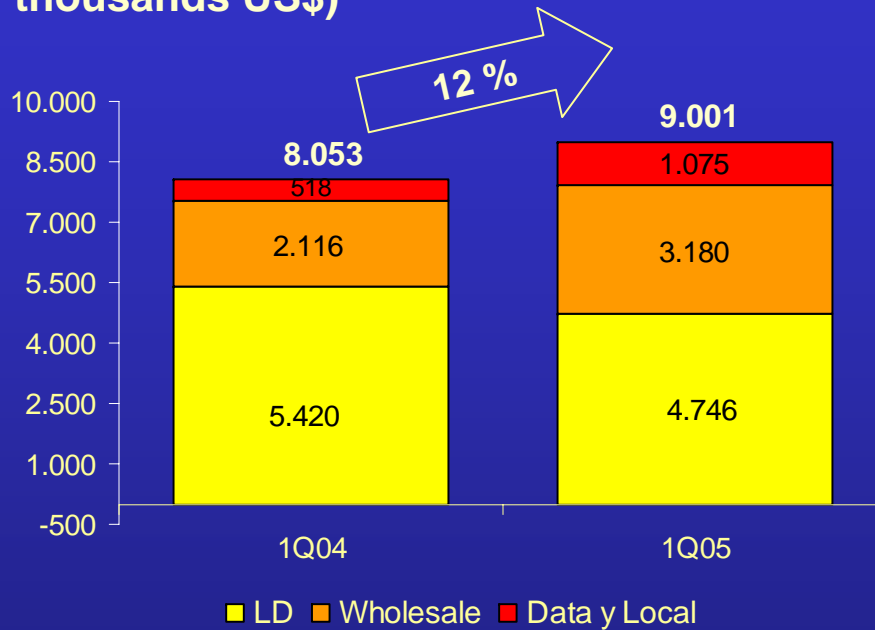
→ EBITDA increased 1% mainly as a result of lower SG&A in line with efficiency plans.



# Americatel Peru

Exchange rate: 585.93 Ch\$/ US\$

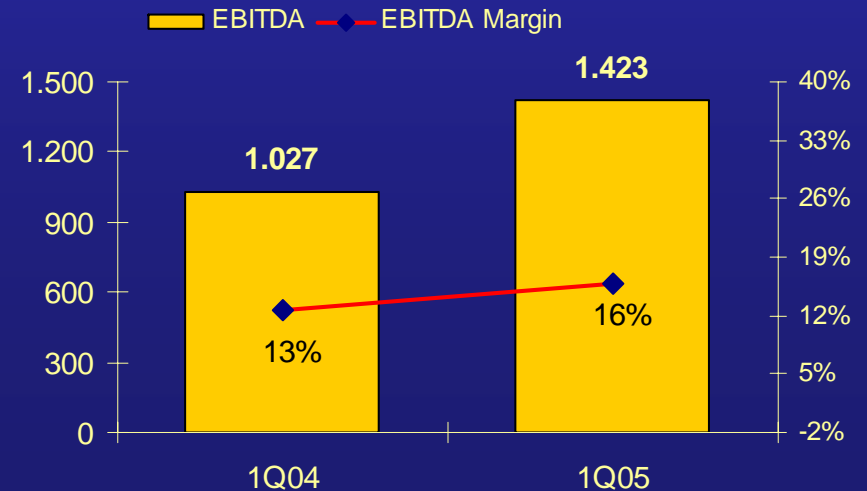
## Quarterly Revenues Americatel Peru (ILD +DLD) (in thousands US\$)



→Increases in data/ local telephony revenues and long distance services related to wholesale traffic.

→EBITDA grew 39% in line with better performance in Data, local and wholesale traffic coupled with lower SG&A expenses across the board.

## EBITDA Peru (in thousands US\$)





# Financial Results First Quarter 2005

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- Consolidated Operating Results
- Non Operating Results



# Consolidated Quarterly Results

(MM Ch\$ March-05)

Exchange rate: 585.93 Ch\$/ US\$

	1Q04	1Q05	Change %
<b>Net revenues</b>	<b>173.877</b>	<b>181.004</b>	<b>4%</b>
Cost of operations	97.207	101.315	4%
Selling & administrative expenses	50.765	51.613	2%
<b>Operating income</b>	<b>25.904</b>	<b>28.076</b>	<b>8%</b>
<b>Ebitda</b>	<b>59.000</b>	<b>63.724</b>	<b>8%</b>
Non operating income	-7.734	-4.049	48%
Income before tax & minority interest	18.170	24.027	32%
Tax	-3.769	-4.961	-32%
Minority interest	67	-31	-146%
<b>Net income</b>	<b>14.525</b>	<b>19.034</b>	<b>31%</b>

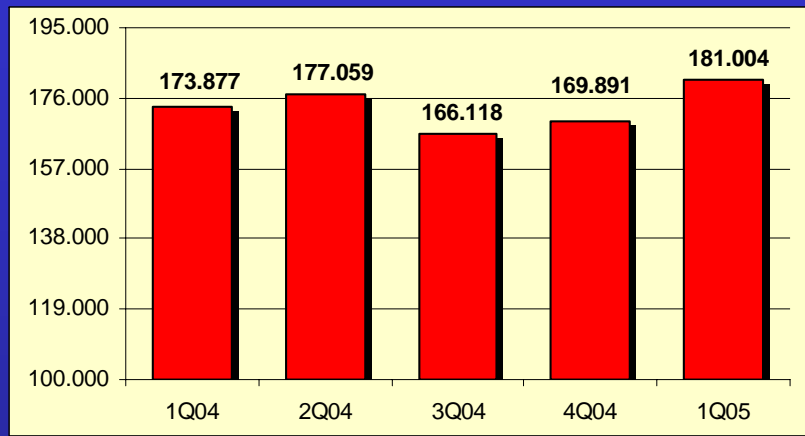
- **Revenues** growth mainly due to higher service and higher equipment sales revenues in the mobile business. Partially offset by lower international subsidiaries, primarily due to lower traffic in Americatel USA.
- **EBITDA** increased 8% as a consequence of higher margins in the mobile business along with an increase of 24% in the customer base, together with improved performance in Americatel USA and Americatel Peru.
- **Non-operating** losses decreased due to profits on the sale of a minority stake in the Intelsat Satellite Consortium, in addition to a decrease in net interest expenses due to lower net financial debt.
- **Net income** increased 31% as a result of higher operating income coupled with lower non-operating losses.



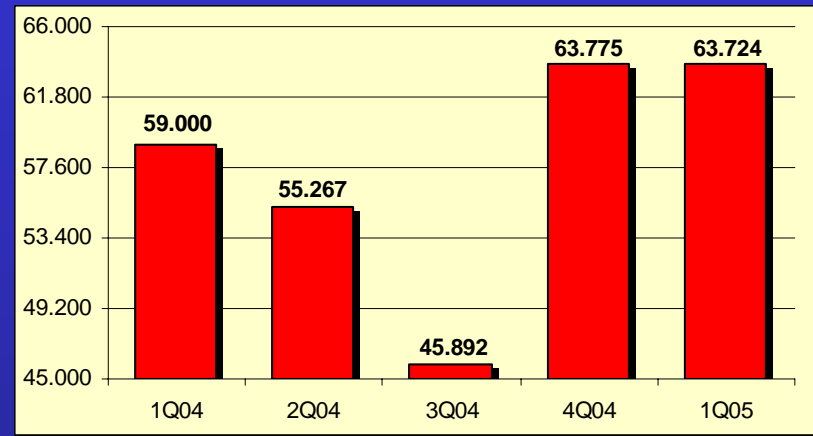
# Consolidated Quarterly Results

(MM Ch\$ March-05)

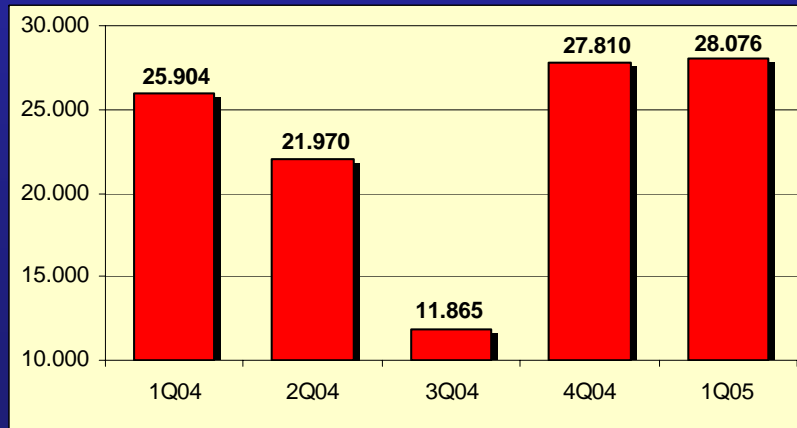
## Revenues



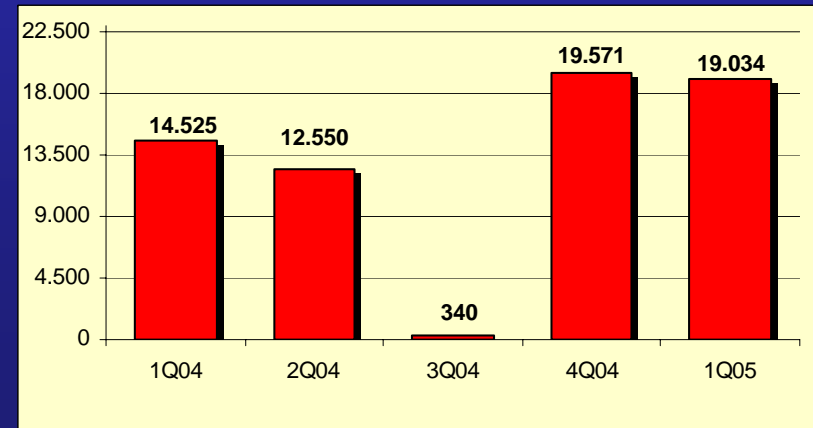
## EBITDA



## Operating Income



## Net Income





# Consolidated Revenues

(MM Ch\$ March-05)

	1Q04	1Q05	Change %	Var MM\$
<b>Net revenues</b>	<b>173.877</b>	<b>181.004</b>	<b>4%</b>	<b>7.128</b>
Mobile services	84.214	102.428	22%	18.214
Domestic long distance	12.184	8.493	-30%	-3.691
International long distance	5.429	4.632	-15%	-797
Internet	5.601	5.659	1%	59
Data services	10.286	10.048	-2%	-237
Other telecommunication companies	2.666	2.560	-4%	-106
Traffic business	11.615	11.005	-5%	-611
International subsidiaries	32.389	27.615	-15%	-4.773
Local telephony	6.697	6.433	-4%	-264
Others	2.796	2.132	-24%	-664

- **Mobile telephony:** increased mainly due to higher services and equipment sales revenues.
- **International subsidiaries:** decrease is explained by lower traffic in Americatel USA.  
Revenues growth in Americatel Peru and Central America
- **DLD:** 22% decrease in traffic and 10% in average tariffs due to changes in revenue mix.
- **ILD:** 9% decrease in traffic and 4% in average tariffs.
- **Data services** decrease resulting from lower Frame Relay and low speed data services (TDM and IBS), partially offset by higher revenues in IT and operational support services, MPLS (IP protocol multi-service platform).



# Consolidated Costs and Expenses

(MM Ch\$ March-05)

	1Q04	1Q05	Change %	Var MM\$
<b>Cost of operations and Selling &amp; adm. Expenses</b>	<b>147.972</b>	<b>152.928</b>	<b>3%</b>	<b>4.956</b>
Access charges	26.559	30.755	16%	4.196
Payments to correspondents	17.123	15.543	-9%	-1.579
Depreciation & amortization	29.763	29.810	0%	47
Salaries & expenses	16.920	16.503	-2%	-418
Advertising cost	6.940	6.270	-10%	-670
Amortization of prepaid equipment	2.992	5.521	85%	2.529
Bad debt provision	6.743	5.984	-11%	-759
Others (Call Center, Travel Outsourcing)	40.933	42.543	4%	1.611

- **Access charges:** Increased primarily in the mobile business as a result of increase in traffic and to Americatel Peru explained by growth in wholesale traffic.
- **Pre-paid handset amortization:** increased due to higher equipment sales in the mobile business.
- **Payments to correspondents:** decreased due to lower ILD traffic in Chile, Americatel USA and in Americatel Central America.
- **Advertising costs:** reductions mainly in Americatel USA due lower industry activity within the Hispanic market.
- **Salaries and expenses:** lower salaries primarily in mature business areas in Chile as well as in Americatel USA in line with cost contention plans.
- **Other costs** increased mainly due to higher maintenance and material costs in the mobile business and in the parent company.



# Consolidated Non Operating Results

(MM Ch\$ March-05)

	1Q04	1Q05	Change %
<b>Non operating results</b>	<b>(7,734)</b>	<b>(4,049)</b>	<b>48%</b>
Interest income	934	1,431	53%
Other income	1,117	3,771	238%
Amortization of goodwill	(867)	(861)	1%
Financial expenses	(5,521)	(4,781)	13%
Other expenses	(3,171)	(1,891)	40%
Price level restatements & gain (loss) for exchange rates	(225)	(1,718)	

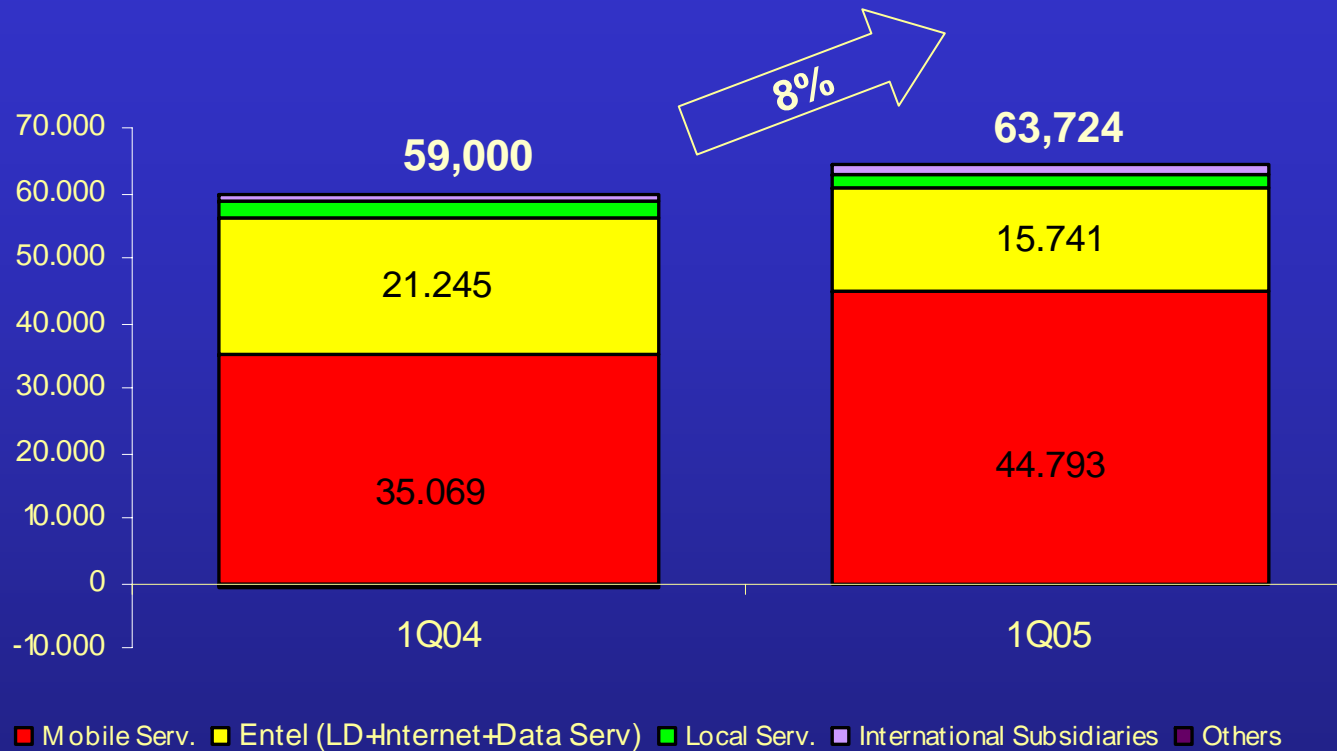
- **Non operating expenses:** Better results derived from profits on the sale of a minority stake in the Intelsat Satellite consortium.
- Lower net financial expenses in connection with a lower net financial debt.



# Consolidated Cash Generation\*

(MM Ch\$ March-05)

Exchange rate: 585.93 Ch\$/ US\$



→EBITDA margin improved mainly due to the mobile business performance.

	1Q04	1Q05
<b>EBITDA Margin</b>	<b>34%</b>	<b>35%</b>

\*Operating Income + Depreciation + Amortization.



# Simplified Free Cash Flow

(MM Ch\$ March-05)

Exchange rate: 585.93 Ch\$/ US\$

MMCh\$	Mar-05	Mar-04
EBITDA	63.724	59.000
CAPEX	(20.625)	(16.443)
Net Financial Expenses	(3.350)	(4.587)
<b>Cash Flow</b>	<b>39.749</b>	<b>37.970</b>

- EBITDA increased as a consequence of higher margins in the mobile business along with an increase of 24% in the customer base, together with improved performance in Americatel USA.
- Higher Capex mainly in the Mobile business due to increased activity and technology upgrade.
- Lower 30% in net financial debt from 1Q05 vs. 1Q04.



# Consolidated Debt & Hedge

Exchange rate: 585.93 Ch\$/ US\$

<b>HEDGE</b>	<b>Mar 2005</b>	<b>Mar 2004</b>
Average Hedge Debt ( US\$ thou.)	283.750	429.541
<b>CONSOLIDATED DEBT</b>	<b>Mar 2005</b>	<b>Mar 2004</b>
Average Gross Debt (MM Ch\$)	371.938	485.798
<b>Current Rate of the period</b>	<b>5,17%</b>	<b>4,77%</b>
<b>Final Gross Debt (Ch\$ MM)</b>	<b>373.716</b>	<b>468.787</b>
<b>Final Net Debt (US\$ MM)</b>	<b>450</b>	<b>638</b>
<b>Final Net Debt (Ch\$ MM)</b>	<b>263.622</b>	<b>373.949</b>



# Financial Ratios

Exchange rate: 585.93 Ch\$/ US\$

Financial Indexes	Mar-05	Mar-04
Current Assets/ Current Liabilities	1,28	1,77
EBITDA/Financial Expenses	13,33	10,69
Financial Debt/EBITDA	1,63	1,97
Total Liabilities/(Equity+ Min. Interest)	0,82	1,00

Liquidity is high and debt ratios continue to improve as a consequence of a reduction in interest-bearing debt.



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**End of Presentation**