



ENTEL Results Fourth Quarter 2005

Information available at
www.entel.cl



Main Events Fourth Quarter 2005

- Entel paid an interim dividend of Ch\$50 per share in December 2005, an increase compared to an interim dividend of Ch\$15 per share distributed in 4Q04.
- Entel was recognized as one of the top 10 most admired companies in Chile, according to the Financial Daily Newspaper and PricewaterhouseCoopers.
- The Chile Telecom under-secretary (Subtel) has recently granted two 50 MHz licensees to provide WiLL services. Telmex won a concession to operate fixed wireless service countrywide and VTR won a regional concession.
- In January 2006, Booz-Allen Hamilton concluded a review of Entel's organizational structure within the Chilean wireline segment. Costs associated with this process were estimated at Ch\$1.5 billion, accrued in December 2005.



Activity by Business Sector



ENTEL INTERNET

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

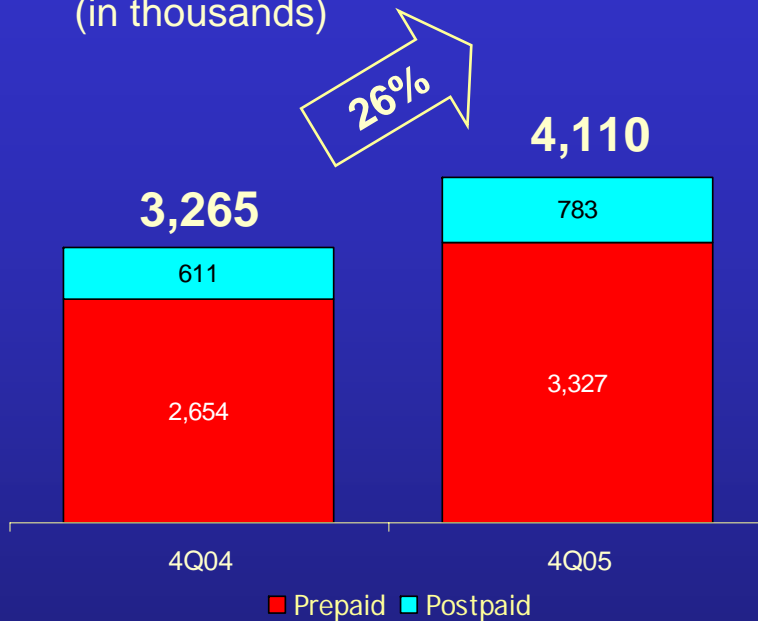
BANDA ANCHA
ADSL ENTEL



Mobile Telephony

Entel's Mobile Subscribers

(in thousands)



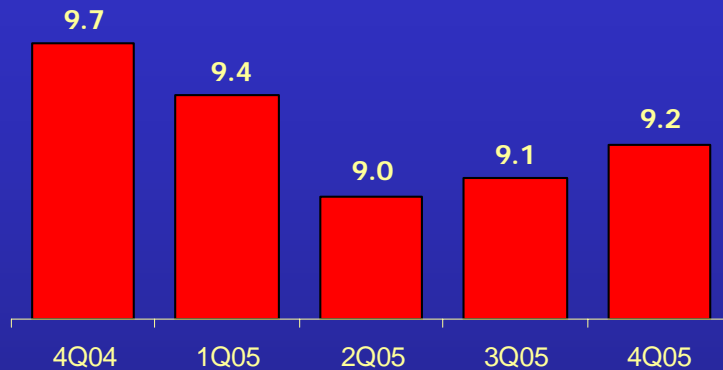
- 41% market share confirms a growing trend. Increasing participation in post-paid segment.
- Total traffic increased 28%, growing 9% from previous 3Q05.
- Value-added services grew 46% and currently represent 6% of total revenues.

- During 4Q05, the market experienced higher activity in connection with year-end holidays.
- Focused on high-tier value market, VAS development and technological innovation.
- Entel PCS launched campaigns focused on fostering multimedia messaging (MMS) usage, with the slogan: "Say Everything With Pictures".

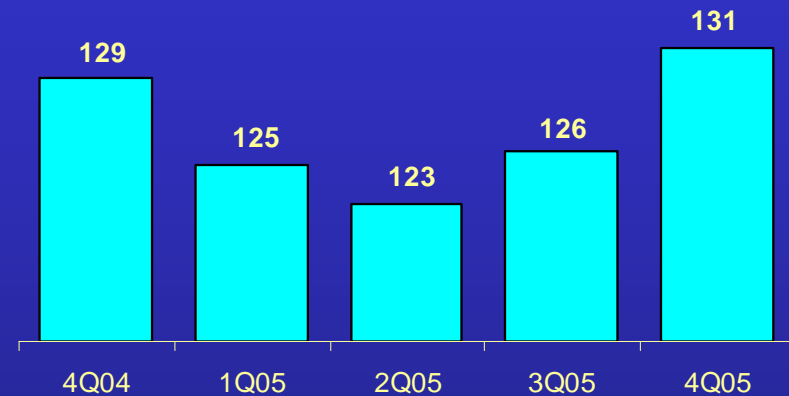


Mobile Telephony

ARPU Average (thousand Ch\$)



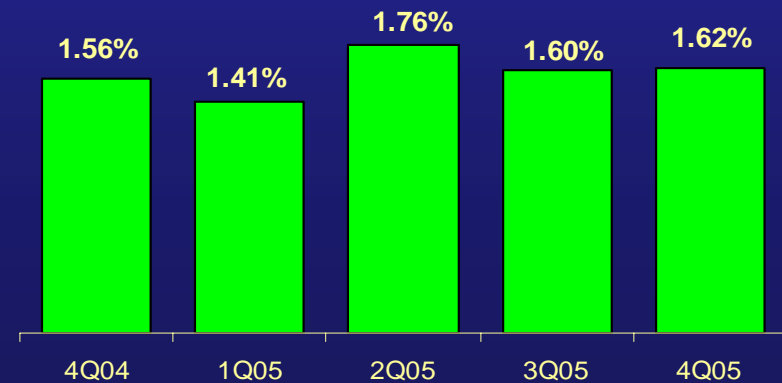
MOU Average (minutes/month)



4Q05 vs 4Q04:

- **ARPU** declined 5% compared to 4Q04, explained by lower access charges. ARPU grew 2% compared to 3Q05, mainly in pre-paid segment.
- **MOU** grew 1% compared to 4Q04, primarily in outgoing traffic in both pre-paid and post-paid segments. In addition, MOU increased 4% compared to 3Q05 mainly in post-paid segment.
- **Churn**: grew due to pre-paid segment resulting from heavy industry promotions that took place in prior quarters. Post-paid churn decrease resulted from high-quality services and strong client preference.

Average Monthly Churn

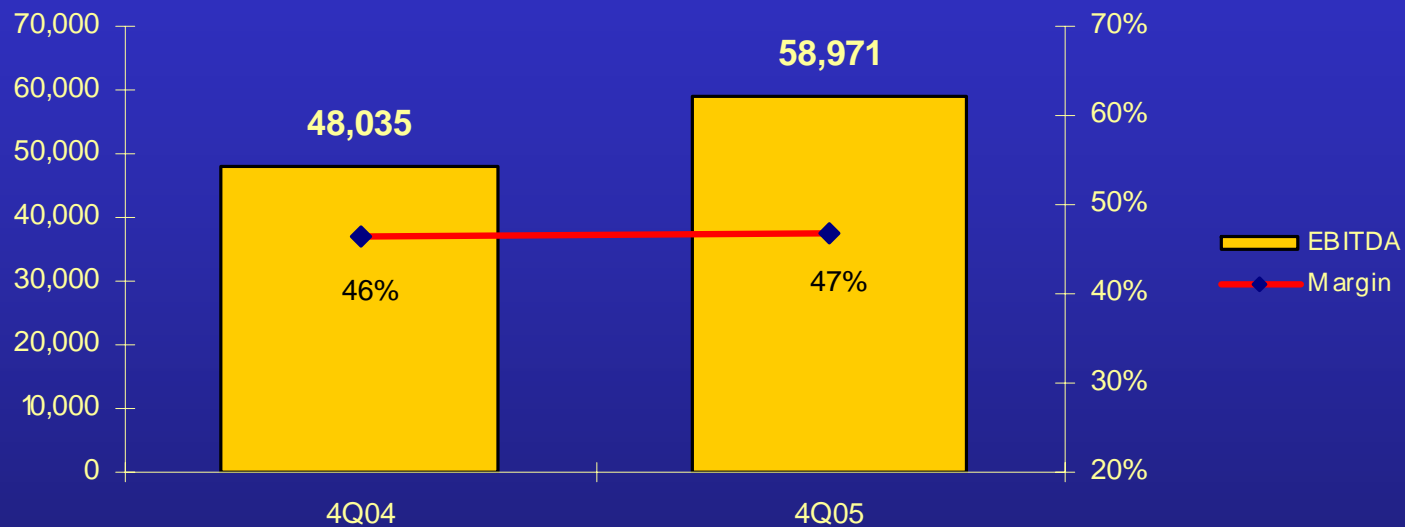




Mobile Telephony

Exchange rate: 512.5 Ch\$/ US\$

EBITDA Ch GAAP (Ch\$ MM)

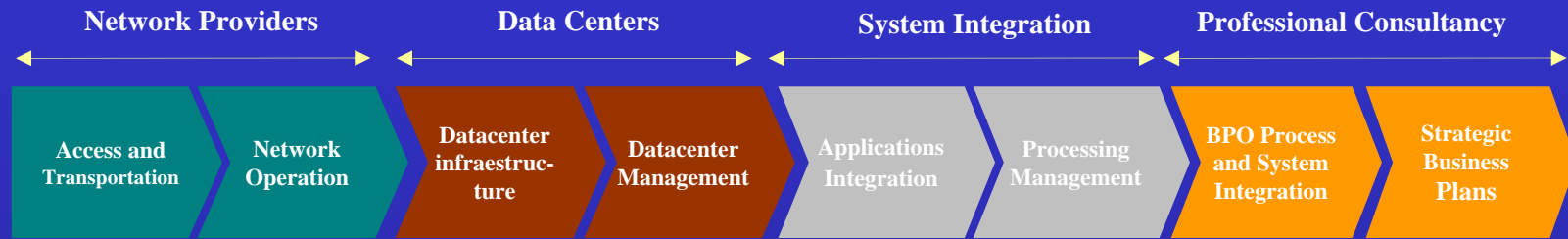


- EBITDA growth 23%: Higher gross service margins driven by 28% growth in traffic. Partially offset by increased SG&A expenses, including sales commissions, bad debt, outsourcing services and personnel, all related to activity level.



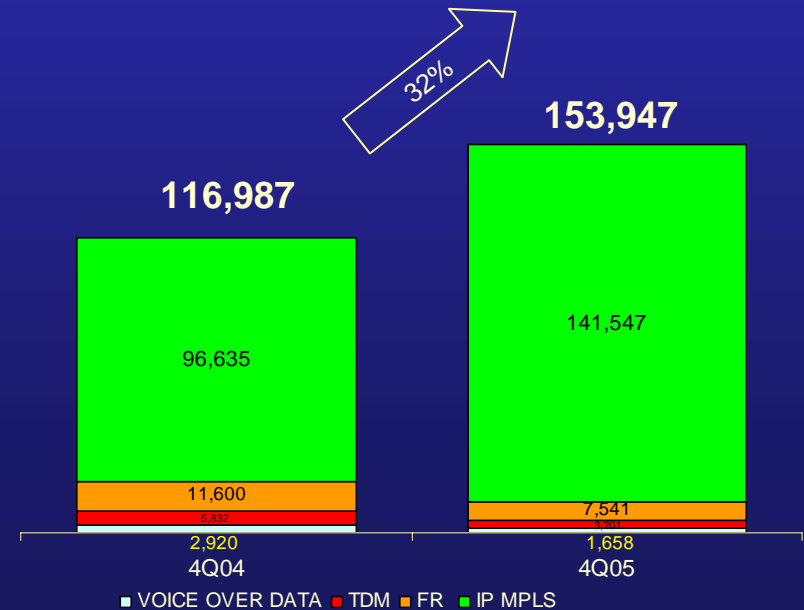
Data Services

Chile Wireline



- Focused on strengthening participation in the integration service market to become a leading player. Also increased market share in the small and medium-sized businesses through providing NGN/IP solutions.
- Strong revenue growth in Data center (175%) and MPLS (13%), IT services (22%), and SVA (70%). These services represent approximately 44% of total Data service revenues, offset by low speed service revenues.
- Relevant contracts were signed in the IT-integration, operational continuance and NGN platforms contracts with Mega Television Network; Soquimich (SQM), with Chile's Secretary of the Treasury and the Chilean National Lottery, among others.

Selected Equivalent Lines 64 Kb equivalent circuits





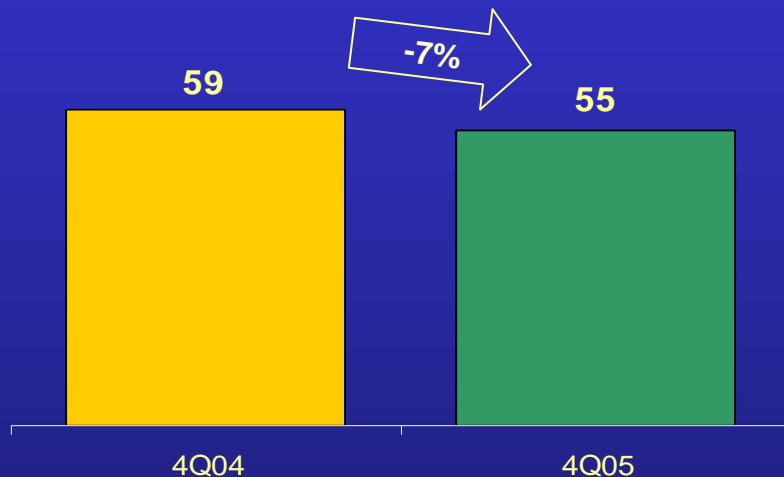
Internet

Chile Wireline

Broadband clients WiLL + ADSL

(in thousands)

Currently WiLL clients represent 32% of the broadband customer base

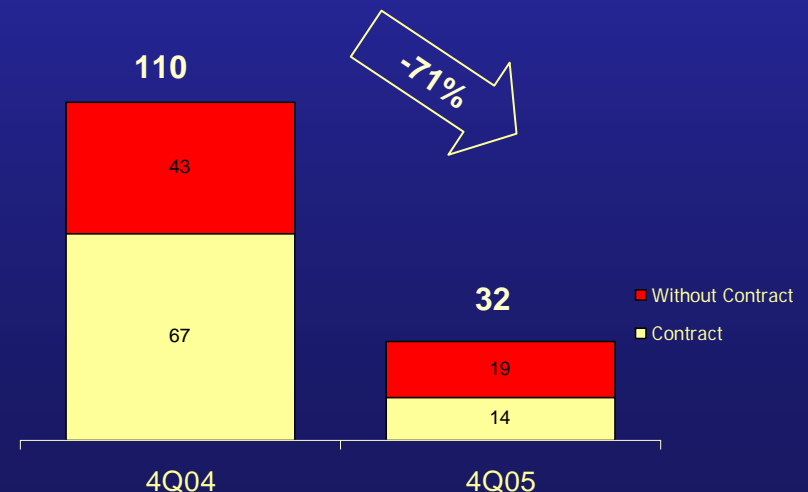


- Entel deployed first WiMax network in Chile throughout main cities.
- Also, the Wi-Fi network in Santiago's main metro stations was expanded.
- Entel Internet was awarded for its high quality standard according to Adolfo Ibañez University, Adimark and Chile-Calidad organization.

- Broadband customer base declined mainly in the residential segment, partially offset by an increase in medium-sized companies.
- Unprofitable dial-up plans were discontinued, affecting customer base.

Active Dial-Up Access Accounts

(in thousands)



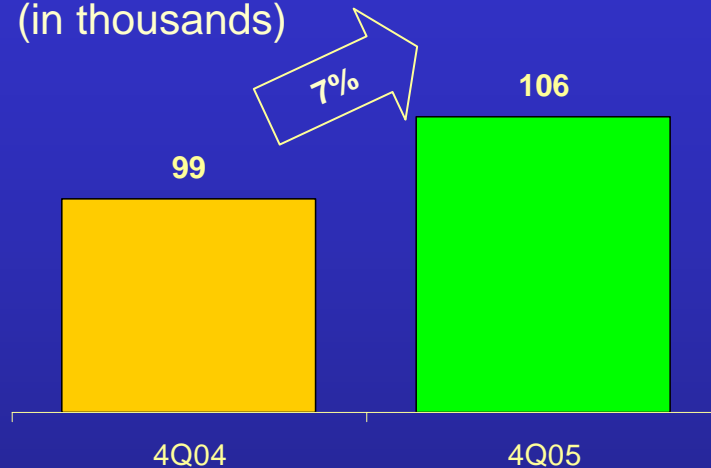


Local Telephony

Chile Wireline

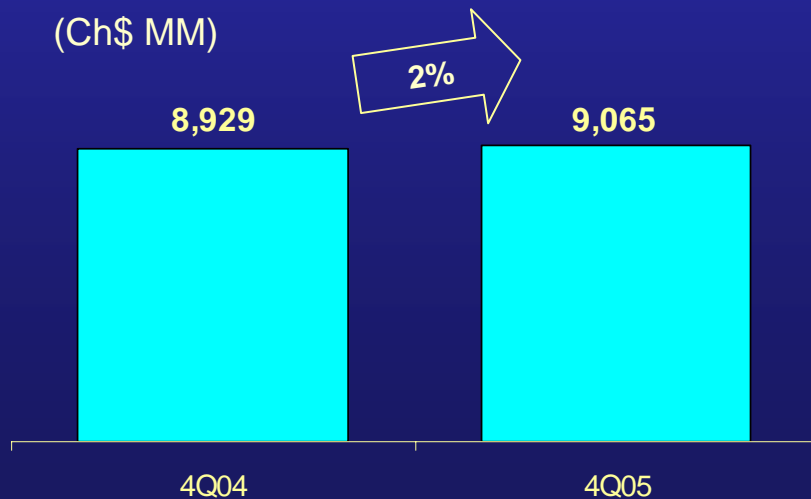
Exchange rate: 512.5 Ch\$/ US\$

Lines in Service (in thousands)

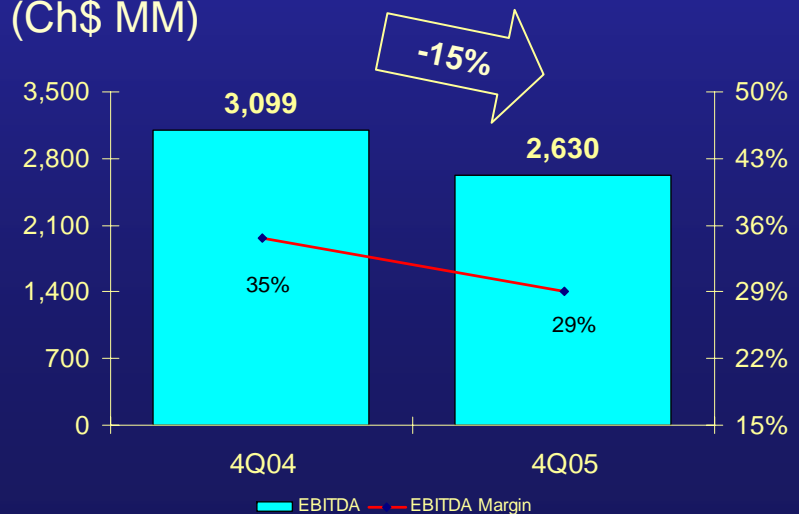


- Increased revenues in bundling and VAS services.
- Corporate segment lines grew 11%. Business clients represent 85% of the total number of billed lines, compared to 82% in 4Q04.
- EBITDA* declined mainly due to higher commercial discounts on new contracts.

Revenues (Ch\$ MM)



EBITDA* (Ch\$ MM)



*WiLL not included.

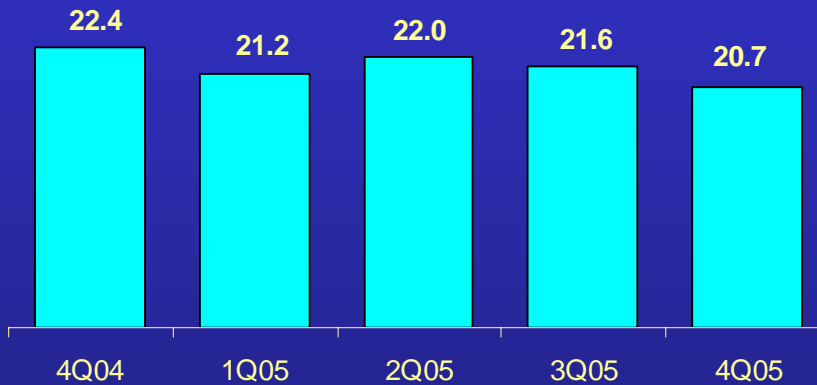


Long Distance

Chile Wireline

ILD Traffic - Quarterly Evolution

(millions of minutes)

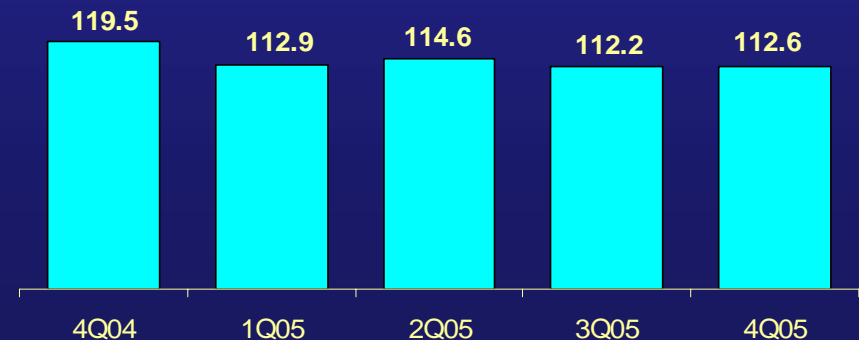


- ILD traffic decreased 8%, primarily in direct dialing services, partially offset by higher value-added services. Tariffs grew 24%, in direct dialing and calling cards services.
- Value-Added Services represented 31% of revenues.
- Average market share: 36% DLD and 40% ILD.

- DLD traffic decreased 6%, mainly in direct dialing and collect call services. Average tariffs declined 16%, principally in collect calls service. Higher usage of mobile phones continues affecting the industry.

DLD Traffic - Quarterly Evolution

(millions of minutes)



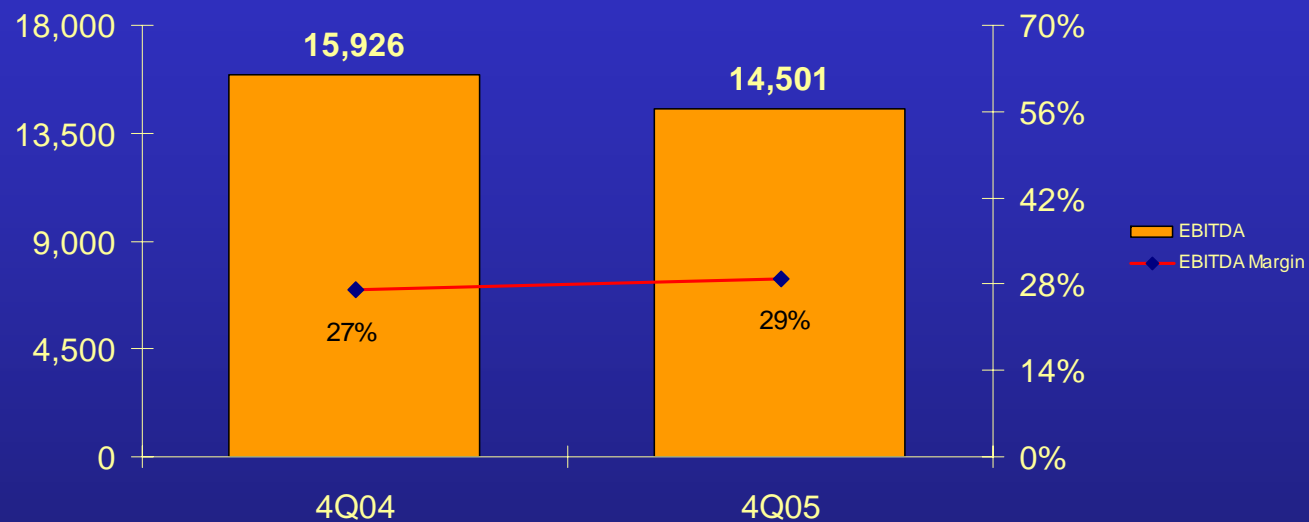


Entel Parent Company

Chile Wireline

Exchange rate: 512.5 Ch\$/ US\$

EBITDA (Ch\$ MM)

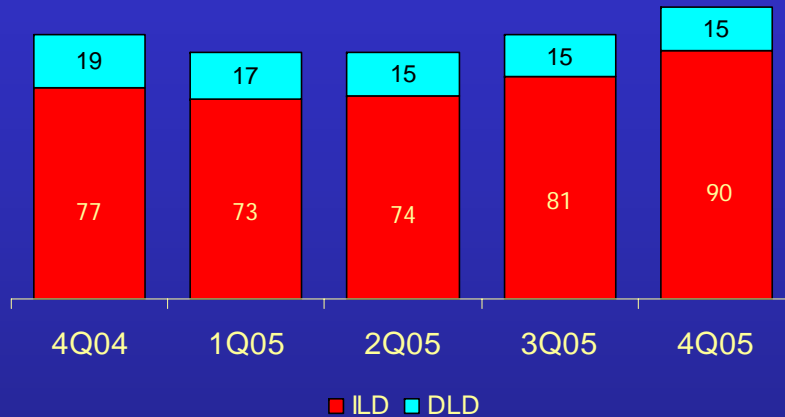


- EBITDA declined resulting from start-up costs related to new IT contracts and lower domestic long distance margins. Partially offset by other costs and expense reductions.

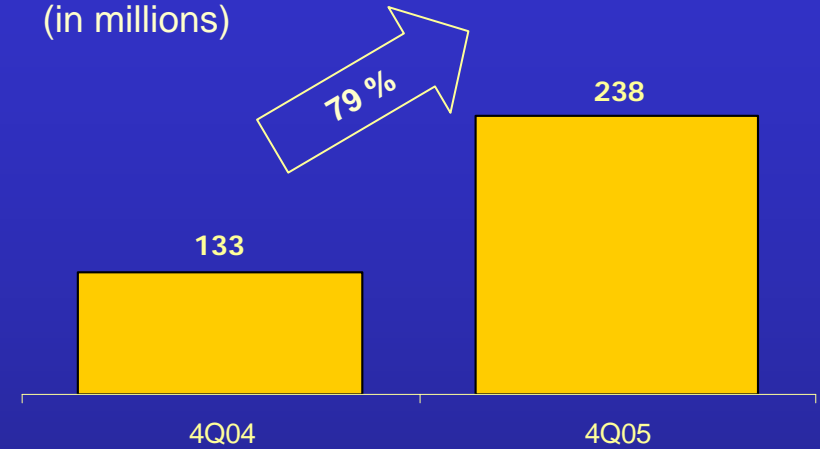


Americatel USA

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

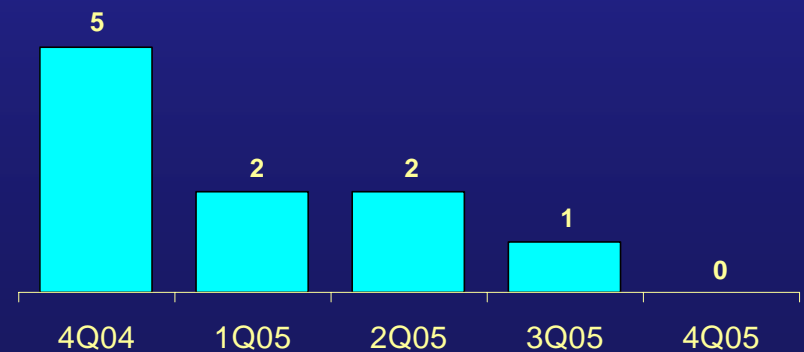


Contract Quarterly Evolution (in millions)



- Increasing trend in ILD contract traffic coming from a strong growth in the customer base.
- Stable competitive environment coupled with efficiency and operational plans, boosted margins and profitability.
- Pre-paid ticket business discontinued.

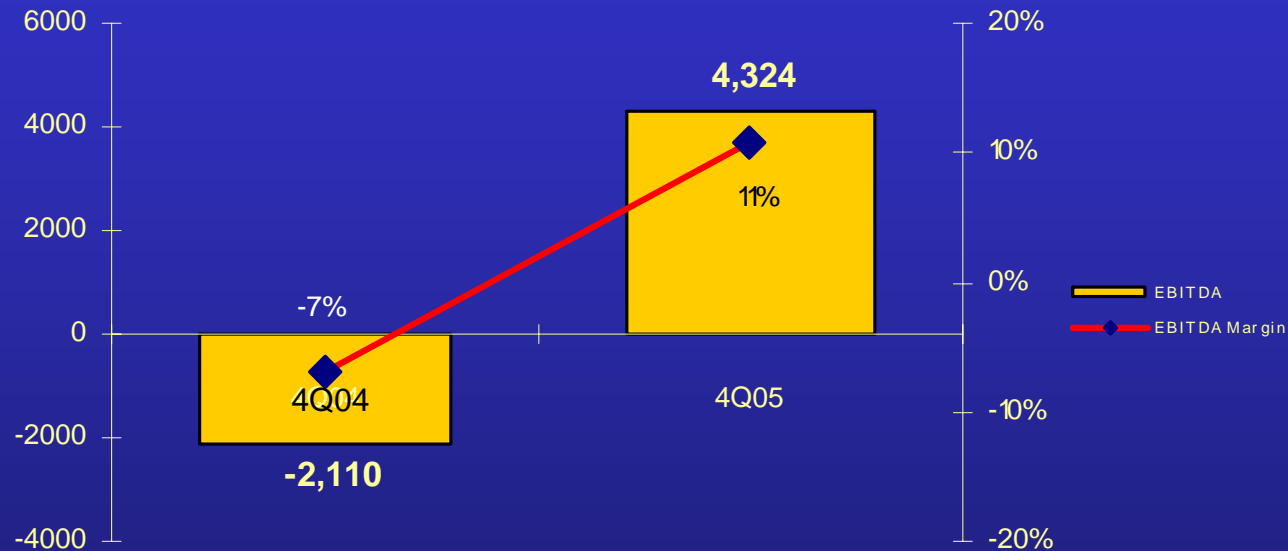
Pre-paid Ticket Traffic Quarterly Evolution (millions of minutes)





Americatel USA

EBITDA (US\$ thousands)



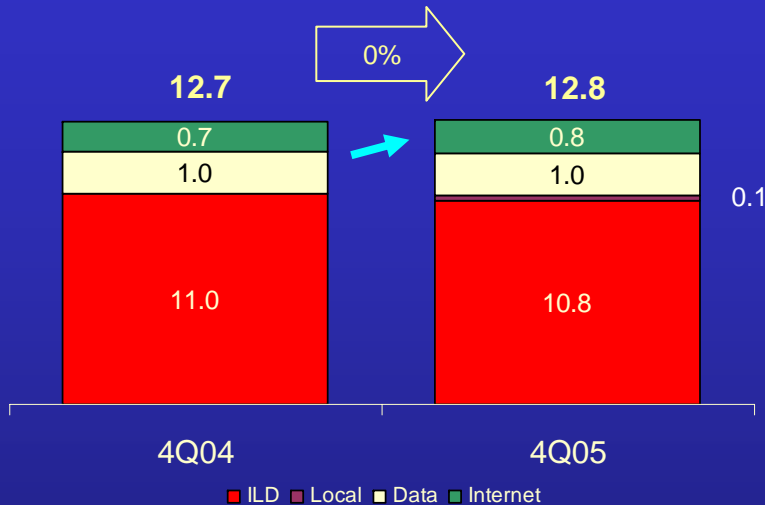
- Strong improvement due to higher margins in all services (higher traffic and stable tariffs), lower SG&A, coupled with the absence of an extraordinary receivable write-off accounted for in 4Q04.



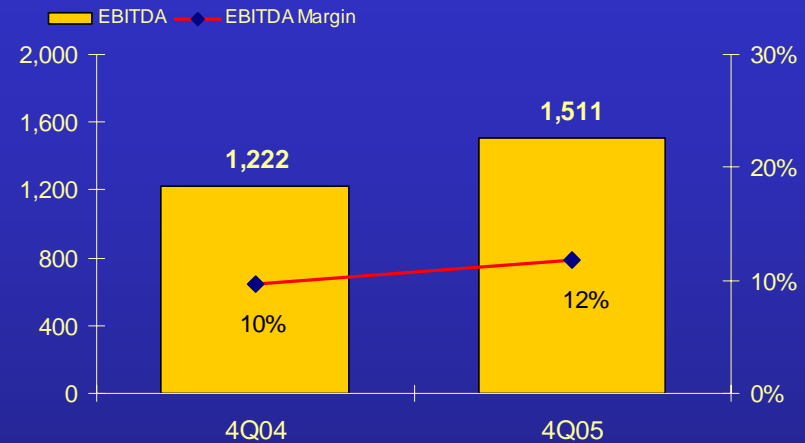
Americatel Central America

Exchange rate: 512.5 Ch\$/ US\$

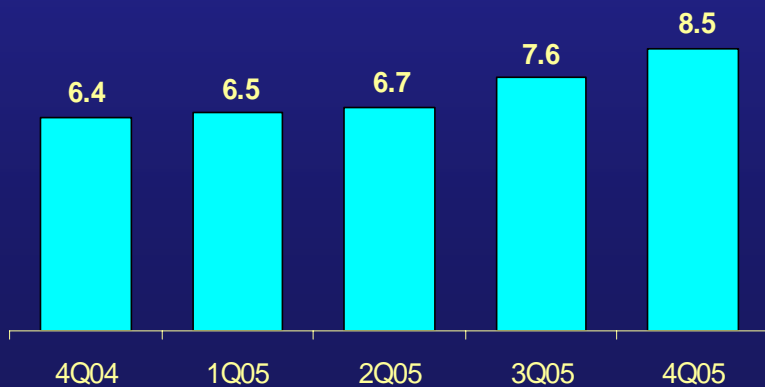
Revenues (US\$ millions)



EBITDA (US\$ thousands)



Selected Equivalent Lines 64 Kb equivalent circuits (millions)



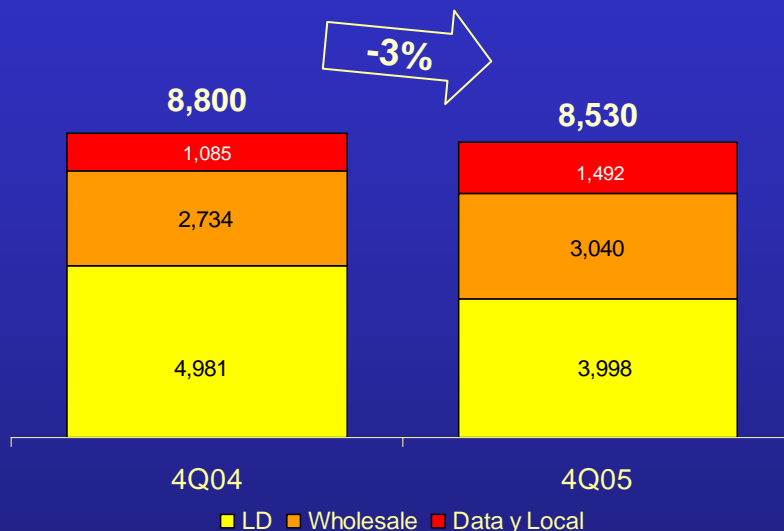
- Data and internet broadband services continue expanding in the business segment, with revenue growth of 7%.
- Broadband internet customer base grew 59%.
- New local telephony business in Honduras began reporting revenues.
- EBITDA increased as a result of higher direct margins in the Data services.



Americatel Peru

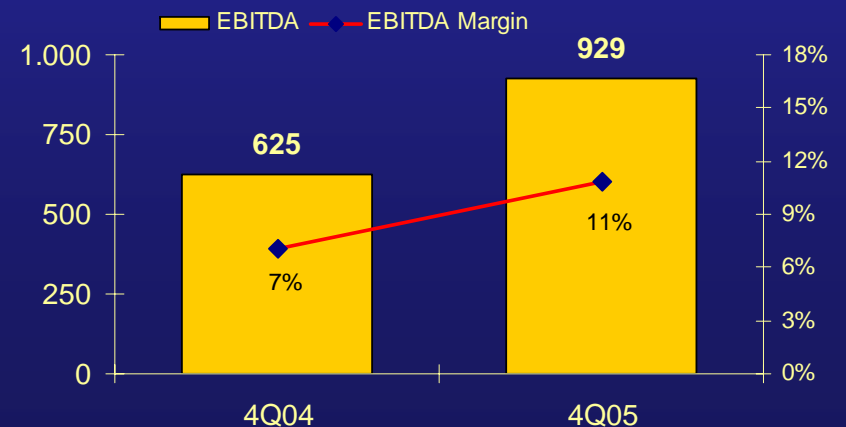
Exchange rate: 512.5 Ch\$/ US\$

Revenues (US\$ thousands)



- 3% lower traffic in LD, while Wholesale increased mainly due to higher tariffs.
- Higher penetration of local telephony and Data services in the business segment. Local lines in services grew 97%.
- EBITDA grew 49% due to higher margins in wholesale and local telephony services together with lower SG&A.

EBITDA Peru (US\$ thousands)





Financial Results Fourth Quarter 2005

- Consolidated Operating Results
- Non Operating Results



Consolidated Quarterly Results

(Ch\$ MM December-05)

Exchange rate: 512.5 Ch\$/ US\$

	4Q05	4Q04	Change %
Net revenues	197,642	177,565	11%
Cost of operations	106,177	96,498	10%
Selling & administrative expenses	53,804	52,008	3%
Operating income	37,661	29,059	30%
EBITDA	77,051	66,647	16%
EBITDA Margin	39%	38%	
Non operating income	-15,671	-4,097	-283%
Income before tax & minority interest	21,990	24,962	-12%
Tax	-3,568	-4,687	24%
Minority interest	-248	171	-245%
Net income	18,174	20,446	-11%

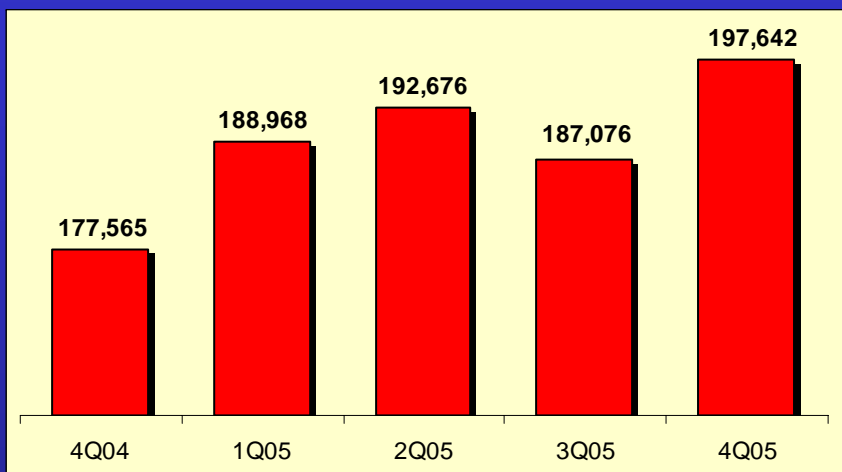
- **Revenues** increased mainly in the mobile business, international subsidiaries and ILD. On the other hand, main declines were in traffic business, DLD and Internet revenues.
- **EBITDA** grew 16% driven by higher margins in the mobile business and improved performance in the international subsidiaries.
- **Non-operating** losses explained by higher non-cash charges related to assets impairments in the Chile Wireline business.
- **Net income** decreased 11% driven by higher non-cash charges.



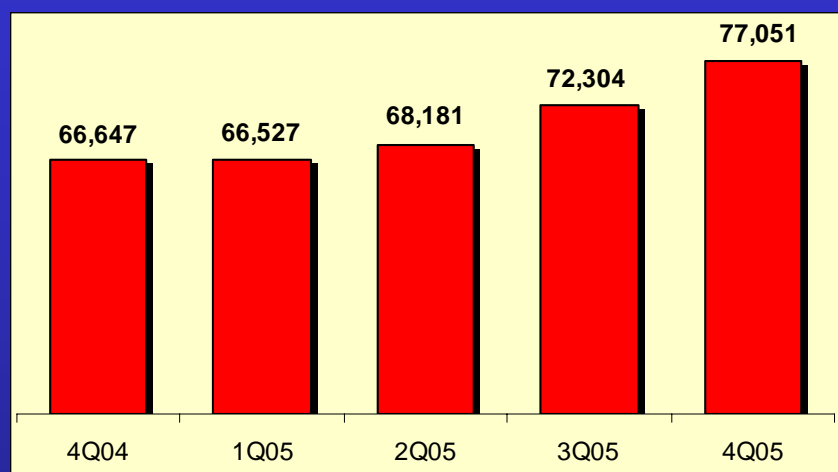
Consolidated Quarterly Results

(Ch\$ MM December-05)

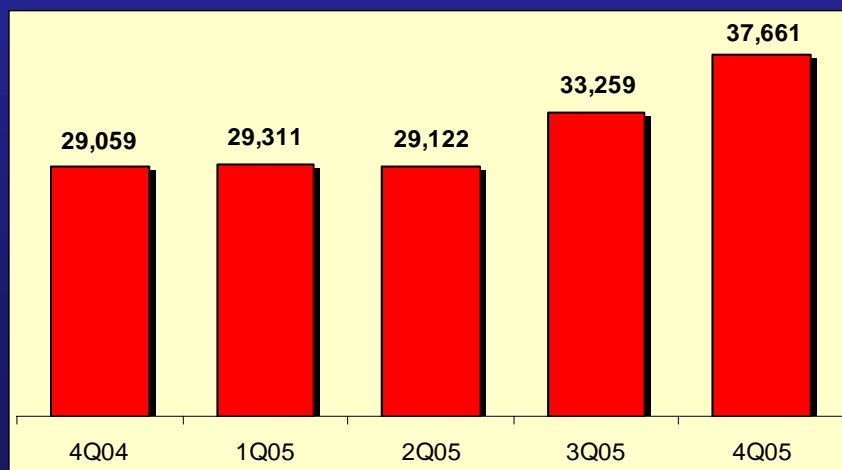
Revenues



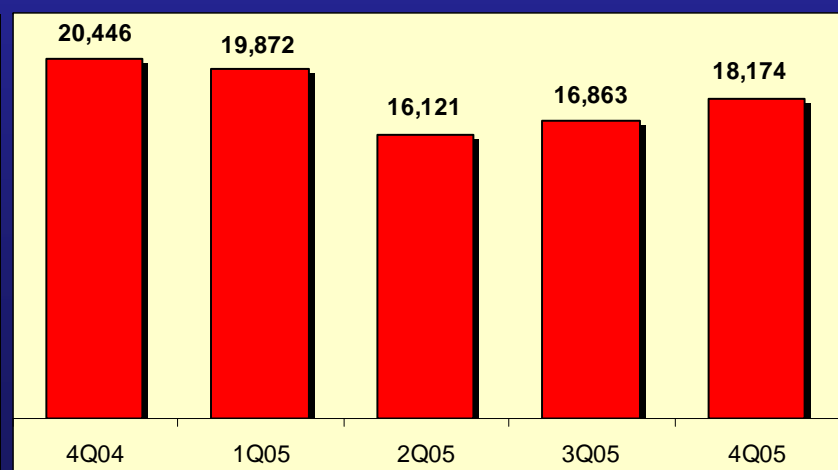
EBITDA



Operating Income



Net Income





Consolidated Revenues

(Ch\$ MM December-05)

	4Q05	4Q04	Change %	Var MM\$
Net revenues	197,642	177,565	11%	20,077
Mobile services	125,630	102,754	22%	22,876
Domestic long distance	6,856	8,493	-19%	-1,637
International long distance	5,179	4,693	10%	485
Internet	5,216	6,525	-20%	-1,309
Data services	11,598	12,309	-6%	-711
Other telecommunication companies	2,249	2,135	5%	114
Traffic business	6,284	11,961	-47%	-5,677
International subsidiaries	26,473	19,062	39%	7,410
Local telephony	7,491	7,529	0%	-38
Others	667	2,102	-68%	-1,435

- **Mobile telephony:** increased mainly due to higher services and equipment sales revenues from a higher customer base.
- **International subsidiaries:** improved in Americatel USA due to higher wholesale traffic and contract customer base growth.
- **ILD:** increased due to a higher average tariffs. Partially offset by lower traffic.
- **Other telecommunication companies:** due to higher leased network services.
- **Traffic business:** lower traffic and a negative impact of Chilean peso revaluation against U.S. dollar (8%).
- **Data:** declines due to Frame Relay and the low speed data services (TDM and IBS), and to the absence of extraordinary revenues related to equipment sales during 4Q04 from IT services. On the other hand IT integration, MPLS/ IP Protocol continue growing.
- **DLD:** decrease in average tariffs and traffic.
- **Internet:** lower internet dial-up revenues due to client migration to broadband solutions. Broadband revenues remained flat.



Consolidated Costs and Expenses

(Ch\$ MM December-05)

	4Q05	4Q04	Change %	Var MM\$
Cost of operations and Selling & Adm. Expenses	159,981	148,506	8%	11,475
Access charges	32,418	28,310	15%	4,108
Payments to correspondents	14,370	14,847	-3%	-477
Depreciation & amortization	31,542	30,823	2%	718
Salaries & expenses	18,275	16,810	9%	1,464
Advertising cost	5,191	6,228	-17%	-1,037
Amortization of prepaid equipment	7,474	5,013	49%	2,461
Bad debt provision	4,727	7,658	-38%	-2,931
Outsourced services	5,874	4,492	31%	1,382
Others (Call Center, Travel Outsourcing)	40,110	34,324	17%	5,785

- **Access charges:** grew mainly due to higher traffic in the mobile business, offset by lower traffic in the Chile wireline segment.
- **Amortization of pre-paid equipment:** increase in-line with growth in the mobile customer base.
- **Salaries and expenses:** growth in the Chile wireline and in the mobile business partially offset by a decline in the international subsidiaries.
- **Outsourcing:** increase in Chile wireline, mainly due to higher start-up costs and expenses to face new contracts in IT-integration and operational continuance services.
- **Bad debt provisions:** decreased mainly in Americatel USA and Chile wireline.
- **Advertisement:** reductions in Chile wireline and at Americatel USA, geared with prevailing industry trends.



Consolidated Non Operating Results

(Ch\$ MM December-05)

	4Q05	4Q04	Change %	Var MM\$
Non operating results	(15,671)	(4,097)	-283%	-11,574
Interest income	976	672	45%	304
Other income	264	1,719	-85%	-1,455
Amortization of goodwill	(884)	(911)	3%	27
Financial expenses	(5,730)	(5,213)	-10%	-517
Other expenses	(11,026)	(1,622)	-580%	-9,404
Price level restatements & gain (loss) for exchange rates	729	1,259	-42%	-529

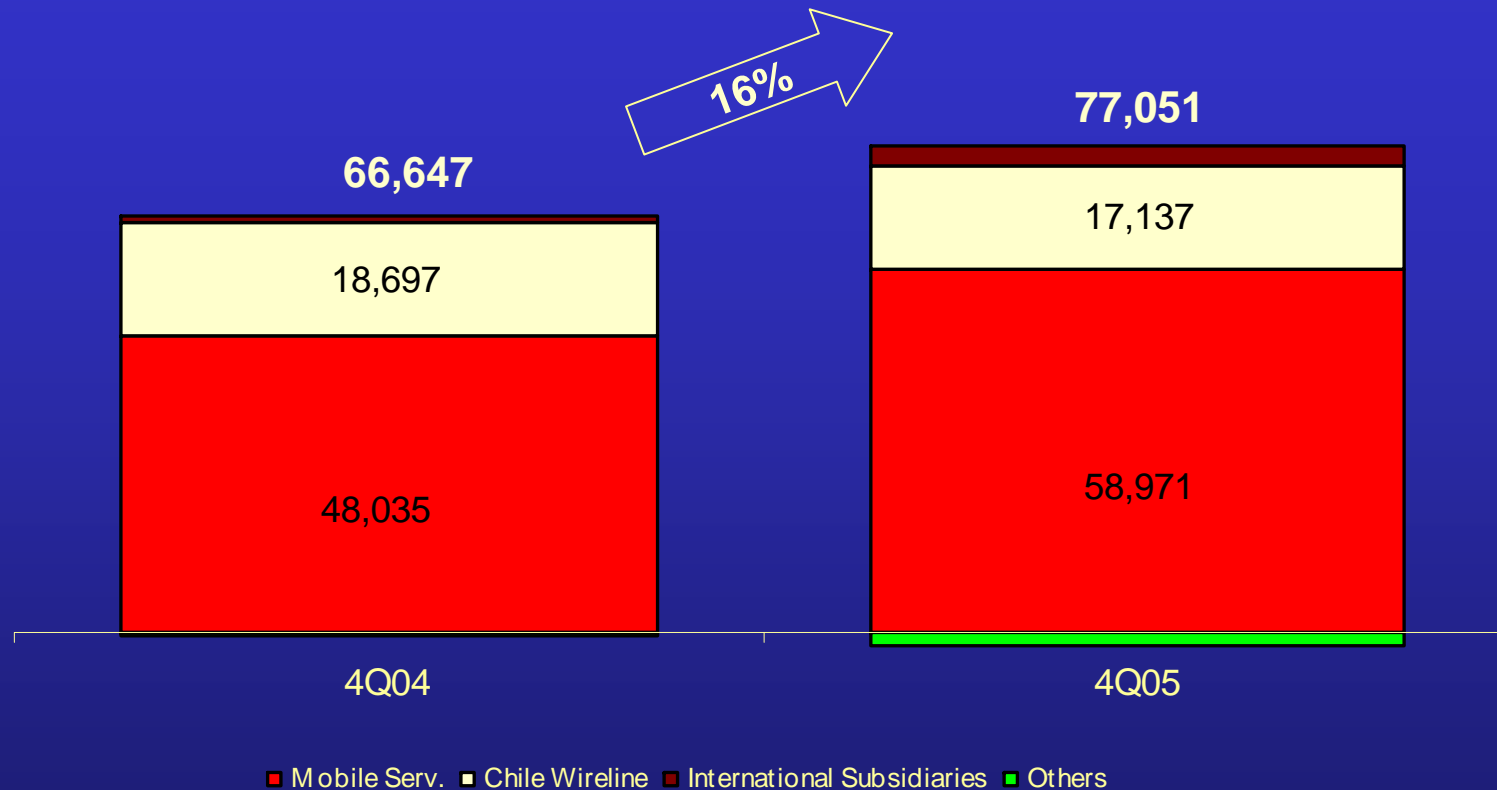
- **Non operating results** increased mostly as a result of higher losses related to non-cash charges related to ChS\$ 7.4 billion in assets impairments affecting the Chile wireline segment.
- **Net financial expenses:** increasing according to higher net debt compared to 4Q04.



Consolidated Cash Generation*

(Ch\$ MM December-05)

Exchange rate: 512.5 Ch\$/ US\$



- EBITDA grew as a consequence of higher margins in mobile and the improved performance of international subsidiaries.

4Q04	4Q05
38%	39%

*Operating Income + Depreciation + Amortization.



Simplified Free Cash Flow

(Ch\$ MM December-05)

Exchange rate: 512.5 Ch\$/ US\$

MMCh\$	YTD Dec-05	YTD Dec-04
EBITDA	284,063	233,868
CAPEX	(112,652)	(99,531)
Net Financial Expenses	(18,595)	(19,089)
Cash Flow	152,817	115,247

- Strong net cash flow from improved performance in the mobile and international subsidiaries services.
- Capex increased primarily in the Mobile business to face demand growth and also in IT-integration and IP-NGN services.
- Lower net financial expenses due to lower interest rates.



Consolidated Debt & Hedge

Exchange rate: 512.5 Ch\$/ US\$

	YTD Dec-05	YTD Dec-04
Average Hedged Debt (US\$ thou.)	353,751	348,378
Consolidated Average Gross Debt (MM Ch\$)	442,488	458,351
Current Rate of the period (Annual)	4.76%	5.41%
Final Gross Debt (Ch\$ MM)	433,828	378,111
Final Net Debt (US\$ MM)	746	613
Final Net Debt (Ch\$ MM)	382,470	314,195



Financial Ratios

Exchange rate: 512.5 Ch\$/ US\$

Financial Indexes	YTD Dec-05	YTD Dec-04
Current Assets/ Current Liabilities	1.84	1.27
EBITDA/Financial Expenses (Gross)	13.01	10.58
Financial Debt/EBITDA	1.53	1.62
Total Liabilities/(Equity+ Min. Interest)	1.28	0.86

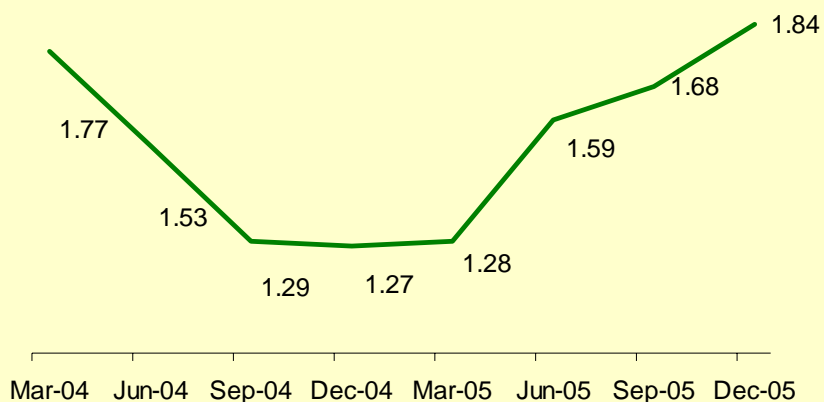
- Higher liquidity and debt ratios reflect the company's healthy financial position.



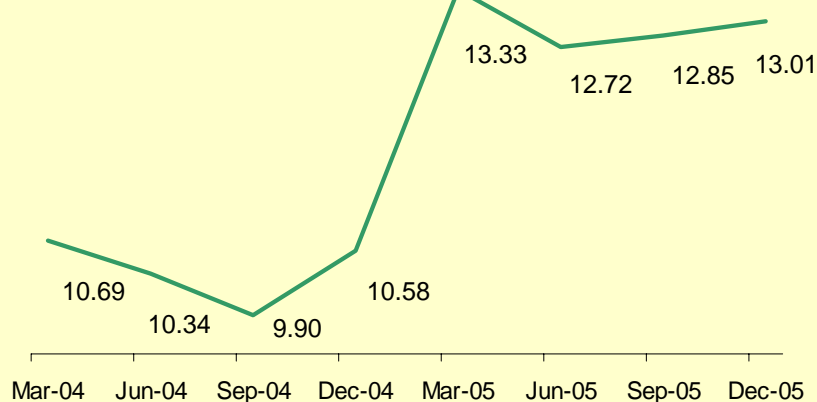
Financial Ratios Trends

Exchange rate: 512.5 Ch\$/ US\$

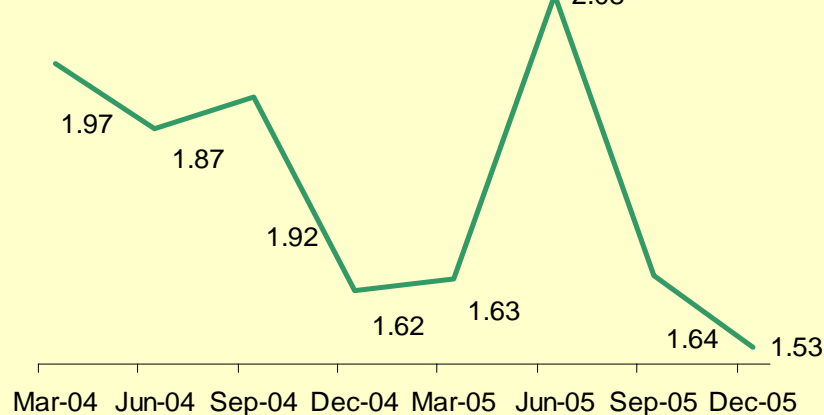
Current Assets/ Current Liabilities



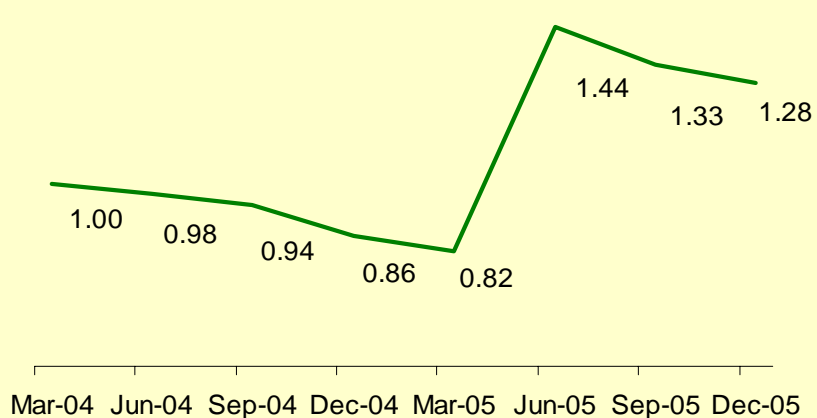
EBITDA/Financial Expenses (Gross)



Financial Debt/EBITDA



Total Liabilities/(Equity+ Min. Interest)





End of Presentation