


A tall telecommunications tower with multiple levels of antennas and equipment, positioned on the left side of the slide. The tower is reflected in the white background below. Several circular logos with a stylized 'E' and the word 'ENTEL' are scattered around the tower.

ENTEL Results First Quarter 2004

A stylized, light blue map of South America, showing the continent's outline against a background of clouds.

Available at
www.entel.cl
“Investors” Section



Main Events

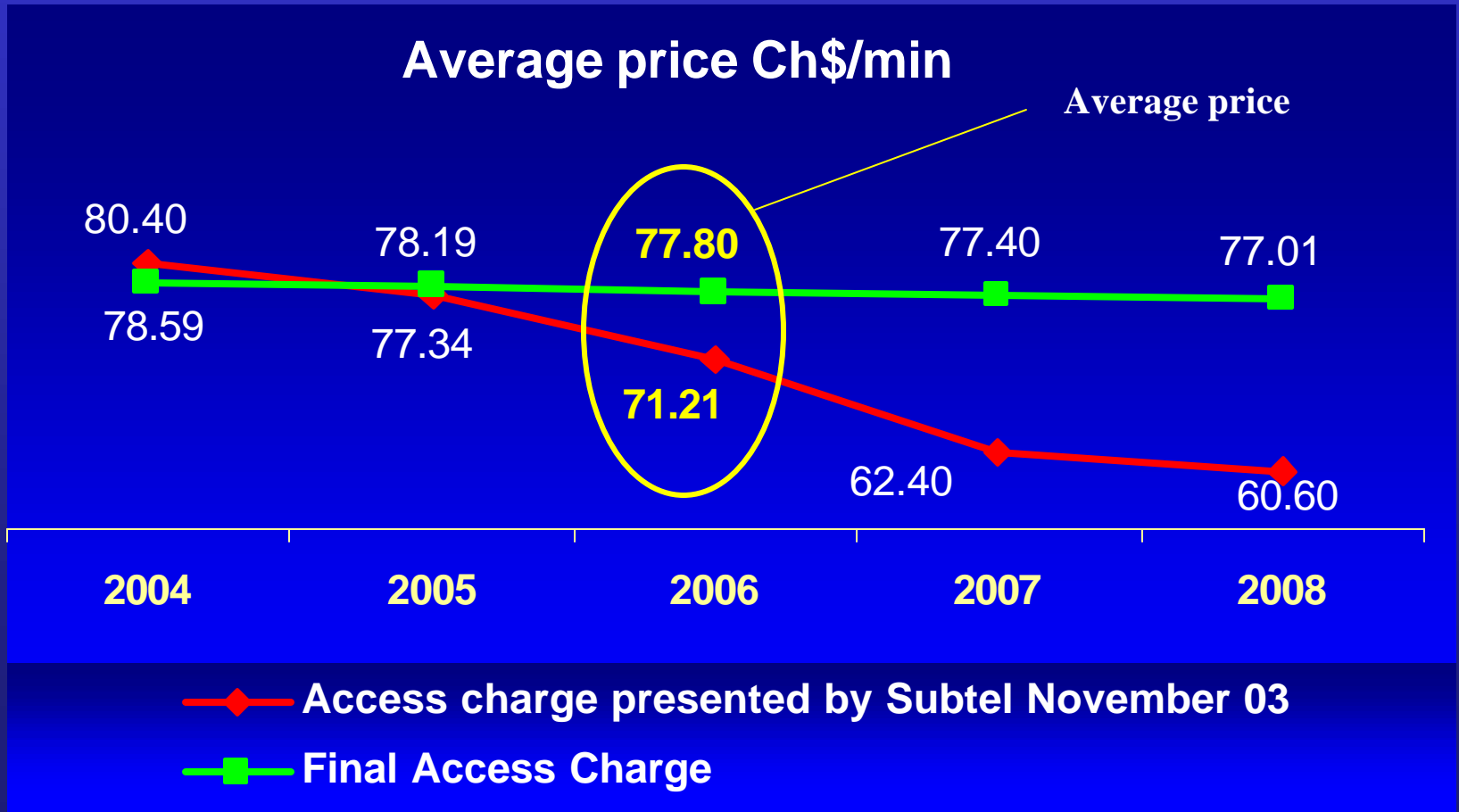
First Quarter 2004:

- Tariff decree process for Mobile access charges was officialized, defining a decrease of 26.5% in average for the next five years.
- Tariff decree process for Local incumbent is in the final phase.
- Telefonica and Bellsouth merge in Mobile telephony.
- Telmex purchase of Chilesat.
- Entel is evaluating possible sale of Americatel USA and Central America.
- Bond prepayment for approximately US\$ 40 million in January 2004.



Chilean Mobile Tariff Setting Process

- Subtel published the new tariffs for Mobile companies, effective 23 January.





Activity by Business Sector



ENTEL INTERNET

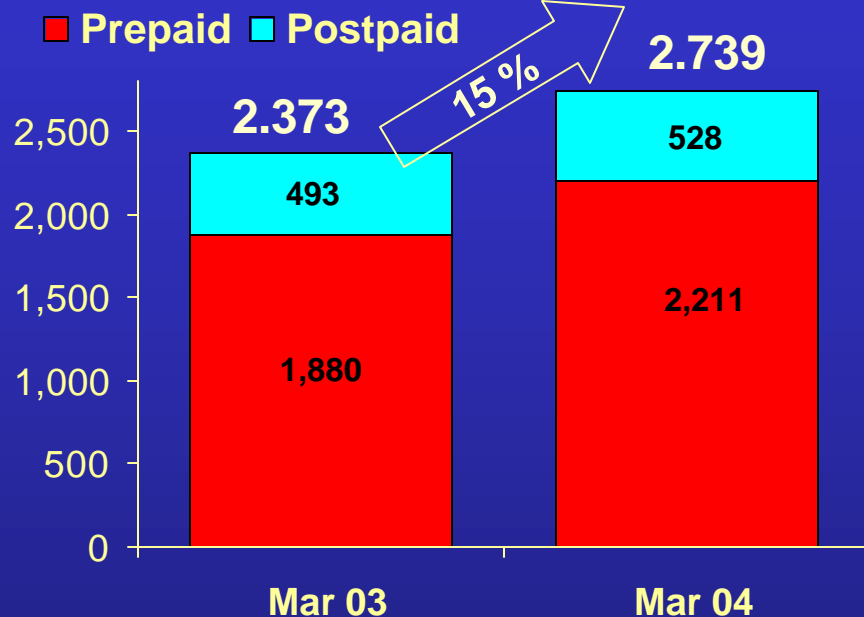
❖ Enlace Internacional
via fibra óptica, de más de
200 Mbps

BANDA ANCHA
ADSL **ENTEL**



Mobile Telephony

Entel's Mobile Subscribers
(In Thousands)



→ 40% market share.

→ Leading market share in monthly sales.

→ Introduction International SMS Roaming services for prepaid clients and Roaming GPRS/MMS services for postpaid and prepaid clients to promote the use of value added services abroad.

→ Mobile TV services was also launched during the first quarter.

→ Nationwide coverage with GPRS services.

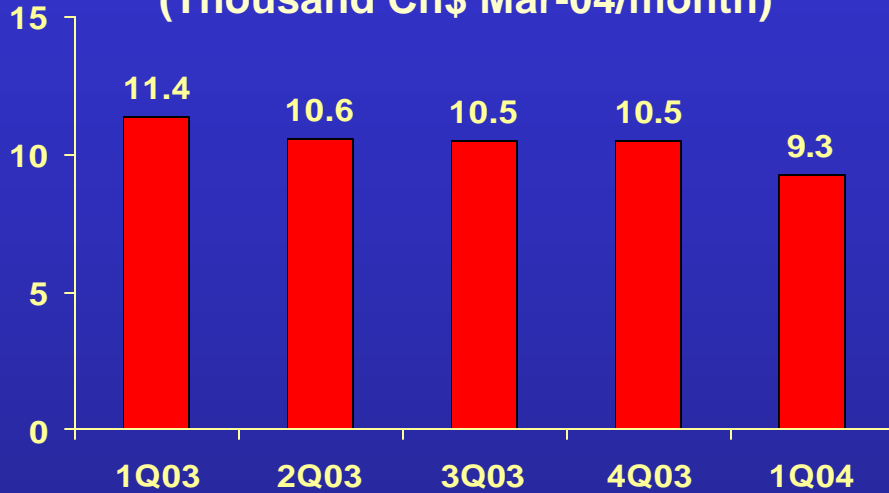


Mobile Telephony

Exchange rate: 616.4 Ch\$/ US\$

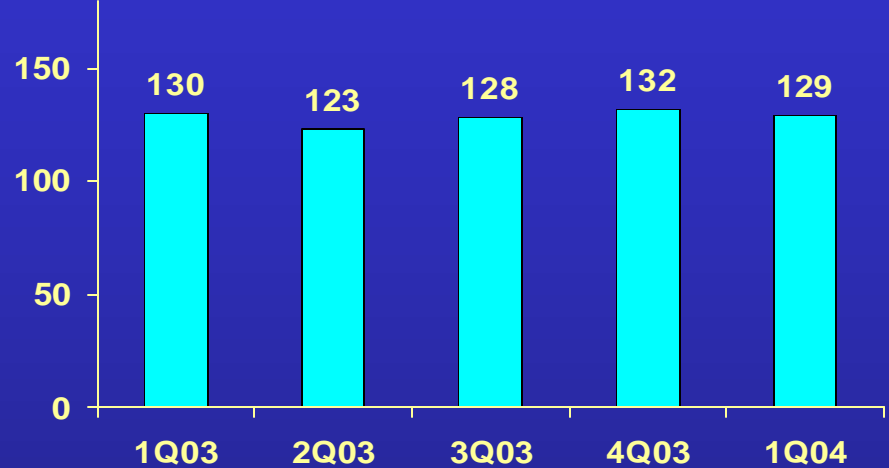
ARPU Average

(Thousand Ch\$ Mar-04/month)



MOU Average

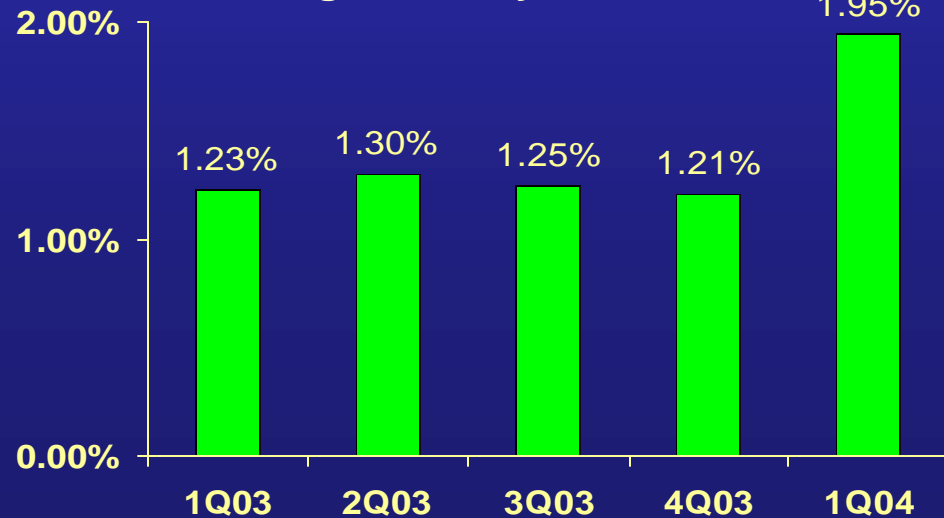
(Minutes/month)



1Q04 vs 1Q03:

- ARPU decreased 18% affected by lower revenues due to access charge reductions. MOU decreased 1% due to lower incoming traffic from local phones.
- Churn has increased in the low value tier customers of prepaid segment, while churn rate in the postpaid segment declined.

Average Monthly Churn



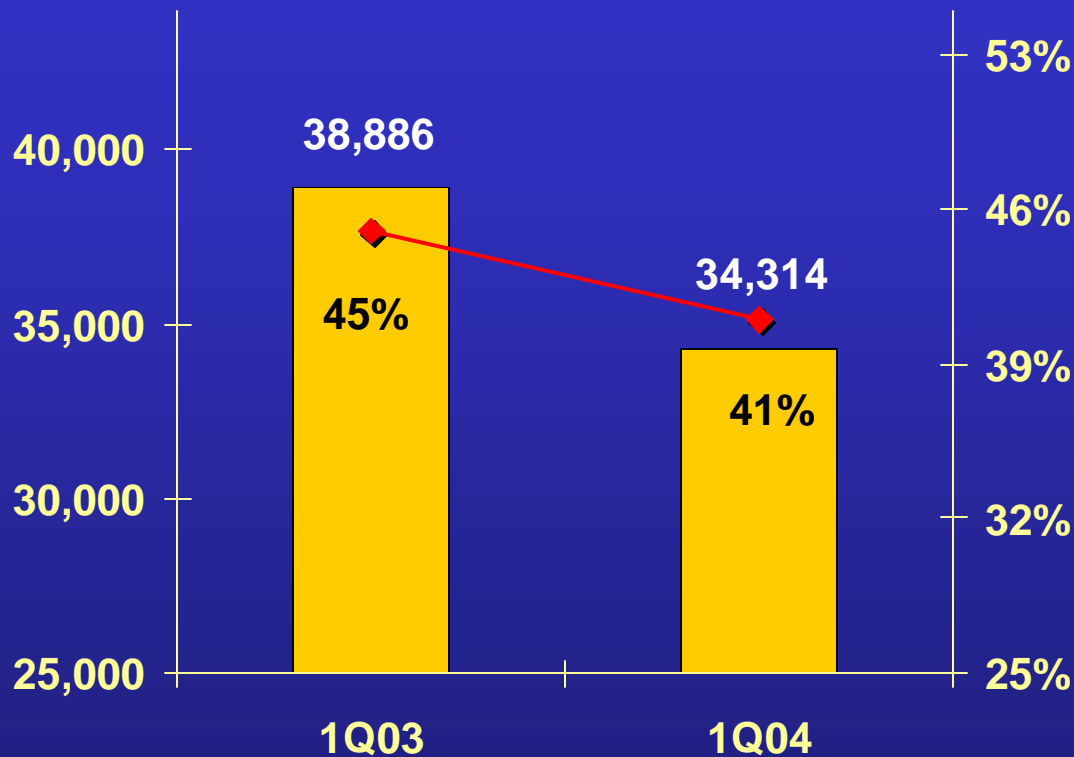


Mobile Telephony

Exchange rate: 616.4 Ch\$/ US\$

**EBITDA Ch GAAP
(MM Ch\$)**

■ EBITDA ◆ EBITDA Margin Ch GAAP



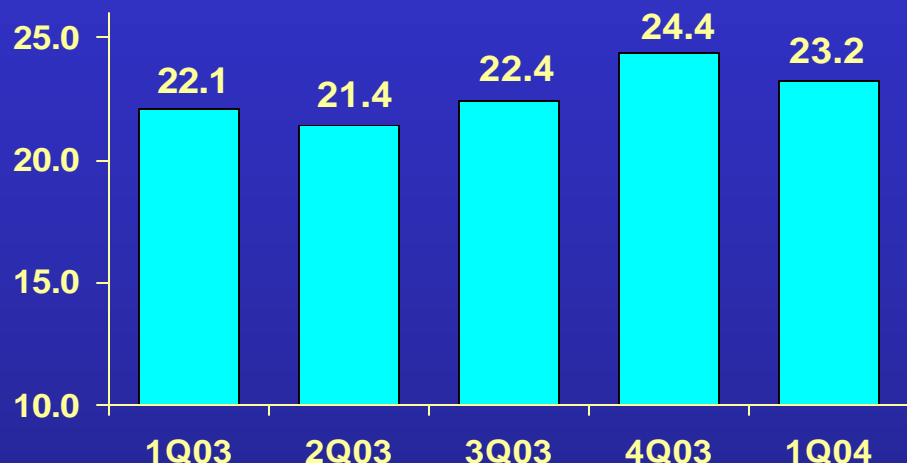
→ Operating Income and EBITDA decreased 12% as a result of a reduction in access charges, after the tariff settings.

→ Cost control and SAC reduction.

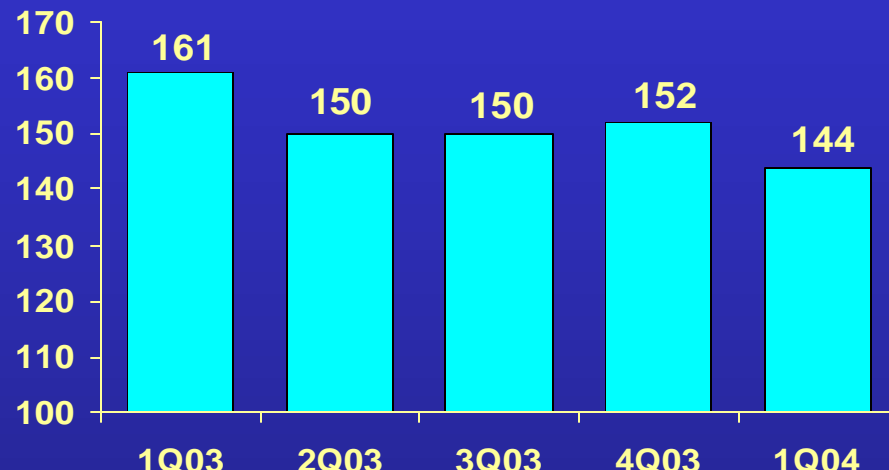


Long Distance

ILD Traffic - Quarterly Evolution
(Millions of minutes)



DLD Traffic - Quarterly Evolution
(Millions of minutes)



→ ILD traffic grew 5% 1Q04 vs 1Q03 mainly in dial-up contracted services. Tariff decline 14% mainly in calling card and value added services.

→ DLD decreased 10% in traffic while average tariff remain stable.

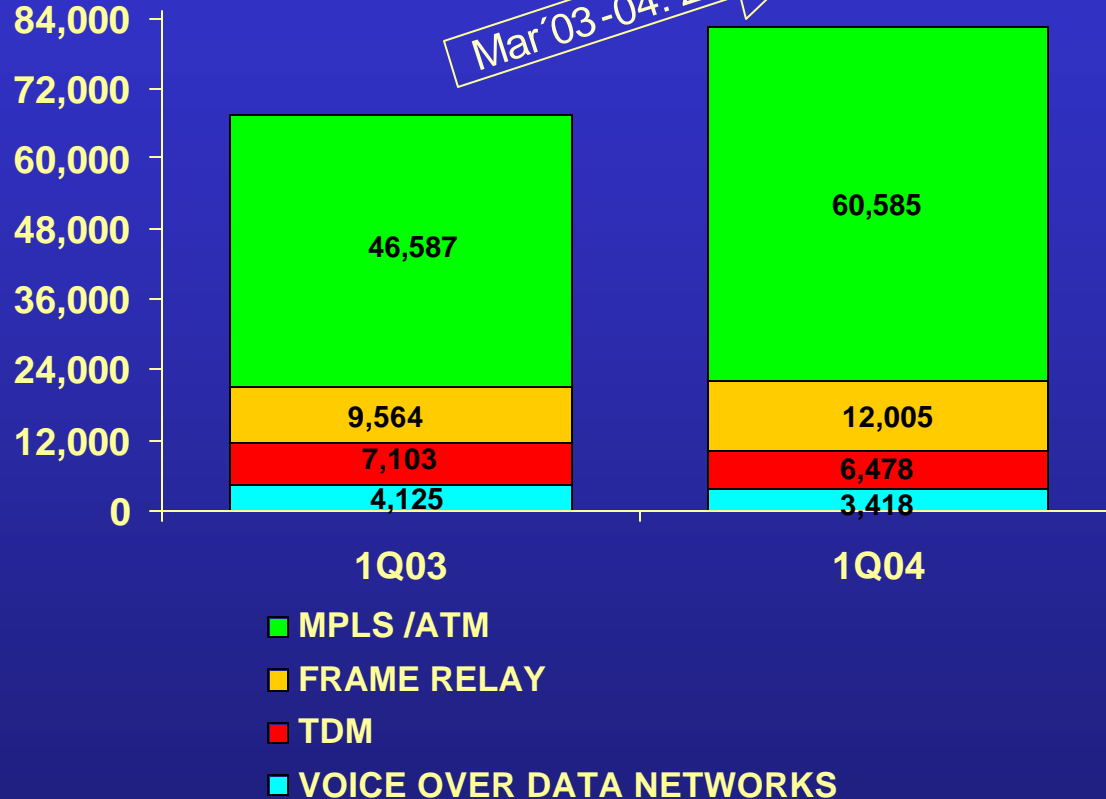
→ Stable market share: 36% DLD and 40% ILD.



Data Services

Selected Equivalent Lines

64 Kb equivalent circuits



→ Growth trend was explained by better IT services supporting operational performance of clients, and higher speed services from ATM, Frame Relay and MPLS network.

→ Permanent focus on offering integral IT solutions such as Call Center, integrated systems, Data Center and e-commerce.

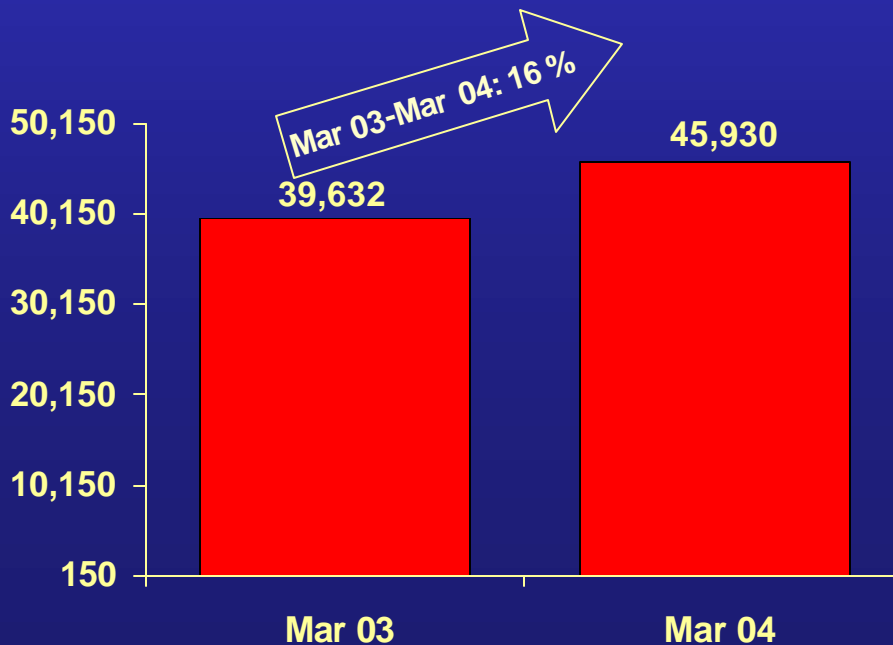


Internet

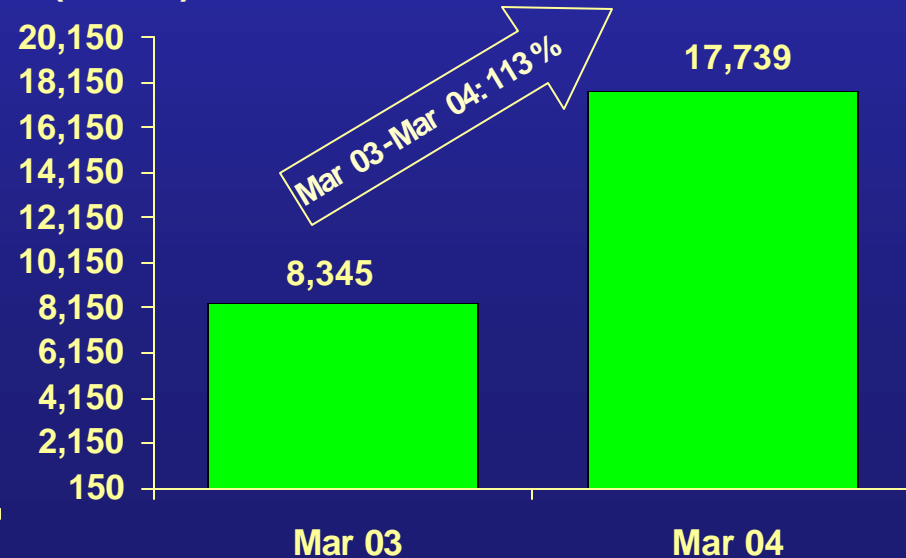
→ Continue capturing broadband industry growth with own (WLL/ Entelphone) and leased network.

→ The company is offering different plans (WLL/ ADSL) with wider ranges of speed in order to increase customer segmentation.

Broadband clients WILL + ADSL



Dedicated equivalent lines (64 Kb)

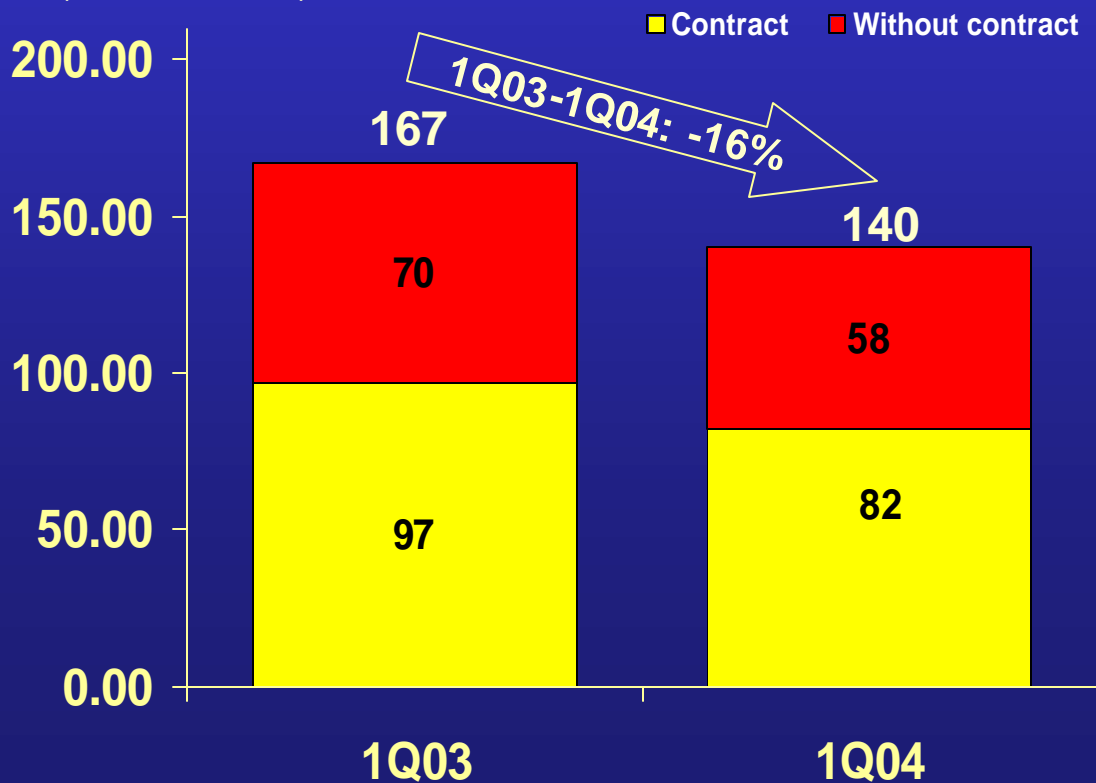




Internet

- Continue the migration from dial-up customers to broadband services.
- Entel launched the “ Total Control 500 plan” (lower fixed fee for an amount of minutes) to increased usage with flat rate plans.

Active Dial-Up Access Accounts
(In Thousands)



→ B2B marketplace (Merconet) clients: 1,570.

During 1Q04:

→ 43 million average page views/month.

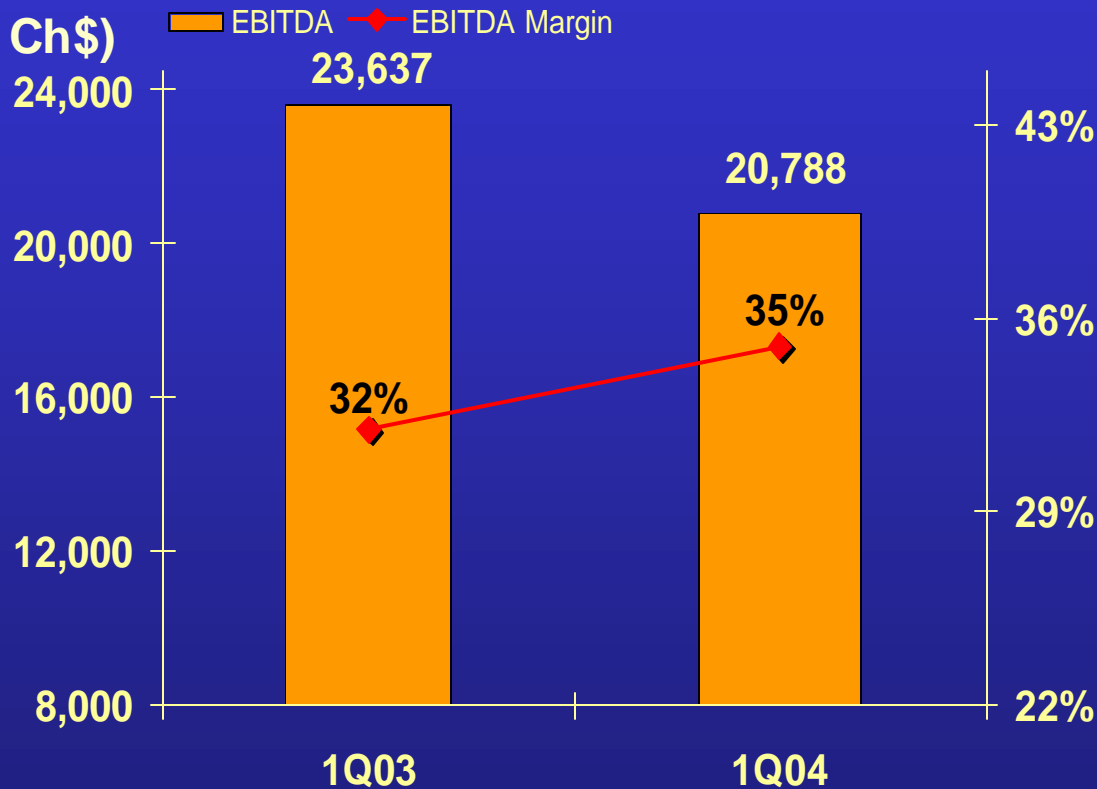
→ Average of 931 thousand unique visits/month.



Entel Parent Company

Exchange rate: 616.4 Ch\$/ US\$

EBITDA (MM Ch\$)



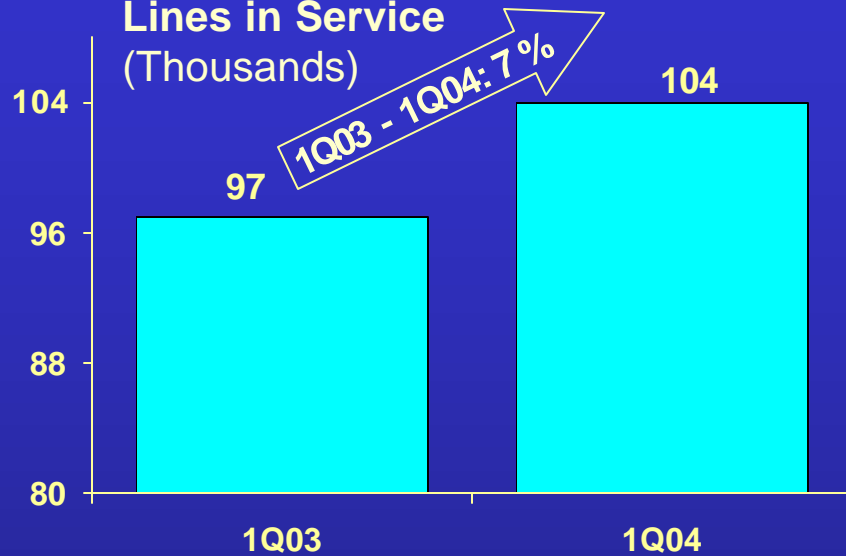
- EBITDA decrease 12% mainly due to lower LD margins, tariff reduction in related companies services, partially offset by costs reductions.
- EBITDA margin improved as a result of lower sales in traffic business (low margins services) coupled with cost controls.



Local Telephony

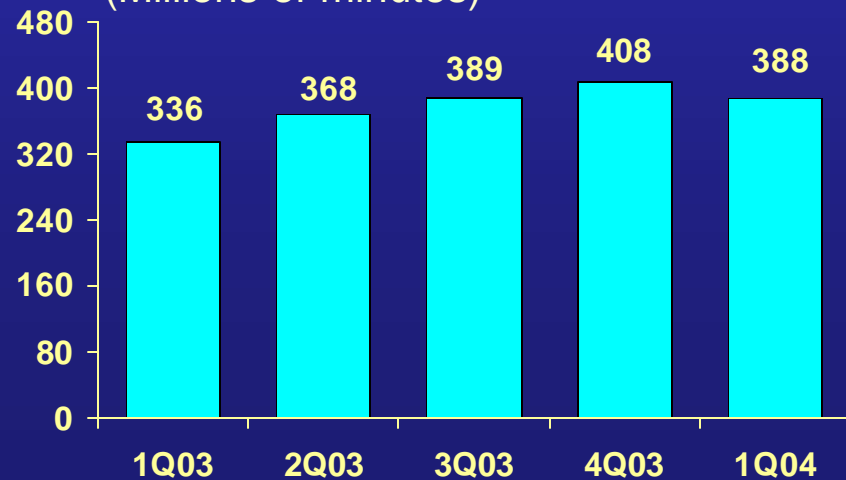
Exchange rate: 616.4 Ch\$/ US\$

Lines in Service
(Thousands)

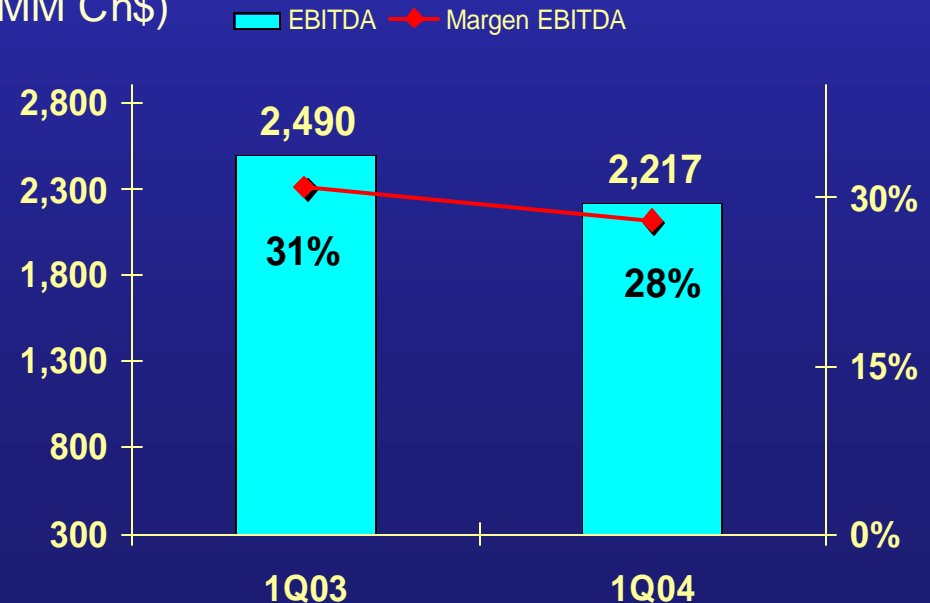


- Lines increased mainly in big/medium size company segment.
- Bundling of local telephony lines with ADSL.
- 75% of billing lines in business and corporate customers.
- Lower EBITDA due to decreased variable per minute revenues.

Traffic - Quarterly Evolution *
(Millions of minutes)



EBITDA*
(MM Ch\$)



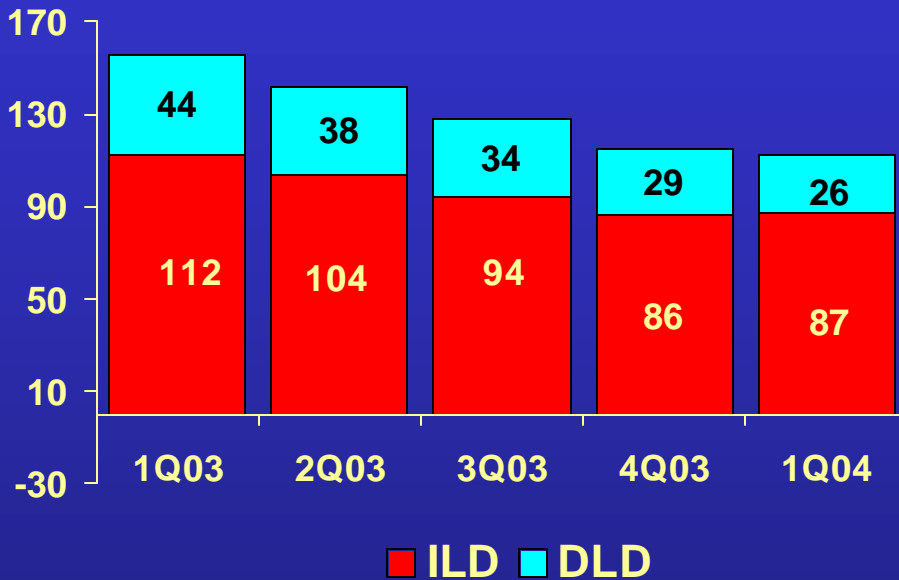
*This figure does not include WLL.

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



Americatel USA

Dial-around -10 10 123 + Contracted Traffic Quarterly Evolution (Millions of minutes)



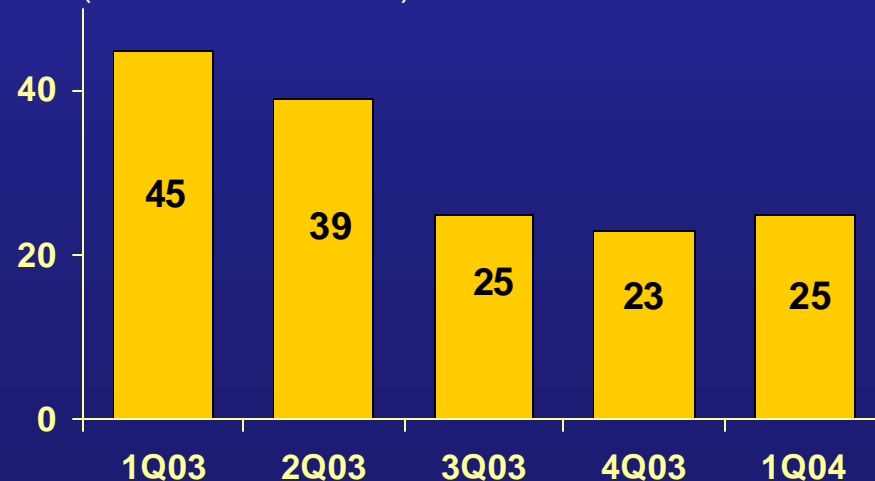
→ Prepaid card traffic decreased due to more competitive environment, with stable direct margins.

Dial-around + Contracted margin trend:

→ ILD direct margins decreased due to lower tariffs associated with the competitive environment.

→ DLD direct margin improved due to higher tariff and cost reductions.

Prepaid Ticket Traffic Quarterly Evolution (Millions of minutes)





Americatel USA

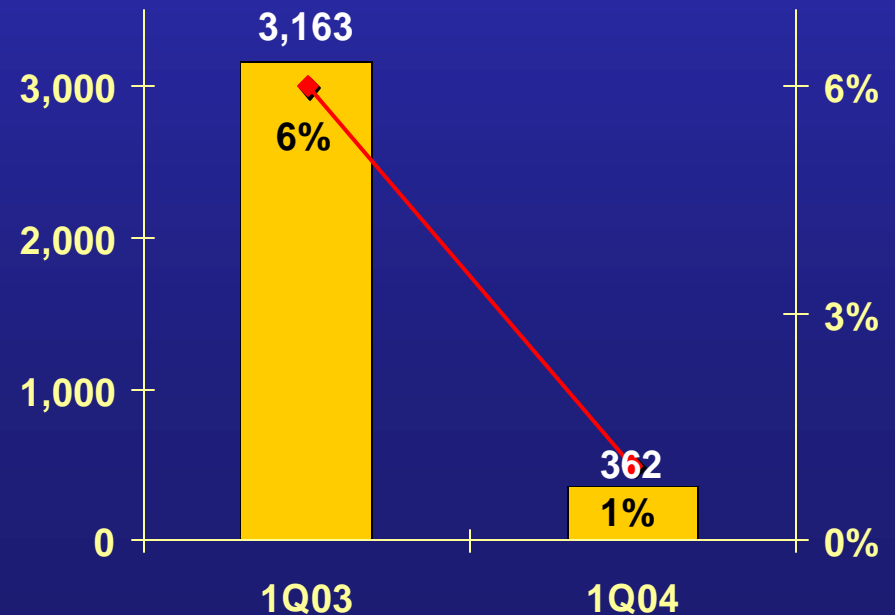
→ Americatel continues focused in retention plans, developing new services and operational efficiencies to improve margins that were affected by the increased competition from local operators.

→ Lower EBITDA results from lower LD volumes, which are partially offset by cost & expenses reductions.

EBITDA

(Thousand US\$)

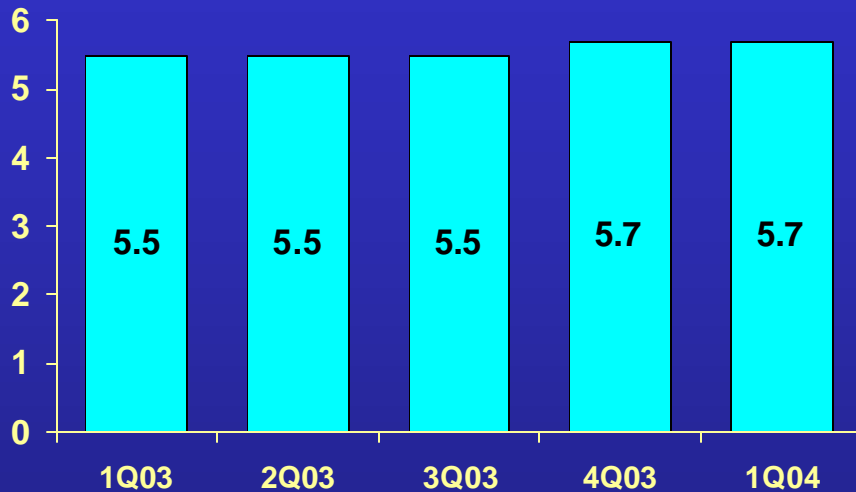
■ EBITDA ◆ EBITDA Margin



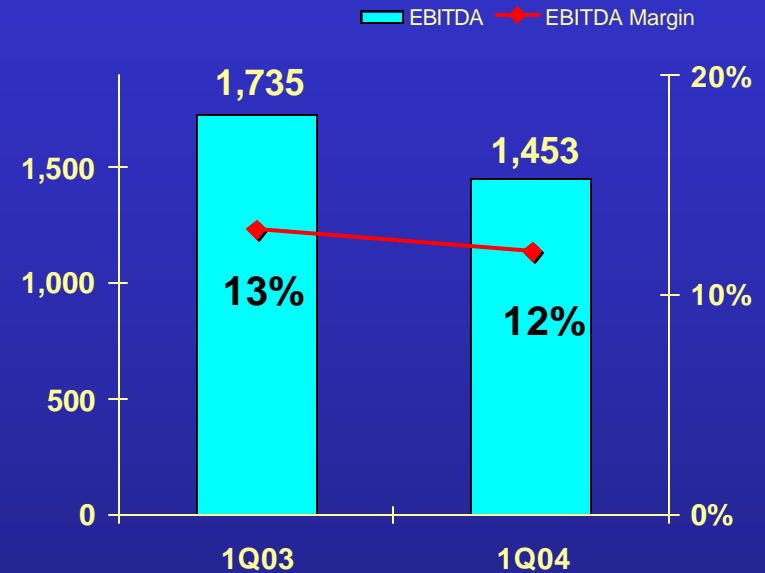


Americatel Central America

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



EBITDA
(Thousands US\$)

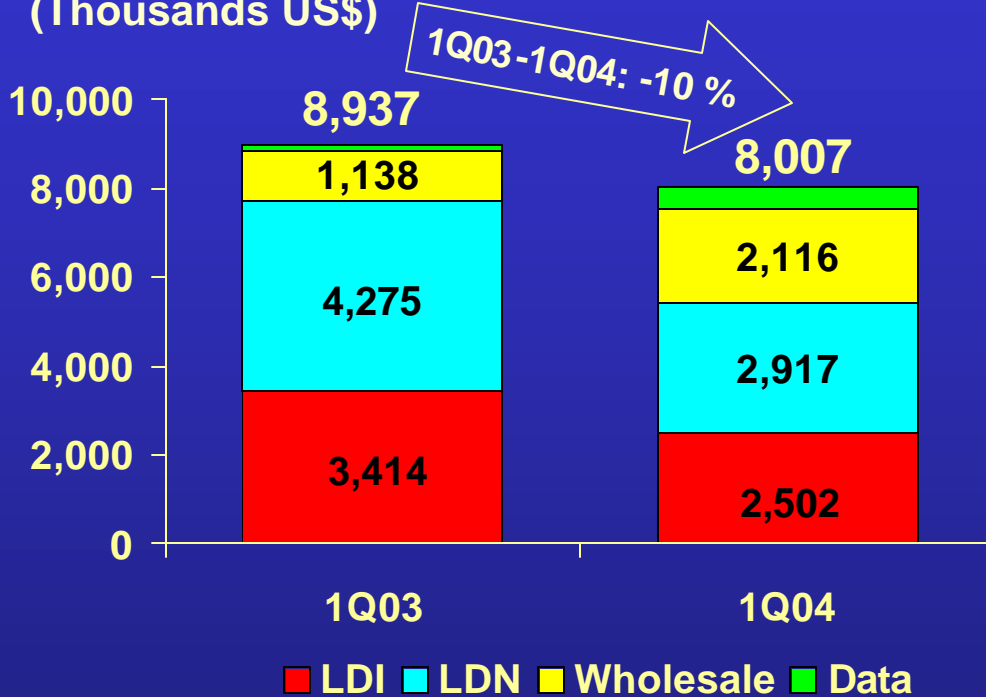


→ EBITDA decreased 16% mainly explained by lower margins due to increased competition. This decline was partially offset by lower cost and SG&A expenses.



Americatel Peru

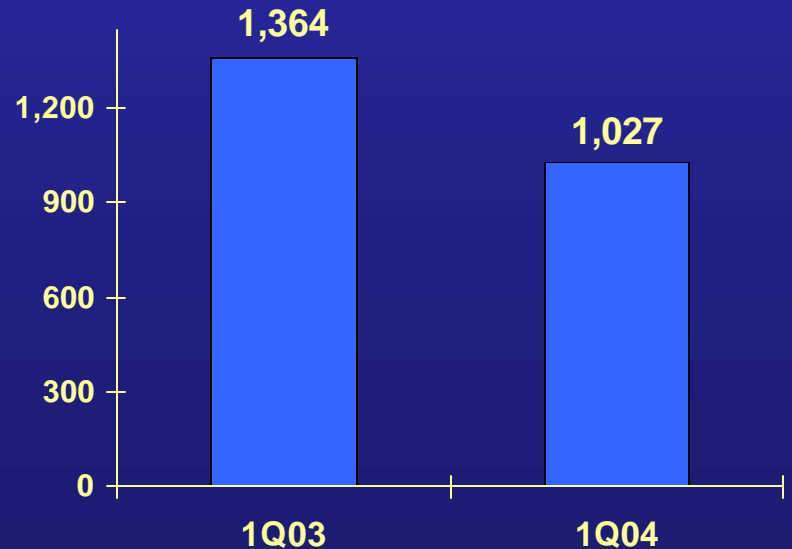
Quarterly Revenues Americatel Peru (ILD +DLD) (Thousands US\$)



→ Increased competitive environment in LD market, affecting LD margins and EBITDA.

→ Increased operations in Data and Wholesale.

EBITDA Peru (Thousands US\$)





Financial Results First Quarter 2004

- Consolidated Operating Results
- Non Operating Results



Consolidated Quarterly Results

(MM Ch\$ Mar-04)

Exchange rate: 616.4 Ch\$/ US\$

	1Q04	1Q03	Var%
Net revenues	170,134	200,911	-15%
Cost of operations	93,524	113,710	-18%
Selling & administrative expenses	51,263	55,379	-7%
Operating income	25,347	31,822	-20%
Ebitda	57,730	66,101	-13%
Non operating income	-7,568	-9,414	-20%
Income before tax & minority interest	17,779	22,408	-21%
Tax	-3,688	-2,764	33%
Minority interest	66	-185	-136%
Net income	14,212	19,460	-27%

- Revenues decreased due to a declining in international subsidiaries and lower traffic business activity, both negative affected by a 16% reduction in USD exchange rate.
- Continues of cost- reductions trend in mature business, reflected in lower costs and expenses.
- Lower margins in the mobile business (access charge tariff reduction), long distance and the international subsidiaries affecting operating income and EBITDA.
- Non operating losses decreased due to lower net financial expenses associated with lower debt.

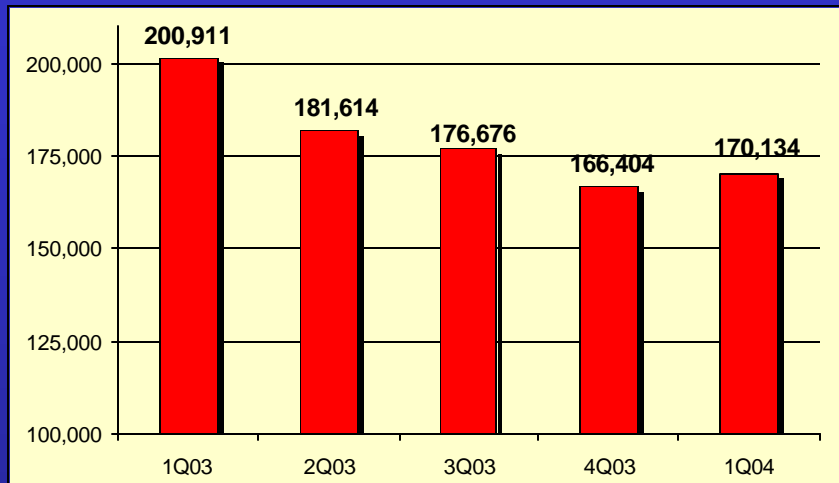


Consolidated Quarterly Results

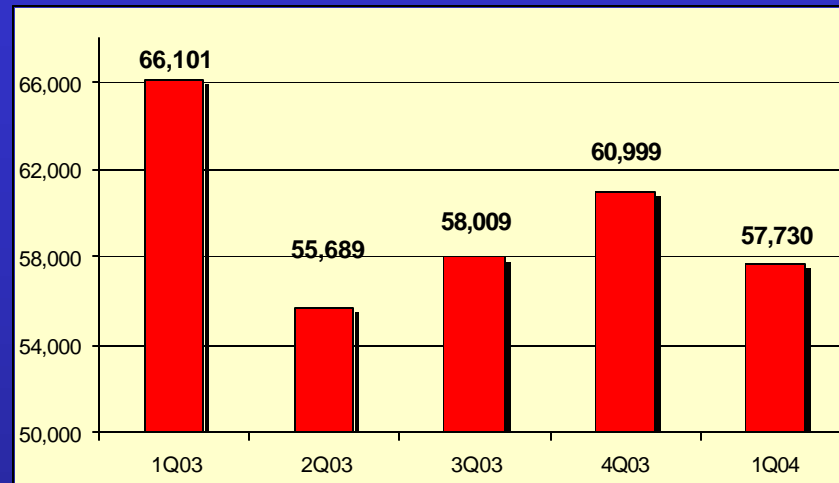
(MM Ch\$ Mar-04)

Exchange rate: 616.4 Ch\$/ US\$

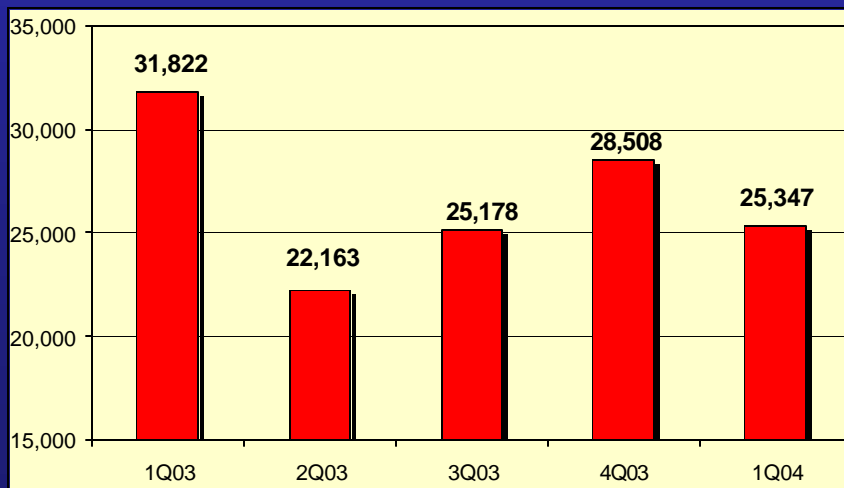
Revenues



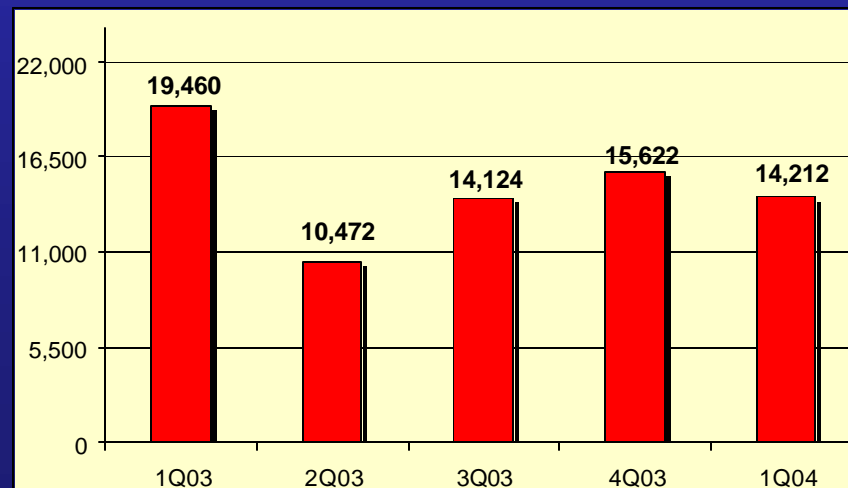
EBITDA



Operating Income



Net Income





Consolidated Revenues

(MM Ch\$ Mar-04)

Exchange rate: 616.4 Ch\$/ US\$

	1Q04	1Q03	Change %	Var MM\$
Net revenues	170,134	200,911	-15%	-30,777
Mobile services	82,455	84,841	-3%	-2,387
Domestic long distance	11,921	12,790	-7%	-869
International long distance	5,312	6,082	-13%	-770
Internet	6,078	6,870	-12%	-792
Data services	9,466	8,523	11%	943
Other telecommunication companies	2,609	3,410	-23%	-801
Traffic business	11,365	19,756	-42%	-8,390
International subsidiaries	31,691	49,088	-35%	-17,397
Local telephony	6,553	6,947	-6%	-394
Others	2,682	2,603	3%	79

- **Data services** : increase in revenues is explained by IT contracts and in the high speed data services.
- **International subsidiaries**: reduction in revenues is explained by a 16% decrease in USD exchange rate and lower traffic and tariffs.
- **Traffic business**: decreased due to lower spot business in the wholesale.
- **Mobile telephony** : decrease in revenues mainly due to lower revenues from access charges, as a consequence of the tariff setting process.
- **DLD** : 10% decrease in traffic while tariffs remains stable.
- **ILD** : 5% growth in traffic and 14% decrease in average tariff.
- **Internet**: decrease in revenues due to lower dial-up traffic partially offset by higher broadband revenue.



Consolidated Costs and Expenses

(MM Ch\$ Mar-04)

Exchange rate: 616.4 Ch\$/ US\$

	1Q04	1Q03	Change %	Var MM\$
Cost of operations and Selling & adm. Expenses	144,787	169,089	-14%	-24,302
Access charges	26,365	30,379	-13%	-4,014
Payments to correspondents	16,728	27,845	-40%	-11,117
Depreciation & amortization	29,122	30,244	-4%	-1,122
Salaries & expenses	17,279	17,327	0%	-48
Outsourced service	11,071	11,593	-5%	-522
Amortization of prepaid equipment	2,928	3,840	-24%	-912
Bad debt provision	6,598	7,068	-7%	-470
Others (call center, travel, advertising invoice ch.)	34,696	40,793	-15%	-6,097

- **Payments to correspondents:** lower activity in wholesale traffic in both the parent company and Americatel USA.
- **Access charges:** lower tariff in Americatel Central America and the impact of the new regulatory tariff decree in mobile.
- **Amortization of prepaid equipment:** lower prepaid handset subsidies in the mobile business.
- **Depreciation & amortization:** reduction in line with lower capex.
- **Others:** strong decrease in advertisement and billing & collecting in both Americatel USA and parent company.



Consolidated Non Operating Results

(MM Ch\$ Mar-04)

Exchange rate: 616.4 Ch\$/ US\$

	1Q04	1Q03	Change %
Non operating results	(7,568)	(9,414)	-20%
Interest income	914	646	41%
Other income	1,093	274	298%
Equity in losses of related companies	-	(194)	-100%
Amortization of goodwill	(848)	(898)	-6%
Financial expenses	(5,402)	(6,846)	-21%
Other expenses	(3,103)	(2,188)	42%
Price level restatements & gain (loss) for exchange rates	(220)	(209)	6%

→ Lower net financial expenses in connection with a lower net financial debt.

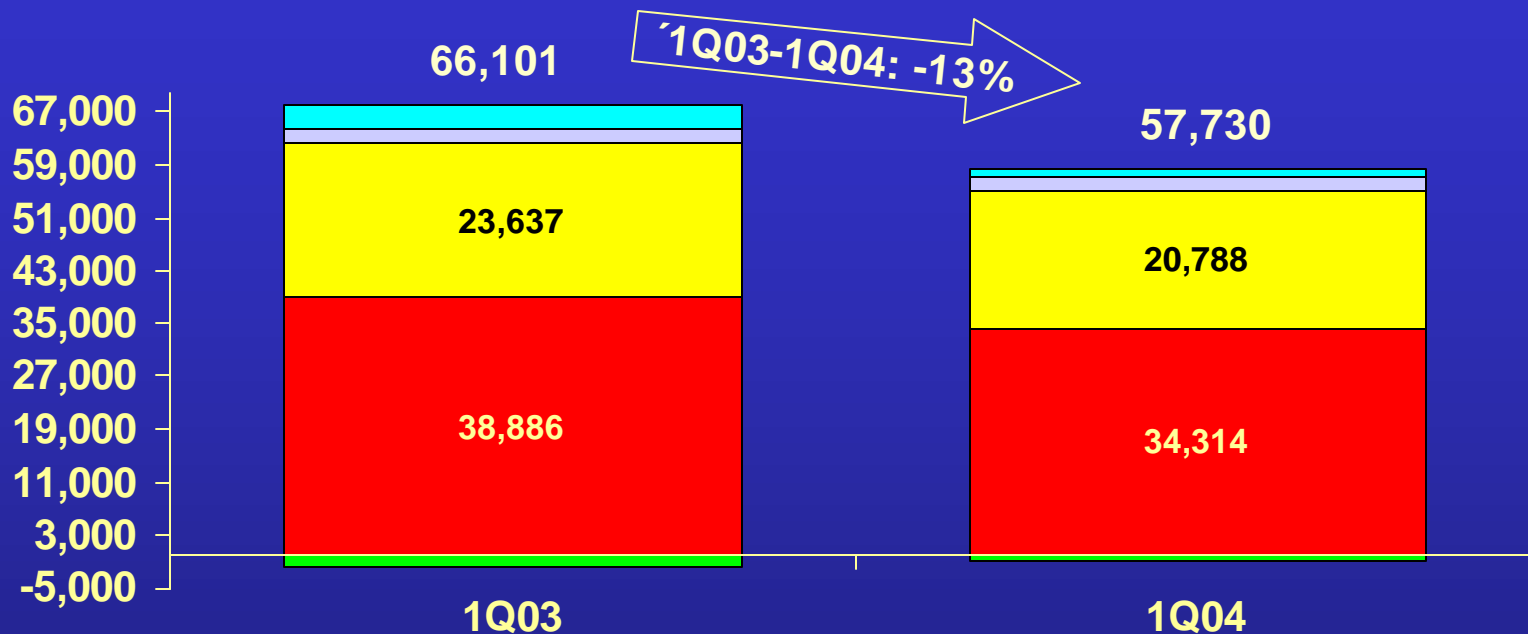


Consolidated Cash Generation*

*Operating Income + Depreciation + Amortization

(MM Ch\$ Mar-04)

Exchange rate: 616.4 Ch\$/ US\$



■ Mobile Service

■ Entel (LD+Internet+Data Serv)

■ Local Service

■ International Subsidiaries

■ Others

EBITDA Margin

1Q03

1Q04

33%

34%



Simplified Free Cash Flow

(MM Ch\$ Mar-04)

Exchange rate: 616.4 Ch\$/ US\$

	Mar-04	Mar-03
EBITDA	57,730	66,101
CAPEX	-16,088	-20,630
Net Financial Expenses	-4,489	-6,200
SIMPLIFIED CASH FLOW	37,153	39,270

- Cash flow slightly decline due to lower EBITDA mainly explained by a decrease in access charge in mobile together with tighter margins in LD.
- Reduced Capex and lower financial debt impacts, partially offset by decline in cash flow.



Consolidated Debt & Hedge

HEDGE	March 2004	March 2004
Average Hedge Debt (US\$ thou.)	295,699	474,144
CONSOLIDATED DEBT	March 2004	March 2004
Average Gross Debt (MM Ch\$)	475,340	565,107
Current Rate end of period	4.77%	4.76%
Final Gross Debt (MM Ch\$)	458,696	556,838
Final Net Debt (MM Ch\$)	365,899	483,065



Financial Ratios

Financial Indexes	March 2004	March 2003
Current assets / Current liabilities	1.77	2.39
Total liabilities / (equity + min.interest)	1.00	1.26
EBITDA / Financial expenses	10.69	9.68
Financial debt / EBITDA	1.97	2.27

- Liquidity and interest coverage are at high levels and improving.
- Debt ratios continue to improve due to a reduction in interest bearing debt.



ENTEL

End of Presentation