



ENTEL Results Second Quarter 2005

Information available at
www.entel.cl



Main Events Second Quarter 2005

- Entel signed a syndicated loan in the amount of US\$600 million that was partially used to refinance the original US\$300 loan.
- Debt payment of US\$70 million.
- Debt prepayment of a local bond of US\$ 57 million at a coupon rate of UF + 7% annual, in July 2005.
- As approved at the Shareholder's Meeting held May 2005 the Company paid an extraordinary dividend of Ch\$ 770 per share. In addition, the dividend rate was changed from up to 50% of revenues to up to 80% of revenues.



Activity by Business Sector



ENTEL INTERNET

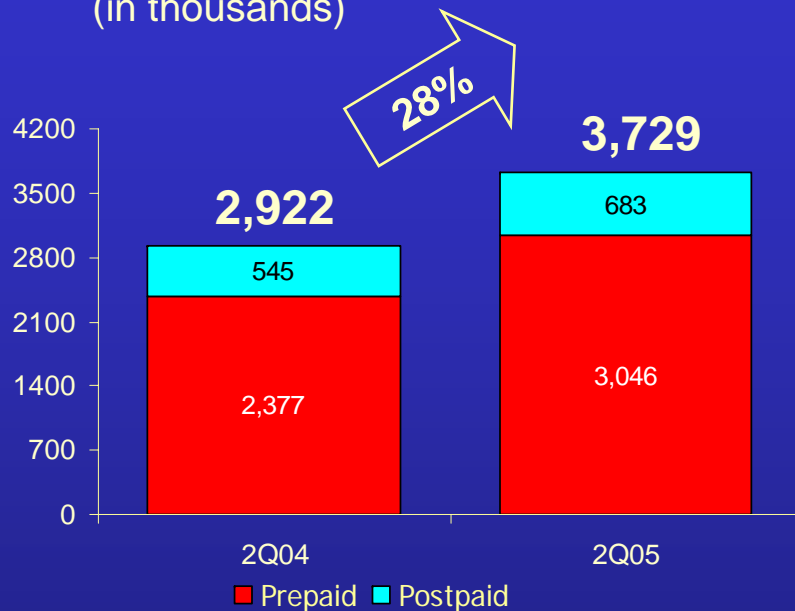
❖ **Enlace Internacional**
vía fibra óptica, de más de
200 Mbps

BANDA ANCHA
ADSL **ENTEL**



Mobile Telephony

Entel's Mobile Subscribers
(in thousands)



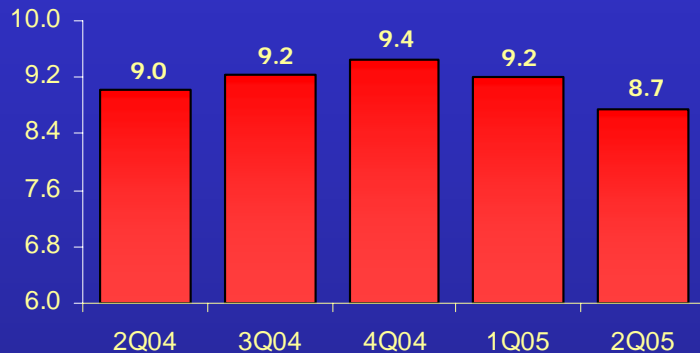
- 40% market share as of June 2005.
- Growing participation mainly in higher value tier customers and in total revenues.
- Traffic and Value-added services growing (29% and 62% growth, respectively).
- Promotions in the pre-paid segment boosted industry sales. Entel gross adds grew 84% vs 2Q04.

- Mobile service in the Antarctic territory.
- Back-tones sounds for customers to listen to customized songs while on hold.
- I-KILL Pocket PC, enabling small and medium size companies to track key management information.
- Entel PCS introduced Blackberry handsets to mobile customers in Chile.

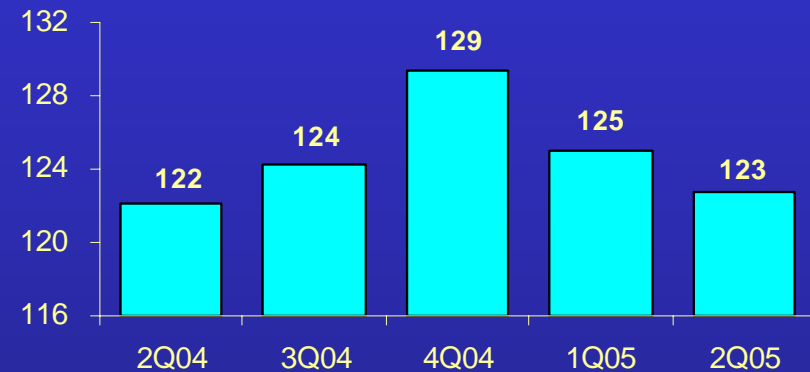


Mobile Telephony

ARPU Average
(thousand Ch\$)



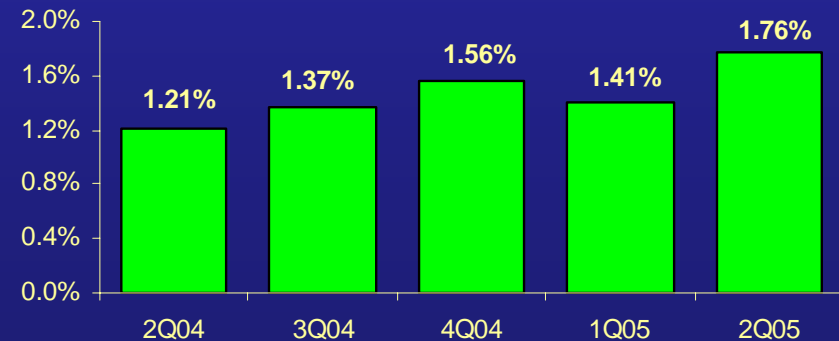
MOU Average
(minutes/month)



2Q05 vs 2Q04:

- ARPU decreased 4% compared to 2Q04, mainly in the pre-paid segment due to increased penetration.
- MOU increased 1% compared to 2Q04, mainly in post-paid segment (growth in high value customers).
- Churn: increased in pre-paid segment due to high growth in gross sales (industry promotions).

Average Monthly Churn

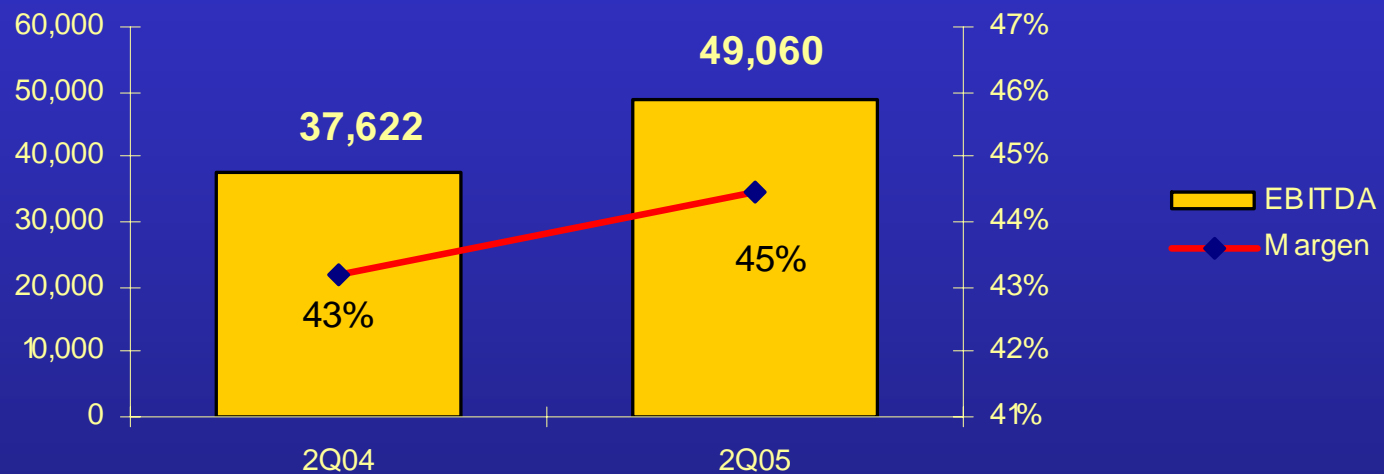




Mobile Telephony

Exchange rate: 579.0 Ch\$/ US\$

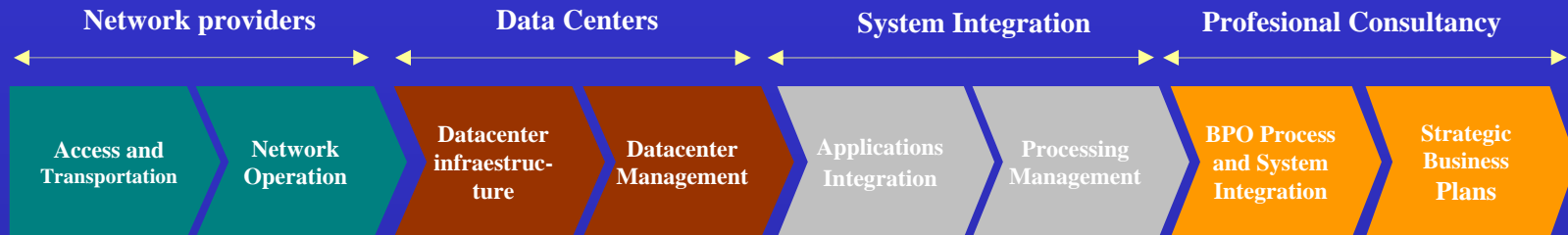
EBITDA Ch GAAP (MM Ch\$)



- EBITDA increased 30% due to higher services margins explained by the 30% expansion in the average mobile customer base, together with lower bad debt provisions resulting from a better performance in the collection cycle.



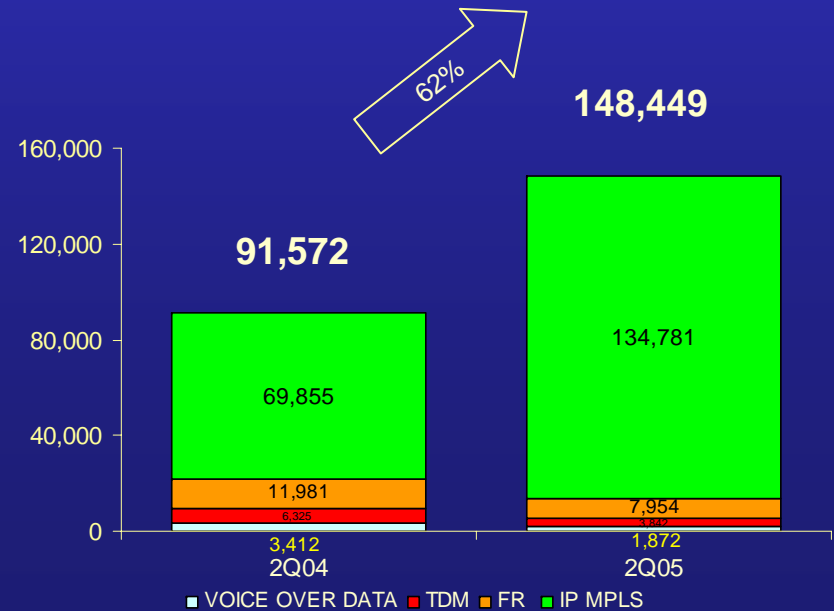
Data Services



- Increasing revenues in IT (24%) , Data center (9%) and IP MPLS services (more than double).
- Strong position in government , natural resources, finance, and health sector.
- Low speed access services tariffs continue declining.

During 2Q05, the main contracts signed were related to services in the IP convergence network in order to optimize business and operational relationships with clients, suppliers and internal resources. Also contracts to install high speed data network along the country were signed.

Selected Equivalent Lines 64 Kb equivalent circuits





Internet

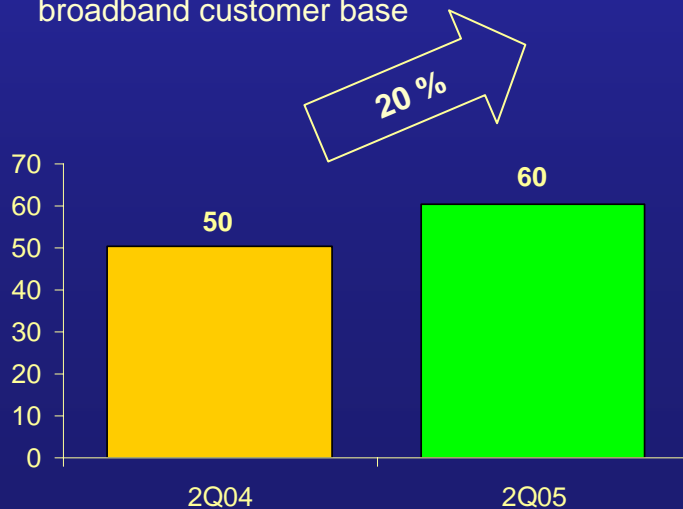
Main focus in small and medium size companies using own network, third party unbundling / WiLL, bundling services (local, Data Center).

- Continue capturing broadband growth. Customer base increased 20%.
- Continue the migration from dial-up to the broadband access service.
- Several promotional campaigns geared towards capturing new clients or promoting loyalty and offering attractive broadband plans including alliances with third parties.

Broadband clients WiLL + ADSL

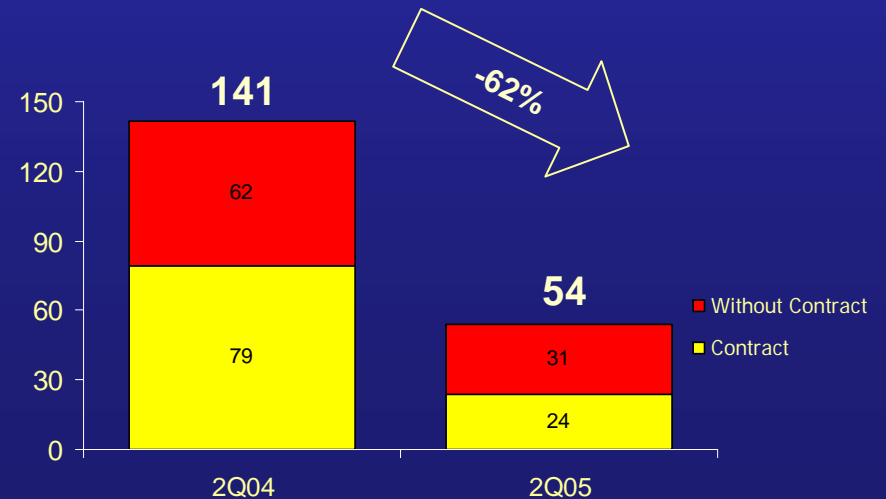
(In thousands)

Currently WiLL clients represent 36% of the broadband customer base



Active Dial-Up Access Accounts

(In thousands)

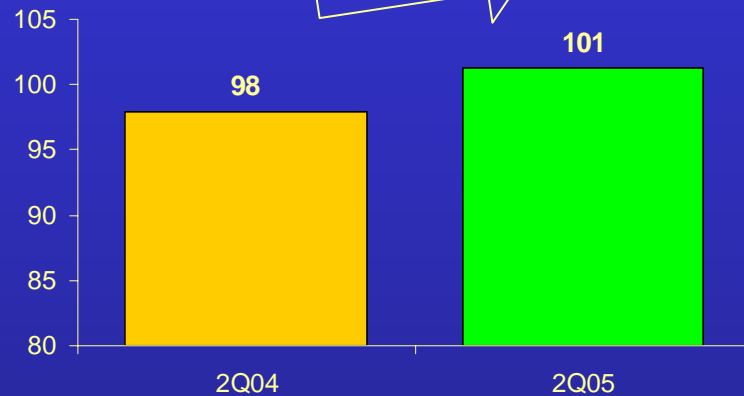




Local Telephony

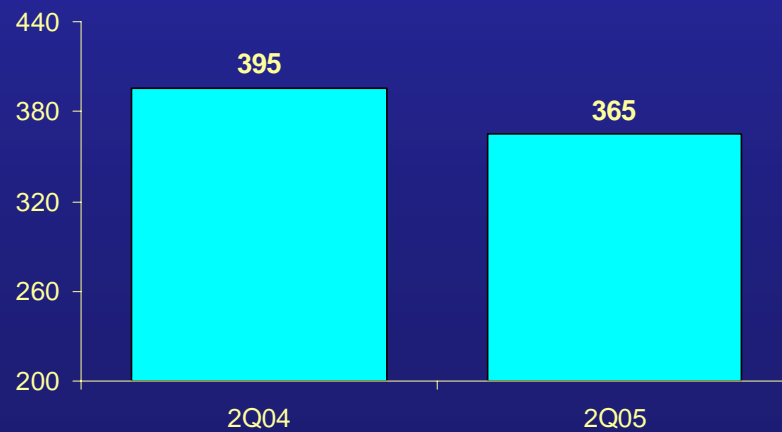
Exchange rate: 579.0 Ch\$/ US\$

Lines in Service (in thousands)

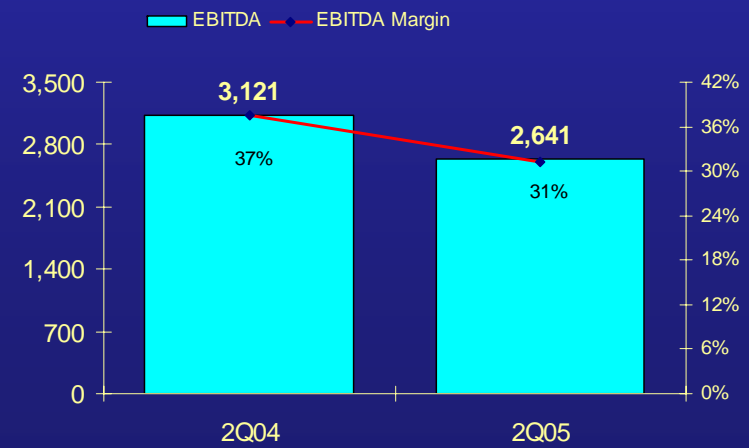


- 12% growth in corporate customer base.
- 83% of billing lines in business and corporate customers.
- Mainly, declines were in internet per-minute charge and in LD traffic. Partially offsetting these declines were higher local SLM and Calling Party Pays -CPP traffic.
- EBITDA decreased 15% due to lower margins, mainly related to CPP charges (fixed to mobile calls).

Traffic - Quarterly Evolution * (millions of minutes)



EBITDA* (MM Ch\$)



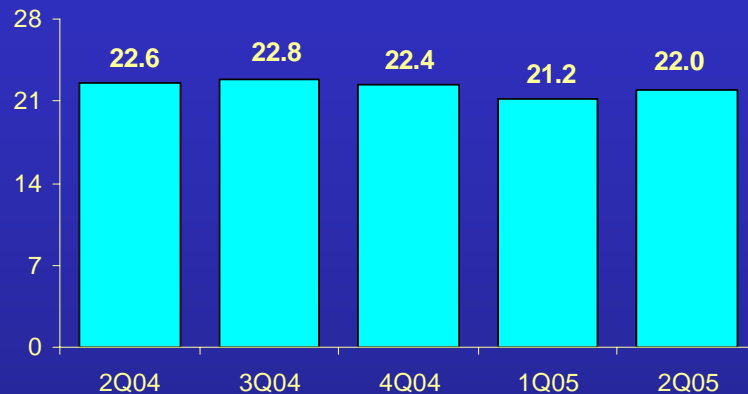
* Includes all traffic throughout Entelphone (SLM, Internet, LD, CPP).

*WiLL not included.

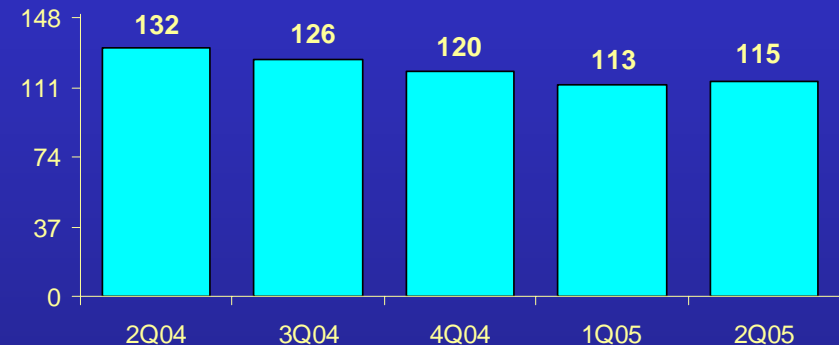


Long Distance

ILD Traffic - Quarterly Evolution
(millions of minutes)



DLD Traffic - Quarterly Evolution
(millions of minutes)



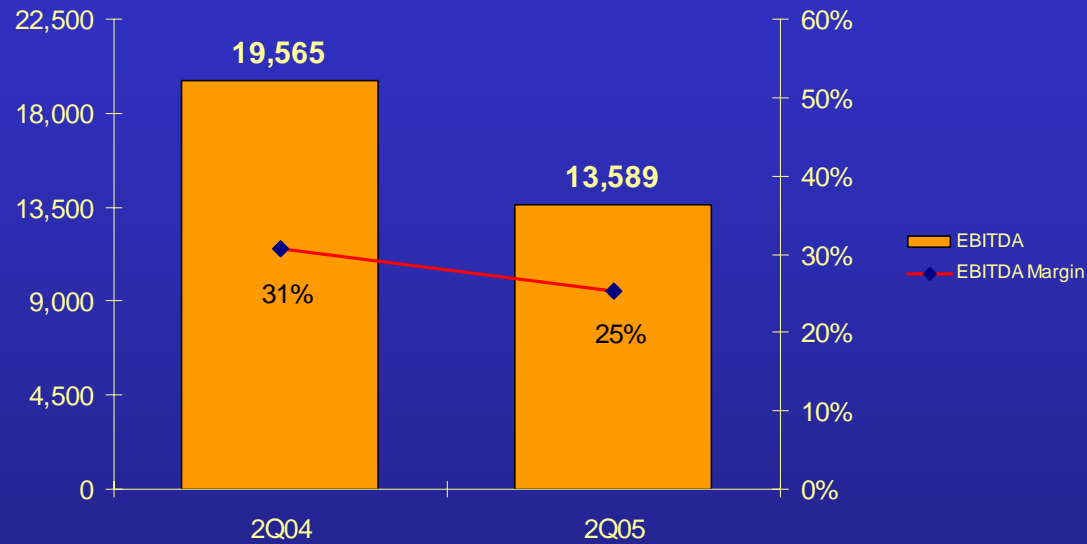
- **International long distance (ILD)** traffic decreased 3%, mainly due to lower international pre-paid card and direct dialing traffic. Average tariffs remained flat during the period.
- **Domestic long distance (DLD)** traffic decreased 13% (migration to mobile), while average tariffs decreased 15% (changes in volume mix). VAS reduced their relative share in traffic.
- **Value Added Services** represented 32% of revenues.
- **Average market share:** 34% DLD and 42% ILD.



Entel Parent Company

Exchange rate: 579,0 Ch\$/ US\$

EBITDA (MM Ch\$)

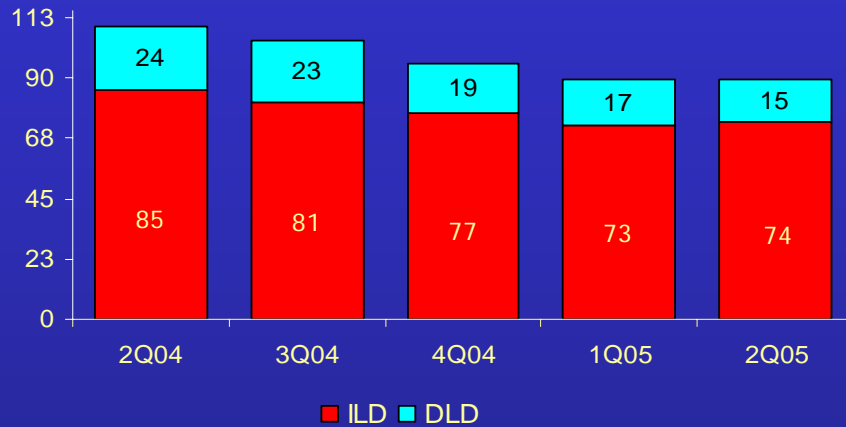


- EBITDA decreased 31%, mainly due lower direct margins in long distance, and higher start-up costs of new IT contracts.

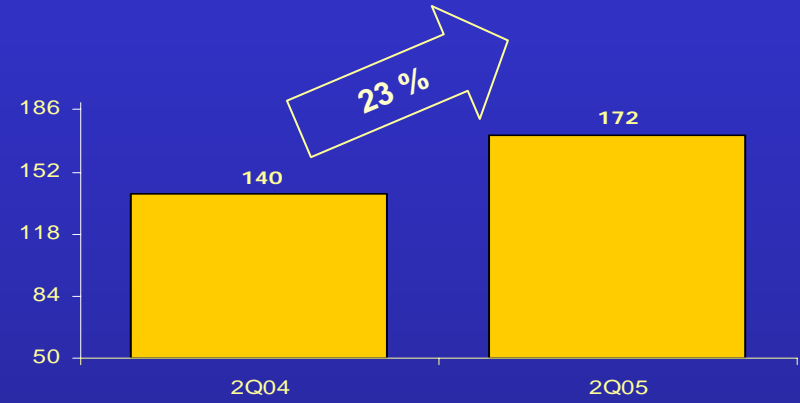


Americatel USA

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

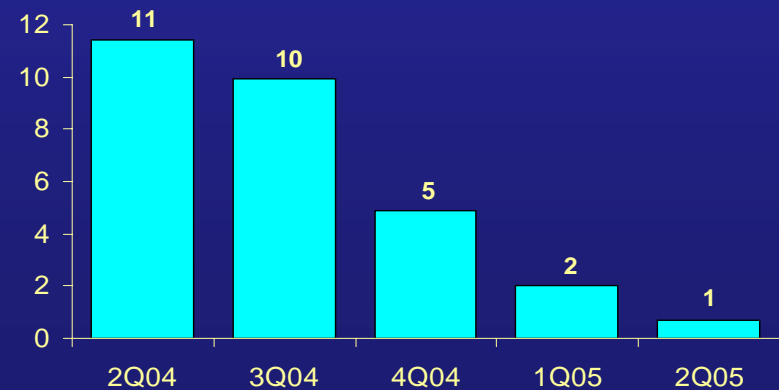


Subscriber Quarterly Evolution (millions)



- Increasing in direct margins (dial-up, contract and wholesale services).
- Increasing in subscriber customer base.
- Pre-paid ticket business being discontinued.

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

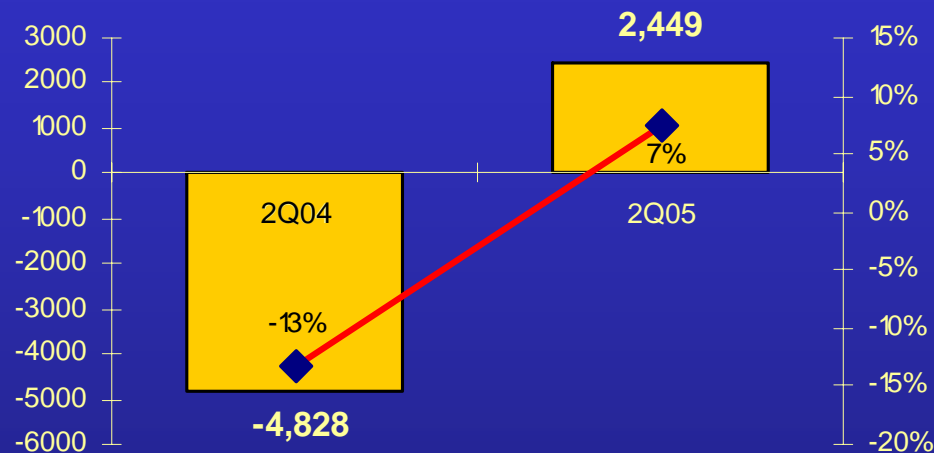




Americatel USA

EBITDA (US\$ thousands)

■ EBITDA ◆ EBITDA Margin



- Higher EBITDA, mainly due to higher direct margins in ILD dial-around + contract services and wholesale. Lower bad debt provisions caused by the absence of the extraordinary receivable write-off of US\$ 3.6 million in Americatel USA accounted for in 2Q04. Also Selling and General Expenses declined across the board.

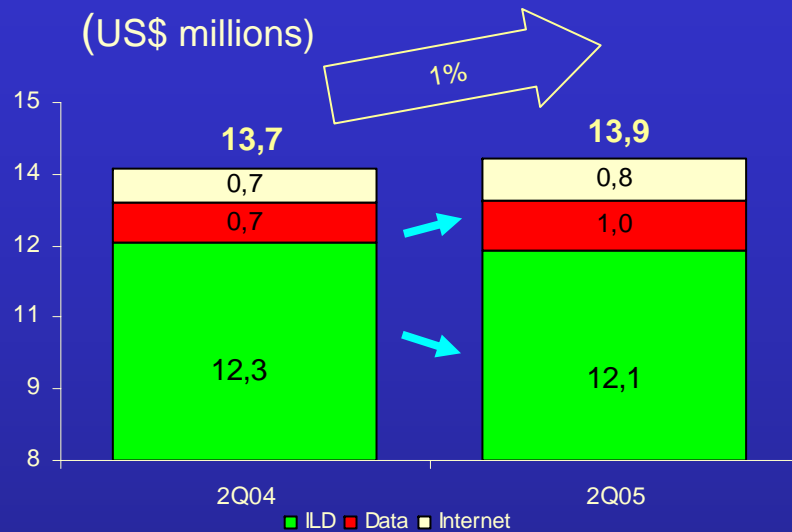


Americatel Central America

Exchange rate: 579.0 Ch\$/ US\$

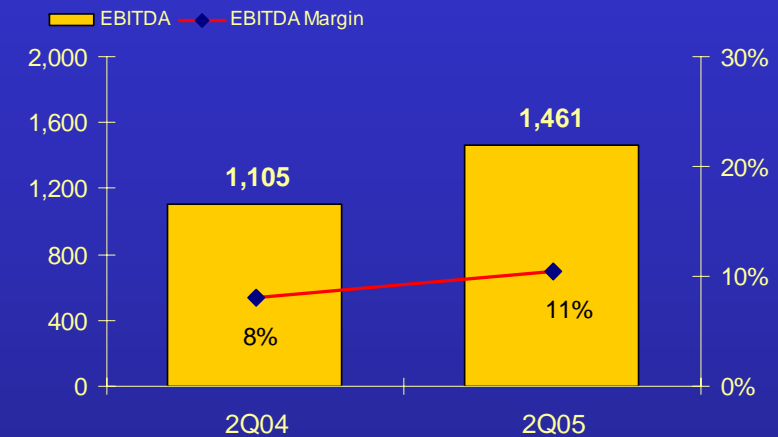
Revenues

(US\$ millions)

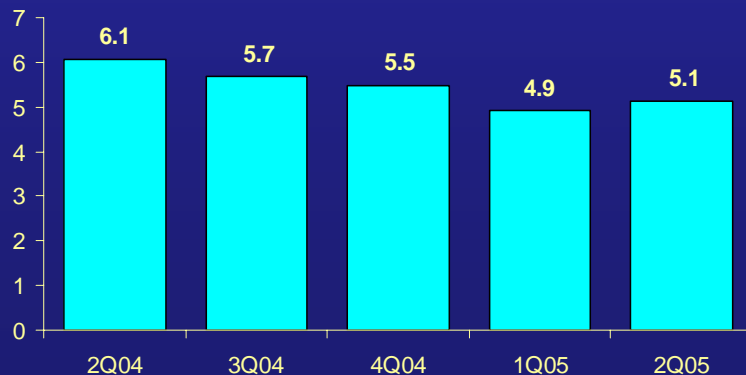


EBITDA

(US\$ thousands)



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



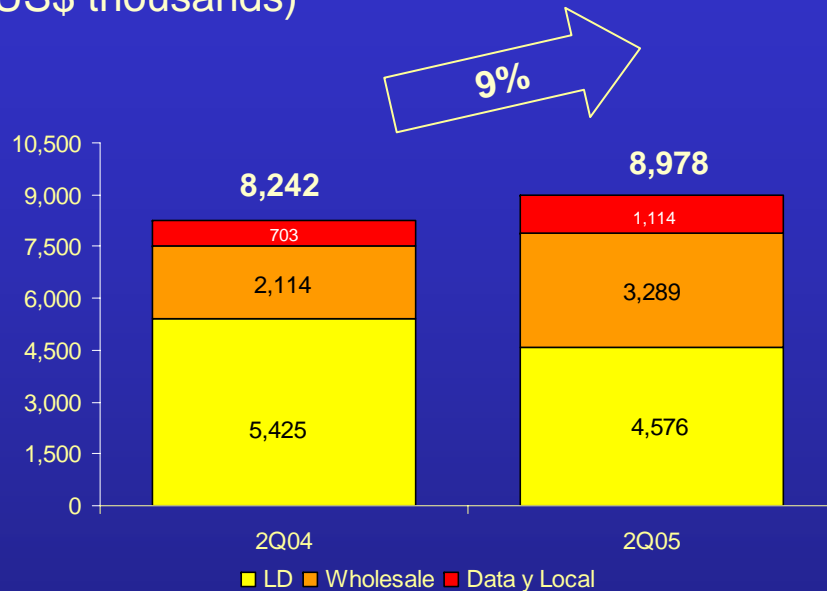
- Data services related to the MPLS/ IP Protocol (new generation network) and Internet growing at high rates while ILD market continued under pressure.
- Increasing broadband internet customer base (80%)
- Local telephony service launched in Honduras, geared towards current corporate data customers.
- EBITDA increased as a result of higher margins from lower direct costs (access charges) in the wholesale business.



Americatel Peru

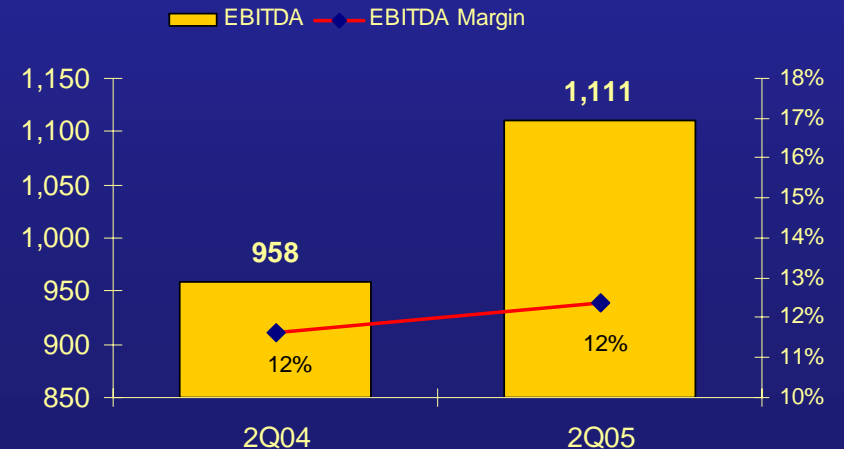
Exchange rate: 579.0 Ch\$/ US\$

Quarterly Revenues Americatel Peru (US\$ thousands)



- Increases in wholesale traffic, while tariffs remained flat.
- Higher penetration in Data and new services (local telephony and WiLL access) in the enterprise segment.
- EBITDA grew 16% due better direct margins (wholesale, contract services, local) coupled with lower SG&A expenses.

EBITDA Peru (US\$ thousands)





Financial Results

Second Quarter 2005

- Consolidated Operating Results
- Non Operating Results



Consolidated Quarterly Results

(MM Ch\$ June-05)

Exchange rate: 579.0 Ch\$/ US\$

| | 2Q04 | 2Q05 | Change % |
|---------------------------------------|----------------|----------------|------------|
| Net revenues | 180,257 | 187,711 | 4% |
| Cost of operations | 101,558 | 107,665 | 6% |
| Selling & administrative expenses | 56,331 | 51,675 | -8% |
| Operating income | 22,368 | 28,371 | 27% |
| Ebitda | 56,267 | 66,424 | 18% |
| Non operating income | -7,964 | -8,616 | -8% |
| Income before tax & minority interest | 14,404 | 19,755 | 37% |
| Tax | -2,166 | -3,914 | -81% |
| Minority interest | 538 | -138 | -126% |
| Net income | 12,777 | 15,704 | 23% |

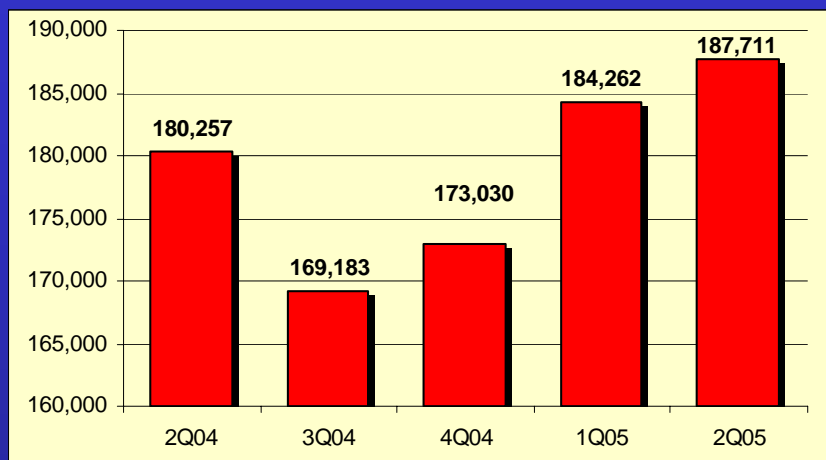
- **Revenues** growth, mainly due to higher service and higher equipment sales revenues in the mobile business in line with 28% growth in the customer base. Partially offset by lower traffic business, international subsidiaries, and long distance revenues.
- **EBITDA** increased 18% boosted by the mobile business along with improved results in international subsidiaries.
- **Non-operating** losses increased due to higher expenses, mainly derived from non-recurring charges related to a local bond prepayment of approximately US\$57 million, and costs in connection with a US\$600 million syndicated loan, closed in June 2005, related to the Company's re-financing activities.
- **Net income** increased 23% as a result of higher operating income, partially offset by higher non-operational losses.



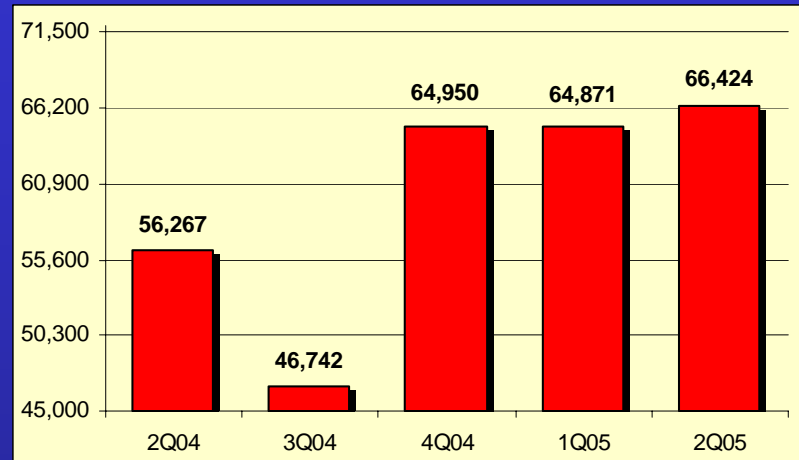
Consolidated Quarterly Results

(MM Ch\$ June-05)

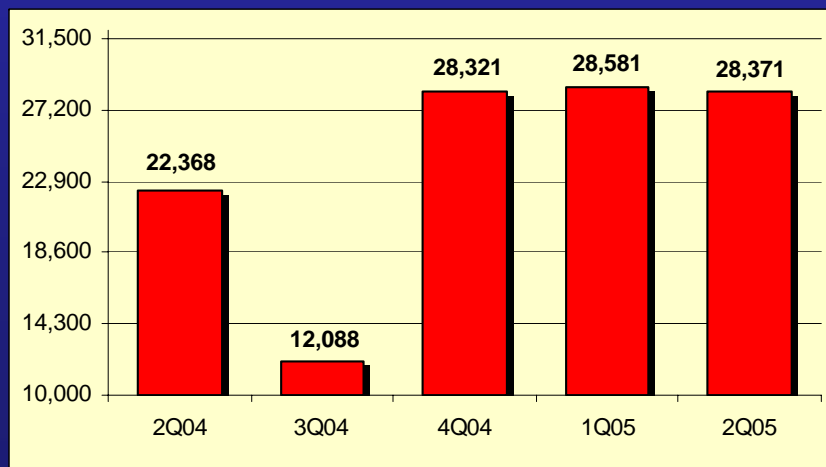
Revenues



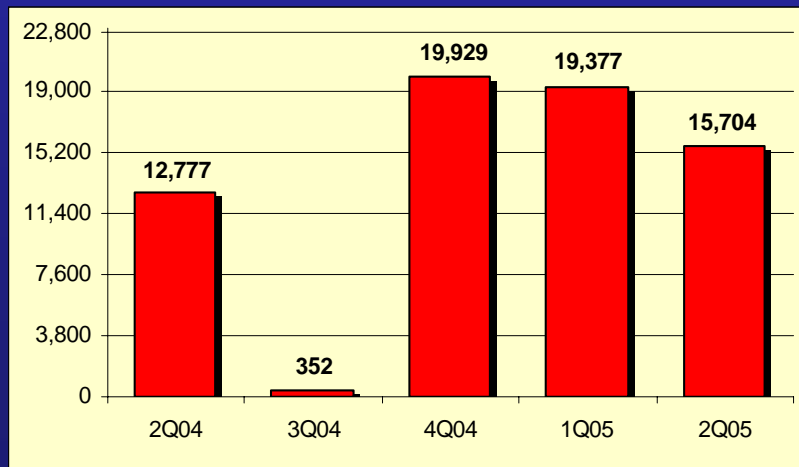
EBITDA



Operating Income



Net Income





Consolidated Revenues

(MM Ch\$ June-05)

| | 2Q04 | 2Q05 | Change % | Var MM\$ |
|-----------------------------------|----------------|----------------|-----------|--------------|
| Net revenues | 180,257 | 187,711 | 4% | 7,454 |
| Mobile services | 86,183 | 108,970 | 26% | 22,786 |
| Domestic long distance | 11,152 | 7,998 | -28% | -3,153 |
| International long distance | 5,127 | 4,837 | -6% | -290 |
| Internet | 7,062 | 5,627 | -20% | -1,435 |
| Data services | 11,575 | 11,134 | -4% | -441 |
| Other telecommunication companies | 2,089 | 2,062 | -1% | -27 |
| Traffic business | 16,114 | 9,639 | -40% | -6,475 |
| International subsidiaries | 32,675 | 28,036 | -14% | -4,639 |
| Local telephony | 7,070 | 7,096 | 0% | 26 |
| Others | 1,210 | 2,312 | 91% | 1,102 |

- **Mobile telephony:** increased mainly due to higher services and equipment sales revenues explained by higher customer base.
- **Traffic business:** lower wholesale tariffs, lower audio-text business traffic and negative impact of Chilean Peso revaluation against US Dollar (9%).
- **International subsidiaries:** decrease in direct dialing and pre-paid traffic in Americatel USA.
- **DLD:** 13% decrease in traffic and 15% reduction in average tariffs due to changes in the traffic mix.
- **Internet:** lower internet dial-up revenues due to client migration to broadband solutions.



Consolidated Costs and Expenses

(MM Ch\$ June-05)

| | 2Q04 | 2Q05 | Change % | Var MM\$ |
|---|----------------|----------------|-----------|--------------|
| Cost of operations and Selling & adm. Expenses | 157,889 | 159,340 | 1% | 1,451 |
| Access charges | 27,975 | 33,280 | 19% | 5,305 |
| Payments to correspondents | 20,483 | 14,454 | -29% | -6,029 |
| Depreciation & amortization | 30,205 | 30,552 | 1% | 348 |
| Salaries & expenses | 16,267 | 16,376 | 1% | 109 |
| Advertising cost | 7,396 | 6,057 | -18% | -1,339 |
| Amortization of prepaid equipment | 3,143 | 6,856 | 118% | 3,713 |
| Bad debt provision | 9,046 | 4,410 | -51% | -4,635 |
| Others (Call Center, Travel Outsourcing) | 43,374 | 47,353 | 9% | 3,979 |

- **Access charges:** Increased primarily as a result of higher traffic in the mobile business.
- **Pre-paid handset amortization:** increased due to higher equipment sales in the mobile business.
- **Payments to correspondents:** lower tariffs in the wholesale business in Chile and reduced traffic in Americatel USA.
- **Bad debt provisions:** declined due to the absence of the extraordinary receivable write-offs of Ch\$2.4 billion in Americatel USA accounted for in 2Q04 and better collectable performance in the mobile and Chile wireline segment.
- **Advertising costs:** reductions mainly in Americatel USA in-line with efficiency plans and industry trends prevailing in the US Hispanic market.
- **Other costs** increased mainly due to higher maintenance and material costs related to the mobile customer base expansion.



Consolidated Non Operating Results

(MM Ch\$ June-05)

| | 2Q04 | 2Q05 | Change % | Var MM\$ |
|---|----------------|----------------|------------|-------------|
| Non operating results | (7,964) | (8,616) | -8% | -653 |
| Interest income | 745 | 43 | -94% | -702 |
| Other income | 726 | 284 | -61% | -442 |
| Equity in losses of related companies | - | - | 0% | 0 |
| Amortization of goodwill | (885) | (873) | 1% | 12 |
| Financial expenses | (5,628) | (5,451) | 3% | 177 |
| Other expenses | (2,964) | (5,835) | -97% | -2,872 |
| Price level restatements & gain (loss) for exchange rates | 43 | 3,217 | 7456% | 3,174 |

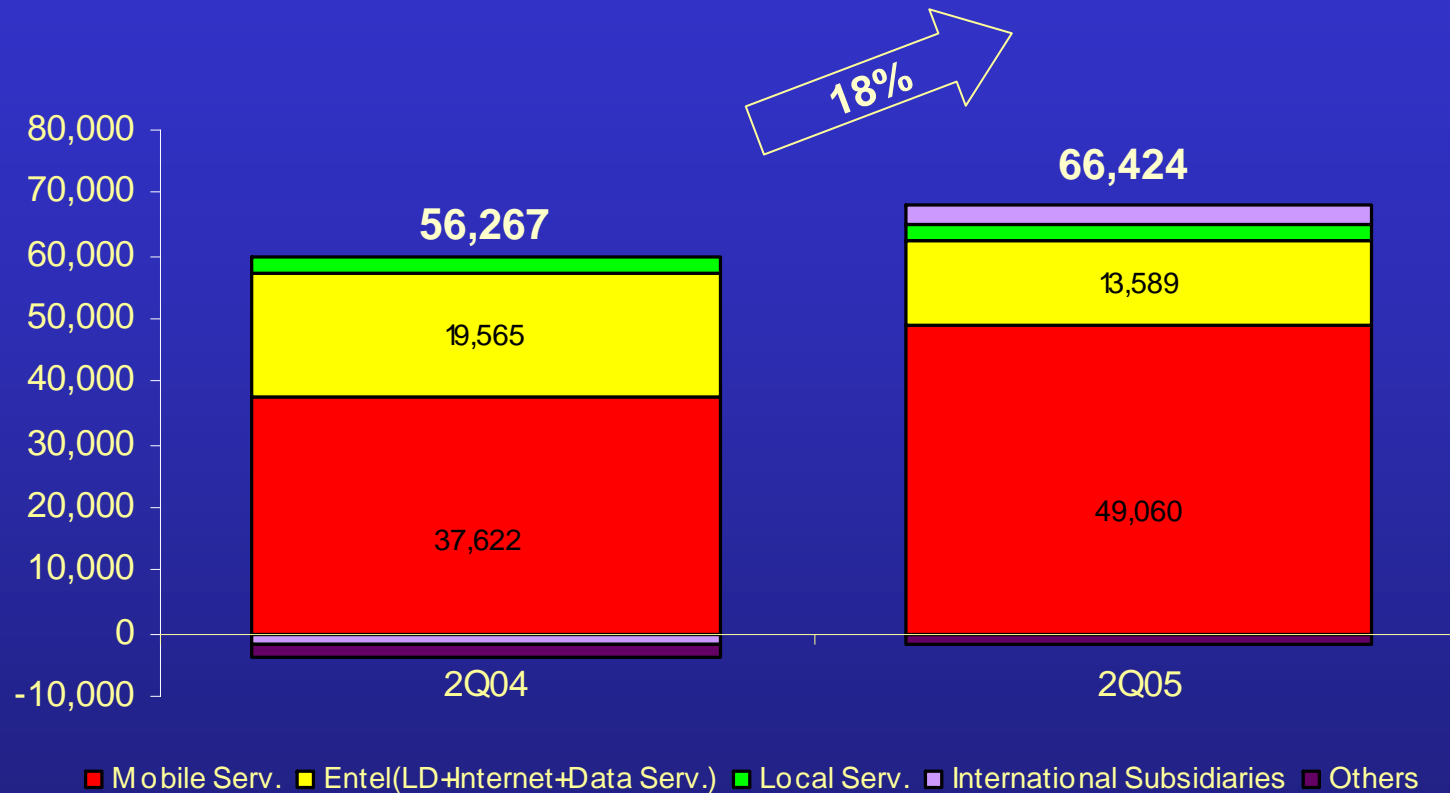
- **Non operating expenses:** higher expenses, mainly derived from non-recurrent charges related to a local bond prepayment of approx. US\$ 57 Million and costs in connection to a US\$600 Million syndicated loan, related to the Company's re-financing activities.
- Lower net financial expenses in connection with a lower net financial debt.



Consolidated Cash Generation*

(MM Ch\$ June-05)

Exchange rate: 579.0 Ch\$/ US\$



- EBITDA margin improved, mainly due to the mobile business and international subsidiaries' performance.

| | 2Q04 | 2Q05 |
|---------------|------|------|
| EBITDA Margin | 31% | 35% |

*Operating Income + Depreciation + Amortization.



Simplified Free Cash Flow

(MM Ch\$ June-05)

Exchange rate: 579.0 Ch\$/ US\$

| MMCh\$ | Jun-05 | Jun-04 |
|------------------------|---------------|---------------|
| EBITDA | 131,294 | 116,306 |
| CAPEX | (51,821) | (40,021) |
| Net Financial Expenses | (8,818) | (9,551) |
| Cash Flow | 70,655 | 66,734 |

- EBITDA increased as a consequence of higher margins in the mobile business along with an increase of 28% in the customer base, together with improved performance in Americatel USA.
- Higher Capex mainly in the Mobile business due to increased activity and technology upgrades and also in Datacom.
- Lower net financial debt from 2Q05 vs. 2Q04.



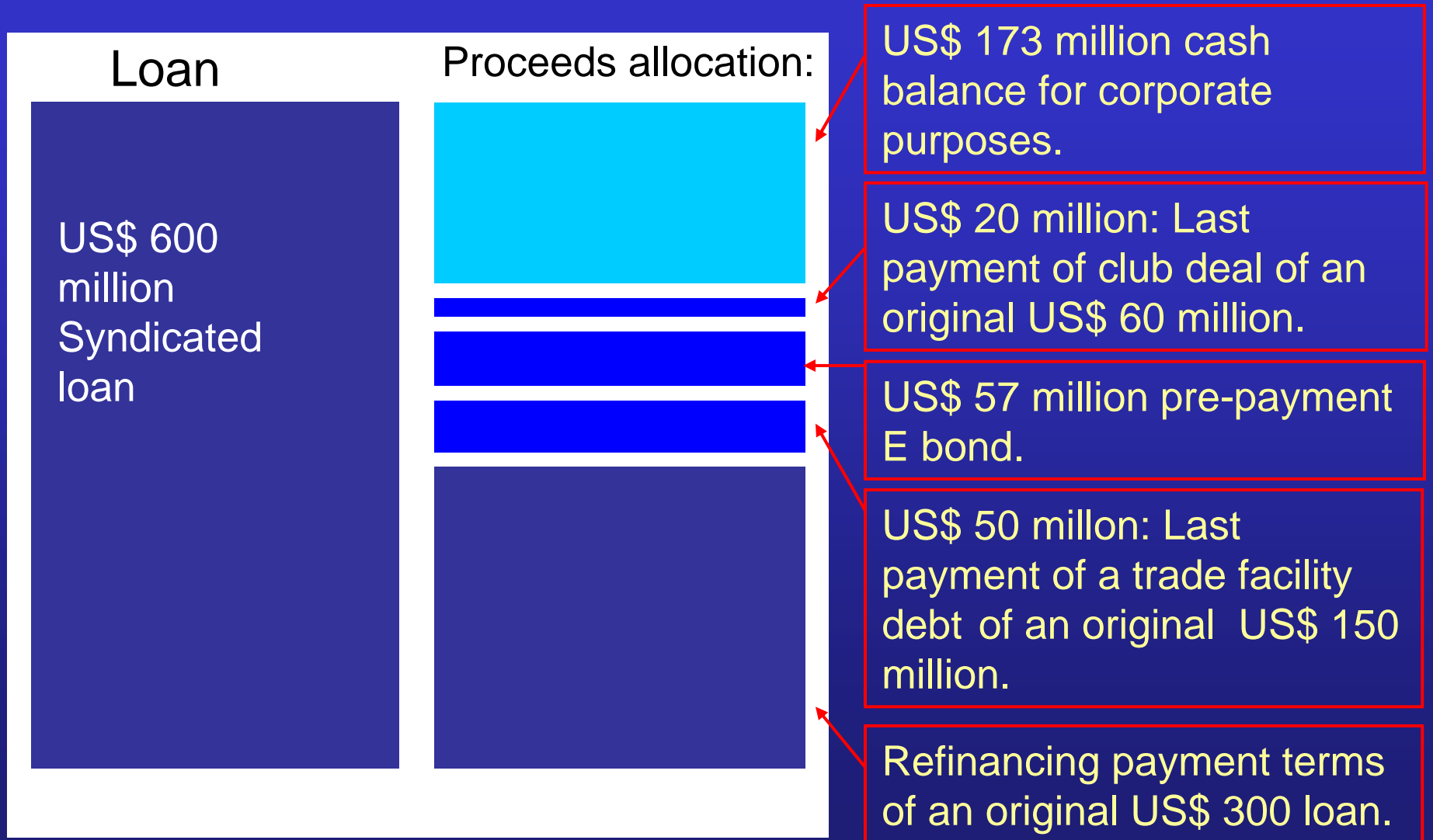
Consolidated Debt & Hedge

Exchange rate: 579.0 Ch\$/ US\$

| | Jun-05 | Jun-04 |
|---|---------|---------|
| Average Hedged Debt (US\$ thou.) | 305,659 | 340,485 |
| Consolidated Average Gross Debt (MM Ch\$) | 424,196 | 481,458 |
| Current Rate of the period (Annual) | 4.18% | 4.47% |
| Final Gross Debt (Ch\$ MM) | 505,775 | 450,206 |
| Final Net Debt (US\$ MM) | 785 | 632 |
| Final Net Debt (Ch\$ MM) | 454,633 | 365,670 |



US\$ 600 Million Loan Proceeds





General Loan Conditions

UF rate: 17,489.25 Ch\$ / UF

- Amount: US\$ 600 million.
- Rate: Libor + 42.5 bps
- Term: 5 years (duration: 3.73 years).
- Payments: half-yearly starting from the third year.
- Financial Covenants:
 - Financial debt / EBITDA < 3.5x (from 4x)
 - EBITDA / Net financial expenses > 3.25x
 - Equity > UF 24 million



Debt Payment Maturity Schedule After Loan

Total debt = US\$ 874 Million



(*) US\$ 57 paid in July.

- The average debt cost decreased in approx. 80 bps.



Financial Ratios

Exchange rate: 579.0 Ch\$/ US\$

| Financial Indexes | Jun-05 | Jun-04 |
|---|--------|--------|
| Current Assets/ Current Liabilities | 1.59 | 1.53 |
| EBITDA/Financial Expenses (Gross) | 12.72 | 10.34 |
| Financial Debt/EBITDA | 2.08 | 1.87 |
| Total Liabilities/(Equity+ Min. Interest) | 1.44 | 0.98 |

- Liquidity and debt ratios continue reflecting the Company's healthy financial position.



End of Presentation